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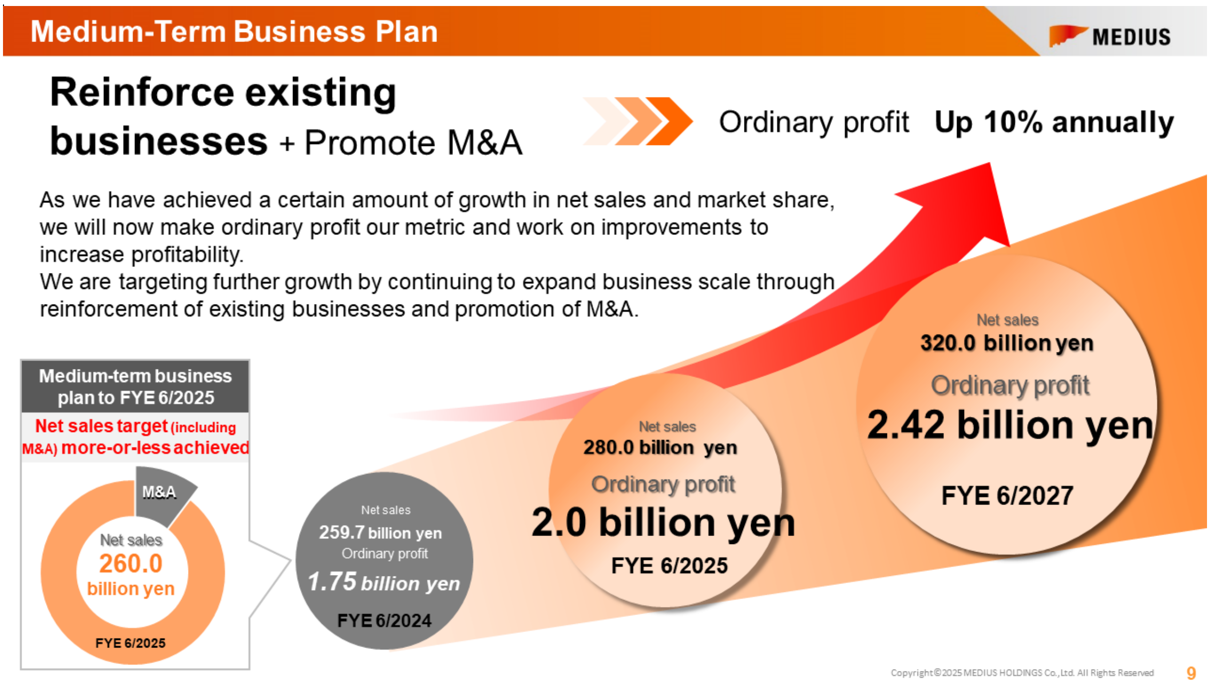
Medius HD Advances Medium-Term Business Plan with Profitability Enhancement and M&A Strategy, Aiming for ¥2.42 Billion in Ordinary Profit by 2027



[Lead]
The following is a transcription of Medius Holdings Co., Ltd.'s financial results presentation for 1H FYE6/2025 released on February 12, 2025.

[Speaker]
Mr. Yasuhiko Ikeya, President and Representative Director, Medius Holdings Co., Ltd.
Mr. Hiroyuki Akutagawa, Director and Senior Managing Executive Officer, Medius Holdings Co., Ltd.

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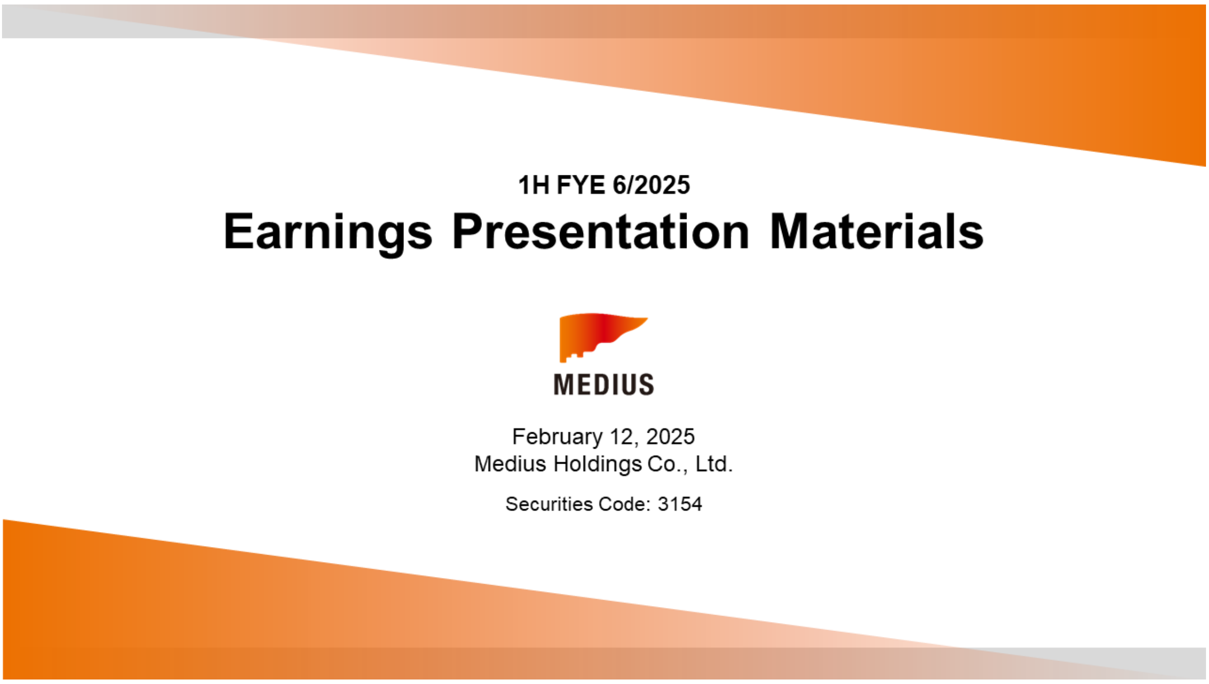


Yasuhiko Ikeya: Hello everyone, I am Yasuhiko Ikeya, President and Representative Director of Medius Holdings Co., Ltd. Thank you very much for taking time in your busy schedule to participate in the meeting.

Here is today's agenda. In the first part, I will talk about today’s key points, the overview of MEDIUS Group, and our Medium-Term Business Plan and vision. In the second part, Akutagawa, who is in charge of accounting, will explain in detail about the consolidated interim financial results for 1H FYE6/2025.

Today's Key Points

Today's Key Points

MEDIUS

- In the environment surrounding the Medius Group, the medical fee revision came into effect in June 2024 and costs have continued to rise due to high energy prices and the effects of exchange rate fluctuations. Consequently, the outlook remains uncertain.

- During the first half of the current fiscal year, sales of replacement supplies used in surgery rooms and other products were strong following an increase in the number of surgical operations.
  In addition, net sales and gross profit increased compared to the same period of the previous fiscal year as the financial results of Makoto Medical Systems Inc., which became a subsidiary in March 2024, were recognized in the consolidated financial results of the Company, and Althent Inc. expanded its sales.

- As a result, while items from net sales to ordinary profit exceeded the levels of the same period of the previous fiscal year, profit attributable to owners of parent declined due to the impact of income taxes - deferred.

Going forward, the Medius Group will maintain its contribution to regional medical care through business activities centering on the sale of medical devices.
To provide persistent medical care, we will strive to ensure that our own company continues to be sustainable.

In the environment surrounding the MEDIUS Group, the outlook remains uncertain. The medical fee revision came into effect in June 2024, and costs have continued to rise due to high energy prices and the effects of exchange rate fluctuations.

During the first half of the current fiscal year, sales of replacement supplies used in surgery rooms and other products were strong following an increase in the number of surgical operations. In addition, net sales and gross profit increased compared to the same period of the previous fiscal year as the financial results of Makoto Medical Systems Inc., which became a subsidiary in March 2024, were recognized in the consolidated financial results of the Company, and Althent Inc. expanded its sales.

As a result, although net sales to ordinary income exceeded those of the same period of the year earlier, profit decreased due to the impact of income taxes-deferred.

Financial Results of First Half of the Fiscal Year Ending June 30, 2025

Financial Results for the First Half of the FYE 6/2025

MEDIUS

(Millions of yen, %)

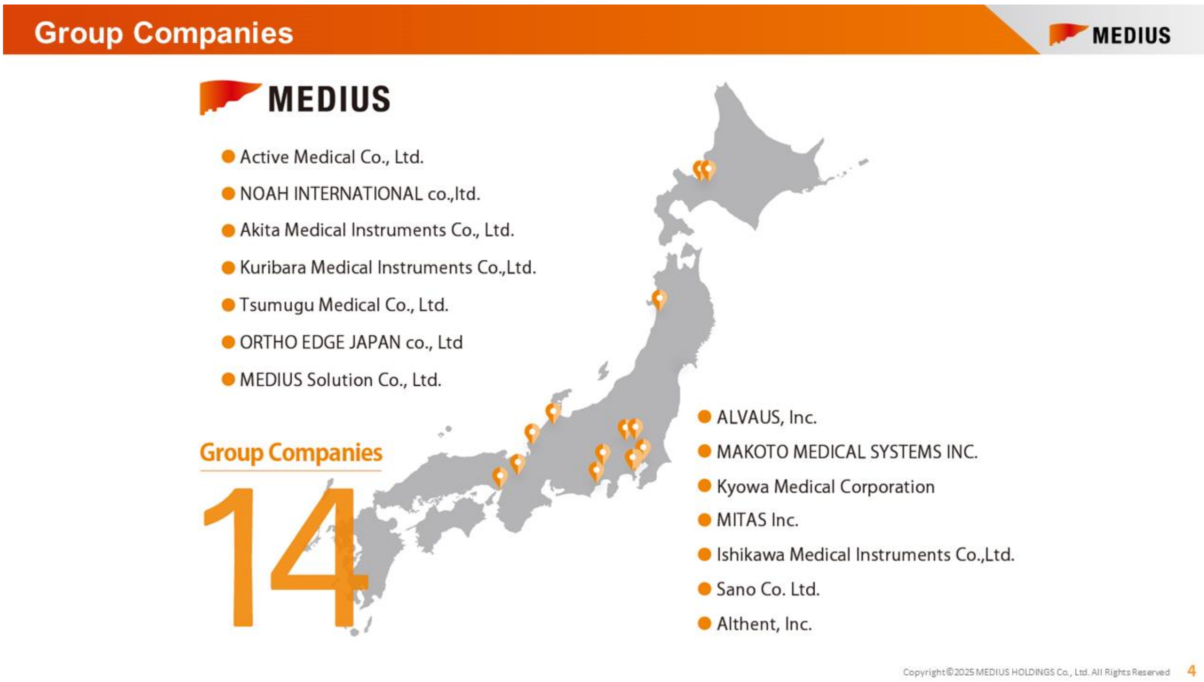
	1H FYE 6/2024 (Results)	1H FYE 6/2025 (Results)		YoY	
	Amount	Amount	% of net sales	Increase/ decrease	Percentage
Net sales	126,713	142,704	100.0	15,991	112.6
Medical Device Sales Business	123,824	139,709	97.9	15,885	112.8
Welfare Device Business	2,888	2,994	2.1	106	103.7
Operating profit	680	751	0.5	70	110.3
Ordinary profit	899	983	0.7	83	109.3
Profit attributable to owners of parent	505	406	0.3	-98	80.5
Earnings per share (yen)	23.03	18.32	-	-	-

Notes:
Results: Fractional amounts less than the units indicated are rounded down.
Percentage: Percentage amounts are rounded to the first decimal place.

This is the financial results of 1H FYE 6/2025. Net sales were ¥142,704 million, 112.6% YoY, or an increase of ¥15,991 million.

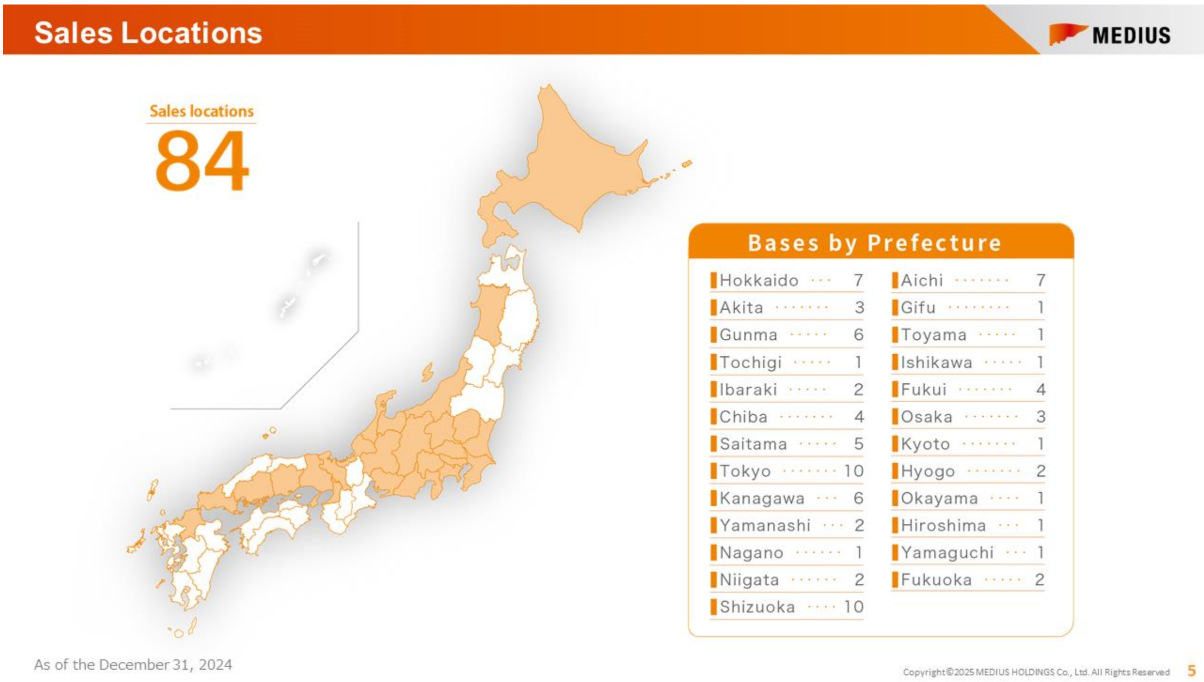
Operating profit was ¥751 million, 110.3% YoY, ordinary profit was ¥983 million, 109.3% YoY, and net profit was ¥406 million, 80.5% YoY. Akutagawa will explain the details in the second part.

Group Companies



The Group has 14 companies, consisting mainly of operating companies selling medical devices, as well as repair and maintenance companies, companies providing solutions to medical institutions, and companies selling and renting devices for nursing care and welfare.

Sales Locations



With its strength of having a high market share in the greater Tokyo area, which has a particularly large population, the Company is expanding its sales areas covering Hokkaido to Fukuoka Prefectures.

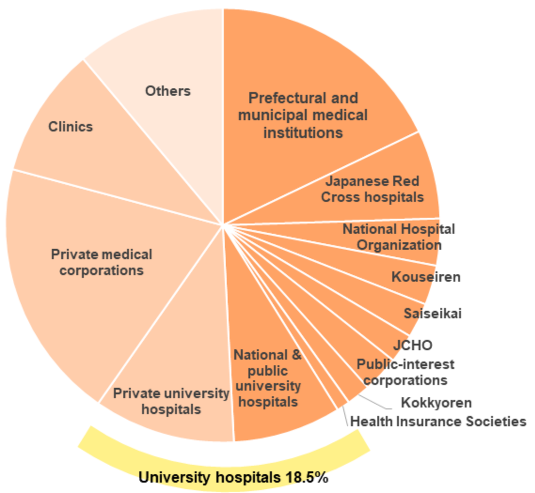
The colored prefectures on the map in the slide are those where our group have branches or distribution centers. From 1H FYE 6/2025, we have reviewed the method of aggregating bases, and even in cases where multiple operating companies' headquarters or distribution centers exist at the same address, we are aggregating them as one address.

Medical Device Sales Consumer Segments

Medical Device Sales Customer Segments

MEDIUS

Public Medical Institutions	Prefectural and municipal medical institutions	17.9%	49.2%
	Japanese Red Cross hospitals	6.6%	
	National Hospital Organization	3.5%	
	Federations of Agricultural Cooperatives for Health and Welfare (Kouseiren)	2.9%	
	Saiseikai Imperial Gift Foundation (Saiseikai)	2.6%	
	Japan Community Healthcare Organization (JCHO)	2.2%	
	Public-interest corporations	2.7%	
	Federation of National Public Service Personnel Mutual Aid Associations (Kokkyoren)	1.8%	
	Society-Managed Health Insurance	1.0%	
	National university hospitals	8.0%	
Private Medical Institutions	Private university hospitals	10.5%	39.7%
	Private medical corporations	19.5%	
	Clinics	9.8%	
Other Medical Institutions	Others	11.1%	11.1%

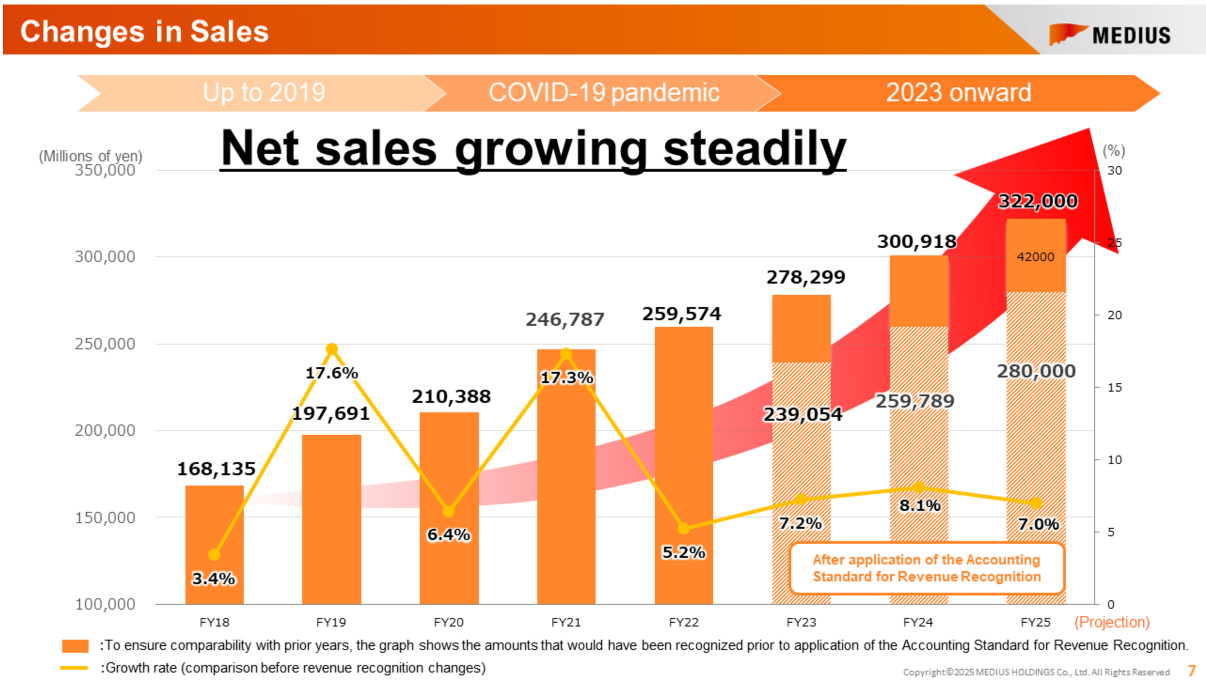


As of the FYE 6/2024

Note: The medical institutions above include customer hospitals that are business partners of our sales agents.

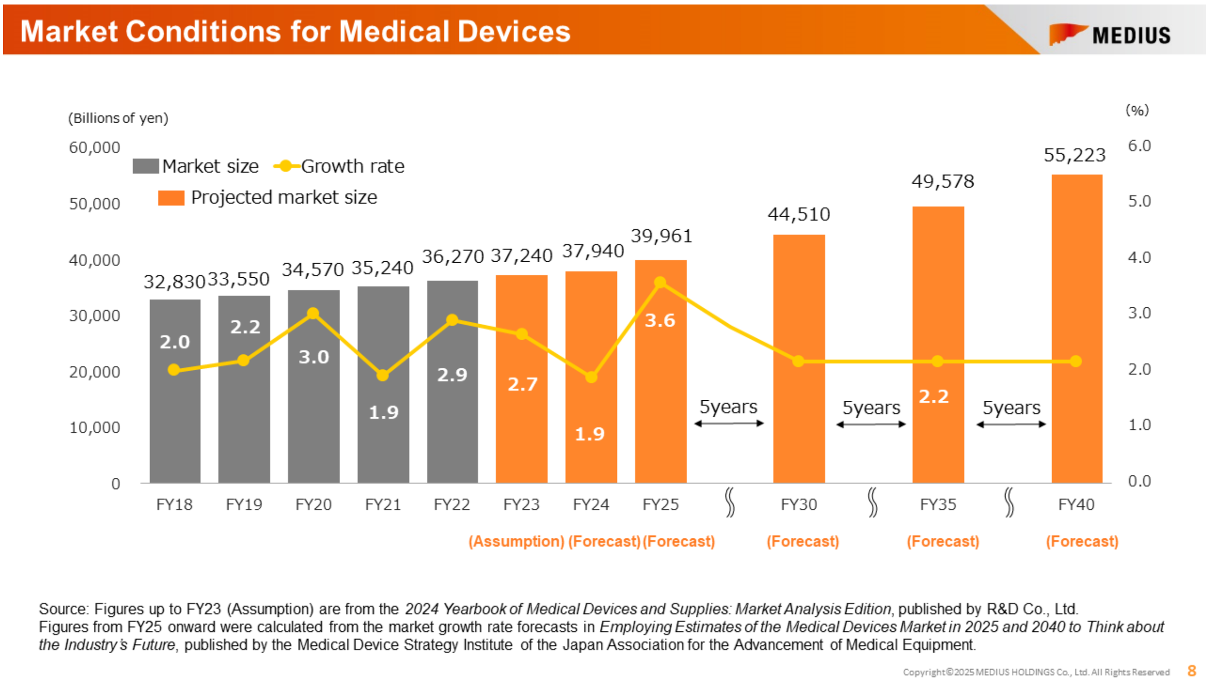
I will talk about our customer attributes. We do business with highly reliable customers, mainly comprising public medical institutions as the foundation to support local healthcare and university hospitals that provide advanced medical care.

Changes in Sales



We were established in 2009 and are now in our 16th year, and thanks to your support, net sales are steadily increasing.

Market Conditions for Medical Devices

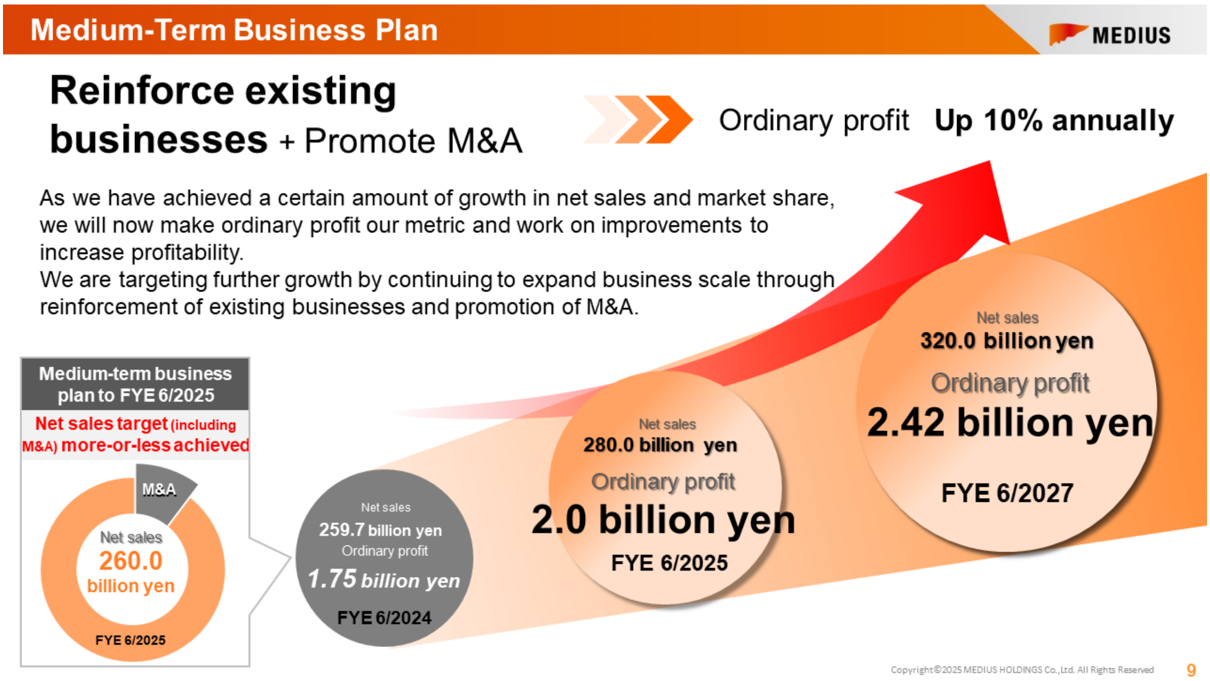


As you can see from the graph on the slide, the medical device market in which our company operates is continuing to grow at an annual rate of 2 percent to 3 percent.

Due to the increase in medical costs caused by the aging of society as a whole and advances in medical technology, medical devices are becoming more sophisticated and expensive, and the market size is expected to expand further.

We therefore believe there is still plenty of room to grow our top line.

Medium-Term Business Plan

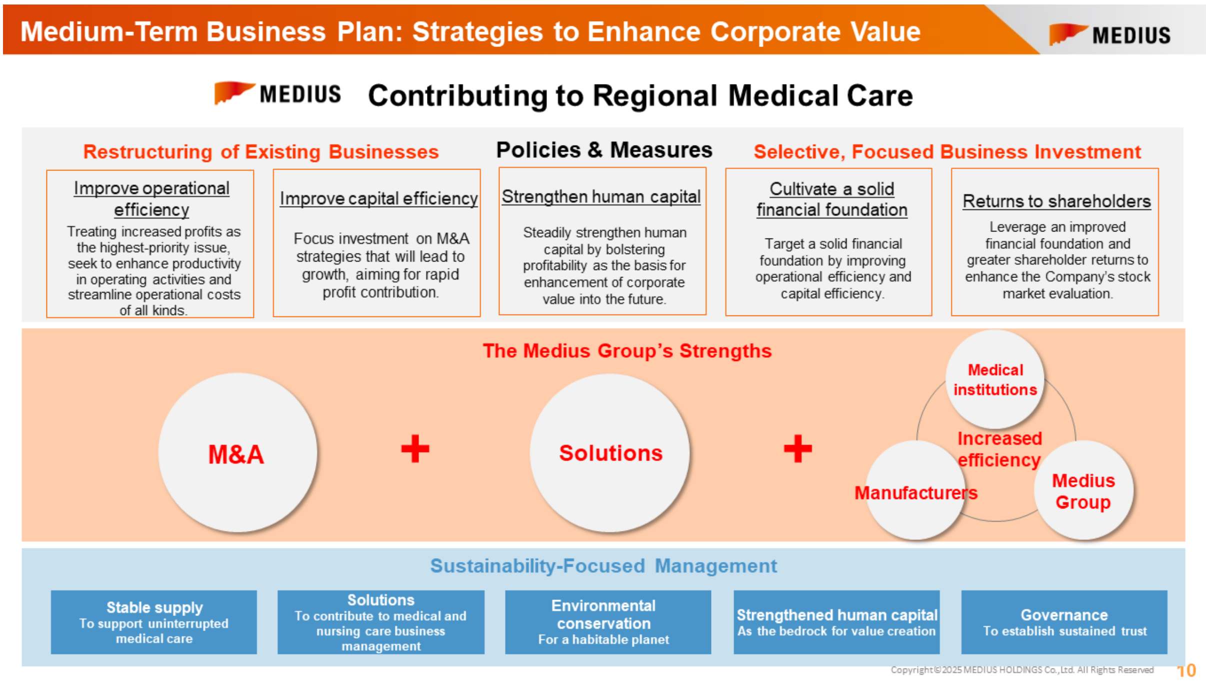


From here, I will explain our Medium-term Business Plan and vision.

We updated our Medium-term Business Plan when we announced our full-year results last July. We believe we have been able to achieve a certain level of growth in terms of net sales and market share, and from now on we will aim for ¥2.42 billion in ordinary profit by 2027.

To achieve this, we will continue to work on improving profitability and securing profits. We are targeting further growth by continuing to expand business scale through reinforcement of existing businesses and promotion of M&A.

Medium-Term Business Plan: Strategies to Enhance Corporate Value



I will explain the strategy for improving corporate value in order to achieve the medium-term management plan.

We are founded on sustainability-focused management with five material issues. We also have three strengths: M&A, solution tools, and operational efficiency targeting medical institutions, manufacturers, and internal companies.

Furthermore, in this medium-term business plan, we have set out policies, positioning *restructuring of existing businesses* and *selective, focused business investment* as our main themes.

The first is to improve operational efficiency. Our top priority is to increase operating profit, and to achieve this goal, we will seek to enhance productivity in operating activities in existing regions. Specifically, we will improve sales efficiency by reviewing sales processes and utilizing sales support tools. In addition, refraining from measures aimed solely at sales expansion without profit growth, we will streamline operational costs of all kinds..

Second, we will improve capital efficiency. We will prioritize investments in M&A and alliance capabilities that will lead to growth, while curtailing other business investments that are risky, challenging, or do not lead to profit increase. We will use the PDCA cycle to verify the effects of investments and focus on corrective and improvement actions, aiming for rapid profit contribution.

Third, we will strengthen human capital. By strengthening our profit structure, we will improve employee compensation, enhance recruitment and training, and stably strengthen human capital to lay the foundation for future growth in corporate value.

Fourth, we will cultivate a solid financial foundation. We aim to build a solid financial foundation by improving operational efficiency and capital efficiency. Additionally, we will appropriately manage the cost of capital and stabilize cash flow.

Fifth, returns to shareholders. The Company’s basic policy is to distribute the results commensurate with its growth while securing the internal reserves necessary to maintain stable growth over the medium to long term. To this end, the Company aims to provide stable shareholder returns with a target consolidated dividend payout ratio of 30% or more.

M&A & Alliance Strategy: Background

M&A & Alliance Strategy: Background

MEDIUS

▼ Japan's medical device market

- ✓ The market is projected to continue growing until 2040 as Japan's society ages. There is plenty of scope for growing the top line.
- ✓ However, growth in Japan's medical device market has slowed compared with previous years in an environment where overseas medical device manufacturers are overwhelmingly dominant and rank highest in the world for net sales. What is more, the appeal of the Japanese market for overseas manufacturers has waned and it has become less of a priority. Reasons for this include reimbursement prices that held down selling prices then caused them to fall significantly, making the market unprofitable, and the high costs of bringing new products to market—including obtaining regulatory approval.

Net sales of medical device manufacturers

FY	Ranking	Company	Country	Net sales
FY2022	World No. 1	Medtronic	Ireland	4,495 billion yen
	World No. 2	Abbott	US	4,350 billion yen
	World No. 3	Johnson & Johnson	US	3,915 billion yen
FY2021	Japan No. 1	FUJIFILM	Japan	801.7 billion yen
	Japan No. 2	Olympus	Japan	749.8 billion yen
	Japan No. 3	Terumo	Japan	703.3 billion yen

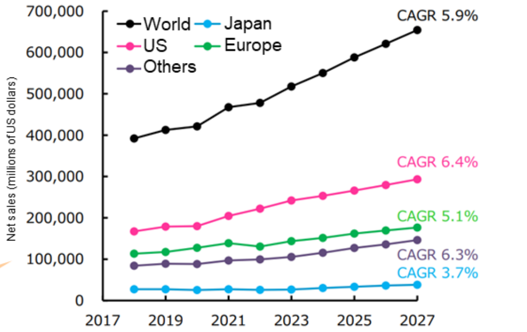
Source: Excerpt from *Challenges Facing the Japanese Medical Device Industry: Reference Documents for the First Working Group Meeting*, published by the Japanese Ministry of Economy, Trade and Industry

Note: Net sales of overseas medical device manufacturers were calculated from the US dollar amounts using an exchange rate of US$1 = 145 yen.

Expected growth rates are 6.4% for the US, 5.1% for Europe, and 6.3% for other regions. However, the expected CAGR for the Japanese medical device market is 3.7%, indicating low growth compared with other regions.

Growth in medical device markets and CAGR

2018–2027



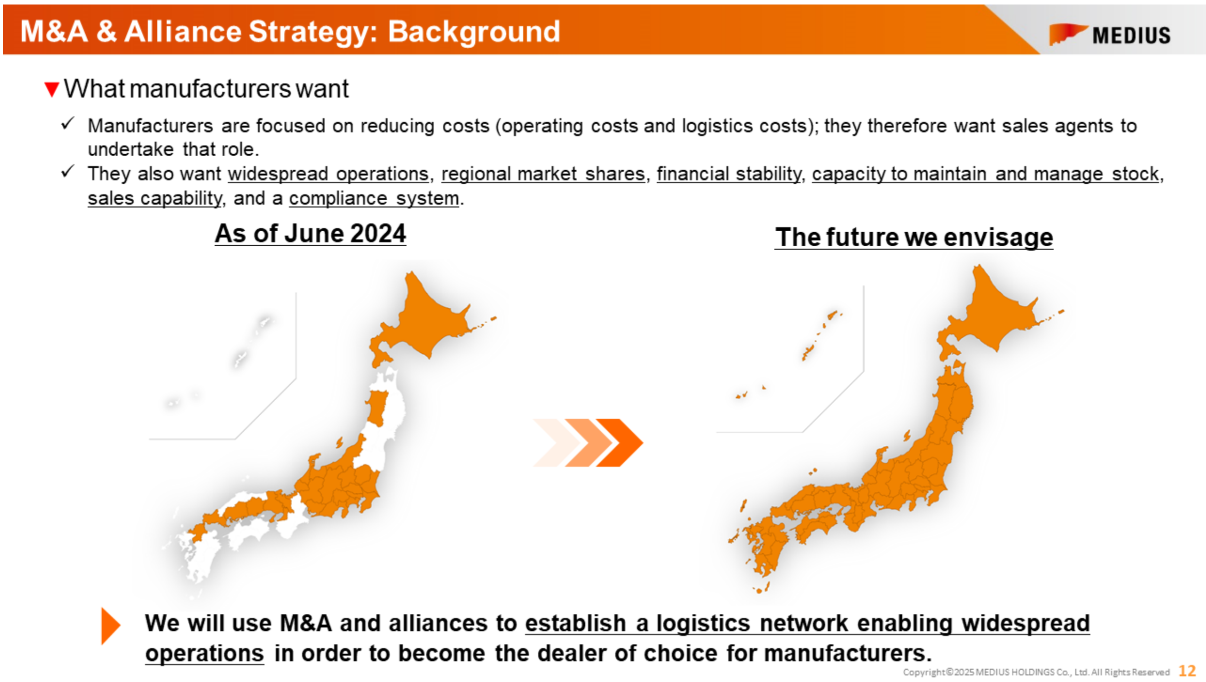
Source: Excerpt from *Vision for the Medical Device Industry 2024*, published by the Japanese Ministry of Economy, Trade and Industry

I will now explain our three strengths, one by one.

The first strength of the MEDIUS Group is its M&A strategy. One of the reasons why we promote M&A and alliances is the slowing growth rate of the medical device market in Japan. The Japanese medical device market is expected to continue to grow until 2060 due to the aging of society, which means that there is plenty of room to grow our top line.

However, approximately 60 percent of our net sales are imports. For foreign manufacturers, the Japanese medical device market is not profitable because of its slowing growth rate and reimbursement prices, which suppress prices and subsequently decline. In addition, the high cost of bringing new products to market, including obtaining regulatory approval, has made it less attractive and less of a priority.

M&A & Alliance Strategy: Background



Under these circumstances, what is required of Japanese distributor manufacturers is a distribution network covering a wide area and business stability.

To become the dealer of choice for manufacturers, the MEDIUS Group will continue to expand its distribution network through M&A and alliances.

M&A Strategy: Medius Holdings M&A in Recent Years (Subject to Consolidation)

M&A Strategy: Medius Holdings M&A in Recent Years (Subject to Consolidation)

MEDIUS

Year	Month	Target company	Status at time of M&A	Current status
2020	Mar.	Active Medical Co., Ltd.	Consolidated subsidiary	Became part of current ALVAUS, Inc. following restructuring within the Group. Operations in the Hokkaido area transferred to current Active Medical Co., Ltd.
		Cor Medica Co., Ltd.	Consolidated subsidiary Note: Sub-subsidiary (former Active Medical Co., Ltd.)	Apr. 2022 Sold
	July	Sefnet Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
		Core Medical Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
2021	Apr.	Therapy Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
	Oct.	Sano Co. Ltd.	Consolidated subsidiary	
2022	Oct.	NOAH INTERNATIONAL Co., Ltd.	Consolidated subsidiary Note: Sub-subsidiary (Active Medical Co., Ltd.)	
		Shibuya Medical Co., Ltd.	Business transferred to Active Medical Co., Ltd.	
	Sept.	Medical Leaders Co., Ltd.	Business taken over by Kuribara Medical Instruments Co., Ltd.	
2023	July	Tanaka Medical Instruments Co., Ltd.	Business taken over by ORTHO EDGE JAPAN Co., Ltd.	
2024	Mar.	Futuro Co., Ltd.	Business taken over by ORTHO EDGE JAPAN Co., Ltd.	
		MAKOTO MEDICAL SYSTEMS INC.	Consolidated subsidiary	

Here is a list of our recent M&A. We have expanded our scale and distribution through M&As and alliances and have spun off and integrated specialized areas to create a more efficient operating structure and further strengthen our sales capabilities.

Total Solutions Strategy

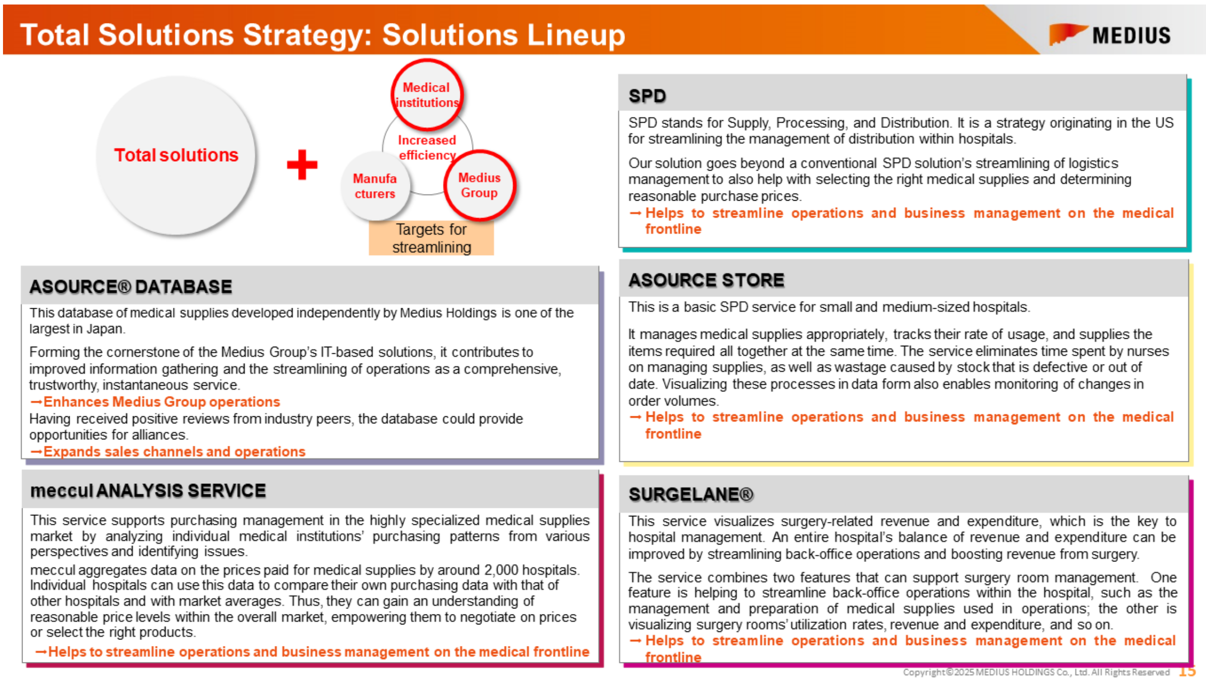
Our second strength is our total solutions business. Medical institutions are facing increasingly serious business challenges, including the need to reform doctors' work practices, lower revenue due to a government policy of limiting healthcare expenditure, and rising costs for medical supplies.

The MEDIUS Group has earned trust due to the multifaceted support it offers on the frontlines of medicine and nursing care by providing IT-based solutions needed by medical institutions seeking to develop better conditions for the provision of medical care.

Our strength is that we have multiple solution tools based on the ASOURCE® DATABASE, which has more than 1 million masters.

Combining these tools, we provide tailor-made solutions to meet our clients' needs, thereby improving the efficiency of medical institutions as well as the efficiency of our dealers' operations.

Total Solutions Strategy: Solutions Lineup



Let me explain our solution tools one by one.

ASOURCE® DATABASE is one of the largest databases of medical supplies in Japan, developed independently by MEDIUS Group. Forming the cornerstone of all our solution tools, it contributes to improved information gathering and the streamlining of operations as a comprehensive, trustworthy, instantaneous service.

meccul ANALYSIS SERVICE is a tool that supports purchasing management by analyzing medical institutions' purchasing patterns and identifying issues. By aggregating data on the prices paid for medical supplies from around 2,000 hospitals, it enables an understanding of reasonable price levels within the market, which helps in price negotiations and product selection, thereby contributing to streamline operations and business management on the medical frontline.

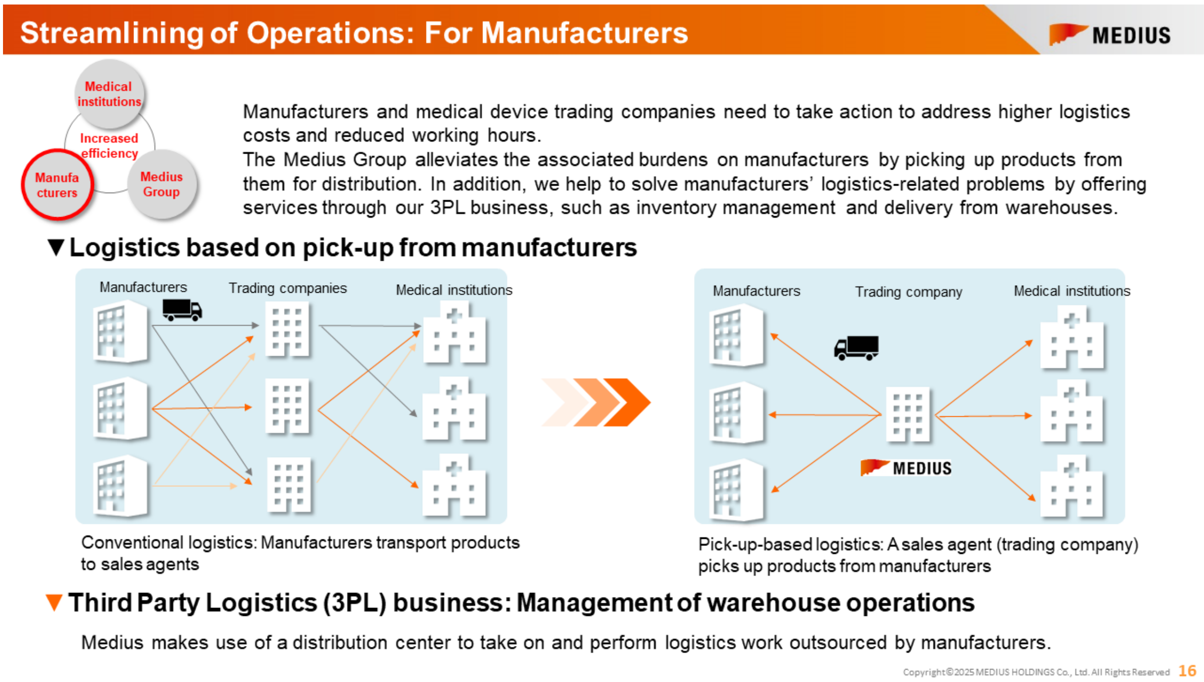
Our SPD solution goes beyond a conventional streamlining of logistics management to also help with selecting the right medical supplies and determining reasonable purchase prices, thereby contributing to streamline operations and business management on the medical frontline.

ASOURCE STORE is a basic SPD service for small and medium-sized hospitals. The cost of an SPD makes it difficult for many small and medium-sized hospitals to introduce it, increasing the workload on nurses. ASOURCE STORE reduces the labor required to place orders with medical device dealers and manufacturers and to organize deliveries.

SURGELANE® is a solution that *visualizes* surgery-related revenue and expenditure and streamlines back-office operations such as the management and preparation of medical supplies. This improves the status of surgery rooms' utilization rates, and revenue and expenditure, thereby contributing to streamline operations and business management on the medical frontline.

These tools are not just IT tools, but a combined effort, so to speak, that can bring about a change in the business model surrounding services for medical institutions and the supply of medical supplies. Our ability to provide these services in total is also one of our strengths.

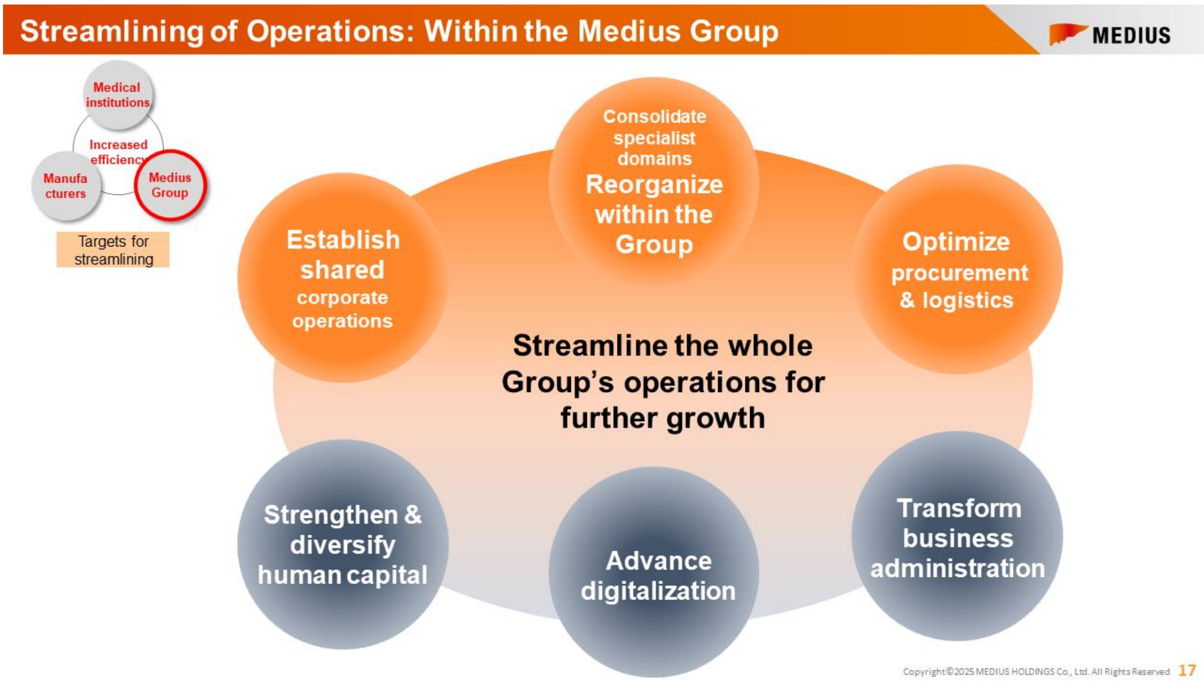
Streamlining of Operations: For Manufacturers



The third strength is efficiency. I will explain the services contributing to the efficiency of the manufacturers that we purchase from. Manufacturers and medical device trading companies like us need to take action to address higher logistics costs and reduced working hours.

The MEDIUS Group alleviates the associated burdens on manufacturers by picking up products from them for distribution. In addition, we help to solve manufacturers' logistics-related problems by offering services through our 3PL business, such as inventory management and delivery from warehouses.

Streamlining of Operations: Within the MEDIUS Group



I will now explain the initiatives to improve operational efficiency across the MEDIUS Group, starting with the top left of the slide and moving clockwise. First, we are sharing corporate operations across the Group.

Second, we are aiming to improve the efficiency of management resources by reorganizing and consolidating specialist fields within the Group, such as circulatory and orthopedic surgery.

Third, we are working to optimize procurement and logistics by introducing a common purchasing system and warehouse management system.

Fourth, we are reforming our management to improve operating activities and raise customer satisfaction.

Fifth, we are promoting digitization to reduce dependency on particular individuals and enhance organizational strength.

Sixth, it is no exaggeration to say that *human resources are vital* for dealers. We are working to create an environment and provide training and education so that each employee can continue to grow and maximize their abilities.

We believe that these efforts to enhance efficiency will not only reduce costs but also improve productivity and will contribute to improving the way employees work and increasing their motivation.

Topics

I would like to introduce three recent topics from our group.

First, Akita Medical Instruments Co., Ltd. celebrated its 60th anniversary in 2024. To commemorate this milestone, Akita Medical has newly constructed and relocated its headquarters and distribution center within Akita City. The new distribution center is 1.5 times larger than the previous facility and includes a supply, processing and distribution (SPD) center. This will enhance operational efficiency and further stabilize distribution.

Secondly, as of October 1, 2024, the operations of Kyowa Medical Corporation's Kofu branch have been transferred to Makoto Medical Systems Inc. By integrating the management resources of both companies, we aim to achieve more efficient operations and establish a more comprehensive medical equipment sales system, to further expand our market share in Yamanashi Prefecture.

Topics

Topics

MEDIUS

To enhance information disclosure,

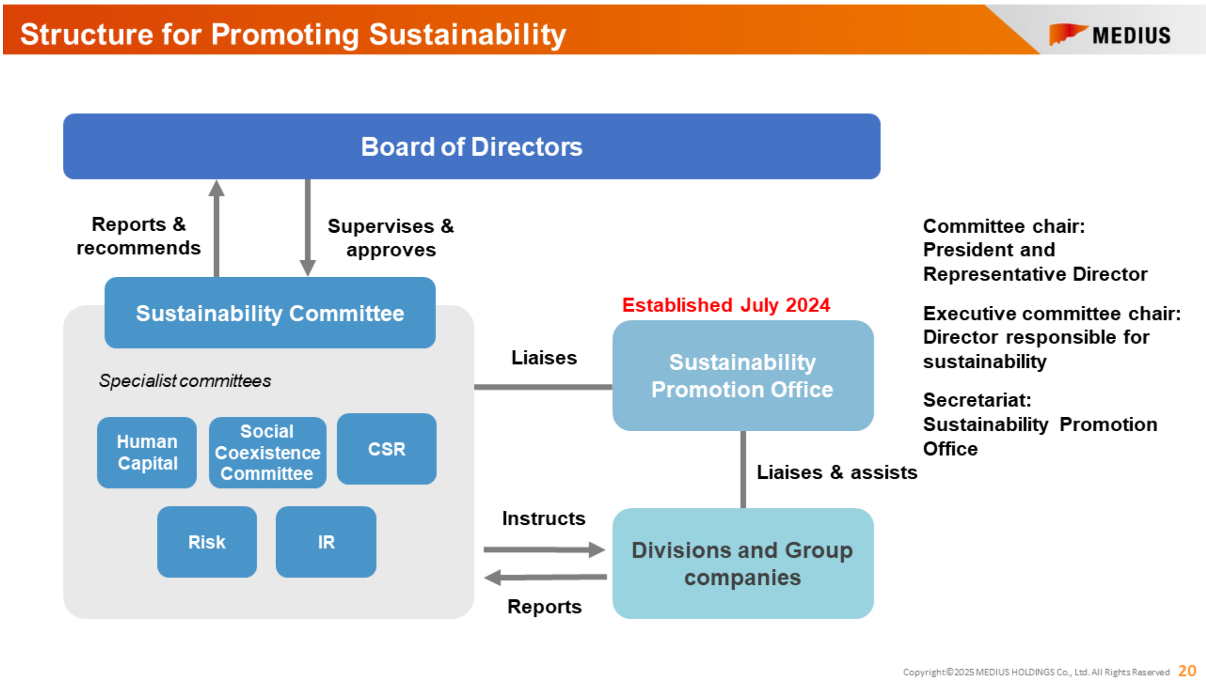
we have revamped the sustainability page on our website.

In October 2024, we renewed our sustainability page. The updated page provides disclosures on the Group's sustainability promotion framework, the material issues identified in July last year, our initiatives taken across environmental, social, and governance categories, and assessments of opportunities we have undertaken. Led by the Sustainability Committee and the Sustainability Promotion Office, which was established in July last year, we will continue to drive our management efforts toward the realization of a sustainable society.

Third, in October 2024, we renewed our sustainability page. The updated page provides disclosures on the Group's sustainability promotion framework, the material issues identified in July last year, our initiatives taken across environmental, social, and governance categories, and assessments of opportunities we have undertaken.

Led by the Sustainability Committee and the Sustainability Promotion Office, which was established in July last year, we will continue to drive our management efforts toward the realization of a sustainable society.

Structure for Promoting Sustainability



We have integrated ESG aspects into our management strategy. To implement sustainability-focused management with a long-term perspective, we have established the Sustainability Committee and five specialized committees.

In July 2024, we established Sustainability Promotion Office to support the activities of each Group company.

Sustainability: Identification of Material Issues

Sustainability: Identification of Material Issues

MEDIUS

June 2023: Sustainability Committee inaugurated

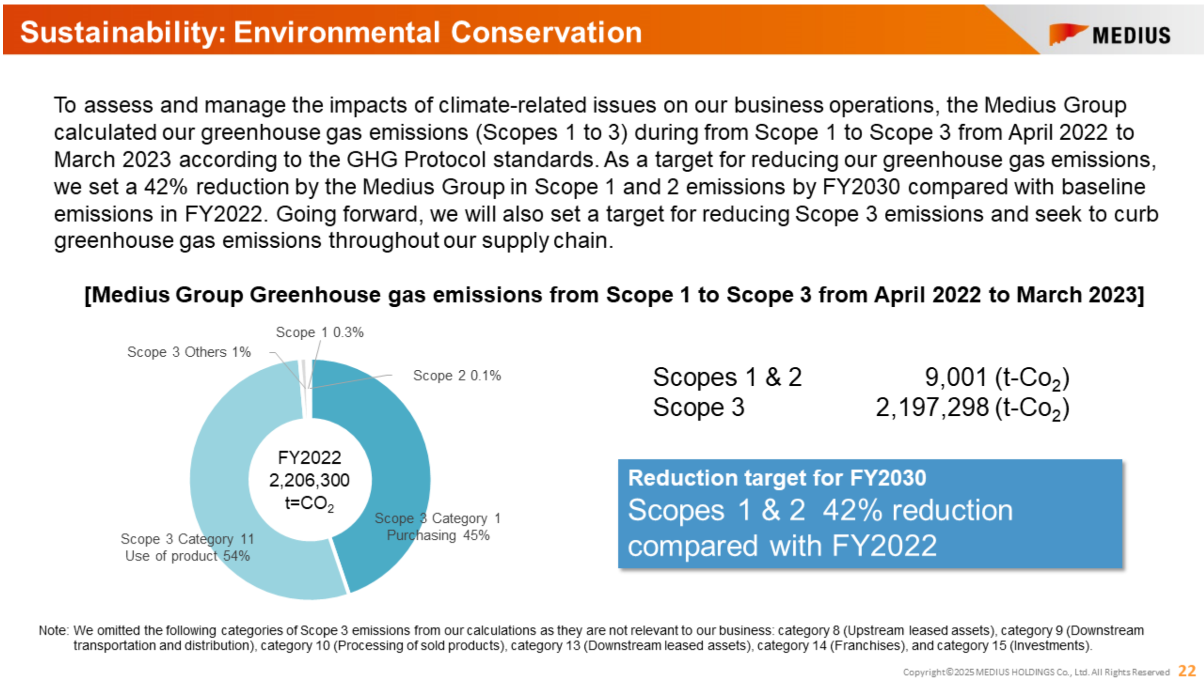
	Material Issues	Subtopics
1	**Stable supplying reliable medical and nursing care equipment**	• Select and supply products that are high-quality, safe, and reasonably priced
		• Ensure rapid, stable delivery of supplies required for provision of medical and nursing care
		• Create a structure for delivery of supplies that can respond to emergencies such as natural disasters or another infectious disease
		• Join forces with our suppliers to fulfill our societal responsibilities and contribute to society
2	**Supporting medical and nursing care transform by using our imagination.**	• Provide our total solutions service to help with medical and nursing care business management
		• Take local characteristics into account when helping to provide information to the front lines of medical and nursing care and develop infrastructure
3	**Conserving environment**	• Act on global warming
		• Implement measures to establish a circular economy
4	**Promoting human resource development that leads to value creation.**	• Establish and maintain appropriate relations between management and workers, and promote occupational health and safety
		• Promote increased understanding and protection of human rights, and create workplaces and systems that enable active participation by a diverse range of human resources
		• Develop an HR system, and education and training programs, that enable both individuals and the Company to grow
5	**Balancing sustainable trust and growth.**	• Maintain compliance and prevent corruption
		• Strengthen governance and risk management
		• Reinforce our business foundation and expand our operations
		• Improve disclosure of information on topics such as growth strategies and sustainability strategies

I will explain the progress to date. First, we analyzed and identified issues by referring to international guidelines and evaluation items set by an evaluation organization.

Then, we determined five material issues and 15 subtopics that make up those issues from among those with a high degree of influence. The five material issues are listed on the slide.

From now on, we will prioritize these material issues, set indicators and targets, and accelerate comprehensive efforts across the entire MEDIUS Group.

Sustainability: Environmental Conservation



We calculated greenhouse gas emissions from Scope 1 to Scope 3 in FY2022 to assess and manage the impacts of climate-related issues on our business operations.

As a target for reducing greenhouse gas emissions, we set a 42% reduction in Scope 1 and Scope 2 emissions by FYE 3/2031 compared with baseline emissions in FYE 3/2022.

Sustainability: Promoting the Active Participation of All Human Resources

Sustainability: Promoting the Active Participation of All Human Resources

MEDIUS

(%)

		Results for FYE 6/2023			Results for FYE 6/2024		
		Medius Holdings co., Ltd.	Kuribara Medical Instruments Co., Ltd.	Kuribara Medical Corporation TION	Medius Holdings co., Ltd.	Kuribara Medical Instruments Co., Ltd.	Kuribara Medical Corporation
Ratio of women in management (Note 1)		13.6	11.3	5.7	16.7	12.9	6.3
Ratio of eligible men taking parenting leave (Note 2)		- (Note 3)	15.6	6.3	- (Note 3)	31.3	12.5
Ratio of women's pay to men's pay (Note 1)	All workers	- (Note 4)	57.5	50.7	- (Note 4)	61.7	51.5
	Regular workers	- (Note 4)	64.0	60.4	- (Note 4)	66.3	61.5
	Part-time/fixed-term workers	- (Note 4)	60.3	71.9	- (Note 4)	65.1	75.5

Notes:

1. Ratios are calculated in accordance with the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015).
2. Ratios of eligible men taking parenting leave are calculations of the childcare leave usage ratios in Article 71, paragraph 4-1 of Japan's Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) pursuant to Japan's Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. During the period in question, there were no male employees eligible for parenting leave at Medius Holdings.
4. Ratios of women's pay to men's pay are omitted for Medius Holdings as the Company is not obliged to disclose this information according to the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015).

These are indicators of the diversity of our group's human resources. Although none of them are sufficient overall, they have increased compared to last year. In addition to the legal revisions, The rate of male workers taking childcare leave almost doubled compared to last year, thanks to legal revisions, as well as internal awareness-raising.

We will continue to promote the active participation of diverse human resources with a sense of fulfillment through not only educating our human resources but also creating a comfortable working environment and fostering a corporate culture that respects diversity.

Sustainability: Social Contribution Activities

Sustainability: Social Contribution Activities

MEDIUS

Donation to the UN World Food Programme (WFP) Red Cup Campaign

The Red Cup Campaign subsidizes provision of school meals to improve the nutritional status of children who are not attending school, create opportunities for them to go to school, and increase their motivation to study as a means of enhancing their future lives. Participating companies sell certain products bearing the "Red Cup" mark and donate a portion of the revenue from these products to the campaign.

√The Company donated a portion of the revenue from the ASOURCE® SELECT private brand.

√The Company joined the campaign in April 2023 and donated a total of 10,986,156 yen during the 20 months to December 2024.

ひとりでも多くの子どもたちに学校給食を

ASOURCE [SELECT] × WFP

Donation gift-matching for Médecins Sans Frontières (Doctors without Borders)

We conducted a donation gift-matching campaign, inviting employees to make voluntary donations to which the Company added the same amount again before donating the total. We also added a gift-matching option to our benefits for shareholders, whereby shareholders could indicate their wish to donate their benefits and the Company added an equivalent amount before making the donations.

√The Company started collecting donations from employees in January 2023, and by December 31, 2024, we had donated a total of 3,815,000 yen.

√With respect to Shareholder benefits with a record date of the end of June 2024, the Company donated a total of 176,000 yen, having matched the donations of shareholders who chose the option of contributing to society.

Here is about the social contribution activities that the entire MEDIUS group is involved in.

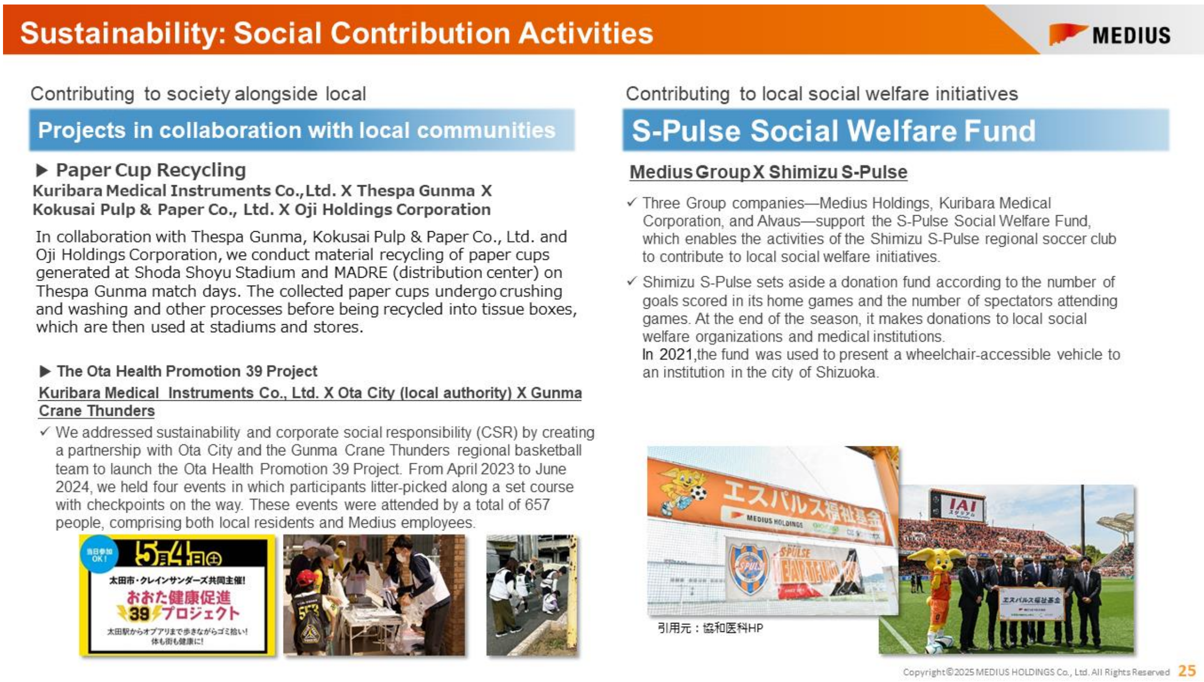
Since 2023, we have been participating in the UN World Food Programme (WFP) Red Cup Campaign, donating a portion of the revenue of our private brand ASOURCE® SELECT. To date, the total amount of donations has exceeded ¥10 million.

In addition, we conduct a donation gift-matching campaign, inviting employees to make voluntary donations to which the Company added the same amount again before donating the total to Médecins Sans Frontières (Doctors Without Borders). Since the program started in 2023, we have donated a total of approximately ¥3.8 million.

Furthermore, we also offer matching gifts to the same organization when shareholders choose to make a social contribution as a shareholder benefit, and last year we donated ¥176,000. We are grateful for the cooperation of our shareholders.

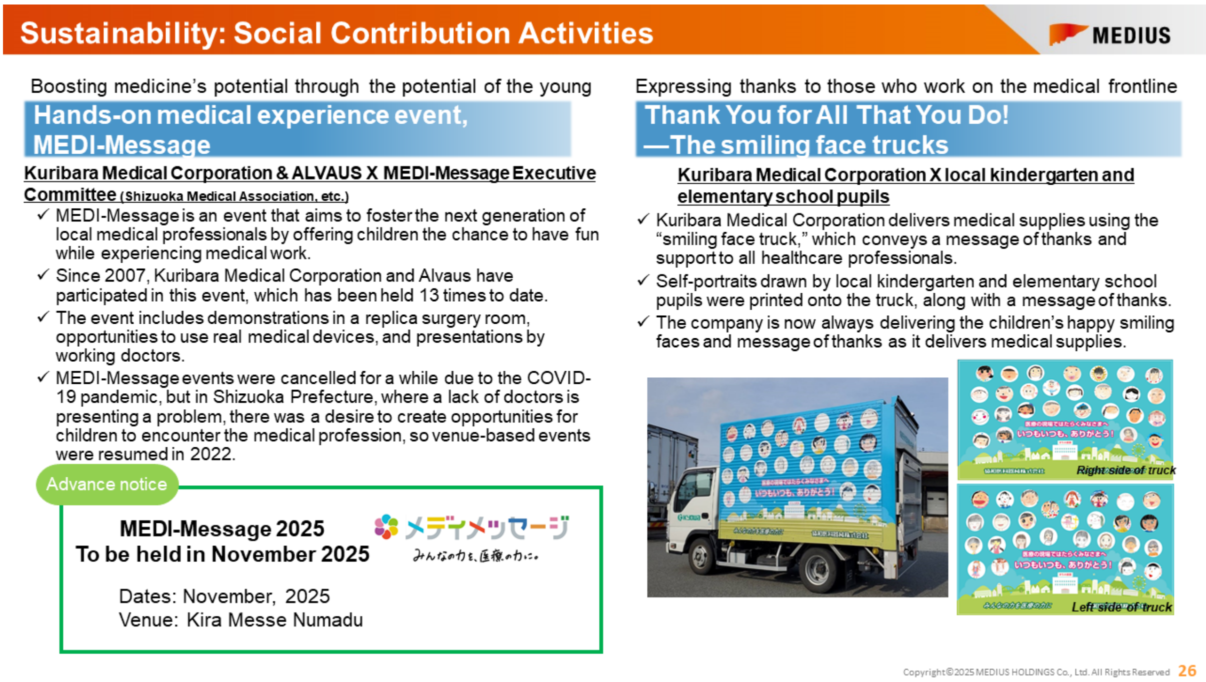
As a company supporting healthy lives and medical care, we would like to continue these social contribution activities in the future.

Sustainability: Social Contribution Activities



Each operating company also carries out a variety of social contribution activities in collaboration with local professional sports teams and government agencies. Please check the slide for details of the activities.

Sustainability: Social Contribution Activities



Kyowa Medical Corporation and ALVAUS, Inc. have been holding events for children to have fun while experiencing medical work. The event has been held 13 times since 2007. Last year, the event was held in October at TWINMESSE SHIZUOKA in Shizuoka City. This year, it is scheduled to be held in November in Numazu City, Shizuoka Prefecture.

We also deliver medical supplies in the *smiling face trucks* that convey a message of thanks and support to all healthcare professionals.

The Medius Holdings Group will continue to grow as a corporate group that contributes to society.

The first part of the presentation ends. Thank you for listening.

Overview of the First Half of the FYE 6/2025

Overview of the First Half of the FYE 6/2025

MEDIUS

Results for 1H FYE 6/2025

Net sales increased compared to the first half of the previous fiscal year due to the increase in consolidated operating companies and the expansion of sales of surgical operations-related products. Although the cost of sales increased due to the effects of exchange rates and other factors, gross profit increased in line with net sales increase.

Net sales	**142.7 billion yen**	(Year-on-year **Up 12.6%**)
Gross profit	**16.8 billion yen**	(Year-on-year **Up 11.5%**)
Operating profit	**0.75 billion yen**	(Year-on-year **Up 10.3%**)

Replacement supplies

- Sales of replacement supplies used in surgery rooms expanded, particularly in the orthopedic field.
- Sales of products in the cardiovascular field expanded, particularly in western Japan.

Medical equipment

- The Company sold large-sized equipment in Yamanashi Prefecture.
- Net sales decreased because there were large-scale new construction projects in the first half of the previous fiscal year.

⇒ Net sales and gross profit increased compared to the first half of the previous fiscal year.

Hiroyuki Akutagawa: Hello everyone, I am Hiroyuki Akutagawa, Director, Senior Managing Executive Officer and General Manager, Corporate Division, Medius Holdings Co., Ltd. I will explain the consolidated financial results.

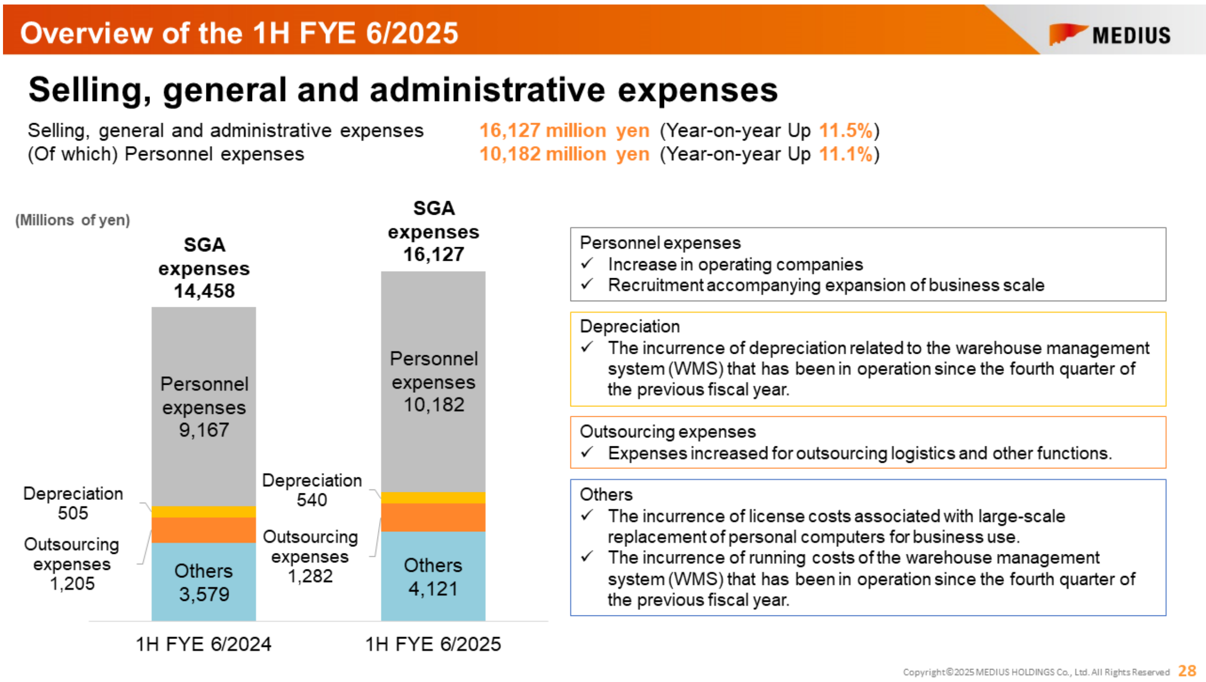
These are the results for 1H FYE 6/2025. Net sales increased compared to the first half of the previous fiscal year due to the increase in consolidated operating companies and the expansion of sales of surgical operations-related products. Although the cost of sales increased due to the effects of exchange rates and other factors, gross profit increased in line with net sales increase.

Net sales increased 12.6 percent YoY to ¥142,700 million, gross profit increased 11.5 percent YoY to ¥16,800 million, and operating profit increased 10.3 percent YoY to ¥750 million.

In terms of replacement supplies, sales of replacement supplies used in surgery rooms expanded, particularly in the orthopedic field. In addition, sales of products in the cardiovascular field expanded, particularly in western Japan.

In terms of medical equipment, the Company sold large-sized equipment in Yamanashi Prefecture. Net sales decreased because there were large-scale new construction projects in the first half of the previous fiscal year.

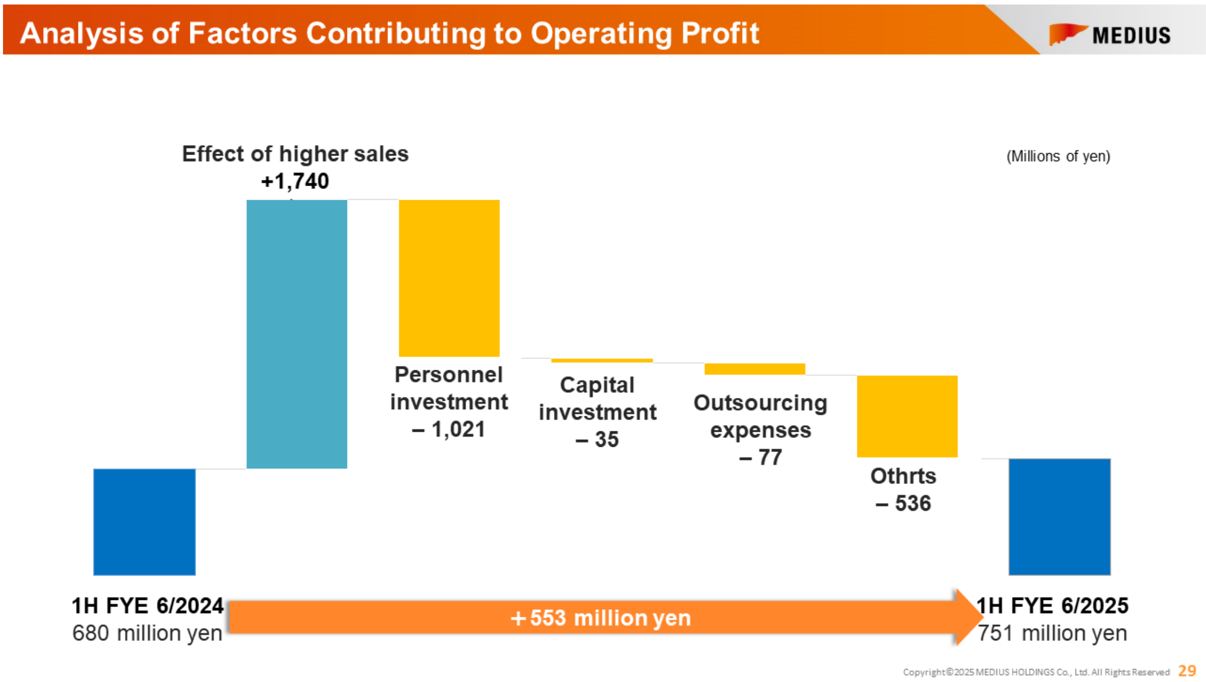
Overview of the First Half of the FYE 6/2025



This is a breakdown in selling, general and administrative expenses. Selling, general and administrative expenses increased 11.5 percent YoY to ¥16,127 million, of which personnel expenses increased 11.1 percent YoY to ¥10,182 million.

Personnel expenses consist of an increase in operating companies and recruitment accompanying expansion of business scale. Depreciation incurred was related to the warehouse management system (WMS) that has been in operation since Q4 of the previous year. In addition, outsourcing expenses increased for outsourcing logistics and other functions.

Analysis of Factors Contributing to Operating Profit



This is an analysis of the increase/decrease in operating profit. There was an increase in revenue of ¥1.74 billion. In contrast, personnel investment was negative ¥1,021 million, capital investment was negative ¥35 million, and outsourcing expenses were negative ¥77 million.

As a result, operating profit for 1H FYE 6/2025 was ¥751 million.

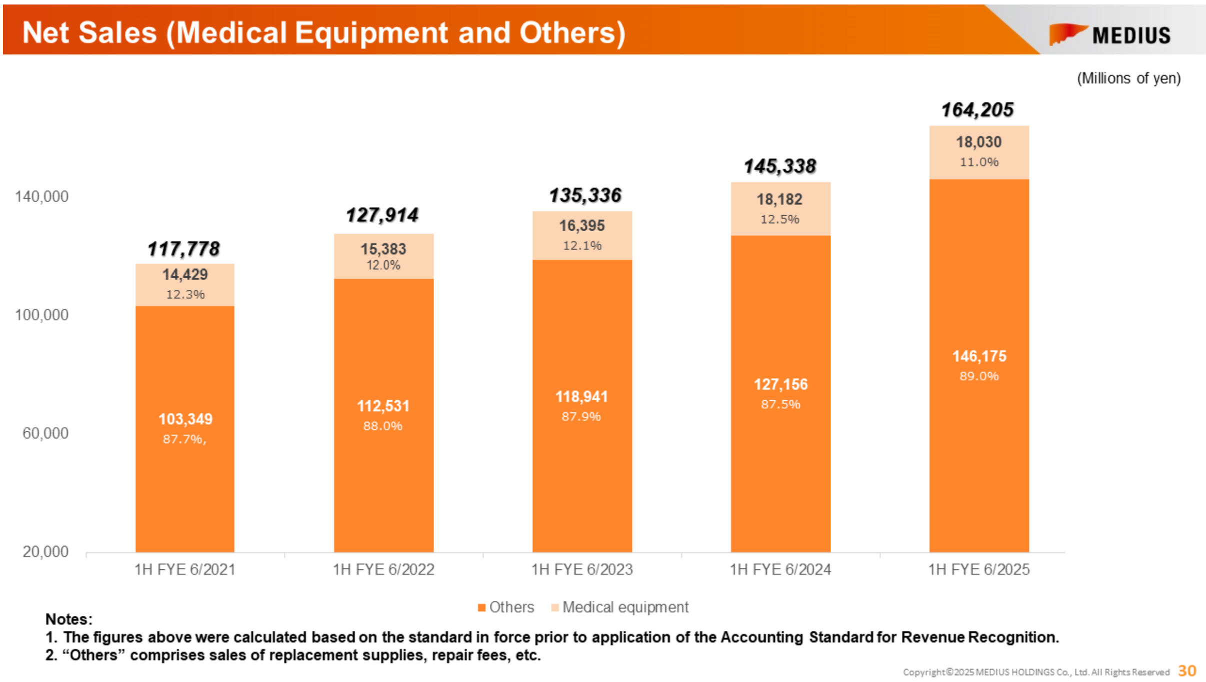
Net Sales by Prefecture

This is a breakdown of net sales by prefecture. Net sales in Yamanashi Prefecture have increased due to the addition of Makoto Medical Systems Inc. to the MEDIUS Group.

Net sales in Osaka and Hyogo prefectures, as well as in the Chugoku region and Fukuoka Prefecture, which are included in the other category, have increased due to Althent Inc. expanding its sales in the cardiovascular field and other areas in western Japan.

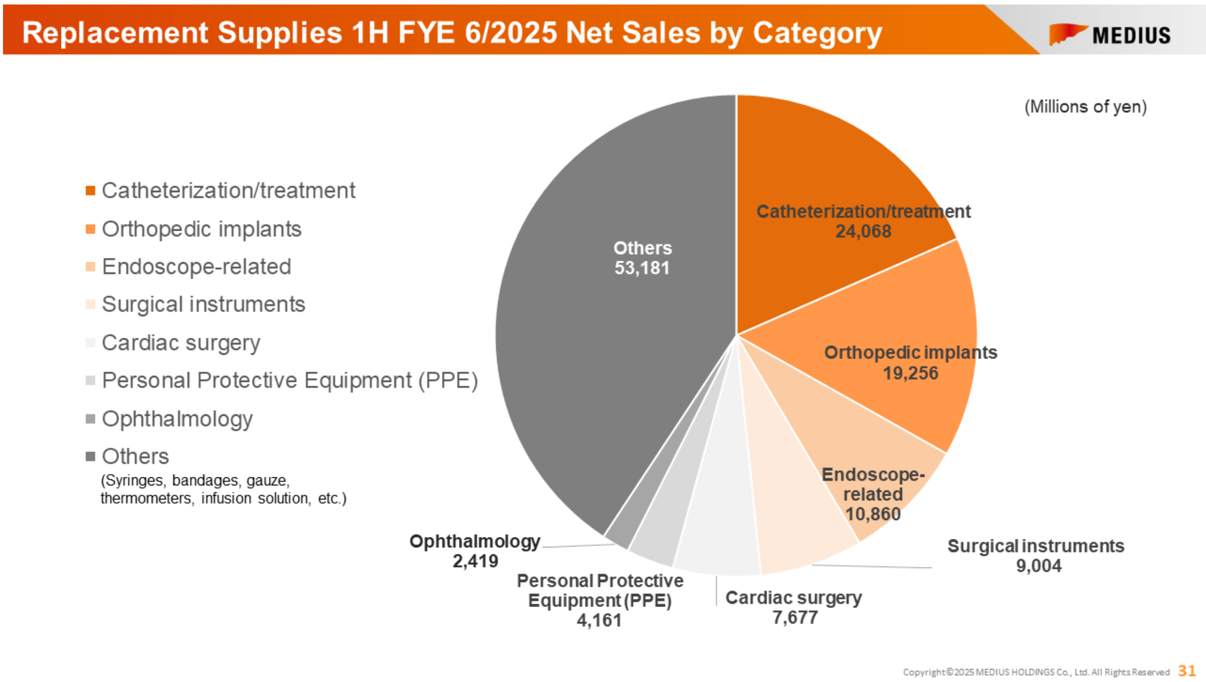
Net sales in Shizuoka Prefecture have decreased in the current period due to the large-scale new construction projects in the previous period.

Net Sales (Medical Equipment and Others)



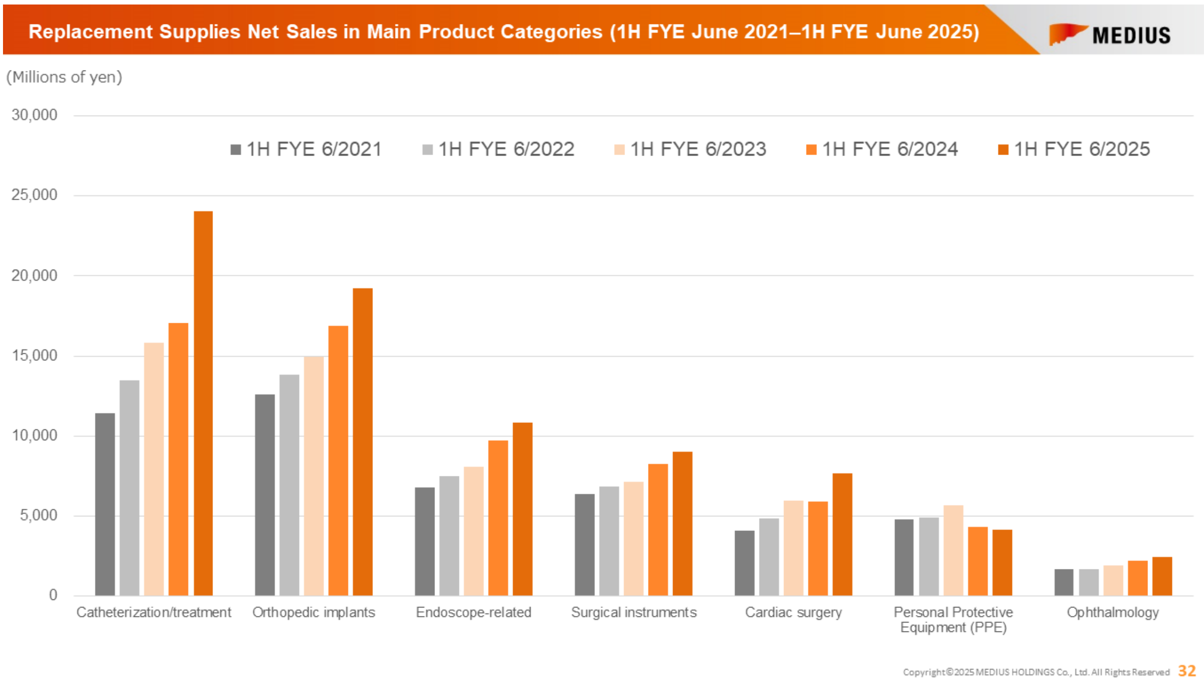
The graph on the slide shows the change in net sales over the past five years.

Replacement Supplies 1H FYE 6/2025 Net Sales by Category



The breakdown of net sales by category for replacement supplies is as shown.

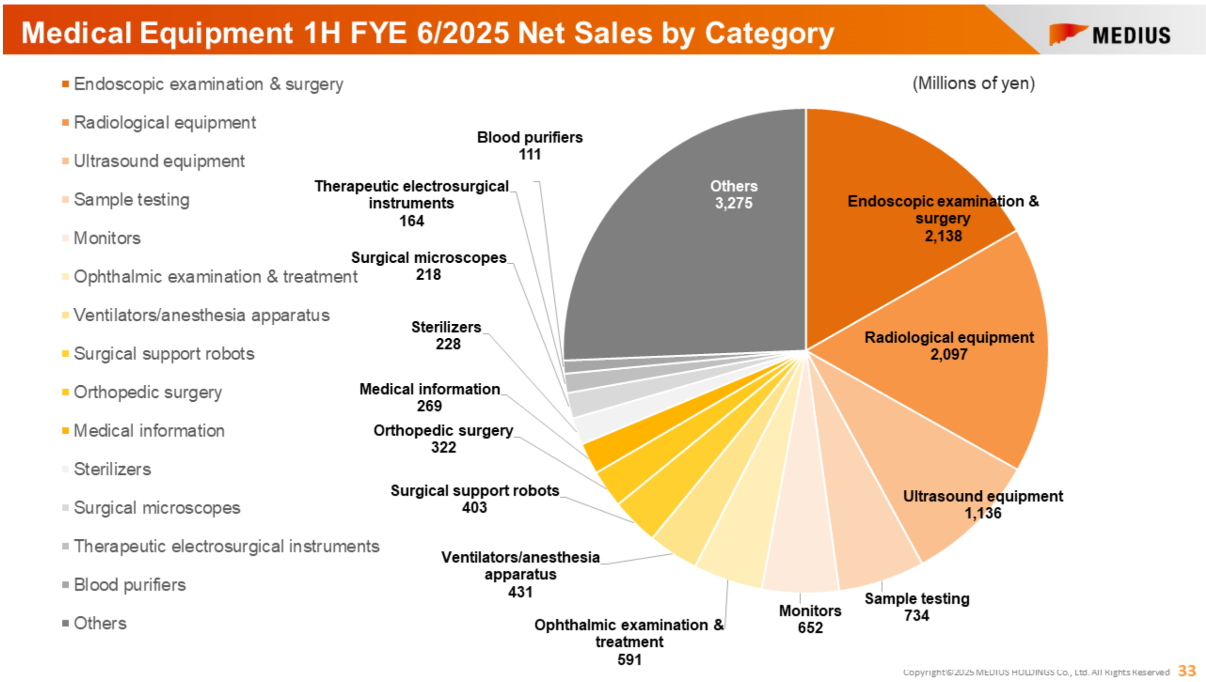
Replacement Supplies Net Sales in Main Product Categories (1H FYE 6/2021-1H FYE 6/2025)



Net sales for catheterization/treatment have increased due to the influence of Althent Inc., which is mainly active in western Japan.

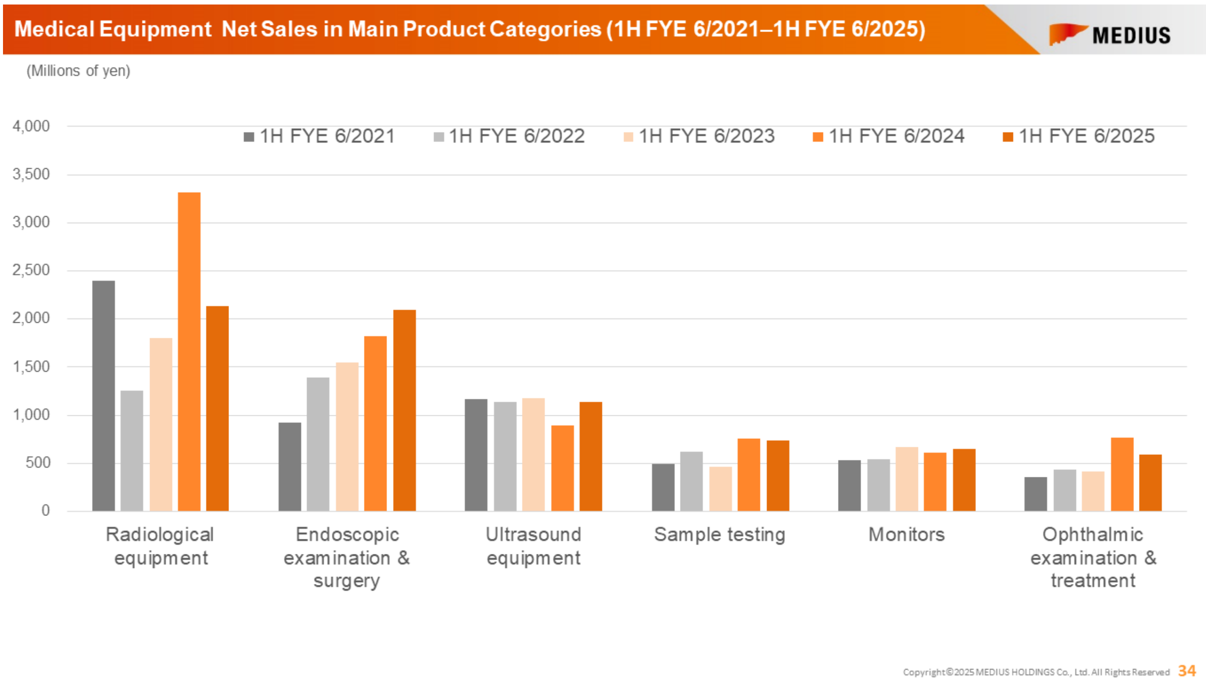
We have also been able to increase sales of orthopedic implants in the same way as the previous year. Net sales for other endoscope-related products, surgical instruments and cardiac surgery have also increased.

Medical Equipment 1H FYE 6/2025 Net Sales by Category



Net sales by category of medical equipment are as shown in the slide.

Medical Equipment Net Sales in Main Product Categories (1H FYE 6/2021-1H FYE 6/2025)



This is a breakdown of net sales in main product categories. Sales of radiological equipment have decreased because there were no new construction projects in the current period, as there were in the previous period.

In terms of endoscopic examination & surgery and sample testing, endoscopy-related sales have increased in the current period.

FYE 6/2025 Full-Year Financial Results Outlook

FYE 6/2025 Full-Year Financial Results Outlook

MEDIUS

FYE June 2025 Financial Results Outlook

(Millions of yen)

	FYE 6/2024	FYE 6/2025	
	Full-year	Full-year (Plan)	YoY
Net sales	259,789	280,000	107.8%
Operating profit	1,327	1,400	105.5%
Ordinary profit	1,750	2,000	114.3%
Profit attributable to owners of parent	1,124	1,280	113.8%
Ratio of operating profit to net sales	0.5%	0.5%	–

The outlook for the full fiscal year of FYE6/2025 is ¥280,000 million in net sales, ¥1,400 million in operating profit, ¥2,000 million in ordinary profit, and ¥1,280 million in net income. There is no change from the most recently announced earnings forecast.

Full-Year Financial Results Outlook for the FYE 6/2025

Full-Year Financial Results Outlook for the FYE 6/2025: Further Information MEDIUS

FYE 6/2025 Financial Results Outlook

- Net sales & gross profit
  - ✓ Throughout the year, we expect to record results from further expansion of our market area in western Japan and the addition of a new operating company to the Medius Group.
  - ✓ We expect increased net sales from expanded deployment of solutions and acquisition of new SPD contracts.
  - ✓ We expect to continue securing new opportunities to supply products, particularly in the orthopedic surgery field, as examinations and surgeries increase.
  - ✓ We expect the cost of sales to increase due to yen depreciation and other factors, but we will compensate for this by improving profitability through reinforced sales efforts, thereby maintaining the gross profit margin at around the same level as in the previous fiscal year.
- Operating profit, ordinary profit, and profit attributable to owners of parent
  - ✓ We expect to continue regularly hiring human resources and raising basic wage at major subsidiaries in line with business scale expansion.
  - ✓ We expect to continue relocating and opening sales offices.
  - ✓ Throughout the year, we expect to record costs related to the warehouse management system that started operation in the fourth quarter of FYE 6/2024.
  - ✓ We expect increased logistics costs due to higher sales volumes.
  - ✓ We plan to record income from the subsidy relating to the distribution center that started operation in May 2022 as non-operating income in equal instalments over the distribution center's amortization period.

In terms of net sales and gross profit for FYE6/2025, throughout the year, we expect to record results from further expansion of our market area in western Japan and the addition of a new operating company to the MEDIUS Group. We also expect increased net sales from expanded deployment of solutions and acquisition of new SPD contracts.

In terms of operating profit, ordinary profit, and profit attributable to parent company shareholders, we expect to continue regularly hiring human resources and raising basic wage at major subsidiaries in line with business scale expansion. We also expect to continue relocating and opening sales offices.

In addition, throughout the year, we expect to record costs related to the warehouse management system that started operation in Q4 FYE6/2024. Furthermore, we expect increased logistics costs due to higher sales volumes.

Dividend Payout Ratio and Policy

Dividend Payout Ratio and Policy

MEDIUS

Dividend payout ratio

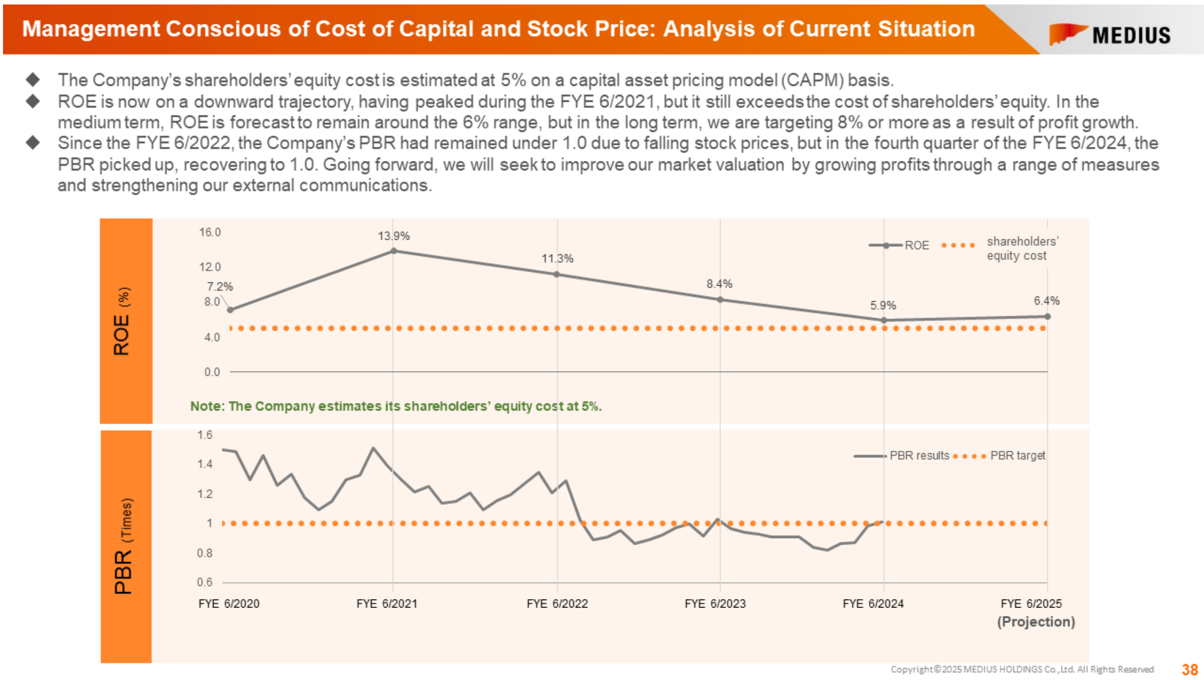
The Company's basic policy is to distribute the results commensurate with its growth while securing the internal reserves necessary to maintain stable growth over the medium to long term. To this end, the Company pays dividends with a target consolidated **dividend payout ratio of 30% or more**.

	FYE 6/2018	FYE 6/2019	FYE 6/2020	FYE 6/2021	FYE 6/2022	FYE 6/2023	FYE 6/2024	FYE 6/2025 (Projection)
Dividend per share (Initial projection)	14.0	14.0	14.0	14.0	14.0	14.0	14.0	19.0
Dividend per share	14.0	14.0	14.0	21.0	19.0	22.0	21.0	-
Consolidated payout ratio (%)	36.7	—	32.1	22.1	22.3	32.2	41.0	33.0

I will explain the Company's dividend payout ratio and policy. The Company's basic policy is to distribute the results commensurate with its growth while securing the internal reserves necessary to maintain stable growth over the medium to long term. To this end, the Company pays dividends with a target consolidated dividend payout ratio of 30% or more.

We plan to pay a dividend of ¥19 per share for FYE 6/2025.

Management Conscious of Cost of Capital and Stock Price: Analysis of Current Situation

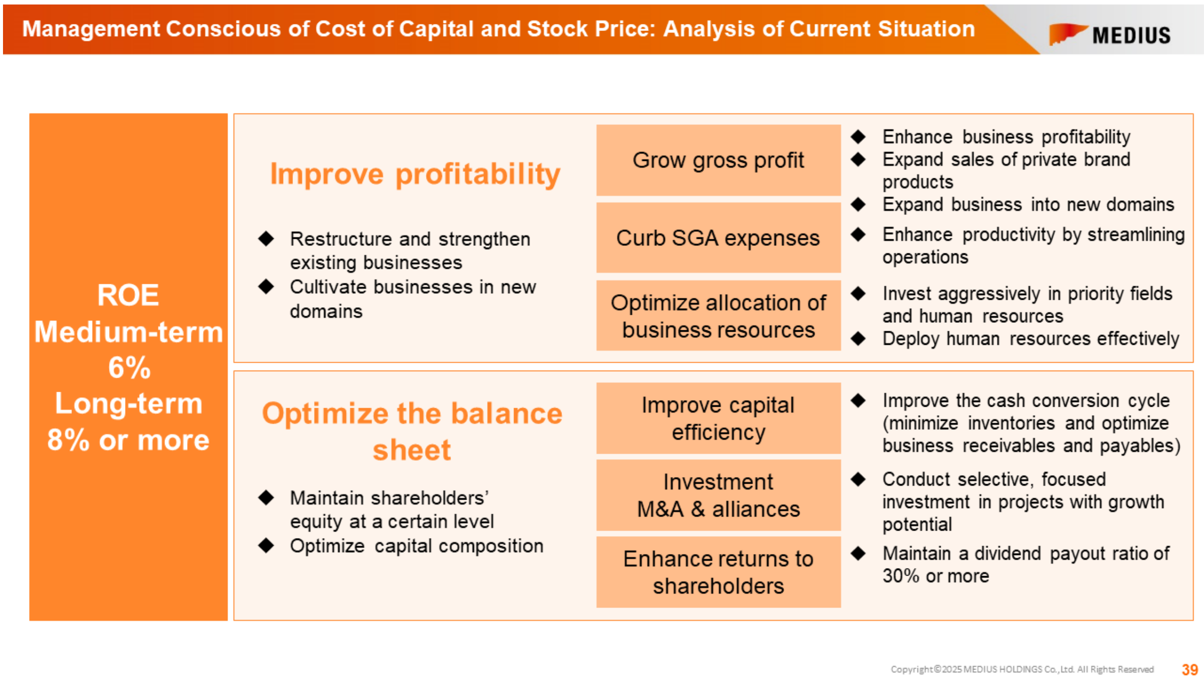


In terms of management conscious of cost of capital and stock price, we recognize the Company's shareholders' equity cost is estimated at 5% on a capital asset pricing model (CAPM) basis.

ROE is now on a downward trajectory, having peaked during FYE6/2021, but it still exceeds the cost of shareholders' equity. In the medium term, ROE is forecast to remain around the 6% range, but in the long term, we are targeting 8% or more as a result of profit growth.

Since FYE6/2022, the Company's PBR had remained under 1.0 due to falling stock prices, but in Q4 FYE6/2024, the PBR picked up, recovering to 1.0. Going forward, we will seek to improve our market valuation by growing profits through a range of measures and strengthening our external communications.

Management Conscious of Cost of Capital and Stock Price: Analysis of Current Situation



We aim to achieve a medium-term ROE of 6% and a long-term ROE of 8% or more. To achieve it, we will improve profitability and optimize our balance sheet.

This is the end of my presentation. Thank you for your kind attention.