MEDIPAL HOLDINGS CORPORATION

Expand, Support, and Connect Your Life.

INTEGRATED REPORT 2026



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Message behind the Cover Design
The MEDIPAL Group's management philosophy is "Contributing to people's health and the advancement of society through creation of value in distribution." Based on this philosophy, we have developed our businesses in the fields of "Pharmaceuticals, Health, and Beauty." This cover depicts the diverse scenes in which the products we deliver support people's rich and fulfilling everyday lives. The composition, which powerfully radiates outward from the center, reflects our determination to further develop our business, expand its domains, and continue to take on the challenge of creating new value.

Editorial Policy

This integrated report has been compiled as a strategic communication tool for conveying to all stakeholders how the MEDIPAL Group generates sustainable corporate value.
The report comprehensively discloses financial information such as our management strategies, which we are implementing under the "2027 MEDIPAL Medium-Term Vision: Change the Oroshi Forever—Constant Innovation" and business performance, as well as non-financial information such as our environmental and social initiatives. It has been composed to provide understanding of the management of the MEDIPAL Group overall.
In the Integrated Report 2026, under the title "Special Feature," we focus on the synergies brought about by the conversion of PALTAC CORPORATION into a wholly-owned subsidiary, completed in 2026, and on the future direction of the MEDIPAL Group.

Report Coverage and Period

Coverage: In principle, this covers MEDIPAL HOLDINGS CORPORATION, a holding company, and its consolidated subsidiaries (MEDIPAL Group).
Period: FY2025 (April 1, 2025 to March 31, 2026), as of March 31, 2026
The report reflects some of the latest information obtainable at time of issue. Where the scope or period of a particular item differs, this will be clarified separately.

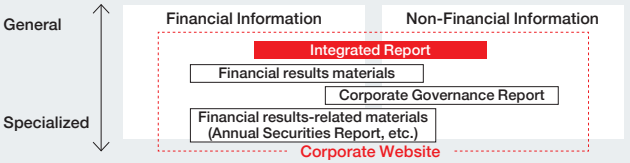
Reference Frameworks

The MEDIPAL Group has compiled this report mainly in reference to the International Integrated Reporting Framework published by the IFRS Foundation and the Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade and Industry.

Forward-Looking Statements

Details stated in the Integrated Report that are not historical facts are future predictions based on forecasts or plans about the future. As factors such as risks and elements of uncertainty are included in these predictions about the future, actual outcomes or results may differ from what is stated in this report.

Positioning of the Integrated Report



The materials described above can be viewed on our corporate website.
https://www.medipal.co.jp/english/

This PDF is an interactive PDF. Clicking on the index on each page will cause you to navigate to the head of the relevant section. You can also navigate to relevant pages by clicking on pages referred to in the text or other sections. The file also has a bookmark function. We hope it proves useful to you.

Management Philosophy and Mission

The MEDIPAL Group undertakes the role of delivering necessary products and connecting those who make products and those who eagerly await those products, as a company supporting the consistent distribution of "Pharmaceuticals, Health, and Beauty." We further attempt various innovations, such as developing and fostering businesses that have high value for society, while also pursuing and realizing logistics that are without waste and resilient even in emergencies, in order to optimize our supply chains overall. We will continue to evolve in line with our management philosophy of "Contributing to people's health and the advancement of society through creation of value in distribution" as a wholesaler that provides valuable, safe, and secure distribution that can meet the needs of communities and our stakeholders, regardless of the era.

Company Logo



The logo design represents people holding hands and harmony, which symbolize cooperation, coexistence, and the strength to live. It also expresses that MEDIPAL is a company that grows with customers and business partners, expands broadly, and respects people.

Management Philosophy

Contributing to people's health and the advancement of society through creation of value in distribution

Management Policy

1. Create a vitalized corporate culture to make the MEDIPAL Group trusted by society
2. Raise shareholder value and ensure thorough legal compliance
3. Faithfully create a free and open-minded corporate culture and train creative personnel

Guiding Principle for Business Activities

Engaging in fair competition based on a spirit of observing regulatory compliance elevates the quality level of all employees and induces change in the company, which will lead to the delight of customers and further enhancement of corporate value.

Sustainability Policy

Connecting to the Future with Energy and Brightness

Business Fields

"Pharmaceuticals, Health, and Beauty"















History of Value Creation From Our Distribution Roots to the Future of Pharmaceuticals, Health, and Beauty

The strong foundation we have built as a wholesaler is the result of many years of steady effort and continuous challenge.
By transforming each steady step into lasting value and driving meaningful innovation, we are shaping the future of "Pharmaceuticals, Health, and Beauty."

	2000–	2005–	2009–	2011–	2019–	2022–	2025–
Social Trends	• **Start of the Long-Term Nursing Care Insurance System**	• **Transition to a prevention-focused system due to revision of the Long-Term Care Insurance Act**	• **Effects of the Global Financial Crisis** • **Spread of novel influenza virus**	• **Great East Japan Earthquake** • **Review of disaster prevention and energy policies**	• **Implementation of the Work Style Reform Act** • **Spread of COVID-19**	• **Promotion of reskilling** • **Development and improvement of digital personnel**	• **Heightened tensions in the Middle East** • **Full-scale adoption of digital technologies, including AI** • **Structural demographic changes beyond the 2025 Problem**
Social Issues	• Sustainability of the pension, medical and insurance systems • Increase in chronic and lifestyle-related diseases	• Securing medical personnel and regional medicine system • Combining limiting medical costs and high-quality medical care	• Employment anxieties and increase in non-regular employees • Novel influenza countermeasures • Doctor shortages and overwork of hospital doctors • Increase in medical costs and financial pressures	• Reconstructing medical and welfare systems in disaster-struck regions • Unmasking fragilities in medical infrastructure during disasters	• Limiting medical costs • Promoting medical ICT (online diagnosis, etc.) • Promoting preventive medicine	• Pressure on medical settings and overwork of medical personnel • Preparation of vaccine systems • Continuation of countermeasures for COVID-19 • DX (digitalization of medicine)	• The emergence of the logistics crisis and the need to rebuild sustainable supply chains • Persistent geopolitical risks and supply chain vulnerabilities • Growing physical risks and increasingly severe natural disasters caused by climate change

2014– **Change the 卸**

1898 Founded

Opened Kumada Sanseido Pharmacy in Kobe City

2000– Formation of nationwide distribution network

Starting with KURAYA SANSEIDO Inc.,[1] built a distribution platform covering all regions of Japan through business integration and business alliances

2005– Expanded business fields to "Pharmaceuticals, Health, and Beauty"

With the addition of PALTAC CORPORATION, [1] established a wholesaler group providing a wide range of support for healthy lives, including cosmetics and daily necessities

2009– Business innovation

While promoting the nationwide establishment of ALCs,* improved sales functions by increasing the number of ARs* and through other measures

2011– Creating new value through new businesses

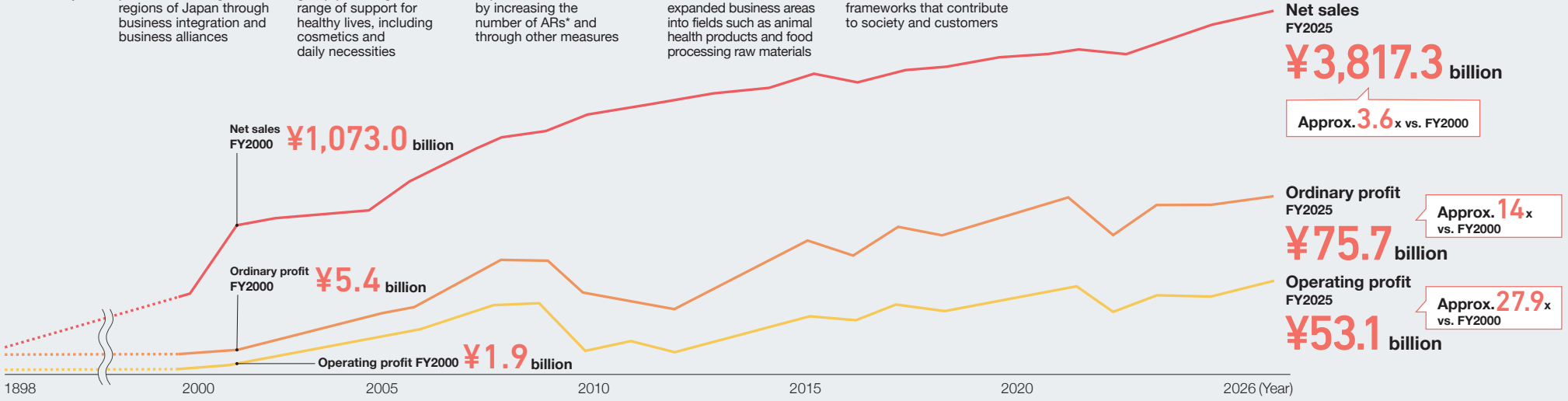
Developed new businesses such as PFM®,* leveraging nationwide infrastructure and human resources. Also expanded business areas into fields such as animal health products and food processing raw materials

2019– Expanding new businesses and establishing business partnerships

Concluded partnerships with companies in various fields, while expanding new businesses. Built new frameworks that contribute to society and customers

2022– Growing through business portfolio prioritizations and collaboration with partners

Formulated the 2027 MEDIPAL Medium-Term Vision and began working to achieve our ideal situation



1. Corporate names are shown as they were at the indicated date

* Please refer to page 75 for explanations of technical terms.

MEDIPAL Group Overview

Consolidated net sales
¥3,817.3 billion

Consolidated operating profit
¥53.1 billion

Consolidated ordinary profit
¥75.7 billion

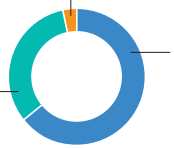
Number of consolidated subsidiaries
19

Number of consolidated employees
13,024[1, 2]

Number of locations overall
575

Number of years since foundation
128

Breakdown of consolidated net sales

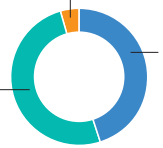


Animal Health Products and Food Processing Raw Materials Wholesale and Related Business
3.1[3]% ¥117.3 billion

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business
32.4[3]% ¥1,237.8 billion

Prescription Pharmaceutical Wholesale Business
64.6[3]% ¥2,466.1 billion

Breakdown of consolidated operating profit



Animal Health Products and Food Processing Raw Materials Wholesale and Related Business
4.4[3]% ¥2.3 billion

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business
49.7[3]% ¥26.4 billion

Prescription Pharmaceutical Wholesale Business
45.7[3]% ¥24.2 billion

Prescription Pharmaceutical Wholesale Business

The Prescription Pharmaceutical Wholesale Business procures not only prescription pharmaceuticals but also healthcare products related to diagnostics, testing, treatment, and administration, including medical equipment, tools and clinical materials, and clinical diagnostic reagents for use from the presymptomatic stage. We utilize our distribution network, particularly our state-of-the-art ALCs* located at 14 sites across the country, to provide a stable supply of medical products to hospitals, clinics, and dispensing pharmacies and so on. We have also developed systems to support not only our customers but all pharmaceutical manufacturers, including a team of more than approximately 2,000 ARs* who have obtained MR* certification.

Consolidated Company Names:
MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., TOSHICHI CO., LTD., SPLine Corporation, MM CORPORATION, ASTEC Co., Ltd., MEDIE Co., Ltd., PreMedica Inc., FloraDiscovery Inc., MIC CO., LTD., Medipal Insurance Service Co., Ltd., PRESUSCUBE Corporation, MEDISKET CORPORATION

Products and Services:
Prescription pharmaceuticals, medical equipment, tools and clinical materials, and clinical diagnostic reagents, etc.

Number of Employees 9,667[2]

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

We have built a position as Japan's number-one wholesaler delivering daily necessities. Currently, our Company procures approximately 50,000 types of products from approximately 1,000 companies, and has established a nationwide sales network comprising almost all the main retailers (approximately 400 companies), focused on drugstores, in an effort to optimize and increase the efficiency of the entire supply chain. In these times of dramatic change, we will deepen and evolve our "power of connections" as an intermediary distributor and will strive to innovate in distribution so that we can continue to create abundant and comfortable lives for all consumers through distribution.

Consolidated Company Name:
PALTAC CORPORATION

Products and Services:
Cosmetics, Daily Necessities and OTC pharmaceuticals

Number of Employees: 2,363[2]

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

The Animal Health Products Wholesale Business has built the only domestic national-scale logistics network and sales system as a wide-area distributor. We have developed 33 sales branches and five logistics centers nationally. We use this platform to supply a wide range of products for the fisheries, livestock, and companion animal[4] markets, including animal health products, supplements, feed additives, and medical equipment, tools and clinical materials, and, together with Cygni Corporation, which operates an e-commerce business in the companion animal field, we will further strengthen our industry-leading sales performance. The Food Processing Raw Materials Wholesale and Related Business is involved in the manufacture, processing, sale, imports, and exports of products including food ingredients and additives, pharmaceutical excipients, and the raw materials used in personal care products, coatings, industrial materials and electronic materials, and has the functions of a R&D type manufacturer and specialized trading company. With high-quality standards and information provision capabilities as our strengths, we make it our mission to provide products that have the value of contributing to society.

Consolidated Company Names:
MP AGRO CO., LTD., Cygni Holdings Co., Ltd.,[5] Cygni Corporation (Animal Health Products Wholesale Business)
MP Gokyo Food & Chemical Co., Ltd. (Food Processing Raw Materials Wholesale and Related Business)

Products and Services:
Animal health products, food processing raw materials, food raw materials and additives, chemical product inputs, etc.

Number of Employees: 796[2]

1. This figure includes employees of the holding company, MEDIPAL HOLDINGS CORPORATION.
2. Number of employees refers to the number of persons employed, and does not include directors who also hold employee positions.
3. The total does not add up to 100% because inter-segment transactions, etc. have been eliminated from the calculation.
4. An animal that has a companion-like presence and a close relationship with humans in daily life
5. On January 30, 2026, MP AGRO CO., LTD. acquired all shares of Cygni Holdings Co., Ltd., making it a consolidated subsidiary of the Company. On the same date, Cygni Corporation, a consolidated subsidiary of Cygni Holdings Co., Ltd., also became a consolidated subsidiary of the Company.

* Please refer to page 75 for explanations of technical terms

President's Message



Shuichi Watanabe
Representative Director, President and CEO
MEDIPAL HOLDINGS CORPORATION

Beyond "Change the *Oroshi* Forever": The Challenge of Leveraging Our Strengths in Distribution to Go Beyond the Bounds of Distribution

Q What are the key beliefs and mission that you have valued since the establishment of the MEDIPAL Group?

In short it is the management philosophy of "contributing to people's health and the advancement of society through creation of value in distribution." We are responsible for a business that plays an important public role, delivering medicines and daily necessities that are essential to people's lives and healthy living. You could say that our strongest belief has remained unchanged across every era, that is, a commitment to continuing to fulfill the important mission of **providing social infrastructure that supports people's day-to-day living whether in emergencies or in ordinary times, without fail.**

Two events brought this idea sharply to the fore for me.

The first was the Great Hanshin-Awaji Earthquake of 1995. Even as they were experiencing the earthquake, our employees looked forward and thought only what our role as wholesalers should be and what we should do, quickly managing to maintain our provisioning activities. This could be said to be the incident that was at the start of our emergency response work.

The second was the distribution center system failure that occurred in 2004, the year I became president of MEDICEO CORPORATION. We were in a situation where we could see the products in front of us, but we were unable to deliver them, causing serious problems for our clients. This made me keenly feel the importance of being able to "reliably deliver the product needed, in just the amount needed."

Learning from these experiences, we are conscious of preventing risks in advance and have refined functions that enable business continuity. These efforts have led to the development of today's resilient corporate group systems.

Q As the business environment surrounding the industry changes dramatically, what is behind the history of pioneering and transformative efforts unique to MEDIPAL, as well as its constant innovation?

The environment surrounding our business is undergoing structural change in the form of Japan's aging society and declining birthrates, labor shortages, distribution issues and increasing costs of social security. Amid all this, we are pursuing sustainable growth as part of the "2027 MEDIPAL Medium-Term Vision: Change the *Oroshi* Forever—Constant Innovation."

We are advancing 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 Business," and "Value Co-creation in Community Healthcare"), each of which is steadily delivering results. Specifically, we have established a business model for investing from the research and development phase of prescription pharmaceuticals through our partnership with JCR Pharmaceuticals Co., Ltd. We have also realized a new form of distribution termed "sharing logistics" through the establishment of MEDISKET CORPORATION. In addition, we are accelerating the expansion of the scope of our business activities by newly adding to our group PreMedica Inc., which is accelerating its business in the fields of preventive medicine and pre-disease, MP Gokyo Food & Chemical Co., Ltd., which is leading growth in the agro and food domains, and Cygni Corporation, which has strong business know-how in the companion animal[1] market.

As we head into a new era, the same ideas and ways of doing things with which we have grown as a pharmaceutical wholesaler in the past will not be enough to see us through. That is why we have to get ahead of change, and forge the path ahead by continuing to take on bold challenges and make proactive investments. While change takes time, we foresee that all of the growth strategy **initiatives that we are currently advancing will contribute to greater revenue in the medium to long-term.**

Q Could you tell us about the strategic aims behind the decision to convert PALTAC CORPORATION into a wholly-owned subsidiary through a takeover bid?

PALTAC CORPORATION has built up a solid position as the domestic number one wholesaler delivering daily necessities in the form of cosmetics, everyday goods, and OTC pharmaceuticals in the fields of "Beauty and Health." To date, PALTAC has developed its own business as a listed company. Today, however, the business environment we find ourselves in is changing at an unprecedented pace, as we face things like an aging society and increased consumer interest in prevention and pre-disease. Treating this change as an opportunity, we decided to convert PALTAC to a wholly-owned subsidiary in order to maximize the degree of contribution we could make as a whole group in healthcare.

As the focus of healthcare and nursing shifts to local communities and the home, we are combining PALTAC's strong distribution productivity with MEDIPAL's exacting quality management know-how to create a unique "healthcare distribution platform." By concentrating all the functions and personnel of both companies, we aim to create a sustainable and efficient new supply system that supports the lives of consumers all the way from treatment to prevention and day-to-day health. We believe that the unified group management brought about by converting PALTAC to a wholly-owned subsidiary is the realization of the "Change the *Oroshi*" vision that we have pursued for over 10 years. We have gone from being a collection of individual companies to being **a resilient corporate group that works together to support consumers across a variety of contexts, seamlessly providing value across the fields of "Pharmaceuticals, Health, and Beauty."**

Q What sort of talent development are you engaging in and what sort of corporate culture are you fostering in order to continue to innovate?

Key to driving business model transformation and forging a path to the future is talent.

We believe that the basis of healthcare is the connections between people, and that

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

this is made up of real contact points. Without the thoughtfulness that is essential as a human being, our business would come to nothing. In that sense, you could say that **what we deliver is not just products, but is in fact something that comes one step earlier, the thoughts and feelings of each and every one of our employees, who wish to give patients and consumers a healthier life.** MEDIPAL needs employees who think for themselves how to solve the challenges our clients face, and can take action to achieve that. We are thus making efforts to develop "future-oriented human resources" who can see through to what matters about issues, independently ask questions and resolutely take action.

We also think it is important for leadership to engage in constant dialogue with employees. I think **people at the top conveying to the organization as a whole what they intend by talking directly about their ideas and by showing this through their actions is what makes a culture take root wherein people take action on challenges without fear of change or failure.**

My hope is that all of the employees brought together in the MEDIPAL Group will make this a company where they can find joy in what they do by working with the pride and belief that they themselves are supporting important social infrastructure. Each day I see our employees dealing sincerely with clients to address issues, and employees sharing knowledge with one another for solving such issues in workplaces where all kinds of challenges come up. We call the ways our employees support people's healthy living and the ways our group companies expand, support and connect "Pharmaceuticals, Health, and Beauty" through their respective businesses an "Orchestra in Support of People's Health." Refining each person's timbre (i.e., evolving their individuality), and combining this together (i.e., evolving organizations) acts as a starting point for innovation. We believe that this serves as an important foundation for corporate growth.

Q Could you tell us about your approach to sustainable growth and sustainability management?

Continuing to provide society with uninterrupted distribution from upstream to downstream is itself the core of the sustainability that the Group should fulfill. We are driving optimization across the entire supply chain by, for example, reducing greenhouse gas emissions and promoting joint delivery, in order to combine solving social challenges with group growth.



Such social initiatives are naturally not something that the Group can do alone. Key here will be the spirit of prosperous coexistence. An attitude of working together with our clients and with partner companies who share our aspirations so that society as a whole can prosper is what will create a sustainable future.

The major assumption underpinning this coprosperity and coexistence is the firm trust of society. We have made it clear to employees that our fundamental orientation as a company is that compliance is what gains the trust of society. No matter the situation, we will preserve this as an unshakeable axis of management.

Q Could you tell us about your approach to capital policies and shareholder returns?

The MEDIPAL Group is currently in a phase where we are proactively investing in new

businesses in order to ensure sustainable growth amid a rapidly changing environment. Given this context, we are striving for sustainable growth and to maximize corporate value as a company through business and financial activities that combine increased ROE and reduced cost of capital, based on the basic capital policy.

We position distributing profits to shareholders as one of the key issues for management. In response to this, we are flexibly buying back and cancelling our own stock with the aim of improving capital efficiency and further returning profits to shareholders, while carefully examining capital demand overall, as well as, in principle, steadily maintaining and improving our payout ratio.

Based on this approach, **we have revised upward our dividend forecasts in order to further increase our returns to shareholders taking into account our future financial situation, as a result of coming to expect an increase in the Group profit levels in connection with the conversion of PALTAC CORPORATION to a wholly-owned subsidiary.** Going forward, we will continue to strive to meet shareholder expectations through profit growth driven by business growth and by implementing appropriate capital policies. (See P.51 for details.)



Q What role will the MEDIPAL Group evolve to play in society through history to date and the many transformations it has gone through? Could you tell us about the outlook going forward?

People should envision a big, exciting dream and get straight to realizing their ideas. The conviction you have at the start should see you through, even as you make revisions from a variety of angles in response to various challenges. I feel this is where MEDIPAL finds itself today.

Our slogan, "Change the *Oroshi*," represents the **challenge of "leveraging our strengths in distribution to go beyond the bounds of distribution"** while fulfilling our role as social infrastructure. This is something no one has achieved thus far, so it is a difficult undertaking, but by sowing the seeds of a variety of businesses in the form of investment, and by having high quality talent carefully gather and cultivate knowledge, we are getting a real sense that the scope of our business and the way we work is changing. We believe that driving this transformation will lead us to evolve into a corporate group that serves even more people, and we hope to continue to pursue this course that we have charted.

I hope we can continue to enjoy the constant support of all our stakeholders in these endeavors.

Special Feature

Conversion of PALTAC CORPORATION into a Wholly-Owned Subsidiary

The MEDIPAL Group conducted a tender offer for the shares of PALTAC CORPORATION and completed it on July 7, 2026.
Subsequently, we made the company our wholly-owned subsidiary[1] through a squeeze-out procedure.
As structural changes to the business environment are gathering pace, we will evolve from a conventional distribution model into a new sustainable supply system as social infrastructure by making unified use of group management resources, delivering seamless value in the fields of "Pharmaceuticals, Health, and Beauty."

PALTAC CORPORATION

Established: 1898
Business: Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

Business foundations
- Ongoing business relationships with retailers and manufacturers
- Japan-wide distribution network

PALTAC CORPORATION has established a solid position as a leading company in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business thanks to its strong customer base and ability to make exceptional consumer offerings in the industry.

Structural changes to the business environment

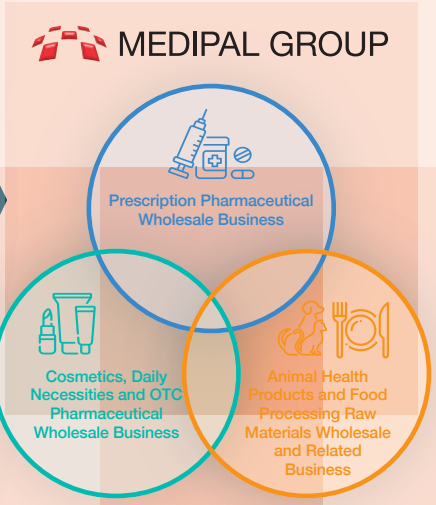
Integration of healthcare and everyday living resulting from shifting of the focus of healthcare and nursing care to local communities and the home due to an aging society

Severe labor shortages and logistics cost increases

Changes in the needs of business partners due to accelerating consolidation in the retail sector

Purpose of conversion to a wholly-owned subsidiary

Making unified use of group management resources



The synergies we expect to achieve

Improving capacity to offer solutions to business partners and consumers

Building a next-generation distribution model and expanding offering domains

Enhancing data-informed business operations

Improving human resources platforms through personnel exchanges





Becoming a whole that is more than just a collection of companies

A resilient corporate group that supports "all aspects of daily life"

As a result of recognizing profit attributable to non-controlling interests in PALTAC CORPORATION, we expect positive impacts on profit, EPS, and ROE.





1. PALTAC CORPORATION was founded in December 1898. In October 2005, it integrated with the predecessor company of MEDIPAL HOLDINGS CORPORATION, and became a wholly-owned subsidiary. Subsequently, it secured independence and relisted on the stock exchange in March 2010 with the aim of developing independent fundraising structures and increasing its corporate value.

Vice President's Message



Forging a Path to the Future with Inherited Values and Evolving Challenges

The MEDIPAL Group is currently on a journey in pursuit of a new and unprecedented vision of distribution. Our history of growth runs long and deep. In the 128th year since our founding, what we have always valued is the idea embedded in our management philosophy of "contributing to people's health and the advancement of society through creation of value in distribution." The connections and relationships with our business partners fostered over many long years, and the unshakeable relationships of trust we have developed—these are the basics that we pass on across every generation of the business. Even as we have done so, we have innovated by pursuing essence of "what it means to engage in distribution," and thus built up social infrastructure that delivers what is needed, in the amount needed, reliably.

To sustain people's healthy lives, as is their most invaluable hope, on the foundations of this strong social infrastructure, we need to protect what should be protected in our business style, while changing what needs to be changed. Since 2014, we have been taking on the challenge we put forward in our "Change the Oroshi" vision, which seeks to chart a course for future growth, though the history of these efforts is still young.

Today there remain many unmet needs in the medical and healthcare fields such as the need to establish treatments for rare diseases, the need for efforts to support early diagnosis of diseases, and the need for preventative care. We seek to turn our attention to these areas and deliver to society the creation of functions that will increase the value of health and medicine. Our happiness is being able to bring smiles to as many people as possible through our business.

Creating such new value and changing the nature of our traditional business and work is no easy task. This makes them precisely our great challenges for the future. To meet these challenges, we are concentrating the overall capacities of the Group as a whole, and leveraging our management resources in a united manner. We are driving the increased fluidity of our talent and functions spanning the bounds of companies and businesses by, for example, integrating distribution functions by converting PALTAC CORPORATION into a wholly-owned subsidiary, growing and expanding our AGRO & FOOD business, and improving coordination with our partner companies.

In the coming financial year, we will build a new vision for the business and chart a course to the future. Cherishing our history and the spirit of taking on challenges, we are forging ahead ceaselessly towards the next stage in sustainable growth for the Group.

Yasuhiro Choufuku
Representative Director, Vice President
MEDIPAL HOLDINGS CORPORATION

Value Creation Process —A Process for Maximizing Corporate Value and Moving Forward Together with Stakeholders—

The mission of the MEDIPAL Group is to act as social infrastructure supporting people's lives and healthy living in the fields of "Pharmaceuticals, Health, and Beauty." Driven by the strong network and diverse forms of capital we have cultivated, we are creating uniquely MEDIPAL value in distribution and advancing solutions to social challenges. We aim to improve our corporate value and realize a sustainable society in collaboration with all our stakeholders by reinvesting the products of those efforts into enhancements to the consistent provision of products and further innovation.

Reinvestment of Management Resources

Management Philosophy
Contributing to people's health and the advancement of society through creation of value in distribution

Ideal Situation
Expand, Support, and Connect "Pharmaceuticals, Health, and Beauty," an Orchestra in Support of People's Health

External Environment

Society-wide changes
- Declining population and the birthrate coupled with an aging population
- Expansion of social welfare spending
- Worsening environmental issues
- Promotion of innovation
- Advancement of digital technology
- Accelerating use of data
- Changes in consumption behavior
- Surge in prices
- Foreign exchange fluctuations
- Cost increases, enduring high costs
- More frequent severe natural disasters caused by climate change
- Increased geopolitical risks

Changes in the business fields of "Pharmaceuticals, Health, and Beauty"
- Changes in the structure of medical and nursing care due to the aging of society
- Growing needs for extending healthy life expectancy
- Expansion of the area of testing for prevention and pre-disease
- Growing needs to address environmental impact
- Advanced logistics and efficiency improvements
- Growing needs for personalization

INPUT

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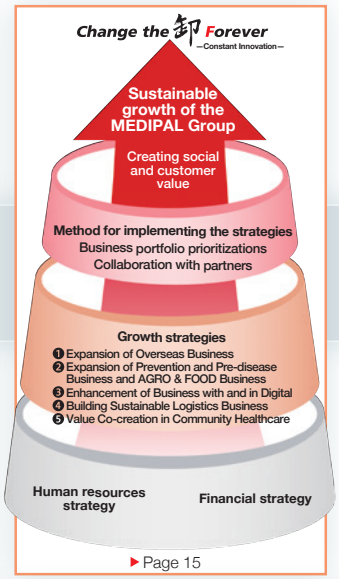
- **Distribution facilities capital** ▶ Page 39
- **Intellectual capital** ▶ Page 42
- **Social and relationship capital** ▶ Page 45
- **Financial capital** ▶ Page 49
- **Natural capital** ▶ Page 52

MEDIPAL Group Business

Strengths
- Diverse human resources, embodying our management philosophy
- Nationwide network of distribution bases with advanced functions
- Expertise in optimizing distribution
- Knowledge cultivated in new businesses
- Group synergies

2027 MEDIPAL Medium-Term Vision



▶ Page 15

OUTPUT

Delivering sustainable logistics
- Delivering stable logistics through a nationwide logistics platform
- Providing new logistics solutions to resolve social issues

Providing solutions for customer problems
- Original support system linked to distribution functions
- Original community-oriented solutions
- Providing solutions that optimize the supply chain and improve efficiency
- Retail solutions to meet customer needs

Providing proper information
- Providing proper information by diverse and specialized human resources

Providing solutions in new fields
- Groundbreaking new drugs for rare diseases launched overseas
- Innovation in prevention and pre-disease fields
- Expanding new R&D-driven solutions in the AGRO & FOOD business

OUTCOME

Customers
- Optimization of supply chain
- Improved management efficiency
- Delivery of high-quality medical care
- Ensure complete traceability

Patients and consumers
- Safe and secure medical care
- Physical and mental well-being
- A rich and comfortable life

Employees
- An employee-friendly workplace
- Application of skills and capabilities by all employees
- Improvement in creativity and engagement
- Achieving employee well-being

Society and environment
- Extension of healthy life expectancy
- A lively and vibrant society
- Female participation in society
- Child-rearing-friendly environment
- Reduction of environmental impact

Shareholders and investors
- Maximization of corporate value
- Stable shareholder returns

Suppliers and partners
- Product dissemination
- Expansion of customer base
- Enhancing logistics sophistication and efficiency
- Expansion of product and service lineup
- Promotion of innovation
- Growth by start-up companies

Location
- Enhancement of local medical care
- Development of integrated community care system
- Enhancement of disease prevention
- Improvement of measures to address pre-disease

SDGs



Material Sustainability Tasks (Materiality) ▶ Page 27

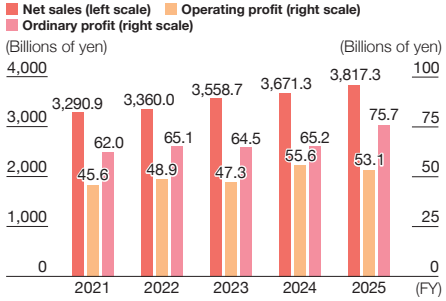
Sustainability Policy ▶ Page 27

Corporate Governance ▶ Page 61

Financial and Non-Financial Highlights

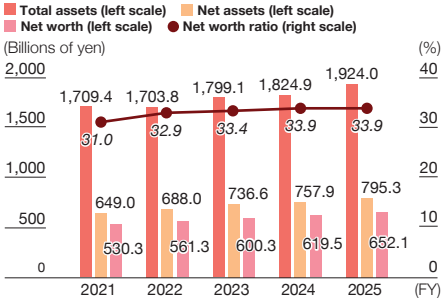
Financial Highlights

Net Sales / Operating Profit / Ordinary Profit



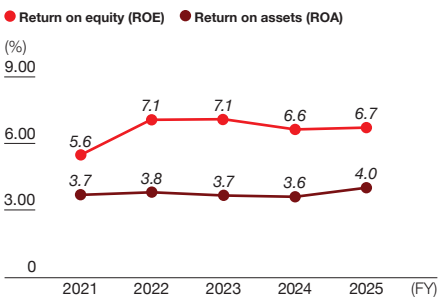
Net sales increased 4.0%, and ordinary profit increased 16.0%, both of which represent new record highs. Operating profit declined 4.4%, but this change represents business investments aimed at future growth. Excluding growth investment and other factors, operating profit rose 0.9%.

Total Assets / Net Assets / Net Worth/Net Worth Ratio



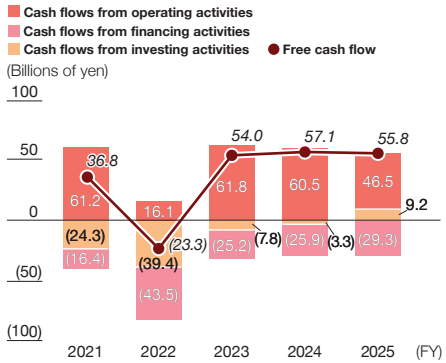
Total assets increased by approximately ¥97.0 billion due mainly to increases in cash and deposits and trade receivables. Net assets increased by approximately ¥37.4 billion, and net worth increased by approximately ¥32.6 billion due mainly to the accumulation of retained earnings and the revaluation of listed stocks associated with rising share prices.

ROE / ROA



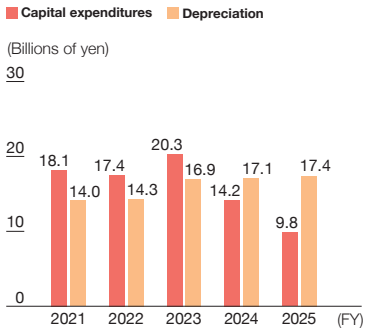
ROE is slightly up from the previous fiscal year in line with an increase in profit attributable to owners of parent. ROA is up from the previous fiscal year in line with an increase in ordinary profit.

Cash Flows



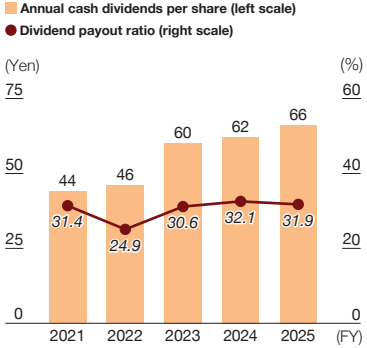
Net cash provided by operating activities was ¥46.5 billion thanks to increases in profit before income taxes and trade payables. Net cash provided by investing activities reached ¥9.2 billion due to the sale of investment securities. Net cash used in financing activities came to ¥29.3 billion.

Capital Expenditures / Depreciation



A total of ¥9.8 billion was invested aiming for further strengthening and improving the efficiency of distribution functions, which included capital expenditures for construction and upgrading of distribution centers, etc., and system investments.

Annual Cash Dividends per Share / Dividend Payout Ratio

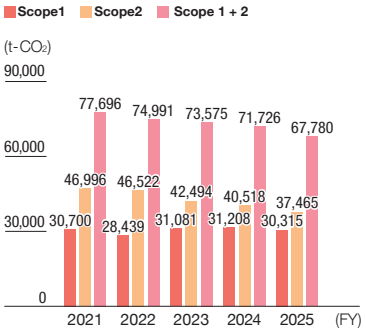


Annual dividends increased by ¥4 per share year on year to ¥66 per share, resulting in a dividend payout ratio of 31.9%. Approximately ¥8 billion in treasury shares were also repurchased and canceled.

Non-Financial Highlights

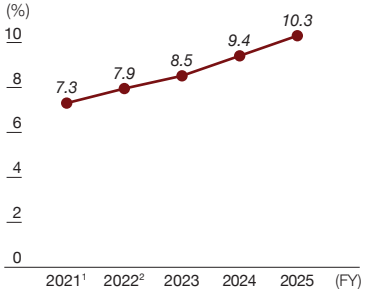
Target Companies: MEDIPAL HOLDINGS CORPORATION and Consolidated Subsidiaries

Greenhouse Gas Emissions (Company Emissions Only)



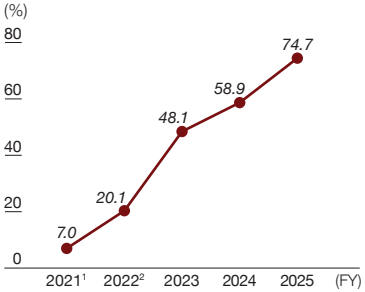
The introduction of hybrid vehicles and electric vehicles, installation of solar panels, and switching to environmentally-friendly electricity contributed to reducing the total for Scope 1 and 2 emissions by 17.9% year on year.

Percentage of Female Employees in Management Positions



The MEDIPAL Group is supporting flexible work styles responsive to the life stages of female employees, thus putting in place a work environment where they can flourish. As a result, the percentage of women in management positions is gradually increasing.

Percentage of Male Employees Taking Childcare Leave



The MEDIPAL Group is promoting awareness of the childcare leave system and fostering a work culture in which men take childcare leave, with the aim of having the male childcare leave taking ratio be 100% in FY2030. As a result, the rate at which childcare leave is being taken is increasing every year.

1. MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION
2. In addition to target companies for FY2021 as described in 1 above, MEDISKET CORPORATION and MP Gokyo Food & Chemical Co., Ltd.

Message from the Director in Charge of Business Development



Toshihide Yoda
Senior Managing Director, In charge of IR and General Manager of Business Development Division
MEDIPAL HOLDINGS CORPORATION

Seeking to Realize Value Creation in New Domains through Active Growth Investment and Improve Our Uniquely MEDIPAL Corporate Value

Actively Engaging in Growth Investment Even as We Strengthen Our Existing Businesses

The MEDIPAL Group has three business segments, which take on the role of social infrastructure supporting the health and lifestyles of people through the distribution of prescription pharmaceuticals, cosmetics, daily necessities, animal health products and raw materials for food processing. At present, these businesses serve as the Group's business foundations, generating steady cashflows. Going forward, we are actively investing in people and facilities so that we can provide still greater value to society. With the domestic Japanese market in an advanced state of maturity, however, we believe that realizing the same sort of growth that we have in the past through our existing businesses alone will not be feasible. For the MEDIPAL Group to achieve sustained growth as a group amid such a business environment, we believe that it is important for us to strengthen new drug development for patients with rare diseases and to engage in active investment into our Animal Health Products and Food Processing Raw Materials Wholesale and Related Business, even as we deepen our existing infrastructure in the form of our distribution network, which serves as the Group's strength, thereby diversifying our business portfolio.

The earnings structure of the prescription pharmaceutical wholesale industry is currently in the midst of a major transition period. Previously, revenue was generated through distribution and retail promotion functions in the field of primary care for lifestyle-related diseases. However, new drug development in this area has reached a turning point, with pharmaceuticals the patents for which have expired transitioning towards being generic drugs. At the same time, R&D at pharmaceutical companies is shifting towards specialty fields such as antibody drugs. This means that the market is becoming increasingly two-track, organized around specialty drugs on the one hand and generics on the other.

In response to these changes, the Group is making the most of our logistics capital, human capital and financial capital to advance our businesses developing drugs for ultra-rare diseases as a new business model.

Developing group businesses through greater use of our existing infrastructure in this way serves as the basic concept underpinning how we will improve the Group's breadth and depth.

Our Efforts Across Specialty and Generic Drugs

In a Japanese prescription pharmaceutical market increasingly organized around the twin poles of generic and specialty drugs, the MEDIPAL Group is securing profitability in the specialty drug domain through our unique PFM®* business model. PFM® represents a system in which we invest in development-stage pharmaceuticals and share the risk of development with manufacturers or venture firms, then earn a return through exclusive distribution rights and royalties after the drug goes to market. In contrast to a typical investment fund, PFM® lessens the royalty burden on the investee by adding a distribution revenue component, and allows the use of the national Area Logistics Centers (ALC*). This initiative has now been running for over 12 years, and now boasts 14 pharmaceuticals in use in clinical settings.

In the generics field, the Group has also invested into AND PHARMA Co., Ltd., which holds shares in three Japanese generic pharmaceuticals manufacturers, and we are working to realize streamlined manufacturing and logistics by coordinating the firms under its aegis.

We are also investing into promising medical DX and biotechnology startups through our CVC fund established in collaboration with SBI Investment Co., Ltd.

* Please refer to page 75 for explanations of technical terms.

Adopting Different Approaches Across Asia and the West in Our Overseas Strategy

Our consolidated net sales are on the order of approximately ¥3.8 trillion, but almost all of this is made on the Japanese domestic market. Given that Japan's population will steadily decline in future, it is essential for us to undertake initiatives to create revenue opportunities overseas for the sake of growth.

In Asia, through our comprehensive partnership with Sinopharm Group Co., Ltd., the largest pharmaceutical wholesaler in China, we have made 20% investments in the two Beijing pharmaceutical wholesalers. We are thus steadily collecting cash in the form of dividends while also advancing the deployment of Japanese products to the Chinese market through collaboration with the Sinopharm Group.

In the West, because distribution systems are already well established and newly entering the market as a pharmaceutical wholesaler is impractical, we plan to make progress through the sale of ultra-rare disease medications, which have very low patient numbers and high barriers to entry. At the current moment, we have acquired global rights for three medications for lysosomal storage diseases (LSDs) from JCR Pharmaceuticals Co., Ltd., and we are working on developing these as new medications by conducting clinical trials with a view to releasing them on the market soon. The ultra-rare disease medication development business that we are currently working on is expected to earn even higher profit margins than our legacy wholesale business after these drugs go on sale. At the same time, resolving the unmet medical needs of patients with ultra-rare diseases also embodies the idea of "trying to save as many lives as possible." With our network covering medical institutions nationwide and our roughly 2,000 MR*-certified practitioners, we also believe that this is a business the MEDIPAL Group is well-placed to pursue.

Shifting the Business Portfolio in a Better Direction by Strengthening the AGRO & Food Business

We are also working steadily to strengthen our Animal Health Products and Food Processing Raw Materials Wholesale and Related Business with the aim of diversifying the Group's business portfolio.

In the food domain, in October 2024 we converted MP Gokyo Food & Chemical Co., Ltd., which holds one of the largest shares of the Japanese market for naturally-derived food materials (such as thickeners) and is also working on global expansion, into a subsidiary.

In the animal health products domain, in January 2026, MP AGRO CO., LTD. acquired 100% of the shares of Cygni Holdings Co., Ltd., which itself owns all shares of Cygni Corporation, which operates an e-commerce (EC) business for animal hospitals. Animal health product wholesale is spread across small-scale companies across different regions, so there is presently almost no nationwide wholesaler. We firmly believe that the synergy of MP AGRO CO., LTD., with its strengths in livestock in Hokkaido and Kyushu, and Cygni Corporation, with its strengths in companion animals[1] across the Tokyo metropolitan, Kansai and Chukyo areas has the potential to be a game changer in the industry by expanding and improving sales systems on a nationwide scale. Going forward, we will dedicate our efforts towards continuously improving and expanding each of these businesses.

Becoming a Company That Better Contributes to Society

The Group businesses support people in leading healthy lives, and we feel society's expectations are also extremely high. As the social environment changes and technology develops, society's needs are also diversifying and developing. To properly meet these needs, we not only need to evolve our existing businesses, but also orient ourselves to take on the challenge of creating value in new domains.

The MEDIPAL Group aims to continue to steadily make growth investments that have high social impact across the business fields of "Pharmaceuticals, Health, and Beauty," thus pursuing sustainable growth in corporate value.



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

* Please refer to page 75 for explanations of technical terms.

2027 MEDIPAL Medium-Term Vision

Change the 卸 Forever

—Constant Innovation—

Growing through business portfolio prioritizations and collaboration with partners

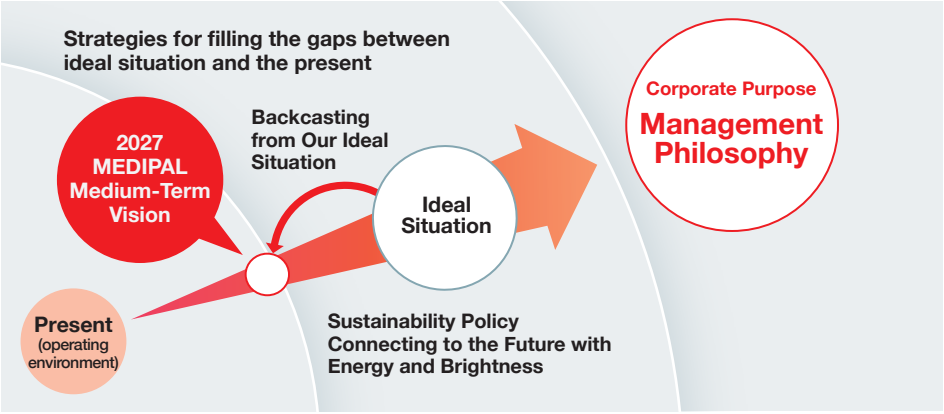
The Medium-Term Vision sets out five growth strategies toward realizing the MEDIPAL Group's "ideal situation," with the foundation supported by our human resource strategy and financial strategy. To realize the vision, the MEDIPAL Group has positioned as priority businesses new businesses, businesses including medical equipment, tools, clinical materials, and reagents, the Animal Health Products and Food Processing Raw Materials Wholesale and Related Business, and is investing management resources into these areas in a concentrated manner. In addition, the Group has designated as core businesses the Prescription Pharmaceutical Wholesale Business and the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, and will achieve growth by further improving added value and productivity.

From the foundation of our resilient human resources and financial strategies, we have been firmly pushing forward with our five growth strategies, and this year marks the final year of the vision. We will continue to move forward as a whole group looking ahead to the future.

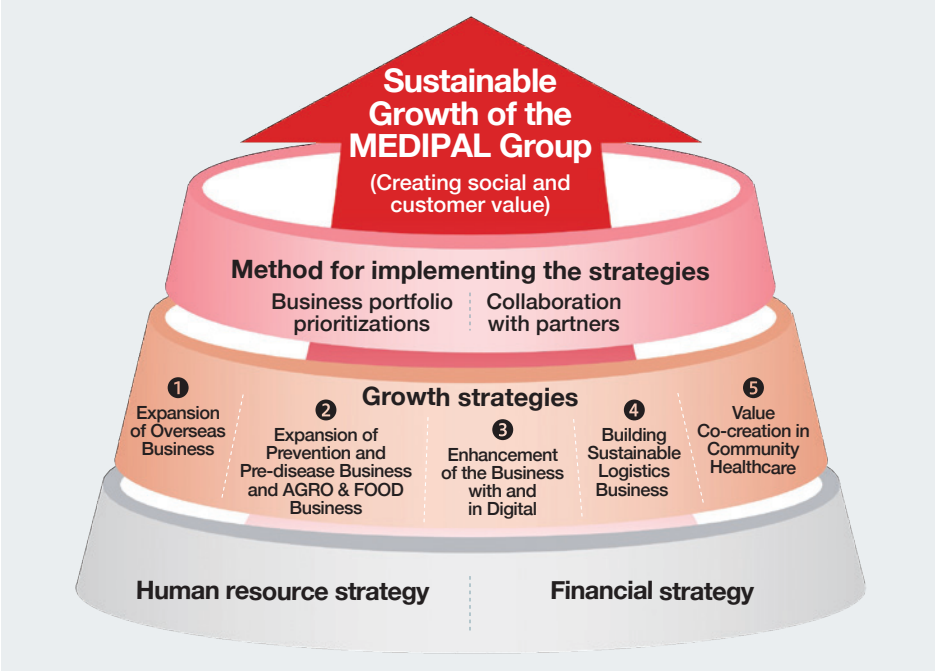
Positioning

The vision outlines strategies to explore various potentials in the business fields of "Pharmaceuticals, Health, and Beauty" in order to realize the MEDIPAL Group's "ideal situation."

Positioning of the 2027 MEDIPAL Medium-Term Vision



Overview of the 2027 MEDIPAL Medium-Term Vision



Key financial targets

Item	Targets for the Fiscal Year Ending March 2027	Results for the Fiscal Year Ended March 2026
Total profitability	ROE: 9%	ROE: 6.7%
	Ordinary profit: ¥100.0 billion	Ordinary profit: ¥75.7 billion
Investment	Investment in growth: ¥100.0 billion (cumulative over five years of the Medium-Term Vision)	Investment in growth: Approx. ¥88.0 billion (cumulative over four years of the Medium-Term Vision)
Shareholder returns	Total shareholder return ratio[1]: 40% (cumulative over five years of the Medium-Term Vision)	Total shareholder return ratio[1]: 40.0% (cumulative over four years of the Medium-Term Vision)

1. The percentage of return on profit before exclusion of amortization of goodwill and intangible assets accompanying the growth investment in the 2027 MEDIPAL Medium-Term Vision

Overview and Progress of the Growth Strategies

We are carrying out the following five growth strategies through business portfolio prioritizations and collaboration with partners.
To achieve the Medium-Term Vision, we are pursuing key initiatives based in each of the growth strategies.

● Prescription Pharmaceutical Wholesale Business ◆ Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business ■ Animal Health Products and Food Processing Raw Materials Wholesale and Related Business

Growth Strategies	Overview	Main Initiatives
Expansion of Overseas Business	• Developing new global business in collaboration with partners	● Progress in clinical trials for JR-446 and other candidates after entering into an overseas development and commercialization agreement with JCR Pharmaceuticals Co., Ltd. ● Strengthening networks with global rare disease associations and patient advocacy groups, and developing an overseas sales strategy. ◆ Establishment of overseas local subsidiaries (Vietnam, Indonesia) of PALTAC CORPORATION
Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business	Prevention and pre-disease • Expansion into inspection equipment and the oral healthcare business AGRO & FOOD • Manufacture and sales of animal health products and food processing raw materials • Introduction and development of in-house developed products	● Development of testing services, including gut microbiome analysis, through the conversion of PreMedica Inc. into a wholly-owned subsidiary ■ Conversion of MP Gokyo Food & Chemical Co., Ltd. into a wholly-owned subsidiary and business integration with MEDIPAL FOODS CORPORATION => Expansion and strengthening of the food business ■ MP AGRO CO., LTD. acquired all shares of Cygni Holdings Co., Ltd. and Cygni Corporation, and converted them into wholly-owned subsidiaries, thus expanding its business in companion animal[1] products
Enhancement of the Business with and in Digital	• Promoting and expanding digital platforms through collaboration with partners • Entry into state-of-the-art digital devices	● Investing in venture companies such as MNES Inc. and LAYERED Inc., which promote healthcare digital transformation (DX), through a CVC fund ● Promoting operational efficiency at medical institutions and dispensing pharmacies and the expansion of digital platforms through the conversion of PRESUSCUBE Corporation into a subsidiary and collaboration with partner companies including MTI Ltd. ◆ Introduction of advanced shipping notice (ASN) employing logistics EDI[2] => Streamlining product shipping operations ◆ Began providing automatic ordering services via AI-based demand forecasting
Building Sustainable Logistics Business	• Creating new value by integrating logistics of clinical laboratories, reagents, and pharmaceuticals	●■ Began operation of the Hanshin ALC*, Tokyo ALC and Tochigi Distribution Center ● Promotion of sharing logistics, response to advanced logistics, and improved logistics efficiency through the establishment of MEDISKET CORPORATION ● Investment in and collaboration with AND PHARMA Co., Ltd. to establish a stable supply model for generic pharmaceuticals. ◆ Began integrated distribution of non-food and food products ◆ Jointly established a new company with other companies in the same industry to centrally manage product information from across the industry ●◆ Supported the creation of the joint delivery consortium “CODE”
Value Co-creation in Community Healthcare	• Value co-creation through coordination activities to connect medical professionals	● Development and deployment of specialized ARs such as NS-MR*, RD-MR*, and Women’s Coordinators* ● Proposal of solutions to regional healthcare issues through collaboration between Regional Medical Coordinators and medical institutions, local governments, and pharmaceutical companies

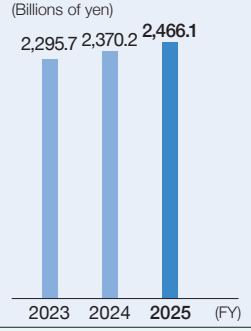
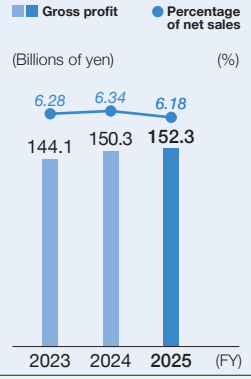
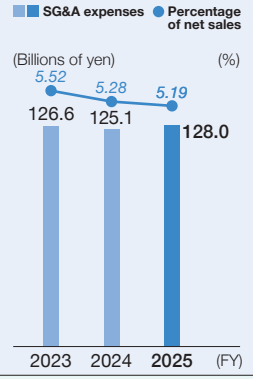
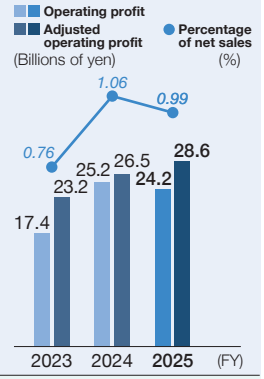
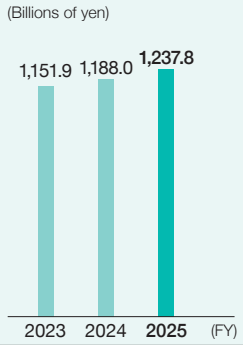
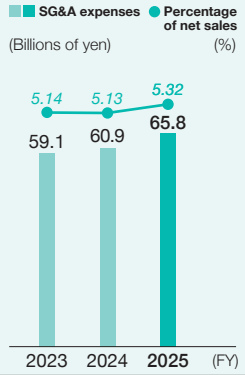
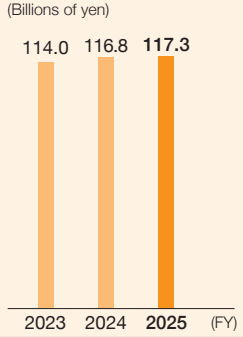
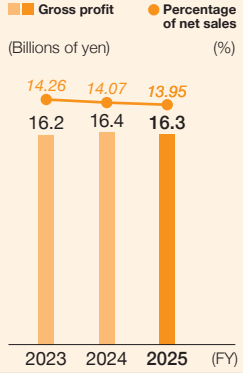
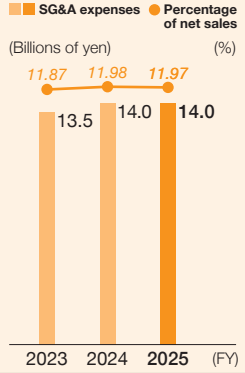
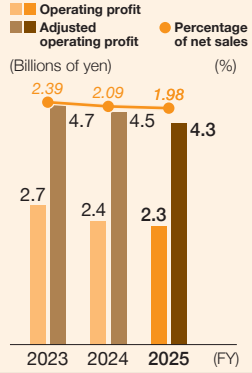
Resolving ESG issues through growth strategies

Item	Targets	Results for the Fiscal Year Ended March 2026
Initiatives for Decarbonization	<Targets for reduction of greenhouse gas emissions[3]> FY2030: 50% reduction (compared with FY2020) FY2050: Carbon neutrality	Greenhouse gas emissions[3] 17.9% reduction (compared with FY2020)
Promotion of Diversity and Inclusion	• FY2030: Percentage of female employees in management positions of 20% or higher • FY2030: 100% of male employees taking childcare leave	• Percentage of female employees in management positions: 10.3% • Percentage of male employees taking childcare leave: 74.7%
Sound and Transparent Corporate Management	Expansion of training in compliance Construction of a corporate governance system to accommodate Group companies	• Construction of a risk management system (formulation of basic plan and implementation standards document, preparation of rules, etc.) • Ascertaining and improving each Group companies’ compliance systems across Group companies by conducting a compliance survey • Conducting compliance-related training (information security training, Antimonopoly Act training, compliance training, harassment prevention training, FCPA training, etc.)

1. An animal that has a companion-like presence and a close relationship with humans in daily life
2. Electronic Data Interchange
3. Scope 1 (direct emissions from Company fuel consumption) + Scope 2 (indirect emissions from electric power used by the Company)

* Please refer to page 75 for explanations of technical terms.

Business Overview Summary

	Net sales	Gross profit / Percentage of net sales	SG&A expenses / Percentage of net sales	Operating profit / Adjusted operating profit[1] / Percentage of net sales
Prescription Pharmaceutical Wholesale Business As for the Prescription Pharmaceutical Wholesale Business, although the market contracted due to factors such as drug price revisions and the end of the catch-up HPV vaccination program, the overall pharmaceutical market continued to grow, driven by measures including the introduction of routine herpes zoster vaccination. To help address healthcare challenges in local communities, the Group's pharmaceutical companies engaged in their sales activities, where ARs* are working as Regional Medical Coordinators with Women's Coordinators*, RD-MRs*, and NS-MRs*. These professionals provided information on disease prevention, diagnosis, and treatment, promoted disease awareness, identified potential patients, and connected them with specialist physicians. On the logistics side, we leveraged the logistics capabilities of its ALCs* to build a safe, secure, and highly functional distribution platform while improving labor productivity through greater operational efficiency.				
Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business The Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business continued to operate in a challenging business environment. This is because while demand remained strong, supported by ongoing demand for going out and growing health consciousness, persistent price-consciousness amid rising prices and soaring logistics costs continued to weigh on the market. Against this backdrop, we made proactive use of data to accurately capture changes in consumer purchasing behavior and market trends. We also responded to increasingly diverse consumer needs and strengthened sales initiatives aimed at introducing new products and stimulating demand.				
Animal Health Products and Food Processing Raw Materials Wholesale and Related Business In the Animal Health Products Wholesale Business, the companion animal[2] segment was affected by changes in distribution channels as some products shifted to direct sales by manufacturers. In the livestock and aquaculture segment, the business environment remained challenging as customers' purchasing appetite weakened amid persistently high prices of production materials, including feed and energy prices, driven by the weaker yen. Against this backdrop, we worked to improve profitability by establishing new partnerships with manufacturers, focusing on higher-margin products such as private-brand products, and expanding business with major customers. In the Food Processing Raw Materials Wholesale and Related Business, the market related to electronic and industrial chemicals performed well.				

1. Operating profit calculated by deducting growth investments for achieving the 2027 MEDIPAL Medium-Term Vision and the amortization of goodwill and intangible assets arising from these investments, from SG&A expenses
2. An animal that has a companion-like presence and a close relationship with humans in daily life

* Please refer to page 75 for explanations of technical terms.

Prescription Pharmaceutical Wholesale Business

Providing New Value to Society through Advanced Logistics and Sales Capabilities that Connect Regions

The Prescription Pharmaceutical Wholesale Business contributes to maintaining and improving people's health by ensuring the stable distribution of essential pharmaceuticals, medical equipment, devices and clinical materials, and other healthcare products. Today, social issues such as the declining birthrate, aging population, and rising social security costs are rapidly reshaping the business environment. At the same time, advances in healthcare are creating an increasing need for rigorous quality control of pharmaceuticals and their rapid and reliable supply. The Prescription Pharmaceutical Wholesale Business sees these changes as opportunities for further growth and innovation and is pursuing initiatives aimed at sustainable growth and transformation from a medium- to long-term perspective. In particular, we are currently focusing on "building a new supply chain" that connects customers and manufacturers through data. By creating unprecedented next-generation distribution value, we will continue to further contribute to people's health and the development of society.

Kuniaki Imagawa
Managing Director,
in charge of
Pharmaceutical Business
MEDIPAL HOLDINGS
CORPORATION



Business Model (Value Chain)

External Environment

- Declining birthrate and aging population
- Pressure to contain healthcare costs
- Drug price revisions
- Disaster risks
- Inflation
- Growth of the specialty pharmaceutical market
- Changes in distribution structures due to customer consolidation and other factors
- Advances in digital transformation (DX)

Manufacturers

- Prescription pharmaceuticals
- Medical equipment and materials
- Clinical diagnostic reagents,

etc.

- High-quality, highly efficient distribution
- Enhancing product value, raising disease awareness, and identifying potential patients through ARs*
- Provision of value-added services such as PFM®*

Prescription Pharmaceutical Wholesale Business companies

Main Capitals Utilized

Distribution facilities capital
- Highly advanced and efficient nationwide distribution network (ALCs*, FLCs*, and MRCs*)

Human capital
- ARs, MSs*, pharmacists, and specialists in specific fields with a high level of expertise

Intellectual capital
- Distribution technologies covering all temperature zones
- Proprietary logistics expertise enabling high accuracy and productivity
- Testing services based on clinical data

Social and relationship capital
- Innovation network encompassing biotech startups, universities, and other partners

Key Functions

Distribution function
- Stable supply in both normal times and emergencies
- Inspection by individual scans* and sequential shelf-location deliveries
- Manufacturer distribution tailored to product characteristics
- Logistics with consideration for people and the environment (White Logistics)
- Distribution planning for specialty pharmaceuticals

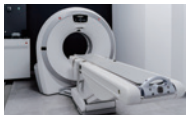
Information and sales function
- Improving product value and customer relationship management
- Order, inventory management, and logistics solutions tailored to customer needs
- Provision of information on prevention, diagnosis, and treatment
- Disease awareness activities, identification of potential patients, and referrals to specialist physicians
- Collaboration with partner companies
- Development support and distribution solutions through the PFM® model
- Creation of new businesses in collaboration with startups and venture companies

Main Products

Prescription pharmaceuticals




Medical equipment and medical materials




Other related products and services




Value Delivered

- Realizing stable supply
- Provision of advanced information
- Strengthening regional healthcare collaboration

- Support for greater operational efficiency and labor savings

Nationwide
- Hospitals
- Medical clinics
- Dispensing pharmacies

Patients

Society

* Please refer to page 75 for explanations of technical terms.

Prescription Pharmaceutical Wholesale Business

Advancing Growth Strategies by Leveraging Our Strengths

Business Environment Overview

Opportunities

- Expansion of the healthcare market driven by growing interest in disease prevention and pre-disease care, together with increasingly diverse healthcare needs
- Growing demand for community-based and home healthcare resulting from healthcare system reforms aimed at building a sustainable healthcare delivery system
- Expansion of data-driven businesses and the medical market as healthcare DX advances
- Increasing demand for efficient logistics and systems as drugstores expand their dispensing functions and consolidation accelerates in the retail sector
- Growing demand for specialized distribution services driven by the expansion of the specialty pharmaceutical market and the entry of pharmaceutical startups into Japan
- Rising demand for sales outsourcing as the number of pharmaceutical company MRs* continues to decline

Risks

- Supply chain disruptions caused by natural disasters
- Decreasing competitiveness due to the declining labor force and difficulties in securing human resources
- Rising operating costs due to higher energy prices and increases in raw material and labor costs
- Reduced profitability resulting from annual drug price revisions
- Reduced working capital associated with the bankruptcy or deteriorating financial condition of medical institutions

Strengths in the Business

(ALC)

- Highly advanced, highly efficient nationwide distribution network (ALCs*, FLCs*, and MRCs*)
- Business continuity plan (BCP) framework aimed at achieving distribution that does not stop even during disasters
- Rigorous quality control compliant with GDP* guidelines and specialized logistics technologies
- Logistics systems with consideration for people and the environment (White Logistics)
- Order and inventory management capabilities that contribute to improved operational efficiency and more time for customers
- Proprietary logistics expertise that achieves accuracy and labor efficiency

(AR)

- Highly mobile, specialized professionals, including ARs* and DMRs*
- Extensive information-sharing and intelligence-gathering capabilities covering medical institutions throughout Japan
- Nationwide network and strong relationships with manufacturers, medical institutions, retailers, and other business partners, and municipalities

(Other Strengths)

- Integrated utilization of management resources following the acquisition of PALTAC CORPORATION as a wholly owned subsidiary
- Value creation through collaboration with strategic partners
- Partnerships with startups and venture companies

Initiatives to Leverage Our Strengths and Achieve the Medium-Term Vision

- Open the Tokyo ALC, the Group's 14th ALC, to strengthen the stable supply system for the Tokyo metropolitan area
- Integrating the latest AI technologies with material handling equipment to enable labor efficiency, high efficiency, and high productivity, while achieving a shipping accuracy rate of 99.9997%, minimizing delivery costs
- Establish a business continuity plan (BCP) to ensure the uninterrupted supply of products during natural disasters, pandemics, and other emergencies, supported by earthquake-resistant and seismic isolation structures, in-house power generators, and on-site fueling facilities
- Achieve ISO 9001 certification for ALC operations through MEDISKET CORPORATION
- Expand the exclusive distribution outsourcing of specialty pharmaceuticals in response to continued market growth
- Enable automated ordering based on demand forecasts through systems such as PRESUS®* for dispensing pharmacies, contributing to improving customers' operational efficiency
- Reduce customers' workload at the point of delivery through proprietary functions such as inspection by individual scans* and sequential shelf-location deliveries
- Enhance convenience and streamline customer management through the operation of an e-commerce website for dental clinics
- Expand co-promotion activities through specialized teams, including RD-MRs* (rare diseases), Women's Coordinators* (women's healthcare), and NS-MRs* (neurological and psychiatric disorders)
- Combine the expertise of specialist and regional ARs to serve as Regional Medical Coordinators, promoting disease awareness, identifying potential patients, and connecting them with specialist physicians
- Strengthen regional healthcare networks and address community healthcare challenges by connecting medical institutions, municipalities, and other stakeholders
- Advance the development of three R&D pipelines for ultra-rare diseases through collaboration with JCR Pharmaceuticals Co., Ltd. while building a global sales network
- Accelerate the market penetration of PreMedica Inc.'s gut microbiome testing service, etc. by leveraging the sales channels of Group companies

* Please refer to page 75 for explanations of technical terms.

Prescription Pharmaceutical Wholesale Business

Focus

Building Sustainable Logistics through a Nationwide Network of 14 ALCs*
Launching an Urban Logistics Model and Pursuing Global Quality Standards

Optimizing the Supply Chain and Achieving Sustainable Distribution in the Tokyo Metropolitan Area through the Next-Generation Tokyo ALC*

The MEDIPAL Group is advancing initiatives for "Building Sustainable Logistics Business," one of the growth strategies of the 2027 MEDIPAL Medium-Term Vision. As part of these efforts, MEDICEO CORPORATION opened the Tokyo ALC, the Group's 14th ALC, to strengthen its capacity to provide a sustainable and stable supply of prescription pharmaceuticals and other healthcare products in the Tokyo metropolitan area. The facility has been in operation since January 2026.

The Tokyo ALC features a seismic isolation structure (device) and in-house power generation systems, providing a robust BCP framework that enables it to remain fully operational for 72 hours during a power outage. In addition, by combining logistics expertise accumulated over many years with the latest AI technologies and material handling equipment, the facility has achieved an exceptionally high delivery accuracy rate of 99.9997% (Six Sigma) while also enabling low-cost operations through reduced labor requirements.

Going forward, the facility is scheduled to expand into the Group's first multi-company logistics center, housing MEDIPAL Group companies in addition to MEDICEO CORPORATION. Through shared use of the facility, the Group will work as one to optimize the entire supply chain, including by building a more efficient distribution system and reducing environmental impact.

ISO 9001 Certification Achieved at All ALCs Nationwide

MEDISKET CORPORATION, which operates the Group's logistics business, is working to further enhance the quality of pharmaceutical logistics in line with global standards.

Following the certification of nine ALCs under ISO 9001, the international standard for quality management systems, in July 2025, the company continued its efforts to establish a consistently high-quality logistics system nationwide. A further five ALCs obtained certification in June 2026, completing ISO 9001 certification for all 14 ALCs nationwide, including the Tokyo ALC.

During the certification audits, MEDISKET CORPORATION was recognized for its comprehensive efforts to provide high-quality pharmaceutical logistics, build disaster-resilient logistics systems, and reduce the environmental impact of logistics, all with the aim of meeting customer expectations for the safe, secure, and appropriate distribution of pharmaceuticals.

Going forward, the company will continue to evolve its quality management systems as it works to build a safe, high-quality pharmaceutical distribution platform that earns the highest levels of trust and satisfaction from stakeholders.



MEDICEO CORPORATION's new Tokyo ALC

VOICE

Aiming to Become an AR Trusted as a Partner in Community Healthcare
Challenges as Women's Coordinator



Aya Murata
Nishi-Nihon Women's Group,
MR Business Division
MEDICEO CORPORATION

As a Women's Coordinator*, I provide medical institutions with comprehensive information on pharmaceuticals, prevention, diagnosis, treatment, and other relevant information in the field of women's health. I am presenting a range of treatment options for women's health issues, which are often regarded as something women must simply endure. I find great social significance in helping create an environment where patients can access appropriate healthcare.

Guided by our mission of "creating a society where women in our communities can live healthy, fulfilling lives with a smile," I am working toward our goal of becoming a trusted partner among everyone in the field of women's health.

The same sentiment also applies within the company. By embodying how I work with a sense of fulfillment while balancing child-rearing and a sales role myself, I hope to lead a more diverse way of working so that female employees can continue to take on new challenges regardless of changes in their life stage.

Learn more about these initiatives (in Japanese only).

* Please refer to page 75 for explanations of technical terms.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

Creating New Value with Partners and Supporting Distribution's Future by Evolving PALTAC's Business Model through Group Collaboration

PALTAC CORPORATION plays a vital role in ensuring the stable and efficient distribution of products that are essential to everyday life in the fields of "Beauty and Health." Against a backdrop of rising prices, labor shortages, and increasingly diverse consumer needs, the distribution industry is approaching a major turning point. To remain a company that society continues to rely on in the years ahead, we have established our long-term vision, "Creating the future of people and society through the power of connections." Guided by this vision, we are evolving beyond the traditional role of a wholesaler into a company that creates new value across the entire supply chain through logistics, information, and digital technologies utilization. With an aim to further accelerate such initiatives, building on our transition to a wholly owned subsidiary, we will further strengthen collaboration across the MEDIPAL Group and maximize synergies to contribute to the Group's sustainable growth and the continued development of the industry.



Takuya Yoshida
Director, in charge of Cosmetics, Daily Necessities and OTC Business
MEDIPAL HOLDINGS CORPORATION

Business Model (Value Chain)

External Environment
- Declining birthrate and aging population (population decline)
- Shrinking workforce
- Diversification of values
- Convergence of the healthcare and everyday living sectors
- Advances in digital technologies, AI, and DX
- Climate change and shortages of resources and energy

Manufacturers
- Cosmetics
- Daily necessities
- OTC pharmaceuticals

PALTAC CORPORATION

Main Capitals Utilized

Distribution facilities capital
- Nineteen highly efficient large-scale distribution centers nationwide and a unit load system designed for the mechanization and automation of cargo handling

Human capital
- A diverse workforce that drives distribution innovation and serves as the foundation for sustainable growth

Intellectual capital
- Extensive distribution data, information systems that support distribution efficiency, and expertise in continuous process improvement

Social and relationship capital
- Strong business relationships and a foundation of trust with manufacturers and retailers, and domestic and international supply chain networks

Key Solutions

Logistics solutions
Supporting stable product supply and enhanced distribution efficiency through high-precision and efficient logistics capabilities, with a delivery accuracy rate of 99.999%.

Total solutions
Supporting the optimization and efficiency of the entire supply chain by seamlessly integrating logistics, sales, and information through digital technologies and data utilization.

Retail solutions
Helping retailers maximize sales at stores and enhance in-store value through merchandise assortment and shelf layout proposals, inventory management, and other solutions based on the analysis of extensive distribution data.

Main Products

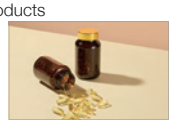
Daily necessities




Cosmetics




Health and hygiene products

OTC pharmaceuticals



Value Delivered
- Contributing to the realization of sustainable distribution that supports people's "Beauty and Health" through innovation across the supply chain

Retailers
- Drugstores
- Discount stores
- Convenience stores
- Home centers
- Supermarkets

Consumers

Society

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

Advancing Growth Strategies by Leveraging Our Strengths

Business Environment Overview

Opportunities

- Growing needs for optimized distribution driven by labor shortages and changing consumer demand
- Expansion of distribution solutions through greater use of data
- Increasing demand for products related to "Beauty and Health" as consumer interest continues to grow
- Diversification of purchasing behavior driven by changing values and growing consumer frugality

Risks

- Economic contraction and falling profits due to population decline in Japan
- Pressure on profitability due to rising labor and logistics costs
- Declining competitiveness resulting from workforce shortages and increasing difficulty in attracting and retaining talent
- Growing threats to the sustainability of distribution arising from climate change and natural disasters

Strengths in the Business

- Stable supply capabilities and high-quality logistics supported by an efficient nationwide distribution network
- Cost competitiveness and investment capacity supporting earnings underpinned by highly efficient logistics operations
- Merchandising expertise on sales floors based on extensive distribution information from the industry's leading market position
- In-house development capabilities that continuously enhance the systems supporting sales and logistics
- Ability to connect the commercial, physical, and information flows by leveraging strong relationships with manufacturers and retailers
- A workforce with the commitment and execution capabilities to solve problems through continuous improvement driven from the front line

Initiatives to Leverage Our Strengths and Achieve the Medium-Term Vision

Improving Profitability through the Expansion of New and High-Value-Added Products

- Leverage the information gathering ability and international trading expertise developed by overseas subsidiaries to identify distinctive local brands and expand their presence in the Japanese market
- Increase consumer awareness and cultivate Japan's inner beauty market through product proposals centered on Korean brands and the deployment of pop-up events

Optimizing Distribution by Connecting the Supply Chain through Data

- Jointly establish Product Registry Services, Inc. to centrally manage product information and improve the efficiency of product information management across manufacturers, distributors, and retailers
- Launch NICE2MEET, a BtoB matching platform specializing in the health and beauty care (H&BC) sector, to create efficient connections between manufacturers and retailers while generating new business opportunities
- Enhance the PIT in-store information-sharing platform to visualize promotional and in-store data, helping maximize sales while eliminating inconsistencies, inefficiencies, and waste

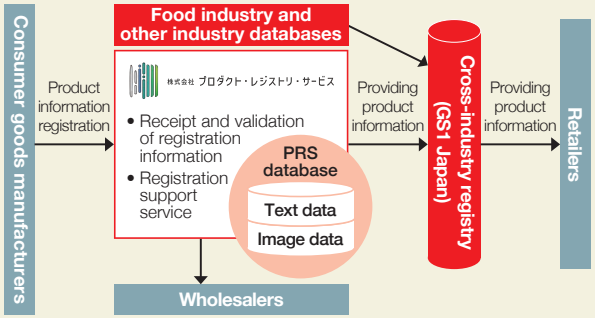
Building a Resilient and Sustainable Logistics Network

- Expand collaboration with companies in other industries and fellow wholesalers by participating in the CODE joint delivery consortium and other initiatives to co-create a sustainable distribution network
- Construct a next-generation logistics hub that will serve as the implementation base for a highly accurate, highly efficient logistics model in response to workforce shortages, rising logistics costs, and growing demand for high-mix, low-volume distribution

Focus

Jointly Establishing a New Company to Centralize Product Information Management and Improve Information Exchange Across the Industry

Product information (data) forms a critical foundation of the distribution process, supporting order processing, logistics, in-store merchandising, and e-commerce. At the same time, the volume and complexity of product information needed continue to increase as e-commerce expands and product labeling requirements become more sophisticated. As a result, manufacturers, distributors, and retailers face a growing administrative burden from company-specific data processing and registration, manual data entry, and inconsistent operating rules for exchanging information and maintaining product master data. These challenges cannot be fully addressed by individual companies alone and require an industry-wide solution. To address this need, PALTAC CORPORATION jointly established Product Registry Services, Inc. (PRS) with ARATA CORPORATION and PLANET, INC. to create a centralized platform for managing product information. By providing a shared platform through which manufacturers, distributors, and retailers can access accurate and reliable product information, PRS will improve the efficiency of information exchange across the entire supply chain while reducing waste in both commercial and physical distribution. Furthermore, by using product information as the foundation for connecting manufacturers, distributors, and retailers through data, the company will improve the quality of information needed for new product launches, in-store merchandising, and logistics optimization, thereby enhancing productivity throughout the distribution process. Leveraging its core strength of the "power of connections," PALTAC will continue working with partners across the industry to address shared challenges and help build a sustainable distribution infrastructure that ensures consumers can obtain the products they need, when they need them.



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

From the Vitality of Animals to the Peace of Mind of Everyday Dining Supporting Healthy Living with Reliable Strength that Sustains Life

MP AGRO CO., LTD. is committed to supporting the healthy growth of animals and ensuring food safety and security. Our mission extends beyond the stable supply of veterinary products, as we also strive to provide valuable information and gather customer needs to deliver even higher value-added services. Going forward, together with Cygni Corporation, which joined the MEDIPAL Group in January 2026 and operates an e-commerce (EC) business serving animal hospitals, we will broaden the scope of our initiatives to support all stakeholders in the animal healthcare sector, extending beyond the companion animal[1] field to include the fisheries and livestock field.

The mission of MP Gokyo Food & Chemical Co., Ltd. is to continually provide valuable goods and products leveraging its commitment to R&D capabilities and quality and its strengths in information provision and communication, with the hope of creating a world where everyone can live in good physical and mental health. We also seek out unmet needs that are not yet fully recognized and work together with our stakeholders to develop solutions that contribute to society. By consistently providing safe, high-quality products, we aim to serve as a trusted partner.

Hidemitsu Wakita
Director,
in charge of AGRO & Food Business
MEDIPAL HOLDINGS CORPORATION



Accelerating Growth Strategy through the Integration of Physical and Digital Channels

In January 2026, MP AGRO CO., LTD. completed the acquisition of all shares of Cygni Holdings Co., Ltd., which itself owns all shares of Cygni Corporation, which operates an e-commerce (EC) business for animal hospitals in the companion animal field. As a result, MP AGRO has become one of the industry's leading companies by sales in the companion animal field, in addition to its established leadership in the fisheries and livestock field.

This acquisition combines MP AGRO's strengths in face-to-face consulting and sales with Cygni's EC platform, enabling the integration of physical and digital channels to establish a strong competitive advantage. Cygni also enjoys an exceptional market position, with its core EC merchandising business for animal hospitals achieving customer coverage of more than 90%. By leveraging this extensive customer base to strategically strengthen coverage in underserved areas, MP AGRO will accelerate the expansion of its nationwide wholesale business.



Deepening Post-Merger Synergies and Accelerating Growth in the Semiconductor and Overseas Markets

Through synergies from the management integration with MEDIPAL FOODS CORPORATION in October 2024, MP Gokyo Food & Chemical Co., Ltd. has strengthened its planning, development, and proposal capabilities while expanding its nationwide sales network. Building on these strengths, the company is further expanding its core food ingredients business. As part of its growth strategy, the company is also strengthening overseas sales activities by expanding sales channels for its proprietary tamarind seed gum for use as a food ingredient in North America and across Asia. It is also expanding the use of this product as a cosmetic ingredient in Europe and North America.

In addition, the company is accelerating growth in its electronic chemicals field (semiconductor applications) in the chemical products business. The company develops and markets electronic chemicals that are essential to semiconductor manufacturing. To accelerate growth in this field, it is significantly increasing its research personnel and constructing a new research facility.

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

Animal Health Products Wholesale Business

Business Model (Value Chain)

External Environment
- Rising feed prices and production costs
- Outbreaks of infectious diseases, including highly pathogenic avian influenza
- Longer lifespans for companion animals[1]
- Growing public interest in food safety and security
- Rising logistics costs
- Advances in digitalization

Manufacturers
- Animal health products
- Pet foods
- Veterinary medical equipment, tools and clinical materials
- Mixed feeds
- Feed additives
- Disease control supplies

MEDIPAL Group
- Human pharmaceuticals
- Medical equipment, tools and clinical materials
- Hygiene supplies

MP AGRO CO., LTD

Main Capitals Utilized

Human capital
- Sales professionals with specialized expertise

Manufacturing capital
- Nationwide sales network
- Stable supply system supported by five distribution centers
- Company-owned testing facilities

Intellectual capital
- Proprietary products, including Dermoscent® and One Heart Tablets
- Efficient order processing system (MP+® and MP+LS Smart)

Key Functions

Distribution and supply function
- The only animal health products wholesaler with a nationwide presence
- Stable product supply supported by an extensive logistics network

Sales and information support function
- Provision of valuable information
- Collecting customer needs
- Academic support, including PMS* services

Production and quality control support function
- Hygiene management support based on the HACCP system[2]
- Support for farm certification and pathology testing

Development function
- Planning, development, and introduction of innovative animal health products

Main Products

Animal health products and veterinary medical equipment, tools and clinical materials




Pet foods, mixed feeds, feed additives, and disease control supplies




Domestically exclusive products





Value Delivered
- Contributing to the healthy growth and well-being of animals
- Enriching people's emotional healing through the companionship of companion animals
- Promoting advanced veterinary medicine
- Supporting the production of safe, high-quality fishery and livestock products, thereby contributing to sustainable food safety and security
- Delivering highly reliable products and services

Customers
- Fisheries and livestock breeders
- Livestock clinics
- Animal hospitals
- Government agencies
- Agricultural mutual aid associations
- Agricultural cooperatives
- Universities

- Contributing to improved productivity
- Expansion of therapeutic areas

Fishery stock and livestock
Companion animals

Society

Advancing Growth Strategies by Leveraging Our Strengths

Business Environment Overview

Opportunities
- Entry into new regions
- Increase in products designed in-house
- Expansion of treatment fields for customers
- Increase in consumer needs for safety and security
- Longer lifespans for companion animals driven by advances in veterinary medicine and increased indoor living

Risks
- Market entry of companies from other industries
- Changes in distribution formats
- Population decline
- Natural disasters and infectious disease outbreaks
- Rising prices for imported raw materials due to the weaker yen

Strengths in the Business

- Japan's only nationwide animal health products wholesaler
- A stable supply of products from five distribution centers nationwide
- Exclusive sales of products designed in-house
- Comprehensive hygiene management based on HACCP
- Expansion of the e-commerce (EC) business for animal hospitals

Initiatives to Leverage Our Strengths and Achieve the Medium-Term Vision

- Maximize synergies between MP AGRO CO., LTD. and Cygni Corporation to rapidly expand the companion animal products business
- Focus on expanding pharmaceuticals and supplements designed in-house for the companion animal market
- Launch imports of mixed feed for the livestock industry, the first such initiative for MP AGRO, and market these as products designed in-house

1. An animal that has a companion-like presence and a close relationship with humans in daily life
2. A scientifically based method by which food business operators manage hazards that can cause food poisoning or otherwise harm health throughout the entire process from the reception of raw materials to the shipment of products.

* Please refer to page 75 for explanations of technical terms.

Food Processing Raw Materials Wholesale and Related Business

Business Model (Value Chain)

External Environment

- Diversification of consumer needs
- Heightened interest in health, prevention and pre-disease intervention
- Growing environmental awareness
- Soaring raw material prices
- Higher import costs due to exchange rate fluctuations
- Rising logistics costs
- Falling domestic demand due to population decline
- Difficulty in procuring raw materials due to political instability and abnormal weather

Suppliers in Japan and overseas: Over 2,000

- Food ingredient manufacturer
- Chemical manufacturers

Product procurement

Manufacturing contractors: Approx. 20

Raw material supply

Product procurement

MP GOKYO FOOD & CHEMICAL

Main Capitals Utilized

Human capital
- Professionals with advanced technical expertise

Social and relationship capital
- Extensive domestic and international procurement and sales networks
- Strong, trusted relationships with customers

Intellectual capital
- Technology and expertise accumulated over many years
- Research and development capabilities in materials
- Proprietary naturally derived ingredients (including tamarind seed gum)

Key Functions

Research and development function
- Research into materials technologies that create new value

Sales and marketing function
- Identifying market needs and delivering optimal solutions

Quality management function
- Quality management systems that ensure safe, high-quality products

Trading company wholesale and logistics function
- Procurement and distribution capabilities that ensure a stable supply

Main Products

Food Ingredients
Polysaccharides (including GLYLOID®), seasonings, and functional ingredients




Chemicals and Raw Materials
Pharmaceutical ingredients, cosmetics ingredients (including TAMAVISCO®), coating materials and industrial chemicals, electronic chemicals (for semiconductors)




Value Delivered

- Contributing to people's health and the development of society
- Delivering great taste, ease of consumption, beauty, and health
- Providing a sustainable supply of products that responds to growing environmental awareness among consumers

Sale of manufactured goods and products

Provision of technical expertise and information

Quality and safety

Sales accounts: Over 3,500

Food
- Food processors
- Restaurant industry

Chemical
- Pharmaceutical manufacturers
- Chemical manufacturers
- Personal care product manufacturers
- Electronic materials manufacturers

Consumers

Society

Advancing Growth Strategies by Leveraging Our Strengths

Business Environment Overview

Opportunities

- Diversification of consumer needs
- Heightened consumer interest in the environment
- Heightened interest in disease prevention, pre-disease intervention, and health needs
- Advancement of AI and IT, and acceleration of DX

Risks

- Difficulty in procuring raw materials due to political instability and abnormal weather
- Soaring raw material prices
- Soaring import costs due to the exchange rate fluctuations
- Falling demand due to population decline
- Natural disasters and infectious disease outbreaks

Strengths in the Business

- Original natural raw materials
- Extensive product lineup
- Deepening of Group collaboration
- R&D capabilities in materials
- Quality and safety management capabilities
- Domestic and overseas networks as a specialized trading company
- Technology and expertise accumulated over many years

Initiatives to Leverage Our Strengths and Achieve the Medium-Term Vision

- Strengthen our business foundations by leveraging our R&D and quality control functions to deliver high value-added services to our partner network, which has been further enhanced through our integration with MEDIPAL FOODS CORPORATION
- Expand overseas sales starting with tamarind seed gum
- Promote the development of functional food ingredients that address preventive health and pre-disease care needs
- Step up strategic investment in our electronic chemicals business for the semiconductor field, which is expected to see continued growth

Message from the Chairman of CSR Committee



Fulfilling Our Mission as Social Infrastructure While Continuing to Address Society's Evolving Challenges

Shinjiro Watanabe
Managing Director
In charge of Information Systems and DX
General Manager of Corporate Planning Division
Chairman of CSR Committee
MEDIPAL HOLDINGS CORPORATION

The MEDIPAL Group's Mission and Purpose

In April 2026, I assumed the role of Chairman of the CSR Committee.

The MEDIPAL Group handles products that are indispensable to people's daily lives in the fields of "Pharmaceuticals, Health, and Beauty." We believe that ensuring our customers receive the products they need, whenever and under whatever circumstances, represents the Group's social significance and greatest contribution to realizing a sustainable society. I personally experienced working on the front lines in the areas affected by the 2016 Kumamoto Earthquake. That experience impressed upon me the profound importance of continuing to supply products that safeguard people's health and lives. It reaffirmed my conviction that, as a company supporting essential social infrastructure, maintaining safe, secure, stable, and highly functional distribution lies at the very heart of the MEDIPAL Group's sustainability management.

Human Capital Supporting Resilient Logistics

The unwavering priority we must continue to uphold is maintaining the resilient logistics network that serves as vital social infrastructure. At the forefront of that logistics network are our people, who continue delivering products to customers under all kinds of circumstances. To achieve sustainable growth in a rapidly changing world, investment in human capital is indispensable. We will continue to develop future-oriented talent and promote diversity and inclusion while fostering a corporate culture in which every employee finds fulfillment in their work, respects one another, and strives for continuous improvement. Through these efforts, we aim to maximize the value of our human capital. At the same time, as society becomes increasingly diverse, we will continue working to reduce human rights risks throughout our business activities in accordance with the Human Rights Policy established in 2024.

Environmental Consideration and Strong Corporate Governance

As a group responsible for an essential component of society's distribution infrastructure, coexistence with local communities is fundamental to our business. We recognize that falling behind in addressing environmental issues could seriously undermine society's trust in our Group. Accordingly, we are steadily implementing initiatives to reduce greenhouse gas emissions, including the introduction of electric vehicles and the transition to environmentally friendly sources of electricity.

At the same time, we are strengthening transparent governance and ensuring rigorous compliance in order to maintain the unwavering trust of all our stakeholders. Through the Compliance and Risk Management Committee, we continuously monitor compliance and risks across the Group while further enhancing our corporate governance.

Staying True to Our Purpose While Embracing Change

In recent years, global expectations surrounding sustainability have become increasingly complex and demanding. In times of such rapid change, it is more important than ever to stay true to our core purpose while embracing changes. While remaining steadfast in our core mission as essential social infrastructure, we flexibly incorporate emerging approaches to addressing to society's evolving challenges. By steadily advancing sustainability initiatives that are fully integrated with our business activities, we will strengthen our relationships of trust with local communities and contribute directly to solving social challenges. Together, these efforts form the foundation that supports the MEDIPAL Group's sustainable growth. As Chairman of the CSR Committee, I am committed to integrating sustainability initiatives with our management strategy and ensuring that they advance hand in hand. Looking ahead, we will continue striving to be a trustworthy corporate group in which our employees and our businesses grow together, while coexisting and evolve together with our customers and local communities through our business activities.

Sustainability Management

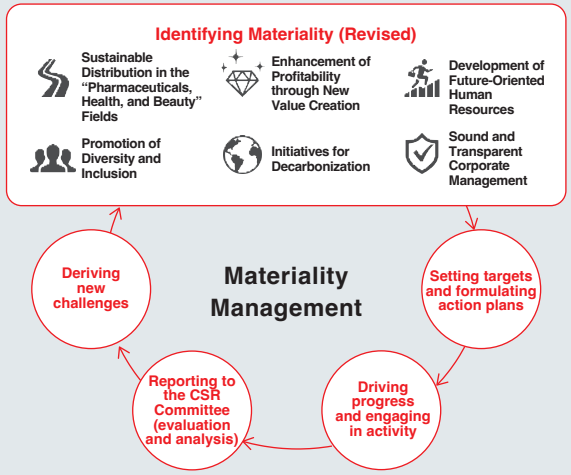
Overview of the Promotion of Sustainability Management

The MEDIPAL Group has identified material sustainability tasks (materiality) based on the management philosophy and the Sustainability Policy. MEDIPAL pursues continuous revision and improvement through a repeated cycle targeting materiality that runs from setting targets and formulating action plans to deriving new challenges to address. We thus seek to contribute to addressing sustainability issues through this style of management.

Management Philosophy
Contributing to people's health and the advancement of society through creation of value in distribution

Sustainability Policy
Connecting to the Future with Energy and Brightness

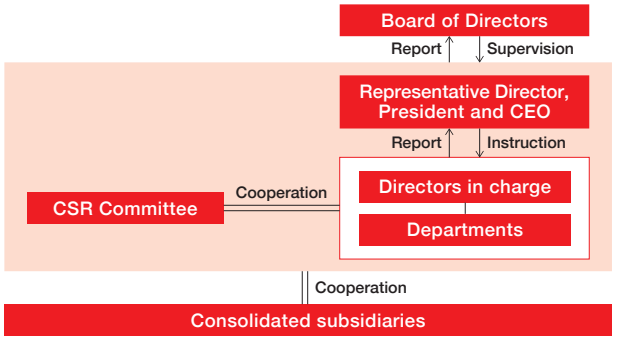
Material Sustainability Tasks (Materiality)



Addressing sustainability issues through business activities

CSR Committee

The CSR Committee promotes sustainability management and discusses sustainability initiatives and promotion policies across the Group, based on the Sustainability Policy, as well as important tasks such as medium to long-term targets. This committee is made up of members drawn from divisions overseeing each materiality, with the Company's director in charge serving as chairperson, and meets, in principle, four times per year. The details of those discussions are brought up in Board of Directors' meetings by the CSR Committee chairperson for resolution. Based on the promotion policies related to sustainability management decided at Board of Directors' meetings, consolidated subsidiaries carry out initiatives led by the responsible departments, and report specific measures and progress to the CSR Committee. The results of these initiatives are then reported to the Board of Directors on a regular basis by the CSR Committee chairperson, helping to maintain a management system that enables appropriate supervision by the Board of Directors.



CSR Committee in FY2025

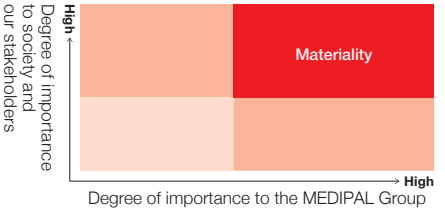
Number of meetings held: 7

Main discussion points

- Confirm progress on materiality
- Conduct human rights due diligence
- Response to climate change
- Examine D&I and health management initiatives

Process to Identify Material Sustainability Tasks (Materiality)

We combined and mapped the information after identifying issues that are highly important for society and stakeholders as well as for the MEDIPAL Group, as shown in the chart below. As a result of discussions on order of priority and appropriateness, we identified materiality for the MEDIPAL Group in six categories.



Step 1 Identify social issues	We comprehensively listed 85 items of social issues that reflect industry trends and perspectives on the Global Reporting Initiative (GRI) Standards, Sustainability Accounting Standards Board (SASB) Standards, SDGs, and other long-term matters.
Step 2 Evaluate importance	Questionnaires on the items of social issues identified in Step 1 were sent out to the CSR Committee members, outside directors, and managers, with instructions to evaluate the items from the perspective of the degree of importance to society and our stakeholders and the degree of importance to the MEDIPAL Group and to assign priorities.
Step 3 Create a draft of materiality	Based on the evaluations in Step 2 and the opinions of outside directors, the CSR Committee discussed the appropriateness and order of priority of the items and then created a draft of materiality.
Step 4 Discussion and decision at the management level	Management debated the draft produced by the CSR Committee before a decision on the materiality at the Board of Directors.

Please see our corporate website for more information on the Sustainability Policy
https://www.medipal.co.jp/english/csr/policy/

Materiality Progress Report

All departments work in concert to advance materiality management, centered on the CSR Committee. We set key performance indicators (KPIs) for all materiality and regularly check on the progress thereof.

Material Sustainability Tasks (Materiality)	Targets and KPIs	Results and Main Initiatives (FY2025)	Plans and Main Initiatives (FY2026)
Sustainable Distribution in the "Pharmaceuticals, Health, and Beauty" Fields Growing through the creation of social and economic value by building a safe and secure distribution network in normal times and during emergencies	Improve productivity by integrating distribution and create new distribution functions to add ¥1.5 billion to ordinary profit in the FY2026 (compared with FY2021)	• Improving infrastructure and BCP in the Prescription Pharmaceutical Wholesale Business • Acquisition of international standard ISO9001 certification for quality management systems (ALCs*) • Distribution alliance with other companies by PALTAC CORPORATION (joint delivery and bulk distribution of food and non-food products) • Support for initiatives aimed at market entry and sale in Japan of Aculys Pharma, Inc.	• Unification of distribution operations for the Prescription Pharmaceutical Wholesale Business and contract laboratory testing business • Growth in contracts for manufacturer logistics • Development of new distribution network at PALTAC CORPORATION (promotion of joint delivery, improvements in distribution center productivity, surfacing and connecting product, distribution and demand data) • Sharing transportation data and considering joint delivery among participating companies through "branch delivery" as part of the joint delivery consortium "CODE"
Enhancement of Profitability through New Value Creation Connecting various people, goods, and services to create new value for the world in cooperation with partners in a forward-looking spirit	Pursue growth strategies to add ¥21.5 billion to ordinary profit in the FY2026 (compared with FY2021)	• Collaboration with JCR Pharmaceuticals Co., Ltd. • Expanding the PreMedica Inc.'s gut flora testing service and launching the new "Un-Chekku®" service for children • Investment in Metagen Therapeutics, Inc. with the aim of bringing gut microbiota transplantation therapy to the public in the fields of pre-disease and disease prevention • Conversion of Cygni Holdings Co., Ltd. and Cygni Corporation to subsidiaries ahead of the acquisition by MP AGRO CO., LTD. of its e-commerce platform for animal hospitals	• Promotion of research and development on pharmaceuticals introduced from JCR Pharmaceuticals Co., Ltd. • Improving sales to nationwide animal hospitals, expanding e-commerce channels and growing sales of products designed in-house through the generation of synergies between MP AGRO CO., LTD. and Cygni Corporation. • Strengthening sales in the food ingredients business in Japan and abroad, and investment in the electronic chemicals business for the semiconductor market, by MP Gokyo Food & Chemical Co., Ltd. • Promotion of open innovation (holding internal business contests)
Development of Future-Oriented Human Resources Developing future-oriented human resources[1] who work proactively toward achieving the ideal situation for MEDIPAL	Proportion of employees meeting certain benchmarks[2] as future-oriented human resources of 20%	• Proportion of employees meeting certain benchmarks as future-oriented human resources: 18.2% • Introduction and operation of competency evaluation system based on requirement definitions for future-oriented human resources • Conducting training of evaluators with a focus on competency-utilization management • Trial run of successor development plans • As part of programs to develop next-generation of personnel in management and key positions, conducting the MP Future Leader Academy program for department head class employees	• Continuing to conduct evaluator training (including competency-utilization management) • Conducting training for developing competencies for evaluated parties (target setting training) • Expanding trial runs of successor development plans • Operating programs to develop next-generation of personnel in management and key positions
Promotion of Diversity and Inclusion Creating an open, active, and cooperative culture that respects employees' diverse personalities and enables them to maximize their potential	• FY2030: Percentage of female employees in management positions of 20% or higher • FY2030: 100% of male employees taking childcare leave	• Percentage of female employees in management positions: 10.3% • Percentage of male employees taking childcare leave: 74.7% • Holding D&I trainings and seminars • Conducting a human rights risk survey • Recognition as an "Outstanding Organization of KENKO Investment for Health 2026" (13 companies)	• Target percentage of female employees in management positions: 11.5% • Encouragement for male employees to take childcare leave • Conduct human rights due diligence • Promotion of health and productivity management
Initiatives for Decarbonization Conducting business with environmentally friendly activities to reduce greenhouse gas emissions and our environmental impact together with stakeholders	• Targets for reduction of greenhouse gas emissions (Scope 1 + Scope 2) • FY2030: 50% reduction (compared with FY2020) • FY2050: Carbon neutrality	• 17.9% reduction in greenhouse gas emissions (compared with FY2020) • Introduction of 443 hybrid vehicles (cumulative total) and 188 electric vehicles (cumulative total) • Disclosure of Scope 2 (location standard) • Achieving a B grade in the CDP 2025 Climate Change Questionnaire • Implementation of programs to increase employee awareness	• 21.4% reduction in greenhouse gas emissions (compared with FY2020) • Considering disclosure aimed at SSBJ standards compliance • New installation of solar panels • Building a model for optimization of distribution
Sound and Transparent Corporate Management Maintaining sound ethical standards in all business activities through the enhancement of compliance, regulatory affairs management, information security, and corporate governance	• Expand training in compliance • Construction of a corporate governance system to accommodate Group companies	• Construction of a risk management system (establishing a reporting structure and building monitoring systems) • Development of CSIRT[3] across group companies, including the four companies in the Prescription Pharmaceutical Wholesale Business • Conducting compliance-related training	• Promotion of risk management focused on quarterly monitoring • Deploying CSIRT at group companies and improving and promoting information security measures • Conducting compliance-related training and ensuring thorough understanding through awareness raising activities

1. This refers to ideal human resources who realize the MEDIPAL Group management philosophy and support the future. Such human resources take on challenges while leveraging their strengths, and generate and transform circumstances, no matter the difficulties they face.
2. Persons who have obtained the highest level in the competency evaluation standards
3. Computer Security Incident Response Team. A structure for preventing the spread of harm by quickly reporting incidents both internally and externally and requesting investigations by specialist institutions, etc.

* Please refer to page 75 for explanations of technical terms.

Relationship Between Materiality and Capitals

We recognize that leveraging our strengths and making effective use of our various capitals is of the utmost importance in creating sustained corporate value.
By continuing to tackle our materiality, we are seeking to further improve and extend our various capitals.

● Capitals relevant to material sustainability tasks (materiality)

Material Sustainability Tasks (Materiality)	Relationship Between Materiality and Capitals	Non-Financial Capitals					Financial Capital
		Human Capital	Distribution Facilities Capital	Intellectual Capital	Social and Relationship Capital	Natural Capital	
Sustainable Distribution in the "Pharmaceuticals, Health, and Beauty" Fields	Programs to build new distribution networks or develop a model for sharing logistics infrastructure are directly connected to improving social and relationship capital and distribution facilities capital. They also contribute to improving the value of our intellectual capital through the building up of patents and know-how. We believe that such activities spur the growth of sales, and, by extension, contribute to the stable formation of financial capital.		●	●	●		●
Enhancement of Profitability through New Value Creation	Through our efforts towards research and development into orphan drugs and towards overseas expansion, we are making progress on building new business models. We view these efforts as enhancing our intellectual capital and distribution facilities capital. We also expect that management integration will spur the creation of synergies across the Group and contribute to improving our financial capital through the capture of new profits. Additionally, addressing solutions to issues in regional communities through the efforts of Regional Medical Coordinators and deepening coordination with various partners can also help to further extend our social and relationship capital.		●	●	●		●
Development of Future-Oriented Human Resources	Our programs to improve engagement, introduce new performance review systems, and develop the next generation of leaders are improving our human capital by increasing the number of our human resources who can drive transformation, and expanding our intellectual capital through greater expertise and organizational strength. We believe that such efforts will help us secure a greater competitive edge and improve productivity, and, by extension, raise our corporate value, thereby ultimately tying into efforts to expand our financial capital.	●		●			●
Promotion of Diversity and Inclusion	In addition to ensuring diversity beginning with the promotion of women's activity, we are working to both better retain talented staff and foster a corporate culture that respects human rights by advancing efforts to establish a workplace environment that is welcoming to all. We believe that such efforts will not only contribute to maximizing our human capital, but also improve our intellectual capital by creating innovation and new value, thus ultimately contributing to the expansion of our financial capital. We also believe that such efforts will contribute to raising society's trust in the Company and improving corporate value, thereby contributing to improving our social and relationship capital.	●		●	●		●
Initiatives for Decarbonization	We are seeking to enhance distribution facilities capital by advancing the introduction of environmentally sustainable facilities, with a view to reducing greenhouse gas emissions. We believe that such efforts will contribute to limiting damage to natural capital by mitigating climate change. Helping the efforts of business partners to decarbonize may also increase not only social and relationship capital but also financial capital because of the sales boost from such initiatives.		●		●	●	●
Sound and Transparent Corporate Management	Programs aimed at rigorous compliance help to strengthen human capital by fostering personnel armed with high morality and to sustainably expand financial capital by improving the soundness of our organization. In addition, we view more sophisticated risk management systems as increasing intellectual capital by accumulating knowledge of risk management and as further expanding our social and relationship capital by deepening relationships of trust with our business partners.	●		●	●		●

Capital Summary

**The MEDIPAL Group divides the management resources that form the foundation for our business into six categories.
By taking advantage of the characteristics (i.e., the strengths) of each type of capital and addressing challenges, we are realizing our "ideal situation."**

	Ideal Situation	Strengths	Challenges
Human Capital Strategy ▶ p. 31	• Realizing the ideal organization (fostering of a creative corporate culture and diverse human resources), ideal human resources (future-oriented human resources), and ideal human resources portfolio (matching the right person to the right job position)	• A shared sense of values emphasized as the standards for making decisions (integrity, morality, and a sense of mission) • Diverse human resources, embodying our management philosophy • An organizational culture that generates diverse business models in the "Pharmaceuticals, Health, and Beauty" business fields	• Developing and attracting human resources to drive growth strategies • Promoting success across all generations • Fostering a culture that embraces challenges • Empowering employees to take ownership of their careers • Enhancing employee engagement
Distribution Facilities Capital Strategy ▶ p. 39	• Optimizing the entire supply chain from manufacturing to final consumers • Building the largest healthcare distribution platform in Japan with advanced functionality to provide safe and secure distribution for "Pharmaceuticals, Health, and Beauty" • Improving distribution productivity	• Nationwide optimal distribution network (ALCs,* RDCs*) • Safe and secure distribution systems that can deliver in normal times and during emergencies • High delivery accuracy • Multi-temperature logistics system • Quality control systems compliant with the Good Distribution Practice (GDP)* guidelines • Distribution systems that are kind to people and the environment (White Logistics Movement)	• Development of supply chain management for realizing sustainable distribution • Improved productivity and greater logistics efficiency in line with workstyle reforms • Development of efficient and effective distribution systems (sharing logistics, modal shifts, home deliveries)
Intellectual Capital Strategy ▶ p. 42	• Building new business models that meet diverse needs related to the "Pharmaceuticals, Health, and Beauty" business fields and create markets • Creating new value by developing a borderless supply chain network	• Insight and execution capable of identifying promising concepts (projects or needs) at an early stage and connecting them to new value creation • Highly efficient and accurate distribution systems to meet diverse needs, and credibility • Group synergies in logistics know-how • Information-gathering and provision capabilities covering medical institutions across the country • Utilizing information-sharing platform • Attentive sales capabilities • Management support integrating the convenience of e-commerce • Manufacturing technologies for unique materials from natural sources	• Enhancement of the business with and in digital • Improving discernment and knowledge sharing within the organization when evaluating and signing new programs to expand the pipeline in the PFM®* business • Acquisition of expertise in pharmaceutical development procedures • Acquisition of expertise to build overseas sales bases • Discernment when building partnerships in prevention and pre-disease fields • Knowledge relating to DX and oral health in dentistry fields
Social and Relationship Capital Strategy ▶ p. 45	• Sustainable growth for the Group by creating social and customer value through collaboration with partners	• Ability to create value through co-creation with partners • Broad nationwide network and strong relationships with municipalities and business partners including manufacturers, medical institutions, and retailers • Cooperation with start-ups and ventures	• Selection of partners in the field of prevention and pre-disease • Investigation and selection of partners in DX fields (clarification of selection criteria) • Development and disclosure of business schemes to create synergies
Financial Capital Strategy ▶ p. 49	• Maximizing Group sustainable growth and corporate value based on optimal capital structure	• Stable financial position • Expanding growth opportunities and diversifying risks through the possession of multiple business segments	• Increasing capital profitability • Reducing the cost of capital • Improving the PBR
Natural Capital Strategy ▶ p. 52	• Reduction in greenhouse gas emissions by 50% in FY2030 (compared to FY2020), and achievement of carbon neutrality in FY2050 • Optimization of entire supply chain and reduction in environmental burden • Realization of management incorporating the opportunities and risks posed by climate change	• Building an optimal distribution model through collaboration with customers • Jointly developing eco-friendly products aimed at expanding ethical consumption • Reducing greenhouse gas emissions during transportation between distribution centers through a modal shift • Improving the efficiency of long-distance relay transportation through collaboration with partners • Implementing operations and recycling to control the volume of waste	• Switching to EVs and hybrid vehicles in Company-owned vehicles • Diversifying renewable energy procurement methods • Shortening vehicle running distance per vehicle and operating time of distribution locations • Conducting quantitative analysis of the impact of climate change on management and considering countermeasures in the future • Reducing the environmental burden throughout the supply chain, and improving calculation accuracy and setting targets for Scope 3[1]

1. Emissions by other companies from business activities

* Please refer to page 75 for explanations of technical terms.

Human Capital Strategy

As the MEDIPAL Group works to achieve our ideal situation and our 2027 MEDIPAL Medium-Term Vision, we are pursuing the enhancement of our human capital linked with our growth strategies because we consider human resources to be the source of our competitive edge and corporate value. The Group encompasses diverse employees with the shared values of integrity, morality, and a sense of mission, actively investing in human resources to develop each person's individual personalities, capabilities, and strengths. While tapping latent human capital to actualize it, we generate organizational synergy through fusion like a chorus of harmony, underpinning improved sustainable corporate value.

Overview of Our Human Resources Strategy

To create social value and customer value and to ensure sustainable growth for the Group, we are focusing on a human resources strategy that links with our growth strategies to achieve our ideal situation, and will reflect this in our various types of programs. Specifically, we have defined the ideal situation for both our organization and our human resources and are developing a human resources management program to build the ideal human resources portfolio to achieve our ideal situation. Through this, the MEDIPAL Group intends to continue to contribute to people's health and the advancement of society by being proactive and constantly evolving, no matter the changes in the operating environment.

Vision for our ideal human resources: future-oriented human resources

We have defined future-oriented human resources as our vision for the human resources that we need to realize our management philosophy.

For its human resources, the MEDIPAL Group places great importance on integrity, morality, and a sense of mission as common values and considers these qualities to be the foundations of decision making.

Integrity
Always take a sincere approach and behave with fairness and honesty

Morality
Act with general common sense as well as in compliance with laws and industry rules

Sense of mission
Take responsibility and behave in accordance with what is right for the organization and oneself

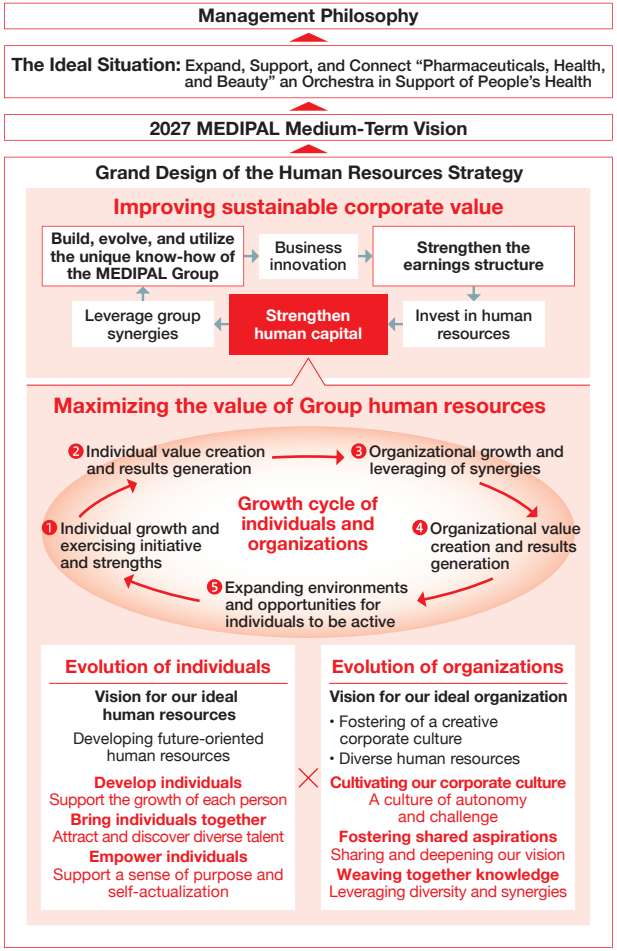
We have defined the six requirements for the human resources that will ensure a sound business base for the future of the MEDIPAL Group and develop our operations in multiple directions while driving innovation (future-oriented human resources): sharing management philosophy; creativity; understanding the essence; involving others; communication; and analysis, identifying issues, and resolution.



Grand Design of the Human Resources Strategy

We have formulated the Grand Design of the Human Resources Strategy as a base for our human resource strategy that links with our management strategy. The goal of our human resources strategy is to maximize the value of the Group human resources. We will realize this through the evolution of individuals in interaction with the evolution of organizations. To achieve this, we built a five-stage individual and organizational growth cycle. We will implement initiatives for the evolution of individuals to develop, bring together, and empower individuals, and for the evolution of organizations to cultivate our corporate culture, foster shared aspirations, and weave together knowledge: (1) individuals exercising their initiative and strengths so that (2) the outcome and added value result in (3) internal synergy for the growth of organizations. The growth cycle is then completed as (4) the growing organizations create new value and (5) expand opportunities for individuals to use their abilities. This cycle will underpin our human capital, build know-how, and lead to business innovation to enhance our earnings structure, realizing sustainable growth of corporate value.

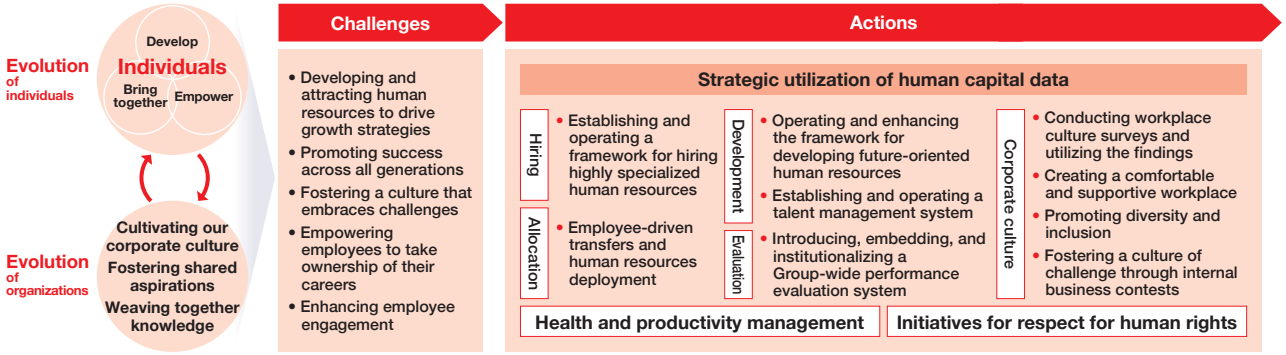
Positioning of the Grand Design of the Human Resources Strategy



◆Strategies and Actions for Realizing the Grand Design of the Human Resources Strategy

To accelerate the evolution of individuals and the evolution of organizations, the two pillars of the Grand Design of the Human Resources Strategy, the Group has identified its key challenges and formulated specific actions to address them. By measuring and visualizing the results of these actions for each identified challenge, we are establishing highly effective progress management and a robust PDCA cycle.

Roadmap to Realizing the Grand Design of the Human Resources Strategy (Key Challenges and Actions)



Systems to Implement Our Strategy

To pursue the human resources strategy, our Human Resources Strategy Department is formulating the entire concept and direction for the Group and developing platforms and other programs for overall management. Based on this, the actual programs are delegated to the administrative and HR departments of each Group company to implement according to their circumstances. The Human Resources Committee meets once a month to ensure coordination between the Human Resources Strategy Department and the HR divisions of each Group company. This committee shares problems, measures, and actions for mutual understanding and greater strategic efficiency, engaging in discussion and coordination geared to the best overall outcome. Matters the committee has deliberated on and decided are reported to senior management as needed to underpin consistent strategies and rapid decision making.

Human Resources Committee in FY2025

Main discussion points

- Actions toward realizing the Grand Design of the Human Resources Strategy and achieving the final-year goals of the 2027 MEDIPAL Medium-Term Vision
- Sharing initiatives and challenges among Group companies to embed the performance evaluation system
- Sharing challenges and initiatives for improvement based on the results of the survey of workplace culture
- Launching a next-generation leader development program and reporting on its progress
- Utilizing the talent management system to realize the human resources portfolio
- Sharing the implementation status of various support initiatives (including career development and reskilling support, and self-management support)
- Conducting interviews with Group companies on overall human resources strategy and human resources management

Action: Human Resources Management Program

Strategic Utilization of Human Capital Data

The MEDIPAL Group utilizes a talent management system for more advanced management of human resources to integrate and visualize information on human resources possessed by Group companies. Since FY2024, the Group has been collecting information on employees' career aspiration . In FY2025, this information was used to match employees with positions through the internal job posting system, among other applications. We also migrated the operation of the performance evaluation system to the talent management system, and consolidated evaluation data. By leveraging these data, we will implement a human resources strategy aligned with our management strategy, optimize talent allocation and succession planning for the benefit of both employees and the organization, thereby strengthening our human capital.

Hiring

The Group believes it is essential to transform our recruitment activities to focus on quality not quantity, and as such we are shifting to hiring based on the requirements for future-oriented human resources. In FY2025 we hired 34 human resources with advanced and specialized knowledge and secured talent to support the realization of the growth strategies in our Medium-Term Vision. In the future, our approach will be to step up our hiring of human resources with expertise from outside the Company, including via referrals[1] by employees. In line with this, the entire Group will adopt a hiring policy aligned with the requirements of future-oriented human resources and develop systems to secure strategic talent.

1. A process where company employees recommend candidates from their own network or personal relationships for possible recruitment

Allocation

As the Group executes the five growth strategies described in the Medium-Term Vision, we are transforming our human resources portfolio to align with changes in our business portfolio.

To shift our human resources portfolio, we formulate personnel plans for each business for strategic and optimal allocation.

In FY2025, we focused on human resource investment in growth strategy businesses and executed personnel transfers across the Group. We will continue to promote personnel exchanges within the Group while supporting each employee in taking ownership of their career development, thereby strengthening the human resources foundation that supports the Group's sustainable growth.

Development

◆Operating and enhancing the framework for developing future-oriented human resources

The MEDIPAL Group recognizes that its people are the foundation for the sustainable enhancement of corporate value. Based on this recognition, we launched the Group Human Resource Development Framework Project in FY2024 to examine measures for employee development. We have now moved into the implementation and operational phase of the framework established through this project, accelerating the development of future-oriented human resources.

In FY2025, to address the Group-wide priorities identified through the project, namely individual growth and embedding career design, we began piloting career consulting sessions. Career professionals conducted one-on-one consultations to help each employee take ownership of their career development and pursue self-improvement from a medium- to long-term perspective.

> Development of the next generation of leaders

To strengthen the development of next-generation leaders, the Group has further enhanced the systematic operation of its selective leadership development programs. In FY2024, we launched the MEDIPAL Project Design Academy for section managers, followed in FY2025 by the MEDIPAL Project Future Leaders Academy for general managers. Going forward, we will further enhance these programs and relaunch them as the MEDIPAL Project Future Leaders Academy Basic and MEDIPAL Project Future Leaders Academy Advance, creating a seamless leadership development pipeline to cultivate the next generation of leaders with a management perspective. In addition, we offer a selective development program for future finance leaders through external programs.

> Development framework linked to the performance evaluation system

The MEDIPAL Group positions its performance evaluation system not merely as a means of determining compensation, but as an important platform for achieving both organizational goals and accelerated employee growth through dialogue between managers and employees. In addition to implementing measures to standardize evaluation practices, we have established a new forum where evaluators come together to engage in in-depth discussions on employee development challenges. We have also developed a self-management tool that encourages behavioral change by recording employees' daily actions and visualizing their progress on a weekly basis. This enables competency development to become a habitual practice for employees at all organizational levels. By articulating and sharing employee development challenges across the organization, we are enhancing the quality of on-the-job training (OJT) while helping each employee experience meaningful professional growth.

▸See "Evaluation" on page 34.

FY2025 Results

- Next-generation leader development program, MEDIPAL Project Future Leaders Academy: 12 participants completed the program
- Financial leader development program: 1 participant completed the program
- Career consulting sessions: 75 participants
- Correspondence courses: 425 participants (144 courses offered)

VOICE

Putting Academy Learning into Practice

Applying Customer-Centric Thinking Developed through the MP Project Design Academy



Yuiko Honma
Global Business Development Section 1, Global Business Development
MP Gokyo Food & Chemical Co., Ltd.

Through the MEDIPAL Project Design Academy, I gained a more objective perspective on my own company by interacting with participants from across the Group. The program also provided a systematic understanding of the entire business planning process, from generating customer-centric ideas to developing business plans and financial projections. Before attending the program, I had unconsciously tended to adopt a product-out mindset, focusing on how to market our own raw material products. This perspective was influenced by our company's dual role as both a manufacturer and a trading company. Through repeated guidance from the instructors and field research exercises, I came to appreciate the importance of approaching business from the perspective of the market and the customer. Today, as I work to expand overseas markets for our products, I make a greater effort to identify customers' challenges through exhibitions and meetings and incorporate those insights into our promotional materials and proposal strategies. Within my team, we also have more opportunities to exchange information on market trends in different countries and discuss customer needs from the customer's perspective. Going forward, I hope to apply this approach to new product development as well, helping create value that continues to earn customers' trust and choice.

◆Build and implement talent management systems

The Group is setting up systems to develop future-oriented human resources and is also working on building talent management systems. Our aim is to provide training tailored to individual needs and support career development, as well as expanding opportunities to be active at work to improve employee engagement.

We will focus especially on the systematic, strategic, and sustained development through talent reviews and successor development plans for next generation management human resources and talent holding key positions, fostering core capabilities to support the growth strategy of the Group.

Each of the Group companies is currently engaged in the building of talent management systems as a trial program. In the program, key positions that lead the growth strategies of the Group companies are identified and job descriptions matching these positions are prepared. The talent management system finds human resources with high potential who show strong alignment with the required competencies, then formulates and implements successor development plans after discussions in the Human Resources Development Committee.

Through this trial, we will verify the effectiveness of these systems, looking toward a full-scale rollout through the entire Group in the future.

Evaluation

To develop future-oriented human resources and establish appropriate evaluation and compensation, we analyzed the current status of the different evaluation and compensation systems in place across the Group companies in FY2023. We then considered which elements should be standardized and which should continue to be designed and operated by individual companies, so that we maintain their competitive edge while also generating synergies for the Group.

This resulted in the definition of MEDIPAL Core Competencies (MCC) shared by the entire Group and we started the new MCC-based evaluation system from FY2024. Linking goal management and competency will promote achievement of individual and organizational goals and development of competency. Furthermore, in FY2025, we introduced a survey on the evaluation system and are using the findings to drive continuous improvements in its operation. Through these efforts, we will further accelerate the development of future-oriented human resources while optimizing the Group-wide human resources portfolio and human resources allocation.

Key Initiatives for the Performance Evaluation System in FY2025

- Enhancing evaluators' management capabilities:Continued to provide evaluator training to strengthen evaluation and management capabilities.
- Ensuring fairness and supporting employee development:Continued to hold evaluator review meetings and Human Resources Development Committee meetings to ensure fair, credible evaluations and support employee development.
- Improving the quality of goal management:Reviewed each employee's goals in detail and provided feedback on identified issues to individual workplaces.
- Promoting understanding among employees being evaluated:Conducted training (including video-based training) for employees being evaluated, based on the results of regular surveys, to deepen understanding of the evaluation system and strengthen self-management capabilities.

Outcomes, challenges, and future actions

- [Outcomes] Reduced variability in performance evaluations:Ongoing training and Human Resources Development Committee meetings improved evaluators' understanding of the evaluation system, resulting in a reduction in the variability of performance evaluations, which had been identified as an issue in the previous fiscal year.
- [Challenge] Perception gap between evaluators and employees being evaluated:Regular surveys revealed that employees being evaluated reported lower levels of understanding, utilization, and perceived effectiveness of the evaluation system than evaluators, highlighting a gap in perceptions between the two groups.
- [Future actions] Further embedding the evaluation system:We will continue to provide training for both evaluators and employees to deepen understanding of the evaluation system and enhance management and self-management capabilities, thereby promoting the further integration and establishment of the performance evaluation system throughout the Group.

Fostering organizational culture and environment

◆Conducting workplace culture surveys and utilizing the findings

The Group regularly conducts surveys on employee awareness and workplace environments to realize a better workplace culture. These surveys use employee engagement and work engagement as metrics to measure the relations between employees and the Company and their motivation toward work, and identify issues in organizations.

Analysis of our survey data to date has shown that three factors have the greatest influence on improving engagement across the Group: aligning organizational and individual goals, open communication, and autonomy within the organization. To strengthen these three elements, we are currently implementing initiatives at both the operational and Group-wide levels.

> Initiatives at each Group company and organizational unit

Each workplace is implementing initiatives tailored to its own circumstances, including participatory dialogue sessions where employees collectively discuss organizational challenges and sessions that enable direct dialogue between management and employees.

> Group-wide initiatives

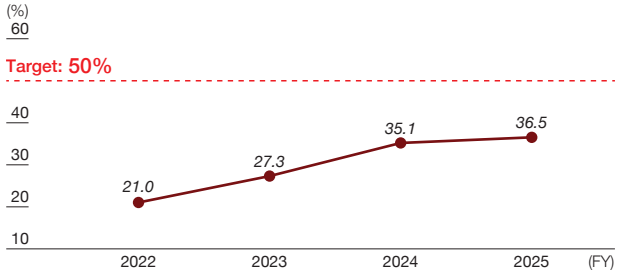
As common initiatives that strengthen the organizational foundation, we are progressively introducing Management Capability Enhancement Training for managers and Goal-Setting Training to help employees redefine their roles. Through these learning opportunities, we will continue to foster an environment in which every employee can identify with the Group's goals and take on new challenges autonomously.

Through these coordinated initiatives at both the operational and Group-wide levels, the MEDIPAL Group aims to create a growth cycle of individuals and organizations. Based on research indicating that employees with exceptionally high engagement have a significant positive impact on organizational performance, we have defined highly engaged employees as those who demonstrate both high employee engagement and high work engagement. We have positioned the proportion of

highly engaged employees as a key indicator of the Group's human capital and will continue to promote initiatives to increase this proportion.

Going forward, we will continue conducting engagement surveys to foster a creative corporate culture, promote the success of a diverse workforce, maximize the value created by every employee, and ultimately generate greater social and customer value.

Percentage of highly engaged employees across the MEDIPAL Group



Defining highly engaged employees



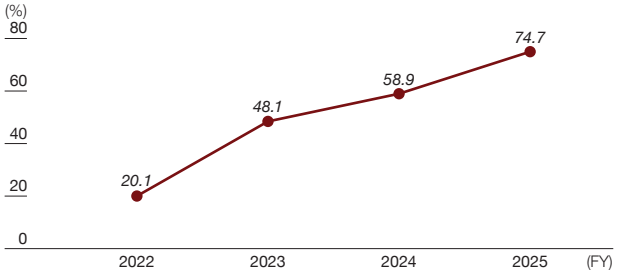
◆Pleasant working environments

The MEDIPAL Group is committed to creating workplace environments where every employee can work with peace of mind, while respecting each individual's lifestyle and values. At the same time, we are enhancing our support systems to promote physical and mental well-being, fostering an environment where everyone can continue working in good health.

> Encouraging male employees to take childcare leave

The Group has set a target of achieving a 100% childcare leave take-up rate among male employees by FY2030, and is working to create a workplace environment where everyone can work with positivity, enjoyment, and a forward-looking mindset. By clearly stating this target, we are actively promoting a range of initiatives aimed at increasing awareness of the system and fostering a workplace culture in which taking childcare leave is encouraged and supported.

Trends in male employees taking childcare leave[1]



Examples of Initiatives to Encourage Male Employees to Take Childcare Leave

- Sharing interview articles featuring male employees who have taken childcare leave
- Sharing informational materials about male employee childcare leave policies and how to take leave, and more.

> Supporting employees' work–life balance

The Group strives to create employee-friendly workplace environments in which employees can use a number of systems such as childcare and nursing care leave systems, shorter working hour system, caregiving leave system, etc. to realize their work–life balance at every life stage.

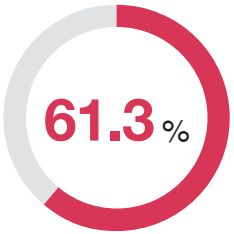
> Promoting workstyle reform

The Group has introduced flexible work arrangements such as staggered working hours, variable working hour systems, telecommuting, and flextime, to promote more efficient ways of working. Through these initiatives, we are working to reduce overtime and improve the rate of paid leave utilization.

Monthly Average Overtime Work



Average Percentage of Paid Leave Taken



1. Applicable companies for FY2022: MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, MEDISKET CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., MP Gokyo Food & Chemical Co., Ltd., MEDIPAL FOODS CORPORATION
Applicable companies for FY2023 and onward: MEDIPAL HOLDINGS CORPORATION and its consolidated subsidiaries

◆Promotion of Diversity and Inclusion

The MEDIPAL Group aims for human resources with diverse values, who exchange opinions and work with mutual respect regardless of gender, nationality, or background, to continue to drive personal growth and the development of the Company, based on our Declaration on Diversity and Inclusion, “Creating the shining future with bright personalities.”

Such efforts are promoted across the Company under the name of the MEDIPAL Cantabile Program,[1] which works on the three key themes of promoting understanding of diversity and inclusion, ensuring workplaces with high psychological safety, and promoting the active participation of women. The Group-wide Diversity and Inclusion Subcommittee explores and discusses grassroots initiatives that transcend organizational boundaries and puts them into practice.

The Group promotes diversity and inclusion by incorporating approaches to equity. Instead of only developing and supporting systems to address individual circumstances and differences, we also implement initiatives to raise awareness of unconscious bias and ensure fair opportunities so that our workplace environments allow diverse human resources to act with fairness and justice.

FY2025 Diversity and Inclusion Subcommittee

Number of meetings held: 11

Main activities

- Annual D&I training (once a year;for all employees)
- Training for D&I section managers
- Assertive communication training (once a year; for all employees)
- Gender bias seminar (once a year; for all employees)
- Preparation of original leaflet on unconscious bias
- Monthly release of an email magazine on D&I, etc.

> Promotion of women’s empowerment

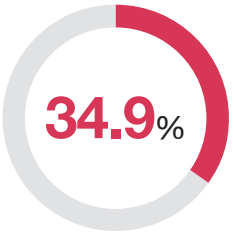
The Group is committed to creating a workplace environment where all our female employees can thrive by choosing work styles that align with their life stages. With the aim of building an environment where both individual and corporate growth can be achieved, we have set a target of achieving the percentage of female in management positions of 20% or higher by FY2030, and are actively promoting various initiatives to realize this goal.

In conjunction with International Women’s Day, the Group has designated March 1–8 each year as Women’s Empowerment Week, during which we carry out Group-wide awareness initiatives. During this period, our workplaces are decorated with mimosa flowers, and employees are encouraged to reflect on women’s empowerment, gender equality, and creating a rewarding workplace through initiatives such as online seminars and wearing the mimosa color (yellow).

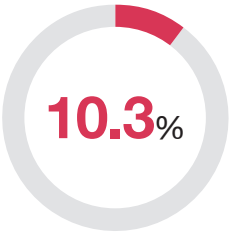




Percentage of Female Employees (Regular Employees)



Percentage of Female Employees in Management Positions



Examples of Activities Supporting Women’s Empowerment

- Survey on career aspirations targeting female employees
- Sharing internally articles featuring interviews with female employees in managerial positions
- Holding Women’s Empowerment Week 2026 and more

Awarded the Highest Level of Eruboshi Certification (Three Stars)

MEDICEO CORPORATION and ATOL CO., LTD. received the highest level of Eruboshi Certification (three stars) from the Minister of Health, Labour and Welfare for our initiatives to promote women’s empowerment.

> Diversifying employment

Through employing diverse categories such as new graduates, mid-career hires, people with disabilities, and rehiring of employees who have reached retirement age, the MEDIPAL Group is leveraging the uniqueness and strengths of each employee. The percentage of employees with disabilities on a Group average was 2.84% as of March 31, 2026, and we will continue to actively hire people with disabilities and promote their activities.

At PALTAC CORPORATION, an alumni network has been established to engage former employees and declined job offer recipients (alumni), with the aim of enabling them to apply the new experiences and insights gained outside the company and thrive once again. Several individuals have already been rehired through this network and are actively contributing to the organization.

1. Cantabile is a musical term meaning song-like. Everyone working in the MEDIPAL Group wants to be part of an “Orchestra in Support of People’s Health” that brings a rich song-like tone to the performance, rather than simply playing off the musical score (in their job roles).

Health and productivity management

As a distribution networking group that supports the business fields of "Pharmaceuticals, Health, and Beauty," the MEDIPAL Group believes that fostering an environment where each employee maintains a strong awareness of health and can work with vitality is a fundamental foundation for the sustainable growth of the company. Based on this belief, we regard the maintenance and promotion of employee health as a key management issue and are actively promoting health-oriented management.

◆Improvement in health checkups and increase in the participation rate

The MEDIPAL Group provides regular health checkups for employees with a participation rate of nearly 100%. Our health checkups offer a wider range of tests than the legal requirements, and we actively encourage employees to receive follow-up health consultations to detect any illness early and prevent disease.

◆Mental health measures

The Group is dedicated to protecting the mental health of its employees, providing mental health education and conducting awareness-raising activities in Group companies. We have also established an EAP Hotline[1] and put in place a system allowing consultations with dedicated counselors on problems relating to work and personal life.

◆Prevention of lifestyle-related diseases

The Group has established a Health Month, during which we promote employee engagement through initiatives focused on improving dietary habits, as well as encouraging the viewing of seminar videos aimed at addressing lifestyle and health-related issues.

In FY2024 and FY2025, we held the Eat More Vegetables at Lunch Campaign, inviting employees to share photos and comments showcasing the vegetables they ate for lunch during a designated vegetable consumption promotion period. The campaign encouraged employees to adopt healthier eating habits. In addition, to help establish regular exercise habits, we promoted participation in walking events and other activities to raise health awareness among employees.



Examples of entries submitted for the Eat More Vegetables at Lunch Campaign

◆Introduction of the Shift P Medication Support Program

Under the Shift P Medication Support Program,[2] female employees experiencing conditions such as dysmenorrhea are provided with opportunities to consult obstetricians and gynecologists and receive support for the safe use of low-dose oral contraceptives and progesterone preparations. Through these efforts, we are promoting a workplace environment in which female employees can work in good physical and mental health.

The name "Shift P" reflects our desire to change the image of pills and transform (shift) perceptions associated with "P," including period cramps, PMS (premenstrual syndrome), and PMDD (premenstrual dysphoric disorder), from sources of concern into issues that employees can address with confidence.

◆Recognition as an "Outstanding Organization of KENKO Investment for Health 2026"

We have been recognized in the 2026 Outstanding Organizations of KENKO Investment for Health Program,3 jointly administered by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

2026 健康経営優良法人 KENKO Investment for Health 中小規模法人部門

◆Recognition as a "Sports Yell Company 2026"

MEDIPAL HOLDINGS CORPORATION and seven other Group companies[4] were certified by the Japan Sports Agency as Sports Yell Companies 2026 in recognition of their proactive approach to supporting employee health through promoting sports initiatives.

SPORTS YELL COMPANY 2026

◆Certified as a "Shokuiku Best Practice Corporation 2026"

ATOL CO., LTD. was certified by the Ministry of Agriculture, Forestry and Fisheries as a Shokuiku Best Practice Corporation 2026 in recognition of its proactive efforts to promote shokuiku (food and nutrition education) for adults in the workplace and support healthier eating habits and dietary lifestyles among employees.

2026 食育実践優良法人

1. Employee Assistance Program (EAP) Hotline: A contact point for employees to consult a professional counselor on a wide range of concerns about their work or personal lives
2. Applicable companies: MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., SPLine Corporation, MM CORPORATION, ASTEC Co., Ltd., MEDIE Co., Ltd., Kachidoki Yakuhin KK, MP AGRO CO., LTD., MP Gokyo Food & Chemical Co., Ltd.
3. Applicable companies (Large enterprise category): MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, MP AGRO CO., LTD., and MP Gokyo Food & Chemical Co., Ltd. (Small/medium-sized enterprise category): TOSHICHI CO., LTD., ASTEC Co., Ltd., MEDIE Co., Ltd., PreMedica Inc., Medipal Insurance Service Co., Ltd., class A Network Co., Ltd.
4. MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., TOSHICHI CO., LTD., ASTEC Co., Ltd., MEDIE Co., Ltd., PreMedica Inc.

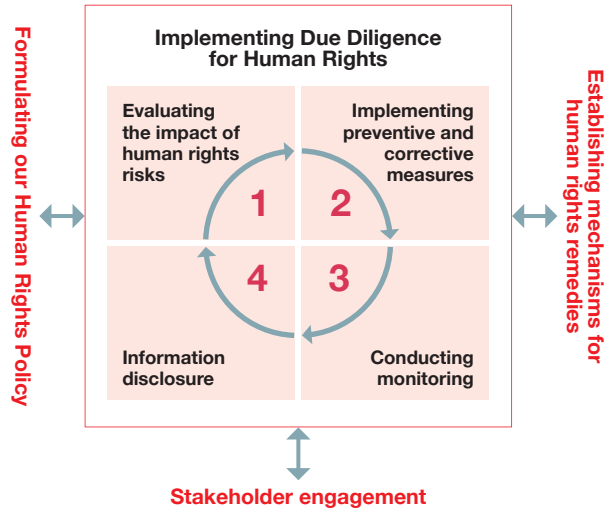
Initiatives for respect for human rights

◆Approach to human rights

In the course of its business activities, the MEDIPAL Group respects the individuality of its employees and attaches great importance to their right to pursue happiness. We are engaged in ongoing efforts to build environments that protect the human and working rights of every individual, such as by establishing internal regulations and an external hotline. We strive to eliminate every type of harassment or discrimination based on gender, age, race, nationality, beliefs, religion, social status, or physical and mental disability, while also making it our basic stance to respect the human rights of all the stakeholders involved in our businesses.

◆General overview of our initiatives for respect for human rights

Based on our Human Rights Policy, the MEDIPAL Group identifies impacts on human rights through internal and external assessments, takes preventive and responsive measures against identified risks, and provides appropriate remedies as necessary.



◆Promotion system

The MEDIPAL Group's initiatives on human rights are deliberated by the CSR Committee, which promotes sustainability management, and their compliance and implementation are supervised by the Board of Directors.

◆Due diligence for human rights

We are advancing initiatives based on a human rights due diligence framework with the aim of preventing and mitigating adverse human rights impacts in our business activities. We regularly conduct risk questionnaires and interviews with Group companies to identify priority human rights issues by evaluating them along the axes of the likelihood of occurrence and the degree of impact, thereby implementing measures to prevent and mitigate adverse impacts.

◆Fostering awareness and understanding among employees

To foster awareness and promote understanding based on our Human Rights Policy, we conduct awareness-raising initiatives for all employees.

Key Initiatives

- Training programs on diversity and inclusion and psychological safety, information security, and harassment prevention (including sexual harassment and power harassment).
- Continuous information-sharing, such as posting awareness-raising posters and so forth.

◆Development of harassment prevention regulations

We have established the necessary regulations across our Group companies to prevent all forms of harassment and have set up systems that allow all employees to work with peace of mind. We take strict measures in cases of improper actions while ensuring that anyone making a consultation about harassment will not face disadvantageous treatment.

◆Establishment of a harassment and interpersonal relation hotline

We have established an external hotline that employees can use for consultations regarding sexual harassment, power harassment, gender harassment, interpersonal relation issues, and other such problems. The consultations are dealt with by qualified industrial counselors, clinical psychologists, and psychiatric social workers. They can be made via telephone or online. We also accept anonymous consultations.

Please see our corporate website for more information on our Human Rights Policy.
https://www.medipal.co.jp/english/csr/social/humanrights/

Distribution Facilities Capital Strategy

Prescription Pharmaceutical Wholesale Business

The MEDIPAL Group regards the establishment of a sustainable prescription pharmaceutical distribution network as a key social mission and is working to optimize this network. Centered on its ALCs,* state-of-the-art logistics centers equipped with advanced automation and efficiency solutions, the Group has already established a proprietary distribution platform capable of withstanding structural changes in the industry, including the so-called 2024 Problem and 2026 Problem.

The Group is reducing the workload across the entire logistics process while improving operational efficiency, and is also meeting increasingly sophisticated healthcare needs through capabilities such as ultra-low-temperature transportation below -150°C. In addition, the Group is actively pursuing optimization of the entire supply chain through initiatives such as expanding joint delivery (Sharing Logistics), promoting a modal shift, and participating in CODE, a cross-industry collaborative distribution consortium.

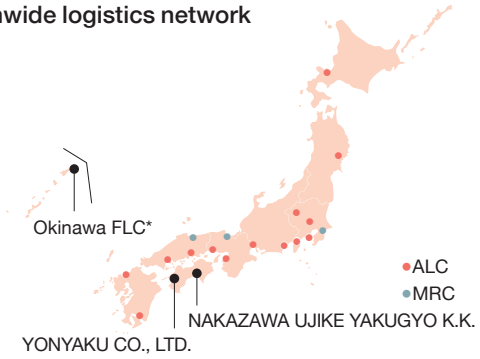
The MEDIPAL Group's distribution capabilities for optimizing the entire supply chain



Logistics Network Centered on ALCs and MRCs

ALCs maintain inventory of more than 20,000 pharmaceutical products, medical equipment, medical devices and clinical materials, and clinical diagnostics, and utilize high-efficiency distribution systems to optimize the entire process from order to delivery. MRCs*, designed based on the expertise gained from ALC operations, serve as logistics hubs. Working in coordination with pharmaceutical wholesaler distribution centers, MRCs play a role in manufacturer distribution. Through cooperation between these two types of centers, we have built a stable, nationwide supply network capable of delivering products quickly and reliably to medical institutions. The distribution platform resulting from cooperation between ALCs and MRCs eliminates inefficiencies and waste, and accommodates a wide range of medical needs with enhanced safety, reliability and convenience.

Nationwide logistics network



Driving DX to Give Healthcare Professionals More Time for Patient Care

By combining the automation capabilities of its ALCs with proprietary digital transformation (DX) solutions, the MEDIPAL Group helps customers secure more time for their core responsibility: caring for patients. Through inspection by individual scans* and deliveries organized by shelf location, the Group has reduced the time required to store products after delivery by more than 50% compared with conventional methods. For heavy products such as infusion solutions, the Group's Unit Load Delivery System transports cart racks directly to hospital wards for sorting, reducing the physical burden on hospital staff. Leveraging its robust logistics infrastructure, the MEDIPAL Group will continue to develop high-value-added logistics solutions that directly address customers' day-to-day challenges while enhancing convenience.

Advanced Logistics Model Ensuring an Uninterrupted Supply of Medicines to Patients

Demand for specialty pharmaceuticals, particularly in the treatment of rare diseases, has grown rapidly in recent years, creating the need for logistics tailored to individual medicines and individual patients. The MEDIPAL Group is conducting a direct-to-home delivery trial for treatments for lysosomal storage diseases, delivering medications directly to patients' homes. While home-based treatment offers an effective option for patients who have difficulty visiting medical facilities, it also presents challenges, including the weight of the medications, stringent temperature-control requirements, and inventory risks. To address these challenges, the Group has established a proprietary logistics model that enables direct delivery from clinics to patients' homes under a rigorous quality management system. In addition, it has developed a new delivery scheme based on outpatient prescriptions in collaboration with dispensing pharmacies. Physicians and patients' families who have used the service have responded positively, with many commenting that it has enabled patients to continue treatment with confidence. Going forward, the Group aims to create new social value by deepening collaboration with dispensing pharmacies and expanding the model to other specialty pharmaceuticals, thereby improving patients' quality of life (QOL) and reducing disparities in access to healthcare.

* Please refer to page 75 for explanations of technical terms.

Strict Quality Management in Compliance with ISO 9001

We have obtained the international standard ISO 9001 certification for all ALCs* (14 locations nationwide). With the emergence of regenerative medicine products and biopharmaceuticals, the standards for temperature control and traceability required in pharmaceutical logistics have become significantly more demanding.

The Group has established a distribution platform that supports a full range of temperature zones from ultra-low temperatures below -150°C to +37°C, providing an advanced logistics model that ensures an uninterrupted distribution until a wide variety of pharmaceuticals reach patients.

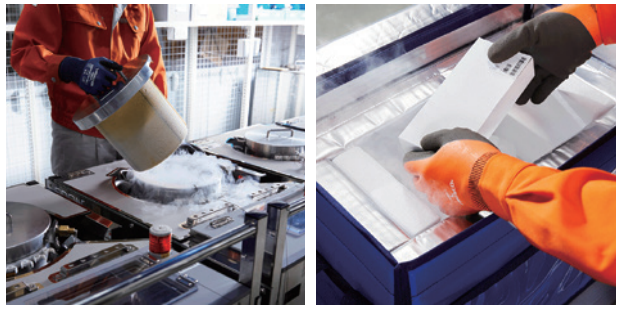
Using its cloud-based temperature monitoring system, LogView, the Group monitors temperature data in real time throughout transportation and storage, ensuring complete traceability from shipment to delivery.

▸See “Focus” on page 20.

JQA-QMA16936

MEDISKET CORPORATION

Scope of registered activities: Receiving, shipping, and delivery operations in logistics of prescription pharmaceuticals and other products
Relevant business locations: Sapporo ALC, Tohoku ALC, Kanto ALC, Saitama ALC, Tokyo ALC, Minami-Tokyo ALC, Kanagawa ALC, Nagoya ALC, Minami-Osaka ALC, Hanshin ALC, Okayama ALC, Hiroshima ALC, Fukuoka ALC, Minami-Kyushu ALC



Ultra-low-temperature storage (left) and transportation (right)

Focus

Optimizing the Distribution Platform and Expanding Joint Delivery in Response to the 2024 Regulations and Ahead of the 2026 Regulations

The logistics industry is facing a period of structural transformation driven by successive regulatory changes, including overtime restrictions for truck drivers (the 2024 Problem) and new regulations strengthening the responsibilities of shippers (the 2026 Problem). As a result, industry-wide reform has become unavoidable.

The 2024 Problem: Labor Issues in Logistics Providers

- Regulations targeting logistics operators and truck drivers
- Aimed at promoting work style reform

The 2026 Problem: Legal Responsibilities of Shippers

- Legal obligations for shippers and the pursuit of a more sustainable supply chain
- Regulations applying to designated shippers (annual freight volume of 90,000 tons or more)
- Mandatory logistics efficiency measures and appointment of a CLO[1]

The focus is shifting from labor issues for logistics providers to legal responsibilities for shippers.

Ahead of these regulatory changes, the MEDIPAL Group has implemented an integrated set of initiatives that enable it to fulfill its social responsibilities while optimizing logistics costs. These initiatives form a cornerstone of the Group’s capital strategy, supporting the long-term earnings base and resilience.

• Approaches to regulations affecting both logistics providers and shippers

telesa-reserve (inbound/outbound reservation service)

Significantly reduces driver waiting times, supporting appropriate labor management.

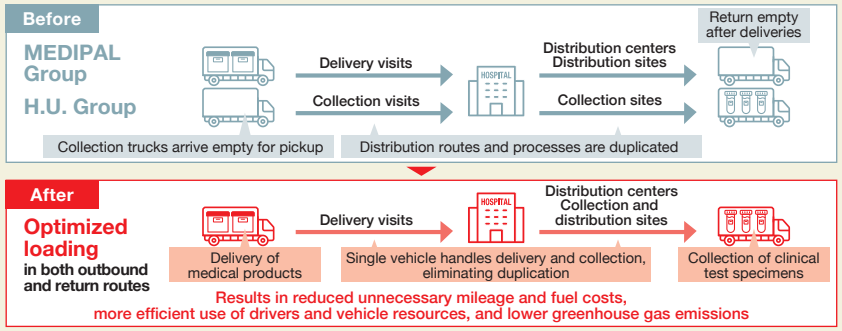
Promoting a modal shift

Expanding the use of rail containers and other transport modes to reduce greenhouse gas emissions from long-distance transportation.

• Cross-industry joint delivery led by MEDISKET CORPORATION

Round-trip joint delivery of pharmaceuticals and specimens with AI-based route optimization

In collaboration with the H.U. Group and other partners, the Group eliminates empty return trips and maximizes vehicle load utilization.
AI is also used to reduce unnecessary travel distances and fuel consumption, improving delivery efficiency.



1. Chief Logistics Officer

* Please refer to page 75 for explanations of technical terms.

Distribution Facilities Capital Strategy

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

PALTAC CORPORATION pursues optimization and efficiency across the entire supply chain, from production through to consumption. Rather than focusing solely on reducing distribution costs, we take a point-of-sale-driven, end-to-end view of the logistics process, succeeding in eliminating waste and raising productivity. Our proprietary logistics system, which boasts shipment accuracy of 99.999%, is highly regarded across industries and continues to evolve. At its core are 16 large-scale regional distribution centers (RDCs)* located nationwide. PALTAC CORPORATION has created a database of sales plans and results for roughly 50,000 items, providing high-quality solutions that support cost rationalization from manufacturers' production volumes to in-store inventory and display management. Through the initiatives under "Taking on the challenge to create new value: developing a new logistics model," one of four key strategies in its Medium-Term Management Plan, PALTAC VISION 2027, announced in May 2024, PALTAC CORPORATION aims to develop an industry-leading logistics model with far and away the highest productivity.

Developing a Logistics Model with Far and Away the Highest Productivity

At its RDC logistics strategy hubs, PALTAC CORPORATION is working to further advance the SPAID* model, which combines accumulated know-how with the latest technologies, as part of efforts to develop a new logistics model that will more than double productivity.

As the base for realizing this vision, the company decided in April 2026 to construct a new logistics center in Kaizuka City, Osaka Prefecture. In addition to further enhancing the SPAID model, the new center will introduce full automation of certain operations and increase the overall level of automation. Furthermore, by introducing a WES[1] to coordinate the strengths of each process and optimize overall operations, the company will further enhance the entire workflow, achieving stable operations and high productivity.

As part of its drive to expand the values provided by its logistics operations, PALTAC CORPORATION launched an integrated logistics service in 2024 that manages and delivers ambient-temperature food and nonfood products together. This reduces operational workloads by cutting the number of trucks and receiving instances, while also contributing to lower greenhouse gas emissions. Through these initiatives, PALTAC CORPORATION is working to improve its selling, general and administrative (SG&A) expenses ratio and capital expenditure efficiency, while building a sustainable business foundation.

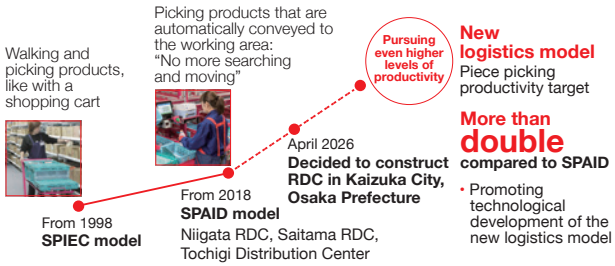
Features of RDCs

Delivery accuracy
99.999%
High delivery accuracy through a product inspection system
By using JAN and ITF codes together with weight inspection, we eliminate shipping errors and achieve highly accurate logistics supporting EDI.[2]

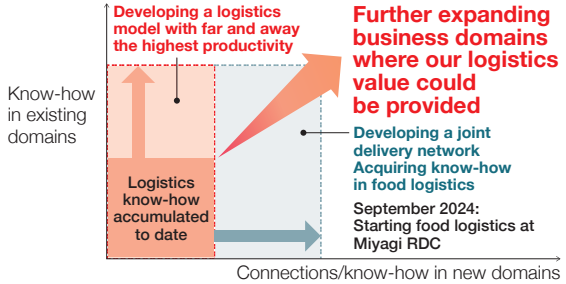
Enhanced productivity
x2
Doubling productivity and enhancing safety through implementing SPAID
We have doubled work efficiency and, through the use of robots, created a safer and more comfortable logistics environment.

Number of patents
20
Proprietary high-efficiency logistics technology
We have developed our own logistics technologies utilizing AI and robotics, and have obtained 20 patents to date.

Changing logistics models and next targets



Domains where the value of our logistics solutions could be provided



VOICE

Pioneering the Future of Logistics with SPAID, Which Balances High Productivity and a Better Workplace



Hideo Wada
Senior Manager of Research and Development Headquarters , Development Department PALTAC CORPORATION

SPAID was developed by combining PALTAC CORPORATION's logistics expertise, built through years of delivering everyday essentials across Japan, with the latest technologies. The logistics industry faces a range of challenges, including labor shortages, an increase in piece-picking driven by increasingly diverse consumer preferences, and the physical demands placed on workers who must walk long distances within large distribution centers. Our goal has been to create a safe and comfortable working environment for everyone, regardless of age or gender. We believe that enabling work to be performed more accurately and efficiently reduces strain while also enhancing the sense of satisfaction and fulfillment experienced by people working on the front lines. Going forward, we will continue to evolve our "no walking, no searching logistics" model, in which products are delivered directly to the operator. Believing that what we achieve today is already part of the past, we will continue to embrace change so that our innovations leave lasting value for the society of tomorrow, driven by our determination to see things through to the end.

Learn more about these initiatives (in Japanese only).

1. WES is an abbreviation for Warehouse Execution System, a system that integrates and optimizes the management of personnel, inventory, and equipment, including robots and conveyors, throughout a distribution center.
2. Electronic data interchange

* Please refer to page 75 for explanations of technical terms.

Intellectual Capital Strategy

The MEDIPAL Group has accumulated expertise and knowledge as intellectual capital through our work to upgrade and enhance logistics functions to meet diverse needs, as well as our efforts to develop PFM®* and other new businesses. We are leveraging this intellectual capital and promoting the growth strategies set out in the 2027 MEDIPAL Medium-Term Vision to enhance our human resources with advanced and specialized knowledge, deepen our collaborations with various partners, and expand our business domains. Going forward, we will work to further improve our knowledge and discernment to aid in developing new business models, while also continuing to accumulate and share knowledge within the organization and strengthen our intellectual capital further.

New Businesses through Accumulated Know-how and Knowledge

The business environment has become increasingly difficult due to the ongoing decline in the birthrate coupled with an aging population, ballooning social security costs, and a shrinking working population. These changes are not temporary trends, and are expected to have a medium- to long-term impact on each business in the MEDIPAL Group. In light of this context, we are engaged in new business development as one of our key strategic initiatives to shift toward a more sustainable earnings structure less susceptible to government policy such as changes to the medical insurance system.

Significance of PFM®

The PFM® business model encompasses the development and stable supply of orphan drugs, thus embodying the MEDIPAL Group's social mission of contributing to improving quality of life for patients and their families. We will continue to support the commercialization and stable supply of orphan drugs by utilizing our sophisticated logistics know-how, our wide-ranging knowledge and discernment in the rare disease field, and our strong partnership with pharmaceutical manufacturers in this field.

Initiatives aimed at moving into overseas markets

For "Expansion of Overseas Business," one of the growth strategies in the Medium-Term Vision, we are leveraging the highly advanced distribution functions of the MEDIPAL Group and utilizing our partnership with JCR Pharmaceuticals Co., Ltd. to tackle new business in global markets.

The products for which MEDIPAL acquired licenses from said company target rare diseases for which there are still no medicines. We consider it possible to establish a leading position in this area by taking the lead in developing business in such untapped markets.

JCR Pharmaceuticals Co., Ltd. is focused on the research and development of several products for the treatment of rare LSDs that use J-Brain Cargo®,[1] JCR's proprietary blood–brain barrier (BBB) penetration technology, among which clinical trials have been underway since 2024 using JR-446.

The MEDIPAL Group is committed to supporting drug development in the ultra-rare disease field, which is generally considered highly challenging. As a company engaged in healthcare, we are dedicated to creating lasting social value by helping deliver new treatments to patients around the world who are eagerly awaiting them.

Initiatives with JCR Pharmaceuticals Co., Ltd. in ultra-rare disease medications development and commercialization

October 2022	Signed a memorandum of understanding on exclusive global commercialization negotiation rights for four candidate therapeutic agents for ultra-rare diseases, and secured a license agreement for overseas commercialization of a candidate therapeutic agent for fucosidosis.
September 2023	Concluded a license agreement for the overseas commercialization of a candidate therapeutic agent (BBB-penetrating α-N-acetylglucosaminidase preparation (development number: JR-446)) for mucopolysaccharidosis type IIIB and a joint development and commercialization agreement in Japan.
December 2024	Clinical test in Japan for mucopolysaccharidosis type IIIB: The first dose was administered to the first subject in a Phase I/II clinical trial in Japan for JR-446.
April and June 2025	JR-446 received Orphan Designation from the U.S. Food and Drug Administration and the European Commission for the treatment of mucopolysaccharidosis type IIIB.
August 2025	Concluded a license agreement for the overseas commercialization of a candidate therapeutic agent for GM 2 gangliosidoses (JR-479) and a joint development and commercialization agreement in Japan.
September 2025	JR-446 targeting mucopolysaccharidosis type IIIB received orphan drug designation from the Ministry of Health, Labour and Welfare.

VOICE

Bridging the Gap Between People and Medicine:

Delivering Information About Rare Diseases, Fostering Knowledge and Contributing to Hope



Maki Onuma (left), **Haruka Wakana** (right)
Pharmaceutical & Global Business Development Department, Business Development Division MEDIPAL HOLDINGS CORPORATION

Our efforts to address rare diseases are an activity that embodies the MEDIPAL Group's philosophy of "leaving no patient behind." This is why we treat delivering information and not just medical products as a key function of distribution. We are working to advance systems for spreading knowledge and understanding of rare diseases within our organizations and beyond through the dissemination of accurate and easy-to-understand information under the supervision of medical specialists and through employee education programs. Through repeat dialogue with patients, families and medical professionals, we are seeking to close "information gaps" and bring about a society that helps provide the right medical care and support for people who need it. Going forward, we hope to continue to serve as a bridge connecting people and deliver information that gives people hope.

Learn more about these initiatives (in Japanese only).

1. This is a technology that enables the targeted drug to cross the BBB by utilizing the transferrin receptor expressed on the surface of endothelial cells in the brain's capillaries.

* Please refer to page 75 for explanations of technical terms.

Expansion of AGRO & FOOD Business

MP AGRO CO., LTD. acquired 100% of the shares of Cygni Holdings Co., Ltd. on January 30, 2026. This added Cygni Corporation, which operates e-commerce sites, to the MEDIPAL Group. The melding of Cygni's "digital sales" with MP AGRO CO., LTD.'s meticulous "real-world sales" achieved broad expansion to our sales channels and expanded the range of products we deal in.

▸See "Accelerating Growth Strategy through the Integration of Physical and Digital Channels" on page 23.

MP Gokyo Food & Chemical Co., Ltd. is pursuing the development of its food business through the provision of value that meets the diversifying needs of business partners and consumers, by leveraging the enhanced planning capabilities, development capacities, proposal capacities and expanded network it obtained through its integration with MEDIPAL FOODS CORPORATION.

GLYLOID® in food product development

GLYLOID® is a polysaccharide tamarind seed gum supplied by MP Gokyo Food & Chemical Co., Ltd. Its unique properties can be utilized in a range of applications in food and personal care products and even industrial chemicals. GLYLOID® is an excellent stabilizer from the perspective of mouthfeel and ease of use, and can even be used in high protein and nutrient rich foods for which demand is forecast to increase. GLYLOID® has a major role to play in the development of these types of food products and has built a powerful reputation that helps us embody the "Your Helping Hand" corporate slogan of MP Gokyo Food & Chemical Co., Ltd.



The GLYLOID® Japanese-language product website (https://www.glyloid.com/) has information on GLYLOID® use and various technologies

Focus

In-House Business Contest "ZERO ONE"

– Pursuing New Business Creation and Operational Transformation

The MEDIPAL Group believes that, to proceed with business reform in response to changing customer needs, it is essential to actively leverage the wisdom and ideas of its employees.

Based on this philosophy, we launched the internal business contest "ZERO ONE" starting in FY2024. The event is held with the aim of creating new businesses and operational transformations, with a view to improving corporate value and bringing about a society in which it is physically and mentally healthy for everyone to live. Ideas adopted from the contest are advanced through side-by-side support from relevant internal departments and experts, budgeting and the establishment of dedicated environments.

Ideas adopted from the first "ZERO ONE" led to the births of not only internal systems, but also two products for customers, which are now being sold.

• ZERO-Cho, the Low-Calorie Dog Treat

MP AGRO CO., LTD. developed ZERO-Cho out of the expertise as an animal health product wholesaler. We want to help ease, even a little, the concerns of dog owners about calories and nutritional balance, who tend to give their beloved pets too many treats. With such intention in it, we created this domestically produced, additive-free dog treat made with just four ingredients. The calories per stick are kept to approximately 0.67 kcal (zero and chotto, meaning a little over zero).



ZERO-Cho, the Low-Calorie Dog Treat

• TOMONI, the Nutrient-Rich Ice Cream

TOMONI was developed by leveraging the wealth of knowledge built up at MP Gokyo Food & Chemical Co., Ltd. through its food materials research and development. Customers told us, "We can eat ice cream even when we have no appetite"—and we responded to their feedback. This ice cream gently fits into your everyday diet, preserving the delicious taste and indulgent satisfaction of ice cream while also providing not only calories but also 10 grams of protein, calcium, zinc, and vitamin D.

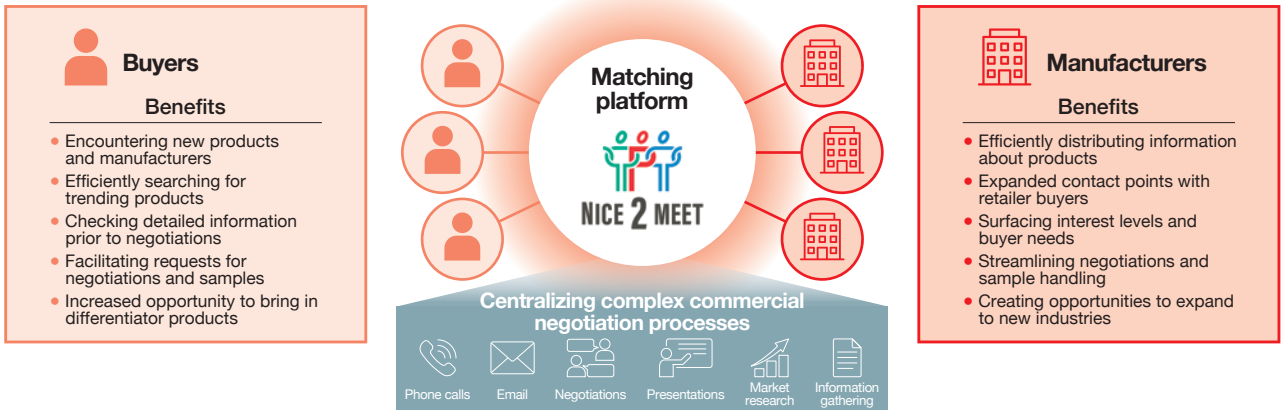


Tomoni, the nutrient-rich ice cream

Digitalizing the Commercial Negotiations Process

In its PALTAC VISION 2027, PALTAC CORPORATION champions the idea of "Taking on the challenge to create new value" by advancing enhancement of its distribution functions using digital technology. In April 2026, it launched its first BtoB matching site, NICE2MEET, as a platform specialized in efficiently connecting manufacturers and retailers online in the health and beauty sector. The platform streamlines the whole process from searching for products to negotiating sales, helping create new commercial opportunities beyond the bounds of existing operator networks and regions or scales. Following matching, we also provide support all the way up to presenting products in stores, leveraging the distribution functions and store support know-how PALTAC has developed over the years. Through these efforts, we are working to revitalize the distribution industry as a whole and help create new value.

Making use of the matching platform, NICE2MEET



Expansion of Prevention and Pre-disease Business

PreMedica Inc. is taking on the challenges of promoting and developing preventative healthcare, with a focus on testing services that surface disease onset risks at the pre-disease stage. In recent years, it has also gone beyond "preventing illness" to pursue the realization of a society where each and every person can engage at peak condition, by visualizing physical and mental condition based on scientific evidence.

Among these, Flora Scan®, a gut flora testing service, represents a testing service that is expected to expand beyond medical institutions to new sales channels. PreMedica also aims to reach 10 million service users, offering not only testing services, but also advancing its range of follow-up services supporting scientific visualization and behavioral change. As one such undertaking, in April 2025, PreMedica began offering its "PreMedica Test Result Registration App," a dedicated smartphone app for registering and managing results from its testing services. The app contributes to ongoing health management post-testing by allowing users to easily register test results and compare their latest test results to past test results. In future, the company plans to analyze the relationship between gut flora test results and daily activity data and other health test results.

In July 2025, PreMedica launched the "GUT POWER PROJECT" in partnership with Hiroshima Toyo Carp Co., Ltd. and Nomura Dairy Products Co., Ltd., from an angle of "gut health × athletes." By analyzing and improving athlete gut flora, PreMedica is helping athletes improve their conditioning and performance. Already, from the 2025 season, PreMedica has confirmed several outcomes from the project, including improved sleep and feelings of recovery, and improved gut microbiome diversity. Continuing the project into the 2026 season, PreMedica will strengthen its efforts to provide support rooted in scientific evidence.



Social and Relationship Capital Strategy

The MEDIPAL Group positions partnership building as a core strategic pillar and works to strengthen its social and relationship capital. In the digital health field, it operates services such as Symview and Boshi-mo. The Group also invests in domestic and overseas start-ups through its corporate venture capital (CVC) fund to drive business expansion. In the area of social contribution, it addresses a wide range of issues, including support for community healthcare, rare diseases, pediatric medicine, and young carers, with the aim of helping to build a sustainable society.

Building Partnerships to Create New Business Models

To respond to diversified social needs, the MEDIPAL Group is collaborating with partners in various business fields to create unprecedented business models as part of the growth strategies in the 2027 MEDIPAL Medium-Term Vision.

Main Initiatives in Building Partnerships

2006	Improving the efficiency of medical care	Entered into a capital and business alliance with Medical Data Vision Co., Ltd. in 2006. Began operation of the medical information portal site Clinical Cloud in cooperation with Medical Data Vision Co., Ltd.'s subsidiary, Doctorbook INC., in 2019.
2016	Improving health	Entered into a capital and business alliance with MTI Ltd. Conducting initiatives to increase market share by expanding the MTI Group's Luna-Luna Medico service, which connects women with physicians, and the maternal and child health handbook app Boshi-mo.
2019	Stable supply of pharmaceuticals	Entered into a business alliance with Mitsubishi Logistics Corporation. Establishing an optimal pharmaceutical distribution system covering all processes from the time products leave the manufacturer's facility until they reach patients.
2020	Integration of distribution functions	Entered into a strategic business alliance agreement with H.U. Group Holdings, Inc., in the medical and healthcare sectors.
2020	Enhancing productivity	Engaged in a joint initiative with major dispensing pharmacy groups and drugstores to develop an optimized model for pharmaceutical distribution to help achieve the SDGs across the entire supply chain.
2022	Pharmaceutical development overseas	MEDIPAL and JCR Pharmaceuticals Co., Ltd. executed a memorandum granting exclusive negotiation rights for the global commercialization outside Japan of four new drug candidates being developed by JCR Pharmaceuticals for ultrarare diseases.
2022	Investment in generic drug companies	Invested in Nichi-Iko Pharmaceutical Co., Ltd., KYOWA Pharmaceutical Industry Co., Ltd., and Teva Takeda Pharma Ltd. Working to establish a new production and distribution model for generic drugs.
2023	Introducing state-of-the-art distribution functionality	Increased productivity through the introduction of AI technologies from Fujitsu Limited, and have also introduced a fault detection system for materials handling equipment, jointly developed with Shinyei Technology Co., Ltd., and electronic SCM labels[1] using SmartTags, jointly developed with AIOI·SYSTEMS CO., LTD.
2024	Moving into prevention and pre-disease	Acquired all shares in PreMedica Inc. and has expanded the prevention and pre-disease product portfolio and business using the company as a platform.
2025	Promotion of industry–government–academia collaboration	Launched joint industry–academia development with Juntendo University. Promoting collaboration among industry, government, and academia to address social issues.
2026	Strengthening our business in the Agro domain	MP AGRO CO., LTD., acquired 100% of the shares of Cygni Holdings Co., Ltd., working to strengthen its business in the companion animal[2] domain.

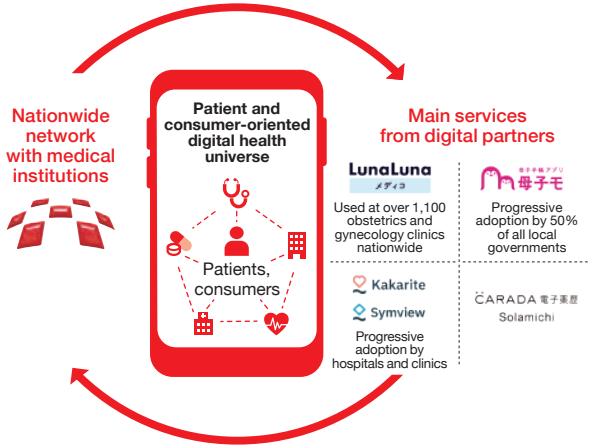
1. Shipper container marking labels
2. An animal that has a companion-like presence and a close relationship with humans in daily life

Providing Digital Health Services in Collaboration with Partners

The MEDIPAL Group is collaborating with digital partners to build digital platforms and pursue healthcare DX through promoting and expanding digital services in medical and healthcare fields. In the medical field, we are contributing to the provision of quality healthcare by connecting medical institutions and patients and contributing to the facilitation of medical communication and streamlining of medical institutions through support for the introduction of DX solutions for clinics such as Luna-Luna Medico, a service which connects women with physicians, LAYERED Inc.'s online system Symview, and the patient management system Kakarite. Among these initiatives, we are currently focused on supporting DX at medical institutions through the introduction of LAYERED Inc. products.

Another initiative has seen municipalities adopt the Boshi-mo maternal and child health handbook app, with the aim of contributing to the spread and expansion of DX in childcare, and to the realization of a safe and secure society for raising children. We are working to achieve our target of 1,000 implementations by September 2026.

Digital Health Services in Collaboration with Partners



Business Investment Through a Corporate Venture Capital (CVC) Fund

Through MEDIPAL Innovation Fund, a CVC fund which we established jointly with SBI Investment Co., Ltd., we are using the diverse sourcing functions of SBI Investment and their extensive investment experience to invest in and support the growth of 15 startups. As a result, we have advanced investment in new fields such as digital health and biotechnology, expanding our business domains beyond conventional areas.

Going forward, we will continue working to expand our revenue base and maximize corporate value, while contributing to the realization of a sustainable economic society.

Investment by the MEDIPAL Innovation Fund

◆Investment in Metagen Therapeutics, Inc.

The fund invested in Metagen Therapeutics, Inc., which is driving healthcare and drug development based on gut biome research, in December 2025.

Metagen Therapeutics, Inc. is working to improve supply chains involved in establishing systems for stool donation from gut microbiome donors and new drug manufacture. The company is advancing the establishment of systems for the safe and secure provision of Fecal Microbiota Transplantation (FMT).

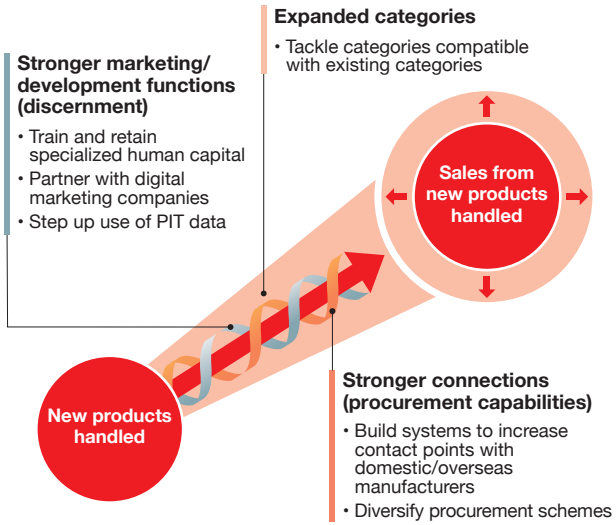
As part of the development of the company's FMT medical technology, it has conducted clinical trials of Advanced Medical Care B[1] targeting ulcerous colitis through multiple medical institutions, obtaining results that confirm safety and indicate effectiveness. Metagen Therapeutics is also working on the development of oral FMT drugs in addition to advancing clinical research targeting esophageal and stomach cancer through immune checkpoint inhibitors and treatments incorporating FMT, and clinical trials targeting Parkinson's disease. The company has high hopes for future business expansion in these areas.

Through this investment, we are supporting Metagen Therapeutics, Inc. in driving the development of FMT treatment and building systems for sales and distribution, as well as collaborating towards a business alliance that can quickly deliver transformative treatments to patients seeking new treatment options.

Increasing Points of Contact with Domestic and Overseas Manufacturers (Improving Procurement Capabilities)

PALTAC CORPORATION is working to improve its discernment through enhanced marketing and development functions in order to respond to increasingly diverse consumer needs, and is also developing its product procurement capabilities through stronger ties with domestic and overseas manufacturers. This will enable the company to offer a broader range of products that enrich and bring color to daily life. In FY2025, the company is not only working to increase its business with manufacturers dealing in products with unprecedented features domestically, it is also strengthening its partnerships with manufacturers dealing in cosmetics and inner beauty products, particularly in South Korea. These products are already being deployed to the Japanese market, and consumer awareness of them is growing. In July 2025, PALTAC CORPORATION held its first direct-to-consumer event, K-INNERBEAUTY POP-UP. Through this, the company sought to increase awareness of South Korean inner beauty products and improve its contact points with consumers in Japan, while leveraging messaging by influencers. Through the launch of BtoB matching site NICE2MEET, the company is also expanding its contact points with new manufacturers and products, and helping improve its product procurement capabilities. On top of this, the company is leveraging its overseas subsidiaries to drive product procurement of attractive local brands with outstanding quality and attention to sustainability, and launching them on the Japanese market.

Enhancing the Handling of New Products



1. "Advanced medical treatments" are medical treatments that make use of advanced medical technologies as established by the Ministry of Health, Labour and Welfare. They are treatments that require evaluation with the aim of efficiently providing appropriate medical treatment to decide whether they should be covered by insurance. Advanced Medical Care B is a medical technology that involves the use of unapproved medicines or medical equipment, or the off-label use of medicines or medical equipment

Value Co-creation in Community Healthcare

We contribute to providing new social value by resolving regional healthcare issues.

Development of marketing activities for specialized fields

We promote the creation of new value in communities as Regional Medical Coordinators by identifying healthcare issues faced by customers such as regional medical institutions, local governments, and schools, and proposing solutions to those issues.

◆Contribution to the field of rare diseases

We appoint ARs* who work exclusively in the rare disease field as RD-MRs* and provide healthcare professionals not only with information on the proper use of pharmaceuticals, but also with details on subsidy programs, the high-cost medical treatment expense system, and cooperating facilities within patients' living areas. Through these efforts, we contribute to the realization of better medical care for patients.

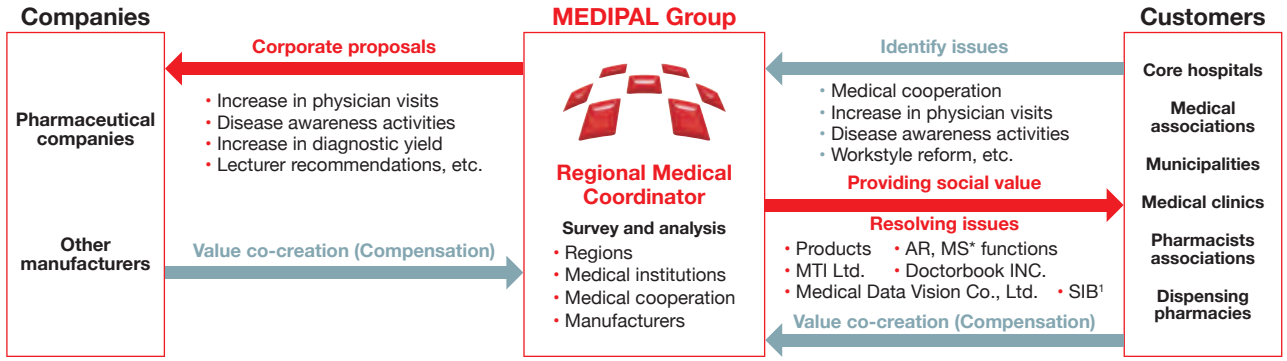
◆Contribution to the field of neurological and neuropsychiatric disorders

We have established the NS-MR* Group as an organization specializing in information activities related to neurological and neuropsychiatric disorders. To help improve the quality of life (QOL) of patients and their families, we undertake information service activities on behalf of pharmaceutical companies, providing and collecting information on diagnosis, treatment, and the proper use of pharmaceuticals primarily to specialists in neurology, psychiatry, and neurosurgery.

◆Contribution to the field of women's health

With the aim of creating a society in which patients can consult obstetricians and gynecologists without hesitation, we have established the Women's Group, composed entirely of women, and assigned Women's Coordinators with strong community ties to each area. We carry out community-based activities such as providing healthcare professionals with comprehensive information on the prevention, diagnosis, and treatment of female-specific conditions (including dysmenorrhea and cervical cancer), as well as giving lectures at schools, chambers of commerce, and other local venues.

Value Co-creation in Community Healthcare



VOICE

Efforts to Deliver Medicines Using Drones



Masanori Haraguchi
Sales Planning Department
TOSHICHI CO., LTD.

TOSHICHI CO., LTD., which is engaged mainly in the wholesaling of prescription pharmaceuticals in Nagasaki Prefecture, partnered with sora-iina, Inc. in 2022 to launch a drone medicine delivery network, a pioneering initiative in Japan, in order to address the issues of delays in delivery and lack of inventory of medicines on remote islands. With such efforts being totally unprecedented, it took intensive negotiations with government and medical associations, leveraging years of delivery insight, to achieve the social implementation of drone delivery for powerful drugs from 2023 and medicines requiring refrigeration from 2026.

At present, the service has received certification as a national strategic special zone. The company is working on further expanding the products the system handles and testing of an enhanced "level 4" flight home delivery model involving autonomous flights to residential areas.

Going forward, the company aims to leverage its regional network to develop a next-generation logistics model originating in Nagasaki, thus realizing sustainable regional medical care.

Learn more about these initiatives (in Japanese only).

1. An approach to outsourcing public services to the private sector, the Social Impact Bond (SIB) is a pay-for-success contract in which the outcomes of the project are evaluated and visualized, and payment is tied to the achievement of outcomes

* Please refer to page 75 for explanations of technical terms.

Social Contribution Activities

Our Commitment to Social Contribution

The MEDIPAL Group recognizes the importance of actively and continuously working to resolve social issues in order to help realize a society in which everyone can live in good physical and mental health. By leveraging our expertise and resources, we will engage in social contribution activities together with a wide range of stakeholders.

Three Commitments

Health and happiness	We support people facing various challenges so they can live in good physical and mental health.
Children of the future	We aim to foster the next generation who will lead the future of this country.
Protecting nature	We engage in activities to preserve the environment and pass it on to future generations.

Health and happiness

◆Support for patients with rare and intractable diseases

The MEDIPAL Group supports Rare Disease Day (RDD), an initiative aimed at improving the quality of life of patients with rare and intractable diseases through better diagnosis and treatment. RDD events are held in February of each year. During that time, MSs* and other employees of MEDIPAL Group companies wear the official RDD badge and work to increase the awareness of rare and intractable diseases.

◆Support for children requiring medical care and their families

MEDIPAL, as a company that plays an important part in healthcare, supports “Momiji House,” a short-term in-patient facility for children with serious illnesses and disabilities and their families. It is operated by the National Center for Child Health and Development.



Momiji House

Children of the future

◆Support for young carers[1]

With the aim of improving circumstances for young carers, we carry out a variety of support activities, including hosting company visits and offering workplace experience programs. FY2025, we newly conducted awareness-raising activities aimed at hospitals and dispensing pharmacies to enhance awareness of young carers in the healthcare industry.



Scene from a company visit

◆Awareness activities on pediatric diseases through the Japan Society of School Health

To contribute to the advancement of school health and the healthy growth of children, we engage in awareness-raising activities on pediatric diseases, thus contributing to supporting education on illnesses, prevention, pre-disease measures, and early detection.

Protecting nature

◆Running the MEDIPAL Environment Month

In June every year, the MEDIPAL Group runs MEDIPAL Environment Month, in line with World Environment Day[2] on June 5. Throughout the month, the entire Group gets involved in environmental conservation activities, such as local community clean-up days. These allow the MEDIPAL Group to support local environmental conservation, while at the same time raising employee awareness of the global environment.

◆Forest Conservation Efforts

As satoyama (traditional community forests) are abandoned, there is increased risk of loss of biodiversity and decline in woodland greenhouse gas absorption functions in those areas. To address these issues and pass on a rich natural environment to future generations, the MEDIPAL Group is conducting forest conservation activities such as tree planting in locations across Japan.



Scene from tree seedling planting

1. Refers to children and young people who regularly perform responsibilities that would ordinarily be undertaken by adults, such as household chores or providing care for family members. The burden can interfere with their studies, friendships, and employment, and many become isolated, making this a serious social issue.
2. A day that commemorates the UN Conference on the Human Environment that met in Stockholm from June 5, 1972. The UN agreed to the proposal, tabled by Japan, to designate June 5 as World Environment Day. In Japan, the Basic Act on the Environment established this day as Environment Day.

Financial Capital Strategy

MEDIPAL Group has as its fundamental principles in capital policy to work towards sustainable growth as a company and maximizing corporate value through business and financial activity organized around the twin axes of increasing capital profitability and reducing cost of capital. We are also working to realize management that has an awareness of capital costs and share price. In FY2026, taking into account future financial conditions and other factors, we expect to significantly increase dividends from the previous fiscal year in order to enhance shareholder returns.

Initiatives to Manage the Business with an Awareness of Capital Costs and the Share Price

Our price-to-book ratio (PBR) has remained below 1.0 for the past six years. Recognizing this situation as an issue, we are pursuing a strategic approach focused on both improving profitability and fostering expectations for future growth to improve PBR.

Specifically, we are seeking to improve return on equity (ROE) and price-to-earnings ratio (PER). To this end, we are implementing comprehensive initiatives from a medium- to long-term perspective.

For ROE, a key indicator of profitability, we have set a target of achieving 9% in FY2026, the final fiscal year of the 2027 MEDIPAL Medium-Term Vision. Since FY2020, ROE has been on a steady recovery trend. However, in FY2024, this fell from the previous year to 6.6%. In FY2025, ROE increased slightly to 6.7% due to an increase in profit attributable to owners of parent. To reach our target, we will continue working to improve operational efficiency and optimize our profit structure to realize sustainable earnings growth.

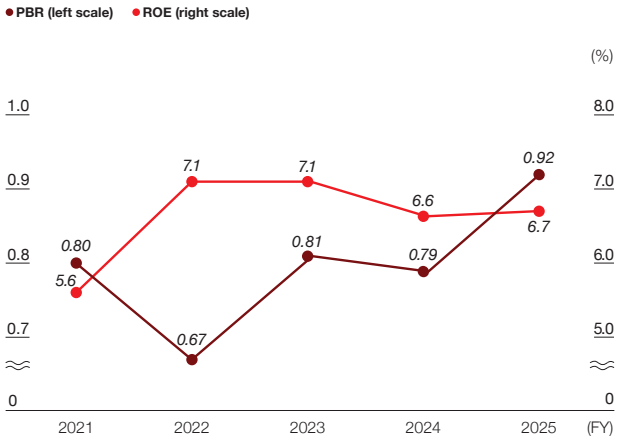
Meanwhile, our weighted average cost of capital (WACC)[1] currently ranges from the upper 4% to mid-5% levels, while our earnings yield is between the low 7% and low 8% range. Although our current ROE exceeds our cost of capital, it still falls short of our earnings yield.

Going forward, we aim to narrow this gap between cost of capital and earnings yield by further improving ROE, enhancing capital efficiency, and executing growth strategies that will drive sustainable increases in corporate value.

PBR = ROE (profitability) × PER (growth expectations)

⇒ We aim to improve our PBR by enhancing both profitability and growth expectations.

Trends of PBR and ROE



Overview of initiatives to improve PBR

We are currently implementing the following initiatives to enhance our PBR. PBR is the product of ROE and PER. Accordingly, we are promoting initiatives aimed at improving both ROE and PER.

Policies and initiatives to improve PBR

Improving PBR

Improving ROE
9% target
2027 MEDIPAL Medium-Term Vision
×
Improving PER

Overview of initiatives	
Enhancing profitability and growth potential	Executing the growth strategies outlined in the Medium-Term Vision
Optimal allocation of management resources	Actively pursuing growth and capital investments while steadily returning value to shareholders
Strengthening non-financial capital, centered on human capital	Advancing human resource strategies in alignment with our growth strategy
Further enhancing IR and SR activities	Regular disclosure of progress on our strategies and strengthened communication with individual investors via our brand website

1. WACC (%) = (shareholders' equity cost[2] × shareholders' equity ÷ (interest-bearing debt + shareholders' equity)) + (debt cost × (1 – effective tax rate) × interest-bearing debt ÷ (interest-bearing debt + shareholders' equity))
2. Calculated using the CAPM (Capital Asset Pricing Model)

Key Performance Indicators

In FY2025, ROE was 6.7% and net profit to net sales ratio was 1.11%. In addition, operating income declined 4.4% year-on-year due to the effects of increased cost of business investments, while ordinary income increased significantly by 16.0%, due to increased non-operating income.

Profit attributable to owners of parent increased by 5.6% due to increased ordinary income.

The total asset turnover ratio, which indicates asset management efficiency, was 2.04 times, and the financial leverage ratio was 2.95 times, both of which remained at the same level as the previous fiscal year, ensuring a sound financial structure and capital efficiency.

Trends in key performance indicators

	FY2022	FY2023	FY2024	FY2025
ROE (%)	7.1	7.1	6.6	**6.7**
Net profit to net sales ratio (%)	1.15	1.17	1.10	**1.11**
Asset turnover (times)	1.97	2.03	2.03	**2.04**
Financial leverage (x)	3.13	2.99	2.96	**2.95**

Cash Allocation

Policy in the Medium-Term Vision

During the time frame of the Medium-Term Vision, we anticipate an increase in cash inflows as we improve asset efficiency, including the sale of assets, in addition to strengthening earning power. These cash inflows will mainly be used for the investment in growth and capital expenditures necessary to implement the growth strategies in the Medium-Term Vision, and our policy is to achieve a good balance with shareholder returns.

Progress with cash allocation

Regarding the allocation of management resources over the five years of the Medium-Term Vision, we plan to take capital generated through cash flows from operating activities and the sale of assets such as policy shareholdings and allocate it to growth investments, capital expenditures, and shareholder returns. For the four years from FY2022 to FY2025, we have allocated approximately ¥88 billion for investment in growth, ¥62 billion for capital expenditures, and ¥72 billion for shareholder returns.

We will actively pursue growth and capital investments while steadily returning value to shareholders.

Growth Investments and Capital Expenditures

During the period of the Medium-Term Vision, both growth investments and capital expenditures are each set at a baseline investment amount of ¥100 billion.

Investment in growth is necessary to achieve sustainable growth of the MEDIPAL Group, and we invested roughly ¥88 billion in acquiring MP Gokyo Food & Chemical Co., Ltd. and Cygni Holdings Co., Ltd. as consolidated subsidiaries and in development expenses for ultra-rare disease drugs, over the four years from FY2022 to FY2025.

In our activities to expand the group through M&A, we pursued synergies with our existing businesses. We are also undertaking efforts aimed to gaining drug approvals in our medicine development business.

Capital expenditure is essential for maintaining and enhancing a safe and secure distribution system. These investments are primarily directed toward the construction, expansion, and renovation of distribution centers, as well as the development and improvement of systems. Over the four years from FY2022 to FY2025, we invested approximately ¥62 billion in establishing the Hanshin ALC* and other projects. We are also planning ¥14.2 billion in capital expenditures in FY2026. This will mainly include repairs and system upgrades at branches and distribution center facilities.

Policy in the Medium-Term Vision and investment over its four years

Source of Funds	Five-Year Plan of the 2027 MEDIPAL Medium-Term Vision	Total four-year results from FY2022 to FY2025	
Cash flows from operating activities	**Investment in growth: ¥100 billion**	**Approx. ¥88 billion**	• Cygni Holdings Co., Ltd. becomes a subsidiary • MP Gokyo Food & Chemical Co., Ltd. becomes a subsidiary • Development of ultra-rare disease drugs • Equity investment via a CVC fund[1]
	Capital expenditures: ¥100 billion	**Approx. ¥62 billion**	• Building and repair of distribution centers • Constructing and upgrading systems
Asset sales	**Total shareholder return ratio[2]: 40%**	**Approx. ¥72 billion**	• Total shareholder return ratio: 40.0%

1. MEDIPAL Innovation Fund
2. The percentage of return on profit before exclusion of amortization of goodwill and intangible assets accompanying the growth investment in the Medium-Term Vision.

* Please refer to page 75 for explanations of technical terms.

Capital Policy and Shareholder Returns

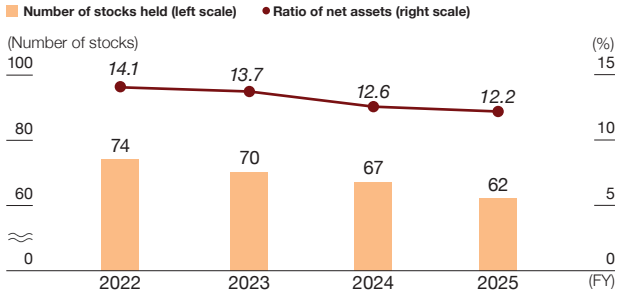
In order to generate profits that exceed the cost of capital, we will regularly monitor and verify this cost and pursue an optimal capital structure for the Company while ensuring financial soundness.

Basic capital policy



We will strive for sustainable corporate growth and maximization of corporate value through business and financial activities founded on the dual focus of increasing capital profitability and reducing the cost of capital.

Status of strategic shareholdings



Reduction in strategic shareholdings

Our basic policy is to reduce these shareholdings in the interest of controlling shareholding risk and improving capital efficiency, and we are steadily pursuing sales. We also intend to limit strategic shareholdings to 10% or less of net assets and ¥50 billion or less by around March 31, 2027. Although we are actively moving forward with asset sales, the remaining balance has been affected by rising share prices of the holdings, and as of the end of March 2026, the portfolio was valued at approximately ¥96.7 billion.

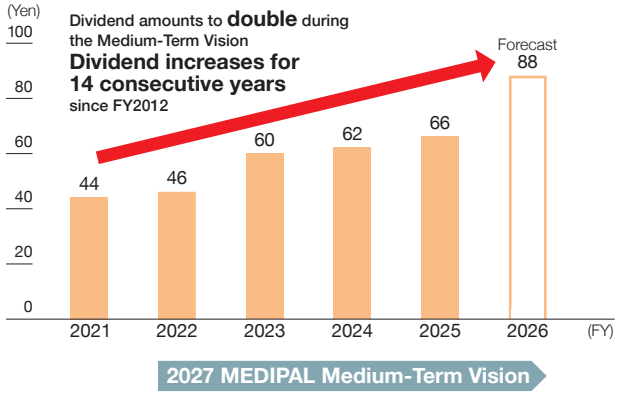
Shareholder returns

As a basic principle, we aim to maintain and improve a stable dividend payout ratio based on profit before amortization of goodwill and intangible assets arising from the growth investments outlined in the Medium-Term Vision. Furthermore, 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. We will continue to aim to achieve a total shareholder return ratio of 40% for the five-year cumulative period from FY2022 to FY2026. This ratio is applied to earnings before amortization of goodwill and intangible assets arising from the growth investments set forth in the Medium-Term Vision.

In FY2025, we declared annual dividends of ¥66 per share, an increase of ¥4 per share from FY2024. We also bought back and canceled approximately ¥8 billion in treasury shares. As a result, the cumulative total shareholder return ratio from FY2022 to FY2025 was 40.0%.

In FY2026, following the conversion of PALTAC CORPORATION to a wholly-owned subsidiary, our profit level is expected to improve. As a result, taking into account future financial conditions and other factors, we are planning annual dividends of ¥88 per share, an increase of ¥22 per share from the previous fiscal year, in order to enhance shareholder returns.

Dividend amount trends



Share buyback status

Share buyback in FY2025

- Type of shares acquired: common shares
- Total number of shares acquired: 3,251,000
- Total acquisition amount: ¥7,999,832,693
- Acquisition period: May 14, 2025, to October 31, 2025
- Acquisition method: Market purchases on the Tokyo Stock Exchange

Note: All shares acquired through this buyback have been canceled.

Natural Capital Strategy

The MEDIPAL Group is advancing efforts aimed at fulfilling SDGs, such as driving reductions in environmental burden through optimizations across distribution as a whole.
Among these, one of our material tasks (materiality) is "Initiatives for Decarbonization," with reducing greenhouse gas emissions by 50% (compared to FY2020 levels) by FY2030 and carbon neutrality by FY2050 set as medium- to long-term goals. We are advancing various efforts aimed at achieving these goals, while aspiring to build a distribution model that is aware of the global environment.

General Overview of Environmental Burden

In order to visualize and reduce environmental impact across the entire supply chain, the Group calculates Scope 3 as well as Scope 1 and Scope 2 greenhouse gas emissions.

Greenhouse Gas Emissions (Company Emissions Only)

Unit: t-CO_2

	FY2022	FY2023	FY2024	FY2025
Scope 1	28,439	31,081	31,208	**30,315**
Scope 2 (location-based)[1]	-	-	48,649	**48,807**
Scope 2 (market-based)	46,552	42,494	40,518	**37,465**
Scope 1 + Scope 2 (market-based) total	74,991	73,575	71,726	**67,780**

Greenhouse Gas Emissions (Scope 3)[2]

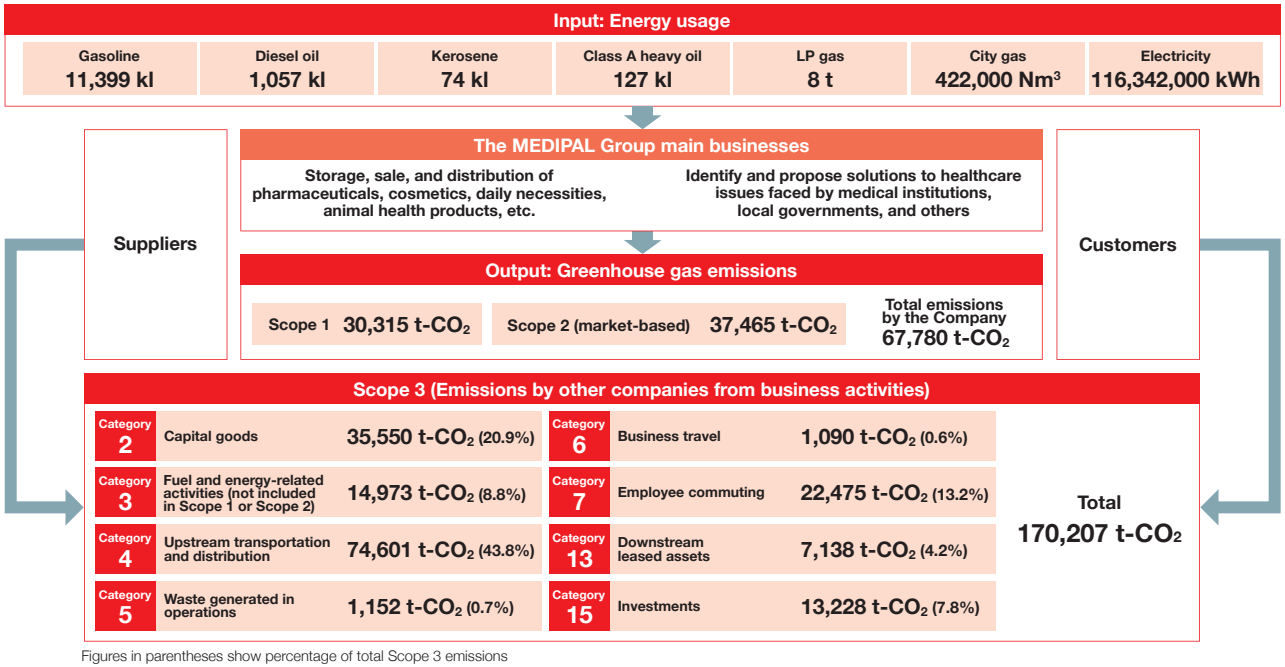
Unit: t-CO_2

	FY2022[3]	FY2023	FY2024	FY2025
Scope 3 total	228,773	219,650	185,379	**170,207**

Greenhouse Gas Emissions from Company-Owned Vehicles

	FY2022	FY2023	FY2024	FY2025
Amount of fuel (kl)	11,329	12,785	12,814	**12,456**
Greenhouse gas emissions (t-CO_2)	26,543	29,561	29,679	**28,875**
Number of vehicles[4]	8,555	9,608	9,555	**9,552**
Average emissions per vehicle (t-CO_2)	3.10	3.07	3.10	**3.02**

Environment Burden from the Supply Chain



Figures in parentheses show percentage of total Scope 3 emissions

Approach to Biodiversity

In recent years, there have been growing calls to address biodiversity as part of corporate environmental efforts. We believe that in the relationship between the Group's business activities and the natural environment, at present, there are no major direct dependencies that threaten business feasibility, and severe negative impacts on the natural environment are limited.

While major risks have not manifested at this point in time, we recognize that the importance of natural capital will continue to grow going forward with climate change and the advancing destruction of the natural environment. The MEDIPAL Group is continuously evaluating the relationship between the natural environment and our business activities, with reference to international indicators and the latest information from the government. Based on the outcomes of such evaluations, we are instituting necessary and appropriate measures in response to changes in the business environment.

1. Publicly disclosed from FY2024
2. Target categories are 2, 3, 4, 5, 6, 7, 13, and 15. We are in the process of carefully examining other categories to increase the accuracy of calculations.
3. Implemented at MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION
4. As of March 31

Environmental Conservation Initiatives

Introduction of Electric vehicles and hybrid vehicles

We are making progress on gradually switching to electric vehicles and hybrid vehicles at each location as we work to reduce greenhouse gas emissions from fuel consumption in our Company.

Number of vehicles owned

Hybrid vehicles	Electric vehicles
443	188



Electric vehicles used by MEDISKET CORPORATION

Use of eco-friendly electric power

The MEDIPAL Group have introduced renewable energy in-house power generation facilities, such as rooftop solar panels, in some Group buildings. The power generated is used in the buildings and covers part of the total electricity used, thereby reducing greenhouse gas emissions. In addition, at 33 buildings across the MEDIPAL Group, we have switched to eco-friendly electric power, which together with procurement of non-fossil certificates is helping to reduce greenhouse gas emissions from electric power use.

Percentage of energy from renewable energy

27.9% (Previous fiscal year: 19.5%)



Solar panels installed at the Hanshin ALC* of MEDICEO CORPORATION

Reusable delivery boxes

MEDIPAL Group uses collapsible plastic containers and tote boxes that can be reused multiple times for product transportation, thus limiting the amount of packing disposed of.



Collapsible containers



Tote box

Introduction of CR LIMEX Business Cards Made from Environmentally-Friendly Materials

In April 2026, PALTAC CORPORATION introduced business cards made with CR LIMEX, an environmentally-friendly material developed by TBM Co., Ltd. This initiative represents an effort aimed at further contributing to protection of the environment compared to our previous use of FSC forest management certified materials. CR LIMEX is an environmentally-friendly, low-carbon material inspired by the idea of realizing a resource cycle. Its principal input is CCU calcium carbonate made by combining greenhouse gases emitted from factories into the atmosphere and calcite waste products produced by factories through a low environmental impact chemical synthesis. 100 business cards made this way contain roughly 47g[1] of CO_2 in their materials, thus contributing to both the resource cycle and reductions in greenhouse gas emissions. Because CR LIMEX does not use wood pulp, compared to paper, it is a revolutionary material that reduces water usage during manufacturing by approximately 94%[2], thus contributing to the preservation of forest and water resources.

Going forward, the company will continue to promote environmentally-conscious initiatives in various aspects of its business activities.

Impact equivalent to using approx. 2,000 boxes (200,000 cards) of business cards per year by PALTAC CORPORATION

- Forest resources saved: 265kg
- Water resources saved: 20,000 liters
- Captured greenhouse gases: 94kg

The above figures are calculated based on TBM estimates, and are not guaranteed amounts.
Figures may vary depending on factors such as the circumstances in which data is acquired.

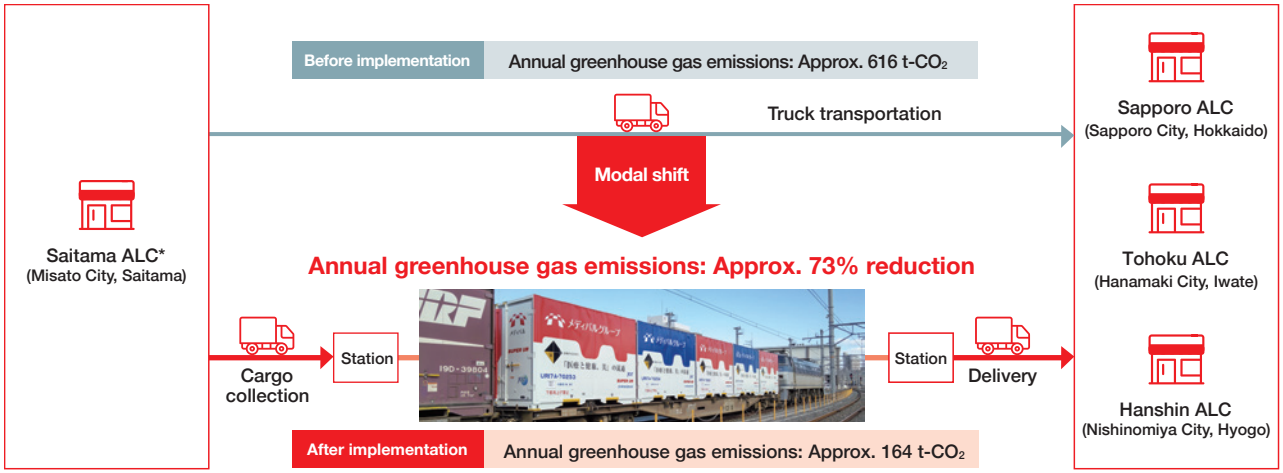
1. Calculated on the assumption that CR LIMEX business cards are 0.3mm thick.
2. Water usage during sheet production is calculated based on actual figures from the TBM Tohoku LIMEX plant. For water usage during paper production, refer to “Trends in New Water Usage Units Per Ton of Paper and Board Produced” from the Japan Paper Association.

* Please refer to page 75 for explanations of technical terms.

Reducing environmental impact with a modal shift

MEDICEO CORPORATION, Japan Oil Transportation Co., Ltd., Japan Freight Railway Company, and Japan Freight Liner Company are working on a joint project to achieve a modal shift[1] in pharmaceutical transportation between distribution centers. The project promotes the switching of product transportation in some areas away from conventional use of large trucks toward more environmentally friendly railroad containers, to reduce greenhouse gas emissions. Through these initiatives, we reduced greenhouse gas emissions in FY2025 by approximately 73% and 452 t-CO_2 compared to conventional transportation.

Schematic of the Modal Shift



Pharmaceutical distribution optimization

In our Prescription Pharmaceutical Wholesale Business, we are collaborating with our customers, including drugstore and dispensing pharmacy chains, to build an optimized pharmaceutical distribution model.

Specific measures include analyzing and managing the optimal inventory of pharmaceuticals for each store as well as streamlining operations such as ordering, delivery, and product inspection. This leads to reducing vehicle mileage and shortening operating hours of logistics hubs, in addition to improving operational efficiency.

Flow of Distribution Optimization

Initiatives		Expected Outcomes	
Distribution	Review of number of deliveries	Customers	Reducing frequency of product receipt
		Group companies	Reducing vehicle driving distances
Product inspection	Shorten product delivery time by introducing inspection by individual scans*	Customers	Shortening time taken for product inspection
		Group companies	Improving distribution efficiency
Ordering	Reviewing order cut-off times	Customers	Reducing the number of units sent out for delivery by consolidating shipments
		Group companies	Shortening operating times at distribution bases

✓Proposals for resolving both the MEDIPAL Group and customer issues by optimizing the entire supply chain
✓Accelerate efficiency improvements and outcomes from initiatives by growing the number of cooperating enterprises and participating stores

1. The shift of transportation of goods from trucks and other motor vehicles to modes with lower environmental impact such as railways and ships.

* Please refer to page 75 for explanations of technical terms.

Focus

Efforts to Optimize Supply Chains and Reduce Environmental Impact Through Cross-Industry Partnerships

The MEDIPAL Group partners with companies across industries as part of efforts to build out electric vehicle charging infrastructure and optimize supply chains.

1. Building a "Charging Equipment Sharing" Model for the Pharmaceutical Industry

Across the pharmaceutical industry, the switch to electric cars for company vehicles is progressing for the reduction of greenhouse gas emissions. However, long charge times compared to refueling with gasoline and difficulty in securing charging locations for corporate electric vehicles used by MRs*, who often go directly to and from work, are a bottleneck to adoption.

To address these issues, MEDICEO CORPORATION is partnering with Sumitomo Mitsui Auto Service Company, Limited (SMAS) and The Kansai Electric Power Company, Incorporated to build a "charging equipment sharing" model that contributes to achieving carbon neutrality in the pharmaceutical industry. We have installed "Kanmobi Charge," the EV charging service provided by Kansai Electric, at MEDICEO's Saitama ALC*, Nagoya ALC and Minami-Osaka ALC, and we are opening these up as daytime route charging spots for multiple pharmaceutical companies wishing to use them.

Taking advantage of this initiative, we will enhance support for the expansion of charging infrastructure and the introduction of electric vehicles by three companies, and further advance joint examination of decarbonization measures that take into account the entire supply chain.

2. Participation in Cross-Industry Cargo-Owner Alliance's Joint Delivery Consortium "CODE"

Labor shortages and logistics cost increases are growing more severe across society as a whole in Japan, necessitating a response from across industries, rather than efforts by individual companies.

Traditionally, partnership among cargo-owner companies was limited because the delivery conditions were diverse in transportation between logistics sites within regions and in the domain of "branch delivery[1]" in which products are delivered from logistics sites to retailers and other destinations. To address this, MEDICEO CORPORATION and PALTAC CORPORATION joined the Cargo Owners' Data-driven Ecosystem (CODE), a joint delivery consortium, which was created in April 2026. CODE is an undertaking by 9 cargo-owner companies spanning food products, daily necessities, medical products and publishing, including Kao Corporation and Mitsubishi Shokuhin Co., Ltd.

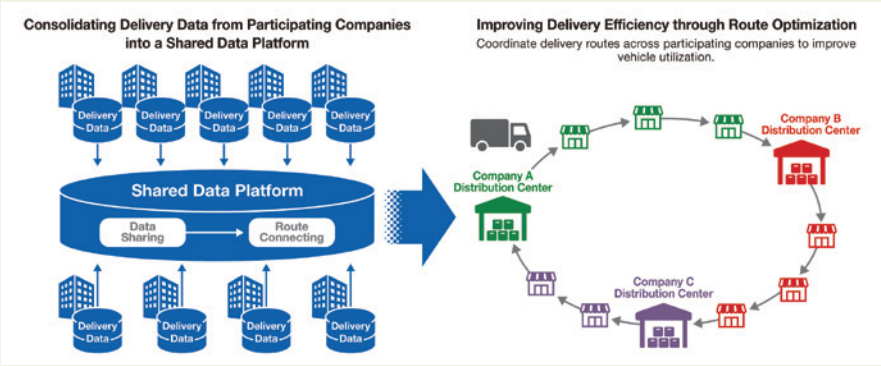
Through CODE, participants work to advance the sharing of delivery data among participating companies and the consideration of shared delivery, based on the activity principles of "realizing data-driven shared delivery," "focus on initiative value for logistics operators and drivers," and "thorough data governance and compliance."

Going forward, we will seek to improve delivery efficiency and reduce the burden on logistics sites, and thus optimize supply chains, by advancing research into matching methods aimed at maximizing joint delivery outcomes, through expansion of the scale of CODE and through cooperation with government logistics policies.

The "Charging Equipment Sharing" Model Scheme



Overview of the Joint Delivery Consortium (CODE)



1. Short-distance deliveries from logistics sites to shops and other destinations

* Please refer to page 75 for explanations of technical terms.

Climate-related Information Disclosure Based on TCFD Recommendations

The MEDIPAL Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD)[1] recommendations in October 2022. Following this, we will strive for more accurate disclosure in line with the TCFD recommendations, taking into account the results of external surveys and internal analysis. We will increase the resilience of our businesses and contribute to the realization of a sustainable society through management that incorporates climate-related financial risks and opportunities.

Governance

Based on the Sustainability Policy, formulation of a policy for responding to the climate change-related risks and opportunities of the Group as a whole, as well as important tasks such as medium- to long-term reduction targets for greenhouse gas emissions, is discussed in the CSR Committee, which promotes sustainability management. Committee meetings are held, in principle, four times per year, with the director in charge acting as chairperson, and committee members selected from the departments overseeing each material task, including "Initiatives for Decarbonization." The details of those discussions are brought up in Board of Directors meetings by the CSR Committee chairperson for resolution.

Regarding initiatives related to climate change countermeasures, consolidated subsidiaries carry out initiatives led by the responsible departments, and report the specific measures and progress to the CSR Committee. The results of these initiatives are then reported to the Board of Directors on a regular basis by the CSR Committee chairperson, helping to maintain a management system that enables appropriate supervision by the Board of Directors.

In FY2025, we reviewed progress toward our greenhouse gas emissions reduction targets and examined new measures to address challenges in achieving those targets.

▸Please refer to page 27, "CSR Committee"

Strategy

The MEDIPAL Group referred to multiple scenarios[2] presented by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) to assess the business impact of two different scenarios: the average rise in global temperature of less than 2°C, and the average rise in global temperature of 4°C by the end of this century, compared with preindustrial levels. A scenario analysis was conducted in order to evaluate the resilience of the Group's strategies against climate-related risks and opportunities.

As a result of the analysis, in the less than 2°C scenario, it is assumed that risks such as cost increases related to the adoption of carbon taxes and other measures, and supply shortages and higher procurement costs due to increasing demand for renewable energy, will increase, while demand for products such as ethical products, alternative foods, and health foods will expand. In the 4°C scenario, it is assumed that there will be an increase in capital expenditures for enhancing disaster preparedness functions, and that natural disasters will cause shutdowns of sales and logistics bases, delivery delays due to traffic paralysis, and damage to supply networks. However, the MEDIPAL Group assumes risks such as large-scale disasters even in normal times, and has a backup system in place so that even if one logistics center is unable to provide supplies, alternative shipments can be made from other logistics centers. When record rainfall centered in Kumamoto Prefecture occurred in July 2020, our employees were dispatched to the affected region to assist in disaster relief activities, and we were able to maintain stable supplies by delivering products to customers directly from a nearby logistics center. Because of such experiences, the MEDIPAL Group believes that the impact of physical risks related to natural disasters caused by climate change in FY2030 will be limited. On the other hand, we expect opportunities to increase as a result of growing demand due to the creation of logistics bases to maintain stable supplies and strict adherence to operational procedures that comply with quality control regulations and the GDP* guidelines.

In either scenario, we view the prospect of certain cost increases as a risk, but we also believe it is an opportunity to leverage the sophisticated logistics functions the MEDIPAL Group has built.

Currently, to help solve issues related to climate change, the MEDIPAL Group is working to build a new model for optimized pharmaceutical distribution with customers, enhancing its intermediary distribution functions, and improving efficiency throughout the supply chain in collaboration and cooperation with stakeholders in the "Pharmaceuticals, Health, and Beauty" business fields. We recognize that evaluating the financial impact of climate change is a task that we need to consider. We plan to obtain a deeper understanding of this impact through further scenario analysis.

Risk management

We are assessing the impact that climate change will have on the MEDIPAL Group's business and identifying climate change risks and opportunities. The identified risks and opportunities are discussed in the CSR Committee, which coordinates with the Compliance and Risk Management Committee to make reports and proposals to the Board of Directors on a case-by-case basis.

In addition, the MEDIPAL Group, which handles distribution of products that are essential to healthy living, including pharmaceuticals and daily necessities, responds quickly to physical risks to ensure uninterrupted distribution. We have formulated a BCP to continue supply activities even during emergencies, and are implementing various measures that will enable us to reliably deliver required products.

1. A task force that recommends evaluating and disclosing the financial impact of risks and opportunities from climate change.
2. Main reference scenarios: IEA WEO 2021 (APS, STEPS), IPCC (RCP 2.6, RCP 8.5)

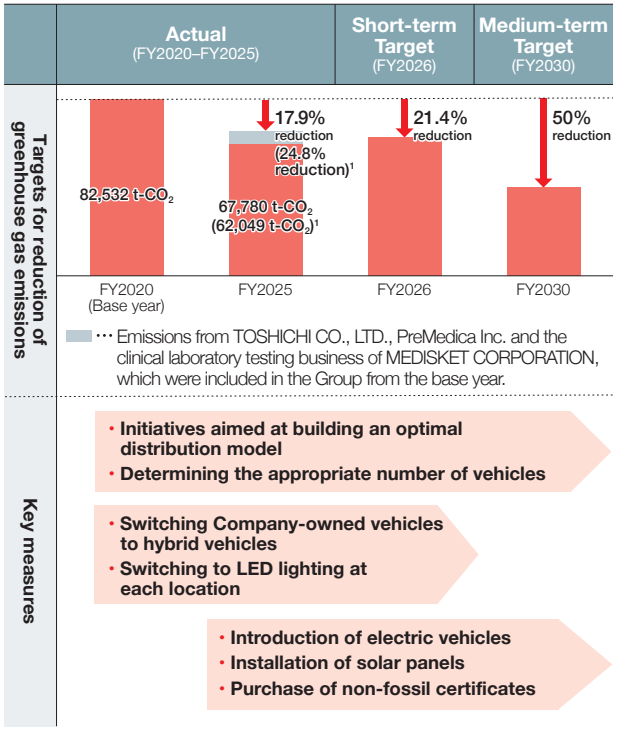
* Please refer to page 75 for explanations of technical terms.

Indicators and targets

We are using greenhouse gas emissions (Scope 1 and Scope 2) as indicators to evaluate our efforts to combat climate change, and have set medium- to long-term targets for reduction of greenhouse gas emissions for the entire Group.

	Targets
FY2030	50% reduction (compared with FY2020)
FY2050	Carbon neutrality

Greenhouse Gas Emissions (Scope 1 + Scope 2) Actual Results and Targets



Risks and Opportunities

Classification			Contents	Impact[2]		Status of Initiatives
				Less than 2°C	4°C	
Transition risks	Government policies, laws and regulations	Introduction of government policies such as carbon taxes and emission trading systems	• Carbon taxes on our own emissions • Cost of purchasing emission rights for excess emissions • Increase in costs due to the application of regulations such as carbon taxes on manufacturers and distributors, and resulting price adjustments	Moderate	Small	• Targets set for reduction of greenhouse gas emissions • Emissions by the company reduced through switching to electric vehicles or eco-friendly electric power
	Market	Changes in energy prices	• Supply shortages and higher procurement costs due to increasing demand for renewable energy	Small	Small	• Installation of solar panels
	Reputation	Growing stakeholder concern	• Loss of public confidence due to delay in responding to climate change (decline in business transactions, loss of business opportunities due to selection of wholesalers based partly on environmental impact, etc.)	Moderate	Small	• Worked to build an optimal distribution model through collaboration with customers • Conducted analyses aimed at increasing information disclosure
Physical risks	Chronic	Changes in flooding and weather patterns	• Increase in expenses for capital investment in vehicles and air conditioning systems to enhance temperature control functions for products • Increase in difficulty of handling prescription pharmaceuticals and other temperature-controlled products • Decrease in demand for seasonal products (winter goods), etc., due to rising temperatures • Higher prices and difficulty in procuring raw materials such as agricultural products, marine products, and livestock products (higher purchasing costs)	Small	Small	• Considered plans for appropriate capital expenditures that take into account future risks • Worked to develop systems for complete traceability • Investigated quantitative analysis of impact costs
	Acute	Intensifying extreme weather (typhoons, floods, etc.)	• Increase in capital expenditures for enhancing disaster preparedness functions • Damage to and shutdowns of sales and logistics bases, delivery delays due to traffic paralysis, and damage to supply networks	Small	Small	• Built mutual coordinated distribution center functions • Ran disaster drills
Opportunities	Increase in sales opportunities		• Expansion of ethical consumption needs • Expanding demand for alternative foods and health foods • Increase in demand for seasonal products (summer goods), etc., due to rising temperatures • Increasing demand for disaster response products	Small	Small	• Considered product and service development, taking market trends into account
	Rise in relative competitiveness		• Growing need for creation of environmentally friendly distribution model • Growing need for low-cost logistics network • Growing need for logistics infrastructure to maintain stable supplies (operational procedures based on BCP measures and GDP* guidelines, nationwide logistics network, etc.)	Small	Small	• Worked to reduce greenhouse gas emissions across the entire supply chain, such as through modal shifts • Shifted to a low-cost distribution network through distribution optimization • Ensured continuity of business through the formulation of a BCP

1. Numbers exclude companies that were included in the Group from the base year onward.
2. Impact is presented qualitatively on three levels. Large: a large impact on business strategy or financial impact is assumed; Moderate: a moderate impact on business strategy or financial impact is assumed; and Small: a small impact on business strategy or financial impact is assumed.

* Please refer to page 75 for explanations of technical terms.

Outside Director's Message

Supporting Continuity as Social Infrastructure and Pursuing Governance That Can Achieve Sustainable Improvement in Corporate Value

Kuniko Shoji
Outside Director
MEDIPAL HOLDINGS CORPORATION



As the company enters a period of transformation, what sorts of discussions have been had at Board of Directors meetings?

The MEDIPAL Group is pursuing strategic investments with a view to medium- to long-term growth. The Board of Directors has seen repeated lively discussions about important deals that will have significant impact on the management of the Company.

Among these, the decision to convert PALTAC CORPORATION into a wholly-owned subsidiary was a key decision-making, as it encompassed not only issues of governance arising from the parent-subsidiary listing and the resolution of conflicts of interest, but also the integration of prescription pharmaceutical and daily necessity logistics, and the maximization of group synergies through the coordination of data. I believe that the best decision was reached as a result of exhaustive discussions among internal and external directors, with each bringing their diverse perspectives based on their respective experiences and areas of expertise.

I have a strong sense that the current Board of Directors has repeated frank and constructive discussions among both internal and outside directors, and that its decision-making functions and oversight functions are working effectively.

As an independent outside director, I verify the soundness and validity of management decisions from an objective perspective, and work to increase the effectiveness of governance so that it contributes to sustainably increasing corporate value.

What do the Nomination and Compensation Committees focus on to achieve sustainable management?

I have served as a chair of the Nomination and Compensation Committees since FY2026.

I believe the key themes on the Nomination Committee are enhancing succession planning recognized as challenges at evaluations of the effectiveness of the Board of Directors, and fostering next-generation leadership in a planned manner. I take an active role in leading discussions from the objective perspective of an outside director, seeking to use this as an important platform for supporting management sustainability.

Ensuring the diversity of the Board of Directors is also a foundational theme. What matters here is not just making an aim fulfilling certain composition quotas, but achieving diversity that contributes to corporate value. In addition to increasing the ratio of female directors, we are seeking to ensure the Board of Directors is composed of members with diverse experiences and areas of expertise, while paying due attention to filling out the talent pipeline of leadership candidates.

At the Compensation Committee, we are in constant discussions over how the compensation system should work to align increasing corporate value and executive incentives for the medium to long term. We will continue to deepen our examinations aimed at building the best compensation structure, while properly examining its effectiveness in raising corporate value and the suitability of the system's design.

How does the Company meet the expectations of the market and of investors while also fulfilling its role as social infrastructure?

The MEDIPAL Group's mission is to support people's medical and health care as social infrastructure. For this reason, the Company believes that ensuring business continuity and delivering stable value, while responding flexibly to changes in society and the business environment is an important corporate responsibility beyond the pursuit of short-term profit alone.

At the same time, the Company is properly aware that there is strong market interest in its investments that will take some time to bear fruit, beginning with its joint development with JCR Pharmaceuticals Co., Ltd., in terms of the reliability of investment returns and capital efficiency. I believe that we need to continuously monitor the progress and outcomes of such projects and have even deeper discussions at the Board of Directors about them, including about their capital efficiency.

We appreciate that investors evaluate the Company in terms of its medium to long-term corporate value creation, rather than short-term results, with an understanding of its role as social infrastructure. We will continue to pursue efforts to improve the long-term corporate value through the realization of "sustainable leadership and governance" while maintaining constant constructive dialogue with all of our shareholders and investors.

Management Team (As of June 24, 2026)

Directors



Shuichi Watanabe
Representative Director, President and CEO
Chief Compliance Officer
(Nomination Committee Member of the Nomination and Compensation Committee)

Shareholdings (thousands): 177

Aug. 1979	Joined KURAYA CORPORATION (now the Company)
Dec. 1990	Director of KURAYA CORPORATION
Dec. 1994	Managing Director of KURAYA CORPORATION
Apr. 2000	Director of KURAYA SANSEIDO Inc. (now the Company)
Apr. 2004	President and Chief Executive Officer of KURAYA SANSEIDO Spin-off Preparation Inc. (now MEDICEO CORPORATION)
Jun. 2007	Managing Director of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Jun. 2008	Senior Managing Director of the Company
Apr. 2011	Representative Director, Executive Vice President of the Company
Apr. 2012	Representative Director, President and CEO of the Company (current position)
Apr.	Representative Director, Chairman of MEDICEO CORPORATION
Jun. 2020	Chief Compliance Officer of the Company (current position)
Apr. 2022	Director and Advisor of MEDICEO CORPORATION (current position)



Yasuhiro Choufuku
Representative Director, Executive Vice President

Shareholdings (thousands): 56

Apr. 1977	Joined Sanseido Co., Ltd. (now the Company)
Jul. 2004	Executive Officer of KURAYA SANSEIDO Inc. (now the Company)
Jun. 2007	Director of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Oct. 2009	Director of MEDICEO CORPORATION
Jun. 2010	Managing Director of MEDICEO CORPORATION
Apr. 2012	Representative Director, President and CEO of MEDICEO CORPORATION
Jun.	In charge of Pharmaceutical Business of the Company
Jun. 2016	Senior Managing Director of the Company
Jun. 2019	Director, Vice President of the Company
Apr. 2022	Representative Director, Chairman of MEDICEO CORPORATION (current position)
Mar. 2023	Outside Director, Chairman of Nichi-Iko Pharmaceutical Co., Ltd. (current position)
May 2025	Representative Director, Executive Vice President of the Company (current position)



Toshihide Yoda
Senior Managing Director
In charge of IR, General Manager of Business Development Division
(Compensation Committee Member of the Nomination and Compensation Committee)

Shareholdings (thousands): 14

Apr. 1985	Joined Nippon Kangyo Kakumaru Securities Co., Ltd.
May 1989	Joined UBS Securities Japan Co., Ltd.
Jul. 1996	Joined ING Barings Securities (Japan) Ltd.
Dec. 2000	Joined Lehman Brothers Japan Inc.
Oct. 2008	Joined Barclays Capital Japan Ltd. Managing Director of Barclays Capital Japan Ltd.
Jun. 2010	Director of the Company
Apr. 2012	Managing Director, In charge of IR, General Manager of Business Development Division of the Company
May 2016	Director of SPLine Corporation
May	Director of MEDIE Co., Ltd.
Jun.	Director of MEDICEO CORPORATION
Feb. 2018	Director of JCR USA, Inc. (current position)
Jun.	Senior Managing Director of the Company (current position)
Jun.	Outside Director of JCR Pharmaceuticals Co., Ltd. (current position)
Jan. 2020	Manager of Business Investment Department, Business Development Division of the Company
May 2021	Director of PharField Corporation
Jun. 2022	General Manager of Business Development Division of the Company (current position)
Jun. 2023	In charge of IR of the Company (current position)



Kuniaki Imagawa
Managing Director
In charge of Pharmaceutical Business

Shareholdings (thousands): 10

Apr. 1984	Joined KURAYA CORPORATION (now the Company)
Oct. 2004	Full-time Manager of the Sales Strategy Department of MEDICEO Holdings Co., Ltd. (now the Company)
Oct. 2005	Manager of Sales Strategy Department of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Jul. 2008	Executive Officer of the Company
Oct. 2009	Executive Officer and Manager of Solutions Department of MEDICEO CORPORATION
Apr. 2010	Deputy General Manager of Sales Strategy Division of MEDICEO CORPORATION
Apr. 2011	Manager of the Sales Strategy Department of MEDICEO CORPORATION
Apr. 2012	General Manager of Strategy Division of MEDICEO CORPORATION
Jun.	Director of MEDICEO CORPORATION
Oct.	Executive Officer and Deputy General Manager of Business Development Division of the Company
Oct. 2015	Manager of Pharmacy Business Development, Business Development Division of the Company
Apr. 2017	Deputy General Manager of Tokyo Branch Office, Director of Tokyo Regional Sales Department, Manager of Tokyo Wholesale Sales Branch of MEDICEO CORPORATION
Apr. 2019	General Manager of Tokyo Branch Office of MEDICEO CORPORATION
Apr. 2022	Representative Director, President and CEO of MEDICEO CORPORATION (current position)
Jun. 2022	Director of the Company
Jun. 2024	Deputy in charge of Pharmaceutical Business of the Company
Apr. 2026	In charge of Pharmaceutical Business of the Company (current position)
Jun. 2026	Managing Director of the Company (current position)



Shinjiro Watanabe
Managing Director
In charge of Information Systems and DX, General Manager of Corporate Planning Division, Chairman of CSR Committee of the Company

Shareholdings (thousands): 36

Sep. 2008	Joined ATOL CO., LTD.
Jun. 2009	Director of ATOL CO., LTD.
Apr. 2013	Representative Director, President and CEO of ATOL CO., LTD.
Jun.	Director of the Company
Jun. 2016	In charge of the IT Business of the Company
Apr. 2018	In charge of Information Systems of the Company
Oct. 2018	General Manager of Information Systems Management Division of the Company
Oct. 2021	In charge of Information Systems of the Company
Jun. 2025	In charge of Information Systems and DX of the Company (current position)
Dec. 2025	Director of MTI Healthcare Holdings Inc. (current position)
Apr. 2026	General Manager of Corporate Planning Division, Chairman of CSR Committee of the Company (current position)
Jun. 2026	Managing Director of the Company (current position)



Hiroshi Yarimizu
Director
In charge of Financial Strategy

Shareholdings (thousands): 1

Oct. 1990	Joined Chuo Audit Corporation, Fukuoka Branch
Mar. 1994	Registered as a certified public accountant
Jul. 2004	Joined ATOL CO., LTD.
Oct. 2004	Director of ATOL CO., LTD. (current position)
Jan. 2007	Senior Managing Executive Officer and Secretariat of the Business Reform and IT Strategy Committee of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Jun. 2009	Representative Director of ATOL CO., LTD.
Jun. 2011	Representative Senior Managing Director of ATOL CO., LTD.
Apr. 2013	Representative Director, Executive Vice President of ATOL CO., LTD.
Oct. 2014	Senior Managing Executive Officer of the Company Manager of Finance & Accounting Department, Administration Division of the Company
Apr. 2017	In charge of Group Accounting of the Company
Jun. 2018	Manager of Corporate Planning and Public Relations Department, Administration Division of the Company
Nov. 2018	Corporate Auditor of CARADA Medica Inc. (now MTI Healthcare Holdings Inc.) (current position)
Apr. 2021	Manager of Corporate Planning Department, Administration Division of the Company
Jul. 2022	In charge of Financial Strategy, Deputy General Manager of Administration Division of the Company
Jun. 2023	Corporate Auditor of TOSHICHI CO., LTD. (current position)
Apr. 2024	In charge of Financial Strategy, Deputy General Manager of Administration Division, Manager, Finance & Accounting Department of the Company
Jun. 2026	In charge of Financial Strategy of the Company (current position) Director of the Company (current position)



Takuya Yoshida
Director
In charge of Cosmetics, Daily Necessities and OTC Business

Shareholdings (thousands): 1

Apr. 1995	Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)
Apr. 2000	Joined Shinwa Paltac Corporation (now PALTAC CORPORATION)
Apr. 2016	Executive Officer, General Manager of Kinki Branch Office of PALTAC CORPORATION
Apr. 2019	Managing Executive Officer, General Manager of Merchandise Headquarters of PALTAC CORPORATION
Oct. 2020	Managing Executive Officer, General Manager of Tokyo Branch Office of PALTAC CORPORATION
Apr. 2021	Senior Managing Executive Officer, General Manager of Tokyo Branch Office of PALTAC CORPORATION
Apr. 2023	Vice Presidential Executive Officer, COO of PALTAC CORPORATION
Jun.	Representative Director, President of PALTAC CORPORATION (current position)
Jun.	Director of the Company (current position)
Jun. 2025	In charge of Cosmetics, Daily Necessities and OTC Business for the Company (current position)



Hidemitsu Wakita
Director
In charge of AGRO & Food Business

Shareholdings (thousands): –

Apr. 1986	Joined Dainippon Pharmaceutical Co., Ltd. (now Sumitomo Pharma Co., Ltd.)
Apr. 2015	Executive Officer, General Manager of Business Development Department of DSP GOKYO FOOD & CHEMICAL Co., Ltd. (now MP Gokyo Food & Chemical Co., Ltd.)
Apr. 2016	Executive Officer, General Manager of Corporate Management Division of DSP GOKYO FOOD & CHEMICAL Co., Ltd.
Jun. 2017	Director, Executive Officer and General Manager of Corporate Management Division of DSP GOKYO FOOD & CHEMICAL Co., Ltd.
Jun. 2023	Representative Director, President and CEO of MP Gokyo Food & Chemical Co., Ltd. (current position)
Jun. 2025	Director of MP AGRO CO., LTD. (current position) Director of the Company (current position) In charge of AGRO & Food Business of the Company (current position)



Toshio Asano
Outside Director
(Member of the Nomination and Compensation Committee)

Shareholdings (thousands): 9

Apr. 1975	Joined Asahi Kasei Corporation
Oct. 2003	Executive Officer of Asahi Kasei Pharma Corporation
Apr. 2010	President & Representative Director, Presidential Executive Officer of Asahi Kasei Pharma Corporation
Apr. 2011	Executive Officer of Asahi Kasei Corporation
Apr. 2014	Presidential Executive Officer of Asahi Kasei Corporation
Jun. 2014	President & Representative Director of Asahi Kasei Corporation
Jun. 2016	Permanent Consultant of Asahi Kasei Corporation
Aug. 2016	Advisor of the Company
Jun. 2017	Outside Director of the Company (current position)
Jun. 2019	Outside Director of Daicel Corporation (current position)
Jun.	Outside Director of Tokyo Century Corporation (current position)
Jun. 2021	Chairman of Japanese Foundation for Cancer Research (current position)
Jun. 2022	Consultant of Asahi Kasei Corporation
Jun. 2024	Special Advisor of Asahi Kasei Corporation (current position)
Jun. 2026	Outside Director of JCR Pharmaceuticals Co., Ltd. (current position)

Note: Shareholdings rounded down to the nearest 1,000 shares. Also, does not include the number of shares held by our officer stock ownership association.



Kuniko Shoji
Outside Director
(Chair of the Nomination and Compensation Committee)

Shareholdings (thousands): –

Apr. 1977	Joined Mochida Pharmaceutical Co., Ltd.
Jul. 1986	Joined Johnson & Johnson K.K.
Sep. 2002	Joined Terumo Corporation
Jun. 2004	Executive Officer of Terumo Corporation
Jun. 2007	Senior Executive Officer of Terumo Corporation
Jun. 2010	Director and Senior Executive Officer of Terumo Corporation
Apr. 2017	Director and Corporate Advisor of Terumo Corporation
Jun.	Corporate Advisor of Terumo Corporation
Jun. 2018	Outside Director of the Company (current position)
Jun.	Outside Director of Nichirei Corporation
Mar. 2019	Outside Director of DIC Corporation
Apr.	Professor of Graduate School of Health Innovation Studies of Kanagawa University of Human Services
Apr. 2024	Senior Fellow of Kanagawa University of Human Services (current position)



Hiroshi Iwamoto
Outside Director
(Member of the Nomination and Compensation Committee)

Shareholdings (thousands): –

Apr. 1981	Joined The Dai-Ichi Kangyo Bank, Limited (now Mizuho Bank, Ltd.)
Oct. 2004	Senior Research Fellow, Deputy General Manager of Research Division, Chief Economist of Mizuho Research Institute, Ltd.
Jun. 2009	Managing Executive Officer, Deputy General Manager of Research Division of Mizuho Research Institute, Ltd.
Apr. 2010	Managing Executive Officer, General Manager of Planning and Administrative Division of Mizuho Research Institute, Ltd.
Apr.	Lecturer at Musashino Academia Musicae
Apr. 2017	Senior Managing Executive Officer, General Manager of Planning and Administration Division of Mizuho Research Institute, Ltd.
May 2019	Advisor of Chuo Fudosan Co., Ltd. (now Chuo-Nittochi Co., Ltd.)
Jun.	Outside Statutory Auditor of Morinaga & Co., Ltd.
Jun. 2021	Outside Director of the Company (current position)
Mar. 2024	Outside Auditor of Hakuyosha Company., Ltd. (current position)



Tomoko Nakai
Outside Director
(Member of the Nomination and Compensation Committee)

Shareholdings (thousands): –

Apr. 1997	Joined the Legal Training and Research Institute of Japan
Apr. 1999	Completed training at the Legal Training and Research Institute of Japan
	Joined Kazuo Kitamura Law Office
Nov. 2002	Joined Makoto Nakamachi Law Office
	Member of the Management Lawyers Council
Jan. 2012	Partner of Makoto Nakamachi Law Office (current position)
Apr. 2016	Visiting Associate Professor of School of Law, Graduate Schools for Law and Politics of the University of Tokyo
May 2019	Independent Outside Director of Welcia Holdings Co., Ltd.
May 2023	Member and Executive Director of Management Lawyers Council (current position)

Audit & Supervisory Board Members



Toshio Hirasawa
Full-time Audit & Supervisory Board Member

Shareholdings (thousands): 38

Apr. 1974	Joined HONGO YAKUHIN, INC. (now the Company)
Jul. 2004	Executive Officer of KURAYA SANSEIDO Inc. (now the Company)
Apr. 2012	Senior Managing Executive Officer of the Company
Apr.	In charge of Group Accounting, Manager of Finance and Accounting Department of the Company
Jun. 2013	Audit & Supervisory Board Member of MP AGRO CO., LTD.
Oct. 2014	In charge of Group Accounting of the Company
Jan. 2015	Audit & Supervisory Board Member of Sakurai Tsusho Corporation (now MP Gokyo Food & Chemical Co., Ltd.)
Jun.	Full-time Audit & Supervisory Board Member of the Company (current position)
Jun. 2017	Audit & Supervisory Board Member of MEDICEO CORPORATION (current position)
Jun. 2020	Audit & Supervisory Board Member of EVERLTH Co., Ltd.



Kazuo Hashida
Full-time Audit & Supervisory Board Member

Shareholdings (thousands): 10

Apr. 1983	Joined Sanseido Co., Ltd. (now the Company)
Apr. 2007	Manager of the Accounting Department of KURAYA SANSEIDO Inc. (now MEDICEO CORPORATION)
Apr. 2012	Deputy Manager of the Finance & Accounting Department of the Company
Apr. 2017	Manager of the Finance & Accounting Department of the Company
Jul.	Executive Officer of the Company
Apr. 2023	In charge of Finance & Accounting of the Company
Jun.	Audit & Supervisory Board Member of MEDIPAL FOODS CORPORATION (now MP Gokyo Food & Chemical Co., Ltd.)
Jun.	Audit & Supervisory Board Member of ASTEC Co., Ltd. (current position)
Jun.	Full-time Audit & Supervisory Board Member of the Company (current position)
Jun. 2024	Audit & Supervisory Board Member of MP AGRO CO., LTD. (current position)



Yoko Sanuki
Outside Audit & Supervisory Board Member

Shareholdings (thousands): 5

Apr. 1981	Registered as Attorney-at-Law
Dec. 1996	Outside Audit & Supervisory Board Member of KURAYA Corporation (now the Company)
Nov. 2001	Director of NS LAW OFFICE (current position)
Jun. 2003	Outside Audit & Supervisory Board Member of KURAYA SANSEIDO Inc. (now the Company)
Jun. 2007	Outside Auditor & Supervisory Board Member of Meiji Dairies Corporation
Apr. 2009	Outside Director of Meiji Holdings Co., Ltd.
Jun. 2011	Outside Director of Resona Bank, Limited
Jun. 2012	Outside Director of Resona Holdings, Inc.
Jun. 2015	Outside Director, Chairman of Audit Committee of Resona Holdings, Inc.
Jun. 2019	Outside Audit & Supervisory Board Member of the Company (current position)
Jun. 2022	Outside Director of Sanken Electric Co., Ltd.
Jun. 2025	Auditor of Japanese Foundation for Cancer Research (current position)



Hatsuyoshi Ichino
Outside Audit & Supervisory Board Member

Shareholdings (thousands): –

Mar. 1987	Registered as a tax accountant
Apr. 1991	Started Ichino Hatsuyoshi Tax Accountant Office
Apr. 1995	Full-time Lecturer of Department of Commerce, Aichi Gakuin University
Apr. 2000	Assistant Professor of Department of Commerce, Aichi Gakuin University
Oct. 2006	Professor of Department of Commerce, Aichi Gakuin University
Apr. 2010	Part-time Lecturer of Tax Administration Training Course, Local Autonomy College, Ministry of Internal Affairs and Communications (current position)
Apr. 2011	Professor, Graduate School of International Management, Aoyama Gakuin University (current position)
Jun. 2018	Tax accountant of Kanon Tax Accountant Corporation (current position)
Jun. 2023	Outside Audit & Supervisory Board Member of the Company (current position)



Masayuki Mitsuka
Outside Audit & Supervisory Board Member

Shareholdings (thousands): –

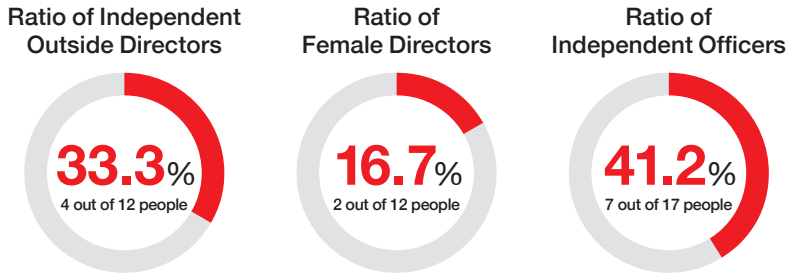
Apr. 1982	Joined Mitsubishi Chemical Industries (now Mitsubishi Chemical Corporation)
Jun. 2009	Board Director, Executive Officer, General Manager of Global Product Strategy Department of Mitsubishi Tanabe Pharma Corporation
Apr. 2012	Board Director, Managing Executive Officer, Division Manager of Development Division of Mitsubishi Tanabe Pharma Corporation
Apr. 2014	Representative Director, Senior Managing Executive Officer of Mitsubishi Tanabe Pharma Corporation
Jun. 2014	President & Representative Director, Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation
Apr. 2020	Board Director of Mitsubishi Tanabe Pharma Corporation
Jun. 2020	Advisor of Mitsubishi Tanabe Pharma Corporation
Jul. 2022	Advisor of the Company
Jun. 2023	External Director of Sawai Group Holdings Co., Ltd. (current position)
Jun. 2025	Outside Audit & Supervisory Board Member of the Company (current position)
Jun.	Outside Audit & Supervisory Board Member of JCR Pharmaceuticals Co., Ltd. (current position)

Note: Shareholdings rounded down to the nearest 1,000 shares. Also, does not include the number of shares held by our officer stock ownership association.

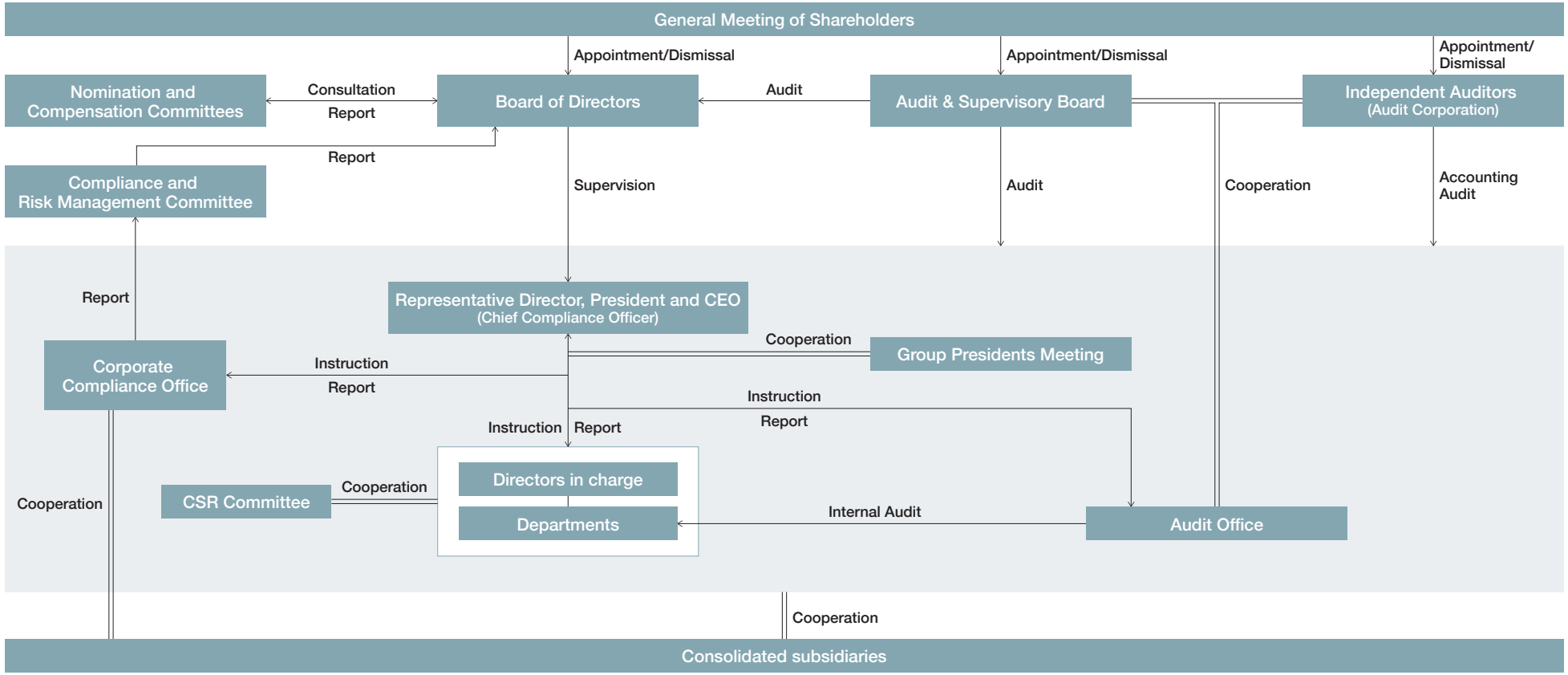
Corporate Governance

Basic Policy

The MEDIPAL Group ensures sound, transparent management and places importance on maximizing corporate value. The Group also believes that disclosing high-quality information is one of its responsibilities to stakeholders, and that it enhances the transparency and soundness of management. Therefore, the Group takes a proactive approach to appropriate and timely disclosure.



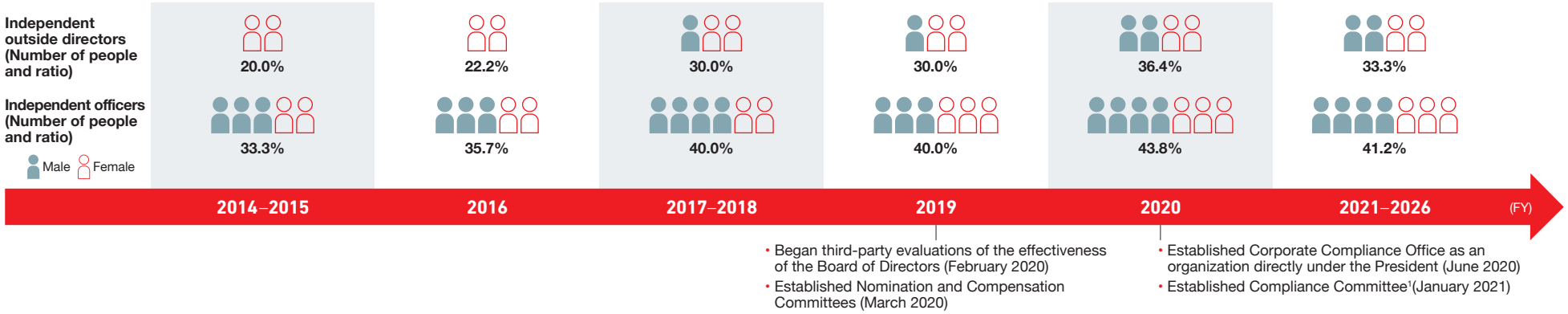
Corporate Governance System



Overview of the Corporate Governance System

Body	Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committees	Compliance and Risk Management Committee
Purpose, role	Established as a supervisory body to consider and decide on matters stipulated by management policy and by law, as well as other important matters concerning corporate management, and also to supervise the status of overall business execution.	Established as an organization to conduct strict audits of the legality and appropriateness of the execution of duties by the Directors.	Established as an advisory body to the Board of Directors for the purpose of improving fairness, transparency, and objectivity of the process of nomination and compensation of the Directors as a measure to enhance corporate governance.	The Compliance and Risk Management Committee has been established as an advisory body to the Board of Directors for the purpose of establishing a corporate culture based on a law-abiding spirit and preventing and minimizing risk as appropriate, by ensuring continuous monitoring of Group compliance and risk management.
Composition	Comprised of 12 directors (including 4 outside directors). (10 male directors, 2 female directors)	Comprised of 5 appointed Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members). (4 male members, 1 female member)	Comprises 3 or more members selected by resolution of the Board of Directors. A majority of the committee members must be outside directors and the chairperson must be an outside director. Audit & Supervisory Board members and persons nominated by the committee chairperson can also attend as observers.	The committee is chaired by the Chief Compliance Officer (Representative Director, President and CEO) and committee members include executive directors with sales experience in the Prescription Pharmaceutical Wholesale Business and outside directors. Audit & Supervisory Board members and persons nominated by the committee chairperson attend as observers.
Meeting outcomes in FY2025	14 times	13 times	Nomination Committee: 9 times Compensation Committee: 2 times	4 times
Attendance by outside officers	Outside directors: 96.4% Outside Audit & Supervisory Board members: 97.4%	97.2%	Nomination Committee: 100% Compensation Committee: 100%	75.0%
Main matters for consideration	• Ordinary matters, such as results, dividends, and budgets • Important matters such as major investments, measures aimed at implementing management that is conscious of cost of capital and share price, reduction of strategic shareholdings, and acquisition and cancellation of treasury shares	• Produces audit reports and decides on matters concerning the appointment and dismissal of full-time Audit & Supervisory Board members; the audit policy and procedures, and methods to survey asset status; and execution of other duties by Audit & Supervisory Board members • Matters decided by resolution of the Audit & Supervisory Board including the appointment/dismissal or reappointment/non-reappointment of independent auditors or compensation of independent auditors	• Nomination Committee: Director candidates for the General Meeting of Shareholders in June 2025, succession planning process, successor candidate interviews, and new director candidates, etc. • Compensation Committee: Officer bonuses to be paid in June 2025, compensation level, pay ratio, reasoning behind compensation, etc.	• Progress reports on initiatives to ensure rigorous compliance • Ascertaining and evaluating risk, and examining and implementing measures to prevent and minimize such risk • Reports on Antimonopoly Act audits • Incident sharing on matters arising at Group companies • Results from compliance questionnaires

Changes in Governance System and Strengthening of Initiatives



1. On April 1, 2025, the name was changed to the Compliance and Risk Management Committee.

Director Appointment Policy

1. Director Appointment Policy

The basic policy is to appoint as director individuals who will take the lead in sincerely implementing compliance initiatives as well as individuals with extensive experience, deep insight, and a high level of specialization in order to contribute to the MEDIPAL Group's sustainable growth and medium- to long-term improvement of corporate value.

(1) Internal directors

Candidates are chosen from among individuals with work history and skills in corporate management, healthcare, M&As, governance, IT, etc. Candidates must possess the appropriate leadership skills to promote the MEDIPAL Group's management philosophy as well as a medium- to long-term perspective as someone engaged in supervision of management's decision making and business execution. We also give comprehensive consideration to factors such as personality and experience.

(2) Outside directors

Candidates are chosen from among individuals with extensive knowledge and experience of corporate management, healthcare, finance/accounting, legal affairs, international affairs, etc. We also give comprehensive consideration to factors such as personality and concurrent service as an officer at another company. In principle, the total term of office is a maximum of eight or 12 years (four years as an Audit & Supervisory Board member with two or three terms). Outside directors are prohibited from serving as an officer at four or more listed companies. Notwithstanding, even in the event that a candidate does not meet the separately determined independence requirements, an individual with deep insight and a high ethical viewpoint can be selected as a candidate for outside director. However, in such a case, the ratio of independent outside directors shall be one-third or higher.

2. Director appointment procedure

Candidates shall be proposed to the General Meeting of Shareholders after deliberation by and reports from the Nomination and Compensation Committees (with the majority of members being outside directors and an outside director serving as the chair of the committee), and a resolution by the Board of Directors. The selection of representative directors as well as executive directors with special titles is conducted by the Board of Directors after deliberation by and reports from the Nomination and Compensation Committees.

3. Director dismissal procedure

In a case where a director commits an act that violates laws and ordinances or the articles of incorporation, or in a case where a director shows inadequate ability to carry out their professional duties due to negligence or other reasons, the Board of Directors will deliberate on the matter after fair and rigorous consideration by the Nomination and Compensation Committees.

Ensuring Diversity of the Board of Directors

The Company's Board of Directors is designed to have diverse representation as well as an appropriately balanced mix of knowledge, experience, and skills, including through the appointment of a number of outside directors and outside Audit & Supervisory Board members. The Company has appointed a diverse lineup of outside directors and outside Audit & Supervisory Board members, including former business executives and specialists in pharmaceutical development, accounting, and legal affairs, to ensure the effective functioning of the Board.

Use of Outside Directors and Audit & Supervisory Board Members

When appointing outside directors, the emphasis is on extensive experience, deep insight, and a high level of specialization, as well as the requirements stipulated in the Companies Act. We expect outside directors to contribute to improved corporate governance by contributing questions and opinions based on diverse perspectives that stimulate discussion at the Board of Directors' meetings and contribute to appropriate decision making. Our policy is for at least one-third of directors to be independent outside directors. Of the 12 directors, four are outside directors, all of whom are independent outside directors. We believe we have appointed a sufficient number of independent outside directors based on comprehensive consideration of our industry, size, business characteristics, organizational structure, and the surrounding business environment. Of the five Audit & Supervisory Board members, three are outside members, all of whom are independent outside members. This system of monitoring and supervision of the Board of Directors by independent outside directors and independent outside Audit & Supervisory Board members ensures highly transparent management.

Reasons for Selecting Outside Directors and Outside Audit & Supervisory Board Members (As of June 24, 2026)

Name	Reason for Appointment
Toshio Asano Outside Director	Mr. Toshio Asano has a wealth of experience and broad-ranging insight gained through his involvement in corporate management, having served as President & Representative Director of Asahi Kasei Pharma Corporation and Asahi Kasei Corporation. Based on this, he offers us valuable opinions and appropriate advice from objective, specialized viewpoints at meetings of the Board of Directors of the Company.
Kuniko Shoji Outside Director	Ms. Kuniko Shoji has a wealth of experience and broad-ranging insight, having served as Director at Terumo Corporation and as the officer in charge of Terumo Corporation's pharmaceutical and clinical trial departments. Based on this, she offers us valuable opinions and appropriate advice from objective, specialized viewpoints at meetings of the Board of Directors of the Company.
Hiroshi Iwamoto Outside Director	Mr. Hiroshi Iwamoto possesses experience in financial and HR affairs developed in the finance industry, and a wealth of management experience subsequently developed in the information and telecommunications industry. Leveraging this wealth of experience and broad-ranging insight, he offers us valuable opinions and appropriate advice from an objective and specialized viewpoint at meetings of the Board of Directors of the Company.
Tomoko Nakai Outside Director	In addition to her specialized knowledge and insight as an attorney at law, Ms. Tomoko Nakai has served as an Outside Director for a listed company, giving her valuable perspectives on enhancing corporate value. Based on her abundant experience and wide-ranging insights, the Company believes she will strengthen the effectiveness of the Board of Directors' decision-making and oversight functions from an independent standpoint.
Yoko Sanuki Outside Audit & Supervisory Board Member	Thanks to her wealth of experience and specialist knowledge of corporate law developed through her work as an attorney-at-law, Ms. Yoko Sanuki has served as an outside director and outside Audit & Supervisory Board member at multiple companies, and makes use of this knowledge in auditing the Company.
Hatsuyoshi Ichino Outside Audit & Supervisory Board Member	As a qualified tax accountant, Mr. Hatsuyoshi Ichino currently not only teaches subjects including accounting, financial statement accounting and tax planning, among other subjects, in his role as a professor at the Graduate School of International Management of Aoyama Gakuin University, he also serves as part-time lecturer of the Tax Administration Training Course at the Local Autonomy College, Ministry of Internal Affairs and Communications, giving him a high degree of knowledge in financial and accounting matters. He makes use of this wealth of experience and specialist knowledge in auditing the Company.
Masayuki Mitsuka Outside Audit & Supervisory Board Member	Mr. Masayuki Mitsuka has served as the manager in charge of the development department at Mitsubishi Tanabe Pharma Corporation, as well as the President & Representative Director of said company, meaning he has been deeply involved in corporate management. He makes use of this wealth of experience and broad insight in auditing the Company.

Skill Matrix and Composition of the Nomination and Compensation Committees (As of June 24, 2026)

The MEDIPAL Group seeks sustainable development and medium- to long-term improvement of corporate value. As such, we have established as areas of expertise and experience that are fundamental to the Company: business management experience, sales/marketing, medical/pharmaceutical science/public service, financial affairs/accounting/financing/M&A, legal affairs/governance, IT/DX, personnel & labor/human resources development, global, and sustainability. We have therefore selected officers who possess expertise and experience in these fields.

■ Chairperson □ Member

Name		Specialty, Experience[1]									Nomination Committee member	Compensation Committee member	Compliance and Risk Management Committee member
		Business management experience	Sales / Marketing	Medical / Pharmaceutical science / Public service	Financial affairs / Accounting / Financing / M&A	Legal affairs / Governance	IT/DX	Personnel & labor / Human resources development	Global	Sustainability			
Representative Director and President	**Shuichi Watanabe**	●	●								□		■
Representative Director, Vice President	**Yasuhiro Choufuku**	●	●										□
Senior Managing Director	**Toshihide Yoda**	●			●				●			□	
Managing Director	**Kuniaki Imagawa**	●	●										
Managing Director	**Shinjiro Watanabe**	●	●				●						
Director	**Hiroshi Yarimizu**	●			●								
Director	**Takuya Yoshida**	●	●		●								
Director	**Hidemitsu Wakita**	●							●				
Outside Director	**Toshio Asano**	●		●							□	□	
Outside Director	**Kuniko Shoji**	●		●					●	●	■	■	
Outside Director	**Hiroshi Iwamoto**				●			●			□	□	□
Outside Director	**Tomoko Nakai**					●		●			□	□	□
Full-time Audit & Supervisory Board Member	**Toshio Hirasawa**				●								
Full-time Audit & Supervisory Board Member	**Kazuo Hashida**				●								
Outside Audit & Supervisory Board Member	**Yoko Sanuki**					●				●			
Outside Audit & Supervisory Board Member	**Hatsuyoshi Ichino**				●					●			
Outside Audit & Supervisory Board Member	**Masayuki Mitsuka**	●		●									

Please see the notice of convocation for more details. (in Japanese only)
https://ssl4.eir-parts.net/doc/7459/ir_material/278820/00.pdf

1. Does not include all the experience and expertise of directors and Audit & Supervisory Board members.

Support System for Outside Directors and Outside Audit & Supervisory Board Members

We have established a system that enables mutual cooperation between outside directors and outside Audit & Supervisory Board members and the Audit Office, Audit & Supervisory Board members, and independent auditors, as well as respective departments. This system seeks to enable these parties to coordinate as necessary, either directly or indirectly, through methods such as email or telephone, thereby working to ensure proper coordination as appropriate. In addition, outside directors and outside Audit & Supervisory Board members share their views at meetings of the Board of Directors, and express their frank opinions on other occasions such as during briefings ahead of important discussions. The Company also periodically provides opportunities to view worksites at subsidiaries.

Compensation for Directors

Our basic policy is to establish compensation levels and systems that are appropriate to the roles and responsibilities of each director as they work to realize our management philosophy, enhance corporate value, and achieve sustainable growth. Compensation for directors includes base compensation and bonuses, and the amount of compensation is decided after taking into account general compensation levels in the market, our financial position, and the balance with employee salaries. The Nomination and Compensation committees were voluntarily established as advisory bodies to the Board of Directors for the purpose of improving the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors and as a measure to enhance corporate governance.

1. Policy on decisions relating to the amount of monetary compensation and the methods used to calculate this amount

Monetary compensation (i.e., compensation that is neither performance-linked compensation nor non-monetary compensation) is defined as a fixed monthly amount as base compensation paid in accordance with the position of each director.

2. Policy on decisions relating to the type of performance indicators used for performance-linked compensation and the methods used to calculate this amount or number

Performance-linked compensation is monetary compensation paid at a certain time every year as a bonus. The total amount is determined by the Board of Directors based on consideration of the consolidated performance in each fiscal year (consolidated operating profit) as an incentive for executive directors to be conscious of business performance. It is apportioned according to the standards for each position.

3. Policy on decisions relating to the type of nonmonetary compensation and the methods used to calculate this amount or number

A system for non-monetary compensation has not yet been introduced, but for some time now we have been considering the introduction of a stock-based compensation scheme linked to the increase in corporate value as an incentive that functions with medium- to long-term earnings. The Nomination and Compensation committees will also engage in various discussions on this matter.

4. Policy on decisions relating to the percentage breakdown for each type of compensation

Compensation for executive directors comprise fixed monthly base compensation and bonuses linked to short-term earnings. The percentage breakdowns of these two types of compensation differ slightly depending on the position of each director, but in general the basic standard is for bonuses to account for approximately 25% of the total. The compensation for outside directors only consists of base compensation in view of their role and independence.

5. Methods to decide the content of compensation for individual directors

The amount of compensation for individual directors is left to the decision of the Representative Director and President, based on resolution by the Board of Directors. However, the Representative Director and President is advised by the Nomination and Compensation committees and receives a report from the committees on draft compensation amounts for individuals. The Nomination and Compensation committees are composed of three members or more selected in accordance with a resolution of the Board of Directors. Outside directors account for a majority of the members, and the committee is also chaired by an outside director. In addition, Audit & Supervisory Board members and persons nominated by the committee chairperson can also attend as observers.

Compensation Amount for Directors

Corporate Officer Category	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Category (Millions of yen)				Number of Relevant Corporate Officers[2]
		Fixed compensation[1]	Performance-linked compensation	Retirement benefits	Non-monetary compensation, etc., included in the left column	
Directors (excluding outside directors)	251	177	74	-	-	9
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	49	49	-	-	-	2
Outside directors	57	57	-	-	-	4
Outside Audit & Supervisory Board members	37	37	-	-	-	4

1. Fixed compensation includes the amount for one director and one outside Audit & Supervisory Board member who resigned upon the conclusion of the 116th Annual General Meeting of Shareholders held on June 25, 2025.
2. There are no officers receiving a total of compensation and other benefits of ¥100 million or more in the fiscal year ended March 31, 2026.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors of the Company conducts self-evaluation of the effectiveness of directors and Audit & Supervisory Board members, while receiving support from third-party institutions, with the aim of improving the effectiveness of our governance. Our secretariat first works with a third-party institution to create and distribute an evaluation survey. We then gather responses from our directors and Audit & Supervisory Board members, and the third-party institution analyzes and evaluates the results. The results of the analysis are collected in the form of a report from the third-party institution and then presented to the Board of Directors. The Board of Directors checks the results of the evaluation based on this report, discusses future issues and improvement measures, and decides on policies in response. Through this series of processes, the MEDIPAL Group seeks to improve the functioning of the Board of Directors and continuously improve our governance structures.

Process for Evaluating Effectiveness

April 2026
Conducting survey

Conduct of a survey of each director and Audit & Supervisory Board member, with the help of a third-party institution

May 2026
Analyzing and evaluating results of survey

Analysis and evaluation of survey results by third-party institution

June 2026
Discussions based on report of analysis and evaluation

Discussion of future responses based on results of evaluation by the Board of Directors

Results from analysis and evaluation in FY2025 and status of response

Analysis/Evaluation Outline of Results

The average score for the question asking for an overall evaluation of the effectiveness of the Board of Directors was 4.2, up by 0.1 year on year. The questions on whether discussions at the Board of Directors were open-minded returned an exceptionally positive response, and there were multiple comments confirming the liveliness of discussions in the free comment section. Compared with last year, evaluations regarding succession planning and dialogue with investors have improved. In light of these results, we conclude that the Board of Directors is functioning effectively overall.

Issues Identified and Response Policies

The results from the questionnaires identified the following issues.

Discussions at the Board of Directors' meetings

- Discussion of selection of optimal institutional design and composition of board of directors
- Sufficient deliberation on corporate strategy and corporate planning that are properly cognizant of earning power and capital efficiency
- Following up with progress reports on business plans
- Enhanced discussions on succession planning

Looking ahead, we will use this information to consult on and select high-priority themes and will engage in specific, concrete discussions at the Board of Directors' meetings.

Concept of Strategic Shareholdings

The basic policy of the MEDIPAL Group is to reduce these shareholdings in the interest of controlling shareholding risk and capital efficiency. We will regularly verify the significance and economic rationality of our strategic shareholdings for the social significance of the main business and contribution to our earnings via stronger business relationships. If any of these shareholdings are deemed to be inappropriate, we will proceed with their sale after striving to gain sufficient understanding from our business partners. Even in cases where shareholdings are deemed appropriate, the Company may sell these in accordance with its basic policy of reducing strategic shareholdings and in consideration of market conditions, management and financial strategies, and other factors.

The balance as of March 31, 2026 was ¥96.7 billion, 12.2% of net assets (0.4 percentage points lower than the end of the previous fiscal year).

We also intend to limit strategic shareholdings to 10% or less of net assets and ¥50 billion or less by around March 31, 2027. Note that the Group regularly conducts verification and confirmation of the significance and economic rationale for all strategic shareholdings. Here, verification and confirmation refer to processes leading to a comprehensive judgment of whether the holdings will contribute to the maintenance and improvement of the Group's corporate value. This judgment is based on the social significance of the main business, contribution to our earnings via stronger business relationships, and the current and future profitability of the business partner, taking into consideration the growth potential of the business partner and capital costs.

Responsible Dialogue with Shareholders and Investors

General Meeting of Shareholders

In order to provide shareholders with sufficient time to make decisions on exercising their voting rights, the Company issued the notice of convocation for the June 24, 2026 Annual General Meeting of Shareholders on June 1, 2026, which is earlier than the legal requirement. Prior to this, the Company also made an early disclosure of its notice of convocation for the General Meeting of Shareholders on its corporate website on May 25, 2026. In addition, since the Annual General Meeting of Shareholders held in June 2002, the Company has enabled voting rights to be exercised electronically via the internet, in order to ensure that voting rights are exercised promptly and actively. Since 2006, the Company has also joined the voting rights platform for institutional investors operated by ICJ, Inc. to create an environment in which institutional investors may directly exercise voting rights by electronic means. In addition, other measures to invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights, including posting the notice of convocation and details of the resolutions on our corporate website, have been taken.



Dialogue with institutional investors

We maintain active dialogue with institutional investors through events such as financial results briefings for securities analysts and institutional investors, IR meetings with the corporate officer in charge of IR, and various conferences hosted by securities companies bringing together institutional investors from Japan and abroad. Dialogue with investors is held regarding a broad range of themes, including business performance and business environment, sustainability and capital policies. Feedback from investors is reported to management of the Company and the relevant departments as necessary, where it informs formulation and consideration of policy in areas such as MEDIPAL Group management strategy.

IR events for institutional investors in FY2025

IR Event	Date Held	Presenter
Briefings on financial results	May and November 2025 (twice a year)	President, corporate officer in charge of IR
Conferences held by securities companies	February 2026	Corporate officer in charge of IR
Small meetings held by securities companies	September 2025	IR member
Overseas IR roadshow	June 2025 March 2026	Corporate officer in charge of IR

IR interviews with institutional investors in FY2025

Number of interviews during the year	87 (56 in Japan; 31 overseas)[1]

Dialogue with individual investors

The MEDIPAL Group has positioned the provision of information to individual investors as an important matter in future IR, and has improved its efforts in this regard. We are examining the distribution of IR information using websites and holding events targeting individual investors with the aim of improving awareness of our company and better establishing our brand.

1. Figures represent the cumulative number of companies

Compliance

Basic Policy

The MEDIPAL Group has designated "rigorous compliance" as one of its business policies. To earn the trust of all of our stakeholders and continue as a company achieving sustainable development, we believe it is essential for each and every MEDIPAL Group employee to not only comply with relevant laws and regulations, but also to follow rules and manners in societies, and to act in line with the highest ethical standards. To that end, we continually carry out training programs and awareness activities for all employees.

Compliance Promotion System

In the MEDIPAL Group, the Representative Director, President and CEO is charged with management of Group compliance, and top management takes the lead in promoting compliance.

To tackle this in a systematic and ongoing manner, the Corporate Compliance Office has also been established as an organization under the direct control of the President to further strengthen compliance throughout the Group.

In addition, the Compliance and Risk Management Committee has also been established and provides guidance, advice and monitoring seeking improvement and continuity, with the aim of putting in place a corporate culture with a law-abiding spirit and preventing and minimizing risk as appropriate, through the continuous monitoring of compliance and risk management in the MEDIPAL Group. The Compliance and Risk Management Committee, which functions as an advisory body to the Board of Directors, is chaired by the Chief Compliance Officer. Members also include executive directors with sales experience in the Prescription Pharmaceutical Wholesale Business and outside directors. Audit & Supervisory Board members and other officers also participate as observers and offer opinions from a variety of angles to help conduct more effective monitoring.

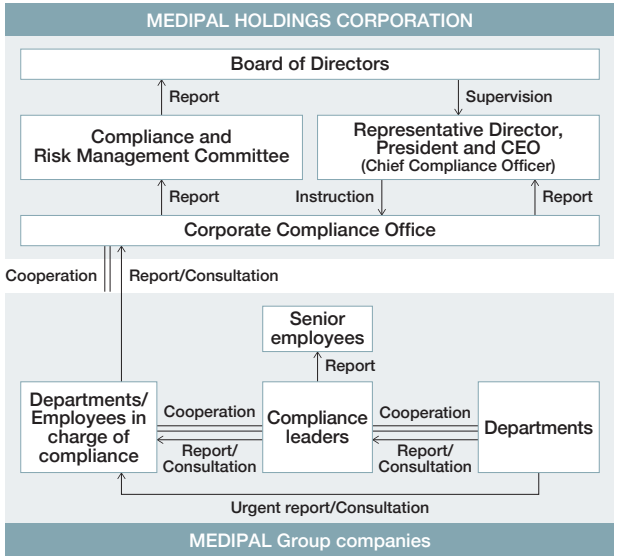
With the aim of raising awareness of compliance in sales departments and of effecting thorough monitoring and oversight of the progress of such efforts on the sales front lines of Group companies that operate the Prescription Pharmaceutical Wholesale Business, we have appointed some of the sales department managers as compliance leaders to promote compliance.

1. Antimonopoly Act audits
The Audit Office, which is in charge of internal audits, will conduct Antimonopoly Act audits with the purpose of confirming whether there are Antimonopoly Act violations and the status of efforts to prevent a recurrence of any such violations.

2. Reporting of audit results
The audit results are reported to the Board of Directors and the Audit & Supervisory Board quarterly.

3. Reporting of status of improvements
The establishment and operation of the MEDIPAL Group's compliance system is also reported quarterly to the Board of Directors.

Compliance Promotion Structure Chart (As of April 1, 2026)



Formulation of Guiding Principle for Business Activities

In response to the on-site inspection of MEDICEO CORPORATION by the Japan Fair Trade Commission in November 2019, and rooted in the spirit of observing regulatory compliance, the MEDIPAL Group formulated the Guiding Principle for Business Activities to demonstrate the commitment of the CEO to compliance. To make this commitment universal across all employees in the Group, management has continued to convey this message through meetings, in-house publications, and other forums. We are also working to ensure all employees actively engage in fair competition by having all attendees at Company meetings recite the Guiding Principle for Business Activities.

Initiatives to Prevent Violations of the Antimonopoly Act

The MEDIPAL Group is proceeding with the establishment of rules and regulations to prevent violations of the Antimonopoly Act. We have also revised our work regulations. We put in place a person in charge of compliance at every Group company and develop systems for appropriate guidance based on these rules and regulations.

Review of business plans and sales targets

We have conducted a fundamental review of business plans and sales targets, and have considered how we pursue our business activities from the perspective of preventing the occurrence of situations that may violate the Antimonopoly Act in advance.

Creation of Antimonopoly Act Compliance Guidebook

We produce an easy-to-understand guidebook with the aim of preventing violations of the Antimonopoly Act. The guidebook outlines points that invite misunderstanding and cases where judgment can easily err in the context of sale activities.

Establishment of regulations regarding the prevention of involvement in bid rigging, etc.

Regulations regarding the prevention of involvement in bid rigging, etc., are established for the purpose of eliminating collusion, cartels, and other violations of the Antimonopoly Act, preventing behavior that may be suspected of such violations, and, additionally, reducing the risk of becoming involved in such violations.

Compliance based on rules for estimates and bids

Our activities comply with internal rules that realize proper competition in line with the spirit of observing regulatory compliance. The rules specify that approvals are obtained after we have confirmed that there has been no contact with other companies in the industry, and that price estimates and bids are not to be submitted for projects where we have no intention of accepting the contract.

Formulation of rules on activities within the industry and contact with other wholesalers

We have, in principle, prohibited actions that may invite suspicion, such as contact with other companies in the industry, in the wake of the on-site inspection conducted by the Japan Fair Trade Commission. On the other hand, we permit appropriate participation in industry activities on the basis of certain rules on the presence of lawyers or other relevant parties, and the preservation of minutes of proceedings.

In preparation for cases where circumstances inadvertently arise necessitating contact with other companies in the industry, we have established clear rules including procedures for making approvals in advance, and conduct strict operations.

Consultation desk for Antimonopoly Act (Antimonopoly Act Hotline)

Immediately following the on-site inspection by the Japan Fair Trade Commission, we established a dedicated consultation desk for the Antimonopoly Act to ensure a swift response in cases where decisions regarding compliance with the Antimonopoly Act are difficult for those on the ground in sales. This consultation desk operates separately from the existing whistleblower hotline.

Initiatives to Prevent Bribery

The MEDIPAL Group carries out its business activities in a sound and proper manner, and strictly prohibits all supply of profits to civil servants or those in a similar position. All Group companies have formulated bribery prevention regulations. To guarantee the effectiveness of these regulations, we have also established specific rules regarding disbursements, such as mandating that all actions such as donations to third parties pass through internal approvals in writing.

Furthermore, as the major business partners of the MEDIPAL Group, including manufacturers of pharmaceutical products and medical equipment, are firms with corporate entities based overseas, we are conducting annual online training based on the education standards set by our business partners, in reference to the training materials used in Foreign Corrupt Practices Act (FCPA) training induction course which is implemented by the American Medical Devices and Diagnostics Manufacturers' Association (AMDD).

Initiatives to Raise Compliance Awareness

Compliance training

The following training is provided using e-learning.

Status of compliance-related training (portion hosted by MEDIPAL Group only)	• Antimonopoly Act training: Once a year • Compliance training: Once a year • Information security training: Twice a year • Harassment prevention training: Once a year • FCPA training: Once a year • Training on guidelines for sales information provision activities: Four times a year

Declaration of Compliance Day

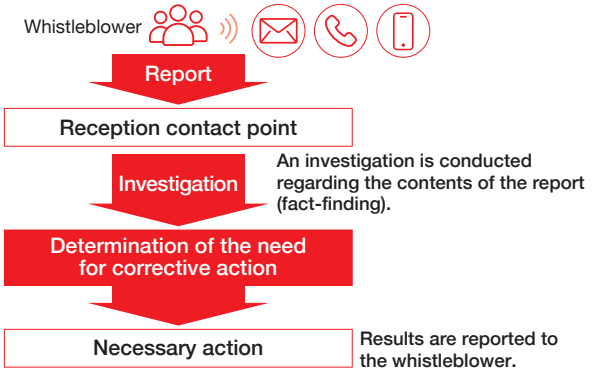
To demonstrate our ongoing commitment to compliance, we have designated November 27 as Compliance Day. We are working to prevent past incidents from fading from memory through efforts such as conducting a survey targeting employees to ascertain the effects of initiatives to improve compliance and the level of awareness of compliance matters among employees.

Whistleblowing System

As part of a structure to identify and address problems within the MEDIPAL Group early, the Group has established a Whistleblower Hotline. We have used the Group intranet and posters to inform employees that they can use this hotline to raise concerns about work-related impropriety, legal violations, or unethical conduct that has occurred or risks occurring.

The Group has established both internal and external points of contact for receiving reports and put in place an environment where it is easy for employees to consult about such matters, by establishing a system where they can make reports through various means including phone, email, FAX and post. To ensure the confidentiality of reporters, we have made the point of contact for receiving reports an independent agency, and clarified in our internal regulations that reporters are not to suffer disadvantages as a result of their conduct. We have also prepared a system that can respond appropriately to anonymous reports.

Whistleblower Hotline Response Process



Quality Control

Basic Policy

The MEDIPAL Group considers it its social mission to comply with pharmaceutical laws and regulations beginning with the Pharmaceutical and Medical Device Act, and to distribute safe, reliable pharmaceuticals and medical equipment, etc. To accomplish this mission, we strive to implement thorough quality control processes, from pharmaceutical product receipt to delivery to medical institutions.

Maintaining Quality

For quality control in the storage and distribution of pharmaceuticals, medical equipment, and other products, the MEDIPAL Group strives to build and operate appropriate systems by creating manuals on logistics operations, supervising pharmacist operations, etc., based on ordinances issued by the Ministry of Health, Labour and Welfare, and on JGSP[1] and JGSP2008.

The Group also formulates manuals for quality control and standard operating procedures (SOPs) in accordance with the globally harmonized JGSP/GDP,* revised to reflect PIC/S[2] GDP, and with GDP guidelines issued by the Ministry of Health, Labour and Welfare. In addition, the MEDIPAL Group works to enhance management systems, provide opportunities for suggesting improvements at GDP review meetings, and implement educational activities.

Education and Training

The MEDIPAL Group provides systematic and ongoing training to maintain the integrity of pharmaceuticals, etc. The training is based on the annual education and training plan formulated at the beginning of the fiscal year and covers quality control manuals and SOPs for employees and personnel in charge of merchandise management and distribution. The training combines multiple methodologies including online training sessions, classroom study, and on-the-job training (OJT) to meet various roles and levels of mastery.

Introductory Education and Training

Scope	New assignees/personnel
Contents	Learn the basic procedures and acquire knowledge for performing work in each department
Hours	Approx. 5 hours

Regular Education and Training

Scope	Employees and personnel responsible for product management and distribution
Contents	Acquiring knowledge of GDP and knowledge related to quality control matters such as drug regulatory affairs and supply of pharmaceutical products handled by the Company
Hours	10+ hours

Why counterfeit drugs are not a growing concern in Japan

The spread of counterfeit drugs is becoming a severe problem worldwide. However, there is largely no room for counterfeit drugs to enter the Japanese drug market. The main reasons for this are the thorough preparation of and compliance with relevant laws and regulations beginning with the Pharmaceutical and Medical Device Act, and the fact that the distribution system is one in which nearly all prescription pharmaceutical distribution (roughly 96%) is performed by pharmaceutical wholesalers.

The existence of pharmaceutical wholesalers has the following results, which support highly trusted distribution in Japan: (1) distribution routes are simplified; (2) a single company is responsible for everything from procurement to delivery; and (3) structures of close cooperation are established between pharmaceutical manufacturers, medical institutions and dispensing pharmacies.

The existence of high-quality distribution platforms and ongoing investment to support these are essential for preventing the spread of counterfeit pharmaceuticals. In that sense, the Japanese pharmaceutical wholesale industry is also responsible for safety and social costs.

The Group conducts lot traceability management, and has constructed a system that allows it to accurately determine what has been sold, when, to whom, and in what quantities.

For this reason, in the event of a voluntary product recall by a pharmaceutical company, this system allows the Group, at the pharmaceutical company's request, to rapidly provide information to the medical institutions and other customers to whom the products have been sold, and recall those products.

1. The Japanese Good Supplying Practice (JGSP) is an industry-internal practical standard by the Federation of Japan Pharmaceutical Wholesalers Association for quality and safety management in the supply of pharmaceuticals, aimed at preventing loss of quality due to the effects of temperature, humidity and light in each of the stages of storage, shipping and transportation. JGSP applies to prescription pharmaceuticals, while JGSP2008 applies to over-the-counter pharmaceuticals.
2. The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) is an international cooperative framework for the quality management of pharmaceuticals

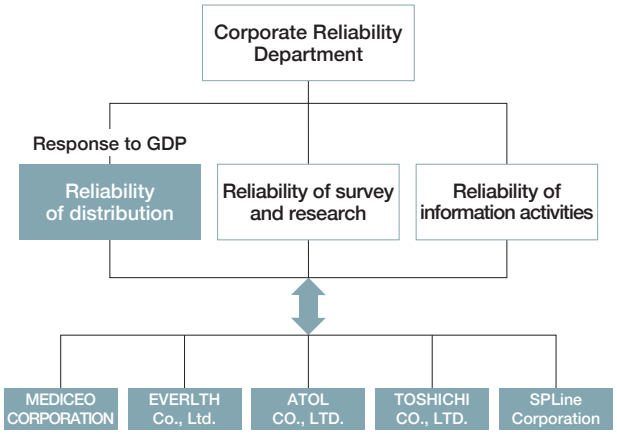
* Please refer to page 75 for explanations of technical terms.

Compliance with the Japanese Version of the GDP* Guidelines

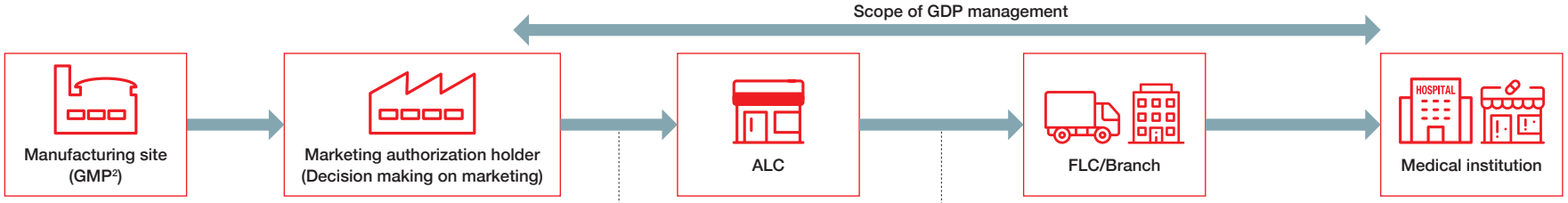
The MEDIPAL Group is now providing training based on quality control manuals and SOPs to the logistics departments of the five prescription pharmaceutical wholesalers[1] as well as to all ALCs.* In addition, we carry out regular quality reviews to promote and enhance the quality of GDP activities. In FY2022, we also expanded our GDP activities, which had previously focused on distribution centers, to FLC* and branches. At EVERLTH Co., Ltd. and ATOL CO., LTD., we confirmed consolidation of such activities in FY2023. We also advanced the development of GDP activities at MEDICEO CORPORATION and TOSHICHI CO., LTD., completing these efforts in FY2025.

Organization and role of the Corporate Reliability Department

The Corporate Reliability Department supervises the status of logistics quality control at the five prescription pharmaceutical wholesalers. At ALC, in particular, which is a logistics site, the Corporate Reliability Department is promoting efforts aimed at consolidating methods based on the GDP guidelines and at improving ongoing logistics quality. Furthermore, the department is also working to outfit FLCs and branches throughout Japan with organizational systems based on the guidelines and the necessary capital investments, while implementing educational activities for employees responsible for product management and distribution. In addition, to increase reliability in logistics quality, the department is further enhancing our pharmaceutical distribution practices by strengthening cooperation not only with relevant internal departments but also with pharmaceutical companies, distributors, and other external partners.



Pharmaceutical Supply Chain



MAH → ALC

Using DP-Cool[3] (Mitsubishi Logistics Corporation + forwarding agencies), etc.

Characteristics of DP-Cool

- Compliant with the PIC/S GDP guidelines
- Cooling temperature control throughout transportation
- Round-the-clock monitoring by the temperature control center
- Terminals with dock shelters directly connected to cold insulating warehouses
- Authorized drivers, etc.

ALC → FLC/Branch

Using mainly refrigerated vehicles owned by the Company

- ALC shipping berths with dock shelters
- Constant mapping taking into account seasonal variations for temperature-controlled transportation
- Staff trained using "Basic Knowledge about Distribution"
- Regular OJT training by a trainer, etc.

1. MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., TOSHICHI CO., LTD., and SPLine Corporation
2. Good Manufacturing Practice
3. Refrigerated transportation service for pharmaceuticals compliant with the PIC/S GDP guidelines

* Please refer to page 75 for explanations of technical terms.

Risk Management

Basic Policy

1. Declaration

The MEDIPAL Group defines risks as "factors affecting the realization of the management philosophy," identifies and evaluates risks affecting corporate activities, and establishes a management system that prevents and reduces risks in an organized manner to promote risk management.

2. Purpose

In order to realize our management philosophy, we promote risk management as follows.

(1) Maintenance and improvement of the corporate value
(2) Conservation and effective utilization of management resources
(3) Sustained and consistent business continuity
(4) Establishing relationships of trust with stakeholders
(5) Ensuring the safety of executives, employees and other related personnel

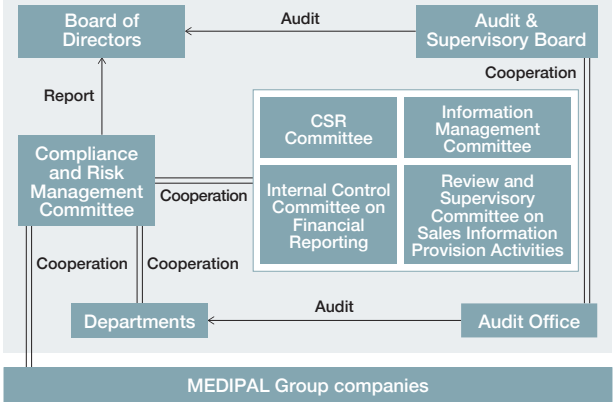
3. Course of Action

(1) We consider risk management to be the most important issue for management and implement company-wide initiatives.
(2) We strive to maintain and improve corporate value by implementing risk management.
(3) We reflect social demands related to risk in the risk management structure.
(4) Through continuous risk management, we strive to improve each individual's risk sensitivity, enhance knowledge, prevent and reduce risks, and improve our response capabilities.
(5) In the event of a risk, we take prompt action to minimize the loss and work to recover as quickly as possible.

4. Promotion System

Based on the Compliance and Risk Management Regulations which stipulate the risk management system and basic matters, we have established the Compliance and Risk Management Committee (chaired by the Chief Compliance Officer (Representative Director, President and CEO)) as an advisory body to the Board of Directors, which grasps the overall risk information and takes prompt and appropriate measures to promote risk management throughout the entire Group.

Risk Management System (As of April 1, 2026)



Business Risks

The risks that may have significant impact on the judgments of investors are the following. Statements regarding the future represent the positions of the Group as of March 31, 2026.

- Medical insurance system reform
- NHI drug price system
- Specific legal regulations
- Trade practices with medical institutions
- Trade practices with pharmaceutical companies
- Changes in the competitive environment
- System interruptions
- Information leaks
- Disasters, traffic accidents, and infectious diseases
- Climate change
- Securing a labor force
- Investing
- Legal and regulatory infractions

Examples of countermeasures

About Disaster Risk	
Summary	The MEDIPAL Group handles the distribution of prescription pharmaceuticals, daily necessities, and other products indispensable to a healthy life. We are implementing a variety of measures to ensure that we reliably deliver the required products both in normal times and during emergencies. In the event of a major disaster, the Group's business operations may be suspended and our business performance and financial condition may be affected due to decreased sales resulting from lost sales opportunities or incurring recovery costs and other expenses.
Countermeasures	The Group has proceeded with the development of crisis management systems in preparation for natural disasters such as earthquakes, typhoons, or pandemics and established a business continuity plan (BCP) to ensure that the Group can continue to quickly carry out supply activities in the event of an emergency.

About Traffic Accidents	
Summary	The MEDIPAL Group uses many vehicles in its sales and delivery activities. For this reason, in the event that we cause a serious traffic accident, our social reputation could be damaged, and this may affect the performance and financial condition of the Group.
Countermeasures	We are promoting the installation of dashcams and introduction of vehicles equipped with automatic braking systems to prevent traffic accidents. In addition, we proactively conduct awareness-raising activities to promote traffic accident prevention, such as the establishment of a safe driving month and holding classes taught by police officers.

About Securing a Labor Force	
Summary	In order for the MEDIPAL Group to reliably distribute pharmaceuticals, daily necessities, and other products, it is essential to secure high-quality human resources and assign them appropriately. However, securing a labor force in the distribution field has become increasingly difficult year by year due to the declining population, decreasing birthrate and aging population. If the labor supply tightens further and adequate human resources cannot be secured, the Group's performance and financial condition may be affected. In addition, a significant increase in employee-related costs due to revised laws and systems or price fluctuations may also affect the performance and financial condition of the Group.
Countermeasures	We are working to improve operational efficiency through labor-saving measures at distribution centers and revised delivery operations, as well as promoting workstyle reforms and taking steps to improve the work environment.

Business Continuity Plan (BCP)

Basic Policy

The MEDIPAL Group anticipates a range of risks, and has drafted an effective business continuity plan (BCP) adapted to business characteristics that allows us to provide a steady supply of products, not only in normal times but also in the event of pandemics or large-scale natural disasters such as earthquakes. This enables the Group to fulfill its role as a company responsible for social infrastructure.

System

The MEDIPAL Group has created a Disaster Response Manual (for Natural Disasters) that contains details of anticipated disaster damage, preparatory measures, operations in the event of a natural disaster, emergency organization structures, and the like. In the event of an earthquake with a seismic intensity of lower 6 or above on the Japanese scale, the general manager of the Group's Disaster Countermeasures Headquarters will decide whether the Disaster Countermeasures Headquarters needs to be established based on reports from the secretariat chief on incurred or imminent damage and with reference to the manual. This headquarters rapidly confirms the safety of Group company employees and their families in the affected areas; the status of buildings, systems, and the like; the state of lifelines; and the situation with product supply systems. It also leads a range of response activities aimed at business continuity.

When there is an outbreak or spread of an infectious disease, a secretariat for the Disaster Countermeasures Headquarters is established based on the Disaster Response Manual (for Infectious Diseases) and information on the disease is gathered from the World Health Organization (WHO) and Japanese government agencies. Once the outbreak occurs in Japan and is expected to spread, the general manager of the Group's Disaster Countermeasures Headquarters will decide whether the Disaster Countermeasures Headquarters needs to be established based on reports from the secretariat chief.

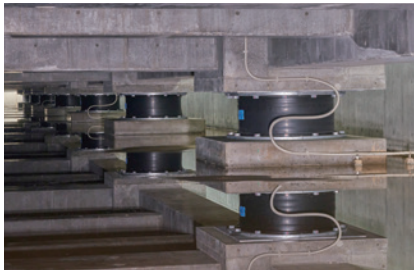
To maintain a stable supply of pharmaceuticals and other products while ensuring the safety of customers and employees, the headquarters collects and centrally manages information on government policies and local conditions, and quickly and flexibly implements countermeasures against various anticipated situations.

Disaster Planning

Based on the experience we have gained in previous major natural disasters, including the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, the MEDIPAL Group is continuing to undertake various measures aimed at achieving "distribution that does not stop during disasters." Because Japan is a land where we must coexist with natural disasters, MEDIPAL has made full preparations for dealing with a wide variety of disaster scenarios.

Seismic isolation structure

We are working to ensure all our major locations, beginning with our distribution centers and other buildings, are earthquake resistant with seismic isolation structures in order to prevent products from falling from shelves and becoming damaged during disasters, and to prevent our distribution facilities from becoming inoperative.



Preparation of delivery means for emergencies

In preparation for the disruption of public transportation institutions or transportation networks, we have distributed emergency delivery motorbikes to distribution centers. These serve as an important means of delivering medicines to places that are hard to reach for four-wheeled vehicles in times of emergency.



Installation of in-house power generators

MEDIPAL's principal business locations, including the Head Office and distribution centers, are equipped with in-house electric power generators, creating systems that will support business continuity during disasters.



Installation of in-house fueling facilities

In light of past experiences of gasoline shortages during earthquakes, we have established in-house fueling facilities at our major distribution centers.



Information Management

Basic Policy

MEDIPAL Group possesses a variety of information, beginning with customer data. We understand that appropriately managing and preserving this information is an important social responsibility that the MEDIPAL Group bears. Recent years have seen an increase in cybersecurity threats, including ransomware and supply chain attacks. In response to this, in addition to hard countermeasures such as those implemented in our systems, we are focusing on improving soft measures such as education for employees in the handling of data. We are thus striving to more thoroughly manage information through the implementation of countermeasures made up of both such hard and soft approaches.

Policies and Systems

As a standard for information management, the MEDIPAL Group has established a Group-wide Information Security Policy. To ensure rigorous information management, we have set up an Information Management Committee headed by the Chief Information Officer (Representative Director, President and CEO) and have advanced investigations into initiatives beginning with stronger cybersecurity measures. We have also created a company-wide internal management system of managers and officers deployed in each Group company and section.

Education System

The MEDIPAL Group considers the awareness of each and every employee who handles information to be the most critical element of information management. Based on this idea, we conduct information security training twice a year via an e-learning platform to remind employees about information management and raise their awareness of security. Additionally, through trainings at different levels of the organization, we have conducted training to promote proper handling of data based on internal rules targeting new employees and management. Furthermore, we are working to improve data collection and analyze the risk related to information security, drawing the attention of employees to phishing emails and other methods of targeted attack as necessary, and ensuring thorough awareness of information security at all workplaces.

Countermeasures to Prevent Data Leaks and Data Falsification

We are working to prevent fraudulent use of systems and impersonation by thoroughly minimizing access permissions and by introducing two-factor authentication when logging into PCs, in order to prevent data leaks and data falsification stemming from unintended operations or mistakes within organizations, or from acts of fraud. We are logging operational history to enable tracking of suspicious operations on PCs, preventing access to suspicious websites and implementing detection and automatic removal of suspicious devices. By using biometric authentication and encrypting stored data on mobile devices, we have ensured data safety. As a measure to prevent mistaken sending of emails, we not only perform automatic inspection of emails contents, but we have also made it so that approval from a superior is required under certain circumstances, to thoroughly prevent mistaken transmissions.

Examples of Countermeasures to Prevent Data Leaks and Data Falsification

- Introducing two-factor authentication and biometric authentication when logging into devices
- Encrypting data stored on devices
- Logging operational history
- Blocking access to suspicious websites
- Detecting usage of fraudulent devices and automatically removing them
- Automatic inspection of outgoing emails and approval by superiors under special conditions (prevention of mistaken transmissions)

Cyberattack and Fraudulent Access Prevention

In order to protect data assets from external threats such as cyberattacks, fraudulent access and malware infection, we are defending against unauthorized access through means such as the installation of firewalls, and the use of secure remote access limited to the connection source PC.

We have also implemented EDR[1] as a malware countermeasure on all PCs and servers, and have made it possible to respond quickly in the early stages of an attack through real-time monitoring and detection of suspicious system operations. Additionally, we have also improved our filtering system for suspicious emails.

We also conduct monitoring in partnership with an external SOC[2] and using a 24-hour monitoring system, enabling us to both ascertain the signs of an attack as soon as possible and to determine the scope of any impacts when an incident occurs, and to quickly perform initial responses through, for example, isolation of PCs. We thus work to minimize damage and quickly restore systems.

Examples of Cyberattack and Fraudulent Access Prevention

- Installing firewalls
- Setting up secure remote access limited to the connection source PC
- Introducing EDR as a malware countermeasure on all PCs and servers
- Linking to external SOC and performing 24-hour monitoring
- Development of CSIRT[3] at Group companies including four prescription pharmaceutical wholesale business companies

1. Security technology that monitors the status of PCs and servers (endpoints) and the content of transmissions, and notifies administrators if irregular or suspicious activity occurs, and then blocks such activity
2. A specialist team that provides 24-hour, 365-day-a-year monitoring of a company's or organization's networks or systems, gathering and analyzing logs, and proposing and executing countermeasures when incidents occur
3. An abbreviation for Computer Security Incident Response Team. A system to prevent the spread of damage by promptly reporting internally and externally and by requesting investigations from specialized organizations

Glossary

● Prescription Pharmaceutical Wholesale Business ◆ Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

A	
● **ALC: Area Logistics Center**	A state-of-art distribution center that supplies prescription pharmaceuticals, medical materials, and clinical diagnostics reagents, etc., primarily to dispensing pharmacies, hospitals, and clinics
● **AR: Assist Representatives**	An internal designation given to Marketing Specialists (salespeople for the Prescription Pharmaceutical Wholesale Business), pharmacists, and others who have passed the MR qualification exam
D	
● **DMR: Diagnostics Medical information Representatives**	Person in charge of diagnostics medical information
F	
● **FLC: Front Logistics Center**	A sales and distribution base that helps support the stable supply of products in collaboration with ALCs. FLCs are established in areas near our customers.
G	
● **GDP: Good Distribution Practice**	Appropriate procedures for ensuring proper distribution of pharmaceuticals and standards for ensuring the integrity of pharmaceuticals through the proper management of distribution channels in the form of purchase, storage, and supply, and preventing the entry of counterfeit drugs into regular distribution channels
M	
● **MR: Medical Representatives**	Person in charge of drug information at pharmaceutical companies
● **MRC: Medical Ryutsu Center**	Distribution centers charged with distribution operations including the reception, storage, management and shipping of products consigned from pharmaceutical companies
● **MS: Marketing Specialist**	Person in charge of sales in the Prescription Pharmaceutical Wholesale Business
N	
● **NS-MR: Neuro Science MR**	Internal term referring to ARs specialized in Psychiatric and Neurological Disorders
P	
● **PFM®: Project Finance & Marketing**	A business model in which MEDIPAL HOLDINGS CORPORATION invests in the development of new drugs of pharmaceutical companies in order to share in the risk and return
● **PMS: Post Marketing Surveillance**	Surveillance that the Japanese government requires companies to conduct after launching pharmaceuticals and medical equipment, tools and clinical materials to verify their quality, efficacy, and safety. PMS consists of early postmarketing phase vigilance and Post-Marketing Surveillance.
● **PRESUS®: Pharmacy Real-time Support System**	An all-in-one system that functions together with ALCs to conduct automatic ordering and inventory management based on demand forecasts. This system supports the various operations of dispensing pharmacies.
R	
◆ **RDC: Regional Distribution Center**	Large-scale distribution centers that handle cosmetics, daily necessities, pharmaceuticals, and other items. They supply products to retailers.
● **RD-MR: Rare Disease MR**	Internal term referring to ARs specialized in rare diseases
S	
◆ **SPAID: Super Productivity Advanced Innovative Distribution**	A proprietary developed total-management and operation system for next-generation logistics centers based on the adoption of AI and cutting-edge robotic technology and picking systems
W	
● **Women's Coordinator**	Internal term referring to ARs with specialized knowledge in the diagnosis and treatment of women
● **Inspection by individual scans**	A method shortening product inspection time by switching from the conventional method of reading packing slips to scanning information for individual products from barcodes on the delivery boxes

SASB Content Index

Sustainability Disclosure Topics and Accounting Metrics

Topic	Accounting Metric	Code	Disclosure Location
Fleet fuel management	Payload fuel economy	HC-DI-110a.1	Integrated Report 2026, page 52
	Description of efforts to reduce the environmental impact of logistics	HC-DI-110a.2	Integrated Report 2026, pages 52–57
Product safety	Total amount of monetary losses as a result of legal proceedings associated with product safety	HC-DI-250a.1	N/A
	Description of efforts to minimize health and safety risks of products sold associated with toxicity/chemical safety, high abuse potential, or delivery	HC-DI-250a.2	Integrated Report 2026, pages 70–71
Counterfeit drugs	Description of methods and technologies used to maintain traceability of products throughout the distribution chain and prevent counterfeiting	HC-DI-260a.1	Integrated Report 2026, pages 70–71
	Discussion of due diligence process to certify suppliers of pharmaceuticals, medical equipment, tools and clinical materials, and medical devices	HC-DI-260a.2	Integrated Report 2026, pages 70–71
	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	HC-DI-260a.3	Integrated Report 2026, pages 70–71
Product lifecycle management	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	HC-DI-410a.1	MEDIPAL HOLDINGS CORPORATION Website Home > Information on Sustainability and CSR Initiatives > Environmental Initiatives
	Amount (by weight) of products accepted for take-back and reused, recycled, or donated	HC-DI-410a.2	MEDIPAL HOLDINGS CORPORATION Website Home > Information on Sustainability and CSR Initiatives > Environmental Initiatives
Business ethics	Description of efforts to minimize conflicts of interest and unethical business practices	HC-DI-510a.1	Integrated Report 2026, pages 68–69
	Total amount of monetary losses as a result of legal proceedings associated with bribery, corruption, or other unethical business practices	HC-DI-510a.2	N/A

Activity Metrics

Activity Metric	Code	Disclosure Location
Number of units sold of pharmaceuticals by product category	HC-DI-000.A	Currently, sales volume of units of pharmaceuticals by product category is not disclosed, but net sales by product type is disclosed. Data Book for the year ended March 31, 2026, page 5
Number of medical devices sold by product category	HC-DI-000.B	Currently, sales volume of medical devices by product category is not disclosed, but net sales by product type is disclosed. Data Book for the year ended March 31, 2026, page 5

Eleven-Year Financial Highlights

MEDIPAL HOLDINGS CORPORATION and its consolidated subsidiaries
Years ended March 31

	Millions of yen											Thousands of U.S. dollars[5]
	2015	2016	2017	2018	2019	2020	2021[1]	2022	2023	2024	**2025**	**2025**
Operating Results (Millions of yen)												
Net sales	3,028,187	3,063,900	3,146,314	3,181,928	3,253,079	3,211,125	3,290,921	3,360,008	3,558,732	3,671,328	**3,817,354**	**24,072,104**
Gross profit	217,497	219,019	228,100	232,502	236,739	214,259	217,445	224,304	246,654	255,758	**260,987**	**1,645,777**
Selling, general and administrative expenses	175,214	179,369	183,839	182,675	183,629	175,683	171,820	175,331	199,324	200,148	**207,804**	**1,310,409**
Operating profit	42,283	39,650	44,260	49,827	53,109	38,576	45,624	48,972	47,330	55,609	**53,182**	**335,368**
Ordinary profit	55,140	53,360	57,349	63,914	68,020	52,968	62,046	65,122	64,570	65,255	**75,723**	**477,509**
Profit attributable to owners of parent	30,771	29,011	34,780	34,359	37,968	23,926	29,423	38,806	41,474	40,279	**42,534**	**268,218**
Depreciation	12,391	13,573	14,898	13,452	14,232	14,468	14,083	14,393	16,931	17,116	**17,439**	**109,974**
Capital expenditures	38,395	44,883	20,652	19,361	29,321	16,141	18,150	17,434	20,380	14,211	**9,870**	**62,241**
Financial Position (Millions of yen)												
Total assets	1,497,310	1,525,912	1,618,819	1,617,911	1,644,279	1,679,934	1,709,474	1,709,658[2]	1,799,127	1,824,984	**1,924,086**	**12,133,225**
Total net assets	488,328	521,165	572,656	592,848	607,424	638,933	649,089	688,055	736,612	757,947	**795,399**	**5,015,760**
Cash Flows (Millions of yen)												
Cash flows from operating activities	21,985	47,954	63,558	63,716	56,917	34,448	61,216	16,146	61,843	60,559	**46,552**	**293,561**
Cash flows from investing activities	(41,267)	(11,354)	(43,064)	(23,512)	(13,319)	(2,939)	(24,343)	(39,494)	(7,817)	(3,363)	**9,299**	**58,644**
Cash flows from financing activities	6,093	(17,663)	15,845	(30,755)	(49,067)	(16,003)	(16,471)	(43,541)	(25,248)	(25,947)	**(29,397)**	**(185,378)**
Free cash flow[3]	(19,282)	36,600	20,494	40,204	43,598	31,509	36,873	(23,348)	54,026	57,196	**55,851**	**352,206**
Per Share (Yen)												**U.S. dollars[5]**
Basic earnings	135.9	128.1	154.1	154.1	175.8	114.0	140.1	184.8	195.8	193.2	**206.7**	**206.2**
Total net assets	1,832.5	1,950.3	2,154.9	2,233.5	2,382.9	2,491.0	2,525.7	2,673.6	2,858.6	2,979.4	**3,186.0**	**3,185.9**
Cash dividends	28.0	31.0	34.0	38.0	41.0	42.0	44.0	46.0	60.0	62.0	**66.0**	**65.0**
Financial Indicators (%)												
Ratio of gross profit to sales	7.2	7.1	7.2	7.3	7.3	6.7	6.6	6.7	6.9	7.0	**6.8**	
Ratio of operating profit to net sales	1.4	1.3	1.4	1.6	1.6	1.2	1.4	1.5	1.3	1.5	**1.4**	
Net worth ratio	27.7	28.9	29.9	30.7	30.4	31.1	31.0	32.9[2]	33.4	33.9	**33.9**	
Return on equity (ROE)	7.6	6.8	7.5	7.0	7.6	4.7	5.6	7.1	7.1	6.6	**6.7**	
Return on assets (ROA)	3.8	3.6	3.7	4.0	4.2	3.2	3.7	3.8[2]	3.7	3.6	**4.0**	
Payout ratio	20.6	24.2	22.1	24.7	23.3	36.9	31.4	24.9	30.6	32.1	**31.9**	
Number of employees	10,959	13,252[4]	14,151	13,868	13,599	12,971	12,801	12,795	13,075	13,061	**13,024**	

Notes: 1. The Company adopted the "Accounting Standard for Revenue Recognition" at the beginning of FY2021, and figures for FY2021 onward reflect this change.
2. In FY2022, the Company provisionally carried out accounting treatment (allocation of acquisition costs) related to business combination. This accounting treatment was finalized in the first quarter of FY2023, and as a result, provisional values have been updated to reflect finalized values for the consolidated financial position as of FY2022.
3. Cash flows from operating activities + cash flows from investing activities
4. The main reason for the increase in employees in comparison to the end of the previous fiscal year is the partial change to employment forms, with a new system being introduced on October 1, 2016.
5. The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥158.58 to U.S.$1.00, the approximate exchange rate on March 31, 2026.

Corporate Data / Stock Information

Corporate Data

Corporate Name	MEDIPAL HOLDINGS CORPORATION
Head Office	3-1-1 Kyobashi, Chuo-ku, Tokyo 104-8461, Japan Tel: 81-3-3517-5800 (Representative) URL: https://www.medipal.co.jp/english
Founded	October 8, 1898
Established	May 6, 1923
Share Capital	¥22,398 million
Number of Employees	13,024 (Consolidated basis)
Further Information	Public Relations Department Tel: 81-3-3517-5171

Rating Information (As of August 21, 2026)

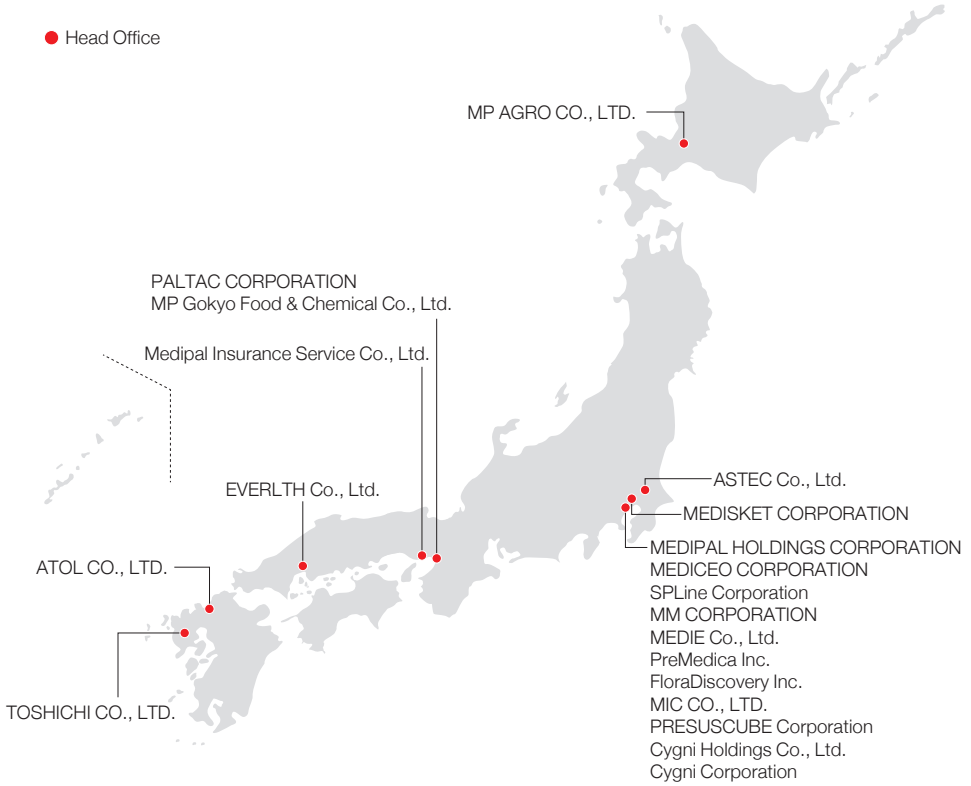
Rating Firm	Rating
Rating and Investment Information, Inc. (R&I)	A+

Note: The above is an issuer rating. Issuer ratings are fixed symbols provided as information to investors regarding the overall ability of issuers to repay the financial obligations they have incurred, and the degree of certainty regarding payment of individual debts.

Information on Inclusion in the Index

In the ESG Ratings by MSCI, the Company earned an AA rating and is selected as a constituent of MSCI Japan ESG Select Leaders Index.

Group Head Office



Brand Website and Official Social Media Accounts

The MEDIPAL Group operates a brand website and official social media accounts, conveying the Group's thinking and information about our activities to our stakeholders. These channels will promote the wide-ranging initiatives, sustainability activities, and innovations in developing and realizing cutting-edge technologies at our Group companies.

MEDIPAL Group brand website (in Japanese only): https://www.medipal.co.jp/brand/
Official Instagram: https://www.instagram.com/medipal_holdings/
Official Facebook: https://www.facebook.com/medipalholdings

Official Instagram

Official Facebook

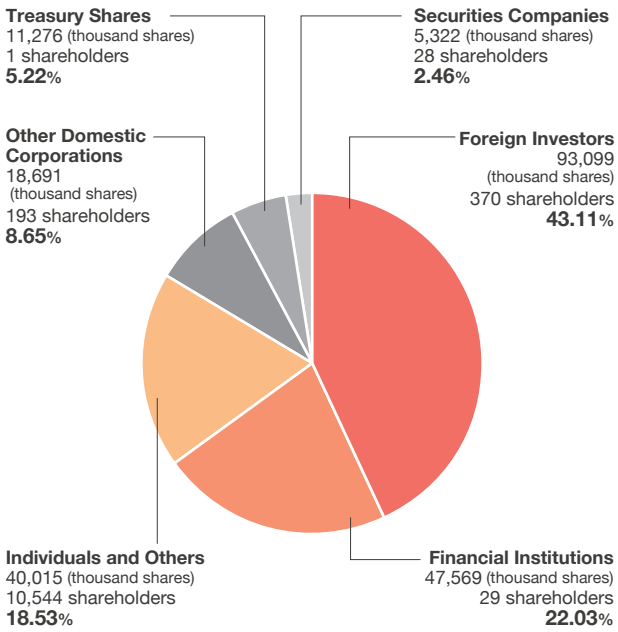
Stock Information

Ticker Code	7459
Stock Listing	Tokyo Stock Exchange, Inc., Prime Market
Transfer Agent for Common Stock	Sumitomo Mitsui Trust Bank, Limited
The General Meeting of Shareholders	Annually held in June
Number of Shares Authorized	900,000,000
Number of Outstanding Shares	215,975,042
Number of Shareholders	11,165 (As of March 31, 2026)
Trading Unit	100 shares

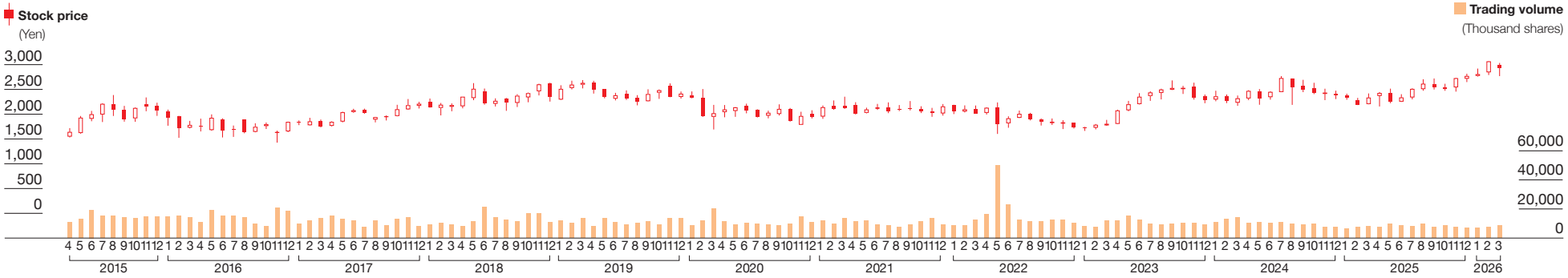
Major Shareholders

Shareholders	Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	30,142	14.73
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust (Standing proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	10,130	4.95
Custody Bank of Japan, Ltd. (Trust account)	8,665	4.23
State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	5,834	2.85
Northern Trust Co. (AVFC) Re U.S. Tax Exempted Pension Funds (Standing proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	5,793	2.83
Kobayashi Pharmaceutical Co., Ltd.	5,074	2.48
Northern Trust Co. (AVFC) Re Non Treaty Clients Account (Standing proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	4,310	2.11
MEDICEO Employees Shareholders' Association of MP Group	3,778	1.85
Northern Trust Co. (AVFC) Re IEDU UCITS Clients Non Lending 15 PCT TREATY Account (Standing proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	3,458	1.69
JP Morgan Chase Bank 380684	3,133	1.53

Proportions of Shares Held by Each Shareholder



Stock Price/Trading Volume





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