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

February 10, 2025

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

MEDIPAL HOLDINGS CORPORATION
Code number: 7459
Stock exchange listing: Tokyo
URL: https://www.medipal.co.jp/english/

Representative: Shuichi Watanabe, Representative Director, President and CEO
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Start of distribution of dividends (scheduled): —
Supplementary materials for the financial statements: Yes
Presentation to explain the financial statements: No

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to December 31, 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 (%)
Nine months ended December 31, 2024	2,807,172	3.4	45,372	21.9	56,709	12.9
Nine months ended December 31, 2023	2,714,915	5.7	37,215	(0.8)	50,240	0.7

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥51,350 million (26.3%)
Nine months ended December 31, 2023: ¥40,643 million (–0.8%)

	Profit attributable to owners of parent (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Earnings per share (diluted) (¥)
Nine months ended December 31, 2024	36,238	28.1	173.66	—
Nine months ended December 31, 2023	28,286	(5.2)	133.19	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of December 31, 2024	1,955,574	763,769	32.0	3,010.30
As of March 31, 2024	1,799,127	736,612	33.4	2,858.57

(Reference) Net worth: As of December 31, 2024: ¥625,993 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	—	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 Year Ending March 31, 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 nine months ended December 31, 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 Inc., in the scope of consolidation from the first quarter of the fiscal year ending March 31, 2025.

We also acquired the shares of PRESUSCUBE Corporation, an equity method affiliate, during the second quarter of the fiscal year ending March 31, 2025 and included it in the scope of consolidation.

(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)	Nine months ended December 31, 2024	219,226,042	Year ended March 31, 2024	221,291,342
(b) Number of treasury shares at the end of the period	Nine months ended December 31, 2024	11,275,724	Year ended March 31, 2024	11,274,274
(c) Average number of shares during the period	Nine months ended December 31, 2024	208,667,434	Nine months ended December 31, 2023	212,369,552

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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 nine months ended December 31, 2024 are as follows.

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

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Difference	YoY change (%)
Net sales	2,714,915	2,807,172	+92,256	+3.4
Gross profit [Percentage of sales]	186,670 [6.88%]	194,224 [6.92%]	+7,554 [+0.04pts]	+4.0
Selling, general and administrative expenses [Percentage of sales]	149,454 [5.50%]	148,852 [5.30%]	(602) [(0.20pts)]	(0.4)
Selling, general and administrative expenses (excluding (i) and (ii) below)	142,404	146,663	+4,258	+3.0
(i) Business investment and other expenses	5,508	508	(4,999)	(90.8)
(ii) Amortization of goodwill and intangible assets*	1,542	1,679	+137	+8.9
Operating profit [Percentage of sales]	37,215 [1.37%]	45,372 [1.62%]	+8,157 [+0.25pts]	+21.9
Operating profit excluding (i) and (ii) above	44,265	47,561	+3,295	+7.4
Ordinary profit	50,240	56,709	+6,469	+12.9
Extraordinary income	3,485	9,233	+5,748	+164.9
Profit before income taxes	53,725	65,943	+12,217	+22.7
Profit attributable to owners of parent	28,286	36,238	+7,951	+28.1

* 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 ¥92,256 million (3.4%) year on year to ¥2,807,172 million.

- In the Prescription Pharmaceutical Wholesale Business, sales increased by ¥62,328 million (3.6%), while in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, sales rose by ¥28,021 million (3.2%), and in the Animal Health Products and Food Processing Raw Materials Wholesale and Related Business, sales increased by ¥2,724 million (3.1%), resulting in sales growth across all business segments compared to the same period of the previous fiscal year.

Operating profit

Operating profit rose by ¥8,157 million (21.9%) year on year to ¥45,372 million.

- Gross profit increased by ¥7,554 million (4.0%), 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 0.04 point to 6.92%, outperforming the same period of the previous fiscal year (6.88%).
- Selling, general and administrative expenses (SG&A) decreased by ¥602 million (0.4%) year on year to ¥148,852 million. The decrease was due to ¥5,500 million in business investment expenses which were posted in the first nine months of the previous fiscal year, despite an increase of ¥4,258 million (3.0%) due to business expansion at MEDISKET.

Ordinary profit

Ordinary profit rose by ¥6,469 million (12.9%) year on year to ¥56,709 million.

- While net non-operating income decreased by ¥1,688 million, mainly due to a decline in the share of profit of entities accounted for using equity method, it still added to the growth in operating profit, resulting in higher growth in ordinary profit.

Profit attributable to owners of parent

Profit attributable to owners of parent increased by ¥7,951 million (28.1%) year on year to ¥36,238 million.

- Extraordinary income of ¥9,089 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 same period of the previous fiscal year, resulting in an increase of ¥5,748 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)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Difference	YoY change (%)
Net sales	1,747,397	1,809,725	+62,328	+3.6
Gross profit [Percentage of sales]	108,029 [6.18%]	113,758 [6.29%]	+5,728 [+0.10pts]	+5.3
Selling, general and administrative expenses [Percentage of sales]	95,021 [5.44%]	92,903 [5.13%]	(2,117) [(0.30pts)]	(2.2)
Selling, general and administrative expenses (excluding (i) and (ii) below)	89,512	92,257	＋2,744	＋3.1
(i) Business investment and other expenses	5,508	508	(4,999)	(90.8)
(ii) Amortization of goodwill and intangible assets*	—	137	+137	—
Operating profit [Percentage of sales]	13,008 [0.74%]	20,854 [1.15%]	+7,845 [+0.41pts]	+60.3
Operating profit excluding (i) and (ii) above	18,517	21,501	+2,984	+16.1

* 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 ¥62,328 million (3.6%) year on year to ¥1,809,725 million.

- The increase in net sales came mainly from sales of COVID-19 vaccines, 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 ¥7,845 million (60.3%) year on year to ¥20,854 million.

- Gross profit increased by ¥5,728 million (5.3%), mainly owing to business expansion at MEDISKET, in addition to the growth in sales. The ratio of gross profit to sales increased by 0.10 point to 6.29%, outperforming the same period of the previous fiscal year (6.18%).
- SG&A decreased by ¥2,117 million (2.2%) year on year to ¥92,903 million. The decrease was due to ¥5,500 million in business investment expenses posted in the first nine months of the previous fiscal year, despite an increase of ¥2,744 million (3.1%) due to business expansion at MEDISKET.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

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

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Difference	YoY change (%)
Net sales	883,042	911,064	+28,021	+3.2
Gross profit [Percentage of sales]	66,382 [7.52%]	68,021 [7.47%]	+1,638 [(0.05pts)]	+2.5
Selling, general and administrative expenses [Percentage of sales]	44,414 [5.03%]	45,581 [5.00%]	+1,167 [(0.03pts)]	+2.6
Operating profit [Percentage of sales]	21,968 [2.49%]	22,439 [2.46%]	+471 [(0.02pts)]	+2.1

Net sales

Net sales rose by ¥28,021 million (3.2%) year on year to ¥911,064 million.

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

Operating profit

Operating profit rose by ¥471 million (2.1%) year on year to ¥22,439 million.

- Gross profit increased by ¥1,638 million (2.5%), along with the growth in sales.
- SG&A increased by ¥1,167 million (2.6%) due to soaring logistics expenses and active investment in human resources, while SG&A as a percentage of sales improved by 0.03 percentage point to 5.00% 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)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Difference	YoY change (%)
Net sales	86,688	89,412	+2,724	+3.1
Gross profit	12,327	12,488	+160	+1.3
[Percentage of sales]	[14.22%]	[13.97%]	[(0.25pts)]	
Selling, general and administrative expenses	10,059	10,518	+458	+4.6
[Percentage of sales]	[11.60%]	[11.76%]	[+0.16pts]	
Selling, general and administrative expenses (excluding the following)	8,517	8,976	+458	+5.4
Amortization of goodwill and intangible assets*	1,542	1,542	—	—
Operating profit	2,267	1,969	(298)	(13.1)
[Percentage of sales]	[2.62%]	[2.20%]	[(0.41pts)]	
Operating profit excluding the above amortization	3,810	3,512	(298)	(7.8)

* 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 ¥2,724 million (3.1%) year on year to ¥89,412 million.

- The Animal Health Products Wholesale Business saw firm net sales, mainly from new product initiatives, despite the negative impact from the change in product distribution to direct sales from some pet food manufacturers in the companion animal* health products segment. An outbreak of avian influenza created special demand for related products in the livestock segment. The Food Processing Raw Materials Wholesale and Related Business saw growth in overall sales from good performance in both the food ingredients and chemicals segments, due to relatively strong performance in markets related to cosmetics and pharmaceutical raw materials and signs of a rebound in the electronic materials and semiconductor and industrial chemical markets.

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 ¥298 million (13.1%) year on year to ¥1,969 million.

- Gross profit increased by ¥160 million (1.3%) and the ratio of gross profit to sales fell by 0.25 point to 13.97% from the same period of the previous fiscal year (14.22%). In the Animal Health Products Wholesale Business, the steep rise in feed prices due to yen weakening pressured customer profits and caused a decline in the desire to purchase animal health products. The Food Processing Raw Materials Wholesale and Related Business saw a steep increase in import prices due to yen weakening, mainly in the food ingredients segment, putting downward pressure on the profits of the operating company. Active efforts to sell their planned products and revision of sales prices in each business boosted gross profit, amid this environment

- SG&A rose by ¥458 million (4.6%). The increase resulted from wage increases and strategic talent acquisitions 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) Overview of Financial Position

Assets

Total assets were ¥1,955,574 million, an increase of ¥156,447 million from the end of the previous fiscal year.

Current assets rose by ¥150,401 million from the end of the previous fiscal year to ¥1,394,592 million. This was mainly due to increases of ¥19,009 million in cash and deposits, ¥81,175 million in notes and accounts receivable - trade, and ¥45,667 million in merchandise and finished goods.

Non-current assets increased by ¥6,045 million from the end of the previous fiscal year to ¥560,982 million. This was mainly due to an increase of ¥6,694 million in investment securities because of a revaluation of listed stocks after share prices rose.

Liabilities

Liabilities totaled ¥1,191,805 million, an increase of ¥129,290 million from the end of the previous fiscal year.

Current liabilities increased by ¥124,337 million from the end of the previous fiscal year to ¥1,132,056 million. This was mainly due to an increase of ¥142,958 million in notes and accounts payable–trade.

Non-current liabilities increased by ¥4,952 million from the end of the previous fiscal year to ¥59,748 million. This was mainly due to an increase of ¥2,543 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 ¥763,769 million, an increase of ¥27,157 million from the end of the previous fiscal year.

Shareholders' equity increased by ¥18,904 million from the end of the previous fiscal year to ¥559,170 million. This was mainly due to an increase of ¥19,712 million in retained earnings.

Accumulated other comprehensive income increased by ¥6,739 million from the end of the previous fiscal year to ¥66,822 million. This was mainly due to an increase of ¥6,814 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 ¥1,511 million from the end of the previous fiscal year to ¥137,774 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 December 31, 2024
ASSETS		
Current assets		
Cash and deposits	230,154	249,164
Notes and accounts receivable – trade	758,084	839,259
Securities	316	296
Merchandise and finished goods	172,030	217,697
Other	83,734	88,223
Allowance for doubtful accounts	(129)	(50)
Total current assets	1,244,190	1,394,592
Non-current assets		
Property, plant and equipment:		
Buildings and structures, net	108,911	104,650
Land	117,324	117,378
Other, net	44,717	45,700
Total property, plant and equipment	270,953	267,729
Intangible assets		
Goodwill	11,625	13,482
Customer-related intangible assets	17,653	16,707
Other	9,736	10,098
Total intangible assets	39,014	40,288
Investments and other assets		
Investment securities	210,865	217,560
Other	34,749	36,059
Allowance for doubtful accounts	(645)	(654)
Total investments and other assets	244,969	252,965
Total non-current assets	554,937	560,982
Total assets	1,799,127	1,955,574

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

	As of March 31, 2024	As of December 31, 2024
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	924,297	1,067,255
Income taxes payable	13,630	9,810
Provision for bonuses	8,035	3,798
Provision for loss on disaster	453	―
Provision for loss on Anti-Monopoly Act	5,704	2,225
Other	55,596	48,966
Total current liabilities	1,007,719	1,132,056
Non-current liabilities		
Retirement benefit liability	16,583	16,426
Other	38,212	43,322
Total non-current liabilities	54,796	59,748
Total liabilities	1,062,515	1,191,805
NET ASSETS		
Shareholders' equity		
Share capital	22,398	22,398
Capital surplus	99,807	99,937
Retained earnings	439,315	459,027
Treasury shares	(21,254)	(22,193)
Total shareholders' equity	540,265	559,170
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,347	77,161
Deferred gains or losses on hedges	(3)	(9)
Revaluation reserve for land	(13,415)	(13,493)
Foreign currency translation adjustment	1,908	2,113
Remeasurements of defined benefit plans	1,246	1,051
Total accumulated other comprehensive income	60,083	66,822
Share acquisition rights	―	1
Non-controlling interests	136,263	137,774
Total net assets	736,612	763,769
Total liabilities and net assets	1,799,127	1,955,574

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

Quarterly Consolidated Statements of Income

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

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	2,714,915	2,807,172
Cost of sales	2,528,245	2,612,947
Gross profit	186,670	194,224
Selling, general and administrative expenses		
Salaries and allowances	60,751	62,319
Welfare expenses	10,560	11,136
Provision for bonuses	3,600	3,903
Retirement benefit expenses	2,903	2,095
Distribution expenses	15,054	17,846
Rent expenses on land and buildings	3,638	3,818
Depreciation	10,179	10,111
Other	42,767	37,619
Total selling, general and administrative expenses	149,454	148,852
Operating profit	37,215	45,372
Non-operating income		
Interest income	19	15
Dividend income	2,157	2,321
Research fee income	6,430	6,511
Rental income from real estate	1,658	1,833
Share of profit of entities accounted for using equity method	2,670	607
Other	1,532	1,637
Total non-operating income	14,469	12,926
Non-operating expenses		
Interest expenses	6	5
Rental expenses on real estate	870	1,315
Loss on investments in investment partnerships	390	24
Other	176	244
Total non-operating expenses	1,443	1,589
Ordinary profit	50,240	56,709
Extraordinary income		
Gain on sale of non-current assets	2	74
Gain on step acquisitions	1,253	32
Gain on sale of investment securities	451	9,089
Compensation income	1,944	―
Other	0	570
Total extraordinary income	3,653	9,766
Extraordinary losses		
Loss on sale and retirement of non-current assets	22	48
Impairment losses	67	256
Loss on valuation of investment securities	69	186
Other	8	41
Total extraordinary losses	168	532
Profit before income taxes	53,725	65,943
Income taxes – current	19,238	20,813
Income taxes – deferred	(2,249)	(98)
Total income taxes	16,988	20,715
Profit	36,736	45,227
Profit attributable to non-controlling interests	8,450	8,989
Profit attributable to owners of parent	28,286	36,238

Quarterly Consolidated Statements of Comprehensive Income

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

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	36,736	45,227
Other comprehensive income		
Valuation difference on available-for-sale securities	2,845	5,202
Deferred gains or losses on hedges	20	(10)
Remeasurements of defined benefit plans, net of tax	177	(232)
Share of other comprehensive income of entities accounted for using equity method	862	1,163
Total other comprehensive income	3,906	6,123
Comprehensive income	40,643	51,350
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,053	43,056
Comprehensive income attributable to non-controlling interests	8,590	8,294

(3) Notes to the Quarterly Consolidated Financial Statements

(Segment Information)

I. Nine months ended December 31, 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	1,745,419	882,810	86,686	2,714,915	—	2,714,915
Intersegment sales and transfers	1,977	231	1	2,211	(2,211)	—
Total	1,747,397	883,042	86,688	2,717,127	(2,211)	2,714,915
Segment profit	13,008	21,968	2,267	37,245	(30)	37,215

Notes: 1. The downward segment profit adjustment of (¥30) million includes eliminations of inter-segment transactions of ¥2,115 million and group-wide expenses of (¥2,145) 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. Nine months ended December 31, 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	1,806,981	910,783	89,406	2,807,172	—	2,807,172
Intersegment sales and transfers	2,744	280	6	3,030	(3,030)	—
Total	1,809,725	911,064	89,412	2,810,202	(3,030)	2,807,172
Segment profit	20,854	22,439	1,969	45,264	108	45,372

Notes: 1. The segment profit adjustment of ¥108 million includes eliminations of inter-segment transactions of ¥2,258 million and group-wide expenses of (¥2,150) 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 applicable

(Notes Regarding Assumptions of Going Concern)

None applicable

(Notes Regarding Quarterly Consolidated Statements of Cash Flows)

We have not prepared consolidated statements of cash flows for the first nine months 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 nine months of the fiscal year ending March 31, 2025 are as follows.

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	12,613	12,801
Amortization of goodwill	789	970

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.

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