

# Financial Results

## 1st Half - FY Ending February 28, 2022

### Supplementary Information

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



SUGI Holdings  
September 28, 2021

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

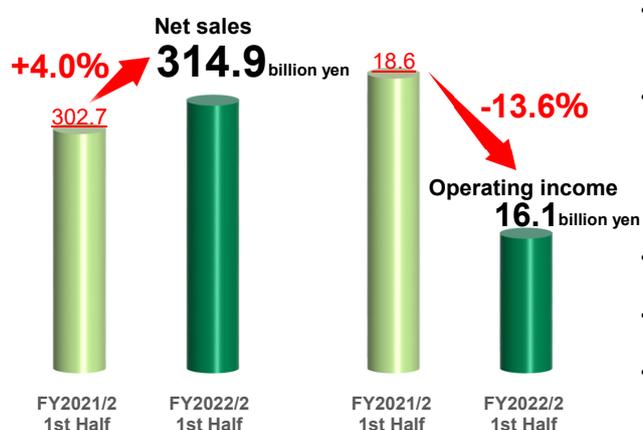
(Change in the method of presentation)

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

Although the business environment will become more difficult, sales will continue to increase.



### Summary of businesses

- Product sales: Reactionary decline in hygiene products, etc., whose demand expanded in the previous year.
- Dispensing: Strong double-digit growth due to aggressive opening of stores with dispensing pharmacy.

### Topics

- Increasing the number of stores with dispensing facilities to expand the dispensing business.
- Control sales measures to secure gross profit margin for product sales. (Major improvement in the second quarter)
- Closed/ refurbished/ impaired some stores.

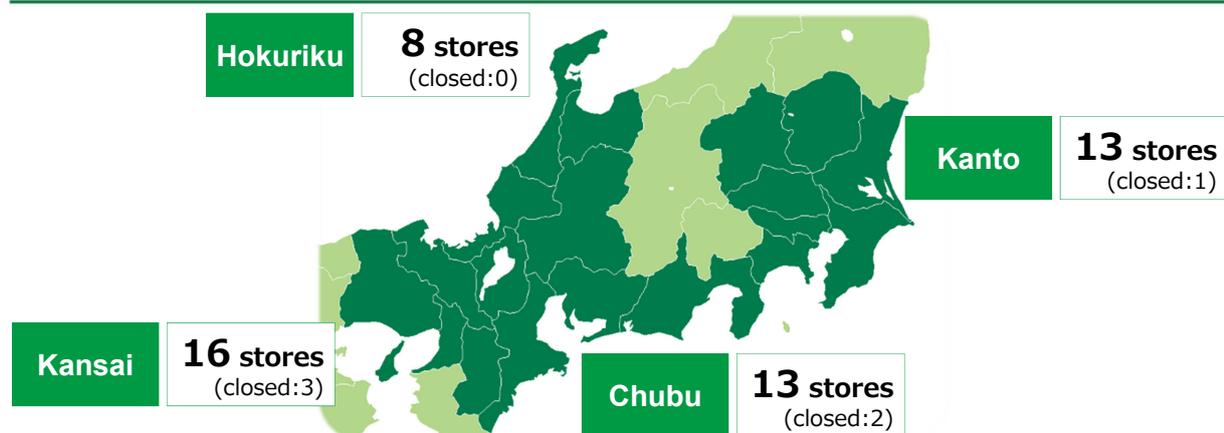
## 1st Half Financial Highlight - Consolidated -

	FY Ending 2021/2 1H(March to August)		FY Ending 2022/2 1H(March to August)				
	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 (%)
<b>Net Sales</b>	<b>302,766</b>	<b>100.0</b>	<b>314,955</b>	<b>100.0</b>	<b>98.4</b>	<b>-5,195</b>	<b>104.0</b>
Prescription	57,284	18.9	65,291	20.7	98.3	-1,109	114.0
Product Sales	243,384	80.4	247,522	78.6	99.0	-2,478	101.7
Others	2,098	0.7	2,142	0.7	57.1	-1,608	102.1
<b>Gross Profit</b>	<b>89,957</b>	<b>29.7</b>	<b>94,125</b>	<b>29.9</b>	<b>97.9</b>	<b>-2,025</b>	<b>104.6</b>
Prescription	21,999	38.4	25,944	39.7	108.1	+1,944	117.9
Product Sales	66,326	27.3	66,808	27.0	95.9	-2,891	100.7
Others	1,632	77.8	1,373	64.0	56.0	-1,077	84.1
<b>SG&amp;A Expenses</b>	<b>71,282</b>	<b>23.5</b>	<b>77,993</b>	<b>24.8</b>	<b>98.7</b>	<b>-1,007</b>	<b>109.4</b>
<b>Operating Income</b>	<b>18,675</b>	<b>6.2</b>	<b>16,131</b>	<b>5.1</b>	<b>94.1</b>	<b>-1,019</b>	<b>86.4</b>
Non-Operating Income	1,530	0.5	1,478	0.5	109.5	+128	96.6
Non-Operating Expenses	1,012	0.3	930	0.3	93.1	-70	91.9
<b>Ordinary Income</b>	<b>19,193</b>	<b>6.3</b>	<b>16,678</b>	<b>5.3</b>	<b>95.3</b>	<b>-822</b>	<b>86.9</b>
Extraordinary Income	0	0.0	0	0.0	-	±0	-
Extraordinary Losses	434	0.1	1,949	0.6	389.9	+1,449	448.6
<b>Net Income before Income Taxes</b>	<b>18,758</b>	<b>6.2</b>	<b>14,729</b>	<b>4.7</b>	<b>86.6</b>	<b>-2,271</b>	<b>78.5</b>
Income Taxes	6,203	2.0	4,892	1.6	87.4	-708	78.9
<b>Net Income</b>	<b>12,555</b>	<b>4.1</b>	<b>9,836</b>	<b>3.1</b>	<b>86.3</b>	<b>-1,564</b>	<b>78.3</b>

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## New store openings



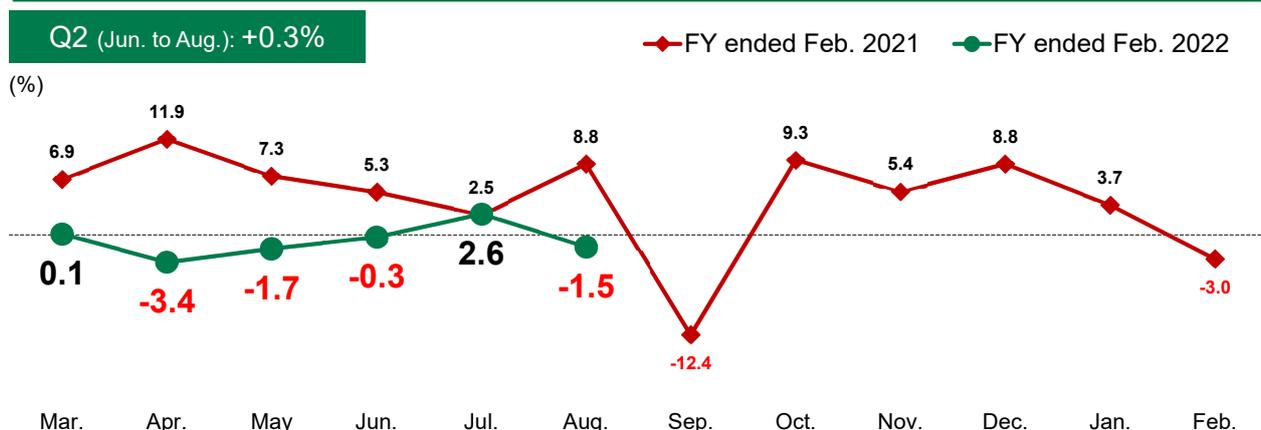
### Summary

- As a result of opening 50 stores and closing 6 stores, the total number of stores as of the end of May was 1,435.
- As of the end of May, the number of stores in each area was 387 in Kanto, 516 in Chubu, 490 in Kansai, and 42 in Hokuriku.
- As a result of the opening of new stores, the percentage of stores with dispensing facilities was 85.2% (Sugi Pharmacy business only).

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## The Group's existing stores sales growth rate



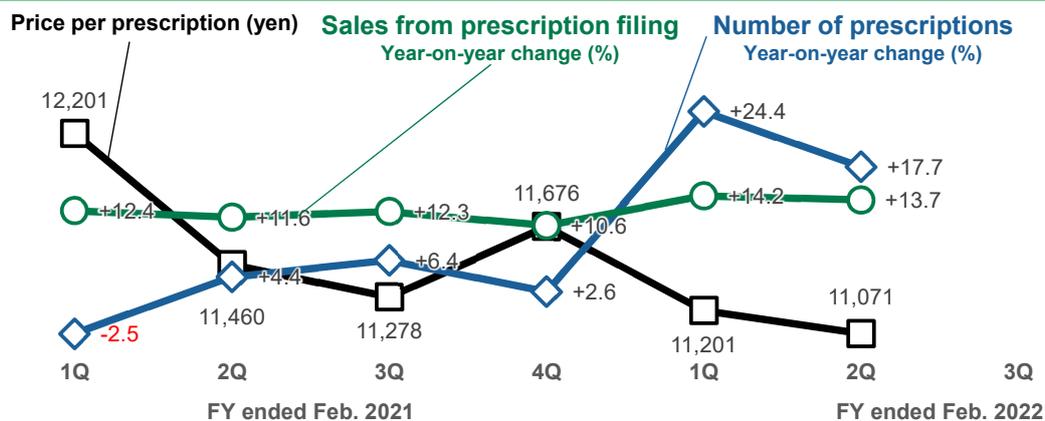
### Summary

- Net sales (down 0.7% year on year) : A reactionary decline from the increase in corona-related demand in the previous term.
- Number of customers (down 0.3% year on year) : Reactionary decline in response to the rapid increase in store visit frequency in the previous term.
- Sales per customer (down 0.4% year on year) : The number of items purchased decreased due to a reactionary decline from the increase in demand for stay-at-home consumption in the previous term.

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## Changes in the number of prescriptions and price per prescription



### Summary

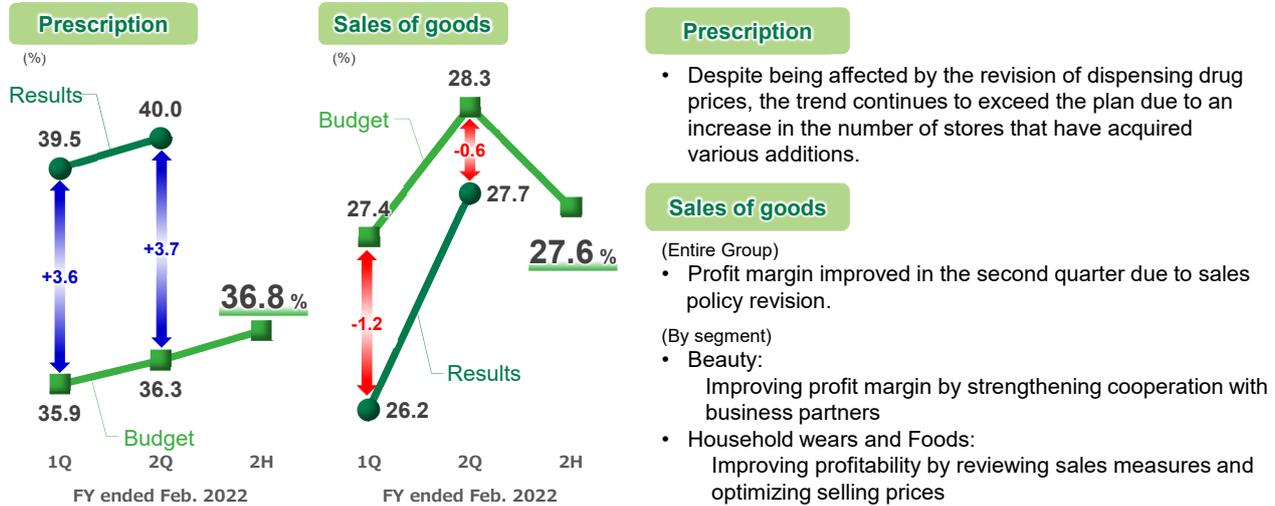
- Dispensing Sales : Despite being affected by drug price revisions, double-digit growth continues due to an increase in the number of stores with dispensing facilities.
- Number of prescriptions received : Increased reaction from the decline in consultations and long-term prescriptions in the previous term.
- Prescription unit price: Reactionary decrease from unit price increase due to prolonged prescription days in the previous term.

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## Gross Profit Margin (Plan Comparison)

### Planned difference in product sales profit margin improved



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## 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 1H		FY 2022/2 1H			FY 2021/2 1H		FY 2022/2 1H				
	Results	Budget	Results			Budget	Results	Budget			Results	Budget
<b>Prescription</b>	19.1	21.0	20.9	98.3	114.0	38.4	36.1	39.7	+3.6	+1.3		
<b>Product sales</b>	80.9	79.0	79.1	99.0	101.7	27.3	27.9	27.0	-0.9	-0.3		
Healthcare	20.0	19.2	19.4	99.7	101.0	38.6	39.8	38.8	-1.0	+0.2		
Beauty	17.3	19.2	17.2	88.8	103.5	31.2	31.9	31.7	-0.2	+0.5		
Household wares	20.3	18.4	19.6	105.6	100.8	24.2	24.1	23.8	-0.3	-0.4		
Foods	23.1	22.0	22.7	101.7	101.9	17.2	17.2	16.2	-1.0	-1.0		
Other	0.3	0.2	0.2	110.0	93.9	18.7	19.5	14.8	-4.7	-3.9		

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## Selling and general administrative expenses

# Continue planned control

(in million yen, %)	FY ended Feb. 2021 1H		FY ended Feb. 2022 1H			
	Results	% of sales	Results	% of sales	% of budget	% of previous year
Net sales	302,766	100.0	314,955	100.0	98.4	104.0
Total selling expenses	3,016	1.0	3,312	1.1	78.9	109.8
Personnel expenses	35,917	11.9	39,536	12.6	102.2	110.1
General administrative expense	32,347	10.7	35,145	11.2	97.4	108.6
Selling and administrative expenses	71,282	23.5	77,993	24.8	98.7	109.4

### Selling expense

- Focus on cost-effective sales promotion measures.
- Promote 45<sup>th</sup> anniversary, planning with business partners.

### Personnel expenses

- Strengthen mid-career recruitment of qualified person such as pharmacists, etc.

### General administrative expense

- Increased consumption tax payments due to increase purchases of dispensing drugs.
- Fees increase with the spread off cashless payment.
- Depreciation increases due to new store openings and DX promotion investment.

# Appendix

## Store Openings and Closings

Nos. of stores by region	FY2021/2 Full Year	FY2022/2 1st Half			Forecast after September 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	13	1	387	21	3	34	4	+30	405	
Chubu Region	505	13	2	516	19	7	32	9	+23	528	
Hokuriku Region	34	8	0	42	12	0	20	0	+20	54	
Kansai Region	477	16	3	490	18	4	34	7	+27	504	
<b>Total</b>	<b>1,391</b>	<b>50</b>	<b>6</b>	<b>1,435</b>	<b>70</b>	<b>14</b>	<b>120</b>	<b>20</b>	<b>+100</b>	<b>1,491</b>	

Nos. of stores by company	FY2021/2 Full Year	FY2022/2 1st Half				Forecast after September 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	50	5	+2	1,314	68	14	+2	118	19	+4	+103	1,370
Japan	111	0	1	-2	108	0	0	-2	0	1	-4	-5	106
Visit Nursing Care ST	13	0	0	0	13	2	0	0	2	0	0	+2	15
<b>Total</b>	<b>1,391</b>	<b>50</b>	<b>6</b>	<b>0</b>	<b>1,435</b>	<b>70</b>	<b>14</b>	<b>0</b>	<b>120</b>	<b>20</b>	<b>0</b>	<b>+100</b>	<b>1,491</b>

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## 1st Half Financial Highlight - Consolidated -

	FY Ending 2021/2 1H(March to August)		FY Ending 2022/2 1H(March to August)				
	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 (%)
<b>Net Sales</b>	<b>302,766</b>	<b>100.0</b>	<b>314,955</b>	<b>100.0</b>	<b>98.4</b>	<b>-5,195</b>	<b>104.0</b>
Sugi Pharmacy business	269,703	89.1	285,258	90.6	98.7	-3,842	105.8
Japan business	30,965	10.2	27,555	8.7	100.9	+255	89.0
Others	2,098	0.7	2,142	0.7	57.1	-1,608	102.1
<b>Gross Profit</b>	<b>89,957</b>	<b>29.7</b>	<b>94,125</b>	<b>29.9</b>	<b>97.9</b>	<b>-2,025</b>	<b>104.6</b>
Sugi Pharmacy business	81,700	30.3	86,976	30.5	99.3	-624	106.5
Japan business	6,625	21.4	5,777	21.0	94.7	-323	87.2
Others	1,632	77.8	1,373	64.0	56.0	-1,077	84.1
<b>SG&amp;A Expenses</b>	<b>71,282</b>	<b>23.5</b>	<b>77,993</b>	<b>24.8</b>	<b>98.7</b>	<b>-1,007</b>	<b>109.4</b>
<b>Operating Income</b>	<b>18,675</b>	<b>6.2</b>	<b>16,131</b>	<b>5.1</b>	<b>94.1</b>	<b>-1,019</b>	<b>86.4</b>
Non-Operating Income	1,530	0.5	1,478	0.5	109.5	+128	96.6
Non-Operating Expenses	1,012	0.3	930	0.3	93.1	-70	91.9
<b>Ordinary Income</b>	<b>19,193</b>	<b>6.3</b>	<b>16,678</b>	<b>5.3</b>	<b>95.3</b>	<b>-822</b>	<b>86.9</b>
Extraordinary Income	0	0.0	0	0.0	-	±0	-
Extraordinary Losses	434	0.1	1,949	0.6	389.9	+1,449	448.6
<b>Net Income before Income Taxes</b>	<b>18,758</b>	<b>6.2</b>	<b>14,729</b>	<b>4.7</b>	<b>86.6</b>	<b>-2,271</b>	<b>78.5</b>
Income Taxes	6,203	2.0	4,892	1.6	87.4	-708	78.9
<b>Net Income</b>	<b>12,555</b>	<b>4.1</b>	<b>9,836</b>	<b>3.1</b>	<b>86.3</b>	<b>-1,564</b>	<b>78.3</b>

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## 1st Half SG&A Expenses Status - Consolidated -

	FY Ending 2021/2 1H (March to August)		FY Ending 2022/2 1H (March to August)			
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)	Results (in million yen)
Net Sales <sup>0</sup>	<b>302,766</b>	<b>100.0</b>	<b>314,955</b>	<b>100.0</b>	<b>98.4</b>	<b>104.0</b>
<b>Total Selling Expenses</b>	<b>3,016</b>	<b>1.0</b>	<b>3,312</b>	<b>1.1</b>	<b>78.9</b>	<b>109.8</b>
Advertising Expenses	1,730	0.6	1,973	0.6	79.0	114.1
Premium Expenses	1,286	0.4	1,338	0.4	78.7	104.1
<b>Personnel Expenses</b>	<b>35,917</b>	<b>11.9</b>	<b>39,536</b>	<b>12.6</b>	<b>102.2</b>	<b>110.1</b>
<b>Total Administrative Expenses</b>	<b>32,347</b>	<b>10.7</b>	<b>35,145</b>	<b>11.2</b>	<b>97.4</b>	<b>108.6</b>
Rent Expenses	14,687	4.9	15,953	5.1	99.1	108.6
Depreciation Expenses	4,654	1.5	5,268	1.7	97.6	113.2
Utilities Expenses	2,125	0.7	2,184	0.7	95.0	102.8
Supplies Expenses	2,119	0.7	1,930	0.6	91.9	91.1
Tax and Public Charges	2,263	0.7	2,658	0.8	102.2	117.4
Commission Paid	3,229	1.1	3,584	1.1	102.4	111.0
Others	3,266	1.1	3,565	1.1	87.0	109.2
<b>Total SG&amp;A Expenses</b>	<b>71,282</b>	<b>23.5</b>	<b>77,993</b>	<b>24.8</b>	<b>98.7</b>	<b>109.4</b>

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## 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 1H	FY 2022/2 1H				FY 2021/2 1H	FY 2022/2 1H			
	Results	Budget	Results			Results	Budget	Results		
Prescription	21.2	23.0	22.9	98.3	114.0	38.4	36.1	39.7	+3.6	+1.3
Healthcare	21.1	20.1	20.3	99.6	101.6	38.7	39.7	38.9	-0.8	+0.2
Beauty	18.4	20.2	18.1	88.6	103.9	31.3	32.0	31.9	-0.1	+0.6
Household wares	20.2	18.3	19.5	105.4	102.1	24.2	24.0	23.7	-0.3	-0.5
Foods	18.9	18.4	19.1	102.3	107.1	17.3	17.1	16.2	-0.9	-1.1
Other	0.1	0.1	0.1	106.9	99.2	31.1	30.3	20.6	-9.7	-10.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>98.7</b>	<b>105.8</b>	<b>30.3</b>	<b>30.3</b>	<b>30.5</b>	<b>+0.2</b>	<b>+0.2</b>

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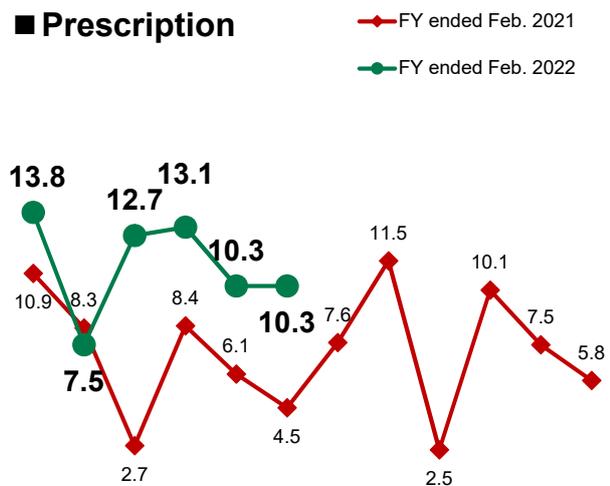
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## Sales Trend by Product Group - Japan -

(%)	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 1H	FY 2022/2 1H				FY 2021/2 1H	FY 2022/2 1H			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	10.1	10.2	10.2	101.6	90.3	36.7	41.4	37.5	-3.9	+0.8
Beauty	7.5	8.5	7.9	93.3	93.9	28.8	29.4	28.4	-1.0	-0.4
Household wares	20.3	19.3	20.5	107.2	89.7	24.6	25.3	24.9	-0.4	+0.3
Foods	60.4	60.4	59.6	99.6	87.9	17.1	17.4	16.1	-1.3	-1.0
Other	1.7	1.6	1.7	111.8	91.2	12.1	13.0	11.4	-1.6	-0.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.9</b>	<b>89.0</b>	<b>21.4</b>	<b>22.3</b>	<b>21.0</b>	<b>-1.3</b>	<b>-0.4</b>

## Existing Stores Sales Growth Rate

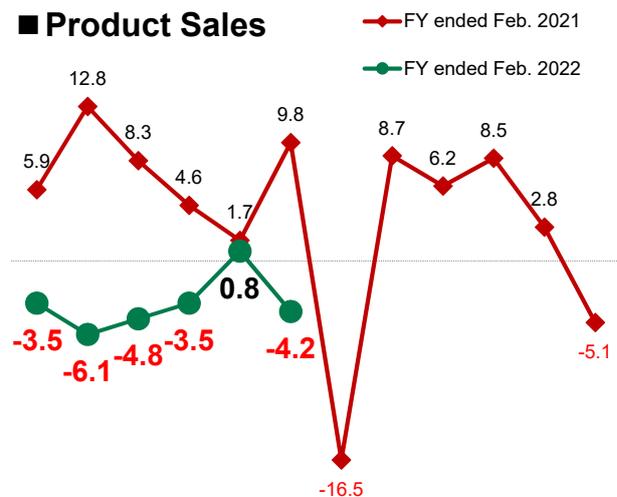
### ■ Prescription



Mar. Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb.

Q2 (Jun. to Aug. ): +11.2%

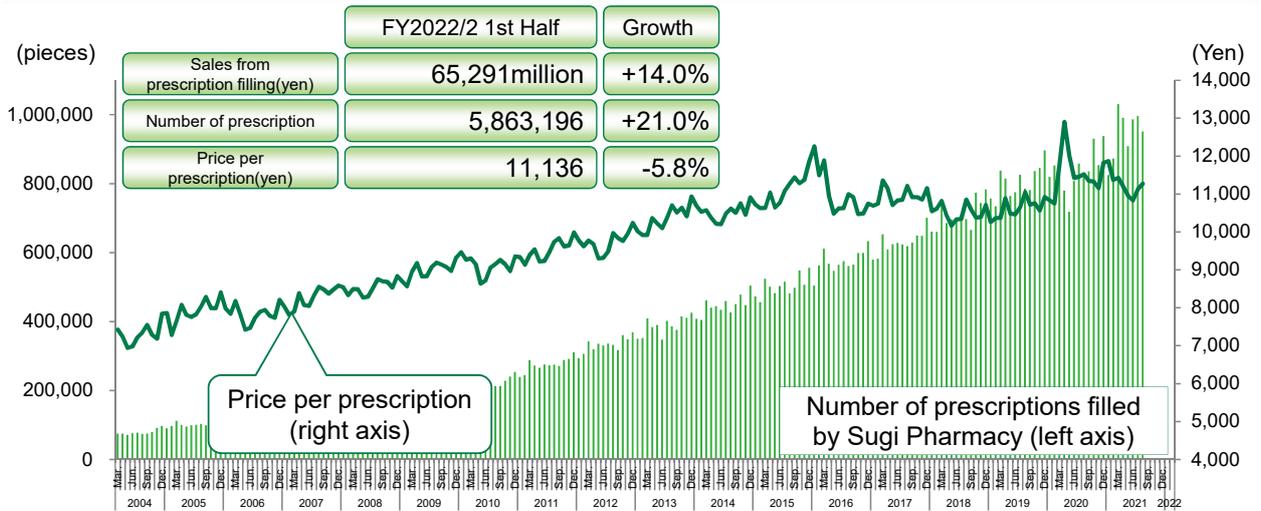
### ■ Product Sales



Mar. Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb.

Q2 (Jun. to Aug. ): -2.3%

## Trends in the Number of Prescriptions and Price per Prescription

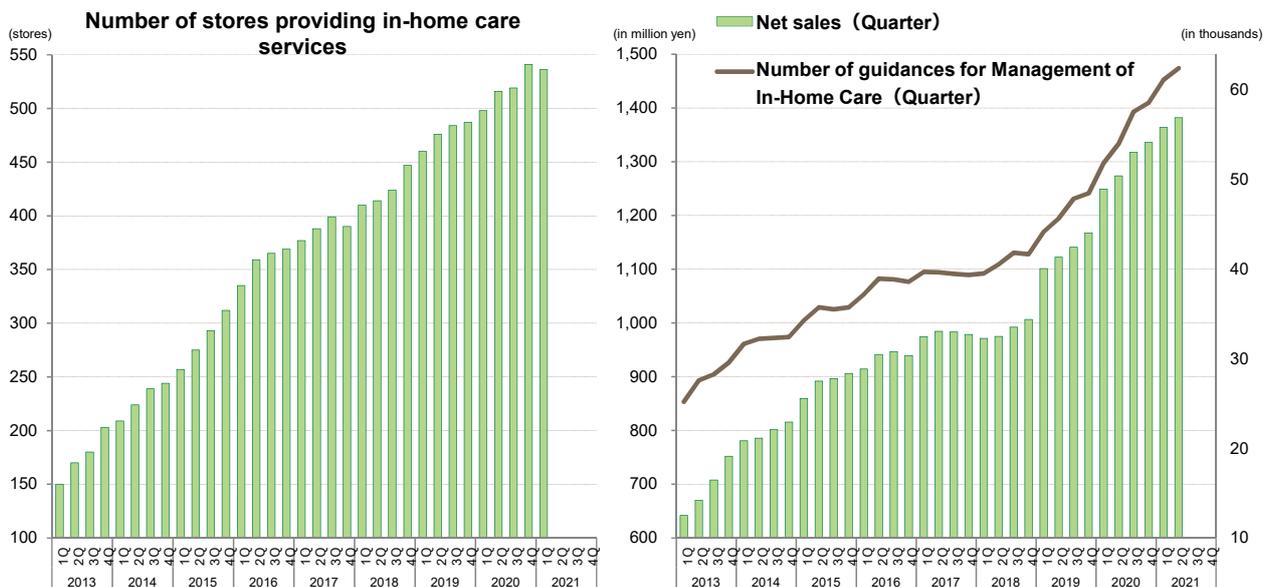


	FY 2009/2	FY 2010/2	FY 2011/2	FY 2012/2	FY 2013/2	FY 2014/2	FY 2015/2	FY 2016/2	FY 2017/2	FY 2018/2	FY 2019/2	FY 2020/2	FY 2021/2
Number of prescriptions	2,010,444	2,346,349	2,725,013	3,408,128	4,103,319	4,782,507	5,473,832	6,181,431	6,982,700	7,704,463	8,698,045	9,833,178	10,101,138
Avg. price / prescription(yen)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