

Financial Results

1st Quarter - FY Ending February 28, 2022

Supplementary Information

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

The logo for SUGI Holdings, featuring the company name in a bold, sans-serif font.

June 29, 2021

Contents

- 1. Financial Highlights 1st Quarter**
- FY Ending February 28, 2022 - Consolidated -
- 2. Main Initiatives**
- 3. Appendix**

Financial Highlights 1st Quarter - FY Ending February 28, 2022 - Consolidated -

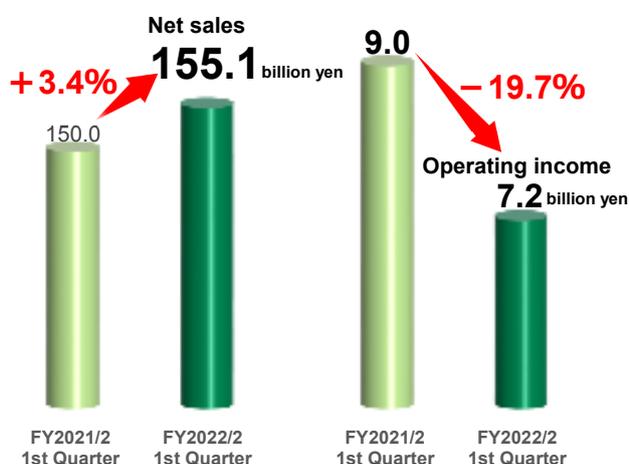
(Change in the method of presentation)

From the current fiscal year, income related to the provision of information, etc., which was included in "non-operating income", is now included in "net sales".

The relevant part of the above change is underlined in red.

Financial results highlight

Sales continued to increase despite the severe business environment



Summary of businesses

- Sales of goods : Decrease in reaction to the rapid expansion of demand that occurred in the previous fiscal year.
- Prescription : Increase in reaction to the decrease in visits to the doctor, which was suppressed due to heightened concerns about the new coronavirus infection.
- Further intensification of sales competition due to increase in number of stores nationwide.

Topics

- Increase in the number of stores with dispensing facilities to expand the dispensing business.
- Promoting the introduction of equipment to improve pharmacists' productivity.
- Actively hiring qualified personnel in line with scale expansion.

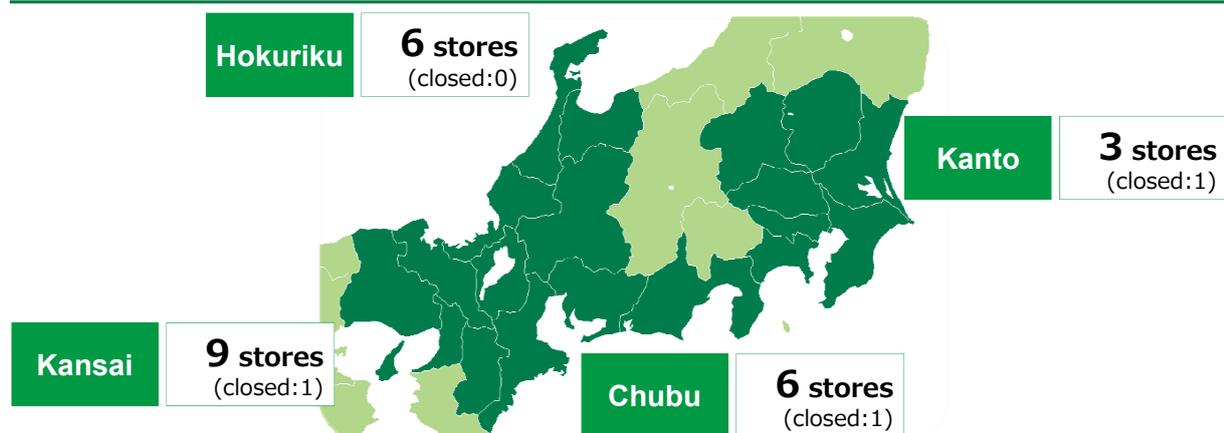
1st Quarter Financial Highlight - Consolidated -

	FY Ending 2021/2 1Q(March to May)		FY Ending 2022/2 1Q(March to May)				
	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	150,070	100.0	155,171	100.0	99.7	-404	103.4
Prescription	28,731	19.1	32,816	21.1	98.8	-395	114.2
Product Sales	120,133	80.1	120,933	77.9	100.4	444	100.7
Others	1,206	0.8	1,422	0.9	75.8	-453	117.9
Gross Profit	44,252	29.5	45,670	29.4	98.7	-605	103.2
Prescription	10,746	37.4	12,956	39.5	108.6	1,020	120.6
Product Sales	32,510	27.1	31,720	26.2	95.9	-1,344	97.6
Others	996	82.6	994	69.9	77.9	-281	99.7
SG&A Expenses	35,208	23.5	38,408	24.8	99.2	-292	109.1
Operating Income	9,044	6.0	7,262	4.7	95.9	-313	80.3
Non-Operating Income	744	0.5	750	0.5	103.6	25	100.8
Non-Operating Expenses	522	0.3	430	0.3	86.2	-70	82.4
Ordinary Income	9,267	6.2	7,582	4.9	97.2	-218	81.8
Extraordinary Income	0	-	0	-	-	0	-
Extraordinary Losses	18	0.0	132	0.1	-	132	713.9
Net Income before Income Taxes	9,248	6.2	7,449	4.8	95.5	-351	80.6
Income Taxes	3,055	2.0	2,470	1.6	95.0	-130	80.8
Net Income	6,193	4.1	4,979	3.2	95.8	-221	80.4

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4

New store openings



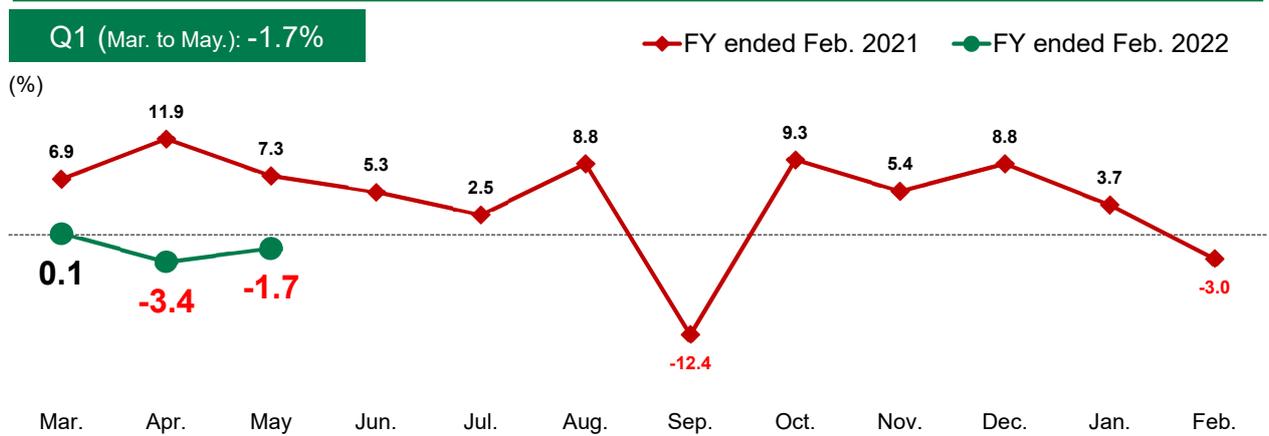
Summary

- As a result of opening 24 stores and closing 3 stores, the total number of stores as of the end of May was 1,412.
- As of the end of May, the number of stores in each area was 377 in Kanto, 510 in Chubu, 485 in Kansai, and 40 in Hokuriku.
- As a result of the opening of new stores, the percentage of stores with dispensing facilities was 84.0% (Sugi Pharmacy business only).

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5

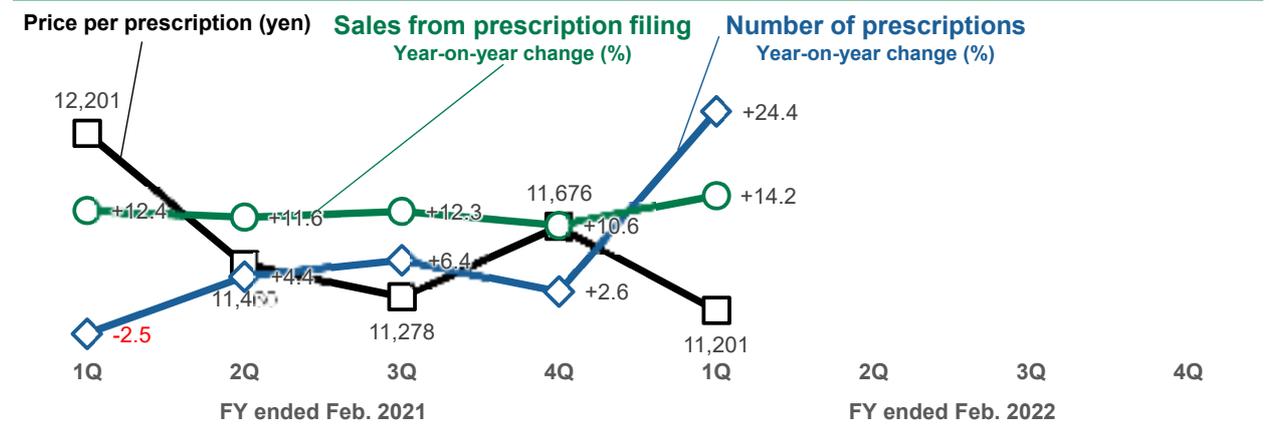
The Group's existing stores sales growth rate



Summary

- Net sales (down 1.7% year on year) : Temporary reactionary decline to increased demand related to new coronaviruses.
- Number of customers (down 4.9% year on year) : Decrease in reaction to the rapid increase in the frequency of store visits in the same period of the previous year.
- Sales per customer (up 3.4% year on year) : The number of items purchased by customers increased in inverse proportion to the decrease in the frequency of visits to the store.

Changes in the number of prescriptions and price per prescription

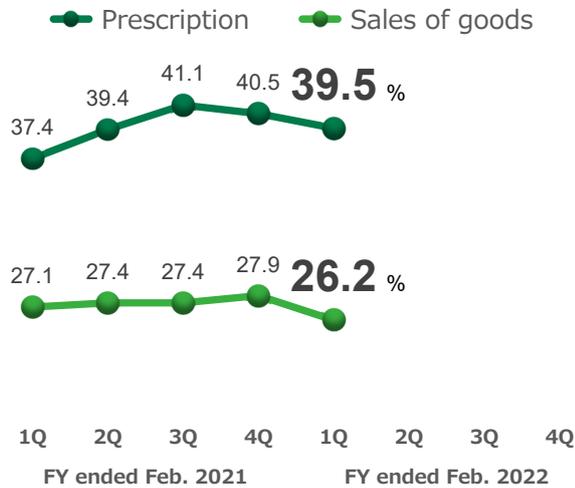


Summary

- Dispensing Sales : Continued double-digit growth despite deteriorating business environment due to NHI price revisions and reissuance of emergency declaration.
- Number of prescriptions received : Increase in reaction to the decline seen in the same period of the previous year due to reduced hospital visits and longer prescription days.
- Prescription unit price : Decrease in unit price due to shorter prescription days compared to the same period last year.

Changes in gross profit margin

Company-wide profit margin maintained at the same level as the same period last year.



Prescription

- Profitability declined due to the impact of the NHI price revision implemented in April, but maintained year-on-year growth.

Sales of goods

(Entire Group)

- Profit margins in each division declined year on year due to sales promotion activities.

(By segment)

- Gross profit margin of healthcare goods decreased due to sluggish sales of cold medicines.
- Foods' profit margins decline due to increasing trend of price competition.

Sales Trend by Product Group

Composition Ratio (%)	Composition Ratio			Sales vs. Budget	Sales Y o Y	Gross Profit Margin			Gross Profit vs. Budget	Gross Profit vs. Y o Y
	FY 2021/2 1Q		FY 2022/2 1Q			FY 2021/2 1Q	FY 2022/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	19.3	21.6	21.3	98.8	114.2	37.4	35.9	39.5	+3.6	+2.1
Product sales	80.7	78.4	78.7	100.4	100.7	27.1	27.4	26.2	-1.2	-0.9
Healthcare	19.5	19.0	19.5	102.5	103.3	39.5	39.1	38.4	-0.7	-1.1
Beauty	17.0	19.0	16.9	89.1	102.8	30.8	31.3	30.5	-0.8	-0.3
Household wares	19.8	18.2	19.3	105.9	100.6	23.4	23.8	22.9	-0.9	-0.5
Foods	24.1	21.9	22.7	103.6	97.1	17.5	17.0	15.6	-1.4	-1.9
Other	0.3	0.2	0.3	115.1	91.5	18.8	19.6	14.7	-4.9	-4.1

Selling and general administrative expenses

Cost management within the plan

(in million yen, %)	FY ended Feb. 2021 1Q		FY ended Feb. 2022 1Q			
	Results	% of sales	Results	% of sales	% of budget	% of previous year
Net sales	150,070	100.0	155,171	100.0	99.7	103.4
Total selling expenses	1,262	0.8	1,597	1.0	84.1	126.6
Personnel expenses	17,851	11.9	19,624	12.6	101.7	109.9
General administrative expense	16,093	10.7	17,186	11.1	98.2	106.8
Selling and administrative expenses	35,208	23.5	38,408	24.8	99.2	109.1

Selling expense

- Substantial increase from the previous fiscal year due to the resumption of sales promotion activities.
- Continued to implement cost effective sales promotion measures.
- Jointly implemented a plan with business partners to celebrate the 45th anniversary of the company's founding.

Personnel expenses

- Increase in personnel cost by hiring 726 new graduates.
- Strengthen mid-career recruitment of qualified personnel.

General administrative expense

- Consumption tax payment increased due to increased purchase of dispensing drugs.
- Increase in depreciation and other expenses due to investment in DX promotion implemented in the previous fiscal year.
- Other expenses were controlled within the budget by thorough cost reduction.

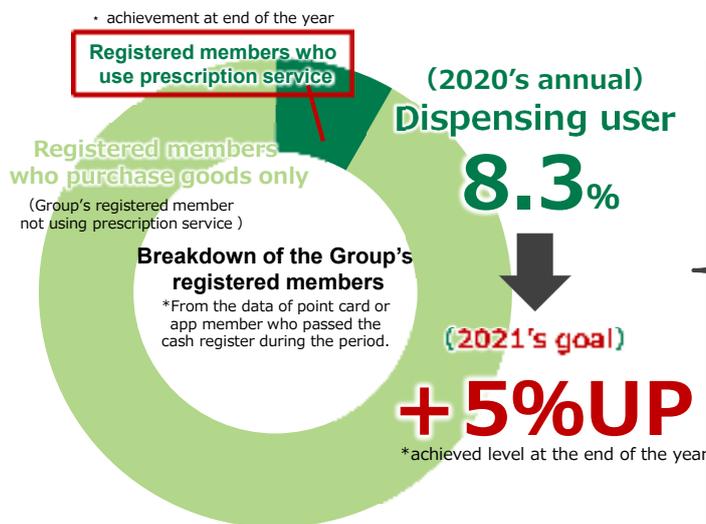
P/L Forecast for the Year Ending Feb. 28, 2022 - Consolidated -

(in million yen, %)	1st Half Year					2nd Half Year					Full Year				
	2021/2		2022/2			2021/2		2022/2			2021/2		2022/2		
	Results	Ratio	Forecast	Ratio	Y o Y	Results	Ratio	Forecast	Ratio	Y o Y	Results	Ratio	Forecast	Ratio	Y o Y
Net Sales	302,766	100.0	320,150	100.0	105.7	300,084	100.0	330,150	100.0	110.0	602,850	100.0	650,300	100.0	107.9
Prescription	57,284	18.9	66,400	20.8	115.9	60,312	20.1	70,600	21.4	117.1	117,597	19.5	137,000	21.1	116.5
Product sales	243,384	80.4	250,000	78.1	102.7	237,600	79.2	253,000	76.7	106.5	480,984	79.8	503,000	77.4	104.6
Gross Margin	89,957	29.7	96,150	30.0	106.9	91,673	30.5	99,150	30.0	108.2	181,631	30.1	195,300	30.0	107.5
Prescription	21,999	38.4	24,000	36.1	109.1	24,622	40.8	26,000	36.8	105.6	46,621	39.6	50,000	36.5	107.2
Product sales	66,326	27.3	69,700	27.9	105.1	65,701	27.7	69,900	27.6	106.4	132,028	27.4	139,600	27.8	105.7
SG&A	71,282	23.5	79,000	24.7	110.8	76,307	25.4	82,000	24.8	107.5	147,590	24.5	161,000	24.8	109.1
Selling Expenses	3,016	1.0	4,200	1.3	139.2	4,137	1.4	4,200	1.3	101.5	7,154	1.2	8,400	1.3	117.4
Personnel Expenses	35,917	11.9	38,700	12.1	107.7	37,805	12.6	39,800	12.1	105.3	73,723	12.2	78,500	12.1	106.5
SG&A Expenses	32,347	10.7	36,100	11.3	111.6	34,364	11.5	38,000	11.5	110.6	66,711	11.1	74,100	11.4	111.1
Operating Profit	18,675	6.2	17,150	5.4	91.8	15,365	5.1	17,150	5.2	111.6	34,041	5.6	34,300	5.3	100.8
Recurring Profit	19,193	6.3	17,500	5.5	91.2	16,140	5.4	18,000	5.5	111.5	35,333	5.9	35,500	5.5	100.5
Net Income	12,555	4.1	11,400	3.6	90.8	8,565	2.9	10,600	3.2	123.8	21,120	3.5	22,000	3.4	104.2

Main Initiatives

Improving use of dispensing by approaching to customers who purchase only goods

Aiming to increase the dispensing user of product sales customers by 5% * this year.



Encouraging the use of our dispensing services by promoting the download of the "family pharmacy app".

Family pharmacy app
(MedPeer, Inc.'s service)



kakari

- An application that allows you to register your own "family pharmacy" and consolidate your medications at that pharmacy.
- Digital prescription record, transmission of prescription, interactive chat service, online medicine guiding service



Registered members who use prescription service

"family pharmacy" as Sugi pharmacy's dispensing



Sugi pharmacy's dispensing

Specific measures

Implement the PDCA(plan do check act) cycle for both online and offline measures.

Offline connection

- Promote downloads of “family pharmacy app” through customer service at cash register for example, receipt promotion and asking customer by face to face.

Store's cash register



Dispensing room



Guide the customer to dispensing room



Online connection



- Promotion of application downloads of “family pharmacy app” through Official app, LINE, YouTube.

Official app Official account YouTube



Appendix

Store Openings and Closings

Nos. of stores by region	FY2021/2 Full Year	FY2022/2 1st Quarter			Forecast after June 2021			FY 2022/2 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	375	3	1	377	31	6	34	7	+27	402	
Chubu Region	505	6	1	510	26	5	32	6	+26	531	
Hokuriku Region	34	6	0	40	14	0	20	0	+20	54	
Kansai Region	477	9	1	485	22	6	34	7	+27	504	
Total	1,391	24	3	1,412	96	17	120	20	+100	1,491	

Nos. of stores by company	FY2021/2 Full Year	FY2022/2 1st Quarter				Forecast after June 2021			FY 2022/2 Full Year forecast				
	As of the Term-End	Store Openings	Store Closings	Store format conversion	As of the Term-End	Store Openings	Store Closings	Store format conversion	Store Openings	Store Closings	Store format conversion	Change	As of the Term-End
Sugi Pharmacy	1,267	24	3	+1	1,289	94	17	+3	118	20	+4	+102	1,369
Japan	111	0	0	-1	110	0	0	-3	0	0	-4	-4	107
Visit Nursing Care ST	13	0	0	0	13	2	0	0	2	0	0	+2	15
Total	1,391	24	3	0	1,412	96	17	0	120	20	0	+100	1,491

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16

1st Quarter Financial Highlight - Consolidated -

	FY Ending 2021/2 1Q(March to May)		FY Ending 2022/2 1Q(March to May)				
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (in %)	vs. Budget (in million yen)	YoY (%)
Net Sales	150,070	100.0	155,171	100.0	99.7	-404	103.4
Sugi Pharmacy business	133,209	88.9	140,072	90.3	99.8	-328	105.2
Japan business	15,655	10.4	13,677	8.8	102.8	377	87.4
Others	1,206	0.8	1,422	0.9	75.8	-453	117.9
Gross Profit	44,252	29.5	45,670	29.4	98.7	-605	103.2
Sugi Pharmacy business	39,909	30.0	41,868	29.9	99.7	-132	104.9
Japan business	3,347	21.4	2,809	20.5	93.7	-191	83.9
Others	996	82.6	994	69.9	77.9	-281	99.7
SG&A Expenses	35,208	23.5	38,408	24.8	99.2	-292	109.1
Operating Income	9,044	6.0	7,262	4.7	95.9	-313	80.3
Non-Operating Income	744	0.5	750	0.5	103.6	25	100.8
Non-Operating Expenses	522	0.3	430	0.3	86.2	-70	82.4
Ordinary Income	9,267	6.2	7,582	4.9	97.2	-218	81.8
Extraordinary Income	0	—	0	—	—	0	—
Extraordinary Losses	18	0.0	132	0.1	—	132	713.9
Net Income before Income Taxes	9,248	6.2	7,449	4.8	95.5	-351	80.6
Income Taxes	3,055	2.0	2,470	1.6	95.0	-130	80.8
Net Income	6,193	4.1	4,979	3.2	95.8	-221	80.4

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17

1st Quarter SG&A Expenses Status - Consolidated -

	FY Ending 2021/2 1Q (March to May)		FY Ending 2022/2 1Q(March to May)			
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)	Results (in million yen)
Net Sales	150,070	100.0	155,171	100.0	99.7	103.4
Total Selling Expenses	1,262	0.8	1,597	1.0	84.1	126.6
Advertising Expenses	755	0.5	1,063	0.7	93.3	140.8
Premium Expenses	507	0.3	534	0.3	70.3	105.4
Personnel Expenses	17,851	11.9	19,624	12.6	101.7	109.9
Total Administrative Expenses	16,093	10.7	17,186	11.1	98.2	106.8
Rent Expenses	7,278	4.8	7,929	5.1	99.1	108.9
Depreciation Expenses	2,245	1.5	2,564	1.7	98.6	114.2
Utilities Expenses	961	0.6	952	0.6	95.3	99.1
Supplies Expenses	1,227	0.8	948	0.6	94.9	77.3
Tax and Public Charges	1,171	0.8	1,326	0.9	102.1	113.3
Commission Paid	1,526	1.0	1,666	1.1	104.1	109.1
Others	1,682	1.1	1,797	1.2	89.9	106.9
Total SG&A Expenses	35,208	23.5	38,408	24.8	99.2	109.1

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18

Sales Trend by Product Group - Sugi -

(%)	Composition Ratio			Sales vs. Budget	Sales Y o Y	Gross Profit Margin			Gross Profit vs. Budget	Gross Profit vs. Y o Y
	FY 2021/2 1Q	FY 2022/2 1Q				FY 2021/2 1Q	FY 2022/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	21.6	23.7	23.4	98.8	114.2	37.4	35.9	39.5	+3.6	+2.1
Healthcare	20.7	19.9	20.4	102.3	103.8	39.6	39.0	38.4	-0.6	-1.2
Beauty	18.1	20.0	17.8	88.9	103.2	30.9	31.4	30.7	-0.7	-0.2
Household wares	19.8	18.1	19.2	105.7	101.9	23.4	23.6	22.8	-0.8	-0.6
Foods	19.7	18.3	19.1	104.2	101.8	17.5	16.8	15.5	-1.3	-2.0
Other	0.1	0.1	0.1	113.4	96.3	31.6	30.2	19.6	-10.6	-12.0
Total	100.0	100.0	100.0	99.8	105.2	30.0	29.9	29.9	±0.0	-0.1

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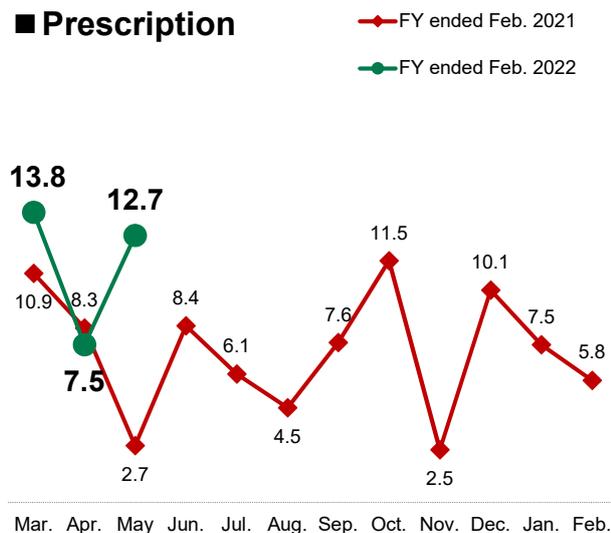
19

Sales Trend by Product Group - Japan -

(%)	Composition Ratio			Sales vs. Budget	Sales Y o Y	Gross Profit Margin			Gross Profit vs. Budget	Gross Profit vs. Y o Y	
	FY 2021/2 1Q		FY 2022/2 1Q			FY 2021/2 1Q		FY 2022/2 1Q			
	Results	Budget	Results			Results	Budget	Results			
Healthcare	9.6	10.1	10.3	105.0	94.1	37.7	41.6	37.7	-3.9	±0.0	
Beauty	7.1	8.5	7.9	95.1	96.1	28.5	29.3	27.1	-2.2	-1.4	
Household wares	19.6	19.3	20.1	107.4	89.7	24.0	25.5	23.7	-1.8	-0.3	
Foods	61.9	60.5	59.9	101.8	84.5	17.5	17.7	15.9	-1.8	-1.6	
Other	1.8	1.6	1.8	116.1	88.9	11.8	13.3	11.8	-1.5	±0.0	
Total	100.0	100.0	100.0	102.8	87.4	21.4	22.6	20.5	-2.1	-0.9	

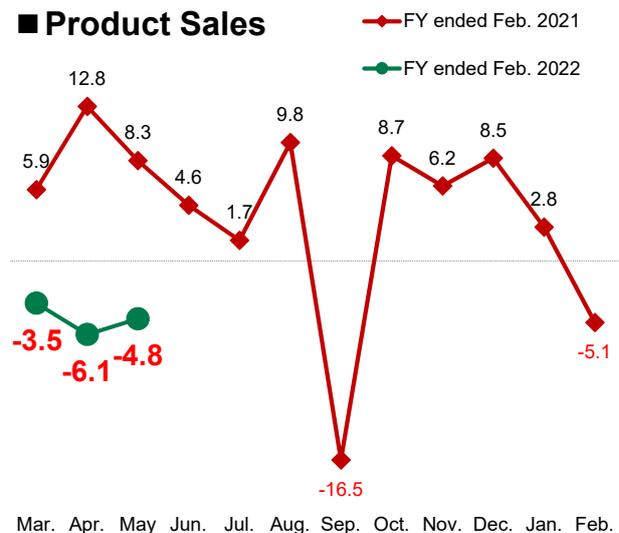
Existing Stores Sales Growth Rate

■ Prescription



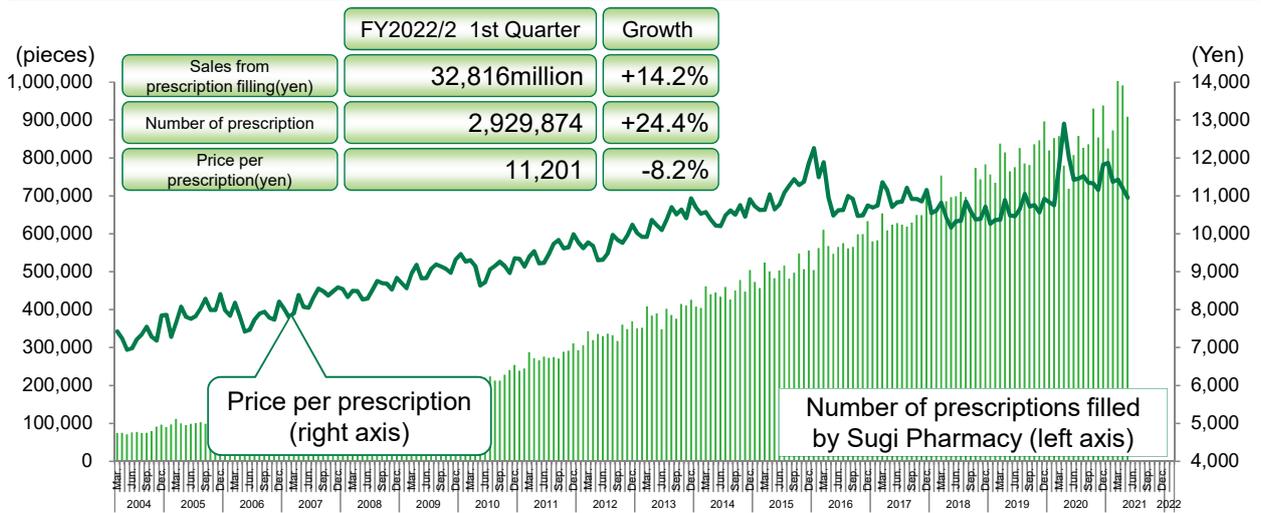
Q1 (Mar. to May.): +11.3%

■ Product Sales



Q1 (Mar. to May.): -4.8%

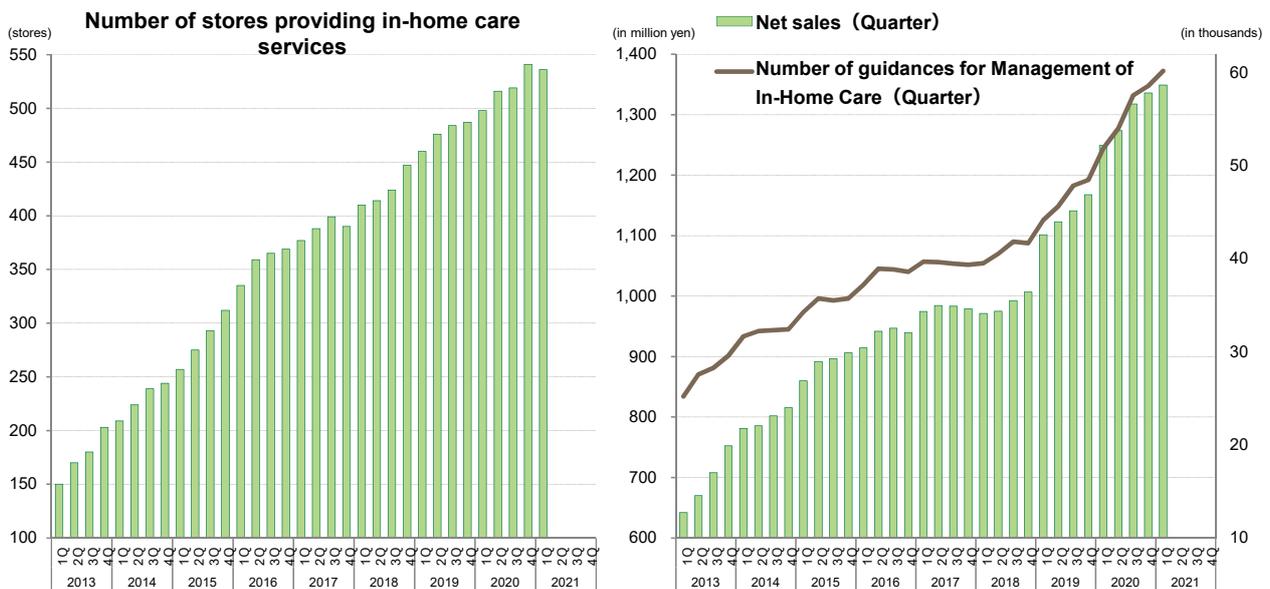
Trends in the Number of Prescriptions and Price per Prescription



	FY 2009/2	FY 2010/2	FY 2011/2	FY 2012/2	FY 2013/2	FY 2014/2	FY 2015/2	FY 2016/2	FY 2017/2	FY 2018/2	FY 2019/2	FY 2020/2	FY 2021/2
Number of prescriptions	2,010,444	2,346,349	2,725,013	3,408,128	4,103,319	4,782,507	5,473,832	6,181,431	6,982,700	7,704,463	8,698,045	9,833,178	10,101,138
Avg. price / prescription(yen)	8,569	9,115	9,107	9,596	9,747	10,450	10,548	11,270	10,810	10,917	10,471	10,707	11,642

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In-home Medical Care Services – As of May. 31, 2021



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SUGI PHARMACY Group

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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.