

Financial Results
Full Year Results FY Ending February 28, 2021
Supplementary Information

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



Contents

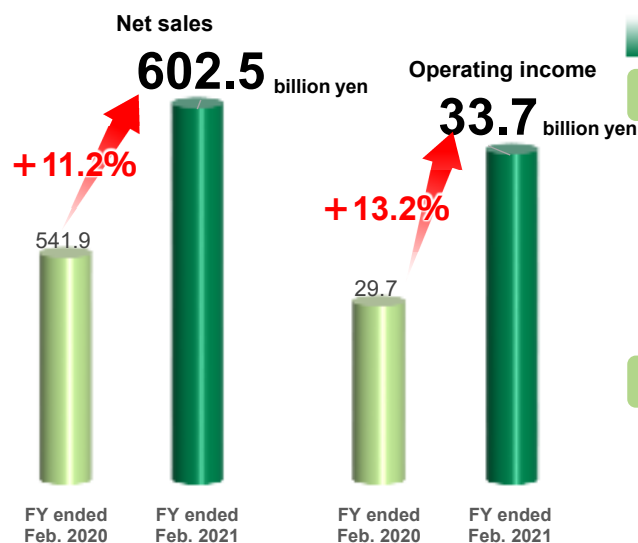
- 1. Financial Highlights Full Year**
- FY Ending February 28, 2021- Consolidated -
- 2. Forecast for the Year Ending Feb.28, 2022**

Financial Highlights Full Year - FY Ending February 28, 2021- Consolidated -

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Financial results highlight



The 4th consecutive fiscal year of net sales and operating income growth

Summary of businesses

- Sales of goods: With the spread of a new lifestyle, demand for related merchandises increased.
- Prescription: With rising concerns over COVID-19 infections, there was a growing tendency that more people refrained from seeing a doctor and doctors issued longer period prescriptions.
- Sales were steady, especially at stores near residential areas, since more people became health conscious and refrained from going out.

Topics

- Consolidated net sales exceeded 600.0 billion yen.
- The Group posted record operating income due to a rise in gross profit margin and the optimization of cost management.
- The Group posted impairment loss, mainly on stores in urban areas.

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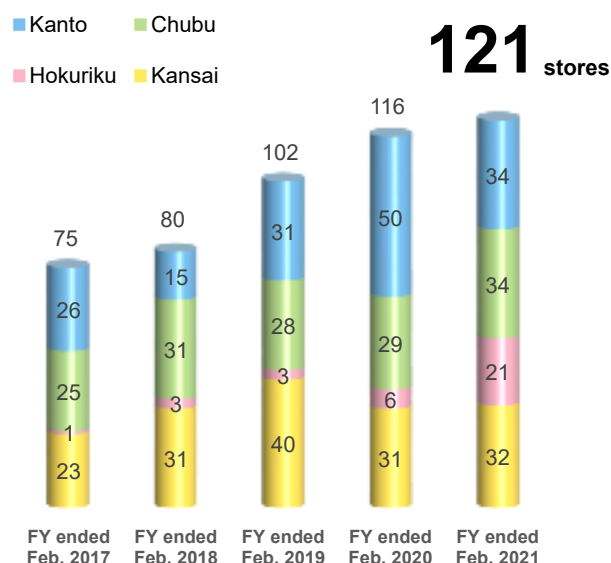
Full Year Financial Highlight - Consolidated -

	FY Ended 2020/2 Full Year		FY Ended 2021/2 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	541,964	100.0	602,510	100.0	100.4	2,510	111.2
Sugi Pharmacy business	479,425	88.5	540,191	89.7	100.3	1,491	112.7
Japan business	59,412	11.0	58,391	9.7	101.2	691	98.3
Others	3,128	0.6	3,928	0.7	109.1	328	125.6
Gross Profit	162,182	29.9	181,291	30.1	101.6	2,791	111.8
Sugi Pharmacy business	147,596	30.8	166,157	30.8	101.4	2,257	112.6
Japan business	12,189	20.5	12,492	21.4	104.1	492	102.5
Others	2,397	76.6	2,642	67.3	110.8	42	110.2
SG&A Expenses	132,420	24.4	147,590	24.5	99.4	-910	111.5
Operating Income	29,762	5.5	33,701	5.6	112.3	3,701	113.2
Non-operating Income	3,304	0.6	3,708	0.6	105.9	208	112.2
Non-Operating Expenses	1,592	0.3	2,075	0.3	103.8	75	130.3
Ordinary Income	31,473	5.8	35,333	5.9	112.2	3,833	112.3
Extraordinary Income	0	0.0	0	0.0	—	0	—
Extraordinary Losses	1,546	0.3	3,812	0.6	238.3	2,212	246.5
Net Income before Income Taxes	29,926	5.5	31,521	5.2	105.4	1,621	105.3
Income Taxes	9,144	1.7	10,400	1.7	105.1	500	113.7
Net Income	20,782	3.8	21,120	3.5	105.6	1,120	101.6

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New store openings



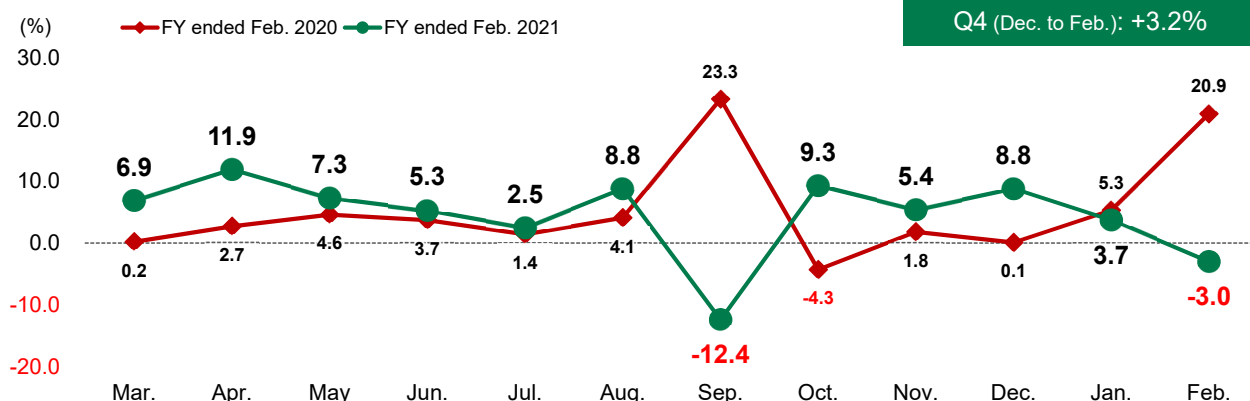
Record number of new store openings

- The Group continued to open a number of stores that exceeded its plan.
- The number of stores totaled 1,391 at the end of the current fiscal year (opening: 121; closure: 17).
- The number of stores increased by 40% over the recent five years as a result of continuous increase in the number of new store opening.

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The Group's existing stores sales growth rate



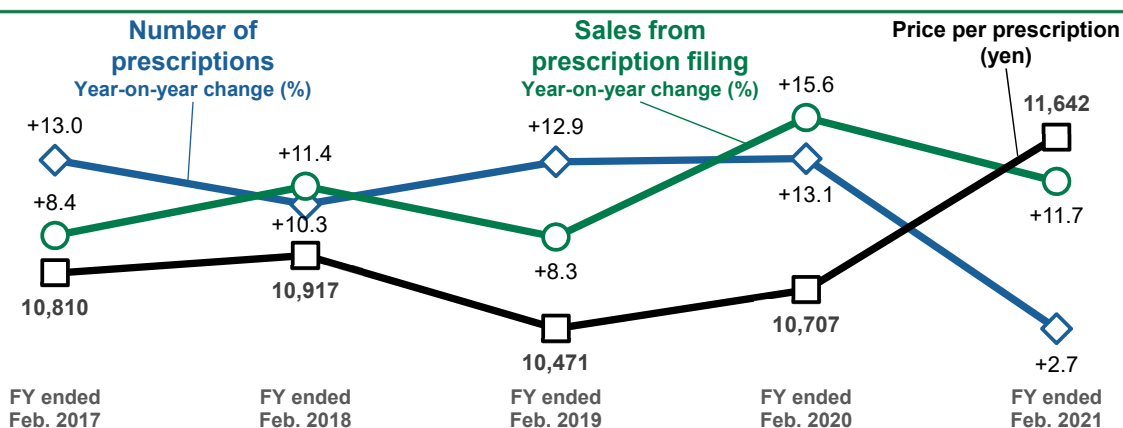
Summary

- Net sales (up 4.3% year on year): Sales remained solid throughout the year since the Group succeeded in capturing COVID-19 related demand.
- Number of customers (up 9.1% year on year): The frequency of visits to the Group's stores by customers increased due to a rise in awareness of hygiene and stay-at-home demand.
- Sales per customer (down 4.4% year on year): The number of items purchased by each customer decreased inversely proportional to the rise in the frequency of visits to the Group stores.

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Changes in the number of prescriptions and price per prescription



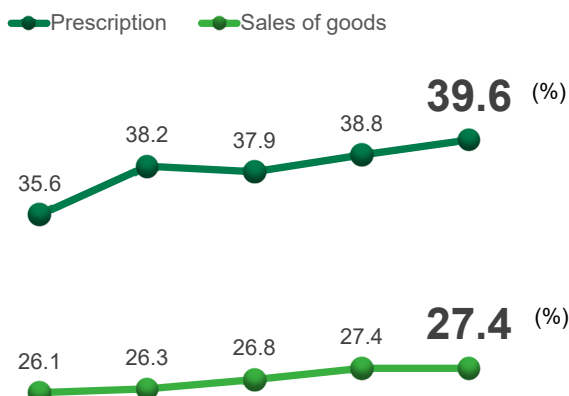
Summary

- Net sales: Prescription revenue continued showing double-digit growth despite unfavorable business conditions including a regular review of the Drug Tariff for price changes and increases in the restraint of consultations and issuance of longer period prescriptions under the spread of COVID-19.
- Number of prescriptions: The number of prescriptions issued by physicians decreased from the previous year due to the spread of COVID-19. However, the number of prescriptions handled by the Group increased from the previous year thanks to the Group's advantage to accept prescriptions issued by multiple medical institutions.
- Price per prescription: Price per prescription increased by 935 yen from the previous year due to increases in longer period prescriptions and prescriptions at higher prices.

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Changes in gross profit margin



Continuous improvement of gross profit margin

Prescription

- Gross profit margin continuously improved due to the expansion of purchased amounts and direct transactions with generic pharmaceutical companies.

Sales of goods

(Entire Group)

- Gross profit margin remained unchanged from the previous year due to an improvement of product mix at stores despite a fall in the composition ratio of the highly profitable segment.

(By segment)

- Gross profit margin of household goods and foodstuffs increased due to a rise in stay-at-home demand.
- Gross profit margin of healthcare goods decreased due to sluggish sales of cold medicines.

FY ended Feb. 2017 FY ended Feb. 2018 FY ended Feb. 2019 FY ended Feb. 2020 FY ended Feb. 2021

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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 2020/2 Full Year	FY 2021/2 Full Year				FY 2020/2 Full Year	FY 2021/2 Full Year			
	Results	Budget	Results			Results	Budget	Results		
Prescription	19.5	20.2	19.6	97.8	111.7	38.8	37.7	39.6	+1.9	+0.8
Product sales	80.5	79.8	80.4	101.0	110.9	27.4	27.4	27.4	±0.0	±0.0
Healthcare	20.1	19.3	20.4	105.7	112.4	40.4	39.6	39.2	−0.4	−1.2
Beauty	19.2	18.6	17.5	94.1	101.3	30.9	31.5	31.1	−0.4	+0.2
Household wares	18.9	19.0	19.8	104.6	116.6	23.3	23.8	24.0	+0.2	+0.7
Foods	22.0	22.6	22.5	99.7	113.3	16.3	16.8	17.1	+0.3	+0.8
Other	0.3	0.3	0.3	99.3	94.4	18.0	19.1	19.3	+0.2	+1.3

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Selling and general administrative expenses

(Million yen, %)	FY ended Feb. 2020 Full year		FY ended Feb. 2021 Full year			
	Results	% of sales	Results	% of sales	% of budget	% of previous year
Net sales	541,964	100.0	602,510	100.0	100.4	111.2
Total selling expenses	7,690	1.4	7,154	1.2	79.5	93.0
Personnel expenses	66,405	12.3	73,723	12.2	102.4	111.0
General administrative expense	58,323	10.8	66,711	11.1	98.8	114.4
Selling and administrative expenses	132,420	24.4	147,590	24.5	99.4	111.5

Cost management **within the plan**

Selling expense

- The Group's efforts to promote a digital shift over several years resulted in a reduction of selling expense.
- The efficiency of sales promotion activities rose under the spread of COVID-19.

Personnel expenses

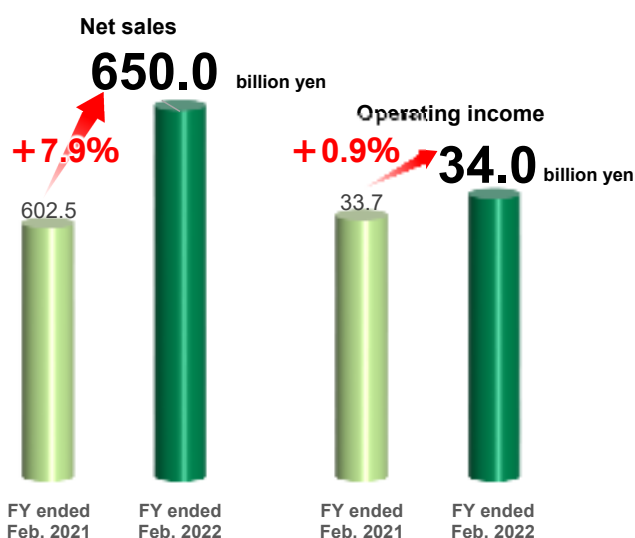
- Personnel expenses exceeded the budget due to the payment of performance-linked bonuses (not included in the budget).
- The Group kept personnel expenses within the budget through meticulous management, including a reduction of overtime works.
- The Group newly employed 693 persons for its continuous growth.

General administrative expense

- Rent and depreciation expenses increased along with a rise in the number of new store openings.
- Depreciation expenses grew due to an increase in capital investment for promotion of DX.
- The Group kept general administrative expense within the budget by thoroughly reducing other expenses.

Forecast for the Year Ending Feb.28, 2022

Forecast for the fiscal year ending February 28, 2022



Forecast of net sales and operating income growth

Assumption

(Number of new store openings)

- 120 new stores at Kanto, Chubu, Kansai and Hokuriku areas

(Net sales)

- Existing stores: Up 1.6% year on year
(Sales of goods: down 1.5%; prescription revenue: up 14.3%)

(Selling and general administrative expenses)

- Personnel expenses: The Group plans to restrain the growth of personnel expenses by having proper staffing and promoting work style reforms.
- Depreciation: The Group plans to continue carrying out DX-related investment to strengthen competitiveness and improve productivity.

(Capital investment)

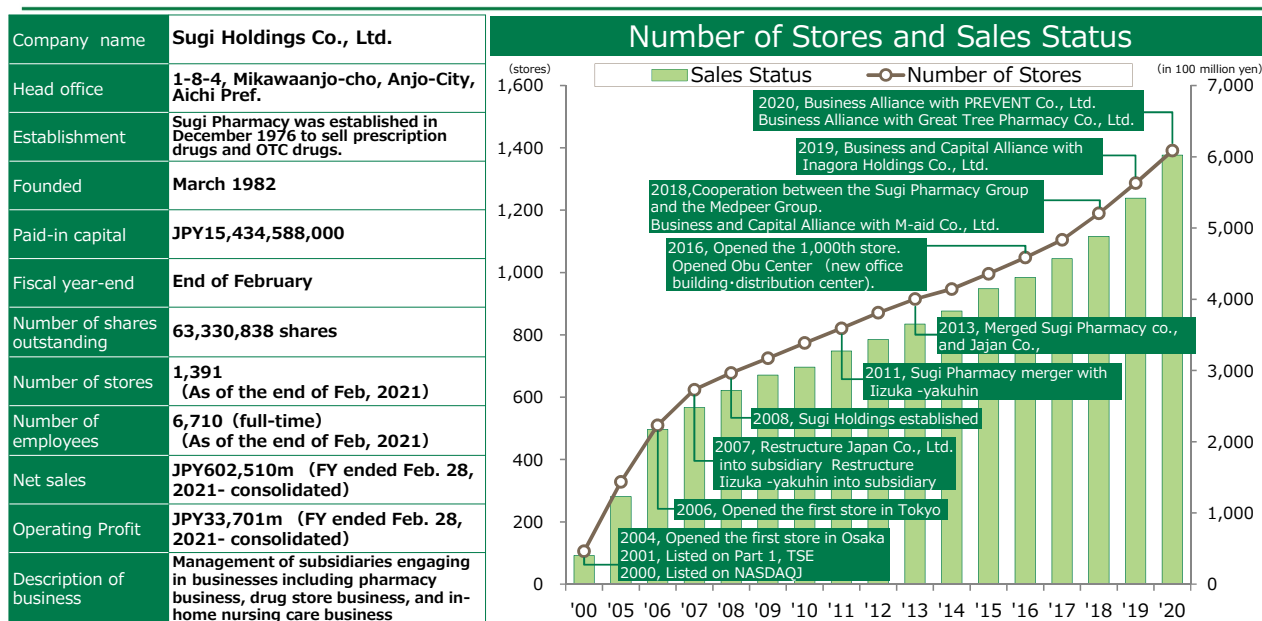
- 26.7 billion yen (new store openings: 20.0 billion yen; renovation: 2.7 billion yen; DX: 4.0 billion yen)

P/L Forecast for the Year Ending Feb. 28, 2022 - Consolidated -

(in million yen·%)	1st Half Year					2ed Half Year					Full Year				
	2021/2		2022/2		Y o Y	2021/2		2022/2		Y o Y	2021/2		2022/2		Y o Y
	Results	Ratio	Forecast	Ratio		Results	Ratio	Forecast	Ratio		Results	Ratio	Forecast	Ratio	
Net Sales	302,598	100.0	320,000	100.0	105.8	299,911	100.0	330,000	100.0	110.0	602,510	100.0	650,000	100.0	107.9
Prescription	57,284	18.9	66,400	20.8	115.9	60,312	20.1	70,600	21.4	117.1	117,597	19.5	137,000	21.1	116.5
Product sales	243,384	80.4	250,000	78.1	102.7	237,600	79.2	253,000	76.7	106.5	480,984	79.8	503,000	77.4	104.6
Gross Margin	89,790	29.7	96,000	30.0	106.9	91,501	30.5	99,000	30.0	108.2	181,291	30.1	195,000	30.0	107.6
Prescription	21,999	38.4	24,000	36.1	109.1	24,622	40.8	26,000	36.8	105.6	46,621	39.6	50,000	36.5	107.2
Product sales	66,326	27.3	69,700	27.9	105.1	65,701	27.7	69,900	27.6	106.4	132,028	27.4	139,600	27.8	105.7
SG&A	71,282	23.6	79,000	24.7	110.8	76,307	25.4	82,000	24.8	107.5	147,590	24.5	161,000	24.8	109.1
Selling Expenses	3,016	1.0	4,200	1.3	139.2	4,137	1.4	4,200	1.3	101.5	7,154	1.2	8,400	1.3	117.4
Personnel Expenses	35,917	11.9	38,700	12.1	107.7	37,805	12.6	39,800	12.1	105.3	73,723	12.2	78,500	12.1	106.5
SG&A Expenses	32,347	10.7	36,100	11.3	111.6	34,364	11.5	38,000	11.5	110.6	66,711	11.1	74,100	11.4	111.1
Operating Profit	18,507	6.1	17,000	5.3	91.9	15,193	5.1	17,000	5.2	111.9	33,701	5.6	34,000	5.2	100.9
Recurring Profit	19,193	6.3	17,500	5.5	91.2	16,140	5.4	18,000	5.5	111.5	35,333	5.9	35,500	5.5	100.5
Net Income	12,555	4.1	11,400	3.6	90.8	8,565	2.9	10,600	3.2	123.8	21,120	3.5	22,000	3.4	104.2

Appendix

PROFILE



Overview of Sugi Group



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Store Openings and Closings

Nos. of stores by region	FY2020/2 Full Year	FY 2021/2 1H			FY 2021/2 2H			FY 2021/2 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	344	16	1	0	18	2	0	34	3	0	+31	375
Chubu Region	479	14	5	0	20	3	0	34	8	0	+26	505
Hokuriku Region	13	12	0	0	9	0	0	21	0	0	+21	34
Kansai Region	451	22	5	0	10	1	0	32	6	0	+26	477
Total	1,287	64	11	0	57	6	0	121	17	0	+104	1,391

Nos. of stores by region	FY2020/2 Full Year	FY 2021/2 1H			FY 2021/2 2H			FY 2021/2 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	1,163	62	9	0	56	5	0	118	14	0	+104	1,267
Japan	113	0	1	0	0	1	0	0	2	0	-2	111
Visit Nursing Care ST	11	2	1	0	1	0	0	3	1	0	+2	13
Total	1,287	64	11	0	57	6	0	121	17	0	+104	1,391

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Full Year SG&A Expenses Status - Consolidated -

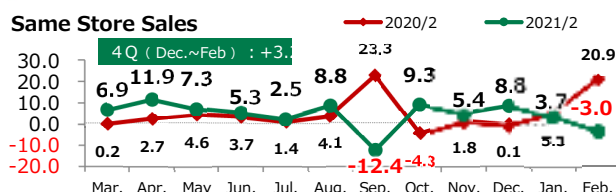
	FY Ended 2020/2 Full Year		FY Ended 2021/2 Full Year			
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	vs. Budget (in %)	Y o Y
Net Sales	541,964	100.0	602,510	100.0	100.4	111.2
Total Selling Expenses	7,690	1.4	7,154	1.2	79.5	93.0
Advertising Expenses	4,850	0.9	4,078	0.7	71.8	84.1
Premium Expenses	2,840	0.5	3,076	0.5	92.7	108.3
Personnel Expenses	66,405	12.3	73,723	12.2	102.4	111.0
Total Administrative Expenses	58,323	10.8	66,711	11.1	98.8	114.4
Rent Expenses	25,926	4.8	30,122	5.0	102.0	116.2
Depreciation Expenses	8,385	1.5	9,910	1.6	92.6	118.2
Utilities Expenses	4,231	0.8	4,391	0.7	97.2	103.8
Supplies Expenses	4,027	0.7	4,554	0.8	88.0	113.1
Tax and Public Charges	3,817	0.7	4,677	0.8	104.7	122.5
Commission Paid	5,410	1.0	6,401	1.1	108.4	118.3
Others	6,523	1.2	6,653	1.1	92.5	102.0
Total SG&A Expenses	132,420	24.4	147,590	24.5	99.4	111.5

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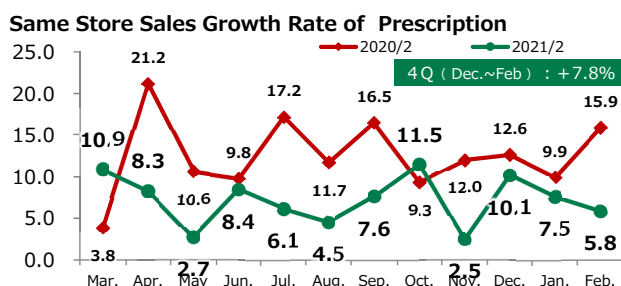
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Sales growth rate of existing stores- Sugi Group -

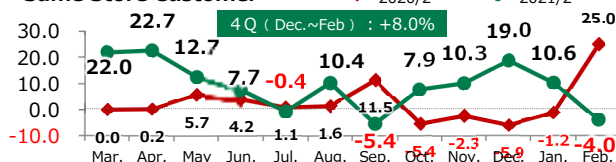
Same Store Sales



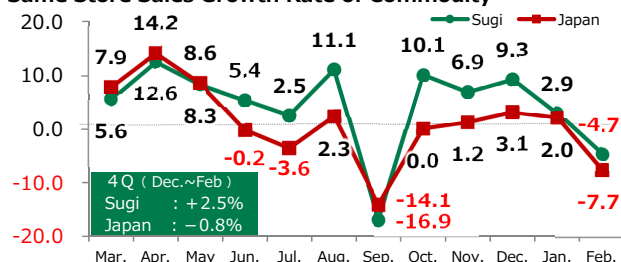
Same Store Sales Growth Rate of Prescription



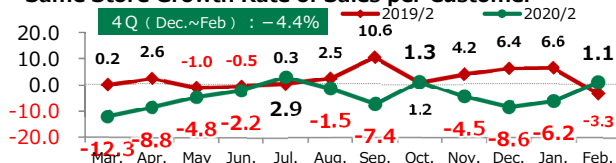
Same Store Customer



Same Store Sales Growth Rate of Commodity



Same Store Growth Rate of Sales per Customer



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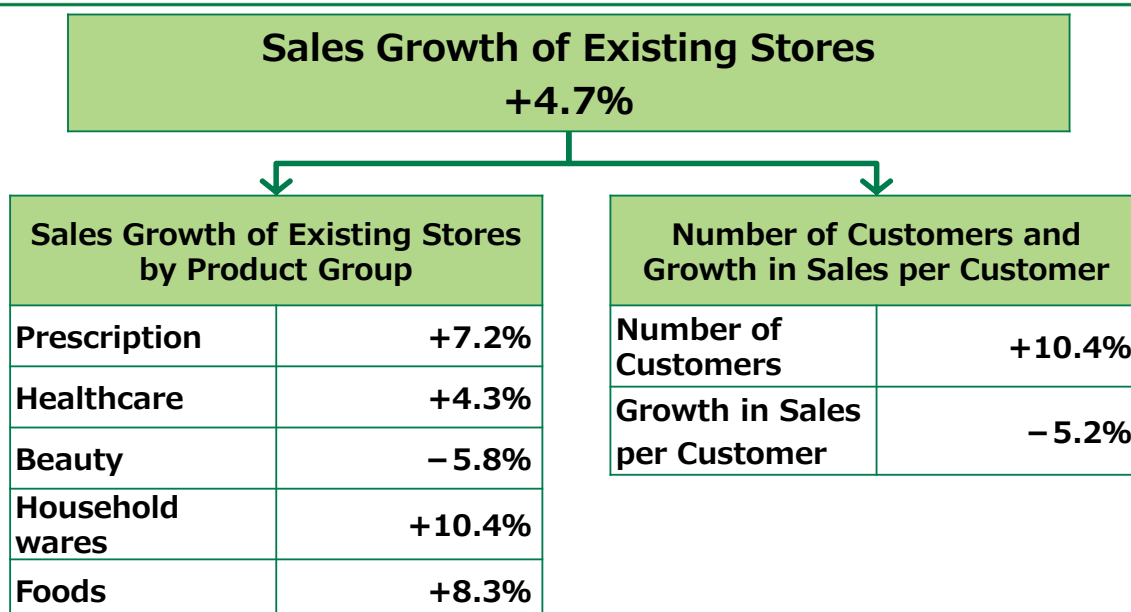
Sales Trend by Product Group - Sugi -

(%)	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Profit Margin			Gross Profit % vs. Budget	Gross Profit % vs. Y o Y
	FY 2020/2 Full Year	FY 2021/2 Full Year				FY 2020/2 Full Year	FY 2021/2 Full Year			
	Results	Budget	Results			Results	Budget	Results		
Prescription	22.0	22.3	21.8	97.8	111.7	38.8	37.7	39.6	+1.9	+0.8
Healthcare	21.4	20.4	21.4	105.4	112.5	40.5	39.7	39.3	−0.4	−1.2
Beauty	20.6	19.8	18.5	93.7	101.3	31.0	31.6	31.2	−0.4	+0.2
Household wares	18.8	19.0	19.7	104.2	118.4	23.2	23.6	24.0	+0.4	+0.8
Foods	17.1	18.4	18.4	100.7	121.5	16.4	17.0	17.2	+0.2	+0.8
Other	0.1	0.1	0.1	105.2	107.7	31.8	33.2	31.1	−2.1	−0.7
Total	100.0	100.0	100.0	100.3	112.7	30.8	30.4	30.8	+0.4	±0.0
J a p a n	—	—	—	101.2	98.3	20.5	20.8	21.4	+0.6	+0.9

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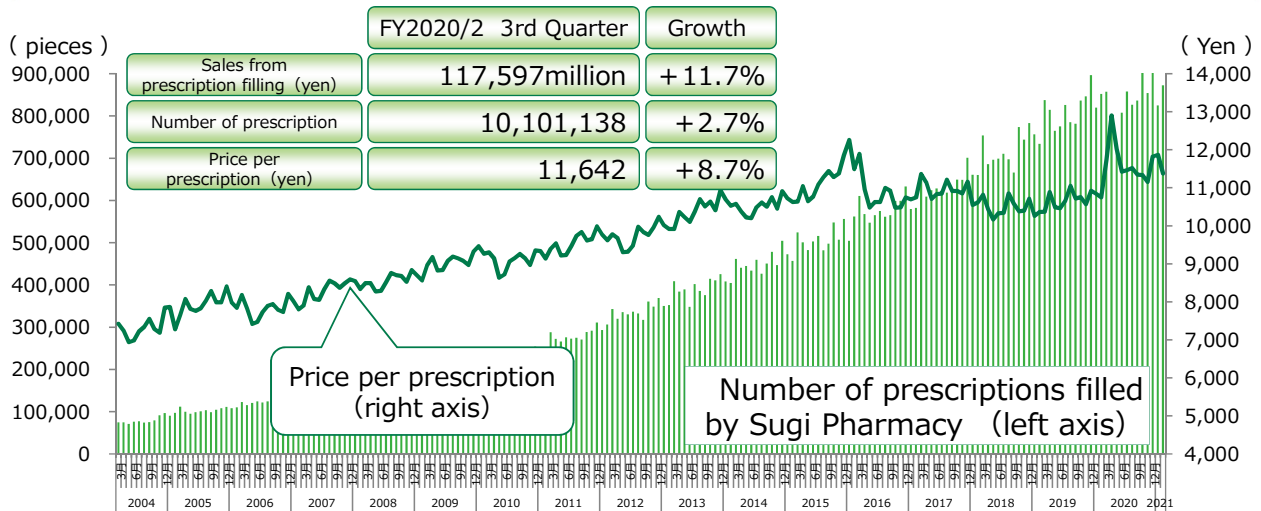
Sales Trend at Existing Stores- Sugi Pharmacy business -



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Trends in the Number of Prescriptions and Price per Prescription

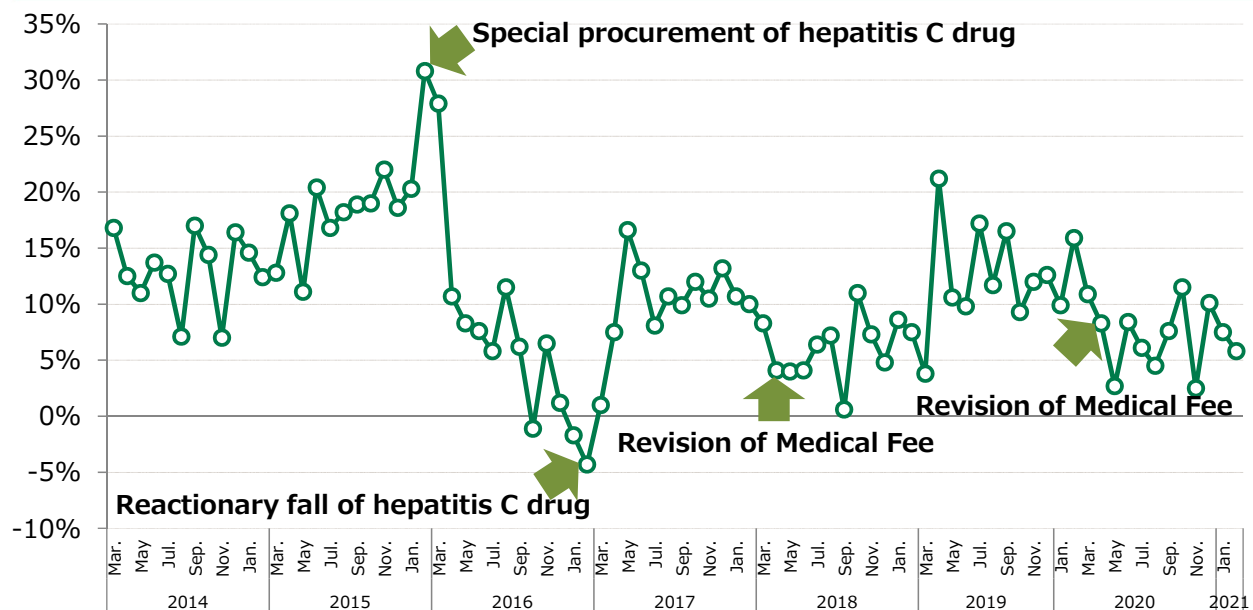


	FY 2009/2	FY 2010/2	FY 2011/2	FY 2012/2	FY 2013/2	FY 2014/2	FY 2015/2	FY 2016/2	FY 2017/2	FY 2018/2	FY 2019/2	FY 2020/2	FY 2021/2
Number of prescriptions	2,010,444	2,346,349	2,725,013	3,408,128	4,103,319	4,782,507	5,473,832	6,181,431	6,982,700	7,704,463	8,698,045	9,833,178	10,101,138
Avg. price / prescription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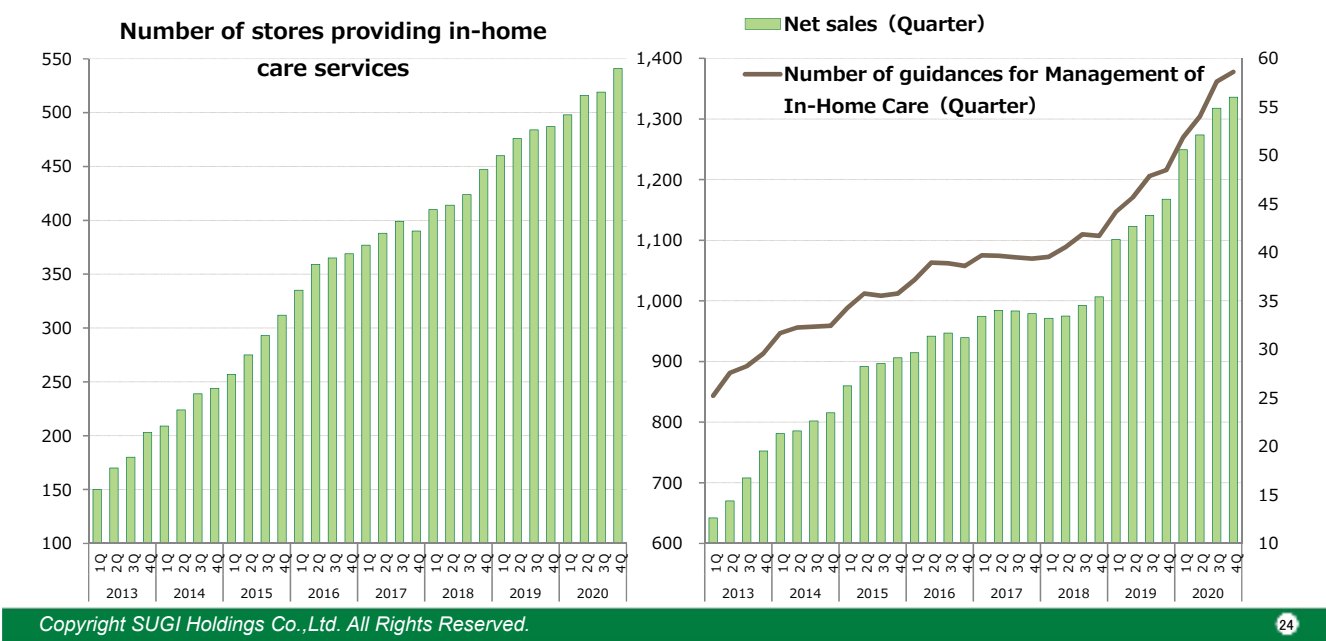
Same store growth rate of prescription sales



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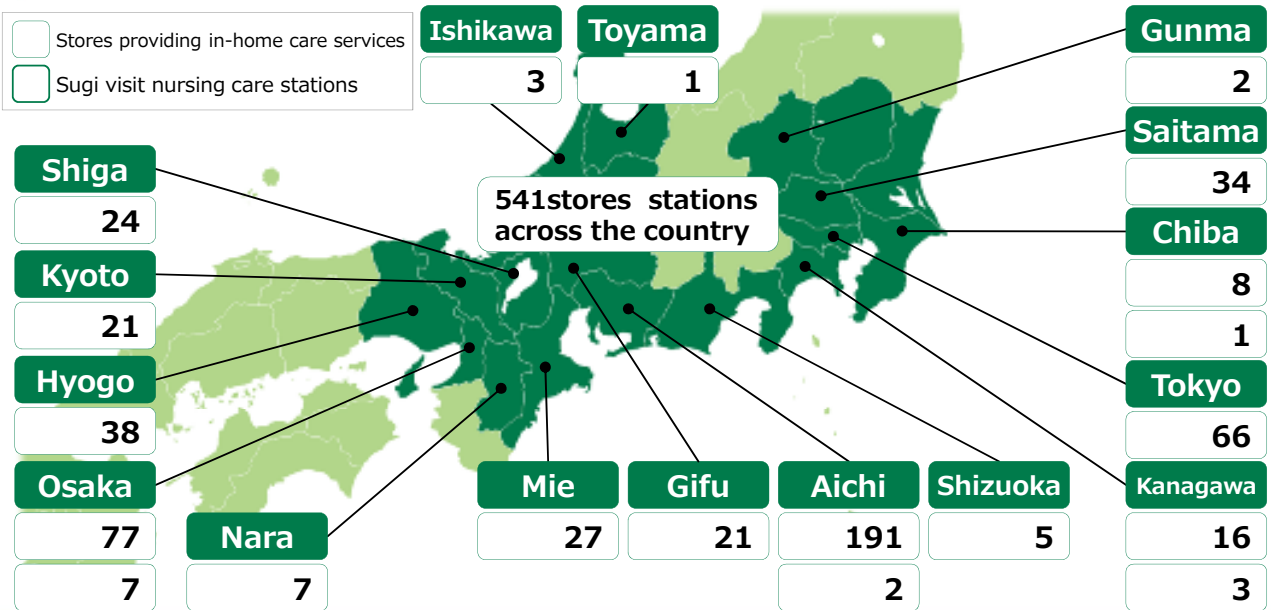
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In-home Medical Care Services – As of Feb. 28, 2021



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Facilities Providing Comprehensive Medical Services to Local Communities



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Preconditions of Forecasts for FY 2022/2

<Store Opening & Closing>

(Store)	Openings	Closings	Total
Sugi Pharmacy	118	20	+98
Japan	0		
Visit Nursing Care ST	2	0	+2
Group Total	120	20	+100

<Investment>

(in million yen)	Amount
New stores	20,000
Existing store refurbishment	2,700
Investment in systems and others	4,000
Group Total	26,700

<Existing Stores Sales Growth>

(%)	Q1	Q2	Q3	Q4	1H	2H	Full Year
Prescription	113.4	114.4	113.1	116.2	113.9	114.7	114.3
Product sales	94.5	98.5	101.4	99.6	96.5	100.5	98.5
Group Total	98.1	101.5	103.9	102.9	99.8	103.3	101.6

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.