

Financial Results

Full Year Results FY Ended February 28, 2019

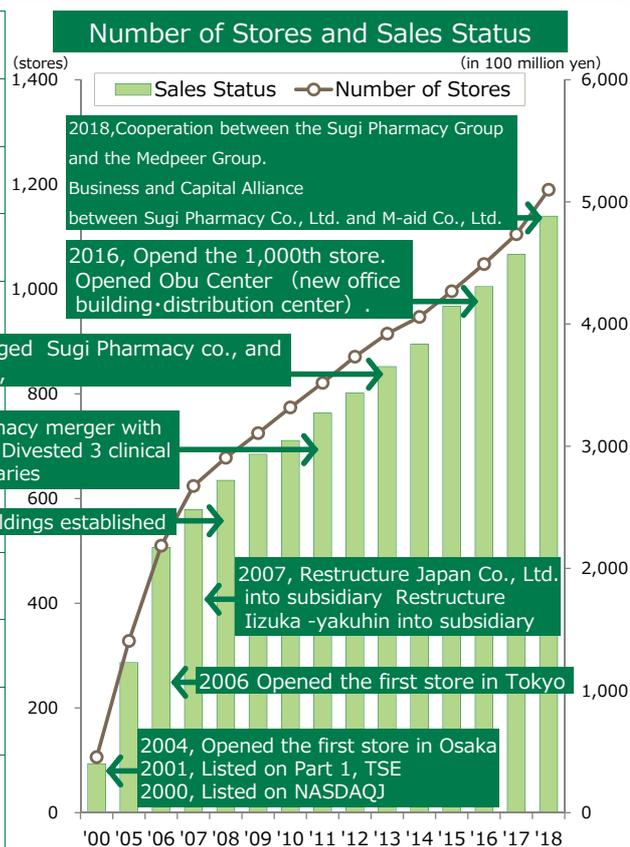
Supplementary Information

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

SUGI Holdings
April 17, 2019

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	1,190 (as of February, 2019)
Number of employees	5,494 (full-time) (as of February, 2019)
Net sales	JPY488,464m (FY ended Feb. 28, 2019- consolidated)
Operating Profit	JPY25,817m (FY ended Feb. 28, 2019- consolidated)
Description of business	Management of subsidiaries engaging in businesses including pharmacy business, drug store business, and in-home nursing care business



Overview of Sugi Group



Store Openings and Closings Full Year – FY Ended February 28, 2019

Store Openings and Closings

* Please note that "FY2018/2" and "FY 2019/2" in this presentation refers to the fiscal year ended in February 2018, and the fiscal year ended February 2019, respectively. The same notation is used in other pages.

Full Year : Opened 102 stores, closed 17 stores, increased 85 stores

Nos. of stores by region	FY2018/2 Full Year	FY2019/2 1H		FY 2019/2 2H		FY 2019/2 Full Year			
	As of the Term-End	Store Openings	Store Closings	Store Openings	Store Closings	Store Openings	Store Closings	Change	As of the Term-End
Kanto Region	271	16	4	15	0	31	4	+27	298
Chubu Region	441	13	3	18	6	31	9	+22	463
Kansai Region	393	24	1	16	3	40	4	+36	429
Total	1,105	53	8	49	9	102	17	+85	1,190

Nos. of stores by company	FY2018/2 Full Year	FY2019/2 1H			FY 2019/2 2H			FY 2019/2 Full Year				
	As of the Term-End	Store Openings	Store Closings	Store format conversion	Store Openings	Store Closings	Store format conversion	Store Openings	Store Closings	Store format conversion	Change	As of the Term-End
Sugi Pharmacy	965	53	6	+2	48	9	+10	101	15	+12	+98	1,063
Japan	132	0	2	-2	0	0	-10	0	2	-12	-14	118
Visit Nursing Care ST	8	0	0	0	1	0	0	1	0	0	+1	9
Total	1,105	53	8	-	49	9	-	102	17	-	+85	1,190

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Financial Highlights Full Year - FY Ended February 28, 2019 - Consolidated -

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Full Year Financial Highlight - Consolidated -

Full Year : Net sales (JPY488.4 billion) and Operating profit (JPY25.8 billion)

	FY Ended 2018/2 Full Year		FY Ended 2019/2 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	457,047	100.0	488,464	100.0	101.8	+8,464	106.9
Sugi Pharmacy business	383,280	83.9	421,118	86.2	102.6	+10,818	109.9
Japan business	71,313	15.6	64,789	13.3	96.8	-2,111	90.9
Others	2,454	0.5	2,557	0.5	91.3	-243	104.2
Gross Profit	131,565	28.8	142,300	29.1	100.9	+1,300	108.2
Sugi Pharmacy business	115,802	30.2	127,503	30.3	101.7	+2,103	110.1
Japan business	14,053	19.7	12,945	20.0	97.3	-355	92.1
Others	1,710	69.7	1,852	72.4	80.5	-448	108.3
SG&A Expenses	106,804	23.4	116,483	23.8	100.9	+983	109.1
Operating Income	24,760	5.4	25,817	5.3	101.2	+317	104.3
Non-operating Income	2,536	0.6	3,050	0.6	138.6	+850	120.3
Non-Operating Expenses	1,397	0.3	1,630	0.3	135.8	+430	116.7
Ordinary Income	25,900	5.7	27,237	5.6	102.8	+737	105.2
Extraordinary Income	0	-	0	-	-	-	-
Extraordinary Losses	1,341	0.3	1,184	0.2	78.9	-316	88.3
Net Income before Income Taxes	24,559	5.4	26,053	5.3	104.2	+1,053	106.1
Income Taxes	8,147	1.8	8,113	1.7	97.7	-187	99.6
Net Income	16,411	3.6	17,940	3.7	107.4	+1,240	109.3

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

Full Year SG&A Expenses Status - Consolidated -

Full Year : Total SG&A expenses increased up 9.1% year on year.

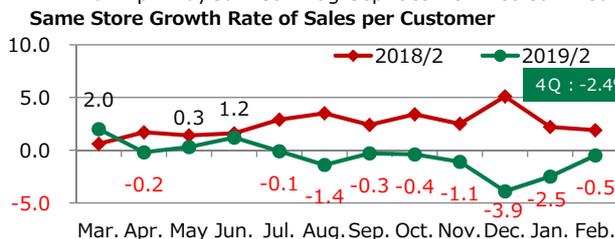
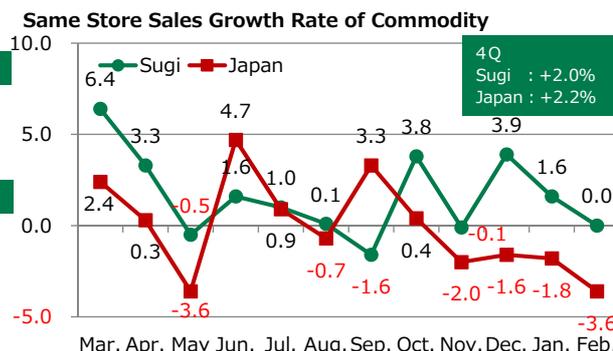
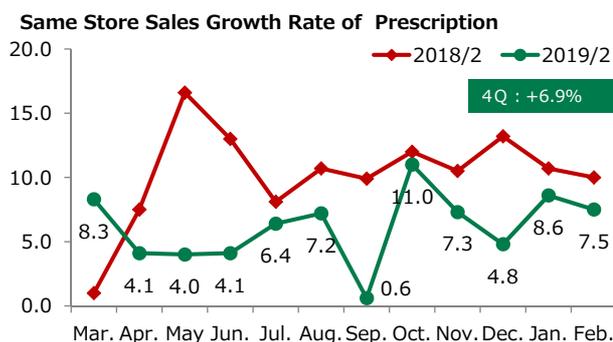
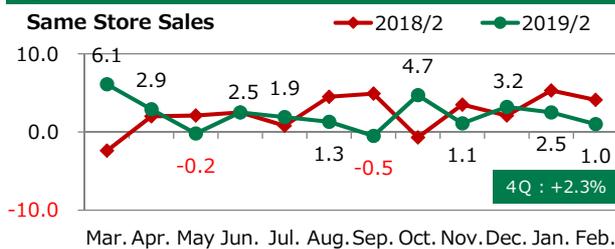
	FY Ended 2018/2 Full Year		FY Ended 2019/2 Full Year		
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y
Net Sales	457,047	100.0	488,464	100.0	106.9
Total Selling Expenses	8,336	1.8	7,551	1.5	90.6
Advertising Expenses	5,015	1.1	4,664	1.0	93.0
Premium Expenses	3,320	0.7	2,886	0.6	86.9
Personnel Expenses	53,665	11.7	59,086	12.1	110.1
Total Administrative Expenses	44,802	9.8	49,845	10.2	111.3
Rent Expenses	19,595	4.3	21,872	4.5	111.6
Depreciation Expenses	6,436	1.4	7,405	1.5	115.1
Utilities Expenses	4,096	0.9	3,950	0.8	96.4
Supplies Expenses	3,054	0.7	3,767	0.8	123.3
Tax and Public Charges	2,775	0.6	3,098	0.6	111.6
Commission Paid	3,640	0.8	4,205	0.9	115.5
Others	5,203	1.1	5,545	1.1	106.6
Total SG&A Expenses	106,804	23.4	116,483	23.8	109.1

Sales Trend

Full Year - FY Ended February 28, 2019

Sales growth rate of existing stores- Sugi Group -

Full Year :Same store sales growth rate showed +2.2% (prescription;+6.2%, Sugi's commodity ;+1.6%, Japan's commodity;-0.1%), same store customer growth rate indicated +2.8%.



Sales Trend by Product Group - Sugi -

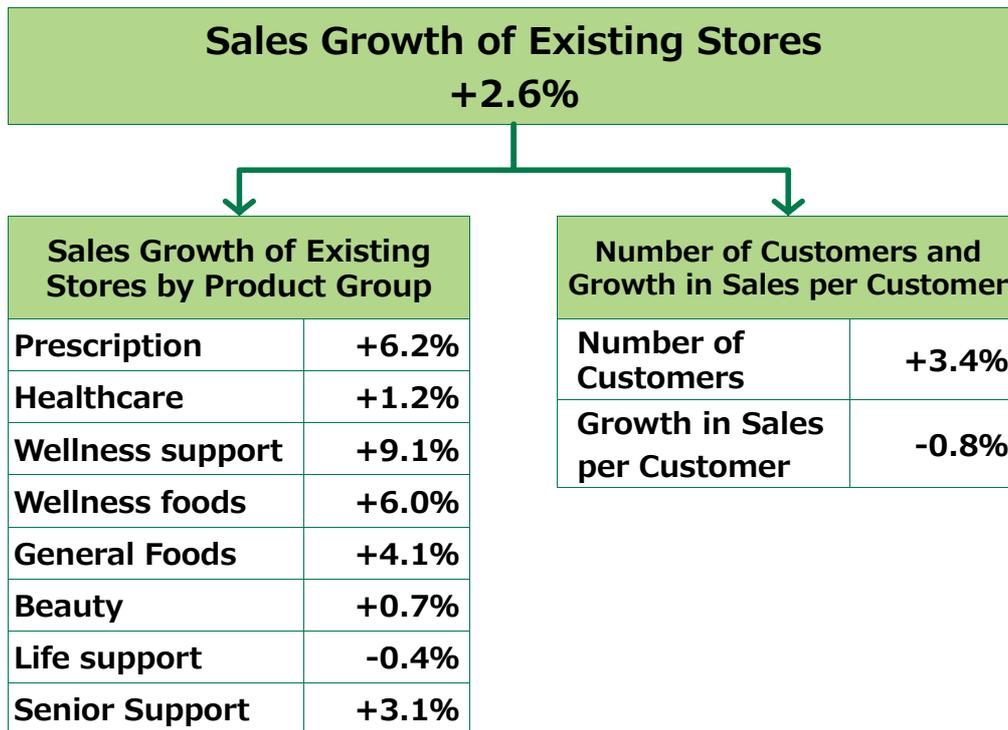
	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2018/2 Full Year		FY 2019/2 Full Year			FY 2018/2 Full Year		FY 2019/2 Full Year	
	Results	Budget	Results			Results	Budget	Results	
Prescription	21.9	22.2	21.6	100.2	108.3	38.2	38.3	37.9	-0.4
Healthcare	18.6	18.7	18.4	100.8	108.8	40.1	40.6	40.2	-0.4
Wellness support	2.6	2.6	2.8	109.6	119.6	35.4	35.7	36.6	+0.9
Wellness foods	2.7	3.1	3.5	116.1	142.9	16.1	16.8	16.8	±0.0
General Foods	12.5	12.1	12.9	109.8	113.6	16.0	16.3	15.9	-0.4
Beauty	22.0	21.7	21.4	101.5	107.3	29.5	30.0	30.3	+0.3
Life support	18.2	18.0	17.7	100.9	107.2	22.4	22.6	22.9	+0.3
Senior Support	1.5	1.5	1.5	102.5	110.1	29.2	28.9	28.7	-0.2
Other	0.1	0.1	0.1	105.4	91.5	29.1	19.3	29.8	+10.5
Total	100.0	100.0	100.0	102.6	109.9	30.2	30.6	30.3	-0.3

Sales Trend by Product Group - Japan -

	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2018/2 Full Year		FY 2019/2 Full Year			FY 2018/2 Full Year		FY 2019/2 Full Year	
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.6	7.6	7.8	99.4	93.1	35.4	36.2	36.6	+0.4
Wellness support	0.8	0.8	0.8	105.8	98.6	30.8	32.5	33.1	+0.6
Wellness foods	7.5	8.0	8.5	102.6	103.0	12.9	13.6	13.0	-0.6
General Foods	55.1	54.6	54.2	96.0	89.3	16.1	16.1	16.1	±0.0
Beauty	7.7	7.9	7.6	92.6	89.8	26.2	26.0	27.5	+1.5
Life support	19.0	18.9	18.5	95.2	88.5	24.0	24.2	24.4	+0.2
Senior Support	0.7	0.7	0.7	105.4	94.0	26.4	27.1	27.4	+0.3
Other	1.6	1.5	1.8	115.5	103.6	11.0	11.5	12.5	+1.0
Total	100.0	100.0	100.0	96.8	90.9	19.7	19.9	20.0	+0.1

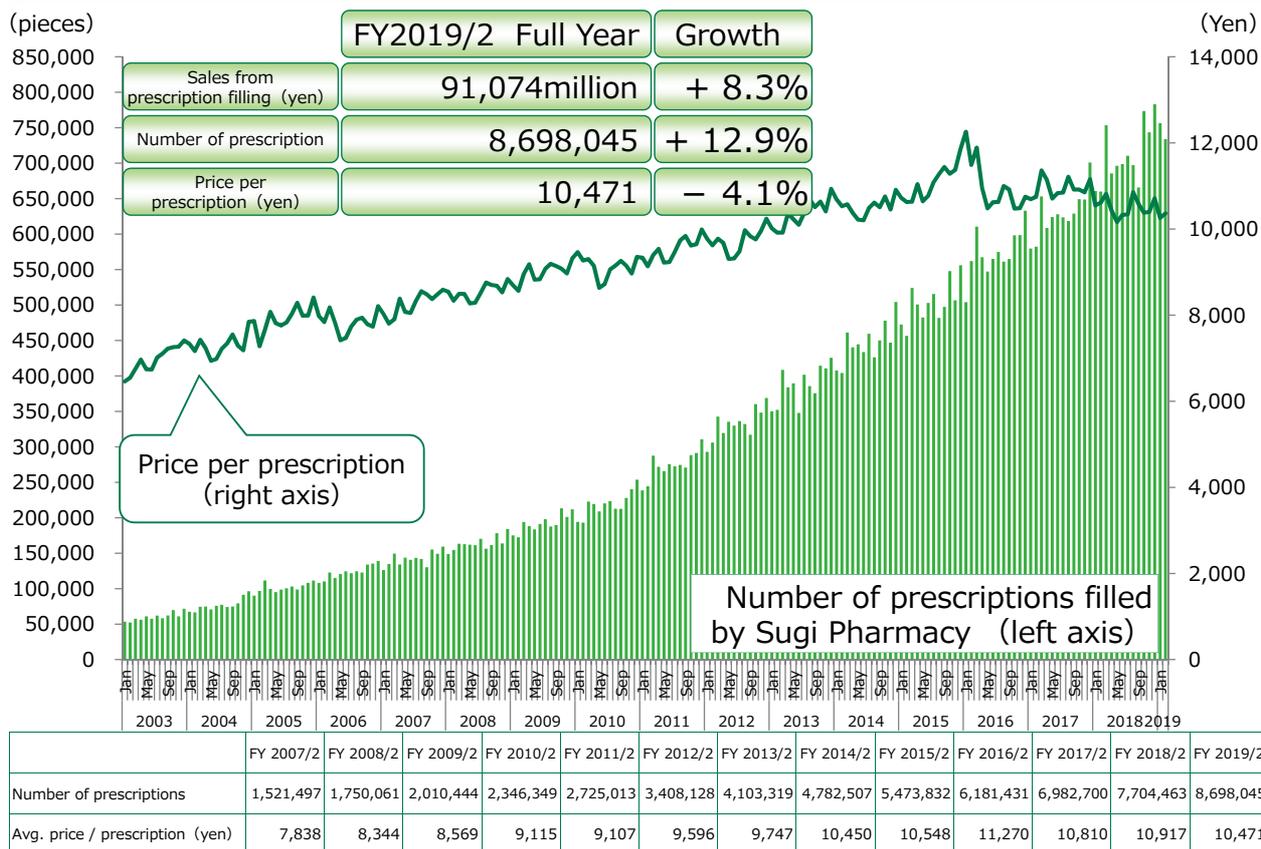
Sales Trend at Existing Stores- Sugi Pharmacy business -

Full Year :Existing store sales growth ratio indicated +2.6% for the reason of continuous and strong sales growth of prescription by +6.2%

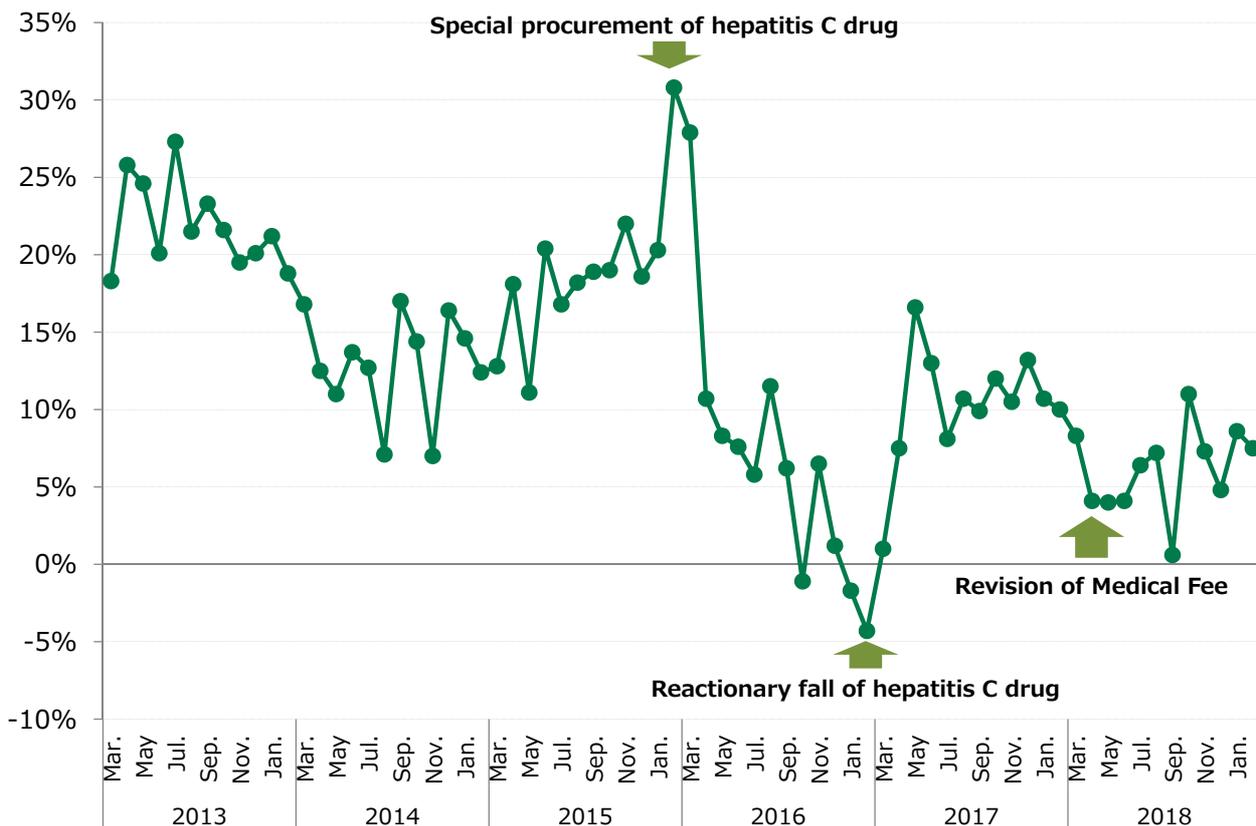


Medical Business of Sugi Group

Trends in the Number of Prescriptions and Price per Prescription

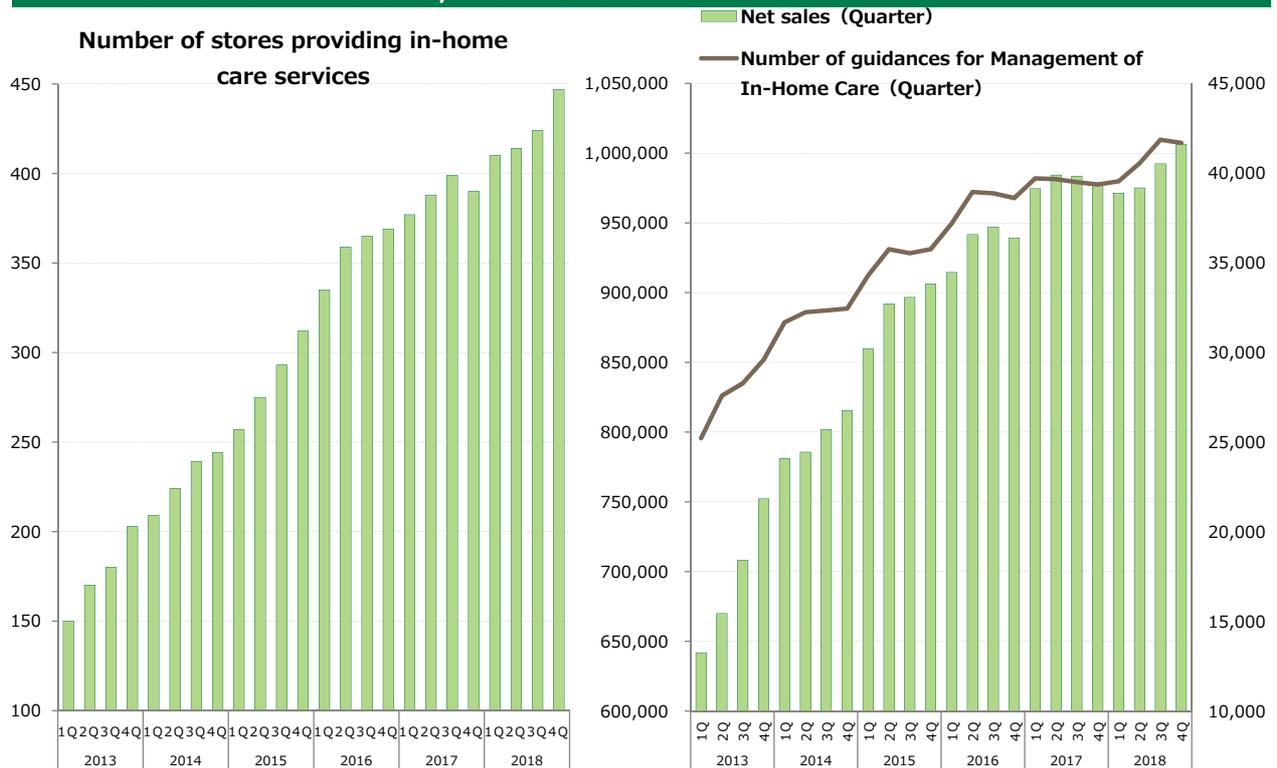


Same store growth rate of prescription sales

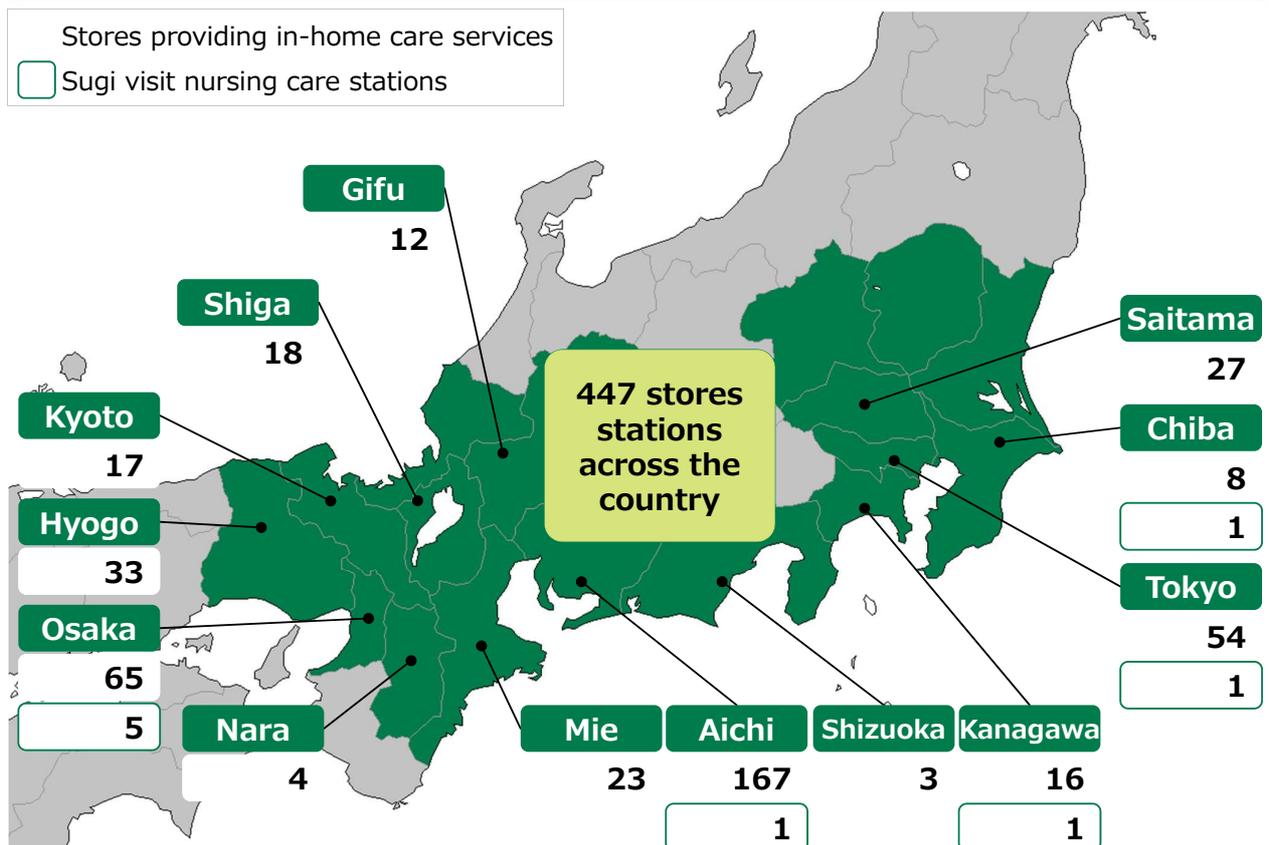


In-home Medical Care Services – As of Feb. 28, 2019

Sales of prescription filing: JPY91,074m (Full Year) , including sales of in-home medical care: JP3,945m (+0.6% Y o Y)



Facilities Providing Comprehensive Medical Services to Local Communities



Forecast for the Year Ending Feb.29, 2020

P/L Forecast for the Year Ending Feb. 29, 2020 - Consolidated -

FY 2020/2 : Net sales JPY520.0 billion, Operating profit JPY28.0 billion

(in million yen)	1st Half Year					2ed Half Year					Full Year				
	2019/2 Results	Ratio	2020/2 Forecast	Ratio	Y o Y %	2019/2 Results	Ratio	2020/2 Forecast	Ratio	Y o Y %	2019/2 Results	Ratio	2020/2 Forecast	Ratio	Y o Y %
Net Sales	243,940	100.0	257,500	100.0	105.6	244,524	100.0	262,500	100.0	107.4	488,464	100.0	520,000	100.0	106.5
Sugi Pharmacy	208,310	85.4	225,800	87.7	108.4	212,808	87.0	233,200	88.8	109.6	421,118	86.2	459,000	88.3	109.0
Japan	34,451	14.1	30,300	11.8	88.0	30,338	12.4	28,000	10.7	92.3	64,789	13.3	58,300	11.2	90.0
Others	1,179	0.5	1,400	0.5	118.7	1,378	0.6	1,300	0.5	94.3	2,557	0.5	2,700	0.5	105.6
Gross Margin	70,029	28.7	75,000	29.1	107.1	72,271	29.6	77,000	29.3	106.5	142,300	29.1	152,000	29.2	106.8
Sugi Pharmacy	62,432	30.0	68,000	30.1	108.9	65,071	30.6	70,500	30.2	108.3	127,503	30.3	138,500	30.2	108.6
Japan	6,793	19.7	6,000	19.8	88.3	6,152	20.3	5,500	19.6	89.4	12,945	20.0	11,500	19.7	88.8
Others	804	68.2	1,000	71.4	124.4	1,048	76.1	1,000	76.9	95.4	1,852	72.4	2,000	74.1	108.0
SG&A	57,158	23.4	61,000	23.7	106.7	59,325	24.3	63,000	24.0	106.2	116,483	23.8	124,000	23.8	106.5
Selling Expenses	3,787	1.6	4,000	1.6	105.6	3,764	1.5	4,300	1.6	114.2	7,551	1.5	8,300	1.6	109.9
Personnel Expenses	29,233	12.0	31,000	12.0	106.0	29,853	12.2	31,700	12.1	106.2	59,086	12.1	62,700	12.1	106.1
SG&A Expenses	24,137	9.9	26,000	10.1	107.7	25,708	10.5	27,000	10.3	105.0	49,845	10.2	53,000	10.2	106.3
Operating Profit	12,871	5.3	14,000	5.4	108.8	12,946	5.3	14,000	5.3	108.1	25,817	5.3	28,000	5.4	108.5
Recurring Profit	13,492	5.5	14,500	5.6	107.5	13,745	5.6	14,500	5.5	105.5	27,237	5.6	29,000	5.6	106.5
Net Income	8,950	3.7	9,500	3.7	106.1	8,990	3.7	8,800	3.4	97.9	17,940	3.7	18,300	3.5	102.0

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

Preconditions of Forecasts for FY 2020/2

<Store Opening & Closing>

(Store)	Openings	Closings	Total
Sugi Pharmacy	110	20	+90
Japan	0		
Visit Nursing Care ST	0	0	±0
Group Total	110	20	+90

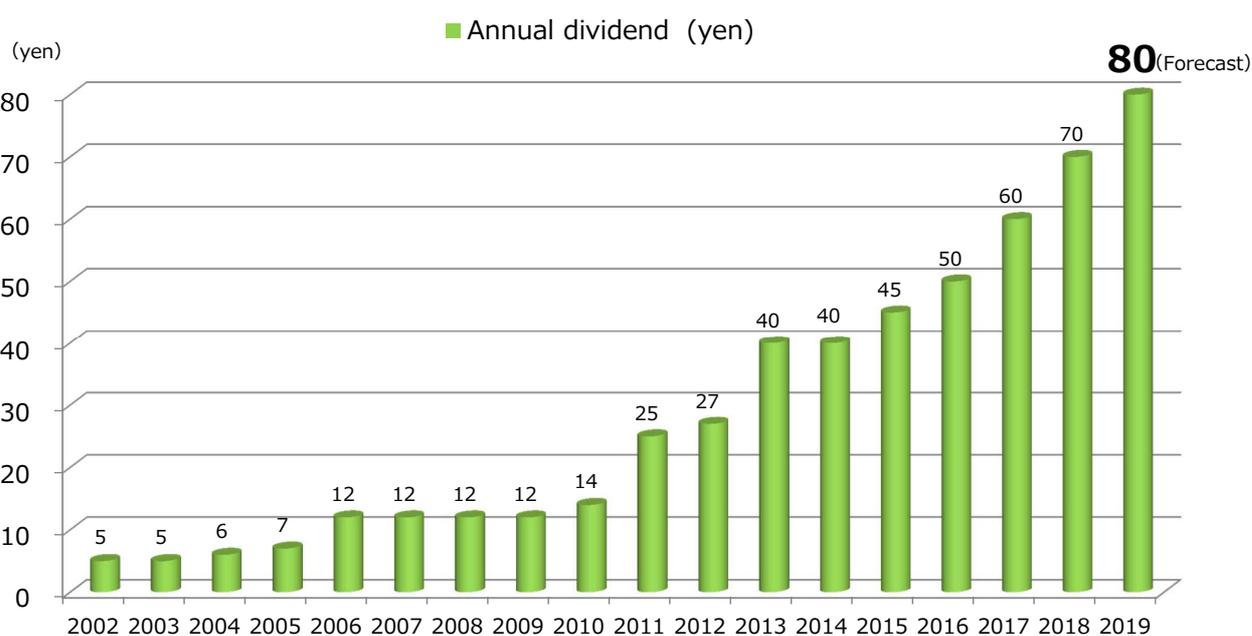
<Investment>

(in million yen)	Amount
New stores	14,500
Existing store refurbishment	1,000
Investment in systems and others	2,000
Group Total	17,500

<Existing Stores Sales Growth>

(%)	Q1	Q2	Q3	Q4	1H	H2	Full Year
Sugi Pharmacy	100.0	100.8	100.5	100.6	100.4	100.6	100.5
Japan	100.6	99.1	100.0	100.4	99.8	100.2	100.0
Group Total	100.1	100.6	100.4	100.6	100.3	100.5	100.4

Transition of dividend per share (Annual Total)



(%)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Payout ratio	18.7	11.1	14.1	14.7	9.8	13.9	13.5	19.8	19.7	19.5	21.2	23.1	24.3	27.0

(Forecast)

Progress of the medium-term target

Medium-term target (FY2018 to FY2020)

Alliance · M&A strategy

- 1) Aggressively promote a wide range of alliances and M&A from medical care to nursing care

Sales strategy

- 1) Expand prescription filling sales: More frequently approach to medical-related institutions
- 2) Expand home dispensing sales: More frequently approach to medical and nursing-related institutions
- 3) Expand a line of goods and services in the wellness area: Differentiate ourselves from competitors by focusing on specific categories of goods

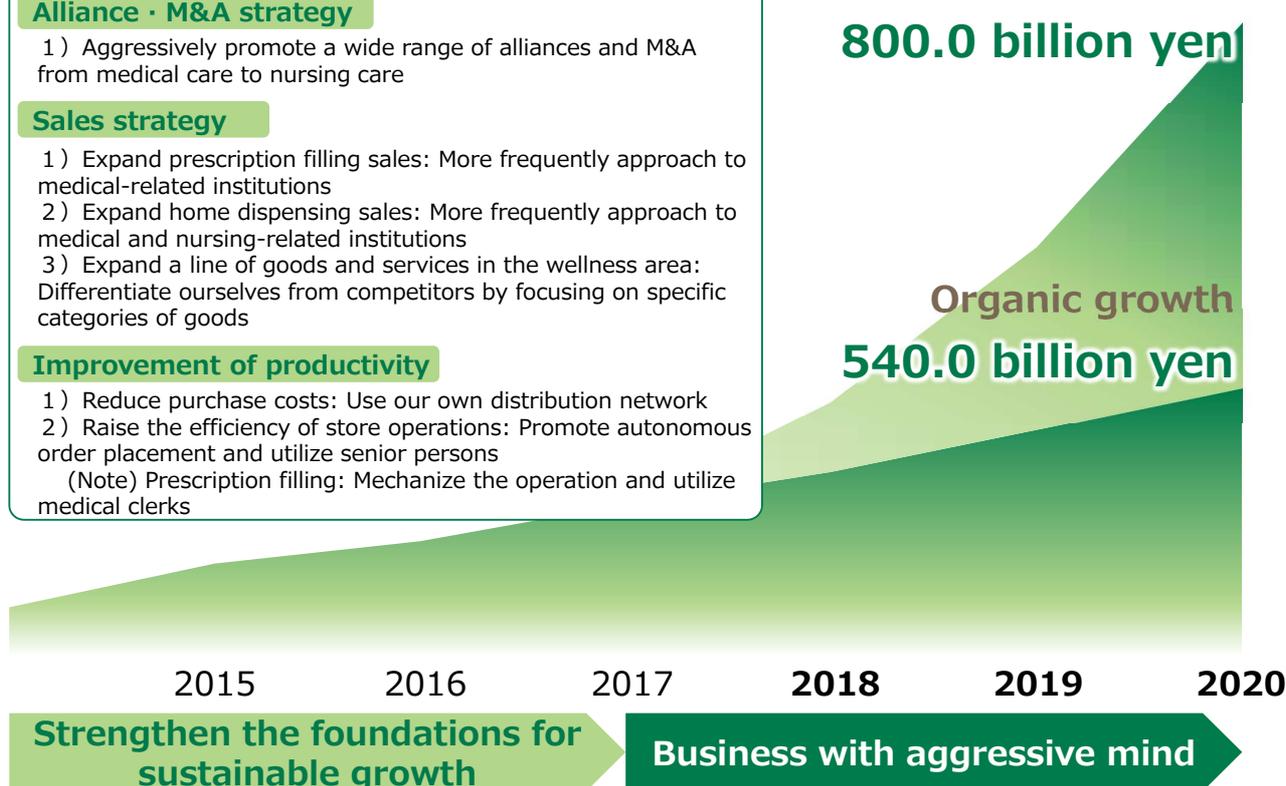
Improvement of productivity

- 1) Reduce purchase costs: Use our own distribution network
 - 2) Raise the efficiency of store operations: Promote autonomous order placement and utilize senior persons
- (Note) Prescription filling: Mechanize the operation and utilize medical clerks

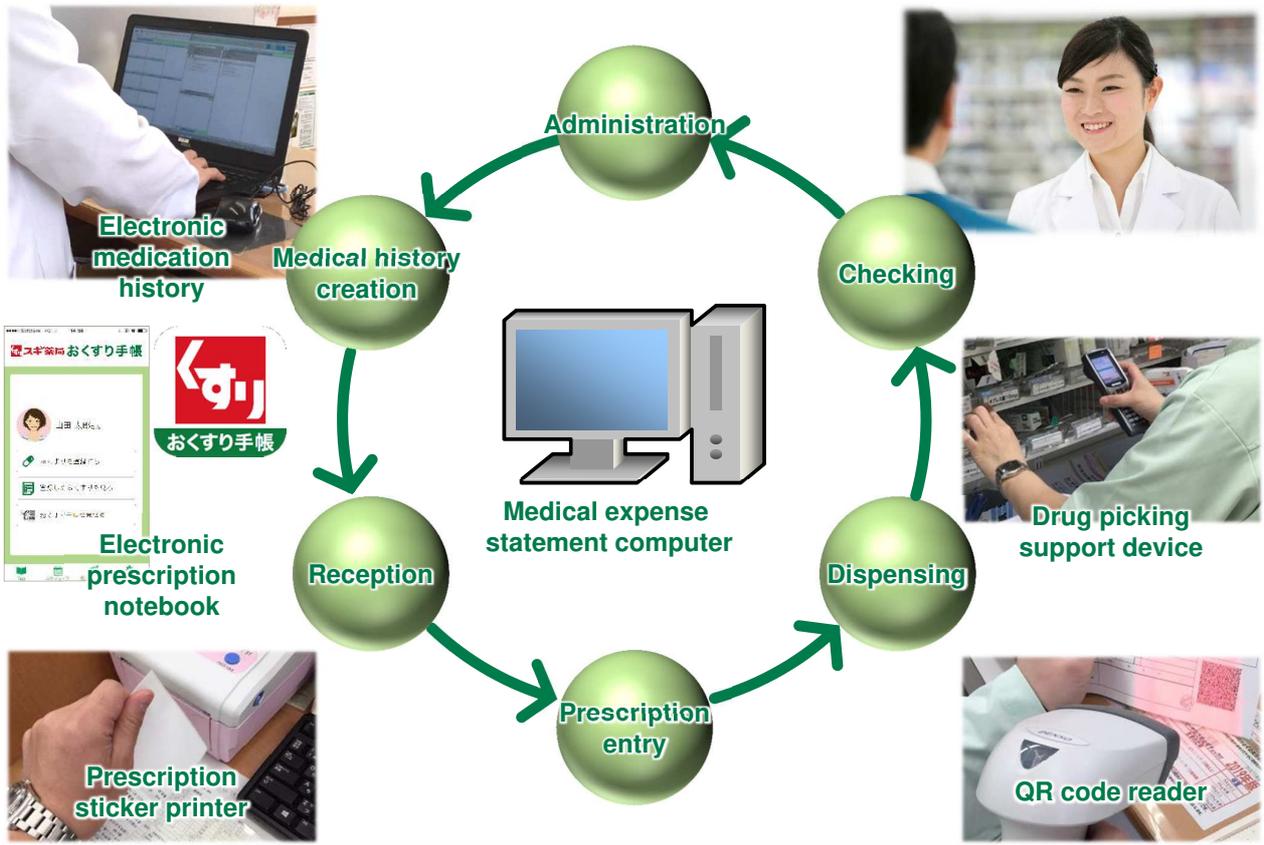
Growth in Alliance & M&A

800.0 billion yen

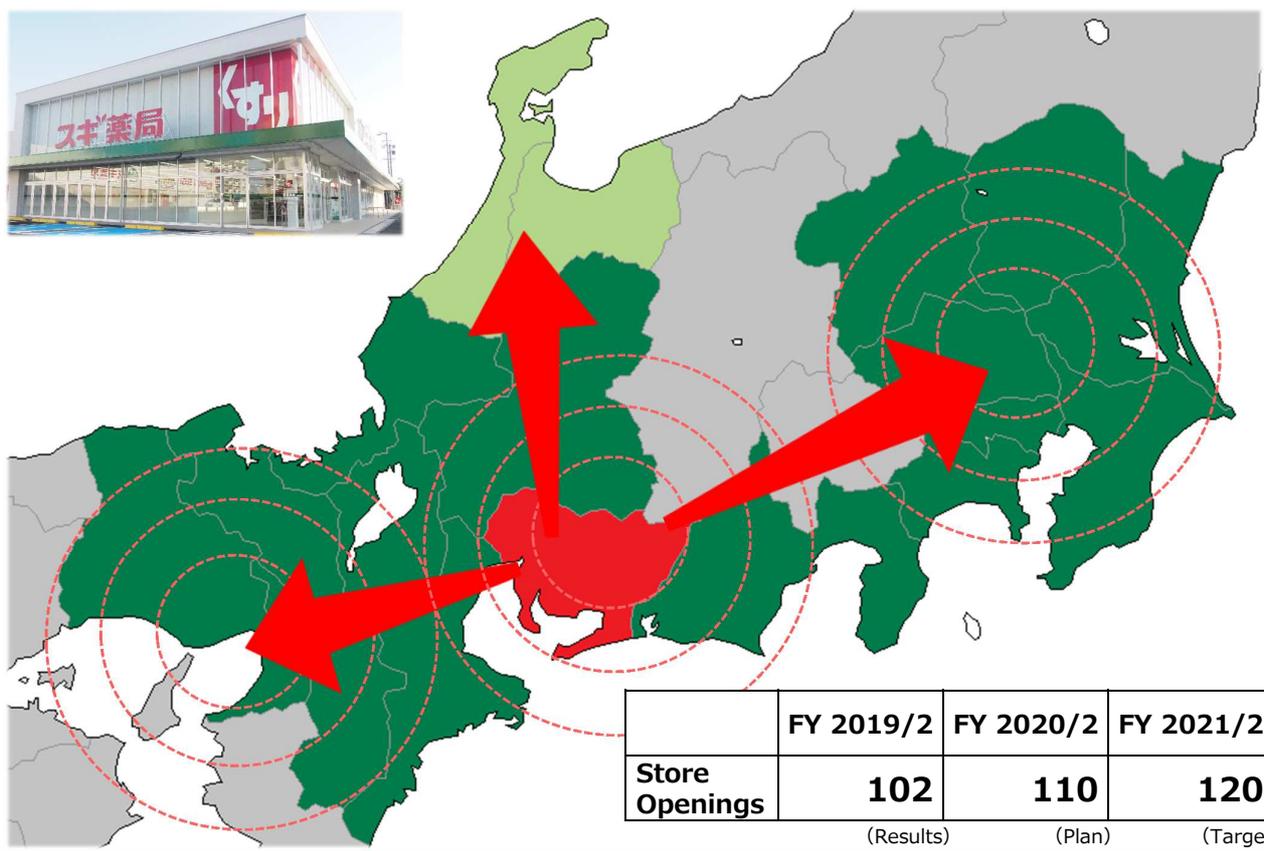
Organic growth
540.0 billion yen



Promotion of introduction of medication dispensing support devices

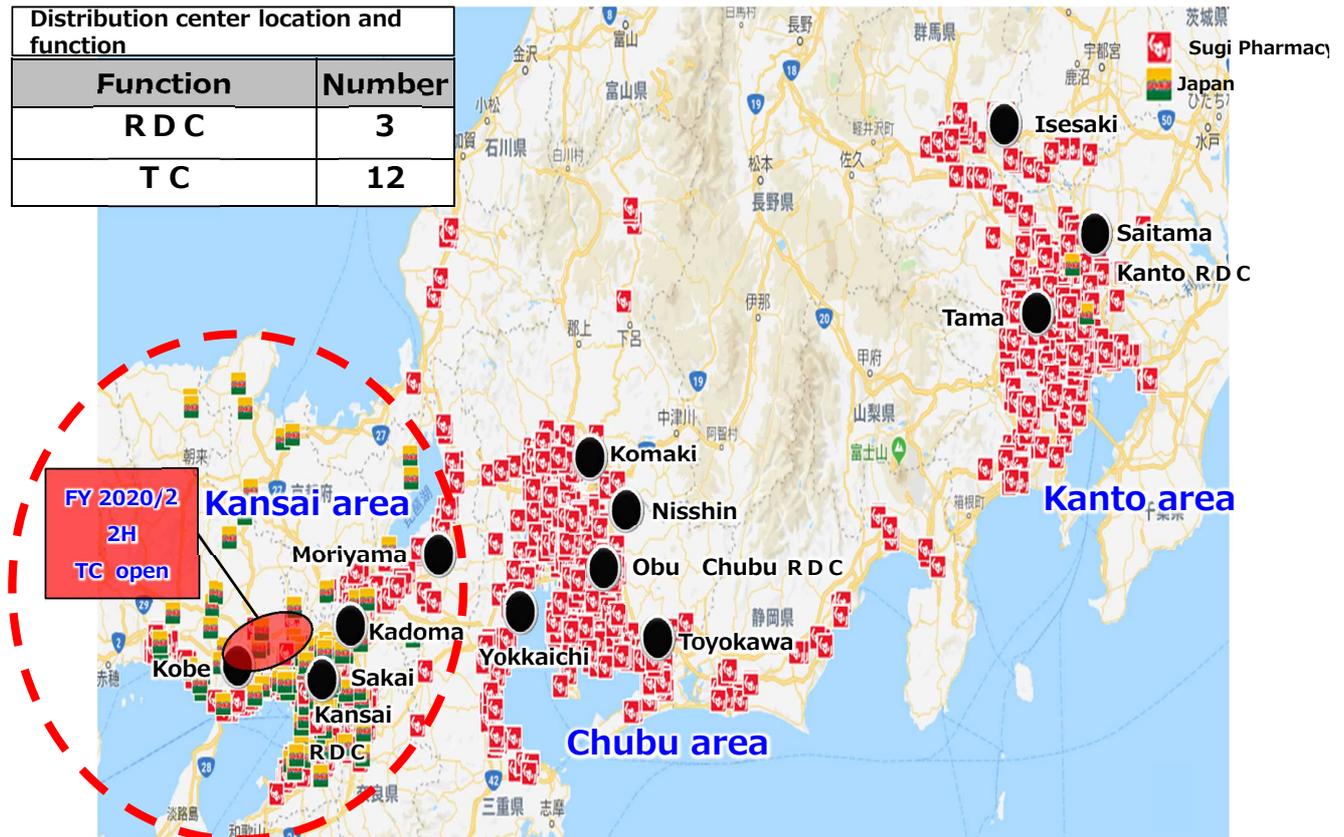


Acceleration of new store openings, Expand new store opening area



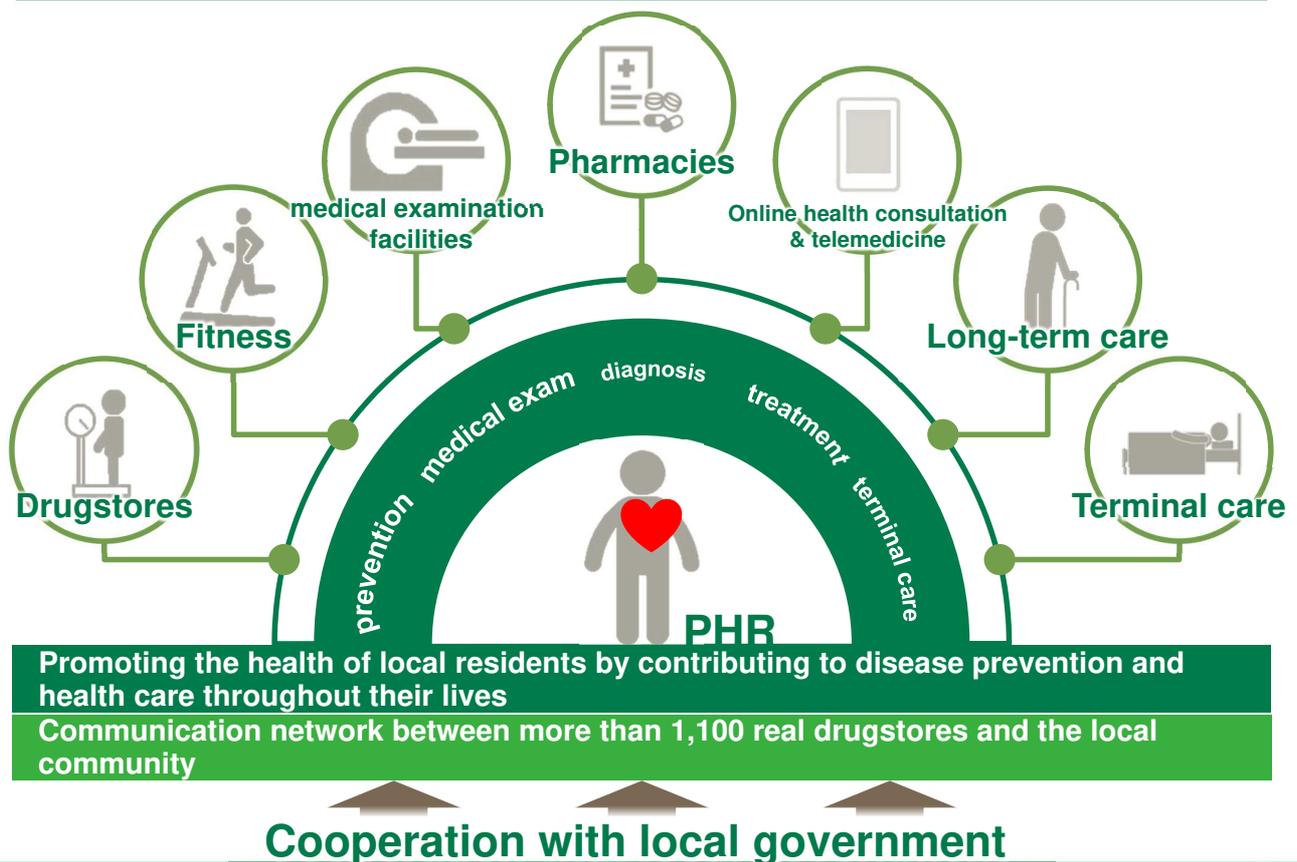
Distribution center New plan (2019)

Distribution center location and function	
Function	Number
RDC	3
TC	12



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Value delivery to customers through real touchpoints



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Value delivery to the local community using healthcare data



Business alliance with MedPeer



- Store network consisting of more than 1,000 stores
- Many experts
- Many customers with high loyalty

- 120,000 physician members
- Knowledge about health care and IT
- Medical consultation services

Self-care support platform business – an example of joint business projects



Business alliance with M-aid



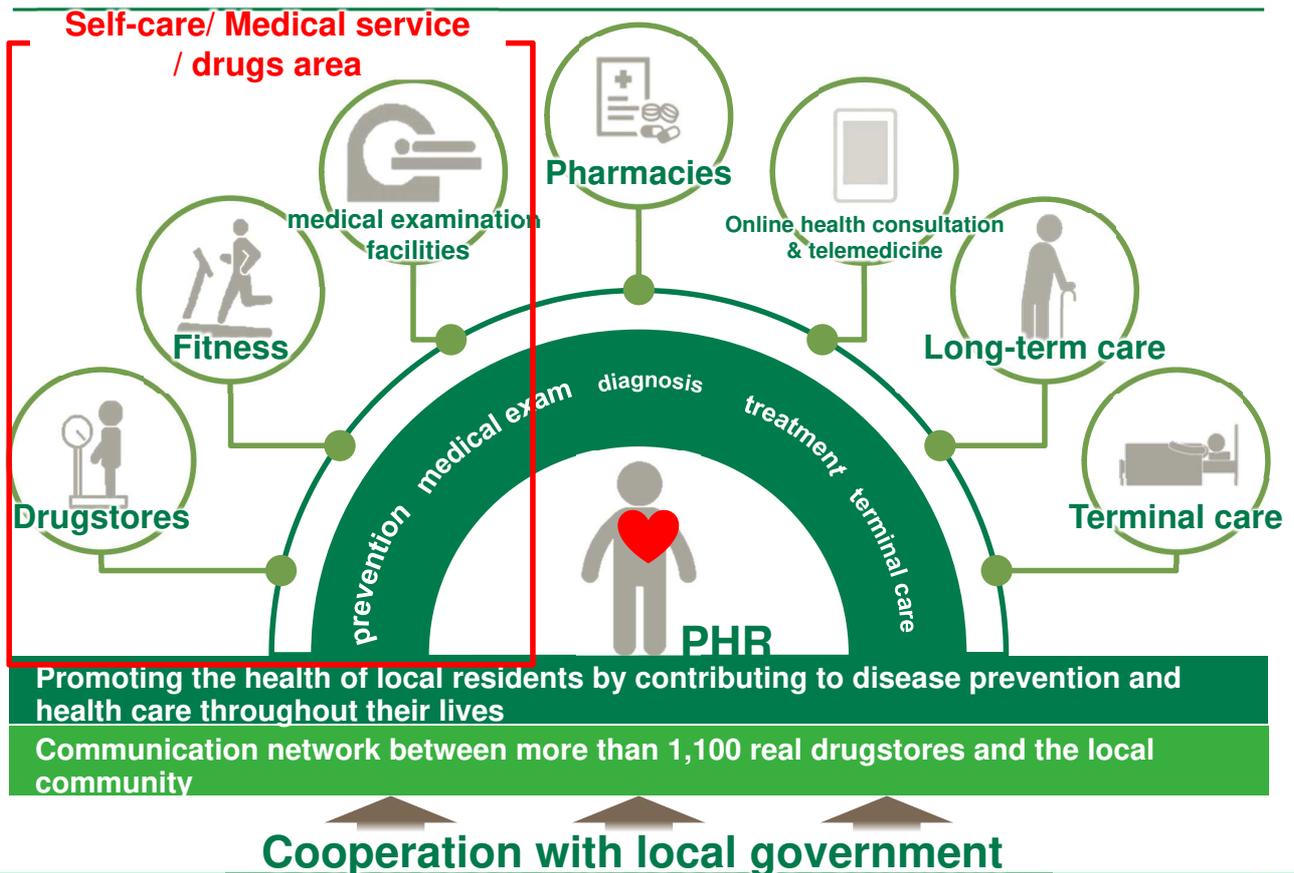
- Store network consisting of more than 1,000 stores
- Many experts (Management dietician: 400 people)
- Many customers with high loyalty
- Medical examinees in the Chubu region
- Advanced efforts to prevent disease and detect presymptomatic disease
- Health services related to health care, diet, and exercise

Health management support solution for corporate

Integrated provision model of medical examination, data analysis, health guidance by store starting point— an example of joint business projects



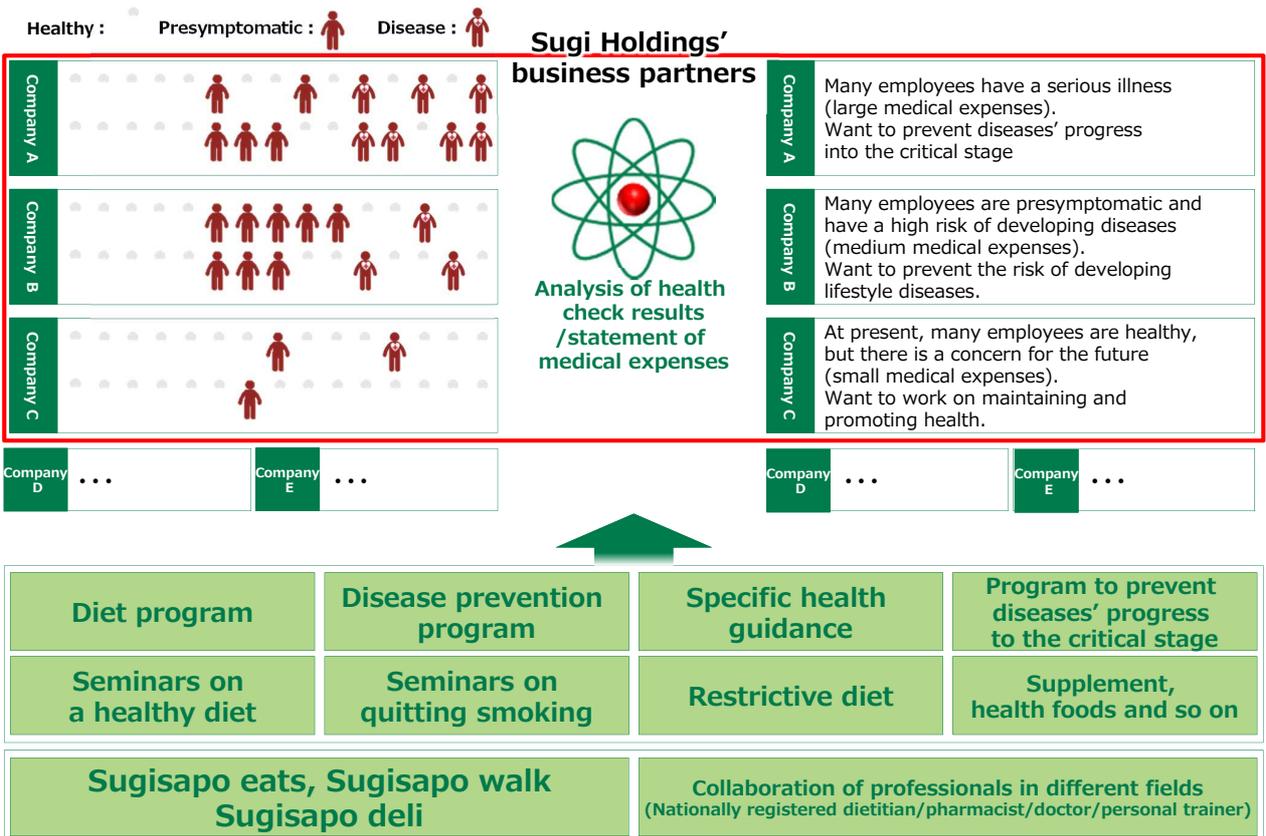
Value delivery to customers through real touchpoints



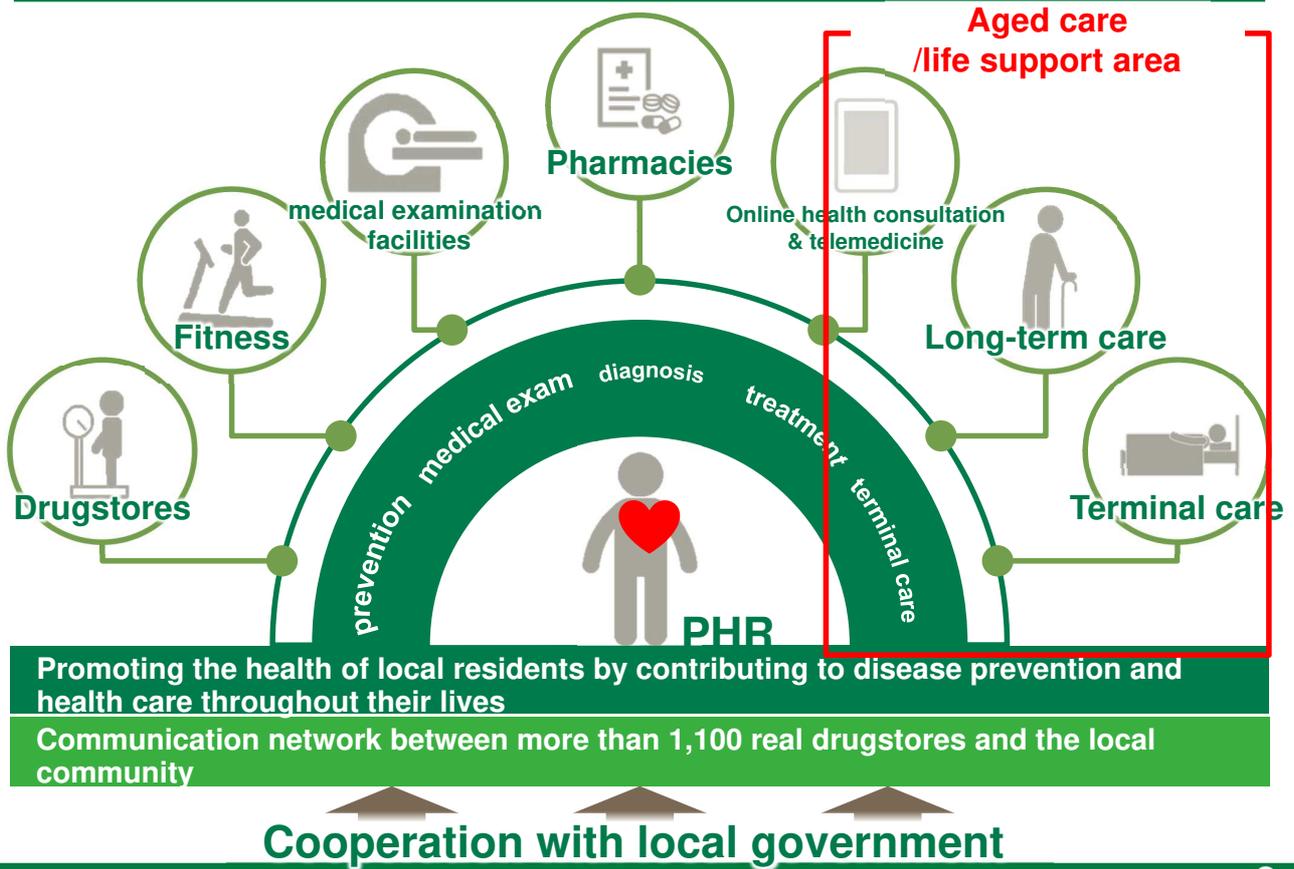
Consumer services : Enlightenment of self care by digital utilization



Corporate services : Health management support



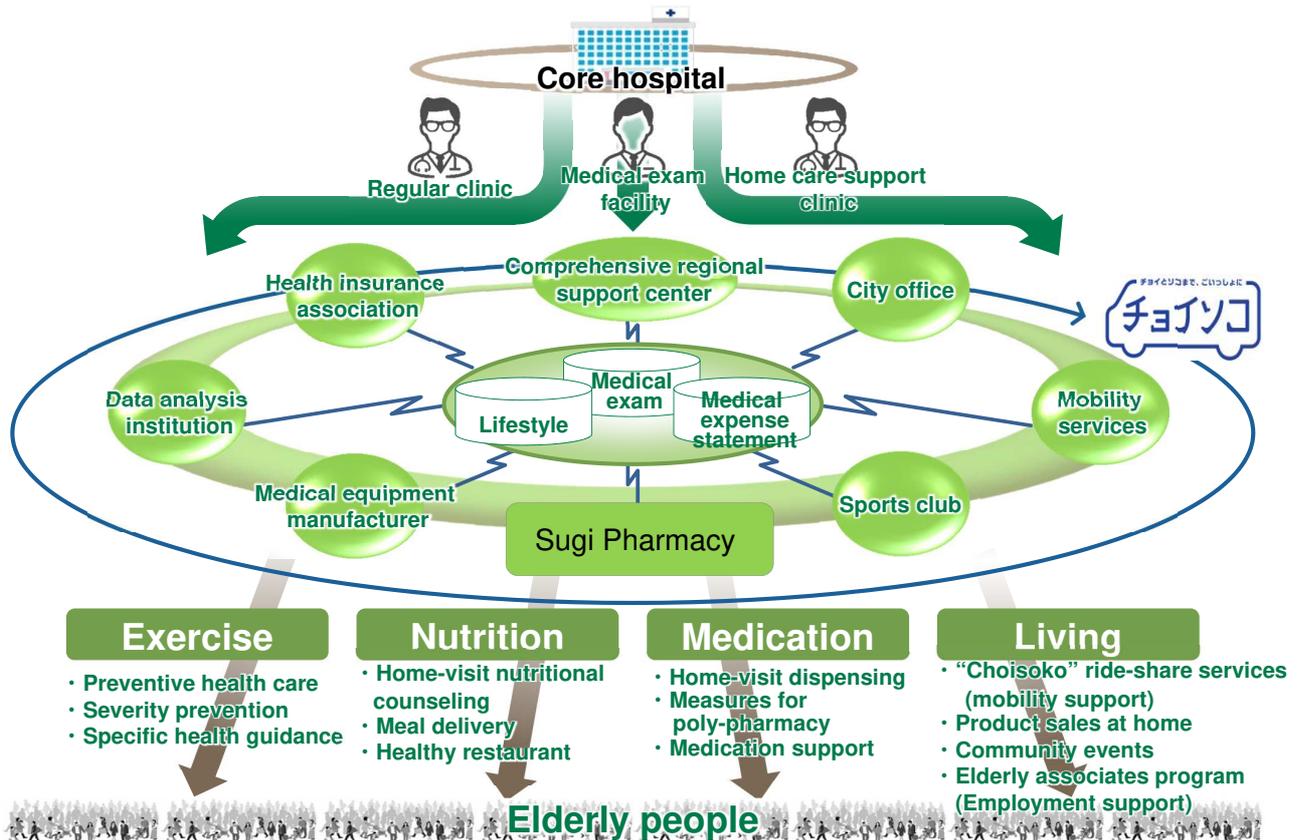
Value delivery to customers through real touchpoints



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Long-term and livelihood support through the use of common data



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SUGI Holdings

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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.