Fresh life for all.

alfresa group



ALFRESA GROUP INTEGRATED REPORT 2026

Alfresa Group Integrated Report

Fiscal Year Ended March 31, 2026

The Alfresa Group's Philosophy

Our Mission

We create and deliver a fresh life for all.

Our Vision

We aim to become a Healthcare Consortium that provides products and services in every health-related field.

Our Promises

Reliability　Safety　Sincerity

- We always provide reliable products and services and strive to enhance customer satisfaction.
- We respect individual characteristics and personalities and strive to maintain and improve a pleasant work environment.
- We raise corporate value as a corporate group operating in the health-related industry.
- We conduct proper trade under fair and free competition.
- We strive to proactively engage with society by providing appropriate information in a timely manner.
- We contribute to local communities through our business operations.
- We strive to preserve the global environment.

Our Responsibility

Ongoing support for healthcare
Fulfilling our responsibility today and tomorrow

At the Alfresa Group, we are fulfilling our unchanging responsibility today and will continue to do so tomorrow. Since our founding, we have consistently supported Japan's healthcare sector by providing and helping underpin healthcare infrastructure and by offering a stable supply of pharmaceuticals.

Our responsibility is to offer ongoing support to healthcare, and this will not change. We are committed to fulfilling our role as a bulwark of social infrastructure to maintain a stable supply of healthcare-related products even during times of emergency.

Our Evolution

Evolution to achieve our ideals
Continuing to support healthcare in a changing society

The social environment is undergoing substantial changes. We will therefore no longer be able to fulfill our responsibility if we do not change. For this reason, we will evolve to ensure that we can continue fulfilling our responsibility on into the future.



Evolution Beyond Pharmaceutical Wholesaling to

Total Supply Chain Services

and Ultimately a

Healthcare Consortium

We are evolving beyond the boundaries of pharmaceutical wholesaling to support the entirety of the healthcare sector so as to ensure the continuity of healthcare services.
Our goal is to become a Healthcare Consortium[10] that creates and delivers a fresh life for all.

Note: Healthcare Consortium is a registered trademark owned by the Alfresa Group in Japan.

Evolving to Continue Fulfilling Our Responsibility

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Integrated Report 2026 intends to tell the story of our evolution to achieve future growth and create value based on our responsibility to ensure a stable supply of pharmaceuticals and other healthcare-related products.

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Editorial Policy

This integrated report was written and edited while referring to the following guidelines and disclosure standards:
- International Financial Reporting Standards (IFRS) Foundation's International Integrated Reporting Framework and SASB Standards
- Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company Investor Dialogues for Collaborative Value Creation 2.0
- Global Reporting Initiative Standards

For more environmental, governance, and social (ESG) information, please refer to the Alfresa Group's corporate website.

Corporate Governance
https://www.alfresa.com/eng/csr/esg/governance/corporategovernance/

Sustainability
https://www.alfresa.com/eng/csr/

ESG Data
https://www.alfresa.com/eng/csr/report/

Scope Covered: 19 Consolidated Companies of the Alfresa Group

Alfresa Holdings Corporation

Ethical Pharmaceuticals Wholesaling Business
- Alfresa Corporation
- Shikoku Alfresa Corporation
- TS Alfresa Corporation
- Meisho Co., Ltd.
- RYUYAKU CO., LTD.
- Tohoku Alfresa Corporation
- Alfresa Medical Service Corporation
- Alfresa Shinohara Chemicals Corporation
- A·L Plus Co., LTD.
- Specialty Medical Distribution Corporation

Self-Medication Products Wholesaling Business
- Alfresa Healthcare Corporation

Manufacturing Business
- Alfresa Pharma Corporation
- QINGDAO NESCO MEDICAL CO., LTD.
- Alfresa Fine Chemical Corporation

Dispensing Pharmacy and Related Businesses
- APOCREAT Corporation

Regenerative Medicine-Related and CRO Businesses
- Cell Resources Corporation
- Ark Medical Solutions Inc. (converted into a consolidated subsidiary effective April 1, 2026)

Information system business for the Alfresa Group
- Alfresa System Corporation

Production Process

The Alfresa Group gathers opinions and feedback through engagement with investors using its integrated reports as well as through occasions to provide information to and encourage report viewership among all Group employees. The findings of such types of engagement are reflected in the planning and production of the following year's integrated report in a bid to continuously improve the contents of our reports. The contents of the integrated report are communicated to the Board of Directors, and the report is then published with the approval of the officer in charge of this process.

Reflect opinions of investors, employees, and other stakeholders
↓
Plan and produce report
↓
Report to the Board of Directors, receive approval from the officer in charge of the process, and then publish
↓
Utilize the report in engagement with investors and employees

Period Covered

April 1, 2025 to March 31, 2026
Note: If the applicable period differs, the period and the corresponding year and month are specified.

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The Alfresa Group at a Glance

The Alfresa Group leverages its nationwide operating foundation and robust distribution functions to support the stable supply of pharmaceuticals and other products that are crucial to people's everyday lives.

We also integrate sustainability into our business activities to achieve ongoing improvements in the creation of corporate and social value that supports the entirety of the healthcare industry.

Business

Meaning Behind Company Name

alfresa

The name "Alfresa" is a portmanteau of the English word "all" and the Esperanto word "fresa," which means "fresh."

Colleagues
(As of March 31, 2026)

Approx.
15,600

Consolidated Companies
(As of April 1, 2026)

19

Net Sales and Breakdown by Segment (Fiscal 2025)

¥3,104.0 billion

- Ethical Pharmaceuticals Wholesaling Business: **89.6%**
- Self-Medication Products Wholesaling Business: **8.6%**
- Manufacturing Business: **1.7%**
- Dispensing Pharmacy and Related Businesses: **1.2%**

Notes:
1. "Colleagues" refers to Alfresa Group employees and includes part-time and temporary workers (average over the year of 3,085).
2. Consolidated net sales figure is shown after eliminating intersegment transactions.

Management Capital Supporting Sustainability Strategies (As of March 31, 2026)

Human Capital

The Alfresa Group considers its valuable people to be the true driver of sustainable growth into the future.

Ratio of Female Managers

7.0%

Childcare Leave Acquisition Rates

Men **74.3%**
Women **100%**

Number of Days of Childcare Leave Taken

Men **50.8**
Women **253.5**

Certifications Obtained by Group Companies

Outstanding Organizations of KENKO Investment for Health: **16** companies
(Large Enterprise Category: 10 companies; Small and Medium-Sized Enterprise Category: 6 companies)

- Kurumin: **4** companies
- Platinum Kurumin: **1** company
- Eruboshi: **4** companies
- Monisu: **1** company

Board of Directors' Membership
(As of June 30, 2026)

Directors	**12** (six outside directors designated as independent directors, three female directors)
Of whom, Audit and Supervisory Committee members	**4** (three outside directors designated as independent directors, one female director)

ISO Certifications Obtained
(As of March 31, 2026)

- ISO 9001*1 (quality management): **19** bases
- ISO 13485*2 (medical device quality management): **6** bases
- ISO 14001*3 (environmental management): **3** bases
- ISO/IEC 27001*4 (information security management systems): **3** bases

*1 An international standard that specifies the requirements for a quality management system, designed to ensure the consistent provision of products and services and to achieve customer satisfaction
*2 An international standard specifying requirements for a quality management system for medical devices, designed to ensure the consistent provision of safe, effective medical devices and to ensure consistent regulatory compliance
*3 An international standard specifying requirements for environmental management systems, designed to improve environmental performance and manage environmental impacts
*4 ISMS (Information Security Management System) certification is an international accreditation that indicates an organization has established a framework to appropriately manage and protect information security. It ensures the organization has a process to identify, assess, and manage risks related to the protection of information assets.

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Management Capital Supporting Business Strategies (As of March 31, 2026)

The Alfresa Group's Strengths

(1) Operating foundation supporting leading sales position in the domestic ethical pharmaceuticals wholesaling market*5
(2) Nationwide distribution network and stable supply systems
(3) Wide-ranging business scope supporting collective strength

Sales in the Domestic Ethical Pharmaceuticals Wholesaling Market	Marketing Specialists*6	Sales Assistants*7	Medical Representatives*8	Dispensing Pharmacists
No.1*5	2,611	2,866	100	1,228

Number of Distribution Bases	Production Bases	Dispensing Pharmacies	Suppliers	Customers
206	8	176	2,000	More than 200,000 locations

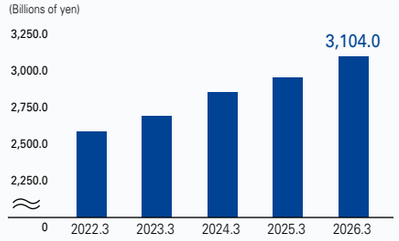
Notes:
3. Number of distribution bases is the total for the Ethical Pharmaceuticals Wholesaling and Self-Medication Products Wholesaling businesses.
4. Number of production bases is the total for the Manufacturing and the Regenerative Medicine-Related businesses.
5. Number of suppliers and customers are the totals for the Ethical Pharmaceuticals Wholesaling and the Self-Medication Products Wholesaling businesses.

*5 Source: "2025 Pocket Edition: Latest Pharmaceuticals Industry Rankings" Pharmaceutical Product Sales of Wholesaler Groups (Drug Magazine Co., Ltd.)
*6 Sales personnel who have specialized knowledge about products and services in the Ethical Pharmaceuticals Wholesaling Business
*7 Professionals responsible for ensuring the proper and timely distribution of pharmaceuticals and other healthcare-related products
*8 Salespeople at pharmaceutical manufacturers who provide information about drugs to doctors and pharmacists, as well as gather and communicate information

Management Capital Supporting Financial Strategies (Fiscal 2025)

Net Sales

Net sales ¥3,104.0 billion



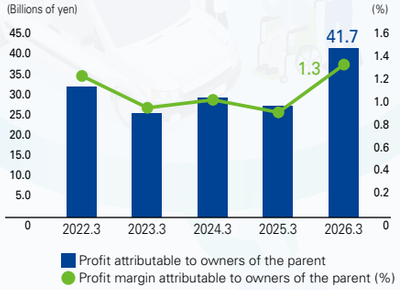
Operating Profit / Operating Profit Margin

Operating profit ¥36.1 billion



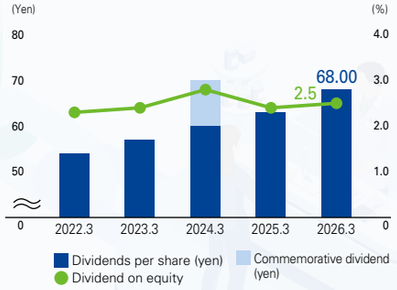
Profit Attributable to Owners of the Parent / Profit Margin Attributable to Owners of the Parent

Profit attributable to owners of the parent ¥41.7 billion



Dividend on Equity*9 / Dividends per Share

Dividend on equity 2.5%
Dividends per share ¥68.00



Total Assets	Return on Equity*10	Owners' Equity Ratio	Payout Ratio	Investment Target (Total for 25–27 Mid-term Management Plan)
¥1,507.0 billion	8.4%	33.7%	29.6%	¥120.0 billion Fiscal 2026 Investments ¥41.0 billion

*9 Ratio of total annual dividend payments to owners' equity
*10 Indicator of the amount of profit being generated using owners' equity

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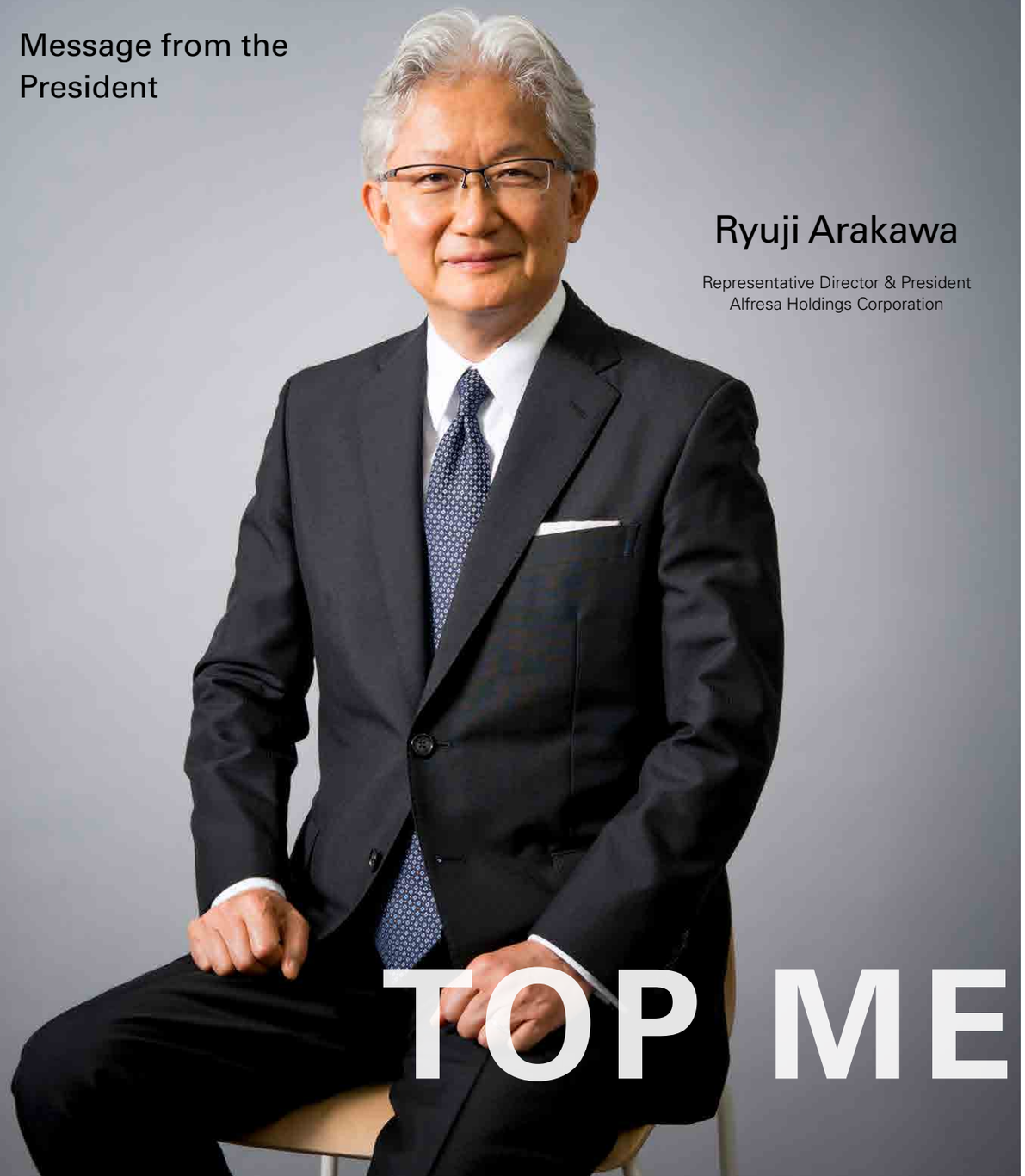

Message from the President

Ryuji Arakawa

Representative Director & President
Alfresa Holdings Corporation

TOP MESSAGE

The Alfresa Group's total supply chain services have reached a phase of meaningful implementation.
In this new phase, we will continue to fulfill our social responsibility while transforming our earnings structure to live up to the expectations of our shareholders.

Dedication to Navigating Medium- to Long-Term Operating Environmental Challenges

We currently face a challenging operating environment. This is a reality I have acknowledged repeatedly since the 2021 introduction of the interim-year revisions to the National Health Insurance (NHI) drug price standard system that led to annual revisions to drug prices. I often cite the challenging operating environment facing us because the resulting decreases in drug prices have continued to have a draining effect on our profitability.

Even more, external factors have continued to make operating conditions more challenging. After the peak of said challenging conditions seen during the COVID-19 pandemic, the market itself has recovered, while the Ethical Pharmaceuticals Wholesaling Business has demonstrated a consistently strong performance thereafter. Nevertheless, we cannot be optimistic in our outlook for medium- to long-term operating conditions. The most-favored-nation drug pricing policy*1 instituted by the United States, for example, is a source of major concern. If new drugs in Japan get listed as low-priced drugs, it could impact drug prices in the United States. For this reason, it is possible that numerous pharmaceutical companies may choose to delay or cancel the launches of their products in the Japanese market. Such a trend would reverse progress in the Japanese government's yearslong campaign to reduce drug lag and drug loss[5].

We also cannot ignore the rising prices of raw materials and the other impacts of inflation. Ethical pharmaceuticals are sold at official prices set through the NHI drug price standard

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With our total supply chain services, we have begun to develop a highly profitable business that extends beyond the boundaries of wholesaling.

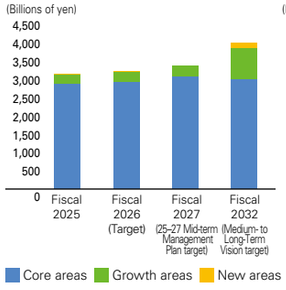
system. This means that the pharmaceutical industry, compared with other industries, has more trouble passing on rising costs to product selling prices.

*1 A policy designed to link the prices of prescription drugs in the United States to the lowest prices found in other developed countries

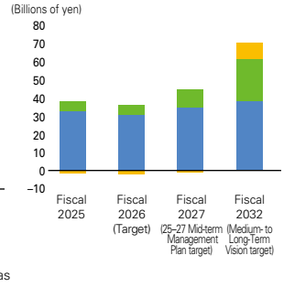
Transition to Earnings Structure Not Dependent on Traditional Ethical Pharmaceuticals Wholesaling Business

If we assume that this challenging operating environment will continue, we must recognize that we are pressed to transition to an earnings structure that is independent of our traditional Ethical Pharmaceuticals Wholesaling Business. In fact, this policy was set forth in the Medium- to Long-Term Vision (Vision 2032), which we announced in May 2023. Our total supply chain services[19] will be fundamental to this transition. These services entail wholesaling and distribution as well as contracting more upstream and downstream steps of the supply chain, such as development and production and post-marketing surveillance,*2 from manufacturers in a framework that seamlessly connects these functions. We thereby aspire to provide services that will encourage the pharmaceutical manufacturers we serve to call upon the Alfresa Group to handle all processes, from development to distribution. With these services, we have begun to develop a highly profitable business that extends beyond the boundaries of wholesaling. As part of developing this business, we are taking a two-pronged approach toward management. This approach will involve strengthening the foundations of core areas to secure funds and then investing these funds in new and growth areas to develop our total supply chain services. The growth scenario for the 25–27 Mid-term Management Plan was revealed, for the first time, at the financial results presentation for fiscal 2025, the year ended March 31, 2026, as we outlined to investors our road map for transitioning to the abovementioned earnings structure.

Net Sales



Operating Profit



Core areas Growth areas New areas

Reflection upon Fiscal 2025—Growth Surpassing Market Supported by Strengths

Fiscal 2025 kicked off the 25–27 Mid-term Management Plan, which covers a three-year period that has been defined as the "watering and nurturing" stage on our path toward the realization of our Medium- to Long-Term Vision. In this fiscal year, we saw the market for the Ethical Pharmaceuticals Wholesaling Business recover amid the resumption of drug discovery efforts around the world, which had been halted during the height of the COVID-19 pandemic. The Ethical Pharmaceuticals Wholesaling Business thus became a driver behind the Company's strong performance, resulting in net sales rising to ¥3,104.0 billion and profit attributable to owners of the parent jumping to ¥41.7 billion, as well as realizing return on equity (ROE)*3 of 8.4%. Moreover, the Ethical Pharmaceuticals Wholesaling Business posted a growth rate of 5.9%, surpassing the overall market growth rate of 3.9%, and our share of this market increased to 24.7%.

We have our team of marketing specialists,*4 which is a cut above our peers in terms of both quantity and quality, to thank for enabling us to generate earnings surpassing the market growth rate. The strength of these marketing specialists has allowed us to implement exhaustive distribution reforms while emphasizing appropriate pricing structures that reflect the value of the pharmaceuticals we provide. A major factor behind our strong reputation with manufacturers is how we sell pharmaceuticals at appropriate prices. Moreover, our marketing specialists utilize the Mydodes[16] web-meeting tool and other IT tools and participate in various community events to make proposals that go beyond product sales and have thereby won the trust of prescribers of pharmaceuticals, such as hospitals and clinics. This consistent and steadfast effort, beginning with our forebears and continuing to the present day, is what has enabled us to maintain our No. 1 share of the market for more than 15 years.

Preparations for Rapid Growth in Fiscal 2026

Fiscal 2026 is a year in which we will endeavor to lay the groundwork for achieving rapid growth in fiscal 2027 and beyond. Doing so, however, might entail a slight decline in performance. There are three reasons behind this outlook. The first is how operating environmental changes such as NHI drug price revisions, the U.S. most-favored-nation drug pricing policy, and inflation are adversely impacting mainstay pharmaceutical operations. The second is that the Alfresa Group will be advancing sales activities with distribution reforms as its

*2 Investigations conducted to ensure the quality, effectiveness, and safety of pharmaceuticals and medical devices after they are sold
*3 Indicator of the amount of profit being generated using owners' equity
*4 Sales personnel who have specialist knowledge about products and services in the Ethical Pharmaceuticals Wholesaling Business

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top priority under the guidance of the Ministry of Health, Labour and Welfare. These efforts will no doubt contribute to greater earnings power over the long term, but we cannot deny the possibility that they also might result in a slight yet temporary decline in both our net sales and market share in the near term. The third is that we are currently in the process of conducting up-front investments and recovery measures in the Manufacturing Business and Self-Medication Products Wholesaling Business. The start of operations at the Gunma Plant's high-potency formulation wing[11]—for which construction was completed in March 2026—and sales promotions of the new neffy® Nasal Spray 1mg/2mg*5 adjunctive treatment for anaphylaxis—launched in February 2026—are both factors that will begin contributing to earnings in fiscal 2027 or beyond. In the Self-Medication Products Wholesaling Business as well, fiscal 2026 will be a year in which we must exercise patience as we shift to high-value-added products while focusing on cost controls.

Based on such internal and external conditions, we have set a conservative forecast for performance in fiscal 2026, projecting a slight decline in net sales to ¥3,144.0 billion as well as downward revisions to operating profit and profit attributable to owners of the parent of ¥33.9 billion and ¥20.8 billion, respectively.

As fiscal 2026 will be a period of preparation, we are committed to achieving rapid growth in fiscal 2027. We will primarily target expansion in growth areas, such as medical devices, reagents, and other medical products[11], where we will look to grow transactions while engaging in M&A activities. Solutions is another area positioned as a growth areas. Therein, we have made progress in popularizing Mydodes as well as NOVUMN[17], our solution for automating pharmaceutical inventory management functions, at healthcare institutions. These solutions are thus anticipated to contribute to performance going forward. Such growth areas will be evolved alongside our total supply chain services. These businesses, together with the core areas that will be reforged and strengthened in fiscal 2026, will be the means whereby we achieve rapid growth. Our ability to expand into growth areas as well as the completely new field of total supply chain services, despite the struggles of the overall ethical pharmaceutical wholesaling industry, is a result of the strong position we have established in the Ethical Pharmaceuticals Wholesaling Business. Because we have maintained the No. 1 share of the market for more than 15 years, we are primed to steadily conduct investments from a medium- to long-term perspective, even as the rest of the industry fights for its survival.

Transition from Conceptual to Implementation Phase for Total Supply Chain Services

The Alfresa Group offering that best symbolizes the evolution of our total supply chain services is PATH-Solution[18], which was released in January 2026. PATH-Solution is a service that supports everything from market analysis to development, manufacturing, sales, distribution, and post-marketing surveillance for use by bioventure companies or other overseas companies looking to enter into the Japanese market with new products.

Our 2024 investment in Ark Medical Solutions Inc. gave us access to contract research organization*6 and post-marketing surveillance functions. We then went on to acquire other necessary functions through the absorption of specialized companies and via business alliances. Through this process, Alfresa was able to acquire all of the pieces needed to propel its total supply chain services from their conceptual phase to their implementation phase. Meanwhile, our participation in overseas academic events and other venues has already enabled us to receive inquiries and even contracts from biomanufacturers and venture companies in the United States and Europe. Our total supply chain services have the potential to address social issues related to drug loss, in which high-quality overseas pharmaceuticals are unable to be introduced into Japan, while also giving new pharmaceutical options to patients for which viable treatment methods were previously unavailable. For these reasons, we believe that these services have incredible social significance while also being clearly distinct from conventional wholesaling functions.



The investment in Ark Medical Solutions Inc. also presented us with an unexpected business opportunity: We have been able to start exploring the burgeoning market of post-marketing surveillance for over-the-counter (OTC) pharmaceuticals*7 through coordination between Ark Medical Solutions and the Self-Medication Products Wholesaling Business. The timing of this opportunity falls amid the trend toward providing prescription pharmaceuticals in an OTC capacity as part of efforts to limit national healthcare spending.

Steady progress is also being made in terms of getting new areas running. In the regenerative medicine field, Group venture company Cell Resources Corporation has made its first shipment of master cells, a type of cellular raw material used in the production of regenerative medicine and other products. This first shipment represents a huge step forward in our regenerative medicine operations. Elsewhere, we are making strides in developing frameworks for ensuring reliable domestic supplies via our biosimilar contract development and manufacturing organization operations*8 by establishing new domestic manufacturing bases that utilize the Group's distribution network.

*5 An adjunctive treatment for anaphylaxis (general name: adrenalin) released by Alfresa Pharma Corporation in February 2026
*6 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions
*7 Pharmaceuticals that can be purchased in pharmacies, drugstores, etc., without a prescription written by a physician
*8 Contract services ranging from development of manufacturing processes for pharmaceuticals to investigational and commercial manufacturing

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Human Resources Supporting Evolution and Sustainability

Our evolution is supported by our human resources. It is our people who are the driving force behind our growth as a company and our most important form of management capital. Konosuke Matsushita, the visionary and founder of consumer electronics giant Panasonic, spoke of the importance of "valuing people." This sentiment is a core element of my management approach.

We are, of course, advancing training and other human resource development programs. At the same time, we are ramping up exchanges within the Group, an example of which is the Okayama Project.*9 In this project, coordination is being pursued between members of Ethical Pharmaceuticals Wholesaling Business operating companies in a manner that goes beyond sales representatives. The benefits of this project are already appearing in the form of increased sales figures as well as in the diversification of values and greater employee engagement. In the Ethical Pharmaceuticals Wholesaling Business and other existing businesses, we seek to heighten productivity through AI, IT, and digital transformation while pursuing headcount optimization. Our approach toward Groupwide headcount optimization looks to the future as opposed to being premised on the near term. This is why we are focused on protecting employment and continuing to develop our employees in a sustained, ongoing manner.



One of the most fundamental aspects of management is to adhere to the rules. Healthy corporate activities are a must for preventing misconduct and accidents as well as for maintaining the trust of society. However, we have to do more than just obey the rules; it is equally important to focus on the value creation that can only be achieved based on the faithful application of the rules. I refer to doing so as going beyond "rule-based compliance" to practice "value-based compliance," which entails using compliance to create value and ultimately improve corporate value. Complying with laws and social norms is not enough. We must also promote sustainability by continuing to provide society with new value through human resource, stable supply, quality, governance, digital transformation, and environmental initiatives.

The Alfresa Group does not view sustainability purely in terms of costs and areas requiring management. Rather, we advocate the idea of "sustainability value[2]," which contributes to our future corporate value.

Instead of framing it as a means of protecting ourselves from threats, sustainability is an outlet for social value creation through investments in trust, competitiveness, human resources, resilience, and other intangible assets and also a driving force behind our efforts to shape the future. Accordingly, we are promoting sustainability to support Alfresa's ongoing growth and improve corporate value.

To Our Stakeholders

Ensuring that we are always able to provide a stable supply of pharmaceuticals under any circumstances is a foundational part of fulfilling our responsibility. The social climate is undergoing immense changes, as seen in natural disasters, outbreaks of infectious diseases, geopolitical risks, and the recent rise in the threats of cyberattacks. As a company supporting social infrastructure, Alfresa is charged with the critical task, its most crucial responsibility, of ensuring that healthcare services are not interrupted. Going forward, we will continue our diligent efforts to strengthen our risk management systems to guarantee that we always remain a bulwark of social infrastructure.

In connection with our responsibility to ensure a stable supply of pharmaceuticals, we have recently found ourselves pressed to undertake a new task: preventing drug loss and extending healthy life expectancies through our total supply chain services. Succeeding in this task and transforming our earnings structure will be crucial in our accomplishment of the Medium- to Long-Term Vision target of reliably producing ROE of 8% or higher after fiscal 2032 and in our ability to meet our obligations to shareholders and other investors.

The Company's price-to-book ratio*10 remains below 1.0 times. I recognize this is an indication that our growth strategies and earnings power have not yet been sufficiently recognized by the capital markets. Our traditional wholesaling operations will not be enough to increase said markets' appraisal of Alfresa; we will also need to evolve our earnings structure itself by creating new value through the initiatives I have discussed today.

For this reason, we are committed to fostering unique businesses centered on our total supply chain services so that we can contribute to the resolution of social issues while also improving corporate value.

By developing our total supply chain services to connect functions across segments and serve as an entity helping underpin social infrastructure, the Alfresa Group will continue to evolve, transforming from a provider of pharmaceuticals to become a corporate group that creates new value in the fields of medicine and healthcare. I believe that we have made tangible progress in the quest to fulfill our responsibility and evolve as defined by the Alfresa Group. In conclusion, I would like to ask that all of our stakeholders, including shareholders, adopt a longer-term perspective as they observe us on this quest.



*9 Groupwide project modeled after initiatives conducted in Okayama Prefecture in which personnel and knowledge from various Group companies are assembled to address social issues through the use of pharmaceuticals, medical devices and materials, reagents, and digital services

*10 Ratio of share price to net assets per share

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The Alfresa Group's Progress and the Strengths It Has Cultivated

The Alfresa Group has developed a nationwide distribution network through efforts centered on the integration of pharmaceutical wholesalers rooted in their respective communities. At the same time, we have proceeded to expand the scope of our businesses in areas including self-medication, manufacturing, dispensing pharmacies, and healthcare-related services. We are currently in the process of evolving and expanding total supply chain services[19] that leverage the Group's collective strength to create new value.

Evolution and expansion of total supply chain services following building of foundations through mergers and expanded businesses

1 Foundation Building Through Mergers

Birth of corporate group developing both wholesaling and manufacturing businesses

Alfresa's Predecessors

- 1918 Yokoi Pharmacy → 1948 Showa Pharmaceuticals (Aichi Prefecture)
- 1920 Nakashima Shigeru Shoten → 1952 Nippon Shoji Kaisha, Ltd. (Osaka Prefecture)
- 1938 Fukujin Pharmacy → 1964 Fukujin Co., Ltd. (Tokyo Prefecture)

1998 AZWELL Inc. (Osaka Prefecture)

2003 Establishment of Alfresa Holdings Corporation

alfresa group

Strengthening of business foundation and growth through management integrations and mergers

Today

(1) Nationwide distribution network (2) Stable supply systems

(3) Wide-ranging business scope

2 Expansion of Businesses and Strengthening of Functions

Nationwide supply network and high-value-added services

- Ethical Pharmaceuticals Wholesaling Business
- Dispensing Pharmacy and Related Businesses
- Self-Medication Products Wholesaling Business
- Regenerative Medicine-Related Business
- Manufacturing Business
- CRO*1 Business

Strengthening of Functions

- Accommodation of specialty pharmaceuticals
- Development of regenerative medicine supply chains
- Acquisition of contract research organization (CRO) and post-marketing surveillance*2 functions
- Evolution and expansion of total supply chain services

3 Cultivated Strengths

(1) Operating foundation supporting leading sales position in the domestic ethical pharmaceuticals wholesaling market

- Wealth of human capital
- Diverse product and service portfolio
- Highly functional logistics infrastructure
- Strong, trust-based relationships with business partners

Sales in the domestic ethical pharmaceuticals wholesaling market **No.1***3

(2) Nationwide distribution network and stable supply systems

- More than 200 logistics bases nationwide
- Infrastructure supporting stable supply of pharmaceuticals and other products
- Logistics system capable of functioning even during disasters

(3) Wide-ranging business scope supporting collective strength

- Broadened scope of businesses supporting the entire supply chain for pharmaceuticals and other products
- Operating foundations with manufacturing, logistics, sales, and dispensing pharmacy functions
- Sophisticated supply chain functions



*1 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions
*2 Investigations conducted to ensure the quality, effectiveness, and safety of pharmaceuticals and medical devices after they are sold
*3 Source: "2025 Pocket Edition: Latest Pharmaceuticals Industry Rankings" Pharmaceutical Product Sales of Wholesaler Groups (Drug Magazine Co., Ltd.)

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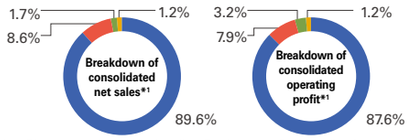
Business Domains and Business Models

Healthcare-related products, starting with the pharmaceuticals prescribed at hospitals and distributed at dispensing pharmacies, play a vital role in maintaining people's health and lives. Centered on the Ethical Pharmaceuticals Wholesaling Business, the Alfresa Group is engaged in a range of business domains, from the manufacture and wholesale of pharmaceuticals and other products to the operation of dispensing pharmacies. The Group works as one to support the pharmaceutical supply chains that are part of Japan's social infrastructure. By expanding and transforming our business portfolio, we aim to become a Healthcare Consortium[10] capable of providing products and services in a host of healthcare-related areas.

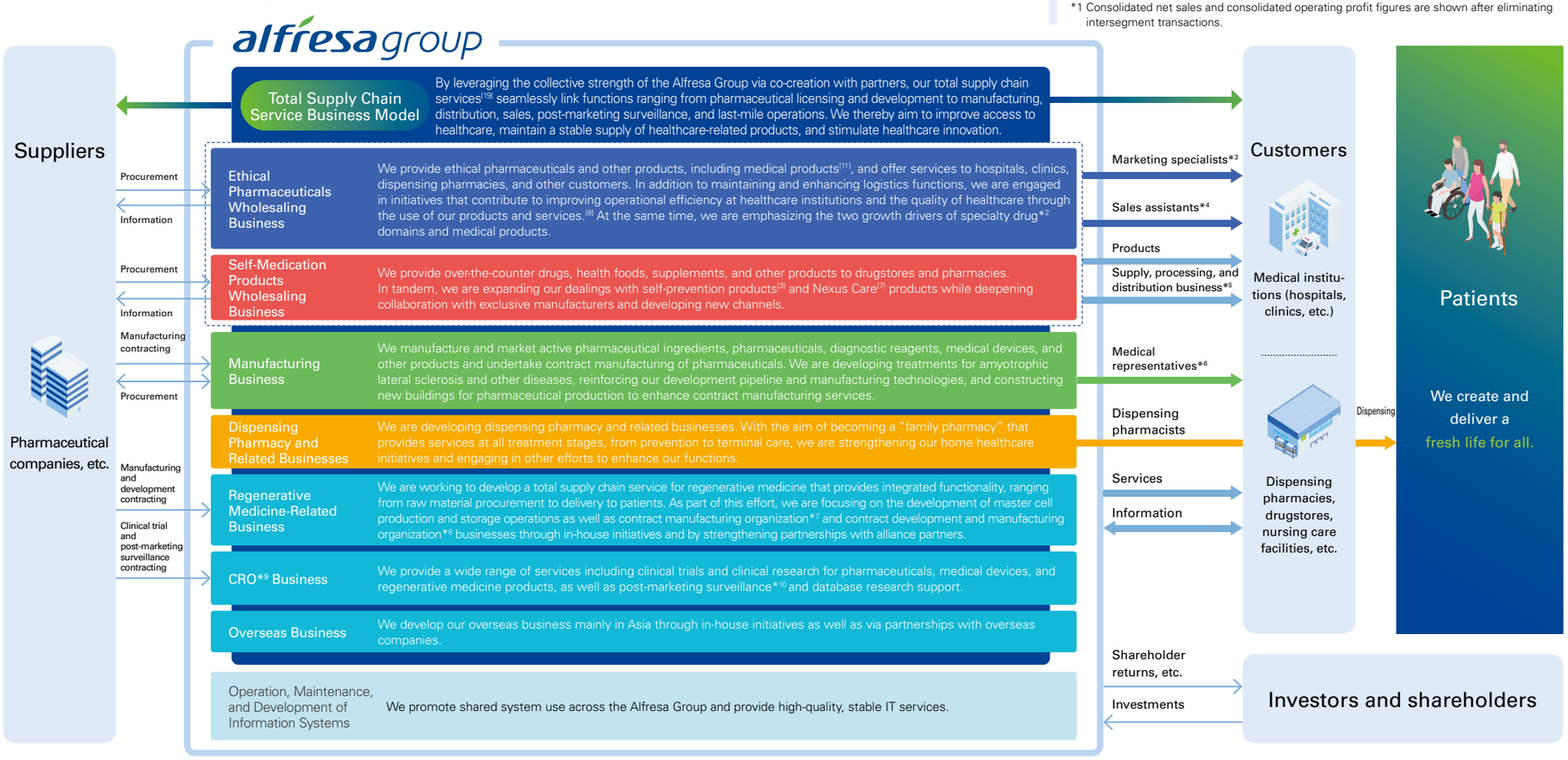
Consolidated net sales
¥3,104.0 billion

Consolidated operating profit
¥36.1 billion

FY2025



*1 Consolidated net sales and consolidated operating profit figures are shown after eliminating intersegment transactions.



*2 Products with drug creation premiums and patented drugs
*3 Sales personnel who have specialist knowledge about products and services in the Ethical Pharmaceuticals Wholesaling Business
*4 Professionals responsible for ensuring the proper and timely distribution of pharmaceuticals and other healthcare-related products
*5 The business of providing outsourced logistics services within hospitals
*6 Salespeople at pharmaceutical manufacturers who provide information about drugs to doctors and pharmacists, as well as gather and communicate information
*7 A specialized organization that contracts and conducts pharmaceutical manufacturing on behalf of pharmaceutical companies
*8 A specialized organization that contracts services ranging from development of manufacturing processes for pharmaceuticals to investigational and commercial manufacturing
*9 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions
*10 Investigations conducted to ensure the quality, effectiveness, and safety of pharmaceuticals and medical devices after they are sold

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How the Pharmaceutical Distribution Industry Works

Pharmaceutical wholesalers play an important role in maintaining the social infrastructure supporting Japan's healthcare system by ensuring the quality control of pharmaceuticals and supplying these products, which fulfill an essential function in treating and saving human lives, to hospitals, clinics, dispensing pharmacies, and other healthcare institutions in the appropriate quantities, as and when they are needed. Pharmaceuticals must be reliably supplied under normal circumstances as well as during times of disaster, pandemics, or other emergencies.Ensuring reliable supplies requires the strengthening of stable supply systems and enhancement of distribution functions.

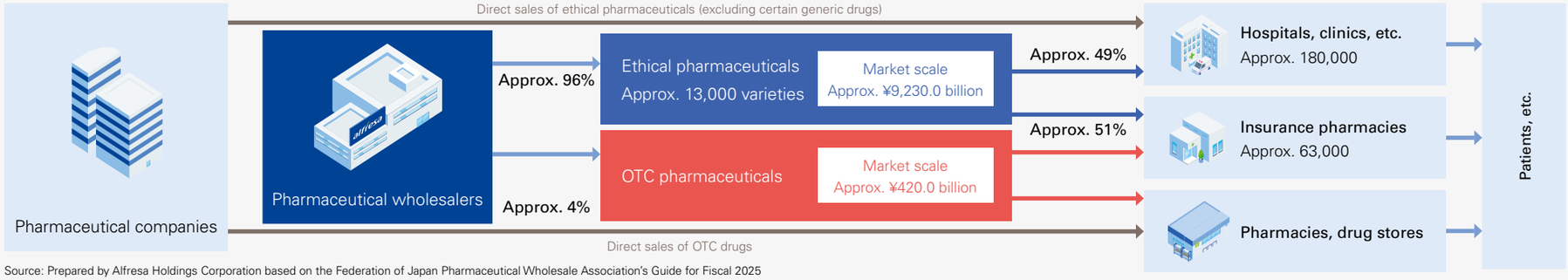
Response to Japan's Aging Population and Rising Healthcare Needs

As Japan's population ages, social security costs are increasing, and public spending is growing significantly. Accordingly, the government is revising compensation and payment standards and reforming healthcare systems to ensure the sustainability of Japan's social security system. In addition, reforms are underway to address the way healthcare professionals work and to promote regional healthcare concepts, with the aim of enhancing functional differentiation between and collaboration among hospitals and optimizing drug costs.

Framework for Pharmaceutical Distribution in Japan

Pharmaceuticals include ethical pharmaceuticals that are prescribed by doctors and used in accordance with their instructions as well as over-the-counter (OTC) pharmaceuticals*1 that consumers can buy at drugstores and other outlets. Approximately 96% of pharmaceuticals handled by pharmaceutical wholesalers are ethical pharmaceuticals, the overwhelming majority of which are ethical pharmaceuticals (except certain generic drugs*2) that are procured from manufacturers by pharmaceutical wholesalers, who deliver them to medical institutions. In this way, pharmaceutical wholesalers support the distribution of pharmaceuticals in Japan.

Distribution Structure of Ethical Pharmaceuticals in Japan



Source: Prepared by Alfresa Holdings Corporation based on the Federation of Japan Pharmaceutical Wholesale Association's Guide for Fiscal 2025
*1 Pharmaceuticals that can be purchased in pharmacies, drugstores, etc., without a prescription written by a physician
*2 Drugs with the same active pharmaceutical ingredients in the same amounts as original drugs, and thus judged to have the same efficacy, that are sold after the patent for the original drug has expired

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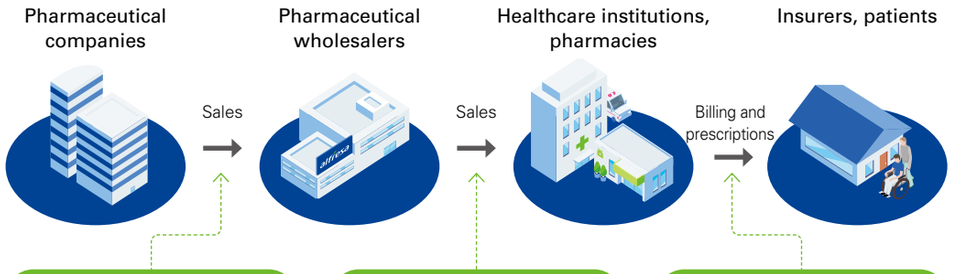
The pharmaceutical distribution industry has an important social role as well as a distinctive operating environment that is created by strict regulation through public health insurance systems and frameworks and rules related to pharmaceutical distribution.

NHI Drug Price Standard System and Actual Market Prices

In Japan, the national government sets official drug prices through the National Health Insurance (NHI) drug price standard system and lists the drugs that are covered by the NHI system. Hospital and clinic charges that arise when medical institutions bill for medical fees or when dispensing pharmacies invoice for dispensing fees are calculated based on NHI drug prices. Starting in April 2021, NHI drug price revisions became an annual occurrence following the introduction of interim-year revisions. These revisions are designed to reflect actual market prices (selling prices) in a timely fashion, thereby closing the gap between official and market prices. At the same time, the acceleration of drug price reductions has led to a deterioration in the profitability of pharmaceutical products and supply destabilization, among other issues.



The price that pharmaceutical wholesalers pay to procure pharmaceuticals from pharmaceutical companies

The price of pharmaceuticals sold by pharmaceutical wholesalers to healthcare institutions

The official price of ethical pharmaceuticals decided by the national government

Industry-Specific Business Practices and Guidelines

In 2018, the Japanese government formulated Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies for the purpose of accelerating initiatives to improve distribution and address issues in the supply of ethical pharmaceuticals, thereby striving to eliminate the negative primary trade price spread,*3 ending the practice of deliveries prior to price agreements,*4 and promoting unit price-based transactions.*5 Although distributors have implemented initiatives based on these guidelines and have made certain improvements, the guidelines were revised in January 2022, March 2024, and March 2026 in order to promote fundamental improvements for addressing issues related to supply chain stability and rising prices.

*3 Where the wholesale price is lower than the wholesale procurement cost
*4 Transactions through which products are delivered to medical institutions, etc., prior to agreements on wholesale prices
*5 Transactions with wholesale prices set for individual pharmaceuticals to end the practice of bundled transactions, where discounts are negotiated on the total price of several pharmaceuticals

Profit Structure at Ethical Pharmaceutical Wholesalers

Profits at ethical pharmaceutical wholesalers are derived from the primary trade price spread between the wholesale price and wholesale procurement cost, rebates*6 and allowances*7 that manufacturers pay to wholesalers, and information provision fees,*8 among other sources. Ethical pharmaceutical wholesalers are working to improve the primary trade price spread.

*6 Discounts and refunds based on transaction volume, payment conditions for purchases, delivery methods, etc.
*7 Incentives offered for sales promotion or other purposes
*8 Fees for providing information about sales records as well as product recalls, shipping and handling, data business services, etc.

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Functions Required of Pharmaceutical Wholesalers

Functions Required of All Pharmaceutical Wholesalers Today

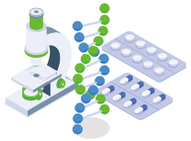
Pharmaceutical wholesalers require the ability to reliably supply pharmaceuticals and manage quality in accordance with Good Distribution Practice guidelines*1 for medicinal products. In addition, pharmaceutical wholesalers must be able to gather and communicate pharmaceutical information and sell pharmaceuticals and other products at prices that accurately reflect their value, in order to fulfill their role as an important part of social infrastructure supporting people's health and healthcare systems. At the same time, the environment surrounding healthcare and pharmaceutical distribution in Japan is undergoing massive changes due to uncertainties regarding pharmaceutical supply, rising healthcare demand accompanying population aging, increasingly sophisticated and diverse healthcare options, and digitalization. In light of these changes, pharmaceutical wholesalers are pressed to provide even more sophisticated value in addition to their conventional functions.

*1 Basic guidelines for quality assurance in the distribution process of pharmaceutical products



- Selling Pharmaceuticals Based on Their Value
- Ensuring the Timely Delivery of Pharmaceuticals Where They Are Needed
- Connecting Diverse Community Members
- Strictly Controlling the Quality of Pharmaceuticals

Functions That Will Be Required of Pharmaceutical Wholesalers in the Future



1. Responding to New Modalities*2

Recent years have seen advances in the practical application of pharmaceuticals for various modalities, such as nucleic acid medicine, cell therapy, gene therapy, and digital therapeutics.*3 In addition to therapeutic drugs, we have seen progress regarding diagnostics for determining hereditary tendencies in disease risk and highly specialized personalized medicine, requiring the use of a wide variety of pharmaceuticals that are produced in small lots along with the management, storage, and distribution functions they require.



2. Supporting Comprehensive Community-Based Care

In conjunction with the aging of the population in Japan, there is a call for the provision of comprehensive community-based care integrating healthcare, caregiving, preventive medicine, and lifestyle-support services. To respond to this demand, it is important to connect diverse community members, including healthcare institutions, pharmacies, nursing care facilities, and municipal government agencies, in order to provide complete and comprehensive healthcare and caregiving services centered on patients.



3. Increasing Patient Access to Pharmaceuticals

More drugs are being developed for rare diseases, as are other treatments for various modalities. Support is required to provide patients for access to effective drugs and treatments they previously could not receive. With the advancement of the Community-Based Integrated Care System and the digitalization of healthcare, we anticipate rising demand for last-mile pharmaceutical deliveries to patients' homes.

*2 Types and technological categories of pharmaceuticals and treatment methods, such as small-molecule pharmaceuticals, antibody drugs, nucleic acid medicines, and regenerative medicines
*3 Healthcare software that supports or carries out healthcare procedures, such as disease prevention, diagnosis, and treatment, using digital technologies

Evolving Functions of Pharmaceutical Wholesalers

Traditional Pharmaceutical Wholesaler Functions

- Supply of pharmaceuticals, etc.
- Communication of information
- Support for distribution
- Provision of wholesaling functions

Evolving Pharmaceutical Wholesaler Functions

- Support for access to healthcare
- Utilization of data
- Connection of community healthcare constituents
- Co-creation of healthcare value

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Evolution of Pharmaceutical Wholesaler Functions Based on the Alfresa Group's Collective Strength

Over the years, the Alfresa Group has continued to fulfill its social responsibility as a pharmaceutical wholesaler supporting the stable supply of pharmaceuticals and other products. However, the emergence of more diverse and sophisticated healthcare needs and the changes in healthcare systems have given rise to an increasing number of challenges that cannot be overcome with our traditional pharmaceutical wholesaling functions alone. The Group is therefore leveraging its wide-ranging operating foundations, which are centered on manufacturing, distribution, and dispensing pharmacy operations, together with its collective strength to evolve its pharmaceutical wholesaler functions through total supply chain services[19].

The Alfresa Group's Responsibility

Stable supply of pharmaceuticals

Reliable delivery of products essential to people's lives across Japan

Changes in Social and Healthcare Environment

- Population aging and decline in working-age population
- Changes in healthcare systems
- Emergence of more diverse and sophisticated healthcare needs (newly developed drugs, regenerative medicine, etc.)
- Advancements in AI and digital technologies

Social Expectations

- Improved access to pharmaceuticals and treatments
- Response to more diverse and sophisticated healthcare needs
- Creation of sustainable healthcare and transformation into a Healthcare Consortium

Challenges that cannot be overcome with our traditional pharmaceutical wholesaling functions alone

- Rising supply uncertainties
- Growing disparities in healthcare service availability and quality by region
- Labor shortages and increased labor requirements
- Difficulty of swiftly adopting new treatment methods and pharmaceuticals
- Increased supply chain complexity and costs

The Alfresa Group's Collective Strength (Wide-Ranging Operating Foundations and Nationwide Network)

- Ethical Pharmaceuticals Wholesaling Business
- Self-Medication Products Wholesaling Business
- Manufacturing Business
- Dispensing Pharmacy and Related Businesses
- Others (Regenerative Medicine-Related and CRO Businesses)
- Information, Digital Transformation
- New Businesses, External Partnerships

Total Supply Chain Services

Licensing and Development → Approval → Manufacturing → Distribution and Storage → Sales and Supply → Post-Marketing Surveillance → Last-Mile Operations

Value Created Through Evolution of Pharmaceutical Wholesaling Functions

1 Improved access to healthcare

Contribution to health maintenance and improvement by delivering the necessary pharmaceuticals and healthcare services where they are needed

2 Stable supply of pharmaceuticals and assurance of quality and safety

Optimization of entire supply chain to provide stable supply of high-quality pharmaceuticals

3 Implementation of healthcare innovation

Creation of new treatment opportunities by swiftly delivering innovative new pharmaceuticals and treatment methods to patients

4 Contribution to sustainable community healthcare

Improvement of efficiency for healthcare professionals and support for home healthcare to contribute to increased sustainability in community healthcare

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Evolving Healthcare Consortium

By fully leveraging our pharmaceutical wholesaling and distribution, information provision, manufacturing, and family pharmacy functions in the medical and healthcare fields, we aim to accompany people along their life journey and become a "Healthcare Consortium[10] that provides products and services in every health-related field."

Expansion of Healthcare Consortium

The Alfresa Group is expanding the scope of its business to support people's health and lifestyles.

Q. Why does Alfresa continue to evolve?

A. The operating environment surrounding medicine and healthcare is undergoing massive changes. The Alfresa Group has continued to expand the scope of its business while adapting to these changes. Through this process, we hope to contribute to the realization of a society in which everyone has access to the healthcare and services they need.

Q. What is the goal of Alfresa's evolution?

A. The Alfresa Group is expanding into a wide range of healthcare fields, spanning from preventive medicine and general healthcare to medical services, dispensing pharmacies, home healthcare, caregiving, and lifestyle support. We are thereby providing diverse forms of value. At the same time, we will connect the value provided by both internal and external partners to evolve into a Healthcare Consortium that grows together with society.



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The Alfresa Group's Value Creation Process

The Alfresa Group is leveraging the strengths it has cultivated as a provider of social infrastructure supporting medicine and healthcare in order to evolve its total supply chain services[19]. We thereby aim to transcend the boundaries of pharmaceutical distribution to create new value. Going beyond the stable supply of pharmaceuticals, we will create social value by contributing to the development of community healthcare systems and the healthcare industry as a whole. This process is anticipated to drive the ongoing growth and improvement of corporate value for the Group. By leveraging our six types of management capital, we will engage in co-creation with diverse stakeholders to realize our vision for a Healthcare Consortium[10] and thereby contribute to the resolution of social issues while creating economic value. Evolving to fulfill our responsibility and shape the future—this is the Alfresa Group's value creation process.

Sources of the Alfresa Group's Competitiveness (Six Types of Capital) P56

The Alfresa Group's Philosophy

Our Mission We create and deliver a fresh life for all.

Our Vision We aim to become a Healthcare Consortium that provides products and services in every health-related field.

Our Promises Reliability / Safety / Sincerity

Our Responsibility

Ongoing support for healthcare

Realization of Vision for Healthcare Consortium





Our Evolution

Evolution to achieve our ideals

Corporate Value Improvement

Improvement of corporate value over the medium to long term

Greater value for shareholders and other stakeholders

Ongoing growth

Corporate group that is trusted and chosen by all stakeholders

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The Alfresa Group's Value Creation Process

We will evolve our total supply chain services to become a Healthcare Consortium and create new value.

Sources of Value Creation (Six Types of Management Capital)

Financial Capital
Firm financial base, fund procurement capabilities, and capital capacity supporting growth

Human Capital
Talented people with diverse expertise and frontline know-how

Manufactured and Logistics Capital
Manufacturing and logistics bases, quality assurance systems, IT platforms, and nationwide distribution network

Intellectual Capital
Pharmaceutical knowledge and information and data utilization, R&D, and business creation capabilities

Social and Relationship Capital
Robust network of and trusting relationships with healthcare institutions, pharmaceutical companies, government agencies, and communities

Natural Capital
Energy, water resources, and other natural capital supporting businesses

Value Creation Foundations

Total Supply Chain Services

Support for evolution of businesses with the Group's collective strength

- Licensing and Development
- Manufacturing, Distribution, and Sales
- Post-Marketing Surveillance and Last-Mile Operations

Seamless connection of diverse functions to evolve businesses and realize vision for a Healthcare Consortium

Group Strengths Supporting Total Supply Chain Services

- Groupwide collective strength
- Nationwide logistics infrastructure
- Specialized knowledge and expertise
- Digital technology utilization and quality management

Evolution of Businesses

Core Areas
Stable supply and efficient distribution centered on the Ethical Pharmaceuticals Wholesaling Business

Growth Areas
Solutions, medical products[11], CRO,*1 and other businesses to be expanded in pursuit of ongoing growth

New Areas
Regenerative medicine, biosimilars, beauty, veterinary, and other businesses for creating future value

Realization of vision of becoming a Healthcare Consortium

Business Outcomes

Stable Supply of Pharmaceutical and Other Products
Stable supply of the necessary pharmaceuticals and other products with the required quality, where and when they are needed

Contribution to Community Healthcare
Contribution to the sustainability and improved quality of community healthcare as a partner to healthcare institutions

Development of Healthcare Industry
Support for development of the healthcare industry through co-creation with pharmaceutical companies and healthcare institutions

Social Value + Financial Value

Extension of Healthy Life Expectancies
Contribution to creating a society that provides a fresh life for all

Improved Access to Healthcare
Access to healthcare regardless of regional, environmental, or economic circumstances

Healthcare Innovation[9]
Evolution of healthcare by creating new value and services

Contribution to a Sustainable Society
Contribution to a society that continues to support people's health and lifestyles

Sales Growth
Ongoing sales growth driven by expansion of healthcare field

Profit Growth
Profits generated through enhancement of earnings base

Cash Generation
Generation of robust cash flows to maintain financial health and conduct growth investments

Improved Capital Efficiency
Continuous creation of value by balancing growth investments with capital efficiency

Management Foundations Underpinning Value Creation

Sustainability Strategy P31

Corporate Governance | Compliance | Risk Management | Human Capital Strategy | Digital Transformation | Sustainability (ESG)

Stakeholders Joining Us in Value Creation

Consumers and Patients | Healthcare Institutions and Pharmacies | Pharmaceutical Companies and Manufacturers | Business Partners | Shareholders and Other Investors | Employees | Communities

*1 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions

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MESSAGE

Evolution of Total Supply Chain Services from a Concept to Meaningful Implementation

Evolving our responsibility to remain relevant in the coming era through the power of overall optimization



Shigeki Ohashi
Director, Vice President & Executive Officer,
Group Business Strategy

The Alfresa Group's development of total supply chain services[19] means more than just creating new services; it is an undertaking for evolving efforts to fulfill our social responsibility—providing the necessary pharmaceutical and health products and services to those in need when they are needed—to remain relevant in the coming era. The healthcare field in Japan is currently plagued with numerous structural issues. These include drug lag and drug loss issues[5] as well as concerns related to pharmaceutical supply, shortages of healthcare workers, and threats to the sustainability of community healthcare systems. These issues cannot be addressed with a single function or by a single company; they must be tackled through a framework for reliably delivering healthcare resources that links functions ranging from development and pharmaceutical affairs to manufacturing, quality assurance, distribution, sales, and last-mile operations.

Our total supply chain services represent a new model for supplying value through such a framework. By incorporating the functions of Group companies and the insight of global partners into the pharmaceutical distribution platform we have long been fostering, we are able to provide comprehensive support for the entirety of the supply chain. We thereby aim to transcend the boundaries of a conventional pharmaceutical distribution company to become a co-creative platform for implementing healthcare innovations in society. This is a central pillar of our quest to become a Healthcare Consortium[10].

One concrete application of our total supply chain services is the PATH-Solution[18] service platform. Tailored to bioventure companies and other overseas companies, this solution offers comprehensive support to said companies in terms of the development, regulatory approval application, manufacturing, distribution sales, post-marketing surveillance, and supply functions they need to enter into the Japanese market. Our goal is to let patients in Japan access new treatments not yet available in the country as soon as possible. This represents a new business opportunity as well as a part of our responsibility toward patients and healthcare institutions.

As we embark on this new undertaking, we continue to position quality as the bedrock supporting everything we do. Accordingly, the Alfresa Group will be working to heighten quality governance across the supply chain as it seeks to build a platform that guarantees the safe, reliable, and consistent supply of pharmaceuticals.

Through our total supply chain services, we will provide a collaboration platform for expanding treatment options and improving the quality of life*1 of patients by supporting entry into the Japanese market by overseas companies. This platform will also make it easier for healthcare institutions to adopt the latest healthcare innovations and for partner companies to exhibit their respective expertise.

Together with its diverse partners, the Alfresa Group will transform healthcare innovations from around the world into social value and devote its efforts to evolving its total supply chain services in order to practice its Mission of "we create and deliver a fresh life for all." As a company supporting healthcare and a partner in shaping the future thereof, we will take the next step toward providing new options for healthcare in Japan.

*1 Term explicitly referring to an individual's vitality and life motivation and satisfaction that encompasses factors such as physical and mental health and social participation
*2 New or highly effective pharmaceuticals

Why

Q. Why do we need total supply chain services today and what value do they provide?

The healthcare field is currently undergoing massive changes, increasing the number of issues that cannot be addressed through function-specific optimization. To tackle these issues, we will need to link the Alfresa Group's development, manufacturing, distribution, sales, and post-marketing surveillance functions to create value from an overall optimization perspective. Total supply chain services are our tool for accomplishing this objective and a vessel for delivering new value to patients, healthcare institutions, and society. With these services, we will contribute to the sustainability of the healthcare sector by improving access to healthcare, ensuring stable supplies of related products, and guaranteeing their quality and safety.

› See Q.1 (page 20) for more information on the necessity of total supply chain services and the value they provide.

How

Q. How do total supply chain services create value?

To give form to the value provided by total supply chain services, we launched the PATH-Solution service platform for providing patients in Japan with innovative new pharmaceuticals*2 from overseas. This platform introduces Japan to new treatment options through comprehensive support linking functions ranging from the introduction of such options to the supply of the necessary products.

› See Q.2 (page 21) for an overview of PATH-Solution.

Vision

Q. What is the next step for Alfresa's total supply chain services?

The Alfresa Group aims to build upon its global partnerships as it expands the application of its total supply chain services to encompass regenerative medicine, biopharmaceutical, and a myriad of other healthcare fields. We are committed to creating value to support the future of healthcare, and our total supply chain services represent a large stride toward realizing this ideal.

› See Q.3 (page 22) for information on the future prospects of and initiatives related to total supply chain services.

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Q.1 Why

Q.1 What are total supply chain services?

Business model offering integrated support linking functions ranging from introduction and development to last-mile operations

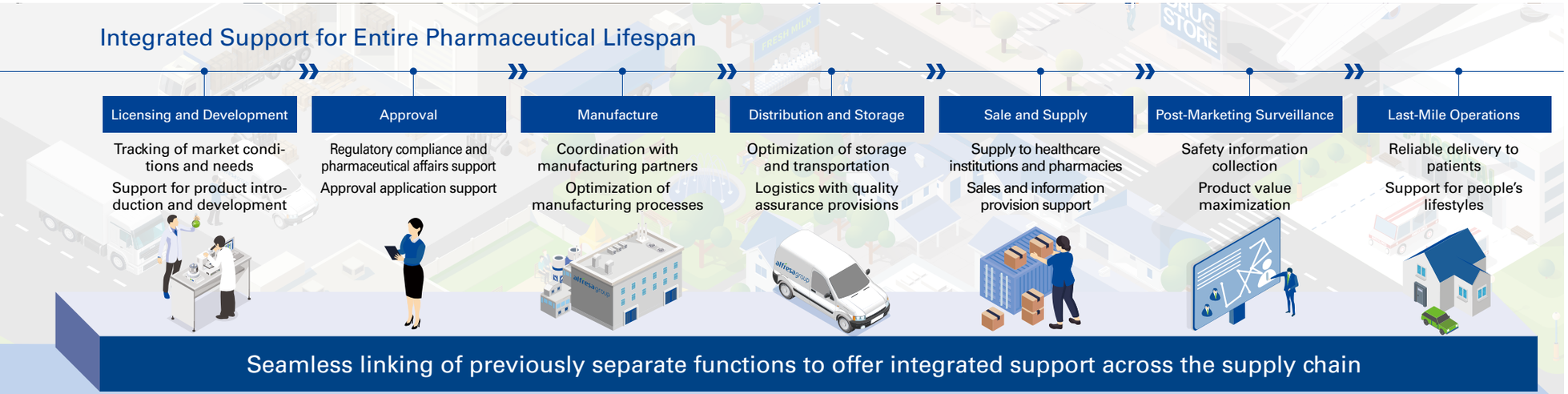
The Alfresa Group possesses a broad range of functions covering the entire pharmaceutical lifespan. Our total supply chain services represent a unique approach toward linking these functions to offer support across the supply chain in pursuit of overall optimization.

Key Point Total Supply Chain Services

The Alfresa Group's total supply chain services involve an integrated approach toward areas extending from the introduction and development of pharmaceuticals and other products through to their manufacture, distribution, sale, post-marketing surveillance, and last-mile operations to seamlessly link the Group's various functions in pursuit of optimization spanning the entire supply chain.

Integrated Support for Entire Pharmaceutical Lifespan

Licensing and Development	Approval	Manufacture	Distribution and Storage	Sale and Supply	Post-Marketing Surveillance	Last-Mile Operations
Tracking of market conditions and needs Support for product introduction and development	Regulatory compliance and pharmaceutical affairs support Approval application support	Coordination with manufacturing partners Optimization of manufacturing processes	Optimization of storage and transportation Logistics with quality assurance provisions	Supply to healthcare institutions and pharmacies Sales and information provision support	Safety information collection Product value maximization	Reliable delivery to patients Support for people's lifestyles



Seamless linking of previously separate functions to offer integrated support across the supply chain

Necessity of Total Supply Chain Services

Total supply chain services are necessary to evolve from function-specific optimization to cross-functional value creation in order to enable us to fully utilize the Alfresa Group's collective strength.

- Inability to fully draw upon the Group's overall value through function-specific optimization alone
- Potential for swift, integrated decision-making by coordinating information and judgments
- Need for cross-functional perspective to utilize the Group's collective strength

Characteristics of Total Supply Chain Services

Our total supply chain services seamlessly link the Group's various functions.

- Approach accounting for the entirety of product life cycles
- Integrated response to distribution, sales channel, information, and regulatory needs
- High capacity to utilize the Group's comprehensive strengths
- Co-creation of value together with partners

Value Created by Total Supply Chain Services

Total supply chain services contribute to the future of the healthcare field by creating value for patients, healthcare institutions, and society.

- Improvement of access to healthcare (elimination of drug lag and drug loss issues)
- Contribution to supply stability and minimization of supply risks
- Assurance of product quality and safety and improvement of reliability
- Swift social implementation of healthcare innovations
- Enhancement of creativity and competitiveness of Japan's healthcare sector

Goals of Total Supply Chain Services

Total supply chain services form the foundation for the evolution of our Healthcare Consortium concept.

- Comprehensive support for all functions for providing pharmaceuticals
- Enhancement of the Alfresa Group's value proposition
- Reinforcement of foundations supporting the entire healthcare sector

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Q.2 How

Q.2 How do total supply chain services create value?

PATH-Solution service platform for providing patients in Japan with innovative new pharmaceuticals from overseas

PATH-Solution is a service platform for providing patients in Japan with innovative new pharmaceuticals from overseas that was developed to support the creation of value through our total supply chain services. This platform integrates previously separate functions to offer integrated support for areas spanning from product introduction to supply.



Key Point PATH-Solution

PATH-Solution is a service platform for giving form to the concept of total supply chain services. An initialism for "Platform for Accelerating Therapeutics in Healthcare," PATH-Solution is designed to create a path for innovative new pharmaceuticals from overseas to be brought into the Japanese market so they can be provided to patients in Japan. By integrating development, manufacturing, marketing, distribution, and other functions, this solution offers support for processes spanning from product introduction to supply with the aim of granting patients access to new treatment options.

Why is PATH-Solution necessary?

Overseas companies face various hurdles and a great deal of uncertainty when attempting to enter into the Japanese market. Meanwhile, Japan continues to struggle with drug lag and drug loss issues.

Investment Uncertainty

Difficulty in predicting investment scales and returns complicating business decisions

Obstacles to Selecting Partners

Lack of information necessary for selecting Japanese companies and partners

Challenges in Building Implementation Frameworks

Uncertainty regarding methods of building appropriate implementation frameworks

Relationship to Total Supply Chain Services

PATH-Solution is a platform for providing concrete value as part of efforts implementing Alfresa's total supply chain services. By integrating previously separate functions, this platform allows patients to access new treatment options.

Total Supply Chain Services

Seamless linking of the Alfresa Group's various functions to achieve overall optimization

Implementation and Application

PATH-Solution (Service Platform)

Frameworks and systems for providing patients in Japan with innovative new pharmaceuticals from overseas

*3 Indicator of the amount of returns generated in comparison with investment amounts
*4 Organization that performs approval screening of pharmaceuticals, medical devices, and other products; implements safety measures; and provides remedies for health issues caused by such products
*5 Refers to chemistry, manufacturing methods, and quality management of active pharmaceutical ingredients and formulations
*6 Contract services ranging from development of manufacturing processes for pharmaceuticals to investigational and commercial manufacturing
*7 Contracts and conducts pharmaceutical manufacturing on behalf of pharmaceutical companies
*8 Manufacturer and distributor holding the rights to manufacturing and sales of pharmaceuticals or other products in Japan and thus responsible for post-marketing, quality, safety, etc.

Value Provided by PATH-Solution

PATH-Solution is a platform for providing comprehensive support to companies throughout the entire process spanning from entry into the Japanese market to the commercialization of their products. Such support is made possible via coordination among alliance partners and Group companies focused on the four areas of development, manufacturing, marketing, and distribution.

Development

- Market assessments and unmet medical need analyses
- Preliminary drug price and return on investment*3 calculations
- Support for Pharmaceuticals and Medical Devices Agency*4 consultations and formulation of strategies for process leading up to approval
- Coordination with key opinion leaders and support from advisory boards
- Clinical and chemistry, manufacturing, and control*5 condition determination and application document preparation support
- Clinical trial preparation (facility selection, institutional review board and ethics review board procedures)
- Investigational product supply, Japanese-language document preparation, etc.

Manufacturing

- Commercial formulation and manufacturing function support
- Coordination with CDMO*6 and CMO*7 partners
- Optimization of quality management and manufacturing processes
- Development of stable supply systems

Marketing

- Marketing authorization holder*8 support
- Sales and marketing strategy preparation
- Support for coordination with healthcare institutions and key opinion leaders
- Good quality practice and good vigilance practice system design and implementation
- Coordination with commercialization partners

Distribution

- Stable supply via nationwide distribution network
- Development of quality management systems based on good distribution practice guidelines
- Support for post-marketing surveillance, safety information management, and annual reporting
- Supply chain optimization using integrated data, inventory management, and traceability

Alfresa Group Companies and Alliance Partners

We provide flexible and high-quality services by utilizing the Group's collective strength and alliances.

Envisioned Benefits of PATH-Solution

Benefits for Overseas Companies

With PATH-Solution, we aim to reduce concerns among overseas companies regarding entry into the Japanese market to enable said companies to conduct business activities with confidence based on a clear vision.

Benefits for Patients in Japan

Alfresa aims to improve access to innovative pharmaceuticals from overseas to allow patients to receive better-quality care as soon as possible.

Benefits for Society

PATH-Solution will be used to contribute to the elimination of drug lag and drug loss issues with the goal of realizing higher-quality and more sustainable healthcare.

PATH-Solution https://www.alfresa.com/eng/tscs/path-solution/

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Q.3 What is the next step for Alfresa's total supply chain services?

Key Point PATH→Solution

PATH-Solution is a platform for implementing the total supply chain service concept. This platform connects our global contact points and expertise to deliver innovative pharmaceuticals from overseas to patients in Japan.

Implementation of total supply chain services through PATH-Solution to exercise the Alfresa Group's Philosophy

Through PATH-Solution, we aim to give patients in Japan access to innovative pharmaceuticals from overseas as soon as possible. We are coordinating with partners around the world to enhance our frameworks for developing projects and implementing the solution in order to create greater value.

Current Initiatives

Participation in and Communication Through Overseas Events

Alfresa is participating in bio- and pharmaceutical-related events around the world to build connections with overseas companies.



Engagement and Business Negotiations with Overseas Companies

Through ongoing engagement with overseas companies and partners, we are helping them explore the possibility of entering the Japanese market.



Initial Surveys to Identify Potential Projects

We conduct initial surveys with the aim of identifying promising pipelines that can potentially be developed into projects.



PATH-Solution Promotion Team

Akira Nabeshima
General Manager of Total Supply Chain Services Platform Business Development Department



PATH-Solution is our platform for reducing the uncertainty related to entering the Japanese market so that patients in Japan can gain access to new and innovative treatment options. We are utilizing the Group's collective strength and our partnerships to promote the implementation of these services based on a clear road map.

Mitsuru Ishiguro
General Manager of Total Supply Chain Service Promotion Office Business Development Department



We engage on an ongoing basis with overseas companies and partners to develop projects with high feasibility of entry into the Japanese market. Moreover, our global contact points are being used to support our continuous quest to create value for the future.



Teamwork Shaping the Future

Members with diverse expertise, in areas such as business development, regulations, manufacturing, distribution, and information management, work together as a unified team to advance efforts to identify and develop potential projects. As they utilize each other's strengths, these individuals are shaping the future through teamwork.

Vision for the Future

Maximum Value Proposition for Patients

We aspire to improve access to innovative treatment options so they can be quickly and reliably supplied to patients.

Greater Contributions to Healthcare and Society

Alfresa aims to make greater contributions to improving healthcare quality, extending healthy life expectancies, and developing sustainable healthcare systems.

Improved Global Presence

The deployment of PATH-Solution as a made-in-Japan platform will be accelerated in Asia and other parts of the global market.

Message from Business Representative
Shigeki Ohashi
Director, Vice President & Executive Officer, Group Business Strategy



Total supply chain services constitute an important business model for giving shape to the Alfresa Group's value. A team comprising members united by their shared aspirations is accelerating the evolution of our total supply chain services, and PATH-Solution is central to this process. By amassing the Group's collective strength, we will strive to create new value and achieve ongoing growth.

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The Alfresa Group's Corporate Value Improvement Strategies

Medium- to Long-Term Vision and 25–27 Mid-term Management Plan (Vision 2032 Stage 2: Pioneering the Future with Our Collective Strength)

The current medium-term management plan, the 25–27 Mid-term Management Plan, has been positioned as the second stage toward realizing the Alfresa Group's Medium- to Long-Term Vision for the fiscal year ending March 31, 2033 (fiscal 2032). Under the plan, our focus will be evolving and expanding our total supply chain services[19]. Based on this focus, we will work to bolster the competitiveness of core areas and conduct strategic investments in growth and new areas while improving capital efficiency so that we can continue creating value and enhancing corporate value.

Stage 1

Fiscal 2024 Results
(22–24 Mid-term Management Plan)

Net sales	¥**2,961** billion
Operating profit	¥**38.0** billion
Return on equity (ROE)*1	**5.7**%
Investments (three-year aggregate total)	¥**96.0** billion
Shareholder returns*2	Dividend on equity (DOE)*3 of **2.4**% or higher

Stage 2

25–27 Mid-term Management Plan Targets

Net sales (fiscal 2027)	¥**3,330.0** billion (compound annual growth rate: 4%)
Operating profit (fiscal 2027)	¥**43.5** billion (three-year aggregate total: Approx. ¥119 billion)
ROE (three-year average)	**7**% level (exceeding our estimated cost of capital)
Investments (three-year aggregate total)	¥**120.0** billion scale
Shareholder returns	DOE of **2.5**% or higher; **adoption of progressive dividend policy*4 (flexible and appropriately timed share buybacks)**

Medium- to Long-Term Vision

Fiscal 2032 Targets

Net sales	¥ **4.0** trillion
Operating profit	Over ¥**70.0** billion (Operating profit margin to increase incrementally)
ROE	**8**% or higher
Investment target (FY2025–FY2032 aggregate total)	¥**320.0** billion
Shareholder returns	**Incremental DOE improvements Flexible share buybacks*5**

Overview of the Alfresa Group's Medium- to Long-Term Vision

The Alfresa Group's Medium- to Long-Term Vision is a growth strategy covering the period leading up to fiscal 2032 aimed at enhancing corporate value by advancing the Company's business strategy, financial and capital strategies, and non-financial (ESG) strategy in an integrated manner.

Improve corporate value over the medium to long term by pursuing our aim to become a Healthcare Consortium[10] and improving capital efficiency through balance sheet management

Business Strategy

Achieve ongoing profit growth by enhancing the profitability of core areas and conducting strategic investments in growth and new areas

1. Core Areas
   - Become a leading wholesaler and the choice of suppliers and customers alike
2. Growth Areas
   - Expand medical products[11] (medical devices and materials, diagnostic reagents, nutritional foods, etc.)
   - Promote Nexus Care[7] in the Self-Medication Products Wholesaling Business
   - Expand the contract manufacturing business and promote development of pharmaceuticals for new channel manufacturing businesses
3. New Areas
   - Promote business related to regenerative medicine products
   - Advance activities to connect people using digital tools
   - Promote entry into treatment-adjacent businesses

Financial and Capital Strategies

- Gradually increase DOE
- Acquire treasury stock in appropriate amounts and at suitable timings

1. Achieve capital efficiency (ROE) and work as a company helping underpin social infrastructure to establish a stable financial base and form an optimal medium- to long-term capital structure (owners' equity ratio in the low–mid 30% range)
2. Realize optimal cash allocation to facilitate the sustainable improvement of corporate value by making a balanced consideration of ongoing investments, optimizing capital structure, and providing stable shareholder returns
3. Increase DOE gradually, with an emphasis on sustainable and stable increases in dividends; acquire treasury stock in a timely, appropriate, and flexible manner with a view toward optimizing the capital structure

Financial Capital P57

Non-Financial (ESG) Strategy

Environmental
Reduce CO_2 emissions and promote efficient use of energy

Social
Invest actively in human capital

Governance
Promote thorough compliance

*1 Indicator of the amount of profit being generated using owners' equity *2 Returns of profits or capital to shareholders generally in the form of dividend payments, but also including share buybacks and shareholder benefits
*3 Ratio of total annual dividend payments to owners' equity *4 Policy of maintaining or increasing dividend payments, avoiding decreases whenever possible, to emphasize stable, long-term returns to shareholders
*5 When a company purchases its own shares from the market or other sources as part of efforts to improve capital efficiency, issue shareholder returns, or conduct flexible capital policies

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Growth Scenario Under 25–27 Mid-term Management Plan for Realizing Medium- to Long-Term Vision

Targeted Portfolio and Growth Scenario for Working Toward Medium- to Long-Term Vision

As it works toward the accomplishment of its Medium- to Long-Term Vision, the Alfresa Group is expanding and transforming its portfolio of core, new, and growth areas in a phased manner. As core areas are used to generate stable earnings, medical product[11], solutions, contract development and manufacturing organization (CDMO),*1 and other growth areas will be advanced to bolster earnings while we cultivate regenerative medicine, biosimilar, beauty, veterinary, and other new areas. Meanwhile, we have been making steady progress regarding growth areas through measures including M&A activities in medical device and reagent wholesaling businesses, efforts to grow solutions operations, the promotion of business alliances and consolidation of subsidiaries in contract research organization (CRO)*2 operations, and the commencement of operations at a new manufacturing facility in our Gunma Plant. We have also been advancing new areas initiatives, such as creating regenerative medicine frameworks and developing beauty, veterinary, and longevity operations. These measures are gradually expanding and transforming our business portfolio.

Targeted Portfolio for Achieving Medium- to Long-Term Vision

Growth and transformation of business portfolio to evolve and expand total supply chain services[19]

Portfolio Targeted in Fiscal 2032

Fiscal 2032: Net sales of ¥4.0 trillion, operating profit of ¥70.0 billion

Existing → New

Growth ↕ Strengthening

Growth Areas
Net sales of ¥850 billion, operating profit of ¥23 billion

- Medical products
- Solutions (Ethical Pharmaceuticals Wholesaling Business and Self-Medication Products Wholesaling Business)
- CDMO services
- Newly developed pharmaceuticals
- CRO operations, etc.

New Areas
Net sales of ¥150 billion, operating profit of ¥9 billion

- Regenerative medicine
- Biosimilars
- Beauty
- Veterinary
- Nursing care, etc.

Core Areas
Net sales of ¥3 trillion, operating profit of ¥38 billion

- Ethical pharmaceutical distribution
- Self-medication product distribution
- Pharmaceutical manufacturing
- Dispensing pharmacies

*1 Contract services ranging from the development of manufacturing processes for pharmaceuticals to investigational and commercial manufacturing
*2 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions
*3 Indicator of the amount of profit being generated using owners' equity

25–27 Mid-term Management Plan Growth Scenario for Realizing Medium- to Long-Term Vision

- Expansion of Core Areas while investing in New and Growth Areas to realize Medium- to Long-Term Vision
- Operating profit growth to be driven by Growth Areas under 25–27 Mid-term Management Plan

	Fiscal 2025	Fiscal 2026 (Forecast)	Fiscal 2027 (25–27 Mid-term Management Plan forecast)	Fiscal 2032 (Medium- to Long-Term Vision forecast)
Core Areas	Net sales: ¥2,870.0 billion Operating profit: ¥32.4 billion	¥2,940.0 billion ¥30.3 billion	¥3,080.0 billion ¥34.5 billion	¥3,000.0 billion ¥38.0 billion
Growth Areas	Net sales: ¥270.0 billion Operating profit: ¥5.4 billion	¥270.0 billion ¥5.8 billion	¥295.0 billion ¥10.0 billion	¥850.0 billion ¥23.0 billion
New Areas	Net sales: ¥1.0 billion Operating profit (loss): ¥(1.7) billion	¥1.0 billion ¥(2.2) billion	¥3.0 billion ¥(1.0) billion	¥150.0 billion ¥9.0 billion
Total	Net sales: ¥3,104.0 billion Operating profit: ¥36.1 billion ROE*3: 8.4%	¥3,144.0 billion ¥33.9 billion (Three-year average): 7% or more	¥3,330.0 billion ¥43.5 billion (Three-year average): 7% level	¥4,000.0 billion ¥70.0 billion 8% or more

Investment Amounts and Targets for Supporting Growth

Aggressive investment in new and growth areas poised to serve as growth drivers

1 Fiscal 2025 Investment Amounts

Total investments ¥41.0 billion

New Areas	¥2.0 billion
Growth Areas	¥17.0 billion
Core Areas	¥22.0 billion

2 Investment Targets Under 25–27 Mid-term Management Plan (Three-year total)

Total investments ¥120.0 billion

New and Growth Areas (including M&A activities)	Approx. ¥70.0 billion
Core Areas	Approx. ¥50.0 billion

3 Medium- to Long-Term Vision Targets (Fiscal 2032)

Targets	
Operating profit	¥70.0 billion
ROE	8% or more

Aggressive investment in strengthening operating foundations and expanding growth areas to achieve ongoing profit growth and high capital efficiency

Note: Investment amounts are on a cash-outflow basis.

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Overview and Progress of 25–27 Mid-term Management Plan

As the second stage in our quest toward accomplishing our Medium- to Long-Term Vision, the 25–27 Mid-term Management Plan will leverage the foundation built under its predecessor and see the Alfresa Group execute priority investments and work to optimize costs in order to achieve steady profit growth.

Vision 2032 Stage 2

Pioneering the Future with Our Collective Strength

Stage 2 Toward Achieving Our Medium- to Long-Term Vision

Three years of priority investments and cost optimization to achieve steady profit growth

1. Exercising of the Group's collective strength for the evolution and expansion of total supply chain services[19]
2. Strategic investment in growth areas and new areas
3. Further strengthening of the competitiveness of core areas
4. Rigorous cost control
5. Implementation of sustainability management

Key Financial Indicators of 25–27 Mid-term Management Plan

Operating profit	Return on equity (ROE)	Investment amount	Consolidated net asset ratio of cross-shareholdings	Shareholder returns
Fiscal 2027 ¥43.5 billion	Three-year average 7% level	Three-year total amount ¥120.0 billion scale	Less than 10% Note: Based on securities filings	DOE*1 of 2.5% or higher and progressive dividend policy

*1 Ratio of total annual dividend payments to owners' equity

Progress Made Under the 25–27 Mid-term Management Plan

Provision of services across all stages of the supply chain as a unified group

Clinical trials and regulatory submissions → Manufacturing → Marketing, logistics, transportation, delivery, and inventory management (on behalf of healthcare institutions and patients) → Post-marketing surveillance,*2 case management, and follow-up

Enhancement of capabilities to enable the Group to respond in an integrated manner to modalities with strong growth potential

Expansion of CRO operations and consolidation of Ark Medical Solutions Inc.	Commencement of operations at Gunma Plant of Alfresa Pharma Corporation	Maintenance of high growth rates and market share in Ethical Pharmaceuticals Wholesaling Business	Expansion of CRO operations and consolidation of Ark Medical Solutions Inc.
Newly developed pharmaceuticals	Full-fledged deployment of regenerative medicine-related businesses	Enhancement of medical product[11] operations	
	Development of manufacturing facilities for biosimilars	Development of solutions businesses	

Core areas / Growth areas / New areas

*2 Investigations conducted to ensure the quality, effectiveness, and safety of pharmaceuticals and medical devices after they are sold

Highlights of Initiatives

The Company has been making progress in transforming its business portfolio and developing the foundations for expanding growth and new areas.

- Expansion of market share through neo-primary strategies[6] in vaccine and other priority fields
- Acceleration of investments via M&A activities in growing medical device and reagent wholesaling fields and the expansion of solutions operations
- Enhancement of total supply chain service functions through strengthening of CRO and CDMO operations and investments in regenerative medicine operations

Enhancement of Total Supply Chain Service Functions

Our total supply chain services entail the organic, integrated utilization of the various functions possessed by the Alfresa Group in areas extending from the introduction, development, and manufacture of pharmaceuticals and other products through to their distribution, sale, and post-marketing surveillance. Moreover, the functions of alliance partners are also utilized to reinforce our frameworks for providing comprehensive value. Initiatives for enhancing the functions of our total supply chain services have included consolidating a CRO subsidiary, bolstering CDMO operations, and constructing development and manufacturing foundations for regenerative medicine operations. In addition, we have established biosimilar manufacturing facilities to strengthen supply systems. We are also bolstering distribution and solutions functions to heighten the competitiveness of our total supply chain services.

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Core Areas

Four Businesses Underpinning the Alfresa Group's Operating Foundations (Successes in Fiscal 2025 and Directives in Fiscal 2026)

Ethical Pharmaceuticals Wholesaling Business

Successes in Fiscal 2025

In the Ethical Pharmaceuticals Wholesaling Business, the advancement of efforts to acquire specialty pharmaceuticals together with neo-primary strategies resulted in the business achieving sales growth in fiscal 2025 that surpassed the overall growth rate of the market. This growth helped reinforce the business' earnings foundations. At the same time, the development of quality management systems based on the ISO 9001 standard,*3 and acquisition of certification under this standard, was promoted on a Groupwide basis to improve distribution quality. We also concluded comprehensive partnership agreements and disaster response partnership agreements with multiple municipalities to help strengthen community healthcare systems and contribute to the resolution of the healthcare issues faced by local communities.

Directives in Fiscal 2026

In fiscal 2026, we will look to expand our market shares in priority fields and bolster profitability in the Ethical Pharmaceuticals Wholesaling Business by building upon neo-primary strategies and ramping up initiatives in the specialty pharmaceutical*4 and vaccine fields. At the same time, we seek to foster sustainable business relationships by promoting appropriate transactions and quickly finalizing transaction conditions based on the revised Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies released in March 2026. Other efforts will include improving distribution quality and logistics efficiency.



*3 An international standard that specifies the requirements for a quality management system, designed to ensure the consistent provision of products and services and to achieve customer satisfaction
*4 Products with drug creation premiums and patented drugs
*5 Sales approach that builds sales strategies based on collected data with the aim of accurately understanding customer needs
*6 Approach of providing medication instruction prior to completion of dispensing in which face-to-face customer service is offered while dispensing tasks are being performed

Self-Medication Products Wholesaling Business

Successes in Fiscal 2025

In fiscal 2025, improved profitability was pursued in the Self-Medication Products Wholesaling Business by expanding sales channels, promoting data-driven sales,*5 and placing thorough emphasis on marginal profits.

Directives in Fiscal 2026

In fiscal 2026, we seek to further expand sales channels and develop an earnings structure that are resilient to operating environmental changes in the Self-Medication Products Wholesaling Business out of consideration for the reorganization of the drug-store industry.

Manufacturing Business

Successes in Fiscal 2025

In fiscal 2025, progress was made in strengthening the operating foundations of the Manufacturing Business through the expansion of sales of active pharmaceutical ingredients and the optimization of product portfolios.

Directives in Fiscal 2026

Steps will be taken to revise the product portfolios of the Manufacturing Business and increase contract manufacturing orders in fiscal 2026.

Dispensing Pharmacy and Related Businesses

Successes in Fiscal 2025

Through the promotion of medication instruction first*6 in fiscal 2025, we sought to enhance the services provided to patients in the Dispensing Pharmacy and Related Businesses. At the same time, we worked to improve the value we supply in regional healthcare systems by encouraging the use of the Alfresa Group's family pharmacy app and increasing the number of in-home processing services.

Directives in Fiscal 2026

In fiscal 2026, we aim to further enhance the services offered to patients by bolstering our systems for providing in-home and visitation-based medicine-management-instruction services as we work to contribute to regional healthcare systems and improve profitability.

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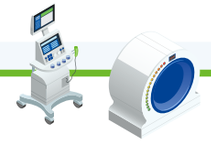
Growth Areas

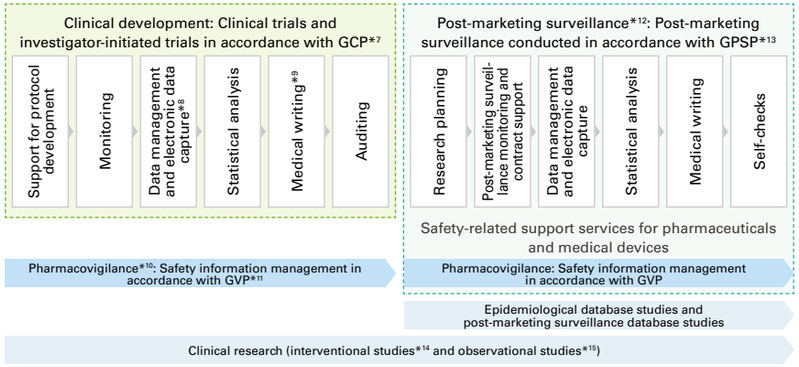
Evolution of Value Creation



Expansion of CRO Operations and Consolidation of Ark Medical Solutions

Ark Medical Solutions Inc. has received a transference of business operations from Remedia Co., Ltd. and formed a business alliance with Mwis Corporation. These moves have enabled us to expand our functions in the clinical development and post-marketing surveillance fields. By enhancing its integrated support systems, which can accommodate areas ranging from initial pharmaceutical development to post-marketing surveillance, Ark Medical Solutions is enhancing its ability to respond to customer needs. The company has thereby been moving forward with the construction of an integrated service foundation linking manufacturing and distribution that can complement our development functions in the value chain for total supply chain services. To maximize this bolstered foundation, Ark Medical Solutions was converted into a consolidated subsidiary on April 1, 2026 to allow for the creation of a united Group service provision system.

Areas Strengthened Through Business Transfer and Business Alliance



*7 Good clinical practices: A global standard and regulations for conducting clinical trials ethically and scientifically and ensuring the credibility of data
*8 A system for electronically collecting, storing, and managing case data and patient information in clinical trials and research
*9 The process of preparing specialized medical and pharmaceutical documents, such as clinical study reports, regulatory submission materials for drug approval, and academic conference presentation materials, while ensuring scientific validity and consistency
*10 Monitoring of the safety of pharmaceuticals
*11 Good vigilance practices: Standards regarding safety management of pharmaceuticals, quasi-drugs, cosmetics, and medical devices after manufacture and sale that contain provisions for collecting and examining safety management information and implementing measures to ensure safety
*12 Investigations conducted to ensure the quality, effectiveness, and safety of pharmaceuticals and medical devices after they are sold
*13 Good Post-Marketing Study Practice: Standards for post-marketing surveillance and testing
*14 Studies in which researchers intervene, including with new treatments for study participants, regarding factors believed to be causally related to a disease, and verify the effectiveness of the intervention by comparing it with previous treatments and other factors
*15 Studies in which, without intervening, researchers collect and analyze data on the health and disease status of study participants to obtain new insight

Enhancement of Medical Product Operations

(Ethical Pharmaceuticals Wholesaling Business)

With the conversion of Miyanomedix Inc., EAST JAPAN MEDICAL SYSTEM LTD., and TECHNO SUZUTA Co., Ltd. into subsidiaries, the Alfresa Group is enhancing its operations pertaining to medical devices and reagents in the medical product field. These transactions have enabled the Group to incorporate the regional customer bases and sales functions developed by these companies while contributing to the steady development of a sales and production network that covers the entirety of Japan. Through coordination leveraging the respective strengths of these companies, we will heighten our abilities to serve and make proposals to healthcare institutions while building foundations for supporting ongoing growth in the medical product field.

Development of Earnings Foundations Using Products and Services

(Ethical Pharmaceuticals Wholesaling Business)

Our efforts to promote products and services[8] have included providing support for reforming physician workstyles and improving operational efficiency with offerings such as Mydodes[16] and NOVUMN[17]. In addition, our Docshiru[4] and Vaccine Platto[12] services are being deployed to expand new value propositions for healthcare institutions and patients. Through these services, we are enhancing the solutions we provide with digital technologies and thereby developing foundations for producing ongoing earnings.

Commencement of Operations at New Pharmaceutical Manufacturing Facility at Gunma Plant

(Manufacturing Business)

We have commenced operations at the new pharmaceutical manufacturing facility at the Gunma Plant of Alfresa Pharma Corporation. This facility enabled us to augment our production systems for small-molecule drugs while developing manufacturing systems that are able to accommodate highly potent pharmaceuticals. These advancements have heightened our ability to provide contract manufacturing services while enhancing our foundations for responding to the diverse needs of pharmaceutical manufacturers.



Gunma Plant of Alfresa Pharma Corporation

Expansion of Product Pipeline

(Manufacturing Business)

The Alfresa Group is forming capital and business alliances and acquiring development, manufacturing, and sales rights to expand its pipeline of products that can support ongoing growth. In this context, we are working to expedite the market penetration of the neffy® Nasal Spray 1mg/2mg adjunctive treatment for anaphylaxis launched in 2026. At the same time, we are developing and obtaining approval for other future growth drivers, including the ropinirole hydrochloride treatment for amyotrophic lateral sclerosis, the PC-SOD biopharmaceutical, and the KORTUC radiosensitizer. We aim to achieve early market launches of these products so they can begin contributing to earnings.

neffy® Nasal Spray 1mg/2mg P46

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New Areas

Expansion of Portfolio of Businesses for Supporting Future Growth

Veterinary Business

In its veterinary business, Alfresa has set up a collaborative research laboratory through industry–academia collaboration with Hiroshima University aimed at strengthening responses toward severe fever with thrombocytopenia syndrome (SFTS) transmitted by ticks. This laboratory is advancing research with the goal of developing and achieving practical clinical application of techniques for diagnosing this infectious disease. The laboratory will take an integrated approach toward developing a rapid test kit for detecting SFTS, evaluating the associated techniques, and conducting basic research on the SFTS virus and other pathogens with the aim of establishing diagnostic technologies and systems capable of responding to future emerging infectious diseases. By applying the research findings of these activities to social infrastructure, we will work to contribute to better healthcare for both animals and people while expanding our total supply chain services in the veterinary business to create new earnings opportunities and ultimately improve business value.



Nursing Care Business

Apollo Care Corporation, a non-consolidated subsidiary of APOCREAT Corporation, has entered the nursing care business. We are developing our nursing care business based on the concept of a "clinical town" in which healthcare and nursing care services are integrated together. This concept has been applied to the launch of a new type of facility that combines residential-fee-based senior care homes with visitation-based nursing care services. In this business, we plan to enhance coordination between community healthcare institutions and nursing care providers while offering comprehensive support for responding to diverse community needs. Apollo Care Corporation is also developing sophisticated systems for watching over residents using AI and digital transformation and enhancing caregiving environments to improve overall service quality. Furthermore, we are working with healthcare providers to establish high-value-added nursing care services.

CLINICAL TOWN

*16 Contracts and conducts pharmaceutical manufacturing on behalf of pharmaceutical companies
*17 Facility for the cultivation and processing of cells for use in cell therapy and regenerative medicine applications with appropriate quality management
*18 Facility specializing in development of processes related to pharmaceuticals and cell products

Regenerative Medicine-Related Business Road Map

- Development of a CDMDO[13] model that integrates the Alfresa Group's distribution capabilities
- Profit growth driven by development of services and operations in peripheral fields that will contribute to the acquisition of CMO*16 orders

Functions and Services of Specific Regenerative Medicine Bases

Koriyama Cell Processing Center*17



- Process development (CDMO)
- Reagent manufacturing
- Cellular raw material production and sales

Haneda Process Development Center*18

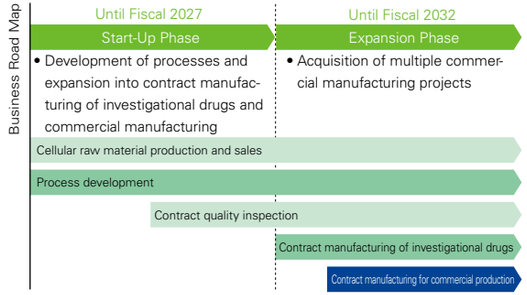


Photograph provided by Haneda Mirai Kaihatsu Co., Ltd.

- Process development (CDMO)
- Contract reagent manufacturing (CMO)
- Contract quality inspection
- Pharmaceutical affairs consulting

Expansion of scale of operations and commercial manufacturing

Business Road Map and Projected Contract Orders



Acquisition of five or more contract manufacturing contracts

Development of Domestic Manufacturing Facilities for Biosimilars

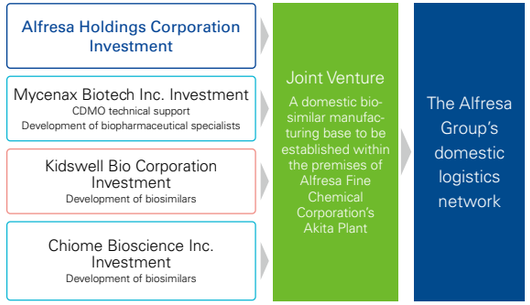
Establishment of a joint venture and construction of a new biopharmaceutical plant

- Alfenax Biologics Corporation established by the Company in January 2026
- Slated to become a joint venture among the following four companies in fiscal 2026

Alfresa Group	Responsible for areas ranging from manufacturing to supply
Mycenax Biotech Inc.	Responsible for facility design and human resource development
Kidswell Bio Corporation	Proven track record in the development and commercialization of multiple biosimilars
Chiome Bioscience Inc.	Boasts strengths in antibody therapeutics

- Establishment of a stable supply system through domestic manufacturing from the perspective of economic security
- Planned commencement of commercial production within the period of the Medium- to Long-Term Vision

Business Scheme for Delivering Benefits of Total Supply Chain Services



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Sustainability Strategy

Message from the Chair of the Group Sustainability Promotion Committee



Mayumi Jonai
Vice President & Executive Officer
Human Strategy, Compliance & Risk Management
General Manager of Sustainability Strategy & Planning Department
Chair of Group Sustainability Promotion Committee
Alfresa Holdings Corporation

The Alfresa Group's Philosophy and Basic Stance

Based on its Mission of "we create and deliver a fresh life for all," the Alfresa Group seeks to contribute to the realization of a sustainable society while improving corporate value by resolving social issues in the fields of medicine and healthcare.

The social environment in Japan is undergoing significant changes, as indicated by population aging, birth rate decline, the emergence of increasingly sophisticated medical needs, climate change, and human resource shortages. Amid these changes, our responsibility as a provider of social infrastructure supporting the stable supply of pharmaceuticals and other products becomes more pronounced. Continuing to fulfill our responsibility thus becomes our commitment toward society, the driver behind the creation of new businesses, and a compass for guiding our pursuit of ongoing growth.

Sustainability as a Cornerstone of Management

Sustainability can no longer be viewed purely as a peripheral framework supporting our corporate activities; it is now a cornerstone of management that will underpin our competitiveness over the medium to long term, the very foundation upon which we will achieve ongoing improvements in corporate value.

The Alfresa Group views sustainability as an important part of its management foundation that mutually links financial capital with non-financial capital. In particular, non-financial capital, such as people, trust, quality, technologies, expertise, supply systems, and partnerships, is an essential management resource underpinning medium- to long-term competitiveness and business growth. In other words, it is what supports the creation of future financial results.

For this reason, management is prioritizing the enhancement of non-financial capital. The gains made in doing so will be linked to business growth and improved financial performance, which we will then reinvest in further enhancements to non-financial capital to achieve ongoing improvements in corporate value.

Positioning of Important Sustainability Issues

The Alfresa Group has defined eight important sustainability issues, and we are managing these issues in an integrated manner that both gives rise to new business opportunities and bolsters operating foundations.

Addressing the important sustainability issues of "stable supply of pharmaceuticals, services, etc.," "contributing to community healthcare," and "contributing to healthcare industry development" embodies the social value we create through our business activities and thus constitutes business opportunities driving our growth. Based on these issues, we will work to extend healthy life expectancies and foster healthcare innovation[9] through our distinctive business model centered on total supply chain services[19]. We thereby aim to provide value that is indispensable to society while stimulating new healthcare demand and broadening the scope of our business.

Meanwhile, furnishing solutions to the important sustainability issues of "global environmental conservation," "active participation of human resources," "compliance," "risk management," and "corporate governance" form the management foundation supporting our ongoing growth. Accordingly, we will continue accelerating efforts with regard to solving these issues to improve business resilience and competitiveness while at the same time contributing to the previously described vital forms of non-financial capital supporting future value creation.

Sustainability Outcomes, Actions, and Future Outlook

The Alfresa Group is committed to linking its eight important sustainability issues to its key performance indicators (KPIs), outcomes, and concrete actions to track progress and results and thereby heighten the connection between sustainability and management.

Meanwhile, non-financial capital will be defined as "sustainability value[2]" and positioned as an important management resource supporting future growth and business competitiveness. Hence, the funds used in sustainability-related initiatives will be treated not as costs but rather as strategic investments for strengthening business competitiveness and achieving ongoing growth. In fiscal 2026, the year ending March 31, 2027, we will begin developing frameworks for the integrated management of business plans and non-financial capital while also kicking off efforts to standardize concepts and categorize important issues.

Then, under the next medium-term management plan slated to begin in fiscal 2028, the outcomes of such efforts will be incorporated into investment allocations and business portfolio management based on KPIs. We thereby aim to practice highly effective sustainability management. At the same time, we will invest in non-financial capital and link the resulting gains to financial performance, thereby establishing a management approach that contributes to ongoing improvements in corporate value.

It is not our systems and frameworks that will form our approach toward sustainability management; it is our corporate culture in which our colleagues share the mindset of asking themselves whether their decision-making will contribute to future competitiveness and ongoing growth and of pursuing their goals through self-driven action. This culture is a major strength of the Alfresa Group.

Looking ahead, we will position sustainability as a cornerstone of management as we seek to enhance non-financial capital through the resolution of social issues and tie these efforts to business growth and financial results. Our goal in these efforts is to create a virtuous cycle of heightening social and economic value to drive ongoing improvements in corporate value.

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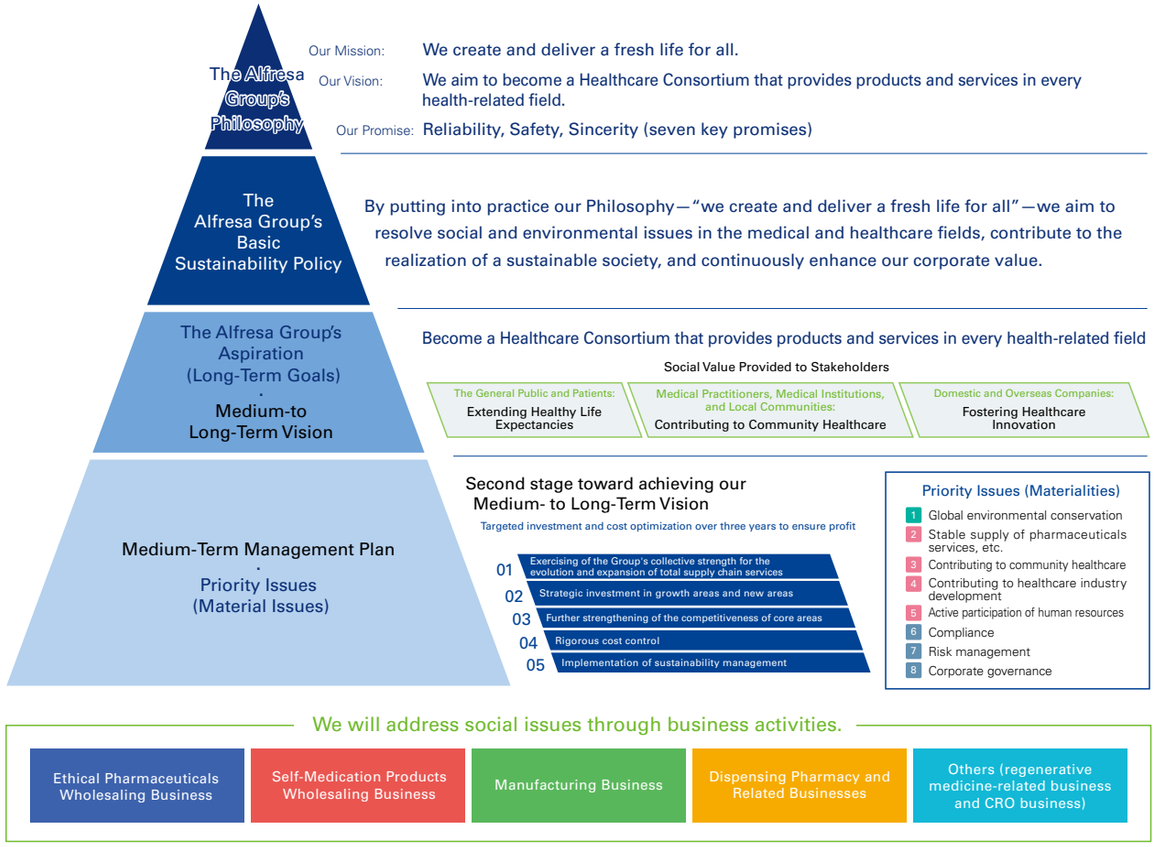
Positioning of Basic Sustainability Policy and Implementation System

The Alfresa Group's Mission of "we create and deliver a fresh life for all" motivates us to contribute to the realization of a sustainable society and improve corporate value by addressing social issues in the fields of medicine and healthcare. Our basic policies for generating both social value and economic value through our business activities in this regard have been compiled in our Basic Sustainability Policy. This policy guides us in working toward our long-term vision of "becoming a Healthcare Consortium[10]" that provides products and services in every health-related field." Furthermore, we have identified important sustainability issues (materialities) that are linked to our current medium-term management plan and business strategies, based on which we seek to help resolve social issues while achieving ongoing growth by tackling important sustainability issues.

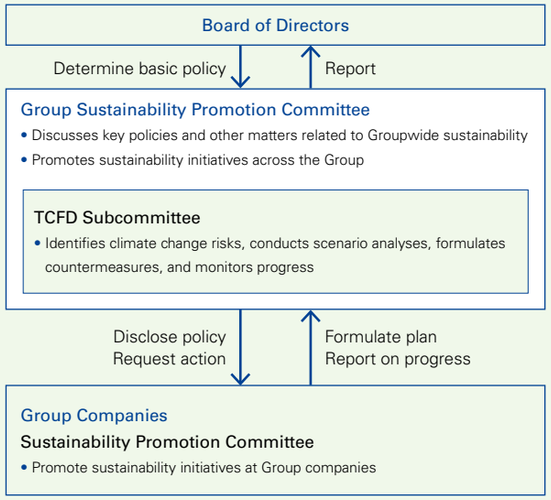


Note: Social issues and business opportunities have been integrated with a focus on priority sustainability issues to link business strategies to the achievement of our Medium- to Long-Term Vision.
*1 An international framework recommending that companies and other organizations practice disclosure of climate change-related risks and opportunities based on the four elements of governance, strategy, risk management, and metric and targets.

Sustainability Promotion Structure

Alfresa Holdings Corporation has established the Group Sustainability Promotion Committee as an advisory body to the president to promote Groupwide sustainability initiatives as well as the TCFD Subcommittee under this committee to advance initiatives based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).*1 Through the establishment of these bodies, we systematically and continuously promote sustainability across the entire organization. The activities of these bodies are reported to the president and the Board of Directors twice a year. The Group Sustainability Promotion Committee is composed of executives and employees appointed by the executive officer in charge of sustainability and of executives and employees selected from Group companies, based on approval by the Board of Directors. In accordance with the basic policies determined by the Board of Directors, the committee promotes sustainability initiatives across the Group and strives to raise sustainability awareness among employees. Meanwhile, the TCFD Subcommittee identifies risks and opportunities related to climate change, assesses their significance, promotes countermeasures, and monitors progress. Through this sustainability promotion structure, we drive efforts to ensure that everyone involved with the Group is aligned toward realizing the same goals.

Overview of Sustainability Promotion Structure



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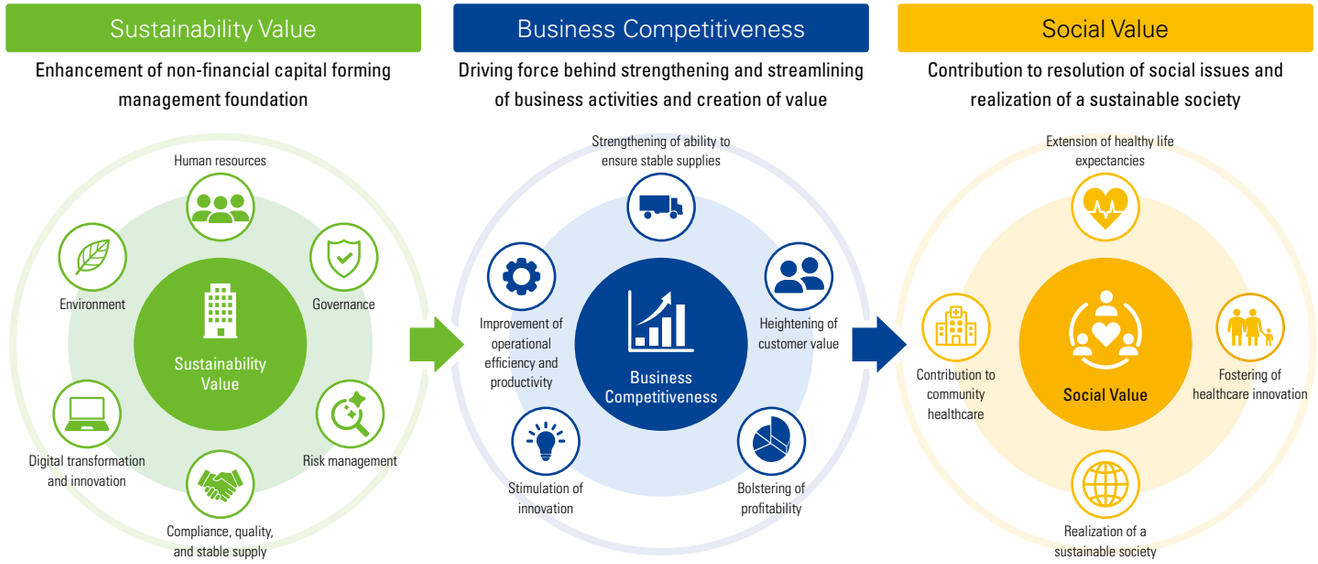
Sustainability Creating Social Value and Corporate Value

The Alfresa Group is promoting management with a focus on addressing its important sustainability issues. Committed to fulfilling our responsibility to provide social infrastructure by supporting the stable supply of pharmaceuticals and other products, we position human resources, digital transformation, environment, quality, governance, and other forms of sustainability value as sources of competitiveness. Based on this recognition, we seek to create social value and achieve ongoing improvements in corporate value through our business activities.

Pursuit of Enhanced Competitiveness and Ongoing Corporate Value Improvements Based on Sustainability Value

The Alfresa Group defines the non-financial capital supporting future competitiveness and earnings power as "sustainability value," forms of which include its human resources, environment, digital transformation, innovation, quality, stable supply systems, compliance, risk management, and governance. Through ongoing investments in undertakings to realize sustainability value, we seek to enhance business competitiveness by strengthening our capacity to ensure stable supplies, improving operational efficiency, heightening customer value, and stimulating innovation. Meanwhile, we will work to extend healthy life expectancies, contribute to community healthcare, foster healthcare innovation, and evolve and expand our total supply chain services. The Alfresa Group thereby aims to become a Healthcare Consortium while achieving ongoing improvements in corporate value.



Sustainability Issues (Materialities)

1. Global environmental conservation
2. Stable supply of pharmaceuticals, services, etc.
3. Contributing to community healthcare
4. Contributing to healthcare industry development
5. Active participation of human resources
6. Compliance
7. Risk management
8. Corporate governance

Important Sustainability Issue Identification Process

STEP 1 | Screening for issues

① We examined our business activities and their impact using value chain analysis and identified 31 issues.
- The value chain status of the Alfresa Group's business activities, risks, opportunities, and long-term vision and strategy
- International guidelines, external factors (economic, social, and environmental), and social demand

STEP 2 | Evaluating significance from two perspectives

① We determined eight priority (materiality) issues by evaluating the significance of the identified issues from two perspectives (double materiality*2): our impact on society and the environment and the impact of social and environmental issues on our financial performance.
② We comprehensively reviewed all the priority issues for the Alfresa Group, reflected stakeholder expectations, and finalized the issues.

STEP 3 | Validating appropriateness and granting approval

① We conducted the final validation of appropriateness within the Company and with Group companies representing major segments, among others. We received advice from external experts, reviewed items as necessary, and again validated the results.
② The Board of Directors approved the results.

Important Sustainability Issues for the Alfresa Group https://www.alfresa.com/eng/csr/materiality/

*2 An approach toward assessing materiality based on the two perspectives of how a company's activities impact society and the environment and how social and environmental issues impact a company's financial performance

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Important Sustainability Issues

Important Sustainability Issues for the Alfresa Group	Issues Identified	Key Opportunities and Risks	Major Outcomes and KPIs	Key Measures and Results in Fiscal 2025	Key Measures Under the 25–27 Mid-term Management Plan	Relevant SDGs
1 Global environmental conservation	In response to the extreme weather events resulting from climate change, the Alfresa Group is pressed to contribute to the sustainability of society and of healthcare supply systems by using resources effectively and reducing greenhouse gas emissions through efforts to address environmental issues across its supply chain.	Key Opportunities • Improvement of corporate value through environmental initiatives • Reduction of cost of capital via improvements in ESG ratings • Growth of demand for eco-friendly distribution, products, and services Key Risks • Increased costs for addressing tightening of environmental regulations • Growing business continuity risks due to climate change • Diminished trust due to environmental impacts along the supply chain	Major Outcomes • Lowering of environmental impacts across the pharmaceutical supply chain • Reduction of greenhouse gas emissions • Preservation of natural capital and circular use of resources Major KPIs • Rate of reduction of Scope 1 and Scope 2 greenhouse gas emissions • Number of categories for which Scope 3 greenhouse gas emissions are calculated • CO_2 emissions intensity	Key Measures • Reduction of greenhouse gas emissions (Scope 1, Scope 2, and Scope 3) • Adoption of renewable energy • Improvement of logistics efficiency and adoption of transportation methods with lower emissions • Resource circulation Key Results • Reduction in total Scope 1 and Scope 2 greenhouse gas emissions of 10.5% in comparison with fiscal 2020 • Installation of solar generation facilities to utilize renewable energy (solar generation facilities installed at Shikoku Distribution Center in October 2025, etc.) • Reduction of environmental impact of transportation through improved logistics efficiency • Development of platforms for greater response toward Scope 3 emissions See Business Activities Supporting Value Creation on page 39 and Natural Capital on page 73 for information on initiatives.	**Reduce greenhouse gas emissions** • Start with Scope 3 emissions throughout the value chain • Reduce the number of vehicles and switch to electric vehicles **Conserve natural ecosystems** • Carry out coral protection and restoration activities • Continue to conduct local beautification activities **Reduce waste** • Reduce waste by thoroughly promoting the 3Rs (reduce, reuse, and recycle) • Reduce office waste • Reduce waste materials generated during manufacturing **Manage chemical substances and regulated substances**	13
2 Stable supply of pharmaceuticals, services, etc.	Amid rising social calls for responses to pharmaceutical supply uncertainty and emergency risks, the Alfresa Group must fulfill its social responsibility as a provider of healthcare infrastructure through the stable supply of pharmaceuticals and services. Guided by our commitment to offer ongoing support for healthcare, we will build a resilient and sustainable supply chain as we seek to become an entity trusted by healthcare institutions, pharmacies, and patients.	Key Opportunities • Improvement of trust through stable supply • Creation of business opportunities with total supply chain services Key Risks • Reduction of access to healthcare due to halts in supply • Damage to corporate value as a result of quality issues	Major Outcomes • Improved access to pharmaceuticals • Enhancement of distribution quality and supply continuity • Strengthening of competitiveness via total supply chain services Major KPIs • Number of bases in compliance with Good Distribution Practice (GDP)*3 guidelines • Number of bases with ISO 9001*4 certification • Organization of business continuity plan*5 drills	Key Measures • Reinforcement of production systems through start of operations at Gunma Plant's high-potency formulation wing[1] • Groupwide promotion of ISO 9001 certification • Automation and mechanization of distribution centers and digital transformation of logistics • Reassessment of business continuity plan drills and manuals to develop stable production system that is more resilient in times of emergency • Promotion of Groupwide compliance with procurement policies • Investigation of suppliers based on procurement guidelines • Development of manufacturing and logistics systems that can accommodate drugs for rare diseases and with new modalities Key Results • Supply of high-potency formulations produced at Gunma Plant • Increase in number of bases with ISO 9001 certification (currently 19) • Enhancement of emergency response capabilities by developing supply continuity frameworks through business continuity plans and supply continuity drills • Reinforcement of supply systems linking manufacturing, distribution, sales, and post-marketing surveillance through expansion of total supply chain service functions	**Maintain and improve the Group's safe and secure pharmaceutical supply system** • Promote measures in the Regenerative Medicine-Related Business • Ensure stable supplies of pharmaceuticals through the operation of manufacturing facilities for small-molecule pharmaceuticals and formulations with high pharmacological activity (Gunma Plant) **Improve inventory and delivery management** • Construct and operate new logistics center building • Establish distribution system according to GDP guidelines and acquire ISO 9001 certification • Strengthen logistics system to respond to emergencies **Build cooperative frameworks with customers and suppliers** • Engage in the development and supply of BioTech,*6 HealthTech,*7 and MedTech*8 products • Establish an appropriate supply chain based on procurement guidelines **Develop and manufacture new products and services** • Manufacture and sell drugs for rare diseases • Develop new solution businesses	3

*3 Basic guidelines for quality assurance in the distribution process of pharmaceutical products
*4 An international standard that specifies the requirements for a quality management system, designed to ensure the consistent provision of products and services and to achieve customer satisfaction
*5 Plans containing provisions for facilitating the continuity or swift restoration of critical processes during natural disasters or other emergency situations
*6 An industrial field that applies knowledge from life sciences and biotechnology and which leverages biological functions such as genes, cells, and enzymes to deliver innovative technologies and products in areas including pharmaceuticals, regenerative medicine, food, and the environment in which the integration of AI and digital technologies has accelerated efficiency in drug discovery and material development in recent years
*7 An emerging industry that applies advanced technologies such as information and communication technology and AI in the medical and healthcare fields to provide services and solutions, including clinical support, health management, preventive medicine, and telemedicine, and which contributes to extending healthy life expectancies and improving the efficiency of healthcare
*8 The application of technology in the medical field, including medical devices and diagnostic support technologies, to enhance and streamline testing, diagnosis, treatment, and prognosis management through advanced technologies, including AI, image analysis, telemedicine, and robotics, and thereby contribute to improved quality of care and the development of a sustainable healthcare system

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Important Sustainability Issues for the Alfresa Group	Issues Identified	Key Opportunities and Risks	Major Outcomes and KPIs	Key Measures and Results in Fiscal 2025	Key Measures Under the 25–27 Mid-term Management Plan	Relevant SDGs
3 Contributing to community healthcare	The issues surrounding community healthcare in Japan are growing increasingly serious due to a declining birth rate, shortages of healthcare professionals, and other issues. With its responsibility for supporting healthcare infrastructure, the Alfresa Group will endeavor to promote comprehensive community-based care through coordination with healthcare professionals, municipal government agencies, and other community members in order to contribute to improved access to healthcare and the sustainability of community healthcare.	Key Opportunities • Creation of new business opportunities by addressing community issues Key Risks • Deterioration of community healthcare systems • Widening disparities in access to healthcare	Major Outcomes • Resolution of community healthcare issues • Support of improved operational efficiency for healthcare institutions Major KPIs • Number of agreements with municipal government agencies • Number of partnerships with community members • Number of physicians using Mydodes[16]	Key Measures • Enhancement of coordination with community healthcare institutions and municipal government agencies • Promotion of comprehensive community-based care and support for improvement of access to healthcare • Support for community healthcare through digital solutions and distribution using drones Key Results • Strengthening of coordination with healthcare professionals through increased use of Mydodes • Response to community healthcare issues through coordination with municipal government agencies and healthcare institutions • Utilization of digital technologies to support digital transformation of community healthcare See Overview by Business on page 39 and Social and Relationship Capital on page 69 for information on initiatives.	**Support medical institutions in improving medical services** **Aid medical institutions in enhancing management efficiency** **Provide valuable information to healthcare professionals** **Deploy medical care solutions** • Contribute to healthcare through product services[8] (solutions) • Conclude various health- and healthcare-related agreements with local governments	
4 Contributing to healthcare industry development	Advancements in healthcare digital transformation and new technological innovations are placing pressure on the Alfresa Group to provide solutions that support new modalities and contribute to the resolution of medical and healthcare issues in order to support the entire healthcare value chain and further the development of the healthcare industry.	Key Opportunities • Growth of HealthTech market • Expansion of businesses related to healthcare digital transformation Key Risks • Diminishment of competitiveness due to delays in responding to technological advancements	Major Outcomes • Creation of healthcare solutions • Improved productivity at healthcare institutions • Greater quality of life for patients Major KPIs • Number of new products and services launched • Number of digital transformation solutions licensed	Key Measures • Development of systems for supporting entry into Japanese market by venture companies and overseas companies using PATH-Solution[18] • Reinforcement of CRO business and post-marketing surveillance*9 operations through coordination with Ark Medical Solutions Inc. • Deployment of D-REACH contract information provision support service for pharmaceutical companies D-REACH P41 Key Results • Development of support platforms for licensing innovative overseas pharmaceuticals in Japan and addressing drug lag and drug loss issues via launch of PATH-Solution • Enhancement of systems for supporting processes spanning from pharmaceutical development to post-marketing surveillance through expansion of CRO business and strengthening of post-marketing surveillance functions • Construction of platforms for supplying contract information provision support services for pharmaceutical companies through deployment of D-REACH See Special Feature on Total Supply Chain Services on page 21, Business Activities Supporting Value Creation on page 39, and Social and Relationship Capital on page 69 for information on initiatives.	**Advance sustainability initiatives in the supply chain** **Provide HealthTech products and solutions** • Develop and provide solutions that contribute to digital transformation and management efficiency improvements in the medical field • Develop and provide efficient solutions that help alleviate labor shortages in the medical field	
5 Active participation of human resources	For the Alfresa Group to achieve ongoing growth, it will need to recruit and develop diverse human resources and provide an environment conducive to enabling all employees to meaningfully contribute. We must therefore cultivate the experts in digital transformation and other disciplines needed to support our business strategies and promote the cross-Group utilization of these experts to improve organizational capabilities in order to accommodate the needs of the changing medical and healthcare markets.	Key Opportunities • Improvement of corporate value by mobilizing diverse human resources Key Risks • Diminishment of competitiveness due to inability to recruit or loss of talent	Major Outcomes • Recruitment and development of strategic talent • Improvement of engagement Major KPIs • employee Net Promoter Score (eNPS)*10 • Ratio of female managers • Ratio of male employees taking childcare leave	Key Measures • Ongoing implementation of women's empowerment and human resource development measures • Engagement improvement measures utilizing eNPS score • Health and productivity management measures and workstyle reforms Key Results • Ratio of female managers of 7.0% • Ratio of male employees taking childcare leave of 74.3% • Recognition of 16 Group companies as Outstanding Organizations of KENKO Investment for Health • Initiatives for improving eNPS score See Human Capital on page 60 for information on initiatives.	**Develop and utilize diverse human resources** • Develop human resources who meet the five key requirements for Group employees • Secure human resources who can demonstrate their full potential • Develop digital human resources who can adapt to changes in the business environment • Maximize the use of labor through the Group's talent management system **Ensure employee health and job satisfaction** • Provide support for balancing work and family life • Create a working environment where anyone can thrive regardless of age **Strengthen employee engagement** • Provide the environment, information, and opportunities necessary for employees to thrive	

*9 Investigations conducted to ensure the quality, effectiveness, and safety of pharmaceuticals and medical devices after they are sold
*10 Score that gauges the degree to which employees would recommend their place of work to their friends and families and which is used to track employee engagement and feelings of attachment to organizations

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Important Sustainability Issues for the Alfresa Group	Issues Identified	Key Opportunities and Risks	Major Outcomes and KPIs	Key Measures and Results in Fiscal 2025	Key Measures Under the 25–27 Mid-term Management Plan	Relevant SDGs
6 Compliance	The Alfresa Group is expected to practice good compliance and exceptional corporate ethics in its business activities and to promote respect for human rights and fair transaction processes. By doing so, it should seek to foster higher levels of trust as a company supporting healthcare infrastructure and thereby achieve ongoing improvements in corporate value.	Key Opportunities • Improved evaluations from stakeholders in reflection of fulfillment of responsibility exhibited in business activities Key Risks • Loss of trust due to legal or human rights violations • Damage to corporate value because of materialization of supply chain risks	Major Outcomes • Prevention of major legal violations • Entrenchment of respect for human rights • Improvement of compliance across the entire supply chain Major KPIs • Rate of compliance training implementation • Human rights due diligence activities	Key Measures • Compliance training and awareness-raising measures • Ongoing human rights due diligence activities • Continuation of activities to prevent further violations of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade • Enhancement of supply chain management • Designation of July as Group Compliance Month for promoting compliance awareness • Administration of Group-standard compliance surveys Key Results • Improvement of Groupwide compliance awareness • Designation of July as Group Compliance Month for promoting compliance awareness • Development of compliance frameworks • Expansion of scope of human rights due diligence activities See Compliance and Risk Management on page 90 for information on initiatives.	**Compliance with laws and regulations** • Establish and operate a system for legal compliance • Strengthen internal controls to prevent misconduct **Respect for human rights** • Continuously implement and strengthen human rights due diligence • Implement appropriate harassment prevention education **Compliance with employee code of conduct** • Implement appropriate compliance training **Fair and appropriate transactions with business partners** • Comply with Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment • Establish an appropriate supply chain based on procurement guidelines	10, 16
7 Risk management	As the operating environment grows ever-more uncertain, the Alfresa Group must remain vigilant in practicing good compliance with human resource, information security, medical device, and other regulations; ensuring business continuity; and tracking and managing other increasingly diverse and complex risks. In this manner, it is imperative for us to develop the robust management foundations needed to support ongoing business activities and reliable value creation.	Key Opportunities • Improvement of corporate value through increased resilience • Swift and accurate management decision-making Key Risks • Disruption of operations due to disasters, infectious diseases, etc. • Halts to operations because of cyberattacks, etc. • Loss of trust following information leaks	Major Outcomes • Strengthening of risk response capabilities • Ongoing improvement of business continuity • Swift management decision-making Major KPIs • Rate of business continuity plan drill implementation • Security system level assessment	Key Measures • Reassessment of Groupwide risks • Enhancement of business continuity plans and cybersecurity measures • Reinforcement of serious risk monitoring frameworks Key Results • Enhancement of crisis response capabilities by developing supply continuity frameworks through business continuity plans and supply continuity drills • Completion of introduction of endpoint-detection and response measures to strengthen security provisions • Enhancement of information security management frameworks and implementation of related drills See Compliance and Risk Management on page 90 for information on initiatives.	**Crisis management in the event of disasters to ensure business continuity** **Protection of personal privacy** **Strengthening of information security measures** **Strengthening of response to the specific risks of Group companies**	
8 Corporate governance	The Alfresa Group must practice effective oversight as it advances growth strategies and capital allocation in pursuit of ongoing growth and improved corporate value. At the same time, we must heighten the transparency and effectiveness of management and strengthen governance systems with a focus on capital efficiency and engagement with shareholders and other investors in order to support continuous value creation.	Key Opportunities • Improvement of corporate value through greater trust • Higher valuations from the capital markets Key Risks • Damage to corporate value due to failure of governance to function effectively and as intended • Diminishment of management supervisory functions	Major Outcomes • Swift and transparent decision-making • Stronger management supervisory functions • Ongoing improvement of corporate value Major KPIs • Evaluation of Board of Directors' effectiveness • Ratio of outside directors • Engagement with investors	Key Measures • Transition to company with audit and supervisory committee organizational structure • Enhancement of governance systems through incorporation of sustainability elements • Strengthening of Board of Directors' monitoring functions Key Results • Ratio of outside directors of 50% • Ratio of female directors of 25% • Generally favorable assessment in evaluation of Board of Directors' effectiveness See Corporate Governance on page 83 for information on initiatives.	**Strengthen the functions and enhance the effectiveness of the Board of Directors** • Further strengthen the supervisory function of the Board of Directors **Disclose information in a timely and appropriate manner** • Expand opportunities for constructive dialogues with diverse stakeholders in Japan and overseas	

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Three Important Sustainability Issues Underpinning Medical and Healthcare Sustainability

Among the Alfresa Group's eight important sustainability issues, "stable supply of pharmaceuticals, services, etc.," "contributing to community healthcare," and "contributing to healthcare industry development" are important elements of the responsibility to be fulfilled through our business activities as well as crucial tasks supporting the ongoing improvement of corporate value. In addressing these issues, we are utilizing the Group's supply platforms and trusting relationships with stakeholders to help resolve social issues and create social and economic value.

Operating Environment and Social Issues

Operating Environment

- Birth rate decline and population aging
- Changes and disparities in community healthcare resources
- Tighter financial restrictions pertaining to healthcare
- Transformation of healthcare systems
- Advancements in AI and digital transformation technologies and data utilization approaches
- Rising social expectations regarding sustainability

Social Issues Needing Resolution

- Development of systems for stable supply of pharmaceuticals
- Safeguarding of supply functions during times of disasters or other crises
- Strengthening of community healthcare systems
- Guaranteeing of access to healthcare
- Improvement of healthcare quality and sustainability
- Response to healthcare digital transformation and technological innovation

Issues for the Alfresa Group to Resolve

The Alfresa Group's Operating Foundations

The Alfresa Group is working to develop nationwide distribution and quality management networks as part of the pharmaceutical distribution infrastructure. At the same time, we are utilizing our total supply chain services[19] and other aspects of our operating foundations to provide a stable supply of pharmaceuticals, support community healthcare, and contribute to healthcare industry development.

Challenges to Be Tackled by the Alfresa Group

- Enhancement of responses toward pharmaceutical supply destabilization risks
- Protection of continuity of community healthcare systems
- Response toward increasingly sophisticated and diverse healthcare needs
- Bolstering of competitiveness through creation of new value

Important Issues to Be Addressed Through Business Activities

2 Stable supply of pharmaceuticals, services, etc.

- Improvement of access to healthcare
- Enhancement of distribution quality
- Reinforcement of stable supply systems

3 Contributing to community healthcare

- Resolution of community healthcare issues
- Strengthening of community healthcare systems
- Enhancement of coordination with healthcare institutions

4 Contributing to healthcare industry development

- Fostering of healthcare innovation[9]
- Increases in productivity at healthcare institutions
- Improvement of patient quality of life*1

*1 Term explicitly referring to an individual's vitality and life motivation and satisfaction that encompasses factors such as physical and mental health and social participation

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3 Contributing to community healthcare



Policy Strengthen community healthcare systems

Issues to Address Resolution of community healthcare issues and elimination of disparities in access to healthcare

Key Measures

- Enhancement of coordination with community healthcare institutions and municipal government agencies
- Promotion of comprehensive community-based care and support for improvement of access to healthcare
- Support for community healthcare through digital solutions and distribution using drones

Key Results

- Resolution of community healthcare issues
- Strengthening of community healthcare systems
- Enhancement of coordination with healthcare institutions

2 Stable supply of pharmaceuticals, services, etc.

Policy Improve access to healthcare and reinforce stable supply systems

Issues to Address Reinforcement of stable supply systems for pharmaceuticals and other products and response to supply risks

Key Measures

- Reinforcement of production systems through start of operations at Gunma Plant's high-potency formulation wing[11]
- Groupwide promotion of ISO 9001*2 certification
- Automation and mechanization of distribution centers to promote digital transformation of logistics
- Reassessment of business continuity plan*3 drills and manuals

Key Results

- Improvement of access to healthcare
- Enhancement of distribution quality
- Reinforcement of stable supply systems



4 Contributing to healthcare industry development



Policy Improve healthcare quality and create new value through healthcare innovation

Issues to Address Response to healthcare digital transformation and technological innovation and contribution to healthcare industry development

Key Measures

- Development of systems for supporting entry into the Japanese market by venture companies and overseas companies using PATH-Solution[18]
- Reinforcement of CRO*4 business and post-marketing surveillance*5 operations through coordination with Ark Medical Solutions Inc.
- Enhancement of coordination with HealthTech,*6 healthcare digital transformation, and start-up companies

Key Results

- Fostering of healthcare innovation
- Increases in productivity at healthcare institutions
- Improvement of patient quality of life



Goals of Future Initiatives

- Enhancement of pharmaceutical supply stability
- Improvement of access to community healthcare
- Creation of new healthcare services and value

*2 An international standard that specifies the requirements for a quality management system, designed to ensure the consistent provision of products and services and to achieve customer satisfaction
*3 Plans containing provisions for facilitating the continuity or swift restoration of critical processes during natural disasters or other emergency situations
*4 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions
*5 Investigations conducted to ensure the quality, effectiveness, and safety of pharmaceuticals and medical devices after they are sold
*6 An emerging industry that applies advanced technologies such as information and communication technology and AI in the medical and healthcare fields to provide services and solutions, including clinical support, health management, preventive medicine, and telemedicine and which contributes to extending healthy life expectancies and improving the efficiency of healthcare

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Five Segments Forming Foundation for Total Supply Chain Services

The Alfresa Group has developed a unique business model entailing the provision of total supply chain services that integrate everything from pharmaceutical introduction and development to last-mile operations so as to optimize the entire supply chain. Moreover, the Group has five business segments that are integrated on a Groupwide basis to connect previously separate healthcare functions to create optimal value.

Business Model Providing Total Supply Chain Services with Comprehensive Supply Chain Coverage



Licensing and Development	Approval	Manufacturing	Distribution and Storage	Sales and Supply	Post-Marketing Surveillance	Last-Mile Operations
Product introduction planning and clinical development	Approval application, pharmaceutical affairs processes, and NHI drug price listings	Active pharmaceutical ingredient and formulation production and quality management	Procurement, transportation, inventory management, and distribution preparations	Supply to healthcare institutions, dispensing pharmacies, and distributors	Safety monitoring, post-marketing surveillance, and reliability management	Dispensing medical guidance and patient support

Supply Chain Coverage by Business Segment Enabling Total Supply Chain Services

Business Segment		Role in Total Supply Chain Services
Ethical Pharmaceuticals Wholesaling Business		Stable supply of necessary pharmaceuticals leveraging nationwide network
Self-Medication Products Wholesaling Business		Expansion of healthcare value in areas closely related to consumer lifestyles
Manufacturing Business		Aid in ensuring stable supplies with high-quality manufacturing services
Dispensing Pharmacy and Related Businesses		Ongoing support for delivering value through contact points closest to patients
Others	Regenerative Medicine-Related Business	Contributions to supply of cutting-edge treatments through manufacture of regenerative medicine products
	CRO*1 Business	Assistance in terms of value creation through support for pharmaceutical licensing, development, approval, and post-marketing surveillance processes
	Overseas Business	Provision of necessary functions to support Japanese companies pursuing overseas expansion

Ethical Pharmaceuticals Wholesaling Business

Core business supporting healthcare infrastructure

P39

Self-Medication Products Wholesaling Business

Self-medication-related businesses catering to the over-the-counter (OTC) pharmaceutical market

P43

Manufacturing Business

Supply foundations underpinning development and manufacturing activities

P45

Dispensing Pharmacy and Related Businesses

Service businesses rooted in community healthcare systems

P47

Others

Regenerative medicine, contract research organization (CRO), and overseas businesses

P49

*1 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions

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Ethical Pharmaceuticals Wholesaling Business

Operating Companies

- Alfresa Corporation
- Shikoku Alfresa Corporation
- TS Alfresa Corporation
- Meisho Co., Ltd.
- RYUYAKU CO., LTD.
- Tohoku Alfresa Corporation
- Alfresa Medical Service Corporation
- Alfresa Shinohara Chemicals Corporation
- A·L Plus Co., LTD.
- Specialty Medical Distribution Corporation

Performance Review and Outlook

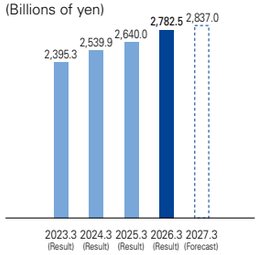
Net Sales (Fiscal 2025) ¥**2,782.5** billion (Up 5.4% year on year)

Operating Profit (Fiscal 2025) ¥**33.2** billion (Up 0.7% year on year)

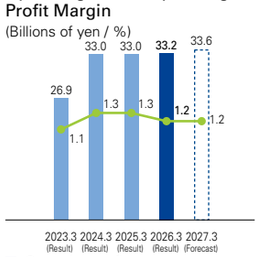
In fiscal 2025, the year ended March 31, 2026, the Ethical Pharmaceuticals Wholesaling Business achieved net sales growth that surpassed that of the overall market together with an increase in operating profit. This impressive achievement was thanks to the benefits of Alfresa's neo-primary strategies[6] as well as the increases in transaction volumes of specialty pharmaceuticals and other limited-distribution products. The benefits of said strategies offset the adverse impacts of the challenging operating environment, which included the interim-year revision to National Health Insurance (NHI) drug prices instituted in April 2025 as well as higher personnel expenses and distribution cost increases. The expansion in net sales led to an increase in operating profit. In fiscal 2026, the Ethical Pharmaceuticals Wholesaling Business is forecast to see sales growth, but this forecast takes into account the risk that pharmaceutical companies may forgo the release of new pharmaceuticals in the Japanese market due to the most-favored-nation drug pricing policy*1 instituted by the United States. Operating profit, meanwhile, is only expected to show a slight increase in fiscal 2026, despite efforts to sell products at prices that accurately reflect their value by addressing excessive discrepancies in drug prices in compliance with the revised Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies.

*1 A policy designed to link the prices of prescription drugs in the United States to the lowest prices found in other developed countries

Net Sales
(Billions of yen)



Operating Profit / Operating Profit Margin
(Billions of yen / %)



Net Sales Composition by Product Field



- Ethical pharmaceuticals 89.1%
- Diagnostic reagents 3.3%
- Medical devices / equipment 5.4%
- Others 2.2%

Net Sales Composition by Medical Product Category



- Products with drug creation premiums 43.9%
- Patented drugs, etc. 37.6%
- Long-listed drugs 7.5%
- Generic drugs*2 11.0%

Percentage of Sales by Customer Type



- Large hospitals (200 beds or more) 29.3%
- Other hospitals (20 to 199 beds) 5.3%
- Clinics (up to 19 beds) 13.0%
- Dispensing pharmacies 45.5%
- Other 6.8%

Operating Environment

The operating environment in which the Ethical Pharmaceuticals Wholesaling Business operates is feeling the adverse impacts of annual NHI drug price revisions and healthcare system reforms as well as the continuation of high energy prices, personnel expenses, and distribution costs. Meanwhile, there is a growing number of emerging modalities, including bio-pharmaceuticals and regenerative medicine products, often led by venture firms. Another notable trend is the rising concern regarding the possibility that pharmaceutical companies may decide against introducing new pharmaceuticals into the Japanese market due to the impacts of the United States' most-favored-nation drug pricing policy. As a result of the above, the operating environment of the Ethical Pharmaceuticals Wholesaling Business has become increasingly challenging.

Segment Strengths

The Ethical Pharmaceuticals Wholesaling Business boasts strengths in terms of its nationwide distribution network and distribution management systems that comply with good distribution practice guidelines. In addition, this segment possesses an operating foundation that provides comprehensive coverage of the ethical pharmaceuticals supply chain across the Group—encompassing the Self-Medication Products Wholesaling Business, Manufacturing Business, Dispensing Pharmacy and Related Businesses, regenerative medicine-related business, and CRO business—as well as a strong capacity for proposing solutions that combine its robust product and service offerings.

Segment Policies Under the 25–27 Mid-term Management Plan

By leveraging its comprehensive capabilities, the Alfresa Group aims to expand business opportunities and realize total supply chain services[19]. In addition to making the necessary investments in our core areas, we are proactively investing in growth and new areas, thereby solidifying our position as the ethical pharmaceuticals wholesaler of choice for both healthcare providers and pharmaceutical companies.

Goal of Expanding Business Opportunities to Realize Total Supply Chain Services

Core and New Areas	Core and Growth Areas	Growth and New Areas
Leveraging of the industry's greatest number of marketing specialists*3 to become the undisputed industry leader	Building of a nationwide network	Building and strengthening of a revenue base by operating a solutions business
• Deployment of neo-primary strategies	• Ethical pharmaceuticals and medical products[11]	

Core Areas	Human Capital Strategy
Creation of a logistics system that meets stakeholder needs	Strategic strengthening of human capital across the Group

Plan Targets (Fiscal 2027) Net sales: ¥**3,008.9** billion Operating profit: ¥**38.9** billion

*2 Drugs with the same active pharmaceutical ingredients in the same volume as original drugs, and thus judged to have the same efficacy, that are sold after the patent for the original drug has expired

*3 Sales personnel who have specialist knowledge about products and services in the pharmaceuticals wholesaling business

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Message

Review of Fiscal 2025

In fiscal 2025, the Ethical Pharmaceuticals Wholesaling Business achieved increases in both sales and profit. We were able to post these increases by offsetting the impacts of NHI drug price revisions by promoting neo-primary strategies, providing solutions, and carrying out sales activities focused on marketing specialists while achieving growth in transaction volumes for specialty pharmaceuticals and other limited-distribution products.

Issues Needing to Be Addressed to Achieve Future Growth

Increasing pressure is being placed on earnings due to annual revisions to NHI drug prices and other factors impacting prices as well as the need to make investments for developing human capital and enhancing distribution functions. Given the impacts of the United States' most-favored-nation drug pricing policy and other operating environmental changes, we recognize the need to transform our conventional earnings structures and establish new earnings foundations.

Policies for Fiscal 2026

In fiscal 2026, the Ethical Pharmaceuticals Wholesaling Business will work to bolster its earnings power by accelerating measures to qualitatively improve operating foundations and build a distribution system that is seamlessly integrated on a Groupwide basis. At the same time, we will enhance our earnings foundations by exercising the strengths of our marketing specialists and deploying solutions. We thereby aim to achieve ongoing growth and heightened profitability.



Yusuke Fukujin
Representative Director &
Executive Vice President
Ethical Pharmaceuticals Wholesaling
Business & International Business
Alfresa Holdings Corporation
Representative Director & President
Alfresa Corporation

Business Highlights

Promotion of Solutions Operations

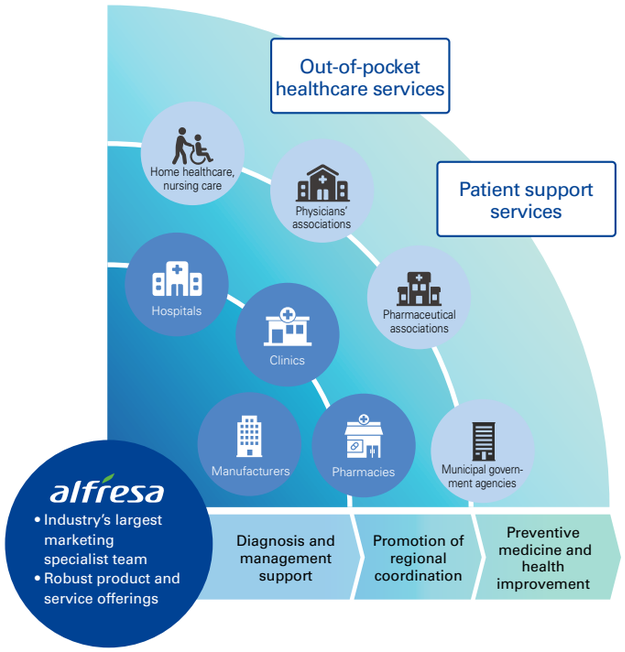
The Alfresa Group possesses the industry's largest number of marketing specialists. Leveraging this extensive team, we are bolstering support for the healthcare sector through coordination with healthcare institutions, physicians' associations, and municipal government agencies. In order to accommodate diversifying healthcare demand and reforms to community healthcare systems, the Ethical Pharmaceuticals Wholesaling Business is engaging in proposal activities for promoting diagnosis and management support and healthcare coordination. By providing solutions that combine our robust product and service offerings, we will expand efforts to address diverse issues facing healthcare institutions and pharmaceutical companies.

Strengthening of Operating Foundations and Creation of Value in Accordance with Regional Characteristics

The Alfresa Group is working to strengthen its operating foundations by creating value in accordance with regional characteristics.
By leveraging the capabilities of our team-based sales approach centered on marketing specialists, we will make proposals to enhance coordination with healthcare institutions with the goal of providing community-rooted value. Furthermore, we look to contribute to the maintenance of healthcare systems based on our role of supporting community healthcare. We will do so by reliably supplying necessary information through aid for regional coordination and via digital transformation technologies.

Advancement of Neo-Primary Strategies

Our neo-primary strategies entail activities centered on marketing specialists for sharing information and enhancing coordination with healthcare institutions in relation to priority disease areas. Through these strategies, we will ramp up the provision of pertinent information based on the treatment circumstances and needs of specific healthcare institutions while also supporting improved access to treatment through disease awareness-raising activities and coordination with relevant parties.



Initiatives Led by Marketing Specialists

- Development of treatment networks
- Promotion of disease awareness raising

Major Examples of Disorders

- Immunologic diseases
- Central nervous system disorders
- Diabetes
  Chronic kidney disease
- Hypertension and heart failure
- Obesity

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››› Business Highlights ›››

Solutions Operations Promoting Products and Services

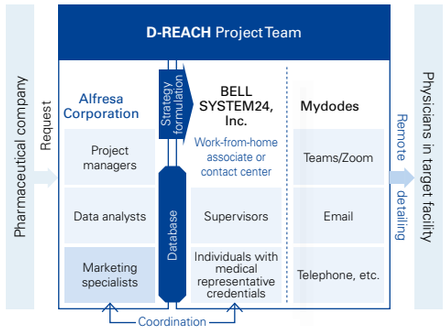
With its diverse lineup of products and services, the Alfresa Group is supporting improvements in operational efficiency at healthcare institutions, information sharing, pharmaceutical management, and community healthcare coordination. At the same time, we are strengthening our management and information security systems in line with the relevant guidelines to ensure that our services are both safe and reliable.

Mydodes

March 2026 marked the fifth anniversary of the launch of Mydodes[16], which continues to grow as a digital platform connecting physicians with medical representatives and marketing specialists. With the number of registered physicians and usage of Mydodes steadily increasing, this platform is largely being used for the purpose of information sharing. With Mydodes, we continue to develop infrastructure for everyday communication using remote meeting and chat functions to help reduce the workload at healthcare institutions. In addition, we compile and share healthcare information to support healthcare institutions and help create an environment that allows patients to receive the treatments they need.

D-REACH

D-REACH is a service being developed through collaboration between BELLSYSTEM24, Inc. and Alfresa Corporation to provide a new framework for supporting the provision of information to pharmaceutical companies. This service combines both parties' accumulated information provision expertise and the communication functions developed through the operation of contact centers with the goal of providing integrated support encompassing all steps for formulating and implementing information provision plans based on the characteristics and needs of specific healthcare institutions. Furthermore, D-REACH can utilize the remote meeting functions of Mydodes and other diverse communication methods to provide frameworks for consistent access to high-quality information.



D-REACH
https://ssl4.eir-parts.net/doc/2784/ir_material17/271600/00.pdf

NOVUMN

NOVUMN[17] is a support platform designed to accommodate the increasingly sophisticated pharmaceutical management needs arising amid the trend toward personalized medicine. This platform integrates the management of specialty pharmaceutical inventories and administration history. NOVUMN automatically records and displays information pertaining to pharmaceutical inventory movements, temperature management, expiration dates, and other factors. Moreover, this platform tracks demand and offers ordering alert functions based on patient-specific administration schedules to ensure that patients can be provided with the pharmaceuticals they need at the ideal timing. These features make it possible to reduce the management burden and the disposal losses of pharmaceuticals that require appropriate temperature management and thereby contribute to greater safety in healthcare.

Lumicore

Alfresa is accelerating the creation of new business opportunities in relation to healthcare services that are not covered by Japan's national universal healthcare plan and therefore require patients to pay fully out of pocket. We seek to respond to healthcare needs not readily accommodated under the national healthcare plan by developing services for beauty, regenerative medicine, preventive healthcare, and other areas and by supporting the introduction of such services at healthcare institutions. As one facet of these efforts, we offer Lumicore[15], a platform for conducting safe and secure transactions with the goal of helping shape a sound market in relation to out-of-pocket healthcare services. For example, Lumicore can be used to connect beauty clinics with other companies to streamline transaction processes and thereby reduce the workload of healthcare institutions. Moreover, this platform can immediately reflect price updates and digitalize ordering processes to contribute to greater efficiency at companies. Lumicore also features a robust suite of compliance and quality management functions, including the option to limit available products to those approved for use in Japan or by major overseas regulatory authorities. These features contribute to a greater sense of trust in the area of out-of-pocket healthcare services. Through such efforts, the Alfresa Group aims to help healthcare institutions diversify revenue streams while providing patients with a wider range of options in order to improve healthcare quality and build sustainable healthcare systems.



Docshiru

Docshiru[4] is a members-only web service for facilitating the sharing of information between healthcare and nursing care professionals and for finding partners for collaboration. Through this service, Alfresa aims to assist in regional healthcare coordination. We have completely revamped Docshiru's physician and facility search functions, which utilize proprietary data, to allow for quick and efficient searches of the physician or facility best suited to the needs of specific patients. Meanwhile, the expansion of functions for use by physicians as well as by a wide range of other healthcare and nursing care professionals has contributed to a steady increase in service users. To ensure that we are able to provide an environment in which healthcare information can be used with peace of mind, we operate our information management systems in compliance with guidelines pertaining to healthcare information. In addition, subsidiary GEKKA WORKS Co., Ltd. has obtained information security management system certification. These efforts are anticipated to allow Docshiru to facilitate community healthcare coordination through the provision of highly safe and reliable services.

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Medical Products

The Alfresa Group is enhancing its nationwide distribution network through alliances with dedicated medical device and reagent wholesalers, including the conversion of Miyanomedix Inc., EAST JAPAN MEDICAL SYSTEM LTD., and TECHNO SUZUTA Co., Ltd. into subsidiaries. Through these new subsidiaries, we aim to expand sales opportunities at clinics and other institutions through coordination with the Ethical Pharmaceuticals Wholesaling Business. Furthermore, the clinical diagnostic reagents wholesaling business working group established jointly with SEIKO CO., LTD. will be used as a venue for advancing measures to address shared industry issues by enhancing the efficiency and reliability of clinical diagnostic reagent distribution and logistics and ensuring stable supplies.

Acceleration of Growth of Medical Product Operations Through Alliances, M&A Activities, and Coordination with Manufacturers



Logistics

The creation of a logistics system that meets stakeholder needs has been defined as a core theme under the 25–27 Mid-term Management Plan, based on which we are working to automate, mechanize, and improve the quality of our distribution centers. Our efforts to improve logistics quality include a Groupwide drive to acquire certification under ISO 9001,*4 the international standard for quality management systems, in accordance with the Group-standard quality management policy. Currently, this certification has been acquired at eight companies and 19 business sites. The Group is also advancing operational streamlining measures using digital twin*5 technologies and last-mile operation initiatives while seeking to ensure that its operations are friendly toward both the environment and society.



Group-standard quality management policy (in Japanese only)
https://www.alfresa.com/csr/esg/social/customer/quality-policy/

*4 An international standard that specifies the requirements for a quality management system, designed to ensure the consistent provision of products and services and to achieve customer satisfaction
*5 A technology for constructing a virtual replica (twin) in a digital space based on data collected from the real world, enabling various types of simulations
*6 Comprehensive services encompassing the distribution and inventory management of the medical materials and pharmaceuticals used at healthcare institutions

Medical Product and Pharmaceutical Distribution Companies

The following are some of the companies supporting the Alfresa Group's medical product and pharmaceutical distribution operations in the Ethical Pharmaceuticals Wholesaling Business.

Specialty pharmaceutical distribution

Specialty Medical Distribution Corporation
Specialty Medical Distribution Corporation acts as a comprehensive consultation venue that can utilize the various functions of the Alfresa Group and those of its partners to optimally coordinate logistics and services based on customer needs and product characteristics. This company thereby aspires to support stable nationwide access to healthcare by coordinating the distribution of specialty pharmaceuticals.

Supply processing and distribution*6 (contract logistics within hospitals) and medical material wholesaling

Alfresa Medical Service Corporation
Alfresa Medical Service Corporation provides supply processing and distribution services for medical materials and pharmaceuticals to hospitals and healthcare institutions. Drawing on the expertise and know-how cultivated through our pharmaceutical wholesaling business, the company supports healthcare providers in optimizing inventory control, usage management, insurance reimbursement processes, and operational efficiency. The company's comprehensive services also include medical supply evaluation and selection, procurement support, and logistics planning, helping to improve the quality and efficiency of healthcare operations.

Pharmaceutical logistics (warehousing, transportation, and distribution)

A·L Plus Co., LTD.
Pharmaceutical distribution centers: A·L Plus Co., LTD. contributes to lower costs and higher quality thanks to its superior capabilities in terms of operating pharmaceutical-specific warehouse management systems.
Pharmaceutical transportation: A·L Plus can manage vehicle operation and shipment temperatures in real time, from the moment vehicles leave pharmaceutical distribution centers to when they reach their destination, with low-temperature transportation vehicles designed specifically for carrying pharmaceuticals.
Pharmaceutical distribution: A·L Plus utilizes the abovementioned vehicles to efficiently transport pharmaceuticals from pharmaceutical distribution centers to workplaces while maintaining rigorous temperature management.

Clinical diagnostic reagents, research reagents, medical devices, analytical equipment, and nursing care equipment

Alfresa Shinohara Chemicals Corporation
Clinical diagnostic reagents and research reagents: Alfresa Shinohara Chemicals deals in clinical diagnostic reagents and research reagents to cater to the inspection and research needs of healthcare and research institutions.
Medical devices and analytical equipment: Alfresa Shinohara Chemicals supports the healthcare sector with medical devices and analytical equipment that can be supplied in accordance with the inspection or analysis tasks to be performed.
Nursing care and peripheral equipment: Alfresa Shinohara Chemicals can provide the nursing care and other equipment required to support the diverse needs of healthcare and nursing care facilities.

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Self-Medication Products Wholesaling Business

Operating Companies • Alfresa Healthcare Corporation

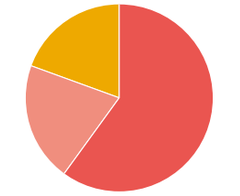
Performance Review and Outlook

Net Sales (Fiscal 2025) ¥267.0 billion (Up 0.5% year on year)

Operating Profit (Fiscal 2025) ¥3.0 billion (Up 2.1% year on year)

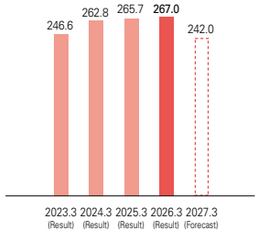
In fiscal 2025, the Self-Medication Products Wholesaling Business practiced rigorous profit management with thorough emphasis on marginal profits*7 as it sought to create value by utilizing data and increasing fee income through the expansion of logistics reforms and its distribution functions. These efforts led to net sales increasing to ¥267.0 billion and operating profit rising to ¥3.0 billion. In fiscal 2026, the business will advance efforts in accordance with the 25–27 Mid-term Management Plan in order to not only enhance existing businesses and accelerate new value creation through data utilization but also realize ongoing improvements in corporate value while responding to operating environmental changes.

Net Sales Composition by Product Field

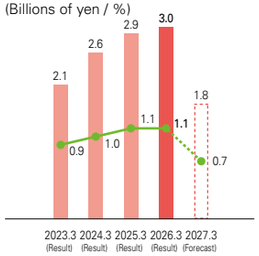


- OTC pharmaceuticals 60.1%
- Supplements and health foods, etc. 20.5%
- Others 19.4%

Net Sales
(Billions of yen)

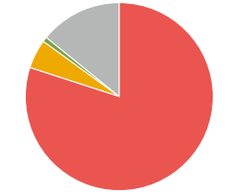


Operating Profit / Operating Profit Margin
(Billions of yen / %)



- Operating profit
- Operating profit margin

Net Sales Composition by Sales Channel



- Drugstores 80.2%
- General merchandise stores*8 4.8%
- General retailers 1.0%
- Others 14.0%

*7 Management approach of emphasizing marginal profits, calculated by deducting variable expenses from net sales, to manage profitability and decision-making

*8 A retail format referring to large-scale stores that handle a wide range of products, including food, clothing, and household goods

Operating Environment

Although the Japanese economy has been showing signs of recovery, the outlook remains opaque because of rising resource, energy, and distribution costs; geopolitical risks; and concern about a slowdown in overseas economies. The operating environment continues to be challenging due to ongoing frugality in the over-the-counter (OTC) market as well as to increases in price competition and transaction fees as a result of the consolidation and reorganization of drug stores.

Segment Strengths

The Self-Medication Products Wholesaling Business has achieved high levels of productivity through its profit management approach thoroughly emphasizing marginal profits and its data-driven systematization of operations. This segment has also built efficient and flexible supply systems using its supply chain management capabilities founded on the optimal positioning of logistics bases and through manufacturer logistics function contracting. In addition, the segment is reinforcing its organizational capabilities by promoting human capital strategies for establishing a workplace environment that will enable diverse talent to exercise their skills. These measures are meant to enable the Self-Medication Products Wholesaling Business to continue providing value in response to customer needs.

Segment Policy Under the 25–27 Mid-term Management Plan

Based on Alfresa Healthcare Corporation's purpose of "Health × Connectivity × Happiness," the Self-Medication Products Wholesaling Business will focus on strengthening its operating foundation to more capably adapt to operating environmental changes under the 25–27 Mid-term Management Plan. These efforts will be focused on the policies of "response to drugstore industry restructuring," "earning of stable profits that are resilient to fluctuations in the external operating environment," and "independent deployment of new solutions." Moreover, pricing strategy and logistics functions will be enhanced with an emphasis on profitability to maximize profits from core areas. The segment will also promote data utilization while expanding its supply chain management and distribution functions to develop new revenue streams in pursuit of stable earnings growth.

"Health × Connectivity × Happiness"

Core Areas	Growth Areas	New Areas
Response to drugstore industry restructuring	Earning of stable profits that are resilient to fluctuations in the external operating environment	Independent deployment of new solutions
• Improvement in productivity at logistics warehouses by introducing robots, etc. • Data-driven sales using sales support tools*9 • Raising customer satisfaction by offering solutions	• Optimal sales strategies based on customer needs and strengthening of self-prevention product[30] sales • Development of new channels and overseas businesses extending beyond existing businesses • Data businesses	• Manufacturer logistics contracts • Strengthening of client online sales support

Note: The use of the word "health" denotes not necessarily simply the concept of "health," but the notion that each person has their own "health."

*9 An approach that builds sales strategies based on collected data, aiming to accurately understand customer needs

Plan Targets (Fiscal 2027) Net sales: ¥266.0 billion Operating profit: ¥3.3 billion

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Review of Fiscal 2025

In fiscal 2025, the Self-Medication Products Wholesaling Business posted increases in sales and profit as a result of enhancements to price management practices, rigorous cost controls, and growth in data-related business ventures. Although we made progress in streamlining business operations during the fiscal year under review, it became clear that we need to further reform our earnings structures based on drug store industry restructuring and other operating environmental changes.

Issues Needing to Be Addressed to Achieve Future Growth

We are faced with a volatile operating environment, characterized by restructuring in the drug store industry and other changes. The Self-Medication Products Wholesaling Business is thus pressed to respond to price competition and mitigate increases in transaction fees and other costs. It will also be imperative for us to heighten earnings power by diversifying revenue streams, accelerating value creation, and enhancing operating processes through data utilization.

Policies for Fiscal 2026

In fiscal 2026, we will advance swift strategies in response to market changes and contemporary trends with the aim of accelerating growth. Specific focuses will include promoting more sophisticated data use, expanding corporate private-brand offerings, and moving away from traditional product proposals to offer wide-ranging proposals that are tailored to consumer life stages and which pay heed to the shift in consumer focus from goods to experiences. We thereby aim to develop business structures that are resilient to operating environmental changes.



Makoto Nishida
President
Alfresa Healthcare Corporation

Business Highlights

Expansion of Corporate Private-Brand Offerings

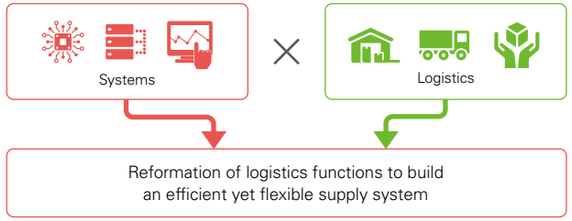
In the Self-Medication Products Wholesaling Business, Alfresa is expanding its lineups of self-prevention products (preventive healthcare and health maintenance products), exclusive manufacturer products, and Nexus Care[7] products (a corporate private brand developed together with customers). In recent years, certain trends have become clear, such as the kinds of value being desired and the types of product strategies being pursued in specific sales channels. In light of these trends, we have been building a portfolio of products that are optimal based on the characteristics and focuses of specific customers.
At the same time, we are bolstering our proposal capabilities based on consumer needs and purchasing data to generate value that goes beyond the mere supply of products, so as to strengthen our enduring relationships with customers and create earnings opportunities.



Self-prevention products

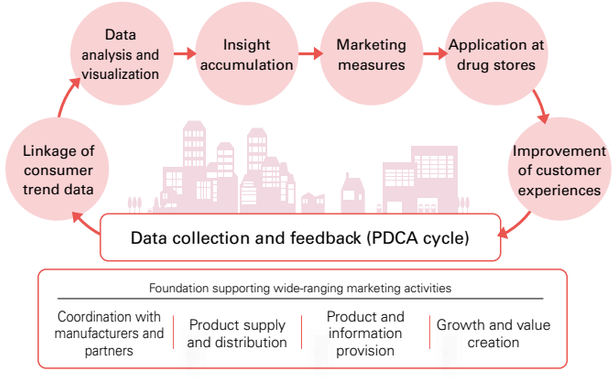
Logistics Reforms

We are reforming the logistics functions of the Self-Medication Products Wholesaling Business to build an efficient yet flexible supply system. These reforms include the optimization of logistics base networks and the strengthening of logistics management systems to cut costs while improving service quality. At the same time, the contracting of manufacturer logistics functions is being expanded to create new earnings opportunities. We are also promoting the real-time coordination of sales and inventory information to heighten our ability to furnish prompt responses to supply-and-demand fluctuations and thereby boost competitiveness.



Wide-Ranging Marketing Activities Based on Consumer Trends

The Self-Medication Products Wholesaling Business is creating value in response to diversifying consumer needs. As advancements in digital technologies enable us to enhance our marketing functions, we are engaging in close coordination and collaboration with alliance partners with the goal of heightening product proposal capabilities based on consumer trends. We are also utilizing our platform to provide information for enhancing customer contact points. Furthermore, we will expand our distribution functions so that we can advance into new service fields and develop earnings models not dependent on existing businesses.



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Manufacturing Business

Operating Companies
- Alfresa Pharma Corporation
- Alfresa Fine Chemical Corporation
- QINGDAO NESCO MEDICAL CO., LTD. (Qingdao, Shandong, China)

Performance Review and Outlook

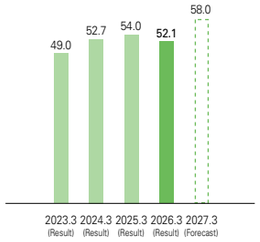
Net Sales (Fiscal 2025) ¥52.1 billion (Down 3.5% year on year)

Operating Profit (Fiscal 2025) ¥1.2 billion (Down 7.1% year on year)

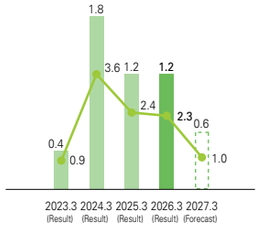
The Manufacturing Business experienced declines in both sales and profit in fiscal 2025. This outcome was a result of lower sales of pharmaceuticals and reduced demand for diagnostic reagents stemming from NHI drug price revisions as well as the October 2024 introduction of measures for the appropriate use of long-listed products. Operating profit did, however, surpass our forecast because of profitability achieved through growth in operations involving active pharmaceutical ingredients and via rigorous control of selling, general and administrative (SG&A) expenses. At the same time, a number of up-front investments and operating foundation reinforcement measures were advanced in the Manufacturing Business in pursuit of future growth. These measures included the February 2026 launch of the neffy® Nasal Spray 1mg/2mg adjunctive treatment for anaphylaxis, preparations for the start of operations at a new manufacturing wing of the Gunma Plant, the expansion of contract manufacturing using contract development and manufacturing organization (CDMO)*10 functions, and efforts to establish a bioanalysis business.

In fiscal 2026, the Manufacturing Business will proceed with efforts to improve earnings structures and heighten medium- to long-term competitiveness by transitioning from its prior business structure to focus more on growing high-value-added products and contract manufacturing and bio-related operations.

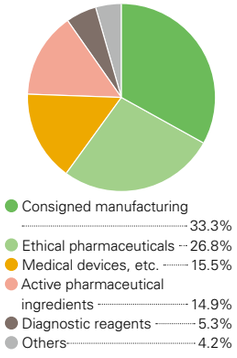
Net Sales
(Billions of yen)



Operating Profit / Operating Profit Margin
(Billions of yen / %)



Net Sales Composition by Product Field



Operating Environment

The operating environment surrounding the Manufacturing Business is growing increasingly challenging amid ongoing NHI drug price revisions and efforts to limit healthcare spending. As use of generic pharmaceuticals is encouraged while the market for long-listed products shrinks, the overall growth of the pharmaceutical market is being driven by newly developed drugs. Meanwhile, yen depreciation, inflation, rising prices for petroleum-related products, and increases in R&D expenses are placing downward pressure on earnings. This situation is being compounded by intensifying competition.

Segment Strengths

Based on the Alfresa Group's total supply chain service concept, the Manufacturing Business is building frameworks capable of integrating functions encompassing development, pharmaceutical affairs, manufacturing, sales, and post-marketing surveillance. In addition, this segment possesses functions for the manufacture and sale of pharmaceutical products, with a focus on treatments for rare diseases as well as for central nervous system disorders, allergic diseases, and gastrointestinal disorders. We are also expanding opportunities for generating earnings from external sources by utilizing CDMO functions to provide contract manufacturing services. At the same time, the segment is carrying out capital investment in high-value-added fields, such as formulations with high pharmacological activity and sterile drug products, in order to improve competitiveness in areas with high barriers to entry. Through these initiatives, the Manufacturing Business will expand beyond manufacturing to differentiate itself as a pharmaceutical supply platform that utilizes the Group's collective strength.

Segment Policy Under the 25–27 Mid-term Management Plan

The Manufacturing Business is acting in accordance with a basic policy of building stable management foundations through business portfolio reforms. Specific objectives include improving profitability in core areas, expanding contract manufacturing services by advancing into the growth areas of formulations with high pharmacological activity and sterile drug products, and bolstering our product pipeline. The segment is also moving forward with its entry into the new areas of biopharmaceutical analysis. Under the 25–27 Mid-term Management Plan, the Manufacturing Business will seek to establish growth drivers and construct future earnings foundation.

Establishment of a Stable Management Foundation Through Business Portfolio Reconfiguration

Core Areas	Growth Areas	New Areas
Further improvements in profitability and operational efficiency	Expansion of contract manufacturing and new product development	Development of new businesses in the API (active pharmaceutical ingredient) manufacturing business
• Review of business portfolio • Review of product portfolio • Review of personnel allocation	• Increase in small-molecule drug manufacturing capacity • Entry into the market for formulations with high pharmacological activity • Establishment of a system for accepting sterile drug products • Product pipeline expansion	• Biopharmaceutical analysis business

Plan Targets (Fiscal 2027) Net sales: Approx. ¥58.3 billion Operating profit: ¥1.1 billion

*10 Contract services ranging from the development of manufacturing processes for pharmaceuticals to investigational and commercial manufacturing

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Review of Fiscal 2025

Sales and profit were down in the Manufacturing Business in fiscal 2025. These declines can be attributed to reduced sales resulting from NHI drug price revisions, the introduction of a select delivery system,*11 and lower demand for diagnostic reagents. Conversely, the segment succeeded in growing sales of active pharmaceutical ingredients and limiting SG&A expenses. Progress was also made in structural reforms and in the development of foundations for supporting medium- to long-term growth. For example, we expanded contract manufacturing services, bolstered our product pipeline, launched neffy® Nasal Spray,*12 and commenced operations at the new manufacturing wing of the Gunma Plant.

Issues Needing to Be Addressed to Achieve Future Growth

The Manufacturing Business is expected to face market contractions as a result of NHI drug price revisions and the introduction of a select delivery system for long-listed drugs. It will also be pressed to strengthen its earnings foundations. To address these issues, we will shift toward contract manufacturing, active pharmaceutical ingredients, new product development, and other growth areas. Other measures to this end will include the acquisition of high-value-added products, the expansion of product pipelines, cost structural reforms, and the acceleration of returns on the capital investments made in the Gunma Plant.

Policies for Fiscal 2026

As we seek to relieve the pressure on earnings in existing businesses from NHI drug price revisions, we will position fiscal 2026 as an extremely important year for developing growth drivers by promoting the market adoption of neffy® Nasal Spray, expanding contract manufacturing, and strengthening active pharmaceutical ingredient and bio-related operations. By steadily shifting toward high-value-added areas and reinforcing business foundations, the Manufacturing Business will build robust frameworks for the reliable, safe, and sincere delivery of pharmaceuticals with diverse modalities to the healthcare institutions and patients that need them.



Katsutoshi Araki
President & CEO, Representative Director
Alfresa Pharma Corporation

››› Business Highlights ›››

neffy® Nasal Spray 1mg/2mg

Launched in February 2026, neffy® Nasal Spray 1mg/2mg is an easy-to-administer adjunctive treatment for anaphylaxis caused by bee stings, food, drugs, and other allergens. We are working to accelerate the market adoption of this new offering through coordination with key opinion leaders,*13 academic associations, and municipal government agencies as well as through information provision to priority facilities. Our focus on these efforts is ensuring safe and proper use and swiftly maximizing sales. At the same time, we are redoubling efforts to collect and assess safety information to guarantee safe use and thereby drive medium- to long-term growth and earnings expansion.



neffy® Nasal Spray 1mg/2mg

Expansion of Contract Manufacturing

The new pharmaceutical manufacturing wing at the Gunma Plant, which commenced operations in April 2026, will be a central pillar of efforts to strengthen production systems for small-molecule drugs. This facility will also be utilized to expand contract manufacturing of formulations with high pharmacological activity as well as in new areas, such as contract inspection, packaging, and the testing of sterile drug products. Meanwhile, we will seek to combat the squeezing of earnings from increased depreciation and amortization by improving earnings power through cost and waste reductions and the optimization of production mixes. In this manner, the Manufacturing Business will endeavor to build foundations for supporting medium- to long-term growth.



New manufacturing wing of the Gunma Plant

Biopharmaceutical Analysis Business

Alfresa Fine Chemical Corporation, a company that manufactures active pharmaceutical ingredients, began effort to launch a biopharmaceutical analysis business in fiscal 2024. Analysis trials were commenced in this business in fiscal 2026 to move us toward our goal of establishing new analysis technology foundations. We will also work to expand contract manufacturing in new, high-value-added areas by enhancing our technologies, complying with good manufacturing practices,*14 and securing talented human resources.



Biopharmaceutical analysis apparatus

*11 A system for using healthcare services not covered by Japanese national health insurance together with insurance-covered systems that allow patients to receive specified healthcare services at an additional expense
*12 An adjunctive treatment for anaphylaxis (general name: adrenalin) released by Alfresa Pharma Corporation in February 2026
*13 Physicians and researchers with substantial expertise and influence in the field of healthcare
*14 Standards related to the production and quality management of pharmaceuticals and quasi-drugs

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Dispensing Pharmacy and Related Businesses

Operating Companies • APOCREAT Corporation

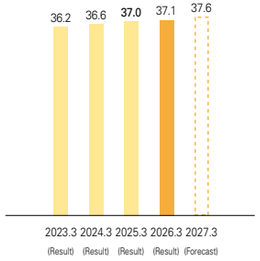
Performance Review and Outlook

Net Sales (Fiscal 2025) ¥37.1 billion (Up 0.4% year on year) / Operating Profit (Fiscal 2025) ¥0.4 billion (Down 16.3% year on year)

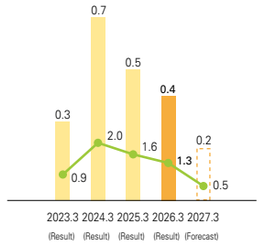
Although operating profit declined, net sales in the Dispensing Pharmacy and Related Businesses were up year on year in fiscal 2025. Despite endeavoring to enhance patient services and improve the productivity of pharmacists, these efforts were counteracted by the impacts of NHI drug price revisions and higher procurement costs. The fiscal 2025 revision to medical fee standards brought with it changes to the standard and additional fee criteria as well as to requirements for establishing locations for pharmacies.

Amid these changes, it will be increasingly important for APOCREAT Corporation to enhance patient services by strengthening home healthcare, medication follow-up, and "family pharmacy" functions and to improve operational efficiency through healthcare digital transformation initiatives. In this way, we must seek to enhance our functionality as a "family pharmacy" on which the community relies.

Net Sales
(Billions of yen)



Operating Profit / Operating Profit Margin
(Billions of yen / %)



Operating Environment

The Pharmacy Vision for Patients released by the Ministry of Health, Labour and Welfare defines the goal for 2035 of making it so that the sphere in which people spend their everyday lives, in terms of both their location and their community, functions like their family pharmacy. Meanwhile, the fiscal 2025 revision to dispensing fee standards entailed a change in the appraisal of services provided to patients by pharmacists. Accordingly, pharmacists are now expected to use their professional skills to provide even higher levels of value. Meanwhile, sluggish growth in prescription numbers and the rising presence of pharmacies located in drugstores are resulting in an increasingly challenging operating environment. Against this backdrop, APOCREAT Corporation is moving forward with efforts to provide home healthcare services, exercise its regional dominance functions, coordinate more effectively with local healthcare institutions and other organizations, and develop the certified pharmacies with "family pharmacy" functions and other pharmacies that will be needed in the future.

Segment Strengths

The Dispensing Pharmacy and Related Businesses segment is implementing its dominant strategy to develop community-rooted frameworks for catering to individuals who are not yet displaying symptoms as well as people receiving in-home care or those with terminal illness. This approach will be used to respond to changes in healthcare systems and ever-more demanding healthcare needs. In addition, we are enhancing dispensing operations while bolstering pharmacy functions with a focus on home care, streamlining operations through healthcare digital transformation, and promoting human resource strategies. We thereby aim to achieve ongoing increases in competitiveness while contributing to community healthcare.

Segment Policy Under the 25–27 Mid-term Management Plan

Through our dominant strategy, we aim to deliver high-quality healthcare services to people at every life stage within the communities we serve. In doing so, we aspire to be a trusted presence as a "family pharmacy." Furthermore, we will seek to enhance patient services, expand home healthcare services, promote healthcare digital transformation, and do away with our dependence on physical locations. We thereby aim to transition to a business model that earns praise for its healthcare functions and achieve ongoing growth. These gains are anticipated to contribute to improved productivity and more-stable earnings foundations.

Goal of Being a "Family Pharmacy" Necessary for the Community

Core Areas

Enhancement of patient services and securement of prescriptions

- Strengthening and standardization of medication instruction first
- Opening of new branches in dominant regions, etc.
- Participation in platform pharmacies

Growth Areas

Obtainment of prescriptions from medical institutions other than proximal hospitals

- Symbiosis of brick-and-mortar and online pharmacies through the development of our own family pharmacy app
- Community medical support through enhancements to dominant strategy

New Areas

Expansion of new pharmacy functions

- Feasibility studies for the establishment of dispensing centers

Entry into the nursing care business

- Management of a large-scale residential nursing home (enhancing dominance)

Plan Targets (Fiscal 2027) Net sales: Approx. ¥38.0 billion Operating profit: ¥1.1 billion

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Review of Fiscal 2025

In fiscal 2025, the Dispensing Pharmacy and Related Businesses segment achieved dispensing sales that surpassed forecasts. However, the segment continued to face issues related to improving earnings due to higher procurement prices, lower prescription numbers, and other factors.

Issues Needing to Be Addressed to Achieve Future Growth

Profitability is being impacted by the emergence of developments such as decreases in prescription numbers, making the transition away from our conventional prescription-number-dependent model all the more urgent. We are also facing a need to respond to rising personnel expenses and labor shortages. It will be increasingly important to tackle these issues through efforts to improve operational efficiency via healthcare digital transformation and enhancements to patient services in order to build foundations capable of sustaining ongoing growth.

Policies for Fiscal 2026

In response to system reforms and operating environmental changes, the segment will be refining its business frameworks for improving productivity while contributing to communities. By improving operational efficiency through healthcare digital transformation and optimizing human resource assignments, we will seek to accommodate prescriptions from various healthcare institutions, expand home healthcare services, and enhance “family pharmacy” functions in order to achieve ongoing growth and build earnings foundations.



Tomohide Tsuzuku
President
APOCREAT Corporation

Business Highlights

Exhaustive Promotion of Healthcare Digital Transformation

We are promoting such healthcare digital transformation measures as the automation of dispensing and input procedures, utilization of AI, provision of online medication instruction, and linking of electronic prescription and other data. The goal of these efforts is to improve operational efficiency while enhancing services. The human resources freed up through the streamlining of patient services will be reallocated to patient services to strengthen patient contact points and heighten management efficiency.



Family pharmacy app

Enhancement of Home Healthcare Services

Demand for home healthcare services is rising in conjunction with the aging of society. We are responding to this demand by enhancing the home healthcare services we are able to provide to both people living in their own homes and those living in residential facilities. In addition, sophisticated pharmaceutical management systems are being developed for people with terminal and chronic illnesses. Moreover, we are ramping up coordination with community healthcare and nursing care providers in order to establish sustainable healthcare systems.

Nursing Care Business

Subsidiary Apollo Care Corporation operates Clinical Town, a series of integrated healthcare–nursing service bases meant to help address the aging of society and the lack of nursing care staff. On the foundation of large-scale residential-fee-based senior care homes, Clinical Town service bases offer round-the-clock access to visitation-based nursing care services as well as regular check-ins and services provided when necessary with the aim of ensuring seamless access to healthcare and nursing care services. Digital transformation and AI technologies are used to enhance resident monitoring systems and care environments to deliver higher service quality while improving operational efficiency. Apollo Care is also accelerating coordination with municipal government agencies and core community hospitals to create high-value-added nursing care services through coordination with healthcare institutions.
By contributing to comprehensive community care through partnerships between multiple industries, we aim to strengthen community healthcare infrastructure functions and create new value.



Clinical Town facility

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Regenerative Medicine-Related Business

Operating Companies • Cell Resources Corporation

Regenerative Medicine-Related Business Initiatives

The regenerative medicine field is expected to see market growth driven by anticipation for its potential to address unmet medical needs and treat and provide potentially curative treatments of certain conditions. However, given that regenerative medicine requires the use of live cells and tissues as the primary active raw materials, this field must overcome challenges different from those encountered by traditional pharmaceuticals. Such challenges include ensuring the reproducibility of manufacturing processes and the consistency of quality, guaranteeing sterilization, and maintaining quality during transportation and storage. The systems for tackling these challenges are in the process of being developed in Japan. However, issues remain in terms of shortages of manufacturing infrastructure and specialists, which are contributing to drug lag and drug loss[5] issues in the regenerative medicine field.

To address these issues, Cell Resources Corporation is developing CDMO operations specializing in regenerative medicine products as a member of the Alfresa Group. These operations go beyond contract manufacturing to provide integrated support for areas ranging from the development of process for creating potentially curative treatments and technology transfers to quality management, reagent production, commercial manufacturing, and procurement system design. This support helps regenerative medicine companies achieve practical application of promising drug discovery seeds. The presence of a CDMO able to offer support during early stages of development is particularly important for regenerative medicine venture companies and academic institutions due to their ability to influence the amount of time needed to commercialize new innovations.

A major strength of Cell Resources is how it can utilize the Alfresa Group's logistics infrastructure and quality management insight to facilitate seamless coordination between development, manufacturing, logistics, quality, and sales channel functions. Regenerative medicine products require rigorous temperature management, short lead times, and traceability on an individual-patient basis. Accordingly, simply designing manufacturing systems will not suffice; an overarching perspective must be used when crafting supply systems. We thus believe it essential to go beyond developing frameworks for manufacturing regenerative medicine products to construct systems for ensuring these products can be delivered safely and effectively. By building such systems, we will help create value.



Koriyama Cell Processing Center*15


Haneda Process Development Center*16
Photograph provided by Haneda Mirai Kaihatsu Co., Ltd.

*15 Facility for the cultivation and processing of cells for use in cell therapy and regenerative medicine applications with appropriate quality management
*16 Facility specializing in development of processes related to pharmaceuticals and cell products



Kotaro Arita
President
Cell Resources Corporation

Story of How We Became an In-House Venture Company

As the president of an in-house venture firm, I am focused on the need to create a business that addresses the issues faced by the Alfresa Group and to help accelerate the commercialization of regenerative medicine products. Regenerative medicine is a market that is expected to grow. It is also true, however, that very few regenerative medicine products actually receive approval and reach the practical application stage. This is so because of a scarcity of manufacturing and supply platforms for supporting processes spanning from initial development to commercialization. The development of systems for reliably supplying raw cellular materials is a matter of particular importance. This got me to thinking of the possibility of advancing the commercialization of regenerative medicine products by connecting the Alfresa Group's distribution functions with the development and manufacturing functions we offer as a CDMO. I had this idea as I gained experience in selling ethical pharmaceuticals before becoming involved in business development at Alfresa Holdings Corporation. An internal project was launched based on this framework, which eventually led to the establishment of Cell Resources. I raised my hand during the business development stage and assumed responsibility for the project as the president. I believe that our role is not just to manufacture regenerative medicine products but to construct systems for ensuring these products can be delivered safely and effectively. Beginning with the supply of raw cellular materials, we accomplish this by providing comprehensive support for processes ranging from development and manufacturing to storage, transportation, and stable supply system design.

Today, Cell Resources is moving forward with the construction of support systems with an eye to everything from initial development and investigational drug manufacturing to the stable supply that follows down the line. In this manner, we aspire to build a platform for the supply of regenerative medicine products in Japan.

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Future Initiatives in the Regenerative Medicine-Related Business

Alfresa is strengthening its operating foundations to enhance CDMO functions and support processes spanning from development and manufacturing to supply with the goal of accelerating the practical application of regenerative medicine products. We are advancing the phased establishment of frameworks for offering cross-functional support for development, quality management, regulatory compliance, and supply with a view to accommodating processes ranging from research and development to commercial supply. We thereby aim to help reduce development risks and contribute to swift commercialization. The initial development processes and manufacturing conditions can have a massive impact on quality at the clinical trial and commercial manufacturing phases as well as on yield and supply stability. This is one of the reasons why a framework for offering support oriented toward commercialization early on in the production process is so important.

One of our priority strategies toward this end is function specialization and coordination centered on the Haneda Process Development Center (Haneda PDC), located in Ota-ku, Tokyo, and the Koriyama Cell Processing Center (Koriyama CPC), located in Koriyama City, Fukushima Prefecture. The Haneda PDC works to address issues at the research and development stages and to prepare for technology transfers with a focus on process development and quality inspections. The Koriyama CPC, meanwhile, is enhancing manufacturing operations to support stable supplies by providing investigational drugs and commercial manufacturing functions compliant with Good Manufacturing Practice and Good Gene, Cellular, and Tissue-based Products Manufacturing Practice guidelines.*17 By integrating the operations of these two bases, we facilitate smooth transitions from development to manufacturing and enable the flexible accommodation of products and the standardization of mass production procedures. Moreover, the linkage of development and manufacturing functions will be important for achieving hassle-free technology transfers and heightened speed in achieving the practical application of customers' drug discovery seeds.*18

Cell Resources is more than just a CDMO; by utilizing the Alfresa Group's logistics, quality, and information management platforms, this company is enhancing total supply chain services that encompass back-end manufacturing and other processes. This approach enables us to accommodate quality management, traceability on an individual product or patient basis, and coordination of operations with healthcare institutions. In this way, we are developing frameworks for supporting regenerative medicine from the development phase through to provision to patients. Moreover, we partnered with Minaris Advanced Therapies, LLC to develop sophisticated CDMO platforms. In addition, a strategic partnership agreement has been concluded with ENCell Co., Ltd. of South Korea. Through this agreement, we are strengthening frameworks for supporting the commercialization of regenerative medicine products in Japan and overseas. The Alfresa Group is also participating in the Consortium for the Development of an Automated Manufacturing Platform for Regenerative Medicine Products to contribute to efforts for identifying issues that could impede the practical application of regenerative medicine products. Through these initiatives, we are furnishing flexible responses to changes in a highly volatile operating environment. We recognize that the value of regenerative medicine products is not determined solely by manufacturing quality; the frameworks for ensuring that these products can be delivered to patients safely, reliably, and when needed are also an important component of a product's value.

Looking ahead, we plan to develop our regenerative medicine-related business in accordance with the basic policy of steadily advancing operations in Japan while prioritizing the enhancement of domestic development, manufacturing, and supply platforms. Especially vital to our strategies will be the construction of commercial manufacturing bases for reliable production based on the drug discovery seeds cultivated at other bases. Whether or not a regenerative medicine product has a system in place for its stable manufacture after approval can affect its chances of commercialization. For this reason, we are developing manufacturing with consideration for processes ranging from initial development to investigational drug manufacturing production, commercialization, and finally stable supply. We thereby aim to help maximize the value and increase the likelihood of realizing the practical application of customers' drug discovery seeds.

In the future, the Alfresa Group intends to deploy its manufacturing quality and supply systems developed in Japan to overseas markets while helping address drug loss issues through the domestic manufacture of overseas drug discovery seeds.

Furthermore, over the medium to long term, we will develop bases capable of complying with overseas regulations to evolve our commercial manufacturing functions so as to become a global supply platform. By refining our made-in-Japan manufacturing and supply models with a focus on reinforcing domestic platforms, we aim to develop operating foundations that are applicable to the global market.

*17 Standards for manufacturing and quality management to ensure the quality and safety of pharmaceutical, regenerative medicine, and other products, Good Manufacturing Practice applies to pharmaceuticals and Good Gene, Cellular, and Tissue-based Products Manufacturing Practice applies to regenerative medicine and other products.
*18 Seeds held by customers or by the market with the potential to create new technologies or business opportunities and resolve certain issues



Manufacturing facility at Haneda PDC used to confirm reproducibility of manufacturing processes and to manufacture investigational drugs



Shape and density of cultivated cells being confirmed at Koriyama CPC



Human umbilical cord- and amnion-derived mesenchymal stromal cell products

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CRO Business

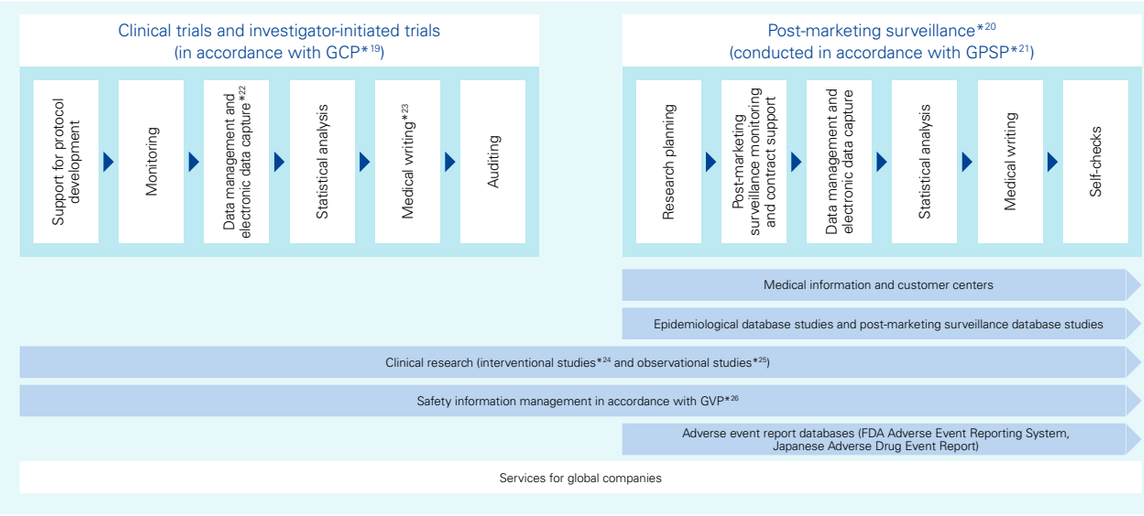
Operating Companies

- Ark Medical Solutions Inc. (converted into a consolidated subsidiary effective April 1, 2026)

Transformation into a High-Value-Added CRO Business Using AI

As pharmaceutical development processes become more sophisticated and cost intensive, CRO services are increasingly expected to provide higher levels of specialization and efficiency. Ark Medical Solutions Inc. is therefore using AI to transform its operating processes with the goal of providing high-quality, high-value-added solutions that combine technology with human insight. In addition, we are working to augment our human resource and function portfolios to improve the flexibility and responsiveness of contract service frameworks. By improving efficiency while maintaining quality through this process, we aim to achieve ongoing growth and improve earnings power as the CRO business partners choose.

CRO Services and Solutions



*19 Good clinical practices: A global standard and regulations for conducting clinical trials ethically and scientifically and ensuring the credibility of data
*20 Surveillance for ensuring the quality, efficacy, and safety of pharmaceuticals and medical devices after they are put on the market
*21 Good Post-Marketing Study Practice: Standards for post-marketing surveillance and testing
*22 A system for electronically collecting, storing, and managing case data and patient information in clinical trials and research
*23 The process of preparing specialized medical and pharmaceutical documents, such as clinical study reports, regulatory submission materials for drug approval, and academic conference presentation materials, while ensuring scientific validity and consistency
*24 Studies in which researchers intervene, including with new treatments for study participants, regarding factors believed to be causally related to a disease, and verify the effectiveness of the intervention by comparing it with previous treatments and other factors
*25 Studies in which, without intervening, researchers collect and analyze data on the health and disease status of study participants to obtain new insight
*26 Good vigilance practices: Standards regarding safety management of pharmaceuticals, quasi-drugs, cosmetics, and medical devices after manufacture and sale that contain provisions for collecting and examining safety management information and implementing measures to ensure safety



Akira Mizuo
President & Representative Director
Ark Medical Solutions Inc.

Ark Medical Solutions
In September 2024, the Company acquired all shares of Ark Medical Solutions Inc., a new company established to inherit INTAGE Healthcare Inc.'s CRO and post-marketing surveillance businesses. This company offers integrated support for areas ranging from clinical development to post-marketing surveillance to contribute to more-sophisticated pharmaceutical development processes.

Review of Fiscal 2025

In fiscal 2025, Alfresa's CRO business posted net sales of ¥239.8 million, representing an increase of 166.0% compared with the previous fiscal year. During the fiscal year under review, steps were taken to build operating foundations for supporting future growth based on the changes seen in the operating environment. These steps included revising electronic data capture strategies, enhancing contract service systems through a business transfer from Remedia Co., Ltd., and strengthening specialized functions through coordination with Mwis Corporation.

Note: The previous fiscal year, fiscal 2024, was an irregular seven-month period as Ark Medical Solutions was included in the scope of consolidation in September 2024.

Issues Needing to Be Addressed to Achieve Future Growth

A major priority for the CRO business will be improving profitability while sustaining its current growth trajectory. We view the changes in the post-marketing surveillance market and the advancement in use of real-world data and AI as growth opportunities. Based on this recognition, we will work to bolster competitiveness by improving service quality and proposal capabilities, enhancing our specialized skills and human resource platforms in relation to specific product areas, and stepping up intra-Group coordination. At the same time, we will adjust our pursuit of ongoing growth based on changes in the external environment.

Policies for Fiscal 2026

In fiscal 2026, we will seek to maintain net sales growth in the CRO business while also recovering and improving earnings power. Based on these priorities, we will strengthen our operating foundations and fine-tune our growth strategies. Furthermore, we will heighten productivity and project acquisition capabilities in the CRO business while also creating new value through coordination with other Group companies. We therefore aim to achieve ongoing growth and improve corporate value.

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A Core Function Supporting the Advancement of Total Supply Chain Services

As the Alfresa Group's functions evolve, we are being called upon to deliver even greater value by integrating processes ranging from development to distribution and sales. Our PATH-Solution[18] platform supports the entry of emerging overseas biopharmaceutical companies*27 into the Japanese market. This platform is being deployed to provide comprehensive support encompassing conventional CRO services as well as market assessments, drug price simulations, and development and regulatory strategies. By enabling us to address customer needs and provide comprehensive support for their success in the Japanese market, PATH-Solution contributes to the creation of new value as a core function of the Group.

Creation of Value Through Integrated Management of Pharmaceutical Distribution and Administration Information Leveraging CRO Know-How

The Alfresa Group provides services to support the comprehensive management of the distribution and administration of specialty pharmaceuticals. Ark Medical Solutions plays a central role in these services by utilizing the data management and operational design expertise developed through its CRO business. This company is developing a new platform that will integrate management functions and enable the shared use of pharmaceutical and administration data, thereby helping the Alfresa Group create and leverage new value.

*27 Emerging pharmaceutical companies engaged in the research and development of new drugs

Practical Application of Total Supply Chain Service Scheme Connecting Development, Approval, and Post-Marketing Surveillance Functions

With its CRO business, Ark Medical Solutions provides development and approval support and post-marketing surveillance functions within the Alfresa Group's total supply chain service scheme, which integrates everything from pharmaceutical licensing and development to manufacturing, distribution, sales, post-marketing surveillance, and last-mile operations.



Development and Approval: Enhancement of Clinical Development Contract Service Systems

Receipt of business transfer from Remedia Co., Ltd. in March 2026
Strengthening of clinical development support systems

\+

- Provision of marketability verification, evaluation support
- Provision of development and pharmaceutical affairs strategies

Post-Marketing Surveillance: Augmentation of Consulting Functions

Business alliance with Mwis Corporation in March 2026
GPSP and GVP support

\+

- Expansion of consulting function
- Expansion of medical writing function
- Enhancement of the capacity to produce materials related to proper usage

Augmentation of Functions

Augmentation of functions to connect development, approval, and post-marketing surveillance functions to bring total supply chain service scheme to practical application

Strengthening of CRO business as core function for total supply chain services to accelerate value creation across the pharmaceutical life cycle

Note: The businesses transferred from Remedia Co., Ltd. included post-marketing surveillance monitoring and contract support functions.

Contracting Track Record in the CRO Business (Aggregate)

Business partners
More than **100** companies

Academic partners
More than **20** organizations

Healthcare field experience
More than **30** years

Projects
More than **500** post-merger surveillance projects
More than **100** clinical trial and research projects



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Overseas Business

Vision for Overseas Business

The Alfresa Group is strengthening its domestic and overseas operating foundations as part of its growth strategies for improving corporate value. In particular, our overseas business will function as an important source of growth. Under the 25–27 Mid-Term Management Plan, advancing business activities in Asia has been defined as a priority for the overseas business. We are therefore taking a multi-layered business development approach that expands beyond existing operations in China and Vietnam to focus on Southeast Asia as a whole.

Our goal is not merely to acquire sales and distribution networks; we want to strengthen our functions as a partner that supports the overseas expansion of Japanese pharmaceutical companies and medical device manufacturers with regulatory, distribution, and sales functions. To aid Japanese companies looking to expand into or grow their existing businesses in new countries, we share the local information and insight we have gained in the respective countries. Through this process, we aim to develop foundations for supporting the ongoing growth of the Alfresa Group as well as that of all Japanese pharmaceutical companies and medical device manufacturing developing operations in Asia.

Initiatives in Southeast Asia

Total Supply Chain Service Model for Southeast Asia

The Alfresa Group is deploying a total supply chain service model as one facet of its growth strategies for its overseas business. Whether dealing in pharmaceuticals or medical devices, there is a need to register products in local markets and then perform distribution and post-marketing surveillance. To meet this need, we are shaping a service platform that can comprehensively provide all of the functions necessary for developing operations in overseas markets. By combining regulatory application support, sales, marketing, logistics, distribution, post-marketing safety, and other functions, we look to provide one-stop services for

The Alfresa Group's Overseas Network

Name	QINGDAO NESCO MEDICAL CO., LTD.
Address	Qingdao, Shandong, China
Establishment	March 1996
Business activities	Manufacture, export, and sale of surgical sutures and medical devices

Name	REMEJE PHARMACEUTICALS (CHINA) CO., LTD.
Address	Huizhou, Guangdong, China
Establishment	November 5, 2005
Business activities	Import, registration, marketing, and sale of pharmaceuticals and medical devices



Utilization of Systems and Joint Development in Greater Bay Area and Hainan Province

Name	China Resources Pharmaceutical Commercial Group Limited
Address	Beijing, China
Establishment	December 2000
Business activities	Pharmaceutical wholesaling, distribution, delivery, and provision of supply chain-related services

Name	Vietnam-Japan Medical Bridge Investments Company Limited
Address	Hanoi, Vietnam
Establishment	July 7, 2017
Business activities	Export, import, and sale of ethical pharmaceuticals and related products as well as support for the management of healthcare facilities

Name	Alfresa Codupha Healthcare Vietnam Co., Ltd. (Alcopha)
Address	Ho Chi Minhcity, Vietnam
Establishment	November 1, 2013
Business activities	Import and sale of medical devices, medical materials, and other healthcare products and provision of healthcare services

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pharmaceutical companies and medical device manufacturers targeting overseas expansion.

Our first brick in building this platform will be the pharmaceutical affairs, distribution, and sales networks that have been constructed by Alfresa Codupha Healthcare Vietnam Co., Ltd. (Alcopha) and Vietnam-Japan Medical Bridge Investments Company Limited in Vietnam. We will utilize these existing networks as we seek to establish a total supply chain service model in the Vietnamese market. If this approach proves successful, it will be applied to other Southeast Asian countries in order to accelerate the expansion of our operations across the region.

In this manner, the Alfresa Group will work to evolve its presence in Asia from that of a company selling pharmaceuticals and medical devices to that of a company providing a platform for comprehensively supporting the overseas supply of pharmaceuticals and medical devices. This is the approach we will take toward improving corporate value.

Start of Pharmaceutical Operations in Vietnam

The Alfresa Group began conducting the import and sale of medical devices in the Vietnamese market with the establishment of Alcopha in 2013. However, as indicated in the press release entitled "Notice Regarding Capital Participation in Vietnam-Japan Medical Bridge Investments Company Limited" issued in September 2025, we have since expanded the scope of our operations in this country from medical devices to include pharmaceuticals, a step we have aimed to take for a number of years.

With this broader scope of operations, we have established a foothold that will support the deployment of a full agency model (a business model that supports everything from product registration to sales) in the Southeast Asian region in the future. Looking ahead, the Alfresa Group will ramp up its efforts to act as a partner to Japanese companies entering the Vietnamese market.



Colleagues at Alcopha supporting our business growth

Initiatives in China

Ongoing Focus on Existing Businesses

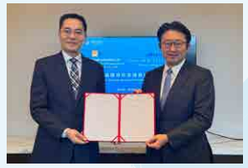
In China, we are engaged in the import and sale of OTC product and other health-related products, with drug stores as our primary sales channel, through REMEJE PHARMACEUTICALS (CHINA) CO., LTD., a joint venture with ITOCHU Corporation and BAHEAL PHARMACEUTICAL GROUP. The Alfresa Group researches products sold in Japan to find products meeting Chinese market needs so that it can arrange licensing agreements in China for such superior products on behalf of Japanese companies together with REMEJE PHARMACEUTICALS. We thereby aim to help Japanese companies enter the Chinese market.

In addition, Alfresa Pharma Corporation conducts the manufacture, export, and sale of surgical sutures through QINGDAO NESCO MEDICAL CO., LTD. (located in Qingdao, Shandong, China). This company is also engaged in the import and sale of medical devices and other products in the Chinese market.

Support for Manufacturers Using Local Systems

The Alfresa Group's latest distinctive initiative is the offering of support for Japanese pharmaceutical companies and medical device manufacturers entering China through the utilization of the country's Hainan special medical zone*28 and Guangdong-Hong Kong-Macao Greater Bay Area special import systems. In November 2025, the Company concluded a constructive strategic business alliance with partner China Resources Pharmaceutical Commercial Group Limited, announcing its plans to support the licensing of Japanese products in China through the utilization of the country's special medical zone and special import systems in the Greater Bay Area and other areas of the country.

The Alfresa Group is not limiting its efforts to supplying information about local systems. Rather, we look to provide manufacturing support functions, such as introductions to local sales partners, to facilitate the swift launch of high-quality ethical pharmaceuticals and medical devices offered by Japanese companies in the Chinese market.



Junyi Guo, Deputy General Manager of China Resources Pharmaceutical Commercial Group Limited, and Alfresa President Yusuke Fukujin at signing ceremony

*28 Specially designated zone in which regulations are relaxed to promote the provision of cutting-edge healthcare services and the development of industries

Message

Future Vision

The initiatives we have explained on prior pages are part of a medium- to long-term strategy positioning both China and Southeast Asia as priority markets in which we will support the overseas expansion of Japanese companies. Our goal is to expand business structures and business foundations that will allow us to offer support as a partner throughout the Asian region.

Partnerships with Manufacturers

By building upon the relationships with various manufacturers we have fostered thus far, the Alfresa Group will seek to become a partner that can contribute to the overseas expansion of Japanese manufacturers.

Evolution and Expansion of Total Supply Chain Services

The initiatives we have hitherto discussed are part of our efforts to advance the evolution and expansion of our total supply chain services. They are also a venue through which the Group can help address the healthcare issues faced in various Southeast Asian countries in order to contribute to improvements in local healthcare systems.



Yusuke Fukujin
Representative Director &
Executive Vice President
Ethical Pharmaceuticals Wholesaling Business & International Business
Alfresa Holdings Corporation
Representative Director & President
Alfresa Corporation

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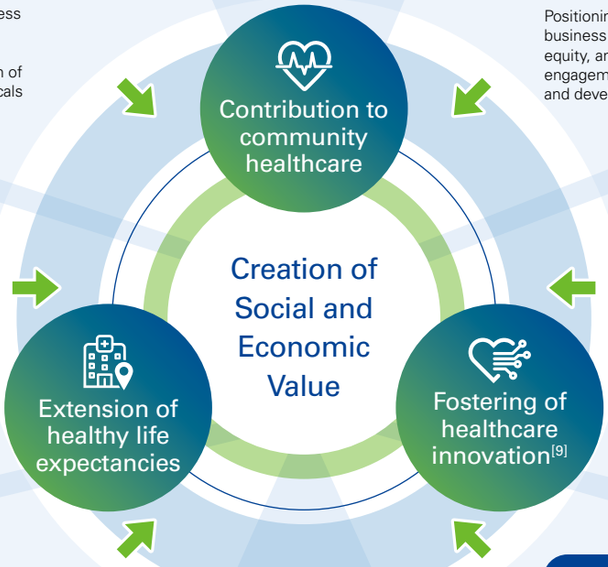
Sources of the Alfresa Group's Competitiveness (Six Types of Capital)

Guided by its Mission of "we create and deliver a fresh life for all," the Alfresa Group seeks to fulfill its social responsibility to support the stable supply of pharmaceuticals and other products while creating value by evolving its total supply chain services[19]. The combination of our six types of management capital, the sources of our competitiveness, gives rise to the collective strength with which we create social and economic value, with such value leading to our ongoing growth and improved corporate value.



Financial Capital

P57

Source Supporting Evolution of Total Supply Chain Services and Ongoing Growth

The reliable cash flows generated in the Ethical Pharmaceuticals Wholesaling Business and other core areas are used to invest in growth areas and new areas. Alfresa practices balance sheet management with the goals of reforming its portfolio and achieving an optimal capital structure with an emphasis on capital efficiency. The aim of this approach is to fulfill our responsibility to provide a stable supply of pharmaceuticals and other products while achieving ongoing improvements in corporate value.

Human Capital

P60

Driving Force Behind Growth Through Human Resource Strategies Linked to Management Strategies

Positioning the recruitment, development, and mobilization of talent who can drive business growth as a priority, Alfresa is promoting human resource development; diversity, equity, and inclusion;*1 the recruitment of exceptional talent; and improved employee engagement. We also practice intra-Group human resource exchanges and look to recruit and develop experts in order to create value by exercising our collective strength.

Manufactured and Logistics Capital

P65

Manufacturing, Logistics, and Supply Systems Supporting Stable Supply of Pharmaceuticals

Through the integrated operation of our nationwide distribution and manufacturing bases and our quality management system, we are developing a stable supply system that can provide sophisticated temperature management and accommodate specialty distribution needs. Providing support from manufacturing to storage and logistics, in both normal circumstances and times of emergency, we are fulfilling our role as a provider of healthcare infrastructure while driving the evolution and expansion of our total supply chain services.

Intellectual Capital

P66

Integrated Knowledge Underpinning Stable Pharmaceutical Supply and Evolution of Total Supply Chain Services

The Alfresa Group is building upon its specialized insight and know-how fostered in pharmaceutical distribution while also honing its ability to respond to healthcare digital transformation, growing calls for higher quality, and evolving international standards and enhancing its data and information infrastructure. These forms of intellectual capital constitute the Group's integrated knowledge and are something that we will nurture to enhance the entirety of our value chain and create value.

Social and Relationship Capital

P69

Social Infrastructure Supporting Stable Pharmaceutical Supply and Contributions to Community

The trusting relationships and networks we have built through ongoing engagement and partnerships with diverse stakeholders form the foundations upon which we seek to provide a stable supply of pharmaceuticals and other products, help address community healthcare issues, improve the sustainability of community healthcare, and create social and economic value.

Natural Capital

P73

Pursuit of Ongoing Growth Through Reduction of Environmental Impact and Circular Use of Resources

The Alfresa Group is revising packaging materials and improving logistics efficiency to reduce the environmental impact associated with its manufacture and distribution of pharmaceuticals. Through our environmental management system, we promote decarbonization and waste reduction, among other efforts, to preserve natural capital.

*1 Idea of creating an organization where individuals with diverse experience and attributes have access to equal opportunities, are respected, and are able to fully exercise their skills

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MESSAGE



Toshiki Tanaka
Director, Vice President & Executive Officer
Corporate Administration
(In Charge of General Affairs, Financial Planning, Corporate Communications)
Alfresa Holdings Corporation

"Through three years of focused investments, the Alfresa Group will seek to achieve its earnings growth vision and establish a highly profitable business portfolio."

Review of Fiscal 2025

In fiscal 2025, the year ended March 31, 2026, the first year of the 25–27 Mid-term Management Plan, the Company posted record-breaking net sales of ¥3,104.0 billion, up 4.8% year on year. Operating profit, however, declined 5.0%, to ¥36.1 billion. This decline is the result of ¥2.1 billion in expenses associated with investments in new areas, such as regenerative medicine and other biosimilar-related facility development. However, when these expenses are excluded, operating profit rose 7.0% year on year, to ¥38.3 billion. Profit attributable to owners of the parent amounted to ¥41.7 billion, a substantial increase of 52.4% attributable to a gain on sale of investment securities recorded in conjunction with efforts to reduce cross-shareholdings.*2 As a result, return on equity (ROE) *3 came to 8.4%, representing a strong start toward achieving the plan's target of a three-year average of 7% or more.

*2 Listed shares held for purposes other than pure investment, which might include maintaining or strengthening businesses, for which companies are expected to assess the rationality of holdings and disclosure information on policies for reducing holdings and exercising related voting rights
*3 Indicator of the amount of profit being generated using owners' equity
*4 Contract services ranging from the development of manufacturing processes for pharmaceuticals to investigational and commercial manufacturing
*5 Returns of profits or capital to shareholders generally in the form of dividend payments, but also including share buybacks and shareholder benefits
*6 A specialized organization that supports a series of operations related to clinical trials conducted by pharmaceutical companies and research institutions

Earnings Growth Scenario for Realizing the Medium- to Long-Term Vision

The Alfresa Group's Medium- to Long-Term Vision defines business strategies calling for the establishment of a solid revenue base amid the maturation of the ethical pharmaceuticals wholesale market. These strategies also entail transforming our business portfolio into one that achieves high profitability by developing growth areas and new areas.

In the earnings growth scenario crafted for the 25–27 Mid-term Management Plan, ethical pharmaceuticals, over-the-counter (OTC) pharmaceutical distribution, and other competitive core areas will remain reliable sources of earnings. At the same time, medical products[11], solutions, newly developed pharmaceuticals, contract development and manufacturing organization (CDMO) services,*4 and other growth areas will act as earnings drivers propelling us toward the accomplishment of the targets set for the final year of the current medium-term management plan.

As for new areas, such as regenerative medicine, biosimilars, beauty, and animal-related products, we do not expect operations therein to begin generating profits during the 25–27 Mid-term Management Plan. Nevertheless, we will continue to cultivate these operations to make them into drivers of ongoing growth in and beyond fiscal 2032, the target year for the Medium- to Long-Term Vision.

Cash Allocation

The three-year period of the 25–27 Mid-term Management Plan is positioned as a time for carrying out focused investments in accordance with the abovementioned earnings growth scenario. During this period, we intend to invest a total of approximately ¥120.0 billion, including roughly ¥70.0 billion in strategic investments in growth areas and new areas to build a new revenue model and about ¥50.0 billion to further strengthen the competitiveness of core areas. The reliable operating cash flows generated largely through the Ethical Pharmaceuticals Wholesaling Business as well as the funds recovered through sales of cross-shareholdings will be allocated to such strategic investments and to shareholder returns. Should operating cash flows and cross-shareholding sales prove insufficient for funding said investments and shareholder returns, we will examine the possibility of using borrowings. Based on this policy, of the cash inflows amounting to ¥69.4 billion generated in fiscal 2025, ¥41.0 billion was devoted to strategic investments, ¥12.0 billion was used for dividend

	Our Business Portfolio	Fiscal 2026 (Forecast)	Fiscal 2027 (25–27 Mid-term Management Plan Forecast)	Fiscal 2032 (Medium- to Long-Term Vision Forecast)
Core areas	›Ethical pharmaceutical distribution ›Self-medication product distribution ›Pharmaceutical manufacturing ›Dispensing pharmacies	Net sales: ¥2,940.0 billion Operating profit: ¥30.3 billion	¥3,080.0 billion ¥34.5 billion	¥3,000.0 billion ¥38.0 billion
Growth areas	›Medical products ›Solutions (Ethical Pharmaceuticals Wholesaling Business and Self-Medication Products Wholesaling Business) ›CDMO services ›Newly developed pharmaceuticals ›CRO*6 operations	Net sales: ¥270.0 billion Operating profit: ¥5.8 billion	¥295.0 billion ¥10.0 billion	¥850.0 billion ¥23.0 billion
New areas	›Regenerative medicine ›Biosimilars ›Beauty ›Veterinary ›Nursing care, etc.	Net sales: ¥1.0 billion Operating profit (loss): ¥(2.2) billion	¥3.0 billion ¥(1.0) billion	¥150.0 billion ¥9.0 billion
Total	Net sales Operating profit ROE	¥3,144.0 billion ¥33.9 billion 7% level (three-year average)	¥3,330.0 billion ¥43.5 billion 7% level (three-year average)	¥4,000.0 billion ¥70.0 billion 8% or more

Note: There is some overlap between the business areas described in the above table.

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payments, and ¥15.0 billion was utilized to fund the share buybacks announced in May 2026. Business areas allocated investments include the construction of distribution centers and networks for supporting the stable supply of ethical pharmaceutical products. Meanwhile, we conducted investments in growth areas to acquire a wholesaler specializing in locations outside of urban centers to strengthen medical product operations and in the construction of new pharmaceutical production facilities to enhance CDMO operations. As for new areas, investments were focused on the establishment of the Haneda Process Development Center for regenerative medicine operations and on the commencement of the construction of a biosimilar production facility.

Balance Sheet Management for Optimizing Capital Structure

To optimize our capital structure, we will manage our balance sheet by diversifying sources of funding for strategic investments. To this end, we will target an external credit rating of A+ and an owners' equity ratio in the low- to mid-30% range. The ¥15.0 billion in share buybacks*7 announced in May 2026 resulted in an owners' equity ratio of 32.2% on June 30, 2026. In addition, we have secured on-hand liquidity equivalent to 0.6 to 0.7 months' worth of sales. This is around the same level as the value of product inventories stored in the distribution centers and other facilities of our mainstay Ethical Pharmaceuticals Wholesaling Business. We believe it is important to secure on-hand liquidity sufficient for acquiring inventories of this amount at any time. Such liquidity will ensure that we can procure pharmaceuticals from manufacturers or other suppliers to provide medical institutions with the products they need, even if we are unable to collect receivables due to disasters or other reasons.

We have been actively reducing our cross-shareholdings since prior to the period of the 22–24 Mid-term Management Plan. In fiscal 2025, the ratio of cross-shareholdings to net assets was 9.2%, as indicated in our Annual Securities Report, less than the target of 10% defined under the 25–27 Mid-term Management Plan. The Company will continue to reduce cross-shareholdings going forward, and the funds created thereby will be directed toward shareholder returns and strategic investments.

Improvement of Capital Efficiency

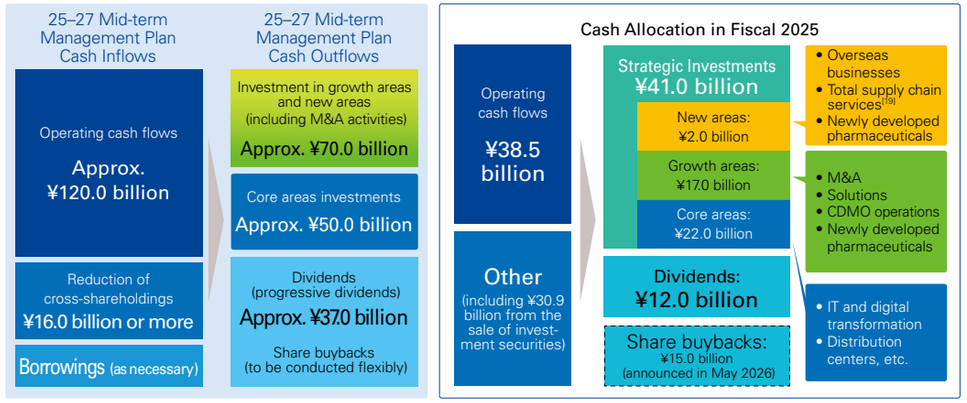
The Alfresa Group estimates its cost of capital based on equity yield, the residual income model, and the capital asset pricing model.*8 Using this methodology, we have determined the Company's cost of capital to be approximately 7%. Meanwhile, we aim to achieve ROE of 8% or more in fiscal 2032—as called for in our Medium- to Long-Term Vision—while targeting an average of around 7% over the three-year period of the 25–27 Mid-term Management Plan. ROE may have reached 8.4% in fiscal 2025, but we do not believe that the Company has yet established the ability to consistently generate ROE in excess of 7%. We are committed to heightening capital efficiency by growing earnings through our business strategies, reducing cross-shareholdings, implementing a progressive dividend policy, and conducting flexible share buybacks.

Investments in growth areas and new areas are a linchpin in our business strategies. When conducting said investments, we will use cost of capital as our ruler for practicing disciplined capital allocation with the underlying goal of producing returns that surpass cost of capital. For individual investment projects, hurdle rates are set based on business risks to help us achieve returns on invested capital that exceed the medium- to long-term cost of capital. Through such investments, we aim to achieve ROE of 8% or more set for fiscal 2032 in the Medium- to Long-Term Vision.

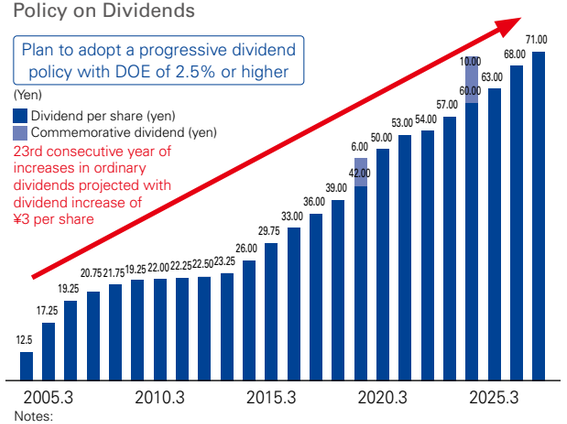
Shareholder Returns

With respect to shareholder returns, we will provide stable dividends based on the metric of dividend on equity (DOE)*9 and implement share buybacks in a flexible manner. We have adopted DOE as the metric for determining the distribution of dividends in order to provide more stable returns regardless of fluctuations in profit levels and to ensure transparency in our dividend policy. For the 25–27 Mid-term Management Plan, we have defined a DOE target of 2.5% or higher. We remain committed to our policy of progressive dividends, which has existed since our founding, and we aim to maintain dividend stability and increase dividends in line

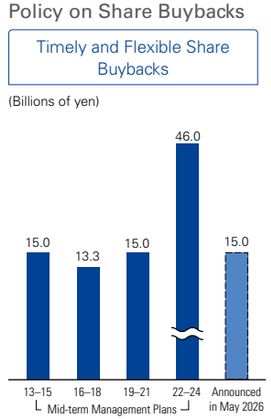
Outline of Three-Year Period of 25–27 Mid-term Management Plan and Investment Results in Fiscal 2025



Policy on Dividends



Policy on Share Buybacks



*7 Repurchases of a company's own shares from the market, etc., with the goal of improving capital efficiency, providing returns to shareholders, or conducting flexible capital measures
*8 Model for estimating the rates of return expected by shareholders using risk-free rates, stock market risk premiums, and market sensitivity for individual stocks
*9 Ratio of total annual dividend payments to owners' equity

Notes:
1. Since the Company was founded in September 2003, the figure for the fiscal year ended March 31, 2004 includes the year-end dividend only.
2. The Company implemented a 4-to-1 stock split of ordinary shares on October 1, 2014, and the dividends are stated retroactively reflecting this stock split.

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with profit growth. Even if profits decline, we will ensure the stable and continuous growth of dividends per share by maintaining or increasing dividends, rather than reducing them. In fiscal 2026, we project dividend payments of ¥71 per share, an increase of ¥3 compared with ¥68 in the previous fiscal year. At the same time, it is our policy to flexibly implement share buybacks at appropriate timings based on cash inflows, including those from operating cash flows and the sale of cross-shareholdings; cash outflows, such as those for M&A activities, other investments, and dividends; and net assets. While maintaining a certain level of flexibility in our capital policy, we will examine the need to adjust our capital levels based on risks and our capital position. Measures for adjusting capital levels could include additional shareholder returns funded by the sale of cross-shareholdings. Decisions on share buybacks will be made through a comprehensive assessment of factors such as the level of optimization of the capital structure, capital efficiency, stock price, and the balance between dividends and investments. Based on such an assessment, the Company conducted share buybacks totaling ¥15.0 billion in May 2026.

Message to Our Stakeholders

The Alfresa Group's price-to-book ratio (PBR)*10 remains below 1.0 times. We take our current PBR performance very seriously as it reflects the stock market's assessment of our profitability relative to capital and growth potential.

I believe that said performance is a result of our inability to achieve a level of ROE that consistently exceeds the cost of capital and of our being in the process of transitioning to the earnings structure prescribed in the Medium- to Long-Term Vision, with earnings contributions from growth areas and new areas still being limited. These factors are likely weighing down on the stock market's assessment of the Company.

As CFO, I am committed to heightening profitability by expanding and transforming our business portfolio through allocations of capital aimed at achieving the goals of the Medium- to Long-Term Vision. I will also strive to improve capital efficiency through shareholder returns and optimal balance sheet management. Clear and accessible disclosures will be provided with regard to our progress in these initiatives, and the Company will proactively engage with investors to drive ongoing improvements in corporate value.

*10 Ratio of share price to net assets per share
*11 Earnings before interest, taxes, depreciation and amortization, an indicator of business profitability that is relatively unaffected by factors such as capital structure and depreciation and amortization

Engagement with Shareholders and Investors (Fiscal 2025)

Alfresa obtains a wide range of opinions from shareholders, investors, and other stakeholders through interviews and presentations. The input gained therefrom is reported within the Company, assessed, and then reflected in various initiatives.

Results for Fiscal 2025

Individual meetings with analysts and institutional investors **110 times**	The president, executive director in charge of investor relations, and members of the Corporate Communications Department meet, in-person and online, with domestic and overseas investors (fund managers, analysts, ESG professionals, and proxy voters) who focus mainly on the growth, GARP, and value investment styles.
Overseas investor relations meetings **2 times**	We periodically visit institutional investors overseas. We also actively participate in conferences sponsored by securities firms for overseas institutional investors. Note: One overseas investor relations meetings took the form of a teleconference.

In addition to the activities indicated above, online shareholder surveys, surveys utilizing the contents of websites for private investors, and briefings for securities firm sales staff members are used to increase recognition and understanding of the Company as well as to gain assessments and input regarding the Company.

Please refer to the Corporate Governance Report for information about our investor relations activities.
https://www.alfresa.com/eng/ir/pdf/co_governance_eng.pdf

Main Themes of Dialogues with Shareholders, Investors, etc., and Matters of Interest

Main Themes	Matters of Interest
Industry environment and business strategy	• Market environment and outlook by business segment, centered on the Ethical Pharmaceuticals Wholesaling Business • Initiatives related to total supply chain services • Status of regenerative medicine, biosimilar, and other new areas
Financial and capital strategies	• Status of and outlook for reductions in cross-shareholdings • Financial and capital strategies to further improve capital efficiency • Perspective on shareholder returns
Corporate governance and other ESG initiatives	• Progress of efforts to cultivate a corporate culture that places the highest priority on compliance • Status of efforts to reduce CO_2 emissions • Goal of transition to company with audit and supervisory committee structure • Status of the operations of the Board of Directors • Status of human capital investments and diversity initiatives

Feedback to the Company

- The Corporate Communications Department reports to the president and the officer in charge as needed.
- Reports are submitted to management on a monthly basis.
- Quarterly reports are submitted to the Board of Directors (including reports on the overall status of investor relations activities, stock price, trading volume, and capital costs).

Examples of Opinions from Shareholders, Investors, and Other Stakeholders

- I would like to see further measures to improve ROE.
- I would like to see greater progress concerning growth and new areas.
- The results of investments are making me optimistic regarding the Company's future prospects.
- The portion of total executive remuneration attributable to stock compensation should be raised.
- The Company should continue to disclose information in its integrated reports regarding its ongoing measures to prevent recurrence of Antimonopoly Act violations.

Changes Incorporated Based on Dialogues and Feedback

- Input from shareholders, investors, and other stakeholders has been reflected in measures and disclosure activities.

Response to Stakeholder Feedback

Feedback	Response
Shareholder returns under the 25–27 Mid-term Management Plan seem to be a step backward compared with the previous medium-term management plan.	• Explanations were provided with regard to how, under the 25–27 Mid-term Management Plan, the DOE target has been raised to 2.5% or more, progressive dividend policies have been implemented, and share buybacks are to be conducted in a timely and appropriate manner. • Share buybacks totaling ¥15.0 billion were conducted in May 2026.
I would like to see numerical figures for cash allocations.	• Beginning with the six months ended September 30, 2026, financial results presentations will include disclosure of numerical figures for cash allocations.
Disclosure should be provided with regard to earnings forecasts and other quantitative factors pertaining to growth areas and new areas.	• Financial presentation materials for the six months ended September 30, 2026 and beyond will include information on production facilities in Gunma Prefecture, regenerative medicine operations, and EBITDA*11 forecasts for contract research organization operations. In addition, medical product sales forecasts and key performance indicators for certain solutions will be disclosed.
Regular disclosure of information on newly developed pharmaceuticals should be provided.	• The quarterly disclosure of information on newly developed pharmaceuticals was commenced beginning with the six months ended September 30, 2026.
It would be best for disclosure materials to place more emphasis on cost of capital.	• In the financial presentation materials regarding fiscal 2025, it was disclosed that the Company estimates cost of capital based on equity yield, the residual income model, and the capital asset pricing model, resulting in an estimated cost of capital of around 7%.

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Human Capital / Message from the Executive Officer in Charge of Human Resource Strategy

MESSAGE



Mayumi Jonai

Vice President & Executive Officer
Human Strategy, Compliance & Risk Management
General Manager of Sustainability Strategy & Planning Department
Chair, Group Sustainability Promotion Committee
Alfresa Holdings Corporation

> Recognizing that human resources are the most important form of capital supporting value creation, the Alfresa Group aims to become a Healthcare Consortium by assembling the strengths of diverse people to tackle new challenges and engage in co-creation.

At the Alfresa Group, we aim to become a Healthcare Consortium[10] that can provide products and services in every health-related field. Under the Medium- to Long-Term Vision, we have defined the three types of social value we aspire to realize: extending healthy life expectancies, contributing to community healthcare, and fostering healthcare innovation[9].

The period of the 25–27 Mid-term Management Plan, titled "Vision 2032 Stage 2: Pioneering the Future with Our Collective Strength" and launched in fiscal 2025, the fiscal year ended March 31, 2026, has been positioned as a critical growth stage for taking considerable steps in providing the abovementioned types of value. Human resources will be the most important form of capital supporting our growth in this stage. We thus view investments in human capital as strategic investments in the creation of future corporate value. Human resources are also imperative in our quest to become a Healthcare Consortium, since it will be impossible to evolve our business portfolio and address social issues related to healthcare without our people.

The Alfresa Group develops operations in its diverse business segments, namely, the Ethical Pharmaceuticals Wholesaling Business, the Self-Medication Products Wholesaling Business, the Manufacturing Business, the Dispensing Pharmacy and Related Businesses, regenerative medicine-related business, CRO business, and overseas business. In each of these business segments, the respective operating companies promote their own human resource development, workplace environment cultivation, and health and productivity management measures based on the Group's human resource development policies. I believe that such diversity of business and approaches is a major strength of the Alfresa Group, which possesses companies of varying size and scale engaged in wide-ranging businesses. When these companies share their respective best practices, they are able to learn from one another and mutually refine their approaches. The best practices formulated at one Group company can be deployed throughout the Group, while the intertwining of differing values and experiences can give rise to new ideas. Such interactions enable a type of reciprocal learning that seems to transcend Group boundaries and become something akin to cross-industry exchanges, giving rise to the distinctive values and strengths of the Alfresa Group, which could not be realized in the Group if it only engaged in a single business.

We are also actively fostering a workplace environment in which employees are able to seize opportunities to tackle new challenges and thereby gain new insight and experience. Examples of our efforts to this end include open application systems for recruiting Group human resources and personnel exchanges between Group companies. Our goal is to not only retain human resources but also stimulate their growth and cultivate a virtuous cycle in which the growth of human resources drives the growth of the entire Group.

However, our strengths are not limited to such systems and exchanges. The Alfresa Group has continued to cultivate and entrench an approach of integrity, seriousness, and responsibility toward people's lives and health. This approach is what enables us to engage earnestly with patients, healthcare professionals, business partners, communities, and other stakeholders and to continue to live up to the expectations thereof. The resulting corporate culture underpins the trustworthiness of the Group and is an important source of competitiveness that our rivals cannot imitate.

In its human resource strategies, Alfresa emphasizes four priorities: advancing human resource development; promoting diversity, equity, and inclusion (DE&I) and women's empowerment; securing talented human resources who can thrive; and improving employee engagement. With regard to employee engagement, our efforts have been producing steady results, as indicated in a 4.9-point improvement in our eNPS*12 score achieved during the 22–24 Mid-term Management Plan. We remain committed to making further improvements by incorporating employee feedback to the extent possible into management, in order to develop an organization in which everyone feels motivated and is able to experience personal growth. Our primary human resource development goal is to cultivate the type of people who are unafraid to take on unknown challenges, are adept at responding to change, and can create value with their high levels of ethics and professional expertise. We are also implementing digital transformation literacy and other training programs to foster people who are able to utilize AI and other digital technologies to improve productivity, reform work processes, and create new value. When such capable individuals learn from one another, driving their mutual growth and forging relationships that spread beyond organizational walls, the result is greater collective strength for the Alfresa Group.

The current era is plagued by uncertainty, meaning that companies must be able to effectively adapt to change. It is not our technologies, nor our systems, that will drive and respond to changes; it is our people. We thus seek to enable each and every one of our approximately 16,000 employees to march toward the future while growing, tackling challenges, and learning from one another. I am confident that the constant progress achieved by doing so will support community healthcare, help people live healthier lives, and thereby transform Alfresa into the Healthcare Consortium it envisions. Truly, our people are our greatest asset. Everyone being united in our ceaseless quest for progress is what will drive the ongoing growth of the Alfresa Group and is a powerful source of competitiveness.

*12 Score that gauges the degree to which employees would recommend their place of work to their friends and families and which is used to track employee engagement and feelings of attachment to organizations

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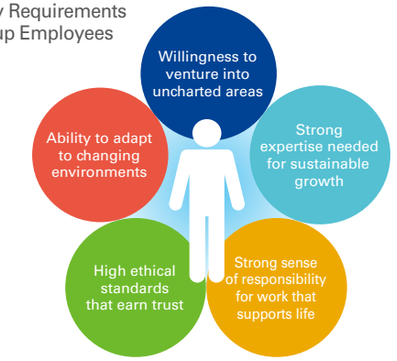
Promotion of the Group's Human Resource Strategies

The Alfresa Group is promoting human resource strategies based on the belief that human resources are the driving force of growth. In accordance with this belief, our human resource strategies are being integrated into business strategies centered on total supply chain services [19] with the goal of transforming the skills and diversity of our colleagues into a source of social value.

Based on Our Promises, set forth in the Alfresa Group's Philosophy, we have established the Alfresa Group's Requirements for Our Valuable People, a shared set of values and code of conduct that all employees must adhere to. These values are founded on our human resource strategies. Moreover, the Group respects the characteristics and strengths of each Group company and develops its business with a sense of unity by drawing on the strengths of each Group company. We are actively working to fulfill the human resource requirements of our Medium- to Long-Term Vision and the 25–27 Mid-term Management Plan, in both qualitative and quantitative terms, while fostering a workplace environment in which employees are able to succeed. Specifically, we are advancing human resource development while securing talented human resources who can thrive and meet the qualitative and quantitative human resource requirements for supporting the expansion and enhancement of our businesses. At the same time, we are promoting DE&I and women's empowerment and improving employee engagement to foster organizational foundations and a corporate culture that unites the Group in its pursuit of value creation.

Five Key Requirements for Group Employees



1. **Strong sense of responsibility for work that supports life**
   A high sense of responsibility is one of the values required of an employee involved in work that supports life.
2. **High ethical standards that earn trust**
   This is an important attribute for cultivating the sense of trust that is essential to be entrusted with life-related work.
3. **Willingness to venture into uncharted areas**
   This is the most important requirement for creating new value and businesses under the management environment at any given time.
4. **Ability to adapt to changing environments**
   The ability to adapt quickly to new business opportunities and work environments, and to fully leverage unique capabilities, contributes to the results of the team.
5. **Strong expertise needed for sustainable growth**
   As they work with one another, every employee needs to possess a wealth of knowledge and experience and display their individuality and talents in order to enable the functions necessary for the sustainable growth of the Group.

Group Training Record (Fiscal 2025)

Training program and purpose		Target	No. of participants	No. of times held	Training hours
Director and executive officer training	Acquire a basic mindset suitable for management; increase Company decision-making capabilities	Directors and executive officers	Around 15	5 times	66 hours
AEP (Alfresa Group Executive Program)	Develop next-generation management	General managers	Around 15	10 times	70 hours
ASPAC (Alfresa Group Study Program Abroad Course)	Cultivate global thinking and perspective	Branch and section managers as well as executive officers and general managers	Around 15	8 times	60 hours
ABS (Alfresa Group Business School)	Nurture candidates for next-generation management	Section managers and young branch managers	Around 20	10 times	70 hours
Training of female candidates for leadership positions	Train next-generation female leaders	Women in assistant manager, chief, and supervisor positions	Around 40 (includes supervisors)	5 times	41 hours
Training for women in sales	Explore and take measures to address issues faced by women in sales positions	Women in sales positions	Around 270	3 times	6 hours
Diversity forum	Consider workplace diversity to enable a variety of people to realize their full potential	Employees who have taken or wish to take childcare leave	Around 40	3 times	4 hours
Diversity video training	Promote diversity throughout the Group	All Board members and employees at consolidated Group companies	Around 15,500	2 times	1 hour
Third-Year Employees Seminar	Nurture a spirit to take on challenges among third-year employees	Employees in their third year	Around 200	7 times	5 hours
Fresh Members Seminar	Share the Group's Philosophy, conduct compliance training, etc.	New recruits	Around 280	18 times	4 hours
Hospital sales representative training	Establish a marketing style to match the environmental changes in hospitals	Hospital sales representatives in their early 30s	Around 15	12 times	50 hours
DX Literacy Improvement Training	Understand the necessity and importance of digital transformation (DX) and adapt to business changes associated with digitalization	Group recruitment	Around 1,300	4 times	2 hours on average
DX Data Utilization School	Cultivate human resources to transform business activities through digitalization	Data analysis and planning departments	Around 40	4 times	12 hours

Training costs in the fiscal year ended March 31, 2026 (amount per employee) were ¥34,885.

Note: The training costs mentioned above are regarding employees of consolidated subsidiaries.

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Human Resource Development

We aim to assemble a team of talented individuals who work together to achieve common goals by fulfilling our five key requirements for Group employees: willingness to venture into uncharted areas, ability to adapt to changing environments, high ethical standards that earn trust, strong sense of responsibility for work that supports life, and strong expertise needed for sustainable growth. We also recognize that failing to sufficiently cultivate these individuals could result in a diminishment of our human capital that may adversely impact our ability to implement strategies, which represents a risk that could threaten the accomplishment of Medium- to Long-Term Vision and the continuity of our business activities.

For this reason, we are focusing on three areas of human resource development: the development of our next generation of human resources (people with the expertise and creativity to realize our Medium- to Long-Term Vision), the development of management skills (people with the ability to envision and realize our future and the Alfresa Group's Aspiration [long-term goals]), and the creation of a corporate culture for the new era (an age of diversity and uncertainty).

To cultivate the next generation of highly skilled and creative talent, we are rolling out training programs aimed at fostering professional expertise, such as hospital sales representative training and corporate staff training, as well as DX Literacy Improvement Training for developing the basic skills needed to transform business processes with AI and other digital technologies.

Meanwhile, managers and management candidates are tasked with taking director and executive officer training programs as well as the Alfresa Group Executive Program and Alfresa Group Business School Program as part of our efforts to develop the management skills of executives and managers who will lead their organizations. Through such programs, we seek to help participants build interpersonal networks that spread beyond individual Group companies to encompass the entire Group and to develop the skills and mindsets needed of future leaders.

As for efforts to create a corporate culture for the new era, we are carrying out the training of female candidates for leadership positions and offering open recruitment training programs for Group employees to elevate the perspectives of our employees. We thereby aim to cultivate diverse human resources who are capable of carrying out their duties in times of uncertainty.

Moreover, the training initiatives conducted at individual Group companies are shared and applied across the Group.

In fiscal 2025, the amount of training costs per employee on a Groupwide basis was ¥34,885, up 14.2% year on year. Despite presenting a cost value, we do not see human resource investments as a cost, but rather view them as an investment in future value creation. For this reason, we remain committed to developing human resources on an ongoing basis. At the same time, we have been constructing frameworks for tracking human resource-related conditions through the utilization of a talent management system. We thereby aim to create a framework for the integrated management of information ranging from training and appointment histories to evaluation results.

DE&I and Women's Empowerment

The Alfresa Group actively recruits diverse human resources, strives to create a working environment that allows employees to choose diverse workstyles, and values diverse talent, as set forth in the Alfresa Group's Diversity Policy. In accordance with this policy, we are making a Groupwide effort to create a workplace environment that allows everyone to fully demonstrate their individuality and skills.

We aspire to fully instill DE&I principles throughout the Group over the medium to long term so that diverse human resources can contribute to organizational decision-making and ongoing growth. Through these efforts, we aim to achieve a percentage female managers of 10% by fiscal 2030. Simultaneously, the Group is endeavoring to cultivate a workplace environment that grants all employees comfort and peace of mind, regardless of their life stage. We thereby hope to swiftly achieve a ratio of male employees taking childcare leave of 100% and are promoting the acquisition of Eruboshi and Kurumin certification at Group companies.

Although the ratio of female managers continues to rise, reaching 7% in fiscal 2025, we recognize that more needs to be done with regard to expanding our pool of female management candidates and heightening awareness with regard to empowering women among management. We also seek to expand employment of individuals with disabilities and develop systems and environments that let senior citizen employees continue to make ongoing contributions.

To achieve these goals, since fiscal 2019, we have been providing training to female candidates for leadership positions focusing on fostering a mindset among such candidates that they indeed can become leaders and have the desire to do so as well as on acquiring the skills necessary to achieve their potential. Around 40% of our female managers are graduates of this program. Meanwhile,



Online diversity forum held in November 2025

Diversity, Equity, and Inclusion and Women's Empowerment (Consolidated) (in Japanese only)
https://www.alfresa.com/csr/esg/social/employee/

DE&I and Women's Empowerment (Consolidated)

	2023.3	2024.3	2025.3	2026.3
Number of female executive officers	7	7	6	8
Percentage of female managers (%)	4.9	5.6	6.6	7.0
Percentage of full-time female employees (%)	32.5	34.7	36.5	38.5
Percentage of new female employees (%)	63.7	63.4	63.2	62.5
Average years of service of female employees	11.8	11.5	11.8	12.2
Average years of service of male employees	18.7	17.9	17.7	17.3
Difference of average years of service between female and male employees	6.9	6.4	5.9	5.1
Percentage of male employees taking childcare leave (%)	38.9	57.5	62.7	74.3
Percentage of paid leave taken (%)	66.2	70.7	71.2	72.9

Notes:
1. The above figures represent numbers of full-time employees, excluding that for "number of female executive officers."
2. The above figures include directors, Audit & Supervisory Board members (Audit and Supervisory Committee members since the fiscal year ended March 31, 2025), executive officers, and certain Company officers.

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measures targeting management in fiscal 2025 included a diversity forum conducted on the theme of diversity management as well as other initiatives for heightening management skills and reforming awareness regarding diverse human resources, including those who are working while raising young children, providing long-term care to family members, or undergoing medical treatment. At the same time, Group companies are constantly expanding their menu of work–life balance support systems, which include monetary incentives for taking childcare leave and payments to members of workplaces where someone is on childcare leave. The percentage of male employees taking childcare leave has accordingly been rising, reaching 74.3% on a Groupwide basis in fiscal 2025.

Going forward, Group companies will continue to enhance their initiatives in line with their respective circumstances as they promote DE&I through training and awareness-raising activities. Workstyle reforms and work–life balance systems will also be enhanced to bolster support for employees at various life stages. In this way, the Alfresa Group will continue to develop a workplace environment where all employees can demonstrate their individuality and skills, regardless of gender, age, nationality, or disability.

Efforts for Securing Talented People

Our ability to reliably secure diverse and talented people is imperative to evolving and expanding our total supply chain services as well as to extending healthy life expectancies, contributing to community healthcare to help extend healthy life expectancies, and fostering healthcare innovation, in order to create the three types of social value described in our Medium- to Long-Term Vision. Amid social trends such as difficulties in recruitment due to a dwindling workforce and increases in human resource fluidity, not being able to effectively carry out Groupwide human resource recruitment and workplace environment development may hinder our ability to implement management strategies due to slowdowns to business operations as a result of losses of human resources. This is why we are so focused on the recruitment and appointment of professionals possessing highly specialized expertise.

Moreover, Alfresa is enhancing branding efforts in its recruitment drives by maintaining an up-to-date Group recruitment website and exhibiting at online job-hunting events and offline job seeker fairs. These efforts will be tied to increases in the numbers of job applications received by Group companies as we seek to accommodate the human resource needs for strengthening operating foundations through a concerted, Groupwide effort. This approach is anticipated to allow us to exercise intra-Group synergies in recruitment activities in regions where we face recruitment difficulties and at newly consolidated Group companies.

At the same time, we are developing a human resource database using our talent management system. Similar systems are being introduced at all Group companies to register human resource data and track human capital on an individual-company basis. Moreover, self-reporting systems that utilize talent management systems are being implemented to confirm the types of career awareness and inclinations seen among employees in various Group companies in order to prevent mismatches in human resource measures and inform the provision of new opportunities. Going forward, the application of these systems is anticipated to be expanded to include the management of skills, qualifications, and even career paths. Moreover, personnel exchanges between Group companies will be promoted through Groupwide projects and the codification of open recruitment systems to facilitate Groupwide human resource management.

Eruboshi Certification*13

Eruboshi (Stage 3)
- Alfresa Pharma Corporation

Eruboshi (Stage 2)
- Alfresa Corporation
- Alfresa Medical Service Corporation
- A·L Plus Co., LTD.

Kurumin Certification*14

Platinum Kurumin
- Alfresa Fine Chemical Corporation

Kurumin
- Alfresa Pharma Corporation
- TS Alfresa Corporation
- RYUYAKU CO., LTD.
- Alfresa Pharma Corporation

Recognition Under Outstanding Organizations of KENKO Investment for Health Program*15

Large Enterprise Category

Alfresa Corporation (seventh consecutive year)
Alfresa Medical Service Corporation (sixth consecutive year)
TS Alfresa Corporation and RYUYAKU CO., LTD. (fifth consecutive year)
Shikoku Alfresa Corporation, Meisho Co., Ltd., and Tohoku Alfresa Corporation (fourth consecutive year)
Alfresa Pharma Corporation (third consecutive year)
Alfresa Healthcare Corporation and APOCREAT Corporation (second consecutive year)

Small and Medium-Sized Enterprise Category

Alfresa Fine Chemical Corporation (sixth consecutive year)
Alfresa Holdings Corporation and Alfresa Bizsupport Corporation (fifth consecutive year)
Alfresa Shinohara Chemicals Corporation (fourth consecutive year)
A·L Plus Co., LTD. and Alfresa System Corporation (third consecutive year)

*13 System through which the Minister of Health, Labour and Welfare recognizes companies implementing superior initiatives for empowering female employees based on the Act on the Promotion of Women's Active Engagement in Professional Life
*14 System through which the Minister of Health, Labour and Welfare recognizes companies that are supporting childrearing by employees by fulfilling certain conditions based on the Act on Advancement of Measures to Support Raising Next-Generation Children
*15 Program for recognizing organizations for particularly outstanding health and productivity management based on initiatives tailored to resolving local health issues and health promotion initiatives promoted by the Nippon Kenko Kaigi

For reference: Overview of the Outstanding Organizations of KENKO Investment for Health Program https://kenko-keiei.jp/en/



Resa-kun

Alfresa Group Recruitment Mascot

Resa-kun loves to bestow upon others his deep knowledge pertaining to health and the healthcare industry. He is skilled at carefully holding and transporting medicine with both hands.

Resa-kun is the original red panda recruitment mascot used by Alfresa Group companies in their efforts to recruit new graduates and other job seekers. He is gaining fans through his appearances in presentations explaining Group companies and merchandise and at other venues.

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Looking ahead, we will continue to develop a workplace environment that allows all employees to make meaningful work contributions while exercising their skills and individuality as we seek to secure the talent necessary for executing our business strategies.

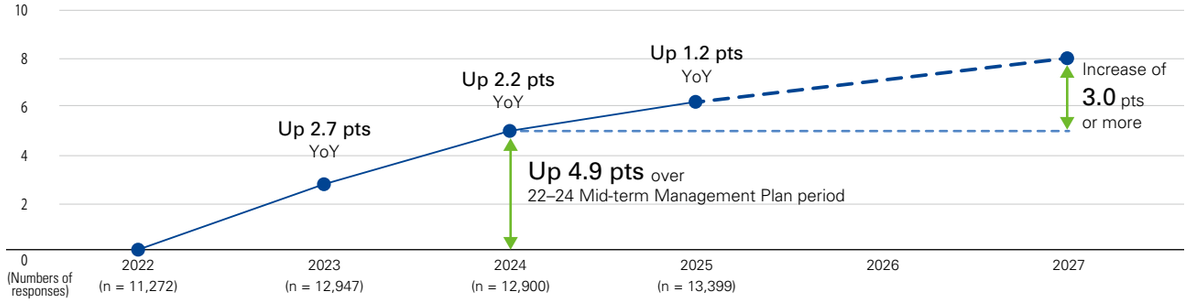
Improvement of Employee Engagement

We believe that having all Group employees work to fulfill our Mission, "we create and deliver a fresh life for all," and continuing to be a company where people can and want to work in the long term will lead to improved productivity and the ongoing creation of corporate value. Based on this belief, we began conducting an annual awareness survey of all Group employees (approximately 15,600 people) in fiscal 2021 using eNPS as a metric for employee engagement. These surveys are monitored by the Board of Directors. During the period of the 22–24 Mid-term Management Plan, our eNPS score rose 4.9 points. We are targeting a further increase of 3.0 points or more to be achieved by fiscal 2027. We view this survey as an opportunity for dialogue with the people we work with, and we listen to their candid opinions about their work experience and the workplace environment. The survey also identifies issues that are not apparent based on human resource-related metrics alone. The results of surveys are reported to Group companies, and briefings are provided to individual companies to help them analyze these results. In this manner, Group companies are able to identify the specific issues they face through analyses of survey response data, and this information is used to formulate measures for responding to these issues. This approach has led to revisions to Company systems, such as teleworking, flextime, and other systems that support workstyle reforms, as well as the establishment of long-term care and childcare consultation desks and awareness raising thereof. Also based on survey results, we have pursued improvements to inter-personal relationships and other aspects of the workplace environment, advanced human resource development through the provision of growth opportunities, and accelerated the promotion of DE&I and other initiatives. These efforts are contributing to improved employee engagement.

Meanwhile, the Alfresa Group is building a workplace environment providing comfort and peace of mind while promoting employee health based on its health and productivity management policy. For example, we aim to achieve a 100% rate of employees undergoing regular health checkups as prescribed by the Industrial Safety and Health Act on a Groupwide basis. In fiscal 2025, the rate was 96%. We also recommend that employees for whom specific health concerns were identified undergo subsequent or more-detailed tests or receive treatment.

As a result of these initiatives, 16 Group companies were recognized in the 2026 iteration of the Outstanding Organizations of KENKO Investment for Health Program. Going forward, the Alfresa Group will continue its proactive health and productivity management efforts to achieve improvements in both employee health and productivity and thereby develop a motivating workplace environment.

eNPS Score



*16 Groupwide project modeled after initiatives conducted in Okayama Prefecture in which personnel and knowledge from various Group companies are assembled to address social issues through the use of pharmaceuticals, medical devices and materials, reagents, and digital services
*17 Sales personnel who have specialized knowledge about products and services in the Ethical Pharmaceuticals Wholesaling Business
*18 Diagnosis approaches that combine disorder names, surgeries, treatments, and other diagnosis procedures

Case Study: Exercise of the Group's Collective Strength

The Okayama Project*16 has been underway at the Okayama Sales Division of TS Alfresa Corporation since October 2025. Under this project, marketing specialists*17 from TS Alfresa and those seconded from Alfresa Corporation are assembled at the Okayama Branch, which is at the center of this project. United by their shared desire to contribute to community healthcare, these marketing specialists have been pooling their respective experience and knowledge while engaging in collaborative ventures. The blend of knowledge from different regions and organizations is giving rise to new viewpoints and ideas and creating a workplace environment conducive to mutual learning.

Insight is being shared from a diverse range of areas, including sales activities as well as sales preparations, proposals, digital tool usage, and hospital operational data analysis. The sharing of this insight is contributing to increased sales capabilities, which has enabled us to increase our market share through proposals that utilize diagnosis procedure combination*18 data analyses and through new transactions stemming from the adoption of our new neffy® Nasal Spray 1mg / 2mg product. Moreover, the Okayama Project is spurring the growth of participants by providing stimulation that spreads across generational and company lines through participation between junior, mid-rank, and veteran employees. This growth has been cultivating an organizational culture in which the pursuit of ambition is encouraged. In the future, we aim to transmit the insight and examples of success generated via such personnel exchanges throughout the Group. By means of this process, the Okayama Branch will support the ongoing growth of the Alfresa Group in terms of both human resource development and organizational capability enhancement.



Members of the Okayama Project

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Manufactured and Logistics Capital



Basic Policy

The Alfresa Group's manufactured and logistics capital is what enables us to stably and reliably deliver the necessary pharmaceuticals and other products where and when they are needed while managing quality across processes spanning manufacturing, storage, transportation, and delivery. With a nationwide network comprising manufacturing and logistics bases as well as distribution centers and other facilities, we support stable supply, under normal circumstances and in times of emergency, through frameworks that complement and seamlessly integrate specialized manufacturing technologies, quality management systems, digital technologies, and business continuity plans. Moreover, we practice rigorous management matched to product characteristics and pursue ongoing enhancements to our management capabilities and distribution functions. We thereby aim to contribute to improved access to pharmaceuticals and increased sustainability in community healthcare.

Increased Capacity to Accommodate Diverse Manufacturing Needs

The Alfresa Group is augmenting its manufacturing facilities while amassing specialized manufacturing technologies to increase its capacity to accommodate more diverse and sophisticated healthcare needs. For example, we commenced operations at the new high-potency formulation wing[1] of the Gunma Plant of Alfresa Pharma Corporation in April 2026. Beyond bolstering our capacity to produce small-molecule pharmaceuticals, the new wing has made it possible to provide contract services for manufacturing highly potent drugs, such as anticancer agents and hormone-based medicines, and for the inspection, packaging, and testing of sterilized formulations. In this manner, we have increased the capacity of the Gunma Plant to accommodate the diverse manufacturing needs of pharmaceutical companies while also improving the facility's overall manufacturing capabilities. We are thus now able to accumulate new insight related to manufacturing technologies and quality management, which are being used to expand contract manufacturing services and achieve a stable supply of high-quality pharmaceuticals.

Enhancement of Distribution Functions

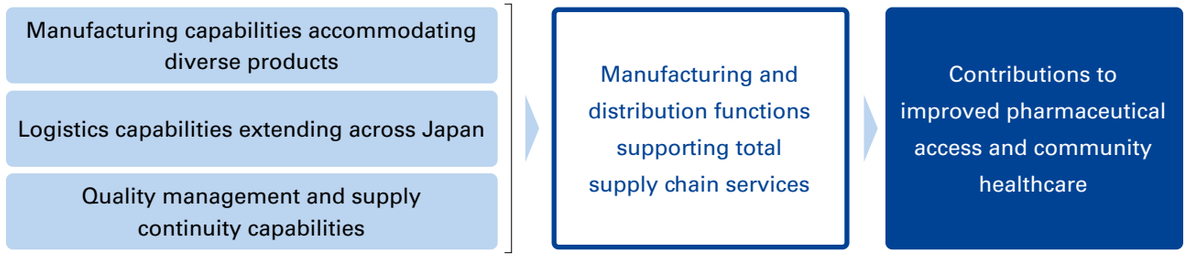
Utilizing its nationwide network of approximately 200 logistics bases and large-scale distribution centers, the Alfresa Group can reliably deliver pharmaceuticals and other products where and when they are needed. At our distribution centers, we are employing automation and mechanization techniques as well as digital technologies to improve accuracy and productivity in processes ranging from receipt and storage to shipping and delivery. Ultimately, these improvements are aimed at realizing greater supply capabilities. Moreover, we utilize low-temperature transportation vehicles designed specifically for carrying pharmaceuticals as well as temperature-controlled transportation tools to monitor vehicle movements and temperatures during transportation in real-time.

Meanwhile, our NOVUMN[17] platform can be used to manage inventory movements, storage temperatures, expiration dates, inventories, and other factors related to specialty pharmaceuticals. This platform is thus able to ensure quality management and stable supply tailored to the specific characteristics of products. The Alfresa Group thereby seeks to optimize all aspects of logistics to help maintain pharmaceutical quality while enhancing functions for achieving accurate and efficient logistics.

Quality Management and Supply Continuity

Pharmaceuticals and other such products must be transported in a manner that ensures the quality at which they were produced is maintained right up to delivery to patients. The Alfresa Group carries out Good Manufacturing Practice*19 compliant quality management at its manufacturing bases while developing distribution management systems in compliance with Good Distribution Practice*20 guidelines. Moreover, as of March 31, 2026, we have acquired ISO 9001*21 certification for 19 bases and eight Group companies as part of our efforts to install quality management systems. At the same time, the Company has built supply systems based on business continuity plans to ensure preparedness for large-scale disasters, pandemics, and other emergencies. In the event that one of our distribution centers becomes incapacitated due to a disaster, we are able to utilize an alternative distribution center through coordination within and between areas. This approach ensures continuity in our nationwide supply of pharmaceuticals and other products. Moreover, an integrated approach is being taken toward improving our manufacturing, logistics, quality management, and supply continuity capabilities to guarantee that we can fulfill our responsibility of preventing disruptions in healthcare through the safe and reliable delivery of pharmaceuticals.

Framework Through Which Manufactured and Logistics Capital Contributes to Improved Pharmaceutical Access and Community Healthcare



*19 Standards for managing the manufacture and quality of pharmaceuticals and other products
*20 Basic guidelines for quality assurance in the distribution process of pharmaceutical products
*21 An international standard that specifies the requirements for a quality management system, designed to ensure the consistent provision of products and services and to achieve customer satisfaction

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Intellectual Capital



Basic Policy

The Alfresa Group's intellectual capital includes its expert knowledge and know-how pertaining to pharmaceutical distribution; the insight gained in self-medication, manufacturing, dispensing pharmacy, regenerative medicine, and a diverse range of other businesses; and the varied information it has amassed in relation to the fields of medicine and healthcare. These assets are all important management resources. The organic linkage of such intellectual capital gives rise to a form of integrated knowledge within the Group. With this integrated knowledge, we will seek to create new products, services, and business opportunities and thereby evolve and expand our total supply chain services[19]. Meanwhile, our IT, digital transformation, and data utilization platforms are important elements of the foundations supporting intellectual capital. Based on this recognition, we will continue to strengthen these platforms as part of the management foundations accelerating value creation.

Accumulation and Codification of Knowledge

The Alfresa Group is accumulating knowledge as a shared Group asset. Such knowledge includes the specialized insight gained through pharmaceutical distribution, self-medication, manufacturing, dispensing pharmacy, regenerative medicine, and other diverse business activities; customer, market, and technology information; and frontline expertise. This knowledge is being codified as an organizational asset through sharing via intra-Group coordination, personnel exchanges, education, and training. By organizing and utilizing such knowledge from a cross-business perspective, we are transforming the insight accumulated by individual people and companies into a Groupwide strength. These initiatives are bolstering the intellectual platforms that allow us to respond swiftly and accurately to changing healthcare and social needs.

Creation of New Value Through Application of Knowledge

The knowledge accumulated and codified by the Group is applied to the creation of new value by addressing the issues faced by patients, customers, and business partners as a source of the Group's collective strength. Said value creation is embodied by Mydodes[16], a service that utilizes the knowledge gained through our business activities to connect healthcare professionals and pharmaceutical companies. Another example of this value creation is PATH-Solution[18], a platform for supporting all processes spanning from the introduction of overseas pharmaceuticals into the Japanese market to post-launch distribution. The aforementioned examples are representative of our efforts to apply our accumulated knowledge to new services and solutions. By transforming the Group's accumulated knowledge into concrete value through such efforts, we will heighten our value proposition for business partners, customers, and patients and thereby contribute to the reinforcement of the competitiveness of existing businesses and the creation of new earnings opportunities.

Transformation of Knowledge into Social Value

The value created by our accumulated intellectual capital is being transformed into social value through our total supply chain services. The Alfresa Group is evolving these services, which connect processes spanning from development and manufacturing to distribution and post-marketing surveillance, to ensure the stable supply of and improve access to pharmaceuticals. We also seek to help reduce the workload of healthcare professionals and increase the sustainability of community healthcare systems. Furthermore, coordination is pursued between our diverse businesses and partners to create new medical and healthcare services and innovation and therefore advance Alfresa toward its vision of becoming a Healthcare Consortium[10] by extending healthy life expectancies and contributing to the resolution of social issues.

Special Feature on Total Supply Chain Services P19

Group-standard quality management policy (in Japanese only)
https://www.alfresa.com/csr/esg/social/customer/quality-policy/

Framework Through Which Intellectual Capital Creates Value

Accumulation and Codification of Knowledge	Application to New Value Creation	Transformation into Social Value
• Nationwide network and pharmaceutical wholesaling and distribution • Quality assurance, development support, and manufacturing • Total supply chain service coordination and consolidation and standardization of IT and digital transformation technologies	• PATH-Solution • Mydodes	• Improvement of access to pharmaceuticals • Contributions to community healthcare • Development of sustainable healthcare systems

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MESSAGE



Naruhiko Sano
Executive Officer
In Charge of IT and DX
Alfresa Holdings Corporation
President
Alfresa System Corporation

"Positioning intellectual capital as the foundation supporting value creation, we are enhancing our ability to utilize IT governance and digital technologies from a forward-looking perspective."

The Alfresa Group is strategically building and leveraging systems that support the entire supply chain—from systems tailored to the needs of specific business segments to those assisting operations at medical institutions. We are thereby pursuing maximum efficiency. In addition to upgrading systems to respond to changes in the industry and social landscape, we are enhancing response measures against natural disasters, cyberattacks, and geopolitical risks to ensure stable and continuous system operations. At the same time, to adapt to various emerging technologies, we are making phased investments for modernizing our IT infrastructure, including core systems, with the goal of streamlining operations.

In the rollout of solutions for medical institutions, we are driving business process and service reforms based on digital technologies to improve our value proposition. Digital transformation is also essential for the growth of our colleagues. For this reason, we are fostering and expanding our staff of digital transformation experts by not only improving employee skills for utilizing digital technologies based on an appropriate understanding of security risks but also providing learning opportunities for acquiring AI, data utilization, and other specialized skills. Through these initiatives, we are committed to building a robust IT and digital foundation that leverages future-oriented IT governance and digital technologies to unlock new potential across the entire Group.

In fiscal 2025, we made strides in introducing AI into work processes while also steadily strengthening Groupwide IT management systems and security measures and improving the skills of our people. Going forward, in the pursuit of ongoing growth, we will continue to adopt new technologies and promote human resource development to improve our ability to accommodate processes that are constantly changing and becoming increasingly sophisticated.

Strengthening of IT Governance and Digital Transformation

Strategy 1	Strengthening of IT governance	**Groupwide IT governance and management system** • Management of IT data assets across the Group • Establishment of management standards for the Group regarding the introduction and operation of new systems
Strategy 2	Measures to address security risks	**Establishment of a system for enhancing security measures and strengthening operations** • Standardization of management regulations, operational rules, etc., across the Group • Establishment of a system for overall Group management and response procedures in the event of an incident • Development of information security management systems based on ISMS (ISO/IEC 27001)*22 standards
Strategy 3	Utilization of AI and other new technologies and human resource development	**Utilization of AI and other new technologies and human resource cultivation** • Promotion of the use of evolving new technologies such as generative AI and development of a common infrastructure that can integrate and utilize data within the Group • Development of a training curriculum for each employee rank, from digital literacy to advanced expertise



*22 ISMS (Information Security Management System) certification (ISO/IEC 27001): An international certification demonstrating that an organization has established a framework for appropriately managing and protecting information security. It is designed to establish processes for identifying, assessing, and managing risks related to the protection of information assets.

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Promotion of IT and Digital Transformation Strategies

Strategy 1

Strengthening of IT Governance

Efforts to Ensure Stable Operations and Optimize the Group's IT Systems

As an entity that functions as part of social infrastructure through the distribution of pharmaceuticals, ensuring stable system operations and enhancing the sophistication of systems are critical tasks for the Group's business continuity. With a long-term perspective on IT infrastructure upgrades—including system renewals, migration to the cloud, and maintenance of service quality—we are formulating IT investment plans based on careful consideration of optimal system structures and the characteristics of each of the Alfresa Group's business segments.

Efforts in fiscal 2025 included the enhancement and standardization of Groupwide IT management systems. In the future, we will look to further evolve these efforts to entrench and enhance practices for utilizing these systems.



Strategy 2

Measures to Address Security Risks

Establishment of a System for Security Measures and Strengthening of Operations

Amid the ongoing evolution of digital technologies and increasingly sophisticated and advanced cyberattacks, addressing security risks is a key priority for the Alfresa Group. Accordingly, based on the Group's Security Policy, security measures are being implemented Groupwide. We conduct risk assessments on the Group's information assets, visualize risks, formulate improvement plans, and execute and verify said plans using a PDCA (plan–do–check–act) cycle in order to ensure both technical and human-centered safeguards are in place.

In addition, we are promoting the acquisition of ISMS (ISO/IEC 27001) certification for the information security management systems implemented at Group companies to strengthen these systems.

Raising employee awareness is also essential for effective security. Therefore, we regularly perform checks regarding the efficacy of information security protocols within the Group while conducting annual training programs aimed at endowing employees with accurate security knowledge and fostering related decision-making skills.



Strategy 3

Utilization of AI and Other New Technologies and Human Resource Development

Assumption of the Challenge of Enacting Business Reforms in the AI Era

AI and other new technologies are advancing at breakneck speed, meaning that these technologies will be imperative to future business growth. The Alfresa Group is thus actively embracing such new technologies in a bid to improve its value proposition through process reforms and service enhancements. In fiscal 2025, we promoted the use of generative AI in business processes while establishing rules for the introduction and adoption of AI and raising security awareness. We will continue to monitor changes in technology and risk trends going forward as we seek to properly manage the use of new technologies.

Cultivation of Digitally Savvy Talent

Utilizing new technologies requires employees to understand and be able to use digital technologies and to achieve individual growth by improving their specialized skills. The Alfresa Group implements annual e-learning programs for all employees to enhance their digital literacy while updating these programs as appropriate, with the goal of improving awareness and capabilities related to digital transformation. In fiscal 2025, employees selected from various Group companies took part in training on business process re-engineering*23 and AI utilization as part of our efforts to cultivate digitally savvy talent for driving process reforms. By bolstering our portfolio of such talent, we will improve productivity while strengthening competitiveness.

*23 Drastic reforms to existing business processes to improve efficiency and productivity

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Social and Relationship Capital / Value Creation Based on Social and Relationship Capital

Basic Policy

Throughout its long history, the Alfresa Group has fostered invaluable social and relationship capital in the form of trusting relationships and networks with diverse stakeholders. This capital is one pillar of the operating foundation supporting our stable supply of pharmaceuticals and other products as well as a strength generating new business opportunities and value creation.

Based on its social and relationship capital, the Alfresa Group is contributing to the resolution of social issues and consequently the sustainability of community healthcare systems and ongoing improvements in corporate value through continuous engagement and partnerships with diverse stakeholders.

Social and Relationship Capital Built on Trust



Value Born of Social and Relationship Capital

Value for Society

- Stable pharmaceutical supply
- Improved access to healthcare
- Contributions to community healthcare sustainability
- Extension of healthy life expectancies

Creation of Value Through Partnerships

- Reinforcement of customer base
- Creation of new services
- Expansion of business opportunities
- Strengthening of competitiveness

Improvement of Corporate Value

- Greater trust from stakeholders
- Strengthening of competitiveness
- Ongoing growth
- Medium- to long-term improvement of corporate value

Value Creation Cycle Based on Social and Relationship Capital

Based on our social and relationship capital, we are generating a cycle of creating value for society and value through partnerships in order to achieve ongoing improvements in our corporate value.

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Social and Relationship Capital / Sustainable Community Healthcare Supported by a Trust-Based Network

The Alfresa Group continuously increases its understanding of the healthcare issues facing specific communities through ongoing engagement with healthcare professionals, healthcare institutions, municipal government agencies, communities, and other diverse stakeholders. We then help resolve these issues by combining Groupwide distribution, information, digital technology, and solutions functions. Through such partnerships, we are promoting coordination among and with community healthcare constituents while contributing to increased healthcare service quality and improved access to healthcare so as to deliver the necessary pharmaceuticals and healthcare services to the people who need them. Furthermore, we seek to increase the sustainability of community healthcare systems to help improve patient quality of life*24 and extend healthy life expectancies.

Creation of Value Leveraging Social and Relationship Capital

1. Strengthening of Healthcare Constituent Coordination

By strengthening coordination with healthcare professionals and institutions and municipal government agencies, the Alfresa Group promotes information sharing and community coordination.

2. Improvement of Pharmaceutical Access

The Group helps grant patients greater access to pharmaceuticals through stable supply and optimal distribution and the delivery of such products.

3. Enhancement of Healthcare Services

Digital technologies and data are utilized to support increased quality and operational efficiency in the healthcare field to contribute to the enhancement of healthcare services.

Value Creation Initiatives

1. Provision of Healthcare Information

With services like Mydodes[16], the Alfresa Group contributes to community healthcare coordination and improved healthcare service quality through ongoing information sharing and the supply of pharmaceutical and healthcare information to healthcare professionals.

2. Improvement of Pharmaceutical Access

Pharmaceutical deliveries through Home Care Delivery[14] and by using drones are helping improve access to pharmaceuticals in community and home healthcare settings while reducing regional disparities in healthcare services.

3. Healthcare Service Quality Improvement

Alfresa is expanding the functionality of its NOVUMN[17] personalized medicine support platform and accommodating regenerative medicine production to respond to increasingly sophisticated and diverse healthcare needs and thereby contribute to the improvement of healthcare service quality.

4. Heightening of Healthcare Institution Management Efficiency

We offer alf-web and other services to facilitate improvements in inventory management and ordering process efficiency and in the management processes of healthcare institutions.

alf-web (in Japanese only) https://www.alf-web.com/

5. Creation of Healthcare Solutions

Alfresa provides Docshiru[4] and other solutions that support healthcare digital transformation and utilize digital technologies to contribute to community healthcare coordination and the resolution of issues faced by healthcare institutions.

Case Study

Distribution Solutions Supporting Improvement of Pharmaceutical Access

Enhancement of Pharmaceutical Delivery Systems Using Drones

TS Alfresa Corporation is conducting verification tests of new distribution solutions that utilize drones in order to address the challenges faced when delivering pharmaceuticals to communities in mountainous areas or remote islands. In these tests, we seek to determine the feasibility of using drones to safely deliver pharmaceuticals and medical devices while maintaining their quality. We hope that this form of delivery will help develop systems for ensuring stable supplies, even during times of disaster, while supporting community healthcare.



Verification test

For more details, please refer to the following press release.
https://ssl4.eir-parts.net/doc/2784/ir_material17/256696/00.pdf

*24 Term explicitly referring to an individual's vitality and life motivation and satisfaction that encompasses factors such as physical and mental health and social participation

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Social and Relationship Capital / Sustainable Procurement Founded on Trust from Suppliers

The Alfresa Group promotes sustainable procurement to improve the reliability of its supply chain while ensuring a stable supply of pharmaceuticals and other products. At the same time, we are building upon our trusting relationships with communities to create a virtuous cycle of improvements in social and corporate value.

Goals of Sustainable Procurement

Greater supply chain reliability | Stable supply of pharmaceuticals, etc. | Trusting relationships with communities

→ **Improvements in Social and Corporate Value**

Sustainable Procurement Initiatives

- **April 2024** — Formulation of procurement policies
- **April 2025** — Establishment of procurement guidelines
- **2026 onward** — Engagement and co-creation with suppliers

The Alfresa Group's Procurement Policy
https://www.alfresa.com/eng/csr/esg/social/customer/procurement-policy/

The Alfresa Group's Procurement Guidelines
https://www.alfresa.com/eng/csr/esg/social/customer/procurement-guidelines/

In April 2024, the Alfresa Group's Procurement Policy was formulated to define the norms to be observed in procurement-related activities, thereby clarifying our basic policies and laying the groundwork for sustainable procurement activities. We followed the formulation of this policy with the establishment of the Alfresa Group's Procurement Guidelines in April 2025, which have been enacted at Group companies operating in the Manufacturing Business. Steps are being taken to promote understanding with regard to the guidelines among applicable suppliers, and surveys are being used to confirm related conditions and identify issues. Going forward, we will continue efforts to correct issues and implement improvements through appropriate engagement with suppliers with the goal of building an ideal supply chain and achieving ongoing growth.

In addition, we will advance initiatives for accelerating sustainable procurement centered on the following priority themes.

Priority Sustainable Procurement Themes

1. Fair and Transparent Transactions
- Promotion of fair and transparent transactions
- Enforcement of procurement policy and guidelines
- Enhancement of partnerships

2. Risk Management
- Compliance with Good Distribution Practice process guidelines (responsible supply)
- Response to human rights and labor-related risks
- Reinforcement of business continuity plans*25

3. Development of Sustainable Operating Foundations
- Strengthening of stable supply systems
- Reinforcement of supply chain resilience
- Improvement of stakeholder reliability

*25 Plans containing provisions for facilitating the continuity or swift restoration of critical processes during natural disasters or other emergencies

Stable Supply Supported by Supplier Trust

The Alfresa Group is building upon its trust-based relationships with suppliers by ensuring respect for human rights throughout its supply chain. These trust-based relationships are the foundation of a robust and sustainable supply chain that can support stable supply and thus constitute an important form of social and relationship capital for the Group.

The Alfresa Group's Human Rights Policy
https://www.alfresa.com/eng/csr/esg/social/human_rights/

- Human rights policy
- Supply chain management (procurement policy and guidelines)
- Human rights due diligence
- Risk assessment and monitoring
- Corrective and improvement measures (reinforcement of systems)
- Highly stable supply chain supporting stable supply

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The Alfresa Group seeks to identify and cater to the unmet needs of the healthcare sector and patients through engagement and partnerships with healthcare institutions, municipal government agencies, pharmaceutical companies, research institutions, and other diverse stakeholders. By combining the social and relationship capital fostered through this process with the Group's human resource, technology, manufacturing, distribution, and information functions, we will create new products and services to contribute to the resolution of social issues while broadening our business scope.

Co-Creation with Diverse Stakeholders Creating Social Value

Healthcare Institutions

Linkage of Healthcare Information Supporting Improvements in Healthcare Access

The Alfresa Group works to support a stable supply of pharmaceuticals while helping address the issues faced by the healthcare sector.

Runa Hayashi, a marketing specialist at Alfresa Corporation, is in a position that caters to community healthcare institutions, which sees her acting as an intermediary connecting physicians and pharmaceutical companies as part of her everyday work. She provides a service that meets the needs of specific healthcare institutions, providing physicians, who are busy with outpatient examinations and surgeries, with necessary and timely pharmaceutical information, sometimes in person and sometimes via Mydodes. When supplying information on new formulations, Ms. Hayashi will utilize online meeting systems or other approaches to facilitate meaningful communication, even when time is limited.

These initiatives enable physicians to access the information they need quickly, while facilitating smooth information sharing at healthcare institutions and helping build trusting relationships.



Runa Hayashi
Marketing Specialist,
Medical Sales Division
Alfresa Corporation



Mydodes communication tool exclusively for physicians and medical representatives*26

Communities

Conclusion of Agreement with Toyama City to Promote the Health of Residents

With the stable supply of pharmaceuticals and other products as its basis, the Alfresa Group is contributing to the resolution of healthcare issues through collaboration with communities. For example, Meisho Co., Ltd. concluded an agreement with Toyama City in February 2025 to promote the health of the residents thereof. Based on this agreement, we are organizing health-related events and spreading awareness pertaining to dementia.

A core element of this agreement was the transportation of COVID-19 vaccines. We succeeded in delivering vaccines to more than 200 healthcare institutions under the agreement, without a single instance of a transportation error or a vaccine having to be disposed of thanks to our rigorous temperature management. Such achievements have helped us earn the trust of healthcare institutions.

We were able to take part in this partnership agreement due to ongoing measure proposals and engagement based on the needs of municipal government agencies. These efforts were spearheaded by Hiroshi Kitano, general manager of the Community Partnership Department. We are currently in the process of reinforcing our frameworks for fostering community partnerships while launching dementia prevention campaigns and other new measures. The insight gained through this partnership will be applied both inside and outside of the Group as we seek to achieve ongoing improvements in corporate value through harmonious existence with communities.



Hiroshi Kitano
Executive Officer
Meisho Co., Ltd.
Note: Position as of February 2025



Members of Meisho's Toyama Branch involved in partnership agreement

Patients and Healthcare Institutions

Response to Needs of Patients and Healthcare Institutions

Based on our Mission of "we create and deliver a fresh life for all," we work to address the issues faced by patients and healthcare institutions.

Healthcare needs have been growing increasingly diverse in recent years. We therefore find ourselves pressed to respond to unmet medical needs through collaboration with patients, healthcare professionals, pharmaceutical companies, and a diverse range of other stakeholders.

As one example of our efforts to respond to such needs, Alfresa Pharma Corporation received domestic approval for the manufacture and sale of the neffy® Nasal Spray 1mg/2mg*27 adjunctive treatment for anaphylaxis. Developed based on the needs of patients and healthcare institutions, this nasal spray is anticipated to contribute to the resolution of issues faced by both patients and healthcare institutions by offering a wider range of treatment options.

Going forward, the Alfresa Group will continue to tackle healthcare issues through co-creation with diverse stakeholders as it seeks to contribute to improved patient quality of life and a sustainable society.



*26 Salespeople at pharmaceutical manufacturers who provide information about drugs to doctors and pharmacists, as well as gather and communicate information

*27 An adjunctive treatment for anaphylaxis (general name: adrenalin) released by Alfresa Pharma Corporation in February 2026

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Natural Capital



Basic Policy

The Alfresa Group, which is engaged in business activities related to human life and health, recognizes as important management priorities the preservation of the natural capital that supports the stable supply of pharmaceuticals and the reduction of its environmental impact. Based on our Promises, set forth in the Alfresa Group's Philosophy, we work to reduce our environmental impact across the value chain, from the development, manufacture, distribution, and sale of pharmaceuticals to their disposal. The Group's business is built upon natural capital, such as a stable climate, water resources, and energy resources. Out of recognition of our nature-related dependencies and impacts, we have been advancing decarbonization initiatives with the goal of achieving carbon neutrality by fiscal 2050. At the same time, we seek to reduce our environmental impact while maintaining a stable supply of pharmaceuticals to contribute to the realization of a sustainable society.

Environmental Management System

To date, three sites in the Manufacturing Business have acquired ISO 14001*28 certification and implemented environmental management systems. Moreover, we have established a system and are systematically implementing initiatives to promote environmental preservation.

*28 An international standard specifying requirements for environmental management systems, designed to improve environmental performance and manage environmental impacts

Governance

Based on the Alfresa Group's Environmental Policy, we are advancing climate change- and natural capital-related initiatives and expanding disclosure of information in this regard. We have established the TCFD Subcommittee, which acts based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD),*29 under the Group Sustainability Promotion Committee, which is chaired by the executive officer in charge of sustainability. The TCFD Subcommittee coordinates with the Group Compliance and Risk Management Committee, which oversees risk management on a Groupwide basis, as it works to identify climate change- and natural capital-related risks and opportunities, evaluate their importance, and advance and monitor countermeasures. The subcommittee formulates measures to achieve CO_2 emissions reduction targets and share information among Group companies. It is also analyzing nature-related dependencies and impacts and examining methods of disclosing the findings of these analyses. Details of subcommittee meetings are reported to the Group Sustainability Promotion Committee twice annually and then to the Board of Directors, which monitors the status of responses to important climate change- and natural capital-related issues based on these reports.

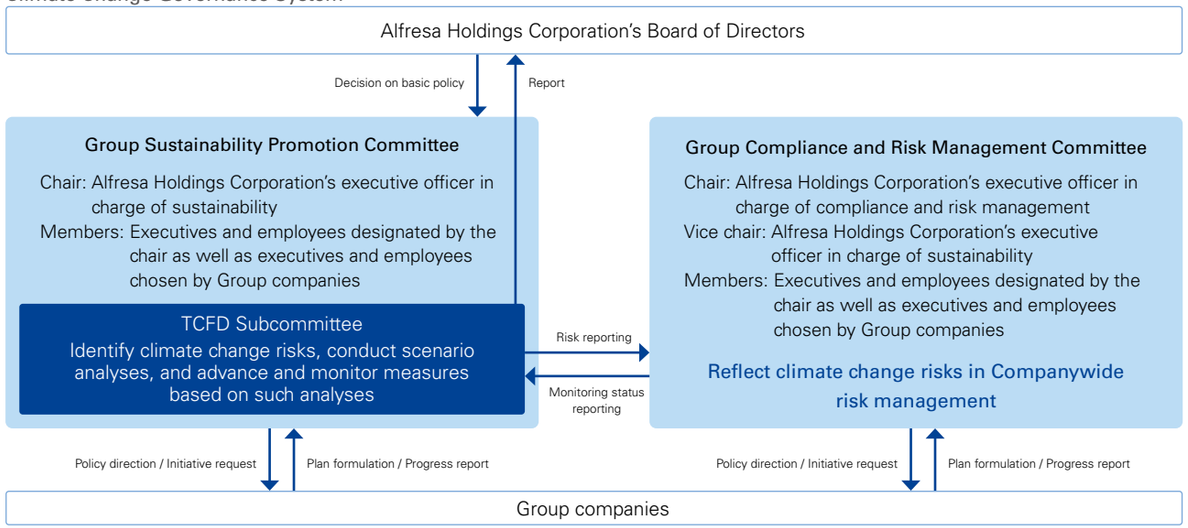
For more information on environmental issues, please refer to the following websites.

Environmental Management
https://www.alfresa.com/eng/csr/esg/environment/environment-management/

ESG Data / ESG Website Editorial Policy
https://www.alfresa.com/eng/csr/report/

Addressing Climate Change
https://www.alfresa.com/eng/csr/esg/environment/climate_change/

Climate Change Governance System



Note: The Group Sustainability Promotion Committee and the Group Compliance and Risk Management Committee are advisory bodies to the representative directors.

*29 An international framework recommending that companies and other organizations practice disclosure of climate change-related risks and opportunities based on the four elements of governance, strategy, risk management, and metrics and targets

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Climate Change-Related Initiatives

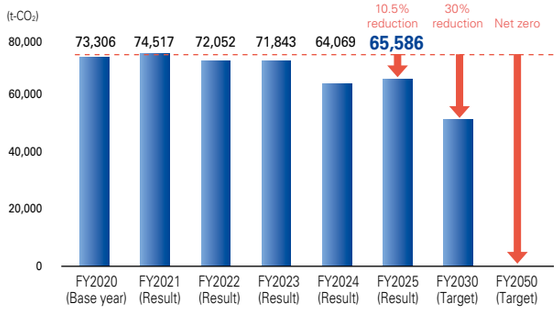
Response to Climate Change Based on TCFD Recommendations

In April 2023, the Alfresa Group announced its endorsement of the recommendations of the TCFD, based on which it is assessing and expanding disclosure of climate change-related risks and opportunities.

Positioning response to climate change as an important management issue, the TCFD-recommended framework is used to guide efforts for pursuing decarbonization and enhancing business resilience.

Efforts in this regard have included introducing electric vehicles for deliveries and promoting improved delivery efficiency as well as calculating Scope 3 emissions and expanding the scope of related disclosure. However, we are not limiting our response to climate change to reductions in our environmental impact. Rather, we are striving to contribute to the realization of a sustainable society and the improvement of corporate value by positioning as an important management priority the enhancement of the distribution functions and business resilience supporting the stable supply of pharmaceuticals and other products.

CO_2 Emissions (Scope 1 and Scope 2)



Note: Scope 1 and Scope 2 are calculated using emissions by the Company (Scope 1 emissions represent direct emissions from fuel use, etc., while Scope 2 emissions represent indirect emissions from purchased electricity, etc.).

Decarbonization-Related Indicators and Targets

The Alfresa Group has set a target for achieving carbon neutrality by fiscal 2050 in relation to CO_2 emissions, an important indicator of climate change. As milestones toward this goal, by fiscal 2030 the Group aims to reduce total Scope 1 and Scope 2 CO_2 emissions by 30% in comparison with the base year of fiscal 2020.

In fiscal 2025, total Scope 1 and Scope 2 CO_2 emissions amounted to 65,586 t-CO_2, a reduction of 10.5% from fiscal 2020.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

		Fiscal Year	Target and Result
Time Frame	Short term	2024	10% reduction in CO_2 emissions ▶12.6% reduction
	Medium term	2030	30% reduction in CO_2 emissions
	Ultra-long term	2050	Net-zero CO_2 emissions

Notes:
1. Alfresa Holdings Corporation began calculating and disclosing Scope 3 emissions figures for employee commuting (Category 7) on a non-consolidated basis in fiscal 2025.
2. CO_2 emissions (Scope 1 and Scope 2) for fiscal 2020 (base year) have been restated to reflect the inclusion of the following figures through the addition of A·L Plus Co., LTD. which became a newly consolidated company in fiscal 2023.
- Fiscal 2020 (base year): 2,424 t-CO_2
- Fiscal 2022 (result): 2,970 t-CO_2

Preservation of Biodiversity

In recognition of its nature-related dependencies and impacts, the Alfresa Group recognizes the preservation of biodiversity as an important management priority. Through coral protection and restoration activities and other efforts to preserve local environments, we seek to protect and recover natural capital and reduce our environmental impact.

Waste Reduction

Based on the Alfresa Group's Environmental Policy, we promote resource circulation across the value chain, spanning from resource procurement to manufacturing, distribution, disposal, and recycling, as we strive to preserve biodiversity and reduce our environmental impact.

In fiscal 2025, we began calculating and disclosing waste emissions from the pharmaceutical manufacturing bases of Alfresa Pharma Corporation and Alfresa Fine Chemical Corporation as part of efforts to track our waste emissions. Total waste emissions from these sites amounted to 2,653 tons in fiscal 2025. Going forward, we will undertake a phased expansion of the scope of waste emissions calculation to include more Group companies. At the same time, we will work to reduce waste emissions through efforts such as recycling cardboard packaging. Moreover, data on collected waste will be utilized to set reduction targets and formulate concrete measures for the achievement of these targets as we strive to lower our environmental impact.

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Eco-Friendly Logistics

The Alfresa Group is introducing electric vehicles for deliveries and taking steps to improve delivery efficiency. These efforts are predicated upon maintaining safe and stable supplies with rigorous quality assurance based on effective temperature management of pharmaceuticals. Through such eco-friendly logistics efforts, we will reduce CO_2 emissions while enhancing distribution operations to contribute to the sustainability of community healthcare and improve corporate value.

Eco-Friendly Distribution Using Electric Delivery Vehicles

We believe that the assurance of quality and the lowering of our environmental impact are essential components of the distribution functions underpinning the stable supply of pharmaceuticals. Accordingly, we seek to protect the quality of pharmaceuticals through more-sophisticated temperature management during logistics while improving the efficiency and safety of distribution operations.

Furthermore, sustainable distribution systems are being developed while reducing CO_2 emissions through the use of electric delivery vehicles, improvement of delivery efficiency, promotion of energy management, and advancement of eco-friendly driving techniques.

As one facet of these initiatives, Alfresa Corporation's Fuchu Office is employing small electric trucks while practicing rigorous temperature management during deliveries with a combination of insultation and cooling equipment.

These efforts enable us to protect the quality of pharmaceuticals through appropriate temperature management while reducing CO_2 emissions and ensuring effective logistics operations.

We will continue our efforts to develop a distribution model that is friendly to the environment while assuring quality to contribute to the realization of a sustainable society and the stable supply of pharmaceuticals.

Verification of Temperature-Controlled Transportation Using Electric Delivery Vehicles

1 Use of Dedicated Cooling Equipment

Temperature-control cases that maintain temperatures and ensure quality are being loaded onto dedicated transportation equipment.

2 Temperature-Controlled Transportation Using Electric Delivery Vehicles

Through temperature-controlled transportation using electric delivery vehicles, we are ensuring reliable delivery while maintaining pharmaceutical quality and reducing our environmental impact.

3 Delivery to Healthcare Institutions Using Electric Delivery Vehicles

Pharmaceuticals are delivered safely and reliably to healthcare institutions.

Benefits of Eco-Friendly Logistics Using Electric Delivery Vehicles

Assured Quality
Quality assured through appropriate temperature management

Reduced Environmental Impact
Reduction in CO_2 emissions through use of electric delivery vehicles

Improved Delivery Efficiency
Improved efficiency in deliveries through optimized fleet operation

Safe and Stable Supply
Delivery of pharmaceuticals to healthcare institutions while protecting their quality



Electric delivery vehicle

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Board of Directors / Skills Matrix (As of June 24, 2026)

Directors



Ryuji Arakawa

Representative Director & President

Term of office: 10 years
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Yusuke Fukujin

Representative Director & Executive Vice President

Term of office: 6 years
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Shigeki Ohashi

Director, Vice President & Executive Officer

Term of office: 4 years
Attendance at Board of Directors' meetings:
93% (14 of 15 meetings)



Toshiki Tanaka

Director, Vice President & Executive Officer

Term of office: 4 years
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Koichi Shimada

Director

Term of office: 8 years
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Manabu Kinoshita

Independent Director

Outside Director

Term of office: 6 years
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Toshie Takeuchi

Independent Director

Outside Director

Term of office: 6 years
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Kimiko Kunimasa

Independent Director

Outside Director

Term of office: 4 years
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)

Directors (Audit and Supervisory Committee Members)



Yuji Ueda

Director (Audit and Supervisory Committee Member)

Term of office: 1 year
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Takashi Ito

Independent Director

Outside Director (Audit and Supervisory Committee Member)

Term of office: 1 year
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Hiroshi Kizaki

Independent Director

Outside Director (Audit and Supervisory Committee Member)

Term of office: 1 year
Attendance at Board of Directors' meetings:
100% (15 of 15 meetings)



Sachiko Iizuka*

Independent Director

Outside Director (Audit and Supervisory Committee Member)

Term of office: 1 year
Attendance at Board of Directors' meetings:
100% (10 of 10 meetings)

* Appointed in June 2025

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Composition of the Board of Directors

The Board of Directors consists of directors with diverse and specialized knowledge, experience, and abilities, which enables them to effectively fulfill their roles and responsibilities. Its current number of members has been determined as optimum for facilitating the efficient and effective execution of its functions.

Nomination and Appointment of Directors of the Board

Director candidates are decided by the Board of Directors after deliberation by the Nomination and Remuneration Committee for Directors and Executive Officers, taking into consideration the composition of the Board of Directors. The Nomination and Remuneration Committee for Directors and Executive Officers consists of outside directors designated as independent directors and directors determined by resolution of the Board of Directors. The majority of the committee's members are outside directors designated as independent directors. The committee also selects candidates by defining the skills of directors that it deems necessary for realizing the Alfresa Group's Medium- to Long-Term Vision, as shown in the table below.

Skills Matrix

Name	Gender	Expertise and Experience (Skill Category)						
		Corporate management & Sustainability	Sales & Marketing	Logistics & SCM	Business development & DX	Finance & Accounting	Legal & Risk management	Human resources & Talent development
Ryuji Arakawa	Male	○	○		○		○	
Yusuke Fukujin	Male	○		○	○		○	
Shigeki Ohashi	Male		○	○	○			
Toshiki Tanaka	Male			○	○	○	○	○
Koichi Shimada	Male	○	○					
Manabu Kinoshita	Male	○	○		○			
Toshie Takeuchi	Female		○					○
Kimiko Kunimasa	Female	○						○
Yuji Ueda	Male					○	○	
Takashi Ito	Male						○	
Hiroshi Kizaki	Male	○				○	○	○
Sachiko Iizuka	Female	○			○	○		

Reasons for the Selection of Skill Categories

Expertise and experience (Skill category)	Reason for selection
Corporate management & Sustainability	The Company has selected this as a required skill category to enable appropriate decision-making and supervisory functions based on relevant experience and knowledge and to develop and implement a medium- to long-term management plan that can sustainably enhance corporate value and social value through business management that is aligned with the Group's Philosophy and Basic Sustainability Policy.
Sales & Marketing	Seeking to resolve social issues related to medical care and health, the Company has selected this as a required skill category to provide constantly reliable products and services in the changing business environment.
Logistics & SCM	As a company that supports the medical product distribution infrastructure in Japan, the Company takes it as its responsibility to provide stable and high-quality supplies of medical and other products. In addition, the Company has selected this as a required skill category in order to build total supply chain services[19] that provide everything from raw material procurement and manufacturing to logistics and sales through united Group efforts.
Business development & DX	The Company has selected this as a required skill category to achieve enhancement of customer satisfaction and productivity through means such as the promotion of digital transformation (DX) as well as to challenge new business fields related to health and medical care, in addition to engaging in business enhancement and expansion by conducting core areas, developing new areas, and fostering growth areas.
Finance & Accounting	The Company has selected this as a required skill category to further ensure the reliability of financial reporting, improve the stability of financial ground and the profitability of capital through financial management based on the cost of capital, and enhance shareholder returns.*1
Legal & Risk management	The Company has selected this as a required skill category to strengthen structures for complying with laws, various regulations, social norms, etc., and to be able to make timely and appropriate management decisions when addressing organizational operation risks, including natural disasters, pandemics, and cyber risks.
Human resources & Talent development	Believing that human resources are the most important assets and serve as the very engine for growth of the Group, the Company has selected this as a required skill category to be a company where all of its people are able to utilize their individuality and abilities to their fullest.

*1 Returns of profits or capital to shareholders generally in the form of dividend payments, but also including share buy-backs and shareholder benefits

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Positioning sustainability and risk management at the center of management decision-making

Recognition of People as the Most Important Assets Supporting Ongoing Growth

The Alfresa Group supports an important piece of infrastructure through the stable supply of pharmaceuticals, thereby delivering value essential to society. The Group's businesses are intimately related to the creation of social value. In other words, the pursuit of sustainability is an important matter tied directly to the Group's management.

Seven years have passed since the Alfresa Group was found to be in violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade. It is important that this incident not be forgotten as a matter of the past. Impartial and highly transparent business activities are a vital part of the very foundations of a company that supports social infrastructure, and the Group must remain committed to never again undermining the trust in those foundations.

The risks facing companies have been growing more diverse and complex as of late. Whether natural disasters, infectious diseases, cyberattacks, or information leakages, the threats to business continuity are constantly rising. As the Alfresa Group supports social infrastructure in terms of healthcare, it is all the more important for it to conduct business activities, under normal conditions, to enhance its capacity to respond in times of emergency. The Group also handles medical and healthcare information, meaning that rigorous information management and trustworthiness is a management priority of incredible importance.

However, just developing frameworks and systems will not be enough; it is people who will implement these frameworks and systems, make decisions, and ultimately create value. It is also people who ensure compliance, underpin information security, and create value, making them the most important assets supporting ongoing growth.

Management's Responsibility in Creating an Environment Supporting Employees' Ambitions

The greatest risk to the ongoing growth of the Alfresa Group is its people no longer being able to exercise their skills.

Exercising the Group's Mission of "we create and deliver a fresh life for all" will require the building of an environment in which employees are empowered in their work and able to grow and chase their ambitions.

Employee awareness surveys have revealed a gap that needs to be bridged between the vision of management and how people actually feel on the front lines. This gap cannot be closed at an organizational level; it is a management issue that, if not addressed, could impact the Group's future growth potential. If employee engagement and ambition were to decline, the Group would lose its ability to drive change.

I take a subtraction approach toward considering ways of addressing such issues. By subtracting unnecessary and redundant steps from work processes, employees are able to devote more time to learning and to the tasks on which they should be focusing. If a company is to pursue its ambitions, management must exercise responsibility in providing its employees the leeway needed to be ambitious.

Developing human resources and cultivating the desired corporate culture are not human resource measures. Rather, they constitute a management investment in improving corporate value. Moreover, investments in human resources and improvements in employee motivation contribute to increased productivity and innovation, which in turn spurs growth in corporate value. It is therefore important to track this value and reflect it in management decision-making.

Role of Growing People and an Ambitious Culture in the Ability to Continue Living Up to Society's Expectations

It is important to look at achieving ongoing improvements in corporate value from the perspectives of both frameworks and initiatives. Risk management, for example, is not just a framework keeping a company safe; it is the process of building the foundation upon which people can have peace of mind when chasing their ambitions. Meanwhile, initiatives for promoting digital transformation, using AI, and creating new value are driven by people.

The sustainability of a company's people and its organizations are a fundamental part of that company's sustainability and risk management activities. An organization in which people are able to grow, chase their ambitions, and fully exercise their talents has an important role to play in ensuring the company to which it belongs is able to continue living up to society's expectations. As an outside director, I personally focus on enhancing the effectiveness of risk management systems and on strengthening human resource portfolios while engaging in discussions aimed at helping the Group continue to fulfill its responsibility and evolve.



Manabu Kinoshita Outside Director

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Elevating human capital management to the status of value creation story based on the recognition that people are a company's greatest assets

Linking of a Focus on People to the Improvement of Corporate Value

For the Alfresa Group, people are more than just a management resource. As the Group has the wholesaling of ethical pharmaceuticals as its core business, the people who cater to customer needs and generate value on the front lines are an important driver behind the creation of corporate value. This recognition is shared at meetings of the Board of Directors, based on which the Company is advancing ongoing initiatives for fostering human resources and developing their skills. The president can even be seen attending training sessions, where he speaks directly with employees. This is indicative of the Alfresa Group's corporate culture of valuing human resources and its strong commitment to doing so.

At its core, human capital is about more than just maintaining existing strengths; it is about drawing out the potential of all employees so both they and the Company can evolve and support ongoing growth. The Alfresa Group is home to numerous people who diligently cater to the needs of customers and go about their work motivated by a sense of purpose. However, just continuing along the current course may not be sufficient in the rapidly changing social and operating environment. For this reason, the Group must seek to heighten the ability of its employees to create change and tackle challenges in pursuit of new value.

Formulation of a Uniquely Alfresa Approach Toward Human Capital Management

I think there are two conditions that must be met for the Company to truly place human capital at the center of its management. The first is to integrate management strategies and human resource strategies and to give both the same weight in management decision-making. The second is to make clear, to both internal and external stakeholders, the type of people that the Alfresa Group emphasizes and the value that is being created by these people. From this perspective, I can confidently say that the Group has numerous quality human resource development programs. On the other hand, I cannot as confidently claim that the Group has fully examined the comprehensive process through which these programs will be tied to improved corporate value. The greatest reason behind human capital management measures becoming hollow is an inability to see the connection between said measures and business initiatives and management strategies. The Alfresa Group cannot just lay out the same indicators used by its peers. It needs to present a clear picture of why it is engaging in a given initiative and what kind of people it needs to achieve its future vision.

Indicators like the ratio of female managers and engagement scores only have meaning when they are linked to a company's vision and management strategies. What is important is not the numbers themselves but the policies, values, and approach toward evolution that realized those numbers. I therefore believe it is critical for the Group to formulate a uniquely Alfresa approach toward human capital management backed by a clear value creation story that is codified through indicators.

Board of Directors' Discussions on Human Resource Strategies Supporting Total Supply Chain Services

Given that people are a company's most important assets, human resource strategies transcend the jurisdiction of human resource divisions to constitute an important management priority. I have recently noticed an increase in the number of discussions concerning human resource matters at meetings of the Board of Directors. However, we still have some ways to go in linking human resource strategies to business strategies. I therefore believe there is a need for the Board of Directors to get involved with strategies from the initial formulation stage and to continue to confirm the progress and results thereof.

This is all the more true when it comes to evolving and expanding the Alfresa Group's total supply chain services[19]. Accomplishing these objectives will require Alfresa to clearly define the type of people it needs as well as how they will be cultivated and deployed. If we can find a way to track and utilize, on a Groupwide basis, the insight generated and people developed by individual Group companies and then use this framework in the development and positioning of people, it will broaden the opportunities for value creation across the Group. It could thus be said that human capital management is the foundation supporting the evolution of the Group's total supply chain services.

Moreover, the initiatives advanced thus far should be viewed as more than just isolated undertakings; they should be elevated to components of a consistent value creation story for supporting the ongoing creation of corporate value. As an outside director, I look to support the evolution of human capital management at the Alfresa Group by driving discussions on this topic.



Kimiko Kunimasa Outside Director

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Embracing a corporate culture of not fearing change that drives the evolution of corporate governance

Increase in the Number of Discussions from a Medium- to Long-Term Perspective Following the Transition to Company with Audit and Supervisory Committee Organizational Structure

In June 2025, the Company transitioned to the company with audit and supervisory committee organizational structure described in the Companies Act of Japan. The goal of doing so was to expedite decision-making and strengthen oversight functions through the delegation of authority to the executive team while developing a corporate governance system that is easier for overseas investors to understand. This transition bestowed upon individuals who were previously Audit & Supervisory Board members voting rights as directors, thereby priming the entire Board of Directors for more self-propelled discussions. I view this change as a step forward to facilitating more viable discussions on medium- to long-term management issues.

Over the year since the transition, I have noticed a steady rise in qualitative changes at Board of Directors' meetings. Agendas have been more focused on important matters and on medium- to long-term management issues. Moreover, gradually taking hold is an approach to discussion entailing the examination of the past, present, and future of measures as well as a greater focus on what actions should be taken now via backcasting from our goals. This approach has made discussions at Board meetings more viable.

Moreover, discussions are not limited to the topics proposed by the executive team; we have also seen outside directors proactively voice concerns regarding issues they see from a medium- to long-term perspective. Lively discussions on human resource utilization, an important medium- to long-term priority, have been taking place following the pointing out of such issues by outside directors.

To further build upon said discussions, us outside directors should get even deeper into discussions with the executive team while bettering our understanding of frontline conditions. We must also step up information sharing to reduce gaps in understanding.

Heightening of Board Effectiveness Through an Ongoing Improvement Process and Frank Discussions

I have continued to analyze Alfresa since I was first appointed as an Audit & Supervisory Board member. Over this time, I have seen the Company's corporate governance systems steadily evolve through system changes and via ongoing discussions stimulated by evaluations of the Board of Directors' effectiveness.*1 At the same time, the effectiveness of the improvement process itself increased, with more complete materials and information provided at more ideal timings. Nevertheless, there is still further room to evolve.

Less a product of its form, the effectiveness of the Board of Directors is more the result of frank discussions that take place at meetings. Over the past year, I have seen outside directors offer honest opinions, and the executive team be receptive toward those opinions, giving rise to in-depth and two-way discussions, which build the foundations for an effective Board.

Going forward, I see a need for Alfresa to continue to refine its governance systems to further heighten their contributions to improved corporate value. This should be done by pursuing ongoing improvements in the quality of discussions and examining the best possible way to handle meetings, which should include considering the role of the chairperson of the Board.

Ongoing Examination of Vision

The Alfresa Group is currently in the process of transforming to evolve and expand its total supply chain services, as called for in its Medium- to Long-Term Vision. Achieving ongoing improvements in corporate value requires a company to continue to examine their particular vision for their role in society. The Alfresa Group provides the infrastructure supporting medical and healthcare services. Its vision should thus be one of a group that can continue to provide value even in a changing operating environment and which can maintain trust by helping tackle social issues.

Accomplishing this will require the Group to reflect on its Philosophy and its purpose to ensure that they are functioning as the basis upon which it makes decisions. In this time of great volatility, it is important to flexibly change and create value, rather than being constrained by prior approaches. The Group has continued to change steadily, but I think it will need to change faster and with greater accuracy going forward.

I want to see the Alfresa Group continue to tackle new challenges without fear of change as it creates both social and economic value to achieve ongoing improvements in corporate value. As an outside director, I will continue to question the direction of the Group's evolution to help guide it toward its vision.

*1 Evaluations of the Board of Directors' effectiveness are conducted to analyze and evaluate whether the Board is effectively fulfilling its role and responsibilities from the perspectives of membership, meeting proceedings, discussions, and oversight functions and to identify issues and formulate improvement measures.



Takashi Ito Outside Director (Audit and Supervisory Committee Member)

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Practicing appropriate investment management for supporting the evolution of total supply chain services

The Significance of Focusing on Total Supply Chain Services

I was appointed to the position of outside director and Audit and Supervisory Committee member at Alfresa Holdings Corporation in June 2025. In my inaugural year in this position, I have come to feel that the direction of the Alfresa Group's Medium- to Long-Term Vision and medium-term management plan is quite pertinent given its social responsibility and operating foundation.

Trends such as Japan's declining birth rate, population aging, and changes in the conditions surrounding community healthcare are making the social issues related to the medical and healthcare sector increasingly diverse and complex. Against this backdrop, there is significant meaning in the Alfresa Group's quest to create new value by evolving and expanding its total supply chain services while leveraging the trust and networks it has fostered thus far.

I see particularly massive potential in terms of the Group's efforts to provide healthcare services in areas where such services were previously lacking and to address new healthcare needs, including those related to regenerative medicine. However, my understanding of the significance of total supply chain services and my assessment of their feasibility are independent of one another. With regard to the latter, I see a need for the Board of Directors to share its vision for the future along with a concrete road map toward this vision and to continue to verify the viability of that map. By building a deeper understanding of the timetable and the results of efforts toward realizing this vision, we will be able to better assess how individual management decisions coincide with this vision.



Importance of Management of Long-Term, Large-Scale Investments

Long-term and large-scale investments will be imperative to the evolution and expansion of total supply chain services. The Board has an important role to play in monitoring such investments. Congruency with the Group's vision and strategic significance are factors discussed during the investment screening phase. Even more important, though, is disciplined post-investment management for verifying investment results and correcting course when necessary.

Companies operating in the pharmaceutical distribution industry are highly susceptible to the impacts of external factors beyond their control, such as drug price revisions, increases in personnel expenses or logistics costs, and market environmental changes. This means that the longer term an investment is, the more likely it is that actual performance will diverge from initial expectations. For this reason, it is important for a company to have frameworks for quickly detecting signs of changes, monitoring based on the assumption that such changes will occur, and revising plans commensurately in a timely manner.

To this end, the Group must define a clear investment goal and value creation story along with a timetable for results and milestones for every investment project. Moreover, the executive team and the Board should share a common understanding of these factors. Rather than focusing purely on short-term profitability, investment benefits should be assessed in terms of both social value and economic value in order to determine when investments should be continued and when they should be rethought.

Shaping of the Future Through Effective Monitoring and Process Reforms

As an Audit and Supervisory Committee member, I believe my role is not so much about getting directly involved in decisions made by the executive team as it is about continuing to pose questions regarding the underlying assumptions behind those decisions as well as the progress and results they produce. At the very least, I think I need to thoroughly confirm the Group has prepared a recovery plan or multiple scenarios for a given project.

Process reforms will be vital to achieving ongoing growth in the future. It is crucial for the Alfresa Group to pursue improvements in both the efficiency and the productivity of existing processes. One of the strengths of the Group is its robust portfolio of people motivated by a sense of purpose. Tying this strength to consistent competitiveness, however, will require more than just human labor. The Group must take full advantage of AI, data, and other digital technologies and utilize the data and know-how it has amassed to reform processes and heighten productivity.

By verifying post-investment progress and steadily reforming processes through these efforts, I believe that we can increase the likelihood of achieving the goals of the Medium- to Long-Term Vision while also improving capital efficiency, return on equity,*2 and consequently the price-to-book ratio.*3 As an outside director, I hope to contribute to effective monitoring from the perspective of finance and investments and to thereby help the Group make better management decisions and improve corporate value.

*2 Indicator of the amount of profit being generated using owners' equity
*3 Ratio of share price to net assets per share

Sachiko Iizuka Outside Director (Audit and Supervisory Committee Member)

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Corporate Governance

Corporate Governance Guidelines
https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf

Basic Policy

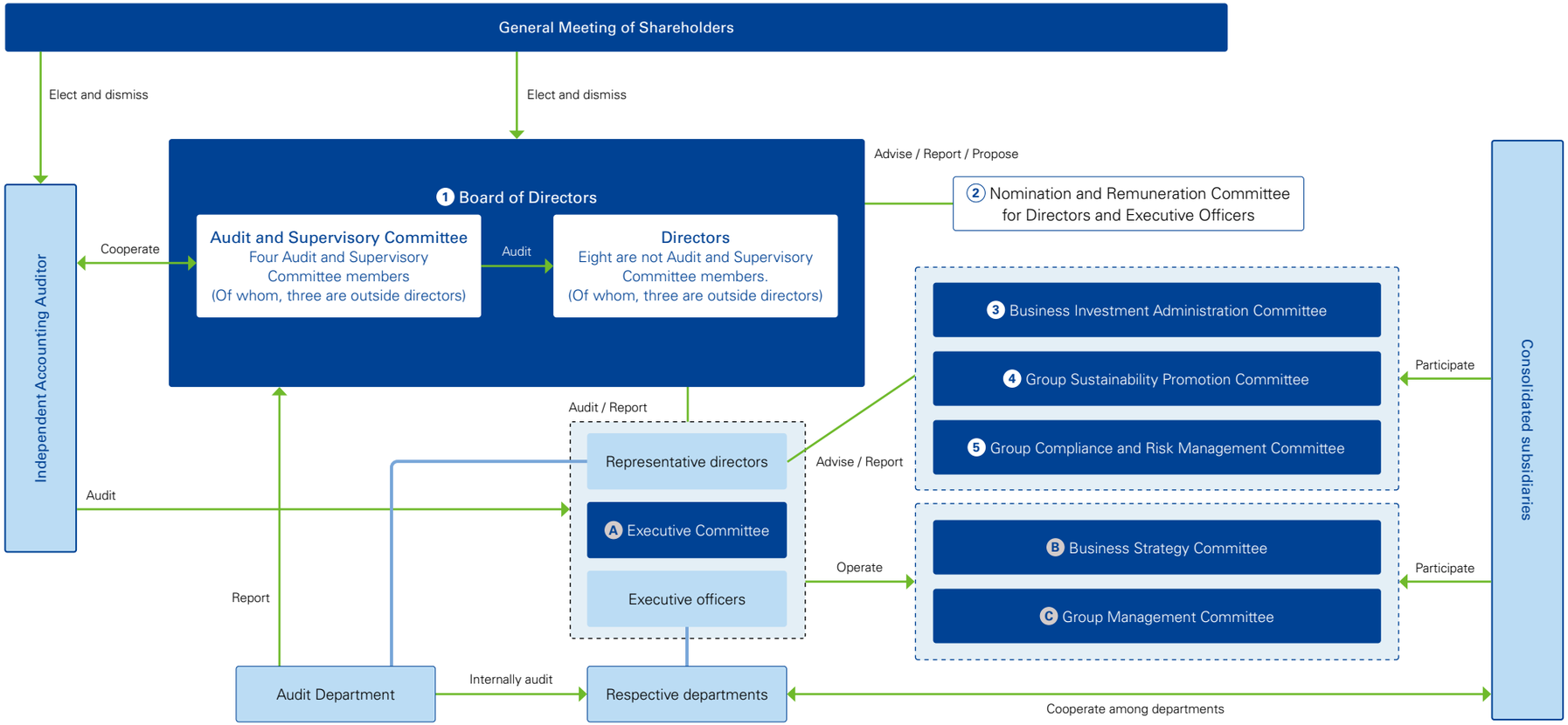
The Alfresa Group has established the Governance Guidelines as basic principles concerning corporate governance. As a company engaged in businesses related to life and health, the Group believes that enhancing corporate governance is fundamental to fulfilling its social responsibilities and improving corporate value. Accordingly, the Group will continue to advance initiatives that align with the spirit of the Corporate Governance Code and strive to further enhance its corporate value.

Corporate Governance Structure

The Company has adopted the organizational structure of a company with audit and supervisory committee.*1 The Audit and Supervisory Committee audits directors' performance of their duties. The Company has also introduced an executive officer system to clarify the division of decision-making and supervisory functions, which are the responsibility of the Board of Directors, and business execution functions, which are overseen by executive officers.

*1 Organizational structure entailing the establishment of an audit and supervisory committee within the Board of Directors comprising directors who can exercise voting rights at Board of Directors' meetings and who audit and supervise operational execution by directors (an audit and supervisory committee must be composed of three or more directors and a majority of outside directors.)

Corporate Governance Structure (As of June 24, 2026)



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Overview of the Board of Directors and Advisory Committees (As of June 24, 2026)

Name	Description	Chairperson	Number of meetings held in fiscal 2025
1 Board of Directors	Chaired by the president, the Company's Board of Directors is made up of 12 directors (nine men and three women, of whom six are outside directors). Regular meetings are held once per month, in principle, but extraordinary meetings may also be convened as necessary. These meetings are held to approve important matters stipulated by laws and regulations, as well as determine matters pertaining to management, and to supervise directors' performance of their duties.	Ryuji Arakawa Representative Director & President	15 times
2 Nomination and Remuneration Committee for Directors and Executive Officers	The Nomination and Remuneration Committee for Directors and Executive Officers is made up of five directors (including three outside directors designated as independent directors, of whom one is the chairperson who are elected based on resolutions of the Board of Directors. The committee deliberates on the nomination and dismissal of directors and executive officers of the Company and of specified wholly owned subsidiary Alfresa Corporation and on important matters related to remuneration and management with respect to directors (excluding directors who are members of the Audit and Supervisory Committee) and executive officers of the Company.	Manabu Kinoshita Outside Director	5 times
3 Business Investment Administration Committee	The Business Investment Administration Committee creates opportunities to deliberate on business investment projects submitted by the Company or Group companies that exceed the standard amount and on important investment projects that require multifaceted and careful consideration. The committee has also established a system to report these results to the Executive Committee or the Board of Directors.	Toshiki Tanaka Director, Vice President & Executive Officer	10 times
4 Group Sustainability Promotion Committee	In line with the Alfresa Group Basic Sustainability Policy, the Group Sustainability Promotion Committee promotes sustainability initiatives across the entire Group. It deliberates on policies and other matters related to Groupwide sustainability initiatives and conducts reporting and evaluation of the sustainability initiatives of each Group company. The committee regularly reports a summary of these matters to the representative directors and the Board of Directors twice a year.	Mayumi Jonai Vice President & Executive Officer	2 times
5 Group Compliance and Risk Management Committee	The Group Compliance and Risk Management Committee formulates compliance and risk management promotion plans, considers important policies regarding compliance and risk management for the entire Group, reports and evaluates the compliance and risk management activities of the Company and each Group company, and reports the results of its deliberations to the representative directors and the Board of Directors. Subcommittees have been established and are limited to particular business segments, business categories, or types of business in order to ensure more appropriate and systematic responses to inherent risks in specific, highly specialized businesses, in addition to plenary meetings.	Toshiki Tanaka Director, Vice President & Executive Officer	2 times

Overview of Each Meeting Body (As of June 24, 2026)

Name	Description	Number of meetings held in fiscal 2025
A Executive Committee	The Executive Committee is made up of individuals selected by the Board of Directors from among the representative directors, directors (excluding outside directors who are Audit and Supervisory Committee members), and executive officers. Directors who serve as Audit and Supervisory Committee members may attend Executive Committee meetings and express their opinions as necessary to perform their duties. The committee deliberates and approves matters related to the management of the Company, excluding matters that the Company's General Meeting of Shareholders and Board of Directors are responsible for approving. Regular meetings are held twice per month, in principle, but extraordinary meetings may also be convened as necessary.	20 times
B Business Strategy Committee	The Business Strategy Committee comprises executive directors and executive officers of the Company and officers and employees appointed from the Company and certain Group companies. Regular meetings are held nine times each year, in principle, and extraordinary meetings may be convened as necessary. The committee shares business strategies among Group companies as a debating body to discuss proposals related to the Group's business strategy.	9 times
C Group Management Committee	The Group Management Committee comprises the directors, executive officers, and Group company presidents appointed in advance by the chairperson of the committee. Regular meetings are held three times a year, in principle, but extraordinary meetings may also be convened as necessary. The committee's role is to align the management intentions of Group companies. As such, the committee discusses the common business issues related to overall Group management.	3 times

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25–27 Mid-term Management Plan　Enhancing the Board of Directors' Functions to Drive Growth Strategy

Enhancement of Board Functions

To further strengthen corporate governance and thereby enhance corporate value over the medium to long term, we transitioned from a company with audit and supervisory board organizational structure to a company with audit and supervisory committee organizational structure, following approval at the Annual General Meeting of Shareholders held in June 2025.

(Objectives)

(1) Strengthening audit and supervisory functions

By granting directors who serve as Audit and Supervisory Committee members voting rights at Board of Directors' meetings, we aim to further reinforce audit and supervisory functions.

(2) Enhancing transparency and objectivity in management

By increasing the proportion of outside directors designated as independent directors, we seek to create a forum where independent perspectives that reflect the viewpoints of shareholders and other stakeholders are more actively represented at Board meetings, thereby improving the transparency and objectivity of decision-making.

(3) Accelerating decision-making

By delegating authority over business execution to directors and executive officers and shifting the Board of Directors to a monitoring-focused model, we will further accelerate decision-making and business development.

Review of the Executive Compensation Structure

In line with the launch of the 25–27 Mid-term Management Plan, we revised the compensation system for executive directors in April 2025. The new compensation structure consists of the following three components:

1. **Basic (fixed) compensation**: The proportion of total compensation allocated to fixed pay has been revised to 68% (previously 70%).
2. **Performance-linked bonuses**: The proportion allocated to bonuses based on the achievement of annual performance targets remains unchanged at 20%.
3. **Performance-linked stock compensation**: The proportion allocated to stock compensation has been increased to 12% (previously 10%) to enhance incentives toward achieving medium- to long-term performance targets. This component is provided through a Board Incentive Plan (BIP) trust.

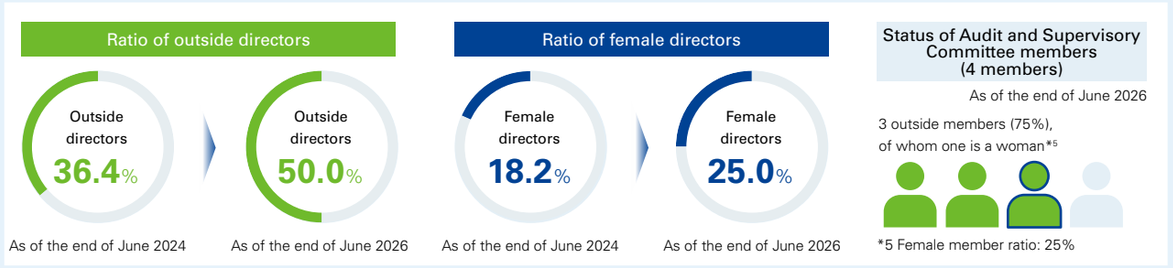
With regard to performance-linked stock compensation, in addition to financial targets such as consolidated operating profit and ROE, we have introduced new indicators aimed at aligning the interests of various stakeholders.

- The total shareholder return*2 growth rate versus Tokyo Stock Price Index (TOPIX)*3 from the perspective of shareholder value
- External ESG ratings
- The employee engagement score (eNPS*4) as an indicator of human capital management

*2 Principal indicator of shareholder value displaying returns combining stock price gains (capital gains) and dividend payments (income gains) through a ratio indicating the total returns for shareholders over a given period
*3 Major stock index for domestic stocks listed on the Tokyo Stock Exchange
*4 Score that gauges the degree to which employees would recommend their place of work to their friends and families and which is used to track employee engagement and feelings of attachment to organizations

Independence and Diversity of Directors

Transition to Company with Audit and Supervisory Committee Organizational Structure in June 2025—Further Enhancing Independence and Diversity



As of the end of June 2024

Board of Directors	11 (including four outside members and two women)
Audit & Supervisory Board	5 (three outside members, none of whom were women)

As of the end of June 2026

Board of Directors	12 (including six outside members and three women) 4 directors are Audit and Supervisory Committee members (three outside members, one of whom is a woman)
Audit & Supervisory Board	Discontinued legal status as a company with board of company auditors (effective June 25, 2025)

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Outside Directors

The Company makes it a basic policy to have more than one outside director designated as an independent director on the Board of Directors. Outside directors are elected from among candidates who meet not only the outside director requirements stipulated by Japan's Companies Act but also the Company's independence standards for outside directors, etc.

Independence Standards for Outside Directors, etc.
https://www.alfresa.com/eng/csr/esg/governance/corporategovernance/

Support System for Outside Directors

We have established a support system to ensure that outside directors can appropriately carry out their roles and responsibilities. In addition, outside directors engage in a variety of activities outside the Board of Directors to enhance mutual information sharing and exchange of opinions.

For details, please refer to Article 21 of the Corporate Governance Guidelines.

Corporate Governance Guidelines
https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf

Status of Principal Activities and Outline of Business Activities Carried Out by Outside Directors with Respect to Expected Roles (As of June 24, 2026)

Name	Status of principal activities and outline of business activities carried out by outside directors with respect to expected roles
Manabu Kinoshita	He delivered opinions mainly based on his experience in the practice of business and as an executive and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary. In addition, he has served as chairperson of the Nomination and Remuneration Committee for Directors and Executive Officers and has made remarks based on his knowledge when necessary.
Toshie Takeuchi	She delivered opinions mainly based on her experience in the academic field and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary.
Kimiko Kunimasa	She delivered opinions mainly based on her experience in the practice of business and as an executive and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary. In addition, she has served as a member of the Nomination and Remuneration Committee for Directors and Executive Officers and has made remarks based on her knowledge when necessary.
Takashi Ito	He delivered opinions mainly from the perspective of legal compliance as an attorney-at-law and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary. In addition, he has served as a member of the Nomination and Remuneration Committee for Directors and Executive Officers and has made remarks based on his knowledge when necessary.
Hiroshi Kizaki	He expressed opinions mainly based on his experience in the practice of business and as an executive, in addition to his perspective as a certified public accountant specializing in finance, accounting, etc., and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary.
Sachiko Iizuka	She expressed opinions mainly based on her experience in the practice of business and as an executive, in addition to her perspective as a certified public accountant specializing in finance, accounting, etc., and provided advice and recommendations to ensure the adequacy and appropriateness of decision-making of the Board of Directors when necessary.

Major Events in Which Outside Directors and Audit and Supervisory Committee Members Participated (Fiscal 2025)

Meetings of the Nomination and Remuneration Committee for Directors and Executive Officers	5 times
Meetings of the Corporate Governance Committee	4 times
Opinion exchanges among outside executives	5 times
Visits to logistics centers (New Shikoku Distribution Center of Shikoku Alfresa Corporation and 2025 Life Support Fair organized by Alfresa Healthcare Corporation)	2 times

Note: The abovementioned opinion exchanges were established as opportunities to enhance communication and collaboration between internal and outside directors.

Board of Directors` Composition (As of June 30, 2026)

Directors	12 (including 6 outside directors designated as independent directors and 3 female directors)
(Of whom, Audit and Supervisory Committee members)	4 (including 3 outside directors designated as independent directors and 1 female director)

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Status of Board of Directors' Operations

The most significant matters considered by the Board of Directors during fiscal 2025 are outlined below.

Meetings held	Total number of proposals	Average number of agenda items
15 times	143	9.53 agenda items / meeting

- Matters related to the General Meeting of Shareholders
- Matters related to financial results
- Matters related to financial policy
- Matters related to directors and executive officers
- Matters related to human resources and the organization
- Matters related to the disposal, transfer, or receipt of important assets
- Matters related to Group companies, etc.

Evaluation of the Effectiveness of the Board of Directors

The Company formulated the Corporate Governance Guidelines as basic principles for corporate governance of the Alfresa Group. Article 24 of these guidelines states that the Board of Directors shall conduct a self-evaluation every year of whether business execution is being performed in line with these guidelines in order to enhance the effectiveness of corporate governance. In addition to this self-evaluation, the effectiveness of the Board of Directors is analyzed and evaluated based on a survey of all directors. The results of this survey are reported to the Board of Directors, and the Board of Directors deliberates the final evaluation.

In fiscal 2025, we had an external organization conduct a survey to ensure the objectivity and impartiality of the evaluation of the Board of Directors' effectiveness and to further enhance the effectiveness of corporate governance.

Overview of Survey for Fiscal 2025

Implementation period	February 27, 2026 to March 13, 2026
Number of questions and major items	25 questions, covering (1) composition and operation of the Board of Directors, (2) management and business strategies, (3) corporate ethics and risk management, (4) management evaluation and compensation, and (5) dialogues with shareholders and others
Response method	A 4-point scale from 4 (valid and appropriate) to 1 (in need of improvement and inappropriate) was used, with comments requested for each question.

Evaluation Results (Fiscal 2025)

The Board of Directors was assessed by an external organization as having generally maintained effectiveness in fiscal 2025. This conclusion was reached because the Board is composed of diverse members, active discussions took place at Board meetings—including the proactive input of outside directors—and measures were taken to address certain issues identified in the previous fiscal year's evaluation.

Summary of Effectiveness Evaluation

- The average score across all items was 3.4, and 90.8% of responses were positive, with ratings of 4 or 3.
- While many constructive comments were provided, there were no comments indicating serious deficiencies.

Based on the above, the Board's effectiveness was judged to be reasonably well ensured.

Meanwhile, based on the results of the survey, we recognized the need for further enhancements in areas such as "advance briefings and timely distribution of materials" and "enhancement of strategic deliberations" in order to further improve the effectiveness of the Board of Directors. These issues and future initiatives were shared with the Board of Directors.

Issues Identified in Fiscal 2025 and Initiatives in Fiscal 2026

Initiatives

- Advance distribution and explanation of discussion materials
- Allocation of management resources

Ongoing Improvement Activities Based on Effectiveness Evaluation

1. Administration of effectiveness evaluation
2. Response to identified issues
   Enhancement of information sharing and engagement in more extensive discussions on strategies
3. Verification and improvement measures by Board of Directors
4. Ongoing improvement of corporate value

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Strengthening of the Functions of the Audit and Supervisory Committee

Composition of the Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company comprises four members: one full-time member, one attorney-at-law, and two individuals who hold qualifications as a certified public accountants and have experience as coporate executives). With the aim of fulfilling its roles and responsibilities, the committee enhances audit quality and effectiveness by organically combining the high-level information-gathering capabilities of the full-time member with the strong independence and high expertise of the outside members. In addition, a dedicated office has been established to support the duties of the Audit and Supervisory Committee.

Considerations and Actions Taken by the Audit and Supervisory Committee

The Audit and Supervisory Committee formulates audit plans and allocates audit responsibilities in accordance with the Code of Audit and Supervisory Committee Auditing and Supervising Standards. The committee also provides advice and recommendations as appropriate to ensure the validity and appropriateness of decision-making at important meetings, including those of the Board of Directors. In addition, the committee conducts meetings with the representative directors and others to promote communication and information sharing.

At meetings of the Audit and Supervisory Committee, the full-time member provides explanations and facilitates discussions on the matters discussed at Group meetings arranged by the Company, on the results of audits conducted by the independent accounting auditor, and on the agenda items of meetings of the Board of Directors and the Executive Committee.

Based on the audit plan, the committee conducts audits of the Company and Group companies related to management and business execution. Furthermore, to promote information sharing with accounting auditors of Group companies, improve audit quality, and ensure audit effectiveness, Group Audit & Supervisory Board Members' meetings are held twice annually. The committee sets both common key audit items for the Group and Group-company-specific audit items and works in coordination with the accounting auditors of Group companies to conduct audits for determining the appropriateness of the overall governance of the Group. For fiscal 2026, the committee has designated "enhancement of Groupwide governance" as a common key audit item for the Group and is actively addressing this area.

Moreover, the Audit and Supervisory Committee formulates and distributes questionnaires on its effectiveness that include a total of 34 questions pertaining to factors such as the committee's membership and proceedings. All Audit and Supervisory Committee members submit responses, which members then discuss and verify. Through this process, it has been judged that the Audit and Supervisory Committee is sufficiently effective.

Internal Audits

Staffed by two employees of the Company as of June 2026, the Audit Department is directly overseen by the representative directors to ensure the independence and objectivity of audits. While coordinating with the internal audit sections at affiliated companies, the Audit Department evaluates the preparation and operational status of internal control systems across the entire Group from the perspectives of "effectiveness and efficiency of work," "information preservation and management," "loss crisis management," and "compliance." It also assesses the appropriateness and effectiveness of risk management and provides advice and proposals for improvement. The results of internal audits are reported monthly to the representative directors and the full time Audit and Supervisory Committee member. The status of the Audit Department's activities, including the results of internal audits, is also reported to the Audit and Supervisory Committee on a quarterly basis. In addition, the status of internal audits is reported to the Board of Directors on a regular basis and as necessary.

Independent Accounting Auditor

KPMG AZSA LLC conducts rigorous accounting audits and internal control audits on financial reporting to determine the appropriateness of the Company's accounting procedures, and the results of these audits are then discussed. Meaningful opinions are exchanged about the details of statements regarding audit reports made by the independent accounting auditor, such as the selection of key audit matters. The independent accounting auditor participates in Group Audit & Supervisory Board Members' meetings, which are held twice a year, in order to promote mutual cooperation with Audit & Supervisory Board Members of Group Companies.

Remuneration for Directors and Audit and Supervisory Committee Members

Remuneration for directors and Audit and Supervisory Committee members is based on the standard amount for each officer rank. In setting this standard amount, we use remuneration data from external specialist organizations as well as publicly available information to assess the remuneration level of companies in both the same and other industries. The composition of remuneration varies for directors in charge of business execution, directors not in charge of business execution (including outside directors), and Audit and Supervisory Committee members. Remuneration for directors in charge of business execution consists of basic (fixed) remuneration, performance-linked bonuses based on the achievements of the performance targets in each fiscal year, and performance-linked stock compensation, which aims to increase the motivation of directors and other officers to achieve the medium- to long-term performance targets set forth in the 25–27 Mid-term Management Plan and to further enhance long-term corporate value. The Company has introduced performance-linked stock compensation through a system utilizing an officer remuneration BIP trust.

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Ratio of Performance-Linked Remuneration (Bonuses and Stock Remuneration (Stock Price-Linked Compensation)), Assuming Achievement of Standard Targets

Classification	Fixed remuneration	Basic remuneration	
	Performance-linked remuneration	Bonuses	Stock compensation (stock price-linked compensation)
Directors in charge of business execution	68%	20%	12%
Directors not in charge of business execution and directors who are Audit and Supervisory Committee members	100%	—	—

1 Method of Calculating Performance-Linked Remuneration

Method of Calculating Bonuses

The amount of bonuses paid is determined individually by multiplying the base amount by the bonus composition ratio (20%) within a range from 0% to 150%, in accordance with the degree of achievement against initial plans for consolidated operating profit and profit attributable to owners of the parent for each fiscal year, in order to ensure our values are aligned with those of shareholders and to further motivate officers to contribute to corporate performance.

In fiscal 2025, the targets and results of bonus indicators are shown below.

Indicator	Original target (Millions of Yen)	Result (Millions of Yen)
Operating profit	37,100	36,164
Adjusted profit	25,000	24,521

Note: Adjusted profit is calculated by excluding temporary gains and losses, such as gain on sales of investment securities, from both the original target and result.

Method of Calculating Stock Compensation

Stock compensation serves as an incentive to increase corporate value over the long term. The number of shares to be issued as stock compensation will be determined by annually granting and accumulating the base points calculated according to the amount obtained by multiplying the base amount by the stock compensation composition ratio (12%) and, after the conclusion of the medium-term management plan, adjusting the cumulative value of the base points within the range of 0% to 150% according to the achievement level of the business performance targets in the plan. As with bonuses, the performance indicators utilized include consolidated operating profit, consolidated profit attributable to owners of the parent, consolidated return on equity (ROE),*6 total shareholder return versus TOPIX, external ESG assessments, and the employee engagement score, which have been positioned as KPIs for the 25–27 Mid-term Management Plan. In doing so, we aim to ensure our values are aligned with those of shareholders and to further motivate officers to contribute to corporate performance.

*6 Indicator of the amount of profit being generated using owners' equity

2 Method of Deciding on Remuneration, etc.

Method of Deciding on Remuneration

The policy for deciding on remuneration, including the remuneration composition and standard amount, and the method for calculating remuneration and the total amount thereof are deliberated by the Nomination and Remuneration Committee for Directors and Executive Officers (chaired by an outside director designated as an independent director and comprising a majority of outside directors designated as independent directors) and then reported to the Board of Directors, which then decides on the total amount of remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee). The individual amounts of remuneration and other types of compensation for directors (excluding those who are Audit and Supervisory Committee members) are determined based on deliberations by the Nomination and Remuneration Committee for Directors and Executive Officers regarding performance evaluation results. The individual amounts of remuneration and other types of compensation for directors who are Audit and Supervisory Committee members are determined through discussions by the Audit and Supervisory Committee.

Process for Determining Remuneration in Fiscal 2025

In fiscal 2025, the Company decided on matters pertaining to remuneration for directors and Audit and Supervisory Committee members through five meetings of the Nomination and Remuneration Committee for Directors and Executive Officers (all members of the committee attended all meetings) and five meetings of the Board of Directors. The main topics discussed by the Nomination and Remuneration Committee for Directors and Executive Officers were as follows:

- The total amount of remuneration for directors (excluding those who are Audit and Supervisory Committee members) and executive officers
- Bonuses for directors (excluding those who are Audit and Supervisory Committee members) and executive officers
- Revision of remuneration for directors (excluding those who are Audit and Supervisory Committee members) and executive officers

Remuneration for Fiscal 2025

Classification	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc., by type (Millions of yen)			Number of eligible Recipients (Persons)
		Fixed remuneration	Performance-linked remuneration		
		Basic remuneration	Bonuses	Stock compensation (Stock price-linked compensation)	
Directors (excluding those who are Audit and Supervisory Committee members) (of whom, outside directors)	227 (36)	183 (36)	37	6	11 (4)
Directors (Audit and Supervisory Committee members) (of whom, outside directors)	46 (27)	46 (27)	—	—	4 (3)
Audit and Supervisory Committee members (of whom, outside Audit and Supervisory Committee members)	19 (7)	19 (7)	—	—	5 (3)
Total	292	249	37	6	17

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Compliance and Risk Management

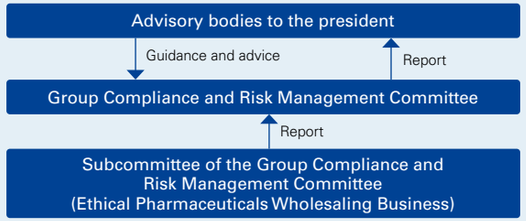
Basic Policy and Approach

The Alfresa Group recognizes the necessity of sharing its Mission and instilling it in each person involved with the Group. To fulfill our social responsibility of delivering pharmaceuticals and other healthcare-related products through our business activities, we foster ethical standards and a sense of responsibility among our co-workers. In parallel, we promote integrity in our business activities while safeguarding our corporate value through measures to prevent legal violations and other serious risk events by ensuring compliance with laws, regulations, and other basic rules. Moreover, the Group works to practice appropriate business transactions in a spirit of fairness, transparency, and free competition to earn the trust of and maintain good relationships with all stakeholders. In addition, we are engaged in reducing risks that affect business activities. As a corporate group involved in the social infrastructure of distributing pharmaceuticals, we have in place a structure that ensures the supply of pharmaceuticals needed in people's lives will continue even during an earthquake, pandemic, or other large-scale disaster.

Promotion Structure

The Company has established the Group Compliance and Risk Management Committee, which promotes overall compliance and risk management for the Group. The committee comprises executive officers in charge of compliance and risk management and their designated officers and employees, as well as officers and employees selected from Group companies, and meetings are held twice a year to reduce identified risks. Moreover, the Company has established subcommittees under the Group Compliance and Risk Management Committee. The Ethical Pharmaceuticals Wholesaling Business Subcommittee, established in 2020, has continued its activities and held its 12th meeting in February 2026. The subcommittee continues to promote compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) through information sharing and the ongoing identification and resolution of related issues.

The Alfresa Group's Compliance and Risk Management Promotion Structure



As one of our structural reforms, in April 2023 we established the Distribution Compliance Office, which reports to the General Affairs Department to establish and enhance the Group governance structure for the Ethical Pharmaceuticals Wholesaling Business. This office was renamed the Compliance and Risk Management Office in April 2024, and the office is now responsible for overall compliance for the Group.

Promotion and Thorough Implementation of Compliance

The Alfresa Group has formulated the Alfresa Group Compliance Guidelines based on its Group Philosophy as the foremost shared standard for compliance across the Group. Since 2025, we have designated July as "Compliance Month." Throughout the Group, we will promote and reinforce compliance.

Compliance Month

- Distribute a message from the president
- Conduct a Groupwide compliance survey to assess the current situation and identify issues

→ Use the findings to raise compliance awareness and strengthen countermeasures

Alfresa Group Compliance Guidelines
https://www.alfresa.com/eng/csr/esg/governance/guidelines/

Compliance Training and Awareness-Raising Activities

At major Group meetings, such as the Group Presidents' Council, senior management issues key messages emphasizing the importance of compliance and repeatedly confirms this priority with executive leadership. Each year, the Alfresa Group's Fresh Members Seminar, held for new employees at Group companies, includes a lecture by the executive officer in charge of compliance as well as a lecture on compliance by an outside lecturer. Through training and educational programs on the fundamentals of compliance and rules regarding insider trading, every new employee, as a Group member, is taught about their social responsibility and endowed with a correct understanding of compliance. Group companies promote various training and educational programs focused on participants in Group Compliance and Risk Management Committee meetings to instill a proper compliance mindset and reinforce compliance-based behavior.

Examples of Educational Topics

- Prevention of harassment
- Compliance with the Antimonopoly Act
- Rules on insider trading
- Compliance with the Personal Information Protection Act
- Compliance with information security
- Initiatives to prevent bribery and corruption

Bribery and Corruption Prevention Initiatives

The Alfresa Group Compliance Guidelines clearly states that the provision of profits, such as money, to civil servants, etc., is not permitted. Based thereon, in June 2023, the Group established and implemented the Anti-Bribery and Anti-Corruption Policy Groupwide.

Furthermore, since anti-corruption laws established in other countries may also be applicable outside those countries, and given the Alfresa Group's close relationships with domestic and overseas pharmaceutical manufacturers and other partners, we have continued to conduct regular

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Foreign Corrupt Practices Act (FCPA) training—primarily for employees of Group companies engaged in the Ethical Pharmaceuticals Wholesaling Business—to deepen understanding of relevant laws and ensure appropriate business conduct.

Compliance Consulting Offices (Internal Reporting System)

The Alfresa Group has compliance consulting offices in place as a means for its people to consult with and make reports. The offices ensure that violations of laws and social norms are prevented or discovered early. Compliance consulting offices are set up within Group companies, and Alfresa Holdings Corporation operates a consulting office that responds to a broad range of inquiries from the entire Group. In addition, external consulting offices are available at Group companies as part of efforts to provide a more accessible environment for internal reporting.

In the fiscal year ended March 31, 2026 (fiscal 2025), the Group received 116 consultations. A large number of these consultations were related to the workplace environment, such as communication with surrounding people and workloads. The Group's compliance consulting offices respond to the inquiries they receive, evaluating the need for investigation in accordance with relevant guidelines.

Compliance and Risk Management
https://www.alfresa.com/eng/csr/esg/governance/compliance/

Initiatives to Prevent Recurrences of Antimonopoly Act Violations

Alfresa Corporation received a cease-and-desist order and a surcharge payment order from the Japan Fair Trade Commission in March 2022 regarding a violation of the Antimonopoly Act related to bidding by the Japan Community Health Care Organization (JCHO) that came to light in 2019. In addition, the company received another cease-and-desist order and surcharge payment order from the Japan Fair Trade Commission in March 2023 concerning a violation of the Antimonopoly Act related to bidding in the Kyushu region by the National Hospital Organization (NHO).

	Bidding period	On-site inspection by the Japan Fair Trade Commission	Cease-and-desist order and surcharge payment order
JCHO	Bidding conducted in 2016 and 2018	November 27, 2019	March 20, 2022
NHO	Bidding conducted between May 2016 and June 2019	November 9, 2021	March 24, 2023

Solemnly taking this situation with the utmost sincerity, we recognize that these incidents were the result of the insufficient enforcement of compliance. In May 2020, the Alfresa Group announced measures to reinforce corporate governance. At the Company, we appointed an executive officer in charge of compliance and strengthened supervisory functions across the entire Group.

At Alfresa Corporation and other Group companies involved in the Ethical Pharmaceuticals Wholesaling Business, we established dedicated departments to promote and oversee compliance activities. We also set up internal and external hotlines specifically for the Antimonopoly Act to receive various questions and internal reports.

In addition, we continue to implement compliance training related to the Antimonopoly Act, comprehension tests, and fact-finding interviews conducted by the departments responsible for compliance.

Although seven years have passed since the incidents, we remain firmly committed to ensuring that our Antimonopoly Act compliance measures do not become mere formalities. In fiscal 2026, we will continue reinforcing our compliance efforts.

Activities of the Ethical Pharmaceuticals Wholesaling Business Subcommittee

As a subordinate body of the Group Compliance and Risk Management Committee, the Alfresa Group has established the Ethical Pharmaceuticals Wholesaling Business Subcommittee, which operates a plan–do–check–act (PDCA) cycle to ensure compliance with the Antimonopoly Act. The subcommittee includes Alfresa's representative directors, executive directors, and directors who serve as Audit and Supervisory Committee members, as well as compliance officers from Group companies and legal experts specializing in the Antimonopoly Act. The subcommittee regularly reviews the status of risk management related to potential Antimonopoly Act violations and reports its findings to the Group Compliance and Risk Management Committee and the Board of Directors. The Board of Directors incorporates feedback from outside directors and reflects it in actual business practices. The outcomes of these activities are reported at the next subcommittee meeting to support the development, maintenance, and operation of an effective risk management system.

The subcommittee also confirms and evaluates the various initiatives being implemented across the Group to comply with the Antimonopoly Act. It clearly identifies the responsibilities of Group company presidents, officers in charge of compliance, and employees to ensure that each member understands their role. In addition, the subcommittee provides a forum for sharing best practices and individual Group company initiatives from across the Group.

Function of Antimonopoly Act Counseling Hotlines

Dedicated telephone consultation hotlines for inquiries regarding the Antimonopoly Act have been established at Group companies involved in the Ethical Pharmaceuticals Wholesaling Business. These hotlines are positioned as resources specifically intended to support compliance with the Antimonopoly Act and are available for consultation when employees encounter situations in which business

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decisions are unclear. Since the hotlines were established in February 2020, a total of 1,500 inquiries*1 have been received. The contents of these consultations have been incorporated into the MS Conduct Guidelines for Compliance with the Antimonopoly Act, related guidelines, and Q&As and have been shared among Group companies. These efforts have contributed to further strengthening compliance with the Antimonopoly Act.

*1 Inquiries received from February 2020 to January 2026

Promotion and Strengthening of Risk Management

In the fiscal year ended March 31, 2026, the Alfresa Group conducted a comprehensive reassessment of Groupwide risks. With support from an external consulting firm specializing in risk evaluation, we carried out the following initiatives:

- Identification of risk categories
- Creation of a risk map using a two-axis approach: impact and likelihood of occurrence
- Selection of priority risks based on the Group Philosophy and related principles

As a result, the following four items were identified as priority risks common across the Group:

1. Compliance with various business-related laws and regulations
2. Earthquakes, wind and flood damage, and pandemics
3. Human resource-related risks
4. Information security and cybersecurity

In addition, individual Group companies identified specific risks based on their unique business environments. Concrete countermeasures for such risks are being developed and implemented by the relevant Group committees and responsible departments.

Disaster Countermeasures

The Alfresa Group ensures that every Group company is improving its readiness to respond in the event of a disaster. Group companies update disaster-related manuals, inspect and secure emergency stockpiles and equipment, and conduct disaster response training. In addition, Group companies review and continuously refine their response procedures in the event of a disaster.

Disaster Training

Group companies conduct safety confirmation drills every year and communicate the results to Alfresa Holdings Corporation via a Group emergency contact network. Every September, our "safety month," we conduct Groupwide drills for using the safety confirmation system and satellite phones. The Group's system operator, maintenance provider, and developer, Alfresa System Corporation, has established a disaster recovery*2 system wherein backups of shared-use mission-critical systems are prepared, enabling a switchover to a second data center even if Alfresa System's data center is damaged. We conduct drills each February to practice switching over to mission-critical systems based on a scenario of backbone systems operating in normal times being damaged.

*2 Measures and frameworks for ensuring business continuity by restoring critical systems and data in the event that disruptions occur due to a natural disaster, system failure, etc.

Implementation of a PDCA Cycle to Avoid the Recurrence of Antimonopoly Act Violations

P

- Subcommittee established under the Group Compliance and Risk Management Committee for the Ethical Pharmaceuticals Wholesaling Business, specializing in the Antimonopoly Act and comprising representatives from Alfresa Holdings Corporation and seven operating companies and lawyers specializing in the Antimonopoly Act (meetings were held 12 times between May 2020 and February 2026.)

D

Take every opportunity to reinforce the commitment made by senior management at each Group company

- Ensure that all sales personnel submit pledges of compliance to uphold the Antimonopoly Act
- Create specific documents aimed at sales personnel (Guidance for Conduct in Compliance with the Antimonopoly Act, guidelines, and questionnaires) and update said documents as necessary
- Implement strict limitations on contact between sales personnel and other members of the industry
- In April 2020, each Group company established dedicated compliance departments and counseling hotlines, and efforts were made to enhance dialogues with frontline salespeople.
- Establish a dedicated Groupwide counseling hotline, operated by an outside lawyer specializing in the Antimonopoly Act
- Implement in-house education and training related to the Antimonopoly Act (including training by expert lawyers, e-learning, and testing accompanied by feedback)

C

- Have frontline sales offices conduct self-checks
- Conduct monitoring headed by internal audit departments

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Business Continuity Planning

The Alfresa Group has reinforced its business continuity plan (BCP)*3 in preparation for a large-scale disaster, such as seen with the Great East Japan Earthquake in 2011, or a pandemic. Group companies engaged in the Ethical Pharmaceuticals Wholesaling Business have established a nationwide system based on the Disaster Countermeasures Manual. With this system, even if distribution centers or branches in specific areas are affected by a disaster, other locations will be able to step in and continue supplying pharmaceuticals where they are needed. During the COVID-19 pandemic that began in 2020, the Alfresa Group continued a stable supply of pharmaceuticals based on its BCP and implemented infection prevention practices and a rotational work shift system. In the aftermath of the 2024 Noto Peninsula Earthquake and the 2026 Kumamoto earthquake, Alfresa Corporation and Alfresa Healthcare Corporation maintained a stable supply of pharmaceuticals based on BCPs formulated in preparation for large-scale natural disasters. We have also introduced multiple methods for communicating during disasters to ensure that we can confirm the safety of all Group employees and provide information effectively.

*3 Plans containing provisions for facilitating the continuity or swift restoration of critical processes during natural disasters or other emergency situations

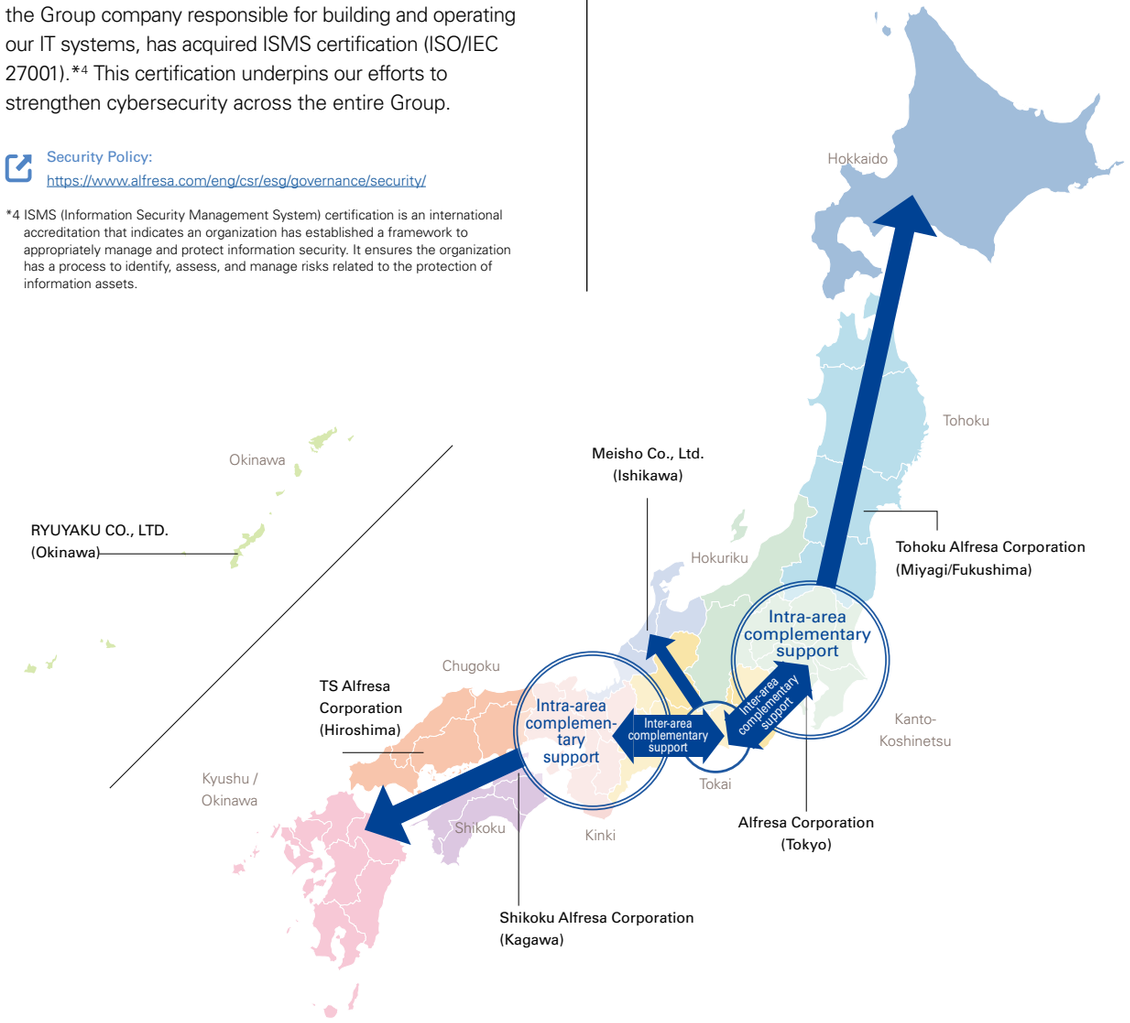
Cybersecurity

In accordance with the Alfresa Group`s Mission, we comply with laws and other standards related to information security. As a participant in the pharmaceutical supply chain, which is part of social infrastructure, we recognize that protecting and appropriately handling information held in our business activities from various threats is a critical aspect of risk management. Based on this recognition, we formulated the Security Policy in April 2025. At the same time, we have introduced endpoint detection and response security to swiftly detect and remove threats in the event that a virus is introduced through a targeted attack or ransomware. We also conduct periodic self-checks aimed at ensuring compliance with information security operation rules and preventing incidents, while holding training exercises against spoofing emails. Furthermore, Alfresa System Corporation, the Group company responsible for building and operating our IT systems, has acquired ISMS certification (ISO/IEC 27001).*4 This certification underpins our efforts to strengthen cybersecurity across the entire Group.

Security Policy:
https://www.alfresa.com/eng/csr/esg/governance/security/

*4 ISMS (Information Security Management System) certification is an international accreditation that indicates an organization has established a framework to appropriately manage and protect information security. It ensures the organization has a process to identify, assess, and manage risks related to the protection of information assets.

The Alfresa Group's BCP in the Ethical Pharmaceuticals Wholesaling Business



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11-Year Financial Summary (Years ended / As of March 31)

For detailed financial information, please refer to the Alfresa Group's *Financial Section 2026*

(Millions of yen)

	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2025.3	2026.3
For the Year:											
Net sales	2,576,405	2,551,801	2,602,917	2,640,511	2,698,511	2,610,427	2,585,643	2,696,069	2,858,500	2,961,051	3,104,064
Gross profit	197,194	182,565	193,554	201,310	207,122	182,794	187,468	192,085	206,371	213,927	217,880
Selling, general and administrative expenses	151,905	149,336	151,798	156,526	159,476	154,864	158,377	161,937	167,910	175,846	181,716
Operating profit	45,289	33,228	41,756	44,783	47,645	27,929	29,091	30,148	38,460	38,080	36,164
Ordinary profit	55,489	43,628	51,861	55,138	57,170	31,918	32,576	32,831	39,997	40,485	38,634
Profit attributable to owners of the parent	34,975	30,893	35,589	41,724	40,273	24,501	32,182	25,786	29,558	27,389	41,746
Depreciation and amortization	9,218	9,151	9,258	9,565	10,885	11,241	12,200	12,804	13,147	14,556	14,681
Capital expenditures (Cash flow-based)	14,461	13,687	12,483	13,809	20,700	19,032	17,210	25,525	15,720	21,116	29,051
At Year-End:											
Net assets	368,727	393,550	435,934	442,081	474,898	489,957	471,835	488,335	479,859	482,247	507,903
Total assets	1,253,494	1,255,922	1,337,450	1,341,964	1,351,619	1,316,658	1,303,991	1,339,852	1,447,625	1,439,885	1,507,016
Interest-bearing debt	7,112	6,557	6,654	6,755	7,170	6,174	5,040	3,856	34,937	35,545	35,621
Common stock outstanding (Thousands of shares)	235,017	235,017	235,017	235,017	235,017	235,017	235,017	202,840	202,840	191,300	191,300
Per-Share Data (Yen):											
Earnings per share	158.99	142.58	164.25	195.91	190.26	115.75	153.57	127.42	154.13	147.54	229.64
Net assets per share	1,691.63	1,810.68	2,006.53	2,083.03	2,237.89	2,313.66	2,330.36	2,411.89	2,566.50	2,650.27	2,792.01
Dividend per share	33.00	36.00	39.00	48.00	50.00	53.00	54.00	57.00	70.00	63.00	68.00

Note: From the fiscal year ended March 31, 2022, the Company changed its accounting policies, including the adoption of the Accounting Standard for Revenue Recognition, and changed the presentation of information fees.
Figures for the fiscal year ended March 31, 2021 have thus been retroactively adjusted to reflect changes in the presentation of information fees.

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(Millions of yen)

	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3	2023.3	2024.3	2025.3	2026.3
Main Financial Indicators:											
Selling, general and administrative expenses to net sales (%)	5.90	5.85	5.83	5.93	5.91	5.93	6.13	6.01	5.87	5.94	5.85
Operating profit margin (%)	1.76	1.30	1.60	1.70	1.77	1.07	1.13	1.12	1.35	1.29	1.17
Return on equity (ROE)*1 (%)	9.7	8.1	8.6	9.5	8.8	5.1	6.7	5.4	6.1	5.7	8.4
Return on assets (ROA) (%)	2.8	2.5	2.7	3.1	3.0	1.8	2.5	2.0	2.1	1.9	2.8
Total asset turnover (times)	2.08	2.03	2.01	1.97	2.00	1.96	1.97	2.04	2.05	2.05	2.11
Receivable turnover period (months)	2.82	2.85	2.80	2.79	2.69	2.73	2.77	2.72	2.67	2.62	2.57
Inventory turnover period (months)	0.62	0.62	0.61	0.61	0.63	0.68	0.68	0.66	0.65	0.66	0.66
Payable turnover period (months)	3.68	3.71	3.69	3.71	3.59	3.57	3.50	3.41	3.43	3.42	3.32
Owners' equity ratio (%)	29.2	31.2	32.5	32.9	35.0	37.2	36.2	36.4	33.1	33.5	33.7
Dividend on equity (DOE) (%)	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.4	2.8	2.4	2.5
Payout ratio (%)	20.8	25.2	23.7	24.5	26.3	45.8	35.2	44.7	45.4	42.7	29.6
Total shareholder return ratio (%)	63.5	25.3	23.8	56.3	26.3	45.8	82.2	44.8	165.3	82.7	29.7
Amount of treasury stock purchased*2	14,999	—	—	13,334	—	—	14,999	—	34,999	10,999	—
Total shareholder return (TSR) (%)	—	—	—	—	—	—	82.2	84.7	112.7	110.4	133.1

Note: Figures for total shareholder return are calculated based on the Company's stock price as of March 31, 2021 and with the assumption that dividends are reinvested.

Cash Flows:											
Cash flows from operating activities	37,836	34,342	47,575	46,880	33,828	(21,191)	36,546	13,086	86,379	5,639	38,566
Cash flows from investing activities	(15,245)	(13,409)	(10,154)	(12,947)	(17,024)	(4,732)	2,304	(20,539)	(14,217)	(24,917)	(8,721)
Cash flows from financing activities	(25,996)	(11,807)	(9,865)	(24,860)	(12,617)	(14,472)	(29,151)	(12,918)	(19,698)	(23,534)	(14,047)
Free cash flow	22,590	20,932	37,421	33,933	16,803	(25,924	38,850	(7,452)	72,162	(19,278)	29,844
Number of employees (people)	14,556	14,609	14,629	14,718	14,562	14,468	14,282	14,117	15,557	15,500	15,610

Note: Number of employees includes part-time and temporary employees (average number of workers per year)
*1 Indicator of the returns being generated in comparison with owners' equity
*2 When a company purchases its own shares from the market or other sources as part of efforts to improve capital efficiency, issue shareholder returns, or conduct flexible capital policies

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	Term	Definition
[1]	High-potency formulation wing	Alfresa's high-potency formulation wings are used to perform contract manufacturing of oral solid dosage forms of highly potent drugs such as anticancer agents and hormone-based medicines and are equipped to handle the advanced containment of hazardous substances. One such wing was built at the Gunma Plant of Alfresa Pharma Corporation with a projected annual production capacity of approximately 400 million doses of high-potency formulations.
[2]	Sustainability value	Sustainability value refers to the social, environmental, human capital, and other forms of non-financial value created through the Alfresa Group's business activities. This value is viewed as a source of future financial value. Accordingly, funds used in efforts to increase sustainability value are treated as investments in the future, as opposed to costs. These investments will be accelerated going forward to create a virtuous cycle of heightening social and economic value to drive ongoing improvements in corporate value.
[3]	Self-prevention products	Unique healthcare products delivered exclusively by Alfresa Healthcare Corporation as the sole distributor. For self-prevention products, we apply specific selection criteria, such as having ample supporting evidence, being suitable for year-round sales without seasonality, and possessing distinctive characteristics. Driven by the desire to go beyond self-medication (self-treatment) and further advance the concept of self-prevention, we began handling these products to contribute to richer, healthier lives for everyone.
[4]	Docshiru	A healthcare institution search engine service that collects and compiles public information on healthcare institutions and the areas of expertise of physicians. Docshiru allows users to search for healthcare institutions in need of introductions or coordination based on addresses as well as multiple criteria, including clinical departments, disorders treated, and filings made. The service is designed with the goal of contributing to improvements in healthcare quality and patient care by supporting community healthcare coordination through search engine and other services. Docshiru is operated by Alfresa Group company GEKKA WORKS Co., Ltd.
[5]	Drug lag and drug loss	Drug lag refers to delays in Japan in the approval of pharmaceuticals already approved overseas. Drug loss indicates cases in which development and approval application processes for a drug are not taking place in Japan, despite the drug already being approved overseas.
[6]	Neo-primary strategies	Neo-primary strategies are sales strategies focusing on promotions of specialty pharmaceuticals that, despite only exhibiting efficacy for a limited scope of disorders, are applicable to a wide range of patients and are therefore prescribed in both specialty and primary care facilities. As the numbers of medical representatives at pharmaceutical companies decline to more appropriate levels, the Alfresa Group will fully leverage its marketing specialist team to differentiate itself from competitors and accommodate the wide-ranging information needs of prescribers of drugs.
[7]	Nexus Care	Nexus Care refers to a lineup of healthcare products exclusively for corporate use developed jointly by three companies. These offerings connect manufacturers with retailers and utilize the network of Alfresa Healthcare Corporation to contribute to the health of the largest possible number of individuals.
[8]	Products and services	These products and services function as system tools planned, developed, and provided by the Alfresa Group to help address a wide range of stakeholder issues.
[9]	Healthcare innovation	Healthcare innovation refers to initiatives for extending healthy life expectancies and contributing to the resolution of community healthcare issues by utilizing the Alfresa Group's Health Consortium platform to create new technologies, services, and business models.
[10]	Healthcare Consortium	A Healthcare Consortium is the Alfresa Group's unique vision of becoming a corporate group that provides products and services in every health-related field. Specifically, this vision entails building a healthcare value creation platform that can address people's various health needs by consolidating the Group's manufacturing, distribution, dispensing pharmacy, and information provision functions as well as its regenerative medicine, HealthTech, and other functions.
[11]	Medical products	Such products include diagnostic reagents, medical devices and materials, and nutritional foods.

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	Term	Definition
[12]	Vaccine Platto	Vaccine Platto is a service that allows people to easily make online vaccine reservations 24 hours a day. It also enables healthcare institutions to centrally manage vaccine reservations and inventories. The service was developed and is operated by Alfresa Corporation using Salesforce Japan Co., Ltd.
[13]	CDMDO	An initialism for "Contract Development, Manufacturing, and Distribution Organization," CDMDO is a new business model that integrates development support and manufacturing functions with distribution functions and serves as a core element of the total supply chain service for regenerative medicine.
[14]	Home Care Delivery	A service that safely and reliably delivers specialty pharmaceuticals directly to patients' homes. This service is designed particularly to improve access to medicines for patients who need treatments for rare diseases.
[15]	Lumicore	Lumicore is a members-only online ordering service for out-of-pocket healthcare services provided by Alfresa Corporation. This service can be used by beauty clinics as well as other healthcare institutions interested in offering out-of-pocket healthcare services to confirm information on the necessary products, make inquiries, and place orders online. Through Lumicore, we offer access to medical devices related to out-of-pocket healthcare services as well as beauty devices, cosmetics sold exclusively in clinics, supplements, food products, and a wide range of other products and services.
[16]	Mydodes	A communication tool that connects physicians and medical representatives at pharmaceutical companies. In addition to enabling online meetings, it offers functions such as chat-based messaging, file attachments, and access to pharmaceutical company contents via shared links. The tool was developed and is operated by Alfresa Corporation.
[17]	NOVUMN	An initialism for "next ordinary value for universal medicine network," NOVUMN is a personalized pharmaceutical distribution management platform created to optimize the entire supply chain for specialty pharmaceuticals whose active ingredients can degrade due to even minute temperature changes. It provides temperature control, traceability management, and inventory management functions. NOVUMN was jointly developed by Alfresa Corporation, PHC Corporation, and Fujitsu Japan Limited. To advance the optimization of the entire supply chain through the widespread adoption of NOVUMN, Alfresa Corporation has established a council together with other pharmaceutical wholesalers to promote its use.
[18]	PATH-Solution	PATH-Solution is a service platform for giving form to the concept of total supply chain services. An initialism for "Platform for Accelerating Therapeutics in Healthcare," PATH-Solution is designed to create a path for innovative new pharmaceuticals from overseas to be brought to the Japanese market so they can be provided to patients in Japan. By integrating development, manufacturing, marketing, distribution, and other functions, this solution offers comprehensive support for processes spanning from licensing to supply. Alfresa Holdings Corporation is in the process of applying for trademark rights for PATH-Solution.
[19]	Total supply chain services	Total supply chain services are the Alfresa Group's unique service concept for organically integrating and utilizing various Groupwide functions to create a seamless linked supply chain. In so doing, the Group can provide functions ranging from the introduction, development, and manufacture of pharmaceuticals and related products, through the logistics and sale thereof, to post-marketing surveillance and last-mile operations. Under the total supply chain service concept, on a consignment basis the Group provides support for clinical trials handled in Japan and contract manufacturing, including of formulations with high pharmacological activity, to manufacturers such as R&D-oriented companies and bioventure firms both in Japan and overseas. In addition, the Group ensures the reliable, safe, and sincere distribution of ethical pharmaceuticals, medical goods, self-prevention products, and regenerative medicine products while engaging in businesses such as post-marketing surveillance, HealthTech, and data-driven services. Special Feature on Total Supply Chain Services P19

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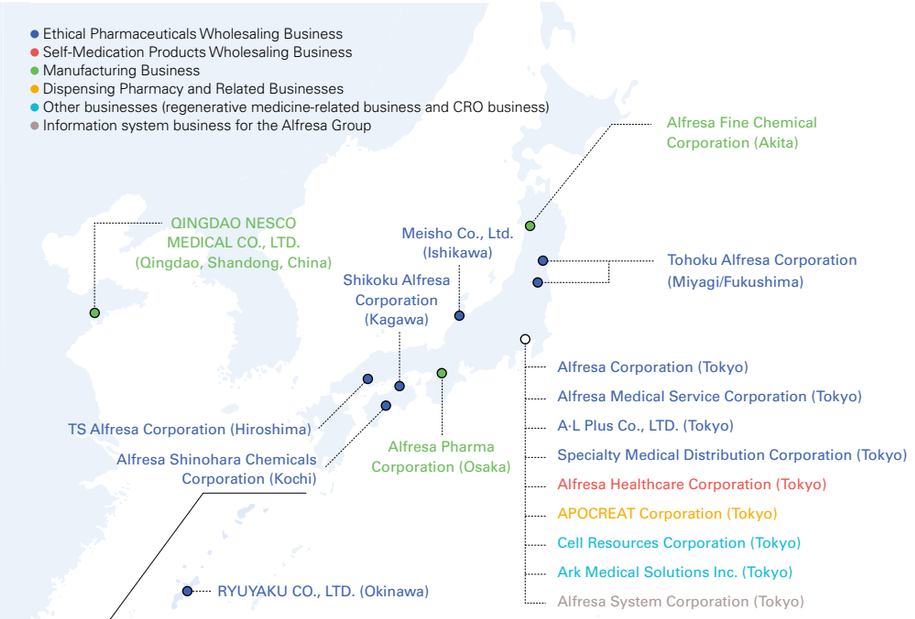
Corporate Profile (As of June 24, 2026)

Corporate Name:	Alfresa Holdings Corporation
Address:	1-1-3, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Established:	September 29, 2003
Paid-in Capital:	¥18,454 million
Representative:	Ryuji Arakawa, Representative Director & President
Business:	Management of subsidiaries that deal with the wholesaling, manufacture, marketing, and import/export of pharmaceuticals, diagnostic reagents, medical devices/equipment, etc., and operation of dispensing pharmacies and related businesses
Number of Employees:	15,610* (consolidated) (As of March 31, 2026)

* Includes part-time and temporary employees (3,085 = Average number of workers per year)

The Alfresa Group





Yusuke Fukujin
President
Alfresa Corporation



Yosuke Kiyoshita
President
Shikoku Alfresa Corporation



Takuji Takahashi
President
TS Alfresa Corporation



Hiromitsu Kawajiri
President
Meisho Co., Ltd.



Katsuya Higa
President
RYUYAKU CO., LTD.



Yasushi Kobayashi
President
Tohoku Alfresa Corporation



Tamotsu Shioda
President
Alfresa Medical Service Corporation



Yuichi Shinohara
President
Alfresa Shinohara Chemicals Corporation



Yoshihiro Somayama
President
A·L Plus Co., LTD.



Yasuhide Sawado
President
Specialty Medical Distribution Corporation



Makoto Nishida
President
Alfresa Healthcare Corporation



Katsutoshi Araki
President & CEO
Alfresa Pharma Corporation



Masaki Amano
President and CEO
Alfresa Fine Chemical Corporation



Tomohide Tsuzuku
President
APOCREAT Corporation



Kotaro Arita
President
Cell Resources Corporation



Akira Mizuo
President & Representative Director
Ark Medical Solutions Inc.



Naruhiko Sano
President
Alfresa System Corporation

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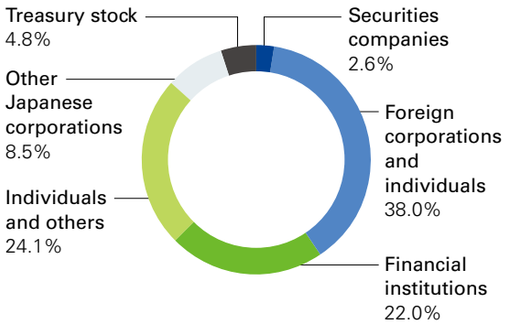
Stock Information (As of March 31, 2026)

Stock Code:	2784
Business Year:	April 1–March 31
General Meeting of Shareholders:	June
Stock Listing:	Tokyo Stock Exchange (Prime Market)
Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation
Total Number of Shares Authorized:	540,000,000
Total Number of Shares Issued and Outstanding:	191,300,000
Number of Shareholders:	14,195
Number of Shares of Treasury Stock:	9,097,775
Trading Unit of Shares:	100

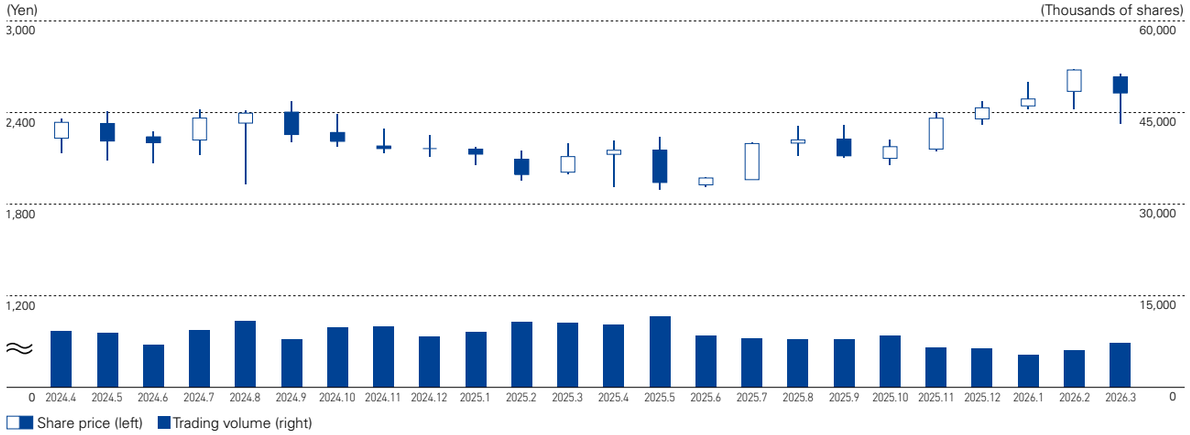
Composition of Shareholders



Top 10 Shareholders

Rank	Name	Number of shares held (Thousands of shares)	Voting rights (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	24,986	13.7
2	NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	9,808	5.4
3	Alfresa Holdings Corporation	9,097	–
4	Custody Bank of Japan, Ltd. (Trust Account)	8,338	4.6
5	NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	5,843	3.2
6	STATE STREET BANK AND TRUST COMPANY 505001	5,291	2.9
7	Alfresa Holdings Employees Shareholders' Association	5,188	2.9
8	NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	4,141	2.3
9	Mizuho Trust Banking Co., Ltd. as trustee for DAIICHI SANKYO COMPANY, LIMITED Retirement Benefit Trust Account re-entrusted by Custody Bank of Japan, Ltd.	3,555	2.0
10	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	3,386	1.9

Share Price / Trading Volume



Disclaimer Concerning Forward-Looking Statements

Information disclosed by the Company may contain forward-looking statements. Statements that are not based on historical facts may contain forecasts and strategies that rely on certain assumptions and also entail risks and uncertainties. In this report, numerical data about the Alfresa Group's future is based on information available when the Japanese version of this report was published. Actual results may thus be significantly different from said forecasts due to a variety of factors.

In the event that revisions or amendments to the information are desirable due to new information, future events, or other factors, it is neither a policy nor an obligation of the Company to update such information.

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Alfresa Holdings Corporation

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