

# Financial Results

## 3rd Quarter - FY Ending February 29, 2020

### Supplementary Information

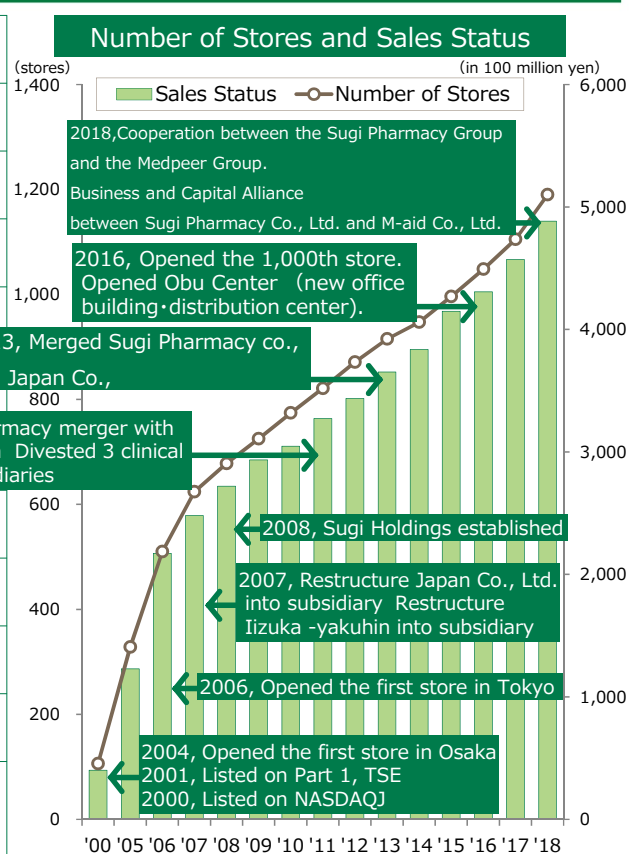
Securities ID Code: 7649, Part 1 of TSE and NSE

SUGI Holdings

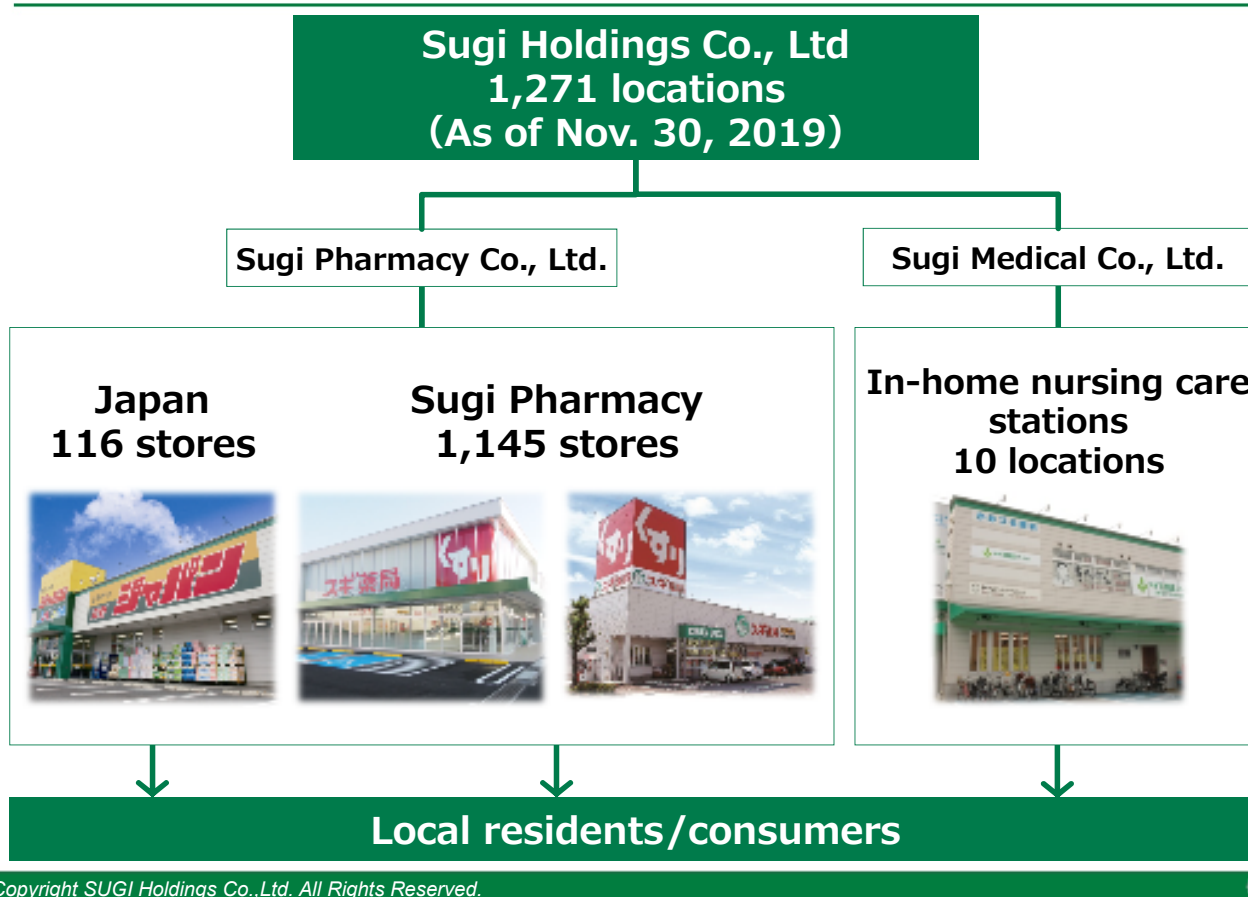
December 2019

## 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	1,271 (As of the end of Nov, 2019)
Number of employees	6,237 (full-time) (As of the end of Nov, 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



2

## Store Openings and Closings

\* Please note that "FY2019/2" and "FY 2020/2" in this presentation refers to the fiscal year ended in February 2019, and the fiscal year ended February 2020, respectively. The same notation is used in other pages.

### 3rd Quarter : Opened 86 stores, closed 6 stores, increased 80 stores

Nos. of stores by region	FY2019/2 Full Year	FY2020/2 3rd Quarter				Forecast after December 2019				FY 2020/2 Full Year forecast				
	As of the Term-End	Store Openings	Store Closings	M&A	As of the Term-End	Store Openings	Store Closings	M&A		Store Openings	Store Closings	M&A	Change	As of the Term-End
Kanto Region	298	41	0	1	340	9	3	0		50	3	1	+48	346
Chubu Region	456	22	2	0	476	7	4	0		29	6	0	+23	479
Kansai Region	429	21	4	0	446	10	4	0		31	8	0	+23	452
Hokuriku Region	7	2	0	0	9	4	0	0		6	0	0	+6	13
<b>Total</b>	<b>1,190</b>	<b>86</b>	<b>6</b>	<b>1</b>	<b>1,271</b>	<b>30</b>	<b>11</b>	<b>0</b>		<b>116</b>	<b>17</b>	<b>1</b>	<b>+100</b>	<b>1,290</b>

Nos. of stores by region	FY2019/2 Full Year	FY2020/2 3rd Quarter				Forecast after December 2019				FY 2020/2 Full Year forecast				
	As of the Term-End	Store Openings	Store Closings	M&A	As of the Term-End	Store Openings	Store Closings	M&A		Store Openings	Store Closings	M&A	Change	As of the Term-End
Sugi Pharmacy	1,063	86	4	0	1,145	29	10	0		115	14	0	+101	1,164
Japan	118	0	2	0	116	0	1	0		0	3	0	-3	115
Visit Nursing Care ST	9	0	0	1	10	1	0	0		1	0	1	+2	11
<b>Total</b>	<b>1,190</b>	<b>86</b>	<b>6</b>	<b>1</b>	<b>1,271</b>	<b>30</b>	<b>11</b>	<b>0</b>		<b>116</b>	<b>17</b>	<b>1</b>	<b>+100</b>	<b>1,290</b>

# Financial Highlights

## 3rd Quarter - FY Ending February 29, 2020

### - Consolidated -

## 3rd Quarter Financial Highlight - Consolidated -

### 3rd Quarter :Net sales (JPY398.1 billion) and Operating profit (JPY20.1 billion)

	FY Ended 2019/2 3Q (March to November)		FY Ending 2020/2 3Q (March to November)				
	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>363,313</b>	<b>100.0</b>	<b>398,183</b>	<b>100.0</b>	<b>102.9</b>	<b>11,183</b>	<b>109.6</b>
Sugi Pharmacy business	311,531	85.7	350,818	88.1	103.0	10,275	112.6
Japan business	49,978	13.8	44,919	11.3	100.8	363	89.9
Others	1,804	0.5	2,445	0.6	128.6	544	135.6
<b>Gross Profit</b>	<b>104,422</b>	<b>28.7</b>	<b>117,192</b>	<b>29.4</b>	<b>104.4</b>	<b>4,992</b>	<b>112.2</b>
Sugi Pharmacy business	93,282	29.9	106,342	30.3	104.2	4,317	114.0
Japan business	9,865	19.7	9,014	20.1	102.5	217	91.4
Others	1,275	70.7	1,836	75.1	133.2	458	144.0
<b>SG&amp;A Expenses</b>	<b>86,545</b>	<b>23.8</b>	<b>97,062</b>	<b>24.4</b>	<b>105.3</b>	<b>4,862</b>	<b>112.2</b>
<b>Operating Income</b>	<b>17,877</b>	<b>4.9</b>	<b>20,130</b>	<b>5.1</b>	<b>100.7</b>	<b>130</b>	<b>112.6</b>
Non-operating Income	2,202	0.6	2,409	0.6	133.9	609	109.4
Non-Operating Expenses	1,206	0.3	1,140	0.3	108.6	90	94.5
<b>Ordinary Income</b>	<b>18,873</b>	<b>5.2</b>	<b>21,399</b>	<b>5.4</b>	<b>103.1</b>	<b>649</b>	<b>113.4</b>
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	134	0.0	72	0.0	24.1	-228	53.5
<b>Net Income before Income Taxes</b>	<b>18,738</b>	<b>5.2</b>	<b>21,327</b>	<b>5.4</b>	<b>104.3</b>	<b>877</b>	<b>113.8</b>
<b>Income Taxes</b>	<b>6,250</b>	<b>1.7</b>	<b>7,058</b>	<b>1.8</b>	<b>103.8</b>	<b>258</b>	<b>112.9</b>
<b>Net Income</b>	<b>12,488</b>	<b>3.4</b>	<b>14,269</b>	<b>3.6</b>	<b>104.5</b>	<b>619</b>	<b>114.3</b>

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

## 3rd Quarter SG&A Expenses Status - Consolidated -

**3rd Quarter : Total SG&A expenses increased up 12.2% year on year**

	FY Ended 2019/2 3Q (March to November)		FY Ending 2020/2 3Q (March to November)			
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	vs. Budget (in %)	Y o Y
Net Sales	363,313	100.0	398,183	100.0	102.9	109.6
Total Selling Expenses	5,664	1.6	5,574	1.4	91.4	98.4
Advertising Expenses	3,524	1.0	3,500	0.9	92.1	99.3
Premium Expenses	2,139	0.6	2,073	0.5	90.2	96.9
Personnel Expenses	43,989	12.1	48,836	12.3	104.6	111.0
Total Administrative Expenses	36,890	10.2	42,652	10.7	108.3	115.6
Rent Expenses	16,140	4.4	18,845	4.7	107.9	116.8
Depreciation Expenses	5,342	1.5	6,026	1.5	104.5	112.8
Utilities Expenses	2,978	0.8	3,254	0.8	108.4	109.3
Supplies Expenses	2,837	0.8	3,060	0.8	100.6	107.9
Tax and Public Charges	2,306	0.6	2,774	0.7	113.1	120.3
Commission Paid	3,027	0.8	3,797	1.0	123.3	125.4
Others	4,258	1.2	4,894	1.2	106.4	114.9
Total SG&A Expenses	86,545	23.8	97,062	24.4	105.3	112.2

Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

6

## Sales Trend

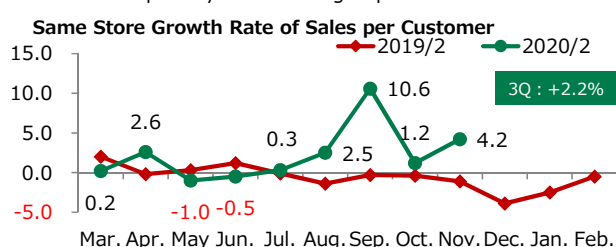
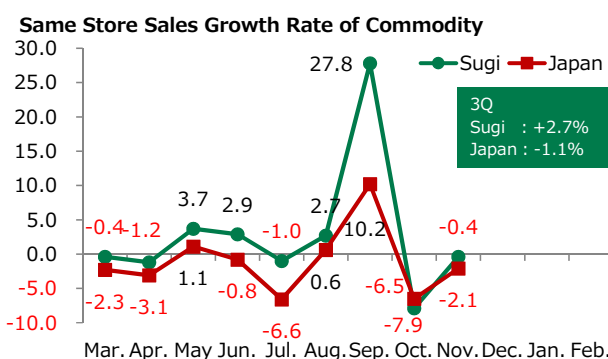
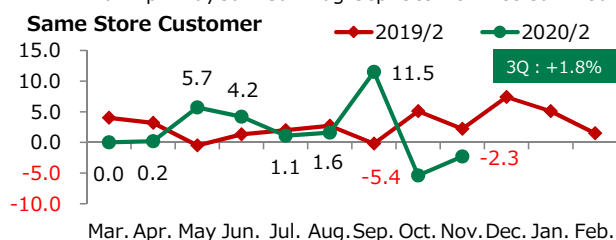
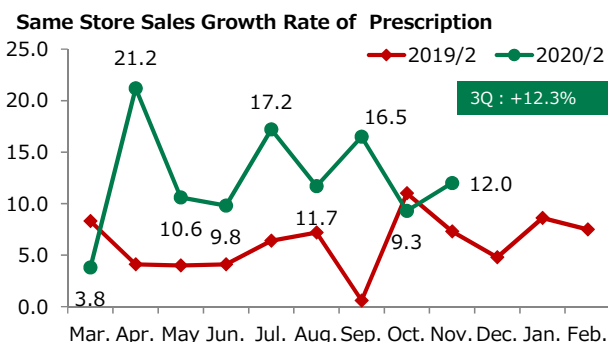
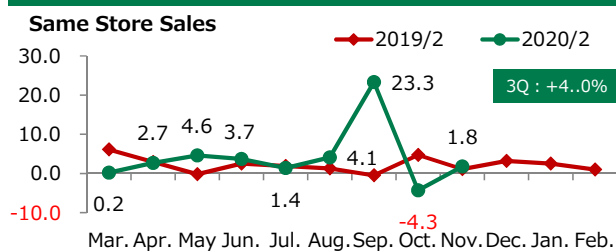
### 3rd Quarter - FY Ended February 29, 2020

Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

7

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

**3rd Quarter :Same store sales growth rate showed +4.0% (prescription;+12.3%, Sugi's commodity ;+2.7%, Japan's commodity;-1.1%), same store customer growth rate indicated +1.8%.**



Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

8

## Sales Trend by Product Group - Sugi -

	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget	Gross Margin % vs. Y o Y
	FY 2019/2 3Q	FY 2020/2 3Q				FY 2019/2 3Q	FY 2020/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Prescription	21.6	21.6	22.1	105.5	115.1	37.7	38.6	38.6	±0.0	+0.9
Healthcare	-	21.1	20.7	101.0	-	-	39.0	39.4	+0.4	-
Beauty	-	21.8	21.0	99.3	-	-	29.9	30.7	+0.8	-
Household wares	-	18.8	18.9	103.9	-	-	22.3	23.1	+0.8	-
Foods	-	16.7	17.2	106.2	-	-	16.1	16.2	+0.1	-
Other	-	0.1	0.1	92.7	-	-	30.6	31.9	+1.3	-
Total	100.0	100.0	100.0	103.0	112.6	29.9	30.0	30.3	+0.3	+0.4

Due to changes in the product sales department from this term, results for the previous fiscal year and comparisons with the previous fiscal year are not shown.

Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

9

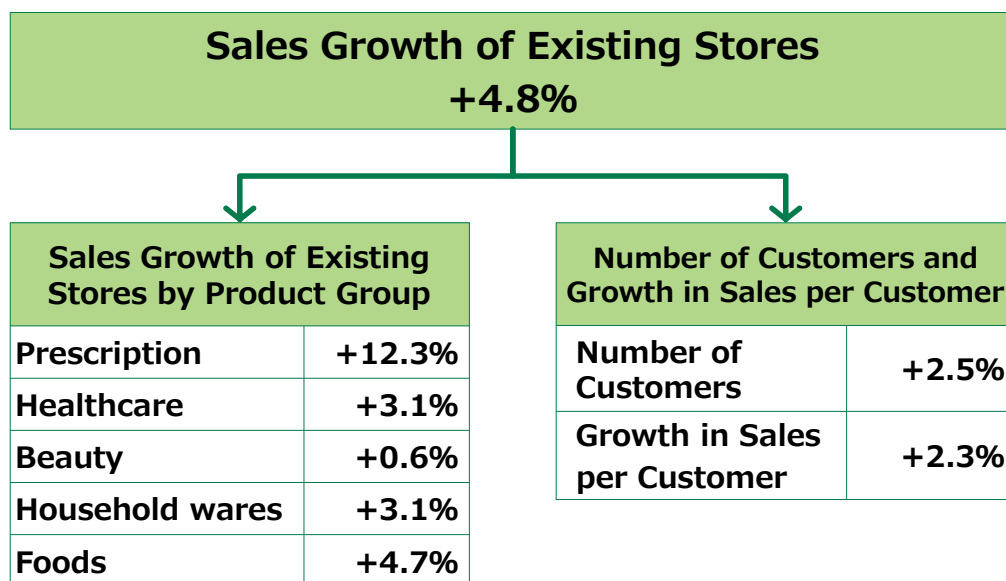
## Sales Trend by Product Group - Japan -

	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget	Gross Margin % vs. Y o Y
	FY 2019/2 3Q	FY 2020/2 3Q				FY 2019/2 3Q	FY 2020/2 3Q			
	Results	Budget	Results			Results	Budget	Results		
Healthcare	-	8.7	8.9	103.3	-	-	35.5	36.0	+0.5	-
Beauty	-	7.5	7.5	101.3	-	-	27.1	28.7	+1.6	-
Household wares	-	18.8	19.4	103.9	-	-	23.4	23.9	+0.5	-
Foods	-	63.2	62.3	99.4	-	-	15.8	15.8	±0.0	-
Other	-	1.9	1.9	103.7	-	-	12.4	11.8	−0.6	-
Total	100.0	100.0	100.0	100.8	89.9	19.7	19.7	20.1	+0.4	+0.4

Due to changes in the product sales department from this term,  
results for the previous fiscal year and comparisons with the previous fiscal year are not shown.

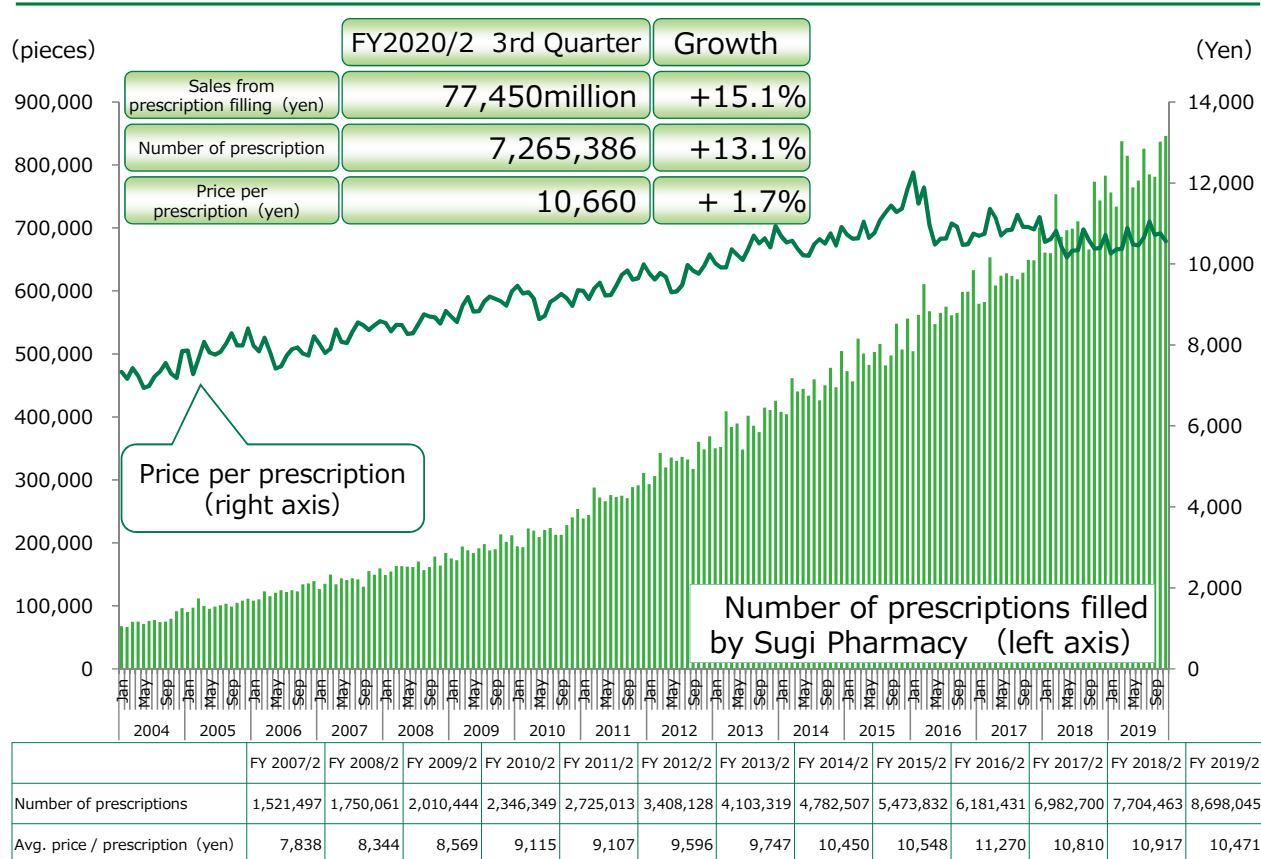
## Sales Trend at Existing Stores- Sugi Pharmacy business -

3rd Quarter : Existing store sales growth ratio indicated +4.8%

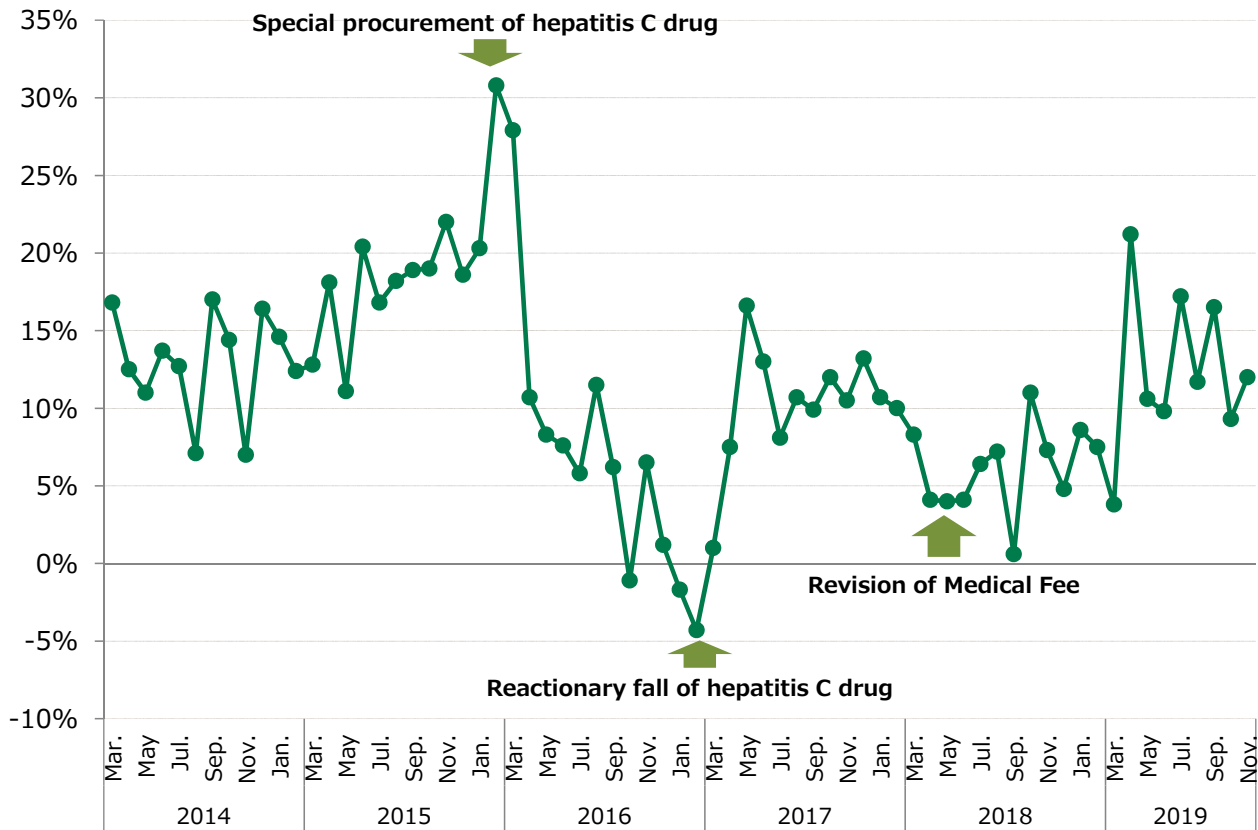


# Medical Business of Sugi Group

## Trends in the Number of Prescriptions and Price per Prescription



## Same store growth rate of prescription sales

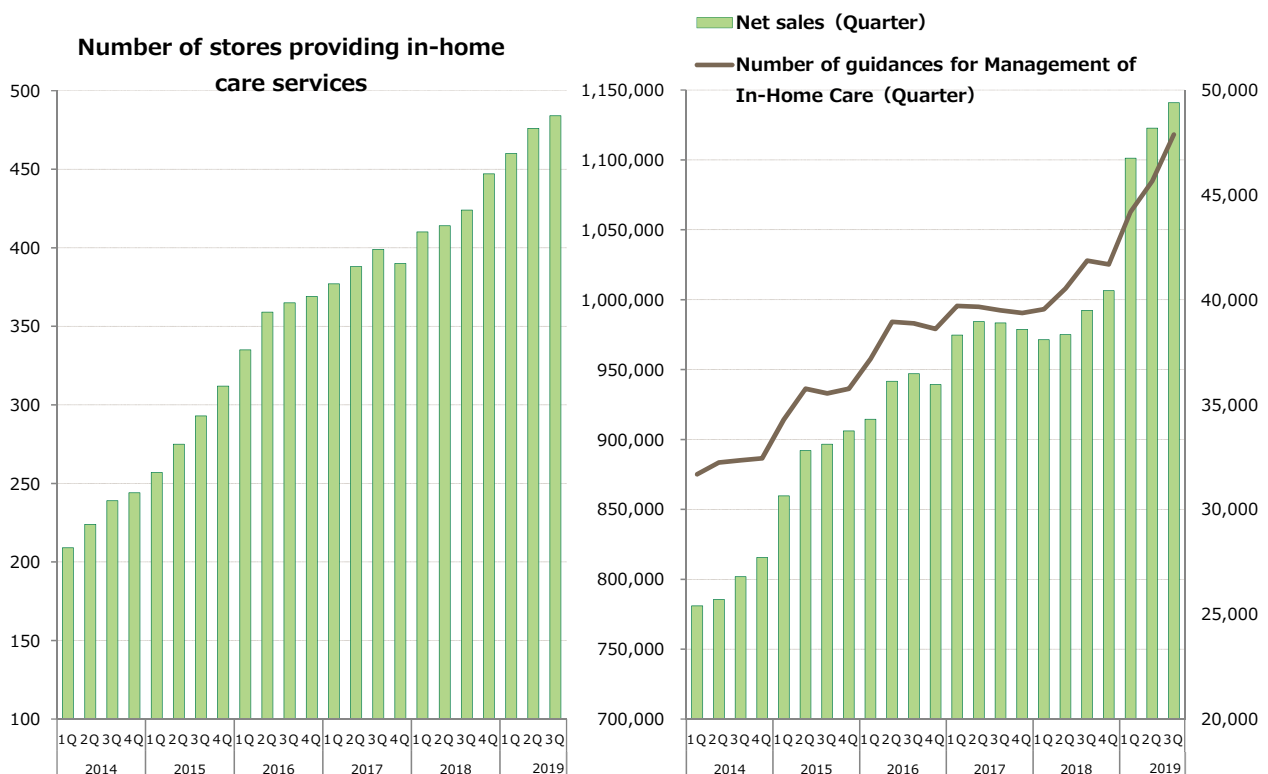


Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

14

## In-home Medical Care Services – As of Nov. 30, 2019

in-home medical care: JPY 3,365m (+14.5% Y o Y)

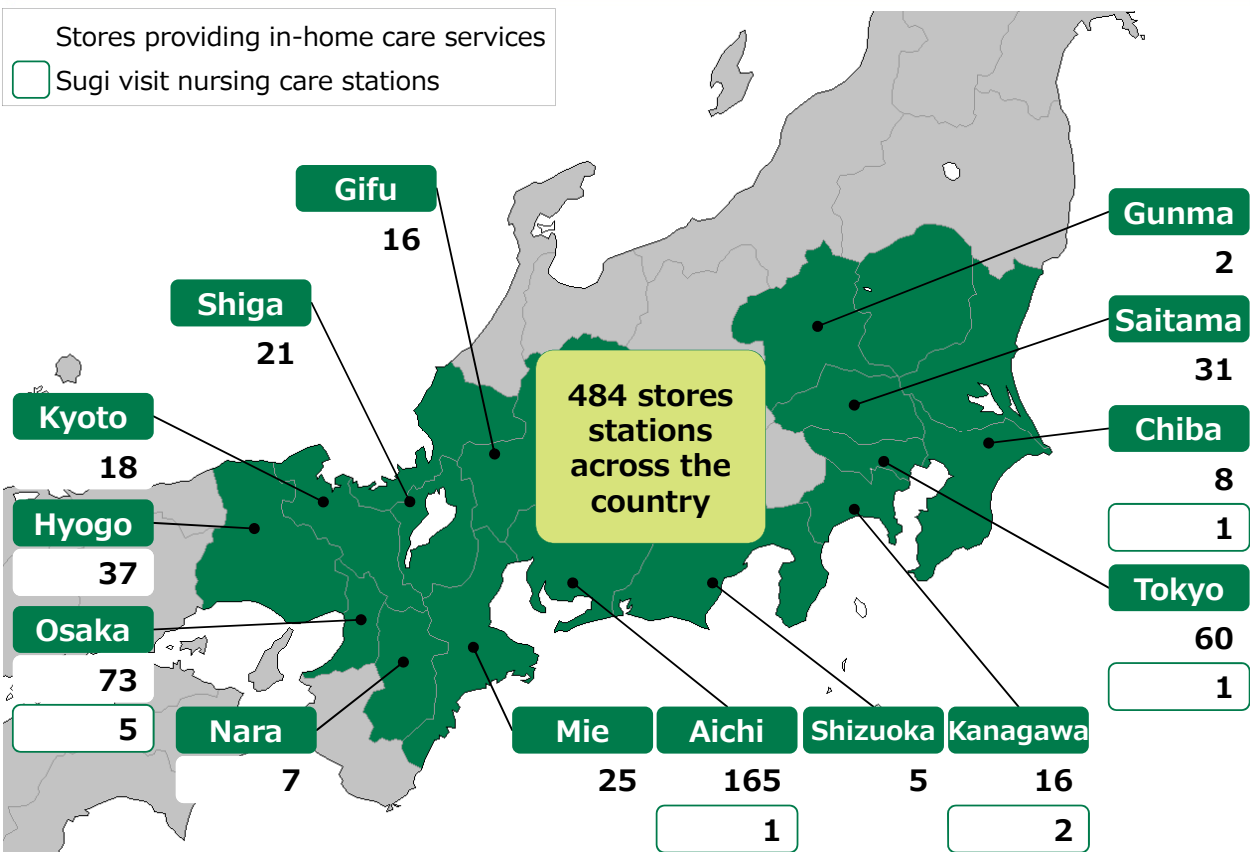


Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

15



Facilities Providing Comprehensive Medical Services to Local Communities



Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

16

# 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.

Copyright SUGI Holdings Co.,Ltd. All Rights Reserved.

17