

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]



May 14, 2025

Company name: **VITAL KSK HOLDINGS, INC.**
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3151
 URL: <https://www.vitalksk.co.jp/english/>
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 Scheduled date of annual meeting of shareholders: June 26, 2025
 Scheduled date of commencing dividend payments: June 5, 2025
 Scheduled date of filing securities report: June 20, 2025
 Preparation of supplementary explanatory materials: Yes
 Financial results briefing: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	600,370	2.2	5,706	2.7	6,970	6.3	7,308	25.1
March 31, 2024	587,481	1.1	5,556	38.1	6,557	10.0	5,843	21.0

(Note) Comprehensive income: Year ended March 31, 2025: ¥5,931 million [-39.2%]

Year ended March 31, 2024: ¥9,762 million [291.8%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Year ended	Yen	Yen	%	%	%
March 31, 2025	149.02	–	6.9	2.3	1.0
March 31, 2024	115.03	–	5.7	2.1	0.9

(Reference) Share of profit (loss) of entities accounted for using equity method: Year ended March 31, 2025: ¥25 million

Year ended March 31, 2024: ¥52 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	299,426	107,306	35.4	2,193.96
March 31, 2024	317,258	105,940	33.0	2,085.09

(Reference) Equity: As of March 31, 2025: ¥105,913 million

As of March 31, 2024: ¥104,664 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
Year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2025	(8,024)	3,516	(6,543)	20,074
March 31, 2024	23,570	(1,822)	(5,769)	31,125

2. Cash Dividends

	Cash dividends per share					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2024	–	19.00	–	23.00	42.00	2,119	36.5	2.1
March 31, 2025	–	21.00	–	24.00	45.00	2,187	30.2	2.1
Year ending March 31, 2026 (Forecast)	–	34.00	–	34.00	68.00		45.6	

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2026 (April 1, 2025 - March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Core operating profit *1		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	620,000	3.3	6,000	–	5,100	(10.6)	6,000	(13.9)	7,200 (1.5)	149.15

* For details of core operating profit, please see “1. Overview of Operating Results, etc. (4) Future Outlook.”

* Notes:

- (1) Major changes in the scope of consolidation during the period under review: None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of outstanding shares (common shares)
 - 1) Total number of outstanding shares at the end of the period (including treasury stocks):
 - March 31, 2025: 51,902,976 shares
 - March 31, 2024: 51,902,976 shares
 - 2) Total number of treasury stocks at the end of the period:
 - March 31, 2025: 3,628,047 shares
 - March 31, 2024: 1,706,337 shares
 - 3) Average number of shares during the period:
 - Year ended March 31, 2025: 49,044,074 shares
 - Year ended March 31, 2024: 50,798,554 shares

(Reference) Summary of Non-consolidated Results**1. Non-consolidated Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 - March 31, 2025)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	7,715	(12.7)	6,740	(16.0)	6,675	(16.0)	6,617	(16.7)
March 31, 2024	8,834	71.2	8,022	82.6	7,943	82.4	7,941	82.3

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
March 31, 2025	134.93	-
March 31, 2024	156.33	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2025	75,182	54,226	72.1	1,123.29
March 31, 2024	76,105	52,197	68.6	1,039.86

(Reference) Equity: As of March 31, 2025: ¥54,226 million

As of March 31, 2024: ¥52,197 million

* These financial results are outside the scope of audit procedures by certified public accountants or audit corporations.

* Explanation of the proper use of performance forecast and other notes

- The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and thus actual results may differ significantly from these forecasts due to a wide range of factors. For cautionary notes on assumptions that form the basis of the performance forecast and the use of performance forecast, please see “Overview of Operating Results for the Fiscal Year Under Review” on page 2 of the attached materials.
- The Company plans to hold a financial results briefing for institutional investors and analysts on May 15, 2025. The presentation materials to be used at the briefing will be posted on the Company’s website immediately after the briefing.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year ended March 31, 2025, the Japanese economy gradually recovered and social and economic activities increased amid improvement in the employment and income situation, despite the downside risks posed to the economy by the depreciation of the yen and rising prices. However, there is still a high degree of uncertainty in the outlook, with global instability, supply-side constraints and financial and capital market volatility.

In the pharmaceutical wholesale business sector, to which the Group's main business belongs, the drug price revisions in April 2024 cut approximately ¥120 billion from national healthcare costs and, going forward, discussions aimed at radically reforming policies and systems related to people's lives and health such as the social security system and the drug pricing system are likely to increase and the policy of curbing drug costs is likely to be maintained.

Under these circumstances, during the fiscal year under review, which is the final fiscal year under the Group's fifth Medium-term Management Plan, the Group aims to complete a number of practical tasks and achieve its profit plan, while at the same time working together on initiatives for realization of its Long-term Vision 2035, which is "Beyond medicine, beyond barriers. Innovating the future of medical care by being a "connector".

As a result, the Group succeeded in achieving its profit plan for the final fiscal year of the Fifth Medium-Term Management Plan, as shown in the table below.

[Profit plan and results for the final fiscal year] (Unit: million yen, %)

	Year ended March 31, 2025	
	Plan	Results
Net sales	590,000	600,370
Operating profit	5,500	5,706
Ordinary profit	6,400	6,970
Profit attributable to owners of parent	6,000	7,308
ROE	5.8	6.9

Major factors affecting the results are as follows.

The pharmaceutical wholesale business, which is the Company's main business, saw increased sales of products eligible for the price maintenance premium, such as anticancer drugs, and various vaccines, growing sales of influenza test kits and treatments associated with a surge in cases at the end of the year, and contributions to sales expansion from major operating subsidiaries VITAL-NET, Inc. (headquartered in Sendai-shi) and KSK Co., Ltd. (headquartered in Osaka-shi).

Operating profit grew due to the effect of the abovementioned increased sales and persistent price negotiations conscious of transactions costs, despite a reaction to the gain on reversal of allowance for doubtful accounts relating to large bad debt the previous year, the absence of the proceeds from national and local government-commissioned delivery of COVID-19 vaccines, and the posting of expenditures such as business investment expenses. This growth in operating profit combined with the recording of foreign exchange gains on securities resulted in even greater growth in ordinary 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 sharply.

As a result of the foregoing, business results for the fiscal year under review were net sales of ¥600,370 million (102.2% of that of the previous year), operating profit of ¥5,706 million (102.7% of that of the previous year), ordinary profit of ¥6,970 million (106.3% of that of the previous year), and profit attributable to owners of parent

was ¥7,308 million (125.1% of that of the previous year).

Next, business results by segment are as follows.

Pharmaceutical Wholesale Business

In the fiscal year ended March 31, 2025, net sales of the pharmaceutical wholesale business increased, reflecting growth in sales of influenza test kits and treatments due to the surge in cases mentioned earlier and growth in sales of products eligible for the price maintenance premium such as anticancer drugs, the cervical cancer vaccine, and the COVID-19 vaccine that started being given to patients in October. This growth offset the loss of revenue due to the impact of the NHI drug price revision and the negative impact of matters in other areas such as the year-on-year decline in sales of COVID-19-related products such as treatments and test kits.

As already mentioned, operating profit grew due to the effect of the abovementioned increased sales and persistent price negotiations conscious of transactions costs, despite a reaction to the gain on reversal of allowance for doubtful accounts relating to large bad debt the previous year, the absence of the proceeds from national and local government-commissioned delivery of COVID-19 vaccines, and the posting of expenditures such as business investment expenses.

As a result, net sales were ¥564,614 million (102.1% of that of the same period of the previous year), and segment profit (operating profit) was ¥5,163 million (105.1% of that of the same period of the previous year).

Pharmacy Business

The pharmacy business achieved sales growth, mainly due to efforts to expand income from dispensing technical fees and income from pharmaceutical management fees, despite a decrease in the number of prescriptions received. However, profit fell, mainly due to the impact of NHI drug price revisions and longer duration prescriptions. As a result, net sales were ¥19,552 million (102.3% of that of the same period of the previous year), and segment profit (operating profit) was ¥251 million (81.0% of that of the same period of the previous year).

Veterinary Drug Wholesale Business

The veterinary drug wholesale business recorded net sales of ¥11,626 million (105.4% of that for the previous year), partly due to the conversion of Arrow medical Inc. (headquartered in Yokohama) into a consolidated subsidiary in August 2024, which offset the sometimes negative impact of a changeover in products after certain products started being sold directly by their manufacturers. However, segment profit (operating profit) was ¥314 million (89.6% of that for the same period of the previous year), reflecting the impact of higher purchase prices.

Other Businesses

Other businesses reported a smaller segment loss, mainly due to the recovery of sales in each business. As a result, net sales were ¥4,577 million (102.4% of that of the same period of the previous year), and segment loss (operating loss) was ¥78 million (segment loss for the same period of the previous year was ¥109 million).

Moving on to the shareholder return policy, in accordance with the policy targeting a total shareholder return of 50% and a DOE of 2% or more, the Group acquired its own shares in the period from May 2024 to December 2024 (with 2 million shares as the number of shares repurchased and ¥2,505 million as the value of shares repurchased). The Company decided to pay an annual year dividend of ¥45, made up of an interim dividend of ¥21 and a year-end dividend of ¥24. As a result, the total return ratio came to 64.3%.

(2) Overview of Financial Position for the Fiscal Year Under Review

Assets as of the end of the year ended March 31, 2025 amounted to ¥299,426 million, a decrease of ¥17,831 million from the end of the previous consolidated fiscal year. Assets comprised ¥187,896 million of current assets and ¥111,529 million of non-current assets.

Current assets mainly comprised ¥23,099 million of cash and deposits, ¥116,944 million of notes and accounts receivable - trade, ¥33,253 million of inventories and ¥12,025 million of accounts receivable - other. Current assets decreased ¥15,407 million from the end of the previous consolidated fiscal year, due primarily to a decrease of ¥11,612 million in cash and deposits.

Non-current assets comprised ¥49,168 million of property, plant and equipment, ¥4,291 million of intangible assets and ¥58,070 million of investments and other assets. Non-current assets decreased ¥2,424 million from the end of the previous consolidated fiscal year, due primarily to a decrease of ¥1,825 million in investment securities and a decrease of ¥881 million in long-term loans receivable.

Liabilities amounted to ¥192,120 million, a decrease of ¥19,197 million from the end of the previous consolidated fiscal year. Liabilities comprised ¥174,880 million of current liabilities and ¥17,240 million of non-current liabilities.

Current liabilities mainly comprised ¥162,492 million of notes and accounts payable - trade and ¥1,696 million of provision for bonuses. Current liabilities decreased ¥18,527 million from the end of the previous consolidated fiscal year, due primarily to a decrease of ¥16,682 million in notes and accounts payable - trade.

Non-current liabilities mainly comprised ¥9,611 million of deferred tax liabilities, ¥4,850 million of long-term borrowings, and ¥979 million of lease obligations. Non-current liabilities decreased ¥670 million from the end of the previous consolidated fiscal year, due primarily to a decrease of ¥970 million in long-term borrowings, offsetting an increase of ¥815 million in retirement benefit liability.

Net assets amounted to ¥107,306 million, an increase of ¥1,366 million from the end of the previous consolidated fiscal year. This is primarily due to the reporting of profit attributable to owners of parent of ¥7,308 million, a ¥2,505 million decrease due to purchase of treasury shares, a ¥2,187 million decrease due to dividends paid, and a ¥1,346 million decrease in remeasurements of defined benefit plans.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (collectively, “Cash”) as of the end of the year ended March 31, 2025 amounted to ¥20,074 million (compared to ¥31,125 million at the end of the previous consolidated fiscal year).

a) Cash Flows from Operating Activities

Cash used in operating activities during the year ended March 31, 2024 was ¥8,024 million (¥23,570 million provided for the previous consolidated fiscal year). This is attributable mainly to decreasing factors such as a decrease in trade payables of ¥16,879 million yen (an increase of ¥14,545 million yen for the previous consolidated fiscal year), and income taxes paid of ¥2,923 million (¥3,558 million for the previous consolidated fiscal year), offsetting increasing factors such as a profit before income taxes of ¥10,691 million (¥8,672 million for the previous consolidated fiscal year), and a decrease in accounts receivable-other of ¥4,272 million (a decrease of ¥164 million for the previous consolidated fiscal year).

b) Cash Flows from Investing Activities

Cash used in investing activities during the year ended March 31, 2025 was ¥3,516 million (¥1,822 million used for the previous consolidated fiscal year). This is attributable to increasing factors such as proceeds from sale of investment securities of ¥6,085 million (¥4,537 million for the previous consolidated fiscal year), offsetting

decreasing factors such as purchase of property, plant and equipment of ¥2,563 million (¥1,845 million for the previous consolidated fiscal year) and purchase of intangible assets of ¥1,774 million (¥3,253 million for the previous consolidated fiscal year).

c) Cash Flows from Financing Activities

Cash used in financing activities during the year ended March 31, 2025 was ¥6,543 million (¥5,769 million used for the previous consolidated fiscal year). This is attributable to decreasing factors such as purchase of treasury shares of ¥2,505 million (¥1,626 million for the previous consolidated fiscal year), dividends paid of ¥2,183 million (¥2,365 million for the previous consolidated fiscal year), and repayments of long-term borrowings of ¥970 million (¥970 million for the previous consolidated fiscal year).

(4) Future Outlook

Starting from next fiscal year ending March 31, 2026, the Group is launching its new three-year medium-term management plan “Medium-Term management Plan 2027 - Move on to the Next Stage -” (FY2025~ FY2027). Under Medium-Term Management Plan 2027, the Company plans to fully incorporate a Group management approach that is conscious of the cost of capital, as befits a company listed on the TSE Prime market, and with the aim of achieving sustainable growth and medium-to-long term enhancement of corporate value as a Group, the Company plans to strengthen the profitability of existing businesses and review its business portfolio, while also making aggressive investment in growth. For further details, please see “3. Management Policy (3) Medium- and Long-term Business Strategies” on page 9 as well as the Company’s website (<https://www.vitalksk.co.jp/ir/management/plan2027/>).

As for the outlook for the next fiscal year ending March 31, 2026, the pharmaceutical market is expected hold steady, with new drugs continuing to enter the market and demand for various vaccines such as the zoster (shingles) vaccine also expected to some degree, despite the impact of off-year NHI drug price revisions in April 2025.

In this environment, the Group will comply with the revised guidelines for improvement of the current distribution system issued by the Ministry of Health, Labour and Welfare in March 2024 and will continue to negotiate unit prices for single items except excluded items. The Group will also improve profit contributed by customer through efforts to reduce transaction costs, including promoting the shift to EOS and reducing returns.

Moving onto strategies by area, the Group will actively conduct sales activities in line with urban and rural market conditions (rolling out women’s healthcare solutions and okusuri-aun) and logistics strategies (reviewing centers and developing an efficient logistics network). As for strategies by customer, the Group will target promising new drugs (especially anti-cancer drugs) and related diagnostics and testing equipment and other disease markets that are major markets and intensively invest management resources in them. In addition, the Group intends to also take on new challenges, including expanding digital marketing to replace dwindling manufacturer MRs and leveraging collaboration agreements with local governments to identify health product markets.

The Company has also decided to pursue new business under Medium-term Management Plan 2027, seeking to expand its logistics services business centered around 3PL while also entering the pharmaceutical business (business of supporting the introduction of unapproved drugs). In the latter business, the Group will in-license promising drugs already approved in Europe and the U.S. that have yet to be approved in Japan, obtain regulatory approval for them in Japan and then introduce them to the Japanese market. It goes without saying that until such drugs are approved by the regulatory authorities and introduced to the Japanese market, the Group will only incur expenses such and research and development expenses and licensing expenses. Accordingly, starting from the next fiscal year ending March 31, 2026, the Company will also calculate “core operating profit” before deduction of

such expenses, in addition to “operating profit”, and will present core operating profit as an indicator of the profitability of the Group’s core business activities.

Furthermore, the Company has revised its policy on the disposal of cross shareholdings and now aims to reduce the ratio of cross-shareholdings to net assets to less than 10% by the fiscal year ending March 31, 2030, which is two years earlier than originally planned. Accordingly, the Company plans to record a gain on the sale of investment securities of around ¥5 billion every fiscal year for a period of five years starting with the next fiscal year ending March 31, 2026.

Based on the forgoing, for the year ending March 31, 2026, the Company forecasts net sales of ¥620,000 million (103.3% of the level a year earlier), core operating profit of ¥6,000 million (no indicator in a year earlier), operating profit of ¥5,100 million (89.4% of the level a year earlier), ordinary profit of ¥6,000 million (86.1% of the level a year earlier) and profit attributable to owners of parent of ¥7,200 million (98.5% of the level a year earlier).

(5) Dividend Policy and Payments for This Period and Next Period

The Company considers the return of profit to shareholders to be an important management issue and aims to pay continuous and stable dividends. To this end, as stated earlier, the Company uses dividend on equity (DOE) as an index for dividends because DOE is relatively immune to changes in single-year business results and its policy is to maintain a DOE of 2% or more.

In accordance with this policy, for the year ended March 31, 2024, the Group has decided to pay the interim dividend of ¥21 per share, as previously paid, and a year-end dividend of ¥24 per share, bringing the total annual dividend to ¥45 per share.

As regards the dividend forecast for the next fiscal year ending March 31, 2026, the Company plans to allocate cash inflows to new businesses such as the pharmaceutical business and logistics business in accordance with the change in its shareholder returns policy set out in Medium-Term Management Plan 2027. Accordingly, the Company is scrapping its policy of targeting a total shareholder return of 50% or more and targeting a DOE of 3% or more instead. Based on this policy, the Company plans to increase the annual dividend by ¥23 to ¥68 per share. This is made up of an interim dividend of ¥34 per share and a year-end dividend of ¥34 per share.

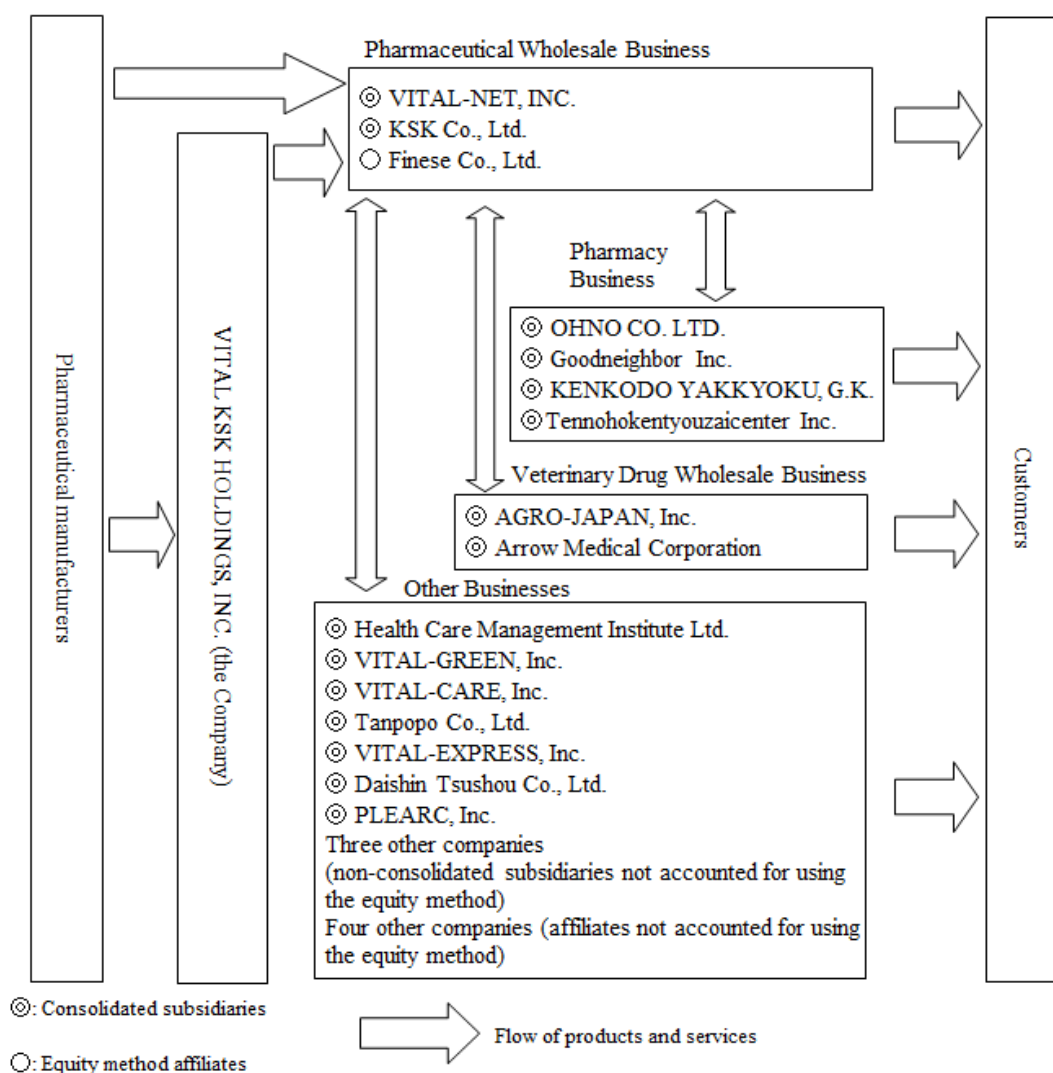
2. Overview of the Corporate Group

The Group (the Company and the associated companies of the Company) comprises the Company, its 18 subsidiaries and five affiliates. The Group is mainly engaged in businesses associated with the four businesses of the pharmaceutical wholesale business, the pharmacy business, the veterinary drug wholesale business, and other businesses. Other businesses include the retail of pharmaceuticals, the wholesale of agricultural chemicals, the transportation business, the nursing care service business, the consulting services for medical institutions, the non-life insurance agency business, the real estate brokerage business and the operation of parking lots.

Business	Associated companies
Pharmaceutical Wholesale Business	VITAL KSK HOLDINGS, INC. (the Company), VITAL-NET, INC., KSK Co., Ltd., Finese Co., Ltd.
Pharmacy Business	OHNO CO. LTD., Goodneighbor Inc., KENKODO YAKKYOKU, G.K., Tenuhokentyouzaicenter Inc.
Veterinary Drug Wholesale Business	AGRO-JAPAN, Inc., Arrow Medical Corporation
Other Businesses	Health Care Management Institute Ltd., VITAL-GREEN, Inc., VITAL-CARE, Inc., Tanpopo Co., Ltd., VITAL-EXPRESS, Inc., Daishin Tsushou Co., Ltd., PLEARC, Inc., 7 other companies

The following figure illustrates the Company's business structure.

<Business Flow>



3. Management Policy

(1) Basic Management Policies

On April 1, 2009, the VITAL KSK Group was launched upon the establishment of VITAL KSK HOLDINGS, INC., a joint holding company, through the share transfer of VITAL-NET, INC. and KSK Co., Ltd. and 16 years have passed since then.

The Group has adopted “Supporting community healthcare so that people can live healthy lives with peace of mind” as its corporate slogan. To fulfill the vision, the Group is constantly working to expedite management processes, promote the development of markets, incorporate IT technology, fuse and evolve the pharmaceutical distribution technologies that it has developed over many years, and increase profitability by leveraging synergies.

(2) Target Management Indicators

○ Long-Term Vision 2035 (composition of net sales and operating profit by business)

In its Long-term Vision 2035 (fiscal year ending March 31, 2036), the Group has set target component ratios of net sales and operating profit for each business as shown below.

	Year ended March 31, 2023 (Note 1)	Year ending March 31, 2036
Net sales	Pharmaceutical Wholesale Business: 94% Healthcare-related Businesses: 6%	Pharmaceutical Wholesale Business: 80% Healthcare-related Businesses: 20%
Operating profit	Pharmaceutical Wholesale Business: 83% Healthcare-related Businesses: 17%	Pharmaceutical Wholesale Business: 60% Healthcare-related Businesses: 40%

(Note 1) Fiscal year directly preceding formulation of Long-Term Vision 2035

○ Major Business Indicators under Medium-term Management Plan 2027 (FY2025 ~ FY2027)

The Group has adopted the following quantitative targets under Medium-Term Management Plan 2027, which is a three-year plan from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028.

Major Business Indicators	Period	Targets	Results for year ended March 31, 2025
Net sales	Year ending March 31, 2028	660.0 billion yen	600.3 billion yen
Core operating profit margin (Note 2)	Year ending March 31, 2028	1.15% or more	0.95%
Adjusted ROE (Note 3)	Year ending March 31, 2028	8.0% or more	6.9%
Basic earnings per share	Year ending March 31, 2028	167 yen or more	149.02 yen
Investment	3 year period	20.0 billion yen (FY2025-2027)	177.7 billion yen (FY2022-2024)
Ratio of cross-shareholdings to consolidated net assets	Year ending March 31, 2028	Less than 20% (Note 4)	37.5%
Shareholder return policy	Every year	DOE of 3% or more • Dividend payout ratio of 40-45% • There is no total return ratio policy • Share repurchases will be implemented flexibly	DOE of 2% or more Total return ratio of 50% or more

(Note 2) Operating profit before deduction of research and development expenses in the pharmaceutical business divided by net sales

(Note 3) Profit attributable to owners of parent before deduction of research and development expenses in the pharmaceutical business divided by net sales

(Note 4) The Company expects to achieve the target of less than 10% in the fiscal year ending March 31, 2030.

(3) Medium- and Long-term Business Strategies

○ Long-Term Vision 2035

The Group formulated Long-Term Vision 2035 in May 2023; however, following its decision to enter the pharmaceutical business as a new business during formulation of Medium-Term Management Plan 2027, the Group has changed the practical issues in Long-Term Vision 2035 as follows.

<Long-term Vision 2035>

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

<Major practical issues>

- Sophistication of logistics functions
- Overhaul of pharmaceutical wholesale business
- Expansion of medical products
- **Entry to pharmaceutical business (Note 5)**
- Strengthening of rental business
- Strengthening of cooperation with central and local governments
- **Strengthening of pharmacy business and veterinary drug wholesale business (Note 5)**
- **Expansion of life support business (Note 5)**

(Note 5) Changes are in bold font. “Expansion of life support business” at the end was initially “Enhancement of life support”, but the former expression will be used going forward.

○ Medium-term Management Plan 2027-Move on to the Next Stage- (FY2025 to FY2027)

The Group formulated “Medium-Term Management Plan 2027-Move on to the Next Stage-” covering the three-year period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028. The medium-term management plan is outlined below.

<Medium-Term Vision>

“Business model innovation with an eye to the next generation - Phase 2-”

<Aims of Medium-Term Management Plan 2027>

The Company plans to fully incorporate a Group management approach that is conscious of the cost of capital, as befits a company listed on the TSE Prime market, and in order to achieve sustainable growth and medium-to-long term enhancement of corporate value as a Group, the Company plans to strengthen the profitability of existing businesses and review its business portfolio, while also making aggressive investment in growth. Through such measures, the Company intends to implement business model innovation that is a step up from the previous medium-term management plan. Accordingly, the Company has defined the Medium-Term Vision of Medium-Term Management Plan 2027 as “Business model innovation with an eye to the next generation - Phase 2-” and will implement the following three priority measures.

<Three Priority Measures>

Priority measure	Details
1. Business portfolio management	Establish a business portfolio basic policy for sustainable growth and medium-to-long-term improvement of corporate value based on an awareness of the cost of capital, and perform evaluation and monitoring of each business on a regular basis. Specifically, evaluate the profitability and growth potential of existing businesses, focusing on ROIC and CAGR (5-year compound average growth rate), at least once every year, and make decisions not only on continuing investment and scaling back or withdrawing from businesses but also on investing in new businesses and investing in M&A for realization of the long-term vision.
2. Financial strategy and capital policy	Thoroughly implement balance sheet management based on an awareness of the optimal capital structure for achieving both financial soundness and capital efficiency, and also establish a cash flow allocation policy and allocate cash in a well-balanced manner to investments that will lead to sustainable growth and shareholder returns.
3. Strengthen group management	Strengthen the corporate governance structure as befits a company listed on the TSE's Prime Market, and also step up sustainability initiatives that contribute to the realization of a sustainable society while also helping the Group to grow.

<Major practical issues>

1. Business portfolio management

☐ Strategy by Business Segment

(i) Pharmaceutical Wholesale Business Segment

Boldly tackle the following practical issues to improve ROIC and create stable free cash flow.

1) Improvement of management quality

- Exemplification of the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs and thorough implementation of management of contributed profit
- Establishment of efficient and effective delivery systems suited to the characteristics of urban and rural regions
- Use of DX and AI to increase operational efficiency and improve productivity

2) Strengthening of pharmaceutical distribution profitability

- Generation of new profit through strengthening of digital marketing
- Focus on distinctive pharmaceutical distribution in areas such as cancer, vaccines, women's health care and community cooperation
- Strengthening of new style of hospital MS activities through MAPs and Lab Access Dept.

3) Expansion of core business areas

- Expansion of okusuri-aun business that connects specialist doctors and pharmacists with patients with intractable diseases, etc.

(ii) Pharmacy Business Segment

Focus on the following practical issues, aiming to achieve a ROIC that is greater than the hurdle rate.

1) Management integration of consolidated and non-consolidated subsidiaries

2) Improvement of ROIC through elimination of surplus capital

3) Expansion of new pharmacy openings and M&A

(iii) Veterinary Drug Wholesale Business Segment

Focus on the following practical issues to improve ROIC and generate stable free cash flow.

1) Maximization of business synergy with operator in same business acquired last year

2) Expansion of pet food business as a new business

(iv) Pharmaceutical Business (business of supporting introduction of unapproved drugs)

The Group will enter the business of supporting the introduction of promising drugs approved in Europe and the U.S. that have yet to be approved in Japan in order to contribute to the Group's sustainable growth and the medium-and long-term enhancement of corporate value while at the same time doing as much as possible to resolve Japan's drug lag-drug loss issue.

- 1) Positioning of Medium-term Management Plan 2027 period as research and development period
Acceleration of the investment of research and development expenses as much as possible, aiming for early approval

(v) Nursing Care-related Rental and Other Business Segment

The Group will change the name of the "Other Businesses" segment to the "Nursing Care-Related Rental and Other Businesses Segment," expand the nursing care-related rental business and logistics services business, withdraw from or scale back other related businesses, strengthen profitability, and improve ROIC and CAGR.

- 1) Expand and drive the nursing care-related rental business, which has high capital profitability, through M&A.
- 2) Expand the 3PL business through M&A to acquire the warehouse storage and transport companies needed for expansion
- 3) Decide whether to rebuild or withdraw from businesses/operations with low capital profitability

2. Financial strategy and capital policy

(i) Balance sheet management that is conscious of the optimal capital structure

Establish and implement a funding policy, shareholder return policy and asset acquisition/reduction policy in order to exercise balance sheet management that is conscious of the optimal capital structure for achieving both financial soundness and capital efficiency.

(ii) Cash flow allocation policy

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

3. Strengthen group management

Strengthen the governance structure as befits a company listed on the TSE's Prime Market, and also strengthen sustainability initiatives, setting and implementing E (environmental), S (social) and G (governance) goals respectively, in order to contribute to the realization of a sustainable society and help the Group to grow at the same time.

Medium-term Management Plan 2027 is as outlined above. For further details, please see the Company's website (<https://www.vitalksk.co.jp/ir/management/plan2027/>).

4. Basic Idea for Selection of Accounting Standards

In order to ensure comparability between companies over time, the Group prepares its consolidated financial statements in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (excluding Chapters 7 and 8) (Ordinance of the Ministry of Finance No. 28 of 1976).

The Group will appropriately apply international accounting standards, while taking domestic and overseas situations into account.

5. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	34,712	23,099
Notes and accounts receivable - trade	117,993	116,944
Inventories	31,421	33,253
Accounts receivable - other	16,337	12,025
Other	2,890	2,627
Allowance for doubtful accounts	(51)	(55)
Total current assets	203,303	187,896
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,569	50,544
Accumulated depreciation	(31,394)	(32,459)
Buildings and structures, net	19,174	18,085
Machinery, equipment and vehicles	2,031	2,079
Accumulated depreciation	(1,526)	(1,631)
Machinery, equipment and vehicles, net	505	448
Land	25,244	25,281
Leased assets	7,760	7,992
Accumulated depreciation	(4,834)	(5,397)
Leased assets, net	2,925	2,595
Construction in progress	925	1,660
Other	4,543	4,814
Accumulated depreciation	(3,614)	(3,717)
Other, net	929	1,096
Total property, plant and equipment	49,704	49,168
Intangible assets		
Goodwill	682	615
Leased assets	286	215
Other	2,944	3,459
Total intangible assets	3,913	4,291
Investments and other assets		
Investment securities	46,956	45,131
Long-term loans receivable	1,202	321
Retirement benefit asset	9,184	9,438
Deferred tax assets	400	361
Other	3,245	3,413
Allowance for doubtful accounts	(653)	(595)
Total investments and other assets	60,336	58,070
Total non-current assets	113,954	111,529
Total assets	317,258	299,426

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	179,174	162,492
Short-term borrowings	890	900
Current portion of long-term borrowings	970	970
Income taxes payable	1,561	1,605
Provision for bonuses	1,687	1,696
Lease liabilities	831	893
Other	8,290	6,321
Total current liabilities	193,407	174,880
Non-current liabilities		
Long-term borrowings	5,820	4,850
Lease liabilities	1,434	979
Deferred tax liabilities	9,786	9,611
Asset retirement obligations	278	284
Provision for retirement benefits for directors (and other officers)	208	255
Provision for share awards for directors (and other officers)	80	92
Provision for share awards	77	91
Retirement benefit liability	60	876
Other	163	199
Total non-current liabilities	17,910	17,240
Total liabilities	211,317	192,120
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	5,272	5,293
Retained earnings	71,339	76,460
Treasury shares	(1,653)	(4,074)
Total shareholders' equity	79,958	82,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,749	22,624
Remeasurements of defined benefit plans	1,956	609
Total accumulated other comprehensive income	24,705	23,234
Non-controlling interests	1,276	1,393
Total net assets	105,940	107,306
Total liabilities and net assets	317,258	299,426

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	587,481	600,370
Cost of sales	539,179	551,155
Gross profit	48,301	49,214
Selling, general and administrative expenses	42,745	43,508
Operating profit	5,556	5,706
Non-operating income		
Interest income	32	34
Dividend income	699	702
Share of profit of entities accounted for using equity method	52	25
Rental income	260	261
Gain on redemption of securities	–	239
Other	333	207
Total non-operating income	1,379	1,471
Non-operating expenses		
Provision of allowance for doubtful accounts	103	–
Interest expenses	103	81
Rental expenses	77	52
Loss on investments in investment partnerships	73	53
Other	20	19
Total non-operating expenses	378	207
Ordinary profit	6,557	6,970
Extraordinary income		
Gain on sale of non-current assets	46	2
Gain on sale of investment securities	2,556	4,238
Other	26	36
Total extraordinary income	2,630	4,276
Extraordinary losses		
Loss on sale of non-current assets	–	28
Impairment losses	82	353
Loss on valuation of investment securities	318	63
Demolition cost	57	59
Other	57	51
Total extraordinary losses	515	556
Profit before income taxes	8,672	10,691
Income taxes - current	2,966	2,909
Income taxes - deferred	(238)	379
Total income taxes	2,728	3,288
Profit	5,943	7,402
Profit attributable to non-controlling interests	100	93
Profit attributable to owners of parent	5,843	7,308

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	5,943	7,402
Other comprehensive income		
Valuation difference on available-for-sale securities	2,079	(491)
Remeasurements of defined benefit plans, net of tax	1,042	(1,335)
Share of other comprehensive income of entities accounted for using equity method	696	355
Total other comprehensive income	3,818	(1,470)
Comprehensive income:	9,762	5,931
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,662	5,837
Comprehensive income attributable to non-controlling interests	100	93

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	12,810	67,864	(7,575)	78,099
Restated balance	5,000	12,810	67,864	(7,575)	78,099
Changes during period					
Dividends of surplus			(2,368)		(2,368)
Profit attributable to owners of parent			5,843		5,843
Purchase of treasury shares				(1,626)	(1,626)
Disposal of treasury shares		0		0	0
Disposal of treasury shares by stocks payment trust		(0)		11	11
Cancellation of treasury shares		(7,537)		7,537	–
Net changes in items other than shareholders' equity					
Total changes during period	–	(7,537)	3,475	5,922	1,859
Balance at end of period	5,000	5,272	71,339	(1,653)	79,958

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	19,972	913	20,886	1,179	100,165
Restated balance	19,972	913	20,886	1,179	100,165
Changes during period					
Dividends of surplus					(2,368)
Profit attributable to owners of parent					5,843
Purchase of treasury shares					(1,626)
Disposal of treasury shares					0
Disposal of treasury shares by stocks payment trust					11
Cancellation of treasury shares					–
Net changes in items other than shareholders' equity	2,776	1,042	3,818	96	3,914
Total changes during period	2,776	1,042	3,818	96	5,774
Balance at end of period	22,749	1,956	24,705	1,276	105,940

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	5,272	71,339	(1,653)	79,958
Restated balance	5,000	5,272	71,339	(1,653)	79,958
Changes during period					
Dividends of surplus			(2,187)		(2,187)
Profit attributable to owners of parent			7,308		7,308
Purchase of treasury shares				(2,505)	(2,505)
Disposal of treasury shares		20		81	102
Disposal of treasury shares by stocks payment trust				1	1
Change in scope of consolidation					-
Net changes in items other than shareholders' equity					
Total changes during period	-	20	5,121	(2,421)	2,719
Balance at end of period	5,000	5,293	76,460	(4,074)	82,678

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	22,749	1,956	24,705	1,276	105,940
Restated balance	22,749	1,956	24,705	1,276	105,940
Changes during period					
Dividends of surplus					(2,187)
Profit attributable to owners of parent					7,308
Purchase of treasury shares					(2,505)
Disposal of treasury shares					102
Disposal of treasury shares by stocks payment trust					1
Change in scope of consolidation				28	28
Net changes in items other than shareholders' equity	(124)	(1,346)	(1,470)	89	(1,381)
Total changes during period	(124)	(1,346)	(1,470)	117	1,366
Balance at end of period	22,624	609	23,234	1,393	107,306

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	8,672	10,691
Depreciation	3,251	3,658
Impairment losses	82	382
Amortization of goodwill	137	128
Increase (decrease) in allowance for doubtful accounts	(339)	(54)
Increase (decrease) in provision for bonuses	117	2
Increase (decrease) in net defined benefit liability	(2,388)	561
Interest and dividend income	(732)	(737)
Rental income	(260)	(261)
Interest expenses	103	81
Loss (gain) on investments in investment partnerships	73	53
Share of loss (profit) of entities accounted for using equity method	(52)	(25)
Loss (gain) on sale and valuation of investment securities	(2,238)	(4,173)
Loss (gain) on sale and retirement of property, plant and equipment	(44)	16
Decrease (increase) in trade receivables	660	1,227
Decrease (increase) in inventories	(552)	(1,795)
Decrease (increase) in accounts receivable - other	164	4,272
Decrease (increase) in guarantee deposits	(7)	(56)
Increase (decrease) in trade payables	14,545	(16,879)
Other, net	4,215	(2,558)
Subtotal	25,409	(5,466)
Interest and dividends received	733	736
Interest paid	(103)	(80)
Income taxes paid	(3,558)	(2,923)
Income taxes refund	921	15
Other, net	168	(305)
Net cash provided by (used in) operating activities	23,570	(8,024)

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from investing activities		
Net decrease (increase) in time deposits	339	610
Purchase of property, plant and equipment	(1,845)	(2,563)
Proceeds from sale of property, plant and equipment	128	3
Purchase of intangible assets	(3,253)	(1,774)
Purchase of investment securities	(1,258)	(782)
Proceeds from sale of investment securities	4,537	6,085
Proceeds from repayment of investment securities	1	1
Proceeds from redemption of investment securities	200	804
Loan advances	(27)	(39)
Proceeds from collection of loans receivable	43	1,128
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(147)	(103)
Other, net	(542)	145
Net cash provided by (used in) investing activities	(1,822)	3,516
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100)	10
Repayments of long-term borrowings	(970)	(970)
Repayments of lease liabilities	(703)	(890)
Proceeds from disposal of treasury shares	0	–
Purchase of treasury shares	(1,626)	(2,505)
Dividends paid	(2,365)	(2,183)
Other, net	(4)	(4)
Net cash provided by (used in) financing activities	(5,769)	(6,543)
Net increase (decrease) in cash and cash equivalents	15,978	(11,050)
Cash and cash equivalents at beginning of period	15,147	31,125
Cash and cash equivalents at end of period	31,125	20,074

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has been applying the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”) since the beginning of the first three months of the fiscal year under review. Regarding revisions to the accounting classification for corporate taxes, etc. (taxation on other comprehensive income), the Company conformed to the specific transitional provisions prescribed in the provisory clause under Paragraph 20-3 of the Revised Accounting Standard 2022 and the specific transitional provisions prescribed in the provisory clause under Paragraph 65-2(2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 of October 28, 2022; hereinafter, “Revised Accounting Guidance 2022”). This change in accounting policies has no impact on the quarterly consolidated financial statements.

In response to the revised guidance on the deferral of gains/losses on the sale of shares in subsidiary between consolidated companies for tax purposes that are recorded in the consolidated financial statements, the Company has been applying the Revised Accounting Guidance 2022 since the beginning of the first three months of the fiscal year under review. This change in accounting policy is applied retroactively, and the change is reflected in the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year. The change in accounting policy has no impact on the quarterly consolidated financial statements or consolidated financial statements for the previous fiscal year.

(Change in method of presentation)

Not applicable.

(Changes in accounting estimates)

Not applicable.

(Segment information)

1. Overview of reportable segments

The Group’s reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the company’s Board of Directors to decide how to allocate resources and assess performance.

The Group’s segment is categorized based on the business of its operating company, and thus its main segments, the “Pharmaceutical Wholesale Business,” the “Pharmacy Business,” and the “Veterinary Drug Wholesale Business” comprise the Group’s reportable segments.

The “Pharmaceutical Wholesale Business” is engaged in sales of drugs, diagnostic products, medical devices, materials, etc. to medical institutions, such as hospitals, clinics, and pharmacies. The “Pharmacy Business” is engaged in sales of drugs, medical devices and equipment, and hygiene materials, etc. to general consumers. The “Veterinary Drug Wholesale Business” is engaged in sales of veterinary drugs, feeds, etc. to farms, ranches, veterinary hospitals, clinics, etc.

2. Method of measurement for the amounts of net sales, profit (loss), assets and other items for each reportable segment

The method of accounting for the reportable business segments is generally the same as those stated in “Basis for the Presentation of the Consolidated Financial Statements.”

Profit in the reportable segments is based on operating profit.

Inter-segment revenues and transfers are calculated at prevailing market prices.

3. Information on net sales, profit (loss), assets and other items by reportable segment
For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
Net sales								
Net sales to outside customers	552,870	19,115	11,027	583,012	4,468	587,481	–	587,481
Inter-segment net sales or transfers	10,574	12	0	10,587	2,656	13,243	(13,243)	–
Total	563,444	19,127	11,027	593,599	7,125	600,724	(13,243)	587,481
Segment profit (loss)	4,913	310	350	5,574	(109)	5,465	90	5,556
Segment assets	297,553	9,502	5,431	312,487	12,991	325,479	(8,193)	317,285
Other items								
Depreciation	2,849	149	16	3,014	236	3,251	–	3,251
Amortization of goodwill	15	122	–	137	–	137	–	137
Increase in property, plant and equipment, and intangible assets	4,794	67	1	4,863	94	4,958	–	4,958

- (Notes) 1. “Others” is the segment which is not included in reportable segments, including such businesses as wholesale of agricultural chemicals, nursing care service business, transportation business, and consulting services for medical institutions.
2. Adjustment of segment income (loss) of ¥90 million and adjustment of segment assets of ¥(8,193) million refer to elimination of inter-segment transactions.
3. Adjustments are made to reconcile segment profit (loss) to operating profit reported on the consolidated statements of income.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in Consolidated Statements of Income (Note 3)
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
Net sales								
Net sales to outside customers	564,614	19,552	11,626	595,792	4,577	600,370	–	600,370
Inter-segment net sales or transfers	10,782	12	0	10,794	2,739	13,534	(13,534)	–
Total	575,396	19,564	11,626	606,587	7,317	613,904	(13,534)	600,370
Segment profit (loss)	5,163	251	314	5,729	(78)	5,650	55	5,706
Segment assets	279,356	9,442	5,733	294,531	12,807	307,338	(7,912)	299,426
Other items								
Depreciation	3,233	157	18	3,409	248	3,658	–	3,658
Amortization of goodwill	3	116	8	128	–	128	–	128
Increase in property, plant and equipment, and intangible assets	3,006	88	3	3,098	120	3,219	–	3,219

(Notes) 1. “Others” is the segment which is not included in reportable segments, including such businesses as wholesale of agricultural chemicals, nursing care service business, transportation business, and consulting services for medical institutions.

- Adjustment of segment income (loss) of ¥55 million and adjustment of segment assets of ¥(7,912) million refer to elimination of inter-segment transactions.
- Adjustments are made to reconcile segment profit (loss) to operating profit reported on the consolidated statements of income.

[Related information]

1. Information by product and service

Statement has been omitted as net sales to outside customers in a single product/service category exceed 90% of total net sales in the consolidated statements of income.

2. Information by geographic area

(1) Net sales

Not applicable as there are no net sales to outside customers other than in Japan.

(2) Property, plant and equipment

Not applicable as there are no property, plant or equipment in areas other than in Japan.

3. Information by major customer

Statement has been omitted as no outside customer accounts for 10% or more of total net sales in the consolidated statements of income.

[Information concerning impairment loss on non-current assets by reportable segment]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Reportable segment				Others	Total	Adjustment	Amount recorded in consolidated financial statements
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
Impairment losses	82	–	–	82	–	82	–	82

(Million yen)

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Reportable segment				Others	Total	Adjustment	Amount recorded in consolidated financial statements
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
Impairment losses	382	–	–	382	–	382	–	382

(Million yen)

[Information concerning amortization of goodwill and unamortized balances by reportable segment]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Reportable segment				Others	Total	Adjustment	Amount recorded in consolidated financial statements
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
(Goodwill)								
Amortization expense	15	122	–	137	–	137	–	137
Balance at end of period	3	678	–	682	–	682	–	682

(Million yen)

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Reportable segment				Others	Total	Adjustment	Amount recorded in consolidated financial statements
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
(Goodwill)								
Amortization expense	3	116	8	128	–	128	–	128
Balance at end of period	–	561	53	615	–	615	–	615

(Million yen)

(Per share information)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net assets per share	¥2,085.09	¥2,193.96
Basic earnings per share	¥115.03	¥149.02

(Notes) 1. Diluted earnings per share is not stated as there are no dilutive shares.

2. Basis of calculation of basic earnings per share and diluted earnings per share is as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Basic earnings per share		
Profit income attributable to owners of parent (Million yen)	5,843	7,308
Amount not attributable to common stockholders (Million yen)	—	
Profit attributable to owners of parent relating to common stock (Million yen)	5,843	7,308
Average number of shares of common stock outstanding during the period (Thousand shares)	50,798	49,044

3. Basis for the calculation of net assets per share is as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Total net assets (Million yen)	105,940	107,306
Amount deducted from total net assets (Million yen)	1,276	1,393
(Non-controlling interests) (Million yen)	(1,276)	(1,393)
Year-end net assets corresponding to common stock (Million yen)	104,664	105,913
Number of common stock at the year-end used to calculate net assets per share (Thousand shares)	50,196	48,274

(Note) The Company shares held by the Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the “Board Benefit Trust (BBT)” are included in treasury stock to be deducted in the calculation of average number of shares during the period for the purpose of calculating basic earnings per share (106 thousand shares for the fiscal year ended March 31, 2024, and 104 thousand shares for the fiscal year ended March 31, 2025).

(Significant subsequent events)

Not applicable.