Capital Summary

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

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

1. Emissions by other companies from business activities

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

Human Capital Strategy

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

Overview of Our Human Resources Strategy

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

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

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

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

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

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

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

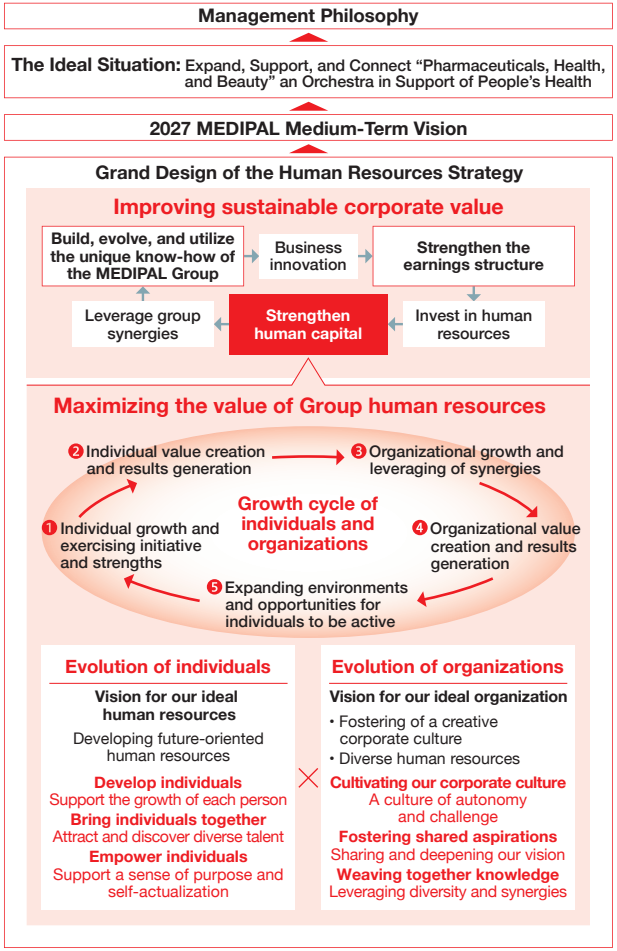
We have defined the six requirements for the human resources that will ensure a sound business base for the future of the MEDIPAL Group and develop our operations in multiple directions while driving innovation (future-oriented human resources): sharing management philosophy; creativity; understanding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



Grand Design of the Human Resources Strategy

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

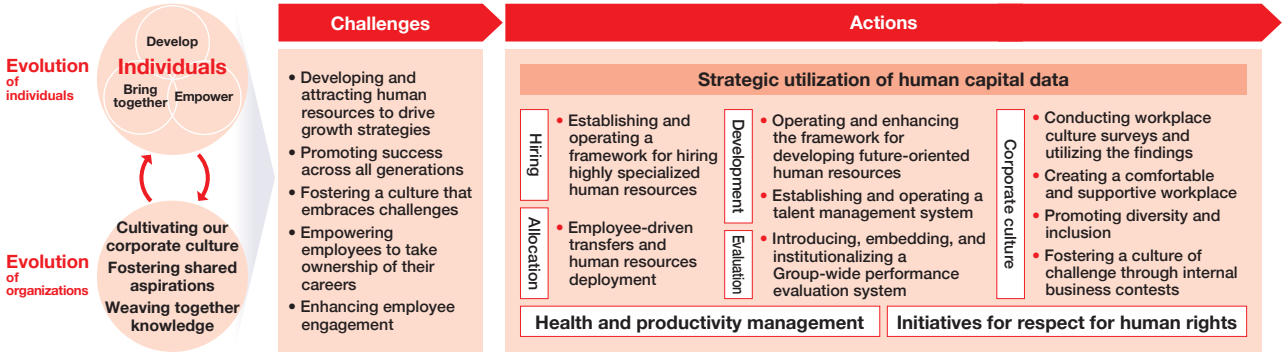
Positioning of the Grand Design of the Human Resources Strategy



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

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

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



Systems to Implement Our Strategy

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

Human Resources Committee in FY2025

Main discussion points

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

Action: Human Resources Management Program

Strategic Utilization of Human Capital Data

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

Hiring

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

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

Allocation

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

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

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

Development

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

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

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

> Development of the next generation of leaders

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

> Development framework linked to the performance evaluation system

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

▸See "Evaluation" on page 34.

FY2025 Results

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

VOICE

Putting Academy Learning into Practice

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



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

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

◆Build and implement talent management systems

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

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

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

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

Evaluation

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

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

Key Initiatives for the Performance Evaluation System in FY2025

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

Outcomes, challenges, and future actions

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

Fostering organizational culture and environment

◆Conducting workplace culture surveys and utilizing the findings

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

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

> Initiatives at each Group company and organizational unit

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

> Group-wide initiatives

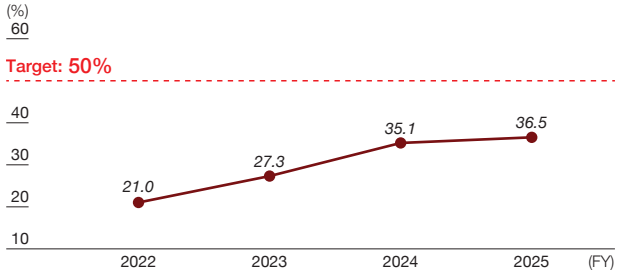
As common initiatives that strengthen the organizational foundation, we are progressively introducing Management Capability Enhancement Training for managers and Goal-Setting Training to help employees redefine their roles. Through these learning opportunities, we will continue to foster an environment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

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

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

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

Percentage of highly engaged employees across the MEDIPAL Group



Defining highly engaged employees



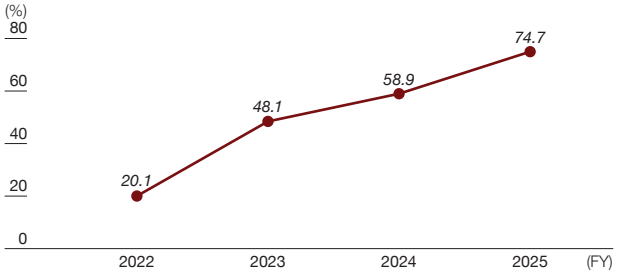
◆Pleasant working environments

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

> Encouraging male employees to take childcare leave

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

Trends in male employees taking childcare leave[1]



Examples of Initiatives to Encourage Male Employees to Take Childcare Leave

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

> Supporting employees' work–life balance

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

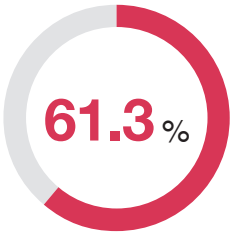
> Promoting workstyle reform

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

Monthly Average Overtime Work



Average Percentage of Paid Leave Taken



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

◆Promotion of Diversity and Inclusion

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

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

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

FY2025 Diversity and Inclusion Subcommittee

Number of meetings held: 11

Main activities

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

> Promotion of women’s empowerment

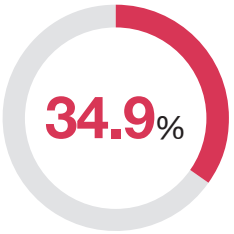
The Group is committed to creating a workplace environment where all our female employees can thrive by choosing work styles that align with their life stages. With the aim of building an environment where both individual and corporate growth can be achieved, we have set a target of achieving the percentage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

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

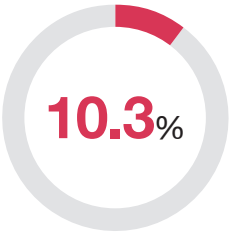




Percentage of Female Employees (Regular Employees)



Percentage of Female Employees in Management Positions



Examples of Activities Supporting Women’s Empowerment

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

Awarded the Highest Level of Eruboshi Certification (Three Stars)

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

> Diversifying employment

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

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

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

Health and productivity management

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

◆Improvement in health checkups and increase in the participation rate

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

◆Mental health measures

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

◆Prevention of lifestyle-related diseases

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

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

◆Introduction of the Shift P Medication Support Program

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

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



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

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

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

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

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

◆Recognition as a "Sports Yell Company 2026"

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

SPORTS YELL COMPANY 2026

◆Certified as a "Shokuiku Best Practice Corporation 2026"

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

2026 食育実践優良法人

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

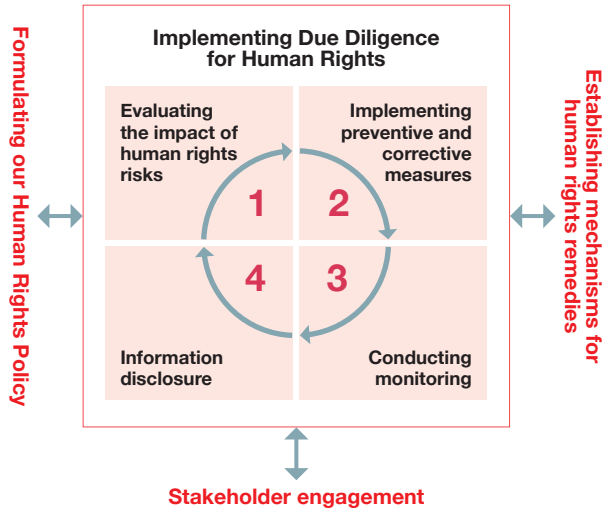
Initiatives for respect for human rights

◆Approach to human rights

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

◆General overview of our initiatives for respect for human rights

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



◆Promotion system

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

◆Due diligence for human rights

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

◆Fostering awareness and understanding among employees

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

Key Initiatives

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

◆Development of harassment prevention regulations

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

◆Establishment of a harassment and interpersonal relation hotline

We have established an external hotline that employees can use for consultations regarding sexual harassment, power harassment, gender harassment, interpersonal relation issues, and other such problems. The consultations are dealt with by qualified industrial counselors, clinical psychologists, and psychiatric social workers. They can be made 24 hours a day via telephone or online. We also accept anonymous consultations.

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

Distribution Facilities Capital Strategy

Prescription Pharmaceutical Wholesale Business

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

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

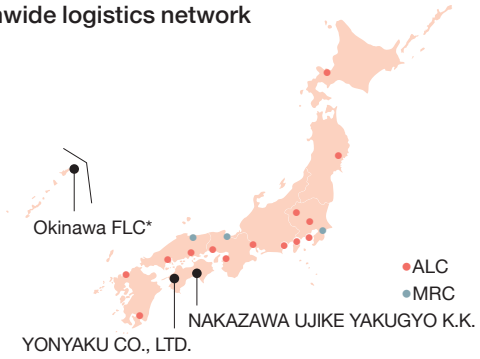
The MEDIPAL Group's distribution capabilities for optimizing the entire supply chain



Logistics Network Centered on ALCs and MRCs

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

Nationwide logistics network



Driving DX to Give Healthcare Professionals More Time for Patient Care

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

Advanced Logistics Model Ensuring an Uninterrupted Supply of Medicines to Patients

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

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

Strict Quality Management in Compliance with ISO 9001

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

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

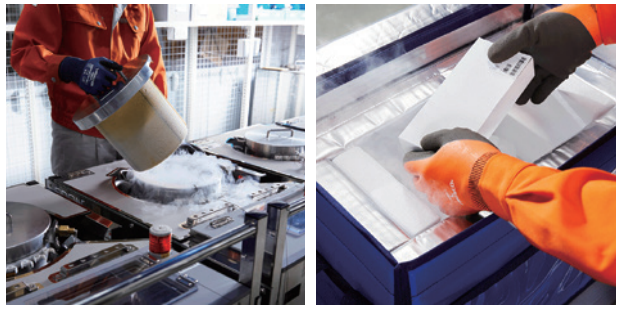
Using its cloud-based temperature monitoring system, LogView, the Group monitors temperature data in real time throughout transportation and storage, ensuring complete traceability from shipment to delivery.

▸See “Focus” on page 20.

JQA-QMA16936

MEDISKET CORPORATION

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



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

Focus

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

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

The 2024 Problem: Labor Issues in Logistics Providers

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

The 2026 Problem: Legal Responsibilities of Shippers

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

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

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

• Approaches to regulations affecting both logistics providers and shippers

telesa-reserve (inbound/outbound reservation service)

Significantly reduces driver waiting times, supporting appropriate labor management.

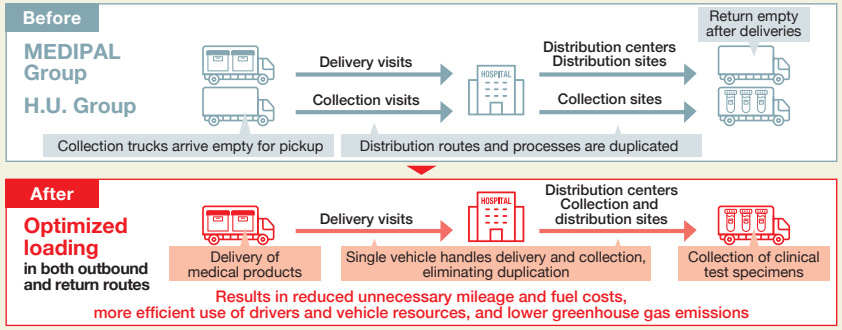
Promoting a modal shift

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

• Cross-industry joint delivery led by MEDISKET CORPORATION

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

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



1. Chief Logistics Officer

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

Distribution Facilities Capital Strategy

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

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

Developing a Logistics Model with Far and Away the Highest Productivity

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

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

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

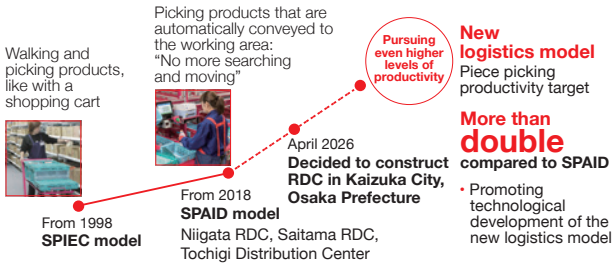
Features of RDCs

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

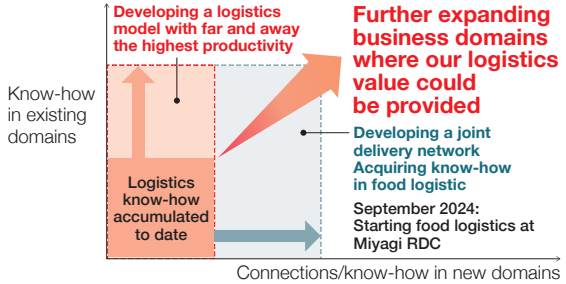
Enhanced productivity
x2
Doubling productivity and enhancing safety through implementing SPAID
We have doubled work efficiency and, through the use of robots, created a safer and more comfortable logistics environment.

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

Changing logistics models and next targets



Domains where the value of our logistics solutions could be provided



VOICE

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



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

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

Learn more about these initiatives (in Japanese only).

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

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

Intellectual Capital Strategy

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

New Businesses through Accumulated Know-how and Knowledge

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

Significance of PFM®

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

Initiatives aimed at moving into overseas markets

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

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

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

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

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

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

VOICE

Bridging the Gap Between People and Medicine:

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



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

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

Learn more about these initiatives (in Japanese only).

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

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

Expansion of AGRO & FOOD Business

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

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

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

GLYLOID® in food product development

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



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

Focus

In-House Business Contest "ZERO ONE"

– Pursuing New Business Creation and Operational Transformation

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

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

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

• ZERO-Cho, the Low-Calory Dog Treat

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

• TOMONI, the Nutrient-Rich Ice Cream

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



Zero-Cho, the low-calory dog treat

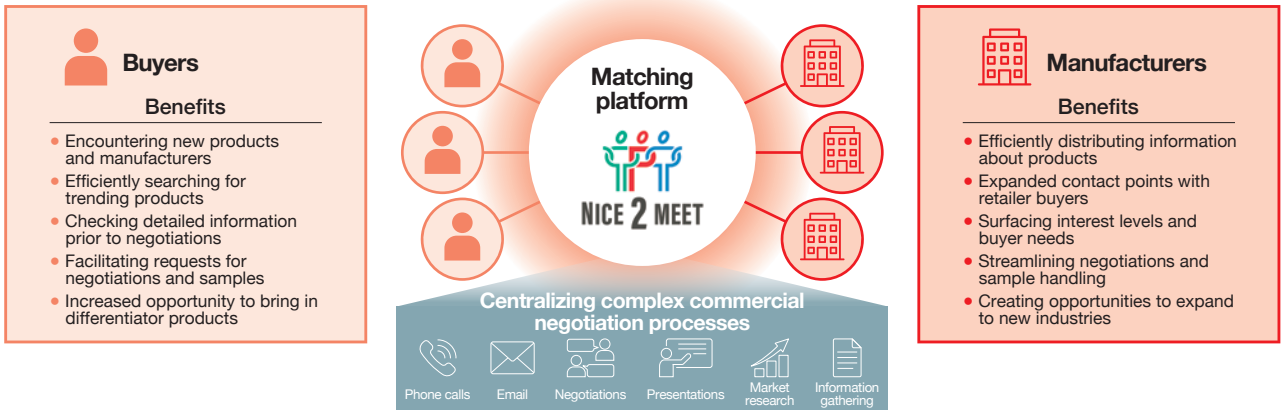


Tomoni, the nutrient-rich ice cream

Digitalizing the Commercial Negotiations Process

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

Making use of the matching platform, NICE2MEET



Expansion of Prevention and Pre-disease Business

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

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

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



Social and Relationship Capital Strategy

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

Building Partnerships to Create New Business Models

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

Main Initiatives in Building Partnerships

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

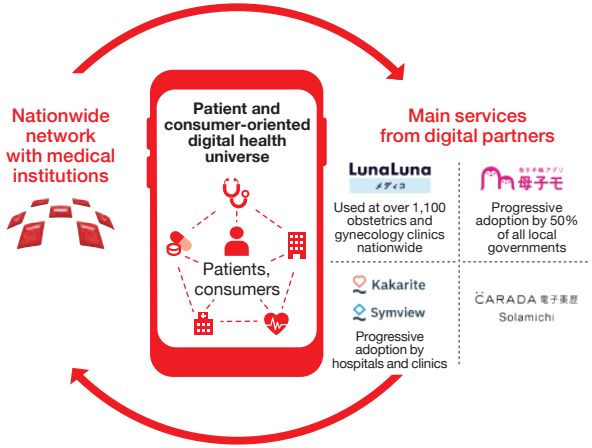
1. Shipper container marking labels
2. An animal that has a companion-like presence and a close relationship with humans in daily life

Providing Digital Health Services in Collaboration with Partners

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

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

Digital Health Services in Collaboration with Partners



Business Investment Through a Corporate Venture Capital (CVC) Fund

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

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

Investment by the MEDIPAL Innovation Fund

◆Investment in Metagen Therapeutics, Inc.

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

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

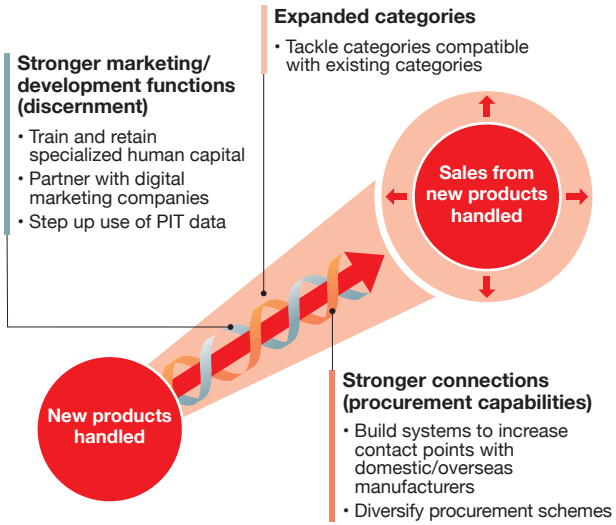
As part of the development of the company's FMT medical technology, it has conducted clinical trials of Advanced Medical Care B[1] targeting ulcerous colitis through multiple medical institutions, obtaining results that confirm safety and indicate effectiveness. Metagen Therapeutics is also working on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

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

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

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

Enhancing the Handling of New Products



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

Value Co-creation in Community Healthcare

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

Development of marketing activities for specialized fields

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

◆Contribution to the field of rare diseases

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

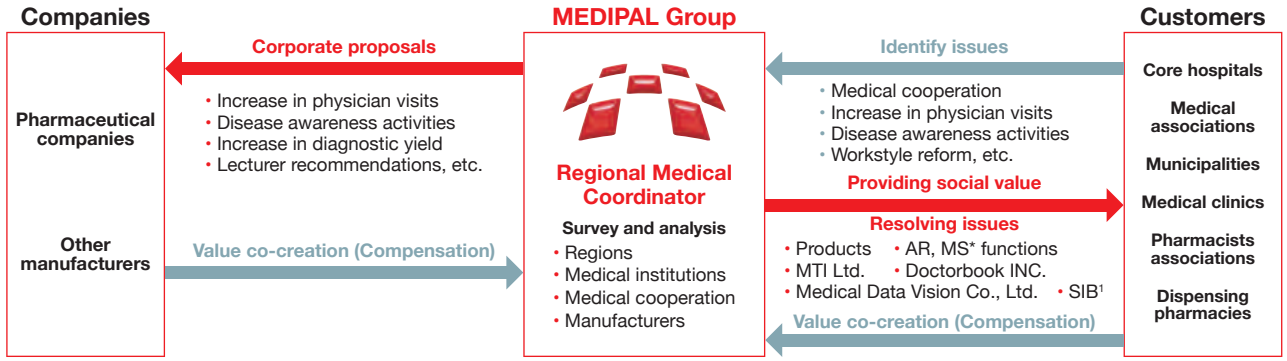
◆Contribution to the field of neurological and neuropsychiatric disorders

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

◆Contribution to the field of women's health

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

Value Co-creation in Community Healthcare



VOICE

Efforts to Deliver Medicines Using Drones



Masanori Haraguchi
Sales Planning Department
TOSHICHI CO., LTD.

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

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

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

Learn more about these initiatives (in Japanese only).

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

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

Social Contribution Activities

Our Commitment to Social Contribution

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

Three Commitments

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

Health and happiness

◆Support for patients with rare and intractable diseases

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

◆Support for children requiring medical care and their families

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



Momiji House

Children of the future

◆Support for young carers[1]

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



Scene from a company visit

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

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

Protecting nature

◆Running the MEDIPAL Environment Month

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

◆Forest Conservation Efforts

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



Scene from tree seedling planting

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

Financial Capital Strategy

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

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

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

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

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

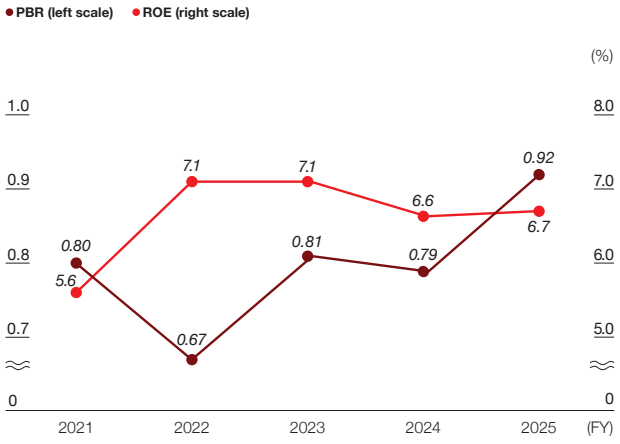
Meanwhile, our weighted average cost of capital (WACC)[1] currently ranges from the upper 4% to mid-5% levels, while our earnings yield is between the low 7% and low 8% range. Although our current ROE exceeds our cost of capital, it still falls short of our earnings yield.

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

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

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

Trends of PBR and ROE



Overview of initiatives to improve PBR

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

Policies and initiatives to improve PBR

Improving PBR

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

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

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

Key Performance Indicators

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

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

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

Trends in key performance indicators

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

Cash Allocation

Policy in the Medium-Term Vision

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

Progress with cash allocation

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

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

Growth Investments and Capital Expenditures

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

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

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

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

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

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

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

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

Capital Policy and Shareholder Returns

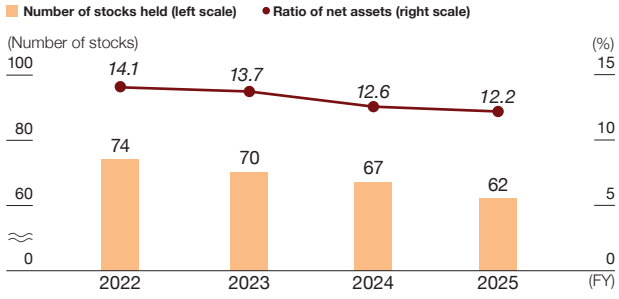
In order to generate profits that exceed the cost of capital, we will regularly monitor and verify this cost and pursue an optimal capital structure for the Company while ensuring financial soundness.

Basic capital policy



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

Status of strategic shareholdings



Reduction in strategic shareholdings

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

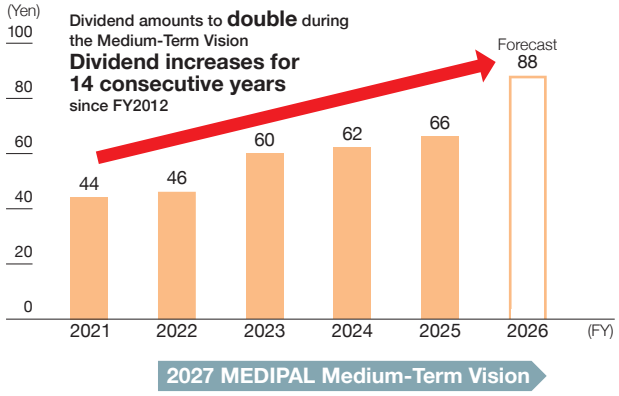
Shareholder returns

As a basic principle, we aim to maintain and improve a stable dividend payout ratio based on profit before amortization of goodwill and intangible assets arising from the growth investments outlined in the Medium-Term Vision. Furthermore, we will comprehensively assess demand for funding and flexibly implement share buybacks and cancellations of shares as appropriate for the purpose of improving capital efficiency and further returning profits to shareholders. We will continue to aim to achieve a total shareholder return ratio of 40% for the five-year cumulative period from FY2022 to FY2026. This ratio is applied to earnings before amortization of goodwill and intangible assets arising from the growth investments set forth in the Medium-Term Vision.

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

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

Dividend amount trends



Share buyback status

Share buyback in FY2025

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

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

Natural Capital Strategy

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

General Overview of Environmental Burden

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

Greenhouse Gas Emissions (Company Emissions Only)

Unit: t-CO_2

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

Greenhouse Gas Emissions (Scope 3)[2]

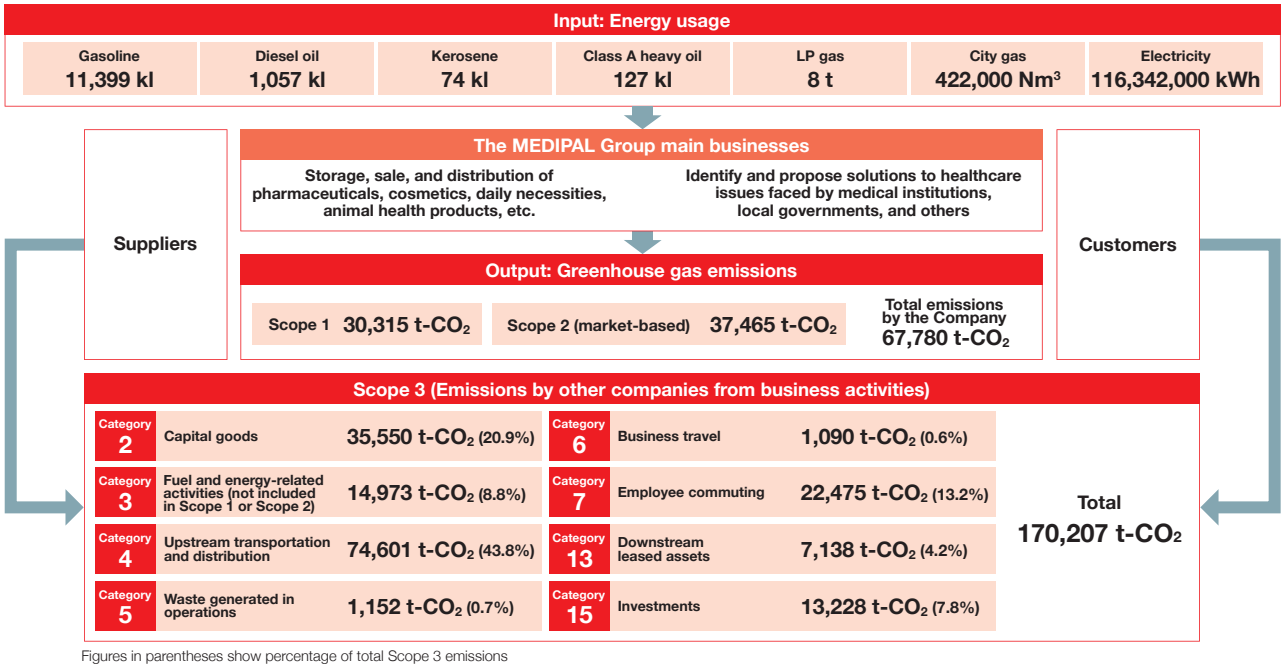
Unit: t-CO_2

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

Greenhouse Gas Emissions from Company-Owned Vehicles

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

Environment Burden from the Supply Chain



Figures in parentheses show percentage of total Scope 3 emissions

Approach to Biodiversity

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

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

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

Environmental Conservation Initiatives

Introduction of Electric vehicles and hybrid vehicles

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

Number of vehicles owned

Hybrid vehicles	Electric vehicles
443	188



Electric vehicles used by MEDISKET CORPORATION

Use of eco-friendly electric power

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

Percentage of energy from renewable energy

27.9% (Previous fiscal year: 19.5%)



Solar panels installed at the Hanshin ALC* of MEDICEO CORPORATION

Reusable delivery boxes

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



Collapsible containers



Tote box

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

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

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

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

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

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

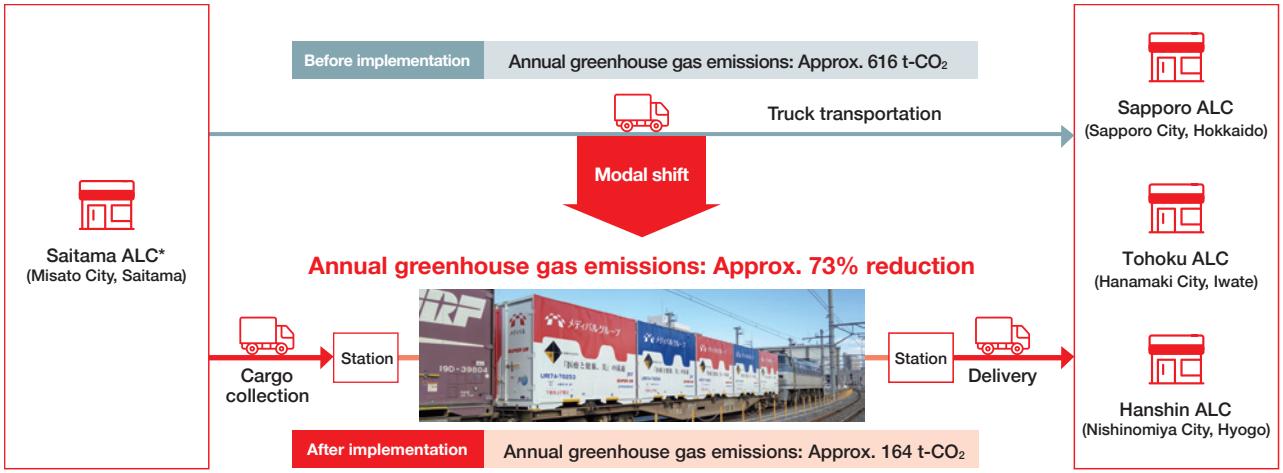
1. Calculated on the assumption that CR LIMEX business cards are 0.3mm thick.
2. Water usage during sheet production is calculated based on actual figures from the TBM Tohoku LIMEX plant. For water usage during paper production, refer to “Trends in New Water Usage Units Per Ton of Paper and Board Produced”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

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

Reducing environmental impact with a modal shift

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

Schematic of the Modal Shift



Pharmaceutical distribution optimization

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

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

Flow of Distribution Optimization

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

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

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

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

Focus

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

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

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

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

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

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

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

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

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

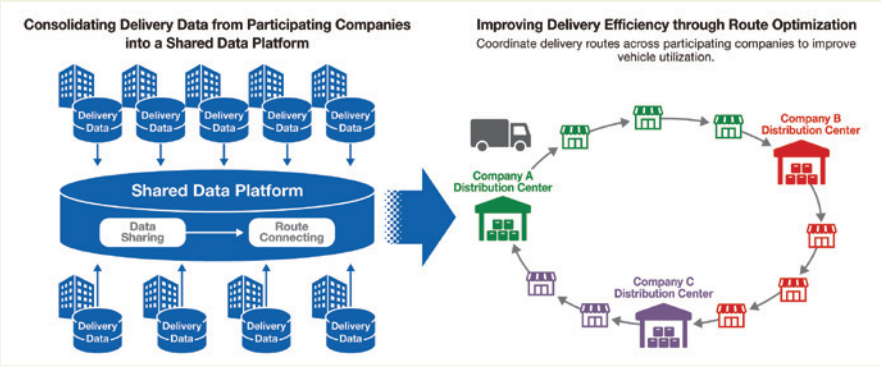
Through CODE, participants work to advance the sharing of delivery data among participating companies and the consideration of shared delivery, based on the activity principles of "realizing data-driven shared delivery," "focus on initiative value for logistics operators and drivers," and "thorough data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

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

The "Charging Equipment Sharing" Model Scheme



Overview of the Joint Delivery Consortium (CODE)



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

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

Climate-related Information Disclosure Based on TCFD Recommendations

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

Governance

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

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

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

▸Please refer to page 27, "CSR Committee"

Strategy

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

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

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

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

Risk management

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

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

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

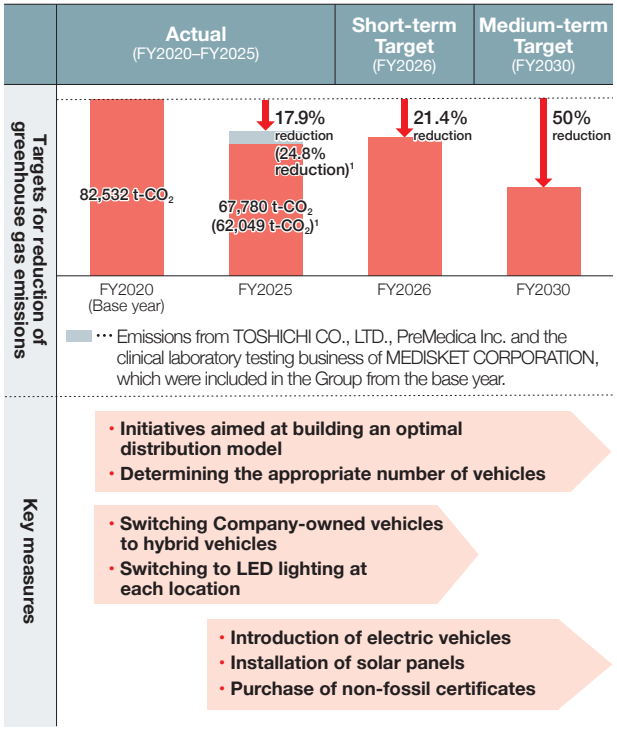
* Please refer to page 75 for explanations of technical terms.

Indicators and targets

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

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

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



Risks and Opportunities

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

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

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