UGI Pharmacy Group Integrated Report 2

Integrated Report



Management Philosophy

Management Philosophy

We contribute to local communities through our sincere, kind services.

We help many more people smile,

Hoping for the happiness of each employee,

Hoping for the happiness of each customer, and

Hoping for the happiness of everybody.



Closer to you and more remaine for you. Serving as the source or your sink

Corporate Watchwords and Management Philosophy at the Time of Our Establishment

Corporate Watchwords

Kindness

Serve customers with sincerity and kindness.

Honesty

Work with business partners with humility and honesty.

Trust

Be trusted by both customers and business partners.

Management Philosophy

<For Society:

Strive to create a corporate framework enabling us to contribute to local communities by selling medical and pharmaceutical products, health foods, cosmetics and daily items and by dispensing prescriptions.

<For Employees>

Strive to create a corporate framework enabling the company to grow together with employees with the aim of ensuring their happiness.

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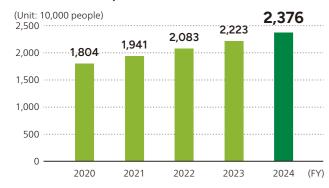
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Focus on Each Individual





Point Membership



Point Membership: 23.76 million

The SUGI Pharmacy Group began in 1976 as a single pharmacy with a floor area of only 16 *tsubo* (approx. 52.8 m²) in Nishio City, Aichi Prefecture. Since then, we have been supported by local customers wherever we have expanded to. In FY2024, the annual total number of visitors to our pharmacies reached 370 million, while our point membership has grown to 23.76 million. As a local "family pharmacy," we are committed to enhancing citizens' lifelong wellness.



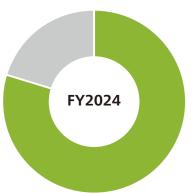
Human Resources Are an Asset

In the SUGI Pharmacy Group, we focus on each employee by proceeding with human capital management based on the six principles of "personnel system," "human asset development," "human asset acquisition and retention," "legal compliance," "diversity," and "health and safety." We are working toward achieving sustainable growth by realizing the Total Healthcare Strategy and practicing the Management Philosophy, which embraces "kind behavior," "contribution to local communities," and "employees' happiness and smiles."

Contribution to Community Healthcare



Operating Prescription Dispensing Drugstores – Our Unwavering Focus since Our Establishment



Percentage of the prescription dispensing stores in the SUGI Pharmacy Group:

79.9%

*Only SUGI Pharmacy operations





Experts

Pharmacist

Beauty advisor

Nationally certified dietitian

4,820

1,142

564

Nurse

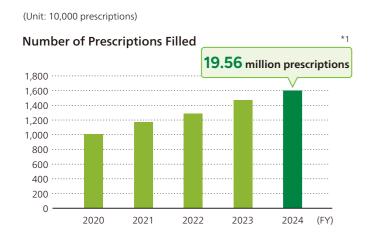
Registered pharmaceutical distributor

128

10,546

Emphasis on Dedication to Prescrip-





Sales of prescription dispensing:

*1: Only SUGI Pharmacy operations

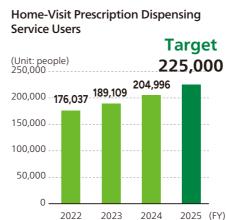
218.3 billion yen

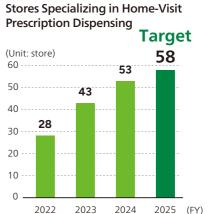
No. of medical institutions whose prescriptions are filled by us

62,132 institutions

tion Dispensing









home-visit prescription dispensing)

*Only SUGI Pharmacy operations

Promotion of the Total Healthcare





Medical Care and Medication Elderly Nursing Support and Daily Life Support Contribute to Local
Communities through Total
Health Support, Ranging from
Self-Care to Medical Care,
Medication, Elderly Nursing
Support, and Daily Life Support

Strategy



*DX: Digital transformation

Number of SUGI Pharmacy app downloads

13.8 million downloads

Number of downloads of SUGI Smartphone Medicine Service app (Family Pharmacy App)

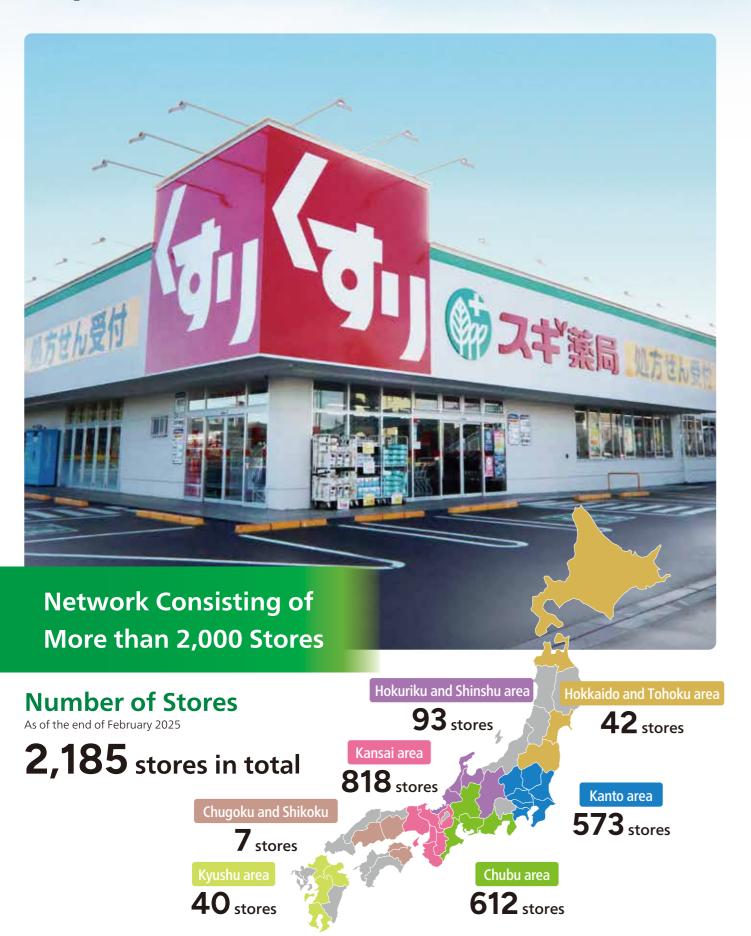
1.2 million downloads

Number of app downloads

Total: 15 million downloads (FY2024)

The membership of our apps comprises the base for a variety of our digitalized healthcare services and sales promotion tailored to individual needs. In FY2024, we focused on promoting the downloading of each app and achieved 15 million downloads. We will continue to provide digitalized services, including various healthcare services designed to enhance the experience of each customer, and proceed with digitalized sales promotion tailored to individual needs.

Expansion of Our Store Network





SUGI Pharmacy Group's Value Creation Story

- 17 Message from the President
- 27 Growth Milestones
- 29 Value Creation Process



Pharmacy Group has achieved continuous growth.

With its eye on a dramatically changing market, the SUGI

Pharmacy Group will continue to create value toward achieving its ideal vision.









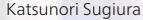
We will celebrate our 50th anniversary in December 2026. The 50th anniversary logo

selected through an in-house

competition

Message from the President

With the 50th anniversary of our establishment approaching, the SUGI Pharmacy Group is striving to serve as the "main framework underpinning local healthcare" both at home and abroad, while achieving transformation and growth, thereby contributing to everybody's healthy, rich lifestyle.



Representative Director & President SUGI Holdings Co., Ltd.



In FY2024, the Japanese economy was on a moderate recovery trend mainly due to improvements in the employment and income environment and increase in the number of foreign tourists visiting Japan. On the other hand, the outlook remains uncertain due to various factors, such as continued price increases and the effects of exchange rate fluctuations.

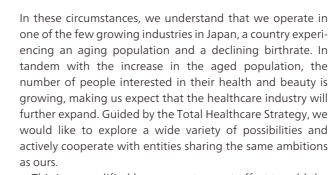
The drugstore and prescription dispensing pharmacy industry, despite the tough environment caused by rising prices leading to increased consumer frugality, revisions of drug prices and dispensing fees, and intensifying competition within and across industries, benefited from growth in personal consumption and inbound demand. Sales of health and beauty care products, daily necessities, food, and other items have increased in the merchandising field. Furthermore, in the prescription dispensing field, the number of prescriptions filled has increased in line with the aging population,

and the performance of each company has been strong.

Going forward, the Japanese economy is expected to see an increase in consumer spending due to improvements in wages and employment conditions, as well as an expansion of the inbound market due to an increase in the number of foreign visitors to Japan. On the other hand, the outlook is expected to remain uncertain due to changes in the global economy, inflationary pressures in Japan, and worsening labor shortages.

In the drugstore and prescription dispensing pharmacy industry, we foresee that driven by M&A and alliances between companies, including those from different fields, and through intensified competition between companies aiming to aggressively set up new stores, the number of players in the market will be reduced rapidly, leading to an oligopoly in the Japanese market. In the prescription dispensing pharmacy industry, the revision of dispensing fees is becoming increasingly more severe year by year, and there is an ongoing trend of a shift to DX* in pharmacy operation, as indicated by electronic prescriptions and online medication instructions. Following the national policies of "family pharmacy" and "medical DX," we need to focus on communication with customers, home-visit prescription dispensing services, and the shift to DX.

*DX (digital transformation): Transforming business operations through the use of digital technology



This is exemplified by our most recent effort to add the Hanshin Dispensing Group (I&H) as a new member to the SUGI Pharmacy Group in FY2024, following the Kampo counseling company NIHONDO Co., Ltd. and the prescription dispensing pharmacy chain operator Hikari Pharma Co., Ltd. As we celebrate the 50th anniversary of our establishment in FY2026, we would like to integrate the business know-how and resources of each company within the SUGI Pharmacy Group, thereby striving to accelerate our business growth and work together toward developing into a healthcare company trusted by local citizens.











Domestic consumption will continue to decline due to the declining birthrate, aging population, and shrinking population. The SUGI Pharmacy Group is continuing to actively expand its overseas operations. While providing our cultivated know-how, products, and services to local partner companies in Asian countries, which will grow further from now on, and cooperating and collaborating in a wide variety of forms, we are aiming to serve as the "Main Framework Underpinning Local Healthcare" not only in Japan but also in foreign

SUGI Pharmacy Group's Commitment to Creating Value by Leveraging Its **Features and Advantages**

The SUGI Pharmacy Group boasts a wide variety of experts, such as pharmacists, nationally certified dietitians, beauty advisers, nurses, and registered pharmaceutical distributors.

Of particular note are as many as 4,820 pharmacists. Affected by the continuing shortage of pharmacists, many prescription dispensing pharmacies and drugstores are urgently attempting to secure pharmacists. In addition, supermarkets, convenience stores, and EC businesses are making inroads into the field of prescription dispensing, making it even more challenging to secure pharmacists. Despite this trend, we steadily secure pharmacists, and this is one of our great advantages.

We are confident that we have always been taking on the challenge, since the dawn of the drugstore industry, of developing a chain of prescription dispensing drugstores, and that we have recently grown while adding many prescription dispensing pharmacies to our group. Our unwavering dedication to prescription dispensing that we have continued since our foundation presents a specific vision to local communities, and also to pharmacy students and pharmacists in service who would like to place a focus on each patient, and stirs empathy among them. This gives us a great advantage in terms of recruitment.

By pushing forward with our strategic dominance of setting up new stores in specific areas, we have been expanding our operating scale in the metropolitan areas of Kanto, Chubu, and Kansai. Moreover, by newly adding the Hanshin Dispensing Group (I&H) to our group, we have further enlarged our operating area, which now covers not only Kanto, Chubu, Kansai, and Hokuriku & Shinshu, but also Hokkaido & Tohoku and Chugoku & Shikoku, and Kyushu.

As indicated by the fact that we newly set up 130 stores in FY2024, we remain one of the industry's leaders in terms of the number of annual store openings. As of the end of February 2025, the number of stores of the entire SUGI Pharmacy Group reached 2,185. We also proactively opened stores to meet the needs of foreign visitors to Japan. We would like to contribute as a reliable "family pharmacy" that can underpin all the health stages of customers, from birth until the end of their life. To that end, not only are we establishing new stores, but we are also actively renovating existing stores to enlarge their dispensing rooms and waiting rooms. We will continue to ensure that pharmacists and other in-store experts can fully demonstrate their capabilities in order to contribute to the realization of sustainable, comprehensive community care centering on medical institutions.



We are also reinforcing our commitment to digitalization. We provide app services for customers to enjoy even more comfortable and healthier lives. These services are increasing customer satisfaction and leading app users to visit physical stores or use other services, resulting in the formation of a virtuous cycle. Serving as the driving force of our digital strategy, the SUGI Pharmacy app boasts more than 13.8 million downloads. We continue to improve the app's functions while striving to reflect feedback from customers. By providing information and coupons for individual customers according to the segment, we are aiming to raise the

quality of customer experience and the level of customer satisfaction. In addition, by reinforcing our ability to present proposals regarding products and services and accommodating each customer's needs, we are striving to deepen our ties with them. We are also aiming to establish an environment in which customers can feel "SUGI Pharmacy on the Palm Anytime and Anywhere" by ensuring that customers can use their smartphones or shopping carts as checkout machines at physical stores, as well as by enabling customers to check stores' product lineup, prices, and inventory outside the stores and place an order on our EC website.

Realization of the Concept of "SUGI Pharmacy on the Palm Anytime and Anywhere"



Not only do we provide online counseling services, but we also use digital devices at stores to present proposals in the field of beauty items and proposals regarding lifestyle, thereby increasing customer satisfaction.

By establishing an environment in which each in-store employee can fully demonstrate their capability, we can help them improve their working style and enable them to concentrate on communication with customers, which leads to even better customer satisfaction. We will actively proceed with DX in order to generate value for customers and all other stakeholders.

In addition, we will further strengthen our supply chain management from FY2025. We will strive to maximize the efficiency of in-store operations to the extent possible and establish an environment where staff can focus on even more valuable work. We will also realize a reform to establish a new logistics framework toward even better prescription dispensing and overseas operations. By combining these initiatives with DX, we will aim to achieve optimization of the entire supply chain.



Optimization of the supply chain

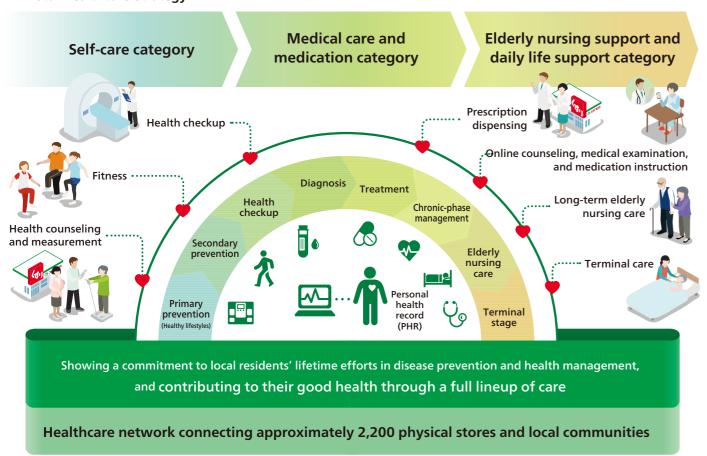


SUGI Pharmacy Group's Total Healthcare Strategy

Representing the entire vision of our various initiatives, the Total Healthcare Strategy serves as our operating foundation. Guided by the strategy, in which "health and medical care" is set as the key phrase, we provide support for customers and patients regardless of their health condition while addressing the aging population and declining birth rate confronting Japanese society and taking advantage of digital technology created one after another in its continuous evolution. From birth until the end of life, people are frequently supported by medical care and medicine in various situations. Using such medical care and medicine, people strive to treat disease and injury, address changes caused by aging, and maintain their good health. Under the Total Healthcare Strategy, we divide human life into the following three phases: the "self-care" period with a focus on primary prevention and secondary prevention to maintain a healthy life; the "medical care and medication" period, when people develop diseases and receive treatment for their symptoms in the acute phase or the chronic phase; and the "elderly nursing support and daily life support" period. This strategy shows our commitment to local residents' lifetime efforts for disease prevention and health management, thereby striving to contribute to their good health through a full lineup of care. With our prescription dispensing drugstores serving as the hub, we would like to establish a healthcare network by forming partnerships with physical facilities, such as health checkup centers, nursing facilities for senior citizens, and fitness centers, and ensuring cooperation with local governments while making full use of DX. Such a network will provide us with a platform for using the physical and the digital seamlessly with a focus on local communities. The platform will enable us to ensure points of contact with customers regardless of their health condition and provide the most appropriate product and service for each customer.

Many citizens consult doctors after some health anxiety or worry arises, but such a conventional approach will make it impossible for them to fully enjoy their lives in a super-aging society, which is experiencing the advent of the so-called "100-year life." We need to continue to support local residents' healthy lives by ensuring cooperation at each stage with local governments, health insurance associations, medical care and elderly nursing care workers, and players in many other fields. We urgently need to establish a network of players mainly in the medical field and also other domains in order to support communities, senior citizens, and their families. We have already received endorsement from some companies and local governments, leading to the expansion of a healthcare network in various communities. This strategy is also highly regarded abroad, enabling us to cooperate with

Total Healthcare Strategy



local companies in Asian countries and proceed with various initiatives. We will continue to work with a wide variety of companies, organizations, and local governments and further accelerate the speed of our efforts toward realizing the Total Healthcare Strategy.

SUGI Pharmacy Group's Sustainability Management

In 2021, to develop a framework for proceeding with sustainability management, we established the Sustainability Committee and the ESG Promotion Office (presently the Sustainability Promotion Section of the Corporate Branding Department) and set five themes and 16 priority issues (issues of materiality), thereby intensifying our efforts.

Awareness of the SDGs is growing in all generations. A familiar example is ethical consumption, meaning selection of products produced with greater consciousness of the environment and human rights. The world is casting a stern eye on how we address challenges that need to be handled throughout the entire supply chain, such as suppliers' commitment to human rights. We promote various initiatives based on our corporate social responsibility. We have formulated the SUGI Pharmacy Group Human Rights Policy and the SUGI Pharmacy Group Business Partner Code of Conduct, which constitute our framework to fulfill our responsibility throughout the supply chain. In FY2024, we conduced human rights due diligence on our business partners involved in our in-house developed products and launched analysis and evaluation of their efforts.



We will also continue to focus on recycling resources. Embracing the concept "domestic recycling of domestic resources," we will fulfill our responsibility as a distributor of many products and make as much contribution as possible in cooperation with many partners. We have strengthened our commitment to Bottle-to-Bottle Horizontal Recycling, intended to recycle used PET bottles into new PET bottles, with the

number of our stores serving as a collection point increasing to 142. At such stores, there has been a clear increase in the frequency of customers' visits. This service, well received by customers, has enabled us to strike the best balance between environmental contribution and improved corporate performance. Meanwhile, to support the recycling of medicine press-through-pack (PTP) sheet waste generated in a large quantity mainly in the field of prescription dispensing, we serve as a collection point. Furthermore, we collect uniforms to be disposed of so that they can be upcycled into resources for in-house equipment. We also work with food banks to address the problems of food loss and poverty. By doing so, we will continue to handle social problems step-by-step. which will lead us to contribute to local communities and ultimately to establish a status as a company loved by local communities.



Running a food drive

Views on Carbon-Free Management and Progress in Our Commitment

Setting the realization of a carbon-free society as one of our priority issues, we are accelerating our commitment. We have visualized the emissions from Scope 1 (direct GHG emissions) and the emissions from Scope 2 (in proportion to the use of electricity), and have set a CO₂ emissions reduction target to be achieved by 2030 (reduction of CO₂ emissions per store by half from the FY2014 level by FY2030). We have also announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In line with the disclosures recommended by the TCFD, we have been proceeding with appropriate efforts through the Sustainability Committee and the Board of Directors, such as identifying our risks and opportunities and formulating a roadmap toward the reduction of CO₂ emissions. Our specific efforts to reduce CO₂ emissions include installing solar power generation panels on the roofs of dozens of stores under an onsite PPA. We have been setting such panels at many more stores. In addition, we have expanded the coverage of the off-site corporate PPA service, which we began to introduce in FY2024. We procure renewable energy for a total of 65 stores from solar power plants on a long-term, stable basis, while ensuring "additionality" (for an effect leading to investment in new renewable energy facilities). The cumulative

Solar power generation panels installed on a store roof



effect of this effort is to reduce CO₂ emissions by approximately 8,560 t-CO₂ per year, and we will strive to achieve reduction by the same level or more every year.

Meanwhile, our total CO₂ emissions from Scope 3, which covers all the activities in all the phases of a supply chain, ranging from product procurement to manufacturing, sales, logistics and disposal, amount to approximately 2.4 million tons, more than 15 times the emissions from Scope 1 and Scope 2. However, it is difficult for the SUGI Pharmacy Group alone to reduce the emissions from Scope 3. We need to ensure cooperation with various companies, figure out ideas from scratch together with them, and carry out demonstrative experiments in a trial-and-error manner. While adding value to products with less CO₂ emissions by avoiding unnecessary packaging and using vegetable oil ink, we need to demonstrate ingenuity and make efforts in sales so that such products will appeal to customers. Needless to say, we must refrain from distributing unnecessary sales campaign items or creating unnecessary point of purchase advertising. We also need to work together to improve the accuracy in forecasting



At a press conference of the Challenge Carbon Neutral Consortiun

the units of sales, avoid unnecessary purchases, reduce returns and disposals, and ensure cooperation between the manufacturing, distribution, and sales functions. At the Challenge Carbon Neutral Consortium, which we joined in FY2023, we provide environmental education through the *SUGI Pharmacy* app and conduct demonstrative experiments to display, promote and sell environmentally friendly products from participating companies. By forming an alliance unique to the supply chain that transcends industry boundaries, we would like to accelerate our efforts to address environmental issues.

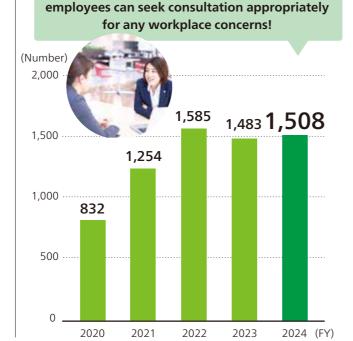
Human Asset Strategy

As indicated by rapid digitalization, the aging population and declining birthrate, the advent of the so-called "100-year life," and changes in workers' views on careers, the environment surrounding companies is changing greatly. Acknowledging employees as capital, we believe that human resources are key assets for creating value. We will continue to actively invest in our human assets so that we can enhance our corporate value. Based on this approach, we will link our management strategy with our human asset strategy to promote personnel system reforms, ensure that the right staff members are assigned to the right positions, proceed with health and productivity management, and improve employee engagement.

In addition, as part of our commitment to human rights, we will strengthen our efforts to improve psychological safety within our organizations. The "chain of smiles," meaning

Number of hotline calls from employees on "Workplace Concerns Consultation Hotline" (annual)

Creating an open work environment in which



employees' smiles leading to customers' smiles, is a key concept in realizing our Management Philosophy. In other words, if store employees and partner employees feel more motivated, it will lead to their greater contribution to customers, better work performance, and ultimately higher productivity.

Psychological safety is important when we think about motivation. If our employees feel greater psychological safety, it will help them to be true to themselves in their daily lives, say what they would like to say, take on bold challenges, and take kind and courteous actions for customers. We have a hotline for employees to seek consultation about any workplace concerns. With the number of annual calls exceeding 1,500, we are featured in the media as one of the best Japanese companies in terms of whistleblowing environment. To immediately inspect a whistleblowing case, we have established the Area Human Resources Departments, thereby increasing our response speed and effectiveness. Moreover, to realize the theme "Focus on Each Individual," we are striving to ensure that employees can seek consultations from their supervisors more easily, while focusing on the initiative for all our officers to visit stores in order to directly listen to employees. In FY2025 again, we will continue to strengthen our efforts to increase psychological safety.

DX Strategy

Our DX strategy originates from our determination to make our customer services even more fulfilling by enhancing our productivity and improving customers' lifetime value. It is safe to say that person-to-person interactions, which cannot be digitalized, through counseling and other customer services represent our main strength. To what extent can we present new value by using digital technology? To what extent can we realize not only the digitalization of operations but also the reform of our organizations, operating processes, and even our corporate culture? By addressing these questions, we will become even more competitive and enhance our superiority. It will become even more important not only to improve some operations through digitalization but also to enhance customers' lifetime value by utilizing DX for estab-

lishing points of contact with customers and ensuring continuous ties.

Accordingly, in line with the slogan "SUGI Pharmacy on the Palm Anytime and Anywhere" to expand the scope of our points of contact with customers and deepen their impact under our DX strategy, we periodically add to and enhance the functions of the SUGI Pharmacy app. The app distributes information on disease prevention and health maintenance, unifies management of customer information through ID integration, and provides coupons based on customers' purchase histories, enabling us to establish an environment in which customers feel no stress. For customer services at physical stores, we will also reinforce digital communication. For example, we will keep a digital ledger of requests presented by customers and samples provided to customers in the field of cosmetics and use the information for sales promotion on the SUGI Pharmacy app. We will also compile a record of counseling services provided by our nationally certified dietitians. In the future, we would like to create a ledger of digital communication with customers to realize unified management of their health condition.

By realizing the concept "SUGI Pharmacy on the Palm Anytime and Anywhere" and digital communication, we endeavor to provide customers with opportunities to experience the physical and the digital seamlessly. For customer experience through digital tools, the SUGI Pharmacy app, boasting 13.8 million downloads, will play a major role. Presently, a total of approximately 370 million customers visit our physical stores annually. Our future challenges include how our physical stores will handle an explosive increase in needs expected to be induced by the digital. We will proceed with our commitment to digitalization to carefully address an explosive increase in the number of customer service opportunities, take an approach different from a mere extension of our conventional measures, and further raise the quality of services provided at physical stores. We believe that no company can survive in the future if they cannot handle such challenges. Deeply appreciating our fortune to have opportunities to take care of our challenges, we will ensure that each management leader tackles them as their own issues.



Prescription Dispensing

FY2024 saw a revision of drug prices in April and of dispensing fees in June. As the importance of pharmacists communicating with customers is growing, we are focusing on training our pharmacists so that we can contribute to community healthcare by demonstrating our expertise. In addition, based on the belief that it is our important responsibility to establish a system to prevent any mistakes and reduce operational risks, we will fully commit to building an in-house system that will enable us to provide medications to patients safely and reliably. We will prepare operation manuals, familiarize our employees with them so that they are fully followed, and organize training. We will also aim to create a system that prevents mistakes by improving our personnel structure, reviewing the prescription dispensing environment, and introducing new equipment for reinforcing our checking system. Moreover, in order to accommodate an increase in the number of prescriptions to be filled, we opened new stores and renovated dispensing rooms and waiting rooms at existing stores, thereby improving our operating environment. We will continue to focus on communication with customers, home-visit prescription dispensing services, and the shift to DX in order to realize the concepts "family pharmacists" and "family pharmacies." We will create value in the non-oligopolized prescription dispensing pharmacy market of 8.2 trillion yen by horizontally expanding our prescription dispensing operations and vertically promoting cooperation between the manufacturing, distribution, and sales sectors. Our efforts to expand our prescription dispensing operations include acquiring ownership of I&H as a subsidiary. Founded in 1976 as Hanshin Dispensing Pharmacy, I&H is a prescription dispensing pharmacy chain operator with an especially long history. Operating hundreds of pharmacies across the country from Hokkaido to Kyushu, they have earned great trust from local residents especially in the Kansai area, where they were founded. Their strengths lie in a large number of pharmacists with expertise, a nationwide network of pharmacy stores, including those located near local core hospitals such as university hospitals, and one of the industry's leading networks of doctors. While taking



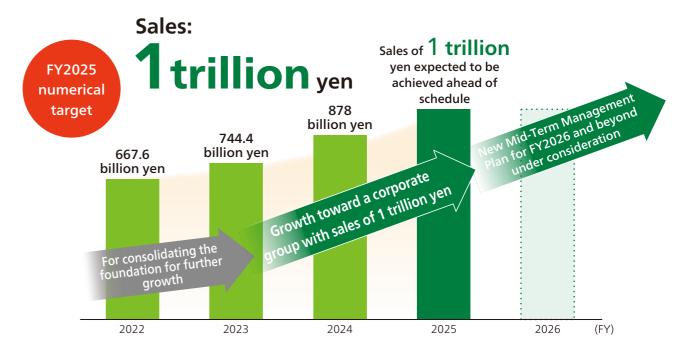
advantage of the expertise that I&H has as a prescription dispensing pharmacy chain operator and their relationships with hospitals and clinics, we will proceed with our cultural reform and strengthen our compliance system, thereby further accelerating our healthcare and prescription dispensing strategies. We will continue to promote strategic partnerships and expand our prescription dispensing operations.

Mid-Term Management Plan

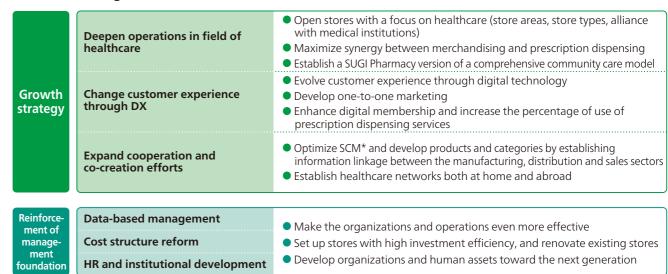
The SUGI Pharmacy Group will celebrate the 50th anniversary of its foundation in December 2026. What should the SUGI Pharmacy Group be in the memorial year? Having formulated the ideal vision based on a future perspective, we have set our sales target for FY2026 as 1 trillion yen in the Mid-Term Management Plan. The Mid-Term Management Plan consists of a "growth strategy" and the "reinforcement of the management foundation." The growth strategy features the three themes of "Deepen operations in the field of healthcare," "Change customer experience through DX," and "Expand cooperation and co-creation efforts." For each theme, we have set the direction that we should take from now. The reinforcement of the management foundation has the three themes of "Data-based management," "Cost structure reform," "HR and institutional development," each of which has been reflected in the strategy to be implemented by each organization. While fundamentally reviewing various strategies, including those for DX, product development, store openings, overseas operations, and human assets, in the first two years, we proceeded with various experiments and initiatives, which has enabled us to consolidate the foundation. With many companies joining our group in FY2024, we feel confident that we will be able to achieve sales of 1 trillion yen ahead of schedule. In FY2025, we will be running our business with an eye on formulating a new, ambitious Mid-Term Management Plan. Please look forward to it

Management with Awareness of Capital Cost

Since FY2024, we have been strengthening management with awareness of capital cost and stock price, while appointing an executive officer in charge of corporate planning and finance. After accurately quantifying our capital cost, we formulate management strategies and Mid-Term Management Plans in view of changes in the external environment and disclose their overviews. As for the formulated management strategies and Mid-Term Management Plans, we annually check and analyze the progress and take the necessary measures based on our management resource allocation plans, including those for investing in launching new business, establishing new stores and associated systems, and developing human assets. Regarding fundraising for new, large-scale M&A transactions and business investments, we follow the financial policy with the enhancement of shareholder value in mind. In addition, in



Mid-Term Management Plan with FY2026 as Its Final Year



*SCM: Supply chain management

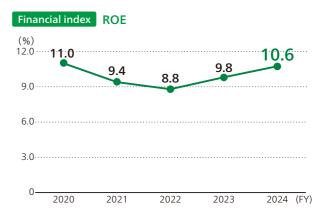
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order to raise shareholder value, we strive to increase ROE*1 and ROIC*2 on a mid- and long-term basis, return value to shareholders on a continuous and stable basis, and make investment for further growth. Setting ROE and ROIC as important indexes for creating sustainable shareholder value, we aim to always improve productivity, total asset turnover ratio, etc. and raise ROE and ROIC continuously on a mid- and long-term basis.

In addition, we have newly introduced ROIC as a new index to identify the capital cost accurately, improve business portfolio management and investment efficiency for setting up new stores, and allocate management resources, such as those for new business investment. We have started by visualizing ROIC according to the business segment as part of our efforts to establish the necessary framework. We will also accelerate efforts to develop a system for using the ROIC

index at work and realize its widespread use throughout the company.

*1 ROE: Return on equity *2 ROIC: Return on invested capital



2020

Established S Trading Co., Ltd. domestic and foreign markets

ť

ó

2020

Began to form business alliances with companies Southeast Asia (Taiwan, Vietnam, Malaysia)

Growth Milestones

The number of drugstores exceeds 500.

The number of drugstores exceeds 1,000.

Established DCP Solution Co., Ltd. commencement of medical pract

tice tice

support

2019

Launched a specific health nationally certified dietitiar

guidance service

Established a phar

ablished a pharmacy on the premises of a national versity's hospital, which was the first such case in t

in the

大樹薬スギ

Great Tree Pharmacy Store

Acquired Platinum Kurumin certification

Concluded a capital Holdings Co., Ltd.

and business

2016

Relocated the headquarters to Obu City and added our own logistics center to the headquarters

The number of drugstores exceeds 1,500.

2022

Transferred to the Tokyo Stock Exchange Prime Market and the Nagoya Stock Exchange Premier Market

2023

2023
Established a joint venture with Alpro Pharma

Acquired full ownership of NIHONDO Co., Ltd

Acquired full ownership of Hikari Pharma Co., Ltd.

Concluded a capital and business alliance with Japan Hospice Holdings Inc.

2023

2023

The number of drugstores exceeds 2,000

2024

Established SUGI Wellness Co., Ltd., a company that provides disease prevention support services

2024

2025

Achieved a corporate integration between Sugi Pharm Co., Ltd. and I&H Co., Ltd. (Hanshin Dispensing Group)

2025 • Certified again as an Outstanding
Organization of KENKO Investment for Health

28

Made donations for the 2024 Noto Peninsula Earthquake, including donations collected through the SUGI Point system

1976 2000

1982

Established Sugi Pharmacy in Nishio City, Aichi Prefecture

1976

Established Sugi

Pharmacy

2006

2006 2007

Acquired full ownership of Japan Co., Ltd.

Established the first store in the Kanto area inroads into the area

Constructed our own building in front of Mikawa-Anjo Station and relocated the headquarters there to enhan

Established the first store in the Kansai area to make inroads into the area its functions

2002

of the Nagoya Stock Exchange

Introduced the SUGI point card system to all the stores

Listed on the NASDAQ Japan market

/Co., Ltd.

At the time of the establishment

2002 Launched a home-service for individu

Clean room established

2003

service for facilities

for senior citi

Launched aseptic prescription dispensing in a clean room

Listed on the first section of the Tokyo Stock Exchange

2010 2011

Changed the trade name Sugi Pharmacy Co., Ltd. to SUGI Holdings Co., Ltd. and transferred to a holding company system through an incorporation-type company split, with Sugi Pharmacy Co., Ltd. and SUGI Medical Co., Ltd. newly established



Acquired full ownership of lizuka-yakuhin

0.

, Ltd.

to make

Former headquarters in Mikawa-Anjo





Achieved a corporate integration between Sugi Pharmacy Co., Ltd. and lizuka-yakuhin Co., Ltd.



2013

Achieved a corporate integration between Sugi Pharmacy Co., Ltd. and Japan Co., Ltd.

2013

Established the first key store for strategic dominance in Nishio City





Established the Sugiura Community Healthcare Promotion Foundation, with Hirokazu Sugiura and Akiko Sugiura as its founders

Constructed the SUGIURA Community
Healthcare Research Center on the premises of
the Graduate School of Medicine, Kyoto
University, with the funds donated by our
founders Hirokazu Sugiura and Akiko Sugiura Launched cosmetic therapy at facilities for senior citizens and hospitals

Launched home-visit nursing and elderly home-care support services disabled employment Established SUGI Smile Co., Ltd. to promote

Home-visit prescription dispensing service launched

າ dispensing

Home-visit nursing service launched



SUGIURA Community Care Research Center donated

Launched the donation of AEDs to facilities for senior

case in Japan, at Nagoya University Organized an endowed course on comprehensive community care systems, which was the first such

 Launched the donation of medical wigs to breast cancer patients

9 certified as a public service corporation











Tajimi Store, Hanshin Dispensing Pharmacy

Established a human rights policy for the SUG Pharmacy Group

Received refugees from Ukraine at SUGI
Pharmacy under a labor support program of

Aoyama Main Store, NIHONDO

Established the ESG Promotion Office and the Sustainability Committee

Awarded the grand prize of the Supply Chain Innovation Award 2021

Concluded a comprehensive agreement on regional revitalization SDGs with Aichi Prefecture

Headquarters relocated to Obu

Changed the name of the general incorporated foundation Sugiura Community Healthcare Promotion Foundation to the Sugiura Memorial Foundation after its certification as a public service corporation

the former site of SUGI Pharmacy's first store and provided the land and building to Nishio City Constructed a health promotion hub center the former site of SUGI Pharmacy's first store

agreements with local govers the realization of sustainable



Concluded a comprehensive agreement with the Faculty Kindai University

e partnership / of Pharmacy,



Launched sales of a lifestyle-related disease risk report using big data



Value Creation Process

Changes in society

Market Environment →P33

Increasingly serious social problems

Use of plastics

- Aging and declining population Changes in consumer
- Need to reduce medical costs behavior Global warming
 - Shift from ownership to sharing

Changes in values

Diversification of values

Technological innovation

- Promotion of 5G and enhancement of IoT
- Integration of the physical and the digital

Business Model

Sources for Creating Value



Human capital A wide variety of experts

- SUGI Pharmacy Group employees: 45,629
- Pharmacists: 4,820
- Nationally certified dietitians: 564
- Beauty advisors: 1,142 Nurses: 128
- Investment in human asset development: 660 million yen



Manufacturing capital Network of community-

- No. of stores: 2,185 stores
- No. of stores providing a home-visit service: 634 stores

oriented stores

• No. of home-visit nursing stations: 17 bases



Financial capital Sound financial foundation

- Total assets: 495.1 billion yen
- Capital investment: 26 billion yen
- Equity ratio: 50.6%

Intellectual capital Accumulated know-how

- Expertise on prescription dispensing Know-how of establishing and operating
- No. of medical institutions whose prescriptions are filled by us: 62,132



Social capital Community-oriented

- corporate activities • No. of agreements with local governments: 159 agreements
- Membership as the activity cornerstone: 23.76 million members

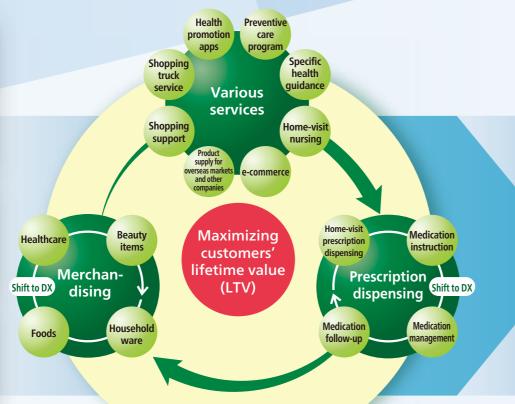


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Natural capital Energy resources necessary for our operations

• Energy consumption: 353,441,000 kWh/year

Business Operations for Creating Value for Society



Total Healthcare Strategy

⇒P35

Priority Issues (Issues of Materiality) for Proceeding with **Sustainability Management**



Engagement Management

Place a focus on dialogue with each employee to enhance their motivation

Return value

Policy

Basic Policy

Various Services Provided by **Physical Stores and Experts**

Drugstore

Provide products and services for helping citizens enjoy rich lifestyles, and operate one-stop

Beauty & wellness

Operate stores in which experts, such as beauty advisors and nationally certified dietitians, underpin beauty and health in the local communities.

Insurance dispensing

Operate a wide variety of stores, ranging from community-oriented pharmacies to highly specialized

Elderly nursing care & nursing

Operate in the fields of elderly nursing care and nursing by, for example, providing a home-visit nursing service and leasing welfare products.

Overseas operations

Provide high-quality products to overseas markets by forming alliances with pharmacies operating in Taiwan, Vietnam, and Malaysia.

Financial Indices P123

Outcomes to Be Achieved

- Net sales: 878 billion yen
- Operating income: 42.5 billion yen
- EBITDA: 60.4 billion yen
- Net income per share: 141 yen
- ROE: 10.6%

Non-financial Indices →P59, P124

Healthy Community

Sustainable Business Partnership

Contribution to the Global Environment

Healthy Workplace Environment ⇒P95

Corporate Governance ⇒P105

Solution of Social Problems

- Address 16 priority issues -

Value to Be Presented to Society

Reduction in medical costs

Extension of Contribution to healthy life expectancy

the global environment

Realization of the Management Philosophy

Accomplish a society where everyone is happy and full of smiles



Strategy Implementation Framework and Group Companies' Business Reports and Profiles

- 33 Market Environment
- Organizations and Business Operations to Proceed with the Total Healthcare Strategy
- Message from the Chairman

In the SUGI Pharmacy Group, we are pursuing the Total
Healthcare Strategy. While taking advantage of our
human capital, we are currently pushing forward with
DX and expanding our network, thereby striving to
demonstrate a further growth curve.







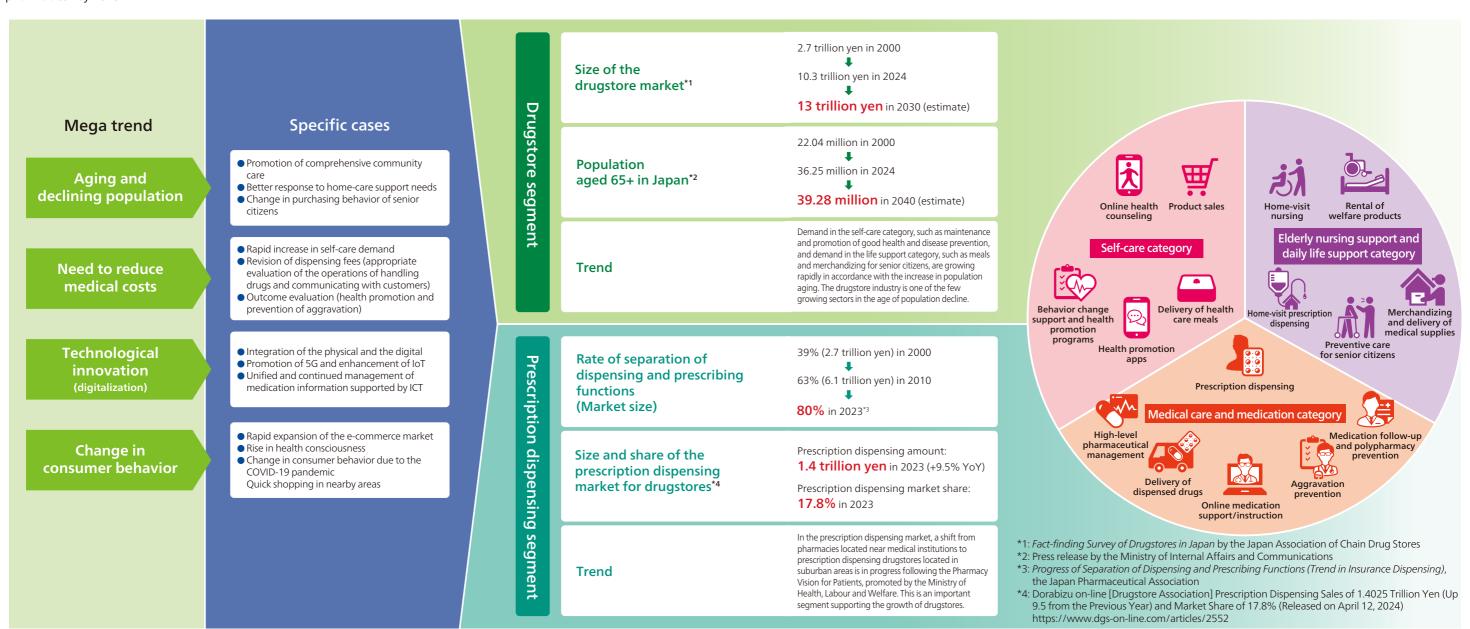






Market Environment

What is required in addressing challenges, such as the aging and declining population and the need to reduce medical costs, is total healthcare covering self-care, elderly nursing support, and daily life support focused on each customer. Drugstores are experiencing accelerated digitalization in a wide variety of forms in line with changes in society. In addition, the Ministry of Health, Labour and Welfare is promoting policies to reorganize all pharmacies into "family pharmacies" by 2025.



Business Organization's Recommendation on Ideal Visions for Pharmacies and Pharmacists

The Japan Business Federation has presented a healthcare model and recommended the use of online features so that the industry can accommodate healthcare needs, which are expected to diversify increasingly in line with technological innovation and changes in consumer behavior.

<Specific details>

- Using smartphone apps and other tools for presenting suggestions for appropriate health management
- Outsourcing prescription dispensing to highly automated prescription dispensing pharmacies
- Spreading last-mile delivery and delivery boxes
- Providing a full line of online services, ranging from counseling to medication instruction and medication follow-up
- Spreading electronic prescription
- *With reference to Healthcare in the Age of Society 5.0 Vol. III Many More Healthcare Options Coming from the Use of Online Features, Japan Business Federation

Pharmacy Vision for Patients, Promoted by the National Government

In 2015, the Ministry of Health, Labour and Welfare released the Pharmacy Vision for Patients in order to present the future vision of "family pharmacies" toward realizing separation of the dispensing and prescribing functions with a focus on patients. Taking advantage of the revision of the Pharmaceutical and Medical Device Act, the Ministry has also presented the course of action to reorganize current pharmacies into "family pharmacies."

- 2015: The Ministry of Health, Labour and Welfare released the Pharmacy Vision for Patients.
 - Aiming to equip all pharmacies, including those located near medical institutions, with the functions of a "family pharmacy"
- 2020: It became mandatory to provide medication follow-up (revision of the Pharmaceutical and Medical Device Act).

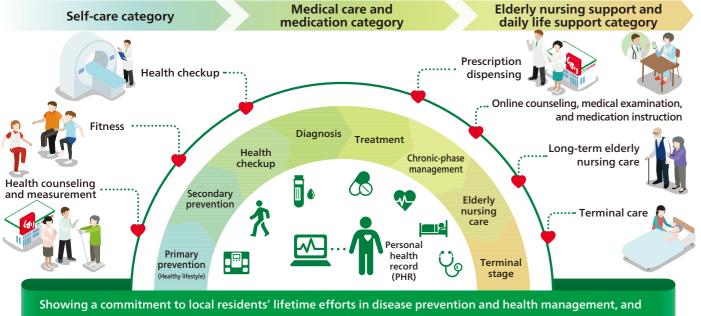
 Providing patients with continuous medication follow-up
- 2021: A pharmacy certification system was introduced (revision of the Pharmaceutical and Medical Device Act).
 - Local alliance pharmacies and pharmacies allied with specialized medical institutions
- 2025: All pharmacies will be reorganized into "family pharmacies."
 - High-level pharmaceutical management
 - Family pharmacy + health support functions
- 2035: Pharmacies will demonstrate the "family pharmacy" function in daily living areas.
 - Placing a high value on pharmacies relocated to daily living areas

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Organizations and Business Operations to

Contribute to Local Communities through Total Health Support, Ranging from Self-Care to Medical Care, Medication, Elderly Nursing Support, and Daily Life Support

In the Total Healthcare Strategy, people's lives, from birth until the end of their life, are divided roughly into three stages, covered by the self-care category, the medical care and medication category, and the elderly nursing support and daily life support category. The strategy is intended to ensure contact points with customers, regardless of their health condition, and provide optimum products and services appropriate for the condition of customers in different stages by integrating our physical advantages with digital technology.



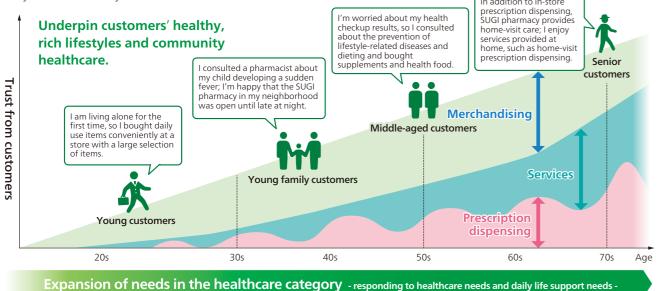
contributing to their good health through a full lineup of care

Healthcare network connecting approximately 2,200 physical stores and local communities

Increasing Customers' Lifetime Value

Increasing Customers' Lifetime Value

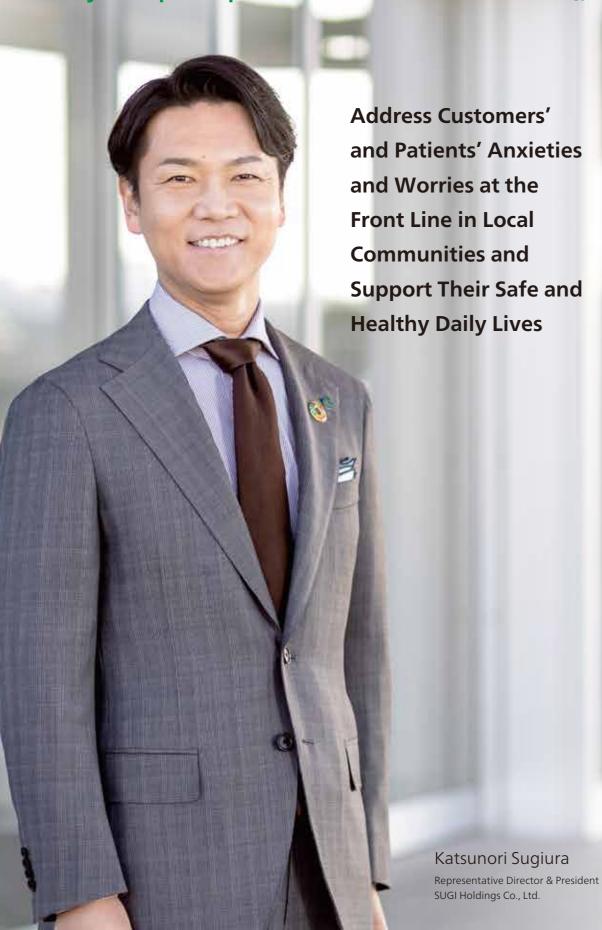
We provide support tailored to the health stage of each customer, from primary prevention and secondary prevention to medical treatment, elderly nursing care and terminal care, thereby establishing a lifelong relationship of trust and underpinning their healthy, rich lifestyles and community healthcare. In addition to in-store



Proceed with the Total Healthcare Strategy



SUGI Pharmacy Group Companies to Proceed with the Total Healthcare Strategy



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SUGI Pharmacy Business Report

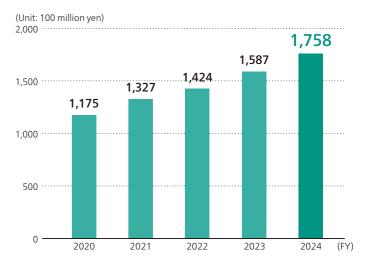


SUGI Pharmacy's business achieves strong sales in both prescription dispensing and merchandizing. Our further increase in the number of subsidiaries and strategic partners is leading to improvement in our healthcare network. By expanding our store network and further enhancing our collaborative relationships, we will continue to promote the Total Healthcare Strategy.

Prescription Dispensing

In the prescription dispensing field, we aimed to consolidate our sales foundation by enlarging or renovating dispensing rooms and waiting rooms, reinforcing our commitment to responding to an increase in the number of prescriptions to be filled, which requires a high-level expertise, inviting medical institutions to set up new facilities, and opening up new stores at clinic malls. We also proceeded with the concepts "family pharmacists" and "family pharmacies" by enhancing specialized training for pharmacists and expanding our home-visit prescription dispensing service. Moreover, we worked to improve productivity by assigning medical office workers and realizing the optimum staff assignment for each store. As a result, we filled 16.14 million prescriptions (109.4% of the previous fiscal year's level), with sales in prescription dispensing services reaching 174.9 billion yen (110.2% of the previous year's level).

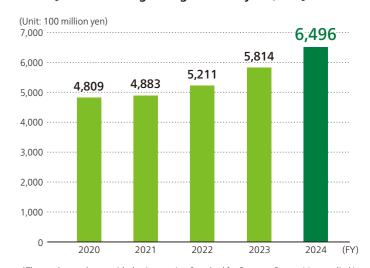
Sales [Prescription Dispensing of Sugi Pharmacy Co., Ltd.]



Merchandising

In the merchandising field, we pushed forward with our strategic dominance of setting up new stores in the Kanto, Chubu, and Kansai areas while working to quickly launch new stores by acquiring SUGI Pharmacy app members and strengthening sales promotion. In addition, we strengthened inbound customer service by expanding our product lineup for foreign visitors to Japan and increasing the number of staff who can speak foreign languages. We also renovated stores to expand food sections. Furthermore, we worked to increase our sales by proactively distributing optimal information and coupons to individual customers using the SUGI Pharmacy app. As a result, we recorded sales of 649.6 billion yen (111.7% of the previous fiscal year's level) amidst the severe market environment.

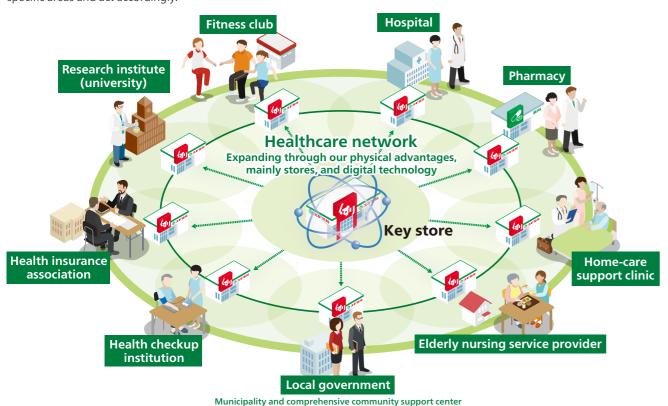
Sales [Merchandizing of Sugi Pharmacy Co., Ltd.]



^{*}The results are shown with the Accounting Standard for Revenue Recognition applied in and after FY2022.

Strategic Dominance of Setting Up New Branches to Enhance the Healthcare Network

To increase our brand profile and logistics efficiency, we uphold a policy of strategic dominance by setting up new branches in specific areas and act accordingly.



Increasing Customer Convenience and Satisfaction by Renovating Stores and Improving the Product Lineup

Renovation of Stores to Enlarge Their Dispensing Rooms and Waiting Rooms

Our store renovation has led to improvement in the waiting environment for patients and the working environment for pharmacists and medical office workers.



can visit the stores without any hesitation

Total number of the stores renovated for their prescription dispensing, merchandising, or other functions

275 stores (FY2024)

Renovation of Sales Floors and Improvement of the **Product Lineup to Accommodate Inbound Demand**

By analyzing our duty-free purchase data, we have realized sales floors that can accommodate inbound demand.





Introduction and Enlargement of Perishable Food and Meat Sections

By installing many more freezers and refrigerators to reinforce the lineup of vegetables, fruits, meat, and frozen foods, we are aiming to further address customers' one-stop needs.





High-Profile Stores

SUGI Pharmacy's New Model to Underpin Local Healthcare

Guided by the Total Healthcare Strategy, we aim to support the lifelong health of local patients and customers. To do so, we have generated a new store model specializing in healthcare, food, or beauty items. We would like to provide more diverse forms of health support by operating prescription dispensing pharmacies, food-focused stores, and beauty-specialized stores.

Prescription Dispensing Pharmacies That Meet Advanced Medical Needs

We underpin local healthcare by operating large prescription dispensing pharmacies located near acute care hospitals or in medical malls, and by providing specialized prescribed drugs and medication instructions.





Sugi Clinic Mall Kanayama Store







Clinic Mall Namba Store



Sakurayama Pharmacy

Food-Focused Stores, Which Provide Food-Based Health Support

The Gose Store in Nara Prefecture provides food-based health support by offering fresh meat processed at the on-site processing center and a wide selection of fruits and vegetables.





Beauty-Specialized Stores, Which Pursue Beauty and Health

We opened "cosme carat," which specializes in cosmetics, at Omiya Marui, following the one at the Tokyu Plaza Omotesando Omokado. These stores offer high-quality products and services that meet the needs of not only local residents, but also trend-conscious young people and foreign visitors to Japan.





Strengthening the Prescription Dispensing System

Expansion of the System for Providing High-Quality Medical Services

We acquired ownership of Hikari Pharma in 2023, followed by Mediplan, Medical Karugamo, and Pharmaunion in 2024, and then Green Eight in 2025. By strengthening our prescription dispensing system and expanding our network, we will continue to strive to realize the Total Healthcare Strategy and provide high-quality medical services.



🏝 メディカル かるがも Medical Karugamo Co., Ltd. 🥒 Kansai

The company operates the prescription dispensing pharmacy chain Miracle Pharmacy in Sapporo and Tokyo. Based on the philosophies of "Gratitude from Communities" and "Support for Doctors," they operate over 20 stores in Sapporo and 3 stores in Tokyo. In the field of support for commencement of medical practice, they have supported the opening of over 60 clinics in Sapporo, and are the first in the industry to plan and develop a medical complex near Sapporo Station. The company contributes to local medical care and helps to improve comprehensive community care.







Pharmaunion Co., Ltd.

Kyushu

The company operates a prescription dispensing pharmacy chain based on the philosophy "Everything for Customer Satisfaction." Their name is coined as a combination of "pharma" and "union." The company strives to provide safe and secure medical care for local residents. As a "family pharmacy," they fill prescriptions from all medical institutions, engage in safety management backed by electronic medication histories, provide detailed medication explanations and comprehensive medication instructions, and offer a home-visit medication management service.





Operating a prescription dispensing pharmacy chain, the company strives to achieve strategic dominance by setting up stores around terminal stations mainly in the Kansai area (Osaka, Hyogo, Kyoto, Nara, and Wakayama). As part of a comprehensive community care system, the company works under the motto "Together with the Community" to reduce duplicate medication and eliminate leftover medication, while also focusing on customized prescription dispensing and home-visit healthcare services. As a "family pharmacy" that people can drop in to easily, they support the health of local residents.





Green Eight Co., Ltd.

Kanto

The company operates the Central Pharmacy Group, which regards "teamwork" as their greatest strength. Based on the motto of "Adding Color to Your Life," they specialize in home-visit prescription dispensing and provide support services with due consideration given to the feelings of patients, their families, and those who provide nursing care and nursing services. Striving to solve the problem of an ultra-aging society and pursue the potential of pharmacists, the company works as a united team toward improving ADL*1 and QOL*2. *1 ADL: Activities of daily living *2 QOL: Quality of life







株式会社 ひかりファーマ

Hikari Pharma Co., Ltd.

Hokuriku

In December 2023, Hikari Pharma Co., Ltd. joined our group as a subsidiary. Founded in Toyama Prefecture in 2003, the company is a community-based prescription dispensing pharmacy. Operating a total of 15 stores mainly in Takaoka City, as well as in Tonami City, Toyama City, and Imizu City in Toyama Prefecture, and also in Kahoku City in Ishikawa Prefecture, the company has been supporting the health of local residents as a "family pharmacy" while building strong relationships of trust with medical institutions. Striving to become a trusted prescription dispensing pharmacy in the Hokuriku area, the company will contribute to further promoting the Total Healthcare Strategy.





Merger with I&H Co., Ltd. with Sugi Pharmacy Co., Ltd. as the Surviving Company

- Hanshin Dispensing Pharmacy to Continue to Strive to Be Trusted as "Community-Oriented Family Pharmacy" -

Background and Purpose of the Merger

The drugstore and prescription dispensing pharmacy industry is currently facing a major turning point due to increasing competition across many business categories and the impact of repeated revisions to drug prices and fees by the Japanese government. On the other hand, as Japan's society ages, the market is expected to grow in various areas. Two such examples are preventative medicine to support the maintenance and promotion of good health and government-designated specialty pharmaceuticals for patients with intractable diseases.

In this environment, our group has established the Total Healthcare Strategy, which contributes to the promotion of health through lifelong commitment to disease prevention and health management for local customers and patients. Based on this strategy, we are deepening operations in the field of healthcare.

Under these circumstances, with the new addition of



Hanshin Dispensing Pharmacy Nikke Park Town Store







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I&H in September 2024, our group has become an industry-leading healthcare group in terms of both quality and quantity, operating a total of more than 2,200 drugstores and prescription dispensing pharmacies from Hokkaido to Kyushu. With our foundation formed on the operations of community-based drugstores, we have strong ties with local key hospitals. Moreover, our operating subsidiaries, which cover a wide range of business fields from large medical malls to community-based pharmacies located near medical institutions, are deepening collaboration in various ways. By actively expanding into preventive medicine and specialty pharmaceuticals, we are striving to further increase our corporate value.

To further accelerate these efforts, Sugi Pharmacy and I&H have decided to implement the merger toward quickly creating synergy and improving productivity.



SUGI Medical Group's Business Report



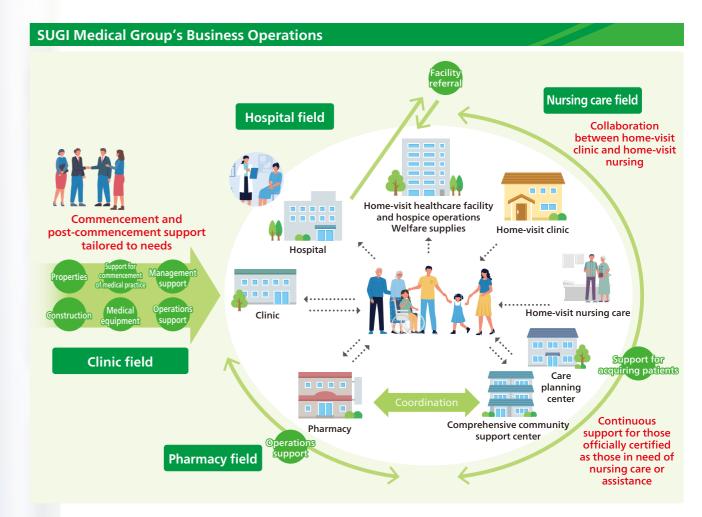
SUGI Medical is engaged in total coordination of medical care and healthcare for local citizens in cooperation with a wide variety of medical institutions, medical workers, and business operators.

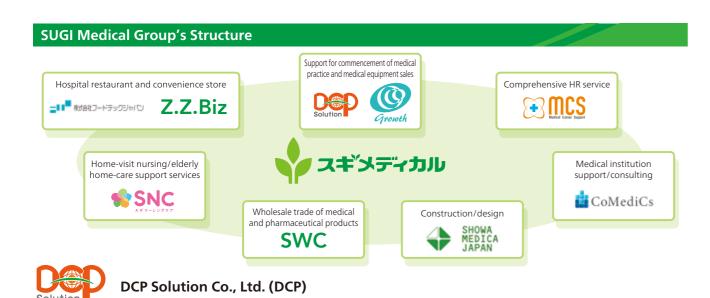
As Japan faces the major challenges of an aging and declining population and rising medical costs, there is a call for health support focused on each individual in all the stages ranging from primary prevention/secondary prevention to medical treatment and elderly nursing care, and the social importance of such support is continuing to grow.

We have subsidiaries specializing in home-visit nursing, support for commencement of medical practice, and other operations related to medical care and healthcare. As a total coordinator in the medical and healthcare fields, we strive to create synergy not only between our subsidiaries but also with local medical institutions and businesses, thereby helping local residents to enjoy even healthier and more fulfilling lives.

By promoting these activities, we would like to help many more people smile, hoping for the happiness of everybody.







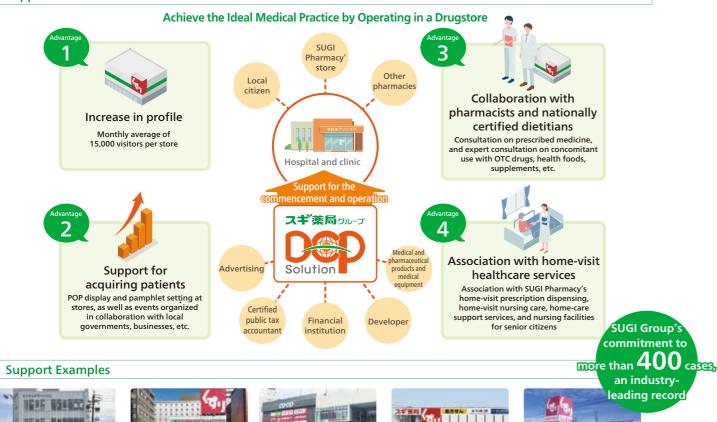
A medical institution housed in a drugstore can benefit from the drugstore's ability to attract many customers. To share such a benefit and underpin local citizens' daily lives and community healthcare, the company focuses on support for clinics to start their practice as one of its business mainstays. They have assigned full-time consultants for supporting the commencement of medical practice to the four areas of Kanto, Chubu, Kansai, and Hokuriku/Shinshu, where SUGI Pharmacy operates stores. Led by the company, the SUGI Pharmacy Group has so far provided support for the commencement of medical practice in more than 400 cases (including support for medical malls), an industry-leading record. In the future, the company will place further focus on support for those who wish to hand down their businesses to the next generation and on the formation of medical malls, thereby aiming to underpin community healthcare.

Support for Commencement of Medical Practice

Housed in a building

in front of a station

Clinic mal



Commercial complex

Housed on the second floor

of one of our drugstores

Housed on the property of

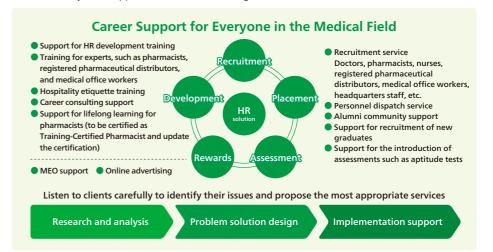
one of our drugstores



MCS Co., Ltd.

Focusing on the recruitment of medical professionals such as doctors and pharmacists, the company helps businesses solve their human capital problems.

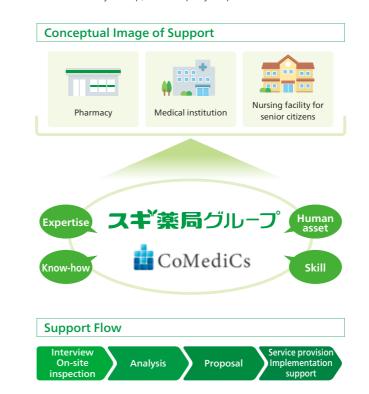
Their experienced personnel and HR consultants provide comprehensive support from the perspective of human assets, including support for recruitment of new graduates and mid-career workers, career development, and various kinds of training, so that the clients can expand their operations. For individuals who wish to develop their careers, they offer a wide range of support, from support to find the most suitable job to support to return to their original work.







By supporting medical and nursing care businesses, mainly through consulting services that utilize the knowledge and know-how of the SUGI Pharmacy Group, the company helps solve social issues and contribute to local residents' healthier lives.



Field	ltem		
	Consulting	Local alliance support	
		Support for establishing branches and expanding operations	
Support for medical institutions		Support for administration operations (health insurance claim processing and medical material management)	
	Operation on consignment	Support for medical office worker and managers' operations	
	Consulting	Support for the introduction of pharmacies specializing in home-visit prescription dispensing	
Support for		Local alliance support	
pharmacies		Support for training of pharmacists and medical office workers	
		Support for health insurance claim processing	
Support for nursing care	Consulting	Support for drawing nursing care facility residents	
facilities for senior citizens		Medication support	

Z.Z.Biz Co., Ltd.

The company provides total healthcare services including amenities by, for example, operating the medicinal cuisine restaurant Zen-no-Zen and staff cafeteria at general hospitals, as well as managing convenience stores, vending machines, and hospitalization kits. They are also engaged in the franchising of medicinal cuisine menus, merchandizing, book development, restaurant management consulting, and store planning, design, and construction. They promote a wide range of business operations centered on food.







Franchise

Consulting

Store development, planning and design



SUGI Nursing Care Co., Ltd. (SNC)

The company sends nurses, physical therapists, occupational therapists, etc. to those who require nursing care at home and in-home patients to provide support for their daily lives as well as medical care and rehabilitation. Located at the Hayashiji Store of SUGI Pharmacy, they established a home-visit nursing station in 2008 and a care planning center in 2012 to launch services underpinning home healthcare together with pharmacists. They currently have 23 offices in Osaka, Aichi, Kanagawa, and Chiba prefectures.

Main Services

■Observation of illness

Check service users for their conditions, such as illnesses and disabilities, through their blood pressure, temperature, pulse rate, etc.

■Assistance with daily living

Provide support with daily activities such as toileting, bathing, and eating.

■Medical treatment as instructed by doctor

Provide services such as preventing and treating bedsores, managing catheters, and giving IV drips.

■ Management of medical equipment

Manage home oxygen equipment, suction machines, artificial ventilators, etc.

■Home-visit nursing for infants

Provide nursing care and rehabilitation for babies from 0 years old.

■Home-visit rehabilitation

Provide various kinds of training, including swallowing training, contracture prevention, walking training, and independent excretion training.

Provide support for service users to spend their final days peacefully at home and share their final moments.

■Support for families

Provide service users' families with consultation and guidance regarding nursing care, elderly nursing support and daily life activities, as well as with psychological support.

■Support for the use of nursing care insurance

Support service users with the procedure of using nursing care insurance and create care plans.



Home-visit nursing station Care planning center 17 stations **6** centers

The company helps those with illnesses or disabilities maintain their own lifestyles without worries in their familiar communities

They also provide care for children and the disabled and offer advice and support to the families who provide care for them.



Growth Inc.

The company provides support for doctors to commence medical practice and sells medical equipment, mainly in Hokkaido. The source of revenue in running a clinic is medical fees obtained from medical procedures (skills) and tests using medical equipment, meaning that the introduction of medical equipment is required in many medical departments. The company prepares a business plan with consideration given to the doctor's treatment policy and the revenue-expense balance of introducing medical equipment, before suggesting the most suitable medical equipment and medical supplies selected from among multiple options. For the selection of medical equipment, the company ensures that the relevant manufacturer does a demonstration and organizes a facility tour. The company also provides comprehensive support, including cost comparisons and price negotiations with an eye to the future, by considering usability, initial and subsequent costs, and what to be expected at the time of replacement. They also provide support with purchases, whether cash, leasing, or installment payments. They offer support for doctors to engage in medical practice with peace of mind.









SHOWA MEDICA JAPAN Co., Ltd.

The company supports the creation of a community-oriented medical framework through store development and business succession for prescription dispensing pharmacies. Based on the philosophy of "Consistency, Sustainability, and Flexibility," they use their unique network to provide comprehensive consulting services, from land surveys, property introductions, and fundraising to operational support after the commencement of medical practice. Focusing on human resources and collaboration with medical institutions, the company strives to establish an integrated system for the three parties of local communities, medical institutions, and pharmacies to develop together.

SWC Co., Ltd.

- The company is a wholesaler mainly dealing in generic drugs, which play an important role in controlling national medical expenses.
- To achieve efficient logistics that takes the SDGs into consideration, they work in cooperation with medical institutions and pharmaceutical manufacturers
- For the products that they handle, they are fully informed by their makers to ensure their quality.



S Trading / Watanabe Trading



Tsuvoshi Yamamoto Representative Director & President

Integration of the Physical and the Digital to **Realize Effective Preventive Services**

Established in 2020 as a wholly owned subsidiary of SUGI Holdings Co., Ltd., S Trading is a trading company specializing in healthcare-related items. The SUGI Group strives to realize the Total Healthcare Strategy, which serves as the trading company's operating foundation, as they provide support for customers and patients regardless of their health condition with "health and medical care" set as the key phrases, while addressing the aging population and declining birth rate confronting Japanese society and taking advantage of digital technology created one after another in its continuous evolution process.

In the future, the wave of aging will hit other Asian countries, following Japan's lead. The company has solutions to the aging population which they have developed in Japan. By sharing such assets with their Asian partners and continuing to work together, they are ready to take on the challenge of their mission: "Contributing to Healthy Lives throughout Asia."

Expanding into Asia Using the Global Network

S Trading Co., Ltd. has a track record of trading with various Asian countries. By utilizing the SUGI Pharmacy Group's network, the company is expanding its alliances and partnerships in Asian countries. This enables them to provide products and develop business in consideration of local needs. They are looking not only at ASEAN but also at the Middle East and Africa.

Existing export destinations

Taiwan, Vietnam, Malaysia, Thailand, Hong Kong, Macau, China (cross-border EC), Cambodia, Nepal, Singapore, Korea, Mongolia, and Kyrgyzstan



Main Operations

As a part of the SUGI Pharmacy Group, the company is engaged in trading intermediation and distribution trading business overseas, mainly in Asia. The SUGI Pharmacy Group operates approximately 2,200 drugstores and prescription dispensing pharmacies from Hokkaido to Kyushu, and leverages the strengths in healthcare expertise of 4,820 pharmacists and 564 nationally certified dietitians, to promote the Total Healthcare Strategy, designed to contribute to improving the health of local residents. Backed by the experience obtained through the management of the Group's companies, the company acts as an intermediary between manufacturers/wholesale companies and Asian companies.

Import/Export Intermediation

Sharing of extensive sales know-how in the drugstore business

The company has sales know-how cultivated by the SUGI Pharmacy Group in the drugstore business. They act as an intermediary in import and export while sharing knowledge to effectively introduce products to the market and strengthen their competitive edge in sales promotion.

OEM/ODM

Support for planning and development of original products, and sales of such products

The company supports the planning and development of original healthcare products, beauty items, and daily use items and sells them through the Group's network. This know-how enables highly unique products to be provided and brand value to be enhanced.

Store Development

The company partners with leading overseas drugstore operators and works closely with local staff to provide accurate product information for local customers. In addition, some of their partner companies are licensed to use the SUGI Pharmacy Group's trademark, allowing them to conduct store sales operations using in-store sales campaign items that are familiar in Japan. The company is also engaged in product development that incorporates local feedback.



Operations in Taiwan

Business and capital alliance with Great Tree Pharmacy Great Tree Pharmacy has over 300 stores in Taiwan, and their stores have sales areas designed in collaboration with the SUGI Pharmacy Group and carry Japanese items.



Operations in Malaysia

Business alliance and joint venture with ALPRO PHARMACY

The company is engaged in joint operation of Japanese-style drugstores in Malaysia.



Operations in Thailand

found & found, operated by the OR Group

Stores of found & found have a sales area for the SUGI Pharmacy Group's private brand items and Japanese products.

III NIHONDO NIHONDO Co., Ltd.



Masae Yamamoto Representative Director & President

Maximize Synergy by Leveraging the Knowledge in the Field of Kampo Medicine

In December 2023, NIHONDO became part of the SUGI Pharmacy Group. NIHONDO is a leading Kampo counseling pharmacy with 16 stores nationwide. Based on their basic philosophy of "Yojo First, Kampo Second," the company proposes the optimal regimen and choice of Kampo medicine tailored to each individual and handles a total of 94,000 health counseling cases each year. Featuring a Kampo counseling pharmacy with the three business formats of NIHONDO KAMPO BOUTIQUE, KAGAE KAMPO BOUTIQUE, and NIHONDO at the core, they conduct a wide range of business operations centered on Kampo medicine, including web media, a museum, product development, a Kampo school, commodity distribution, and supervision of books. Based on their knowledge and experience regarding Kampo medicine, which they have gained from handling the highest number of cases in Japan, they have earned the trust and respect of local residents. As a member of the SUGI Pharmacy Group, they are ready to utilize the knowledge cultivated in the field of Kampo medicine to develop highly original products, create new store formats, and strengthen sales of over-the-counter Kampo medicines.

To increase the profile of Kampo medicines, they will promote Kampo training for the SUGI Pharmacy Group's employees and disseminate information through various media, thereby maximizing synergy between the Group and the company.

Main Operations and Services

Kampo Store

NIHONDO KAMPO BOUTIQUE

The concept is to present Kampo in a modern way and make it more familiar to customers. Utilizing the wisdom of Kampo, the boutique proposes a variety of lifestyles.







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KAGAE KAMPO BOUTIQUE

Based on the idea that medicine and aroma are equally important to health, the boutique approaches Kampo from the aspect of aroma. It is a Kampo beauty brand designed to refine the whole body both inside and outside.

NIHONDO

NIHONDO helps customers have better daily regimens through Kampo so that they can enhance their spontaneous healing power toward curing their illness from its root and achieving health in a true sense.



Kampo Medicine Online Sales and Counseling

The company focuses on building relationships with customers through online operations, including Online Kampo Counseling, designed for customers to seek counseling easily from anywhere, their own EC site NIHONDO Online Shop, and their information website Kampo Life.



https://www.kampo-sodan.com/

Product Development

In addition to planning and developing their own products, the company also cooperates with other companies in product development. Utilizing the know-how of Kampo and medicinal food that has been cultivated since their founding in 1969, they are engaged in product development and recipe supervision using oriental ingredients unique to NIHONDO and cooperate in planning sales promotions.

<Product Examples>

- Karada Meguri Tea Series Dragon Boost (Coca-Cola Japan Co.,
- Shoku-Yojo Curry (Morishita Jintan Co., Ltd.)
- NIHONDO Cough Drop (Lion Confectionery Co., Ltd.)
- Kirei Sojun Tea (three-way collaboration involving Ahn Mika and Aisei Pharmacy), and many others



NIHONDO Kampo School (Tokyo, Osaka and Nagoya)

Based on the theme "Daily Kampo and Regimen" intended for consumers to ensure and maintain their health for themselves, the company established a satellite school in Nagoya in 2024. The school features pharmacists, traditional Chinese physicians, and instructors with a lot of clinical experience obtained through working at stores. They offer a wide range of seminars, including one-day seminars where participants can learn the basics of Kampo, medicinal foods, acupressure points, and tongue inspection, as well as full-fledged courses designed for participants to obtain qualification as a Kampo regimen instructor.



Exhibition to Deepen Interest in Kampo Medicine

The company runs the NIHONDO Kampo Museum (Aoyama, Tokyo), consisting of the four facilities of a boutique, a gallery, a restaurant, and a school. In this complex, visitors can experience Kampo with all five



Promotion of Medicinal Cuisine through Various Channels

To make Kampo medicinal cuisine more accessible to everyone, the company develops porridge and other items as consumer products. They sell such items through various channels, including supermarkets and convenience stores.



Supervision of Restaurants, Books, etc.

The company is engaged in supervision in a wide range of genres centered on medicinal cuisine and Kampo, including supervision of the menu for the medicinal cuisine restaurant 10ZEN and cooperation in supervising books. They actively provide information that is useful for daily life, including not only on Kampo but also on diet, lifestyle habits, and acupressure points









III NIHONDO NIHONDO Co., Ltd.

New Initiatives at NIHONDO

Introduction of NIHONDO Sales Area to SUGI Pharmacy Stores (Shop-in-Shop)

By ensuring that SUGI Pharmacy stores are staffed by those who have learned about NIHONDO's products and Kampo medicine theory, the company is trying to develop a store format to solve a wide range of customer problems. Starting with the opening of the Shimsaibashi Store in February 2025, the company plans to increase the number of such stores gradually. They will continue to contribute to the promotion of total healthcare as a member of the SUGI Pharmacy Group.





Creation of New Contact Points with Customers

The company actively exhibits at various events. This allows them to directly hear from customers who have not previously visited NIHONDO stores or had any contact with them due to the impression that Kampo medicine is difficult, to create opportunities to tell them about Kampo medicine, and increase their profile.





Health promotion seminar

Mama Cafe Wellness Festival

NIHONDO Kampo "Nagoya Satellite School"

In November 2024, the company opened a satellite school in Nagoya City, the first such in the Chubu area. They are spurring the spread of Kampo medicine by creating an accessible environment for people who live in the area or work nearby and by ensuring more opportunities to deepen their knowledge of Kampo medicine.

Curriculum Example

- Introduction to Kampo medicine for beginners (1) Yin-Yang and the five elements, food habits, and tastes
- Homemade medicinal alcohol, with the theme of coldness & Tososan
- Keep a Kampo medicine first-aid kit on hand





Product



Gen-sei-ju

This is a best-seller from NIHONDO. Carefully selected Japanese and Chinese Kampo medicines are concentrated to support the body's natural strength. The product, featuring Reishi mushroom as the basic substance, comes in the Asian ginseng type and the Veitch's bamboo type, and helps to enhance health from the root. The item supports your daily vitality.



Kam-Cha

The ingredients are blended based on the principles of medicinal cuisine, and the flavor is designed to make it easy to continue drinking as a daily tea. This is a series of non-caffeinated Japanese and Chinese teas that can be freely selected according to the changing condition of your body, the season, and the time of day.



Kisei Series

Since physical condition and constitution vary from person to person, the company has created a lineup of three types that utilize the oriental theory. These are Japanese and Chinese Kampo supplements that can only be achieved by a company specializing in Kampo medicine and catering to the beauty and health of each individual.

スギゲウェルネス



Jin Uesawa Representative Director & President

Integration of the Physical and the Digital to Realize Effective **Preventive Services**

In March 2024, the insurer support division of Sugi Pharmacy Co., Ltd. became independent as SUGI Wellness Co., Ltd. The new company pursues disease prevention.

Their strengths lie in the fusion of analog experience and digital technology, such as the know-how they have accumulated as part of the SUGI Pharmacy Group through health counseling cases for many customers and data analysis techniques that emphasize communicating complex health information in an easy-to-understand manner. The company believes that the combination of analog experience and digital technology can change various situations.

They hope to realize disease prevention that is both effective and economically rational, and to meet the needs of insurers, companies, individuals, and society as a whole.

Main Operations

Insurance Business Support Services for Insurers and Companies

Specific Health Guidance

This program is intended for those who are highly likely to develop lifestyle-related diseases to review their lifestyles.



Three types to choose from based on the convenience

·In-store near home or workplace

·ICT (online interview) ·In-office

At a SUGI Pharmacy With a PC or At a workplace smartphone in to ensure free time accessibility

Specific health guidance provided to 7,179 people in FY2024

Risk Report

The company provides their original health information so that readers can easily understand disease risks and how to prevent diseases.



Lifestyle-related disease risk report

Using big data and predictive models, the company analyzes health checkup results and provides scientifically-based information from the perspective of the report reader.

Chronic kidney disease (CKD) risk The report is created based on each

individual's health check results. It helps to promote their awareness and knowledge of CKD at an early phase.



Health Guidance to Prevent Disease Aggravation

This is a health guidance program to prevent lifestylerelated diseases from becoming severe. The best plan is provided according to each individual's risk



Lifestyle improvement advice plan

This plan is designed to create an opportunity to improve lifestyle habits.

Light health guidance plan

Intended for people with low to medium risk in health checkup results, this plan aims to improve their test results and life logs, thereby striving to reduce the number of those who need to receive specific health guidance or medical examinations.

High-risk health guidance plan

Intended for people with medium or higher risk, this plan aims to improve their test results and life logs and helps them change their behaviors, thereby striving to prevent the onset of cerebrovascular and cardiovascular diseases.

Notification to Encourage Self-Medication

The company notifies a switch from a prescription drug to an OTC drug.

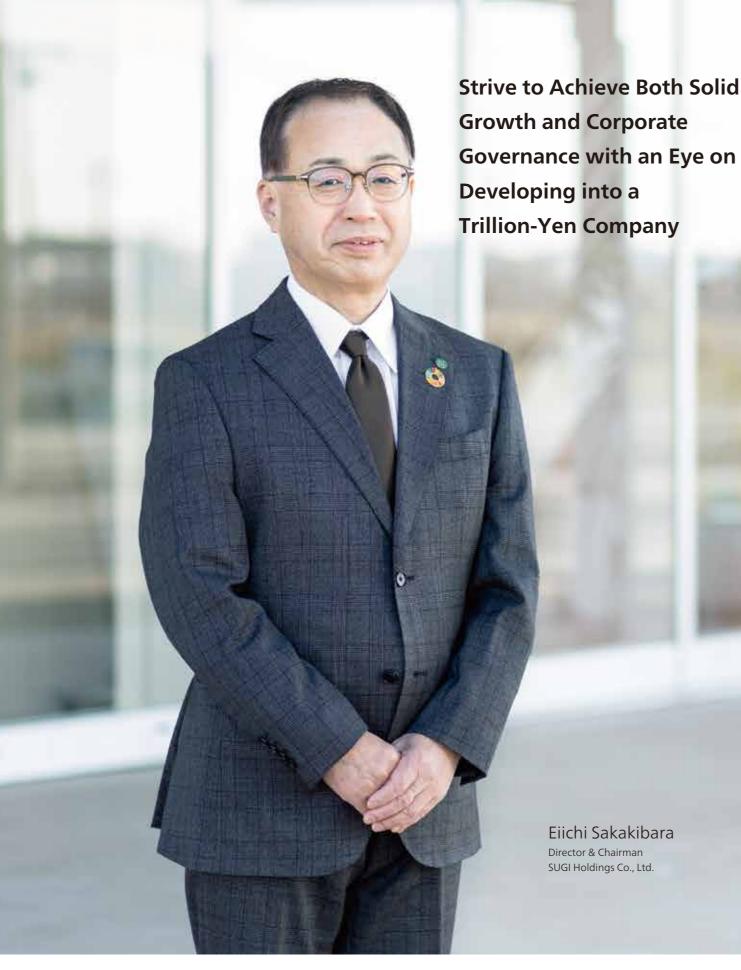


Service

- Extracting subjects by analyzing health insurance claim data
- Sending information (A4 pressure-sealed binding)
- Providing discount (in-store/online) to encourage a switch to an OTC drug
- Conducting a qualitative measurement of the effectiveness based on purchase history



Message from the Chairman



Toward Achieving Sound Growth

The history of SUGI Pharmacy started as a single "family pharmacy" in Nishio City, Aichi Prefecture. It was a thriving store well-known for the personality of its founding husband and wife, who would not only provide health advice to local customers but sometimes even offer life advice. Serving our customers wholeheartedly - this way of service in the days of the pharmacy's founding has eventually developed into the unwavering philosophy of the SUGI Pharmacy Group, "Respect for Each Customer in Front of Our Eyes," which is still engraved in the heart of each and every employee today.

"Immutability and fluidity" means to value the unchanging essentials while quickly adapting to changes of a new era. I believe that this "immutability" is exactly represented in our customer-first attitude that has been passed down and never lost since our founding.

Currently, the SUGI Pharmacy Group is constantly adding new members. In September 2024, I&H Co., Ltd. (Hanshin Dispensing Group), which operates nationwide under the lead of Hanshin Dispensing Pharmacy, joined the SUGI Pharmacy Group. Accordingly, the area in which we run stores has been expanding. Furthermore, with the expansion of our overseas business operations, the number of our overseas partner companies has also been increasing, enabling us not only to contribute to local communities through SUGI Pharmacy's operations in the fields of merchandizing and prescription dispensing, but also to contribute to the field of overseas healthcare.

As our network continues to expand at an accelerating rate, we feel that it is more important than ever not to just pursue the increase in our corporate size, but also to strive to achieve sound growth. The starting point for this is the philosophy of "Respect for Each Customer in Front of Our Eyes," and I believe that one of my most important responsibilities is to do my utmost to share the philosophy so that the SUGI Pharmacy Group can come together as one.

Commitment to Strengthening Governance to Develop into a Sustainable Company

As indicated by the sales of 878 billion yen in FY2024, the SUGI Pharmacy Group is continuing to experience steady growth. One of the targets that we have set beyond this

growth curve is to develop into a trillion-yen company. To accomplish the target, we must be more conscious of the "fluidity" of "immutability and fluidity" and rapidly respond to the changing times with a solid management structure.

In recent years, the speed at which information spreads via social media and other platforms has been accelerating more than ever, and we are now in an era where a company's credibility can be damaged instantly. The arrival of such a society has made corporate governance and risk response even more crucial.

As we celebrate our 50th anniversary next year and work to create a future that will continue for the next 100 years, we have begun efforts to identify management risks from an ultra-long-term perspective and further reinforce our corporate governance system.

This means strengthening our in-house risk management system in order to prevent problems in advance and respond quickly to them. To this end, we will deepen our collaboration with an external auditing organization and ensure corporate transparency from a third-party perspective, thereby strengthening our structure for identifying potential risks in advance and dealing with them. In addition, we will further strengthen our internal audit function to quickly eliminate on-site risks and promote efforts to listen to the voices of our employees. This means placing a focus on each employee, which will lead to engagement management to maximize employee motivation and also to the promotion of respect for diversity.

Furthermore, the reinforcement of our corporate governance system to build a solid management foundation inevitably entails the development and reinforcement of our information management and compliance systems. To that end, we will also accelerate multifaceted efforts such as the necessary training and countermeasures, harassment prevention, and sustainability promotion.

Our philosophy "Respect for Each Customer in Front of Our Eyes" has now been evolved to apply not only to "customer," but also to all the other stakeholders of the Group, including employees and suppliers, as shown by the fact that our FY2025 Code of Conduct refers to "Focus on Each Individual."

The SUGI Pharmacy Group is pledged to continuously uphold the spirit of "immutability and fluidity," keep the unchanging philosophy in mind, and continue to change and grow in order to contribute to local communities.

Consolidation of the Value Creation Foundation/ Commitment to Issues of Materiality

- 59 Priority Issues [Issues of Materiality] for Proceeding with Sustainability Management
- 61 Five Themes and Priority Issues [Issues of Materiality]
- 63 Healthy Community
- 77 Sustainable Business Partnership
- 85 Contribution to the Global Environment
- 95 Healthy Workplace Environment
- 105 Corporate Governance

To proceed with sustainability management, the SUGI

Pharmacy Group has clarified five themes and 16 priority
issues (issues of materiality). By implementing specific
initiatives based on this, we aim to contribute to the
sustainable development of local communities.









Priority Issues [Issues of Materiality] for

As a corporate group closely related to the lives of people in local communities, we believe that we can achieve corporate growth by exercising the Management Philosophy to solve social issues and contribute to the establishment of a sustainable society. Since 2021, when we reviewed our priority issues (issues of materiality) and specified five themes, we have been making steady progress.

Sustainability Basic Policy

The SUGI Pharmacy Group aims to contribute to the sustainable development of local communities through cooperation with stakeholders in order to realize a vigorous society by seriously addressing a wide variety of environmental and social issues and increasing the number of healthy and energetic people through corporate activities.

Five Themes and 16 Priority Issues (Issues of Materiality)

Healthy

Community

P63-76

Contribution to

ocal Communitie

- Improvement of access to reasonable and quality healthcare services
- Safety in medical care and proper management of medical and pharmaceutical products
- Improvement of convenience in everyday life and support for the community
- Personal information protection and enhancement of information security
- governance
- Reinforcement of corporate

 - P105-120

Corporate

Governance

Healthy Workplace **Environment**

P95-104

P85-94

- Human asset development
- Reform to realize healthy and safe working styles
- Utilization of diverse human resources

reduction and crime prevention

• Health education and support for patients in the

• Improvement of therapeutic effects for patients

• Establishment of a robust society in terms of disaster risk

Contribution to rich lifestyles

responsible supply chain

management framework

through products Maintenance of product

safety and security

Establishment of a

Business Partnership P77-84

Sustainable

Contribution to the Global **Environment**

- Realization of a carbon-free society
- Realization of a circular economy

Proceeding with Sustainability Management

Process for Identifying Priority Issues (Issues of Materiality)

We have identified our priority issues (issues of materiality) through the process below. We will flexibly review them as necessary, in accordance with changes in our business and the external environment.

Selection of priority issues

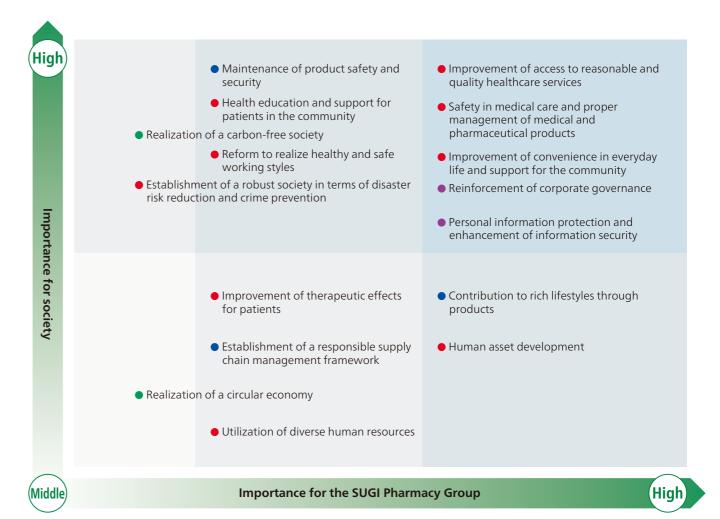
Consideration of the order of priority

Confirmation of the feasibility

First, we clarified our challenges based on interviews with the heads of departments and directors in charge, as well as on opinions from external specialists. Then we reviewed the priority issues while referring to the guidelines on sustainability (GRI, SASB), the SDGs, ESG rankings, and the efforts by rival companies at home and abroad. In the review process, we took into consideration the Management Philosophy, the Sustainability Basic Policy, etc.

We considered the order of priority based on the opportunities, risks and major efforts for each priority issue from the perspectives of economic value and social value, and then we created a materiality matrix.

After the Board of Directors confirmed the feasibility, we finalized the five themes and 16 priority issues (issues of materiality).



Five Themes and Priority Issues [Issues of Materiality]

	Themes and priority issues		Opportunities and risks	Major initiatives		Related SDGs
Healthy Community	Improvement of access to reasonable and quality healthcare services	Opportunity	Acquisition of growing markets	Increasing the number of stores with a counseling functionEnhancing online services	Providing data-based healthcare services	
		Risk	Customer defection			
	Safety in medical care and proper management of medical and pharmaceutical products	Opportunity	Increase in customer satisfaction	 Collecting near-miss cases, sharing them for training, and developing the necessary frameworks 	Providing information on medical and pharmaceutical products using digital	
		Risk	Decline of brand value	 Safely collecting medical and pharmaceutical products and medical equipment 	tools	3 GOOD HEALTH 4 QUALITY EDUCATION
	Improvement of convenience in everyday life and support for the community	Opportunity	Acquisition of growing markets / Improvement in brand value	 Improving access to products and services Enhancing medical and elderly nursing-care services for in-home patients 	Supporting activities by local communities and organizations.	<i>-</i> ₩ ♦
		Risk	Decline of brand value		and organizations	9 MOUSTRY MOVIDING 11 SISTEMANE CITES AND MANAGEMENTS AND MANA
	Health education and support for patients in the community	Opportunity	Increase in customer satisfaction	 Providing more information to promote prevention and care 	Supporting patients and their families	
		Risk	Decline of brand value	 Providing information to and raising awareness of patients and their families 		12 RESPONSIBLE CONSUMPTION AND PRODUCTION FOR THE GOALS
	Improvement of therapeutic effects for patients	Opportunity	Increase in customer satisfaction / Increase in dispensing fees	 Improving medication adherence by providing medication follow-up Improving therapeutic effects by preventing polypharmacy 	Improving therapeutic effects by providing information to medical institutions	
		Risk	Reduction in dispensing fees			
	Establishment of a robust society in terms of	Opportunity	Improvement in brand value	 Establishing robust stores and the necessary frameworks 	Supporting disaster-affected people in local communities	
	disaster risk reduction and crime prevention	Risk	Suspension of operation due to natural disasters, etc. / Decline of brand value			
	Contribution to rich lifestyles through products	Opportunity	Acquisition of growing markets / Improvement in brand value	Providing health-conscious products	Focusing on the development of high-value-added products	
Susta		Risk	Rival companies acquiring market share			3 GOOD HEALTH 9 MODESTIVE PROVIDENT 12 RESPONSIBIL TO PHATMENTARY 16 PRODUCTION 17 PARTMENTARY 18 PRODUCTION
iinabl Partno	Maintenance of product safety and security	Opportunity	Improvement in brand value	 Establishing a product quality assurance system 		
Sustainable Business Partnership		Risk	Customer defection	 Disclosing information appropriately 	products	
	Establishment of a responsible supply chain management framework	Opportunity	Cost reduction / Improvement in brand value	 Managing supply chain appropriately 	Promoting smooth communication with	
		Risk	Customer defection		suppliers	
Contribution to the Global Environment	Realization of a carbon-free society	Risk	Cost increase due to carbon taxes / Decline of brand value	Shifting to renewable energyReducing greenhouse gas emissions	Reducing environmental impact through the entire life cycle	6 CLAM WATER AND CAME AT THE THE THE THE THE THE THE THE THE TH
	Realization of a circular economy	Opportunity	Improvement in brand value / Cost reduction	 Promoting store development aimed at conserving water resources 		13 CLIMATE 17 PARTINERSHIPS FOR THE GOALS
		Risk	Decline of brand value	 Promoting recycling through cooperation of the manufacturing, distribution and sales sectors 	ng recycling through cooperation of the acturing, distribution and sales sectors	
	Human asset development	Opportunity	Inspired innovation	 Improving capacity development training for employees Shifting to a job-focused personnel system 	Actively providing opportunities for employees to fully demonstrate their abilities	
		Risk	Decline of competitiveness			5 GENORE 8 DESCRIT HORK AND ECONOMIC GROWTH
thy V nviro	Reform to realize healthy and safe working styles	Opportunity	Enhanced recruiting capability / Inspired innovation	 Promoting health and productivity management Promoting work-style re Promoting the establishment of a workplace 	Promoting work-style reforms	10 REPUZION 17 PRATRICISIPES 17 PRATRICISIPES 18 PRODUNTISS 18 PRODUNTISS 18 PRODUNTISS 19 PRATRICISIPES 10 PRATRI
Healthy Workplace Environment		Risk	Employees leaving the company / Decline of brand value	environment in consideration of employees' safety		
lace	Utilization of diverse human assets	Opportunity	Accelerated store launch / Inspired innovation	focus on diversity	 Developing a framework that supports diverse working styles 	1 € 1
		Risk	Slowing store launch / Decline of brand value		 Fostering a corporate culture that respects diversity 	
Corporate Governance	Personal information protection and enhanced information security	Opportunity	· ·	 Strengthening efforts for personal information protection and providing thorough training Strengthening the information framework and providing training 	Strengthening the information security framework and providing thorough	8 OCCHAT WIGH AND 16 FRACE ANSTIDE MOSTROME INSTITUTIONS
		Risk	Occurrence of risks to business continuity / Decline of corporate value			
	Reinforcement of corporate governance	Opportunity	·	 Improving the effectiveness of the Board of Directors Providing thorough compliance training Strengthening the risk management framework		
		Risk	Occurrence of risks to business continuity / Decline of corporate value			

Priority Issues [Issues of Materiality]

Healthy Community

Since our establishment, we have developed the drugstore model of "pharmacies with the function of prescription dispensing," aimed at contributing to local communities, ahead of our rivals. At present, we have evolved it into a new business model covering self-care, elderly nursing care, and terminal care based on the Total Healthcare Strategy.









Improvement of Access to Reasonable and Quality Healthcare Services

• Increasing the number of stores with a counseling function

In this era of digitalization, the importance of counseling by experts at physical stores is increasing. In the SUGI Pharmacy Group, we are now working to integrate the records of each customer and patient, including their product purchase information, counseling history, and information obtained through our apps. Using such information, we are striving to increase the number of stores that can provide satisfactory counseling services, based on the needs and issues of each customer and patient.











• Enhancing the digital membership base

The membership of our digital apps (SUGI Pharmacy app and SUGI Smartphone Medicine Service app [Family Pharmacy app]) comprises the base for a variety of our digitalized healthcare services and sales promotion tailored to individual needs. In FY2024, we focused on promoting the downloading of each app and achieved 15 million downloads.

SUGI Pharmacy app

million downloads (FY2024)

SUGI Smartphone Medicine Service app (Family Pharmacy app)

million downloads (FY2024)

• Providing data-based healthcare services

We issue lifestyle-related disease risk reports for determining lifestyle-related disease risks based on health checkup results. Analyzing the probability of developing a stroke, myocardial infarction or diabetes, such reports contain suggestions from a nationally certified dietitian to prevent such onset.

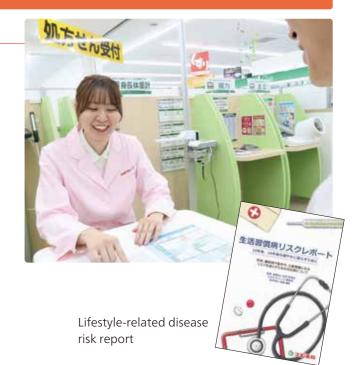
• Offering same-day delivery of OTC pharmaceuticals

SUGI Smartphone Order System Last-mile delivery launched to enable customers to receive even OTC pharmaceuticals at home



• Promoting one-to-one health and beauty solutions using a digital communication

We provide product recommendations and counseling tailored to each customer based on their purchase history and skin diagnosis results.







Ideal Vision of a Digital Communication Ledger



Service personalized for each customer



Priority Issues [Issues of Materiality] | Healthy Community

Safety in Medical Care and Proper Management of Medical and Pharmaceutical Products

Automated medicine picking equipment **Drug Station**

To pursue safety and efficiency, we have introduced Drug Station into large-scale prescription dispensing pharmacies.

- Accurate picking on the
- **Features**
- No need to worry if there is any error
 - Safety ensured by the checking function



Shinshu University Store





Sugi Clinic Mall Kanayama Store

Serving as "local alliance pharmacies" and "pharmacies allied with specialized medical institutions"

We have focused on serving as "local alliance pharmacies" and "pharmacies allied with specialized medical institutions." By utilizing our accumulated know-how of prescription dispensing, we have increased the number of stores providing a home-visit prescription dispensiing service. We have proceeded with the development of local alliance pharmacies that can serve as local healthcare hubs by sharing patients' detailed information with the relevant medical institutions at the time of their hospital admission and discharge and by providing comprehensive support in the phases of elderly nursing care and terminal care.

We are also making efforts to create "pharmacies allied with specialized medical institutions." Featuring high-level pharmaceutical management functions, such pharmacies are involved in the development of specialized pharmacists in the field of oncology and work in close cooperation with medical institutions providing specialized medical care.

Pharmacies allied with specialized 9 stores medical institutions

Local alliance pharmacies

59 stores

Interview

We have a framework in which Board-certified Pharmacists of Ambulatory Cancer Chemotherapy provide support for outpatients who need to receive pharmacotherapy while ensuring cooperation with their medical institutions. Such pharmacists check whether their patients are suffering any adverse event or not and their medication adherence and provide proper feedback to their medical institutions through tracing reports and other tools. While establishing a system where patients can seek consultation at any time through the "family pharmacist" system, we also organize information sessions with nursing facilities for senior citizens and other pharmacies. Contributing to local medical care by building a system for sharing patients' medication information is also a source of reward for me.



Board-certified Pharmacists of **Ambulatory Cancer Chemotherapy**

Responding to specialty pharmaceuticals*

Specialty pharmaceuticals require special temperature management and side-effect monitoring. This means that value-added logistics, such as specialized cooling warehouses and special involvement of pharmacists, is necessary. In the SUGI Pharmacy Group, we have set up a specialized cooling warehouse at the Nagoya University Hospital Store and have begun to fill prescriptions for specialty pharmaceuticals. *Specialty pharmaceuticals refer to highly specialized medicines that are tailored to specific diseases or patient groups.

• Safely collecting medical and pharmaceutical products and medical equipment*

• Installing many more medicine pick-up lockers

In line with the needs of customers and patients, we are increasing the number of stores where infectious waste (e.g., used injection needles) is collected. To prevent such collection from leading to needle stick accidents, we have a framework for managing collected waste appropriately.

*We sell collection boxes to patients and collect the sold boxes



Used needle collection box

• Providing information at waiting rooms using digital tools



an online qualification confirmation system



• Ensuring accuracy of ID confirmation based on



Priority Issues [Issues of Materiality] | Healthy Community

Improvement of Convenience in Everyday Life and Support for the Community

Opening a care plan center specializing in preventive care at a SUGI Pharmacy store

To enable nationally certified dietitians with care manager certification to formulate preventive care plans for people certified by their municipalities as those in need of assistance and provide various services, we have opened an elderly home care support office within a SUGI Pharmacy store.

The Preventive Care Management Saginomiya Store, the third as such after Kashiwa-Toyoshiki Store and Urawa-Shinmei Store, opened in April 2025.





SUGI Pharmacy Preventive Care Management Kashiwa-Toyoshiki Store

Establishing a framework underpinning local citizens' health in every aspect

Rental of elderly nursing support items





Home-visit rehabilitation







Home-visit nursing station





• Providing home-visit prescription dispensing and nursing services as a framework underpinning the comprehensive community care system

"Helping local residents maintain their own lifestyles in familiar surroundings" is the basic concept of the comprehensive community care system. To realize the concept, we provide in-home patients with home-visit prescription dispensing, home-visit nursing, and life support services (merchandizing and meal support).

Of particular note is our home-visit prescription dispensing service by pharmacists, which we launched ahead of our competitors in the industry. We strive to provide the service to a yearly total of 225,000 people by the end of FY2025, along with our home-visit nursing and life support services.

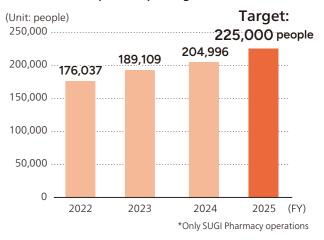
Home-Visit Prescription Dispensing and Home-Visit Nursing Services (as of February 2025)

	Home-visit	No. of service stores	634
	prescription	No. of users (monthly average)	17,083
Но	dispensing	No. of users (yearly total)	204,996
		No. of service stations	17
	Home-visit nursing	No. of users (monthly average)	1,497
		No. of users (yearly total)	17,960

Target number of home-visit prescription dispensing service users

Yearly total of 225,000 people by the end of FY2025

Home-Visit Prescription Dispensing Service Users



• Stores specializing in home-visit prescription dispensing

We have opened key-stores specializing in home-visit prescription dispensing and pursuing safety and efficiency. At the Imaike-Minami Store, they have a special space for home-visit prescription dispensing on the second floor. On top of committing to home-visit prescription dispensing, they are also engaged in the rental of welfare products that patients can use while they are hospitalized and even after they are discharged from the hospital, in cooperation with nearby hospitals.



Imaike-Minami Store, Nagoya City, Aichi Prefecture





Priority Issues [Issues of Materiality] | Healthy Community

Improving access to products and services

Providing a shopping truck service

Backed by cooperation between local governments and the SUGI Pharmacy Group, SUGI Pharmacy operates shopping trucks that travel to community centers, including those for senior citizens, to provide shopping support. By offering this service, we strive to contribute to encouraging senior citizens to go out and to help them acquire the habit of exercising. By FY2024, we have expanded the service area to Kanto and introduced a total of four shopping trucks.



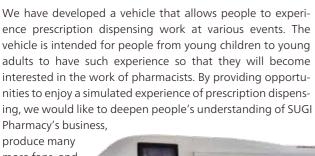


Hospitality Service, a shopping support service to ensure that everybody can enjoy shopping even if they are old or sick

This service originates from a request of patients receiving medical treatment at home or nursing facilities for senior citizens and their families who would like to have not only medicine but also daily life items delivered. Covering a wide range of goods necessary for daily life, from sanitary items to food, this service contributes to an even better QOL for those who cannot visit physical stores.



Developing a prescription dispensing experience vehicle





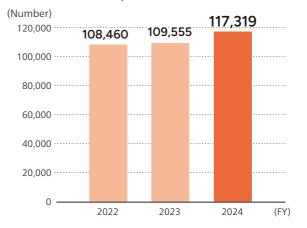


Reflecting customer feedback in management

The Customer Support Office of SUGI Holdings receives praise, inquiries, complaints, and other feedback from customers regarding our products and customer and other services through toll-free calls, online inquiry forms, letters, etc. Such feedback from customers is shared with the relevant departments as needed, instantly, weekly, or monthly, depending on the case. The feedback is discussed at store manager meetings attended by those in charge of store operations, sales meetings, and board meetings to identify problems, formulate measures, and incorporate findings into training programs. We, thus, reflect customer feedback in our management. In addition, to enable customers to solve problems on their own 24 hours a day, we have introduced an AI chat bot that provides customers with quick access to our frequently-asked-questions (FAQ) section.

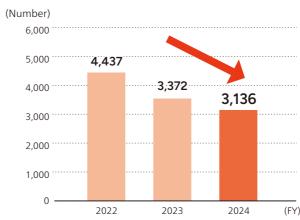
We also check social media posts on us, such as X (former Twitter) and Google Maps reviews, to serve customers courteously and politely.

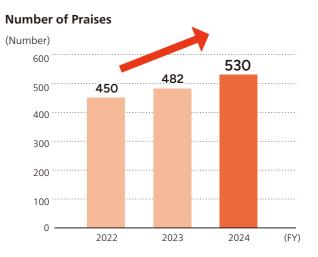
Total Number of Inquiries, Praise and Other Feedback





Number of Complaints





70

Supporting activities by local communities and organizations

Donating AEDs to facilities for senior citizens

In the SUGI Pharmacy Group, we have annually donated AEDs to facilities for senior citizens since FY2013. In FY2024, we donated AEDs to 36 facilities, meaning that we have so far donated AEDs to a total of 334 facilities. We also organize seminars for facility staff to learn how to use the device.



Priority Issues [Issues of Materiality] | Healthy Community

Health Education and Support for Patients in the Community

Health promotion seminars by the Sugiura Memorial Foundation

In cooperation with the SUGI Pharmacy Group, the Sugiura Memorial Foundation annually holds seminars in operating areas of SUGI Pharmacy nationwide in order to help local residents, including senior citizens and their families, understand about the latest medical treatment and disease prevention and feel more keenly the importance of early detection and treatment of disease, as well as preventive care against dementia and other geriatric diseases.



Background of the establishment of the Sugiura Memorial Foundation

In September 2011, when the SUGI Pharmacy Group celebrated the 35th anniversary of its establishment, the Sugiura Community Healthcare Promotion Foundation was established, with Hirokazu Sugiura and Akiko Sugiura, who had established SUGI Pharmacy, as the organization's founders, in the hope that they could reciprocate the support extended by local residents so far and be of use as much as possible by contributing to society. In July 2015, the foundation was certified as a public service corporation and renamed the Sugiura Memorial Foundation. Not only does it continue to support individuals and organizations that work toward realizing a comprehensive community care system, but the foundation also contributes to society extensively in the fields of dementia and preventive care.

New form of health support from the angles of medical care, exercise, and nutrition, linked by nationally certified dietitians

At SUGI Pharmacy Hayashiji Store, nationally certified dietitians provide nutritional consultations in cooperation with the clinic and fitness club housed on the second floor of the store. In this new initiative to support health from the three angles of medical care, exercise, and nutrition, we provide individualized guidance with patients encouraged by the clinic doctor to have nutritional guidance, using their blood and body composition data. In addition, at the fitness club on the second floor, we regularly hold events on themes such as dementia prevention and muscle loss, helping to raise health awareness among local residents. Providing comprehensive health support through the store, we are striving to establish a future healthcare model.



• Health counseling session

At our 250 stores nationwide, we organized health counseling sessions where our nationally certified dietitians provided each local participant advice to improve their lifestyle habits so that they could live healthier lives.

> No. of health counseling sessions:

2.121

No. of those receiving health counseling:





• Providing support for breast cancer patients

As part of the Pink Ribbon Campaign for raising public awareness of early detection, early diagnosis and early treatment of breast cancer, we donated medical hair wigs to 100 breast cancer patients.

> Wigs donated to a total of approx. 1,200 patients in the past 12 years



Calling for applicants on our website

Organizing health events



Organizing wig sales events

We periodically organized wig sales events at our flagship stores. By featuring well-tuned counseling by wig makers at the sales venues, the events helped the customers feel close to wigs. While ensuring sales, we contributed to increasing the QOL of patients suffering from an adverse effect of anticancer drug treatment.



Handling wigs at many more stores

Organizing events on women's health



72

Priority Issues [Issues of Materiality] | Healthy Community

Improvement of Therapeutic Effects for Patients

Improving the DI function to develop the quality of communication with customers, increase our brand value, and strengthen governance

■ SUGI Pharmacy Group's DI function

DI stands for "drug information." The DI Section of SUGI Pharmacy collects medical information, analyzes, processes, and edits the information in a way that takes mainly account of those who need it, and then disseminates and stores it in an easy-to-understand manner. The prescription dispensing and the sales of medical and pharmaceutical products are carried out by pharmaceutical professionals such as pharmacists and registered pharmaceutical distributors. To support these operations, the DI Section acts as a consultation and inquiry desk regarding response. SUGI Pharmacy, which also operates prescription dispensing drugstores that focus on healthcare and beauty care, disseminates a variety of information in the fields of medicine, health, and beauty. When necessary, the DI Section conducts checks and offers advice from a pharmaceutical perspective and from the perspective of pharmaceutical affairs laws and regulations, thereby strengthening governance.

Providing academic support for conference and paper presentations

As we work to improve the quality of our communication with customers, we help pharmacists who can offer high-quality services to give presentations on their achievements at academic conferences and other opportunities. We have a system in which pharmacists who serve as role models in terms of



their efforts to improve the quality of communication with customers give presentations at academic conferences and the presented information is shared inhouse. By taking advantage of this system, we strive to ensure that pharmacists working at pharmacies contribute to even better medical care. In FY2024, our pharmacists gave 33 presentations at 13 academic conferences.

In June 2024, we established the SUGI Pharmacy Academic Research and Ethics Committee to inspect whether in-house academic research is conducted appropriately and effectively. Prior to such inspection, we also support the planning and implementation of the relevant in-house academic research. In FY2024, six studies received ethical approval, followed by the launch of clinical research aimed at contributing to the local communities.

• Establishing a framework for supporting patients through *Family Pharmacy Support* app

Based on the cooperation between our prescription dispensing and merchandising sectors, we have encouraged customers who have purchased merchandise to download our Family Pharmacy app, with the total number of downloads reaching 1.2 million. Consequently, 200,000 prescriptions are sent per month through the app, leading to improved convenience for patients. We will continue to reinforce the support framework for patients through the app.





Major Academic Conferences Where Pharmacists and Nationally Certified Dietitians of SUGI Pharmacy Gave Presentations

Conference name

13th Annual Meeting of the Japanese Society of Pharmaceutical Oncology (JASPO) in 2024

8th Annual Meeting of the Japanese Society of Geriatric Pharmacy

17th Annual Meeting of the Japanese Society for Pharmaceutical Palliative Care and Sciences

11th Academic Conference of the Japan Home Nutrition Management Society
16th Kinki Branch Meeting of the Japanese Society for Parenteral and
Enteral Nutrition Therapy

9th Annual Meeting of the Japan Society for Pharmaceutical Education

19th Self-Medication Awards

18th Annual Meeting of the Japanese Society of Nephrology and Pharmacotherapy

12th Annual Meeting of the Japan Pharmaceutical and Diabetes Society

18th General Meeting of the Pharmacy Society of Japan

34th Annual Meeting of the Japanese Society of Pharmaceutical Health Care and Sciences

72nd Annual Meeting of the Japanese Society of Chemotherapy Eastern Branch
40th Academic Conference of the Japanese Society for Parenteral and
Enteral Nutrition Therapy

Improving medication adherence* by providing medication follow-up

We have adopted a preliminary counseling style in which pharmacists provide counseling to patients when receiving prescriptions from them. Under the system, pharmacists can con-



centrate on communication with patients, which is their primary role. In addition to detailed medication instruction to patients at the store, pharmacists also provide medication follow-up during the medication period via a smartphone app after the patients return home, thus allowing them to deal with their problems anytime, anywhere. In FY2024, the number of medication follow-up cases reached 1.5 million. By reinforcing the activity, we would like to improve medication adherence and therapeutic effects.

*Adherence refers to the degree to which a patient actively participates in deciding their treatment policy and independently carries out their treatment plan (medication, dietary therapy, exercise therapy, improving lifestyle habits, etc.)

• Reinforcing alliance toward preventing polypharmacy

Polypharmacy (multiple medication use causing harmful effects) is a social issue primarily related to senior citizens. To prevent this, we are undertaking joint research with the National Center for Geriatrics and Gerontology on an operation model featuring a local alliance involving doctors and pharmacists at hospitals and pharmacists at pharmacies. Usually, it is difficult to address polypharmacy in outpatients and in-home patients after their discharge from hospital. By reinforcing cooperation between hospitals and pharmacies, however, we are striving to eliminate polypharmacy and consequently to increase the effectiveness and safety of medical therapy.

Establishment of a Robust Society in Terms of Disaster Risk Reduction and Crime Prevention

Supporting local disaster countermeasures and disaster risk reduction efforts

We are reinforcing various initiatives to address challenges of local communities by concluding comprehensive agreements with local governments. For local disaster countermeasures, we provide support by offering disaster relief goods and allowing our stores to be used as evacuation sites at times of emergency for evacuees and stranded commuters. For local disaster risk reduction efforts, we cooperate with local communities in implementing disaster drills.

Contribution to the enhancement of community safety and security	No. of agreements by FY2024
Total number of agreements	159
Comprehensive agreement	44
Watching-over agreement	11
Disaster risk reduction agreement	96
Agreement on the environment, etc.	8



Signing ceremony for the Comprehensive Partnership Agreement with Kasugai City

Comprehensive Agreements Concluded in FY2024

Aichi Prefecture Komaki City	Aichi Prefecture Kasugai City
Gifu Prefecture Kani City	Osaka Prefecture Ibaraki City
Kanagawa Prefecture Chigasaki City	

• Establishing a new model for stockpiling disaster relief items through public-private partnerships

In cooperation with local governments, the SUGI Pharmacy Group has established a public-private partnership rolling stock model that enables rapid provision of relief supplies in the event of a disaster. By ensuring that relief items are stockpiled at government facilities and our stores and replaced with new ones regularly, the model achieves an efficient and practical stockpiling system.



Stockpiled at a government facility

Relief items are stored at unused government facilities. They are replaced with new items approximately once a year and sold at stores.

2 Stockpiled at a store

Our stores manage relief items purchased by local governments in advance.

Priority Issues [Issues of Materiality] | Healthy Community

• Installing AEDs at many more stores

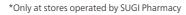
Mainly from among stores located in regions whose governments request us to install AEDs, we select stores with frequent visits of senior citizens and other customers and install AEDs there. The number of our stores equipped with AEDs is increasing.

As of the end of February 2025, we have installed AEDs at 336 stores (approx. 20.1% of the total), and we will increase the percentage to 100% by the end of FY2027.

Current and Target Percentages of Stores with AEDs

End of February 2025: approx. 20.1% of all stores

End of FY2027: approx. 100% of all the stores (target)





Starting a mobile battery rental service at all stores

We have started Charge Spot, a mobile battery rental service, at all SUGI Pharmacy stores. In the event of a power outage caused by a disaster such as an earthquake, we will make the service available free of charge. We will continue to contribute to enhancing the resilience of the communities in our store operation areas.



Receiving refugees from Ukraine

Cooperating with Obu City, Aichi Prefecture, in supporting refugees from Ukraine, we provide employment support at the Obu Logistics Center of the SUGI Pharmacy Group. Deeply distressed and concerned about the prolonged situation in Ukraine, we sincerely hope that people in the country will regain safe and peaceful lives as soon as possible. In the SUGI Pharmacy Group, we will continue to commit to the health and safety of people in Ukraine and those who have suffered damage.



Promoting sports and forming associated alliances

SUGI Pharmacy is committed to community contribution through sports by, for example, sponsoring Victorina Himeji (women's volleyball), Tokyo Great Bears (men's volleyball), and SeaHorses Mikawa (men's basketball).

[Victorina Himeji]





Contributing to team victory through nutrition management

A nationally certified dietitian at SUGI Pharmacy provides nutritional support to athletes at Victorina Himeji, helping to improve their performance.

The dietitian also serves as an instructor at nutrition seminars for junior players at the U-15 and U-12 academies, contributing to their growth and raising their health awareness.





[Tokyo Great Bears]



[SeaHorses Mikawa]



SUGI Pharmacy Official Ambassador "Suugii & Suunya"

Appearing at many public relations activities, such as the *SUGI Pharmacy* app, social media, and events hosted by the *SUGI Pharmacy* Group, these ambassadors embody an even more friendly corporate image.





Date of birth

March 8

Personality

Studious and knowledgeable Typical big brother and reliable

Pastime

Reading/watching sports/strolling/ traveling (hot springs, and famous places and historic sites around the world)

Dream

To be called Doctor by everyone To build a home with a collection of many books that he loves To let everyone know about the SUGI Pharmacy Group

Suugii





Date of b

September 1

Personality

Curious and always energetic Lovable and friendly

Pastime

Shopping/window shopping/dancing/all sports

Dream

To continue to enjoy daily life
To make the world a happy and healthy
place with her dancing
To make more friends of the SUGI
Pharmacy Group

Now available as dolls and mascots!

SUGI Points can be exchanged for the adorable dolls on the points exchange site.



Doll



Mascot

76

Priority Issues [Issues of Materiality]

Sustainable Business Partnership

We will develop systems and promote initiatives to fulfill our responsibilities for the entire supply chain. Moreover, through the procurement and development of safe and secure products, we will help enrich the lives of people in the community.









Contribution to Rich Lifestyles through Products

• Focusing on the development of high-value-added products

SUGI Pharmacy will strengthen the development of high-quality, high-functionality, and high-value-added private brand products that are equivalent to national brand products in terms of efficacy, quality, ease of use, and price. We aim to resolve the worries and problems of our customers

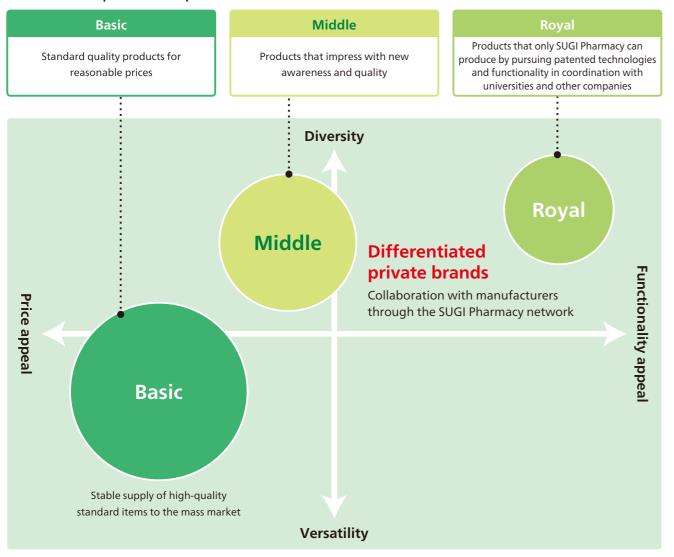
By resolving various issues (strengthening the marketing, inventory control, and quality control functions and improving the warehousing, logistics, and manufacturing functions), we will boost the development of products that satisfy large numbers of customers.

Stress-free "User friendly Trust "Reasonable price" **SUGI** S **SMILE** Convenience "Can solve "Convenience goods" vour problems **Enough-function** "Have sufficient functions'

SELECT

Classification of private brand products

through these products.



Developing unique products

SUGI Pharmacy Group's Value Creation Story

SUGI Pharmacy offers its own brand, DRIP TUNE, developed in collaboration with Colours, an organic and natural cosmetics manu-

DRIP TUNE features brown rice malt fermentation liquid, an original ingredient developed and blended as the brand's key ingredient. This liquid is made by aging brown rice for 120 hours, transforming it into approximately 900 skincare ingredients, including 189 ultra-fine, highly penetrating peptides. As a brand that offers "fermentation-based anti-aging care," we will meet the needs of our customers by restoring moisture, transparency, firmness, and luster to their skin.





• A professional brand that pursues beauty and tenderness



For those who are beauty-conscious and value their personal style. PROMONY is SUGI Pharmacy's original line of hair waxes that allows users to style their hair however they want.

Blended cuticle care ingredients, such as argan oil and ceramides, promote healthy hair by providing moisture and shine. The addition of hair-like ingredients, such as hydrolyzed keratin and silk, helps achieve a natural finish and repairs damage. To achieve their ideal style, customers can choose from a variety of products, including a cream type that creates soft movement, a light and airy formula, a jelly type for wet hairstyles, and a clay type that holds hair firmly in place. Our special ingredients give customers more freedom in their daily styling routine. With PROMONY, customers can enjoy their unique hairstyles without restrictions.



Priority Issues [Issues of Materiality] | Sustainable Business Partnership

• Further increase in lineup of middle private brand products

For the mass market, we have developed "basic" brand products, which are general-purpose, affordable products. For niche markets, we have developed "Royal" private brand products, which have been developed in line with our Total Healthcare Strategy in collaboration with manufacturers and universities.

In addition, we have newly established a "middle" private brand category to develop products offering added value to meet particular customer needs, such as health features or other specific functions, based not only on customer needs but also on employee feedback and purchasing data.



New product presentation at the Haneda Innovation City Store

Healthy







Functionality and patents



Rich beauty cream "Cream W"

Product newly developed in FY 2024





A highly penetrating oil serum that delivers moisture to the stratum corneum and leads to plump, elastic, and lustrous skin. It blends into the skin without leaving a sticky residue and leaves the skin feeling soft and supple. It prevents dullness caused by dryness and tones the skin for a bright, moisturized look.



DRIP TUNE Fermented Cream 50 g

The brown rice malt fermentation liquid contains 189 types of peptides and offers a multifaceted approach to beauty potential. The extracts, which contain about 900 fermented ingredients created through a 120-hour maturation process, adhere smoothly to the skin. The moisture film lasts a long time, leading to firmer skin.



S Select W Placenta Capsule 50,000

Contains 420 mg of pharmaceutical-grade placenta extract powder and 180 mg of fermented, matured placenta extract powder per day (3 capsules). Hard capsules containing 50,000 mg of W placenta extract support the body's natural beauty and vitality.

Ensuring Product Safety and Security

Actively collecting and utilizing customer feedback

Based on customer feedback, such as "I wish there was a product of this kind" and "I want this part of the product to be improved," we will endeavor to develop products that satisfy customer needs.



Collecting feedback from customers through the SUGI Pharmacy App

Establishing a product quality assurance system

We continually strengthen our quality control systems in order to develop safe, high-quality private brand products. Specifically, we asked all of our business partners involved in the development of private brand products to perform self-checks based on specification documents prepared by the SUGI Pharmacy Group, and the results were converted into evaluation scores. We request our business partners to make improvements in any problem areas found and conduct on-site audits to ascertain the improvements. We will continue to maintain high quality by building an appropriate arms-length relationship with our business partners.

Developing and promoting eco-friendly products

Since FY 2021, we have been developing eco-friendly private brand products. For their materials, we have adopted those that will help environmental preservation, such as FSC certified paper, biomass plastic, and vegetable oil ink. Our

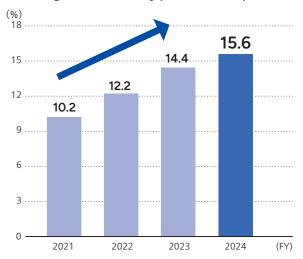


target is to increase the ratio of eco-friendly products to all private brand products to 30% by 2030.

Developing products using FSC certified paper

Percentage of eco-friendly private brand products FY 2030 target: 30%

Percentage of eco-friendly private brand products*



*Percentage of eco-friendly products among all private brand products

Disclosing information appropriately

To ensure the safe and secure use of our private brand products, we have increased the number of items on the ingredient, nutrient, allergen, and chemical-free status labels.



Establishment of a Responsible Supply Chain Management Framework

• Smooth communication with business partners

To achieve coexistence and co-prosperity with our business partners and address various social challenges, we hold briefing sessions to explain the annual policies and plans of the SUGI Pharmacy Group to our business partners. By promoting their understanding and cooperation, we expect to receive their support for our business, such as improvement of products and services and streamlining of operations, as well as advancing environmental conservation and other initiatives to realize a sustainable society.



Recently held briefing sessions to explain our policies and plans to 534 attendees from 333 business partners

スギ薬局グループ

コンプライアンス・災害対策 ポケットBOOK

もっと近くに、ずっと頼りに。 あなたの笑顔のチカラになる。

Priority Issues [Issues of Materiality] | Sustainable Business Partnership

Initiatives to address human rights issues

The SUGI Pharmacy Group conducts business activities aiming to contribute to a society full of smiles by supporting healthy and rich lifestyles of people in local communities.

In order to practice its management philosophy "We contribute to local communities through our sincere, kind services; we help many more people smile, hoping for the happiness of each employee, hoping for the happiness of each customer, and hoping for the happiness of everybody," the SUGI Pharmacy Group has established a human rights policy to promote initiatives to address human rights issues.

*An excerpt from the Human Rights Policy is shown below.

1. Endorsement of international norms and respect for human rights

Having understood human rights as stipulated in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and having endorsed the Guiding Principles on Business and Human Rights adopted by the United Nations and other international norms, the SUGI Pharmacy Group will implement initiatives to respect human rights in accordance with these international norms. In addition, the SUGI Pharmacy Group will comply with the laws and regulations of the countries and regions in which it conducts business activities. If there is an inconsistency between internationally recognized principles of human rights and the laws and regulations of the countries and regions in which we conduct business activities, we will explore a means to respect the internationally recognized principles of human rights to the maximum extent.

2. Governance and promotion system

The SUGI Pharmacy Group will promote initiatives to respect human rights through the Sustainability Committee, an advisory body to the Representative Director & President.

3. Human rights due diligence

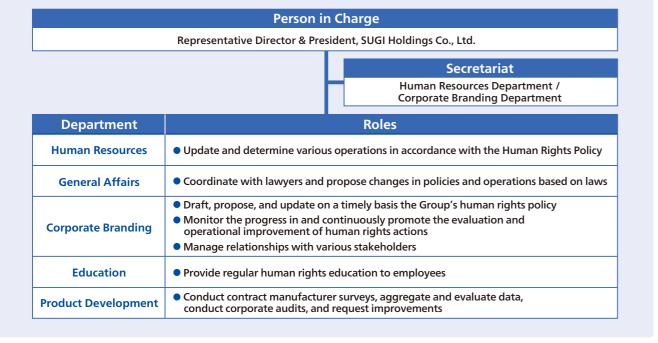
Based on the Guiding Principles on Business and Human Rights approved by the United Nations, the SUGI Pharmacy Group will conduct human rights due diligence in order to identify, prevent, and mitigate any adverse impact on human rights and explain the measures it takes.

Regarding the evaluation of the supply chain (business partners), contract manufacturers of our internally developed products have conducted self-checks based on questionnaire sheets in response to our request on a priority basis. We will also implement collaborative initiatives for improvement in steps through site visits to the offices and plants of our business partners and/or audits of them.

4. Engagement with stakeholders

The SUGI Pharmacy Group strives to understand, address, and resolve human rights issues while maintaining ongoing dialogue with relevant stakeholders in order to address human rights issues from the perspective of stakeholders that are impacted by them.

Human rights promotion system



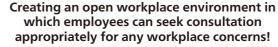
Reporting contact and complaint handling (development of a relief mechanism to address human rights violations)

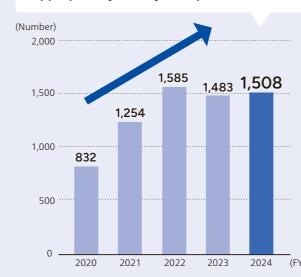
For the purpose of preventing and correcting systematic or individual violation of laws and regulations or misconduct, the SUGI Pharmacy Group has established an internal reporting system and operates it in accordance with applicable internal regulations. The Group has established a compliance consultation channel as an internal reporting channel within the Group and at an external law firm. Through this channel, employees can report their concerns anonymously or otherwise. Any disadvantageous treatment of reporters is prohibited. Also for external stakeholders, the Group has established a customer consultation desk to secure their access to appropriate relief and will create a relief mechanism for any human rights violations against all stakeholders.

SUGI Pharmacy Group's internal reporting system

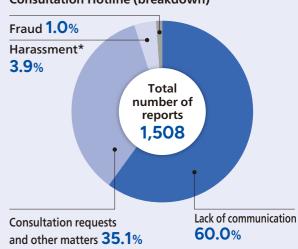
In order to increase the recognition and understanding of the abovementioned system, we have ensured that contact information for the system is displayed at our stores and offices, and we have also distributed the Compliance and Disaster Countermeasure Pocket Book. By such promotional activities, we endeavor to establish a sound reporting system. The internal reporting system was renamed the "Workplace Concerns Consultation Hotline" in FY 2021 to create an environment where employees feel able to use it more freely.

Number of calls to the Workplace Concerns Consultation Hotline





Number of calls to the Workplace Concerns Consultation Hotline (breakdown)



*Power harassment, sexual harassment, and other harassment

6. Education and awareness-raising

The SUGI Pharmacy Group provides all employees with education and awareness-raising opportunities that are necessary for the implementation of the Policy.

7. Monitoring and information disclosure

The SUGI Pharmacy Group will monitor the initiatives to address human rights issues on an ongoing basis and correct them as necessary. The Group will also regularly disclose information on its initiatives to address human rights both internally and externally.

8. Cooperation with internal and external experts

The SUGI Pharmacy Group will implement the Policy, including human rights due diligence and the creation of a relief mechanism, in cooperation with internal and external experts and based on their expert insights.

Priority Issues [Issues of Materiality] | Sustainable Business Partnership

9. Initiatives to address human rights issues

The SUGI Pharmacy Group will focus on addressing the following issues:

1 Securing adequate wages

The Group will comply with statutory minimum wages and will not unfairly reduce wages.

2 Proper management of working hours

The Group will manage working hours and rest periods properly and work to establish a work schedule that does not rely on overtime hours.

3 Provision of a safe, hygienic, and healthy working environment

The Group will strive to provide a safe, hygienic, and healthy working environment to ensure that employees can work actively in a safe and rewarding workplace.

4 Respect for the right to social security

The Group respects the right to social security provided under health insurance, pension, and social welfare programs.

(5) Prohibition of inhumane treatment

The Group will not engage in and prohibits any inhumane treatment of people at the workplace, including harassment (sexual harassment, power harassment, maternity harassment, moral harassment, etc.) that creates mental distress for and offends others and negatively impacts the workplace environment.

6 Prohibition of forced labor and human trafficking

The Group prohibits forced labor and human trafficking.

7 Prohibition of child labor

The Group will not employ anyone under the legal minimum working age.

8 Respect for freedom of association

The Group will not violate the freedom of association of employees.

Prohibition of discrimination against foreign workers

The Group prohibits discrimination against foreign workers in terms of wages, working hours, and other working conditions on the grounds of their nationality.

Prevention of defamation and invasion of privacy relating to AI and other technologies

The Group will prevent defamation, invasion of privacy, and discrimination that go with the widespread use of the Internet, ICT, and AI.

11) Protection of privacy and personal information

The Group will not arbitrary, unduly, or illegally intervene in the private life, family, residence, or communication of people or disclose factual information about their private lives, non-public information, or any other information that an ordinary person would not desire to be disclosed. In particular, the Group will not acquire, store, publish, or

provide to a third party any personal information without obtaining its owner's consent.

Securing quality and safety of products and services and consumers' safety and right to know

The Group will strive to improve the quality and safety of products and services and prevent any accident in order to secure true customer satisfaction.

In the event of any accident or problem relating to its products and services, the Group will ascertain the facts and act promptly regardless of the significance of the matter. In addition, the Group does not tolerate any misrepresentation in product labeling and respects consumers' right to know.

(13) Prohibition of discrimination

The Group will not in any event engage in and does not tolerate any discrimination based on race, gender, religion, creed, nationality, bodily features, disease, educational background, age, or other unreasonable grounds.

14 Prohibition of gender discrimination

The Group prohibits discrimination against minorities in terms of sexual orientation or gender identity, such as LGRT

(15) Respect for freedom of expression

The Group will not violate people's rights to have, seek, receive, and communicate an opinion without being interfered with by others.

® Respect for the rights of indigenous peoples and local residents

In conducting business activities, the Group will not violate the rights of indigenous peoples and local residents.

(f) Consideration for the environment and climate change

In conducting business activities, the Group will consider the environment and climate change so as not to harm the environment or cause air, soil, or water pollution.

(8) Respect for intellectual property rights

The Group will not violate the intellectual property rights of individuals or other companies.

19 Prohibition of bribery and corruption

The Group prohibits its officers and employees from providing or receiving gifts, loans, rewards, remuneration, or other benefits as an incentive to induce acts of others that fall under fraud, an illegal act, or a breach of trust, and from using delegated authority for their own personal benefit, in the course of business activities.

20 Respect for human rights in the supply chain

The Group does not tolerate and will strive to prevent any human rights violations arising in its supply chain.

• Establishment of Business Partner Code of Conduct

The SUGI Pharmacy Group has established a code of conduct that stipulates matters with which our business partners are requested to comply. In accordance with this code of conduct, we expect our business partners to work with the SUGI Pharmacy Group to seriously address the various environmental and social issues. Through such efforts, we aim to contribute to the sustainable development of local communities by increasing the number of healthy and energetic people and realizing a vigorous society through corporate activities.

(Excerpt from the SUGI Pharmacy Group Business Partner Code of Conduct)

1 Legal compliance and fair and equitable transactions

You must comply with the laws, regulations, and social norms of each country and region, including laws, regulations, and rules concerning abuse of superior bargaining position, fair competition, and fair transactions, and you must not engage in any conduct that deviates from these laws and regulations.

- ① Comply with laws, regulations, and related tools of each country and region.
- ② Maintain sound relationships with politicians, government agencies, and customers and do not engage in corruption, bribery, and the provision of benefits.
- ③ Establish an organizational structure to protect information assets from the threat of leakage, theft, or falsification.
- ④ Establish an organizational structure to protect personal information from leakage or unauthorized acquisition, use, or disclosure.
- (5) Respect the intellectual property rights of customers and do not infringe the rights of third parties.

2 Procurement of safe and secure products

Serve customers sincerely by complying with the laws and regulations of each country and region and providing safe and secure products and services that satisfy customer needs.

- Comply with each country's and region's laws, regulations, and standards concerning safety in order to ensure the safety of products and services.
- ② Strive to conclude contracts with suppliers in advance to ensure procurement during times of disaster.
- ③ Offer and disclose information on products and services to

- customers properly and on a timely basis.
- ④ Respond sincerely to any inquiries from customers and reflect them in the maintenance and improvement of quality.

4 Thoroughly implement environmental protection measures Comply with environmental laws and regulations in each

country and region, and contribute to the sustainable development of local communities through corporate activities that consider the global environment.

- ① Work to reduce greenhouse gas emissions in order to address global warming.
- ② Promote the sustainable use of resources by saving energy and resources, recycling, and reducing waste.
- 3 Work to prevent pollution and health hazards.
- (4) Comply with the laws and regulations of each country and region in order to preserve biodiversity.
- ⑤ Do not handle products that use any chemicals or raw materials prohibited by laws and regulations.

5 Contribution to local communities

Respect the culture, religions, and customs of each country and region to contribute to the sustainable development of local communities.

- ① Understand the region's social issues and work with employees and customers to contribute to economic and cultural development.
- ② Do not have any relationships with anti-social forces or dangerous organizations or groups.

Operation and monitoring at business partners

Business partners are requested to understand and comply with the Code of Conduct and to ensure that their subcontractors also understand and comply with it. Business partners are also requested to report any violation of the Code of Conduct by them or their subcontractor to the person in charge at the SUGI Pharmacy Group as soon as they recognize it. In this case, they are requested to take corrective measures promptly and report the correction status each time.

The SUGI Pharmacy Group may conduct monitoring of the status of compliance with the Code of Conduct by business partners and their subcontractors. If any non-compliance with the Code of Conduct is found as a result of such monitoring, we will request that the relevant business partner take improvement or corrective measures.

Establishing a Resilient Supply Chain

1 Fact-finding and gap analysis

- Review ongoing human rights-related activities in Japan and abroad to understand the current situation.
- Analyze differences between actual policy disclosures, remedial systems, and management systems related to human rights risks and external requirements.

4 Consideration of mitigation measures

 Focus on issues that have a particularly large impact, and develop response measures.
 Develop preventive/corrective measures and promotion systems to establish specific risk mitigation measures.



2 Identification of human rights issues

- Refer to international norms and guidelines to identify industry-specific human rights issues.
 Identify human rights risks related to the company and its value chain amidst a multitude of issues.
- ③ Risk assessment and impact

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- identification
 Analyze the identified human rights risks based on their severity and likelihood of occurrence.
 Identify the scope of impact and prioritize risks.
- Conducting human rights due diligence (human rights DD) on business partners

In response to the growing human rights awareness around the world, we conducted a human rights DD on a select number of business partners in FY 2024, the first year of the program.

In the first year, we asked 269 business partners involved in product development 86 questions related to ESG through a cloud service. We received a final response rate of 64.7%. In FY 2025, we will conduct additional surveys and briefings individually depending on the responses and discuss improvements with business partners in hopes of achieving growth throughout the supply chain. We will also increase the number of business partners subject to the DD and work to reduce business risks.

Priority Issues [Issues of Materiality]

Contribution to the Global Environment

A sustainable global environment is essential for us to continue our business and store operations. Therefore, we have been promoting environmental and other measures to realize circular and decarbonized societies.







Realization of a Decarbonized Society

Verification tests to promote the purchase of eco-friendly products to achieve a decarbonized society

Expanding the initiatives of the Challenge Carbon Neutral Consortium to address issues through supply chain collaboration

In FY 2024, we participated in the Challenge Carbon Neutral Consortium (CCNC) once again. The CCNC is a group of manufacturers, distributors, and other companies that work together to encourage consumers to become more aware and committed to decarbonization, with the aim of accelerating the establishment of a decarbonized society. The theme of the second year was coordination between education and sales promotion. Therefore, this year, we conducted pilot tests of the Minnade GENKOTSU (Let's All Reduce CO₂) Project on the SUGI Pharmacy app and a store in Osaka. The project encourages consumers to "touch" and "learn" about carbon neutrality in their everyday lives and "strive" to achieve it.



FY 2024 Presentation photo session

減C[®]2 Minnade GENKOTSU in-store pilot test

We cooperated with the Osaka De! GENKOTSU Project, led by the Green Marketing Lab of the Japan Research Institute. As part of this project, decarbonization learning kits were distributed to 1,029 schools, including all elementary schools. SUGI Pharmacy provided contents for all SUGI Pharmacy app users to learn about eco labeling. At our Yao Fukumanji store, we held an event to create POP displays that enable customers to learn about and understand the appeal of eco labeling, and we displayed them on shelves alongside products.



App contents to raise awareness of decarbonization





A workshop on eco labeling

We will continue to explore ways to decarbonize through supply chain coordination, leveraging our experience in "green marketing," which encompasses everything from raising awareness to promoting sales under a public-private partnership.



A decarbonization POP made by a child



Gathering GENKOTSU products in one corner to highlight them

Sponsor and partners

Number of stores using

renewable energy

234 stores

(As of February 28, 2025)

*Solar panels installed in-house + on-site PPA

Members





















TOPPAN

OZMA PR

Shifting to renewable energy

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We will promote the introduction of a solar panel-based power generation system in stores in order to shift to renewable energy. We have planned and started the introduction of renewable energy by using on-site corporate PPAs (third party ownership). In order to achieve the CO₂ reduction target for 2030, we will actively use not only on-site PPAs but also off-site PPAs.

Solar panels installed on a store rooftop



Solar panels installed on the rooftop of Fujimi Store in Kariya City, Aichi Prefecture

• Submission of declaration of voluntary action for "white logistics" promotion campaign

In August 2021, the SUGI Pharmacy Group submitted a voluntary action declaration in support of the "white logistics" promotion campaign advocated by the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries. In 2023, we introduced MOVO Fleet, a dynamic management service, to realize sustainable logistics. This has enabled us to visualize the status of deliveries from distribution centers to the stores, to monitor drivers' compliance with laws and regulations, and to optimize delivery times and routes. By establishing a safe and efficient delivery system, we strive to ensure stable logistics in harmonious coexistence with local communities.



Chief distribution center attached to the Chubu Head Office

Specific actions set forth in SUGI Pharmacy's voluntary action declaration

	Specific actions
Logistics improvement proposals and cooperation	If there are any requests from business partners or logistics companies regarding manual unloading by truck drivers or streamlining ancillary work, we will respond sincerely to discussions and actively propose solutions.
Introduction of reservation system	We will reduce truck drivers' waiting time by introducing a truck reservation system.
Use of pallets, etc.	We will reduce cargo handling time by using pallets, folding containers, returnable boxes, etc.
Provision of receiving/shipping information from business partners in advance	We will secure adequate work hours for on-site workers and truck drivers to allow them to complete their work and delivery without undue time constraints in order to streamline logistics by requesting business partners to share quantity information and data with the distribution center in advance.
Leveling order quantity	To reduce waiting time for cargo and improve operational efficiency, we will balance the differences in busyness between days of the week and months.
Promotion of documented transportation contracts	When selecting a logistics company to contract with, we work to ensure legal compliance by mutually confirming relevant laws and regulations and promoting documentation.

• Reducing the consumption of fossil fuels

In order to reduce the consumption of fossil fuels by company cars, we have begun introducing electric vehicles (EVs). We will continue to expand the introduction of EVs, as well as hybrid vehicles. We have also introduced a mechanism to monitor the driving status of vehicles, such as sudden braking and starting, to ensure safe driving and reduce fossil fuel consumption at the same time.

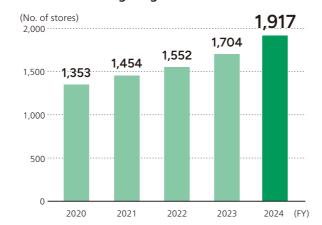
Introducing energy saving equipment and reducing power consumption (energy saving)

We are working to reduce power consumption by closely monitoring temperatures and regularly cleaning air conditioning (AC) equipment at stores as well as the headquarters and other offices. We have also been working to replace conventional lighting with LEDs at all our stores since FY 2013. We will also replace old LED equipment in due course in order to reduce power consumption and CO_2 emissions further.

LED introduction rate at end of FY 2024: **87.7**%

Target LED introduction rate: **100**%

Stores with LED lighting



Information Disclosure Based on TCFD Recommendations

Response to TCFD recommendations

The SUGI Pharmacy Group endorsed the recommendations in the TCFD's final report in December 2021. Going forward, we will disclose information in accordance with the framework recommended by the TCFD (governance, strategy, risk management, and metrics and targets) and implement initiatives on climate change issues to contribute to the realization of a sustainable society.



*TCFD stands for the Task Force on Climate-related Financial Disclosures. The TCFD was established by the Financial Stability Board at the request of the G20 to consider how climate-related information disclosures and financial institutions' responses should be.

Governance and risk management

Responding to climate-related risks and opportunities is one of the key ESG issues we should tackle with concerted group-wide efforts. Based on this recognition, we have established a Sustainability Committee (which meets at least twice a year) as an advisory body to the Representative Director & President for the purpose of promoting sustainability management, including the deliberation and determination of basic policies and necessary matters relating to such responses.

The Sustainability Committee holds meetings attended by directors in charge of the main divisions. The committee plans

measures to address climate-related issues, checks progress toward targets, assesses risk materiality, sets priorities, and determines response measures before reporting and making recommendations to the Representative Director & President. We have also established a Risk Committee within the Sustainability Committee as a body to manage relevant risks and execute tasks instructed by the Sustainability Committee.

The Sustainability Committee is supervised by the Board of Directors, which receives reports and issues instructions as necessary on important matters deliberated by the Committee to ensure that its decisions are free from errors.

Strategy

Scenario analysis

We have assessed risks and opportunities that may have an impact on the SUGI Pharmacy Group in reference to, among others, the 1.5°C and 4°C scenarios identified in the IPCC's Fifth Assessment Report, the IEA WEO NZE scenario, etc., after collecting various parameters based on future forecasts.

■ CO₂ emissions (t-CO₂) under the assumption of no positive action and when targets are met

Item	2030
CO ₂ emissions under the assumption of no positive action	225,689
Emissions when 50% reduction in CO₂ emissions per store from FY 2014 has been achieved	141,890

*An emission factor of 0.000433 (t- CO_2 /kWh; national average factor for FY 2022) was used.

Scope of analysis

Business: Drugstore business in Japan

Scope: Stores, procurement, distribution, and consumer behavior Period: Now through 2030

Adopted scenarios

- IEA WEO2022 NZE (1.5°C)
- IPCC 5th Assessment Report, etc.

Assessment results

■1.5°C scenario

We expect that various transition risks will increase. In this scenario, we expect that countermeasures against climate-related issues will be strengthened and decarbonization will progress. As a result, we expect increases in expenditure due to the introduction or higher rates of carbon taxes and the widespread use of renewable energy.

■4°C scenario

We expect that physical risks, such as extreme weather, will increase. We expect damage to store operations due to the frequency and intensification of natural disasters caused by climate change. As a result, we expect increases in expenditure for repairs and decreases in sales due to temporary store closures.

Common scenario (1.5°C and 4°C)

We expect that changes in consumer preferences and behavior will be influenced by temperature increases. If we are unable to develop and display products that meet customer needs or effectively market services that meet customer needs, opportunity losses may arise. On the other hand, we could increase opportunities by capturing such needs.

^{*}A net increase of 100 per year in the number of stores is assumed.
*Electric power consumption at most recently opened stores was used.
(Electric power consumption is higher at these stores.)

^{*}Calculated based on the results of FY 2023.

Assessment of risks and opportunities

	Cate	gory	Assessment							
			Assessment in the world of +1.5°C	Assessment in the world of +4°C						
			Risk: Expenditure will increase following the introduction of carbon pricing.							
Transition risks	Policies and regulations	Carbon pricing	Risk: Expenditure will increase due to increases in production and procurement costs of products and services throughout the supply chain.	Risk: The impact of carbon pricing will be limited.						
n risk		Control of CFCs	Risk: Expenditure will increase due to the introduction of CFC-free equipment at stores.							
and	Technology	Logistics efficiency	Opportunity: Expenditure will decrease as a result of more efficient logistics.	_						
oppo	Market	Electricity prices	Risk: Expenditure will increase due to electricity price increases.							
opportunitie	Reputation	Customer preferences	Risk: Sales will decrease due to a delay in the provision of eco-friendly products and services. Opportunity: Sales will increase as we develop private brand products that meet the needs for sustainable consumption.	Opportunity: Sales will increase as we develop private brand products that meet the needs for sustainable consumption.						
Š		EV charging	Opportunity: The frequency of visits to stores will increase as we enhance the battery charging environment.	_						
Phys		in extreme	Risk: Sales will decrease to a limited extent due to temporary store closures and lower customer traffic.	Risk: Sales will decrease significantly due to increases in temporary store closures and lower customer traffic caused by physical damage to stores.						
ical ris	Acute		_	Risk: Expenditure will increase as insurance premiums rise in response to increases in natural disasters.						
Physical risk and opportunities		weather	Opportunity: Sales of disaster prevention and stockpiling-related products will increase.	Opportunity: Sales of disaster prevention and stockpiling-related products will increase. Risk: Repair expenses will increase due to physical damage to stores.						
		Average temperature	Risk: AC-related expenditure will increase as the temperature rises.	Risk: AC-related expenditure will increase as the temperature rises.						
nities	Chronic	Production and procurement	_	Risk: Expenditure will increase as purchase costs increase due to lower production of raw materials.						

Excerpt from business impact assessment based on scenario analysis Estimation of expenditure arising from transition risk (carbon taxes)

We estimated the impact when a 50% reduction in CO_2 emission from FY 2014 is achieved in 2030. The amount of carbon taxes in 2030 is expected to be approximately 2.7 billion yen.

Item	Business impact
Amount of carbon taxes in FY 2030	Approx. 2.7 billion yen

*In reference to IEA WEO2022 NZE (1.5°C) P465 Table B.2, the amount of carbon taxes in 2030 was set at 140 dollars/t-CO₂.

Future initiatives

The SUGI Pharmacy Group will implement the following measures in order to create a sustainable society not only for society but also for the Group itself.

Supporting the realization of a decarbonized society

Energy-saving measures

- Daily operational improvements and raising awareness of the need to save power
- Introduction and replacement of energy saving equipment
- Introduction of energy management systems

Energy creation measures

- Installation of solar panels owned by the Company
- Installation of on-site and off-site solar panels on a PPA basis

Other measures to reduce CO₂ emissions

- Purchase of non-fossil certificates and green power certificates
- Purchase of CO₂-free menu services from electric power companies
- Use of EVs as company cars

Supporting the realization of a circular economy

- Repair and reuse of foldable containers and transportation and delivery equipment
- Reuse of furniture, fixtures and equipment after store renovation or closure
- Monitoring of any abnormal quantity of supplies or inventories at stores and providing guidance
- Development of private brand products with eco-friendly packaging
- Promotion of the "temaedori" (taking from the near side) campaign to prevent food waste
- Reducing waste by sharing information with our business partners
- Charging for plastic checkout bags

Metrics and targets

■ Scope 1 and 2 CO₂ emissions

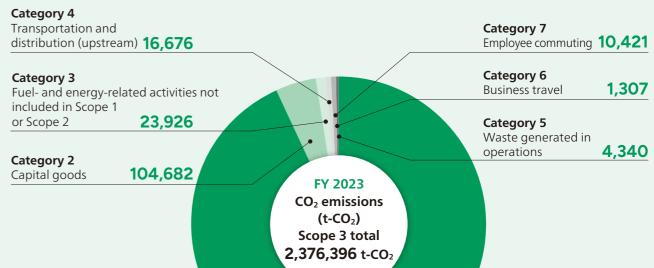
The current status of the SUGI Pharmacy Group

FY	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
No. of stores	1,048	1,105	1,190	1,283	1,391	1,483	1,565	1,718	2,185
Emissions (t-CO ₂)	129,392	119,826	120,826	117,611	126,160	135,149	138,416	152,791	To be calculated
Average per store (t-CO ₂)	123.5	108.4	101.5	91.7	90.7	91.1	88.4	88.9	To be calculated

- *A location-based emission factor (national average emission factor of each electric power company) is used.
- *CO2 emissions based on the use of gasoline by company cars are estimated based on FY 2020 results, prorated by the number of stores (for FY 2020 and earlier).
- *CO₂ emissions shown in the table above are Scope 1 and 2 (own emissions).
- *Calculation logics for tenant shops and some offices are currently being reviewed.
- *Excludes certain subsidiaries.

■ Scope 3 CO₂ emissions

FY 2023 Scope 3 breakdown



Category 1 Purchased go

Purchased goods and services

2,215,043

calculated. *Category 4 is an estimate calculated based on monthly data over a 12-mont

based on monthly data over a 12-month period.

*Categories 8 through 15 are not

applicable or items that have not been

*Figures and calculation logics of all categories are currently being reviewed.

Metrics and targets



Metrics to measure progress toward the realization of a decarbonized society

- Ratio of reduction in CO₂ emissions (Scope 1 and 2) per store
- Ratio of reduction in CO₂ emissions from our supply chain (Scope 3)
- Percentage of renewable energy

Metrics to measure progress toward the realization of a circular economy

- Ratio of eco-friendly private brand products
- Food waste ratio
- Amount of plastic checkout bags used

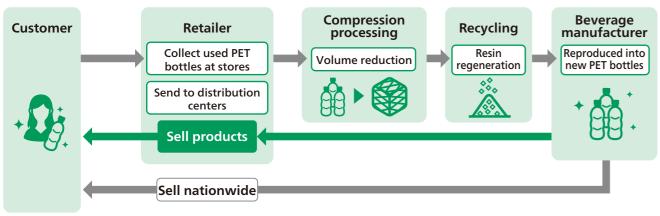
^{*}The estimation is based on the USD/JPY exchange rate as of March 1, 2023.

Realization of a Circular Economy

- Resource recycling initiatives for plastics
- Start of closed-loop, bottle-to-bottle recycling of PET bottles

Process from collection and reprocessing to reproduction





The SUGI Pharmacy Group, in collaboration with its supply chain companies, started a closed-loop, bottle-to-bottle recycling initiative in which used PET bottles are collected and recycled as new PET bottles. In FY 2024, we installed Bottle Squashes in a total of 142 stores, and we have continued to increase installations since.

In this initiative, we are installing new recycling boxes in SUGI Pharmacy stores with the aim of collecting high-quality used PET bottles that have had their labels and caps removed and have been washed. Bottles collected at stores are transported to a SUGI Pharmacy distribution center by trucks returning from delivering merchandise to SUGI Pharmacy stores. There, the bottles are processed for volume reduction by a contracted compression processing company and, later, for resin regeneration by a recycler. Then, our partner beverage manufacturers use the recycled PET bottles as containers for their beverage products.

Going forward, we will work to improve the efficiency of the collection scheme and reduce the cost of recycled PET resins by encouraging more companies in the supply chain to participate in the collection process.

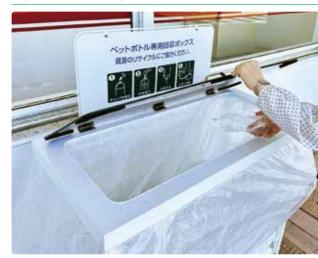
Introduction of Bottle Squashes in stores and at the SUGI Pharmacy Group head office (Obu City, Aichi Prefecture)





A person using a Bottle Squash volume reduction machine SUGI Pharmacy points are awarded based on the number of bottles collected. The machine is also equipped with a function that automatically accepts only bottles that do not contain residue. We aim to engage customers in resource recycling in a fun way. (The machine is currently available only at some stores.)

Recycling resources in coordination with government agencies



Collecting PET bottles in coordination with Shizuoka City

• Participation in a sponge recycling program

We participate in a sponge recycling program in collaboration with 3M Japan Limited and TerraCycle Japan LLC. Our stores will serve as collection sites.



■ Participation in pilot tests of a PTP sheet recycling program









Stores of the SUGI Pharmacy Group participate as collection sites in Japan's first consumer-participation-based used "OKUSURI SHEET" (PTP sheet) recycling program, which was organized by Daiichi Sankyo Healthcare Co., Ltd. and launched in Yokohama City in collaboration with TerraCycle Japan LLC.

In Japan, approximately tens of thousands of tons of PTP sheets are produced each year. They are indispensable packaging materials for pharmaceuticals, as reducing their consumption is difficult. Their use is expected to continue increasing as the population ages. However, few consumers recognize them as recyclable, so the collection volume is small. Therefore, unlike with PET bottles, there are no established recycling mechanisms for PTP sheets.

By serving as collection sites for PTP sheets of prescription drugs and over-the-counter (OTC) pharmaceuticals sold and/or used by the SUGI Pharmacy Group, we will raise awareness among customers and patients that these materials are recyclable and help establish a recycling mechanism.

• Reducing the use of plastic

We continue to charge for plastic checkout bags to reduce their use.

Quantity and weight of checkout bags used

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Quantity of used bags (unit: million bags)	144	43	65	102	120
Weight of used bags (unit: ton)	1,100	328	507	800	960
					<u> </u>

12.7% reduction

• Strengthening recycling initiatives for clothing and textile goods

■ Recycling of used uniforms as store fixtures

The SUGI Pharmacy Group has introduced PANEKO®, a sustainable board made from discarded clothing. Used uniforms of store employees are collected and recycled as store fixtures made of PANEKO®.



Role as collection sites for textiles and clothing



Clothing items are collected at our stores in Okazaki City and Chiryu City, Aichi Prefecture.

• Strengthening food recycling initiatives (food loss reduction)

Promoting temaedori (taking from the near side)

We have been implementing "temaedori" (taking from the near side) together with relevant government agencies and JACDS member companies.

This initiative is aimed at reducing food loss by encouraging customers to choose from the near side when purchasing food items they plan to eat immediately.

At the same time, we will promote initiatives to reduce the

food waste ratio by encouraging sell-through with changes to food disposal standards, reducing excess bread inventory with revised inventory standards, and optimizing inventory with automatic order placement.



Strengthening sellout of foods approaching their best-by date

By introducing a closeout sticker printing machine, we have increased productivity by reducing in-store workload required to sell off food products that are about to expire. Through this effort, we are strengthening the sellout of foods approaching their best-by date.

Donation to food banks

We have started donating food to food banks that cannot be sold due to an approaching best-by date or damaged packaging, even though the food is safe to eat. As these foods are provided free of charge to facilities, groups, and households in need, we can reduce food loss and waste while solving social issues.



Start of rice donation to Second Harvest Nagoya

Holding food drives

We ran food drives at various events held in coordination with government agencies. Going forward, we will hold food drives not only at events but also at our stores to expand our activities so that we can work with local residents to address the issue.

The SUGI Pharmacy Group will strengthen its efforts to resolve the social issues of food loss and poverty.

*A food drive is an activity in which people donate surplus food from their homes to local welfare organizations and facilities, food banks, and the like.



Donation to Gifu Pharmaceutical University

ND EST OYA

Reducing marine plastic waste by installing water stations

We have endorsed the "Work together to install water stations" challenge of the Sutehaji Project, which is carried out by co-creation partners at TEAM EXPO 2025 (Expo 2025 Osaka, Kansai), and participated in the project as a co-creation member. Through the installation of water stations, we aim to help reduce the use of plastic PET bottles and marine plastic waste.



Reducing marine plastic waste with carbonated water vending machines

By installing carbonated water vending machines, we will help reduce the use of plastic PET bottles and marine plastic waste.



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Priority Issues [Issues of Materiality]

Healthy Workplace Environment

By implementing a human resource strategy that addresses each individual employee, we aim to realize our Total Healthcare Strategy.

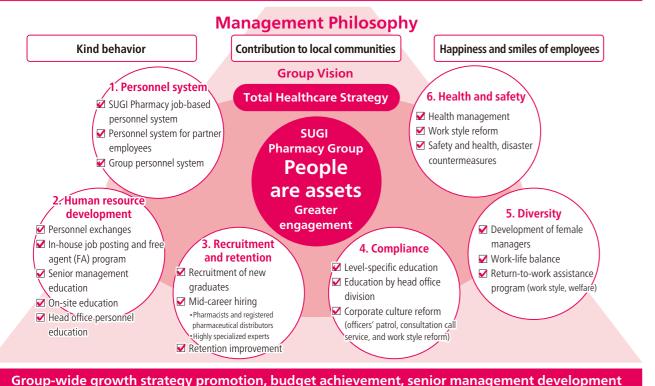
Shigeki Mori

Executive Officer in Charge of Human Resource Management, Administration, and Risk Management SUGI Holdings Co., Ltd.

The SUGI Pharmacy Group identifies the following three perspectives as key to human resource strategy and integrates them into its management strategy to become a long-term necessity. The perspectives are "Employees are our most important assets," "Improve the job satisfaction of each employee," and "Draw out the strengths of each employee to achieve our management philosophy, growth strategy, and budget." The Group also promotes human capital manage-

ment under six pillars: personnel system, human resource development, recruitment and retention, compliance, diversity, and health and safety. We work to achieve sustainable growth by realizing our group vision, the Total Healthcare Strategy, and the tenets of the Group's management philosophy: "kind behavior," "contribution to local communities," and "happiness and smiles of employees."

FY 2025 Group Human Resource Strategy



Considering employees as our most important asset that enhances corporate value, we are creating an environment in which employees can work energetically, supported by a mechanism to realize diversity in their careers and work styles and an environment in which each employee can work in good health and with a smile. Furthermore, we are promoting the development of an organizational culture that embraces human resources with diverse backgrounds.









Improving job satisfaction through personnel system reform

At SUGI Pharmacy, our core business, we have been upgrading our personnel system with regard to evaluation, remuneration, and welfare benefits, based on the idea that employees are our most important assets. As a result, we have achieved steady progress: the turnover rate has been reduced by half since 2018; the engagement score, which measures job satisfaction, has exceeded that of other companies for managers; and the company-wide average has increased every year. This year, we will further advance the SUGI Pharmacy job-based personnel system, which evaluates the daily work of managers and general office workers alike and reflects the evaluation in remuneration. We will fundamentally revise the system for managers to clarify each individual's role in job descriptions and evaluate their duties and accomplishments more accurately than before. We will also adjust the level of remuneration to align with the size of our business, taking into account the external environment. For general office workers, we will increase the allowances of store managers, who play a central role in our growth strategy. We will also introduce a new allowance for pharmacy and home-visit prescription dispensing center managers. These changes aim to ensure that, in addition to individuals' capabilities, employees who bear large responsibilities and deliver high results are evaluated and awarded accordingly. We will expand this SUGI Pharmacy job-based personnel system to other group companies and revise it into a personnel system that allows each employee to experience job satisfaction and growth.

Human resource development that cares for the needs of each employee

We will develop human resources by providing training to acquire knowledge and skills, as well as job rotation to gain experiential skills. We will change our training program to a more personalized approach. Each employee's current position will be assessed, and they will be provided training in the skills they lack. We will also strengthen the link between off-the-job training (OFF-JT) and on-the-job training (OJT), fundamentally revise the training feedback system, and update training programs to be more practical by integrating the training know-how of each group company. In job rotation, we will actively exchange personnel among group companies to develop human resources that can grow dramatically in a short period of time. We will also promote in-house job postings and a free agent (FA) program, which are aimed at increasing employees' willingness to take on new challenges and improving their motivation. We will make group-wide efforts to develop self-directed employees.

Securing human resources through recruitment and retention

In terms of securing human resources, we will strengthen the recruitment of new graduates and mid-career hires and prevent employee turnover. In hiring new graduates, we will strengthen our recruitment of student partners with the aim of hiring individuals who can become immediate assets and

contribute to local communities more than before. We will also accelerate job-based hiring, including providing higher initial salaries to individuals with strong basic capabilities and skills, as well as directly hiring individuals into head office divisions. Regarding mid-career hiring, in anticipation of future expansions in business areas and size, we will strengthen our recruitment mainly of specialists in healthcare, overseas businesses, and digital transformation (DX), as well as individuals to lead next-generation corporate divisions, including corporate planning, finance, legal affairs, and human resources. As for the prevention of employee turnover, we have made significant progress, with the turnover rate cut in half as a result of company-wide retention activities.

Developing an open corporate culture

Since its launch, the number of calls to the Workplace Concerns Consultation Hotline has continued to increase, helping employees feel more psychologically secure. In FY 2025, the relevant departments, including personnel and sales, will continue to work together to sincerely respond to feedback sent to the call service. In order to improve our working environment, we have been conducting tours of all stores by all officers since FY 2021 as part of corporate culture reform. This year, we have expanded these initiatives to the entire Group and are working to develop an open corporate culture in which management diligently listens to the opinions of employees and the voice of each employee reaches management.

Promotion of diversity management

As of the end of FY 2024, the percentage of female managers in the Group was 13.9%. Although women make up about half of our workforce, the lack of promotion of competent female employees has been an issue. Against this background, we will increase the percentage of female store and area managers responsible for work sites to 20%, as well as the percentage of female officers and managers, including department and section heads, to 15%, by the end of FY 2025. To this end, we will improve our workplace environment to enable those with time constraints to play more active roles, as well as add women's empowerment to our evaluation targets to raise managers' awareness. In addition, we will assign senior management candidates an officer mentor who is not their direct supervisor. This mentor will provide a wide range of support, both in work and in career development.

Promotion of healthy and safe management

In addition to raising awareness of our health management policy within the Company and strengthening coordination with occupational health physicians, we have promoted work style reform and taken measures such as reviewing our compensation system and enhancing our benefit programs. As a result, we have consecutively been certified as an Outstanding Organization of KENKO Investment for Health. Going forward, we will promote health management at the Group level with the aim of obtaining a "White 500" enterprise certification.

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Utilization of Diverse Human Assets

Preparing fields and opportunities with a focus on diversity

The SUGI Pharmacy Group will work in earnest to enhance diversity and inclusion (mutual acceptance and recognition of differences as strengths).

Introduction of a program to allow employees to choose to live and work away from home

In FY 2022, we introduced a program to allow employees who can work remotely to choose either to combine business trips with remote working or to live and work away from home (CHOISE*). This program helps employees realize diverse work styles that are not constrained by time and place or their family relationships, which have previously been restricted by living and working away from home, promoting the retention and development of competent human resources.

*Stands for Choose from Home or Office as Ideal Sugi Employment.

■ Work arrangements in anticipation of the era of a 100-year life

We have extended the mandatory retirement age to 65 for full-time employees and 70 for contract and partner employees. In addition, we have made it possible for employees aged 70 to 75 to work as senior partner employees on a reduced schedule.

■ Increasing the percentage of female managers

Developing services to address the diverse needs of customers and patients based on diverse ideas and perspectives, including those of female employees, is indispensable for the sustainable growth of the SUGI Pharmacy Group. Therefore, we are strengthening our efforts in human resource development and improving the workplace environment so as to increase the percentage of female managers to 30% by the end of FY 2029. Regarding human resource development, we train employees to acquire and practice the skills needed to detect and resolve fundamental issues, communication and leadership skills, knowledge of products, specialized and managerial knowledge, and technical skills. Regarding the improvement of the workplace environment, we will reinforce support for employees by enhancing benefit programs and creating an environment that encourages employees to speak out to the Company. We will also implement work style reforms to improve work-life balance.

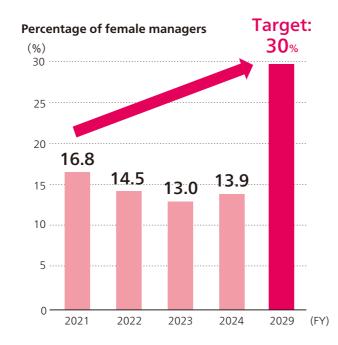
■ SUGI Smile's efforts

We have in-house job coaches and career counselors providing operational guidance and daily support to employees with disabilities working nationwide. In stores, these employees are responsible for patrol cleaning and displaying merchandise, while at the head office, they sort mail, clean, and ship products to support distribution.



Percentage of employees with disabilities (FY 2024 SUGI Pharmacy Group)

3.07%



Future initiatives toward women's empowerment

- Strengthen activities to recruit womenCorrect the gender gap in wages
- Expand the scope of employment for women
- Provide awareness training for managerial promotion
- Strengthen promotion to full-time employee status
- Create an environment that makes it easier to take parental leave

■ Enhancement of maternity leave, parental leave, and reduced work hour program

We have introduced various support programs concerning pregnancy, childbirth, and childcare, aiming to create a workplace environment in which employees can balance work and childcare.

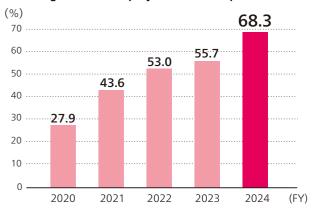
In addition to enhancing maternity and parental leave policies, we have introduced reduced work hours for childcare in order to make work more manageable for employees after returning to work. In April 2024, we extended the reduced work hour program from the end of the child's sixth grade year to the end of the child's ninth grade year. This creates a workplace environment that makes it easier for employees to return to work after parental leave and makes work more manageable. In order to support further empowerment of women, we also focus on increasing the percentage of male employees who take parental leave.

Certified as a Platinum Kurumin company

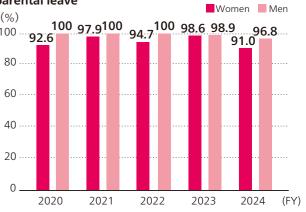
SUGI Pharmacy has been certified as a Platinum Kurumin business operator. This certification is granted to general employers who conform to the designated standards regarding parental support.



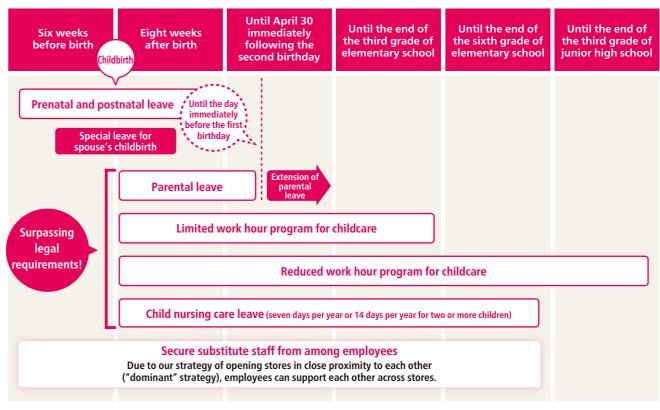
Percentage of male employees who took parental leave



Percentage of employees returning to work after parental leave



Support programs that accommodate diversity



Reforms to Realize Healthy and Safe Working Styles

Promoting health management

The SUGI Pharmacy Group considers the promotion of employee health from a management perspective and is strategically working on health management. We have developed a system for promoting health management, made a health management declaration, and created a health management strategy map. We have been certified as an Outstanding Organization of KENKO Investment for Health, the accreditation of which is given jointly by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, for consecutive years.

We are strengthening our efforts toward a "White 500" enterprise certification as the next step.



Health management declaration

"We help many more people smile, hoping for the happiness of each employee, hoping for the happiness of each customer, and hoping for the happiness of everybody."

This management philosophy is founded on our wish to realize the happiness of our employees.

In other words, this is the idea that when employees can work in a healthy, motivated, and lively manner, they can feel happiness and can also make customers in our local communities happy.

Based on this idea, we promote health management. As we enter the era of the 100-year life, working to help our employees and all other people maintain and enhance their health is the mission of the SUGI Pharmacy Group, which prides itself on being a family pharmacy in local communities.

I myself tend to live an irregular lifestyle. Therefore, I make an effort to eat three meals a day, pay attention to my menus, and try to make time for weight training and walking at least once a week. Health brings smiles. For this reason, it is essential to create a company full of smiling employees.

Based on the above understanding, we declare that we will fundamentally review our health management promotion structure and promote the creation of a healthy workplace environment in which employees strive to maintain and enhance their health on their own initiative and their smiles can bring smiles to the faces of people in the community.

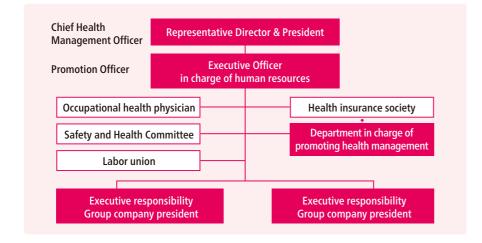


Katsunori Sugiura
Representative Director & President
SUGI Holdings Co., Ltd.

Health management promotion structure

In order to further promote health management, we have adopted a structure that can make more agile and flexible responses by appointing the President as the Chief Health Management Officer and having the president of each subsidiary assume execution responsibility for promotion.

Health management promotion structure chart

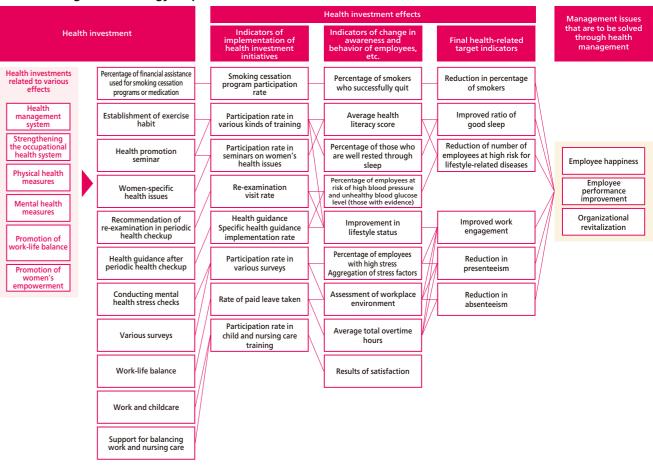


Health management strategy map

Based on the idea that employees can feel happiness when they can work in a healthy, motivated, and lively manner, we have formulated a health management strategy map that clarifies health management promotion activities and their indicators in order to realize the happiness of our employees.

We believe that employees' job satisfaction and motivation will improve further through company-wide promotion of physical and mental health.

Health management strategy map



Health management initiatives

We are implementing the following initiatives to maintain and enhance employee health:

- Regular seminars on women's health for both internal and external audiences
- Specific health guidance provided by SUGI Pharmacy's registered dietitians
- Health questionnaire
- Stress check (once a year)
- Establishment of the Workplace Concerns Consultation Hotline to promote the early detection and prevention of issues related to mental and physical health and the reduction of employee turnover
- Encouraging employees to take leave for four consecutive days (twice a year)
- Financial assistance for cancer screening and gynecology checkups

• Schemes to support employees' physical and mental health

In March 2007, we established and launched the Mental Health Promotion Office for employees, which was a first in the industry. We have since introduced various schemes in this area.

Establishment of a health consultation channel

We have set up a consultation channel with external counselors via email or telephone. Employees can access this channel directly at any time, without going through the Company, so they can use it with peace of mind.

Consultation with doctors via chat or video call

This scheme allows employees to easily consult doctors on medical matters anytime and anywhere, free of charge.

Conducting stress checks

We conduct stress checks once a year to prevent and detect any mental health problems early on. Employees can also conduct these checks from their smartphones, allowing them to easily monitor their own stress conditions. Stress checks are conducted to provide employees with the opportunity to notice their own stress and prevent any mental health problems and to improve the workplace environment that is causing them stress, thereby creating a comfortable workplace.

■ Establishment of "Workplace Concerns Consultation Hotline"

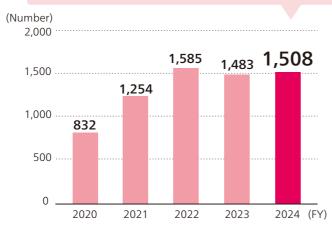
We have established an external reporting channel to address workplace concerns, such as problems at stores, issues employees wish to discuss, issues employees wish to see addressed, issues employees believe are wrong, issues employees are unable to discuss with their supervisors and wish for the Company to address, improvement of the workplace environment, and human relationship problems. This is intended to foster peace of mind and a sense of urgency among employees that any harassment will be subject to strict guidance in order to eradicate it, build good human relationships, and create a pleasant workplace environment. Any reports from employees to the Company are promptly addressed.

■ Self-declaration system

This system provides employees with opportunities to review their current career status and develop a future career development plan to clarify their future challenges. In addition, employees can communicate through this system to the Company any issues in their organization or store to which they belong as well as their personal concerns and worries. The answers of each employee are used to inform company policies, personnel changes, and career development, including training. In FY 2022, we also began measuring work engagement by using the self-declaration system.

Number of hotline calls from employees on "Workplace Concerns Consultation Hotline" (annual)

Creating an open workplace environment in which employees can seek consultation appropriately for any workplace concerns!



Strengthening employee engagement

■ Holding events for employees' families

During the pre-opening of a new store, we hold an event in which we invite employees' family members and support their shopping. We hold these events so that families can learn about the daily work environment of each employee and become fans of SUGI Pharmacy.



Human Resource Development

Improving capacity development training for employees

We define the skills necessary for employees to acquire internal qualifications or fulfill their responsibilities and provide training and human resource development programs to acquire such skills.



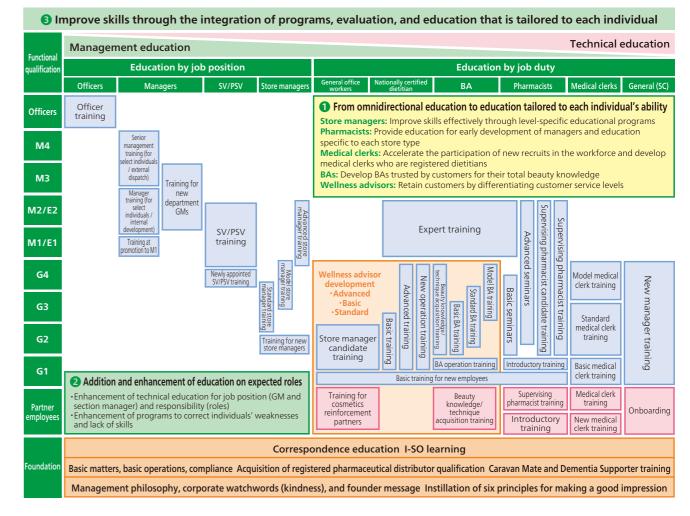
Introduction of in-house job postings and a free agent (FA) program

We have introduced a personnel system that enables employees to leverage their experience and skills, allowing them to apply for and secure transfers to their preferred department. They can request a transfer to their preferred department or preferred position. If they obtain consent, they can acquire that position. This system aims to encourage career autonomy, skill development, and a healthy sense of competition to revitalize the organization.



28 employees
acquired rights.
6 employees exercised their
rights. 7 employees received
offers from officers.

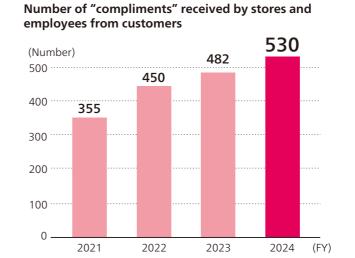
SUGI Pharmacy education system



Promoting motivational management by visualizing performance and evaluation

■ Group award program

The Company recognizes eligible employees with daily appreciation we receive from customers as a "compliment." Employees and stores that deliver results through actions based on the Company's management philosophy are also recognized at the year-end awards ceremony.



Awards are given at a ceremony attended by all Group executives.



Improving the workplace environment based on employee work engagement

In FY 2022, the SUGI Pharmacy Group started measuring the work engagement of all employees in order to increase labor productivity, reduce employee turnover, revitalize the organization, and enhance employee health.

FY 2024 work engagement measurement results

Vigor, dedication, and devotion, which are the three elements that comprise work engagement, were incorporated in the questions and measured using a question format.



FY 2025 target

- *1 Based on the Utrecht Work Engagement Scale
- *2 Average value (of vigor, dedication, and devotion)
- *3 SUGI Pharmacy figures

Engagement analysis

FY 2022

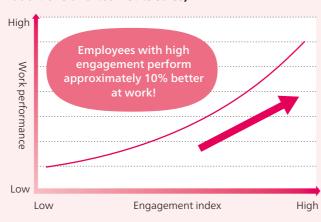
survey

To increase work engagement, we asked an external organization to analyze the correlation between work engagement and various elements (working environment, etc.) and the correlation between work engagement and work performance (number of customer service-related additions and cosmetics sales).

Correlation between supervising pharmacists' work engagement and various elements (working environment, etc.)



Correlation between work engagement and work performance (number of customer service-related additions and cosmetics sales)



For example, an analysis of supervising pharmacists has revealed that "openness to proposals for improving business operations," "whether your supervisor cares about your needs," and "work-life balance" are highly correlated with engagement (see the graph to the left). In terms of correlation with work performance, stores with supervising pharmacists and beauty advisors with high work engagement had work performance (number of customer service-related additions and cosmetics sales) that was approximately 10% higher (see the graph to the right).

In view of the analysis results indicating that engagement among subordinates is affected by encouragement and motivation from the supervisor, as well as supervisor's management competency levels, we are implementing measures to help improve engagement.

Improving the workplace environment through officer visits

Officers at the SUGI Pharmacy Group regularly visit work sites and engage in dialogue with employees to promote a healthy workplace environment. By listening directly to frontline employees, we can improve the workplace environment and operational efficiency, as well as help create an environment in which employees can work with peace of mind. By reducing the distance between management and the frontline, we aim to create a workplace where each and every employee can work comfortably.



<Countermeasures>

Personnel system reform

- Linking roles to evaluation and remuneration
- Including engagement indicators in evaluation items **Human asset development**
- Clarifying skills and improving skills through training, OJT, personnel changes, and self-learning

Compliance and corporate culture reform

- Eradicating long working hours, unpaid overtime, and harassment
- Implementing officers' visits to all stores and introducing an employee proposal system

On-site subordinate management

Thorough training of subordinate management techniques



■ Result of company-wide efforts focused on individual engagement

Employee job satisfaction scores (motivation) are steadily increasing

The effect of implementing strategies and measures of each department and promoting human resources strategies



Ambition to grow

<Engagement> <Ambition for promotion>

Sense of belonging

<Sense of attachment to the company>



Balancing community contribution and engagement improvement

We have been sponsoring the Nagoya Women's Marathon since 2024. Through the active participation of employees across departments, we promote community contribution and employee engagement improvement. We will continue to actively engage in social contribution activities to realize a prosperous and healthy society.



Priority Issues [Issues of Materiality]

Corporate Governance

Basic Views on Corporate Governance

Based on our management philosophy, we believe that we should contribute to society by effectively utilizing the assets and resources we have borrowed from society, such as people, products, stores, money, and information, and return profits to society continuously. To that end, we regard the enhancement of corporate governance as one of the highest priorities of our management. We have also established a basic policy for the purpose of being a sound and highly transparent listed company that provides accurate information to all stakeholders and of promoting profitable and effective management. We also endeavor to enhance our corporate governance by continuously examining and improving the content of the basic policy.

The SUGI Pharmacy Group Corporate Governance Basic Policy can be accessed from here.

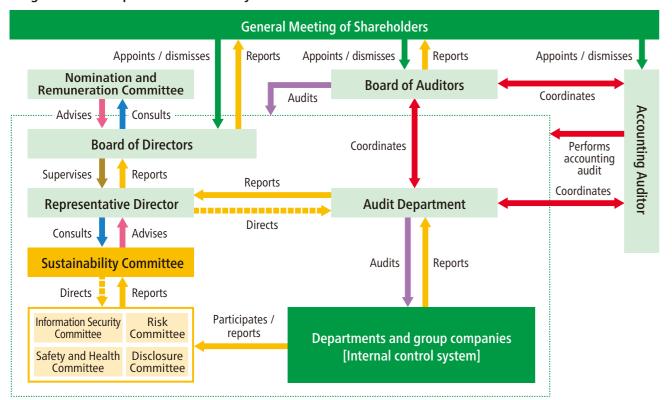


https://www.sugi-hd.co.jp/pdf/sustainability/data/cg_basic.pdf

Corporate Governance System

The Company has chosen to adopt the corporate structure of a company with a Board of Auditors. In addition to the Board of Directors, comprising seven Directors (including four External Directors),* and the Board of Auditors, we have also established a Nomination and Remuneration Committee as an advisory organization to the Board of Directors concerning the nomination and remuneration of Directors and Auditors. We have also separated the functions of decision-making and supervision of management from business execution, thus enhancing flexibility in our business execution by delegating authority to the management team except in matters to be determined by the Board of Directors in accordance with laws and regulations, the Articles of Incorporation, and internal rules.

Diagram of the Corporate Governance System



To become a company that is needed by society in collaboration with its stake-holders, the Company works to achieve sustainable growth and improve its medium- to long-term corporate value. To that end, we are improving the soundness and transparency of our management to continuously strengthen our corporate governance.

Board of Directors / Board of Auditors

Composition of the Board of Directors

The Board of Directors is diverse in terms of background, such as expertise and experience, and gender. The number of Directors is maintained at an appropriate level in accordance with the provisions of the Articles of Incorporation to ensure that the Board of Directors functions most effectively and efficiently from the following viewpoints:

- (1) Sufficient diversity for management decision-making and supervision can be secured.
- (2) The Board of Directors can engage in active discussions, including those raised by Independent External Directors.

In principle, at least one-third of the Directors must be Independent External Directors in order to leverage their extensive experience and expertise outside the Company in the management of the Company and to strengthen the supervisory function of the Board of Directors and improve management transparency.

Number of Directors	7
Number of Directors who are External Directors	4
Number of External Directors designated as independent officers	4

(As of May 27, 2025)

Composition of the Board of Auditors

The number of Auditors is as provided for in the Articles of Incorporation, and a majority of the Auditors shall be External Auditors. Persons with the insight, high ethical standards, objectivity and integrity required of Auditors are appointed. In particular, at least one person with expertise in finance, accounting and legal matters will be selected.

Number of Auditors	4
Number of Auditors who are External Auditors	3
Number of External Auditors appointed as independent officers	3

(As of May 27, 2025)

Roles of the Board of Directors

The Board of Directors aims to achieve the sustainable growth of corporate value by performing its supervisory function through highly effective corporate governance and by making the best decisions based on fair judgment and appropriately exercising its authority.

- (1) The Board of Directors makes important managerial decisions in accordance with laws, regulations, the Articles of Incorporation, and internal rules. It also supervises the execution of business.
- (2) The Board of Directors formulates management strategies and management plans based on an accurate

understanding of the Company's cost of capital, taking into consideration the management philosophy and changes in the external environment. It discloses an outline of these strategies and plans. As for the formulated management strategies and plans, the Board of Directors annually checks and analyzes the progress and, as needed, revises the business portfolio and the management resource distribution plans, including new investments, the establishment of new stores, system investments, and investments in human resource development.

- (3) The Board of Directors is proactively involved in the formulation and operation of an educational program aimed at finding and developing capable Directors and senior management for the Group, including its subsidiaries. Furthermore, based on the Group's management philosophy and strategies, the Board of Directors appropriately supervises the content of the program and subsequent development of the participants of the program through their assignment and promotion.
- (4) In accordance with laws and regulations, the Articles of Incorporation, and internal rules, the Board of Directors delegates the decision-making authority for execution of business, excluding matters to be decided by the Board of Directors, to the Representative Directors.
- (5) The attendance rate of Directors and Auditors at Board of Directors meetings shall be at least 80%.

Roles of the Board of Auditors

As an organization independent from the management team, the Board of Auditors audits the execution of duties by Directors, the internal control system, accounting, and other matters.

- (1) The Board of Auditors creates a standard for appropriate evaluation of the Accounting Auditor. The Board of Auditors evaluates the Accounting Auditor's independence and expertise once a year, based on the standard. The Board then decides on the details of proposals to the General Meeting of Shareholders concerning the Accounting Auditor's appointment or dismissal.
- (2) The Board of Auditors ensures that the External Directors have sufficient cooperation to facilitate the collection of information while maintaining their independence.
- (3) The Board of Auditors collects necessary and sufficient information to perform appropriate audits by securing the cooperation of the Internal Audit Department, the Finance and Accounting Department, the Legal Department, and other relevant departments.



Reasons for Appointment of Directors and Auditors (As of May 27, 2025)

1 Katsunori Sugiura

Representative Director & President

Date of birth: October 14, 1978 Years served as Director: 8 years

Attendance rate at Board of Directors meetings 100% (13/13 times)

Number of shares of the Company held: 453,799 shares

Mr. Katsunori Sugiura has been involved in management as Representative Director of the Company and Sugi Pharmacy Co., Ltd. while fulfilling his responsibilities by actively working on, for example, DX (digital transformation) strategies, overseas strategies, capital policies, and the promotion of the SDGs, without being constrained by conventional drugstore models, to realize a Total Healthcare Strategy designed to provide comprehensive support to customers, from the maintenance of health and prevention of disease to nursing care and terminal care. He has been reappointed based on the judgment that his management track record, broad business knowledge, leadership for sustainable improvement of corporate value, and willingness to take on the challenge of transforming drugstore models will significantly contribute to the further development and expansion of the Group.

4 Shigeyuki Kamino

Director

External Independent

Date of birth: May 23, 1947

Years served as Director: 10 years

Attendance rate at Board of Directors meetings

100% (13/13 times) Number of shares of the Company held: - shares

Mr. Shigevuki Kamino has been involved in the management of other companies for many years. Based on his extensive experience and knowledge in management, he actively provides opinions and recommendations during the deliberations of board meetings. He also serves as Chair of the Nomination and Remuneration Committee. He has been reappointed based on the judgment that he is capable of supervising Directors' execution of duties from a broad perspective on corporate management, business strategies,

and organization and human resource management.

2 Shinya Sugiura

Representative Director & Senior Vice President Date of birth: November 30, 1979

Years served as Director: 8 years

Attendance rate at Board of Directors meetings

100% (13/13 times) Number of shares of the Company held: 452,533 shares

Mr. Shinya Sugiura, as Director & Senior Vice President of the Company and Sugi Pharmacy Co., Ltd., leads the Group's sales division, and with his experience and knowledge in the healthcare business area, he has led the strategic acquisition of a major dispensing pharmacy in the industry and the post-acquisition integration process. He also performs his duties as Representative Director of SUGI Medical Co., Ltd. by promoting the healthcare and nursing care businesses. In addition, he is actively working on building an industry network by holding key positions in industry associations. He has been reappointed based on the judgment that his knowledge, experience, and network will significantly contribute to the development of the Group's core business going

5 Shiro Uchida

Director

External Independent

Date of birth: April 2, 1955 Years served as Director: 1 year

Attendance rate at Board of Directors meetings

100% (10/10 times) Number of shares of the Company held: - shares

Mr. Shiro Uchida has provided management guidance to major companies both in Japan and abroad and managed multiple companies by leveraging his professional experience as a certified public accountant in Japan and the U.S., as well as extensive experience and knowledge in management strategy and DX. He has been reappointed based on the judgment that he can be expected to supervise Directors' execution of duties from a professional perspective regarding DX, corporate management, financial affairs,

3 Eiichi Sakakibara

Director & Chairman

Date of birth: August 14, 1956 Years served as Director: 27 years

Attendance rate at Board of Directors meeting

100% (13/13 times)

Number of shares of the Company held: 459,799 shares

Mr. Eiichi Sakakibara, as Representative Director of the Company and Sugi Pharmacy Co., Ltd., has led the Group and passed on its management philosophy while fulfilling his responsibilities with his profound insights and extensive experience in the drugstore industry by actively working on, for example, creating stores and improving customer services that suit the changing lifestyles of consumers and strengthening compliance. He has been reappointed based on the judgment that his management track record, broad business knowledge, and leadership for sustainable improvement of corporate value will significantly contribute to the rther development and expansion of the Group.

6 Hideaki Takaishi

Director

External Independent

Date of birth: October 7, 1958

Years served as Director: 1 year

Attendance rate at Board of Directors meetings

100% (10/10 times)

Number of shares of the Company held: - shares Mr. Hideaki Takaishi has extensive experience and in-depth knowledge of business investment, corporate finance, and overseas business, which he gained through his many years of financial and overseas experience at a major general trading company. He also rves as an external director or auditor for major Japanese companies. He has been reappointed based on the judgment that he can be expected to supervise Directors' execution of duties from a professional perspective regarding overseas strategies, capital policies, financial strategies, risk management, M&A, etc.

7 Kaseri Oura

Director

External Independe

Date of birth: October 27, 1975

Years served as Director: 1 year

Attendance rate at Board of Directors meeting 100% (10/10 times)

Number of shares of the Company held: - shares Ms. Kaseri Oura has worked for major pharmaceutical manufacturers both in Japan and abroad and has diverse strategic perspectives as well as extensive experience and in-depth knowledge of organizational management from her many years in the global pharmaceutical industry. She has been reappointed based on the judgment that she can be expected to supervise Directors' execution of duties from a professional perspective regarding the development of healthcare strategies in collaboration with the pharma-

ceutical field, global organizational management, and corporate

9 Toshiaki Shimura

management that embraces diversity.

Full-time Auditor

External Independe

Date of birth: September 28, 1963

Years served as External Auditor: 2 years

Attendance rate at Board of Directors meetings 100% (10/10 times) Attendance rate at Board of Auditors meetings

100% (10/10 times) Number of shares of the Company held: - shares

Mr. Toshiaki Shimura has held key positions at Japanese listed companies and has extensive experience and in-depth knowledge gained from being involved in audits at Japanese and overseas companies. He has been appointed Full-time Auditor based on the judgment that he is capable of appropriately auditing the Company's business, including its expanded businesses such as DX and overseas businesses, from an objective viewpoint. Although he has not been involved in corporate management, other than serving as an external officer, we have determined that he is capa ble of appropriately executing his duties as the Company's External Auditor for the abovementioned reasons

8 Toshihiko Sakamoto

Full-time Auditor

External Independent

Date of birth: October 25, 1946

Years served as External Auditor: 13 years Attendance rate at Board of Directors meetings

100% (13/13 times)

Attendance rate at Board of Auditors meetings: 100% (13/13 times)

100% (13/13 times)

Number of shares of the Company held: 300 shares Mr. Toshihiko Sakamoto has extensive experience and knowledge of business management from his career in corporate manage ment at Japanese companies. He has also served as the Company's Auditor since May 2012 and is familiar with our business. He has been reappointed as Full-time Auditor based on the judgment that he is capable of conducting appropriate audits of the Company's business from an objective viewpoint by leveraging his profound insights concerning corporate management and knowledge of the overall management of the Company.

10 Kana Yasuda

Auditor

External Independent

Date of birth: April 10, 1969

Years served: 15 years

Attendance rate at Board of Directors meeting

100% (13/13 times) Attendance rate at Board of Auditors meetings

Number of shares of the Company held: - shares

As a certified public accountant and a tax accountant, Ms. Kana Yasuda has been engaged in a wide range of business fields, including accounting audits of companies and serving as an external auditor and director of listed companies. She has been appointed External Auditor as we expect her to conduct rigorous audits from an independent standpoint, leveraging her high level of expertise in accounting and taxes, as well as her extensive experience in legal affairs, compliance, and risk management.

11 Yoshiko Hayama

Auditor

Date of birth: October 7, 1959

Years served: 2 years

Attendance rate at Board of Directors meetings 100% (13/13 times)

Attendance rate at Board of Auditors meetings 100% (10/10 times)

Number of shares of the Company held: - shares

Ms. Yoshiko Hayama has a high level of expertise in finance and accounting as a certified public accountant and an external director and auditor of listed companies, as well as extensive experience and knowledge of legal affairs, compliance, and risk management. She has also served as the Company's Director since May 2016 and is familiar with its business. She has been appointed Auditor based on the judgment that she is capable of appropriately auditing the Company's business by leveraging her knowledge of the overall management of the Company and her high level of expertise in accounting

Career Summary of Directors and Auditors (As of May 27, 2025)

March 2006:



Katsunori Sugiura Representative **Director & President**







Representative Director &







Director & Chairman



Shigeyuki Kamino

Director





Shiro Uchida

Director





Hideaki Takaishi

Director



Kaseri Oura

Director

March 2011: March 2014: March 2017: May 2018:	Managing Director, Sugi Pharmacy Co., Ltd. Representative Director & President, SUGI Smile Co., Ltd. Representative Director & President, Sugi Pharmacy Co., Ltd. (present post) Representative Director & Senior Vice President, SUGI Holdings Co., Ltd. Presentative Director & President SUGI Holdings Co., Ltd.
May 2021: Career summa	Representative Director & President, SUGI Holdings Co., Ltd. (present post) ary
April 2004: March 2010: March 2011: March 2017: May 2017: May 2021:	Joined the Company Director, and General Manager of the Home Medical Care Division, Sugi Pharmacy Co., Ltd. Director, SUGI Medical Co., Ltd. Managing Director, Sugi Pharmacy Co., Ltd. Director, SUGI Holdings Co., Ltd. Representative Director & President, SUGI Medical Co., Ltd. (present post)

December 2021: Representative Director & President, SUGI Nursing Care Co., Ltd. March 2023: Director & Senior Vice President, Sugi Pharmacy Co., Ltd. May 2023: Director & Senior Vice President, SUGI Holdings Co., Ltd. September 2024: Representative Director & President, I&H Co., Ltd.

Representative Director & Senior Vice President, Sugi Pharmacy Co., Ltd. (present post) March 2025: Representative Director & Senior Vice President, SUGI Holdings Co., Ltd. (present post)

Career summary

September 1986: Joined the Company

Joined the Company

September 2008: Managing Director, Sugi Pharmacy Co., Ltd. March 2011: Representative Director & President, Sugi Pharmacy Co., Ltd March 2017: Representative Director & Chairman, Sugi Pharmacy Co., Ltd. May 2017: Representative Director & President, SUGI Holdings Co., Ltd. May 2021: Representative Director & Chairman, SUGI Holdings Co., Ltd. May 2025: Director & Chairman, Sugi Pharmacy Co., Ltd. (present post) May 2025: Director & Chairman, SUGI Holdings Co., Ltd. (present post)

April 1970: Joined Nagoya Railroad Co., Ltd. May 2007: Representative Director, Mie Sangyo Co., Ltd. (present post)

June 2008: Representative Director & Senior Vice President, Nagoya Railroad Co., Ltd. April 2009: Representative Director & President, MEITETSU Department Store Co., Ltd. May 2012: Chairperson, Chubu Department Store Association

May 2015: External Director, SUGI Holdings Co., Ltd. (present post)

Career summary

Joined Tokyo Office of Peat Marwick Mitchell Accounting Firm October 1980: January 1993: Partner in Charge of Japanese Companies in the U.S. at Chicago Branch, Price, Waterhouse & Co. October 1999: Director, PricewaterhouseCoopers Consulting Co., Ltd.

October 2002: Director, IBM Business Consulting Services KK. October 2005: Representative Director and President, BearingPoint Co., Ltd.

May 2009: Representative Director and President, PricewaterhouseCoopers Consultants Co., Ltd.

Representative Director and Chairman, PricewaterhouseCoopers Co., Ltd. July 2012: January 2015: Representative Director and Chairman, SAP Japan Co., Ltd. April 2022: External Director, SNK Corporation (present post)

. April 2023: President, Community Mesh Corporation (present post) External Director, SUGI Holdings Co., Ltd. (present post) May 2024: External Director, Aoyama Zaisan Networks Co., Ltd. (present post)

March 2025:

Career sum

April 1983: Joined Mitsubishi Corporation . April 2011:

General Manager, Corporate Management Department, Mitsubishi Corporation April 2012: Representative Director, Vice President, and Chief Financial Officer, IT Frontier Corporation July 2014: Vice President and Chief Administrative Officer, Tata Consultancy Services Japan, Ltd. Director and Audit and Supervisory Committee Member, Chiyoda Corporation June 2016:

Director and Executive Managing Officer, Mitsubishi Shoji Construction Materials Corporation June 2018: April 2021: External Director, Sanntsu Corporation

. June 2021: External Auditor, SystemEXE, Inc. (present post) August 2023: Full-time Auditor, Legaseed Inc. (present post) External Director, SUGI Holdings Co., Ltd. (present post) May 2024:

September 1998: Joined Kyowa Hakko U.S.A. June 2010:

Joined Bristol-Myers Squibb U.S.A. Executive Officer responsible for Research and Development Division, Bristol-Myers Squibb K.K. October 2012:

People & Business Resource Group General Manager, Bristol-Myers Squibb U.S.A. September 2019: CEO and Executive Director, Global Health Innovative Technology Fund

November 2019: Director, Tokyo American Club

September 2021: Executive General Manager, Labcorp Development Japan K.K.

(now Labcorp Laboratories Japan G.K.)

May 2022: Regular Member of Board of Overseers, Temple University Japan Campus

November 2023: Governor, American Chamber of Commerce in Japan External Director, SUGI Holdings Co., Ltd. (present post) Representative Director & President, Illumina K.K. (present post) May 2024: February 2025:



Toshihiko Sakamoto

Full-time Auditor

Career summary General Manager, Finance and General Affairs Division, Nagoya Branch, ITOCHU Corporation Representative Director & President, C&S Service Co., Ltd. October 2001:

External Independ

Full-time Auditor

Kana Yasuda

Yoshiko Hayama

Auditor

Auditor

External Independent

June 2006: June 2009: May 2012: March 2017

> Auditor, S Trading Co., Ltd. (present post), Auditor, Watanabe Trading Co., Ltd. (present post) March 2025: Career summary

May 2017:

April 1987: Joined the Fuji Bank, Limited (now Mizuho Bank, Ltd.) January 2006: Deputy General Manager, IT and Systems Division, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.) Toshiaki Shimura

Deputy General Manager, Operational Auditing Department, Mizuho Bank, Ltd. October 2014: Manager, Internal Audit Office, Foster Electric Company, Ltd. April 2022: Auditor, SUGI Holdings Co., Ltd. (present post) May 2024:

Full-time Auditor, SUGI Holdings Co., Ltd. (present post)

Career summary

October 1993: Joined KPMG Century Audit Corporation (now Ernst & Young ShinNihon LLC)

Registered as a Certified Public Accountant Anril 1997. Established Yasuda Tax & Accountant Office, Director (present post) March 2000:

Registered as a Certified Tax Accountant March 2004:

Auditor, SUĞI Holdings Co., Ltd.

: External Auditor, Shinpo Co., Ltd. September 2009 May 2010:

Auditor, SUGI Holdings Co., Ltd. (present post) External Director, GEO HOLDINGS CORPORATION (present post) June 2016: June 2019: External Director, Chuo Spring Co., Ltd. (present post)

External Director (Member of Audit and Supervisory Committee), KONDOTEC INC. (present post) June 2020:

Senior Managing Director in charge of human resources, finance and accounting and information systems, ITOCHU Sugar Co., Ltd.

Auditor, Sugi Pharmacy Co., Ltd. (present post), Auditor, SUGI Medical Co., Ltd. (present post)

September 2021: External Director, The Monogatari Corporation (present post)

Career summary

April 1983: Joined the Fuji Bank, Limited (now Mizuho Bank, Ltd.) October 1990: Joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC) March 1994: Registered as a Certified Public Accountant

January 2007: Joined ShinNihon Audit Corporation (now Ernst & Young ShinNihon LLC) January 2015: Representative, Yoshiko Hayama Certified Public Accountant Office (present post)

May 2016: Director, SUGI Holdings Co., Ltd. August 2016: Fellow Member, The Japanese Institute of Certified Public Accountants (present post)

May 2018: External Auditor, Adastria Co., Ltd.

June 2020: External Director, Zensho Holdings Co., Ltd. May 2023: External Auditor, BELLSYSTEM24 Holdings, Inc. (present post)

May 2024: Auditor, SUGI Holdings Co., Ltd. (present post)

June 2024: External Director (Member of Audit and Supervisory Committee), NIPPN Corporation (present post)

Skills Matrix

	Name	Corporate management	Business strategies	Human resources	Legal affairs and risk management	Finance and accounting	Healthcare	Digital transformation	Overseas operations
	Katsunori Sugiura	•	•	•			•	•	•
	Shinya Sugiura	•	•	•			•		
D.	Eiichi Sakakibara	•	•	•	•		•		
Director	Shigeyuki Kamino	•	•	•					
Ŷ.	Shiro Uchida	•	•	•	•	•		•	•
	Hideaki Takaishi	•	•		•	•		•	•
	Kaseri Oura	•	•	•			•		•
	Toshihiko Sakamoto				•	•			
Auc	Toshiaki Shimura				•	•			
Auditor	Kana Yasuda				•	•			
7	Yoshiko Hayama				•	•			

Training (of officers, including those of major subsidiaries)

We provide ongoing opportunities for External Directors and External Auditors to learn about our management philosophy, management plans, business details, finance, organization, and more. When a new Director, Auditor, or Director of a major subsidiary assumes office, we provide training programs on relevant laws, finances, corporate governance and risk management. After they take office, we continuously provide or mediate training opportunities according to their responsibilities, capabilities and experience, and we offer them financial support for the costs.

Training programs (to date)

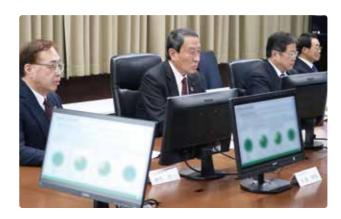
Domestic and overseas economic conditions	Marketing			
Capital market trends Legal affairs and corporate gover				
Medical system trends	Corporate Governance Code			
Sustainability management	Compliance training			
ESG	Risk management			
Management strategies	Organization and HR management and leadership			
Management and finance	Digital transformation			

Effectiveness Evaluation of the Board of Directors

Effectiveness evaluation of the Board of Directors

For the purpose of securing further effectiveness and improving the functions of the Board of Directors, we implement an effectiveness evaluation of the Board of Directors. Specifically, we conduct a written and oral self-evaluation questionnaire survey of all the Directors and Auditors concerning the effectiveness of the Board of Directors in terms of its structure, operation, agenda items, and the system that supports it, as well as management strategies and challenges.

Based on the results of the survey, we share the evaluation results of the current situation and the challenges with the Board of Directors and hold constructive discussions on future initiatives.



Outline of evaluation results (for the fiscal year ended February 2025) and future initiatives

The increase in External Directors and Auditors on the Board of Directors has led to greater diversity and improved the Board's effectiveness. The Board monitors annual policies and medium-term management plans and holds sufficient discussions on important agenda items, such as M&As and alliances.

In the future, we will work to further improve the effectiveness of the Board of Directors by reviewing the agendas at Board of Directors meetings to increase the number of important agenda items, such as healthcare, DX, overseas, ESG, and capital cost.

1. Regarding the composition of the Board of Directors

The increase in External Directors and Auditors has led to greater diversity in terms of professional knowledge, experience and skills. The Board now consists of individuals who can contribute to frank, active and constructive discussions.

We can continue to expect expertise and diversity, as well as constructive and fruitful discussions going forward.



2. Regarding the operation of the Board of Directors

Board of Directors meetings are effectively and efficiently operated as any materials to be submitted to the Board of Directors are sent in advance and important agenda items are explained beforehand to board members.

We will continue to run the Board of Directors systematically according to the annual schedule of Board of Directors meetings. We will also continue to hold effective and efficient meetings by scheduling them appropriately and allocating time according to the importance of the agenda item.

3. Regarding the agenda items of the Board of Directors

The agenda items for Board of Directors meetings are appropriately selected as the direction of corporate strategies and the medium-term management plan are shared with the Board of Directors, and the scope of delegation to the management team, including executive officers, is clearly defined.

Going forward, in order to further enhance discussions of important agenda items, we will review the annual agenda of the Board of Directors and consider prioritizing items based on urgency and importance.

4. Regarding the support system for the Board of Directors

Directors and Auditors are provided with appropriate opportunities to hold meetings with external officers and Directors/executive officers for the purpose of enhancing the effectiveness of the Board.

Going forward, we will consider holding regular meetings for external officers only or meetings between external officers and internal senior management to allow external officers to deepen their understanding of the Group's philosophy and management strategies.

Regarding the self-evaluation by Directors and Auditors

The results of self-evaluation by Directors and Auditors indicate that they have been able to update information through site visits and exchange meetings with other external officers, as well as to express their opinions based on their own experience and professional knowledge.

The Directors and Auditors will continue to make self-improvement efforts in order to demonstrate their experience and knowledge.

6. Regarding management strategies and issues

Management strategies and issues with awareness of capital cost and stock price are shared appropriately, and discussions on important matters such as M&A and alliances are held.

Going forward, we will further enhance discussions on growth strategies with awareness of capital cost and stock price, business portfolio rebalancing, management resource allocation (store, systems, investment in human resources), and matters including healthcare, DX, overseas, and ESG.



Appointment of Executive Officers

The Company's Board of Directors has resolved to appoint Executive Officers.

1. Overview of the executive officer system

- ① Executive Officers are delegated the authority to execute business operations based on business policies decided by the Board of Directors and are responsible for business execution under the supervision of the Board of Directors.
- ② Executive Officers are appointed or dismissed by resolution of the Board of Directors.
- ③ The term of office of Executive Officers shall be one year, and reappointment shall not be precluded.

2. Executive officer structure

Position	Name
Executive Officer In charge of corporate planning and finance	Makoto Kasai
Executive Officer In charge of human resources, administration, and risk management	Shigeki Mori
Executive Officer In charge of SCM, DX, and corporate branding	Kazuya Morinaga
Executive Officer In charge of overseas business	Tsuyoshi Yamamoto
Executive Officer In charge of medical care and prescription dispensing	Satoshi Kubo
Executive Officer In charge of products	Tomohiro Shiraishi

Matters concerning independent officers

In order to ensure the objectivity and transparency that are necessary for the appropriate governance of the Company, the Company has established independence criteria for its external officers (meaning External Directors and External Auditors, including their candidates) shown below. If an external officer satisfies all of the following items, he or she is deemed to be sufficiently independent from the Company:

- 1. The officer in question does not currently serve as an executive personnel (Note 1) at the Company or any of its subsidiaries and associates (hereinafter collectively referred to as the "Group") and has not served in such a capacity during the period of 10 years immediately before assuming office.
- 2. The officer in question is neither a person whose major business partners include the Group (Note 2), nor an executive personnel of such person.
- 3. The officer in question is neither a major business partner of the Group (Note 3), nor an executive personnel of such business partner.
- 4. The officer in question is neither a major shareholder of the Company who directly or indirectly holds 10% or more of the total voting rights of the Company, nor an executive personnel of such shareholder.
- 5. The officer in question is not an executive person of a company in which the Group directly or indirectly holds 10% or more of the total voting rights.
- 6. The officer in question is not a consultant, accounting expert (such as a certified public accountant), or legal expert (such as a lawyer) who receives a significant amount of money or other property (Note 4) from the Group in addition to officer remuneration. If such a person is a legal entity, partnership, or other organization, any persons belonging to the organization are included.
- 7. The officer in question is not a person who receives a significant amount of money or other property (Note 4) from the Group in the form of donations.
- If such a person is a legal entity, partnership, or other organization, any persons belonging to the organization are included.
- 8. The officer in question is not an accounting auditor of the Company. If the accounting auditor is a legal entity, partnership, or other organization, any persons belonging to the organization are included.
- 9. The officer in questions is not a person who has fallen under any of 2. through 8. above anytime during the last five years.
- 10. No close relative (Note 5) of the officer in question falls under 2. through 8. above (limited to key executive personnel (Note 6), except for 6. and 8.).

11. The officer in question is not an executive person of another company with which the Company has a relationship in which external officers are mutually appointed (Note 7).

Notes:

- 1. "Executive personnel" refers to individuals in the following positions: executive directors, corporate officers, executive officers, and employees responsible for executing business operations in a joint-stock company; directors or equivalent officers of legal entities or organizations other than companies; and employees or other similar persons of legal entities or organizations, including companies.
- 2. A "person whose major business partners include the Group" refers to a person who falls under any of the persons listed below:
- A business partner group (meaning a person who belongs to a consolidated group to which a direct business partner belongs; hereinafter the same shall apply) that is providing products or services to the Group and whose amount of transactions with the Company for the most recent fiscal year was 10 million yen or more and exceeded 2% of the business partner group's consolidated net sales or total revenue
- A business partner group to which the Group owes a liability of 10 million yen or more in total at the end of the most recent fiscal year and exceeding 2% of the business partner group's consolidated total assets at the end of the same fiscal year
- 3. A "major business partner of the Group" is a person who falls under any of the persons listed below:
- A business partner group to which the Group provides products or services and whose amount of transactions with the Company for the most recent fiscal year was 10 million yen or more and exceeded 2% of the Company's consolidated net sales
- A business partner group that owes to the Group a liability of 10 million yen or more in total at the end of the most recent fiscal year and exceeding 2% of the Company's consolidated total assets at the end of the same fiscal year
- A financial institution group (meaning a person who belongs to a consolidated group to which a direct lender belongs) from which the Group has borrowings and from which, at the end of the most recent fiscal year, the Company has a total borrowing exceeding 2% of the Company's consolidated total assets at the end of the same fiscal year
- 4. A "significant amount of money or other property" means 10 million yen or more in total for the most recent fiscal year if it refers to an individual. If it refers to a legal entity, partnership, or other organization, it means an amount equivalent in total to more than 2% of consolidated total assets of the legal entity, partnership, or other organization at the end of the most recent fiscal year.
- 5. A "close relative" means a spouse or a relative within the second degree of kinship.
- 6. "Key executive personnel" means executive personnel who holds a position that is equivalent to or above the position of director, corporate officer, executive officer, or general manager of a division/department or executive personnel with equivalent authority.
- 7. "Mutually appointed" means a relationship in which an executive person of the Company serves as an external officer of another company while an executive person of the other company serves as an external officer of the Company.

Remuneration of Directors and Auditors

Policy for determining the contents of remunerations of individual Directors

After a draft proposal is deliberated by the Nomination and Remuneration Committee, the majority of which are independent external officers, a policy for determining the details of remuneration of individual Directors is approved by the Board of Directors. The Board of Directors has determined that the remuneration of individual Directors for FY 2024 is in line with the determination policy mentioned above, as the method of determining the details of remuneration and the details of remuneration determined have been determined after being deliberated by the Nomination and Remuneration Committee in accordance with the determination policy approved by the Board of Directors.

Basic policy

A base amount of Director remuneration has been established for each position. The designing of this amount was based on the remuneration levels of industry peers and companies in other industries, using remuneration data from external professional organizations and published data. Specifically, our basic policy is to ensure that the remuneration of Directors other than External Directors functions as an incentive for them to pursue sustainable improvement of the Company's corporate value by adopting a remuneration package that includes performance-based remuneration based on the financial results of the Company for each fiscal year and non-monetary remuneration (restricted stock), as well as fixed remuneration. Meanwhile, the remuneration of External Directors consists only of fixed remuneration in view of their roles and independence.

The remuneration of Auditors consists only of fixed remuneration (monthly fixed remuneration), which is deliberated by the Nomination and Remuneration Committee and determined through discussions within the Board of Auditors within the limit of remuneration approved at the General Meeting of Shareholders.

■ Policy for determining the amount of fixed remuneration (monetary remuneration) of individual Directors

The fixed remuneration of the Company's Directors is monthly fixed remuneration and is determined in accordance with each individual's position, contribution, etc., and in comprehensive consideration of the levels of salaries and other remuneration of the Company's employees as well as public standards.

■ Policy for determining the details and the calculation method of the amount or the quantity of performance-based remuneration

Performance-based remuneration is paid in cash. Its amount is determined in accordance with the degree of achievement of the consolidated operating income budget for each fiscal year and based on the base amount established for each position after adjusting the amount for each Director's contribution in the fiscal year. Any performance-based remuneration is paid at the same time each year. We have chosen consolidated operating income as the indicator for performance-based remuneration because we recognize the importance of improving motivation to pursue profit in our core business.

■ Policy for determining the details and the amount or quantity or the calculation method thereof of non-monetary remuneration

Non-monetary remuneration is provided in the form of restricted stock to the Company's Directors other than External Directors for the purpose of providing them with an incentive to achieve sustainable growth of the Company's corporate value and to promote further value sharing with shareholders. Restricted stock is granted in exchange for contribution in kind of monetary remuneration claims determined based on the base amount established for each position within the upper limit on such remuneration approved at the General Meeting of Shareholders. The timing of the grant shall be determined as necessary by the Board of Directors in comprehensive consideration of the composition of the Board of Directors, the purpose of restricted stock as an incentive, the management conditions of the Company, and any other relevant matters.

In principle, the restricted period for restricted stock is the time until such Directors resign or retire from their positions as officers or employees of the Company or its subsidiaries, as specified in advance by the Company's Board of Directors.

■ Policy for determining the ratio of the amounts of monetary remuneration, performance-based remuneration, and non-monetary remuneration to the amount of remuneration of individual Directors

The Company has established the Nomination and Remuneration Committee as a voluntary advisory body to ensure objectivity and transparency concerning the remuneration for Directors. The percentage of each component of Director remuneration is determined by the Nomination and Remuneration Committee after examining the remuneration of companies of a similar scale in the same industry and considering the Company's financial results each time such remuneration is paid.

■ Matters concerning the delegation of decisions regarding the remuneration of individual Directors

The determination of the specific amount of remuneration for each Director is delegated to Representative Director & President Katsunori Sugiura by resolution of the Board of Directors. The Representative Director & President determines the amounts of fixed and performance-based remuneration within the limit of remuneration approved at the General Meeting of Shareholders.

Fact Data

In order to ensure that the authority delegated as described above is exercised properly, the Representative Director & President respects the deliberation of the Nomination and Remuneration Committee, the majority of which consists of independent external officers, in determining the specific amount of remuneration for each Director.

The reason for delegating the above authority to the Representative Director & President is that the Representative Director & President is the most knowledgeable about the Company's management situation, is best suited to evaluate each Director's areas of responsibility and job responsibilities while examining the Company's environment and overall performance, and is able to determine the amount of remuneration for each Director in a comprehensive manner.

Regarding restricted stock as non-monetary remuneration, the number of shares allotted to each Director and other necessary matters are determined by the Board of Directors based on the deliberation results of the Nomination and Remuneration Committee.

Total amount of remuneration for the current fiscal year

SUGI Pharmacy Group's Value Creation Story

Total amount Total amount by type (millions of yen)					Number of	
Category	(millions of yen)	Fixed remuneration	Performance-based remuneration	Non-monetary remuneration	persons paid	
Directors (portion of External	216	146	62	7	8	
Directors)	(33)	(33)	(-)	(–)	(5)	
Auditors (portion of External	30	30	_	-	5	
Auditors)	(25)	(25)	(-)	(-)	(4)	
Total (portion of	246	176	62	7	13	
external officers)	(59)	(59)	(-)	(-)	(9)	

Notes: 1. The total amount of remuneration paid to Directors excludes the portion of employee salary of Directors who concurrently serve as employees.

- 2. The upper limit on remuneration for Directors was resolved at 400 million yen per year (not including salaries received as employees) at the 25th Ordinary General Meeting of Shareholders held on May 24, 2007. At the time of the resolution, the number of Directors was 12
- In addition to the aforementioned amount of remuneration, the total amount of monetary remuneration claims provided as restricted stock remuneration to Directors (excluding External Directors) was resolved to be within 80 million yen per year (not including salaries received as employees) and the total number of shares of common stock to be issued or disposed of was resolved to be within 10,000 per year at the 40th Ordinary General Meeting of Shareholders held on May 20, 2022. At the time of the resolution, the number of Directors (excluding External Directors) was 3.
- 3. The upper limit on remuneration of Auditors was resolved at 50 million yen per year at the 42nd Ordinary General Meeting of Shareholders held on May 21, 2024. At the time of the resolution, the number of Auditors was 4.
- 4. The non-monetary remuneration consists of the shares of the Company, and the terms and conditions of allotment are as stated in the "Policy for determining the contents of remunerations of individual Directors" above.

Relationship with Shareholders

Securing shareholders' rights

We are determined to act appropriately and treat all shareholders, including minority shareholders and foreign shareholders, equally according to the number of shares they hold. We also strive to secure shareholders' rights, as represented by the exercise of voting rights at the General Meeting of Shareholders.

In cases where we are to implement a capital policy that may result in a change of control or a large-scale dilution, we will resolve the matter by fully discussing the necessity and rationality at the Board of Directors meeting before providing sufficient explanation to shareholders from the perspectives of fulfilling fiduciary duties for shareholders.

Constructive dialogues with shareholders and investors

We endeavor to improve medium- to long-term corporate value through constructive dialogues with shareholders and investors.

- (1) We will work to enhance our IR activities to help shareholders and investors understand our management philosophy, strategy, and plans, as well as our financial strategy and performance and views on sustainability.
- (2) The Representative Director & President will supervise all aspects of dialogue, and consultation will be provided by the relevant departments, if necessary.
- (3) As for one-on-one meetings with shareholders and investors, the IR department will serve as the contact point, and the matter will be appropriately handled within a reasonable scope based on the requests of shareholders and investors and the purpose of the meeting.
- (4) In order to encourage constructive dialogues with shareholders and investors, the IR department and other related departments will periodically exchange opinions and share information based on their professional viewpoints and respond to matters in cooperation with each other.

- (5) Any useful opinions or requests obtained from dialogues with shareholders and investors will be provided to the Board of Directors, etc. as necessary.
- (6) The composition of shareholders will be checked periodically, based on which communication will be improved in an appropriate manner suited to the shareholders and investors.
- (7) When engaging in dialogue with shareholders and investors, we will comply with laws, regulations, and other related rules, and we will properly manage insider information.

Cross-shareholdings

Policy on acquisition and shareholding

- (1) In principle, we do not engage in cross-shareholding except when strategically important collaborations and the maintenance and development of business relationships are permitted to improve corporate value.
- (2) The rationale for holding shares will be verified periodically and confirmed annually by the Board of Directors. A summary of the verification results will be disclosed. We will gradually sell any shares whose holding purpose is no longer significant. This process will take into consideration the status of the relevant issuer.
- (3) As for the exercise of voting rights for the shares held, we will make a comprehensive judgment by determining whether each proposal contributes to enhancing our medium- to long-term corporate value while respecting the management policy of the relevant issuer.
- (4) We will not engage in any transaction with a company that holds our shares if the transaction is not economically rational. If such a company expresses the intention to sell our shares, we will not try to prevent it from doing so.

■ Verification results by the Board of Directors

The Board of Directors examines each cross-shareholding to confirm the significance of the Company's current holdings.

Status of dialogues with investors		FY 2023	FY 2024
Results presentation for institutional investors and analysts (1H and full-year)	2	2	2
Small meetings on financial results for institutional investors and analysts	27	31	23
Conference hosted by securities companies	5	5	4
One-on-one meetings with institutional investors (face-to-face or via conference call)	166	180	208

Disclosure

We appropriately disclose information on a timely basis in compliance with laws, regulations, and related rules to realize fair and highly transparent management.

- (1) We will proactively disclose both financial and non-financial information if such information is considered useful for shareholders and other stakeholders to deepen their understanding of the Company.
- (2) Disclosure will be made in a way that makes it easily accessible to shareholders and other stakeholders.
- (3) From the perspective of information disclosure to overseas

investors, in particular, we prepare and publish English-language materials on the SUGI Pharmacy Group website concerning the company profile, management strategy, medium-term management plan, budget, earnings trend, notice of convocation of the General Meeting of Shareholders, corporate governance basic policy, and ESG.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established to increase transparency and objectivity in the selection of Director and Auditor candidates and in the deliberation process concerning the remuneration system for Directors and Auditors.

- (1) The Nomination and Remuneration Committee consists of at least three members, the majority of whom are external officers (External Directors and External Auditors).
- (2) Members of the Nomination and Remuneration Committee are appointed by resolution of the Board of Directors.
- (3) Based on consultations posed by the Board of Directors or the Board of Auditors, the Nomination and Remuneration Committee deliberates the following matters concerning the nomination of Directors and Auditors of each group company.
 - (a) Matters concerning the election of Director and Auditor candidates to be submitted to the General Meeting of Shareholders
- (b) Matters concerning the policy and standards related to the election of Director and Auditor candidates

- (c) Other matters for which consultation was posed by the Board of Directors or the Board of Auditors
- (4) Based on consultations posed by the Board of Directors or the Board of Auditors, the Nomination and Remuneration Committee deliberates the following matters concerning the remuneration for Directors and Auditors within the scope of the remuneration system and the maximum remuneration approved at the General Meeting of Shareholders.
- (a) Matters concerning the individual remuneration for Directors and Auditors
- (b) Matters concerning changes to the remuneration system and levels for Directors and Auditors
- (c) Other matters for which consultation was posed by or that were delegated by the Board of Directors or the Board of Auditors

Establishment of the Sustainability Committee

With the aim of promoting sustainability management, we have established the Sustainability Committee as an advisory body to the Representative Director & President.

- 1 The Sustainability Committee discusses the sustainability strategy and initiatives for the entire Group and submits a report and recommendation to the Representative Director & President.
- 2 The Risk Committee and the Information Security Committee have been established within the Sustainability Committee as the bodies that manage relevant risks and perform tasks assigned by the Sustainability Committee.

Functions of Each Committee

Committee	Functions
Sustainability Committee	The Committee discusses matters concerning the SUGI Pharmacy Group's contribution to sustainable societal and economic development through its business activities and the creation of shared value with society. The Committee supervises risk management, information security, employee safety and health, and information disclosure to ensure that the SUGI Pharmacy Group achieves sustainable growth.
Risk Committee	The Committee discusses matters concerning various risks to the operation of the entire SUGI Pharmacy Group (changes in the business environment, compliance, information management, etc.), as well as raising awareness and providing education about risk management.
Information Security Committee	The Committee discusses matters concerning the continuous enhancement and improvement of information security measures for the entire SUGI Pharmacy Group, as well as raising awareness and providing education about information security.
Safety and Health Committee	The Committee discusses matters related to preventing occupational injuries, securing employee safety and health, and developing a comfortable workplace environment throughout the SUGI Pharmacy Group. It also raises awareness and provides education about safety and health.
Disclosure Committee	The Committee discusses the transparency, timeliness, fairness, and continuity of information, as well as the consistency of disclosure contents in the SUGI Pharmacy Group's statutory disclosures under the Financial Instruments and Exchange Act and the Companies Act; its timely disclosures under the rules of financial instruments exchanges; its important voluntary disclosures; and its other reports containing non-financial information, such as ESG information.

Risk Management

To ensure sound, transparent, and efficient management, the Board of Directors improves systems related to compliance, financial reporting appropriateness, risk management, and other matters so that the internal control system functions effectively from a group management perspective. The Board also supervises the operation of these systems while utilizing the Internal Audit Department. To enhance the precision of internal controls, efforts are made to minimize managerial risks by documenting and monitoring the details of each group company's business operations, assumed risks, and countermeasures.

The Representative Director & President has established the Risk Committee and the Information Security Committee within the Sustainability Committee to control high-risk management areas, thus ensuring swift improvement of relevant business operations and prevention of accidents.

The Risk Committee prevents risks from materializing by identifying and assessing grave corporate management risks, such as business strategies, natural disasters, and infectious diseases, and taking action in advance. In the event of a crisis, we have a system in place to act quickly and appropriately by establishing a separate emergency task force.

Main examples of risks to be managed

	Ris	k	Main examples of risks
1.	1-1	Business environment	 Intensified competition with industry peers or different industries Industrial consolidation or oligopoly through large-scale M&A
Risks concerning business strategies	1-2	Applicable laws and regulations	Drastic reduction in drug prices or dispensing fees Revision of related taxation or accounting standards
-	1-3	Investments	● Failure in new store investment ● Failure in M&A investment
2. Risks relating to	2-1	Large-scale disasters	 Stagnation of economic activities Suspension of business activities due to damage to stores, offices, systems or employees Damage to assets and incurring of repair costs
natural disasters, infectious	2-2	Climate change	 Damage to stores or facilities due to typhoons, heavy rains, etc. Introduction of carbon tax, etc. due to tightening of regulations
diseases, etc.	2-3	Infectious diseases	 Stagnation of economic activities Self-restraint or suspension of sales activities at stores Suspension of business activities due to infection of employees
	3-1	Fraud and accidents	 Serious dispensing error Fraudulent activity by an officer or employee Defective product, mixing of foreign substance, inappropriate labeling
3. Risks relating to	3-2	Information security	System failure due to accident or defect Unauthorized intrusion from outside, unauthorized access, or virus infection Leakage of customer information
corporate management	3-3	Human rights	 Deterioration of work environment or safety and health Human rights violation (harassment, discriminatory practice, etc.)
	3-4	Human assets	Shortage of managerial human resources Intensified competition for hiring human resources
	3-5	Supply chain	 Human rights or environmental issues concerning the supply chain Change in purchase price

Internal reporting system

To prevent and correct organizational or personal violations of laws and regulations, or fraud, the SUGI Pharmacy Group has established a compliance consultation channel where employees can seek consultation anonymously.

The whistleblowing system operates in accordance with our internal rules. Reporting channels have been established within the Group and at external law firms. In order to prohibit disadvantageous treatment of informants and increase the recognition and understanding of the abovementioned system, we ensure that the system's contact information is displayed at our stores and offices and also distribute the Compliance and Disaster Countermeasure Pocket Book. Through such promotional activities, we endeavor to establish a sound reporting system.

The internal reporting system was renamed the "Workplace Concerns Consultation Hotline" in FY 2021 to create an environment where employees feel able to use it more freely.

Personal information protection and enhanced information security

The SUGI Pharmacy Group works to strengthen personal information protection and information security to protect and prevent the leakage of personal, customer, and confidential information.

By establishing the Information Security Basic Policy, the Group implements various measures to prevent unauthorized access from outside, virus infection, and data leakage. At the same time, we work to strengthen information security systems and educate employees.

Reinforcement of information security systems and education



- Establishment of the Information Security Basic Policy
- Informing employees of the Information Security Basic Policy and providing relevant education
 Obtaining certification from an external
- Obtaining certification from an external organization (ISMS)

Prevention of unauthorized access from outside



- Installation of firewalls
- Implementing defense against unauthorized intrusion from websites
- Preventing the receipt of virus-infected emails

Prevention of virus infection



- Introduction of anti-virus software
- Application of security patches
 Restricting communications with and browsing of websites

Prevention of data leakage



- Prohibiting connection of PCs with external devices
- Restricting access to customer information
 Installation of security rooms and security cameras
- Preserving logs of PC operations and email transmission to strengthen the ability to investigate in the case of leakage and to secure tracking trails

Information Security Basic Policy

The SUGI Pharmacy Group promotes business management that contributes to society by making effective use of assets and resources borrowed from society (people, goods, money, information, etc.) and continuing to provide benefits to society.

To this end, we recognize that it is our top priority management issue to strengthen the information security of the entire Group by protecting our customers' personal information and other information assets we hold from various threats, including unauthorized access and cyberattacks. Based on this concept, the Group has established

the Information Security Basic Policy.

Going forward, we will endeavor to maintain and improve information security through compliance with and proper handling of the above policy and the "Handling of Personal Information (Privacy Policy)" by our officers and employees.

The Information Security Basic Policy can be accessed from here.



https://www.sugi-hd.co.jp/privacypolicy#security

Compliance with requirements for information security management systems

The SUGI Pharmacy Group complies with the requirements of the ISO 27001 standard for the operations below. The Group will strive to strengthen and upgrade its responses in the areas of personal information protection and information security, appropriately receiving examinations by external organizations.

- (i) Specific health guidance business
- (ii) Managing the information of point card members, responding to incoming calls, maintaining incoming call records
- (iii) Customer data analysis and operations related to sales promotion and advertising
- (iv) Personnel placement and temporary staffing, human resource consulting

ISO/IEC 27001

JQA-IM1736 JQA-IM1863 JQA-IM1978 JQA-IM2081 Certification registration number: JQA-IM1736 Registered business operator: Sugi Wellness Co., Ltd.

Scope of registered activities: Development and provision of health guidance service and information provision service based on healthcare data

Certification registration number: JQA-IM1863

Registered business operator: Customer Support Office

Scope of registered activities: Responding to incoming calls and maintaining incoming call records Managing the registration of and changes in point card members

Certification registration number: JQA-IM1978

Registered business operator: Product Headquarters (Product Management Department)* and DX Strategy Headquarters (Digital Marketing Department), Sugi Pharmacy Co., Ltd.

Scope of registered activities: Operations concerning CRM strategies and analysis using the Company's own media Operations concerning sales promotion, advertising, and planning and implementation management of various measures and campaigns in the digital domain

Certification registration number: JQA-IM2081

Registered business operator: MCS Co., Ltd.

Scope of registered activities: Paid placement and temporary staffing

Consulting services, including studies of human resources issues, implementation of countermeasures, and follow-up

*As of the end of February 2025

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The data on this page covers the Company and its major group companies. It is based on each company's aggregation standards. Since these standards vary within the Group, the figures may differ from a simple aggregation. *1: Since the beginning of the fiscal year ended February 28, 2023, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance (hereinafter, "Accounting Standard, etc."). Therefore, the figures stated for FY 2022 and later years are calculated after applying the Accounting Standard, etc. For this reason, year-on-year percentage changes are not presented for FY 2022. *2: On March 1, 2024, we conducted a 3-for-1 stock split of common stock. Net assets per share and net income per share have been calculated assuming that the stock split was conducted at the beginning of FY 2020.

SUGI Pharmacy Group's Value Creation Story Organ

zations and Business Operations to Proceed with the Strategy Consolidation of the Value Creation Foundar Commitment to Issues of Materiality

Fact Data

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Non-financial Indices

Some non-financial data is shown as "-" since data is only available from the fiscal year in which statistics began to be collected.

	FY 2021	FY 2022	FY 2023	FY 2024
Figures representing the Company				
Number of stores	1,483	1,565	1,718	2,185
Number of new stores	112	107	144	130
Year-end total square meters of sales floor (m²)	915,322	963,270	1,025,379	1,089,543
Numbers relating to customer base*1				
Number of visitors per year	339,909,390	345,818,315	347,401,865	372,709,302
Number of visitors per year: Merchandising	330,838,009	335,822,636	336,258,041	360,495,693
Number of visitors per year: Prescription dispensing	9,071,381	9,887,529	11,143,824	12,213,609
Number of SUGI Pharmacy point members	19,414,675	20,838,945	22,232,080	23,769,624
Number of SUGI Pharmacy app downloads	8,331,741	10,442,740	12,017,141	13,788,195
Number of Family Pharmacy app downloads	368,644	622,034	950,695	1,224,506
Numbers relating to prescription dispensing				
Number of prescription dispensing pharmacies	1,166	1,220	1,283	1,699
Percentage of prescription dispensing stores (%)*1	85.5	84.4	81.8	79.9
Number of home-visit prescription dispensing centers		28	43	53
Number of prescriptions filled (thousand sheets)	11,730	12,913	14,759	19,564
Number of health support pharmacies	16	14	14	49
Local alliance pharmacies	39	46	21	59
Pharmacies allied with specialized medical institutions	2	3	3	9
Percentage of prescription dispensing of drugs that require specimanagement (%)*1*2	al 2.4	2.2	2.1	2.0
Numbers relating to function updates for an aging society*1				
Number of stores providing home-visit prescription dispensing se	rvices 556	565	601	634
Total number of customers who used home-visit prescription dispensing services (annual)	160,411	176,037	189,109	204,996
Number of home-visit nursing stations	13	14	16	17
Total number of customers who used home-visit nursing services (annual)	17,913	18,847	17,291	17,960
Numbers relating to private brands*1				
Percentage of private brand sales (%)	8.6	9.6	9.9	10.8
Percentage of eco-friendly private brand products (%)*3	10.2	12.2	14.4	15.6
Numbers relating to the supply chain*1				
Number of private brand contract manufacturers that conducted plachecks (cumulative)	nt 11	51	113	164

^{*1:} The figures for this category apply only to the Sugi Pharmacy business. (The data on this page covers the Company and its major group companies. It is based on each company's aggregation standards. Since these standards vary within the Group, the figures may differ from a simple aggregation.) *2: The ratio of drugs requiring special management (narcotics, raw materials for stimulants, psychotropic drugs, and toxic substances) to the total number of drugs dispensed. *3: The ratio of eco-friendly products to the total number of private brand products.

share and net income per share have been calculated assuming that the stock split was conducted at the beginning of FY 2020.

	FY 2021	FY 2022	FY 2023	FY 2024
Numbers relating to contribution to the enhancement of comm	unity safety a	nd security (cu	mulative)*1	
Total number of agreements	75	84	100	159
Comprehensive agreements	19	26	39	44
Watching-over agreements	10	11	11	11
Disaster risk reduction agreements	38	39	42	96
Agreements on the environment, etc.	8	8	8	8
Total number of AEDs donated to facilities for senior citizens	217	255	298	334
Total number of stores where AEDs are installed	180	231	282	336
Total number of first-aid kits donated to local governments, etc.	962	1,068	1,744	1,964
Numbers relating to employees				
Number of full-time employees	7,308	7,727	8,724	11,820
Men	3,804	4,016	4,546	5,429
Women	3,504	3,711	4,178	6,391
Percentage of women (%)	47.9	48.0	47.8	54.0
Employees working in Japan	-	7,727	8,724	9,417
Number of partner employees (converted into the number of 8-hour workers)	11,770	11,692	12,990	14,075
Percentage of partner employees (converted into the number of 8-hour workers) (%)	61.7	60.2	59.8	54.4
Number of new graduates hired	727	533	372	554
Men	245	176	157	213
Women	482	357	215	341
Number of mid-career hires	402	389	983	894
Men	213	207	470	413
Women	189	182	513	481
Number of pharmacists	3,390	3,688	4,021	4,820
Number of registered pharmaceutical distributors	9,704	9,019	10,029	10,546
Number of registered dietitians	498	501	468	564
Number of nurses	87	105	113	128
Number of beauty advisors	1,214	1,268	1,222	1,142
Average annual salary of full-time employees (thousand yen)*1	5,259	5,391	5,412	5,593
Men	5,947	5,894	5,982	6,182
Women	4,283	4,782	4,733	4,890
Numbers relating to human resource development*1				
Number of participants enrolled in dementia supporter courses	10,284	11,239	12,578	12,722
Training costs for full-time employees (million yen)	307	652	500	660
Compliance training attendance ratio (%)	100.0	100.0	100.0	100.0

^{*1:} The figures for this category apply only to the Sugi Pharmacy business. (The data on this page covers the Company and its major group companies. It is based on each company's aggregation standards. Since these standards vary within the Group, the figures may differ from a simple aggregation.)

FY	2021	FY 2022	FY 2023	FY 2024
Numbers relating to diversity and work style				
Number of managers	2,126	2,169	2,321	2,533
Men	1,768	1,854	2,020	2,181
Women	358	315	301	352
Percentage of female managers (%)	16.8	14.5	13.0	13.9
Number of regional full-time employees	-	4,099	4,605	7,801
Number of employees with foreign nationality	454	433	566	671
Number of employees with disabilities	411	440	508	594
Percentage of employees with disabilities (%)	2.43	2.58	2.80	3.07
Number of employees who took parental leave	805	448	525	622
Men	84	79	107	125
Women	721	369	418	497
Percentage of employees who took parental leave (%)	-	86.6	84.6	91.7
Men	43.6	53.0	55.7	68.3
Women	-	100.0	97.4	100
Number of employees who worked reduced hours for childcare	508	603	660	703
Men	18	15	29	26
Women	490	588	631	677
Percentage of employees returning to work after parental leave (%)	97.7	95.2	98.7	92.0
Men	100.0	100.0	98.9	96.8
Women	97.9	94.7	98.6	91.0
Number of employees who took nursing care leave	13	16	29	14
Men	1	1	3	3
Women	12	15	26	11
Number of full-time employees re-employed after mandatory retirement	21	32	9	18
Percentage of full-time employees re-employed after mandatory retirement (%)	90.5	90.6	100.0	90.0
Employee engagement (P)	-	3.1	3.2	3.4
Numbers relating to safety and health				
Regular health checkup rate (%)	95.3	99.0	99.6	99.6
Percentage of smokers (%)	12.0	12.3	11.2	10.3
Percentage of specific health guidance completed (%)	57.9	40.1	28.4	33.5
Number of employees who took leave due to a mental health problem	-	170	166	195
Number of employees who returned	-	68	54	79
Number of employees who left	-	51	57	59
Percentage of employees getting enough sleep (health checkup results) (%)	65.8	65.3	65.6	60.6
Number of occupational injury incidents	282	235	267	413
Number of occupational injury incidents (at work)	238	187	209	286
Number of occupational injury incidents (during commuting)	44	48	58	127
Number of fatal occupational injury incidents	0	0	0	0

The data on this page only pertains to the Sugi Pharmacy business.

	FY 2021	FY 2022	FY 2023	FY 2024
Numbers relating to the environment*1				
Number of plastic bags used (million bags)	43	65	102	120
Tonnage of plastic bags used (t)	328	507	800	960
CO ₂ emissions - Scope 1 (t-CO ₂)	1,832	2,025	1,531	To be calculated
CO ₂ emissions - Scope 2*2 (t-CO ₂)	148,101	122,992	156,526	To be calculated
CO ₂ emissions - Scope 3 (t-CO ₂)	1,700,421	1,715,396	2,376,396	To be calculated
Electric power consumption (thousand kWh)	307,889	314,266	353,441	To be calculated
Renewable energy consumption (thousand kWh)	-	3,117	4,169	To be calculated
Gasoline consumption of company cars (liters)	405,420	427,679	427,142	447,162
Number of stores with LED lighting	1,454	1,552	1,704	1,917
Percentage of stores with LED lighting (%)	98.0	99.0	99.2	87.7
Prescription drugs waste ratio (%)	0.41	0.41	0.34	0.27
Waste ratio of Foods division (%)	0.41	0.41	0.36	0.33
Return ratio (%)	2.2	1.8	1.7	1.6
Numbers relating to governance, risk and compliance				
Number of Board of Directors meetings held	12	12	12	13
Number of Risk Committee meetings held	31	33	31	32
Number of Board of Auditors meetings held	12	14	13	13
Number of Directors	6	5	5	7
Men	4	4	4	6
Women	2	1	1	1
Number of Independent External Directors	3	2	2	4
Men	1	1	1	3
Women	2	1	1	1
Percentage of Independent External Directors (%)	50.0	40.0	40.0	57.1
Percentage of female Directors (%)	33.3	20.0	20.0	14.2
Number of Auditors	3	3	3	4
Men	2	2	2	2
Women	1	1	1	2
Percentage of Independent External Auditors (%)	100.0	100.0	100.0	75.0
Percentage of female Auditors (%)	33.3	33.3	33.3	50.0
Annual number of calls to the Workplace Concerns Consultation Hotling	1,254	1,585	1,483	1,508
Number of occurrences of human rights issues	-	-	-	-
Number of complaints	5,463	4,437	3,372	3,136

^{*1:} The figures for this category apply only to the Sugi Pharmacy business. (The data on this page covers the Company and its major group companies. It is based on each company's aggregation standards. Since these standards vary within the Group, the figures may differ from a simple aggregation.) *2: Emission factors are based on market standards.

SUGI Pharmacy Group's Value Creation Story

Organizations and Business Operations to Proceed with the Strategy

Consolidated Balance Sheet

		(Millions of yen)
А	s of end of FY 2023 (Feb. 29, 2024)	As of end of FY 2024 (Feb. 28, 2025)
Assets		
Current assets		
Cash and deposits	43,427	52,788
Accounts receivable – trade	44,376	71,764
Securities	4,000	-
Inventories	83,679	94,008
Other	23,563	29,010
Allowance for doubtful accounts	(0)	(1,091)
Total current assets	199,046	246,479
Non-current assets		
Property, plant and equipment		
Buildings and structures	134,744	152,047
Accumulated depreciation	(58,895)	(66,018)
Buildings and structures (net)	75,849	86,029
Land	12,006	13,716
Construction in progress	4,316	2,645
Other	53,086	58,679
Accumulated depreciation	(37,396)	(41,530)
Other, net	15,690	17,149
Total property, plant and equipmen	t 107,863	119,540
Intangible assets		
Goodwill	2,556	43,663
Other	7,799	8,447
Total intangible assets	10,355	52,110
Investments and other assets		
Investment securities	14,995	13,936
Shares of subsidiaries and associat	es 5,929	3,046
Long-term loans receivable	5	398
Deferred tax assets	17,312	19,204
Guarantee deposits	31,373	36,910
Other	3,708	3,904
Allowance for doubtful accounts	(27)	(414)
Total investments and other assets	s 73,297	76,986
Total non-current assets	191,517	248,637
Total Assets	390,563	495,116

		(Millions of yen)
A:	of end of FY 2023 (Feb. 29, 2024)	As of end of FY 2024 (Feb. 28, 2025)
Liabilities		
Current liabilities		
Accounts payable – trade	90,621	121,197
Short-term borrowings	0	43,069
Current portion of long-term borrowing	ngs 316	219
Income taxes payable	7,149	7,799
Contract liabilities	17,278	17,099
Provision for bonuses	2,970	4,177
Other	18,312	22,516
Total current liabilities	136,648	216,079
Non-current liabilities		
Long-term borrowings	521	2,064
Retirement benefit liability	9,333	11,719
Asset retirement obligations	7,571	9,064
Other	3,126	5,484
Total non-current liabilities	20,552	28,332
Total Liabilities	157,200	244,412
Net Assets		
Shareholders' equity		
Capital	15,434	15,434
Capital surplus	24,632	21,493
Retained earnings	211,310	231,872
Treasury shares	(18,198)	(18,179)
Total shareholders' equity	233,178	250,620
Accumulated other comprehensive in	come	
Valuation difference on available-fo securities	r-sale 174	(469)
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustn	nent 4	38
Remeasurements of defined benefit	·	514
Total accumulated other compreher income	nsive 183	84
Total Net Assets	233,362	250,704
Total Liabilities and Net Assets	390,563	495,116

(Millions of yen)

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

		(11111111111111111111111111111111111111
Consolidated Statement of Income	FY 2023	FY 2024
	(Mar. 1, 2023 to Feb. 29, 2024)	(Mar. 1, 2024 to Feb. 28, 2025)
Net sales	744,477	878,021
Cost of sales	515,639	602,978
Gross profit	228,837	275,043
Selling, general and administrative expenses		
Salaries, allowances and bonuses	76,652	92,523
Provision for bonuses	2,878	3,993
Retirement benefit expenses	1,646	2,331
Rent expenses	37,770	44,001
Other	73,267	89,631
Total selling, general and administrative expenses	192,215	232,479
Operating income	36,622	42,563
Non-operating income		
Interest income	602	923
Dividend income	16	37
Gain on donation of non-current assets	634	383
Rental income	2,027	2,346
Subsidy income	194	603
Other	304	948
Total non-operating income	3,780	5,242
Non-operating expenses		
Interest expenses	15	227
Rental costs	1,759	2,079
Loss on retirement of non-current assets	307	385
Share of loss of entities accounted for using equity method	43	2,688
Other	237	432
Total non-operating expenses	2,363	5,812
Ordinary income	38,039	41,993
Extraordinary income	•	,
Gain on sale of shares of subsidiaries and associates	_	305
Gain on sale of businesses	_	1,000
Total extraordinary income	-	1,305
Extraordinary losses		,
Impairment loss	4,964	4,980
Loss on valuation of investment securities	972	239
Total extraordinary losses	5,936	5,220
Profit before income taxes	32,102	38,079
Income taxes – current	12,592	14,111
Income taxes – deferred	(2,469)	(1,721)
Total income taxes	10,122	12,389
Net income	21,979	25,689
Profit attributable to owners of parent	21,979	25,689
	,	==,=55

	(Millions of yell)		
Consolidated Statement of Comprehensive Income	FY 2023	FY 2024	
	(Mar. 1, 2023 to Feb. 29, 2024)	(Mar. 1, 2024 to Feb. 28, 2025)	
Net income	21,979	25,689	
Other comprehensive income			
Valuation difference on available-for-sale securities	(203)	(644)	
Deferred gains or losses on hedges	-	0	
Foreign currency translation adjustment	4	33	
Remeasurements of defined benefit plans	(148)	510	
Total other comprehensive income	(347)	(99)	
Comprehensive income	21,632	25,589	
(Breakdown)			
Comprehensive income attributable to owners of parent	21,632	25,589	

Consolidated Statement of Cash Flows

(Millions of yen)

		(Millions of yer
	FY 2023	FY 2024
	(Mar. 1, 2023 to Feb. 29, 2024)	(Mar. 1, 2024 to Feb. 28, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	32,102	38,079
Depreciation	14,121	16,576
Impairment loss	4,964	4,980
Amortization of goodwill	58	1,295
Increase (decrease) in provision for bonuses	1,431	381
Increase (decrease) in retirement benefit liability	825	1,039
Increase (decrease) in allowance for doubtful accounts	(0)	(115)
Interest and dividend income	(618)	(960)
Loss (gain) on valuation of investment securities	972	239
Loss (gain) on sale of shares of subsidiaries and associates	(2.40)	(305)
Gain on donation of non-current assets	(248)	(234)
Interest expenses	15	227
Loss on retirement of non-current assets	22	54
Loss (gain) on sale of businesses	ــ ــ ـــ ــــــــــــــــــــــــــــ	(1,000)
Share of loss (profit) of entities accounted for using equity metho		2,688
Decrease (increase) in trade receivables	(6,577)	9,958
Decrease (increase) in inventories	(9,170)	(7,109)
Increase (decrease) in trade payables	13,461	(16,876)
Increase (decrease) in contract liabilities Other	(780) (889)	(179)
Sub-total	49,732	1,017 49,756
Interest and dividends received	95	890
Interest paid	(13)	(490)
Income taxes paid	(10,772)	(13,215)
Net cash provided by (used in) operating activities	39,041	36,941
let cash provided by (used in) investing activities		·
Payments into time deposits	(43,000)	(52)
Proceeds from withdrawal of time deposits	64,000	8,020
Purchase of securities	(20,000)	-
Proceeds from redemption of securities	25,000	2,000
Purchase of property, plant and equipment	(30,836)	(23,626)
Purchase of intangible assets	(1,864)	(2,410)
Purchase of investment securities	(10,626)	(593)
Proceeds from sale and redemption of investment securities	11	789
Purchase of shares of subsidiaries and associates	(5,696)	(275)
Proceeds from sale of shares of subsidiaries and associates	_	779
Proceeds from sale of businesses	_	1,000
Payments of guarantee deposits	(4,013)	(3,147)
Proceeds from refund of guarantee deposits	238	220
Loan advances	(1,041)	(12,341)
Proceeds from collection of loans receivable		1,767
Purchase of shares of subsidiaries resulting in change in scope of		(5,486)
Other	(374)	(22.205)
Net cash provided by (used in) investing activities	(30,976)	(33,285)
let cash provided by (used in) financing activities		42.020
Proceeds from short-term borrowings	_	42,020
Repayments of long term borrowings	(75)	(2,028)
Repayments of long-term borrowings Purchase of treasury shares	(75)	(19,107)
	(0)	(1)
Repayments of finance lease obligations Purchase of shares of subsidiaries not resulting in change in scope	(382)	(466) (3,122)
Purchase of shares of subsidiaries not resulting in change in scope Dividends paid	(4,825)	(5,127)
Other	(4,825)	
Net cash provided by (used in) financing activities	(5,284)	(534) 11,633
Effect of exchange rate change on cash and cash equivalents	(3,264)	39
exchange rate change on cash and cash equivalents		15,329
let increase (decrease) in cash and cash equivalents) /84	
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of period	2,784 34,622	37,406

Stock Information

(As of February 28, 2025)

Stock information

Total number of shares authorized to be issued by the Company: 600,000,000 Total number of issued shares: 189,992,514 Number of shareholders: 39,642

Major shareholders (top 10)

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
Sugi Shoji Co., Ltd.	67,731	37.43
The Master Trust Bank of Japan (trust account)	18,626	10.29
Sugi Asset LLC	9,057	5.00
CEP LUX – ORBIS SICAV	5,632	3.11
STATE STREET BANK AND TRUST COMPANY 505223	5,525	3.05
Custody Bank of Japan, Ltd. (trust account)	5,341	2.95
SMBC Nikko Securities Inc.	3,126	1.73
STATE STREET BANK AND TRUST COMPANY 505103	2,988	1.65
STATE STREET BANK AND TRUST COMPANY 505001	2,493	1.38
Tsuruha Co., Ltd.	2,266	1.25

Notes: 1. The Company holds 9,026,618 shares as treasury stock, but it is excluded from the list of major shareholders above.

Corporate Profile

Corporate profile

Trade name: SUGI Holdings Co., Ltd.

Established: March 8, 1982 Capital: 15,434,588,000 yen

Number of employees: Number of full-time employees: 11,820 (on a consolidated basis)

> Number of partner employees: 14.075* *Converted into the number of 8-hour workers

Major operations: Business management of the entire SUGI Pharmacy Group Headquarters: 62-1 Shin'e, Yokone-machi, Obu-shi, Aichi 474-0011, Japan Main store: 1-8-4 Mikawa Anjo-cho, Anjo-shi, Aichi 446-0056, Japan

Officers (as of May 27, 2025)

Representative Director & President: Katsunori Sugiura

Representative Director & Senior Vice President: Shinya Sugiura

Director & Chairman: Eiichi Sakakibara External Director: Shigeyuki Kamino External Director: Shiro Uchida External Director: Hideaki Takaishi External Director: Kaseri Oura

External Full-time Auditor: Toshihiko Sakamoto External Full-time Auditor: Toshiaki Shimura

External Auditor: Kana Yasuda Auditor: Yoshiko Hayama

Editorial Policy

The Integrated Report 2025 has been edited for the purpose of presenting the SUGI Pharmacy Group's business philosophy and attitude toward sustainability and providing stakeholders with easy-to-understand explanations of our activities carried out based on them and their results. The report contains data and articles regarding the corporate activities that we deem especially important.

Reporting Coverage

The report has been designed to cover the companies in the consolidated financial statement of the SUGI Pharmacy Group to the extent possible, although the reporting coverage varies according to the item.

March 1, 2024 - February 28, 2025

For some activities, more recent events have also been reported.

Reference Guidelines

- International Integrated Reporting Framework, International Integrated Reporting Council (IIRC)
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry

価値協創ガイダンス Guidance for

Notes on Our Outlook

The Integrated Report 2025 presents forecasts and outlooks regarding future plans, strategies and business results of the SUGI Pharmacy Group and its subsidiaries. They are based on assumptions and views judged from the information currently available to the SUGI Pharmacy Group. Please note that actual business results may differ from the outlook due to risks and uncertainties concerning future economic trends, consumer spending, market demand, taxation, various systems, etc.

^{2.} Shareholding ratios are calculated after deducting treasury stock.