Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2027

August 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: Shuichi Watanabe, Representative Director, President and CEO
Contact: Toshiyuki Ikeuchi, Executive Officer, Head of Corporate Communications Department
Telephone: +81-3-3517-5171
Start of distribution of dividends (scheduled): －
Supplementary materials for the financial statements: Yes
Presentation to explain the financial statements: No

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2027 (April 1, 2026, to June 30, 2026)

(1) Sales and Profits (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	Year-on-year change (%)
Three months ended June 30, 2026	989,503	4.7	13,386	(4.7)	17,919	(1.7)	13,646	42.3
Three months ended June 30, 2025	945,159	3.9	14,053	5.8	18,234	7.8	9,586	6.4

Note: Comprehensive income decreased by 40.1% year on year to ¥5,870 million in the three months ended June 30, 2026, and by 35.1% year on year to ¥9,804 million in the three months ended June 30, 2025.

	Earnings per share (Yen)	Earnings per share (diluted) (Yen)
Three months ended June 30, 2026	66.67	－
Three months ended June 30, 2025	46.17	－

(2) Financial Position

	Total assets (Millions of yen)	Net assets (Millions of yen)	Net worth ratio* (%)	Net assets per share (Yen)
As of June 30, 2026	1,937,423	791,716	33.5	3,174.07
As of March 31, 2026	1,924,086	795,399	33.9	3,186.01

Reference: *Calculated based on net worth of ¥649,725 million as of June 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 quarter 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.

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	—				
Planned for the year ending March 31, 2027		44.00		44.00	88.00

Note: Revisions to the planned dividend payments 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%)	43,000	1.1%	210.06

Note: Revisions to the most recent forecast announced: None

Notes

(1) Significant changes in scope of consolidation during the three months ended June 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 quarterly 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 June 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 June 30, 2026	11,276,654	As of March 31, 2026	11,276,403
(c) Average number of shares during the period	April 1 to June 30, 2026	204,698,536	April 1 to June 30, 2025	207,628,161

* Non-mandatory review of the Japanese-language originals of the consolidated quarterly financial statements herein by certified public accountants or an audit firm: Completed

* 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

[Mid-Period Review Report]

1. Overview of Financial Results

(1) Overview of Results of Operations

Consolidated financial results for the first three months ended June 30, 2026, are as follows.

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

	Three months ended June 30, 2025	Three months ended June 30, 2026	Difference	YoY change
Net sales	945,159	989,503	+44,344	+4.7%
Gross profit	64,677	65,733	+1,055	+1.6%
Percentage of net sales	6.84%	6.64%	(0.20pp)	
Selling, general and administrative expenses	50,624	52,346	+1,721	+3.4%
Percentage of net sales	5.36%	5.29%	(0.07pp)	
Selling, general and administrative expenses excluding (i) and (ii) below	50,032	51,695	+1,663	+3.3%
(i) Business investment and other expenses	8	107	+98	+1,095.6%
(ii) Amortization of goodwill and intangible assets*	582	543	(39)	(6.8%)
Operating profit	14,053	13,386	(666)	(4.7%)
Percentage of net sales	1.49%	1.35%	(0.13pp)	
Operating profit excluding (i) and (ii) above	14,645	14,037	(607)	(4.2%)
Ordinary profit	18,234	17,919	(314)	(1.7%)
Net extraordinary income	431	5,779	+5,347	+1,238.3%
Profit before income taxes	18,666	23,699	+5,033	+27.0%
Profit attributable to owners of parent	9,586	13,646	+4,059	+42.3%

* 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 ¥44,344 million (4.7%) year on year to ¥989,503 million.

- All business segments posted net sales growth compared with the same period of the previous fiscal year, with increases of ¥30,554 million (5.1%) in the Prescription Pharmaceutical Wholesale Business segment, ¥10,879 million (3.4%) in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business segment, and ¥2,991 million (9.9%) in the Animal Health Products and Food Processing Raw Materials Wholesale and Related Business segment.

Operating Profit

Operating profit decreased by ¥666 million (4.7%) year on year to ¥13,386 million.

- Gross profit increased by ¥1,055 million (1.6%) to ¥65,733 million mainly due to the increase in net sales. However, the ratio of gross profit to net sales was 6.64%, down 0.20 of a percentage point from 6.84% 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 rebates and 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 ¥1,721 million (3.4%) year on year to ¥52,346 million, mainly due to increases in personnel expenses, logistics expenses and other costs in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business segment. The ratio of SG&A expenses to net sales improved by 0.07 of a percentage point from 5.36% in the same period of the previous fiscal year to 5.29%.

Ordinary Profit

Ordinary profit decreased by ¥314 million (1.7%) year on year to ¥17,919 million.

- Although operating profit decreased, non-operating income and expenses improved by ¥351 million, which narrowed the decline in ordinary profit

Profit Attributable to Owners of Parent

Profit attributable to owners of parent increased by ¥4,059 million (42.3%) year on year to ¥13,646 million.

- Due to factors such as the recording of a gain on sale of investment securities, extraordinary income and loss improved by ¥5,347 million year on year to a gain of ¥5,779 million.

Prescription Pharmaceutical Wholesale Business Segment

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

	Three months ended June 30, 2025	Three months ended June 30, 2026	Difference	YoY change
Net sales	600,001	630,556	+30,554	+5.1%
Gross profit	36,786	37,239	+452	+1.2%
Percentage of net sales	6.13%	5.91%	(0.23pp)	
Selling, general and administrative expenses	31,253	30,935	(317)	(1.0%)
Percentage of net sales	5.21%	4.91%	(0.30pp)	
Selling, general and administrative expenses excluding (i) and (ii) below	31,175	30,759	(416)	(1.3%)
(i) Business investment and other expenses	8	107	+98	+1,095.6%
(ii) Amortization of goodwill*	68	68	—	—
Operating profit	5,533	6,303	+770	+13.9%
Percentage of net sales	0.92%	1.00%	+0.08pp	
Operating profit excluding (i) and (ii) above	5,611	6,479	+868	+15.5%

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

Net Sales

Net sales increased by ¥30,554 million (5.1%) year on year to ¥630,556 million.

- The increase was attributable 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]), stronger sales of growth products, and higher sales through dispensing channels.

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 ¥770 million (13.9%) year on year to ¥6,303 million.

- Gross profit increased by ¥452 million (1.2%) to ¥37,239 million, as a result of the increase in net sales. However, the ratio of gross profit to net sales was 5.91%, down 0.23 of a percentage point from 6.13% in the same period of the previous fiscal year, reflecting a higher sales composition of products subject to the "Patent-period price Maintenance Program for Innovative Drugs."
- SG&A expenses decreased by ¥317 million (1.0%) year on year to ¥30,935 million, owing to productivity improvements from structural reforms in the logistics business. The ratio of SG&A expenses to net sales improved by 0.30 of a percentage point from 5.21% in the same period of the previous fiscal year to 4.91%.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business Segment

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

	Three months ended June 30, 2025	Three months ended June 30, 2026	Difference	YoY change
Net sales	316,047	326,927	+10,879	+3.4%
Gross profit	23,686	23,500	(185)	(0.8%)
Percentage of net sales	7.49%	7.19%	(0.31pp)	
Selling, general and administrative expenses	16,062	17,366	+1,303	+8.1%
Percentage of net sales	5.08%	5.31%	+0.23pp	
Operating profit	7,623	6,134	(1,488)	(19.5%)
Percentage of net sales	2.41%	1.88%	(0.54pp)	

Net Sales

Net sales rose by ¥10,879 million (3.4%) year on year to ¥326,927 million.

- Although affected by consumers' tendency to economize, the business secured new wholesale accounts and conducted sales activities that accurately captured changes in purchasing behavior. It also expanded its lineup of high-value-added products, particularly cosmetics. As a result, sales volume was maintained at the previous year's level, and higher selling prices led to the increase in net sales.

Operating Profit

Operating profit decreased by ¥1,488 million (19.5%) year on year to ¥6,134 million.

- Gross profit decreased by ¥185 million (0.8%) to ¥23,500 million, mainly due to increases in rebates and center fees paid to customers. The ratio of gross profit to net sales was 7.19%, down 0.31 of a percentage point from 7.49% in the same period of the previous fiscal year.
- SG&A expenses increased by ¥1,303 million (8.1%) to ¥17,366 million, reflecting higher personnel and logistics expenses as well as increases in repair costs and expenses associated with the operation of externally leased centers. The ratio of these expenses to net sales rose by 0.23 of a percentage point from 5.08% in the same period of the previous fiscal year to 5.31%.

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

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

	Three months ended June 30, 2025	Three months ended June 30, 2026	Difference	YoY change
Net sales	30,103	33,094	+2,991	+9.9%
Gross profit	4,219	5,007	+788	+18.7%
Percentage of net sales	14.02%	15.13%	+1.11pp	
Selling, general and administrative expenses	3,453	3,935	+482	+14.0%
Percentage of net sales	11.47%	11.89%	+0.42pp	
Selling, general and administrative expenses excluding the following:	2,939	3,461	+521	+17.8%
Amortization of goodwill and intangible assets*	514	474	(39)	(7.7%)
Operating profit	766	1,071	+305	+39.9%
Percentage of net sales	2.54%	3.24%	+0.69pp	
Operating profit excluding the above amortization	1,280	1,546	+266	+20.8%

* 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 ¥2,991 million (9.9%) year on year to ¥33,094 million.

- This increase was due to the inclusion of Cygni Corporation. (Koto-ku, Tokyo; hereinafter "Cygni") in the scope of consolidation.

Operating Profit

Operating profit increased by ¥305 million (39.9%) year on year to ¥1,071 million.

- Gross profit increased by ¥788 million (18.7%) to ¥5,007 million due to the increase in net sales. The ratio of gross profit to net sales improved by 1.11 percentage points from 14.02% in the same period of the previous fiscal year to 15.13%, reflecting the inclusion of Cygni in the scope of consolidation.
- SG&A expenses increased by ¥482 million (14.0%) to ¥3,935 million, due to the inclusion of Cygni in the scope of consolidation. The ratio of these expenses to net sales rose by 0.42 of a percentage point from 11.47% in the same period of the previous fiscal year to 11.89%.

Note: Segment sales include inter-segment transactions.

(2) Overview of Financial Position

Assets

As of June 30, 2026, total assets amounted to ¥1,937,423 million, an increase of ¥13,336 million from the end of the previous fiscal year.

Current assets rose by ¥29,425 million from the end of the previous fiscal year to ¥1,400,451 million. This was mainly due to increases of ¥27,009 million in notes and accounts receivable – trade and ¥4,460 million in merchandise and finished goods.

Non-current assets decreased by ¥16,088 million from the end of the previous fiscal year to ¥536,972 million. This was mainly due to a decrease of ¥18,404 million in investment securities.

Liabilities

As of June 30, 2026, total liabilities stood at ¥1,145,707 million, an increase of ¥17,020 million from the end of the previous fiscal year.

Current liabilities increased by ¥21,598 million from the end of the previous fiscal year to ¥1,089,640 million, mainly due to an increase in notes and accounts payable – trade of ¥36,013 million.

Non-current liabilities decreased by ¥4,578 million from the end of the previous fiscal year to ¥56,067 million, mainly as a result of a decrease in deferred tax liabilities of ¥4,393 million (included in the "other" line item under "non-current liabilities").

Net Assets

As of June 30, 2026, net assets totaled ¥791,716 million, a decrease of ¥3,683 million from the end of the previous fiscal year.

Shareholders' equity increased by ¥6,700 million from the end of the previous fiscal year to ¥590,752 million. This was mainly due to an increase of ¥6,686 million in retained earnings.

Accumulated other comprehensive income decreased by ¥9,146 million from the end of the previous fiscal year to ¥58,973 million, mainly due to a decrease in valuation difference on available-for-sale securities of ¥9,257 million.

Non-controlling interests decreased by ¥1,237 million from the end of the previous fiscal year to ¥141,988 million, mainly due to a decrease in the net assets of PALTAC Corporation.

Note: During the first quarter of the current consolidated fiscal year, the business combination involving Cygni Holdings, Inc.—for which provisional accounting treatment had been applied in the previous consolidated fiscal year—was finalized. As the comparative information included in "(1) Quarterly Consolidated Balance Sheets" of "2. Quarterly Consolidated Financial Statements" (and subsequent notes) reflects a significant revision to the initial allocation of the acquisition cost, the amounts representing changes from the end of the previous consolidated fiscal year are calculated based on a comparison with the figures incorporating this revision.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

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

	As of March 31, 2026	As of June 30, 2026
ASSETS		
Current assets		
Cash and deposits	289,073	289,923
Notes and accounts receivable – trade	807,848	834,858
Merchandise and finished goods	190,396	194,856
Other	83,748	80,853
Allowance for doubtful accounts	(41)	(40)
Total current assets	1,371,025	1,400,451
Non-current assets		
Property, plant and equipment:		
Buildings and structures, net	101,881	100,581
Land	117,174	116,761
Other, net	42,781	44,583
Total property, plant and equipment	261,837	261,926
Intangible assets		
Goodwill	7,808	7,623
Customer-related intangible assets	21,748	21,364
Other	9,986	9,813
Total intangible assets	39,543	38,801
Investments and other assets		
Investment securities	212,459	194,055
Other	39,810	42,711
Allowance for doubtful accounts	(589)	(522)
Total investments and other assets	251,680	236,244
Total non-current assets	553,061	536,972
Total assets	1,924,086	1,937,423

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

	As of March 31, 2026	As of June 30, 2026
LIABILITIES		
Current liabilities		
Notes and accounts payable – trade	984,534	1,020,547
Income taxes payable	17,193	10,109
Provision for bonuses	8,320	5,393
Other	57,992	53,589
Total current liabilities	1,068,041	1,089,640
Non-current liabilities		
Retirement benefit liability	12,677	12,836
Other	47,968	43,230
Total non-current liabilities	60,646	56,067
Total liabilities	1,128,687	1,145,707
NET ASSETS		
Shareholders' equity		
Share capital	22,398	22,398
Capital surplus	100,106	100,120
Retained earnings	484,985	491,672
Treasury shares	(23,437)	(23,438)
Total shareholders' equity	584,052	590,752
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75,186	65,929
Deferred gains or losses on hedges	29	67
Revaluation reserve for land	(13,518)	(13,518)
Foreign currency translation adjustment	3,002	3,362
Remeasurements of defined benefit plans	3,419	3,132
Total accumulated other comprehensive income	68,119	58,973
Share acquisition rights	1	1
Non-controlling interests	143,225	141,988
Total net assets	795,399	791,716
Total liabilities and net assets	1,924,086	1,937,423

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

Quarterly Consolidated Statements of Income

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

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	945,159	989,503
Cost of sales	880,481	923,770
Gross profit	64,677	65,733
Selling, general and administrative expenses		
Salaries and allowances	18,662	19,059
Welfare expenses	3,643	3,584
Provision for bonuses	3,689	3,498
Retirement benefit expenses	607	320
Distribution expenses	6,192	6,639
Rent expenses on land and buildings	1,386	1,576
Depreciation	3,353	3,513
Other	13,088	14,152
Total selling, general and administrative expenses	50,624	52,346
Operating profit	14,053	13,386
Non-operating income		
Interest income	0	68
Dividend income	916	803
Research fee income	2,184	2,243
Rental income from real estate	617	812
Share of profit of entities accounted for using equity method	860	893
Other	310	659
Total non-operating income	4,890	5,480
Non-operating expenses		
Interest expenses	3	3
Rental expenses on real estate	643	593
Loss on investments in investment partnerships	—	237
Other	62	113
Total non-operating expenses	709	947
Ordinary profit	18,234	17,919
Extraordinary income		
Gain on sale of non-current assets	—	148
Gain on sale of investment securities	886	6,061
Insurance claim income	478	—
Other	0	1
Total extraordinary income	1,365	6,211
Extraordinary losses		
Loss on sale and retirement of non-current assets	4	19
Impairment losses	5	0
Loss on valuation of investment securities	0	410
Expenses for business restructuring	922	—
Other	1	1
Total extraordinary losses	934	431
Profit before income taxes	18,666	23,699
Income taxes – current	9,742	10,169

Income taxes – deferred	(3,688)	(2,412)
Total income taxes	6,053	7,756
Profit	12,612	15,942
Profit attributable to non-controlling interests	3,025	2,296
Profit attributable to owners of parent	9,586	13,646

Quarterly Consolidated Statements of Comprehensive Income

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

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	12,612	15,942
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,257)	(9,957)
Deferred gains or losses on hedges	14	31
Remeasurements of defined benefit plans, net of tax	(153)	(310)
Share of other comprehensive income of entities accounted for using equity method	(411)	164
Total other comprehensive income	(2,808)	(10,072)
Comprehensive income	9,804	5,870
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,154	4,499
Comprehensive income attributable to non-controlling interests	3,650	1,370

(3) Notes to the Quarterly Consolidated Financial Statements

Segment Results

I. Results for the three months ended June 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 quarterly consolidated statements of income (Note 2)
Net sales						
Sales to customers	599,082	315,974	30,103	945,159	—	945,159
Intersegment sales and transfers	919	73	0	993	(993)	—
Total	600,001	316,047	30,103	946,153	(993)	945,159
Segment profit	5,533	7,623	766	13,922	130	14,053

Notes:

1. The adjustment of segment profit amounting to ¥130 million is the net balance of ¥792 million in inter-segment eliminations and ¥(661) million in group-wide expenses that are not allocated to reportable segments.
2. Segment profit is adjusted to operating profit as reported in the quarterly consolidated statements of income.

II. Results for the three months ended June 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 quarterly consolidated statements of income (Note 2)
Net sales						
Sales to customers	629,560	326,849	33,094	989,503	—	989,503
Intersegment sales and transfers	996	77	0	1,074	(1,074)	—
Total	630,556	326,927	33,094	990,578	(1,074)	989,503
Segment profit	6,303	6,134	1,071	13,509	(122)	13,386

Notes:

1. The adjustment of segment profit amounting to ¥(122) million is the net balance of ¥803 million in inter-segment eliminations and ¥(926) million in group-wide expenses that are not allocated to reportable segments.
2. Segment profit is adjusted to operating profit as reported in the quarterly consolidated statements of income.

Notes in the Event of Significant Changes in Shareholders’ Equity

None applicable

Notes Regarding Assumptions of Going Concern

None applicable

Notes Regarding Quarterly Consolidated Statements of Cash Flows

Statements of consolidated cash flows for the first three months of the fiscal year ending March 31, 2027, have not been prepared. Amounts of depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three months of the fiscal year ended March 31, 2026, are as follows.

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Depreciation	4,251	4,518
Amortization of goodwill	331	184

(Notes Regarding Business Combinations)

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 first quarter of the current consolidated fiscal year.

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 first quarter of the current consolidated fiscal year. 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).

3. Others

Regarding the Results of the Tender Offer for Shares of PALTAC CORPORATION (Securities Code: 8283)

At a meeting of the Board of Directors held on May 11, 2026, the Company resolved to acquire common shares of PALTAC CORPORATION (Tokyo Stock Exchange Prime Market; Securities Code: 8283) through a tender offer pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended). The Company had been conducting this tender offer since May 12, 2026, and the offer period concluded on July 7, 2026.

For details, please refer to the "Notice Regarding the Results of the Tender Offer for the Company's Shares by MEDIPAL HOLDINGS CORPORATION, the Company's Parent Company," released on July 8, 2026.

In addition, for the purpose of funding the tender offer, we executed a borrowing (bridge loan) on July 13, 2026, as follows.

Lender	Mizuho Bank, Ltd.
Loan amount	¥162,700 million
Interest rate	Base rate + spread
Loan execution date	July 13, 2026
Loan term	July 13, 2026 to July 30, 2027
Collateral status	Unsecured and unguaranteed
Financial covenants	None