Summary of Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2025

August 1, 2024

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

MEDIPAL HOLDINGS CORPORATION Stock exchange listing: Tokyo
Code number: 7459 https://www.medipal.co.jp
Representative: Shuichi Watanabe, President and CEO Phone: +81-3-3517-5171
Contact: Yuji Sakon, Director and General Manager of Administration Division
Start of Distribution of Dividends (scheduled): —
Preparation of Supplementary Materials for the Quarterly Financial Results: Yes
Presentation Meeting for Quarterly Financial Results: No

(All amounts are rounded down to the nearest million yen.)

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to June 30, 2024)

(1) Sales and Income (Percentages represent change compared with the corresponding period of the previous fiscal year.)

	Net sales (¥ million)	Year-on-year change (%)	Operating profit (¥ million)	Year-on-year change (%)	Ordinary profit (¥ million)	Year-on-year change (%)
Three months ended June 30, 2024	909,317	2.5	13,283	7.1	16,916	1.4
Three months ended June 30, 2023	886,737	5.8	12,401	(8.3)	16,676	(5.2)

(Note) Comprehensive income: Three months ended June 30, 2024:¥15,102 million (–33.0%)
Three months ended June 30, 2023:¥22,531 million (41.1%)

	Profit attributable to owners of parent (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Three months ended June 30, 2024	9,008	(19.5)	42.96	—
Three months ended June 30, 2023	11,188	35.3	52.32	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As pf June 30, 2024	1,814,497	741,635	33.3	2,890.24
As of March 31, 2024	1,799,127	736,612	33.4	2,858.57

(Reference) Net worth: As of June 30, 2024:¥604,141 million
As of March 31, 2024:¥600,349 million

2. Cash Dividends

	Dividends per share (¥)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Year ended March 31, 2024	—	30.00	—	30.00	60.00
Year ending March 31, 2025	—				
Year ending March 31, 2025 (est.)		30.00	—	30.00	60.00

Note: Revisions to projected dividends announced on May 14, 2024: None

3. Forecast of Consolidated Results for Fiscal 2025 (April 1, 2024 - March 31, 2025)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full term	3,660,000	2.8	50,000	5.6	66,000	2.2	33,500	(19.2)	160.87

Note: Revisions to forecast announced on May 14, 2024: None

At the Board of Directors meeting held on May 14, 2024, the Company resolved to undertake a share buyback. "Earnings per share" in the forecast of consolidated results for the fiscal year ending March 31, 2025 takes into consideration the impact of this share buyback.

Notes

(1) Significant changes in scope of consolidation in the three months ended June 30, 2024: Yes
Subsidiaries added to the scope of consolidation: 2 (PreMedica Inc. and FloraDiscovery Inc.)
Subsidiaries removed from the scope of consolidation: None

Note: We acquired the shares of PreMedica Inc. and have therefore included the company and its subsidiary, FloraDiscovery Inc., in the scope of consolidation from the first quarter of the fiscal year ending March 31, 2025. The deemed acquisition date is June 30, 2024 and these companies have only been consolidated on the Consolidated Balance Sheets for the first quarter of the fiscal year ending March 31, 2025.

(2) Application of accounting methods specific to preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies and changes in/restatements of accounting estimates
(a) Changes in accounting policies due to revisions of accounting standards: None
(b) Changes in accounting policies other than (a) above: None
(c) Changes in accounting estimates: None
(d) Restatements: None

(4) Number of shares issued and outstanding (common stock)

(a) Number of shares issued at the end of the period (including treasury stock)	Three months ended June 30, 2024	221,291,342	Year ended March 31, 2024	221,291,342
(b) Number of treasury shares at the end of the period	Three months ended June 30, 2024	12,263,339	Year ended March 31, 2024	11,274,274
(c) Average number of shares during the period	Three months ended June 30, 2024	209,722,699	Three months ended June 30, 2023	213,835,767

* Accompanying Quarterly Consolidated Financial Statements Audited by a Certified Public Accountant or Audit Firm: Yes (discretionary)

* Cautionary Remarks Regarding Proper Use of Projected Results and Other Items
The forecast of consolidated results is based on information at the time of this announcement. Actual results may differ from the figures in the forecast owing to a wide range of factors.

(How to Access Supplemental Materials for Financial Results)
The materials will be posted in "IR Library" on the MEDIPAL HOLDINGS CORPORATION ("MEDIPAL") website.

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1. Overview of Results of Operations, Etc.

(1) Overview of Results of Operations

Consolidated results for the first three months ended June 30, 2024 are as follows.

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Difference	YoY change (%)
Net sales	886,737	909,317	+22,579	+2.5
Gross profit	59,336	62,598	+3,261	+5.5
[Percentage of sales]	[6.69%]	[6.88%]	[+0.19 pts]	
Selling, general and administrative expenses	46,935	49,314	+2,378	+5.1
[Percentage of sales]	[5.29%]	[5.42%]	[+0.13 pts]	
Selling, general and administrative expenses (excluding (i) and (ii) below)	46,421	48,760	+2,339	+5.0
(i) Business investment and other expenses	—	39	+39	—
(ii) Amortization of goodwill and intangible assets*	514	514	—	—
Operating profit	12,401	13,283	882	+7.1
[Percentage of sales]	[1.40%]	[1.46%]	[+0.06 pts]	
Operating profit excluding (i) and (ii) above	12,915	13,837	+922	+7.1
Ordinary profit	16,676	16,916	+240	+1.4
Extraordinary income	3,287	450	(2,836)	(86.3)
Profit before income taxes	19,963	17,367	(2,596)	(13.0)
Profit attributable to owners of parent	11,188	9,008	(2,179)	(19.5)

* Amortization of goodwill and intangible assets associated with growth investments set forth in the 2027 MEDIPAL Medium-Term Vision

Net sales

Net sales rose by ¥22,579 million (2.5%) year on year to ¥909,317 million.

- In the Prescription Pharmaceutical Wholesale Business, sales increased by ¥12,638 million (2.2%), while in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, sales rose by ¥9,395 million (3.2%), and in the Animal Health Products and Food Processing Raw Materials Wholesale Related Business, sales increased by ¥669 million (2.3%), resulting in sales growth across all business segments compared to the same period of the previous fiscal year.

Operating profit

Operating profit rose by ¥882 million (7.1%) year on year to ¥13,283 million.

- Gross profit increased by ¥3,261 million (5.5%), mainly due to the contribution of business expansion at MEDISKET CORPORATION (Misato-shi, Saitama; "MEDISKET"), in addition to the increase in sales. The ratio of gross profit to sales increased to 6.88%, outperforming the first quarter of the previous fiscal year (6.69%) by 0.19 percentage points.
- SG&A increased by ¥2,378 million (5.1%) due mainly to business expansion at MEDISKET.

Ordinary profit

Ordinary profit rose by ¥240 million (1.4%) year on year to ¥16,916 million.

- While net non-operating income decreased by ¥642 million, mainly due to a decline in the share of profit of entities accounted for using equity method, the growth in operating profit added to the increase in ordinary profit.

Profit attributable to owners of parent

Profit attributable to owners of parent decreased by ¥2,179 million (19.5%) year on year to ¥9,008 million.

- Extraordinary income decreased by ¥2,836 million year on year. This decrease reflected the comparison with the first quarter of the previous fiscal year, ¥1,944 million in compensation income associated with the relocation of Head Office[1] were recorded as extraordinary income as well as when a gain on step acquisition related to the consolidation of Toshichi[2] in the amount of ¥1,253 million .

Definition of Terms:

1. MEDIPAL relocated its Head Office on February 13, 2023 in line with the redevelopment plan for the Yaesu 2-chome Central District. Compensation related with this relocation received from the association in charge of the redevelopment has been recognized as "compensation income."

2. The difference between the book value and fair value of the Toshichi shares held prior to the consolidation due to share transfer on April 3, 2023 has been recognized as "gain on step acquisitions."

Prescription Pharmaceutical Wholesale Business

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Difference	YoY change (%)
Net sales	565,246	577,884	+12,638	+2.2
Gross profit [Percentage of sales]	33,442 [5.92%]	36,061 [6.24%]	+2,619 [+0.32 pts]	+7.8
Selling, general and administrative expenses [Percentage of sales]	28,796 [5.09%]	31,025 [5.37%]	+2,228 [+0.27pts]	+7.7
Selling, general and administrative expenses (excluding the following)	28,796	30,985	+2,188	+7.6
Business investment and other expenses	—	39	+39	—
Operating profit [Percentage of sales]	4,645 [0.82%]	5,036 [0.87%]	+390 [+0.05 pts]	+8.4
Operating profit excluding above business investment expenses	4,645	5,076	+430	+9.3

Net sales

Net sales rose by ¥12,638 million (2.2%) year on year to ¥577,884 million.

- The growth in net sales resulted from year on year growth in the prescription pharmaceutical market mainly due to the increase in opportunities for medical appointments at medical institutions after COVID-19 was reclassified to a Class 5 infectious disease and from business expansion at MEDISKET, despite the impact of NHI drug price revisions in April 2024 and the decrease in sales of therapeutic drugs used to treat COVID-19.

Operating profit

Operating profit rose by ¥390 million (8.4%) year on year to ¥5,036 million.

- Gross profit increased by ¥2,619 million (7.8%), mainly owing to business expansion at MEDISKET, in addition to the growth in sales. The ratio of gross profit to sales increased to 6.24%, outperforming the first quarter of the previous fiscal year (5.92%) by 0.32 percentage points.
- SG&A increased by ¥2,228 million (7.7%), mainly due to business expansion at MEDISKET.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Difference	YoY change (%)
Net sales	293,519	302,914	+9,395	+3.2
Gross profit [Percentage of sales]	21,702 [7.39%]	22,349 [7.38%]	+646 [(0.02 pts)]	+3.0
Selling, general and administrative expenses [Percentage of sales]	14,730 [5.02%]	14,920 [4.93%]	+190 [(0.09 pts)]	+1.3
Operating profit [Percentage of sales]	6,972 [2.38%]	7,428 [2.45%]	+456 [+0.08 pts]	+6.5

Net sales

Net sales rose by ¥9,395 million (3.2%) year on year to ¥302,914 million.

- The use of data and other efforts to implement targeted sales activities according to the trends in market demand resulted in the growth in sales. Such trends included the tendency of consumers to economize, growth in demand for leisure activities and other outings, and growth in inbound demand, amid the lingering impact from the decrease in demand for products related to COVID-19.

Operating profit

Operating profit rose by ¥456 million (6.5%) year on year to ¥7,428 million.

- Gross profit increased by ¥646 million (3.0%), along with the growth in sales.
- SG&A increased by ¥190 million due to soaring logistics expenses and active investment in human resources, while SG&A as a percentage of sales improved by 0.09 percentage points to 4.93% due to the effect of absorbing fixed costs.

Animal Health Products and Food Processing Raw Materials Wholesale Related Business

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Difference	YoY change (%)
Net sales	28,875	29,545	+669	+2.3
Gross profit	4,212	4,199	(12)	(0.3)
[Percentage of sales]	[14.59%]	[14.21%]	[(0.37 pts)]	
Selling, general and administrative expenses	3,380	3,514	+134	+4.0
[Percentage of sales]	[11.71%]	[11.90%]	[+0.19 pts]	
Selling, general and administrative expenses	2,866	3,000	+134	+4.7
(excluding the following)	514	514	—	—
Amortization of goodwill and intangible assets*				
Operating profit	831	684	(147)	(17.7)
[Percentage of sales]	[2.88%]	[2.32%]	[(0.56 pts)]	
Operating profit excluding the above amortization	1,346	1,198	(147)	(10.9)

* Amortization of goodwill and intangible assets associated with growth investments set forth in the 2027 MEDIPAL Medium-Term Vision

Net sales

Net sales rose by ¥669 million (2.3%) year on year to ¥29,545 million.

- The business environment for the Animal Health Products Wholesale Business remained severe due to a decline in the desire to purchase animal health products accompanying soaring feed prices caused by rising crop prices and yen weakness, and the decrease in product sales related to avian influenza. In the Food Processing Raw Materials Wholesale and Related Business, markets related to food materials saw a surge in demand following the reclassification of COVID-19 as a Class 5 infectious disease and signs of a rebound in the semiconductor and industrial chemical markets also boosted sales.

Operating profit

Operating profit decreased by ¥147 million (17.7%) year on year to ¥684 million.

- Gross profit decreased by ¥12 million (0.3%), mainly owing to the severe environment for the Animal Health Products Wholesale Business. The ratio of gross profit to sales fell by 0.37 percentage points to 14.21% from the first quarter of the previous fiscal year (14.59%).
- SG&A rose by ¥134 million (4.0%). In the Animal Health Products Wholesale Business, the increase resulted mainly from wage increases, hiring more sales personnel. In the Food Processing Raw Materials Wholesale and Related Business, the increase resulted from an increase in depreciation due to core system upgrades and an increase in research expenses related to new product development.

Note: Segment sales include inter-segment transactions.

(2) Overview of Financial Position

Assets

Total assets were ¥1,814,497 million, an increase of ¥15,370 million from the end of the previous fiscal year. Current assets rose by ¥6,605 million from the end of the previous fiscal year to ¥1,250,795 million. This was mainly due to a decrease of ¥12,949 million in cash and deposits, and to an increase of ¥17,888 million in notes and accounts receivable and ¥3,946 million in Merchandise and finished goods.

Non-current assets increased by ¥8,765 million from the end of the previous fiscal year to ¥ 563,702 million. This was mainly due to an increase of ¥4,340 million in investment securities because of a revaluation of listed stocks after share prices rose.

Liabilities

Liabilities totaled ¥1,072,861 million, an increase of ¥10,349 million from the end of the previous fiscal year.

Current liabilities increased by ¥9,632 million from the end of the previous fiscal year to ¥1,017,351 million. This was mainly due to an increase of ¥24,345 million in notes and accounts payable -trade, a decrease of ¥3,268 million in income taxes payable, and a decrease of ¥7,476 million in accounts payable (other current liabilities).

Non-current liabilities increased by ¥714 million from the end of the previous fiscal year to ¥55,510 million. This was mainly due to an increase of ¥520 million in deferred tax liabilities (other non-current liabilities) because of a revaluation of listed stocks after share prices rose.

Net assets

Net assets were ¥741,635 million, an increase of ¥5,023 million from the end of the previous fiscal year.

Shareholders' equity increased by ¥446 million from the end of the previous fiscal year to ¥540,712 million. This increase was mainly due to an increase of ¥278 million in retained earnings and the acquisition of treasury stock of ¥2,261 million.

Accumulated other comprehensive income increased by ¥3,345 million from the end of the previous fiscal year to ¥63,429 million. This was mainly due to an increase of ¥3,051 million in valuation difference on available-for-sale securities because of a revaluation of listed stocks after share prices rose.

Non-controlling interests increased by ¥1,229 million from the end of the previous fiscal year to ¥137,492 million, mainly due to an increase in net assets at PALTAC CORPORATION.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen, rounded down to the nearest million)

	As of March 31, 2024	As of June 30, 2024
ASSETS		
Current assets		
Cash and deposits	230,154	217,205
Notes and accounts receivable – trade	758,084	775,972
Securities	316	313
Merchandise and finished goods	172,030	175,976
Other	83,734	81,452
Allowance for doubtful accounts	(129)	(125)
Total current assets	1,244,190	1,250,795
Non-current assets		
Property, plant and equipment:		
Buildings and structures, net	108,911	107,626
Land	117,324	117,324
Other, net	44,717	43,924
Total property, plant and equipment	270,953	268,875
Intangible assets		
Goodwill	11,625	14,146
Customer-related intangible assets	17,653	17,337
Other	9,736	10,059
Total intangible assets	39,014	41,543
Investments and other assets		
Investment securities	210,865	214,121
Other	34,749	39,806
Allowance for doubtful accounts	(645)	(645)
Total investments and other assets	244,969	253,283
Total non-current assets	554,937	563,702
Total assets	1,799,127	1,814,497

(Millions of yen, rounded down to the nearest million)

	As of March 31, 2024	As of June 30, 2024
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	924,297	948,643
Income taxes payable	13,630	10,362
Provision for bonuses	8,035	5,741
Provision for loss on disaster	453	324
Provision for loss on Anti-Monopoly Act	5,704	5,704
Other	55,596	46,575
Total current liabilities	1,007,719	1,017,351
Non-current liabilities		
Retirement benefit liability	16,583	16,508
Other	38,212	39,002
Total non-current liabilities	54,796	55,510
Total liabilities	1,062,515	1,072,861
NET ASSETS		
Shareholders' equity		
Share capital	22,398	22,398
Capital surplus	99,807	99,807
Retained earnings	439,315	442,023
Treasury shares	(21,254)	(23,516)
Total shareholders' equity	540,265	540,712
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,347	73,399
Deferred gains or losses on hedges	(3)	(5)
Revaluation reserve for land	(13,415)	(13,415)
Foreign currency translation adjustment	1,908	2,272
Remeasurements of defined benefit plans	1,246	1,178
Total accumulated other comprehensive income	60,083	63,429
Share acquisition rights	―	1
Non-controlling interests	136,263	137,492
Total net assets	736,612	741,635
Total liabilities and net assets	1,799,127	1,814,497

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

(Consolidated First Quarter Cumulative Period)

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	886,737	909,317
Cost of sales	827,400	846,718
Gross profit	59,336	62,598
Selling, general and administrative expenses		
Salaries and allowances	17,281	18,247
Welfare expenses	3,367	3,664
Provision for bonuses	3,483	3,573
Retirement benefit expenses	978	733
Distribution expenses	4,889	5,921
Rent expenses on land and buildings	1,195	1,215
Depreciation	3,307	3,348
Other	12,431	12,610
Total selling, general and administrative expenses	46,935	49,314
Operating profit	12,401	13,283
Non-operating income		
Interest income	3	5
Dividend income	852	876
Research fee income	2,224	2,171
Rental income from real estate	536	610
Share of profit of entities accounted for using equity method	701	171
Other	326	342
Total non-operating income	4,646	4,178
Non-operating expenses		
Interest expenses	2	1
Rental expenses on real estate	278	412
Other	90	131
Total non-operating expenses	371	545
Ordinary profit	16,676	16,916
Extraordinary income		
Gain on sale of non-current assets	0	―
Gain on step acquisitions	1,253	―
Gain on sale of investment securities	140	462
Compensation income	1,944	―
Other	―	28
Total extraordinary income	3,338	490
Extraordinary losses		
Loss on sale and retirement of non-current assets	5	1
Impairment losses	21	36
Loss on valuation of investment securities	17	1
Other	6	0
Total extraordinary losses	51	40
Profit before income taxes	19,963	17,367
Income taxes – current	9,654	10,176
Income taxes – deferred	(3,638)	(4,817)
Total income taxes	6,016	5,359
Profit	13,946	12,007
Profit attributable to non-controlling interests	2,758	2,998
Profit attributable to owners of parent	11,188	9,008

Quarterly Consolidated Statements of Comprehensive Income

(Consolidated First Quarter Cumulative Period)

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	13,946	12,007
Other comprehensive income		
Valuation difference on available-for-sale securities	7,715	2,621
Deferred gains or losses on hedges	210	(1)
Remeasurements of defined benefit plans, net of tax	49	(79)
Share of other comprehensive income of entities accounted for using equity method	608	555
Total other comprehensive income	8,584	3,095
Comprehensive income	22,531	15,102
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,146	12,354
Comprehensive income attributable to non-controlling interests	3,384	2,748

(3) Notes to the Quarterly Consolidated Financial Statements

(Segment Information)

I. Three months ended June 30, 2023

Information on Net Sales and Income or Loss and Revenue Breakdown by Segment

(Millions of yen, rounded down to the nearest million)

	Prescription Pharmaceutical Wholesale Business	Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Animal Health Products and Food Processing Raw Materials Wholesale Related Business	Total	Adjustment (Note 1)	Amount reported in quarterly consolidated statements of income (Note 2)
Net sales						
Sales to outside customers	564,417	293,444	28,875	886,737	—	886,737
Intersegment sales and transfers	828	74	0	903	(903)	—
Total	565,246	293,519	28,875	887,641	(903)	886,737
Segment profit	4,645	6,972	831	12,450	(49)	12,401

Notes: 1. The segment profit adjustment of - ¥49 million includes eliminations of intersegment transactions of ¥706 million and Group-wide expenses of ¥755 million that are not allocated to reportable segments.

2. Segment profit is adjusted to operating profit as reported in the quarterly consolidated statements of income.

II. Three months ended June 30, 2024

Information on Net Sales and Income or Loss and Revenue Breakdown by Segment

(Millions of yen, rounded down to the nearest million)

	Prescription Pharmaceutical Wholesale Business	Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	Animal Health Products and Food Processing Raw Materials Wholesale Related Business	Total	Adjustment (Note 1)	Amount reported in quarterly consolidated statements of income (Note 2)
Net sales						
Sales to outside customers	576,976	302,795	29,544	909,317	—	909,317
Intersegment sales and transfers	908	118	0	1,027	(1,027)	—
Total	577,884	302,914	29,545	910,344	(1,027)	909,317
Segment profit	5,036	7,428	684	13,150	133	13,283

Notes: 1. The segment profit adjustment of ¥133 million includes eliminations of intersegment transactions of ¥754 million and Group-wide expenses of ¥620 million that are not allocated to reportable segments.

2. Segment profit is adjusted to operating profit as reported in the quarterly consolidated statements of income.

(Notes in the Event of Significant Changes in Shareholders' Equity)

None.

(Notes Regarding Assumptions of Going Concern)

None.

(Notes Regarding Quarterly Consolidated Statements of Cash Flows)

We have not prepared consolidated statements of cash flows for the first quarter of the fiscal year ending March 31, 2025. Depreciation and amortization (including amortization of intangible assets, excluding goodwill) and amortization of goodwill for the first quarter of the fiscal year ending March 31, 2025 are as follows.

(Millions of yen, rounded down to the nearest million)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	4,107	4,230
Amortization of goodwill	263	262

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