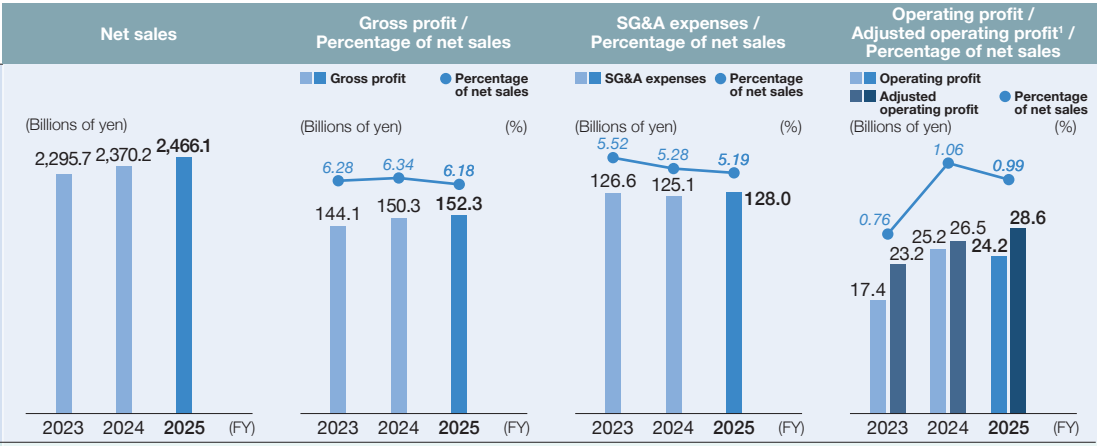
# Business Overview Summary

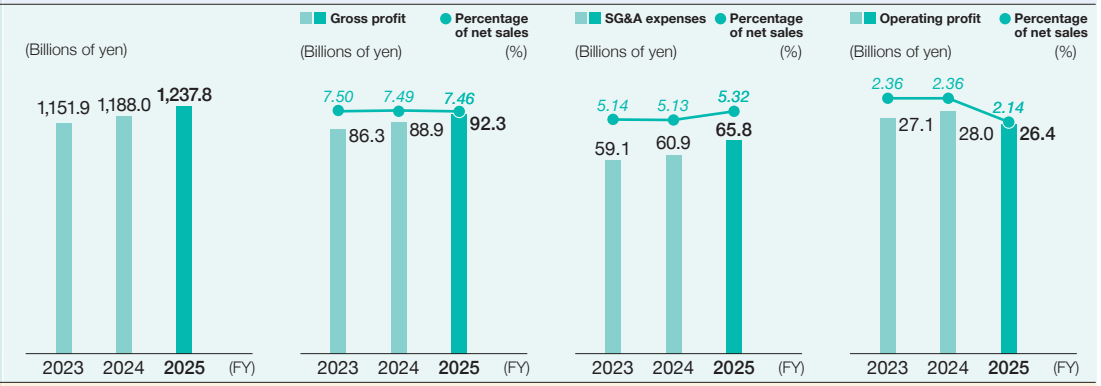
## Prescription Pharmaceutical Wholesale Business

As for the Prescription Pharmaceutical Wholesale Business, although the market contracted due to factors such as drug price revisions and the end of the catch-up HPV vaccination program, the overall pharmaceutical market continued to grow, driven by measures including the introduction of routine herpes zoster vaccination. To help address healthcare challenges in local communities, the Group's pharmaceutical companies engaged in their sales activities, where ARs* are working as Regional Medical Coordinators with Women's Coordinators*, RD-MRs*, and NS-MRs*. These professionals provided information on disease prevention, diagnosis, and treatment, promoted disease awareness, identified potential patients, and connected them with specialist physicians. On the logistics side, we leveraged the logistics capabilities of its ALCs* to build a safe, secure, and highly functional distribution platform while improving labor productivity through greater operational efficiency.



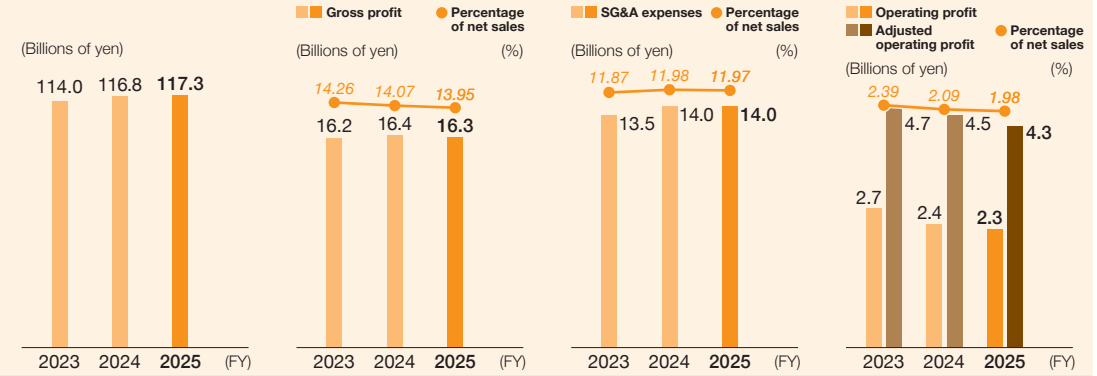

## Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

The Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business continued to operate in a challenging business environment. This is because while demand remained strong, supported by ongoing demand for going out and growing health consciousness, persistent price-consciousness amid rising prices and soaring logistics costs continued to weigh on the market. Against this backdrop, we made proactive use of data to accurately capture changes in consumer purchasing behavior and market trends. We also responded to increasingly diverse consumer needs and strengthened sales initiatives aimed at introducing new products and stimulating demand.




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

In the Animal Health Products Wholesale Business, the companion animal[2] segment was affected by changes in distribution channels as some products shifted to direct sales by manufacturers. In the livestock and aquaculture segment, the business environment remained challenging as customers' purchasing appetite weakened amid persistently high prices of production materials, including feed and energy prices, driven by the weaker yen. Against this backdrop, we worked to improve profitability by establishing new partnerships with manufacturers, focusing on higher-margin products such as private-brand products, and expanding business with major customers. In the Food Processing Raw Materials Wholesale and Related Business, the market related to electronic and industrial chemicals performed well.




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

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

# Prescription Pharmaceutical Wholesale Business

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

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

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



### Business Model (Value Chain)

**External Environment**

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

**Manufacturers**

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

etc.

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

**Prescription Pharmaceutical Wholesale Business companies**

**Main Capitals Utilized**

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

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

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

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

**Key Functions**

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

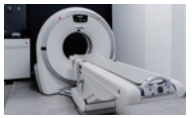
**Information and sales function**
- Improving product value and customer relationship management
- Order, inventory management, and logistics solutions tailored to customer needs
- Provision of information on prevention, diagnosis, and treatment
- Disease awareness activities, identification of potential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

**Main Products**

Prescription pharmaceuticals




Medical equipment and medical materials




Other related products and services




**Value Delivered**

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

- Support for greater operational efficiency and labor savings

**Nationwide**
- Hospitals
- Medical clinics
- Dispensing pharmacies

**Patients**

**Society**

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

# Prescription Pharmaceutical Wholesale Business

## Advancing Growth Strategies by Leveraging Our Strengths

### Business Environment Overview

**Opportunities**

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

**Risks**

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

### Strengths in the Business

**(ALC)**

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

**(AR)**

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

**(Other Strengths)**

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

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

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

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

## Prescription Pharmaceutical Wholesale Business

### Focus

# Building Sustainable Logistics through a Nationwide Network of 14 ALCs*

## Launching an Urban Logistics Model and Pursuing Global Quality Standards

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

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

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

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

**ISO 9001 Certification Achieved at All ALCs Nationwide**

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

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

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

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



MEDICEO CORPORATION's new Tokyo ALC

### VOICE

# Aiming to Become an AR Trusted as a Partner in Community Healthcare

## Challenges as Women's Coordinator



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

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

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

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

Learn more about these initiatives (in Japanese only).

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

# Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

## Through Distribution, We Contribute to the Prosperity of Our Business Partners and Plentiful, Comfortable Lives for People

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

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



### Business Model (Value Chain)

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

**Manufacturers**
- Cosmetics
- Daily necessities
- OTC pharmaceuticals

**PALTAC CORPORATION**

**Main Capitals Utilized**

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

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

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

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

**Key Solutions**

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

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

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

**Main Products**

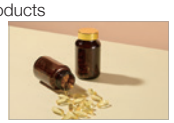
Daily necessities




Cosmetics




Health and hygiene products

OTC pharmaceuticals



**Value Delivered**
- Contributing to the realization of sustainable distribution that supports people’s “Beauty and Health” through innovation across the supply chain

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

**Consumers**

**Society**

# Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

## Advancing Growth Strategies by Leveraging Our Strengths

### Business Environment Overview

**Opportunities**

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

**Risks**

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

### Strengths in the Business

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

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

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

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

**Optimizing Distribution by Connecting the Supply Chain through Data**

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

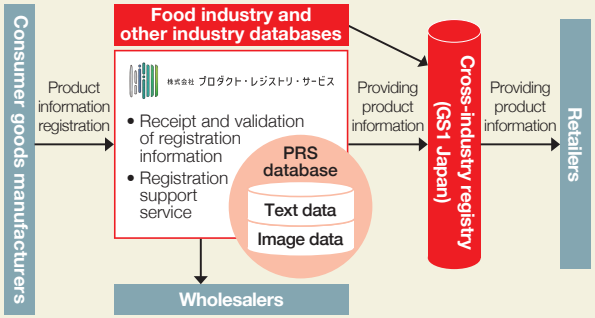
**Building a Resilient and Sustainable Logistics Network**

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

## Focus

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

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



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

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

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

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

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



### Accelerating Growth Strategy through the Integration of Physical and Digital Channels

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

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




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

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

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

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

# Animal Health Products Wholesale Business

## Business Model (Value Chain)

**External Environment**

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

**Manufacturers**

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

**MEDIPAL Group**

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

**MP AGRO CO., LTD**

**Main Capitals Utilized**

**Human capital**
- Sales professionals with specialized expertise

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

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

**Key Functions**

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

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

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

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

**Main Products**

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




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




**Domestically exclusive products**





**Value Delivered**

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

**Customers**

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

- Contributing to improved productivity
- Expansion of therapeutic areas

**Fishery stock and livestock**
**Companion animals**

**Society**

## Advancing Growth Strategies by Leveraging Our Strengths

### Business Environment Overview

**Opportunities**

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

**Risks**

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

### Strengths in the Business

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

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

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

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

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

# Food Processing Raw Materials Wholesale and Related Business

## Business Model (Value Chain)

**External Environment**

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

**Suppliers in Japan and overseas: Over 2,000**

- Food ingredient manufacturer
- Chemical manufacturers

Product procurement

**Manufacturing contractors:** Approx. 20

Raw material supply

Product procurement

MP GOKYO FOOD & CHEMICAL

### Main Capitals Utilized

**Human capital**
- Professionals with advanced technical expertise

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

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

### Key Functions

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

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

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

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

### Main Products

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




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




### Value Delivered

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

Sale of manufactured goods and products

Provision of technical expertise and information

Quality and safety

**Sales accounts: Over 3,500**

Food
- Food processors
- Restaurant industry

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

Consumers

Society

## Advancing Growth Strategies by Leveraging Our Strengths

### Business Environment Overview

**Opportunities**

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

**Risks**

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

### Strengths in the Business

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

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

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