

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2026

May 14, 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/>

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Annual general meeting of shareholders (scheduled): June 24, 2026

Start of distribution of dividends (scheduled): June 2, 2026

Filing of securities report (Yuka Shoken Hokokusho) (scheduled): June 23, 2026

Supplementary materials for the financial statements: Yes

Presentation to explain the financial statements: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (April 1, 2025, to March 31, 2026)

(1) Sales and Profits

(The year-on-year change refers to 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 (%)
Year ended March 31, 2026	3,817,354	4.0	53,182	(4.4)	75,723	16.0
Year ended March 31, 2025	3,671,328	3.2	55,609	17.5	65,255	1.1

Note: Comprehensive income increased by 42.6% to ¥66,766 million in the year ended March 31, 2026, and decreased by 27.6% year on year to ¥46,832 million in the year ended March 31, 2025.

	Profit attributable to owners of parent (Millions of yen)	Year-on- year change (%)	Earnings per share (Yen)	Diluted earnings per share (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
Year ended March 31, 2026	42,534	5.6	206.67	—	6.7	4.0	1.4
Year ended March 31, 2025	40,279	(2.9)	193.20	—	6.6	3.6	1.5

(Reference) The share of profit of entities accounted for using the equity method increased by ¥3,907 million in the year ended March 31, 2026, and decreased by ¥3,768 million in the year ended March 31, 2025.

(2) Financial Position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Net worth ratio* (%)	Net assets per share (Yen)
As of March 31, 2026	1,922,002	795,399	33.9	3,186.01
As of March 31, 2025	1,824,984	757,947	33.9	2,979.39

(Reference) Calculated based on net worth of ¥652,172 million as of March 31, 2026, and ¥619,564 million as of March 31, 2025.

(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)
Year ended March 31, 2026	46,552	9,299	(29,397)	286,539
Year ended March 31, 2025	60,559	(3,363)	(25,947)	259,337

2. Dividend Payments

	Dividends per share (Yen)					Total dividends paid (full year) (Millions of yen)	Payout ratio (consolidated) (%)	Dividends to net assets ratio (consolidated) (%)
	1st quarter	2nd quarter	3rd quarter	Year-end	Full year			
Paid for the year ended March 31, 2025	—	30.00	—	32.00	62.00	12,892	32.1	2.1
Paid for the year ended March 31, 2026	—	32.00	—	34.00	66.00	13,530	31.9	2.1
Planned for the year ending March 31, 2027	—	34.00	—	34.00	68.00		35.7	

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

(The year-on-year change refers to the previous fiscal year)

	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	55,000	3.4	71,500	(5.6)	39,000	(8.3)	190.52

Notes

- (1) Significant changes in scope of consolidation in the fiscal year ended March 31, 2026: Yes

Subsidiaries added to the scope of consolidation: 2 (Cygni Holdings, Inc., and Cygni Corporation)

Subsidiaries removed from the scope of consolidation: 2 (MVC Co., Ltd., and PharField Corporation)

Note: MVC Co., Ltd., was removed from the scope of consolidation because it was absorbed by the Company's wholly owned subsidiary, ATOL Co., Ltd. (the surviving company of the merger) effective from April 1, 2025. PharField Corporation was removed from the scope of consolidation because it transferred its business during the current fiscal year and resolved to dissolve in March 2026, and therefore no longer has a material impact on the consolidated financial statements. Cygni Holdings, Inc., and Cygni Corporation were added to the scope of consolidation since the former was acquired on January 30, 2026, and the latter is its subsidiary. Since the date of the deemed acquisition was at the end of the fiscal year, only the balance sheet was affected.

- (2) 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

- (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, 2026	215,975,042	Year ended March 31, 2025	219,226,042
(b) Number of treasury shares at the end of the period	Year ended March 31, 2026	11,276,403	Year ended March 31, 2025	11,275,805
(c) Average number of shares outstanding during the period	Year ended March 31, 2026	205,804,884	Year ended March 31, 2025	208,490,602

(Reference) Summary of Unconsolidated Financial Results

1. Unconsolidated Financial Results for the Fiscal Year Ended March 31, 2026 (April 1, 2025, to March 31, 2026)

- (1) Sales and Profits

(The year-on-year change refers to 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 (%)
Year ended March 31, 2026	31,204	2.7	17,014	(10.5)	23,177	13.2
Year ended March 31, 2025	30,383	0.3	19,017	47.9	20,467	45.4

	Profit (Millions of yen)	Year-on-year change (%)	Earnings per share (Yen)	Diluted earnings per share (Yen)
Year ended March 31, 2026	16,002	(22.9)	77.75	—
Year ended March 31, 2025	20,762	(1.5)	99.58	—

(2) Financial Position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Net worth ratio* (%)	Net assets per share (Yen)
As of March 31, 2026	371,180	343,438	92.5	1,677.78
As of March 31, 2025	368,774	345,083	93.6	1,659.45

(Reference) Calculated based on net worth of ¥343,438 million as of March 31, 2026, and ¥345,083 million as of March 31, 2025.

* 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.

Note that impact of the tender offer described in the “Notice Regarding Launch of Tender Offer for Shares of PALTAC Co., Ltd. (Stock Code: 8283)” announced on May 11, 2026 has not been factored in at this time, and some results may vary depending on the outcome of said offer. The earnings forecast after the conversion into a wholly-owned subsidiary will be disclosed at an appropriate time.

(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 Financial Results

(1) Overview of Results of Operations

(i) Business Overview

Based on its management philosophy, “Contributing to people’s health and the advancement of society through creation of value in distribution,” the MEDIPAL Group is 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. These businesses handle products that are essential for people’s livelihoods and healthy living, including prescription pharmaceuticals, medical equipment, clinical diagnostic reagents, daily necessities, cosmetics, and food processing raw materials. Accordingly, the MEDIPAL Group recognizes that it has an important duty as an enterprise responsible for social infrastructure to maintain a logistics and distribution network that can reliably ensure product shipments not only in normal times but also during emergencies.

Based on this commitment, the MEDIPAL Group formulates business continuity plans (BCP) and strives to make further improvements to its logistics platform.

To put its management philosophy into practice, the MEDIPAL Group formulated its **2027 MEDIPAL Medium-Term Vision** entitled **Change the Oroshi Forever – Constant Innovation** (hereinafter, “Medium-Term Vision”) extending through the fiscal year ending March 31, 2027. In line with the Medium-Term Vision, the MEDIPAL Group has been reorienting its business portfolio and collaborating with business partners based on its human resource and financial strategies, with the goals of creating new value for society and its customers while ensuring its own sustainable growth. For this purpose, the MEDIPAL Group is pursuing 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 line with these strategies, the MEDIPAL Group worked to enter overseas markets during the fiscal year under review. For example, it carried out research and development aimed at the global launch of new drugs for ultra-rare diseases in collaboration with JCR Pharmaceuticals Co., Ltd. (Ashiya-shi, Hyogo; hereinafter, “JCR”). As part of this joint development, a therapeutic drug for mucopolysaccharidosis type IIIB (JR-446) developed by JCR was designated as an orphan drug by the U.S. Food and Drug Administration (FDA) in April 2025 and the European Commission (EC) in June 2025. It was also designated as a drug for treating rare diseases by Ministry of Health, Labour and Welfare (MHLW) in September of the same year. Along with these important milestones, MEDIPAL HOLDINGS CORPORATION concluded a global licensing deal and a joint-development and commercialization partnership in Japan in August 2025 for a candidate drug (JR-479) being developed by JCR for treating GM2 gangliosides, a group of ultra-rare lysosomal storage disorders.

In January 2026, the MEDIPAL Group’s consolidated subsidiary, MP AGRO CO., LTD. (Kitahiroshima-shi, Hokkaido; hereinafter, “MP AGRO”) acquired all shares of Cygni Holdings, Inc. (Chuo-ku, Tokyo; hereinafter “Cygni Holdings”), which owns all shares of Cygni Corporation (Koto-ku, Tokyo; hereinafter “Cygni”), an operator of an e-commerce business targeting veterinary clinics. By making Cygni, which sells to veterinary clinics throughout Japan, a wholly owned subsidiary of MP AGRO, the Group intends to leverage the strengths of both firms to generate synergies. In that way, it aims to boost sales to veterinary clinics nationwide and broaden online sales channels while expanding businesses involved in companion animal¹ products, an area of the MEDIPAL Group’s AGRO & FOOD Business.

In addition, the MEDIPAL Group has been investing in startups in Japan through the MEDIPAL Innovation Fund, with the goals of expanding its revenue base and maximizing corporate value while contributing build a more sustainable economy and society.

Definition of terms:

¹ Companion animal: An animal that has a companion-like presence and a close relationship with people in daily life.

Main initiatives taken in each business segment are as follows.

Prescription Pharmaceutical Wholesale Business

The MEDIPAL Group has established disaster-prepared Area Logistics Centers (ALCs)² throughout Japan that seamlessly connect manufacturers with medical institutions, and is building a logistics service network that provides uniform coverage across Japan, thereby ensuring a stable supply of logistics capacity while creating new value for users. As part of these efforts, MEDICEO CORPORATION (Chuo-ku, Tokyo; hereinafter, “MEDICEO”) began operating Tokyo ALC (Koto-ku, Tokyo) as the MEDIPAL Group’s 14th ALC in January 2026. Under a new urban logistics model, the MEDIPAL Group has been expanding its shift to multipurpose centers that house its operations with the goals of strengthening its business foundations and optimizing the entire supply chain, while responding to growing shipments of pharmaceuticals, addressing emerging logistics challenges, and improving business continuity planning in anticipation of earthquakes and other disasters. Meanwhile, MEDISKET CORPORATION (Misato-shi, Saitama; hereinafter, “MEDISKET”) acquired ISO 9001 certification, an international standard for quality management systems, at nine of the ALCs it operates in August 2025, marking an important step towards raising the quality of its pharmaceutical logistics operations to global standards. Through all of these initiatives, the MEDIPAL Group has been making steady progress in building Japan’s largest healthcare logistics platform for supporting the pharmaceuticals, health, and beauty fields.

Definition of Terms:

² Area Logistics Center (ALC): A state-of-the-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

Aiming to co-create sustainable logistics infrastructure, PALTAC CORPORATION (Osaka-shi, Osaka; hereinafter, “PALTAC”) launched joint delivery services in the Western Kanto region together with Arata Corporation (Koto-ku, Tokyo; hereinafter, “Arata”) in July 2025. This marks the first stage of collaboration in non-competitive areas. Then in November 2025, PALTAC, Arata, and Planet, Inc. (Minato-ku, Tokyo; hereinafter, “Planet”) jointly established a new company, Product Registry Services, Inc. (Chiyoda-ku, Tokyo), designed to centrally manage product information for the general consumer goods industry, which includes cosmetics and daily necessities, with the goals of raising the efficiency of product information sharing and developing the industry as a whole. In addition, PALTAC launched Nice2meet as a B2B matching website specializing in the health and beauty care industries in March 2026. By enabling online interactions between manufacturers and retailers, which had previously relied on offline means, and by making negotiations and information sharing more efficient, PALTAC is facilitating new business deals and creating value beyond conventional business relations, geography, and scale limitations.

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

MP AGRO acquired all shares of Cygni Holdings, which owns all shares of Cygni, an e-commerce business operator targeting veterinary clinics, in January 2026. By making Cygni, which sells to veterinary clinics throughout Japan, a wholly owned subsidiary of MP AGRO, the Company intends to leverage the strengths of both firms to generate synergies, with the goals of boosting sales to these clinics nationwide, broadening online sales channels, and expanding businesses involved in companion animal products, an area of the MEDIPAL Group’s AGRO & FOOD Business. In addition, MP Gokyo Food & Chemical Co., Ltd. (Kita-ku, Osaka; hereinafter, “MP Gokyo F&C”) has been reorganizing its sales structure, making effective use of operational resources, and building its customer base nationwide in an effort to further expand the MEDIPAL Group’s Food Processing Raw Materials Wholesale and Related Business, and to respond to changes in the food market, including demand from customers and consumers for health-conscious and functional food products.

(ii) Results of Operations for the Fiscal Year Ended March 31, 2026

Consolidated financial results for the fiscal ended March 31, 2026, are as follows.

(Millions of yen, rounded down to the nearest million)				
	Year ended March 31, 2025	Year ended March 31, 2026	Difference	YoY change
Net sales	3,671,328	3,817,354	+146,026	+4.0%
Gross profit	255,758	260,987	+5,229	+2.0%
Percentage of net sales	6.97%	6.84%	(0.13pp)	
Selling, general and administrative expenses	200,148	207,804	+7,655	+3.8%
Percentage of net sales	5.45%	5.44%	(0.01pp)	
Selling, general and administrative expenses excluding (i) and (ii) below:	196,749	201,419	+4,670	+2.4%
(i) Business investment and other expenses	1,136	4,053	+2,916	+256.6%
(ii) Amortization of goodwill and intangible assets*	2,262	2,331	+68	+3.0%
Operating profit	55,609	53,182	(2,426)	(4.4%)
Percentage of net sales	1.51%	1.39%	(0.12pp)	
Operating profit excluding (i) and (ii) above	59,008	59,567	+558	+0.9%
Ordinary profit	65,255	75,723	+10,468	+16.0%
Net extraordinary income	11,479	6,121	(5,357)	(46.7%)
Profit before income taxes	76,734	81,844	+5,110	+6.7%
Profit attributable to owners of parent	40,279	42,534	+2,254	+5.6%

* 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 ¥146,026 million [4.0%] year on year to ¥3,817,354 million.

- All business segments posted net sales growth compared with the previous fiscal year, with increases of ¥95,864 million [4.0%] in the Prescription Pharmaceutical Wholesale Business segment, ¥49,749 million [4.2%] in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business segment, and ¥467 million [0.4%] in the Animal Health Products and Food Processing Raw Materials Wholesale Related Business segment.

Operating profit

Operating profit decreased by ¥2,426 million [(4.4%)] year on year to ¥53,182 million.

- Gross profit increased by ¥5,229 million [2.0%] year on year to ¥260,987 million, mainly due to the growth in net sales. The ratio of gross profit to net sales came to 6.84%, down 0.13 of a percentage point from 6.97% in the previous fiscal year.
- SG&A expenses increased by ¥7,655 million [3.8%] to ¥207,804 million, largely due to a year-on-year increase in business investment and other expenses in the Prescription Pharmaceutical Wholesale Business segment, as well as higher labor costs incurred by human resources investment and rising salaries in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business segment. The ratio of SG&A expenses to net sales stood at 5.44%, improving by 0.01 of a percentage point from 5.45% in the previous fiscal year.

Ordinary profit

Ordinary profit jumped by ¥10,468 million [16.0%] year on year to ¥75,723 million.

- Ordinary profit was up despite the year-on-year decrease of ¥2,426 million [(4.4%)] in operating profit, mainly because net non-operating income and expenses increased by ¥12,894 million compared with the previous fiscal year, which was largely the result of a higher share of profit of entities accounted for using equity method and a gain on investments in investment partnerships.

Profit attributable to owners of parent

Profit attributable to owners of parent increased by ¥2,254 million [5.6%] year on year to ¥42,534 million.

- Net extraordinary income amounted to ¥6,121 million, a decrease of ¥5,357 million compared with the previous fiscal year. Among the main factors underlying this result, although a gain on sale of investment securities recorded under extraordinary income increased by ¥9,353 million year on year to ¥21,347 million, ¥9,543 million in amortization of goodwill and ¥4,554 million in expenses for business restructuring associated with logistics and other operations of the Prescription Pharmaceutical Wholesale Business were recorded under extraordinary losses.

Prescription Pharmaceutical Wholesale Business

The Prescription Pharmaceutical Wholesale Business faced mixed conditions in its operating environment. While the periodic provision of shingles vaccines contributed to market expansion, other markets contracted due to the negative impact of NHI drug price revisions, declining demand for drugs and diagnostic reagents for COVID-19 and influenza, and the end of a national COVID-19 vaccination assistance system as well as a catch-up vaccine program for the human papillomavirus (HPV)³ during the fiscal year under review. Nevertheless, the pharmaceutical market grew on the whole.

In this environment, MEDICEO and other companies in the MEDIPAL Group's pharmaceutical business aimed to create new value as regional medical coordinators by promoting initiatives for connecting medical institutions, dispensing pharmacies, and municipalities. The MEDIPAL Group's personnel worked to provide solutions for regional healthcare issues by offering comprehensive information on disease prevention, diagnosis, and treatment while raising awareness of disease, identifying potential patients, and serving as a bridge to specialists. The personnel include Women's Coordinators⁴ who specialize in obstetrics and gynecology, Rare Disease Medical Representatives (RD-MR)⁵ who specialize in rare diseases, Neuroscience Medical Representatives (NS-MR)⁶ who specialize in neurological and psychological disorders, and Assistant Representatives (AR)⁷ who are responsible for front-line sales and have expertise in pharmaceuticals.

In addition, amid major changes in the logistics industry, particularly a labor shortage across society and rising logistics costs, the MEDIPAL Group worked to meet rising cargo volume and improve logistics efficiency to reduce costs while leveraging the capabilities of its ALCs to build a safe, secure, and high-performance logistics platform.

Definition of Terms:

- ³ 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.
- ⁴ Women's Coordinator: An internal designation given to ARs and others who have specialized knowledge in the area of obstetrics and gynecology.
- ⁵ Rare Disease Medical Representatives (RD-MR): An internal designation given to ARs and others who focus on the area of rare diseases.
- ⁶ Neuroscience Medical Representatives (NS-MR): An internal job title given to ARs and other representatives who specialize in neurological and psychological disorders.
- ⁷ 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, 2025	Year ended March 31, 2026	Difference	YoY change
Net sales	2,370,245	2,466,109	+95,864	+4.0%
Gross profit	150,387	152,355	+1,968	+1.3%
Percentage of net sales	6.34%	6.18%	(0.17pp)	
Selling, general and administrative expenses	125,180	128,063	+2,883	+2.3%
Percentage of net sales	5.28%	5.19%	(0.09pp)	
Selling, general and administrative expenses excluding (i) and (ii) below:	123,837	123,735	(102)	(0.1%)
(i) Business investment and other expenses	1,136	4,053	+2,916	+256.6%
(ii) Amortization of goodwill*	206	275	+68	+33.3%
Operating profit	25,207	24,292	(915)	(3.6%)
Percentage of net sales	1.06%	0.99%	(0.08pp)	
Operating profit excluding (i) and (ii) above	26,550	28,620	+2,070	+7.8%

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

Net sales

Net sales rose by ¥95,864 million [4.0%] year on year to ¥2,466,109 million.

- Despite falling demand for products associated with COVID-19, net sales increased on the back of growth in the medical supplies market, growing sales of specialty drugs, and higher sales secured through hospital and dispensing pharmacy sales channels.

Operating profit

Operating profit decreased by ¥915 million [(3.6%)] year on year to ¥24,292 million.

- Gross profit increased by ¥1,968 million [1.3%] year on year, mainly due to the growth in net sales. The ratio of gross profit to net sales decreased by 0.17 of a percentage point to 6.18% compared with 6.34% in the previous fiscal year. This reflected changes in the product mix and rising purchasing costs resulting from the revised government-set prices of drugs covered by NHI.
- SG&A expenses increased by ¥2,883 million [2.3%] year on year as a result of higher business investment and other expenses. The ratio of SG&A expenses to net sales came to 5.19%, improving 0.09 of a percentage point from 5.28% in the previous fiscal year.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

The Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business faced a difficult operating environment despite growing demand due to increased awareness of health and rising demand for going outdoors, as logistics costs rose sharply and consumers tended to economize amid rising prices of goods and services. In this environment, the business proactively applied consumer purchasing data in sales activities to accurately identify changes in the market, including growing awareness of health and rising demand for going outdoors, and to expand product lineups in response to diversifying consumer needs.

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

	Year ended March 31, 2025	Year ended March 31, 2026	Difference	YoY change
Net sales	1,188,097	1,237,846	+49,749	+4.2%
Gross profit	88,982	92,321	+3,338	+3.8%
Percentage of net sales	7.49%	7.46%	(0.03pp)	
Selling, general and administrative expenses	60,973	65,890	+4,916	+8.1%
Percentage of net sales	5.13%	5.32%	+0.19pp	
Operating profit	28,008	26,430	(1,577)	(5.6%)
Percentage of net sales	2.36%	2.14%	(0.22pp)	

Net sales

Net sales rose by ¥49,749 million [4.2%] year on year to ¥1,237,846 million.

- Although consumers tended to economize amid rising prices of goods and services, this business boosted sales and stepped up its efforts to market high value-added products, particularly cosmetics and daily necessities. Furthermore, it applied consumer purchasing data in sales activities to clearly identify changes in purchasing behavior associated with growing awareness of health and rising demand for going outdoors.

Operating profit

Operating profit decreased by ¥1,577 million [(5.6%)] year on year to ¥26,430 million.

- Backed by the growth in net sales and expanded lineups of new high value-added products, gross profit increased by ¥3,338 million [3.8%] year on year, despite the impact of rising prices of goods and services along with higher logistics center fees amid a shortage of delivery vehicle drivers. The ratio of gross profit to net sales stood at 7.46%, down 0.03 of a percentage point from 7.49% in the previous fiscal year.
- SG&A expenses rose by ¥4,916 million [8.1%], mainly due to proactive investment in human resources, rising logistics expenses resulting from increases in warehouse labor costs and delivery fees, and increased costs from the operations of logistics centers that have been leased by the business for the purpose of expanding logistics capacity. The ratio of SG&A expenses to net sales came to 5.32%, up 0.19 of a percentage point from 5.13% in the previous fiscal year.

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

The Animal Health Products Wholesale Business continued to deal with operating environment impacts, including changes in product distribution in the companion animal health products industry, specifically the direct sales of certain products by their manufacturers, along with declining purchasing power in the livestock and fish farming markets amid sharp rises in prices of feed, energy, and other production materials due to the yen's depreciation. In this environment, the business strove to boost profitability, initiate new business relations with manufacturers and expand business with major customers while focusing on highly profitable products, particularly the MEDIPAL Group's own products.

Meanwhile, the Food Processing Raw Materials Wholesale and Related Business benefited from favorable conditions in the electronic material and industrial chemical markets, but was negatively impacted by soaring costs of imports and downward pressure on profits caused by the continuous depreciation of the yen.

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

	Year ended March 31, 2025	Year ended March 31, 2026	Difference	YoY change
Net sales	116,861	117,328	+467	+0.4%
Gross profit	16,446	16,369	(76)	(0.5%)
Percentage of net sales	14.07%	13.95%	(0.12pp)	
Selling, general and administrative expenses	14,001	14,044	+43	+0.3%
Percentage of net sales	11.98%	11.97%	(0.01pp)	
Selling, general and administrative expenses excluding the following:	11,945	11,988	+43	+0.4%
Amortization of goodwill and intangible assets*	2,056	2,056	0	—
Operating profit	2,444	2,325	(119)	(4.9%)
Percentage of net sales	2.09%	1.98%	(0.11pp)	
Operating profit excluding the above amortization	4,500	4,381	(119)	(2.7%)

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

Net sales

Net sales edged up by ¥467 million [0.4%] year on year to ¥117,328 million.

- The Animal Health Products Wholesale Business posted solid sales to the companion animal health products industry by actively releasing new products, despite the aforementioned industry trend of manufacturers selling some of their products directly. It also posted steady sales to the livestock and fish farming industries on the back of higher sales of functional products designed to improve productivity, and a temporary spike in demand for certain products following an outbreak of highly pathogenic avian influenza. As a result, the segment as a whole recorded net sales growth despite a decrease in sales in the Food Processing Raw Materials Wholesale and Related Business.

Operating profit

Operating profit decreased by ¥119 million [(4.9%)] year on year to ¥2,325 million.

- Gross profit was down ¥76 million [(0.5%)] year on year, and the ratio of gross profit to net sales decreased by 0.12 of a percentage point to 13.95% from 14.07% in the previous fiscal year. While the Animal Health Products Wholesale Business revised product selling prices and actively promoted products designed in-house, particularly for the companion animal health products industry, it faced increasingly tough price competition in the livestock and fish farming markets. The Food Processing Raw Materials Wholesale and Related Business posted solid sales to the electronic materials market; however, it was negatively affected by soaring cost prices in the food market due to the impact of currency exchange rates.
- SG&A expenses edged up by ¥43 million [0.3%] compared with the previous fiscal year. Although logistics expenses decreased in the Animal Health Products Wholesale Business and personnel expenses were down in the Food Processing Raw Materials Wholesale and Related Business, the increase reflected expenses associated with share acquisitions. The ratio of SG&A expenses to net sales came to 11.97%, improving by 0.01 of a percentage point from 11.98% in the previous fiscal year.

Note: Segment sales include inter-segment transactions.

(2) Overview of Financial Position

Assets

As of March 31, 2026, total assets amounted to ¥1,922,002 million, an increase of ¥97,017 million from the end of the previous fiscal year.

Current assets rose by ¥88,278 million from the end of the previous fiscal year to ¥1,371,025 million. This was mainly due to increases in cash and deposits of ¥27,666 million, notes and accounts receivable – trade of ¥44,306 million, and merchandise and finished goods of ¥12,295 million.

Non-current assets increased by ¥8,739 million from the end of the previous fiscal year to ¥550,977 million. This was largely as a result of an increase in investment securities of ¥13,381 million, which reflected a revaluation of listed stocks after share prices rose.

Liabilities

As of March 31, 2026, total liabilities stood at ¥1,126,603 million, an increase of ¥59,565 million from the end of the previous fiscal year.

Current liabilities increased by ¥58,594 million from the end of the previous fiscal year to ¥1,068,041 million, mainly due to an increase in notes and accounts payable – trade of ¥52,059 million.

Non-current liabilities increased by ¥971 million from the end of the previous fiscal year to ¥58,561 million. Among the factors underlying this result were an increase in deferred tax liabilities of ¥4,373 million and a decrease in retirement benefit liability of ¥3,380 million.

Net assets

As of March 31, 2026, net assets totaled ¥795,399 million, an increase of ¥37,452 million from the end of the previous fiscal year.

Shareholders' equity rose by ¥20,765 million from the end of the previous fiscal year to ¥584,052 million, reflecting an increase in retained earnings of ¥21,914 million.

Accumulated other comprehensive income increased by ¥11,842 million from the end of the previous fiscal year to ¥68,119 million. This was mainly as a result of an increase in valuation difference on available-for-sale securities of ¥9,126 million, which reflected a revaluation of listed stocks after share prices rose.

Non-controlling interests increased by ¥4,844 million from the end of the previous fiscal year to ¥143,225 million, largely due to an increase in net assets held by PALTAC Corporation.

(3) Overview of Cash Flows

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

	Year ended March 31, 2025	Year ended March 31, 2026
Cash flows from operating activities	60,559	46,552
Cash flows from investing activities	(3,363)	9,299
Cash flows from financing activities	(25,947)	(29,397)
Effect of exchange rate changes on cash and cash equivalents	3	6
Net increase in cash and cash equivalents	31,252	26,461
Cash and cash equivalents at beginning of period	228,084	259,337
Increase in cash and cash equivalents resulting from merger of unconsolidated subsidiaries	—	852
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(111)
Cash and cash equivalents at end of period	259,337	286,539

As of March 31, 2026, cash and cash equivalents (hereinafter, “net cash”) amounted to ¥286,539 million, a net increase of ¥26,461 million year on year. Main factors underlying the net increase included an increase of ¥852 million from a merger with an unconsolidated subsidiary and a decrease of ¥111 million due to the removal of subsidiaries from the scope of consolidation.

Cash Flows from Operating Activities

Net cash provided by operating activities came to ¥46,552 million, a decrease of ¥14,006 million year on year. The main items underlying this result were income before income taxes and minority interests of ¥81,844 million, a gain on sale of short-term and long-term investment securities of ¥21,347 million, depreciation and amortization of ¥17,439 million, amortization of goodwill of ¥10,754 million, an increase in trade receivables of ¥42,715 million, an increase in inventories of ¥11,727 million, an increase in trade payables of ¥51,271 million and income taxes paid amounting to ¥25,804 million.

Cash Flows from Investing Activities

Net cash provided by investing activities totaled ¥9,299 million compared with net cash used in investing activities of ¥3,363 million in the previous fiscal year. The main items underlying this result were ¥27,914 million in proceeds from sale and redemption of investment securities, ¥11,122 million for the purchase of shares of subsidiaries resulting in change in scope of consolidation (specifically for consolidated subsidiary Cygni Holdings), and ¥6,619 million for the purchase of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥29,397 million, an increase of ¥3,450 million year on year. The main items underlying this result were ¥8,088 million for the purchase of treasury shares, ¥4,121 million for the purchase of shares of subsidiaries not resulting in change in scope of consolidation (specifically for a share buyback by consolidated subsidiary PALTAC), and ¥16,552 million in dividends paid.

(Reference) Cash Flow-Related Metrics

	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025	Year ended March 31, 2026
Net worth ratio (%)	31.0	32.8	33.4	33.9	33.9
Net worth ratio on a market valuation basis (%)	24.7	22.2	27.1	26.6	31.3
Operating cash flow to interest-bearing debt ratio (%)	64.4	49.4	3.3	7.9	10.7
Interest coverage ratio (times)	3,647.5	461.8	10,550.1	6,009.6	3,553.2

Net worth ratio: net worth / total assets

Net worth ratio on a market valuation basis: total market value of equity / total assets

Operating cash flow to interest-bearing debt ratio: interest-bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest expense

Notes:

1. All metrics above are calculated based on consolidated financial results.
2. The total market value of equity 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 in the consolidated balance sheets on which the Company pays interest. It also includes interest-free convertible-bonds with share acquisition rights.

(4) Outlook for the Fiscal Year Ending March 31, 2027

The MEDIPAL Group operates each of its businesses in accordance with its Sustainability Policy and 2027 MEDIPAL Medium-Term Vision, which extends until March 31, 2027.

The forecast of consolidated results for the fiscal year ending March 31, 2027, is as follows.

(Millions of yen, rounded down to the nearest million)					
	Year ended March 31, 2026 Results	Year ending March 31, 2027 Forecast	YoY difference	YoY change (%)	
Net sales	3,817,354	3,944,000	+126,645	+3.3%	
Gross profit	260,987	269,500	+8,512	+3.3%	
Percentage of net sales	6.84%	(6.83%)	0.00pp		
Selling, general and administrative expenses	207,804	214,500	+6,695	+3.2%	
Percentage of net sales	5.44%	(5.44%)	(0.01pp)		
Operating profit	53,182	55,000	+1,817	+3.4%	
Percentage of net sales	1.39%	(1.39%)	(0.00 pp)		
Ordinary profit	75,723	71,500	(4,223)	(5.6%)	
Extraordinary income	6,121	(329)	(6,451)	–	
Profit before income taxes	81,844	71,170	(10,674)	(13.0%)	
Profit attributable to owners of parent	42,534	39,000	(3,534)	(8.3%)	

For the MEDIPAL Group's Prescription Pharmaceutical Wholesale Business, it will be increasingly important to maintain strict quality control and a prompt and stable supply of pharmaceuticals in step with advances in medical care. In this environment, pharmaceutical wholesalers must build distribution networks that help optimize the entire supply chain, and collect and provide relevant and timely information together with medical professionals. Because the Japanese government has been revising drug prices covered by NHI every year and the country's prescription pharmaceuticals market is not expected to grow substantially going forward, it will also be important to create businesses that provide new services and products to meet the changing needs of consumers.

In response to these circumstances, in the fiscal year ending March 31, 2027, the MEDIPAL Group has been working to strengthen its revenue base and offer value through next-generation logistics by renewing supply chains to digitally connect manufacturers and customers, while leveraging the capabilities of its unique "two As" – Area Logistics Centers (ALCs) and Assistant Representatives (ARs).

Through these ALCs, the MEDIPAL Group will maintain a stable supply of prescription pharmaceuticals and other products, and draw on its high-performance logistics capabilities to increase the productivity of its own operations as well as those of its customers by reducing their inventory management and ordering workloads. Through MEDISKET, the MEDIPAL Group will offer high-quality logistics services that comply with Good Distribution Practice (GDP) guidelines⁸, while refining shared logistics platforms to optimize the supply of pharmaceuticals and testing materials as well as the collection of samples for clinical trials and research. It will also continue pursuing new opportunities for creating future earnings by handling logistics operations for companies outside the MEDIPAL Group through outsourcing agreements.

At present, about 2,000 ARs are working to provide comprehensive information to medical professionals and devise solutions for regional healthcare issues through sales activities. Demand and expectations for these services have been rising every year from drug manufacturers and biotech startups, so the MEDIPAL Group will continue seeking opportunities to form partnerships.

The Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business faces uncertain market conditions as the outlook for consumer spending in Japan remains unclear due to strong tendencies for consumers to economize amid rising prices and ongoing geopolitical risks, despite expectations for household incomes to gradually improve.

Under these circumstances, the MEDIPAL Group is developing high-value-added products tailored to diverse consumer needs, and promoting its brands through tie-ups with domestic and foreign manufacturers. It is also addressing rising logistics costs brought on by labor shortages and other factors by facilitating collaborative deliveries and raising the productivity of logistics centers to build a more sustainable logistics infrastructure. Furthermore, by integrating data visualization for products, logistics, and supply and demand trends while applying data to link supply chains, the MEDIPAL Group is raising efficiency and optimizing operations in an effort to continuously create value.

Meanwhile, the Animal Health Products and Food Processing Raw Materials Wholesale and Related Business expects harsh conditions in the market for animal health products due to elevated prices of feed, energy, and other production materials, as well as a shift to direct sales of certain products by their manufacturers. Under these circumstances, the MEDIPAL Group will continue to step up sales promotions of products that help improve productivity in the livestock and fish farming markets. In the companion animal health products market, the

MEDIPAL Group will work to expand online sales channels and bolster marketing to veterinary clinics nationwide by creating synergies with Cygni Corporation in an effort to boost sales of its original products.

The Food Processing Raw Materials Wholesale and Related Business also expects harsh market conditions to continue due to sharp rises in raw material prices, ongoing geopolitical risks and Japan's declining and aging population. Nonetheless, new signs of demand have arisen in its constantly changing operating environment, backed by diversifying consumer needs and growing awareness of food safety and health. In response, MP Gokyo Food & Chemical has stepped up efforts to sell its mainstay polysaccharides⁹ domestically and internationally in the food raw materials market, and will continue investing in its chemical products business in order to accelerate sales growth of electronic materials for the semiconductor market, with a view to establishing a sustainable revenue base going forward.

Looking ahead, the MEDIPAL Group will pursue sustainable growth by continuing to proactively invest in areas targeted by its 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.

The MEDIPAL Group's management considered all of the factors above for its forecast of consolidated financial results for the fiscal year ending March 31, 2027. On a year-on-year basis, it expects net sales to increase by 3.3% to ¥ 3,944,000 million, operating profit to increase by 3.4% to ¥55,000million, ordinary profit to decrease by 5.6% to ¥71,500million, and profit attributable to owners of parent to decrease by 8.3% to ¥x39,000million.

Definition of Terms:

⁸ 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.

⁹ 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, 2026 and the Fiscal Year Ending March 31, 2027

(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.

$$\text{WACC (\%)} = \text{Cost of shareholders' equity}^{\ast\ast} \times \text{Shareholders' equity} / (\text{Interest-bearing debt} + \text{Shareholders' equity}) + \text{Cost of debt} \times (1 - \text{effective tax rate}) \times \text{Interest-bearing debt} / (\text{Interest-bearing debt} + \text{Shareholders' equity})$$

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

(2) Dividends for the Fiscal Year Ended March 31, 2026 and the Fiscal Year Ending March 31, 2027

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, 2026: ¥66

We plan to declare a year-end dividend of ¥34 per share for the fiscal year ended March 31, 2026.

Combined with the interim dividend of ¥32 per share, this will bring the annual dividends to ¥x 66per share.

Annual dividends per share for the fiscal year ending March 31, 2027 (forecast): ¥68

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, 2025	As of March 31, 2026
ASSETS		
Current assets		
Cash and deposits	261,407	289,073
Notes receivable – trade	14,455	12,119
Accounts receivable – trade	749,085	795,729
Merchandise and finished goods	178,100	190,396
Accounts receivable – other	66,826	69,794
Other	12,912	13,953
Allowance for doubtful accounts	(42)	(41)
Total current assets	1,282,746	1,371,025
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	103,180	101,881
Machinery, equipment and vehicles, net	31,311	30,740
Land	117,285	117,174
Construction in progress	10,958	5,992
Other, net	5,829	6,048
Total property, plant and equipment	268,564	261,837
Intangible assets		
Goodwill	13,150	12,341
Customer-related intangible assets	16,392	15,131
Software	8,440	8,289
Other	1,915	1,696
Total intangible assets	39,898	37,458
Investments and other assets		
Investment securities	199,078	212,459
Long-term loans receivable	115	123
Deferred tax assets	4,890	3,714
Retirement benefit asset	9,722	14,445
Other	20,614	21,527
Allowance for doubtful accounts	(644)	(589)
Total investments and other assets	233,774	251,680
Total non-current assets	542,237	550,977
Total assets	1,824,984	1,922,002

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

	As of March 31, 2025	As of March 31, 2026
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	932,474	984,534
Income taxes payable	13,329	17,193
Provision for bonuses	7,854	8,320
Provision for loss on Anti-Monopoly Act	2,233	—
Other	53,554	57,992
Total current liabilities	1,009,447	1,068,041
Non-current liabilities		
Deferred tax liabilities	32,858	37,231
Deferred tax liabilities for land revaluation	813	813
Retirement benefit liability	16,057	12,677
Other	7,860	7,839
Total non-current liabilities	57,590	58,561
Total liabilities	1,067,037	1,126,603
NET ASSETS		
Shareholders' equity		
Share capital	22,398	22,398
Capital surplus	100,010	100,106
Retained earnings	463,071	484,985
Treasury shares	(22,193)	(23,437)
Total shareholders' equity	563,286	584,052
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66,060	75,186
Deferred gains or losses on hedges	(37)	29
Revaluation reserve for land	(13,518)	(13,518)
Foreign currency translation adjustment	2,646	3,002
Remeasurements of defined benefit plans	1,126	3,419
Total accumulated other comprehensive income	56,277	68,119
Share acquisition rights	1	1
Non-controlling interests	138,381	143,225
Total net assets	757,947	795,399
Total liabilities and net assets	1,824,984	1,922,002

(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, 2025	Year ended March 31, 2026
Net sales	3,671,328	3,817,354
Cost of sales	3,415,569	3,556,366
Gross profit	255,758	260,987
Selling, general and administrative expenses		
Salaries and allowances	81,596	83,005
Welfare expenses	14,813	14,893
Provision for bonuses	7,649	7,899
Retirement benefit expenses	2,944	876
Distribution expenses	23,593	24,849
Rent expenses on land and buildings	5,121	5,768
Depreciation	13,514	13,580
Other	50,915	56,930
Total selling, general and administrative expenses	200,148	207,804
Operating profit	55,609	53,182
Non-operating income		
Interest income	50	234
Dividend income	3,092	3,140
Research fee income	8,478	8,729
Rental income from real estate	2,446	2,987
Share of profit of entities accounted for using equity method	—	3,907
Gain on investments in investment partnerships	—	4,329
Other	1,978	2,091
Total non-operating income	16,046	25,422
Non-operating expenses		
Interest expenses	7	13
Rental expenses on real estate	1,728	2,429
Share of loss of entities accounted for using equity method	3,768	—
Loss on investments in investment partnerships	566	—
Other	329	438
Total non-operating expenses	6,401	2,881
Ordinary profit	65,255	75,723
Extraordinary income		
Gain on sale of non-current assets	75	20
Gain on sale of investment securities	11,994	21,347
Other	624	481
Total extraordinary income	12,694	21,849
Extraordinary losses		
Loss on sale and retirement of non-current assets	472	200
Impairment losses	278	670
Amortization of goodwill	—	9,543
Loss on valuation of investment securities	207	529
Business restructuring expenses	—	4,554
Other	256	228
Total extraordinary losses	1,215	15,727
Profit before income taxes	76,734	81,844
Income taxes – current	24,566	29,413
Income taxes – deferred	637	(709)
Total income taxes	25,203	28,703
Profit	51,530	53,141
Profit attributable to non-controlling interests	11,250	10,606
Profit attributable to owners of parent	40,279	42,534

Consolidated Statements of Comprehensive Income

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

	Year ended March 31, 2025	Year ended March 31, 2026
Profit	51,530	53,141
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,600)	9,792
Deferred gains or losses on hedges	(49)	82
Revaluation reserve for land	(23)	—
Remeasurements of defined benefit plans, net of tax	(160)	2,542
Share of other comprehensive income of entities accounted for using equity method	1,134	1,207
Total other comprehensive income	(4,698)	13,625
Comprehensive income	46,832	66,766
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,554	54,376
Comprehensive income attributable to non-controlling interests	10,227	12,389

(3) Consolidated Statements of Changes in Net Assets
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 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 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

Year ended March 31, 2026

(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	100,010	463,071	(22,193)	563,286
Changes during period					
Dividends of surplus			(13,225)		(13,225)
Profit attributable to owners of parent			42,534		42,534
Purchase of treasury shares				(8,001)	(8,001)
Disposal of treasury shares		0		0	0
Cancellation of treasury shares		(6,757)		6,757	—
Transfer from retained earnings to capital surplus		6,757	(6,757)		—
Change in ownership interest of parent due to transactions with non-controlling interests		95			95
Change in scope of consolidation			484		484
Change from merger of consolidated and unconsolidated subsidiaries			161		161
Change in equity in subsidiaries under our affiliated companies using equity method			(1,283)		(1,283)
Net changes in items other than shareholders' equity					
Total changes during period	—	95	21,914	(1,244)	20,765
Balance at end of period	22,398	100,106	484,985	(23,437)	584,052

	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	66,060	(37)	(13,518)	2,646	1,126	56,277	1	138,381	757,947
Changes during period									
Dividends of surplus									(13,225)
Profit attributable to owners of parent									42,534
Purchase of treasury shares									(8,001)
Disposal of treasury shares									0
Cancellation of treasury shares									—
Transfer from retained earnings to capital surplus									—
Change in ownership interest of parent due to transactions with non-controlling interests									95
Change in scope of consolidation									484
Change from merger of consolidated and unconsolidated subsidiaries									161

Change in equity in subsidiaries under our affiliated companies using equity method									(1,283)
Net changes in items other than shareholders' equity	9,126	66	—	355	2,293	11,842	—	4,844	16,686
Total changes during period	9,126	66	—	355	2,293	11,842	—	4,844	37,452
Balance at end of period	75,186	29	(13,518)	3,002	3,419	68,119	1	143,225	795,399

(4) Consolidated Statements of Cash Flows

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

	Fiscal Year ended March 31, 2025	Fiscal Year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	76,734	81,844
Depreciation	17,116	17,439
Impairment losses	278	670
Amortization of goodwill	1,301	10,754
Increase (decrease) in provision for bonuses	(248)	414
Increase (decrease) in allowance for doubtful accounts	(88)	(59)
Increase (decrease) in provision for loss on disaster	(453)	—
Increase (decrease) in provision for loss on anti-Monopoly act	(3,470)	(2,233)
Increase (decrease) in retirement benefit liability	(525)	(3,412)
Interest and dividend income	(3,142)	(3,375)
Interest expenses	7	13
Share of loss (profit) of entities accounted for using equity method	3,768	(3,907)
Loss (gain) on sale and retirement of non-current assets	397	180
Loss (gain) on sale on step acquisitions	(32)	—
Loss (gain) on sale of short-term and long-term investment securities	(11,994)	(21,347)
Loss (gain) on valuation of short-term and long-term investment securities	207	529
Loss (gain) on investments in investment partnerships	—	(4,329)
Insurance claim income	—	(478)
Decrease (increase) in trade receivables	(5,361)	(42,715)
Decrease (increase) in inventories	(6,121)	(11,727)
Decrease (increase) in retirement benefit asset	26	(4,723)
Increase (decrease) in trade payables	8,099	51,271
Increase (decrease) in accrued consumption taxes	4	(2,057)
Other net	3,269	5,885
Subtotal	79,773	68,635
Interest and dividends received	4,853	5,037
Interest paid	(10)	(13)
Proceeds from insurance income	—	478
Payments associated with disaster loss	(406)	—
Payments related to the Anti-Monopoly Act	—	(1,781)
Income taxes paid	(23,651)	(25,804)
Net cash provided by (used in) operating activities	60,559	46,552
Cash flows from investing activities		
Payments into time deposits	(2,070)	(2,534)
Proceeds from withdrawal of time deposits	2,070	2,070
Purchase of property, plant and equipment	(8,861)	(6,619)
Proceeds from sale of property, plant and equipment	394	158
Purchase of intangible assets	(3,570)	(3,068)
Purchase of investment securities	(555)	(650)
Proceeds from sale and redemption of investment securities	14,745	27,914
Purchase of shares of subsidiaries and associates	—	(336)
Proceeds from sale of shares of subsidiaries and associates	232	—
Purchase of Investments in other securities of subsidiaries and associates	(1,484)	(1,242)
Proceeds from distributions from investment partnerships	—	2,907
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,403)	(11,122)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	184	—
Payments for investments in silent partnerships	(2,165)	(6,487)
Proceeds from withdrawal of investments in silent partnerships	—	6,481
Loan advances	(61)	(8)
Proceeds from collection of loans receivable	2	1
Other net	1,180	1,835
Net cash provided by (used in) investing activities	(3,363)	(9,299)
Cash flows from financing activities		
Repayments of lease liabilities	(287)	(634)
Purchase of treasury shares	(5,070)	(8,088)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,999)	(4,121)
Dividends paid	(12,539)	(13,225)
Dividends paid to non-controlling interest Shareholder	(3,050)	(3,327)
Other net	—	0
Net cash provided by (used in) financing activities	(25,947)	(29,397)
Effect of exchange rate change on cash and cash equivalents	3	6
Net increase (decrease) in cash and cash equivalents	31,252	26,461
Cash and cash equivalents at beginning of period	228,084	259,337
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	852
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(111)
Cash and cash equivalents at end of period	259,337	286,539

(5) Notes to the Consolidated Financial Statements

Notes Regarding Assumptions of Going Concern

None applicable

Segment Information

1. General Information about Reportable Segments

The Company's reportable segments are its business units for which financial information can be obtained separately. The Board of Directors periodically examines this information in order to decide on the allocation of operational resources to the segments and assess their performance.

The Company has been working to establish a new customer-oriented business model, and, therefore, specified the customers it targets as the basis for its three reportable segments: 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 operates a wholesale business primarily targeting hospitals, clinics, and dispensing pharmacies. The Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business operates a wholesale business primarily targeting drugstores, home improvement centers, convenience stores, and supermarkets. The Animal Health Products and Food Processing Raw Materials Wholesale Related Business operates a wholesale business primarily targeting animal hospitals, livestock and marine product producers, and processed food manufacturers.

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 the accounting methods adopted for the preparation of the Consolidated Financial Statements.

Segment income is calculated based on operating income.

Intersegment sales and transfer prices are based on market prices.

3. Breakdown of Net Sales, Profit or Loss, Assets, Liabilities, and Other Financial Results by Reportable Segment
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	Reconciling items	Per consolidated financial statements
Net Sales						
revenues from external customers	2,366,717 3,527	1,187,751 345	116,859 2	3,671,328 3,876	— (3,876)	3,671,328 —
transactions with other segments						
Net sales	2,370,245	1,188,097	116,861	3,675,204	(3,876)	3,671,328
operating profit (loss)	25,207	28,008	2,444	55,660	(50)	55,609
Assets	1,200,253	503,613	82,955	1,786,822	38,162	1,824,984
Other items						
Depreciation	8,640	6,473	1,665	16,780	41	16,821
Amortization of goodwill	506	—	795	1,301	—	1,301
Investments in entities accounted for using 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 adjustment of net sales amounting to ¥ (3,876) million represents the elimination of intersegment transactions.
 - (2) The adjustment of segment profit amounting to ¥ (50) million represents the elimination of intersegment transactions of ¥3,014 million less Group-wide expenses of ¥ (3,065) million that are not allocated to reportable segments.
 - (3) The adjustment of segment assets amounting to ¥38,162 million represents the 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 adjustment of depreciation amounting to ¥41 million represents Group-wide depreciation expenses that are not allocated to reportable segments.
 - (5) The adjustment of the increase in property, plant and equipment and intangible assets amounting to ¥148 million represents Group-wide assets that are not allocated to reportable segments.
2. Segment profit is adjusted to operating profit as reported in the consolidated statements of income.

Year ended March 31, 2026

(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	Reconciling items	Per consolidated financial statements
Net Sales						
revenues from external customers	2,462,464	1,237,563	117,326	3,817,354	—	3,817,354
transactions with other segments	3,645	283	2	3,930	(3,930)	—
Net sales	2,466,109	1,237,846	117,328	3,821,285	(3,930)	3,817,354
Segment profit	24,292	26,430	2,325	53,048	134	53,182
Segment assets	1,260,747	529,182	80,261	1,870,191	51,810	1,922,002
Other items						
Depreciation	8,758	6,432	1,638	16,739	110	16,850
Amortization of goodwill	415	—	795	1,211	—	1,211
Investments in entities accounted for using equity method	60,559	—	—	60,559	—	60,559
Increase in property, plant and equipment and intangible assets	6,709	2,661	486	9,857	12	9,870

Notes: 1. Adjustments are as follows:

- (1) The adjustment of net sales amounting to ¥ (3,930) million represents the elimination of intersegment transactions.
 - (2) The adjustment of segment profit amounting to ¥134 million represents the elimination of intersegment transactions of ¥3,174 million and Group-wide expenses of ¥ (3,040) million that are not allocated to reportable segments.
 - (3) The adjustment of segment assets amounting to ¥51,810 million represents the elimination of intersegment transactions of ¥ (11,796) million plus and Group-wide assets of ¥63,607 million that are not allocated to reportable segments.
 - (4) The adjustment of depreciation amounting to ¥112 million represents Group-wide depreciation expenses that are not allocated to reportable segments.
 - (5) The adjustment of the increase in property, plant and equipment and intangible assets amounting to ¥12 million represents Group-wide assets that are not allocated to reportable segments.
2. Segment profit is adjusted to operating profit as reported in the consolidated statements of income.

Per Share Information

	Year ended March 31, 2025	Year ended March 31, 2026
Net assets per share	¥2,979.39	¥3,186.01
Earnings per share	¥193.20	¥206.67

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

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

	As of March 31, 2025	As of March 31, 2026
Total for the net assets portion (millions of yen)	757,947	795,399
Amount excluded from the net assets portion (millions of yen)	138,383	143,227
[Share acquisition rights] (millions of yen)	[1]	[1]
[Non-controlling interests] (millions of yen)	[138,381]	[143,225]
Net assets at end of period related to common stock (millions of yen)	619,564	652,172
Number of shares of common stock at end of period used in calculation of net assets per share (thousands of shares)	207,950	204,698

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

	Year ended March 31, 2025	Year ended March 31, 2026
Profit attributable to owners of parent (millions of yen)	40,279	42,534
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	40,279	42,534
Average number of common shares outstanding during the period (thousand shares)	208,490	205,804

Significant Subsequent Events

Implementation of Tender Offer for Shares of PALTAC CORPORATION

The Company (the “Tender Offeror”) resolved at the board of director’s meeting held on May, 11, 2026 to acquire the common shares of PALTAC CORPORATION (Prime Market of Tokyo Stock Exchange, Inc., Securities Code: 8283; the “Target Company”) (such common shares are hereinafter referred to as the “Target Company Shares”), which is a consolidated subsidiary of the Tender Offeror, through a tender offer (the “Tender Offer”) under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended), as part of a series of transactions with the aim of making the Target Company its wholly owned subsidiary (the “Transaction”).

1. Purpose of the Tender Offer

As the Tender Offeror and the Target Company are seeking to create new value and expand their business fields by leveraging their respective strengths, as compared with March 2010, when the Tender Offeror sold a portion of the Target Company Shares it held, the external business environment surrounding the Tender Offeror Group and the Target Company has been undergoing accelerated structural changes. Specifically, first, amid the tightening of healthcare finances driven by population aging and decline, the center of medical and nursing care has been shifting from hospitals to communities and home-based settings, and the “integration of healthcare and daily life,” in which the whole of society supports all aspects from prevention and pre-disease conditions to maintenance of daily living functions, has progressed, leading to the gradual disappearance of boundaries among product categories, such as pharmaceuticals, daily necessities, and food products. Second, under constraints, such as labor shortages across society and rising logistics costs, there is a strong demand for evolution from traditional distribution models toward new, more sustainable and optimized supply systems that function as social infrastructure. Third, as consolidation and reorganization continue to advance in the retail industry, particularly among drugstores and food supermarkets, procurement price reductions, along with centralized procurement and inventory management associated with the operation of extensive store networks, have progressed, thereby further heightening the need for reduced stockouts, agile responses to demand fluctuations, and efficient supply of a wide variety of products.

In order to respond to those changes in the business environment, create new value, and support people’s physically and mentally healthy lives, the Tender Offeror believes that it is essential for the Tender Offeror Group as a whole to address the following strategic challenges, rather than pursuing optimization on a company-by-company basis or adopting a product-centric approach: (a) providing products and services comprehensively from a consumer-centric perspective that stays closely attuned to the needs of consumers; (b) building a mechanism to deliver products in optimal ways tailored to the characteristics of products and regions; and (c) establishing a common data platform that enables efficient and effective utilization of management resources across the Tender Offeror Group and supports swift and accurate decision-making.

Currently, both companies operate independently as listed companies, and as a result, there are certain restrictions on sharing of know-how, etc. possessed by each. By making the Target Company a wholly owned subsidiary through the Transaction, these restrictions will be eliminated, and the Tender Offeror believes that by integrating the “capacity to respond to stringent healthcare-related supply requirements” that the Tender Offeror Group’s prescription pharmaceutical wholesale business possesses with the “intermediary distribution capacity to efficiently supply a wide variety of products in the daily necessities market” that the Target Company possesses, it will be possible to establish a competitive advantage that enables flexible and continuous responses to social issues and business partners’ needs.

The Tender Offeror believes that the Transaction will contribute to bringing together the evolving future visions of both companies into one. Through this, the Tender Offeror aims to transform the Tender Offeror Group not merely into a “collection of individual companies,” but into a strong corporate group that supports “every aspect of daily life” in an integrated manner.

2. Outline of the Target Company

Name	PALTAC CORPORATION
Location	2-46 Honmachibashi, Chuo-ku, Osaka-shi, Osaka
Name and Title of Representative	Takuya Yoshida, President and Representative Director
Description of Business Activities	Wholesale of Cosmetics, Daily necessities, and OTC pharmaceuticals
Capital	15,869 million yen (as of March 31, 2026)
Date of Establishment	December 22, 1928

3. Outline of the Tender Offer

(1) Period of Purchase: From May 12, 2026 (Tuesday) to July 7, 2026 (Tuesday) (41 business days)

(2) Price of Purchase: 6,650 yen per common share

(3) Number of Shares Scheduled to Be Purchased:

Type of Shares	Number of Shares to Be Purchased	Minimum Number of Shares to Be Purchased	Maximum Number of Shares to Be Purchased
Common stock	28,940,739 (shares)	8,676,100 (shares)	– (shares)

(Note 1) If the total number of Tendered Shares is below the minimum number of shares to be purchased (8,676,100 shares), the Tender Offeror will not purchase any of the Tendered Shares. If the total number of Tendered Shares is equal to or exceeds the minimum number of shares to be purchased, the Tender Offeror will purchase all the Tendered Shares.

(Note 2) Since no maximum number of shares to be purchased is set for the Tender Offer, the maximum number of shares of the Target Company that can be acquired by the Tender Offeror through the Tender Offer is indicated as the number of shares to be purchased. Such maximum number is the number of shares (28,940,739 shares) obtained by deducting, from the total number of the Target Company's issued shares as of March 31, 2026, as stated in "Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2026" announced by the Target Company on May, 11, 2026 (62,000,000 shares), the number of treasury shares owned by the Target Company as of March 31, 2026 as stated in the Target Company's Financial Results (1,205,776 shares) and the number of the Target Company Shares owned by the Tender Offeror as of today (31,853,485 shares).

(Note 3) Shares of less than one unit are also subject to the Tender Offer. If shareholders exercise their right to request that the Target Company repurchase its shares of less than one unit in accordance with the Companies Act (Act No. 86 of 2005, as amended), the Target Company may purchase such shares during the Tender Offer Period pursuant to the procedures under the laws and regulations.

(Note 4) The treasury shares held by the Target Company will not be purchased through the Tender Offer.

(4) Purchase Price: 192,455,914,350 yen

(Note) The "purchase price" represents the amount obtained by multiplying the number of shares to be purchased in the Tender Offer (28,940,739 shares) as stated in "(3) Number of Shares Scheduled to Be Purchased" above by the purchase price per share (6,650 yen).

(5) Financing Method: Loans from a financial institution

(6) Commencement Date of Settlement: July 14, 2026 (Tuesday)

6. Unconsolidated Financial Statements

(1) Unconsolidated Balance Sheets

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

	As of March 31, 2025	As of March 31, 2026
ASSETS		
Current assets		
Cash and deposits	35,627	49,198
Accounts receivable – trade	399	355
Accounts receivable – other	920	825
Other	6,907	6,414
Total current assets	43,855	56,794
Non-current assets		
Property, plant and equipment		
Buildings	299	249
Construction in progress	5,449	5,449
Other	203	154
Total property, plant and equipment	5,952	5,853
Intangible assets		
Software	6,546	5,942
Other	487	627
Total intangible assets	7,033	6,569
Investments and other assets		
Investment securities	95,653	96,954
Shares of subsidiaries and associates	201,220	182,739
Investments in other securities of subsidiaries and associates	3,444	1,686
Investments in capital of subsidiaries and associates	3,032	3,032
Investments in silent partnerships	6,598	10,959
Long-term loans receivable from subsidiaries and associates	—	4,479
Other	1,983	2,111
Total investments and other assets	311,932	301,962
Total non-current assets	324,918	314,385
Total assets	368,774	371,180

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

	As of March 31, 2025	As of March 31, 2026
LIABILITIES		
Current liabilities		
Accounts payable –other	1,463	1,568
Income taxes payable	2,407	4,593
Accrued consumption taxes	—	201
Provision for bonuses	190	198
Other	325	332
Total current liabilities	4,386	6,894
Non-current liabilities		
Deferred tax liabilities	18,876	20,511
Asset retirement obligations	102	103
Other	325	231
Total non-current liabilities	19,305	20,846
Total liabilities	23,691	27,741
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	160,328	156,348
Total retained earnings	162,124	158,144
Treasury shares	(22,193)	(23,437)
Total shareholders' equity	295,701	290,477
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	53,103	56,683
Revaluation reserve for land	(3,722)	(3,722)
Total valuation and translation adjustments	49,381	52,961
Total net assets	345,083	343,438
Total liabilities and net assets	368,774	371,180

(2) Unconsolidated Statements of Income

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

	Year ended March 31, 2025	Year ended March 31, 2026
Operating income		
Business investment revenue	1,803	1,640
Management fee income	9,147	8,999
Dividends from subsidiaries and associates	19,165	20,295
Real estate lease revenue	268	269
Total operating revenue	30,383	31,204
Operating expenses		
Cost of business investment	1,287	1,182
Cost of real estate lease revenue	285	284
Selling, general and administrative expenses		
Salaries and allowances	1,842	1,892
Provision for bonuses	190	198
System related expenses	2,972	2,601
Depreciation	1,832	1,914
Research and development expenses	479	519
Business investment expenses	657	3,533
Other	1,818	2,062
Total selling, general and administrative expenses	9,793	12,723
Total operating expenses	11,366	14,190
Operating profit	19,017	17,014
Non-operating income		
Interest income	74	252
Dividend income	2,085	2,056
Gain on investments in investment partnerships	—	4,329
Other	86	72
Total non-operating income	2,246	6,711
Non-operating expenses		
Interest expenses	106	248
Foreign exchange losses	6	—
Loss on investments in investment partnerships	566	—
commission for purchase of treasury shares	66	87
Non-deductible consumption tax	49	180
Other	0	32
Total non-operating expenses	796	547
Ordinary profit	20,467	23,177
Extraordinary income		
Gain on sale of investment securities	10,994	18,319
Gain on sale of shares of subsidiaries and associates	219	—
Total extraordinary income	11,213	18,319
Extraordinary losses		
Loss on valuation of investment securities	207	317
Loss on valuation of shares of subsidiaries and associates	7,650	18,653
Other	0	336
Total extraordinary losses	7,858	19,306
Profit before income taxes	23,822	22,190
Income taxes – current	2,962	6,943
Income taxes – deferred	98	(754)
Total income taxes	3,060	6,188
Profit	20,762	16,002