MEDIPAL HOLDINGS CORPORATION







Expand, Support, and Connect Your Life.

INTEGRATED REPORT
2025







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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 and business performance and 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.
The strategy by capitals sections makes clear the relationship between the improvements in our human capital management and increasing corporate value through the newly formulated Grand Design of Human Resources Strategy. The strategy by business section discloses in a sequenced way the strategy of each business unit based on an understanding of their business environment and SWOT analysis.

Report Coverage and Period

FY2024 (April 1, 2024 to March 31, 2025), as of March 31, 2025
Insofar as possible, the report reflects the latest information obtainable at time of issue. Where the scope or period of a particular item differs, this will be clarified separately.

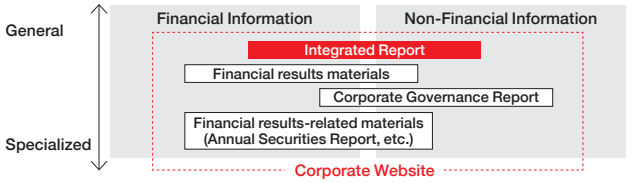
Reference Frameworks

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"



Prescription Pharmaceutical Wholesale Business



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



Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business





History of Value Creation

The MEDIPAL Group is taking on the challenge of creating new value under a slogan of "Change the Oroshi" to realize sustainable growth by leveraging the strengths we have developed as a wholesaler over a long period of time.

	2000–	2005–	2009–	2011–	2019–	2022–
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 Lehman Shock ・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**
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 preventative medicine	・Pressure on medical settings and overwork of medical personnel ・Preparation of vaccine systems ・Continuation of countermeasures for COVID-19 ・DX (digitalization of medicine)

2014– **Change the Oroshi 卸**

1898 Founded

Saichiro Kumada, a pharmacist, 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

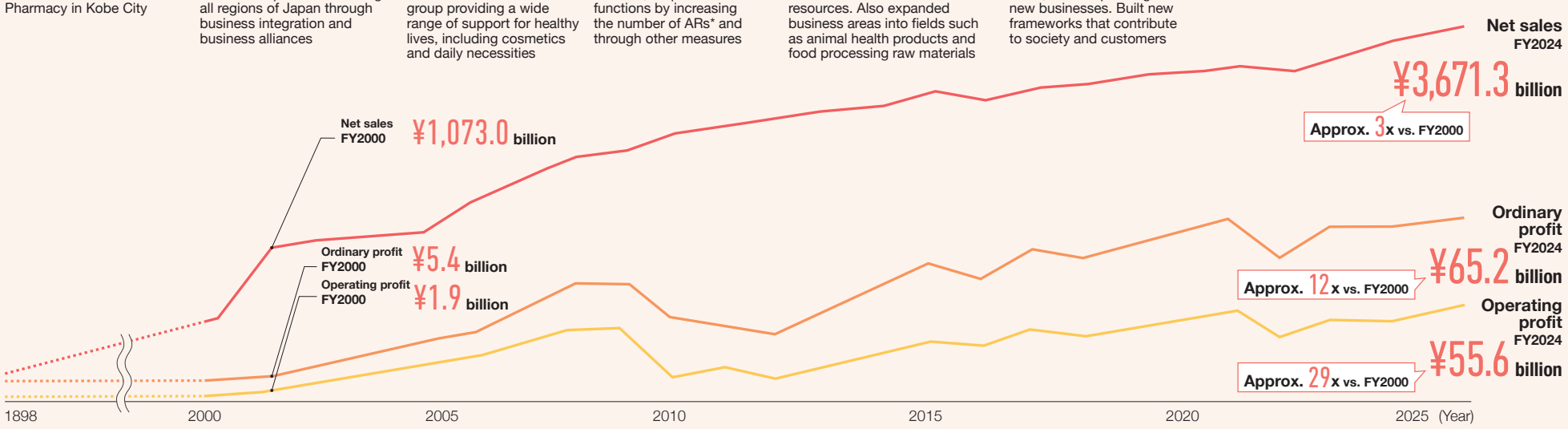
Developed new businesses such as PFM®,* leveraging nationwide infrastructure and human resources. Also expanded business areas into fields such as animal health products and food processing raw materials

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 72 for explanations of technical terms.

MEDIPAL Group Overview

Consolidated net sales
¥3,671.3 billion

Consolidated operating profit
¥55.6 billion

Consolidated ordinary profit
¥65.2 billion

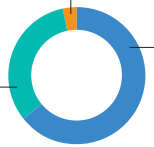
Number of consolidated subsidiaries
19

Number of consolidated employees
13,061[1, 2]

Number of locations overall
575

Number of years since foundation
127

Breakdown of consolidated net sales

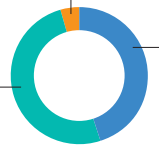


Animal Health Products and Food Processing Raw Materials Wholesale and Related Business
3.2%[3] ¥116.8 billion

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business
32.4%[3] ¥1,188.0 billion

Prescription Pharmaceutical Wholesale Business
64.5%[3] ¥2,370.2 billion

Breakdown of consolidated operating profit



Animal Health Products and Food Processing Raw Materials Wholesale and Related Business
4.4%[3] ¥2.4 billion

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business
50.4%[3] ¥28.0 billion

Prescription Pharmaceutical Wholesale Business
45.3%[3] ¥25.2 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 and medical 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 13 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 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., MVC CO., LTD.,[4] PharField Corporation, 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 diagnostics, etc.

Number of Employees: 9,836[2]

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

We have built a position as Japan's number-one wholesaler delivering daily necessities in the business fields of "Beauty and Health." 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: 2,283[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 31 sales branches and five logistics centers nationally. We use this platform to supply a wide range of products for fisheries, livestock, and companion animals[5] including animal health products, supplements, feed additives, and medical equipment, tools and clinical materials, and boast the top sales record in the industry. 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. (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 raw materials and additives, chemical product inputs, etc.

Number of Employees: 746[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. MVC CO., LTD. merged with ATOL CO., LTD. on April 1, 2025.
5. An animal that has a companion-like presence and a close relationship with humans in daily life

* Please refer to page 72 for explanations of technical terms.

President's Message



Shuichi Watanabe
Representative Director, President and CEO
MEDIPAL HOLDINGS CORPORATION

Contributing to people's health and the advancement of society through creation of new value in the business fields of "Pharmaceuticals, Health, and Beauty"

Repeated transformations driving healthy living for people in body and mind

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." Having set our ideal situation as "Expand, Support, and Connect 'Pharmaceuticals, Health, and Beauty,' an Orchestra in Support of People's Health," we strive to bring about a society in which everyone can live healthily in body and mind, and to increase our corporate value, by "expanding" businesses that create value for our stakeholders, "supporting" them by resilient distribution infrastructure and "connecting" partners across a wide range of domains.

The idea of an "Orchestra in Support of People's Health" is one that is intended to express the idea of weaving together greater health and prosperity in people's lives through the new value created by combining our employees, Group companies, and partner companies, as each respectively hones their own roles and strengths, with all of this coming together like the beautiful music of an orchestra.

To support people in leading healthy lives, it is essential to be able to reliably deliver products whether it be in ordinary times or in emergencies. Regardless of the era or circumstances, this therefore remains our definite and unchanging mission. Japan experiences many natural disasters, such as earthquakes, typhoons, torrential rains, and heavy snowfall. All of our employees therefore share the philosophy, "Our mission is to deliver pharmaceuticals in Japan." We have thus established structures to reliably transport and deliver what is needed, when it is needed, and in just the amount it is needed.

The MEDIPAL Group thus constantly aspires to be the "logistical lifeline" that earns the trust of society and our stakeholders.

Executing on five growth strategies for sustainable growth

The environment in which each MEDIPAL Group business operates is growing ever more diverse and complex, be it in the form of healthcare system reform, an aging population with declining birth rates, digital transformation or growing environmental awareness. The review of the social security system coinciding with inflation in healthcare costs and frequent revisions to drug prices in particular have become a major issue forcing new responses from pharmaceutical wholesalers. Amidst such a changing business environment, we believe that, in order to achieve sustainable business growth, we need to change to a new business model that is not mere an extension of what has come before, while retaining what is good about the wholesaler model.

Based on our vision, called "Change the Oroshi," the MEDIPAL Group seeks to generate new value while working with Group companies and other partners. I think of a vision as something that describes our dream. I want to make MEDIPAL the sort of corporate group that achieves its dreams one by one, with each dream achieved contributing to the next.

We formulated the "2027 MEDIPAL Medium-Term Vision: Change the Oroshi Forever—Constant Innovation" as the Medium-Term Vision for the five years beginning in the fiscal year ended March 31, 2023 and ending in the fiscal year ending March 31, 2027, and we are presently advancing initiatives in line with this as a united Group.

Under the Medium-Term Vision, we will seek to carry out the following five growth strategies through business portfolio prioritizations and collaboration with partners. We will also seek to create new social and customer value, and pursue the sustainable growth of the MEDIPAL Group.

Expansion of Overseas Business

We are advancing research and development in the field of orphan drugs with the aim of global roll out of new drugs in partnership with JCR Pharmaceuticals Co., Ltd. In December 2024, the first patient was administered a treatment in a Phase I/II study for mucopolysaccharidosis type IIIB (JR-446) created by JCR Pharmaceuticals Co., Ltd. This represented the clearing of an important milestone. We hope to help patients awaiting treatment, as soon as we can, by developing ultra-rare disease medications through this partnership going forward.

Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business

To extend healthy lifespans and to create a society in which people can live every day in both physical and mental health, we believe that what matters is not just treatments for disease, but also diet, self-care, and testing at the pre-disease stage. It is in this context that, in FY2024, we merged our subsidiaries MP Gokyo Food & Chemical Co., Ltd. and MEDIPAL FOODS CORPORATION, and converted PreMedica Inc. into a subsidiary. At present, we are working to provide products, establish services and improve the customer base in order to expand business at these subsidiaries, while leveraging the strengths of the MEDIPAL Group.

Enhancement of the Business with and in Digital

The recent advancement of digital technology is giving rise to convenient services day by day. The MEDIPAL Group is also advancing a range of initiatives with the aim of offering digital services that help achieve operational streamlining for our clients in the form of medical institutions and retailers, and of offering services that support healthy living for general consumers. Such initiatives demand firms that can act as partners. That is why we have continued to generate synergies by working with partners who have strong technical capabilities, beginning with PRESUSCUBE Corporation, which we converted to a consolidated subsidiary in FY2024.

Building Sustainable Logistics Business

Logistics functions are a key business foundation for wholesale. We position not only the development of systems that enable the consistent provision of products whether in normal times or emergencies but also efficiency and concern for the environment as key issues. We have established MEDISKET CORPORATION, which is the largest healthcare distribution platform in Japan, supporting "Pharmaceuticals, Health, and Beauty," and we are working to introduce joint deliveries (sharing logistics) for both pharmaceuticals and lab test specimens in urban areas. By optimizing supply chains in partnership with our clients, we are also driving improvements in distribution efficiency and productivity.

We are also taking on the challenge of building a new distribution model that raises productivity more than twofold by, for example, further advancing the cutting-edge SPAID* model, which integrates AI and robotics technologies into the distribution know-how built up at RDCs,* which are the strategic distribution sites at PALTAC CORPORATION.

Value Co-creation in Community Healthcare

The regional healthcare zones approach is essential for achieving efficient healthcare. Our strength as a pharmaceutical wholesaler is in being able to "connect" medical institutions, local governments and patients in regional areas. At present, our pharmaceutical information representative, who have specialized expertise in the areas of neurological and psychiatric disorders, rare diseases and the diagnosis and treatment of women, are contributing as Regional Medical Coordinators to solving healthcare challenges rooted in regional areas.

Transformation is not something that is achieved overnight. However, I am firm in the belief that, by steadily accumulating small steps in the form of looking ahead and taking on challenges, we will forge a path to the future. The MEDIPAL Group will flexibly meet any change in the environment, and take on the challenge of creating businesses that go beyond the bounds of "wholesale" to serve the public.

* Please refer to page 72 for explanations of technical terms.

Fostering a corporate culture that takes on challenges undaunted by change or failure

Our human resources strategy is one of the foundations for securing our growth strategy. The MEDIPAL Group is endeavoring to improve our human capital, which is the source of improvements to corporate value, in order to grow sustainably in an era defined by dramatic change.

The MEDIPAL Group defines personnel who can take on the realization of our management philosophy as "future-oriented human resources." At present, we are working to foster a corporate culture in which such personnel can take on challenges undaunted by change or failure, so that they can tackle their work with energy.

We believe that a workplace environment in which people can take on challenges that expand their own potential with a view to the future will increase our vitality as an overall organization, and also serve as an environment that develops sustainable strength, while allowing employees to get a palpable sense of pride and motivation about supporting healthy living among the broader public.

For this reason also, we are dedicating efforts towards further expanding measures to support the physical and mental health of each and every employee, as well as benefits to meet every life stage. We are also seeking to create an organization in which employees can express to the utmost their various individualities and capabilities.

Continuously improving ROE and delivering shareholder returns

Our financial strategy is one of the foundations for supporting our growth strategy. At present, the MEDIPAL Group is at the stage of advancing our business portfolio prioritizations in line with the Medium-Term Vision and making proactive investments in new businesses.On the other hand, we are pursuing the "implementation of management that is conscious of cost of capital and stock price," as demanded by the Tokyo Stock Exchange. We are also driving improvement in PER, while maintaining a focus on improving ROE, in order to improve PBR. We are aiming to achieve an ROE of 9% in the final fiscal year of the Medium-Term Vision by carrying out our growth strategy.

With regard to shareholder returns, we have positioned distributing profits to shareholders as one of the most important management tasks. We have thus set a total shareholder return ratio[1] of 40% cumulatively over the five years of the Medium-Term Vision as a target. In principle, to achieve these aims, we will consistently maintain and increase the payout ratio,[1] while also comprehensively assessing demand for funding and flexibly implementing share buybacks and cancellations of shares as appropriate for the purpose of improving capital efficiency and greater return of profits.

Based on this approach, we have achieved a shareholder payout ratio of 40.2% cumulatively over three years in the fiscal year ended March 31, 2025, and have set dividends per share at ¥62 per year (up ¥2 from the previous fiscal year). We have canceled all of the shares we obtained.

We will continue to strive to be viewed positively in the eyes of the market by growing profits through business growth and by implementing appropriate capital policies.

Achieving a sustainable society and enhancing corporate value

Even in carrying out our growth strategy, the MEDIPAL Group pursues improving profitability and addressing social issues in a joined up way. We have thus identified materiality in six categories that combines addressing such issues with sustainably growing the Group.

Among these, we view reducing greenhouse gas emissions as a pressing task, given that distribution using vehicles is essential to the MEDIPAL Group businesses. We are thus dedicating efforts to initiatives aimed at solving this problem.

We believe that reducing our own greenhouse gas emissions is our first priority, so we are working to gradually make progress towards our medium- to long-term goals through measures such as the introduction of electric vehicles and the installation of solar panels. We also view reducing emissions across the entire supply chain as important. Thus, we are attempting to solve problems together with our business partners through measures such as revisions to the number of transport routes, with the aim of optimizing distribution, and by pursuing modal shift as a measure to reduce greenhouse gas emissions stemming from transportation.

One of our materiality tasks is "Sound and Transparent Corporate Management." In this respect, we have caused significant disturbance and concern for all our stakeholders in connection with illicit acts under the Antimonopoly Act by our consolidated subsidiary MP AGRO CO., LTD. in relation to bidding on swine fever vaccines ordered by Yamagata Prefecture and animal vaccines ordered by the Yamagata Prefecture Livestock Breeders Association. We deeply apologize for this incident. The MEDIPAL Group takes this matter solemnly and seriously, and we are working to further and more thoroughly pursue the various measures we have taken to date to ensure compliance with the Antimonopoly Act, to put in place more thoroughgoing compliance as a firm that has the trust of society, and to improve our corporate value.

The MEDIPAL Group is constantly pursuing transformation. Through transformation, we seek long-term growth in the business fields of "Pharmaceuticals, Health, and Beauty." While valuing our origin in wholesale, we are pursuing further improvements to our corporate value and the maximization of shareholder value beyond the bounds that business model. I hope that we can continue to enjoy the understanding and support of all of our stakeholders, and that you will have confidence in us to realize our dreams through transformation.

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

Value Creation Process

**We will strategically utilize the MEDIPAL Group's capital to promote initiatives to realize our "ideal situation" under the management philosophy.
We will seek to meet the expectations of all of our stakeholders and raise our corporate value through sustainable growth by reinvesting the profits thus generated into strengthening our business base and creating sustained value.**

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 → INPUT → MEDIPAL Group Business → OUTPUT → OUTCOME → SDGs

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 inflation
- Changes in consumption behavior
- Surge in prices
- Foreign exchange fluctuations
- Cost increases, enduring high costs

Changes in the business fields of "Pharmaceuticals, Health, and Beauty"
- 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

Human capital
▶ Details on page 19

Distribution facilities capital
▶ Details on page 27

Intellectual capital
▶ Details on page 30

Social and relationship capital
▶ Details on page 33

Financial capital
▶ Details on page 37

Natural capital
▶ Details on page 40

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



▶ Details on 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

Material Sustainability Tasks (Materiality) ▶ Details on page 10

Sustainability Policy ▶ Details on page 10

Corporate Governance ▶ Details on page 58

Message from the Director in Charge of Sustainability



Yuji Sakon

Managing Director, General Manager of Administration Division,
Chairman of CSR Committee
MEDIPAL HOLDINGS CORPORATION

Continuing to take on challenges without fearing change, while connecting to the future with “Energy and Brightness”

The MEDIPAL Group contributes to the realization of a sustainable society through the stable distribution of socially essential products in the “Pharmaceuticals, Health, and Beauty” fields. Such business activities themselves are a sustainability management practice that aspires to balance economic value and social value. We believe they are the wellspring of our Group’s competitiveness, and that they represent a management foundation that supports sustained growth.

Recent years have seen social issues in the form of rising medical costs, human resource shortages and climate change come to the fore. Amidst this, realizing sustained growth necessarily requires companies to provide new value to society, without being constrained by conventional business models. To that end, we have defined six items as material sustainability tasks (materiality) and are working together as a united Group to address these. We have connected this materiality with the 2027 MEDIPAL Medium-Term Vision to further strengthen our sustainability management.

As part of our FY2024 materiality initiatives, regarding “Development of Future-Oriented Human Resources,” we conducted trainings and programs aimed at developing future-oriented human resources. By putting in place a human resource strategy platform that is coordinated with our management strategy, we have built up a human resource development system that supports sustained organizational growth.

We engaged in a variety of activities as part of “Promotion of Diversity and Inclusion,” for example, holding events and conducting trainings aimed at promoting understanding coinciding with International Women’s Day, and posting stories on our intranet in which men who took parental leave shared their experiences. As a result of this, we advanced attitude changes leading to a more than 10% increase year on year in the rate at which men took parental leave to 58.9%.

We also formulated a Group-wide Human Rights Policy in August 2024, then conducted a Human Rights Risk Impact Assessment for managerial-level staff in January 2025. Going forward, we will carry out human rights due diligence based on the Human Rights Policy both by ascertaining the status quo using the results of this risk survey and by putting in place preventative and corrective measures.

As part of our “Initiatives for Decarbonization,” we not only newly installed solar panels on two buildings, but we also advanced the introduction of hybrid and electric vehicles, resulting in an approximately 13% reduction in greenhouse gas emissions compared to the base year (FY2020). The challenges going forward will consist of quantitative disclosure of the risks and opportunities that climate change poses for management and setting Scope 3 targets.

The Group has succeeded in valuing the spirit of “continuing to take on challenges without fearing change” since our founding. The important thing in sustainability management is not treating it as something transitory, but rather showing persistence. Based on the Sustainability Policy of “Connecting to the Future with ‘Energy and Brightness’,” we are raising awareness so that each and every employee can incorporate sustainability into their work and act with agency and a sense of ownership. By also improving our relationships of trust and collaboration through two-way dialogue with shareholders, investors, pharmaceutical companies and regional society, we are accelerating our efforts to combine solving social issues with improving corporate value.

Sustainability Management

Policy

The MEDIPAL Group is pursuing its business activities under the management philosophy of "Contributing to people's health and the advancement of society through creation of value in distribution." Amid rising public interest in environmental problems and other issues, MEDIPAL formulated the Sustainability Policy to clearly state the Group's basic stance on sustainability for realizing a sustainable society and enhancing its corporate value.

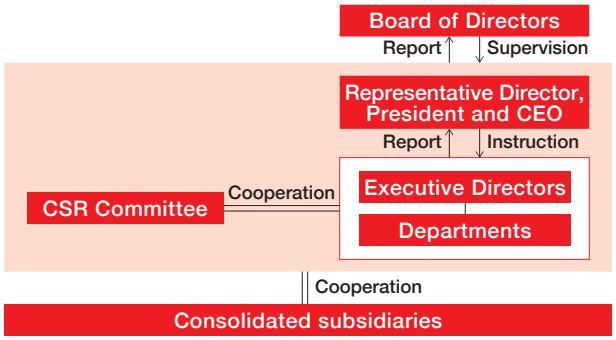
Material Sustainability Tasks (Materiality)

We have analyzed the relationship between social issues, such as the SDGs, and the MEDIPAL Group's business activities based on our management philosophy. We have identified materiality in six categories that will support our goal of resolving social issues and achieving sustainable growth for the MEDIPAL Group. We have set medium- to long-term targets in each category of materiality and will progress specific initiatives at each Group company.



Promotion System

At the MEDIPAL Group, 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 managing director 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 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 FY2024

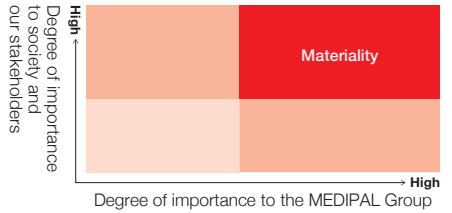
Number of meetings held: 8

Main discussion points

- Confirm progress on materiality
- Consider initiatives for decarbonization
- Consider initiatives for diversity and inclusion
- Consider initiatives for health management
- Consider human rights policy and human rights due diligence

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

At the MEDIPAL Group, 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. In FY2024, we added "proportion of employees maintaining a constant level as future-oriented human resources of 20%" as a new KPI related to "Future-Oriented Human Resources."

Material Sustainability Tasks (Materiality)	Targets and KPIs	Results and Main Initiatives (FY2024)	Plans and Main Initiatives (FY2025)
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)	• Development of model for sharing logistics infrastructure at MEDISKET CORPORATION • Conducting trials aimed at realizing a business model of pharmaceutical delivery by drones • Distribution and sale of ROHTO Pharmaceutical Co., Ltd.'s AutoloGel System, a system for treating intractable wounds • Joint investment in Teva Takeda Pharma Ltd. • Beginning of joint distribution of food and non-food products at PALTAC CORPORATION	• Unification of distribution operations for the Prescription Pharmaceutical Wholesale Business and contract laboratory testing business • Development of model for sharing logistics infrastructure at MEDISKET CORPORATION • Growth in contracts for manufacturer logistics • Development of new distribution network at PALTAC CORPORATION • Support for initiatives aimed at market entry and sale in Japan of Aculys Pharma, Inc. • Improving supply chain in regenerative medicine domain
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)	• Began clinical trials of pharmaceutical JR-446 jointly developed through a partnership with JCR Pharmaceuticals Co., Ltd. • Activities through overseas local subsidiaries at PALTAC CORPORATION • Conversion of PreMedica Inc. into a consolidated subsidiary • Integration of MP Gokyo Food & Chemical Co., Ltd. with MEDIPAL FOODS CORPORATION • Pursuit of healthcare digital transformation (DX) through a CVC fund, and use of cloud technology (MNES Inc., LAYERED Inc.) • Beginning industry-university joint research with Juntendo University	• Promotion of research and development of pharmaceuticals introduced from JCR Pharmaceuticals Co., Ltd. and introduction of newly developed items in orphan drugs • Promotion of animal health product development and sales of new pet food products developed in-house at MP AGRO CO., LTD. • Increases in revenue through the integration of MP Gokyo Food & Chemical Co., Ltd. and MEDIPAL FOODS CORPORATION and sales of new food products developed in-house • Operational streamlining, improvements in productivity and generation of customer value through the introduction of generative AI • Construction of a Group original open innovation structure
Development of Future-Oriented Human Resources Developing future-oriented human resources who work proactively toward achieving the ideal situation for MEDIPAL	Proportion of employees maintaining a constant level[1] as future-oriented human resources[2] of 20%	• Introduction and implementation of a new human resources assessment system based on the requirements defined for future-oriented human resources • Development of systems to develop future-oriented human resources (both Group-wide and company-specific systems) • Development of talent management systems at the Group level • Operation of the human resources training program for the next generation of management and key positions	• Operation of a new human resources assessment system based on the requirements defined for future-oriented human resources • Roll out of systems to develop future-oriented human resources • Commencement of trial of Group talent management • Operation of the human resources training program for the next generation of 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: 9.4% • Panel discussion on women's activity • Implementation of diversity and inclusion training • Percentage of male employees taking childcare leave: 58.9% • Formulation of human rights policy	• Percentage of female employees in management positions: 10% • Encouragement for male employees to take childcare leave • Implementation of diversity and inclusion training • 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	• 13.1% reduction in greenhouse gas emissions (compared with FY2020) • Introduction of 419 hybrid vehicles (cumulative total) and 153 electric vehicles (cumulative total) • Installation of solar panels on 2 buildings • Disclosure of Scope 3 emissions, response to CDP questionnaire • Implementation of programs to increase employee awareness	• 17.6% reduction in greenhouse gas emissions (compared with FY2020) • Considering disclosure aimed at SSBJ standards compliance • Purchase of non-fossil certificates for the Group overall • 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 (formulation of basic plan and implementation standards document, preparation of rules, etc.) • Ascertaining and improving each Group companies' compliance systems by conducting a compliance survey • Conducting compliance-related training (information security training, Antimonopoly Act training, compliance training, harassment prevention training, FCPA training, etc.)	• Construction of a Group risk management system (formulation of basic plan and implementation standards document, preparation of rules, etc.) • Ascertaining and improving each Group companies' compliance systems by conducting a compliance survey • Conducting compliance-related training (information security training, Antimonopoly Act training, compliance training, harassment prevention training, FCPA training, etc.)

1. Persons who have obtained the highest level in the competency evaluation standards
2. 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.

Relationship Between Materiality and Capitals

MEDIPAL Group recognizes 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 integration in the Food Processing Raw Materials Wholesale and Related Business 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.	●		●	●		●

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

Steadily making growth investments with high social significance in the business fields of “Pharmaceuticals, Health, and Beauty”

Awareness of the Market Environment and Business Portfolio Prioritizations

The MEDIPAL Group’s core business is the wholesale business, which forms a pillar of our profitability. However, taking into account changes in Japan’s social environment, such as the declining birthrate and aging population and the falling population, we believe that we must not only strengthen our wholesale business, but also create businesses that will earn new revenue, in order to achieve sustained and consistent growth.

Amid this context, the MEDIPAL Group has put forward the idea of “Change the Oroshi” as part of our Medium-Term Vision, and we are advancing business portfolio prioritizations that do not depend solely on our existing business as a transformation aimed at realizing sustained growth, even under the challenging business conditions we foresee over the years to come.

The MEDIPAL Group has, for over ten years now, developed four new business areas: AR* activities, PFM®,* PMS* and digital businesses, etc. Many of these businesses have been handed over to Group companies, where they are generating stable profits. Now, as the next stage of our business development, by making use of the management resources such as our logistics facilities and human resources as well as our deep relationships with manufacturers and clients developed through our wholesale business, while at the same time making proactive growth investments, we aim to further expand our revenue sources through the launch of new businesses, among other efforts.

Growth Investment Within the 2027 MEDIPAL Medium-Term Vision

The group is planning to make growth investments on the order of ¥100 billion under the Medium-Term Vision, which we have been undertaking since the fiscal year ended March 31, 2023. In the three years to the fiscal year ended March 31, 2025, we have made investments worth approximately ¥70 billion.

We view all of these investments, including the acquisition of MP Gokyo Food & Chemical Co., Ltd. as a consolidated subsidiary and the investments in developing orphan drugs, as essential to realizing the future growth of the Group. While the acquisition of MP Gokyo Food & Chemical Co., Ltd. as a consolidated subsidiary comes with impacts in the form of amortization of goodwill and intangible assets, it has also resulted in synergies within the Group, and there is a tangible sense that it has contributed to the growth of the Group over the medium to long term. On the other hand, when it comes to the investments in developing orphan drugs, we are presently at the stage where the costs of acquiring commercialization rights and performing clinical trials lead revenues. However, after getting approval for and selling pharmaceuticals, the business will be able to secure higher profit rates than our existing wholesale business, so we foresee this becoming one of the pillars of the MEDIPAL Group’s profits.

While businesses developing new drugs require significant investment, we view this is an important business, not only for the contribution it can make to patients suffering from

* Please refer to page 72 for explanations of technical terms.

intractable diseases and their families, but also because we foresee it resulting in high future profitability for our Group, and, at the same time, becoming a key to our efforts to expand our business overseas.

In February 2025, we took part in the WORLDSymposium™ 2025, held in San Diego, California, USA. The WORLDSymposium™ 2025 is an annual global research conference held in the USA under the theme of ultra-rare lysosomal storage diseases (LSDs) to report on the progress of the latest research into LSDs for researchers, physicians, patient advocacy groups and others. The conference saw an increase in lectures and speeches conveying a sense of progress in the development stage of drugs in the field of genetic treatments in particular. We also actively took part in meetings with patient advocacy groups, where we received a renewed sense of the high hopes for these new drugs, and obtained useful information for future development.

Informed in part by our experiences at the conference, we hope to gain approval and achieve commercialization as early as possible for our drug for treating MPS IIIB/ Mucopolysaccharidosis type IIIB, which is one of the LSDs that the MEDIPAL Group is working on.



Investment in Growth

The current growth investment of the MEDIPAL Group is, in principle, limited to investments that have high social significance in the business fields of “Pharmaceuticals, Health, and Beauty.” Following on from our investments, we also work with our Group companies to create synergy effect with the existing businesses, and we are promoting efforts across each of these respective markets.

Naturally, the returns we can obtain through our investments are also important, and we view this as one of our key management challenges. Investment decisions are made following careful deliberation by the Board of Directors and the responsible departments for the relevant business from a variety of angles including risk, returns and feasibility.

Investment Through Corporate Venture Capital (CVC) Fund

In 2021, in collaboration with SBI Investment Co., Ltd., we established a CVC fund called the MEDIPAL Innovation Fund. Through this initiative, we are using the diverse sourcing functions of SBI Investment and their extensive investment experience to invest in and support the growth of startups in Japan and overseas. Our goal is to expand the earnings base and maximize corporate value, as well as to contribute to the realization of a sustainable economic society.

To date, we have considered investing in an exceptionally high number of projects. These include many promising projects that MEDIPAL alone would have struggled to find. We believe that the establishment of a CVC fund has been exceptionally impactful.

Through this fund, we have so far made investments in promising ventures in fields such as medical DX and bio-technology. There are a variety of patterns for how these investments may lead to returns. In principle, we hope to create new value through synergies achieved by working with the companies we have invested in, with this leading to increased sales or profit.

Realizing our “Ideal Situation” to Become a Company that Better Contributes to Society

The MEDIPAL Group boasts a strong network of manufacturers and clients fostered over many years through our wholesale business. We also possess a resilient logistics network spanning the whole of Japan. Treating the infrastructure of our existing business as a base upon which to create new businesses is the policy underpinning the MEDIPAL Group’s business development. Efficiently distributing human capital and financial capital and building relationships with exceptional partners will play an important part in carrying out this policy.

We will continue to work proactively to realize our “ideal situation” and become a company that better contributes to society.

2027 MEDIPAL Medium-Term Vision

Change the Oroshi 卸 Forever

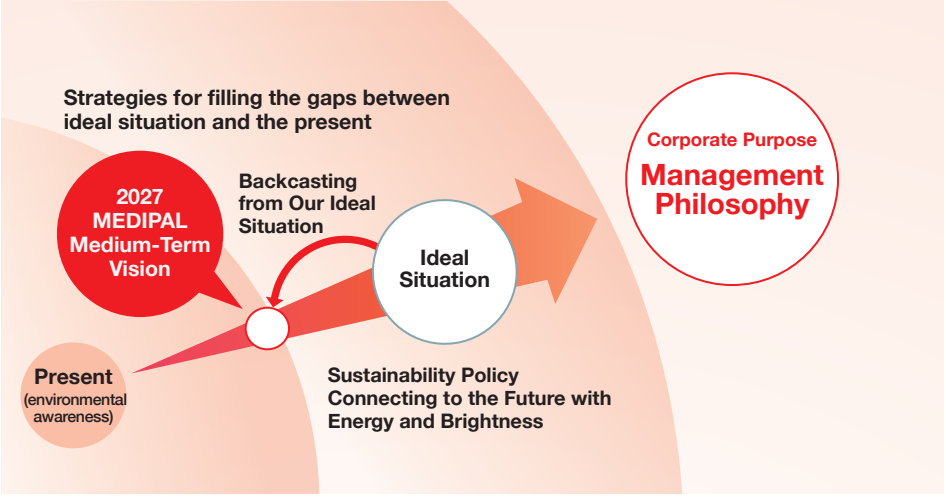
—Constant Innovation—

Growing through business portfolio prioritizations and collaboration with partners

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



Overall Growth Image

We are carrying out the following five growth strategies through business portfolio prioritizations and collaboration with partners.

Five Growth Strategies

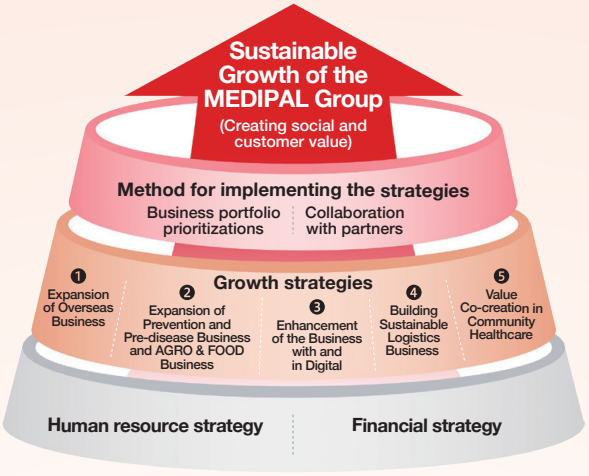
1. **Expansion of Overseas Business**
2. **Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business**
3. **Enhancement of the Business with and in Digital**
4. **Building Sustainable Logistics Business**
5. **Value Co-creation in Community Healthcare**

Our human resources strategy and financial strategy are the foundation of our growth strategies.

To realize the Medium-Term Vision, the Group designated as priority businesses new businesses as well as related businesses including medical equipment, tools, clinical materials, reagents, and the animal health products and food processing raw materials wholesale. The MEDIPAL Group is investing management resources into these areas in a concentrated manner.

We will also achieve growth through added value and further improvements in productivity with the Prescription Pharmaceutical Wholesale Business and the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business as a platform.

Overview of 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	● Partnership with JCR Pharmaceuticals Co., Ltd. => R&D for orphan drugs ◆ 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	● Conversion of PreMedica Inc. to a subsidiary company ■ Conversion of MP Gokyo Food & Chemical Co., Ltd. to a subsidiary company => Integration of MP Gokyo Food & Chemical Co., Ltd. with MEDIPAL FOODS CORPORATION
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	● Pursuit of healthcare digital transformation (DX) through a CVC fund, and use of cloud technology ● Conversion of PRESUSCUBE Corporation to a subsidiary company => Supporting the DX management of dispensing pharmacies ◆ Introduction of advanced shipping notice (ASN) employing logistics EDI[1] => 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* and Tochigi Distribution Center ● Establishment of MEDISKET CORPORATION (subsidiary) => Promotion of sharing logistics ● Conversion of TOSHICHI CO., LTD. to a subsidiary company => Improved distribution infrastructure in Kyushu ◆ Began integrated distribution of non-food and food products
Value Co-creation in Community Healthcare	• Value co-creation through coordination activities to connect medical professionals	● Pursued information provision activities in specialty fields such as rare diseases and women's health issues

Key financial targets

Item	Targets for the Fiscal Year Ending March 2027	Results for the Fiscal Year Ended March 2025
Total profitability	ROE: 9%	ROE: 6.6%
	Ordinary profit: ¥100.0 billion	Ordinary profit: ¥65.2 billion
Investment	Investment in growth: ¥100.0 billion	Investment in growth: ¥70.0 billion (cumulative over three years of the Medium-Term Vision)
Shareholder returns	Total shareholder return ratio[2]: 40% (cumulative over five years)	Total shareholder return ratio[2]: 40.2% (cumulative over three years of the Medium-Term Vision)

Resolving ESG issues through growth strategies

Item	Targets	Results for the Fiscal Year Ended March 2025
Initiatives for Decarbonization	<Targets for reduction of greenhouse gas emissions[3]> FY2030: 50% reduction (compared with FY2020) FY2050: Carbon neutrality	Greenhouse gas emissions[3] 13.1% 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: 9.4% • Percentage of male employees taking childcare leave: 58.9%
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.)

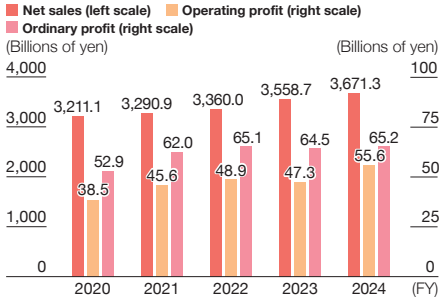
1. Electronic Data Interchange
2. The percentage of return on profit before exclusion of amortization of goodwill and intangible assets accompanying the growth investment in the 2027 MEDIPAL Medium-Term Vision
3. Scope 1 (direct emissions from Company fuel consumption) + Scope 2 (indirect emissions from electric power used by the Company)

* Please refer to page 72 for explanations of technical terms.

Financial and Non-Financial Highlights

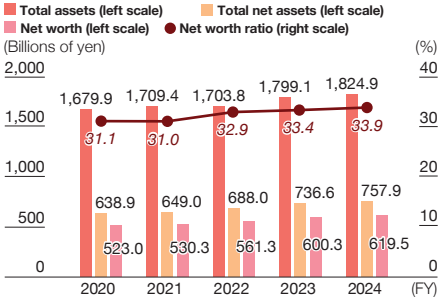
Financial Highlights

Net Sales/Operating Profit/ Ordinary Profit



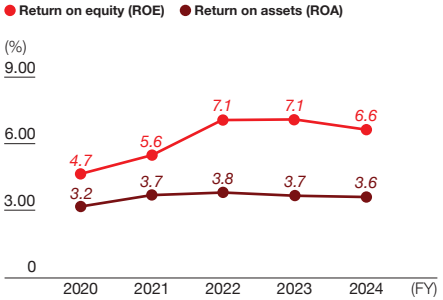
Net sales increased 3.2%, and operating profit increased 17.5%. Although, in relation to ordinary profit, share of profits of entities accounted for using equity method decreased, the amount of increase in operating profit exceeded this amount, resulting in a 1.1% increase.

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



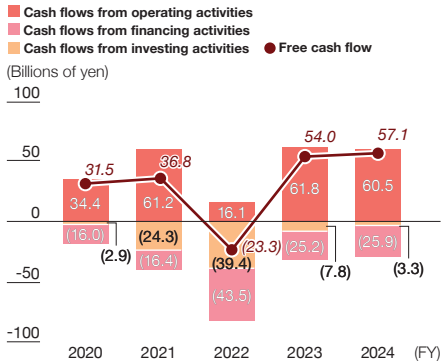
Shareholder equity increased due mainly to increases in retained earnings. Accumulated other comprehensive income declined due to a decrease in valuation difference on available-for-sale securities.
Non-controlling interests increased due to an increase in total net assets in PALTAC CORPORATION.

ROE/ROA



ROE: In addition to a decline in profit attributable to owners of parent, there was also an increase in net worth, resulting in lower ROE compared to the previous fiscal year.
ROA: Ordinary profit increased, but because total assets increased, ROA declined compared to the previous fiscal year.

Cash Flows

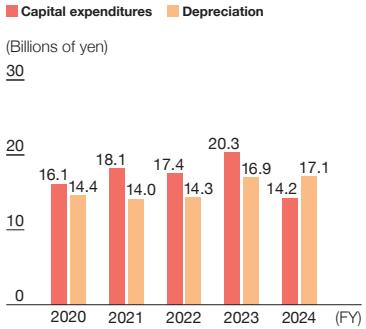


Net cash provided by operating activities came to ¥60.5 billion due to increases in profit before taxation, depreciation and receivables. Net cash used in investment activities came to ¥3.3 billion due mainly to the acquisition of non-current assets, and free cash flow provided amounted to ¥57.1 billion.

Non-Financial Highlights

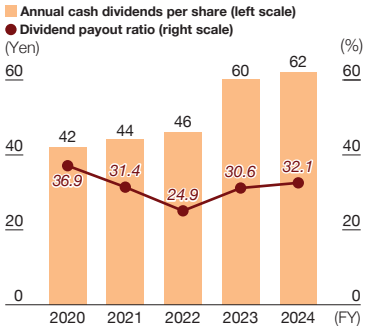
Target Companies: MEDIPAL HOLDINGS CORPORATION and Consolidated Subsidiaries

Capital Expenditures/ Depreciation



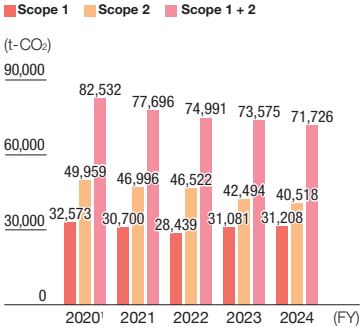
A total of ¥14.2 billion was invested in further strengthening and improving the efficiency of distribution functions. This included ¥10.6 billion in capital expenditures for construction and upgrading of distribution centers, etc., and an investment of ¥3.6 billion in software, etc.

Annual Cash Dividends per Share/ Dividend Payout Ratio



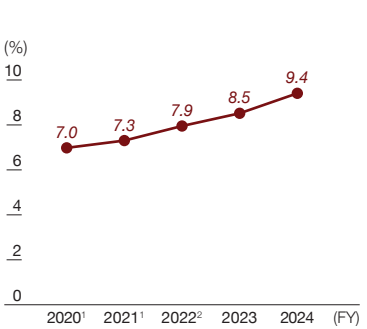
Annual dividends increased by ¥2 per share year on year to ¥62 per share, resulting in a dividend payout ratio of 32.1%. Approximately ¥5 billion in treasury shares were also repurchased and canceled.

Greenhouse Gas Emissions (Company Emissions Only)



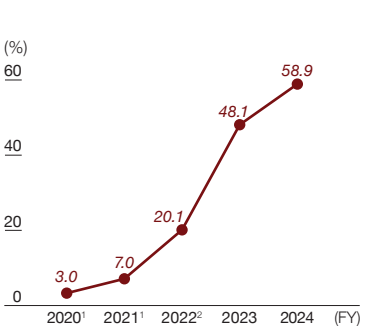
The installation of solar panels and switching to environmentally-friendly electricity contributed to reducing Scope 2 emissions, resulting in the total for Scope 1 and 2 being down 2.5% year on year.

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.

Capital Summary

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

	Ideal Situation	Strengths	Weaknesses
Human Capital Strategy ▶ p. 19	• 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	• Centralize, visualize, and analyze HR data • Personnel exchanges among Group companies • Establishing the foundation for Group development targeting systematic, strategic, and sustained development of future-oriented human resources • Increasing the percentage of female employees in management positions • Increasing the percentage of male employees taking childcare leave
Distribution Facilities Capital Strategy ▶ p. 27	• 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)	• Nationwide rollout of sharing logistics • 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 (shared logistics, modal shifts, home deliveries)
Intellectual Capital Strategy ▶ p. 30	• 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 • 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. 33	• Sustainable growth for the Group by creating of 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. 37	• 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 return on equity • Reducing the cost of capital • Improving the PBR
Natural Capital Strategy ▶ p. 40	• 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 72 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, to 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 situation: future-oriented human resources

We have defined future-oriented human resources as our vision for the human resources that we need to realize the Group's 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.



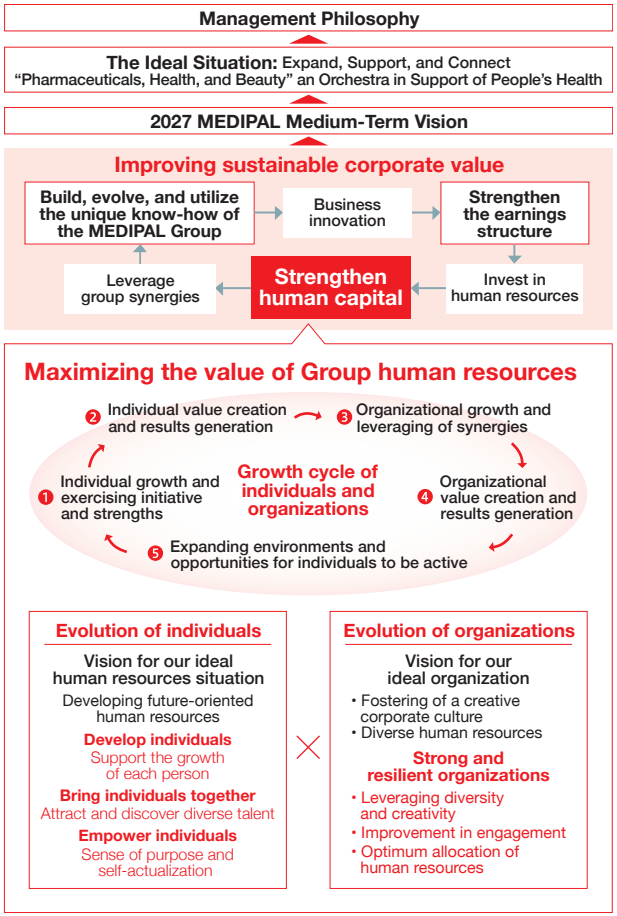
Grand Design of the Human Resources Strategy

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.

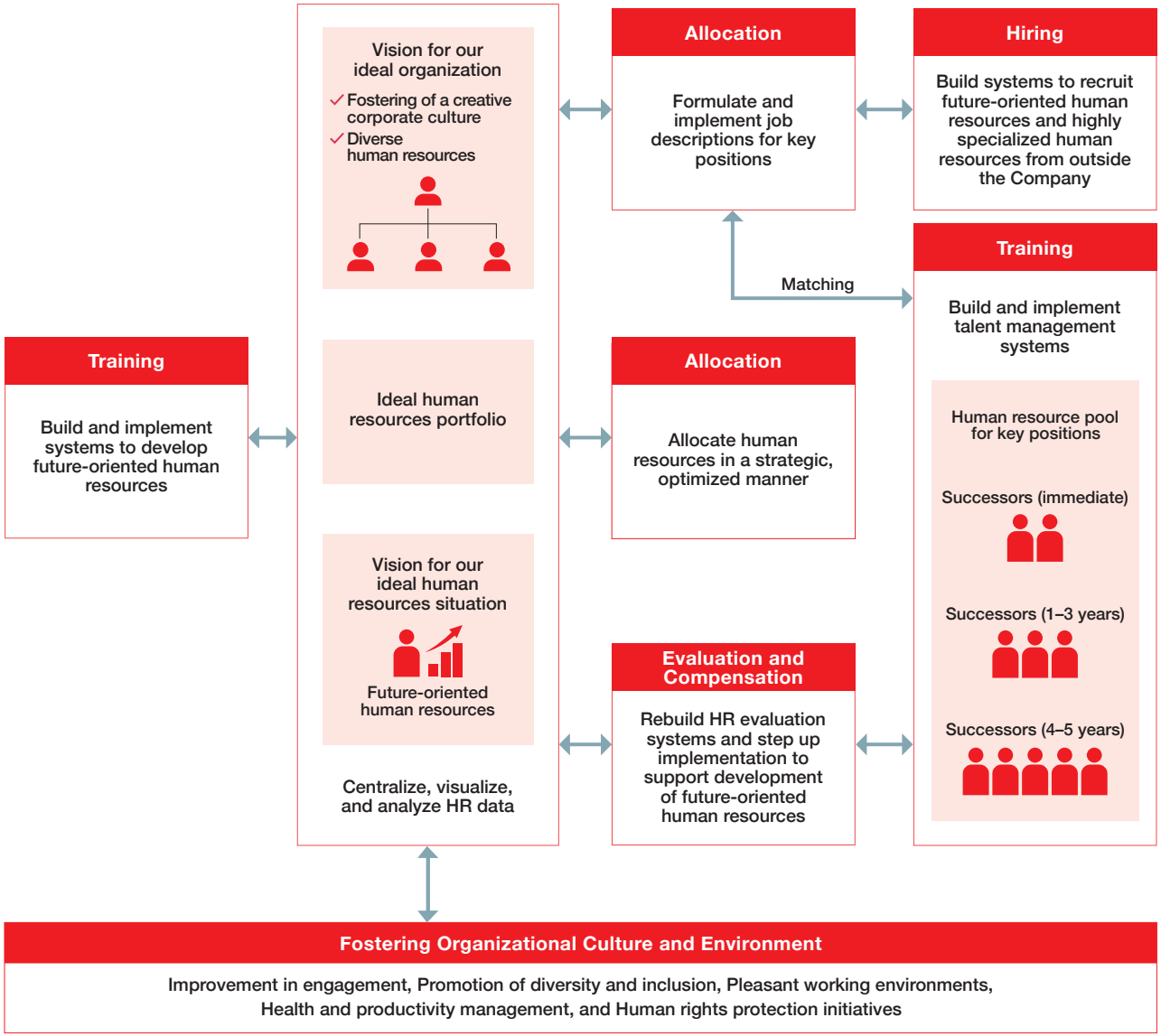
For the evolution of individuals, we will apply programs from the three viewpoints of developing them, bringing them together, and empowering them: (1) individuals exercising their initiative and strengths so that (2) the outcome and added value result in (3) internal synergy for the growth of organizations. 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.

Grand Design of the Human Resources Strategy



Talent management programs to maximize the value of Group human resources



Systems to Implement Our Strategy

To pursue the human resources strategy, our Human Resources Strategy Department is working out the entire concept and direction for the Group and developing platforms and other programs for overall management. Based on this, the actual programs are handed over 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 management levels as needed to underpin consistent strategies and rapid decision making.

Human Resources Committee in FY2024

Main discussion points

- Sharing the progress of and challenges involving the introduction of the new HR evaluation systems to Group companies
- Sharing initiatives for improvement and challenges based on the results of the survey of workplace culture
- Considering a human resources training program for the next generation of management and key positions
- Utilizing the talent management system to realize the human resources portfolio
- Progress report on the project to build Group human resources systems
- Hearings with the companies on the human resources strategy and the management of human resources overall

Human Resources Management Program

Centralize, visualize, and analyze HR data

The MEDIPAL Group introduced a talent management system for more advanced management of human resources to integrate and visualize information on human resources possessed by Group companies.

In FY2024, we collected information on career awareness. We also implemented a gradual transfer to the talent management system and collated evaluation information for the operation of the new human resources evaluation system. This information will be analyzed and put to use for the optimal allocation for both employees and organizations, 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 FY2024 we hired 11 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.

Training

>> Build and implement systems to develop future-oriented human resources

To speed up our training of future-oriented human resources, we have launched a project to build a Group-wide development system centered on on- and off-the-job training and self-study in line with the individual business strategies of the Group companies. Deliberations in the project revealed shared challenges throughout the Group such as personal growth, wider promotion of career design, and the development of the next generation of leaders, plus the need for organizational growth to support these. Currently we are steadily implementing specific programs to take on these challenges while ensuring mutual coordination between the various initiatives.

Going forward, we intend to introduce tiered leadership and management training and competency development training open to all types of job levels. Through these initiatives, we support employees' autonomous growth while continuously enhancing the Group-wide human resources development systems.

The Group is proactively advancing the development of future-oriented human resources through such measures, and is working swiftly to establish and implement a solid foundation for talent development that underpins sustainable organizational growth.

● Development of the next generation of leaders

To cultivate the next generation of leaders, we are implementing a selective program through the MEDIPAL Project Design Academy, aimed at enhancing practical management skills and leadership capabilities. All participants have successfully completed the full curriculum and received high evaluations. In addition, we are utilizing external programs to implement selective programs for developing female executive candidates and financial leaders.

FY2024 Results

- Next-generation leader development program, MEDIPAL Project Design Academy: 16 participants completed the program
- Female management and executive candidate development program: 4 participants completed the program
- Financial leader development program: 1 participant completed the program

● Strengthening management capabilities and supporting career development

In our training to improve management skills for managerial-level employees, we aim to enhance practical skills by linking goal setting with the demonstration of competency. We also continue to offer correspondence courses to enable each employee to proactively design their own career path. We encourage our employees to adopt career design and foster a stronger desire for personal growth.

FY2024 Results

- Training to improve management skills: 998 participants
- Correspondence courses: 478 participants (147 courses offered)

● DX literacy improvement and generative AI project

We are promoting the improvement of DX literacy and the development of DX professionals with our initiative for the "Enhancement of Business with and in Digital." In FY2024 we launched a generative AI project in which 300 selected employees are striving through trials to improve productivity and create new added value. The insights and challenges identified through the project are being shared inside the Group to be incorporated into future developments.

FY2024 Results

- Number of accesses to the DX literacy improvement self-study program: 2,910
- Number of use cases of generative AI shared within the Group: 7

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

>> 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 and reduce employee resignations.

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.

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 FY2024, 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 and work to establish systems to support employees in developing their own careers.

Evaluation and compensation

We launched a project with members selected from each Group company to develop future-oriented human resources and provide appropriate evaluation and treatment. In this project, we analyzed the current status of the different evaluation and compensation systems in place at the various Group companies. We then considered what parts will be retained in a Group-wide system and whether to tailor some aspects for some of the 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 have begun phased introduction of the new MCC-based evaluation system from FY2024, starting with Group companies which have completed preparations for introduction. Linking goal management and competency will promote achievement of individual and organizational goals and development of competency, facilitating the development of future-oriented human resources as well as leading to the optimal human resources portfolio and allocation of human resources for the entire Group.

Fostering organizational culture and environment

>> Improvement in engagement

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.

The results of surveys in the past three years (FY2022 to FY2024) have shown rising figures over time. Specifically, employee engagement went from 3.5 to 3.7 and then 3.9 (on a five-point scale) while work engagement went from 2.9 to 3.0 and then 3.2 (on a six-point scale), with both metrics improving consistently over three consecutive years.

Having analyzed the results of surveys so far, the three elements that especially contribute to raising engagement in the Group are the linking of individual goals to organizational ones, open communication, and autonomy within the organization. We will develop initiatives that focus on these elements in the future.

Our aim is to promote mutual understanding and enhanced awareness to create better workplaces by first clarifying the issues for each Group company and then holding dialogues between management and employees as well as internal discussions. We will continue to conduct these surveys to foster a creative corporate culture and promote the active participation of diverse human resources.

New Evaluation System in FY2024

Operation

- Seven Group companies adopted the new evaluation system.
- We implemented evaluator training for employees in managerial positions in each Group company, covering goal setting, competency evaluation and utilization, and the holding of evaluator review meetings and the Human Resources Development Committee.
- The Group companies began to hold evaluator review meetings and Human Resources Development Committee meetings.

Outcomes and challenges

- In the initial fiscal year, we gained a certain level of understanding and acceptance of the system through various training courses, information sessions, evaluator review meetings, and the Human Resources Development Committee. Employees in managerial positions and ordinary employees indicated a positive attitude.
- However, there were variations in evaluations due to differences in interpretations among evaluators and how the system is implemented.
- Insufficient coordination of goal management and competency evaluations led in some cases to goals not being achieved and skills not developed.
- Going forward, we must continue evaluator and management training and add training to develop competency among those under evaluation to fully establish the system.

>> 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 provide unconscious bias awareness training to all employees and ensure fair opportunities so that our workplace environments allow diverse human resources to act with fairness and justice.

FY2024 Diversity and Inclusion Subcommittee

Number of meetings held: 11

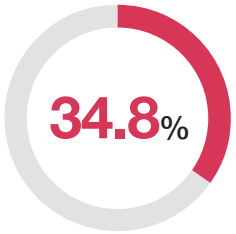
Main activities

- Annual D&I training for all employees
- Training for D&I section managers
- Annual unconscious bias awareness training for all employees
- Preparation of original leaflet on unconscious bias
- Monthly release of an email magazine on D&I, etc.

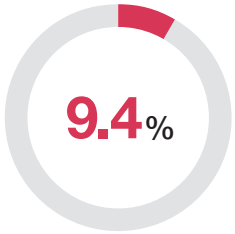
● Promotion of women’s activity

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 women in management positions of 20% or higher by FY2030, and are actively promoting various initiatives to realize this goal.

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 2025 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.

— Focus

Women’s Empowerment Week 2025

The Group has designated March 1–8 each year as Women’s Empowerment Week, during which we carry out Group-wide awareness initiatives in alignment with International Women’s Day. In 2025, we held a panel discussion featuring young section managers and hosted an employee-participation poster design contest to promote understanding from diverse perspectives. We also introduced accessible ways for all employees to take part, such as wearing mimosa-colored attire and decorating office spaces.





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).

● 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 2.76% as of March 31, 2025, 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.

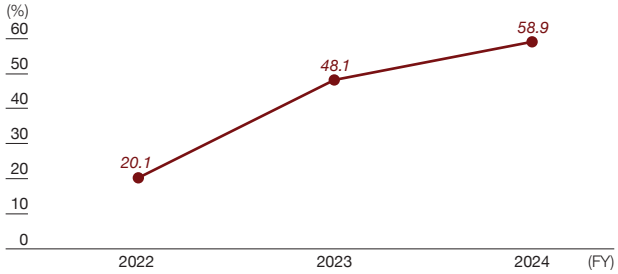
>> Pleasant working environments

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% of male employees taking childcare leave 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.

Voice

Took childcare leave under the slogan "Creating Better Workplace Environments"



Hiroki Matsumoto
Manager, Head of Southern-Japan Food Sales Section 1, Southern-Japan Food Sales, Sales & Marketing
MP Gokyo Food & Chemical Co., Ltd.

I took one month of childcare leave for both the birth of my fourth and fifth children. As a manager, I initially had some hesitation about taking leave, but my supervisor and team members encouraged me, under the shared slogan of "Creating Better Workplace Environments," to take childcare leave regardless of gender or position. By thoroughly organizing and handing over my duties in advance, I was able to ease my concerns.

Through childcare leave, I was able to experience my children's growth firsthand and spend meaningful time with my family, an experience which I consider a great personal asset. Additionally, during my absence, the team members who took over my responsibilities had the opportunity to take initiative and demonstrate ownership in their work. As a result, I believe they gained valuable experience, which contributed to the growth of the entire team. Even after returning to work, I continue to balance childcare and my professional duties by making use of remote work and paid leave programs. Going forward, I hope to use my own experience to help foster a workplace culture where everyone feels empowered to take childcare leave.

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 FY2024: MEDIPAL HOLDINGS CORPORATION and its consolidated subsidiaries

● 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.

Also, we are providing continued support for childcare after childbirth by offering financial assistance for respiratory syncytial virus (RSV) vaccinations[1] to pregnant female employees to prevent RSV infection during infancy. This support aims to reduce anxiety related to infant health and enhance peace of mind in balancing childcare and work.

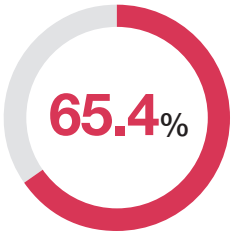
● Promoting workstyle reform

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



>> 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[2] 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 addition, to help establish regular exercise habits, we are working to raise health awareness among employees through collaborative initiatives with the health insurance association and by promoting participation in company-specific online walking events.

● Recognition as an "Outstanding Organization of KENKO Investment for Health 2025"

We have been recognized in the 2025 Outstanding Organizations of KENKO Investment for Health Program,[3] jointly administered by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.







● Recognition as a "Sports Yell Company 2025"

ATOL CO., LTD. was certified by the Japan Sports Agency as a Sports Yell Company 2025 in recognition of its proactive approach to supporting employee health through promoting sports initiatives.



1. Applicable companies: MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., and TOSHICHI CO., LTD.
2. 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
3. Applicable companies: (Large enterprise category) MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, MP AGRO CO., LTD., MP Gokyo Food & Chemical Co., Ltd.
(Next Bright 1000 Program for Small and Medium-Sized Enterprises) TOSHICHI CO., LTD.
(Small/medium-sized enterprise category) ASTEC Co., Ltd., PharField Corporation, MEDIE Co., Ltd., Medipal Insurance Service Co., Ltd., class A Network Co., Ltd.

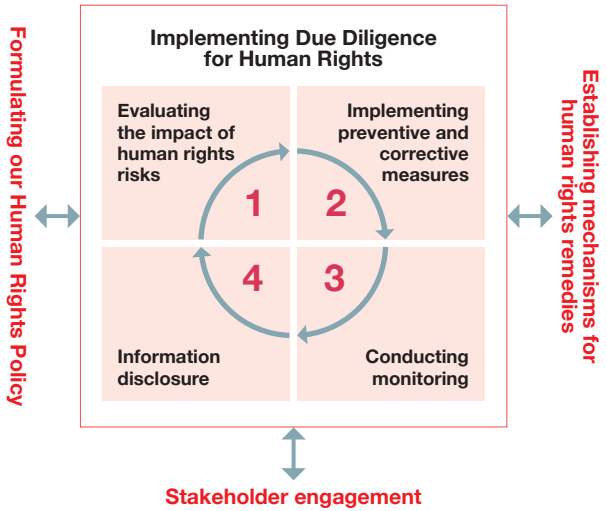
>> Initiatives for respect for human rights

● 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

In our Group, 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, evaluating them along the axes of the likelihood of occurrence and the degree of impact.

● 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 unconscious bias, 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 24 hours a day 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

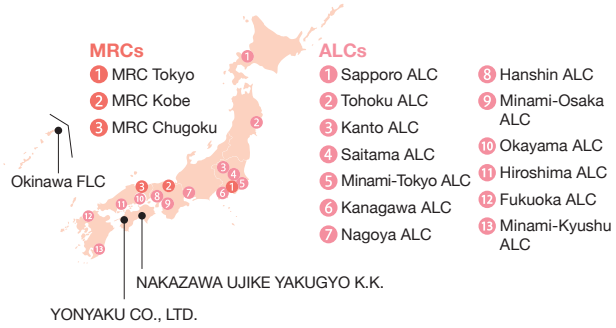
The Prescription Pharmaceutical Wholesale Business of the MEDIPAL Group has established an optimized nationwide distribution network to support "Pharmaceuticals, Health, and Beauty" by integrating 13 ALCs* and three Medical Ryutsu Centers (MRCs). Our ALCs ensure a stable supply of over 20,000 items with a product fulfillment ratio exceeding 99%, while our MRCs serve as next-generation logistics platforms for manufacturers, focused on greater efficiency, reducing unnecessary processes, and easing the burden on workers. We are also developing our multi-temperature logistics system and working on the realization of strict quality control and delivery processes for specialty pharmaceuticals. In addition, we are promoting initiatives such as direct-to-home deliveries for patients who have difficulty visiting hospitals, and joint delivery systems that reduce both costs and CO_2 emissions.

Logistics Network Centered on ALCs and MRCs

ALCs maintain inventory of more than 20,000 pharmaceutical products, medical equipment, tools 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.

Optimized nationwide distribution network

Distribution centers including 13 ALCs and three MRCs work in close coordination to ensure uninterrupted distribution across Japan even in times of emergency.



Distribution centers that form the core of our supply chain

Factories of pharmaceutical companies → MRC manufacturer distribution → ALC wholesale distribution → Medical institutions → Patients



MRC
(Medical Ryutsu Center)
3 locations



High functionality logistics center
ALC
(Area Logistics Center)
13 locations

Shared features of MRCs and ALCs

High-quality distribution aligned with GDP* guidelines
We comply with GDP guidelines and have established standard operating procedures (SOPs)* in accordance with the procedures of each manufacturer. In our DP-Terminal-certified[1] cold storage areas, temperatures are monitored 24/7. Shipping and receiving zones are equipped with dock shelters to block outside air and dust, and we regularly conduct environmental assessments and implement measures to protect against insects and rats. An ID-based access control system is in place to manage entry and enhance security, preventing counterfeiting and theft.

Comprehensive disaster preparedness
In-house power generators and voltage regulation equipment ensure that material handling systems continue to operate stably even during power outages. Seismic isolation devices (μ-Solators) are installed to prevent products from falling or being damaged, enabling a swift return to operations in the event of a disaster.

Features of ALCs

Over 99% product fulfillment ratio[2]
To ensure proper management of over 20,000 diverse products, we have developed a proprietary demand forecasting system based on shipping data. This enables us to maintain a product fulfillment ratio of over 99%, supporting a stable supply with no stockouts.

Fully sealed packaging for each customer
To deliver pharmaceuticals, medical supplies, and reagents safely and securely, all orders are individually packaged and sealed within the ALC for each customer. We employ a no-touch system that ensures no one handles the package after sealing, and use environmentally friendly plastic for the seal bands.

Services that save customers time
Inspection by individual scans*
Inspection is completed simply by scanning the barcode on the delivery box, significantly reducing work time.
Shelf-location-based delivery
Based on each customer's shelving layout of pharmaceuticals, items are packaged and delivered in shelf order, reducing the need for sorting and shelving after delivery to improve work efficiency and free up time for core tasks.

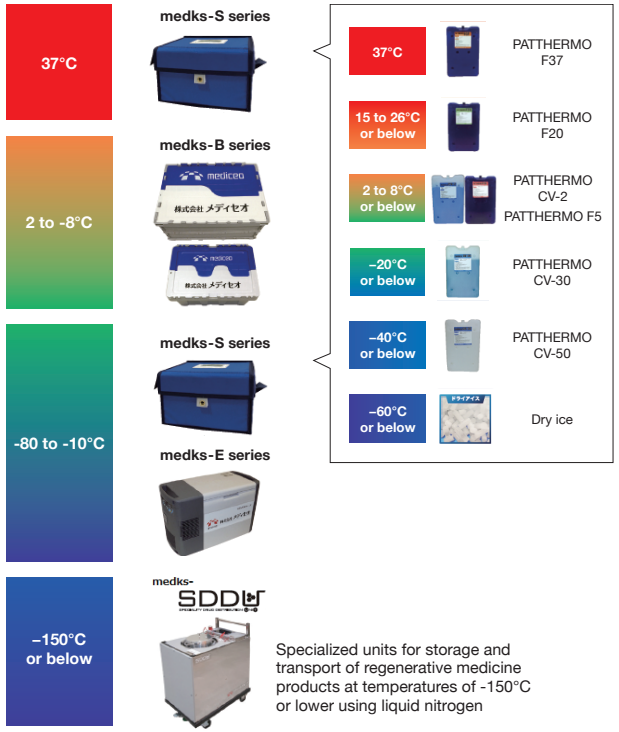
1. A certified facility specializing in temperature- and security-controlled logistics compliant with GDP guidelines under the DP-Cool pharmaceutical cold-chain transport service operated by Dia Pharmaceutical Network Co., Ltd. the dedicated pharmaceutical transport company of Mitsubishi Logistics Corporation.
2. Normal stock fulfillment ratio of 99.8%

* Please refer to page 72 for explanations of technical terms.

Multi-temperature Logistics System

Products such as regenerative medicine products that require strict temperature control, including cell products and pharmaceuticals, are steadily developing. The MEDIPAL Group has built a storage and delivery system that supports a full range of temperature zones, from ultra-low temperatures below -150°C to 37°C, providing a safe, secure, and highly convenient platform for multi-temperature logistics.

Storage and delivery system for all temperature zones



Specialized units for storage and transport of regenerative medicine products at temperatures of -150°C or lower using liquid nitrogen

We have developed a storage and delivery system that supports the full range of temperature zones required for pharmaceuticals. Under strict quality control, we ensure products are delivered safely and securely.

Supporting the Distribution of Specialty Pharmaceuticals

Specialty pharmaceuticals, such as orphan drugs, high-cost medications, biopharmaceuticals, and regenerative medicine products, are vital treatment options that can save patients' lives. Demand for these products is expected to continue growing. The distribution of such products requires a high level of expertise and capability, including strict quality control, support for a wide range of temperature zones, and advanced traceability systems.

We view meeting these demands as part of our new mission in pharmaceutical distribution. By leveraging our Group's advanced logistics infrastructure, we have established a system that provides integrated support from manufacturing to final distribution, striving to ensure both safety and efficiency throughout the distribution process.

In addition, by offering solutions that optimize the entire supply chain, we are helping to ensure a safe and reliable supply system for healthcare providers and patients, while also responding effectively to the increasingly diverse needs of modern medicine.

Secure transport packaging Medks-SHIP

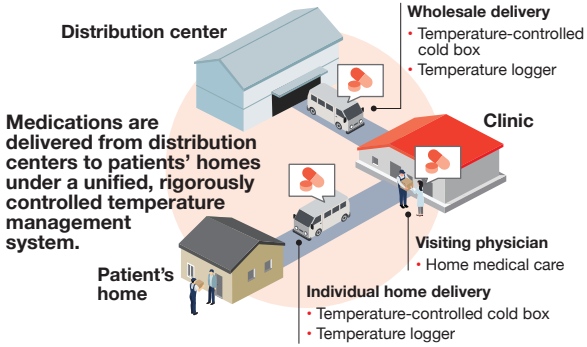
We have developed a sealed transport container equipped with a temperature logger. Each medication is stored individually, allowing verification of whether it has been opened and enabling temperature monitoring of any medication that remains inside. This system also helps prevent contamination or unintentional opening of individual pharmaceutical packages during transport or storage.



Home Delivery of Specialty Pharmaceuticals

The Group is conducting a home delivery trial for medications used in the treatment of ultra-rare lysosomal storage diseases, delivering them directly to patients' homes. While home-based care is a valuable option for patients who have difficulty visiting medical facilities, there are issues that hinder broader adoption such as drug weight, temperature control, and inventory risks. To address these issues, we have developed a proprietary distribution model that delivers medications directly from clinics to patients' homes under strict quality control systems. Feedback from physicians and families who have used the service includes comments indicating greater confidence about continuing treatment. Going forward, we aim to expand this model in collaboration with dispensing pharmacies and apply it to other specialty pharmaceuticals, contributing to improved quality of life for patients and the creation of new value in healthcare.

Overview of home delivery services



Sharing Logistics (Shared Delivery and Collection)

MEDISKET CORPORATION, jointly established in March 2022 by the Company and H.U. Group Holdings, Inc., aims to build Japan's largest healthcare distribution platform. By integrating pharmaceutical deliveries with the provision of materials and the collection of specimens, we expect to reduce both costs and greenhouse gas emissions.

▸Details on page 49

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. PALTAC CORPORATION is "Taking on the challenge to create new value: developing a new logistics model" as one of four key strategies in its Medium-Term Management Plan, PALTAC VISION 2027, announced in May 2024, and aims to develop an industry-leading logistics model with far and away the highest productivity as part of this strategy.

Developing a Logistics Model with Far and Away the Highest Productivity

At its RDC logistics strategy hubs, PALTAC CORPORATION is working to further advance its latest SPAID* model, which combines accumulated logistics know-how with AI and robotics technologies, as part of efforts to develop a new logistics model that will more than double productivity. In FY2024, the company completed concept development and basic design, and has since moved into the detailed design phase. It has also begun prototyping material handling equipment aimed at improving productivity in piece-picking operations.

As part of its drive to expand domains where the values of logistics could be provided, PALTAC CORPORATION launched an integrated logistics service in September 2024 that manages and delivers ambient-temperature food and non-food products together. This reduces operational workloads by cutting the number of trucks and receiving instances, while also contributing to lower greenhouse gas emissions. Looking ahead, the company plans to expand shipment volumes while building up its expertise in food logistics.

Through these initiatives, PALTAC CORPORATION is working to improve its selling, general and administrative (SG&A) expenses ratio and capital expenditure efficiency and to build a sustainable business foundation despite an external environment marked by rising delivery costs and material prices.

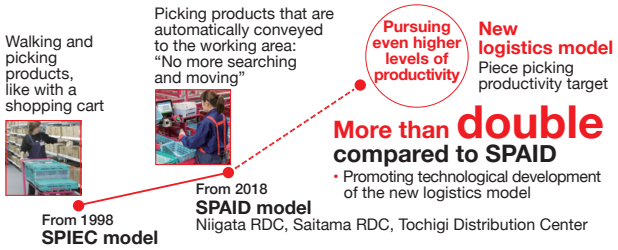
Features of RDCs

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.[1]

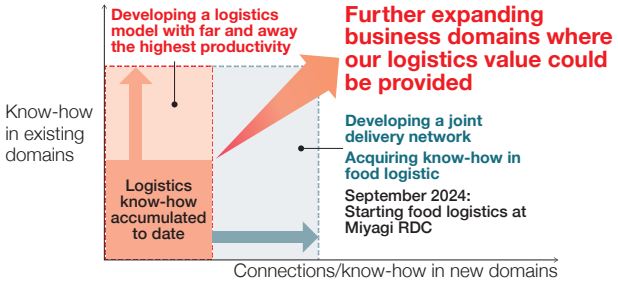
Enhanced productivity
x2
Doubling productivity and enhancing safety through implementing SPAID
We have doubled work efficiency and, through the use of robots, created a safer and more comfortable logistics environment.

Number of patents
18
Proprietary high-efficiency logistics technology
We have developed our own logistics technologies utilizing AI and robotics, and have obtained 18 patents to date.

Changing logistics models and next targets



Domains where the value of our logistics solutions could be provided



Voice

Balancing efficiency and accuracy through integrated logistics and on-site collaboration



Yohei Kato
Logistics Headquarters
PALTAC CORPORATION

In September 2024, we launched integrated logistics at Miyagi RDC for cosmetics and daily necessities, and food products. By reviewing our delivery arrangements with retailers and delivering both categories on the same vehicles, we have improved transport efficiency and reduced in-store workload. At the distribution center, we are strengthening coordination with related departments and part-time staff to handle packaging formats unique to food products, ensuring highly accurate operations. Going forward, we will continue to address challenges such as delivery timing and volume adjustments while deepening collaboration both inside and outside the company to make further improvement toward establishing a sustainable logistics framework.

1. Electronic data interchange

* Please refer to page 72 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®,* PMS,* 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 in Japan 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 not only on the healthcare industry, but also on each business in the MEDIPAL Group. In light of this context, we are pursuing 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® and main products

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.

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. 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.

New businesses using our advantages and strengths

Advantages of the new businesses in the Group

Insights and ability to act

Ability to identify projects with potential at an early stage and then put in place a business model capable of not only achieving commercial success but also social value

×

Strengths of management resources

Nationwide distribution platform and human resources with advanced expertise

AR* activities | **PFM®** | **PMS** | **Digital businesses** Other

As a result of having nurtured these businesses for 10 years or more, we have now handed them over to Group companies where they have established stable profit bases. The Group has now entered the next growth phase and is working to further expand its business domains and achieve innovation toward creating new value.

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 new drug candidates for ultra-rare diseases, and secured a license agreement for commercialization of a treatment for fucosidosis.
September 2023	The license agreement for the overseas commercialization of a BBB-penetrating α-N-acetylglucosaminidase preparation (development number: JR-446) for the treatment of mucopolysaccharidosis type IIIB and the joint development and commercialization agreement in Japan have been concluded.
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.
May to 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

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 72 for explanations of technical terms.

Voice

Delivering new treatments to patients around the world

—Tackling the challenges of ultra-rare diseases—



Tatsuro Narahara
Pharmaceutical & Global Business Development Group,
Pharmaceutical & Global Business Development Department,
Business Development Division
MEDIPAL HOLDINGS CORPORATION

I am currently engaged in the development of treatments in Japan and the formulation of global expansion strategies for two ultra-rare diseases: fucosidosis and mucopolysaccharidosis type IIIB. Having come into contact with the heartfelt hopes of patients and their families, I feel a profound sense of mission. Working hand in hand with our partner, JCR Pharmaceuticals Co., Ltd., we are tackling challenges in the field of ultra-rare diseases with flexible thinking, unconstrained by conventional industry norms.

Moving forward, we will continue to advance the development of these treatments and establish a global distribution network. By delivering therapies to patients around the world, we aim to lay the foundation for the Group's global expansion and bring smiles to the faces of patients and their families.

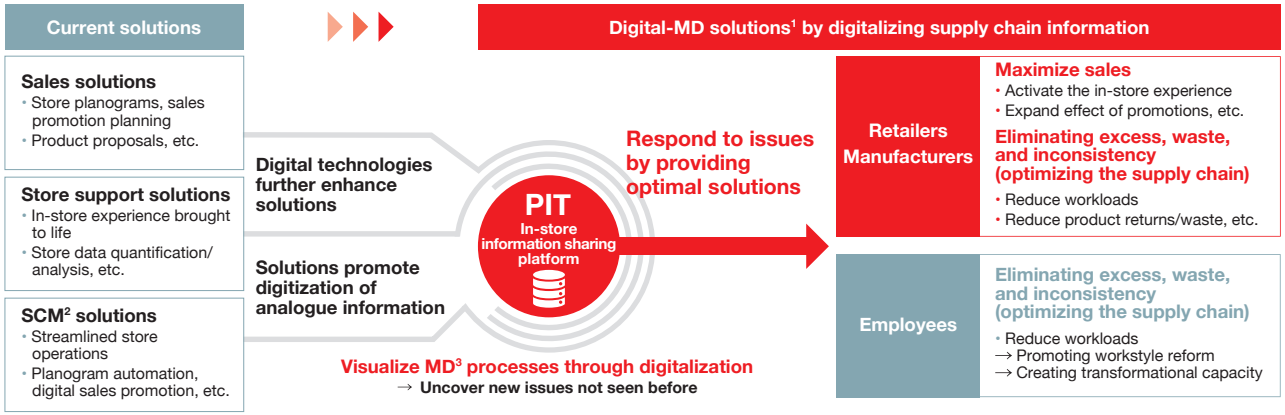
Digitalizing Supply Chain Information

Taking on the challenge to create new value

PALTAC CORPORATION has set "Taking on the challenge to create new value" as one of the key strategies in "PALTAC VISION 2027." There is a lot of logistics information in the supply chain that has yet to be visualized. PALTAC CORPORATION is using in-house functionality to turn this information into data for input into the PIT information-sharing platform in order to visualize distribution processes. This will allow the company to uncover issues not seen before and deliver solutions to optimize the entire supply chain, including programs to reduce the environmental burden through fewer product returns and sales growth in a store-oriented fashion.

We are currently working to digitize logistics information through each of our solutions, while steadily organizing the master data essential for effective data utilization.

Promoting the use of the information-sharing platform called the PIT System



Expansion of AGRO & FOOD Business

MP Gokyo Food & Chemical Co., Ltd. and MEDIPAL FOODS CORPORATION were integrated in October 2024. Through this integration, we aim to further enhance the effective use of management resources and strengthen our nationwide customer base. By offering value that meets the increasingly diverse needs of our clients and consumers, such as health-conscious foods and foods with function claims, we are working to further develop our food business.

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

1. A service that digitally solves product merchandising issues that originate in the store
2. Managing the supply chain
3. Merchandising

Expansion of Prevention and Pre-disease Business

In May 2024, we acquired all shares of PreMedica Inc.

PreMedica Inc. specializes in disease risk testing in the field of preventive medicine, a business that aligns with the current healthcare trend of shifting from treatment to prevention. The company uses cutting-edge technologies to gain a better understanding of the future risk of disease onset across a wide range of medical conditions. This information can help test recipients manage their physical condition so that they are less likely to develop a particular disease in the future.

From the standpoint that good health is said to start with the gut, PreMedica is focused on the Flora Scan® test. Through the testing service, sales growth is expected via not only medical institutions but also new non-hospital sales channels.

PreMedica Inc. is aiming to reach 10 million service users and is expanding its aftercare services that support behavioral change to help extend users' healthy life expectancy. As part of this effort, the company conducted a joint research project with Setsunan University called the Gut Health Bento Project, focusing on the theme of gut health which can be easily incorporated into everyday life. Additionally, it conducted a year-long longitudinal study on the gut microbiota of players from Kagoshima United FC to investigate the relationship between changes in gut microbiota and athletic performance. This research aims to establish new health management methods that can also be applied to the general public.



Gut flora testing service
Flora Scan®

— Focus

PreMedica Inc. received the Special Award: Database Development Award in the Evidence Category of the DST EVIDENCE AWARDS 2024

To further strengthen the credibility of Flora Scan®, which was developed through industry-academia collaboration, PreMedica Inc. continuously works to enhance the evidence related to the gut environment. In particular, by exploring the relationship between lifestyle habits such as diet and exercise and gut microbiota, the company aims to improve test accuracy, offer personalized health recommendations, and create new services.

Flora Scan® uses a database of subject data (from 1,803 Japanese individuals) linked to high-precision clinical data obtained through 16 clinical studies conducted by Kyoto Prefectural University of Medicine. Furthermore, by standardizing all analytical methods from DNA extraction of gut bacteria to final analysis, the company ensures the acquisition of high-quality gut microbiota data. With a sufficient number of samples, comprehensive health and disease data, and high-accuracy background information on subjects, combined with standardized analytical methods, the company has constructed a database that meets the essential criteria for analyzing the gut flora types of the Japanese population.

Research related to Flora Scan® titled Development of a Gut Environment Assessment System Using a Japanese Gut Microbiota Database and Commercialization of the Testing Service was submitted to the Evidence Category of the DST EVIDENCE AWARDS 2024 hosted by Data for Social Transformation,[1] winning the Special Award: Database Development Award. The project was recognized as a solid example of database construction for solving social issues.

At PreMedica Inc., we are committed to creating a new type of health checkup that goes beyond the traditional approach and leads to specific lifestyle improvements and increased health awareness. We will continue to utilize the knowledge gained from our research on the intestinal microbiota to develop evidence-based methods for improving the intestinal environment, aiming to implement health management solutions that can be widely used by the general public.



Scene at the awards ceremony

1. A third-party evidence verification institution established in November 2022. It focuses on resolving issues in social security fields such as healthcare, nursing care, welfare, poverty, employment, and education by using data to uncover evidence in the prevention phase before disease, caregiving, or poverty occurs. It brings together academia, corporations, and local governments to collaboratively tackle social issues, from research to real-world implementation of evidence-based solutions

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 Clinical Cloud 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 MTI'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 capital and 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 throughout the supply chain**	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.
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.

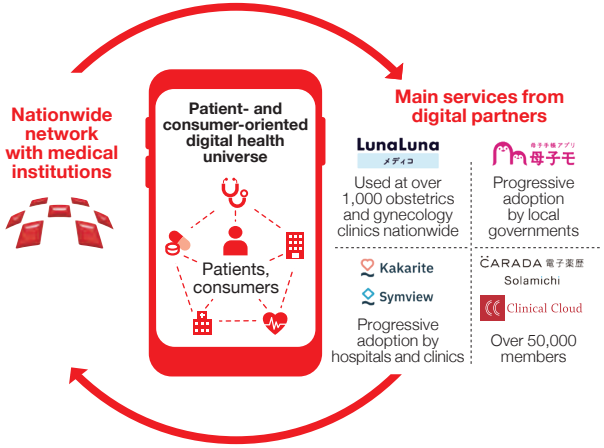
1. Shipper container marking labels

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 using the medical information portal site Clinical Cloud to provide the latest medical information to clinicians and develop better quality regional cooperation in medical care.

In addition, by supporting the introduction of clinic-oriented DX solutions such as Luna-Luna Medico, a service which connects women with physicians, LAYERED Inc.'s online medical questionnaire system Symview, and the patient management system Kakarite, we connect medical institutions and patients, facilitate smoother medical communication, improve operational efficiency at medical institutions, and help ensure the delivery of high-quality healthcare. Another initiative has seen municipalities adopt the Boshi-mo maternal and child health handbook app, thereby helping to create a safe and secure society for raising children.

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 14 startups in Japan and overseas. As a result, we have advanced investment in new fields such as digital health and biohealth, 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 N.B.Medical Inc.

The Fund has invested in N.B.Medical Inc., which possesses device design technologies that enhance operability and safety within delicate cerebral blood vessels, as well as coating technologies that suppress thrombus formation and promote adhesion of vascular endothelial cells. Through this investment, we aim to address significant clinical challenges in endovascular treatment, contributing to improved public health and the development of a sustainable society.

In addition, through this investment, we will expand our portfolio of products that meet unmet medical needs and pursue business growth.

>> Basic agreement on investment in and business alliance with Aculys Pharma, Inc.

Aculys Pharma, Inc., is a Japan-based pharmaceutical venture working to resolve the issues of drug lag and drug loss in Japan, and to address social challenges in the field of neurological and psychiatric disorders. The company introduces innovative pharmaceuticals approved overseas into the Japanese market and promotes their rapid development.

In addition to providing our distribution capabilities, we have entered into a business alliance agreement to support the market penetration of Aculys Pharma, Inc.'s development products through commissioned services such as promotional support and product logistics. Through this initiative, both companies aim to enhance their corporate value.

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

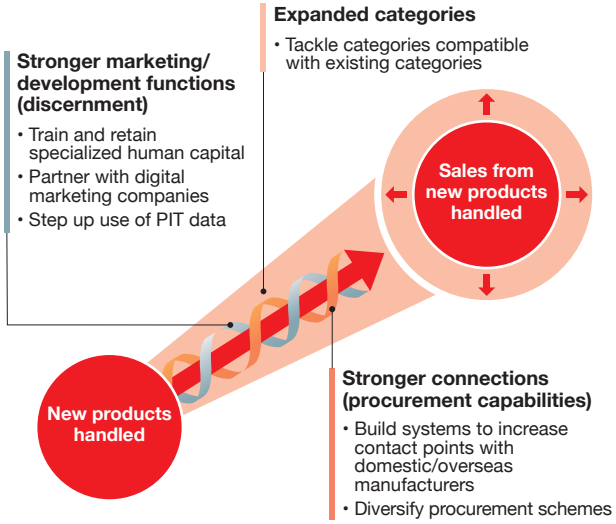
PALTAC CORPORATION is working to improve its discernment through enhanced marketing and development functions in order to respond to increasingly diverse consumer needs, and is also developing its product procurement capabilities through stronger ties with domestic and overseas manufacturers. This will enable us to offer a broader range of products that bring color to daily life.

In FY2024, in Japan, we began doing business with manufacturers offering products with uses and functions not previously found in the market. Overseas, particularly in South Korea, we have built relationships with manufacturers handling cosmetics and inner beauty-related products. These products have already been launched in the Japanese market.

In October 2024, we hosted the Asia Pickup Business Meeting, where we introduced attractive products from across Asia. The event was well received by participating companies, and some products have already entered distribution in Japan, contributing to the strengthening of PALTAC CORPORATION's global product sourcing capabilities.

Furthermore, leveraging our group's local subsidiaries in Vietnam and Indonesia, we are procuring appealing local brands that combine sustainability considerations with excellent quality. We began supplying these products to the Japanese market in FY2025.

Enhancing the Handling of New Products



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.

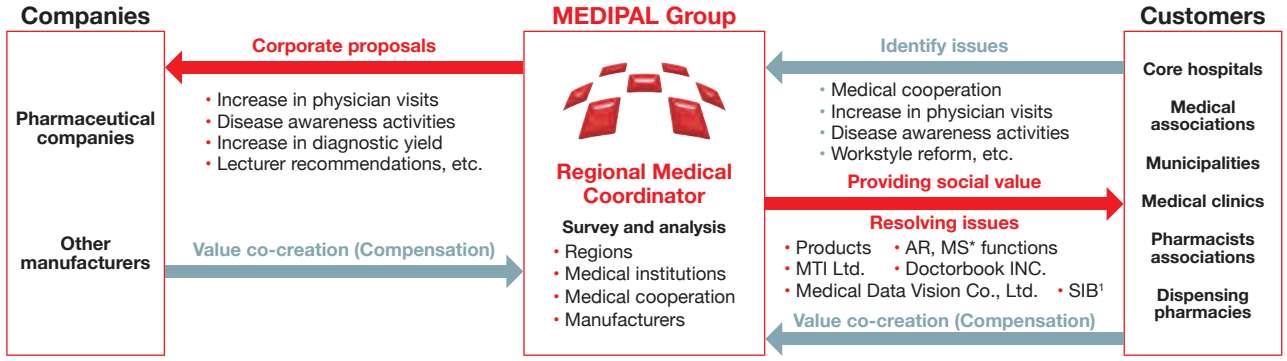
>> Contribution to the field of neurological and neuropsychiatric disorders

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

Toward a society in which parents can raise children with peace of mind

Expanding and promoting the Boshi-mo service



Yuki Shido
Medical DX Group
DX Promotion Department
Digital Business Division
MEDICEO CORPORATION

The MEDIPAL Group is working to promote and expand the use of the Boshi-mo electronic maternal and child health handbook app. As the national government advances the adoption of electronic maternal and child health handbooks as the standard and promotes the digital transformation (DX) of maternal and child health, further growth in the use of Boshi-mo and Kosodate DX[2] is expected.

In addition to its convenience, Boshi-mo serves as a tool that contributes to disseminating information during disasters and supporting households raising children in isolation, which are often difficult to reach to provide assistance. As pharmaceutical wholesalers, we serve as a link between medical institutions and patients. Beyond simply delivering products, the Boshi-mo initiative is deeply connected to our role of reliably providing the information and goods needed in local communities.

Going forward, we will focus on the health of expectant mothers and young children and, from a medical perspective, contribute to building safer and more secure environments for raising children.

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
2. A service, starting with Boshi-mo, that supports the digitalization of child-rearing services provided by municipalities (such as pediatric vaccinations, infant health checkups, and various notifications), thereby improving convenience for residents and streamlining municipal operations.

* Please refer to page 72 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 recognition 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.

We have also supported an event hosted by the National Medical Care Line, which aims to realize a society where everyone can live with peace of mind, even those with severe disease or disability. The event brought together children who require medical care[1] and their families from all across the country, to share information on the current challenges they face and the support they need, while also providing opportunities for the children to enjoy a variety of experiences.



3rd National Medical Care Line Forum

Children of the future

>> Support for young carers[2]

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.



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[3] 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.

>> Community contribution through the One Person, One Flower Campaign

ATOL CO., LTD., participates in the One Person, One Flower Campaign, an initiative by the City of Fukuoka aimed at community development through flowers. By creating flower-filled spaces throughout the city, the campaign seeks to enrich connections between people, nurture the spirit, and enhance the city’s appeal and value.



1. Children who, due to advancements in medical science, have been long-term patients in a Neonatal Intensive Care Unit (NICU) or similar settings, and continue to need medical interventions such as ventilators or feeding tubes. They require daily medical care, including suctioning of secretions and tube feeding.
2. 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.
3. 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.

* Please refer to page 72 for explanations of technical terms.

Financial Capital Strategy

The MEDIPAL Group is pursuing initiatives aligned with the 2027 MEDIPAL Medium-Term Vision and is implementing five growth strategies through business portfolio prioritizations and collaboration with partners.

We aim to increase profitability through steady implementation of these strategies and achieve an ROE of 9% in FY2026, the final fiscal year of the Medium-Term Vision.

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 five years, making the enhancement of shareholder value an urgent priority. To address this, we are pursuing a strategic approach focused on both improving profitability and fostering expectations for future growth.

Raising the PBR requires both an improvement in return on equity (ROE) and a higher price-to-earnings ratio (PER) reflecting growth expectations. 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 Medium-Term Vision. Since FY2020, ROE has been on a steady recovery trend. However, in FY2024, profit attributable to owners of parent declined due to a decrease in share of loss of entities accounted for using equity method and an increase in income taxes, resulting in an ROE of 6.6%. To reach our target, we will continue working to improve operational efficiency and optimize our profit structure to realize sustainable earnings growth.

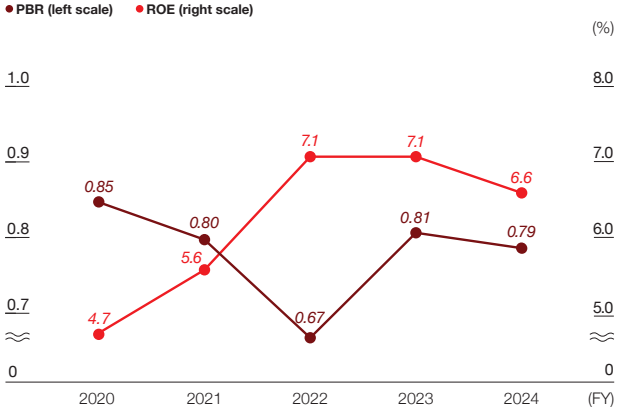
Meanwhile, our weighted average cost of capital (WACC)[1] currently ranges from the upper 4% to mid-5% levels, while our earnings yield is between the low 7% and low 8% range. Although our current ROE exceeds our cost of capital, it still falls short of our earnings yield.

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 FY2024, ROE was 6.6% and net profit to net sales ratio was 1.10%. In addition, operating income increased 17.5% year-on-year, and ordinary income also increased 1.1%, showing steady growth.

On the other hand, profit attributable to owners of parent decreased by 2.9% due to an increase in income taxes.

The total asset turnover ratio, which indicates asset management efficiency, was 2.03 times, and the financial leverage ratio was 2.96 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

	FY2021	FY2022	FY2023	FY2024	FY2026 Target
ROE (%)	5.6	7.1	7.1	**6.6**	9.0
Net profit to net sales ratio (%)	0.89	1.15	1.17	**1.10**	1.5
Asset turnover (times)	1.94	1.97	2.03	**2.03**	2.00
Financial leverage (x)	3.24	3.13	2.99	**2.96**	3.3

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 three years from FY2022 to FY2024, we have allocated approximately ¥70 billion for investment in growth, ¥52 billion for capital expenditures, and ¥50 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 ¥70 billion in acquiring MP Gokyo Food & Chemical Co., Ltd. as a consolidated subsidiary and in development expenses for ultra-rare disease drugs, over the three years from FY2022 to FY2024.

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 three years from FY2022 to FY2024, we invested approximately ¥52 billion in establishing the Hanshin ALC* and other projects. We are also planning ¥12.1 billion in capital expenditures in FY2025. This will mainly include repairs and system upgrades at branches and distribution center facilities.

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

Source of Funds	Five-Year Plan of the 2027 MEDIPAL Medium-Term Vision	Total three-year results from FY2022 to FY2024	
Cash flows from operating activities	Investment in growth: **¥100 billion (cumulative)**	Approx. **¥70 billion**	• 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 (cumulative)**	Approx. **¥52 billion**	• Building and repair of distribution centers • Constructing and upgrading systems
Asset sales	Total shareholder return ratio[2]: **40%**	Approx. **¥50 billion**	• Total shareholder return ratio: 40.2%

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 72 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

Sustainable corporate growth and maximization of corporate value

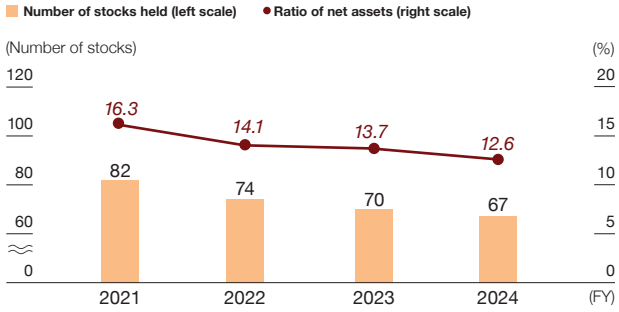


We will strive for sustainable corporate growth and maximization of corporate value through business and financial activities founded on the dual focus of increasing ROE and reducing the cost of capital.

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 2025, the portfolio was valued at approximately ¥95 billion.

Status of strategic shareholdings



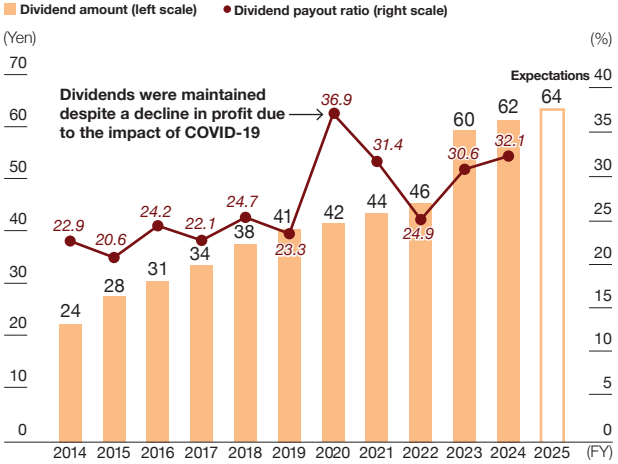
Shareholder returns

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 FY2024, we declared annual dividends of ¥62 per share, an increase of ¥2 per share from FY2023. We also bought back and canceled approximately ¥5 billion in treasury shares. As a result, the cumulative total shareholder return ratio from FY2022, to FY2024 was 40.2%.

In FY2025, we are planning annual dividends of ¥64 per share, an increase of ¥2 per share from the previous fiscal year. We plan to conduct a share buyback and cancellation with an upper limit of approximately ¥8 billion or 4 million shares.

Dividends and dividend payout ratio over the past 10 years



Share buyback status

Share buyback in FY2024

- Type of shares acquired: common shares
- Total number of shares acquired: 2,065,300
- Total acquisition amount: ¥4,999,825,755
- Acquisition period: May 15, 2024, to August 30, 2024
- Acquisition method: Market purchases on the Tokyo Stock Exchange

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

Share buyback in FY2025

- Type of shares to acquire: common shares
- Total number of shares to acquire: 4,000,000 (upper limit) (Equivalent to 1.9% of the total number of shares issued excluding treasury shares)
- Total acquisition amount: ¥8 billion (upper limit)
- 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 will be canceled by December 31, 2025.

Natural Capital Strategy

As a company responsible for distribution, the MEDIPAL Group recognizes that reducing greenhouse gas emissions is a pressing issue. We are working to optimize the entire distribution process and reduce environmental impact as part of our efforts to contribute to the achievement of the SDGs.

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

	FY2021	FY2022	FY2023	FY2024
Scope 1	30,700	28,439	31,081	**31,208**
Scope 2 (location-based)[1]	-	-	-	**48,649**
Scope 2 (market-based)	46,996	46,552	42,494	**40,518**
Scope 1 + Scope 2 (market-based) total	77,696	74,991	73,575	**71,726**

Greenhouse Gas Emissions (Scope 3)[2]

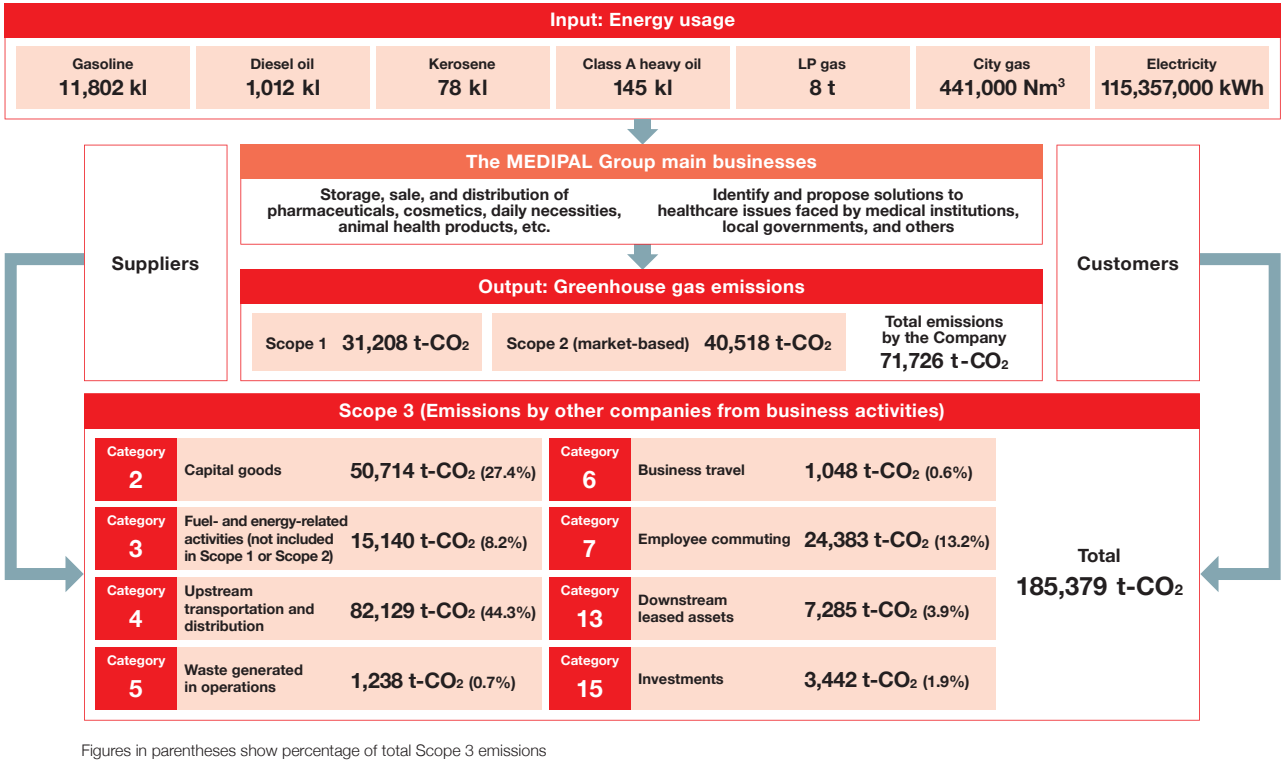
Unit: t-CO_2

	FY2021	FY2022[3]	FY2023	FY2024
Scope 3 total	-	228,773	219,650	**185,379**

Greenhouse Gas Emissions from Company-Owned Vehicles

	FY2021	FY2022	FY2023	FY2024
Amount of fuel (kl)	12,296	11,329	12,785	**12,814**
Greenhouse gas emissions (t-CO_2)	28,803	26,543	29,561	**29,679**
Number of vehicles[4]	8,025	8,555	9,608	**9,555**
Average emissions per vehicle (t-CO_2)	3.58	3.10	3.07	**3.10**

Environment Burden from the Supply Chain



Figures in parentheses show percentage of total Scope 3 emissions

Approach to Biodiversity

In recent years, companies have been asked to consider biodiversity as a corporate environmental initiative. In the MEDIPAL Group, we believe that we have limited dependence and impact on biodiversity at the present. We will continue to analyze the connections between our businesses and biodiversity, and endeavor to provide appropriate disclosure, according to the circumstances.

1. Publicly disclosed from FY2024 2. Publicly disclosed from FY2022. 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



Electric vehicles used by MEDISKET CORPORATION

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.

We have also made Electric vehicles charging stations available to visiting manufacturers at some locations, and this is contributing to promotion of Electric vehicles use by our business partners.

Number of vehicles owned

Hybrid vehicles	Electric vehicles
419	153

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. We introduced them at two more locations in FY2024, to bring the number of locations where they are operating up to three. In addition, at 36 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

19.5% (Previous fiscal year: 14.5%)



Solar panels installed at the Hanshin ALC* of MEDICEO CORPORATION

Reusable delivery boxes

The MEDIPAL Group uses collapsible plastic containers and tote boxes that can be reused multiple times for product transportation, thus reducing waste volumes and contributing to emissions reductions.



Collapsible containers



Tote box

Introduction of eco-friendly stretch film for pallet wrapping

The stretch film used for pallet wrapping to prevent load collapse during transportation emits greenhouse gases during both production and incineration. In response to this issue, MEDICEO CORPORATION is using environmentally friendly stretch film made from recycled materials at selected distribution centers.

At Saitama ALC, we have also introduced a new system for collecting and reusing used stretch film generated within the warehouse rather than disposing of it through incineration. This initiative is expected to reduce greenhouse gas emissions from incineration by approximately 3 t-CO_2 per year. We will continue to strengthen our efforts to contribute to the realization of a circular, resource-efficient society that is mindful of the global environment.

* Please refer to page 72 for explanations of technical terms.

Reducing environmental impact with a modal shift

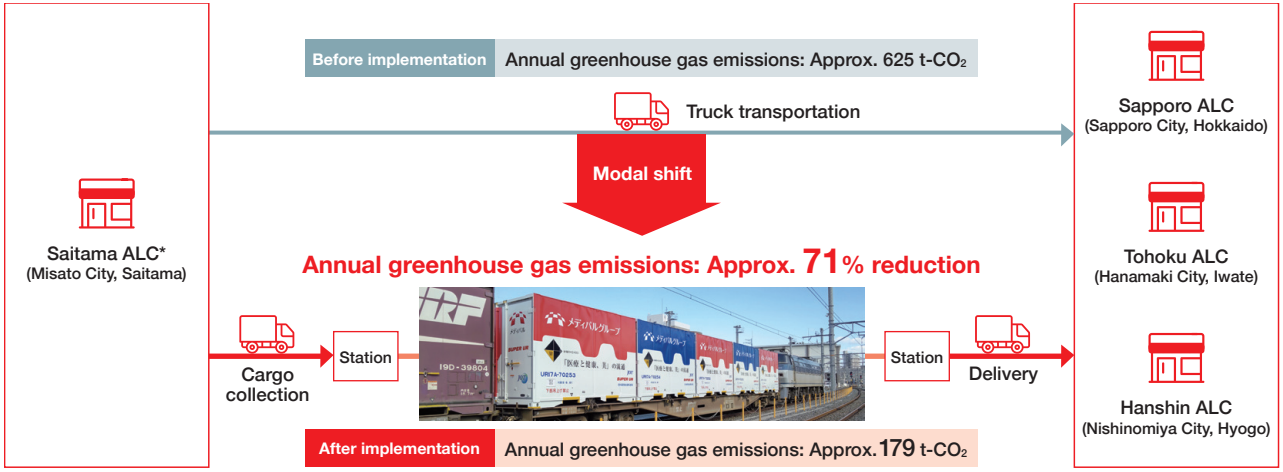
MEDICEO CORPORATION, Japan Oil Transportation Co., Ltd., Japan Freight Railway Company, and Japan Freight Liner Company are working on a joint project to achieve a modal shift[1] in pharmaceutical transportation between distribution centers. The project promotes the switching of product transportation in some areas away from conventional use of large trucks toward more environmentally friendly railroad containers, to reduce greenhouse gas emissions. From April 2025 we started a new modal shift for transportation from the Tokyo metropolitan area to Hokkaido. Calculated annually, these initiatives are expected to reduce greenhouse gas emissions by approximately 71% and 446 t-CO_2 compared to conventional transportation.

Reducing greenhouse gas emissions through pharmaceutical distribution optimization

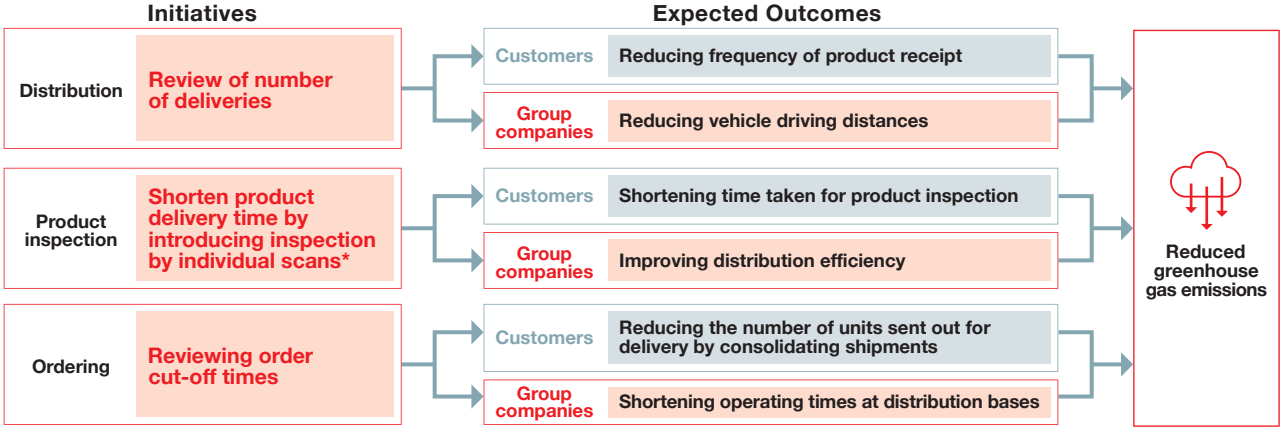
In our Prescription Pharmaceutical Wholesale Business, we are collaborating with our customers, including drugstore and dispensing pharmacy chains, to build an optimized pharmaceutical distribution model that reduces greenhouse gas emissions.

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 lightens the delivery workload and enhances operational efficiency while reducing greenhouse gas emissions accompanying distribution.

Schematic of the Modal Shift



Flow of Reducing Greenhouse Gas Emissions through Distribution Optimization



- ✓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.

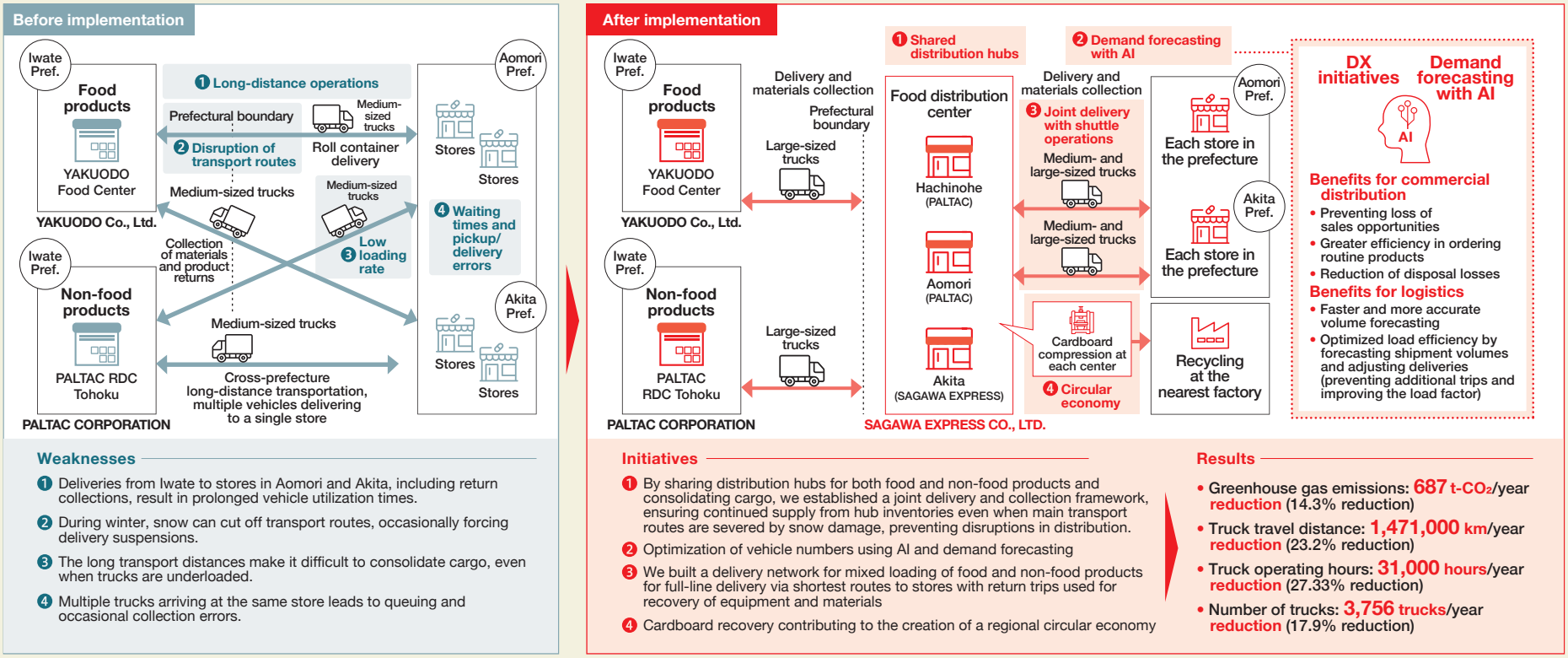
* Please refer to page 72 for explanations of technical terms.

Focus

Jointly Received the Category Award "Logistics Digital Transformation and Standardization Award" in the Green Logistics Excellent Business Awards

PALTAC CORPORATION, together with YAKUODO Co., Ltd. and SAGAWA EXPRESS CO.,LTD., jointly received the Logistics Digital Transformation and Standardization Award in the 2024 Green Logistics Excellent Business Awards held by the Green Logistics Partnership Conference. The award was received at the 2024 Green Logistics Partnership Conference, Green Logistics Excellent Business Awards held on December 23, 2024.

This award recognizes the development of a supply chain management framework that begins with the retail sector and brings together multiple companies from different industries and divisions, including wholesalers and logistics operators. The framework leverages AI and demand forecasting to determine the optimal number of trucks and loading rate. By applying this system, the companies have achieved joint deliveries of food and non-food products and improved the efficiency of inspection processes at retail stores. In addition, optimizing the number of vehicles used has contributed to reducing greenhouse gas emissions. Going forward, we will expand our collaborative network beyond industry and sector boundaries and increase the number of efficient systems tailored to the diverse characteristics of regions and retailers in order to build a sustainable distribution network.



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.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Governance

Climate change is one of our important tasks in corporate management. 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, are discussed in the CSR Committee, which promotes sustainability management. The details of those discussions are brought up in Board of Directors' meetings by the director in charge (the CSR Committee chairperson) for resolution. Based on policies 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 director in charge of CSR, helping to maintain a management system that enables appropriate supervision by the Board of Directors.

In FY2024, 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 11 for details.

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 small. 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 carry out 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)

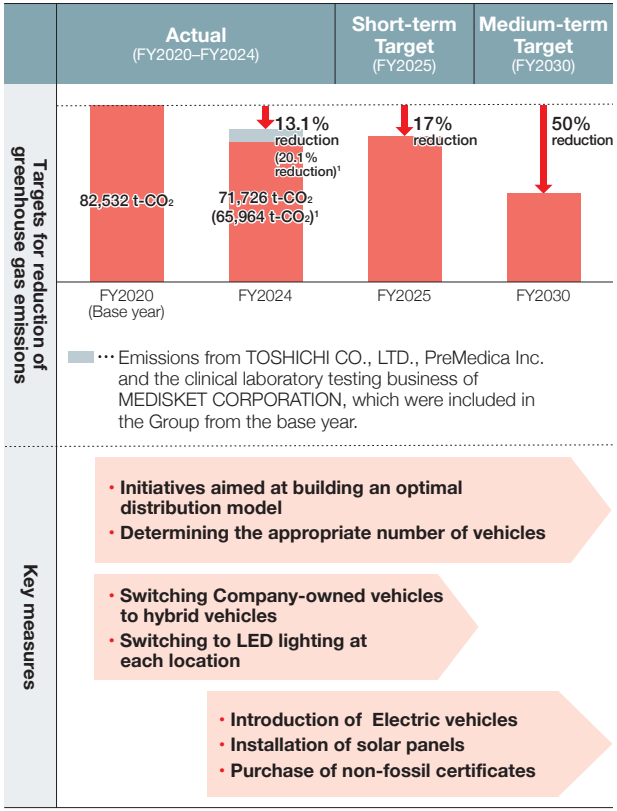
* Please refer to page 72 for explanations of technical terms.

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



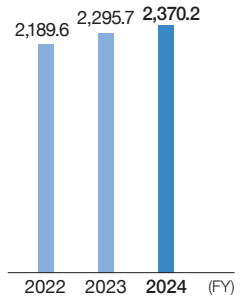
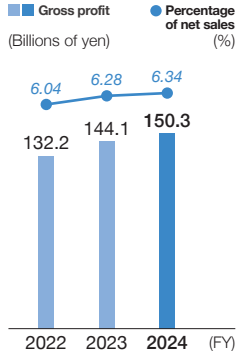
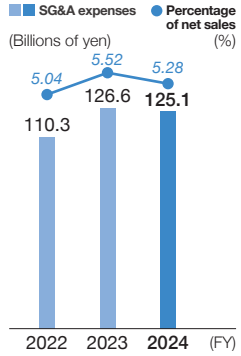
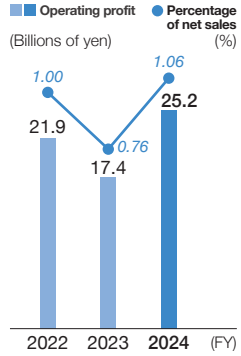
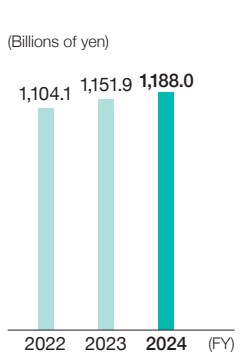
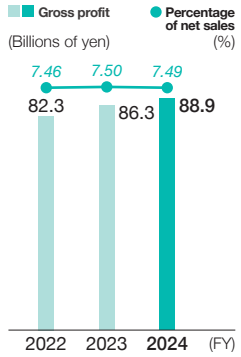
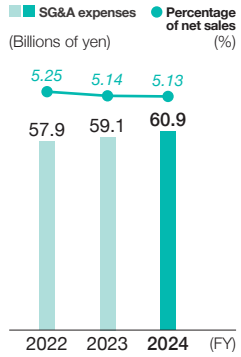
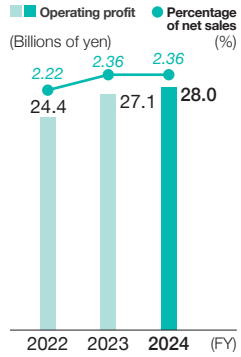
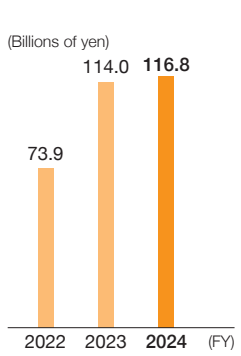
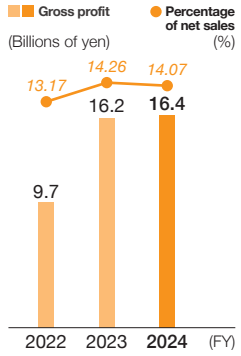
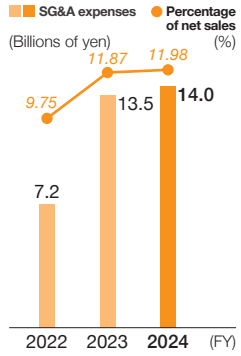
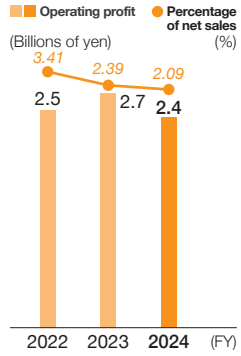
Risks and Opportunities

Classification			Contents	Impact²		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 72 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/ Percentage of net sales
Prescription Pharmaceutical Wholesale Business	The Prescription Pharmaceutical Wholesale Business faced a challenging environment due to drug price revisions and declining demand for infectious disease treatments and test reagents. However, the market expanded with the regular administration of COVID-19 vaccines, catch-up Human Papillomavirus (HPV) vaccinations, and the recovery of patient visits to medical institutions. The Group companies in the pharmaceutical segment, including MEDICEO CORPORATION, leveraged specialized personnel such as Women's Coordinators (focused on women's health) and RD-MRs* (specializing in rare diseases) to collaborate with medical institutions, dispensing pharmacies, and municipalities in providing information and promoting disease awareness. On the logistics side, we utilized ALCs* to build high-performance distribution systems and improve efficiency, achieving cost reductions.				
Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business	The Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business saw some demand growth due to increased opportunities for going out and the recovery of inbound demand. However, the business environment remained challenging, impacted by rising price-consciousness amid rising prices and soaring logistics costs. On the sales side, the business was affected by the decline in demand for infection-related products and restrained purchasing of supplements and similar items. Amid these conditions, through data analysis, we accurately captured behavioral changes and market trends, implementing sales initiatives aimed at introducing new products and stimulating demand.				
Animal Health Products and Food Processing Raw Materials Wholesale and Related Business	The Animal Health Products Wholesale Business continued to face a challenging environment as the prolonged high prices of production materials, such as feed and energy, driven by the weaker yen, dampened customer purchasing appetite. To improve profitability, we focused on expanding transactions with new manufacturers, promoting sales of high value-added products such as our own planned items, and broadening business with major customers. Meanwhile, the Food Processing Raw Materials Wholesale and Related Business remained steady, and the markets for electronic chemicals and industrial chemicals showed signs of recovery. However, rising import costs due to the weaker yen put pressure on profits, prompting us to review selling prices.				

* Please refer to page 72 for explanations of technical terms.

Prescription Pharmaceutical Wholesale Business



Yasuhiro Choufuku

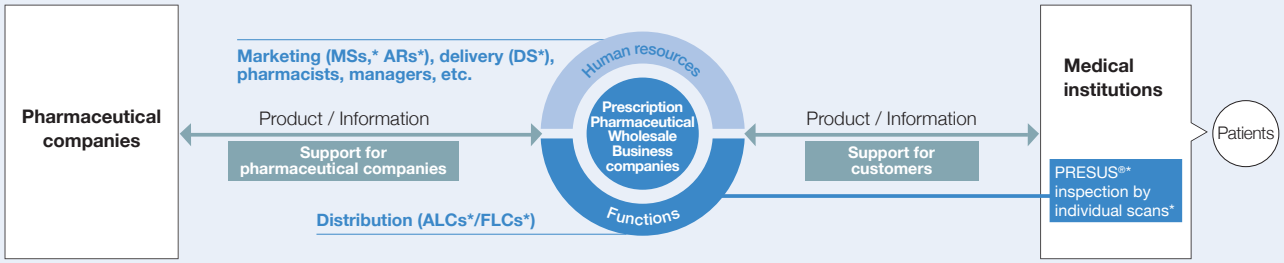
Representative Director, Vice President
In charge of Pharmaceutical Business
MEDIPAL HOLDINGS CORPORATION

Creating new value and social contributions by leveraging our advanced logistics and sales capabilities

The Prescription Pharmaceutical Wholesale Business contributes to maintaining and improving people's health by ensuring the stable distribution of essential pharmaceuticals, medical equipment, tools and clinical materials.

At the same time, social challenges such as the declining birthrate, aging population, and rising social security costs are impacting the business environment. In response to these changes, the MEDIPAL Group is pursuing initiatives aimed at sustainable growth and transformation from a medium- to long-term perspective.

Business Model (Value Chain)



Support for Pharmaceutical Companies

Specialized AR* personnel, including NS-MRs* focusing on neurology and psychiatry, RD-MRs* specializing in rare diseases, and Women's Coordinators dedicated to women's health, combine expertise with agility to provide comprehensive information on prevention, diagnosis, and treatment. They also promote disease awareness, identify potential patients, and serve as a bridge to specialist physicians.

In addition, we undertake PMS* services on behalf of pharmaceutical companies and operates the PFM®* model, in which we invest in the early development of orphan drugs and other therapies. Upon launch, this model generates investment returns while enabling preferential sales and distribution to medical institutions.

Support for Customers

Through the adoption of PRESUS®,* a dispensing pharmacy operations support system that leverages the functions and expertise of ALCs,* as well as inspection by individual scans* and sequential shelf-location deliveries, the MEDIPAL Group provides medical professionals, our valued customers, with the time and environment that allow them to focus entirely on their patients.

* Please refer to page 72 for explanations of technical terms.

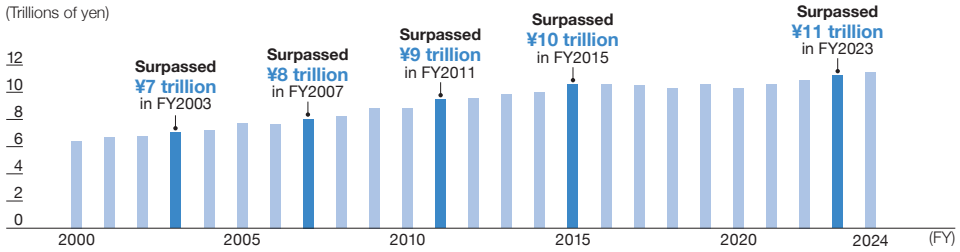
Business environment overview

Japan's prescription pharmaceutical market, while negatively impacted by drug price revisions each year, has maintained steady growth in recent years, supported by increasing demand driven by an aging population and the launch of new drugs.

At the same time, the prolonged supply adjustments of generic drugs continue to pose challenges, and from 2024, new regulations concerning workstyle reforms for physicians have also come into effect. These changes require pharmaceutical wholesalers to respond with greater efficiency and flexibility.

In addition, advances in treatment technologies and digital technology innovation are giving rise to breakthrough therapies and digitally enabled healthcare services, leading to rapidly evolving needs among medical institutions and patients alike.

Trends in Japan's prescription pharmaceutical market in FY2000–FY2024



Note: Prepared based on IQVIA pharmaceutical market statistics

SWOT Analysis

S Strengths
- State-of-the-art, high-efficiency nationwide distribution platform (ALCs*/FLCs*)
- Human resources with expertise (ARs,* DMRs,* etc.)
- Pharmaceutical distribution technology under special temperature zones
- Measures for BCP that anticipates various risks

W Weaknesses
- Expanding the high value-added services
- Further improvement in labor productivity
- Building an environmentally friendly distribution optimization model and reducing environmental impacts
- Ensure complete traceability
- Creating and monetizing digital healthcare platforms

O Opportunities
- Growing public awareness of prevention, pre-disease care, and overall healthcare
- Market expansion driven by increasing and diversifying medical needs
- Expansion of the medical market through advances in medical DX (digital transformation)
- Rising demand due to the progress of specialty pharmaceuticals and the entry of pharmaceutical ventures into Japan
- Heightened expectations for ARs as pharmaceutical manufacturers reduce their numbers of MRs*

T Threats
- Decreasing competitiveness due to the declining labor force and difficulties in securing human resources
- Decline in business continuity due to natural disasters and the spread of infectious diseases
- Decreasing profit margins as business operating costs rapidly increase, such as rising prices and costs
- Occurrence of bad debt losses and reduction in working capital due to bankruptcies and deteriorating management of medical institutions and dispensing pharmacies

Review of FY2024

The prescription pharmaceutical market has been steadily expanding, and the MEDIPAL Group has achieved results that outpace this market growth.

To address healthcare challenges in local communities, we have advanced initiatives through Regional Medical Coordinators, connecting medical institutions and municipalities and building medical cooperation networks. In addition, RD-MRs* specializing in rare diseases and Women's Coordinators specializing in women's health are carrying out disease awareness activities in their respective specialties, identifying potential patients, and bridging them to specialist physicians.

To enhance operational efficiency for our valued customers and optimize logistics, our sales and logistics functions have worked together to drive reforms leveraging the distribution capabilities of ALC.*

In the pre-disease and preventive business, we have been expanding the reach of diagnostic services offered by PreMedica Inc., which joined the Group in FY2024, to medical institutions, and pharmaceutical manufacturers. Furthermore, in February 2025, we began an industry-university joint research with Juntendo University utilizing the Flora Scan® gut microbiota test to contribute to women's health research.

Outlook for FY2025 and future direction

We will leverage the two A's of ALCs and ARs* to deliver distribution value suited to a new era while strengthening our earnings foundation.

For ALCs, we remain committed to ensuring the stable and efficient supply of prescription pharmaceuticals and related products. In addition, through MEDISKET CORPORATION, we are advancing the development of a sharing logistics platform to optimize the supply of pharmaceuticals and testing materials as well as the collection of specimens for clinical practice, clinical trials, and research, thereby taking on the challenge of providing high-quality logistics services. Furthermore, we will work to create new earnings opportunities through contract logistics services for external companies.

We now have some 2,300 ARs who are engaged in sales activities to deliver comprehensive information to medical professionals and find solutions to regional healthcare issues. Demand and expectations from pharmaceutical manufacturers and biotech ventures for these functions are expected to continue rising, and we will keep building new partnerships.

In this business, we also handle not only prescription pharmaceuticals but also medical equipment, tools and clinical materials, clinical diagnostics, and digital healthcare services, with subsidiaries that possess high levels of expertise actively engaged in these fields. Furthermore, we are leveraging our strong relationships with partner companies that possess outstanding products and technologies to expand our business through collaboration.

Going forward, we will strengthen activities aligned with the growth strategies of this medium-term vision, enhance corporate value, and focus on initiatives that support people's health as Regional Medical Coordinators.

* Please refer to page 72 for explanations of technical terms.

Focus

Distribution and Sales of an Intractable Wound Treatment System through Four Group Pharmaceutical Wholesalers

Beginning January 14, 2025, the Group commenced distribution and sales of the AutoloGel System, an intractable wound treatment system manufactured and marketed by ROHTO Pharmaceutical Co., Ltd.

Intractable wounds, which frequently occur in the lower extremities, are difficult to heal naturally and are associated with prolonged treatment, reduced quality of life (QOL), and in some cases, risk of amputation or even life-threatening complications.

The AutoloGel System provides therapy using autologous platelet-rich plasma (PRP),[1] offering a new treatment option for wounds that do not respond to conventional therapies and raising expectations as a breakthrough for patients suffering from intractable wounds.

The Group exclusively handles distribution, sales, and promotional activities for the AutoloGel System targeted to medical institutions, driving its adoption in medical settings.

By leveraging our strengths such as human capital, including ARs,* and our distribution facilities capital through ALCs,* we provide and gather information for physicians, pharmacists, and other medical professionals to ensure proper use and a stable supply of the AutoloGel System. Through these efforts, we are contributing to improving treatment environments for patients whose daily lives are impacted by intractable wounds.



Nationwide Expansion of Sharing Logistics

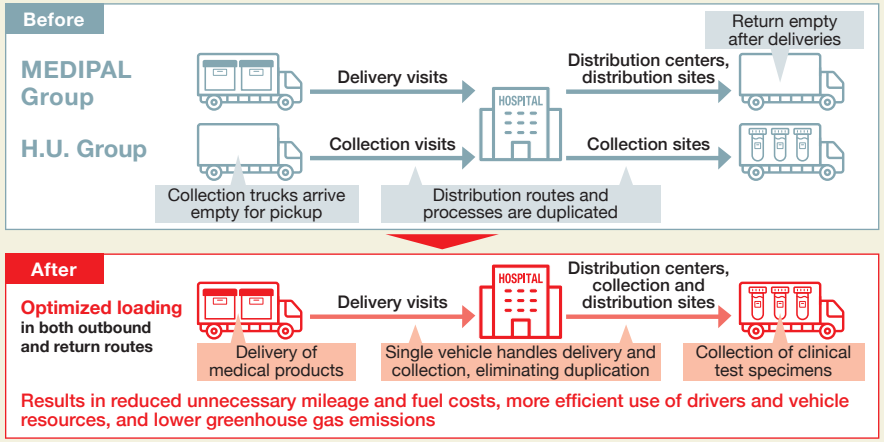
In the logistics sector, in addition to addressing labor shortages and increasing shipment volumes, reducing environmental impact has now become an urgent challenge. In the medical sector, the enforcement of the Work Style Reform Laws has also created the need to properly regulate the working hours of physicians, nurses, pharmacists, and other healthcare professionals. In light of this, MEDISKET CORPORATION, established in March 2022 by the MEDIPAL HOLDINGS CORPORATION and H.U. Group Holdings, Inc., is working to address workstyle reforms, improve customer convenience, and reduce greenhouse gas emissions through a sharing logistics approach to the delivery of prescription pharmaceuticals and laboratory test materials and the collection of test specimens for clinical laboratories, clinical trials, and research.

In addition to ensuring a stable supply through ALCs equipped with safe, reliable, and efficient functions, we also provide efficient services such as inspection by individual scans,* contributing to operational efficiency and environmental considerations for medical institutions and dispensing pharmacies.

Furthermore, we have rolled out sharing logistics combining pharmaceutical delivery on outbound routes with specimen collection on return routes mainly in the Tokyo metropolitan and Kansai areas, and completed the transfer of all approximately 300 sites nationwide by the end of March 2025.

Through these initiatives, we aim to generate outcomes that address social challenges, enhance customer convenience, and promote environmental sustainability.

MEDISKET CORPORATION's sharing logistics system



1. This therapy involves separating and concentrating platelets from a patient's own blood and injecting the autologous platelet-rich plasma into damaged tissue. The high concentration of various growth factors contained in the autologous platelet-rich plasma promotes tissue regeneration.

* Please refer to page 72 for explanations of technical terms.

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

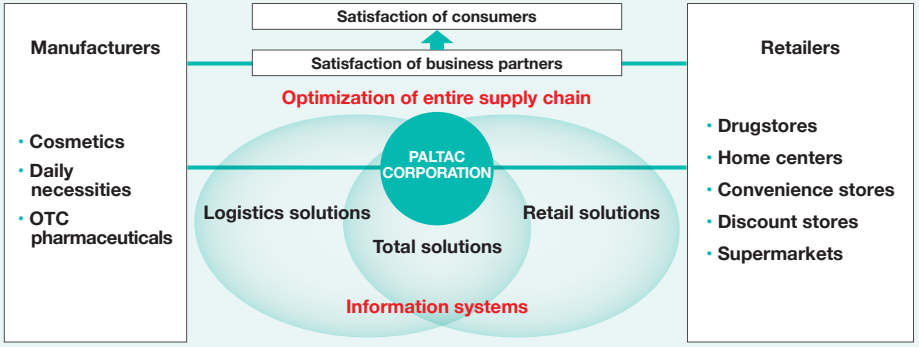
Through distribution, we contribute to the prosperity of our business partners and plentiful, comfortable lives for people.

PALTAC CORPORATION plays a key role in ensuring the stable delivery of products to consumers nationwide as a wholesaler handling daily necessities in the business fields of “Beauty and Health.” Today, the society is undergoing a period of major change, marked by population decline, diversification of values, climate change, and advances in digitalization. Even under these circumstances, we remain committed to enriching and enhancing people’s lives. We will further refine the “power of connections” we have cultivated as an intermediary distributor and take on the challenge of driving innovation in distribution.



Takuya Yoshida
Representative Director, President
PALTAC CORPORATION

Business Model (Value Chain)



Logistics Solutions
Our company operates 16 RDC* large-scale distribution centers nationwide, which boast a delivery accuracy of 99.999%. We have achieved increased efficiency in distribution across the entire supply chain, from production to distribution and delivery to stores, through exhaustive rationalization including introduction of a unit load system[1] for mechanized and automated loading and unloading.

Retail Solutions
We do more than just deliver products. Expert staff provide comprehensive analysis of retailers’ store locations, POS information, etc., and help improve the productivity of sales floors through efficient and effective in-store merchandising, from product composition and shelf space allocation to inventory management and handling of new and discontinued products.

1. A system to increase the efficiency of transportation, storage, and other operations. It aggregates individual cargo items into fixed units using pallets, containers, and other distribution tools.

Understanding the business environment

Since the easing of the impact of COVID-19, consumer activity has been on a recovery trend. However, diversification of values and stronger frugality driven by rising prices have made consumer behavior increasingly complex.

At the same time, as the decline in the working population continues, there is growing demand for highly efficient logistics capable of responding flexibly to changing needs, as well as for accurate and extensive information to optimize the entire distribution process.

SWOT Analysis

S Strengths
- Highly efficient large-scale distribution centers
- Cost competitiveness
- Cash flow generation capabilities (investment capabilities)
- Extensive distribution information
- Information systems development capabilities
- Human resources with the ability to persevere (grit)
- Know-how to improve delivery efficiency and reduce returns which contributes to a reduced environmental impact

W Weaknesses
- Increasing return on equity
- Expanding the lineup of value-added products
- Improving distribution efficiency further (warehouse and delivery)
- Developing human capital for transformation
- Cultivating a corporate culture that emphasizes autonomy and spontaneity

O Opportunities
- Increasing needs for highly efficient distribution
- Uptake of data-driven distribution solutions
- Rising needs for health and hygiene products
- Increasing demand for personalized products
- Improving economic value of sustainable businesses

T Threats
- Economic contraction and falling profit due to population decline in Japan
- Decreasing profit margins as business operating costs soar
- Decreasing competitiveness due to the outflow of human capital and difficulties in securing human capital
- Growing threats to sustainability of distribution

Progress of the PALTAC VISION 2027

1. Improving profitability of existing business

We are responding to increasingly diverse demand and driving the introduction of new, high-margin products. By proactively procuring highly differentiated items from Japan and overseas and increasing their share of our sales mix, we are improving our ratio of gross profit to sales. In FY2025, we are strengthening sales of products from new domestic manufacturers as well as local brands in Korea and Southeast Asia, accelerating their rollout in the Japanese market. On the logistics front, in response to the rising delivery cost ratio, we are promoting delivery-data visibility and joint deliveries through collaboration both within and beyond the industry, with the twin aims of near-term cost control and building a sustainable, medium- to long-term supply chain.

2. Taking on the challenge to create new value

To achieve far and away the best distribution productivity, we have completed the basic design of a new logistics model and are now

* Please refer to page 72 for explanations of technical terms.

advancing detailed design and prototyping of material-handling equipment. In September 2024, we introduced a new logistics scheme that handles non-food items and ambient-temperature food products together, and it is now operating stably. This initiative is improving delivery efficiency and helping to reduce greenhouse gas emissions. In addition, leveraging our local subsidiaries in Vietnam and Indonesia as hubs, we have launched multilateral logistics, beginning supply from Indonesia to Mongolia and introducing local brands to the Japanese market. In this way, we are strengthening our global distribution network.

3. Improving sustainability

We have advanced initiatives to secure and develop diverse talent and to establish flexible work styles for the maximization of human capital value. Through mid-career recruitment and use of our alumni network, we are acquiring people with a wide range of skills. By expanding in-person training and learning content, we support self-directed growth, and the introduction of flextime and hour-based paid leave has strengthened our ability to accommodate life events. As engagement improvement initiatives, we held level-specific workshops and dialogues with senior management, resulting in a 3.1-point increase in our engagement score. To strengthen our DX foundation, we are continuing to improve digital literacy by rolling out generative AI company-wide and supporting employees in obtaining IT Passport certification. We are also continuing to reinforce our information security framework. On the environmental front, through the acquisition of environmental certificates, the introduction of eco-friendly vehicles, and the deployment of solar power, we reduced greenhouse gas emissions by 18.7% in FY2024 and are steadily progressing toward our FY2030 target of a 50% reduction.

4. Undertaking management to enhance capital efficiency

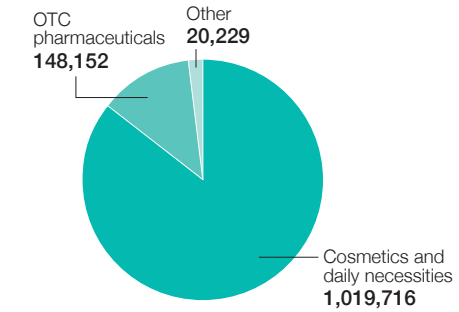
Profitability improved as we advanced our priority strategies and sold cross-shareholdings. Strengthened shareholder returns via dividend increases and share repurchases lifted ROE by 0.4 percentage points, keeping it above our cost of capital.

Review of FY2024

In FY2024, the first year of our long-term vision PALTAC VISION 2027, we focused on building the foundation for transformation and steadily executed our priority strategies. Despite headwinds such as rising prices and higher logistics costs, our data-driven sales strategy enabled us to respond precisely to market changes, and net sales came in at the planned level. We absorbed the rise in the SG&A expenses ratio through an improved ratio of gross profit to sales driven by the expansion of high value-added products, and operating profit met the plan.

Sales by product category

Unit: Millions of yen



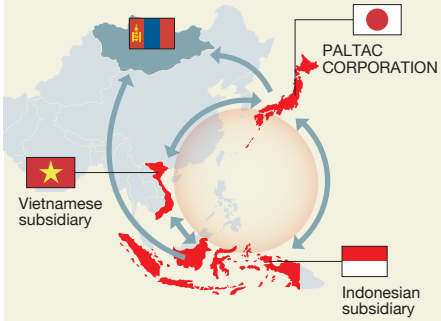
Outlook for FY2025 and future direction

In FY2025, while we expect a recovery in personal consumption driven by improving income conditions and an expansion in inbound demand, we also anticipate a continued operating environment marked by high uncertainty, including rising logistics costs due to labor shortages, demand suppressed by higher prices, and recession risks associated with shifts in trade policy. Against this backdrop, PALTAC CORPORATION will advance its priority strategies under the long-term vision and medium-term management plan, centered on the advanced use of distribution data. In existing businesses, we will raise our ratio of gross profit to sales by expanding our lineup of new products and accelerating sales of high value-added items through the use of sales and point-of-sale data. In addition, to address surging logistics costs, we will promote end-to-end delivery efficiency across the supply chain and improve productivity at our distribution centers, thereby mitigating external cost pressures, maintaining our ratio of operating profit to net sales, and targeting profit growth.

Focus

Developing a global network

Since September 2024, multilateral distribution has entered full swing, including the start of supply from Indonesia to Mongolia. In Vietnam and Indonesia, where we have local subsidiaries, we are advancing procurement from local brands that balance sustainability and quality, and have begun rolling them out in the Japanese market from FY2025. Leveraging our nationwide sales network and multi-pronged promotional initiatives, we are driving brand awareness and market penetration. Looking ahead, we will strengthen our sourcing capabilities regardless of local presence and, by building an efficient cross-border distribution framework, aim to optimize our global supply network.



Animal Health Products Wholesale Business

We aim to build a nationwide distribution network that contributes to emotional comfort and food safety and security.

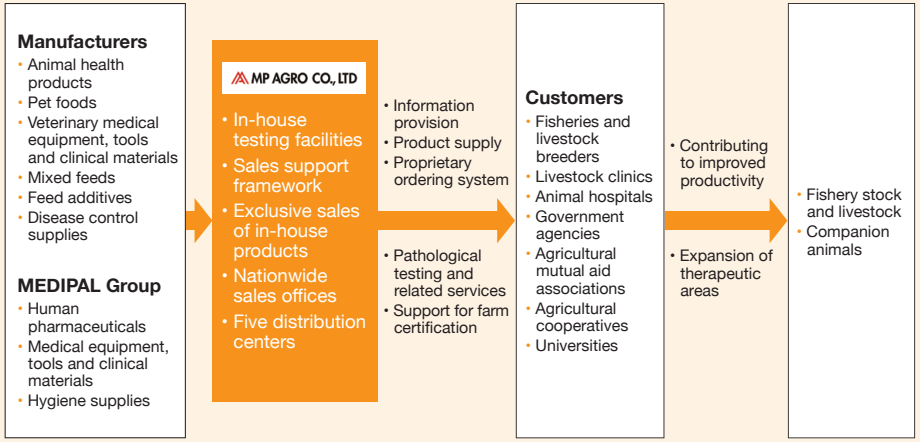
MP AGRO CO., LTD. is committed to supporting the healthy growth of animals and ensuring food safety and security. Our mission extends beyond the stable supply of veterinary products, as we also strive to provide valuable information and gather customer needs to deliver even higher value-added services. Specifically, we are driving innovations such as supporting the development of groundbreaking veterinary products, offering simple and efficient ordering systems, and providing Post-Marketing Surveillance (PMS) support services.

Going forward, we will continue to broaden our efforts to benefit everyone involved in the animal healthcare sector, including the fisheries and livestock field as well as the companion animal[1] field.



Yoshitaka Ichiyanagi
Representative Director,
President and CEO
MP AGRO CO., LTD.

Business Model (Value Chain)



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 shipping of products.

Business environment overview

In the fisheries and livestock market, the weak yen has driven up feed prices and overall production costs, dampening producers' willingness to purchase. Moreover, sales of veterinary products have declined due to the impact of the highly pathogenic avian influenza outbreak that raged from October 2024 through February 2025, creating persistently challenging conditions.

Meanwhile, in the companion animal market, the number of pets being raised is on a downward trend; however, advances in veterinary care and the rise of indoor pet keeping have led to increased pet longevity. As a result, while no major growth is expected, the market remains stable.

SWOT Analysis

S Strengths
- 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[2]

W Weaknesses
- Rising logistics costs
- Combining distribution and manufacturing functions
- Expansion of sales personnel with specialized knowledge
- Improving productivity
- Digitalization

O 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

T Threats
- Market entry of companies from other industries
- Changes in distribution formats
- Population decline
- Natural disasters and infectious disease outbreaks
- Impact of the weak yen

Growth strategies in the 2027 MEDIPAL Medium-Term Vision

We focused on expanding our portfolio of domestically exclusive pharmaceuticals and supplements for the companion animal market. In the fisheries and livestock segment, we also began importing mixed feed for livestock for the first time in the company's history, launching sales as an original in-house product.

Review of FY2024

In the companion animal market, sales of canine antiparasitic drugs performed well, and we also worked to develop partnerships with new manufacturers and promote sales. In the fisheries and livestock market, despite the challenging business environment such as the ongoing impact of the weak yen, we focused on key priority products while actively promoting the sale of products that help improve our customers' productivity.

Outlook for FY2025 and future direction

In the companion animal market, we will continue actively expanding into the growing antiparasitic and dermatology markets while continuing to develop partnerships with new manufacturers and promote sales. By offering a broader product lineup, we aim to meet the diverse needs of our customers. In the fisheries and livestock market, although the business environment is expected to remain challenging, we will focus on promoting domestically exclusive products that contribute to improving our customers' productivity.

Food Processing Raw Materials Wholesale and Related Business

Creating and delivering “new value” and contributing to improving the health and lifestyles of people in a wide range of areas, from food ingredients to chemical raw materials.

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.

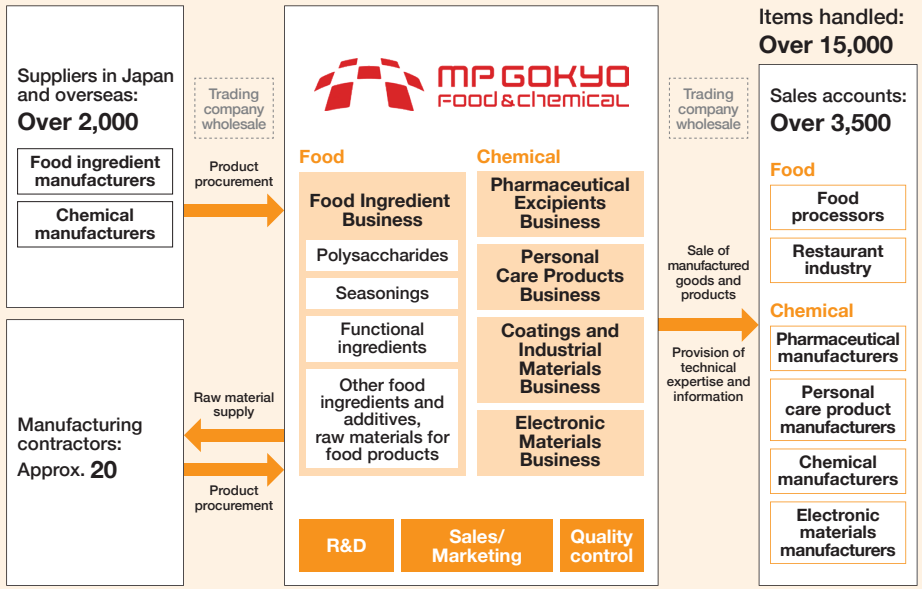
We also seek out unmet needs that are not yet fully recognized and work together with our stakeholders to develop solutions that contribute to society.

By consistently providing safe, high-quality products, we aim to serve as a trusted partner.



Hidemitsu Wakita
Representative Director,
President and CEO
MP Gokyo Food & Chemical Co., Ltd.

Business Model (Value Chain)



Business environment overview

In the food ingredients business, despite consumers becoming more budget-conscious amid price revisions across many food products driven by the weaker yen and rising logistics costs, the market saw modest growth. On the other hand, the high proportion of imported raw materials meant that the weak yen also weighed on profits.

In the chemical products business, the semiconductor market showed signs of recovery, supported by increased investment in AI-related fields and rising demand for memory products.

SWOT Analysis

S Strengths
- 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

W Weaknesses
- Rising logistics costs
- Improving productivity
- Securing and developing specialist human resources
- Overseas sales

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

T Threats
- 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

Growth strategies in the 2027 MEDIPAL Medium-Term Vision

Following our integration with MEDIPAL FOODS CORPORATION, we will leverage our enhanced partner network together with our R&D and quality control functions to deliver high value-added services and further strengthen our business foundations. In the semiconductor field, which is expected to see continued growth, we will step up strategic investment in our electronic materials business. Starting with tamarind seed gum (marketed as GLYLOID® for food applications and TAMAVISCO® for cosmetics), we will also expand overseas sales and promote the development of functional food ingredients that address preventive health and pre-disease care needs.

Review of FY2024 and future direction

The food ingredients business remained strong, exceeding the previous fiscal year’s sales. The chemical products business also performed well overall, particularly in electronic chemicals and cosmetics, achieving a significant increase in sales year on year. The October 2024 integration with MEDIPAL FOODS CORPORATION strengthened our value delivery capabilities by combining both companies’ sales networks and R&D capabilities. Overseas, we advanced the establishment of a sales system for GLYLOID® in Asia and launched full-scale sales of TAMAVISCO® in Europe.

Looking ahead, in both the food ingredients and chemical products businesses, which are expected to remain steady, we will accelerate our shift toward higher value-added businesses.

Roundtable with Outside Audit & Supervisory Board Members



The Effectiveness of the Board of Directors That Has Vibrant Discussions

Sanuki Effective corporate governance is essential for the sustainable growth of a company. The core of that is the Board of Directors. The MEDIPAL's Board of Directors meetings play host to vibrant discussions, where opinions are exchanged and shared without overlooking any statements. On this point, I highly rate the effectiveness of the Company's Board of Directors. It is coming up on six years since I was appointed to this role. A major development in that time has been that the Board of Directors has come to discuss the opinions offered by institutional investors through the Company's IR activities.

Ichino That is certainly correct. It is approaching two years since I was appointed, and I rate the Board of Directors as highly effective. I have previously taken part in board meetings at many small to medium-sized enterprises, but I was surprised by the openness of the debate I saw when I took part in the Board of Directors of the MEDIPAL, as a Prime-listed company. As Ms. Sanuki mentioned earlier the chairperson's questions bring out a wide range of opinions, and each director speaks independently at the board meeting. In addition, the company's stance of objectively evaluating the effectiveness of the Board of Directors based on a third-party questionnaire survey in accordance with the Corporate Governance Code is also commendable.

Key Themes for the Medium- to Long-Term From the Perspectives of Outside Audit & Supervisory Board Members

Sanuki As an Outside Audit & Supervisory Board Member, I believe my role lies in "suitably establishing risk management structures, including for legal risks." The risks surrounding companies are changing, and new threats including cyberattacks have also emerged in recent years. To deal with such changes, the Company needs to keep updating its risk management structures. How the Company distributes limited resources is important in terms of achieving this. While operations are progressing in good order at present, I believe we need to be furthermore vigilant for sudden risks that could emerge going forward.

Ichino I am a corporate financial reporting specialist, so I believe that my role as an outside auditor is to improve the quality of financial reporting and establish a group governance system. Recent years have seen the number of Group companies grow through M&A deals. The importance of Group governance is thus ever increasing. In particular, the TSE has called for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" so I believe that improving capital profitability will be an important challenge for the Group as a whole going forward.

Proposals to Deepen Group Governance

Sanuki I evaluate the activities of the Compliance Committee[1] very highly. When an Antimonopoly Act issue arose, the president of MEDIPAL took charge and led the committee, and sought to ensure thorough legal compliance. Regular reports are made from the Compliance Committee. I believe the Audit & Supervisory Board is highly active as a legal organ, and it works well with each department.

Ichino In terms of improving group governance, when issues such as Antimonopoly Act violations arose, the Compliance Office and Audit Office worked closely together to respond quickly, which I believe played a major role.

Furthermore, I rate very positively the fact that the Audit & Supervisory Board's full-time members make use of their long careers and experiences to quickly and rationally gather

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

information. In addition, its four prescription pharmaceuticals wholesale companies[1] hold regular meetings of an Audit & Supervisory Board Member Liaison Council to share information on audit issues and challenges at each company, which I believe plays an important role in improving group governance.

Sanuki Looking at Group governance overall, I do feel that Board of Directors discussions are currently concentrated on the four prescription pharmaceuticals wholesale companies,[1] and that there is an issue in terms of information sharing at other Group companies being somewhat slow. I believe there should be a little more discussion about conditions at businesses outside of prescription pharmaceuticals distribution, such as PALTAC CORPORATION in particular. Recent years have also seen in increase in the number of Group companies. As all of these companies differ in terms of their scale and intensity of relationship to one another, I believe they may benefit from greater modulation in their governance.

I also have the sense that the purpose of the Nomination and Compensation Committees has not yet permeated the Company, due to these being voluntary systems and the committees still being only recently established. I feel that these tend to take on relatively passive roles, so I expect the Board



Regulations or some other instrument to strengthen its position, and move it to a more active role going forward.

Ichino That's a good point. The MEDIPAL is engaged in a wide range of businesses, primarily prescription pharmaceutical wholesale business, and we believe it is necessary to manage each Group company with a constant focus on and pursuit of business synergies.

On the other hand, in order to deepen Group governance, it is also necessary to enhance the financial synergies of all Group companies. To do so, it is necessary to analyze the current situation correctly. Our capital costs have already been disclosed, so going forward, in order to achieve the numerical targets set forth in the 2027 MEDIPAL Medium-Term Vision, it will be necessary to improve capital profitability, and further improvements in profitability and capital efficiency will be required. I believe it is necessary to establish a department that continuously monitors the financial status of each Group company, aggregates the information necessary for financial decision-making, and formulates specific financial policies to propose to the Board of Directors. The department is responsible for constantly monitoring the financial status of the Group as a whole and considering specific measures to implement our basic capital policy. I believe that discussing this proposal at the Board of Directors meeting and presenting the results will enable the market to accurately assess our company's growth potential, which I think should be considered a task for the future.

Expectations of MEDIPAL Group

Sanuki Businesses related to medicine or health have exceptionally high social significance. I hope that MEDIPAL continues to growth as a Group of companies that are socially necessary, centered on the mission of "to deliver pharmaceuticals." In practice, MEDIPAL has advanced business efficiency in its Prescription Pharmaceutical Wholesale Business by establishing high-performance distribution centers, called ALCs.* Furthermore, it has advanced new businesses



that support the distribution and development of orphan drugs. Under Japan's current NHI drug pricing system, the profitability of the Prescription Pharmaceutical Wholesale Business tends to be low structurally. However, even under these circumstances, I expect that the Company will seek to combine improved profitability with its social purpose.

Ichino I believe that a mission-oriented attitude has taken root across all of MEDIPAL Group, beginning with the Board of Directors at MEDIPAL HOLDINGS CORPORATION. In order to realize our management philosophy of "Contributing to people's health and the advancement of society through creation of value in distribution," I hope that MEDIPAL will continue to set its own goals and work toward its desired future. I also expect that it will continue to be a central presence in the business field of "Pharmaceuticals, Health, and Beauty."

Furthermore, although investing in the development of orphan drugs requires patience until results are achieved, I believe that it is an important social contribution of the Company, and I have high expectations for its future growth. I hope that MEDIPAL Group and its wide range of businesses continues to challenge for improved business and financial synergies and sustainable growth across the Group as a whole.

1. MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., TOSHICHI CO., LTD.

* Please refer to page 72 for explanations of technical terms.

Management Team (As of June 25, 2025)

Directors



Shuichi Watanabe
Representative Director,
President and CEO
(Chief Compliance Officer)

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,
Vice President
In charge of Pharmaceutical Business

Shareholdings (thousands): 53

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 (current position)
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, Vice President of the Company (current position)



Toshihide Yoda
Senior Managing Director
In charge of IR and General Manager of Business Development Division

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)



Yuji Sakon
Managing Director
General Manager of Administration Division, Chairman of CSR Committee

Shareholdings (thousands): 24

Apr 1977	Joined Sanseido Co., Ltd. (now the Company)
Jul. 2008	Executive Officer of KURAYA SANSEIDO Inc. (now MEDICEO CORPORATION)
Apr. 2012	Executive Officer of the Company
Jun.	Director of the Company
Oct.	Chairman of CSR Committee of the Company (current position)
Jun. 2013	General Manager of Administration Division of the Company (current position)
Jan. 2016	Director of ASTEC Co., Ltd. (current position)
Jun. 2017	Director of MM CORPORATION
Jun. 2018	Managing Director of the Company (current position)
May 2022	Director of PharField Corporation (current position)
Jun. 2023	Director of PALTAC CORPORATION (current position)



Shinjiro Watanabe
Director
In charge of Information Systems and DX

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. (current position)
Jun.	Director of the Company (current position)
Jun. 2016	In charge of the IT Business of the Company
Apr. 2018	In charge of Information Systems of the Company
Oct.	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)



Kuniaki Imagawa
Director
Deputy 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 (current position)
Jun. 2024	Deputy in charge of Pharmaceutical Business 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)



Mitsuko Kagami
Outside Director

Shareholdings (thousands): 0

Apr. 1985	Assistant Judge of Tokyo District Court
Apr. 1988	Assistant Judge of Akita District Court and Family Court
Apr. 1991	Assistant Judge of Yokohama District Court
Jan. 1995	Registered as Attorney-at-Law
Apr. 1998	Part-time Lecturer at Faculty of Law of Keio University
Apr. 2000	Part-time Lecturer at Faculty of Law of Toin University of Yokohama
Apr. 2004	Professor at Keio University Law School
Apr. 2007	Part-time Lecturer at Keio University Law School
Jun. 2014	Outside Director of the Company (current position)
Jun. 2015	Outside Director of Sotetsu Holdings, Inc. (current position)
Jun. 2021	Outside Audit & Supervisory Board Member of Shin-Etsu Chemical 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.



Toshio Asano
Outside Director

Shareholdings (thousands): 7

Apr. 1975	Joined Asahi Kasei Corporation
Oct. 2003	Executive Officer of Asahi Kasei Pharma Corporation
Apr. 2008	Director and Senior 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.	President & Representative Director of Asahi Kasei Corporation
Apr. 2016	Director of Asahi Kasei Corporation
Jun.	Permanent Consultant of Asahi Kasei Corporation
Aug.	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)



Kuniko Shoji
Outside Director

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

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)

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): –

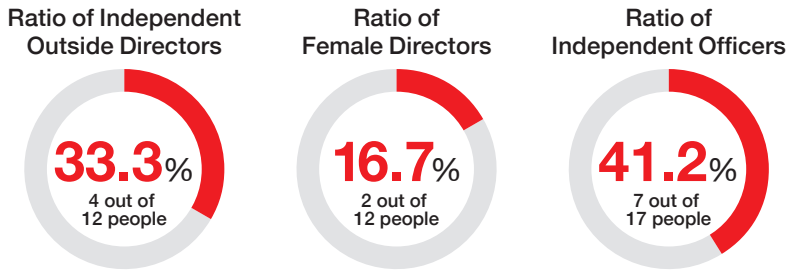
Apr. 1982	Joined Mitsubishi Chemical Industries (now Mitsubishi Chemical Corporation)
Jun. 2009	Board Director, Executive Officer, General Manager of Global Product Strategy Department of Mitsubishi Tanabe Pharma Corporation
Apr. 2012	Board Director, Managing Executive Officer, Division Manager of Development 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.

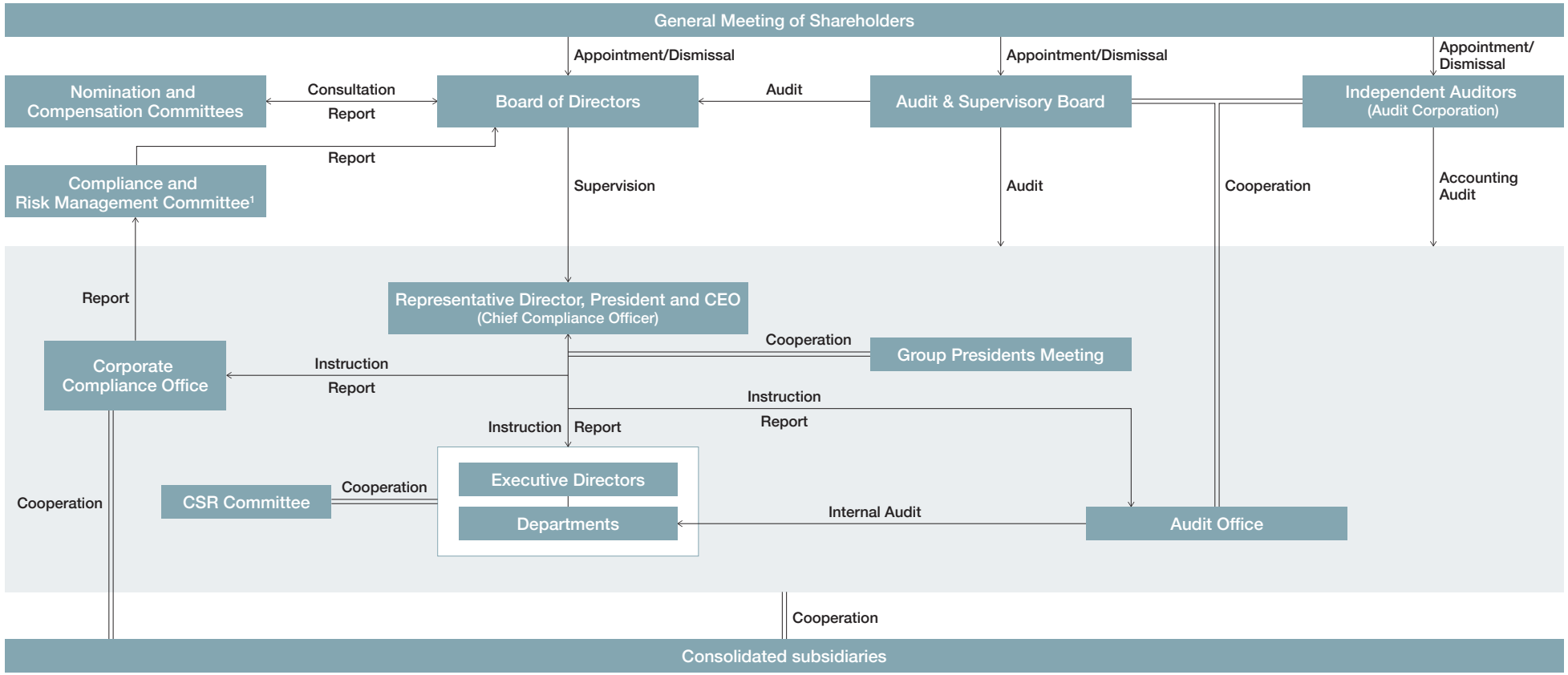
Corporate Governance

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 (As of April 1, 2025)

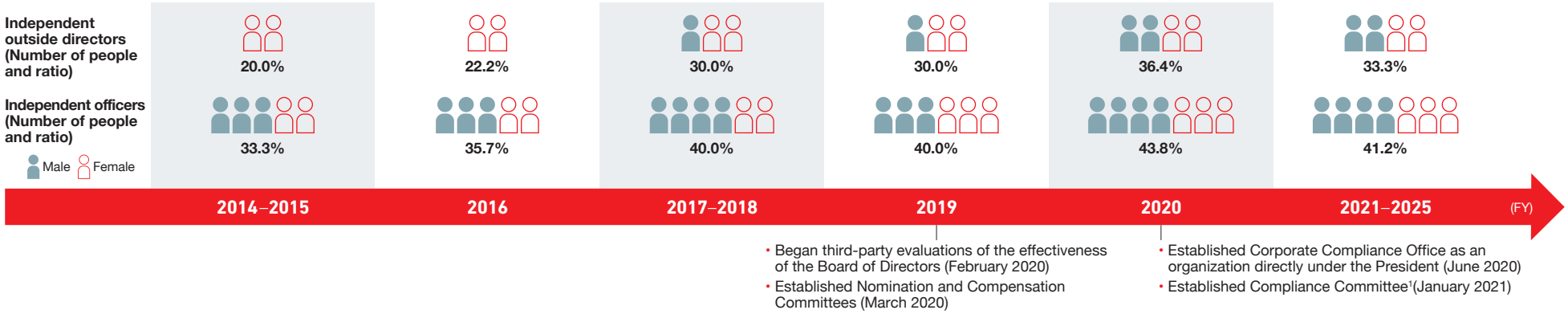


1. The Committee changed its name from Compliance Committee on April 1, 2025.

Overview of the Corporate Governance System

Body	Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committees	Compliance and Risk Management Committee[1]
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 ensuring continuous monitoring of Group compliance.
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 FY2024	13 times	13 times	Nomination Committee: 4 times Compensation Committee: 4 times	4 times
Attendance by outside officers	Outside directors: 96.2% Outside Audit & Supervisory Board members: 100%	100%	Nomination Committee: 87.5% Compensation Committee: 87.5%	87.5%
Main matters for consideration	• Ordinary matters, such as results, dividends, and budgets • Special matters, such as the Medium-Term Vision, sustainability, various investment projects, 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, officer appointment process, reasoning behind appointments, candidates for new directors and Audit & Supervisory Board members, etc. • Compensation Committee: Officer bonuses to be paid in June 2025, compensation level, pay ratio, reasoning behind compensation, review of compensation for Audit & Supervisory Board members, etc.	• Progress reports on initiatives to ensure rigorous compliance • Initiatives related to rebuilding of our risk management system • 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. The Committee changed its name from Compliance Committee on April 1, 2025.

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 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 25, 2025)

Name	Reason for Appointment
Mitsuko Kagami Outside Director	Thanks to her wealth of experience and specialist knowledge of corporate law developed through her work as an attorney-at-law, Ms. Mitsuko Kagami provides us with valuable opinions from a broad perspective at meetings of the Board of Directors of the Company. Such insight will be reflected in the supervision of the Company's management going forward.
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 advice across all management matters and strengthens oversight on the Board of Directors.
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 25, 2025)

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[2] 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	**Yuji Sakon**	●	●			●				●	□	□	□
Director	**Shinjiro Watanabe**	●					●						
Director	**Kuniaki Imagawa**	●	●										
Director	**Takuya Yoshida**	●	●		●								
Director	**Hidemitsu Wakita**	●							●				
Outside Director	**Mitsuko Kagami**					●				●	□	□	□
Outside Director	**Toshio Asano**	●		●							■	■	
Outside Director	**Kuniko Shoji**	●		●					●	●	□	□	□
Outside Director	**Hiroshi Iwamoto**				●			●			□	□	
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/251237/00.pdf

1. Does not include all the experience and expertise of directors and Audit & Supervisory Board members.
2. The Committee changed its name from Compliance Committee on April 1, 2025.

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. This system enables these parties to coordinate as necessary, either directly or indirectly, through methods such as email or telephone. 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 non-monetary 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[1]
		Fixed compensation	Performance-linked compensation	Retirement benefits	Non-monetary compensation, etc., included in the left column	
Directors (excluding outside directors)	281	192	88	-	-	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	45	45	-	-	-	2
Outside directors	57	57	-	-	-	4
Outside Audit & Supervisory Board members	32	32	-	-	-	3

1. There are no officers receiving a total of compensation and other benefits of ¥100 million or more in the fiscal year ended March 31, 2025.

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

May 2025
Conducting survey

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

June 2025
Analyzing and evaluating results of survey

Analysis and evaluation of survey results by third-party institution

August 2025
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 FY2024 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 4.1, above the average score for all questions of 3.8. The questions on whether discussions at the Board of Directors were open-minded returned a high average score of 4.5, and there were multiple comments confirming the liveliness of discussions in the free comment section. Compared with last year, evaluations regarding risk management and group governance have improved significantly. 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

- Following up with progress reports on business plans
- Investigate how the business should be managed with an awareness of capital costs and the share price
- Sufficient discussion on the allocation of management resources, such as investment in human capital and intellectual property, and the execution of strategies related to the business portfolio
- Sufficient discussion on the development of successor candidates.

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, 2025 was ¥95.4 billion, 12.6% of net assets (1.1 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.

Special Circumstances Affecting Large Impact on Corporate Governance

Among the Company's subsidiaries, PALTAC CORPORATION is listed on the Prime Market of the Tokyo Stock Exchange. The Company's views on the purpose of having listed subsidiaries and measures to ensure effective governance systems at listed subsidiaries are as follows.

1. PALTAC engages in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, and cooperates to generate synergy with the Prescription Pharmaceutical Wholesale Business, which is the main business of the MEDIPAL Group's other subsidiaries. PALTAC also aims to work with the Company to identify future growth strategies in the business fields of "Pharmaceuticals, Health, and Beauty." Recently, the dispensing business of drugstores, our customers, has expanded. MEDIPAL is now able to offer total solutions to the needs of its customers. This also leads to enhanced synergy through coordination between PALTAC, which handles cosmetics, daily necessities, and OTC pharmaceuticals, and MEDICEO CORPORATION, which handles prescription pharmaceuticals. PALTAC is highly significant in terms of the Group's efforts to achieve continuous growth. The Group will utilize the know-how of both the Prescription Pharmaceutical Wholesale Business and the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business to optimize the supply chain and expand the Group's business fields as a wholesaler engaged in the distribution of products indispensable to people's daily lives.

2. The Company believes that from the standpoint of Group management, it is preferable to boost corporate value by respecting PALTAC's independence and actively conducting business operations based on swift decision making. PALTAC decides on appropriate business strategies independently and in a self-directed manner.

3. The Company plans to retain a majority of PALTAC's shares and keep PALTAC as a consolidated subsidiary from the viewpoint of contributing to the improvement of corporate value for both companies. Furthermore, in our role as the parent, the Company dispatches directors to PALTAC to ensure appropriate Group governance. However, PALTAC has established an independent committee of all the independent outside directors and independent outside Audit & Supervisory Board members, and is working to ensure protection of minority shareholders' interests.

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 25, 2025 Annual General Meeting of Shareholders on June 2, 2025, 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 26, 2025. 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. At the Annual General Meeting of Shareholders held on June 25, 2025, a total of 3,264 shareholders exercised voting rights (of whom, 3,168 did so in writing or via the internet), for a voting ratio of 84%.

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 President and the corporate officer in charge of IR, and various conferences hosted by securities companies bringing together institutional investors from Japan and abroad. Feedback from investors is reported to management of the Company and the relevant departments as necessary, where it informs policy in areas such as MEDIPAL Group management strategy and governance.

IR events for institutional investors in FY2024

IR Event	Date Held	Presenter
Briefings on financial results	May and November 2024 (twice a year)	President, corporate officer in charge of IR
Conferences held by securities companies	February 2025	Director in charge of IR
Small meetings held by securities companies	March 2025	IR member

IR interviews with institutional investors in FY2024

Number of interviews during the year	86 (54 in Japan; 32 overseas)[1]

Dialogue with individual investors

For dialogue with individual investors, we hold conferences for individual investors in major cities throughout Japan with the aim of enhancing recognition and establishing the brand of the Company. We also send newsletters to shareholders to deepen their understanding of our management philosophy and business strategy. To prevent the spread of COVID-19, in recent years, we have refrained from holding conferences for individual investors. However, we held such a conference in Sapporo in October 2024, with the director in charge of IR providing explanations. We will hold such conferences regularly going forward, and create opportunities for dialogue with individual investors.

1. Figures represent cumulative numbers

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 put in place structures 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.

The Compliance and Risk Management Committee[1] has also been established with the aim of continuously monitoring the MEDIPAL Group’s compliance and risk management systems. 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 realize a more effective monitoring system.

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.

We have undertaken the following initiatives in an effort to establish an audit/monitoring system:

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.

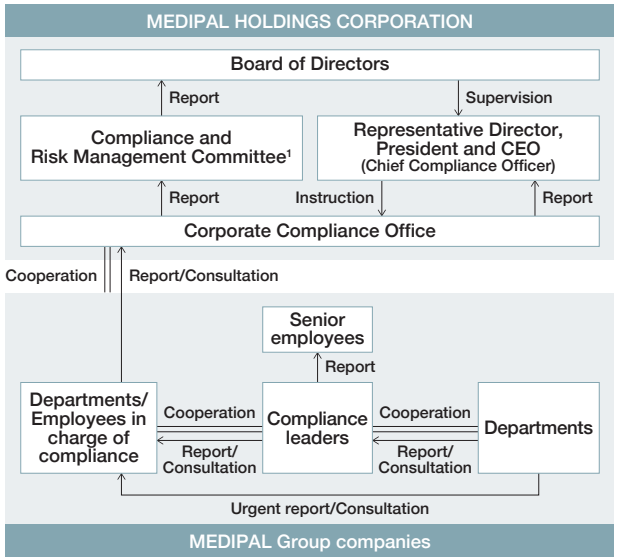
2. Reporting of audit results

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, 2025)



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.

1. The Committee changed its name from Compliance Committee on April 1, 2025.

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

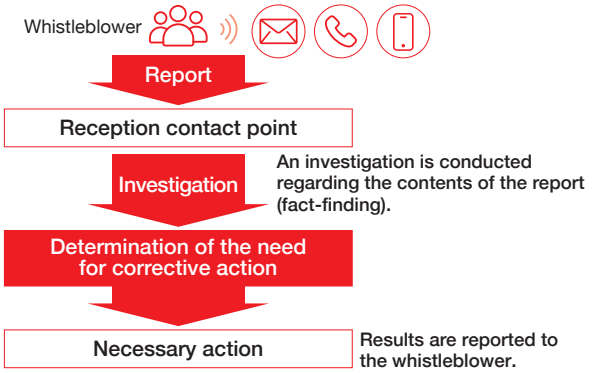
To demonstrate our ongoing commitment to compliance, we have designated November 27 as Compliance Day. We are working to prevent past incidents from fading from memory through efforts such as conducting a survey targeting employees to ascertain the effects of initiatives to improve compliance and the 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 72 for explanations of technical terms.

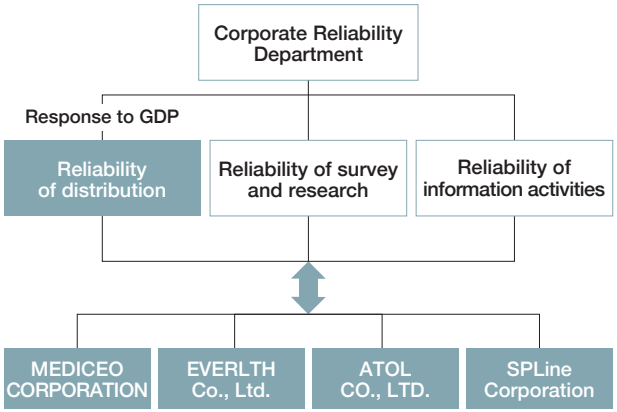
Compliance with the Japanese Version of the GDP* Guidelines

The MEDIPAL Group is now providing training based on quality control manuals and SOPs to the logistics departments of the four 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 are also advancing the development of GDP activities per area from FY2024 at MEDICEO CORPORATION.

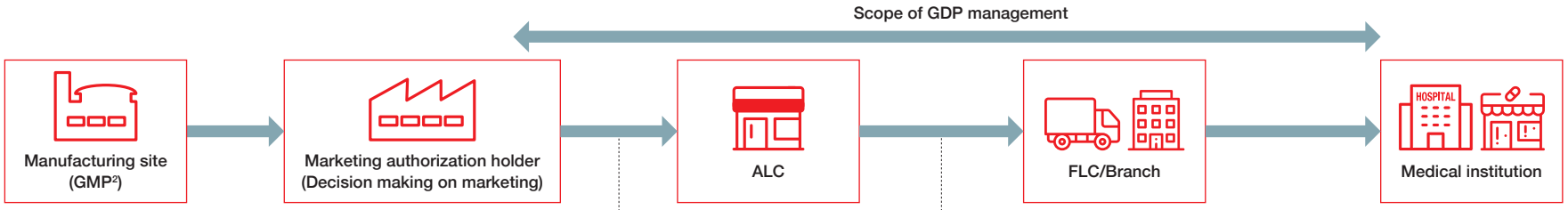
Organization and role of the Corporate Reliability Department

The Corporate Reliability Department supervises the status of logistics quality control at the four 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.

Organization and role of the Corporate Reliability Department



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 storage 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. and SPLine Corporation
2. Good Manufacturing Practice
3. Refrigerated transportation service for pharmaceuticals compliant with the PIC/S GDP guidelines

* Please refer to page 72 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

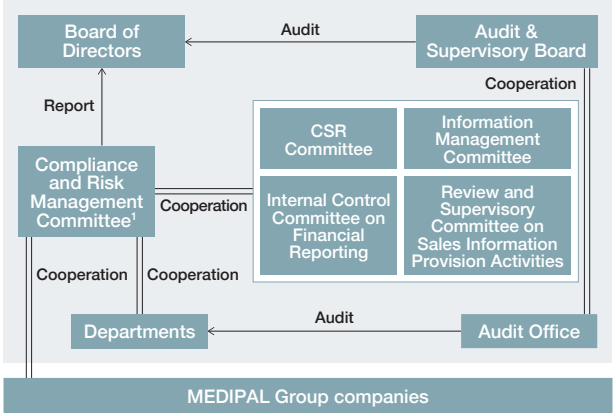
3. Course of Action

(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[1] (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, 2025)



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, 2025.

- 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.

1. The Committee changed its name from Compliance Committee on April 1, 2025.

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.

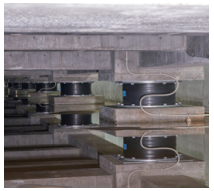
When there is an outbreak or spread of an infectious disease, a secretariat for the Disaster Countermeasures Headquarters is established based on the Disaster Response Manual (for Infectious Diseases) and information on the disease is gathered from the World Health Organization (WHO) and Japanese government 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 any disaster scenario.

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.

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.



Highlight

Conducting trials aimed at achieving drone delivery of pharmaceuticals

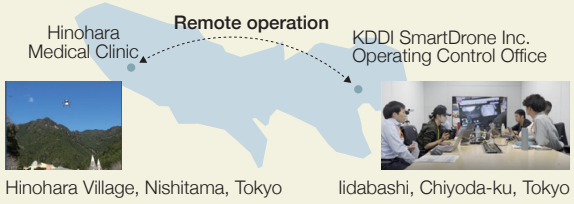
MEDICEO CORPORATION, KDDI Corporation, KDDI SmartDrone Inc., Japan Airlines Co., Ltd., East Japan Railway Company, and Weathernews Inc. partnered to conduct a demonstration of drone delivery of pharmaceuticals aimed at its social implementation, in Hinohara Village in Nishitama, Tokyo, from October 21 to November 7, 2024.

This demonstration corresponded to the final year of a three-year plan. The companies conducted the demonstration with a view to the following, aiming to implement a service in a densely populated urban setting.

- Constructing an on-demand delivery system for pharmaceuticals using drones
- Introducing Crew Resource Management[1] used in aircraft operations by Japan Airlines Co., Ltd. to drone operations to establish an operating system that secures greater safety.
- Testing delivery efficiency using the simultaneous operation of two drones by one operator

The demonstration was conducted as part of the "Demonstration Project for the Promotion of Drone Logistics Service Implementation in Tokyo," and aims to accelerate the social implementation of drone logistics services in urban settings.

Delays in the delivery of pharmaceutical products can be fatal. As such, achieving drone delivery will be highly meaningful from the point of view of BCP, as it will allow for delivery without being affected by traffic conditions during times of congestion or disasters.



1. An approach that efficiently and effectively utilizes all available resources for safe operation, and thus increases the capacity of a team to carry out operations by aggregating the capabilities of team members

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

PC

- Introducing two-factor authentication during login
- Logging operational history
- Preventing access to suspicious websites
- Detecting usage of fraudulent devices and automatically removing them

Mobile devices

- Biometric authentication and encryption of stored data
- Automatic inspection of sent content (prevention of mistaken transmissions)
- 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
- Settling 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

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

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
● **DS: Delivery Specialist**	Person in charge of deliveries in the Prescription Pharmaceutical Wholesale Business
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 maintaining 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
● **MS: Marketing Specialist**	Person in charge of sales in the Prescription Pharmaceutical Wholesale Business
N	
● **NS-MR: Neuro Science MR**	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**	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
● **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 2025, page 40
	Description of efforts to reduce the environmental impact of logistics	HC-DI-110a.2	Integrated Report 2025, pages 40-45
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 2025, pages 67-68
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 2025, pages 67-68
	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 2025, pages 67-68
	Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products	HC-DI-260a.3	Integrated Report 2025, pages 67-68
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 2025, pages 65-66
	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 pharmaceuticals sold by product category	HC-DI-000.A	Currently, sales volume of pharmaceuticals by product category is not disclosed, but net sales by product type is disclosed.	Data Book for the year ended March 31, 2025, 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, 2025, 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]
	2014	2015	2016	2017	2018	2019	2020	2021[1]	2022	2023	2024	2024
Operating Results (Millions of yen)												
Net sales	2,872,905	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	24,554,094
Gross profit	201,735	217,497	219,019	228,100	232,502	236,739	214,259	217,445	224,304	246,654	255,758	1,710,529
Selling, general and administrative expenses	168,940	175,214	179,369	183,839	182,675	183,629	175,683	171,820	175,331	199,324	200,148	1,338,610
Operating profit	32,795	42,283	39,650	44,260	49,827	53,109	38,576	45,624	48,972	47,330	55,609	371,919
Ordinary profit	44,475	55,140	53,360	57,349	63,914	68,020	52,968	62,046	65,122	64,570	65,255	436,430
Profit attributable to owners of parent	23,687	30,771	29,011	34,780	34,359	37,968	23,926	29,423	38,806	41,474	40,279	269,394
Depreciation	12,325	12,391	13,573	14,898	13,452	14,232	14,468	14,083	14,393	16,931	17,116	114,478
Capital expenditures	15,168	38,395	44,883	20,652	19,361	29,321	16,141	18,150	17,434	20,380	14,211	95,044
Financial Position (Millions of yen)												
Total assets	1,454,800	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	12,205,621
Total net assets	457,604	488,328	521,165	572,656	592,848	607,424	638,933	649,089	688,055	736,612	757,947	5,069,202
Cash Flows (Millions of yen)												
Cash flows from operating activities	80,466	21,985	47,954	63,558	63,716	56,917	34,448	61,216	16,146	61,843	60,559	405,028
Cash flows from investing activities	(11,834)	(41,267)	(11,354)	(43,064)	(23,512)	(13,319)	(2,939)	(24,343)	(39,494)	(7,817)	(3,363)	(22,495)
Cash flows from financing activities	(19,834)	6,093	(17,663)	15,845	(30,755)	(49,067)	(16,003)	(16,471)	(43,541)	(25,248)	(25,947)	(173,535)
Free cash flow[3]	68,632	(19,282)	36,600	20,494	40,204	43,598	31,509	36,873	(23,348)	54,026	57,196	382,532
Per Share (Yen)												**U.S. dollars[5]**
Basic earnings	104.7	135.9	128.1	154.1	154.1	175.8	114.0	140.1	184.8	195.8	193.2	1.29
Total net assets	1,722.6	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	19.93
Cash dividends	24.0	28.0	31.0	34.0	38.0	41.0	42.0	44.0	46.0	60.0	62.0	0.41
Financial Indicators (%)												
Ratio of gross profit to sales	7.0	7.2	7.1	7.2	7.3	7.3	6.7	6.6	6.7	6.9	7.0	
Ratio of operating profit to net sales	1.1	1.4	1.3	1.4	1.6	1.6	1.2	1.4	1.5	1.3	1.5	
Net worth ratio	26.8	27.7	28.9	29.9	30.7	30.4	31.1	31.0	32.9[2]	33.4	33.9	
Return on equity (ROE)	6.4	7.6	6.8	7.5	7.0	7.6	4.7	5.6	7.1	7.1	6.6	
Return on assets (ROA)	3.1	3.8	3.6	3.7	4.0	4.2	3.2	3.7	3.8[2]	3.7	3.6	
Payout ratio	22.9	20.6	24.2	22.1	24.7	23.3	36.9	31.4	24.9	30.6	32.1	
Number of employees	10,930	10,959	13,252[4]	14,151	13,868	13,599	12,971	12,801	12,795	13,075	13,061	

Notes: 1. The Company adopted the "Accounting Standard for Revenue Recognition" at the beginning of FY2021, and figures for FY2021 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 ¥149.52 to U.S.$1.00, the approximate exchange rate on March 31, 2025.

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	13,061 (Consolidated basis)
Further Information	Public Relations Department Tel: 81-3-3517-5171

Stock Information (As of August 25, 2025)

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.

Selected for the JPX-Nikkei 400 Index

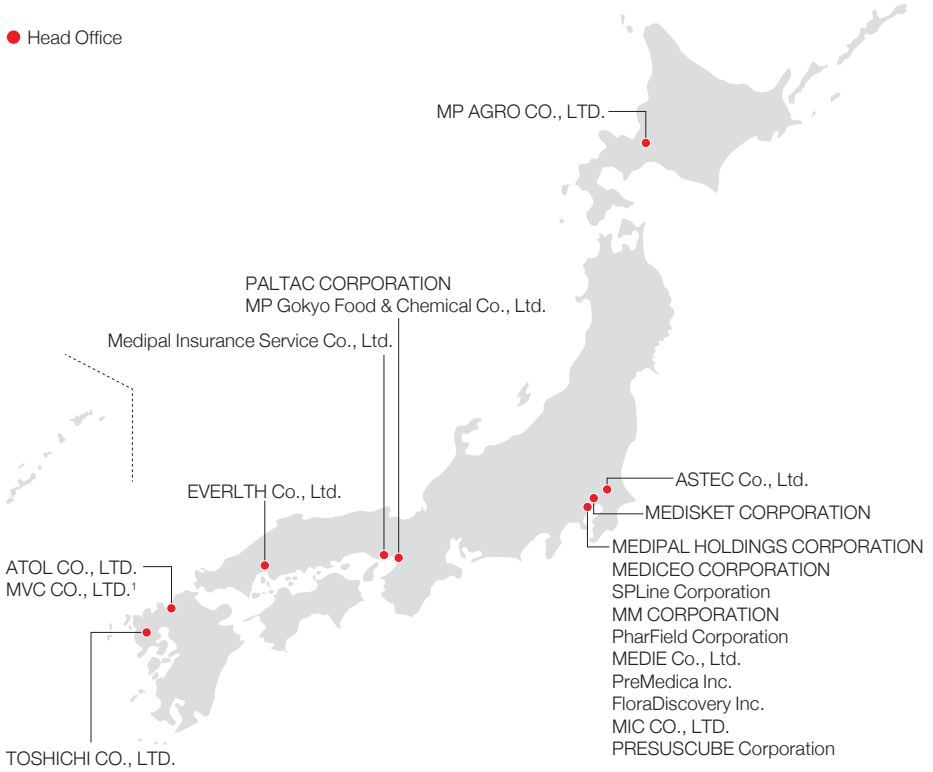
Since 2014, the Company has been selected for the JPX-Nikkei Index 400, which is composed of companies with high appeal for investors, and which meet the requirements of global investment standards, such as efficient use of capital and investor focused management perspectives. In addition, in the ESG Ratings by MSCI, the Company earned an A rating and PALTAC CORPORATION earned an AA rating. Both companies are selected as constituents of MSCI Japan ESG Select Leaders Index.

JPX-NIKKEI 400

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

Group Head Office (As of March 31, 2025)



Launch of Brand Website and Official Social Media Accounts

In January 2025, the MEDIPAL Group launched 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

1. MVC CO., LTD. merged with ATOL CO., LTD. on April 1, 2025.

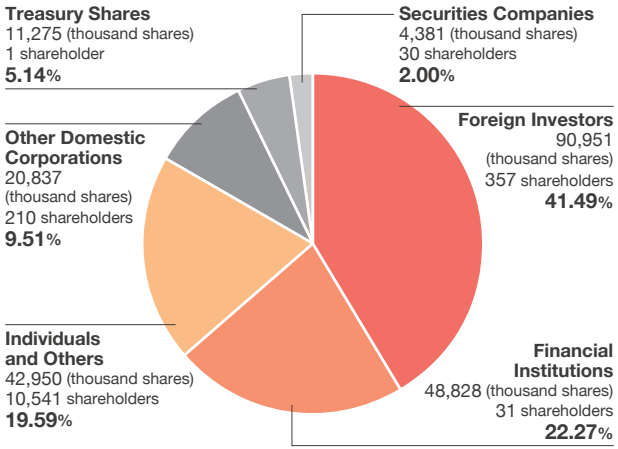
Stock Information

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	219,226,042
Number of Shareholders	11,170
Trading Unit	100 shares

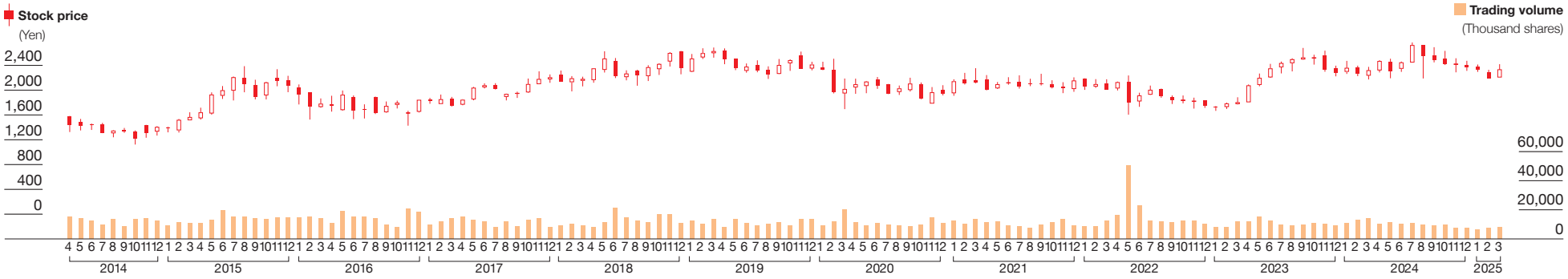
Major Shareholders

Shareholders	Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	30,652	14.74
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)	11,120	5.35
Custody Bank of Japan, Ltd. (Trust account)	9,229	4.44
State Street Bank and Trust Company 505001 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	7,424	3.57
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)	6,089	2.93
MEDICEO Employees Shareholders' Association of MP Group	5,119	2.46
Kobayashi Pharmaceutical Co., Ltd.	5,074	2.44
Northern Trust Co. (AVFC) Re Non Treaty Clients Account (Standing proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	4,648	2.24
State Street Bank And Trust Company 505103 (Standing proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Department)	3,980	1.91
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)	3,330	1.60

Proportions of Shares Held by Each Shareholder



Stock Price/Trading Volume





MEDIPAL HOLDINGS CORPORATION
3-1-1 Kyobashi, Chuo-ku, Tokyo 104-8461, Japan
Tel: 81-3-3517-5800
URL: https://www.medipal.co.jp/english