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

November 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/english/
Representative: Shuichi Watanabe, Representative Director, President and CEO
Contact: Yuji Sakon, Managing Director, General Manager of Administration Division
Phone: +81-3-3517-5171
Scheduled date of semi-annual securities report submission: November 13, 2024
Start of distribution of dividends (scheduled): December 3, 2024
Supplementary materials for the financial statements: Yes
Presentation to explain the financial statements: Yes (For institutional investors, securities analysts and media)

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

## 1. Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to September 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 (%) |
|---|---|---|---|---|---|---|
| Six months ended September 30, 2024 | 1,824,672 | 2.6 | 27,162 | 31.7 | 35,080 | 19.7 |
| Six months ended September 30, 2023 | 1,778,989 | 5.6 | 20,631 | (19.2) | 29,299 | (11.9) |

(Note) Comprehensive income: Six months ended September 30, 2024: ¥35,271 million (14.2%)
Six months ended September 30, 2023: ¥30,883 million (–2.5%)

| | Profit attributable to owners of parent (¥ million) | Year-on-year change (%) | Earnings per share (¥) | Earnings per share (diluted) (¥) |
|---|---|---|---|---|
| Six months ended September 30, 2024 | 21,727 | 26.7 | 103.94 | — |
| Six months ended September 30, 2023 | 17,154 | (1.0) | 80.48 | — |

(2) Financial Position

| | Total assets (¥ million) | Net assets (¥ million) | Net worth ratio (%) | Net assets per share (¥) |
|---|---|---|---|---|
| As of September 30, 2024 | 1,879,759 | 757,655 | 32.9 | 2,973.97 |
| As of March 31, 2024 | 1,799,127 | 736,612 | 33.4 | 2,858.57 |

(Reference) Net worth: As of September 30, 2024: ¥618,440 million
As of March 31, 2024: ¥600,349 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end |
|---|---|---|---|---|
| | (¥ million) | (¥ million) | (¥ million) | (¥ million) |
| Six months ended September 30, 2024 | 41,832 | (6,520) | (14,376) | 249,016 |
| Six months ended September 30, 2023 | 31,215 | (10,800) | (12,738) | 206,983 |

## 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 | — | 30.00 | | | |
| Year ending March 31, 2025 (est.) | | | — | 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)

(Percentage figures represent changes over the same period of the previous year)

| | 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) | 160.68 |

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 buy back shares and cancel them. This was completed by September 30, 2024. "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 and cancellation.

## Notes

(1) Significant changes in scope of consolidation in the six months ended September 30, 2024: Yes

Subsidiaries added to the scope of consolidation: 3 (PreMedica Inc., FloraDiscovery Inc., and PRESUSCUBE Corporation)

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, in the scope of consolidation from the first half of the fiscal year ending March 31, 2025.
We also acquired the shares of PRESUSCUBE, an equity method affiliate, during the first half of the fiscal year ending March 31, 2025 and included it in the scope of consolidation. The deemed acquisition date is September 30, 2024 and these companies have been consolidated on the Consolidated Balance Sheets as of September 30, 2024.

(2) Application of accounting methods specific to preparation of the 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) | Six months ended September 30, 2024 | 219,226,042 | Year ended March 31, 2024 | 221,291,342 |
| (b) Number of treasury shares at the end of the period | Six months ended September 30, 2024 | 11,275,303 | Year ended March 31, 2024 | 11,274,274 |
| (c) Average number of shares outstanding during the period | Six months ended September 30, 2024 | 209,027,860 | Six months ended September 30, 2023 | 213,140,703 |

* This summary of results for the first six months is exempt from audits by certified public accountants or audit corporations.

* 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.

Table of Contents of Attached Materials


| | |
|---|---|
| **1. Overview of Results of Operations, Etc.** | **2** |
| **(1) Overview of Results of Operations for the First Six Months** | **2** |
| **2. Consolidated Financial Statements** | **5** |
| **(1) Consolidated Balance Sheets** | **5** |
| **(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income** | **7** |
| Consolidated Statements of Income | **7** |
| Consolidated Statements of Comprehensive Income | **8** |
| **(3) Consolidated Statements of Cash Flows** | **9** |
| **(4) Notes to the Consolidated Financial Statements** | **10** |
| **(Segment Information)** | **10** |
| **(Notes in the Event of Significant Changes in Shareholders' Equity)** | **10** |
| **(Notes Regarding Assumptions of Going Concern)** | **10** |
| **(Change in Scope of Consolidation and Application of Equity Method)** | **10** |
| **3. Other** | **11** |
| **(On-site inspection by the Japan Fair Trade Commission)** | **11** |

# 1. Overview of Results of Operations, Etc.

## (1) Overview of Results of Operations for the First Six Months

Consolidated results for the first six months ended September 30, 2024 are as follows.

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

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 | Difference | YoY change (%) |
|---|---|---|---|---|
| Net sales | 1,778,989 | 1,824,672 | +45,682 | +2.6% |
| Gross profit<br>[Percentage of sales] | 121,375<br>[6.82%] | 126,441<br>[6.93%] | +5,065<br>[+0.11pts] | +4.2% |
| Selling, general and administrative expenses<br>[Percentage of sales] | 100,744<br>[5.66%] | 99,278<br>[5.44%] | (1,465)<br>[(0.22 pts)] | (1.5%) |
| Selling, general and administrative expenses (excluding (i) and (ii) below) | 94,216 | 97,844 | +3,628 | +3.9% |
| (i) Business investment and other expenses | 5,500 | 337 | (5,162) | (93.9%) |
| (ii) Amortization of goodwill and intangible assets* | 1,028 | 1,096 | +68 | +6.7% |
| **Operating profit**<br>[Percentage of sales] | 20,631<br>[1.16%] | 27,162<br>[1.49%] | +6,531<br>[+0.33pts] | +31.7% |
| Operating profit excluding (i) and (ii) above | 27,159 | 28,596 | +1,437 | +5.3% |
| Ordinary profit | 29,299 | 35,080 | +5,780 | +19.7% |
| Extraordinary income | 3,540 | 4,693 | +1,153 | +32.6% |
| Profit before income taxes | 32,840 | 39,774 | +6,934 | +21.1% |
| Profit attributable to owners of parent | 17,154 | 21,727 | +4,573 | +26.7% |

* 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 ¥45,682 million (2.6%) year on year to ¥1,824,672 million.

- In the Prescription Pharmaceutical Wholesale Business, sales increased by ¥27,634 million (2.4%), while in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, sales rose by ¥17,007 million (2.9%), and in the Animal Health Products and Food Processing Raw Materials Wholesale Related Business, sales increased by ¥1,836 million (3.2%), resulting in sales growth across all business segments compared to the same period of the previous fiscal year.

**Operating profit**

Operating profit rose by ¥6,531 million (31.7%) year on year to ¥27,162 million.

- Gross profit increased by ¥5,065 million (4.2%), mainly due to business expansion at MEDISKET CORPORATION (Misato-shi, Saitama; "MEDISKET"), in addition to the increase in sales. The ratio of gross profit to sales increased by 0.11 point to 6.93%, outperforming the first half of the previous fiscal year (6.82%).
- Selling, general and administrative expenses (SG&A) decreased by ¥1,465 million (1.5%) to ¥99.278 million. The decrease was due to ¥5,500 million in business investment expenses which were posted in the first half of the previous fiscal year, despite an increase of ¥3,628 million (3.9%) due to business expansion at MEDISKET.

**Ordinary profit**

Ordinary profit rose by ¥5,780 million (19.7%) year on year to ¥35,080 million.

- While net non-operating income decreased by ¥750 million, mainly due to a decline in the share of profit of entities accounted for using equity method, it still exceeded the growth in operating profit, resulting in an increase in ordinary profit.

**Profit attributable to owners of parent**

Profit attributable to owners of parent increased by ¥4,573 million (26.7%) year on year to ¥21,727 million.

- Extraordinary income of ¥4,912 million recorded for the sale of strategic shareholdings covered the comparative impact from ¥1,944 million in compensation income[1] associated with the relocation of Head Office and a gain on step acquisition[2] related to the consolidation of TOSHICHI CO., LTD. (Sasebo-shi, Nagasaki) in the amount of ¥1,253 million recorded in the first half of the previous fiscal year, resulting in an increase of ¥1,153 million in extraordinary income.

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 CO., LTD. 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)

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 | Difference | YoY change (%) |
|---|---|---|---|---|
| Net sales | 1,140,001 | 1,167,635 | +27,634 | +2.4% |
| Gross profit<br>[Percentage of sales] | 69,860<br>[6.13%] | 74,123<br>[6.35%] | +4,263<br>[+0.22pts] | +6.1% |
| Selling, general and administrative expenses<br>[Percentage of sales] | 64,498<br>[5.66%] | 62,268<br>[5.33%] | (2,229)<br>[(0.32pts)] | (3.5%) |
| Selling, general and administrative expenses (excluding the following) | 58,998 | 61,862 | +2,864 | +4.9% |
| (i) Business investment and other expenses | 5,500 | 337 | (5,162) | (93.9%) |
| (ii) Amortization of goodwill and intangible assets* | — | 68 | +68 | — |
| Operating profit<br>[Percentage of sales] | 5,362<br>[0.47%] | 11,854<br>[1.02%] | +6,492<br>[+0.54pts] | +121.1% |
| Operating profit excluding (i) and (ii) above | 10,862 | 12,260 | +1,398 | +12.9% |

* 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 ¥27,634 million (2.4%) year on year to ¥1,167,635 million.

- The increase in net sales came mainly from an increase in demand for vaccines for COVID-19 and the human papillomavirus (HPV), strengthening of initiatives aimed at growth products, an increase in sales through hospital sales channels, and business expansion at MEDISKET, despite the negative impact from NHI drug price revisions in April 2024 and a decline in demand for therapeutic drugs and diagnostic reagents for COVID-19.

**Operating profit**

Operating profit rose by ¥6,492 million (121.1%) year on year to ¥11,854 million.

- Gross profit increased by ¥4,263 million (6.1%), mainly owing to business expansion at MEDISKET, in addition to the growth in sales. The ratio of gross profit to sales increased by 0.22 point to 6.35%, outperforming the first half of the previous fiscal year (6.13%).
- SG&A decreased by ¥2,229 million (3.5%) to ¥62,268 million. The decrease was due to ¥5,500 million in business investment expenses posted in the first half of the previous fiscal year, despite an increase of ¥2,864 million (4.9%) due to business expansion at MEDISKET.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

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

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 | Difference | YoY change (%) |
|---|---|---|---|---|
| Net sales | 583,420 | 600,427 | +17,007 | +2.9% |
| Gross profit<br>[Percentage of sales] | 43,331<br>[7.43%] | 44,181<br>[7.36%] | +850<br>[(0.07pts)] | +2.0% |
| Selling, general and administrative expenses<br>[Percentage of sales] | 29,561<br>[5.07%] | 30,203<br>[5.03%] | +641<br>[(0.04pts)] | +2.2% |
| Operating profit<br>[Percentage of sales] | 13,769<br>[2.36%] | 13,977<br>[2.33%] | +208<br>[(0.03pts)] | +1.5% |

**Net sales**

Net sales rose by ¥17,007 million (2.9%) year on year to ¥600,427 million.

- Sales were negatively impacted by a reluctance to purchase supplements and some other products, in addition to the continued decline in demand for COVID-19 related products and the tendency to refrain from buying. The increase in sales amid such conditions resulted from well-targeted sales activities to capitalize on the increase in leisure activities, expansion of inbound demand, heightened awareness of disaster preparedness, and other market changes, mainly through the active use of data.

**Operating profit**

Operating profit rose by ¥208 million (1.5%) year on year to ¥13,977 million.

- Gross profit increased by ¥850 million (2.0%), along with the growth in sales.
- SG&A increased by ¥641 million due to soaring logistics expenses and active investment in human resources, while SG&A as a percentage of sales improved by 0.04 percentage point to 5.03% due to the effect of absorbing fixed costs.

Animal Health Products and Food Processing Raw Materials Wholesale and Related Business

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

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 | Difference | YoY change (%) |
|---|---|---|---|---|
| Net sales | 56,771 | 58,607 | +1,836 | +3.2% |
| Gross profit<br>[Percentage of sales] | 8,229<br>[14.50%] | 8,164<br>[13.93%] | (65)<br>[(0.57pts)] | (0.8%) |
| Selling, general and administrative expenses<br>[Percentage of sales] | 6,692<br>[11.79%] | 6,995<br>[11.94%] | +303<br>[+0.15pts] | +4.5% |
| Selling, general and administrative expenses (excluding the following) | 5,664 | 5,967 | +303 | +5.4% |
| Amortization of goodwill and intangible assets* | 1,028 | 1,028 | — | —% |
| Operating profit<br>[Percentage of sales] | 1,537<br>[2.71%] | 1,168<br>[1.99%] | (368)<br>[(0.71pts)] | (24.0%) |
| Operating profit excluding the above amortization | 2,565 | 2,197 | (368) | (14.4%) |

* 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 ¥1,836 million (3.2%) year on year to ¥58,607 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 yen weakness in the livestock segment, and the decrease in product sales related to the outbreak of avian influenza in the first half of the previous fiscal year, despite the strong performance of the companion animal* health products segment. The Food Processing Raw Materials Wholesale and Related Business saw growth in overall sales due to good performance of cosmetic raw materials in addition to favorable demand for markets related to food materials, and signs of a rebound in the semiconductor and industrial chemical markets that boosted sales in the chemicals segment.

*Definition of Terms:*

* Companion animal: An animal that has a companion-like presence and a close relationship with humans in daily life.

**Operating profit**

Operating profit decreased by ¥368 million (24.0%) year on year to ¥1,168 million.

- Gross profit decreased by ¥65 million (0.8%), despite revisions to sales prices as costs soared and other measures in each business segment. The ratio of gross profit to sales fell by 0.57 point to 13.93% from the first half of the previous fiscal year (14.50%).
- SG&A rose by ¥303 million (4.5%). The increase resulted from wage increases and hiring more personnel in the Animal Health Products Wholesale Business. 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. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

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

| | As of March 31, 2024 | As of September 30, 2024 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 230,154 | 251,086 |
| Notes and accounts receivable – trade | 758,084 | 771,809 |
| Securities | 316 | 299 |
| Merchandise and finished goods | 172,030 | 197,578 |
| Other | 83,734 | 86,083 |
| Allowance for doubtful accounts | (129) | (54) |
| Total current assets | 1,244,190 | 1,306,803 |
| Non-current assets | | |
| Property, plant and equipment: | | |
| Buildings and structures, net | 108,911 | 106,189 |
| Land | 117,324 | 117,307 |
| Other, net | 44,717 | 46,129 |
| Total property, plant and equipment | 270,953 | 269,626 |
| Intangible assets | | |
| Goodwill | 11,625 | 13,814 |
| Customer-related intangible assets | 17,653 | 17,022 |
| Other | 9,736 | 9,992 |
| Total intangible assets | 39,014 | 40,829 |
| Investments and other assets | | |
| Investment securities | 210,865 | 219,293 |
| Other | 34,749 | 43,867 |
| Allowance for doubtful accounts | (645) | (659) |
| Total investments and other assets | 244,969 | 262,501 |
| Total non-current assets | 554,937 | 572,956 |
| Total assets | 1,799,127 | 1,879,759 |

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

| | As of March 31, 2024 | As of September 30, 2024 |
|---|---|---|
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 924,297 | 981,040 |
| Income taxes payable | 13,630 | 20,369 |
| Provision for bonuses | 8,035 | 7,425 |
| Provision for loss on disaster | 453 | 49 |
| Provision for loss on Anti-Monopoly Act | 5,704 | 5,704 |
| Other | 55,596 | 47,688 |
| Total current liabilities | 1,007,719 | 1,062,278 |
| Non-current liabilities | | |
| Retirement benefit liability | 16,583 | 16,477 |
| Other | 38,212 | 43,347 |
| Total non-current liabilities | 54,796 | 59,825 |
| Total liabilities | 1,062,515 | 1,122,104 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Share capital | 22,398 | 22,398 |
| Capital surplus | 99,807 | 99,866 |
| Retained earnings | 439,315 | 450,677 |
| Treasury shares | (21,254) | (22,192) |
| Total shareholders' equity | 540,265 | 550,750 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 70,347 | 77,231 |
| Deferred gains or losses on hedges | (3) | (32) |
| Revaluation reserve for land | (13,415) | (13,415) |
| Foreign currency translation adjustment | 1,908 | 2,791 |
| Remeasurements of defined benefit plans | 1,246 | 1,114 |
| Total accumulated other comprehensive income | 60,083 | 67,689 |
| Share acquisition rights | ― | 1 |
| Non-controlling interests | 136,263 | 139,213 |
| Total net assets | 736,612 | 757,655 |
| Total liabilities and net assets | 1,799,127 | 1,879,759 |

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

**Consolidated Statements of Income**

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

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|---|---|---|
| Net sales | 1,778,989 | 1,824,672 |
| Cost of sales | 1,657,614 | 1,698,231 |
| Gross profit | 121,375 | 126,441 |
| Selling, general and administrative expenses | | |
| Salaries and allowances | 35,641 | 36,918 |
| Welfare expenses | 7,002 | 7,413 |
| Provision for bonuses | 7,173 | 7,197 |
| Retirement benefit expenses | 1,925 | 1,412 |
| Distribution expenses | 9,835 | 11,858 |
| Rent expenses on land and buildings | 2,419 | 2,493 |
| Depreciation | 6,604 | 6,732 |
| Other | 30,142 | 25,251 |
| Total selling, general and administrative expenses | 100,744 | 99,278 |
| Operating profit | 20,631 | 27,162 |
| Non-operating income | | |
| Interest income | 13 | 12 |
| Dividend income | 1,431 | 1,565 |
| Research fee income | 4,217 | 4,260 |
| Rental income from real estate | 1,079 | 1,223 |
| Share of profit of entities accounted for using equity method | 1,900 | 606 |
| Other | 954 | 1,241 |
| Total non-operating income | 9,596 | 8,909 |
| Non-operating expenses | | |
| Interest expenses | 4 | 3 |
| Rental expenses on real estate | 567 | 826 |
| Loss on investments in investment partnerships | 248 | 24 |
| Other | 107 | 137 |
| Total non-operating expenses | 928 | 991 |
| Ordinary profit | 29,299 | 35,080 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 1 |
| Gain on step acquisitions | 1,253 | 32 |
| Gain on sale of investment securities | 447 | 4,912 |
| Compensation income | 1,944 | ― |
| Other | ― | 37 |
| Total extraordinary income | 3,645 | 4,983 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 12 | 28 |
| Impairment losses | 67 | 168 |
| Other | 26 | 93 |
| Total extraordinary losses | 105 | 290 |
| Profit before income taxes | 32,840 | 39,774 |
| Income taxes – current | 16,677 | 19,982 |
| Income taxes – deferred | (6,370) | (7,777) |
| Total income taxes | 10,306 | 12,204 |
| Profit | 22,533 | 27,569 |
| Profit attributable to non-controlling interests | 5,379 | 5,842 |
| Profit attributable to owners of the parent | 17,154 | 21,727 |

**Consolidated Statements of Comprehensive Income**

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

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|---|---|---|
| Profit | 22,533 | 27,569 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,205 | 6,165 |
| Deferred gains or losses on hedges | 209 | (55) |
| Remeasurements of defined benefit plans, net of tax | 108 | (156) |
| Share of other comprehensive income of entities accounted for using equity method | 826 | 1,748 |
| Total other comprehensive income | 8,349 | 7,701 |
| Comprehensive income | 30,883 | 35,271 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 24,636 | 29,333 |
| Comprehensive income attributable to non-controlling interests | 6,246 | 5,938 |

**(3) Consolidated Statements of Cash Flows**

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

| | Six months ended September 30, 2023 | Six months ended September 30, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 32,840 | 39,774 |
| Depreciation | 8,221 | 8,508 |
| Amortization of goodwill | 526 | 638 |
| Increase (decrease) in provision for bonuses | (481) | (677) |
| Increase (decrease) in allowance for doubtful accounts | (56) | (61) |
| Increase (decrease) in provision for loss on disaster | — | (403) |
| Increase (decrease) in retirement benefit liability | (29) | (105) |
| Decrease (increase) in trade receivables | (48,985) | (13,703) |
| Decrease (increase) in inventories | (5,392) | (25,556) |
| Increase (decrease) in trade payables | 52,485 | 56,666 |
| Other | (753) | (13,417) |
| Subtotal | 38,373 | 51,660 |
| Interest and dividends received | 3,798 | 2,608 |
| Interest paid | (1) | (2) |
| Proceeds from compensation | 2,768 | — |
| Payments associated with disaster loss | — | (406) |
| Income taxes paid | (13,723) | (12,027) |
| Net cash provided by (used in) operating activities | 31,215 | 41,832 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (10,730) | (7,070) |
| Proceeds from sale of property, plant and equipment | 3 | 2 |
| Purchase of investment securities | (136) | (356) |
| Proceeds from sale and redemption of investment securities | 1,192 | 5,943 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | — | (3,403) |
| Other | (1,129) | (1,635) |
| Net cash provided by (used in) investing activities | (10,800) | (6,520) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (5,983) | (5,068) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | — | (1,503) |
| Dividends paid | (4,829) | (6,300) |
| Dividends paid to non-controlling-interest shareholder | (1,270) | (1,518) |
| Other | (654) | 14 |
| Net cash provided by (used in) financing activities | (12,738) | (14,376) |
| Effect of exchange rate changes on cash and cash equivalents | 0 | (4) |
| Net increase (decrease) in cash and cash equivalents | 7,677 | 20,931 |
| Cash and cash equivalents at beginning of period | 193,561 | 228,084 |
| Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation | 5,744 | — |
| Cash and cash equivalents at end of period | 206,983 | 249,016 |

**(4) Notes to the Consolidated Financial Statements**

**(Segment Information)**

I. Six months ended September 30, 2023

Information on Net Sales and Income or Loss 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 consolidated statements of income (Note 2) |
|---|---|---|---|---|---|---|
| Net sales | | | | | | |
| Sales to outside customers | 1,138,946 | 583,273 | 56,769 | 1,778,989 | — | 1,778,989 |
| Intersegment sales and transfers | 1,055 | 146 | 1 | 1,203 | (1,203) | — |
| Total | 1,140,001 | 583,420 | 56,771 | 1,780,193 | (1,203) | 1,778,989 |
| Segment profit | 5,362 | 13,769 | 1,537 | 20,668 | (37) | 20,631 |

Notes: 1. The downward segment profit adjustment of (¥37) million includes eliminations of inter-segment transactions of ¥1,410 million and group-wide expenses of (¥1,448) million that are not allocated to reportable segments.

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

II. Six months ended September 30, 2024

Information on Net Sales and Income or Loss 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 consolidated statements of income (Note 2) |
|---|---|---|---|---|---|---|
| Net sales | | | | | | |
| Sales to outside customers | 1,165,840 | 600,226 | 58,606 | 1,824,672 | — | 1,824,672 |
| Intersegment sales and transfers | 1,795 | 201 | 1 | 1,998 | (1,998) | — |
| Total | 1,167,635 | 600,427 | 58,607 | 1,826,671 | (1,998) | 1,824,672 |
| Segment profit | 11,854 | 13,977 | 1,168 | 27,001 | 161 | 27,162 |

Notes: 1. The segment profit adjustment of ¥161 million includes eliminations of inter-segment transactions of ¥1,506 million and group-wide expenses of (¥1,344) million that are not allocated to reportable segments.

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

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

None

**(Notes Regarding Assumptions of Going Concern)**

None

**(Change in Scope of Consolidation and Application of Equity Method)**

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 half of the fiscal year ending March 31, 2025.

We also acquired the shares of PRESUSCUBE Corporation, an equity method affiliate, during the first half of the fiscal year ending March 31, 2025 and included it in the scope of consolidation. The deemed acquisition date is September 30, 2024 and these companies have been consolidated on the Consolidated Balance Sheets as of September 30, 2024.

## 3. Other

### On-site inspection by the Japan Fair Trade Commission

The Japan Fair Trade Commission conducted an on-site inspection of MP AGRO CO., LTD. (Kitahiroshima-shi, Hokkaido), a wholly owned consolidated subsidiary, in October 2024, on suspicions of Antimonopoly Act violations, mainly in relation to bidding on animal health products in Yamagata Prefecture and elsewhere.

Both the Company and MP AGRO CO., LTD. consider this a grave matter and take it seriously.

The MEDIPAL Group has established Guiding Principle for Business Activities and top management is taking personal responsibility for instilling a spirit of observing regulatory compliance in all employees. We will continue to strive to ensure thorough compliance and further enhance corporate value as a company that is trusted by society.

The English version of this document is a translation of the Japanese original and is provided for information purposes only. While reasonable efforts have been made to provide an accurate translation, no liability is assumed by MEDIPAL HOLDINGS CORPORATION for any errors, omissions, or ambiguities in the translation. In the event of any inconsistency or conflict between the English version and the Japanese original, the Japanese original shall prevail.