

# FY2023

(Fiscal Year Ended March 31, 2024)

## Financial Results Presentation

May 15, 2024 (WED)



# Agenda

- ① Financial Highlights for the Fiscal Year Ended March 31, 2024 (FY2023)
- ② Financial Forecast for Fiscal Year Ending March 31, 2025 (FY2024)
- ③ Medium- and Long-term Management Strategy  
Medium-term Management Plan 2023-2025  
“Create the Next Generation”

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# Financial Highlights for the Fiscal Year Ended March 31, 2024 (FY2023)



# Profit and Loss Statement (Consolidated)

(Unit: million Yen)

	FY ended March 2023		FY ended March 2024		
	Sum	% of net sales	Sum	% of net sales	YoY change (%)
<b>Net sales</b>	1,392,117		1,476,712		6.08
<b>Gross profit</b>	114,366	8.22	119,148	8.07	4.18
<b>SG&amp;A</b>	98,000	7.04	99,817	6.76	1.85
<b>Operating profit</b>	16,365	1.18	19,331	1.31	18.12
<b>Ordinary profit</b>	19,176	1.38	21,787	1.48	13.62
<b>Net profit*</b>	13,630	0.98	20,657	1.40	51.56

\*Profit attributable to owners of parent



# Balance Sheet (Consolidated)

(Unit: million Yen)

	FY ended March 2023		FY ended March 2024			Major factors behind the increase or decrease
	Sum	Proportion (%)	Sum	Proportion (%)	Incr. or decr.	
<b>Current assets</b>	533,519	74.59	597,888	77.30	64,369	Increase in cash and deposits of 46,769 Increase in accounts receivable-trade of 22,234 Decrease in merchandise and finished goods of 4,110
<b>Non-current assets</b>	181,768	25.41	175,538	22.70	-6,230	Decrease in property, plant and equipment of 2,792 Decrease in investments securities of 2,391
<b>Total assets</b>	715,288	100.00	773,427	100.00	58,139	
<b>Current liabilities</b>	440,188	61.54	471,305	60.94	31,117	Increase in accounts payable-trade of 52,931 Decrease in current portion of bonds payable of 20,003
<b>Non-current liabilities</b>	32,183	4.50	52,684	6.81	20,501	Increase in bonds payable of 22,092
<b>Total liabilities</b>	472,372	66.04	523,990	67.75	51,618	
<b>Net assets</b>	242,916	33.96	249,437	32.25	6,521	Increase in retained earnings of 18,215 Decrease in capital surplus of 3,933 Increase in treasury shares of -7,800
<b>Total liabilities and net assets</b>	715,288	100.00	773,427	100.00	58,139	

Equity-to-asset ratio FY ended March 2023: 33.93% FY ended March 2024: 32.22%



# Profit and Loss Statement (Pharmaceutical Wholesaling Business)

- Sales of specialty pharmaceuticals and other limited-handling products for selected wholesalers continued to grow.  
 : The Company's net sales of limited-handling products for selected wholesalers were 206.8billion yen (23.2% increase from the previous period). \*Excluding COVID-19-related products
- Changes in the distribution arrangements at some pharmaceutical companies contributed to increased sales.
- Gross profit of customer support systems: 3.98billion yen (6.1% increase from the previous period)

(Unit: million Yen)

	FY ended March 2023		FY ended March 2024		
	Sum	% of net sales	Sum	% of net sales	YoY change (%)
<b>Net sales</b>	<b>1,340,318</b>		<b>1,424,488</b>		<b>6.28</b>
<b>Gross profit</b>	<b>78,463</b>	<b>5.85</b>	<b>83,537</b>	<b>5.86</b>	<b>6.47</b>
<b>SG&amp;A</b>	<b>64,468</b>	<b>4.81</b>	<b>64,083</b>	<b>4.50</b>	<b>-0.60</b>
<b>Operating profit</b>	<b>13,995</b>	<b>1.04</b>	<b>19,453</b>	<b>1.37</b>	<b>39.00</b>



# Composition of Sales by Category and Contract Rate

## Composition of sales by category

	April 2022-March 2023	April 2023-March 2024
Drugs for premium to promote the development of new drugs and eliminate off-label use	46.0%	50.8%
Patented drugs, others	26.7%	26.7%
Long-listed original drugs	15.5%	11.2%
Generic drugs	11.8%	11.3%

## Contract rate

	2020/3	2021/3	2022/3	2023/3	2024/3
Value Basis	99.7%	100.0%	100.0%	98.6%	99.5%
Number Basis	99.8%	100.0%	100.0%	100.0%	100.0%



# Profit and Loss Statement (Dispensing Pharmacy Business)

- We reorganized operating companies, opened and closed pharmacies with an emphasis on profitability.
- Increase in the number of prescriptions filled due to the recovery of the suppression of patient visits.
- Technical fees decreased mainly due to the termination of transitional measures to add to the community support system. (Unit: million Yen)

	FY ended March 2023		FY ended March 2024		
	Sum	% of net sales	Sum	% of net Sales	YoY change (%)
<b>Net sales</b>	92,346		93,789		1.56
<b>Gross profit</b>	32,160	34.83	31,894	34.01	-0.83
<b>SG&amp;A</b>	29,728	32.19	30,348	32.36	2.09
<b>Operating profit</b>	2,431	2.63	1,546	1.65	-36.40

## ■ Number of pharmacies (as of March 31, 2024)

	Consolidated Subsidiaries		Non-Consolidated Subsidiaries		Affiliates Companies		Total	
TOHO HOLDINGS	4 companies	77 pharmacies	7 companies	42 pharmacies	2 companies	16 pharmacies	13 companies	135 pharmacies
PharmaCluster	6 companies	469 pharmacies	10 companies	63 pharmacies	1 company	39 pharmacies	17 companies	571 pharmacies
Total	10 companies	546 pharmacies	17 companies	105 pharmacies	3 companies	55 pharmacies	30 companies	706 pharmacies

Reference: as of April 1, 2024

	Consolidated Subsidiaries		Non-Consolidated Subsidiaries		Affiliates Companies		Total	
TOHO HOLDINGS	0 company	0 pharmacy	2 companies	6 pharmacies	2 companies	16 pharmacies	4 companies	22 pharmacies
PharmaCluster	9 companies	562 pharmacies	10 companies	82 pharmacies	1 company	39 pharmacies	20 companies	683 pharmacies
Total	9 companies	562 pharmacies	12 companies	88 pharmacies	3 companies	55 pharmacies	24 companies	705 pharmacies



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## Financial Forecast for Fiscal Year Ending March 31, 2025 (FY2024)



# Forecast for Fiscal Year Ending March 31, 2025(Consolidated)

(Unit: million Yen)

	FY ended March 2024		FY ending March 2025 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	1,476,712		1,492,000		15,288	1.04
<b>Gross profit</b>	119,148	8.07	120,200	8.06	1,052	0.88
<b>SG&amp;A</b>	99,817	6.76	102,000	6.84	2,183	2.19
<b>Operating profit</b>	19,331	1.31	18,200	1.22	-1,131	-5.85
<b>Ordinary profit</b>	21,787	1.48	20,100	1.35	-1,687	-7.74
<b>Net profit *</b>	20,657	1.40	12,500	0.84	-8,157	-39.49

\*Profit attributable to owners of parent



# Forecast for Fiscal Year Ending March 2025 (Pharmaceutical Wholesaling Business)

(Unit: million Yen)

	FY ended March 2024		FY ending March 2025 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	1,424,488		1,437,000		12,512	0.88
<b>Gross profit</b>	83,537	5.86	82,400	5.73	-1,137	-1.36
<b>SG&amp;A</b>	64,083	4.50	65,300	4.54	1,217	1.90
<b>Operating profit</b>	19,453	1.37	17,100	1.19	-2,353	-12.10



# Forecast for Fiscal Year Ending March 2025 (Dispensing Pharmacy Business)

(Unit: million Yen)

	FY ended March 2024		FY ending March 2025 (Forecasts)			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
<b>Net sales</b>	93,789		96,700		2,911	3.10
<b>Gross profit</b>	31,894	34.01	34,200	35.37	2,306	7.23
<b>SG&amp;A</b>	30,348	32.36	31,700	32.78	1,352	4.45
<b>Operating profit</b>	1,546	1.65	2,500	2.59	954	61.71



# Dividend Outlook

	Interim	Year End	Annual Dividend
<b>FY2022</b>	<b>16yen</b>	<b>16yen</b>	<b>32yen</b>
<b>FY2023</b>	<b>18yen</b> (Ordinary dividend: 16yen Commemorative dividend: 2yen)	<b>22yen</b> (Ordinary dividend: 20yen Commemorative dividend: 2yen)	<b>40yen</b> (Ordinary dividend: 36yen Commemorative dividend: 4yen)
<b>FY2024 (Forecasts)</b>	<b>25yen</b>	<b>25yen</b>	<b>50yen</b>

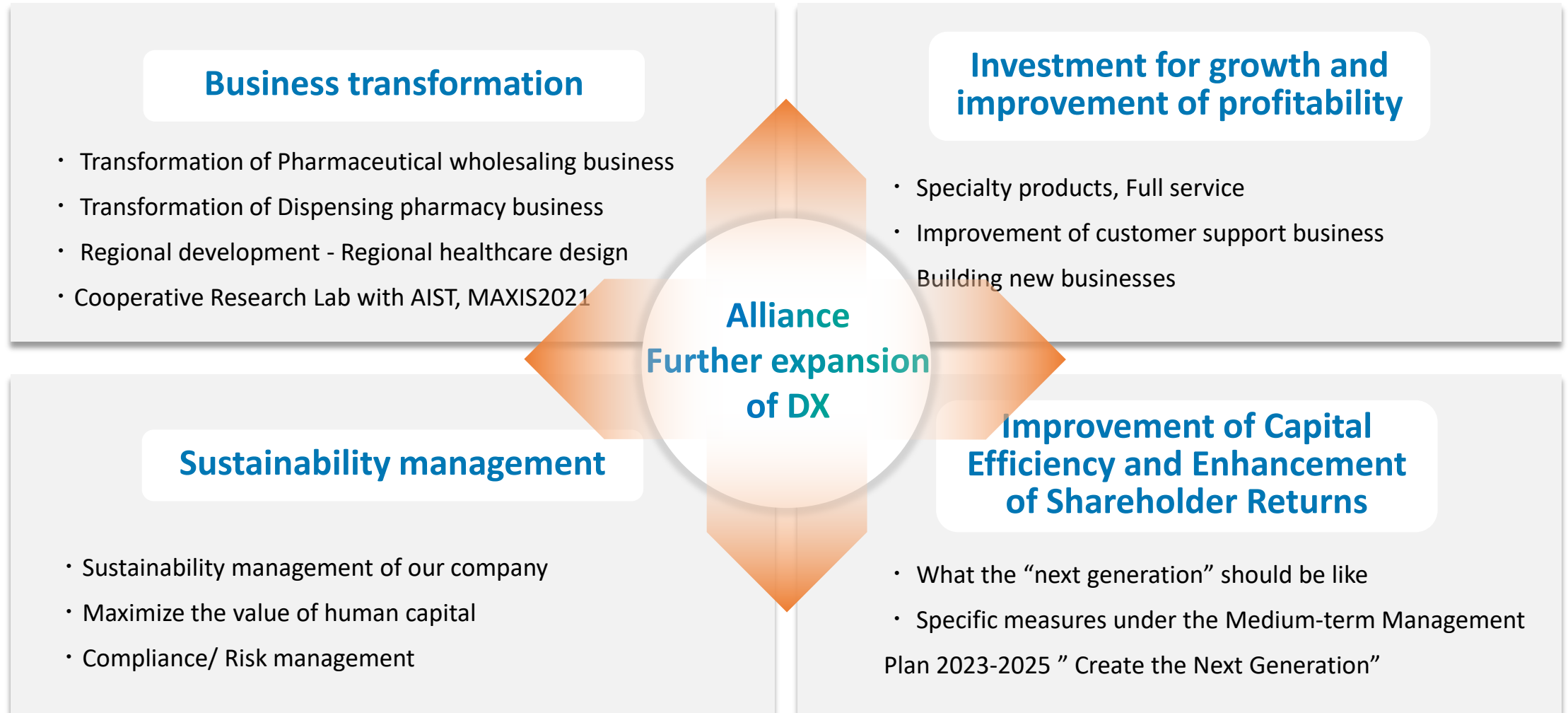
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## Medium- and Long-term Management Strategy

Medium-term Management Plan 2023-2025

“Create the Next Generation”

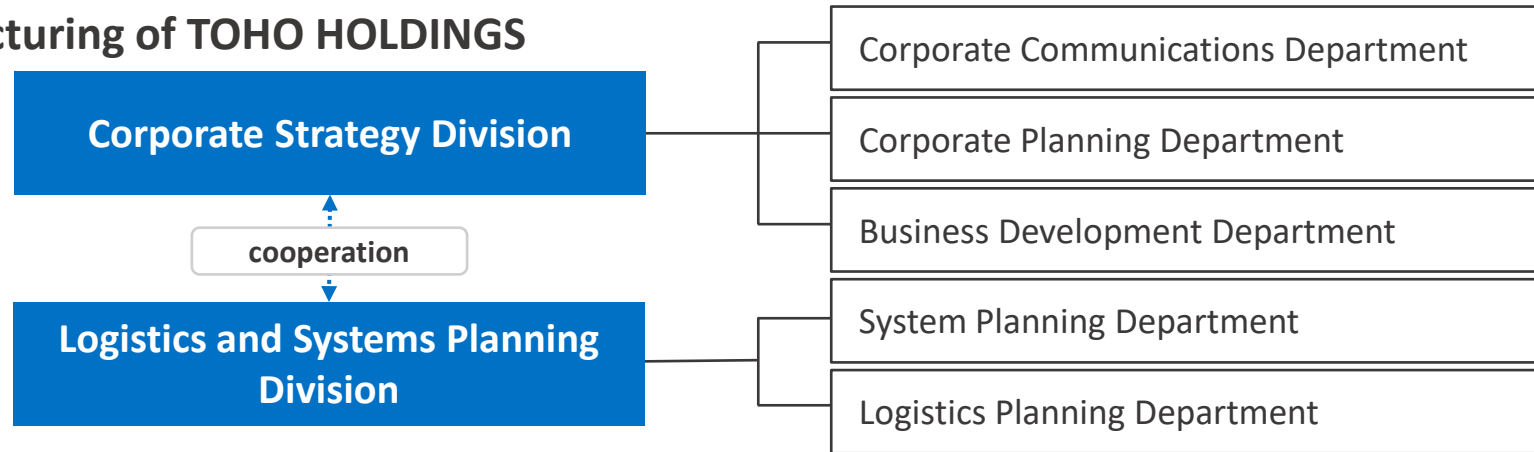
## Basic policy and specific measures of the Medium-term Management Plan 2023-2025 “Create the Next Generation”



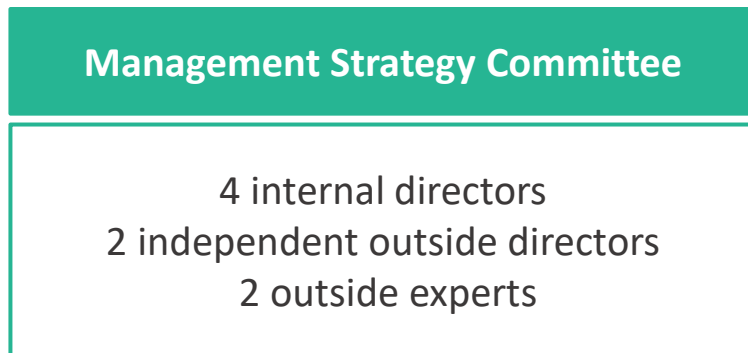
### ③ Medium- and Long-term Management Strategy

Efforts to accelerate the implementation of these initiatives of the Medium-term Management Plan and increase their effectiveness

#### ■ Organizational restructuring of TOHO HOLDINGS



#### ■ Establishment of Management Strategy Committee to discuss management and business strategy by incorporating outsider perspective



- ① Improving the profitability and productivity of each business
- ② Investments for growth in existing, adjacent, and new businesses
- ③ Discussion of business portfolio
- ④ Discussion of Cross-shareholding and the holding of assets for business
- ⑤ Discussion of capital allocation

Any corporate actions are expected to be disclosed around November 2024

#### ■ Retained a DX advisor with a sufficient experience and track record in global major consulting firms to accelerate corporate-wide DX initiatives

# Transformation of Pharmaceutical wholesaling business — Toward Building a Team System

Revision of the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies

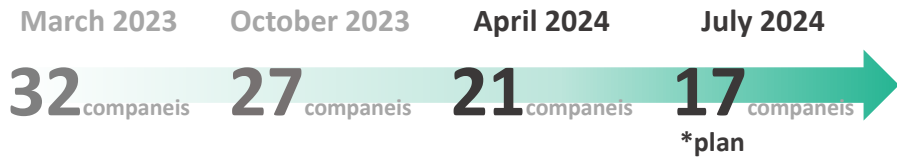


# Transformation of Dispensing pharmacy business

## Restructuring dispensing pharmacy subsidiaries :

The company aims to reorganize its current 21 subsidiaries to 4 within the current medium-term management plan

Trends in dispensing pharmacy business (the number of subsidiaries)



Plan to reorganize into 4 companies within the medium-term management plan

**Reinforcement and penetration of Kyoso Mirai pharmacy brand**  
**Creating synergies across the Group**  
**Consolidation of management functions**

## Consolidating and reorganizing dispensing pharmacy subsidiaries, opened new pharmacies while closing existing ones with an emphasis on profitability

**FY2023 Opening: 8 Stores Closing: 19 Stores**

## Improvement of profitability

### Activities in FY 2023

#### ● Enhancement of pharmacy function

- Cooperation with clinics specialized in providing home-based care
- Training of primary care pharmacists
- Promotion of use of Main insurance card

#### ● Sustainability

- Participation in Project “ReMed™”
- First recycling project for used pre-filled injection pens in Japan, which Novo Nordisk Pharma Ltd

#### ● Last mile

- Maidoumo Post Delivery of prescriptions using a delivery box developed by WILLPORT Co.,Ltd.

#### ● DX

- A portal application, Kyoso Mirai Pharmacy Health Navi, which includes a function for sending prescriptions and an electronic medicine notebook
- Online Dosing Guidance
- Online qualification confirmation
- Electronic prescription

Labor saving in anticipation of a decline in the labor force

- Further promotion of pharmacy DX
- Establishment of Prescription Input Concentration Center

Human resources development

- Strengthen training mainly for block managers and headquarters staff

# Cooperative Research Lab with AIST, MAXIS2021

## AIST Collaborative Research Lab

### AIST Collaborative Research Lab

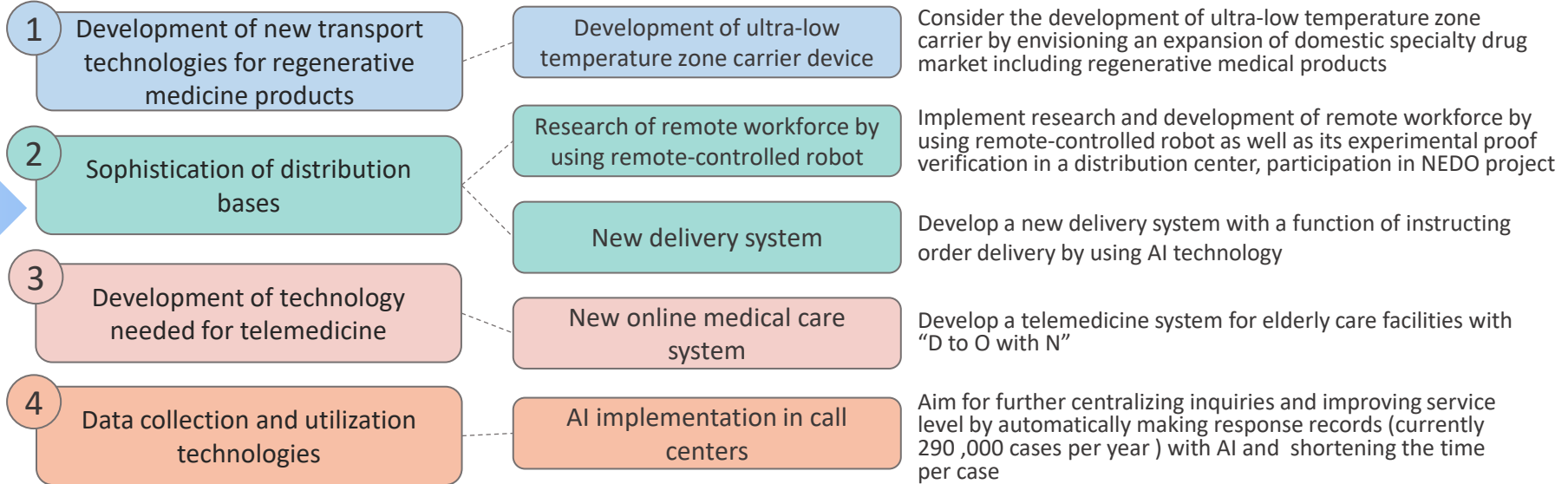
**Kyoso Mirai group**  
 Knowledge of the medical industry  
 Know-how cultivated  
 (logistics functions, customer support systems and others)

Solve issues related to access to medical care

**AIST**  
 Advanced development capabilities  
 the Cutting-edge technologies

**Establishment of  
 Universal Medical Access**

### Four themes of joint research



## Internal reform project MAXIS 2021

**Implementation on example**  
 Kyoso Mirai Portal site  
 Electronic Invoices  
 Paperless application documents

Verify other proposals and prioritize its implementation in the Management Strategy Committee



**Establish the company's proprietary business model by implementing nationwide unified information and inventory management**

**Regenerative medical products**

Started handling of gene therapy drugs



Establishing a system for proper distribution of regenerative medical products

Built in-house “Dedicated management system”

→ Established a **Regenerative Medicine Management Office** within TOHO PHARMACEUTICAL

→ New products will be available from FY 2024

**Specially-controlled medical devices**

— Verification of Proper Distribution Inventory Management Operations for Specially-Controlled Medical Devices —

Started stable supply and verification of resolving status of nationwide unevenly distributed inventory of Pulmonx Japan K.K.'s “Zephyr® bronchus bulb system”

⇒ Implementing experimental proof verification for minimizing loss of disposal of expired products by delivering unused products/unused catheter between facilities

**Implemented capital and business alliances with venture companies which are developing specialty products**

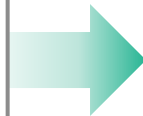


## Improvement of customer support business

Can be used in one store


**Various issues**

“2024 problem” of logistics  
Accelerating pharmacy DX etc.

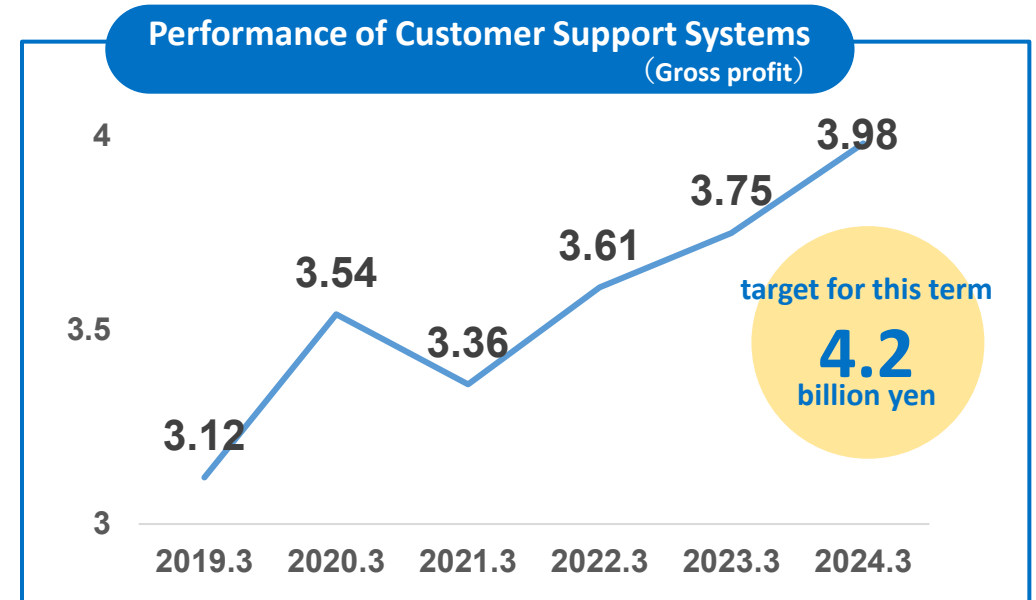
**Release of a simplified version centralized administration system of pharmacy operations "MIZAR"**

Improve ordering efficiency, reduce the risk of immobile inventory, and improve inventory counting efficiency  
Systematic delivery based on data to streamline objective business. Joint delivery enabled and environmentally friendly (CO2 reduction)



<Future release schedule>

- Cloud version medical appointment system  
LXMATE HeLios cloud version ( To be released this year )
  - Development of communication tools using voice recognition
  - Portal site with single sign-on function for customer support
- ×
- Develop of new customer support business through alliances and internal projects
  - Improve the operation and promote value evaluation of existing customer support systems



## Promote new business models to improve profitability

- MICIN : Six projects launched  
Started cooperation in “Cron Smart Path” and “Insurance Business”
- Joined Juntendo University Open Innovation Program GAUDI\* as a special member  
(Finding and supporting start-up companies, Industry-academia collaboration)  
\* GAUDI : R&D support service form consultation to practical-use stage to outside companies etc. by Juntendo University Medical Technology Innovation Center
- Newly entered cross-border EC business for mainland China
- Strengthen and drive staff agency business in collaboration with MD Management Co., Ltd. to respond to doctors’ work style reform
- Entering the new medical device business  
(New devices, handling of medical devices contributing to hospital DX, etc.)
- Improve profitability through corporate-wide DX and create new customer value by integrating the company’s current strength/assets with the expertise to be acquired via the alliance in collaboration with DX advisory team of One Capital
- Proactive investment in areas that are expected to grow

**Creating new  
business model**

**Building new  
businesses**

**Improvement  
of profitability**

Sustainability management

### Environment ■ Efforts to decarbonization

CO2 emission reduction targets

2023 → 2025 40% reduction → 2030 60% reduction → 2050 Carbon negative

**Electricity**  
Switching to a renewable energy plan has been implemented at two sites → Plan to switch mainly in distribution center consuming larger electricity

**EV**  
Electric vehicle (EV) (FY2023: 4cars) → Promote switching to EVs after verifying the effectiveness of the introduction

**Other**  
Participated in “ReMed™. New Life for Used Medical Device.”, the first recycling project for used pre-filled injection pens in Japan

+ **Creating energy**  
**Installation of solar panels**

### Governance ■ Review of compliance-related training systems

- Continue training program for important theme such as anti-trust law and Pharmaceutical and Medical Device Act as well as implement special training program for occasionally necessary theme such as information security
- Issue “Konpura Kawaraban” a compliance newsletter (twice a month)

**Promote understanding of the knowledge and evolve into a training program which will cultivate empathy**

### Social ■ Human capital

**Investment plan in human capital : 6 billion yen**

Human Resources/ Training	Development of the Personnel System	Workstyle reforms
<ul style="list-style-type: none"> <li>MTP training</li> <li>Senior MTP training</li> <li>Reskilling training for MS</li> <li>Joint research with AIST</li> </ul>	<ul style="list-style-type: none"> <li>Diversity &amp; Inclusion</li> <li>Career recruitment</li> <li>Graduate recruitment</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the amount of average periodic wage increase</li> <li>Review of vacation days</li> <li>Certified Health &amp; Productivity Management Outstanding Organizations Recognition Program</li> <li>Introduction of a free address system at the head office</li> <li>Promotion of paperless</li> </ul>

**Reskilling training : Training to improve the skills of MS in charge of hospitals**

**Data analysis of DPC/PDPS\* and bed function reports, acquisition of knowledge necessary for hospital management and practical training**

▶ **1,080 participants (including group companies)**

\*DPC/PDPS...Diagnosis Procedure Combination / Per-Diem Payment System for the patients in acute phase

**Stable supply • BCP**

- "The Study Group for Establishment of BCP System" was established to comply a proposal for business continuity plan in the supply of pharmaceuticals in the event of a disaster
- Joint Disaster Prevention Drill with the Ground Self-Defense Force

## Improvement of Capital Efficiency and Enhancement of Shareholder Returns

### Major Results for FY2024

#### ■ Management indicators

#### Target

- Price Book-value Ratio (PBR) : 1.0 times or higher      0.65 times in FY 2023      → 0.92 times in FY2024
- Return On Equity(ROE) : More than 8%      5.6% in FY 2023      → 8.4% in FY 2024
- Dividend on Equity Ratio(DOE) : More than 2%      0.91% in FY 2023      → 1.05% in FY 2024

**May 10**  
**1.02 times**

#### ■ Share buyback

Implemented two share buybacks shares to improve shareholder return and capital efficiency  
(6 billion yen each for a total of 12 billion yen)  
Cancellation of all shares acquired in the second buyback

#### ■ Cross-shareholdings

Sale of investment securities to improve the asset efficiency and strengthen the financial structure of the Company  
Amount sold: 13.1 billion yen

### Future policy

- Continue stable dividend increases over the medium to long term  
(FY2023 32 yen FY2024 40 yen FY2025 50 yen \*forecast)
- Taking into account improvements in ROE and DOE, we flexibly implement sharebuyback while balancing growth investments
- Continue to further reduce cross-shareholdings

**FY2025 forecast**  
**DOE 1.24%**



# References

# Cash Flow



(Unit: million Yen)

	FY ended March 2023	FY ended March 2024	Major factors for FY ended March 2024
Cash and cash equivalents at the beginning of period	90,014	81,839	
Operating activities	-9	59,934	Profit before income taxes: 30,783 Depreciation: 6,244 Increase in trade receivables: -20,356 Increase in trade payables: 51,410 Income taxes paid: -7,773
Investment activities	4,315	9,091	Purchase of property, plant and equipment: -2,505 Purchase of investment securities: -2,113 Proceeds from sale of investment securities: 13,233
Financing activities	-13,060	-22,195	Repayments of long-term borrowings: -9,622 Issuance of bonds: 22,110 Redemption of bonds: -20,000 Purchase of treasury shares: -12,002 Dividends paid: -2,235
Cash and cash equivalents at the end of period	81,839	128,673	Increase(FY ended March 2024): 46,833

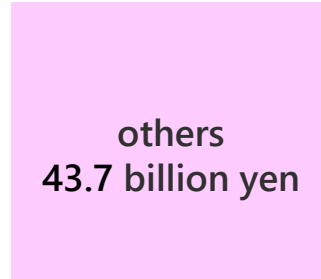


# SG&A (Year on Year)

<Year on Year>

+ 1.8 billion yen

98.0 billion yen



FY ended March 2023

99.8 billion yen



FY ended March 2024

## Others +1.0 billion yen

Pharmaceutical wholesaling business : +0.68 billion yen

- Rent expenses on real estate +0.38 billion yen
- Commission expenses +0.22 billion yen
- Depreciation +0.14 billion yen

Dispensing pharmacy business : +0.32 billion yen

- Commission expenses +0.25 billion yen
- Non-deductible temporary paid consumption tax expense due to increased net sales +0.21 billion yen

## Personal costs +0.8 billion yen

Pharmaceutical wholesaling business : +0.51 billion yen

Dispensing pharmacy business : +0.29 billion yen



# Capital Investment and Depreciation

## 【Capital Investment】

FY ended March 2024	FY ending March 2025
<b>Results : 4,164 million yen</b>	<b>Forecasts : 8,225 million yen</b>
<p>1. Pharmaceutical sales office (New construction, relocation of sales office and others) : 950 million yen</p> <p>2. Daizawa Project Move-in construction work・System・Furniture, fixtures, etc. : 682 million yen</p> <p>3. Replacement of core system servers : 642 million yen</p> <p>4. Others : 1,800 million yen</p>	<p>1. Pharmaceutical sales office (New construction, relocation of sales office and others) : 3,006 million yen</p> <p>2. Logistics center equipment renewal : 2,131 million yen</p> <p>3. Others : 3,088 million yen</p>

## 【Depreciation】

FY ended March 2024	FY ending March 2025
<b>5,893 million yen</b>	<b>5,787 million yen</b>



# Major customer support systems results

## ENIFvoice SP, ENIFvoice SP+A, ENIFvoice Core



Support for improving efficiency in medication counseling and the preparation of the medication history of a patient as well as up skilling at pharmacies by introducing voice input systems. In addition, ENIFvoice SP+A/ ENIFvoice Core, upgraded versions of ENIFvoice SP, enable inter-terminal and inter-store data sharing via a cloud server.

**Number of sales:**  
**17,280 units**

## Initial examination reservation service



Launched in 2012  
Constructed an Internet environment where a new patient can easily book the first medical examination via a medical institution's website or medical institutions search site. It also enables a patient to reserve a re-examination and/or a thorough medical checkup.

**Number of account  
registration:**  
**13,615 hospitals/clinics**

## Centralized administration system of pharmacy operation Mizar



This system realizes the centralized management of sales, inventories and accounts receivable for all pharmacy stores at the headquarters. With automatic order placement based on prescription data, it contributes to significantly reduce pharmacists' time and efforts needed for ordering.

**Number of sales  
(※on a contract basis):**  
**3,302 pharmacies**

## Information terminal for pharmaceutical ordering ENIF



This system makes pharmaceutical ordering operations dramatically more efficient. Any user can easily place an order simply by scanning the relevant barcode through the terminal, which eliminates the need for cumbersome ordering operations via the telephone.

**Number of units introduced:**  
**25,316 units**

as of March 2024



Total commitment to good health



[Front office in charge of IR]  
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<https://www.tohohd.co.jp>

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