

# Consolidated Financial Statements for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]



May 13, 2024

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, 2024

Scheduled date of commencing dividend payments: June 5, 2024

Scheduled date of filing securities report: June 27, 2024

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, 2024 (April 1, 2023 – March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended								
March 31, 2024	587,481	-	5,556	-	6,557	-	5,843	-
March 31, 2023	581,327	-	4,024	-	5,960	-	4,831	-

(Note) Comprehensive income: Year ended March 31, 2024: ¥9,762 million [-%]

Year ended March 31, 2023: ¥2,491 million [-%]

	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
	Yen	Yen	%	%	%
Year ended					
March 31, 2024	115.03	-	5.7	2.1	0.9
March 31, 2023	92.69	-	4.9	2.0	0.7

(Reference) Share of profit (loss) of entities accounted for using equity method: Year ended March 31, 2024: ¥52 million

Year ended March 31, 2023: ¥108 million

\* The percentage increase/decrease is not shown due to a change in presentation method. For details, please see (Change in method of presentation) in (5) Notes to Consolidated Financial Statements of 5. Consolidated Financial Statements and Primary Notes.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
March 31, 2023	317,258	105,940	33.0	2,085.09
March 31, 2022	297,316	100,165	33.3	1,911.44

(Reference) Equity: As of March 31, 2024: ¥104,664 million

As of March 31, 2023: ¥98,986 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, 2024	23,570	(1,822)	(5,769)	31,125
March 31, 2023	(3,001)	(1,038)	(4,080)	15,147

### 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, 2023	-	12.00	-	27.00	39.00	2,019	42.1	2.1
March 31, 2024	-	19.00	-	23.00	42.00	2,119	36.5	2.1
Year ending March 31, 2025 (Forecast)	-	21.00	-	22.00	43.00		36.0	

### 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2025 (April 1, 2024 - March 31, 2025) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	296,000	0.6	2,800	(2.4)	3,300	(5.1)	2,200	(6.3)	43.83
Full year	590,000	0.4	5,500	(1.0)	6,400	(2.4)	6,000	2.7	119.53

#### \* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): 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: None

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, 2024: 51,902,976 shares

March 31, 2023: 61,224,796 shares

2) Total number of treasury stocks at the end of the period:

March 31, 2024: 1,706,337 shares

March 31, 2023: 9,438,699 shares

3) Average number of shares during the period:

Year ended March 31, 2024: 50,798,554 shares

Year ended March 31, 2023: 52,119,939 shares

**(Reference) Summary of Non-consolidated Results****1. Non-consolidated Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 - March 31, 2024)**

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	8,834	71.2	8,022	82.6	7,943	82.4	7,941	82.3
March 31, 2023	5,161	5.3	4,392	6.6	4,355	6.6	4,355	6.9

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	156.33	-
March 31, 2023	83.57	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	76,105	52,197	68.6	1,039.86
March 31, 2023	69,162	48,251	69.8	931.75

(Reference) Equity: As of March 31, 2024: ¥52,197 million

As of March 31, 2023: ¥48,251 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, etc." on page 2 of the attached materials.
- The Company plans to hold a financial results briefing for institutional investors and analysts on May 15, 2024. 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.

The Group previously recognized income from the provision of sales information to manufacturers as administrative service fee income under non-operating income but changed the method of presentation and this income is included in net sales from the first quarter of the consolidated fiscal year. As a result of this change, the results for the previous fiscal year have been retrospectively adjusted to reflect the change in method of presentation.

For details, please see (Change in method of presentation) in (5) Notes to Consolidated Financial Statements of 5. Consolidated Financial Statements and Primary Notes.

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

During the fiscal year ended March 31, 2024, the Japanese economy saw increased social and economic activities, reflecting inbound demand surpassing the pre-COVID level and a gradual recovery in domestic demand. However, uncertainty remained elevated due to concerns about international affairs, the continuing depreciation of the yen, rising prices, supply restrictions and instability in financial and capital markets. As a consequence, economic visibility remains limited. In the pharmaceutical wholesale business sector, which is the Group's main business, 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. With pharmaceutical market development, manufacturing and distribution operations also changing dynamically day by day, the solutions to pharmaceutical distribution related problems are also becoming increasingly complex and the business environment remains challenging.

In light of such changes in the market structure and operating environment, the Group formulated its Long-term Vision 2035 from the fiscal year ended March 31, 2024, which is “to transform the future of medical care by transcending boundaries and “acting as a bridge” to cutting-edge medicines.” Based on this long-term vision, the Group will expand medical care-related businesses with the aim of developing a sustainable distribution structure for drugs and medical care-related products through independence and cooperation and contributing to the resolution of social issues and the extension of healthy life expectancy.

Furthermore, with “business model innovation looking at next-generation capabilities” as its medium-term vision, the Group is implementing its fifth Medium-Term Management Plan, spanning the three-year period from the year ended March 31, 2023 to the year ending March 31, 2025. In the medium-term management plan, the Company has set out and is working to achieve the practical tasks: “1. Explore a pharmaceutical distribution model to adapt to changes in the market structure and meet market characteristics,” “2. Evolve distribution and marketing models tailored to the advancement of DX in the field of medical care,” and “3. Promote Group management that meets Prime Market requirements.”

In February 2024, the Company took an equity stake in LinDo K.K. (“LinDo”) in collaboration with the following three companies: CareNet, Inc (“CareNet”), Forest Holdings inc. (“Forest HD”) and Medical Incubator Japan K.K. (“MIJ”), to participate in a new business model aiming to eliminate drug loss in accordance with the abovementioned Long-Term Vision. The Company also invested as strategic limited partners in MIJ BG2 Limited Partnership (the “Fund”), a new fund established by MIJ. LinDo is a pharmaceutical company (a seed incubator) established with the aim of developing and selling new drugs for which there is no development plan in Japan, despite the fact that the drugs have already been developed in Europe and the United States. It is a company that is playing a central role in a new business model for eliminating drug loss. Furthermore, the Fund manages a total of 20 billion yen for the two purposes of equity investment in emerging pharmaceutical companies in and outside

Japan and drug loss elimination in Japan. In collaboration with LinDo, CareNet, Forest, MIJ and the Fund, the Company will, through initiatives to eliminate drug loss in Japan, contribute to broadening options for therapeutic agents for patients in Japan who have rare or intractable diseases, etc. in areas including the field of pediatric medicine and are waiting for new therapeutic agents, their families, and doctors and paramedical personnel in charge of their treatment (Note 1).

(Note 1) For details, please read the press release dated February 14, 2024 using the link below.

URL:<https://www.vitalksk.co.jp/corp/wp-content/uploads/2024/02/0432eb016d623756f231942118d02062.pdf>

Moving on to the shareholder return policy, as disclosed on October 28, 2022 (Note 2), the Company has set the total shareholder return target at 50% or more based on the maximum consideration for shareholders and makes returns to shareholders accordingly. As for the dividend policy, 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.

Based on the abovementioned policy, the Company resolved at a meeting of the Board of Directors held on May 12, 2023 to acquire its own shares as provided for in the Articles of Incorporation pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, and conducted a repurchase with 1,000,000 shares as the number of shares repurchased and ¥956 million as the value of shares repurchased. Furthermore, at a meeting of the Board of Directors held on November 6, 2023, the Company resolved to acquire its own shares for a second time this fiscal year as provided for in the Articles of Incorporation pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act, and conducted a repurchase with 600,000 shares as the number of shares repurchased and ¥669 million as the value of shares repurchased.

As for the retirement of treasury stock, at the meeting of the Board of Directors held on May 12, 2023, the Company resolved to retire treasury stock pursuant to Article 178 of the Companies Act, and retired 9,321,820 shares on June 30, 2023.

Meanwhile, in accordance with the Company's dividend policy of maintaining a DOE of 2% or more, the Company decided to pay an interim dividend of ¥19 and a year-end dividend of ¥23, bringing the annual year dividend to ¥42.

As a result, the total return ratio for the fiscal year under review came to 64.1%.

(Note 2) Notice Regarding Strengthening Efforts Toward Corporate Value Enhancement (announced on October 28, 2022)

URL: <https://www.vitalksk.co.jp/english/corp/wp-content/uploads/2022/11/Notice-Regarding-Strengthening-Efforts-Toward-Corporate-Value-Enhancement.pdf>

With regard to business results for the fiscal year under review, revenue increased, attributable to favorable sales of anti-cancer drug and anti-coronavirus agents, in addition to growth of the overall market for prescription pharmaceuticals, although transactions with certain foreign pharmaceutical companies were discontinued. Profits exceeded the level of a year ago, mainly attributable to the absence of allowance for doubtful accounts for certain major customers which was posted in the previous fiscal year, in addition to the effect of the increased revenue described above. As a result, net sales were ¥587,481 million (compared with ¥581,327 million for the previous year), operating profit was ¥5,556 million (compared with ¥4,024 million for the previous year), ordinary profit was ¥6,557 million (compared with ¥5,960 million for the previous year), and profit attributable to owners of parent was ¥5,843 million (compared with ¥4,831 million for the same period of the previous year).

Performance results by business segment are as follows.

#### 1) Pharmaceutical Wholesale Business

The pharmaceutical wholesale business posted an increase in sales despite the negative impact of NHI drug price revision and the suspension of handling of certain manufacturers, with growth in products eligible for the price maintenance premium such as anticancer drugs and COVID-19 treatments more than offsetting the decline in sales. In addition, the Company negotiated prices while paying attention to transaction costs with each of its customers, recorded revenue from the delivery of new corona vaccines commissioned by the national and local governments, and recorded a gain on reversal of a portion of the allowance for doubtful accounts for major customers recorded the previous year, resulting in significantly higher profits than in the previous year.

As a result of the foregoing, net sales were ¥552,870 million (compared with ¥547,603 million for the previous year), and segment profit (operating profit) was ¥4,913 million (compared with ¥3,597 million for the previous year).

#### 2) Pharmacy Business

The pharmacy business posted net sales of ¥19,115 million (compared with ¥18,361 million for the previous year), reflecting, in addition to an increase of one store due to the business acquisition in August 2023, efforts to expand income from dispensing technical fees and income from pharmaceutical management fees as well as an increase in the number of prescriptions received as a result of increased movement of people with the downgrading of COVID-19 to a Class 5 infectious disease under the Infectious Diseases Act. Segment profit (operating profit) was ¥310 million (compared with ¥106 million for the previous year) due to the effect of this sales growth as well as a significant decrease in amortization of goodwill.

#### 3) Veterinary Drug Wholesale Business

The veterinary drug wholesale business recorded net sales of ¥11,027 million (compared to ¥10,889 million in the previous fiscal year), mainly driven by sales growth in companion animal operations. Segment profit (operating profit) was ¥350 million (compared to ¥349 million a year ago).

#### 4) Other Businesses

Other businesses reported net sales of ¥4,468 million (compared with ¥4,473 million for the previous year) and a segment loss (operating loss) of ¥109 million (compared with a segment loss of ¥204 million in the previous year), reflecting lackluster performances mainly in the sports facility management business.

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

Assets as of the end of the year ended March 31, 2024 amounted to ¥317,258 million, an increase of ¥19,942 million from the end of the previous consolidated fiscal year. Assets comprised ¥203,303 million of current assets and ¥113,954 million of non-current assets.

Current assets mainly comprised ¥34,712 million of cash and deposits, ¥117,993 million of notes and accounts receivable - trade, ¥31,421 million of inventories and ¥16,337 million of accounts receivable - other. Current assets increased ¥14,801 million from the end of the previous consolidated fiscal year, due primarily to an increase of ¥15,683 million in cash and deposits.

Non-current assets comprised ¥49,704 million of property, plant and equipment, ¥3,913 million of intangible assets and ¥60,336 million of investments and other assets. Non-current assets increased ¥5,140 million from the end of the previous consolidated fiscal year, due primarily to an increase of ¥2,313 million in investment securities,

an increase of ¥1,594 million in retirement benefit asset, and an increase of ¥1,319 million in software.

Liabilities amounted to ¥211,317 million, an increase of ¥14,167 million from the end of the previous consolidated fiscal year. Liabilities comprised ¥193,407 million of current liabilities and ¥17,910 million of non-current liabilities.

Current liabilities mainly comprised ¥179,174 million of notes and accounts payable - trade and ¥1,687 million of provision for bonuses. Current liabilities increased ¥14,748 million from the end of the previous consolidated fiscal year, due primarily to an increase of ¥14,603 million in notes and accounts payable - trade.

Non-current liabilities mainly comprised ¥9,786 million of deferred tax liabilities, ¥5,820 million of long-term borrowings, and ¥1,434 million of lease obligations. Non-current liabilities decreased ¥580 million from the end of the previous consolidated fiscal year, due primarily to a decrease of ¥970 million in long-term borrowings and a decrease of ¥794 million in retirement benefit liability, despite an increase of ¥1,110 million in deferred tax liabilities.

Net assets amounted to ¥105,940 million, an increase of ¥5,774 million from the end of the previous consolidated fiscal year, due primarily to the reporting of profit attributable to owners of parent of ¥5,843 million, a ¥2,776 million increase in valuation difference on available-for-sale securities, and a ¥2,368 million decrease in dividends paid.

### (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, 2024 amounted to ¥31,125 million (compared to ¥15,147 million at the end of the previous consolidated fiscal year).

#### a) Cash Flows from Operating Activities

Cash provided by operating activities during the year ended March 31, 2024 was ¥23,570 million (¥3,001 million used for the previous consolidated fiscal year). This is attributable mainly to increasing factors such as a profit before income taxes of ¥8,672 million (¥8,111 million for the previous consolidated fiscal year), an increase in trade receivables of ¥14,545 million (a decrease of ¥12,113 million for the previous consolidated fiscal year), and depreciation of ¥3,251 million (¥3,010 million for the previous consolidated fiscal year), offsetting decreasing factors such as income taxes paid of ¥3,558 million (¥3,527 million for the previous consolidated fiscal year), and a decrease in retirement benefit liability of ¥2,388 million (a decrease of ¥1,679 million for the previous consolidated fiscal year).

#### b) Cash Flows from Investing Activities

Cash used in investing activities during the year ended March 31, 2024 was ¥1,822 million (¥1,038 million used for the previous consolidated fiscal year). This is attributable to decreasing factors such as purchase of intangible assets of ¥3,253 million (¥759 million for the previous consolidated fiscal year) and purchase of property, plant and equipment of ¥1,845 million (¥5,840 million for the previous consolidated fiscal year) despite increasing factors such as proceeds from sale of investment securities of ¥4,537 million (¥5,491 million for the previous consolidated fiscal year).

#### c) Cash Flows from Financing Activities

Cash used in financing activities during the year ended March 31, 2024 was ¥5,769 million (¥4,080 million used for the previous consolidated fiscal year). This is attributable to decreasing factors such as dividends paid of ¥2,365 million (¥1,365 million for the previous consolidated fiscal year), repayments of long-term borrowings of ¥970 million (¥970 million for the previous consolidated fiscal year) and purchase of treasury shares of ¥1,626 million (¥998 million for the previous consolidated fiscal year).



#### (4) Future Outlook

In the next consolidated fiscal year (ending March 31, 2025), the Japanese government will stop subsidizing all COVID-19 treatment. As a result, the delivery of new corona vaccines commissioned by the national and local governments will also come to an end. Demand for COVID-19 treatments and other COVID-related products is also expected to decline.

In addition, performance will presumably be significantly affected by the NHI drug price revision in April 2024 and by the absence of the gain on reversal of allowance for doubtful accounts for major customers recorded in the fiscal year under review.

In face of these headwinds, the Group will comply with the revised guidelines for improvement of the current distribution system issued by the Ministry of Health, Welfare and Labour in March 2024 and will negotiate unit prices for single items except excluded items more thoroughly than ever before, while also working to improve profit contributed by customer through the reduction of transaction costs.

The Group will also tap into demand for promising new drugs and put effort into the sale of vaccines other than the COVID-19 vaccine that are subsidized and priority management items, etc. At the same time, in the growing hospital markets, the Group will allocate management resources to selling not only to drugs but also medical devices for testing and treatment.

Furthermore, the Group will launch a service connecting the three stakeholders: hospital doctors, pharmacies and patients, initially for IBD patients in Miyagi Prefecture, through the doctor-pharmacy-patient system *okusuri-aun*, which is a collaboration between VITAL-NET, INC., an operating subsidiary of the Company, and Tohoku University Hospital, announced on April 23, 2024. It is hoped this service will lead to the sale of IBD-related products, which have been trending upward in recent years (Note 3).

Another operating subsidiary KSK Co., Ltd. established a Women's Health Care Solutions Dept. as a sales organization for women in April 2024, to take on the challenge of addressing social issues particularly affecting women such as female-specific health conditions. In the first phase of activities, KSK will provide solutions for every life stage targeting women working in major cities, incorporating not only drugs but also femtech (Note 4) to ensure that wide-ranging needs are met.

In terms of new business, the Group decided to build a fifth logistics center in Japan, this time in Kanagawa Prefecture, as part of efforts to expand the 3PL business, which can be expected to produce synergy with the core Pharmaceutical Wholesale Business. The new center is expected to commence operation during FY2025.

Based on the forgoing, for the year ending March 31, 2025, the Company forecasts that net sales will increase slightly, to ¥590,000 million (100.4% of the level a year earlier), and although operating profit and ordinary profit are expected to fall slightly, to ¥5,500 million and ¥6,400 million respectively (99.0% and 97.6% of the level the previous year respectively), profit attributable to owners of parent is projected to edge up to ¥6,000 million (102.7% of the level the previous year), due to increased disposal of cross-shareholdings.

(Note 3) For details, please read the disclosure using the following link.

URL: <https://www.vitalnsk.co.jp/corp/wpcontent/uploads/2024/04/a3ff64c9cc5b879d5441c3f5e270a0ff.pdf>

(Note 4) Femtech stands for female technology, and refers collectively to products and services that help solves women's issues surrounding menstruation, pregnancy, infertility and the menopause and help improve women's quality of life.

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

The Group 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 ¥19 per share, as previously paid, and a year-end dividend of ¥23 per share, bringing the total annual dividend to ¥42 per share, which represents an increase of ¥3.

For the year ending March 31, 2025, the Group expects to pay an annual dividend of ¥43 per share, which represents an increase of ¥1. This consists of the interim dividend of ¥21 per share and the year-end dividend of ¥22 per share.

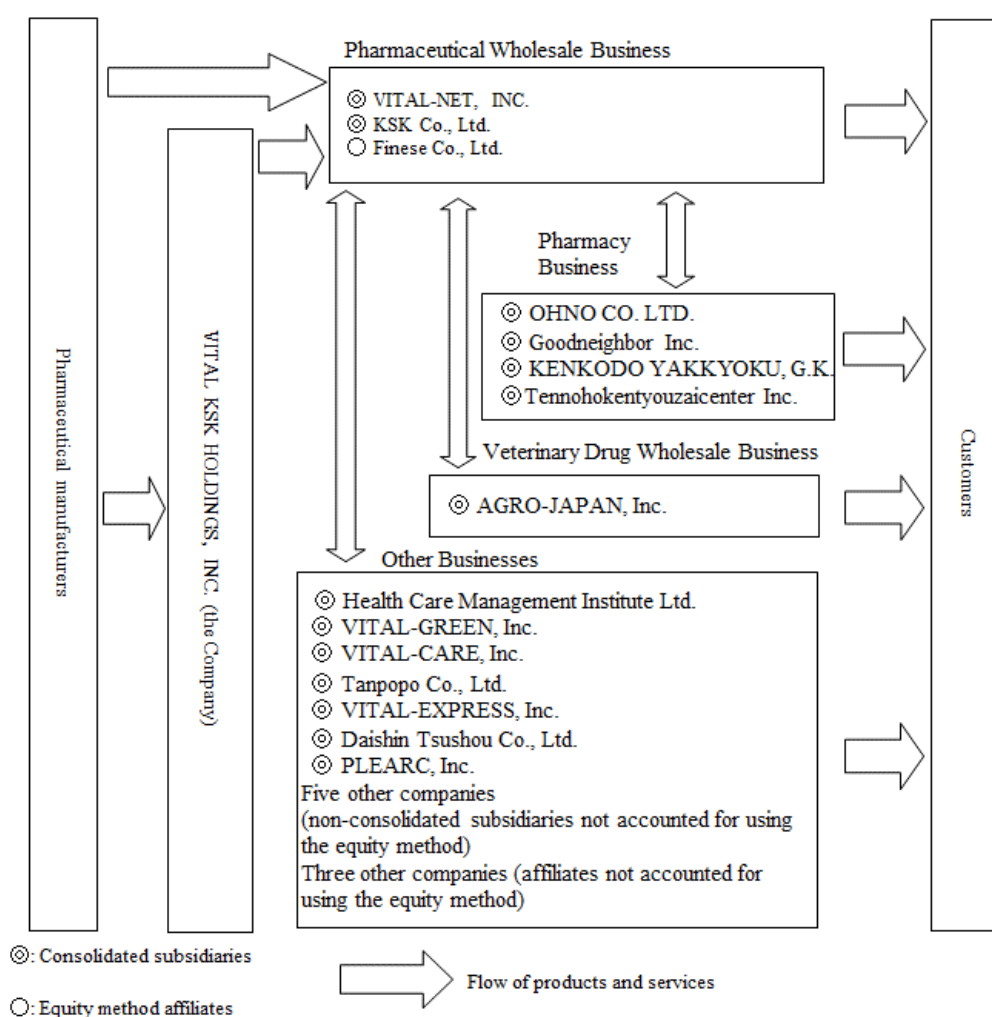
## 2. Overview of the Corporate Group

The Group (the Company and the associated companies of the Company) comprises the Company, its 19 subsidiaries and four 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., Tennohokentyouzaicenter Inc.
Veterinary Drug Wholesale Business	AGRO-JAPAN, Inc.
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., 8 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 15 years have passed since then.

The VITAL KSK Group adopted “Towards realization of healthy and prosperous society” as its corporate slogan. To fulfill the vision, the Group is 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

Targets under the fifth medium-term management plan (from the year ended March 31, 2023 to the year ending March 31, 2025)

The next fiscal year ending March 31, 2025 is the final fiscal year under the fifth medium-term management plan. The profit plan and shareholder return policy for this final fiscal year are as follows.

##### [Profit plan and shareholder return policy for final fiscal year]

	Year ending March 31, 2025		
	Plan (Million yen)	Sales ratio (%)	YoY (%)
Net sales	590,000	-	100.4
Operating profit	5,500	0.93	99.0
Ordinary profit	6,400	1.08	97.6
Profit attributable to owners of parent	6,000	1.02	102.7
Return on equity (ROE)	5.8%		
Total return ratio policy:	50% or more		
Dividend policy:	Dividend on equity (DOE) of 2% or more		

Targets for “Measures to Implement Management Based on an Awareness of Cost of Capital and Stock Price” (Note 5)

Management indicators	Targets
ROE (Return on equity)	Period of the fifth Medium-Term Management Plan (from the year ended March 31, 2023 to the year ending March 31, 2025): 5% or more Period of the sixth Medium-Term Management Plan (from the year ending March 31, 2026 to the year ending March 31, 2028): 6% level Period of the seventh Medium-Term Management Plan (from the year ending March 31, 2029 to the year ending March 31, 2031): 7% level The first year of the eighth Medium-Term Management Plan (year ending March 31, 2032 ): 8% or more
PBR (price-to-book ratio)	The first year of the eighth Medium-Term Management Plan (year ending March 31, 2032 ): 1 or more
Reduction of cross-shareholding stocks	The first year of the eighth Medium-Term Management Plan (year ending March 31, 2032 ): less than 10% of net assets

(Note 5) "Measures to Implement Management Based on an Awareness of Cost of Capital and Stock Price"

URL: [https://ssl4.eir-parts.net/doc/3151/ir\\_material\\_for\\_fiscal\\_ym2/147449/00.pdf](https://ssl4.eir-parts.net/doc/3151/ir_material_for_fiscal_ym2/147449/00.pdf)

Long-Term Vision 2025 (composition of net sales and operating profit by business)

	Year ended March 31, 2023	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%

(3) Medium- and Long-term Business Strategies

With the year 2025 just around the corner, when the baby boomers will be late-stage elderly, the restrictions on social security payments and revisions to the system in anticipation of social structural changes that have been implemented are considered to continue in the future. Similarly, although in the pharmaceutical wholesale business, the core business of the Group, the market for new drugs such as anticancer drugs is expected to continued growing and demand will be strong, overall growth is expected to be restrained, reflecting less frenzied sales of COVID-related products in addition to ongoing drug price revisions and continued encouragement of the use of generics, and it will be necessary to realize further efficiency in distribution channels in order to ensure a stable supply.

In the field of medical care, new diagnostic and therapeutic techniques that use cutting-edge technology is about to bring forth substantial innovations. In addition to regenerative medicine, new diagnostic drugs, medical devices, robots, and other new means of diagnosis and medical treatment will drive future market growth, while also posing new distribution challenges. Furthermore, in the health care domain centering on medical care, the advancement of DX is expected to contribute to improving efficiency for regional healthcare providers and bring significant changes to every business involved in the domain.

In light of these changes in the market structure and business environment, the Group formulated a new Long-term Vision 2035 in May 2023 (see below). Based on the new Long-term Vision, the Group will expand medical care-related businesses with the aim of developing a sustainable distribution structure for drugs and medical products through independence and cooperation and contributing to the resolution of social issues and the extension of healthy life expectancy.

[Long-term Vision 2035]

To transform the future of medical care by transcending boundaries and “acting as a bridge” to cutting-edge medicines

<Major practical issues>

- Sophistication of logistics functions      Expansion of 3PL business
- Overhaul of pharmaceutical wholesale business      Optimal business strategies in each business area
- Expansion of medical product sales      Further development into drug-related business
- Strengthening of rental business      Provision of various solutions
- Expansion of Pharmacy Business      Changes to the way medication is picked up
- Strengthening of cooperation with central and local governments      Contribution to extension of healthy life expectancy
- Expansion of life support business      Parenting support and disease prevention
- Business expansion in the companion animal and agritech fields      Expansion of area of operations and rollout of new business

The Group has also established the fifth Medium-Term Management Plan, spanning three years from April

2022 to March 2025, and with “Business model innovation looking at next-generation capabilities” as its medium-term vision, is focusing on the following as practical issues to be addressed.

#### Practical issues under the Fifth Medium-Term Management Plan

##### <Pharmaceutical Wholesale Business>

1. Establishing a system that accommodates changes in the market structure
  - (1) Realizing low-cost operations with improved and optimized processes
  - (2) Conducting efficient and effective marketing activities to prescribers
  - (3) Expanding MS functions (to replace MR functions)
2. Strengthening efforts for “hospitals,” the core regional health care providers, and reorganizing sales structures
3. Promoting DX for dispensing pharmacies
4. Sustainably improving supply chain management capabilities
  - (1) Expanding the scope of packaged product delivery using inventory management systems
  - (2) Developing a third-party logistics (3PL) business
  - (3) Implementing a supply chain concept utilizing dispensing centers
  - (4) Sustainably increasing logistics quality and efficiency

##### <Group management strategy>

1. Financial strategy
  - (1) Achieving ROE of 5% or more
  - (2) Implementing appropriate shareholder return policies  
Total return ratio policy: 50% or more Dividend policy: Dividend on equity (DOE) of 2% or more
  - (3) Reducing cross-shareholdings
2. Reviewing and developing corporate governance at a higher level
3. Further enhancing corporate communication (CC)
  - (1) Conducting appropriate CC activities in light of the Internet age and the financial strategy
  - (2) Enhancing disclosure in English (including the Company’s website, notices of convocation of general meetings of shareholders)
  - (3) Conducting CC activities that address task force on climate-related financial disclosures (TCFD) in addition to environmental, social, and governance (ESG) activities

Finally, in addition to taking actions in line with its long-term vision and medium-term vision, the Company plans to boost the Group’s corporate value by undertaking initiatives aligned with the Notice Regarding Strengthening Efforts Toward Corporate Value Enhancement (Note 2 reposted) published on October 28, 2022, and Measures to Implement Management Based on an Awareness of Cost of Capital and Stock (Note 5 reposted) published on December 26, 2023.

#### 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, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	19,029	34,712
Notes and accounts receivable - trade	118,585	117,993
Inventories	30,846	31,421
Accounts receivable - other	16,466	16,337
Other	3,616	2,890
Allowance for doubtful accounts	(41)	(51)
Total current assets	188,502	203,303
Non-current assets		
Property, plant and equipment		
Buildings and structures	50,310	50,569
Accumulated depreciation	(29,940)	(31,394)
Buildings and structures, net	20,370	19,174
Machinery, equipment and vehicles	1,988	2,031
Accumulated depreciation	(1,451)	(1,526)
Machinery, equipment and vehicles, net	537	505
Land	24,917	25,244
Leased assets	6,604	7,760
Accumulated depreciation	(4,229)	(4,834)
Leased assets, net	2,375	2,925
Construction in progress	31	925
Others	4,184	4,543
Accumulated depreciation	(3,391)	(3,614)
Other, net	792	929
Total property, plant and equipment	49,024	49,704
Intangible assets		
Goodwill	818	682
Software	1,415	2,735
Leased assets	368	286
Other	774	209
Total intangible assets	3,377	3,913
Investments and other assets		
Investment securities	44,642	46,956
Long-term loans receivable	1,419	1,202
Retirement benefit asset	7,589	9,184
Deferred tax assets	400	400
Other	3,362	3,245
Allowance for doubtful accounts	(1,002)	(653)
Total investments and other assets	56,411	60,336
Total non-current assets	108,813	113,954
Total assets	297,316	317,258

(Million yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	164,571	179,174
Short-term borrowings	990	890
Current portion of long-term borrowings	970	970
Income taxes payable	2,095	1,561
Provision for bonuses	1,569	1,687
Lease liabilities	684	831
Other	7,777	8,290
Total current liabilities	178,659	193,407
<b>Non-current liabilities</b>		
Long-term borrowings	6,790	5,820
Lease liabilities	1,498	1,434
Deferred tax liabilities	8,676	9,786
Asset retirement obligations	271	278
Provision for retirement benefits for directors (and other officers)	196	208
Provision for share awards for directors (and other officers)	54	80
Provision for share awards	-	77
Retirement benefit liability	855	60
Other	148	163
Total non-current liabilities	18,491	17,910
Total liabilities	197,150	211,317
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	12,810	5,272
Retained earnings	67,864	71,339
Treasury shares	(7,575)	(1,653)
Total shareholders' equity	78,099	79,958
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,972	22,749
Remeasurements of defined benefit plans	913	1,956
Total accumulated other comprehensive income	20,886	24,705
Non-controlling interests	1,179	1,276
Total net assets	100,165	105,940
Total liabilities and net assets	297,316	317,258



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

## Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	581,327	587,481
Cost of sales	534,809	539,179
Gross profit	46,517	48,301
Selling, general and administrative expenses	42,492	42,745
Operating profit	4,024	5,556
Non-operating income		
Interest income	31	32
Dividend income	751	699
Share of profit of entities accounted for using equity method	108	52
Rental income	240	260
Other	995	333
Total non-operating income	2,127	1,379
Non-operating expenses		
Provision of allowance for doubtful accounts	-	103
Interest expenses	96	103
Rental expenses	79	77
Loss on investments in investment partnerships	0	73
Other	15	20
Total non-operating expenses	192	378
Ordinary profit	5,960	6,557
Extraordinary income		
Gain on sale of non-current assets	22	46
Gain on sale of investment securities	4,201	2,556
Other	-	26
Total extraordinary income	4,224	2,630
Extraordinary losses		
Loss on sale of non-current assets	14	-
Impairment losses	1,791	82
Loss on sale of investment securities	26	-
Loss on valuation of investment securities	56	318
Demolition cost	-	57
Other	183	57
Total extraordinary losses	2,072	515
Profit before income taxes	8,111	8,672
Income taxes - current	3,184	2,966
Income taxes - deferred	(7)	(238)
Total income taxes	3,177	2,728
Profit	4,934	5,943
Profit attributable to non-controlling interests	102	100
Profit attributable to owners of parent	4,831	5,843

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	4,934	5,943
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,690)	2,079
Remeasurements of defined benefit plans, net of tax	(762)	1,042
Share of other comprehensive income of entities accounted for using equity method	11	696
Total other comprehensive income	(2,442)	3,818
Comprehensive income:	2,491	9,762
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,388	9,662
Comprehensive income attributable to non-controlling interests	102	100

## (3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	12,810	64,402	(6,581)	75,631
Changes during period					
Dividends of surplus			(1,369)		(1,369)
Profit attributable to owners of parent			4,831		4,831
Purchase of treasury shares				(998)	(998)
Disposal of treasury shares by stocks payment trust				4	4
Change in scope of consolidation			0		0
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,461	(994)	2,467
Balance at end of period	5,000	12,810	67,864	(7,575)	78,099

	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	21,645	1,683	23,329	1,080	100,041
Changes during period					
Dividends of surplus					(1,369)
Profit attributable to owners of parent					4,831
Purchase of treasury shares					(998)
Disposal of treasury shares by stocks payment trust					4
Change in scope of consolidation					0
Net changes in items other than shareholders' equity	(1,672)	(769)	(2,442)	98	(2,343)
Total changes during period	(1,672)	(769)	(2,442)	98	123
Balance at end of period	19,972	913	20,886	1,179	100,165

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
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
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

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,111	8,672
Depreciation	3,010	3,251
Impairment losses	1,791	82
Amortization of goodwill	343	137
Increase (decrease) in allowance for doubtful accounts	416	(339)
Increase (decrease) in provision for bonuses	26	117
Increase(decrease) in net defined benefit asset and liability	(1,679)	(2,388)
Interest and dividend income	(783)	(732)
Rental income	(240)	(260)
Interest expenses	96	103
Loss (gain) on investments in investment partnerships	(617)	-
Share of loss (profit) of entities accounted for using equity method	(108)	(52)
Loss (gain) on sale and valuation of investment securities	(4,118)	(2,238)
Loss (gain) on sale and retirement of property, plant and equipment	(4)	(44)
Decrease (increase) in trade receivables	1,172	660
Decrease (increase) in inventories	942	(552)
Decrease (increase) in accounts receivable - other	(73)	164
Decrease (increase) in guarantee deposits	4,278	(7)
Increase (decrease) in trade payables	(12,113)	14,545
Other, net	(1,468)	4,289
Subtotal	(1,017)	25,409
Interest and dividends received	790	733
Interest paid	(96)	(103)
Income taxes paid	(3,527)	(3,558)
Income taxes refund	836	921
Other, net	12	168
Net cash provided by (used in) operating activities	(3,001)	23,570

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(150)	339
Purchase of property, plant and equipment	(5,840)	(1,845)
Proceeds from sale of property, plant and equipment	200	128
Purchase of intangible assets	(759)	(3,253)
Purchase of investment securities	(353)	(1,258)
Proceeds from sale of investment securities	5,491	4,537
Proceeds from repayment of investment securities	4	1
Proceeds from redemption of investment securities	100	200
Loan advances	(60)	(27)
Proceeds from collection of loans receivable	89	43
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(147)
Other, net	238	(542)
Net cash provided by (used in) investing activities	(1,038)	(1,822)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-	(100)
Repayments of long-term borrowings	(970)	(970)
Repayments of lease liabilities	(742)	(703)
Proceeds from disposal of treasury shares	-	0
Purchase of treasury shares	(998)	(1,626)
Dividends paid	(1,365)	(2,365)
Other, net	(4)	(4)
Net cash provided by (used in) financing activities	(4,080)	(5,769)
Net increase (decrease) in cash and cash equivalents	(8,121)	15,978
Cash and cash equivalents at beginning of period	23,239	15,147
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	29	-
Cash and cash equivalents at end of period	15,147	31,125

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

Not applicable.

(Change in method of presentation)

The Group previously recognized income from the provision of sales information to manufacturers as administrative service fee income under non-operating income but changed the method of presentation and this income is included in net sales from the first quarter of the consolidated fiscal year.

Based on its medium-term vision "business model innovation looking at next-generation capabilities" and under a basic policy of "evolution of distribution and marketing model in step with progress of DX in health care," the Group positions information provision as an important operating activity given the increasing importance of information provision services and the purpose of this change in presentation method is to properly present the results of the Group's operating activities.

The consolidated financial statements for the previous consolidated fiscal year have been restated to reflect this change in presentation method.

As a result, administrative service fee income of ¥1,554 million, which had been presented under non-operating income, has been restated as net sales, resulting in net sales of ¥581,327 million and operating profit of ¥4,024 million. Ordinary profit and profit before income taxes are not affected by this change.

In addition, accounts receivable-other of ¥199 million, which had been presented in current assets, has been restated as notes and accounts receivable-trade, resulting in notes and accounts receivable-trade of ¥118,585 million.

In addition, in the consolidated statement of cash flows for the previous fiscal year, "Office work fee" and "Office work fee received" that were shown under "cash flows from operating activities" were changed to "increase(decrease) in trade receivables." It is included in the amount. As a result, "Office work fee" of -1,554 million yen and "Office work fee received" of 1,580 million yen, which were shown in "Cash flows from operating activities," have been reclassified to "Increase(decrease) in trade receivables." , the "increase(decrease) in trade receivables" was 1,146 million yen.

(Changes in accounting estimates)

Not applicable.

(Segment information)

As described in "change in reporting method," the Company changed the method for reporting administrative service fee income under non-operating income to include it in net sales, starting in the first three months of the current fiscal year.

To reflect this change in the reporting method, the financial results for the previous fiscal year have been retrospectively adjusted. As a result, compared to the previous method, net sales increased in the pharmaceutical wholesale business and veterinary drug wholesale business by ¥1,544 million and ¥9 million, respectively, while segment profit increased by ¥1,544 million and ¥9 million, respectively.

### 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, income (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, income (loss), assets and other items by reportable segment

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	547,603	18,361	10,889	576,854	4,473	581,327	-	581,327
Inter-segment net sales or transfers	10,452	9	0	10,462	2,553	13,015	(13,015)	-
Total	558,055	18,371	10,889	587,316	7,026	594,343	(13,015)	581,327
Segment income (loss)	3,597	106	349	4,053	(204)	3,849	175	4,024
Segment assets	281,594	8,794	5,288	295,676	9,666	305,343	(8,027)	297,316
Other items								
Depreciation	2,640	142	17	2,800	210	3,010	-	3,010
Amortization of goodwill	15	327	-	343	-	343	-	343
Increase in property, plant and equipment, and intangible assets	6,070	57	9	6,137	836	6,974	-	6,974

(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 ¥175 million and adjustment of segment assets of ¥(8,027) million refer to elimination of inter-segment transactions.

3. Adjustments are made to reconcile segment income to operating profit reported on the consolidated statements of income.



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 income (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 income 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, 2023 (from April 1, 2022 to March 31, 2023)

	Reportable segment				Others	Total	Adjustment	Amount recorded in Consolidated Statements of Income
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
Impairment losses	78	1,713	-	1,791	-	1,791	-	1,791

(Million yen)

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 Statements of Income
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
Impairment losses	82	-	-	82	-	82	-	82

(Million yen)

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

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

	Reportable segment				Others	Total	Adjustment	Amount recorded in Consolidated Statements of Income
	Pharmaceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Total				
(Goodwill)								
Amortization expense	15	327	-	343	-	343	-	343
Balance at end of period	19	798	-	818	-	818	-	818

(Million yen)

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 Statements of Income
	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)

(Per share information)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	¥1,911.44	¥2,085.09
Basic earnings per share	¥92.69	¥115.03

(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, 2023	For the fiscal year ended March 31, 2024
Basic earnings per share		
Profit income attributable to owners of parent (Million yen)	4,831	5,843
Amount not attributable to common stockholders (Million yen)	-	-
Profit attributable to owners of parent relating to common stock (Million yen)	4,831	5,843
Average number of shares of common stock outstanding during the period (Thousand shares)	52,119	50,798

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

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Total net assets (Million yen)	100,165	105,940
Amount deducted from total net assets (Million yen)	1,179	1,276
(Non-controlling interests) (Million yen)	(1,179)	(1,276)
Year-end net assets corresponding to common stock (Million yen)	98,986	104,664
Number of common stock at the year-end used to calculate net assets per share (Thousand shares)	51,786	50,196

(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 (116 thousand shares for the fiscal year ended March 31, 2023, and 106 thousand shares for the fiscal year ended March 31, 2024).

(Significant subsequent events)

Not applicable.