Outside Director's Message

Supporting Continuity as Social Infrastructure and Pursuing Governance That Can Achieve Sustainable Improvement in Corporate Value

Kuniko Shoji
Outside Director
MEDIPAL HOLDINGS CORPORATION



As the company enters a period of transformation, what sorts of discussions have been had at Board of Directors meetings?

The MEDIPAL Group is pursuing strategic investments with a view to medium- to long-term growth. The Board of Directors has seen repeated lively discussions about important deals that will have significant impact on the management of the Company.

Among these, the decision to convert PALTAC CORPORATION into a wholly-owned subsidiary was a key decision-making, as it encompassed not only issues of governance arising from the listing of the parent company and the resolution of conflicts of interest, but also the integration of prescription pharmaceutical and daily necessity logistics, and the maximization of group synergies through the coordination of data. I believe that the best decision was reached as a result of exhaustive discussions among internal and external directors, with each bringing their diverse perspectives based on their respective experiences and areas of expertise.

I have a strong sense that the current Board of Directors has repeated frank and constructive discussions among both internal and outside directors, and that its decision-making functions and oversight functions are working effectively.

As an independent outside director, I verify the soundness and validity of management decisions from an objective perspective, and work to increase the effectiveness of governance so that it contributes to sustainably increasing corporate value.

What do the Nomination and Compensation Committees focus on to achieve sustainable management?

I have served as a chair of the Nomination and Compensation Committees since FY2026.

I believe the key themes on the Nomination Committee are enhancing succession planning recognized as challenges at evaluations of the effectiveness of the Board of Directors, and fostering next-generation leadership in a planned manner. I take an active role in leading discussions from the objective perspective of an outside director, seeking to use this as an important platform for supporting management sustainability.

Ensuring the diversity of the Board of Directors is also a foundational theme. What matters here is not just making an aim fulfilling certain composition quotas, but achieving diversity that contributes to corporate value. In addition to increasing the ratio of female directors, we are seeking to ensure the Board of Directors is composed of members with diverse experiences and areas of expertise, while paying due attention to filling out the talent pipeline of leadership candidates.

At the Compensation Committee, we are in constant discussions over how the compensation system should work to align increasing corporate value and executive incentives for the medium to long term. We will continue to deepen our examinations aimed at building the best compensation structure, while properly examining its effectiveness in raising corporate value and the suitability of the system's design.

How does the Company meet the expectations of the market and of investors while also fulfilling its role as social infrastructure?

The MEDIPAL Group's mission is to support people's medical and health care as social infrastructure. For this reason, the Company believes that ensuring business continuity and delivering stable value, while responding flexibly to changes in society and the business environment is an important corporate responsibility beyond the pursuit of short-term profit alone.

At the same time, the Company is properly aware that there is strong market interest in its investments that will take some time to bear fruit, beginning with its joint development with JCR Pharmaceuticals Co., Ltd., in terms of the reliability of investment returns and capital efficiency. I believe that we need to continuously monitor the progress and outcomes of such projects and have even deeper discussions at the Board of Directors about them, including about their capital efficiency.

We appreciate that investors evaluate the Company in terms of its medium to long-term corporate value creation, rather than short-term results, with an understanding of its role as social infrastructure. We will continue to pursue efforts to improve the long-term corporate value through the realization of "sustainable leadership and governance" while maintaining constant constructive dialogue with all of our shareholders and investors.

Management Team (As of June 24, 2026)

Directors



Shuichi Watanabe
Representative Director, President and CEO
Chief Compliance Officer
(Nomination Committee Member of the Nomination and Compensation Committee)

Shareholdings (thousands): 177

Aug. 1979	Joined KURAYA CORPORATION (now the Company)
Dec. 1990	Director of KURAYA CORPORATION
Dec. 1994	Managing Director of KURAYA CORPORATION
Apr. 2000	Director of KURAYA SANSEIDO Inc. (now the Company)
Apr. 2004	President and Chief Executive Officer of KURAYA SANSEIDO Spin-off Preparation Inc. (now MEDICEO CORPORATION)
Jun. 2007	Managing Director of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Jun. 2008	Senior Managing Director of the Company
Apr. 2011	Representative Director, Executive Vice President of the Company
Apr. 2012	Representative Director, President and CEO of the Company (current position)
Apr.	Representative Director, Chairman of MEDICEO CORPORATION
Jun. 2020	Chief Compliance Officer of the Company (current position)
Apr. 2022	Director and Advisor of MEDICEO CORPORATION (current position)



Yasuhiro Choufuku
Representative Director, Executive Vice President

Shareholdings (thousands): 56

Apr. 1977	Joined Sanseido Co., Ltd. (now the Company)
Jul. 2004	Executive Officer of KURAYA SANSEIDO Inc. (now the Company)
Jun. 2007	Director of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Oct. 2009	Director of MEDICEO CORPORATION
Jun. 2010	Managing Director of MEDICEO CORPORATION
Apr. 2012	Representative Director, President and CEO of MEDICEO CORPORATION
Jun.	In charge of Pharmaceutical Business of the Company
Jun. 2016	Senior Managing Director of the Company
Jun. 2019	Director, Vice President of the Company
Apr. 2022	Representative Director, Chairman of MEDICEO CORPORATION (current position)
Mar. 2023	Outside Director, Chairman of Nichi-Iko Pharmaceutical Co., Ltd. (current position)
May 2025	Representative Director, Executive Vice President of the Company (current position)



Toshihide Yoda
Senior Managing Director
In charge of IR, General Manager of Business Development Division
(Compensation Committee Member of the Nomination and Compensation Committee)

Shareholdings (thousands): 14

Apr. 1985	Joined Nippon Kangyo Kakumaru Securities Co., Ltd.
May 1989	Joined UBS Securities Japan Co., Ltd.
Jul. 1996	Joined ING Barings Securities (Japan) Ltd.
Dec. 2000	Joined Lehman Brothers Japan Inc.
Oct. 2008	Joined Barclays Capital Japan Ltd. Managing Director of Barclays Capital Japan Ltd.
Jun. 2010	Director of the Company
Apr. 2012	Managing Director, In charge of IR, General Manager of Business Development Division of the Company
May 2016	Director of SPLine Corporation
May	Director of MEDIE Co., Ltd.
Jun.	Director of MEDICEO CORPORATION
Feb. 2018	Director of JCR USA, Inc. (current position)
Jun.	Senior Managing Director of the Company (current position)
Jun.	Outside Director of JCR Pharmaceuticals Co., Ltd. (current position)
Jan. 2020	Manager of Business Investment Department, Business Development Division of the Company
May 2021	Director of PharField Corporation
Jun. 2022	General Manager of Business Development Division of the Company (current position)
Jun. 2023	In charge of IR of the Company (current position)



Kuniaki Imagawa
Managing Director
In charge of Pharmaceutical Business

Shareholdings (thousands): 10

Apr. 1984	Joined KURAYA CORPORATION (now the Company)
Oct. 2004	Full-time Manager of the Sales Strategy Department of MEDICEO Holdings Co., Ltd. (now the Company)
Oct. 2005	Manager of Sales Strategy Department of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Jul. 2008	Executive Officer of the Company
Oct. 2009	Executive Officer and Manager of Solutions Department of MEDICEO CORPORATION
Apr. 2010	Deputy General Manager of Sales Strategy Division of MEDICEO CORPORATION
Apr. 2011	Manager of the Sales Strategy Department of MEDICEO CORPORATION
Apr. 2012	General Manager of Strategy Division of MEDICEO CORPORATION
Jun.	Director of MEDICEO CORPORATION
Oct.	Executive Officer and Deputy General Manager of Business Development Division of the Company
Oct. 2015	Manager of Pharmacy Business Development, Business Development Division of the Company
Apr. 2017	Deputy General Manager of Tokyo Branch Office, Director of Tokyo Regional Sales Department, Manager of Tokyo Wholesale Sales Branch of MEDICEO CORPORATION
Apr. 2019	General Manager of Tokyo Branch Office of MEDICEO CORPORATION
Apr. 2022	Representative Director, President and CEO of MEDICEO CORPORATION (current position)
Jun. 2022	Director of the Company
Jun. 2024	Deputy in charge of Pharmaceutical Business of the Company
Apr. 2026	In charge of Pharmaceutical Business of the Company (current position)
Jun. 2026	Managing Director of the Company (current position)



Shinjiro Watanabe
Managing Director
In charge of Information Systems and DX, General Manager of Corporate Planning Division, Chairman of CSR Committee of the Company

Shareholdings (thousands): 36

Sep. 2008	Joined ATOL CO., LTD.
Jun. 2009	Director of ATOL CO., LTD.
Apr. 2013	Representative Director, President and CEO of ATOL CO., LTD.
Jun.	Director of the Company
Jun. 2016	In charge of the IT Business of the Company
Apr. 2018	In charge of Information Systems of the Company
Oct. 2018	General Manager of Information Systems Management Division of the Company
Oct. 2021	In charge of Information Systems of the Company
Jun. 2025	In charge of Information Systems and DX of the Company (current position)
Dec. 2025	Director of MTI Healthcare Holdings Inc. (current position)
Apr. 2026	General Manager of Corporate Planning Division, Chairman of CSR Committee of the Company (current position)
Jun. 2026	Managing Director of the Company (current position)



Hiroshi Yarimizu
Director
In charge of Financial Strategy

Shareholdings (thousands): 1

Oct. 1990	Joined Chuo Audit Corporation, Fukuoka Branch
Mar. 1994	Registered as a certified public accountant
Jul. 2004	Joined ATOL CO., LTD.
Oct. 2004	Director of ATOL CO., LTD. (current position)
Jan. 2007	Senior Managing Executive Officer and Secretariat of the Business Reform and IT Strategy Committee of Mediceo Paltac Holdings Co., Ltd. (now the Company)
Jun. 2009	Representative Director of ATOL CO., LTD.
Jun. 2011	Representative Senior Managing Director of ATOL CO., LTD.
Apr. 2013	Representative Director, Executive Vice President of ATOL CO., LTD.
Oct. 2014	Senior Managing Executive Officer of the Company Manager of Finance & Accounting Department, Administration Division of the Company
Apr. 2017	In charge of Group Accounting of the Company
Jun. 2018	Manager of Corporate Planning and Public Relations Department, Administration Division of the Company
Nov. 2018	Corporate Auditor of CARADA Medica Inc. (now MTI Healthcare Holdings Inc.) (current position)
Apr. 2021	Manager of Corporate Planning Department, Administration Division of the Company
Jul. 2022	In charge of Financial Strategy, Deputy General Manager of Administration Division of the Company
Jun. 2023	Corporate Auditor of TOSHICHI CO., LTD. (current position)
Apr. 2024	In charge of Financial Strategy, Deputy General Manager of Administration Division, Manager, Finance & Accounting Department of the Company
Jun. 2026	In charge of Financial Strategy of the Company (current position) Director of the Company (current position)



Takuya Yoshida
Director
In charge of Cosmetics, Daily Necessities and OTC Business

Shareholdings (thousands): 1

Apr. 1995	Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)
Apr. 2000	Joined Shinwa Paltac Corporation (now PALTAC CORPORATION)
Apr. 2016	Executive Officer, General Manager of Kinki Branch Office of PALTAC CORPORATION
Apr. 2019	Managing Executive Officer, General Manager of Merchandise Headquarters of PALTAC CORPORATION
Oct. 2020	Managing Executive Officer, General Manager of Tokyo Branch Office of PALTAC CORPORATION
Apr. 2021	Senior Managing Executive Officer, General Manager of Tokyo Branch Office of PALTAC CORPORATION
Apr. 2023	Vice Presidential Executive Officer, COO of PALTAC CORPORATION
Jun.	Representative Director, President of PALTAC CORPORATION (current position)
Jun.	Director of the Company (current position)
Jun. 2025	In charge of Cosmetics, Daily Necessities and OTC Business for the Company (current position)



Hidemitsu Wakita
Director
In charge of AGRO & Food Business

Shareholdings (thousands): –

Apr. 1986	Joined Dainippon Pharmaceutical Co., Ltd. (now Sumitomo Pharma Co., Ltd.)
Apr. 2015	Executive Officer, General Manager of Business Development Department of DSP GOKYO FOOD & CHEMICAL Co., Ltd. (now MP Gokyo Food & Chemical Co., Ltd.)
Apr. 2016	Executive Officer, General Manager of Corporate Management Division of DSP GOKYO FOOD & CHEMICAL Co., Ltd.
Jun. 2017	Director, Executive Officer and General Manager of Corporate Management Division of DSP GOKYO FOOD & CHEMICAL Co., Ltd.
Jun. 2023	Representative Director, President and CEO of MP Gokyo Food & Chemical Co., Ltd. (current position)
Jun. 2025	Director of MP AGRO CO., LTD. (current position) Director of the Company (current position) In charge of AGRO & Food Business of the Company (current position)



Toshio Asano
Outside Director
(Member of the Nomination and Compensation Committee)

Shareholdings (thousands): 9

Apr. 1975	Joined Asahi Kasei Corporation
Oct. 2003	Executive Officer of Asahi Kasei Pharma Corporation
Apr. 2010	President & Representative Director, Presidential Executive Officer of Asahi Kasei Pharma Corporation
Apr. 2011	Executive Officer of Asahi Kasei Corporation
Apr. 2014	Presidential Executive Officer of Asahi Kasei Corporation
Jun. 2014	President & Representative Director of Asahi Kasei Corporation
Jun. 2016	Permanent Consultant of Asahi Kasei Corporation
Aug. 2016	Advisor of the Company
Jun. 2017	Outside Director of the Company (current position)
Jun. 2019	Outside Director of Daicel Corporation (current position)
Jun.	Outside Director of Tokyo Century Corporation (current position)
Jun. 2021	Chairman of Japanese Foundation for Cancer Research (current position)
Jun. 2022	Consultant of Asahi Kasei Corporation
Jun. 2024	Special Advisor of Asahi Kasei Corporation (current position)
Jun. 2026	Outside Director of JCR Pharmaceuticals Co., Ltd. (current position)

Note: Shareholdings rounded down to the nearest 1,000 shares. Also, does not include the number of shares held by our officer stock ownership association.



Kuniko Shoji
Outside Director
(Chair of the Nomination and Compensation Committee)

Shareholdings (thousands): –

Apr. 1977	Joined Mochida Pharmaceutical Co., Ltd.
Jul. 1986	Joined Johnson & Johnson K.K.
Sep. 2002	Joined Terumo Corporation
Jun. 2004	Executive Officer of Terumo Corporation
Jun. 2007	Senior Executive Officer of Terumo Corporation
Jun. 2010	Director and Senior Executive Officer of Terumo Corporation
Apr. 2017	Director and Corporate Advisor of Terumo Corporation
Jun.	Corporate Advisor of Terumo Corporation
Jun. 2018	Outside Director of the Company (current position)
Jun.	Outside Director of Nichirei Corporation
Mar. 2019	Outside Director of DIC Corporation
Apr.	Professor of Graduate School of Health Innovation Studies of Kanagawa University of Human Services
Apr. 2024	Senior Fellow of Kanagawa University of Human Services (current position)



Hiroshi Iwamoto
Outside Director
(Member of the Nomination and Compensation Committee)

Shareholdings (thousands): –

Apr. 1981	Joined The Dai-Ichi Kangyo Bank, Limited (now Mizuho Bank, Ltd.)
Oct. 2004	Senior Research Fellow, Deputy General Manager of Research Division, Chief Economist of Mizuho Research Institute, Ltd.
Jun. 2009	Managing Executive Officer, Deputy General Manager of Research Division of Mizuho Research Institute, Ltd.
Apr. 2010	Managing Executive Officer, General Manager of Planning and Administrative Division of Mizuho Research Institute, Ltd.
Apr.	Lecturer at Musashino Academia Musicae
Apr. 2017	Senior Managing Executive Officer, General Manager of Planning and Administration Division of Mizuho Research Institute, Ltd.
May 2019	Advisor of Chuo Fudosan Co., Ltd. (now Chuo-Nittochi Co., Ltd.)
Jun.	Outside Statutory Auditor of Morinaga & Co., Ltd.
Jun. 2021	Outside Director of the Company (current position)
Mar. 2024	Outside Auditor of Hakuyosha Company., Ltd. (current position)



Tomoko Nakai
Outside Director
(Member of the Nomination and Compensation Committee)

Shareholdings (thousands): –

Apr. 1997	Joined the Legal Training and Research Institute of Japan
Apr. 1999	Completed training at the Legal Training and Research Institute of Japan
	Joined Kazuo Kitamura Law Office
Nov. 2002	Joined Makoto Nakamachi Law Office
	Member of the Management Lawyers Council
Jan. 2012	Partner of Makoto Nakamachi Law Office (current position)
Apr. 2016	Visiting Associate Professor of School of Law, Graduate Schools for Law and Politics of the University of Tokyo
May 2019	Independent Outside Director of Welcia Holdings Co., Ltd.
May 2023	Member and Executive Director of Management Lawyers Council (current position)

Audit & Supervisory Board Members



Toshio Hirasawa
Full-time Audit & Supervisory Board Member

Shareholdings (thousands): 38

Apr. 1974	Joined HONGO YAKUHIN, INC. (now the Company)
Jul. 2004	Executive Officer of KURAYA SANSEIDO Inc. (now the Company)
Apr. 2012	Senior Managing Executive Officer of the Company
Apr.	In charge of Group Accounting, Manager of Finance and Accounting Department of the Company
Jun. 2013	Audit & Supervisory Board Member of MP AGRO CO., LTD.
Oct. 2014	In charge of Group Accounting of the Company
Jan. 2015	Audit & Supervisory Board Member of Sakurai Tsusho Corporation (now MP Gokyo Food & Chemical Co., Ltd.)
Jun.	Full-time Audit & Supervisory Board Member of the Company (current position)
Jun. 2017	Audit & Supervisory Board Member of MEDICEO CORPORATION (current position)
Jun. 2020	Audit & Supervisory Board Member of EVERLTH Co., Ltd.



Kazuo Hashida
Full-time Audit & Supervisory Board Member

Shareholdings (thousands): 10

Apr. 1983	Joined Sanseido Co., Ltd. (now the Company)
Apr. 2007	Manager of the Accounting Department of KURAYA SANSEIDO Inc. (now MEDICEO CORPORATION)
Apr. 2012	Deputy Manager of the Finance & Accounting Department of the Company
Apr. 2017	Manager of the Finance & Accounting Department of the Company
Jul.	Executive Officer of the Company
Apr. 2023	In charge of Finance & Accounting of the Company
Jun.	Audit & Supervisory Board Member of MEDIPAL FOODS CORPORATION (now MP Gokyo Food & Chemical Co., Ltd.)
Jun.	Audit & Supervisory Board Member of ASTEC Co., Ltd. (current position)
Jun.	Full-time Audit & Supervisory Board Member of the Company (current position)
Jun. 2024	Audit & Supervisory Board Member of MP AGRO CO., LTD. (current position)



Yoko Sanuki
Outside Audit & Supervisory Board Member

Shareholdings (thousands): 5

Apr. 1981	Registered as Attorney-at-Law
Dec. 1996	Outside Audit & Supervisory Board Member of KURAYA Corporation (now the Company)
Nov. 2001	Director of NS LAW OFFICE (current position)
Jun. 2003	Outside Audit & Supervisory Board Member of KURAYA SANSEIDO Inc. (now the Company)
Jun. 2007	Outside Auditor & Supervisory Board Member of Meiji Dairies Corporation
Apr. 2009	Outside Director of Meiji Holdings Co., Ltd.
Jun. 2011	Outside Director of Resona Bank, Limited
Jun. 2012	Outside Director of Resona Holdings, Inc.
Jun. 2015	Outside Director, Chairman of Audit Committee of Resona Holdings, Inc.
Jun. 2019	Outside Audit & Supervisory Board Member of the Company (current position)
Jun. 2022	Outside Director of Sanken Electric Co., Ltd.
Jun. 2025	Auditor of Japanese Foundation for Cancer Research (current position)



Hatsuyoshi Ichino
Outside Audit & Supervisory Board Member

Shareholdings (thousands): –

Mar. 1987	Registered as a tax accountant
Apr. 1991	Started Ichino Hatsuyoshi Tax Accountant Office
Apr. 1995	Full-time Lecturer of Department of Commerce, Aichi Gakuin University
Apr. 2000	Assistant Professor of Department of Commerce, Aichi Gakuin University
Oct. 2006	Professor of Department of Commerce, Aichi Gakuin University
Apr. 2010	Part-time Lecturer of Tax Administration Training Course, Local Autonomy College, Ministry of Internal Affairs and Communications (current position)
Apr. 2011	Professor, Graduate School of International Management, Aoyama Gakuin University (current position)
Jun. 2018	Tax accountant of Kanon Tax Accountant Corporation (current position)
Jun. 2023	Outside Audit & Supervisory Board Member of the Company (current position)



Masayuki Mitsuka
Outside Audit & Supervisory Board Member

Shareholdings (thousands): –

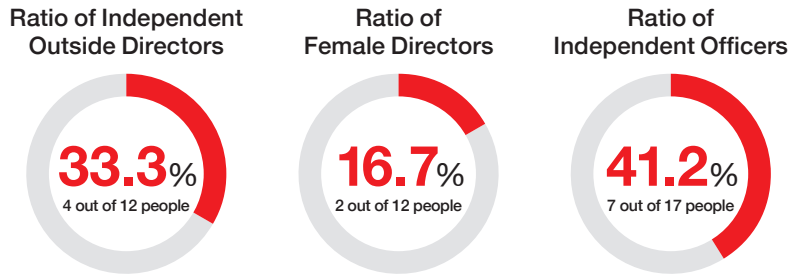
Apr. 1982	Joined Mitsubishi Chemical Industries (now Mitsubishi Chemical Corporation)
Jun. 2009	Board Director, Executive Officer, General Manager of Global Product Strategy Department of Mitsubishi Tanabe Pharma Corporation
Apr. 2012	Board Director, Managing Executive Officer, Division Manager of Development Division of Mitsubishi Tanabe Pharma Corporation
Apr. 2014	Representative Director, Senior Managing Executive Officer of Mitsubishi Tanabe Pharma Corporation
Jun. 2014	President & Representative Director, Chief Executive Officer of Mitsubishi Tanabe Pharma Corporation
Apr. 2020	Board Director of Mitsubishi Tanabe Pharma Corporation
Jun. 2020	Advisor of Mitsubishi Tanabe Pharma Corporation
Jul. 2022	Advisor of the Company
Jun. 2023	External Director of Sawai Group Holdings Co., Ltd. (current position)
Jun. 2025	Outside Audit & Supervisory Board Member of the Company (current position)
Jun.	Outside Audit & Supervisory Board Member of JCR Pharmaceuticals Co., Ltd. (current position)

Note: Shareholdings rounded down to the nearest 1,000 shares. Also, does not include the number of shares held by our officer stock ownership association.

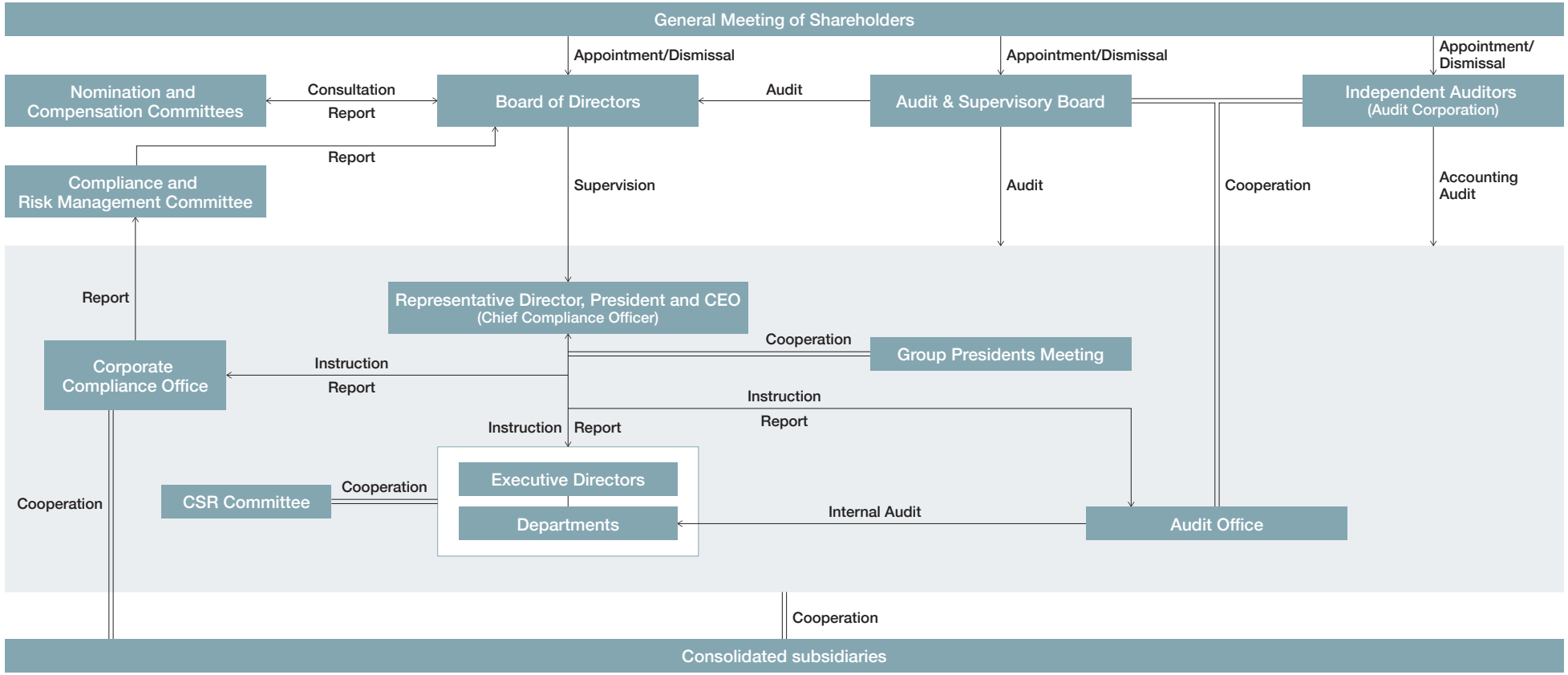
Corporate Governance

Basic Policy

The MEDIPAL Group ensures sound, transparent management and places importance on maximizing corporate value. The Group also believes that disclosing high-quality information is one of its responsibilities to stakeholders, and that it enhances the transparency and soundness of management. Therefore, the Group takes a proactive approach to appropriate and timely disclosure.



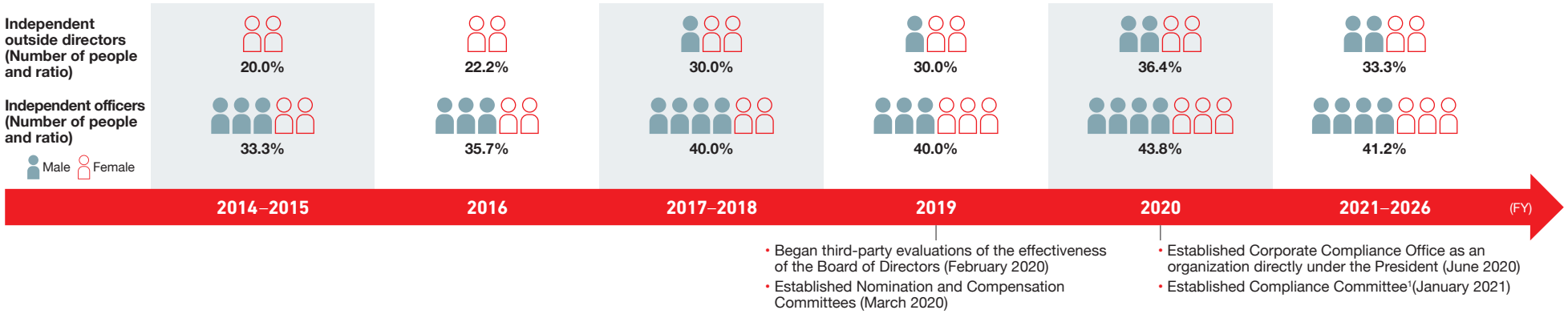
Corporate Governance System



Overview of the Corporate Governance System

Body	Board of Directors	Audit & Supervisory Board	Nomination and Compensation Committees	Compliance and Risk Management Committee
Purpose, role	Established as a supervisory body to consider and decide on matters stipulated by management policy and by law, as well as other important matters concerning corporate management, and also to supervise the status of overall business execution.	Established as an organization to conduct strict audits of the legality and appropriateness of the execution of duties by the Directors.	Established as an advisory body to the Board of Directors for the purpose of improving fairness, transparency, and objectivity of the process of nomination and compensation of the Directors as a measure to enhance corporate governance.	The Compliance and Risk Management Committee has been established as an advisory body to the Board of Directors for the purpose of establishing a corporate culture based on a law-abiding spirit and preventing and minimizing risk as appropriate, by ensuring continuous monitoring of Group compliance and risk management.
Composition	Comprised of 12 directors (including 4 outside directors). (10 male directors, 2 female directors)	Comprised of 5 appointed Audit & Supervisory Board members (including 3 outside Audit & Supervisory Board members). (4 male members, 1 female member)	Comprises 3 or more members selected by resolution of the Board of Directors. A majority of the committee members must be outside directors and the chairperson must be an outside director. Audit & Supervisory Board members and persons nominated by the committee chairperson can also attend as observers.	The committee is chaired by the Chief Compliance Officer (Representative Director, President and CEO) and committee members include executive directors with sales experience in the Prescription Pharmaceutical Wholesale Business and outside directors. Audit & Supervisory Board members and persons nominated by the committee chairperson attend as observers.
Meeting outcomes in FY2025	14 times	13 times	Nomination Committee: 9 times Compensation Committee: 2 times	4 times
Attendance by outside officers	Outside directors: 96.4% Outside Audit & Supervisory Board members: 97.4%	97.2%	Nomination Committee: 100% Compensation Committee: 100%	75.0%
Main matters for consideration	• Ordinary matters, such as results, dividends, and budgets • Important matters such as major investments, measures aimed at implementing management that is conscious of cost of capital and share price, reduction of strategic shareholdings, and acquisition and cancellation of treasury shares	• Produces audit reports and decides on matters concerning the appointment and dismissal of full-time Audit & Supervisory Board members; the audit policy and procedures, and methods to survey asset status; and execution of other duties by Audit & Supervisory Board members • Matters decided by resolution of the Audit & Supervisory Board including the appointment/dismissal or reappointment/non-reappointment of independent auditors or compensation of independent auditors	• Nomination Committee: Director candidates for the General Meeting of Shareholders in June 2025, succession planning process, successor candidate interviews, and new director candidates, etc. • Compensation Committee: Officer bonuses to be paid in June 2025, compensation level, pay ratio, reasoning behind compensation, etc.	• Progress reports on initiatives to ensure rigorous compliance • Ascertaining and evaluating risk, and examining and implementing measures to prevent and minimize such risk • Reports on Antimonopoly Act audits • Incident sharing on matters arising at Group companies • Results from compliance questionnaires

Changes in Governance System and Strengthening of Initiatives



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

Director Appointment Policy

1. Director Appointment Policy

The basic policy is to appoint as director individuals who will take the lead in sincerely implementing compliance initiatives as well as individuals with extensive experience, deep insight, and a high level of specialization in order to contribute to the MEDIPAL Group's sustainable growth and medium- to long-term improvement of corporate value.

(1) Internal directors

Candidates are chosen from among individuals with work history and skills in corporate management, healthcare, M&As, governance, IT, etc. Candidates must possess the appropriate leadership skills to promote the MEDIPAL Group's management philosophy as well as a medium- to long-term perspective as someone engaged in supervision of management's decision making and business execution. We also give comprehensive consideration to factors such as personality and experience.

(2) Outside directors

Candidates are chosen from among individuals with extensive knowledge and experience of corporate management, healthcare, finance/accounting, legal affairs, international affairs, etc. We also give comprehensive consideration to factors such as personality and concurrent service as an officer at another company. In principle, the total term of office is a maximum of eight or 12 years (four years as an Audit & Supervisory Board member with two or three terms). Outside directors are prohibited from serving as an officer at four or more listed companies. Notwithstanding, even in the event that a candidate does not meet the separately determined independence requirements, an individual with deep insight and a high ethical viewpoint can be selected as a candidate for outside director. However, in such a case, the ratio of independent outside directors shall be one-third or higher.

2. Director appointment procedure

Candidates shall be proposed to the General Meeting of Shareholders after deliberation by and reports from the Nomination and Compensation Committees (with the majority of members being outside directors and an outside director serving as the chair of the committee), and a resolution by the Board of Directors. The selection of representative directors as well as executive directors with special titles is conducted by the Board of Directors after deliberation by and reports from the Nomination and Compensation Committees.

3. Director dismissal procedure

In a case where a director commits an act that violates laws and ordinances or the articles of incorporation, or in a case where a director shows inadequate ability to carry out their professional duties due to negligence or other reasons, the Board of Directors will deliberate on the matter after fair and rigorous consideration by the Nomination and Compensation Committees.

Ensuring Diversity of the Board of Directors

The Company's Board of Directors is designed to have diverse representation as well as an appropriately balanced mix of knowledge, experience, and skills, including through the appointment of a number of outside directors and outside Audit & Supervisory Board members. The Company has appointed a diverse lineup of outside directors and outside Audit & Supervisory Board members, including former business executives and specialists in pharmaceutical development, accounting, and legal affairs, to ensure the effective functioning of the Board.

Use of Outside Directors and Audit & Supervisory Board Members

When appointing outside directors, the emphasis is on extensive experience, deep insight, and a high level of specialization, as well as the requirements stipulated in the Companies Act. We expect outside directors to contribute to improved corporate governance by contributing questions and opinions based on diverse perspectives that stimulate discussion at the Board of Directors' meetings and contribute to appropriate decision making. Our policy is for at least one-third of directors to be independent outside directors. Of the 12 directors, four are outside directors, all of whom are independent outside directors. We believe we have appointed a sufficient number of independent outside directors based on comprehensive consideration of our industry, size, business characteristics, organizational structure, and the surrounding business environment. Of the five Audit & Supervisory Board members, three are outside members, all of whom are independent outside members. This system of monitoring and supervision of the Board of Directors by independent outside directors and independent outside Audit & Supervisory Board members ensures highly transparent management.

Reasons for Selecting Outside Directors and Outside Audit & Supervisory Board Members (As of June 24, 2026)

Name	Reason for Appointment
Toshio Asano Outside Director	Mr. Toshio Asano has a wealth of experience and broad-ranging insight gained through his involvement in corporate management, having served as President & Representative Director of Asahi Kasei Pharma Corporation and Asahi Kasei Corporation. Based on this, he offers us valuable opinions and appropriate advice from objective, specialized viewpoints at meetings of the Board of Directors of the Company.
Kuniko Shoji Outside Director	Ms. Kuniko Shoji has a wealth of experience and broad-ranging insight, having served as Director at Terumo Corporation and as the officer in charge of Terumo Corporation's pharmaceutical and clinical trial departments. Based on this, she offers us valuable opinions and appropriate advice from objective, specialized viewpoints at meetings of the Board of Directors of the Company.
Hiroshi Iwamoto Outside Director	Mr. Hiroshi Iwamoto possesses experience in financial and HR affairs developed in the finance industry, and a wealth of management experience subsequently developed in the information and telecommunications industry. Leveraging this wealth of experience and broad-ranging insight, he offers us valuable opinions and appropriate advice from an objective and specialized viewpoint at meetings of the Board of Directors of the Company.
Tomoko Nakai Outside Director	In addition to her specialized knowledge and insight as an attorney at law, Ms. Tomoko Nakai has served as an Outside Director for a listed company, giving her valuable perspectives on enhancing corporate value. Based on her abundant experience and wide-ranging insights, the Company believes she will strengthen the effectiveness of the Board of Directors' decision-making and oversight functions from an independent standpoint.
Yoko Sanuki Outside Audit & Supervisory Board Member	Thanks to her wealth of experience and specialist knowledge of corporate law developed through her work as an attorney-at-law, Ms. Yoko Sanuki has served as an outside director and outside Audit & Supervisory Board member at multiple companies, and makes use of this knowledge in auditing the Company.
Hatsuyoshi Ichino Outside Audit & Supervisory Board Member	As a qualified tax accountant, Mr. Hatsuyoshi Ichino currently not only teaches subjects including accounting, financial statement accounting and tax planning, among other subjects, in his role as a professor at the Graduate School of International Management of Aoyama Gakuin University, he also serves as part-time lecturer of the Tax Administration Training Course at the Local Autonomy College, Ministry of Internal Affairs and Communications, giving him a high degree of knowledge in financial and accounting matters. He makes use of this wealth of experience and specialist knowledge in auditing the Company.
Masayuki Mitsuka Outside Audit & Supervisory Board Member	Mr. Masayuki Mitsuka has served as the manager in charge of the development department at Mitsubishi Tanabe Pharma Corporation, as well as the President & Representative Director of said company, meaning he has been deeply involved in corporate management. He makes use of this wealth of experience and broad insight in auditing the Company.

Skill Matrix and Composition of the Nomination and Compensation Committees (As of June 24, 2026)

The MEDIPAL Group seeks sustainable development and medium- to long-term improvement of corporate value. As such, we have established as areas of expertise and experience that are fundamental to the Company: business management experience, sales/marketing, medical/pharmaceutical science/public service, financial affairs/accounting/financing/M&A, legal affairs/governance, IT/DX, personnel & labor/human resources development, global, and sustainability. We have therefore selected officers who possess expertise and experience in these fields.

■ Chairperson □ Member

Name		Specialty, Experience[1]									Nomination Committee member	Compensation Committee member	Compliance and Risk Management Committee member
		Business management experience	Sales / Marketing	Medical / Pharmaceutical science / Public service	Financial affairs / Accounting / Financing / M&A	Legal affairs / Governance	IT/DX	Personnel & labor / Human resources development	Global	Sustainability			
Representative Director and President	**Shuichi Watanabe**	●	●								□		■
Representative Director, Vice President	**Yasuhiro Choufuku**	●	●										□
Senior Managing Director	**Toshihide Yoda**	●			●				●			□	
Managing Director	**Kuniaki Imagawa**	●	●										
Managing Director	**Shinjiro Watanabe**	●	●				●						
Director	**Hiroshi Yarimizu**	●			●								
Director	**Takuya Yoshida**	●	●		●								
Director	**Hidemitsu Wakita**	●							●				
Outside Director	**Toshio Asano**	●		●							□	□	
Outside Director	**Kuniko Shoji**	●		●					●	●	■	■	
Outside Director	**Hiroshi Iwamoto**				●			●			□	□	□
Outside Director	**Tomoko Nakai**					●		●			□	□	□
Full-time Audit & Supervisory Board Member	**Toshio Hirasawa**				●								
Full-time Audit & Supervisory Board Member	**Kazuo Hashida**				●								
Outside Audit & Supervisory Board Member	**Yoko Sanuki**					●				●			
Outside Audit & Supervisory Board Member	**Hatsuyoshi Ichino**				●					●			
Outside Audit & Supervisory Board Member	**Masayuki Mitsuka**	●		●									

Please see the notice of convocation for more details. (in Japanese only)
https://ssl4.eir-parts.net/doc/7459/ir_material/278820/00.pdf

1. Does not include all the experience and expertise of directors and Audit & Supervisory Board members.

Support System for Outside Directors and Outside Audit & Supervisory Board Members

We have established a system that enables mutual cooperation between outside directors and outside Audit & Supervisory Board members and the Audit Office, Audit & Supervisory Board members, and independent auditors, as well as respective departments. This system seeks to enable these parties to coordinate as necessary, either directly or indirectly, through methods such as email or telephone, thereby working to ensure proper coordination as appropriate. In addition, outside directors and outside Audit & Supervisory Board members share their views at meetings of the Board of Directors, and express their frank opinions on other occasions such as during briefings ahead of important discussions. The Company also periodically provides opportunities to view worksites at subsidiaries.

Compensation for Directors

Our basic policy is to establish compensation levels and systems that are appropriate to the roles and responsibilities of each director as they work to realize our management philosophy, enhance corporate value, and achieve sustainable growth. Compensation for directors includes base compensation and bonuses, and the amount of compensation is decided after taking into account general compensation levels in the market, our financial position, and the balance with employee salaries. The Nomination and Compensation committees were voluntarily established as advisory bodies to the Board of Directors for the purpose of improving the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors and as a measure to enhance corporate governance.

1. Policy on decisions relating to the amount of monetary compensation and the methods used to calculate this amount

Monetary compensation (i.e., compensation that is neither performance-linked compensation nor non-monetary compensation) is defined as a fixed monthly amount as base compensation paid in accordance with the position of each director.

2. Policy on decisions relating to the type of performance indicators used for performance-linked compensation and the methods used to calculate this amount or number

Performance-linked compensation is monetary compensation paid at a certain time every year as a bonus. The total amount is determined by the Board of Directors based on consideration of the consolidated performance in each fiscal year (consolidated operating profit) as an incentive for executive directors to be conscious of business performance. It is apportioned according to the standards for each position.

3. Policy on decisions relating to the type of nonmonetary compensation and the methods used to calculate this amount or number

A system for non-monetary compensation has not yet been introduced, but for some time now we have been considering the introduction of a stock-based compensation scheme linked to the increase in corporate value as an incentive that functions with medium- to long-term earnings. The Nomination and Compensation committees will also engage in various discussions on this matter.

4. Policy on decisions relating to the percentage breakdown for each type of compensation

Compensation for executive directors comprise fixed monthly base compensation and bonuses linked to short-term earnings. The percentage breakdowns of these two types of compensation differ slightly depending on the position of each director, but in general the basic standard is for bonuses to account for approximately 25% of the total. The compensation for outside directors only consists of base compensation in view of their role and independence.

5. Methods to decide the content of compensation for individual directors

The amount of compensation for individual directors is left to the decision of the Representative Director and President, based on resolution by the Board of Directors. However, the Representative Director and President is advised by the Nomination and Compensation committees and receives a report from the committees on draft compensation amounts for individuals. The Nomination and Compensation committees are composed of three members or more selected in accordance with a resolution of the Board of Directors. Outside directors account for a majority of the members, and the committee is also chaired by an outside director. In addition, Audit & Supervisory Board members and persons nominated by the committee chairperson can also attend as observers.

Compensation Amount for Directors

Corporate Officer Category	Total Amount of Compensation (Millions of yen)	Total Amount of Compensation by Category (Millions of yen)				Number of Relevant Corporate Officers[2]
		Fixed compensation[1]	Performance-linked compensation	Retirement benefits	Non-monetary compensation, etc., included in the left column	
Directors (excluding outside directors)	251	177	74	-	-	9
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	49	49	-	-	-	2
Outside directors	57	57	-	-	-	4
Outside Audit & Supervisory Board members	37	37	-	-	-	4

1. Fixed compensation includes the amount for one director and one outside Audit & Supervisory Board member who resigned upon the conclusion of the 116th Annual General Meeting of Shareholders held on June 25, 2025.
2. There are no officers receiving a total of compensation and other benefits of ¥100 million or more in the fiscal year ended March 31, 2026.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors of the Company conducts self-evaluation of the effectiveness of directors and Audit & Supervisory Board members, while receiving support from third-party institutions, with the aim of improving the effectiveness of our governance. Our secretariat first works with a third-party institution to create and distribute an evaluation survey. We then gather responses from our directors and Audit & Supervisory Board members, and the third-party institution analyzes and evaluates the results. The results of the analysis are collected in the form of a report from the third-party institution and then presented to the Board of Directors. The Board of Directors checks the results of the evaluation based on this report, discusses future issues and improvement measures, and decides on policies in response. Through this series of processes, the MEDIPAL Group seeks to improve the functioning of the Board of Directors and continuously improve our governance structures.

Process for Evaluating Effectiveness

April 2026
Conducting survey

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

May 2026
Analyzing and evaluating results of survey

Analysis and evaluation of survey results by third-party institution

June 2026
Discussions based on report of analysis and evaluation

Discussion of future responses based on results of evaluation by the Board of Directors

Results from analysis and evaluation in FY2025 and status of response

Analysis/Evaluation Outline of Results

The average score for the question asking for an overall evaluation of the effectiveness of the Board of Directors was 4.2, up by 0.1 year on year. The questions on whether discussions at the Board of Directors were open-minded returned an exceptionally positive response, and there were multiple comments confirming the liveliness of discussions in the free comment section. Compared with last year, evaluations regarding succession planning and dialogue with investors have improved. In light of these results, we conclude that the Board of Directors is functioning effectively overall.

Issues Identified and Response Policies

The results from the questionnaires identified the following issues.

Discussions at the Board of Directors' meetings

- Discussion of selection of optimal institutional design and composition of board of directors
- Sufficient deliberation on corporate strategy and corporate planning that are properly cognizant of earning power and capital efficiency
- Following up with progress reports on business plans
- Enhanced discussions on succession planning

Looking ahead, we will use this information to consult on and select high-priority themes and will engage in specific, concrete discussions at the Board of Directors' meetings.

Concept of Strategic Shareholdings

The basic policy of the MEDIPAL Group is to reduce these shareholdings in the interest of controlling shareholding risk and capital efficiency. We will regularly verify the significance and economic rationality of our strategic shareholdings for the social significance of the main business and contribution to our earnings via stronger business relationships. If any of these shareholdings are deemed to be inappropriate, we will proceed with their sale after striving to gain sufficient understanding from our business partners. Even in cases where shareholdings are deemed appropriate, the Company may sell these in accordance with its basic policy of reducing strategic shareholdings and in consideration of market conditions, management and financial strategies, and other factors.

The balance as of March 31, 2026 was ¥96.7 billion, 12.2% of net assets (0.4 percentage points lower than the end of the previous fiscal year).

We also intend to limit strategic shareholdings to 10% or less of net assets and ¥50 billion or less by around March 31, 2027. Note that the Group regularly conducts verification and confirmation of the significance and economic rationale for all strategic shareholdings. Here, verification and confirmation refer to processes leading to a comprehensive judgment of whether the holdings will contribute to the maintenance and improvement of the Group's corporate value. This judgment is based on the social significance of the main business, contribution to our earnings via stronger business relationships, and the current and future profitability of the business partner, taking into consideration the growth potential of the business partner and capital costs.

Responsible Dialogue with Shareholders and Investors

General Meeting of Shareholders

In order to provide shareholders with sufficient time to make decisions on exercising their voting rights, the Company issued the notice of convocation for the June 24, 2026 Annual General Meeting of Shareholders on June 1, 2026, which is earlier than the legal requirement. Prior to this, the Company also made an early disclosure of its notice of convocation for the General Meeting of Shareholders on its corporate website on May 25, 2026. In addition, since the Annual General Meeting of Shareholders held in June 2002, the Company has enabled voting rights to be exercised electronically via the internet, in order to ensure that voting rights are exercised promptly and actively. Since 2006, the Company has also joined the voting rights platform for institutional investors operated by ICJ, Inc. to create an environment in which institutional investors may directly exercise voting rights by electronic means. In addition, other measures to invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights, including posting the notice of convocation and details of the resolutions on our corporate website, have been taken.



Dialogue with institutional investors

We maintain active dialogue with institutional investors through events such as financial results briefings for securities analysts and institutional investors, IR meetings with the corporate officer in charge of IR, and various conferences hosted by securities companies bringing together institutional investors from Japan and abroad. Dialogue with investors is held regarding a broad range of themes, including business performance and business environment, sustainability and capital policies. Feedback from investors is reported to management of the Company and the relevant departments as necessary, where it informs formulation and consideration of policy in areas such as MEDIPAL Group management strategy.

IR events for institutional investors in FY2025

IR Event	Date Held	Presenter
Briefings on financial results	May and November 2025 (twice a year)	President, corporate officer in charge of IR
Conferences held by securities companies	February 2026	Director in charge of IR
Small meetings held by securities companies	September 2025	IR member
Overseas IR roadshow	June 2025 March 2026	IR member

IR interviews with institutional investors in FY2025

Number of interviews during the year	87 (56 in Japan; 31 overseas)[1]

Dialogue with individual investors

The MEDIPAL Group has positioned the provision of information to individual investors as an important matter in future IR, and has improved its efforts in this regard. We are examining the distribution of IR information using websites and holding events targeting individual investors with the aim of improving awareness of our company and better establishing our brand.

1. Figures represent the cumulative number of companies

Compliance

Basic Policy

The MEDIPAL Group has designated "rigorous compliance" as one of its business policies. To earn the trust of all of our stakeholders and continue as a company achieving sustainable development, we believe it is essential for each and every MEDIPAL Group employee to not only comply with relevant laws and regulations, but also to follow rules and manners in societies, and to act in line with the highest ethical standards. To that end, we continually carry out training programs and awareness activities for all employees.

Compliance Promotion System

In the MEDIPAL Group, the Representative Director, President and CEO is charged with management of Group compliance, and top management takes the lead in promoting compliance.

To tackle this in a systematic and ongoing manner, the Corporate Compliance Office has also been established as an organization under the direct control of the President to further strengthen compliance throughout the Group.

In addition, the Compliance and Risk Management Committee has also been established and provides guidance, advice and monitoring seeking improvement and continuity, with the aim of putting in place a corporate culture with a law-abiding spirit and preventing and minimizing risk as appropriate, through the continuous monitoring of compliance and risk management in the MEDIPAL Group. The Compliance and Risk Management Committee, which functions as an advisory body to the Board of Directors, is chaired by the Chief Compliance Officer. Members also include executive directors with sales experience in the Prescription Pharmaceutical Wholesale Business and outside directors. Audit & Supervisory Board members and other officers also participate as observers and offer opinions from a variety of angles to help conduct more effective monitoring.

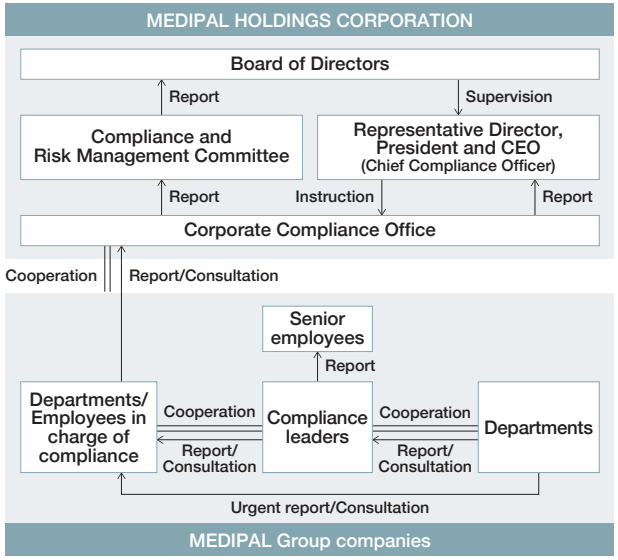
With the aim of raising awareness of compliance in sales departments and of effecting thorough monitoring and oversight of the progress of such efforts on the sales front lines of Group companies that operate the Prescription Pharmaceutical Wholesale Business, we have appointed some of the sales department managers as compliance leaders to promote compliance.

1. Antimonopoly Act audits
The Audit Office, which is in charge of internal audits, will conduct Antimonopoly Act audits with the purpose of confirming whether there are Antimonopoly Act violations and the status of efforts to prevent a recurrence of any such violations.

2. Reporting of audit results
The audit results are reported to the Board of Directors and the Audit & Supervisory Board quarterly.

3. Reporting of status of improvements
The establishment and operation of the MEDIPAL Group's compliance system is also reported quarterly to the Board of Directors.

Compliance Promotion Structure Chart (As of April 1, 2026)



Formulation of Guiding Principle for Business Activities

In response to the on-site inspection of MEDICEO CORPORATION by the Japan Fair Trade Commission in November 2019, and rooted in the spirit of observing regulatory compliance, the MEDIPAL Group formulated the Guiding Principle for Business Activities to demonstrate the commitment of the CEO to compliance. To make this commitment universal across all employees in the Group, management has continued to convey this message through meetings, in-house publications, and other forums. We are also working to ensure all employees actively engage in fair competition by having all attendees at Company meetings recite the Guiding Principle for Business Activities.

Initiatives to Prevent Violations of the Antimonopoly Act

The MEDIPAL Group is proceeding with the establishment of rules and regulations to prevent violations of the Antimonopoly Act. We have also revised our work regulations. We put in place a person in charge of compliance at every Group company and develop systems for appropriate guidance based on these rules and regulations.

Review of business plans and sales targets

We have conducted a fundamental review of business plans and sales targets, and have considered how we pursue our business activities from the perspective of preventing the occurrence of situations that may violate the Antimonopoly Act in advance.

Creation of Antimonopoly Act Compliance Guidebook

We produce an easy-to-understand guidebook with the aim of preventing violations of the Antimonopoly Act. The guidebook outlines points that invite misunderstanding and cases where judgment can easily err in the context of sale activities.

Establishment of regulations regarding the prevention of involvement in bid rigging, etc.

Regulations regarding the prevention of involvement in bid rigging, etc., are established for the purpose of eliminating collusion, cartels, and other violations of the Antimonopoly Act, preventing behavior that may be suspected of such violations, and, additionally, reducing the risk of becoming involved in such violations.

Compliance based on rules for estimates and bids

Our activities comply with internal rules that realize proper competition in line with the spirit of observing regulatory compliance. The rules specify that approvals are obtained after we have confirmed that there has been no contact with other companies in the industry, and that price estimates and bids are not to be submitted for projects where we have no intention of accepting the contract.

Formulation of rules on activities within the industry and contact with other wholesalers

We have, in principle, prohibited actions that may invite suspicion, such as contact with other companies in the industry, in the wake of the on-site inspection conducted by the Japan Fair Trade Commission. On the other hand, we permit appropriate participation in industry activities on the basis of certain rules on the presence of lawyers or other relevant parties, and the preservation of minutes of proceedings.

In preparation for cases where circumstances inadvertently arise necessitating contact with other companies in the industry, we have established clear rules including procedures for making approvals in advance, and conduct strict operations.

Consultation desk for Antimonopoly Act (Antimonopoly Act Hotline)

Immediately following the on-site inspection by the Japan Fair Trade Commission, we established a dedicated consultation desk for the Antimonopoly Act to ensure a swift response in cases where decisions regarding compliance with the Antimonopoly Act are difficult for those on the ground in sales. This consultation desk operates separately from the existing whistleblower hotline.

Initiatives to Prevent Bribery

The MEDIPAL Group carries out its business activities in a sound and proper manner, and strictly prohibits all supply of profits to civil servants or those in a similar position. All Group companies have formulated bribery prevention regulations. To guarantee the effectiveness of these regulations, we have also established specific rules regarding disbursements, such as mandating that all actions such as donations to third parties pass through internal approvals in writing.

Furthermore, as the major business partners of the MEDIPAL Group, including manufacturers of pharmaceutical products and medical equipment, are firms with corporate entities based overseas, we are conducting annual online training based on the education standards set by our business partners, in reference to the training materials used in Foreign Corrupt Practices Act (FCPA) training induction course which is implemented by the American Medical Devices and Diagnostics Manufacturers' Association (AMDD).

Initiatives to Raise Compliance Awareness

Compliance training

The following training is provided using e-learning.

Status of compliance-related training (portion hosted by MEDIPAL Group only)	• Antimonopoly Act training: Once a year • Compliance training: Once a year • Information security training: Twice a year • Harassment prevention training: Once a year • FCPA training: Once a year • Training on guidelines for sales information provision activities: Four times a year

Declaration of Compliance Day

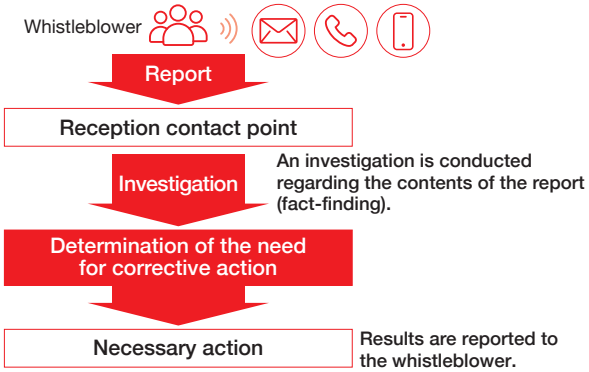
To demonstrate our ongoing commitment to compliance, we have designated November 27 as Compliance Day. We are working to prevent past incidents from fading from memory through efforts such as conducting a survey targeting employees to ascertain the effects of initiatives to improve compliance and the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

Whistleblowing System

As part of a structure to identify and address problems within the MEDIPAL Group early, the Group has established a Whistleblower Hotline. We have used the Group intranet and posters to inform employees that they can use this hotline to raise concerns about work-related impropriety, legal violations, or unethical conduct that has occurred or risks occurring.

The Group has established both internal and external points of contact for receiving reports and put in place an environment where it is easy for employees to consult about such matters, by establishing a system where they can make reports through various means including phone, email, FAX and post. To ensure the confidentiality of reporters, we have made the point of contact for receiving reports an independent agency, and clarified in our internal regulations that reporters are not to suffer disadvantages as a result of their conduct. We have also prepared a system that can respond appropriately to anonymous reports.

Whistleblower Hotline Response Process



Quality Control

Basic Policy

The MEDIPAL Group considers it its social mission to comply with pharmaceutical laws and regulations beginning with the Pharmaceutical and Medical Device Act, and to distribute safe, reliable pharmaceuticals and medical equipment, etc. To accomplish this mission, we strive to implement thorough quality control processes, from pharmaceutical product receipt to delivery to medical institutions.

Maintaining Quality

For quality control in the storage and distribution of pharmaceuticals, medical equipment, and other products, the MEDIPAL Group strives to build and operate appropriate systems by creating manuals on logistics operations, supervising pharmacist operations, etc., based on ordinances issued by the Ministry of Health, Labour and Welfare, and on JGSP[1] and JGSP2008.

The Group also formulates manuals for quality control and standard operating procedures (SOPs) in accordance with the globally harmonized JGSP/GDP,* revised to reflect PIC/S[2] GDP, and with GDP guidelines issued by the Ministry of Health, Labour and Welfare. In addition, the MEDIPAL Group works to enhance management systems, provide opportunities for suggesting improvements at GDP review meetings, and implement educational activities.

Education and Training

The MEDIPAL Group provides systematic and ongoing training to maintain the integrity of pharmaceuticals, etc. The training is based on the annual education and training plan formulated at the beginning of the fiscal year and covers quality control manuals and SOPs for employees and personnel in charge of merchandise management and distribution. The training combines multiple methodologies including online training sessions, classroom study, and on-the-job training (OJT) to meet various roles and levels of mastery.

Introductory Education and Training

Scope	New assignees/personnel
Contents	Learn the basic procedures and acquire knowledge for performing work in each department
Hours	Approx. 5 hours

Regular Education and Training

Scope	Employees and personnel responsible for product management and distribution
Contents	Acquiring knowledge of GDP and knowledge related to quality control matters such as drug regulatory affairs and supply of pharmaceutical products handled by the Company
Hours	10+ hours

Why counterfeit drugs are not a growing concern in Japan

The spread of counterfeit drugs is becoming a severe problem worldwide. However, there is largely no room for counterfeit drugs to enter the Japanese drug market. The main reasons for this are the thorough preparation of and compliance with relevant laws and regulations beginning with the Pharmaceutical and Medical Device Act, and the fact that the distribution system is one in which nearly all prescription pharmaceutical distribution (roughly 96%) is performed by pharmaceutical wholesalers.

The existence of pharmaceutical wholesalers has the following results, which support highly trusted distribution in Japan: (1) distribution routes are simplified; (2) a single company is responsible for everything from procurement to delivery; and (3) structures of close cooperation are established between pharmaceutical manufacturers, medical institutions and dispensing pharmacies.

The existence of high-quality distribution platforms and ongoing investment to support these are essential for preventing the spread of counterfeit pharmaceuticals. In that sense, the Japanese pharmaceutical wholesale industry is also responsible for safety and social costs.

The Group conducts lot traceability management, and has constructed a system that allows it to accurately determine what has been sold, when, to whom, and in what quantities.

For this reason, in the event of a voluntary product recall by a pharmaceutical company, this system allows the Group, at the pharmaceutical company's request, to rapidly provide information to the medical institutions and other customers to whom the products have been sold, and recall those products.

1. The Japanese Good Supplying Practice (JGSP) is an industry-internal practical standard by the Federation of Japan Pharmaceutical Wholesalers Association for quality and safety management in the supply of pharmaceuticals, aimed at preventing loss of quality due to the effects of temperature, humidity and light in each of the stages of storage, shipping and transportation. JGSP applies to prescription pharmaceuticals, while JGSP2008 applies to over-the-counter pharmaceuticals.
2. The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S) is an international cooperative framework for the quality management of pharmaceuticals

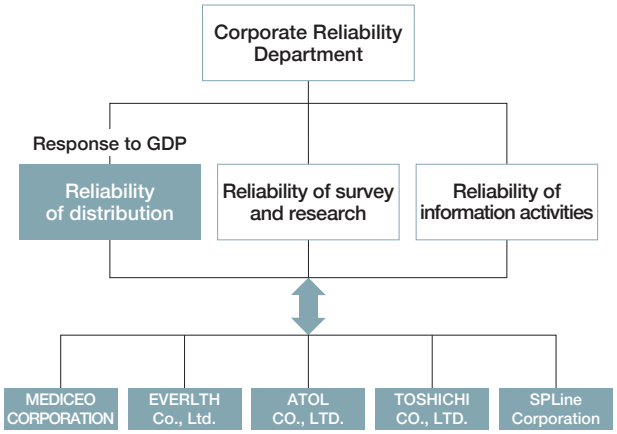
* Please refer to page 75 for explanations of technical terms.

Compliance with the Japanese Version of the GDP* Guidelines

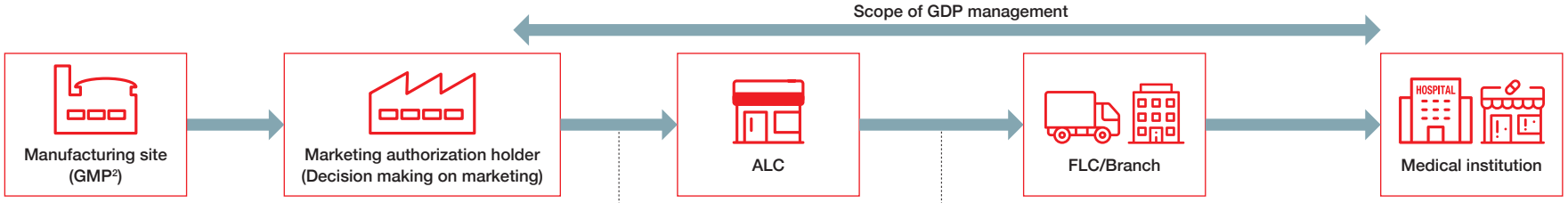
The MEDIPAL Group is now providing training based on quality control manuals and SOPs to the logistics departments of the five prescription pharmaceutical wholesalers[1] as well as to all ALCs.* In addition, we carry out regular quality reviews to promote and enhance the quality of GDP activities. In FY2022, we also expanded our GDP activities, which had previously focused on distribution centers, to FLC* and branches. At EVERLTH Co., Ltd. and ATOL CO., LTD., we confirmed consolidation of such activities in FY2023. We also advanced the development of GDP activities at MEDICEO CORPORATION and TOSHICHI CO., LTD., completing these efforts in FY2025.

Organization and role of the Corporate Reliability Department

The Corporate Reliability Department supervises the status of logistics quality control at the five prescription pharmaceutical wholesalers. At ALC, in particular, which is a logistics site, the Corporate Reliability Department is promoting efforts aimed at consolidating methods based on the GDP guidelines and at improving ongoing logistics quality. Furthermore, the department is also working to outfit FLCs and branches throughout Japan with organizational systems based on the guidelines and the necessary capital investments, while implementing educational activities for employees responsible for product management and distribution. In addition, to increase reliability in logistics quality, the department is further enhancing our pharmaceutical distribution practices by strengthening cooperation not only with relevant internal departments but also with pharmaceutical companies, distributors, and other external partners.



Pharmaceutical Supply Chain



MAH → ALC

Using DP-Cool[3] (Mitsubishi Logistics Corporation + forwarding agencies), etc.

Characteristics of DP-Cool

- Compliant with the PIC/S GDP guidelines
- Cooling temperature control throughout transportation
- Round-the-clock monitoring by the temperature control center
- Terminals with dock shelters directly connected to cold insulating warehouses
- Authorized drivers, etc.

ALC → FLC/Branch

Using mainly refrigerated storage owned by the Company

- ALC shipping berths with dock shelters
- Constant mapping taking into account seasonal variations for temperature-controlled transportation
- Staff trained using "Basic Knowledge about Distribution"
- Regular OJT training by a trainer, etc.

1. MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., TOSHICHI CO., LTD., and SPLine Corporation
2. Good Manufacturing Practice
3. Refrigerated transportation service for pharmaceuticals compliant with the PIC/S GDP guidelines

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

Risk Management

Basic Policy

1. Declaration

The MEDIPAL Group defines risks as "factors affecting the realization of the management philosophy," identifies and evaluates risks affecting corporate activities, and establishes a management system that prevents and reduces risks in an organized manner to promote risk management.

2. Purpose

In order to realize our management philosophy, we promote risk management as follows.

(1) Maintenance and improvement of the corporate value
(2) Conservation and effective utilization of management resources
(3) Sustained and consistent business continuity
(4) Establishing relationships of trust with stakeholders
(5) Ensuring the safety of executives, employees and other related personnel

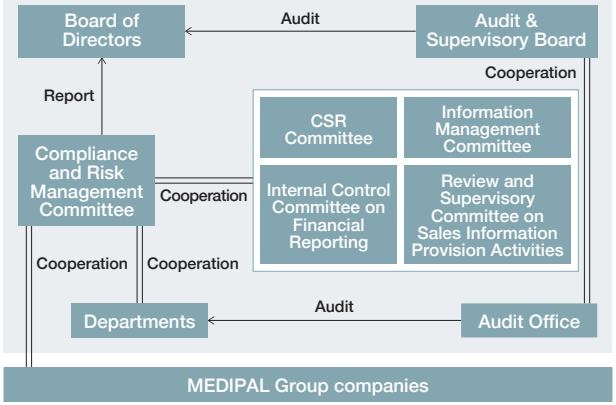
3. Course of Action

(1) We consider risk management to be the most important issue for management and implement company-wide initiatives.
(2) We strive to maintain and improve corporate value by implementing risk management.
(3) We reflect social demands related to risk in the risk management structure.
(4) Through continuous risk management, we strive to improve each individual's risk sensitivity, enhance knowledge, prevent and reduce risks, and improve our response capabilities.
(5) In the event of a risk, we take prompt action to minimize the loss and work to recover as quickly as possible.

4. Promotion System

Based on the Compliance and Risk Management Regulations which stipulate the risk management system and basic matters, we have established the Compliance and Risk Management Committee (chaired by the Chief Compliance Officer (Representative Director, President and CEO)) as an advisory body to the Board of Directors, which grasps the overall risk information and takes prompt and appropriate measures to promote risk management throughout the entire Group.

Risk Management System (As of April 1, 2026)



Business Risks

The risks that may have significant impact on the judgments of investors are the following. Statements regarding the future represent the positions of the Group as of March 31, 2026.

- Medical insurance system reform
- NHI drug price system
- Specific legal regulations
- Trade practices with medical institutions
- Trade practices with pharmaceutical companies
- Changes in the competitive environment
- System interruptions
- Information leaks
- Disasters, traffic accidents, and infectious diseases
- Climate change
- Securing a labor force
- Investing
- Legal and regulatory infractions

Examples of countermeasures

About Disaster Risk	
Summary	The MEDIPAL Group handles the distribution of prescription pharmaceuticals, daily necessities, and other products indispensable to a healthy life. We are implementing a variety of measures to ensure that we reliably deliver the required products both in normal times and during emergencies. In the event of a major disaster, the Group's business operations may be suspended and our business performance and financial condition may be affected due to decreased sales resulting from lost sales opportunities or incurring recovery costs and other expenses.
Countermeasures	The Group has proceeded with the development of crisis management systems in preparation for natural disasters such as earthquakes, typhoons, or pandemics and established a business continuity plan (BCP) to ensure that the Group can continue to quickly carry out supply activities in the event of an emergency.

About Traffic Accidents	
Summary	The MEDIPAL Group uses many vehicles in its sales and delivery activities. For this reason, in the event that we cause a serious traffic accident, our social reputation could be damaged, and this may affect the performance and financial condition of the Group.
Countermeasures	We are promoting the installation of dashcams and introduction of vehicles equipped with automatic braking systems to prevent traffic accidents. In addition, we proactively conduct awareness-raising activities to promote traffic accident prevention, such as the establishment of a safe driving month and holding classes taught by police officers.

About Securing a Labor Force	
Summary	In order for the MEDIPAL Group to reliably distribute pharmaceuticals, daily necessities, and other products, it is essential to secure high-quality human resources and assign them appropriately. However, securing a labor force in the distribution field has become increasingly difficult year by year due to the declining population, decreasing birthrate and aging population. If the labor supply tightens further and adequate human resources cannot be secured, the Group's performance and financial condition may be affected. In addition, a significant increase in employee-related costs due to revised laws and systems or price fluctuations may also affect the performance and financial condition of the Group.
Countermeasures	We are working to improve operational efficiency through labor-saving measures at distribution centers and revised delivery operations, as well as promoting workstyle reforms and taking steps to improve the work environment.

Business Continuity Plan (BCP)

Basic Policy

The MEDIPAL Group anticipates a range of risks, and has drafted an effective business continuity plan (BCP) adapted to business characteristics that allows us to provide a steady supply of products, not only in normal times but also in the event of pandemics or large-scale natural disasters such as earthquakes. This enables the Group to fulfill its role as a company responsible for social infrastructure.

System

The MEDIPAL Group has created a Disaster Response Manual (for Natural Disasters) that contains details of anticipated disaster damage, preparatory measures, operations in the event of a natural disaster, emergency organization structures, and the like. In the event of an earthquake with a seismic intensity of lower 6 or above on the Japanese scale, the general manager of the Group's Disaster Countermeasures Headquarters will decide whether the Disaster Countermeasures Headquarters needs to be established based on reports from the secretariat chief on incurred or imminent damage and with reference to the manual. This headquarters rapidly confirms the safety of Group company employees and their families in the affected areas; the status of buildings, systems, and the like; the state of lifelines; and the situation with product supply systems. It also leads a range of response activities aimed at business continuity.

When there is an outbreak or spread of an infectious disease, a secretariat for the Disaster Countermeasures Headquarters is established based on the Disaster Response Manual (for Infectious Diseases) and information on the disease is gathered from the World Health Organization (WHO) and Japanese government agencies. Once the outbreak occurs in Japan and is expected to spread, the general manager of the Group's Disaster Countermeasures Headquarters will decide whether the Disaster Countermeasures Headquarters needs to be established based on reports from the secretariat chief.

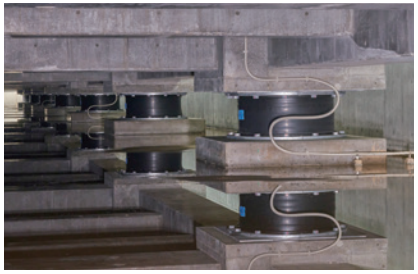
To maintain a stable supply of pharmaceuticals and other products while ensuring the safety of customers and employees, the headquarters collects and centrally manages information on government policies and local conditions, and quickly and flexibly implements countermeasures against various anticipated situations.

Disaster Planning

Based on the experience we have gained in previous major natural disasters, including the Great Hanshin-Awaji Earthquake and the Great East Japan Earthquake, the MEDIPAL Group is continuing to undertake various measures aimed at achieving "distribution that does not stop during disasters." Because Japan is a land where we must coexist with natural disasters, MEDIPAL has made full preparations for dealing with a wide variety of disaster scenarios.

Seismic isolation structure

We are working to ensure all our major locations, beginning with our distribution centers and other buildings, are earthquake resistant with seismic isolation structures in order to prevent products from falling from shelves and becoming damaged during disasters, and to prevent our distribution facilities from becoming inoperative.



Preparation of delivery means for emergencies

In preparation for the disruption of public transportation institutions or transportation networks, we have distributed emergency delivery motorbikes to distribution centers. These serve as an important means of delivering medicines to places that are hard to reach for four-wheeled vehicles in times of emergency.



Installation of in-house power generators

MEDIPAL's principal business locations, including the Head Office and distribution centers, are equipped with in-house electric power generators, creating systems that will support business continuity during disasters.



Installation of in-house fueling facilities

In light of past experiences of gasoline shortages during earthquakes, we have established in-house fueling facilities at our major distribution centers.



Information Management

Basic Policy

MEDIPAL Group possesses a variety of information, beginning with customer data. We understand that appropriately managing and preserving this information is an important social responsibility that the MEDIPAL Group bears. Recent years have seen an increase in cybersecurity threats, including ransomware and supply chain attacks. In response to this, in addition to hard countermeasures such as those implemented in our systems, we are focusing on improving soft measures such as education for employees in the handling of data. We are thus striving to more thoroughly manage information through the implementation of countermeasures made up of both such hard and soft approaches.

Policies and Systems

As a standard for information management, the MEDIPAL Group has established a Group-wide Information Security Policy. To ensure rigorous information management, we have set up an Information Management Committee headed by the Chief Information Officer (Representative Director, President and CEO) and have advanced investigations into initiatives beginning with stronger cybersecurity measures. We have also created a company-wide internal management system of managers and officers deployed in each Group company and section.

Education System

The MEDIPAL Group considers the awareness of each and every employee who handles information to be the most critical element of information management. Based on this idea, we conduct information security training twice a year via an e-learning platform to remind employees about information management and raise their awareness of security. Additionally, through trainings at different levels of the organization, we have conducted training to promote proper handling of data based on internal rules targeting new employees and management. Furthermore, we are working to improve data collection and analyze the risk related to information security, drawing the attention of employees to phishing emails and other methods of targeted attack as necessary, and ensuring thorough awareness of information security at all workplaces.

Countermeasures to Prevent Data Leaks and Data Falsification

We are working to prevent fraudulent use of systems and impersonation by thoroughly minimizing access permissions and by introducing two-factor authentication when logging into PCs, in order to prevent data leaks and data falsification stemming from unintended operations or mistakes within organizations, or from acts of fraud. We are logging operational history to enable tracking of suspicious operations on PCs, preventing access to suspicious websites and implementing detection and automatic removal of suspicious devices. By using biometric authentication and encrypting stored data on mobile devices, we have ensured data safety. As a measure to prevent mistaken sending of emails, we not only perform automatic inspection of emails contents, but we have also made it so that approval from a superior is required under certain circumstances, to thoroughly prevent mistaken transmissions.

Examples of Countermeasures to Prevent Data Leaks and Data Falsification

PC

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

Mobile devices

- Biometric authentication and encryption of stored data
- Automatic inspection of sent content (prevention of mistaken transmissions)
- Approval by superiors under special conditions (prevention of mistaken transmissions)

Cyberattack and Fraudulent Access Prevention

In order to protect data assets from external threats such as cyberattacks, fraudulent access and malware infection, we are defending against unauthorized access through means such as the installation of firewalls, and the use of secure remote access limited to the connection source PC.

We have also implemented EDR[1] as a malware countermeasure on all PCs and servers, and have made it possible to respond quickly in the early stages of an attack through real-time monitoring and detection of suspicious system operations. Additionally, we have also improved our filtering system for suspicious emails.

We also conduct monitoring in partnership with an external SOC[2] and using a 24-hour monitoring system, enabling us to both ascertain the signs of an attack as soon as possible and to determine the scope of any impacts when an incident occurs, and to quickly perform initial responses through, for example, isolation of PCs. We thus work to minimize damage and quickly restore systems.

Examples of Cyberattack and Fraudulent Access Prevention

- Installing firewalls
- Setting up secure remote access limited to the connection source PC
- Introducing EDR as a malware countermeasure on all PCs and servers
- Linking to external SOC and performing 24-hour monitoring
- Development of CSIRT[3] at Group companies including four prescription pharmaceutical wholesale business companies

1. Security technology that monitors the status of PCs and servers (endpoints) and the content of transmissions, and notifies administrators if irregular or suspicious activity occurs, and then blocks such activity
2. A specialist team that provides 24-hour, 365-day-a-year monitoring of a company's or organization's networks or systems, gathering and analyzing logs, and proposing and executing countermeasures when incidents occur
3. An abbreviation for Computer Security Incident Response Team. A system to prevent the spread of damage by promptly reporting internally and externally and by requesting investigations from specialized organizations