

Financial Results

3rd Quarter - FY Ending February 29, 2024

Supplementary Information

Securities ID Code: 7649, TSE PRIME , NSE PREMIER

SUGI Holdings

December 26. 2023

Financial Highlights 3rd Quarter - FY Ending February 29, 2024 - Consolidated -

(Note)

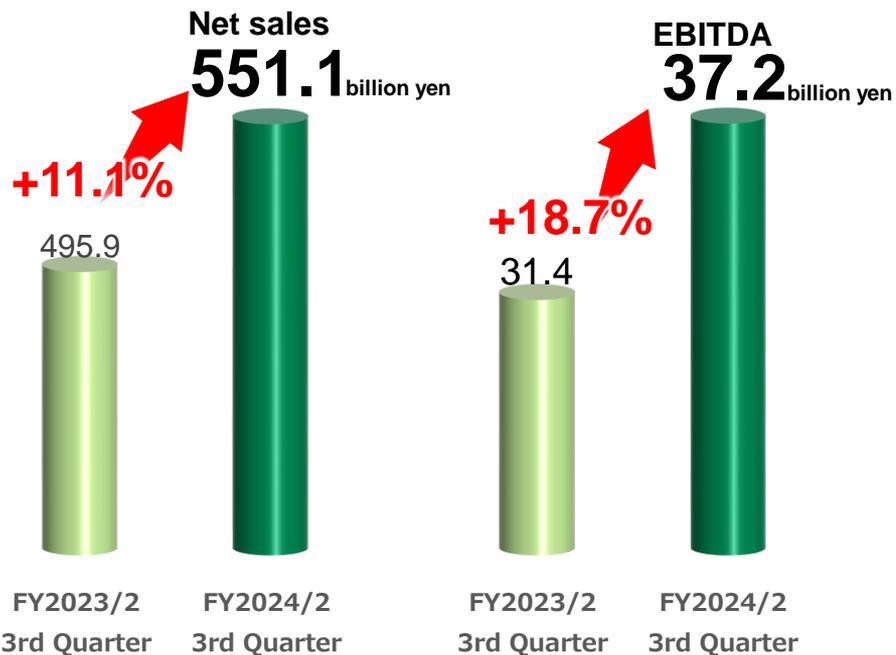
Sugi Holdings Co., Ltd. has changed its accounting standards to include the impact of the "Accounting Standard for Revenue Recognition" in each product sales from the first quarter of the current consolidated accounting period.

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

Continued to increase sales and profit on the back of strong growth in existing stores.



(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.

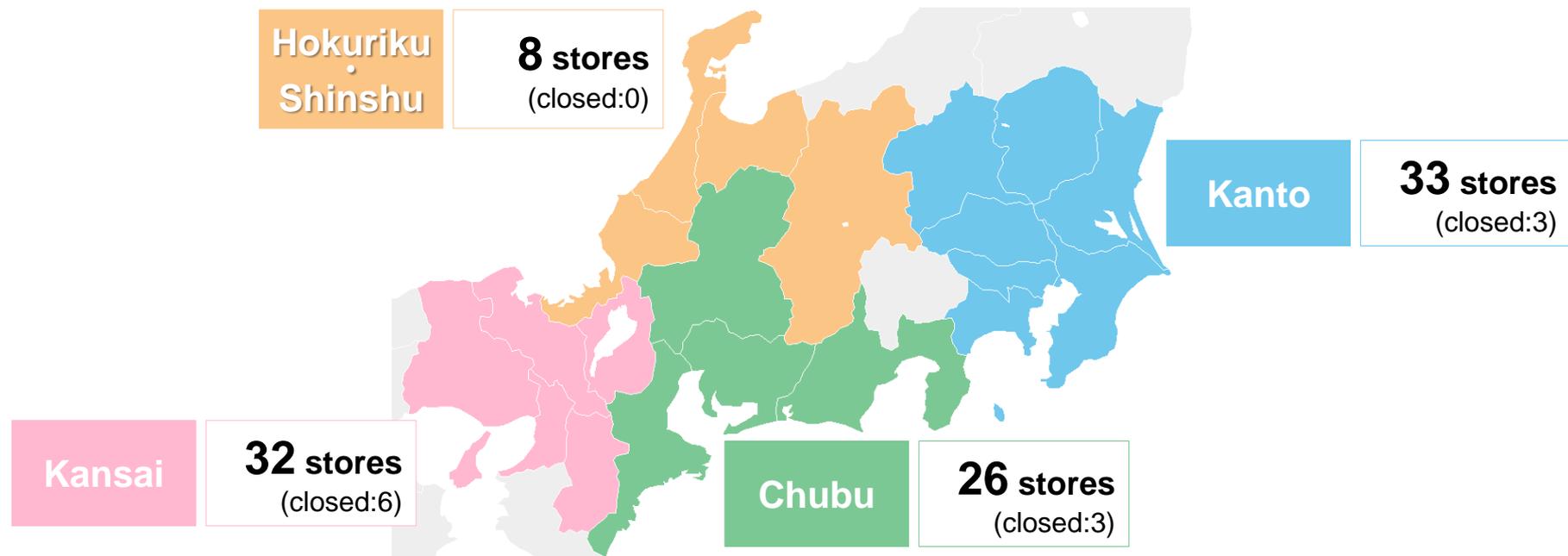
Topics

- 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.

3rd Quarter Financial Highlight - Consolidated -

	FY Ending 2023/2 3Q (March to November)		FY Ending 2024/2 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	495,991	100.0	551,132	100.0	102.3	12,132	111.1
Prescription	105,961	21.4	117,423	21.3	102.3	2,637	110.8
Product Sales	<u>385,946</u>	<u>77.8</u>	429,636	78.0	102.3	9,505	111.3
Others	<u>4,083</u>	<u>0.8</u>	4,072	0.7	99.7	-11	99.7
Gross Profit	147,700	29.8	166,741	30.3	103.4	5,541	112.9
Prescription	40,809	38.5	44,412	37.8	101.8	785	108.8
Product Sales	<u>105,012</u>	<u>27.2</u>	119,851	27.9	102.4	2,841	114.1
Others	<u>1,879</u>	<u>46.0</u>	2,476	60.8	440.0	1,913	131.8
SG&A Expenses	125,800	25.4	140,846	25.6	101.9	2,646	112.0
Operating Income	21,900	4.4	25,894	4.7	112.6	2,894	118.2
Non-Operating Income	2,213	0.4	2,825	0.5	108.7	225	127.7
Non-Operating Expenses	1,720	0.3	1,673	0.3	111.6	173	97.3
Ordinary Income	22,393	4.5	27,046	4.9	112.2	2,946	120.8
Extraordinary Income	1,001	0.2	0	0.0	-	0	0.0
Extraordinary Losses	2,377	0.5	2,903	0.5	145.2	903	122.1
Net Income before Income Taxes	21,016	4.2	24,143	4.4	109.2	2,043	114.9
Income Taxes	6,850	1.4	7,897	1.4	107.5	547	115.3
Net Income	14,166	2.9	16,245	2.9	110.1	1,495	114.7
EBITDA	31,417	6.3	37,286	6.8	147.9	12,067	118.7

New store openings

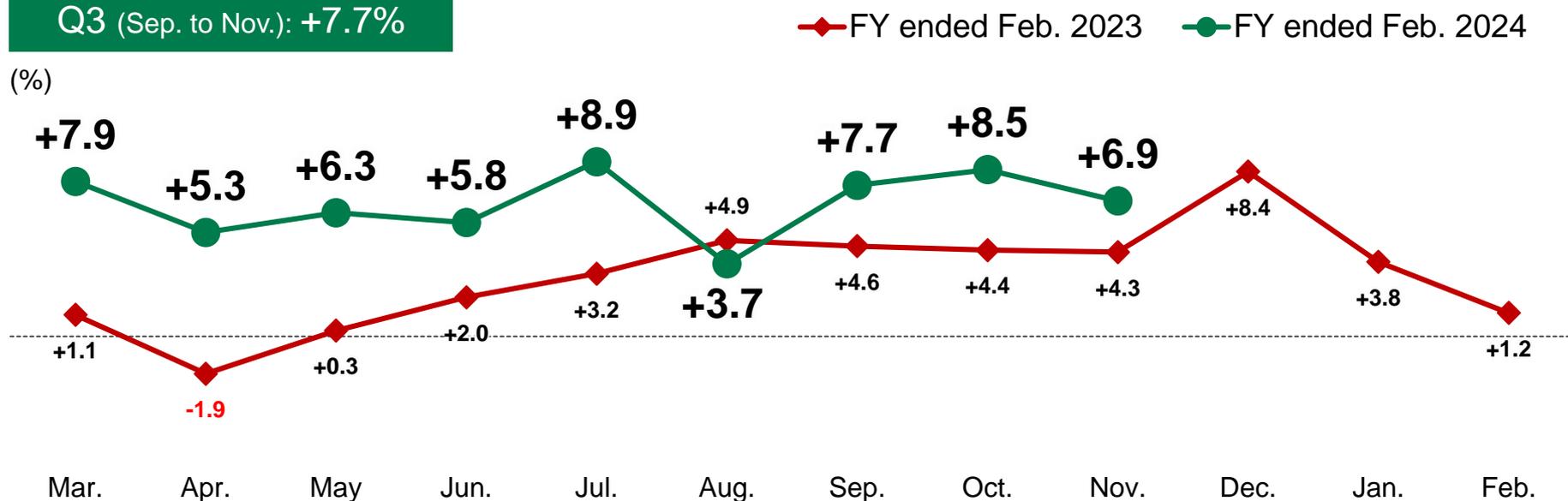


Summary

- As a result of opening 99 stores and closing 12 stores, the total number of stores as of the end of August was 1,652.
- As of the end of May, the number of stores in each area was 455 in Kanto, 573 in Chubu, 556 in Kansai, and 68 in Hokuriku/Shinshu.
- As a result of the opening of new stores, the percentage of stores with dispensing facilities was 82.5% (Sugi Pharmacy business only).

The Group's existing stores sales growth rate

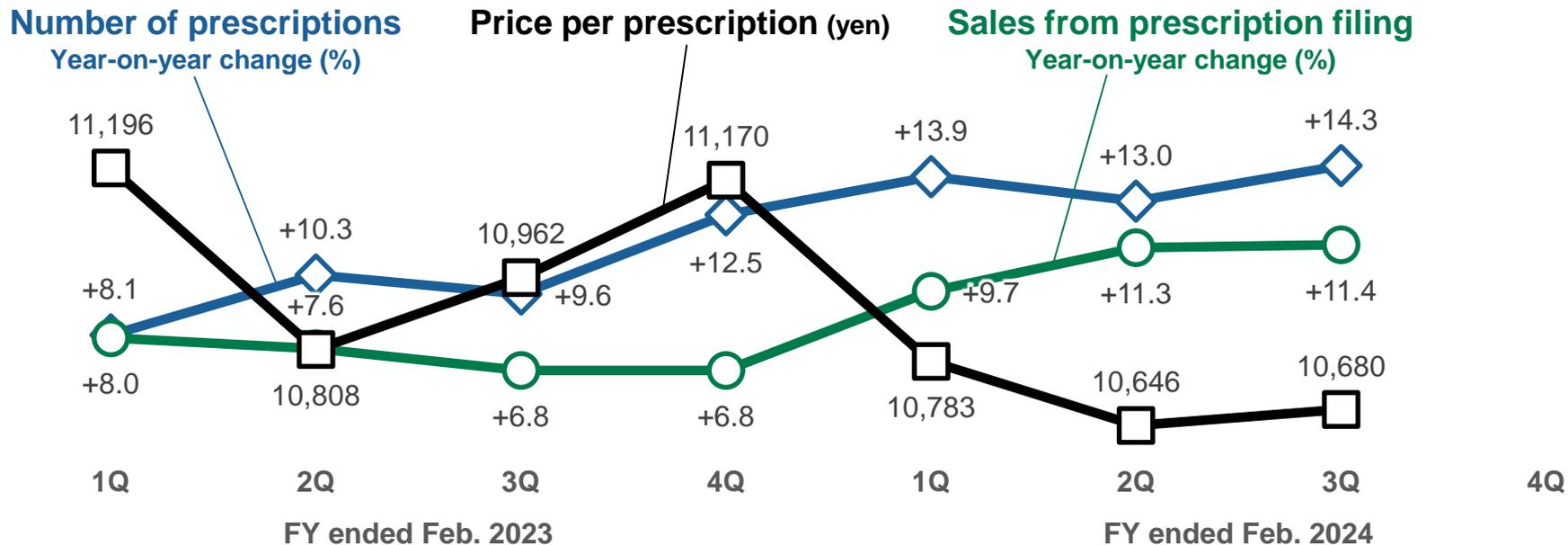
Q3 (Sep. to Nov.): +7.7%



Summary

- Net sales (up 6.8% year on year) : Sales continued to exceed plan due to increased demand for going out and food and the spread of acute diseases such as colds.
- Number of customers (down 6.1% year on year) : Customer numbers declined YoY due to the impact of a review of sales promotion measures, but turned to a YoY increase in 3Q after a cycle of sales promotion measures.
- Sales per customer (up 13.7% year on year) : After the impact of the revision of sales promotion measures has run its course, both the number of items purchased and the average sales price per item are still on a year-on-year upward trend.

Changes in the number of prescriptions and price per prescription

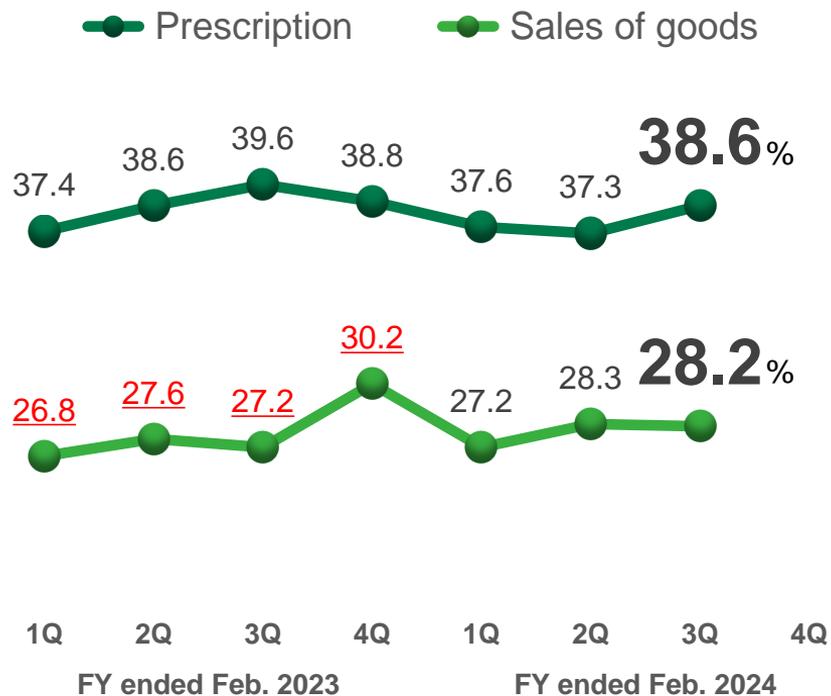


Summary

- Dispensing Sales : Continued increase in the number of prescriptions filled and sales growth continues.
- Number of prescriptions received : Cold and flu epidemics contributed to an increase in the number of prescriptions.
- Prescription unit price : Unit price of prescriptions declined due to the impact of the revision and an increase in prescriptions for acute illnesses centered on the common cold.

Changes in gross profit margin

Lower profit margin in dispensing was compensated for by higher profit margin in product sales, resulting in higher gross profit margin.



Prescription

- There is strong downward pressure on profits due to the start of drug price revisions, leading to a decline in profit margins.

Sales of goods

(Entire Group)

- Profit margin increased due to uptake of outing-related commercial products and increased sales of seasonal products.

(By segment)

- Capturing demand for cosmetics boosted profit margins in the Beauty Division.
- Improved profit margin in the Foods Division due to price development in line with market conditions and waste reduction efforts.

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 3Q	FY 2024/2 3Q				FY 2023/2 3Q	FY 2024/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	21.5	21.5	21.5	102.3	110.8	38.5	38.0	37.8	-0.2	-0.7
Product sales	78.5	78.5	78.5	102.3	111.3	<u>27.2</u>	27.9	27.9	±0.0	+0.7
Healthcare	19.7	20.5	19.1	95.7	108.0	<u>39.3</u>	39.7	39.9	+0.2	+0.6
Beauty	17.1	16.8	17.7	107.6	114.8	<u>31.3</u>	31.5	32.2	+0.7	+0.9
Household wares	19.1	19.4	18.8	99.2	109.5	<u>23.7</u>	24.4	24.5	+0.1	+0.8
Foods	22.4	21.8	22.8	107.1	113.3	<u>16.4</u>	17.0	17.4	+0.4	+1.0
Other	0.2	0.2	0.2	97.0	92.5	<u>19.1</u>	19.6	20.2	+0.6	+1.1

Selling and general administrative expenses

Personnel and general administrative expenses exceeded plan due to increase in number of store openings.

(in million yen, %)	FY ended Feb. 2023 3Q		FY ended Feb. 2024 3Q			
	Results	% of sales	Results	% of sales	% of budget	% of previous year
Net sales	495,991	100.0	551,132	100.0	102.3	111.1
Total selling expenses	3,222	0.6	3,084	0.6	81.2	95.7
Personnel expenses	62,587	12.6	68,258	12.4	101.6	109.1
General administrative expense	59,989	12.1	69,502	12.6	103.4	115.9
Selling and administrative expenses	125,800	25.4	140,846	25.6	101.9	112.0

Selling expense

- Continued efficient sales promotion measures centered on app sales promotions.
- Deliver optimal information and coupons tailored to each customer's purchasing behavior.

Personnel expenses

- Number of employees increased due to continuous hiring.
- Continued sales growth above plan led to increased overtime for store employees.

General administrative expense

- Related expenses increased due to additional store openings and an increase in renovation work..
- Increase in payment fees due to increase in cashless payments.
- Recruitment costs increased due to increased hiring of qualified personnel.

Appendix

Store Openings and Closings

Nos. of stores by region	FY2023/2 Full Year	FY2024/2 3rd Quarter				Forecast after December 2023			FY 2024/2 Full Year forecast				
	As of the Term-End	Store Openings	Store Closings	M&A	As of the Term-End	Store Openings	Store Closings	M&A	Store Openings	Store Closings	M&A	Change	As of the Term-End
Kanto Region	425	33	3	0	455	21	2	10	54	5	10	+59	484
Chubu Region	550	26	3	0	573	9	3	1	35	6	1	+30	580
Hokuriku/Shinshu Region	60	8	0	0	68	1	0	14	9	0	14	+23	83
Kansai Region	530	32	6	0	556	14	3	1	46	9	1	+38	568
Hokkaido/Tohoku Region	0	0	0	0	0	0	0	3	0	0	3	+3	3
Total	1,565	99	12	0	1,652	45	8	29	144	20	29	+153	1,718

Nos. of stores by company	FY2023/2 Full Year	FY2024/2 3rd Quarter				Forecast after December 2023			FY 2024/2 Full Year forecast				
	As of the Term-End	Store Openings	Store Closings	M&A	As of the Term-End	Store Openings	Store Closings	M&A	Store Openings	Store Closings	M&A	Change	As of the Term-End
Sugi Pharmacy	1,446	97	12	0	1,531	45	8	0	142	20	0	+122	1,568
Japan	105	0	0	0	105	0	0	0	0	0	0	0	105
Visit Nursing Care ST	14	2	0	0	16	0	0	0	2	0	0	+2	16
Other Businesses	0	0	0	0	0	0	0	29	0	0	29	+29	29
Total	1,565	99	12	0	1,652	45	8	29	144	20	29	+153	1,718

3rd Quarter Financial Highlight - Consolidated -

	FY Ending 2023/2 3Q(March to November)		FY Ending 2024/2 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	495,991	100.0	551,132	100.0	102.3	12,132	111.1
Sugi Pharmacy business	454,768	91.7	509,051	92.4	102.3	11,222	111.9
Japan business	37,139	7.5	38,008	6.9	102.5	920	102.3
Others	4,083	0.8	4,072	0.7	99.7	-11	99.7
Gross Profit	147,700	29.8	166,741	30.3	103.4	5,541	112.9
Sugi Pharmacy business	137,984	30.3	156,017	30.6	102.2	3,340	113.1
Japan business	7,837	21.1	8,246	21.7	103.6	286	105.2
Others	1,879	46.0	2,476	60.8	440.0	1,913	131.8
SG&A Expenses	125,800	25.4	140,846	25.6	101.9	2,646	112.0
Operating Income	21,900	4.4	25,894	4.7	112.6	2,894	118.2
Non-Operating Income	2,213	0.4	2,825	0.5	108.7	225	127.7
Non-Operating Expenses	1,720	0.3	1,673	0.3	111.6	173	97.3
Ordinary Income	22,393	4.5	27,046	4.9	112.2	2,946	120.8
Extraordinary Income	1,001	0.2	0	0.0	-	0	0.0
Extraordinary Losses	2,377	0.5	2,903	0.5	145.2	903	122.1
Net Income before Income Taxes	21,016	4.2	24,143	4.4	109.2	2,043	114.9
Income Taxes	6,850	1.4	7,897	1.4	107.5	547	115.3
Net Income	14,166	2.9	16,245	2.9	110.1	1,495	114.7
EBITDA	31,417	6.3	37,286	6.8	147.9	12,067	118.7

3rd Quarter SG&A Expenses Status - Consolidated -

	FY Ending 2023/2 3Q (March to November)		FY Ending 2024/2 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 Sales	495,991	100.0	551,132	100.0	102.3	111.1
Total Selling Expenses	3,222	0.6	3,084	0.6	81.2	95.7
Advertising Expenses	3,036	0.6	2,967	0.5	80.8	97.7
Premium Expenses	186	0.0	117	0.0	90.6	63.2
Personnel Expenses	62,587	12.6	68,258	12.4	101.6	109.1
Total Administrative Expenses	59,989	12.1	69,502	12.6	103.4	115.9
Rent Expenses	25,780	5.2	27,921	5.1	101.8	108.3
Depreciation Expenses	9,002	1.8	10,230	1.9	100.2	113.6
Utilities Expenses	5,623	1.1	6,136	1.1	82.4	109.1
Supplies Expenses	3,039	0.6	4,015	0.7	111.0	132.1
Tax and Public Charges	4,486	0.9	4,968	0.9	101.2	110.7
Commission Paid	5,760	1.2	7,372	1.3	112.3	128.0
Others	6,295	1.3	8,857	1.6	125.9	140.7
Total SG&A Expenses	125,800	25.4	140,846	25.6	101.9	112.0

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 3Q	FY 2024/2 3Q				FY 2023/2 3Q	FY 2024/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	23.3	23.1	23.1	102.3	110.8	38.5	38.0	37.8	-0.2	-0.7
Healthcare	20.4	21.1	19.8	95.9	108.5	<u>39.3</u>	39.8	39.8	±0.0	+0.5
Beauty	17.8	17.5	18.4	107.7	115.3	<u>31.4</u>	31.6	32.2	+0.6	+0.8
Household wares	19.0	19.3	18.7	99.3	110.3	<u>23.6</u>	24.4	24.4	±0.0	+0.8
Foods	19.4	19.0	19.9	107.2	115.3	<u>16.6</u>	17.2	17.7	+0.5	+1.1
Other	0.1	0.1	0.1	97.5	97.5	<u>29.0</u>	28.8	30.9	+2.1	+1.9
Total	100.0	100.0	100.0	102.3	111.9	<u>30.3</u>	30.7	30.6	-0.1	+0.3

Sales Trend by Product Group - Japan -

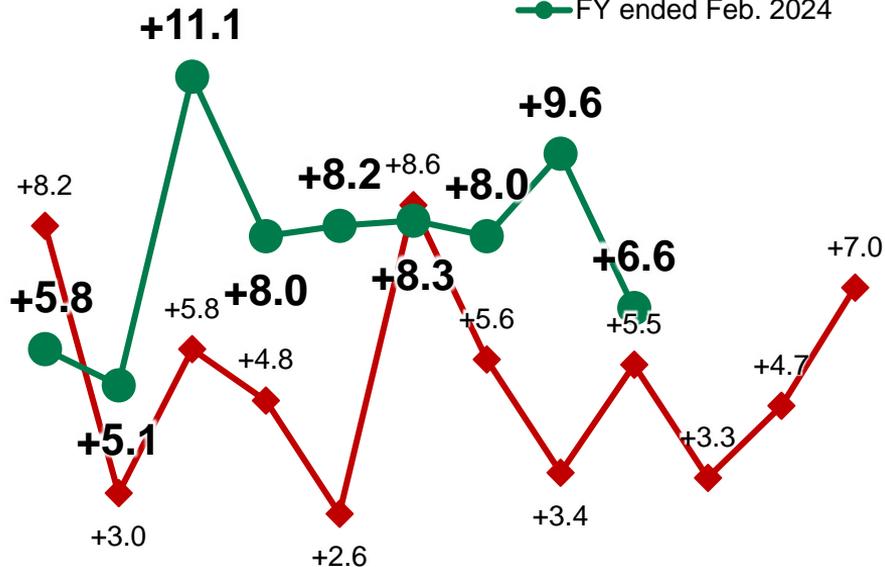
(%)	Composition Ratio			Sales vs. Budget	Sales Y o Y	Gross Profit Margin			Gross Profit vs. Budget	Gross Profit vs. Y o Y
	FY 2023/2 3Q	FY 2024/2 3Q				FY 2023/2 3Q	FY 2024/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	10.7	11.3	10.0	91.0	96.0	<u>39.0</u>	37.9	41.2	+3.3	+2.2
Beauty	8.1	7.8	8.0	103.9	100.2	<u>29.3</u>	30.1	32.2	+2.1	+2.9
Household wares	20.3	20.8	19.8	97.3	99.9	<u>24.6</u>	25.1	25.6	+0.5	+1.0
Foods	59.5	58.7	61.0	106.5	104.9	<u>15.8</u>	16.1	16.0	-0.1	+0.2
Other	1.4	1.3	1.2	96.6	88.9	<u>12.2</u>	12.6	12.0	-0.6	-0.2
Total	100.0	100.0	100.0	102.5	102.3	<u>21.1</u>	21.5	21.7	+0.2	+0.6

Existing Stores Sales Growth Rate

■ Prescription

—◆— FY ended Feb. 2023

—●— FY ended Feb. 2024



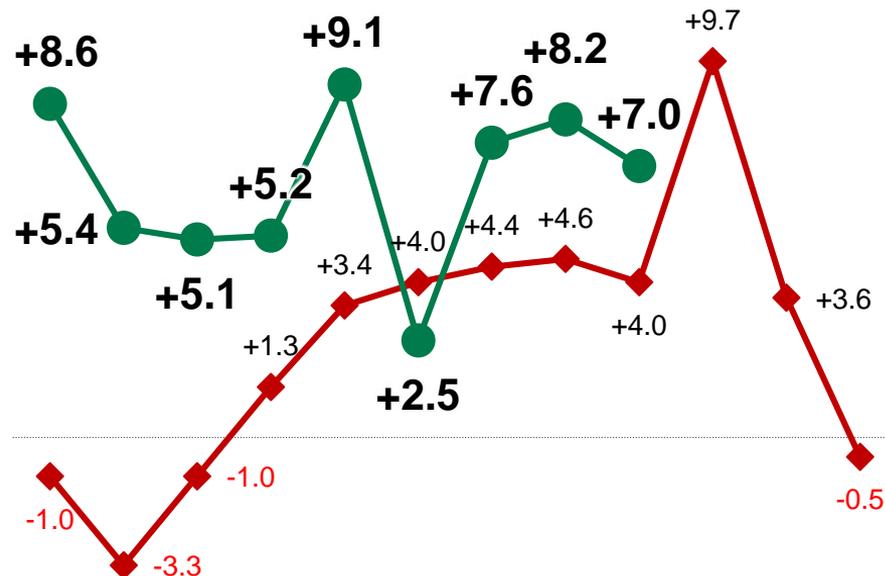
Mar. Apr. May Jun. Jul. Aug. Sep. Oct. Nov. Dec. Jan. Feb.

Q3 (Sep. to Nov.): +8.1%

■ Product Sales

—◆— FY ended Feb. 2023

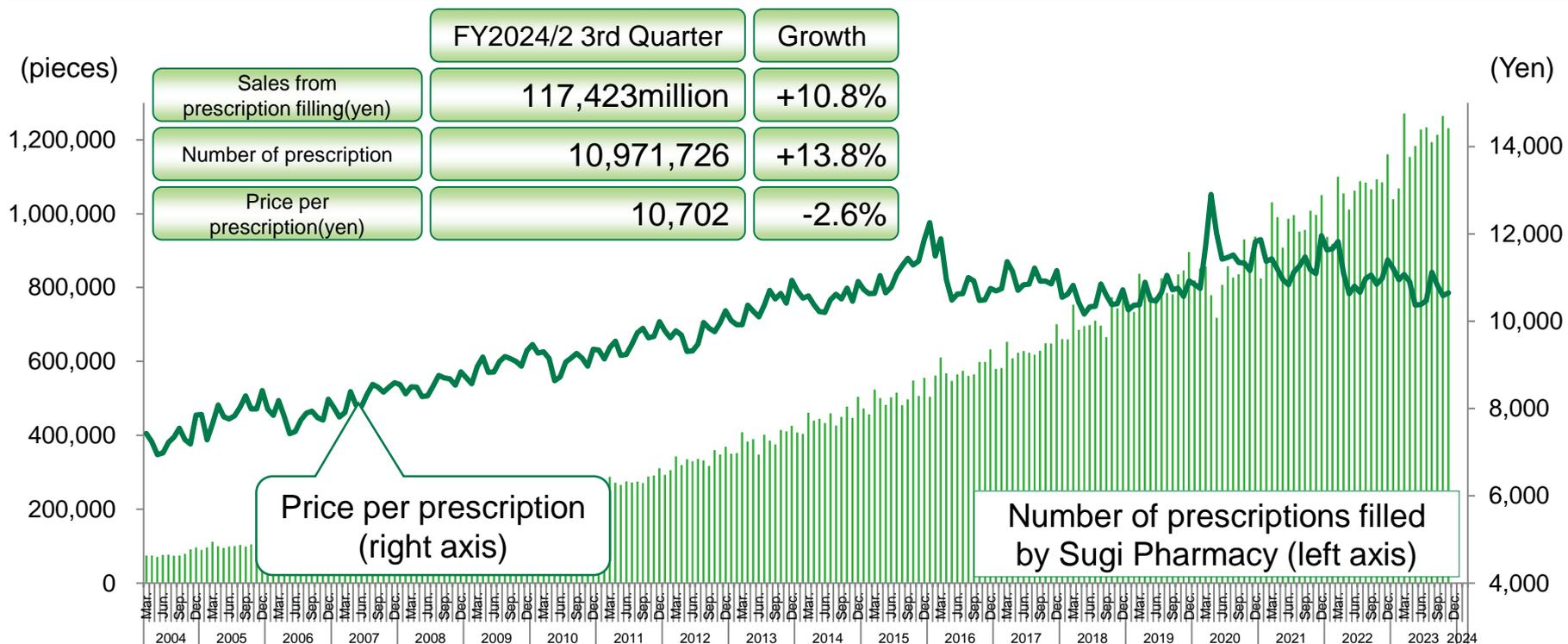
—●— FY ended Feb. 2024



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

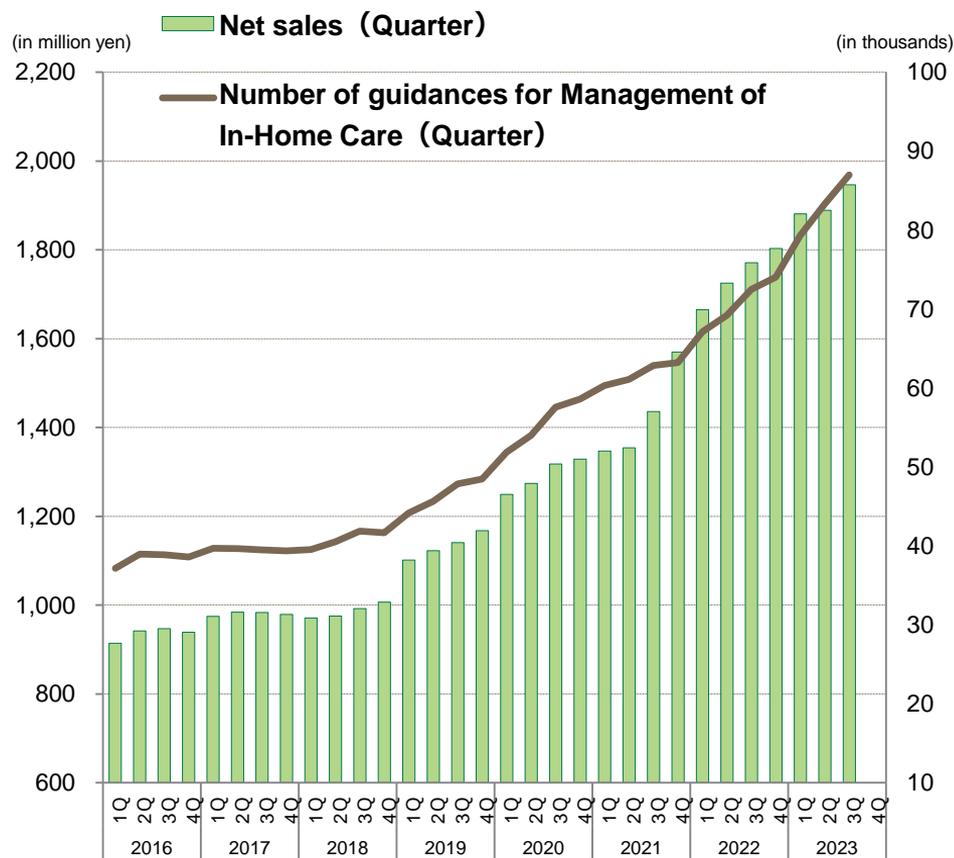
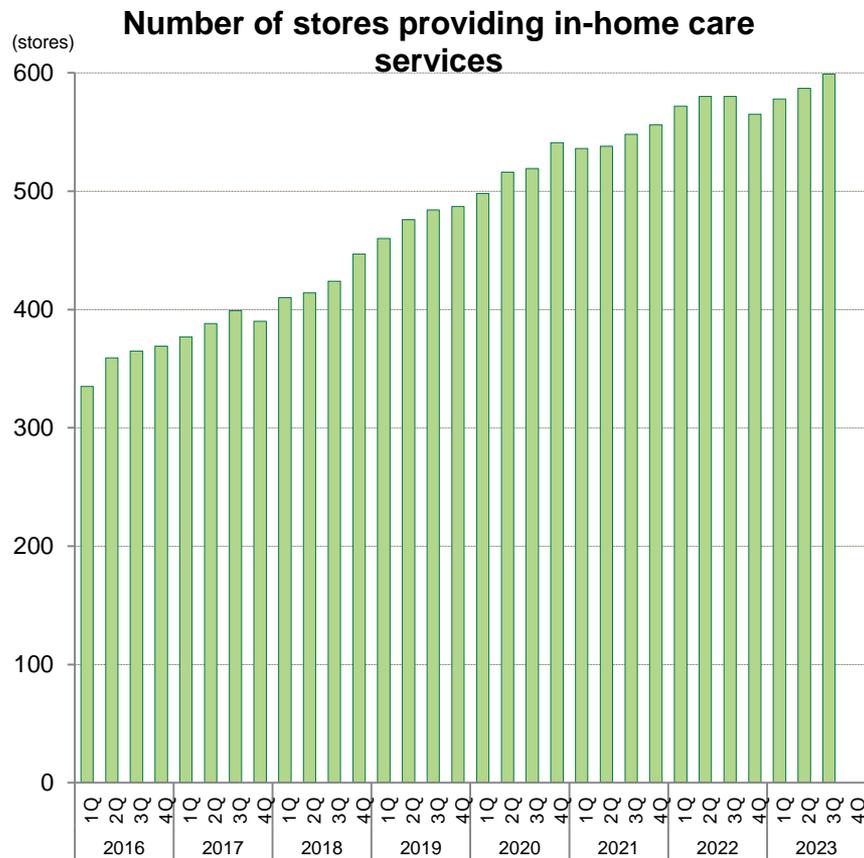
Q3 (Sep. to Nov.): +7.6%

Trends in the Number of Prescriptions and Price per Prescription



	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	FY 2023/2
Number of prescriptions	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	12,912,512
Avg. price / prescription(yen)	9,107	9,596	9,747	10,450	10,548	11,270	10,810	10,917	10,471	10,707	11,642	11,317	11,033

In-home Medical Care Services – As of November. 30, 2023



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.