

Financial Results

Full Year Results FY Ending February 29, 2024

Supplementary Information

Securities ID Code: 7649, TSE PRIME , NSE PREMIER

スギホールディングス

April 2, 2024

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Summary of financial results for FY ended February 2024

(Note)

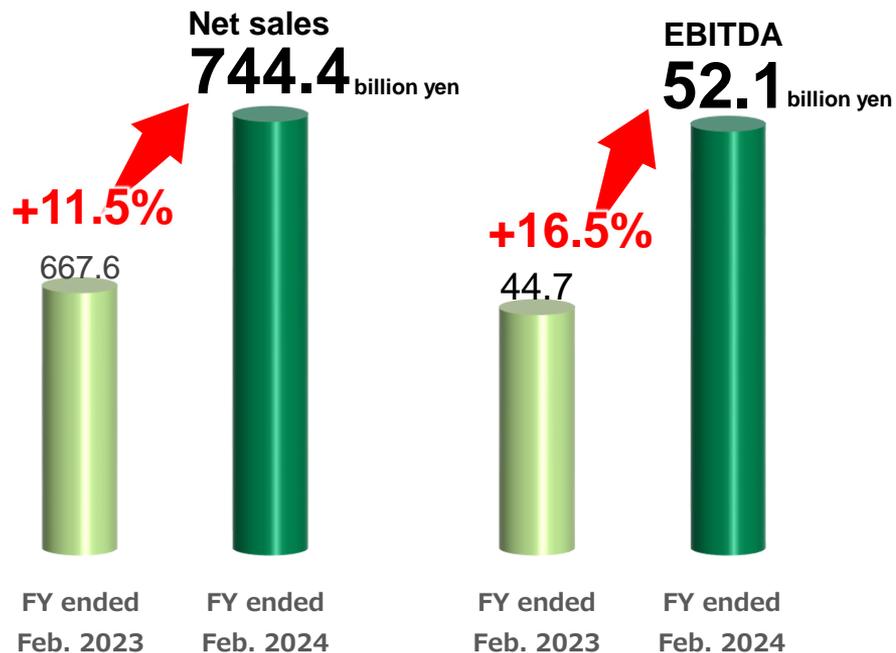
Sugi Holdings Co., Ltd. has changed its accounting standards to include the impact of the "Accounting Standard for Revenue Recognition" in each product sales from the first quarter of the current consolidated accounting period.

For this reason, this report has been prepared by retroactively applying the revised standard to the 3rd Quarter results for the previous and current fiscal years.

The changes in the previous year's results applicable to the above are underlined in red.

Financial results highlight

Record profits on the back of strong existing store growth



(Note)

EBITDA: Ordinary income + Depreciation and amortization + Amortization of goodwill + Interest expense - Interest income

Summary of businesses

- Sales of goods: In addition to strong demand for cosmetics and food products, demand for seasonal products also grew significantly.
- Prescription: Increased demand for prescriptions due to prolonged cold and flu season.

Topics

- Reinforcement of renovations to revitalize existing stores.
- Actively hiring qualified personnel to accommodate scale expansion.
- Increased store openings in urban areas to capture recovering inbound demand.

Full Year Financial Highlight - Consolidated -

	FY Ended 2023/2 Full Year		FY Ended 2024/2 Full Year				
	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	667,647	100.0	744,477	100.0	100.3	1,977	111.5
Prescription	142,461	21.3	158,777	21.3	100.3	537	111.5
Product Sales	<u>520,366</u>	77.9	581,490	78.1	100.5	2,830	111.7
Others	<u>4,819</u>	0.7	4,209	0.6	75.2	-1,391	87.3
Gross Profit	202,524	30.3	228,837	30.7	100.1	337	113.0
Prescription	54,976	38.6	60,224	37.9	100.7	415	109.5
Product Sales	<u>145,583</u>	28.0	166,879	28.7	102.0	3,195	114.6
Others	<u>1,964</u>	40.8	1,733	41.2	34.6	-3,273	88.3
SG&A Expenses	170,865	25.6	192,215	25.8	100.1	215	112.5
Operating Income	31,658	4.7	36,622	4.9	100.3	122	115.7
Non-Operating Income	2,982	0.4	3,780	0.5	102.2	80	126.7
Non-Operating Expenses	2,249	0.3	2,363	0.3	87.5	-337	105.1
Ordinary Income	32,391	4.9	38,039	5.1	101.4	539	117.4
Extraordinary Income	1,002	0.2	0	0.0	-	0	0.0
Extraordinary Losses	5,208	0.8	5,936	0.8	98.9	-64	114.0
Net Income before Income Taxes	28,184	4.2	32,102	4.3	101.9	602	113.9
Income Taxes	9,177	1.4	10,122	1.4	101.2	122	110.3
Net Income	19,007	2.8	21,979	3.0	102.2	479	115.6
EBITDA	44,776	6.7	52,154	7.0	107.6	3,665	116.5

4th Quarter Financial Highlight - Consolidated - (Three months to February 2023)

	FY Ending 2023/2 December to February		FY Ending 2024/2 December to February				
	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	171,655	100.0	193,344	100.0	101.0	1,977	112.6
Prescription	36,499	21.3	41,353	21.4	101.3	537	113.3
Product Sales	<u>134,419</u>	78.3	151,853	78.5	101.9	2,830	113.0
Others	<u>736</u>	0.4	137	0.1	9.0	-1,390	18.7
Gross Profit	54,823	31.9	62,096	32.1	100.5	338	113.3
Prescription	14,167	38.8	15,811	38.2	102.7	415	111.6
Product Sales	<u>40,570</u>	30.2	47,027	31.0	107.3	3,195	115.9
Others	<u>84</u>	11.5	-743	-540.8	-	-3,272	-
SG&A Expenses	45,065	26.3	51,368	26.6	100.4	215	114.0
Operating Income	9,757	5.7	10,727	5.5	101.2	122	109.9
Non-Operating Income	769	0.4	954	0.5	109.2	80	124.0
Non-Operating Expenses	528	0.3	689	0.4	67.2	-337	130.6
Ordinary Income	9,998	5.8	10,992	5.7	105.2	539	109.9
Extraordinary Income	1	0.0	0	0.0	-	0	0.0
Extraordinary Losses	2,831	1.6	3,033	1.6	98.0	-63	107.1
Net Income before Income Taxes	7,168	4.2	7,959	4.1	108.2	603	111.0
Income Taxes	2,327	1.4	2,224	1.2	105.8	122	95.6
Net Income	4,840	2.8	5,734	3.0	109.1	480	118.5
EBITDA	13,358	7.8	14,890	7.7	105.0	707	111.5

New store openings

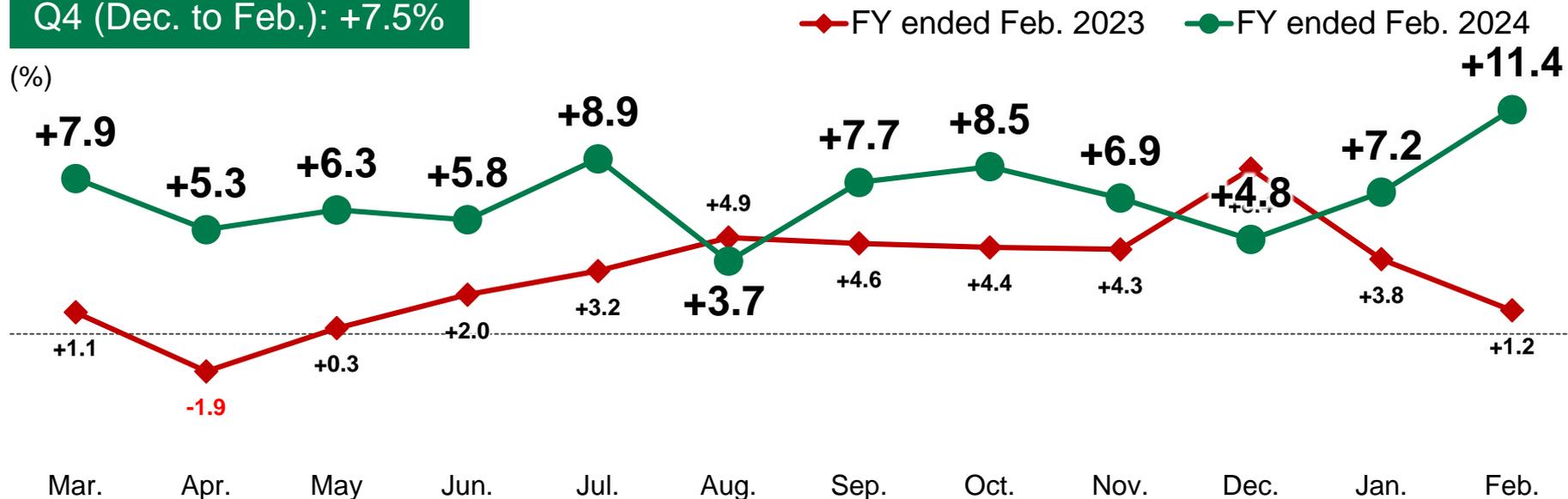


	Store Openings	Store Closings	Total number of stores at end of term	the percentage of stores with dispensing facilities
Hokkaido/Tohoku	0	0	3	-
Kanto	54	5	484	80.1%
Chubu	35	6	580	81.7%
Kansai	46	9	568	83.5%
Hokuriku/Shinshu	9	0	83	82.6%
Total	144	20	1,718	81.8%

(the percentage of stores with dispensing facilities is Sugi Pharmacy business only)

The Group's existing stores sales growth rate

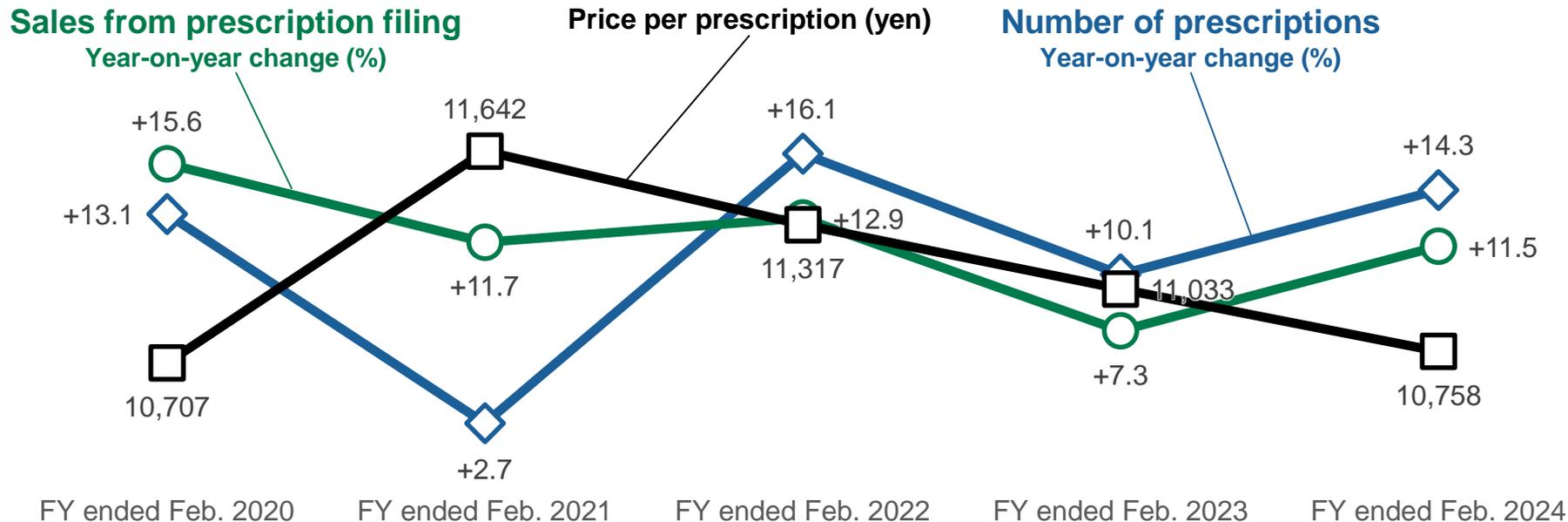
Q4 (Dec. to Feb.): +7.5%



Summary

- Net sales (up 7.0% year on year) : Landed above the annual plan due to the uptake of demand for outings and food, and an outbreak of acute illnesses such as the common cold.
- Number of customers (down 4.1% year on year) : YoY increase after the impact of the revision of sales promotion measures has run its course.
- Sales per customer (up 11.5% year on year) : though the price per item rose significantly due to price hikes on many products, the number of items purchased also increased due to effective sales promotion measures.

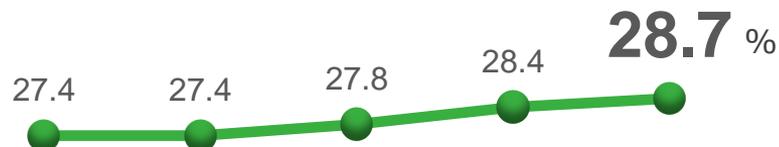
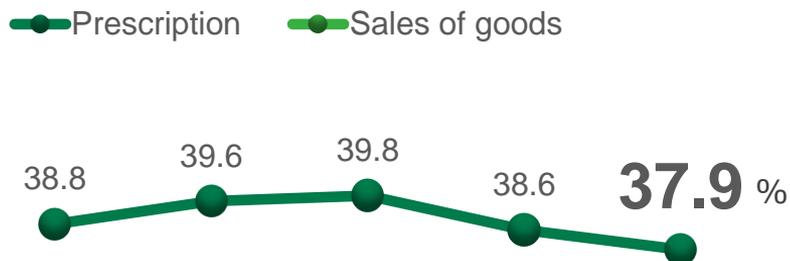
Changes in the number of prescriptions and price per prescription



Summary

- Dispensing Sales : Continued increase in the number of prescriptions filled resulted in an expansion of the sales growth rate.
- Number of prescriptions received : Although the number of prescriptions was sluggish due to the spread of corona infection, it is recovering due to the influenza pandemic and increased airborne pollen counts..
- Prescription unit price: : Unit prices are declining due to the impact of NHI price revision.

Changes in gross profit margin



Gross operating profit margin exceeded the plan due to an increase in merchandise sales profit margin

Prescription

- Profit margin continues to fall short of plan and prior year due to the significant impact of the NHI price revision.

Sales of goods

(Entire Group)

- Profit ratios in all segments exceeded the plan, and overall merchandise sales also exceeded the plan.

(By segment)

- Profitability of the Health Division increased in line with sales growth of Corona-related products.
- Increased sales of seasonal products such as cold remedies offset the decline in sales of Corona-related products, and the healthcare division's profit margin was up year-on-year.

FY ended Feb. 2020 FY ended Feb. 2021 FY ended Feb. 2022 FY ended Feb. 2023 FY ended Feb. 2024

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 2023/2 Full Year	FY 2024/2 Full Year				FY 2023/2 Full Year	FY 2024/2 Full Year			
	Results	Budget	Results			Results	Budget	Results		
Prescription	21.5	21.5	21.4	100.3	111.5	38.6	37.8	37.9	+0.1	-0.7
Product sales	78.5	78.5	78.6	100.5	111.7	<u>28.0</u>	28.3	28.7	+0.4	+0.7
Healthcare	20.1	19.2	19.3	101.2	107.1	<u>40.0</u>	40.5	41.1	+0.6	+1.1
Beauty	17.1	17.7	17.7	100.6	115.6	<u>32.1</u>	32.5	32.9	+0.4	+0.8
Household wares	18.8	18.8	18.7	99.9	110.7	<u>24.4</u>	24.7	25.1	+0.4	+0.7
Foods	22.3	22.8	22.7	100.3	114.0	<u>17.0</u>	17.7	17.9	+0.2	+0.9
Other	0.2	0.1	0.1	99.6	94.3	<u>19.1</u>	21.6	19.3	-2.3	+0.2

Selling and general administrative expenses

Personnel and general administrative expenses exceeded the previous year due to an increase in store openings and store remodeling

(in million yen, %)	FY ended Feb. 2023 Full year		FY ended Feb. 2024 Full year			
	Results	% of sales	Results	% of sales	% of budget	% of previous year
Net sales	667,647	100.0	744,477	100.0	100.3	111.5
Total selling expenses	4,619	0.7	4,223	0.6	100.6	91.4
Personnel expenses	83,622	12.5	93,472	12.6	100.4	111.8
General administrative expense	82,623	12.4	94,519	12.7	99.8	114.4
Selling and administrative expenses	170,865	25.6	192,215	25.8	100.1	112.5

Selling expense

- Continued efficient sales promotion measures centered on app sales promotions.
- Implemented leaflet sales promotion tailored to area characteristics to acquire new customers.

Personnel expenses

- Ongoing recruiting activities and higher hourly wage rates pushed up labor costs.
- A special allowance was provided to return some of the highest profits to employees.

General administrative expense

- Higher electricity costs due to rising energy prices.
- Related expenses are increasing in line with the increase in the number of renovations.
- Increase in payment fees due to increase in cashless payments.

Outlook for consolidated results of FY ending February 2025

P/L Forecast for the Year Ending Feb. 28, 2025 - Consolidated -

(in million yen·%)	1st Half Year			2ed Half Year			Full Year		
	2025/2			2025/2			2025/2		
	Forecast	Ratio	Y o Y	Forecast	Ratio	Y o Y	Forecast	Ratio	Y o Y
Net Sales	400,000	100.0	109.1	410,000	100.0	108.5	810,000	100.0	108.8
Gross Margin	120,000	30.0	109.2	130,000	31.7	109.3	250,000	30.9	109.2
SG&A	101,000	25.3	109.1	109,000	26.6	109.4	210,000	25.9	109.3
Selling Expenses	2,000	0.5	93.4	3,000	0.7	144.1	5,000	0.6	118.4
Personnel Expenses	49,000	12.3	109.1	52,500	12.8	108.2	101,500	12.5	108.6
SG&A Expenses	50,000	12.5	109.9	53,500	13.0	109.1	103,500	12.8	109.5
Operating Profit	19,000	4.8	109.9	21,000	5.1	108.6	40,000	4.9	109.2
Recurring Profit	19,500	4.9	107.6	22,000	5.4	110.5	41,500	5.1	109.1
Net Income	12,000	3.0	116.9	13,000	3.2	111.0	25,000	3.1	113.7
EBITDA	26,363	6.6	106.6	30,363	7.4	111.1	56,726	7.0	109.0

Preconditions of Forecasts for FY 2025/2

<Store Opening & Closing>

(Store)	Openings	Closings	Total
Sugi Pharmacy	120	20	+100
Japan	0		
Visit Nursing Care ST	0	0	±0
Group Total	120	20	+100

<Existing Stores Sales Growth>

(%)	Q1	Q2	Q3	Q4	1H	2H	Full Year
Prescription	105.2	106.3	106.4	107.2	105.8	106.8	106.3
Product sales	103.1	103.3	101.9	103.6	103.2	102.7	103.0
Group Total	103.6	103.9	102.9	104.3	103.8	103.6	103.7

(%)	Q1	Q2	Q3	Q4	1H	2H	Full Year
Sugi Pharmacy business	103.7	104.1	103.1	104.3	103.9	103.7	103.8
Japan business	101.3	102.2	101.5	102.4	101.8	102.0	101.9
Group Total	103.6	103.9	102.9	104.3	103.8	103.6	103.7

<Investment>

(in million yen)	Amount
New stores	21,000
Existing store refurbishment	3,000
Investment in systems and others	8,000
Group Total	32,000

(Note) Cash outflow basis

Shareholder Return

Stock Split

- The purpose of the stock split is to lower the stock price per investment unit, thereby making it easier for investors to invest and expanding the investor base.
- Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of Thursday, February 29, 2024 will be split into three shares.

1 shares ▶ **3 shares**

Public notice of record date	February 14, 2024
Record date	February 29, 2024
Effective date	March 1, 2024

Dividend Increase

- Increased annual dividend from 26.6 yen to 35 yen for the fiscal year ending February 28, 2025 (from 80 yen to 105 yen per share before the stock split)

Dividend forecast for the fiscal year ending May 31, 2025 (per share after stock split)

26.6 yen ▶ Dividend Increase **35 yen** | **15 yen** **20 yen**

End of Second Quarter Fiscal year-end

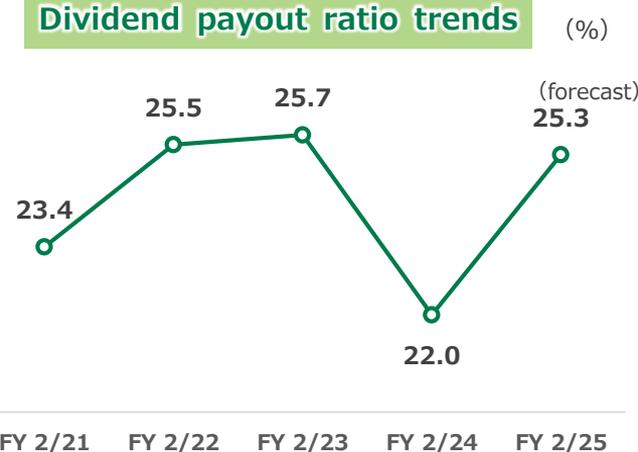
Reference value before stock split

80 yen ▶ **105 yen** | **45 yen** **60 yen**

Stock Split (1 : 3)

End of Second Quarter Fiscal year-end

Dividend payout ratio trends



Appendix

Store Openings and Closings

Nos. of stores by region	FY2023/2 Full Year	FY 2024/2 1H			FY 2024/2 2H			FY 2024/2 Full Year				
	As of the Term-End	Store Openings	Store Closings	M&A	Store Openings	Store Closings	M&A	Store Openings	Store Closings	M&A	Change	As of the Term-End
Kanto Region	425	18	2	0	36	3	10	54	5	10	+59	484
Chubu Region	550	15	1	0	20	5	1	35	6	1	+30	580
Hokuriku/Shinshu Region	60	8	0	0	1	0	14	9	0	14	+23	83
Kansai Region	530	18	3	0	28	6	1	46	9	1	+38	568
Hokkaido/Tohoku Region	0	0	0	0	0	0	3	0	0	3	+3	3
Total	1,565	59	6	0	85	14	29	144	20	29	+153	1,718

Nos. of stores by region	FY2023/2 Full Year	FY 2024/2 1H			FY 2024/2 2H			FY 2024/2 Full Year				
	As of the Term-End	Store Openings	Store Closings	M&A	Store Openings	Store Closings	M&A	Store Openings	Store Closings	M&A	Change	As of the Term-End
Sugi Pharmacy	1,446	58	6	0	84	13	0	142	19	0	+123	1,569
Japan	105	0	0	0	0	1	0	0	1	0	-1	104
Other Businesses	14	1	0	0	1	0	29	2	0	29	+31	45
Total	1,565	59	6	0	85	14	29	144	20	29	+153	1,718

Full Year Financial Highlight - Consolidated -

	FY Ended 2023/2 Full Year		FY Ended 2024/2 Full Year				
	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	667,647	100.0	744,477	100.0	100.3	1,977	111.5
Sugi Pharmacy business	613,691	91.9	689,864	92.7	100.5	3,565	112.4
Japan business	49,135	7.4	50,403	6.8	99.6	-198	102.6
Others	4,819	0.7	4,209	0.6	75.2	-1,391	87.3
Gross Profit	202,524	30.3	228,837	30.7	100.1	337	113.0
Sugi Pharmacy business	189,889	30.9	215,796	31.3	101.7	3,598	113.6
Japan business	10,670	21.7	11,307	22.4	100.1	12	106.0
Others	1,964	40.8	1,733	41.2	34.6	-3,273	88.3
SG&A Expenses	170,865	25.6	192,215	25.8	100.1	215	112.5
Operating Income	31,658	4.7	36,622	4.9	100.3	122	115.7
Non-Operating Income	2,982	0.4	3,780	0.5	102.2	80	126.7
Non-Operating Expenses	2,249	0.3	2,363	0.3	87.5	-337	105.1
Ordinary Income	32,391	4.9	38,039	5.1	101.4	539	117.4
Extraordinary Income	1,002	0.2	0	0.0	-	0	0.0
Extraordinary Losses	5,208	0.8	5,936	0.8	98.9	-64	114.0
Net Income before Income Taxes	28,184	4.2	32,102	4.3	101.9	602	113.9
Income Taxes	9,177	1.4	10,122	1.4	101.2	122	110.3
Net Income	19,007	2.8	21,979	3.0	102.2	479	115.6
EBITDA	44,776	6.7	52,154	7.0	107.6	3,665	116.5

Full Year SG&A Expenses Status - Consolidated -

	FY Ended 2023/2 Full Year		FY Ended 2024/2 Full Year			
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)	Results (in million yen)
Net Sales	667,647	100.0	744,477	100.0	100.3	111.5
Total Selling Expenses	4,619	0.7	4,223	0.6	100.6	91.4
Advertising Expenses	4,395	0.7	4,028	0.5	100.7	91.6
Premium Expenses	224	0.0	195	0.0	97.6	86.9
Personnel Expenses	83,622	12.5	93,472	12.6	100.4	111.8
Total Administrative Expenses	82,623	12.4	94,519	12.7	99.8	114.4
Rent Expenses	34,687	5.2	37,770	5.1	99.4	108.9
Depreciation Expenses	12,344	1.8	14,117	1.9	100.1	114.4
Utilities Expenses	8,042	1.2	7,880	1.1	98.5	98.0
Supplies Expenses	4,504	0.7	5,536	0.7	100.7	122.9
Tax and Public Charges	6,016	0.9	7,032	0.9	101.9	116.9
Commission Paid	8,085	1.2	10,257	1.4	100.6	126.9
Others	8,942	1.3	11,923	1.6	99.4	133.3
Total SG&A Expenses	170,865	25.6	192,215	25.8	100.1	112.5

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 2023/2 Full Year	FY 2024/2 Full Year				FY 2023/2 Full Year	FY 2024/2 Full Year			
	Results	Budget	Results			Results	Budget	Results		
Prescription	23.2	23.1	23.0	100.3	111.5	38.6	37.8	37.9	+0.1	-0.7
Healthcare	20.9	19.8	20.0	101.2	107.5	<u>40.0</u>	40.4	41.0	+0.6	+1.0
Beauty	17.8	18.4	18.4	100.7	116.1	<u>32.1</u>	32.5	32.9	+0.4	+0.8
Household wares	18.7	18.7	18.6	99.9	111.6	<u>24.4</u>	24.6	25.0	+0.4	+0.6
Foods	19.3	19.9	19.9	100.5	116.3	<u>17.2</u>	18.0	18.2	+0.2	+1.0
Other	0.1	0.1	0.1	95.2	99.1	<u>28.8</u>	32.8	28.7	-4.1	-0.1
Total	100.0	100.0	100.0	100.5	112.4	<u>30.9</u>	30.9	31.3	+0.4	+0.4

Sales Trend by Product Group - Japan -

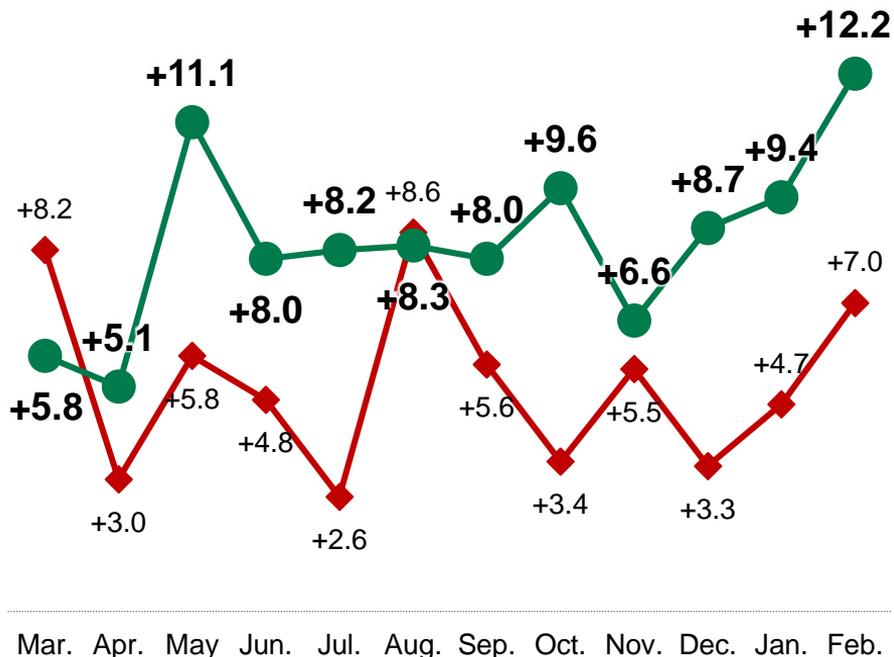
(%)	Composition Ratio			Sales vs. Budget	Sales Y o Y	Gross Profit Margin			Gross Profit vs. Budget	Gross Profit vs. Y o Y
	FY 2023/2 Full Year	FY 2024/2 Full Year				FY 2023/2 Full Year	FY 2024/2 Full Year			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	10.8	10.1	10.1	100.0	96.7	<u>40.0</u>	42.0	43.1	+1.1	+3.1
Beauty	8.0	7.9	7.9	99.8	101.5	<u>30.8</u>	33.4	33.8	+0.4	+3.0
Household wares	20.3	19.8	19.8	99.7	100.3	<u>25.2</u>	26.3	26.0	-0.3	+0.8
Foods	59.6	61.0	60.9	99.4	104.8	<u>16.2</u>	16.5	16.5	±0.0	+0.3
Other	1.4	1.2	1.2	103.3	90.9	<u>12.2</u>	12.3	12.1	-0.2	-0.1
Total	100.0	100.0	100.0	99.6	102.6	<u>21.7</u>	22.3	22.4	+0.1	+0.7

Existing Stores Sales Growth Rate

■ Prescription

◆ FY ended Feb. 2023

● FY ended Feb. 2024



Q4 (Dec. to Feb.): +10.1%

■ Product Sales

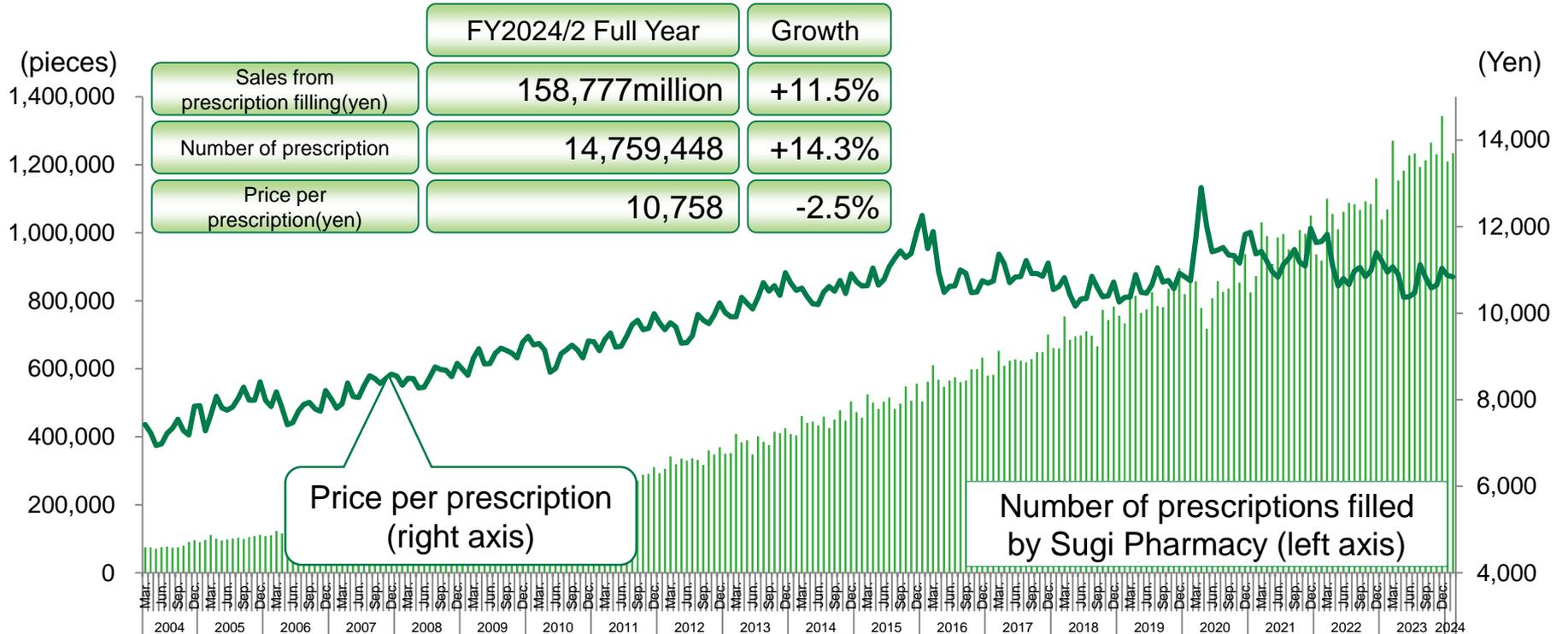
◆ FY ended Feb. 2022

● FY ended Feb. 2023



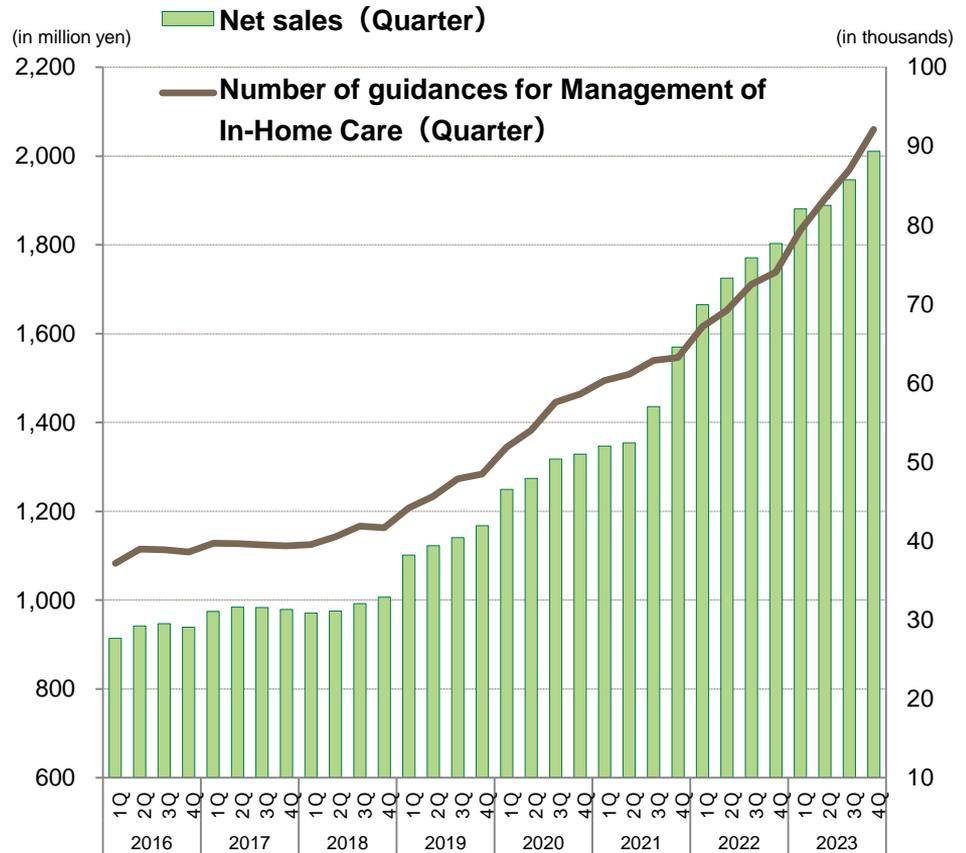
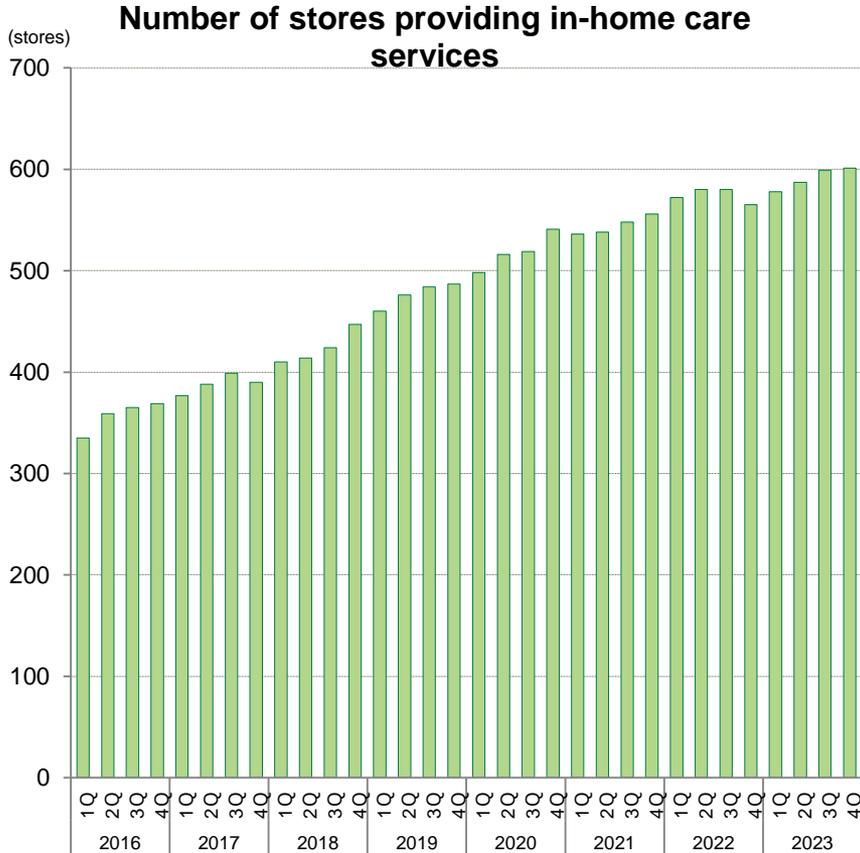
Q4 (Dec. to Feb.): +6.9%

Trends in the Number of Prescriptions and Price per Prescription



	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	FY 2023/2	FY 2024/2
Number of prescriptions	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	12,912,512	14,759,448
Avg. price / prescription(yen)	9,596	9,747	10,450	10,548	11,270	10,810	10,917	10,471	10,707	11,642	11,317	11,033	10,758

In-home Medical Care Services – As of Feb. 29, 2024



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.