

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2026 [Japanese GAAP]



August 6, 2025

Company name: **VITAL KSK HOLDINGS, INC.**
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3151
 URL: <https://www.vitalksk.co.jp/english/>
 Representative: Mr. Taisuke Murai, President & CEO
 Contact: Mr. Isao Kita, Director of Accounting & Finance
 Phone: +81-3-5787-8565
 Scheduled date of commencing dividend payments: —
 Preparation of supplementary explanatory materials: Yes
 Financial results briefing: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2026 (April 1, 2025 – June 30, 2025)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Core operating profit		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2025	148,179	1.3	1,112	-	806	(34.5)	1,005	(33.1)	693	(33.7)
June 30, 2024	146,266	1.2	-	-	1,231	5.5	1,504	2.3	1,045	14.0

(Note) Comprehensive income: Three months ended June 30, 2025: -¥441 million [-%]

Three months ended June 30, 2024: ¥2,441 million [-39.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2025	14.36	-
June 30, 2024	20.90	-

(Note) Regarding core operating profit, please refer to “1. Qualitative Information on Quarterly Financial Results.”

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2025	305,272	105,699	34.2
March 31, 2025	299,426	107,306	35.4

(Reference) Equity: As of June 30, 2025: ¥104,286 million

As of March 31, 2025: ¥105,913 million

2. Cash Dividends

	Cash dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2025	-	21.00	-	24.00	45.00
Year ending March 31, 2026	-				
Year ending March 31, 2026 (Forecast)		34.00	-	34.00	68.00

(Note) Revision to the forecast for dividends announced most recently: None

**3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2026
(April 1, 2025 - March 31, 2026)**

(% indicates changes from the previous corresponding period.)

	Net sales		Core operating profit		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	620,000	3.3	6,000	-	5,100	(10.6)	6,000	(13.9)	7,200 (1.5)	149.15

(Note) Revision to forecast of consolidated results announced most recently: None

*** Notes:**

(1) Major changes in the scope of consolidation during the period under review: None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

* For details, please see “(3) Notes to Quarterly Consolidated Financial Statements (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 8 of the attached materials.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of outstanding shares (common shares)

1) Total number of outstanding shares at the end of the period (including treasury stocks):

June 30, 2025: 51,902,976 shares

March 31, 2025: 51,902,976 shares

2) Total number of treasury stocks at the end of the period:

June 30, 2025: 3,628,142 shares

March 31, 2025: 3,628,047 shares

3) Average number of shares during the period:

Three months ended June 30, 2025: 48,274,908 shares

Three months ended June 30, 2024: 50,039,326 shares

* Review of the accompanying quarterly consolidated financial statements by certified public accountants or an auditing corporation: Yes (optional)

* Explanation of the proper use of performance forecast and other notes

- The earnings forecast and other forward-looking statements herein are based on the information currently available and certain assumptions deemed reasonable by the Company, and thus actual results may differ significantly from these forecasts due to a wide range of factors.

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1. Qualitative Information on Quarterly Financial Results

Explanation of Operating Results

During the consolidated first three months ended June 30, 2025, the Japanese economy sustained a gradual recovery, supported by an improvement in the employment and income situation and the effects of government policy. However, the overseas economic slowdown, as indicated by persistently high level of interest rates in the United States and Europe and lingering economic stagnation in China, poses downside risks to the economy. Meanwhile, price rises, restrictions on supply due to labor shortage, prolonged geopolitical risks, policy trends in the United States, conditions surrounding the Middle East region and fluctuations in the financial and capital market combine to create considerable uncertainty about the future, and sufficient caution remains necessary.

In the pharmaceutical wholesale business sector, which is the Group's main business, drug prices were cut due to price revisions in April 2025. Going forward, discussions aimed at radically reforming policies and systems related to people's lives and health, including the social security system and the drug pricing system, are likely to increase, and the policy of curbing drug costs looks set to be maintained.

Moreover, given the expiration of major drug patents and the promotion of generic pharmaceuticals, as well as the shift to specialty pharmaceutical products taking place in new drug introduction, the pharmaceutical wholesale business requires sophisticated capabilities in information provision and the handling of logistics.

Under these circumstances, the Company launched Medium-term Management Plan 2027 "Move on to the Next Stage" (FY2025 - FY2027) in April 2025. As a company listed on the Prime Market of Tokyo Stock Exchange, the Company has fully adopted the concept of capital cost-oriented group management and has been working to strengthen the earnings power of its existing businesses and review the businesses themselves while make aggressive investment in growth. In doing so, it seeks to achieve sustained growth for the Group and improved corporate value over the medium- to long-term.

For the first three months ended June 30, 2025, net sales were 148,179 million yen (101.3% of that of the same period of the previous fiscal year), operating profit was 806 million yen (65.5% of that of the previous year), and core operating profit* which is profit before deducting research and development expenses in the new pharmaceutical business (business of supporting the introduction of unapproved drugs), was 1,112 million yen (90.4% (operating profit of the previous year) compared to a year ago). Ordinary profit was 1,005 million yen (66.9% of that of the previous year), and profit attributable to owners of parent was 693 million yen (66.3% of that of the previous year).

* In the fiscal year under review, the Company also calculates "core operating profit," which is profit before deducting research and development expenses, in addition to "operating profit," and presents core operating profit as an indicator of the profitability of the Group's core business activities.

Performance results by business segment are as follows.

1) Pharmaceutical Wholesale Business

In the three-month period under review, overall sales in the pharmaceutical wholesale business rose slightly, attributable mainly to efforts to sell products eligible for the price maintenance premium such as anticancer drugs. This was enough to offset the negative impact of drug price revisions, etc. Meanwhile on the profit side, profit fell due to increased selling, general and administrative expenses.

As a result, net sales were ¥138,959 million (101.1% of that of the same period of the previous year), and segment profit (operating profit) was ¥1,082 million (92.7% of that of the same period of the previous year).

2) Pharmacy Business

The pharmacy business saw a slight decline in revenue, mainly due to the impact of drug price revisions in

April 2025. On the profit side, as a result of efforts to increase dispensing technical fees and income from pharmaceutical management fees, income was higher compared to a year ago, absorbing the effect of drug price revisions. As a result, net sales were ¥4,842 million (99.8% of that of the same period of the previous year), and segment profit (operating profit) was ¥42 million (124.8% of that of the same period of the previous year).

3) Veterinary Drug Wholesale Business

The veterinary drug wholesale business posted an increase in net sales, to 3,086 million yen (114.0% of that of the same period of the previous fiscal year), attributable to the addition of Arrow Medical Corporation to the scope of subsidiaries in August 2024, while segment profit (operating profit) was 77 million yen (95.6%), reflecting the impact of rises in purchase prices and declines in delivery prices.

4) Pharmaceutical Business (business of supporting introduction of unapproved drugs)

The Pharmaceutical Business (business of supporting introduction of unapproved drugs) is a new business launched in the consolidated fiscal year under review, and no sales were posted in the first three months, while research and development expenses came to 306 million yen, and segment loss amounted to 306 million yen.

5) Nursing Care-related Rental and Other Business

In the Nursing Care-related Rental and Other Business, although the addition of Kyowa Transport Co., Ltd. to the scope of subsidiaries in April 2025 was a factor contributing to an increase in revenue, overall revenue decreased due to stagnant growth in sales of existing subsidiaries. The segment loss increased, as increases in personnel expenses, fuel expenses and other selling, general and administrative expenses caused by price rises, in addition to the impact of the decrease in revenue, were unable to be fully absorbed. As a result, net sales were ¥1,291 million (99.0% of that of the same period of the previous year), and segment loss (operating loss) was ¥85 million (segment loss for the same period of the previous year was ¥47 million).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	23,099	24,392
Notes and accounts receivable - trade	116,944	124,676
Inventories	33,253	31,628
Accounts receivable - other	12,025	11,277
Other	2,627	3,240
Allowance for doubtful accounts	(55)	(55)
Total current assets	187,896	195,160
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,085	18,885
Land	25,281	25,294
Other, net	5,801	5,038
Total property, plant and equipment	49,168	49,218
Intangible assets		
Goodwill	615	703
Other	3,675	3,840
Total intangible assets	4,291	4,544
Investments and other assets		
Investment securities	45,131	43,478
Other	13,534	13,380
Allowance for doubtful accounts	(595)	(509)
Total investments and other assets	58,070	56,349
Total non-current assets	111,529	110,111
Total assets	299,426	305,272

(Million yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	162,492	168,791
Short-term borrowings	900	900
Current portion of long-term borrowings	970	984
Income taxes payable	1,605	730
Provision for bonuses	1,696	2,488
Other	7,215	9,670
Total current liabilities	174,880	183,566
Non-current liabilities		
Long-term borrowings	4,850	4,631
Other provisions	439	428
Retirement benefit liability	876	500
Other	11,074	10,445
Total non-current liabilities	17,240	16,006
Total liabilities	192,120	199,572
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	5,293	5,293
Retained earnings	76,460	75,992
Treasury shares	(4,074)	(4,075)
Total shareholders' equity	82,678	82,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,624	21,498
Remeasurements of defined benefit plans	609	577
Total accumulated other comprehensive income	23,234	22,075
Non-controlling interests	1,393	1,412
Total net assets	107,306	105,699
Total liabilities and net assets	299,426	305,272

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended June 30, 2024 and 2025

(Million yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	146,266	148,179
Cost of sales	134,679	136,426
Gross profit	11,587	11,752
Selling, general and administrative expenses	10,356	10,946
Operating profit	1,231	806
Non-operating income		
Interest income	18	6
Dividend income	159	139
Share of profit of entities accounted for using equity method	29	—
Rental income	65	65
Other	38	91
Total non-operating income	311	303
Non-operating expenses		
Interest expenses	22	17
Rental expenses	13	12
Share of loss of entities accounted for using equity method	—	57
Other	3	16
Total non-operating expenses	39	104
Ordinary profit	1,504	1,005
Extraordinary income		
Gain on sale of non-current assets	0	8
Gain on sale of investment securities	115	289
Other	3	—
Total extraordinary income	119	298
Extraordinary losses		
Loss on sale of non-current assets	12	—
Loss on retirement of non-current assets	4	0
Loss on sale of investment securities	6	—
Other	1	—
Total extraordinary losses	25	0
Profit before income taxes	1,597	1,304
Income taxes	531	587
Profit	1,066	716
Profit attributable to non-controlling interests	20	23
Profit attributable to owners of parent	1,045	693

Quarterly Consolidated Statements of Comprehensive Income
Three Months Ended June 30, 2024 and 2025

(Million yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	1,066	716
Other comprehensive income		
Valuation difference on available-for-sale securities	1,321	(950)
Remeasurements of defined benefit plans, net of tax	(105)	(32)
Share of other comprehensive income of entities accounted for using equity method	159	(175)
Total other comprehensive income	1,375	(1,158)
Comprehensive income	2,441	(441)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,421	(465)
Comprehensive income attributable to non-controlling interests	20	23

(3) Notes to Quarterly Consolidated Financial Statements

(Significant matters that serve as the basis for the preparation of quarterly consolidated financial statements)

The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange, Inc. and accounting principles generally accepted in Japan for quarterly financial statements, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

(Notes on going concern assumption)

For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

Not applicable.

(Notes in the case of significant changes in amount of shareholders' equity)

For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

Not applicable.

(Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)

Calculation of tax expenses

Tax expenses are calculated by the method in which the effective tax rate on profit before income taxes for the current consolidated fiscal year after application of tax effect accounting is reasonably estimated, and profit before income taxes was multiplied by the estimated effective tax rate.

(Segment information)

Segment information

1. Overview of reportable segments

The Group's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the company's Board of Directors to decide how to allocate resources and assess performance.

The Group's segment is categorized based on the business of its operating company, and thus its main segments, the "Pharmaceutical Wholesale Business," the "Pharmacy Business," and the "Veterinary Drug Wholesale Business" "Pharmaceutical Business" and "Nursing Care-related Rental and Other Business" comprise the Group's reportable segments.

The "Pharmaceutical Wholesale Business" is engaged in sales of drugs, diagnostic products, medical devices, materials, etc. to medical institutions, such as hospitals, clinics, and pharmacies. The "Pharmacy Business" is engaged in sales of drugs, medical devices and equipment, and hygiene materials, etc. to general consumers. The "Veterinary Drug Wholesale Business" is engaged in sales of veterinary drugs, feeds, etc. to farms, ranches, veterinary hospitals, clinics, etc. In the Pharmaceutical Business, the Company engages in providing support, etc. for the introduction of new drugs that are not yet approved in Japan but have been approved in Europe and the United States. The Nursing Care-related Rental and Other Business includes nursing care-related rental business, nursing care service business, wholesale business handling agricultural chemicals, etc., transport business, sports-related facility operating business and consulting business for medical institutions.

2. Method of measurement for the amounts of net sales, profit (loss), assets and other items for each reportable segment

The method of accounting for the reportable business segments is generally the same as those stated in "Basis for the Presentation of the Consolidated Financial Statements."

Profit in the reportable segments is based on operating profit.

Inter-segment revenues and transfers are calculated at prevailing market prices.

3. Information on net sales, profit (loss), assets and other items by reportable segment

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(Million yen)

	Reportable segment						Adjustment (Note 1 and 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Pharma- ceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Pharma- ceutical business	Nursing care- related rental and other business	Total		
Net sales								
Net sales to outside customers	137,403	4,852	2,707	-	1,303	146,266	-	146,266
Inter-segment net sales or transfers	2,883	3	0	-	670	3,556	(3,556)	-
Total	140,286	4,855	2,707	-	1,973	149,823	(3,556)	146,266
Segment profit (loss)	1,167	33	80	-	(47)	1,235	(3)	1,231

(Notes) 1. Adjustment of sales of ¥(3,556) million yen was mainly due to the elimination of intersegment transactions.

2. Adjustment of segment profit (loss) of ¥(3) million refers to elimination of inter-segment transactions.

3. Adjustments are made to reconcile segment income (loss) to operating profit reported on the quarterly consolidated statements of income.

For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Million yen)

	Reportable segment						Adjustment (Note 1 and 2)	Amount recorded in Quarterly Consolidated Statements of Income (Note 3)
	Pharma- ceutical Wholesale Business	Pharmacy Business	Veterinary Drug Wholesale Business	Pharma- ceutical business	Nursing care- related rental and other business	Total		
Net sales								
Net sales to outside customers	138,959	4,842	3,086	-	1,291	148,179	-	148,179
Inter-segment net sales or transfers	2,790	3	0	-	693	3,487	(3,487)	-
Total	141,749	4,845	3,086	-	1,984	151,666	(3,487)	148,179
Segment profit (loss)	1,082	42	77	(306)	(85)	810	(4)	806

(Notes) 1. Adjustment of sales of ¥(3,487) million yen was mainly due to the elimination of intersegment transactions.

2. Adjustment of segment profit (loss) of ¥(4) million refers to elimination of inter-segment transactions.

3. Adjustments are made to reconcile segment income (loss) to operating profit reported on the quarterly consolidated statements of income.

4. Information on changes in reportable segments

Starting from the first three months of the fiscal year under review, the Company has changed reporting segments by adding the Pharmaceutical Business with the launch of the business as part of the Group's future growth strategy.

Moreover, Other Businesses, which have not previously been a reporting segment, is now included in the Nursing Care-related Rental and Other Business* as the Company adopted a policy of focusing management resources on high-capital-profitability nursing care business to expand the business.

* Businesses under Nursing Care-related Rental and Other Business:

nursing care-related rental business, nursing care service business, wholesale business handling agricultural chemicals, etc., transport business, sports-related facility operating business and consulting business for medical institutions

The segment information for the first quarter of the previous fiscal year was prepared based on the classification of reportable segments after the change is disclosed.

(Notes on statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first three months under review. Depreciation (including amortization of intangible assets except for goodwill) and amortization of goodwill for the three-month period under review are as follows:

(Million yen)

	For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)	For the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)
Depreciation	866	905
Amortization of goodwill	33	36