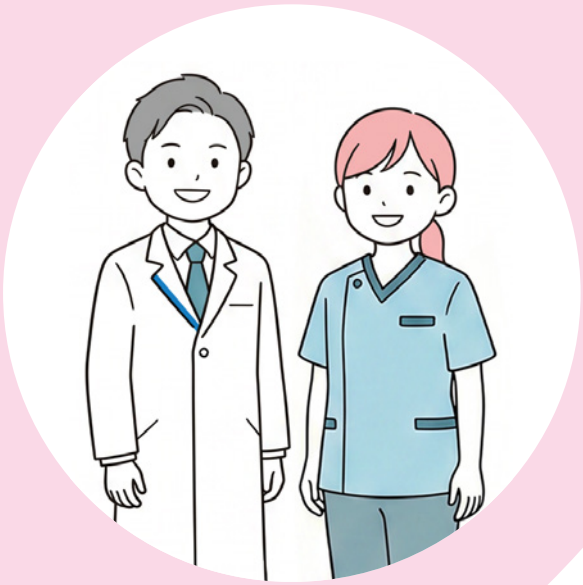
SUNDRUG



# SUNDRUG Group Integrated Report 2026







Management philosophy

# Illuminate a  corner of the world.

We hold high standards and start immediately
from what we can do right at the moment.
By making each and every individual shine,
we try to illuminate even just one corner of the world.
We hope that as our friends grow and our small lights come together,
they will become a bigger light.




## About the SUNDRUG Group

The SUNDRUG Group comprises SUNDRUG CO., LTD. and its consolidated subsidiaries Seikodo Pharmacy Corporation, Sundrug Plus Co., Ltd., DIREX CORPORATION, Daiya Inc., and SUNDRUG Dream Works Co., Ltd.

Segments

- Drugstore business
- Discount store business
- Drugstore business/Special-purpose subsidiary in accordance with the provisions of Article 44 of the Act to Facilitate the Employment of Persons with Disabilities



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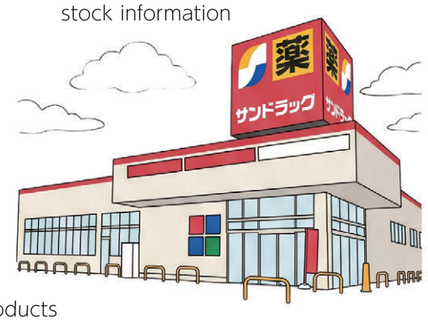
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### Editorial policy

The Integrated Report 2026 reports on the Group's business performance for the period covered and its efforts to create value over the medium- to long-term. It also links and explains our approach to sustainability as well as financial and non-financial information to help shareholders, investors, and other stakeholders better understand the Group and deepen dialogue.

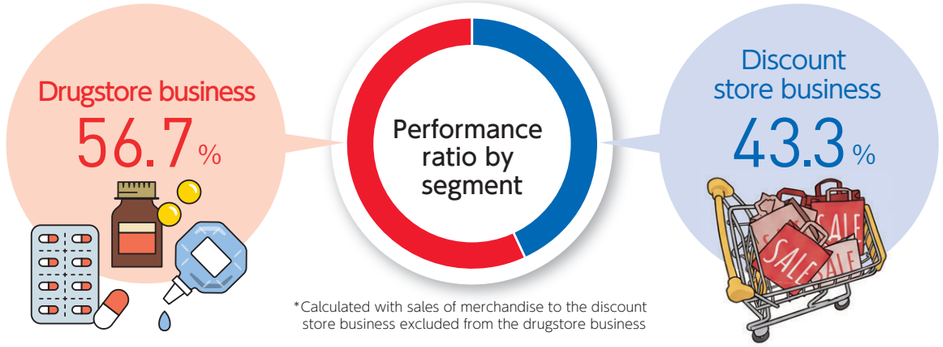
### Applicable period

Some contents for the fiscal year ended March 31, 2026 (April 2025–March 2026) include activities and forecasts before or after that period.

### Notes concerning forward-looking statements

The Integrated Report 2026 contains projections and forward-looking statements regarding the Group's plans and strategies for the future. These statements are not historical facts, but rather assumptions and beliefs based on information currently available. Actual results may differ from our projections due to risks and uncertainties associated with factors including future economic trends, consumer spending, market demand, taxation and other various systems.

# Overview of the SUNDRUG Group's business




*Calculated with sales of merchandise to the discount store business excluded from the drugstore business

## Drugstore business

Net sales 539,379 million yen

Number of stores 1,155 stores

In the drugstore business, we operate both station-front and suburban stores and strive to build customer trust under the guiding principles of "safety, reliance, and convenience." While creating attractive stores that respond to increasingly diverse customer needs, we also foster an environment where customers can feel comfortable seeking advice through consultations with pharmacists and receive high-value-added pharmaceuticals.

## Discount store business

Net sales 364,121 million yen

Number of stores 439 stores

We are expanding the opening of our DIREX discount stores, with the goal of reaching 1,500 stores nationwide as we strive to offer daily necessities at the lowest prices, operate community-based stores, and create a new store format that combines discount store functions with the those of drugstores and supermarkets.

## Dispensing pharmacy business

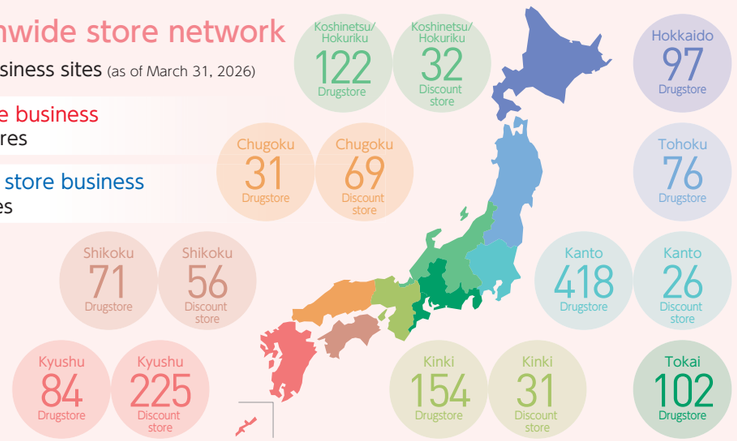
We operate pharmacies within drugstores that handle non-prescription, over-the-counter (OTC) medicines, as well as dispensing pharmacies located adjacent to medical institutions. As family care drugstore pharmacies that are trusted to meet local healthcare needs, we provide flexible services tailored to each community, offering personalized medication guidance and healthcare support for every patient. We have also established a framework as an educational institution for developing the next generation of pharmacists.

## Nationwide store network

Major business sites (as of March 31, 2026)

Drugstore business
1,155 stores

Discount store business
439 stores





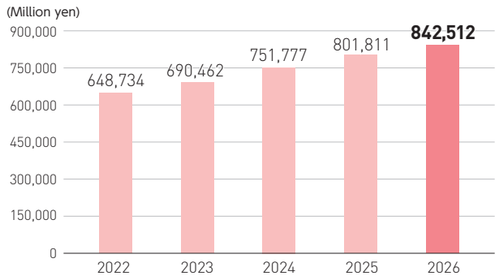



# Financial and non-financial highlights

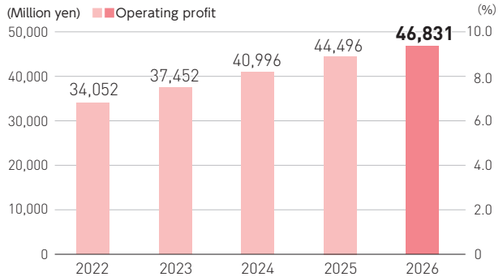
*In this report, the fiscal year (FY) runs from April 1 to March 31 of the following year.

## Financial performance

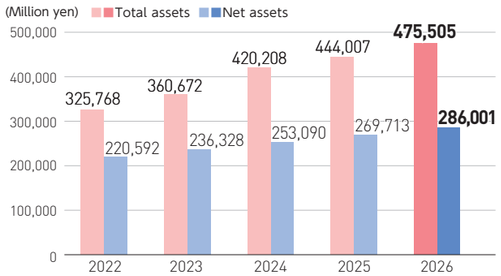
Net sales 842,512 million yen



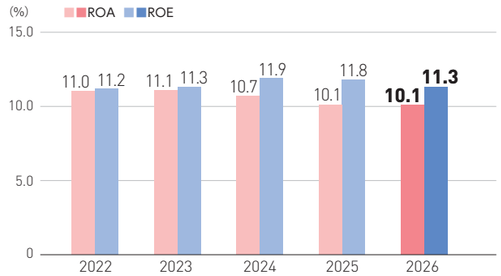

Operating profit 46,831 million yen Operating profit ratio 5.6%




Total assets 475,505 million yen Net assets 286,001 million yen

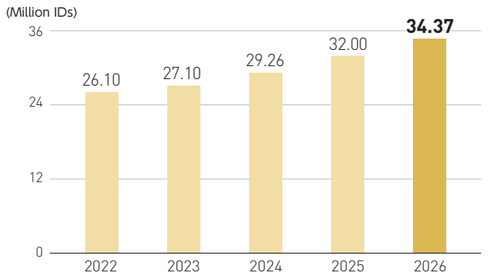



ROA 10.1% ROE 11.3%

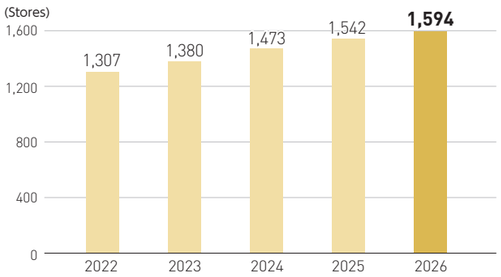



## Non-financial performance

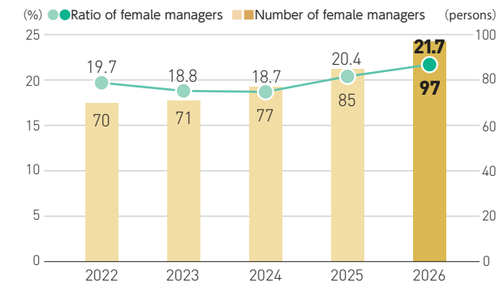
Number of Group card members 34.73 million IDs



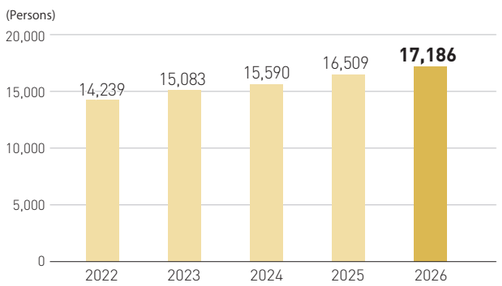

Number of stores 1,594 stores




Ratio of female managers 21.7% Number of female managers 97 persons




Number of employees (Including part-time employees) 17,186 persons




*The ratio and number of female managers are for SUNDRUG only.

# Message from the CEO



## Supporting Communities and People's Lives to Remain a Trusted Company

CEO and Representative Director
Hiroshi Sadakata





### A management foundation that enables flexible response to change

Looking back over the previous fiscal year, we faced no extraordinary events that had a particularly significant impact on our management decisions. We manage the Company in accordance with our five-year Medium-term Business Plan while anticipating a certain degree of change.

We did encounter changes that affected our business performance during the year, such as rising construction costs, increased competition for new store locations, a decline in inbound tourism, and sluggish sales of seasonal products, including cold remedies, in both summer and winter. However, we also benefited from factors such as higher unit prices reflecting increases in purchase prices, sales of government stockpiled rice, and growth in visitors from other parts of Asia despite China's restrictions on travel to Japan.

Our Group has a management foundation that is resilient to such changes and prevents our business performance from being significantly affected by any single factor. When sales at station-front stores fell to around one-tenth of their normal levels during the COVID-19 pandemic, suburban stores benefited from increased stay-at-home demand. After the pandemic, suburban stores faced a rebound from that surge in demand, while station-front stores recovered, minimizing the overall impact on our business.

The same applies to our drugstore and discount store businesses. In years when one business faces challenges, the other tends to perform well. We believe that the diversity of our business formats—a defining characteristic of our Group—is a key factor enabling our Group to respond to changes in the business environment.

This ability to respond to change also allowed us to achieve our ordinary profit target for the previous fiscal year. We regard our performance for the year as the result of the steady execution of the management strategies we have pursued over many years, together with ongoing improvements to our earnings structure and continued strengthening of our management foundation.

Since formulating our Medium-term Business Plan five years ago, we have promoted digitization through IT investments and improving operational efficiency in anticipation of structural changes such as the declining and aging population and the resulting labor shortages. Even for projects requiring investments on the scale of tens of billions of yen, such as the introduction of electronic shelf labelling, we have made decisions only after years of careful study and verification.

Although selling, general and administrative (SG&A) expenses have risen year after year due to increases in raw material costs, prices, and wages, we were able to limit the increase in our SG&A ratio to 0.2 percentage points year on year, even while realizing one of the highest levels of wage increases in the industry over the past several years. We believe this reflects the benefits of the steady progress we have made in strengthening our management foundation through digital transformation (DX). Although still in the verification stage, we are also exploring the introduction of a full self-checkout system as part of our efforts to further strengthen our management foundation and improve our corporate value as we work toward achieving the targets of the new Medium-term Business Plan, which begins this fiscal year.

### Leveraging our two businesses for sustainable growth

Our Group's greatest strength lies in our two core businesses—the drugstore business and the discount store business—each offering distinct customer value based on its own earnings model. Together, these two businesses provide a management foundation that enables us to achieve both growth and earnings stability. Another key strength is our ability to select the business format best suited to the characteristics of each site, taking into account factors such as location, population density, and the competitive environment.

In the drugstore business, we operate non-food stores alongside supermarkets and standalone food-focused stores in suburban areas. Around train stations, we tailor our product lineup and business format to suit each location, whether in shopping areas or downtown areas. Regardless of the business format, all of our stores support our customers' daily lives primarily through healthcare and dispensing services backed by the knowledge, expertise, and trustworthiness needed to provide health-related advice.

In contrast, our discount store business offers a broad selection of daily necessities, centered on food products, at highly competitive prices. By providing the convenience of one-stop shopping for everything from fresh foods and prepared foods to clothing, home appliances, and pet supplies, we have gained the support of a wide range of customers even in areas with low population density where operating drug stores is less viable.

These two businesses not only strengthen our resilience to changes in the market environment and consumer behavior but also constitute a key management foundation for achieving sustainable growth and improving corporate value over the medium to long term. Through the continued evolution of both businesses, we will steadily enhance our value as an indispensable presence in society.

# Message from the CEO

## Human resources, DX, and dispensing services as the keys to enhancing the quality of store operations

There are several areas for investment that will support our future growth, but if we were to prioritize them, the first would be human resources, the second DX, and the third the advancement of store value centered on dispensing services. These are not standalone initiatives; rather, we view them as foundational investments that underpin the success of initiatives such as store openings, private brand products, and e-commerce.

Our highest priority is investment in human resources. In retailing, particularly for a company like ours that plays a role in healthcare, people ultimately make the difference in competitiveness. Investing in the development of specialized personnel, including pharmacists and registered sales clerks, strengthening on-site management capabilities, and creating a comfortable working environment is more important than pursuing short-term profits. We believe that continued investment in human resources is essential to expanding store openings and achieving new business growth.

Our second priority is DX. DX is not simply a means of reducing costs, but a management tool for enhancing the quality of store operations and maximizing on-site capabilities with limited human resources. By streamlining operations through initiatives such as electronic shelf labelling, self-checkout systems, and expiration date management, and by creating an environment in which people can focus on higher value-added activities, we aim to simultaneously enhance the customer experience and strengthen our earning power.

Our third priority is the advancement of store value based on dispensing services. The dispensing pharmacy business can deliver both stable earnings and social value in conjunction with store opening strategies and community-based management. By expanding the number of stores with dispensing facilities, strengthening collaboration with home medical care and local medical care providers, and responding to the growing use of electronic prescriptions, we will continue to enhance the value of our drugstores through the quality of the services they provide.

In contrast, store openings, private brand products, and e-commerce are the growth drivers that translate these foundational investments into tangible growth. Store openings remain an important source of growth, while private brand products are key to increasing profitability and differentiation. E-commerce also plays an important role not as a competitor to our physical stores, but as a complementary channel that expands customer touchpoints. Rather than expanding each initiative independently, we will organically integrate these growth initiatives with human resources and DX at the core. We believe this will enable us to build a sustainable growth model that is resilient to changes in the business environment.

## Maintaining harmony with the environment and society as a central element of management

For our Group, environmental management and coexistence with local communities are not simply matters of accountability or risk management. They are integral elements of our management strategy for improving corporate value over the medium to long term. As a company operating drugstores and discount stores that are closely connected to people's daily lives, our continued growth depends on a sustainable society and environment.

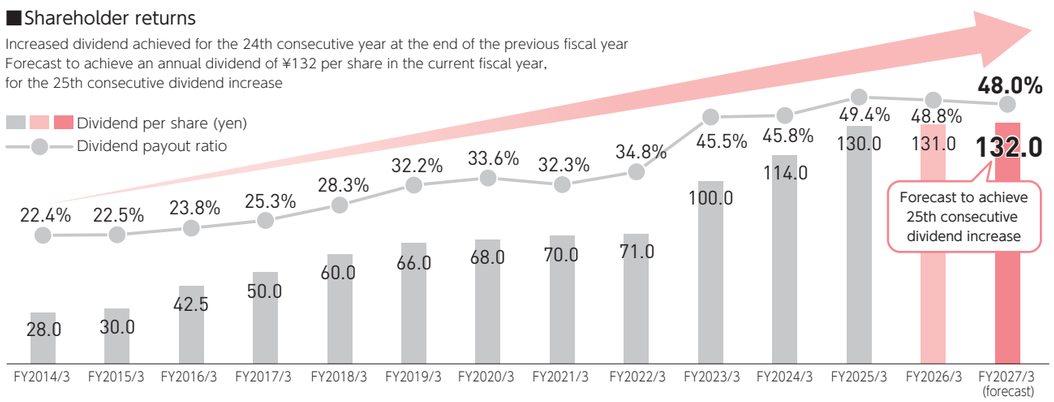
Environmental initiatives are directly linked to business sustainability. Our energy-saving measures and efforts to reduce waste not only lessen our environmental impact but also improve our cost structure and management efficiency. By elevating our contribution to society and improving business efficiency through environmental initiatives, we can strengthen our earnings base for the future while also improving the quality of our management.

Coexistence with local communities is also an important differentiating factor that shapes our competitive advantage. Community-based store operations, job creation, and contributions to better health provide the foundation for remaining a company that local communities depend on, beyond the pursuit of short-term profits. The trust we earn from local communities, in turn, creates a stable customer base and helps ensure business continuity. In this way, our Group positions environmental management and coexistence with local communities as integral elements of our management strategy. We believe that strengthening trust and competitiveness by addressing social issues supports business continuity and ultimately leads to improving corporate value over the medium to long term.

Our commitment to environmental management and to contributing to society is also directly linked to our ability to recruit and retain human resources. For younger generations in particular, a company's social commitment and values are important considerations when choosing an employer. When employees take pride in their work and feel that they are making a meaningful contribution to society, the quality of human capital improves, ultimately supporting a company's long-term growth. We will therefore continue to position harmony with the environment and society as a central element of our management so that our Group will continue to be valued and chosen by society as an indispensable presence.

■Shareholder returns

Increased dividend achieved for the 24th consecutive year at the end of the previous fiscal year
Forecast to achieve an annual dividend of ¥132 per share in the current fiscal year, for the 25th consecutive dividend increase




* The Company conducted a two-for-one share split of ordinary shares on April 1, 2017. Dividend per share is calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 2014.

## Evolving into a company that continues to support customers

Over the next several years, our Group aims to evolve not into a company that simply seeks to increase its number of stores and sales volume but into one that continues to earn the trust of consumers and local communities and remains the company they choose. While growth in scale is important, it is not an end in itself. Rather, we seek to define more clearly the value we can provide.



Specifically, we will strengthen our presence as an infrastructure company that supports people's everyday shopping and health. Through our two core businesses—the drugstore business and the discount store business—we will continue to evolve into a company that supports our customers in every aspect of their daily lives by providing distinct value in terms of price, convenience, and expertise. In particular, our expertise in healthcare and dispensing services will become an increasingly important source of value.

From a human capital perspective, we aim to be a company whose greatest competitive advantage lies in its human resources, by creating an environment in which our employees can develop their expertise, experience personal growth, and enjoy long and fulfilling careers. This will, in turn, strengthen our recruitment and organizational capabilities and help us build a corporate structure that can respond flexibly to diverse changes in the business environment.

In the years ahead, we envision SUNDRUG as a company that achieves a well-balanced integration of scale, efficiency, expertise, and social responsibility. Our goal is to remain an indispensable presence in people's daily lives and in society. We believe that consistently fulfilling this role will lead to sustainable growth and improved corporate value over the medium to long term. Our Group will continue to evolve steadily as an indispensable presence in society.

Please refer to the financial results presentation materials for details of the Medium-term Business Plan.

Please refer to the financial results presentation materials for details of the Medium-term Business Plan.
https://www.sundrug.co.jp/en/ir/news

# Medium-term Business Plan

In May 2026, we launched a new Medium-term Business Plan aimed at realizing our Group's vision for fiscal 2030. Through the priority growth strategies set out in this plan, we aim to achieve industry-leading profitability in the drugstore and discount store sectors.

## Review of the previous Medium-term Business Plan

Under the previous Medium-term Business Plan, we pursued our business strategies and strengthened our management foundation with the aim of achieving the performance targets for the fiscal year ending March 2026, including the target of ¥1 trillion in consolidated net sales.

**FY2026/3**

| Group net sales | Group operating profit | Group operating profit ratio | Number of Group stores |
|---|---|---|---|
| ¥983.5 billion | ¥50.3 billion | 5.1% (5.6% excluding our capital and business alliance partner) | 2,026 stores |

**Summary**

- Growth over the past five years was driven by organic expansion, M&A (Daiya), and a capital and business alliance (Kirindo Holdings)
- Net sales increased by 55.1%, operating profit by 34.9%, and the number of stores by 66.6%
- Synergies with Kirindo Holdings are expected to be realized during the next Medium-term Business Plan period

### Group net sales

- Group net sales reached approx. ¥1 trillion
- Station-front stores recovered to 70% of their pre-COVID levels (down \10 billion)
- Achievement rate would have been 99.4% had station-front stores recovered to 100% as initially assumed.

### Group operating profit and operating profit ratio

- Excluding the impact of station-front stores (down ¥1.5 billion), operating profit increased from 5.6% to 5.8%, though falling short of the 6.0% target by 0.2 percentage points
- In response to changes in our earnings structure following the COVID-19 pandemic, we promoted mid to long-term SG&A cost control through initiatives such as electronic shelf labelling

### Number of Group stores

- The achievement rate for the number of Group stores reached 115.8%, including stores operated by our capital and business alliance partner

## Overview of the new Medium-term Business Plan

Fiscal 2026 – 2030

**FY2026/3**

| | |
|---|---|
| Group net sales | ¥ 983.5 billion |
| Group operating profit | ¥ 50.3 billion |
| Group operating profit rate | 5.1% |
| ROE | 11.3% |

Medium-term Business Plan

New Medium-term Business Plan

**Vision**

Achieving industry-leading profitability in the drugstore and discount store sectors through diversified store formats and stronger merchandising

Further growth

**FY2031/3 (planned)**

| | |
|---|---|
| Group net sales | ¥1.25 trillion |
| ROE | 12.4% |
| Operating profit ratio by business | |
| Drugstore business | 6.0% |
| Discount store business | 5.7% |

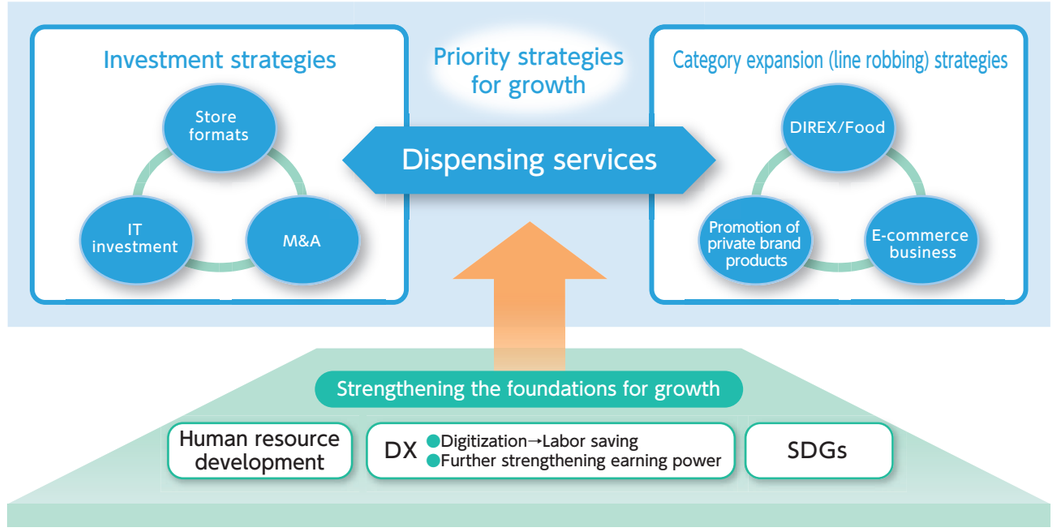
| Investment strategies | | Category expansion (line robbing) strategies | | Foundation strengthening | | |
|---|---|---|---|---|---|---|
| Store formats | Dispensing services | DIREX discount stores | Strengthening food merchandising | Human resource development | DX | SDGs |
| IT | M&A | Promotion of private brand products | E-commerce business | | | |

## Concept of the new Medium-term Business Plan

**Vision for the next 5 years**

- We will achieve balanced and sustainable growth by positioning e-commerce, dispensing services, and private brand products as core pillars across our diverse business formats, including station-front stores, suburban stores, and discount stores.
- Achieve industry-leading profitability in the drugstore and discount store sectors

### Concept

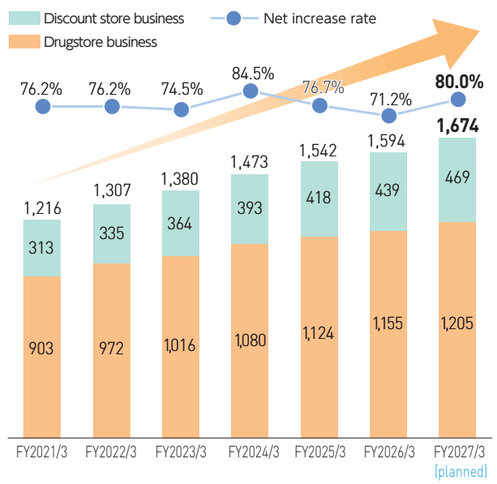



## Business strategy: Opening more stores

### Increasing the number of stores

Targeting a net increase rate of 80% or higher while maintaining our store opening criteria

■Increase in number of stores




### Nationwide expansion

Expanding our store network with business formats suited to the characteristics of each location

Station-front stores (downtown & shopping areas) / Suburban stores (standalone & combined) / Discount stores

■Store network

Total number of stores 1,594 stores nationwide

Drugstores 1,155 stores

Discount stores 439 stores



# Medium-term Business Plan

## Business strategy: Promoting the e-commerce business

### E-commerce business performance (FY2026/3)

| E-commerce business sales | ¥16.811 billion (2.0% of total sales)<br>YoY : 117.6 % |
|---|---|

| Number of SKUs handled | 74,455 SKUs<br>YoY : 126.7 % |
|---|---|

**Improving convenience**

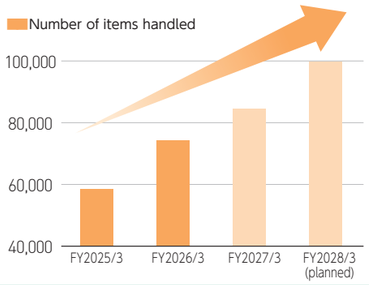
Same-day shipment rate
41.7%

YoY comparison of in-store pickup
127.0%
*e-shop (main site)

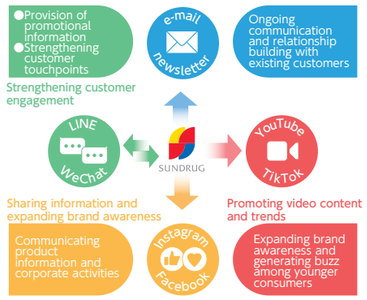
Leave-at-door delivery rate
37.9%
*e-shop (main site)

**Expanding product lineup**

Enhanced product lineup, including pet supplies, DIY products, and home appliances




**Leveraging information channels**




We maximize customer reach by leveraging the unique strengths of each social media platform.

Further increase in e-commerce sales and profit

Further enhancement of customer satisfaction and convenience

Utilization of retail media

Expansion of private brand products

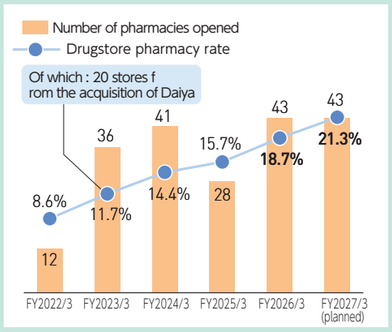
## Business strategy: Promoting the dispensing pharmacy business

### Dispensing pharmacy business performance (FY2026/3)

| Dispensing pharmacy business sales | ¥18.918 billion (2.3% of total sales)<br>YoY : 116.8 % |
|---|---|

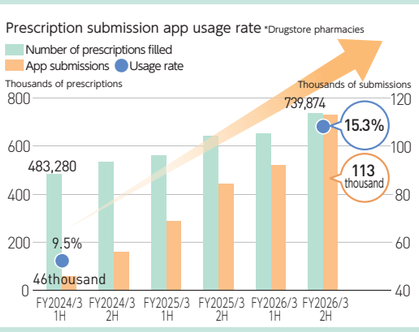
| Number of prescriptions filled | 2,108,134<br>YoY : 110.2 % |
|---|---|

**Pharmacy openings and drugstore pharmacy rate**




**Initiatives to increase the number of prescriptions filled**

- Electronic prescription system
- LINE mini app for prescription submission
- Online medication guidance system (SOKUYAKU)
- Became a partner pharmacy for the "Ouchi Byoin" online medical consultation service. *Available from April 2026







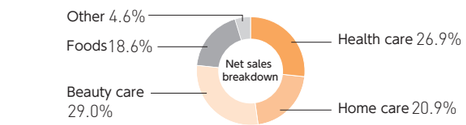

# Introduction of businesses

## Business portfolio supporting frontline earning power

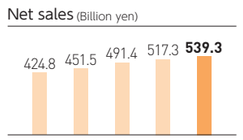
### Drugstore business

In the drugstore business, we operate both station-front and suburban stores and strive to build customer trust under the guiding principles of "safety, reliance, and convenience." We continue to enhance our in-store merchandising and services to meet increasingly diverse lifestyles and healthcare needs, while providing personalized advice through consultations with pharmacists and other qualified staff. By creating an environment where customers feel comfortable seeking advice and offering high-value-added products, we strengthen our role as a base for community healthcare toward building long-term relationships of trust and improving corporate value.

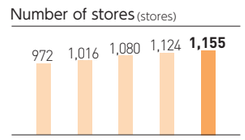
**Business overview**



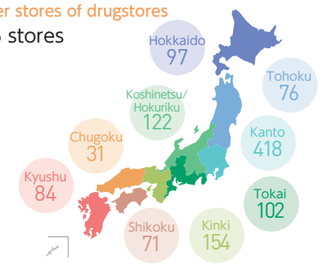

Net sales (Billion yen)




Number of stores (stores)




Number stores of drugstores
1,155 stores




**Operating companies** (As of March 31, 2026)

#### Seikodo Pharmacy Corporation

ドラッグトップス

- Headquarters : Niigata City,Niigata Prefecture
- Representative : Takashi Watanabe, President and Representative Director
- Number of stores : 84 Number of employees : 650

As the management philosophy, "the Company will propose healthy and conformable life and contribute to local communities." As the company credo, we integrate the three concepts, integrity, execution, and cooperation into a single idea that forms Seikodo's spirit.

#### Sundrug Plus Co., Ltd.

サンドラッグプラス

- Headquarters : Sapporo City, Hokkaido
- Representative : Hiroki Sato, President and Representative Director
- Number of stores : 76 Number of employees : 543

As the corporate philosophy, we aim to realize "healthy, rich lives" for the Japanese people as a drugstore, dispensing pharmacy, cosmetics store and variety store, and contribute to the creation of "good cheer and fun in daily life".

#### Daiya Inc.

大屋

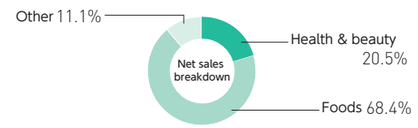
- Headquarters : Saijo City, Ehime Prefecture
- Representative : Shintaro Ito, President and Representative Director
- Number of stores : 72 Number of employees : 859

As the management philosophy, we will "create healthy and rich lives and realize the well-being of colleagues who work together." The vision is to realize "the top company in Japan in terms of customer value." We believe that the vision will be realized not by increasing sales or scale but by accumulating "new trust, safety, and convenience."

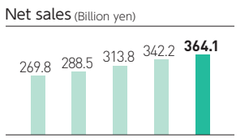
### Discount store business

In the discount store business, we are expanding the opening of our DIREX discount stores with the goal of reaching 1,500 stores nationwide, pursuing competitive pricing and product lineups under the principle of offering daily necessities at the lowest prices. We develop community-based stores tailored to the population and needs of each region, supporting customers' daily lives with optimal in-store merchandising. In addition, we are creating a new store format that gives discount stores the additional functions of drugstores and supermarkets, to enhance convenience and expertise. By achieving differentiation and sustainable growth in this way, we strive to improve corporate value while contributing to local communities.

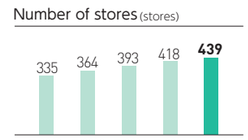
**Business overview**




Net sales (Billion yen)




Number of stores (stores)




Number stores of discount stores
439 stores




**Operating companies** (As of March 31, 2026)

#### DIREX CORPORATION

ダイレックス
D!REX

- Headquarters : Saga City, Saga Prefecture
- Representative : Hajime Gomi, President and Representative Director
- Number of stores : 439
- Number of employees : 6,891

Our company credo is "Let's live rich lives with dreams." We will provide services that will genuinely satisfy the customers by always asking the question, "What is truly necessary in the current era of frequent changes?" By believing that future changes will bring changes that customers desire, we aim to be a company that is needed by local communities. Our company credo is "Let's live rich lives with dreams." We will provide services that will genuinely satisfy the customers by always asking the question, "What is truly necessary in the current era of frequent changes?" By believing that future changes will bring changes that customers desire, we aim to be a company that is needed by local communities.



# Our history of value creation

## Achieving sustainable growth through business expansion and the strengthening of our management foundation

Since its founding in 1957, the Company's guiding principle has been to provide "safety, reliance, and convenience" from a customer-focused mindset; that is to always act from the perspective of ensuring customer satisfaction.

### Founded and incorporated

Founded by the late Honorary Chairman Yukimasa Tada in 1957. Incorporated as a limited company and started chain operations in 1965.

**1957–**

**1957**
Founded by the late Honorary Chairman Yukimasa Tada in Setagaya Ward, Tokyo



**1965**
Established Sundrug Y.K.
Started chain operations



### Established a joint-stock company and strengthened its foundation

Reorganized as a joint-stock company in 1980. Relocated headquarters to Fuchu City, while establishing a system for managing products and sales information as well as a foundation for logistics in 1987.

**1980–**

**1980**
Reorganized Sundrug Y.K. into a joint stock company and established SUNDRUG CO., LTD.

**1980**
Opened suburban drugstore in Hachioji City, Tokyo

**1985**
Started online sales and order information system

**1986**
Opened a distribution center utilizing a picking system in Kunitachi City, Tokyo

**1987**
Relocated headquarters to Fuchu City, Tokyo

**1991**
Installed POS registers in all stores

### Started over-the-counter trading and listed on the Second Section of the Tokyo Stock Exchange

Registered its shares over-the-counter with Japan Securities Dealers Association in 1994, and listed on the Second Section of Tokyo Stock Exchange in 1997. Expanded the number of stores steadily, reaching 100 in 1998.

**1994–**

**1994**
Started over-the-counter trading

**1996**
Made Taisei Home Aid Co., Ltd. a subsidiary

**1997**
Listed on the Second Section of the Tokyo Stock Exchange

**1998**
Relocated headquarters to current location
Made Komine Co., Ltd. a subsidiary

**1999**
Opened an inventory center in Tokorozawa City, Saitama Prefecture, and changed the existing distribution center to a transit center

### Stock reassigned to the First Section of the Tokyo Stock Exchange, and growth accelerated

Stock reassigned to the First Section of the Tokyo Stock Exchange in 2002. Opened distribution centers, expansion of new stores accelerated across the country until reaching 500 in 2008.

**2002–**

**2002**
Stock reassigned to the First Section of the Tokyo Stock Exchange




**2007**
Made Act Co., Ltd. a subsidiary

**2008**
Act Co., Ltd. Merged

### Entered discount store business

Made DIREX CORPORATION a subsidiary and entered discount store business in 2009. Achieved further growth and expansion with these two pillars, one of which is the drugstore business, reaching 1,000 stores in 2016.

**2009–**

**2009**
Made Seikodo Pharmacy Corporation a subsidiary Made DIREX CORPORATION a subsidiary

**2011**
Made Sundrug Tokai Co., Ltd. a subsidiary

**2013**
Sundrug Tokai Co., Ltd. Merged

**2014**
Made Sundrug Plus Co., Ltd. a subsidiary

### Further progress after the COVID-19 pandemic

After three years of the COVID-19 pandemic that began in 2020, drugstores established themselves as an essential part of everyday life. We aim to further develop our stores and become part of each community we find ourselves in.

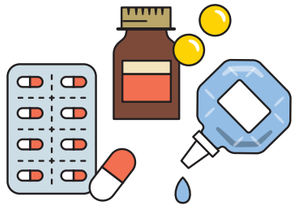
**2020–**

**2020**
Sundrug Pharmacies Co., Ltd. Merged

**2022**
Transition to Tokyo Stock Exchange's Prime market. Made Daiya Inc. into a subsidiary

**2024**
Made Kirindo Holdings Co., Ltd. a company accounted for using the equity method



Net sales (Million yen)

Number of stores (stores)

Number of stores
Drugstore business
Discount store business

Net sales over time

Started drugstore chain operations

Entered discount store business

FY1998 Achieved 100 stores (107stores)

FY2008 Achieved 500 stores (503stores)

FY2016 Achieved 1,000 stores (1,027stores)

FY2025 Achieved 1,500 stores (1,542stores)

Fiscal year ending March 31,2027 (plan)
Consolidated net sales
876.0 billion yen
Number of stores
1,674 stores

Founded

# Value creation process

We strive to fulfill our mission both as the retailer closest to our customers and as a drugstore that provides safety, security, and healthcare support in the community, while responding to social issues and changes in the business environment. Through environmentally responsible store operations, we aspire to be a valued presence that enriches local communities.

## Responses to social issues
(changes in the business environment)

- Increase in natural disasters due to climate change
- Declining population, rapidly aging society with ultra-low birth rate
- Policy changes due to increased social security costs
- Stronger local community relations
- Expanded use of IoT and digital technology
- Promotion of diversity & inclusion
- Changes in consumer awareness and lifestyles

## Input
(As of March 31, 2025)

**Financial capital**

Total assets
**444.0** billion yen
Net assets
**269.7** billion yen

**Manufacturing capital**

Stores
Drugstore business
**1,124** stores
Discount store business
**418** stores
Number of members of digital services
**5.98** million IDs

**Human capital**

Number of Group employees
**16,509** persons
(Including part-time employees)

**Natural capital**

$CO_2$ emissions
**209,626** t-$CO_2$

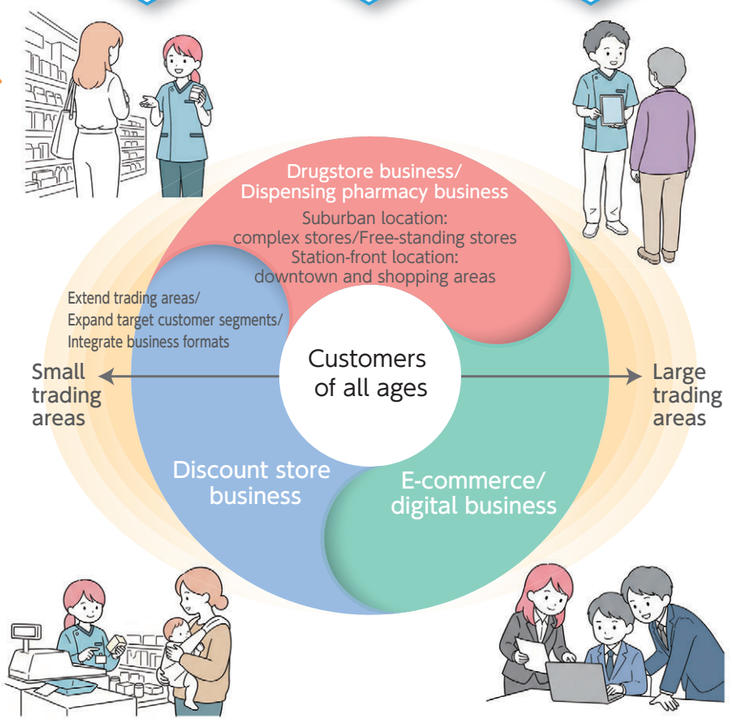
Employ capital

## Corporate philosophy/value creation process

### Management philosophy

We aim to realize "healthy, rich lives" for the Japanese people as a drugstore, dispensing pharmacy, cosmetics store and variety store, and contribute to the creation of "good cheer and fun in daily life".

| Complementary functions for value creation | Creative functions for value creation | Means of delivering created value |
|---|---|---|
| **Promotion of IoT and DX**<br>●Investment in hardware and software<br>●Support for and investment in human resources | **Employees**<br>●Creation of a comfortable working environment<br>●Expansion of training opportunities for employees<br>●Supporting diverse work styles | **Drugstores/ Discount stores/ Online stores (e-commerce)**<br>●Expansion of store openings as physical stores<br>●Expansion of e-commerce stores<br>●Development of DX stores |




Results

## Output
(As of March 31, 2026)

**Financial capital**

Net sales
**842.5** billion yen
Operating profit
**46.8** billion yen
Profit attributable to owners of parent
**31.3** billion yen
ROE
**11.3**%
Total assets
**475.5** billion yen
Net assets
**286.0** billion yen

**Manufacturing capital**

Stores
Drugstore business
**1,155** stores
Discount store business
**439** stores
Number of members of digital services
**7.78** million IDs

**Human capital**

Number of Group employees
**17,186** persons
(Including part-time employees)

**Natural capital**

$CO_2$ emissions
**187,696** t-$CO_2$

Results

## Outcome

The international community's perspective
**SDGs**
Resolution of social issues

Respond to the expectations and demands of society including stakeholders through our business activities

Fulfillment of corporate social responsibility
**CSR**
Corporate perspective

Environment, Society and Governance
**ESG**
Investors' perspective

A society where the above goals are feasible

### Environment
1. Promotion of environmental management

### Social
2. Implementation of human capital management
3. Quality, safety, and convenience of products and services
4. Coexistence with society and local communities

### Governance
5. Promotion of governance management
   - 5-1. Strengthening of corporate governance
   - 5-2. Internal control and compliance
   - 5-3. Promotion of risk management
   - 5-4. Establishment of IT governance

Sustainable growth (circulation)

# Materiality

The Group aims to be a valuable presence in the community by being a retailer that is in daily contact with customers, by having a mission as a drugstore that provides safety and security and a base for community health, and by operating stores in an environmentally friendly manner as a member of society that considers the future of the Earth.

## Environment

### Promotion of environmental management (Theme 1)

[ Vision and KGIs ]

We aim to implement existing measures, utilize Carbon Offset, leverage new technologies, and thus achieve net zero Scope 1 and 2 $CO_2$ emissions by 2050 and contribute to reduction of environmental impact.

| KPIs (Fiscal year ending March 31, 2027) | | Status as of March 31,2026 |
|---|---|---|
| $CO_2$ emissions (Scope 2) per square meter of store floor area *As of the end of fiscal 2030 compared to fiscal 2013 | 50% reduction | 44.8% reduction |
| Installation of solar power generation equipment | 285 stores | 258 stores |
| Introduction of CFC-free refrigeration and freezing cases | 369 stores | 317 stores |
| Installation of air conditioning equipment | 511 stores | 471 stores |
| Ratio of stores with LED lighting installed *At the target stores | 100% | 100% |
| Environmentally-friendly private brand products (ratio) | 80% | 77% |
| Food waste recycling rate | 50% | 38.9% |



## Social

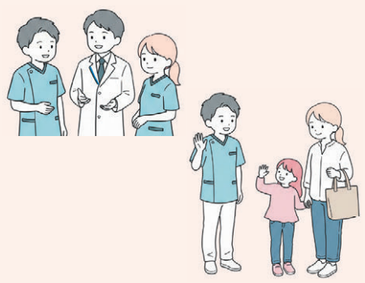
### Implementation of human capital management (Theme 2)

[ Vision and KGIs ]

We aim to be a company that grows together with its employees by building a working environment where they can work with enthusiasm in good mental and physical health and with safety and security.

| KPIs (Fiscal year ending March 31, 2027) | | Status as of March 31,2026 |
|---|---|---|
| Level of completion of job-specific training*1 | 100% | 93.5% |
| Level of completion of level-specific training (completion ratio)*1 | 80% or more | 82% |
| Number of pharmacist-generalists | 490 persons | 396 persons |
| Ratio of female managers | 30% | 21.7% |
| Ratio of employees with disabilities*2 | 3.2% or more | 3.38% |
| Health & Productivity Management Outstanding Organization | Certified | 2026 Certified |
| Ratio of employees undergoing health examinations | 100% | 100% |
| Rate of occurrence of labor accidents (annual accident rate per 1,000 persons) | 4.6 or less | 5.4 |

*1 Training for employees of consolidated group companies is conducted in accordance with the educational programs of SUNDRUG
*2 Calculated based on companies subject to the special group calculation scheme.



## Social

[ Vision and KGIs ]

We aim to realize “healthy, rich lives” for the Japanese people as healthcare stations and self-medication centers closely linked with local communities.

### Quality, safety, and convenience of products and services(Theme 3)

| KPIs (Fiscal year ending March 31,2027) | | Status as of March 31, 2026 |
|---|---|---|
| Number of Group card members | | 34.73 million |
| Number of stores opened per year | 100 stores | 73 stores |
| Number of dispensing pharmacies opened | 40 stores | 43 stores |
| Ratio of drugstore pharmacies | 21.3% | 18.7% |
| Number of stores with electronic shelf labelling introduced | 800 stores | 708 stores |

### Coexistence with society and local communities (Theme 4)

| KPIs (Fiscal year ending March 31,2027) | | Status as of March 31, 2026 |
|---|---|---|
| Stores with AEDs installed (ratio) | 68% | 60.4% |
| Number of health-related events and consultation sessions held | 110 times | 112 times |
| Conclusion of “Disaster Relief Supply” agreement | | 28 bases |
| Number of trees planted | | 5,350 trees |

## Governance

### Promotion of governance management

(1) Strengthening of corporate governance (Theme 5)
(2) Internal control and compliance (Theme 6)
(3) Promotion of risk management (Theme 7)
(4) Establishment of IT governance (Theme 8)

[ Vision and KGIs ]

We will establish a system to enhance transparency and soundness of management, ensure thorough compliance with laws, regulations and other requirements, and thereby create sustainable corporate value and contribute to local communities.

| KPIs (Fiscal year ending March 31,2027) | Status as of March 31, 2026 |
|---|---|
| Ratio of independent external directors | 42.9% |
| Ratio of female officers | 40% |
| Compliance with the “Guidelines for Consignors and Logistics Providers on Initiatives for Optimization and Productivity Improvement in Logistics” | |
| Conducting business partners survey and survey with contracted producers of private brand products | |



## Process to identify and determine material issues

**STEP 1 Analysis**

Management philosophy “Illuminate a corner of the world”
Management stance “Benefits for all”
Management mission “Providing safety, reliance, and convenience”
Management means “Think one step ahead and act half a step ahead”

**STEP 2 Analysis**

- Requirements from society and stakeholders from SDGs and ESG perspectives
- Current and future changes in social structure
- Materiality and opportunities/risks in the management of the SUNDRUG Group

**STEP 3 Reference**

- GRI/ISO26000/TCFD, etc.
- SDG Compass

**STEP 4 Analysis and discussion**

ESG Committee:
(1) Governance (2) Human rights
(3) Labor practices (4) Environment
(5) Participation in the community
(6) Fair operating practices (7) Consumer issues

**STEP 5 Analysis, debate, and decision**

Board of Directors:
Discussions from multiple perspectives
Determination of materiality

Theme 1 Promotion of environmental management

# Environmental management



With the aim of providing products of value and serving to enrich people's lives, the Group is committed to environmental management, including initiatives for a decarbonized society and the development of environmentally friendly products.

## SUNDRUG Group Environmental Policy

### Basic approach

Recognizing that preservation of the global environment and protection of biodiversity are the foundation of human life and the source of all business activities, we have set environmental management as a material issue (materiality) and are promoting environmental management strategically. To put environmental management into practice, we have established an environmental policy and a voluntary environmental action plan to serve as the company-wide code of behavior, and we are working by taking responsibility in all of our business fields. In addition, we aim to contribute to solving environmental issues through our business activities by coordinating and collaborating with various stakeholders.

### Strategy

**Reducing environmental impact**

By utilizing resources and energy effectively, we will minimize the environmental impact of the entire value chain. We will work on reduction of the environmental impact of our products and services throughout their life cycle.

**Consideration in product development and sales**

In cooperation with suppliers and business partners, we are planning and selling products with environmental consideration, such as utilization of recycled resources and energy-saving materials and reduction of excessive packaging. We are encouraging sustainable choices on store floors and through information provision.

**Development of promotion system**

We set environmental goals and implement continuous improvement based on a PDCA cycle. Under the company-wide system, each division takes responsibility in promoting effective environmental management.

**Educating and awareness raising of employees and ensuring compliance**

We disseminate the environmental policy and provide continuous education to raise awareness among all employees. We are ensuring thorough compliance with laws and regulations and internal regulations to strengthen the system.

**Cooperation with local communities**

Through environmental education and cooperation with local governments, we are promoting 3Rs and implementing other community-based activities. We will build relationships of trust with local communities to contribute to creating a sustainable society.

**Information disclosure and promotion of communication**

We are disseminating our environmental initiatives within and outside of the Company and promoting transparent and constructive dialog with stakeholders. We aim to achieve co-creation with society and work to build trust.

## Voluntary action plan

**1.Medium-term numerical target** Fiscal 2030 target : 50% reduction of Group-wide Scope 2 $CO_2$ emissions from 2013 level
*Per basic unit (one square meter of store floor space)

**2.Long-term numerical target** Fiscal 2050 target : Achieving carbon neutrality for Scopes 1 and 2 $CO_2$ emissions
*Scope 3 emissions are also to be continuously monitored and reduced by setting quantitative goals as much as possible.

## Measures to reduce $CO_2$ emissions

### Utilization of renewable energy

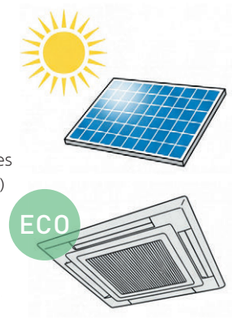
We will install solar power generation equipment (solar panels) by ourselves for self-consumption. We are promoting the installation of solar power generation equipment based on the characteristics of individual stores in each region (hours of sunlight, roof area, roof load capacity, etc.).

### Introduction of CFC-free refrigeration and freezing equipment

Conventional refrigerants (fluorocarbons) are powerful greenhouse gasses (HFC, etc.) and cause a greater warming effect than $CO_2$ does when emitted into the atmosphere. Instead of these, CFC-free equipment uses refrigerants with a lower global warming potential (GWP) or natural refrigerants (such as $CO_2$ and ammonia) and contributes to reducing emissions of greenhouse gasses.

### Introduction of air conditioning equipment

Air conditioning equipment, which can be operated in a controlled and highly efficient way in accordance with ambient temperature, humidity, and usage, reduces excessive operation of air conditioning equipment. This will significantly reduce the electricity consumption and contribute to reducing $CO_2$ emissions.




### Reduction of food waste

*1 "FFirst in, first out" refers to replenishing shelves from the back so that products received first are sold first.
*2 "Temaedori" is a purchasing behavior in which the customer chooses products that are close to their sell-by date, which are placed up front on the shelves, for immediate consumption after purchase.

**Reduction of unsold products**

Final sales
- Offering timely markdowns by managing sell-by periods
- Giving instructions to stores to offer discount sales based on sales trends and transferring products to other stores
- Promotional sales at the clearance corner

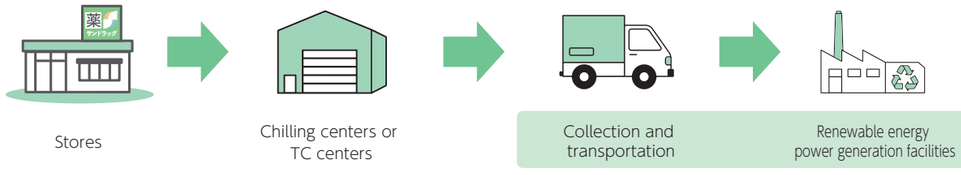
**Improved accuracy through utilization of IT systems**

Ordering
- Tailoring product lineups and shelf allocation based on sales trends at each store
- Optimizing ordering and inventory levels through an automated ordering system

**Reduction of expired products**

Regular sales
- Promotion of "first in, first out"*1 and "temaedori"*2 initiatives

In addition to the initiatives above, some distribution centers have started recycling waste that has been unavoidably generated by collecting and using it as energy. Going forward, we will gradually expand this initiative to other distribution centers to further improve our recycling rate.




### Other initiatives to reduce non-food waste

Toward realization of a sustainable society, we will strengthen our initiatives to reduce waste in environmentally friendly manners.

- Recycling cardboard
- Reducing plastic waste
- Recycling paper
- Sorting and recycling PET bottles
- Focused initiatives in future
  - ·Reduction of the use of plastics
  - ·Reduction of disposed products through optimization in purchasing stock quantities
  - ·Promotion of reuse and recycling (including cooperation with business partners)

### Use of environmentally friendly materials for private brand products

- Adoption of materials with low environmental impact (environmentally friendly ink, reused raw materials, recyclable materials, etc.)
- Implementation of environmentally-conscious sales promotions(emphasizing environmental consciousness)
- Provision of information relating to environment credentials (marking signifying compliance with environmental initiatives and certification labels)

Although these initiatives are still under development, we will continue to provide compelling products with added value that meet the expectation of our society in this era in which environmental management is demanded.

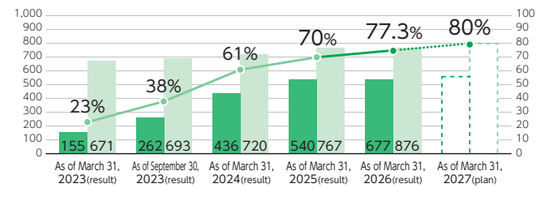
### Current activities

Achievement as of March 31, 2026 (achieved ratio):
677SKU(77.3%)

**Future activities**

New products: 100% compliant with sustainable and environmentally friendly materials
Existing products: Gradually shift to use of sustainable and environmentally friendly materials

PB ratio of environmentally friendly materials, target (annual)



Theme 1 Promotion of environmental management

# Initiatives based on TCFD recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD is a framework for disclosing critical information related to the risks and opportunities presented by climate change and we recognize it as a common yardstick for investors. We respond appropriately to the TCFD recommendations in accordance with the requests set out in securities reports and the Japanese Corporate Governance Code with a focus on the completeness, accuracy and consistency of information.

## Response to TCFD recommendations based on the requirements of the Corporate Governance Code

| | |
|---|---|
| Objectives | Identify high-impact risks using a scenario analysis approach that assumes what kind of society the world will be like in 2030 to 2050, and study, formulate, and implement the necessary countermeasures in advance to maintain business continuity and corporate growth. |
| Scenarios | 2℃ scenario: A scenario in which the temperature rise from pre-industrial revolution levels is limited to 2°C at the end of the 21st century. As we move toward a decarbonized society, there will be risks in terms of policy regulations, technology costs, market trends, reputation, etc. For the calculations, we used information from the IEA (International Energy Agency), the IPCC (Intergovernmental Panel on Climate Change), and other sources and adopted the IEA NZE, which aims to achieve net zero by 2050.<br>4℃ scenario: A scenario in which no progress is made in combating climate change and the rise in temperature from pre-industrial revolution levels reaches 4°C at the end of the 21st century. There will be higher physical risks due to climate change, such as increased severity of natural disasters and rising sea levels. For the calculations, we used information from the IEA, the IPCC, and other sources and adopted the "IPCC RCP 8.5" scenario, which assumes a temperature rise of 2.6 to 4.8°C, and the "IEA STEPS," which assumes the implementation of policies that have been announced by different countries. |
| Target businesses | Drugstore business (including dispensing pharmacy business) |
| Scope of analysis | SUNDRUG Group (headquarters and stores) |
| Considerations | Transition risk: Changes in policies, laws, technologies, and markets as we transition to a low-carbon society aimed at mitigating climate change, which may affect the financial position of a company or its reputation/rating<br>Physical risk: Short-term weather-related disasters such as typhoons, floods, and forest fires (acute risk), and long-term ongoing weather-related disasters such as water shortages, rise in sea level, extreme heat, and air pollution (chronic risk), which may affect the financial position of a company.<br>Opportunity: Increased sales of products that are generally correlated with rising temperatures |
| Scenario period | "Present to 2050" is recommended, but "up to 2030" will be used |

## Contents of disclosure

### Governance

#### Board of Directors

Its main role is to decide on matters that are legally determined to be the sole responsibility of the Board of Directors, such as the basic policy for progress management, and to supervise the performance of duties by directors. The Board of Directors has final oversight of sustainability management based on reports from the ESG Committee and deliberates on the matter from the perspective of responding to sustainability-related risks and opportunities.

#### ESG Committee

The committee oversees sustainability activities aimed at sustainable growth of the Group, and is responsible for considering its direction, approving implementation plans, and managing progress. The Sustainability Management Promotion Division serves as the secretariat for the ESG Committee, coordinating specific measures with relevant departments in accordance with guidance and other requirements.

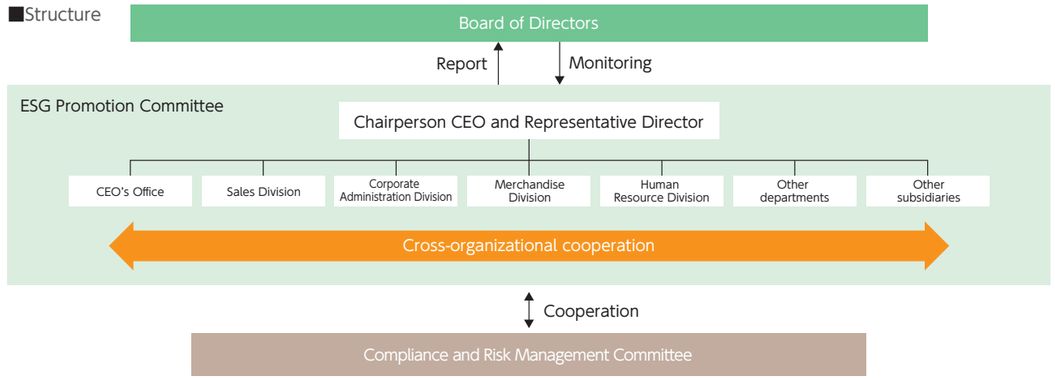
#### Compliance and Risk Management Committee

The Committee works with the ESG Promotion Committee, assesses the impact of sustainability-related laws and regulations, and implement specific deliberations and responses to prevent risks from occurring or materializing.

#### Representative Director's roles

The CEO and Representative Director makes the final decisions regarding the allocation of management resources, establishment of systems, and promotion of initiatives, while ensuring that sustainability initiatives are aligned with business activities.

■Structure




### Strategy 〈Short-term risks, opportunities, and business impact〉

- We recognize that continuous new store openings are a pillar of our growth strategy and that the risk of flooding increases as the number of stores increases. The flood depth for each store can be checked on the Hazard Map Portal Site operated by the Ministry of Land, Infrastructure, Transport and Tourism.
- It is the responsibility of the members of the ESG Committee to collect and understand scientific and academic knowledge regarding climate change.
- We reduce the risks related to electrical equipment (e.g. outlets) by installing it on a higher level than where it is likely to be exposed to severe damage in the event of flooding. We have also raised the bottom part of the merchandise shelves to prevent the merchandise from getting soaked in the water.
- We will also prepare a manual for measures to be taken in the unlikely event of flooding.
- We will create a BCP together with our business partners and respond accordingly. We believe that there is no significant risk of severe impact in the period up to 2030.
- We have identified opportunities in products for which demand is expected to increase based on a survey conducted by the Japan Meteorological Agency in 2015*.

*See the "Research on Climate Risk Management in the Drug Store Industry" commissioned by the Japan Meteorological Agency in 2015

### Risk management 〈Risk identification and assessment process〉

- We incorporate scientific data and academic knowledge on climate change into our business activities, utilizing databases of national, university, and private think tanks.
- We also proactively grasp the status of government advisory councils regarding regulatory requirements related to climate change and report this to the ESG Committee.
- The Compliance and Risk Management Committee evaluates the impact of climate change-related laws and regulations to ensure that risks do not arise.

### Indicators and targets

The Company engages mainly in the drugstore and discount store businesses and is promoting the reduction of GHG emissions by referring to the "Industry-specific Commentary on the Basic Guidelines for Calculating Greenhouse Gas Emissions Throughout the Supply Chain (Retail Industry) (Draft)." We will prioritize reducing direct emissions (S1), which can be reduced to a certain extent through our own efforts alone, indirect emissions from energy sources (S2), and waste generated by business operations (S3C5). We aim to obtain verifiable, accurate data in cooperation with our partner delivery companies for transportation and delivery (upstream = S3C5, downstream = S3C9). We will also obtain verifiable, accurate data for procurement data (S3C1), which indicates an overwhelmingly large amount of emissions.

● Achieve 50% reduction of GHG emissions by 2030 ● Achieve carbon neutrality by 2050

**Fiscal 2030 target**

50% reduction of Group-wide Scope 2 $CO_2$ emissions from 2013 level

*Per basic unit
(one square meter of store floor space)

**Fiscal 2050 target**

Achieving carbon neutrality for Scopes 1 and 2 $CO_2$ emissions

*Scope 3 emissions are also to be continuously monitored and reduced by setting quantitative goals as much as possible.

$CO_2$ emissions status (Scopes 1, 2, 3)

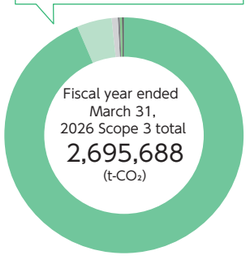
| Scope1 | Scope2 | Scope3 |
|---|---|---|
| 17,102 (t-$CO_2$) | 187,696 (t-$CO_2$) | 2,695,688 (t-$CO_2$) |

Scopes 1, 2, 3 total 2,900,486 (t-$CO_2$)

Scope 3 breakdown

| | | | |
|---|---|---|---|
| Category 1 Purchased products and services | 2,569,548 | Category 6 Business trip | 1,966 |
| Category 2 Capital goods | 93,045 | Category 7 Commuting | 7,079 |
| Category 4 Transportation and distribution [upstream] | 17,890 | Category 8 Leased assets [upstream] | 715 |
| Category 5 Waste from business | 3,127 | Category 9 Transportation and distribution [downstream] | 2,317 |

*Calculation items are based on the Basic Guidelines for Calculating Greenhouse Gas Emissions Throughout the Supply Chain (Retail Industry)



Theme 2 Implementation of human capital management

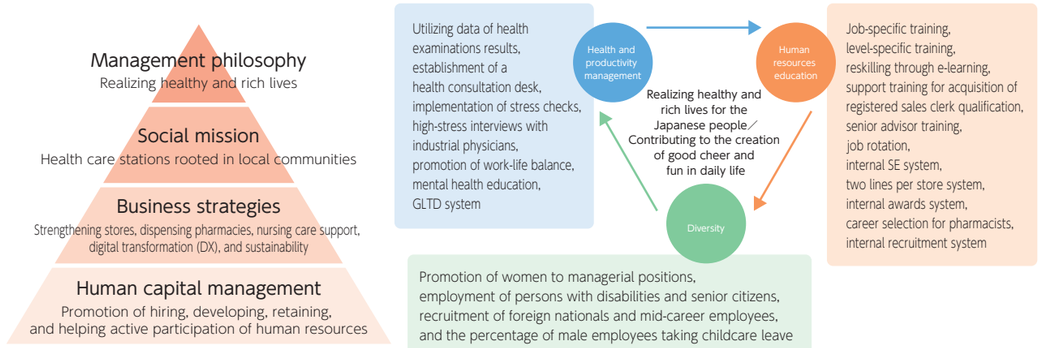
# Human capital management



The Group aims to enhance its human resources as an important foundation for realizing its corporate philosophy and contributing to society through its business, and is committed to human capital management.

## Basic policy

The Group is working toward contributing to society through its drugstores, dispensing pharmacies and other businesses, with the corporate philosophy of "realizing healthy and rich lives." Under this philosophy, the Group is strengthening its functions rooted in local communities spanning from provision of daily necessities to at-home medication dispensing, nursing care support, and delivery of pharmaceuticals to remote locations as regional health stations. Human resources are essential to realize this future vision, and thus the Company is promoting human capital management. The Group is hiring and developing personnel who will contribute to promotion of digitalization, sustainability, and productivity improvement, as well as personnel who will handle opening of more stores, M&As, and strengthening of e-commerce/dispensing pharmacy businesses. At the same time, the Group is working to create an environment in which all employees can demonstrate their capabilities to the maximum extent.




## Recruitment policy and initiatives on securing human resources

The Group is promoting hiring of diverse human resources who will support our sustainable growth by fairly and objectively evaluating applicants' aptitude, abilities, and motivation, regardless of gender, nationality, or age. New graduate recruitment and mid-career hire is conducted systematically and on a nationwide basis in accordance with a five-year plan. The Group is working on securing talented human resources through continuous follow-up, offering of diverse work styles, and retention support.

### Hiring categories and applicable human resources

**New graduate recruitment**

Hiring personnel for pharmacist positions, store operation positions, beauty advisor positions, and other positions indispensable for operation of stores and pharmacies.

**Mid-career hires**

Hiring mainly qualified personnel such as pharmacists and registered sales clerks and personnel with work experience in the cosmetics and beauty care area to secure immediate work force.

**Professional hires**

Hiring personnel with expertise who will handle initiatives to diversify and advance our businesses, such as store development, e-commerce business, and DX promotion.

### Diversified hiring methods

**Referral hiring**

Some applicants are introduced by our own employees who understand our corporate culture and required skills. This improves retention rate and avoids mismatches after hiring.

**System to appoint non-regular employees as full-time employees**

The Group provides non-regular employees who can work full time with career advancement opportunities in accordance with their motivation and abilities. The system allows employees to work with their existing operational understanding without additional training, resulting in smooth transition and high retention rates.

### Introduction of flexible employment categories

We have three patterns of employment for store employees.

- Local employees (No job transfer that requires home relocation)
- Regional employees (With job transfer that requires home relocation within a specified region)
- National employees (With job transfer nationwide)

Offering flexible work styles that accommodate lifestyles and career preferences of individuals

# Human resources education

We believe that the development of human resources with diverse values and ideas, and the creation of an environment in which employees are able to fully demonstrate their abilities are essential for sustainable corporate growth. Therefore, we are working on the creation of a working environment that takes advantage of diversity and the enhancement of staged education and training systems that are effective, respecting the individuality and strengths of each employee.

### Policy for human resources education (career path and job rotation)

Anticipating the strengthening of the overall functions of the drugstore, discount store, and e-commerce/digital, and other businesses, our Group emphasizes career development and job rotation after hiring.
In the early stages of their careers in the drugstore business, employees undergo job-specific training under our Group's unique "two lines per store system" to enhance their knowledge and skills and improve customer delight. Thereafter, we implement cross-departmental rotations to provide employees with opportunities for diverse work experiences, thereby developing human resources with both a broad perspective and specialized expertise.

### Demonstrate expertise under the two lines per store system

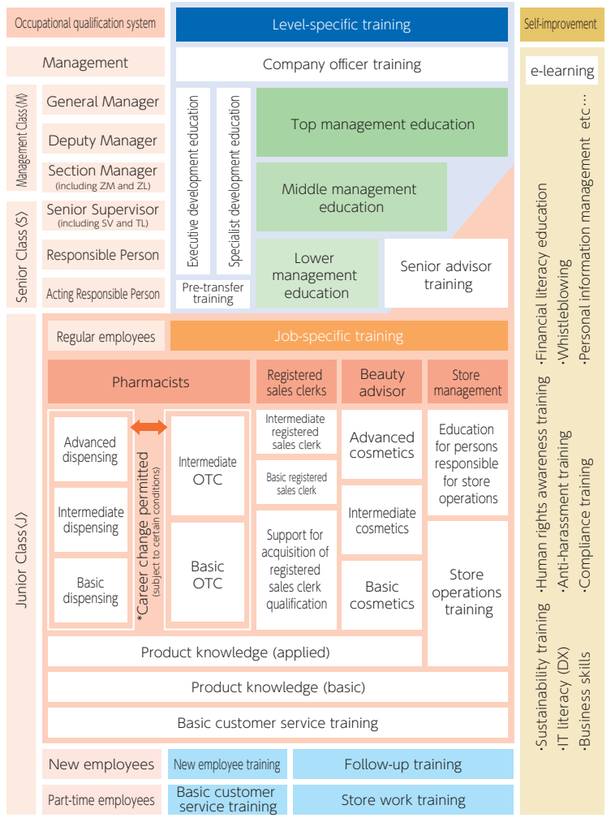
Because a high level of expertise is required in pharmaceuticals, cosmetics, and store operations, the Company has adopted the "two lines per store system," which divides staff into two groups: "dispensing, OTC counseling, and cosmetics counseling," and "store operations," allowing them to focus on their respective areas of specialization.
This enables each staff member to fully demonstrate their capabilities in their area of expertise, thereby improving the store's overall service quality and customer satisfaction.

### Education system for pharmacists and development of generalists

In addition to job-specific training*1 and level-specific training*2, the Group provides specialized curricula designed to develop family care pharmacists. Our education for pharmacists is divided into the dispensing course and OTC course, each focusing on the areas as outlined in the figure at the lower right, to strengthen pharmacist expertise.



■Training system




OTC + stores with dispensing facilities
- Nationwide network of stores
- Extensive OTC knowledge and high-quality counseling skills
- Family care drugstore pharmacies

Develop counseling skills based on a two lines per store system at drugstores

Cooperation

Employees who have finished one course can select the other course

Dispensing pharmacies located near large hospitals
- Acquisition of advanced dispensing techniques
- Contribution to local medical care in cooperation with medical institutions

Acquisition of advanced dispensing techniques and skills to analyze prescriptions at training type dispensing pharmacies

Development of generalist pharmacists*3 who also have knowledge and skills related to OTC pharmaceuticals and supplements, anticipating expansion of the number of drugstores with dispensing facilities

Medium-term target: System with 490 generalist pharmacists by FY2027

*1 Employees who are assigned to OTC stores, pharmacies, or cosmetic stores and have finished their specialized curriculum for pharmacists
*2 Employees who have acquired general knowledge and knowledge on management skills for their job levels
*3 Pharmacists who have acquired knowledge, skills, and experience necessary for counseling on OTC pharmaceuticals and supplements, in addition to those for dispensing prescription pharmaceuticals

Theme 2 Implementation of human capital management

# Respect for diversity, equity, and inclusion

Considering the characteristics of drugstores where diverse customers and employees interact with each other, we position respect for diversity, equity, and inclusion (DE&I) as the core of our management. We will contribute to the sustainable development of local communities through creating an environment where every employee can work and every customer can use our services without any worries.

## Flexible work styles

Lifestyles of employees are diversifying depending on their life stage and life events, as well as their age, gender, and whether they have disabilities or not. To respond to such diversity, it is essential to establish a working environment that accommodates flexible work styles. To enable all employees to work in accordance with their lifestyles, the Group is proactively promoting work style reforms that aim to improve work-life balance.

### Major initiatives

- Reduction of overtime working hours
- Promotion of utilization of paid leave
- Optimization of working hours
- Securing adequate intervals between work shifts
- Introduction of the system for employees with fixed working hours and employees working only at one specific store
- Introduction of a system for allowing employees to choose locations and regions in which they work

| Item | Fiscal 2023 | Fiscal 2024 | Fiscal 2025 |
|---|---|---|---|
| Average overtime hours | 12.7 hours | 11.6 hours | 10.3 hours |
| Paid leave utilization rate | 67.70% | 68.50% | 71.08% |
| Intervals between work shifts | 13.4 hours | 13.1 hours | 13.4 hours |

*Average overtime hours are for SUNDRUG Co., Ltd. only

### Active participation of women and creation of comfortable working environment

We promote childcare support programs that exceed statutory requirements, support employees returning to work after childcare leave, and create a workplace that reflects employee feedback. At the same time, we are strengthening the development of responsible persons and future managers through training and education.

| Item | Fiscal 2023 | Fiscal 2024 | Fiscal 2025 |
|---|---|---|---|
| Ratio of female employees as responsible persons | 41.0% | 40.3% | 42.2% |
| Ratio of female employees in management positions | 18.7% | 20.4% | 21.7% |
| Ratio of female employees taking childcare leave | 100.0% | 100.0% | 100.0% |
| Ratio of male employees taking childcare leave | 84.8% | 85.6% | 96.3% |

*The above figures are for SUNDRUG Co., Ltd. only

### Employment of persons with disabilities

Centered on our special-purpose subsidiary, we promote the employment of persons with disabilities at our nationwide stores, logistics centers, and headquarters. We support employee retention and foster an accessible work environment through pre-employment training, dedicated counselors, smartphone-based support, and monthly one-on-one meetings.

| Item | Description |
|---|---|
| Ratio of employees with disabilities | 3.38% |
| Awards | Received "Excellent Company Awards for Employment of Persons with Disabilities(Bureau of Industrial and Labor Affairs Chief's Award)" from the Tokyo Metropolitan Government in 2019 |

### Promotion of mid-career hires and employment of senior citizens

We have established training and evaluation systems that apply equally to all employees regardless of their employment category and promote the re-employment of former employees who left the Company for reasons such as childcare or nursing care. For senior citizens, we offer a comfortable work environment by limiting their duties to specific tasks, such as early-morning shelf stocking.

| Company name | Fiscal 2023 | Fiscal 2024 | Fiscal 2025 |
|---|---|---|---|
| SUNDRUG CO., LTD. | 36.0% | 34.6% | 26.3% |
| DIREX CORPORATION | 55.9% | 69.6% | 72.7% |
| Sundrug Plus Co., Ltd. | 41.7% | 53.2% | 43.1% |
| Seikodo Pharmacy Corporation | 21.4% | 25.6% | 25.6% |
| Daiya Inc. | 65.5% | 41.9% | 51.5% |

*The table at right shows the mid-career recruitment ratio as defined under Japan's Act on Comprehensive Labor Measures.

# Health and productivity management

The most important driving force for sustainable growth of our Company is our employees, and the foundation is their health. We believe that the mental and physical health of our employees will lead to improved health and quality of life for not only themselves but also their family members and our customers. Considering our employee composition which includes many young employees, we are focusing on supporting improvement of lifestyle habits anticipating the future. We will work on the creation of a workplace where individual employees can take a proactive approach to their own health by improving their health awareness from an early stage. Going forward, we will continue to actively promote health and productivity management.

■Health and productivity management framework

Promotion of health and productivity management

Mental and physical health of employees | Fostering of health awareness

Improved productivity | Reduced employee turnover rate | Improved motivation

Sustainable corporate growth | Enhanced human capital

- Safety and trust of employees and job applicants
- Confidence and appreciation by investors
- Trust from our business partners
- Appreciation by local governments
- Preference for merchandise and services

## Initiatives on health and productivity management

### Health initiatives for employees

**Measures to prevent severe illness in collaboration with professionals**

Mental health initiatives; ensuring that all employees undergo health examinations; encouraging employees requiring re-examinations or detailed examinations to undergo them; measures to prevent occupational accidents; reviewing trends in employees on leave and considering appropriate measures; utilizing external consultation services, etc.

**Improving health issues by utilizing health examination results**

Numerical analysis to prevent severe illness in collaboration with health insurance associations／improving lifestyle habits based on health examination results

**Improving health literacy**

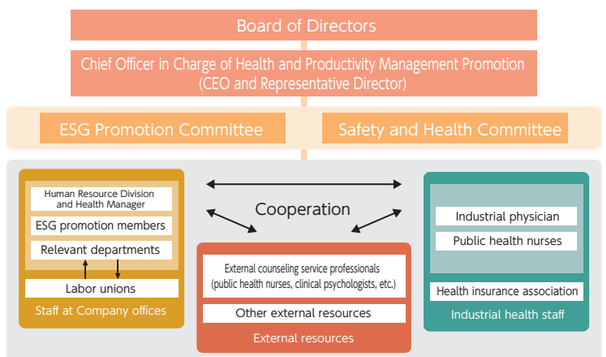
Importance of health examinations／mental health measures／preventing lifestyle-related diseases, etc.

**Diverse measures for work style reform**

Improving work-life balance／promoting utilization of childcare leave, etc.



■Health and Productivity Management Promotion and Safety & Health Management Structure Chart




2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

| Item | 2023 | 2024 | 2025 |
|---|---|---|---|
| Ratio of employees undergoing health examinations | 99.9% | 100.0% | 100.0% |
| Rate of occurrence of labor accidents (annual rate per 1,000 persons) | 4.65 | 4.55 | 5.42 |
| Rate of employees who used external counseling services (annual rate per 1,000 persons) | 1.36 | 1.83 | 1.52 |

*The above figures are for SUNDRUG Co., Ltd. only
*Labor accidents = Workplace injuries only, annual rate per 1,000 persons

Theme 3 Quality, safety, and convenience of products and services

# Response to medication safety



The Company is working to improve the quality of its service to each customer by putting in place systems, education, and frameworks that will enable us to provide products that stakeholders can trust and use safely.

## Basic policy

Under our management philosophy of realizing "healthy, rich lives," in order to contribute to the creation of "good cheer and fun in daily life," we believe that it is important to always listen to our customers and to operate stores rooted in local communities. Accordingly, the Company is working to develop systems, to provide education and training, and to enhance support systems.

As a retailer, we provide clean and organized store environment in which it is easy for customers to find and purchase products. Our aim is to continually enrich the content of our stores in line with the expectations of our customers.

## Improvement of customer service quality at stores

### Reliable support system
Support at checkout



- Pharmaceutical register alert system
- Pharmaceutical sales control system

### Search system
Customers can search by themselves (multi-tablet)



- Medication consultation &health foods
- Kampo-based body constitution checks; by symptoms

### Counseling and customer service




(Pharmacist, registered sales clerk)

Listening to customers' concerns (symptoms); responding to their needs; checking symptoms, finding out the cause of the medical complaint; choosing a medication; offering curing method; requesting that the customer return to the store, etc.

### Education system
Knowledge of products and pathology



- Basic and Intermediate Seminar Curricula
- Professional Development Seminar
- Customer Service Procedure Training and Qualified Personnel Training
- Basic Customer Service Training
- Pharmaceutical Response Confirmation Test
- Administrative Operations Manual

### Support system
Products, pathology, and combinations (of medications)



- Medication Consultation Hotline
- Customer Service Support Tools
- Sales Promotion and New Product Information
- Health-related TV Program Information

## Education and systems for the safe use of pharmaceuticals

| Education/System | Item | Objectives |
|---|---|---|
| Education system | Basic and Intermediate Seminar Curricula | Acquisition of knowledge and counseling skills relating to pathology and the selecting of therapeutic drugs |
| | Professional Development Seminar | Development of experts in the fields of Kampo medicine, nutrition, nursing care, and beauty care |
| | Basic Customer Service Training | Acquisition of basic behavior (greetings, manners) and knowledge of customer service |
| | Customer Service Training | Learning how to talk with customers and take appropriate action (referrals, recommendations to consult with a doctor, giving advice) |
| | Qualified Personnel Training | Learning how to respond to customers who need information; how to respond in accordance with laws and regulations; and how to prevent customers from purchasing excessive amounts of specific components of medications |
| | Pharmaceutical Response Confirmation Test | Retaining and reviewing knowledge base, and sharing case studies |
| | Administrative Operations Manual | Understanding and implementing procedures relating to the sales system in accordance with laws and regulations |
| Support system | Medication Consultation Hotline | Responding to consultations and inquiries that are difficult for store staff to answer. Pharmacists at the Company headquarters respond to inquiries from stores across Japan |
| | Customer Service Support Tools | Tools, information, and search tools to be used when answering customer inquiries are stored on dedicated tablets so that responses can be made in a timely fashion. |
| | Combination Check Up System | Evaluating whether an OTC drug can be taken in combination with a prescription drug. Proposing OTC drugs that customers can take safely |
| | Sales Promotion and New Product Information | Share the latest health information, medical knowledge, and product knowledge |
| | Health-related TV Program Information | Collecting information related to programs provided on TV (regarding health, law or products) in a timely manner and then utilizing that knowledge when deciding what products to put on the shelves and when in conversations with customers at the store |
| Reliable support system | Pharmaceutical register alert system | Identifying customers who need information, assisting in counseling, and preventing purchase of excessive amounts of specific components of medications |
| | Pharmaceutical sales control system | Control of pharmaceutical sales in the absence of qualified personnel |
| | Response to prevent abuse of OTC drugs by young people | Preventing overdose of OTC drugs among young people, which is recognized as a social problem |
| Search system | Medication Consultation System (CSS) | A system to enable the customer to choose the most appropriate medicine by themselves. Used for consultations in which the customer desires some privacy |
| | Kampo-based body constitution checks; by symptoms | Checking body constitution based on Kampo theory and proposing medications in accordance with the symptoms. Also providing advice relating to daily life |
| | Back-order | Customers choose products by themselves. Ordering items that are not in stock at the store. |

## Prevention of dispensing errors

We are working to prevent dispensing errors based on the fact that such errors have a serious impact on patients' health and the premise that they are caused by inadequate explanations by pharmacists and errors in terms of guidance. As part of initiatives to prevent dispensing errors, we have introduced a unique Barcode Dispensing Error Prevention System, and a Camera Monitoring Guidance System, the only one of its kind in the industry, to prevent dispensing errors caused by false assumptions. The Dispensing Division is working to create these systems to prevent dispensing errors.

### Barcode Dispensing Error Prevention System

When prescription details are entered into a computer terminal, it outputs a barcode, which is then checked against the same barcode-controlled medication to prevent human error, such as mistakenly taking the wrong medication due to false assumptions. We have also made our own customizations to further increase safety when providing patients with their medication.



### Camera Monitoring Guidance System

From prescription checks to dispensing monitoring and advice on medication instruction, senior supervisors of pharmacists dedicated to dispensing and headquarters dispensing managers provide in-depth guidance to on-site pharmacists via high-performance television cameras installed in the dispensing facilities. With the development and introduction of this system, we have established a system in which multiple pharmacists perform checks in any given situation.



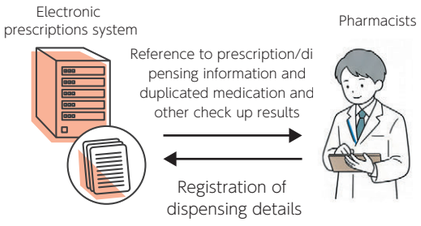
Camera monitoring (at the store)



Camera monitoring (at the headquarters)

### Introduction of electronic prescriptions system

The Group has realized real time information sharing between medical institutions and pharmacies by actively introducing the electronic prescription system and registering dispensing results to the electronic prescription management service. This mechanism has enabled us to electronically check possible duplicated medication and interaction of pharmaceuticals from the prescription information available across multiple medical institutions and pharmacies. By combining information gathered from the face-to-face interview at the pharmacy with electronic confirmation, the mechanism provides pharmaceutical management that is safer and of higher quality. Another benefit of this mechanism is that continuity of medical care is secured at the time of disaster or other emergency situations. By saving dispensing results recorded in paper prescriptions also in the electronic prescription management service, we will aim to be a dispensing pharmacy that gives the top priority to safety and peace of mind of patients.






### Education

After joining the Company, pharmacists undergo monthly basic training through classroom-based lectures. They will further deepen the knowledge and skills they have learned in the classroom at stores and acquire basic dispensing skills. Pharmacists build up their skills in stages as they acquire ever more advanced dispensing skills.

## Toward improved adherence

At the Group's dispensing pharmacies, pharmacists not only manage prescription medications, but also provide a wide range of support tailored to patients' conditions. In particular, we recognize that among the important roles they have are medication management and support for prescriptions for infants and young children, working with primary care pharmacists, and collaborating with multiple professions in home medical care. We will continue to fulfill our role as the local family care drugstore pharmacies.



1. Follow-up after prescription medication is dispensed (checking side effects, etc.)
2. Checking vital signs, effects and side effects before and after using medication
3. Changing dosage forms and implementing measures against polypharmacy
4. Centralized management and one dose package of medications prescribed by multiple medical institutions
5. Instructions on how to use inhaled medications
6. Multidisciplinary collaboration at home, medication management during visits, medication distribution according to medication calendar, and bedsore checks
7. Confirmation of insulin injection and other procedures
8. Medication management and support for anticancer drugs, etc.
9. Support as family care pharmacists
10. Medication management and support for infants and young children

## Theme 3 Quality, safety, and convenience of products and services

# Merchandise management and health management



We pursue the path of creating stores that provide customers with satisfaction and comfort as a drugstore and dispensing pharmacy that supports “healthy, rich lives.” By positioning the quality and safety of a wide variety of products, including pharmaceuticals, health foods, cosmetics, daily necessaries, and foods, as the most prioritized issues, the Group has established strict management systems at each of the stages from purchasing to sales. In addition, we conduct regular hygiene inspections and continuous employee education at all stores to maintain clean and secure store environments. Furthermore, we emphasize appropriate display of products and provision of easy-to-understand information to create an environment where customers can safely choose products they need. Embracing the mission to protect health and safety of customers, we will continue improving the quality of our merchandise management and health management and contributing to better health of local communities.

## Merchandise, prices and lineups





1. Capturing changes in the world and reflecting them on the sales floor
2. Pursuing a product lineup that customers will perceive as plentiful
3. Creating prices and sales areas that make it easy for customers to choose and purchase
4. Utilizing customer feedback (store information sheets) to investigate the necessity and promptly implement the system
5. Deciding the number of products to send to stores to reduce double waste

### Cleanliness

**Basic policy**

The Company puts emphasis on keeping the stores clean so that customers can have a pleasant shopping experience. To ensure that all store staff can respond in a consistent manner, we have prepared manuals for the following items and check them regularly.

**Specific measures**

- Regular cleaning of the store
- Health management of merchandise
- Health education for employees
- Maintaining and managing facilities



# Private brand (PB) products

The Group offers private brand products which are managed in an integrated manner throughout planning, manufacturing, and distribution, and is working on development and sales of products in which sustainability considerations, such as environmental impact and quality management, are incorporated.

### Development and sales of environmentally friendly products

The Company develops and sells a wide range of private brand products, including OTC pharmaceuticals (non-prescription pharmaceuticals), cosmetics, and processed foods. In developing these products, we strive to incorporate elements of sustainability and environmental consideration into each of them.
New products are developed with environmental considerations incorporated from the planning stage. Existing products are gradually being transitioned, taking into account materials, product inventories, and contractual commitments. We are proactively working to ensure that 100% of the products we offer are environmentally friendly, by March 31, 2031.

SUNSTYLE SUNSTYLE PREMIUM

### Implementation of quality management inspection

The Company conducts audits of factories of contracted producers for the production environment and operating status. We have our persons in charge of merchandise development to visit the sites in person, check the production lines of the products they have developed, identify issues, and request improvement by themselves. By doing so, we are thoroughly managing, maintaining, and improving the quality of our products so that customers can use them safely.





## Theme 4 Coexistence with society and local communities

# Contributing to society / Coexistence with local communities

In order to help create a better society, the Group is working together with its stakeholders on a variety of initiatives, including providing support to disaster-affected areas and contributing to local communities. Based on a desire to prioritize the health of local residents, the Group regularly runs health-related events and other such events.
We are also committed to communicating with our stakeholders through initiatives closely tied to local communities.

## Basic approach

**Customers can participate in social contribution activities by accumulating points!**

We issue points based on the value of customers’ purchases and make donations to socially beneficial activities in accordance with the number of points accumulated. This enables customers to contribute to the community simply by shopping.



Customers use their loyalty cards for purchases



Points awarded for making purchases



A set amount of money will be donated based on the amount of points awarded



We donate to socially beneficial activities in accordance with the number of points accumulated

## Initiatives for local communities and society

### Contribution to society through the SUNDRUG Foundation

The Group has established the SUNDRUG Foundation as its social contribution arm to carry out activities such as providing support to disaster-affected areas and contributing to local communities.

**Recent initiatives**

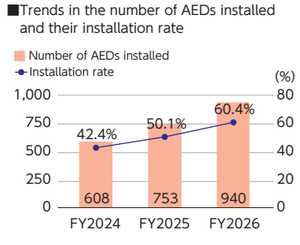
- Donations for the 2024 Noto Heavy Rain Disaster
- Donations for the Ofunato Disaster
- Donations for the Kumamoto and Kagoshima Heavy Rain Disaster
- Donations for the Large-Scale Fire in the Saganoseki Area of Oita City
- Support for children’s vaccination

**Other activities**

**Creation of SUNDRUG Forest, etc. (planting trees)**
As part of our environmental conservation activities undertaken in partnership with local communities, we are creating a “SUNDRUG Forest” and planting camellia trees.

### Installation of AEDs

Giving top priority to the safety of our customers and employees, the Group is promoting the installation of automated external defibrillators (AEDs) at all stores. Because the chances of survival following cardiac arrest decline rapidly over time, we recognize it as our social responsibility to create an environment where prompt treatment can be administered. AEDs can be used without specialized knowledge and also function as a safety infrastructure for local communities. In addition, we provide regular life-saving training for employees to ensure they can respond appropriately in emergency situations. Under the philosophy of “saving lives,” we will continue to enhance our life-saving environment.



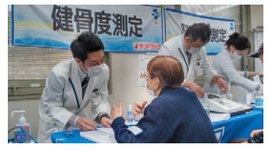






### Health-related events (community outreach activities)

To help our local customers lead healthy and fulfilling lives, we hold Health Measurement and Consultation Sessions and Health Seminars in cooperation with community general support centers and other local organizations. By leveraging the counseling skills and specialized knowledge cultivated through our stores and pharmacies, we contribute to improving the health of local residents and helping people enjoy brighter and more enjoyable daily lives.






Theme 5 Strengthening of corporate governance

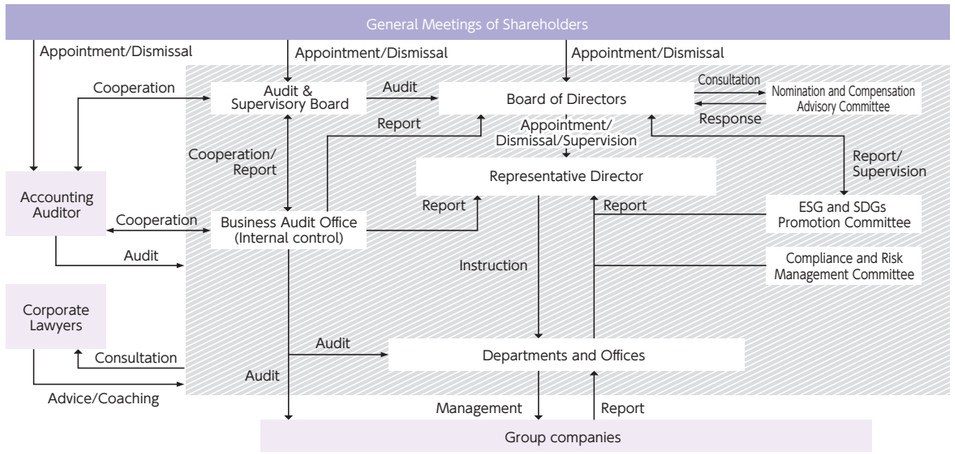
# Corporate governance

## Basic approach

Our Group's corporate governance principles and approach are based on our Management Philosophy, Code of Conduct, and Action Guidelines. Recognizing our responsibilities to all stakeholders, including shareholders, we position corporate governance, compliance, and risk management as key management issues and have established a management structure that ensures fair, transparent, and sincere decision-making from a medium- to long-term perspective. We also disclose our management strategies and business plans in a timely and appropriate manner.
Furthermore, by adapting to changes in the business environment, we will continue to enhance our Group's significance and value to society while striving to achieve stable, sustainable growth over the long term and improve corporate value.

## Corporate governance system

■Corporate governance promotion framework




### Board of Directors

The Board of Directors makes decisions on management strategies, business plans, and other important management matters in accordance with applicable laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors, with the aim of achieving the Company's sustainable growth and improving corporate value over the medium to long term. The Board also oversees the Company's overall management by monitoring the execution of duties by each Director, important business operations at subsidiaries and affiliates, and the operation of internal control systems.

### Nomination and Compensation Advisory Committee

To ensure sound, objective, and transparent management, the Company has a voluntary Nomination and Compensation Advisory Committee composed of three External Directors and two Internal Directors. External Directors comprise the majority to enhance the independence, objectivity, and transparency of the nomination and compensation process. Members of the Committee are appointed by resolution of the Board of Directors. They deliberate on matters referred by the Board and submit their recommendations.

### Audit & Supervisory Board

The Audit & Supervisory Board consists of three Corporate Auditors: one Full-time External Corporate Auditor and two External Corporate Auditors. The Full-time External Corporate Auditor attends meetings of the Board of Directors and other major meetings, audits the execution of duties by the Directors and others from an objective and neutral standpoint in cooperation with the Accounting Auditor and the Business Audit Office, and shares information and exchanges views with the other Corporate Auditors to further strengthen the audit function.

### Evaluations of the effectiveness of the Board of Directors

To enhance the overall effectiveness of the Board of Directors, the Company conducts an evaluation questionnaire on the effectiveness of the Board of Directors. For the fiscal year ended March 31, 2026, the results indicated that constructive discussions and exchanges of views had taken place and that the Board's effectiveness had generally been ensured. By addressing the issues identified through the evaluation and recommendations, continued efforts will be made to further enhance the effectiveness of the Board of Directors.

## Skills matrix

| | Name | Current positions at the Company | Corporate management | Industrial experience | Global | ESG | Finance/ Accounting/M&As | Risk management/ Legal affairs |
|---|---|---|---|---|---|---|---|---|
| Director | Hiroshi Sadakata | CEO and Representative Director | ● | ● | | ● | | ● |
| | Naoki Tada | Chairman and Director | ● | ● | ● | ● | ● | |
| | Yoshimitsu Sakai | Director | | ● | | ● | | |
| | Takashi Tada | Director | ● | ● | | ● | | |
| | Masato Matsumoto | External Director | ● | | | ● | ● | |
| | Tomoko Tsuji | External Director | ● | ● | ● | ● | | |
| | Ritsuko Saito | External Director | ● | | | ● | | ● |
| Corporate Auditor | Kazutoshi Yamashita | External Corporate Auditor | | | | ● | ● | |
| | Kishiko Wada | External Corporate Auditor | | | | ● | | ● |
| | Kayoko Kamijo | External Corporate Auditor | | | | ● | ● | |

## Reasons for appointment of External Directors and External Corporate Auditors

| Name | Reasons for appointment |
|---|---|
| Masato Matsumoto | Mr. Masato Matsumoto has extensive experience in the management of financial and other institutions, and possesses a high level of insight and supervisory capability with respect to management. We have appointed him as we have determined that he is capable of supervising the Company's management from an objective and neutral standpoint and that there is no risk of a conflict of interest between him and general shareholders. |
| Tomoko Tsuji | As a Doctor of Agriculture, Ms. Tomoko Tsuji has experience at a research and development company as well as in the management of a retail business, giving her broad expertise in corporate management. We appointed her because we determined that she is capable of overseeing the Company's management from an objective and neutral standpoint and that there is no risk of a conflict of interest with general shareholders. |
| Ritsuko Saito | Ms. Ritsuko Saito has experience in disclosure, finance, etc. and involvement in management at various companies, and has knowledge of management in general. We have appointed her as we have determined that she is capable of supervising the Company's management from an objective and neutral standpoint and that there is no risk of a conflict of interest between her and general shareholders. |
| Kazutoshi Yamashita | Mr. Kazutoshi Yamashita has considerable knowledge of and extensive insight into finance and accounting, having held various positions at financial institutions, and he has served as a full-time corporate auditor and is well versed in corporate governance and auditing. We have appointed him as we have determined that he has monitoring and auditing functions independent of the Company's management, that he is capable of auditing from an objective and neutral standpoint, and that there is no risk of a conflict of interest between him and general shareholders. |
| Kishiko Wada | As a Lawyer, Ms. Kishiko Wada has expertise and extensive experience in legal matters. We have appointed her as we have determined that she has monitoring and auditing functions independent of the Company's management, that she is capable of auditing from an objective and neutral standpoint, and that there is no risk of a conflict of interest between her and general shareholders. |
| Kayoko Kamijo | Ms. Kayoko Kamijo has a wealth of business experience and specialized knowledge in accounting as a certified public accountant. We have appointed her as we have determined that she has monitoring and auditing functions independent of the Company's management, that she is capable of auditing from an objective and neutral standpoint, and that there is no risk of a conflict of interest between her and general shareholders. |

## Officer compensation system

### Matters concerning policy for determining total amount of compensation for Directors and Corporate Auditors and compensation, etc. for individual Directors and Corporate Auditors

Compensation for Internal Directors consists of fixed compensation, performance-linked bonuses, and restricted stock compensation. External Directors and Corporate Auditors receive fixed compensation only. Compensation for Directors is determined by the Board of Directors and that for Corporate Auditors by the Audit & Supervisory Board within the limits approved by resolution of the General Meeting of Shareholders, based on the advice and recommendations of the Nomination and Compensation Advisory Committee following its deliberations.

### Matters related to fixed compensation and performance-linked compensation, etc.

Fixed compensation is determined according to each Director's position in accordance with the Officer Compensation Regulations. Performance-linked compensation is based on the Group's overall growth and the degree to which budget targets are achieved and is paid to the Representative Director taking into account an evaluation of ESG initiatives and to Directors who concurrently serve as employees in consideration of the performance of their assigned duties. Growth and degree of budget achievement were selected as indicators because the Company considers improving revenue and revenue ratio to be important.

### Details of non-monetary compensation

To promote value sharing with shareholders and improve corporate value over the long term, the Company has introduced a restricted stock compensation plan for Directors. The maximum annual compensation under this plan is ¥100 million and 25,000 shares, and the allocation to each eligible Director is determined by resolution of the Board of Directors within the limits approved by the General Meeting of Shareholders.

Theme 6 Internal control and compliance

# Compliance

## Basic policy on compliance

In accordance with the SUNDRUG Group Code of Conduct, the Group positions it as the core of its corporate activities to conscientiously comply with laws and regulations, social ethics, and internal regulations. By having all officers and employees engage in fair and sound corporate operation with a high level of ethics and responsibility, the Group aims to realize the corporate philosophy and create sustainable corporate value. In addition, in order to establish compliance with laws and regulations not as sheer obligation but as corporate culture, the Group is working to foster compliance awareness through continuous education and awareness raising activities.

### Establishment and operation of an internal reporting desk

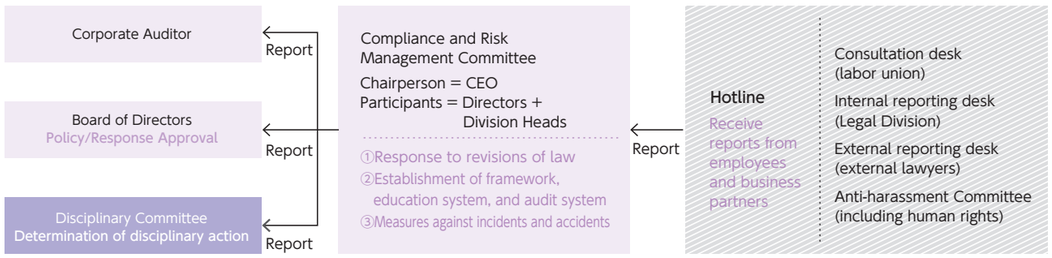
The Group has established a whistle-blowing system that allows all officers, employees, and all people working in the Group to directly report and ask for resolution of compliance issues. The hotlines are located not only inside the Company but also outside the Company (lawyers). Regarding the whistle-blowing system, internal regulations of the Group strictly stipulate that confidentiality of whistleblowers be protected and disadvantageous treatment of whistleblowers be prohibited. In addition, the Group has strengthened activities to make the above hotlines broadly known in order to raise awareness and understanding of them.

## Compliance promotion system

### Establishment and operation of the Compliance and Risk Management Committee

In order to identify issues related to compliance and risks and respond to them appropriately, the Group has established the Compliance and Risk Management Committee, which is chaired by the CEO and consists of Directors and Department Managers. The Committee is responsible for reporting compliance cases related to business operations, formulating and instructing response policies, and establishing the foundation of the compliance system (promotion and education systems, promotion and audit plan formulation, etc.). External Full-time Corporate Auditors and the General Manager of the Business Audit Office also participate in the Committee to share information promptly and work in cooperation. Of the contents of deliberations of the Compliance Committee, important matters are reported at Board of Directors' meetings.

■Compliance structure




## Tax affairs

### Basic policy on tax affairs

The Group has formulated a policy on tax affairs that applies to the Company and its Group companies. In accordance with the "SUNDRUG Group Code of Conduct," which has been established to ensure compliance management based on a high level of corporate ethics, the Group shall comply with all related laws and regulations, etc., regarding tax affairs. It is the Group's social responsibility to ensure the proper payment of all taxes due, which the Group recognizes will result in earning the support and trust of all its stakeholders. In accordance with this policy, we shall ensure the development and management of business processes and procedures related to the tax affairs and realize proper governance relating to taxation laws.

**Tax initiatives**
- Compliance with laws and regulations
- Ensuring governance for tax affairs
- Management of taxation risk
- Building a relationship of trust with tax authorities

For details, please visit our website.

Theme 7 Promotion of risk management

# Risk management

## Preparing for and responding to risks

### Concept of risk management

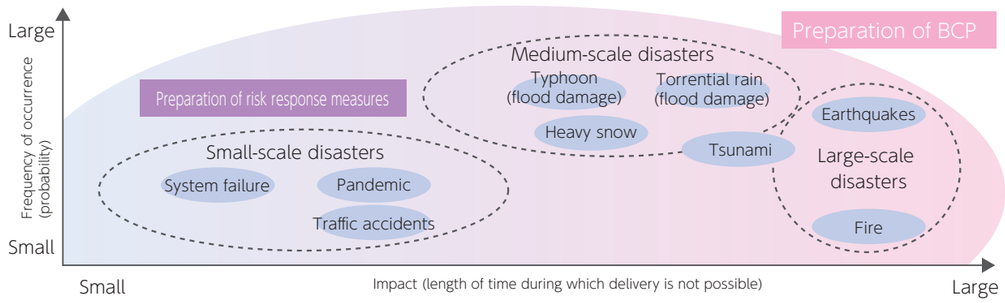
The Group regards risk management as an important management issue and works to identify risks inherent in its business activities, such as large-scale disasters and customer information leaks, while strengthening the risk management framework. In normal times, each department identifies the risks it faces and implements measures to mitigate them. In times of emergency, a task force is established in line with the Risk Management Regulations, ensuring a framework for a Group-wide response. The Group also maintains advisory agreements with four law firms. Whenever legal issues arise in connection with management or business operations, the Group consults with them and receives legal advice in an effort to avoid or minimize unforeseen risks as much as possible. The principal business risks facing the Group are shown on the right.

**Principal business risks**
- Risks related to businesses of managing pharmacies and selling pharmaceuticals, cosmetics, daily sundries, etc.
- Risks related to the financial position and operating results
- Risks related to legal regulations
- Risks related to litigation, etc.
- Risks related to the business structure

For details, please refer to the Annual Securities Report.

## Formulation and updating of BCPs

The Company formulates and updates its BCP with the aim of establishing a framework that will prevent a disruption of its logistics operations throughout the supply chain as we move into a world in which climate change increases the frequency of natural disasters.




### Objectives of formulation

To formulate emergency response plans and actions during normal times such that Group operations may be restored and resumed within the necessary time.

### Approach

- Identify the types of disaster that may be predictable and look back on past cases of such (examples of responses).
- Consider methods of prevention, countermeasure, and response for different scales of disaster.
- Identify what needs to be done before, during, and after a disaster.

### Formulation and updating

- Confirm whether prevention and countermeasures have been implemented at each Group site.
- After a disaster has ended, a disaster response meeting must be held to share information across all Group sites.

### Implementing and reporting

- Implement regular drills in line with the Disaster Response Manual.
- Hold regular meetings concerning disaster response with the participation of management and managers.

### Planning for initiatives

Hold disaster response meetings six times per year.

Theme 7 Promotion of risk management

# Business partners

## Basic policy

At the Company, where Sanpo Yoshi ("Benefits for All") forms a key part of our management philosophy, we regard those we do business with as important business partners. In today's era of rapid change, society faces a wide range of issues that no single company can resolve alone. We therefore recognize the importance of fair transactions with our business partners and, with their cooperation, have established the Code of Conduct for Business Partners, issued the Declaration of Partnership Building, and conduct business partner surveys.
To contribute to realizing a sustainable society throughout the supply chain, we are committed to building mutually beneficial relationships with our business partners.

For details, please refer to the Declaration of Partnership Building Portal Site.

## Code of Conduct for Business Partners

Guided by our corporate philosophy of contributing to the creation of "brighter and more enjoyable daily lives" while striving to realize "health and well-being" for the Japanese people, we have established the Code of Conduct for Business Partners to help realize a sustainable society throughout the supply chain.

### Application of the Code of Conduct for Business Partners

- We ask our business partners to conduct their activities in accordance with the Code of Conduct for Business Partners.
- The scope of this Code shall extend not only to our business partners but also to their suppliers.
- We ask our business partners to cooperate in sharing information with the Group regarding their status of compliance with this Code, as necessary.
- If any conduct that violates this Code is identified, we ask our business partners to report it to the Group and promptly take corrective measures and implement measures to prevent recurrence.

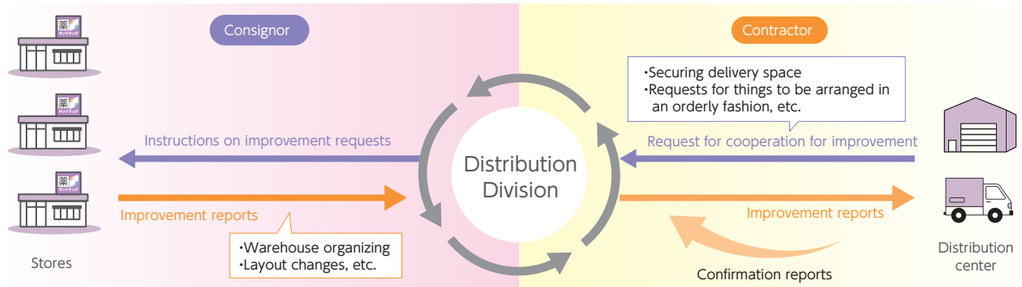
For details on the Code of Conduct for Business Partners, please visit our website.

**Reporting Desk for Business Partners**

Through the Reporting Desk for Business Partners, the Group addresses issues such as compliance violations, demands for money, gifts, entertainment, or other improper benefits, abuse of a superior bargaining position, violations of the Subcontract Act, harassment, and human rights violations. For details, please visit our website.

## Basic approach to logistics

The aging of truck drivers and the shortage of new entrants are largely attributable to long working hours, including duties other than driving, such as unloading cargo and long waiting times. Unless working conditions improve, the driver shortage is likely to accelerate further, potentially disrupting the stable supply of goods. Based on the Guidelines for Consignors and Logistics Providers on Initiatives for Optimization and Productivity Improvement in Logistics, which was formulated in response to these circumstances, the Group will continue to promote improvements and reforms in logistics.




By taking part in the white logistics initiative promoted by the Ministry of Land, Infrastructure, Transport and Tourism to help address the shortage of truck drivers, we will help ensure stability in terms of logistics functions necessary for the lives of Japanese citizens and industrial activities and contribute to the further growth of the Japanese economy.

# Human rights

## Basic policy on human rights

The Group aims to create good cheer and fun in daily life, envisaging a future in which all people can lead healthy, rich lives. We believe that respect for human rights is a precondition for business activity, and that contributing to the creation of a society that respects human rights is a key element in our future vision of healthy, rich lives through our business activities. The SUNDRUG Group has established this SUNDRUG Group Human Rights Policy (hereinafter referred to as "this Policy") consistent with the United Nations' Guiding Principles on Business and Human Rights, and will advance our activities toward respect for human rights in accordance with this Policy. This Policy complements the SUNDRUG Group Code of Conduct, and under this Policy, the Group will make concerted and united efforts to promote respect for human rights.

## SUNDRUG Group Human Rights Policy

### Basic approach

The Group understands that all business activities have the potential to impact human rights, either directly or indirectly. We believe that one of our key responsibilities as a business operator is to uphold international norms of human rights such as the UN Guiding Principles on Business and Human Rights, cultivate deeper understanding of human rights problems, and conduct ourselves appropriately.

For details, please visit our website.

## Initiatives toward respect for human rights

The Group appreciates that respecting human rights is an extremely important social responsibility in business activities. We are working to ensure that all customers, business partners, employees, and all others involved in the Group's business activities conduct themselves responsibly to avoid causing any negative impact on human rights or being indirectly associated with such impact. To do so, we pursue awareness-raising and educational activities under the Human Rights Policy, the SUNDRUG Group Code of Conduct, and Code of Conduct for Business Partners.

- Human rights management system
- Respecting human rights in the supply chain
- Respecting customers' human rights
- Education on respect for human rights
- Respecting employees' human rights

Theme 8 Establishment of IT governance

# Information security and privacy

## Recognition of the importance

Information security is the foundation for maintaining trust in companies and individuals. In addition to implementing technical measures, we believe it is essential that every employee understands security threats and complies with the relevant regulations. Under our Basic Policy on Information Security, we are committed to continuously strengthening information security measures and raising awareness across the Group.

## Approach to basic policy on information security

■Approach to the basic policy

| | |
|---|---|
| 1. Responsibility for execution of operations | Through the frameworks and measures necessary to build and operate an information security management system, we protect the information assets of our customers and the Group from all threats and strive to continuously improve and enhance information security on an organization-wide basis. |
| 2. Development of internal systems | We establish an organizational framework for maintaining and improving information security and set forth information security measures in our formal internal rules. |
| 3. Employee initiatives | Employees acquire the knowledge and skills necessary for information security and ensure the steady implementation of security initiatives. |
| 4. Compliance with laws and regulations and contractual requirements | We comply with applicable laws, regulations, standards, and contractual requirements to protect important information, including personal information. |
| 5. Response to information security incidents | We establish reporting procedures and initial response manuals to prepare against information security risks and ensure they are disseminated to all relevant parties. In the event of a serious information security incident, we report it to the Compliance and Risk Management Committee and, as appropriate, notify the relevant government authorities and other stakeholders. |

# 11-year financial data



| | 52nd fiscal year | 53rd fiscal year | 54th fiscal year | 55th fiscal year | 56th fiscal year | 57th fiscal year | 58th fiscal year | 59th fiscal year | 60th fiscal year | 61st fiscal year | 62nd fiscal year | 63rd fiscal year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fiscal year ended March 31, 2015 | Fiscal year ended March 31, 2016 | Fiscal year ended March 31, 2017 | Fiscal year ended March 31, 2018 | Fiscal year ended March 31, 2019 | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 | Fiscal year ended March 31, 2026 |
| **Operating results** | | | | | | | | | | | | |
| Net sales (Million yen) | 445,818 | 503,773 | 528,394 | 564,215 | 588,069 | 617,769 | 634,310 | 648,734 | 690,462 | 751,777 | 801,811 | 842,512 |
| Operating profit (Million yen) | 25,924 | 33,025 | 34,055 | 36,080 | 35,233 | 36,604 | 37,345 | 34,052 | 37,452 | 40,996 | 44,496 | 46,831 |
| Ordinary profit (Million yen) | 26,505 | 33,817 | 34,870 | 36,792 | 35,800 | 37,159 | 38,228 | 34,734 | 38,134 | 41,728 | 43,835 | 46,220 |
| Profit attributable to owners of parent (Million yen) | 16,362 | 21,569 | 23,312 | 24,829 | 23,933 | 23,692 | 25,329 | 23,853 | 25,703 | 29,126 | 30,750 | 31,392 |
| **Financial position** | | | | | | | | | | | | |
| Net assets (Million yen) | 115,987 | 133,284 | 136,335 | 154,828 | 171,055 | 186,822 | 205,156 | 220,592 | 236,328 | 253,090 | 269,713 | 286,001 |
| Total assets (Million yen) | 189,688 | 217,032 | 220,938 | 246,619 | 262,195 | 284,276 | 308,528 | 325,768 | 360,672 | 420,208 | 444,007 | 475,505 |
| Equity ratio (%) | 61.1 | 61.4 | 61.7 | 62.7 | 65.2 | 65.7 | 66.5 | 67.7 | 65.5 | 60.2 | 60.7 | 60.1 |
| **Profitability and efficiency** | | | | | | | | | | | | |
| EPS (yen) | 133.48 | 178.43 | 197.32 | 212.31 | 204.76 | 202.67 | 216.68 | 204.02 | 219.83 | 249.07 | 262.91 | 268.36 |
| ROE (%) | 14.3 | 17.3 | 17.3 | 17.1 | 14.7 | 13.2 | 12.9 | 11.2 | 11.3 | 11.9 | 11.8 | 11.3 |
| **Shareholder returns** | | | | | | | | | | | | |
| Dividends per share (yen) | 30* | 42.5* | 50* | 60 | 66 | 68 | 70 | 71 | 100 | 114 | 130 | 131 |
| Dividend payout ratio (%) | 22.5 | 23.8 | 25.3 | 28.3 | 32.2 | 33.6 | 32.3 | 34.8 | 45.5 | 45.8 | 49.4 | 48.8 |

*Per-share figures have been calculated assuming that the relevant share split was conducted at the beginning of the fiscal year ended March 2015.

# List of officers

## Directors

CEO and Representative Director
### Hiroshi Sadakata



March 1989 Joined the Company
April 2001 Section Manager, Corporate Planning Office
January 2003 Deputy Manager, the Second Sales Division
April 2004 Manager, the Second Sales Division
April 2005 Executive Officer and Manager of the Second Sales Division
June 2008 Director and Manager of the Second Sales Division
December 2009 Director
Decembe 2009 Vice President and Representative Director, DIREX CORPORATION
June 2014 President and Representative Director, DIREX CORPORATION
May 2019 President and Representative Director, the Company
May 2019 Director, DIREX CORPORATION
June 2020 Chairman and Representative Director, DIREX CORPORATION (to present)
April 2022 CEO and Representative Director, the Company (to present)
February 2024 Director, Kirindo Holdings Co., Ltd. (to present)
February 2024 Director, BCJ-47 Co., Ltd. (to present)

Chairman and Director
### Naoki Tada



May1990 Joined the Company
April 1995 Section Manager, Corporate Planning Office
September 2000 President and Representative Director, IRYUSHOJI CO., LTD.
March2001 Retired from the Company
June 2001 Director (Non-Executive Director), the Company
June 2007 President and Representative Director, Forest Co., Ltd. (currently Forest Mall Co., Ltd.)
June 2009 Chairman and Representative Director, Forest Co., Ltd.
April 2015 President and Representative Director, Forest Co., Ltd.
March 2019 Chairman and Representative Director, IRYUSHOJI CO., LTD.
March 2019 Chairman and Representative Director, Forest Mall Co., Ltd. (to present)
April 2019 Director and General Manager, Administrative Division, the Company
April 2022 Chairman and Director (to present)
July 2024 President and Representative Director, IRYUSHOJI CO., LTD. (to present)

Director
### Yoshimitsu Sakai



November 1983 Joined the Company
April 1998 Section Manager, Sales Division
April 2001 Deputy Manager, Store Development Division
April 2005 Executive Officer and Manager, Store Development Division
June 2010 Director and Manager, Store Development Division
March 2019 Executive Officer and Manager, Store Development Division
June 2022 Director and Manager, Store Development Division
July 2022 Director and General Manager, Store Development Division (to present)

Director
### Takashi Tada



April 1992 Joined Ito-Yokado Co., Ltd.
October 1996 Joined the Company
March 2001 Director (Non-Executive Director), IRYUSHOJI CO., LTD. (to present)
April 2001 Section Manager, Information Section, Merchandise Division, the Company
January 2003 Section Manager, Supplier Section, Merchandise Division
May 2005 Section Manager, Corporate Planning Office
December 2006 Retired from the Company
January 2007 Senior Managing Director, Yamaki SC Kaihatsu Co., Ltd. (currently Forest Mall Co., Ltd.)
June 2009 President and Representative Director, Forest Co., Ltd. (currently Forest Mall Co., Ltd.)
April 2014 President and Representative Director, C'sRetail Co., Ltd. (currently C's One Co., Ltd.)
June 2017 Retired from the position of C'sRetail Co., Ltd.
June 2017 Director, the Company (to present)
June 2017 Vice President and Representative Director, DIREX CORPORATION
May 2019 President and Representative Director, DIREX CORPORATION
February 2024 Director, Kirindo Holdings Co., Ltd. (to present)
February 2024 Director, BCJ-47 Co., Ltd. (to present)

## External Directors

External Director
### Masato Matsumoto



April 1979 Joined The Nomura Securities Investment Trust Sales Co., Ltd.
September 2002 Executive Officer, Mitsubishi Securities Co., Ltd. (currently Mitsubishi UFJ Securities Holdings Co., Ltd.)
May 2010 Managing Executive Officer, General Manager of Osaka Branch, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
June 2012 Senior Managing Director, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
June 2013 Executive Vice President, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
June 2015 Executive Vice President, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Managing Executive Officer, Mitsubishi UFJ Financial Group, Inc.
June 2016 Chairman and Representative Director, MUS Business Service Co., Ltd.
July 2017 Advisor, SBS Holdings, Inc.
June 2018 External Director, the Company (to present)
March 2019 Outside Audit & Supervisory Board Member, SBS Holdings, Inc.
March 2021 Outside Director (Audit Committee Member), SBS Holdings, Inc.

External Director
### Tomoko Tsuji



April 1979 Joined Ajinomoto Co., Inc.
February 1987 Received a doctorate in Agriculture (former Laboratory of Applied Microbial Chemistry, the University of Tokyo)
March 1988 Postdoctoral Fellow at The Rockefeller University
November 1988 Postdoctoral Fellow at the Pennsylvania State University
December 1989 Joined Sagami Chemical Research Institute
May 1999 Joined FANCL CORPORATION
April 2004 Executive Officer, Director of Central Research Institute, FANCL CORPORATION
June 2007 Executive Director, General Manager of FANCL Research Institute, FANCL CORPORATION
May 2008 Advisor, Nippon Suisan Kaisha, Ltd. (currently Nissui Corporation)
April 2009 General Manager of Human Life Science R&D Center, Nippon Suisan Kaisha, Ltd.
May 2015 Executive Officer, General Manager of Ingredients Development Department, Group Merchandising Division, YOSHINOYA HOLDINGS CO., LTD.
June 2020 External Director, the Company (to present)
June 2022 External Member of the Board, FUJI OIL HOLDINGS INC. (currently FUJI OIL CO., LTD.) (to present)
March 2025 Executive Officer, YOSHINOYA HOLDINGS CO., LTD.
March 2025 Chief Technology Officer, SPEEDIA Co., Ltd.
June 2025 R&D Executive Fellow, YOSHINOYA HOLDINGS CO., LTD.

External Director
### Ritsuko Saito



April 1988 Joined Recruit Cosmos Co., Ltd. (currently Cosmos Initia Co., Ltd.)
January 2010 Joined A.D. Works Co., Ltd. (currently A.D. Works Group Co., Ltd.)
April 2020 General Manager of FSA & SE Department, Corporate Planning Office, A.D. Works Co., Ltd.
April 2021 Secretary General of Specified Joint Real Estate Enterprise Council
June 2021 General Manager of Promotion Office of the Council of Act on Specified Joint Real Estate Ventures, A.D. Works Group Co., Ltd.
July 2021 General Manager of Disclosure Office, A.D. Works Group Co., Ltd.
January 2023 Director, Angel Torch Co., Ltd.
November 2023 Outside Director of Chiiki Newspaper Company
June 2024 External Director, the Company (to present)
November 2024 Director of Chiiki Newspaper Company (to present)

External Full-time Corporate Auditor
### Kazutoshi Yamashita



April 1983 Joined KOKUSAI Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
April 1997 General Manager of Hachioji Branch, KOKUSAI Securities Co., Ltd.
September 2002 General Manager of Hiroshima Branch, Mitsubishi Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
October 2005 Deputy General Manager of Institutional Marketing Second Division, Nagoya Branch, Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
April 2010 General Manager of Kochi Branch, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
June 2014 Director and General Manager of Kobe Branch, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
June 2017 Full-time Corporate Auditor, MUS Business Service Co., Ltd.
June 2019 External Full-time Corporate Auditor, the Company (to present)

External Corporate Auditor
### Kishiko Wada



April 1996 Joined Fuji Godo Law Office (to present)
July 2015 Outside Director, Toshiba Plant Systems & Services Corporation
April 2016 Practicing Attorney Professor for Civil Advocacy at the Legal Training and Research Institute of the Supreme Court
February 2020 Examiner for the Preliminary Bar Examination (Code of Civil Procedure)
March 2021 External Corporate Auditor, L is B Corp. (to present)
April 2021 Vice-President, the Dai-ichi Tokyo Bar Association Executive
April 2021 Director, Kanto Federation of Bar Associations
June 2022 External Corporate Auditor, the Company (to present)
June 2022 Outside Director (Audit and Supervisory Committee Member), TAKAOKA TOKO CO., LTD. (to present)
March 2026 Outside Director (Audit and Supervisory Committee Member), SUMCO CORPORATION (to present)

External Corporate Auditor
### Kayoko Kamijo



February 1989 Joined Asahi Shinwa Accounting Co., Ltd. (currently KPMG AZSA LLC)
August 1993 Registered as a Certified Public Accountant
September 2000 Joined Tokyo Hokuto Audit Corporation (currently GYOSEI & CO.)
October 2019 Joined SHINSOH Audit & Co as a Partner (to present)
June 2024 External Corporate Auditor, the Company (to present)
June 2024 Outside Audit and Supervisory Board Member, Neturen Co., Ltd. (to present)
April 2024 Representative, Kamijo Certified Public Accountant Office (to present)





# Company information/Stock information

## Company information(as of March 31, 2026)



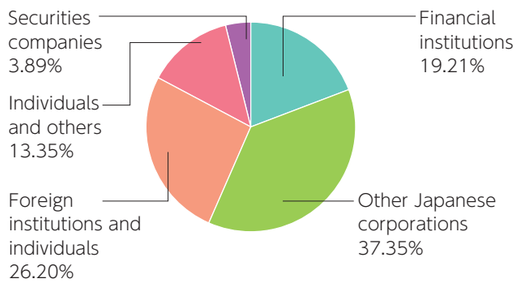
| | |
|---|---|
| Company name | SUNDRUG CO., LTD. |
| Headquarters | 1-38-1 Wakamatsucho, Fuchu, Tokyo 183-0005, Japan |
| Established | April 1965 |
| Capital | ¥3,931.20 million |
| Representative | Hiroshi Sadakata, CEO and Representative Director |
| Number of employees | Non-consolidated: 8,153 persons/Consolidated: 17,186 persons (including part-time employees, as of March 31, 2026) |
| Business sites | 886 directly-managed stores/671 subsidiary stores/37 franchise and other stores/ 59 distribution centers nationwide |
| Number of Group stores | Total 1,594 stores |
| Major Subsidiaries | Seikodo Pharmacy Corporation Sundrug Plus Co., Ltd. DIREX CORPORATION Daiya Inc. SUNDRUG Dream Works Co., Ltd. |
| Description of business | Management of chain stores and selling and wholesale of pharmaceuticals, cosmetics, daily necessities, food, etc. |

## Stock information (as of March 31, 2026)

### Status of stock

| | |
|---|---|
| Number of shares authorized | 536,000,000 shares |
| Number of shares issued | 119,331,184 shares (including treasury shares) |
| Number of shareholders | 49,289 |

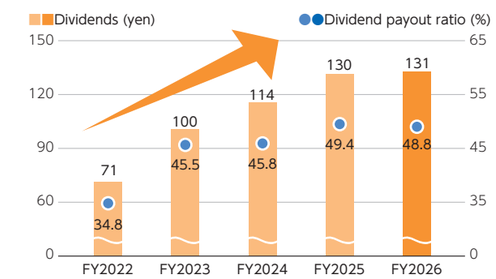
### Ownership and distribution of shares




| Name of shareholders | Number of shares held (thousands) | Shareholding ratio (%) |
|---|---|---|
| IRYUSHOJI CO., LTD. | 43,776 | 37.42 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 11,493 | 9.82 |
| Custody Bank of Japan, Ltd. (Trust Account) | 5,798 | 4.96 |
| CEP LUX-ORBIS SICAV | 4,238 | 3.62 |
| Naoki Tada | 3,113 | 2.66 |
| THE CHASE MANHATTAN BANK, N. A. LONDON SECS LENDING OMNIBUS ACCOUNT | 2,312 | 1.98 |
| Takashi Tada | 2,207 | 1.89 |
| National Mutual Insurance Federation of Agricultural Cooperatives | 2,069 | 1.77 |
| JPMorgan Securities Japan Co., Ltd. | 1,769 | 1.51 |
| Custody Bank of Japan, Ltd. (Trust Account 4) | 1,391 | 1.19 |

1. Although the Company holds treasury shares (2,348 thousand shares), it is excluded from the above major shareholders.
2. The shareholding ratio is calculated excluding treasury shares.

## Annual dividend per share




### Information on the website

**Web Site**
https://www.sundrug.co.jp/en

**IR Site**
https://www.sundrug.co.jp/en/ir



SUNDRUG

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