

# **Financial Results**

## **1st Quarter - FY Ending February 29, 2024**

### **Supplementary Information**

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

**SUGI Holdings**

**June 27. 2023**

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# Financial Highlights 1st Quarter - FY Ending February 29, 2024 - Consolidated -

(Note)

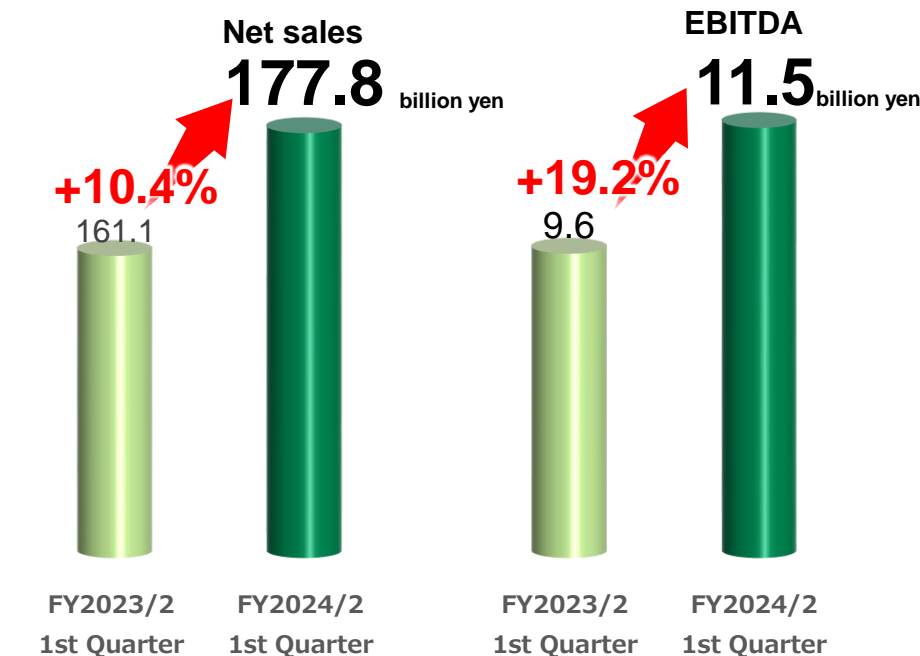
Sugi Holdings Co., Ltd. has changed its accounting standards to include the impact of the "Accounting Standard for Revenue Recognition" in each product sales from the first quarter of the current consolidated accounting period.

For this reason, this report has been prepared by retroactively applying the revised standard to the first 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

We started the fiscal year ending February 2024 with an increase in both sales and profit.



(Note)

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

## Summary of businesses

- Sales of goods: Demand for related products increased with the increase in opportunities to go out. Demand for food products also remained steady.
- Prescription: Increase in the number of prescriptions due to hay fever, colds, and influenza outbreaks.

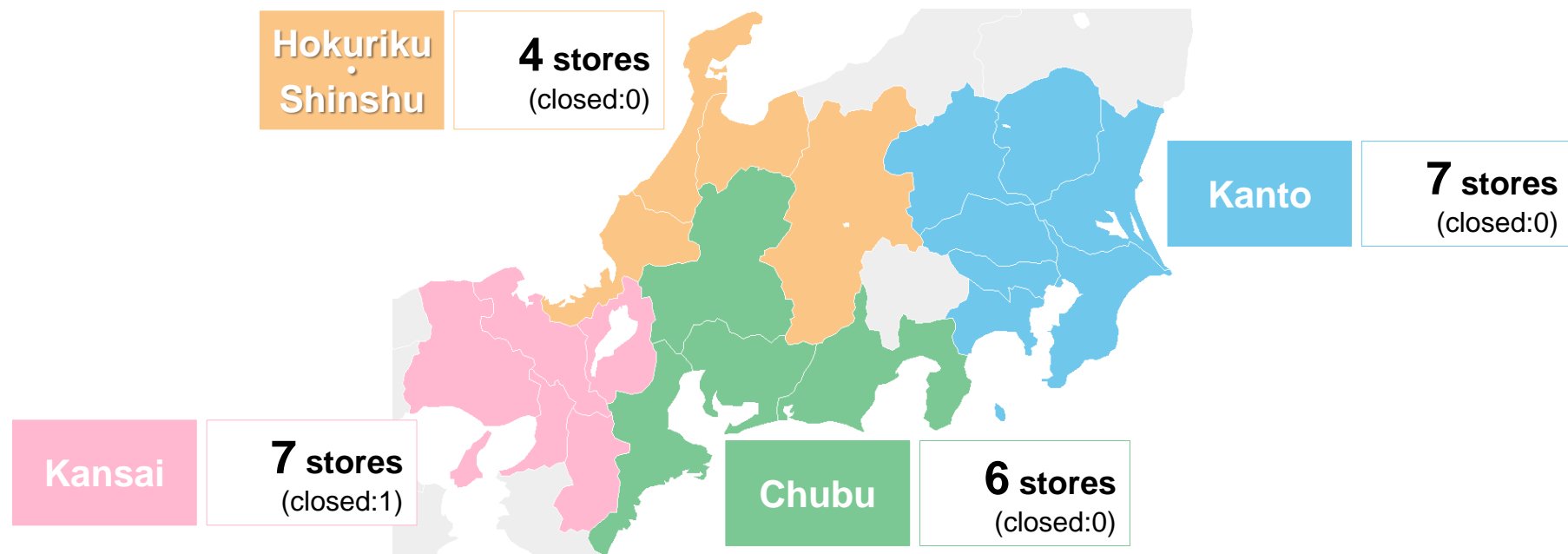
## Topics

- Reinforcement of renovations to revitalize existing stores.
- Actively hiring qualified personnel to accommodate scale expansion.
- Aiming to further increase store openings in light of the steady return of people to central city.

# 1st Quarter Financial Highlight - Consolidated -

	FY Ending 2023/2 1Q(March to May)		FY Ending 2024/2 1Q(March to May)				
	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>161,128</b>	<b>100.0</b>	<b>177,851</b>	<b>100.0</b>	<b>101.1</b>	<b>1,851</b>	<b>110.4</b>
Prescription	35,451	22.0	38,901	21.9	102.0	753	109.7
Product Sales	<u>124,207</u>	<u>77.1</u>	137,460	77.3	101.0	1,393	110.7
Others	<u>1,469</u>	<u>0.9</u>	1,489	0.8	83.5	-296	101.4
<b>Gross Profit</b>	<b>47,497</b>	<b>29.5</b>	<b>52,992</b>	<b>29.8</b>	<b>101.9</b>	<b>992</b>	<b>111.6</b>
Prescription	13,259	37.4	14,613	37.6	102.9	417	110.2
Product Sales	<u>33,239</u>	<u>26.8</u>	37,340	27.2	100.5	169	112.3
Others	<u>998</u>	<u>67.9</u>	1,038	69.7	164.1	405	104.0
<b>SG&amp;A Expenses</b>	<b>40,826</b>	<b>25.3</b>	<b>45,214</b>	<b>25.4</b>	<b>100.5</b>	<b>214</b>	<b>110.7</b>
<b>Operating Income</b>	<b>6,671</b>	<b>4.1</b>	<b>7,778</b>	<b>4.4</b>	<b>111.1</b>	<b>778</b>	<b>116.6</b>
Non-Operating Income	759	0.5	1,080	0.6	135.1	280	142.4
Non-Operating Expenses	624	0.4	555	0.3	111.1	55	89.0
<b>Ordinary Income</b>	<b>6,806</b>	<b>4.2</b>	<b>8,303</b>	<b>4.7</b>	<b>113.8</b>	<b>1,003</b>	<b>122.0</b>
Extraordinary Income	0	0.0	0	0.0	—	0	—
Extraordinary Losses	2	0.0	130	0.1	—	130	4,966.9
<b>Net Income before Income Taxes</b>	<b>6,804</b>	<b>4.2</b>	<b>8,173</b>	<b>4.6</b>	<b>112.0</b>	<b>873</b>	<b>120.1</b>
Income Taxes	2,195	1.4	2,609	1.5	102.3	59	118.9
<b>Net Income</b>	<b>4,608</b>	<b>2.9</b>	<b>5,563</b>	<b>3.1</b>	<b>117.1</b>	<b>813</b>	<b>120.7</b>
<b>EBITDA</b>	<b>9,687</b>	<b>6.0</b>	<b>11,548</b>	<b>6.5</b>	<b>109.3</b>	<b>985</b>	<b>119.2</b>

# New store openings

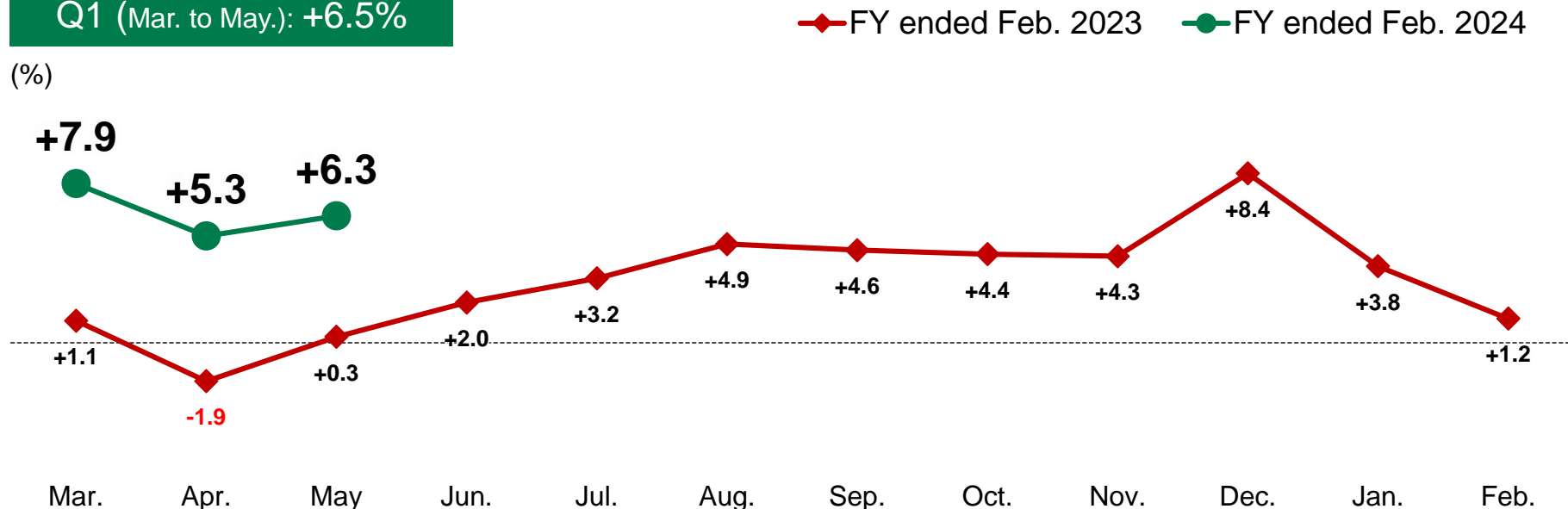


## Summary

- As a result of opening 24 stores and closing 1 stores, the total number of stores as of the end of May was 1,588.
- As of the end of May, the number of stores in each area was 432 in Kanto, 556 in Chubu, 536 in Kansai, and 64 in Hokuriku/Shinshu.
- As a result of the opening of new stores, the percentage of stores with dispensing facilities was 84.3% (Sugi Pharmacy business only).

# The Group's existing stores sales growth rate

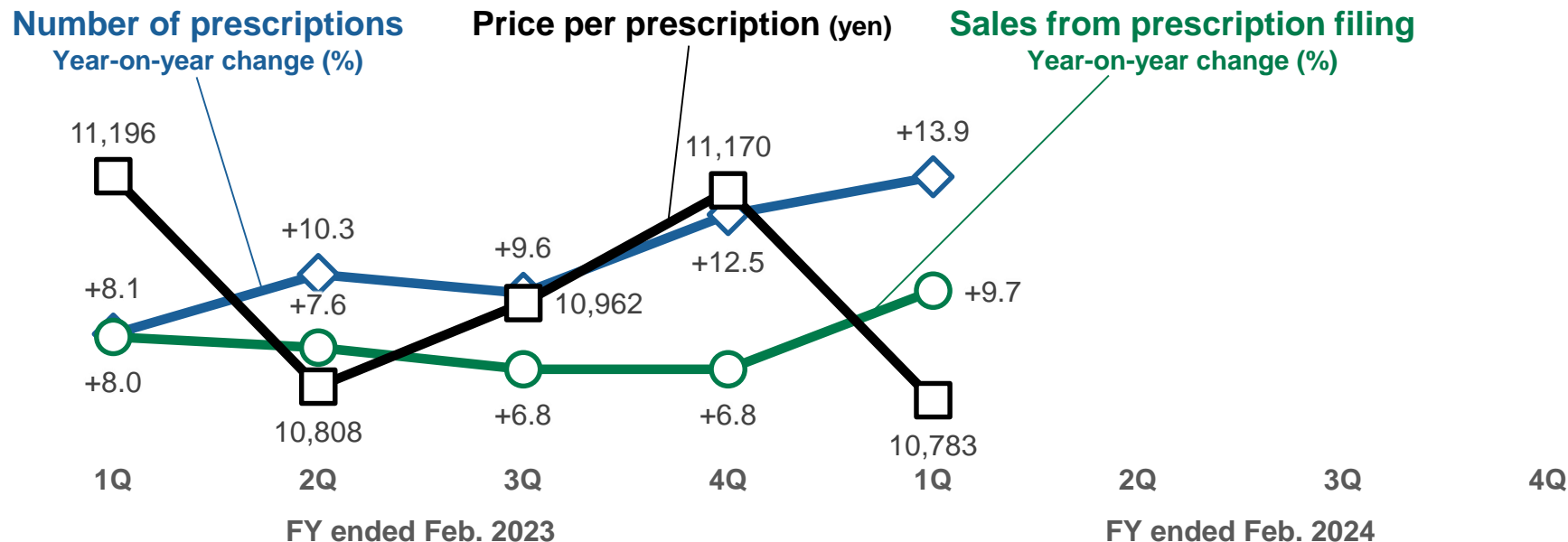
Q1 (Mar. to May.): +6.5%



## Summary

- Net sales (up 6.5% year on year) : The transition to category 5 infectious diseases and the recovery of inbound sales contributed positively to both product sales and dispensing.
- Number of customers (down 9.3% year on year) : Continued impact of revision of sales promotion measures implemented from September 2022.
- Sales per customer (up 17.4% year on year) : Continued increase in the number of items purchased as a result of revised sales promotion measures.

# Changes in the number of prescriptions and price per prescription



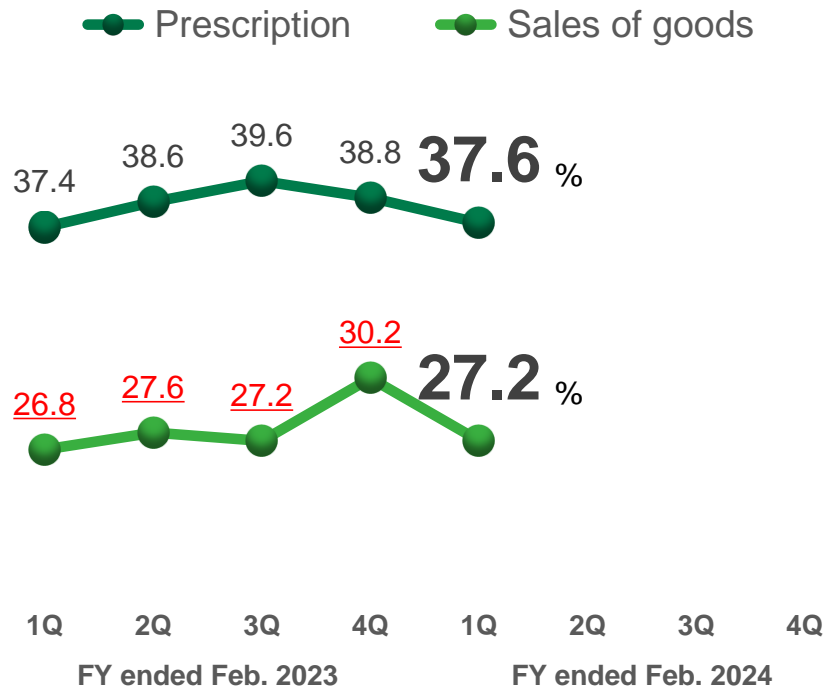
## Summary

- Dispensing Sales : Despite the impact of NHI price revisions, sales grew steadily due to an increase in demand for prescriptions.
- Number of prescriptions received : Number of prescriptions on the rise as new coronavirus subsides.
- Prescription unit price : Unit price decreased due to drug price revisions and an increase in prescriptions for hay fever and colds.



# Changes in gross profit margin

Profit margins increased year on year for both product sales and dispensing



## Prescription

- Profitability increased due to improvement in the composition (mix) of drugs used.

## Sales of goods

(Entire Group)

- Increased profit margins due to elaborate regional price adjustments and inclusion of outing-related commercial products.

(By segment)

- Capturing demand for cosmetics boosted profit margins in the Beauty Division.

# 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 1Q	FY 2024/2 1Q				FY 2023/2 1Q	FY 2024/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	22.2	21.9	22.1	102.0	109.7	37.4	37.2	37.6	+0.4	+0.2
Product sales	77.8	78.1	77.9	101.0	110.7	26.8	27.3	27.2	− 0.1	+0.4
Healthcare	19.6	20.3	19.4	96.6	109.5	39.4	39.0	39.2	+0.2	− 0.2
Beauty	16.8	16.7	17.3	104.7	113.3	30.5	30.9	31.5	+0.6	+1.0
Household wares	18.9	19.3	18.4	97.0	107.9	22.9	24.0	23.5	− 0.5	+0.6
Foods	22.3	21.7	22.7	105.9	112.3	16.1	16.6	16.6	±0.0	+0.5
Other	0.2	0.2	0.2	99.4	87.7	19.5	19.2	18.7	− 0.5	− 0.8

# Selling and general administrative expenses

**SG&A expenses were in line with the plan due to detailed control of SG&A expenses**

(in million yen, %)	FY ended Feb. 2023 1Q		FY ended Feb. 2024 1Q			
	Results	% of sales	Results	% of sales	% of budget	% of previous year
Net sales	161,128	100.0	177,851	100.0	101.1	110.4
Total selling expenses	1,024	0.6	961	0.5	80.1	93.8
Personnel expenses	20,871	13.0	22,041	12.4	99.3	105.6
General administrative expense	18,930	11.7	22,212	12.5	102.8	117.3
Selling and administrative expenses	40,826	25.3	45,214	25.4	100.5	110.7

## Selling expense

- Continued efficient sales promotion measures centered on app sales promotions.
- Started operating sales promotion measures in line with customers' purchasing trends.

## Personnel expenses

- Improvement of over- and under-staffing of store employees through promotion of appropriate allocation.
- Improve productivity through man-hour control.

## General administrative expense

- Continued increase in electricity costs.
- Increase in payment fees due to increase in cashless payments.
- Recruitment expenses increased due to intensified recruiting activities to acquire qualified personnel.

# Appendix

# Store Openings and Closings

Nos. of stores by region	FY2023/2 Full Year	FY2024/2 1st Quarter			Forecast after June 2023		FY 2024/2 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	425	7	0	432	33	6	40	6	+34	459
Chubu Region	550	6	0	556	26	5	32	5	+27	577
Hokuriku/Shinshu Region	60	4	0	64	6	2	10	2	+8	68
Kansai Region	530	7	1	536	31	6	38	7	+31	561
<b>Total</b>	<b>1,565</b>	<b>24</b>	<b>1</b>	<b>1,588</b>	<b>96</b>	<b>19</b>	<b>120</b>	<b>20</b>	<b>+100</b>	<b>1,665</b>

Nos. of stores by company	FY2023/2 Full Year	FY2024/2 1st Quarter			Forecast after June 2023		FY 2024/2 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	1,446	23	1	1,468	95	19	118	20	+98	1,544
Japan	105	0	0	105	0	0	0	0	0	105
Visit Nursing Care ST	14	1	0	15	1	0	2	0	+2	16
<b>Total</b>	<b>1,565</b>	<b>24</b>	<b>1</b>	<b>1,588</b>	<b>96</b>	<b>19</b>	<b>120</b>	<b>20</b>	<b>+100</b>	<b>1,665</b>

# 1st Quarter Financial Highlight - Consolidated -

	FY Ending 2023/2 1Q(March to May)		FY Ending 2024/2 1Q(March to May)				
	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>161,128</b>	<b>100.0</b>	<b>177,851</b>	<b>100.0</b>	<b>101.1</b>	<b>1,851</b>	<b>110.4</b>
Sugi Pharmacy business	<u>147,496</u>	<u>91.5</u>	164,075	92.3	101.2	1,879	111.2
Japan business	<u>12,162</u>	<u>7.5</u>	12,287	6.9	102.2	268	101.0
Others	<u>1,469</u>	<u>0.9</u>	1,489	0.8	83.5	-296	101.4
<b>Gross Profit</b>	<b>47,497</b>	<b>29.5</b>	<b>52,992</b>	<b>29.8</b>	<b>101.9</b>	<b>992</b>	<b>111.6</b>
Sugi Pharmacy business	<u>43,961</u>	<u>29.8</u>	49,389	30.1	101.1	561	112.3
Japan business	<u>2,537</u>	<u>20.9</u>	2,565	20.9	101.0	26	101.1
Others	<u>998</u>	<u>67.9</u>	1,038	69.7	164.1	405	104.0
<b>SG&amp;A Expenses</b>	<b>40,826</b>	<b>25.3</b>	<b>45,214</b>	<b>25.4</b>	<b>100.5</b>	<b>214</b>	<b>110.7</b>
<b>Operating Income</b>	<b>6,671</b>	<b>4.1</b>	<b>7,778</b>	<b>4.4</b>	<b>111.1</b>	<b>778</b>	<b>116.6</b>
Non-Operating Income	759	0.5	1,080	0.6	135.1	280	142.4
Non-Operating Expenses	624	0.4	555	0.3	111.1	55	89.0
<b>Ordinary Income</b>	<b>6,806</b>	<b>4.2</b>	<b>8,303</b>	<b>4.7</b>	<b>113.8</b>	<b>1,003</b>	<b>122.0</b>
Extraordinary Income	0	0.0	0	0.0	—	0	—
Extraordinary Losses	2	0.0	130	0.1	—	130	4,966.9
<b>Net Income before Income Taxes</b>	<b>6,804</b>	<b>4.2</b>	<b>8,173</b>	<b>4.6</b>	<b>112.0</b>	<b>873</b>	<b>120.1</b>
Income Taxes	2,195	1.4	2,609	1.5	102.3	59	118.9
<b>Net Income</b>	<b>4,608</b>	<b>2.9</b>	<b>5,563</b>	<b>3.1</b>	<b>117.1</b>	<b>813</b>	<b>120.7</b>
<b>EBITDA</b>	<b>9,687</b>	<b>6.0</b>	<b>11,548</b>	<b>6.5</b>	<b>109.3</b>	<b>985</b>	<b>119.2</b>

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

	FY Ending 2023/2 1Q (March to May)		FY Ending 2024/2 1Q(March to May)			
	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>161,128</b>	<b>100.0</b>	<b>177,851</b>	<b>100.0</b>	<b>101.1</b>	<b>110.4</b>
<b>Total Selling Expenses</b>	<b>1,024</b>	<b>0.6</b>	<b>961</b>	<b>0.5</b>	<b>80.1</b>	<b>93.8</b>
Advertising Expenses	998	0.6	963	0.5	81.0	96.4
Premium Expenses	25	0.0	-1	-0.0	—	—
<b>Personnel Expenses</b>	<b>20,871</b>	<b>13.0</b>	<b>22,041</b>	<b>12.4</b>	<b>99.3</b>	<b>105.6</b>
<b>Total Administrative Expenses</b>	<b>18,930</b>	<b>11.7</b>	<b>22,212</b>	<b>12.5</b>	<b>102.8</b>	<b>117.3</b>
Rent Expenses	8,450	5.2	9,071	5.1	100.9	107.3
Depreciation Expenses	2,873	1.8	3,242	1.8	99.6	112.8
Utilities Expenses	1,448	0.9	1,887	1.1	85.7	130.4
Supplies Expenses	851	0.5	1,110	0.6	103.7	130.4
Tax and Public Charges	1,545	1.0	1,653	0.9	100.1	107.0
Commission Paid	1,735	1.1	2,279	1.3	112.3	131.3
Others	2,026	1.3	2,967	1.7	124.0	146.5
<b>Total SG&amp;A Expenses</b>	<b>40,826</b>	<b>25.3</b>	<b>45,214</b>	<b>25.4</b>	<b>100.5</b>	<b>110.7</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 2023/2 1Q	FY 2024/2 1Q				FY 2023/2 1Q	FY 2024/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	24.0	23.5	23.7	102.0	109.7	37.4	37.2	37.6	+0.4	+0.2
Healthcare	20.3	21.0	20.1	96.7	110.0	39.4	39.0	39.1	+0.1	-0.3
Beauty	17.6	17.4	18.0	104.8	113.9	30.6	31.0	31.5	+0.5	+0.9
Household wares	18.8	19.1	18.4	97.1	108.8	22.9	23.9	23.4	-0.5	+0.5
Foods	19.2	18.9	19.8	105.8	114.5	16.2	16.8	16.9	+0.1	+0.7
Other	0.1	0.1	0.1	102.6	97.6	30.3	28.3	26.9	-1.4	-3.4
Total	100.0	100.0	100.0	101.2	111.2	29.8	30.1	30.1	±0.0	+0.3

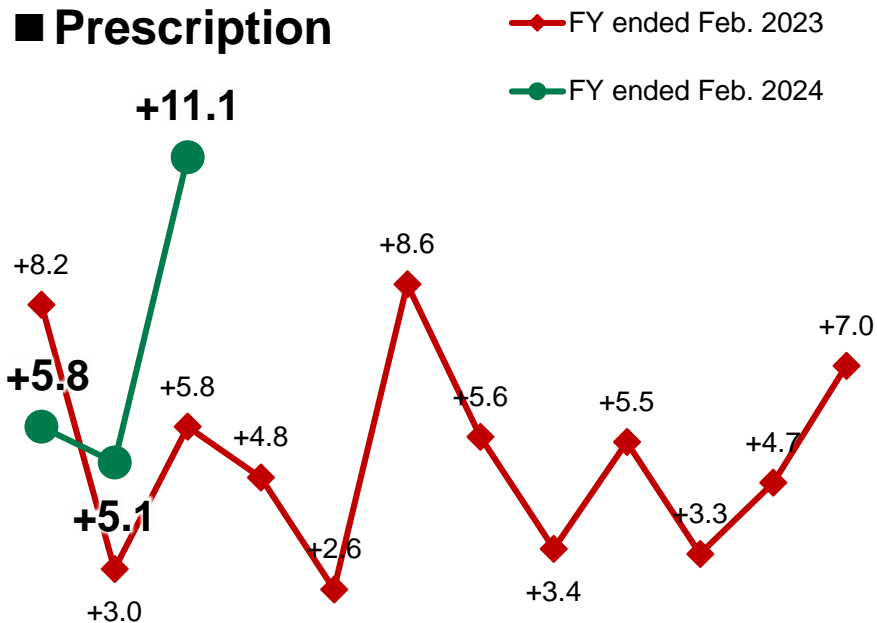


# Sales Trend by Product Group - Japan -

(%)	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 1Q	FY 2024/2 1Q				FY 2023/2 1Q	FY 2024/2 1Q			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	<u>10.6</u>	11.3	10.3	93.4	98.4	<u>40.1</u>	37.2	40.4	+3.2	+0.3
Beauty	<u>8.1</u>	7.8	7.8	101.9	97.0	<u>28.5</u>	29.7	31.0	+1.3	+2.5
Household wares	<u>20.1</u>	20.9	19.4	95.3	97.6	<u>23.6</u>	24.7	24.4	-0.3	+0.8
Foods	<u>59.6</u>	58.7	61.2	106.5	103.7	<u>15.7</u>	15.8	15.4	-0.4	-0.3
Other	<u>1.5</u>	1.3	1.2	97.0	80.9	<u>12.2</u>	12.2	12.1	-0.1	-0.1
Total	100.0	100.0	100.0	102.2	101.0	20.9	21.1	20.9	-0.2	±0.0

# Existing Stores Sales Growth Rate

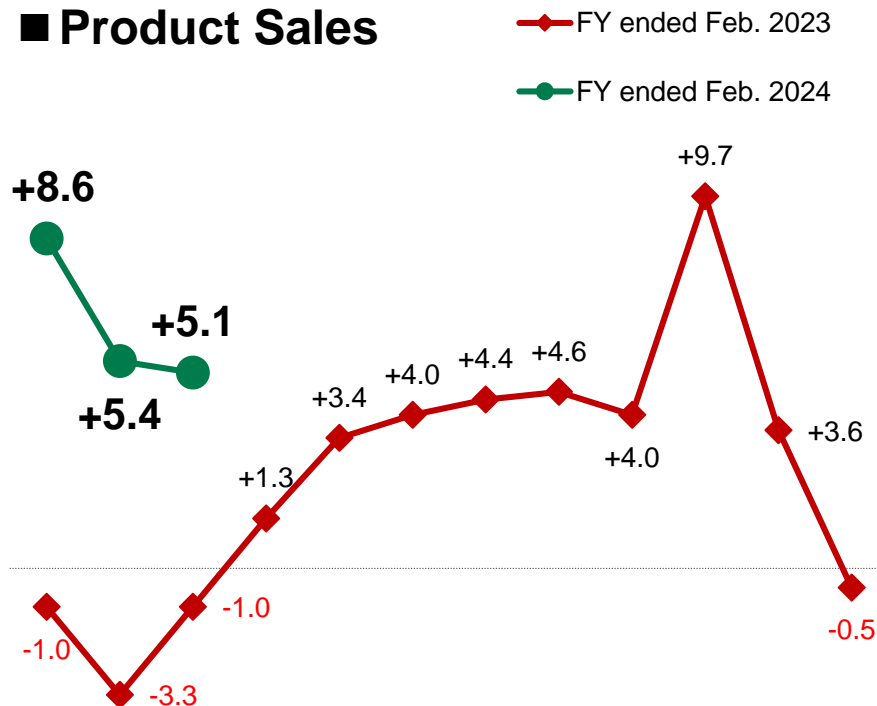
## ■ Prescription



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

Q1 (Mar. to May.): +7.2%

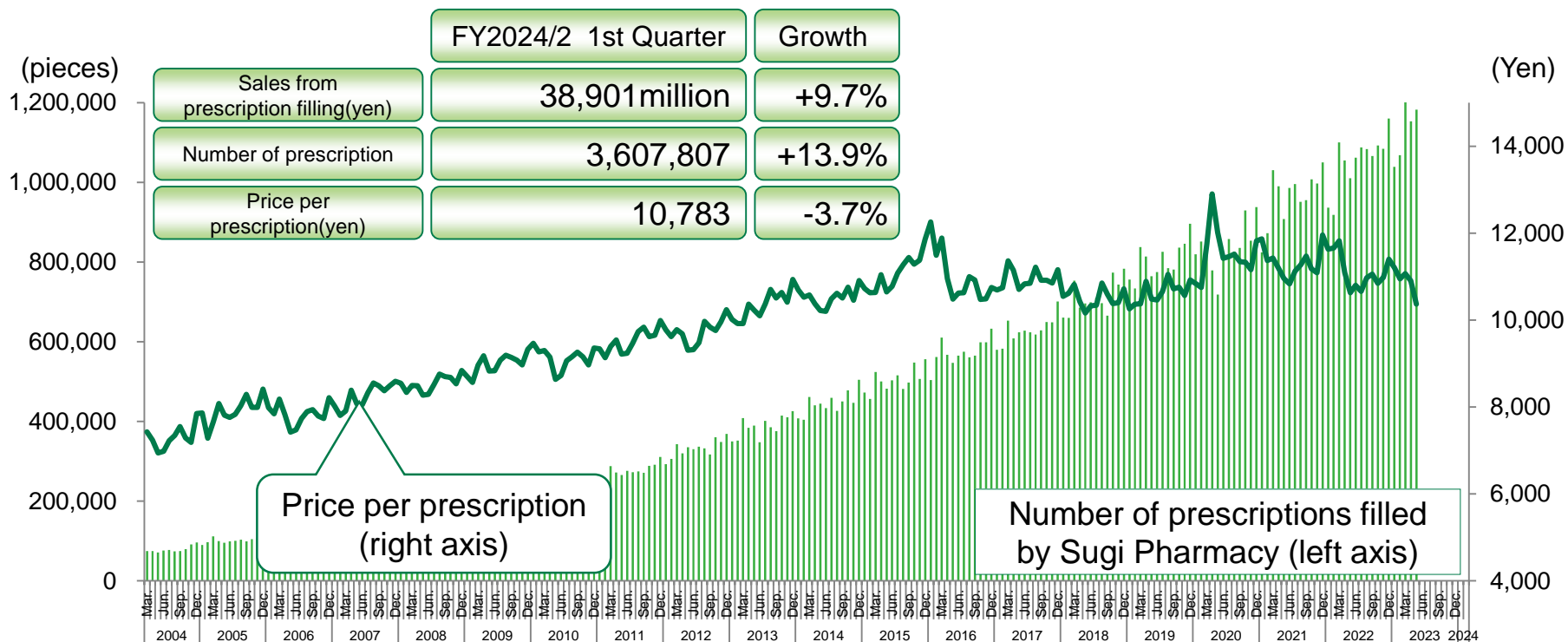
## ■ Product Sales



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

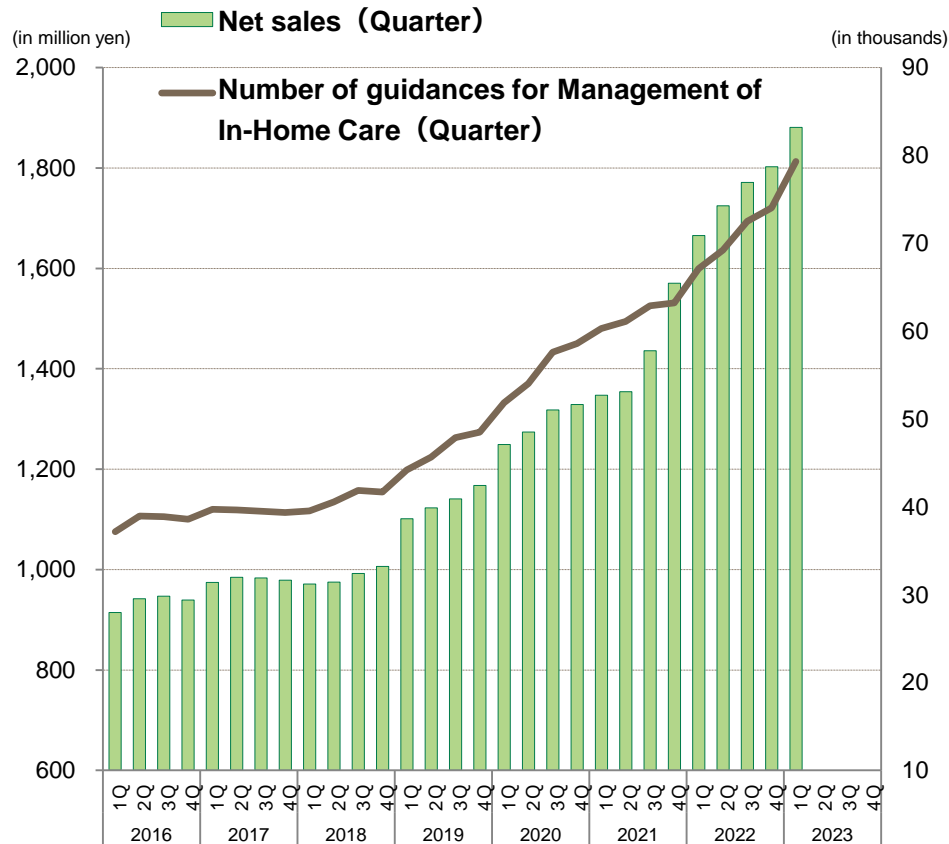
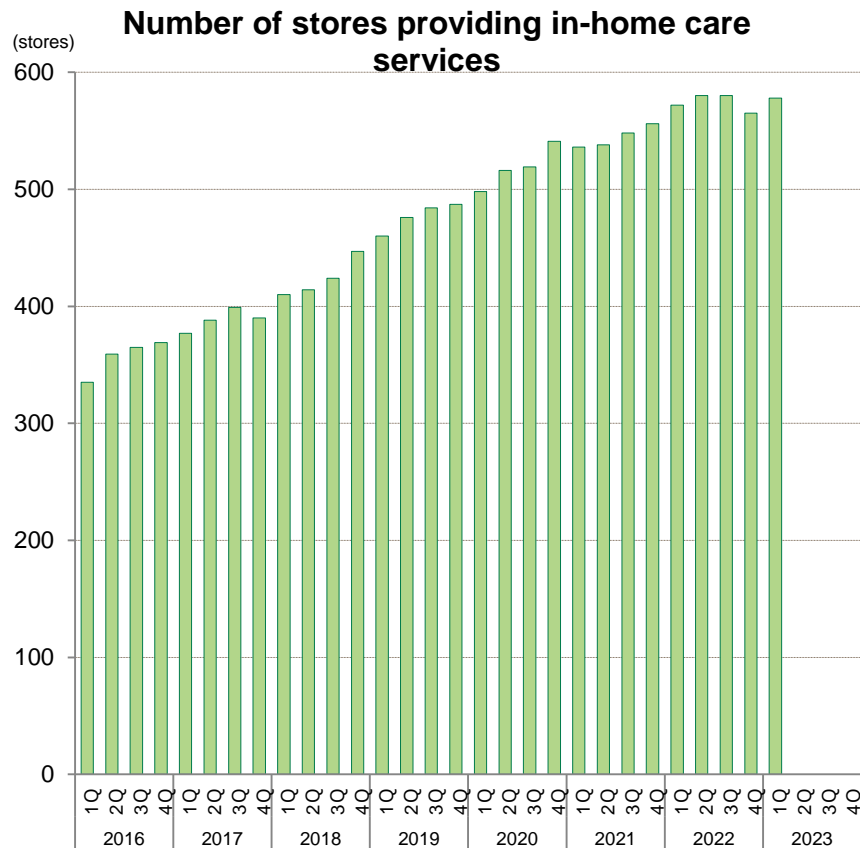
Q1 (Mar. to May.): +6.3%

# 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 May. 31, 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.**