

# **FY2024**

## **(Fiscal Year Ended March 31, 2025)**

# **Financial Results Presentation**

**May 15, 2025**



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



# Agenda

- 1. Financial Highlights for the Fiscal Year Ended March 31, 2025**
- 2. Financial Forecast for Fiscal Year Ending March 31, 2026**
- 3. Medium- and Long-term Management Strategy**



# **1. Financial Highlights for the Fiscal Year Ended March 31, 2025**

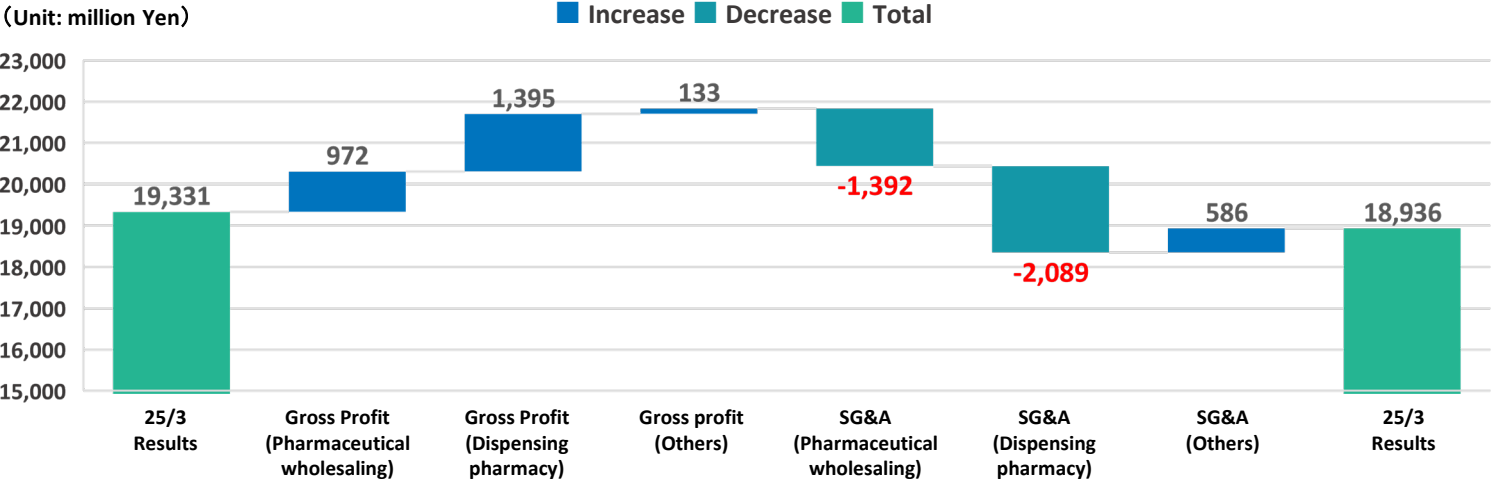


# Consolidated Results for the Fiscal Year Ended March 2025

(Unit: million Yen)	FY ended March 2024		FY ended March 2025			(Reference) Forecast		
	Results	% of net sales	Results	% of net sales	YoY change (%)	Forecast (Revised January 15, 2025)	% of net sales	達成率 (%)
Net sales	1,476,712		1,518,495		2.83	1,492,000		101.8
Gross profit	119,148	8.07	121,648	8.01	2.10	120,200	8.06	101.2
SG&A	99,817	6.76	102,711	6.76	2.90	102,000	6.84	100.7
Operating profit	19,331	1.31	18,936	1.25	-2.04	18,200	1.22	104.0
Ordinary profit	21,787	1.48	20,716	1.36	-4.92	20,100	1.35	103.1
Net profit*	20,657	1.40	19,844	1.31	-3.94	16,900	1.13	117.4

\*Profit attributable to owners of parent

## Operating profit fluctuation factors FY2024⇒FY2025



※Other business : Pharmaceutical manufacturing and sales business, Other peripheral businesses, HD etc.

## < Summary of Variance: FY2024 Actuals and FY2025 Plan >

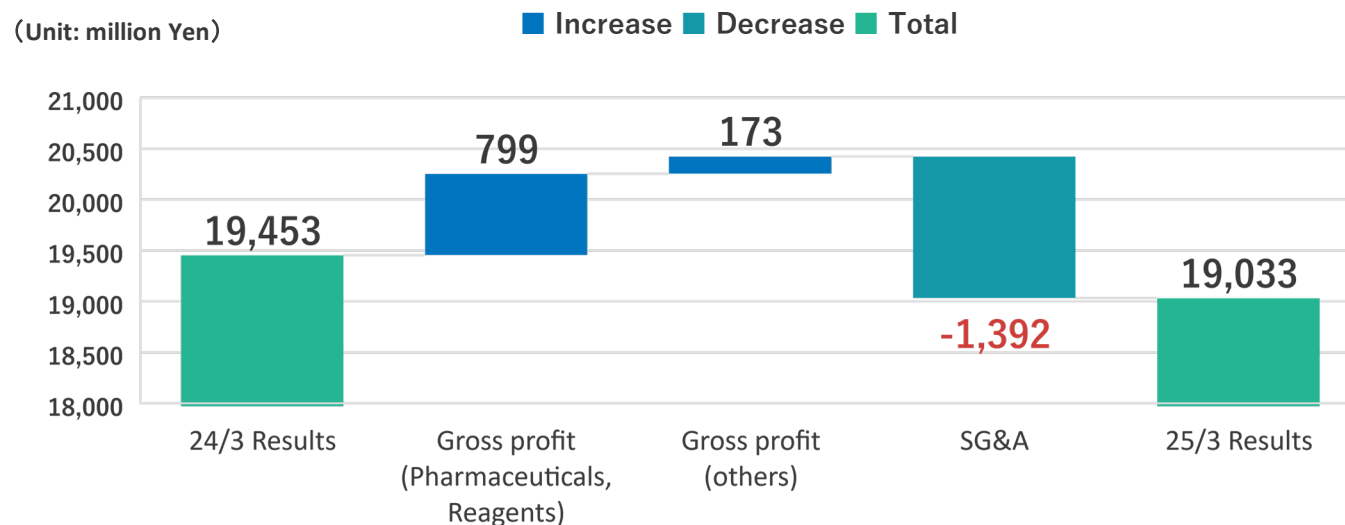
- **Net sales** : Net sales increased in all businesses. Larger net sales than projected were thanks to the favorable performance of the pharmaceutical wholesaling business.
- **Gross profit** : Profit increased except for the pharmaceutical manufacturing and sales business (which saw a slight decline).
- **SG&A** : SG&A increased in pharmaceutical wholesaling business and Dispensing pharmacy business. SG&A ratio remained flat on a consolidated basis.
- **Operating profit** : Despite a decrease from the previous year, it exceeded the announced projection owing to our efforts to control SG&A expenses.
- **Net profit** : Despite a decrease from the previous year, it exceeded the announced projection owing to gain on the sale of real estates such as the land of HQ at Daizawa in Tokyo.

# Results for the Fiscal Year Ended March 2025 (Pharmaceutical wholesaling business)



(Unit: million Yen)	FY ended March 2024		FY ended March 2025			(Reference) Forecast		
	Results	% of net sales	Results	% of net sales	YoY change (%)	Forecast	% of net sales	達成率 (%)
Net sales	1,424,488		1,463,520		2.74	1,437,000		101.8
Gross profit	83,537	5.86	84,509	5.77	1.16	82,400	5.73	102.6
SG&A	64,083	4.50	65,475	4.47	2.17	65,300	4.54	100.3
Operating profit	19,453	1.37	19,033	1.30	-2.16	17,100	1.19	111.3

## Operating profit fluctuation factors FY2024⇒FY2025



## < Summary of Variance: FY2024 Actuals and FY2025 Plan >

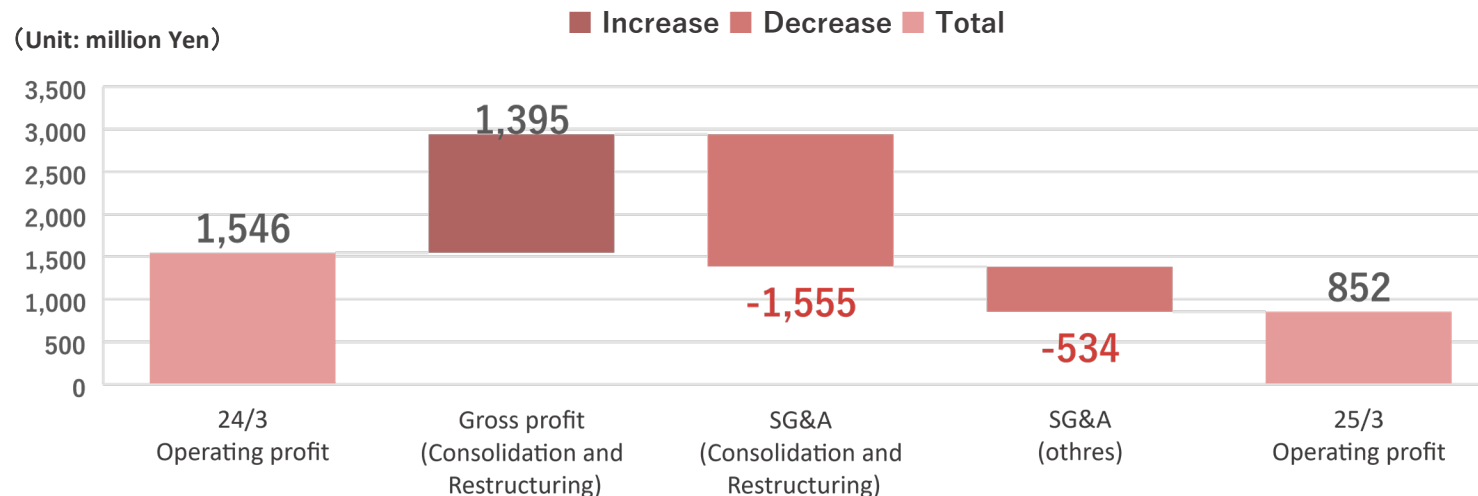
- **Net sales** : Sales of limited-handling products for selected wholesalers continued to grow. (25.7% increased from the previous year). \*Excluding COVID-19-related products. Net sales increased owing partly to the less decrease than expected in COVID-19 drug sales. The announced projection was also achieved.
- **Gross profit** : Despite efforts to negotiate single-item unit prices in line with the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies, the gross profit margin deteriorated slightly owing to soaring purchase costs.
- **SG&A** : Rise in personnel costs and delivery service outsourcing costs.
- **Operating profit** : Despite a decrease from the previous year, it exceeded the announced projection.



# Results for the Fiscal Year Ended March 2025 (Dispensing pharmacy business)

(Unit: million Yen)	FY ended March 2024		FY ended March 2025			(Reference) Forecast		
	Results	% of net sales	Results	% of net sales	YoY change (%)	Forecast	% of net sales	達成率 (%)
Net sales	93,789		95,553		1.88	96,700		98.8
Gross profit	31,894	34.01	33,289	34.84	4.37	34,200	35.37	97.3
SG&A	30,348	32.36	32,437	33.95	6.88	31,700	32.78	102.3
Operating profit	1,546	1.65	852	0.89	-44.89	2,500	2.59	34.1

## Operating profit fluctuation factors FY2024⇒FY2025



## < Summary of Variance: FY2024 Actuals and FY2025 Plan >

- **Net sales, Gross profit** : Despite increased net sales and gross profit due to integration and reorganization, the announced projection was not achieved.
- **SG&A** : One-time expenses incurred owing to merger and reorganization. Other fees paid (recruitment and staffing related expenses) increased.
- **Operating profit** : Gross profit increased owing to merger and reorganization, but operating profit decreased hit by the temporary increase in expenses exceeding the increase in gross profit, and the announced projection was largely unachieved.



## **2. Financial Forecast for Fiscal Year Ending March 31, 2026**



# Forecast for the Fiscal Year Ending March 2026 (Consolidated)

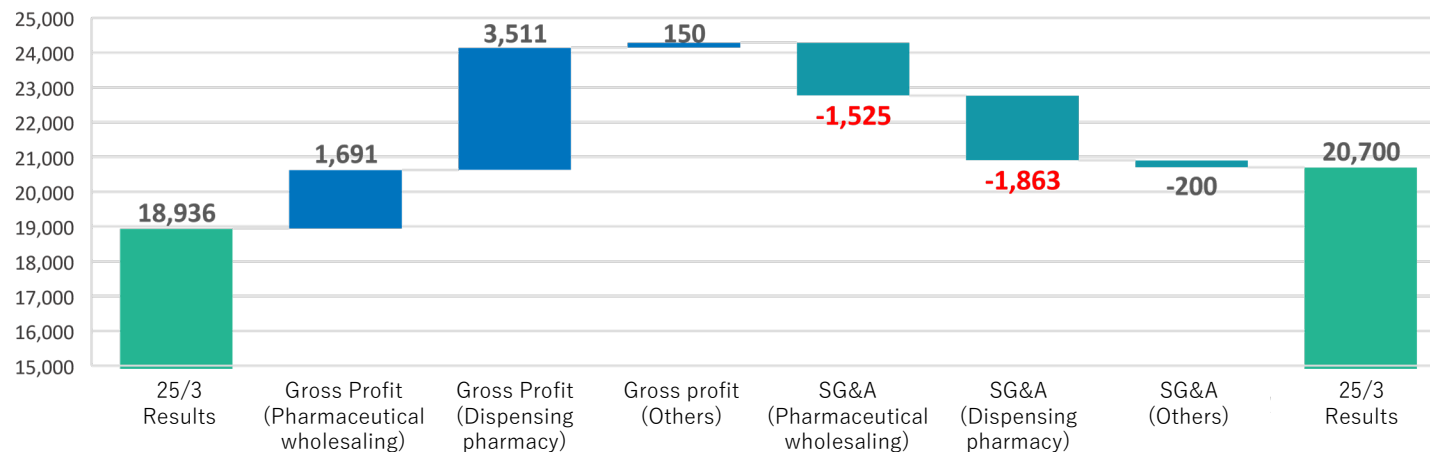
(Unit: million Yen)	FY ended March 2025		FY ending March 2026		
	Results	% of net sales	Forecast	% of net sales	YoY change (%)
Net sales	1,518,495		1,572,000		3.52
Gross profit	121,648	8.01	127,000	8.08	4.40
SG&A	102,711	6.76	106,300	6.76	3.49
Operating profit	18,936	1.25	20,700	1.32	9.32
Ordinary profit	20,716	1.36	22,600	1.44	9.09
Net profit*	19,844	1.31	15,700	1.00	-20.88

\*Profit attributable to owners of parent

## Operating profit fluctuation factors FY2025⇒FY2026

(Unit: million Yen)

■ Increase ■ Decrease ■ Total



※Other business : Pharmaceutical manufacturing and sales business, Other peripheral businesses, HD etc.

## < Summary of Variance: FY2025 Actuals >

- **Overall** : Including the effect of consolidation of non-consolidated companies under the dispensing pharmacy business.
- **Net sales** : Increase across all business segments.
- **Gross profit** : Increase across all business segments.
- **SG&A** : Increase in the pharmaceutical wholesaling and dispensing pharmacy businesses, but strive for optimization to control the SG&A ratio.
- **Operating profit** : Increase from the previous year.
- **Net profit** : Decline from the previous year due to absence of gain on the sale of cross-shareholdings. (Net profit for the prior year included gain on such sales of 6.4 billion yen (before tax).)

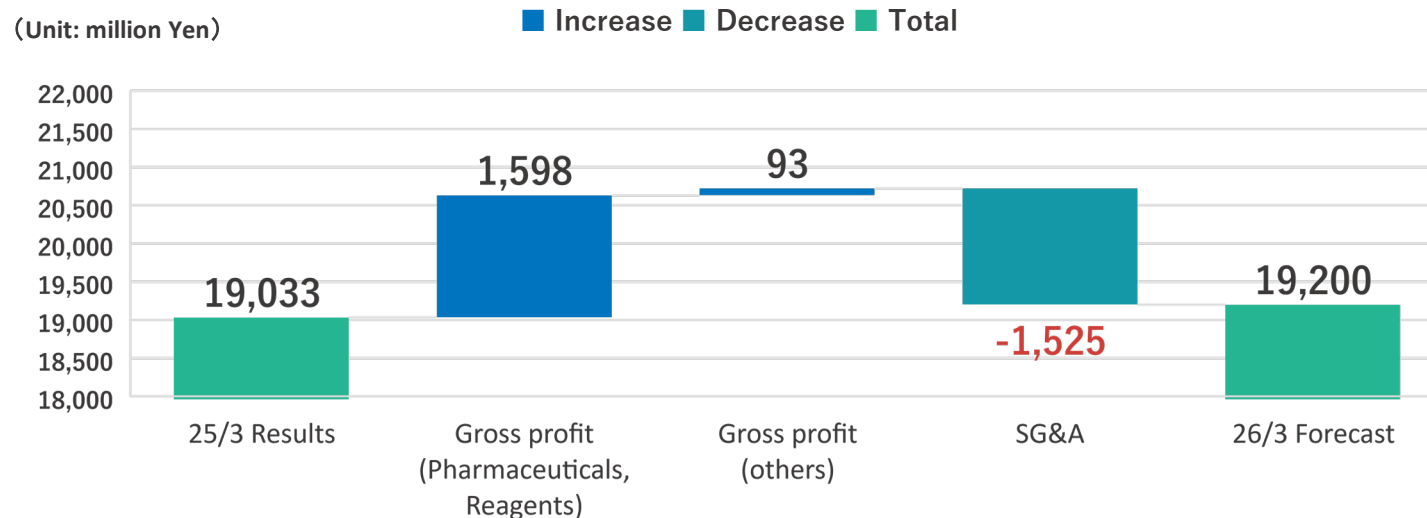




# Forecast for the Fiscal Year Ending March 2026 (Pharmaceutical wholesaling business)

(Unit: million Yen)	FY ended March 2025		FY ending March 2026		
	Results	% of net sales	Forecast	% of net sales	YoY change (%)
Net sales	1,463,520		1,511,000		3.24
Gross profit	84,509	5.77	86,200	5.70	2.00
SG&A	65,475	4.47	67,000	4.43	2.33
Operating profit	19,033	1.30	19,200	1.27	0.88

## Operating profit fluctuation factors FY2025⇒FY2026



## < Summary of Variance: FY2025 Actuals >

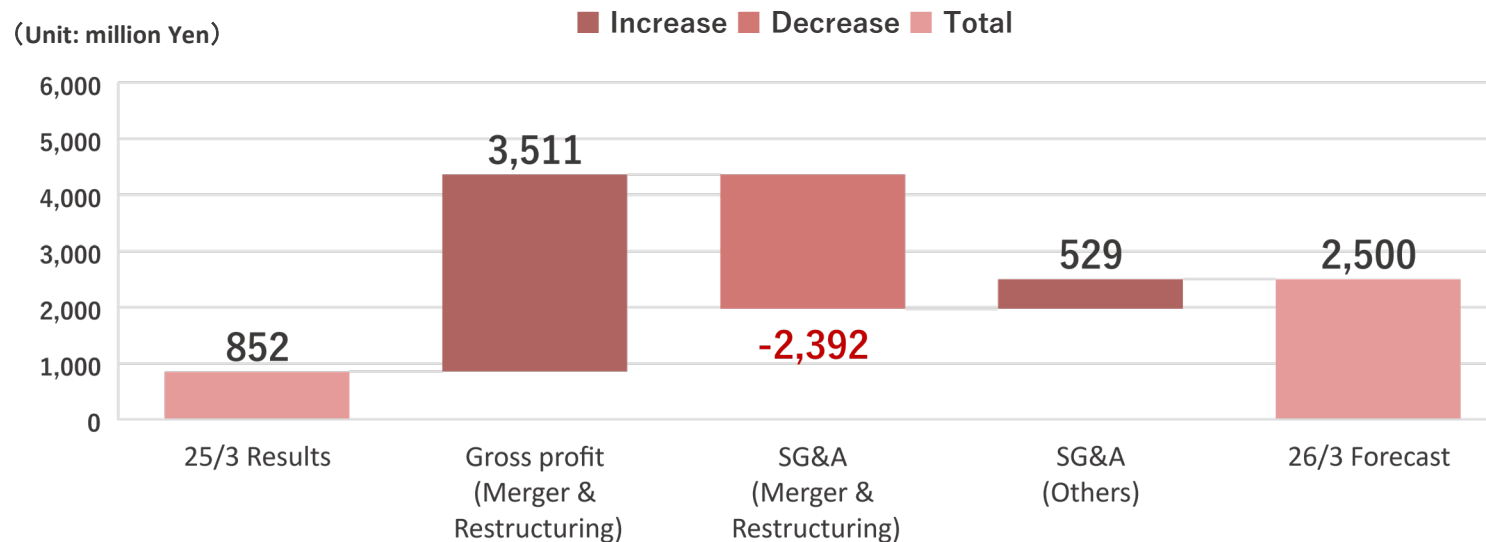
- **Net sales** : Sales of limited-handling products for selected wholesalers expected to continue growing. However, the growth rate likely to be in line with the market growth forecast, partly owing to difficulty in forecasting COVID-19 drug sales.
- **Gross profit** : Gross profit margin expected to dip as the impact of category changes and rising wholesale prices forecast to be higher than in the previous year.
- **SG&A** : Despite efforts to optimize operations by improving operational efficiency, personnel costs, delivery service outsourcing costs, and repair costs expected to rise, resulting in a year-on-year increase.
- **Operating profit** : Likely to be higher than in the previous year supported by net sales increase.



# Forecast for the Fiscal Year Ending March 2026 (Dispensing pharmacy business)

(Unit: million Yen)	FY ended March 2025		FY ending March 2026		
	Results	% of net sales	Forecast	% of net sales	YoY change (%)
Net sales	95,553		102,500		7.27
Gross profit	33,289	34.84	36,800	35.90	10.55
SG&A	32,437	33.95	34,300	33.46	5.74
Operating profit	852	0.89	2,500	2.44	193.43

## Operating profit fluctuation factors FY2025⇒FY2026



## < Summary of Variance: FY2025 Actuals >

- **Net sales, Gross profit** : Increase due to integration and reorganization
- **SG&A** : Incurrence of one-time expenses for increasing number of stores and reorganization due to mergers. Decrease of other SG&A expenses, including fees such as recruitment and staffing related expenses.
- **Operating profit** : Significant increase in operating profit due to merger and reorganization and the reduction of associated expenses and other SG&A expenses.



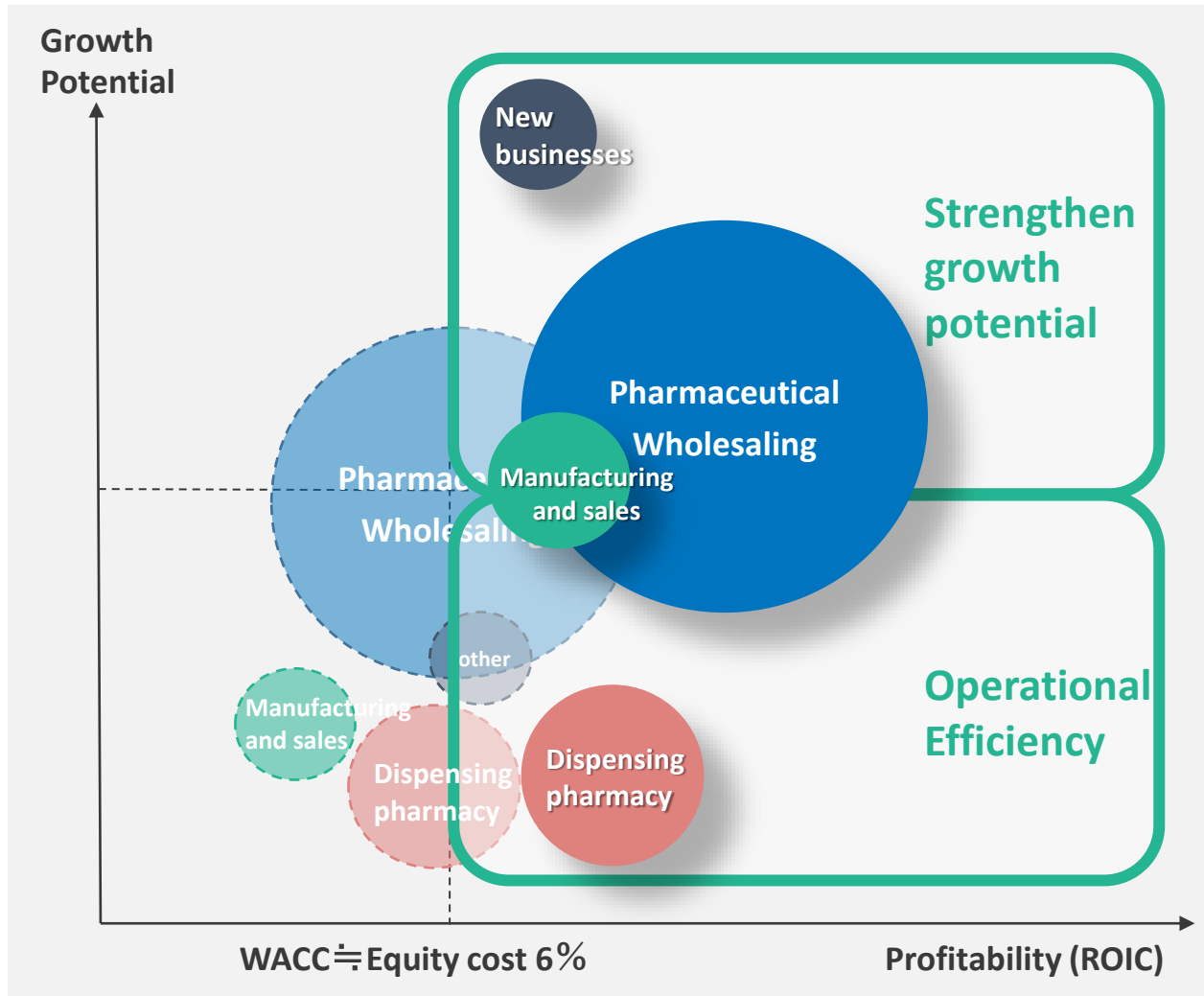
### **3. Medium- and Long-term Management Strategy**

- (1) Initiatives to Achieve the Target Business Portfolio**
- (2) Creating Innovation through Alliances**
- (3) Improvement of Capital Efficiency**
- (4) Sustainability Management**
- (5) Capital Allocation • Shareholder Returns**



# (1) Initiatives to Achieve the Target Business Portfolio

Target Business Portfolio (FY ending March 2029)



## Pharmaceutical wholesaling business

- Enhancing functions in distribution of specialty products
- Promoting the consolidation of sales offices
- Preparing for transition to “Team System” in April 2026
- Strengthening logistics system and streamlining delivery operations

## Dispensing pharmacy business

- Continuing reorganization of operating companies.

## Pharmaceutical manufacturing and sales business

- Promoting the establishment of a CDMO business

## New business

- Seeking seeds that contribute to New Value Creation

※The dotted line indicates the business portfolio status as of March 2024.

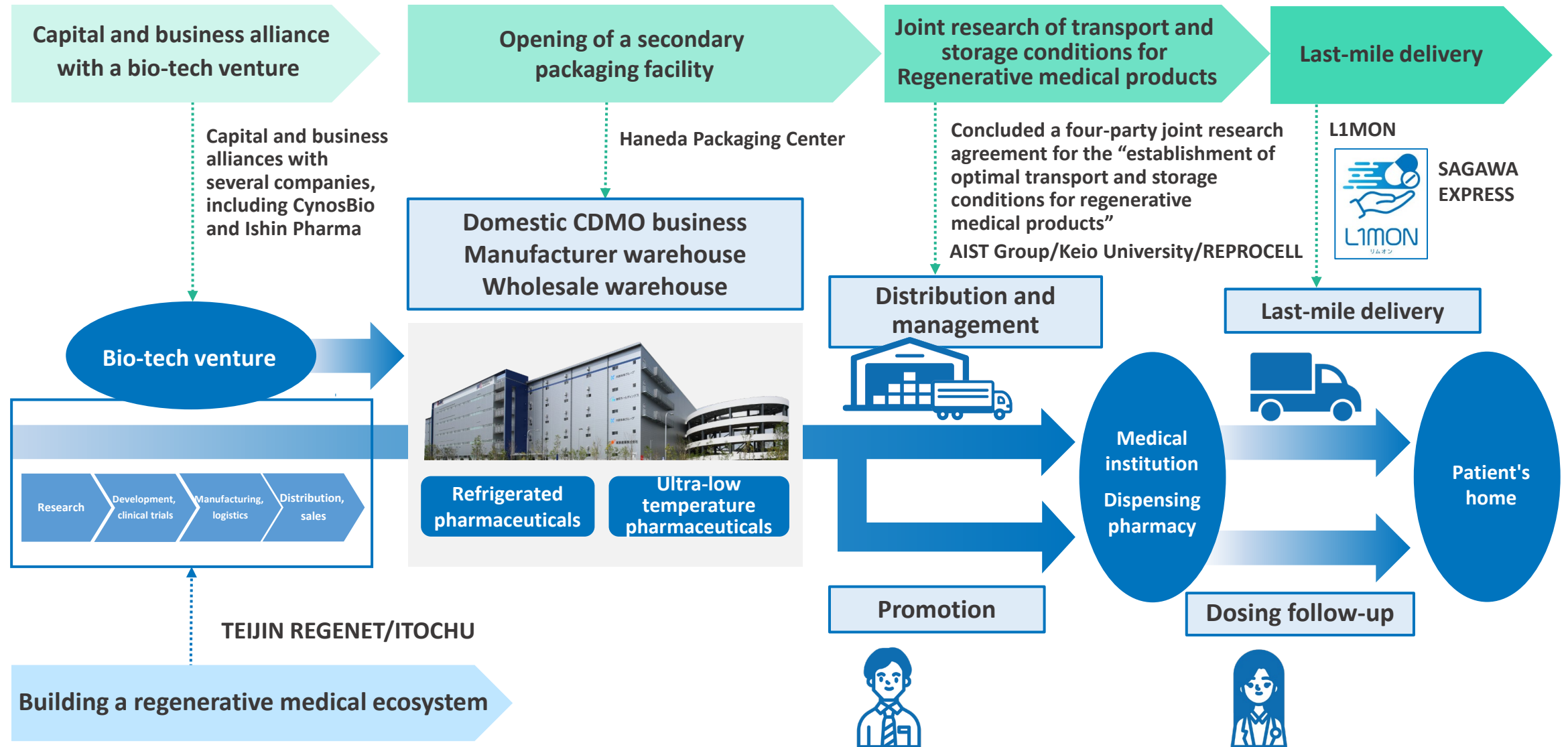


## (2) Creating Innovation through Alliances

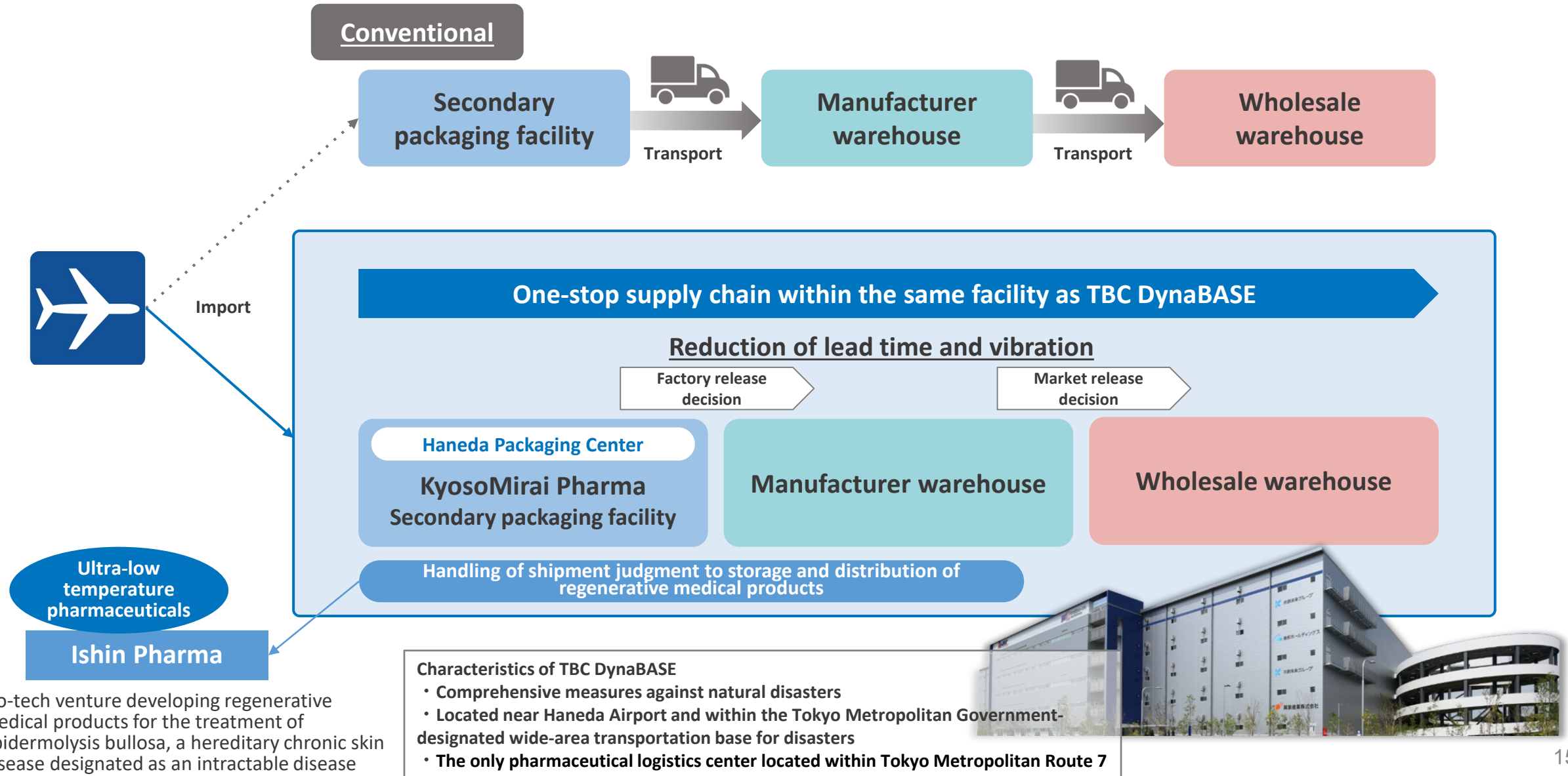
Specialty products, Full-Line service	<ul style="list-style-type: none"><li>• CynosBio: Distribution consignment of regenerative medical product "Sakracy®" through capital and business alliance.</li><li>• Ishin Pharma: Establishment of a regenerative medical product supply chain through capital and business alliance.</li><li>• AIST Group/Keio University/REPROCELL : Joint Research on "Establish Optimal Transport and Storage Conditions for Regenerative Medical Products".</li><li>• SAGAWA EXPRESS : Last-mile delivery service for specialty products.</li><li>• TEIJIN REGENET/ITOCHU : Building a regenerative medical ecosystem.</li></ul>
Advancement of logistics infrastructure	<ul style="list-style-type: none"><li>• WACON: Joint development of new constant-temperature transportation products.</li><li>• Blue innovation : Delivery using drones and robots.</li><li>• T2 : R&amp;D and demonstration of overall transportation of pharmaceuticals using autonomous trucks.</li><li>• JR Central/JR West : Demonstration of pharmaceutical transportation using the Shinkansen bullet train.</li></ul>
Community healthcare design/customer support system	<ul style="list-style-type: none"><li>• PHARUMO : Development of new products that contribute to community medical DX. Start of offering its cloud-based picking audit system "EveryPick".</li></ul>
DX	<ul style="list-style-type: none"><li>• One Capital : Engagement of a DX advisory team.</li><li>• AIST/Japan Advanced Institute of Science and Technology : Creating a next-generation call center.</li></ul>

### (3) Improvement of Capital Efficiency

: Toward the expansion of "full-line service" functions for specialty products

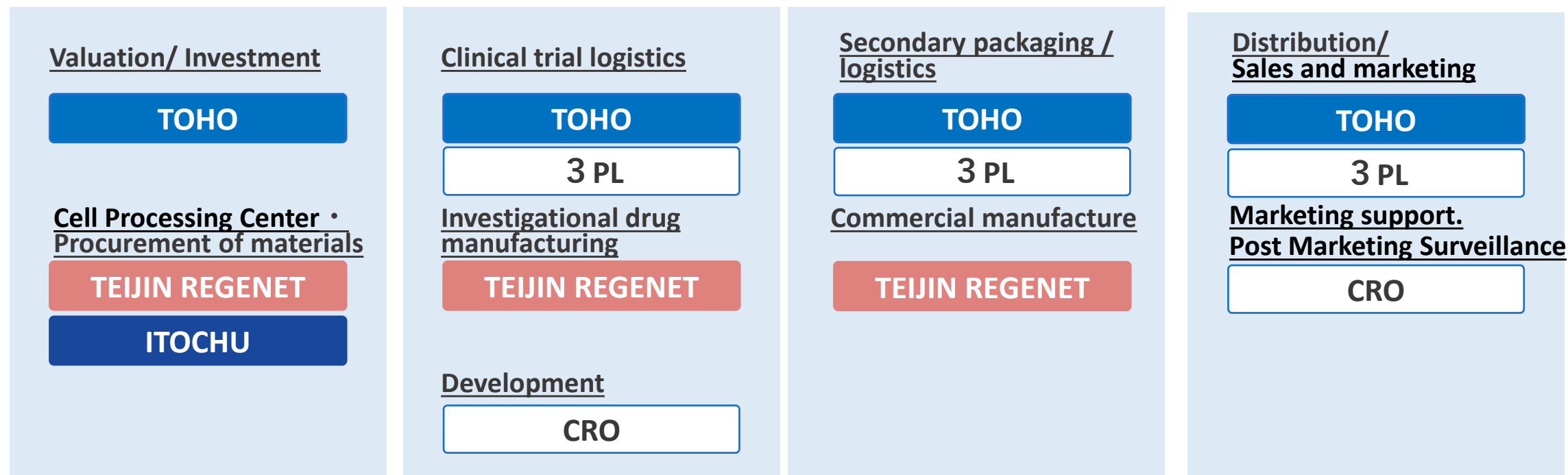
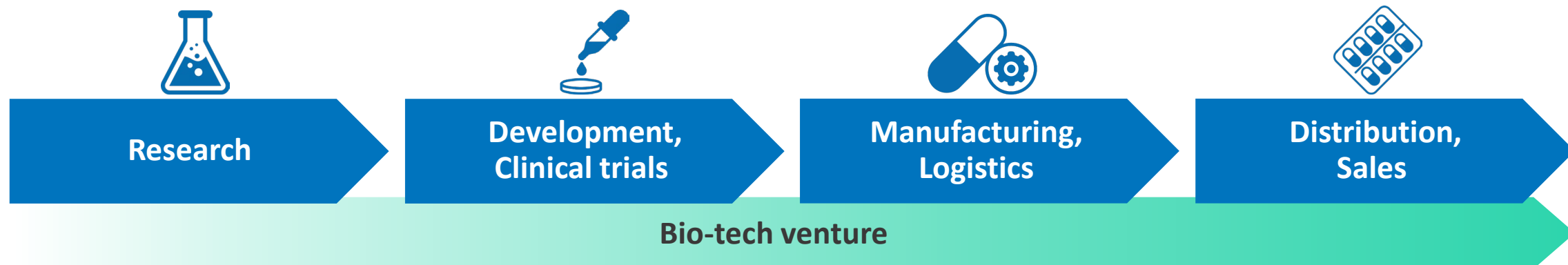


### (3) Improvement of Capital Efficiency : Strengthening full-line service capabilities through TBC DynaBASE



\*Bio-tech venture developing regenerative medical products for the treatment of epidermolysis bullosa, a hereditary chronic skin disease designated as an intractable disease

### (3) Improvement of Capital Efficiency: Building a regenerative medicine ecosystem



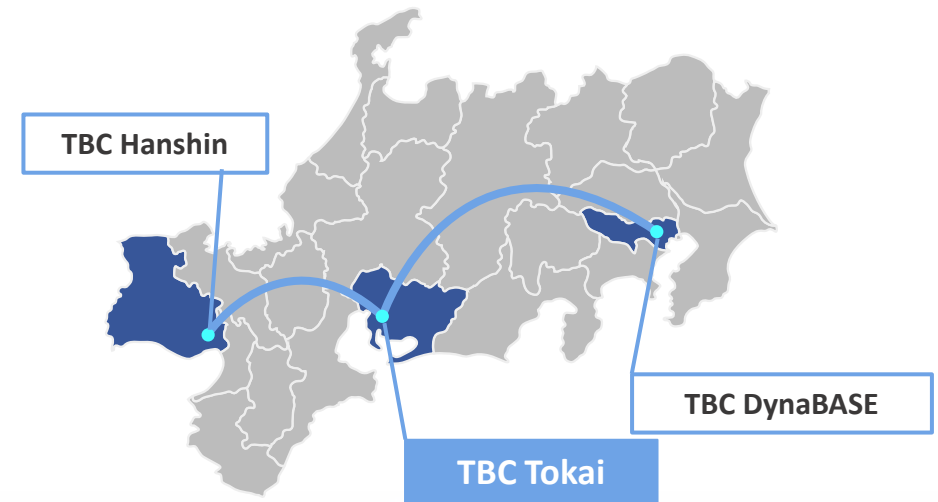




### (3) Improvement of Capital Efficiency: Enhancing logistics functions

#### TBC Tokai : Establishment of a new logistics center in Komaki City, Aichi

- By establishing distribution centers in Tokyo, Nagoya, and Osaka, we will eliminate the workload saturation at distribution centers in East and West (mainly TBC DynaBASE and TBC Hanshin) and cope with future increases in distribution volume.
- A comprehensive center with a wholesale warehouse for prescription pharmaceuticals, a warehouse for manufacturers, and a reagents warehouse is planned.
- Unlike existing centers, new automation technology will be introduced in anticipation of a shrinking workforce.
- Targeting operation start in 2027.



#### ISO9001 (Quality Management System)

**Six** prescription pharmaceuticals logistics centers have obtained ISO 9001 certification

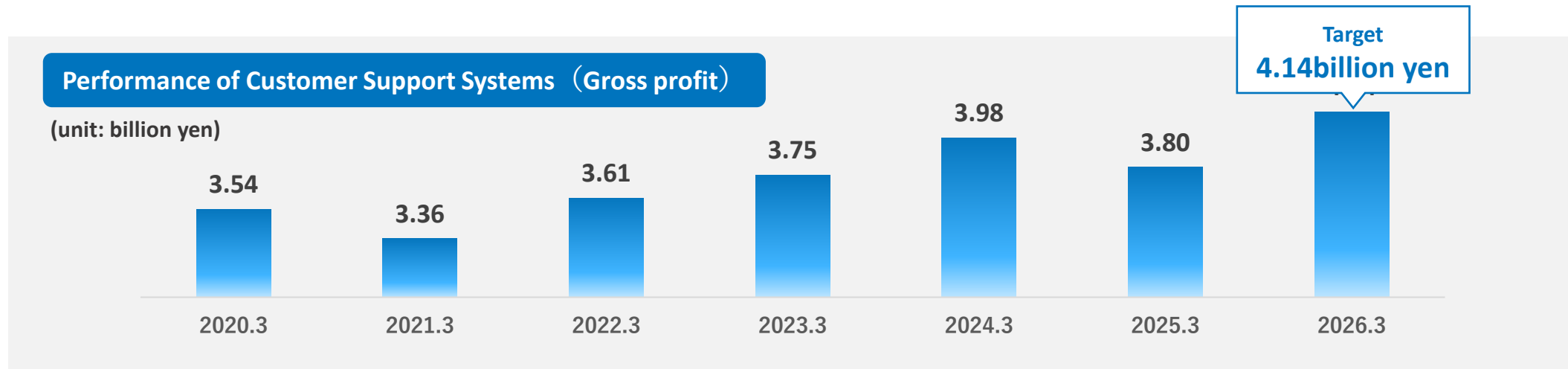
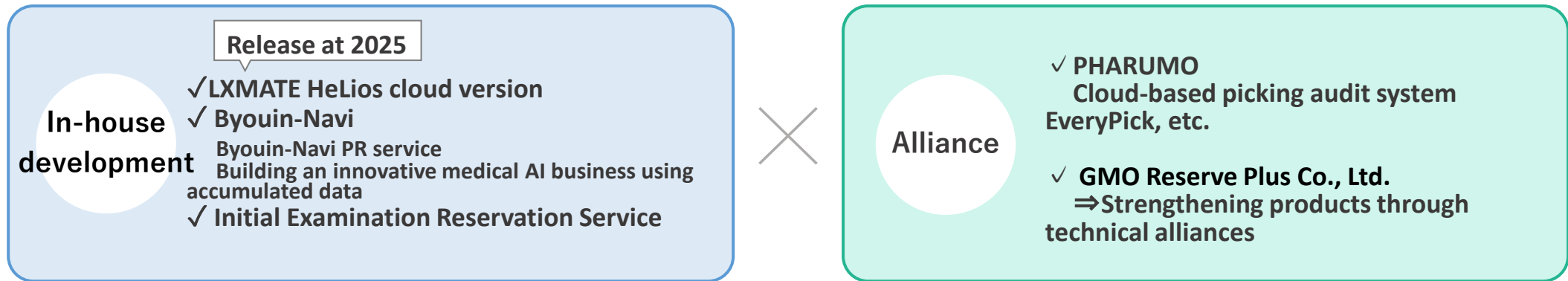
TBC Tokyo acquired certification for the first time in 2008, and all major distribution centers handling prescription pharmaceuticals have since acquired certification.

- |                      |                        |   |
|----------------------|------------------------|---|
| • TBC Saitama (2016) | • TBC Hiroshima (2021) | • TBC Kyushu (2024)                         |
| • TBC Hanshin (2018) | • TBC DynaBASE (2022)  | • TBC Sapporo (Planning to acquire in 2025) |



### (3) Improvement of Capital Efficiency: Customer support business

- Developing new customer support businesses through alliances, etc.
- Operational improvement of existing customer support systems
- Review of existing customer support systems based on profitability





### (3) Improvement of Capital Efficiency: Dispensing pharmacy business

**Business reorganization : Promote the integration of subsidiaries under PharmaCluster.**

April, 2024

**21**

companies

July, 2024

**14**

companies

April, 2025

**11**

companies

April, 2026

**4**

companies

**1**

companies

**Promote whole-of-operating company projects to establish community healthcare design**

- Training of human resources specialized in home medical care
- Promotion of Advance Care Planning (ACP)
- Further promotion of online medication guidance (Pharmacy DX)
- Strengthening of product sales functions in preparation for the advancement of self-medication
- Participation in regional formulary introduction project in cooperation with the pharmaceutical wholesaling business
- Strengthening of functions as a disaster base pharmacy and construction of a model store

**Continue opening new pharmacies and closing existing ones with an emphasis on profitability**

▶ **FY2024: 15 stores were opened, 32 stores were closed**



## (4) Sustainability Management: Enhancement of corporate governance (1)

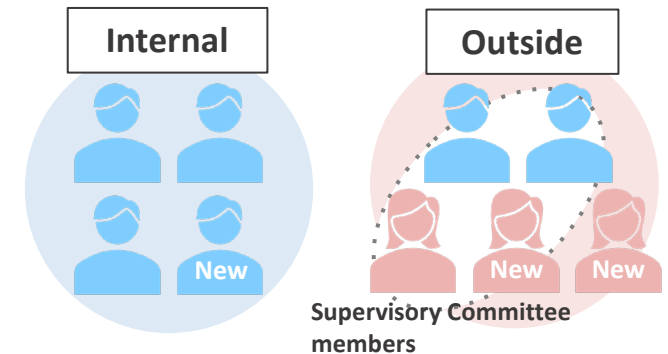
Improve effectiveness and transparency of governance functions by actively incorporating external perspectives and insights

### Board of Directors

Improve effectiveness and transparency of governance functions by actively incorporating external perspectives and insights

- New candidates for Outside Director well-versed in capital markets and finance

⇒ Further promote management conscious of stock price and cost of capital

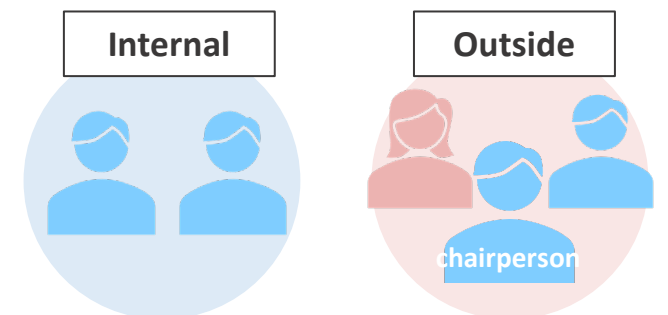


Four Internal Directors +  
Five Outside Directors (three women)

### Nomination and Compensation Committee

Expand the scope of the committee's deliberations and plan to hold monthly committee meetings for the time being

- Introduce a new compensation system for Directors incorporating performance-linked compensation
- Identify the skills needed to drive the Medium-Term Management Plan and its action plan, and review the skills matrix
- Hold discussions to review the next generation leader development plan



2 internal members + 3 outside member  
(The chairperson is an outside members)



## (4) Sustainability Management: Enhancement of corporate governance (2)

### Governance Enhancement Special Committee (Newly established in August 2024, 8 meetings held so far)

Identify problems in the Company's governance structure and discuss solutions

An interim report submitted to the Board of Directors on February 7 The committee to continue until this summer

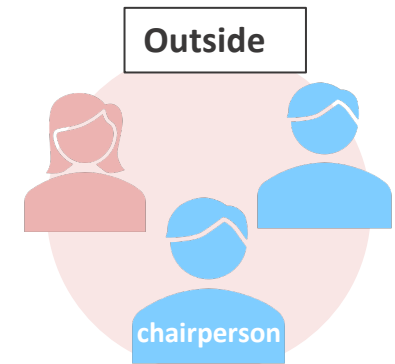
< Measures taken based on the interim report >

#### 1. Strengthening of group governance functions

The Group Governance Department newly established to manage 49 subsidiaries

#### 2. Strengthening of group compliance functions

The Compliance Department newly established, the internal reporting system made more effective, and governed by the Compliance Department independently from the executive body.



Comprised of one external lawyer and two outside directors. The chairperson is external lawyer.

### Transformation Promotion Steering Committee

Consists of three internal Directors, one Outside Director, and one external expert; meets quarterly to monitor progress in promoting transformation in accordance with the Medium-Term Management Plan

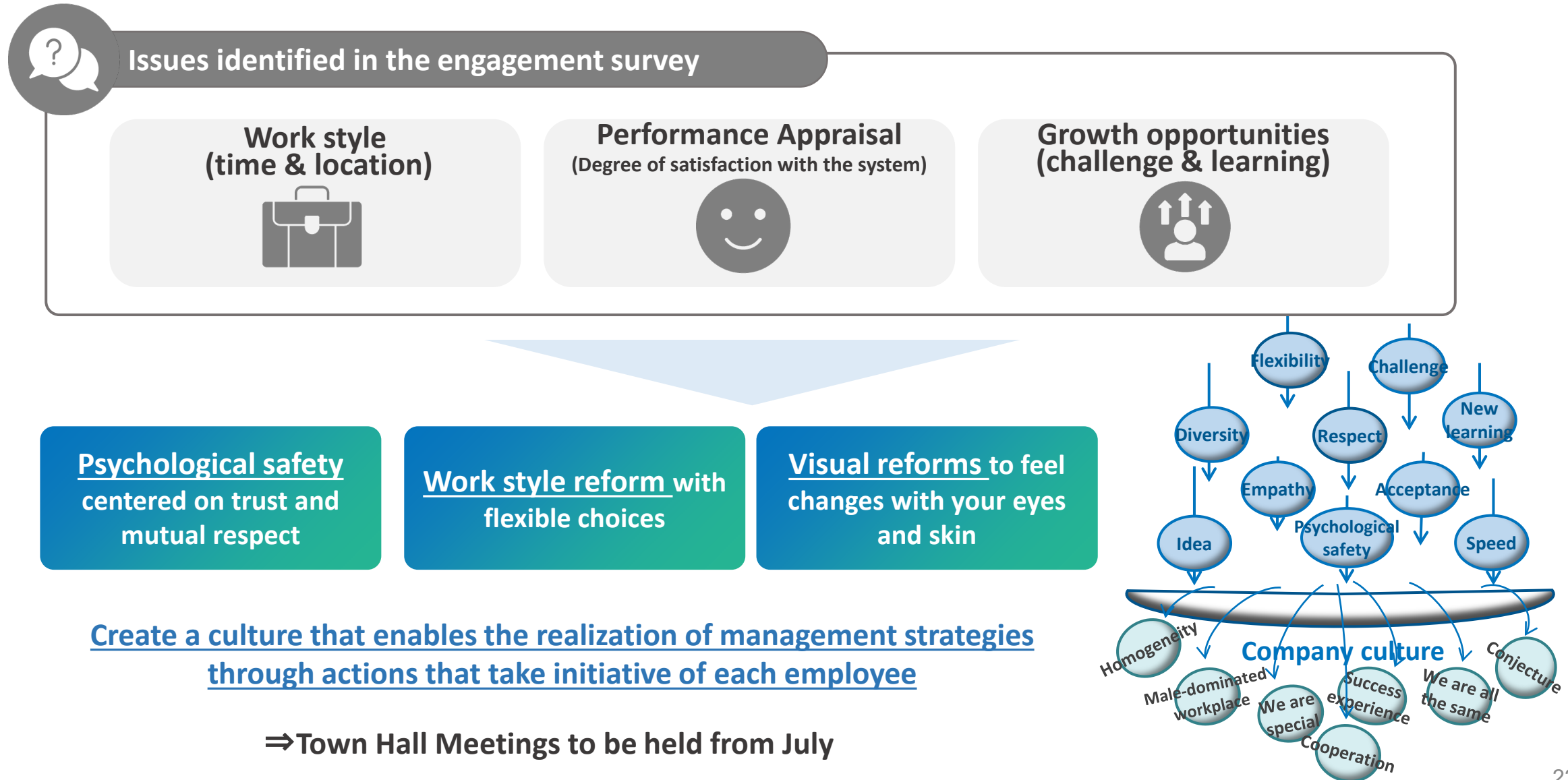
- The first meeting of the committee held on April 7; review overall progress

### Investment Committee

In addition to internal committee members, one Outside Director and two outside experts (in healthcare administration and clinical development) participating as observers, contributing to disciplined investment execution



## (4) Sustainability Management: Human capital management





## (5) Capital allocation ・ Shareholder returns: Shareholder return policy

### FY 2025

**Annual dividend : 90yen (Interim: 45yen, Year end : 45yen, 25yen dividend increase from 65yen last fiscal year)**

**Share buyback : 3,000,000shares/ 10billion yen**

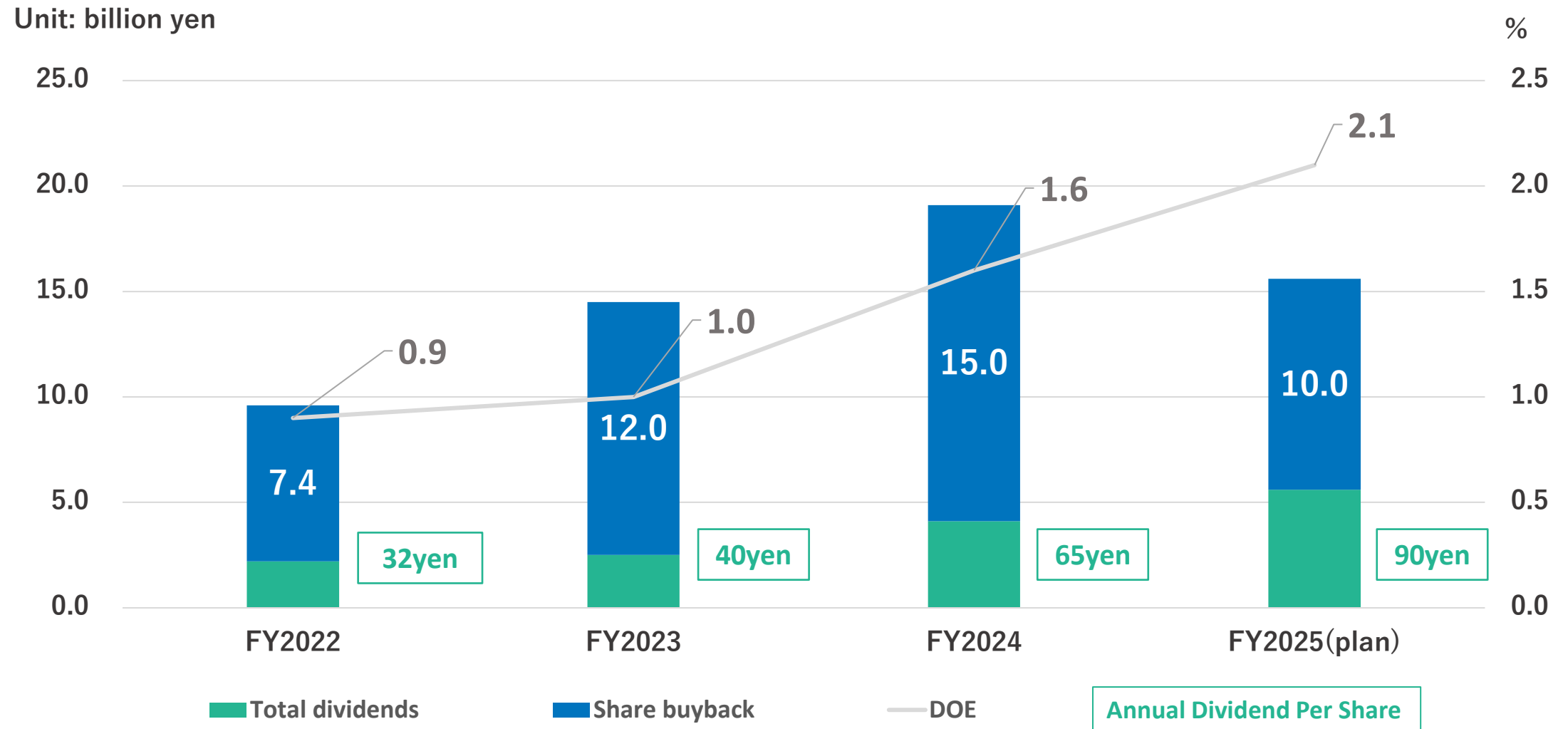
#### Medium-term dividend policy

- Projected DOE of 2.1% for the fiscal year ending March 2026. Achieve the mid-term management plan's DOE target of 2%
- Aim for stable and continuous dividend increases in line with profit growth

#### Medium-term share buyback policy

- The target amount of ¥30 billion in the current mid-term management plan was achieved
- Flexibly implement share buyback while maintaining balance with total dividends, with an eye to achieving ROE of 8% and shareholder returns of 80 billion yen or more as set forth in the action plan

## (5) Capital Allocation • Shareholder Returns: Trends in dividends and share buyback







## (5) Capital Allocation ・ Shareholder Returns: Cross-shareholding

In order to improve capital efficiency and make effective use of funds, we will proceed with the sale of cross-shareholdings to achieve the following targets:

- less than 15%(March 2026)
- less than 10%(March 2029) ※Ratio to consolidated net assets

### Status of Cross-Shareholdings (As of March 31, 2025)

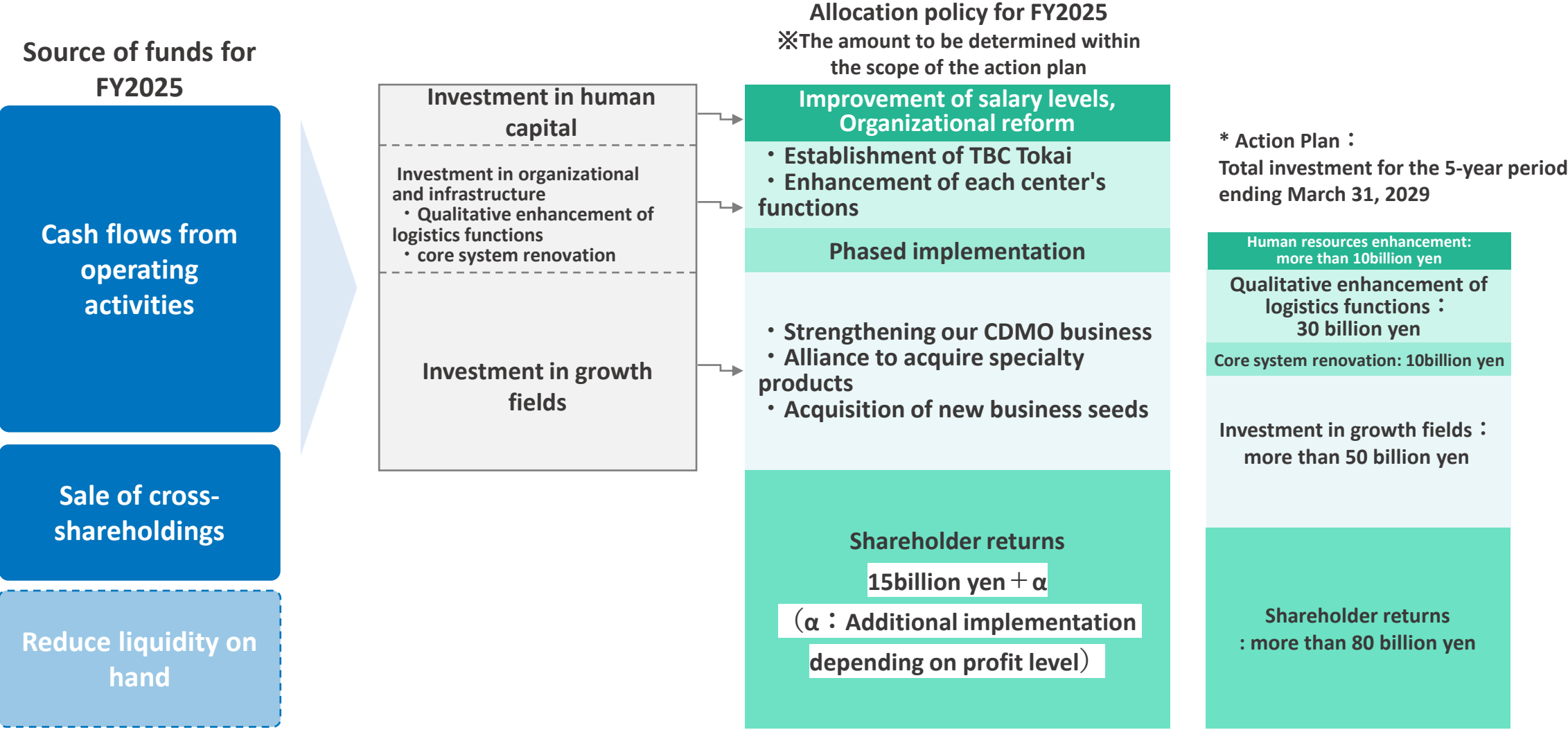
- Cross-shareholding balance: 41.6billion yen (Listed shares 32.7billion yen, Unlisted shares 8.9billion yen)
- Consolidated net assets: 256.9billion yen
- Ratio to consolidated net assets: 16.2%

Required sales amount in the fiscal year ending March 31, 2026 to achieve the target of less than 15%    3.1billion yen    ※Estimated value as of the end of March 2025



# (5) Capital Allocation • Shareholder Returns: Capital allocation (FY2025 Policy)

Adequate returns to shareholders while giving top priority to business investment with cost of capital in mind





# References



# Balance Sheet (Consolidated)

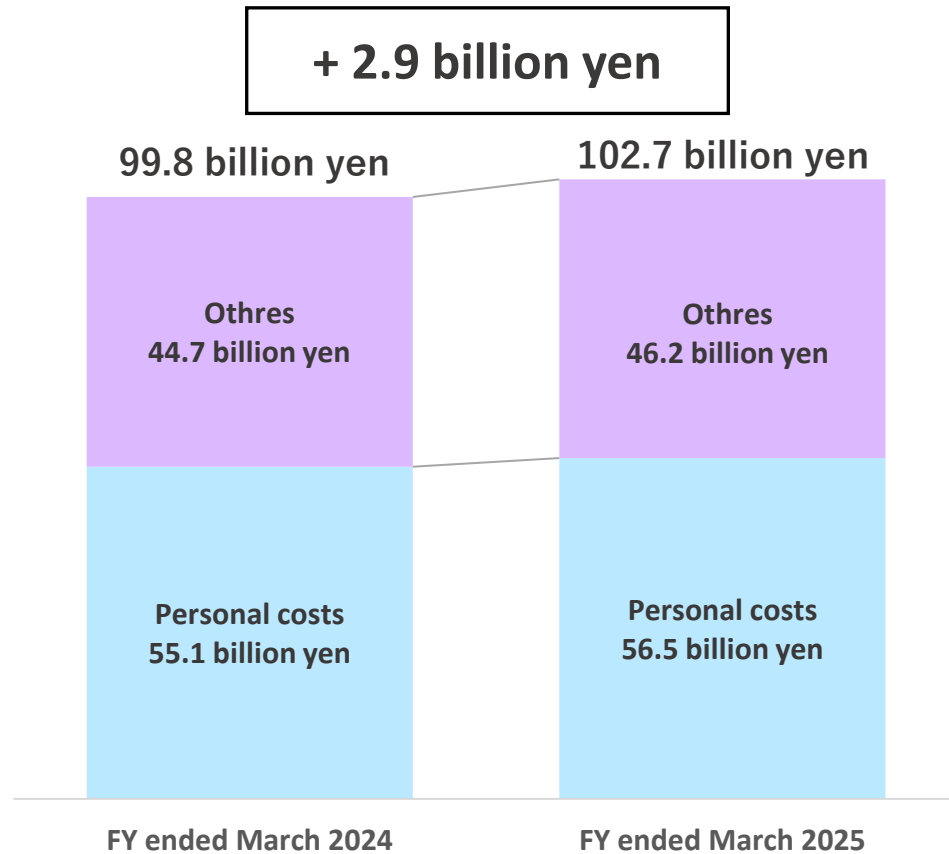
(Unit: million Yen)

	FY ended March 2024		FY ended March 2025			Major factors behind the increase or decrease
	Sum	Proportion (%)	Sum	Proportion (%)	Incr. or decr.	
Current assets	597,888	77.30	548,946	75.95	-48,942	Increase in merchandise and finished goods of 3,679 Decrease in cash and deposits of 46,437 Decrease in accounts receivable - trade of 5,955
Non-current assets	175,538	22.70	173,858	24.05	-1,680	Decrease in investments securities of 5,217
Total assets	773,427	100.00	722,805	100.00	-50,622	
Current liabilities	471,305	60.94	424,008	58.66	-47,297	Decrease in notes and accounts payable-trade of 40,349
Non-current liabilities	52,684	6.81	41,899	5.80	-10,785	Decrease in bonds payable of 9,010
Total liabilities	523,990	67.75	465,907	64.46	-58,082	
Net assets	249,437	32.25	256,897	35.54	7,460	Increase in retained earnings of 9,185 Decrease in treasury shares of 2,088 Decrease in valuation difference on available-for-sale securities of 3,680
Total liabilities and net assets	773,427	100.00	722,805	100.00	-50,622	

# SG&A (Year on Year)



## <Year on Year>



### Others +1.5 billion yen

#### Pharmaceutical wholesaling business : +0.41 billion yen

- Commission expenses +0.74 billion yen
- Repair costs +0.25 billion yen
- Rent expenses on real estate - 0.49 billion yen

#### Dispensing pharmacy business : +1.09 billion yen

- Commission expenses +0.25 billion yen
- Provision of allowance for doubtful accounts etc. +0.17 billion yen
- Rent expenses on real estate +0.15 billion yen
- Non-deductible temporary paid consumption tax expense due to increased net sales +0.13 billion yen

### Personal costs +1.4 billion yen

#### Pharmaceutical wholesaling business : +0.44 billion yen

#### Dispensing pharmacy business : +0.99 billion yen

# Cash Flow



(Unit: million Yen)

	FY ended March 2024	FY ended March 2025	Major factors for FY ended March 2025
Cash and cash equivalents at the beginning of period	81,839	128,673	
Operating activities	59,934	-26,675	Profit before income taxes: 28,056 Depreciation: 5,929 Increase in trade payables: -40,755 Income taxes paid: -10,143 Decrease (increase) in inventories: -3,489
Investment activities	9,091	-4,180	Purchases of property, plant and equipment: 2,980 Proceeds from sale of investment securities: 7,933 Payments into time deposits: -5,131 Payments into long-term time deposits: -4,000 Purchase of property, plant and equipment: -4,056 Purchase of investment securities: -1,536 Purchase of shares of subsidiaries and associates: -934
Financing activities	-22,195	-20,364	Decrease in short-term borrowings: -1,269 Purchase of treasury shares: -15,004 Dividends paid: -3,017
Cash and cash equivalents at the end of period	128,673	78,226	Increase (FY ended March 2025): -50,446

# Pharmaceutical wholesaling business

## Composition of Sales by Category and Contract Rate



### 【 Composition of sales by category 】

	April 2023-March 2024	April 2024-March 2025
Drugs for premium to promote the development of new drugs and eliminate off-label use	36.8%	40.4%
Patented drugs, others	39.5%	39.7%
Long-listed original drugs	14.3%	9.7%
Generic drugs	9.4%	10.2%

### 【Contract rate】

	2021/3	2022/3	2023/3	2024/3	2025/3
Value Basis	100.0%	100.0%	98.6%	99.5%	99.4%



**Total commitment to good health**