Consolidated Financial Statements for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027

November 5, 2026

The financial statements herein have been prepared in accordance with accounting principles and practices widely accepted in Japan, and are for reference purposes only.

MEDIPAL HOLDINGS CORPORATION
Stock exchange listing: Tokyo Stock Exchange
Stock exchange code: 7459
Website: https://www.medipal.co.jp/english/
Representative: Kuniaki Imagawa, Representative Director, President and CEO
Contact: Toshiyuki Ikeuchi, Executive Officer, Head of Corporate Communications Department
Telephone: +81-3-3517-5171
Scheduled date to file semi-annual securities report: November 13, 2026
Start of distribution of dividends (scheduled): December 2, 2026
Supplemental materials covering the financial results: Yes
Presentation to explain the financial statements: Yes (for institutional investors, securities analysts and the media)

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

1. Consolidated Financial Results for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2027 (April 1, 2026, to September 30, 2026)

(1) Consolidated Financial Results (Cumulative) (The year-on-year change refers to the same period of the previous fiscal year.)

	Net sales (Millions of yen)	Year-on-year change (%)	Operating profit (Millions of yen)	Year-on-year change (%)	Ordinary profit (Millions of yen)	Year-on-year change (%)	Profit attributable to owners of parent (Millions of yen)	Year-on-year change (%)
Six months ended September 30, 2026	1,969,620	3.8	24,321	(3.0)	32,665	(4.7)	23,027	4.2
Six months ended September 30, 2025	1,897,562	4.0	25,083	(7.7)	34,269	(2.3)	22,090	1.7

Note: Comprehensive income decreased by 12.4% year on year to ¥21,934 million in the six months ended September 30, 2026, and by 29.0% year on year to ¥25,040 million in the six months ended September 30, 2025.

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
Six months ended September 30, 2026	112.49	―
Six months ended September 30, 2025	106.80	―

(2) Financial Position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Net worth ratio* (%)	Net assets per share (Yen)
As of September 30, 2026	1,972,088	616,409	31.2	3,009.65
As of March 31, 2026	1,924,086	795,399	33.9	3,186.01

Reference: *Calculated based on net worth of ¥616,069 million as of September 30, 2026, and ¥652,172 million as of March 31, 2026.

Note: Although the accounting treatment related to the business combination (allocation of the acquisition cost) was provisionally applied for the fiscal year ended March 31, 2026, this treatment was finalized in the first six months of the fiscal year ending March 31, 2027. Accordingly, in this report, the figures regarding the consolidated financial position for the fiscal year ended March 31, 2026 have been replaced from the provisional values with the final values.

(3) Consolidated Cash Flows

	Cash flows from operating activities (Millions of yen)	Cash flows from investing activities (Millions of yen)	Cash flows from financing activities (Millions of yen)	Cash and cash equivalents at end of period (Millions of yen)
Six months ended September 30, 2026	33,097	(24,737)	(28,214)	266,684
Six months ended September 30, 2025	25,501	5,283	(15,962)	274,163

2. Dividend Payments

	Dividends per share (Yen)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year
Paid for the year ended March 31, 2026	—	32.00	—	34.00	66.00
Paid for the year ending March 31, 2027	—	44.00			
Planned for the year ending March 31, 2027			—	44.00	88.00

Note: No revisions have been made to the dividend forecast announced on July 14, 2026.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	YoY change	(Millions of yen)	YoY change	(Millions of yen)	YoY change	(Millions of yen)	YoY change	(Yen)
Full fiscal year	3,944,000	3.3%	53,500	0.6%	67,500	(10.9%)	53,000	24.6%	258.92

Note: Revisions to the most recent forecast announced: None

Notes

(1) Significant changes in scope of consolidation during the six months ended September 30, 2026: None
Subsidiaries added to the scope of consolidation: None
Subsidiaries removed from the scope of consolidation: None

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

(3) Changes in accounting policies and estimates, and 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)	As of September 30, 2026	215,975,042	As of March 31, 2026	215,975,042
(b) Number of treasury shares at the end of the period	As of September 30, 2026	11,276,811	As of March 31, 2026	11,276,403
(c) Average number of shares during the period	April 1 to September 30, 2026	204,698,441	April 1 to September 30, 2025	206,838,708

* The second-quarter (interim period) financial results are not subject to review by certified public accountants or an audit firm.

* Disclaimer Regarding Forward-Looking Statements
The forecast of consolidated financial results is based on information at the time of the publication of this report. Results may differ from the forecast amounts owing to a wide range of factors.

Availability of Supplemental Materials Covering the Financial Results
Supplemental materials are made available in the “IR Library” section of the Company’s website.

Table of Contents

1. Overview of Financial Results	**2**
(1) Overview of Results of Operations	**2**
2. Interim Consolidated Financial Statements	**6**
(1) Interim Consolidated Balance Sheets	**6**
(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income	**8**
Interim Consolidated Statements of Income	**8**
Interim Consolidated Statements of Comprehensive Income	**9**
(3) Interim Consolidated Statements of Cash Flows	**10**
(4) Notes to the Interim Consolidated Financial Statements	**11**
Segment Results	**11**
Notes in the Event of Significant Changes in Shareholders' Equity	**11**
Notes Regarding Assumptions of Going Concern	**11**
Notes Regarding Business Combinations	**12**
Notes Regarding Significant Subsequent Events	**13**

1. Overview of Financial Results

(1) Overview of Results of Operations

Consolidated financial results for the first six months ended September 30, 2026, are as follows.

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

	Six months ended September 30, 2025	Six months ended September 30, 2026	Difference	YoY change
Net sales	1,897,562	1,969,620	+72,057	+3.8%
Gross profit	130,279	131,320	+1,041	+0.8%
Percentage of net sales	6.87%	6.67%	(0.20pp)	
Selling, general and administrative expenses	105,196	106,999	+1,802	+1.7%
Percentage of net sales	5.54%	5.43%	(0.11pp)	
Selling, general and administrative expenses excluding (i) and (ii) below	100,661	104,334	+3,673	+3.6%
(i) Business investment and other expenses	3,369	1,577	(1,791)	(53.2%)
(ii) Amortization of goodwill and intangible assets*	1,165	1,086	(79)	(6.8%)
Operating profit	25,083	24,321	(761)	(3.0%)
Percentage of net sales	1.32%	1.23%	(0.09pp)	
Operating profit excluding (i) and (ii) above	29,618	26,985	(2,632)	(8.9%)
Ordinary profit	34,269	32,665	(1,603)	(4.7%)
Extraordinary income (loss)	5,539	5,486	(53)	(1.0%)
Profit before income taxes	39,809	38,152	(1,656)	(4.2%)
Profit attributable to owners of parent	22,090	23,027	+936	+4.2%

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

Net Sales

Net sales grew by ¥72,057 million (3.8%) year on year to ¥1,969,620 million.

- All business segments posted net sales growth compared with the same period of the previous fiscal year, with increases of ¥56,659 million (4.7%) in the Prescription Pharmaceutical Wholesale Business segment, ¥9,613 million (1.5%) in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business segment, and ¥5,884 million (10.0%) in the Animal Health Products and Food Processing Raw Materials Wholesale and Related Business segment.

Operating Profit

Operating profit decreased by ¥761 million (3.0%) year on year to ¥24,321 million.

- Gross profit increased by ¥1,041 million (0.8%) mainly due to the increase in net sales and the inclusion of Cygni Corporation (Koto-ku, Tokyo; hereinafter "Cygni") in the scope of consolidation. However, the ratio of gross profit to net sales was 6.67%, down 0.20 of a percentage point from 6.87% in the same period of the previous fiscal year, reflecting changes in the product mix in the Prescription Pharmaceutical Wholesale Business segment and increases in center fees paid to customers in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business segment.
- Selling, general and administrative (SG&A) expenses increased by ¥1,802 million (1.7%) year on year. Although business investment and other expenses decreased, this increase reflected the inclusion of Cygni in the scope of consolidation and the recording of consulting fees and other expenses associated with the tender offer for shares of PALTAC Corporation (Chuo-ku, Osaka; hereinafter "PALTAC") (hereinafter the "Tender Offer"). The ratio of SG&A expenses to net sales improved by 0.11 of a percentage point from 5.54% in the same period of the previous fiscal year to 5.43%.

Ordinary Profit

Ordinary profit decreased by ¥1,603 million (4.7%) year on year to ¥32,665 million.

- In addition to the decrease in operating profit, share of profit of entities accounted for using equity method declined, and financial expenses such as interest were incurred in connection with the financing for the Tender Offer, resulting in the decrease in ordinary profit.

Profit Attributable to Owners of Parent

Profit attributable to owners of parent increased by ¥936 million (4.2%) year on year to ¥23,027 million.

- Extraordinary income (loss) decreased by ¥53 million (1.0%) year on year to a gain of ¥5,486 million.
- The increase in the Company's ownership interest in PALTAC following the Tender Offer contributed to the increase in profit attributable to owners of parent.

Prescription Pharmaceutical Wholesale Business Segment

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

	Six months ended September 30, 2025	Six months ended September 30, 2026	Difference	YoY change
Net sales	1,215,799	1,272,459	+56,659	+4.7%
Gross profit	75,563	76,405	+842	+1.1%
Percentage of net sales	6.22%	6.00%	(0.21pp)	
Selling, general and administrative expenses	65,889	63,822	(2,066)	(3.1%)
Percentage of net sales	5.42%	5.02%	(0.40pp)	
Selling, general and administrative expenses excluding (i) and (ii) below	62,382	62,107	(275)	(0.4%)
(i) Business investment and other expenses	3,369	1,577	(1,791)	(53.2%)
(ii) Amortization of goodwill*	137	137	—	—
Operating profit	9,673	12,582	+2,909	+30.1%
Percentage of net sales	0.80%	0.99%	+0.19pp	
Operating profit excluding (i) and (ii) above	13,180	14,298	+1,117	+8.5%

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

Net Sales

Net sales increased by ¥56,659 million (4.7%) year on year to ¥1,272,459 million.

- Despite the impact of the drug price revision and certain system changes, net sales increased, owing to higher demand for products subject to the "Patent-period price Maintenance Program for Innovative Drugs" (PMP)* (by Japan's Ministry of Health, Labour and Welfare [MHLW]), market expansion following the inclusion of the RSV vaccine in routine immunization, stronger sales of priority products such as new products, and the proactive recommendation of generic drugs.

Explanation of Terms

*In conjunction with the FY2026 drug price system reform, the name was changed from the previous "Price Maintenance Premium" (PMP) to the "Patent-period price Maintenance Program for Innovative Drugs" (PMP).

Operating Profit

Operating profit rose by ¥2,909 million (30.1%) year on year to ¥12,582 million.

- Gross profit increased by ¥842 million (1.1%) year on year, as a result of the increase in net sales. However, the ratio of gross profit to net sales was 6.00%, down 0.21 of a percentage point from 6.22% in the same period of the previous fiscal year, reflecting factors such as a higher sales composition of products subject to the "Patent-period price Maintenance Program for Innovative Drugs," which have relatively low profit margins.
- SG&A expenses decreased by ¥2,066 million (3.1%) year on year to ¥63,822 million, as a result of efforts to improve logistics productivity, including better delivery efficiency, and to streamline internal operations through the use of AI and other digital technologies. The ratio of SG&A expenses to net sales improved by 0.40 of a percentage point from 5.42% in the same period of the previous fiscal year to 5.02%.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business Segment

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

	Six months ended September 30, 2025	Six months ended September 30, 2026	Difference	YoY change
Net sales	625,135	634,749	+9,613	+1.5%
Gross profit	46,532	45,173	(1,359)	(2.9%)
Percentage of net sales	7.44%	7.12%	(0.33pp)	
Selling, general and administrative expenses	32,637	34,146	+1,508	+4.6%
Percentage of net sales	5.22%	5.38%	+0.16pp	
Operating profit	13,894	11,026	(2,867)	(20.6%)
Percentage of net sales	2.22%	1.74%	(0.49pp)	

Net Sales

Net sales rose by ¥9,613 million (1.5%) year on year to ¥634,749 million.

- Although affected by consumers' tendency to economize, the business used data to conduct sales activities that accurately captured changes in purchasing behavior, such as growing health awareness and the recovery in demand for leisure outings. Net sales also increased as a result of efforts to expand the lineup of newly handled products and high-value-added products in response to diversifying consumer needs, as well as higher unit prices amid rising prices.

Operating Profit

Operating profit decreased by ¥2,867 million (20.6%) year on year to ¥11,026 million.

- Gross profit decreased by ¥1,359 million (2.9%) year on year to ¥45,173 million. Although the business worked to improve trading margins by strengthening sales of high-value-added products, this decrease was mainly due to increases in rebates and center fees paid to customers, reflecting rising operating costs at retailers' logistics centers driven by higher personnel expenses and energy prices. The ratio of gross profit to net sales was 7.12%, down 0.33 of a percentage point from 7.44% in the same period of the previous fiscal year.
- SG&A expenses increased by ¥1,508 million (4.6%) year on year to ¥34,146 million, reflecting higher personnel expenses resulting from proactive investment in human resources (training and recruitment) and wage increases, as well as higher unit delivery costs and expenses associated with the operation of externally leased centers to secure logistics capacity. The ratio of these expenses to net sales rose by 0.16 of a percentage point from 5.22% in the same period of the previous fiscal year to 5.38%.

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

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

	Six months ended September 30, 2025	Six months ended September 30, 2026	Difference	YoY change
Net sales	58,613	64,498	+5,884	+10.0%
Gross profit	8,213	9,777	+1,563	+19.0%
Percentage of net sales	14.01%	15.16%	+1.15pp	
Selling, general and administrative expenses	6,859	7,867	+1,007	+14.7%
Percentage of net sales	11.70%	12.20%	+0.49pp	
Selling, general and administrative expenses excluding the following:	5,831	6,918	+1,087	+18.6%
Amortization of goodwill and intangible assets*	1,028	948	(79)	(7.7%)
Operating profit	1,353	1,910	+556	+41.1%
Percentage of net sales	2.31%	2.96%	+0.65pp	
Operating profit excluding the above amortization	2,382	2,858	+476	+20.0%

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

Net Sales

Net sales increased by ¥5,884 million (10.0%) year on year to ¥64,498 million.

- This increase was mainly due to the inclusion of Cygni in the scope of consolidation, as well as strong performance in the electronic chemicals business and other businesses in the chemical products field, driven by AI-related demand.

Operating Profit

Operating profit increased by ¥556 million (41.1%) year on year to ¥1,910 million.

- Gross profit increased by ¥1,563 million (19.0%) to ¥9,777 million, mainly due to the inclusion of Cygni in the scope of consolidation. The ratio of gross profit to net sales rose by 1.15 percentage points from 14.01% in the same period of the previous fiscal year to 15.16%.
- SG&A expenses increased by ¥1,007 million (14.7%) to ¥7,867 million, mainly due to the inclusion of Cygni in the scope of consolidation. The ratio of these expenses to net sales rose by 0.49 of a percentage point from 11.70% in the same period of the previous fiscal year to 12.20%.

Note: Segment sales include inter-segment transactions.

2. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

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

	As of March 31, 2026	As of September 30, 2026
ASSETS		
Current assets		
Cash and deposits	289,073	269,218
Notes and accounts receivable – trade	807,848	836,367
Merchandise and finished goods	190,396	208,825
Other	83,748	86,584
Allowance for doubtful accounts	(41)	(42)
Total current assets	1,371,025	1,400,953
Non-current assets		
Property, plant and equipment:		
Buildings and structures, net	101,881	99,277
Land	117,174	116,761
Other, net	42,781	47,956
Total property, plant and equipment	261,837	263,995
Intangible assets		
Goodwill	7,808	7,439
Customer-related intangible assets	21,748	20,979
Other	9,986	9,501
Total intangible assets	39,543	37,920
Investments and other assets		
Investment securities	212,459	223,717
Other	39,810	46,020
Allowance for doubtful accounts	(589)	(518)
Total investments and other assets	251,680	269,219
Total non-current assets	553,061	571,135
Total assets	1,924,086	1,972,088

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

	As of March 31, 2026	As of September 30, 2026
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	984,534	1,042,810
Current portion of long-term borrowings	—	144,400
Income taxes payable	17,193	19,075
Provision for bonuses	8,320	7,323
Other	57,992	83,462
Total current liabilities	1,068,041	1,297,071
Non-current liabilities		
Retirement benefit liability	12,677	12,970
Other	47,968	45,636
Total non-current liabilities	60,646	58,606
Total liabilities	1,128,687	1,355,678
NET ASSETS		
Shareholders' equity		
Share capital	22,398	22,398
Capital surplus	100,106	50,727
Retained earnings	484,985	501,053
Treasury shares	(23,437)	(23,439)
Total shareholders' equity	584,052	550,740
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75,186	72,282
Deferred gains or losses on hedges	29	(24)
Revaluation reserve for land	(13,518)	(13,518)
Foreign currency translation adjustment	3,002	3,728
Remeasurements of defined benefit plans	3,419	2,861
Total accumulated other comprehensive income	68,119	65,329
Share acquisition rights	1	0
Non-controlling interests	143,225	340
Total net assets	795,399	616,409
Total liabilities and net assets	1,924,086	1,972,088

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

Interim Consolidated Statements of Income

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

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	1,897,562	1,969,620
Cost of sales	1,767,283	1,838,299
Gross profit	130,279	131,320
Selling, general and administrative expenses		
Salaries and allowances	37,893	38,338
Welfare expenses	7,486	7,349
Provision for bonuses	7,273	7,026
Retirement benefit expenses	1,188	668
Distribution expenses	12,547	13,000
Rent expenses on land and buildings	2,824	3,152
Depreciation	6,722	7,066
Other	29,260	30,396
Total selling, general and administrative expenses	105,196	106,999
Operating profit	25,083	24,321
Non-operating income		
Interest income	88	309
Dividend income	1,690	1,702
Fee income from information provision	4,316	4,437
Rental income from real estate	1,275	1,632
Share of profit of entities accounted for using equity method	2,220	1,329
Other	1,357	1,167
Total non-operating income	10,948	10,579
Non-operating expenses		
Interest expenses	6	498
Rental expenses on real estate	1,157	1,192
Loss on investments in investment partnerships	453	214
Other	144	330
Total non-operating expenses	1,762	2,235
Ordinary profit	34,269	32,665
Extraordinary income		
Gain on sale of non-current assets	0	148
Gain on sale of investment securities	9,938	6,242
Other	481	25
Total extraordinary income	10,419	6,416
Extraordinary losses		
Loss on sale and retirement of non-current assets	24	389
Impairment losses	369	45
Loss on valuation of investment securities	104	427
Expenses for business restructuring	4,291	―
Other	89	67
Total extraordinary losses	4,879	929
Profit before income taxes	39,809	38,152
Income taxes – current	19,286	18,265

Income taxes – deferred	(6,962)	(5,713)
Total income taxes	12,324	12,552
Profit	27,485	25,600
Profit attributable to non-controlling interests	5,394	2,573
Profit attributable to owners of parent	22,090	23,027

Interim Consolidated Statements of Comprehensive Income

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

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	27,485	25,600
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,793)	(3,740)
Deferred gains or losses on hedges	51	(60)
Remeasurements of defined benefit plans, net of tax	(259)	(585)
Share of other comprehensive income of entities accounted for using equity method	(442)	721
Total other comprehensive income	(2,444)	(3,665)
Comprehensive income	25,040	21,934
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,363	20,236
Comprehensive income attributable to non-controlling interests	6,677	1,698

(3) Interim Consolidated Statements of Cash Flows

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

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit before income taxes	39,809	38,152
Depreciation	8,577	9,011
Amortization of goodwill	625	368
Increase (decrease) in provision for bonuses	(237)	(997)
Increase (decrease) in allowance for doubtful accounts	(3)	(69)
Increase (decrease) in provision for loss related to the Antimonopoly Act	(2,233)	―
Increase (decrease) in retirement benefit liability	(2,006)	292
Decrease (increase) in trade receivables	(52,760)	(28,513)
Decrease (increase) in inventories	(12,440)	(18,579)
Increase (decrease) in trade payables	69,756	58,276
Other	(12,478)	(12,037)
Subtotal	36,608	45,905
Interest and dividends received	2,829	4,497
Interest paid	(2)	(494)
Insurance proceeds received	478	―
Payments related to the Antimonopoly Act	(1,573)	―
Income taxes paid	(12,838)	(16,801)
Other	―	(11)
Net cash provided by (used in) operating activities	25,501	33,097
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,733)	(12,244)
Proceeds from sale of property, plant and equipment	1	579
Purchase of investment securities	(486)	(600)
Proceeds from sale and redemption of investment securities	12,759	7,968
Purchase of shares of subsidiaries and associates	(171)	(19,709)
Other	(2,087)	(732)
Net cash provided by (used in) investing activities	5,283	(24,737)
Cash flows from financing activities		
Proceeds from long-term borrowings	―	162,700
Repayments of long-term borrowings	―	(18,300)
Purchase of treasury shares	(6,420)	(1)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(951)	(163,472)
Dividends paid	(6,654)	(6,959)
Dividends paid to non-controlling interests	(1,639)	(1,823)
Other	(296)	(357)
Net cash provided by (used in) financing activities	(15,962)	(28,214)
Effect of exchange rate change on cash and cash equivalents	3	(0)
Net increase (decrease) in cash and cash equivalents	14,825	(19,855)
Cash and cash equivalents at beginning of period	259,337	286,539
Cash and cash equivalents at end of period	274,163	266,684

(4) Notes to the Interim Consolidated Financial Statements

Segment Results

I. Results for the six months ended September 30, 2025

Breakdown of Net Sales and Profit 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 and Related Business	Total	Adjustment (Note 1)	Amount reported in interim consolidated statements of income (Note 2)
Net sales						
Sales to customers	1,213,953	624,996	58,612	1,897,562	—	1,897,562
Intersegment sales and transfers	1,846	139	1	1,987	(1,987)	—
Total	1,215,799	625,135	58,613	1,899,549	(1,987)	1,897,562
Segment profit	9,673	13,894	1,353	24,922	160	25,083

Notes:

1. The adjustment of segment profit amounting to ¥160 million is the net balance of ¥1,586 million in inter-segment eliminations and ¥(1,425) million in group-wide expenses that are not allocated to reportable segments.
2. Segment profit is adjusted to operating profit as reported in the interim consolidated statements of income.

II. Results for the six months ended September 30, 2026

Breakdown of Net Sales and Profit 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 and Related Business	Total	Adjustment (Note 1)	Amount reported in interim consolidated statements of income (Note 2)
Net sales						
Sales to customers	1,270,525	634,597	64,497	1,969,620	—	1,969,620
Intersegment sales and transfers	1,933	152	1	2,087	(2,087)	—
Total	1,272,459	634,749	64,498	1,971,707	(2,087)	1,969,620
Segment profit	12,582	11,026	1,910	25,519	(1,198)	24,321

Notes:

1. The adjustment of segment profit amounting to ¥(1,198) million is the net balance of ¥1,609 million in inter-segment eliminations and ¥(2,807) million in group-wide expenses that are not allocated to reportable segments.
2. Segment profit is adjusted to operating profit as reported in the interim consolidated statements of income.

Notes in the Event of Significant Changes in Shareholders' Equity

During the six months ended September 30, 2026, the Company acquired additional shares of PALTAC Corporation, a consolidated subsidiary, making it a wholly owned subsidiary. As a result, capital surplus decreased by ¥49,393 million, and capital surplus stood at ¥50,727 million as of September 30, 2026.

Notes Regarding Assumptions of Going Concern

Not applicable

Notes Regarding Business Combinations

1. Finalization of Provisional Accounting for Business Combinations

Regarding the business combination with Cygni Holdings, Inc. executed on January 30, 2026, provisional accounting treatment was applied in the previous consolidated fiscal year; however, this treatment was finalized during the six months ended September 30, 2026.

As a result of finalizing this provisional accounting, significant revisions to the initial allocation of the acquisition cost are reflected in the comparative information included in the consolidated financial statements for the six months ended September 30, 2026. Specifically, the goodwill amount of ¥9,945 million, provisionally calculated in the consolidated balance sheet at the end of the previous consolidated fiscal year, decreased by ¥4,532 million upon finalization of the accounting treatment, resulting in a final amount of ¥5,413 million. This decrease in goodwill is attributable to increases of ¥6,617 million in customer-related assets (classified as intangible assets) and ¥2,084 million in deferred tax liabilities (classified as other non-current liabilities).

Goodwill and the customer-related assets allocated as intangible assets are being amortized on a straight-line basis over their respective useful lives (15 years and 24 years).

2. Transactions under Common Control

At a meeting of the Board of Directors held on May 11, 2026, the Company resolved to acquire common shares of PALTAC Corporation, a consolidated subsidiary of the Company, through a tender offer pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended), as part of a series of transactions aimed at making PALTAC Corporation a wholly owned subsidiary of the Company. The Company had been conducting this tender offer since May 12, 2026, and the offer period concluded on July 7, 2026.
Subsequently, the Company made a demand for share cash-out pursuant to Article 179, Paragraph 1 of the Companies Act, and PALTAC Corporation became a wholly owned subsidiary of the Company on August 13, 2026.

(1) Overview of the Transaction

(i) Name and business description of the combining company
Name of the combining company: PALTAC Corporation
Business description: Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business
(ii) Date of business combination
Acquisition through the tender offer: July 14, 2026 (deemed acquisition date: July 1, 2026)
Acquisition through the demand for share cash-out: August 13, 2026 (deemed acquisition date: September 30, 2026)
(iii) Legal form of the business combination
Acquisition of shares in exchange for cash
(iv) Name of the company after the combination
No change
(v) Other matters related to the overview of the transaction
Ownership interest before the business combination: 52.54%
Ownership interest after the tender offer: 92.89%
Ownership interest after the demand for share cash-out: 100.00%

(2) Overview of Accounting Treatment Applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2024), the transaction was accounted for as a transaction with non-controlling interests within transactions under common control.

(3) Matters Related to the Additional Acquisition of Shares of a Subsidiary

(i) Acquisition cost and breakdown by type of consideration
Consideration for acquisition: Cash ¥191,366 million
Acquisition cost: ¥191,366 million

(4) Matters Related to Changes in the Company's Ownership Interest Due to Transactions with Non-Controlling Interests

(i) Main reason for the change in capital surplus
Additional acquisition of shares of a subsidiary
(ii) Amount of capital surplus decreased due to transactions with non-controlling interests
¥49,393 million

Notes Regarding Significant Subsequent Events

Share Buyback and Cancellation of Treasury Shares

At a meeting of the Board of Directors held on October 23, 2026, the Company resolved matters related to a share buyback pursuant to the provisions of its Articles of Incorporation in accordance with Article 459, Paragraph 1 of the Companies Act. At the same meeting, the Company also resolved to cancel the treasury shares to be acquired under this resolution, pursuant to Article 178 of the Companies Act.

(1) Reason for the share buyback and cancellation

The Company regards the distribution of profits to shareholders as one of its most important management priorities. Its basic policy is to flexibly conduct share buybacks and cancellations with the aim of improving capital efficiency and further enhancing returns to shareholders, while comprehensively assessing its funding needs. Based on this policy, the Company has decided to conduct a share buyback and cancellation, using funds such as proceeds from the sale of investment securities, in order to further improve capital efficiency through shareholder returns.

(2) Details of the share buyback

(i) Class of shares to be acquired: Common stock of the Company
(ii) Total number of shares to be acquired: Up to 4,000,000 shares
(2.0% of the total number of shares issued and outstanding, excluding treasury shares)
(iii) Total acquisition cost: Up to ¥10 billion
(iv) Acquisition period: November 6, 2026 to March 31, 2027
(v) Acquisition method: Market purchases on the Tokyo Stock Exchange

(3) Details of the cancellation

(i) Class of shares to be cancelled: Common stock of the Company
(ii) Total number of shares to be cancelled: All treasury shares acquired under (2) above
(iii) Scheduled cancellation date: By March 31, 2027, after completion of the acquisition under (2) above

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