Consolidated Financial Statements for the Fiscal Year Ended March 31, 2025

May 13, 2025

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 URL: https://www.medipal.co.jp/english/
Representative: Shuichi Watanabe, Representative Director, President and CEO Phone: +81-3-3517-5171
Contact: Yuji Sakon, Managing Director and General Manager of Administration Division
Annual General Meeting of Shareholders (scheduled): June 25, 2025
Start of distribution of dividends (scheduled): June 3, 2025
Filing of Securities Report (Yuka Shoken Hokokusho) (scheduled): June 25, 2025
Preparation of Supplementary Materials for Financial Results: Yes
Presentation Meeting for Financial Results: Yes (for institutional investors and securities analysts)

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

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

(1) Sales and Income (Percentages represent change compared with 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 (%)
Year ended March 31, 2025	3,671,328	3.2	55,609	17.5	65,255	1.1
Year ended March 31, 2024	3,558,732	5.9	47,330	(3.4)	64,570	(0.8)

Note: Comprehensive income: Year ended March 31, 2025: ¥46,832 million (–27.6%);
Year ended March 31, 2024: ¥64,684 million (26.6%)

	Profit attributable to owners of the parent (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Diluted earnings per share (¥)	Return on equity (%)	Ordinary profit/total assets (%)	Operating profit/net sales (%)
Year ended March 31, 2025	40,279	(2.9)	193.20	—	6.6	3.6	1.5
Year ended March 31, 2024	41,474	6.9	195.83	—	7.1	3.7	1.3

(Reference) Share of profit of entities accounted for using equity method: Year ended March 31, 2025: ¥(3,768) million;
Year ended March 31, 2024: ¥3,584 million

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of March 31, 2025	1,824,984	757,947	33.9	2,979.39
As of March 31, 2024	1,799,127	736,612	33.4	2,858.57

(Reference) Net worth: As of March 31, 2025: ¥619,564 million; As of March 31, 2024: ¥600,349 million

(3) Consolidated Cash Flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
Year ended March 31, 2025	60,559	(3,363)	(25,947)	259,337
Year ended March 31, 2024	61,843	(7,817)	(25,248)	228,084

2. Cash Dividends

	Dividends per share (¥)					Total dividends paid (full year) (¥ million)	Payout ratio (consolidated) (%)	Dividends/net assets (consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Year ended March 31, 2024	—	30.00	—	30.00	60.00	12,651	30.6	2.2
Year ended March 31, 2025	—	30.00	—	32.00	62.00	12,892	32.1	2.1
Year ending March 31, 2026 (est.)	—	32.00	—	32.00	64.00		38.3	

3. Forecast of Consolidated Results for Fiscal 2026 (April 1, 2025 - March 31, 2026)

(Percentages represent change compared with the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Full term	3,785,000	3.1	52,000	(6.5)	69,000	5.7	34,500	(14.3)	167.28

Note: At the Board of Directors meeting held on May 13, 2025, the Company resolved to undertake a share buyback. “Earnings per share” in the forecast of consolidated results for the fiscal year ending March 31, 2026 takes into consideration the impact of this share buyback. For details on the share buyback, please refer to page 24 of the attached materials.

Notes

(1) Significant changes in scope of consolidation in the fiscal year ended March 31, 2025: Yes
Subsidiaries added to the scope of consolidation: 3 (PreMedica Inc., FloraDiscovery Inc., and PRESUSCUBE Corporation)
Subsidiaries removed from the scope of consolidation: 1(MEDIPAL FOODS CORPORATION)
Note: We acquired the shares of PreMedica Inc. in the fiscal year ended March 31, 2025 and have therefore included the company and its subsidiary, FloraDiscovery, in the scope of consolidation. We also acquired additional shares of PRESUSCUBE Corporation, an equity method affiliate, during the fiscal year ended March 31, 2025 and included it in the scope of consolidation. MEDIPAL FOODS CORPORATION was excluded from the scope of consolidation effective October 1, 2024, as a result of a merger with MP Gokyo Food & Chemical Co., Ltd., a consolidated subsidiary of the Company, as the surviving company.

(2) Changes in accounting policies and changes in/restatements of accounting estimates
(a) Changes in accounting policies due to revisions of accounting standards: Yes
(b) Changes in accounting policies other than (a) above: None
(c) Changes in accounting estimates: None
(d) Restatements: None
Note: Please refer to "5. Consolidated Financial Statements, (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)" on page 21 of the attachments for more information.

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

(a) Number of shares issued at the end of the period (including treasury stock)	Year ended March 31, 2025	219,226,042	Year ended March 31, 2024	221,291,342
(b) Number of treasury shares at the end of the period	Year ended March 31, 2025	11,275,805	Year ended March 31, 2024	11,274,274
(c) Average number of shares outstanding during the period	Year ended March 31, 2025	208,490,602	Year ended March 31, 2024	211,784,677

(Reference) Summary of Unconsolidated Results

1. Unconsolidated Results for Fiscal 2025 (April 1, 2024 - March 31, 2025)

(1) Sales and Income

(Percentages represent change compared with 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 (%)
Year ended March 31, 2025	30,383	0.3	19,017	47.9	20,467	45.4
Year ended March 31, 2024	30,306	(8.2)	12,859	(21.3)	14,078	(22.7)

	Profit (¥ million)	Year-on-year change (%)	Earnings per share (¥)	Diluted earnings per share (¥)
Year ended March 31, 2025	20,762	(1.5)	99.58	—
Year ended March 31, 2024	21,083	(1.6)	99.55	—

(2) Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Net worth ratio (%)	Net assets per share (¥)
As of March 31, 2025	368,774	345,083	93.6	1,659.45
As of March 31, 2024	368,181	345,731	93.9	1,646.21

(Reference) Net worth: As of March 31, 2025: ¥345,083 million; As of March 31, 2024: ¥345,731 million

* This summary of consolidated results 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. See page 10 of the attached materials for information regarding projected results.

(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

(i) Business Overview

The MEDIPAL Group is "Contributing to people's health and the advancement of society through creation of value in distribution." Based on this management philosophy, we are developing our business in the Pharmaceuticals, Health, and Beauty fields across three segments: Prescription Pharmaceutical Wholesale Business; Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business; and Animal Health Products and Food Processing Raw Materials Wholesale and Related Business. We handle prescription pharmaceuticals, medical equipment, clinical diagnostic reagents, daily necessities, cosmetics, food processing raw materials, and other essential products which each support healthy living and the lives of people. We therefore recognize that building logistics and a distribution network capable of uninterrupted delivery during normal times and in emergencies is an important obligation of the MEDIPAL Group as a company that is responsible for social infrastructure. Based on this commitment, we have been working on further evolution of the logistics platform as we formulate a business continuity plan (BCP).

To achieve our management philosophy, the MEDIPAL Group formulated the **2027 MEDIPAL Medium-Term Vision "Change the *Oroshi* Forever – Constant Innovation"** (hereinafter referred to as the "Medium-Term Vision") extending through fiscal year ending March 31, 2027. Recognizing human resource and financial strategies as the basis of future growth, the Medium-Term Vision targets re-prioritization of the business portfolio and sustainable growth of the Group through collaboration with our partners, and is advancing the following five growth strategies: Expansion of Overseas Business, Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business, Enhancement of the Business with and in Digital, Building Sustainable Logistics, and Value Co-creation in Community Healthcare.

In the fiscal year ended March 31, 2025, we made PreMedica Inc. (Minato-ku, Tokyo; "PreMedica") a wholly owned subsidiary in May 2024, and merged two subsidiaries: MP Gokyo Food & Chemical Co., Ltd. (Kita-ku, Osaka; "MP Gokyo Food & Chemical") and MEDIPAL FOODS CORPORATION (Chuo-ku, Sapporo; "MEDIPAL FOODS") in October 2024, in line with these strategies. Through these actions, we are pursuing the provision of products and strengthening services aimed at expanding the Prevention and Pre-disease Business and AGRO & FOOD Business, and strengthening our customer base. In July 2024, we made PRESUSCUBE Corporation (Chuo-ku, Tokyo) a consolidated subsidiary and are focusing on providing services to insurance pharmacies and other efforts to enhance the business with and in digital.

As an initiative targeted at overseas market entry, we are pursuing global joint development of new drugs in the ultra-rare diseases field with JCR Pharmaceuticals Co., Ltd. (Ashiya-shi, Hyogo; "JCR"). As part of this joint development, we reached an important milestone in the clinical trial on a therapeutic drug for mucopolysaccharidosis type IIIB (JR-446) developed by JCR when the drug was administered to the first patient in Phases I and II of the clinical trial in December 2024.

Aiming to expand our earnings base and maximize corporate value, the MEDIPAL Group also invests in startups in Japan through the MEDIPAL Innovation Fund, thereby contributing to the realization of a sustainable economy and society.

The main initiatives in each segment are as follows.

Prescription Pharmaceutical Wholesale Business

The MEDIPAL Group has established 13 area logistics centers (ALC)[1] throughout Japan as resilient logistics centers that seamlessly connect manufacturers with medical institutions and are equipped to handle disasters. We are building a logistics service network that provides uniform coverage across Japan and creating new logistics value as we provide stable supply. MEDICEO CORPORATION (Chuo-ku, Tokyo; "MEDICEO") is also taking on challenges for new logistics projects by introducing modal shifts and participating in Drone Logistics Business Development Project of Tokyo as initiatives aimed at resolving the "Logistics 2024 problem" and reducing greenhouse gas emissions. Meanwhile, MEDISKET CORPORATION (Misato-shi, Saitama; "MEDISKET"), a joint venture of MEDIPAL HOLDINGS and H.U. Group Holdings, Inc. (Minato-ku, Tokyo), aims to build the largest healthcare logistics platform in Japan to support "Pharmaceuticals, Health, and Beauty" and is making steady progress on preparing the infrastructure for sharing logistics for prescription pharmaceuticals and specimen collection for clinical trials.

Definition of Terms:

1. ALC (Area Logistics Center): A state-of-art distribution center that supplies prescription pharmaceuticals, medical supplies and other items primarily to dispensing pharmacies, hospitals and clinics.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

In September 2024, PALTAC CORPORATION (Osaka-shi, Osaka; "PALTAC") began offering combined logistics for food and non-food items with YAKUODO Co., Ltd. (Morioka-shi, Iwate) to achieve further optimization and efficiency of the entire supply chain. The purpose of this process is to resolve the "Logistics 2024 problem" and other issues in logistics. In January 2025, PALTAC also concluded a basic agreement with Mitsubishi Shokuhin Co., Ltd. (Bunkyo-ku, Tokyo) on partnership and collaboration aimed at building sustainable logistics and further expanding the logistics business in both companies to achieve efficient, sustainable logistics by partnering with different industries. They are pursuing initiatives aimed at expanding areas of value creation in logistics.

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

Our subsidiaries, MP Gokyo Food & Chemical and MEDIPAL FOODS, were integrated in October 2024 and are working to effectively utilize management resources and solidify the nationwide customer base. The aim is to address the shift in the Japanese food industry's landscape, marked by changes in customer and consumer preferences, including an increasing demand for health-conscious foods and foods with functional claims, and further develop our Food Processing Raw Materials Wholesale and Related Business.

(ii) Results of Operations for the Fiscal Year Ended March 31, 2025

Consolidated results for the fiscal ended March 31, 2025 are as follows.

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

	Year ended March 31, 2024	Year ended March 31, 2025	Difference	YoY change (%)
Net sales	3,558,732	3,671,328	＋112,595	+3.2
Gross profit [Percentage of sales]	246,654 [6.93%]	255,758 [6.97%]	+9,103 [+0.04pts]	+3.7
Selling, general and administrative expenses [Percentage of sales]	199,324 [5.60%]	200,148 [5.45%]	+824 [(0.15pts)]	+0.4
Selling, general and administrative expenses (excluding (i) and (ii) below)	191,494	196,749	+5,254	+2.7
(i) Business investment and other expenses	5,772	1,136	(4,636)	(80.3)
(ii) Amortization of goodwill and intangible assets*	2,056	2,262	+206	+10.0
Operating profit [Percentage of sales]	47,330 [1.33%]	55,609 [1.51%]	+8,278 [+0.18 pts]	+17.5
Operating profit excluding (i) and (ii) above	55,159	59,008	+3,849	+7.0
Ordinary profit	64,570	65,255	+684	+1.1
Extraordinary income	10,170	11,479	+1,308	+12.9
Profit before income taxes	74,741	76,734	+1,992	+2.7
Profit attributable to owners of the parent	41,474	40,279	(1,194)	(2.9)

* 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 ¥112,595 million (3.2%) year on year to ¥3,671,328 million.

- In the Prescription Pharmaceutical Wholesale Business, sales increased by ¥74,449 million (3.2%), while in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, sales rose by ¥36,131 million (3.1%), and in the Animal Health Products and Food Processing Raw Materials Wholesale Related Business, sales increased by ¥2,838 million (2.5%), resulting in sales growth across all business segments compared to the previous fiscal year.

Operating profit

Operating profit increased by ¥8,278 million (17.5%) year on year to ¥55,609 million.

- Gross profit increased by ¥9,103 million (3.7%) year on year to 255,758 million yen, mainly owing to business expansion at MEDISKET, in addition to the growth in sales. The ratio of gross profit to sales increased by 0.04 point to 6.97%, outperforming the previous fiscal year (6.93%).
- SG&A expenses increased by ¥824 million (0.4%) year on year to 200,148 million yen due to the expansion of the MEDISKET business, and increases in sales in the cosmetics, daily necessities and OTC drug wholesale business, despite a decrease in business investment expenses, etc. The ratio to net sales improved 0.15 points to 5.45% due to an increase in sales.

Ordinary profit

Ordinary profit increased by ¥684 million (1.1%) year on year to ¥65,255 million.

- While net non-operating income decreased by ¥7,594 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 the parent

Profit attributable to owners of parent declined by ¥1,194 million (2.9%) year on year to ¥40,279 million.

- Extraordinary income of ¥11,994 million, recorded mainly 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; "TOSHICHI") in the amount of ¥1,253 million recorded in the previous fiscal year, resulting in an increase of ¥1,308 million in extraordinary income to ¥11,479 million. On the other hand, net income attributable to shareholders of the parent company decreased due to a 2,230 million yen increase in income taxes.

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

Prescription Pharmaceutical Wholesale Business overall market grew as demand increased, mainly from the commencement of regular COVID-19 vaccine boosters, provision of catch-up vaccines for the human papillomavirus (HPV) [2], and increased opportunities for medical appointments at medical institutions, despite the negative impact from NHI drug price revisions and a decline in demand for therapeutic drugs and diagnostic reagents for COVID-19 and influenza.

Amid this environment, MEDICEO and other companies in the pharmaceutical business aimed to create new value as regional medical coordinators by expanding activities to connect medical institutions, dispensing pharmacies, and municipalities. Women's Coordinators[3] who specialize in the area of obstetrics and gynecology, rare disease medical representatives (RD-MR)[4] who specialize in area of rare diseases, and assistant representatives (AR)[5] who are Company marketing specialists, which possess agility and have specialized knowledge of pharmaceuticals, worked to resolve regional healthcare issues, mainly by delivering comprehensive information on disease prevention, diagnosis, and treatment; implementing disease awareness activities; identifying potential patients; and serving as a bridge to specialists.

Efforts were also made to build a safe, secure, and highly functional logistics platform using ALC functions to handle the increasing cargo volume and reduce costs by improving logistics efficiency, amid the "Logistics 2024 problem" in logistics and other major changes in the surrounding industry environment.

Definition of Terms:

2. Catch-up vaccines for the human papillomavirus (HPV): A system to provide women who missed the opportunity to be vaccinated during the period which active recommendation of the HPV vaccine was suspended to receive at public expense.
3. Women's Coordinator: An internal designation given to ARs and others who have specialized knowledge in the area of obstetrics and gynecology.
4. Rare Disease Medical Representatives (RD-MR): An internal designation given to ARs and others who focus on the area of rare diseases.

5. Assistant Representatives (AR): An internal designation given to Marketing Specialists (salespeople for the Prescription Pharmaceutical Wholesale Business), pharmacists, and others who have passed the Medical Representative (MR) qualification exam.

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

	Year ended March 31, 2024	Year ended March 31, 2025	Difference	YoY change (%)
Net sales	2,295,795	2,370,245	+74,449	+3.2
Gross profit	144,123	150,387	+6,264	+4.3
[Percentage of sales]	[6.28%]	[6.34%]	[+0.07 pts]	
Selling, general and administrative expenses	126,651	125,180	(1,471)	(1.2)
[Percentage of sales]	[5.52%]	[5.28%]	[(0.24 pts)]	
Selling, general and administrative expenses (excluding (i) and (ii) below)	120,878	123,837	+2,958	+2.4
(i) Business investment and other expenses	5,772	1,136	(4,636)	(80.3)
(ii) Amortization of goodwill and intangible assets*	—	206	+206	—
Operating profit	17,471	25,207	+7,735	+44.3
[Percentage of sales]	[0.76%]	[1.06%]	[+0.30 pts]	
Operating profit excluding (i) and (ii) above	23,244	26,550	+3,305	+14.2

* 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 ¥74,449 million (3.2%) year on year to ¥2,370,245 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 increased by ¥7,735 million (44.3%) year on year to ¥25,207 million.

- Gross profit increased by ¥6,264 million (4.3%) year on year to ¥150,387 million., mainly due to the growth in sales. The ratio of gross profit to sales increased by 0.07 point to 6.34%, outperforming the previous fiscal year (6.28%).
- SG&A expenses decreased by ¥1,471 million (1.2%) year on year to ¥125,180 million and the ratio to net sales also increased 0.24 points to 5.28%. The decrease was business investment expenses posted in the previous fiscal year, and despite an increase of ¥2,958 million (2.4%) due to business expansion at MEDISKET.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

The business environment for the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business was severe due to the negative impact from an increased reluctance to purchase as the price of goods increased and soaring logistics expenses, despite an increase in demand commensurate with the surge in activity among the public and growth in inbound demand.

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. Such conditions resulted from introduction of new products and other well-targeted sales activities to capitalize on market changes spurred by the increase in leisure activities and inbound demand, the spread of infectious diseases, and other factors, through the active use of data.

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

	Year ended March 31, 2024	Year ended March 31, 2025	Difference	YoY change (%)
Net sales	1,151,966	1,188,097	+36,131	+3.1
Gross profit	86,358	88,982	+2,624	+3.0
[Percentage of sales]	[7.50%]	[7.49%]	[(0.01 pts)]	
Selling, general and administrative expenses	59,185	60,973	+1,788	+3.0
[Percentage of sales]	[5.14%]	[5.13%]	[(0.01 pts)]	

Operating profit	27,172	28,008	+836	+3.1
[Percentage of sales]	[2.36%]	[2.36%]	[(0.00 pts)]	

Net sales

Net sales rose by ¥36,131 million (3.1%) year on year to ¥1,188,097 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 market changes spurred by the increase in leisure activities and inbound demand, the spread of infectious diseases, and other market changes, through the active use of data.

Operating profit

Operating profit increased by ¥836 million (3.1%) year on year to ¥28,008 million.

- Gross profit rose by ¥2,624 million (3.0%) year on year to ¥88,982 million, due to successful efforts to expand sales and thereby increase profit, even though the ratio of gross profit to sales underperformed the previous fiscal year (7.50%) owing to the negative impact from higher distribution center fee rates.
- SG&A expenses increased by ¥1,788 million (3.0%) year on year to ¥60,973 million due to the expansion of sales, while SG&A as a percentage of sales improved by 0.01 point to 5.13% as the expansion of sales had the effect of absorbing fixed costs.

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

The severe business environment is persisting in the Animal Health Products Wholesale Business, where the steep rise in the price of feed, energy, and other production materials due to yen weakening caused a decline in the desire to purchase animal health products. We sought to improve profitability amid this environment by commencing transactions with new manufacturers, focusing on products planned in-house and highly profitable products, and expanding transactions with major customers.

The business environment in the Food Processing Raw Materials Wholesale and Related Business is relatively good and signs of a rebound in the electronic material and industrial chemical markets are growing stronger. However, the negative impact from continuing weakening of the yen is causing the cost of imports to soar and is putting downward pressure on profits and we revised product sales prices to absorb the impact from exchange rates.

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

	Year ended March 31, 2024	Year ended March 31, 2025	Difference	YoY change (%)
Net sales	114,023	116,861	+2,838	+2.5
Gross profit	16,259	16,446	+186	+1.2
[Percentage of sales]	[14.26%]	[14.07%]	[(0.19 pts)]	
Selling, general and administrative expenses	13,531	14,001	+470	+3.5
[Percentage of sales]	[11.87%]	[11.98%]	[+0.11 pts]	
Selling, general and administrative expenses (excluding the following)	11,475	11,945	+470	+4.1
Amortization of goodwill and intangible assets*	2,056	2,056	0	—
Operating profit	2,727	2,444	(283)	(10.4)
[Percentage of sales]	[2.39%]	[2.09%]	[(0.30 pts)]	
Operating profit excluding the above amortization	4,783	4,500	(283)	(5.9)

* 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 ¥2,838 million (2.5%) year on year to ¥116,861 million.

- The Animal Health Products Wholesale Business saw firm net sales, mainly from active introduction of new products, despite the negative impact caused by some pet food manufacturers changing product distribution to direct sales in the companion animal[6] health products segment. Sales were firm in the fisheries and livestock segment due to growth in sales of functional products that improve productivity, in addition to special demand for products related to an outbreak of avian influenza. The Food Processing Raw Materials Wholesale and Related Business saw growth in overall sales due to strong sales in the food ingredients and chemicals segments.

Definition of Terms:
6. 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 ¥283 million (10.4%) year on year to ¥2,444 million.

- Gross profit rose by ¥186 million (1.2%) year on year to ¥16,446 million and the ratio of gross profit to sales decreased by 0.19 point to 14.07% from the previous fiscal year (14.26%). Profit was firm in Animal Health Products Wholesale Business due to revision of prices along with the increase in the cost of health products and purchasing costs, and measures such as obtaining rebates from key manufacturers. 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 expenses rose by ¥470 million (3.5%) year on year to ¥14,001 million and the ratio to net sales also increased 0.11 points to 11.98%. The increase in SG&A expenses was due to investment in human resource development and an increase in wages to strengthen recruitment. In the Food Processing Raw Materials Wholesale and Related Business, the increase resulted from expenses associated with the integration with MEDIPAL FOODS, in addition to 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 ¥1,824,984 million, an increase of ¥25,857 million from the end of the previous fiscal year.

Current assets rose by ¥38,556 million from the end of the previous fiscal year to ¥1,282,746 million, This was mainly due to an increase of ¥31,252 million in cash and deposits and ¥5,457 million in notes and accounts receivable and accounts receivable-trade and a 6,070 million yen increase in merchandise and finished goods.

Non-current assets increased by ¥12,699 million from the end of the previous fiscal year to ¥542,237 million, This was mainly due to a decrease of ¥11,787 million in investment securities.

Liabilities

Liabilities totaled ¥1,067,037 million, increased by ¥4,522 million from the end of the previous fiscal year.

Current liabilities increased by ¥1,728 million from the previous fiscal year to ¥1,009,447 million, This was mainly due to an increase of ¥8,176 million in notes and accounts payable–trade and a decrease of ¥3,470 million in allowance for losses related to the Antimonopoly Law.

Non-current liabilities increased by ¥2,794 million from the end of the previous fiscal year to ¥57,590 million. This was mainly due to an increase of ¥2,557 million in lease obligations (other long-term liabilities).

Net assets

Net assets were ¥757,947 million, an increase of ¥21,334 million from the end of the previous fiscal year.

Shareholders' equity increased by ¥23,020 million from the end of the previous fiscal year to ¥563,286 million. This was mainly due to an increase of ¥23,756 million in retained earnings.

Accumulated other comprehensive income increased by ¥3,805 million from the end of the previous fiscal year to ¥56,277 million, This was mainly due to a decrease of ¥4,287 million in valuation difference on available-for-sale securities.

Non-controlling interests increased ¥2,118 million from the end of the previous fiscal year to ¥138,381 million, mainly due to an increase in net assets at PALTAC.

(3) Overview of Cash Flows

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

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities	61,843	60,559
Cash flows from investing activities	(7,817)	(3,363)
Cash flows from financing activities	(25,248)	(25,947)
Effect of exchange rate changes on cash and cash equivalents	0	3
Net increase (decrease) in cash and cash equivalents	28,778	31,252
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	228,084	259,337

In the fiscal year ended March 31, 2025, on a consolidated basis, cash and cash equivalents (hereafter, "net cash") at the end of the year, increased ¥31,252 million from the end of the previous fiscal year, meant that net cash at the end of the year was ¥259,337 million.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥60,559 million (a decrease in cash inflow of ¥1,284 million year on year). This was mainly due to income before income taxes and minority interests of ¥76,734 million, depreciation and amortization of ¥17,116 million, an increase in notes and accounts receivable-trade of ¥5,361 million, an increase in inventories of ¥6,121 million, an increase in notes and accounts payable-trade of ¥8,099 million, and income taxes paid of ¥23,651 million.

Cash Flows from Investing Activities

Net cash used in investing activities was ¥3,363 million (a decrease in cash outflow of ¥4,453 million year on year). This was mainly due to expenditures of ¥8,861 million for the acquisition of tangible fixed assets such as Hanshin ALC, proceeds from sales and redemption of investment securities of ¥14,745 million, and expenditures of ¥3,403 million related to the acquisition of consolidated subsidiary PreMedica.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥25,947 million (an increase in cash outflow of ¥698 million year on year). This was mainly due to ¥5,070 million spent on the acquisition of treasury stock, ¥4,999 million spent by consolidated subsidiary PALTAC to acquire its shares, and ¥15,589 million in cash dividends paid.

Reference: Trends of Cash Flow Indicators

	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Net worth ratio (%)	31.1	31.0	32.8	33.4	33.9
Net worth ratio on a market value basis (%)	26.5	24.7	22.2	27.1	26.6
Cash flow to interest-bearing debt ratio (%)	117.5	64.4	49.4	3.3	7.9
Interest coverage ratio (times)	684.8	3,647.5	461.8	10,550.1	6,009.6

Notes:
Net worth ratio: Net worth/Total assets
Net worth ratio on a market value basis: Total market value of stock/Total assets
Cash flow to interest-bearing debt ratio: Interest-bearing debt/Cash flow
Interest coverage ratio: Cash flows from operating activities/Interest expense
1. All indicators are calculated based on consolidated financial figures.
2. Total market value of stock is calculated based on the number of shares issued and outstanding (excluding treasury shares).
3. Cash flow is cash flows from operating activities.
4. Interest-bearing debt comprises all liabilities stated on the consolidated balance sheets on which the Company pays interest. It also includes interest-free convertible-bond-type bonds with share acquisition rights.

(4) Outlook for the Fiscal Year Ending March 31, 2026

In each business, the MEDIPAL Group is now conducting initiatives in line with the 2027 MEDIPAL Medium-Term Vision, which runs until March 31, 2027 and takes as its basic policy "Change the *Oroshi* Forever: Constant Innovation" and our Sustainability Policy.

The forecast of consolidated results for the fiscal year ending March 31, 2026 is as follows.

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

	Year ended March 31, 2025 Results	Year ending March 31, 2026 Forecast	YoY difference	YoY change (%)
Net sales	3,671,328	3,785,000	+113,671	+3.1
Gross profit [Percentage of sales]	255,758 [6.97%]	263,500 [6.96%]	+7,741 [(0.01 pts)]	+3.0
Selling, general and administrative expenses [Percentage of sales]	200,148 [5.45%]	211,500 [5.59%]	+11,351 [+0.14 pts]	+5.7
Operating profit [Percentage of sales]	55,609 [1.51%]	52,000 [1.37%]	(3,609) [(0.14 pts)]	(6.5)
Ordinary profit	65,255	69,000	+3,744	+5.7
Extraordinary income	11,479	(93)	(11,572)	―
Profit before income taxes	76,734	68,906	(7,827)	(10.2)
Profit attributable to owners of the parent	40,279	34,500	(5,779)	(14.3)

In the Prescription Pharmaceutical Wholesale Business, there is an increasing focus on strict quality control and rapid, stable supply of pharmaceuticals accompanying advances in medical care. This environment makes it necessary for pharmaceutical wholesalers to build distribution networks that optimize the whole supply chain and step up efforts to gather and provide timely, appropriate information among medical professionals. It is also important to create businesses such as providing new services and products that meet the changing needs of customers, in light of the fact that NHI drug price revisions are now taking place every year and substantial growth cannot be anticipated in the prescription pharmaceuticals market in Japan.

Amid these conditions, the MEDIPAL Group will utilize our unique ALCs and AR functions ("the two A's") to provide new distribution value and strengthen our earnings base for a new era in the fiscal year ending March 31, 2026.

We will continue to provide a stable supply of prescription pharmaceuticals while also providing high-quality logistics services that comply with GDP guidelines[7], in addition to establishing infrastructure for sharing logistics to optimize the supply of pharmaceuticals and testing materials, and collection of specimens for clinical trials, research, and other purposes, through our consolidated subsidiary, MEDISKET. We will also continue efforts to create new profit opportunities through logistics contracts with outside companies in the future.

With regard to ARs, the roughly 2,000 current employees are now developing activities to provide comprehensive information to medical professionals and marketing activities targeted at resolving regional healthcare issues. The demand from drug manufacturers and biotech startups and their expectations for these functions are expected to increase year after year, and we will continue to explore partnership opportunities.

In the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business is expected to see a resurgence in consumer spending thanks to ongoing efforts to improve the income environment and expansion of inbound demand, we foresee uncertain conditions in the future due to such risks as an increased reluctance to purchase as prices rise and economic recession brought about by changes in trade policies in each country, in addition to increasing logistics expenses due to labor shortages.

On the sales front, we will endeavor to capture inbound demand and propose effective approaches for sales promotion as we expand handling of new products that are well-targeted to meet the diverse needs of customers, amid such conditions. Profits will be negatively impacted by increasing logistics expenses resulting mainly from labor shortages, but we will focus on collaboration with our supply chain to improve distribution efficiency and strengthening handling of new products that add higher value, among other efforts.

In the Animal Health Products and Food Processing Raw Materials Wholesale and Related Business, we expect the market environment for animal health products to be severe due to persistently high prices for feed, energy and other production materials and the change in product distribution to direct sales by some pet food manufacturers. We will continue to strengthen sales of products that contribute to improved productivity in the fisheries and livestock markets, and to expand products that help dogs and cats live longer through therapeutic advances and new products carried to boost sales in the companion animal market by continuing activities to cultivate new transactions from existing customers, amid such conditions.

In the Food Processing Raw Materials Wholesale and Related Business, we expect the severe business environment to persist, mainly due to a declining and aging domestic population and soaring raw material prices.

On the other hand, the business environment is constantly changing as consumer needs diversify with increasing awareness about food safety and health, leading to technological innovation advances and new demands. Amid this, MP Gokyo Food & Chemical is endeavoring to expand profits by strengthening sales of its mainstay polysaccharides[8] in Japan and overseas, and strengthen customer service by building a system to accelerate business expansion and develop products in electronic materials for the semiconductor market and other products in the chemicals area.

We will continue to actively invest in five growth strategies aimed at achieving sustainable growth of the MEDIPAL Group: Expansion of Overseas Business, Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business, Enhancement of the Business with and in Digital, Building Sustainable Logistics, and Value Co-creation in Community Healthcare.

As a result of the combined efforts noted above, we forecast the following consolidated results for the fiscal year ending March 31, 2026: net sales of ¥3,785,000 million, an increase of 3.1% compared to the fiscal year ended March 31, 2025; operating profit of ¥52,000 million, a decrease of 6.5%; ordinary profit of ¥69,000 million, an increase of 5.7%; and profit attributable to owners of the parent of ¥34,500 million, a decrease of 14.3%.

Definition of Terms:

7. GDP (Good Distribution Practice) Guidelines set out appropriate procedures for ensuring the proper management of distribution (purchase, storage, and supply), maintaining the integrity of pharmaceuticals, and preventing the entry of counterfeit drugs into regular distribution channels.
8. Polysaccharide is a generic term for a long connected monosaccharide, such as glucose and mannose, and in a broad sense, it refers to carbohydrates that are composed of 10 or more monosaccharides bound together. Its functions include imparting a unique texture to, and maintaining the freshness of, processed foods such as sauces, dips, dressings, *tsukudani*, jelly, pudding, and ice cream, and it is also used in foods for people who have difficulty swallowing. In recent years, polysaccharides have also been used in non-food products such as cosmetics.

2. Basic Capital Policy and Dividends for the Fiscal Year Ended March 31, 2025 and the Fiscal Year Ending March 31, 2026

(1) Basic Capital Policy

Our basic capital policy is to strive for sustainable corporate growth and maximization of corporate value through business and financial activities founded on the dual focus of increasing return on equity and reducing the cost of capital. In order to generate profits that exceed the cost of capital, we will regularly monitor and verify these costs and pursue the optimal capital structure for the Company while ensuring financial soundness.

*The Company recognizes WACC (Weighted Average Cost of Capital) as its cost of capital, which is calculated by the following formula.

WACC (%) = Cost of shareholders' equity※ × Shareholders' equity / (Interest-bearing debt + Shareholders' equity) + Cost of debt × (1 - effective tax rate) × Interest-bearing debt / (Interest-bearing debt + Shareholders' equity)

※Calculated based on the CAPM (Capital Asset Pricing Model) theory.

(2) Dividends for the Fiscal Year Ended March 31, 2025 and the Fiscal Year Ending March 31, 2026

We believe that providing returns to shareholders is one of our important tasks in corporate management.

For distribution of profits, in principle, we have decided to maintain or increase the dividend payout ratio on earnings before amortization of goodwill and amortization of intangible assets arising from the growth investments set forth in the Medium-Term Vision. Simultaneously, we will comprehensively assess demand for funding and flexibly implement share buybacks and cancellations of shares as appropriate for the purpose of improving capital efficiency and further returning profits to shareholders.

With this, we aim to achieve a total shareholder return ratio of 40% for the five-year cumulative period from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2027, on earnings before amortization of goodwill and intangible assets generated by the growth investments set forth in this Medium-Term Vision.

Our basic policy is to declare dividends of surplus twice a year as interim and year-end dividends.

Annual dividends per share for fiscal year ended March 31, 2025: ¥62

We plan to declare a year-end dividend of ¥32 per share for the fiscal year ended March 31, 2025.

Combined with the interim dividend of ¥30 per share, this will bring the annual dividends to ¥62 per share.

Annual dividends per share for the fiscal year ending March 31, 2026 (forecast): ¥64

3. Management Policy

(1) Basic Management Policy

The MEDIPAL Group conducts its business activities based on its management philosophy of "Contributing to people's health and the advancement of society through creation of value in distribution."

Our "ideal situation" is to "expand, support, and connect 'Pharmaceuticals, Health, and Beauty.'" We aim to realize a society in which everyone can live with physical and mental well-being and to enhance our corporate value by expanding businesses in the areas of pharmaceuticals, health, and beauty that create social value and customer value, supporting them with robust distribution infrastructure, and connecting the value that our partners possess in various sectors.

(2) Promoting Sustainability Management

To both help realize a sustainable society and improve our corporate value, the MEDIPAL Group is pursuing sustainability management based on our sustainability policy, "Connecting to the Future with 'Energy and Brightness.'" We analyzed the relationship between social issues such as SDGs, our business activities and Medium-Term Vision, and identified materiality in six categories that will support our goal of solving social issues and achieving sustainable growth for the MEDIPAL Group: Sustainable Distribution in the "Pharmaceuticals, Health, and Beauty" Fields; Enhancement of Profitability through New Value Creation; Development of Future-Oriented Human Resources; Promotion of Diversity and Inclusion; Initiatives for Decarbonization; and Sound and Transparent Corporate Management. Targets have been established for each category and we are steadily working toward achieving them. We are working to strengthen Group compliance and further enhance corporate governance for sound and transparent corporate management.

(3) Overview of the 2027 MEDIPAL Medium-Term Vision

To put our management philosophy into practice, the MEDIPAL Group is implementing initiatives in line with the **2027 MEDIPAL Medium-Term Vision**, which takes as its basic policy **"Change the *Oroshi* Forever: Constant Innovation."**

We will carry out the five growth strategies through business portfolio prioritization and collaboration with partners. Recognizing our human resources and financial strategies as the foundation of our growth strategies. We will create social and customer value through execution of our strategies to achieve the sustainable growth of the MEDIPAL Group.

See the link provided for more information: https://ssl4.eir-parts.net/doc/7459/announcement7/83383/00.pdf

4. Basic Rationale for Selection of Accounting Standards

To ensure the comparability of financial statements with other companies and between fiscal years, the MEDIPAL Group prepares its consolidated financial statements based on the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), excluding chapters 7 and 8.

With respect to application of International Financial Reporting Standards (IFRS), we intend to respond appropriately after considering the circumstances in Japan and overseas.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of March 31, 2024	As of March 31, 2025
ASSETS		
Current assets		
Cash and deposits	230,154	261,407
Notes receivable – trade	15,432	14,455
Accounts receivable – trade	742,652	749,085
Securities	316	—
Merchandise and finished goods	172,030	178,100
Accounts receivable – other	66,516	66,826
Other	17,218	12,912
Allowance for doubtful accounts	(129)	(42)
Total current assets	1,244,190	1,282,746
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	108,911	103,180
Machinery, equipment and vehicles, net	34,824	31,311
Land	117,324	117,285
Construction in progress	6,717	10,958
Other, net	3,174	5,829
Total property, plant and equipment	270,953	268,564
Intangible assets		
Goodwill	11,625	13,150
Customer-related intangible assets	17,653	16,392
Software	8,042	8,440
Other	1,693	1,915
Total intangible assets	39,014	39,898
Investments and other assets		
Investment securities	210,865	199,078
Long-term loans receivable	110	115
Deferred tax assets	5,431	4,890
Retirement benefit asset	9,749	9,722
Other	19,457	20,614
Allowance for doubtful accounts	(645)	(644)
Total investments and other assets	244,969	233,774
Total non-current assets	554,937	542,237
Total assets	1,799,127	1,824,984

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

	As of March 31, 2024	As of March 31, 2025
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	924,297	932,474
Income taxes payable	13,630	13,329
Provision for bonuses	8,035	7,854
Provision for loss on disaster	453	—
Provision for loss on disposal of fixed assets	—	167
Provision for loss on Anti-Monopoly Act	5,704	2,233
Other	55,596	53,387
Total current liabilities	1,007,719	1,009,447
Non-current liabilities		
Deferred tax liabilities	34,056	32,858
Deferred tax liabilities for land revaluation	825	813
Retirement benefit liability	16,583	16,057
Other	3,330	7,860
Total non-current liabilities	54,796	57,590
Total liabilities	1,062,515	1,067,037
NET ASSETS		
Shareholders' equity		
Share capital	22,398	22,398
Capital surplus	99,807	100,010
Retained earnings	439,315	463,071
Treasury shares	(21,254)	(22,193)
Total shareholders' equity	540,265	563,286
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	70,347	66,060
Deferred gains or losses on hedges	(3)	(37)
Revaluation reserve for land	(13,415)	(13,518)
Foreign currency translation adjustment	1,908	2,646
Remeasurements of defined benefit plans	1,246	1,126
Total accumulated other comprehensive income	60,083	56,277
Share acquisition rights	—	1
Non-controlling interests	136,263	138,381
Total net assets	736,612	757,947
Total liabilities and net assets	1,799,127	1,824,984

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

Consolidated Statements of Income

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

	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	3,558,732	3,671,328
Cost of sales	3,312,077	3,415,569
Gross profit	246,654	255,758
Selling, general and administrative expenses		
Salaries and allowances	79,510	81,596
Welfare expenses	14,453	14,813
Provision for bonuses	7,968	7,649
Retirement benefit expenses	3,187	2,944
Distribution expenses	20,474	23,593
Rent expenses on land and buildings	4,839	5,121
Depreciation	13,647	13,514
Other	55,242	50,915
Total selling, general and administrative expenses	199,324	200,148
Operating profit	47,330	55,609
Non-operating income		
Interest income	29	50
Dividend income	2,761	3,092
Research fee income	8,360	8,478
Rental income from real estate	2,300	2,446
Share of profit of entities accounted for using equity method	3,584	—
Other	2,377	1,978
Total non-operating income	19,414	16,046
Non-operating expenses		
Interest expenses	8	7
Rental expenses on real estate	1,293	1,728
Share of loss of entities accounted for using equity method	—	3,768
Loss on investments in investment partnerships	573	566
Other	298	329
Total non-operating expenses	2,174	6,401
Ordinary profit	64,570	65,255
Extraordinary income		
Gain on sale of non-current assets	4	75
Gain on step acquisitions	1,253	32
Gain on sale of investment securities	8,736	11,994
Compensation income	1,944	—
Other	24	592
Total extraordinary income	11,963	12,694
Extraordinary losses		
Loss on sale and retirement of non-current assets	145	472
Provision of allowance for removal cost of non-current assets	—	167
Impairment losses	707	278
Loss on valuation of investment securities	225	207
Loss on disaster	259	—
Provision for loss on disaster	453	—
Other	1	89
Total extraordinary losses	1,793	1,215
Profit before income taxes	74,741	76,734
Income taxes – current	24,693	24,566
Income taxes – deferred	(1,720)	637
Total income taxes	22,973	25,203
Profit	51,768	51,530
Profit attributable to non-controlling interests	10,293	11,250
Profit attributable to owners of the parent	41,474	40,279

Consolidated Statements of Comprehensive Income

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

	Year ended March 31, 2024	Year ended March 31, 2025
Profit	51,768	51,530
Other comprehensive income		
Valuation difference on available-for-sale securities	9,895	(5,600)
Deferred gains or losses on hedges	(2)	(49)
Revaluation reserve for land	107	(23)
Remeasurements of defined benefit plans, net of tax	2,006	(160)
Share of other comprehensive income of entities accounted for using equity method	908	1,134
Total other comprehensive income	12,916	(4,698)
Comprehensive income	64,684	46,832
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	52,453	36,554
Comprehensive income attributable to non-controlling interests	12,231	10,227

(3) Consolidated Statements of Changes in Net Assets
Year ended March 31, 2024

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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	22,398	101,597	414,723	(26,288)	512,430
Changes during period					
Dividends of surplus			(11,179)		(11,179)
Profit attributable to owners of the parent			41,474		41,474
Purchase of treasury shares				(10,002)	(10,002)
Cancellation of treasury shares		(7,865)		7,865	—
Transfer from retained earnings to capital surplus		5,525	(5,525)		—
Increase by share exchanges		550		7,170	7,720
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Reversal of revaluation reserve for land			(177)		(177)
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,790)	24,592	5,033	27,835
Balance at end of period	22,398	99,807	439,315	(21,254)	540,265

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	61,439	5	(13,700)	1,547	(364)	48,927	126,697	688,055
Changes during period								
Dividends of surplus								(11,179)
Profit attributable to owners of the parent								41,474
Purchase of treasury shares								(10,002)
Cancellation of treasury shares								—
Transfer from retained earnings to capital surplus								—
Increase by share exchanges								7,720
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Reversal of revaluation reserve for land								(177)
Net changes in items other than shareholders' equity	8,908	(9)	285	361	1,610	11,155	9,565	20,721
Total changes during period	8,908	(9)	285	361	1,610	11,155	9,565	48,557
Balance at end of period	70,347	(3)	(13,415)	1,908	1,246	60,083	136,263	736,612

Year ended March 31, 2025

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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	22,398	99,807	439,315	(21,254)	540,265
Changes during period					
Dividends of surplus			(12,539)		(12,539)
Profit attributable to owners of the parent			40,279		40,279
Purchase of treasury shares				(5,003)	(5,003)
Cancellation of treasury shares		(4,064)		4,064	—
Transfer from retained earnings to capital surplus		4,064	(4,064)		—
Change in ownership interest of parent due to transactions with non-controlling interests		203			203
Reversal of revaluation reserve for land			80		80
Net changes in items other than shareholders' equity					
Total changes during period	—	203	23,756	(938)	23,020
Balance at end of period	22,398	100,010	463,071	(22,193)	563,286

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	70,347	(3)	(13,415)	1,908	1,246	60,083	—	136,263	736,612
Changes during period									
Dividends of surplus									(12,539)
Profit attributable to owners of the parent									40,279
Purchase of treasury shares									(5,003)
Cancellation of treasury shares									—
Transfer from retained earnings to capital surplus									—
Change in ownership interest of parent due to transactions with non-controlling interests									203
Reversal of revaluation reserve for land									80
Net changes in items other than shareholders' equity	(4,287)	(33)	(103)	738	(120)	(3,805)	1	2,118	(1,686)
Total changes during period	(4,287)	(33)	(103)	738	(120)	(3,805)	1	2,118	21,334
Balance at end of period	66,060	(37)	(13,518)	2,646	1,126	56,277	1	138,381	757,947

(4) Consolidated Statements of Cash Flows

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

	Year ended March 31, 2024	Year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	74,741	76,734
Depreciation	16,931	17,116
Impairment losses	707	278
Amortization of goodwill	1,051	1,301
Increase (decrease) in provision for bonuses	143	(248)
Increase (decrease) in allowance for doubtful accounts	(26)	(88)
Increase (decrease) in provision for loss on disaster	453	(453)
Increase (decrease) in allowance for losses related to antitrust law	-	(3,470)
Increase (decrease) in retirement benefit liability	(435)	(525)
Interest and dividend income	(2,791)	(3,142)
Increase (decrease) in allowance for fixed asset removal costs	-	167
Interest expenses	8	7
Share of loss (profit) of entities accounted for using equity method	(3,584)	3,768
Loss (gain) on sale and retirement of non-current assets	141	397
Loss (gain) on step acquisitions	(1,253)	(32)
Loss (gain) on sale of short-term and long-term investment securities	(8,736)	(11,994)
Loss (gain) on valuation of short-term and long-term investment securities	225	207
Compensation income	(1,944)	—
Loss on disaster	259	—
Decrease (increase) in trade receivables	(23,053)	(5,361)
Decrease (increase) in inventories	(779)	(6,121)
Decrease (increase) in retirement benefit asset	(3,031)	26
Increase (decrease) in trade payables	25,269	8,099
Increase (decrease) in accrued consumption taxes	2,497	4
Other	3,943	3,102
Subtotal	80,737	79,773
Interest and dividends received	5,978	4,853
Interest paid	(5)	(10)
Proceeds from compensation	2,768	—
Payments associated with disaster loss	(249)	(406)
Payments for deposit money	(3,085)	—
Income taxes paid	(24,298)	(23,651)
Net cash provided by (used in) operating activities	61,843	60,559
Cash flows from investing activities		
Payments into time deposits	(2,070)	(2,070)
Proceeds from withdrawal of time deposits	2,070	2,070
Purchase of property, plant and equipment	(15,560)	(8,861)
Proceeds from sale of property, plant and equipment	44	394
Purchase of intangible assets	(3,835)	(3,570)
Purchase of investment securities	(1,085)	(555)
Proceeds from sale and redemption of investment securities	10,556	14,745
Purchase of shares of subsidiaries and associates	(518)	—
Proceeds from sale of shares of subsidiaries and associates	—	232
Purchase of other securities of subsidiaries and associates	(340)	(1,484)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(3,403)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	184
Payments for investments in silent partnerships	(610)	(2,165)
Loan advances	(0)	(61)
Proceeds from collection of loans receivable	2	2
Other	3,531	1,180
Net cash provided by (used in) investing activities	(7,817)	(3,363)
Cash flows from financing activities		
Repayments of lease obligations	(1,312)	(287)
Purchase of treasury shares	(10,090)	(5,070)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(4,999)
Dividends paid	(11,179)	(12,539)
Dividends paid to non-controlling-interest shareholder	(2,664)	(3,050)
Net cash provided by (used in) financing activities	(25,248)	(25,947)
Effect of exchange rate changes on cash and cash equivalents	0	3
Net increase (decrease) in cash and cash equivalents	28,778	31,252
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	228,084	259,337

(5) Notes to the Consolidated Financial Statements
(Notes Regarding Assumptions of Going Concern)
None applicable

(Changes in Accounting Policies)
(Application of Revised Accounting Standard for Current Income Taxes, Etc.)
The Accounting Standard for Current Income Taxes, Etc. (ASBJ Statement No. 27, revised October 28, 2022; hereafter "2022 revised accounting standard") were applied from the beginning of the fiscal year ended March 31, 2025.

The revision to the account classification for current income taxes (taxes on other comprehensive income) follows the transitional treatment specified in the provisory clause of Paragraph 20-3 of the 2022 revised accounting standard and the transitional treatment specified in the provisory clause of Paragraph 65-2, Provision (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022; hereafter, "2022 revised guidance"). This change in accounting policy had no impact on the consolidated financial statements for the fiscal year under review.

The 2022 revised guidance was also applied from the beginning of the fiscal year ended March 31, 2025 to revisions due to a change in treatment in the consolidated financial statements when gains or losses on sale accompanying the sale of shares of subsidiaries among consolidated companies are deferred for tax purposes. The change in accounting policy was applied retroactively and the consolidated financial statements for the fiscal year ended March 31, 2024 reflect the retroactive application. This change in accounting policy had no impact on the consolidated financial statements for the fiscal year under review.

(Segment Information)

1. General Information about Reportable Segments

The Company's reportable segments are components of the Company for which separate financial information is available, and whose operating results are reviewed regularly by the Board of Directors in order to determine allocation of resources to segments and assess segment performance.

The Company is aiming to create a new, customer-oriented business model, and therefore has three reportable segments by customer: Prescription Pharmaceutical Wholesale Business; Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business; and Animal Health Products and Food Processing Raw Materials Wholesale Related Business.

The Prescription Pharmaceutical Wholesale Business conducts wholesale business for hospitals, clinics, dispensing pharmacies and other customers. The Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business conducts wholesale business for drugstores, home centers, convenience stores, supermarkets and other customers. The Animal Health Products and Food Processing Raw Materials Wholesale Related Business conducts wholesale business for animal hospitals, livestock and fish producers, processed food manufacturers and other customers.

2. Basis of Measurement for Reported Segment Net Sales, Segment Income or Loss, Segment Assets, Segment Liabilities and Other Material Items

The accounting treatment methods for the reportable segments are generally the same as those in Other Significant Matters for Preparation of the Consolidated Financial Statements above.

Segment income is based on operating income.

Intersegment sales and transfer prices are based on market prices.

3. Information on Net Sales, Income or Loss, Assets, Liabilities and Other Items by Reportable Segment and Breakdown by Segment

Year ended March 31, 2024

(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 and Related Business	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales						
Sales to outside customers	2,293,052	1,151,659	114,020	3,558,732	―	3,558,732
Intersegment sales and transfers	2,742	306	2	3,051	(3,051)	―
Total	2,295,795	1,151,966	114,023	3,561,784	(3,051)	3,558,732
Segment profit	17,471	27,172	2,727	47,371	(41)	47,330
Segment assets	1,194,910	492,476	87,289	1,774,677	24,450	1,799,127
Other						
Depreciation	8,473	6,532	1,629	16,635	114	16,749
Amortization of goodwill	254	―	797	1,051	―	1,051
Investments in affiliated companies accounted for by the equity method	62,642	―	―	62,642	―	62,642
Increase in property, plant and equipment and intangible assets	18,191	1,563	472	20,226	153	20,380

Notes: 1. Adjustments are as follows:

(1) The net sales adjustment of ¥(3,051) million represents elimination of intersegment transactions.

(2) The segment income adjustment of ¥(41) million represents elimination of intersegment transactions of ¥2,819 million, less Group-wide expenses of ¥(2,860) million that are not allocated to reportable segments.

(3) The segment assets adjustment of ¥24,450 million represents elimination of intersegment transactions of ¥(13,096) million, plus Group-wide assets of ¥37,546 million that are not allocated to reportable segments.

(4) The depreciation adjustment of ¥114 million represents Group-wide depreciation expenses that are not allocated to reportable segments.

(5) The increase in property, plant and equipment and intangible assets adjustment of ¥153 million represents Group-wide assets that are not allocated to reportable segments.

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

3. Nearly all of Group net sales consist of revenue from contracts with customers. Because the amount of other revenues is not significant, it is included in net sales.

Year ended March 31, 2025

(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 and Related Business	Total	Adjustment (Note 1)	Consolidated (Note 2)
Net sales						
Sales to outside customers	2,366,717	1,187,751	116,859	3,671,328	―	3,671,328
Intersegment sales and transfers	3,527	345	2	3,876	(3,876)	―
Total	2,370,245	1,188,097	116,861	3,675,204	(3,876)	3,671,328
Segment profit	25,207	28,008	2,444	55,660	(50)	55,609
Segment assets	1,200,253	503,613	82,955	1,786,822	38,162	1,824,984
Other						
Depreciation	8,640	6,473	1,665	16,780	41	16,821
Amortization of goodwill	506	―	795	1,301	―	1,301
Investments in affiliated companies accounted for by the equity method	58,219	―	―	58,219	―	58,219
Increase in property, plant and equipment and intangible assets	11,545	1,814	702	14,062	148	14,211

Notes: 1. Adjustments are as follows:

(1) The net sales adjustment of ¥(3,876) million represents elimination of intersegment transactions.

(2) The segment income adjustment of ¥(50) million represents elimination of intersegment transactions of ¥3,014million, less Group-wide expenses of ¥(3,065)million that are not allocated to reportable segments.

(3) The segment assets adjustment of ¥38,162 million represents elimination of intersegment transactions of ¥(8,132) million, plus Group-wide assets of ¥46,295 million that are not allocated to reportable segments.

(4) The depreciation adjustment of ¥41 million represents Group-wide depreciation expenses that are not allocated to reportable segments.

(5) The increase in property, plant and equipment and intangible assets adjustment of ¥148 million represents Group-wide assets that are not allocated to reportable segments.

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

(Per Share Information)

	Year ended March 31, 2024	Year ended March 31, 2025
Net assets per share	¥2,858.57	¥2,979.39
Earnings per share	¥195.83	¥193.20

Notes: 1. Diluted earnings per share are not shown because there are no dilutive shares.

2. The basis for calculation of net assets per share is as follows:

	As of March 31, 2024	As of March 31, 2025
Total of net assets section (million yen)	736,612	757,947
Amount excluded from net assets section (million yen)	136,263	138,383
[Share acquisition rights] (million yen)	[－]	[1]
[Non-controlling interests] (million yen)	[136,263]	[138,381]
Net assets at end of period related to common stock (million yen)	600,349	619,564
Number of shares of common stock at end of period used in calculation of net assets per share (thousand shares)	210,017	207,950

3. The basis for calculation of earnings per share is as follows:

	Year ended March 31, 2024	Year ended March 31, 2025
Profit attributable to owners of the parent (million yen)	41,474	40,279
Amount not available to common shareholders (million yen)	―	―
Profit attributable to owners of parent related to common stock (million yen)	41,474	40,279
Average number of common shares outstanding during the period (thousand shares)	211,784	208,784

(Significant Subsequent Events)

1. Acquisition of treasury stock and cancellation of treasury stock

At the Board of Directors meeting held on May 13, 2025, the Company resolved matters related to the acquisition of treasury stock in accordance with the provisions of the Articles of Incorporation pursuant to Article 459 Section 1 of the Companies Act. It also resolved on the cancellation of treasury stock as provided for in Article 178 of the Act.

(1) Reason for the acquisition of treasury stock and cancellation of treasury stock

To improve capital efficiency through shareholder returns.

(2) Details of matters related to the acquisition

1) Class of stock to be acquired: Common stock
2) Total number of shares to be acquired: 4,000,000 shares (maximum)
3) Total acquisition cost: ¥8.0 billion (maximum)
4) Period of acquisition: May 14, 2025 to October 31, 2025
5) Method of acquisition : Market buying on the Tokyo Stock Exchange

(3) Details of matters related to the cancellation

1) Class of stock to be cancelled: Common stock
2) Total number of shares to be cancelled: All acquired treasury shares stated in 2. (2) above
3) Scheduled date of cancellation: Following the acquisition of shares stated in 2. (2) above and by December 31, 2025

6. Unconsolidated Financial Statements

(1) Unconsolidated Balance Sheets

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

	As of March 31, 2024	As of March 31, 2025
ASSETS		
Current assets		
Cash and deposits	21,009	35,627
Accounts receivable – trade	1,008	399
Securities	316	―
Accounts receivable – other	879	920
Income taxes refund receivable	1,291	―
Other	11,501	6,907
Total current assets	36,006	43,855
Non-current assets		
Property, plant and equipment		
Buildings	361	299
Construction in progress	5,300	5,449
Other	215	203
Total property, plant and equipment	5,877	5,952
Intangible assets		
Software	6,168	6,546
Other	786	487
Total intangible assets	6,955	7,033
Investments and other assets		
Investment securities	102,282	95,653
Shares of subsidiaries and associates	204,784	201,220
Investments in other securities of subsidiaries and associates	2,386	3,444
Investments in capital of subsidiaries and associates	3,032	3,032
Investments in silent partnerships	4,733	6,598
Other	2,123	1,983
Total investments and other assets	319,342	311,932
Total non-current assets	332,175	324,918
Total assets	368,181	368,774

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

	As of March 31, 2024	As of March 31, 2025
LIABILITIES		
Current liabilities		
Accounts payable – trade	581	―
Accounts payable – other	1,179	1,463
Income taxes payable	―	2,407
Provision for bonuses	188	190
Other	448	325
Total current liabilities	2,398	4,386
Non-current liabilities		
Deferred tax liabilities	19,572	18,876
Asset retirement obligations	102	102
Other	376	325
Total non-current liabilities	20,051	19,305
Total liabilities	22,449	23,691
NET ASSETS		
Shareholders' equity		
Share capital	22,398	22,398
Capital surplus		
Legal capital surplus	133,372	133,372
Total capital surplus	133,372	133,372
Retained earnings		
Legal retained earnings	1,795	1,795
Other retained earnings		
Retained earnings brought forward	156,170	160,328
Total retained earnings	157,966	162,124
Treasury shares	(21,254)	(22,193)
Total shareholders' equity	292,481	295,701
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	56,972	53,103
Revaluation reserve for land	(3,722)	(3,722)
Total valuation and translation adjustments	53,249	49,381
Total net assets	345,731	345,083
Total liabilities and net assets	368,181	368,774

(2) Unconsolidated Statements of Income

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

	Year ended March 31, 2024	Year ended March 31, 2025
Operating revenue		
Business investment revenue	3,412	1,803
Management fee income	9,197	9,147
Dividends from subsidiaries and associates	17,431	19,165
Real estate lease revenue	264	268
Total operating revenue	30,306	30,383
Operating expenses		
Cost of business investment	2,553	1,287
Cost of real estate lease revenue	278	285
Selling, general and administrative expenses		
Salaries and allowances	1,825	1,842
Provision for bonuses	188	190
System related expenses	2,837	2,972
Depreciation	2,047	1,832
Research and development expenses	225	479
Business investment expenses	5,547	657
Other	1,941	1,818
Total selling, general and administrative expenses	14,614	9,793
Total operating expenses	17,446	11,366
Operating profit	12,859	19,017
Non-operating income		
Interest income	37	74
Dividend income	1,829	2,085
Other	99	86
Total non-operating income	1,966	2,246
Non-operating expenses		
Interest expenses	18	106
Foreign exchange losses	―	6
Loss on investments in investment partnerships	573	566
Other	155	116
Total non-operating expenses	747	796
Ordinary profit	14,078	20,467
Extraordinary income		
Gain on sale of investment securities	8,252	10,994
Gain on sale of shares of subsidiaries and associates	―	219
Compensation income	1,786	―
Total extraordinary income	10,038	11,213
Extraordinary losses		
Loss on valuation of investment securities	224	207
Loss on valuation of shares of subsidiaries and associates	515	7,650
Other	―	0
Total extraordinary losses	739	7,858
Profit before income taxes	23,377	23,822
Income taxes – current	1,919	2,962
Income taxes – deferred	374	98
Total income taxes	2,293	3,060
Profit	21,083	20,762

7. Other

On-site inspection by the Japan Fair Trade Commission

On March 13, 2025, the Japan Fair Trade Commission announced that it had issued a cease and desist order and a surcharge payment order against participants in bidding for swine fever vaccines ordered by Yamagata Prefecture and animal vaccines ordered by the Yamagata Prefecture Livestock Breeders Association for violating Article 3 (prohibition of unreasonable restraint of trade) of the Antimonopoly Act., a wholly owned subsidiary of MP AGRO CO.,LTD. (Kitahiroshima City, Hokkaido), filed an application with the Japan Fair Trade Commission for a reduction or exemption of surcharge, voluntarily reported past violations, and fully cooperated with the Commission's investigation. As a result, neither a cease and desist order nor a surcharge payment order has been issued.

The Group takes this matter solemnly and seriously, and is determined to further and more thoroughly pursue the various measures it has taken to date to ensure compliance with the Antimonopoly Law.