

# Summary of First Quarter Results for Ending February 28, 2018

## Financial Results 1st Quarter - FY Ending February 28, 2018 Supplementary Information

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

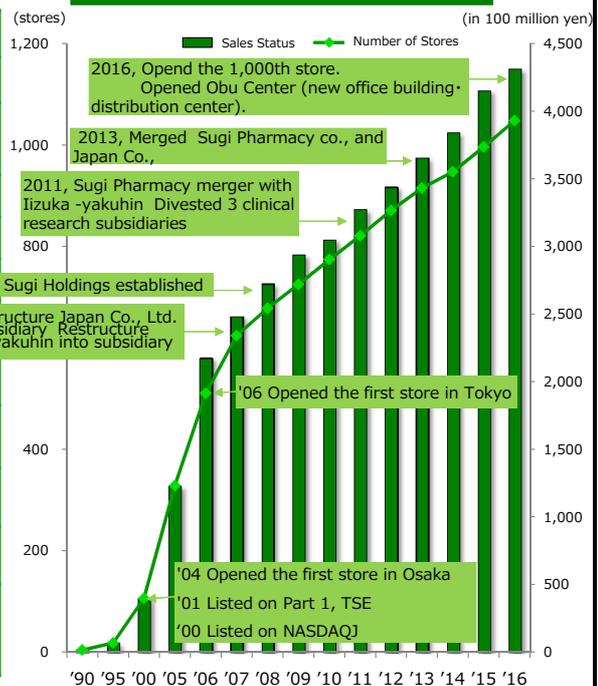
SUGI Holdings

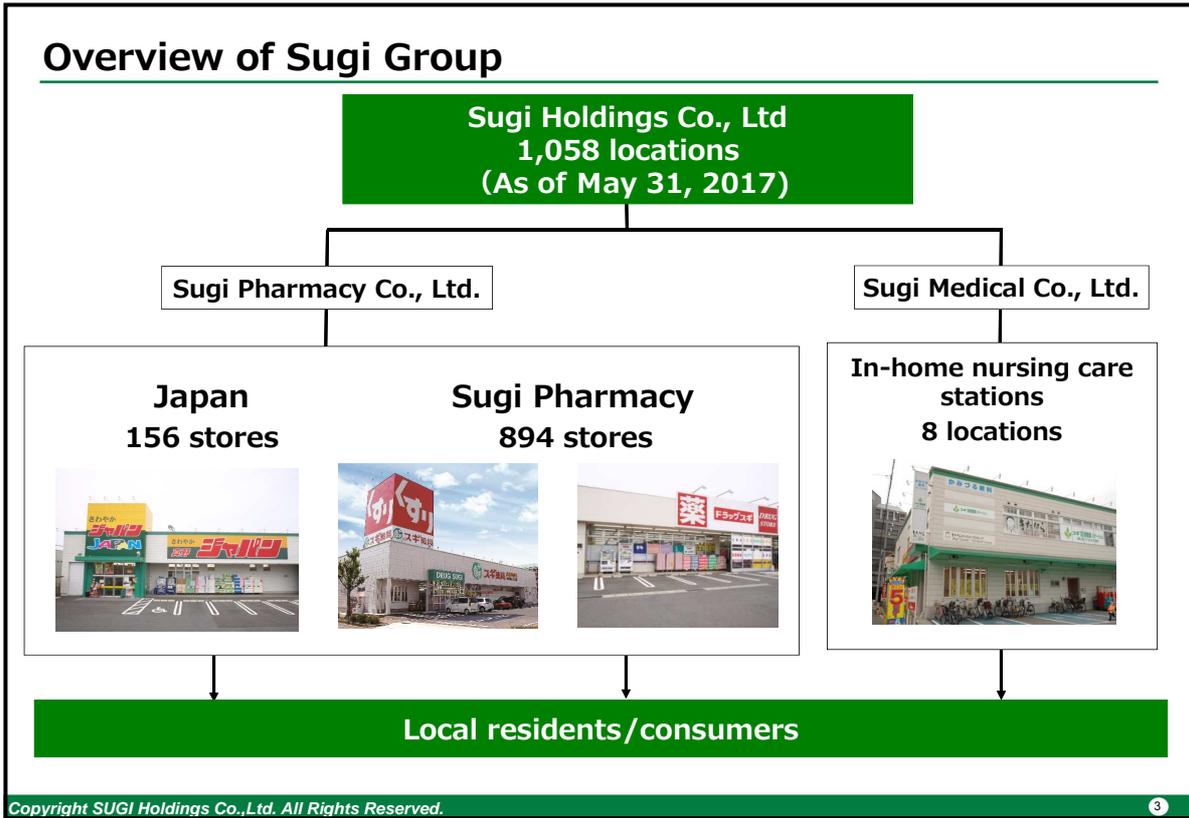
July 5, 2017

### PROFILE

Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	1,053 (as of May, 2017)
Number of employees	5,647 (full-time) (as of May, 2017)
Net sales	JPY430,795m (FY ended Feb. 28, 2017- consolidated)
Operating Profit	JPY22,832m (FY ended Feb. 28, 2017- consolidated)
Description of business	Management of subsidiaries engaging in businesses including pharmacy business, drug store business, and in-home nursing care business

### Number of Stores and Sales Status





## Store Openings and Closings

### 1st Quarter – FY Ending February 28, 2018

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# Summary of First Quarter Results for Ending February 28, 2018

## Store Openings and Closings

\* Please note that "FY2017/2" and "FY 2018/2" in this presentation refers to the fiscal year ended in February 2017, and the fiscal year ending February 2018, respectively. The same notation is used in other pages.

**1st Quarter : Opened 15 stores, closed 5 stores, increased 10 stores**

Nos. of stores by region	FY2017/2 Full Year	FY2018/2 1st Quarter		Forecast after June 2017		FY 2018/2 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	265	3	3	265	32	8	35	11	+24	289
Chubu Region	419	8	2	425	27	4	35	6	+29	448
Kansai Region	364	4	0	368	26	3	30	3	+27	391
<b>Total</b>	<b>1,048</b>	<b>15</b>	<b>5</b>	<b>1,058</b>	<b>85</b>	<b>15</b>	<b>100</b>	<b>20</b>	<b>+80</b>	<b>1,128</b>

Nos. of stores by company	FY2017/2 Full Year	FY2018/2 1st Quarter		Forecast after June 2017		FY 2018/2 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	882	15	3	894	80	11	95	14	+81	963
Japan	158	0	2	156	5	4	5	6	-1	157
Visit Nursing Care ST	8	0	0	8	0	0	0	0	0	8
<b>Total</b>	<b>1,048</b>	<b>15</b>	<b>5</b>	<b>1,058</b>	<b>85</b>	<b>15</b>	<b>100</b>	<b>20</b>	<b>+80</b>	<b>1,128</b>

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## Financial Highlights

### 1st Quarter - FY Ending February 28, 2018

### - Consolidated -

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# Summary of First Quarter Results for Ending February 28, 2018

## 1st Quarter Financial Highlight - Consolidated -

1st Quarter : Net sales (JPY112.5 billion) and operating profit (JPY6.5 billion)

	FY Ended 2017/2 1Q (March to May)		FY Ending 2018/2 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>107,649</b>	<b>100.0</b>	<b>112,502</b>	<b>100.0</b>	<b>100.4</b>	<b>+502</b>	<b>104.5</b>
Sugi Pharmacy business	88,428	82.1	93,121	82.8	100.7	+648	105.3
Japan business	18,812	17.5	18,766	16.7	99.1	-170	99.8
Others	409	0.4	615	0.5	104.3	+24	150.4
<b>Gross Profit</b>	<b>29,394</b>	<b>27.3</b>	<b>32,004</b>	<b>28.4</b>	<b>102.6</b>	<b>+804</b>	<b>108.9</b>
Sugi Pharmacy business	25,478	28.8	27,910	30.0	102.6	+700	109.5
Japan business	3,605	19.2	3,617	19.3	100.1	+2	100.3
Others	311	76.0	476	77.4	127.2	+102	153.1
<b>SG&amp;A Expenses</b>	<b>23,227</b>	<b>21.6</b>	<b>25,476</b>	<b>22.6</b>	<b>103.1</b>	<b>+776</b>	<b>109.7</b>
<b>Operating Income</b>	<b>6,166</b>	<b>5.7</b>	<b>6,528</b>	<b>5.8</b>	<b>100.4</b>	<b>+28</b>	<b>105.9</b>
Non-operating Income	629	0.6	601	0.5	109.3	+51	95.6
Non-Operating Expenses	282	0.3	339	0.3	113.0	+39	120.5
<b>Ordinary Income</b>	<b>6,513</b>	<b>6.1</b>	<b>6,789</b>	<b>6.0</b>	<b>100.6</b>	<b>+39</b>	<b>104.2</b>
Extraordinary Income	0	0.0	0	-	-	-	-
Extraordinary Losses	26	0.0	84	0.1	84.0	-16	322.0
<b>Net Income before Income Taxes</b>	<b>6,487</b>	<b>6.0</b>	<b>6,705</b>	<b>6.0</b>	<b>100.8</b>	<b>+55</b>	<b>103.4</b>
Income Taxes	2,433	2.3	2,207	2.0	100.8	+17	90.7
<b>Net Income</b>	<b>4,054</b>	<b>3.8</b>	<b>4,497</b>	<b>4.0</b>	<b>100.8</b>	<b>+37</b>	<b>110.9</b>

Note: The number of "others" shows the number of "Sugi Medical", and the sum of "Sugi Pharmacy business headquarters" and "Sugi Holdings".

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

1st Quarter : Total SG&A expenses increased up 9.7%

	FY Ended 2017/2 1Q (March to May)		FY Ending 2018/2 1Q (March to May)		Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	
<b>Net Sales</b>	<b>107,649</b>	<b>100.0</b>	<b>112,502</b>	<b>100.0</b>	<b>104.5</b>
<b>Total Selling Expenses</b>	<b>2,013</b>	<b>1.9</b>	<b>1,887</b>	<b>1.7</b>	<b>93.8</b>
Advertising Expenses	1,111	1.0	1,104	1.0	99.4
Premium Expenses	901	0.8	783	0.7	86.9
<b>Personnel Expenses</b>	<b>11,617</b>	<b>10.8</b>	<b>13,074</b>	<b>11.6</b>	<b>112.5</b>
<b>Total Administrative Expenses</b>	<b>9,597</b>	<b>8.9</b>	<b>10,514</b>	<b>9.3</b>	<b>109.6</b>
Rent Expenses	4,394	4.1	4,764	4.2	108.4
Depreciation Expenses	1,264	1.2	1,444	1.3	114.3
Utilities Expenses	908	0.8	949	0.8	104.5
Supplies Expenses	605	0.6	644	0.6	106.5
Tax and Public Charges	577	0.5	692	0.6	119.9
Commission Paid	645	0.6	749	0.7	116.1
Others	1,202	1.1	1,268	1.1	105.5
<b>Total SG&amp;A Expenses</b>	<b>23,227</b>	<b>21.6</b>	<b>25,476</b>	<b>22.6</b>	<b>109.7</b>

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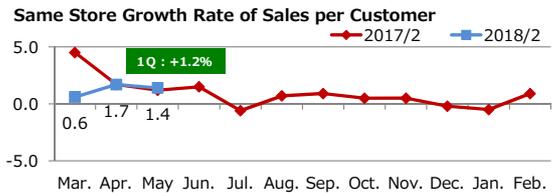
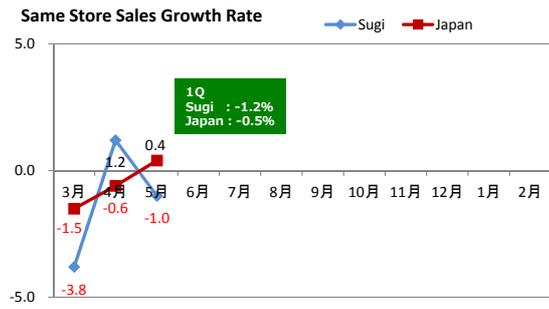
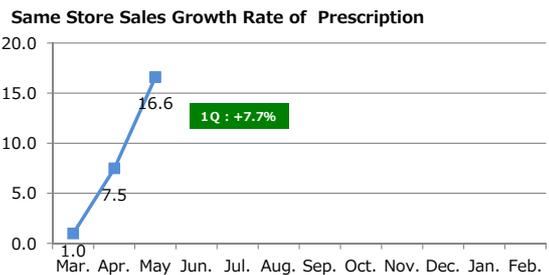
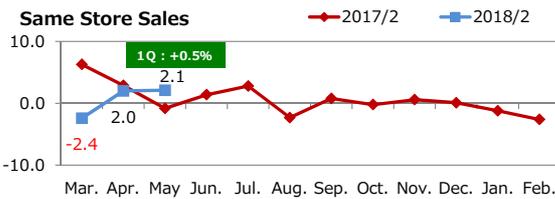
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# Sales Trend

## 1st Quarter - FY Ending February 28, 2018

### Sales growth rate of existing stores- Sugi Group -

**1st Quarter: Same store sales growth rate showed +0.5% (prescription;+7.7%, Sugi's commodity ; -1.2%, Japan's commodity;-0.5%), same store customer growth rate indicated -0.7%.**



# Summary of First Quarter Results for Ending February 28, 2018

## Sales Trend by Product Group - Sugi -

	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2017/2 1Q	FY 2018/2 1Q				FY 2017/2 1Q	FY 2018/2 1Q		
	Results	Budget	Results			Results	Budget	Results	
Prescription	21.7	22.0	22.4	102.8	109.0	33.6	36.8	38.1	+1.3
Healthcare	19.1	19.0	18.6	98.8	102.7	—	39.4	40.1	+0.7
Wellness support	2.6	2.5	2.5	102.4	103.5	—	34.1	34.5	+0.4
Wellness foods	2.4	3.1	2.5	81.1	110.2	—	18.5	16.2	-2.3
General Foods	12.1	11.3	12.1	107.4	104.9	—	15.7	16.3	+0.6
Beauty	22.4	22.5	22.1	98.9	103.7	—	29.1	29.1	±0.0
Life support	18.1	18.0	18.1	101.3	105.5	—	20.3	21.1	+0.8
Senior Support	1.5	1.5	1.5	101.3	106.1	—	28.1	28.0	-0.1
Other	0.2	0.2	0.1	95.9	101.5	—	30.3	30.2	-0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.7</b>	<b>105.3</b>	<b>28.8</b>	<b>29.4</b>	<b>30.0</b>	<b>+0.6</b>

## Sales Trend by Product Group - Japan -

	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2017/2 1Q	FY 2018/2 1Q				FY 2017/2 1Q	FY 2018/2 1Q		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.5	7.5	7.5	99.1	99.5	—	32.9	35.7	+2.8
Wellness support	0.8	0.8	0.8	89.9	91.4	—	28.3	29.6	+1.3
Wellness foods	7.0	9.8	7.4	74.9	105.6	—	15.9	13.1	-2.8
General Foods	55.5	52.7	55.6	104.5	99.8	—	15.8	15.7	-0.1
Beauty	7.4	7.5	7.5	100.0	101.0	—	25.0	25.7	+0.7
Life support	19.4	19.4	18.9	96.6	97.5	—	22.0	23.2	+1.2
Senior Support	0.7	0.7	0.7	99.2	100.7	—	24.6	25.6	+1.0
Other	1.7	1.6	1.6	99.7	99.1	—	11.3	11.7	+0.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>99.1</b>	<b>99.8</b>	<b>19.2</b>	<b>19.1</b>	<b>19.3</b>	<b>+0.2</b>

**Sales Trend at Existing Stores- Sugi Pharmacy business -**

1st Quarter: Existing store sales growth ratio indicated +0.8%

**Sales Growth of Existing Stores**  
+0.8%

**Sales Growth of Existing Stores by Product Group**

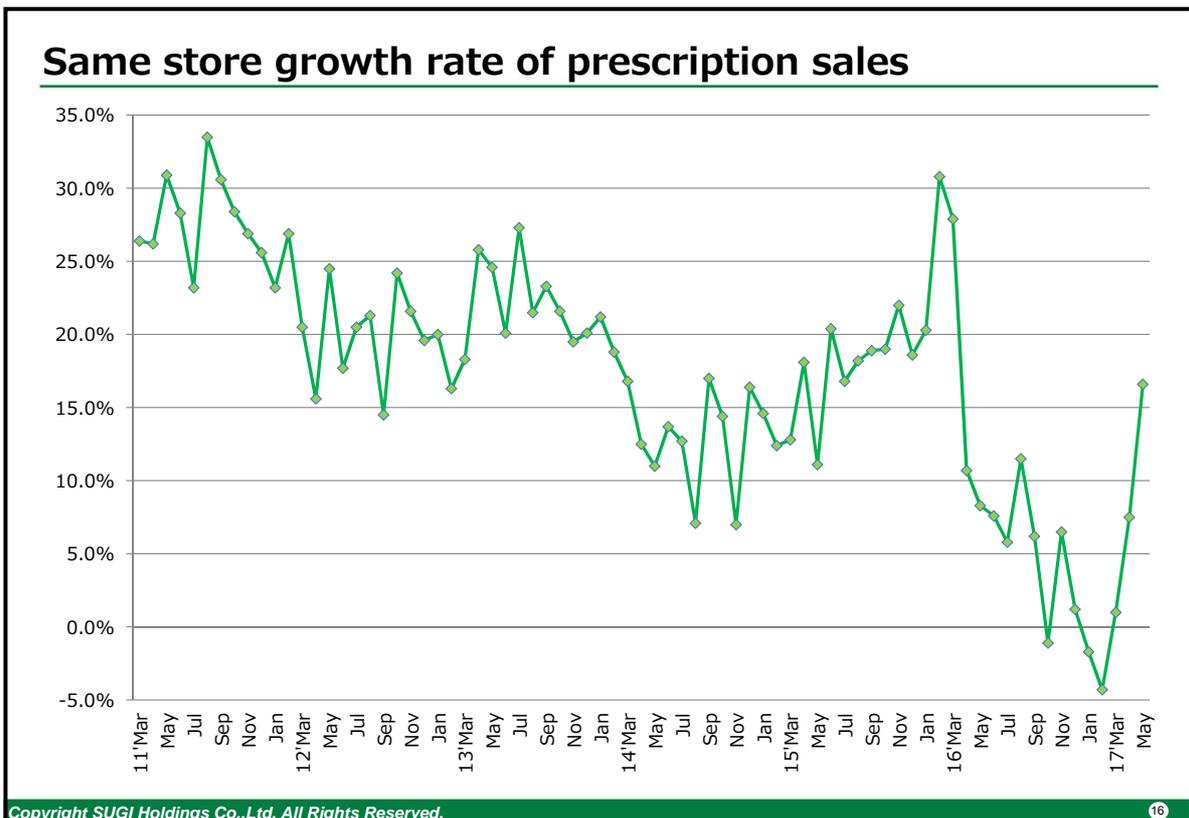
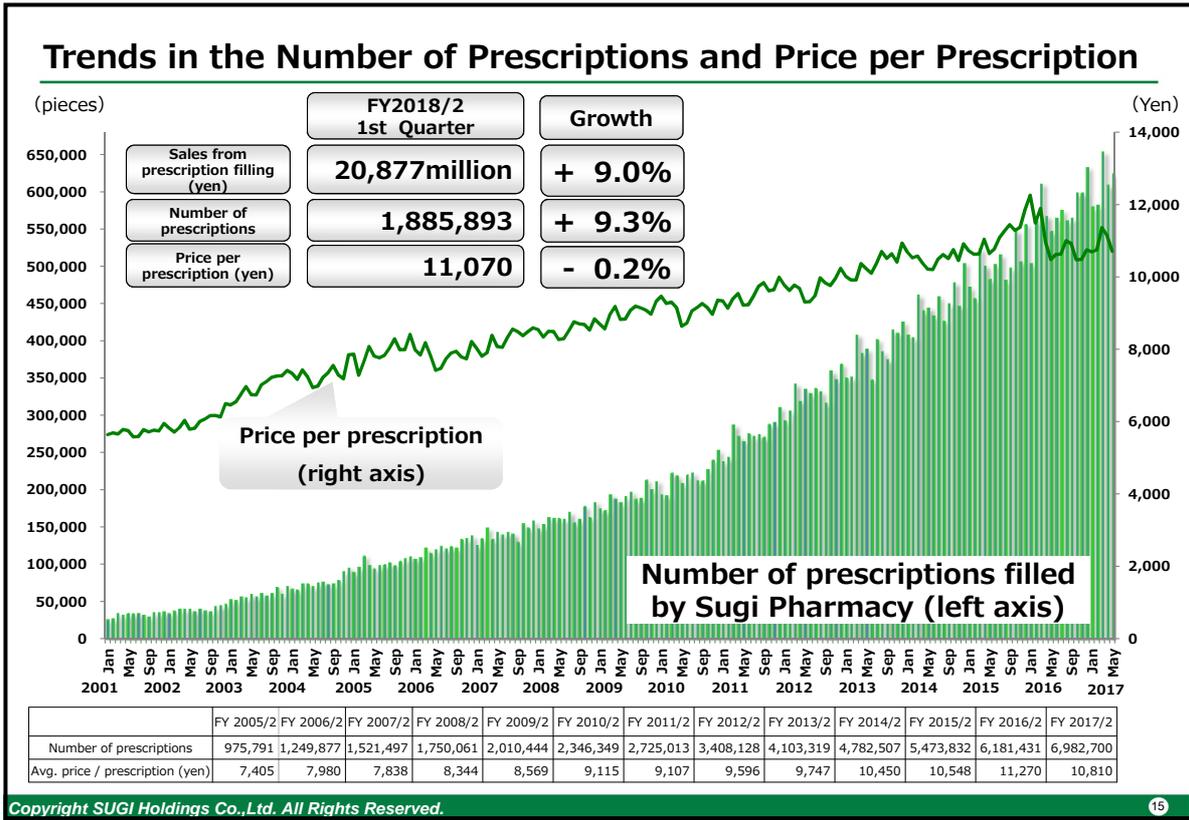
Prescription	+7.7%
Healthcare	-2.2%
Wellness support	-1.6%
Wellness foods	+3.3%
General Foods	-2.4%
Beauty	-1.3%
Life support	+0.1%
Senior Support	+1.6%

**Number of Customers and Growth in Sales per Customer**

Number of Customers	-0.6%
Growth in Sales per Customer	+1.4%

**Medical Business of Sugi Group**

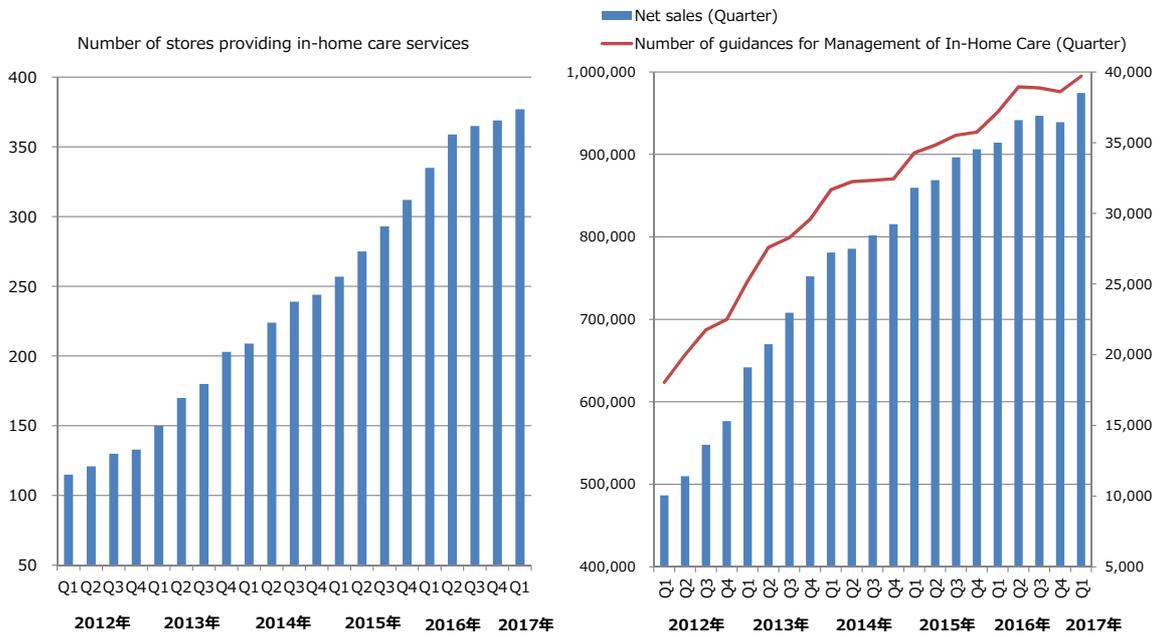
# Summary of First Quarter Results for Ending February 28, 2018



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## In-home Medical Care Services – As of May. 31, 2017

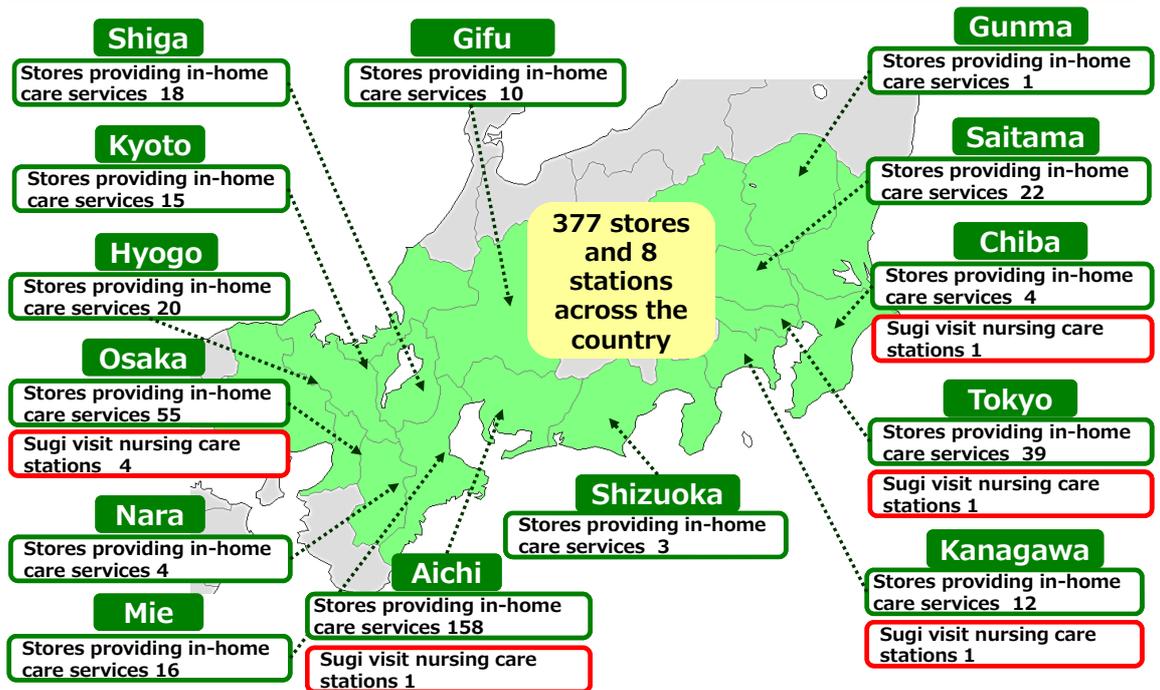
Sales of in-home medical care: JPY 974m (+6.6% Y o Y)



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## Facilities Providing Comprehensive Medical Services to Local Communities



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# SUGI Holdings

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.