



Value Report
2024

Always there to care

Who we are

Our mission, incorporated in our company name

Origin of the company name “Qol”

Our company name Qol means “Quality of Life.”

The name embodies the Qol Group’s wish to improve the quality of life of patients through healthcare.

The wish to improve the quality of life of patients through healthcare

Corporate Philosophy



We support quality of life for everyone.
There for you.
Anywhere, anytime.

Slogan

Qol Group Vision

① Provide new medical care

We think outside the box to create added value and cater to people’s needs in the local communities we serve.

② Become the pharmacy of choice

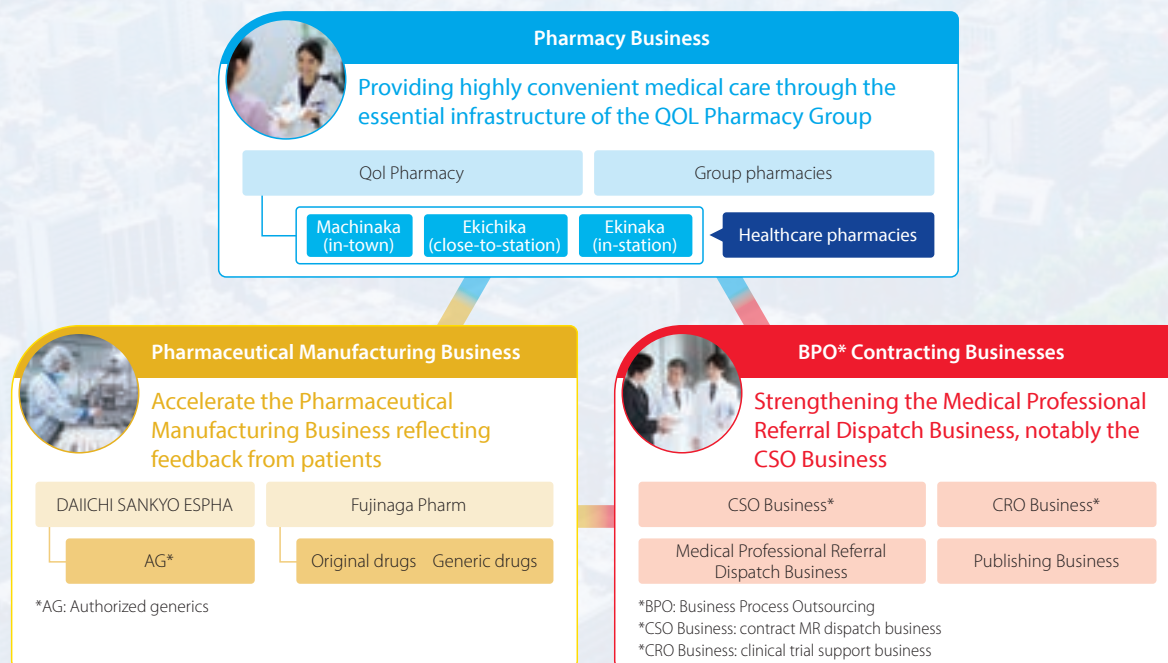
We seek to provide ideal pharmacies that meet the demands of patients and contribute to convenient, healthy and affluent lives in communities.

③ Progress through organic growth

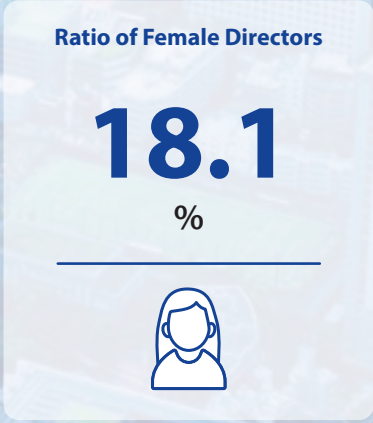
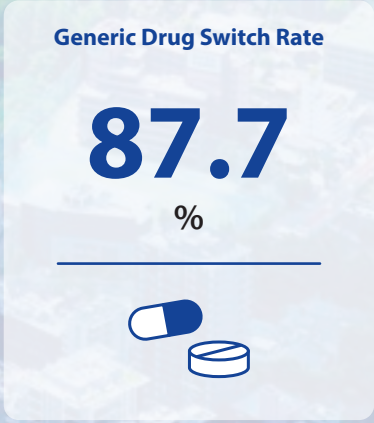
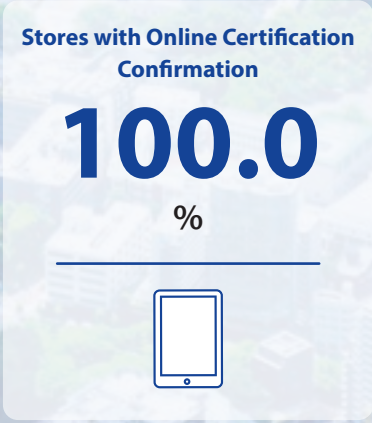
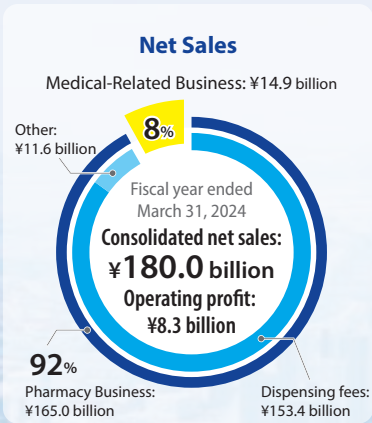
We aim to achieve both business growth and personal well being for our employees.

Always there to care

As a comprehensive healthcare company operating the Pharmacy Business, BPO Contracting Businesses, and the Pharmaceutical Manufacturing Business, we contribute to improving the quality of life for everyone.



Qol in Data (as of September 30, 2024)



Contents



Vision of the Qol Group

- 4 Message from the President
- 9 Message from an Outside Director
- 11 Three-year Targets
- 13 Financial and Non-Financial Highlights

Qol Group's Value Creation Story

- 15 Value Creation Story
- 17 Qol's Strengths
- 19 Qol's History
- 21 Materiality (Important Issues)

Sustainability at the Qol Group

- 23 Corporate Governance
- 27 Quality and Safety
- 29 Message from the Officer in Charge of Human Resources
- 30 Social
- 33 Environment
- 36 Sustainability Targets for 2030 and 2050

Performance Data

- 37 Explanation of Operating Results, etc.
- 38 Consolidated Financial Statements
- 41 Company Profile and Stock Information

Scope Covered and Reporting Period

Scope covered: Qol Holdings Co., Ltd. and Group companies

Reporting period: April 2023 to March 2024

*Some information outside the reporting period is also included.

Publication date: December 2024

Editorial Policy

This Value Report, published since FY2022, is created as a tool to comprehensively communicate our vision, growth strategy, and ESG information to stakeholders in order to convey the value creation story of the Qol Group, which embodies seamless medical care and aims to realize a healthy, prosperous, and sustainable society.

Disclaimers

The contents of this Value Report include plans and forecasts based on currently available information. These forward-looking statements may differ materially due to numerous factors, including social and economic conditions, market conditions, laws and regulations, interest rates, and other risks and uncertainties.

Information Disclosure System



Message from the President



Qol
Aiming to improve
the quality of life
for everyone

Takashi Nakamura

Qol Holdings Co., Ltd.
President and Representative Director

Our company name, Qol, derived from the English term “quality of life,” reflects our commitment to placing the improvement of people’s health and well-being at the heart of our corporate philosophy. It expresses our desire to improve the quality of life of our stakeholders, including patients, local communities, and employees, through our activities in the field of medicine and healthcare. The Qol Group focuses primarily on the operation of dispensing pharmacies, while also offering a wide range of services, including Medical Professional Referral Dispatch and the Pharmaceutical Manufacturing Business. Everything that we do is dedicated toward achieving our goal of “improving the quality of life,” and the company name symbolizes this philosophy.

The dispensing pharmacy and drugstore industries are currently experiencing a period of unprecedented change as industry reorganization gains momentum. We have also reached a turning point

Message from the President

as the addition of DAIICHI SANKYO ESPHA CO., LTD. to the Group as a consolidated subsidiary signals a great increase in the scale of the Pharmaceutical Manufacturing Business. Furthermore, the retirement of our founder, Masaru Nakamura, as a Director in June 2024, is another milestone. To remain an essential company needed by everyone in a drastically changing environment, we aim to achieve continued progress as a comprehensive healthcare company, guided by three keywords: “improve quality,” “scale expansion,” and “further growth.” As a

company listed on the Tokyo Stock Exchange Prime Market, we also work on enhancing not only our economic value but also our social value with high ethical standards. Guided by the Group’s corporate philosophy: “We support quality of life for everyone. There for you. Anywhere, anytime,” we will continue to work on medical innovation to resolve social issues and create healthy and affluent lives for everyone in the community.

The importance of continuity in medical care

The Noto Peninsula Earthquake, which struck on January 1, 2024, damaged eight Qol Group stores, with three stores on the Noto Peninsula forced to suspend operations temporarily. On January 1, the day of the disaster, we set up a disaster response headquarters, and support staff dispatched from the Head Office in Tokyo on January 3 reached the affected area on January 4. Our staff worked tirelessly to ensure “seamless medical care” by dispatching pharmacists to evacuation centers and

delivering medicines to medical facilities so that there would be no interruption of medical care. I believe that our commitment to cultivating “face-to-face relationships” with doctors and nurses in the communities allowed us to fulfill a valuable role in supporting the continuity of medical care in those communities during the crisis.

Following the Great East Japan Earthquake, we formulated a Business Continuity Plan (BCP), making extensive preparations for potential large-scale





disasters. One key measure was the introduction of a company-wide safety confirmation system. In the event of an earthquake of intensity 5 or higher, a safety confirmation request is emailed from the Head Office to all employees in the affected area, including those on maternity or childcare leave. In the case of the Noto Peninsula Earthquake, this system successfully confirmed the safety of almost all of the approximately 400 staff working in Ishikawa and three neighboring prefectures within two hours of the occurrence of the earthquake. Inspired by a powerful sense of our mission, we do our utmost to ensure the provision of seamless

medical care, even in the event of an earthquake or other emergency. Earthquakes can seriously disrupt medical infrastructure and logistics networks, making it difficult for many patients to access essential medicines. We are eager to support community health by establishing a system for safe delivery of medicines, even during emergencies. Aligned with our commitment to contributing to the realization of a sustainable society, we regard it as part of our mission that Qol should fulfill to provide uninterrupted medical care and support the safety and security of the local community.

Human resource development: Employees' personal growth directly contributes to patients and local communities.

To ensure the provision of seamless medical care, the Qol Group places great importance on human resource development, supporting the growth of employees through various training programs and career support measures. These efforts are aimed at helping every employee achieve growth and maximize their contribution to improving the quality of life of patients and the community as they refine their expertise. While securing excellent talent and enhancing our training system, we continually improve processes so Qol Group employees can more

enthusiastically and proactively provide medical services that contribute to each patient and the local community. We offer diverse career paths to help employees achieve their career goals. Pharmacists can choose to work not only in pharmacy operations, but also in a wide range of other fields, such as in planning and marketing at the Head Office or in the home healthcare department, depending on their interests and aptitude. We also emphasize work-life balance and are committed to creating a comfortable working environment. In

Message from the President

In addition to a flextime system and maternity leave and childcare leave systems, we have also established a support system to assist employees upon their return to work, ensuring an environment where employees can work with peace of mind for a long time.

Our approach to human resource development is rooted in the belief that the growth of our

employees directly contributes to patients and communities. Human resource development is a vital pillar that supports sustainable development of the entire organization. We are striving to improve the systems that enable our employees to deliver higher-quality medical services.

Expansion of the Pharmaceutical Manufacturing Business following the inclusion of DAIICHI SANKYO ESPHA as a Group company

In April 2024, DAIICHI SANKYO ESPHA CO., LTD. became a consolidated subsidiary, signaling a big step forward for the QoI Group as a company involved in the medical care. DAIICHI SANKYO ESPHA

is focused on development and marketing of authorized generics (AG). Whereas ordinary generic drugs contain the same active ingredients as their original drugs, AG match the original drugs in drug



substances, additives, and manufacturing process beyond just the active ingredients. The key advantage of AG is that they offer the same reliability as the original drugs, while remaining as cost-effective as regular generic drugs. We believe that by providing high-quality, safe and reliable pharmaceuticals at affordable prices, we can reduce the financial burden on patients and support the sustainability of healthcare. Another characteristic of DAIICHI SANKYO ESPHA is its fabless operations. Not having manufacturing facilities is highly advantageous in that it allows us to optimize capital investment and operating costs while concentrating resources on R&D and marketing, resulting in efficient and competitive management.

With the inclusion of DAIICHI SANKYO ESPHA as a Group company, we can provide its high-quality

generic drugs via the Qol Pharmacy's nationwide network. Since Qol Pharmacy has many points of contact with patients, we can deliver accurate information and promote the reliability of DAIICHI SANKYO ESPHA's pharmaceutical products. Additionally, by utilizing the information on patient needs accumulated by Qol Pharmacy, DAIICHI SANKYO ESPHA will be able to develop a product lineup more tailored to those needs. Strengthening product recommendations and medication guidance for products tailored to individual patients will also enable Qol Pharmacy to enhance service quality. By combining Qol Pharmacy's patient-centered service platform with DAIICHI SANKYO ESPHA's high-quality products, we aim to enhance patient health and satisfaction, thus contributing to a sustainable medical system.

Strengthening group governance and promoting sustainability management

As a company listed on the Tokyo Stock Exchange Prime Market, we are working to reinforce our corporate governance. Referring to the Japan's Corporate Governance Code published by the Tokyo Stock Exchange, we are pursuing initiatives to ensure high standards are achieved and maintained.

Since the transition to a company with an Audit & Supervisory Committee in 2021, the Chairperson of the Audit & Supervisory Committee had been an internal director. However, starting in 2024, the role has been taken on by an outside director. Having appointed an outside director as Chairperson, the Audit & Supervisory Committee is expected to make independent decisions, free from the influence of management. We believe this will enable objective and fair assessment of internal control and compliance, ultimately increasing the trust of shareholders and other stakeholders in Qol, leading to strengthening of overall corporate governance.

For sustainability management, we established the Sustainability Committee Office upon consultation from the Sustainability Committee. Composed of diverse human resources, the Office played a major role in promoting KENKO Investment for Health and calculating greenhouse gas emissions in 2024.

In an increasingly uncertain world, based on the conviction that the implementation of our corporate philosophy will contribute to the realization of a sustainable society, we will continue our efforts to strengthen corporate governance of the Qol Group and promote sustainability management.

Message from an Outside Director



As the chairperson of the Audit & Supervisory Committee and an Outside Director representing stakeholders, I will increase opportunities for dialogue with management and deepen discussions.

Yasutoshi Mori

Outside Director (Chairperson of the Audit & Supervisory Committee)

Career summary

September	1992	Joined Ohara Accounting School Lecturer of tax accountant course
October	1997	Joined Katsushima Toshiaki Certified Tax Accounting Office (current Deloitte Tohmatsu Tax Co.)
May	2003	Joined Kojimachi Certified Public Tax Accountant's Corporation
July	2003	Registered as a certified tax accountant
June	2004	Partner of Kojimachi Certified Public Tax Accountant's Corporation (to present)
June	2023	Assumed the post of Outside Director (Audit & Supervisory Committee Member) of the Company (to present)

Role as an Outside Director and chairperson of the Audit & Supervisory Committee

I assumed the post of Outside Director of the Company in June 2023 and currently serve as the chairperson of the Audit & Supervisory Committee. The role as an Outside Director is not only to further the interests of the company, but also to protect the interests of all stakeholders. As the chairperson of the Audit & Supervisory Committee, it is my responsibility to ensure transparency of management decisions particularly through meticulous corporate governance and risk management. By monitoring the Company objectively and fairly from an independent perspective, I am committed to making appropriate suggestions and proposals to management in support of the Company's sound growth.

Changes as a result of an Outside Director serving as chairperson of the Audit & Supervisory Committee

I believe that having an Outside Director serving as chairperson of the Audit & Supervisory Committee has strengthened the monitoring system by incorporating outside perspectives. This ensures decision-making is not confined to internal perspectives and transparency and governance are enhanced by having effective checks from external, objective perspectives. Suggestions and proposals from outside parties reach management directly, leading to more accurate decisions by management.

Review of the past year since assuming the post of Outside Director

Keeping the aforementioned points in mind at all times, during the past year I focused on reviewing the structure to strengthen governance. Specific measures were introduced to ensure compliance and internal controls, and the risk management framework was reevaluated and improved. In addition, as DAIICHI SANKYO ESPHA CO., LTD. became a consolidated subsidiary, we have had discussions, including with external parties, to deepen our understanding of its business strategy and financial status. As a result of these and other initiatives, it is noteworthy that internal control and risk management are permeating the organization. Audit & Supervisory Committee members receive detailed briefings from Executive Director Fukumitsu on important matters prior to the Board of Directors meetings. By increasing such opportunities for the Audit & Supervisory Committee to have dialogue with management, a process is being established so that problems are identified in advance and solutions are found as early as possible. I regard this as a significant development.

Degree of involvement of Outside Directors in formulation of strategies and medium- to long-term management decisions

While the Audit & Supervisory Committee is in a position to monitor management's decisions, we have many opportuni-

ties to express our opinions on formulation of strategies and medium- to long-term decisions. Specifically, in the case of M&A activities involving other companies in the same industry, we request various documents, review them, identifying any questionable matters in financial statements and risks, and then make multifaceted judgments regarding merits and demerits of major investment projects. Especially, in a case where a decision involves a major risk or situations where judgment is required concerning a corporate growth strategy, it is important for the Audit & Supervisory Committee to be actively involved and provide advice from the viewpoint of risk management. In particular, with the inclusion of DAIICHI SANKYO ESPHA CO., LTD. as a consolidated subsidiary, we are seeing positive impacts on the numbers. However, given that its business is very different from the pharmacy business, new challenges may arise in the future. Acknowledging this, the entire Board of Directors is engaging in in-depth discussions from a medium- to long-term perspective, and we will continue to ensure that our audit function plays a pivotal role in this process.

Current situation surrounding the Group and themes recognized from an outside perspective

The Qol Group is currently operating in an environment where digitalization of medical care is rapidly advancing, making the response to medical DX a major issue. Meanwhile, regulations are becoming tighter and pressure to reduce healthcare costs continues, even as patients' expectations keep rising.

In this business environment, the Qol Group has established a solid operational foundation in the healthcare industry and is actively involved in medical DX. In particular, remarkable progress has been achieved in improving the efficiency of medical services and the value provided to patients through the use of digital technology, such as telemedicine solutions including digital prescriptions, online medication instructions, and an app for dispensing prescriptions. Recently, the Company announced the introduction of Amazon Pharmacy, an online service enabling consumers to purchase prescription medications at home, with online medication instructions and delivery. I commend the Company's efforts to improve not only operational efficiency, but also patient convenience and the quality of medical care. However, as DX is evolving rapidly across the industry, I believe that the following three major themes are necessary for the Qol Group to keep up with it, achieve differentiation, and accelerate medical DX.

The first theme is "formulation of a new strategy." In view of the internal and external environments that I mentioned, flexibility to keep pace with technological innovation, collabora-

tion with other companies, and creation of an ecosystem will be necessary. In other words, while the foundation for DX is being established, further strategic design will be necessary to advance to the next stage.

The second theme is "further improvement of infrastructure and establishment of security systems." To provide higher-quality medical care through medical DX, it is essential to improve the digital infrastructure. At the same time, it is crucial to work on risks related to data security and privacy protection. Security has recently been the subject of in-depth discussions by the Board of Directors and relevant departments, and the establishment of a new framework is being considered. The Board of Directors particularly focused on this issue.

The third theme is "improvement of IT skills and development of digital talent in house." This is an urgent priority. As digitization continues to advance, the relationship between healthcare professionals, including pharmacists, and patients may change. In light of this potential shift, I believe it is important for Qol to focus on developing DX talent, while considering and anticipating changes in this relationship.

Expectations for the Qol Group in the future

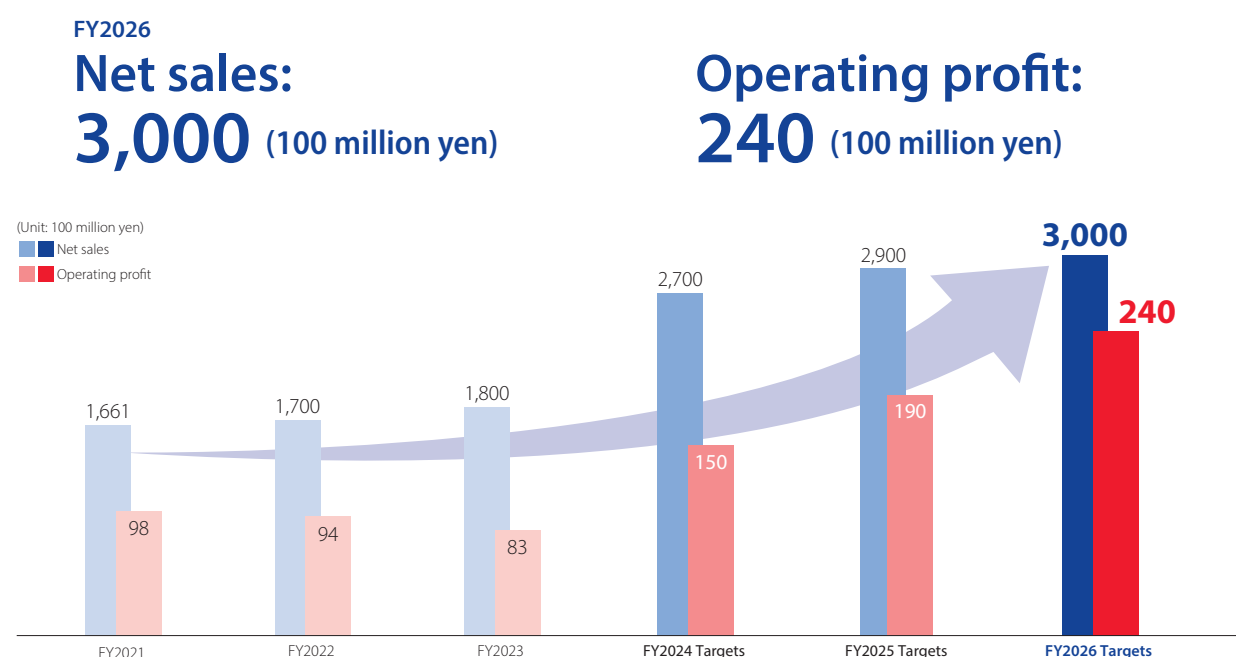
Going forward, I hope the Qol Group will continue to deepen medical DX and provide innovative medical services. To achieve this, it is crucial to enhance access to and quality of healthcare through digital technology, such as through further enrichment of telemedicine using digital prescriptions. At the same time, the expansion of physical medical services, such as at-home dispensing, is essential. I would like Qol to advance personalized medicine, with a patient-centered approach, as part of the transition to a healthcare model focused on patient needs. Furthermore, in the fields of data security and infrastructure improvement that I mentioned, I expect the Qol Group to take a leadership role within the industry. By fostering collaboration with other healthcare organizations and technology partners, Qol has the potential to create new growth opportunities and evolve into a sustainable enterprise.

And in the future, based on these expectations and aspirations, I personally would like to leverage my expertise as a certified tax accountant in areas such as risk and assessment during M&A considerations. As chairperson of the Audit & Supervisory Committee, I will also listen carefully to other members of the committee and strive to create a form that will lead to a dialogue with management.

Three-year Targets

The QOL Group has set net sales of 300.0 billion yen and operating profit of 24.0 billion yen as medium-term targets. Centered on the Pharmacy Business, we will expand into new service areas such as home healthcare and online medication instructions, contributing to the resolution of healthcare challenges in communities. In the Pharmaceutical Manufacturing Business, we aim to achieve further progress, launching new products every year that deliver high levels of customer satisfaction.

Qol Group's Three-Year Performance Targets



Numerical targets for the three growth strategies have been set

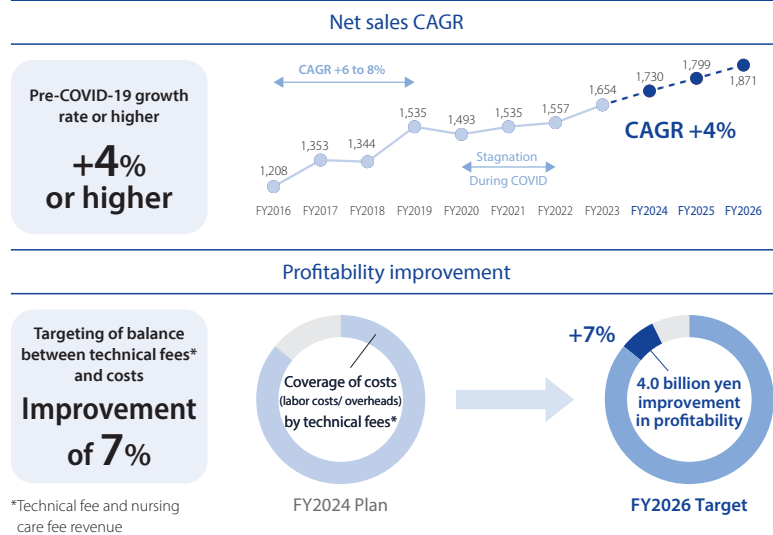


1 Pharmacy Business

Growth targets

Improve quality

Measures to achieve targets



I. Continue actively implementing M&A and opening new stores

- (i) Open new stores
- (ii) Implement M&A
- (iii) Increase sales at existing stores

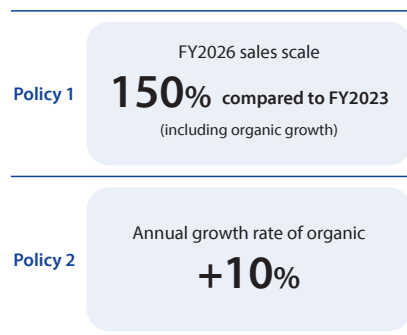
II. Improve performance in terms of both revenue and costs

- (iv) Increase the number of prescriptions at existing stores
- (v) Improve average technical fee
- (vi) Radically review productivity
- (vii) Review costs from scratch

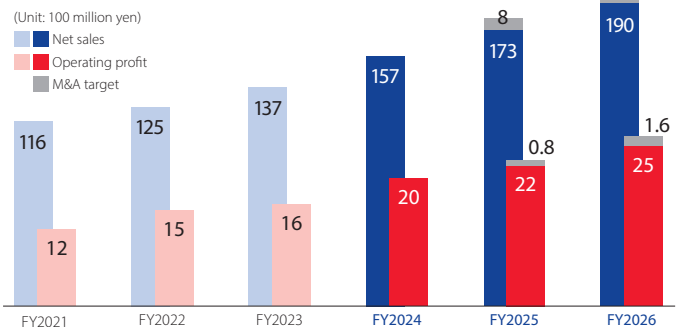
III. Expand revenue other than technical fees

- (viii) Develop new business in health/pre-symptomatic domains (collaboration with Suntory/Kirin)

2 BPO Contracting Businesses



Total of BPO Contracting Businesses

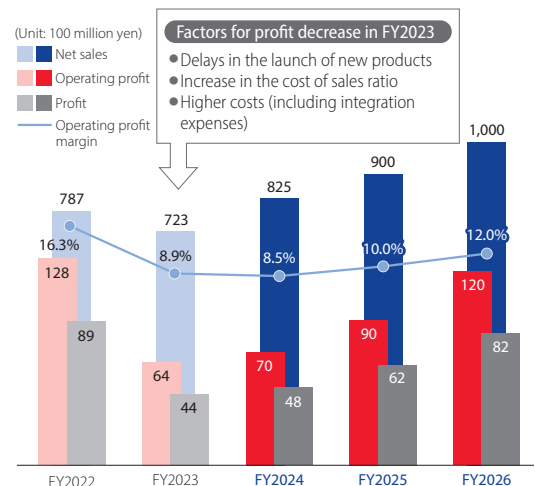


3 Pharmaceutical Manufacturing Business

DAIICHI SANKYO ESPHA's Three-Year Targets

Issues in FY2023

Specific measures for the next three years

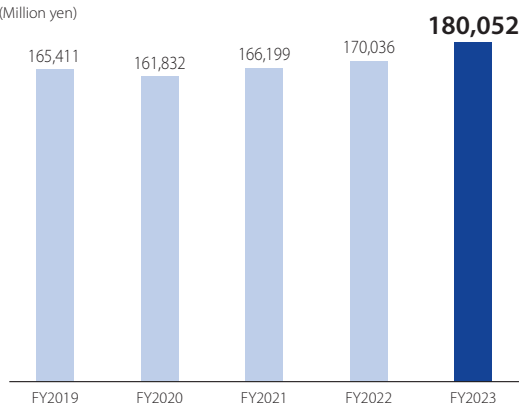


Financial and Non-Financial Highlights

Financial data

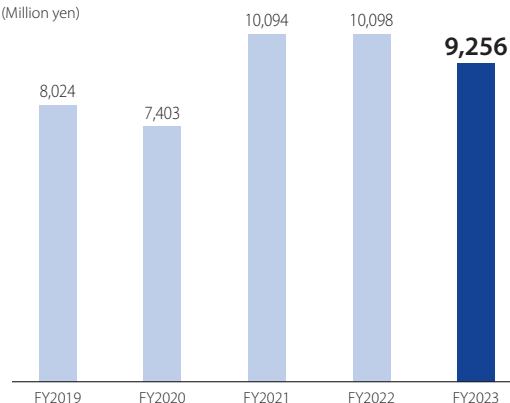
Net Sales

(Million yen)



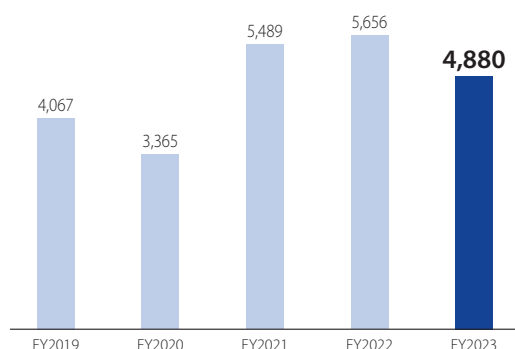
Ordinary profit

(Million yen)



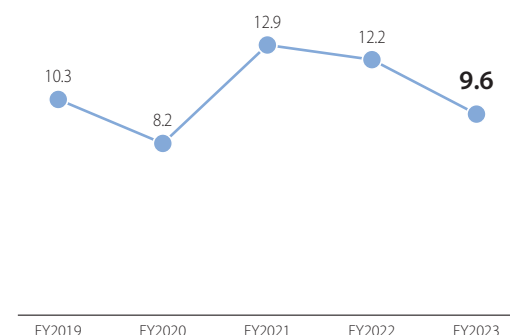
Profit attributable to owners of parent

(Million yen)



Rate of return on equity

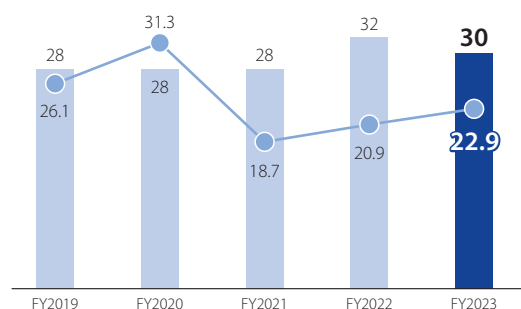
(%)



Dividends per share / Dividend payout ratio

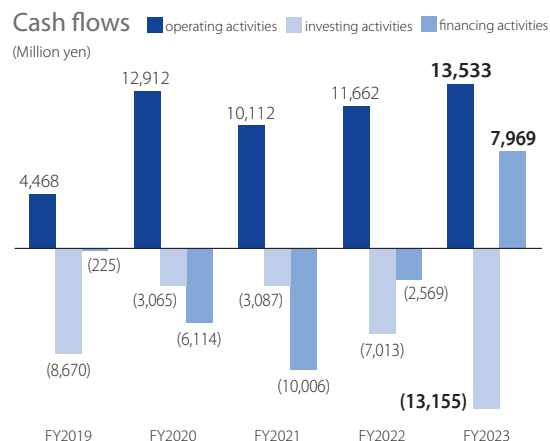
■ Dividends per share (yen)

● Dividend payout ratio (%)



Cash flows

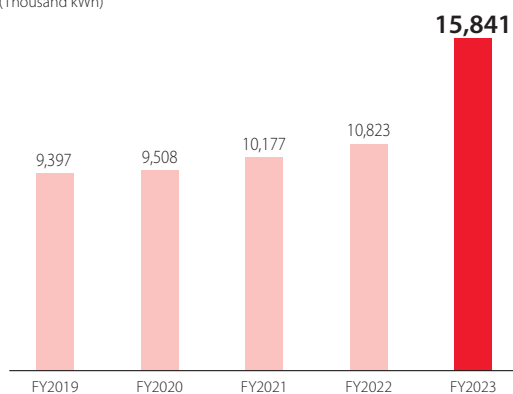
(Million yen)



Non-financial data

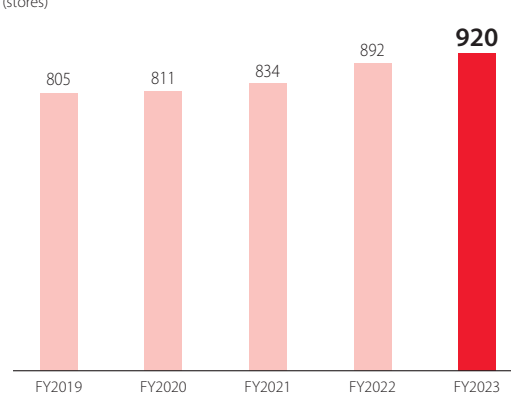
Electric power

(Thousand kWh)



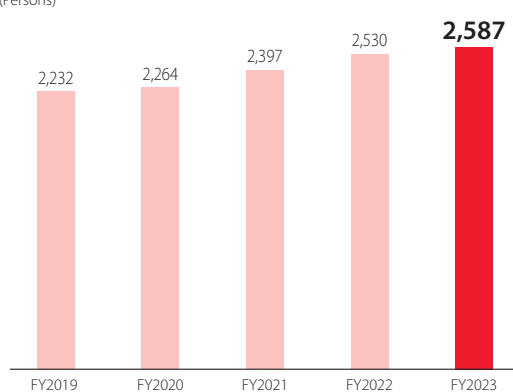
Number of stores

(stores)



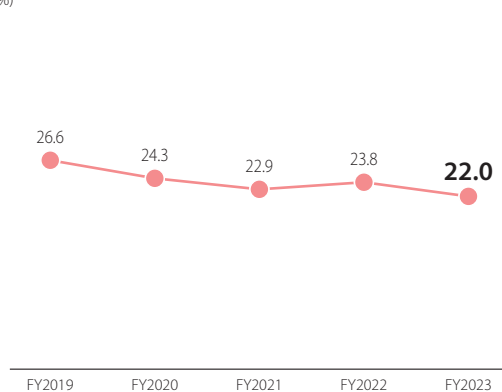
Number of pharmacists

(Persons)



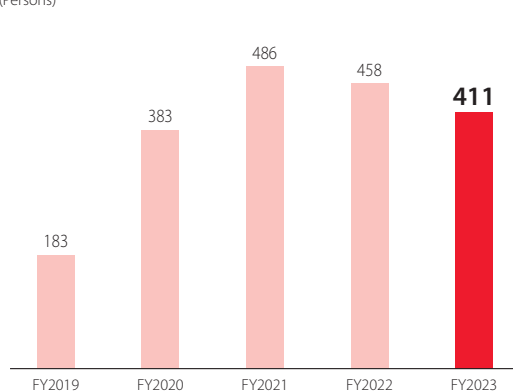
Ratio of female managers

(%)



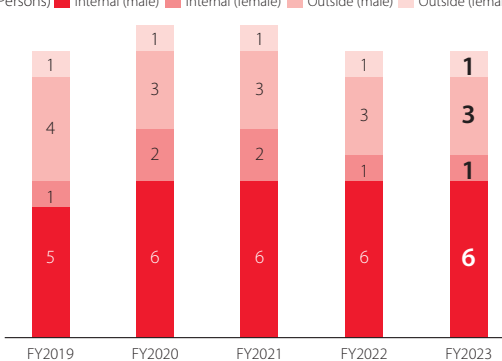
Persons taking childcare leave

(Persons)



Number of Directors (including Statutory Auditor)

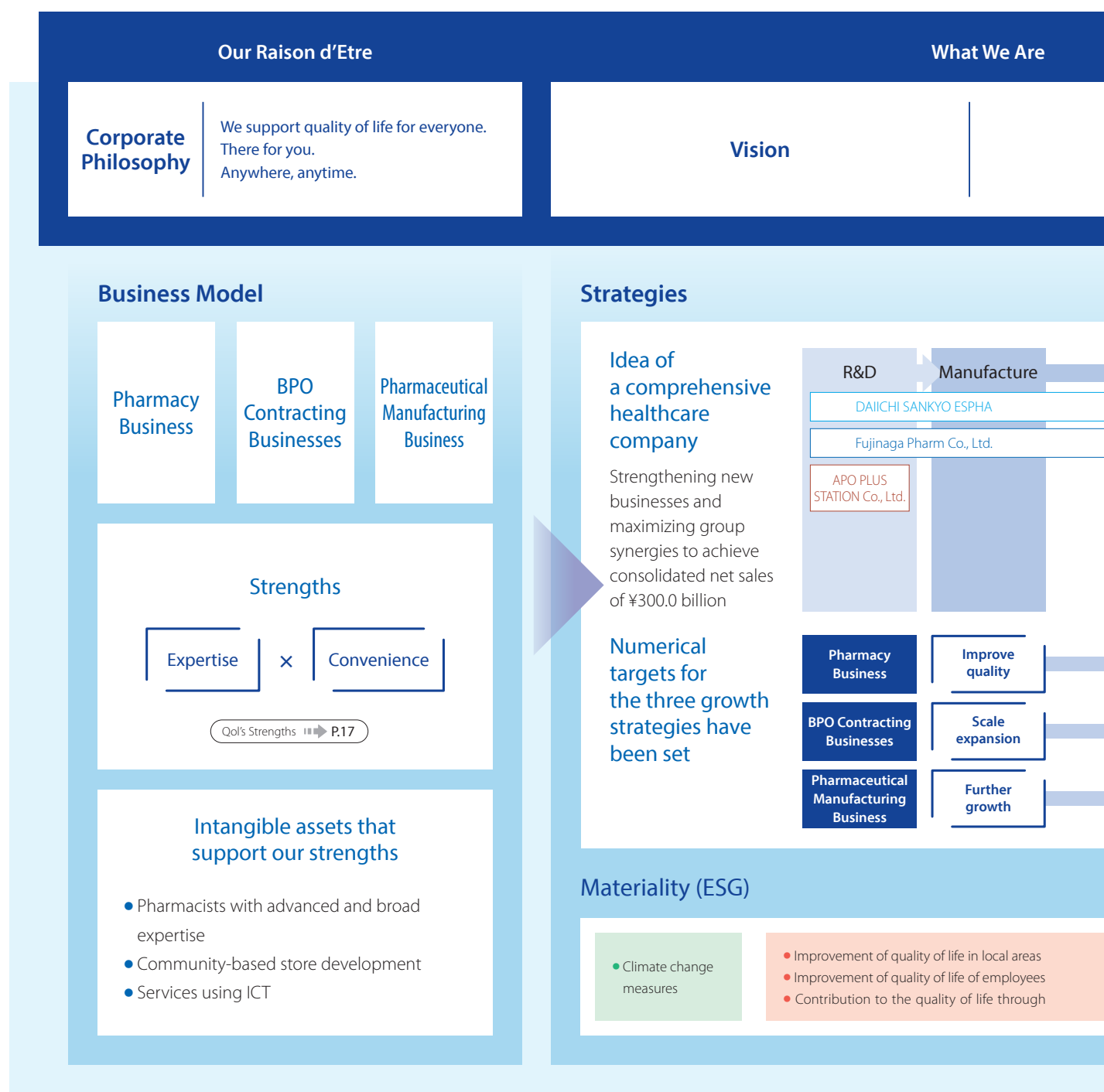
(Persons) ■ Internal (male) ■ Internal (female) ■ Outside (male) ■ Outside (female)



Value Creation Story

Taking on the three challenges for new medical care, pharmacies that continue to be chosen and organic growth, we will work to realize a healthy, prosperous and sustainable society through development of seamless medical care.

The company name, Qol, means quality of life. It expresses the Qol Group's desire to improve the quality of life of patients through medical care. This desire is expressed in our Corporate Philosophy, which describes the mission we must fulfill.



Qol's Vision shows the way forward for the Qol Group, which is guided by these values. With our mainstay Pharmacy Business, BPO Contracting Businesses, and Pharmaceutical Manufacturing Business as the core, we will embody the vision beyond the three challenges through the realization of the idea of a comprehensive healthcare company.

Through this form of management, the value we can provide is a peace of mind through the seamless medical care symbolized by our slogan, where medicines are always delivered to people as a matter of course. Being centered around this value creation, we will appropriately respond to the demands of changing society and strive to realize a healthy, prosperous, and sustainable society.

Aiming For

1. Provide new medical care
2. Become the pharmacy of choice
3. Progress through organic growth

Value We Create

Slogan

Always there to care

QSV (Qol Sustainable Value)

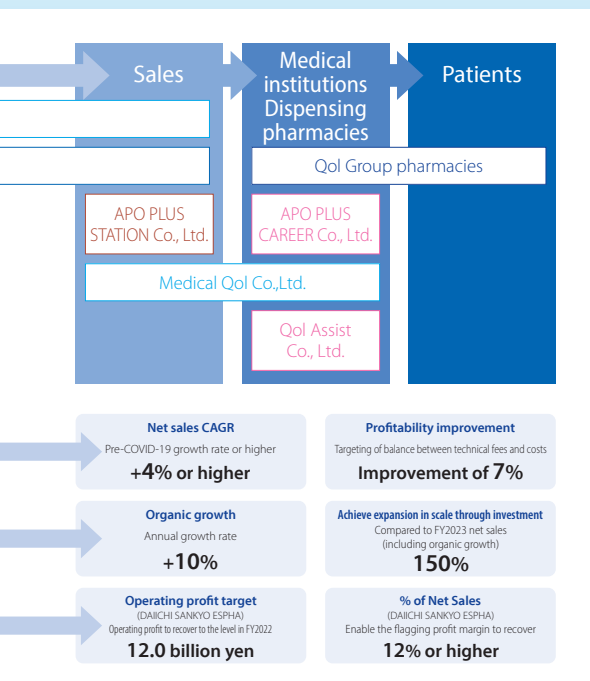
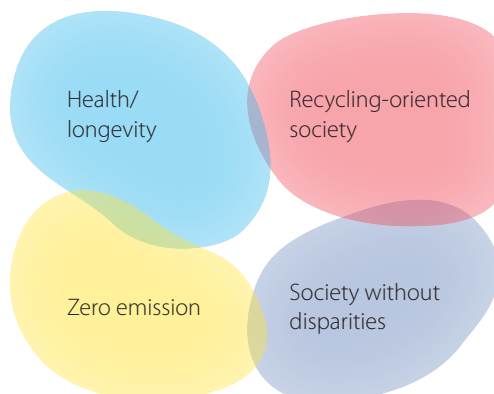
(Value created through the seamless medical care)

Economic value

Expansion of corporate value through the practice of sound business activities

Social value

Value created by solving social issues



sustainable medical care

- Creation of new medical value
- Strengthening of corporate governance

Qol's Strengths

Pharmacy Business

Creating new medical value through development of partnership business

Qol has been developing stores based on the concept of “one-on-one pharmacies” that are tailored to the characteristics of the region and the prescribing medical institution. Meanwhile, we are also accelerating the opening of stores that pursue further convenience such as “Machinaka (in-town) pharmacies,” “Ekichika (close to station) pharmacies,” and “Ekinaka (in-station) pharmacies,” through partnership with companies from different industries such as Lawson and Bic Camera.



In November 2024, anticipating collaboration with KDDI CORPORATION on medical DX, we launched Qol's first online-only pharmacy in cooperation with au Pharmacy, which is managed by KDDI. To resolve such issues as evolving healthcare needs, enhancement of regional healthcare, and shortages of medical professionals, KDDI which is engaged in DX as a growth-driving business domain centered on 5G communications, and Qol, which has approximately 950 dispensing pharmacies in its group nationwide, will leverage their respective expertise to promote medical DX and create new medical value.

This online-only pharmacy will offer a service allowing customers to receive explanations about their medications at home, or wherever they wish, using their smartphones or tablets. Customers can then opt to have their medications delivered to their home or pick them up at a pharmacy. In partnership with KDDI, Qol aims to accelerate its medical DX initiatives, expand the scale of its online-only pharmacy, and consider developing a new online pharmacy handling not only prescriptions but also OTC and other businesses. Through the enhancement of bricks-and mortar and digital pharmacy functions, we aim to offer a new patient experience.



Materiality

Creation of new medical value

<Development of partnership business>

**Pharmaceutical
Manufacturing Business**
Strengthening of organizational capabilities to realize seamless medical care

In April 2024, the Qol Group made DAIICHI SANKYO ESPHA CO., LTD. a consolidated subsidiary, taking a step forward in strengthening of organizational capabilities to realize seamless medical care.

DAIICHI SANKYO ESPHA provides value-added generic drugs with innovations in formulation, labeling, and packaging, as well as authorized generics (AG) that are identical to new drugs (original drugs) in terms of active ingredients, additives, and manufacturing process. In developing its business, the company is committed to providing products that ensure peace of mind in terms of “quality assurance,” “stable supply,” “provision of information,” and “economy,” which are the most critical aspects of pharmaceutical products. As befits a pharmaceutical manufacturer, it strives to prevent medication errors through various measures, such as by printing on tablets, designing, and development of outer packaging for press-through package (PTP) sheets (name: C-Guard). By gathering direct feedback from patients at the Qol Group pharmacies, we aim to develop high-value-added products tailored to their needs.

Comparison with original drugs

Original drugs	Authorized generics (AG)	Ordinary generics
Active ingredients	Identical	Identical
Drug substance	Identical	May be different
Additive	Identical	May be different
Manufacturing process	Identical	May be different
Manufacturing plant	Identical* ⁽¹⁾	May be different
Form, color, taste	Identical	May be different
Efficacy, indications	Identical* ⁽²⁾ (excluding indications subject to reexamination)	Identical* ⁽²⁾ (excluding indications subject to reexamination or use patents)

(1) They may not be identical.

(2) Reexamination refers to a review conducted to confirm the efficacy and safety of a new drug, typically 8-10 years after its approval.

Slide the PTP sheet to remove the tablets


In December 2024, DAIICHI SANKYO ESPHA launched three ingredients seven AG products, including rivaroxaban. As the first large-scale AG since the company joined the Qol Group, it is expected to become a mainstay product of the Qol Group.

We aim to provide products that meet the needs in the medical field while maintaining our reputation as a trusted presence for patients and medical professionals. By ensuring rigorous quality assurance and strengthening our supply system, we will continue to play an important role in medical care in Japan while contributing to the realization of seamless medical care and creation of healthy and prosperous societies around the world.

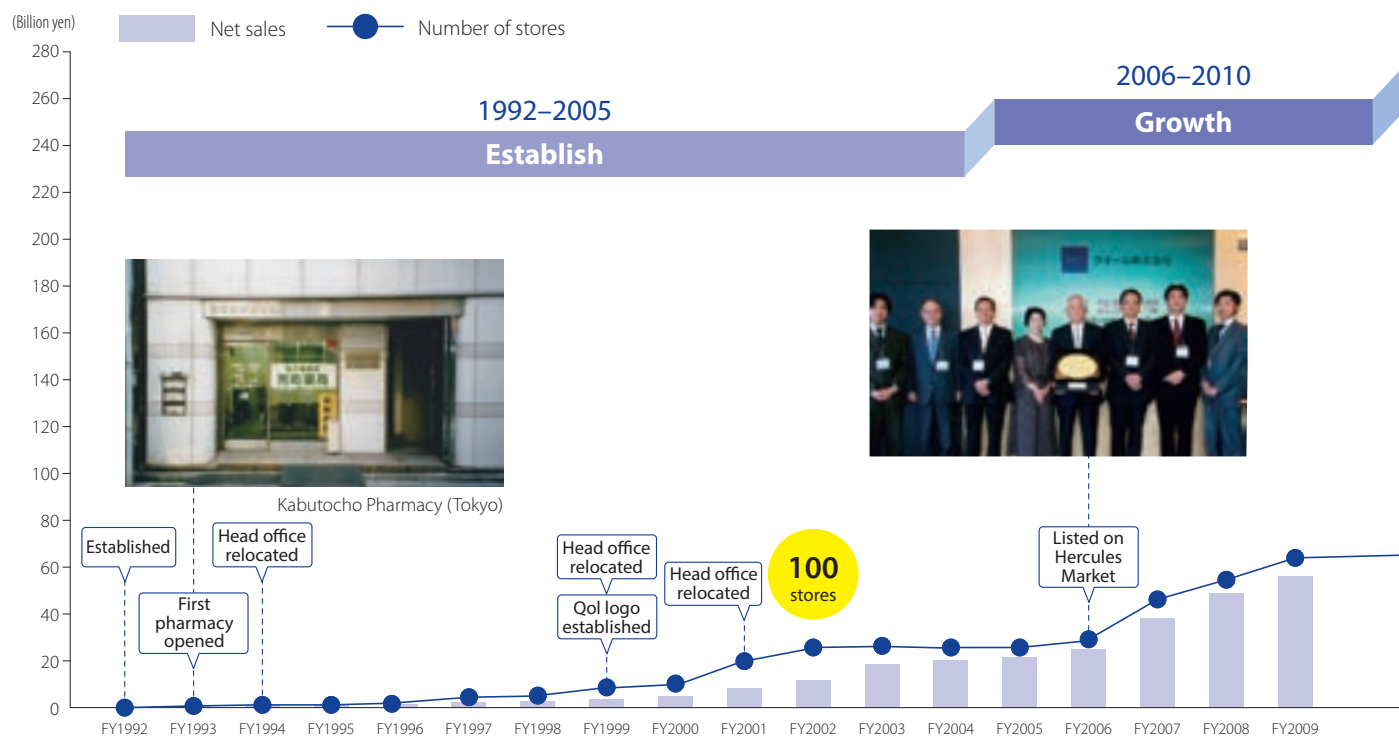

Three ingredients seven products launched in December 2024
Materiality
**Contribution to the quality of life
through sustainable medical care**
**<Strengthening of organizational capabilities
to realize seamless medical care>**

Qol's History

□ Contribution to the improvement of quality of life in local areas

Based on the Corporate Philosophy of "We support quality of life for everyone. There for you. Anywhere, anytime," and with the slogan of

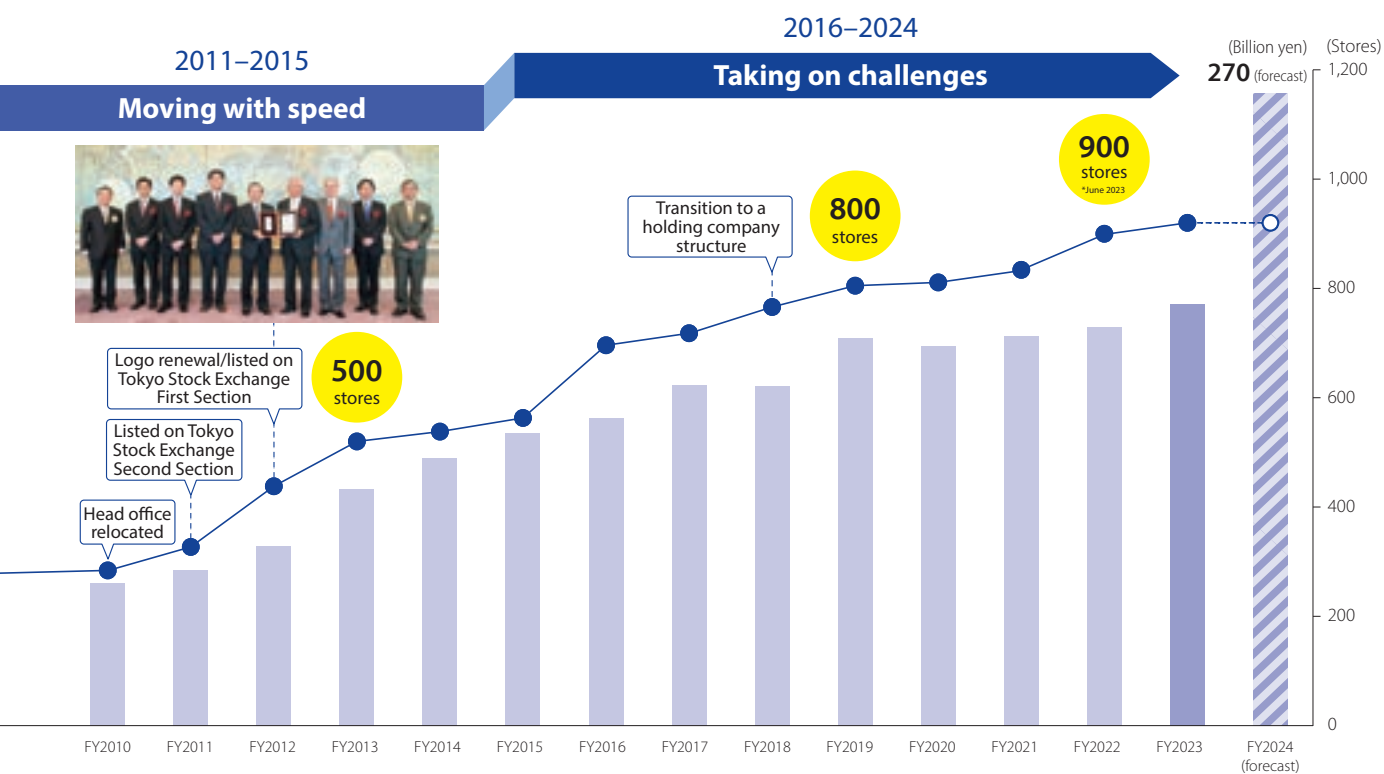
Net sales and number of stores



Pharmacy Business	Basic strategies	Expansion of scale	New pharmacy opening
			M&A
	Key strategies	Dominant pharmacy opening	
		Cooperation with medical institutions	
		Cooperation with other industries	2010 Opening of pharmacy in cooperation with convenience stores
		ICT	2010 Introduction of Qol Card
		Home medical care	

BPO Contracting Business	Basic strategies	1994 Monthly Medical Qol published	2003 Establishment of PhaseOn Co., Ltd. Entry into pharmaceutical clinical trial business	2008 Establishment of Qol Medis, Co., Ltd. Entry into personnel dispatching business
		Stable sales High profit	1995 Establishment of Medical Qol Co., Ltd. Entry into publishing business	2009 Establishment of special subsidiary company Qol Assist Co., Ltd.
Pharmaceutical Manufacturing Business	Basic strategies	Sales growth High earnings		

"Always there to care," the Qol Group is striving to improve the quality of life in local communities.



2011 Opening of pharmacy in cooperation with electronics retailer

2013 Opening of pharmacy in cooperation with railroad company

2013 Release of prescription dispensing application

2017 Opening of pharmacy in cooperation with supermarket

2021 Opening of pharmacy in cooperation with lifestyle goods retailer

2018 Introduction of smart speakers

2020 Introduction of prescription drug delivery lockers

2020 Start of online medication instruction at all stores

2021 Optimization of ordering based on AI demand forecasting

2021 Strengthening Home and Facility Dispensing Business

2022 Start of accepting prescriptions using LINE

2023 Launch of prescription mobile ordering

2024 Automation of prescription entry processes

2024 Expansion of the health business in collaboration with other companies

2012 APO PLUS STATION Co., Ltd. joined the Group
Entry into MR dispatching business

2023 Oncall, Inc. joined the Group

2019 Fujinaga Pharm Co., Ltd. joined the Group
Entry into pharmaceutical manufacturing business

2024 DAIICHI SANKYO ESPHA CO., LTD.
joined the Group

Materiality (Important Issues)

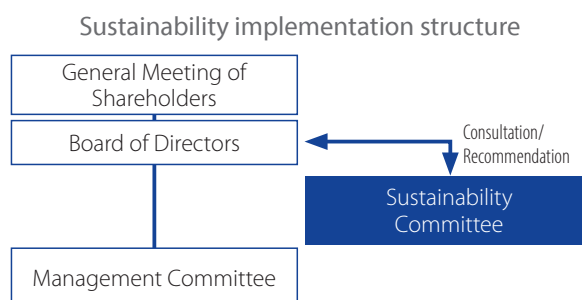
Key challenges for realizing a healthy, prosperous, and sustainable society

❑ Sustainability basic policy

Working with all of our stakeholders, we aim to improve the sustainable quality of life of everyone through our business activities by addressing social issues and providing new value through new technologies.

❑ Sustainability management

The Sustainability Committee is chaired by the President and Representative Director and consists mainly of Directors and managers of each division. The committee formulates the Qol Group's sustainability policy, determines activity targets, and manages progress. The committee also reports regularly to the Board of Directors on the activities and progress of the committee.



❑ Process to identify materiality

Step
01

Recognizing ESG issues

After defining material issues as “ESG issues that should be given the most importance in corporate management,” we listed more than 500 ESG issues from various perspectives. Then, based on three perspectives of “importance to the Qol Group,” “importance to stakeholders” and “importance in light of the characteristics of the industry,” material issues are further identified for each area.

“Internal interviews”

Committee members and Group employees identify material issues related to our businesses. Then, they sorted out both positive and negative aspects on the value chain and organized the issues to be considered.

“Stakeholder interviews”

For each major stakeholder group (customers, employees, investors, etc.), we identified and organized important items, priority issues and expectations for the company.

“Survey on industrial characteristics”

Combined with industry-specific materiality analyses and global sector issues such as the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), we identified industry-specific issues.

Step
02

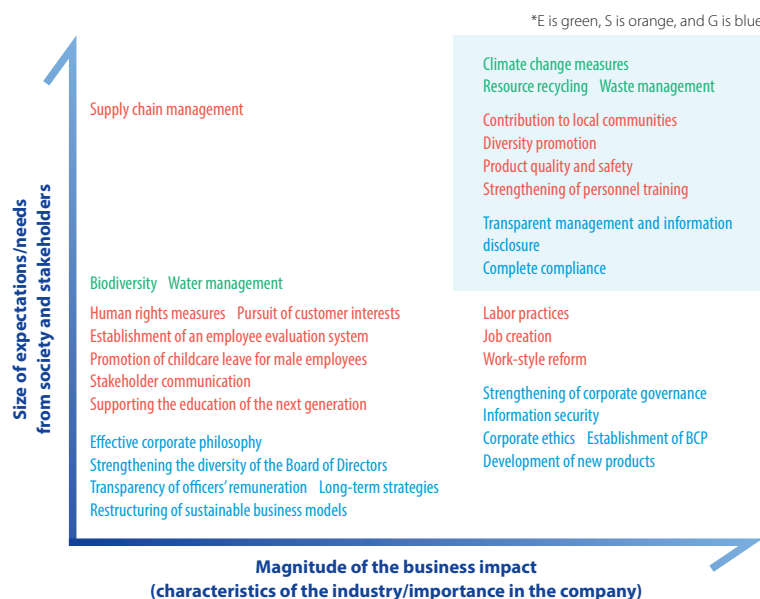
Screening identified ESG issues

The 53 items identified from the three perspectives of “internal interviews,” “stakeholder interviews” and “surveys on industrial characteristics” were further screened and 31 items were listed.

Step
03

Mapping ESG issues

The 31 items listed in Step 2 were mapped with two perspectives of materiality (axes): "the size of expectations/needs from society and stakeholders" and "the magnitude of the business impact."

Step
04

Identifying material issues

We visualized and reorganized the issues using the Materiality Map and identified six material issues. We will review each of the issues based on the PDCA cycle and revise and update them periodically. We are planning to set KPIs in the future.

Materiality (Important Issues)

Materiality	Themes
Climate change measures	<ul style="list-style-type: none"> Reducing environmental impacts Active use of natural energies Reduction of waste of pharmaceutical products Reduction of CO₂ emissions
Improvement of quality of life in local areas	<ul style="list-style-type: none"> Job creation Support for medical personnel Educational support for the next generation Response to an aging society Contribution to local communities Lectures to the public
Improvement of quality of life of employees	<ul style="list-style-type: none"> Promotion of diversity Promotion of human resource development Promotion of work-life balance Diversification of welfare and working environments Effective use of human resources through DX promotion
Contribution to the quality of life through sustainable medical care	<ul style="list-style-type: none"> Strengthening of supply chain management Strengthening of organizational capabilities to realize seamless medical care Strengthening of comprehensive healthcare support
Creation of new medical value	<ul style="list-style-type: none"> Development of partnership business Creation of new solutions in the medical and healthcare fields
Strengthening of corporate governance	<ul style="list-style-type: none"> Strengthening of the effectiveness of the Board of Directors Strengthening of compliance Ensuring appropriate information disclosure and transparency Strengthening of information security Establishment of BCP

Corporate Governance

Materiality

Strengthening of corporate governance

List of directors (as of September 30, 2024)

Name	Position	Gender	Skill matrix								
			Corporate management	Finance & Accounting	Sales	Business strategy and Marketing	PMD Act	Legal affairs and Compliance	HR and Labor	Personnel development and Training	Qualifications
Takashi Nakamura	President and Representative Director (Chair of the Nomination and Compensation Committee)	Male	●		●	●		●	●	●	
Takayoshi Ishii	Representative and Senior Executive Director	Male	●		●	●					
Kiyonobu Fukumitsu	Representative and Executive Director	Male	●	●		●		●			
Yukari Onchi	Executive Director	Female					●			●	Pharmacist
Yutaka Togashi	Director	Male		●				●	●	●	
Kei Imai	Director	Male			●	●	●				Pharmacist
Toshiko Kuboki	Outside Director (Member of the Nomination and Compensation Committee)	Female					●	●			Lawyer
Yukiharu Yamamoto	Outside Director (Member of the Nomination and Compensation Committee)	Male		●							Certified Tax Accountant
Yasutoshi Mori	Outside Director (Chairperson of the Audit & Supervisory Committee)	Male		●							Certified Tax Accountant
Motoyuki Miyazaki	Outside Director (Audit & Supervisory Committee Member)	Male		●							Certified Public Accountant
Kazuo Ishii	Director (Audit & Supervisory Committee Member)	Male		●							Certified Public Accountant

Note: The above list does not represent all the knowledge and experience of each person.

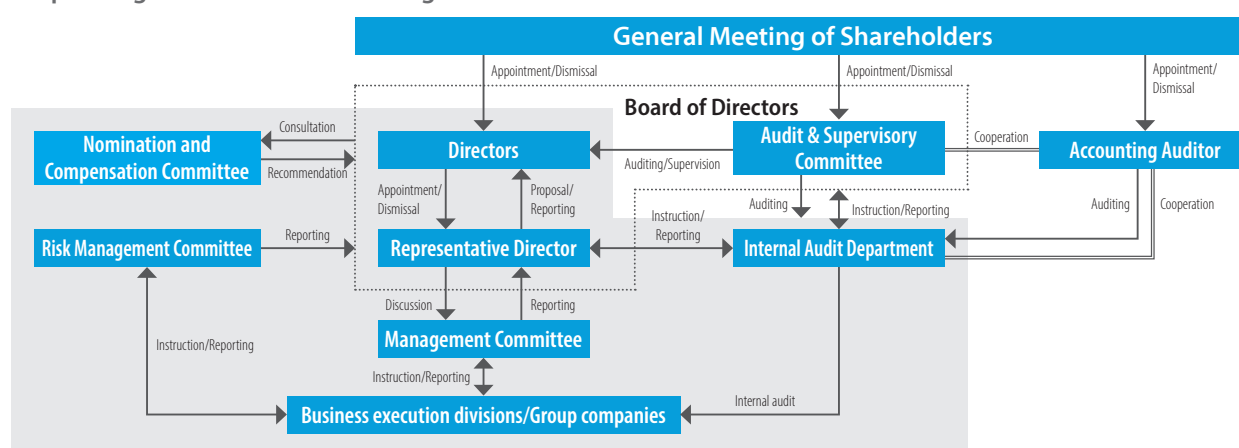
Definition and reason for selection of each skill

Skill	Definition of the skill	Reason for selection
Corporate management	Possess knowledge, experience, and capabilities related to managing companies and other entities and to organizational operation.	Knowledge, experience, and capabilities related to overall corporate management are needed to develop and execute medium-to-long-term growth strategies.
Finance & Accounting	Possess knowledge, experience, and capabilities related to financial strategies, accounting, and tax affairs.	Knowledge, experience, and capabilities related to finance and accounting are needed to achieve high capital efficiency over the medium to long term.
Sales	Possess knowledge, experience, and capabilities related to sales at the Company and other retail businesses.	Knowledge, experience, and capabilities related to sales are needed to quickly understand patients' needs.
Business strategy and Marketing	Possess knowledge, experience, and capabilities related to marketing at the Company and other retail businesses.	Knowledge, experience, and capabilities related to business strategies and marketing are needed to develop and execute medium-to-long-term growth strategies down to the smallest detail.
PMD Act	Possess knowledge and experience related to PMD Act.	Knowledge and experience related to the PMD Act are needed to comply with the laws governing the dispensing pharmacy business.
Legal affairs and Compliance	Possess knowledge, experience, and capabilities related to laws, compliance, and risk management.	Knowledge, experience, and capabilities related to laws, compliance, and risk management are needed to create an appropriate governance structure.
HR and Labor	Possess knowledge, experience, and capabilities related to hiring, cultivating, and utilizing diverse human resources, as well as to labor management.	Knowledge, experience, and capabilities related to human resources and labor management are needed to help employees with diverse skills and experience continue to thrive.
Personnel development and Training	Possess knowledge, experience, and capabilities related to personnel development and training.	Knowledge, experience, and capabilities related to personnel development and training are needed to share the values of employees with diverse skills and experience and help them acquire even greater expertise.

Basic views

The Qol Group recognizes that the Group must continually enhance its corporate value through its corporate activities based on its Corporate Philosophy, Slogan, Qol Group Vision, and Qol Group Charter of Corporate Behavior to respond to the expectations of all stakeholders including its shareholders, patients, and employees. In order to realize this, the Group regards the continuing strengthening of its corporate governance as an important management issue as a foundation for ensuring the soundness, transparency, and efficiency of its management, and the Group strengthens its management functions by appointing outside directors that meet the requirements of independent directors. In addition, the Group actively engages in dialogue with shareholders and investors, as a dialogue policy with shareholders, and as well as disclosing the information on its business situation including the progress of its management plans, quantitative financial information, non-financial information such as corporate governance and sustainability initiatives in a timely and appropriate manner. The Group strives to respond to expectations from its stakeholders including shareholders and investors by making efforts to develop an appropriate environment for the exercise of shareholders' rights.

Corporate governance structure diagram



Overview of governance structure

Board of Directors

The Board of Directors consists of eight Directors (six men and two women) excluding those who are Audit & Supervisory Committee Members and three Directors (three men) who are Audit & Supervisory Committee Members. The Board holds meetings in principle once per month to make decisions on important management matters as well as to manage and supervise the status of business execution.

Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three members, two of whom are Outside Directors and one of whom is a Director. The Committee audits the legality and validity of the execution of duties by Directors (excluding those who are Audit & Supervisory Committee Members) in accordance with the Audit & Supervisory Committee Rules and Audit & Supervisory Committee Directors Auditing Standards.

Nomination and Compensation Committee

The Nomination and Compensation Committee, which functions as both a Nomination Committee and a Compensation Committee, deliberates and reports on the nomination and remuneration of Directors in response to consultations from the Board of Directors to enhance the fairness, transparency and objectivity of nomination and compensation procedures. The Nomination and Compensation Committee comprises three or more members who are Directors, the majority of whom are Independent Outside Directors.

Internal Audit Department

The Internal Audit Department under the direct control of the President conducts audits to ensure legal, appropriate and efficient operations, and makes proposals for improvement to relevant departments as necessary.

Corporate Governance

Materiality

Strengthening of corporate governance

Risk Management Committee

The Risk Management Committee examines, consults and approves the policies and directions of overall management initiatives for risks (classified into external risks, business process risks, and internal risks) stipulated in the Risk Management Regulations and the scope of management crises stipulated in the Risk Management Detailed Regulations.

Management Committee

The Management Committee consists of Company and Group company directors designated as representative directors that, in principle, meet once a week to confirm the progress toward targets on both a Group-wide and Group company basis, deliberate on important matters, and determine policies in an attempt to hasten decision making.

Sustainability Committee

In order to address sustainability issues such as social and environmental issues toward the realization of a sustainable society, the Company has established the Sustainability Committee chaired by the President and Representative Director under the Board of Directors of the Company, as an advisory body to the Board of Directors. Under the Corporate Philosophy of “We support quality of life for everyone. There for you. Anywhere, anytime,” the Committee takes the mission to deliver safe medical care to all over the country and aims to realize a healthy, prosperous, and sustainable society.

□ Directors’ remuneration

Matters related to policies concerning the determination of the amount of remuneration, etc. for directors or the calculation method thereof

1) Method of determining the policy for determining the elements of individual remuneration, etc. for Directors

In order to establish a remuneration system that functions sufficiently as an incentive to continuously improve corporate value, the Company consults the Nomination and Compensation Committee on the draft of the policy for determining the content of remuneration, etc. for each Director (hereinafter referred to as the “Decision Policy”) and resolves the Decision Policy at the Board of Directors based on the contents of the report.

2) Summary of the contents of the Policy

1. Basic policy

The remuneration of Directors shall be made up in the remuneration system that functions sufficiently as an incentive to continuously improve corporate value, be monetary and within the range of the remuneration limit resolved at the General Meeting of Shareholders, and consist only of monthly basic remuneration.

2. Ideas and procedures for remuneration of Directors

From the perspective of ensuring the appropriateness of the level of remuneration and the transparency of performance evaluations, the Nomination and Compensation Committee, which is made up with a majority of Outside Directors, formulates a draft of the amounts of remuneration for Directors based on comprehensive consideration of their positions, responsibilities, years of office, the remuneration levels of other companies, the Company’s business performance, and the employee salary levels, and reports it to the Board of Directors.

□ Internal control system

The Company aims to steadily carry out its Corporate Philosophy, and it is promoting corporate activities based on high ethical standards that comply with the “Charter of Corporate Behavior,” “Executive Officer and Employee Code of Ethics,” and “Compliance Management Regulations” in accordance with laws, regulations, the Articles of Incorporation, and internal regulations. In addition, the Company established and operates an internal control system in order to ensure the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with related laws and regulations, and the preservation of assets.

□ Compliance

QoI Group Charter of Corporate Behavior

In order to realize our Corporate Philosophy as a medical professional, we have established the QoI Group Charter of Corporate Behavior as a code of conduct that all Group employees should comply with.

More information on the QoI Group Charter of Corporate Behavior is available on the site below.

<https://www.qolhd.co.jp/eng/company/behavior.html>

Basic concepts of compliance

For Qol Group, compliance means to comply with laws, regulations, and rules based on its Corporate Philosophy, "We support quality of life for everyone. There for you. Anywhere, anytime," and Qol Group Charter of Corporate Behavior, and to conduct corporate activities while maintaining a high sense of ethics as medical professionals and as business persons.

Strengthening of compliance

The Qol Group strives to ensure complete compliance as a corporate mission to provide medical care and health maintenance and as a foundation for practicing management for society. We distribute Qol Group Essential Information and Compliance Book to all Qol executives and employees to raise their awareness in ethics and compliance. In addition, compliance training is conducted with external instructors at the Management Policy Meeting (held once a year), manager training (held once a year), and group training for new employees.

Reporting system

The purpose of the reporting system is to establish a mechanism for the proper handling of consultations and reporting from employees, etc. regarding organizational or personal violations of laws, to early detect misconducts and correct them, and thereby to contribute to the strengthening of compliance management. The General Affairs and Legal Affairs Department serves as the point of contact, and the same department also provides consultation on whether or not it falls under a violation of laws and regulations.

Information security

Protection of personal information

To put the Charter of Corporate Behavior into practice, the Qol Group deeply recognizes that personal information must be handled with care based on the philosophy of respect for personal character. At the same time, we comply with the Personal Information Protection Management System, and work to handle personal information accurately and properly and to carry out highly transparent corporate activities.

Risk management

Basic policy on Group risk management

1. Through practicing risk management, the Qol Group will ensure continuity and stable development of the business.
2. We will strive to eliminate and reduce the factors that hinder the interests of customers, business partners, shareholders and investors, local communities, and other stakeholders, as well as executives and employees, with the highest priority to ensuring the quality and safety of our operations and services in each business.
3. We are aware of our responsibilities as an entity engaged in medical-related business and act based on our social mission to safely and securely supply operations and various services in each business.
4. All executives and employees of the Qol Group comply with various laws and regulations, and rules, etc. in accordance with the spirit of compliance, decide for themselves what is an ethically correct action, and act according to this value judgment.

Basic policy on Group risk management (system diagram)



Quality and Safety

Materiality

Contribution to the quality of life through sustainable medical care

❑ Establishment of a value chain that will keep medical care alive

Procurement of pharmaceuticals



Stable supply of pharmaceuticals based on strong collaborative relationships with business partners

The various services offered by the Group are subject to a variety of regulations specific to the pharmaceutical industry, such as the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (PMD Act). The Group has established a fair and impartial trade system while complying with these laws and regulations. In the procurement of pharmaceuticals and bulk pharmaceuticals, while clarifying our procurement policy, we have achieved a stable supply of pharmaceuticals based on strong collaborative relationships with raw material manufacturers and pharmaceutical wholesalers.

With regard to generic drugs, whose supply has continued to be short since summer of 2021, in the fiscal year ended March 31, 2024, the percentage of generic drugs handled (on a volume basis) was 88.0%, achieving the 80% generic drug ratio targeted by the Ministry of Health, Labour and Welfare. In the Pharmaceutical Manufacturing Business, we are promoting the introduction of generic drugs developed in-house at pharmacies within the Group, as well as developing new generic drugs and manufacturing and selling COVID-19 antigen test kits in Japan.

Quality control



Providing safe and reliable pharmaceuticals through thorough quality control

With the Corporate Philosophy of “We support quality of life for everyone. There for you. Anywhere, anytime,” quality control takes precedence over everything else for the Group.

In order to provide patients with safety and security, the Group implements initiatives to maintain and improve quality in all areas. It is fundamental that all employees, regardless of job category, including pharmacists, R&D staff, and back-office employees, ensure quality. Based on this concept, we maintain and improve quality by strictly enforcing delivery conditions, clearly stating processes and operations, conducting training and periodic reviews, managing inventory and expiration dates using bar codes, and thoroughly controlling temperature and humidity. We will continue to evolve our quality control system in the Pharmaceutical Manufacturing Business by visualizing the manufacturing process and updating the production system to provide support to workers to make the system even more robust.

Sustainable pharmacy operations



Contributing to seamless medical care in local communities through disaster response and infection control

The Group is taking a variety of measures to operate sustainable pharmacies. Each pharmacy is equipped with disaster reserves and emergency supplies so that it can contribute to community support in the event of a disaster. Furthermore, some pharmacies are equipped with filtration systems to convert rainwater into drinking water and a supply of approximately two months' worth of medicines to enable the supply of pharmaceuticals to local insurance dispensing pharmacies. The Head Office and offices have introduced a safety confirmation system that enables us to quickly confirm the safety of all employees nationwide, and are equipped with disaster reserves as at pharmacies to secure safety of employees.

The core hospitals in Tokyo districts and Qol Pharmacy have concluded Agreements on Cooperation in the Event of a Disaster. The aim is to provide supplies to ensure the seamless provision of necessary medical care even in the event of natural disasters such as earthquakes, typhoons, and major floods, as well as large-scale disasters such as terrorist attacks.

The Qol Group has established a Business Continuity Plan (BCP) and engages in regular drills and training. These initiatives proved effective in our response to the Noto Peninsula Earthquake. We believe it is our mission to contribute to the provision of seamless medical care, striving beyond mere training.

Contribution to local communities



Promoting staff training to enhance understanding of disabilities

Since the QOL Group considers supporting people with disabilities to be an essential element in building a sustainable society, we concluded a partnership agreement with the Japan Inclusive Football Federation (JIFF) in 2022. As one aspect of this partnership agreement, and in response to the April 2024 revision of the Act for Eliminating Discrimination against Persons with Disabilities, we are encouraging our employees to participate in e-learning programs focused on inclusive football. This aims to enhance appreciation of the challenges faced by those with disabilities and advance efforts toward creation of an inclusive society. Additionally, we support inclusive football associations and teams through workshops and dietary and nutritional counseling by sports pharmacists (pharmacists with expertise reflecting the latest developments in anti-doping) and nutritionists. In collaboration with JIFF, local governments, and partner companies, we hold sports experience events for people with disabilities and health events led by our pharmacists and nationally certified nutritionists in open spaces in various cities. Through these efforts, we promote health in local communities, particularly among people with disabilities, and advance understanding and support for sports for people with disabilities. By leveraging the knowledge and achievements we have gained through these initiatives, we aim to contribute further to the health of local communities and support the realization of a society where "no one is left behind."

Message from the Officer in Charge of Human Resources



Human Capital Management to Embody the Qol Slogan “Always there to care”

Yutaka Togashi

Director in Charge of Human Resources
Qol Holdings Co., Ltd.

At the Qol Group, we view human capital as our most important management resource and the foundation for our growth. In the Pharmacy Business, the recruitment and developing of pharmacists are essential for fulfilling our mission of being close to local communities and supporting the health of our patients. Pharmacists not only dispense medicines based on prescriptions, but also attend to the health issues of each patient and provide appropriate medication instructions and lifestyle improvement suggestions. To accomplish this, we are actively recruit human resources who can contribute to the health and well-being of the community, while enriching our educational programs to enhance the expertise and practical skills of our pharmacists. We are confident that the development of our pharmacists will contribute to the credibility of the entire Qol Group and the expansion of our business.

Meanwhile, in the Pharmaceutical Manufacturing Business and the BPO Contracting Businesses, securing and developing superior human capital is crucial for maintaining and sharpening competitiveness. In particular, the development of high-quality medical representatives (MRs) capable of building relationships of trust with medical institutions and

effectively communicating the value of pharmaceutical products is essential in our Pharmaceutical Manufacturing Business. Moreover, in order to increase the market share of authorized generic (AG) drugs, we must not only enhance sales skills, but also develop personnel with the planning skills necessary to acquire new licenses. These individuals must have a deep understanding of the pharmaceutical product lifecycle and the ability to maximize value through collaboration with relevant stakeholders. For this purpose, we offer training programs that focus on cultivating planning and marketing skills, as well as opportunities for gaining experience in the field to refine expertise. In these ways, we are fostering human resources who will drive the growth of the entire organization.

I believe that strengthening human capital will enhance our contributions to patients, medical institutions, and local communities, while powerfully advancing our mission to provide seamless medical care. At the same time, it is the foundation on which we are building our competitive advantage. We will continue to uphold the Qol slogan “Always there to care,” striving to create an environment in which all staff members can realize their full potential.

Social

Materiality

Improvement of quality of life in local areas

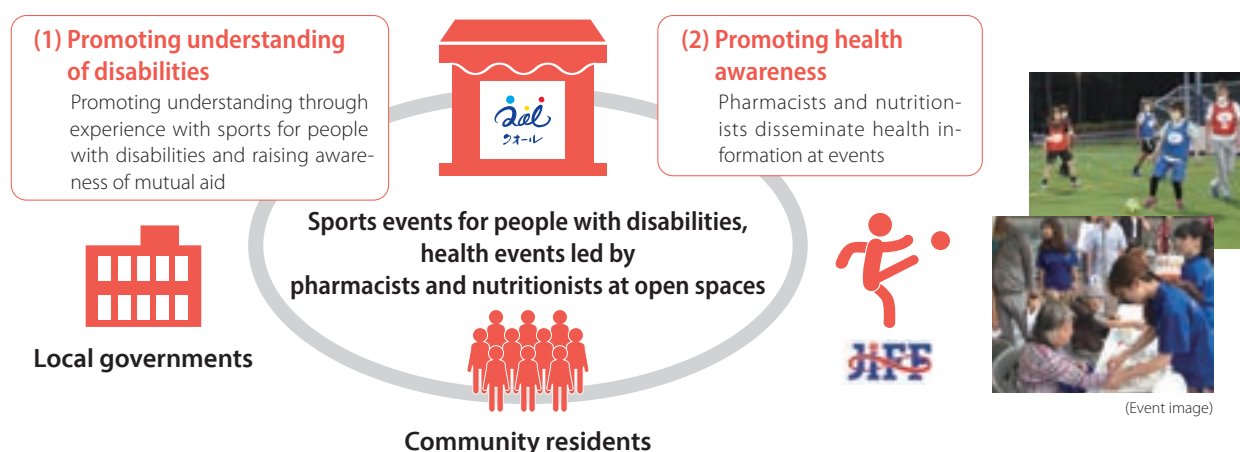
□ Contribution to medical care in local communities

Providing seminars/events and sharing information on health and medical care

The Group utilizes its knowledge and skills as medical professionals to promote various social contribution activities that are needed by local communities and communication activities that integrate into the local society. Employees voluntarily plan and carry out these activities, which are a unique culture and characteristic of Qol.

Promoting the Japan Sports Agency's Project to Promote Sports for People with Disabilities

In collaboration with the Japan Inclusive Football Federation (JIFF), local governments, and partner companies, we hold sports experience events for people with disabilities and health events led by our pharmacists and nationally certified nutritionists in open spaces in various cities. Through these efforts, we promote health in local communities, particularly among people with disabilities, and advance understanding and support for sports for people with disabilities.



Japan Sports Agency's Project to Promote Sports for People with Disabilities

An initiative by the Japan Sports Agency to promote sports for people with disabilities. To create opportunities for people with and without disabilities to enjoy sports together and establish foundations enabling people with disabilities to engage in lifelong participation in sports, this project seeks to develop environments where people with and without disabilities can play sports together easily in their communities, build cooperative frameworks among related groups like sports federations for people with disabilities, local governments, and private companies.

* See here for details (Japan Sports Agency website)

https://www.mext.go.jp/sports/b_menu/boshu/detail/jsa_00211.html (Japanese only)

Holding "Classes for Protecting the Heart for Parents and Children"

In collaboration with Sakakibara Heart Institute (Fuchu-shi, Tokyo; Hospital Director: Mitsuaki Isobe), affiliated with the Public Interest Incorporated Foundation Sakakibara Heart Foundation, we co-hosted parent-child classes to protect the heart. Through experiential contents that children could participate in with their parents, the classes aimed to deepen knowledge about heart disease.



Quiz on drugs used for the heart



Learning about heart-healthy diets



□ Human resource strategy to produce professional personnel engaged in medical care

Human resource strategy of the QoL Group

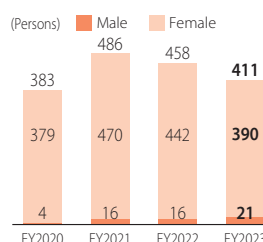
Based on the desire to contribute to improving the quality of life of patients through medical care, the QoL Group has established an environment and system that allows a diverse range of human resources who share this philosophy to actively participate, invests in human resource development, and assigns the right people to the right positions.

Diversity promotion

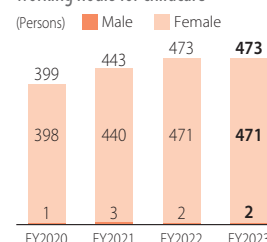
Balancing childcare and work

The QoL Group has enhanced its systems to help employees balance childcare and work, including offering shorter working hours for those raising children up to the second grade of elementary school, which exceeds the statutory requirements, ensuring employees can continue their careers even as their circumstances change.

Persons taking childcare leave



The number of users of the shortened working hours for childcare



Environment where diverse human resources can play active roles

Active participation of women

Leveraging the QoL Group's high ratio of female employees (approximately 70%), we aim to increase the ratio of women in managerial roles by enhancing systems and measures that enable balancing childcare and work. Our goal is to achieve a 50% ratio for female employees in leadership positions, such as chief pharmacists and other pharmacy management roles, by 2030. As of 2023, the figure was 43.3%.

Post-retirement reemployment system

With the post-retirement reemployment system, we strive to create an environment in which employees can work stably for a long period of time. The post-retirement reemployment system also enables us to pass on skills to the next generation, leading to the development of human resources far into the future.

Employment of people with disabilities

In February 2009, we established special subsidiary QoL Assist Co., Ltd., the first of its kind in Japan's dispensing pharmacy industry for creating employment opportunities for people with disabilities. QoL Assist promotes at-home employment for employees with severe physical disabilities, who have historically had few employment opportunities due to commuting challenges. Moreover, to foster interaction among these remote employees, who have so few chances to see one another, and boost their motivation, we hold an annual general meeting where employees from across Japan can gather and connect in person.



Recruitment leveraging synergies between dispensing pharmacies and the Referral Dispatch Business

Hiring of graduates

To provide better medical services, we are focusing on recruitment efforts to ensure a stable workforce of pharmacists and medical administrative staff. Every year the QoL Group hires 200 or more pharmacists.

Mid-career hiring

We are also prioritizing mid-career hiring, leveraging the expertise accumulated through APO PLUS CAREER CO., LTD., which operates in the Medical Professional Referral Dispatch Business. By embracing new perspectives through mid-career hiring of talented individuals, we aim to further develop our business.

Human resource development

Personnel system designed to foster employee growth

In 2021, we extensively revised the personnel system. This included the introduction of a framework enabling highly motivated employees to take on challenges to achieve early salary increases and promotions, along with the introduction of a job-based personnel system for management positions. These measures are designed to foster employee growth. Additionally, employees have monthly one-on-one meetings with their supervisors, providing opportunities to discuss concerns and future goals. In 2023, we launched a personnel system allowing medical administrative staff, referred to as "Medical Concierges (MCs)" at QoL, to be appointed as store managers. By revising the eligibility criteria, which previously limited the store manager role to pharmacists, we can now assign the most suitable person as the store manager for each store, regardless of their qualifications. This approach is expected to enhance our contribution to community healthcare.

*Supervising pharmacists under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (PMD Act) are separately assigned to individual stores.
A chief pharmacist may concurrently serve as the supervising pharmacist.

Practical education leading to the improvement of specialized knowledge and job performance

We place great importance on developing human resources who excel in all of the following as medical professionals and members of society: ethics (the ability to interact with patients with high ethical values as a medical professional), knowledge (familiarity with medical care and dispensing fees covered by health insurance and the ability to accurately propose and support medication treatment and preventive medical care), and skills (a high level of acquisition of the necessary skills for the job).

In order to create such human resources, we are focusing on pharmacist education and training that only Qol can provide, including practical training programs in close collaboration with hospitals, active participation in external academic conferences, and our own pharmacist certification system. Moreover, for pharmacists who have built up enough experience in pharmacies to be independent, we have adopted a career model that allows them to freely select or change their career path from the three courses of pharmacy management, expert, and head office divisions so that they can utilize their knowledge in the field and play a more active role in various fields.

Example of pharmacist training

4+2 year personnel training program

We offer a long training period of six years after entry into the company. Employees can learn the various knowledge and skills required to perform important work involving human life.

Qol certified pharmacist system

Qol has established its own in-house certification system. There are two courses: a standard course for pharmacists with broad knowledge, and an expert course for specialists with advanced expertise.

Stratified training

To support the desires of pharmacists to continue to grow throughout their careers, this training program provides knowledge and skill development according to their careers.

Training at hospitals

In cooperation with hospitals, we provide training in various themes through practical training and observation. As part of team medicine, participants learn prescription proposals and arrangement at the time of hospital discharge so that they can support patients continuously after their discharge from the hospital.

E-learning (Q.O.L.S.)

The e-learning system allows participants to easily learn in a short span of time (30 minutes per lecture) and can be taken via smartphone.

Creating a comfortable working environment

We promote work-life balance for our employees by creating a comfortable working environment. We have introduced a system that allows employees to use their annual paid leave in hourly increments. Additionally, expired annual paid leave can be accumulated, enabling employees to use it in the event of illness or other unforeseen circumstances.

Work style reform through DX

Improving operational efficiency using dispensing equipment and IT

We were the first in the industry to introduce the Drug Station dispensing equipment that automatically picks pharmaceuticals. Developed with Qol's cooperation, the Drug Station uses barcode information to manage all drugs and automatically picks them. This enables any employee to safely and speedily handle the collection process, regardless of skill level. In responding to the trend toward family pharmacies and the promotion of generic drugs, and the consequent need for pharmacies to handle a wider range of drugs, the ability to operate more efficiently while maintaining a high level of safety is essential. This contributes not only to safer drug administration and shorter waiting times for patients but also reduces the workload and psychological burden on pharmacists.

Introduction of AI-OCR

The Qol Group is also actively promoting the use of artificial intelligence (AI) to improve operational efficiency. With the introduction of AI-OCR*, we have automated the prescription entry process, which was previously done manually. As AI learns continuously, the accuracy of automatic text extraction from prescriptions also improves, reducing the time required for prescription entry. By streamlining operations, this is expected to allow pharmacists to be more focused on engagement with patients.

*Optical Character Recognition/Reader (OCR): Optical character recognition function that recognizes text portions of image data and converts them into character data.

Environment

Materiality

Climate change measures

Initiatives for climate change

Disclosure based on TCFD

Response to TCFD recommendations

Based on the Corporate Philosophy of “We support quality of life for everyone. There for you. Anywhere, anytime,” the Qol Group has identified important issues (materiality) in order to continue contributing to the social infrastructure through medical care.

Against this backdrop, the Group announced its support for the recommendations of Task Force on Climate Related Financial Information Disclosure (TCFD) in December 2022.

In line with the TCFD’s goal of ensuring that companies and organizations appropriately disclose information on the risks and opportunities associated with climate change so that investors can make appropriate assessments, the Group is committed to appropriate disclosure according to the TCFD’s framework, and to working toward the goal of a sustainable society and economy.

The four frameworks recommended by the TCFD recommendations (governance, risk management, strategy, and metrics & targets) are as follows.

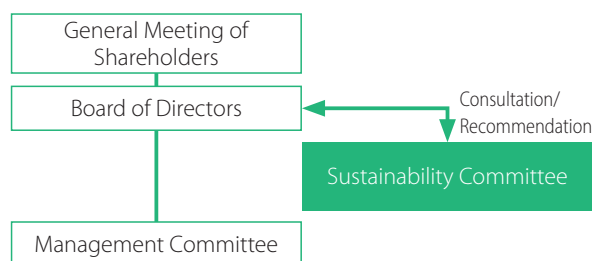
Governance

In order to contribute to the realization of a sustainable society through its business activities, the Group has established a Sustainability Committee, chaired by the President and Representative Director. The Sustainability Committee discusses matters related to sustainability and reports its findings to the Board of Directors at least four times a year. The Board of Directors makes decisions on important matters reported by the Sustainability Committee and supervises the committee.

In addition, we have established the Sustainability Committee Secretariat whose members consist mainly of the heads of relevant divisions of the Group, as a subordinate organization of the committee. The Sustainability Committee Secretariat submits proposals to the Sustainability Committee after deliberation and consideration of measures and KPIs to be implemented by the entire Group. It also manages the progress of measures decided by the Sustainability Committee.

Risk management

At the Group, for risks relating to overall business identified company-wide, the level of importance is identified based on factors including the degree of impact on management and likelihood of occurrence, and the Sustainability Committee manages matters to be addressed by the Group. It also reports the contents of these matters to the Board of Directors as appropriate.



Strategy

(i) Identification of significant risks and opportunities

Risks associated with climate change can be categorized into those resulting from the transition to a low-carbon society (transition risk) and those resulting from changes in weather patterns, such as more severe weather disasters (physical risk). Moreover, climate change can be viewed not only as a risk but also as an opportunity due to changes in patient behavior. The following are risks and opportunities associated with climate change that the Group considers to have a significant impact.

We will review and carefully examine risks and opportunities as appropriate.

		Risks	Opportunities
Transition	Policies and regulations	<ul style="list-style-type: none"> • Introduction of carbon tax • Tightening regulations on CO₂, plastics, and other emissions • Cost increase of energy procurement due to tighter regulations 	<ul style="list-style-type: none"> • Competition through introduction of tax burden • Innovation in facilities and equipment due to tighter regulations
	Conversion of markets and technologies	<ul style="list-style-type: none"> • Opportunity loss in responding to customer needs • Cost increase for R&D and capital investment • Needs expansion for environmentally friendly products and packaging • Changes in health concerns and dietary 	<ul style="list-style-type: none"> • Business opportunity increase for renewable products, low-carbon, etc. • Sales opportunity increase for environmentally friendly products • Efficiency improvement of resources, production, and logistics • Birth of new markets and accessibility to markets
	Reputation	<ul style="list-style-type: none"> • Changes in customer behavior and preferences • Changes in financing and investment conditions from financial institutions and investors, and divestment • Impact of delayed climate change-related disclosure on stock prices and investors 	<ul style="list-style-type: none"> • Improvement of corporate value through proactive information disclosure • Changes in customer behavior and preferences • Improvement of internal and external reputation and acquisition of trust through climate change initiatives
Physical	Acute	<ul style="list-style-type: none"> • Aggravating extreme weather • Soaring prices and depletion of raw materials due to disasters • Increase in infectious diseases caused by climate change • Disruption of logistics due to extreme weather 	<ul style="list-style-type: none"> • Strengthening of supply systems and customer acquisition by adapting to extreme weather conditions • Increase in climate change-related diseases
	Chronic	<ul style="list-style-type: none"> • Soaring prices and depletion of raw materials due to rising temperatures, and increase in management costs • Rise of sea level and tsunamis • Increase in infectious diseases due to rising temperatures • Increase in energy use due to increased air conditioning use • Water shortages and droughts due to changes in rain precipitation patterns 	<ul style="list-style-type: none"> • Increase in infectious diseases • Development of products and services to meet the needs of rising temperatures • Limiting damage through systematic measures against climate change

(ii) Scenario analysis

Using the scenario analysis method, the Group has begun analyzing the impact on its business activities of all dispensing pharmacies and convenience stores and shops in the Pharmacy Business, and Fujinaga Pharm Co., Ltd. in the Medical-Related Business. This analysis is conducted in accordance with multiple scenarios drawn up by the IPCC (Intergovernmental Panel on Climate Change), IEA (International Energy Agency), and other organizations.

Target businesses	Pharmacy Business	Dispensing pharmacies, convenience stores and shops
	Medical-Related Business	Fujinaga Pharm Co., Ltd.
Scenario	Transition scenario	IEA WEO2019
	Physical scenario	IPCC AR5
Target period	2030, 2050	

As mentioned earlier, we have organized the risks and opportunities based on the TCFD recommendations and external reports. The secretariat is currently leading the discussion to incorporate various opinions.

We also analyze the impact of each scenario and worldview on financial and business strategies, etc., not only negatively, but also expanding to positive impacts. Details will be disclosed as soon as they are ready.

Metrics & targets

The Group has set the following metrics & targets to reduce risks and enhance opportunities related to climate change.

Metrics

- KPI: CO₂ emissions reduction ratio (Scope 1 and 2) (compared to FY2013)
- Period: Until FY2030
- Target: Pharmacy Business (dispensing pharmacies, convenience stores and shops)
- Medical-Related Business (Fujinaga Pharm Co., Ltd.)

Targets

- Pharmacy Business: Reduce CO₂ emissions per store (Scope 1 and 2) by 30%
- Medical-Related Business: Reduce CO₂ emissions (Scope 1 and 2) by 30%

We will complete the calculation and analysis of CO₂ emissions for each scope as soon as possible, and work to reduce CO₂ emissions not only for the Group but also for the entire supply chain.

In addition, the Group will continue to implement initiatives such as the Green Smile Project (store greening campaign) and pharmacies equipped with disaster prevention stockpile warehouses and power generators.

We will continue to implement initiatives for environmental protection and the future, and we will continue to disclose information related to climate change in an appropriate manner.

Please refer to our website for details of the Group's disclosure based on the TCFD. ►



Environment

Materiality

Climate change measures

❑ Operation of dispensing pharmacies with consideration for the global environment

CO₂ reduction facilities and environmentally friendly model stores

The Group strives for global environment conservation by reducing environmental impacts in all of its business activities. At pharmacies, we focus on store design that does not place a burden on the environment or stores with good energy-saving performance and CO₂ reduction facilities. Examples include solar panels on rooftops and highly energy-saving LED lighting.



Solar Panels on roof



Change lighting by time of day

Promoting use of reusable shopping bags and eco-friendly plastic bags

All stores of the Qol Pharmacy Group are running the Bring Your Own Bag Campaign to reduce the use of plastic bags. When plastic bags are necessary, we use eco-friendly plastic bags containing 30% plant-derived biomass materials.



Poster for promoting use of reusable shopping bags

Conducting environmental volunteering activities

While making efforts to increase our involvement in local communities, we are committed to raising environmental conservation awareness of each employee within the Group.

- Environment beautification volunteering activities (beautification and cleaning of the surroundings of the pharmacies)
- Promote Cool Biz and Warm Biz (wearing cooler clothing during summer and warmer clothing during winter to save energy and reduce CO₂ emissions)
- Activities for going paperless (Qol)



Appropriate management of pharmaceutical inventories and reduction of waste

To solve the problems of stock-out and waste of expired medicines, Qol Pharmacy has started a trial operation to introduce a system for optimizing orders with AI-based demand forecast. We believe that this measure will not only reduce the disposal of pharmaceuticals but also lighten the workload of employees. It will also reduce CO₂ emissions from wholesalers' delivery vehicles as the number of additional deliveries can be decreased.

And we were the first in the industry to install Drug Station, a pharmaceutical dispensing equipment, which automatically picks pharmaceuticals. The system automates medication picking based on the prescriptions and greatly improves the efficiency of the stocking procedures, allowing pharmacists to spend more time with patients.



Drug Station,
automated medication picking equipment

Sustainability Targets for 2030 and 2050

□ Sustainability Committee

To solve social issues, the Company aims to promote ESG further. Through initiatives to realize “a connected, healthy, prosperous and sustainable society,” the Company has established Qol Sustainability Value (QSV) as value to provide to society via solutions to social issues through business and decarbonization efforts. It is working to visualize the progress of concrete value.

At the Board of Directors meeting held in April 2022, the Company established the Sustainability Committee, chaired by the President and Representative Director to address sustainability issues such as social and environmental issues toward the realization of a sustainable society.

The Sustainability Committee (1) investigates sustainability trends, (2) formulates management strategies related to sustainability, (3) identifies and reviews important issues (materiality), and (4) monitors progress and evaluates achievement status.

Additionally, upon consultation from the Sustainability Committee, we have established the Sustainability Committee Office. The office comprises executives, mid-level employees, and young employees from across departments who discuss current conditions and future visions with diverse perspectives and ideas.

□ Targets and measures

Item	Target deadline/value		FY2023 measures
Group CO ₂ emissions	Reduce 100% by 2050		Develop a flow to grasp energy usage in each company
			Grasp electricity usage at own stores
			Switch existing store lighting to LED
			Introduce electric vehicles
			Install solar panels
Plastic bag usage rate	Within 8% by 2030	Reduce plastic bags	
	Within 5% by 2050		
Disposal rate	1.7% by 2030		Reduce product waste rate
Female manager rate	50% by 2030 (Above managers + pharmacy managers + assistant managers)		Create a system enabling women to continue in management positions after life events
			Improve long working hours
			Improve productivity
Paid leave rate	70% by 2025	90% by 2030	100% take five days paid leave
			Systematize store shifts
			Improve long working hours
			Improve productivity

Explanation of Operating Results, etc.

□ Overview of Operating Results

In the consolidated fiscal year under review, the QoI Group posted net sales of ¥180,052 million (up 5.9% year on year), operating profit of ¥8,324 million (down 12.3%), ordinary profit of ¥9,256 million (down 8.3%) and profit attributable to owners of parent of ¥4,880 million (down 13.7%). EBITDA was ¥13,566 million (down 5.7%). Performance by business segment is as follows.

Pharmacy Business

In the consolidated fiscal year under review, the Group added 18 new stores, acquired three stores through business transfer, and acquired 14 stores through conversion to subsidiaries for a total addition of 35 stores, while at the same time seven stores were closed, amounting to a total of 920 stores.

Regarding performance, prescription numbers and operating costs increased due to contributions from M&A and new store openings conducted in the previous fiscal year, promotion of the Home and Facility Dispensing Business, and an increase in the number of patients infected with epidemic infectious diseases. Further, the completion of transitional measures for Community Support System Premium in line with NHI drug price and dispensing fee revisions led to a decline in dispensing and technical fee unit prices.

As a result, net sales in this segment amounted to ¥165,099 million (up 6.3% year on year), while operating profit was ¥10,730 million (down 6.7%).

BPO Contracting Businesses and Pharmaceutical

Manufacturing Business (former Medical-Related Business)

In the CSO Business, although numbers increased in line with expanding demand for MR dispatches, cost related to recruitment also increased. In the Professional Referral Dispatch Business, demand for professional referral dispatches in all positions is expanding steadily, while the number of contracts concluded increased in line with various efforts including customer base expansion and divisions of labor. In the Publishing-related Business, QoI provides oncology, digital, and other materials with a high growth potential into existing customers, while expanding transactions with academic societies and other non-pharmaceutical customers. In the Pharmaceutical Manufacturing Business, we are working to realize synergies from the inclusion of DAIICHI SANKYO ESPHA CO., LTD., as a Group company.

As a result, net sales in this segment were ¥14,952 million (up 2.0% year on year) and operating profit was ¥1,136 million (down 25.9%).

□ Overview of Financial Position

Assets

As of March 31, 2024, total assets amounted to ¥117,779 million, up ¥15,874 million from March 31, 2023. This was mainly due to a decline of ¥684 million in goodwill, and increases of ¥8,512 million in cash and deposits and ¥7,714 million in shares of subsidiaries and associates.

Liabilities

As of March 31, 2024, total liabilities amounted to ¥64,941 million, up ¥11,892 million from March 31, 2023. This was mainly due to a decline of ¥608 million in the current portion of bonds payable, and increases of ¥9,438 million in long-term borrowings and ¥2,140 million in accounts payable – trade.

Net assets

As of March 31, 2024, total net assets amounted to ¥52,837 million, up ¥3,981 million from March 31, 2023. This was mainly due to a decline of ¥293 million in treasury stock, and an increase of ¥3,674 million in retained earnings.

□ Overview of Cash Flows

Cash and cash equivalents increased ¥8,347 million compared with the end of the previous consolidated fiscal year, to ¥26,944 million. The cash flow conditions and underlying factors during the consolidated fiscal year under review are as described below.

Cash flows from operating activities

Net cash provided by operating activities was ¥13,533 million (compared with ¥11,662 million in the previous consolidated fiscal year), with inflows of ¥8,860 million in profit before income taxes and ¥3,393 million in amortization of goodwill.

Cash flows from investing activities

Net cash used in investing activities was ¥13,155 million (compared with ¥7,013 million in the previous consolidated fiscal year), with outflows of ¥7,570 million for the purchase of shares of subsidiaries and associates, ¥3,233 million for the purchase of investments in subsidiaries resulting in change in scope of consolidation, and ¥2,072 million for the purchase of property, plant and equipment.

Cash flows from financing activities

Net cash provided by financing activities was ¥7,969 million (compared with ¥2,569 million used in the previous fiscal year), with ¥18,300 million provided by proceeds from long-term loans payable, ¥8,810 million used for repayments of long-term borrowings, and ¥1,205 million used for dividends paid.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)			(Millions of yen)		
	As of March 31, 2023	As of March 31, 2024		As of March 31, 2023	As of March 31, 2024
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	18,770	27,282	Accounts payable - trade	19,958	22,098
Notes and accounts receivable - trade, and contract assets	16,951	16,909	Current portion of bonds payable	608	—
Merchandise and finished goods	4,990	4,849	Current portion of long-term borrowings	8,104	8,155
Work in process	90	129	Income taxes payable	1,976	2,197
Supplies	205	192	Provision for bonuses	2,310	2,436
Other	3,208	3,329	Other	3,371	3,935
Allowance for doubtful accounts	(2)	(2)	Total current liabilities	36,330	38,823
Total current assets	44,214	52,690			
Non-current assets			Non-current liabilities		
Property, plant and equipment			Long-term borrowings	14,038	23,477
Buildings and structures, net	6,818	6,971	Deferred tax liabilities	306	302
Tools, furniture and fixtures, net	1,538	1,448	Provision for retirement benefits for directors (and other officers)	34	31
Land	6,999	6,925	Retirement benefit liability	829	859
Other, net	751	936	Asset retirement obligations	1,055	1,093
Total property, plant and equipment	16,108	16,281	Other	455	353
Intangible assets			Total non-current liabilities	16,719	26,118
Goodwill	32,818	32,133	Total liabilities	53,049	64,941
Software	667	798			
Other	304	204	Net assets		
Total intangible assets	33,790	33,136	Shareholders' equity		
Investments and other assets			Share capital	5,786	5,786
Investment securities	142	132	Capital surplus	11,276	11,276
Shares of subsidiaries and associates	—	7,714	Retained earnings	34,355	38,030
Leasehold and guarantee deposits	3,942	4,061	Treasury shares	(2,596)	(2,303)
Deferred tax assets	2,110	2,164	Total shareholders' equity	48,823	52,790
Other	1,616	1,618			
Allowance for doubtful accounts	(21)	(21)	Accumulated other comprehensive income		
Total investments and other assets	7,791	15,670	Valuation difference on available-for-sale securities	(14)	(0)
Total non-current assets	57,689	65,089	Total accumulated other comprehensive income	(14)	(0)
Deferred assets			Non-controlling interests	47	48
Bond issuance costs	1	—	Total net assets	48,856	52,837
Total deferred assets	1	—	Total liabilities and net assets	101,905	117,779
Total assets	101,905	117,779			

Consolidated Financial Statements

Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

Consolidated Statements of Income	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	170,036	180,052
Cost of sales	146,531	156,802
Gross profit	23,504	23,249
Selling, general and administrative expenses	14,009	14,925
Operating profit	9,495	8,324
Non-operating income		
Rental income from buildings	73	129
Commission income	139	111
Surrender value of insurance policies	229	514
Share of profit of entities accounted for using equity method	—	143
Subsidy income	12	12
Guarantee commission income	59	59
Subsidy income (other)	161	71
Other	162	135
Total non-operating income	836	1,177
Non-operating expenses		
Interest expenses	89	109
Rental expenses	56	69
Other	87	66
Total non-operating expenses	233	245
Ordinary profit	10,098	9,256
Extraordinary income		
Gain on sales of non-current assets	8	74
Gain on bargain purchase	—	25
Gain on sale of investment securities	—	2
Total extraordinary income	8	101
Extraordinary losses		
Loss on retirement of non-current assets	50	26
Loss on sale of non-current assets	3	22
Loss on withdrawal from employees' pension fund	—	38
Impairment losses	460	325
Loss on valuation of inventories	—	72
Other	8	12
Total extraordinary losses	522	497
Profit before income taxes	9,584	8,860
Income taxes - current	3,922	3,973
Income taxes - deferred	3	6
Total income taxes	3,925	3,979
Profit	5,658	4,880
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	5,656	4,880
Consolidated Statements of Comprehensive Income	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	5,658	4,880
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	14
Total other comprehensive income	(0)	14
Comprehensive income	5,657	4,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,655	4,894
Comprehensive income attributable to non-controlling interests	1	0

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	9,584	8,860
Depreciation	1,680	1,848
Amortization of goodwill	3,204	3,393
Share of loss (profit) of entities accounted for using equity method	—	(143)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(0)	(3)
Increase (decrease) in retirement benefit liability	36	16
Increase (decrease) in provision for bonuses	(47)	104
Increase (decrease) in allowance for doubtful accounts	9	0
Loss (gain) on sale and retirement of non-current assets	45	(25)
Impairment losses	460	325
Loss on valuation of inventories	—	72
Gain on bargaining purchase	—	(25)
Loss (gain) on sale of investment securities	—	(2)
Surrender value of insurance policies	(229)	(514)
Interest and dividend income	(6)	(6)
Interest expenses	89	109
Decrease (increase) in inventories	703	171
Decrease (increase) in trade receivables	1,135	448
Increase (decrease) in trade payables	625	1,933
Other, net	(496)	815
Subtotal	16,792	17,379
Interest and dividends received	6	5
Interest paid	(89)	(109)
Income taxes paid	(5,047)	(3,742)
Net cash provided by (used in) operating activities	11,662	13,533
Cash flows from investing activities		
Payments into time deposits	(1)	(3)
Purchase of property, plant and equipment	(4,168)	(2,072)
Proceeds from sale of property, plant and equipment	16	406
Purchase of intangible assets	(342)	(242)
Proceeds from sale of investment securities	—	10
Proceeds from collection of loans receivable	484	13
Payments of leasehold and guarantee deposits	(158)	(219)
Proceeds from refund of leasehold and guarantee deposits	86	62
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,760)	(3,233)
Purchase of shares of subsidiaries and associates	—	(7,570)
Payments for acquisition of businesses	(488)	(252)
Other, net	317	(53)
Net cash provided by (used in) investing activities	(7,013)	(13,155)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(385)	—
Proceeds from long-term borrowings	9,000	18,300
Repayments of long-term borrowings	(9,826)	(8,810)
Redemption of bonds	(808)	(608)
Proceeds from disposal of treasury shares	343	330
Dividends paid	(1,092)	(1,205)
Proceeds from sale and leaseback transactions	220	—
Other, net	(19)	(35)
Net cash provided by (used in) financing activities	(2,569)	7,969
Net increase (decrease) in cash and cash equivalents	2,079	8,347
Cash and cash equivalents at beginning of period	16,516	18,596
Cash and cash equivalents at end of period	18,596	26,944

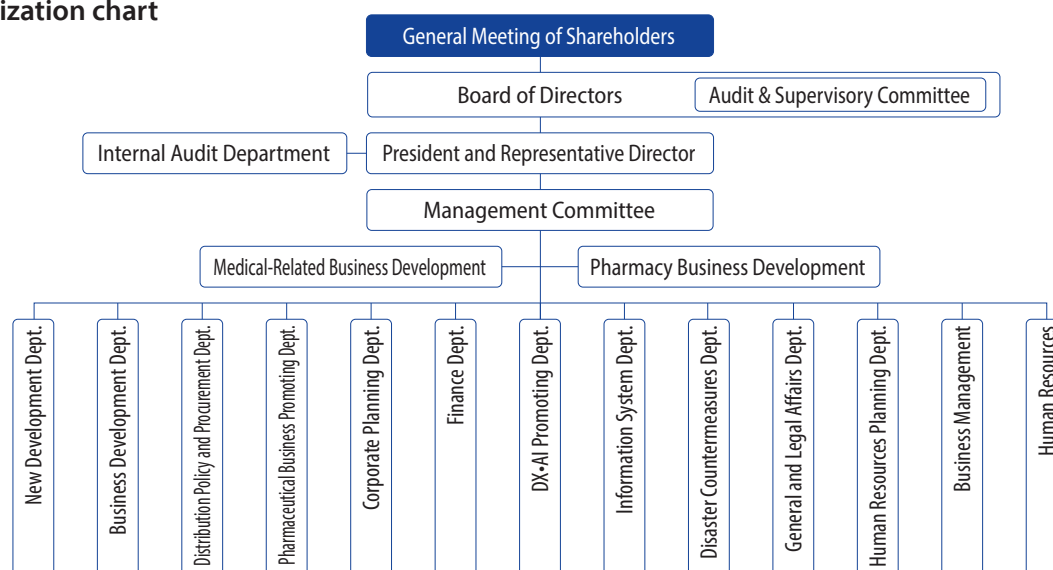
Company Profile and Stock Information

Company profile (as of September 30, 2024)

Company profile

Name	Qol Holdings Co., Ltd.	Capital	¥5,786.89 million
Foundation	October 4, 1992	Number of employees (consolidated)	8,946
Established	October 13, 1992	Stock exchange listed	Tokyo Stock Exchange Prime Market (Stock Code: 3034)
Representative	President and Representative Director Takashi Nakamura		

Organization chart



Addresses of the Group companies

Qol Co., Ltd. 37th Floor Shiroyama Trust Tower, 4-3-1 Toranomon, Minato-ku, Tokyo 105-8452	KI Pharmacy Ltd. (Sendai) Dream KI402, 120-1 Nishimochida, Aira-shi, Kagoshima 899-5431	Bottom Heart Co., Ltd. 2-29-10 Minamiikebukuro, Toshima-ku, Tokyo 171-0022
Ryukyu Qol Co., Ltd. 1-9-7 Noborikawa, Okinawa-shi, Okinawa 904-2142	KI Pharmacy Ltd. (Funatsu) Dream KI-2F, 120-1 Nishimochida, Aira-shi, Kagoshima 899-5431	APO PLUS STATION Co., Ltd. Front Place Nihonbashi Bldg., 2-14-1 Nihonbashi, Chuo-ku, Tokyo 103-0027
Alpharm Co., Ltd. 2nd Floor Qol Bldg., 2-8-12 Chuo, Mito-shi, Ibaraki 310-0805	Hokusetsu Chozai Co., Ltd. 3-6 Sakae-machi, Kawanishi-shi, Hyogo 666-0021	APO PLUS CAREER Co., Ltd. 7F Shin-Tokyo Bldg., 3-3-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005
KYOEIDO Co., Ltd. 2-5-38 Kameda Otsuki, Konan-ku, Niigata-shi, Niigata 950-0162	Power Pharmacy Co., Ltd. 11-21 Minamitakasago-cho, Utsunomiya-shi, Tochigi 321-0143	Medical Qol Co., Ltd. 9F Front Place Nihonbashi Bldg., 2-14-1 Nihonbashi, Chuo-ku, Tokyo 103-0027
Pharmaster Co., Ltd. 20-11 Nakamura-cho, Oumihachiman-shi, Shiga 523-0894	Art Ltd. JR Kagoshima Chuo Bldg. 4F, 1-2-10 Take, Kagoshima-shi, Kagoshima 890-0045	DAIICHI SANKYO ESPHA CO., LTD. 6F Nippon Life Nihonbashi Bldg. 2-13-12 Nihonbashi, Chuo-ku, Tokyo 103-0027
NICHIHOS Co., Ltd. 9F Keihanshin Yodoyabashi Bldg., 4-4-7 Imabashi, Chuo-ku, Osaka-shi, Osaka 541-0042	AM Medical Ltd. JR Kagoshima Chuo Bldg. 4F, 1-2-10 Take, Kagoshima-shi, Kagoshima 890-0045	Fujinaga Pharm Co., Ltd. 9F Front Place Nihonbashi Bldg., 2-14-1 Nihonbashi, Chuo-ku, Tokyo 103-0027
Natural Life Co., Ltd. 5F Saga Shimbun Chuo Bldg., 1-14 Nakanokoji, Saga-shi, Saga 840-0833	Haraigawa Pharmacy Ltd. 1856-3 Shimoharaigawa-cho, Kanoya-shi, Kagoshima 893-0024	KOSEIKAI Co., Ltd. 9F Front Place Nihonbashi Bldg., 2-14-1 Nihonbashi, Chuo-ku, Tokyo 103-0027
Hokuriku Qol Co., Ltd. 31 Oki-machi Ni, Kanazawa-shi, Ishikawa 920-0013	Dyna Ltd. 2-6-27 Satoyoshi, Kofu-shi, Yamanashi 400-0822	Qol Assist Co., Ltd. (Special subsidiary) 9F Front Place Nihonbashi Bldg., 2-14-1 Nihonbashi, Chuo-ku, Tokyo 103-0027
Sera Medic Co., Ltd. 3-2-14 Ichinocho-nishi, Sakai-ku, Sakai-shi, Osaka 590-0951	Gyotoku Pharmacy Co., Ltd. 1F B, 1-93 Daimon-cho, Omiya-ku, Saitama-shi, Saitama 330-0846	

Stock information (as of September 30, 2024)

Stock situation

Total number of issuable shares	70,000,000 shares	Total number of issued shares	38,902,785 shares	Number of shareholders	20,618
---------------------------------	-------------------	-------------------------------	-------------------	------------------------	--------

Principal shareholders

Name	Number of shares (shares)	Shareholding ratio (%)
Medipal Holdings Corporation	7,582,800	20.11
The Master Trust Bank of Japan, Ltd. (trust a/c)	3,605,200	9.56
Qol Group Employee Stock Ownership Association	1,771,808	4.69
Takashi Nakamura	1,641,100	4.35
Arata Takahashi	1,478,500	3.92
MSIP CLIENT SECURITIES (Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.)	1,394,822	3.69
Custody Bank of Japan, Ltd. (trust a/c)	1,355,400	3.59
DAIICHI SANKYO COMPANY, LIMITED	1,304,000	3.45
Medipal Insurance Service Co., Ltd.	1,104,000	2.92
Nakamura Shoji Co., Ltd.	779,400	2.06

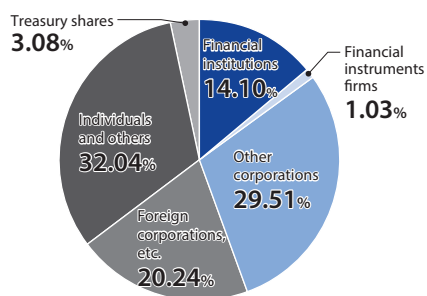
Notes 1. In addition to the above, there are 1,200,219 treasury shares.

2. The 1,200,219 treasury shares do not include 266,100 shares under the name of the trust account exclusively for the Qol Group Employee Stock Ownership Association, which was established in conjunction with the introduction of the Trust-type Employee Shareholding Incentive Plan (E-Ship®). Such shares are treated as treasury shares in the consolidated financial statements.

3. Nakamura Shoji Co., Ltd. is an asset management company whose shares are owned by Takashi Nakamura, President and Representative Director of the Company.

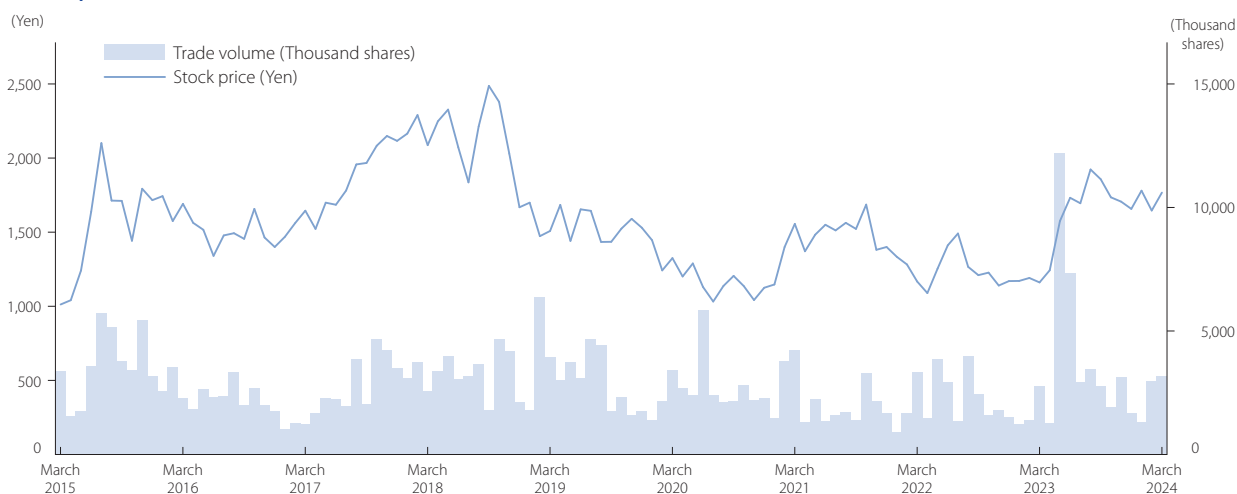
Breakdown of shares by type of shareholder

Percentage of issued shares owned by the shareholders



Shareholder	Number of shares (shares)	Number of shareholders (persons)
Financial institutions	5,483,900	20
Financial instruments firms	400,712	27
Other corporations	11,478,664	135
Foreign corporations, etc.	7,875,331	124
Individuals and others	12,463,959	20,311
Treasury shares	1,200,219	1

Stock quote





Qol Holdings Co., Ltd.



Qol Holdings Co., Ltd.

37F, Shiroyama Trust Tower, 4-3-1,

Toranomon, Minato-ku, Tokyo 105-8452

ir@qol-net.co.jp <https://www.qolhd.co.jp/eng/>