

August 6, 2024

#### **VITALKSK HOLDINGS, INC.**

Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2025 (the 16th term)

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This material is supplemental material for the financial results for the first three months of the fiscal year ending March 31, 2025 of Vital KSK Holdings, Inc.

Please also refer to the Consolidated Financial Statements disclosed today.



1. Financial Highlights for the First Three Months of the Fiscal Year Ending March 31, 2025

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Let us start with the financial highlights for the first three months of the fiscal year ending march 31, 2025.

	AprJun. 2023 Results		AprJun. 2024 Results				AprSep. 2024 Forecasts		
	Amount	Ratio to net sales	Amount	Ratio to net sales	YoY	Rate of progress	Amount	Ratio to net sales	
Net sales	144,542	_	146,266	ı	101.2	49.4	296,000	_	
Operating profit	1,167	0.81	1,231	0.84	105.5	44.0	2,800	0.95	
Ordinary profit	1,470	1.02	1,504	1.03	102.3	45.6	3,300	1.11	
Profit attributable to owners of parent	917	0.63	1,045	0.72	114.0	47.5	2,200	0.74	

Looking at the summary of consolidated income, the Group achieved growth in sales and profit, driven by the pharmaceutical wholesale business, which is the Group's core business.

In particular, the Group achieved a double-digit increase in profit attributable to owners of parent, due to the recording of a gain on sales of investment securities.

#### Pharmaceutical Wholesale Business

(Million yen, %)

	AprJun. 2023 Results		AprJun. 2024 Results					
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY		
Net sales	135,922	_	137,403	-	1,480	101.1		
Gross profit	9,572	7.04	9,722	7.08	150	101.6		
Selling, general and administrative expense	8,517	6.27	8,554	6.23	37	100.4		
Operating profit	1,054	0.78	1,167	0.85	113	110.7		

- 1. The Pharmaceutical Wholesale Business, which is the Group's core business, achieved gains in sales and profit.
- 2. Sales of COVID-19 related products decreased.
- 3. Growth was driven by sales of products eligible for price maintenance premium such as anticancer drugs and increased sales of medical equipment, etc. due to opening of multiple new medical institutions.

Growth rate by category

Prescription drugs 101.0%
Reagents and medical devices 0TC drugs 97.2%



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Next up is performance by segment.

Firstly, the pharmaceutical wholesale business posted a slight increase in sales, reflecting sales of products eligible for the price maintenance premium, such as anticancer drugs, and sales of medical equipment due to the opening of new medical institutions, which offset the impact of NHI drug price revision and negative impacts in other areas such as year-on-year decline in sales of COVID-19-related products (sales from the government-commissioned delivery of new corona vaccines, treatments, test kits, etc.).

Profit grew year on year, mainly due to the effect of this sales growth.

As a result, net sales were ¥137,403 million (101.1% of that of the same period of the previous year), and segment profit (operating profit) was ¥1,167 million (110.7% of that of the same period of the previous year).

## Pharmacy Business

(Million yen, %)

	AprJun. 2023 Results		AprJun. 2024 Results					
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY		
Net sales	4,654	_	4,852	_	197	104.3		
Gross profit	1,184	25.44	1,157	23.85	-26	97.8		
Selling, general and administrative expense	1,096	23.55	1,123	23.16	27	102.5		
Operating profit	87	1.89	33	0.70	-53	38.6		

- 1. Net sales grew due to a new store opening in March 2024.
- 2. Profit fell under impact of NHI drug price revisions, despite efforts to expand income from dispensing technical fees and income from pharmaceutical management.

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In the pharmacy business, net sales grew due to an new store opening in March 2024. However, profit fell under the impact of NHI drug price revisions, despite efforts to expand income from dispensing technical fees and income from pharmaceutical management fees.

As a result, net sales were ¥4,852 million (104.3% of that of the same period of the previous year), and segment profit (operating profit) was ¥33 million (38.6% of that of the same period of the previous year).

## Veterinary Drug Wholesale Business

(Million yen, %)

	AprJun. 2023 Results		AprJun. 2024 Results					
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY		
Net sales	2,783	-	2,707	-	-75	97.3		
Gross profit	428	15.40	403	14.90	-25	94.2		
Selling, general and administrative expense	328	11.81	322	11.91	-6	98.1		
Operating profit	99	3.59	80	2.99	-18	81.0		

- 1. Sales decreased after certain products started being sold directly by the manufacturer.
- 2. Profit was squeezed by higher purchase prices.



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The veterinary drug wholesale business recorded net sales of  $\pm 2,707$  million (97.3% compared with the same period of the previous year), reflecting decreased sales of certain products after manufacturers started selling them directly. Segment profit (operating profit) was  $\pm 80$  million (81.0% compared with the same period of the previous year), reflecting the impact of higher purchase prices.

#### Other Businesses

(Million yen, %)

	AprJun. 202	23 Results	AprJun. 2024 Results					
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY		
Net sales	1,182	_	1,303	_	121	110.3		
Gross profit	961	81.33	1,001	76.85	40	104.2		
Selling, general and administrative expense	1,052	89.03	1,049	80.49	-3	99.7		
Operating profit	-90	_	-47	_	43	_		

- 1. Sales recovered in each business.
- 2. Segment loss was smaller.



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In the other businesses segment, the agricultural chemicals wholesale business, nursing care business and sports facility management business all achieved higher sales, resulting in a smaller segment loss.

As a result, net sales were ¥1,303 million (110.3% of that of the same period of the previous year), and segment loss (operating loss) was ¥47 million (segment loss for the same period of the previous year was ¥90 million).



Forecasts for First Six Months of the Fiscal Year Ending March 31, 2025

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Moving on to the forecasts for the first six months of the fiscal year ending March 31, 2025.

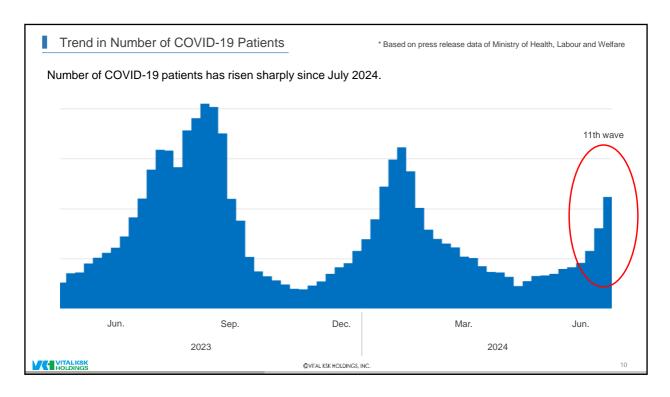
Forecasts for First Six Months of the Fiscal Year Ending March 31, 2025 (Million yen,								
	AprJun. 2024 Results			JulSep. 2024	Forecasts		AprSep. 2024 Forecasts	
	Amount	Ratio to net sales		Amount	Ratio to net sales		Amount	Ratio to net sales
Net sales	146,266	-		149,734	-		296,000	-
Operating profit	1,231	0.84	+	1,569	1.05	=	2,800	0.95
Ordinary profit	1,504	1.03		1,796	1.20		3,300	1.11
Profit attributable to owners of parent	1,045	0.72		1,155	0.77		2,200	0.74
Key sales measures 1. Increase sales of patients 2. Focus on sales of	Initial foreca							
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As explained earlier, the Group's results for the first three months (April to June) was driven by gains in sales and profit in the pharmaceutical wholesale business, which offset lower profit in the pharmacy business and veterinary drug wholesale business and also resulted in higher operating profit, ordinary profit and profit attributable to owners of parent on a consolidated basis.

Turning to forecasts for the second quarter (July to September), the pharmacy business and veterinary drug wholesale business are likely to continue having a negative impact, which, as in the first quarter (April to June) will be offset by the core pharmaceutical wholesale business. Consequently, the initial forecasts for the first six months remain unchanged.

In the pharmaceutical wholesale business, the Group plans to strongly implement the following sales measures.

- 1. The number of COVID-19 patients has trended up this summer (see the slide on page 10), with Japan said to be experiencing its 11th wave, and the Group will fully focus on sales of COVID-19 related products (test kits, COVID-19 treatments, etc.) that were not factored into the initial plan.
- 2. The Group will collaborate with local governments and medical associations over activities to raise awareness of the cervical cancer vaccine (see the slide on page 11), increasing demand for the vaccine, which will lead to increased sales. Efforts will also be focused on sales of influenza vaccine in preparation for vaccinations this autumn.



As you can see, the number of COVID-19 patients has surged again this summer and, with Japan in the middle of its 11th wave, increased demand for COVID-19 related products is expected.

Cervical Cancer Awareness-Raising Events in Collaboration with Local Governments



Photo of the event day



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This is a photo of a cervical cancer awareness raising event held in collaboration with Morioka city in Iwate Prefecture and Morioka Medical Association. This event was also mentioned in the financial results presentation in May this year. The event was attended by well over 100 local residents. This fiscal year, the Group has also signed agreements for the first time with Ninohe City in Iwate Prefecture and Yamagata City in Yamagata Prefecture.

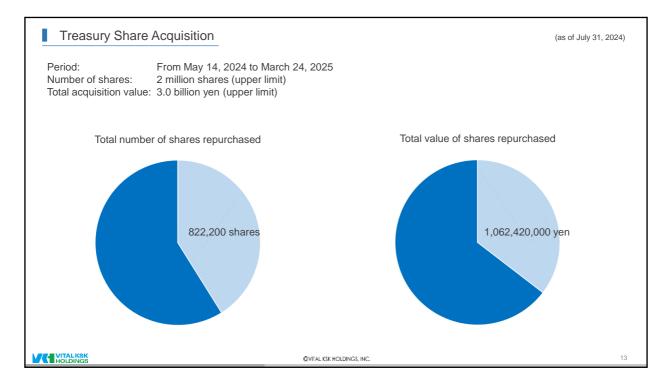
Going forward, as a group rooted in the community, we will continue helping to maintain and improve the health of local residents through initiatives in collaboration with local governments. Through such activities, we will also create demand for health related products including vaccines and other pharmaceuticals and we will work to expand sales channels beyond medical institutions.



# 3. Treasury Share Acquisition

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Finally, we come to treasury share acquisition.



In the period from May 14, 2024 to March 24, 2025, we implemented a share repurchase (total number of shares able to be repurchased 2,000,000 shares (maximum), total value of shares to be repurchased ¥3,000,000,000 (maximum)).

As of July 31, 2024, we have repurchased 822,200 treasury shares, with a total value of  $\pm 1,062,420,000$ .

We could, therefore, still purchase up to 11,778,000 shares, with a value of up to \\ \pm 1,937,570,000.

#### Note on Forward Looking Statements

The Company's current plans, strategies, earnings forecasts and other forward-looking statements in these materials are based on information currently available to the Company, and include potential risks and uncertainties.

Please be aware that there is a possibility that actual business activities and performance will differ greatly from these outlooks due to changes in the economic situation, market conditions and various other factors.

For this reason, please do not rely entirely on these forward-looking statements alone when considering aspects of the Company such as its performance and corporate value.

Furthermore, none of the information contained in these materials is intended to induce you to buy or sell the Company's stock or recommend investment in the Company's stock.

Final decisions on investment should be made at your own discretion.



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Please refer to the note on forward-looking statements shown here.

Contact for Inquiries

# **VITALKSK** HOLDINGS, INC.

Corporate Communications Department

TEL: +81-(0)3-5787-8550

Mail: ir@vitalksk.co.jp

Contacts: Sato, Nanjo

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If you have any inquiries about this material, please feel free to contact our Corporate communications Department.