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May 10, 2024

**Consolidated Financial Results for the Fiscal Year Ended March 31, 2024  
(Under Japanese GAAP)**

Company name: TOHO HOLDINGS CO., LTD.  
 Listing: Tokyo Stock Exchange  
 Securities code: 8129  
 URL: <https://www.tohohd.co.jp/en/>  
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 Scheduled date of annual general meeting of shareholders: June 27, 2024  
 Scheduled date to commence dividend payments: June 6, 2024  
 Scheduled date to file annual securities report: June 27, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for Institutional Investors and Analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

**1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)**

**(1) Consolidated operating results** (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	1,476,712	6.1	19,331	18.1	21,787	13.6	20,657	51.5
March 31, 2023	1,392,117	—	16,365	—	19,176	5.5	13,630	1.9

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥20,705 million[78.6%]  
 For the fiscal year ended March 31, 2023: ¥11,592 million[103.3%]

Fiscal year ended	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	%	%	%
March 31, 2024	320.14	286.79	8.4	2.9	1.3
March 31, 2023	196.70	180.67	5.6	2.7	0.9

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: ¥164 million

For the fiscal year ended March 31, 2023: ¥41 million

Note: Owing to the change in presentation method from the first quarter of the fiscal year ended March 31, 2024, net sales and operating profit for the fiscal year ended March 31, 2023 are shown after the retrospective reclassification, and percentage changes are not shown. Net sales and operating profit for the fiscal year ended March 31, 2023 before the reclassification were 1,388,565 million yen and 12,813 million yen, respectively.

**(2) Consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	773,427	249,437	32.2	3,969.20
March 31, 2023	715,288	242,916	33.9	3,623.81

Reference: Equity

As of March 31, 2024: ¥249,288 million

As of March 31, 2023: ¥242,678 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 end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	59,934	9,091	-22,195	128,673
March 31, 2023	-9	4,315	-13,060	81,839

**2. Cash dividends**

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	16.00	—	16.00	32.00	2,200	16.3	0.9
Fiscal year ended March 31, 2024	—	18.00	—	22.00	40.00	2,544	12.5	1.1
Fiscal year ending March 31, 2025 (Forecast)	—	25.00	—	25.00	50.00			

**3. Consolidated financial forecast for fiscal year ending March 31, 2025(from April 1, 2024 to March 31, 2025)**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half	731,000	-0.5	6,900	6.3	7,900	-0.6	4,900	-44.2	78.05
Full year	1,492,000	1.0	18,200	-5.9	20,100	-7.7	12,500	-39.5	199.11

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None  
 Newly included: — companies  
 Excluded: — companies

- (2) Changes in accounting policies, changes in accounting estimates, and restatement  
 (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None  
 (ii) Changes in accounting policies due to other reasons: None  
 (iii) Changes in accounting estimates: None  
 (iv) Restatement: None

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	76,431,342 shares
As of March 31, 2023	78,270,142 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2024	13,650,854 shares
As of March 31, 2023	11,302,582 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2024	64,527,150 shares
Fiscal year ended March 31, 2023	69,297,318 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	12,515	-4.0	3,807	-34.6	4,883	-32.7	13,118	35.9
March 31, 2023	13,039	—	5,825	—	7,260	249.0	9,655	140.5

Note: With the change of presentation method as already described in the note of the consolidated financial results, net sales and operating profit for the fiscal year ended March 31, 2023 are shown after the retrospective reclassification, and percentage changes are not shown.

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	203.27	182.03
March 31, 2023	139.32	127.91

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	267,428	150,054	56.1	2,387.40
March 31, 2023	253,452	152,299	60.0	2,271.65

Reference: Equity As of March 31, 2024: ¥149,909 million As of March 31, 2023: ¥152,153 million

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

- 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 considers rational at the time of the release of this report, and does not indicate that the Company undertakes to achieve such results. Actual results may differ significantly from the projections above, due to a variety of factors. As for precautions regarding the use of the Performance Projections and the conditions underlying the assumptions for the Performance Projections, refer to Section "1. Summary of Management Results (4) Projections for the Next Fiscal Year" on Page 4 of the Attached Document.

- The Company plans to hold a briefing on the financial results for institutional investors and analysts on the web on May 15, 2024. The Company also intends to provide a record of the progress of the session and the outline of the briefing (voice recording), together with the briefing material, on its website promptly after the briefing.

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## 1. Summary of Management Results

### (1) Summary of Management Results for the Current Fiscal Year

During the fiscal year under review, the prescription pharmaceuticals market continued to be affected by the promotion of measures to curb medical expenses, such as the off-year NHI drug price revisions in April 2023. In addition, owing to the continued adjustment of shipments of certain prescription pharmaceutical products, the outlook for the market remained uncertain. In the Group, although sales of test reagents and test kits for detecting COVID-19 plummeted from the previous year, overall sales of new coronavirus-related products did not tumble as much as initially expected, and sales of specialty pharmaceuticals and other limited-handling products for selected wholesalers continued to grow. This favorable sales performance combined with changes in the distribution system by some pharmaceutical manufacturers resulted in higher sales and profits than in the preceding year.

In May 2023, the Group announced the Medium-term Management Plan 2023-2025 “Create the Next Generation,” which covers three years from the fiscal year ended March 31, 2024. It set out four basic policies: (1) Business transformation, (2) Investment for growth and improvement of profitability, (3) Sustainability management, and (4) Improvement of capital efficiency and enhancement of shareholder returns, and based on these policies, we implemented specific measures to maintain sustainable growth and enhance corporate value through such means as active business alliances and digital transformation (DX).

In the area of business transformation, in order to promote wholesaling business transformation, we made in July 2023 substantial organizational changes to TOHO PHARMACEUTICAL CO., LTD., a consolidated subsidiary engaged in the pharmaceutical wholesaling business, mainly in the sales division, and are accelerating initiatives to reorganize the sales structure based on secondary medical care areas to promote community-based initiatives. The major theme of the transformation was the integration of pharmaceuticals and reagents, and we pushed forward with joint promotion of pharmaceutical MS (Marketing Specialist) and reagent MS. We also worked to streamline sales and delivery operations by consolidating and closing business sites and clarifying the roles of MS and EMS (ENIF Marketing Supporter). Furthermore, in order to create new added value by integrating cutting-edge technologies with various functions, including our unique customer support systems, through active alliances, we established a joint research laboratory with the National Institute of Advanced Industrial Science and Technology (AIST) and launched joint research aimed at establishing universal medical access. We have also formed a capital and business alliance with MICIN, Inc., which is engaged in the online medical business, clinical development digital solution business, etc., launched a project team made up of six working groups, and started to collaborate in some businesses.

With regard to investment for growth and improvement of profitability, we have started handling regenerative medical products, for which market growth is expected, and established a Regenerative Medicine Management Office within TOHO PHARMACEUTICAL CO., LTD. to build a system for proper distribution. We have also set up the Investment Committee to implement disciplined investments by verifying the appropriateness, analyzing profitability, assessing growth potential, and understanding potential risks of investment projects from financial and business strategy perspectives.

With regard to the promotion of sustainability, we have established short-, medium-, and long-term CO2 emissions reduction targets, and in a bid to achieve these targets, we are switching to electricity plans derived from renewable energy sources, installing solar panels, and introducing EVs at our offices and distribution centers. Since March of this year, TOHO PHARMACEUTICAL CO., LTD. and 15 pharmacies in the Group have participated in ReMed™, a recycling project for used pre-filled injection pens, which Novo Nordisk Pharma has launched on a trial basis for the first time in Japan, thereby contributing to the reduction of plastic waste (footprint).

In the area of capital policy, we worked for improvement of capital efficiency and enhancement of shareholder returns by continuously reducing cross-shareholdings, implementing two share buybacks (6 billion yen each for a total of 12 billion yen), and canceling all of the shares acquired in the second buyback.

In addition, in order to accelerate the implementation of these initiatives of the Medium-term Management Plan and increase their effectiveness, we have decided to establish the Management Strategy Committee as an advisory body to the Board of Directors to discuss and review important management and business strategies and other matters. In March 2024, we reorganized the organization of TOHO HOLDINGS and established the Corporate Strategy Division and the Logistics and Systems Planning Division, with the aim of strengthening concrete measures.

The Company’s consolidated operating results for fiscal year ended March 31, 2024 recorded 1,476,712 million yen for net sales (an increase of 6.1% on a year-on-year basis), 19,331 million yen for operating profit (an increase of 18.1% on a year-on-year basis), 21,787 million yen for ordinary profit (an increase of 13.6% on a year-on-year basis), and 20,657 million yen for profit attributable to owners of parent (an increase of 51.5% on a year-on-year basis).

We have decided to include revenues from information service fees, etc., which were previously recorded as nonoperating income in net sales, beginning with the first quarter of the fiscal year under review. In order to reflect this change in the presentation method, revenues from information service fees, etc. for the previous fiscal year have been reclassified to net sales.

The outline of business segment operating results are as follows.

In the pharmaceutical wholesaling business, we made efforts to respond to shipment adjustments due to the tight supply and demand of antipyretics and analgesics, cough medicines, expectorants, and measles vaccines.

Sales of specialty pharmaceuticals and other limited-handling products for selected wholesalers continued to grow. This together with changes in the distribution arrangements at some pharmaceutical manufacturers also contributed to increased sales. In price negotiations with medical institutions, we continued our efforts to negotiate unit prices for individual products in order to better reflect their individual value and distribution costs. Our actions for customer support systems included strengthening promotions using video and remote detailing, promoting the introduction of the ENIFvoice series mainly to drugstores, facilitating a switch from ENIF to FutureENIF, and ramping up the proposal activity of Byoin-Navi's website-creating service.

As a result, the pharmaceutical wholesaling business posted net sales of 1,424,488 million yen (an increase of 6.3% on a year-on-year basis) and segment profit (operating profit) of 19,453 million yen (an increase of 39.0% on a year-on-year basis) for the consolidated fiscal year under review.

In the dispensing pharmacy business, in order to implement the "Transformation of the dispensing pharmacy business," which is a key measure of the Medium-term Management Plan, we reorganized operating companies, opened and closed pharmacies with an emphasis on profitability, and worked to strengthen cooperation with clinics specialized in providing home-based care. In addition, we have launched a portal application, Kyoso Mirai Pharmacy Health Navi, which includes a function for sending prescriptions and an electronic medicine notebook, to promote digitalization.

During this fiscal year under review, although the number of prescriptions increased owing to a rebound from patients' reluctance to seek care, the transitional measure for the community support system incentives was terminated, reducing technical fees. As a result, net sales of the dispensing pharmacy business were 93,789 million yen (an increase of 1.6% year on year) and segment profit (operating profit) was 1,546 million yen (a decrease of 36.4% year on year).

In the pharmaceutical manufacturing and sales business, the Group engaged in the stable supply of high-quality and high value-added pharmaceuticals by strictly monitoring the quality of products based on its own verification system and establishing a planned production system. The number of large hospitals with 200 or more beds that adopted generic drugs sold by KYOSOMIRAI PHARMA exceeded 1,000. As a result, the pharmaceutical manufacturing and sales business posted net sales of 10,593 million yen (an increase of 6.5% on a year-on-year basis.) and segment profit (operating profit) of 755 million yen (a decrease of 12.6% on a year-on-year basis.).

In the other peripheral businesses, net sales amounted to 6,147 million yen (a decrease of 7.4% on a year-on-year basis.) and segment profit (operating profit) was 448 million yen (a decrease of 27.9% on a year-on-year basis.).

(Note) Segment sales include inter-segment transactions.

## (2) Summary of Financial Position for the Current Fiscal Year

### (i) Assets

Consolidated current assets as of the end of March 2024 increased 12.1% from the end of the previous consolidated fiscal year to 597,888 million yen, due mainly to an increase in cash and deposits of 46,769 yen, an increase in accounts receivable-trade of 22,234 million yen, and a decrease in merchandise and finished goods of 4,110 million yen in other.

Non-current assets as of the end of March 2024 decreased 3.4% from the end of the previous year to 175,538 million yen, due mainly to a decrease in property, plant and equipment of 2,792 million yen, and a decrease in investments securities of 2,391 million yen.

As a result, consolidated total assets as of the end of March 2024 increased 8.1% from the end of the previous consolidated fiscal year to 773,427 million yen.

### (ii) Liabilities

Current liabilities increased 7.1 % from the end of the previous consolidated fiscal year to 471,305 million yen, owing to an increase in notes and accounts payable-trade of 52,931 million yen, and a decrease in current portion of bonds payable of 20,003 million yen in other.

Non-current liabilities increased 63.7 % from the end of the previous consolidated fiscal year to 52,684 million yen with an increase in bonds payable of 22,092.

As a result, total liabilities increased 10.9 % year-on-year to 523,990 million yen.

### (iii) Net Assets

Total net assets increased 2.7% from the end of the previous consolidated fiscal year to 249,437 million yen, with an increase in retained earnings of 18,215 million yen, a decrease in capital surplus of 3,933 million yen, and an increase in treasury shares of 7,800 million yen.

## (3) Summary of Cash Flows for the Current Fiscal Year

Cash and cash equivalents (hereinafter referred to as "cash") during this consolidated fiscal year increased by 46,833 million yen from the end of the previous consolidated fiscal year. As a result, the balance at the end of this consolidated fiscal year totaled 128,673 million yen. The following describes the three categories of consolidated cash positions during this consolidated fiscal year, as well as the factors responsible.

### (i) Cash Flows from Operating Activities

Cash flow from operating activities was an inflow of 59,934 million yen (an increase of 59,943 million yen from the previous fiscal year). Although inflow was secured by some positive factors such as net profit before income taxes of 30,783 million yen, depreciation of 6,244 million yen, and an increase in trade payables of 51,410 million yen, these were somewhat offset by negative factors including an increase in trade receivables of 20,356 million yen, and income taxes paid of 7,773 million yen.

(ii) Cash Flows from Investing Activities

Cash flow from investing activities was an inflow of 9,091 million yen (an increase of 4,775 million yen from the previous fiscal year). Although inflow was secured by some positive factors such as proceeds from sale and redemption of investment securities of 13,233 million yen, these were somewhat offset by negative factors including purchases of property, plant and equipment of 2,505 million yen, and purchases of investment securities of 2,113 million yen.

(iii) Cash Flows from Financing Activities

Cash flow from financing activities was an outflow of 22,195 million yen (a decrease of 9,135 million yen from the previous fiscal year). Positive factor, proceeds from issuance of bonds of 22,110 million yen, was somewhat offset by negative factors including repayments of long-term borrowings of 9,622 million yen, redemption of bonds of 20,000 million yen, purchase of treasury shares of 12,002 million yen, and dividends paid of 2,235 million yen.

(Reference) Trends in key indicators of cash flows

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Shareholder's Equity Ratio (%)	34.4	34.7	34.3	34.4	32.2
Shareholder's Equity Ratio at Market Value (%)	23.8	21.0	18.6	23.8	29.6
Ratio of cash flows to interest-bearing debts (%)	394.5	523.2	259.4	—	53.1
Interest Coverage Ratio (times)	198.2	107.1	209.5	—	961.6

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio at market value: Total market value of stock / Total assets

Ratio of cash flows to interest-bearing debts: Interest-bearing debts / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest paid

1. All indicators are calculated using consolidated financial data.
2. The total market value of stock is calculated by multiplying the closing price of stock at the end of the fiscal year by the number of shares outstanding at the end of the fiscal year (after deducting treasury shares).
3. Cash flows from operating activities is the "Cash Flows from Operating Activities" in the Consolidated Statements of Cash Flows. Interest-bearing debt is all the interest-bearing debts in the Consolidated Balance Sheets. Interest paid is the interest payments in the Statements of Consolidated Cash Flows.
4. Neither ratio of cash flows to interest-bearing debts of Fiscal year ended March 31, 2023 nor interest coverage ratio is written due to negative cash flows from operating activities.

(4) Projections for the Next Fiscal Year

In the prescription pharmaceuticals market that the Company is part of, NHI drug price revisions were implemented in April 2024, lowering drug prices by 4.67% on a drug cost basis. Meanwhile, the business environment remains uncertain owing primarily to the impact on the status of physician visits from the end of government subsidies for COVID-19 treatment in March 2024, and the impact of the so-called "2024 problem" of logistics, in which an overtime cap is placed on automobile drivers. In March 2024, the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies were revised with the objective of creating an environment for appropriate distribution transactions by correcting trade practices specific to the industry and filling the excessive gap between NHI prices and market prices. We are required to make efforts based on the revision.

Under these circumstances, the Company drives the necessary initiatives for continued growth and medium- to long-term profitability improvement in accordance with the Medium-term Management Plan 2023-2025 "Create the Next Generation," which covers three years from the fiscal year ended March 31, 2024. Accordingly, for the next fiscal year ending March 31, 2025, the Company forecasts net sales of 1,492,000 million yen (an increase of 1.0% year on year), operating profit of 18,200 million yen (a decrease of 5.9% on a year-on-year basis), ordinary profit of 20,100 million yen (a decrease of 7.7% on a year-on-year basis), and profit attributable to owners of parent of 12,500 million yen (a decrease of 39.5% on a year-on-year basis).

## 2. State of the Corporate Group

For the purposes hereof, the Group (TOHO HOLDINGS CO., LTD. and its associated companies) or simply the “Group” consists of TOHO HOLDINGS CO., LTD. or simply the “Company,” 57 subsidiaries, and 11 affiliates. The Group’s primary business operations and their positions, and their relationships with the segments classified by types of business operations are described below.

The following 4 divisions are the same as the categories of the segments described in “Segment Information”.

### (1) Pharmaceutical Wholesaling Business

The Company’s 4 consolidated subsidiaries (TOHO PHARMACEUTICAL CO., LTD., Kyushu Toho Co., Ltd., SAYWELL inc., and KOYO Co., Ltd.), 6 unconsolidated subsidiaries and 2 affiliates (SAKAI MEDICINES CO., LTD and other one affiliate) purchase pharmaceuticals and health-related products, mainly from pharmaceutical manufacturers, for distribution primarily to hospitals, clinics, and dispensing pharmacies.

As for the products purchased from pharmaceutical manufacturers, etc., the consolidated subsidiaries mentioned above supply these products to 27 subsidiaries (PHARMA DAIWA, J.MIRAIMEDICAL, Shimizu Pharmacy, PHARMA MIRAI INC., SEIKO MEDICAL BRAIN, Strelitzia, VEGA PHARMA, Cure co., Ltd., AOBADO, KOSEI, and other 17 subsidiaries) and 3 affiliates.

Toho System Service Co., Ltd. (a consolidated subsidiary) is mainly engaged in mission-critical system operations such as data processing for the Kyoso Mirai Group (the Company, affiliates which are mainly engaged in wholesale sales of pharmaceuticals, and companies that have a business tie-up with the Group). SQUARE·ONE Co., Ltd. (a consolidated subsidiary) is engaged in real estate agency business.

### (2) Dispensing Pharmacy Business

The Company’s 10 consolidated subsidiaries (PHARMA DAIWA, J.MIRAIMEDICAL, Shimizu Pharmacy, PHARMA MIRAI INC., SEIKO MEDICAL BRAIN, Strelitzia, VEGA PHARMA, Cure co., Ltd., AOBADO, and KOSEI), 17 unconsolidated subsidiaries and 3 affiliates are primarily engaged in health insurance dispensing pharmacies business.

PharmaCluster Co., Ltd (a consolidated subsidiary) is engaged in the management of the dispensing pharmacies business.

### (3) Pharmaceutical Manufacturing and Sales Business

The Company’s 1 consolidated subsidiary (KYOSOMIRAI PHARMA CO., LTD.) and 2 affiliates (AYUMI Pharmaceutical Holdings, AYUMI Pharmaceutical Corporation) manufacture and sell pharmaceuticals.

KYOSOMIRAI PHARMA CO., LTD. (a consolidated subsidiary) manufactures and sells generic drugs and produces injection drugs on consignment. Generic drugs are mainly supplied to TOHO PHARMACEUTICAL CO., LTD. (our consolidated subsidiary)

### (4) Other Peripheral Businesses

The Company’s 5 consolidated subsidiaries (Tokyo Research Center of Clinical Pharmacology Co., Ltd., ALF.Inc, Nextit Research Institute, Inc., eKenkoshop Corporation and K.K.eHealthcare), 11 unconsolidated subsidiaries and 4 affiliates are engaged in peripheral businesses related to the above businesses.

## 3. Business Management Policy

Setting “Total Commitment to Good Health” as our corporate slogan and under the mission statement, “Working in harmony with society and customers, and jointly creating new value through the provision of original services, thereby contributing to the improvement of medical services for, and health of, people around the world”, the Group always places ultimate priority on people who wish to be healthy, makes efforts to create customer value in order to increase customer satisfaction, and aims to improve corporate value and establish a corporate brand in the market.

Aiming to develop and maintain sustainable social security systems amidst the extending healthy life expectancy, a super-aging society, and decrease in the total population in Japan, various measures have been introduced to curb medical costs, including an annual revision of NHI drug prices and charging patients who opt for brand-name drugs (long-term listed drugs) rather than cheaper generic drugs (selective treatment) an additional fee. In addition, efforts are being made to promote medical DX and build a Community-based Integrated Care System in order to ensure that citizens can receive high-quality medical services and care. In recent years, there have been many new expensive drugs that require strict control, such as gene therapy pharmaceuticals and regenerative medical products, and so the pharmaceutical modality has changed significantly. Accordingly, it has become necessary to establish sales and logistics systems that can respond to the diversity of pharmaceutical and other products.

As the environment surrounding the medical and pharmaceutical industries is changing at an ever-accelerating pace as described above, in order to continue to provide added value to medical institutions, people who wish for good health, and other stakeholders and to remain a company that contributes to society in the next generation and beyond, we have formulated the Medium-term Management Plan 2023-2025 “Create the Next Generation” with FY2025 as the final year. It sets out the four basic policies: (1) Business transformation, (2) Investment for growth and improvement of profitability, (3) Sustainability management, and (4) Improvement of capital efficiency and



enhancement of shareholder returns, and based on these policies, we are pressing ahead with each measure to realize the Group's vision.

In addition, with the aim of achieving stable and long-term corporate growth and a sustainable society, the Group identifies issues in the areas of the environment, society, governance, and compliance, and promotes sustainability management to resolve them. As a company responsible for the distribution of pharmaceuticals and other products, we regard coping with both environmental conservation and business activities as our most important issue. Therefore, we have set short-, medium-, and long-term reduction targets for CO2 emissions and are working to improve delivery efficiency, including optimizing the number of deliveries, installing solar panels, introducing EVs, and switching to electricity plans derived from renewable energy sources.

Based on the belief that employees are the company's assets, or "human capital," the Group is, while carefully passing on its history of growth through human capital and its corporate culture that respects the out-of-box-thinking of employees, committed to utilizing a wide range of human resources regardless of gender, nationality, age, etc., and to developing human resources through participation in various training programs and projects, as well as to promoting work-style reforms. We will also foster a free and active corporate culture and maximize human capital value by respecting the human rights and personality of each employee.

Meanwhile, in order to carry out sound business activities, we will further strengthen governance and all executives and employees will give top priority to "compliance with relevant laws and regulations" and "compliance and risk management."

In addition, in recognition of its public nature as a medical and health-related company and its mission as a social infrastructure, the Company will continue to invest in measures against earthquakes and pandemics, and other measures necessary for the stable supply of pharmaceuticals, based on the trust and sympathy of each stakeholder, in order to sustain the medical care system even in an emergency.

Through the implementation of the above-mentioned measures, we will strive to become a corporate group relied upon and continuously supported by all stakeholders including people who wish to be healthy, customers, local communities, shareholders and employees.

#### 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 Main Note

### (1) Consolidated Balance Sheets

(Unit: million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	86,201	132,970
Notes receivable - trade	2,312	2,107
Accounts receivable - trade	314,384	336,618
Merchandise and finished goods	91,217	87,107
Raw materials and supplies	206	180
Purchase rebates receivable	13,407	12,171
Other	26,166	27,091
Allowance for doubtful accounts	-376	-359
<b>Total current assets</b>	<b>533,519</b>	<b>597,888</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,025	34,612
Machinery, equipment and vehicles, net	279	217
Furniture and fixtures, net	10,235	8,857
Land	42,261	42,311
Leased assets, net	999	1,001
Construction in progress	469	477
<b>Total property, plant and equipment</b>	<b>90,270</b>	<b>87,478</b>
Intangible assets		
Goodwill	514	297
Other	4,863	5,339
<b>Total intangible assets</b>	<b>5,377</b>	<b>5,636</b>
Investments and other assets		
Investment securities	72,604	70,212
Long-term loans receivable	2,344	1,882
Deferred tax assets	2,102	2,146
Other	11,016	9,551
Allowance for doubtful accounts	-1,947	-1,369
<b>Total investments and other assets</b>	<b>86,120</b>	<b>82,423</b>
<b>Total non-current assets</b>	<b>181,768</b>	<b>175,538</b>
<b>Total assets</b>	<b>715,288</b>	<b>773,427</b>

(Unit: million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	385,140	438,072
Short-term borrowings	163	139
Current portion of bonds payable	20,003	—
Current portion of long-term borrowings	9,637	413
Lease liabilities	590	574
Income taxes payable	5,152	7,429
Contract liabilities	259	180
Accrued expenses	2,102	2,851
Provision for bonuses	3,214	3,681
Provision for bonuses for directors	42	43
Asset retirement obligations	40	—
Other	13,842	17,921
<b>Total current liabilities</b>	<b>440,188</b>	<b>471,305</b>
Non-current liabilities		
Bonds payable	—	22,092
Long-term borrowings	6,472	6,074
Lease liabilities	1,023	952
Deferred tax liabilities	12,434	11,714
Provision for loss on guarantees	—	148
Deferred tax liabilities for land revaluation	756	753
Retirement benefit liability	2,508	2,539
Asset retirement obligations	2,747	2,846
Provision for loss on Antimonopoly Act	4,849	4,849
Other	1,391	715
<b>Total non-current liabilities</b>	<b>32,183</b>	<b>52,684</b>
<b>Total liabilities</b>	<b>472,372</b>	<b>523,990</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,649	10,649
Capital surplus	49,146	45,212
Retained earnings	191,531	209,746
Treasury shares	-23,107	-30,907
<b>Total shareholders' equity</b>	<b>228,219</b>	<b>234,701</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,734	18,770
Revaluation reserve for land	-4,276	-4,283
<b>Total accumulated other comprehensive income</b>	<b>14,458</b>	<b>14,486</b>
Share acquisition rights	146	144
Non-controlling interests	92	104
<b>Total net assets</b>	<b>242,916</b>	<b>249,437</b>
<b>Total liabilities and net assets</b>	<b>715,288</b>	<b>773,427</b>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
Consolidated Statement of Income

(Unit: million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net sales	1,392,117	1,476,712
Cost of sales	1,277,750	1,357,564
Gross profit	114,366	119,148
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors	43,162	43,369
Provision for bonuses	3,159	3,611
Provision for bonuses for directors	42	43
Retirement benefit expenses	275	281
Provision for directors' retirement benefits	—	108
Welfare expenses	7,806	7,833
Vehicle expenses	1,070	1,017
Provision of allowance for doubtful accounts	223	-471
Depreciation	5,767	5,893
Amortization of goodwill	294	270
Rent expenses	7,990	8,260
Taxes and dues	2,083	2,206
Non-deductible temporary paid consumption tax expense	6,330	6,579
Other	19,796	20,812
Total selling, general and administrative expenses	98,000	99,817
Operating profit	16,365	19,331
Non-operating income		
Interest income	58	58
Dividend income	1,269	1,250
Rental income from real estate	833	841
Share of profit of entities accounted for using equity method	41	164
Other	1,110	912
Total non-operating income	3,312	3,227
Non-operating expenses		
Interest expense	72	62
Bond issuance costs	—	83
Commitment fees	13	13
Real estate lease expenses	209	202
Provision for loss on guarantees	—	148
Other	206	261
Total non-operating expenses	502	771
Ordinary profit	19,176	21,787

(Unit: million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Extraordinary income		
Gain on sales of non-current assets	744	101
Gain on sale of investment securities	3,545	9,699
Other	19	215
Total extraordinary income	4,310	10,016
Extraordinary losses		
Loss on disposal of non-current assets	118	195
Impairment losses	165	260
Loss on valuation of investment securities	334	135
Loss on valuation of shares of subsidiaries and associates	212	413
Provision for loss on Antimonopoly Act	1,210	—
Loss on premature cancellation	608	—
Other	416	15
Total extraordinary losses	3,066	1,020
Profit before income taxes	20,420	30,783
Income taxes - current	7,807	10,922
Income taxes - deferred	-1,038	-808
Total income taxes	6,769	10,113
Net profit	13,650	20,669
Profit attributable to non-controlling interests	19	12
Profit attributable to owners of parent	13,630	20,657

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net profit	13,650	20,669
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,101	42
Share of other comprehensive income of entities accounted for using equity method	43	-7
Total other comprehensive income	-2,057	35
Comprehensive income	11,592	20,705
(breakdown)		
Comprehensive income attributable to owners of parent	11,573	20,693
Comprehensive income attributable to non-controlling interests	19	12

(3) Consolidated Statement of Changes in Equity  
 Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,649	49,228	180,254	-15,719	224,413
Changes during period					
Dividends of surplus			-2,187		-2,187
Profit attributable to owners of parent			13,630		13,630
Purchase of treasury shares				-7,390	-7,390
Disposal of treasury shares		0		2	2
Cancellation of treasury shares		—	—	—	—
Change in scope of consolidation			-169		-169
Purchase of shares of consolidated subsidiaries		-82			-82
Reversal of revaluation reserve for land			2		2
Net changes in items other than shareholders' equity					
Total changes during period	—	-82	11,277	-7,388	3,806
Balance at end of period	10,649	49,146	191,531	-23,107	228,219

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income			
Balance at beginning of the period	20,792	-4,273	16,518	149	199	241,281
Changes during period						
Dividends of surplus						-2,187
Profit attributable to owners of parent						13,630
Purchase of treasury shares						-7,390
Disposal of treasury shares						2
Cancellation of treasury shares						—
Change in scope of consolidation						-169
Purchase of shares of consolidated subsidiaries						-82
Reversal of revaluation reserve for land						2
Net changes in items other than shareholders' equity	-2,057	-2	-2,060	-2	-107	-2,171
Total changes during period	-2,057	-2	-2,060	-2	-107	1,635
Balance at end of period	18,734	-4,276	14,458	146	92	242,916

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,649	49,146	191,531	-23,107	228,219
Changes during period					
Dividends of surplus			-2,235		-2,235
Profit attributable to owners of parent			20,657		20,657
Purchase of treasury shares				-12,002	-12,002
Disposal of treasury shares		7		29	37
Cancellation of treasury shares		-3,941	-230	4,172	—
Change in scope of consolidation			17		17
Purchase of shares of consolidated subsidiaries		—			—
Reversal of revaluation reserve for land			6		6
Net changes in items other than shareholders' equity					
Total changes during period	0	-3,933	18,215	-7,800	6,481
Balance at end of period	10,649	45,212	209,746	-30,907	234,701

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total accumulated other comprehensive income			
Balance at beginning of period	18,734	-4,276	14,458	146	92	242,916
Changes during period						
Dividends of surplus						-2,235
Profit attributable to owners of parent						20,657
Purchase of treasury shares						-12,002
Disposal of treasury shares						37
Cancellation of treasury shares						—
Change in scope of consolidation						17
Purchase of shares of consolidated subsidiaries						—
Reversal of revaluation reserve for land						6
Net changes in items other than shareholders' equity	35	-6	28	-2	12	38
Total changes during period	35	-6	28	-2	12	6,520
Balance at end of period	18,770	-4,283	14,486	144	104	249,437



## (4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	20,420	30,783
Depreciation	6,119	6,244
Impairment losses	165	260
Amortization of goodwill	294	270
Increase (decrease) in retirement benefit liability	61	29
Increase (decrease) in provision for bonuses	-37	451
Increase (decrease) in provision for bonuses for directors	-11	0
Increase (decrease) in allowance for doubtful accounts	181	-594
Increase (decrease) in provision for loss on guarantees	—	148
Interest and dividend income	-1,327	-1,308
Interest expense	72	62
Loss (gain) on sales and retirement of non-current assets	-626	94
Loss (gain) on sales and valuation of investment securities	-2,942	-9,563
Decrease (increase) in trade receivables	-14,628	-20,356
Decrease (increase) in inventories	-10,854	4,372
Decrease (increase) in other assets	-1,963	-791
Increase (decrease) in trade payables	14,685	51,410
Increase (decrease) in other liabilities	1,812	1,871
Increase (decrease) in accrued consumption taxes	-1,726	2,847
Other, net	-573	-840
Subtotal	9,120	65,393
Interest and dividends received	1,334	1,296
Interest paid	-71	-62
Income taxes paid	-8,986	-7,773
Payment for deposit	-2,554	—
Others, net	1,147	1,080
Net cash provided by operating activities	-9	59,934

(Unit: million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
<b>Cash flows from investing activities</b>		
Payments into time deposits	-1,124	-1,147
Proceeds from withdrawal of time deposits	1,069	1,211
Purchases of property, plant and equipment	-1,639	-2,505
Proceeds from sale of property, plant and equipment	1,807	175
Purchases of intangible assets	-880	-1,276
Proceeds from sale of intangible assets	—	2
Purchases of investment securities	-445	-2,113
Proceeds from sales and redemption of investment securities	5,866	13,233
Purchase of shares of subsidiaries and associates	-45	-40
Proceeds from sale of shares of subsidiaries and associates	10	664
Payments for acquisition of businesses	-105	—
Payments for asset retirement obligations	-14	-338
Loan advances	—	-8
Proceeds from collection of loans receivable	331	580
Other, net	-513	653
Net cash provided by (used in) investing activities	4,315	9,091
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	-93	0
Proceeds from long-term borrowings	3,610	—
Repayments of long-term borrowings	-6,395	-9,622
Proceeds from issuance of bonds	—	22,110
Redemption of bonds	—	-20,000
Purchases of treasury shares	-7,390	-12,002
Repayments of finance lease obligations	-394	-445
Dividends paid	-2,187	-2,235
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-209	—
Net cash provided by (used in) financing activities	-13,060	-22,195
Net increase (decrease) in cash and cash equivalents	-8,754	46,829
Cash and cash equivalents at beginning of period	90,014	81,839
Increase in cash and cash equivalents resulting from merger	146	3
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	432	—
Cash and cash equivalents at end of period	81,839	128,673

(5) Notes to Consolidated Financial Statements  
(Notes Concerning Premise of a Going Business)

This disclosure is not applicable.

(Change in the Presentation of Consolidated Financial Statements)

Traditionally, revenues from information service fees earned from pharmaceutical manufacturers, etc. were recorded as “commission income” under “non-operating income,” and membership revenues earned from medical institutions, etc. were recorded as “other” under “non-operating income.” However, effective from the first quarter of the fiscal year under review, such income is now included in “net sales.” The Group established the Medium-term Management Plan 2023-2025 “Create the Next Generation”, with the fiscal year ending March 31, 2024 as the beginning and the fiscal year ending March 31, 2026 as the final year, and has been promoting measures to achieve continuous growth and improve profitability over the medium to long term since April 2023. In the transformation of pharmaceutical wholesaling business, one of the concrete measures, TOHO PHARMACEUTICAL, a consolidated subsidiary, has made organizational changes to strengthen planning, promotion, and management of strategies to accelerate income, including revenues from information service fees.

In this way, we have positioned information services, which are expected to become even more important going forward owing to changes in the information business environment, as one of our main sales activities. This has prompted us to change the method of presentation as described above to better present the results of the Group's sales activities.

In order to reflect this change in presentation method, the consolidated financial statements for the previous year have been reclassified. As a result, net sales and operating profit for the previous fiscal year increased by 3,552 million yen compared with those before the reclassification, with net sales and operating profit amounting to 1,392,117 million yen and 16,365 million yen, respectively. There is no impact on ordinary profit or profit before income taxes. In addition, “accounts receivable - other” of 473 million yen, which were presented in “other” under current assets in the consolidated balance sheet for the previous fiscal year, have been reclassified to “accounts receivable - trade.” As a result, accounts receivable-trade amounted to 314,384 million yen and “other” under current assets amounted to 26,166 million yen. In addition, commissions received, etc., which were included in “other income/loss” under “net cash provided by operating activities,” and the amount of commissions received, etc., which were included in “other,” in the consolidated statements of cash flows for the consolidated cumulative of the previous fiscal year, are now included in “increase/decrease in trade receivables.” As a result, commissions received, etc. of -3,552 million, which had been included in “other income/loss” under “net cash provided by operating activities,” and the amount of commissions received, etc. of 3,557 million, which had been included in “other,” are now reclassified to “increase/decrease in trade receivables” of 5 million. As a result, “increase/decrease in trade receivables,” “other income/loss,” and “other” amounted to -14,628 million yen, -573 million yen, and 1,147 million yen, respectively.

Loss on valuation of shares of subsidiaries and associates included in others under extraordinary loss for the preceding consolidated fiscal year, has been presented independently, beginning in the consolidated fiscal year under review because the loss on valuation of investment securities represented more than 10/100 of total extraordinary loss. Retroactive adjustment has been made to the consolidated financial statements for the preceding fiscal year in order to reflect the change in the way of presentation.

Accordingly, 212 million yen in others under extraordinary loss has been reclassified in loss on valuation of shares of subsidiaries and associates on the consolidated financial statements for the prior fiscal year.

(Segment Information)

1. Outline of reportable segments

(1) Method for determining reportable segment

The reportable segments of the Company are those business units included in the Company for which separate financial information is available and which are subject to regular review by the Board of Directors so that it can make decisions about resources to be allocated to them as well as assess their business performance.

The Group has put the pharmaceutical wholesaling and dispensing pharmacies businesses under the control of respective management companies. Each management company formulates comprehensive domestic strategies, while operating companies are engaged in actual operations.

Meanwhile, in the pharmaceutical manufacturing and sales business, other peripheral businesses, the Company and respective operating companies work together in formulating comprehensive domestic strategies as well as in actual operations.

Accordingly, the Group consists of business segments that are based on sales of prescription pharmaceuticals, medical care-related products and services, etc. and has four reportable segments, namely Pharmaceutical Wholesaling, Dispensing Pharmacy, Pharmaceutical Manufacturing and Sales, and Other Peripheral Businesses.

(2) Types of products and services belonging to each reportable segment

The pharmaceutical wholesaling business sells pharmaceuticals, narcotics, reagents, etc., and medical devices. The dispensing pharmacy business operates health insurance pharmacy, support home medical care services, and sells pharmaceuticals. The pharmaceutical manufacturing and sales business manufactures and sells generic drugs, and manufactures injection drugs on consignment. The other peripheral businesses are peripheral businesses related to the above businesses.

2. The calculation method of net sales, profits or losses, assets and other items by reportable segment

The accounting method used for the reportable segments is generally the same as that used in the preparation of the consolidated financial statements.

Reportable segment profit is based on operating profit. The inter-segment internal net sales or transfers are based on prevailing market prices.

### 3. Information about sales, profit or loss, asset and other items by reportable segment

Previous fiscal year (from April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Reportable segments					Adjustments (Note 1)	Consolidated total (Note 2)
	Pharmaceutical Wholesaling	Dispensing Pharmacy	Pharmaceutical Manufacturing and Sales	Other Peripheral Businesses	Total		
Net sales							
(1) Sales to external customers	1,292,688	92,337	2,105	4,985	1,392,117	—	1,392,117
(2) Inter-segment sales	47,630	8	7,839	1,650	57,128	-57,128	—
Total	1,340,318	92,346	9,944	6,635	1,449,246	-57,128	1,392,117
Segment profit	13,995	2,431	864	621	17,912	-1,547	16,365
Segment assets	562,837	55,845	18,123	5,571	642,378	72,910	715,288
Other items							
Depreciation	3,198	922	187	206	4,515	1,604	6,119
Amortization of goodwill	55	109	—	129	294	—	294
Impairment losses	24	136	—	4	165	—	165
Investment in an affiliate accounted for by the equity method	1,744	—	11,068	—	12,812	0	12,813
Unamortized balance of goodwill	165	186	—	161	514	—	514
Capital expenditures	2,286	584	135	191	3,198	111	3,309

(Note) 1. Adjustments comprised the following items:

- (1) The adjustment amounts of segment profits represented the elimination of inter-segment transactions, unrealized profit, and corporate expenses not allocated to any reportable segment.
- (2) The adjustment amounts of segment assets included 139,174 million yen of the corporate assets that are not allocated to any business segment, in addition to the elimination of inter-segment transactions. The corporate assets mainly consist of surplus funds under management (cash and deposits) and long-term investment funds (investment securities and other).

2. The amounts of segment profit were subsequently adjusted with the amount of operating profit in the Consolidated Statements of Income.

3. As described in Change in the Presentation of Consolidated Financial Statements, revenues from information service fees, etc. have been reclassified to net sales from the first quarter of the fiscal year ending March 31, 2024. In order to reflect this change in presentation method, the Segmental Information for the previous year have been reclassified. As a result, net sales and segment profit in the pharmaceutical wholesaling business for the previous fiscal year increased by 3,552 million yen compared with those before the reclassification.

Current fiscal year (from April 1, 2023 to March 31, 2024)

(Unit: million yen)

	Reportable segments					Adjustments (Note 1)	Consolidated total (Note 2)
	Pharmaceutical Wholesaling	Dispensing Pharmacy	Pharmaceutical Manufacturing and Sales	Other Peripheral Businesses	Total		
Net sales							
(1) Sales to external customers	1,375,794	93,774	2,442	4,701	1,476,712	—	1,476,712
(2) Inter-segment sales	48,693	15	8,151	1,446	58,307	-58,307	—
Total	1,424,488	93,789	10,593	6,147	1,535,019	-58,307	1,476,712
Segment profit	19,453	1,546	755	448	22,203	-2,872	19,331
Segment assets	598,277	56,763	19,338	5,408	679,788	93,638	773,427
Other items							
Depreciation	3,007	903	15	28	3,954	1,938	5,893
Amortization of goodwill	49	91	—	129	270	—	270
Impairment losses	46	214	—	—	260	—	260
Investment in an affiliate accounted for by the equity method	1,841	—	11,122	—	12,964	-1	12,963
Unamortized balance of goodwill	115	149	—	32	297	—	297
Capital expenditures	2,209	647	157	224	3,239	923	4,162

(Note) 1. Adjustments comprised the following items:

- (1) The adjustment amounts of segment profits represented the elimination of inter-segment transactions, unrealized profit, and corporate expenses not allocated to any reportable segment.
- (2) The adjustment amounts of segment assets included 182,078 million yen of the corporate assets that are not allocated to any business segment, in addition to the elimination of inter-segment transactions. The corporate assets mainly consist of surplus funds under management (cash and deposits) and long-term investment funds (investment securities and other).

2. The amounts of segment profit were subsequently adjusted with the amount of operating profit in the Consolidated Statements of Income.

(Amounts per Share)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net asset per share	3,623.81 yen	3,969.20 yen
Basic earnings per share	196.70 yen	320.14 yen
Diluted earnings per share	180.67 yen	286.79 yen

(Note) 1. The basis of the calculation of basic earnings per share and diluted earnings per share after adjustments on potential shares is as follows:

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	13,630	20,657
Amount not attributed to shareholders of common share (million yen)	—	—
Profit attributable to owners of parent from common share (million yen)	13,630	20,657
Average number of shares of common share outstanding during the period	69,297,318	64,527,150
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (million yen)	-13	-14
(Including interest income (after deducting the portion equivalent to tax) (million yen))	(-13)	(-14)
Increase in number of shares of common share	6,071,776	7,452,120
(Including share acquisition rights)	(71,176)	(69,953)
(Including bonds with share acquisition rights)	(6,000,600)	(7,382,167)
Outline of potential shares not included in calculation of diluted earnings per share after adjustments on potential shares due to no dilution effect		—

2. The basis of the calculation of the net asset per share is as follows:

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Total net asset on the Consolidated Balance Sheets (million yen)	242,916	249,437
Amounts deducted from total net assets (million yen)	238	248
(Including: share acquisition rights) (million yen)	(146)	(144)
(Including: non-controlling interests) (million yen)	(92)	(104)
Net assets available to owners of parent of common share (million yen)	242,678	249,188
Number of shares of common share for computation of net asset per share	66,967,560	62,780,488

(Significant Subsequent Events)

Not applicable.

## 6. Unconsolidated Financial Statements

### (1) Balance Sheets

(Unit: million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	74,796	121,512
Operating accounts receivable	20	96
Prepaid expenses	61	30
Other accounts receivable	1,731	705
Other	30,976	1,952
Allowance for doubtful accounts	-5	—
<b>Total current assets</b>	<b>107,581</b>	<b>124,298</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	22,154	21,112
Structures, net	481	439
Furniture and fixtures, net	39	506
Land	19,603	19,534
Leased assets, net	260	426
Construction in progress	215	321
<b>Total property, plant and equipment</b>	<b>42,754</b>	<b>42,340</b>
Intangible assets		
Leasehold interests in land	12	12
Software	452	1,044
Other	202	56
<b>Total intangible assets</b>	<b>666</b>	<b>1,112</b>
Investments and other assets		
Investment securities	50,776	49,219
Shares of subsidiaries and affiliates	44,261	44,232
Investments in capital of subsidiaries and associates	1,585	1,585
Long-term loans receivable	903	640
Long-term loans receivable from subsidiaries and associates	1,498	1,282
Distressed receivables	3,050	2,860
Long-term prepaid expenses	131	172
Other	2,398	1,667
Allowance for doubtful accounts	-2,154	-1,983
<b>Total investments and other assets</b>	<b>102,450</b>	<b>99,676</b>
<b>Total non-current assets</b>	<b>145,871</b>	<b>143,130</b>
<b>Total assets</b>	<b>253,452</b>	<b>267,428</b>



(Unit: million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of bonds payable	20,003	—
Current portion of long-term borrowings	9,240	—
Lease liabilities	74	126
Asset retirement obligations	40	—
Accounts payable-other	398	277
Accrued expenses	59	662
Income taxes payable	393	2,500
Accrued consumption taxes	—	34
Deposits received	55,779	77,536
Provision for bonuses	56	70
Provision for bonuses for directors	20	22
Other	8	—
<b>Total current liabilities</b>	<b>86,076</b>	<b>81,230</b>
<b>Non-current liabilities</b>		
Bonds payable	—	22,092
Lease liabilities	196	343
Deferred tax liabilities	11,403	10,617
Deferred tax liabilities for land	756	753
Provision for retirement benefits	11	10
Provision for loss on guarantees	—	148
Asset retirement obligations	1,932	2,009
Other	777	168
<b>Total non-current liabilities</b>	<b>15,076</b>	<b>36,144</b>
<b>Total liabilities</b>	<b>101,153</b>	<b>117,374</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,649	10,649
<b>Capital surplus</b>		
Legal capital surplus	46,177	46,177
Other capital surplus	3,933	—
<b>Total capital surplus</b>	<b>50,110</b>	<b>46,177</b>
<b>Retained earnings</b>		
Legal retained earnings	664	664
<b>Other retained earnings</b>		
Reserve for tax purpose reduction entry of land	1,379	1,356
General reserve	6,336	6,336
Retained earnings brought forward	87,510	98,193
<b>Total retained earnings</b>	<b>95,890</b>	<b>106,550</b>
Treasury shares	-23,147	-30,947
<b>Total shareholders' equity</b>	<b>133,504</b>	<b>132,429</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	22,902	21,740
Revaluation reserve for land	-4,253	-4,260
<b>Total valuation and translation adjustments</b>	<b>18,649</b>	<b>17,479</b>
Share acquisition rights	146	144
<b>Total net assets</b>	<b>152,299</b>	<b>150,054</b>
<b>Total liabilities and net assets</b>	<b>253,452</b>	<b>267,428</b>

## (2) Statements of Income

(Unit: million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
<b>Operating revenue</b>		
Consulting fee income	1,216	1,336
Real estate lease revenue	4,052	4,019
Dividend income	7,290	6,639
Other	480	520
Total operating revenue	13,039	12,515
<b>Operating expenses</b>		
Real estate related expenses	3,366	3,690
<b>General and administrative expenses</b>		
Remuneration, salaries and allowances for directors	1,222	1,230
Provision for bonuses	56	70
Provision for bonuses for directors	20	22
Provision for retirement benefits	0	-0
Welfare expenses	148	163
Vehicle expenses	2	2
Provision of allowance for doubtful accounts	-103	-176
Depreciation	178	365
Rent expenses	330	903
Taxes and dues	427	512
Other	1,564	1,925
Total operating expenses	7,214	8,708
Operating profit	5,825	3,807
<b>Non-operating income</b>		
Interest income	190	169
Dividend income	1,214	1,197
Rental income from real estate	8	10
Reversal of premature cancellation settlement fee	—	235
Other	395	230
Total non-operating income	1,809	1,842
<b>Non-operating expenses</b>		
Interest expense	341	372
Bond issuance costs	—	83
Commitment fees	1	1
Provision for loss on guarantees	—	148
Other	30	162
Total non-operating expenses	373	766
Ordinary profit	7,260	4,883

(Unit: million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Extraordinary income		
Gain on sales of non-current assets	4	18
Gain on sales of investment securities	4,193	11,337
Other	2	0
Total extraordinary income	4,200	11,356
Extraordinary loss		
Loss on disposal of non-current assets	23	103
Impairment losses	7	12
Loss on valuation of investment securities	323	135
Loss on early termination	608	—
Other	480	11
Total extraordinary loss	1,442	262
Profit before income taxes	10,018	15,977
Income taxes-currents	910	3,158
Income taxes-deferred	-547	-299
Total income taxes	362	2,858
Net profit	9,655	13,118

(3) Statement of Changes in Shareholders' Equity  
 Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	10,649	46,177	3,933	50,110
Changes during period				
Dividends of surplus				
Net profit				
Reversal of reserve for tax purpose reduction entry of land				
Purchase of treasury shares				
Disposal of treasury shares			0	0
Cancellation of treasury shares			—	—
Reversal of revaluation reserve for land				
Net changes in items other than shareholders' equity				
Total changes during period	—	—	0	0
Balance at end of period	10,649	46,177	3,933	50,110

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholder's equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for tax purpose reduction entry of land	General reserve	Retained earnings brought forward			
Balance at beginning of period	664	1,404	6,336	80,013	88,418	-15,759	133,420
Changes during period							
Dividends of surplus				-2,187	-2,187		-2,187
Net profit				9,655	9,655		9,655
Reversal of reserve for tax purpose reduction entry of land		-24		24	—		—
Purchase of treasury shares						-7,390	-7,390
Disposal of treasury shares						2	2
Cancellation of treasury shares				—	—	—	—
Reversal of revaluation reserve for land				2	2		2
Net changes in items other than shareholders' equity							
Total changes during period	—	-24	—	7,496	7,471	-7,388	83
Balance at end of period	664	1,379	6,336	87,510	95,890	-23,147	133,504

(Unit: million yen)

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	25,468	-4,250	21,217	149	154,787
Changes during period					
Dividends of surplus					-2,187
Net profit					9,655
Reversal of reserve for tax purpose reduction entry of land					—
Purchase of treasury shares					-7,390
Disposal of treasury shares					2
Cancellation of treasury shares					—
Reversal of revaluation reserve for land					2
Net changes in items other than shareholders' equity	-2,565	-2	-2,568	-2	-2,571
Total changes during period	-2,565	-2	-2,568	-2	-2,487
Balance at end of period	22,902	-4,253	18,649	146	152,299

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Unit: million yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of period	10,649	46,177	3,933	50,110
Changes during period				
Dividends of surplus				
Net profit				
Reversal of reserve for tax purpose reduction entry of land				
Purchase of treasury shares				
Disposal of treasury shares			7	7
Cancellation of treasury shares			-3,941	-3,941
Reversal of revaluation reserve for land				
Net changes in items other than shareholders' equity				
Total changes during period	0	0	-3,933	-3,933
Balance at the end of period	10,649	46,177	0	46,177

	Shareholders' equity						
	Retained earnings					Treasury shares	Total shareholders' equity
	Legal retained earnings	Other retained earnings			Total retained earnings		
		Reserve for tax purpose reduction entry of land	General reserve	Retained earnings brought forward			
Balance at beginning of period	664	1,379	6,336	87,510	95,890	-23,147	133,504
Changes during period							
Dividends of surplus				-2,235	-2,235		-2,235
Net profit				13,118	13,118		13,118
Reversal of reserve for tax purpose reduction entry of land		-23		23	—		—
Purchase of treasury shares						-12,002	-12,002
Disposal of treasury shares				—		29	37
Cancellation of treasury shares				-230	-230	4,172	—
Reversal of revaluation reserve for land				6	6		6
Net changes in items other than shareholders' equity							
Total changes during period		-23	—	10,682	10,659	-7,800	-1,074
Balance at end of period	664	1,356	6,336	98,193	106,550	30,947	132,429

(Unit: million yen)

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	22,902	-4,253	18,649	146	152,299
Changes during period					
Dividends of surplus					-2,235
Net profit					13,118
Reversal of reserve for tax purpose reduction entry of land					—
Purchase of treasury shares					-12,002
Disposal of treasury shares					37
Cancellation of treasury shares					—
Reversal of revaluation reserve for land					6
Net changes in items other than shareholders' equity	-1,162	-6	-1,169	-2	-1,171
Total changes during period	-1,162	-6	-1,169	-2	-2,245
Balance at end of period	21,740	-4,260	17,479	144	150,054