

Question 1

Due to the worsening situation in the Middle East, there are rumors of shortages of medical consumables such as gloves.

What is the current situation for your company?

Answer 1

Thank you for your question.

At this point, we believe the impact on our business results is minimal.

It is true that the number of product groups judged by the Ministry of Health, Labour and Welfare as potentially facing supply constraints due to the Middle East situation—such as dialysis circuits, surgical waste containers, and medical gloves—has been increasing slightly through March and April.

However, medical consumables account for only about 2% of the total net sales of our Pharmaceutical Wholesale Business, and the target product groups in question represent only about 0.6%.

Furthermore, should the situation change significantly in the future, we will provide appropriate disclosure.

To prevent hoarding caused by distribution delays or future uncertainty, we will work closely with the government and do our utmost to ensure a stable distribution system so as not to cause disruption to medical settings.

Question 2

I have three questions regarding the Pharmaceutical Business.

First, could you provide an outlook on the timing of the market launch for the drugs currently under development?

Second, are there other candidate drugs for introduction?

Third, are there specific criteria for the drugs you introduce?

Answer 2

Thank you for your question.

Regarding the first point, we currently expect a market launch in 2029 or later. Since the clinical trial schedule and other details will be determined through discussions with relevant authorities, we aim to proceed steadily with development while communicating carefully, with the goal of delivering these drugs to patients in need as soon as possible.

Regarding the second point, we are currently in the process of diligently considering multiple products for introduction.

The third and final point is that we are considering products that are already on the market overseas or are at least in Phase 3 clinical trials, and that can leverage the characteristics of our sales network.

Question 3

Guidance for the second year of the Medium-Term Management Plan has been disclosed, but it is lower than the initial plan announced in April last year.

Under these circumstances, the third-year sales target of 660 billion yen remains unchanged. Isn't this a level that would be difficult to achieve without assuming M&A?

Please tell us the budget scale and target areas for M&A during the period of the Medium-Term Management Plan.

Answer 3

Thank you for your question.

First, regarding net sales, we aim to achieve our targets through organic growth of existing businesses, expansion of the 3PL business, and M&A.

For M&A, while emphasizing synergies with existing businesses, the Investment Committee will make decisions on a case-by-case basis after strictly calculating future profitability.

Regarding priority areas, we are focusing on the nursing care rental business and logistics/system-related areas.

Regarding growth investments, we intend to allocate funds to M&A in addition to new businesses such as the pharmaceutical business. However, for projects where future growth can be expected, our policy is to invest without being restricted by the announced framework.

Question 4

Regarding the reduction of cross-shareholdings, there is a trend among institutional investors to lower the threshold for voting criteria from 20% to 15%.

Given your company's current levels, don't you think the number of votes against the proposal to elect the Representative Director will increase in the future?

Answer 4

Thank you for your question.

Although research and development expenses related to the pharmaceutical business will be recorded, our company intends to maintain ROE at 6.5-7.5%, a level exceeding

our cost of shareholders' equity, by reducing the majority of our cross-shareholdings over the next four years.

Furthermore, from fiscal 2030 onward, we plan to raise ROE to around 8% through the profit contribution of new businesses such as the pharmaceutical business.

We intend to carefully explain this thinking to institutional investors to gain their understanding.