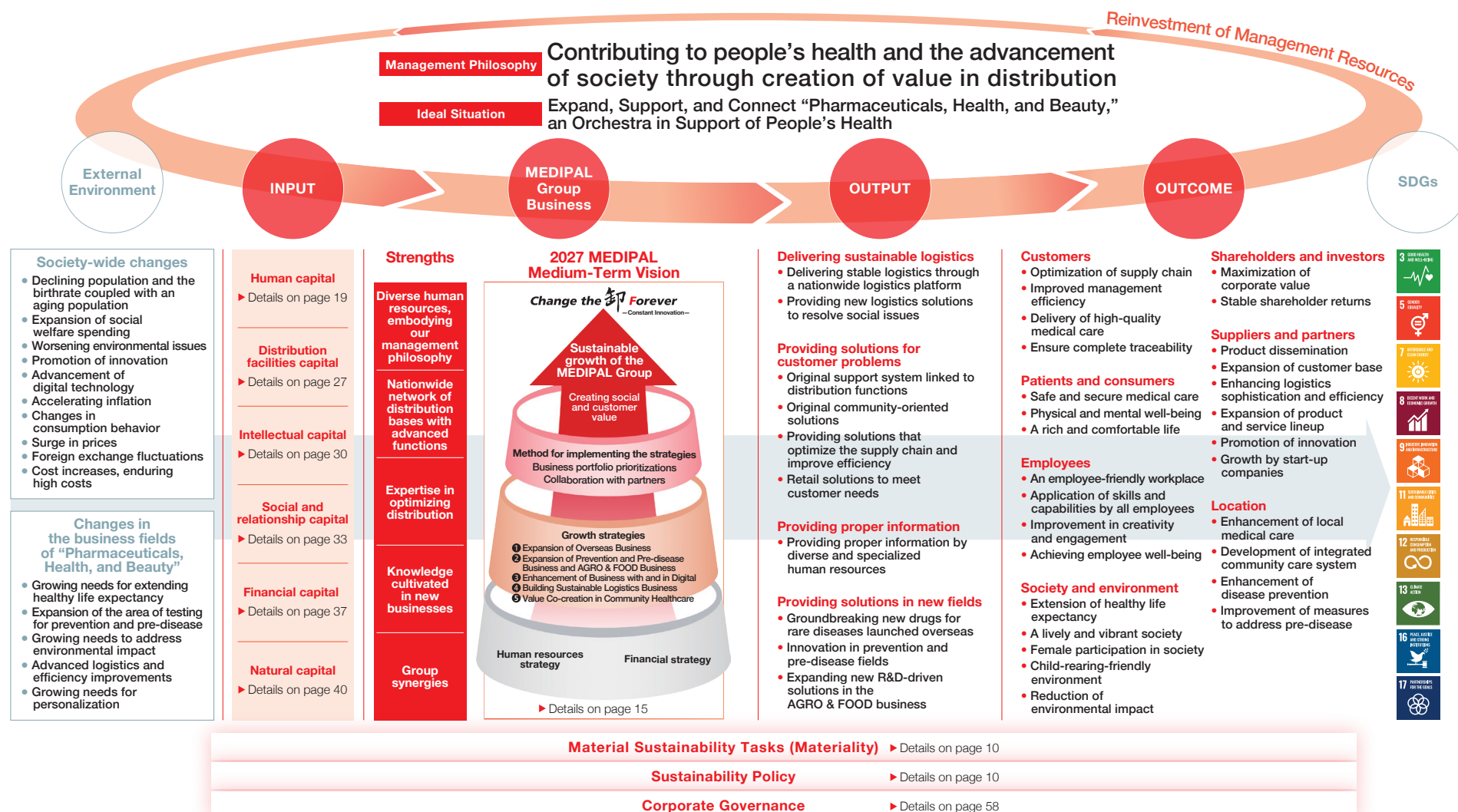


Value Creation Process

We will strategically utilize the MEDIPAL Group's capital to promote initiatives to realize our "ideal situation" under the management philosophy.

We will seek to meet the expectations of all of our stakeholders and raise our corporate value through sustainable growth by reinvesting the profits thus generated into strengthening our business base and creating sustained value.



Message from the Director in Charge of Sustainability



Yuji Sakon

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

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

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

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

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

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

changes leading to a more than 10% increase year on year in the rate at which men took parental leave to 58.9%.

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

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

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

Sustainability Management

Policy

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

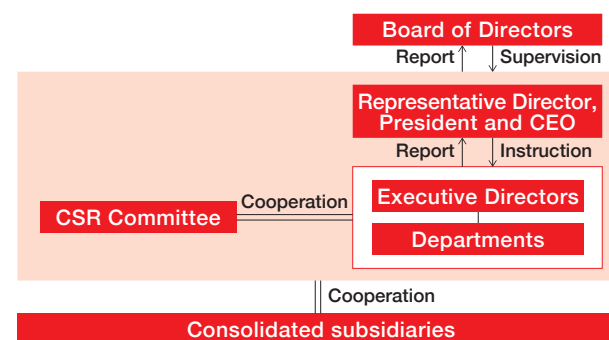
Material Sustainability Tasks (Materiality)

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



Promotion System

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



CSR Committee in FY2024

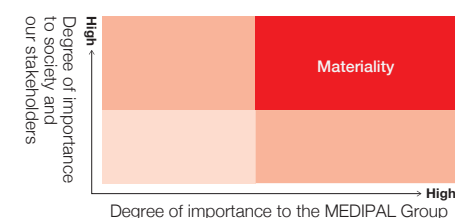
Number of meetings held: 8

Main discussion points

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

Process to Identify Material Sustainability Tasks (Materiality)

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



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

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

Materiality Progress Report

At the MEDIPAL Group, all departments work in concert to advance materiality management, centered on the CSR Committee. We set key performance indicators (KPIs) for all materiality and regularly check on the progress thereof. In FY2024, we added “proportion of employees maintaining a constant level as future-oriented human resources of 20%” as a new KPI related to “Future-Oriented Human Resources.”

Material Sustainability Tasks (Materiality)	Targets and KPIs	Results and Main Initiatives (FY2024)	Plans and Main Initiatives (FY2025)
Sustainable Distribution in the “Pharmaceuticals, Health, and Beauty” Fields Growing through the creation of social and economic value by building a safe and secure distribution network in normal times and during emergencies	 Improve productivity by integrating distribution and create new distribution functions to add ¥1.5 billion to ordinary profit in the FY2026 (compared with FY2021)	- Development of model for sharing logistics infrastructure at MEDISKET CORPORATION - Conducting trials aimed at realizing a business model of pharmaceutical delivery by drones - Distribution and sale of ROHTO Pharmaceutical Co., Ltd.'s AutoloGel System, a system for treating intractable wounds - Joint investment in Teva Takeda Pharma Ltd. - Beginning of joint distribution of food and non-food products at PALTAC CORPORATION	- Unification of distribution operations for the Prescription Pharmaceutical Wholesale Business and contract laboratory testing business - Development of model for sharing logistics infrastructure at MEDISKET CORPORATION - Growth in contracts for manufacturer logistics - Development of new distribution network at PALTAC CORPORATION - Support for initiatives aimed at market entry and sale in Japan of Aculyss Pharma, Inc. - Improving supply chain in regenerative medicine domain
Enhancement of Profitability through New Value Creation Connecting various people, goods, and services to create new value for the world in cooperation with partners in a forward-looking spirit	 Pursue growth strategies to add ¥21.5 billion to ordinary profit in the FY2026 (compared with FY2021)	- Began clinical trials of pharmaceutical JR-446 jointly developed through a partnership with JCR Pharmaceuticals Co., Ltd. - Activities through overseas local subsidiaries at PALTAC CORPORATION - Conversion of PreMedica Inc. into a consolidated subsidiary - Integration of MP Gokyo Food & Chemical Co., Ltd. with MEDIPAL FOODS CORPORATION - Pursuit of healthcare digital transformation (DX) through a CVC fund, and use of cloud technology (MNES Inc., LAYERED Inc.) - Beginning industry-university joint research with Juntendo University	- Promotion of research and development of pharmaceuticals introduced from JCR Pharmaceuticals Co., Ltd. and introduction of newly developed items in orphan drugs - Promotion of animal health product development and sales of new pet food products developed in-house at MP AGRO CO., LTD. - Increases in revenue through the integration of MP Gokyo Food & Chemical Co., Ltd. and MEDIPAL FOODS CORPORATION and sales of new food products developed in-house - Operational streamlining, improvements in productivity and generation of customer value through the introduction of generative AI - Construction of a Group original open innovation structure
Development of Future-Oriented Human Resources Developing future-oriented human resources who work proactively toward achieving the ideal situation for MEDIPAL	 Proportion of employees maintaining a constant level ¹ as future-oriented human resources ² of 20%	- Introduction and implementation of a new human resources assessment system based on the requirements defined for future-oriented human resources - Development of systems to develop future-oriented human resources (both Group-wide and company-specific systems) - Development of talent management systems at the Group level - Operation of the human resources training program for the next generation of management and key positions	- Operation of a new human resources assessment system based on the requirements defined for future-oriented human resources - Roll out of systems to develop future-oriented human resources - Commencement of trial of Group talent management - Operation of the human resources training program for the next generation of management and key positions
Promotion of Diversity and Inclusion Creating an open, active, and cooperative culture that respects employees' diverse personalities and enables them to maximize their potential	 FY2030: Percentage of female employees in management positions of 20% or higher FY2030: 100% of male employees taking childcare leave	- Percentage of female employees in management positions: 9.4% - Panel discussion on women's activity - Implementation of diversity and inclusion training - Percentage of male employees taking childcare leave: 58.9% - Formulation of human rights policy	- Percentage of female employees in management positions: 10% - Encouragement for male employees to take childcare leave - Implementation of diversity and inclusion training - Conduct human rights due diligence - Promotion of health and productivity management
Initiatives for Decarbonization Conducting business with environmentally friendly activities to reduce greenhouse gas emissions and our environmental impact together with stakeholders	 Targets for reduction of greenhouse gas emissions (Scope 1 + Scope 2) FY2030: 50% reduction (compared with FY2020) FY2050: Carbon neutrality	13.1% reduction in greenhouse gas emissions (compared with FY2020) - Introduction of 419 hybrid vehicles (cumulative total) and 153 electric vehicles (cumulative total) - Installation of solar panels on 2 buildings - Disclosure of Scope 3 emissions, response to CDP questionnaire - Implementation of programs to increase employee awareness	17.6% reduction in greenhouse gas emissions (compared with FY2020) - Considering disclosure aimed at SSBJ standards compliance - Purchase of non-fossil certificates for the Group overall - Building a model for optimization of distribution
Sound and Transparent Corporate Management Maintaining sound ethical standards in all business activities through the enhancement of compliance, regulatory affairs management, information security, and corporate governance	 Expand training in compliance Construction of a corporate governance system to accommodate Group companies	- Construction of a risk management system (formulation of basic plan and implementation standards document, preparation of rules, etc.) - Ascertaining and improving each Group companies' compliance systems by conducting a compliance survey - Conducting compliance-related training (information security training, Antimonopoly Act training, compliance training, harassment prevention training, FCPA training, etc.)	- Construction of a Group risk management system (formulation of basic plan and implementation standards document, preparation of rules, etc.) - Ascertaining and improving each Group companies' compliance systems by conducting a compliance survey - Conducting compliance-related training (information security training, Antimonopoly Act training, compliance training, harassment prevention training, FCPA training, etc.)

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

2. This refers to ideal human resources who realize the MEDIPAL Group management philosophy and support the future. Such human resources take on challenges while leveraging their strengths, and generate and transform circumstances, no matter the difficulties they face.

Relationship Between Materiality and Capitals

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

● Capitals relevant to material sustainability tasks (materiality)

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

Message from the Director in Charge of Business Development



Toshihide Yoda

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

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

Awareness of the Market Environment and Business Portfolio Prioritizations

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

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

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

Growth Investment Within the 2027 MEDIPAL Medium-Term Vision

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

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

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

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

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

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

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



Investment in Growth

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

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

Investment Through Corporate Venture Capital (CVC) Fund

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

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

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

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

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

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

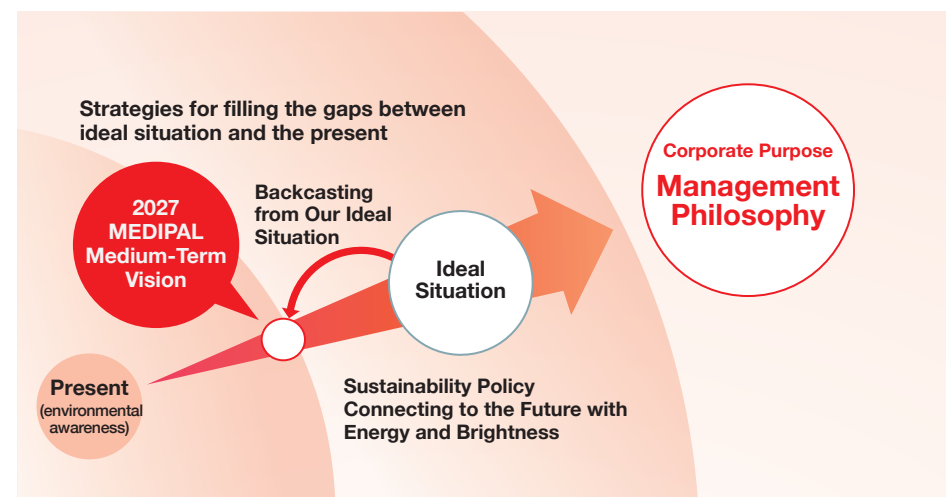
2027 MEDIPAL Medium-Term Vision

Change the *Oroshi* 卸 *Forever*
— Constant Innovation —
Growing through business portfolio prioritizations and
collaboration with partners

Positioning

The Vision outlines strategies to explore various potentials in the business fields of “Pharmaceuticals, Health, and Beauty” in order to realize the MEDIPAL Group’s “ideal situation.”

Positioning of the 2027 MEDIPAL Medium-Term Vision



Overall Growth Image

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

Five Growth Strategies

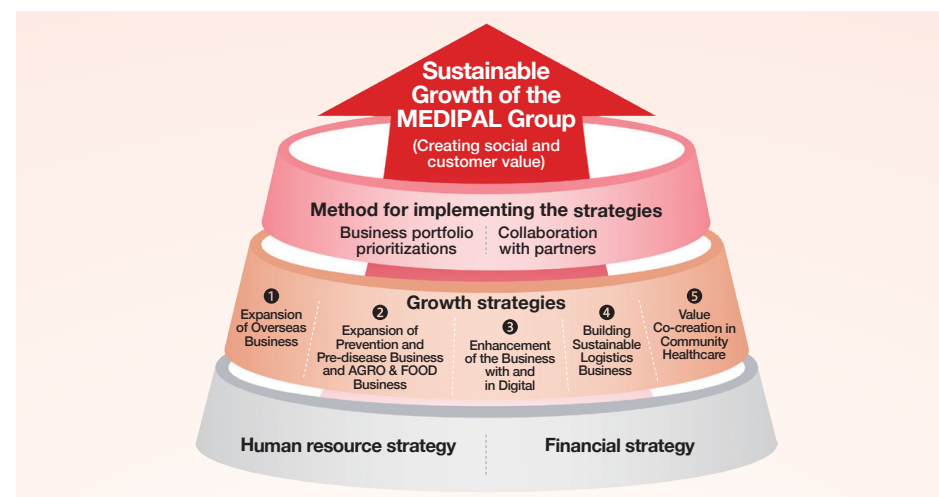
1. Expansion of Overseas Business
2. Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business
3. Enhancement of the Business with and in Digital
4. Building Sustainable Logistics Business
5. Value Co-creation in Community Healthcare

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

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

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

Overview of the 2027 MEDIPAL Medium-Term Vision



Overview and Progress of the Growth Strategies

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

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

Growth Strategies	Overview	Main Initiatives
Expansion of Overseas Business	Developing new global business in collaboration with partners	- Partnership with JCR Pharmaceuticals Co., Ltd. => R&D for orphan drugs - Establishment of overseas local subsidiaries (Vietnam, Indonesia) of PALTAC CORPORATION
Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business	Prevention and pre-disease - Expansion into inspection equipment and the oral healthcare business AGRO & FOOD - Manufacture and sales of animal health products and food processing raw materials - Introduction and development of in-house developed products	- Conversion of PreMedica Inc. to a subsidiary company - Conversion of MP Gokyo Food & Chemical Co., Ltd. to a subsidiary company => Integration of MP Gokyo Food & Chemical Co., Ltd. with MEDIPAL FOODS CORPORATION
Enhancement of the Business with and in Digital	- Promoting and expanding digital platforms through collaboration with partners - Entry into state-of-the-art digital devices	- Pursuit of healthcare digital transformation (DX) through a CVC fund, and use of cloud technology - Conversion of PRESUSCUBE Corporation to a subsidiary company => Supporting the DX management of dispensing pharmacies - Introduction of advanced shipping notice (ASN) employing logistics EDI¹ => Streamlining product shipping operations - Began providing automatic ordering services via AI-based demand forecasting
Building Sustainable Logistics Business	Creating new value by integrating logistics of clinical laboratories, reagents, and pharmaceuticals	- Began operation of the Hanshin ALC* and Tochigi Distribution Center - Establishment of MEDISKET CORPORATION (subsidiary) => Promotion of sharing logistics - Conversion of TOSHICHI CO., LTD. to a subsidiary company => Improved distribution infrastructure in Kyushu - Began integrated distribution of non-food and food products
Value Co-creation in Community Healthcare	Value co-creation through coordination activities to connect medical professionals	Pursued information provision activities in specialty fields such as rare diseases and women's health issues

Key financial targets

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

Resolving ESG issues through growth strategies

Item	Targets	Results for the Fiscal Year Ended March 2025
Initiatives for Decarbonization	<Targets for reduction of greenhouse gas emissions ³ > FY2030: 50% reduction (compared with FY2020) FY2050: Carbon neutrality	Greenhouse gas emissions ³ 13.1% reduction (compared with FY2020)
Promotion of Diversity and Inclusion	- FY2030: Percentage of female employees in management positions of 20% or higher - FY2030: 100% of male employees taking childcare leave	- Percentage of female employees in management positions: 9.4% - Percentage of male employees taking childcare leave: 58.9%
Sound and Transparent Corporate Management	Expansion of training in compliance Construction of a corporate governance system to accommodate Group companies	- Construction of a risk management system (formulation of basic plan and implementation standards document, preparation of rules, etc.) - Ascertaining and improving each Group companies' compliance systems across Group companies by conducting a compliance survey - Conducting compliance-related training (information security training, Antimonopoly Act training, compliance training, harassment prevention training, FCPA training, etc.)

1. Electronic Data Interchange

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

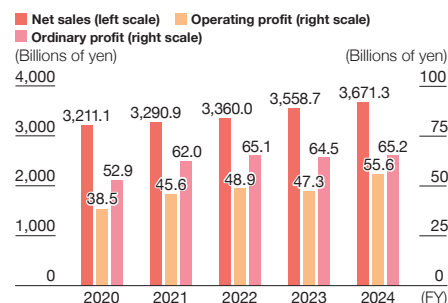
3. Scope 1 (direct emissions from Company fuel consumption) + Scope 2 (indirect emissions from electric power used by the Company)

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

Financial and Non-Financial Highlights

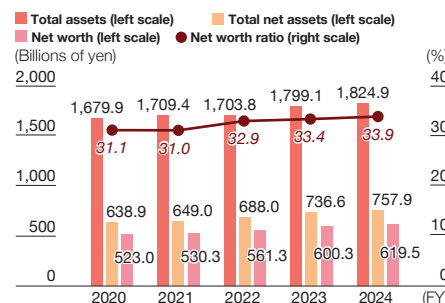
Financial Highlights

Net Sales/Operating Profit/ Ordinary Profit



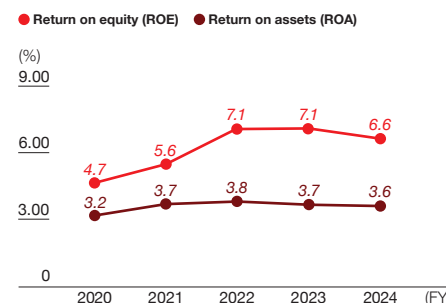
Net sales increased 3.2%, and operating profit increased 17.5%. Although, in relation to ordinary profit, share of profits of entities accounted for using equity method decreased, the amount of increase in operating profit exceeded this amount, resulting in a 1.1% increase.

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



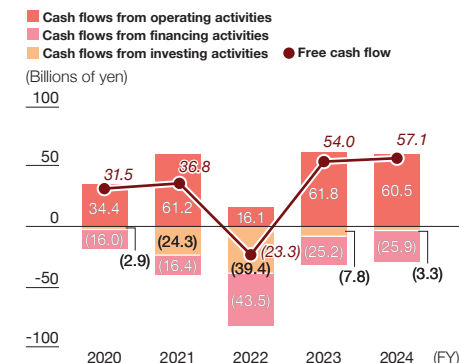
Shareholder equity increased due mainly to increases in retained earnings. Accumulated other comprehensive income declined due to a decrease in valuation difference on available-for-sale securities. Non-controlling interests increased due to an increase in total net assets in PALTAC CORPORATION.

ROE/ROA



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

Cash Flows

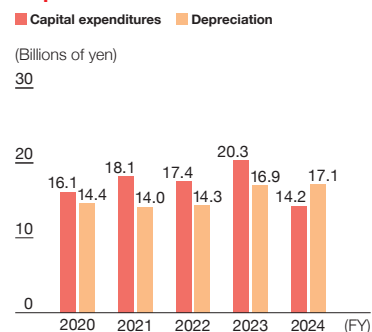


Net cash provided by operating activities came to ¥60.5 billion due to increases in profit before taxation, depreciation and receivables. Net cash used in investment activities came to ¥3.3 billion due mainly to the acquisition of non-current assets, and free cash flow provided amounted to ¥57.1 billion.

Non-Financial Highlights

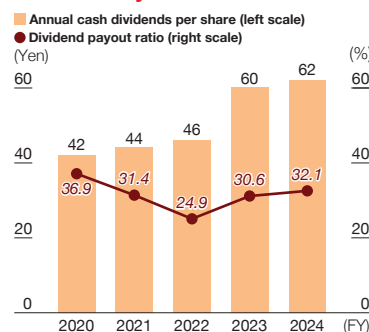
Target Companies: MEDIPAL HOLDINGS CORPORATION and Consolidated Subsidiaries

Capital Expenditures/ Depreciation



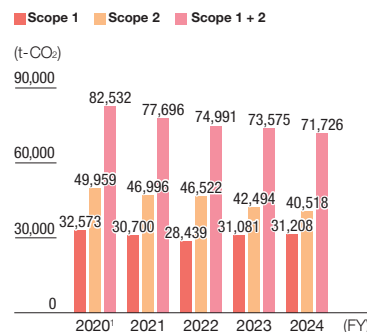
A total of ¥14.2 billion was invested in further strengthening and improving the efficiency of distribution functions. This included ¥10.6 billion in capital expenditures for construction and upgrading of distribution centers, etc., and an investment of ¥3.6 billion in software, etc.

Annual Cash Dividends per Share/ Dividend Payout Ratio



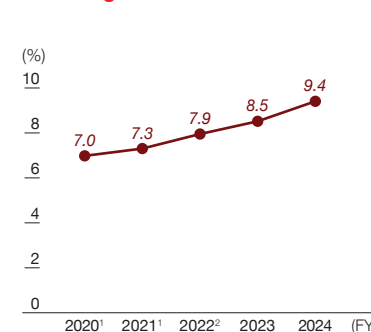
Annual dividends increased by ¥2 per share year on year to ¥62 per share, resulting in a dividend payout ratio of 32.1%. Approximately ¥5 billion in treasury shares were also repurchased and canceled.

Greenhouse Gas Emissions (Company Emissions Only)



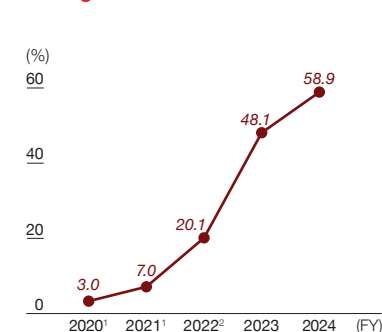
The installation of solar panels and switching to environmentally-friendly electricity contributed to reducing Scope 2 emissions, resulting in the total for Scope 1 and 2 being down 2.5% year on year.

Percentage of Female Employees in Management Positions



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

Percentage of Male Employees Taking Childcare Leave



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

1. MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION

2. In addition to target companies for FY2021 as described in 1 above, MEDISKET CORPORATION and MP Gokyo Food & Chemical Co., Ltd.