

Financial Results

3rd Quarter - FY Ending February 28, 2021

Supplementary Information

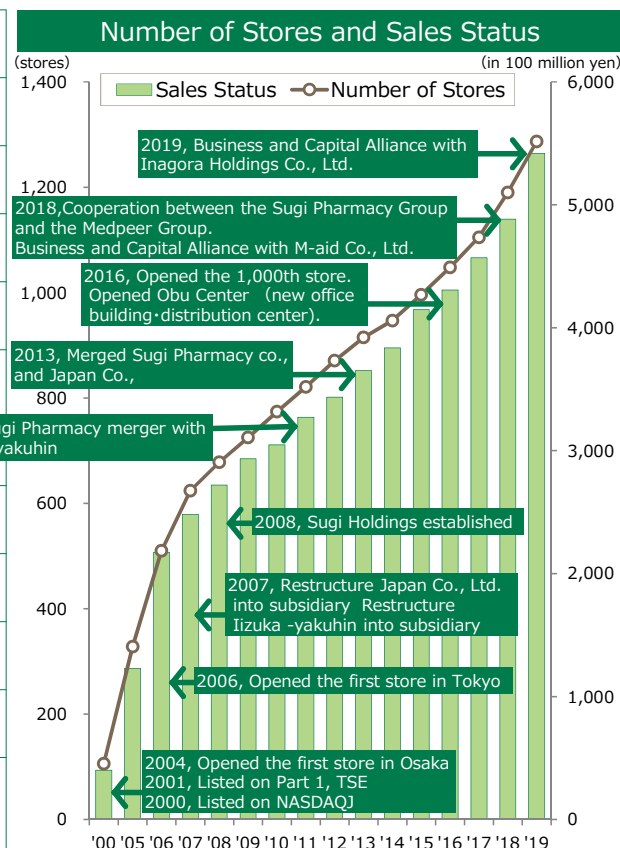
Securities ID Code: 7649, Part 1 of TSE and NSE

SUGI Holdings

December 2020

PROFILE

Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	1,371 (As of the end of Nov, 2020)
Number of employees	6,763 (full-time) (As of the end of Nov, 2020)
Net sales	JPY541,964m (FY ended Feb. 29, 2020- consolidated)
Operating Profit	JPY29,762m (FY ended Feb. 29, 2020- consolidated)
Description of business	Management of subsidiaries engaging in businesses including pharmacy business, drug store business, and in-home nursing care business



Overview of Sugi Group



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Store Openings and Closings 3rd Quarter - FY Ending February 28, 2021

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Store Openings and Closings

* Please note that "FY2020/2" and "FY 2021/2" in this presentation refers to the fiscal year ended in February 2020, and the fiscal year ended February 2021, respectively. The same notation is used in other pages.

3rd Quarter : Opened 98 stores, closed 14 stores, increased 84 stores

Nos. of stores by region	FY2020/2 Full Year	FY2021/2 3rd Quarter			Forecast after December 2020		FY 2021/2 Full Year forecast			
	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	Store Openings	Store Closings	Change	As of the Term-End
Kanto Region	344	29	3	370	5	0	34	3	+31	375
Chubu Region	479	27	6	500	8	2	35	8	+27	506
Hokuriku Region	13	17	0	30	4	0	21	0	+21	34
Kansai Region	451	25	5	471	6	1	31	6	+25	476
Total	1,287	98	14	1,371	23	3	121	17	+104	1,391

Nos. of stores by company	FY2020/2 Full Year	FY2021/2 3rd Quarter			Forecast after December 2020		FY 2021/2 Full Year forecast			
	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	Store Openings	Store Closings	Change	As of the Term-End
Sugi Pharmacy	1,163	95	12	1,246	23	2	118	14	+104	1,267
Japan	113	0	1	112	0	1	0	2	-2	111
Visit Nursing Care ST	11	3	1	13	0	0	3	1	+2	13
Total	1,287	98	14	1,371	23	3	121	17	+104	1,391

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Financial Highlights 3rd Quarter - FY Ending February 28, 2021 - Consolidated -

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3rd Quarter Financial Highlight - Consolidated -

3rd Quarter : Net sales (JPY446.0 billion) and Operating profit (JPY25.3 billion)

	FY Ended 2020/2 3Q (March to November)		FY Ending 2021/2 3Q (March to November)				
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	vs. Budget (in %)	vs. Budget (in million yen)	Y o Y
Net Sales	398,183	100.0	446,030	100.0	99.9	-270	112.0
Sugi Pharmacy business	350,818	88.1	398,639	89.4	99.9	-361	113.6
Japan business	44,919	11.3	44,364	9.9	99.7	-136	98.8
Others	2,445	0.6	3,027	0.7	108.1	227	123.8
Gross Profit	117,192	29.4	133,611	30.0	101.0	1,311	114.0
Sugi Pharmacy business	106,342	30.3	121,874	30.6	100.7	874	114.6
Japan business	9,014	20.1	9,505	21.4	102.2	205	105.4
Others	1,836	75.1	2,232	73.7	111.5	232	121.5
SG&A Expenses	97,062	24.4	108,296	24.3	98.6	-1,504	111.6
Operating Income	20,130	5.1	25,314	5.7	112.5	2,814	125.8
Non-operating Income	2,409	0.6	2,468	0.6	98.7	-32	102.4
Non-Operating Expenses	1,140	0.3	1,493	0.3	99.5	-7	130.9
Ordinary Income	21,399	5.4	26,290	5.9	111.9	2,790	122.9
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	72	0.0	442	0.1	221.2	242	612.5
Net Income before Income Taxes	21,327	5.4	25,847	5.8	110.9	2,547	121.2
Income Taxes	7,058	1.8	8,529	1.9	112.2	929	120.8
Net Income	14,269	3.6	17,317	3.9	110.3	1,617	121.4

Note: The number of "others" shows the number of "Sugi Medical", and the sum of "Sugi Pharmacy business headquarters" and "Sugi Holdings".

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3rd Quarter SG&A Expenses Status - Consolidated -

3rd Quarter : Total SG&A expenses increased up 11.6% year on year

	FY Ended 2020/2 3Q (March to November)		FY Ending 2021/2 3Q (March to November)		Y o Y
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	
Net Sales	398,183	100.0	446,030	100.0	112.0
Total Selling Expenses	5,574	1.4	4,941	1.1	88.6
Advertising Expenses	3,500	0.9	2,893	0.6	82.7
Premium Expenses	2,073	0.5	2,047	0.5	98.7
Personnel Expenses	48,836	12.3	53,844	12.1	110.3
Total Administrative Expenses	42,652	10.7	49,511	11.1	116.1
Rent Expenses	18,845	4.7	22,278	5.0	118.2
Depreciation Expenses	6,026	1.5	7,222	1.6	119.9
Utilities Expenses	3,254	0.8	3,385	0.8	104.0
Supplies Expenses	3,060	0.8	3,397	0.8	111.0
Tax and Public Charges	2,774	0.7	3,475	0.8	125.3
Commission Paid	3,797	1.0	4,683	1.0	123.3
Others	4,894	1.2	5,069	1.1	103.6
Total SG&A Expenses	97,062	24.4	108,296	24.3	111.6

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Sales Trend

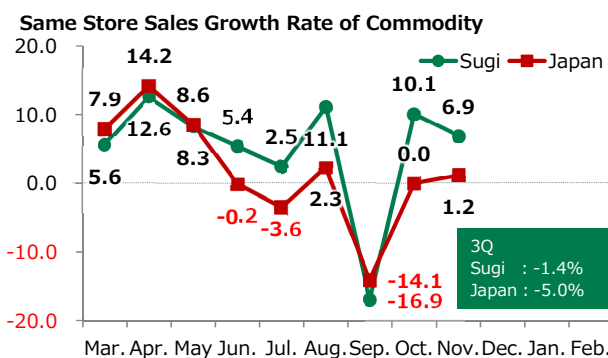
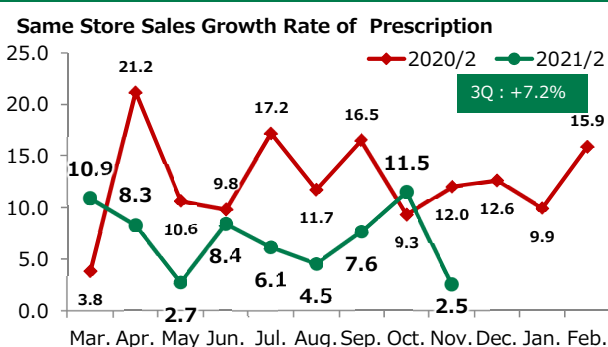
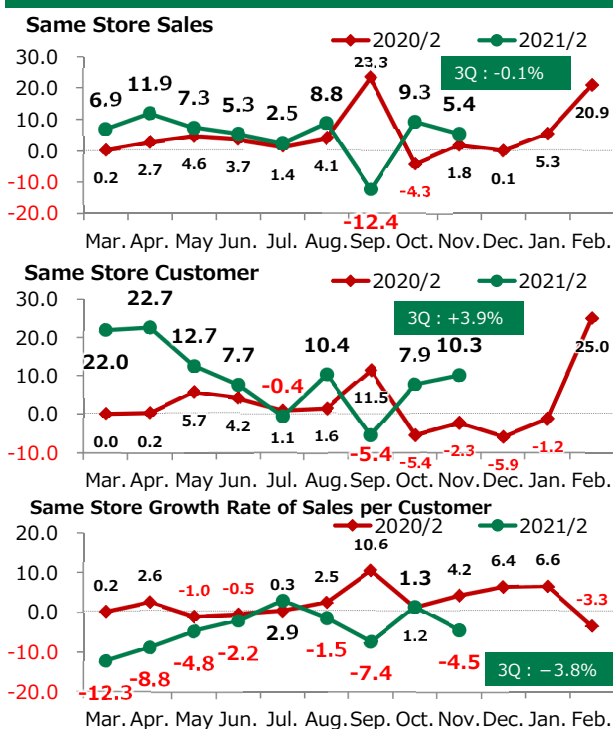
3rd Quarter - FY Ended February 28, 2021

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Sales growth rate of existing stores- Sugi Group -

3rd Quarter :Same store sales growth rate showed +4.7% (prescription;+7.0%, Sugi's commodity ;+4.5%, Japan's commodity;+1.6%), same store customer growth rate indicated +9.4%.



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Sales Trend by Product Group - Sugi -

	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget	Gross Margin % vs. Y o Y
	FY 2020/2 3Q	FY 2021/2 3Q				FY 2020/2 3Q	FY 2021/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	22.1	22.0	21.8	98.9	112.1	38.6	37.7	39.3	+1.6	+0.7
Healthcare	20.7	20.1	21.2	105.3	116.5	39.4	39.6	38.9	−0.7	−0.5
Beauty	21.0	19.9	18.3	92.3	99.3	30.7	31.7	31.3	−0.4	+0.6
Household wares	18.9	19.3	19.9	103.0	119.7	23.1	23.5	24.0	+0.5	+0.9
Foods	17.2	18.6	18.6	100.2	123.0	16.2	17.2	17.2	±0.0	+1.0
Other	0.1	0.1	0.1	103.6	109.1	31.9	32.8	31.1	−1.7	−0.8
Total	100.0	100.0	100.0	99.9	113.6	30.3	30.3	30.6	+0.3	+0.3

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Sales Trend by Product Group - Japan -

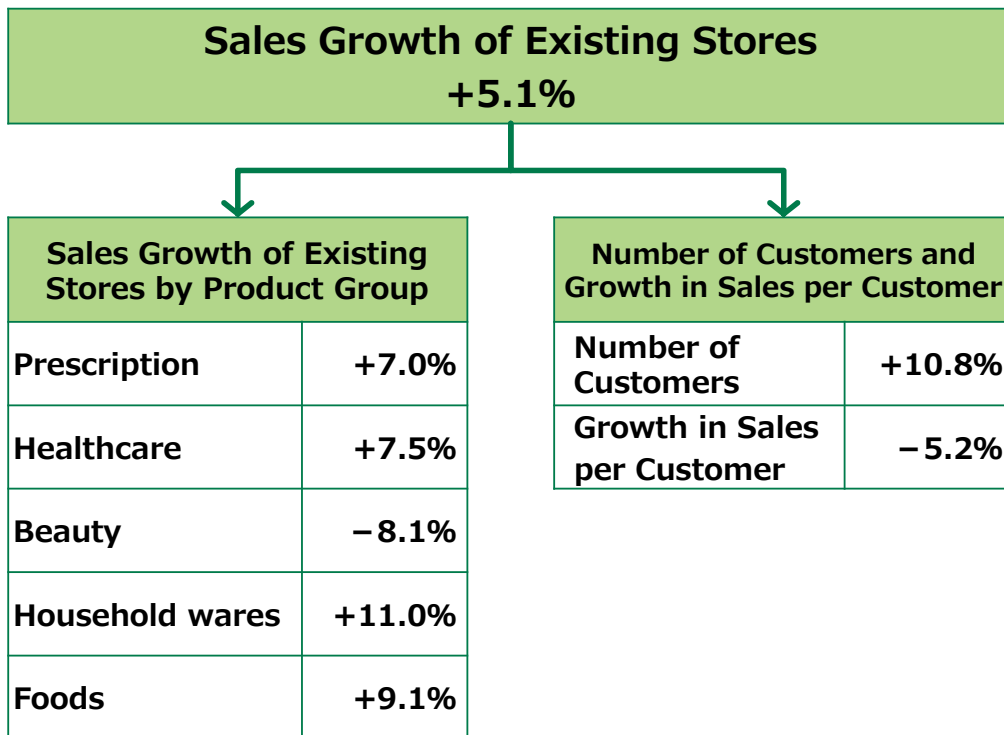
	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget	Gross Margin % vs. Y o Y
	FY 2020/2 3Q	FY 2021/2 3Q				FY 2020/2 3Q	FY 2021/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	8.9	9.2	10.3	111.8	115.0	36.0	36.9	37.5	+0.6	+1.5
Beauty	7.5	7.6	7.6	100.6	100.2	28.7	28.6	28.2	−0.4	−0.5
Household wares	19.4	19.1	20.4	106.3	103.9	23.9	25.0	24.4	−0.6	+0.5
Foods	62.3	62.3	59.9	95.9	95.0	15.8	16.6	17.0	+0.4	+1.2
Other	1.9	1.8	1.7	96.5	88.2	11.8	12.1	13.2	+1.1	+1.4
Total	100.0	100.0	100.0	99.7	98.8	20.1	20.9	21.4	+0.5	+1.3

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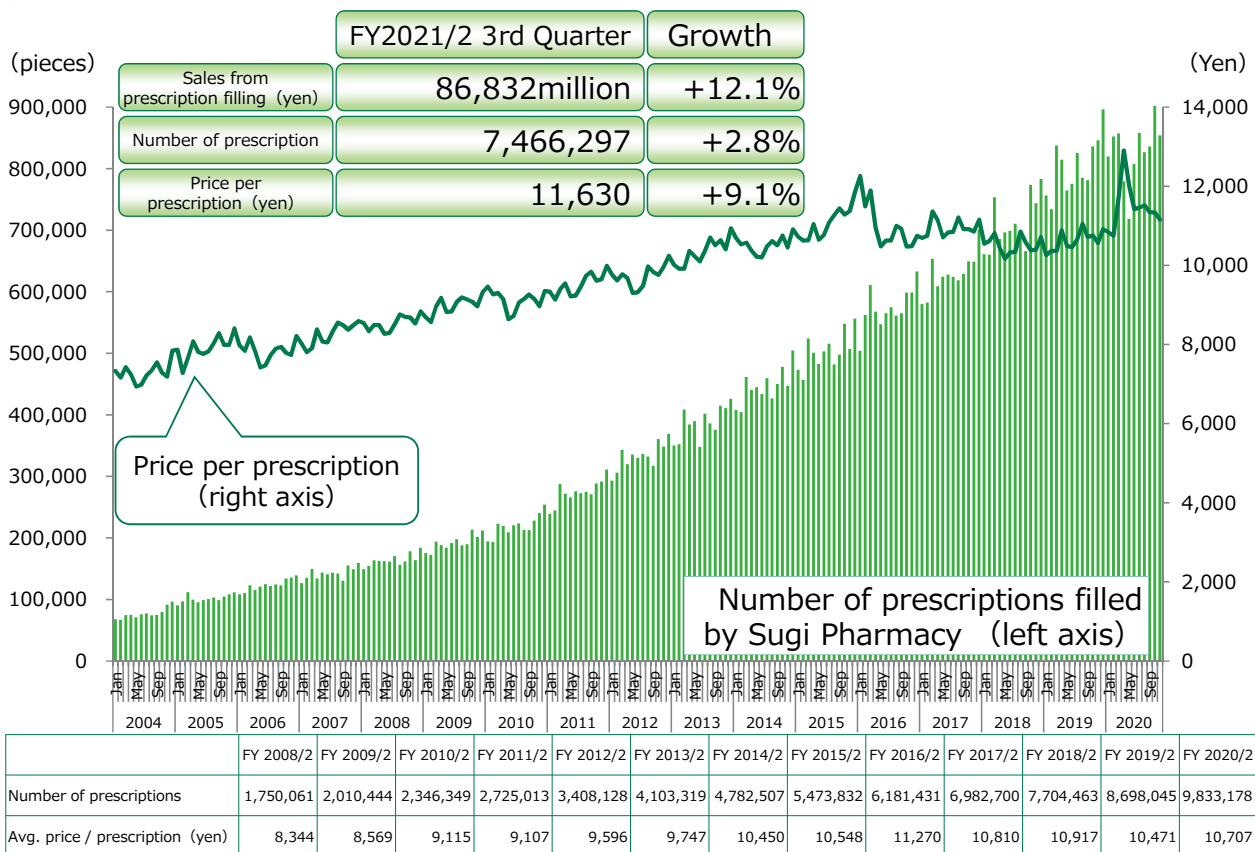
Sales Trend at Existing Stores- Sugi Pharmacy business -

3rd Quarter : Existing store sales growth ratio indicated +5.1%



Medical Business of Sugi Group

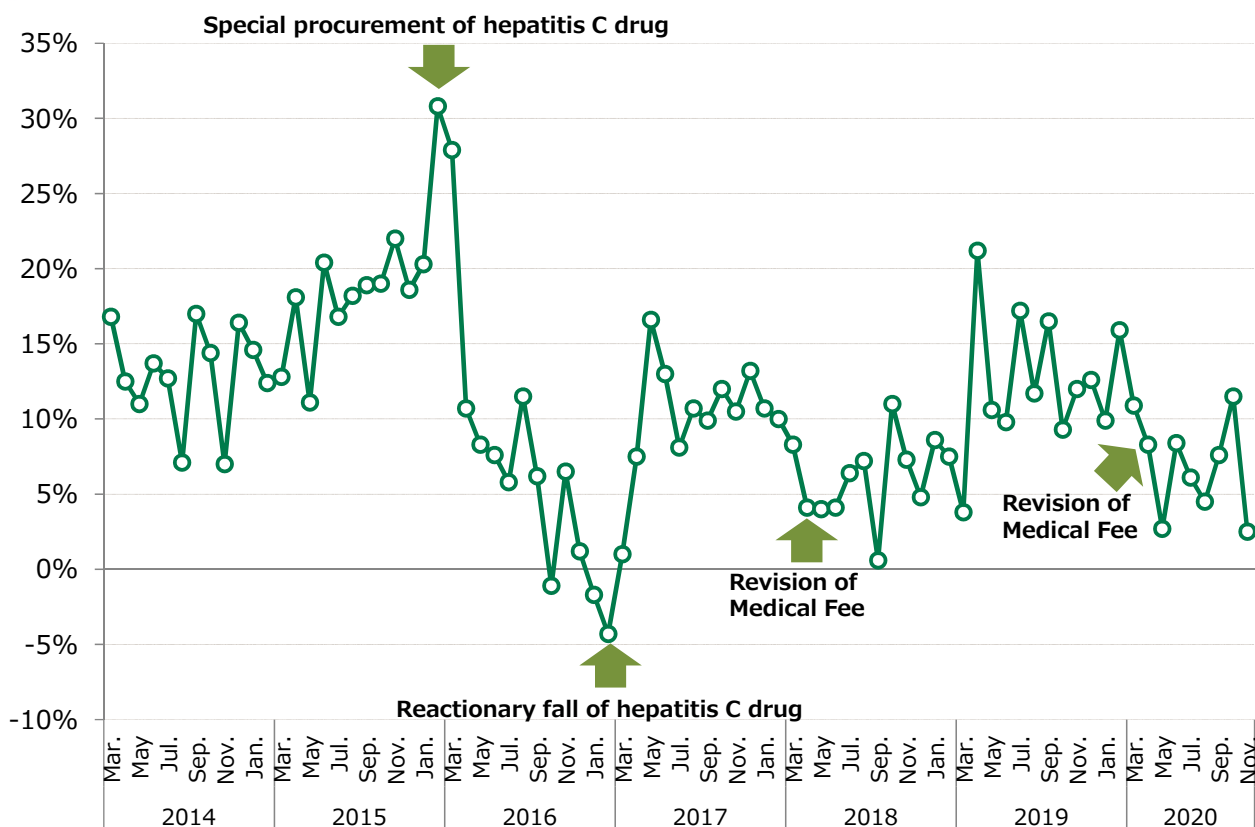
Trends in the Number of Prescriptions and Price per Prescription



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Same store growth rate of prescription sales

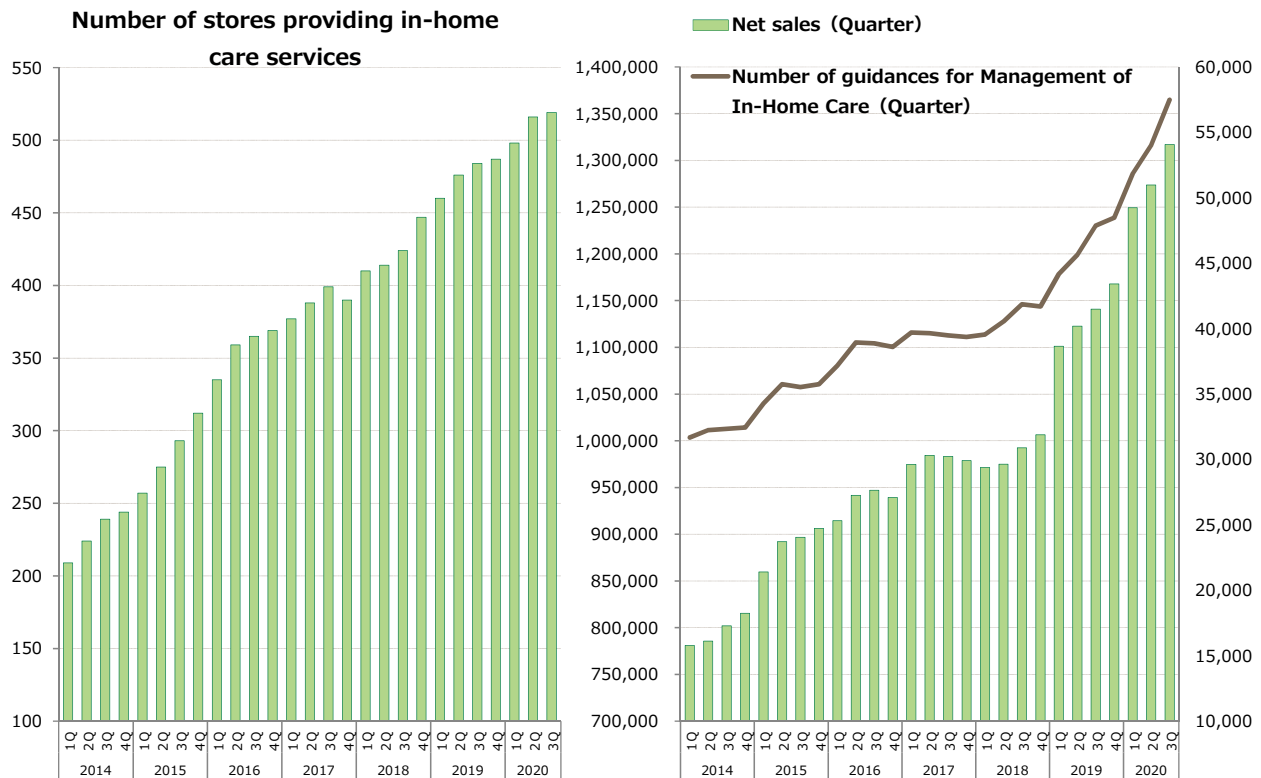


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In-home Medical Care Services – As of Nov. 30, 2020

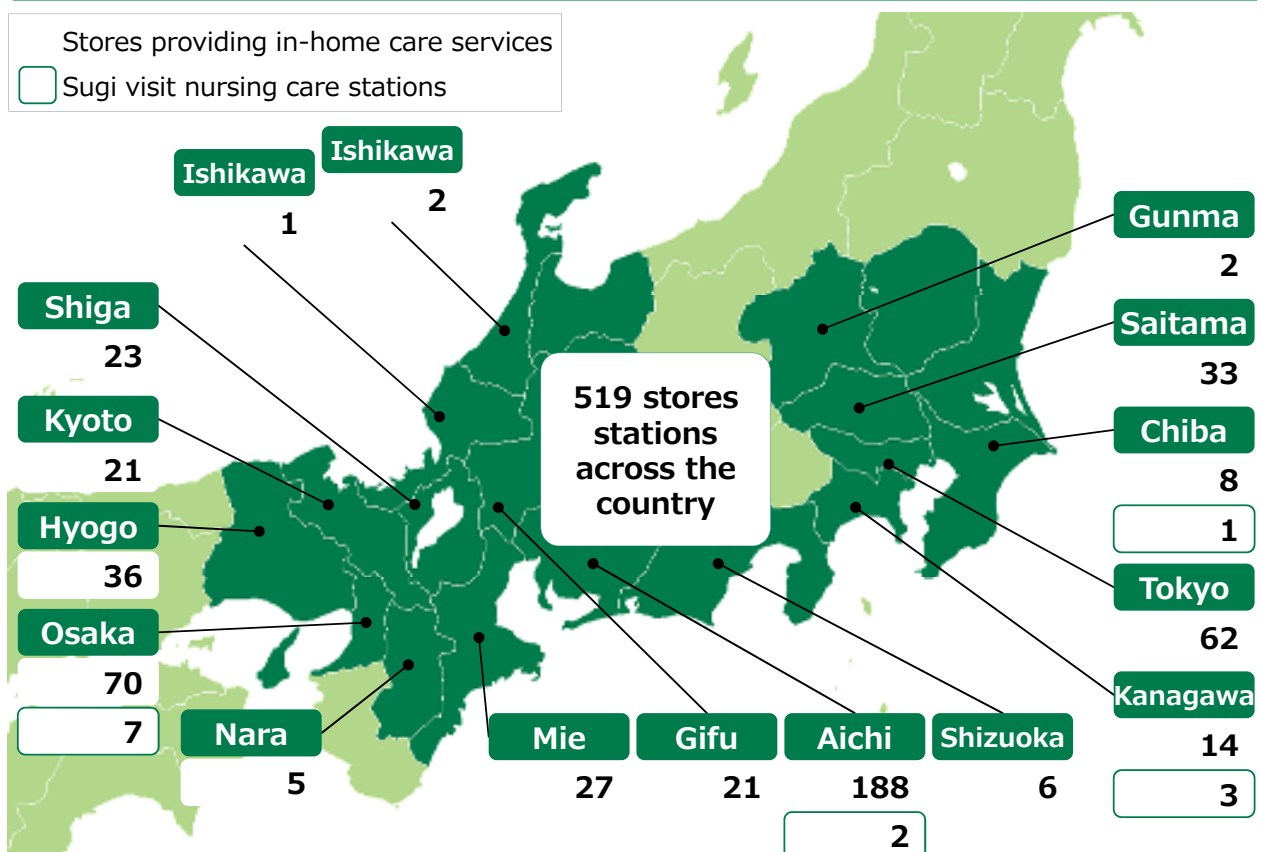
in-home medical care: JPY 3,840m (+14.1% Y o Y)



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Facilities Providing Comprehensive Medical Services to Local Communities

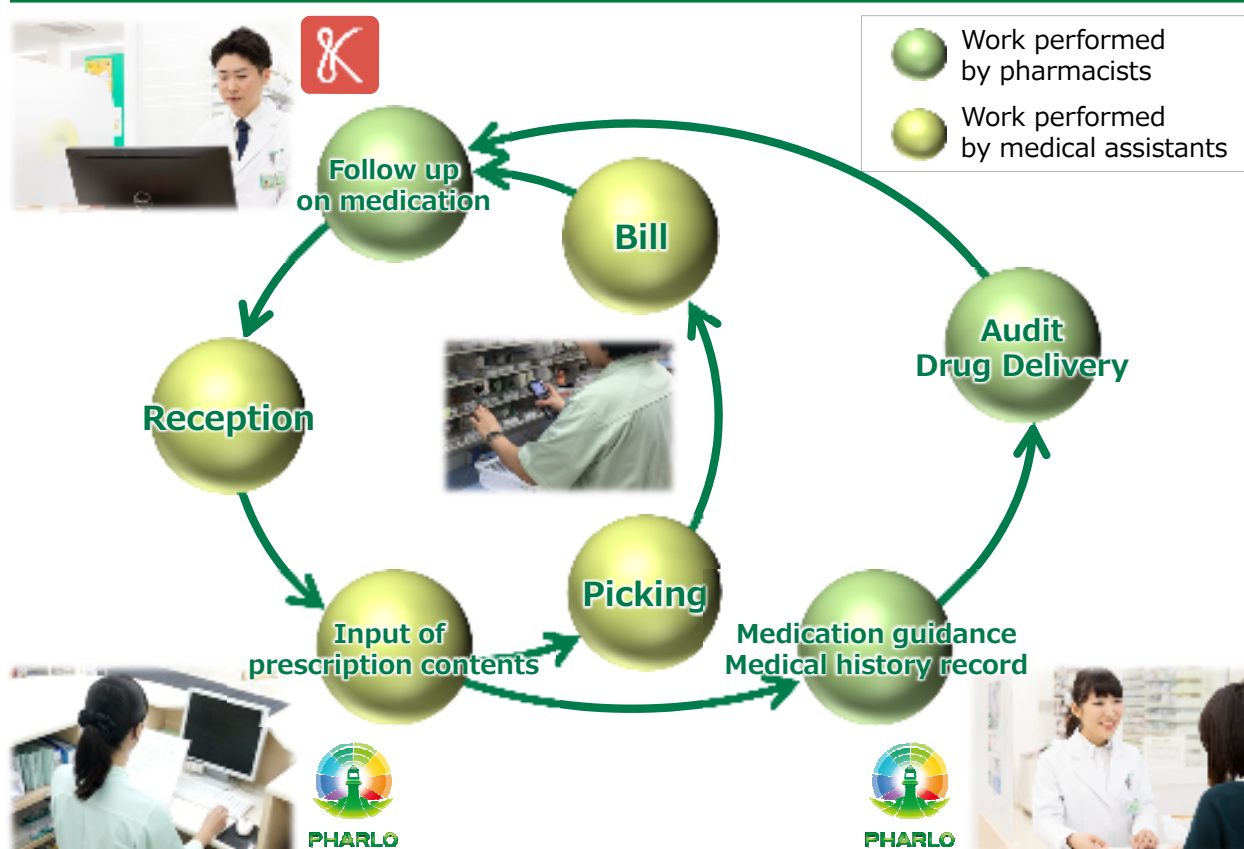


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New Initiatives

Division of duties and introduction of systems to make pharmacist work more patient-centered

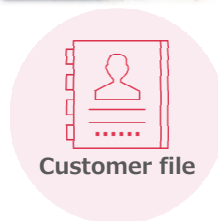


Introduction of portable information terminals and electronic medical record for cosmetics

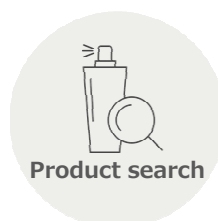
Introduction of portable information terminals



Introduction of Cosmetics electronic culet



- **Record of response contents**
Conduct customer service and counseling while referring to records of response contents including other stores
- **Checks of purchased product history**



- **Product search by skin trouble**
searching product by skin troubles such as sensitive skin, dry skin, dullness, wrinkles searching product by skin troubles
- **Search on brand, product name**

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Business alliance with Great Tree Pharmacy

SUGI Holdings



Developing a "total health care strategy" that involves lifelong health management for local residents

大樹藥局 Great Tree



The company has opened more than 180 stores in Taiwan to meet the health needs of consumers while staying close to the community.

Details of the business alliance

1. Sharing business and management expertise
2. Providing healthcare focused products
3. Giving Great Tree Pharmacy a trademark license, including the use of the Sugi Pharmacylogo, in Taiwan

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SUGI PHARMACY Group

The forward-looking statements regarding business and other forecasts are Sugi Holdings management's decisions based on information currently available at the time the report was created, and contain risks and uncertainties.

We recommend that readers do not make their decisions solely relying on these forecasts, and readers are reminded that actual results may differ materially from these forecasts due to various circumstances beyond management's control.