

FY2014
(Fiscal Year Ending March 31, 2015)

Financial Results

 **SOGO MEDICAL**

(Securities code: 4775)



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**I . FY2014 Financial Results
&
Financial Result Forecasts**

Financial highlights

Net sales ¥ 107,945 million (up 4.5% Y/Y), Ordinary income ¥ 5,227 million (up 3.1% Y/Y)

(Consulting Division)

- Sogo Medical implemented 308 instances of start-up support, with ripple effects spurring new openings of pharmacies (20 pharmacies).
- Fees from practice transfer/start-up support increased by 0.7% compared with the year-earlier period to ¥632 million.
- Sales of general consulting services increased 1.7% compared with the year-earlier period to ¥1,061 million due to higher income from facility leases such as health care malls.

(Rental Division)

- Revenues increased 0.1% compared with the previous fiscal year to ¥5,922 million.

(Leasing/Installment Division)

- Lease contracts decreased 14.9% compared with the year-earlier period to ¥9,928 million due to the backlash after the consumption tax rate increase despite an emerging recovery trend.

(Pharmacy Division)

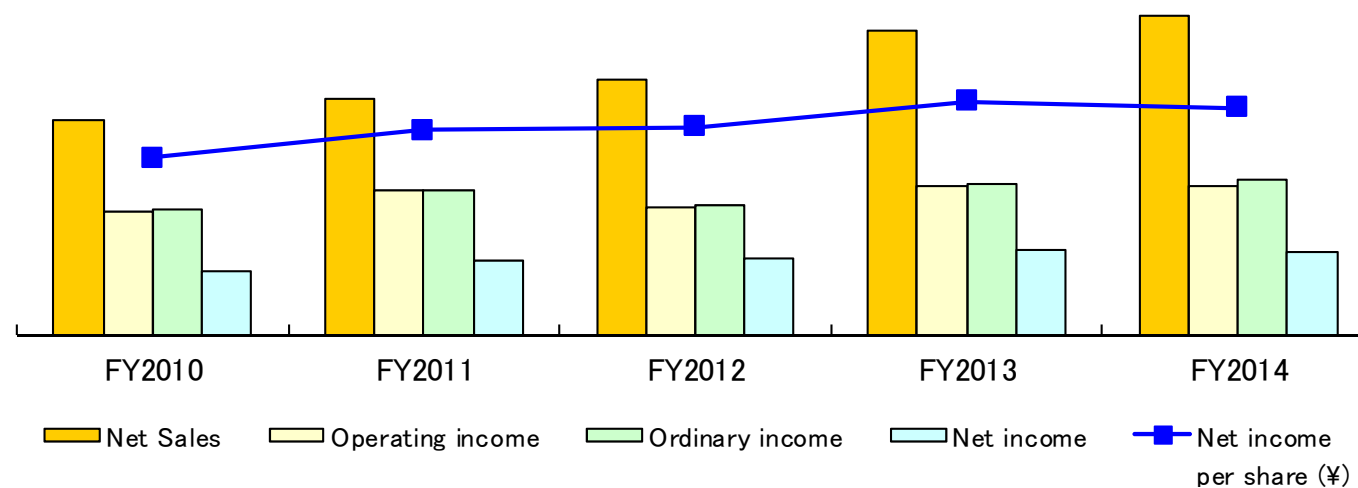
- 48 new pharmacy openings lifted the total to 538.
- Sales increased 11.8% compared with the previous fiscal year to ¥80,660 million on contributions from new openings in the previous and current fiscal years.
- The number of pharmacy prescriptions rose 12.4% compared with the previous fiscal year to 9,097,000 prescriptions on contributions from new openings in the previous and current fiscal years.
- The average pharmacy prescription value decreased 0.6% compared with the previous fiscal year to ¥8,714 under the impact of the revision of dispensary fees.

Consolidated financial results

(¥millions)

	FY2010	FY2011	FY2012	FY2013	FY2014
Net Sales	72,789	80,222	86,658	103,318	107,945
Operating income	4,148	4,848	4,324	5,014	5,017
Ordinary income	4,212	4,881	4,343	5,068	5,227
Net income	2,167	2,504	2,532	2,856	2,774
Net income per share (¥)	149.7	173.5	175.4	197.8	192.2

* Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Net income per share for fiscal years ended March 31, 2015, and before has been calculated adjusted for the stock split.



FY2014 Net sales / operating income (by business)

(¥millions)

	FY2012	FY2013	FY2014	Change		Main factors
				Change	Change (%)	
Net sales	86,658	103,318	107,945	4,626	4.5	
Medical practice support	22,062	29,779	25,811	-3,968	-13.3	
Consulting	1,334	1,672	1,693	21	1.3	Consulting fees +17 Practice transfer/start-up supporting fees +4
Rental	5,795	5,914	5,922	7	0.1	Sales* (sublease Rental) +77, Rental sales -69
Leasing/Installment	12,979	19,113	15,243	-3,870	-20.3	Sales* (sublease) -1,202, Sales of medical equipment -2,607
Others	1,952	3,079	2,952	-126	-4.1	Sales at aramedical staff introduction and dispatch operations +139 Design/Construction sales -281
Pharmacies	63,420	72,171	80,660	8,488	11.8	78 pharmacies opened in FY2013
Others	1,175	1,366	1,473	106	7.8	Sales at fee-based homes for the elderly +181 Sales at TV rental for hotels -75
Operating income	4,324	5,014	5,017	3	0.1	
Medical practice support	333	959	1,005	46	4.8	
Pharmacies	4,409	4,752	4,805	53	1.1	
Others	92	-115	-123	-8	-	
Reconciliation	(511)	(582)	(670)	-87	-	

* Sales are recognized when the company sells leasing contracts and rental contracts to other leasing companies. The company receives lease payments from the original lessee on behalf of the leasing companies, and pays the lease payments to the leasing companies. The company's income from sales is the difference between the sales price to the leasing companies and the purchase price from suppliers of underlying assets.

FY2014 Net sales / operating income (by region)

(¥millions)

	FY2012	FY2013	FY2014			Main factors
				Change	Change (%)	
Net sales	86,658	103,318	107,945	4,626	4.5	
Higashinohon	31,747	36,700	39,614	2,914	7.9	
Medical practice support	8,145	10,177	8,617	-1,559	-15.3	Consulting fees +94, Sales of medical equipment -1,274
Pharmacies	23,601	26,522	30,997	4,474	16.9	35 pharmacies opened in FY2013
Nishinohon	20,067	27,390	28,205	814	3.0	
Medical practice support	6,341	9,863	8,420	-1,443	-14.6	Sales of medical equipment -1,493
Pharmacies	13,725	17,526	19,784	2,258	12.9	32 pharmacies opened in FY2013
Kyushu	33,249	37,238	37,793	555	1.5	Sales at fee-based homes for the elderly +181 Sales at Tv rental for hotels -75
Medical practice support	7,184	9,150	8,040	-1,109	-12.1	Sales* (sublease) -1,067
Pharmacies	26,065	28,087	29,752	1,664	5.9	11 pharmacies opened in FY2013
Others	1,595	1,989	2,331	341	17.2	Sales at fee-based homes for the elderly +181 Sales at paramedical staff introduction and dispatch operations +139
Operating income	4,324	5,014	5,017	3	0.1	
Higashinohon	1,282	1,289	842	-447	-34.7	SG & A increased
Nishinohon	989	1,324	1,510	186	14.1	Pharmacy sales increased
Kyushu	2,256	2,611	2,643	32	1.2	
Others	247	346	620	273	78.8	Sales at fee-based homes for the elderly +57 Sales at paramedical staff introduction and dispatch operations +44
Reconciliation	(452)	(558)	(599)	-41	-	

* See page. 5

Quarterly financial results (by business)

(¥millions)

	FY2012				FY2013				FY2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	19,697	20,305	21,358	25,296	23,063	26,047	25,373	28,833	24,896	26,845	27,268	28,933
Medical practice support	4,294	4,991	4,401	8,375	5,716	8,360	6,194	9,508	5,474	7,150	5,857	7,328
Consulting	283	292	282	476	335	406	324	606	334	419	370	569
Rental	1,253	1,489	1,265	1,787	1,436	1,291	1,341	1,844	1,085	1,499	1,265	2,071
Leasing/Installment	2,391	2,621	2,506	5,461	3,524	5,628	3,877	6,083	3,275	4,491	3,604	3,871
Others	367	588	347	649	419	1,033	651	973	778	739	617	816
Pharmacies	15,191	14,992	16,630	16,605	17,031	17,339	18,830	18,970	19,070	19,319	21,032	21,238
Others	211	321	326	315	315	347	348	354	351	376	379	366
Cost of sales	16,748	17,312	18,020	21,422	19,873	22,809	21,773	24,432	21,618	23,614	23,573	24,333
Gross profit	2,949	2,993	3,338	3,873	3,189	3,238	3,599	4,400	3,278	3,230	3,695	4,600
SG & A	2,253	2,153	2,244	2,179	2,352	2,317	2,293	2,450	2,507	2,455	2,413	2,411
Operating income	695	839	1,094	1,694	836	920	1,306	1,950	770	775	1,282	2,189
Medical practice support	-135	107	21	339	-21	322	5	653	-98	284	81	737
Pharmacies	944	814	1,170	1,478	1,010	766	1,497	1,476	1,073	688	1,375	1,668
Others	25	37	28	1	-21	-42	-31	-20	-36	-27	-19	-39
Reconciliation	(139)	(119)	(127)	(125)	(130)	(126)	(164)	(160)	(168)	(169)	(155)	(177)
Ordinary income	712	852	1,107	1,671	841	919	1,355	1,952	848	808	1,345	2,225
Net income	391	553	613	974	478	471	800	1,105	471	390	796	1,116
Quarterly net income per share (¥)	27.1	38.3	42.5	67.5	33.1	32.7	55.4	76.7	32.7	27.1	55.1	77.4

* Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Quarterly net income per share for fiscal years ended March 31, 2015, and before has been calculated adjusted for the stock split.

Quarterly data summary

(¥millions)

	FY2012				FY2013				FY2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Consulting sales	283	292	282	476	335	406	324	606	334	419	370	569
Consulting	167	197	192	249	229	278	214	321	220	267	265	307
Practice transfer/start-up support	115	95	90	227	106	127	109	284	114	152	104	261
Practice transfer support	74	48	59	165	78	74	73	199	83	103	61	193
Practice start-up support	24	29	13	42	10	36	20	67	15	34	28	52
DtoD-concierge advertising	17	17	17	18	17	16	16	17	15	14	14	15
Number of doctors wishing to transfer/start-up a practice using the DtoD System (instances)	1,609	1,080	4,499	1,536	2,419	1,766	1,611	1,856	2,820	1,718	1,977	1,560
Practice transfer support (instances)	1,024	1,014	1,107	1,134	1,212	1,271	1,445	1,138	1,247	1,396	1,562	1,330
Full time	13	8	12	41	19	12	12	52	14	18	7	47
Part time	1,011	1,006	1,095	1,093	1,193	1,259	1,433	1,086	1,233	1,378	1,555	1,283
Practice start-up support (instances)	62	40	59	54	74	45	70	125	95	82	68	63
Rental sales	1,253	1,489	1,265	1,787	1,436	1,291	1,341	1,844	1,085	1,499	1,265	2,071
Sales*	214	349	131	677	397	196	294	762	67	406	229	1,024
Rental	1,038	1,139	1,134	1,110	1,039	1,095	1,046	1,082	1,017	1,093	1,036	1,046
Lease contracts	2,448	2,471	2,054	3,897	2,484	3,001	2,107	4,077	1,389	2,703	2,339	3,495
Leasing sales	2,391	2,621	2,506	5,461	3,524	5,628	3,877	6,083	3,275	4,491	3,604	3,871
Sales *	2,041	2,199	1,744	3,472	2,030	2,563	1,731	3,499	1,245	2,275	1,961	3,139
Leasing	212	227	223	243	229	262	208	253	236	239	230	238
Installment	104	109	116	114	121	135	119	192	121	125	132	134
Sales of medical equipment	32	85	420	1,630	1,143	2,667	1,817	2,138	1,672	1,849	1,280	357
Dispensing pharmacies (Pharmacies)	374	378	403	417	436	458	472	493	508	525	530	538
New open	9	4	25	15	19	23	14	22	15	17	7	9
Number of prescriptions (in thousands)	1,795	1,721	1,943	1,940	1,953	1,928	2,097	2,115	2,201	2,166	2,361	2,368

* See page. 5

Medical practice support (Consulting)

Points

- ✓ Sogo Medical implemented 308 instances of start-up support, with ripple effects spurring new openings of pharmacies (20 pharmacies).
- ✓ Fees from practice transfer/start-up support increased by 0.7% compared with the year-earlier period to ¥632 million.
- ✓ The number of doctors wishing to transfer/start-up a practice via the DtoD System has increased by 8,075 persons compared with the end of the previous fiscal year to 56,505 persons.
- ✓ Sales of general consulting services increased 1.7% compared with the year-earlier period to ¥1,061 million due to higher income from facility leases such as health care malls.

Consulting sales (¥millions)

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Total	1,234	1,289	1,334	1,672	1,693	1.3%
Consulting	641	733	806	1,044	1,061	1.7%
Transfer/start-up support	593	556	528	628	632	0.7%
Transfer support	452	401	348	425	440	3.7%
Start-up support	60	78	110	134	131	-2.3%
DtoD concierge advertising	81	76	70	67	59	-12.0%

Succeed Members

"Succeed Members" is a membership system through which we provide business information related to private practice.

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Total	1,366	1,376	1,434	1,492	1,567	75
Hospital	569	576	591	607	651	44
Clinic	698	695	726	767	796	29
Doctors in public practice, others	99	105	117	118	120	2

Number of doctors wishing to transfer/start-up a practice using the DtoD System (instances)

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Doctors registered	26,174	32,054	40,778	48,430	56,505	8,075

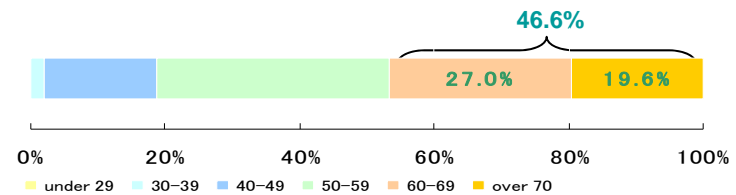
Practice transfer/start-up support (instances)

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Transfer support	2,585	3,001	4,279	5,066	5,535	469
Full time	115	98	74	95	86	-9
Part time	2,470	2,903	4,205	4,971	5,449	478
Start-up support	147	160	215	314	308	-6
Consulting	47	36	52	79	78	-1
Non-consulting	100	124	163	235	230	-5

Lease contracts through practice start-up support

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Lease contracts through start-up support (¥millions)	1,349	1,486	1,910	1,864	1,580	-15.2%
Lease contracts through practice start-up support to total lease contracts	17.2%	15.9%	17.6%	15.9%	15.9%	0.0%

[Reference] Age of doctors in clinics* (2012)



*Clinics are defined as medical institutions which have 19 beds or less.

Doctor is defined as the founder or representative of a clinic.

Source: Overview of Doctors/Dentists/Pharmacists in 2012 (Ministry of Health, Labor and Welfare)

Medical practice support (Rental, Leasing/Installment)

Points

- ✓ Rental sales increased 0.1% compared with the previous fiscal year to ¥5,922 million.
- ✓ Lease contracts decreased 14.9% compared with the year-earlier period to ¥9,928 million due to the backlash after the consumption tax rate increase despite an emerging recovery trend.

Rental

Rental sales (¥millions)

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Total	7,851	7,333	5,795	5,914	5,922	0.1%
Sales* (subcase Rental)	3,609	2,864	1,373	1,650	1,728	4.7%
Rental	4,241	4,468	4,422	4,263	4,193	-1.6%

Rental assets

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Rental assets (¥millions)	5,722	8,723	7,985	6,871	5,929	- 13.7%
Number of rental TVs (in thousands)	140	137	134	133	132	- 1.1%

Leasing/Installment

Leasing sales (¥millions)

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Total	7,623	9,104	12,979	19,113	15,243	- 20.3%
Sales* (sublease)	6,273	7,414	9,458	9,824	8,622	- 12.2%
Leasing	801	847	907	954	945	- 0.8%
Installment	363	383	445	568	514	- 9.4%
Sales of medical equipment	185	458	2,168	7,767	5,159	- 33.6%

Lease assets (¥millions)

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Total	2,643	3,580	3,498	3,702	3,508	- 5.2%
Lease receivables and investment assets	1,527	2,175	2,120	2,014	1,701	- 15.5%
Accounts receivable installment sales	1,116	1,404	1,377	1,687	1,806	7.1%

Lease contracts

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
The company's lease contracts (¥millions)	7,856	9,347	10,871	11,670	9,928	-14.9%
Medical equipment lease contracts in Japan (¥100millions) **	2,557	2,606	2,762	2,812	2,251	-20.0%

* See page. 5.

** Source: Lease Statistics (Japan Leasing Association) We estimated leasing sales for March 2015.

Pharmacies (Sales/Number of pharmacies)

Points

- ✓ 48 new pharmacy openings lifted the total to 538.
- ✓ Sales increased 11.8% compared with the previous fiscal year to ¥80,660 million on contributions from new openings in the previous and current fiscal years.
- ✓ Among new openings, 20 pharmacies were opened by doctors using the Sogo Medical practice start-up support and 9 pharmacies were acquired.

Pharmacy sales (¥millions)

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Total	52,916	59,062	63,420	72,171	80,660	11.8%
Dispensing	52,081	58,198	62,337	71,008	79,271	11.6%
Prescription drugs	38,725	43,688	46,212	53,063	59,346	11.8%
Dispensing technical fees	13,355	14,509	16,125	17,945	19,925	11.0%
Non-prescription drugs	835	864	1,082	1,162	1,388	19.4%

Dispensing sales (¥millions)

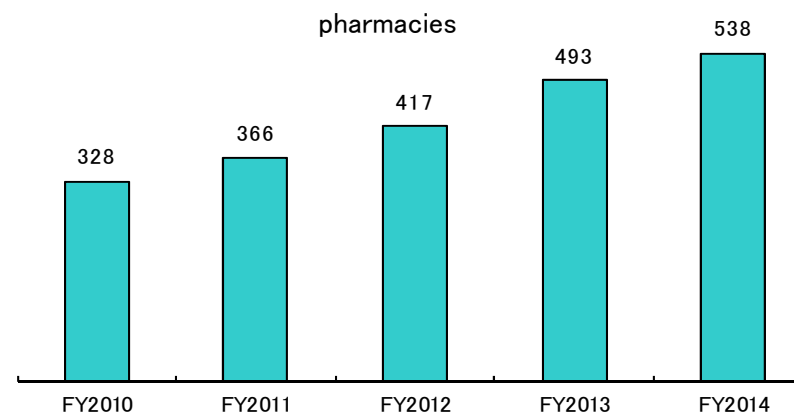
	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Total	52,081	58,198	62,337	71,008	79,271	11.6%
Existing pharmacies	51,655	57,648	61,837	67,570	68,130	0.8%
Open in FY2013	-	-	-	3,159	8,168	158.5%
Open in FY2014	-	-	-	-	2,871	-
Closed pharmacies	425	549	500	278	100	-63.8%

Dispensing pharmacies

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
Pharmacies	328	366	417	493	538	45

Newly open pharmacies

	FY2010	FY2011	FY2012	FY2013	FY2014	
						Change
New pharmacies	46	40	53	78	48	-30
including new client	10	13	21	28	20	-8
including existing client	26	17	16	17	19	2
including M&A	10	10	16	33	9	-24



FY2014 financial positions

(¥millions)

	FY2012	FY2013	FY2014	Change	Main factors
Total assets	57,138	66,982	69,811	2,828	
Current assets	30,184	37,047	36,584	-463	
(Cash and deposits)	5,115	5,873	4,988	-884	
(Notes and accounts receivable-trade)	14,327	18,326	17,485	-840	Notes and accounts receivable-trade decreased
(Inventories)	4,973	6,475	7,543	1,068	
Noncurrent assets	26,953	29,934	33,226	3,291	
(Property, plant and equipment)	18,799	19,433	21,801	2,368	Buildings and structures +1,345
(Intangible assets)	3,990	6,248	6,283	34	
Total liabilities	35,501	43,048	43,290	241	
Current liabilities	23,437	30,358	30,109	-249	
(Notes and accounts payable-trade)	15,065	20,372	18,841	-1,531	Notes and accounts payable-trade decreased
Noncurrent liabilities	12,063	12,689	13,180	490	Long-term loans payable +1,644, Long-term accounts payable-installment purchases -1,395
(Interest-bearing debts)	14,330	15,552	16,572	1,020	
Total net assets	21,636	23,934	26,521	2,587	Net income +2,774 Dividend payment -577
Total liabilities and net assets	57,138	66,982	69,811	2,828	
Net assets per share (¥)	1,496.6	1,655.7	1,824.1	168.4	
Capital adequacy ratio (%)	37.8	35.7	37.7	2.0	
Net D/E ratio (times)	0.43	0.40	0.44	0.03	

* Net D/E ratio = Net interest-bearing debts (Interest-bearing debts—Cash and deposits) / Shareholders' equity Interest-bearing debts include lease obligations and accounts payable-installment purchase.

* Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Net assets per share for fiscal years ended March 31, 2015, and before has been calculated adjusted for the stock split.

FY2014 cash flows

(¥millions)

	FY2012	FY2013	FY2014	Change	Main factors
Net cash provided by operating activities	7,269	7,461	6,051	-1,410	
(Income before income taxes and minority interests)	4,460	5,046	5,175	129	
(Depreciation)	3,267	3,522	3,746	224	
(Decrease (increase) in notes and accounts receivable-trade)	622	-3,468	1,050	4,518	Notes and accounts receivable-trade decreased due to medical equipment sales and pharmacies sales
(Income taxes paid)	-1,807	-1,842	-2,108	-265	
Net cash used in investing activities	-3,380	-5,335	-5,296	39	
(Purchase of own-used assets)	-3,032	-3,308	-3,767	-459	
(Purchase of investments in subsidiaries resulting in change in scope of consolidation)	-455	-2,277	-579	1,697	M&A of Pharmacies
Net cash used in financing activities	-2,777	-1,370	-1,637	-267	
(Proceeds from long-term loans payable)	1,500	3,650	4,749	1,099	New borrowings
(Repayment of long-term loans payable)	-1,376	-1,910	-3,211	-1,300	Repayment of borrowings
(Repayments of lease obligations)	-593	-573	-512	60	
(Repayments of installment payables)	-1,755	-1,963	-2,094	-130	
(Cash dividends paid)	-541	-577	-577	0	
Net increase in cash and cash equivalents	1,111	755	-882	-1,638	
Cash and cash equivalents at end of period	5,095	5,851	4,968	-882	
Investment in plant and equipment	-3,107	-3,378	-3,864	-486	

Financial indicators

		FY2010	FY2011	FY2012	FY2013	FY2014
Profitability	Net income per share	¥149.67	¥173.46	¥175.41	¥197.82	¥192.20
	ROA	10.6%	10.1%	7.9%	8.2%	7.6%
	ROE	13.1%	13.6%	12.3%	12.6%	11.0%
	EBITDA margin	8.3%	9.8%	9.0%	8.4%	8.4%
	ROI	16.5%	14.5%	12.3%	13.0%	12.4%
Investment	PBR	0.9	1.1	1.1	1.2	1.8
	PER	7.3	8.6	9.5	10.5	17.6
Safety	Capital adequacy ratio	40.5%	36.7%	37.8%	35.7%	37.7%
	Net D/E	0.3	0.5	0.4	0.4	0.4
Dividend	Dividend per share	¥30	¥35	¥40	¥40	¥40
	Dividend payout ratio	20.0%	20.2%	22.8%	20.2%	20.8%

* ROA=Ordinary income / Average of total assets Average of total assets=(Total assets at the beginning of FY + Total assets at the end of FY) /2

* EBITDA Margin=EBITDA / Sales EBITDA=Ordinary income+Interest expense+Discount expense +Depreciation Expense

* ROI=(Ordinary income+Interest expense+Discount expense) / (Interest-bearing debts+Shareholders' equity)

* PBR=The market capitalization / Net assets at the end of FY

The market capitalization=(Number of shares issued at the end of FY—Number of treasury stocks at the end of FY) × Stock price at the end of FY

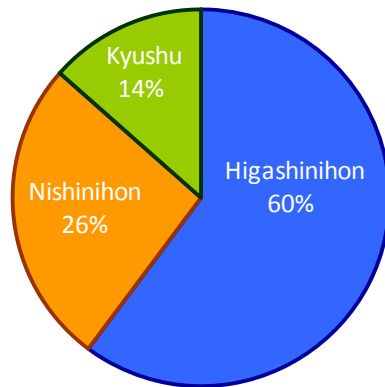
* PER= The market capitalization / Net income

* Net D/E= Net interest-bearing debts (Interest-bearing debts—Cash and deposits —negotiable deposits) / Shareholders' equity Interest-bearing debts include lease obligations and accounts payable-installment purchase.

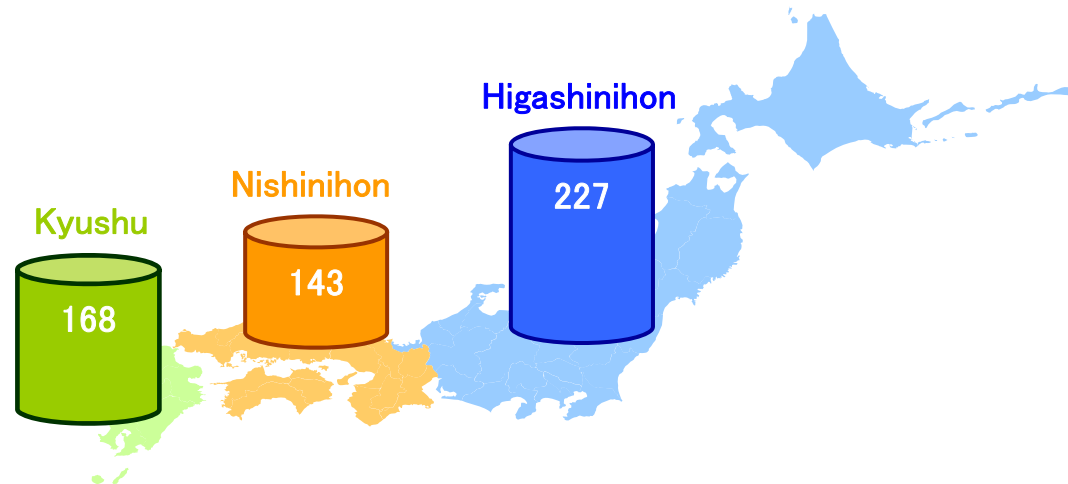
* Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Net income per share, PBR, PER, and dividends per share for fiscal years ended March 31, 2015, and before have been calculated adjusted for the stock split.

FY2014 operating results by region

● Number of doctors wishing to transfer/start-up a practice using the DtoD System by region



● Pharmacies



	Number of doctors wishing to transfer/start-up a practice using the DtoD System (instances) *1	Transfer support (instances) *2	Start-up support (instances)	Lease contracts through start-up support (¥millions)		Succeed Members	Pharmacies	
					Lease contracts through start-up support to total lease contracts		Open in FY2014 (M&A)	
Total	55,167	5,535	308	1,580	15.9%	1,567	538	48(9)
Higashinihon	33,216	2,757	165	1,021	28.2%	330	227	22(6)
Nishinihon	14,557	2,073	88	360	14.1%	435	143	16(2)
Kyushu	7,394	704	55	198	5.3%	802	168	10(1)

*1: In total 56,505 doctors were registered, including 1,338 doctors not registered in a specific region.

*2: Projects in more than one region are rounded down.

FY2015 Segment targets

Our target for practice start-up support is 480 instances.

Our target for new pharmacy openings is 50 new pharmacies (including another 20 pharmacies through M&A activities).

	FY2010 Results	FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Results	FY2015 Targets
Practice start-up support	147	160	215	314	308	480
Higashinohon	74	78	97	152	165	288
Nishinohon	37	42	63	106	88	144
Kyushu	36	40	55	56	55	48
Newly open pharmacies	46	40	53	78	48	50
Higashinohon	26	23	21	35	22	14
Nishinohon	9	7	20	32	16	28
Kyushu	11	10	12	11	10	8

FY2015 Financial Result Forecasts

(¥millions)

	FY2014		FY2015 Forecast		Change			
	Interm	Full Year	Interm	Full Year	Interm	Interm (%)	Full Year	Full Year (%)
Net sales	51,742	107,945	55,730	120,000	3,988	7.7%	12,055	11.2%
Medical practice support	12,625	25,811	11,916	28,713	-709	-5.6%	2,902	11.2%
Consulting	754	1,693	890	2,087	136	18.0%	394	23.3%
Rental	2,585	5,922	3,096	7,529	511	19.8%	1,607	27.1%
Leasing/Installment	7,767	15,243	5,827	13,041	-1,940	-25.0%	-2,202	-14.4%
Others	1,518	2,952	2,102	6,054	584	38.5%	3,102	105.1%
Pharmacies	38,389	80,660	42,982	89,568	4,593	12.0%	8,908	11.0%
Others	727	1,473	831	1,718	104	14.3%	245	16.6%
Gross profit	6,508	14,805	7,697	17,468	1,189	18.3%	2,663	18.0%
SG & A	4,962	9,787	6,067	11,912	1,105	22.3%	2,125	21.7%
Operating income	1,546	5,017	1,630	5,556	84	5.4%	539	10.7%
Ordinary income	1,656	5,227	1,617	5,500	-39	-2.4%	273	5.2%
Net income	862	2,774	846	3,252	-16	-1.9%	478	17.2%
Net income per share (¥)	59.7	192.2	58.6	225.2	-	-	-	-

* Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Net income per share for fiscal years ended March 31, 2015, and before have been calculated adjusted for the stock split.

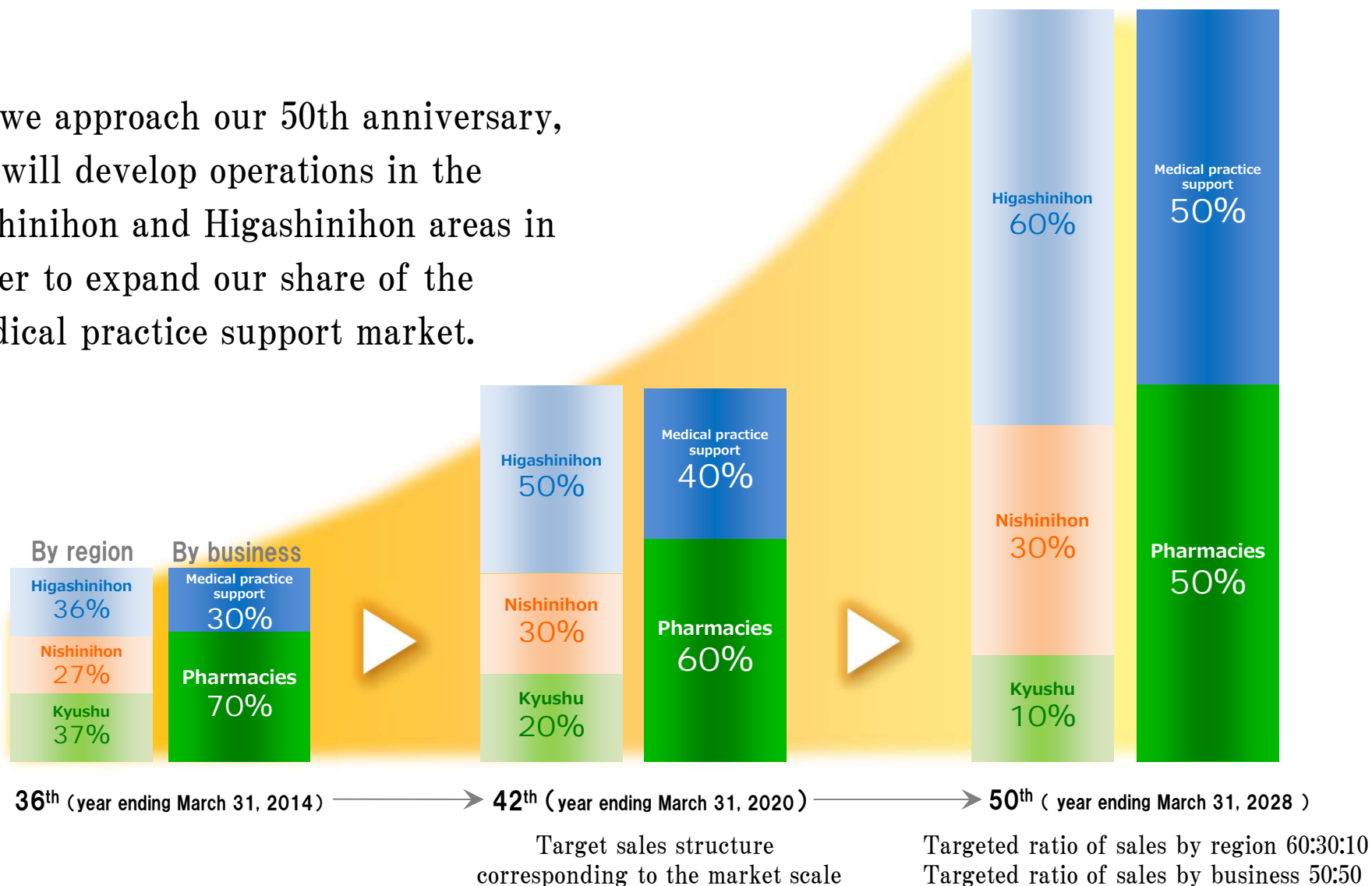


Ⅱ . FY2014 Medium-Term Management Plans

Toward achieving our long-term vision

Vision for our 50th term (year ending March 31, 2028)

As we approach our 50th anniversary, we will develop operations in the Nishinihon and Higashinihon areas in order to expand our share of the medical practice support market.



“Further Challenge”

-Toward a better society in which people can live with a sense of security-

We are striving to build a platform
for regional healthcare networks
by leading the industry
with our DtoD (Doctor to Doctor) system
and high-value pharmacies.



Main priority initiatives

1

Undertaking New Businesses

We will provide support for managing and coordinating medical services ranging from acute medical care to in-home care to help build a platform for regional healthcare networks.

- We offer medical management support to major regional medical institutions.
- We provide support for coordinating medical services between major medical institutions and smaller medical institutions and institutions that provide in-home care for elderly people.

P.22

2

Improving Existing Businesses

● Medical practice support

We will provide medical support based around DtoD systems by constructing ideal health care malls, enhancing support for starting up practices, improving user services, and expanding stock-style businesses.

P.23

● Pharmacies

We will create high-value pharmacies by helping pharmacists' fully utilize their skills to enhance coordination between pharmacies and medical institutions, make medical costs more reasonable, improve in-home medical care services and self-health-care support.

P.24

3

Expanding to Corporate Value

Acting in accordance with our management principle, we strive to always be an organization that grows with its employees and at which employees can take pride in their work and feel a sense of purpose.

● Improve value of human resources

We will strength comprehensive abilities to invigorate employees and help them develop their skills.

P.25

● Strengthen consolidated governance system

We will make decisions quickly and promote compliance management by revising and strengthening our management system.

● Improve business efficiency

We will improve business efficiency by reforming companywide operations, reorganizing, and using ICT.

Topics 1

Medium-term management plan ①Undertaking New Businesses

Cooperation with Hokendohjinsha, Inc.

- Acquisition of shares in Hokendohjinsha, Inc. on March 30, 2015, and integration as subsidiary of Sogo Medical.
- Acquisition of 61.6% of the share capital of Hokendohjinsha held by Mitsui & Co., Ltd., and others.
- The cooperation with Hokendohjinsha enables the provision of comprehensive support for health insurance members, healthcare institutions, and patients. It also aids the realization of a Japanese healthcare business model by contributing to the moderation of the cost of healthcare.

Company name	Hokendohjinsha, Inc.
Address	4-4 Ichibancho, Chiyoda-ku, Tokyo
Established	June 1, 1946
Business lines	Healthcare and psychological consultation services Provision of healthcare information via the Internet and mobile terminals Employee Assistance Program (EAP) services Publishing related to medical and health information
Employees	116 (as of March 1, 2015)
Business sites	Tokyo, Kansai, Nagoya, Fukuoka
Capital	¥59 million
Main shareholders	Sogo Medical Co., Ltd.; Mitsui & Co., Ltd. (as of April 1, 2015)
Sales	¥2,040 million (fiscal year to March 2014)

Topics 2

Medium-term management plan ② Improving Existing Businesses Medical practice support

Creating the ideal health care mall

MEDICAL Hills KORIGAOKA

(Start up in September 2014, Hirakata City, Osaka Prefecture)

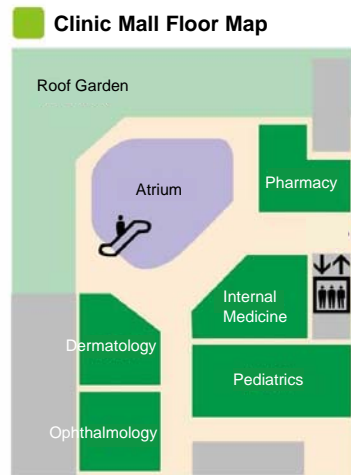


Key points

- Internal medicine, ophthalmology, and serviced housing for the elderly. An orthopedics department was added and initiated in April 2015.
- Cooperative interaction is growing, such as mutual introductions of patients of the internal medicine and ophthalmology departments.

LaLaport TOKYO-BAY Clinic Mall

(Opened November 2013 in Funabashi City, Chiba Prefecture)



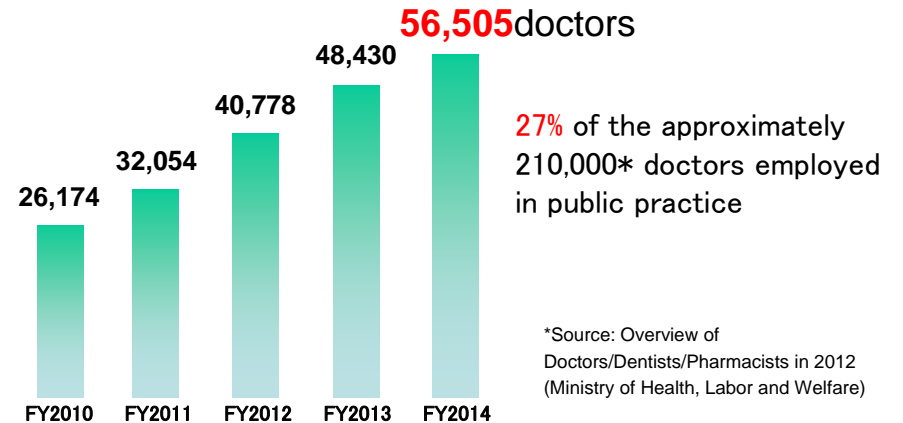
▲ New West Building, 3rd Floor

Key points

- LaLaport TOKYO-BAY counts among the largest commercial facilities in Japan with 25 million visitors annually.
- Medical facilities are open also on weekends, marking a significant contribution to the region.
- The convenience of the clinic located inside a shopping mall has been attracting a growing number of prescription customers from the wider region.
- In April 2015, a health care mall was opened also at LaLaport Fujimi.

Strengthening and expanding start-up support

Number of doctors wishing to transfer/start-up a practice using the DtoD System



Add life supporting information to DtoD concierge advertising



- Initiation of supporting information content ranging from physician-administered healthcare to day-to-day living.
- Regular postings of materials promoting comfortable and fulfilling lifestyles.
 - Guide for new medical publications
 - Group liability insurance for long-term disability income
 - Financial planning seminars, etc.

Topics3

Medium-term management plan ②Improving Existing Businesses Pharmacies

Establishment of advisory for diabetes patients

- Since October 2014, pharmacists at Sogo Pharmacies in Tsushima City, Nagasaki Prefecture, are providing diabetes patients with advice on drug administration, diet, exercise, and other lifestyle adjustments to help patients prevent their condition from deteriorating.
- This is the first such program to support diabetes patients in managing their condition commissioned by local government.



Cooperative partnership with AIN PHARMACIEZ

- Cooperative partnership agreement concluded in November 2014 with AIN PHARMACIEZ INC. in pharmacy-related business fields.
- **Content of the cooperative partnership**
 - Cooperation in the activation of pharmacists' professional capabilities
 - Joint development and use of computer systems
 - Coordination of the procurement of merchandise including pharmaceuticals
 - Cooperation in the introduction of doctors' offices
 - Mutual support related to health care mall development
 - Personnel exchanges
 - Other matters considered appropriate for the purposes of the cooperative partnership based on separate mutual accord

Introduction of the electronic medication record (healthcare notebook)

- **Medication notebooks (electronic version)**
 - Covers in a single application the process from taking an image of the prescription to the completion of dispensing.
 - Enables via a web browser the referencing of information stored on the application such as a patient's dosage history, allergy history, and willingness to use generic drugs, etc.



- **Advantages for patients**
 - Shorter waiting times allow patients to use their time more effectively.
 - Alarm setting function provides reminder to take medications.
 - One unit is enough for storing the medication history of the whole family.
- **Usage status**
 - Number of registered pharmacies: 515 Users: 10,000
 - Predominant user age: Mid-thirties

Adding private-brand products

- **Private brand products—Newly launched and renewals**
 - Newly launched: Organic Tea, Black-Ginger Soup, Propolis-200 Lozenges, Lutein & Bilberry, DHA & EPA
 - Renewals: Black Rice Vinegar, Ginger Hot Drink, Eye Drops
 - Joint product development by national registered dietitians and pharmacists



Topics4

Medium-term management plan ③Expanding to corporate value Improve value of human resources

Expanding to corporate value (Promoting Diversity)

Increasing the number of female employees in leadership positions

Aiming at over **30%** by March 2017



Exchange meeting with foreign students

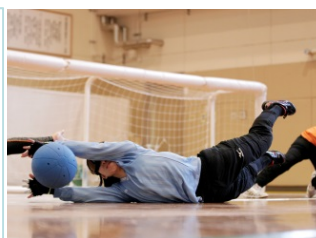
- Starting in fiscal year 2002, Sogo Medical has been granting support scholarships to foreign students. Friendly contacts ensued subsequently with the Fukuoka Overseas Students Association leading to the hosting of a foreign students exchange meeting sponsored by Sogo Medical.



- Hosted on December 11, 2014. Participants included 20 foreign students and 30 employees.

Promoting the hiring of employees with disabilities

- Three employees participated Para Games



Rie Urata, Goalball
(Captain, Japan Women's National Team)



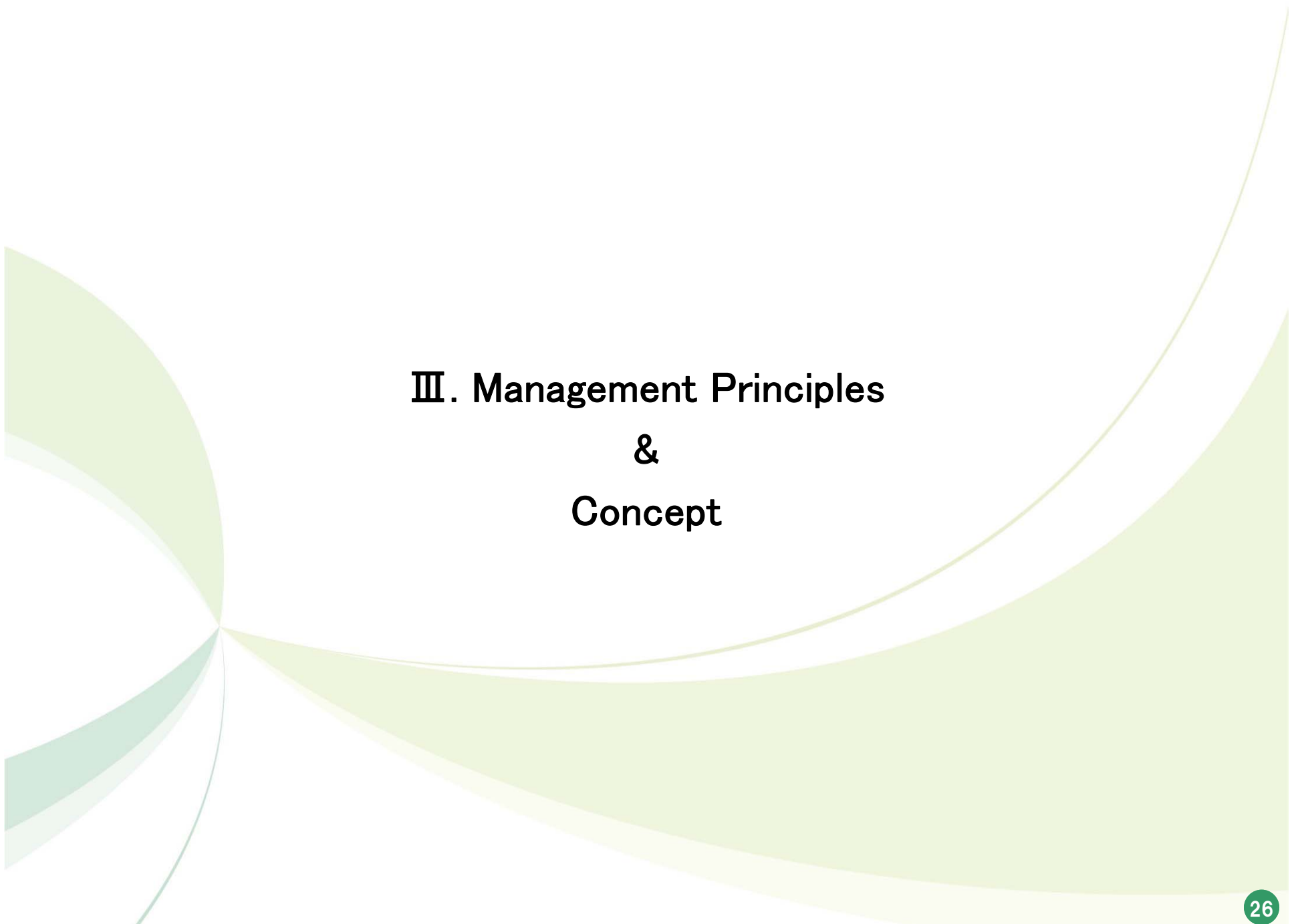
Takashi Hori,
Wheelchair rugby



Yuuki Yoshida, Swimming

Recognition as a "Company committed to supporting persons with disabilities"

- On March 31, 2015, Sogo Medical was recognized as a "Company committed to supporting persons with disabilities" under a project sponsored by the Fukuoka Prefecture, Welfare and Labor Department, Labor Bureau, Employment Opportunities Development Division.



III. Management Principles & Concept

Our Pledge

We shall, in our own lives, highly value the irreplaceable lives of others.

We shall strive always to be right-thinking, grateful, diligent, modest, honest, refined, straight and fair independent people.

We believe that our work contributes to the advancement of society and benefits many people, and shall therefore conduct our work responsibly and efficiently.

We shall not hesitate to do good nor prevent harm.

Mission Statement

We shall work to build a better society through good medicine.

Corporate Credo

1. We shall be a company that values each life as irreplaceable.
2. We shall be a good partner to our suppliers and earn their trust.
3. We shall encourage our employees to live full lives, and grow together with them as a company.
4. We shall seek to cultivate the character, skills, and insight of each employee, to meet our responsibilities both as a company as a whole and as individual citizens.

A good company has principles that everyone can agree with. SOGO MEDICAL's pledge dedicates our lives to valuing human life through our vocation and putting our hearts into our work. The Mission Statement, on the other hand, declares the company's purpose, while our Corporate Credo outlines the assurances and promises we make to society.

Good Medicine through Good Management

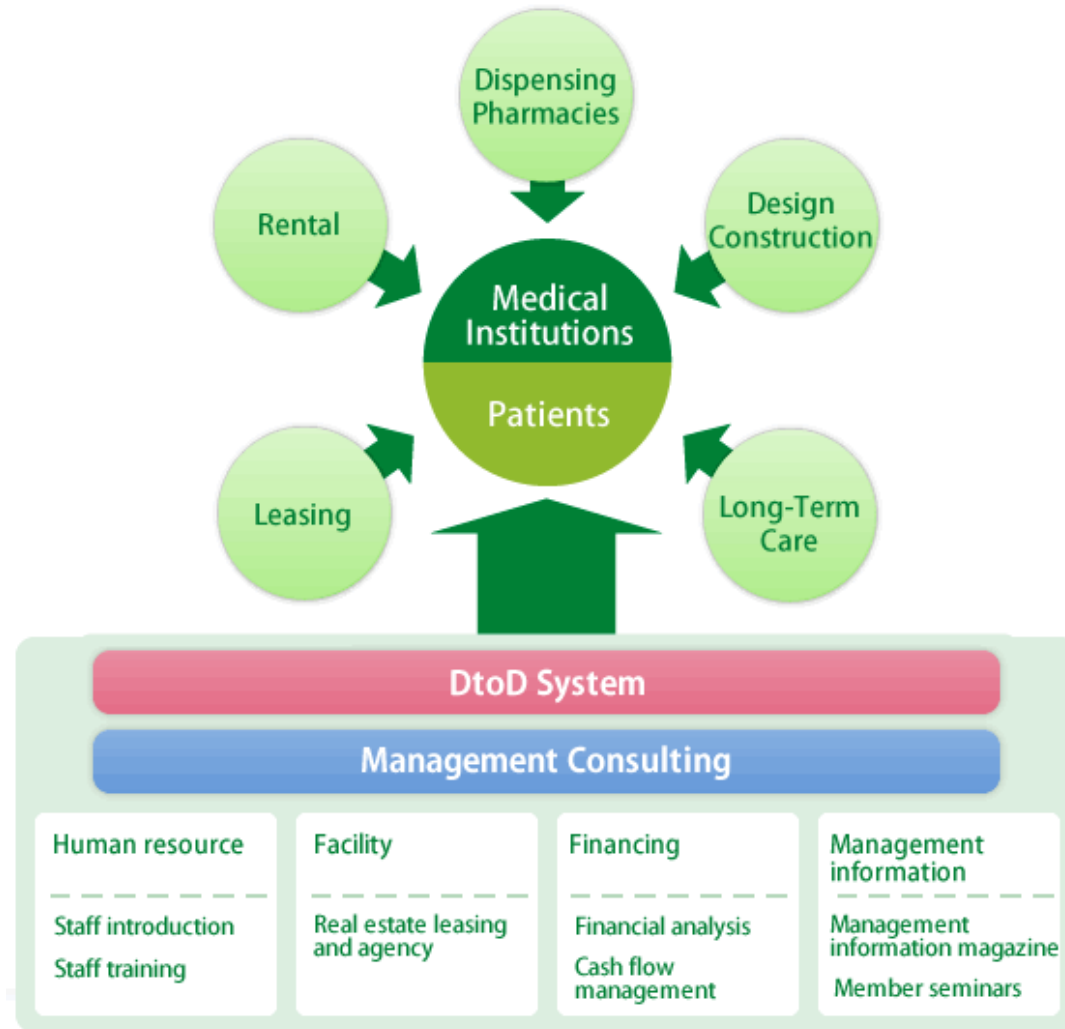
Our business concept is to support good medicine by resolving the management issues faced by medical institutions and helping them realize sound medical business management by responding to their various needs.

We also seek to practice good management ourselves so we can continue to provide better services to our customers.

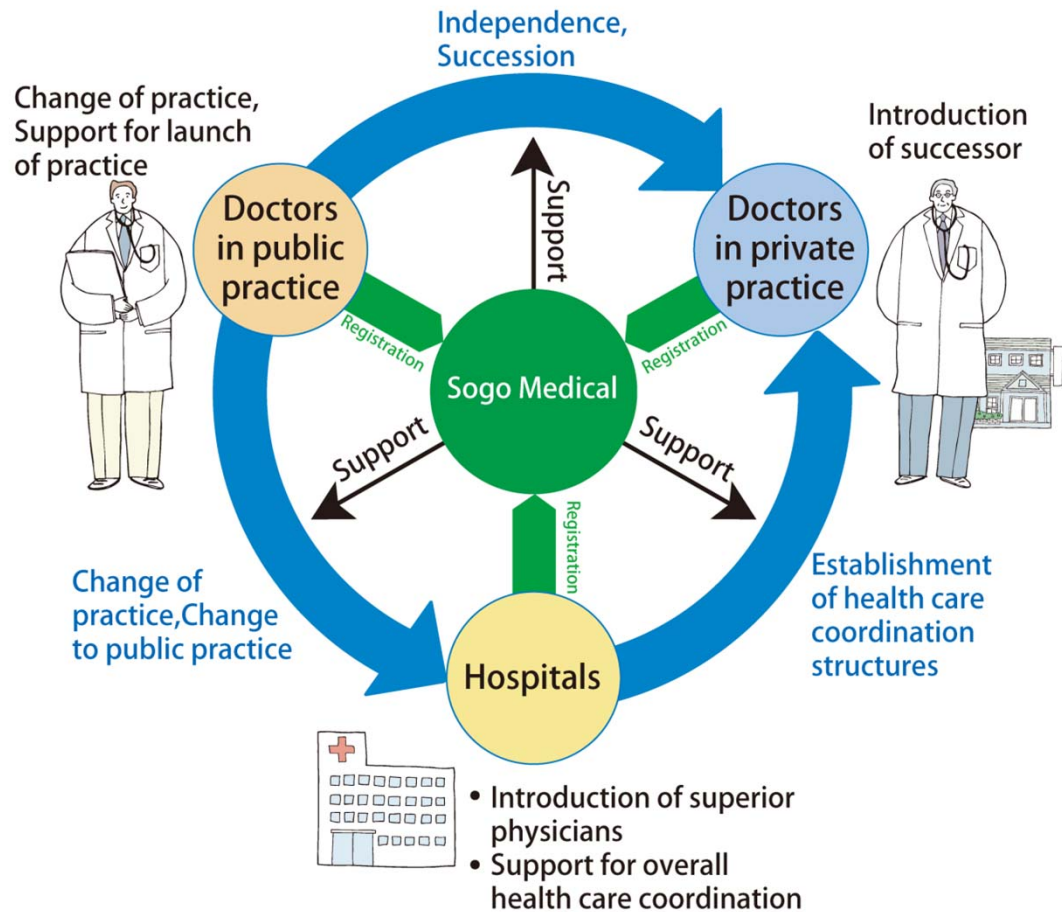
What is “Good Medicine”?

- ◎ Medical care is based on patients. Health care is recognized by society and provides peace of mind to regional communities.
- ◎ Medical care is high-quality and efficient, meeting people’s needs at the time. Medical care is ongoing.
- ✕Health care includes related areas such as preventive medicine and long-term care.

The company will provide comprehensive medical management support based on consulting services.



The company will continuously support regional health care services both actively and efficiently through establishing health care networks.



DtoD systems encourage doctors and medical institutions to

- Discover their own way
- Dream up their own future
- Direct their own vision
- Decide by themselves
- pursue Dynamic progress
- Develop their own business.

DtoD embodies these meanings.



Explanation of the appropriate use of financial result forecasts.

These financial result forecasts are based on currently available information.
Actual financial results could differ from these forecasts due to various factors.

(The amounts are rounded down.)

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These presentation materials have been released on the following web page:

URL : <http://www.sogo-medical.co.jp/english/>