

Integrated Report 2026

SUGI Holdings Co., Ltd.

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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 reliable for you. Serving as the source of your smile.

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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.

Editorial Policy

Integrated Report 2026 has been prepared 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.

Coverage Period

March 1, 2025 – February 28, 2026 * 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 2.0, Ministry of Economy, Trade and Industry



Notes on Our Outlook

Integrated Report 2026 presents forecasts and outlooks regarding future plans, strategies and business results of the SUGI Pharmacy Group. They are based on assumptions and views judged from the information currently available to the SUGI Holdings Co., Ltd. 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.



Closer to you and more reliable for you. Serving as the source of your smile.

In Gratitude for 50 Years of SUGI Pharmacy



With the staff who supported our early years



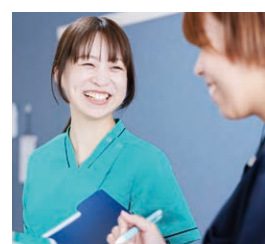
First SUGI Pharmacy store, opened in December 1976



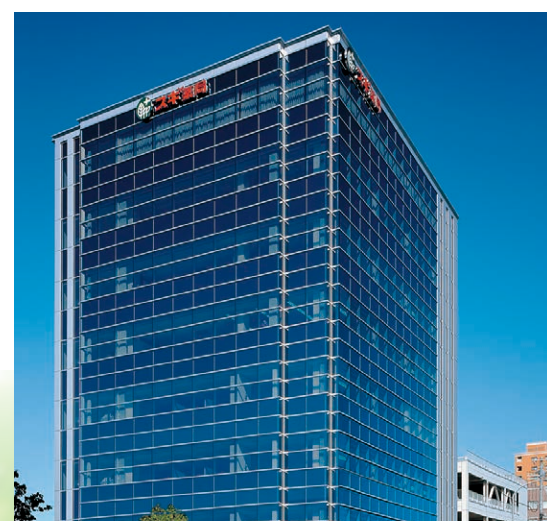
Senior Advisor Sugiura giving instructions to staff



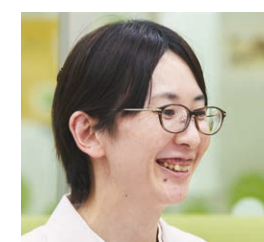
The first store after renovation



Chubu Head Office in Obu City (at completion)



Mikawa-Anjo Ekimae Main Store (SUGI Building)



August 2001 Listed stock on the first section of the TSE and the NSE



Chairman Sakakibara during his time as store manager leading the second store (center in photo)



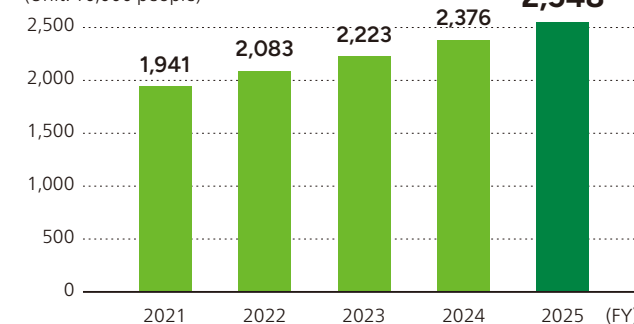
SUGI Pharmacy Group's Mission

Focus on Each Individual

Respect for Each Customer in Front of Our Eyes

Point Membership

(Unit: 10,000 people)



Point membership: **25.48** 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. The annual total number of visitors to our pharmacies increased year by year, and our point membership has grown to 25.48 million. As a local "family pharmacy," we are committed to enhancing citizens' lifelong wellness.



Stimulate Each Employee's Capability and Enhance Their Motivation

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 pillars of "personnel system," "human asset development," "human asset acquisition and retention," "psychological safety," "health and safety," and "DE&I*1." 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."

*1: Diversity, Equity & Inclusion



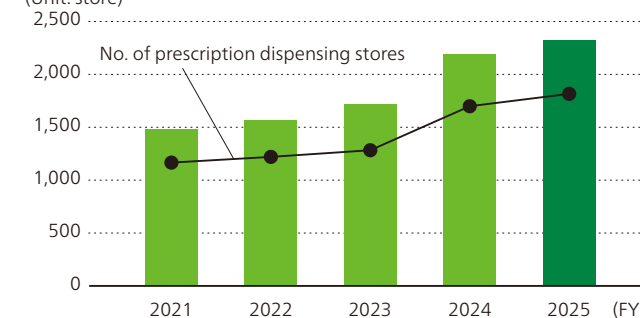
SUGI Pharmacy Group's Mission

Contribution to Community Healthcare

Nationwide Expansion of Our Founding Commitment to Prescription Services

Number of Stores and Prescription Dispensing Stores

(Unit: store)



Number of stores

2,321

+136 stores from the previous FY

of which: Number of prescription dispensing stores

1,814

+99 stores from the previous FY

A Wide Variety of Experts Meeting the Needs of Local Communities

Experts

Pharmacists

6,605

Beauty advisors

1,316

Nationally certified dietitians

718

Nurses

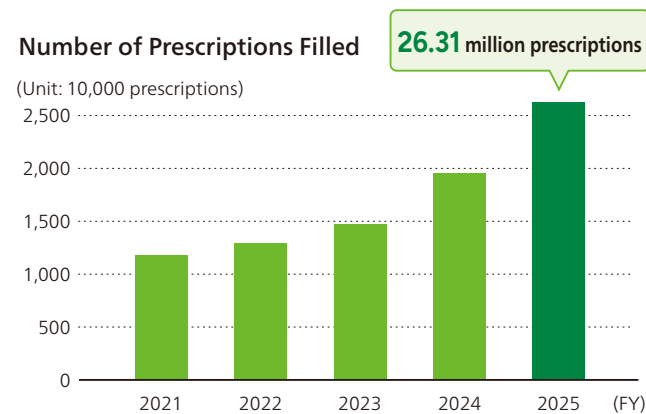
118

Registered pharmaceutical distributors

12,476

Emphasis on Dedication to Prescription Dispensing

Prescription Dispensing Know-how Accumulated since Our Establishment



Sales of prescription dispensing

307.3 billion yen

No. of medical institutions whose prescriptions are filled by us

93,194 institutions

* Aggregate number of medical institutions served by each company in the SUGI Pharmacy Group

+40.3% from the previous FY

Promotion of the Total Healthcare Strategy

Support for Each Individual's Lifelong Health

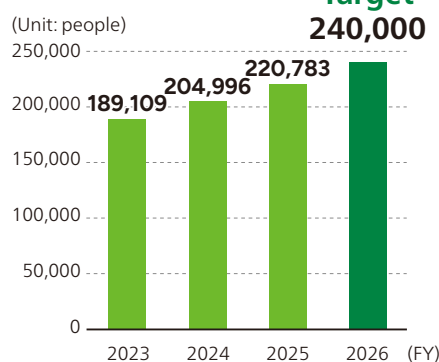


Contribute to Local Communities through **Total Health Support**, Ranging from **Self-Care** to **Medical Care, Medication, Elderly Nursing Support, and Daily Life Support**

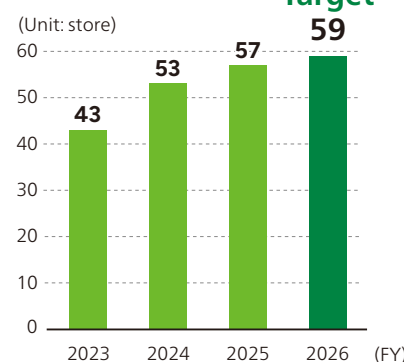


Home-Visit Prescription Dispensing to Address the Super Aging Society

Home-Visit Prescription Dispensing Service Users



Stores Specializing in Home-Visit Prescription Dispensing



SUGI Pharmacy Imaike-Minami Store (specializing in home-visit prescription dispensing)

* Only SUGI Pharmacy operations (excluding Hanshin Dispensing Pharmacy)

Digital Services to Enhance the Value of Each Individual's Customer Experience

Number of downloads: **SUGI Pharmacy app**

15.67 million downloads (As of the end of February 2026)

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

1.47 million downloads (As of the end of February 2026)

Number of downloads: **SUGIsapo Walk+ app**

450,000 downloads (As of the end of February 2026)

Number of app downloads

Total: **17.6** million downloads

(As of the end of February 2026)

The membership of our apps comprises the base for a variety of our digitalized healthcare services and sales promotion tailored to individual needs. In FY2025, we focused on promoting the downloading of each app and achieved 17.6 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.

Message from the President



We will celebrate our 50th anniversary in December 2026. The 50th anniversary logo selected through an in-house competition

Katsunori Sugiura

Representative Director & President
SUGI Holdings Co., Ltd.

Evolving into a Total Healthcare Company and a Regional Healthcare Infrastructure

—Growth Strategy of the New Mid-Term Management Plan for FY2030

The SUGI Pharmacy Group has developed a new Mid-Term Management Plan starting in FY2026, the Group's 50th anniversary year, to achieve sustainable growth through the improvement of corporate value.

SUGI's Unwavering Spirit and Management Philosophy

Since our founding, guided by our Management Philosophy that states, "We contribute to local communities through our sincere, kind services," we have pursued our mission of supporting healthy and fulfilling lives in the communities we serve. This commitment remains the foundation of our Group and has never changed over the years. Not only to provide pharmaceuticals and daily necessities, but also to stay close to each individual's health concerns and daily lives, and to remain an indispensable presence in our communities —this is the vision we strive to achieve.



FY2025 Strengthens Foundations for the Next Stage of Growth and Drives Business Growth

—Sales of 1 Trillion Yen Achieved One Year Ahead of Schedule

In today's Japan, the social and economic environment is undergoing significant change, driven by factors such as an aging and declining population, which is expanding demand for medical and nursing care, as well as by growing labor shortages, rising prices, and increasing diversity in values and lifestyles. Consumer purchasing behavior is also becoming more polarized, with a clearer distinction between price-oriented consumption and value-seeking purchasing, such as for quality and convenience. As a result, the services required are becoming increasingly diverse and sophisticated.

At the same time, in the retail and healthcare industries, we are shifting from an era when growth was fueled by increasing the number of stores and expanding sales floor space to one in which the quality of stores, namely their productivity and the value they provide, has become the

key driver of growth. While these changes are forcing many companies into significantly transforming their businesses, we see them as a major opportunity for our Group, which is rooted in local communities and supports people's health and daily lives, to further expand the role we are expected to fulfill.

Our Group has advanced services that can respond closely to the needs of each customer and patient by leveraging our nationwide store network, wide variety of experts, and strong digital infrastructure. In addition, we have expanded our business foundation through M&A and strategic partnerships. Through integration with the former I&H (Hanshin Dispensing Group), which joined the Group in September 2024, we have broadened our network of experts and relationships with medical institutions in the dispensing domain, thereby strengthening our capacity to deliver more advanced healthcare services. Furthermore, by making KNOCK ON THE DOOR a consolidated subsidiary, we have enhanced our ability to handle highly specialized pharmaceuticals, including those for rare diseases. We are also deepening collaboration across a wide range of areas, including merchandise, logistics, and digital utilization, through our capital and business alliance with Seki Yakuhin and our comprehensive partnership with TRIAL Holdings. These efforts are enabling us to strengthen our competitiveness in both merchandise sales and dispensing services.



Hanshin Dispensing Pharmacy Mie University Hospital Store



nanacara Pharmacy Miyakojima Store

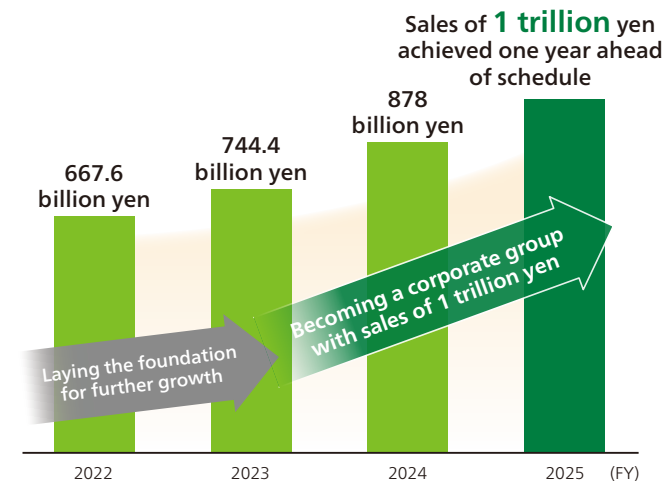


Seki Yakuhin Kuki Chuo Store



TRIAL GO & SUGI Ikejiri Store
* A collaborative model store with TRIAL

Through these initiatives, we achieved our net sales target of 1 trillion yen, as set in the Mid-Term Management Plan with FY2026 as its final year, one year ahead of schedule. This achievement was made possible by the dedicated efforts of our employees and the continued support of our customers, business partners, shareholders, and all other stakeholders. We extend our sincere gratitude to all of them.



Core Strength of the SUGI Pharmacy Group —Integrated Healthcare Support Combining a Nationwide Store Network and Digital Capabilities

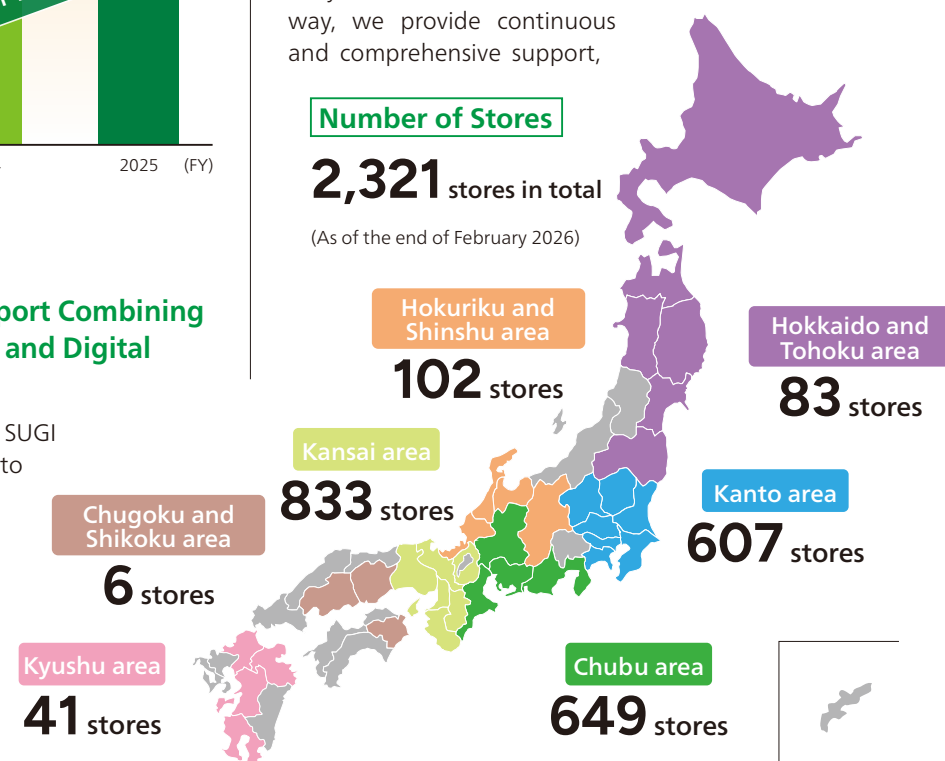
The greatest strength of the SUGI Pharmacy Group lies in its ability to combine a nationwide network of stores, a wide variety of experts, and a robust digital infrastructure to create a business platform that enables continuous support for each individual.

Across the network of more than 2,300 stores nationwide, a diverse range of experts such as

pharmacists, nationally certified dietitians, and beauty advisors provide not only pharmaceuticals and daily necessities but also comprehensive support, from health consultations to primary and secondary prevention advice.

Furthermore, as a tool that connects in-store customer touchpoints with digital capabilities, we are promoting the use of a digital communication ledger, which manages each customer's consultation history, health status, and purchasing history in an integrated manner.

In addition, centered on the *SUGI Pharmacy* app, which had reached 15.67 million downloads as of the end of February 2026, we leverage diverse digital touchpoints such as the *SUGI Smartphone Medicine Service* app and *SUGIsapo Walk+* app, to deliver information and services at the right time in line with each customer's and patient's daily behaviors and needs. In this way, we provide continuous and comprehensive support,



spanning health promotion, everyday shopping, and medical and medication support.

This ongoing connection, combining in-store expertise with digital convenience, represents a unique competitive advantage of our Group and forms the foundation of our role as a healthcare infrastructure that supports the health of local communities.

Total Healthcare Strategy Driven by the SUGI Pharmacy Group

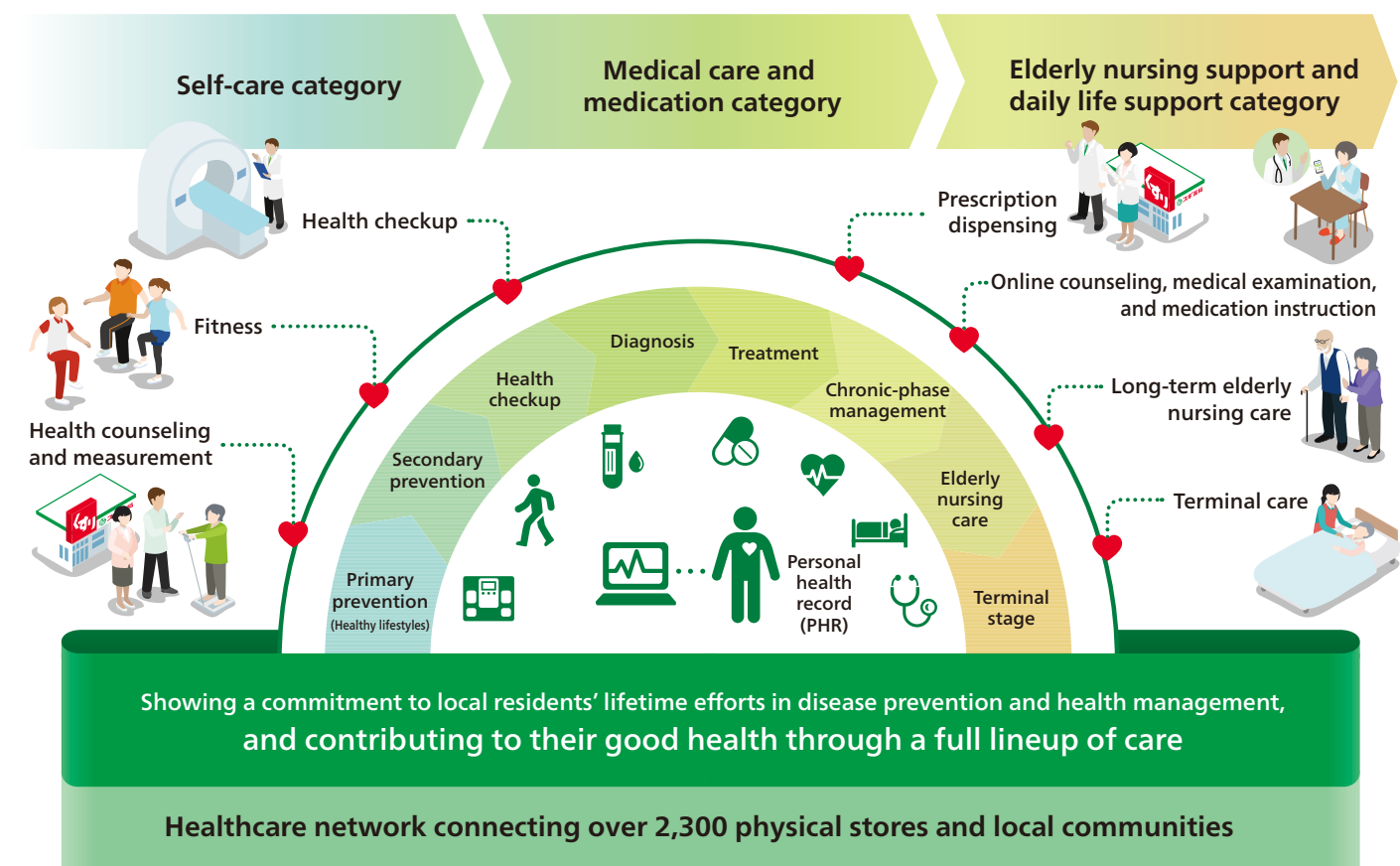
The Total Healthcare Strategy is the core strategy that represents the SUGI Pharmacy Group's overall initiatives to

support customers and patients throughout their lives, with health and medical care as the central focus. Over the course of a lifetime, the support individuals require evolves, from primary and secondary prevention stages for maintaining health to medical treatment and medication, and further to nursing care and daily life support. Our Group views this continuum across the three categories of "self-care," "medical care and medication," and "elderly nursing support and daily life support," and seeks to realize a consistent care cycle that supports the health of local communities throughout their lives.

This vision is enabled by a continuous connection that integrates our nationwide network of physical stores, experts, and digital capabilities. By seamlessly linking in-store and digital touchpoints and strengthening collaboration with diverse stakeholders such as medical institutions and local governments, we deliver optimal services tailored to each individual's health condition and life stage, thereby building a healthcare infrastructure within local communities.

While advancing this strategy, our Group will launch a new Mid-Term Management Plan toward FY2030. By further expanding the business foundation we have built to date and evolving into a Total Healthcare Company, we will realize a healthcare infrastructure that continues to support the lives of people in our communities over the long term.

Total Healthcare Strategy



New Mid-Term Management Plan Toward FY2030

—Evolution Into a Total Healthcare Company

<Key Highlights of the Mid-Term Management Plan>

SUGI Pharmacy Group's strengths	● Growth potential of prescription-dispensing drugstores serving as infrastructure in a super-aging society ● Competitive advantage driven by in-house development of apps, along with data analysis and utilization (same-store sales growth and improvement of gross profit margin)
Strategic transformation toward net sales of 1.6 trillion yen	● Achievement of net sales target of 1.6 trillion yen or more by FY2030 ● Evolution into a Total Healthcare Company beyond the traditional retail business model ● Realization of a comprehensive community care model rooted in local presence
Drivers of discontinuous growth	● Highly repeatable M&A and partnership strategy (turnaround model, partnership model, comprehensive collaboration model) ● Scale expansion and quality improvement through horizontal integration and vertical collaboration ● Strategic M&A to roll out DX and SCM platforms (SUGI Pharmacy Model)
Value creation and capital allocation	● Promotion of ROIC-driven management (integrating profit-and-loss growth with balance sheet and cash flow efficiency) ● Capital allocation strategy to achieve an ROE of 15% or higher (strategic M&A, share buybacks, and optimization of financial leverage)



The SUGI Pharmacy Group will launch a new Mid-Term Management Plan starting in FY2026, the Group's 50th anniversary year. Our aim is not merely to expand in scale. Instead, we will evolve to a new stage of management by shifting from profit-and-loss-driven growth (Growth 1.0/2.0) to Growth 3.0, which pursues both capital efficiency and discontinuous growth through ROIC-driven management. Through this, we aim to achieve net sales of 1.6 trillion yen or more and an ROE of 15% or higher by FY2030, thereby enhancing both the value we provide to local communities and our corporate value.

1. Evolution of Financial and Capital Strategy

Full-scale transition to ROIC-driven management, shift toward an asset-light model, strategic use of debt, and enhancement of shareholder returns

2. Restructuring of the Execution Structure

Strengthening agility through the establishment of CFO and CHRO positions and the appointment of officers responsible for overseas business, legal affairs, and nursing care

3. Growth Strategy: Drivers of Strategic Transformation and Discontinuous Growth

Evolving into a Total Healthcare Company and creating the "SUGI Pharmacy Group economic sphere" through strategic M&A and comprehensive partnerships

We will outline these pillars in the following order: financial and capital strategy, execution structure, and growth strategy.

1. Evolution of Financial and Capital Strategy Toward Achieving Growth 3.0

In the new Mid-Term Management Plan, Growth 3.0 that we aim to achieve represents a fundamental enhancement in the quality of our management. It marks a shift from a management approach focused mainly on sales and profit growth to ROIC-driven management, which, while continuing to pursue sales and profit, places greater emphasis on generating returns on invested capital (ROIC). In other words, this signifies a paradigm shift for our Group.

Specifically, by executing the following three initiatives in parallel, we will achieve an ROE of 15% or higher on a stable basis.

● Profitability improvement

Through digital transformation (DX), strengthening private-brand products, and expanding capabilities in

specialty pharmaceuticals*, we seek to improve the operating profit margin from the current 4.8% (FY2025 result) to 5.5% or higher (FY2030 target).

● Capital efficiency improvement

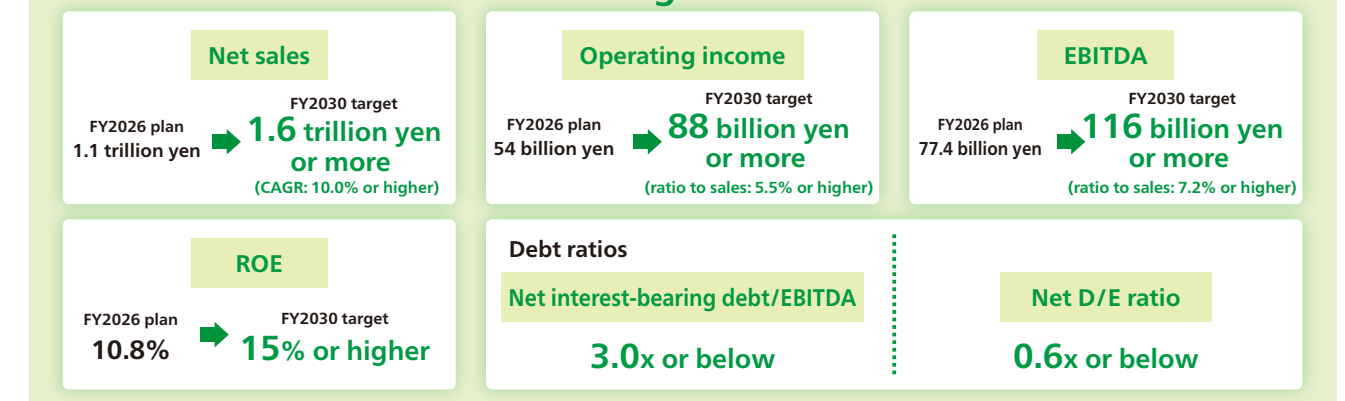
We will thoroughly enhance balance sheet and cash flow efficiency by optimizing working capital and shifting non-current assets toward a more asset-light structure.

● Capital structure optimization

We will lower WACC through the strategic use of debt and enhanced shareholder returns.

*1 Specialty pharmaceuticals: Prescription drugs with a high degree of specialization, such as those for rare diseases

Financial Targets for FY2030



Actions to Achieve the Financial Targets

<Net sales growth>

Net sales 1.6 trillion yen or more
(CAGR: 10.0% or higher)

Alongside disciplined new store openings, strong same-store sales growth driven by the use of apps, and growth in our prescription dispensing business through enhanced capabilities in specialty pharmaceuticals, we will execute focused investments in adjacent areas related to our core businesses. The term "or more" in our target reflects the potential upside from discontinuous growth driven by large-scale M&A in the future. By combining our solid organic growth foundation with strategic M&A, we will achieve a level of sales growth that differentiates us within the industry.

<Profitability improvement>

Operating income 88 billion yen or more
(ratio to sales: 5.5% or higher)

EBITDA 116 billion yen or more
(ratio to sales: 7.2% or higher)

Through labor-saving and efficiency improvements driven by DX and AI, together with strengthening private-brand

products and expanding capabilities in specialty pharmaceuticals, we will establish a high-profitability business structure. The term "or more" in our targets reflects our expectation of further improvements in profitability through initiatives such as end-to-end data integration with manufacturers and wholesalers, which will promote transformation across supply chain management (SCM).

<Capital efficiency improvement>

ROE 15% or higher

We will break down ROE into the three elements of the DuPont analysis—(1) net profit margin, (2) total asset turnover, and (3) financial leverage—and achieve a level of 15% or higher by establishing clear improvement initiatives for each element.

① Improving net profit margin

We will enhance profitability by improving the operating profit margin from the current 4.8% to 5.5% or higher through initiatives such as boosting store productivity through DX and AI, increasing the share of private-brand products, strengthening our specialty pharmaceutical capabilities, and advancing SCM transformation.

② Improving total asset turnover (enhancing asset efficiency)

We will systematically improve total asset turnover by reducing working capital through rigorous inventory management and optimization of payment cycles, shifting real estate assets off-balance-sheet through an asset-light approach, and enforcing disciplined investment decisions using ROIC as the hurdle rate.

③ Optimizing financial leverage

While maintaining a credit rating of A- or higher, we will build an optimal capital structure through the strategic use of debt. Under the financial discipline of maintaining a net D/E ratio of 0.6x or below and net interest-bearing debt/EBITDA of 3.0x or below, we will strategically utilize financial leverage.

Through improvements across these three elements, we will achieve an ROE of 15% or higher by FY2030. At the same time, with respect to ROIC, which reflects the earning power of our business itself, we will maintain a

level that consistently exceeds our cost of capital (WACC) and expand the ROIC spread, thereby achieving true corporate value creation.

<Capital structure optimization: Setting and utilizing debt indicators>

Net interest-bearing debt/EBITDA 3.0x or below

Net D/E ratio 0.6x or below

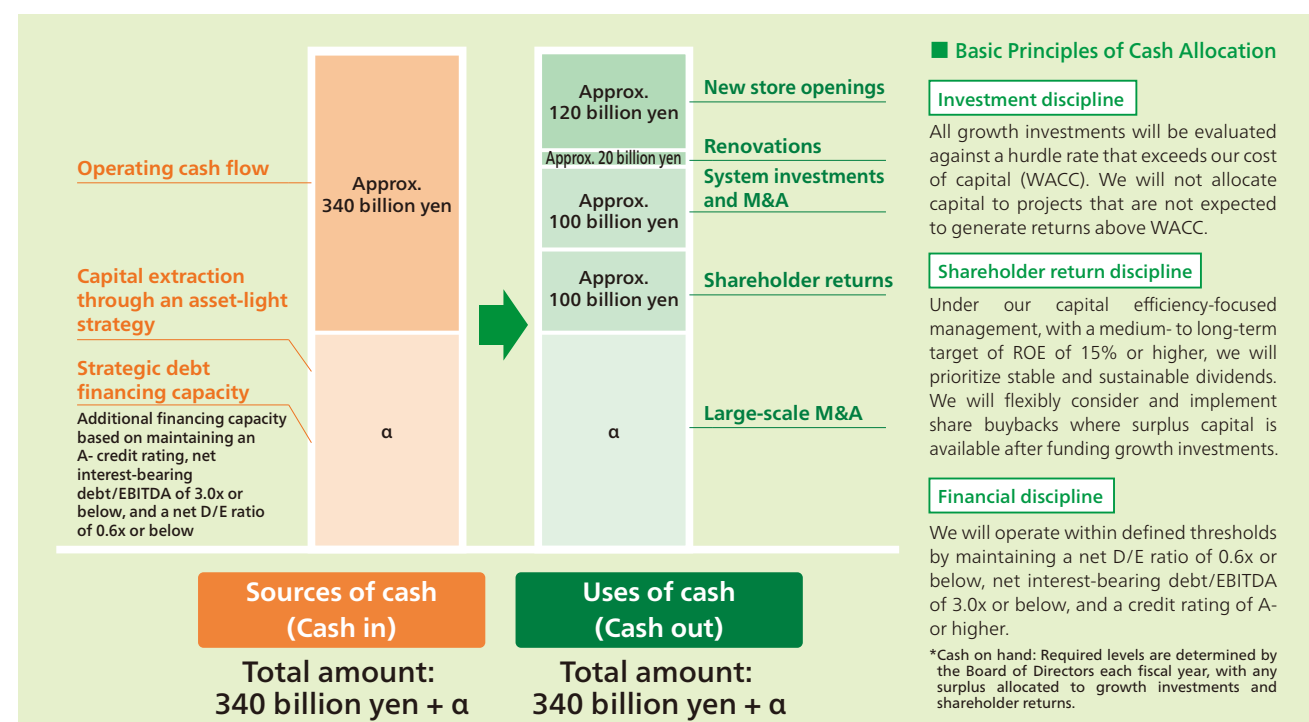
To sustain proactive growth investments, we will maintain robust liquidity and financial buffers while securing substantial debt capacity, enabling us to respond flexibly to future investment opportunities, including large-scale M&A. At the same time, to preserve our strong credit profile with a rating of A- or higher, we will strictly control both indicators within a predefined conservative threshold. Through these measures, we will balance the maximization of capital efficiency sought by equity investors with the stable financial foundation valued by debt investors, thereby establishing an optimal capital structure.

Capital Allocation

Disciplined Capital Allocation of 340 Billion Yen + α Over Five Years for Corporate Value Maximization

To realize value creating management, over the five-year period of this Mid-Term Management Plan (FY2026–FY2030), our Group will allocate a total of approximately 340 billion yen plus additional capacity across three areas under strict guidelines: (1) growth investments, (2) shareholder returns, and (3) maintenance of financial soundness.

Rather than relying solely on organic operating cash flow as in the past, we will expand both the quality and scale of investment resources by combining balance sheet optimization through an asset-light approach with the strategic use of debt. This represents the evolution of our capital strategy under the current Mid-Term Management Plan.



2. Restructuring of the Execution Structure: A New Leadership Team

To ensure steady execution of the new Mid-Term Management Plan, the Group has significantly strengthened its leadership team beginning in FY2026.

This new Mid-Term Management Plan is not simply a declaration by myself. It represents the collective commitment

of our entire leadership team, integrating the financial and capital strategy developed under the CFO, the human asset strategy redesigned under the CHRO, and the respective business strategies driven by executive officers of SUGI Holdings and directors of SUGI Pharmacy.

<New executive roles> (SUGI Holdings)

Position	Name	Responsibilities and experience
CFO (Chief Financial Officer) in charge of corporate strategy, finance and accounting	Makoto Kasai	Mission: Driving the Mid-Term Management Plan, M&A, company-wide adoption of ROIC-driven management, optimization of capital allocation, and enhancement of engagement with capital markets Career summary: After working at a consulting firm and an investment advisory firm (as an analyst), he joined the Company in 2007.
CHRO (Chief Human Resources Officer) in charge of human capital, administration, and risk management	Shigeki Mori	Mission: Human resources strategy, development of next-generation leaders, strategic construction of a human assets portfolio, and company-wide risk management Career summary: After serving as Head of General Affairs and Human Resources and as President of a business subsidiary at a major retail company, he joined the Company in 2017.

<Expansion of Executive Officer Team> (SUGI Holdings; new appointments only)

Position	Name	Responsibilities
In charge of nursing care business	Toshiyuki Azeo	Drawing on experience in overseas operations and management in the medical sector at a major general trading company, he oversees medical and nursing care businesses. — Leads the nursing care category of Total Healthcare.
In charge of legal affairs	Mari Konagaya	She brings extensive experience in corporate legal affairs, litigation, and international law, gained through her career as a lawyer at a boutique corporate law firm and through roles such as Head of Legal and International Business Risk at an infrastructure company. — Drives legal risk management, including for international projects, and strengthens governance.
In charge of overseas business	Kenta Morii	He has experience in management and business development at overseas bases of a major general trading company. — Promotes the strengthening of management at overseas affiliates and the expansion of international business.
In charge of prescription dispensing business	Toshihiko Asaka	As a long-tenured member of SUGI Pharmacy, he has driven business operations by connecting frontline dispensing operations with management. — Promotes higher value delivery by driving the growth of the prescription dispensing business and strengthening capabilities in specialty pharmaceuticals.

<Expansion of the Board> (SUGI Pharmacy; new appointments only)

Position	Name	Responsibilities
General Manager of Logistics Headquarters	Hiroyuki Ando	Drawing on experience at a major food manufacturer, including leading domestic operations, managing overseas business companies and investees, and running a logistics company, he has built strong capabilities in global management and logistics management. — Drives the advancement of logistics infrastructure and optimization of the supply chain.
General Manager of New Business Promotion Headquarters	Michiaki Okamoto	He has held executive officer roles in production and logistics, in addition to experience in new business development. — Promotes the creation of new businesses to enhance and elevate business value.
General Manager of DX & AI Promotion Headquarters	Shigeo Kagami	Drawing on management experience at global IT companies, he has served as CXO at a major financial institution and leading service companies, where he led digital strategy planning and DX promotion. — Drives DX through the use of AI and digital technologies.
General Manager of PB Product Development Headquarters	Takahiro Umetsu	He has served as a director and head of private-brand (PB) development at a major retail company, where he led the development of high-profitability private brands and drove merchandising reforms. — Promotes value enhancement of private-brand products and strengthens the earnings base.

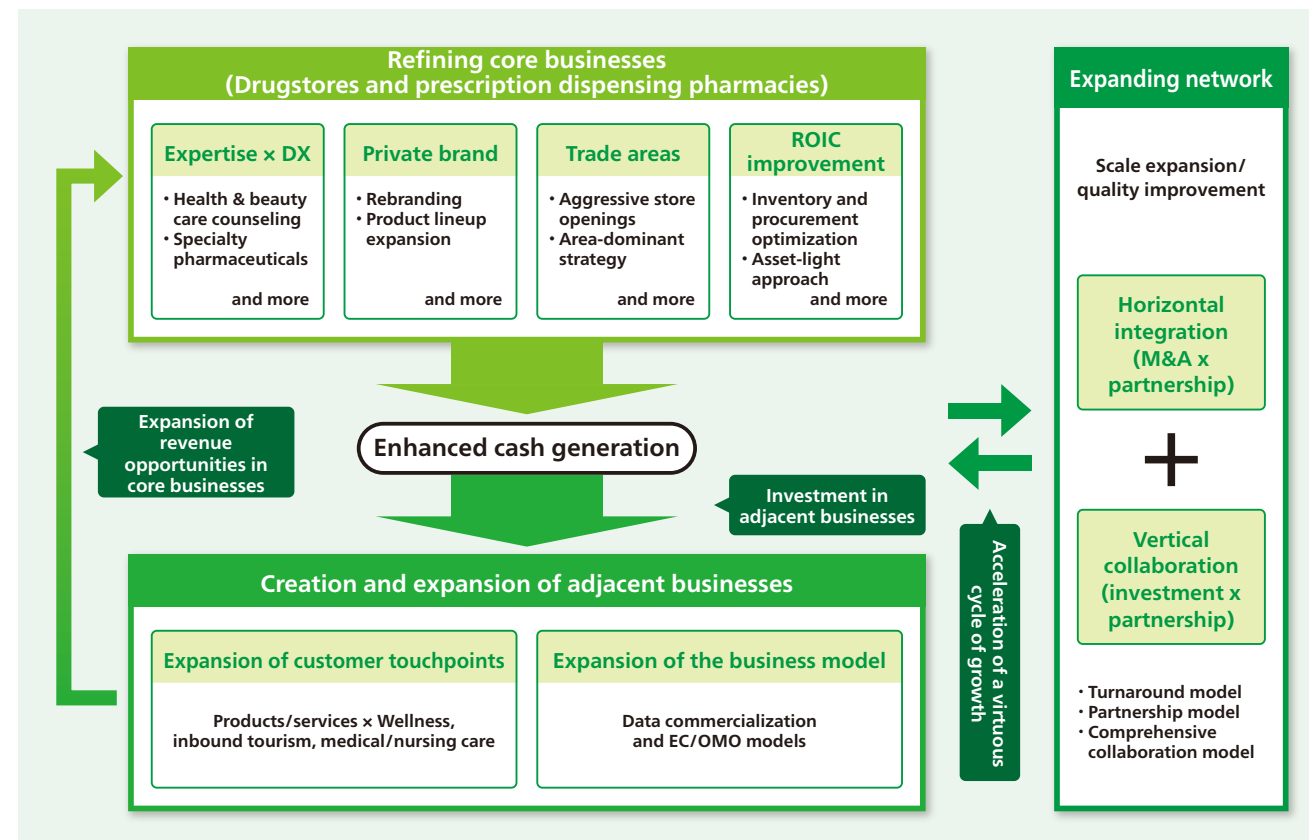
3. Strategic Transformation Leveraging Our Strengths to Achieve Net Sales of 1.6 Trillion Yen or More

We have pioneered the prescription-dispensing drugstore model and have long provided services that meet healthcare needs. As noted earlier, while leveraging our strengths centered on services that integrate digital capabilities with our network of physical stores, we are committed to evolving from a traditional store-based retail business into a Total Healthcare Company. In

addition, by combining our core businesses of drugstores and prescription dispensing pharmacies with adjacent areas such as wellness, inbound tourism, and medical and nursing care, we will realize a comprehensive community care model rooted in our strong local presence. Based on this strategy, the SUGI Pharmacy Group aims to achieve net sales of 1.6 trillion yen or more by the end of FY2030.

Growth Strategy to Evolve Into a Total Healthcare Company

We will further refine our core businesses centered on drugstores and prescription dispensing pharmacies. The cash generated through these efforts will be invested in the creation and expansion of adjacent businesses. By feeding back the new customer touchpoints and business opportunities generated into our core businesses, we will create a virtuous cycle that strengthens our earnings base and enhances profitability. Furthermore, we will accelerate this momentum by expanding our network through M&A and strategic partnerships, thereby driving our evolution into a Total Healthcare Company.



Growth Strategy ①

Refining Core Businesses

• Enhancement of store efficiency and expertise through DX

In our drugstore business, we will further advance the use of digital technology to enhance the efficiency of store operations, including ordering and inventory management. By introducing AI-enabled initiatives such as fully automated ordering and call handling, we will reduce the workload of employees. The time created will be reallocated to higher value-added activities such as customer service and counseling. At the same time, we will promote the use of AI in customer interactions based on accumulated data. This will allow us to enhance our ability to provide proposals that respond closely to individual needs and improve customer satisfaction.

In the prescription dispensing business, we will establish a system that enables pharmacists to focus more than ever on patient care by advancing automation and centralization of dispensing operations. Specifically, we will improve operational efficiency by consolidating dispensing functions and integrating inventory

management on an area basis. Furthermore, we will leverage AI for automatic recording during medication instruction and for role-playing exercises using AI as a simulated patient, thereby enhancing staff skills and professional expertise. Through these initiatives, we will achieve both the enhancement of professional capabilities and improvements in productivity, thereby further strengthening the competitiveness of our prescription dispensing business.

• Strengthening private-brand products

We will strengthen our private-brand portfolio through initiatives such as quality-driven and cost-optimized product renewals, enhancement of our development capabilities, and review of our development processes. This will enable us to raise our private-brand ratio to 16% by FY2030, improve our gross profit margin, and enhance overall profitability.

• Expansion and deepening of trade areas

In the drugstore business, we will continue to open new stores primarily in densely populated areas, particularly within the three major metropolitan regions, while expanding our store network in ways that reflect local

characteristics. In addition to new store openings and customer-aligned renovations of existing stores, we will also pursue openings in collaboration with companies from other industries. This will further expand our store network.

• Enhancement of corporate value through ROIC improvement

Our Group is committed to management that emphasizes both profitability and capital efficiency, with the aim of achieving sustainable growth in corporate value. We position return on invested capital (ROIC) as a key indicator and will focus on consistently generating returns that exceed our cost of capital (WACC) by reducing invested capital through asset-light initiatives and improving working capital through the optimization of inventory and procurement.

Growth Strategy ②

Creation and Expansion of Adjacent Businesses

• Expansion of customer touchpoints

In addition to our core businesses of drugstores and prescription dispensing pharmacies, our Group will broaden its initiatives into areas closely linked to these businesses, including wellness, inbound tourism, and medical and nursing care, thereby further expanding customer touchpoints. For example, in the inbound segment, we position our stores as places where customers can experience Japan's health and beauty. We will accelerate the provision of continuous services by utilizing digital technologies, from information dissemination via social media before arrival in Japan to purchases through cross-border e-commerce after returning home. In the medical and nursing care domains, we will expand our network, centered on our prescription-dispensing drugstores, through collaboration with medical institutions and nursing care facilities. This will increase the number of service delivery sites while enabling us to accumulate key management resources, including data and human assets. Through these initiatives, we will promote seamless support ranging from daily health management to medical and nursing care services.

• Expansion of the business model

We are also advancing the evolution of our business model through the use of digital technologies. By integrating and leveraging diverse information, including purchasing history, health consultations, and daily activity data, we will enhance our ability to provide proposals tailored to individual needs, while also applying these insights to product development and service improvement. Furthermore, based on these data, we will strengthen collaboration with manufacturers and business partners in areas such as product development and sales promotion support, thereby creating new revenue opportunities.

Growth Strategy ③

Expanding the SUGI Pharmacy Group Economic Sphere Through Strategic M&A and Comprehensive Partnerships

To achieve a significant increase in net sales to 1.6 trillion yen or more by FY2030, we recognize the need for discontinuous growth. Strategic M&A and comprehensive partnerships are positioned as key growth drivers to realize this objective. Our Group has recently established three successful patterns in this area. First, the "turnaround model," demonstrated by the acquisition of former I&H (Hanshin Dispensing Group), a major dispensing company, as a subsidiary in 2024. Second, the "partnership model," exemplified by the acquisition of shares of Seki Yakuhin, a drugstore operator based in Saitama Prefecture, in 2025. Third, the "comprehensive collaboration model," represented by the 2026 comprehensive strategic partnership with TRIAL Holdings, a discount store operator, through the use of retail technology. These models have supported our business growth. By leveraging these three successful patterns, we will strengthen both horizontal and vertical collaboration within the drugstore and pharmacy industry. Through this, we will pursue both qualitative and quantitative expansion and extend our core business platforms, such as our apps and supply chain, to external partners, thereby creating the "SUGI Pharmacy Group economic sphere."

Management Foundation That Supports Sustainable Growth

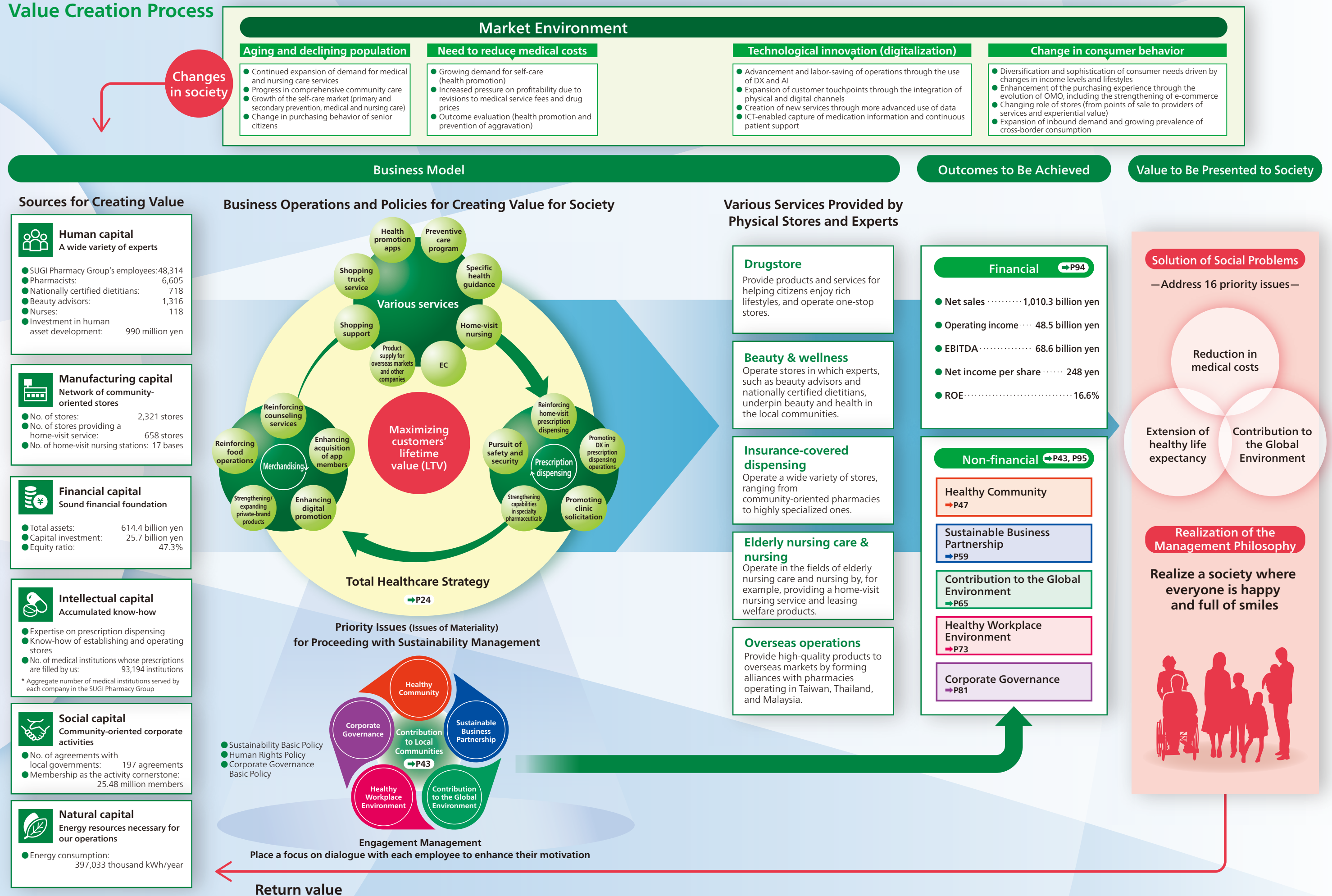
—Advancing Sustainability Management

To steadily realize these growth strategies, we must not only achieve financial growth but also integrate environmental, social, and governance (ESG) perspectives into management. As expectations for corporate responsibility continue to rise in areas such as climate change, human rights, and human capital, it is becoming increasingly important to create value by integrating financial and non-financial aspects.

In 2021, the Company established a Sustainability Committee and identified Five Themes and 16 Priority Issues (Issues of Materiality). While regularly reviewing these priorities, we are advancing sustainability management in close alignment with our business activities. On the environmental front, we are advancing initiatives such as decarbonization and resource recycling. On the social front, we are advancing efforts related to human rights and utilization of diverse human assets. We are also enhancing governance frameworks, including our growing network of subsidiaries. Through these ESG initiatives, we are reinforcing a disciplined management foundation across the Group. We believe that advancing business growth and sustainability in an integrated manner and continuing to be an indispensable presence in local communities form the foundation for the sustainable growth of our Group and the enhancement of corporate value.



Value Creation Process



We in the SUGI Pharmacy Group Support “Total Healthcare” Together with Our Comrades with Shared Aspirations.

Providing a full range of lifelong support, from self-care, through medical care and medication, to elderly nursing support and daily life support—this is the Total Healthcare Strategy of the SUGI Pharmacy Group.

The SUGI Pharmacy Group recognizes that people's lives, from birth until the end of their life, comprises three stages, covered by the self-care category, the medical care and medication category, and the elderly nursing support and daily life support category. We ensure contact points with customers, regardless of their health condition, and provide them with optimum products and services by integrating our physical advantages with digital technology.

Supporting “total healthcare” for local citizens

SUGI Pharmacy Group
SUGI Holdings

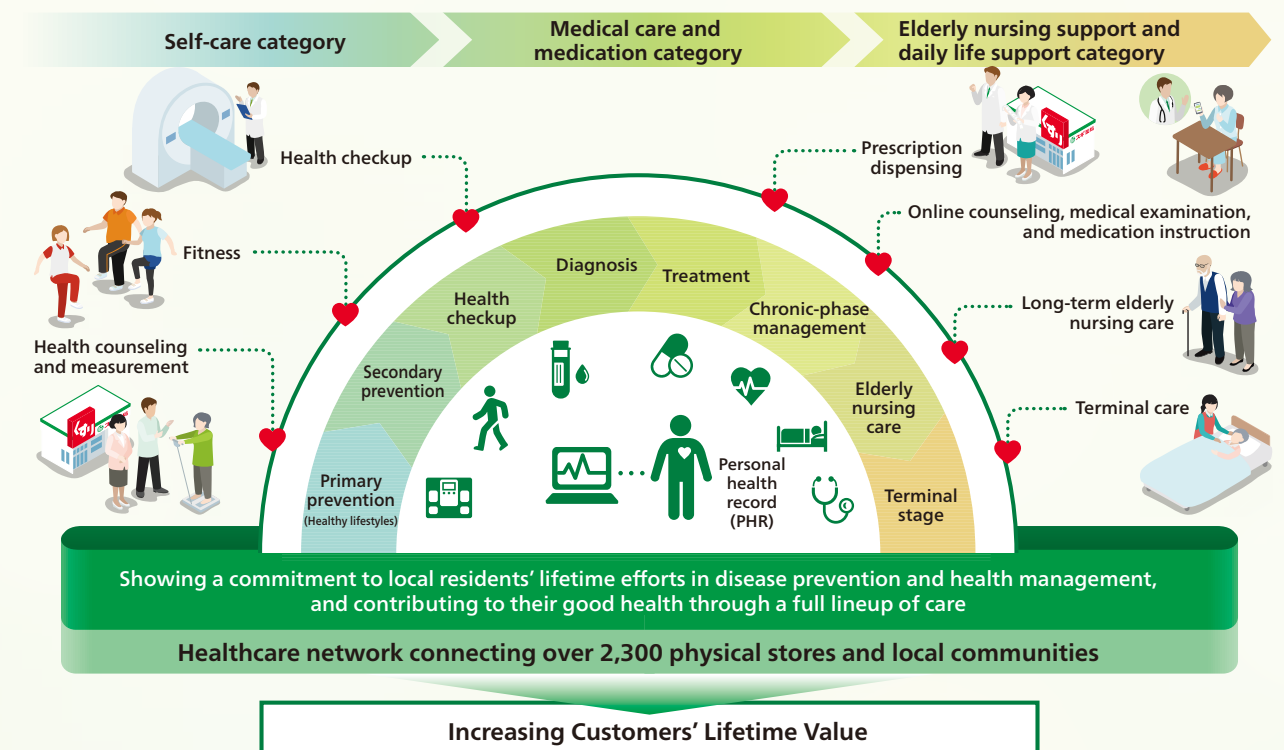


• Affiliates accounted for using the equity method

Seki Yakuhin Co., Ltd. Scheduled to become a consolidated subsidiary of SUGI Holdings in September 2026

Japan Hospice Holdings Inc.

Total Healthcare Strategy



• Overseas affiliates accounted for using the equity method

ALPRO SUGI VENTURE SDN. BHD.

SUGI AISHODO CO., LTD.

PT. MUSTIKA RATU SUGI

AJS Pharma, Inc.

SUGI Pharmacy Group Companies to Drive the Total Healthcare Strategy Forward

Katsunori Sugiura

Representative Director & President
SUGI Holdings Co., Ltd.
Representative Director & President
Sugi Pharmacy Co., Ltd.

**Address Customers' and
Patients' Anxieties and
Worries at the Front Line
in Local Communities and
Support Their Safe and
Healthy Daily Lives**

SUGI Pharmacy Business Report



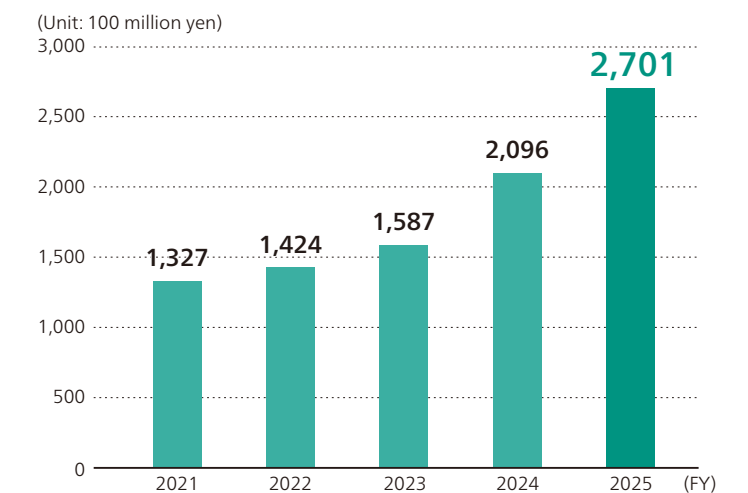
SUGI Pharmacy's business achieves strong sales in both prescription dispensing and merchandizing. Our further increase in the number of subsidiaries and strategic partners is leading to the growth of our healthcare network. By expanding our store network and further enhancing our collaborative relationships,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

Prescription dispensing

In the Prescription Dispensing Segment, we acquired the former I&H Co., Ltd. (Hanshin Dispensing Pharmacy Group) as a subsidiary and significantly increased the entire Group's prescription dispensing capabilities. Maximizing the synergistic effects of our prescription-dispensing drugstore model and robust "clinic-front" pharmacy functions, we accelerated our efforts to attract medical institutions and open stores in clinic malls. While increasing the number of our "clinic-front" pharmacies, we enhanced our capabilities to handle specialty pharmaceuticals*, thereby solidifying our foundation for profitability. We not only promoted digital transformation (DX) in prescription dispensing and optimized personnel allocation, but also promoted work-style reforms for area managers, appointed pharmacy directors, and encouraged model medical administrative staff to fully demonstrate their capabilities, with the aim of improving our operational prowess. In addition, we intensified our efforts to contribute to meeting local healthcare needs by means such as expanding our home-visit prescription dispensing services. As a result, we filled 21.73 million prescriptions (118.2% of the previous fiscal year's level), with sales in prescription dispensing services reaching 270.1 billion yen.

* Specialty pharmaceuticals: Prescription drugs that require a high degree of specialization, such as those for rare diseases

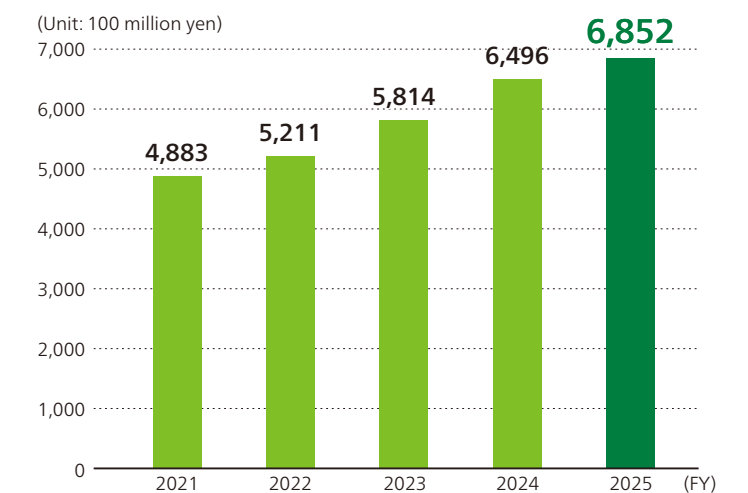
Sales [Prescription Dispensing of Sugi Pharmacy Co., Ltd.]



Merchandising

In the Merchandising Segment, we promoted our pursuit of strategic dominance of establishing new branches in the Kanto, Chubu, and Kansai areas and also succeeded in expanding into the new area of Fukuoka Prefecture to further broaden our sales base. In addition, by promoting DX, we optimized our sales promotion measures based on each customer's purchase data and strengthened our mobile-app-based counseling sales services to increase customer satisfaction. Furthermore, we simultaneously promoted the multiple initiatives of quickly launching new stores, renovating existing stores to meet area needs, and streamlining store operations, which allowed us to achieve growth in both sales and profit. As a result, we achieved merchandising sales of 685.2 billion yen (105.5% of the previous fiscal year's level).

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

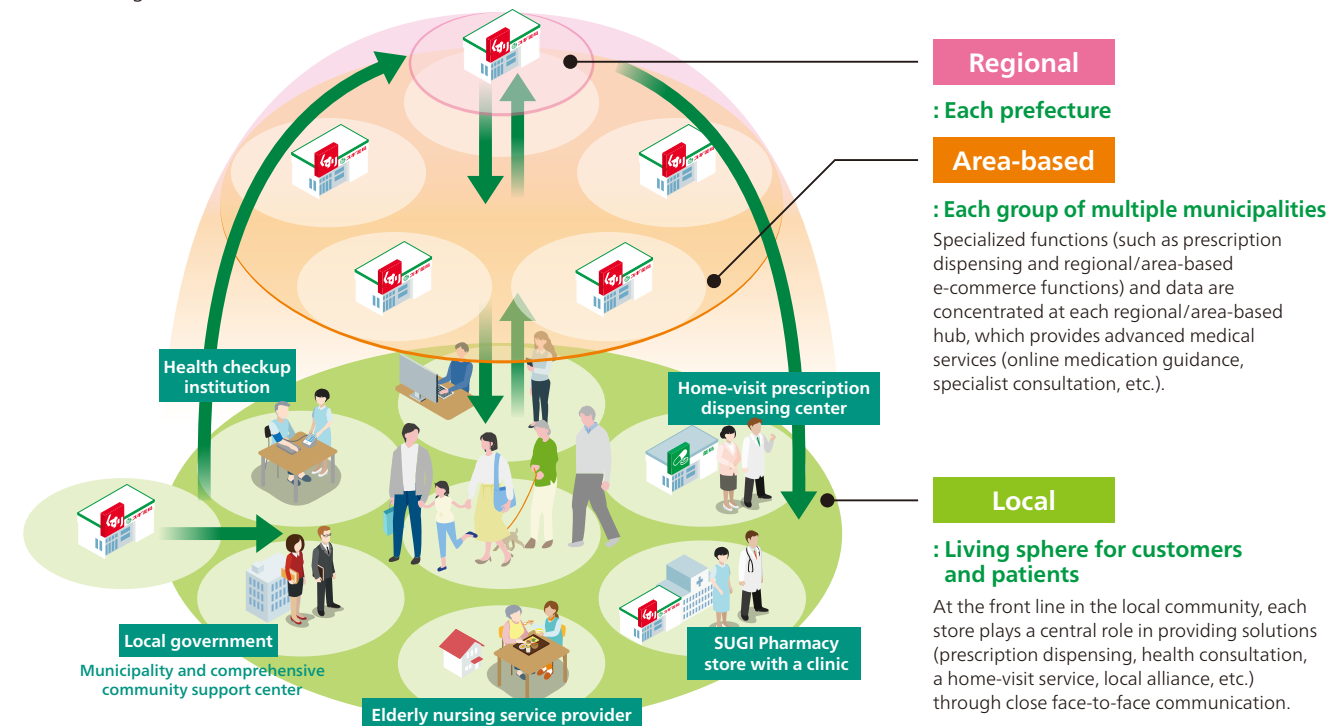


* The results are shown with the Accounting Standard for Revenue Recognition applied in and after FY2022.

Serving as Healthcare Infrastructure and Contributing to Solving Local Issues

SUGI Core Network Vision — Realizing a Seamless Total Healthcare Strategy —

The SUGI Pharmacy Group will integrate digital technology and remote communication with its nationwide store network to build next-generation healthcare infrastructure. We will ensure close coordination between local store networks and area-based and regional hubs equipped with specialized functions with the aim of providing each customer with optimal and seamless medical-care, elderly-nursing-care, and healthcare services beyond physical restrictions. By doing so, we will provide the full range of support, from daily health support to access to advanced medical care, in an integrated manner. We will work together with all our stakeholders to contribute to enhancing the health of local citizens.



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 administrative staff.

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

217 stores (FY2025)

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, the SUGI Pharmacy Group aims to support the lifelong health of local patients and customers. As part of the Total Healthcare Strategy, we will devote enhanced efforts to developing store formats focusing on the respective fields of medical care, food, and beauty in order to provide health support through a more multifaceted approach.

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 guidance.



SUGI Clinic Mall Kanayama Store (Aichi Prefecture)



SUGI Pharmacy Sakurayama Pharmacy (Aichi Prefecture)



SUGI Pharmacy Ashiya Kurekawa-cho Store (Hyogo Prefecture)



Hanshin Dispensing Pharmacy Konandai Medical Mall Store (Kanagawa Prefecture)



SUGI Clinic Mall Tachikawa-minami Store (Tokyo)

Strengthening the Ready-made Food Business to Provide Easy Access to Deliciousness

In collaboration with TRIAL Holdings, we develop and merchandise ready-made food products that efficiently incorporate recipes and manufacturing know-how supervised by skilled cooks. To provide customers greater convenience, some of our stores sell bentos (boxed lunches) and prepared foods. We offer them as affordable and easy-to-enjoy products, and on the path forward, we will use our current initiative as a foundation for us to provide ready-made food products at many more stores.

**Beauty-Specialized Stores, Which Pursue Beauty and Health**

The lineup of products available at "cosme carat" stores is distinctively different from our conventional stores'. These "cosme carat" 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.



cosme carat Tokyu Plaza Omotesando Omokado Store



cosme carat Machida Tokyu Twins Store

About Hanshin Dispensing Pharmacies

Making a Valuable Contribution to Local Communities in Close Collaboration with Medical Professionals, with Every Staff Member Sincerely Listening to and Serving Patients

The former I&H Co., Ltd. (Hanshin Dispensing Pharmacy Group) merged with Sugi Pharmacy Co., Ltd. in 2025, with the latter as the surviving company. This merger was aimed at combining the SUGI Pharmacy Group's management foundation and operational know-how with the highly specialized prescription dispensing functions that the Hanshin Dispensing Pharmacy Group had cultivated, thereby enhancing Hanshin Dispensing Pharmacies' value as pharmacies that support community healthcare. In FY2025, various initiatives were implemented to produce synergetic effects from this merger, including strengthening the management system for Hanshin Dispensing Pharmacies, sophisticating operational processes, and improving operations through pharmacy renovations.

There is a diverse network of Hanshin Dispensing Pharmacies: 88 at "clinic-front" medical malls; 112 in front of or on the sites of hospitals; and four focusing on home-visit prescription dispensing (as of February 2026). Under the supervision of our Hanshin Dispensing Business Headquarters, we at Sugi Pharmacy Co., Ltd. will leverage this network to provide services tailored specifically to the community healthcare needs of local citizens.

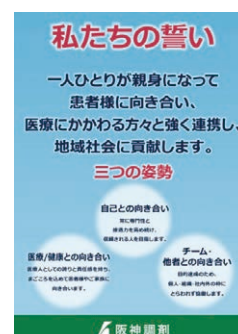
Going forward, we will hone the three key strengths of Hanshin Dispensing Pharmacies—expertise, customer service, and inventory management—to further strengthen their functions as "family pharmacies" that are trusted and chosen by both local citizens and medical institutions.

We are working to provide patients using Hanshin Dispensing Pharmacies with greater convenience through such measures as centralizing medication information management and utilizing digital services, while further solidifying collaboration between the pharmacies and medical institutions and pursuing more advanced in-person services that support patients' treatment. In addition, we are devoting efforts to enhancing human resources management centered around pharmacy directors and area managers and improving pharmacy staff's communication skills to create an organization where each employee can demonstrate their expertise.



Furthermore, we are also committed to improving operational efficiency and accuracy at Hanshin Dispensing Pharmacies by utilizing digital transformation (DX) and AI and to building a safe and high-quality dispensing system. By coordinating multiple systems and sophisticating business processes, we aim to achieve both medical safety and improved operational productivity, thereby strengthening the foundation for sustainable pharmacy operations.

Through these initiatives, we will ensure that Hanshin Dispensing Pharmacies fulfill their role as important supporters of community healthcare, enhance their value as trustworthy local family pharmacies, and contribute to enhancing the corporate value of the entire SUGI Pharmacy Group.



Hanshin Dispensing Pharmacy Mie University Hospital Store

SUGI Pharmacy Subsidiaries, Aiming to Build Relationships of Co-creation and Achieve the Total Healthcare Strategy

By strengthening our prescription dispensing system and expanding our network, we will provide higher-quality medical services in collaboration with these subsidiaries that share the same aspirations with us.



Medioplan Co., Ltd.

Hokkaido and Tohoku area

The company operates the prescription dispensing pharmacy chain Miracle Pharmacy mainly in Sapporo and Tokyo. Guided by the corporate philosophy of "creating pharmacies that deserve many 'thank you's' from local citizens" and "supporting doctors' brave steps toward realizing their ideal medical care," the company has assisted in opening over 100 clinics and is committed to making a meaningful contribution to community healthcare and enhancing comprehensive community care.



Pharmaceutical Information Center Co., Ltd.

Hokkaido and Tohoku area

The name of the company comes from its corporate philosophy of "providing medicinal care centered around pharmaceuticals to propose 'patient-friendly' healthcare, thereby making a positive contribution to society." The company has in place a system for providing local citizens with multifaceted support through collaboration between experts, not only offering pharmaceuticals but also serving as a key provider of a wide range of health and medical information.



Hikari Pharma Co., Ltd.

Hokuriku and Shinshu area

Founded in Toyama Prefecture, the company runs community-based prescription dispensing pharmacies. Operating 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.



Green Eight Co., Ltd.

Kanto area

The company's top priority is to ensure that its prescription dispensing pharmacies focusing on home medical care deliver medical care to customers "in their daily lives" by sending pharmacists and other staff anywhere they are needed, rather than just waiting for prescriptions. In collaboration with medical institutions and care providers, the pharmacists and other staff work closely together to visit patients at home and provide each of them with well-tailored support, thereby allowing the patients to use home medical care with peace of mind and a feeling of trust. The company aims to continue to be needed by local communities.



Daiwa Corporation Co., Ltd.

Chubu area

The company operates the Suzuka Dispensing Pharmacy Group primarily in Mie Prefecture. With the aim of ensuring that its pharmacies are deeply rooted in the local community and loved by everyone, the company is committed to providing medical services from the perspectives of patients. In the recognition that the growth of its employees leads to customer satisfaction and local citizens' peace of mind, the company devotes everyday efforts to creating a workplace with diligent work and job satisfaction, thereby contributing to solving healthcare issues.



Medical Karugamo Co., Ltd.

Kansai area

The company operates prescription dispensing pharmacies concentrated heavily in the Kansai region in pursuit of strategic dominance. It aims to create "pharmacies where people's thoughts connect and people come to meet others." Its goal is to sincerely engage with each customer and make all people—its employees, patients, and local citizens—smile, thereby ensuring that its pharmacies serve local communities closely and support them with smiles while valuing trust, expertise, and human warmth.



Pharmaunion Co., Ltd.

Kyushu area

The company operates a prescription dispensing pharmacy chain based on the philosophy "everything for customer satisfaction." Its name is coined from the combination of "pharma" from the words "pharmacy" and "pharmacist" and "union." The company strives to provide safe and secure medical care for local residents. As "family pharmacies," its pharmacies fill prescriptions from all medical institutions and offer a home-visit medication management service.



Shinya Sugiura

Representative Director &
Senior Vice President
SUGI Holdings Co., Ltd.
Representative Director & President
SUGI Medical Co., Ltd.

**Strive to Serve as the Main
Framework Underpinning
Local Healthcare by
Reinforcing the
Partnerships with Other
Companies and
Establishing and
Consolidating the
Community Healthcare
Partnership Foundation**

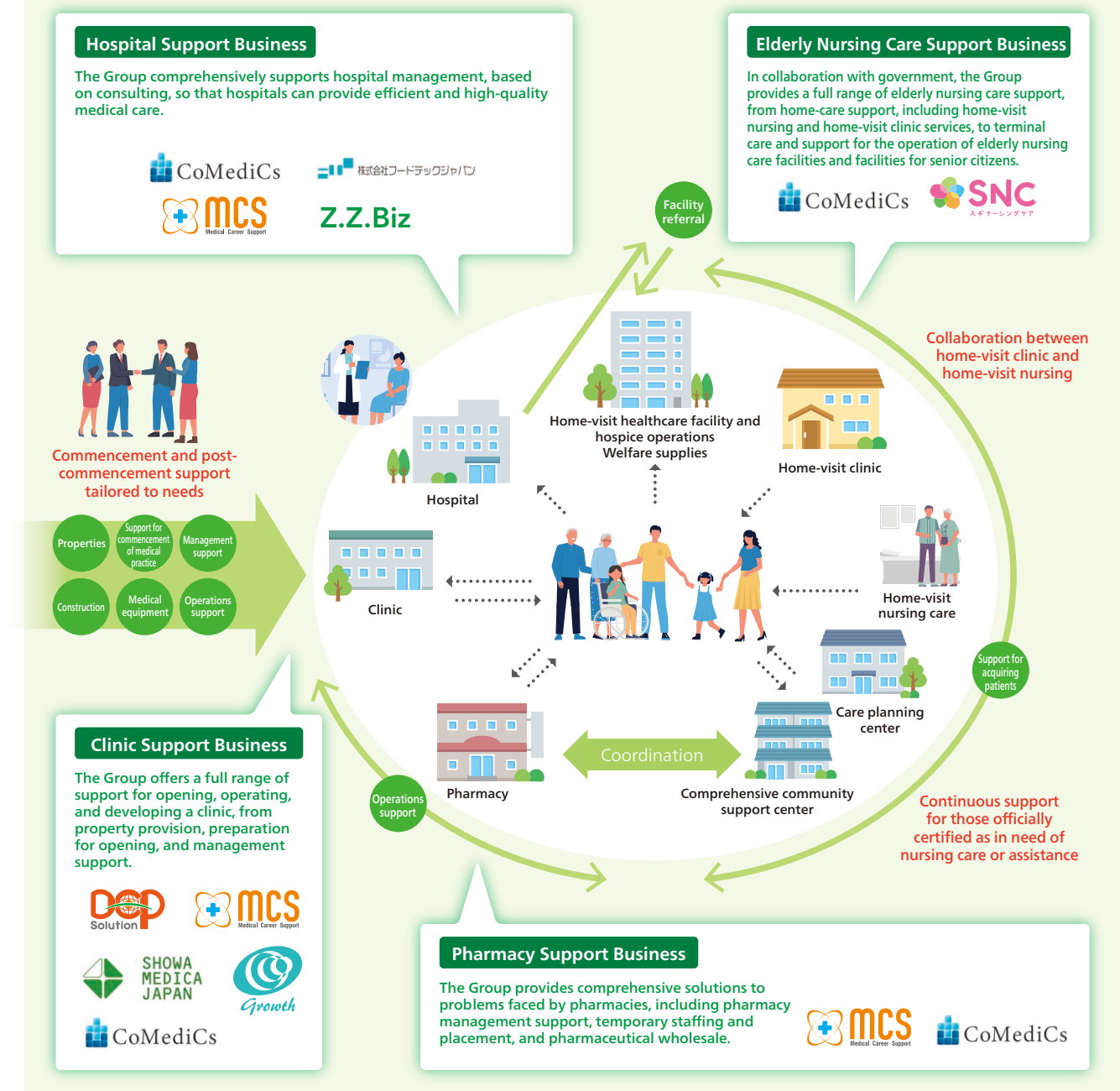
SUGI Medical Group's Business Report



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.

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

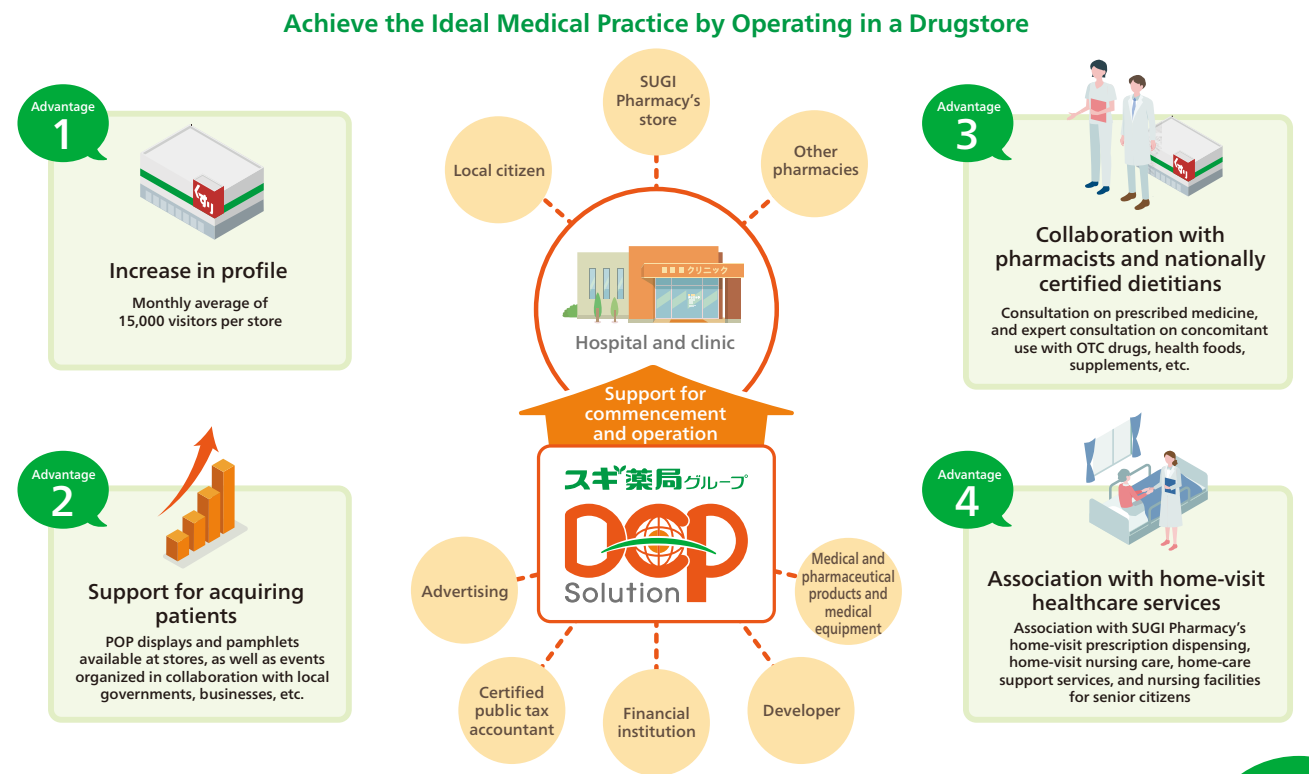
SUGI Medical Group's Business Operations



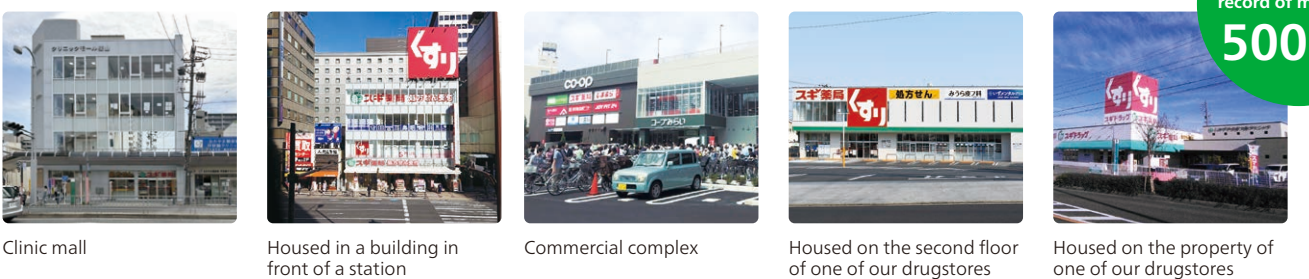
DCP Solution Co., Ltd. (DCP)

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. The company has 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 500 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



Support Examples



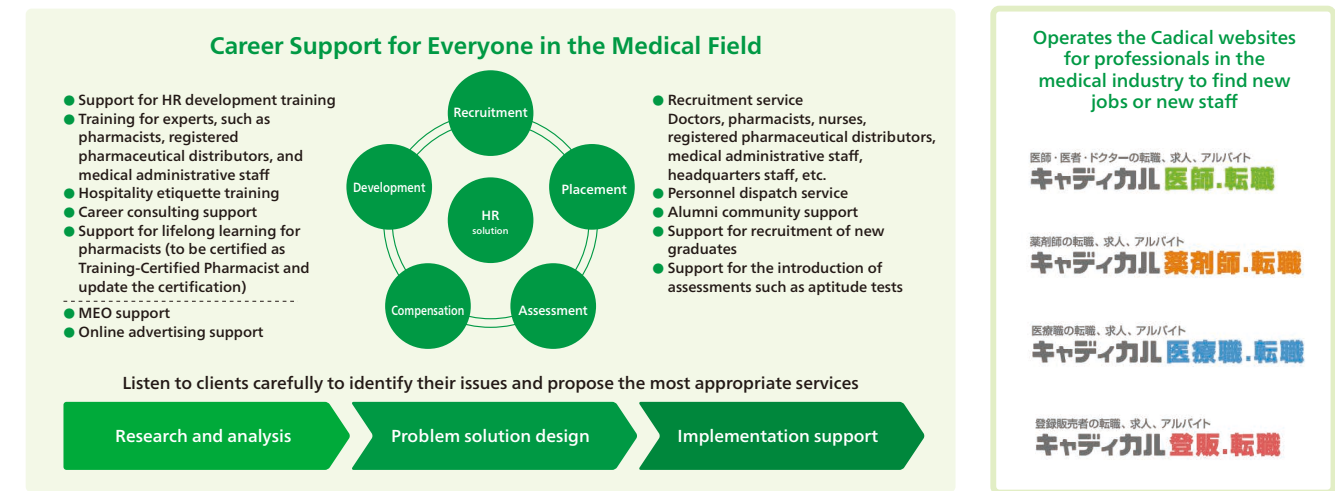
SHOWA MEDICA JAPAN Co., Ltd.

The company supports the creation of a foundation for sustainable community healthcare through store development and design consulting for prescription dispensing pharmacies and medical facilities. It offers the entire range of services, from land and property surveys, through facility design and financial planning, to post-opening operational support, with dedicated planners and architects providing proposals tailored to each customer. The company develops facilities that support the quality and safety of medical care by paying attention to the traffic of facility users and zoning, as well as achieving the optimal balance between user friendliness and design.

MCS Co., Ltd.

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

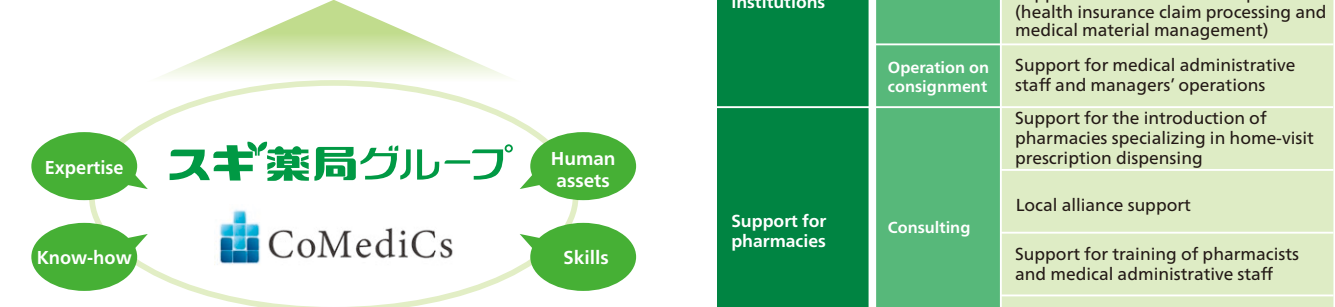
Its experienced personnel and HR consultants provide comprehensive support from the perspective of human assets, including support for recruitment of new graduates and mid-career workers, career development, and various kinds of training, so that the clients can expand their operations. The company also offers individuals who wish to develop their careers a wide range of support, from support in their efforts to find the most suitable job to assistance in returning to their original work.



CoMediCs Co., Ltd.

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.

Conceptual Image of Support



Support Flow



Support Programs

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



株式会社フードテックジャパン **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. It is also engaged in the franchising of medicinal cuisine menus, merchandizing, book development, restaurant management consulting, and store planning, design, and construction. The company therefore promotes a wide range of business operations centered on food.

● Food and beverage



● Retail



● Merchandising



● Franchising

● 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. It opened a home-visit nursing station in 2008 and a care planning center in 2012 both at the Hayashiji Store of SUGI Pharmacy to launch services underpinning home healthcare together with pharmacists. The company currently has 22 offices in Osaka, Aichi, Kanagawa, and Chiba Prefectures.

Main Services

■ Observation of illness

Check service users' health condition, 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.

■ Terminal care

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

17 stations

Care planning center

5 centers

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

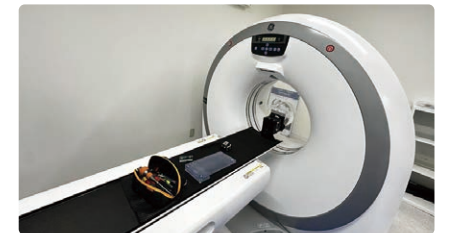
It also provides care for children and the disabled and offers advice and support to the families who provide care for them.



Growth Inc.

The company mainly helps doctors to commence medical practice and sells medical equipment. The source of revenue in running a clinic is medical fees obtained from medical procedures and tests using medical equipment, meaning that the introduction of medical equipment is required in many medical departments.

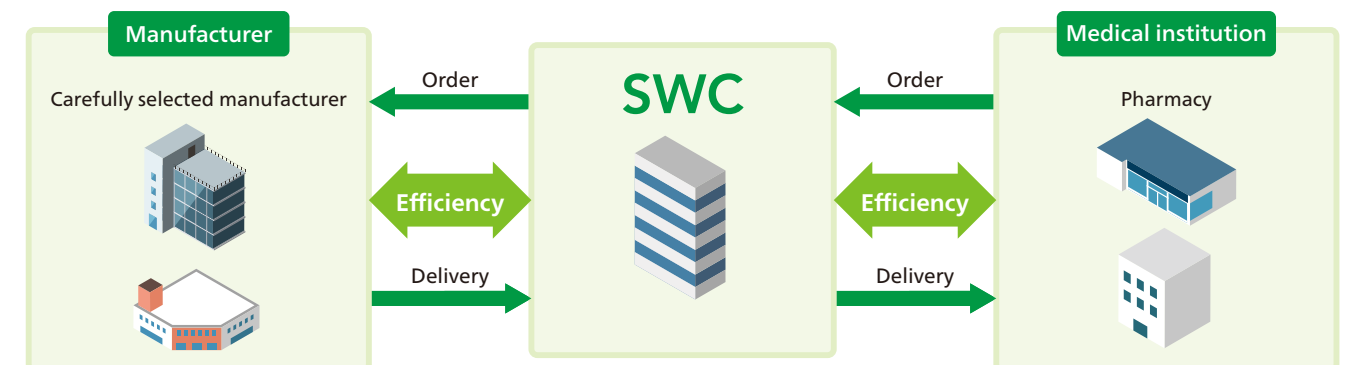
The company prepares a business plan with consideration given to the doctor's treatment policy and the revenue-expense balance of introducing medical equipment, before suggesting the most suitable medical equipment and medical supplies selected from among multiple options. For the selection of medical 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 expect at the time of replacement. Also providing support at the time of payment for equipment, whether it is purchased in cash, by installment or leased, the company helps doctors to engage in medical practice with peace of mind.



SWC

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, it works in cooperation with medical institutions and pharmaceutical manufacturers.
- The company is committed to ensuring the quality of the products that it handles based on information about them fully provided by pharmaceutical manufacturers.



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.

We have focused on acquiring as subsidiaries or collaborating with companies specializing in the medical and healthcare fields with the aim of being a provider of infrastructure for community healthcare. These efforts have steadily produced the desired effects, allowing us to expand and enhance our business fields and thereby to become a total coordinator in the medical and healthcare fields. Going forward, we will continue our efforts to create synergy between our subsidiaries and with local medical institutions and businesses, thereby helping local residents to enjoy even healthier and more fulfilling lives.

STレーディング /Watanabe Trading



Tsuyoshi Yamamoto
Representative Director & President

Supporting Infrastructure for Community Healthcare with Both Products and Services while Bringing a Feeling of Security and Quality Cultivated in Japan to Other Asian Countries

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 Pharmacy Group strives to realize the Total Healthcare Strategy, which serves as a foundation for the Group's initiatives to provide customers and patients, regardless of their health condition, with support focusing on "health and medical care," while addressing the aging population and declining birth rate confronting Japanese society and taking advantage of digital technology in a continuous creation and evolution process. In the future, the wave of aging will hit other Asian countries, following Japan's lead. We have developed solutions to the aging population of Japan. By sharing such assets with our partners in other Asian countries and continuing to work together, we will continue to tackle the mission: "Contributing to Healthy Lives throughout Asia."

Main Operations

Import/Export Intermediation

Sharing of extensive sales know-how in the drugstore business
Exporting and wholesaling goods (including pharmaceuticals),
developing stores, and supporting product/service
development

OEM/ODM

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

Affiliates and Partner Companies to Proceed with the Total Healthcare Strategy Overseas



Existing export destinations: Taiwan, Vietnam, Malaysia, Thailand, Hong Kong, Macau, China, Cambodia, Nepal, Singapore, South Korea, Mongolia, Kyrgyzstan, the Philippines, Sri Lanka, and Bangladesh

NIHONDO 薬日本堂株式会社



Tomohiro Ishikawa
Representative Director & President

Maximizing Synergy by Leveraging Our Knowledge Developed in the Field of Kampo Medicine

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 approximately 94,000 health counseling cases* each year. Featuring Kampo counseling pharmacies in the three business formats of NIHONDO KAMPO BOUTIQUE, KAGAE KAMPO BOUTIQUE, and NIHONDO at the core, we operate in a wide range of business fields centered on Kampo medicine, including product development, Kampo schools, an online shop, commodity distribution, a museum, and supervision of books. Based on the knowledge and experience of Kampo medicine we have gained from handling the highest number of cases in Japan, we have earned the trust and respect of local residents. Leveraging our expertise in the Kampo field, we are also committed to developing our unique proprietary products, creating new business formats, and enhancing our capabilities to sell over-the-counter Kampo pharmaceuticals.

* Total number of visits by customers with registered membership to all stores operated directly by NIHONDO Co., Ltd. from January to December 2025

Main Operations and Services

Kampo Store



NIHONDO KAMPO BOUTIQUE



KAGAE KAMPO BOUTIQUE



NIHONDO

NIHONDO Kampo Schools (Tokyo, Osaka and Nagoya)

The schools offer a wide range of courses, from one-day seminars on the basics of traditional Chinese medicine, medicinal cuisine, etc. to full-fledged courses for prospective qualified Kampo professionals. These courses attract over 10,000 attendees a year, with online courses also available for greater convenience.



Product Development

The company works to develop its unique proprietary products by leveraging the knowledge of Kampo medicine and medicinal cuisine that it has accumulated since its founding in 1969. The company's close collaboration with SUGI Pharmacy has resulted in hit products, such as NMN50000 and Natto Kinase launched in 2025, which were designed to appeal to international tourists to Japan.



Collaborations between NIHONDO and SUGI Pharmacy

SUGI Pharmacy Stores with a NIHONDO Section and Consultation Counter



SUGI Pharmacy Ueji 1-chome Store



SUGI Pharmacy Shinsaibashi Store



Mama Cafe Wellness Festival



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. We pursue disease prevention. Our strengths lie in the fusion of analog experience and digital technology, such as the know-how we have accumulated as part of the SUGI Pharmacy Group through health counseling for many customers and data analysis techniques that emphasize communicating complex health information in an easy-to-understand manner. We believe that the combination of analog experience and digital technology can change the current situation. We 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.



Health Guidance to Prevent Disease Aggravation

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



Three types to choose from based on individual preference

- **In-store**
At a SUGI Pharmacy near home or workplace
- **ICT (online interview)**
With a PC or smartphone in free time
- **In-office**
At a workplace to ensure accessibility

Specific health guidance

FY2025: Provided to **9,664** people

Risk Reports

The company's risk reports provide health information in a unique manner so that users can easily understand disease risks and how to prevent diseases.

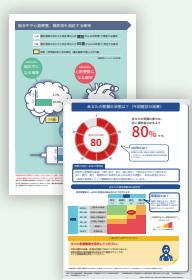


Lifestyle-related disease risk report

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 report

This report is created based on each individual's health checkup results. It helps to promote their awareness and knowledge of CKD at an early phase.



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 quantitative measurement of effectiveness based on purchase history



KNOCK ON THE DOOR KNOCK ON THE DOOR Inc.



Hiroomi Hayashi

Representative Director & President

Utilizing IT to Support the Lives of Patients with Intractable Diseases and Their Families

In September 2025, we joined the SUGI Pharmacy Group. The core of our business is "nanacara," a mobile app for recording epileptic seizures that we have developed by making the most of the voices of patients and their families who are most familiar with the disease. We directly listened to approximately 300 patients and their families and incorporated their views into the development process. The name of our company "KNOCK ON THE DOOR" embodies our hope of being an active long-time supporter of patients with intractable diseases and their families while maintaining the attitude of "knocking on the door" to their hearts. Currently, our business has expanded beyond epilepsy to include other rare and intractable diseases, such as dementia and ALS. We utilize IT to support the lives of patients with intractable diseases and their families with a view to expanding into Asian countries other than Japan in the future.

Providing Patient Support Services in the Epilepsy Area

The company will offer medical consultation and medication support services based on "nanacara" at SUGI Pharmacy Group pharmacies (especially "hospital-front" ones) to the estimated one million epilepsy patients in Japan, thereby enhancing its capabilities to provide specialty pharmaceuticals* in the area of epilepsy.

Expanding into a Wider Scope of Intractable and Rare Diseases

The company will expand its business to include other intractable and rare diseases, such as dementia, ALS, and Parkinson's disease. It will co-create new apps and digital services with patients, their families, healthcare professionals, etc. and expand its share in the markets for specialty pharmaceuticals by leveraging the SUGI Pharmacy Group network.

* Specialty pharmaceuticals: Prescription drugs that require a high degree of specialization, such as those for rare diseases

Main Operations

Contributing to Strengthening Community Healthcare Networks across a Wide Range of Disease Areas, including Intractable and Rare Diseases



This mobile app is designed to enable families with children who suffer from epilepsy to record and manage medication adherence, seizure frequency, etc.



This service allows doctors to access seizure information recorded by patients and their families on the "nanacara" app when they provide medical consultations.



● **40,000 downloads** Share percentage: Approx. 40%*1

* As of the end of February 2026

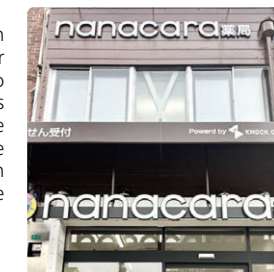
*1: Calculated based on the number of children with intractable epilepsy in Japan estimated by KNOCK ON THE DOOR



This is an online medical consultation service focusing on epilepsy, allowing patients to connect with doctors and pharmacists for medical consultations and medication guidance on their smartphone while at home or at their workplace.



These pharmacies specialize in serving epilepsy patients and their families. The company is working to create a medical system that allows them to seek advice no matter where they are in Japan through online communication and collaboration with epilepsy specialists and welfare professionals.



nanacara Pharmacy Miyakojima Store

● **Number of medical institutions that have adopted the service: 293** Share percentage: Approx. 23%*2

* As of the end of February 2026

*2: Calculated based on the number of medical institutions with epilepsy specialists in Japan estimated by KNOCK ON THE DOOR

● **Number of registered users among epilepsy specialists: 517** Share percentage: Approx. 55%*3

* As of the end of February 2026

*3: Based on data shown in materials for the 2024 Annual Meeting of the Japanese Epilepsy Society and the specialist directory on the Japanese Epilepsy Society website



This platform ensure that the true character of each dementia patient is shared among their family, caregivers, and medical professionals. It allows users to record the patient's life history, preferences, and necessary considerations in an organized manner, as well as daily events and their physical condition. These records visualize changes in the patient's life and health condition, helping them live while staying true to themselves.



Message from the Chairman

Celebrating Our 50th Anniversary and Taking the Next Step Forward to the 100th Anniversary with the Spirit of “Immutability and Fluidity”

Aiming to Take a Further Leap by Inheriting the Founding Philosophy and Transforming toward the Next Generation

This year, SUGI Pharmacy is celebrating the major milestone of the 50th anniversary of its founding. We started our business as a single “family pharmacy” in Nishio City, Aichi Prefecture, and we are now taking bold steps both in Japan and overseas toward achieving our Total Healthcare Strategy. We have continued to expand both the geographic scope of our stores and the scope of our businesses, with companies such as the Hanshin Dispensing Pharmacy Group, Hikari Pharma, and NIHONDO joining our Group one after another and an increasing number of partner companies involved in our overseas expansion.

Our remarkable progress has been underpinned by the spirit of “immutability and fluidity,” that is, the attitude of championing what should remain unwavering while flexibly embracing new changes. The starting point for the SUGI Pharmacy Group’s emphasis on “immutability” is its dedication to and behavior of respecting each customer in front of our eyes. Now, intended beneficiaries of our dedication and behavior include not only our customers but also our employees, business partners, and all other stakeholders.

Meanwhile, our readiness for “fluidity” is embodied by the Mid-Term Management Plan. This plan guides us to adapt flexibly to the rapidly changing times and make changes to what needs to be evolved without hesitation with a view to taking a further leap from a company with sales of one trillion yen.

Achieving continuous “sound” growth while maintaining a good balance between “immutability” and “fluidity” is an essential requirement for the SUGI Pharmacy Group to expand its business, without chasing growth for growth’s sake, while supporting healthcare infrastructure in local communities and addressing social issues. I believe that my most important role lies in continuing to emphasize the importance of this spirit to all employees.

Strengthening Our Governance and Sustainability

For the Group to create a sustainable future toward our next milestone—the 100th anniversary, I also have the important responsibility to identify management risks from a medium- to long-term perspective and further reinforce our corporate governance system.

In the current age of increasingly rapid spread of information through social media and other means, which may have an immediate and massive impact on the

credibility of a company, extremely high importance is placed on corporate governance and response to risks.

To address this situation, we have strengthened our monitoring system in which outside directors and auditors play a central role and deepened our cooperation with external audit agencies to enhance our mechanisms for proactively identifying and addressing potential risks from a third-party perspective. We will also upgrade our internal audit functions to prevent or promptly address on-site problems and materialized risks.

Furthermore, as a company entrusted with important customer information, we are fully committed to continuing to improve our systems for information management, security, and compliance. At the same time, we will tackle our issues of materiality head-on, such as addressing climate change and implementing disaster countermeasures, thereby building a solid management foundation that allows us to respond to any changes.

Focusing on Each Individual and Growing Together with Them

Building a robust organization begins with focusing on each individual employee. We will implement thorough anti-harassment measures and listen to the voices of employees to proceed with engagement management that maximizes employees’ motivation while promoting respect for diversity.

We deeply engrave Our Pledge in our hearts, as shown below, and adhere to it as our Code of Conduct in our everyday practices.

We will always make decisions and take action from customers’ perspectives.

We will always keep our eye on changes both inside and outside the company and continue to innovate.

We will always expand and deepen our capabilities and grow together with the company.

We will always remain sincere.

We will always respect diversity.

On the path forward, the SUGI Pharmacy Group will stay aware of its raison d’être—contribution to local communities—and operate while making every effort to improve its corporate value. Moreover, we will take further steps forward while reaffirming the foundation for our thoughts, decisions, and behavior, which lies in our management philosophy: “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.”

We sincerely ask for your continued support and encouragement in the future.



Eiichi Sakakibara

Director & Chairman
SUGI Holdings Co., Ltd.

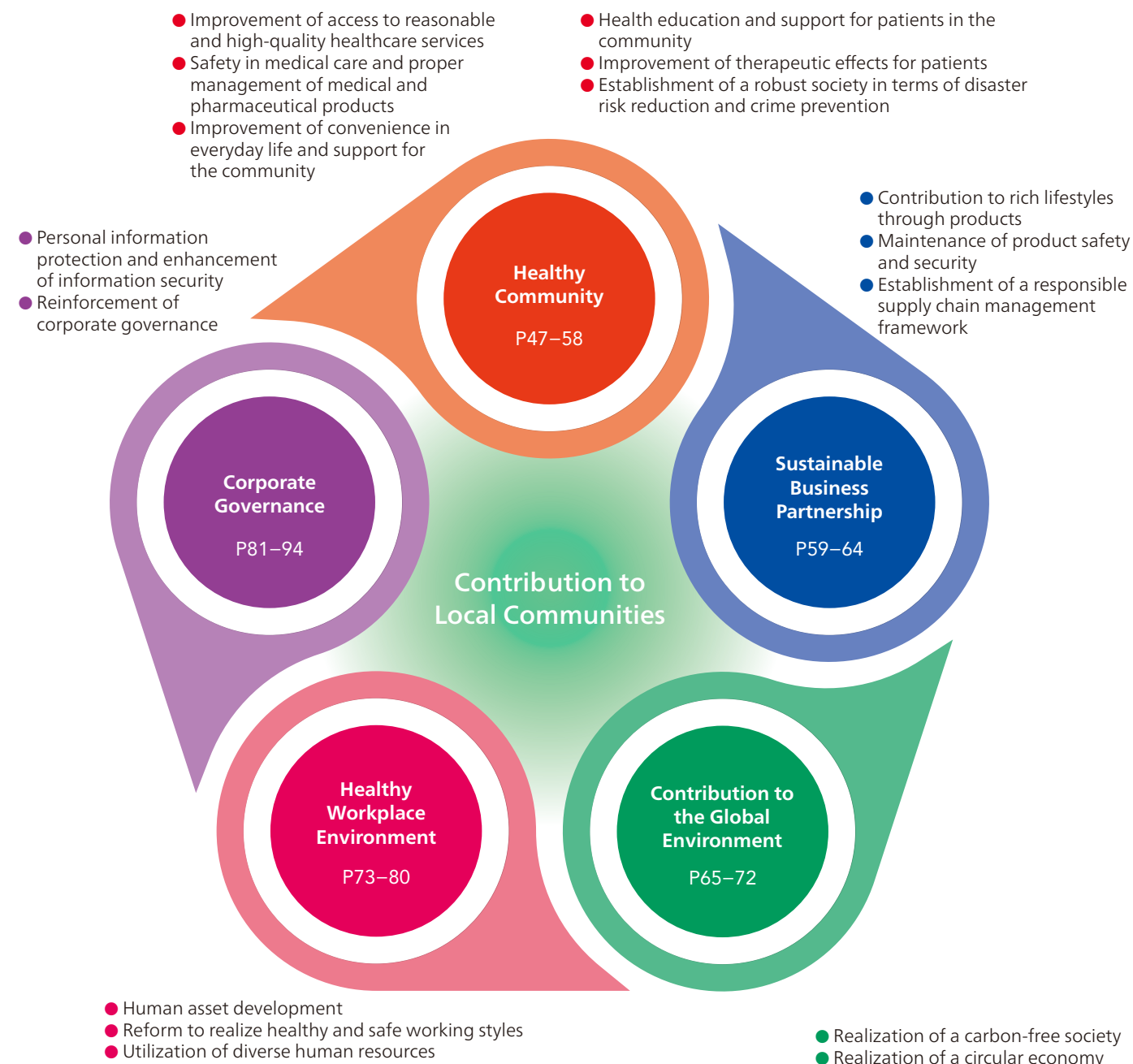
Priority Issues [Issues of Materiality] for Proceeding with Sustainability Management

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)



Process for Identifying Priority Issues (Issues of Materiality)

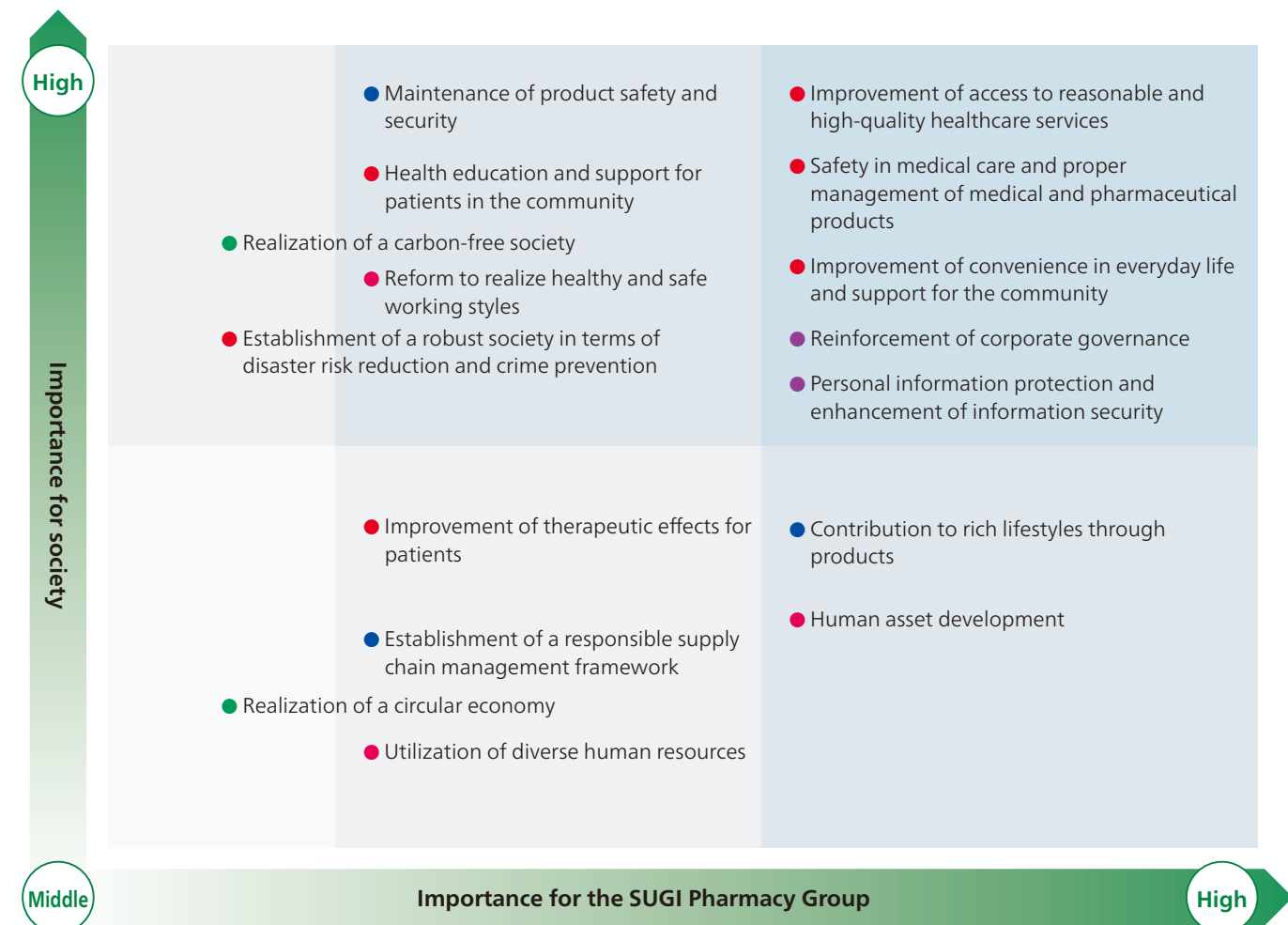
We have identified our priority issues (issues of materiality) through the process below. We will flexibly review them as necessary, in accordance with changes in our business and the external environment.



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		Related SDGs	Opportunities and risks		Major initiatives		
Healthy Community	Improvement of access to reasonable and high-quality healthcare services	3GOOD HEALTH AND WELL-BEING 4QUALITY EDUCATION 9INDUSTRY, INNOVATION AND INFRASTRUCTURE 11SUSTAINABLE CITIES AND COMMUNITIES 12RESPONSIBLE CONSUMPTION AND PRODUCTION 17PARTNERSHIPS FOR THE GOALS	Opportunity	Acquisition of growing markets	● Increasing the number of stores with a counseling function ● Enhancing online services		● Providing data-based healthcare services ● Creating and expanding new business in areas such as medical care, elderly nursing care, and wellness
	Safety in medical care and proper management of medical and pharmaceutical products		Risk	Customer defection			
			Opportunity	Increase in customer satisfaction	● Collecting near-miss cases, sharing them for training, and developing the necessary frameworks ● Safely collecting medical and pharmaceutical products and medical equipment		● Providing information on medical and pharmaceutical products using digital tools
	Improvement of convenience in everyday life and support for the community		Risk	Decline of brand value			
			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
	Health education and support for patients in the community		Risk	Decline of brand value			
			Opportunity	Increase in customer satisfaction	● Providing more information to promote prevention and care ● Providing information to and raising awareness of patients and their families		● Supporting patients and their families
	Improvement of therapeutic effects for patients		Risk	Decline of brand value			
			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
	Establishment of a robust society in terms of disaster risk reduction and crime prevention		Risk	Reduction in dispensing fees			
Opportunity		Improvement in brand value	● Establishing robust stores and the necessary frameworks		● Supporting disaster-affected people in local communities		
Sustainable Business Partnership	Contribution to rich lifestyles through products	3GOOD HEALTH AND WELL-BEING 9INDUSTRY, INNOVATION AND INFRASTRUCTURE 12RESPONSIBLE CONSUMPTION AND PRODUCTION 17PARTNERSHIPS FOR THE GOALS	Opportunity	Acquisition of growing markets / Improvement in brand value	● Providing health-conscious products ● Focusing on the development of high-value-added products		
	Maintenance of product safety and security		Risk	Rival companies acquiring market share			
			Opportunity	Improvement in brand value	● Establishing product quality control and quality assurance systems ● Disclosing information appropriately		● Focusing on the development of ethical products
	Establishment of a responsible supply chain management framework		Risk	Customer defection			
			Opportunity	Cost reduction / Improvement in brand value	● Managing supply chain appropriately ● Managing a business continuity plan (BCP)		● Promoting smooth communication with suppliers ● Building a next-generation logistics network ● Transforming logistics into a service platform/leveraging data and promoting automation
	Risk		Customer defection				
Contribution to the Global Environment	Realization of a carbon-free society	6CLEAN WATER AND SANITATION 7AFFORDABLE AND CLEAN ENERGY 13CLIMATE ACTION 17PARTNERSHIPS FOR THE GOALS	Risk	Cost increase due to carbon taxes / Decline of brand value	● Shifting to renewable energy ● Reducing greenhouse gas emissions ● Reducing environmental impact through the entire life cycle		
	Realization of a circular economy		Opportunity	Improvement in brand value / Cost reduction	● Promoting store development aimed at conserving water resources ● Promoting recycling through cooperation of the manufacturing, distribution and sales sectors		
			Risk	Decline of brand value			
Healthy Workplace Environment	Human asset development	5GENDER EQUALITY 8DECENT WORK AND ECONOMIC GROWTH 10REDUCED INEQUALITIES 17PARTNERSHIPS FOR THE GOALS	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 ● Strategically fostering next-generation management human assets ● Developing a human asset portfolio and strategic HR DX
	Reform to realize healthy and safe working styles		Risk	Decline of competitiveness			
			Opportunity	Enhanced recruiting capability / Inspired innovation	● Promoting health and productivity management ● Promoting the establishment of a workplace environment in consideration of employees' safety		● Promoting work-style reforms
	Utilization of diverse human assets		Risk	Employees leaving the company / Decline of brand value			
			Opportunity	Accelerated store launch / Inspired innovation	● Preparing fields and opportunities with a focus on diversity ● Transforming corporate culture to encourage taking on challenges and promote diversity		● Developing a framework that supports diverse working styles
	Risk		Slowdown in store launch / Decline of brand value				
Corporate Governance	Personal information protection and enhanced information security	8DECENT WORK AND ECONOMIC GROWTH 16PEACE, JUSTICE AND STRONG INSTITUTIONS	Opportunity	Improvement in corporate value	● Strengthening efforts for personal information protection and providing thorough training ● Strengthening the information security framework and providing thorough training		
	Reinforcement of corporate governance		Risk	Occurrence of risks to business continuity / Decline of corporate value			
			Opportunity	Improvement in corporate value	● Improving the effectiveness of the Board of Directors ● Providing thorough compliance training		● Strengthening the risk management framework ● Promoting digital transformation of the Group's business management ● Ensuring transparent dialogue and information disclosure ● Pursuing management with a focus on capital efficiency
	Risk		Occurrence of risks to business continuity / Decline of corporate value				

Healthy Community

Improvement of access to reasonable and high-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.



• Providing multifaceted health support combining self-testing for urinary glucose and protein with nutritional counseling

We conduct health counseling sessions that combine self-checks using urine tests by customers with lifestyle advice from nationally certified dietitians.

By visualizing customers' current situation and providing expert advice, we contribute to the prevention of diseases, such as diabetes and kidney diseases, while verifying that we can promote behavioral change in our customers.



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

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



• Enhancing the digital membership base

The membership of our digital apps (*SUGI Pharmacy app*, *SUGI Smartphone Medicine Service app* [*Family Pharmacy app*], and *SUGIsapo Walk+*) comprises the base for a variety of our digitalized healthcare services and sales promotion tailored to individual needs. In FY2025, we focused on promoting the downloading of each app and achieved 17.6 million downloads.

SUGI Pharmacy app

15.67 million downloads
(As of the end of February 2026)

SUGI Smartphone Medicine Service app
(*Family Pharmacy app*)

1.47 million downloads
(As of the end of February 2026)

SUGIsapo Walk+

450,000 downloads
(As of the end of February 2026)



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.

• Releasing *SUGIsapo Walk+*

The Group is promoting the walking app *SUGIsapo Walk+* with the aim of fostering interest in secondary/primary prevention in the self-care field and enhancing brand power through everyday touchpoints.

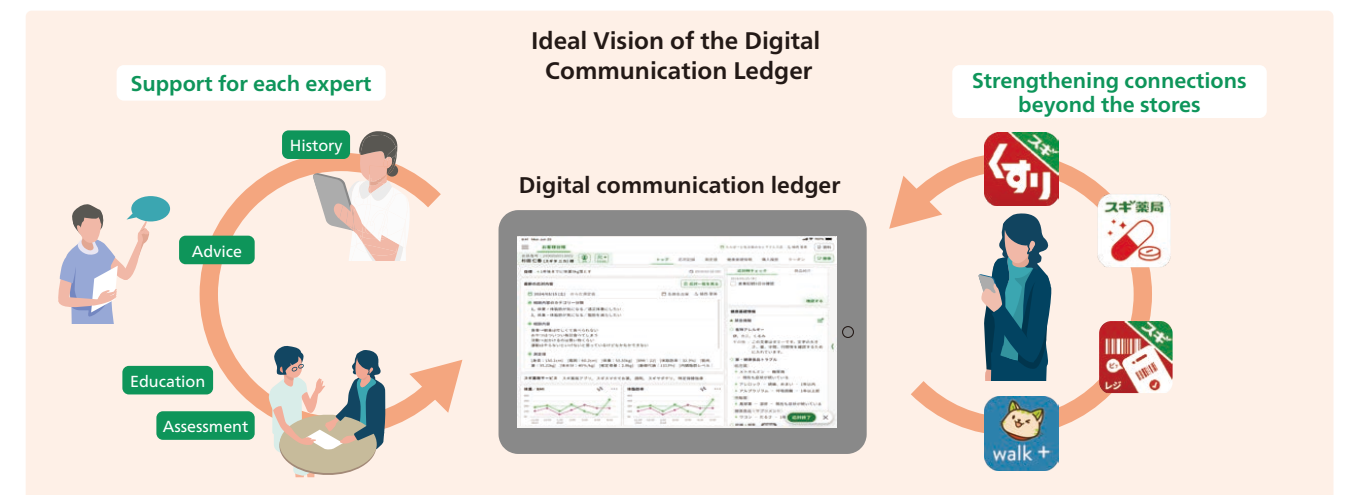
This app, which has surpassed 450,000 cumulative downloads, maintains a high active user rate by providing incentives and gamification for the everyday action of walking. This will deepen customer engagement and support users' healthy daily lives. The app enables the collection of BMI data for health surveys. Going forward, we will work on advanced integration and analysis of such lifelog and purchasing data to help users predict their disease risk and support their decision to seek medical attention.

The Group will not merely provide the apps but will create both social and corporate value as a platform that contributes to extending customers' healthy life expectancy based on reliable data.



• Utilizing Wellness Guide

The SUGI Pharmacy Group has introduced Wellness Guide, a digital ledger for centrally managing customer health information. By transitioning from traditional paper ledgers to the digital system, we have simultaneously reduced the risks associated with managing personal information and improved operational efficiency. The digital ledger enables us to integrate and visualize data such as medication information, lifestyle habits, and past counseling history so that we can provide high-quality counseling through collaboration among various specialists. We are also advancing data integration with our apps, strengthening our continuous support system to help each customer achieve their health targets.



Aichi Digital Health Consortium launched

The Aichi Digital Health Project, promoted by Aichi Prefecture, aims to extend the healthy life expectancy and improve the quality of life for residents of the prefecture through industry-government-academia collaboration utilizing digital technology. Participating in the consortium, the SUGI Pharmacy Group is proceeding with frailty prevention measures that integrate the digital service *SUGIsapo Walk+* and our physical stores. Through such community-based health support, we contribute to the realization of a healthy and long-lived society where everyone can live with peace of mind.



Safety in medical care and proper management of medical and pharmaceutical products

Drug Station, automated medicine picking equipment

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

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



Shinshu University Hospital Store



SUGI Clinic Mall Kanayama Store

• Serving as “local alliance pharmacies” and “pharmacies allied with specialized medical institutions”

By utilizing our accumulated know-how of prescription dispensing, we are increasing the number of stores providing a home-visit prescription dispensing service. We are proceeding 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 closer cooperation with medical institutions providing specialized medical care.

Pharmacies allied with specialized medical institutions **14 stores**

Local alliance pharmacies **100 stores**

Interview



Board-certified Pharmacists of Ambulatory Cancer Chemotherapy

- Qualifications**
- Board-certified Pharmacists of Ambulatory Cancer Chemotherapy
 - NST Specialized Therapist
 - Board-certified Nephrology Pharmacy Specialist
 - Certified Kidney Disease Educator
 - Certified Diabetes Educator

As a Board-certified Pharmacist of Ambulatory Cancer Chemotherapy, I work closely with hospitals, actively monitoring side effects through tracing reports and making prescription suggestions to create a system that allows patients to continue their treatment with peace of mind.

Leveraging my expert knowledge, I support hospitals in accurately understanding the condition of outpatients, enabling safe and high-quality pharmacotherapy. I am confident that my role as a bridge between hospitals and pharmacies will significantly enhance the value of pharmacists in community healthcare.

Within the company, I lead the kidney disease team and share my knowledge across the company. Providing feedback on daily success stories and expertise, I contribute to developing the skills of less-experienced pharmacists and raising the overall level of expertise within the organization.

Our company has an environment where you can pursue advanced expertise in areas such as cancer, kidney disease, and nutrition while working on-site. Enhancing your expertise is the very reason why patients select you. I look forward to working with the next generation to explore new possibilities for pharmacists.

• Safely collecting medical and pharmaceutical products and medical equipment*

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 in waiting rooms using digital tools



• Installing many more medicine pick-up lockers



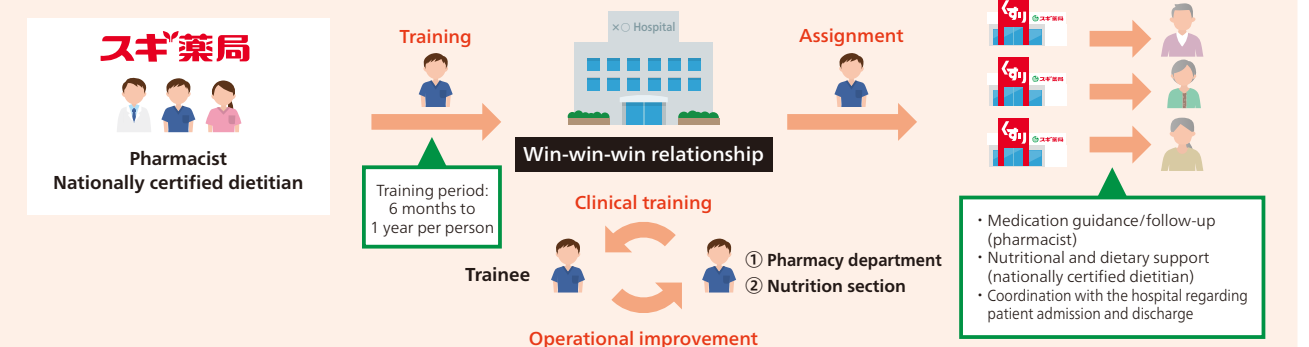
• Ensuring accuracy of ID confirmation based on an online qualification confirmation system



• Fostering highly specialized experts such as pharmacists and nationally certified dietitians

To further promote community healthcare collaboration, we have established a new collaboration model centered on providing clinical experience for community pharmacists and nationally certified dietitians, mutually sharing know-how between hospitals and pharmacies, and supporting diverse career development for individuals. By having pharmacists and nationally certified dietitians from pharmacies seconded to local hospitals for six months to one year for educational purposes, the model ensures a win-win-win relationship for all three parties: human asset development for the pharmacy, improvement of operations for the hospital, and the realization of a new career opportunity for the seconded individual. Moreover, after completing their training, the seconded staff returns to the pharmacy and contributes to improving patients’ quality of life by sharing the advanced know-how they have cultivated at the hospital, such as medication guidance, nutritional and dietary support, and hospital admission/discharge coordination, with local healthcare players, thereby promoting seamless healthcare collaboration.

Deepening expertise and promoting a community healthcare collaboration model



Industry-academia collaboration with Fujita Health University

We have accumulated practical experience in advanced medical settings at the university hospital, including side effect management in a pharmacist-led outpatient clinic in the field of oncology, and prevention of medical errors through perioperative pharmaceutical management. In addition, we are accumulating evidence through clinical research at the graduate level. Through these initiatives, we will continue to cultivate human resources with advanced expertise and interprofessional collaboration skills and lead the improvement of the quality of community healthcare.

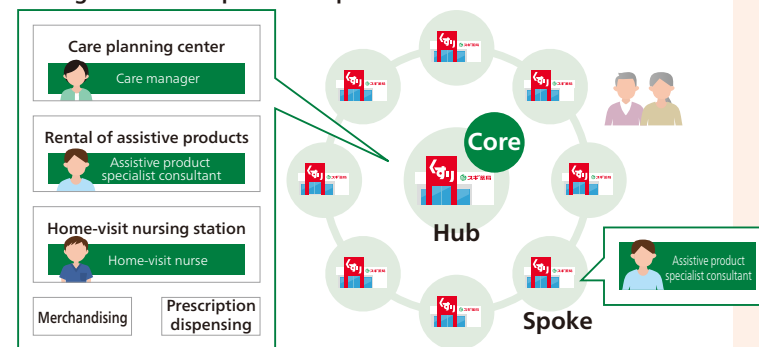
Improvement of convenience in everyday life and support for the community

Elderly nursing care – a comprehensive care network strategy to support the harvest season of life
As a partner in elderly nursing care with a focus on each individual

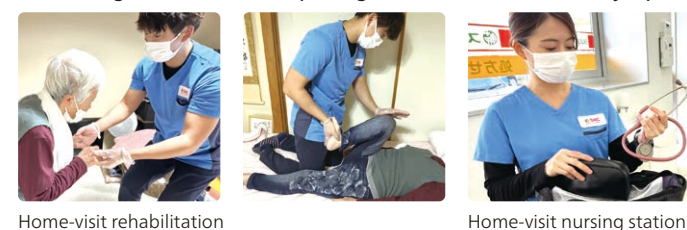
The SUGI Pharmacy Group views old age as the “harvest season of life.” Place a focus on each customer and remain a supportive partner throughout their entire life so that they can live a fulfilling life in a way that is true to themselves. That is the fundamental principle of our elderly nursing care.

Based on this principle, we have established a comprehensive community network centered around a hub that brings together specialized functions, such as care management, home-visit nursing, assistive product rental service, and prescription dispensing, with surrounding SUGI Pharmacy stores acting as collaborative spokes. Through this system, we will provide multifaceted support for the lives of our customers living in the community, thereby establishing the brand of SUGI as an elderly nursing care provider and expanding our business base.

Establishing the brand of SUGI as an elderly nursing care provider through the hub & spoke concept

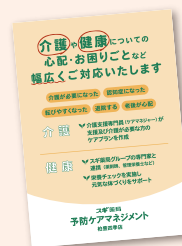


Establishing a framework underpinning local citizens’ health in every aspect



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

Nationally certified dietitians with care manager certification formulate preventive care plans for people certified by their municipalities as those in need of assistance and provide various services. In this regard, we have opened an elderly home care support office within a SUGI Pharmacy store to formulate preventive care plans. The Preventive Care Management Ueji-1-Chome Store opened in January 2026 after the Kashiwa-Toyoshiki Store, Urawa-Shinmei Store, and Saginomiya Store. In FY2025, 1,990 people used the service. We will continue to focus on formulating care plans that contribute to preventing progression to higher care levels, promoting improvement and supporting independent living.



SUGI Pharmacy Kashiwa-Toyoshiki Store

Offering an assistive product rental service at SUGI Pharmacy stores

Specialist consultants select appropriate assistive products to support the independent living of users and reduce the burden on caregivers. The service is available at four locations: SUGI Okazaki ST* (Ueji-1-Chome Store), SUGI Toyokawa ST (Zoshi Store), SUGI Obu ST (Nagakusa Store), and SUGI Nagoya Higashi ST (Gokuraku Store), with a total of 5,728 users in FY2025. We have also started exhibiting electric mobility carts and offering test rides, contributing to improving the quality of life (QOL) of users by supporting local transportation options.

*ST: Station



Leading the comprehensive community care system

At the Saginomiya Comprehensive Community Support Center, chief care managers, public health nurses, and certified social workers work together to support the elderly through four pillars: comprehensive consultation, rights protection, comprehensive and continuous care management, and preventive care management. Located within the ward’s welfare center, it promptly collaborates with ward officials and disability welfare staff. The support center will continue to work with the local government to deepen the comprehensive care system underpinned by the entire community.



•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).

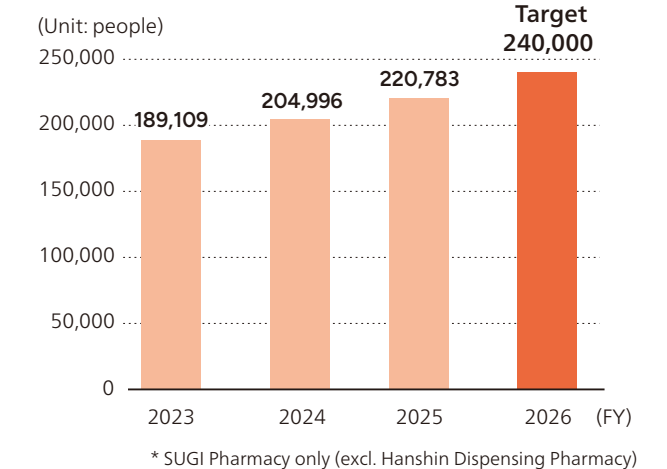
Of particular note is our home-visit prescription dispensing service by pharmacists, which we launched ahead of our competitors in the industry. We strive to provide the service to a yearly total of 240,000 people by the end of FY2026, along with our home-visit nursing and life support services.

Home-Visit Prescription Dispensing and Home-Visit Nursing Services
(as of the end of February 2026)

Home-visit prescription dispensing	No. of service stores	658
	No. of users (monthly average)	18,399
	No. of users (yearly total)	220,783
Home-visit nursing	No. of service stations	17
	No. of users (monthly average)	1,643
	No. of users (yearly total)	19,718

Target number of home-visit prescription dispensing service users
Yearly total of **240,000 people** by the end of FY2026

Home-Visit Prescription Dispensing Service Users



•Strengthening the safe and high-quality home-visit healthcare service
Obtaining ISO 9001 international certification at a home-visit prescription dispensing center in March 2024

ISO 9001, a quality management system standard established by the International Organization for Standardization, is aimed at improving the quality of products and services. The certified store is expected to ensure a higher level of safety and accuracy. Moving forward, in order to provide patients with safe and secure medical services, we will strive to improve patient satisfaction through quality improvement activities based on our quality management system and will contribute to the local community as a “family pharmacy.”

•Stores focusing on home-visit prescription dispensing

We have opened key-stores focusing on 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 assistive products that patients can use while they are hospitalized and even after they are discharged from the hospital, in cooperation with nearby hospitals.



SUGI Pharmacy Imaike-Minami Store

• 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 and have begun to fill prescriptions for specialty pharmaceuticals at the Nagoya University Hospital Store. *Specialty pharmaceuticals: Highly specialized prescription drugs, such as those for rare diseases

Priority Issues [Issues of Materiality] | Healthy Community

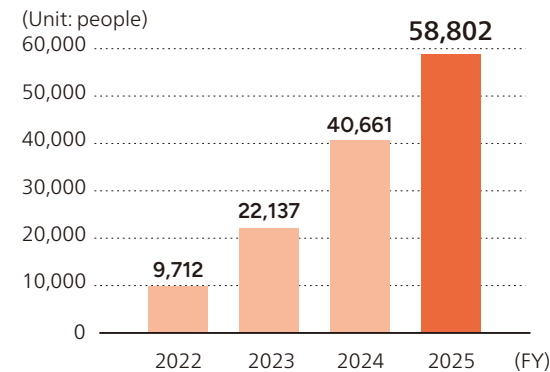
• Improving access to products and services

■ Providing a shopping truck service

Backed by cooperation between local governments and the SUGI Pharmacy Group, SUGI Pharmacy operates shopping trucks to provide shopping support primarily for nursing facilities. In FY2025, the service covered three areas designated by local governments as having difficulty with shopping, thereby playing a vital role in essential infrastructure. Currently, we operate a total of six shopping trucks, serving a total of 130,000 customers.



Total number of users of the shopping truck service



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

We have established a supply system to deliver not only medications but also essential goods, ranging from hygiene materials to food, to patients receiving care at home or in nursing facilities and their families, contributing to improving the quality of life for approximately 88,000 customers in total. Going forward, we will promote digitalization and, further improving convenience and utilizing data, strengthen the service's function as vital infrastructure that allows people to live with peace of mind in their familiar communities.

• Developing a prescription dispensing experience vehicle

With the three purposes of promoting the healthy development of young people, training future pharmacists, and promoting understanding of pharmacist duties among parents, we conducted awareness-raising activities using a special vehicle that allows participants to experience prescription dispensing. The distinguishing feature of this initiative is the visualization of the dispensing process. By showing the process from receiving a prescription to handing over medication, the initiative helps children develop their insights into the profession.

Some participants said they became interested in the profession of pharmacist, which is a great achievement of the initiative. We will continue to deepen understanding of and trust in our business through hands-on programs and strive to build long-term relationships with local communities.

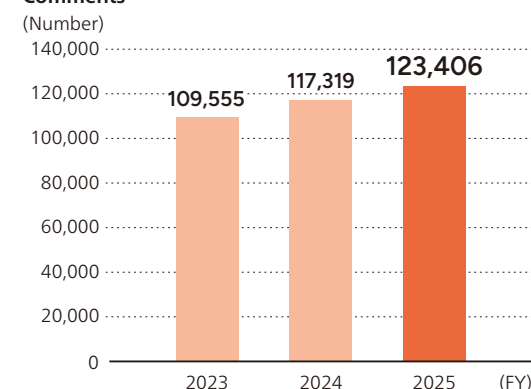


• Reflecting customer feedback in management

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. The feedback is shared with relevant departments on an ongoing, immediate, weekly, or monthly basis and used in store manager meetings, sales meetings, and board meetings to identify issues, develop countermeasures, and provide training. We have also introduced an AI chatbot that can help to solve problems 24 hours a day, thereby establishing a system that allows quick access to frequently asked questions. In addition, we monitor social media to ensure that we can provide friendly and courteous service to our customers.

Moreover, we have begun consolidating customer support with an eye toward 2030. By combining the efficiency gained through AI with the warmth of human interaction, we will aim to further improve customer experience while also incorporating feedback provided to our stores and companies into proposals for management challenges and service improvements. Furthermore, by reducing the burden of on-site work, we have created an environment where employees can focus on high-value-added customer service. We will pursue both maximizing the value of human capital and improving service quality.

Total Number of Inquiries, Words of Praise and Other Comments



Number of Complaints	3,372	3,136	2,971
Number of Words of Praise	482	530	876

• 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 FY2025, we donated AEDs to 24 facilities, meaning that we have so far donated AEDs to a total of 358 facilities. We also organize seminars for facility staff to learn how to use the device.

Health education and support for patients in the community

Health promotion seminars by the Sugiura Memorial Foundation

In collaboration with the SUGI Pharmacy Group, the Sugiura Memorial Foundation holds health promotion seminars in its store locations nationwide, with the aim of deepening the understanding of the latest medical care and disease prevention among local elderly people and their families. In addition to early detection and treatment of illnesses, these seminars are implemented in various locations as opportunities to make preventive care and dementia prevention more accessible to the public. In FY2025, the organization held a seminar four times a year at a total of 28 venues in Aichi, Tokyo, Saitama, Osaka, and Ishikawa, with a total of 9,097 participants. This initiative contributes to improving the health of communities, including raising health awareness.



Health check conducted at a venue



Background of the establishment of the Sugiura Memorial Foundation

In September 2011, the year when the SUGI Pharmacy Group celebrated the 35th anniversary of its establishment, the Sugiura Community Healthcare Promotion Foundation was established by Hirokazu Sugiura and Akiko Sugiura, the founders of SUGI Pharmacy, 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 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.

• Health counseling session



Nationally certified dietitians and wellness advisors* working at SUGI Pharmacy stores nationwide conduct health counseling sessions for local customers. To help them lead a healthy life, our experts provide personalized advice on lifestyle improvements and health check using body composition analyzers.

*In-house certification

No. of health counseling sessions:

4,417

No. of those receiving health counseling:

45,354

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

At the SUGI Pharmacy Hayashiji Store, nationally certified dietitians provide nutritional counseling 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 to patients who have been encouraged by their clinic doctor to receive nutritional guidance, using their blood and body composition data. In addition, at the fitness club, 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.

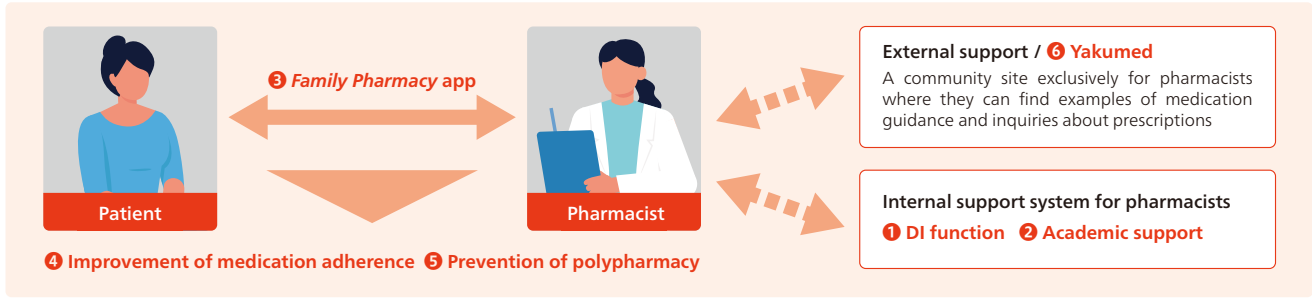


SUGI Pharmacy Hayashiji Store

Improvement of therapeutic effects for patients

Improving therapeutic effects for patients by establishing a system to support the qualitative improvement of pharmacists

Improving the quality of pharmacists at “family pharmacies” is essential for improving therapeutic effects for patients. The SUGI Pharmacy Group aims to improve therapeutic effects for patients by establishing support functions to enhance the quality of pharmacists.



① Development of the DI function *DI = 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. In addition to supporting pharmacists by serving as a consultation or inquiry desk for them to provide patient care, the section strengthens governance by reviewing various medical, health, and beauty communications from both pharmaceutical and regulatory perspectives and providing advice.

② Academic support

Support is available for pharmacists to present their findings at academic conferences and other opportunities. By establishing a system to share released information within the company, we aim to ensure that our community pharmacists contribute to better healthcare.



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

Conference name
30th Anniversary Meeting of the Japanese Association for Disaster Medicine
14th Annual Meeting of the Japanese Society of Pharmaceutical Oncology in 2025
18th Annual Meeting of the Japanese Society for Pharmaceutical Palliative Care and Sciences
9th Annual Meeting of the Japanese Society of Geriatric Pharmacy
18th Annual Meeting of the Japanese Association of Home Care Pharmacies
6th Annual Meeting of the Japan Asthma Society
2nd Kinki Regional Meeting of the Japan Society of Metabolism and Clinical Nutrition
47th Annual Meeting of the Japanese Society of Clinical Nutrition
46th Annual Meeting of the Japanese Clinical Nutrition Association (23rd Grand Joint Conference)
19th General Meeting of the Pharmacy Society of Japan
19th Annual Meeting of the Japanese Society of Nephrology and Pharmacotherapy
35th Annual Meeting of the Japanese Society of Pharmaceutical Health Care and Sciences
41st Academic Conference of the Japanese Society for Parenteral and Enteral Nutrition Therapy
47th Kinki Regional Annual Meeting of the Japanese Society of Hospital Pharmacists

In FY2025, our pharmacists gave 29 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 the review process, we also provide support for planning and conducting in-house academic research. In FY2025, seven research projects received ethical review approval, and clinical research aimed at contributing to the local community began.

③ Family Pharmacy app

As of the end of February 2026, the number of downloads for the Family Pharmacy app reached a cumulative 1.47 million. We receive approximately 250,000 prescriptions per month through the app's function, contributing to improved convenience for patients.



④ Improvement of medication adherence*

We have established an environment where pharmacists can focus on patient communication by having them conduct preliminary counseling when receiving prescriptions. We provide not only in-store medication guidance but also follow-up support for in-home patients during their medication period via the smartphone app, allowing patients' concerns to be addressed anytime, anywhere. In FY2025, the number of medication follow-up cases reached 1.4 million, and we improved medication adherence and therapeutic effects.

*Adherence: 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.)

⑤ Prevention of polypharmacy*

Polypharmacy 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 community pharmacists. For outpatients and in-home patients after hospital discharge, we are reinforcing cooperation between hospitals and pharmacies toward eliminating polypharmacy and consequently increasing the effectiveness and safety of medical therapy.

*Polypharmacy: Multiple medication use causing harmful effects

⑥ Yakumed

Yakumed, a membership-based community site exclusively for pharmacists, is a platform planned and operated by SUGI Pharmacy that connects pharmacists both inside and outside the company, promoting the exchange of knowledge by allowing its members to share professional concerns, advice, learning content, and other resources. The number of registered pharmacist members is approximately 34,000, of whom 4,700 (about 14%) are hospital pharmacists, enabling the accumulation of knowledge from diverse fields, including medical institutions besides pharmacies. This allows us to accumulate and utilize on-site knowledge as collective intelligence, leading to improving expertise among pharmacists as a whole and providing safer, more secure, and higher-quality support to patients.



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	As of the end of February 2026
Total number of agreements	197
Comprehensive agreement	48
Watching-over agreement	11
Disaster risk reduction agreement	130
Agreement on the environment, etc.	8



Signing ceremony for the Comprehensive Partnership Agreement with Hekinan City

Comprehensive Agreements Concluded in FY2025

Inazawa City, Aichi Prefecture	Izumi City, Osaka Prefecture
Kishiwada City, Osaka Prefecture	Hekinan City, Aichi Prefecture

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.



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 2026, we installed AEDs at 1,422 stores (approx. 76.6% of the total), and we will achieve 100% installation across all SUGI Pharmacy stores (excluding Hanshin Dispensing Pharmacy) by the end of FY2026.

Current and Target Percentages of Stores with AEDs

As of the end of February 2026	Approx. 76.6% of all the stores
End of February 2027	Approx. 100% of all the stores (target)

* SUGI Pharmacy only (excl. Hanshin Dispensing Pharmacy)

SUUGY & SUUNYA work together with employees of the SUGI Pharmacy Group to promote and embody the brand!

SUUGY

Date of birth and gender

March 8, boy

Personality

A caring boy who always puts the feelings of his friends first. He is sometimes too kind-hearted to say no and finds himself just going along with what others want. Because of his kindness, he sometimes pushes himself too hard and makes mistakes, but he is a hard worker that is always eager to learn and tries to bounce back positively, making him a truly lovable character.

Pastime

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

Dream

To travel to different parts of the world with SUUNYA.
To build a home with a collection of many books that he loves.
To let everyone know about the SUGI Pharmacy Group.

SUUNYA

Date of birth and gender

September 1, girl

Personality

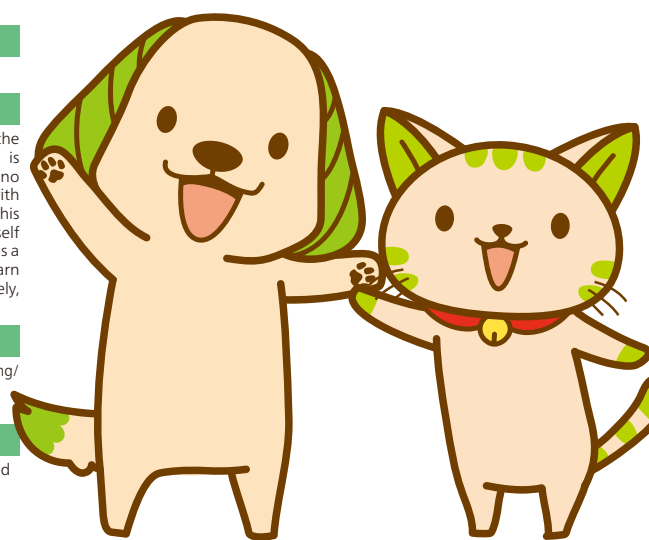
An always cheerful, energetic, and innocent girl. She is very curious about new things and unknown worlds and continues to take on challenges without fear of failure. She loves SUUGY very much and has a playful personality that sometimes gets her a little carried away. Driven by her desire to bring a smile to everyone around her, her actions always brighten the atmosphere, making her a natural mood booster.

Pastime

Shopping/dancing/all kinds of sports/trying out new products

Dream

To continue to enjoy daily life.
To bring a smile to everyone around her.
To make more friends who love the SUGI Pharmacy Group.



Official characters of the SUGI Pharmacy Group

SUUGY & SUUNYA collaborating with Sanrio character KUROMI for the first time!

"Let's all celebrate the 50th anniversary together!"

We celebrated the milestone together with fans by releasing our original products featuring KUROMI designs and entering the Partner Category, the 2026 Sanrio Character Ranking, a popularity voting event held by Sanrio Company, Ltd.

- Collaboration campaign period:
Phase 1: April 6 (Mon) - May 10 (Sun), and
Phase 2: May 11 (Mon) - June 7 (Sun)
- Voting period for the Partner Category, 2026 Sanrio Character Ranking:
April 9 (Thu) - May 24 (Sun)



SUGI's feelings conveyed by SUUGY & SUUNYA

Playing a vital role in conveying to everyone the excitement, friendliness, peace of mind, and pride of the SUGI Pharmacy Group, SUUGY and SUUNYA are active in a variety of fields, including TV commercials and social media.

SUUGY & SUUNYA collaboration goods with partner teams



Very active on social media as well

Professional sports

Partnerships with four teams!

The SUGI Pharmacy Group, a partner of four professional sports teams, held four SUGI Pharmacy Matchdays in FY2025. We aim to foster a local sports culture where residents, employees, and their families come together to watch games, supporting health and endeavors through sports.



Victorina Himeji



Based in Himeji City, Hyogo Prefecture, this is Japan's first professional women's volleyball team. They belong to the top-tier SV.LEAGUE and have a strong local presence with passionate fans.



NEC Red Rockets Kawasaki



Based in Kawasaki City, Kanagawa Prefecture, this is a women's professional volleyball team belonging to the SV.LEAGUE. As one of the strongest in Japan, the team has many players who represent Japan.



SeaHorses Mikawa



Based in Kariya City, Aichi Prefecture, this is a professional basketball team belonging to the B.LEAGUE. They are a powerhouse boasting six league championships.



Tokyo Great Bears



Based in Tokyo, this is a men's professional volleyball team. Aiming to connect people, the local community, and the world through volleyball, the team is active in the SV.LEAGUE.



Local health experiences enjoyed along with sports spectating

We hold health events at Matchday venues. We are expanding our touchpoints with local communities through health awareness initiatives at sports events, including hands-on trials of our private brand products and kid-friendly pharmacist experiences.



Nationally certified dietitians providing nutritional support for athletes!

We assign nationally certified dietitians to three professional sports teams, supporting athletes through dietary and nutritional management. Leveraging their expertise, the dietitians help the athletes maintain their physical condition and improve their performance through diet, which in turn helps the dietitians themselves further develop their expertise. In addition, we engage in sports nutrition education activities for junior athletes, contributing to the development of the next generation. Through these initiatives, we are striving to expand our business in the health sector by leveraging the expertise of our nationally certified dietitians.



*In Japanese alphabetical order

Priority Issues [Issues of Materiality]

Sustainable Business Partnership

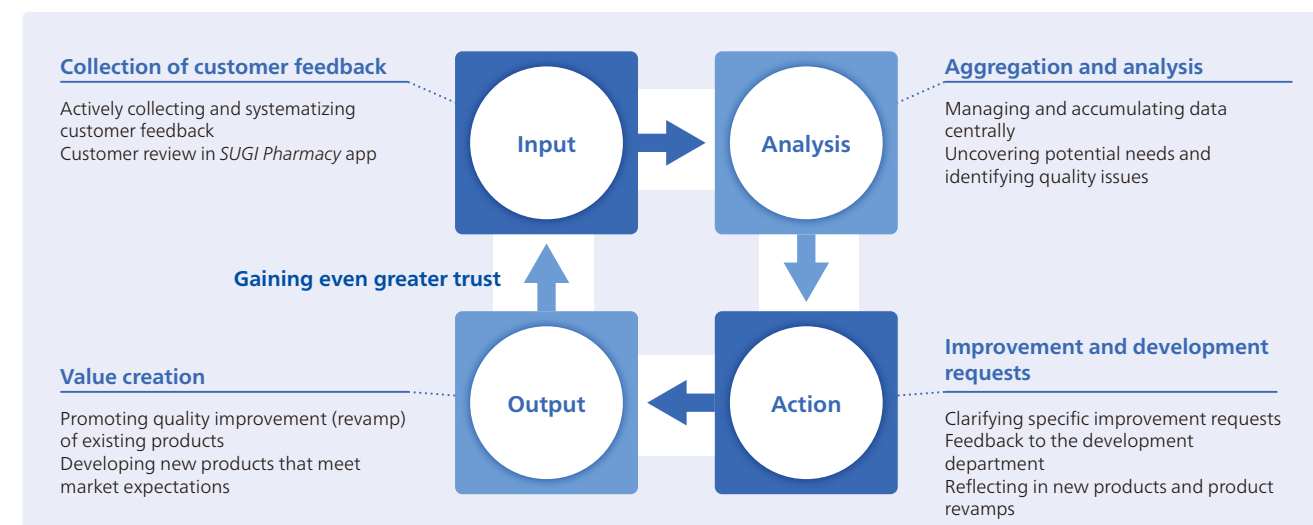
Maintenance of product safety and security

• Establishing a unique quality control system to deliver safety and trust to our customers

Prioritizing the safety and quality of our private brand (PB) products and strengthening quality governance throughout the entire supply chain, we established a new PB Quality Control Section in September 2025, thereby enhancing our quality control processes. With the section playing the central role, we conduct self-assessments of the Group's standards for the development of PB products and quantitatively evaluate the results. If improvement is needed, we request the development of a concrete improvement plan and conduct an on-site audit by specialist staff, thereby ensuring reliable operation. We will continue to guarantee the safety and quality of our products through close collaboration between our business partners and us.

• Reflecting market expectations in products

The Group considers customer trust and satisfaction as the foundation of its quality control. We position customer feedback as the most critical information for quality improvement, and the PB Quality Control Section centrally manages and analyzes it. We have launched a system to identify potential issues from data, promptly request relevant departments and business partners to improve them, and thoroughly follow up on the implementation status thereafter. By leveraging this PDCA cycle, which starts with customer feedback, we will further improve the precision of our product development and create sustainable brand value.



• Conducting manufacturing plant audits to ensure product safety and security

To reduce risks throughout the entire supply chain and maintain quality consistently, the Group determines priorities based on objective indicators and conducts audits of its contract manufacturing plants. We determine the audit priorities by comprehensively analyzing the factory assessment rank and the severity and frequency of customer feedback. We systematically conduct audits by classifying them into the following three categories according to risk and objective.

New factory audit	Pre-contract audit to assess the suitability of the manufacturing system and evaluate the feasibility of the contract manufacturing of private brand products
Regular factory audit	Regular audit based on assessment ranks to evaluate the maintenance and improvement of the quality system and whether to continue the contract manufacturing
Emergency factory audit	Audit conducted in the event of a critical issue to investigate the cause, verify the effectiveness of corrective measures, and re-evaluate whether to continue the contract manufacturing



At a factory audit

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.

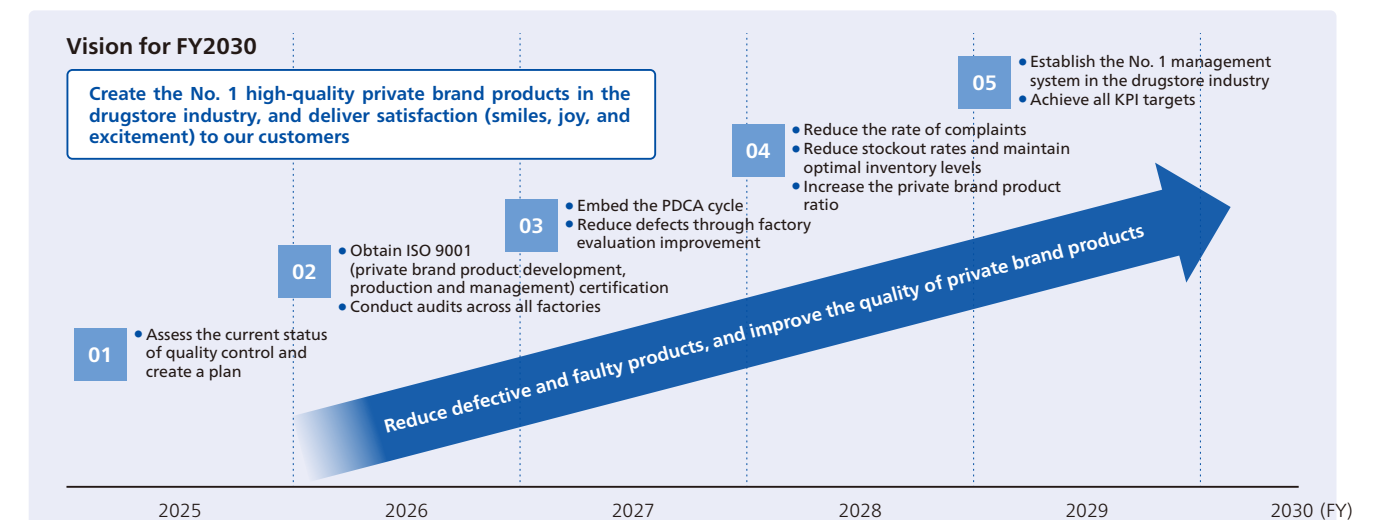


• ISO 9001:2015 certification - establishing a quality management system based on an international standard

The Group has set forth the vision of realizing the No. 1 high-quality private brand products in the drugstore industry by FY2030 and of delivering genuine satisfaction (smiles, joy, and excitement) to our customers. To establish a solid foundation for achieving this target, we obtained ISO 9001:2015 certification, the international standard for quality management systems, in April 2026.

Based on the requirements of ISO 9001:2015, we have established a private brand product quality control system, as well as product development and management processes. In addition, we have developed and maintain a system for continuously reviewing and properly managing operations throughout the entire supply chain, from raw material procurement to the manufacturing process.

By leveraging this quality management system, we will consistently and stably provide our customers with high-quality products that put safety and security first, thereby fostering long-term brand trust and enhancing our corporate value.



• Developing eco-friendly private brand products

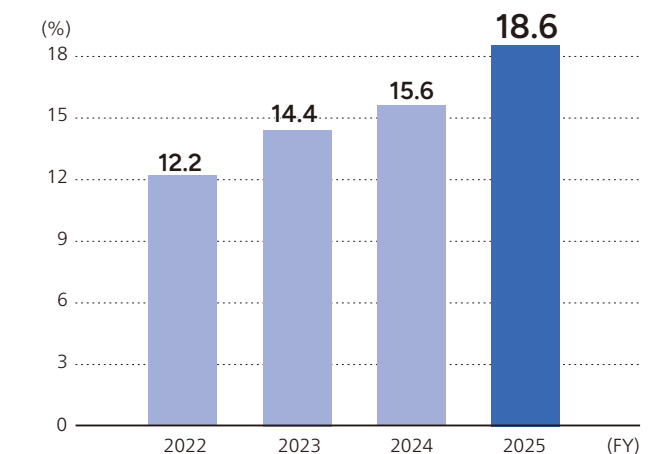
Since FY2021, we have been developing eco-friendly private brand products. For their materials, we have adopted those that will help environmental preservation, such as FSC certified paper, biomass plastic, and vegetable oil ink. Our target is to increase the ratio of eco-friendly products to all private brand products to 30% by FY2030.



Developing products using FSC certified paper

Percentage of eco-friendly private brand products
FY2030 target: **30%**

Percentage of eco-friendly private brand products*



*Percentage of eco-friendly products among all private brand products
* SUGI Pharmacy only (excl. Hanshin Dispensing Pharmacy)

Priority Issues [Issues of Materiality] | Sustainable Business Partnership

Establishment of a responsible supply chain management framework

Initiatives to address human rights issues

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

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 Group has established a human rights policy to promote initiatives to address human rights issues.

1 Endorsement of international norms and respect for human rights

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.

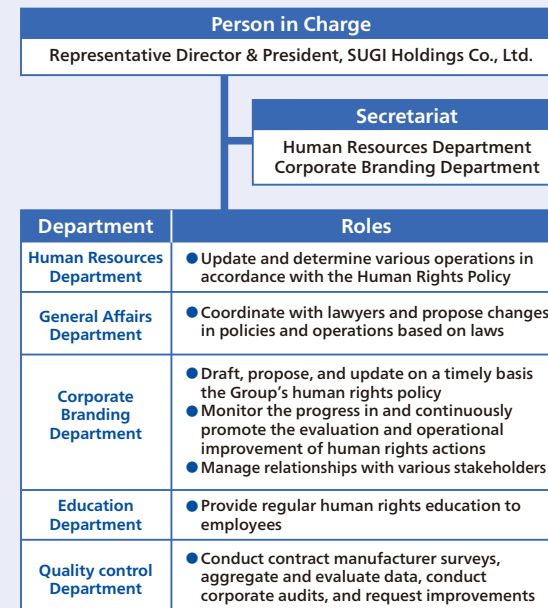
2 Governance and promotion system

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.

Human rights promotion system



Conducting human rights due diligence (human rights DD) on business partners

The Group has been conducting human rights due diligence since FY2024 with the aim of respecting human rights throughout its supply chain and contributing to a sustainable society. In FY2025, we expanded the scope to include overseas private brand (PB) business partners in addition to domestic ones, conducting sustainability surveys with a total of 265 companies (response rate: 82.7%). The surveys cover not only all of the internationally important human right issues, such as forced labor, human trafficking, child labor, freedom of association, and discrimination, but also a wide range of ESG-related risk items, including management of GHG emissions and wastes, systems for accepting foreign technical trainees, health and safety of employees, information security, and ethics and compliance. Based on the survey results, we conducted individual investigations for companies deemed to have a high potential risk, but no significant human rights risks were identified. For manufacturing sites related to private brand products, including overseas factories, we conduct continuous on-site audits to ensure proper employment management and occupational health and safety for foreign workers, as well as to confirm the absence of critical non-compliances, such as forced labor or child labor.

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 identification

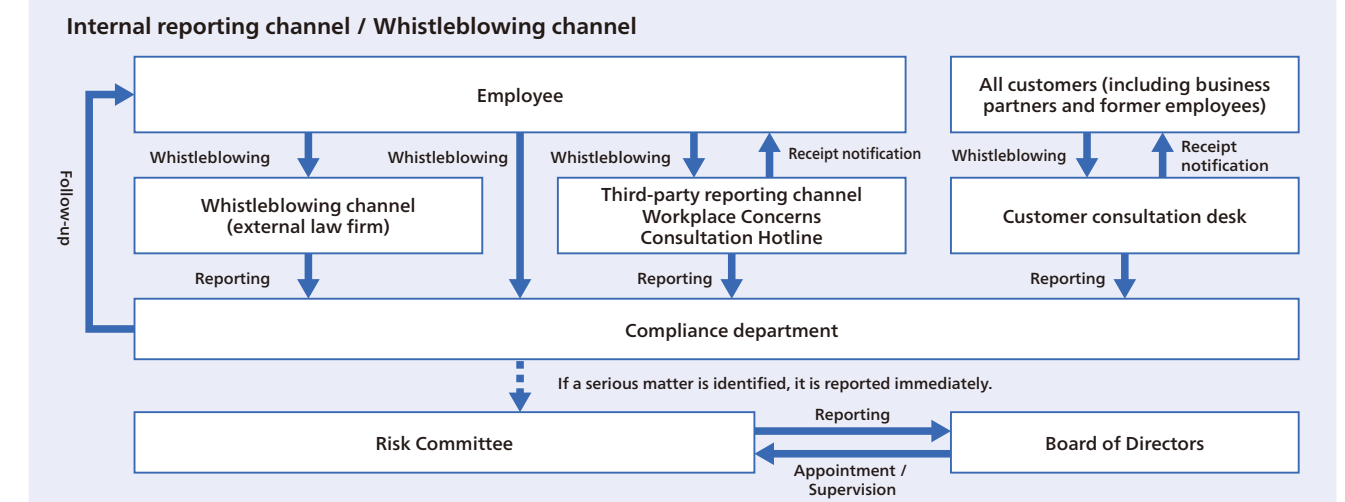
- Analyze the identified human rights risks based on their severity and likelihood of occurrence.
- Identify the scope of impact and prioritize risks.

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.

5 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.



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.

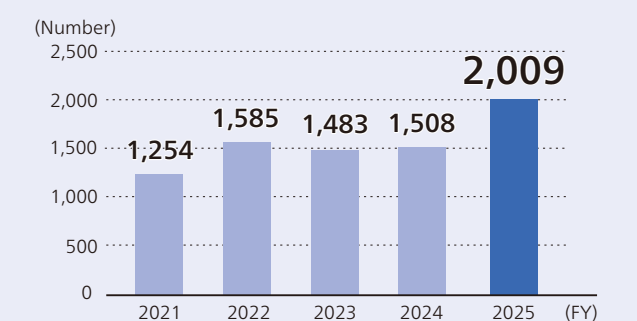
8 Cooperation with internal and external experts

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.

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 FY2021 to create an environment where employees feel able to use it more freely.

Number of calls to the Workplace Concerns Consultation Hotline



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 | ⑨ Prohibition of discrimination against foreign workers | ⑭ Prohibition of gender discrimination |
| ② Proper management of working hours | ⑩ Prevention of defamation and invasion of privacy relating to AI and other technologies | ⑮ Respect for freedom of expression |
| ③ Provision of a safe, hygienic, and healthy working environment | ⑪ Protection of privacy and personal information | ⑯ Respect for the rights of indigenous peoples and local residents |
| ④ Respect for the right to social security | ⑫ Securing quality and safety of products and services and consumers' safety and right to know | ⑰ Consideration for the environment and climate change |
| ⑤ Prohibition of inhumane treatment | ⑬ Prohibition of discrimination | ⑱ Respect for intellectual property rights |
| ⑥ Prohibition of forced labor and human trafficking | | ⑲ Prohibition of bribery and corruption |
| ⑦ Prohibition of child labor | | ⑳ Respect for human rights in the supply chain |
| ⑧ Respect for freedom of association | | |

• 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

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 do not engage in any conduct that deviates from these laws and regulations.

- Comply with laws, regulations, and related tools of each country and region.
- Maintain sound relationships with politicians, government agencies, and customers and do not engage in corruption, bribery, and the provision of benefits.
- Establish an organizational structure to protect information assets from the threat of leakage, theft, or falsification.
- Establish an organizational structure to protect personal information from leakage or unauthorized acquisition, use, or disclosure.
- 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.
- Strive to conclude contracts with suppliers in advance to ensure procurement during times of disaster.
- Offer and disclose information on products and services to customers properly and on a timely basis.
- Respond sincerely to any inquiries from customers and reflect them in the maintenance and improvement of quality.

③ Respect for human rights and provision of a proper working environment

Respect the human rights of all people involved in the business activities, prohibit discrimination, and provide a safe and comfortable working environment that respects the diversity, personality, and individuality of the employees.

④ Thorough implementation of 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.

- Work to reduce greenhouse gas emissions in order to address global warming.
- Promote the sustainable use of resources by saving energy and resources, recycling, and reducing waste.
- Work to prevent pollution and health hazards.
- Comply with the laws and regulations of each country and region in order to preserve biodiversity.
- 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.

- Understand the region's social issues and work with employees and customers to contribute to economic and cultural development.
- 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 required 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.

• 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.



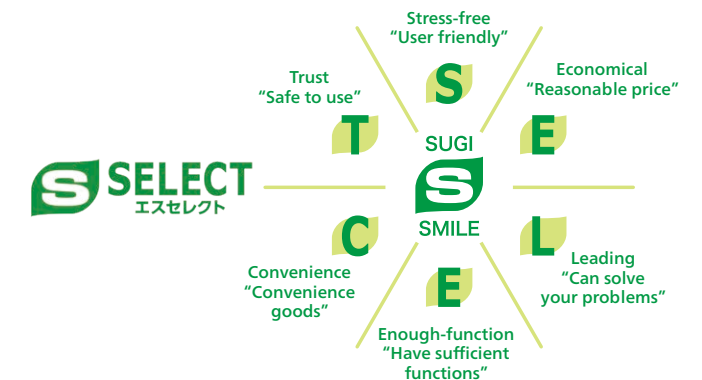
Recently held briefing sessions to explain our policies and plans to 538 attendees from 343 business partners

Contribution to rich lifestyles through products

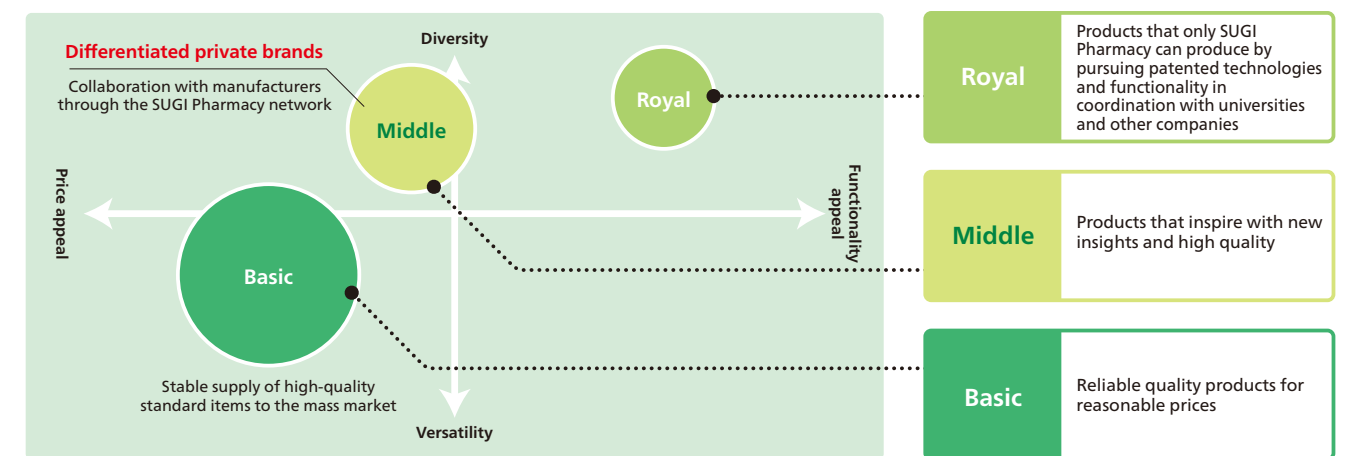
• Focusing on the development of high-value-added products

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 through these products.

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.



Classification of private brand products



• Customer review function in the app



To deepen customer engagement and improve the customer lifetime value (LTV), we have incorporated a customer review function in the *SUGI Pharmacy* app. In the health and beauty care sector, where product experience varies individually, we have provided a platform where real customer feedback is shared, catering to customers' desire to avoid incorrect choices and evolving the app from a mere promotional tool into a media platform for information seekers.

Approximately one year after the feature was incorporated, the number of reviews for private brand products reached approximately 150,000 (as of the end of February 2026). The majority of users are middle-aged to senior citizens, who constitute our main customer base. The active information dissemination on the digital platform confirms the widespread adoption of digital technology among this core group.

This vast amount of customer feedback is contributing to accelerating online-merges-with-offline (OMO) traffic triggered by app browsing. In addition, the accumulated data is regularly fed back to the development department, creating a system where it directly leads to product improvement and new product development.

Going forward, we will use AI to analyze this text data, uncover potential needs, improve the accuracy of one-to-one marketing, and further enhance the value of the customer experience.

• 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

Priority Issues [Issues of Materiality]

Contribution to the Global Environment

Realization of a Decarbonized Society

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



FY2025 Presentation panel discussion

In FY2025, we continued our participation in the Challenge Carbon Neutral Consortium (CCNC). This initiative brings together manufacturers, distributors, and other companies as well as four prefectures and one designated city (Osaka, Hyogo, Nara, and Kyoto Prefectures and the City of Yokohama) to encourage consumers to choose eco-friendly products and actively engage in decarbonization efforts. By promoting greater awareness of and behavioral change toward decarbonization among consumers, the CCNC aims to accelerate the transition to a decarbonized society. As part of this initiative, we conducted "Eco Labeling Hunter 2025," a learning kit and independent research contest designed to help participants learn about eco labeling and carbon footprints. In conjunction with this initiative, we also launched a quiz campaign through the SUGI Pharmacy app.



In FY2025, we conducted the "2nd Eco Labeling Master" program for all users of the SUGI Pharmacy app. The number of participants nearly doubled compared to the previous fiscal year, contributing to greater understanding of eco labeling.

Among the participants, we recruited "CO₂ Reduction Monitors" who were willing to cooperate with interviews and surveys regarding their environmental awareness and behaviors. These monitors were also given the opportunity to provide direct feedback on eco labeling to companies participating in the CCNC.

In the following fiscal year, we will engage with monitor members through both online and offline approaches to gather direct consumer feedback and will conduct purchasing behavior analyses using POS data and other sources. Through these analyses, we will quantitatively assess the impact of educational and awareness-raising initiatives on purchasing behavior. Based on these insights, we will develop and promote approaches aimed at fostering an autonomous decarbonization market that does not rely on financial incentives.



App contents to raise awareness of decarbonization



• Shifting to renewable energy

With the goal of reducing CO₂ emissions per store by 50% by FY2030 compared to FY 2014 levels, we are promoting the use of renewable energy through solar power generation. In addition to using on-site PPAs, we have been actively expanding the use of off-site PPAs since April 2024. Through these initiatives, we aim to achieve net-zero CO₂ emissions per store by 2050. To realize a sustainable, decarbonized society, we will continue to expand our concrete and effective efforts moving forward.

Number of stores using renewable energy

369 stores

(As of the end of February 2026)

* In-house power generation + PPAs (on-site / off-site)

Metrics and targets

CO ₂ emission reduction target per store	
FY2030	50% reduction from FY2014
FY2050	Net zero



Solar panels installed on a store rooftop



Solar panels installed on the rooftop of SUGI Pharmacy Fujimi Store

• First to receive BELS' highest six-star rating and Nearly ZEB certification



SUGI Pharmacy Mikawa Anjo Minami Store, which opened in December 2025, became the first store in the Group to receive ZEB certification, achieving the BELS' highest six-star rating and Nearly ZEB certification. By using high-efficiency LED lighting and air-conditioning systems, along with solar power generation, the store has reduced primary energy consumption by 81% compared to a standard reference building, achieving both a reduced environmental impact and a comfortable retail space.



SUGI Pharmacy Mikawa Anjo Minami Store

* ZEB (Net Zero Energy Building): A building that aims to achieve a net-zero balance of annual primary energy consumption through the use of energy-efficient equipment and renewable energy
* BELS (Building-Housing Energy-efficiency Labeling System): A certification system under which a third-party organization evaluates and labels the energy-efficiency performance of buildings

•Members



•Decarbonization support partner



•Sponsor



Priority Issues [Issues of Materiality] | Contribution to the Global Environment

• 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 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 the streamlining of manual unloading by truck drivers or related 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	By requesting business partners to share cargo volume data with the distribution center in advance, we will secure adequate work hours for both on-site workers and truck drivers, thereby promoting logistics optimization and enabling smoother operations and deliveries with sufficient lead time.
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.

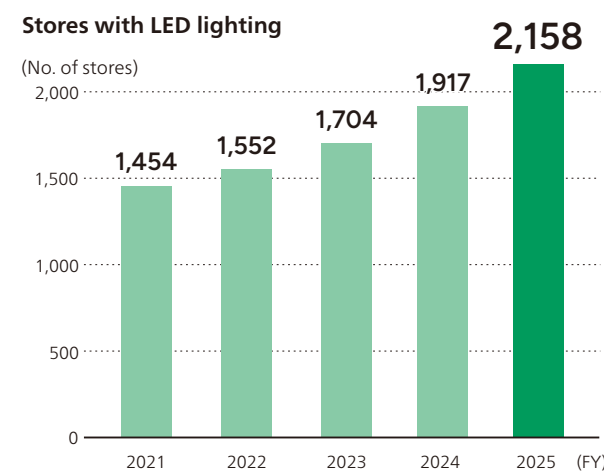
• Reducing the consumption of fossil fuels

To reduce the consumption of fossil fuels by company cars, we have introduced electric vehicles (EVs). 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 FY2013. We will also replace old LED equipment in due course to further reduce power consumption and CO₂ emissions.

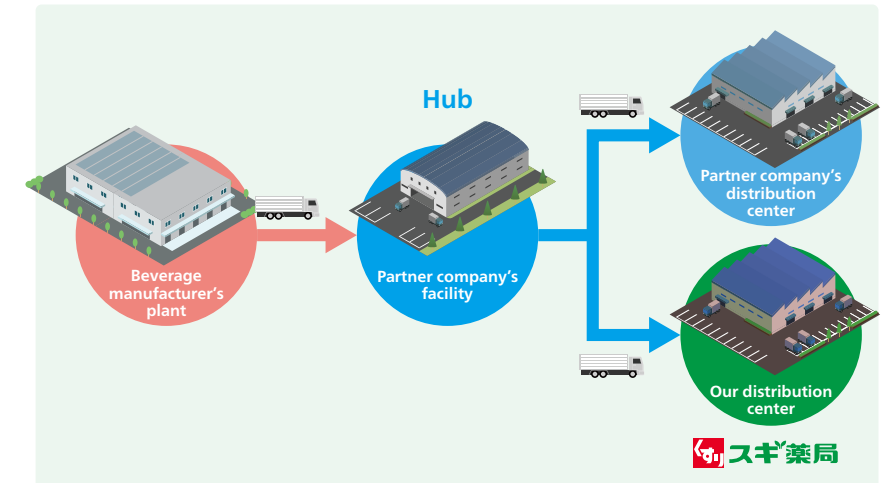
As of the end of February 2026:
LED introduction rate **94.4%**
Target: LED introduction rate **100%**



• Implementing shared warehousing and collaborative distribution

Addressing the logistics industry’s “2024 Problem” and climate change is a critical responsibility for retailers that support social infrastructure. In collaboration with beverage manufacturers and other partner companies, the Group has established a shared warehousing and collaborative distribution scheme for certain beverage deliveries, moving beyond conventional industry practices.

Through this initiative, we have consolidated transportation routes and improved load efficiency. Specifically, we use partner companies’ facilities as shared warehouses, consolidate product inventories, and transport them in bulk to the Group’s distribution centers using large-capacity vehicles (collaborative distribution), thereby maximizing load efficiency. As a result, we have successfully optimized logistics costs by reducing the number of delivery vehicles, while achieving a significant reduction in CO₂ emissions. At the same time, reducing the frequency of deliveries helps alleviate drivers’ loading and unloading workloads as well as waiting times, contributing to the development of a sustainable and resilient logistics system.

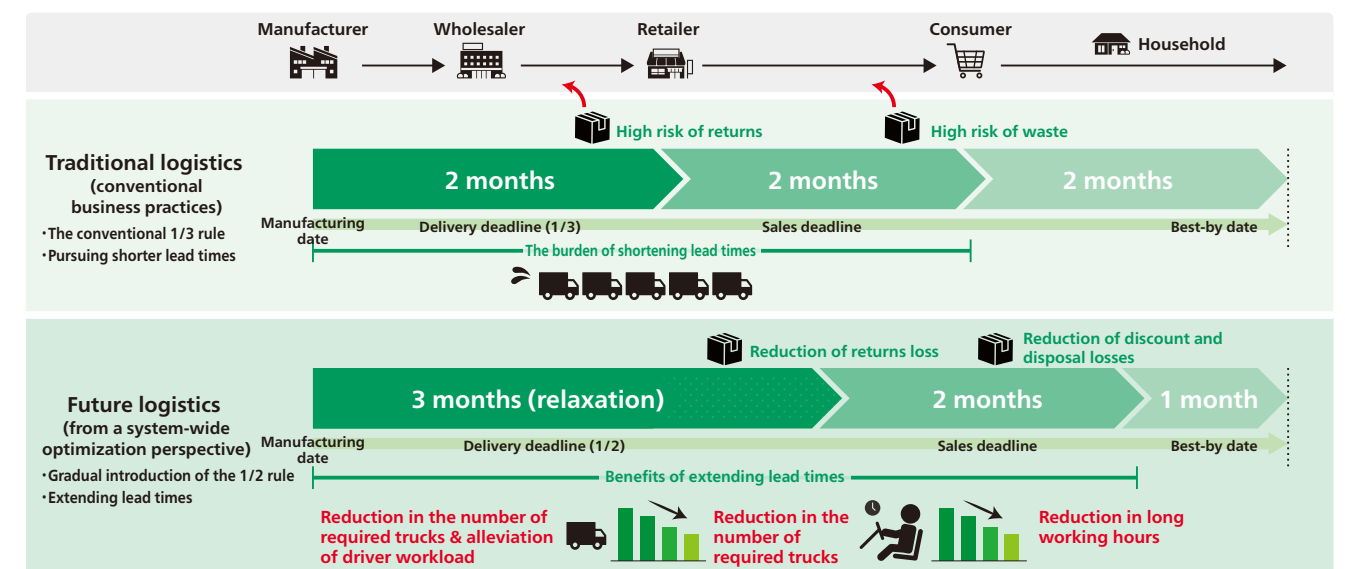


• Extending lead times and relaxing delivery deadlines (1/2 rule)

To maintain stable supply in the future, it is essential to review conventional business practices that place a burden on logistics operations and transition to a system in which manufacturers, vendors, and retailers can collaborate smoothly. From the perspective of total supply chain optimization, the Group is promoting the extension of lead times and the relaxation of delivery deadlines (1/2 rule).

We have extended the lead time from order placement to delivery from “next-day” to “the day after next or later,” thereby introducing greater flexibility into delivery schedules. As a result, the lead time for products arriving at stores has been changed from the conventional two days to three days. This initiative has significantly contributed to reducing long working hours for truck drivers and decreasing the number of required trucks.

Furthermore, as part of our efforts to reduce food loss, we have adopted the “1/2 rule” for certain beverage manufacturers, extending the delivery deadline from the first one-third to one-half of the product’s shelf life. By expanding the allowable receiving period, we are contributing to reducing waste risk across the entire supply chain. Going forward, we will continue to work hand in hand with our partner companies to establish logistics practices aligned with the times, thereby contributing to the realization of a sustainable society in which everyone can work without undue burden.



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. 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 discuss 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. In addition, the Sustainability Committee works in coordination with the Risk Committee, which is responsible for managing relevant risks and executing tasks instructed by the 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 presented in publications such as the IPCC’s Fifth Assessment Report and the IEA WEO NZE scenario 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 a 50% reduction in CO ₂ emissions per store from FY2014 is achieved	141,890

* An emission factor of 0.000433 (t-CO₂/kWh; national average factor for FY2022) was used.

* A net increase of 100 stores per year 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 FY2023

Scope of analysis

[Business]: Drugstore business in Japan

[Scope]: Stores, procurement, logistics, and consumer behavior

[Period]: Present 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.

Assessment of risks and opportunities

Category			Assessment	
			Assessment in the world of +1.5°C	Assessment in the world of +4°C
Transition risks and opportunities	Policies and regulations	Carbon pricing	Risk: Expenditure will increase following the introduction of 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.
		Control of CFCs	Risk: Expenditure will increase due to the introduction of CFC-free equipment at stores.	—
	Technology	Logistics efficiency	Opportunity: Expenditure will decrease as a result of more efficient logistics.	
	Market	Electricity prices	Risk: Expenditure will increase due to electricity price increases.	
	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 need for sustainable consumption.	Opportunity: Sales will increase as we develop private brand products that meet the need for sustainable consumption.
		EV charging	Opportunity: The frequency of visits to stores will increase as we enhance the battery charging environment.	—
Physical risks and opportunities	Acute	Drastic increases in extreme weather	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.
			—	Risk: Expenditure will increase as insurance premiums rise in response to increases in natural disasters.
			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.
	Chronic	Average temperature	Risk: AC-related expenditure will increase as the temperature rises.	Risk: AC-related expenditure will increase as the temperature rises.
		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 CO₂ emission from FY2014 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 FY2030	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.

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

Future initiatives

The SUGI Pharmacy Group will implement the following measures 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 each store and providing guidance
- Development of private brand products with eco-friendly packaging
- Reducing waste by sharing information with our business partners
- Charging for plastic checkout bags

Priority Issues [Issues of Materiality] | Contribution to the Global Environment

■ Metrics and targets

Scope 1 and 2 CO₂ emissions

The current status of the SUGI Pharmacy Group

	Base year								
FY	FY2014	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
No. of stores	947	1,190	1,283	1,391	1,483	1,565	1,718	2,185	2,321
Emissions (t-CO ₂)	112,773	120,826	117,611	126,160	135,149	138,416	152,791	168,388	To be calculated
Average per store (t-CO ₂)	119.1	101.5	91.7	90.7	91.1	88.4	88.9	92.7 ^(*)	To be calculated

*1: Scope 1 has included fluorocarbon emissions since FY2024. The average per store is calculated based solely on the number of SUGI Pharmacy stores (1,815 stores).
 * 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 FY2020 results, prorated by the number of stores (for FY2020 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

FY2024 Scope 3 breakdown

Category 3

Fuel- and energy-related activities not included in Scope 1 or Scope 2

26,841

Category 2

Capital goods

80,092

Category 1

Purchased goods and services

2,419,880

Metrics and targets

CO₂ emission reduction target per store

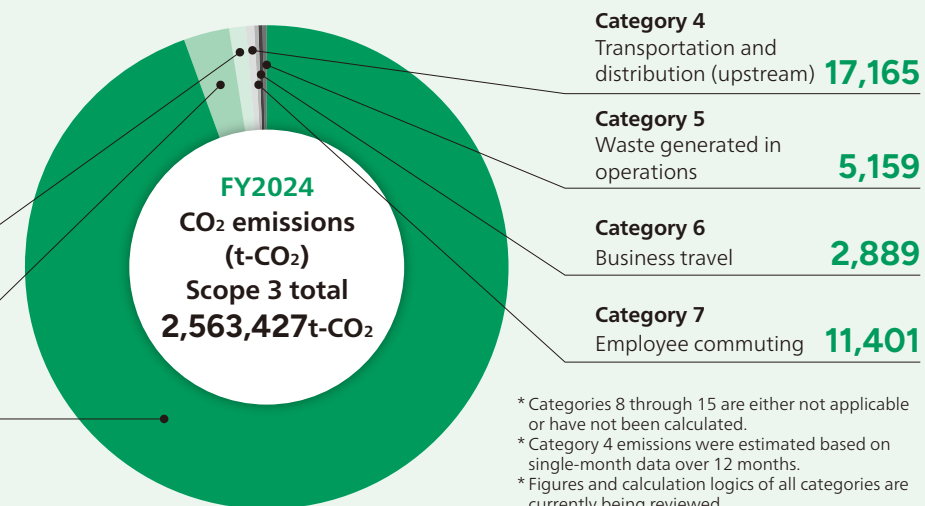
FY2030	50% reduction from FY2014
FY2050	Net zero

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)
- Renewable energy ratio

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



* Categories 8 through 15 are either not applicable or have not been calculated.
 * Category 4 emissions were estimated based on single-month data over 12 months.
 * Figures and calculation logics of all categories are currently being reviewed.

Realization of a Circular Economy

● Strengthening resource recycling initiatives for food products (food loss reduction)

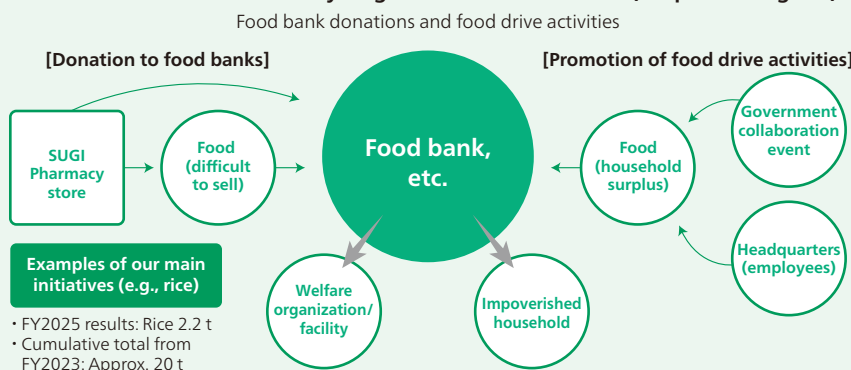
■ Donation to food banks and implementation of food drives*

We donate food that is still safe for consumption but cannot be sold due to reasons such as nearing best-by dates or damaged packaging to food banks. Through these efforts, we help reduce food waste while supporting local communities. Going forward, we aim to implement food drives at our stores and work together with local residents to address these issues.

* Food drive: An activity in which surplus food from households is collected and donated to local welfare organizations, etc.

■ Enhancing sellout of foods nearing their best-by date

Flowchart of food resource recycling and social contribution (simplified diagram)

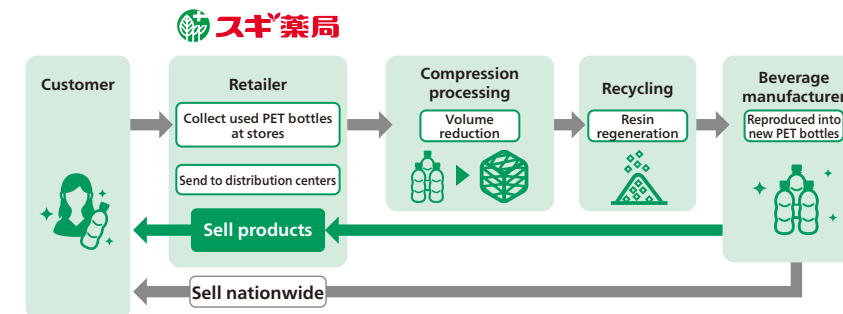


Results: Resolving social issues / Reducing food loss and waste

● Initiatives on plastics

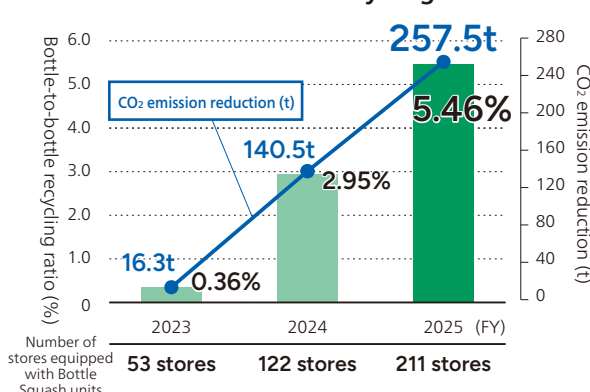
■ Closed-loop, bottle-to-bottle recycling of PET bottles

Process from collection and reprocessing to reproduction



Equipped with a function that automatically screens only PET bottles free of residual contents (Implemented in selected stores only)

Trends in bottle-to-bottle recycling ratio



■ Initiatives to reduce PET bottle and marine plastic waste through the installation of water refill stations



■ Initiatives for charging for plastic checkout bags

In FY2025, the number of plastic checkout bags used was 116 million, with a total weight of 920 tons.

Compared to FY2019, prior to the introduction of charges for plastic checkout bags (when 262 million bags were used, with a total weight of 2,000 tons), we have achieved an approximate 54% reduction.

■ Participation in pilot tests of a PTP sheet recycling program

As part of Japan's first consumer-participation recycling program for used "OKUSURI SHEETS" (PTP sheets), organized by Daiichi Sankyo Healthcare Co., Ltd. in collaboration with TerraCycle Japan LLC, stores of the SUGI Pharmacy Group participated as collection sites in pilot tests. Approximately 10,000 tons of PTP sheets are produced annually in Japan, and the volume is expected to continue increasing. However, reducing the use of pharmaceutical packaging materials is challenging, and a recycling infrastructure for these materials has yet to be established. By serving as collection sites, we aim to raise public awareness that used PTP sheets are recyclable resources and contribute to the development of a sustainable recycling system.



● Resource recycling initiatives for clothing and textile goods

■ Recycling of used store employee uniforms into store fixtures

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 & CHRO
SUGI Holdings Co., Ltd.



Based on the belief that “employees are our most important assets,” the SUGI Pharmacy Group promotes a human resource strategy closely integrated with its management strategy. By placing central importance on “improving the job satisfaction of each employee” and “drawing out the strengths of each employee to achieve organizational goals,” we aim to remain a company that is valued by society over the long term. As a result of implementing a human

resource strategy that fosters employee job satisfaction, growth, and well-being—including personnel system and work style reforms—the employee turnover rate has been reduced by half compared to 2018, while employee engagement has been steadily improving year after year. Building on these achievements, we are now launching a new human resource strategy for our new medium-term management plan.

FY 2026 Group Human Resource Strategy



*1: Diversity, Equity & Inclusion

Transforming into a group of specialists who support local communities through a job- and skill-based personnel system

The driving force behind the SUGI Pharmacy Group's continued growth is its “human resources”—each and every employee. To ensure employees hone their skills in their respective positions and become specialists who contribute to local communities, we will transition to the SUGI Pharmacy job- and skill-based

personnel system. This system enables career advancement by enhancing both the core skills required of all employees—such as critical thinking and teamwork—and the specialized skills required for each position. With this system as our foundation, we will align our educational programs and career paths along a skill-based axis. By directly reflecting proficiency and performance in evaluation and compensation, we will foster autonomous employee growth and channel it into vitality for the entire organization.

Considering employees as our most important assets that enhance 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.



In April 2026, we also launched a new personnel system for partner employees. In addition to skill-based promotions identical to those for full-time employees, we have introduced a new grading system equivalent to full-time status to satisfy the ambitions of employees who wish to gain experience across various store locations and test their capabilities. For those who achieve results while taking on transfers within a certain range, we have established a compensation and bonus system at high levels comparable to those of full-time employees. At the same time, to support employees through changes in their life stages, we are expanding opportunities for changes in employment status and promotion to full-time employee positions more broadly than ever before while enhancing educational frameworks that support these challenges. By carefully nurturing diverse work styles, we will cultivate a corporate culture in which all employees can experience personal growth and truly feel that “working at SUGI was the right choice.”

Human resource development to support individual skill enhancement and autonomous career growth

In our human resource development initiatives, we promote two complementary approaches, “training to acquire knowledge and skills” and “job rotation to gain experience,” so that each employee can hone their skills and advance their careers. For on-the-job training, grounded in our founding philosophy of “kindness,” we will further deepen the development of pharmacists and registered pharmaceutical distributors who contribute to local communities as “pharmaceutical professionals,” thereby enhancing their quality as specialists. For next-generation leaders, in addition to external dispatches that provide opportunities to learn alongside employees from other companies, we plan to launch an “in-house corporate university” this fiscal year to help participants sharpen specialized skills in areas such as finance and human resources. At the same time, we aim to improve operational efficiency and service quality through digital transformation (DX) literacy education for all employees.

In addition to these educational frameworks, we will link our “free agent (FA) program,” which allows managers to leverage their skills and market themselves to other departments, with our “in-house job posting system,” which enables employees to apply proactively for open positions of interest. Through these initiatives, we will cultivate self-directed employees who can shape their own career paths, rather than relying solely on company-driven transfers.

Recruitment strategy for job-ready talent centered on internal promotion

To secure human resources, we are strengthening the recruitment of individuals who possess both a shared resonance with our corporate philosophy and high-level expertise. In new graduate recruitment, we have set a target to achieve a 30% hiring ratio of our own student partners. Linked with our partner personnel system, we will implement initial salary increases for those who have obtained registered pharmaceutical distributor qualification or achieved a specific grade level or higher. In addition, we will launch a new internship program called “SUGI College.” This practical

program allows students to develop business proposals from a frontline perspective and present them directly to the management team. By offering an opportunity to experience the true essence of corporate management, we seek to secure autonomous, highly capable talents at an early stage. In mid-career hiring, we will focus intensively on securing highly specialized experts in areas such as DX, corporate planning, finance, and legal affairs, thereby enhancing the overall expertise of our organization.

Developing an open corporate culture

The number of consultation calls received through the Workplace Concerns Consultation Hotline has continued to increase steadily. This suggests that the hotline is helping to enhance psychological safety across the organization. In FY2026, the relevant departments will continue to work together to address all concerns raised in a sincere and responsible manner. Since FY2021, we have also continued our initiative of “conducting tours of all stores by all officers,” gathering more than 4,000 pieces of feedback during this fiscal year. Employee feedback is reviewed by the Board of Directors, which considers specific actions to address the issues raised. We are committed to providing a response to employees in all cases, including whether implementation of the proposed measures is feasible. By ensuring that the voices from frontline employees are consistently communicated to management, we are working to foster an open corporate culture.

Promotion of healthy and safe management

To date, we have promoted thorough health management through the use of the health management system “Carely” and through close collaboration between the Safety and Health Committee and occupational health physicians. As a result of focusing on work style reforms and the expansion of welfare benefits, we have been consecutively certified as an Outstanding Organization of KENKO Investment for Health. Going forward, we will accelerate the creation of an environment in which employees can thrive in optimal physical and mental health by strengthening initiatives such as the introduction of online medical consultations, the improvement of health literacy specific to women, and the promotion of mental health. Through these measures, we aim to obtain “White 500” certification while further enhancing the quality of health management across the entire Group.

Promotion of diversity management

To ensure that all individuals can maximize their strengths regardless of time constraints, we have promoted work style reforms, such as reducing meetings and documentation and establishing work schedule guidelines. We have also revised our personnel system, including extending the eligibility for reduced work hours for childcare until children reach ninth graders. As a result, overtime hours have been reduced by half, and the percentage of female managers has increased to 15%. Going forward, we will develop a dedicated succession planning program for female employees and aim to increase the percentage of female managers to 30% by FY2029.

Priority Issues [Issues of Materiality] | Healthy Workplace Environment

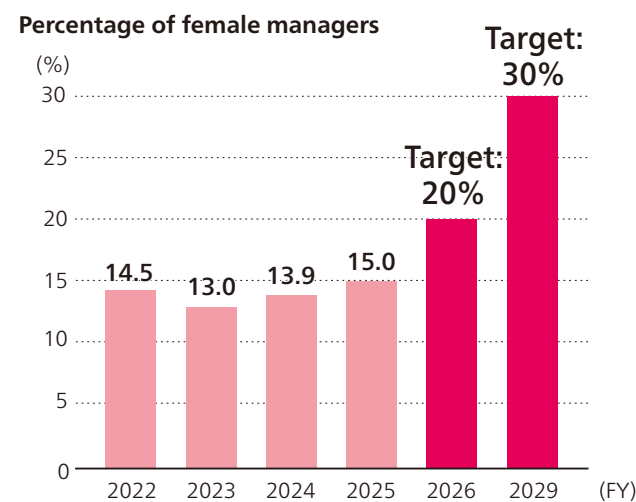
Utilization of Diverse Human Assets

● Preparing fields and opportunities with a focus on diversity

The SUGI Pharmacy Group promotes diversity management under the leadership of the Executive Officer in charge of Human Resource Management, Administration and Risk Management, who also serves as CHRO (Chief Human Resources Officer). The Group will work in earnest to enhance diversity and inclusion (mutual acceptance and recognition of differences as strengths).

■ Increasing the percentage of female managers

For the sustainable growth of the Group, incorporating diverse perspectives, including those of female employees, into our service development is indispensable. To this end, we have set a target to increase the percentage of female managers to 30% by the end of FY2029. To achieve this, we will advance two key initiatives in parallel. The first is "human resource development," aimed at honing problem-solving capabilities and leadership skills. The second is "workplace environment enhancement," which focuses on enriching welfare benefits, improving work-life balance, and fostering a corporate culture in which employees feel empowered to speak up.



Future initiatives toward women's empowerment

- Strengthen activities to recruit women
- Correct 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
- Establish a career consultation desk
- Establish a support system for employees on leave and returning to work



Nadeshiko Roundtable Discussion

To ensure that on-site challenges are directly reflected in management decisions, we held the SUGI Nadeshiko Roundtable Discussion. The candid feedback gathered during this session was reported to the Board of Directors, including External Directors, deepening discussions on corporate culture reform and career development support initiatives. By aligning management with the frontline as one unified team, we will continue to further drive diversity across the Group.



■ Introduction of an optional unaccompanied assignment program

In FY2022, we introduced a program called "CHOISE,"* which allows employees eligible for remote work to choose between "business trips combined with remote work" or "unaccompanied assignment (living apart from family for work)." This program enables employees to avoid the constraints traditionally imposed by unaccompanied assignment on family involvement while also realizing diverse work styles that are not restricted by time or location. Through this initiative, we aim to promote the retention and development of competent human resources.

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

■ SUGI Smile's efforts

Our employees with disabilities are actively thriving across the nation, supported by in-house job coaches and workplace support counselors for employees with disabilities, who provide operational guidance and daily support. At our stores, these employees are engaged in tasks such as routine cleaning, store cleaning, and product display operations. At the headquarters, they contribute to logistics support through mail sorting, facility cleaning, and product shipping operations.

**Percentage of employees with disabilities
(FY2025 SUGI Pharmacy Group)**

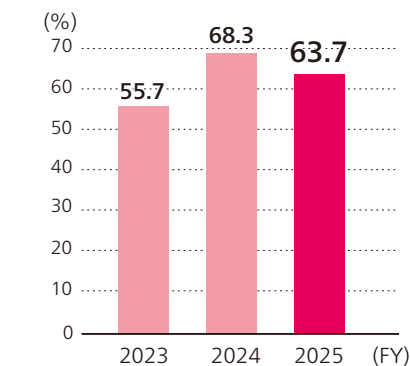
3.21%

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

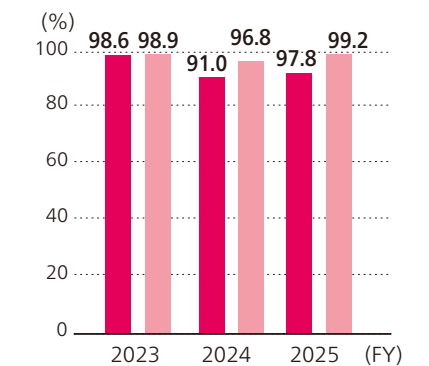
We have introduced various support programs concerning pregnancy, childbirth, and childcare, aiming to create a workplace environment in which employees can balance work and childcare.

In addition to enhancing maternity and parental leave policies, we have introduced a reduced work hour program for childcare to ensure a smooth return to work after childcare leave. In April 2024, we extended the eligibility for the reduced work hour program from the time a child graduates from elementary school to the time they complete junior high school (end of the third year). This initiative creates a workplace environment that makes it easier for employees to return to work and remain in the workplace after parental leave. To support further empowerment of women, we also focus on increasing the percentage of male employees who take parental leave.

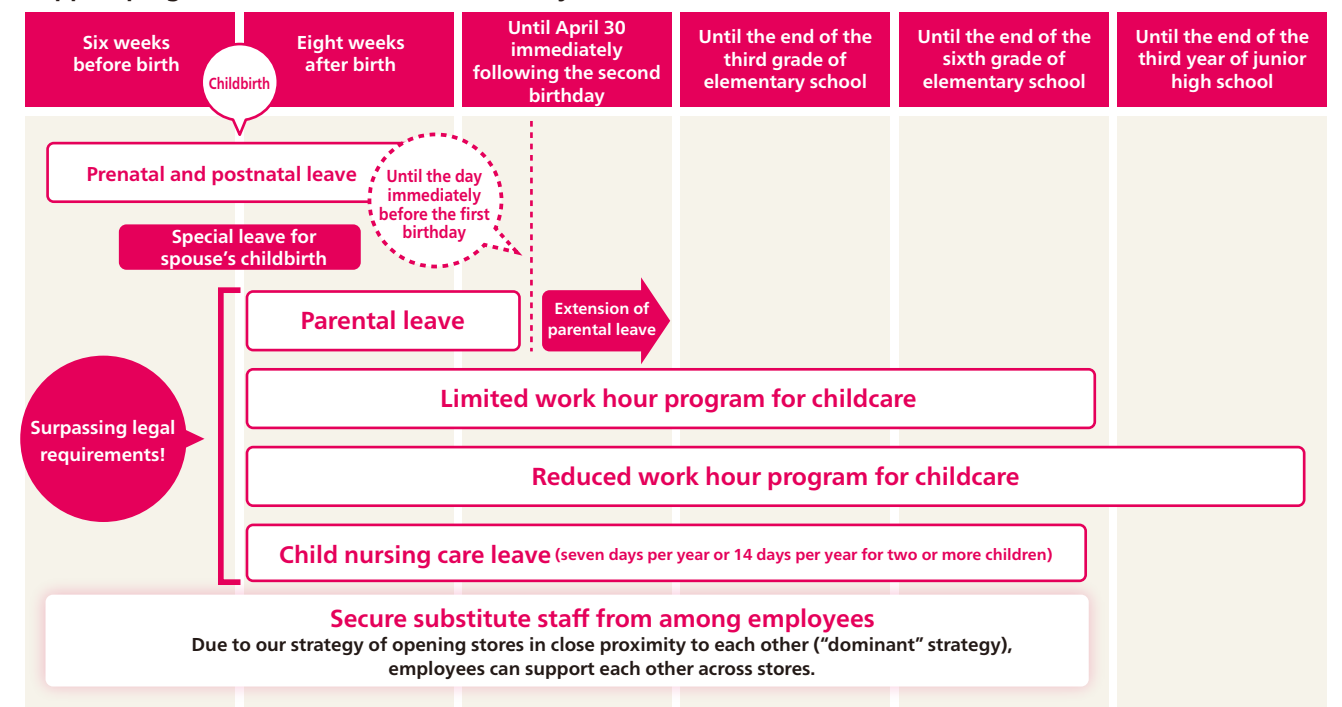
Percentage of male employees who took parental leave



Percentage of employees returning to work after parental leave



Support programs that accommodate diversity



■ 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 those who are 70 to 75 years old to work as senior partner employees on reduced work hours, taking into account their physical condition and health status.

■ Introduction of welfare benefits to support employees' lives

In response to increasingly diverse lifestyles, we have introduced an AI-based matchmaking navigation service, "Aill goen," to create an environment in which unmarried employees can work and live "in their own way." We support employees in leading fulfilling lives both professionally and personally.



Reforms to Realize Healthy and Safe Working Styles

● Promoting health management

The SUGI Pharmacy Group views 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, issued a health management declaration, and created a health management strategy map. We have been consecutively certified as an Outstanding Organization of KENKO Investment for Health, jointly selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. We are strengthening our efforts toward obtaining "White 500" certification as the next step.



Priority Issues [Issues of Materiality] | Healthy Workplace Environment

Health management declaration

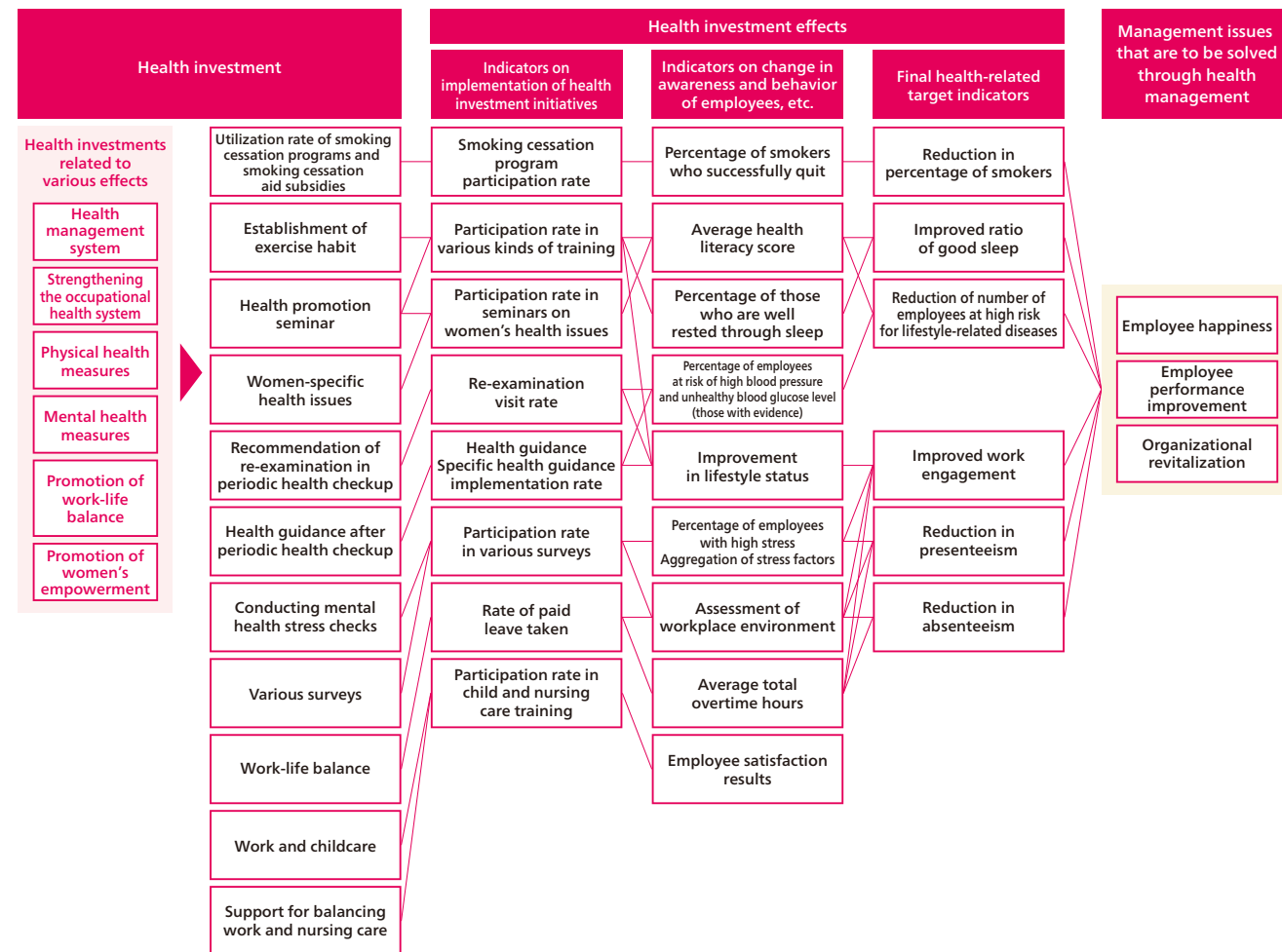
“We help many more people smile, hoping for the happiness of each employee, hoping for the happiness of each customer, and hoping for the happiness of everybody.”

We hereby declare that we will fundamentally review our health management promotion structure and promote the creation of a healthy workplace environment in which employees proactively strive to maintain and enhance their health, and their vibrant smiles will, in turn, bring smiles to the faces of people in local communities.



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

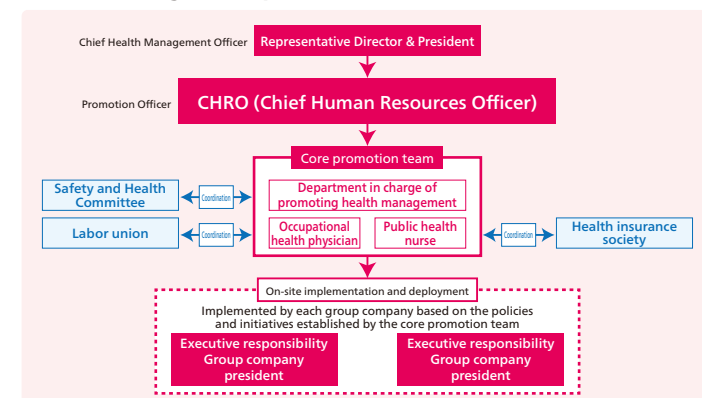
Health management strategy map



Health management initiatives

- 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)
- Introduction of hypertension treatment programs and smoking cessation programs
- 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

Health management promotion structure chart



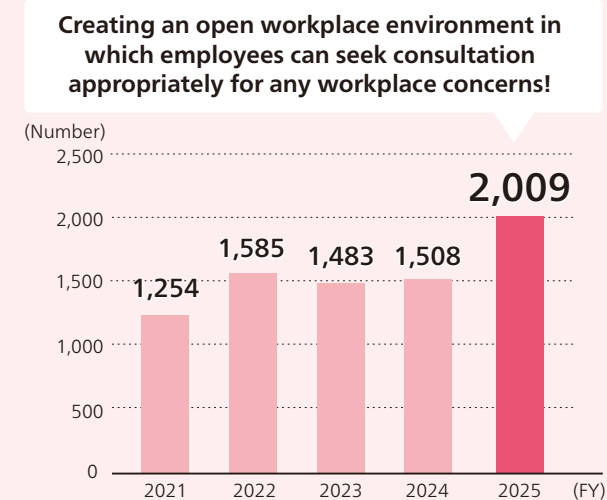
Establishment of “Workplace Concerns Consultation Hotline”

We have established an external reporting channel through which employees can raise concerns—such as issues they are facing at store locations, matters they would like to discuss, requests for company action, situations they believe are inappropriate, concerns they find difficult to raise with their supervisors, workplace environment improvement requests, or interpersonal relationship problems. The privacy of all individuals who report or seek consultation is strictly protected. This framework fosters a sense of security among employees while reinforcing a keen awareness that harassment will invariably lead to disciplinary action. Through these efforts, we work to eradicate harassment, build good interpersonal relationships, and create a positive workplace environment. We also respond promptly to employee feedback and concerns brought to the Company's attention. In addition, we conduct compliance training several times a year for all employees, including officers, to foster a workplace culture that does not tolerate harassment. When harassment incidents occur, disciplinary actions are determined and implemented in accordance with our corporate punitive regulations.

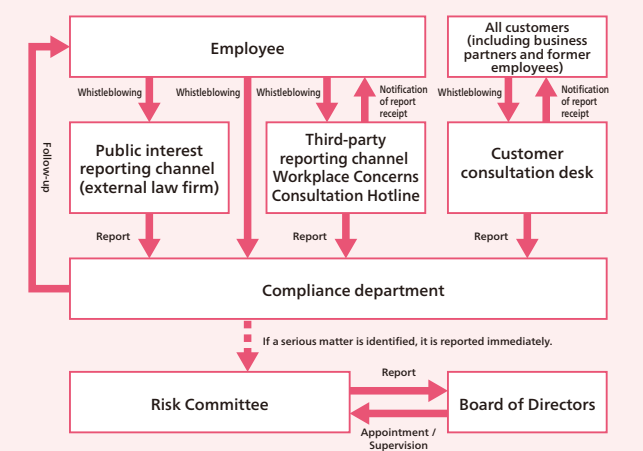
SUGI Pharmacy Group's internal reporting system

To increase awareness and understanding of the abovementioned system, we are strengthening our communication efforts by displaying contact information at our stores and offices and distributing 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 FY2021 to create an environment in which employees feel more comfortable reporting concerns.

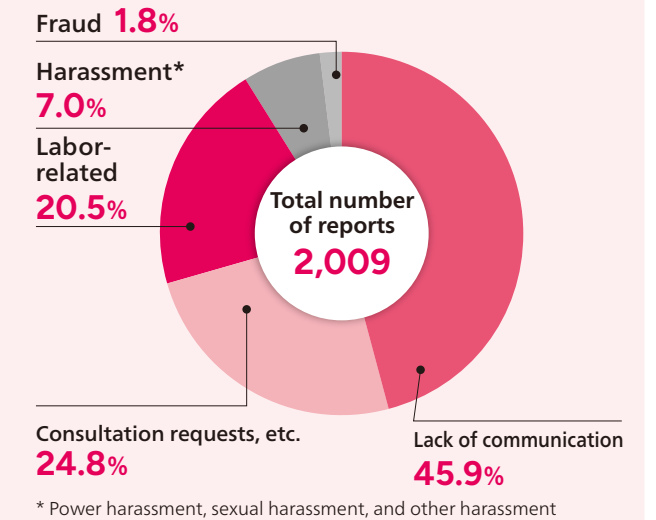
Number of calls to the Workplace Concerns Consultation Hotline



Internal reporting channel / Public interest reporting channel



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



Conducting stress checks

We conduct stress checks once a year to prevent and detect any mental health problems early on.

Self-declaration system

This system enables each employee to design their career plans and clarify their future initiatives. It also provides an opportunity for employees to communicate organizational or store-level challenges, as well as personal concerns, to the Company. The information provided is used to support the development of corporate initiatives, optimize personnel changes, and enhance career development programs, including training initiatives.

Schemes to support employees' physical and mental health

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 seek consultation with peace of mind.

Consultation with doctors via chat or video call

This system allows employees to easily consult doctors on medical matters anytime and anywhere.

Priority Issues [Issues of Materiality] | Healthy Workplace Environment

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 we provide training and human resource development programs to help them acquire such skills. In FY2025, we delivered a total of 350,916 training hours for full-time employees, equivalent to an average of 24.2 training hours per employee. Through these initiatives, we strive to enhance employees' professional expertise and strengthen organizational capabilities.



• Introduction of an in-house job posting system and a free agent (FA) program

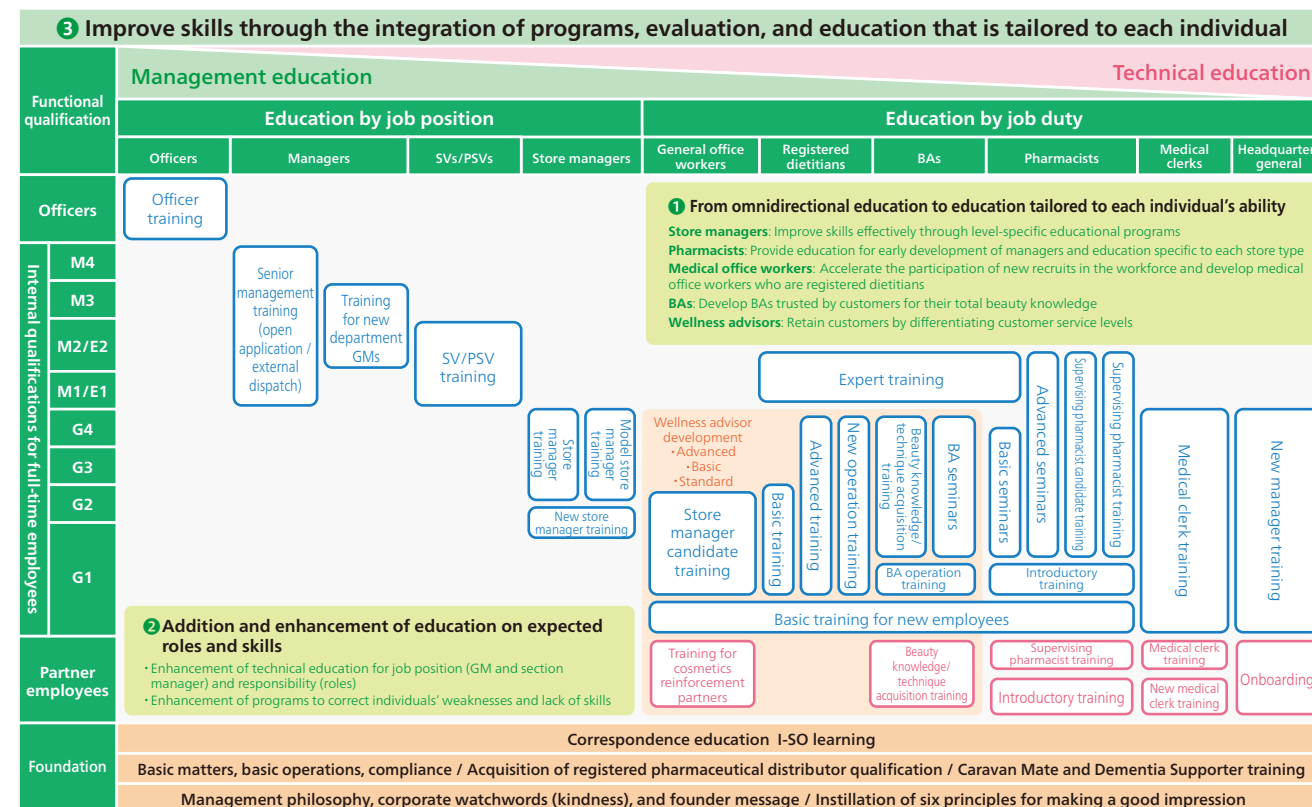
We have introduced a personnel system that enables employees to leverage their experience and skills to apply for and secure transfers to their desired department. They can proactively promote themselves to the target departments or position managers. If a mutual agreement is reached, they can secure their desired position. This system encourages career autonomy, skill development, and healthy competition, thereby driving overall organizational revitalization.

In-house job posting system: **143** successful placements in FY2025 (255% year on year)

FA program: **5** successful matches in FY2025

A cumulative total of **13** employees exercised their FA rights.

SUGI Pharmacy education system



• Promoting motivational management by visualizing performance and evaluation

■ Group award program

At the end of each fiscal year, we hold an awards ceremony to recognize employees and stores that have achieved outstanding results through actions aligned with our management philosophy. In FY2025, we presented awards to 150 individuals and 40 organizations. Going forward, we will continue to promote a workplace environment in which every single employee can thrive, by fostering a corporate culture that recognizes and celebrates the practice of our philosophy.

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



Improving the workplace environment based on employee work engagement

In FY2022, the SUGI Pharmacy Group started measuring the work engagement of all employees to increase labor productivity, reduce employee turnover, revitalize the organization, and enhance employee health.

<Countermeasures>

Personnel system reform

- Linking roles to evaluation and remuneration
- Including engagement indicators in evaluation items

Human resource 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

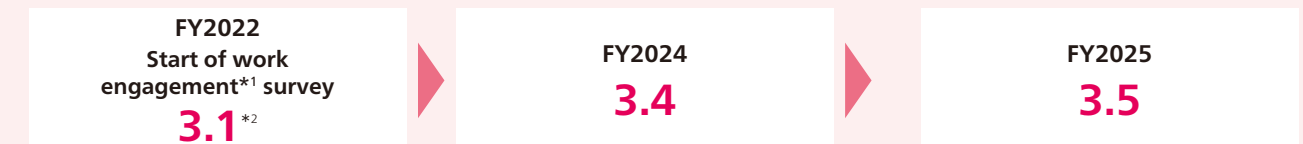
On-site subordinate management

- Thorough training of subordinate management techniques



Work engagement measurement results

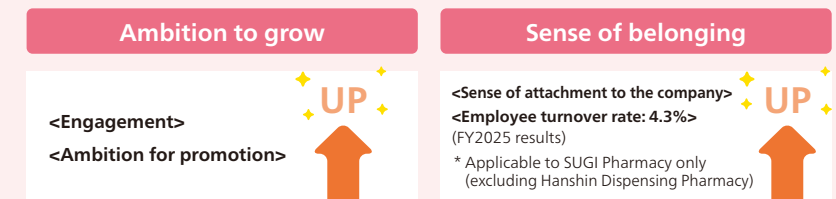
Vigor, dedication, and devotion, which are the three elements that comprise work engagement, were incorporated in the questions and measured using a question format.



*1: Based on the Utrecht Work Engagement Scale *2: Average value (of vigor, dedication, and devotion)

Results of company-wide efforts focused on individual engagement

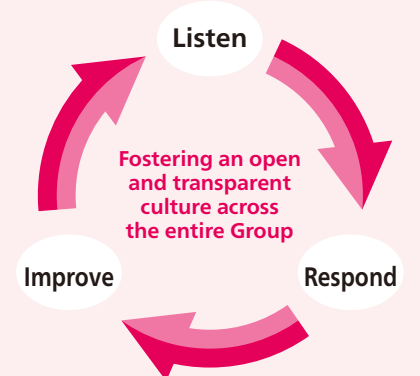
As a result of implementing strategies and measures of each department and promoting human resource strategies, employee job satisfaction scores (motivation) are steadily increasing.



Improving the workplace environment through officer visits

The SUGI Pharmacy Group conducts regular workplace visits by officers to promote a healthy workplace environment, with a focus on direct dialogue with employees. By listening directly to frontline employees, we improve the workplace environment and enhance operational efficiency while supporting the creation of 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 in which each and every employee can work comfortably.

Employee feedback gathered through store visits:
(FY2025 results) **4,091 comments across 2,040 stores**



Balancing community contribution and engagement improvement

Since 2024, we have sponsored the Nagoya Women's Marathon. In FY2025, we continued our sponsorship, with employees from various departments participating as runners and event support staff. This initiative provides an opportunity for employees who normally work in different departments to come together to support the event while engaging closely with the local community. We will continue our activities to contribute to health and the creation of a prosperous society.

Priority Issues [Issues of Materiality]

Corporate Governance

Basic Approach to 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.

Click the website below for the SUGI Pharmacy Group Corporate Governance Basic Policy.



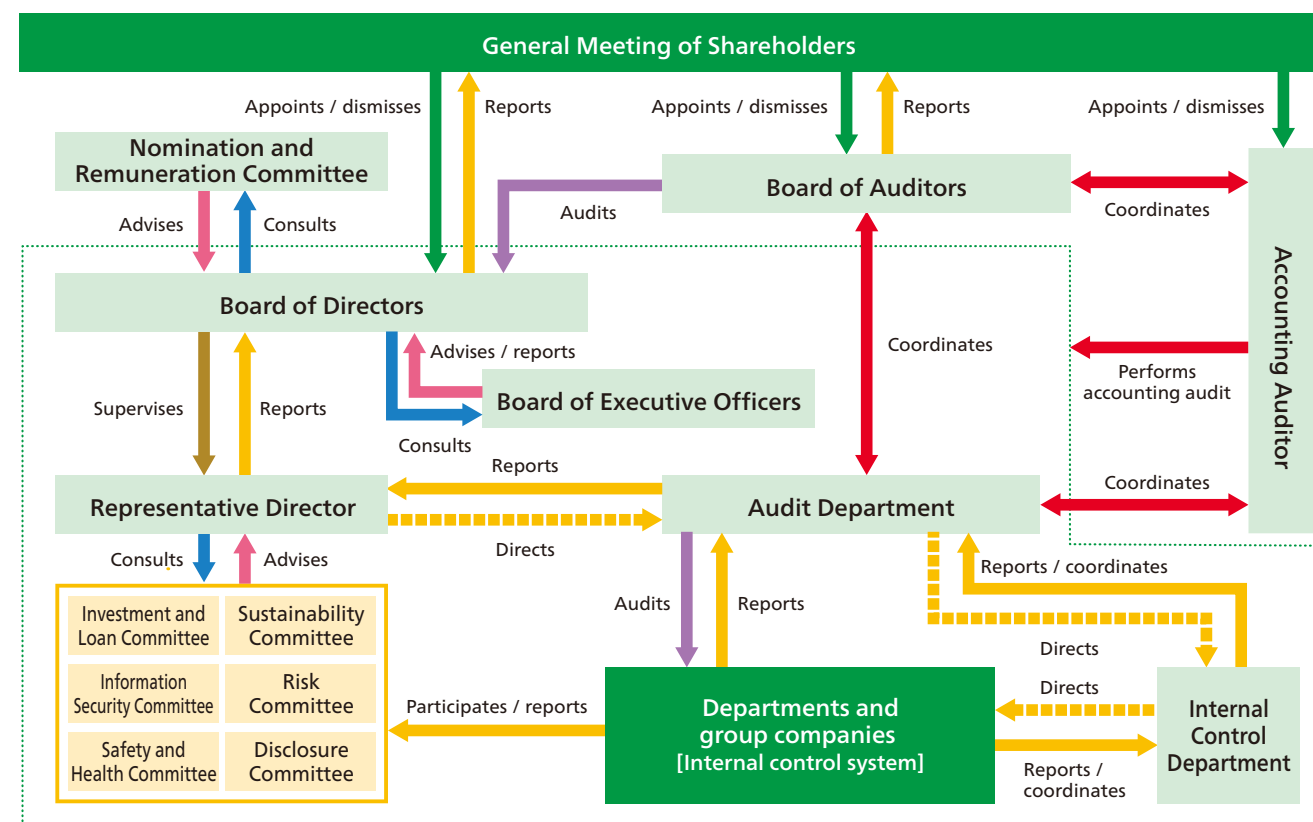
https://www.sugi-hd.co.jp/pdf/sustainability/data/cg_basic.pdf

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.

(As of May 21, 2026)

Diagram of Our Corporate Governance System



To become a company that is needed by society in collaboration with its stakeholders, 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.



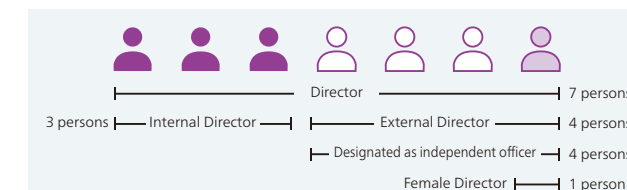
Board of Directors / Board of Auditors

Composition of the Board of Directors

Our 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.

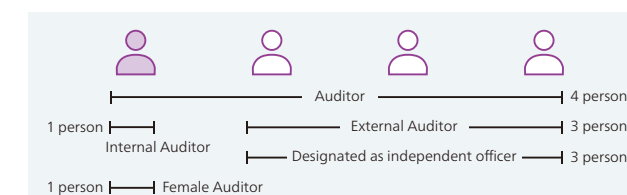
In principle, at least one-third of the Directors must be Independent External Directors in order to leverage their extensive experience and expertise outside the company in our business management and to strengthen the supervisory function of the Board of Directors and improve management transparency.



(As of May 21, 2026)

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.



(As of May 21, 2026)

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 21, 2026)

1 Katsunori Sugiura

Representative Director & President

Date of Birth: October 14, 1978
 Years served as Director: 9 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Number of Company shares held: 454,882 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, business strategies, 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.

2 Shinya Sugiura

Representative Director & Senior Vice President

Date of Birth: November 30, 1979
 Years served as Director: 9 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Number of Company shares held: 453,248 shares

Mr. Shinya Sugiura, as Representative Director & Senior Vice President of the Company and Sugi Pharmacy Co., Ltd., oversees company-wide management and, concurrently serving as Representative Director of SUGI Medical Co., Ltd., promotes the healthcare, dispensing pharmacy, and nursing care businesses. He also fulfills his responsibilities by continuing to lead the post-acquisition integration process following large-scale acquisitions and striving to maximize Group synergies through strengthening the governance and management structure of the expanding operating subsidiaries. In addition, he actively works to build networks through collaboration with government authorities while serving in key positions in industry associations. He has been reappointed based on the judgment that his expertise, management capabilities, and extensive network will significantly contribute to the further development of the Group.

3 Eiichi Sakakibara

Director & Chairman

Date of Birth: August 14, 1956
 Years served as Director: 28 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Number of Company shares held: 460,752 shares

Mr. Eiichi Sakakibara has led the Group for many years as Representative Director of the Company and Sugi Pharmacy Co., Ltd., and he has worked diligently to carry on its management philosophy, create stores based on his profound insights into the drugstore industry, and strengthen compliance. Currently, as Director & Chairman, he fulfills his responsibilities by focusing on supervising the management structure and passing on the philosophy to the next generation based on his extensive management experience. 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 further development and expansion of the Group.

4 Shigeyuki Kamino

Director

External Independent

Date of Birth: May 23, 1947
 Years served as External Director: 11 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Number of Company shares held: - shares

Mr. Shigeyuki 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.

5 Shiro Uchida

Director

External Independent

Date of Birth: April 2, 1955
 Years served as External Director: 2 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Number of Company shares 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 both Japan and the U.S. as well as extensive experience and knowledge in management strategy and digital transformation (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, M&A, etc.

6 Hideaki Takaishi

Director

External Independent

Date of Birth: October 7, 1958
 Years served as External Director: 2 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Number of Company shares 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 serves 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 Independent

Date of Birth: October 27, 1975
 Years served as External Director: 2 years
 Attendance rate at Board of Directors meetings: 92% (12/13 times)
 Number of Company shares 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 pharmaceutical field, global organizational management, and corporate management that embraces diversity.

8 Toshihiko Sakamoto

Full-time Auditor

External Independent

Date of Birth: October 25, 1946
 Years served as External Auditor: 14 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Attendance rate at Board of Auditors meetings: 100% (13/13 times)
 Number of Company shares held: 1,000 shares

Mr. Toshihiko Sakamoto has extensive experience and knowledge of business management from his career in corporate management 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.

9 Toshiaki Shimura

Full-time Auditor

External Independent

Date of Birth: September 28, 1963
 Years served as External Auditor: 2 years
 Attendance rate at Board of Directors meetings: 100% (13/13 times)
 Attendance rate at Board of Auditors meetings: 100% (13/13 times)
 Number of Company shares 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 capable of appropriately executing his duties as the Company's External Auditor for the abovementioned reasons.

10 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% (13/13 times)
 Number of Company shares 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 our 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 finance and accounting.

11 Masahiro Nakamura

Auditor

External Independent

Date of Birth: February 28, 1952
 Years served: Since May 2026
 Number of Company shares held: - shares

Mr. Masahiro Nakamura has held a number of key positions at financial institutions over many years and possesses extensive experience and high-level expertise in the fields of finance and financial services, having led organizational management as Director and President. He is also well-versed in systems management, corporate governance, and risk management through his experience as General Manager of the Administration Systems Department and his track record as Outside Auditor and in other positions at other companies. He has been appointed Auditor based on the judgment that he can be expected to offer professional advice not only on financial matters but also on monetary matters, which need to be strengthened to ensure the Company's sustainable growth, and that he is capable of properly auditing the Company's management from an objective viewpoint.



Career Summary of Directors and Auditors (As of May 21, 2026)



Katsunori Sugiura

Representative Director & President



Chair



Shinya Sugiura

Representative Director & Senior Vice President



Eiichi Sakakibara

Director & Chairman



Shigeyuki Kamino

Director

External Independent



Shiro Uchida

Director

External Independent



Hideaki Takaishi

Director

External Independent



Kaseri Oura

Director

External Independent

Career summary

March 2006: Joined the Company
March 2011: Managing Director, Sugi Pharmacy Co., Ltd.
March 2014: Representative Director & President, SUGI Smile Co., Ltd.
March 2017: Representative Director & President, Sugi Pharmacy Co., Ltd. (present post)
May 2018: Representative Director & Senior Vice President, SUGI Holdings Co., Ltd.
May 2021: Representative Director & President, SUGI Holdings Co., Ltd. (present post)

Career summary

April 2004: Joined the Company
March 2010: Director and General Manager, Home Medical Care Division, Sugi Pharmacy Co., Ltd.
March 2011: Director, Sugi Medical Co., Ltd.
March 2017: Managing Director, Sugi Pharmacy Co., Ltd.
May 2017: Director, SUGI Holdings Co., Ltd.
May 2021: 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.
March 2025: Representative Director & Senior Vice President, Sugi Pharmacy Co., Ltd. (present post)
May 2025: Representative Director & Senior Vice President, SUGI Holdings Co., Ltd. (present post)

Career summary

September 1986: 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)

Career summary

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

October 1980: Joined Tokyo Office of Peat Marwick Mitchell Accounting Firm
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.
July 2012: Representative Director and Chairman, PricewaterhouseCoopers Co., Ltd.
January 2015: Representative Director and Chairman, SAP Japan Co., Ltd.
April 2022: External Director, SNK Corporation
April 2023: Representative Director, Community Mesh Co., Ltd. (present post)
May 2024: External Director, SUGI Holdings Co., Ltd. (present post)
March 2025: External Director, Aoyama Zaisan Networks Co., Ltd. (present post)
April 2026: External Director, Mamezo Co., Ltd. (present post)

Career summary

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.
June 2016: Director and Audit and Supervisory Committee Member, Chiyoda Corporation
June 2018: Director and Executive Managing Officer, Mitsubishi Shoji Construction Materials Corporation
April 2021: External Director, Sanntsu Corporation
June 2021: External Auditor, SystemEXE, Inc. (present post)
August 2023: Full-time Auditor, Legaseed Inc. (present post)
May 2024: External Director, SUGI Holdings Co., Ltd. (present post)
May 2025: External Director and Audit and Supervisory Committee Member, Kodama Chemical Industry Co., Ltd. (present post)

Career summary

September 1998: Joined Kyowa Hakko U.S.A.
June 2010: Joined Bristol-Myers Squibb U.S.A.
October 2012: Executive Managing Officer responsible for Research and Development Division of Bristol-Myers Squibb K.K.
June 2016: 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
May 2024: External Director, SUGI Holdings Co., Ltd. (present post)
February 2025: Representative Director & President, Illumina K.K. (present post)



Toshihiko Sakamoto

Full-time Auditor

External Independent



Toshiaki Shimura

Full-time Auditor

External Independent



Yoshiko Hayama

Auditor



Masahiro Nakamura

Auditor

External Independent

Career summary

October 2001: General Manager, Finance and General Affairs Division, Nagoya Branch, ITOCHU Corporation
June 2006: Representative Director & President, C&S Service Co., Ltd.
June 2009: Senior Managing Director in charge of human resources, finance and accounting and information systems, ITOCHU Sugar Co., Ltd. (now Wellneo Sugar Co., Ltd.)
May 2012: Auditor, SUGI Holdings Co., Ltd.
March 2017: Auditor, Sugi Pharmacy Co., Ltd. (present post); Auditor, SUGI Medical Co., Ltd. (present post)
May 2017: Full-time Auditor, SUGI Holdings Co., Ltd. (present post)
March 2025: Auditor, S Trading Co., Ltd. (present post)

Career summary

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.)
October 2014: Deputy General Manager, Internal Audit Department, Mizuho Bank, Ltd.
April 2022: Manager, Internal Audit Office Manager, Foster Electric Company, Ltd.
May 2024: Full-time Auditor, SUGI Holdings Co., Ltd. (present post); Auditor, Sugi Pharmacy Co., Ltd. (present post)
March 2025: Auditor, SUGI Medical Co., Ltd. (present post)
March 2025: Auditor, Sugi Business Service Co., Ltd. (present post)
October 2025: Auditor, S Trading Co., Ltd. (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
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 & Supervisory Committee), NIPPON Corporation (present post)
June 2025: Outside Director, Fidea Holdings Co., Ltd. (present post)

Career summary

April 1974: Joined Nagoya Mutual Savings Bank (now The Bank of Nagoya, Ltd.)
June 2003: Executive Officer and General Manager of Administrative Systems Department, The Bank of Nagoya, Ltd.
June 2005: Director and General Manager of Administrative Systems Department, The Bank of Nagoya, Ltd.
June 2007: Managing Director, The Bank of Nagoya, Ltd.
June 2009: Senior Managing Director, The Bank of Nagoya, Ltd.
April 2011: Director and Vice President, The Bank of Nagoya, Ltd.
June 2013: Director and President, The Bank of Nagoya, Ltd.
June 2017: Advisor, The Bank of Nagoya, Ltd.
November 2017: Outside Auditor, AVANTIA Co., Ltd. (present post)
June 2025: Director, Educational Institution Tokai Gakuen (present post)
July 2025: Outside Director, JSB Tech 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
Director	Katsunori Sugiura	●	●	●			●	●	●
	Shinya Sugiura	●	●	●			●		
	Eiichi Sakakibara	●	●	●	●		●		
	Shigeyuki Kamino	●	●	●					
	Shiro Uchida	●	●	●	●	●		●	●
	Hideaki Takaishi	●	●		●	●		●	●
	Kaseri Oura	●	●	●			●		●
Auditor	Toshihiko Sakamoto	●	●	●	●	●			●
	Toshiaki Shimura				●	●		●	●
	Yoshiko Hayama				●	●			
	Masahiro Nakamura	●		●	●	●		●	

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 governance
Medical system trends	Corporate Governance Code
Sustainability management	Legal compliance
ESG	Risk management
Management strategies	Organization and HR management and leadership
Management and finance	Digital transformation

Message from External Directors and Auditors

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 on an annual basis. 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 questionnaire survey, we implement constructive discussions for future initiatives by sharing the evaluation results of the current status and challenges within the Board of Directors.

Outline of evaluation results (for the fiscal year ended February 2026) and future initiatives

It has been evaluated that the expertise of External Directors and Auditors on the Board of Directors is diverse and their respective insights enable constructive discussions. The Board holds sufficient discussions on monitoring to formulate the Group's annual policies and medium-term management plans, as well as 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 further to increase the number of important agenda items, such as healthcare, DX, overseas, ESG, capital cost, and the holding company's functional enhancement and organizational structure.

1. Regarding the composition of the Board of Directors

The increase in the number of External Directors and Auditors in FY2024 has led to greater diversity in terms of professional knowledge, experience and skills. The Board has maintained a structure consisting of individuals who can contribute to frank, active, and constructive discussions.



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.

Going forward, we will work to ensure there is time for deliberation in response to an increase in important agenda items. We will do so by utilizing the Board of Executive Officers to distribute the agenda items and generate time for substantive discussions. It is also essential to eliminate information asymmetry by creating opportunities for management and external officers to develop a deeper mutual understanding.

3. Regarding the agenda items of the Board of Directors

In terms of qualitative improvements to agenda items, they are selected appropriately based on a shift toward management strategies aligned with the Company's stage of development.

Going forward, in order to further enhance discussions of important agenda items, it is necessary to set the agenda items in a timely and appropriate manner by reviewing the annual agenda of the Board of Directors and prioritizing items based on urgency and importance.

4. Regarding the support system for the Board of Directors

Each officer is appropriately provided with the opportunity to request the necessary information from the Company. These requests are carefully addressed by the executive branch and the secretariat.



To strengthen the system further, we will rebuild the internal control system to address business expansion due to M&As, as well as improve the coordination of audits by the three parties—the internal audit unit, the audit firm, and the Auditors—to make them more substantive.



5. Regarding the self-evaluation by Directors and Auditors

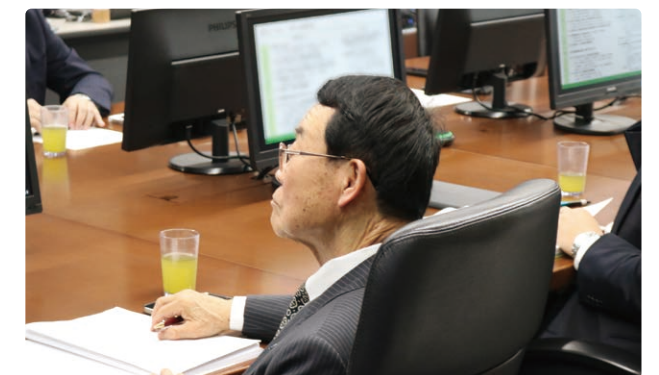
The evaluation results show that each officer is appropriately fulfilling their role by actively exchanging opinions with the executive branch and enhancing their supervisory functions based on their own expertise and experience in areas such as healthcare, finance, overseas strategies, and global governance.

To facilitate more multifaceted discussions within the limited time for deliberation, we will maintain a system in which Full-time Auditors actively voice their opinions during preliminary stages, such as committee meetings and subsidiary board meetings, to complement their functions. Going forward, we will contribute to improving the Board of Directors' effectiveness by continuously updating information through on-site inspections and training, as well as by constantly taking action aimed at improvement and reform.

6. Regarding management strategies and issues

We highly value that in-depth discussions involving on-site managers are conducted during the formulation of the new medium-term management plan and that the direction of medium- to long-term strategies is presented.

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 strategy and finance and accounting & CFO	Makoto Kasai
Executive Officer in charge of human resources, administration, and risk management & CHRO	Shigeki Mori
Executive Officer in charge of SCM, DX, and corporate branding	Kazuya Morinaga
Executive Officer in charge of overseas business (sales)	Tsuyoshi Yamamoto
Executive Officer in charge of products	Tomohiro Shiraishi
Executive Officer in charge of nursing care	Toshiyuki Azeo
Executive Officer and General Manager of Legal Affairs Department	Mari Konagaya
Executive Officer in charge of overseas business (planning and promotion)	Kenta Morii
Executive Officer in charge of medical care and prescription dispensing	Toshihiko Asaka

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 FY2026 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 the Company’s 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 among the 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 budget for consolidated operating income, consolidated ordinary income, and consolidated profit 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, consolidated ordinary income, and consolidated profit as the indicators 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 and each Director’s contribution, 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 percentages 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 the Representative Director & President 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.

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

Category	Total amount (millions of yen)	Total amount by type (millions of yen)			Number of persons paid
		Fixed remuneration	Performance-based remuneration	Non-monetary remuneration	
Directors (portion of External Directors)	234 (40)	160 (40)	64 (–)	8 (–)	7 (4)
Auditors (portion of External Auditors)	34 (28)	34 (28)	– (–)	– (–)	4 (3)
Total (portion of external officers)	268 (69)	195 (69)	64 (–)	8 (–)	11 (7)

- 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 30,000 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 “b. 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 perspective 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.

Priority Issues [Issues of Materiality] | Corporate Governance

Status of dialogues with investors	FY2022	FY2023	FY2024	FY2025
Results presentation for institutional investors and analysts (1H and full-year)	2	2	2	2
Small meetings on financial results for institutional investors and analysts	27	31	23	40
Conference hosted by securities companies	5	5	4	5
One-on-one meetings with institutional investors (face-to-face or via conference call)	166	180	208	290

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.

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. The Committee, chaired by an External Director, met 11 times in FY2025.

- (1) The Nomination and Remuneration Committee consists of at least three members, the majority of whom are external officers (External Directors and External Auditors), in principle.

(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

Committees

With the aim of promoting sustainability management, we have established the Sustainability Committee as an advisory body to the Representative Director & President. The Committee discusses strategies and initiatives for the entire Group and submits a report and recommendation to the Representative Director & President. It also reports and submits proposals on important matters to the Board of Directors on a regular basis.

Committee	Functions	FY2026 Chair	No. of meetings in FY2025
Sustainability Committee	The Sustainability Committee is responsible for deliberating matters concerning the SUGI Pharmacy Group's contribution to sustainable societal and economic development through its business activities and creating shared value with society.	Executive Officer in charge of SCM, DX, and corporate branding	2
Risk Committee	The Committee is responsible for deliberating matters concerning the various risks facing the SUGI Pharmacy Group in Japan and abroad, as well as improving the effectiveness of risk management by reviewing its progress and the effectiveness of countermeasures.	Executive Officer in charge of human resources, administration, and risk management & CHRO	14
Investment and Loan Committee	The Committee is responsible for deliberating M&A transactions, investments, and the establishment of subsidiaries and joint ventures that exceed the specified amount outlined in the SUGI Pharmacy Group Regulations on Authority and Responsibilities, as well as matters related to the financing related to these transactions.	Executive Officer in charge of corporate strategy and finance and accounting & CFO	9
Information Security Committee	The Committee is responsible for deliberating 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.	Executive Officer in charge of SCM, DX, and corporate branding	4
Safety and Health Committee	The Committee is responsible for deliberating 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.	Executive Officer in charge of human resources, administration, and risk management & CHRO	12
Disclosure Committee	The Committee is responsible for ensuring the transparency, timeliness, and fairness of reports containing statutory, timely, and voluntary disclosures, as well as non-financial information throughout the SUGI Pharmacy Group. The Committee is also responsible for deliberating the consistency of these reports.	Executive Officer in charge of corporate strategy and finance and accounting & CFO	14

Risk Management

The SUGI Pharmacy Group's basic policy is to take a preventive and proactive approach to risks, which are expanding and becoming more complex as business strategies evolve. This will help the Group achieve a sustainable increase in corporate value and implement the new Medium-Term Management Plan (for FY2026 – FY2030). The new Medium-Term Management Plan outlines initiatives such as a full-scale implementation of strategic M&As, the strategic utilization of leverage, and a focus on overseas expansion and new business areas. This has resulted in a significant change in the scope and nature of the risks facing the Group.

The Group has established a comprehensive management system that aligns with the industry's shared framework by categorizing the overall risk landscape into nine major areas: business strategies and the market environment, legal frameworks and systems, products and services, natural disasters and infectious diseases, information security, human resources and the organization, compliance and reputation, the supply chain, and investments and finance. Under our risk management system, the Board of Directors supervises the development and operation of internal control systems. The Sustainability Committee, the Risk Committee, the Investment and Loan Committee, the Information Security Committee, and the Disclosure Committee are overseen by the Representative Director & President. The Risk Committee consists of internal members, External Directors, and outside experts who manage the risks of each of the above categories in Japan and abroad. The Investment and Loan Committee has expanded to include members from specialized internal departments, thus strengthening the monitoring of due diligence and PMI status of investment and lending projects. Each committee prioritizes its findings and reports them to the Board of Directors. After the Board decides on a response policy, each committee works to achieve continuous improvement through the PDCA cycle. 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

	Risk	Main examples of risks
1. Risks related to business strategies and the market environment	Changes in the competitive environment	● Intensified competition with industry peers or different industries (e.g., e-commerce, convenience stores, food supermarkets) ● Progress of industrial consolidation and oligopoly through large-scale M&A ● Homogenization of the drugstore format and intensifying price competition
	Market and store opening environment	● Shrinking trade areas due to an aging and declining population ● Delays in opening new stores and difficulty acquiring locations for them ● Decline in competitiveness of existing stores
	M&A and investments	● Failure of M&As and investments to yield results ● Impairment of goodwill and other assets
2. Risks related to legal frameworks and systems	Pharmaceutical and healthcare systems	● Deterioration of profitability due to revisions of drug prices and dispensing fees ● Increase in costs to address revisions to the Pharmaceuticals and Medical Devices Act (PMD Act)
	Applicable laws and regulations	● Revisions to the Food Sanitation Act, the Premiums and Representations Act, and the Personal Information Protection Act ● Impact of revisions to tax systems and accounting standards on business performance
3. Risks related to products and services	Product quality and safety	● Recall of products we handle (including private brand products) caused by defects, mixing of foreign substance, or inappropriate labeling ● Side effects or health risks from pharmaceuticals or health foods ● Damages under product liability (PL)
	Service quality and safety	● Accidents related to dispensing error or the sale and management of pharmaceuticals ● Complaints arising from customer service
4. Risks related to natural disasters and infectious diseases	Large-scale natural disasters	● Damage to stores, distribution, headquarter functions, and systems due to earthquake, tsunami, typhoon, or heavy rain ● Suspension of operating activities due to asset impairment or supply chain disruption

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4. Risks related to natural disasters and infectious diseases	Climate change	● Fluctuation in product demand and impact on procurement of agricultural products and raw materials due to changes in weather patterns ● Increase in costs to address the tightening of greenhouse gas emission regulations (disclosures based on TCFD recommendations)
	Infectious diseases	● Stagnation of economic activity or decrease in store visitors due to infectious disease epidemic ● Difficulty continuing store operations or distribution due to an infection outbreak among employees
5. Risks related to information security and systems	System failure	● Business suspension due to failure of core system, in-store POS, e-commerce, or prescription dispensing system
	Cyberattacks and information leakage	● Cyberattacks such as unauthorized access from outside and ransomware ● Leakage of customers' personal information, prescription dispensing information, and employee information
6. Risks relating to human resources and the organization	Securing human resources, quality of training services	● Difficulty securing specialized human resources such as pharmacists and registered pharmaceutical distributors, surge in personnel costs ● Shortage of managerial and DX personnel
	Labor affairs and human rights	● Labor issues such as long working hours and harassment ● Occupational safety and health issues, delay in addressing diversity
7. Risks related to compliance and reputation	Violation of law, misconduct	● Violation of law or misconduct by officers or employees ● Violation of the PMD Act, the Antimonopoly Act, the SME Transactions Act, or the Personal Information Protection Act
	Reputation	● Reputation damage caused by dissemination of inappropriate information and the emergence and spread of rumors triggered by social media
8. Risks related to the supply chain	Procurement and logistics	● Disruption to business continuity and supply from major suppliers and logistics outsourcing partners ● Purchase cost increases due to raw material and energy prices and exchange rate fluctuations
	Human rights and the environment	● Emergence of human rights or environmental issues in supply chains (e.g., forced or child labor)
9. Risks related to investments and finance	Asset value fluctuations	● Impairment of real estate holdings (including stores and leased property), decline in valuation of fixed assets ● Decline in value of securities held
	Financing	● Increase in financing costs due to fluctuations in the interest rate environment and financial markets

Internal reporting system

To prevent and correct organizational or personal violations of laws and regulations, or fraud, 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. In addition to ensuring reporter protection, we are working to promote compliance awareness among officers and employees.

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. Training emails are sent to certain group companies on a regular basis. Going forward, we will work to further strengthen information security systems and educate employees by expanding this to all group companies as needed. We have established a provision requiring information security events to be reported to the Information Security Committee as soon as possible via the heads of each division, who are the persons in charge of management.

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 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

The Information Security Basic Policy can be accessed from here.



Details of compliance with requirements for the SUGI Pharmacy Group's information security management systems can be accessed from here.



Financial Indicators

	(Millions of yen)				
	FY2021	FY2022	FY2023	FY2024	FY2025
Net sales	625,477	667,647*1	744,477	878,021	1,010,336
Operating income	32,137	31,658	36,622	42,563	48,568
Ordinary Income	33,082	32,391	38,039	41,993	50,062
Profit attributable to owners of parent	19,389	19,007	21,979	25,689	44,982
Depreciation	11,268	12,362	14,121	16,576	17,660
Net cash provided by (used in) operating activities	7,174	38,279	39,041	36,941	86,779
Net cash provided by (used in) investing activities	(23,892)	(23,256)	(30,976)	(33,285)	(69,639)
Net cash provided by (used in) financing activities	(5,295)	(14,209)	(5,284)	11,633	41,213
Cash and cash equivalents at end of period	33,831	34,622	37,406	52,736	111,150
End of consolidated fiscal year					
Net assets	213,890	216,538	233,362	250,704	290,474
Total assets	334,758	351,895	390,563	495,116	614,493
Per share information (yen)					
Net income*2	104.56	103.82	121.46	141.96	248.56
Net assets*2	1,153.42	1,196.68	1,289.59	1,385.37	1,604.99
Dividend*2	80	80	80	35	35
Management indicators (%)					
Equity ratio	63.9	61.5	59.8	50.6	47.3
Return on equity (ROE)	9.4	8.8	9.8	10.6	16.6
Return on assets (ROA)	9.7	9.4	10.2	9.5	9.0
Consolidated dividend payout ratio	25.5	25.7	22.0	24.7	14.1
Annual all stores sales growth rate (%)					
Group total	+3.8	_*1	+11.7	+17.2	+15.1

*1: Since the beginning of FY2022, 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 FY2022 and later years are calculated after applying the Accounting Standard, etc. For this reason, year-on-year percentage changes are not presented for FY2022. *2: On March 1, 2024, the Company conducted a 3-for-1 stock split of common stock.

Non-financial Indicators

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

	FY2022	FY2023	FY2024	FY2025
Figures representing the Company				
Number of stores	1,565	1,718	2,185	2,321
Number of new stores	107	144	130	110
Year-end total square meters of sales floor* ¹	963,270	1,025,379	1,089,543	1,129,332
Figures relating to customer base*¹				
Number of store visitors per year: Merchandising (thousand people)	335,822	336,258	360,495	368,117
Number of SUGI Pharmacy point members	20,838,945	22,232,080	23,769,624	25,485,956
Number of <i>SUGI Pharmacy</i> app downloads	10,442,740	12,017,141	13,788,195	15,674,185
Number of <i>Family Pharmacy</i> app downloads	622,034	950,695	1,224,506	1,476,140
Figures relating to prescription dispensing				
Sales from prescription dispensing (millions of yen)	142,461	158,777	218,985	307,324
Number of prescriptions filled (thousand sheets)	12,913	14,759	19,648	26,312
Price per prescription (yen)	11,033	10,758	11,145	11,680
Number of prescription dispensing pharmacies	1,220	1,283	1,699	1,816
Percentage of prescription dispensing stores (%)* ¹	84.4	81.8	79.9	78.4
Number of home-visit prescription dispensing centers	28	43	53	57
Number of health support pharmacies	14	14	49	42
Local alliance pharmacies	46	21	59	100
Pharmacies allied with specialized medical institutions	3	3	9	14
Percentage of prescription dispensing of drugs that require special management (%)* ^{1*2}	2.2	2.1	2.0	1.9
Figures relating to function updates for an aging society				
Number of stores providing home-visit prescription dispensing services* ¹	565	601	634	658
Total number of customers who used home-visit prescription dispensing services (annual)* ¹	176,037	189,109	204,996	220,783
Number of home-visit nursing stations	14	16	17	17
Total number of customers who used home-visit nursing services (annual)	18,847	17,291	17,960	19,718
Figures relating to private brand products*¹				
Percentage of private brand product sales (%)	9.6	9.9	10.8	11.2
Percentage of eco-friendly private brand products (%)* ³	12.2	14.4	15.6	18.6
Figures relating to the supply chain*¹				
Number of private brand contract manufacturers that conducted plant checks (cumulative)	51	113	164	180

*1: The figures for this category apply only to SUGI Pharmacy (excluding Hanshin Dispensing Pharmacy). (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

	FY2022	FY2023	FY2024	FY2025
Figures relating to employees				
Number of full-time employees	7,727	8,724	11,820	13,417
Men	4,016	4,546	5,429	5,798
Women	3,711	4,178	6,391	7,619
Number of partner employees (converted into the number of 8-hour workers)	11,692	12,990	14,075	13,950
Number of new graduates hired	533	372	554	661
Number of mid-career hires	389	983	894	745
Number of pharmacists	3,688	4,021	4,820	6,605
Number of registered pharmaceutical distributors	9,019	10,029	10,546	12,485
Number of registered dietitians	501	468	564	721
Number of nurses	105	113	128	118
Number of beauty advisors	1,268	1,222	1,142	1,316
Average annual salary of full-time employees (thousands of yen)	5,391	5,412	5,593	5,660
Men	5,894	5,982	6,182	6,034
Women	4,782	4,733	4,890	5,264
Turnover rate (%)* ¹	-	-	4.9	4.3
Figures relating to human resource development				
Training costs for full-time employees (millions of yen)	652	500	660	996
Total hours per employee spent in capacity development training	385,347	393,084	392,946	350,916
Average hours per employee spent in capacity development training	10.4	10.1	13.7	24.2
Average training cost per employee (yen)	-	-	23,010	68,682
Compliance training attendance ratio (%)	100.0	100.0	100.0	100.0
Figures relating to diversity and work style				
Number of managers	2,169	2,321	2,533	2,672
Men	1,854	2,020	2,181	2,272
Women	315	301	352	400
Percentage of female managers	14.5	13.0	13.9	15.0
Number of employees with disabilities	440	508	594	718
Percentage of employees with disabilities (%)	2.58	2.80	3.07	3.21
Percentage of employees who took parental leave (%)	86.6	84.6	91.7	89.4
Men	53.0	55.7	68.3	63.7
Women	100.0	97.4	100.0	98.3
Number of employees who worked reduced hours for childcare	603	660	703	927
Men	15	29	26	115
Women	588	631	677	812
Percentage of employees returning to work after parental leave	95.2	98.7	92.0	98.1
Men	100.0	98.9	96.8	99.2
Women	94.7	98.6	91.0	97.8
Number of employees who took nursing care leave	16	29	14	37
Men	1	3	3	4
Women	15	26	11	33
Employee engagement (P)	3.1	3.2	3.4	3.5
Figures relating to the environment*¹				
CO ₂ emissions - Scope 1 (t-CO ₂)	2,025	1,531	4,224	To be calculated
CO ₂ emissions - Scope 2* ² (t-CO ₂)	122,992	156,526	174,913	To be calculated
CO ₂ emissions - Scope 3 (t-CO ₂)	1,715,396	2,376,396	2,563,427	To be calculated
Electric power consumption (thousand kWh)	314,266	353,441	397,033	To be calculated
Renewable energy consumption (thousand kWh)	3,117	4,169	24,896	To be calculated
Figures relating to governance and compliance				
Number of Board of Directors meetings held	12	12	13	13
Number of Board of Auditors meetings held	14	13	13	13
Director	5	5	7	7
Men	4	4	6	6
Women	1	1	1	1
Number of Independent External Directors	2	2	4	4
Men	1	1	3	3
Women	1	1	1	1
Percentage of Independent External Directors (%)	40.0	40.0	57.1	57.1
Percentage of female Directors (%)	20.0	20.0	14.2	14.2
Auditor	3	3	4	4
Men	2	2	2	2
Women	1	1	2	2
Percentage of Independent External Auditors (%)	100.0	100.0	75.0	75.0
Percentage of female Auditors (%)	33.3	33.3	50.0	50.0
Annual number of calls to the Workplace Concerns Consultation Hotline	1,585	1,483	1,508	2,009

*1: The figures for this category apply only to SUGI Pharmacy (excluding Hanshin Dispensing Pharmacy). (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.

External Assessment

ESG ratings

FTSE JPX Blossom Japan Sector Relative Index

Since 2024, we have consecutively been selected as a constituent of the FTSE JPX Blossom Japan Sector Relative Index, an index consisting of Japanese companies with outstanding ESG (Environmental, Social, and Governance) practices.



**FTSE JPX Blossom
Japan Sector
Relative Index**

CDP "Climate Change Report 2025"

In the climate change survey conducted by CDP in 2025, we received a B score for the second consecutive year.



Human capital management

2026 Outstanding Organization of KENKO Investment for Health

Since 2020, we have consecutively been named an Outstanding Organization of KENKO Investment for Health (large enterprise category).



Platinum Kurumin

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.



Participation in Initiatives

United Nations Global Compact

In March 2025, we signed the United Nations Global Compact, the world's largest initiative for building a healthy global society. We have been working to achieve a sustainable society by using the 10 principles on human rights, labor, the environment, and anti-corruption as guidelines for corporate activities.



TCFD

Since endorsing the TCFD recommendations in December 2021, we have developed a framework for disclosing climate change-related risks and opportunities from a financial perspective.



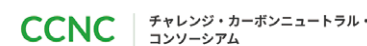
Clean Ocean Material Alliance

Through our participation in the Clean Ocean Material Alliance (CLOMA), which aims to solve the problem of marine plastic waste, we promote initiatives for recycling plastic resources by coordinating across industry borders.



Challenge Carbon Neutral Consortium (CCNC)

The Challenge Carbon Neutral Consortium is a co-creation-based consortium that aims to accelerate companies' decarbonization efforts and establish a decarbonized society by encouraging consumers to become more aware and committed to decarbonization. SUGI Holdings Co., Ltd. has been a part of this consortium, hosted by the Japan Research Institute, Limited, since 2023.



Stock Information

(As of February 28, 2026)

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: 39,411

Major shareholders (top 10)

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
Sugi Shoji Co., Ltd.	67,731	37.42
The Master Trust Bank of Japan (trust account)	17,290	9.55
Sugi Asset LLC	9,057	5.00
Custody Bank of Japan, Ltd. (trust account)	8,049	4.44
STATE STREET BANK AND TRUST COMPANY 505223	5,280	2.91
CEP LUX-ORBIS SICAV	4,037	2.23
STATE STREET BANK AND TRUST COMPANY 505103	3,272	1.80
STATE STREET BANK AND TRUST COMPANY 505001	3,122	1.72
SMBC Nikko Securities Inc.	2,801	1.54
J.P. Morgan Bank Luxembourg S.A. 385598	2,753	1.52

Notes: 1. The Company holds 9,019,684 shares as treasury stock, but it is excluded from the list of major shareholders above.
2. Shareholding ratios are calculated after deducting treasury stock.

Corporate Profile

Trade name: SUGI Holdings Co., Ltd.
Established: March 8, 1982
Capital: 15,434,588,000 yen
Number of employees: Full-time employees: 13,417 (on a consolidated basis)
Partner employees: 13,950*
*Converted into the number of 8-hour workers

Main operations: Business management of the entire SUGI Pharmacy Group
Headquarters: 62-1 Shin'e, Yokone-machi, Obu-shi, Aichi 474-0011, Japan
Head office: 1-8-4 Mikawa Anjo-cho, Anjo-shi, Aichi 446-0056, Japan
(As of May 21, 2026)
Officers: 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
Auditor: Yoshiko Hayama
External Auditor: Masahiro Nakamura