

May 15, 2025

VITAL KSK HOLDINGS, INC.

**Financial Results for the Fiscal Year Ended March 31, 2025
and Medium-term Management Plan 2027**

President & CEO

Taisuke Murai

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This material is supplemental material for the financial results for the fiscal year ended March 31, 2025 and the Medium-Term Management Plan of Vital KSK Holdings, Inc.

- 1 Financial Highlights for the Fiscal Year Ended March 31, 2025
- 2 Medium-Term Management Plan 2027
- 3 Full-year Earnings Forecasts and Shareholder Returns

I will begin with an explanation with respect to financial highlights for the fiscal year ended March 31, 2025.

I will then move on to explain our Medium-Term Management Plan 2027 released on April 17.

Finally, I will explain our full-year earnings forecasts and shareholder returns. After that, I would like to answer your questions for as long as time permits.

1 Financial Highlights for the Fiscal Year Ended March 31, 2025

Let us start with the financial highlights for the fiscal year ended March 31, 2025.

Summary of Income

(Million yen, %)

	Previous year's results		Results forecast Announced February 25, 2025		FY2025 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales	Achievement rate	YoY
Net sales	587,481	—	600,000	—	600,370	—	100.1	102.2
Operating profit	5,556	0.94	5,500	0.92	5,706	0.95	103.7	102.7
Ordinary profit	6,557	1.12	6,700	1.12	6,970	1.16	104.0	106.3
Profit attributable to owners of parent	5,843	0.99	7,000	1.17	7,308	1.22	104.4	125.1
ROE	5.7		—		6.9			



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In the fiscal period under review, we achieved increases in both sales and profits in all the categories. Additionally, the progress made against all of our earnings forecasts exceeded 100%.

The conditions at the start of this fiscal year were difficult, including the NHI drug price revisions and the loss of revenue from the contracts for delivery of COVID-19 vaccines recorded in the previous fiscal year. However, we posted strong financial results.

First, net sales increased by 2.2% year on year to ¥600,370 million, thanks to increased sales in the Pharmaceutical Wholesaling Business, our core business.

Operating profit was ¥5,706 million, up 2.7% year on year. This was mainly due to increased profits in the Pharmaceutical Wholesale Business as well as improved profitability in Other Businesses.

Ordinary profit was ¥6,970 million, up 6.3% year on year, due primarily to foreign exchange gain on investment securities in addition to increased operating profit.

In addition, progress in sales of cross-shareholdings led to the posting of extraordinary income of ¥4,238 million. Consequently, profit attributable to owners of parent rose 25.1% year on year, to ¥7,308 million.

ROE also reached 6.9%, the highest level since FY2016.

Pharmaceutical Wholesale Business

(Million yen, %)

	Previous year's results		FY2025 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY
Net sales	552,870	—	564,614	—	11,744	102.1
Gross profit	40,487	7.32	41,358	7.33	870	102.2
Selling, general and administrative expense	35,574	6.43	36,194	6.41	620	101.7
Operating profit	4,913	0.89	5,163	0.91	250	105.1

1. The April 2024 NHI drug price revisions and decreased sales of COVID-19-related products such as treatments had a negative impact.
2. Sales of influenza vaccine, original drugs, cervical cancer vaccine and COVID-19 vaccine grew.
3. Profit increased due to the above sales growth and price negotiations conscious of the cost of transactions, despite the absence of the revenue from COVID-19 vaccine deliveries and the reversal of an allowance for doubtful accounts for major customers seen the previous year.

Growth rate by category

Prescription drugs	102.7%
Reagents and medical devices	94.9%
OTC drugs	104.7%



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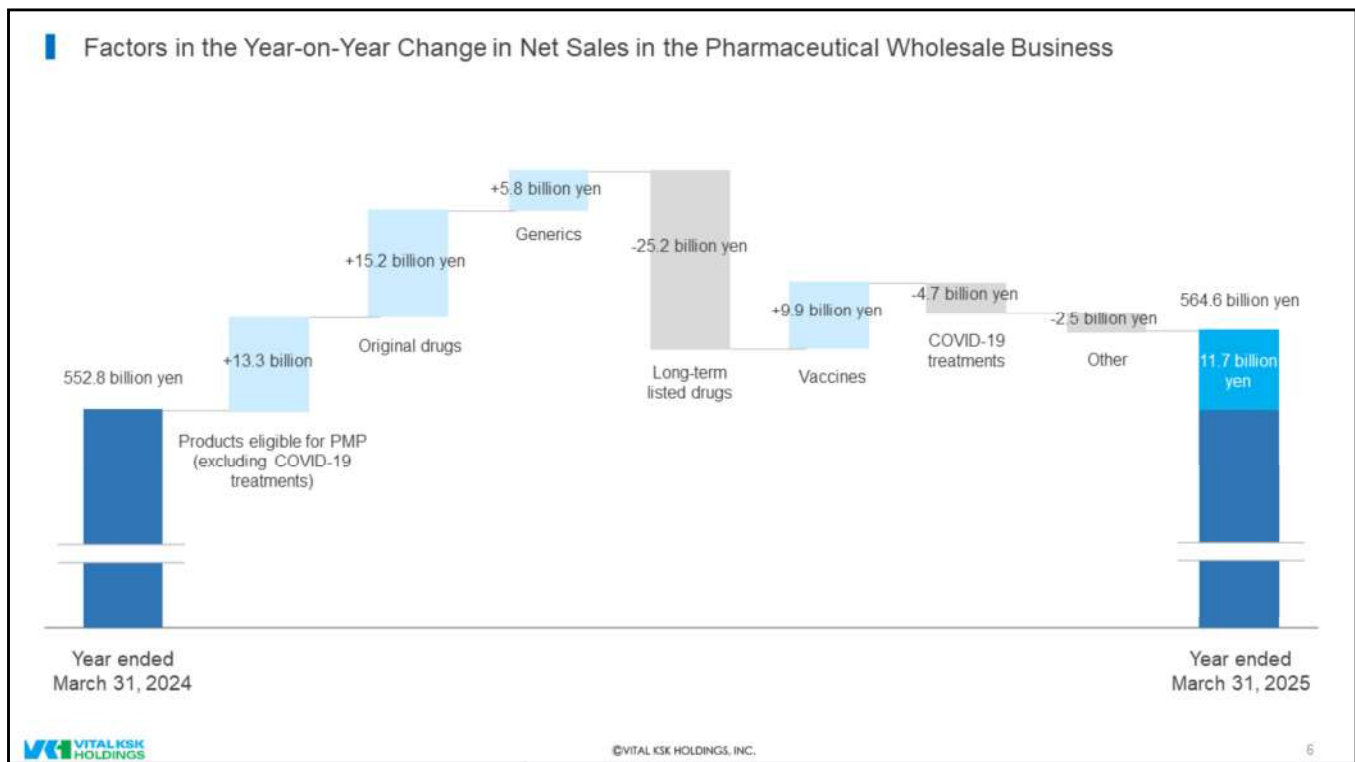
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I would now like to explain the situation by segment. First, in the Pharmaceutical Wholesale Business, sales and profit increased.

Net sales increased 2.1% year on year to ¥564,614 million because the increase in revenue due to sales of products eligible for the price maintenance premium, mainly anticancer drugs, original drugs, influenza test kits and treatments and sales of COVID-19 vaccines and cervical cancer vaccines exceeded the decrease in revenue due to the NHI drug price revisions and the reduced sales of COVID-19 related treatments and other products.

As a result of our efforts to negotiate appropriate prices, gross profit exceeded the level in the previous year. However, selling, general and administrative expenses also increased slightly due to the recording of allowances for doubtful accounts following the bankruptcy of some customers and the recording of business investment expenses.

As a result of the above, final operating profit was ¥5,163 million, up 5.1% year on year.



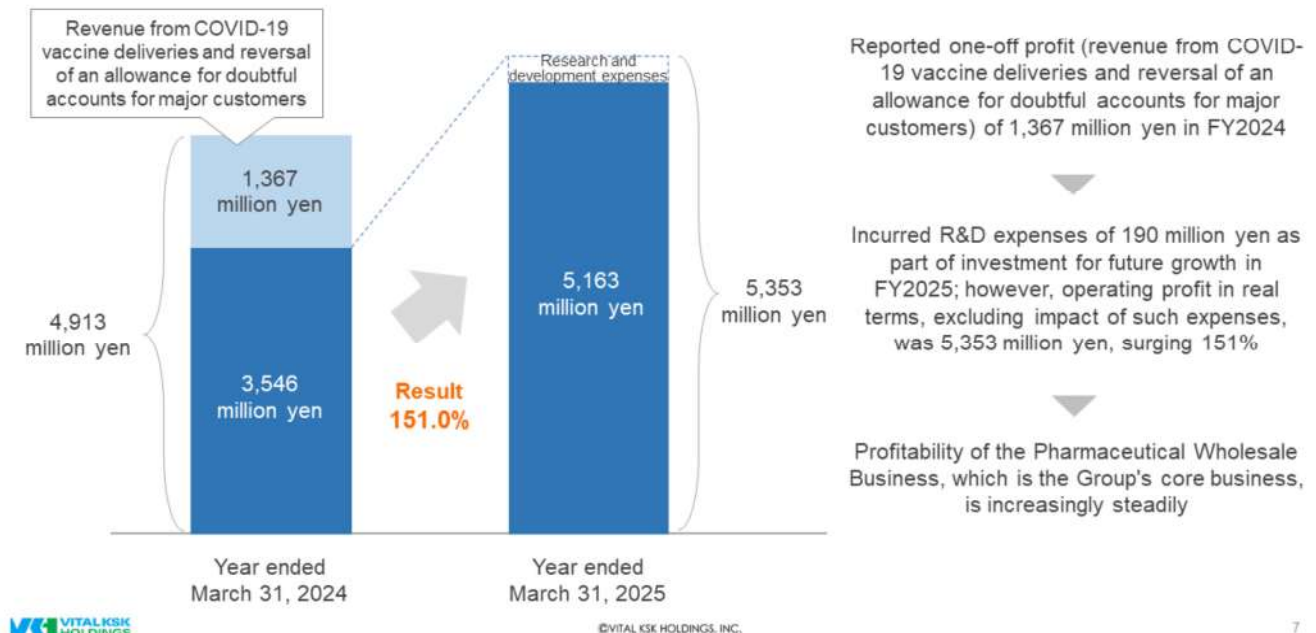
Next, I will explain in detail the main factors behind the increases and decreases in net sales in the Pharmaceutical Wholesale Business.

We have been focusing for some time on sales of products eligible for the price maintenance premium, which allows products to maintain prices for longer. These efforts have paid off, and our sales in this category increased by ¥13,300 million. In addition, sales of original drugs and generic drugs increased by ¥15,200 million and ¥5,800 million, respectively. However, sales of long-term listed drugs fell by ¥25,200 million, largely due to the impact of NHI drug revisions and elective care introduced from October last year.

Meanwhile, sales of vaccines, which we have been pushing for some time, rose by ¥9,900 million, reflecting strong sales of COVID-19 vaccine and cervical cancer vaccine; however, sales of COVID-19 treatment fell by ¥4,700 million

As a result, net sales increased by ¥11,700 million year on year to ¥564,600 million.

Substantial Improvement in Operating Profit in the Pharmaceutical Wholesale Business



Next, I will explain the results of our analysis of the operating profit of the Pharmaceutical Wholesale Business.

In the previous fiscal year, the segment achieved operating profit of ¥4,913 million, which included ¥1,367 million in revenue from local government contracts for delivery of COVID-19 vaccines and reversal of an allowance for doubtful accounts.

In spite of the loss of this revenue this fiscal year, our previous efforts to carefully negotiate prices that took into account the value and distribution costs of each individual pharmaceutical product proved successful, resulting in an increase in operating profit to ¥5,353 million, effectively up 51% year on year.

The profitability of the Pharmaceutical Wholesale Business, which is the Group's core business, is, therefore, increasing steadily.

Pharmacy Business

(Million yen, %)

	Previous year's results		FY2025 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY
Net sales	19,115	—	19,552	—	437	102.3
Gross profit	4,790	25.1	4,781	24.5	-9	99.8
Selling, general and administrative expense	4,479	23.4	4,529	23.2	49	101.1
Operating profit	310	1.6	251	1.3	-59	81.0

1. Sales grew, mainly due to efforts to expand income from dispensing technical fees and income from pharmaceutical management fees, despite a decrease in the the number of prescriptions received.
2. Profit fell, mainly due to the impact of NHI drug price revisions and longer duration prescriptions.

Next, I will discuss the Pharmacy Business.

Net sales increased by 2.3% year on year to ¥19,552 million due to the opening of one extra store in March 2024 and an increase in the price per prescription.

However, as a result of the insufficient growth of gross profit due to the impact of the NHI drug price revisions, operating profit was ¥251 million, down 19.0% year on year, resulting in an increase in sales but a decrease in profit.

Veterinary Drug Wholesale Business

(Million yen, %)

	Previous year's results		FY2025 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY
Net sales	11,027	—	11,626	—	599	105.4
Gross profit	1,610	14.6	1,658	14.3	48	103.0
Selling, general and administrative expense	1,259	11.4	1,344	11.6	84	106.7
Operating profit	350	3.2	314	2.7	-36	89.6

1. Sale increased due to the acquisition of Arrowmedical Inc. (headquartered in Yokohama) in August 2024, which offset the negative impact of the commencement of direct sales of some products by manufacturers.
2. Profit fell mainly due to rising purchase prices.

Next, I will explain the results of the Veterinary Drug Wholesale Business.

Although negatively impacted by the switch of some products due to the commencement of direct sales from manufacturers, net sales increased by 5.4% year on year to ¥11,626 million due to the acquisition of Arrowmedical Inc. as a consolidated subsidiary in August 2024.

However, operating profit was affected by rising purchase prices and other factors. It was ¥314 million, down 10.4% year on year, resulting in an increase in sales but a decrease in profit.

Other Businesses

(Million yen, %)

	Previous year's results		FY2025 Results			
	Amount	Ratio to net sales	Amount	Ratio to net sales	Change	YoY
Net sales	4,468	—	4,577	—	109	102.4
Gross profit	4,092	91.6	4,172	91.2	80	102.0
Selling, general and administrative expense	4,201	94.0	4,251	92.9	50	101.2
Operating profit	-109	—	-78	—	30	—

1. Sales increased due to the recovery of sales in each business.
2. The operating loss was smaller due to the above factor.

Next, Other Businesses.

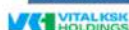
Due to sales in each business recovering, losses were reduced by ¥30 million.

As a result, net sales were ¥4,577 million, up 2.4% year on year, and the operating loss was ¥78 million.

Balance Sheet

(Million yen)

	As of March 31, 2024	As of March 31, 2025	Increase/ decrease	Main factors for increase/decrease
Current assets	203,303	187,896	-15,407	
Cash and deposits	34,712	23,099	-11,612	Settlement of notes and accounts payable - trade in the fiscal year under review due to the last day of the previous fiscal year being a bank holiday
Notes and accounts receivable – trade	117,993	116,944	-1,049	Collection of notes and accounts receivable - trade in the fiscal year under review due to the last day of the previous fiscal year being a bank holiday
Inventories	31,421	33,253	1,832	Impact of NHI drug price revision
Non-current assets	113,954	111,529	-2,424	
Property, plant and equipment and intangible assets	53,617	53,459	-158	
Investments and other assets	60,336	58,070	-2,266	Sales of cross-shareholdings
Total assets	317,258	299,426	-17,831	
Current liabilities	193,407	174,880	-18,527	
Notes and accounts payable – trade	179,174	162,492	-16,682	Settlement of notes and accounts payable - trade in the fiscal year under review due to the last day of the previous fiscal year being a bank holiday
Short-term borrowings (including current portion of long-term borrowings)	1,860	1,870	10	
Other current liabilities	12,373	10,515	-1,857	Payment of accounts payable - other
Non-current liabilities	17,910	17,240	-670	
Total liabilities	211,317	192,120	-19,197	
Net assets	105,940	107,306	1,366	
Shareholders' equity	79,958	82,678	2,720	Recording of profit attributable to owners of parent, payment of dividends, and acquisition of treasury shares
Accumulated other comprehensive income	24,705	23,234	-1,471	Decrease in remeasurements of defined benefit plans
Total liabilities and net assets	317,258	299,426	-17,831	



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Finally, I would like to explain the balance sheet.

As of March 31, 2025, total assets were ¥299,426 million, a decrease of ¥17,831 million from the end of the previous fiscal year.

Current assets decreased by ¥15,407 million. This is attributable to a fall of ¥11,612 million in cash and deposits, reflecting the settlement of accounts payable in the fiscal year under review because the end of the previous fiscal year was a bank holiday.

Non-current assets decreased by ¥2,424 million, reflecting sales of cross-shareholdings.

Subsequently, total liabilities came to ¥192,120 million, down ¥19,197 million from the end of the previous fiscal year. The main factors behind this included a decrease in accounts payable of ¥16,682 million due to the aforementioned settlement of accounts payable in the fiscal year under review, and payment of accounts payable - other.

Net assets were ¥107,306 million, an increase of ¥1,366 million. This is because the decrease due to dividends paid and the purchase of treasury shares was more than offset by the increase resulting from the recording of net profit.

This brings me to the end of my explanation of the financial highlights for the fiscal year ended March 31, 2025.

Medium-Term Management Plan 2027

— Move on to the Next Stage —



Next, I would like to talk in detail about Medium-Term Management Plan 2027 launched from this fiscal year.

Our Vision

Let me start by explaining our vision under Medium-Term Management Plan 2027.

Summary (FY2019-2024)

Six-Year
Summary

- As a result of our focus on pharmaceuticals whose prices are maintained such as products receiving the price maintenance premium, our net sales have steadily trended up since FY2021.
- While we continued to face a challenging environment, with repeated NHI drug price revisions and the COVID-19 pandemic, our operating profit margin also rose thanks to widespread initiatives focused on transaction costs.
- Through the implementation of management that is conscious of the cost of capital, our ROE has risen since FY2022; however, we still have a way to go.
- Our stock price, which fell to the 600 yen level during the COVID-19 pandemic, rose to 1,258 yen as of the end of March 2025; however, our PBR is less than 1x, falling short of the level expected by stock markets.



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This is summary of the six-year period starting from FY2019.

The sales strategies we have implemented so far have paid off, and our net sales have increased steadily over the past few years. While we continued to face a challenging environment, with repeated NHI drug price revisions and the COVID-19 pandemic, our operating profit margin also rose to 0.95% thanks to widespread initiatives focused on transaction costs.

Meanwhile, from a capital profitability perspective, our ROE is now 6.9%, improving each year; though as a listed company, we still have a way to go. Similarly, we recognize that our PBR also needs more work.

Our Purpose and Long-Term Vision 2035

Purpose

Supporting community healthcare so that people can live healthy lives with peace of mind

Long-Term Vision 2035

Beyond medicine, beyond barriers
Innovating the future of medical care by being a “connector”

8 Areas of Activities



Sophistication of logistics functions



Overhaul of pharmaceutical wholesale business



Expansion of medical product sales



Expansion of life support business



Strengthening of rental business



Expansion of pharmacy business

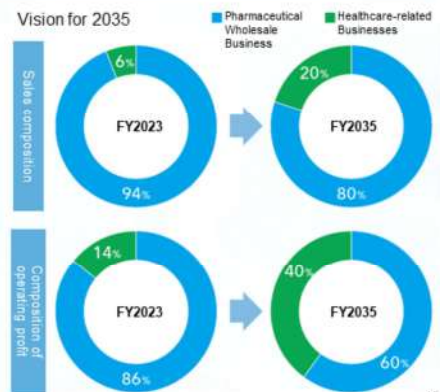


Cooperation with central and local governments



Business expansion in the companion animal and agritech fields

Vision for 2035



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This shows Our Purpose and Long-Term Vision 2035.

We aim to implement stable and profitable management as an indispensable presence in regional and community healthcare.

We recognize that this Medium-Term Management Plan 2027 covers an extremely important three-year period between now and 2035.

Managerial Goals in Medium-Term Management Plan 2027

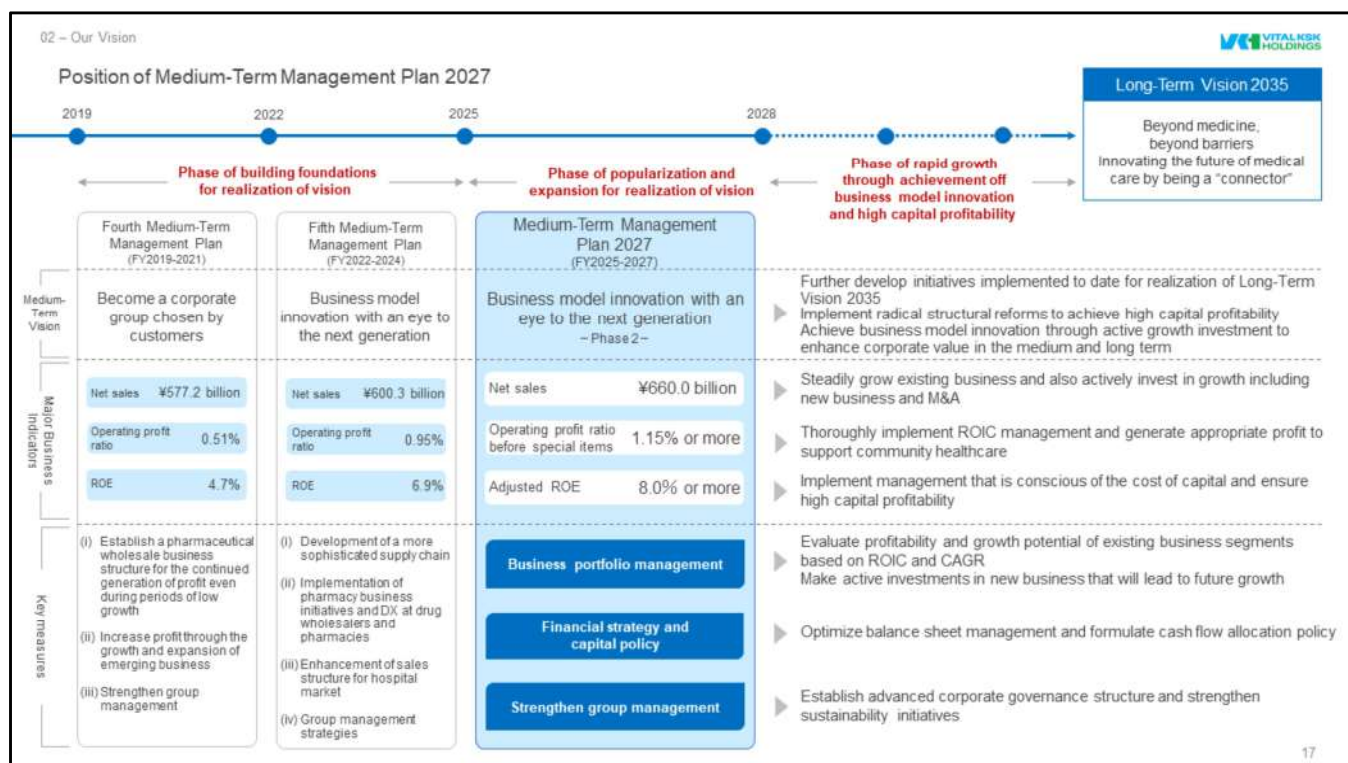


This shows the three managerial goals in Medium-Term Management Plan 2027. We are committed to achieving them in the three-year period ending March 31, 2028.

The first is net sales of ¥660,000 million. This represents a 110% increase from FY2024. While this is a fairly challenging goal given the continuation of annual NHI drug price revisions, we aim to work together to achieve this.

The next goal concerns the core operating profit margin. Starting from this fiscal year, we will aggressively invest in growth more than ever before. A typical example of this is the pharmaceutical business I will explain later. The expenses associated with this will be recorded as research and development expenses in SG&A expenses for several years to come, and this will have a negative impact on operating profit. We have, therefore, defined operating profit before deduction of research and development expenses for the pharmaceutical business as "core operating profit," with a view to making investments for the enhancement of corporate value in the future while at the same time reliably increasing the profitability of existing businesses, and we are committed to achieving this managerial goal. We will aim for a core operating profit margin of 1.15% or more.

Finally, we have a KPI related to capital profitability. Here, too, we have defined ROE before deduction of the aforementioned research and development expenses for the pharmaceutical business as "adjusted ROE", and we will aim for adjusted ROE of 8.0% or more.



This slide shows the positioning of Medium-Term Management Plan 2027. By further developing the initiatives implemented to date, we will advance to a new stage on the path towards realization of Long-term Vision 2035.

Three Priority Measures

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Next, let me explain our three priority measures.



The first is business portfolio management. In line with a business portfolio basic policy, we will evaluate and monitor each business and realize sustainable growth based on an awareness of the cost of capital and medium-to-long-term improvement in corporate value.

The second priority measure is financial strategy and capital policy. We will focus on improving our balance sheet, which has often been identified as an issue by institutional investors. We will also establish a cash flow allocation policy and allocate cash in a well-balanced manner to future growth and enhancement of shareholder returns.

Our third priority measure is to strengthen group management. We will push further ahead with strengthening the diversity and independence of the Board of Directors.

Three Priority Measures

Business portfolio management

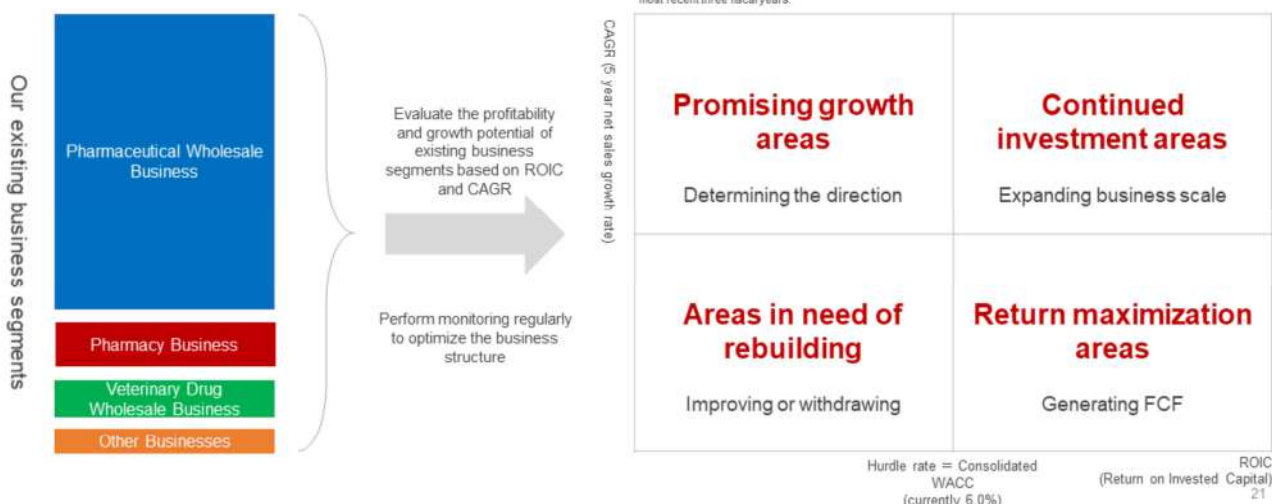
First, let me explain in more detail about business portfolio management.

Business Portfolio Basic Policy

- In existing business, perform evaluation and monitoring each fiscal year based on ROIC^{*1} (Return On Invested Capital) and CAGR (5 year net sales compound annual growth rate)
- For hurdle rate, use consolidated WACC^{*2} (Weighted Average Cost of Capital). Currently, WACC is estimated at around 6.0% (average for past three fiscal years)
- For any unprofitable, low growth businesses positioned as "areas in need of rebuilding", formulate a turnaround plan and judge whether to attempt to rebuild them or withdraw from them in accordance with the business portfolio basic policy.

*1: For ROIC, use profit after taxes but before interest is paid as the numerator and the average of interest bearing debt and shareholders' equity for the most recent two fiscal years as the denominator

*2: Calculate WACC using the CAPM method taking the liquidity risk premium into consideration and use the average for the most recent three fiscal years.



This shows our business portfolio basic policy.

In our four existing businesses, that is, the Pharmaceutical Wholesale Business, Pharmacy Business, Veterinary Drug Wholesale Business and Other Businesses, we will perform evaluation and monitoring each fiscal year based on ROIC and CAGR. For the capital profitability hurdle rate, we will use consolidated WACC. Average WACC for the past three years is recognized to be around 6.0%.

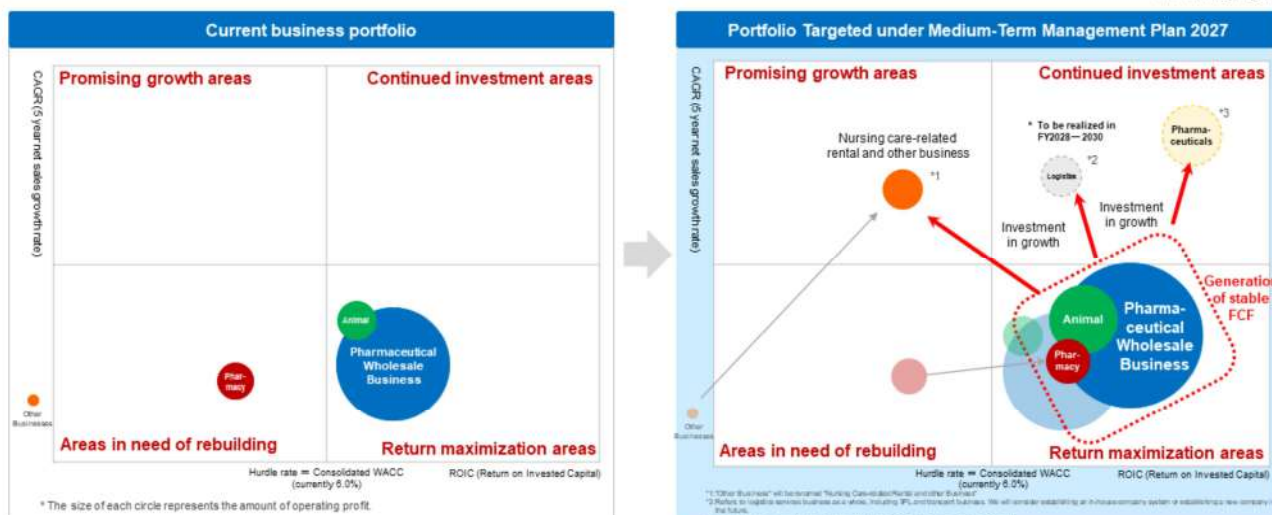
For businesses which, due to unprofitability or low growth, are positioned as "areas in need of rebuilding" in the bottom left of the grid, we will quickly formulate a turnaround plan and judge whether to attempt to rebuild them or withdraw from them.

By allocating limited management resources effectively, we aim to achieve sustainable improvement in corporate value.

Business Portfolio Strategy

- Improve ROIC of existing business and encourage growth ⇒ Strengthen profitability of core businesses, scale back or withdraw from loss-making businesses, reduce costs through business integration, and invest in growing businesses
- Create new businesses to serve as future pillars of earnings ⇒ Expand the logistics services business focusing on 3PL*, and branch out into new pharmaceutical business (business of supporting the introduction of unapproved drugs)

* 3PL: 3rd Party Logistics



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Next, I will explain the business portfolio targeted under Medium-Term Management Plan 2027.

To improve ROIC and encourage growth in existing businesses, we will further strengthen the profitability of our Pharmaceutical Wholesale Business while also scaling back or withdrawing from loss-making businesses, reducing costs through business integration, and investing in the nursing care-related rental business, which has high capital profitability.

We will also focus on creating new businesses to serve as future pillars of earnings, expand the logistics services business focusing on 3PL, and enter the pharmaceutical business. These are medium-to-long term initiatives looking further than the coming three years to FY2028 and beyond.

Three Priority Measures

Business portfolio management

Pharmaceutical Wholesale Business

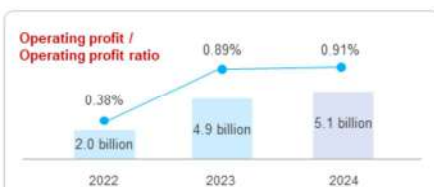
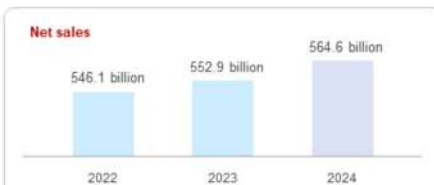
Next, I will explain about the Pharmaceutical Wholesale Business, which is our core business.

Strategies by Business - 1. Pharmaceutical Wholesale Business

Summary of the Fifth Medium-Term Management Plan

- Focused on sales of prime maintenance premium products and vaccines; sales growth is expected to exceed the initial plan
- Negotiated prices politely based on the prices of individual pharmaceuticals and distribution costs, and operating profit also increased sharply

* Changed method of presentation from FY2023, recording income from the provision of information through pharmaceutical companies (approx. 1.6 billion yen) in net sales instead of non-operating income.



Desired Direction under Medium-Term Management Plan 2027

- Compliance with Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs, and complete stabilization of contributed profit
- Sales expansion that leverages our strengths, according to area characteristics
- Realization of distinctive drug distribution that steadily taps into market growth for each customer
- Pursuit of further business efficiency through the promotion of DX and use of AI

→ Improvement of ROIC and generation of stable FCF

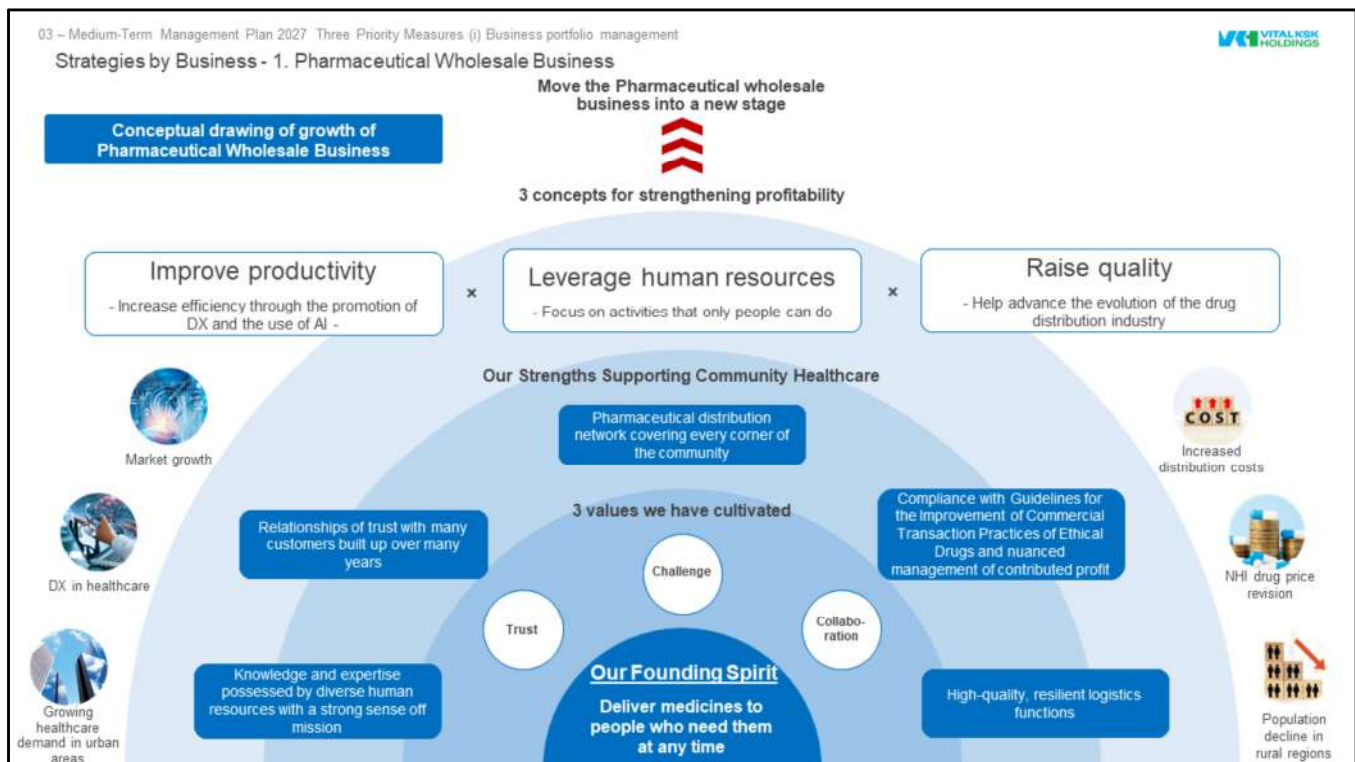


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Let me start with a review of the previous Medium-Term Management Plan. We focused on sales of prime maintenance premium products and vaccines and, as a result, sales grew steadily. In addition, we negotiated prices politely based on the prices of individual pharmaceuticals and distribution costs, and our operating profit and operating profit margin both improved significantly.

Under our new Medium-Term Management Plan launched this fiscal year, we aim to strengthen profitability further through continued implementation of these initiatives. More specifically, we will continue focusing on compliance with the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs, and complete stabilization of contributed profit. We will also realize optimal drug distribution for the area characteristics, whether urban or suburban, and for each customer, including hospitals, clinics and pharmacies. Furthermore, we will also pursue further business efficiency through the promotion of DX and use of AI, in anticipation of decline in the working-age population.

Through these measures, we will improve ROIC and generate stable free cash flow.



This is a conceptual drawing of the growth of the Pharmaceutical Wholesale Business.

Based on our founding spirit "Deliver medicines to people who need them at any time", we will leverage the values and strengths we have developed to date to grow and advance onto the next stage.

We have established three concepts for further strengthening the profitability of the Pharmaceutical Wholesale Business. These are "Improve productivity", "Leverage human resources" and "Raise quality". Let me explain them individually in detail,

Strategies by Business - 1. Pharmaceutical Wholesale Business

Specific Initiatives
for Strengthening Profitability

Improve productivity

- Increase efficiency through the promotion of DX and the use of AI -

Leverage human resources

- Focus on activities that only people can do

Raise quality

- Help advance the evolution of the drug distribution industry

Promotion of DX



Reduce MS workload through completion of operation for handling customer enquiries about orders received and delivery dates within the system



Step up rollout of platform providing contents such as pharmaceutical company webinars and disease awareness and health-related information



Further increase work efficiency through the renewal of systems useful both internally and externally for the reduction of urgent deliveries, inventory management, etc.

Reorganization

Review of
internal work flows

Conduct a review of internal work flows, restructuring organizations and using IT and AI, with the aim of increasing productivity by centralizing information and avoiding the duplication of work

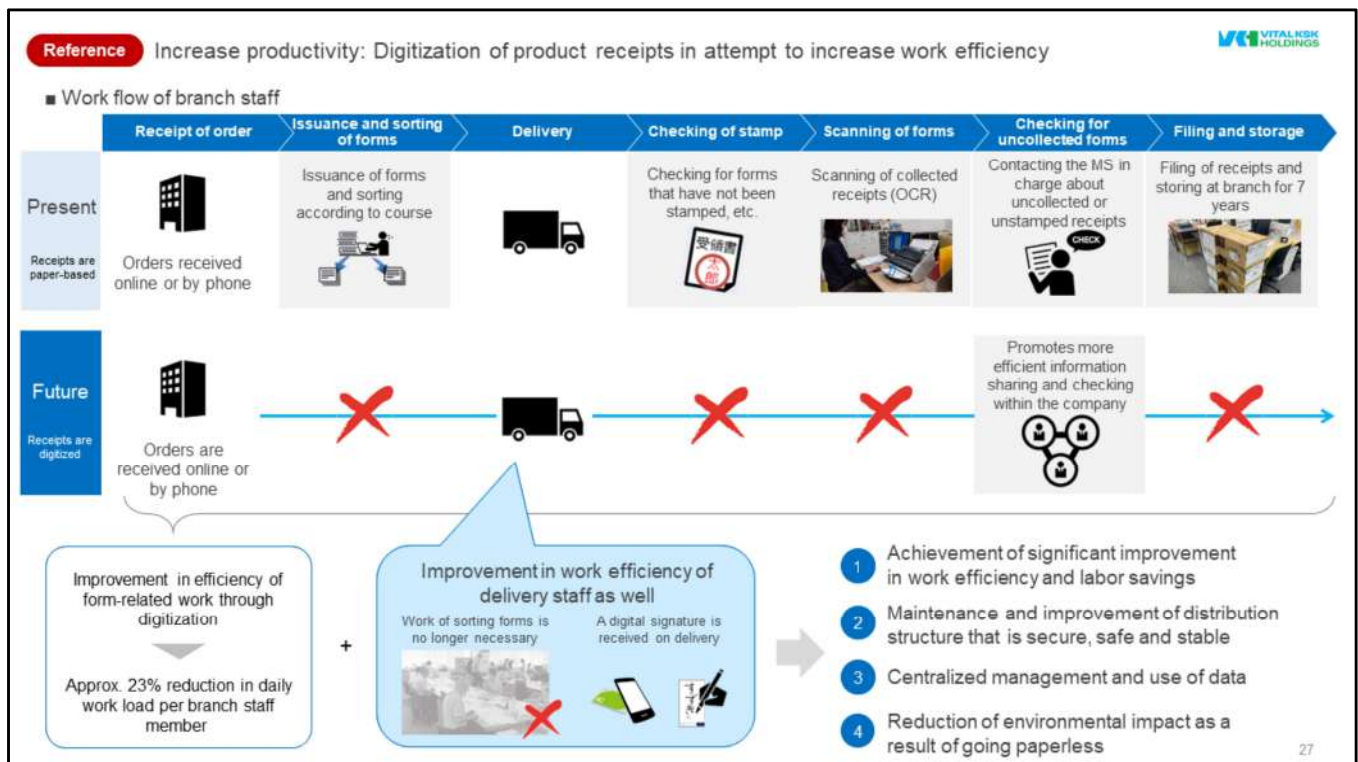
Further improvement of
delivery efficiency

Increase the efficiency of deliveries, introducing systems to digitize various forms and determine optimal delivery routes

starting with "Improvement of productivity".

Japan's working-age population is shrinking and it is becoming difficult to secure labor. Meanwhile, the work volume of pharmaceutical wholesale MS and logistics staff is increasing year by year as a result of pharmaceutical shipment adjustments and decline in the number of MR.

To address these difficulties, we seek to increase efficiency by promoting DX and encouraging the use of AI, while also working to raise the quality of works and improve the working environment.



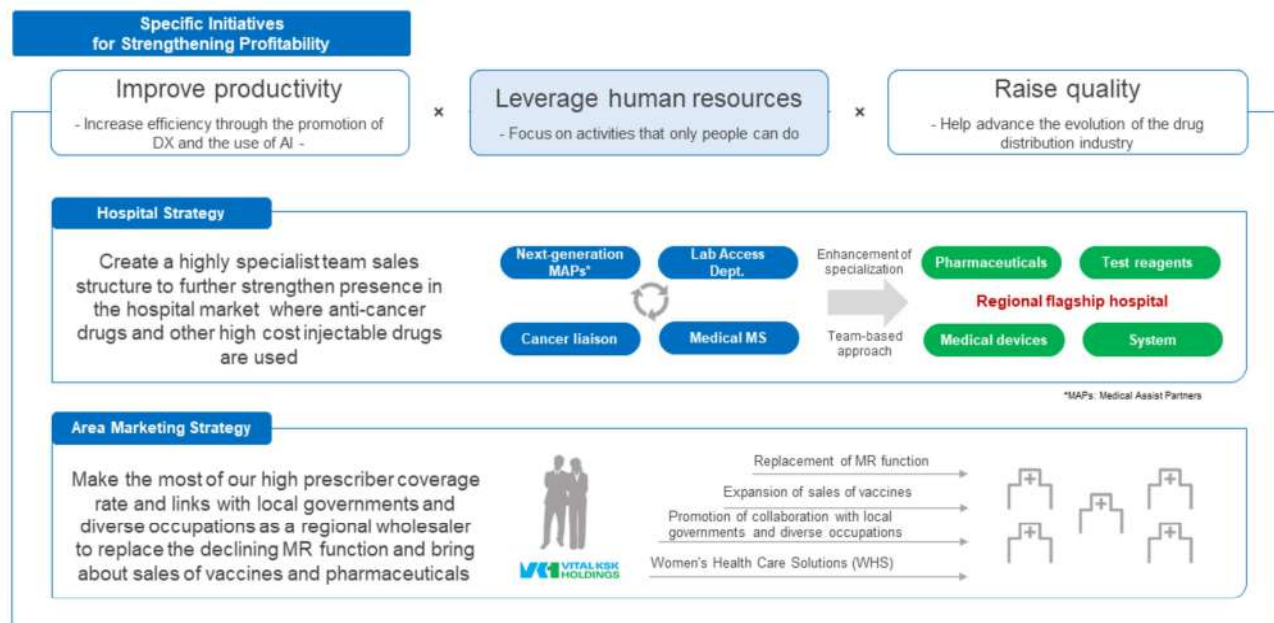
I would like to highlight digitization of product receipts as one specific initiative.

The traditional workflow using paper-based product receipts involved many tasks which had to be dealt with through analog systems, for example, the sorting of forms according to the delivery course, the scanning of collected receipts and the storage of receipts, making it impossible to reduce the workload of delivery staff and branch staff.

Digitizing product receipts will allow us to increase the efficiency of form-related work. The previously mentioned work of sorting forms according to the delivery course, scanning collected receipts and storing receipts can be significantly reduced and we expect this to lead to a roughly 23% reduction in daily work load per branch staff member.

Digitization will also allow us to reduce environmental impact and to maintain a stable pharmaceutical distribution system despite labor shortages. This is an industry-first initiative but we are boldly taking on this challenge.

Strategies by Business - 1. Pharmaceutical Wholesale Business



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Moving onto "Leverage human resources".

Human resources are our biggest strength. With a strong sense of mission to support community healthcare and high levels of expertise, our staff provide wide-reaching, in-depth support to hospital, clinics and pharmacies nationwide.

In terms of strengthening our sales capability in the hospital market, which has been a focus since the previous Medium-Term Management Plan, we will step up the training of specialist human resources such as next-generation MAPs, cancer liaison, and medical MS and also establish the new Lab Access Dept. to increase our involvement with pathology labs, with the aim of expanding our share of the market for anti-cancer drugs and other high cost drugs.

For clinics and pharmacies, we will make the most of our high prescriber coverage rate and links with local governments and diverse occupations, which are our strengths as a regional wholesaler, to replace the declining MR function and bring about sales of vaccines and pharmaceuticals.

Strategies by Business - 1. Pharmaceutical Wholesale Business

Specific Initiatives
for Strengthening Profitability

Improve productivity

- Increase efficiency through the promotion of DX and the use of AI -

Leverage human resources

- Focus on activities that only people can do

Raise quality

- Help advance the evolution of the drug distribution industry

Distribution strategy
by area

Urban areas
(Tokyo Metropolitan Area,
Kita-Kanto, Keihanshin
District)

- Reorganize base network in Tokyo Metropolitan Area and Kita-Kanto
- Rebuild logistics bases in Keihanshin District



Rural regions and suburbs
(Tohoku, Niigata, rural
municipalities of Kinki region)

- Achieve further rationalization through integration of logistics bases
- Review delivery structure and consider joint deliveries

Sophisticated supply
chain

Establish a high quality logistics structure including developing GDP and GMP* compliance logistics facilities and acquiring ISO certification

Develop a distribution structure that can meet needs even in times of emergency through the additional introduction of disaster response vehicles, etc.



* GDP: Good Distribution Practice
* GMP: Good Manufacturing Practice

Expansion of services
besides wholesale

Popularize new services that allow people to live healthy lives with peace of mind, expanding them beyond regional boundaries



あかちゃんとお母さんのための

ねんね相談室 ★ GuuMin



The third initiative is "Raise quality".

We operate in areas with very different characteristics, that is, urban areas and rural and suburban areas. We will implement the optimal distribution strategy for each of these areas and work to expand our market share.

We will develop GDP and GMP compliant logistics facilities and acquire ISO certification, and we will also develop a stable distribution structure to ensure constant access to pharmaceuticals even in the event of earthquake, heavy rainfall or other disaster.

In addition, we aim to create new value through efforts to expand services other than wholesale such as the okusuri-aun tool for more effective and efficient patient care and GuuMin, a service that can help improve infant sleep.

Reference

Raise quality: Establishment of optimal, high quality distribution structure as an infrastructure company supporting community healthcare



**Distribution strategy in urban areas
(Tokyo Metropolitan Area, Kita-Kanto, Keihanshin District)**

**High population accumulation rate × Large scale market
= Establish distribution network that optimizes product flow and logistics**

- Establish the optimal distribution network for steadily capturing health care demand, which is expected to grow due to population aging in urban areas with high population accumulation rates
- Make the Isehara Logistics Center (tentative name), scheduled to start operation in FY2026, a core facility in the 3PL business
- Develop a structure for the stable supply of pharmaceuticals in an emergency situation based on the assumption of an urban disaster scenario



Keihanshin District



Tokyo Metropolitan Area and Kita-Kanto

**Distribution strategy in rural regions and suburbs
(Tohoku, Niigata, rural municipalities of Kinki region)**

**Population decline × Large area
= Establish efficiency structure and assume responsibility for stable supply of pharmaceuticals**

- Establish optimal distribution structure to support community care by integrating bases to achieve rationalization and introducing information systems to increase efficiency
- Pursue new distribution possibilities such as the healthcare in remote areas and the operation of drones for the stable supply of pharmaceuticals in the event of disaster



Rural municipalities of Kinki region



Most areas in Tohoku and Niigata

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I will now explain specific area strategies.

In the Keihanshin District, the Tokyo Metropolitan Area and Kita-Kanto Area, which combine a high population accumulation rate and a large scale market, we expect growth in health care demand due to aging. We will establish a distribution network for steadily capturing demand and also seek to expand the 3PL business, with the Isehara Logistics Center, scheduled to start operation in FY2026, as a core facility.

Meanwhile, in rural municipalities of the Kinki region, Tohoku and Niigata, which are characterized by population decline and a large area, we will support the stable supply of pharmaceuticals by integrating bases to achieve rationalization and introducing information systems to increase efficiency. We will also consider new distribution possibilities such as drones and joint deliveries.

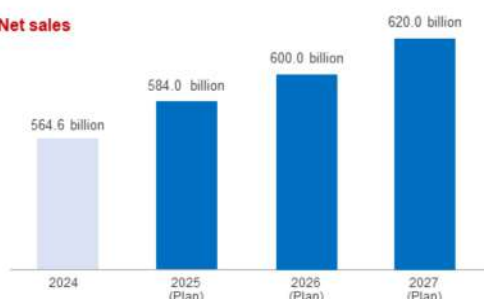
Strategies by Business - 1. Pharmaceutical Wholesale Business

Financial Targets under Medium-Term
Management Plan 2027

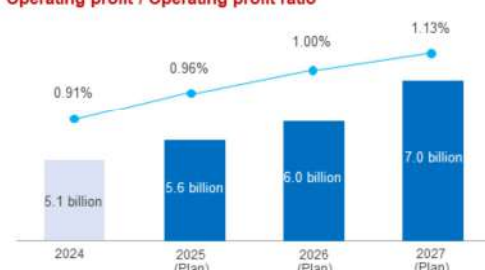
Unit: billion yen, %

	FY2024		FY2025			FY2026			FY2027		
	Result	Ratio to net sales	Plan	Ratio to net sales	YoY	Plan	Ratio to net sales	YoY	Plan	Ratio to net sales	YoY
Net sales	564.6	—	584.0	—	103.6	600.0	—	102.7	620.0	—	103.4
Operating profit	5.1	0.91	5.6	0.96	108.4	6.0	1.00	108.6	7.0	1.13	116.5

Net sales



Operating profit / Operating profit ratio



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Through implementation of the above initiatives, in the Pharmaceutical Wholesale Business in FY2027, we aim to achieve net sales of ¥620,000 million, up 110% from FY2024, operating profit of ¥7,000 million, up 140% from FY2024, and an operating profit margin of 1.13%.

Three Priority Measures

Business portfolio management

Pharmacy Business
Veterinary Drug Wholesale Business
Other Businesses

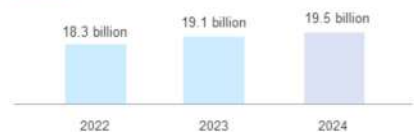
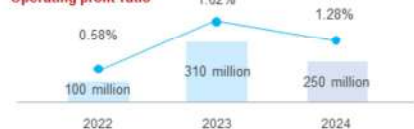
Next, I will explain about the Pharmacy Business, Veterinary Drug Wholesale Business and Other Businesses.

Strategy for Each Business: – 2. Pharmacy Business

Summary of the Fifth Medium-Term Management Plan

- Sales rose slightly due to increases in both technical fees and dispensing fees
- Operating profit margin fell due to higher SG&A expenses and higher purchase prices
- Certifications for pharmacies in cooperation with specialized medical institutions and as pharmacies in cooperation with local health care facilities increased
- Strengthened family pharmacy and home care support functions
- Recognized goodwill impairment loss in FY2023

Net sales

Operating profit /
Operating profit ratio

Desired Direction under Medium-Term Management Plan 2027

- Integrate 6 consolidated and non-consolidated operating companies into a single company in a bid to improve productivity
- Improve capital profitability by eliminating surplus capital
- Expand sales and increase Group synergy through new pharmacy openings and M&A

→ Aim to achieve a ROIC that is greater than the hurdle rate



33

First, the Pharmacy Business continues to face a difficult operating environment due to successive NHI drug revisions and rising SG&A expenses.

We will, therefore, integrate six consolidated and non-consolidated operating companies into a single company during the plan period in a bid to improve productivity. Capital profitability will also be improved through the elimination of surplus capital. We will also focus on M&A in areas where new store openings and synergy with the wholesale business can be expected.

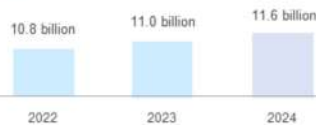
Through these measures, we aim to achieve a ROIC that is greater than the hurdle rate in three years from now.

Strategy for Each Business: – 3. Veterinary Drug Wholesale Business

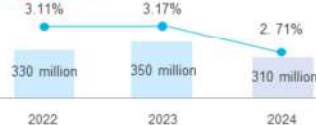
Summary of the Fifth Medium-Term Management Plan

- Made Arrow Medical Corporation a consolidated subsidiary in FY2024
- Sales fell, after manufacturer started selling certain products directly in FY2024
- Rising purchase prices squeezed operating profit

Net sales

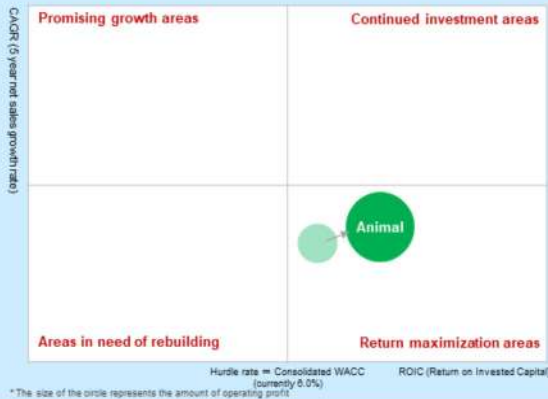


Operating profit / Operating profit ratio



Desired Direction under Medium-Term Management Plan 2027

- Strengthen pharmaceutical sales in the Tokyo Metropolitan Area and medical device sales in Tohoku and Hokkaido to maximize the effect of making Arrow Medical Corporation a consolidated subsidiary
 - Expand the business of manufacturing and selling pet food
- Improvement of ROIC and generation of stable FCF



Moving onto the Veterinary Drug Wholesale Business.

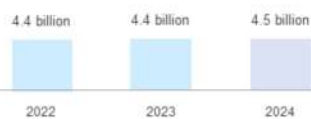
In August last year, we made Arrow Medical Corporation, which operates in the Tokyo Metropolitan Area, into a subsidiary. Over the coming three years, we will work to generate synergy between us, including strengthening pharmaceutical sales in the Tokyo Metropolitan Area and medical device sales in Tohoku and Hokkaido. At the same time, we will focus on expanding the pet food manufacturing and sales business. Through these initiatives, we aim to improve ROIC and generate stable cash flow.

Strategy for Each Business: – 4. Other Businesses

Summary of the Fifth Medium-Term Management Plan

- Net sales recovered at each operating company
- The segment still showed an operating loss but the amount grew smaller
- Business segment that includes delivery companies, etc. and has many intergroup transactions

Net sales



Operating loss



Desired Direction under Medium-Term Management Plan 2027

- Seek to expand the nursing-care rental business, which has high capital profitability, through intensive investment.
- Decide whether to rebuild or withdraw from businesses/operations with low capital profitability
- Change name from "Other Businesses" to "Nursing Care-related Rental and Other Businesses"

→ Improve ROIC and CAGR through expansion of the nursing-care rental business



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Next, Other Businesses.

This is a business segment that includes delivery companies, etc. and has many intergroup transactions. We will seek to improve profitability through intensive investment in the nursing care-related rental business, which has high capital profitability. Accordingly, starting from the current fiscal year, we will change the segment name to the "Nursing Care-related Rental and Other Businesses".

We will monitor businesses and operations with low capital profitability each year and decide whether to rebuild or withdraw from them in accordance with the business portfolio basic policy.

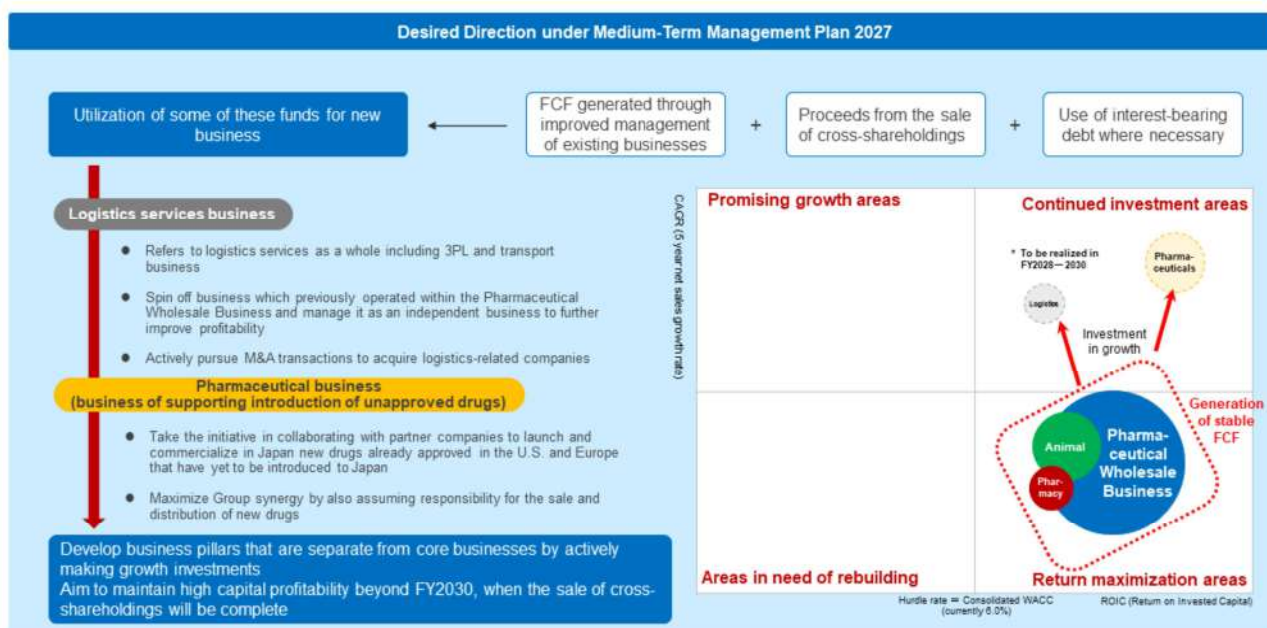
Three Priority Measures

Business portfolio management

New business

Next, I will discuss new businesses.

Strategy for Each Business: – 5. New Businesses



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During the three-year period of Medium-Term Management Plan 2027, we will utilize free cash flow generated through improved management of existing businesses, proceeds from the sale of cross-shareholdings, and interest-bearing debt where necessary to focus more than ever before on the creation of new businesses,

specifically, the logistics services business and the pharmaceutical business.

The logistics services business refers to logistics services as a whole including 3PL and transport business. We will spin off business which previously operated within the Pharmaceutical Wholesale Business to further improve profitability. In addition, we will actively pursue M&A transactions to acquire logistics-related companies.

Moving onto the pharmaceutical business. This business involves taking the initiative in collaborating with partner companies to launch and commercialize in Japan new drugs already approved in the U.S. and Europe that have yet to be introduced to Japan. It does not involve manufacturing pharmaceuticals already

approved in Japan. Accordingly, the official segment name is pharmaceutical business (business of supporting introduction of unapproved drugs) segment.

By actively investing in these new businesses, we will develop business pillars that are separate from our core Pharmaceutical Wholesale Business. And we will aim to maintain high capital profitability beyond FY2030, when the sale of cross-shareholdings will be complete.

Strategy for Each Business: – 5. New Businesses

Logistics services business

Turn logistics function into a new **profit** pillar through further development of the advanced supply chain we have established to date

High profit

- Strengthen acquisition of new customers in the 3PL business
- Pursue M&A transactions to acquire warehouse business operators and transport companies

High quality

- Comply with GDP and GMP standards
- Acquire ISO 9001 certification

Highly functional

- Equipment for increasing delivery speed and accuracy
- Logistics network that supports stable supply



Miyagi Logistics Center
Boasts industry-leading scale and functions



Isehara Logistics Center (tentative name)
Scheduled to begin operating in FY2026
Make into core facility of 3PL business



Hyogo Logistics Center
Base in West Japan equipped with cutting-edge logistics equipment

I will now talk about the logistics services business in more detail.

We have four logistics centers in Vital-Net's sales area and three in KSK's sales area. In FY2026, we will complete a new logistics center as a core facility of the 3PL business in Isehara, Kanagawa Prefecture. Through further development of the advanced and high-quality supply chain we have established to date, we will not simply transport pharmaceuticals but rather turn the logistics function into a new profit pillar.

Specifically, we will strengthen acquisition of new customers in the 3PL business and pursue M&A transactions to acquire warehouse business operators and transport companies.

Strategy for Each Business: – 5. New Businesses

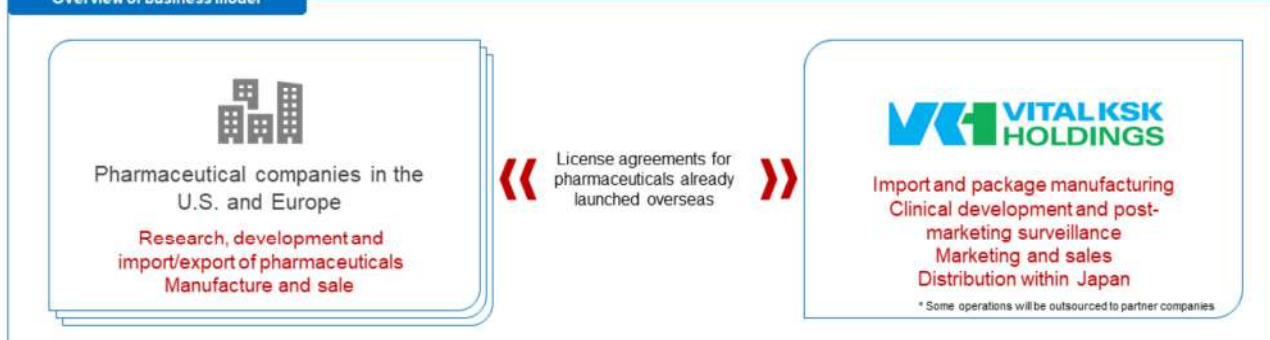
Pharmaceutical business
(business of supporting
introduction of unapproved drugs)

New venture where we take the initiative in collaborating with partner companies to launch and commercialize in Japan new drugs already approved in the U.S. and Europe that have yet to be introduced to Japan

Purpose of entering this business

- To play a part in resolving social issues by becoming more proactive about Japan's drug loss issue as a company involved in health care.
- To achieve further improvement in corporate value and fulfil our responsibility as part of the social infrastructure supporting community health care in the medium and long term

Overview of business model



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Moving onto the pharmaceutical business.

This business is a completely new venture for us where we take the initiative in collaborating with partner companies to launch and commercialize in Japan new drugs already approved in the U.S. and Europe that have yet to be introduced to Japan.

We have decided to enter this business for the following two reasons.

First, to become more proactive about Japan's drug loss and lag issue as a company involved in health care. Second, by getting this business on track, we aim to achieve further improvement in corporate value and fulfil our responsibility as part of the social infrastructure supporting community health care in the medium and long term.

As to the actual business model, we will sign license agreements with pharmaceutical companies that have drugs already launched in the U.S. and

Europe and, together with partner companies, we will be directly involved in the supply chain in Japan, including development and manufacturing, marketing and distribution.

Strategy for Each Business: – 5. New Businesses

**Pharmaceutical business
(business of supporting
introduction of unapproved drugs)**

How exactly is the latest new business different from various pharmaceutical-related business initiatives implemented to date such as the capital and business alliance with SanBio Co., Ltd. formed in September 2018, and the investments in LinDo K.K. and MJ BG2 LP respectively in February 2024?

Capital and business alliance with SanBio is a **direct investment type** business. After the launch of a new drug developed by SanBio, SanBio's share price is expected to rise and extraordinary income will arise through the sale of shares. Meanwhile, investments in LinDo and MJ BG2 LP respectively are **indirect investment-type** businesses. When a gain on investment in the fund arises after the launch of a new drug, non-operating income according to our equity interest will arise. This latest pharmaceutical business (the business of supporting the introduction of unapproved drugs) is a **direct business** where we become involved on our own initiative in the process of launching in Japan new drugs that are already approved and commercially available in the U.S. and Europe but yet to be introduced to Japan, and where we also assume responsibility for commercialization and distribution after launch. After the launch of a new product, we expect not only sales and profit generated from this business but also even greater ripple effects for our Pharmaceutical Wholesale Business, 3PL Business and other Group businesses.

What impact will your involvement in this new business have on future financial results?

Before the launch of a new drug, upfront investment relating to development and approval in Japan will arise. This investment will be recorded as **research and development expenses** during the period of Medium-term Management Plan 2027 and will be a factor pushing up SG&A expenses. After the launch of a new drug, much greater synergy not only in the sale of pharmaceuticals in this business but also in the Pharmaceutical Wholesale Business and the 3PL Business is envisaged, and the creation of **almost exclusive earning opportunities** across the entire supply chain can be expected.

Which pharmaceuticals developed by which pharmaceutical companies are you intending to introduce to Japan?

We cannot give any specific company names or product names at the moment for procedural reasons. **As soon as we are in a position to announce this information, we will promptly disclose it.**

How do you see the future potential and growth potential of this business?

We are currently **in negotiations with a number of pharmaceutical companies**. To help achieve the two purposes of resolving Japan's drug loss/flag issue and improving our corporate value in the medium and long term, we intend to develop this business as a new pillar of earnings through **the creation of the optimal alliances and business models** in the given moment. We will report the progress of the business in a timely manner.

What are the major potential risks associated with entry to this business?

Starting with the risk of failing to launch a new drug in Japan, we are attempting to introduce to Japan pharmaceuticals that have already been approved in the U.S. and Europe and we believe that the possibility of failure is extremely low. There is also the potential risk of a drug being launched but not being priced as expected. We have run detailed simulations based on various pricing scenarios and we are **thoroughly implementing risk control**.

Do you have the required clinical development and manufacturing capabilities? Surely, clinical development and manufacturing will be very costly?

For clinical development, post-marketing surveillance and manufacturing, we will form partnerships with companies that understand the purpose of this business. These are all highly specialist companies with strong capabilities, and we plan to **create a lean structure while properly ensuring safety**.

Investment in growth for improvement of corporate value is important but does this business meet the new business investment requirements?

The Holding Company's Investment Committee thoroughly discussed the matter based on detailed simulations using various patterns of patient numbers, prices, etc. before our Board of Directors resolved to enter this business. Even for the pattern with the highest risk, the IRR (internal rate of return) **far exceeded the hurdle rate** set out in our new business investment standards. Also in regard to the pharmaceuticals we plan to introduce in the future, we will make appropriate investment decisions each time in accordance with strict internal standards.

I will now answer some key questions we have been asked about this business,

beginning with the impact on our financial results. The three-year period of this Medium-Term Management Plan is a period of research and development, giving rise to an increase in SG&A expenses. In the future, once new drugs have been launched, much greater synergy not only in the sale of pharmaceuticals in this business but also in the Pharmaceutical Wholesale Business and the 3PL Business is envisaged, significantly bolstering the Group's profit.

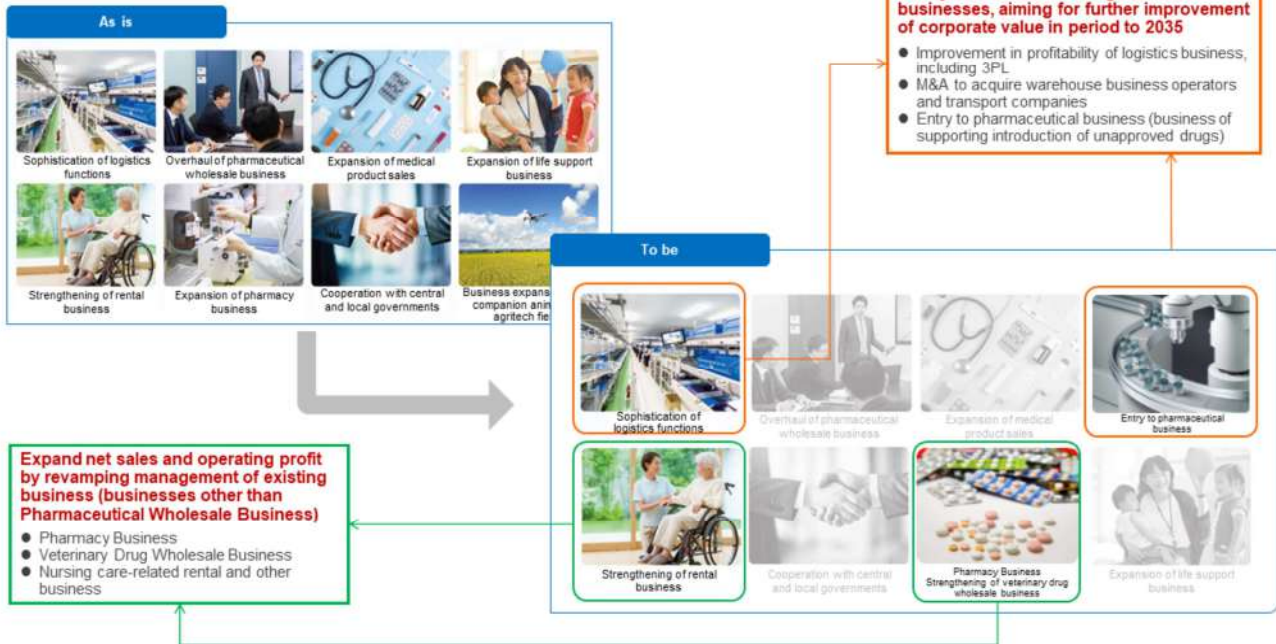
Turning next to the risks involved in entering this business. Starting with the risk of failing to launch a new drug in Japan, we are attempting to introduce to Japan pharmaceuticals that have already been approved in the U.S. and Europe and we believe that the risk of failure is extremely low. There is also the risk of a drug being launched but not being priced as expected. Here, too, we are thoroughly implementing risk control through the performance of various simulations.

There is also the question of whether we are equipped to deal with the processes involved in the pharmaceutical business, given that our core business is the

Pharmaceutical Wholesale Business; and even if we are, surely this will be a costly venture. While we will take the initiative in this business, we will not be shouldering all the costs for in-licensing and commercialization alone. We plan to collaborate with partners that understand the purpose of this business and already have prospective partners who will take on the clinical development and manufacturing side of things for us.

Finally, since this is a new business in which we invest considerable resources, we assume stakeholders may have concerns about whether business management decisions are being made in an appropriate manner. Our Investment Committee ran detailed simulations using various patterns of patient numbers, prices, etc. before we decided to enter this business. Given that these simulation results showed that, even for the pattern with the highest risk, the IRR far exceeded the hurdle rate set out in our new business investment standards, our Board of Directors resolved to enter this business.

Long-term Vision 2035: Review of 8 Areas of Activities



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We have also revised the 8 areas of activities set out in our Long-Term Vision 2035 in connection with these latest business portfolio management initiatives.

More specifically, we clearly positioned "Entry to pharmaceutical business" as one of the 8 areas of activities and we will also aim for high capital profitability in the medium and long term by continuing to focus on improving the management of existing businesses.

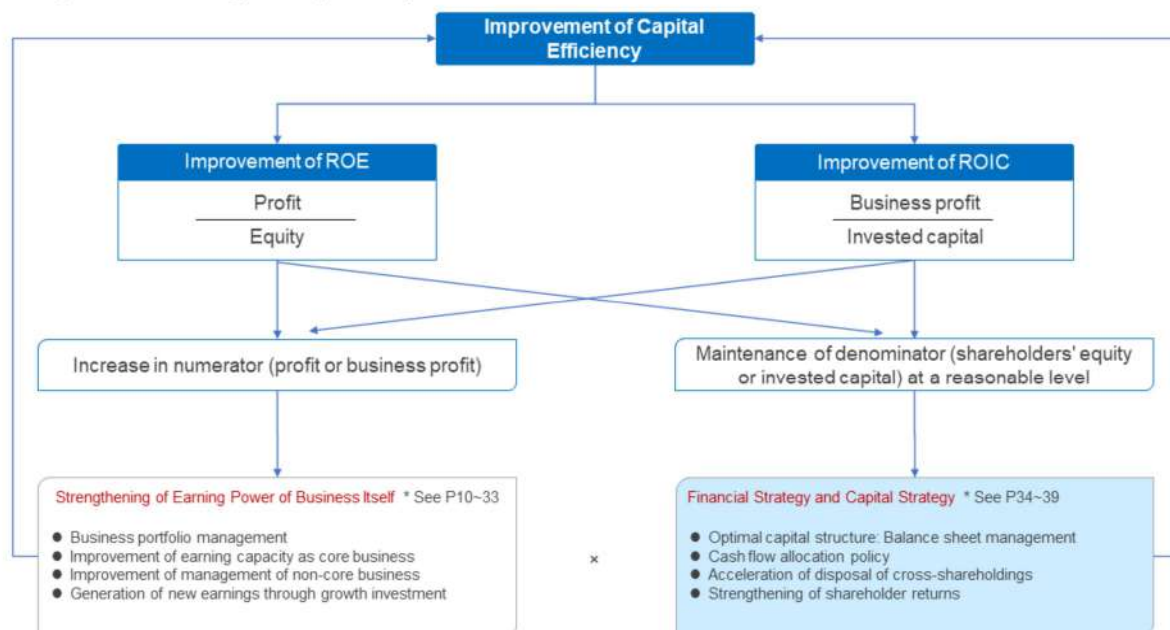
Three Priority Measures

Financial strategy and capital policy

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I will now explain our financial strategy and capital policy.

Positioning of Financial Strategy and Capital Policy



43

First, this is an overview of the improvement of capital efficiency.

We use ROE and ROIC as indicators of capital efficiency. In the formulas for both, profit is used as the numerator, and shareholders' equity or invested capital is used as the denominator.

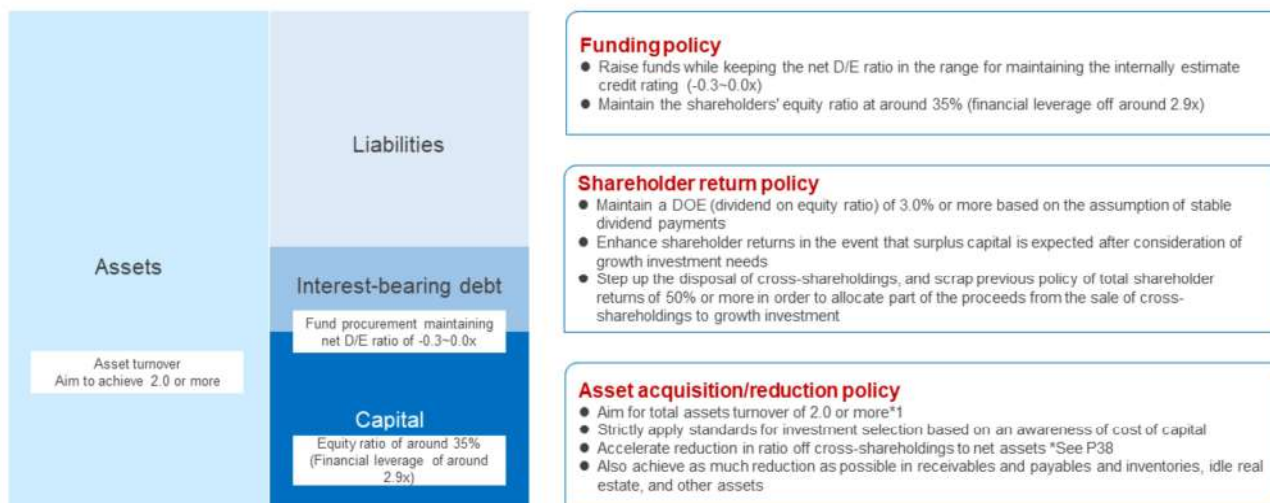
Firstly, we will increase profit, which is the numerator, in the medium and long term by thoroughly implementing business portfolio management and further increasing the profitability of existing businesses as explained earlier and by generating new earnings through growth investment.

Meanwhile, we will seek to maintain shareholders' equity or invested capital, which is the denominator, at a reasonable level through the financial strategy and capital policy I am about to explain.

Through this, we aim to achieve high capital profitability.

Optimal capital structure: Balance sheet management

Thoroughly implement balance sheet management to achieve optimal capital structure that achieves the right balance between financial soundness and capital efficiency



* 1: Target before the mandatory application of Japan's new lease accounting standards in FY2027. The target may be revised once the impact of the standard's application is confirmed.

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I would now like to explain balance sheet management for the optimal capital structure.

First, our funding policy is to raise funds as necessary while keeping the net D/E ratio in the range for maintaining the internally estimate credit rating. We will aim for a shareholders' equity ratio of around 35%, which will keep financial leverage at around 2.9x.

Next, regarding our shareholder return policy, we are revising our target DOE from 2.0% or more to 3.0% or more, based on the assumption of stable dividends. In addition, we will scrap our previous policy of total shareholder returns of 50% or more in order to aggressively invest in growth over the period of the current Medium-Term Management Plan. In the event that surplus capital is expected after consideration of growth investment needs, we will in addition enhance shareholder returns.

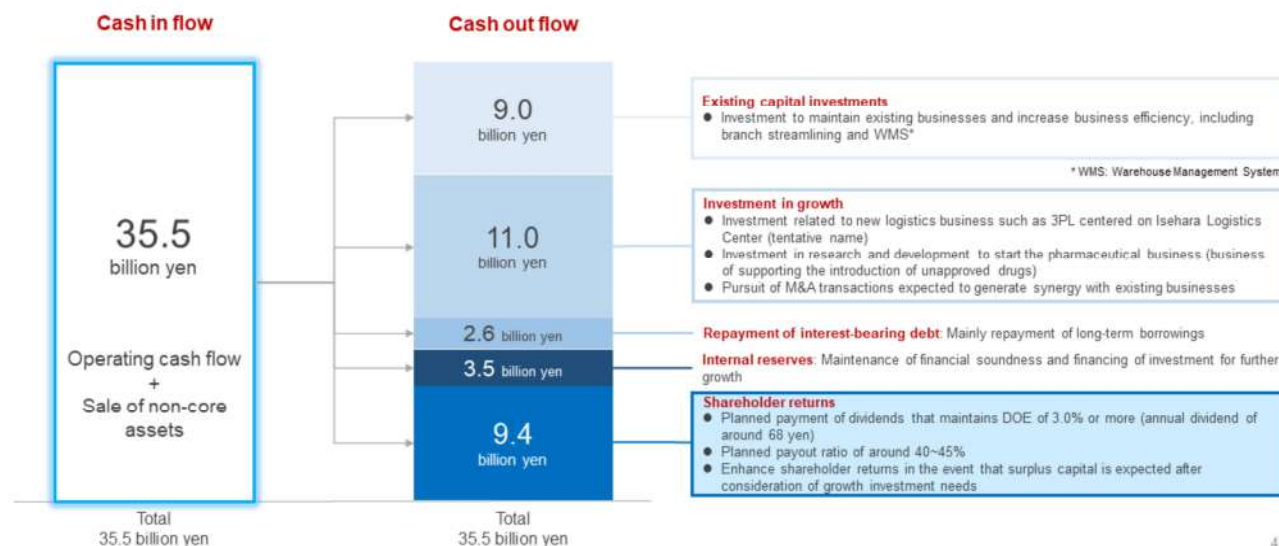
Finally, we have our asset acquisition/reduction policy. We will aim for total assets turnover of 2.0 or more and generate sales more efficiently. Additionally, we will

strictly apply standards for investment selection based on an awareness of cost of capital and accelerate the sale of cross-shareholdings. Furthermore, we will achieve as much reduction as possible in other assets, including reducing sites and disposing of idle real estate.

Through these initiatives, we aim to improve our balance sheet.

Cash flow allocation policy

Achieve the right balance between investment in strategic businesses and future growth, for realizing our target business portfolio, and enhancement of shareholder returns



45

I will now move on to our cash flow allocation policy.

Over the three-year period starting this fiscal year, we plan to generate total cash inflows, including operating cash flow and sales of cross-shareholdings, of ¥35.5 billion. We will allocate this cash as follows.

First, we will allocate ¥9.0 billion for investments in existing businesses, including branch streamlining and WMS, ¥11.0 billion for growth investments such as investment in the new logistics business and pharmaceutical business and M&A as explained under business portfolio management, and ¥2.6 billion for the repayment of interest-bearing debt.

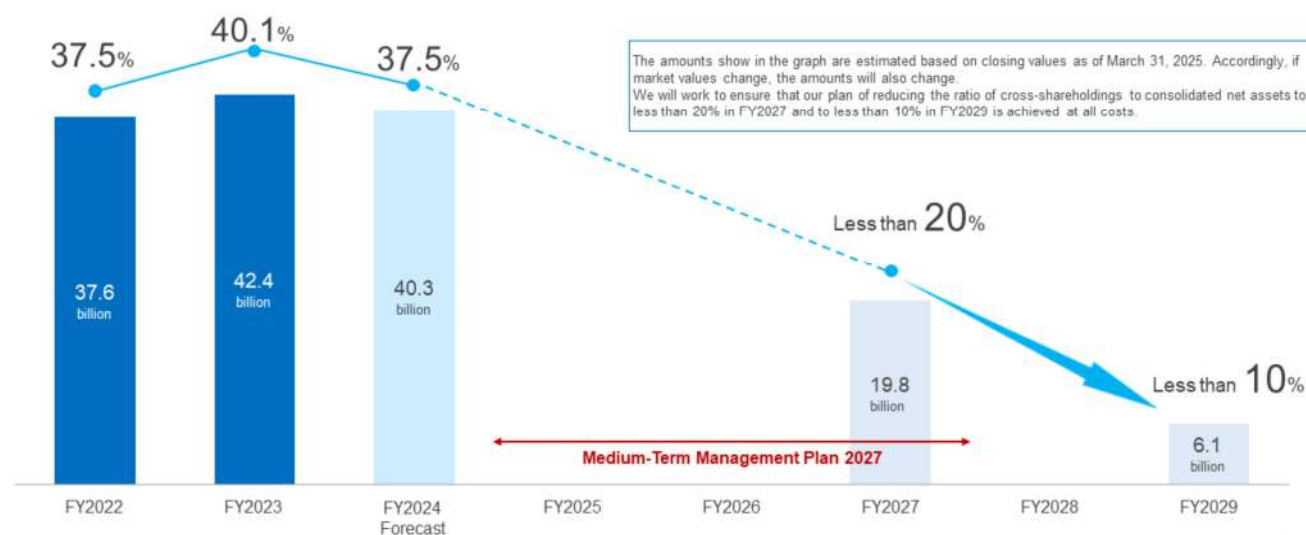
For shareholders returns, a top management priority, we will allocate ¥9.4 billion for the payment of dividends of around ¥68 annually that maintains DOE of 3.0% or more. As a result, the consolidated payout ratio will be 40-45%.

We plan to keep the remaining ¥3.5 billion as internal reserves for maintaining

financial soundness and financing investment for further growth. In the event of surplus capital, we will further enhance shareholder returns.

Acceleration of disposal of cross-shareholdings

Achieve previous target two years ahead of schedule and speed up disposal to reduce ratio of cross-shareholdings to consolidated net assets to **less than 20%** in FY2027 and to **less than 10%** in FY2029



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Next, I would like to explain the disposal of cross-shareholdings.

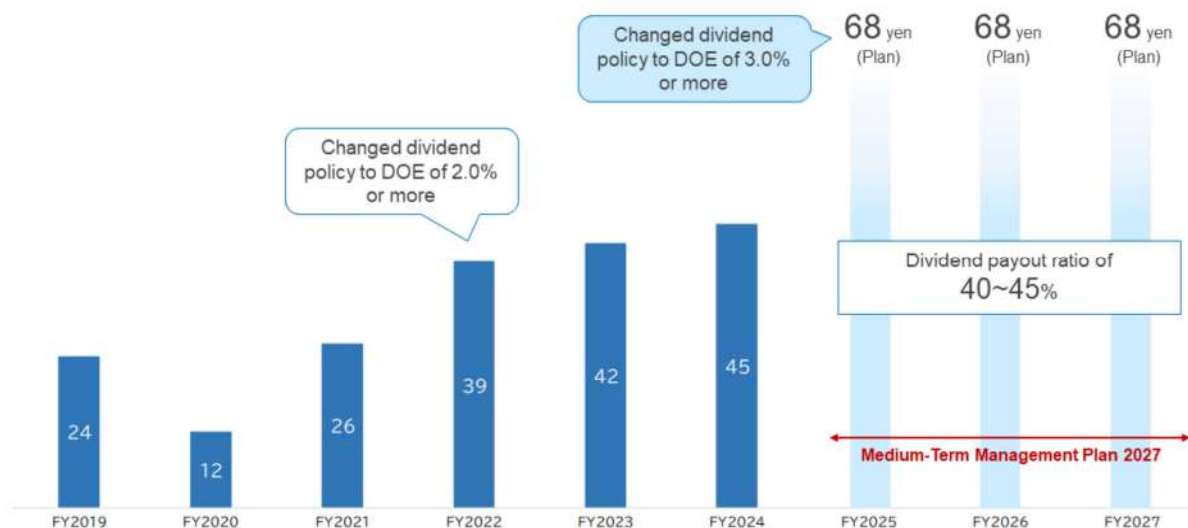
In dialogue with many institutional investors to date, we have received comments about the speed of disposal of cross-shareholdings. Initially, we planned to reduce the ratio of cross-shareholdings to consolidated net assets to less than 10% by FY2031; however, we have now revised this target and now aim to speed up disposal, reducing the ratio of cross-shareholdings to consolidated net assets to less than 20% by the end of FY2027 and to less than 10% by the end of FY2029, two years ahead of the original schedule.

The latest schedule is the result of a review in order to achieve a ROE that is consistently higher than the cost of shareholders' equity during the five-year period to FY2029, which is when the growth investments explained earlier will start to bear fruit and actually contribute to profit.

As a company that supports regional and community healthcare, we will do our best to implement management that is stable in the medium and long term and has high capital profitability.

Strengthening of Shareholder Returns

We have revised our target DOE(dividend on equity ratio) from 2.0% or more to **3.0% or more**. We plan to achieve a dividend payout ratio of around **40~45%**.



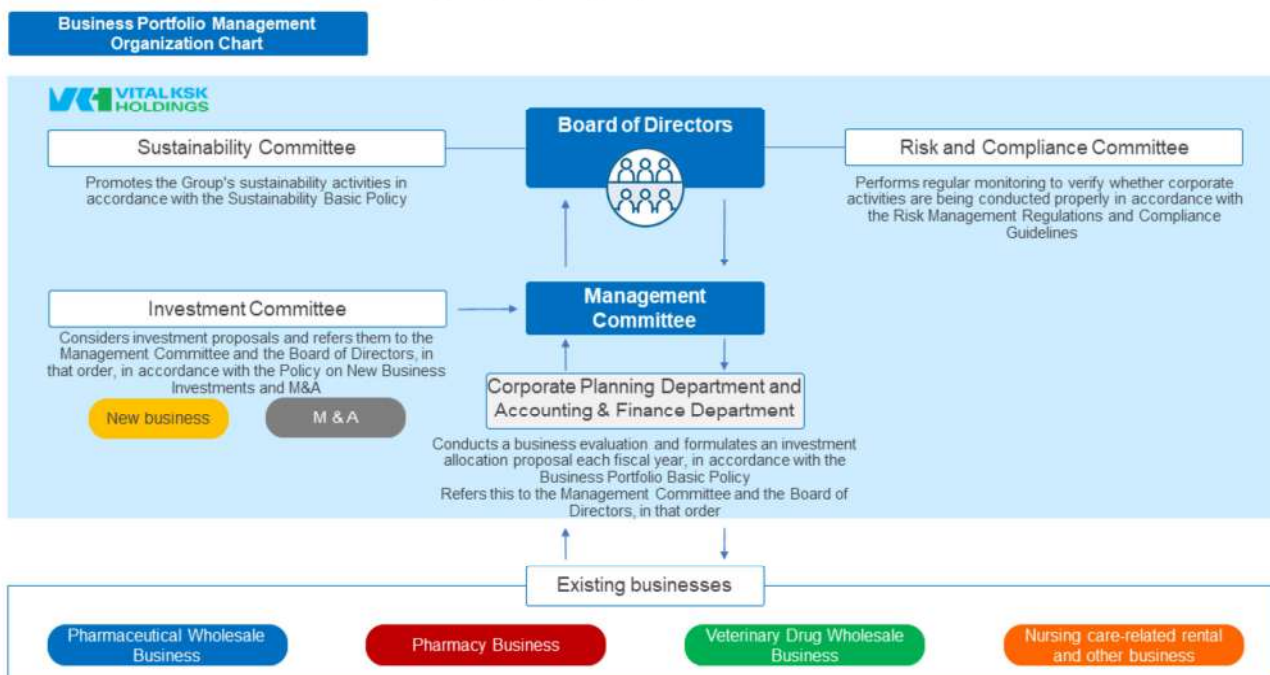
Finally, I will discuss strengthening of shareholder returns.

As explained earlier, we attach importance to shareholder returns and have revised our dividend policy to a target DOE of 3.0% or more. Through this, we plan to pay an annual dividend of around ¥68 and achieve a dividend payout ratio of around 40-45%.

Three Priority Measures

Strengthen group management

Let me now explain the strengthening of the Group management structure.



I will start by explaining the governance structure for steadily implementing the business portfolio management set forth in our latest Medium-Term Management Plan.

On the finalization of financial results for each fiscal year, the Corporate Planning Department and Accounting & Finance Department will conduct an evaluation of operating companies, in accordance with the Business Portfolio Basic Policy. They will then refer this to the Management Committee and the Board of Directors, in that order, for decisions on appropriate investments and allocations to be made.

Meanwhile, the Investment Committee will consider new business investments and M&A based on rigorous calculation of future profitability, and will refer these to the Management Committee and the Board of Directors, in that order, for decisions to be made.

Additionally, in the areas of sustainability, risk and compliance, we will continue implementing initiatives befitting a company listed on the Prime Market.

Environmental

Address climate change issues

- Continue initiatives to reduce greenhouse gas (GHG) emissions, including installing solar panels at each base, including logistics centers, and introducing HV and EVs
- Aim to further reduce environmental impact by building an efficient drug distribution structure, including developing the optimal network and reducing urgent deliveries
- Continue previously implemented initiatives such as switching to LED lighting, going paperless through the digitization of in-house operations, using recycled paper, and introducing energy efficient air conditioners

Social

Practice human capital management

- Create new personnel systems to increase employee retention
- Continue conducting engagement surveys
- Enhance employee training, including next-generation leader training

Promote diversity and work place improvement

- Continue initiatives to increase percentage of female employees in management positions to 20.0% by FY2030
- Continue initiatives to increase percentage of male employees taking child care leave to 80% by FY2030
- Implement human rights due diligence in accordance with Human Rights Policy, and promote Health & Productivity Management

Governance

Strengthen monitoring function of the Board of Directors

- Aim for a majority of Outside Directors to further increase the independence of the Board of Directors
- Further promote diversity in terms of gender, etc. on the Board of Directors
- Establish the new positions of CFO and CHRO

Strengthen organizational structure of holding company

- Tighten up operations in accordance with each policy, including the Business Portfolio Management Policy
- Strengthen compliance structure
- Step up IR activities including increasing opportunities for dialogue between Directors and stakeholders

This shows the ESG activities we will focus on in the coming three years.

Firstly, on the environmental front, we will continue implementing initiatives towards achievement of our target of a 30% reduction in GHG emissions from the FY2020 level by FY2030.

On the social side, we will continue practicing human capital management, creating new personnel systems, conducting engagement surveys and enhancing employee training, including next-generation leader training. At the same time, we will continue focusing on promoting diversity and work place improvement.

Finally, we come to governance. Aiming to strengthen the monitoring function of the Board of Directors, we will increase the ratio of Outside Directors and promote greater diversity; we will also establish the new positions of CFO and CHRO, in addition to CEO, and clarify accountability. In addition, we will tighten up operations in accordance with internal standards, including the Business Portfolio Basic Policy, and step up IR activities.

3

Full-year Earnings Forecasts and Shareholder Returns

Finally, I would like to talk about our full-year earnings forecast and shareholder returns.

**Medium-Term Management Plan 2027
Profit/Loss Plan**

(Million yen, %)

	FY2024 Results		FY2025 Plan		FY2026 Plan		FY2027 Plan	
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount	Ratio to net sales
Net sales	600,370	-	620,000	-	640,000	-	660,000	-
Core operating profit* ¹	5,896	0.98	6,000	0.97	6,600	1.03	7,600	1.15
(Research and development expenses)* ²	190	-	900	0.15	1,500	0.23	900	0.14
Operating profit	5,706	0.95	5,100	0.82	5,100	0.80	6,700	1.02
Ordinary profit	6,970	1.16	6,000	0.97	6,000	0.94	7,400	1.12
Profit	7,308	1.22	7,200	1.16	7,000	1.09	8,100	1.23

*1: Metric of core business profitability before deduction of research and development expenses for the pharmaceutical business (business of supporting the introduction of unapproved drugs) to be implemented during the plan period from the sales revenue of existing businesses

*2: Expenses for the pharmaceutical business (business of supporting the introduction of unapproved drugs) to be implemented during the plan period

Adjusted ROE* ³	—	7.6	7.9	8.3
ROE	6.9	6.8	6.5	7.5
Adjusted ROIC* ³	—	6.7	6.8	7.5
EPS	149.0 yen	149.1 yen	145.0 yen	167.8 yen
Annual dividend	45 yen	68 yen-Plan	68 yen-Plan	68 yen-Plan

*3: Metric of core capital profitability before deduction of research and development expenses for the pharmaceutical business (business of supporting the introduction of unapproved drugs) to be implemented during the plan period from the sales revenue of existing businesses

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Starting with FY2025, our forecast is net sales of ¥620,000 million, core operating profit after deduction of research and development expenses for the pharmaceutical business of ¥6,000 million, and adjusted ROE excluding the impact of research and development expenses of 7.6%.

We plan to pay an annual dividend of ¥68, a record-high dividend, up ¥23 from the previous year.

Starting from this fiscal year, we have decided to scrap the semi-annual forecast which we used to announce and disclose only a full-year forecast, given that the timing of recording research and development expenses for the pharmaceutical business is currently unclear. Thank you for your understanding.

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.**

Contact for Inquiries

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This brings me to the end of my presentation.

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

I would like to ask you to direct any inquiries you might have about this material to our Corporate communications Department.