



August 3, 2020

To whom it may concern:

VITAL KSK HOLDINGS, INC.

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Notice of Revision of Consolidated Earnings Forecast

VITAL KSK HOLDINGS, INC. (hereinafter the “Company”) hereby announces that it has decided, at the meeting of the Board of Directors held on August 3, 2020, to withdraw the consolidated earnings forecasts for the fiscal year ending March 31, 2021 (including forecasts for the six months ending September 30, 2020 and the fiscal year ending March 31, 2021), released on May 12, 2020, and revise the forecasts to pending, in view of the impact of the spread of COVID-19.

1. Revisions to the consolidated earnings forecasts

(1) Revision to the consolidated earnings forecast for the six months ending September 30, 2020 (April 1, 2020 to September 30, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
Previously announced forecast (A)	Million yen 283,000	Million yen 1,400	Million yen 2,800	Million yen 1,900	Yen 34.57
Revised forecast (B)	Pending	Pending	Pending	Pending	Pending
Difference (B-A)	—	—	—	—	—
Increase/decrease (%)	—	—	—	—	—
(Reference) Results for the same period of the previous fiscal year (the six months ended September 30, 2019)	285,519	1,436	3,018	2,464	43.80

(2) Revision to the consolidated earnings forecast for the fiscal year ending March 31, 2021

(April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Basic earnings per share
Previously announced forecast (A)	Million yen 566,200	Million yen 3,350	Million yen 6,000	Million yen 5,000	Yen 90.98
Revised forecast (B)	Pending	Pending	Pending	Pending	Pending
Difference (B-A)	—	—	—	—	—
Increase/decrease (%)	—	—	—	—	—
(Reference) Results for the previous fiscal year (the fiscal year ended March 31, 2020)	562,505	3,556	6,404	4,642	83.33

2. Reasons for the revisions

In the pharmaceutical wholesale business, the Company Group's main business, demand for pharmaceuticals is declining significantly as a result of restraints on medical examination and the postponement of operations and other medical treatment, due to the impact of the spread of COVID-19. When the earnings forecasts were released, on May 12, 2020, the Group anticipated that COVID-19 would be brought under control after the Declaration of a State of Emergency was lifted, and that the situation would gradually return to normal. However, restraints on medical examination continued even after the Declaration of a State of Emergency was lifted. At the same time, significant changes are occurring in systems for the provision of healthcare services and the behavior of patients regarding medical examination. These include the construction of systems to respond to COVID-19 patients, an increase in long-term prescriptions, and growth in online medical examinations. In addition, the Group suspended sales activities during the spread of COVID-19, prioritizing the social mission of ensuring a stable supply of pharmaceuticals through a system specialized in logistics based on a rotating schedule. As a result, fees from pharmaceutical manufacturers, usually gained through sales activities, decreased significantly under this specialized logistics structure.

At present, COVID-19 has begun to spread again, and it is unclear when the epidemic will be brought under control. For this reason, the Company has judged that it is not possible to calculate a reasonable estimate of the impact on earnings at the present time, and has decided to withdraw the consolidated earnings forecasts for the six months ending September 30, 2020 and the fiscal year ending March 31, 2021, and revise the forecasts to pending.

The Company will continue to closely monitor the spread of COVID-19, and will make an announcement as soon as it becomes possible to calculate earnings forecasts.