COMPANY RESEARCH AND ANALYSIS REPORT

Qol Holdings Co., Ltd. (Qol)

3034

Tokyo Stock Exchange Prime Market

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Summary

Pursuing Group synergies amid substantial earnings growth potential of DAIICHI SANKYO ESPHA

Qol Holdings Co., Ltd. (Qol) <3034> (hereafter, also "the Company") is a major dispensing pharmacy chain positioned at No. 2 in the number of dispensing pharmacies and No. 3 in net sales (using data from listed companies). In fields other than dispensing pharmacies, the Company also operates the CSO*1 Business, a Medical Professional Referral Dispatch Business, and the Pharmaceutical Manufacturing Business. In October 2023, the Company acquired 30% of the shares of DAIICHI SANKYO ESPHA CO., LTD., which is mainly engaged in authorized generic products (hereafter, "AG products"*2), making it an equity-method affiliate. The Company then acquired an additional 21% of shares in April 2024 and made it a consolidated subsidiary. The Company plans to make DAIICHI SANKYO ESPHA a wholly owned subsidiary in a few years. The stock acquisition cost is ¥25.0bn, which will be covered by borrowings from financial institutions and cash in hand.

*1 CSO stands for Contract Sales Organization and involves CMR (Contract Medical Representative) dispatch services.
*2 AG products: generic drugs that, with permission from the new drug manufacturer, have the same drug substances, additives, manufacturing process, and so on as the new drug.

1. Significant growth in sales and profits in FY3/25 due to impact of M&A

In its FY3/25 consolidated results, the Company recorded a significant rise in both sales and profits, with consolidated net sales increasing 46.6% year on year (YoY) to ¥263,972mn and operating income up 61.8% to ¥13,465mn. Although the Pharmacy Business saw profits decline even as sales increased, due to rising personnel and procurement costs, the consolidation of DAIICHI SANKYO ESPHA was a factor in significantly expanding the scale of the Pharmaceutical Manufacturing Business and in increased sales and profits. DAIICHI SANKYO ESPHA contributed ¥77.0bn in net sales and ¥5.6bn in operating income to consolidated results.

2. All business segments poised to achieve revenue and profit growth in FY3/26

For FY3/26, the Company forecasts gains in both sales and profits, with consolidated net sales up 6.1% YoY to ¥280,000mn and operating income up 15.1% to ¥15,500mn. In the Pharmacy Business, the Company anticipates sales and profit growth due to increases in technical fee unit prices along with efforts for improving productivity of stores and reviewing expenses. In the BPO Contracting Businesses, the Company projects ongoing gains in sales and profits attributable to CSO Business expansion through an increase in CMR headcount along with growth in the Medical Professional Referral Dispatch Business. In the Pharmaceutical Manufacturing Business, the Company projects double-digit growth in sales and profits with net sales of ¥85.1bn and operating income of ¥6.5bn at DAIICHI SANKYO ESPHA. The Company will focus on enhancing profitability largely by lowering the cost of sales ratio and taking a zero-based approach to reviewing expenses. Net sales are poised to increase by double digits due to launches of two to three new AG products, extending on such efforts in the previous fiscal year.

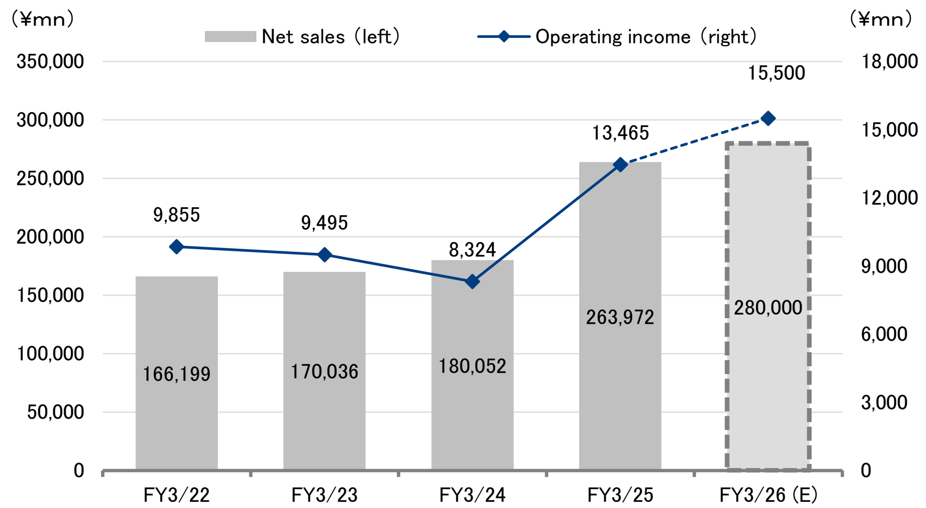
3. Priority measures and shareholder returns

The Company is pursuing growth as a Comprehensive Healthcare Company by seeking expansion in each of its three business segments, consisting of the Pharmaceutical Manufacturing Business, BPO Contracting Businesses, and Pharmacy Business. In the Pharmacy Business, the Company expects to achieve sustainable growth largely by expanding scale through strategic store openings, enhancing productivity and convenience through promotion of medical DX, expanding its homecare business, and developing new businesses in the areas of health and preventative medicine. In the BPO Contracting Businesses, the Company aims to achieve double-digit growth by developing high-quality medical professionals and CMRs while tapping into robust demand. In the Pharmaceutical Manufacturing Business, the Company has set targets for net sales of ¥100.0bn (1.3 times that of FY3/25) and operating income of ¥11.0bn (2.0 times) in FY3/28, achieved through initiatives that include continuing to launch new products, implementing cost-reduction measures, and reviewing expenses. The content of the medium-term management plan scheduled for release in November 2025 is attracting attention. In terms of shareholder returns, the Company offers dividends and a shareholder benefits program. The Company plans to raise its FY3/26 dividend by ¥12.0 YoY to ¥46.0 per share (dividend payout ratio of 24.6%), in line with its policy of maintaining stable dividends while taking earnings into account.

Key Points

- In FY3/25, the impact of M&A has seen net sales, operating income and ordinary income reach new record highs
- Aiming for sales and profit growth across all three business segments in FY3/26
- DAIICHI SANKYO ESPHA aiming to achieve operating income of ¥11.0bn in FY3/28, double that of FY3/25
- Significant dividend increase planned for FY3/26 on earnings growth and continuance of shareholder benefits program

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

Expanding from the Pharmacy Business to the medical-related BPO Contracting Businesses and Pharmaceutical Manufacturing Business

1. History

Masaru Nakamura, the current Honorary Chairman, founded Qol Co., Ltd. in 1992. Qol Co., Ltd. steadily expanded its dispensing pharmacy network after opening the first pharmacy in Nihonbashi Kabutocho in 1993. In addition to opening its own stores, the Company has been expanding its dispensing pharmacy network through aggressive M&A and also moved into related and peripheral areas. The Company moved into the clinical trial-related business when it established PhaseOn Co., Ltd. in 2003, and established Qol Medis, Co., Ltd. in 2008 to start worker placements and dispatching services business.

Subsequently, the Company organized its businesses into two business segments, the Pharmacy Business* and the BPO Business* (formerly the Medical Related Business). It then changed to a holding company structure in October 2018 in order to improve management efficiency and to expand the business scope. The Company subsequently changed its corporate name to Qol Holdings Co., Ltd. as a pure holding company. The Pharmacy Business is conducted by Qol Co., Ltd., and other companies that joined the Group through M&A. In the BPO Business, APO PLUS STATION Co., Ltd., conducts the CSO Business, mainly CMR dispatch, APO PLUS CAREER Co., Ltd. conducts a Medical Professional Referral Dispatch Business for pharmacists and other medical personnel, and Medical Qol Co., Ltd. engages in the Publishing-related Business and other such operations. To enter the Pharmaceutical Manufacturing Business* (formerly the Medical Related Business), in August 2019 the Company made Fujinaga Pharm Co., Ltd. a subsidiary, followed by the April 2024 acquisition of additional shares (for a 51% stake) in DAIICHI SANKYO ESPHA, a subsidiary of DAIICHI SANKYO Co., Ltd. <4568> involved in the manufacture and sale of generic drugs, making it a consolidated subsidiary. The Company increased its stake in DAIICHI SANKYO ESPHA to 80% in April 2025, and eventually plans to make it a wholly owned subsidiary.

* Effective from FY3/25, the Company changed its reporting segments to better reflect actual business activities. Its previous two business segments, the Pharmacy Business and the Medical Related Business, have been reclassified as the Pharmacy Business, the BPO Contracting Businesses, and the Pharmaceutical Manufacturing Business. The Pharmaceutical Manufacturing Business was part of the Medical Related Business under the previous segment classification, but under the new classification, it is now separately disclosed as the Pharmaceutical Manufacturing Business.

The Company is aiming to achieve business growth, while increasing the stability of earnings, by developing its businesses in the three domains of the Pharmacy Business, the BPO Contracting Businesses, and the Pharmaceutical Manufacturing Business. The Pharmacy Business is a business that can stably acquire earnings, but it is exposed to the risk of fluctuating earnings due to the government's medical policies (including revisions to dispensing fees once every two years). In years when there are revisions, negative factors may affect earnings. The strategy is to offset these negative factors through the BPO Contracting Businesses and Pharmaceutical Manufacturing Business to achieve stable overall earnings growth. In terms of composition by business segment (results for FY3/25), the Pharmacy Business has the majority, representing 65.0% of net sales and59.0% of operating income, followed by the Pharmaceutical Manufacturing Business at 29.8% and 31.0% respectively, and the BPO Contracting Businesses at 5.2% and 10.0%. Until FY3/24, the Company had depended on the Pharmacy Business for earnings, but with DAIICHI SANKYO ESPHA as a subsidiary, the Company has gained a balanced business portfolio.

Pursuing an approach of “One-on-one pharmacies” and “Healthcare pharmacies” through alliances with companies in other industries to increase the number of stores while utilizing M&A

2. Pharmacy Business

(1) Business scale and positioning in the industry

The Pharmacy Business mainly operates dispensing pharmacies. As of the end of March 2025, the business had a total of 948 stores, of which, 925 (approximately 98%) were dispensing pharmacies and the remaining 23 were shops located in hospitals. Prescription net sales (dispensing pharmacy net sales) account for around 93% of segment sales. Remaining sales are generated by products sold through pharmacies, convenience stores and shops located in hospitals, and by sales from health foods, hygiene items and other products via Qol’s official e-commerce website.

Regarding positioning in the dispensing pharmacy industry, Qol ranks second in number of stores among listed dispensing pharmacy chains after Ain Holdings Inc. <9627> (1,244 stores as of the end of January 2025) and third in net sales after Ain Holdings and Nihon Chouzai <3341>. Nihon Chouzai, which is third in the number of stores at 753 (as of March 31, 2025), has net sales that exceed those of the Company because it has developed many pharmacies located adjacent to hospitals, which generate strong sales.

(2) Pharmacy development strategy

A feature of the Company’s pharmacy development strategy is that it conducts the business through two formats that are largely different in type. The first type is the “One-on-one pharmacies,” and the second type is “Healthcare pharmacies” through business alliances with different industries such as major convenience store operator Lawson <2651>, BIC CAMERA <3048>, Ryohin Keikaku <7453>, and others.

“One-on-one pharmacies” is a concept that defines the fundamental stance in store operations for ordinary QOL Pharmacies. It is also the “core business” in its business model. The key point lies in the close cooperation between the prescribing medical institutions and QOL Pharmacies. Our understanding at FISCO is that the phrase “One-on-one” is used to express the pharmacies’ deep, cooperative relationships with medical institutions. From the phrase “One-on-one,” the tendency is to imagine a deep relationship between only one QOL Pharmacy and only one prescribing medical institution. But in fact, it seems that in many cases, one pharmacy builds deep cooperative relationships with multiple medical institutions.

In its “One-on-one pharmacies,” the Company is aiming to utilize cooperation with medical institutions to realize efficient and low-cost operations, and to invest the results of this into improving services for patients. Specifically, it is aiming to create these pharmacies by adjusting store designs and functions in accordance with factors such as the departments of target prescribing medical institutions and the characteristics of each area. The funds for this are generated from the pharmacies’ low-cost structures, including more efficient drug inventories, which is one of the benefits of “one-on-one” management. Based on the concept of “One-on-one pharmacies,” the Company positions the creation of pharmacies that are selected by patients for having high utility value as the core of its pharmacy strategy. In addition, the concept of “One-on-one pharmacies,” which essentially entails cooperation with medical institutions, can be said to be in line with the Japanese Government’s Vision for Patient-centered Pharmacies, which is also an important point for the growth strategy.

The catalyst for Qol's deployment of "Healthcare pharmacies" through alliances with companies in other industries, which is its other format, was a revision to the Pharmaceuticals Affair Law in June 2009 that allows convenience stores, drugstores, supermarkets, and other industry stores to sell OTC drugs as registered businesses. Spurred on by this, it became possible for companies to launch a dispensing pharmacy business, such as in drugstores. As an offensive measure in response to this, the Company entered into business alliances with the two aforementioned companies, and is now proceeding with this initiative.

"One-on-one pharmacies" have somewhat restricted customer scope that enables Qol to improve efficiencies in drug inventory management. "Healthcare pharmacies," meanwhile, target unspecified large numbers of customers in locations with heavy people flow, foot-traffic pharmacies. While these sites require larger inventory investments and other outlays than the "One-on-one pharmacies," they are likely to attract more customers (and thus receive more prescriptions). Qol positions "One-on-one pharmacies" as the core model and also aims to broaden the customer base through deployment of "Healthcare pharmacies." Also, the Company has allied with Ryohin Keikaku and started opening stores inside MUJI stores in FY3/22. Ryohin Keikaku opened a "Community Health Center" inside MUJI stores as a health promotion space that holds health-themed events, offers casual health consultation, and provides a full-line of services covering disease prevention and health maintenance through to pharmaceuticals in order to contribute to the healthy living of local residents. The Company opens dispensing pharmacies as a collaborating partner in this initiative. As of the end of March 2025, there were 36 healthcare stores in alliance with Lawson, 4 inside BIC CAMERA stores, 2 inside MUJI stores, and a further 1 inside train stations.

Overall image of the pharmacy strategy

Business format	Pharmacy type	Location	Function	Opening method	Degree of focus
QOL Pharmacies	One-on-one	Urban type. Clinic-adjacent	Primary pharmacist/pharmacy function, health support function	Organic, M&A	◎
	Foot-traffic pharmacies		Primary pharmacist/pharmacy function, health support function	Organic, M&A	
	Hospital-adjacent pharmacies	Hospitals of a certain size	Primary pharmacist/pharmacy function, advanced pharmaceutical management function, health support function	Organic, M&A	○
Healthcare pharmacies	Foot-traffic pharmacies	Within shopping districts, within and near to train stations	Primary pharmacist/pharmacy function, health support function	Organic	◎

Source: Prepared by FISCO from the Company's materials and interviews

Looking at the number of store openings by area at the end of March 2025, Kanto leads with 402 stores (42.4% of total number), followed by Kansai with 146 stores (15.4%) and Koshinetsu with 127 stores (13.4%), with the three areas accounting for over 70% in total. The Kanto area has many stores, as the Company was founded in Tokyo and focused on openings in the area. However, in the past five years, the number of stores has also been steadily increasing in the Kyushu and Okinawa areas, due mainly to M&A.

Number of stores by area and population composition comparisons

	End of FY3/20 Number of stores	End of FY3/24 Number of stores	End of FY3/25		Increase on end of FY3/20	Population composition (2023)
			Number of stores	Composition ratios		
Hokkaido	10	11	11	1.2%	1	4.1%
Tohoku	85	89	88	9.3%	3	6.7%
Kanto	326	391	402	42.4%	76	35.0%
Koshinetsu	109	113	127	13.4%	18	4.0%
Tokai, Hokuriku	67	73	73	7.7%	6	14.1%
Kansai	132	145	146	15.4%	14	16.3%
Chugoku, Shikoku	49	49	51	5.4%	2	8.6%
Kyushu, Okinawa	27	49	50	5.3%	23	11.3%
Total	805	920	948	100.0%	143	100.0%

Note: Japan's population composition based on data as of 2023, according to research by the Ministry of Internal Affairs and Communications
Source: Prepared by FISCO from the Company's results briefing materials and the Ministry of Internal Affairs and Communications' Population Estimates (2023)

Company has a top share of the CMR dispatch and pharmacist referral dispatch industry

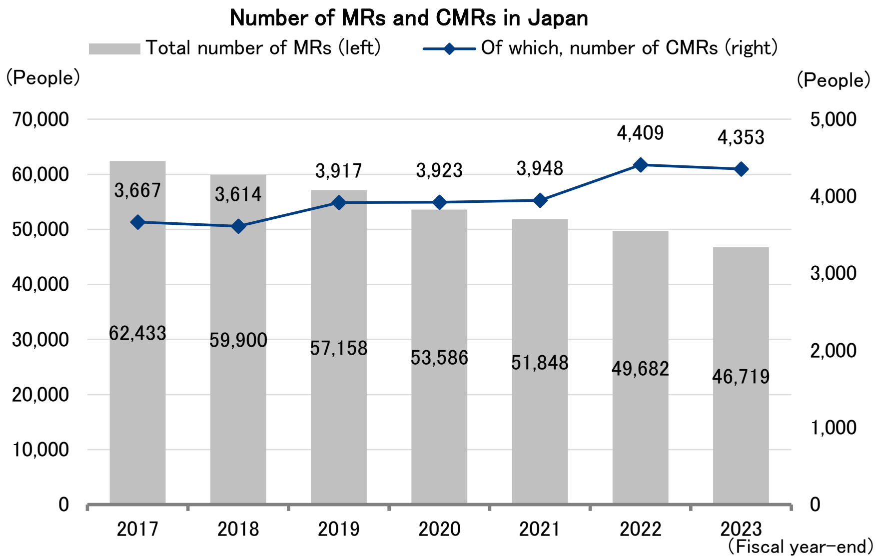
3. BPO Contracting Businesses

The BPO Contracting Businesses include the CSO Business (CMR dispatches), and the CRO* Business (clinical trials support services), which are mainly conducted by APO PLUS STATION; the Medical Professional Referral Dispatch Business (pharmacists, registered sales personnel, public health nurses, nurses, etc.) conducted by APO PLUS CAREER; the Medical-related Publishing Business conducted by Medical Qol Co., Ltd. Looking at the sales composition ratio in the FY3/25 results, the CSO Business and CRO Business account for 70%, while the Medical Professional Referral Dispatch Business accounts for over 20%, and the Medical-related Publishing Business accounts for just under 10%.

* CRO is the abbreviation of Contract Research Organization and refers to assistance business and other services for clinical trials and other activities.

(1) CSO Business and CRO Business

The CSO Business involves recruiting and training MR and dispatching them to the contracted pharmaceutical companies. MR refers to sales representatives who provide doctors, pharmacists, and others with knowledge and information on the pharmaceuticals that are sold. In recent years, the development trend for new drugs among pharmaceutical companies has shifted from primary medicine (for treatment of lifestyle related diseases, etc.) that targets many customers (medical facilities and doctors) to specialty drugs (anti-cancer drugs, etc.) for which the target customers are limited. Accordingly, there has been an expanding movement toward reducing their in-house MR personnel and switching to CMR personnel. In fact, according to the 2024 MR White Paper published by the MR Education & Accreditation Center of Japan, at the end of FY2023, there were 46,719 MRs (down 6.0% YoY), representing a tenth consecutive year of decreases. The number of CMRs decreased slightly to 4,353 (down 1.3% YoY), but compared to the 3,667 recorded at the end of FY2017, there is a slight upward trend. In this situation, the Company has been leveraging its recruiting and training capabilities to increase CMR personnel, reaching approximately 650 CMR personnel as of the end of March 2025, which is an industry share of around 14%, while holding the leading position in the industry for the number of customers as well, with around 50 to 60 companies.



Source: Prepared by FISCO from the MR Education & Accreditation Center of Japan, “2024 MR White Paper”

On the other hand, the CRO Business provides total solutions from planning through to publication for clinical trials and clinical research in the respective fields of ethical drugs, OTC drugs, functional food, and healthcare products. The Company has strengths in clinical trials in the food field, and also in the pharmaceuticals field it has experience in dermatology and ophthalmology.

(2) Medical Professional Referral Dispatch Business

This business involves referral dispatches of pharmacists, public health nurses, registered sales personnel, and others. Of these, it mainly conducts referral dispatches of pharmacists. It ranks in the top 10 for the number of dispatched pharmacists in the industry, while it also ranks in the top 3 for public health nurses. In addition, at APO PLUS CAREER, the Company provides pharmacy business succession and management support services and consulting services on health management for corporations.

DAIICHI SANKYO ESPHA is a major fabless manufacturer of generic drugs, primarily AG products

4. Pharmaceutical Manufacturing Business

The Pharmaceutical Manufacturing Business comprises two companies, Fujinaga Pharm and DAIICHI SANKYO ESPHA, with the latter representing the majority. DAIICHI SANKYO ESPHA is a fabless manufacturer specializing in planning and sales, established by DAIICHI SANKYO in 2010 to enter the generic drug market. It now boasts the third-largest level of sales in Japan for generic drugs, and, in AG products alone, was the leading company in FY2022 with a market share of approximately 26%. AG products represent about 75% of net sales, and the company commercializes products by entering into licensing agreements for the development and sale of AG products with multiple pharmaceutical companies in addition to DAIICHI SANKYO. As of the end of March 2025, the company was selling 22 products, with production outsourced to domestic pharmaceutical companies.

Fujinaga Pharm is a pharmaceutical manufacturer established in 1941 (founded in February 1924) that mainly covers the psychiatry and dermatology fields. It primarily manufactures brand-name drugs Phenobal and Hydantol and generic drug Fujinaga lithium carbonate for sleep disorders, depression, and other indications. In addition, since December 2022, the company has manufactured and sold the SARS-CoV-2 antigen test kit Tegaruna® stick SARS-CoV-2 Ag, as an in vitro diagnostic drug.

Business trends

In FY3/25, the impact of M&A has seen net sales, operating income and ordinary income reach new record highs

1. Overview of FY3/25 results

In its FY3/25 consolidated results, net sales, operating income, and ordinary income reached record highs, with net sales increasing 46.6% YoY to ¥263,972mn, operating income increasing 61.8% to ¥13,465mn, ordinary income increasing 49.4% to ¥13,831mn, and profit attributable to owners of parent increasing 5.8% to ¥5,164mn. The consolidation of DAIICHI SANKYO ESPHA was the factor behind the enormous growth in the earnings of the Pharmaceutical Manufacturing Business. However, the increase in profit attributable to owners of parent was modest, due to factors including the recording of extraordinary losses and a loss related to the phased acquisition of DAIICHI SANKYO ESPHA shares, as well as the posting of ¥2,312mn in profit attributable to non-controlling interests. Although net sales were roughly in line with the Company forecast, operating income fell short by 10.2% and ordinary income by 9.0%, mainly due to underperformance in the Pharmacy Business and the Pharmaceutical Manufacturing Business.

FY3/25 results (consolidated)

(¥mn)

	FY3/24		FY3/25				
	Results	% of net sales	Company forecast*1	Results	% of net sales	YoY	Compared to forecast
Net sales	180,052	-	270,000	263,972	-	46.6%	-2.2%
Gross profit	23,249	12.9%	-	39,056	14.8%	68.0%	-
SG&A expenses	14,925	8.3%	-	25,591	9.7%	71.5%	-
Operating income	8,324	4.6%	15,000	13,465	5.1%	61.8%	-10.2%
Ordinary income	9,256	5.1%	15,200	13,831	5.2%	49.4%	-9.0%
Extraordinary income/losses	-396	-0.2%	-	-991	-0.4%	-	-
Profit attributable to owners of parent	4,880	2.7%	5,000	5,164	2.0%	5.8%	3.3%
EBITDA*2	13,566	7.5%	-	21,827	8.3%	60.9%	-

*1 Company forecasts are based on figures released in November 2024.
*2 EBITDA = Operating income + Depreciation + Amortization of goodwill
Source: Prepared by FISCO from the Company's financial results

Looking at results by business segment, the Pharmacy Business recorded net sales of ¥171,641mn, up 4.0% YoY, and operating income of ¥10,028mn, down 6.5%. The operating margin was 5.8%, down 0.7 percentage points (pp). Net sales increased due to a rise in the number of prescriptions, driven by new store openings including M&A, and an increase in prescription unit prices. However, the increased sales were insufficient to absorb higher store operating costs, such as procurement costs and personnel expenses, resulting in a decline in profit. Regarding the procurement environment, the ongoing shortage of generic drug supplies, and the trend among foreign-owned pharmaceutical companies to limit distribution to a single wholesaler per product, suggest that price negotiations with pharmaceutical wholesales remain challenging.

Meanwhile, the BPO Contracting Businesses recorded a 2.0% YoY increase in net sales, to ¥13,603mn, with operating income up 10.1% to ¥1,706mn. While sales appear to have stagnated, one factor was the increase in internal net sales, from ¥397mn in the same period the previous year to ¥1,271mn, following the consolidation of DAIICHI SANKYO ESPHA, formerly a client of the CSO Business. The rate of growth was 8.4% when including internal transactions. In addition to strong results of the CSO Business, the Medical Professional Referral Dispatch Business also performed well, centered on pharmacist referral dispatch. Notably, growth in referral volume contributed to higher profit margins. In the Pharmaceutical Manufacturing Business, the consolidation of DAIICHI SANKYO ESPHA resulted in net sales of ¥78,726mn (versus ¥1,621mn in the previous fiscal year) and operating income of ¥5,272mn (versus a loss of ¥412mn in the previous fiscal year). However, results fell short of initial forecasts due to deterioration in cost of sales ratios for existing products following drug price revisions, as well as increased selling expenses amid strong sales of new products.

Performance by segment

(¥mn)

		FY3/24	FY3/25	YoY
Pharmacy Business	Net sales	165,099	171,641	4.0%
	Operating income	10,730	10,028	-6.5%
	Profit margin	6.5%	5.8%	
BPO Contracting Businesses	Net sales	13,330	13,603	2.0%
	Operating income	1,549	1,706	10.1%
	Profit margin	11.6%	12.5%	
Pharmaceutical Manufacturing Business	Net sales	1,621	78,726	4756.6%
	Operating income	-412	5,272	-
	Profit margin	-25.4%	6.7%	

Note: Net sales for each segment do not include internal sales between segments.
Source: Prepared by FISCO from the Company's financial results

Pharmacy Business maintains sales gains due to increase in the number of stores, and BPO Contracting Businesses achieves favorable results in its Medical Professional Referral Dispatch Business

2. Trends by business

(1) Pharmacy Business

a) Store openings and closures and M&A status

The number of stores at the end of March 2025 stood at 948, an increase of 28 stores from the end of the previous fiscal year. The Company opened a total of 45 stores, including 18 stores opened organically (excluding shops), 26 acquired through M&A, and 1 shop. The Company ended its operations at 17 stores Operations of the Company's first online-specialized pharmacy, Qol Dokodemo Pharmacy (Kawagoe City, Saitama Prefecture), launched in partnership with KDDI <9433>, are going well. Moreover, the Company entered Yamanashi Prefecture for the first time when it made Dyna Co., Ltd., which operates 18 stores in that prefecture, a subsidiary through an M&A. It also made subsidiaries of Gyotoku Pharmacy Co., Ltd. And Bottom Heart Co., Ltd., which operate highly convenient pharmacies, including stores along the JR Yamanote Line and pharmacies open 365 days a year.

Store openings and closures status

		FY3/24				FY3/25			
		Opened		Closed	End of FY3/24	Opened		Closed	End of FY3/25
QOL Pharmacies		Organic openings	16	7	855	Organic openings	18	15	884
		Through M&A	17			Through M&A	26		
Healthcare pharmacies	Lawson		0	0	36		0	0	36
	BIC CAMERA		0	0	5		0	1	4
	Within train stations		0	0	2		0	1	1
Shops			2	0	22		1	0	23
Total			35	7	920		45	17	948

Source: Prepared by FISCO from the Company's results briefing materials

b) Status of net sales at dispensing pharmacies

In the Pharmacy Business, net sales are comprised of dispensing pharmacies' sales and product sales through channels such as shops and e-commerce. Looking at the breakdown of net sales for FY3/25, both dispensing pharmacy net sales and other net sales were higher YoY, with dispensing pharmacy net sales increasing 3.9% to ¥159,434mn and other net sales increasing 4.6% to ¥12,207mn. Breaking down dispensing pharmacy net sales by store-opening period and format, among the Company's organic openings, sales at existing pharmacies increased 2.8% YoY, or ¥50,641mn, sales at new stores (excluding shops) increased 30.7%, or ¥1,327mn. Also, for pharmacies acquired through M&As, etc., combined net sales for existing stores and new stores increased 4.2%, or ¥107,465mn.

Details of dispensing pharmacy net sales by opening period and by format

(¥mn)

	FY3/24			FY3/25		
	Results	Change	Growth rate	Results	Change	Growth rate
Existing pharmacies	49,277	3,894	8.6%	50,641	1,364	2.8%
Newly opened pharmacies	1,015	321	46.3%	1,327	312	30.7%
M&A, etc.	103,134	5,175	5.3%	107,465	4,331	4.2%
All pharmacies	153,428	9,392	6.5%	159,434	6,006	3.9%

Source: Prepared by FISCO from the Company's results briefing materials

On breaking down dispensing pharmacy net sales into the number of prescriptions and the unit price of prescriptions, the number of prescriptions increased 3.6% YoY to 17,067,000 prescriptions, while the unit price of prescriptions increased 0.3% to ¥9,342. They are affected by other factors such as the opening period and M&A. We will look at these values in detail below.

The year-on-year growth rate at existing stores, which is seen as close to the actual number of prescriptions, was 1.8%. Efforts to promote the Company's Home & Facility Dispensing Business were a factor behind the increase. Meanwhile, the number of prescriptions at pharmacies added through M&A, etc. rose 3.9% YoY, with the number of new pharmacies acquired through M&A having increased from 17 stores in the previous fiscal year to 26 stores. This increase in store count appears to be the main factor behind growth rate variance with respect to the number of prescriptions at existing pharmacies.

Number of prescriptions

(thousands)

	FY3/24			FY3/25		
	Results	Change	Growth rate	Results	Change	Growth rate
Existing pharmacies	4,671	431	10.2%	4,753	82	1.8%
Newly opened pharmacies	322	178	123.6%	388	66	20.5%
M&A, etc.	11,473	901	8.5%	11,924	451	3.9%
All pharmacies	16,467	1,510	10.1%	17,067	600	3.6%

Source: Prepared by FISCO from the Company's results briefing materials

Prescription unit prices overall increased by 0.3% YoY. Of this amount, existing pharmacies saw a 1.0% increase in prescription unit price, and pharmacies acquired through M&A marked a 0.3% increase. The unit prices of dispensing fees were marginally lower, due in part to the impact of drug price revisions, but technical fee unit prices rose due to the impact of dispensing fee revisions enacted in June 2024 and due to Japan's elective care scheme for long-listed products* adopted in October 2024.

* Under the elective care scheme for long-listed products, patients must cover one-fourth of the price difference when they choose a brand-name drug over an available generic drug alternative. The government adopted the scheme with the aim of encouraging use of generic drugs.

Unit price of prescriptions

(¥)

	FY3/24			FY3/25		
	Results	Change	Growth rate	Results	Change	Growth rate
Existing pharmacies	10,549	-152	-1.4%	10,653	104	1.0%
Newly opened pharmacies	3,149	-1,650	-34.4%	3,415	266	8.5%
M&A, etc.	8,989	-277	-3.0%	9,012	23	0.3%
All pharmacies	9,317	-312	-3.2%	9,342	24	0.3%

Source: Prepared by FISCO from the Company's results briefing materials

The dispensing pharmacy's technical fees, which are the equivalent of the pharmacy's added value, work on a system in which points are aggregated depending on the level of achievement of predetermined standards. The fees mainly comprise a basic dispensing fee, (categorized by number of prescriptions and concentration ratio on designated medical institutions, etc.), generic drug dispensing premium (categorized by ratio of generic drugs handled), and community support system premium (categorized by system for contribution to community healthcare, such as home and facility delivery dispensing). Of these, the generic drug dispensing premium and community support system premium offer points that vary depending on the state of each pharmacy's initiatives, providing a point of differentiation. Dispensing fees are revised every second year, and the most recent revision was made in June 2024.

The main revisions made are that the basic dispensing fee was raised by 3 points in response to higher wages for medical personnel, and an additional 4 points for the premium for establishing medical DX Premium (including My Number Card usage records and electronic prescription systems). Also, the number of additional points for the premium for reinforcing cooperation with medical institutions to respond to emerging infectious diseases and to supply medicines in the event of disasters was increased from 2 points to 5 points. However, the number of additional points for community support system premiums was reduced by 7 points, and requirements designed to further strengthen dispensing pharmacy functions as primary pharmacies for local communities, including home dispensing, are now more detailed, with new items added.

The increase in the technical fee unit price in FY3/25 can be attributed to several factors: the raising of the basic dispensing fee, as well as an increase in the proportion of stores earning the highest score of 30 points under the generic drug dispensing premium (increased from 48.8% in March 2024 to 54.3% in September, and 82.6% in March 2025), and an increase in the number of stores gaining additional points for the premium for establishing medical DX Premium and for the premium for reinforcing cooperation with medical institutions. Although the community support system premium has been uniformly reduced by seven points, the Company promoted initiatives to gain points in part by strengthening its home dispensing and primary pharmacist/pharmacy functions. As a result, the average number of points acquired on a per-store basis at the end of March 2025 has recovered to a level comparable to that of the same period of the previous year.

Basic dispensing fee (store ratio)

Points	End of March 2024	End of September 2024	End of March 2025
45 points	-	2.3%	2.3%
42 points	1.8%	-	-
35 points	-	47.4%	47.4%
32 points	46.0%	-	-
29 points	-	0.6%	0.7%
26 points	0.6%	-	-
21 points	-	-	-
19 points	-	47.4%	47.2%
16 points	48.9%	-	-
7 points	2.7%	-	-
5 points	-	2.4%	2.4%
Number of pharmacies	895	925	921

Source: Prepared by FISCO from the Company's results briefing materials

Generic drug dispensing premium (store ratio)

Points	End of March 2024	End of September 2024	End of March 2025
30 points	48.4%	54.3%	82.6%
28 points	35.3%	30.8%	13.0%
21 points	9.5%	8.3%	2.1%
0 points	6.8%	6.6%	2.3%
Number of pharmacies	895	925	921

Source: Prepared by FISCO from the Company's results briefing materials

Community support system premium (store ratio)

Points	End of March 2024	End of September 2024	End of March 2025
47 points	1.0%	-	-
40 points	-	0.4%	0.8%
39 points	22.6%	-	-
32 points	-	25.7%	38.0%
17 points	30.7%	-	-
10 points	-	26.7%	23.1%
0 points	45.7%	47.1%	38.1%
Number of pharmacies	895	925	921

Source: Prepared by FISCO from the Company's results briefing materials

(2) BPO Contracting Businesses

In the BPO Contracting Businesses, the mainstay CSO Business experienced increased sales due to strong demand for CMRs from pharmaceutical companies and an increase in the number of dispatches, though recruitment and education costs also rose. The number of CMRs increased steadily to around 650 from approximately 620 at the end of the previous fiscal year. Meanwhile, orders in the CRO Business increased centered on those for food testing.

The Medical Professional Referral Dispatch Business saw growth in pharmacist referral dispatches against a background of labor shortages, and referral dispatches of registered sales personnel for drug stores also performed well. Profit margins rose particularly due to growth in referral volume amid positive outcomes from efforts to create a division of labor in the sales workflow* undertaken since April 2024.

* Key measures of this division of labor in the sales workflow entailed detailed review and reorganization of task allocation in part by enabling management of online job posting platforms and input of new employment listings in real time at each business location.

(3) Pharmaceutical Manufacturing Business

DAIICHI SANKYO ESPHA posted net sales of ¥77.0bn and operating income of ¥5.6bn (before deducting ¥910mn in amortization of goodwill). Compared to the previous fiscal year, net sales increased ¥5.7bn, while operating income declined ¥800mn. The net sales growth was driven by the generic drug Zonisamide OD Tablets (brand name TRERIEF® OD Tablets) launched in June 2024, along with three AG products* launched in December 2024. In particular, Rivaroxaban Tablets (brand name XARELTO® Tablets) and Rivaroxaban OD Tablets (brand name XARELTO® OD Tablets) for thromboembolism treatment gained top market share due to the their reputation for high reliability as AG products and broader range of approved indications compared to other generic drugs, thereby significantly contributing to the increase in net sales. However, operating income declined due to deterioration in cost of sales ratios of existing products following drug price revisions and an increase in PMI costs.

* The Company launched Rivaroxaban Tablets (brand name XARELTO® Tablets), Loxoprofen Sodium Tapes (brand name LOXONIN® Tape), and Hydroxychloroquine Sulfate Tablets (brand name PLAQUENIL® Tablets).

Outlook

Aiming for revenue and profit growth across all three business segments in FY3/26

1. FY3/26 forecasts

For FY3/26, the Company forecasts consolidated net sales up 6.1% YoY to ¥280,000mn, operating income up 15.1% to ¥15,500mn, ordinary income up 12.8% to ¥15,600mn, and profit attributable to owners of parent up 35.5% to ¥7,000mn. The Company aims to increase profit margins and achieve growth in sales and profits across all three of its business segments by enhancing Group synergies and taking a zero-based approach to reviewing expenses. In particular, it plans to generate synergies between the Pharmaceutical Manufacturing Business, centered on DAIICHI SANKYO ESPHA, and the Pharmacy Business, which has established a nationwide network of over 900 stores. However, whereas pharmaceutical wholesalers act as intermediaries between pharmaceutical companies and pharmacies, the business partners of the two businesses currently differ, which prevents them from realizing distribution synergies. As such, success achieved by the Company in contending with this issue would give rise to the prospect of resolving management challenges facing both the Pharmaceutical Manufacturing Business and Pharmacy Business up through the previous fiscal year, leading to improved profitability.

The Company acquired additional DAIICHI SANKYO ESPHA shares in April 2025, thereby raising its stake from 51% to 80% (the purchase price of ¥7.25bn was funded using cash on hand). The Company intends to create such group synergies at an early stage by strengthening its management control to a greater extent than before. Also, the growth rate of profit attributable to owners of parent is likely to be higher than that of ordinary profit because the Company will no longer incur the extraordinary losses that were recorded in the previous fiscal year, and because the Company's increased stake in DAIICHI SANKYO ESPHA will reduce its profit attributable to non-controlling interests.

FY3/26 outlook

(¥mn)

	FY3/25		FY3/26		
	Results	% of net sales	Company forecast	% of net sales	YoY
Net sales	263,972	-	280,000	-	6.1%
Operating income	13,465	5.1%	15,500	5.5%	15.1%
Ordinary income	13,831	5.2%	15,600	5.6%	12.8%
Profit attributable to owners of parent	5,164	2.0%	7,000	2.5%	35.5%
Earnings per share (¥)	137.97		187.00		

Source: Prepared by FISCO from the Company's financial results and results briefing materials

(1) Pharmacy Business

In the Pharmacy Business, the Company projects net sales of ¥177.2bn, up 3% YoY, and operating income of ¥11.4bn, up 14% (before deducting management and administration fees). Under its store opening plan, the Company estimates that it will open between 35 to 50 stores through a combination of organic openings and M&A. Meanwhile, the number of prescriptions is expected to increase 3% YoY, while the unit price of prescriptions is poised to remain relatively unchanged given a situation where adverse effects of the drug price revisions (estimated to lower prices by around 3% on average) is likely to be offset by an increase in technical fee unit prices. Factors underpinning higher technical fee unit prices include effects over the full year from a baseline increase attributable to the premium for establishing medical DX Premium established in June 2024, and the generic drug dispensing premium associated with Japan's elective care scheme for long-listed products introduced in October 2024. The higher technical fee unit prices are also a result of efforts to promote home dispensing services through partnerships with major nursing care facility operators. As such, FISCO believes it is highly likely that the Company will achieve its net sales forecast.

In terms of profit, despite persistence of a challenging procurement environment, the Company anticipates profit growth underpinned by increased sales along with efforts to improve store productivity and control costs. In terms of its efforts to improve store productivity, the Company expects positive effects to emerge from its installation of a new digital medication history system, which has been rolled out in stages over the past two years and is now installed in the majority of stores. The new system features automated entry of medication history and other such data and patient follow-up functions. This is expected to increase rates of repeat visits as a result of productivity improvement and customer service enhancement. The Company will also advance efforts to streamline healthcare staff operations by extending its data entry support project, whereby prescription information currently entered by store staff will be sent online to an off-site data center for remote data entry. This initiative, which began five years ago at Qol Pharmacy locations within Lawson convenience stores, will be extended to general stores starting in FY3/26. The Company also plans to strengthen its efforts to improve productivity by harnessing information and communication technologies amid the increasing prevalence of electronic prescriptions and online medication guidance.

Additionally, by offering ICT-enabled services such as Qol Okusuribin (transmission of prescriptions via the LINE platform and online medication guidance) and Qol Dokodemo Pharmacy (specialized online pharmacy), the Company intends to attract more customers and increase the number of prescriptions. The first Qol Dokodemo Pharmacy location opened in 2024 and is already handling between 3,000 to 4,000 prescriptions per month. This is on par with large-format stores and has lead the Company to consider the possibility of opening additional locations.

(2) BPO Contracting Businesses

In the BPO Contracting Businesses, the Company projects double-digit growth with net sales of ¥17.4bn, up 17% YoY (including internal transactions), and operating income of ¥2.3bn, up 35%. In the CSO Business, the Company aims to achieve growth in sales and profits by strengthening recruitment and development of CMRs, particularly in the oncology field where demand is strong. With respect to the number of CMRs, the Company targets an increase in headcount to approximately 750 CMRs within two years, up from 650 CMRs at the end of the previous fiscal year. As a new initiative, the Company will launch a business to train personnel from different occupations as MRs jointly with partner enterprises. In the CRO business, the Company will seek differentiation by forming alliances and pursuing M&A with firms that have advanced IT solutions, while also working to develop new customers and areas within the food sector.

In the Medical Professional Referral Dispatch Business, the Company aims to achieve double-digit growth in sales and profits in part by developing structured training curriculum to enhance workforce skills as a way to differentiate the Company from its competitors, and also by tapping into demand for short-term spot dispatch.

(3) Pharmaceutical Manufacturing Business

In the Pharmaceutical Manufacturing Business, the Company projects net sales of ¥87.3bn, up 11% YoY, and operating income of ¥6.5bn, up 23%. Of this increase, the Company expects DAIICHI SANKYO ESPHA to post double-digit sales growth underpinned by contributions from new products launched in the previous fiscal year as well as two to three new products slated for release in FY3/26, despite adverse effects of drug price reductions. In terms of profit, the Company will engage in cost-reduction measures for dealing with products that have become unprofitable due to rising costs of raw materials, while also reviewing its pharmaceutical wholesaler policies and distribution expenses. In addition, the Company seeks to optimize costs associated with DAIICHI SANKYO ESPHA becoming a separate entity from DAIICHI SANKYO, such as system integration expenses. It also aims to restore profitability by taking a zero-based approach to reviewing all expenses.

Meanwhile, Fujinaga Pharm is poised for improvement in profitability accompanying expansion with respect to its in-vitro diagnostic kits and drug price reassessment of unprofitable products. It will work to achieve greater management stability and build foundations for achieving sustainable growth going forward.

DAIICHI SANKYO ESPHA aiming to achieve operating income of ¥11.0bn in FY3/28, double that of FY3/25

2. Growth strategy by business

(1) Pharmacy Business

Under its growth strategy in the Pharmacy Business, the Company aims to achieve sustainable growth enlisting the four initiatives of “Expansion of Scale through the Strategic Opening of New Stores,” “Promotion of Medical DX,” “Expansion of revenue other than Dispensing fees,” and engaging in “High Value-Added Pharmacy Services.”

a) Expansion of Scale through the Strategic Opening of New Stores

The Company plans to continue opening 10 to 20 stores organically per year and securing 20 to 30 stores per year through M&A. The Company will target openings for areas with large populations, such as the three major metropolitan areas, efficiently expanding the number of stores through dominant openings and developing stores that can be expected to deliver high earnings. Similarly for M&A, its policy is to move ahead in main urban areas where it is easy to collaborate with communities. Adding to its 948 stores at the end of the previous fiscal year, the Company expects to reach 1,000 stores by the end of 2026.

Although there has been a modest yet upward trend in the number of dispensing pharmacy openings with approximately 62,000 such establishments at the end of FY2023, intensifying competition driven by an increase in drugstore openings in recent years has led to greater M&A activity among major companies. Most recently, major M&A deals have begun to emerge, such as that of Ain Holdings <9627> announcing in May 2025 its acquisition of the Sakura Pharmacy Group, which operates approximately 800 stores across Japan. A further shift toward market oligopoly dominated by major corporations is likely to persist going forward. Given this outlook, FISCO believes it is possible for the Company to achieve sustainable growth through the expansion of store numbers, even if the market scale continues to be effectively topped out going forward. The Company judges whether or not to conduct an M&A based on strict in-house standards, including scale of sales, whether or not synergistic effects will be generated, and the investment recovery period.

b) Promotion of Medical DX (Enhancement of Online Services)

The Company has been proceeding with efforts on two fronts in promoting medical DX: improving productivity through DX and gaining customers through online service enhancement. As for its online services, the Company is considering the prospect of expanding its Qol Dokodemo Pharmacy specialized online pharmacy. It is also making progress in forming alliances with its business partner Lawson in preparation for anticipated deregulation of online medication guidance*. The Company's online booths set up inside convenience stores enable customers to engage in online chat with pharmacists located remotely and receive medication guidance. This makes it possible for the Company to generate sales of non-prescription medication (OTC drugs) within such stores.

* Legislation to amend the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices passed in the ordinary Diet session of 2025 and will go into effect within two years.

c) Expansion of revenue other than Dispensing fees

As a measure to expand sources of revenue beyond dispensing fees, the Company is developing new businesses in the areas of health and preventative medicine. It currently engages in development and sales of health foods and other such products jointly with food manufacturers such as Suntory Wellness Limited. Although still small in scale, this business grew by 50% YoY in FY3/25. With the health food market poised to achieve consistent growth amid a scenario of rising health awareness and rapid aging of society, the Company aims to achieve earnings growth by focusing on this business.

d) High Value-Added Pharmacy Services

Underpinned by advanced pharmacist training, the Company is redoubling its efforts in home dispensing services where demand for pharmaceutical specialists has been strong. The Company has also been placing focus on developing services for nursing care facilities through alliances with major nursing care facility operators. The Company's achievements in home dispensing also enable it to gain evaluation points for serving as a community-based primary pharmacy. By promoting these efforts, the Company aims to gain additional technical fee premium points.

(2) BPO Contracting Businesses

In the BPO Contracting Businesses, the Company is targeting annualized double-digit growth, driven by organic growth in each subsidiary and supported by M&A in peripheral business areas with potential synergies. APO PLUS STATION will focus on developing human resources in the CSO Business for specialist fields such as oncology, aiming to build a workforce of 1,000 CMRs in the future. APO PLUS STATION also plans to grow its CRO Business by focusing on contract testing for major food manufacturers.

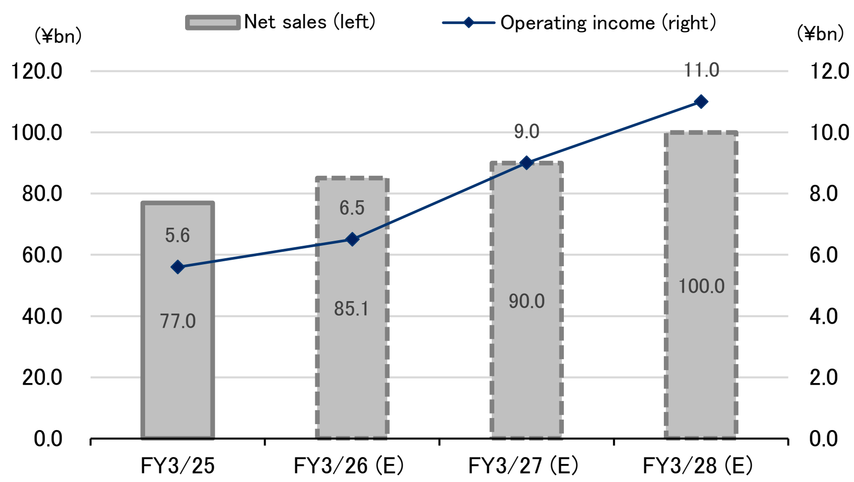
APO PLUS CAREER aims to expand its business partners by expanding its coverage of medical roles beyond pharmacists to include medical clerical roles, industrial physicians, physicians, and nurses, and aiming for a significant growth by responding to diverse needs among customer corporations, including through collaboration with its subsidiary, Oncall, which provides matching services for short-term part-time jobs for doctors and nurses.

(3) Pharmaceutical Manufacturing Business

Three-year targets set for DAIICHI SANKYO ESPHA consist of achieving net sales of ¥100.0bn (1.3 times that of FY3/25) and operating income of ¥11.0bn (2 times) in FY3/28. FISCO believes these targets are achievable given levels attained with respect to the Company's FY3/23 results: net sales of ¥78.7bn, operating income of ¥12.8bn, and operating margin of 16.3%. It seems likely that the Company will be able to achieve sales growth given that it will launch two to four AG products per year going forward and it will also increase the volume of such products and existing products carried by dispensing pharmacies of the Group. As measures to improve profit margins, the Company has begun work on the cost side to revisit pricing strategies by product and review wholesaler policies and distribution expenses. On the expense side, it has also worked out a policy of taking a zero-based approach to reviewing expenses. The Company expects results of these initiatives to materialize as early as FY3/26.

One of the Group synergies foreseen going forward is the potential for developing products that reflect feedback from patients, pharmacists, and doctors received through the Company's dispensing pharmacies. By promoting this initiative, the Company will be able to develop products with higher convenience than brand name drugs and competing generic drugs, which suggests a greater likelihood of the Company gaining a high market share. Ideally, these products will be sold through the Group's pharmacies, resulting in earnings growth.

DAIICHI SANKYO ESPHA performance targets



Source: Prepared by FISCO from the Company's results briefing materials

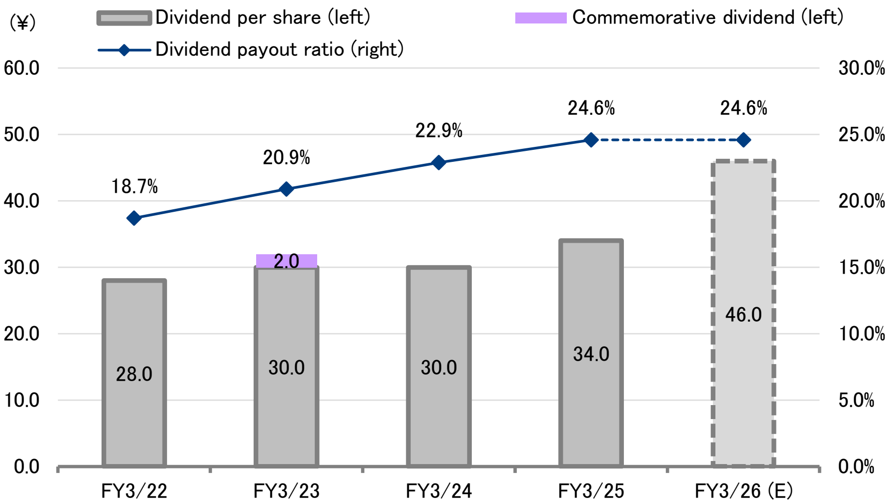
Shareholder return policy

Significant dividend increase planned for FY3/26 on earnings growth and continuance of shareholder benefits program

The Company's basic policy is to pay stable return of profits to shareholders while also giving consideration to internal reserves for future business development and reinforcement of its management foundation. It does not set an official payout ratio or other standards on dividend, but it intends to continue paying a progressive dividend without reducing it. Based on this basic policy, in FY3/25, the Company raised the dividend by ¥4.0 YoY to ¥34.0 (dividend payout ratio of 24.6%). For FY3/26, the Company plans to raise its dividend by ¥12.0 to ¥46.0 (dividend payout ratio of 24.6%) in anticipation of earnings growth.

The Company has also introduced a shareholder benefits program. Shareholders registered at the end of March each year are eligible for the program. Looking at the example of shareholders holding 1 unit of 100 shares, they receive a catalog gift worth ¥3,000 if they have held the shares for less than 1 year, and worth ¥5,000 if held for 1 year or longer. On calculating the investment yield per unit which combines the dividend and shareholder benefits based on the closing share price on May 29 (¥1,933), it is 3.9% if the shares were held for less than 1 year and 5.0% if held for 1 year or longer. In addition, the Company will consider repurchasing its own shares as needed to execute a flexible capital policy.

Dividend per share and dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

Content of shareholder benefits

Sustained ownership period	Number of shares owned	
	100-299 shares	300 shares or more
Less than one year	Catalog gifts worth ¥3,000	Catalog gifts worth ¥5,000
One year or longer	Catalog gifts worth ¥5,000	Catalog gifts worth ¥7,000

* Shareholder benefits are based on holdings as of the record date of March 31
Source: Prepared by FISCO from the Company's website

Income statement and main indicators

(¥mn)

	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26 (E)
Net sales	161,832	166,199	170,036	180,052	263,972	280,000
YoY	-2.2%	2.7%	2.3%	5.9%	46.6%	6.1%
Gross profit	21,102	23,163	23,504	23,249	39,056	-
Gross margin	13.0%	13.9%	13.8%	12.9%	14.8%	-
SG&A expenses	13,737	13,308	14,009	14,925	25,591	-
SG&A expenses ratio	8.5%	8.0%	8.2%	8.3%	9.7%	-
Operating income	7,364	9,855	9,495	8,324	13,465	15,500
YoY	-4.8%	33.8%	-3.7%	-12.3%	61.8%	15.1%
Operating margin	4.6%	5.9%	5.6%	4.6%	5.1%	5.5%
Ordinary income	7,403	10,094	10,098	9,256	13,831	15,600
YoY	-7.7%	36.4%	0.0%	-8.3%	49.4%	12.8%
Profit attributable to owners of parent	3,365	5,489	5,656	4,880	5,164	7,000
YoY	-17.3%	63.1%	3.0%	-13.7%	5.8%	35.5%
Earnings per share (¥)	89.55	149.51	152.96	131.11	137.97	187.00
Book value per share (¥)	1,124.31	1,189.70	1,314.69	1,414.43	1,521.14	-
Dividend per share (¥)	28.00	28.00	32.00	30.00	34.00	46.00

Source: Prepared by FISCO from the Company's financial results

Simplified balance sheets

(¥mn)

	End of FY3/21	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	Change
Current assets	45,499	42,296	44,214	52,690	60,348	7,657
Cash and deposits	19,648	16,685	18,770	27,282	26,727	-554
Noncurrent assets	55,062	53,682	57,689	65,089	99,321	34,231
Property, plant and equipment	12,730	12,846	16,108	16,281	18,141	1,859
Intangible assets	34,938	33,238	33,790	33,136	70,338	37,202
Investments and other assets	7,393	7,598	7,791	15,670	10,841	-4,829
Total assets	100,571	95,984	101,905	117,779	159,669	41,889
Current liabilities	38,709	35,460	36,330	38,823	74,202	35,379
Noncurrent liabilities	20,026	16,642	16,719	26,118	23,328	-2,789
Total liabilities	58,736	52,103	53,049	64,941	97,531	32,589
Interest-bearing debt	29,721	23,282	22,750	31,632	41,071	9,439
Total net assets	41,834	43,881	48,856	52,837	62,138	9,300

Source: Prepared by FISCO from the Company's financial results

Cash flow statement

(¥mn)

	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Cash flows from operating activities	12,912	10,112	11,662	13,533	12,593
Cash flows from investing activities	-3,065	-3,087	-7,013	-13,155	-20,360
Free cash flow	9,847	7,025	4,649	378	-7,767
Cash flows from financing activities	-6,114	-10,006	-2,569	7,969	7,201
Cash and cash equivalents at end of period	19,498	16,516	18,596	26,944	26,378

Source: Prepared by FISCO from the Company's financial results

Management indicators

Management indicators	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Equity ratio	40.9%	45.7%	47.9%	44.8%	35.8%
Interest-bearing debt ratio	71.1%	53.1%	47.0%	60.3%	72.2%
ROIC	7.1%	10.2%	9.2%	6.8%	9.0%

Source: Prepared by FISCO from the Company's financial results

Disclaimer

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