

Summary of Third Quarter Results for Ending February 28, 2018

Financial Results 3rd Quarter - FY Ending February 28, 2018 Supplementary Information

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

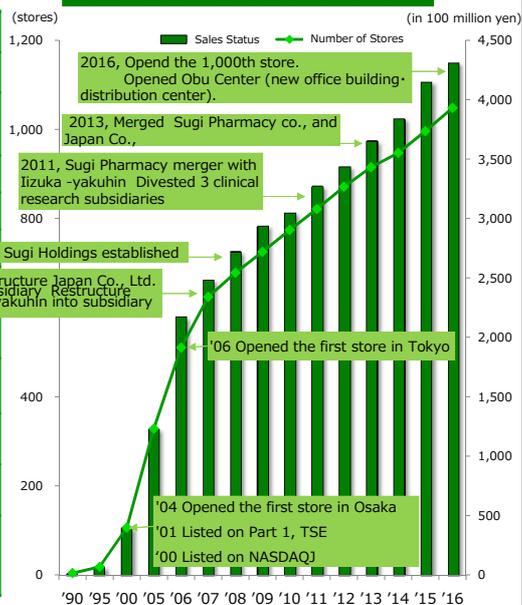
SUGI Holdings

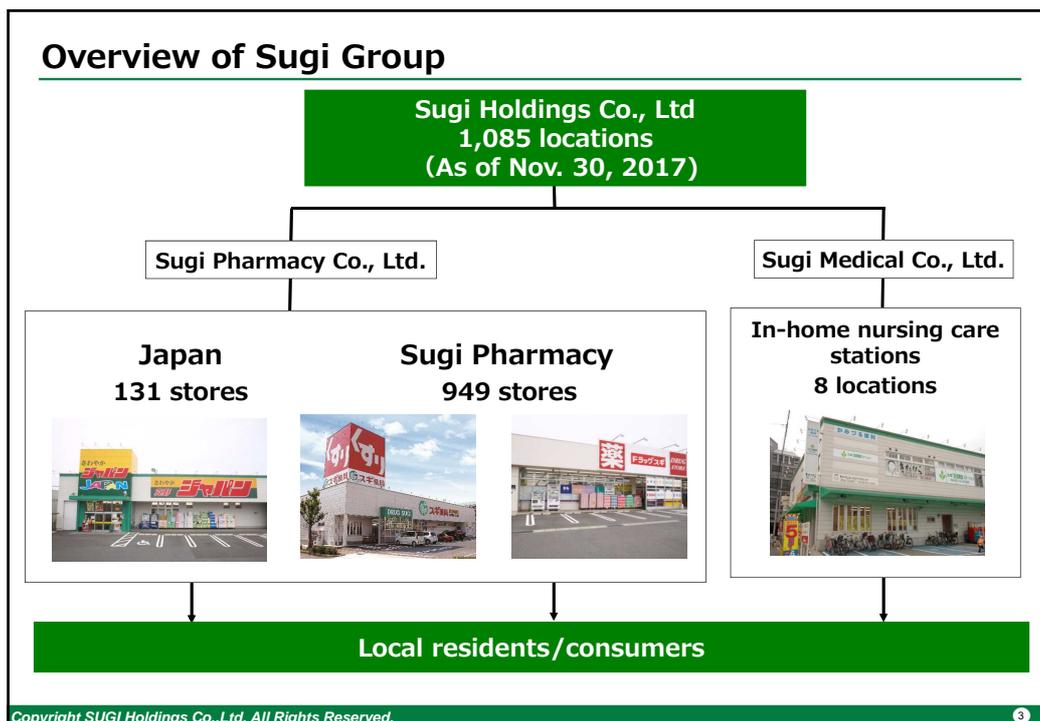
January 10, 2018

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	1,085 (as of Nov. 2017)
Number of employees	5,366 (full-time) (as of Nov. 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

3rd Quarter – FY Ending February 28, 2018

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Summary of Third 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.

3rd Quarter : Opened 52 stores, closed 15 stores, increased 37 stores

Nos. of stores by region	FY2017/2 Full Year	FY2018/2 3rd Quarter			Forecast after December 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	10	8	267	7	1	17	9	+8	273	
Chubu Region	419	23	7	435	13	5	36	12	+24	443	
Kansai Region	364	19	0	383	13	2	32	2	+30	394	
Total	1,048	52	15	1,085	33	8	85	23	+62	1,110	

Nos. of stores by company	FY2017/2 Full Year	FY2018/2 3rd Quarter				Forecast after December 2017			FY 2018/2 Full Year forecast			
	As of the Term-End	Store Openings	Store Closings	Store conversion	As of the Term-End	Store Openings	Store Closings	Store conversion	Store Openings	Store Closings	Store conversion	As of the Term-End
Sugi Pharmacy	882	52	9	+21	946	31	8	0	83	17	+21	969
Japan	158	0	6	-21	131	2	0	0	2	6	-21	133
Visit Nursing Care ST	8	0	0	0	8	0	0	0	0	0	0	8
Total	1,048	52	15	0	1,085	33	8	0	85	23	0	1,110

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Financial Highlights

3rd Quarter - FY Ending February 28, 2018

- Consolidated -

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Summary of Third Quarter Results for Ending February 28, 2018

3rd Quarter Financial Highlight - Consolidated -

3rd Quarter : Net sales (JPY341.1 billion) and operating profit (JPY17.8 billion)

	FY Ended 2017/2 3Q (March to November)		FY Ending 2018/2 3Q (March to November)				Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (in %)	vs. Budget (in million yen)	
Net Sales	322,664	100.0	341,129	100.0	100.3	+1,129	105.7
Sugi Pharmacy business	264,556	82.0	284,354	83.4	101.2	+3,483	107.5
Japan business	56,698	17.6	54,902	16.1	95.4	-2,632	96.8
Others	1,401	0.4	1,873	0.5	117.4	+278	133.7
Gross Profit	88,842	27.5	96,942	28.4	103.1	+2,942	109.1
Sugi Pharmacy business	76,941	29.1	84,848	29.8	103.3	+2,705	110.3
Japan business	10,951	19.3	10,715	19.5	97.9	-230	97.8
Others	951	67.9	1,379	73.6	151.2	+467	145.0
SG&A Expenses	72,185	22.4	79,087	23.2	103.4	+2,587	109.6
Operating Income	16,656	5.2	17,855	5.2	102.0	+355	107.2
Non-operating Income	1,650	0.5	1,784	0.5	108.1	+134	108.1
Non-Operating Expenses	888	0.3	985	0.3	109.4	+85	110.9
Ordinary Income	17,419	5.4	18,654	5.5	102.2	+404	107.1
Extraordinary Income	0	0.0	0	-	-	-	-
Extraordinary Losses	517	0.2	133	0.0	24.2	-417	25.7
Net Income before Income Taxes	16,901	5.2	18,521	5.4	104.6	+821	109.6
Income Taxes	6,097	1.9	6,101	1.8	104.5	+261	100.1
Net Income	10,804	3.3	12,419	3.6	104.7	+559	114.9

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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3rd Quarter SG&A Expenses Status - Consolidated -

3rd Quarter : Total SG&A expenses increased up 9.6% year on year.

	FY Ended 2017/2 3Q (March to November)		FY Ending 2018/2 3Q (March to November)		Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	
Net Sales	322,664	100.0	341,129	100.0	105.7
Total Selling Expenses	6,151	1.9	6,145	1.8	99.9
Advertising Expenses	3,402	1.1	3,751	1.1	110.3
Premium Expenses	2,748	0.9	2,394	0.7	87.1
Personnel Expenses	36,284	11.2	39,741	11.6	109.5
Total Administrative Expenses	29,749	9.2	33,200	9.7	111.6
Rent Expenses	13,517	4.2	14,554	4.3	107.7
Depreciation Expenses	4,050	1.3	4,712	1.4	116.3
Utilities Expenses	3,057	0.9	3,172	0.9	103.8
Supplies Expenses	1,811	0.6	2,020	0.6	111.5
Tax and Public Charges	1,708	0.5	2,081	0.6	121.8
Commission Paid	2,180	0.7	2,582	0.8	118.4
Others	3,423	1.1	4,077	1.2	119.1
Total SG&A Expenses	72,185	22.4	79,087	23.2	109.6

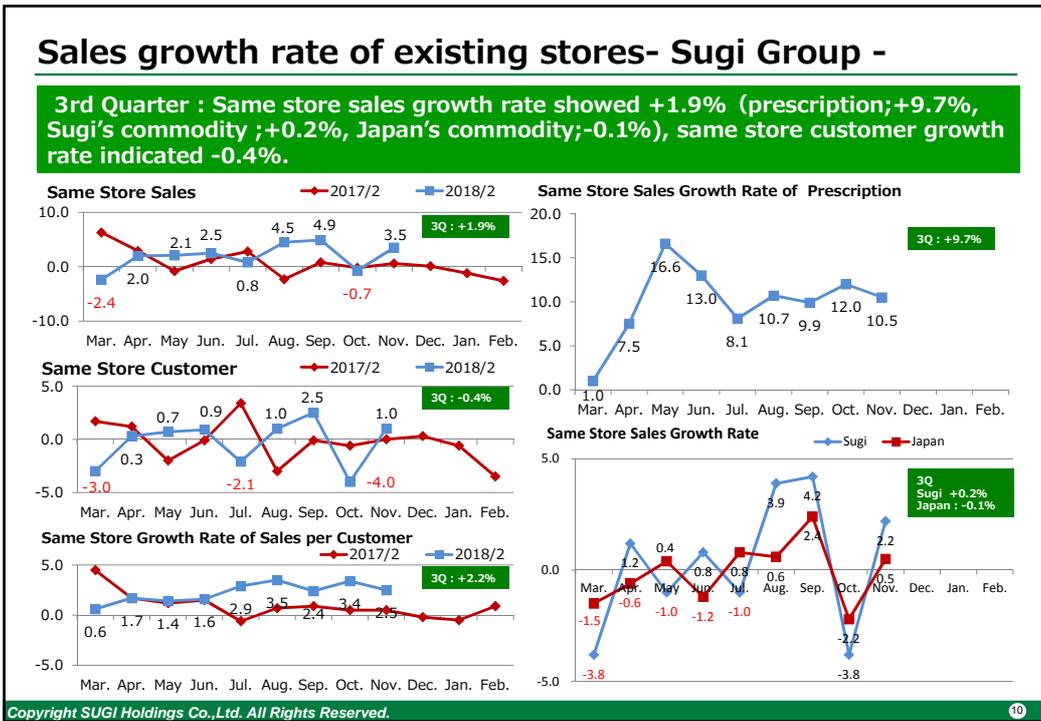
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Sales Trend

3rd Quarter - FY Ending February 28, 2018

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Summary of Third 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 3Q		FY 2018/2 3Q			FY 2017/2 3Q		FY 2018/2 3Q	
	Results	Budget	Results			Results	Budget	Results	
Prescription	21.3	21.8	21.9	101.7	110.9	35.0	36.4	38.0	+1.6
Healthcare	18.7	18.6	18.2	98.9	104.5	—	38.5	39.6	+1.1
Wellness support	2.6	2.6	2.6	100.9	105.5	—	32.4	35.0	+2.5
Wellness foods	2.4	2.6	2.7	102.6	117.5	—	18.6	16.0	-2.6
General Foods	12.2	11.6	12.4	107.8	109.4	—	16.4	15.9	-0.5
Beauty	22.7	22.8	22.1	98.4	104.9	—	29.0	29.3	+0.3
Life support	18.5	18.3	18.5	102.2	107.6	—	21.0	22.0	+1.0
Senior Support	1.5	1.5	1.5	101.2	107.7	—	28.1	29.0	+0.8
Other	0.2	0.2	0.1	94.5	102.4	—	29.2	29.4	+0.2
Total	100.0	100.0	100.0	101.2	107.5	29.1	29.2	29.8	+0.6

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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 3Q		FY 2018/2 3Q			FY 2017/2 3Q		FY 2018/2 3Q	
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.4	7.4	7.4	95.3	96.6	—	33.0	35.2	+2.2
Wellness support	0.8	0.8	0.8	89.7	91.4	—	26.7	30.9	+4.2
Wellness foods	7.3	8.2	7.7	89.0	101.9	—	14.9	13.0	-1.9
General Foods	54.8	53.8	55.0	97.6	97.2	—	15.7	15.9	+0.2
Beauty	7.7	7.7	7.7	95.8	97.3	—	24.6	25.9	+1.3
Life support	19.6	19.6	19.1	92.8	94.4	—	22.7	23.9	+1.2
Senior Support	0.7	0.7	0.7	97.2	99.2	—	25.3	26.5	+1.2
Other	1.7	1.7	1.6	90.4	91.3	—	11.0	11.0	±0.0
Total	100.0	100.0	100.0	95.4	96.8	19.3	19.0	19.5	+0.5

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Sales Trend at Existing Stores- Sugi Pharmacy business -

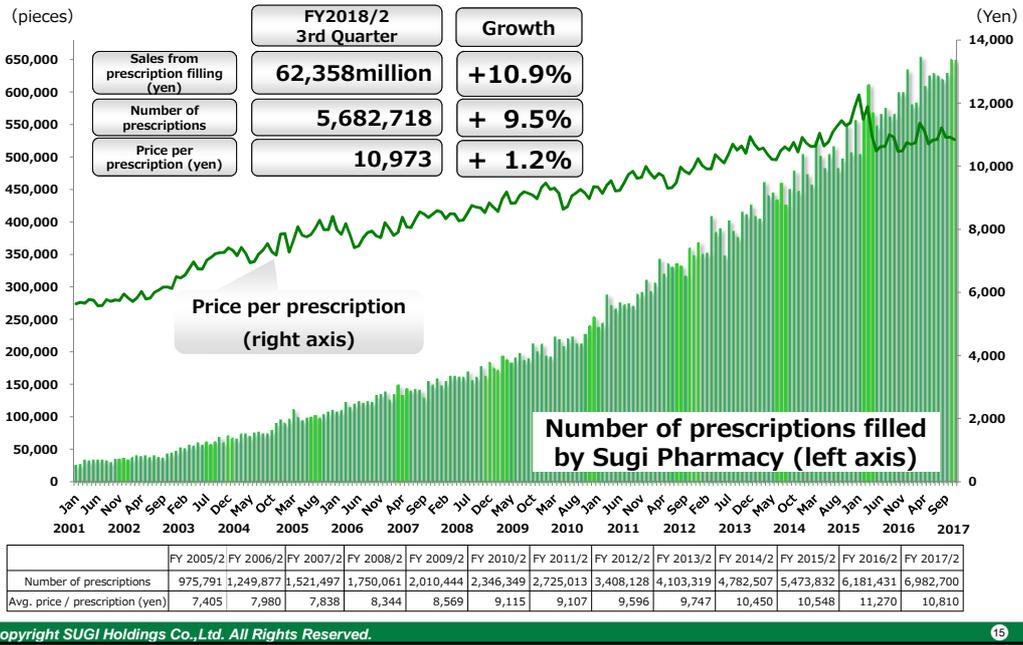
3rd Quarter : Existing store sales growth ratio indicated +2.3%



Medical Business of Sugi Group

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Trends in the Number of Prescriptions and Price per Prescription



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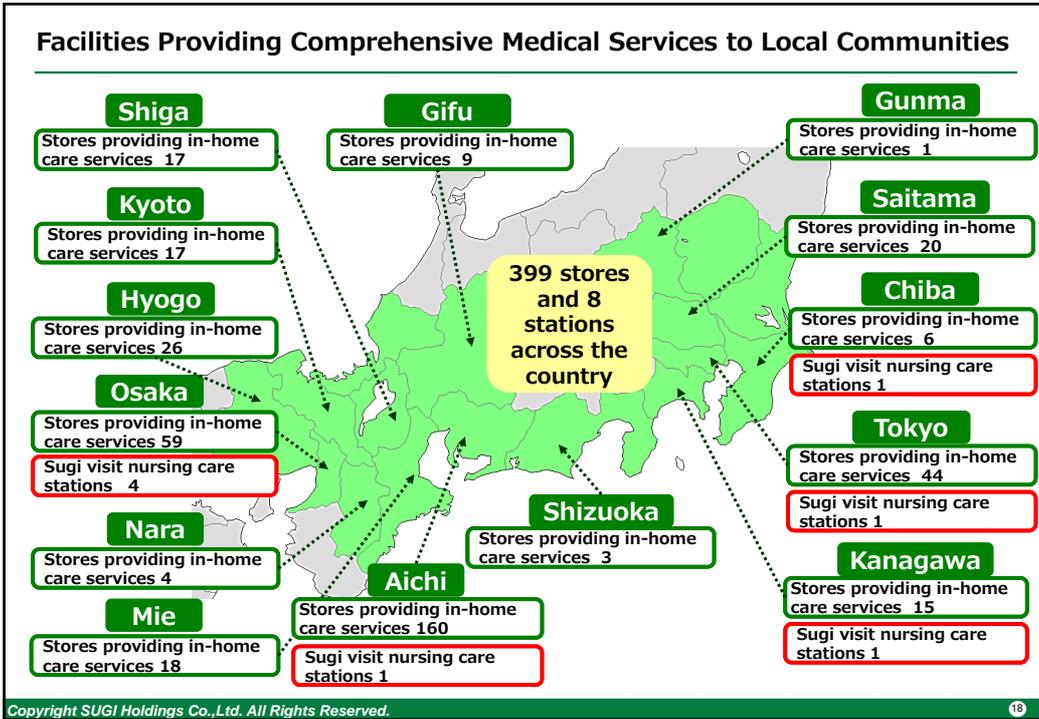
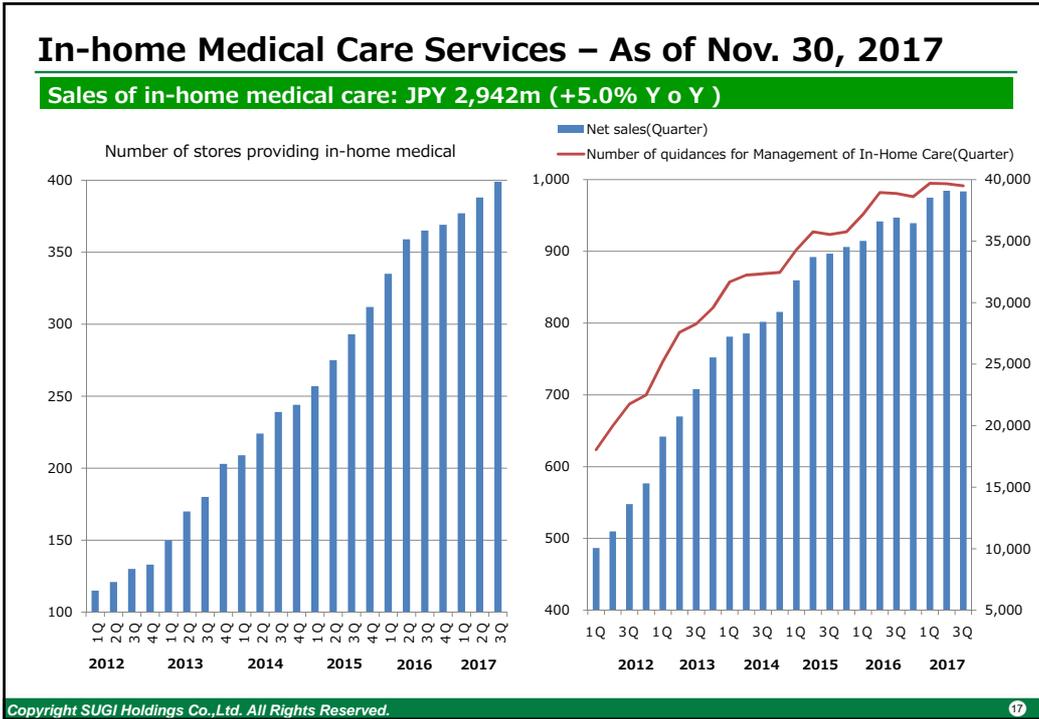
Same store growth rate of prescription sales



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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.