

# Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2020

August 1, 2019

Name of Listed Company: TOHO HOLDINGS CO., LTD. Listed: Tokyo Stock Exchange  
 Securities Code Number: 8129 URL: <http://www.tohohd.co.jp/>  
 Corporate Representative / Title Norio Hamada/Chairman of the Board and Chief Executive Officer (CEO),  
 Representative Director  
 Contact Representative / Title Makoto Kawamura / Director and General Manager, Public and Investor Relations Department  
 TEL: +81-3-6838-2803  
 Scheduled Submission Date for Quarterly Report: August 14, 2019 Planned Date of Dividends Payment: —  
 Quarterly Supplemental Explanatory Material Prepared: None  
 Quarterly Results Briefing Held: None

(Amounts are truncated to the nearest million yen.)

## 1. Consolidated Results of Operations during the First Quarter of Fiscal Year ending March 31, 2020 (from April 1, 2019 to June 30, 2019)

### (1) Consolidated Results of Operations

(Percentages indicate the rate of change compared with the preceding fiscal year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First Quarter ended June 2019	312,522	3.7	3,420	66.7	5,034	40.0	3,413	48.9
First Quarter ended June 2018	301,349	0.7	2,051	-15.6	3,596	-6.7	2,292	-0.6

(Note) Comprehensive income: First Quarter ended June 2019: -2,562 million yen ( — %); First Quarter ended June 2018: 5,598 million yen (84.9%)

	Current Net Income per Share	Current Net Income per Share - Diluted
	Yen	Yen
First Quarter ended June 2019	50.08	43.80
First Quarter ended June 2018	33.59	30.30

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	Million yen	Million yen	%
First Quarter ended June 2019	667,562	210,263	31.5
FY ended March 2019	663,727	213,848	32.2

(Reference) Shareholder's equity: First Quarter ended June 2019: 210,094 million yen; FY ended March 2019: 213,680 million yen

## 2. Historical Payment of Dividends

	Annual Cash Dividend per Share				
	End of First Quarter	End of First Half	End of Third Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY Ended March 2019	—	15.00	—	15.00	30.00
FY Ending March 2020	—				
FY Ending March 2020 (Projected)		20.00	—	20.00	40.00

(Note) Revision of the dividend forecasts most recently announced: None

## 3. Projected Consolidated Results of Operations during Fiscal Year Ending March 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate the rate of change compared with the preceding fiscal year or period.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Profit per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First Half	587,000	-1.1	5,800	20.7	8,700	13.5	5,500	11.3	80.70
Full Year	1,223,000	0.1	15,000	-5.0	21,800	1.6	13,600	-1.9	199.56

(Note) Revision of projected consolidated results of operations most recently announced: None

※ Notes

- (1) Changes in material subsidiaries during the first quarter ended June 2019: N.A.  
 (Changes in special subsidiaries accompanying with a change in the scope of consolidation)  
 Inclusion — (Company name:) Exclusion —(Company name: )
- (2) Application of accounting process which is peculiar to the compilation of consolidated quarterly financial statements: N.A.
- (3) Changes in accounting policies and accounting estimates, and correction and restatement  
 (i) Changes in accounting policies accompanying with revisions in the accounting standards, etc.: N.A  
 (ii) Changes in accounting policies other than the above item (i): N.A.  
 (iii) Changes in the accounting estimates: N.A.  
 (iv) Correction and restatement: N.A

(4) Number of shares outstanding (Common stock)

- Number of shares outstanding at the end of
- (i) fiscal year (Including common stock for treasury)
- (ii) Number of treasury stocks at the end of fiscal year
- (iii) The average number of shares during the first quarter

First Quarter ended June 2019	78,270,142	FY Ended March 2019	78,270,142
First Quarter ended June 2019	10,120,489	FY Ended March 2019	10,120,311
First Quarter ended June 2019	68,149,758	First Quarter ended June 2018	68,250,728

\*Summary of Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2020 is unaudited information.

\* Explanation of Appropriate Use of Performance Projections and Other Items Requiring Special Description

Any forward-looking statements contained in this report, including performance projections, are based on information currently available to the Company as well as certain assumptions that the Company determined to be rational at the time of the release of this report, and it is not intended that the Company undertake to achieve such results. Actual results may differ significantly from the projections above, due to a variety of factors.

Please refer to Explanation of Projections of Consolidated Operating Results on page 3 of this report (the attached document) for the suppositions on which the performance projections are based and points that have to be borne in mind for the use of such projections.

1. Qualitative Information on Financial Results for the First Quarter ended June 2019 .....	2
(1) Explanation of Management Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Projections of Consolidated Operating Results .....	3
2. Quarterly Consolidated Financial Statements and Main Notes .....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Profit and Loss Statement and Quarterly Consolidated Statements of Comprehensive Income .....	6
Quarterly Consolidated Profit and Loss Statement .....	6
Quarterly Consolidated Statements of Comprehensive Income .....	8
(3) Notes Concerning Quarterly Consolidated Financial Statements .....	9
(Notes Concerning Premise of a Going Business) .....	9
(Notes Concerning Material Changes in Shareholders' Equity) .....	9
(Segmental Information) .....	10

## 1. Qualitative Information on Financial Results for the First Quarter ended June 2019

### (1) Explanation of Management Results

The prescription pharmaceuticals market during the first quarter of the fiscal year under review continued to face a severe environment, due primarily to the ongoing measures to curtail medical expenses such as promoting the use of generic drugs.

As a business group involved in medical care, health and nursing care, the Group as a whole has made a concerted effort to accelerate the shift to a business model centered on value-added services which are actually useful in a wide range of areas, by developing and proposing customer support systems to offer solutions to problems faced by patients and medical institutions, and by contributing to the establishment of community comprehensive healthcare systems. Furthermore, the Company took active steps to improve profitability by challenging highly functional logistics, the most appropriate frequency of deliveries and consolidation of generic drugs produced by KYOSOMIRAI PHARMA CO., LTD.

KYOSOMIRAI PHARMA CO., LTD. has endeavored to stably supply high-quality and high-value-added generic drugs as well as to expand the product line-up including the launch of 1 ingredient / 4 products listed on the NHI drug prices as a supplement in June 2019. As of the end of June 2019, it dealt with 74 ingredients in 160 generic products.

The Company's consolidated operating results for the first quarter of the fiscal year ending March 31, 2020 recorded 312,522 million yen for net sales (an increase of 3.7% on a year-on-year basis), 3,420 million yen for operating income (an increase of 66.7% on a year-on-year basis), 5,034 million yen for ordinary income (an increase of 40.0% on a year-on-year basis) and 3,413 million yen for profit attributable to owners of parent (an increase of 48.9% on a year-on-year basis). The progress rate compared to the forecasts for the first half of the fiscal year ending March 2020 is net sales of 53.2%, operating income of 59.0%, ordinary income of 57.9% and profit attributable to owners of parent of 62.1%.

The outline of business segment operating results is as follows:

In the pharmaceutical wholesaling business, we have made an effort to conduct unit price negotiations per single item. In addition, we have engaged in activities to promote and enhance sales of our unique customer support systems such as Initial Examination Reservation Service, ENIF-hombu and ENIFvoice Core. Furthermore, we have endeavored to strengthen the business foundation through steps such as promoting measures to achieve the most appropriate frequency of deliveries and building stronger relations with members in the Kyoso Mirai Group in Pharmacy. As a result, in the first quarter of the current fiscal year, the pharmaceutical wholesaling business posted net sales of 300,896 million yen (an increase of 3.4% on a year-on-year basis) and segment income (operating income) of 3,324 million yen (an increase of 29.8% on a year-on-year basis).

In the dispensing pharmacy business, while responding to the dispensing fee revision, we have strived to improve profitability by increasing management efficiency through standardization of store operations owing to the reduction of overtime hours by the adoption of our customer support system such as ENIFvoice SP+A and ENIFvoice Core. Consequently, the dispensing pharmacy business posted net sales of 23,711 million yen (an increase of 3.5% on a year-on-year basis) and segment income (operating income) of 663 million yen (segment loss of 53 million yen in the same period of the previous fiscal year).

In the SMO operations, net sales amounted to 51 million yen (a decrease of 42.2% on a year-on-year basis) and segment loss (operating loss) was 1 million yen. In the information equipment sales operations, net sales totaled 227 million yen (a decrease of 2.6% on a year-on-year basis), with segment loss (operating loss) of 61 million yen.

(Note) Segment sales include inter-segment transactions.

## (2) Explanation of Financial Position

### (Assets)

Current assets increased 1.5% from the end of the previous consolidated fiscal year to 486,656 million yen with an increase in notes and accounts receivable-trade of 5,040 million yen, and an increase in merchandise and finished goods of 2,619 million yen.

Noncurrent assets decreased 1.8% from the end of the previous consolidated fiscal year to 180,906 million yen with an increase in property, plant and equipment of 4,662 million yen, and a decrease in investment securities of 8,503 million yen.

As a result, consolidated net assets increased 0.6% from the end of the previous consolidated fiscal year, to 667,562 million yen.

### (Liabilities)

Current liabilities increased 2.6% from the end of the previous consolidated fiscal year to 410,646 million yen with an increase in notes and accounts payable-trade of 8,570 million yen.

Noncurrent liabilities decreased 6.0% from the end of the previous consolidated fiscal year, to 46,652 million yen with a decrease in deferred tax liabilities in other noncurrent of 2,740 million yen.

As a result, total liabilities increased 1.6% from the end of the previous consolidated fiscal year, to 457,298 million yen.

### (Net assets)

Total net assets decreased 1.7% from the end of the previous consolidated fiscal year to 210,263 million yen with an increase in retained earnings of 2,390 million yen, a decrease in valuation difference on available-for-sale securities of 5,975 million yen.

## (3) Explanation of Projections of Consolidated Operating Results

There are no changes in the projected consolidated results of operations for the first half of fiscal year ending March 2020 and the full-term of the fiscal year published on May 9, 2019.

2. Quarterly Consolidated Financial Statements and Main Notes  
(1) Quarterly Consolidated Balance Sheets

(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2019)	End of this consolidated first quarter (As of June 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	79,607	79,118
Notes and accounts receivable-trade	287,205	292,246
Merchandise and finished goods	78,590	81,209
Other	34,233	34,299
Allowance for doubtful accounts	-209	-217
Total current assets	479,427	486,656
Noncurrent assets		
Property, plant and equipment	89,095	93,757
Intangible assets		
Goodwill	1,360	1,230
Other	2,620	2,585
Total intangible assets	3,981	3,816
Investments and other assets		
Investment securities	80,676	72,173
Other	13,080	13,649
Allowance for doubtful accounts	-2,533	-2,490
Total investments and other assets	91,222	83,332
Total noncurrent assets	184,299	180,906
Total assets	663,727	667,562

(Unit: million yen)

	Previous consolidated fiscal year (As of March 31, 2019)	End of this consolidated first quarter (As of June 30, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	374,322	382,893
Short-term loans payable	586	602
Current portion of bonds	7,955	7,953
Income taxes payable	4,204	1,963
Provision for bonuses	3,428	5,152
Provision for directors' bonuses	71	17
Provision for sales returns	349	347
Asset retirement obligations	25	41
Other	9,321	11,673
Total current liabilities	400,265	410,646
Noncurrent liabilities		
Bonds payable	20,083	20,078
Long-term loans payable	5,594	5,536
Net defined benefit liability	1,986	1,995
Asset retirement obligations	1,094	1,101
Negative goodwill	7	4
Other	20,845	17,935
Total noncurrent liabilities	49,612	46,652
Total liabilities	449,878	457,298
Net assets		
Shareholders' equity		
Capital stock	10,649	10,649
Capital surplus	48,566	48,566
Retained earnings	151,943	154,334
Treasury stock	-20,257	-20,258
Total shareholders' equity	190,902	193,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,285	21,309
Revaluation reserve for land	-4,507	-4,507
Total accumulated other comprehensive income	22,777	16,802
Subscription rights to shares	168	168
Total net assets	213,848	210,263
Total liabilities and net assets	663,727	667,562

(2) Quarterly Consolidated Profit and Loss Statement and Quarterly Consolidated Statements of Comprehensive Income  
 Quarterly Consolidated Profit and Loss Statement

(Unit: million yen)

	Previous consolidated first quarter (From April 1, 2018 to June 30, 2018)	This consolidated first quarter (From April 1, 2019 to June 30, 2019)
Net sales	301,349	312,522
Cost of sales	275,519	284,841
Gross profit	25,830	27,681
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	10,423	10,506
Provision for bonuses	1,818	1,783
Provision for directors' bonuses	17	17
Retirement benefits expenses	53	64
Welfare expenses	1,970	2,033
Vehicle expenses	276	268
Provision of allowance for doubtful accounts	-32	-11
Depreciation	1,039	1,345
Amortization of goodwill	439	164
Rent expenses	1,766	1,769
Taxes and dues	466	575
Expense before deduction of temporary consumption tax payment	1,320	1,328
Other	4,218	4,414
Total selling, general and administrative expenses	23,778	24,261
Operating income	2,051	3,420
Non-operating income		
Interest income	14	16
Dividend income	528	521
Commission fee	777	806
Amortization of negative goodwill	5	2
Equity in earnings of affiliates	19	0
Other	359	355
Total non-operating income	1,704	1,702
Non-operating expenses		
Interest expenses	7	7
Bonds issuance cost	50	-
Expenses of real estate rent	66	63
Other	35	17
Total non-operating expenses	159	88
Ordinary income	3,596	5,034



(Unit: million yen)

	Previous consolidated first quarter (From April 1, 2018 to June 30, 2018)	This consolidated first quarter (From April 1, 2019 to June 30, 2019)
Extraordinary income		
Gain on sales of noncurrent assets	1	11
Gain on transfer of business	-	13
Other	0	1
Total extraordinary income	2	26
Extraordinary loss		
Loss on disposal of noncurrent assets	0	31
Impairment loss	16	22
Other	0	-
Total extraordinary loss	17	54
Income before income taxes	3,581	5,007
Income taxes-current	2,185	2,181
Income taxes-deferred	-896	-587
Total income taxes	1,289	1,594
Current net income	2,292	3,413
Profit attributable to owners of parent	2,292	3,413

## Quarterly Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Previous consolidated first quarter (From April 1, 2018 to June 30, 2018)	This consolidated first quarter (From April 1, 2019 to June 30, 2019)
Current net income	2,292	3,413
Other comprehensive income		
Valuation difference on available-for- sale securities	3,289	-5,966
Share of other comprehensive income of associates accounted for using equity method	16	-9
Total other comprehensive income	3,306	-5,975
Comprehensive income	5,598	-2,562
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,598	-2,562
Comprehensive income attributable to Non-controlling interests	—	—

(3) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Concerning Premise of a Going Business)

Not applicable.

(Notes Concerning Material Changes in Shareholders' Equity)

This consolidated first quarter (from April 1, 2019 to June 30, 2019)

Not applicable.

(Segmental Information)

I Previous consolidated first quarter (from April 1, 2018 to June 30, 2018)

1. Information about sales and income or loss by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO (million yen)	Information Equipment Sales (million yen)	Total (million yen)		
Net Sales							
(1) Sales to external customers	278,268	22,813	89	177	301,349	-	301,349
(2) Inter-segment sales	12,600	85	-	55	12,741	-12,741	-
Total	290,868	22,899	89	233	314,091	-12,741	301,349
Segment income	2,561	-53	30	-58	2,480	-428	2,051

(Note) 1. The amount of the adjustments for segment income or losses shows the elimination of internal transactions and unrealized income and corporate expenses not attributable to any reportable segment.

2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the Quarterly Consolidated Profit and Loss Statement.

2. Information about impairment losses on noncurrent assets or goodwill by each business segment

Not applicable.

II This consolidated first quarter (from April 1, 2019 to June 30, 2019)

1. Information about sales and income or loss by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	SMO (million yen)	Information equipment sales (million yen)	Total (million yen)		
Net Sales							
(1) Sales to external customers	288,655	23,641	51	174	312,522	-	312,522
(2) Inter-segment sales	12,240	70	-	53	12,364	-12,364	-
Total	300,896	23,711	51	227	324,887	-12,364	312,522
Segment income	3,324	663	-1	-61	3,924	-504	3,420

(Note) 1. The amount of the adjustments for segment income or losses shows the elimination of internal transactions and unrealized income and corporate expenses not attributable to any reportable segment.

2. The amounts for income or losses in the reportable segments were subsequently adjusted with the amount of operating income on the Quarterly Consolidated Profit and Loss Statement.

2. Information about impairment losses on noncurrent assets or goodwill by each business segment

Not applicable.