Management Philosophy and Mission

The MEDIPAL Group undertakes the role of delivering necessary products and connecting those who make products and those who eagerly await those products, as a company supporting the consistent distribution of "Pharmaceuticals, Health, and Beauty." We further attempt various innovations, such as developing and fostering businesses that have high value for society, while also pursuing and realizing logistics that are without waste and resilient even in emergencies, in order to optimize our supply chains overall. We will continue to evolve in line with our management philosophy of "Contributing to people's health and the advancement of society through creation of value in distribution" as a wholesaler that provides valuable, safe, and secure distribution that can meet the needs of communities and our stakeholders, regardless of the era.

Company Logo

The logo design represents people holding hands and harmony, which symbolize cooperation, coexistence, and the strength to live. It also expresses that MEDIPAL is a company that grows with customers and business partners, expands broadly, and respects people.

Management Philosophy

Contributing to people's health and the advancement of society through creation of value in distribution

Management Policy

1. Create a vitalized corporate culture to make the MEDIPAL Group trusted by society
2. Raise shareholder value and ensure thorough legal compliance
3. Faithfully create a free and open-minded corporate culture and train creative personnel

Guiding Principle for Business Activities

Engaging in fair competition based on a spirit of observing regulatory compliance elevates the quality level of all employees and induces change in the company, which will lead to the delight of customers and further enhancement of corporate value.

Sustainability Policy

Connecting to the Future with Energy and Brightness

Business Fields

"Pharmaceuticals, Health, and Beauty"



Prescription Pharmaceutical Wholesale Business



Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business



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





History of Value Creation From Our Distribution Roots to the Future of Pharmaceuticals, Health, and Beauty

The strong foundation we have built as a wholesaler is the result of many years of steady effort and continuous challenge.
By transforming each steady step into lasting value and driving meaningful innovation, we are shaping the future of "Pharmaceuticals, Health, and Beauty."

	2000–	2005–	2009–	2011–	2019–	2022–	2025–
Social Trends	• **Start of the Long-Term Nursing Care Insurance System**	• **Transition to a prevention-focused system due to revision of the Long-Term Care Insurance Act**	• **Effects of the Global Financial Crisis** • **Spread of novel influenza virus**	• **Great East Japan Earthquake** • **Review of disaster prevention and energy policies**	• **Implementation of the Work Style Reform Act** • **Spread of COVID-19**	• **Promotion of reskilling** • **Development and improvement of digital personnel**	• **Heightened tensions in the Middle East** • **Full-scale adoption of digital technologies, including AI** • **Structural demographic changes beyond the 2025 Problem**
Social Issues	• Sustainability of the pension, medical and insurance systems • Increase in chronic and lifestyle-related diseases	• Securing medical personnel and regional medicine system • Combining limiting medical costs and high-quality medical care	• Employment anxieties and increase in non-regular employees • Novel influenza countermeasures • Doctor shortages and overwork of hospital doctors • Increase in medical costs and financial pressures	• Reconstructing medical and welfare systems in disaster-struck regions • Unmasking fragilities in medical infrastructure during disasters	• Limiting medical costs • Promoting medical ICT (online diagnosis, etc.) • Promoting preventive medicine	• Pressure on medical settings and overwork of medical personnel • Preparation of vaccine systems • Continuation of countermeasures for COVID-19 • DX (digitalization of medicine)	• The emergence of the logistics crisis and the need to rebuild sustainable supply chains • Persistent geopolitical risks and supply chain vulnerabilities • Growing physical risks and increasingly severe natural disasters caused by climate change

2014– ***Change the 卸***

1898 Founded

Opened Kumada Sanseido Pharmacy in Kobe City

2000– Formation of nationwide distribution network

Starting with KURAYA SANSEIDO Inc.,[1] built a distribution platform covering all regions of Japan through business integration and business alliances

2005– Expanded business fields to "Pharmaceuticals, Health, and Beauty"

With the addition of PALTAC CORPORATION, [1] established a wholesaler group providing a wide range of support for healthy lives, including cosmetics and daily necessities

2009– Business innovation

While promoting the nationwide establishment of ALCs,* improved sales functions by increasing the number of ARs* and through other measures

2011– Creating new value through new businesses

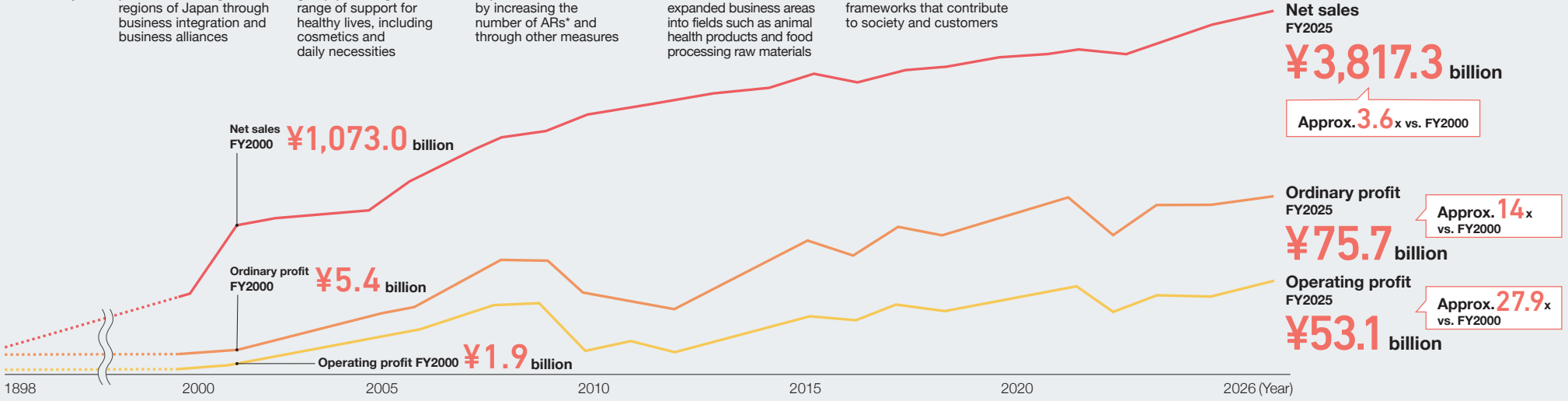
Developed new businesses such as PFM®,* leveraging nationwide infrastructure and human resources. Also expanded business areas into fields such as animal health products and food processing raw materials

2019– Expanding new businesses and establishing business partnerships

Concluded partnerships with companies in various fields, while expanding new businesses. Built new frameworks that contribute to society and customers

2022– Growing through business portfolio prioritizations and collaboration with partners

Formulated the 2027 MEDIPAL Medium-Term Vision and began working to achieve our ideal situation



1. Corporate names are shown as they were at the indicated date

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

MEDIPAL Group Overview

Consolidated net sales
¥3,817.3 billion

Consolidated operating profit
¥53.1 billion

Consolidated ordinary profit
¥75.7 billion

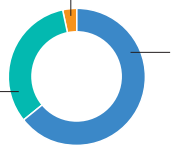
Number of consolidated subsidiaries
19

Number of consolidated employees
13,024[1, 2]

Number of locations overall
575

Number of years since foundation
128

Breakdown of consolidated net sales

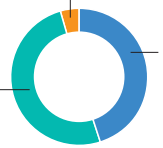


Animal Health Products and Food Processing Raw Materials Wholesale and Related Business
3.1[3]% ¥117.3 billion

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business
32.4[3]% ¥1,237.8 billion

Prescription Pharmaceutical Wholesale Business
64.6[3]% ¥2,466.1 billion

Breakdown of consolidated operating profit



Animal Health Products and Food Processing Raw Materials Wholesale and Related Business
4.4[3]% ¥2.3 billion

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business
49.7[3]% ¥26.4 billion

Prescription Pharmaceutical Wholesale Business
45.7[3]% ¥24.2 billion

Prescription Pharmaceutical Wholesale Business

The Prescription Pharmaceutical Wholesale Business procures not only prescription pharmaceuticals but also healthcare products related to diagnostics, testing, treatment, and administration, including medical equipment, tools and clinical materials, and clinical diagnostic reagents for use from the presymptomatic stage. We utilize our distribution network, particularly our state-of-the-art ALCs* located at 14 sites across the country, to provide a stable supply of medical products to hospitals, clinics, and dispensing pharmacies and so on. We have also developed systems to support not only our customers but all pharmaceutical manufacturers, including a team of more than approximately 2,000 ARs* who have obtained MR* certification.

Consolidated Company Names:
MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., TOSHICHI CO., LTD., SPLine Corporation, MM CORPORATION, ASTEC Co., Ltd., MEDIE Co., Ltd., PreMedica Inc., FloraDiscovery Inc., MIC CO., LTD., Medipal Insurance Service Co., Ltd., PRESUSCUBE Corporation, MEDISKET CORPORATION

Products and Services:
Prescription pharmaceuticals, medical equipment, tools and clinical materials, and clinical diagnostic reagents, etc.

Number of Employees 9,667[2]

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

We have built a position as Japan's number-one wholesaler delivering daily necessities. Currently, our Company procures approximately 50,000 types of products from approximately 1,000 companies, and has established a nationwide sales network comprising almost all the main retailers (approximately 400 companies), focused on drugstores, in an effort to optimize and increase the efficiency of the entire supply chain. In these times of dramatic change, we will deepen and evolve our "power of connections" as an intermediary distributor and will strive to innovate in distribution so that we can continue to create abundant and comfortable lives for all consumers through distribution.

Consolidated Company Name:
PALTAC CORPORATION

Products and Services:
Cosmetics, Daily Necessities and OTC pharmaceuticals

Number of Employees: 2,363[2]

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

The Animal Health Products Wholesale Business has built the only domestic national-scale logistics network and sales system as a wide-area distributor. We have developed 33 sales branches and five logistics centers nationally. We use this platform to supply a wide range of products for the fisheries, livestock, and companion animal[4] markets, including animal health products, supplements, feed additives, and medical equipment, tools and clinical materials, and, together with Cygni Corporation, which operates an e-commerce business in the companion animal field, we will further strengthen our industry-leading sales performance. The Food Processing Raw Materials Wholesale and Related Business is involved in the manufacture, processing, sale, imports, and exports of products including food ingredients and additives, pharmaceutical excipients, and the raw materials used in personal care products, coatings, industrial materials and electronic materials, and has the functions of a R&D type manufacturer and specialized trading company. With high-quality standards and information provision capabilities as our strengths, we make it our mission to provide products that have the value of contributing to society.

Consolidated Company Names:
MP AGRO CO., LTD., Cygni Holdings, Inc.,[5] Cygni Corporation (Animal Health Products Wholesale Business)
MP Gokyo Food & Chemical Co., Ltd. (Food Processing Raw Materials Wholesale and Related Business)

Products and Services:
Animal health products, food processing raw materials, food raw materials and additives, chemical product inputs, etc.

Number of Employees: 796[2]

1. This figure includes employees of the holding company, MEDIPAL HOLDINGS CORPORATION.
2. Number of employees refers to the number of persons employed, and does not include directors who also hold employee positions.
3. The total does not add up to 100% because inter-segment transactions, etc. have been eliminated from the calculation.
4. An animal that has a companion-like presence and a close relationship with humans in daily life
5. On January 30, 2026, MP AGRO CO., LTD. acquired all shares of Cygni Holdings, Inc., making it a consolidated subsidiary of the Company. On the same date, Cygni Corporation, a consolidated subsidiary of Cygni Holdings, Inc., also became a consolidated subsidiary of the Company.

* Please refer to page 75 for explanations of technical terms

President's Message



Shuichi Watanabe
Representative Director, President and CEO
MEDIPAL HOLDINGS CORPORATION

Beyond "Change the *Oroshi* Forever": The Challenge of Leveraging Our Strengths in Distribution to Go Beyond the Bounds of Distribution

Q What are the key beliefs and mission that you have valued since the establishment of the MEDIPAL Group?

In short it is the management philosophy of "contributing to people's health and the advancement of society through creation of value in distribution." We are responsible for a business that plays an important public role, delivering medicines and daily necessities that are essential to people's lives and healthy living. You could say that our strongest belief has remained unchanged across every era, that is, a commitment to continuing to fulfill the important mission of **providing social infrastructure that supports people's day-to-day living whether in emergencies or in ordinary times, without fail.**

Two events brought this idea sharply to the fore for me.

The first was the Great Hanshin-Awaji Earthquake of 1995. Even as they were experiencing the earthquake, our employees looked forward and thought only what our role as wholesalers should be and what we should do, quickly managing to maintain our provisioning activities. This could be said to be the incident that was at the start of our emergency response work.

The second was the distribution center system failure that occurred in 2004, the year I became president of MEDICEO CORPORATION. We were in a situation where we could see the products in front of us, but we were unable to deliver them, causing serious problems for our clients. This made me keenly feel the importance of being able to "reliably deliver the product needed, in just the amount needed."

Learning from these experiences, we are conscious of preventing risks in advance and have refined functions that enable business continuity. These efforts have led to the development of today's resilient corporate group systems.

Q As the business environment surrounding the industry changes dramatically, what is behind the history of pioneering and transformative efforts unique to MEDIPAL, as well as its constant innovation?

The environment surrounding our business is undergoing structural change in the form of Japan's aging society and declining birthrates, labor shortages, distribution issues and increasing costs of social security. Amid all this, we are pursuing sustainable growth as part of the "2027 MEDIPAL Medium-Term Vision: Change the *Oroshi* Forever—Constant Innovation."

We are advancing five growth strategies ("Expansion of Overseas Business," "Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business," "Enhancement of the Business with and in Digital," "Building Sustainable Logistics Business," and "Value Co-creation in Community Healthcare"), each of which is steadily delivering results. Specifically, we have established a business model for investing from the research and development phase of prescription pharmaceuticals through our partnership with JCR Pharmaceuticals Co., Ltd. We have also realized a new form of distribution termed "sharing logistics" through the establishment of MEDISKET CORPORATION. In addition, we are accelerating the expansion of the scope of our business activities by newly adding to our group PreMedica Inc., which is accelerating its business in the fields of preventive medicine and pre-disease, MP Gokyo Food & Chemical Co., Ltd., which is leading growth in the agro and food domains, and Cygni Corporation, which has strong business know-how in the companion animal[1] market.

As we head into a new era, the same ideas and ways of doing things with which we have grown as a pharmaceutical wholesaler in the past will not be enough to see us through. That is why we have to get ahead of change, and forge the path ahead by continuing to take on bold challenges and make proactive investments. While change takes time, we foresee that all of the growth strategy **initiatives that we are currently advancing will contribute to greater revenue in the medium to long-term.**

Q Could you tell us about the strategic aims behind the decision to convert PALTAC CORPORATION into a wholly-owned subsidiary through a takeover bid?

PALTAC CORPORATION has built up a solid position as the domestic number one wholesaler delivering daily necessities in the form of cosmetics, everyday goods, and OTC pharmaceuticals in the fields of "Beauty and Health." To date, PALTAC has developed its own business as a listed company. Today, however, the business environment we find ourselves in is changing at an unprecedented pace, as we face things like an aging society and increased consumer interest in prevention and pre-disease. Treating this change as an opportunity, we decided to convert PALTAC to a wholly-owned subsidiary in order to maximize the degree of contribution we could make as a whole group in healthcare.

As the focus of healthcare and nursing shifts to local communities and the home, we are combining PALTAC's strong distribution productivity with MEDIPAL's exacting quality management know-how to create a unique "healthcare distribution platform." By concentrating all the functions and personnel of both companies, we aim to create a sustainable and efficient new supply system that supports the lives of consumers all the way from treatment to prevention and day-to-day health. We believe that the unified group management brought about by converting PALTAC to a wholly-owned subsidiary is the realization of the "Change the *Oroshi*" vision that we have pursued for over 10 years. We have gone from being a collection of individual companies to being **a resilient corporate group that works together to support consumers across a variety of contexts, seamlessly providing value across the fields of "Pharmaceuticals, Health, and Beauty."**

Q What sort of talent development are you engaging in and what sort of corporate culture are you fostering in order to continue to innovate?

Key to driving business model transformation and forging a path to the future is talent.

We believe that the basis of healthcare is the connections between people, and that

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

this is made up of real contact points. Without the thoughtfulness that is essential as a human being, our business would come to nothing. In that sense, you could say that **what we deliver is not just products, but is in fact something that comes one step earlier, the thoughts and feelings of each and every one of our employees, who wish to give patients and consumers a healthier life.** MEDIPAL needs employees who think for themselves how to solve the challenges our clients face, and can take action to achieve that. We are thus making efforts to develop "future-oriented human resources" who can see through to what matters about issues, independently ask questions and resolutely take action.

We also think it is important for leadership to engage in constant dialogue with employees. I think **people at the top conveying to the organization as a whole what they intend by talking directly about their ideas and by showing this through their actions is what makes a culture take root wherein people take action on challenges without fear of change or failure.**

My hope is that all of the employees brought together in the MEDIPAL Group will make this a company where they can find joy in what they do by working with the pride and belief that they themselves are supporting important social infrastructure. Each day I see our employees dealing sincerely with clients to address issues, and employees sharing knowledge with one another for solving such issues in workplaces where all kinds of challenges come up. We call the ways our employees support people's healthy living and the ways our group companies expand, support and connect "Pharmaceuticals, Health, and Beauty" through their respective businesses an "Orchestra in Support of People's Health." Refining each person's timbre (i.e., evolving their individuality), and combining this together (i.e., evolving organizations) acts as a starting point for innovation. We believe that this serves as an important foundation for corporate growth.

Q Could you tell us about your approach to sustainable growth and sustainability management?

Continuing to provide society with uninterrupted distribution from upstream to downstream is itself the core of the sustainability that the Group should fulfill. We are driving optimization across the entire supply chain by, for example, reducing greenhouse gas emissions and promoting joint delivery, in order to combine solving social challenges with group growth.



Such social initiatives are naturally not something that the Group can do alone. Key here will be the spirit of prosperous coexistence. An attitude of working together with our clients and with partner companies who share our aspirations so that society as a whole can prosper is what will create a sustainable future.

The major assumption underpinning this coprosperity and coexistence is the firm trust of society. We have made it clear to employees that our fundamental orientation as a company is that compliance is what gains the trust of society. No matter the situation, we will preserve this as an unshakeable axis of management.

Q Could you tell us about your approach to capital policies and shareholder returns?

The MEDIPAL Group is currently in a phase where we are proactively investing in new

businesses in order to ensure sustainable growth amid a rapidly changing environment. Given this context, we are striving for sustainable growth and to maximize corporate value as a company through business and financial activities that combine increased ROE and reduced cost of capital, based on the basic capital policy.

We position distributing profits to shareholders as one of the key issues for management. In response to this, we are flexibly buying back and cancelling our own stock with the aim of improving capital efficiency and further returning profits to shareholders, while carefully examining capital demand overall, as well as, in principle, steadily maintaining and improving our payout ratio.

Based on this approach, **we have revised upward our dividend forecasts in order to further increase our returns to shareholders taking into account our future financial situation, as a result of coming to expect an increase in the Group profit levels in connection with the conversion of PALTAC CORPORATION to a wholly-owned subsidiary.** Going forward, we will continue to strive to meet shareholder expectations through profit growth driven by business growth and by implementing appropriate capital policies. (See P.51 for details.)



Q What role will the MEDIPAL Group evolve to play in society through history to date and the many transformations it has gone through? Could you tell us about the outlook going forward?

People should envision a big, exciting dream and get straight to realizing their ideas. The conviction you have at the start should see you though, even as you make revisions from a variety of angles in response to various challenges. I feel this is where MEDIPAL finds itself today.

Our slogan, "Change the *Oroshi*," represents the **challenge of "leveraging our strengths in distribution to go beyond the bounds of distribution"** while fulfilling our role as social infrastructure. This is something no one has achieved thus far, so it is a difficult undertaking, but by sowing the seeds of a variety of businesses in the form of investment, and by having high quality talent carefully gather and cultivate knowledge, we are getting a real sense that the scope of our business and the way we work is changing. We believe that driving this transformation will lead us to evolve into a corporate group that serves even more people, and we hope to continue to pursue this course that we have charted.

I hope we can continue to enjoy the constant support of all our stakeholders in these endeavors.

Special Feature

Conversion of PALTAC CORPORATION into a Wholly-Owned Subsidiary

The MEDIPAL Group conducted a tender offer for the shares of PALTAC CORPORATION and completed it on July 7, 2026.
Subsequently, we made the company our wholly-owned subsidiary[1] through a squeeze-out procedure.
As structural changes to the business environment are gathering pace, we will evolve from a conventional distribution model into a new sustainable supply system as social infrastructure by making unified use of group management resources, delivering seamless value in the fields of "Pharmaceuticals, Health, and Beauty."

PALTAC CORPORATION

Established: 1898
Business: Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business

Business foundations
- Ongoing business relationships with retailers and manufacturers
- Japan-wide distribution network

PALTAC CORPORATION has established a solid position as a leading company in the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business thanks to its strong customer base and ability to make exceptional consumer offerings in the industry.

Structural changes to the business environment

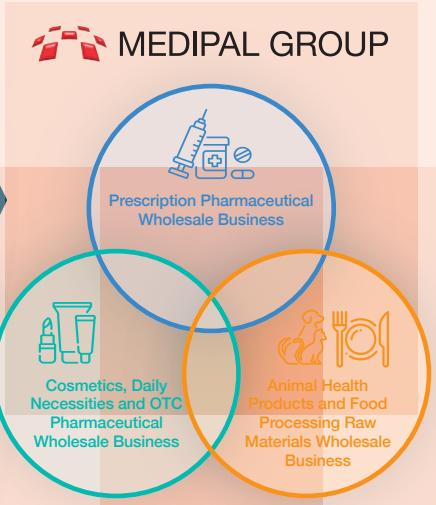
Integration of healthcare and everyday living resulting from shifting of the focus of healthcare and nursing care to local communities and the home due to an aging society

Severe labor shortages and logistics cost increases

Changes in the needs of business partners due to accelerating consolidation in the retail sector

Purpose of conversion to a wholly-owned subsidiary

Making unified use of group management resources



The synergies we expect to achieve

Improving capacity to offer solutions to business partners and consumers

Building a next-generation distribution model and expanding offering domains

Enhancing data-informed business operations

Improving human resources platforms through personnel exchanges





Becoming a whole that is more than just a collection of companies

A resilient corporate group that supports "all aspects of daily life"

As a result of recognizing profit attributable to non-controlling interests in PALTAC CORPORATION, we expect positive impacts on profit, EPS, and ROE.





1. PALTAC CORPORATION was founded in December 1898. In October 2005, it integrated with the predecessor company of MEDIPAL HOLDINGS CORPORATION, and became a wholly-owned subsidiary. Subsequently, it secured independence and relisted on the stock exchange in March 2010 with the aim of developing independent fundraising structures and increasing its corporate value.

Vice President's Message



Forging a Path to the Future with Inherited Values and Evolving Challenges

The MEDIPAL Group is currently on a journey in pursuit of a new and unprecedented vision of distribution. Our history of growth runs long and deep. In the 128th year since our founding, what we have always valued is the idea embedded in our management philosophy of "contributing to people's health and the advancement of society through creation of value in distribution." The connections and relationships with our business partners fostered over many long years, and the unshakeable relationships of trust we have developed—these are the basics that we pass on across every generation of the business. Even as we have done so, we have innovated by pursuing essence of "what it means to engage in distribution," and thus built up social infrastructure that delivers what is needed, in the amount needed, reliably.

To sustain people's healthy lives, as is their most invaluable hope, on the foundations of this strong social infrastructure, we need to protect what should be protected in our business style, while changing what needs to be changed. Since 2014, we have been taking on the challenge we put forward in our "Change the Oroshi" vision, which seeks to chart a course for future growth, though the history of these efforts is still young.

Today there remain many unmet needs in the medical and healthcare fields such as the need to establish treatments for rare diseases, the need for efforts to support early diagnosis of diseases, and the need for preventative care. We seek to turn our attention to these areas and deliver to society the creation of functions that will increase the value of health and medicine. Our happiness is being able to bring smiles to as many people as possible through our business.

Creating such new value and changing the nature of our traditional business and work is no easy task. This makes them precisely our great challenges for the future. To meet these challenges, we are concentrating the overall capacities of the Group as a whole, and leveraging our management resources in a united manner. We are driving the increased fluidity of our talent and functions spanning the bounds of companies and businesses by, for example, integrating distribution functions by converting PALTAC CORPORATION into a wholly-owned subsidiary, growing and expanding our AGRO & FOOD business, and improving coordination with our partner companies.

In the coming financial year, we will build a new vision for the business and chart a course to the future. Cherishing our history and the spirit of taking on challenges, we are forging ahead ceaselessly towards the next stage in sustainable growth for the Group.

Yasuhiro Choufuku
Representative Director, Vice President
MEDIPAL HOLDINGS CORPORATION