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November 10, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 8129
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Scheduled date to file quarterly securities report: November 14, 2023
 Scheduled date to commence dividend payments: December 1, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	734,846	7.8	6,492	11.3	7,945	7.5	8,782	144.1
September 30, 2022	681,470	—	5,835	—	7,392	53.9	3,598	10.0

Note: Comprehensive income For the six months ended September 30, 2023: ¥9,246 million [63.5%]
 For the six months ended September 30, 2022: ¥5,656 million [37.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2023	134.19	121.19
September 30, 2022	51.01	46.88

(Note: Owing to the change in presentation method from the first quarter of the fiscal year ending March 31, 2024, net sales and operating profit for the first half of 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 first half of the fiscal year ended March 31, 2023 before the reclassification were 679,719 million yen and 4,084 million yen, respectively.)

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2023	801,379	245,142	30.6
March 31, 2023	715,288	242,916	33.9

Reference: Equity As of September 30, 2023: ¥244,899 million
 As of March 31, 2023: ¥242,678 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	16.00	—	16.00	32.00
Fiscal year ending March 31, 2024	—	18.00			
Fiscal year ending March 31, 2024 (Forecast)			—	18.00	36.00

Note: Revision to the forecast of cash dividends most recently announced: None

Breakdown of cash dividends for the first half of FY ending March 2024: Commemorative dividend: 2.00yen; Ordinary dividend: 16.00yen

3. Consolidated projected results of operations during fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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
Full year	1,325,000	-4.8	11,500	-29.7	13,800	-28.0	12,300	-9.8	190.65

Note: 1. Revision of consolidated projected results of operations most recently announced: None

2. Owing to the change in presentation method from the first quarter of the fiscal year under review, the percentage change in net sales and operating profit are calculated using the reclassified figures for the same period of the previous fiscal year, which reflect the change.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: —

Excluded: —

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2023	78,270,142 shares
As of March 31, 2023	78,270,142 shares

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

As of September 30, 2023	13,649,592 shares
As of March 31, 2022	11,302,582 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	65,448,433 shares
Six months ended September 30, 2022	70,540,556 shares

* Quarterly financial results reports are exempt from quarterly review 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 determined to be rational at the time of the release of this report, and it is not intended that the Company undertake to achieve such results. Actual results may differ significantly from the projections above, due to a variety of factors.

Please refer to Explanation of Projections of Consolidated Operating Results for Fiscal Year ending March 31, 2024 on page 4 of this report (the attached document) for the suppositions on which the performance projections are based and points that have to be borne in mind for the use of such projections.

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1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2023

(1) Explanation of Management Results

In the first half under review, the prescription pharmaceuticals market continued to be affected by measures to curtail medical expenses, such as the interim-period NHI drug price revisions in April 2023. Regarding the supply status of prescription pharmaceuticals, we continue to adjust shipments mainly for antipyretic analgesics and generic drugs. In addition, while the reclassification of COVID-19 as a Class V infectious disease has led to the normalization of socioeconomic activities, the influenza epidemic has occurred earlier than usual and the spread of COVID-19 has occurred again, and the market remains uncertain.

Under these circumstances, in May of this year, the Group announced the Medium-term Management Plan 2023-2025 "Create the Next Generation," which covers three years from the fiscal year ending March 31, 2024. As a corporate group engaged in the areas of medical care, healthcare, and nursing care, we believe that the mission of the Group is to provide added value to medical institutions, patients, and other stakeholders and to contribute to society for the current and next generations. With a view to creating a foundation for steadily carrying out the mission in the course of implementing the new Medium-term Management Plan, we have implemented concrete measures speedily through active alliances, the introduction of DX, etc. based on 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.

In the area of business transformation, in July, TOHO PHARMACEUTICAL CO., LTD., a consolidated subsidiary of TOHO HOLDINGS CO., LTD., made substantial organizational changes mainly in the sales department, in order to transformation of pharmaceutical wholesaling business, which is one of the concrete measures, and reorganized into an organization based on secondary medical care areas to promote community-based initiatives. We are also promoting the unification of pharmaceuticals and reagents, consolidation of sales bases, and streamlining of sales and delivery by clarifying the roles of MS/EMS.

In addition, through active alliances, we are promoting the introduction of cutting-edge technologies and integration with various functions, including our company's unique customer support systems. We established a joint research laboratory with the National Institute of Advanced Industrial Science and Technology (AIST) in April this year, and eight researchers on loan from the Group and 16 in-house researchers are conducting joint research to solve issues related to medical access and to implement new technologies, systems, and services in society. In September of this year, we entered into a capital and business alliance with MICIN Inc., which operates an online medical business and a clinical development digital solutions business. This capital and business alliance is expected to generate synergies between the Group's pharmaceutical wholesaling, dispensing pharmacy, customer support systems, and other businesses and MICIN's businesses, and will contribute to solving various issues in the healthcare field and enhance corporate value over the medium to long term. In addition, the Study Group for Establishment of BCP System, which was established with the participation of pharmaceutical companies, has compiled a "Proposal for Business Continuity Plan in the Supply of Pharmaceuticals." Furthermore, we conduct a joint disaster drill with the Japan Ground Self-Defense Force in anticipation of a massive earthquake in the Nankai Trough, among other efforts to establish a business continuity plan for the entire supply chain.

The Company's consolidated operating results for the six months ended September 30, 2023 recorded 734,846 million yen for net sales (an increase of 7.8% on a year-on-year basis), 6,492 million yen for operating profit (an increase of 11.3% on a year-on-year basis), 7,495 million yen for ordinary profit (an increase of 7.5% on a year-on-year basis), and 8,782 million yen for profit attributable to owners of parent (an increase of 144.1% on a year-on-year basis).

We have decided to include revenues from information service fees, etc., which were previously recorded as non-operating 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 initially expected a significant decline in sales of COVID-19-related products, but sales of therapeutic drugs expanded owing to the spread of the so-called ninth wave of COVID-19, and greatly exceeded our initial plan.

In addition, the growth in the market for new drugs, including cancer drugs and the steady expand in sales of limited-handling products for selected wholesalers, such as specialty pharmaceuticals, contributed to total sales. In price negotiations with medical institutions, we continued to strive to negotiate unit prices for individual products, commensurate with individual product values and distribution costs, in order to promote distribution improvement. As for the customer support systems, the introduction of ENIFvoiceSP and the switch from ENIF to Future ENIF contributed to profit growth.

As a result, the pharmaceutical wholesaling business posted net sales of 709,414 million yen (an increase of 8.0% on a year-on-year basis) and segment profit (operating profit) of 6,811 million yen (an increase of 34.0% on a year-on-year basis) for the six months ended September 30, 2023 under review.

In the Dispensing Pharmacy Business, we are promoting the opening and closing of pharmacies with an emphasis

on profitability. In addition, we have developed a portal application, Kyoso Mirai Pharmacy Health Navi, which includes a function for sending prescriptions and an electronic medicine notebook, to promote digitalization. In addition, we worked to strengthen cooperation with home medical clinics in order to promote transformation to contribute to home medical care. Although the performance in the second quarter was affected by the termination of the transitional measures for the Additional Fee for Community Support System on technical fees, owing to an increase in the number of prescriptions as a result of a recovery in patients' reluctance to receive medical care, net sales were 46,598 million yen (an increase of 3.3% year on year) and segment profit (operating profit) was 895 million yen (an increase of 1.9% year on year).

In the pharmaceutical manufacturing and sales business, the Group has been 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, resulting in net sales of 5,164 million yen (an increase of 6.7% on a year-on-year basis.) and segment profit (operating profit) of 436 million yen (a decrease of 8.6% on a year-on-year basis.).

In the other peripheral businesses, net sales amounted to 2,978 million yen (a decrease of 10.0% on a year-on-year basis.) and segment profit (operating profit) was 139 million yen (a decrease of 43.1% on a year-on-year basis.).

(Note) Segment sales include inter-segment transactions.

(2) Explanation of Financial Position

(Assets)

Current assets increased 16.3% from the end of the previous consolidated fiscal year to 620,393 million yen with an increase in cash and deposits of 51,652 million yen, an increase in notes and accounts receivable-trade of 38,349 million yen, and a decrease in merchandise and finished goods of 2,975 million yen in other.

Non-current assets decreased 0.4% from the end of the previous consolidated fiscal year to 180,986 million yen with a decrease in property, plant and equipment of 1,651 million yen in other.

As a result, consolidated net assets increased 12.0% from the end of the previous consolidated fiscal year, to 801,379 million yen.

(Liabilities)

Current liabilities increased 14.2% from the end of the previous consolidated fiscal year to 502,754 million yen with an increase in notes and accounts payable-trade of 80,543 million yen, a decrease in current portion of bonds payable of 20,003 million yen in other.

Non-current liabilities increased 66.2% from the end of the previous consolidated fiscal year to 53,483 million yen with an increase in bonds payable of 22,103 million yen in other.

As a result, total liabilities increased 17.8% from the end of the previous consolidated fiscal year, to 556,237 million yen.

(Net assets)

Total net assets increased 0.9% from the end of the previous consolidated fiscal year to 245,142 million yen with an increase in retained earnings of 7,734 million yen, and an increase in treasury shares of 5,971 million yen in other.

(Analysis of the Cash Flow Position)

Cash and cash equivalents (hereinafter referred to as "cash") during this consolidated first half increased 51,676 million yen from the end of the previous consolidated fiscal year. As a result, the balance at the end of this first half was 133,516 million yen (an increase of 35,660 million yen on a year-on-year basis). The following describes the three categories of consolidated cash positions during this consolidated first half, as well as the factors responsible.

(Cash Flows from Operating Activities)

Cash flow from operating activities was an inflow of 53,933 million yen (an increase of 43,240 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as income before income taxes of 13,029 million yen, depreciation of 3,098 million yen, a decrease in inventories of 3,237 million yen, and an increase in notes and accounts payable-trade of 79,022 million yen, these were somewhat offset by negative factors including an increase in notes and accounts receivable-trade of 36,996 million yen, and income taxes paid of 4,765 million yen in other.

(Cash Flows from Investing Activities)

Cash flow from investing activities was an inflow of 3,515 million yen (an increase of 3,923 million yen from the previous fiscal year). Although inflow was secured by some positive factors such as proceeds from sales and redemption of investment securities of 6,977 million yen, these were somewhat offset by negative factors including in purchase of property, plant and equipment of 966 million yen, purchase of intangible assets of 792 million yen and purchase of investment securities of 1,955 million yen in other.

(Cash Flows from Financing Activities)

Cash flow from financing activities was an outflow of 5,775 million yen (a decrease of 2,814 million yen on a year-on-year basis). Although inflow was secured by some positive factors such as proceeds from issuance of bonds of 22,110 million yen, these were somewhat offset by negative factors including in repayment of long-term loans borrowings of 1,335 million yen, and redemption of bonds of 20,000 million yen, purchase of treasury shares of 6,001 million yen in other.

(3) Explanation of Projections of Consolidated Operating Results for Fiscal Year ending March 31, 2024

There are no changes in the projected consolidated results of the full-term of the fiscal year ending March 31, 2024 published on May 12, 2023.

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

(Unit: million yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	86,201	137,854
Notes and accounts receivable-trade	316,696	355,045
Merchandise and finished goods	91,217	88,242
Raw materials and supplies	206	181
Other	39,573	39,463
Allowance for doubtful accounts	-376	-392
Total current assets	533,519	620,393
Non-current assets		
Property, plant and equipment	90,270	88,619
Intangible assets		
Goodwill	514	379
Other	4,863	5,199
Total intangible assets	5,377	5,578
Investments and other assets		
Other	88,067	88,733
Allowance for doubtful accounts	-1,947	-1,945
Total investments and other assets	86,120	86,787
Total non-current assets	181,768	180,986
Total assets	715,288	801,379

(Unit: million yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	385,140	465,684
Short-term borrowings	9,800	8,641
Current portion of bonds payable	20,003	—
Income taxes payable	5,152	4,668
Provision for bonuses	3,214	3,368
Provision for bonuses for directors	42	21
Asset retirement obligations	40	201
Other	16,794	20,168
Total current liabilities	440,188	502,754
Non-current liabilities		
Bonds payable	—	22,103
Long-term borrowings	6,472	6,284
Retirement benefit liability	2,508	2,523
Asset retirement obligations	2,747	2,649
Provision for loss on Antimonopoly Act	4,849	4,849
Other	15,605	15,073
Total non-current liabilities	32,183	53,483
Total liabilities	472,372	556,237
Net assets		
Shareholders' equity		
Share capital	10,649	10,649
Capital surplus	49,146	49,154
Retained earnings	191,531	199,266
Treasury shares	-23,107	-29,079
Total shareholders' equity	228,219	229,990
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18,734	19,192
Revaluation reserve for land	-4,276	-4,283
Total accumulated other comprehensive income	14,458	14,909
Share acquisition rights	146	144
Non-controlling interests	92	98
Total net assets	242,916	245,142
Total liabilities and net assets	715,288	801,379

(2) Quarterly Consolidated Profit and Loss Statement and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Profit and Loss Statement
[Six months ended September 30, 2023]

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	681,470	734,846
Cost of sales	626,812	678,210
Gross profit	54,658	56,635
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors	20,136	20,131
Provision for bonuses	3,314	3,296
Provision for bonuses for directors	21	21
Retirement benefit expenses	143	146
Welfare expenses	3,871	3,845
Vehicle expenses	562	523
Provision of allowance for doubtful accounts	-83	14
Depreciation	2,746	2,934
Amortization of goodwill	149	134
Rent expenses	3,997	4,238
Taxes and dues	1,039	1,093
Non-deductible temporary paid consumption tax expense	3,153	3,326
Other	9,770	10,434
Total selling, general and administrative expenses	48,823	50,142
Operating profit	5,835	6,492
Non-operating income		
Interest income	29	27
Dividend income	745	677
Share of profit of entities accounted for using equity method	71	335
Rental income from real estate	416	418
Other	552	302
Total non-operating income	1,815	1,761
Non-operating expenses		
Interest expenses	39	31
Bond issuance costs	—	83
Real estate lease expenses	111	88
Other	106	105
Total non-operating expenses	257	308
Ordinary profit	7,392	7,945

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Extraordinary income		
Gain on sales of non-current assets	109	18
Gain on sales of investment securities	20	5,133
Other	19	0
Total extraordinary income	149	5,152
Extraordinary losses		
Loss on disposal of non-current assets	74	48
Impairment losses	26	—
Provision for loss on Antimonopoly Act	1,400	—
Other	28	20
Total extraordinary losses	1,529	68
Profit before income taxes	6,012	13,029
Income taxes-current	2,801	5,280
Income taxes-deferred	-399	-1,039
Total income taxes	2,401	4,241
Net profit	3,611	8,788
Profit attributable to non-controlling interests	12	6
Profit attributable to owners of parent	3,598	8,782

Quarterly Consolidated Statements of Comprehensive Income
 [Six months ended September 30, 2023]

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net profit	3,611	8,788
Other comprehensive income		
Valuation difference on available-for-sale securities	2,005	439
Share of other comprehensive income of entities accounted for using equity method	40	17
Total other comprehensive income	2,045	457
Comprehensive income	5,656	9,246
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	5,643	9,240
Comprehensive income attributable to non-controlling interests	12	6

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,012	13,029
Depreciation	2,919	3,098
Impairment losses	26	—
Amortization of goodwill	149	134
Increase (decrease) in retirement benefit liability	27	12
Increase (decrease) in provision for bonuses	121	138
Increase (decrease) in provision for bonuses for directors (and other officers)	-32	-20
Increase (decrease) in allowance for doubtful accounts	-98	14
Interest and dividend income	-774	-704
Interest expense	39	31
Loss (gain) on sale and retirement of non-current assets	-35	29
Loss (gain) on sales and valuation of investment securities	-7	-5,127
Decrease (increase) in trade receivables	-24,120	-36,996
Decrease (increase) in inventories	-1,891	3,237
Decrease (increase) in other assets	-3,220	-1,073
Increase (decrease) in trade payables	36,716	79,022
Increase (decrease) in other liabilities	2,248	1,901
Increase (decrease) in accrued consumption taxes	-1,384	1,552
Other loss (gain)	-854	-728
Subtotal	15,842	57,553
Interest and dividends received	777	700
Interest paid	-36	-31
Income taxes paid	-6,348	-4,765
Other	458	477
Net cash provided by (used in) operating activities	10,693	53,933

(Unit: million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from investing activities		
Payments into time deposits	-668	-697
Proceeds from withdrawal of time deposits	641	721
Purchase of property, plant and equipment	-502	-966
Proceeds from sales of property, plant and equipment	679	91
Purchase of intangible assets	-431	-792
Purchase of investment securities	-189	-1,955
Proceeds from sales and redemption of investment securities	52	6,977
Purchase of shares of subsidiaries and associates	-254	-40
Proceeds from sale of shares of subsidiaries and associates	10	—
Payments for acquisition of businesses	-105	—
Payments for asset retirement obligations	-4	-8
Loan advances	—	-7
Proceeds from collection of loans receivable	205	195
Other	159	-2
Cash flows from investing activities	-407	3,515
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-242	721
Proceeds from long-term borrowings	3,610	—
Repayments of long-term borrowings	-5,044	-1,335
Proceeds from issuance of bonds	—	22,110
Redemption of bonds	—	-20,000
Purchase of treasury shares	-0	-6,001
Repayments of finance lease liabilities	-226	-198
Dividends paid	-1,058	-1,071
Cash flows from financing activities	-2,960	5,775
Net increase (decrease) in cash and cash equivalents	7,324	51,672
Cash and cash equivalents at beginning of period	90,014	81,839
Increase in cash and cash equivalents resulting from merger	83	3
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	432	—
Cash and cash equivalents at the end of period	97,855	133,516

(3) Notes Concerning Quarterly Consolidated Financial Statements

(Notes Concerning Premise of a Going Business)

Not applicable.

(Notes Concerning Material Changes in Shareholders' Equity)

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 first half of the previous year have been reclassified. As a result, net sales and operating profit for the first half of the previous fiscal year increased by 1,751 million yen compared with those before the reclassification, with net sales and operating profit amounting to 681,470 million yen and 5,835 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 "notes and accounts receivable - trade." As a result, notes and accounts receivable-trade amounted to 316,696 million yen and "other" under current assets amounted to 39,573 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 quarterly consolidated statements of cash flows for the consolidated cumulative second quarter of the previous fiscal year, are now included in "increase/decrease in trade receivables." As a result, commissions received, etc. of -1,751 million, which had been included in "other income/loss" under "net cash provided by operating activities," and the amount of commissions received, etc. of 1,701 million, which had been included in "other," are now reclassified to "increase/decrease in trade receivables" of -49 million. As a result, "increase/decrease in trade receivables," "other income/loss," and "other" amounted to -24,120 million yen, -854 million yen, and 458 million yen, respectively.

(Segmental Information)

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 first half of the previous year have been reclassified. As a result, net sales and segment profit in the pharmaceutical wholesaling business for the first half of the previous fiscal year increased by 1,751 million yen compared with those before the reclassification.

I Six months ended September 30, 2022

1. Information about sales and profit by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	Pharmaceutical Manufacturing and Sales (million yen)	Other Peripheral Businesses (million yen)	Total (million yen)		
Net Sales							
(1) Sales to external customers	632,760	45,085	1,097	2,527	681,470	—	681,470
(2) Inter-segment sales	23,810	3	3,741	782	28,338	-28,338	—
Total	656,571	45,089	4,838	3,309	709,809	-28,338	681,470
Segment profit	5,082	878	478	246	6,685	-850	5,835

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

2. The amounts for profit in the reportable segments were subsequently adjusted with the amount of operating profit on the quarterly consolidated profit and loss statement.

2. Information about impairment losses on noncurrent assets or goodwill by each business segment
Not applicable.

II Six months ended September 30, 2023

1. Information about sales and profit by reportable segment

	Reportable segments					Adjustments (million yen) (Note 1)	Amount on the quarterly consolidated profit and loss statement (million yen) (Note2)
	Pharmaceutical Wholesaling (million yen)	Dispensing Pharmacy (million yen)	Pharmaceutical Manufacturing and Sales (million yen)	Other Peripheral Businesses (million yen)	Total (million yen)		
Net Sales							
(1) Sales to external customers	684,777	46,590	1,178	2,300	734,846	—	734,846
(2) Inter-segment sales	24,636	7	3,985	678	29,308	-29,308	—
Total	709,414	46,598	5,164	2,978	764,154	-29,308	734,846
Segment profit	6,811	895	436	139	8,283	-1,791	6,492

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

2. The amounts for profit in the reportable segments were subsequently adjusted with the amount of operating profit on the quarterly consolidated profit and loss statement.

2. Information about impairment losses on noncurrent assets or goodwill by each business segment
Not applicable.