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May 14, 2025

**Consolidated Financial Results for the Fiscal Year Ended March 31, 2025  
(Under Japanese GAAP)**

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 Listing: Tokyo Stock Exchange  
 Securities code: 8129  
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 Scheduled date of annual general meeting of shareholders: June 27, 2025  
 Scheduled date to commence dividend payments: June 6, 2025  
 Scheduled date to file annual securities report: June 25, 2025  
 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, 2025 (from April 1, 2024 to March 31, 2025)**

**(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, 2025	1,518,495	2.8	18,936	-2.0	20,716	-4.9	19,844	-3.9
March 31, 2024	1,476,712	6.1	19,331	18.1	21,787	13.6	20,657	51.5

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥16,160 million [-21.9%]  
 For the fiscal year ended March 31, 2024: ¥20,705 million [78.6%]

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, 2025	313.20	284.22	7.8	2.8	1.2
March 31, 2024	320.14	286.79	8.4	2.9	1.3

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2025: ¥-189 million  
 For the fiscal year ended March 31, 2024: ¥164 million

**(2) 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, 2025	722,805	256,897	35.5	4,099.71
March 31, 2024	773,427	249,437	32.2	3,969.20

Reference: Equity  
 As of March 31, 2025: ¥256,654 million  
 As of March 31, 2024: ¥249,188 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, 2025	-26,675	-4,180	-20,364	78,226
March 31, 2024	59,934	9,091	-22,195	128,673

**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, 2024	—	18.00	—	22.00	40.00	2,544	12.5	1.1
Fiscal year ended March 31, 2025	—	25.00	—	40.00	65.00	4,140	20.8	1.6
Fiscal year ending March 31, 2026 (Forecast)	—	45.00	—	45.00	90.00		35.9	

**3. Consolidated financial forecast for fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)**

(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	780,000	3.3	9,600	30.1	10,500	22.1	8,000	48.6	127.79
Full year	1,572,000	3.5	20,700	9.3	22,600	9.1	15,700	-20.9	250.79

\* **Notes**

(1) Changes in significant subsidiaries during the period: 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: Yes

(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, 2025	73,025,942 shares
As of March 31, 2024	76,431,342 shares

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

As of March 31, 2025	10,422,804 shares
As of March 31, 2024	13,650,854 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	63,360,661 shares
Fiscal year ended March 31, 2024	64,527,150 shares

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

**1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)**

**(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, 2025	15,597	24.6	6,983	83.4	7,648	56.6	13,861	5.7
March 31, 2024	12,515	-4.0	3,807	-34.6	4,883	-32.7	13,118	35.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2025	218.73	198.34
March 31, 2024	203.27	182.03

**(2) Non-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, 2025	242,556	150,444	62.0	2,400.68
March 31, 2024	267,428	150,054	56.1	2,387.40

Reference: Equity As of March 31, 2025: ¥150,317 million As of March 31, 2024: ¥149,909 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 5 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, 2025. 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 costs, including NHI drug price revisions implemented in April 2024, which lowered NHI drug prices by 4.67% on a drug cost basis, and an accelerated switch to generic drugs following the introduction of selective treatment for long-listed products in October 2024. As for COVID-19, public funding for medical expenses ended and the general distribution of the vaccines started in March 2024. The Group saw consolidated net sales increase from the previous year mainly because sales of specialty pharmaceuticals and other limited-handling products for selected wholesalers continued to perform well, despite lower sales of COVID-19 drugs and reagents.

The Group developed the Medium-term Management Plan 2023-2025 "Create the Next Generation," for a period of three years from 2023. 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. 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). Furthermore, in order to enhance the effectiveness of the Medium-Term Management Plan and accelerate its implementation, we established the Management Strategy Committee in April 2024, verified our profit growth strategy, and formulated an action plan incorporating new numerical targets and a roadmap in November 2024.

Based on the Medium-Term Management Plan and its action plan, the following specific initiatives are being steadily implemented.

In our core pharmaceutical wholesaling business, we promoted joint measures by pharmaceutical marketing specialists (MSs) and reagents MSs as well as the consolidation of sales bases toward the shift to the "Team System" centered on secondary medical care areas, which is targeted to start in April 2026. We have also begun offering the Kyoso Mirai Portal, which provides at-a-glance information on past order history, delivery schedule, stockout, etc., with a view to improving the work efficiency of our sales staff and the convenience of medical institutions, pharmacies and other customers.

In order to establish a competitive advantage in the handling of specialty products, which are expected to grow, we accepted distribution of Sakracy®, a regenerative medical product from CynosBio, Inc., and invested in the same company to support its business development and increase its production capacity. With an eye to expanding the handling of specialty products, we also entered into a capital and business alliance with WACON Co., Ltd., which manufactures and sells logistics equipment, including constant-temperature transportation containers for pharmaceuticals. Furthermore, aiming to expand our full-line services for specialty products, we opened the Haneda Packaging Center as a secondary packaging facility for KYOSOMIRAI PHARMA's pharmaceuticals in the same facility as TBC DynaBASE. By integrating the CDMO (contract development and manufacturing organization) functions, manufacturer warehousing functions, and wholesale warehousing functions in TBC DynaBASE, we will build an efficient one-stop supply chain and realize strict temperature control and vibration risk reduction required for some specialty pharmaceuticals and orphan drugs, thereby contributing to the quick and stable supply of pharmaceuticals to medical institutions and patients.

In a bid to design community healthcare and evolve customer support business, we have formed a business alliance with PHARUMO, Inc., which is engaged in the ICT business for pharmacies, and began offering its cloud-based picking audit system EveryPick.

Moreover, in order to improve the quality and productivity of distribution, we have introduced new delivery terminals and a planned delivery system to streamline and improve the efficiency of delivery operations. This makes it possible to visualize the delivery status and formulate an optimal delivery schedule. In addition, we have formed a strategic business alliance with Blue innovation Co., Ltd., which develops and provides DX solutions that utilize drones and robots, to establish a new delivery method, and began studying the establishment of a stable delivery system for pharmaceuticals and medical devices to areas hit by a large-scale disaster, remote areas, and inaccessible areas. We have also formed a strategic partnership with T2 Inc., and have begun R&D into the potential of autonomous trucks for pharmaceutical distribution and more seamless transportation.

Regarding shareholder returns, based on our dividend policy of DOE (dividend on equity) of at least 2% by the fiscal year ending March 31, 2026, we increased our annual dividend per share by 25 yen from the previous year to 65 yen. As for the capital policy, we repurchased 15 billion yen of treasury stock and cancelled all shares repurchased. We have been continuously reducing our cross-shareholdings. As of March 31, 2025, the ratio of cross-shareholdings to net assets was 16.2%.

In the area of sustainability management, in order to conduct responsible procurement activities based on a relationship of trust with our suppliers, we have formulated and announced the Group's Procurement Policy and established the Purchasing Management Department to address issues in the Group's purchasing activities.

Additionally, 13 Group companies participated in the Declaration of Partnership Building to promote coexistence and co-prosperity with our suppliers in the entire supply chain.

Furthermore, in August 2024, the Governance Enhancement Special Committee was established as an advisory body to the Board of Directors to further strengthen governance. The Committee is composed of members independent of the Company who have expertise in legal, financial and corporate management fields. It has been discussing the Group's overall governance issues, including compliance and risk management, as well as improvement measures from an objective and professional perspective for several months. An interim report was submitted by the Committee in February 2025, and a final report is scheduled to be submitted this summer. Based on this interim report, the Group established in April 2025 the Compliance Promotion Department and the Affiliated Company Management Department and is taking immediate action to address issues that require improvement.

The Company's consolidated operating results for fiscal year ended March 31, 2025 recorded 1,518,495 million yen for net sales (an increase of 2.8% on a year-on-year basis), 18,936 million yen for operating profit (a decrease of 2.0% on a year-on-year basis), 20,716 million yen for ordinary profit (a decrease of 4.9% on a year-on-year basis), and 19,844 million yen for profit attributable to owners of parent (a decrease of 3.9% on a year-on-year basis).

The outline of business segment operating results are as follows.

In the pharmaceutical wholesaling business, we saw an impact of decreasing demand for COVID-19 drugs and reagents and promotion of the use of generic drugs following the introduction of selective treatment. On the other hand, sales of vaccines increased with the start of routine vaccination with the novel coronavirus vaccine by municipalities in October 2024. In addition, sales of specialty pharmaceuticals and other limited-handling products for selected wholesalers continued to be strong, driving overall sales. In price negotiations with medical institutions, in order to comply with the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies that were revised in March 2024, we continued our efforts to negotiate unit prices for individual products to better reflect their individual value and distribution costs. We also worked to negotiate separately for drugs that are particularly needed for medical purposes. In the area of customer support systems, we have been working to propose new products and services, such as simplified MIZAR and Byouin-Navi PR services, closely examining market needs and future prospects, focusing on high-value-added products, and promoting more efficient resource allocation, thereby optimizing our product portfolio to achieve further growth in the overall business. As a result, the pharmaceutical wholesaling business posted net sales of 1,463,520 million yen (an increase of 2.7% on a year-on-year basis) and segment profit (operating profit) of 19,033 million yen (a decrease of 2.2% 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 pressed ahead with the reorganization of operating companies. Consequently, the number of dispensing pharmacy companies of PharmaCluster decreased from 24 at the end of March 2024 to 11 by April 1 this year, and the reorganization in East Japan is almost complete. We also opened and closed pharmacies with an emphasis on profitability. In addition to responding to the revision of dispensing fees, we worked to promote pharmacy DX by promoting the use of the My Number health insurance card and other measures, and to strengthen cooperation with clinics specializing in home health care in order to promote change toward contributing to home health care. However, due to the occurrence of temporary expenses associated with the integration of subsidiaries and an increase in personnel expenses, net sales were 95,553 million yen (an increase of 1.9% on a year-on-year basis) and segment profit (operating profit) was 852 million yen (a decrease of 44.9% on a year-on-year basis).

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. In addition, in the same facility as TBC DynaBASE, we opened the Haneda Packaging Center as a secondary packaging facility for prescription pharmaceuticals that can conduct inspection, packaging, and storage of vial products containing cryogenic or antibody drugs. We are preparing to accept orders from pharmaceutical manufacturers starting this fall. The pharmaceutical manufacturing and sales business posted net sales of 11,459 million yen (an increase of 8.2% on a year-on-year basis.) and segment profit (operating profit) of 729 million yen (a decrease of 3.5% on a year-on-year basis.).

In the other peripheral businesses, net sales amounted to 6,850 million yen (an increase of 11.4% on a year-on-year basis.) and segment profit (operating profit) was 655 million yen (an increase of 46.2% 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 2025 decreased 8.2% from the end of the previous consolidated fiscal year to 548,946 million yen, due mainly to an increase in merchandise and finished goods of 3,679 million yen, a decrease in cash and deposits of 46,437 million yen, and a decrease in accounts receivable-trade of 5,955 million yen in other.

Non-current assets as of the end of March 2025 decreased 1.0% from the end of the previous year to 173,858 million yen, due mainly to a decrease in investments securities of 6,117 million yen.

As a result, consolidated total assets as of the end of March 2025 decreased 6.5% from the end of the previous consolidated fiscal year to 722,805 million yen.

(ii) Liabilities

Current liabilities decreased 10.0 % from the end of the previous consolidated fiscal year to 424,008 million yen, owing to a decrease in notes and accounts payable-trade of 40,349 million yen in other.

Non-current liabilities decreased 20.5 % from the end of the previous consolidated fiscal year to 41,899 million yen with a decrease in bonds payable of 9,010 million yen.

As a result, total liabilities decreased 11.1 % year-on-year to 465,907 million yen.

(iii) Net Assets

Total net assets increased 3.0% from the end of the previous consolidated fiscal year to 256,897 million yen, with an increase in retained earnings of 9,185 million yen, a decrease in treasury shares of 2,088 million yen, and a decrease in valuation difference on available-for-sale securities of 3,680 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 decreased by 50,446 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 78,226 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 outflow of 26,675 million yen (a decrease of 86,609 million yen from the previous fiscal year). Although inflow was secured by some positive factors such as net profit before income taxes of 28,056 million yen, and depreciation of 5,929 million yen, these were somewhat offset by negative factors including a decrease in trade payables of 40,755 million yen, an increase in inventories of 3,489 million yen, and income taxes paid of 10,143 million yen.

(ii) Cash Flows from Investing Activities

Cash flow from investing activities was an outflow of 4,180 million yen (a decrease of 13,271 million yen from the previous fiscal year). Although inflow was secured by some positive factors such as proceeds from sale of property, plant and equipment of 2,980 million yen, and proceeds from sale and redemption of investment securities of 7,933 million yen, these were somewhat offset by negative factors including payments into time deposits of 5,131 million yen, payments into long-term time deposits of 4,000 million yen, and purchases of property, plant and equipment of 4,056 million yen.

(iii) Cash Flows from Financing Activities

Cash flow from financing activities was an outflow of 20,364 million yen (an increase of 1,830 million yen from the previous fiscal year). These were primarily due to negative factors such as a decrease in short-term borrowings of 1,269 million yen, purchase of treasury shares of 15,004 million yen, and dividends paid of 3,017 million yen.

(Reference) Trends in key indicators of cash flows

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Shareholder’s Equity Ratio (%)	34.7	34.3	33.9	32.2	35.5
Shareholder’s Equity Ratio at Market Value (%)	21.0	18.6	22.0	29.6	38.6
Ratio of cash flows to interest-bearing debts (%)	523.2	259.4	—	53.1	—
Interest Coverage Ratio (times)	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 and Fiscal year ended March 31, 2025 nor interest coverage ratio is written due to negative cash flows from operating activities.

(4) Projections for the Next Fiscal Year

During the next fiscal year (ending March 31, 2026), in the prescription pharmaceuticals market to which the Group belongs, 9,320 products, or a majority of all products, were subject to price reductions in the “off-year” NHI drug price revisions implemented in April 2025. In addition, the business environment is expected to be severe, with hiked rates of manufacturer invoice prices. Even under such circumstances, we will comply with the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions / Pharmacies, which was revised in March 2024, and will strive to secure appropriate profits by determining the value provided and appropriate compensation, thoroughly negotiating prices commensurate with the value of individual prescription pharmaceuticals, and implementing various measures. Meanwhile, in order to achieve sustainable growth in the pharmaceutical wholesaling business, which is the Group's largest profit driver, we will establish high-quality logistics and contribute to the maintenance of the healthcare delivery system, thereby fulfilling our social mission of providing a stable supply of pharmaceuticals. At the same time, we will strengthen our handling of specialty pharmaceuticals with considerable potential for growth and invest to establish a solid position in the domestic pharmaceutical distribution industry. As a result of these initiatives, we expect to see an increase in selling, general and administrative expenses along with an increase in prices and personnel expenses. However, by controlling the ratio of SG&A expenses to net sales, we will strive to secure appropriate profits.

In businesses other than the pharmaceutical wholesaling business, we will work to improve profit levels of each business in accordance with the direction of our business portfolio announced in November last year.

Accordingly, for the next fiscal year ending March 31, 2026, the Company forecasts net sales of 1,572,000 million yen (an increase of 3.5% year on year), operating profit of 20,700 million yen (an increase of 9.3% on a year-on-year basis), ordinary profit of 22,600 million yen (an increase of 9.1% on a year-on-year basis), and profit attributable to owners of parent of 15,700 million yen (a decrease of 20.9% on a year-on-year basis).

	Fiscal year ended March 31, 2025		Fiscal year ending March 31, 2026			
	Result (Millions of yen)	% of net sales	Forecast (Millions of yen)	% of net sales	Incr. or decr. (Millions of yen)	YoY change (%)
Net sales	1,518,495		1,572,000		53,504	3.5
Gross profit	121,648	8.0	127,000	8.1	5,351	4.4
Selling, general and administrative expenses	102,711	6.8	106,300	6.8	3,588	3.5
Operating profit	18,936	1.2	20,700	1.3	1,763	9.3
Ordinary profit	20,716	1.4	22,600	1.4	1,883	9.1
Profit attributable to owners of parent	19,844	1.3	15,700	1.0	△4,144	-20.9

## 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,” 49 subsidiaries, and 14 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.), 5 unconsolidated subsidiaries and 3 affiliates (SAKAI MEDICINES CO., LTD and other 2 affiliates) 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 18 subsidiaries (PHARMA DAIWA, J.MIRAIMEDICAL, PHARMA MIRAI, SEIKO MEDICAL BRAIN, Strelitzia, VEGA PHARMA, AOBADO, KOSEI, and other 10 subsidiaries) and 3 affiliates.

Toho System Service Co., Ltd. (a consolidated subsidiary) is mainly engaged in core 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 8 consolidated subsidiaries (PHARMA DAIWA, J.MIRAIMEDICAL, PHARMA MIRAI INC., SEIKO MEDICAL BRAIN, Strelitzia, VEGA PHARMA, AOBADO, and KOSEI), 10 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), 13 unconsolidated subsidiaries and 6 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, “We shall live in harmony with society and our customers; together, we shall create new values through the provision of original service; and we shall contribute to the medical care and well-being 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.

Amid these accelerating changes in the environment surrounding the medical and pharmaceutical industries, we formulated in May 2023 the Medium-Term Management Plan 2023-2025 "Create the Next Generation" with FY2025 as the final year to continue to be a company that provides added value to stakeholders, including medical institutions and people who desire good health, and contributes to society in the next generation. In November 2024, we drew up an action plan to enhance the effectiveness of the Medium-Term Management Plan. We are steadily advancing initiatives in accordance with the roadmap. 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 greenhouse gas emissions and are working on improving delivery efficiency through the implementation of a delivery management system, as well as installing solar panels, introducing EV vehicles, 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, values, etc., and to developing human resources through participation in various training programs and projects, as well as to promoting work-style reforms. By listening attentively to each and every employee and respecting their human rights and individuality, we will foster a free and active corporate culture and maximize human capital value.

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 Major Notes  
(1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	132,970	86,533
Notes receivable - trade	2,107	1,828
Accounts receivable - trade	336,618	330,663
Merchandise and finished goods	87,107	90,787
Raw materials and supplies	180	207
Purchase rebates receivable	12,171	11,781
Other	27,091	27,531
Allowance for doubtful accounts	-359	-385
<b>Total current assets</b>	<b>597,888</b>	<b>548,946</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,612	34,220
Machinery, equipment and vehicles, net	217	184
Furniture and fixtures, net	8,857	7,417
Land	42,311	41,592
Leased assets, net	1,001	1,343
Construction in progress	477	2,086
<b>Total property, plant and equipment</b>	<b>87,478</b>	<b>86,844</b>
Intangible assets		
Goodwill	297	193
Other	5,339	5,893
<b>Total intangible assets</b>	<b>5,636</b>	<b>6,087</b>
Investments and other assets		
Investment securities	70,212	64,095
Long-term loans receivable	1,882	1,159
Deferred tax assets	2,146	3,254
Other	9,551	13,959
Allowance for doubtful accounts	-1,369	-1,541
<b>Total investments and other assets</b>	<b>82,423</b>	<b>80,927</b>
<b>Total non-current assets</b>	<b>175,538</b>	<b>173,858</b>
<b>Total assets</b>	<b>773,427</b>	<b>722,805</b>

(Unit: million yen)

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	438,072	397,722
Short-term borrowings	139	122
Current portion of long-term borrowings	413	1,595
Lease liabilities	574	590
Income taxes payable	7,429	5,879
Contract liabilities	180	162
Accrued expenses	2,851	2,997
Provision for bonuses	3,681	3,583
Provision for bonuses for directors	43	42
Other	17,921	11,311
Total current liabilities	471,305	424,008
Non-current liabilities		
Bonds payable	22,092	13,081
Long-term borrowings	6,074	4,478
Lease liabilities	952	1,394
Deferred tax liabilities	11,714	10,648
Provision for loss on guarantees	148	286
Deferred tax liabilities for land revaluation	753	721
Retirement benefit liability	2,539	2,764
Asset retirement obligations	2,846	2,958
Provision for loss on Antimonopoly Act	4,849	4,849
Other	715	715
Total non-current liabilities	52,684	41,899
Total liabilities	523,990	465,907
<b>Net assets</b>		
Shareholders' equity		
Share capital	10,649	10,649
Capital surplus	45,212	45,212
Retained earnings	209,746	218,932
Treasury shares	-30,907	-28,819
Total shareholders' equity	234,701	245,975
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,770	15,089
Revaluation reserve for land	-4,283	-4,409
Total accumulated other comprehensive income	14,486	10,679
Share acquisition rights	144	126
Non-controlling interests	104	116
Total net assets	249,437	256,897
Total liabilities and net assets	773,427	722,805

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

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	1,476,712	1,518,495
Cost of sales	1,357,564	1,396,847
Gross profit	119,148	121,648
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors	43,369	44,547
Provision for bonuses	3,611	3,615
Provision for bonuses for directors	43	42
Retirement benefit expenses	281	435
Provision for directors' retirement benefits	108	—
Welfare expenses	7,833	8,043
Vehicle expenses	1,017	1,007
Provision of allowance for doubtful accounts	-471	239
Depreciation	5,893	5,499
Amortization of goodwill	270	150
Rent expenses	8,260	7,975
Taxes and dues	2,206	2,070
Non-deductible temporary paid consumption tax expense	6,579	6,791
Other	20,812	22,293
Total selling, general and administrative expenses	99,817	102,711
Operating profit	19,331	18,936
Non-operating income		
Interest income	58	93
Dividend income	1,250	1,068
Rental income from real estate	841	814
Share of profit of entities accounted for using equity method	164	—
Other	912	671
Total non-operating income	3,227	2,646
Non-operating expenses		
Interest expense	62	46
Share of loss of entities accounted for using equity method	—	189
Bond issuance costs	83	—
Commitment fees	13	12
Real estate lease expenses	202	179
Provision for loss on guarantees	148	138
Loss on investments in investment partnerships	33	144
Other	227	156
Total non-operating expenses	771	866
Ordinary profit	21,787	20,716

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sales of non-current assets	101	2,193
Gain on sale of investment securities	9,699	6,388
Other	215	30
Total extraordinary income	10,016	8,612
Extraordinary losses		
Loss on disposal of non-current assets	195	149
Impairment losses	260	54
Loss on sale of investment securities	0	132
Loss on valuation of investment securities	135	903
Other	428	31
Total extraordinary losses	1,020	1,271
Profit before income taxes	30,783	28,056
Income taxes - current	10,922	9,092
Income taxes - deferred	-808	-892
Total income taxes	10,113	8,199
Net profit	20,669	19,856
Profit attributable to non-controlling interests	12	12
Profit attributable to owners of parent	20,657	19,844

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net profit	20,669	19,856
Other comprehensive income		
Valuation difference on available-for-sale securities	42	-3,624
Revaluation reserve for land	—	-15
Share of other comprehensive income of entities accounted for using equity method	-7	-56
Total other comprehensive income	35	-3,696
Comprehensive income	20,705	16,160
(breakdown)		
Comprehensive income attributable to owners of parent	20,693	16,148
Comprehensive income attributable to non-controlling interests	12	12

(3) Consolidated Statement of Changes in Equity  
 Previous 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
Change due to merger with unconsolidated subsidiary			—		—
Reversal of revaluation reserve for land			6		6
Net changes in items other than shareholders' equity					
Total changes during period	—	-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
Change due to merger with unconsolidated subsidiary						—
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

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,649	45,212	209,746	-30,907	234,701
Changes during period					
Dividends of surplus			-3,017		-3,017
Profit attributable to owners of parent			19,844		19,844
Purchase of treasury shares				-15,004	-15,004
Disposal of treasury shares		1,371		7,652	9,024
Cancellation of treasury shares		-1,371	-8,067	9,439	—
Change in scope of consolidation			—		—
Change due to merger with unconsolidated subsidiary			314		314
Reversal of revaluation reserve for land			111		111
Net changes in items other than shareholders' equity					
Total changes during period	—	—	9,185	2,088	11,273
Balance at end of period	10,649	45,212	218,932	-28,819	245,975

	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	18,770	-4,283	14,486	144	104	249,437
Changes during period						
Dividends of surplus						-3,017
Profit attributable to owners of parent						19,844
Purchase of treasury shares						-15,004
Disposal of treasury shares						9,024
Cancellation of treasury shares						—
Change in scope of consolidation						—
Change due to merger with unconsolidated subsidiary						314
Reversal of revaluation reserve for land						111
Net changes in items other than shareholders' equity	-3,680	-126	-3,807	-17	12	-3,812
Total changes during period	-3,680	-126	-3,807	-17	12	7,460
Balance at end of period	15,089	-4,409	10,679	126	116	256,897

## (4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	30,783	28,056
Depreciation	6,244	5,929
Impairment losses	260	54
Amortization of goodwill	270	150
Increase (decrease) in retirement benefit liability	29	179
Increase (decrease) in provision for bonuses	451	-107
Increase (decrease) in provision for bonuses for directors	0	-0
Increase (decrease) in allowance for doubtful accounts	-594	192
Increase (decrease) in provision for loss on guarantees	148	138
Interest and dividend income	-1,308	-1,161
Interest expense	62	46
Loss (gain) on sales and retirement of non-current assets	94	-2,044
Loss (gain) on sales and valuation of investment securities	-9,563	-5,352
Decrease (increase) in trade receivables	-20,356	4,291
Decrease (increase) in inventories	4,372	-3,489
Decrease (increase) in other assets	-791	-570
Increase (decrease) in trade payables	51,410	-40,755
Increase (decrease) in other liabilities	1,871	-1,420
Increase (decrease) in accrued consumption taxes	2,847	-2,830
Other, net	-840	169
Subtotal	65,393	-18,523
Interest and dividends received	1,296	1,114
Interest paid	-62	-47
Income taxes paid	-7,773	-10,143
Others, net	1,080	924
Net cash provided by operating activities	59,934	-26,675

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Cash flows from investing activities</b>		
Payments into time deposits	-1,147	-5,131
Proceeds from withdrawal of time deposits	1,211	1,122
Payments into long-term time deposits	—	-4,000
Purchases of property, plant and equipment	-2,505	-4,056
Proceeds from sale of property, plant and equipment	175	2,980
Purchases of intangible assets	-1,276	-1,701
Proceeds from sale of intangible assets	2	2
Purchases of investment securities	-2,113	-1,536
Proceeds from sales and redemption of investment securities	13,233	7,933
Purchase of shares of subsidiaries and associates	-40	-934
Proceeds from sale of shares of subsidiaries and associates	664	—
Payments for acquisition of businesses	—	-33
Payments for asset retirement obligations	-338	-98
Loan advances	-8	-197
Proceeds from collection of loans receivable	580	1,246
Other, net	653	225
Net cash provided by (used in) investing activities	9,091	-4,180
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	0	-1,269
Repayments of long-term borrowings	-9,622	-413
Proceeds from issuance of bonds	22,110	—
Redemption of bonds	-20,000	—
Purchases of treasury shares	-12,002	-15,004
Repayments of finance lease obligations	-445	-660
Dividends paid	-2,235	-3,017
Net cash provided by (used in) financing activities	-22,195	-20,364
Net increase (decrease) in cash and cash equivalents	46,829	-51,220
Cash and cash equivalents at beginning of period	81,839	128,673
Increase in cash and cash equivalents resulting from merger	3	774
Cash and cash equivalents at end of period	128,673	78,226

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

This disclosure is not applicable.

(Notes Concerning Changes in Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. have been applied from the beginning of the fiscal year ended March 31, 2025. Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies had no impact on the consolidated financial statements under review.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first half under review. The change in accounting policies was applied retrospectively to the consolidated financial statements for the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the previous fiscal year or the entire previous fiscal year.

(Change in the Presentation of Consolidated Financial Statements)

(Consolidated income statement)

Loss on investments in investment partnerships included in others under non-operating expenses for the preceding consolidated fiscal year, has been presented independently, beginning in the consolidated fiscal year under review because loss on investments in investment partnerships represented more than 10/100 of total non-operating expenses. 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, 33 million yen in others under non-operating expenses has been reclassified in loss on investments in investment partnerships on the consolidated financial statements for the prior fiscal year.

Loss on sale of investment securities 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 represented more than 10/100 of total extraordinary loss.

Furthermore, loss on investments in subsidiaries and affiliates, which were presented independently for the preceding consolidated fiscal year, have been reclassified in other profit or loss, beginning in the consolidated fiscal year under review because the impairment losses represented less than 10/100 of total extraordinary losses. 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, 0 million yen in others under extraordinary losses has been reclassified in Loss on sale of investment securities, 413 million yen in loss on valuation of shares of subsidiaries and associates has been reclassified in others 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, liabilities, and other items by reportable segment

Previous 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	162	233	4,305	1,938	6,244
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.

Current fiscal year (from April 1, 2024 to March 31, 2025)

(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	1,415,289	95,531	2,615	5,059	1,518,495	—	1,518,495
(2) Inter-segment sales	48,230	22	8,844	1,791	58,888	-58,888	—
Total	1,463,520	95,553	11,459	6,850	1,577,384	-58,888	1,518,495
Segment profit	19,033	852	729	655	21,270	-2,334	18,936
Segment assets	585,328	58,691	19,446	5,863	669,330	53,475	722,805
Other items							
Depreciation	2,733	891	166	308	4,100	1,829	5,929
Amortization of goodwill	49	67	—	32	150	—	150
Impairment losses	7	46	—	—	54	—	54
Investment in an affiliate accounted for by the equity method	1,893	—	10,833	—	12,726	4	12,731
Unamortized balance of goodwill	65	128	—	—	193	—	193
Capital expenditures	3,585	855	1,774	177	6,393	8	6,402

(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 129,794 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)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net asset per share	3,969.20 yen	4,099.71 yen
Basic earnings per share	320.14 yen	313.20 yen
Diluted earnings per share	286.79 yen	284.22 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:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Basic earnings per share		
Profit attributable to owners of parent (million yen)	20,657	19,844
Amount not attributed to shareholders of common share (million yen)	—	—
Profit attributable to owners of parent from common share (million yen)	20,657	19,844
Average number of shares of common share outstanding during the period	64,527,150	63,360,661
Diluted earnings per share		
Adjustment for profit attributable to owners of parent (million yen)	-14	-35
(Including interest income (after deducting the portion equivalent to tax) (million yen))	(-14)	(-35)
Increase in number of shares of common share	7,452,120	6,338,411
(Including share acquisition rights)	(69,953)	(64,156)
(Including bonds with share acquisition rights)	(7,382,167)	(6,274,255)
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:

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Total net asset on the Consolidated Balance Sheets (million yen)	249,437	256,897
Amounts deducted from total net assets (million yen)	248	242
(Including: share acquisition rights) (million yen)	(144)	(126)
(Including: non-controlling interests) (million yen)	(104)	(116)
Net assets available to owners of parent of common share (million yen)	249,188	256,654
Number of shares of common share for computation of net asset per share	62,780,488	62,603,138

(Significant Subsequent Events)

(Acquisition of Own Shares)

The Company has resolved, at a meeting of the Board of Directors held on May 14, 2025, the matters concerning the acquisition of own shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act.

1. Reason for Acquisition of Own Shares

To enhance shareholder return and improve capital efficiency

2. Details of matters related to acquisition

(1)	Class of shares to be acquired	Common shares
(2)	Total number of shares to be acquired	Up to 3,000,000 shares (4.79 % of total number of issued shares (excluding treasury stocks))
(3)	Total amount of share acquisition costs	¥ 10,000,000,000 (Maximum)
(4)	Acquisition period	From May 15, 2025 to December 31, 2025
(5)	Method of acquisition	Market Purchase at the Tokyo Stock Exchange Some or all orders may not be executed due to market trends, etc.

6. Unconsolidated Financial Statements  
(1) Balance Sheets

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	121,512	74,933
Operating accounts receivable	96	86
Prepaid expenses	30	30
Other accounts receivable	705	413
Short-term loans receivable	1,941	26,160
Other	10	10
<b>Total current assets</b>	<b>124,298</b>	<b>101,635</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	21,112	20,841
Structures, net	439	495
Furniture and fixtures, net	506	403
Land	19,534	18,755
Leased assets, net	426	311
Construction in progress	321	1,431
<b>Total property, plant and equipment</b>	<b>42,340</b>	<b>42,239</b>
Intangible assets		
Leasehold interests in land	12	12
Software	1,044	831
Other	56	249
<b>Total intangible assets</b>	<b>1,112</b>	<b>1,093</b>
Investments and other assets		
Investment securities	49,219	43,059
Shares of subsidiaries and affiliates	44,232	45,107
Investments in capital	1,585	1,585
Long-term loans receivable	1,922	1,188
Distressed receivables	2,860	2,780
Long-term prepaid expenses	172	181
Other	1,667	5,799
Allowance for doubtful accounts	-1,983	-2,113
<b>Total investments and other assets</b>	<b>99,676</b>	<b>97,588</b>
<b>Total non-current assets</b>	<b>143,130</b>	<b>140,921</b>
<b>Total assets</b>	<b>267,428</b>	<b>242,556</b>

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Lease liabilities	126	104
Accounts payable-other	277	202
Accrued expenses	662	722
Income taxes payable	2,500	1,896
Accrued consumption taxes	34	185
Deposits received	77,536	62,850
Provision for bonuses	70	81
Provision for bonuses for directors	22	23
Other	—	111
Total current liabilities	81,230	66,179
Non-current liabilities		
Bonds payable	22,092	13,081
Lease liabilities	343	238
Deferred tax liabilities	10,617	9,546
Deferred tax liabilities for land	753	721
Provision for retirement benefits	10	9
Provision for loss on guarantees	148	286
Asset retirement obligations	2,009	2,044
Other	168	3
Total non-current liabilities	36,144	25,933
Total liabilities	117,374	92,112
Net assets		
Shareholders' equity		
Share capital	10,649	10,649
Capital surplus		
Legal capital surplus	46,177	46,177
Total capital surplus	46,177	46,177
Retained earnings		
Legal retained earnings	664	664
Other retained earnings		
Reserve for tax purpose reduction entry of land	1,356	2,629
General reserve	6,336	6,336
Retained earnings brought forward	98,193	99,807
Total retained earnings	106,550	109,437
Treasury shares	-30,947	-28,859
Total shareholders' equity	132,429	137,405
Valuation and translation adjustments		
Valuation difference on available-for-sale	21,740	17,299
Revaluation reserve for land	-4,260	-4,386
Total valuation and translation adjustments	17,479	12,912
Share acquisition rights	144	126
Total net assets	150,054	150,444
Total liabilities and net assets	267,428	242,556

## (2) Statements of Income

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Operating revenue</b>		
Consulting fee income	1,336	1,424
Real estate lease revenue	4,019	4,283
Dividend income	6,639	9,371
Other	520	517
Total operating revenue	12,515	15,597
<b>Operating expenses</b>		
Real estate related expenses	3,690	3,187
<b>General and administrative expenses</b>		
Remuneration, salaries and allowances for directors	1,230	1,255
Provision for bonuses	70	81
Provision for bonuses for directors	22	23
Provision for retirement benefits	-0	-0
Welfare expenses	163	180
Vehicle expenses	2	1
Provision of allowance for doubtful accounts	-176	130
Depreciation	365	536
Rent expenses	903	717
Taxes and dues	512	455
Other	1,925	2,043
Total operating expenses	8,708	8,613
Operating profit	3,807	6,983
<b>Non-operating income</b>		
Interest income	169	155
Dividend income	1,197	996
Rental income from real estate	10	10
Reversal of premature cancellation settlement fee	235	—
Other	230	237
Total non-operating income	1,842	1,400
<b>Non-operating expenses</b>		
Interest expense	372	370
Bond issuance costs	83	—
Commitment fees	1	0
Provision for loss on guarantees	148	138
Loss on investments in investment partnerships	33	144
Commission for purchase of treasury shares	35	76
Other	93	6
Total non-operating expenses	766	736
Ordinary profit	4,883	7,648

(Unit: million yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income		
Gain on sales of non-current assets	18	2,186
Gain on sales of investment securities	11,337	7,505
Other	0	—
Total extraordinary income	11,356	9,692
Extraordinary loss		
Loss on disposal of non-current assets	103	108
Impairment losses	12	4
Loss on sale of investment securities	0	129
Loss on valuation of investment securities	135	903
Other	11	5
Total extraordinary loss	262	1,150
Profit before income taxes	15,977	16,190
Income taxes-currents	3,158	1,800
Income taxes-deferred	-299	529
Total income taxes	2,858	2,329
Net profit	13,118	13,861

(3) Statement of Changes in Shareholders' Equity  
 Previous 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				
Provision of reserve for tax purpose reduction entry of land				
Reversal of reserve for tax purpose reduction entry of land				
Adjustment to reserve due to change in tax rate				
Dividends of surplus				
Net profit				
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	—	—	-3,941	-3,941
Balance at end of period	10,649	46,177	—	46,177

	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	1,379	6,336	87,510	95,890	-23,147	133,504
Changes during period							
Provision of reserve for tax purpose reduction entry of land							—
Reversal of reserve for tax purpose reduction entry of land		-23		23	—		—
Adjustment to reserve due to change in tax rate							—
Dividends of surplus				-2,235	-2,235		-2,235
Net profit				13,118	13,118		13,118
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					
Provision of reserve for tax purpose reduction entry of land					—
Reversal of reserve for tax purpose reduction entry of land					—
Adjustment to reserve due to change in tax rate					—
Dividends of surplus					-2,235
Net profit					13,118
Purchase of treasury shares					-12,022
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

Current fiscal year (From April 1, 2024 to March 31, 2025)

(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	—	46,177
Changes during period				
Provision of reserve for tax purpose reduction entry of land				
Reversal of reserve for tax purpose reduction entry of land				
Adjustment to reserve due to change in tax rate				
Dividends of surplus				
Net profit				
Purchase of treasury shares				
Disposal of treasury shares			1,371	1,371
Cancellation of treasury shares			-1,371	-1,371
Reversal of revaluation reserve for land				
Net changes in items other than shareholders' equity				
Total changes during period	—	—	—	—
Balance at end of period	10,649	46,177	—	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	1,356	6,336	98,193	106,550	-30,947	132,429
Changes during period							
Provision of reserve for tax purpose reduction entry of land		1,325		-1,325	—		—
Reversal of reserve for tax purpose reduction entry of land		-18		18	—		—
Adjustment to reserve due to change in tax rate		-34		34	—		—
Dividends of surplus				-3,017	-3,017		-3,017
Net profit				13,861	13,861		13,861
Purchase of treasury shares						-15,004	-15,004
Disposal of treasury shares						7,652	9,024
Cancellation of treasury shares				-8,067	-8,067	9,439	—
Reversal of revaluation reserve for land				111	111		111
Net changes in items other than shareholders' equity							
Total changes during period	—	1,272	—	1,614	2,887	2,088	4,975
Balance at end of period	664	2,629	6,336	99,807	109,437	-28,859	137,405

(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	21,740	-4,260	17,479	144	150,054
Changes during period					
Provision of reserve for tax purpose reduction entry of land					—
Reversal of reserve for tax purpose reduction entry of land					—
Adjustment to reserve due to change in tax rate					—
Dividends of surplus					-3,017
Net profit					13,861
Purchase of treasury shares					-15,004
Disposal of treasury shares					9,024
Cancellation of treasury shares					—
Reversal of revaluation reserve for land					111
Net changes in items other than shareholders' equity	-4,440	-126	-4,567	-17	-4,585
Total changes during period	-4,440	-126	-4,567	-17	390
Balance at end of period	17,299	-4,386	12,912	126	150,444