

# **Financial Results**

## **1st Quarter - FY Ending February 28, 2023**

### **Supplementary Information**

**Securities ID Code: 7649, TSE PRIME , NSE PREMIER**

**SUGI Holdings**

June 28. 2022

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# Financial Highlights 1st Quarter - FY Ending February 28, 2023 - Consolidated -

(Note)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the first quarter under review, and figures for the first quarter of the fiscal year ending February 28, 2023 are applying the Accounting Standard, etc. Therefore, the ratio of year-on-year change is not stated.

# Financial results highlight

## Goal unachieved due to the impact of sales shortage and medical fee revision

Net Sales	<b>161,128</b> million yen (2.6% decrease from budget)
Operating Income	<b>6,671</b> million yen (4.7% decrease from budget)
Ordinary Income	<b>6,806</b> million yen (5.5% decrease from budget)
Net Income	<b>4,608</b> million yen (1.9% decrease from budget)

### Summary of businesses

- Product sales: Demand of out-related products has increased, and the reactionary decline continues with nesting-related products
- Prescription: Implementation of drug price revision “conversion drug cost base - 6.69%” and medical fee revision.  
Delay of pollen scattering, amount of pollen were low .
- Others: Started applying accounting standards for revenue recognition

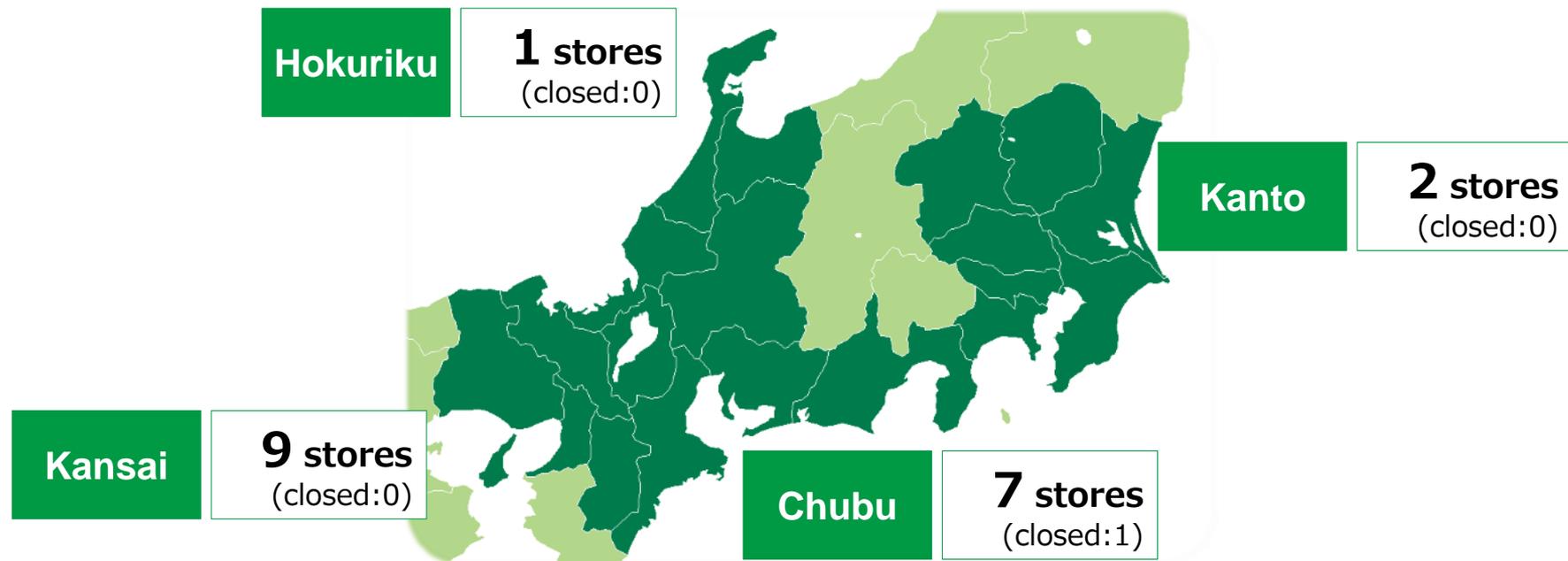
### Topics

- Refurbishment and expansion of dispensing room and waiting space.
- Detailed control of personal expenses

# 1st Quarter Financial Highlight - Consolidated -

	FY Ending 2022/2 1Q(March to May)		FY Ending 2023/2 1Q(March to May) <i>Adoption of Accounting Standard for Revenue Recognition</i>				
	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>155,171</b>	<b>100.0</b>	<b>161,128</b>	<b>100.0</b>	<b>97.4</b>	<b>-4,272</b>	<b>—</b>
Prescription	32,816	21.1	35,451	22.0	96.9	-1,149	—
Product Sales	120,933	77.9	124,322	77.2	99.0	-1,278	—
Others	1,422	0.9	1,355	0.8	42.3	-1,845	—
<b>Gross Profit</b>	<b>45,670</b>	<b>29.4</b>	<b>47,497</b>	<b>29.5</b>	<b>97.3</b>	<b>-1,303</b>	<b>—</b>
Prescription	12,956	39.5	13,259	37.4	94.0	-841	—
Product Sales	31,720	26.2	33,709	27.1	99.1	-291	—
Others	994	69.9	529	39.0	75.6	-171	—
<b>SG&amp;A Expenses</b>	<b>38,408</b>	<b>24.8</b>	<b>40,826</b>	<b>25.3</b>	<b>97.7</b>	<b>-974</b>	<b>—</b>
<b>Operating Income</b>	<b>7,262</b>	<b>4.7</b>	<b>6,671</b>	<b>4.1</b>	<b>95.3</b>	<b>-329</b>	<b>—</b>
Non-Operating Income	750	0.5	759	0.5	116.8	109	—
Non-Operating Expenses	430	0.3	624	0.4	138.7	174	—
<b>Ordinary Income</b>	<b>7,582</b>	<b>4.9</b>	<b>6,806</b>	<b>4.2</b>	<b>94.5</b>	<b>-394</b>	<b>—</b>
Extraordinary Income	0	—	0	0.0	—	0	—
Extraordinary Losses	132	0.1	2	0.0	—	2	—
<b>Net Income before Income Taxes</b>	<b>7,449</b>	<b>4.8</b>	<b>6,804</b>	<b>4.2</b>	<b>94.5</b>	<b>-396</b>	<b>—</b>
Income Taxes	2,470	1.6	2,195	1.4	87.8	-305	—
<b>Net Income</b>	<b>4,979</b>	<b>3.2</b>	<b>4,608</b>	<b>2.9</b>	<b>98.1</b>	<b>-92</b>	<b>—</b>

# New store openings



## Summary

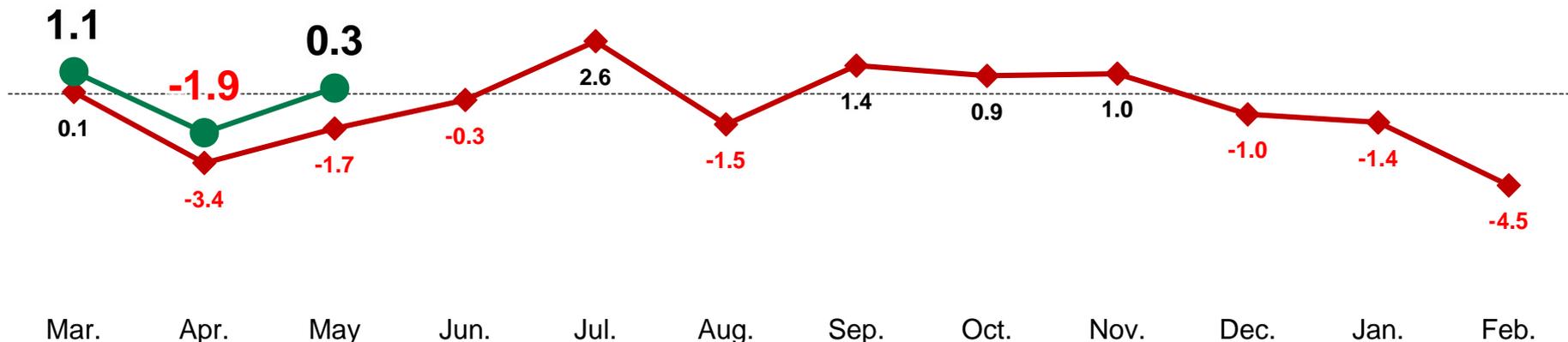
- As a result of opening 19 stores and closing 1 stores, the total number of stores as of the end of May was 1,501.
- As of the end of May, the number of stores in each area was 403 in Kanto, 532 in Chubu, 511 in Kansai, and 55 in Hokuriku.
- As a result of the opening of new stores, the percentage of stores with dispensing facilities was 85.7% (Sugi Pharmacy business only).

# The Group's existing stores sales growth rate

Q1 (Mar. to May.): -0.1%

(%)

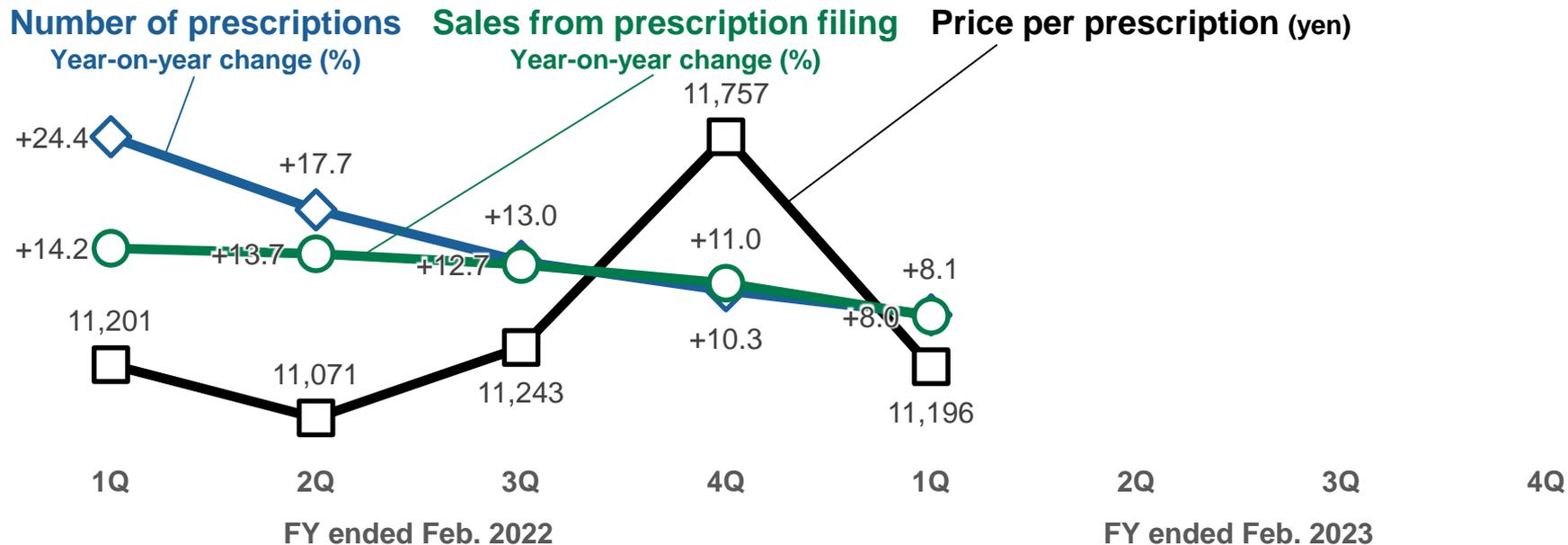
◆ FY ended Feb. 2022    ● FY ended Feb. 2023



## Summary

- Net sales (down 0.1% year on year) : Under with previous year due to the impact of the sales shortage in the product sales and the revision of drug price.
- Number of customers (up 1.6% year on year) : Increase in the number of customers due to various sales promotion.
- Sales per customer (down 1.7% year on year) : The average customer price is negative due to the decrease in the number of purchases of nesting products.

# Changes in the number of prescriptions and price per prescription

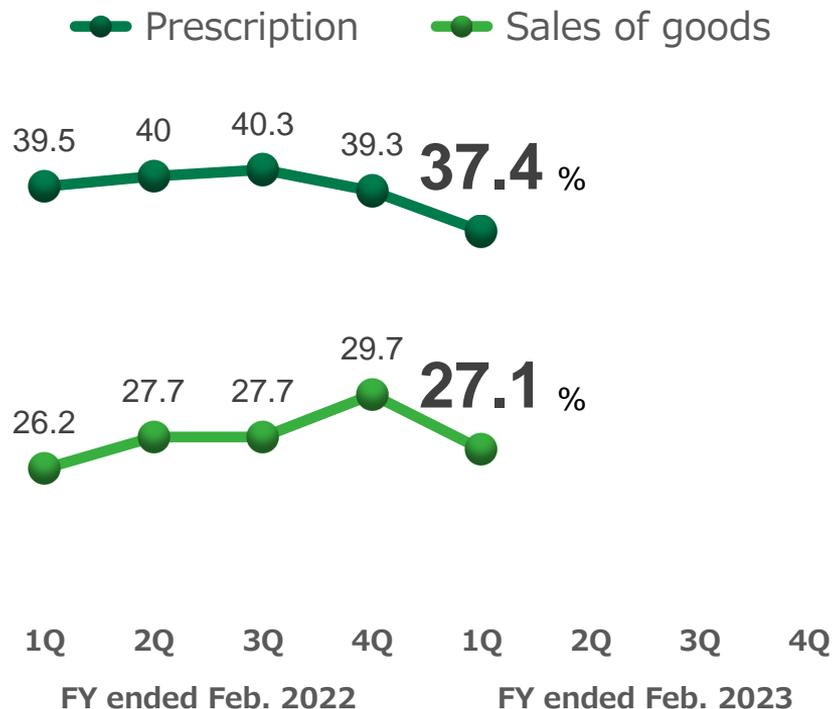


## Summary

- Dispensing Sales : The trend of surpassing the previous year continues amid the impact of drug price revisions and medical fee revisions.
- Number of prescriptions received : Elongation rate slows down due to reduced pollen dispersal
- Prescription unit price: : Unit price remains at the same level as the previous year due to the increase in high-priced prescriptions

# Changes in gross profit margin

## Compensating for the impact of dispensing revisions by increasing the profit margin of product sales



### Prescription

- Profit margin of dispensing decreased due to drug price revision and medical fee revision.

### Sales of goods

(Entire Group)

- Continued proper selling price control, profit margin improved significantly from the previous year.

(By segment)

- Increased profit margin of healthcare due to expansion of PB products.
- Suppressing the decrease in gross profit of foods by selling at proper selling prices and reviewing sales promotion.

# 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 2022/2 1Q	FY 2023/2 1Q				FY 2022/2 1Q	FY 2023/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
<b>Prescription</b>	<b>21.3</b>	<b>22.6</b>	<b>22.2</b>	<b>96.9</b>	<b>108.0</b>	<b>39.5</b>	<b>38.5</b>	<b>37.4</b>	<b>-1.1</b>	<b>-2.1</b>
<b>Product sales</b>	<b>78.7</b>	<b>77.4</b>	<b>77.8</b>	<b>99.0</b>	<b>102.8</b>	<b>26.2</b>	<b>27.1</b>	<b>27.1</b>	<b>±0.0</b>	<b>+0.9</b>
Healthcare	19.5	19.4	19.6	99.3	104.3	38.4	39.1	39.9	+0.8	+1.5
Beauty	16.9	17.8	16.8	93.1	103.5	30.5	30.6	30.9	+0.3	+0.4
Household wares	19.3	18.5	18.9	100.8	101.8	22.9	23.5	23.2	-0.3	+0.3
Foods	22.7	21.5	22.3	102.0	102.1	15.6	16.5	16.3	-0.2	+0.7
Other	0.3	0.2	0.2	101.7	81.0	14.7	18.8	19.7	+0.9	+5.0

# Selling and general administrative expenses

## Cost management within the plan

(in million yen, %)	FY ended Feb. 2021 1Q		FY ended Feb. 2022 1Q <b>Adoption of Accounting Standard for Revenue Recognition</b>			
	Results	% of sales	Results	% of sales	% of budget	% of previous year
Net sales	155,171	100.0	161,128	100.0	97.4	—
Total selling expenses	1,597	1.0	1,024	0.6	78.8	—
Personnel expenses	19,624	12.6	20,871	13.0	98.9	—
General administrative expense	17,186	11.1	18,930	11.7	97.6	—
Selling and administrative expenses	38,408	24.8	40,826	25.3	97.7	—

### Selling expense

- Continue effective sales promotion measures
- Suppressing point measures due to the application of accounting standards for revenue recognition

### Personnel expenses

- Improve work efficiency by proper placement and review of work
- Promotion of task shift from pharmacist to medical assistance.

### General administrative expense

- Soaring electricity bills due to rising energy prices
- Expense is lower than expected due to schedule changes for major refurbishment.
- Consumption tax payments increase as the purchase of dispensing drugs increases

# Appendix

# Store Openings and Closings

Nos. of stores by region	FY2022/2 Full Year	FY2023/2 1st Quarter			Forecast after June 2022		FY 2023/2 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	401	2	0	403	35	6	37	6	+31	432
Chubu Region	526	7	1	532	30	8	37	9	+28	554
Hokuriku Region	54	1	0	55	6	1	7	1	+6	60
Kansai Region	502	9	0	511	30	4	39	4	+35	537
<b>Total</b>	<b>1,483</b>	<b>19</b>	<b>1</b>	<b>1,501</b>	<b>101</b>	<b>19</b>	<b>120</b>	<b>20</b>	<b>+100</b>	<b>1,583</b>

Nos. of stores by company	FY2022/2 Full Year	FY2023/2 1st Quarter			Forecast after June 2022		FY 2023/2 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	1,363	18	1	1,380	100	17	118	18	+100	1,463
Japan	107	0	0	107	0	2	0	2	-2	105
Visit Nursing Care ST	13	1	0	14	1	0	2	0	+2	15
<b>Total</b>	<b>1,483</b>	<b>19</b>	<b>1</b>	<b>1,501</b>	<b>101</b>	<b>19</b>	<b>120</b>	<b>20</b>	<b>+100</b>	<b>1,583</b>

# 1st Quarter Financial Highlight - Consolidated -

	FY Ending 2022/2 1Q(March to May)		FY Ending 2023/2 1Q(March to May) <b>Adoption of Accounting Standard for Revenue Recognition</b>				
	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>155,171</b>	<b>100.0</b>	<b>161,128</b>	<b>100.0</b>	<b>97.4</b>	<b>-4,272</b>	<b>—</b>
Sugi Pharmacy business	140,072	90.3	147,599	91.6	98.5	-2,301	—
Japan business	13,677	8.8	12,174	7.6	99.0	-126	—
Others	1,422	0.9	1,355	0.8	42.3	-1,845	—
<b>Gross Profit</b>	<b>45,670</b>	<b>29.4</b>	<b>47,497</b>	<b>29.5</b>	<b>97.3</b>	<b>-1,303</b>	<b>—</b>
Sugi Pharmacy business	41,868	29.9	44,395	30.1	97.6	-1,105	—
Japan business	2,809	20.5	2,573	21.1	99.0	-27	—
Others	994	69.9	529	39.0	75.6	-171	—
<b>SG&amp;A Expenses</b>	<b>38,408</b>	<b>24.8</b>	<b>40,826</b>	<b>25.3</b>	<b>97.7</b>	<b>-974</b>	<b>—</b>
<b>Operating Income</b>	<b>7,262</b>	<b>4.7</b>	<b>6,671</b>	<b>4.1</b>	<b>95.3</b>	<b>-329</b>	<b>—</b>
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Extraordinary Income	0	—	0	0.0	—	0	—
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<b>Net Income before Income Taxes</b>	<b>7,449</b>	<b>4.8</b>	<b>6,804</b>	<b>4.2</b>	<b>94.5</b>	<b>-396</b>	<b>—</b>
Income Taxes	2,470	1.6	2,195	1.4	87.8	-305	—
<b>Net Income</b>	<b>4,979</b>	<b>3.2</b>	<b>4,608</b>	<b>2.9</b>	<b>98.1</b>	<b>-92</b>	<b>—</b>

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

	FY Ending 2022/2 1Q (March to May)		FY Ending 2023/2 1Q(March to May) <b>Adoption of Accounting Standard for Revenue Recognition</b>			
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)	Results (in million yen)
<b>Net Sales</b>	<b>155,171</b>	<b>100.0</b>	<b>161,128</b>	<b>100.0</b>	<b>97.4</b>	<b>—</b>
<b>Total Selling Expenses</b>	<b>1,597</b>	<b>1.0</b>	<b>1,024</b>	<b>0.6</b>	<b>78.8</b>	<b>—</b>
Advertising Expenses	1,063	0.7	998	0.6	78.8	—
Premium Expenses	534	0.3	25	0.0	77.6	—
<b>Personnel Expenses</b>	<b>19,624</b>	<b>12.6</b>	<b>20,871</b>	<b>13.0</b>	<b>98.9</b>	<b>—</b>
<b>Total Administrative Expenses</b>	<b>17,186</b>	<b>11.1</b>	<b>18,930</b>	<b>11.7</b>	<b>97.6</b>	<b>—</b>
Rent Expenses	7,929	5.1	8,450	5.2	99.4	—
Depreciation Expenses	2,564	1.7	2,873	1.8	95.8	—
Utilities Expenses	952	0.6	1,448	0.9	103.5	—
Supplies Expenses	948	0.6	851	0.5	77.4	—
Tax and Public Charges	1,326	0.9	1,545	1.0	103.0	—
Commission Paid	1,666	1.1	1,735	1.1	96.4	—
Others	1,797	1.2	2,026	1.3	96.5	—
<b>Total SG&amp;A Expenses</b>	<b>38,408</b>	<b>24.8</b>	<b>40,826</b>	<b>25.3</b>	<b>97.7</b>	<b>—</b>

# 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 2022/2 1Q	FY 2023/2 1Q				FY 2022/2 1Q	FY 2023/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	23.4	24.4	24.0	96.9	108.0	39.5	38.5	37.4	-1.1	-2.1
Healthcare	20.4	20.1	20.3	99.4	104.9	38.4	39.1	39.9	+0.8	+1.5
Beauty	17.8	18.6	17.6	93.0	104.0	30.7	30.8	31.0	+0.2	+0.3
Household wares	19.2	18.3	18.8	101.1	103.2	22.8	23.4	23.2	-0.2	+0.4
Foods	19.1	18.5	19.2	102.5	106.2	15.5	16.5	16.4	-0.1	+0.9
Other	0.1	0.1	0.1	103.4	88.4	19.6	25.4	30.7	+5.3	+11.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>98.5</b>	<b>105.4</b>	<b>29.9</b>	<b>30.4</b>	<b>30.1</b>	<b>-0.3</b>	<b>+0.2</b>

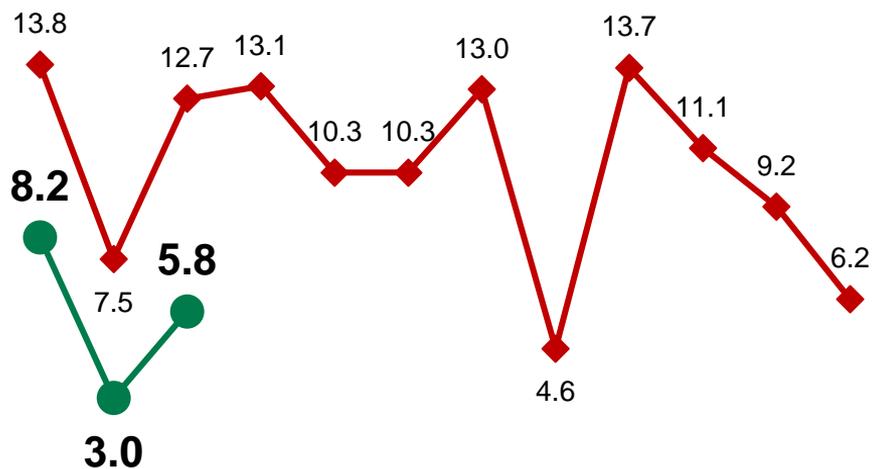
# Sales Trend by Product Group - Japan -

(%)	Composition Ratio			Sales vs. Budget	Sales Y o Y	Gross Profit Margin			Gross Profit vs. Budget	Gross Profit vs. Y o Y
	FY 2022/2 1Q	FY 2023/2 1Q				FY 2022/2 1Q	FY 2023/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	10.3	10.6	10.6	98.6	91.2	37.7	38.4	40.6	+2.2	+2.9
Beauty	7.9	8.5	8.1	94.6	92.0	27.1	27.3	28.9	+1.6	+1.8
Household wares	20.1	20.2	20.1	98.4	88.9	23.7	24.4	23.9	-0.5	+0.2
Foods	59.9	59.1	59.6	99.8	88.6	15.9	16.2	15.9	-0.3	±0.0
Other	1.8	1.5	1.5	100.6	76.7	11.8	14.5	12.3	-2.2	+0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>99.0</b>	<b>89.0</b>	<b>20.5</b>	<b>21.1</b>	<b>21.1</b>	<b>±0.0</b>	<b>+0.6</b>

# Existing Stores Sales Growth Rate

## ■ Prescription

◆ FY ended Feb. 2022  
● FY ended Feb. 2023

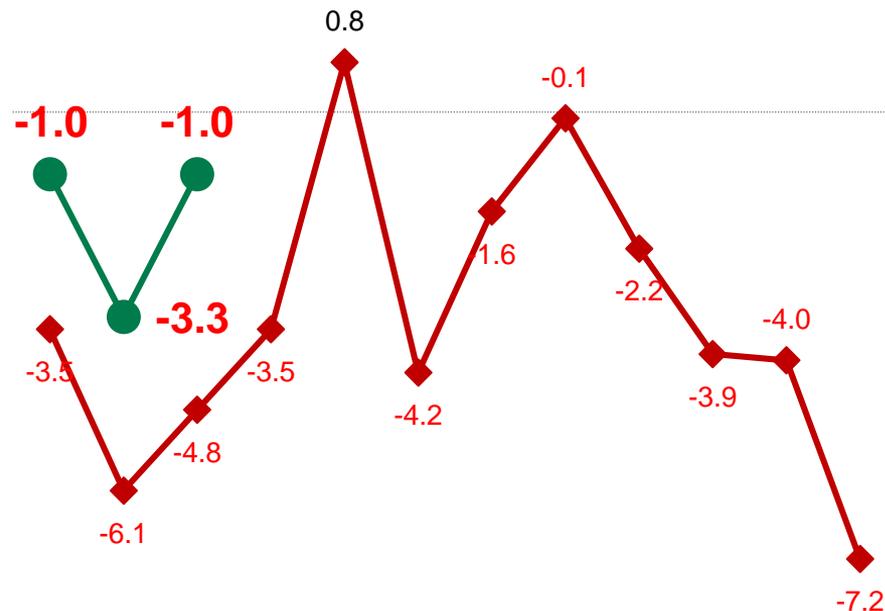


Mar. Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb.

**Q1 (Mar. to May.): +5.7%**

## ■ Product Sales

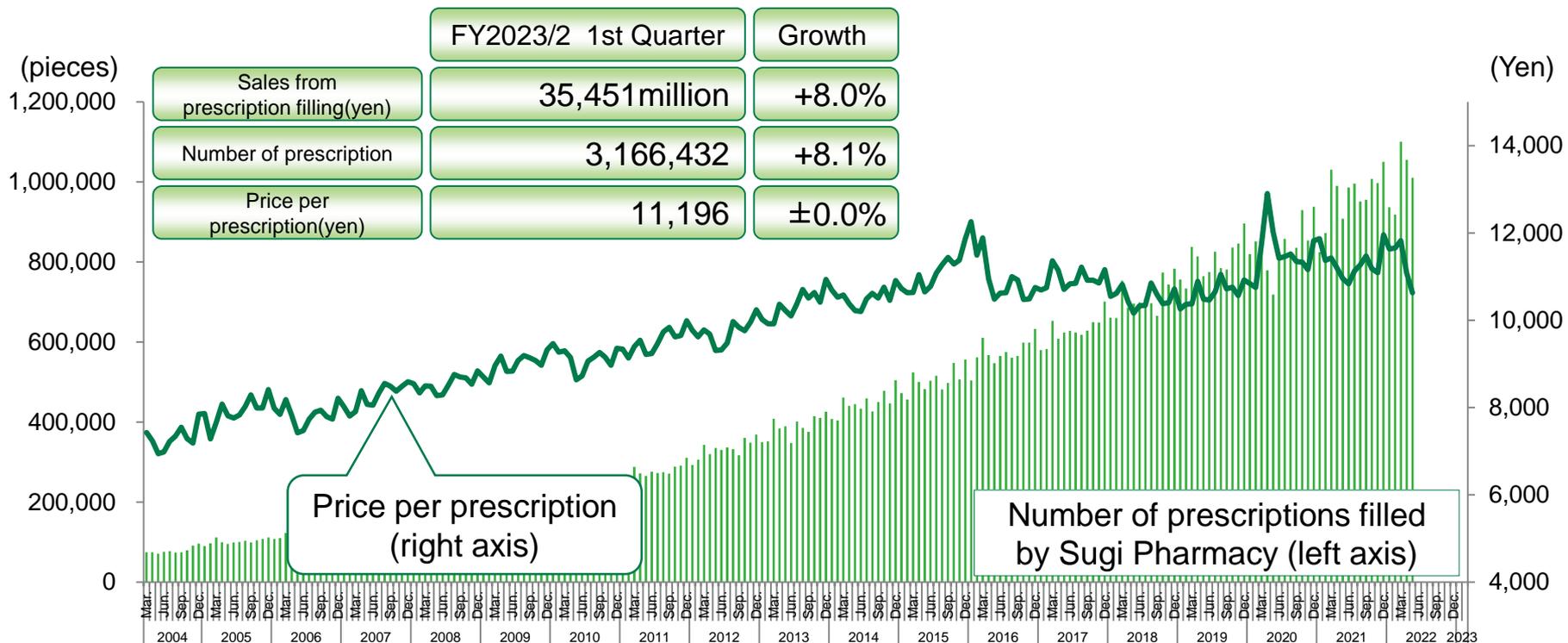
◆ FY ended Feb. 2022  
● FY ended Feb. 2023



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

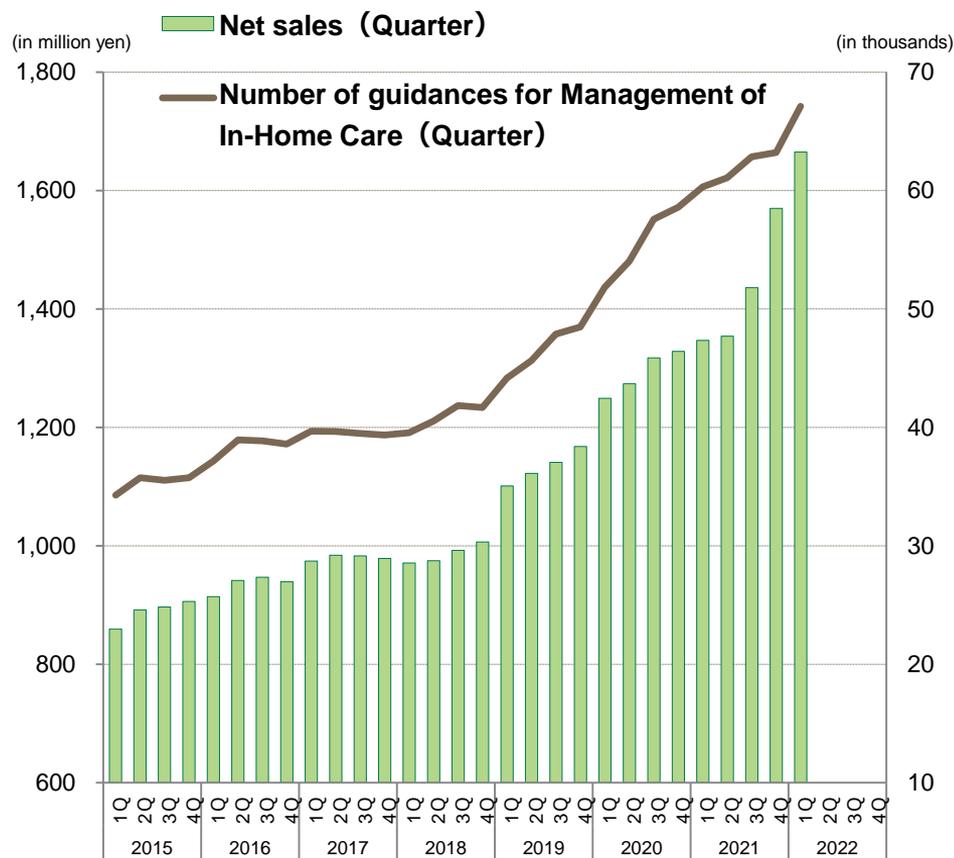
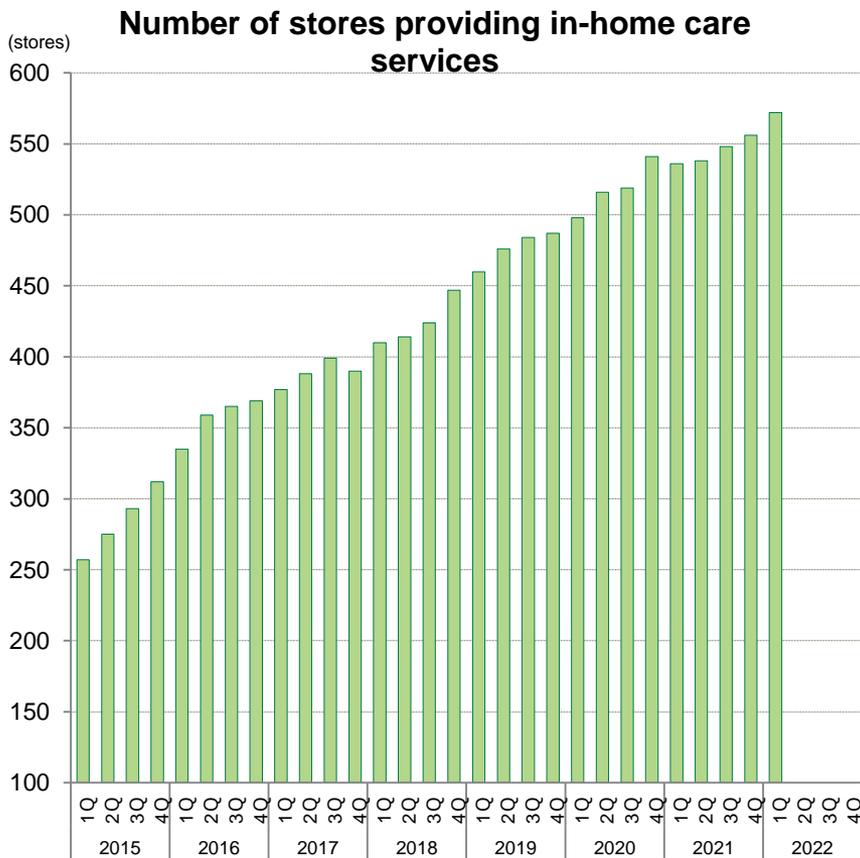
**Q1 (Mar. to May.): -1.7%**

# Trends in the Number of Prescriptions and Price per Prescription



	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	FY 2022/2
Number of prescriptions	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	11,729,823
Avg. price / prescription(yen)	9,115	9,107	9,596	9,747	10,450	10,548	11,270	10,810	10,917	10,471	10,707	11,642	11,317

# In-home Medical Care Services – As of May. 31, 2022



# 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.**