



# Financial Results Briefing for the Fiscal Year Ended March 31, 2023

May 17, 2023 (WED)





## Agenda

- ① Financial Highlights for the Fiscal Year Ended March 31, 2023
- ② Forecast for Fiscal Year Ending March 31, 2024
- ③ Daizawa Project
- ④ Medium-term Management Plan



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# Financial Highlights for the Fiscal Year Ended March 31, 2023



# Financial Highlights for the Fiscal Year Ended March 31, 2023

(Unit: million Yen)

	FY ended March 2022		FY ended March 2023		
	Sum	% of net sales	Sum	% of net sales	YoY change (%)
<b>Net sales</b>	1,266,171		1,388,565		9.67
<b>Gross profit</b>	108,687	8.58	110,814	7.98	1.96
<b>SG&amp;A</b>	96,159	7.59	98,000	7.06	1.91
<b>Operating profit</b>	12,527	0.99	12,813	0.92	2.28
<b>Ordinary profit</b>	18,182	1.44	19,176	1.38	5.47
<b>Net profit*</b>	13,379	1.06	13,630	0.98	1.88

\*Profit attributable to owners of parent



# Balance Sheet (Consolidated)

(Unit: million Yen)

	FY ended March 2022		FY ended March 2023			Major factors behind the increase or decrease
	Sum	Proportion (%)	Sum	Proportion (%)	Incr. or decr.	
<b>Current assets</b>	513,107	73.05	533,519	74.59	20,412	Increase in accounts receivable-trade of 14,521 Increase in merchandise and finished goods of 11,048 Decrease in cash and deposits of 8,055
<b>Non-current assets</b>	189,268	26.95	181,768	25.41	-7,500	Decrease in property, plant and equipment of 4,382 Decrease in investments securities of 6,137
<b>Total assets</b>	702,376	100.00	715,288	100.00	12,912	
<b>Current liabilities</b>	402,819	57.35	440,188	61.54	37,369	Increase in accounts payable-trade of 15,128 Increase in current portion of bonds payable of 20,003
<b>Non-current liabilities</b>	58,275	8.30	32,183	4.50	-26,092	Decrease in bonds payable of 20,023 Decrease in long-term borrowings of 6,124
<b>Total liabilities</b>	461,095	65.65	472,372	66.04	11,277	
<b>Net assets</b>	241,281	34.35	242,916	33.96	1,635	Increase in retained earnings of 11,277 Increase in treasury shares of -7,388 Decrease in valuation difference on available-for-sale securities of 2,057
<b>Total liabilities and net assets</b>	702,376	100.00	715,288	100.00	12,912	

Equity-to-asset ratio FY ended March 2022: 34.30% FY ended March 2023: 33.93%



# Profit and Loss Statement (Pharmaceutical Wholesaling Business)

- Sales and profit increased supported mainly by increases in sales of COVID-19-related products such as therapeutic drugs and testing kits due to the seventh and eighth waves of infections, and cancer drugs and specialty pharmaceuticals.
- The Company's net sales of limited-handling products for selected wholesalers were 167.8billion yen (16.5% increase from the previous period). \*Excluding COVID-19-related products
- Customer support-related profit: 6.32billion yen(Customer support systems: 3.75billion yen, Meissa 2.57billion yen) (Unit: million Yen)

	FY ended March 2022		FY ended March 2023		
	Sum	% of net sales	Sum	% of net sales	YoY change (%)
<b>Net sales</b>	<b>1,216,019</b>		<b>1,336,766</b>		<b>9.93</b>
<b>Gross profit</b>	<b>73,735</b>	<b>6.06</b>	<b>74,911</b>	<b>5.60</b>	<b>1.59</b>
<b>SG&amp;A</b>	<b>63,767</b>	<b>5.24</b>	<b>64,468</b>	<b>4.82</b>	<b>1.10</b>
<b>Operating profit</b>	<b>9,967</b>	<b>0.82</b>	<b>10,443</b>	<b>0.78</b>	<b>4.78</b>



# Composition of Sales by Category and Contract Rate

## Composition of sales by category

	April 2021-March 2022	April 2022-March 2023
Drugs for premium to promote the development of new drugs and eliminate off-label use	38.6%	41.5%
Patented drugs, others	32.7%	35.3%
Long-listed original drugs	15.7%	10.9%
Generic drugs	13.0%	12.2%

## Contract rate

	2019/3	2020/3	2021/3	2022/3	2023/3
Value Basis	95.5%	99.7%	100.0%	100.0%	98.6%
Number Basis	86.7%	99.8%	100.0%	100.0%	100.0%



# Profit and Loss Statement (Dispensing Pharmacy Business)

- We promoted responses to the revision of medical service fees and opened new pharmacies while closing existing ones with an emphasis on profitability.
- Declines in operating profit, affected by the revisions of NHI drug price and dispensing fees implemented in April 2022.

(Unit: million Yen)

	FY ended March 2022		FY ended March 2023		
	Sum	% of net sales	Sum	% of net Sales	YoY change (%)
<b>Net sales</b>	91,801		92,346		0.59
<b>Gross profit</b>	31,777	34.62	32,160	34.83	1.21
<b>SG&amp;A</b>	28,813	31.39	29,728	32.19	3.18
<b>Operating profit</b>	2,963	3.23	2,431	2.63	-17.95

## ■ Number of stores (as of March 31, 2023)

	Consolidated Subsidiaries		Non-Consolidated Subsidiaries		Affiliates Companies		Total	
TOHO HOLDINGS	4 companies	77 stores	8 companies	53 stores	2 companies	16 stores	14 companies	146 stores
PharmaCluster	6 companies	478 stores	10 companies	54 stores	2 companies	89 stores	18 companies	621 stores
Total	10 companies	555 stores	18 companies	107 stores	4 companies	105 stores	32 companies	767 stores





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## Forecast for Fiscal Year Ending March 31, 2024



# Forecast for Fiscal Year Ending March 31, 2024(Consolidated)

From the fiscal year ending March 31, 2024, revenue from information service fees, which had previously been recorded as commission income of non-operating income, will be included in net sales. The change in presentation method is reflected in the consolidated forecast for that year. Therefore, the change in the presentation method is factored into the forecasts for the fiscal year ending March 31, 2024, whereas it is not factored into the results for the year ended March 31, 2023.

(Unit: million Yen)

	FY ended March 2023		FY ending March 2024 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	<b>1,388,565</b>		<b>1,325,000</b>		—	—
<b>Gross profit</b>	<b>110,814</b>	<b>7.98</b>	<b>113,400</b>	<b>8.56</b>	—	—
<b>SG&amp;A</b>	<b>98,000</b>	<b>7.06</b>	<b>101,900</b>	<b>7.69</b>	—	—
<b>Operating profit</b>	<b>12,813</b>	<b>0.92</b>	<b>11,500</b>	<b>0.87</b>	—	—
<b>Ordinary profit</b>	<b>19,176</b>	<b>1.38</b>	<b>13,800</b>	<b>1.04</b>	—	—
<b>Net profit *</b>	<b>13,630</b>	<b>0.98</b>	<b>12,300</b>	<b>0.93</b>	—	—

\*Profit attributable to owners of parent

	FY ended March 2023		FY ending March 2024 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	<b>1,391,857</b>		<b>1,325,000</b>		<b>-66,857</b>	<b>-4.80</b>
<b>Gross profit</b>	<b>114,106</b>	<b>8.20</b>	<b>113,400</b>	<b>8.56</b>	<b>-706</b>	<b>-0.62</b>
<b>SG&amp;A</b>	<b>98,000</b>	<b>7.04</b>	<b>101,900</b>	<b>7.69</b>	<b>3,900</b>	<b>3.98</b>
<b>Operating profit</b>	<b>16,105</b>	<b>1.16</b>	<b>11,500</b>	<b>0.87</b>	<b>-4,605</b>	<b>-28.59</b>
<b>Ordinary profit</b>	<b>19,176</b>	<b>1.38</b>	<b>13,800</b>	<b>1.04</b>	<b>-5,376</b>	<b>-28.04</b>
<b>Net profit *</b>	<b>13,630</b>	<b>0.98</b>	<b>12,300</b>	<b>0.93</b>	<b>-1,330</b>	<b>-9.76</b>

[Reference] Estimate results for the year ended March 31, 2023 if revenue from information service fees had been included in net sales.

# Forecast for Fiscal Year Ending March 2024 (Pharmaceutical Wholesaling Business)



(Unit: million Yen)

	FY ended March 2023		FY ending March 2024 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	1,336,766		1,273,000		—	—
<b>Gross profit</b>	74,911	5.60	77,500	6.09	—	—
<b>SG&amp;A</b>	64,468	4.82	65,500	5.15	—	—
<b>Operating profit</b>	10,443	0.78	12,000	0.94	—	—

	FY ended March 2023		FY ending March 2024 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	1,339,807		1,273,000		-66,807	-4.99
<b>Gross profit</b>	77,952	5.82	77,500	6.09	-452	-0.58
<b>SG&amp;A</b>	64,468	4.81	65,500	5.15	1,032	1.60
<b>Operating profit</b>	13,484	1.01	12,000	0.94	-1,484	-11.01

[Reference] Estimate results for the year ended March 31, 2023 if revenue from information service fees had been included in net sales.

# Forecast for Fiscal Year Ending March 2024 (Dispensing Pharmacy Business)



(Unit: million Yen)

	FY ended March 2023		FY ending March 2024 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	92,346		92,400		—	—
<b>Gross profit</b>	32,160	34.83	32,100	34.74	—	—
<b>SG&amp;A</b>	29,728	32.19	30,200	32.68	—	—
<b>Operating profit</b>	2,431	2.63	1,900	2.06	—	—

	FY ended March 2023		FY ending March 2024 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	92,352		92,400		48	0.05
<b>Gross profit</b>	32,166	34.83	32,100	34.74	-66	-0.21
<b>SG&amp;A</b>	29,728	32.19	30,200	32.68	472	1.59
<b>Operating profit</b>	2,437	2.64	1,900	2.06	-537	-22.04

[Reference] Estimate results for the year ended March 31, 2023 if revenue from information service fees had been included in net sales.



# Dividend Outlook

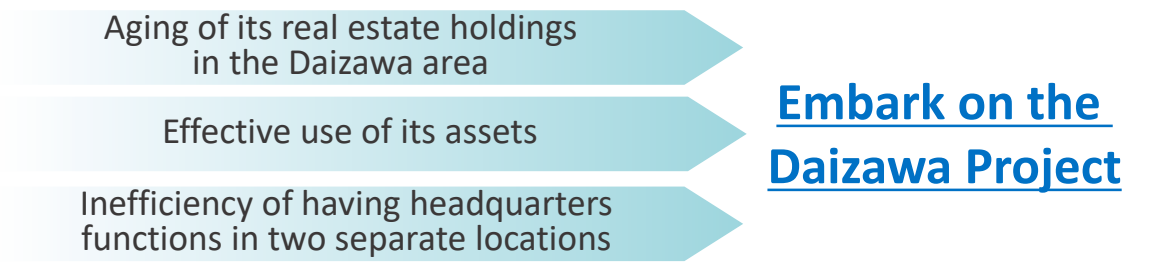
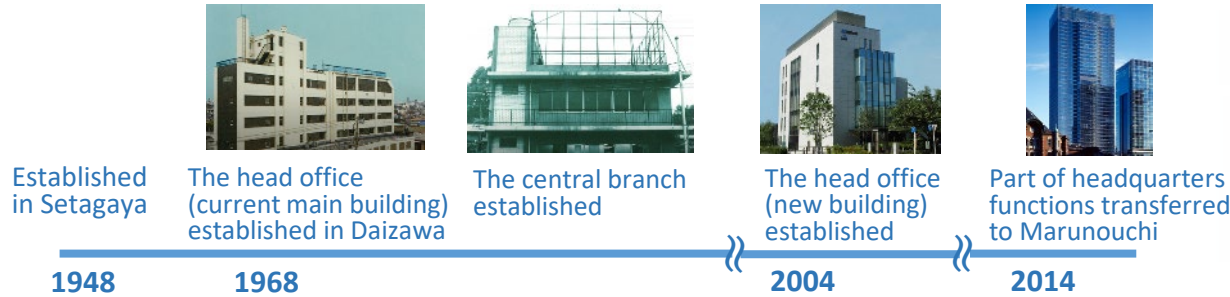
	Interim	Year End	Annual Dividend
FY ended March 2022	15yen	15yen	30yen
FY ended March 2023	16yen	16yen	32yen
FY ending March 2024 (Forecasts)	18yen (Ordinary dividend: 16yen Commemorative dividend: 2yen)	18yen (Ordinary dividend: 16yen Commemorative dividend: 2yen)	36yen (Ordinary dividend: 32yen Commemorative dividend: 4yen)

(\*) We plan to pay an interim dividend of 18 yen per share and a year-end dividend of 18 yen per share for Fiscal year ending March 2024, with an annual dividend per share totaling 36 yen. Each of the interim and year-end dividends will be comprised of an ordinary dividend of 16 yen and a special dividend of 2 yen commemorating the 75th anniversary of the company's foundation.



# 3 Daizawa Project

# Daizawa Project



Effective use of real estate in the Daizawa area including main building and maximizing the value

Head office function (Daizawa)

Head office function (Marunouchi)



Improve operational efficiency

**Reduction of total costs**  
(Expect a 30% decrease in rent)

**Environment**

**Social**

**Governance**

Contribute to greenhouse gas emissions reduction  
(Use of electricity from renewable energy sources)  
Promoting a paperless  
(Drastically reducing paper-based materials)

Contribution to the development of the Daizawa area, Improve workplace environment through measures such as introducing a hot-desking system, and Work-style reforms

Enhance management efficiency and facilitate decision making by concentrating headquarters functions

After the relocation, the Head Office will continue to be located in Setagaya-ku, where the Company was founded, and will continue its community-based activities.

④ Medium-term Management Plan 2023-2025  
“Create the Next Generation”





# Positioning of Medium-term Management Plan 2023-2025 “Create the Next Generation”

## Our Mission

People who wish to be healthy	Solving issues to improve medical access
Shareholders	Improvement of capital efficiency and enhancement of shareholder returns
Customers	Providing value through quality control in pharmaceutical distribution and customer support
Society	Protecting the environment through decarbonization actions and contributing to local communities through stable supply of pharmaceuticals
Employees	Maximizing the value of human capital

2025

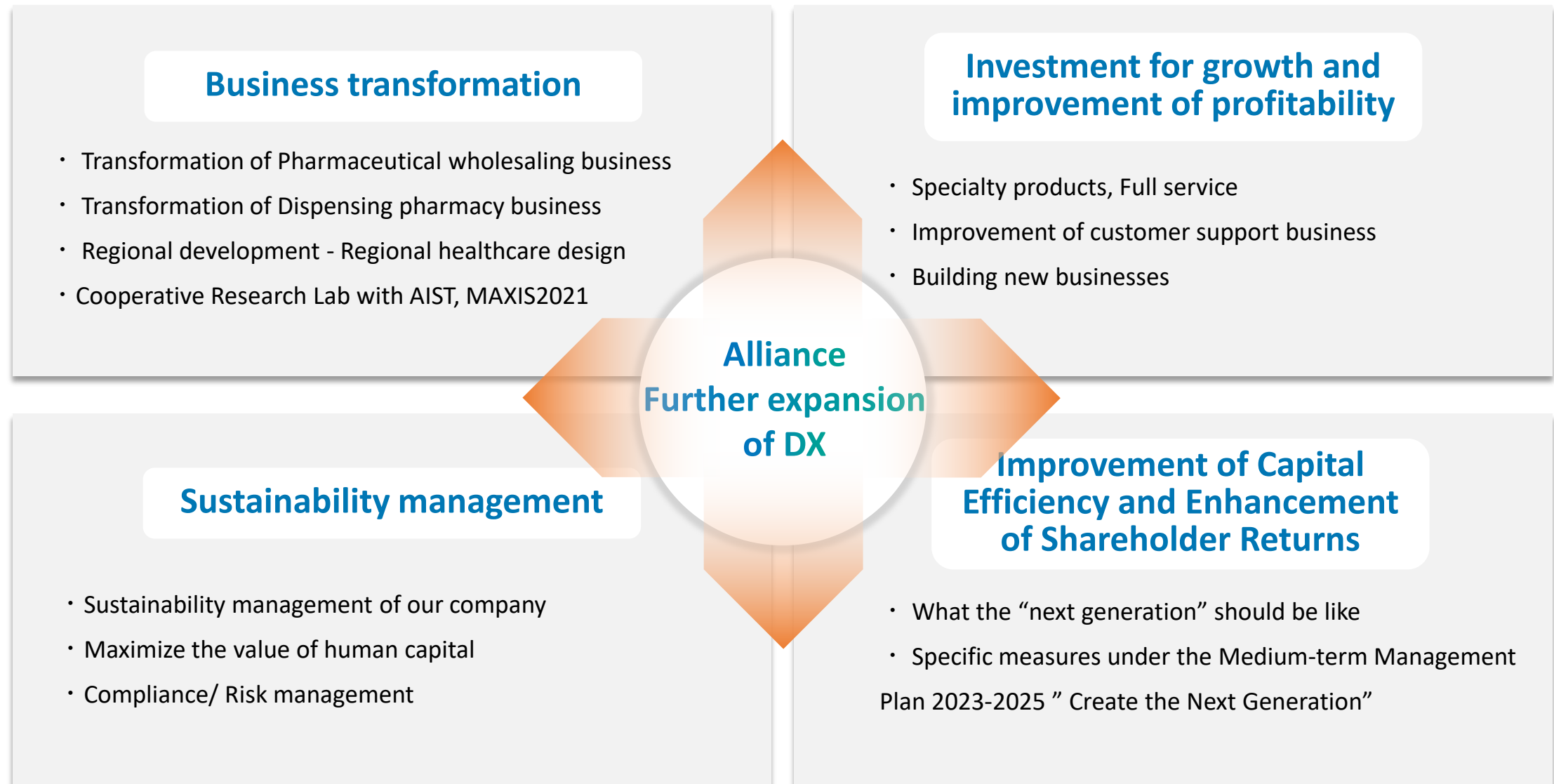


**Medium-term Management Plan 2023-2025 “Create the Next Generation”**  
-- “Create” the Foundation for the “Next Generation” --

2023



# Basic policy and specific measures of the Medium-term Management Plan 2023-2025 “Create the Next Generation”



# 【Business transformation】 Transformation of Pharmaceutical wholesaling and Dispensing pharmacy business, and Regional development



## Transformation of Pharmaceutical wholesaling business

Restructuring of organization, strengthening human resources and improving productivity toward realization of the “Next Generation”



## Transformation of Dispensing pharmacy business

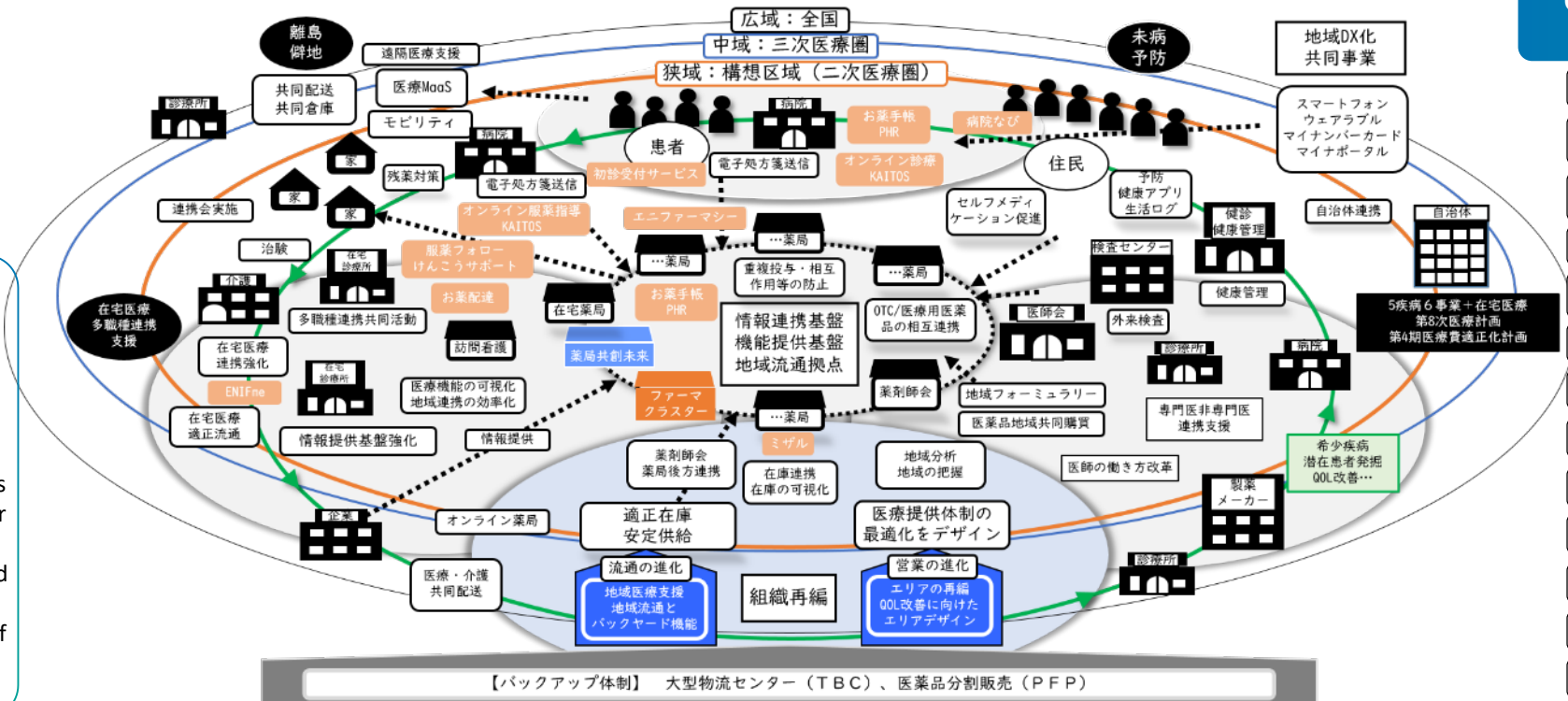
Organizational and functional transformation to respond to digitalization and contribute to home healthcare.

- Restructuring of organization  
Role clarification
- Unification of pharmaceuticals and reagents
- Consolidation of sales bases
- Utilization and nurturing of human resources
- Digitalization
- Work-style reforms
- Restructuring of business companies
- Store revenue management
- Utilization and nurturing of human resources
- Home patient visit
- Expansion of non-insurance revenue
- DX in pharmacy

## Design healthcare by region

### Healthcare design activities

We will restructure into an organization that enables activities based on the concept area (secondary medical area), assess the actual situation and problems in the area, and unify the logistics system from wide to narrow areas with the medical DX centered on the customer support systems to plan, design, and implement the best solutions to problems, and strive to support the medical care delivery system and improve the quality of life (QOL) of people who wish to be healthy.



### Customer support systems connect

- Health management
- Pre-symptomatic and prevention of disease
- Consultation when getting sick
- Finding hospitals
- Reservation・Medical interview
- Consultation
- Send a prescription
- Receipt of prescriptions
- Dispensing
- Dosing Guidance
- Medicine notebook
- Delivery
- Dosing follow-up

## Create the future together through open innovation

### Cooperative Research Lab with AIST

#### Kyoso Mirai group

Knowledge of the medical industry  
Know-how cultivated  
(logistics functions, customer support systems and others)

solve issues  
related to access  
to medical care

#### AIST

Advanced development capabilities  
the Cutting-edge technologies

Period : April 1, 2023 to March 31, 2026

## Create the future through Groupwide efforts

### MAXIS2021

Internal reform project "MAXIS2021" to ensure sustainable growth and remain a company that is needed by society

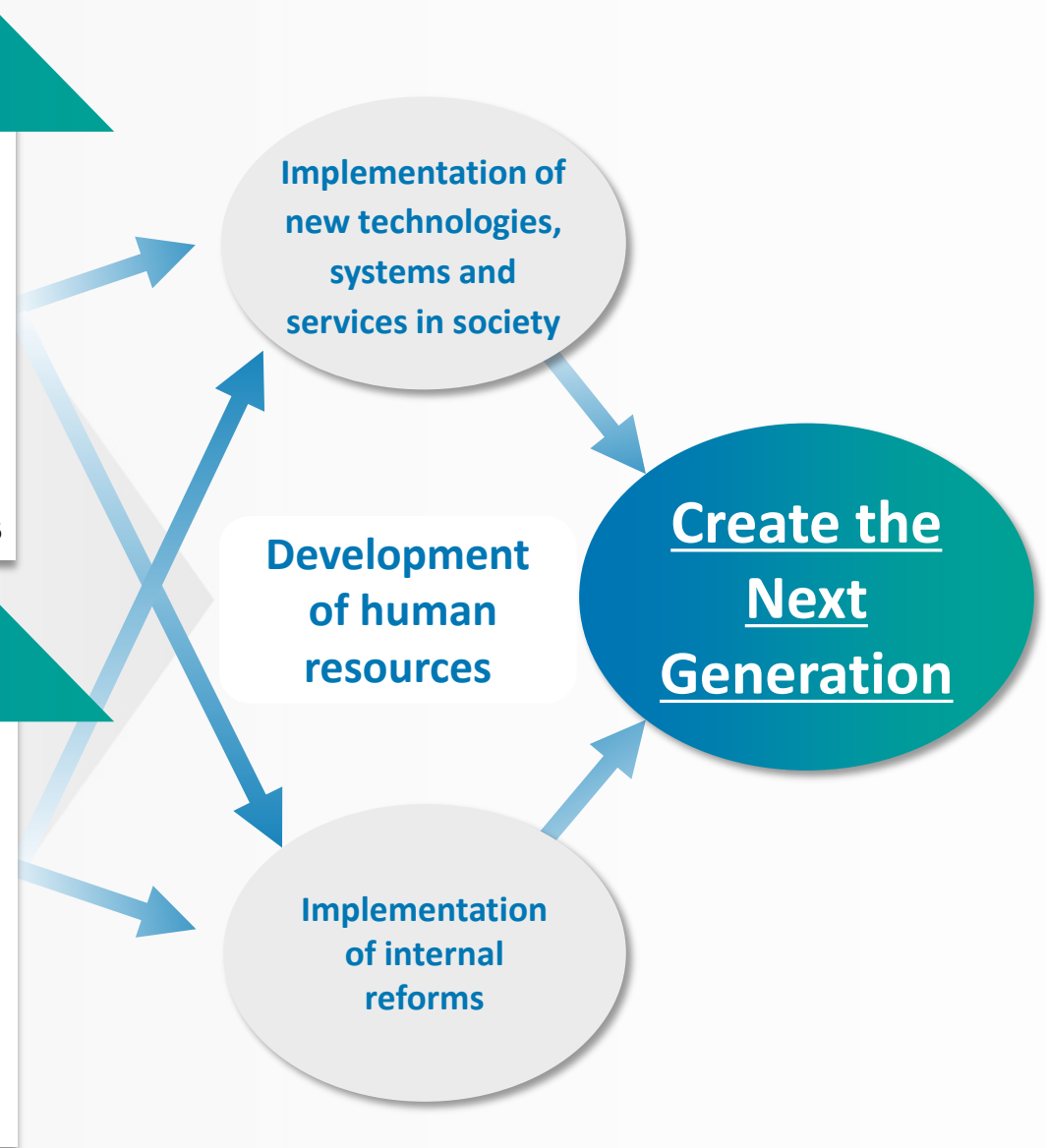
- 1 Internal operation work
- 2 Sales
- 3 Logistics
- 4 Customer support
- 5 Others

Implementation of new technologies, systems and services in society

Development of human resources

Implementation of internal reforms

Create the Next Generation

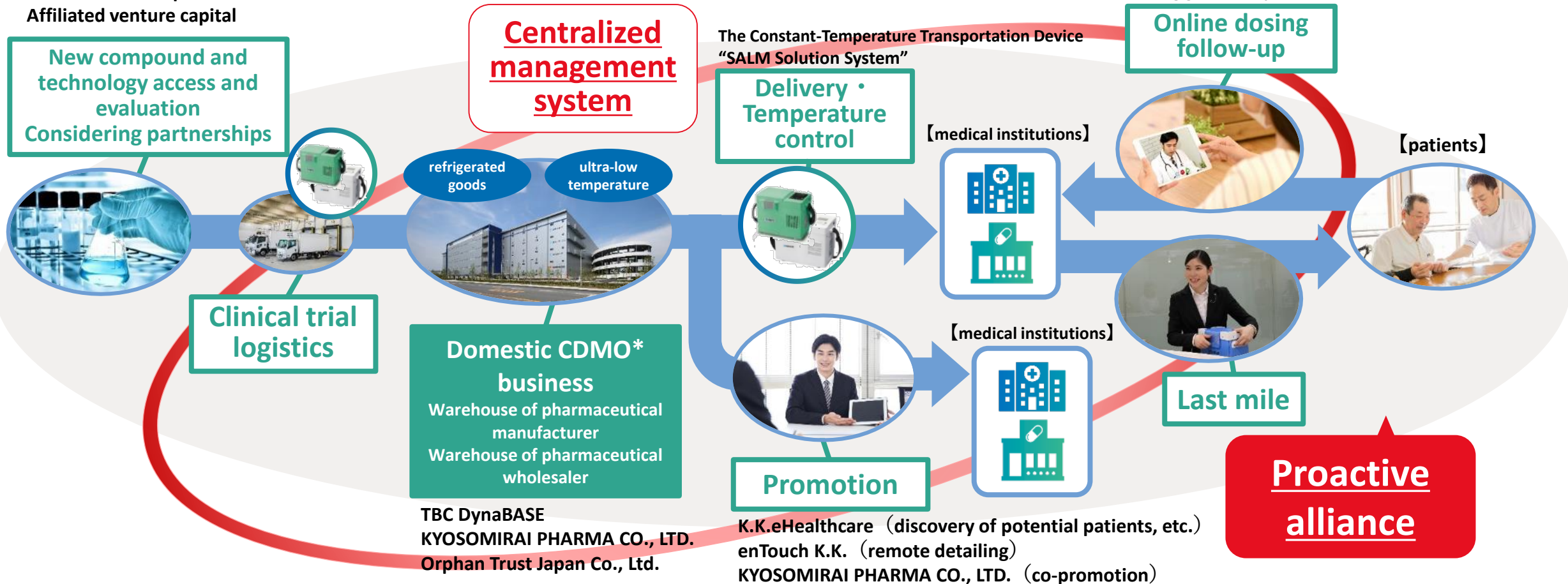


# 【 Investment for growth and improvement of profitability】 Specialty products, Full service

Able to meet the diverse needs of manufacturers (BPO (development / manufacturing outsourcing), etc.)

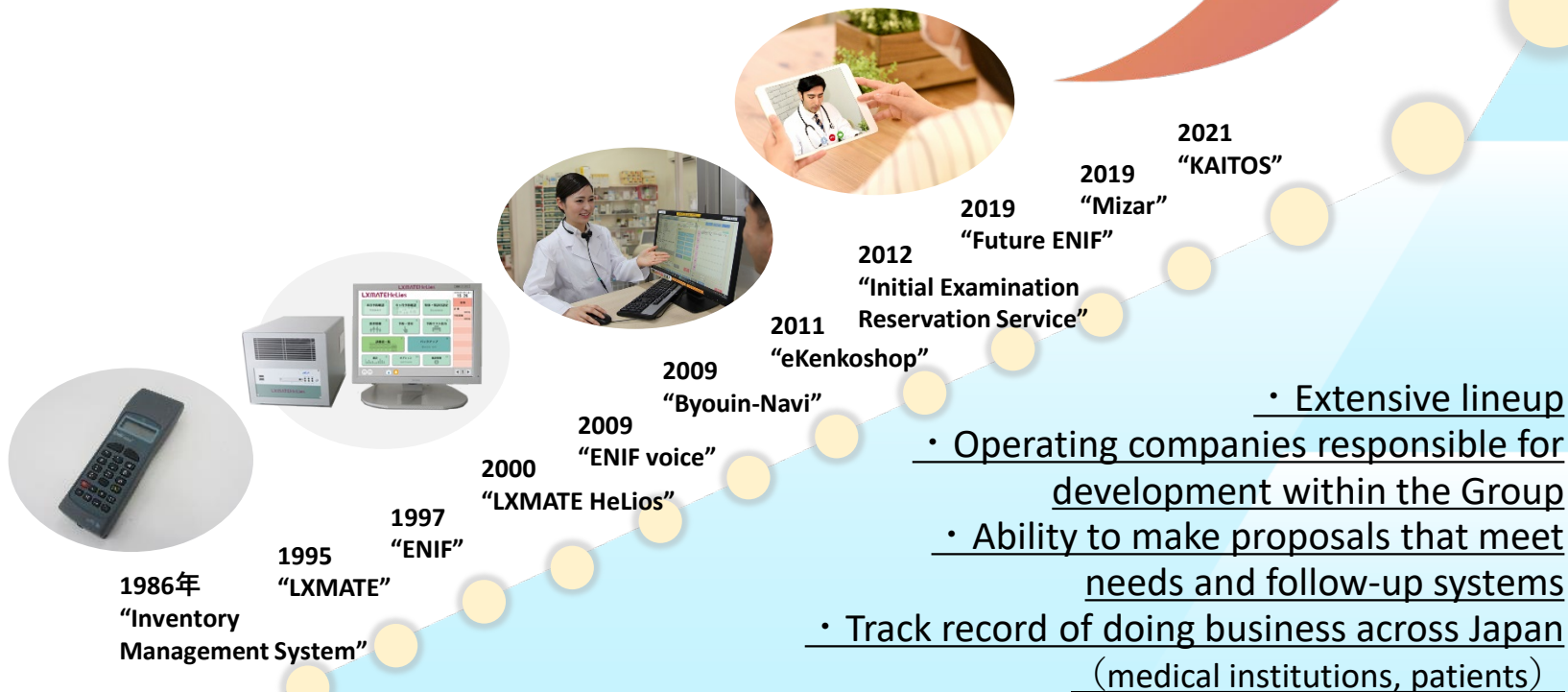
## Establish a “Full service”

Orphan Trust Japan Co., Ltd.  
TORUS (Toho Orphan Reliance US)  
Affiliated venture capital



\*contract developing and manufacturing organization

# Further evolution of customer support business (Our property)



- Extensive lineup
- Operating companies responsible for development within the Group
- Ability to make proposals that meet needs and follow-up systems
- Track record of doing business across Japan (medical institutions, patients)

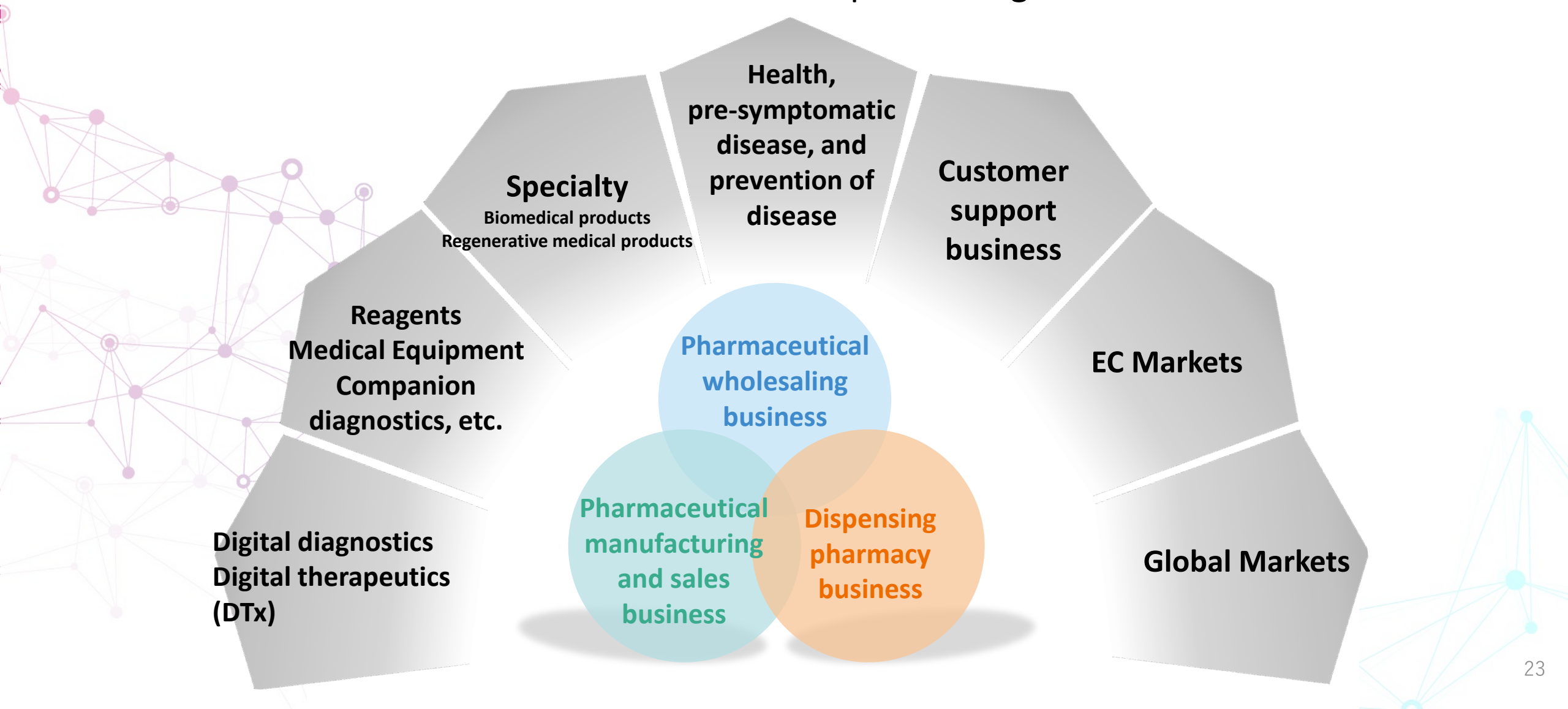
Introduction of cutting-edge technologies (AI, etc.) through active alliances

Integration with in-house developed know-how (voice recognition technology, etc.)

Further enhancement of the Company's strengths

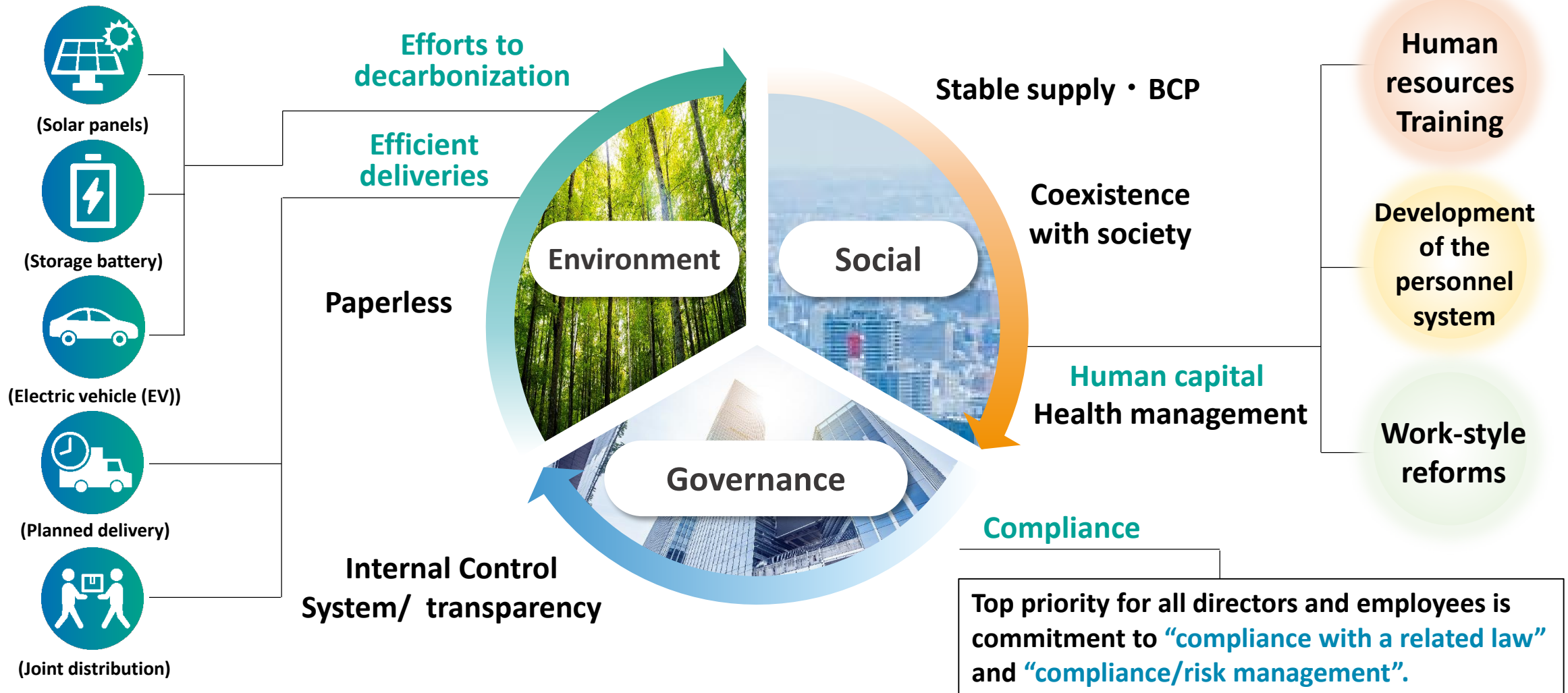
# 【Investment for growth and improvement of profitability】 Building new businesses

We will build new businesses by proactively investing in areas and products related to medical care that are expected to grow.



# 【Sustainability management】

We will work to solve social issues through our business and contribute to the realization of a sustainable society.





## | What the “next generation” should be like

1. Price Book-value Ratio (PBR) : 1.0 times or higher (0.65 times in FY 2023)
2. Return On Equity (ROE) : More than 8% (5.6% in FY 2023)
3. Dividend on Equity Ratio (DOE) : More than 2% (0.9% in FY 2023)

## | Specific measures under the Medium-term Management Plan 2023-2025

### 1) Investment Plan : 38 billion yen

- Investment in growth fields : 20 billion yen
- Investment in infrastructure : 12 billion yen
- Investment in human capital : 6 billion yen

### 2) Purchase of treasury shares : More than 30 billion yen

We will purchase treasury shares flexibly taking capital efficiency into consideration.

### 3) Dividends

We will increase dividends stably with a target of a DOE (dividend on equity) of 2%.

### 4) Cross-shareholdings

We will unwind cross-shareholdings in a phased manner through sufficient dialogue with the partner companies.



# References

# Cash Flow



(Unit: million Yen)

	FY ended March 2022	FY ended March 2023	Major factors for FY ended March 2023
Cash and cash equivalents at the beginning of period	88,882	90,014	
Operating activities	16,341	-9	Profit before income taxes: 20,420 Increase in trade payables: -14,634 Increase in inventories: -10,854 Increase in trade payables: 14,685 Income taxes paid: -8,986
Investment activities	-11,032	4,315	Purchase of property, plant and equipment: -1,639 Proceeds from sale of property, plant and equipment: 1,807 Purchase of intangible assets: -880 Proceeds from sale of investment securities : 5,866
Financing activities	-4,473	-13,060	Proceeds from long-term borrowings: 3,610 Repayments of long-term borrowings: -6,395 Purchase of treasury shares : -7,390 Dividends paid: -2,187
Cash and cash equivalents at the end of period	90,014	81,839	Increase(FY ended March 2023): -8,175

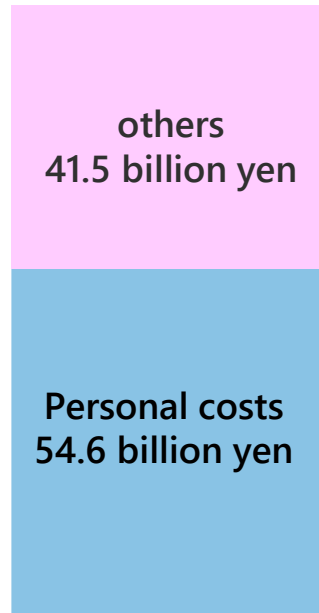


# SG&A (Year on Year)

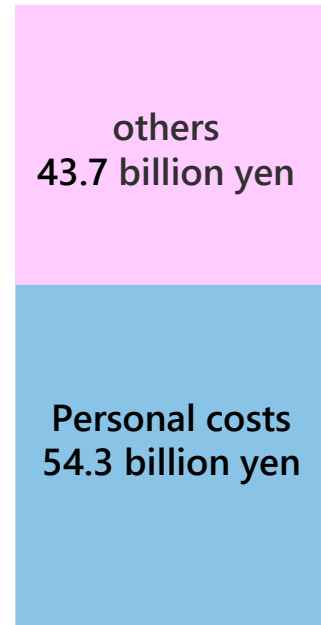
<Year on Year>

**+ 1.8 billion yen**  
(including an increase of 1.0 billion yen for new consolidation)

96.1 billion yen



98.0 billion yen



FY ended March 2022    FY ended March 2023

**Others +2.2 billion yen**

- Newly consolidated company: +0.5 billion yen (Dispensing pharmacy)
- Existing consolidated companies: 1.7 billion yen
  - Pharmaceutical wholesaling business : +1.8 billion yen
  - Commission expenses +0.8 billion yen  
(Increase in WMS cloud services in the distribution centers, etc.)
  - Utilities charge +0.4 billion yen (price hike)
  - Freightage & packing expenses +0.1 billion yen (Increase in the number of deliveries due to increase in cargo volume, etc.)

**Personal costs -0.3 billion yen**

- Newly consolidated companies : +0.5 billion yen (Dispensing pharmacy)
- Existing consolidated companies : -0.8 billion yen
  - Pharmaceutical wholesaling business : -0.9 billion yen
  - Dispensing pharmacy business : +0.1 billion yen



# Capital Investment and Depreciation

## 【Capital Investment】

FY ended March 2023	FY ending March 2024
<b>Results : 3,309 million yen</b>	<b>Results : 6,791 million yen</b>
<p>1. “TBC Hokuriku” (System, fixtures) : 208 million yen</p> <p>2. Pharmaceutical sales office (New construction, relocation of sales office and others) : 892 million yen</p> <p>3. Others : 2,209 million yen Including, replacement of core system servers : 633 million yen</p>	<p>1. Daizawa Project Move-in construction work · System · Furniture, fixtures, etc. : 970 million yen</p> <p>2. Pharmaceutical sales office (New construction, relocation of sales office and others) : 2,506 million yen</p> <p>3. Others : 3,315 million yen Including, replacement of core system servers : 474 million yen Distribution center WMS (warehouse management system) renovation, introduction of cloud-based systems, etc. : 923 million yen</p>

## 【Depreciation】

FY ended March 2023	FY ending March 2024
<b>5,767 million yen</b>	<b>6,139 million yen</b>



Total commitment to good health



[Front office in charge of IR]  
Corporate Communications and Investor Relations  
E-mail: [info@so.tohoyk.co.jp](mailto:info@so.tohoyk.co.jp)  
<https://www.tohohd.co.jp>

[Notice]

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