

Financial Results

3rd 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 stylized, bold, sans-serif font.

December 28, 2021

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- FY Ending February 28, 2022 - Consolidated -**

Financial Highlights 3rd 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

Downward revision of earnings forecast for the fiscal year ending February 28, 2022

(Units : million yen, %)	FY Ended 2021/2 Full Year		FY Ended 2022/2 Full Year						
	Results	Ratio to Sales (%)	Previous forecast (A)	Ratio to Sales (%)	Revised forecast (B)	Ratio to Sales (%)	Increase/Decrease (B-A)	Change (%)	Y o Y(%)
Net Sales	602,850	100.0	650,300	100.0	625,000	100.0	-25,300	-3.9	103.7
Operating Income	34,041	5.6	34,300	5.3	31,000	5.0	-3,300	-9.6	91.1
Ordinary Income	35,333	5.9	35,500	5.5	32,000	5.1	-3,500	-9.9	90.6
Net Income	21,120	3.5	22,000	3.4	18,300	2.9	-3,700	-16.8	86.6

We have revised our full-year consolidated forecasts for the fiscal year ending February 28, 2022 to net sales of 625.0 billion yen (+3.7% YoY), operating income of 31.0 billion yen (-8.9% YoY), and net income attributable to owners of the parent of 18.3 billion yen (-13.4% YoY). In addition to the downturn in the first three months of the fiscal year, the company has revised downward its forecasts for net sales and operating income by 25.3 billion yen and 3.3 billion yen.

In the current fiscal year, sales and profits have fallen short of the initial forecast due to a larger-than-expected reactionary decline in demand for products to combat the new coronavirus infection and stay-at-home demand, which had grown significantly in the previous fiscal year. As well as a prolonged decline in demand for cosmetics and OTC drugs due to the regular use of masks and increased hygiene awareness. In addition, due to the disposal of stagnant inventories of masks and other products and the implementation of impairment losses mainly on unprofitable stores, we revised downward its full-year forecasts for sales and profit, lower than as we expected.

3rd Quarter Financial Highlight - Consolidated -

	FY Ending 2021/2 3Q (March to November)		FY Ending 2022/2 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	446,284	100.0	466,528	100.0	97.2	-13,397	104.5
Prescription	86,832	19.5	98,581	21.1	98.4	-1,606	113.5
Product Sales	356,171	79.8	364,266	78.1	97.7	-8,547	102.3
Others	3,281	0.7	3,681	0.8	53.2	-3,244	112.2
Gross Profit	133,865	30.0	140,928	30.2	97.9	-3,097	105.3
Prescription	34,150	39.3	39,360	39.9	107.8	2,847	115.3
Product Sales	97,229	27.3	99,129	27.2	96.0	-4,158	102.0
Others	2,486	75.7	2,439	66.3	57.7	-1,786	98.2
SG&A Expenses	108,296	24.3	117,647	25.2	98.5	-1,753	108.6
Operating Income	25,568	5.7	23,281	5.0	94.5	-1,344	91.1
Non-Operating Income	2,214	0.5	2,183	0.5	96.0	-92	98.6
Non-Operating Expenses	1,493	0.3	1,449	0.3	96.6	-51	97.1
Ordinary Income	26,290	5.9	24,015	5.1	94.6	-1,385	91.3
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	442	0.1	1,978	0.4	395.7	1,478	447.3
Net Income before Income Taxes	25,847	5.8	22,037	4.7	88.5	-2,863	85.3
Income Taxes	8,529	1.9	7,286	1.6	87.8	-1,014	85.4
Net Income	17,317	3.9	14,750	3.2	88.9	-1,850	85.2

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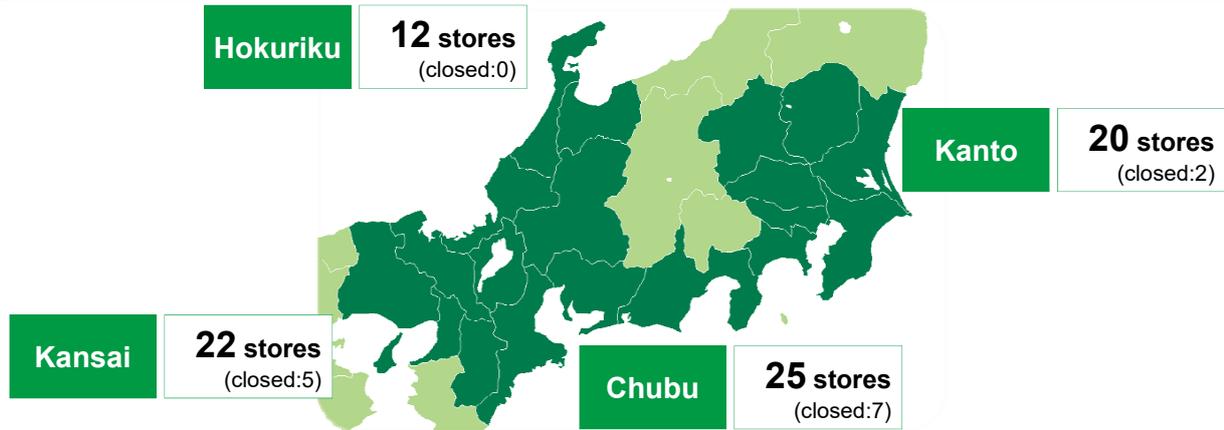
3rd Quarter Financial Highlight - Consolidated - (Three months to November 2021)

	Three months to November 2020 (Sep.2020- Nov.2020)		Three months to November 2021 (Sep.2021- Nov.2021)				
	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	143,518	100.0	151,573	100.0	94.9	-8,202	105.6
Prescription	29,547	20.6	33,290	22.0	98.5	-497	112.7
Product Sales	112,787	78.6	116,744	77.0	95.1	-6,069	103.5
Others	1,184	0.8	1,539	1.0	48.5	-1,636	130.0
Gross Profit	43,907	30.6	46,803	30.9	97.8	-1,072	106.6
Prescription	12,151	41.1	13,415	40.3	107.2	902	110.4
Product Sales	30,902	27.4	32,320	27.7	96.2	-1,267	104.6
Others	854	72.1	1,068	69.4	60.1	-707	125.1
SG&A Expenses	37,014	25.8	39,653	26.2	98.2	-747	107.1
Operating Income	6,893	4.8	7,149	4.7	95.6	-326	103.7
Non-Operating Income	683	0.5	705	0.5	76.3	-220	103.2
Non-Operating Expenses	480	0.3	518	0.3	103.7	18	107.9
Ordinary Income	7,096	4.9	7,336	4.8	92.9	-564	103.4
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	7	0.0	29	0.0	-	29	374.9
Net Income before Income Taxes	7,088	4.9	7,307	4.8	92.5	-593	103.1
Income Taxes	2,325	1.6	2,393	1.6	88.7	-307	102.9
Net Income	4,762	3.3	4,913	3.2	94.5	-287	103.2

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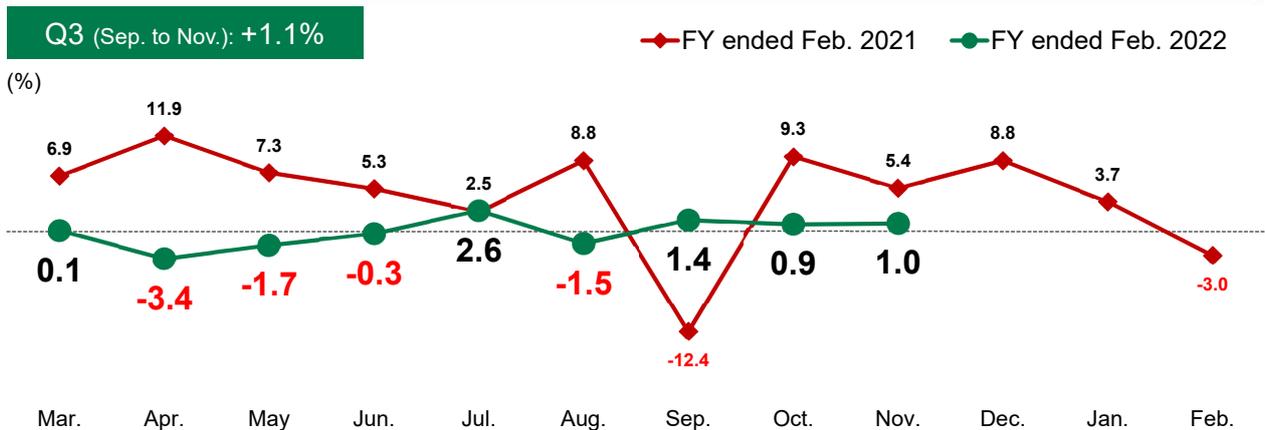
New store openings



Summary

- As a result of opening 79 stores and closing 14 stores, the total number of stores as of the end of November was 1,456.
- As of the end of November, the number of stores in each area was 393 in Kanto, 523 in Chubu, 494 in Kansai, and 46 in Hokuriku.
- As a result of the opening of new stores, the percentage of stores with dispensing facilities was 85.5% (Sugi Pharmacy business only).

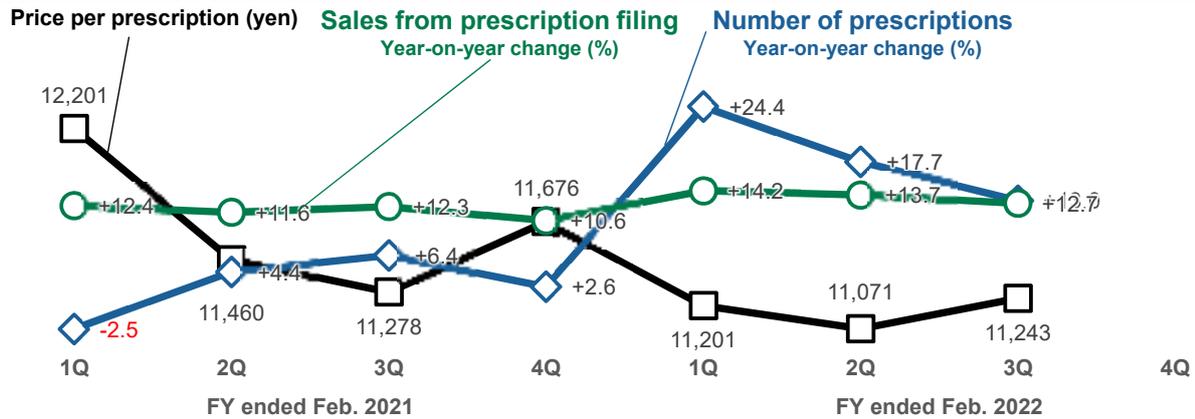
The Group's existing stores sales growth rate



Summary

- Net sales (Third quarter down -0.1% YoY) : Growth recovery at the same level as the previous fiscal year driven by the dispensing.
- Number of customers (Third quarter +2.5% YoY) : Reactionary decline in response to the rapid increase in store visit frequency in the previous term.
- Sales per customer (Third quarter -2.6% YoY) : 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.

Changes in the number of prescriptions and price per prescription

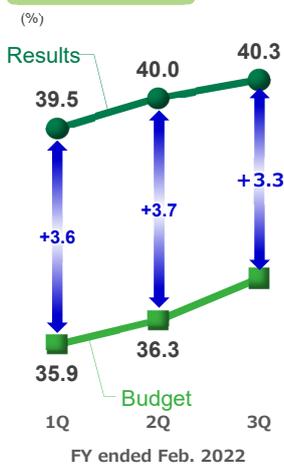


Summary

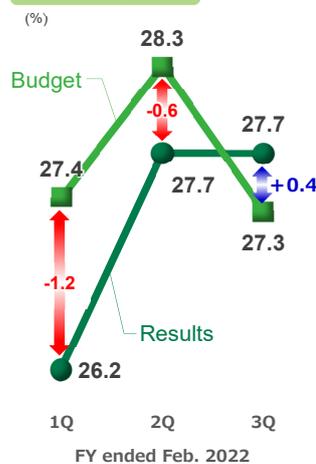
- Dispensing Sales : Double-digit growth continues due to an increase in the number of stores with dispensing pharmacy.
- Number of prescriptions received : Increased reaction from depression due to restraint of consultation and long-term prescription.
- Prescription unit price: Reactionary decrease from unit price increase due to prolonged prescription days.

Gross Profit Margin (Plan Comparison)

Prescription



Sales of goods



Prescription

- Gross profit margin continues due to optimization of purchase price and increase in the number of stores that have acquired various additions.

Sales of goods

- (Entire Group)
 - Maintain gross profit margin by continuing sales policy.
- (By segment)
 - Beauty: Improving profit margin by strengthening cooperation with business partners.
 - Household wears and Foods: Improving profitability by reviewing sales measures and optimizing selling prices

Sales Trend by Product Group

(%)	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 3Q		FY 2022/2 3Q			FY 2021/2 3Q		FY 2022/2 3Q			
	Results	Budget	Results			Budget	Results	Budget			Results
Prescription	26.0	21.2	21.3	98.4	113.5	39.3	36.4	39.9	+3.5	+0.6	
Product sales	74.0	78.8	78.7	97.7	102.3	27.3	27.7	27.2	-0.5	-0.1	
Healthcare	26.3	19.2	19.4	99.2	101.1	38.9	39.5	39.2	-0.3	+0.3	
Beauty	18.1	19.1	17.0	87.0	102.9	31.1	31.7	31.5	-0.2	+0.4	
Household wares	16.2	18.3	19.4	103.7	101.5	24.1	24.0	24.1	+0.1	±0.0	
Foods	13.1	22.0	22.6	100.6	103.6	17.1	17.1	16.5	-0.6	-0.6	
Other	0.2	0.2	0.2	108.0	94.0	19.4	19.4	16.2	-3.2	-3.2	

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Selling and general administrative expenses

(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	446,284	100.0	466,528	100.0	97.2	104.5
Total selling expenses	4,941	1.1	4,975	1.1	80.3	100.7
Personnel expenses	53,844	12.1	59,358	12.7	102.2	110.2
General administrative expense	49,511	11.1	53,313	11.4	96.8	107.7
Selling and administrative expenses	108,296	24.3	117,647	25.2	98.5	108.6

Selling expense

- Focus on cost-effective sales promotion measures.
- Developing joint sales promotion activities with business partners celebrating Sugi holding's 45th anniversary.*founding

Personnel expenses

- Strengthen mid-career recruitment of pharmacists and registered sellers.
- Started optimizing working hours by reviewing staffing.

General administrative expense

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

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Appendix

Store Openings and Closings

Nos. of stores by region	FY2021/2 Full Year	FY2022/2 3rd Quarter			Forecast after December 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	20	2	393	8	0	28	2	+26	401	
Chubu Region	505	25	7	523	6	3	31	10	+21	526	
Hokuriku Region	34	12	0	46	8	0	20	0	+20	54	
Kansai Region	477	22	5	494	11	3	33	8	+25	502	
Total	1,391	79	14	1,456	33	6	112	20	+92	1,483	

Nos. of stores by company	FY2021/2 Full Year	FY2022/2 3rd Quarter				Forecast after December 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	79	13	+2	1,335	33	5	0	112	18	+2	+96	1,363
Japan	111	0	1	-2	108	0	1	0	0	2	-2	-4	107
Visit Nursing Care ST	13	0	0	0	13	0	0	0	0	0	0	±0	13
Total	1,391	79	14	0	1,456	33	6	0	112	20	0	+92	1,483

3rd Quarter Financial Highlight - Consolidated -

	FY Ending 2021/2 3Q (March to November)		FY Ending 2022/2 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	446,284	100.0	466,528	100.0	97.2	-13,397	104.5
Sugi Pharmacy business	398,639	89.3	423,204	90.7	97.8	-9,496	106.2
Japan business	44,364	9.9	39,643	8.5	98.4	-657	89.4
Others	3,281	0.7	3,681	0.8	53.2	-3,244	112.2
Gross Profit	133,865	30.0	140,928	30.2	97.9	-3,097	105.3
Sugi Pharmacy business	121,874	30.6	130,032	30.7	99.3	-868	106.7
Japan business	9,505	21.4	8,457	21.3	95.0	-443	89.0
Others	2,486	75.7	2,439	66.3	57.7	-1,786	98.2
SG&A Expenses	108,296	24.3	117,647	25.2	98.5	-1,753	108.6
Operating Income	25,568	5.7	23,281	5.0	94.5	-1,344	91.1
Non-Operating Income	2,214	0.5	2,183	0.5	96.0	-92	98.6
Non-Operating Expenses	1,493	0.3	1,449	0.3	96.6	-51	97.1
Ordinary Income	26,290	5.9	24,015	5.1	94.6	-1,385	91.3
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	442	0.1	1,978	0.4	395.7	1,478	447.3
Net Income before Income Taxes	25,847	5.8	22,037	4.7	88.5	-2,863	85.3
Income Taxes	8,529	1.9	7,286	1.6	87.8	-1,014	85.4
Net Income	17,317	3.9	14,750	3.2	88.9	-1,850	85.2

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3rd Quarter SG&A Expenses Status - Consolidated -

	FY Ending 2021/2 3Q (March to November)		FY Ending 2022/2 3Q (March to November)			
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)	Results (in million yen)
Net Sales0	446,284	100.0	466,528	100.0	97.2	104.5
Total Selling Expenses	4,941	1.1	4,975	1.1	80.3	100.7
Advertising Expenses	2,893	0.6	2,887	0.6	78.0	99.8
Premium Expenses	2,047	0.5	2,088	0.4	83.5	102.0
Personnel Expenses	53,844	12.1	59,358	12.7	102.2	110.2
Total Administrative Expenses	49,511	11.1	53,313	11.4	96.8	107.7
Rent Expenses	22,278	5.0	24,075	5.2	98.3	108.1
Depreciation Expenses	7,222	1.6	8,224	1.8	97.9	113.9
Utilities Expenses	3,385	0.8	3,597	0.8	97.2	106.3
Supplies Expenses	3,397	0.8	2,931	0.6	91.6	86.3
Tax and Public Charges	3,475	0.8	4,011	0.9	100.3	115.4
Commission Paid	4,683	1.0	5,185	1.1	101.7	110.7
Others	5,069	1.1	5,287	1.1	85.3	104.3
Total SG&A Expenses	108,296	24.3	117,647	25.2	98.5	108.6

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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 3Q	FY 2022/2 3Q				FY 2021/2 3Q	FY 2022/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	21.8	23.2	23.3	98.4	113.5	39.3	36.4	39.9	+3.5	+0.6
Healthcare	21.2	20.0	20.3	99.2	101.7	38.9	39.5	39.2	-0.3	+0.3
Beauty	18.3	20.1	17.9	86.9	103.4	31.3	31.8	31.6	-0.2	+0.3
Household wares	19.9	18.2	19.3	103.6	102.9	24.0	23.9	23.9	±0.0	-0.1
Foods	18.6	18.4	19.1	101.8	108.9	17.2	17.0	16.5	-0.5	-0.7
Other	0.1	0.1	0.1	106.2	101.1	31.1	30.0	22.2	-7.8	-8.9
Total	100.0	100.0	100.0	97.8	106.2	28.1	30.3	30.7	+0.4	+0.1

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Sales Trend by Product Group - Japan -

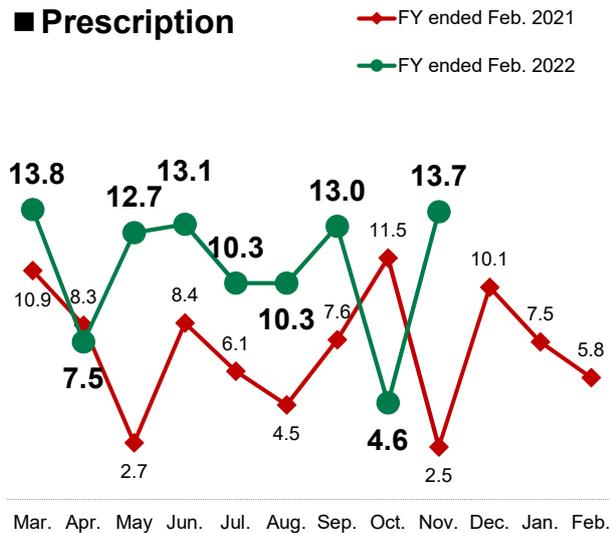
(%)	Composition Ratio			Sales vs. Budget	Sales Y o Y	Gross Profit Margin			Gross Profit vs. Budget	Gross Profit vs. Y o Y
	FY 2021/2 3Q	FY 2022/2 3Q				FY 2021/2 3Q	FY 2022/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	10.3	10.2	10.3	99.9	89.3	37.5	40.9	38.3	-2.6	+0.8
Beauty	7.6	8.6	7.9	91.0	92.7	28.2	29.1	28.4	-0.7	+0.2
Household wares	20.4	19.3	20.5	104.4	89.7	24.4	25.0	25.2	+0.2	+0.8
Foods	59.9	60.4	59.5	97.0	88.8	17.0	17.2	16.4	-0.8	-0.6
Other	1.7	1.6	1.7	109.2	90.1	13.2	12.9	12.6	-0.3	-0.6
Total	100.0	100.0	8.5	98.4	89.4	21.4	22.1	21.3	-0.8	-0.1

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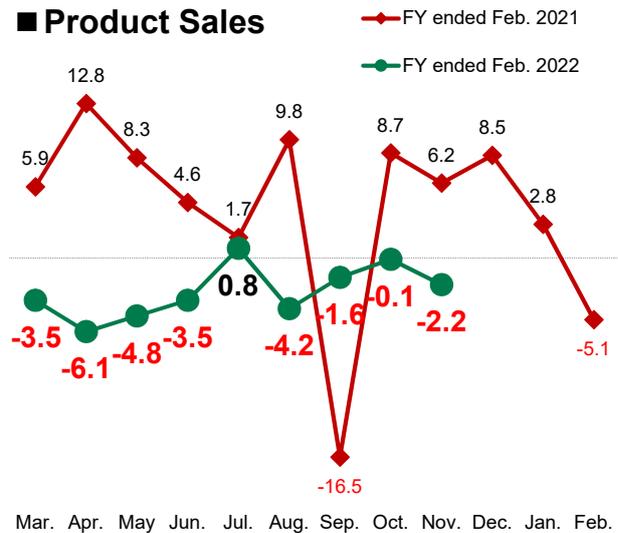
Existing Stores Sales Growth Rate

■ Prescription



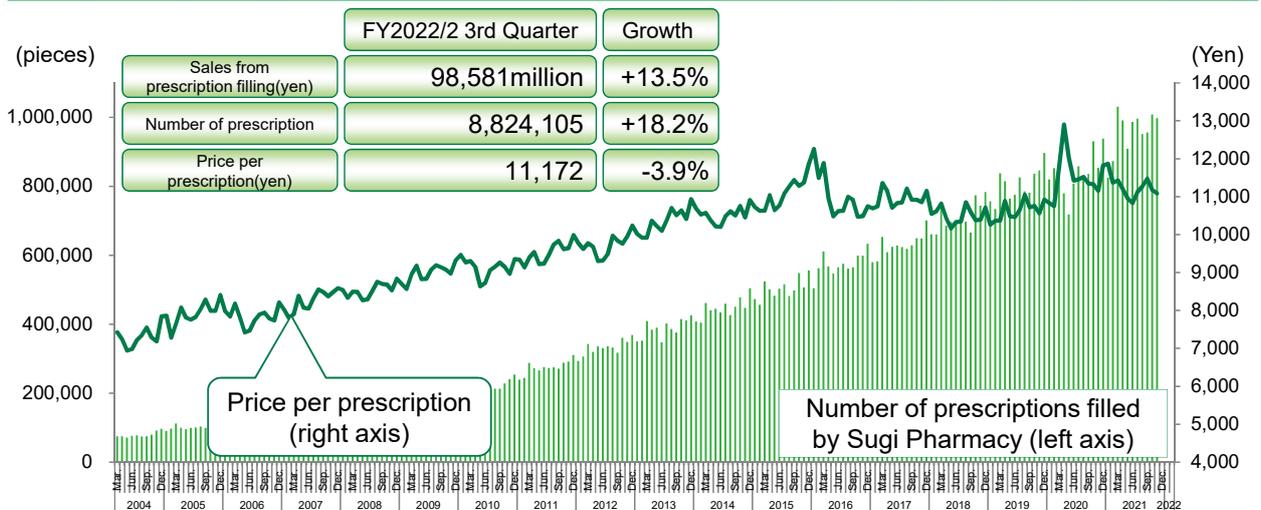
Q3 (Sep. to Nov.): +10.2%

■ Product Sales



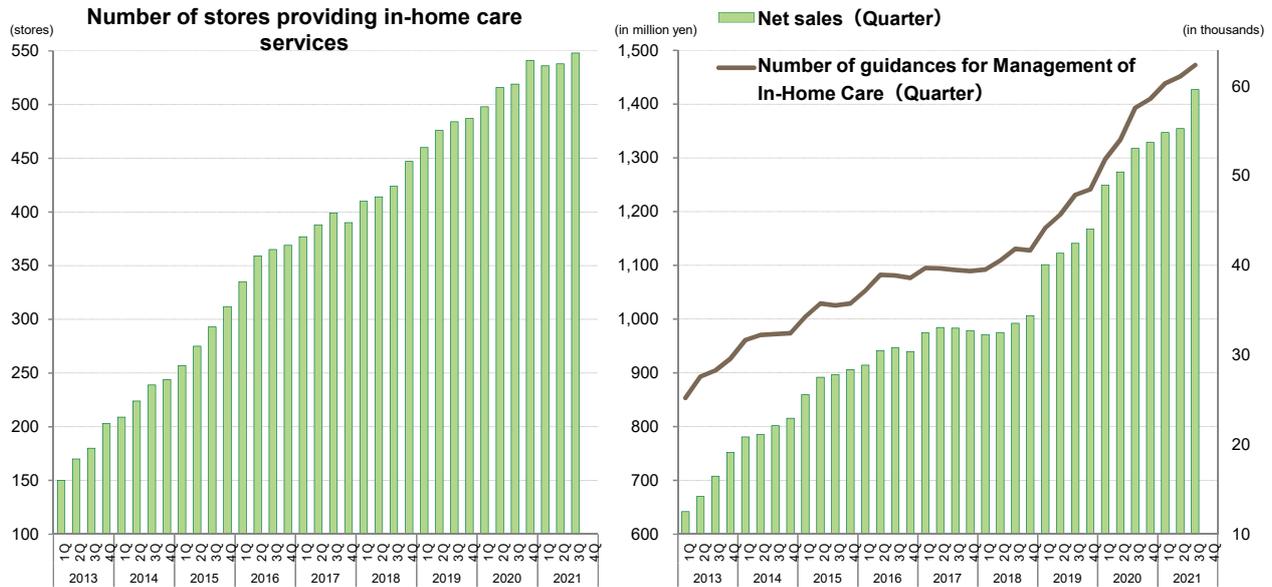
Q3 (Sep. to Nov.): -1.3%

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

In-home Medical Care Services – As of November. 30, 2021



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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.