



## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending May 15, 2020 [J-GAAP]

March 16, 2020

Name of listed company: TSURUHA Holdings, Inc. Listed on: Tokyo Stock Exchange, 1st Section  
 Securities code: 3391 URL: <http://www.tsuruha-hd.co.jp>  
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 Scheduled date of filing quarterly financial report: March 27, 2020  
 Scheduled date to start dividends distribution: —  
 Supplementary quarterly materials prepared: Yes  
 Quarterly results information meeting held: Yes (for institutional investors and financial analysts)

(Figures shown are rounded down to the nearest million yen.)

### 1. Consolidated financial results for the third quarter ended February 15, 2020 (May 16, 2019 – February 15, 2020)

#### (1) Consolidated operating results

(Percentage figures show changes from the same period in the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended February 15, 2020	625,608	6.7	36,528	15.7	37,405	14.5	23,303	19.8
Nine months ended February 15, 2019	586,548	20.2	31,578	1.0	32,657	0.7	19,448	(2.3)

Note: Comprehensive income: Nine months ended February 15, 2020: 27,957 million yen (70.9%)  
 Nine months ended February 15, 2019: 16,356 million yen (-28.5%)

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
Nine months ended February 15, 2020	481.87	480.24
Nine months ended February 15, 2019	402.67	400.78

#### (2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of February 15, 2020	440,994	240,948	50.8	4,629.38
As of May 15, 2019	372,293	220,214	55.0	4,238.15

Reference: Equity capital: As of February 15, 2020: 223,952 million yen As of May 15, 2019: 204,922 million yen

### 2. Dividends

	Annual Dividends (Yen)				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Year-end	Annual
Year ended May 15, 2019	—	73.00	—	75.00	148.00
Year ending May 15, 2020	—	74.00	—		
Year ending May 15, 2020 (Forecast)				74.00	148.00

Note: Revisions to the most recently announced dividend forecast during the period: None

### 3. Consolidated financial forecasts for the year ending May 15, 2020 (May 16, 2019 – May 15, 2020)

(Percentage figures show changes from the same period in the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	820,000	4.8	43,700	4.5	45,200	4.4	26,100	5.1	539.79

Note: Revisions to the most recently announced earnings forecasts during the period: None

#### Notes

(1) Significant changes to subsidiaries during the period (Transfers of specific subsidiaries with changes in the scope of consolidation): None

(2) Application of the specific accounting methods for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement of revisions

1) Changes in accounting policies due to revision of accounting standard, etc.: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(4) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding (including treasury stock)	As of February 15, 2020	49,262,568 shares	As of May 15, 2019	49,237,968 shares
2) Number of treasury stock	As of February 15, 2020	886,255 shares	As of May 15, 2019	886,098 shares
3) Average number of shares issued and outstanding in each period (quarterly consolidated cumulative period)	Nine months ended February 15, 2020	48,360,734 shares	Nine months ended February 15, 2019	48,299,173 shares

\* This financial results report is outside the scope of audit procedures conducted by certified public accountants or the independent auditor.

#### \* Explanation of appropriate use of financial forecasts and other special items

This document contains projections of performance based on information currently available. Actual performance may differ from these projections due to changes in the economic environment and other uncertainties. Please refer to page 2 of the supplementary materials for further details about the above financial forecasts.

Contents

1. Qualitative information on quarterly financial results .....	2
(1) Explanation of consolidated financial results .....	2
(2) Explanation of consolidated financial position .....	2
(3) Explanation of consolidated financial forecasts and other forward-looking statements .....	2
2. Quarterly consolidated financial statements and related notes .....	3
(1) Quarterly consolidated balance sheets.....	3
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income.....	5
(Quarterly consolidated statements of income).....	5
(Quarterly consolidated statements of comprehensive income).....	6
(3) Notes on quarterly consolidated financial statements .....	7
(Notes on premise of a going concern).....	7
(Notes on significant changes in the amount of shareholders' equity).....	7

## 1. Qualitative information on quarterly financial results

### (1) Explanation of consolidated financial results

In the first nine months of the current fiscal year (May 16, 2019 to February 15, 2020), the Japanese economy continued to recover at a modest pace. However, typhoons and other natural disasters, a rush in demand before the hike to consumption tax and a subsequent pullback, as well as concerns about the impact of the COVID-19 outbreak on domestic and overseas economies and trends in capital markets, contributed to a slightly uncertain outlook.

Meanwhile, in the drugstore sector, the operating environment remained challenging, with the pace of consolidation and realignment accelerating further amid intensifying competition to open stores and reduce prices.

Against this backdrop, the TSURUHA Group continued to offer a high level of customer service, mainly through advice-based sales, and worked to address the shrinking market caused by Japan's aging population and intensifying competition. Specifically, the Group pushed ahead with store renovations centered on food sales areas aimed at improving convenience for customers, while in private brands, the Group reinforced product development and sales structures and worked to renew and expand the private brand business by launching two new brands – Kurashi Rhythm and Kurashi Rhythm Medical. Targeting improvements in the operational efficiency of stores and enhancement of productivity, the Group also worked on introducing new support systems for staff allocation, inventory management and other functions.

In store openings, the Group targeted specific areas for multiple store openings as part of its area dominance store-opening strategy and implemented a scrap and build approach for existing stores. In the first nine months of the fiscal year under review, the Group opened 95 new stores and closed 57 existing stores. Another store was added to the Group after Ogata Mura Pharmacy (Akita Prefecture) became a subsidiary of TSURUHA Co., Ltd. on July 4, 2019, resulting in a total of 2,121 directly managed stores as of the end of the third quarter.

### TSURUHA Group store openings and closures (Number of stores)

	End of previous fiscal year	Store openings	Became subsidiary	Store closures	Net change	End of current period	Of which dispensing pharmacies
Hokkaido	401	21	—	19	2	403	96
Tohoku	482	19	1	4	16	498	93
Kanto, Koshinetsu	456	24	—	16	8	464	153
Chubu, Kansai	223	9	—	4	5	228	107
Chugoku	299	6	—	7	(1)	298	88
Shikoku	198	16	—	6	10	208	54
Kyushu	23	—	—	1	(1)	22	3
Total	2,082	95	1	57	39	2,121	594

(The figure at the end of the current period excludes 22 overseas stores and four franchise stores.)

As a result of the above, in the first nine months of the current fiscal year, TSURUHA Holdings reported net sales of ¥625,608 million (up 6.7% year on year), operating income of ¥36,528 million (up 15.7%), ordinary income of ¥37,405 million (up 14.5%), and net income attributable to owners of the parent of ¥23,303 million (up 19.8%).

### (2) Explanation of consolidated financial position

As of the end of the third quarter, assets totaled ¥440,994 million, an increase of ¥68,701 million compared with the end of the previous fiscal year. This mainly reflected increases in cash and deposits and accounts receivable – trade, as the settlement date for the third quarter fell on a non-business day for financial institutions.

Liabilities totaled ¥200,045 million, an increase of ¥47,967 million compared with the end of the previous fiscal year. This mainly reflected an increase in notes and accounts payable – trade, as the settlement date for the third quarter fell on a non-business day for financial institutions.

Net assets totaled ¥240,948 million, an increase of ¥20,733 million compared with the end of the previous fiscal year.

As a result, the equity ratio was 50.8%, down 4.2 points from the previous fiscal year-end.

### (3) Explanation of consolidated financial forecasts and other forward-looking statements

The full-year financial forecasts announced on December 17, 2019 are unchanged.

**2. Quarterly consolidated financial statements and related notes**

## (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of May 15, 2019	As of February 15, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	42,833	81,191
Accounts receivable—trade	26,745	41,013
Securities	1,000	1,000
Merchandise	98,212	107,140
Raw materials and supplies	52	57
Short-term loans receivable	2	2
Others	15,983	15,386
Total current assets	184,830	245,793
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,992	36,919
Machinery, equipment and vehicles, net	2	1
Tools, furniture and fixtures, net	10,264	10,687
Land	11,938	12,506
Leased assets, net	3,707	3,951
Construction in progress	348	1,829
Total property, plant and equipment	61,254	65,895
Intangible assets		
Goodwill	35,733	32,972
Software	402	433
Telephone subscription right	87	87
Others	583	657
Total intangible assets	36,806	34,149
Investments and other assets		
Investment securities	27,925	31,394
Long-term loans receivable	15	13
Deferred tax assets	4,926	4,141
Guarantee deposits	52,048	55,181
Others	4,581	4,514
Allowance for doubtful accounts	(96)	(91)
Total investments and other assets	89,401	95,155
Total non-current assets	187,462	195,200
Total assets	372,293	440,994

(Millions of yen)

	As of May 15, 2019	As of February 15, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	87,254	137,391
Current portion of long-term loans payable	2,406	1,903
Accounts payable—other	13,445	13,854
Lease obligations	562	522
Income taxes payable	9,514	5,212
Provision for bonuses	4,651	2,462
Provision for directors' bonuses	566	407
Provision for point card certificates	4,208	4,152
Others	4,172	7,854
<b>Total current liabilities</b>	<b>126,783</b>	<b>173,763</b>
<b>Non-current liabilities</b>		
Long-term loans payable	7,153	5,726
Lease obligations	4,154	4,076
Deferred tax liabilities	5,567	7,399
Net defined benefit liability	2,695	2,894
Asset retirement obligations	2,815	2,894
Others	2,908	3,292
<b>Total non-current liabilities</b>	<b>25,295</b>	<b>26,282</b>
<b>Total liabilities</b>	<b>152,078</b>	<b>200,045</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	10,023	10,152
Capital surplus	28,075	28,205
Retained earnings	154,896	170,994
Treasury stock	(5,311)	(5,312)
<b>Total shareholders' equity</b>	<b>187,684</b>	<b>204,039</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	17,370	20,004
Remeasurements of defined benefit plans	(132)	(92)
<b>Total accumulated other comprehensive income</b>	<b>17,238</b>	<b>19,912</b>
Subscription rights to shares	1,292	1,578
Non-controlling interests	13,999	15,417
<b>Total net assets</b>	<b>220,214</b>	<b>240,948</b>
<b>Total liabilities and net assets</b>	<b>372,293</b>	<b>440,994</b>

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income  
(Quarterly consolidated statements of income)

(Millions of yen)

	Nine months ended February 15, 2019	Nine months ended February 15, 2020
Net sales	586,548	625,608
Cost of sales	420,219	444,895
Gross profit	166,328	180,713
Selling, general and administrative expenses	134,749	144,185
Operating income	31,578	36,528
Non-operating income		
Interest income	107	98
Dividends income	171	185
Gain on donation of equipment	605	545
Rent income	142	159
Compensation income	94	—
Insurance income	71	9
Others	403	498
Total non-operating income	1,596	1,497
Non-operating expenses		
Interest expenses	396	465
Early withdrawal penalty	74	108
Others	46	45
Total non-operating expenses	517	619
Ordinary income	32,657	37,405
Extraordinary income		
Gain on sales of non-current assets	48	6
Gain on sales of investment securities	—	102
Gain on reversal of subscription rights to shares	47	—
Total extraordinary income	95	108
Extraordinary losses		
Loss on disaster	79	—
Loss on retirement of non-current assets	84	149
Loss on sales of non-current assets	51	—
Loss on sales of investment securities	—	74
Total extraordinary losses	215	223
Income before income taxes	32,537	37,291
Income taxes — current	9,688	10,613
Income taxes — deferred	1,682	1,424
Total income taxes	11,370	12,038
Income	21,166	25,252
Net income attributable to non-controlling interests	1,718	1,949
Net income attributable to owners of the parent	19,448	23,303

(Quarterly consolidated statements of comprehensive income)

	(Millions of yen)	
	Nine months ended February 15, 2019	Nine months ended February 15, 2020
Income	21,166	25,252
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,831)	2,661
Remeasurements of defined benefit plans	20	43
Total other comprehensive income	(4,810)	2,704
Comprehensive income	16,356	27,957
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of the parent	14,660	25,977
Comprehensive income attributable to non-controlling interests	1,695	1,980

(3) Notes on quarterly consolidated financial statements

(Notes on premise of a going concern)

There is no related information.

(Notes on significant changes in the amount of shareholders' equity)

There is no related information.