Value Creation Process —A Process for Maximizing Corporate Value and Moving Forward Together with Stakeholders—

The mission of the MEDIPAL Group is to act as social infrastructure supporting people's lives and healthy living in the fields of "Pharmaceuticals, Health, and Beauty." Driven by the strong network and diverse forms of capital we have cultivated, we are creating uniquely MEDIPAL value in distribution and advancing solutions to social challenges. We aim to improve our corporate value and realize a sustainable society in collaboration with all our stakeholders by reinvesting the products of those efforts into enhancements to the consistent provision of products and further innovation.

Reinvestment of Management Resources

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

Ideal Situation
Expand, Support, and Connect "Pharmaceuticals, Health, and Beauty," an Orchestra in Support of People's Health

External Environment

Society-wide changes
- Declining population and the birthrate coupled with an aging population
- Expansion of social welfare spending
- Worsening environmental issues
- Promotion of innovation
- Advancement of digital technology
- Accelerating use of data
- Changes in consumption behavior
- Surge in prices
- Foreign exchange fluctuations
- Cost increases, enduring high costs
- More frequent severe natural disasters caused by climate change
- Increased geopolitical risks

Changes in the business fields of "Pharmaceuticals, Health, and Beauty"
- Changes in the structure of medical and nursing care due to the aging of society
- Growing needs for extending healthy life expectancy
- Expansion of the area of testing for prevention and pre-disease
- Growing needs to address environmental impact
- Advanced logistics and efficiency improvements
- Growing needs for personalization

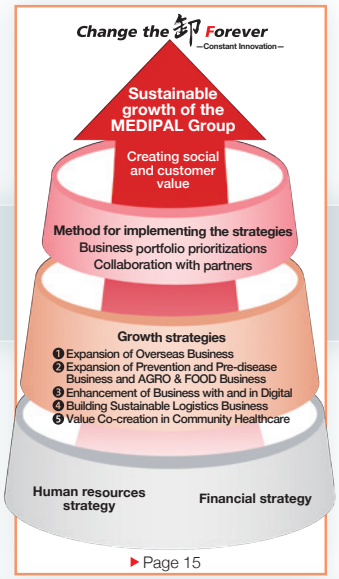
INPUT

- **Human capital** ▶ Page 31
- **Distribution facilities capital** ▶ Page 39
- **Intellectual capital** ▶ Page 42
- **Social and relationship capital** ▶ Page 45
- **Financial capital** ▶ Page 49
- **Natural capital** ▶ Page 52

MEDIPAL Group Business

Strengths
- Diverse human resources, embodying our management philosophy
- Nationwide network of distribution bases with advanced functions
- Expertise in optimizing distribution
- Knowledge cultivated in new businesses
- Group synergies

2027 MEDIPAL Medium-Term Vision



▶ Page 15

OUTPUT

Delivering sustainable logistics
- Delivering stable logistics through a nationwide logistics platform
- Providing new logistics solutions to resolve social issues

Providing solutions for customer problems
- Original support system linked to distribution functions
- Original community-oriented solutions
- Providing solutions that optimize the supply chain and improve efficiency
- Retail solutions to meet customer needs

Providing proper information
- Providing proper information by diverse and specialized human resources

Providing solutions in new fields
- Groundbreaking new drugs for rare diseases launched overseas
- Innovation in prevention and pre-disease fields
- Expanding new R&D-driven solutions in the AGRO & FOOD business

OUTCOME

Customers
- Optimization of supply chain
- Improved management efficiency
- Delivery of high-quality medical care
- Ensure complete traceability

Patients and consumers
- Safe and secure medical care
- Physical and mental well-being
- A rich and comfortable life

Employees
- An employee-friendly workplace
- Application of skills and capabilities by all employees
- Improvement in creativity and engagement
- Achieving employee well-being

Society and environment
- Extension of healthy life expectancy
- A lively and vibrant society
- Female participation in society
- Child-rearing-friendly environment
- Reduction of environmental impact

Shareholders and investors
- Maximization of corporate value
- Stable shareholder returns

Suppliers and partners
- Product dissemination
- Expansion of customer base
- Enhancing logistics sophistication and efficiency
- Expansion of product and service lineup
- Promotion of innovation
- Growth by start-up companies

Location
- Enhancement of local medical care
- Development of integrated community care system
- Enhancement of disease prevention
- Improvement of measures to address pre-disease

SDGs



Material Sustainability Tasks (Materiality) ▶ Page 27

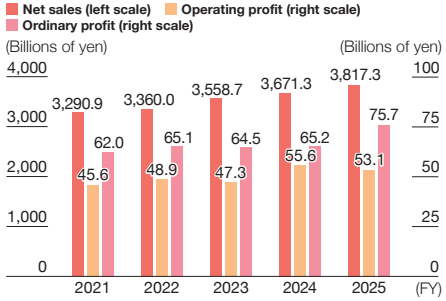
Sustainability Policy ▶ Page 27

Corporate Governance ▶ Page 61

Financial and Non-Financial Highlights

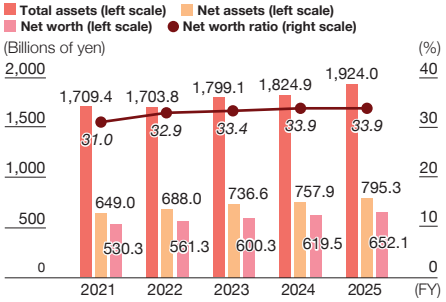
Financial Highlights

Net Sales / Operating Profit / Ordinary Profit



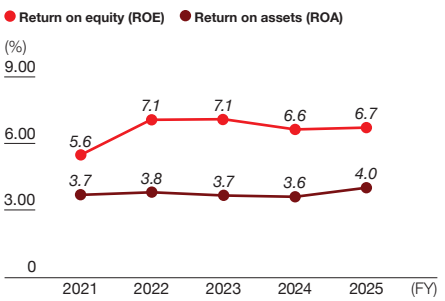
Net sales increased 4.0%, and ordinary profit increased 16.0%, both of which represent new record highs. Operating profit declined 4.4%, but this change represents business investments aimed at future growth. Excluding growth investment and other factors, operating profit rose 0.9%.

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



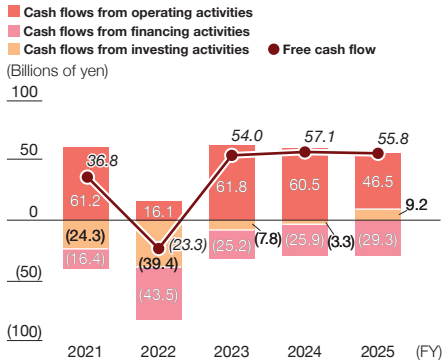
Total assets increased by approximately ¥97.0 billion due mainly to increases in cash and deposits and trade receivables. Net assets increased by approximately ¥37.4 billion, and net worth increased by approximately ¥32.6 billion due mainly to the accumulation of retained earnings and the revaluation of listed stocks associated with rising share prices.

ROE / ROA



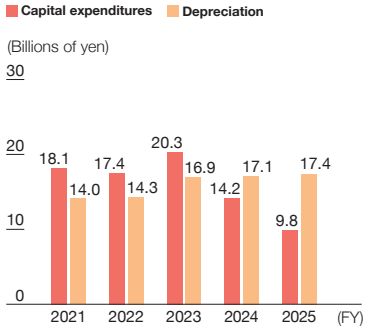
ROE is slightly up from the previous fiscal year in line with an increase in profit attributable to owners of parent. ROA is up from the previous fiscal year in line with an increase in ordinary profit.

Cash Flows



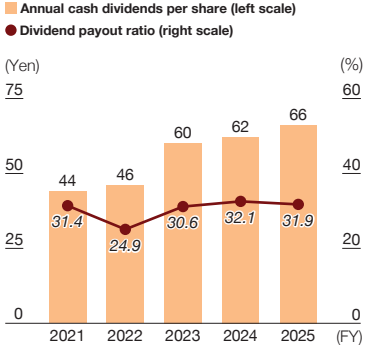
Net cash provided by operating activities was ¥46.5 billion thanks to increases in profit before income taxes and trade payables. Net cash provided by investing activities reached ¥9.2 billion due to the sale of investment securities. Net cash used in financing activities came to ¥29.3 billion.

Capital Expenditures / Depreciation



A total of ¥9.8 billion was invested aiming for further strengthening and improving the efficiency of distribution functions, which included capital expenditures for construction and upgrading of distribution centers, etc., and system investments.

Annual Cash Dividends per Share / Dividend Payout Ratio

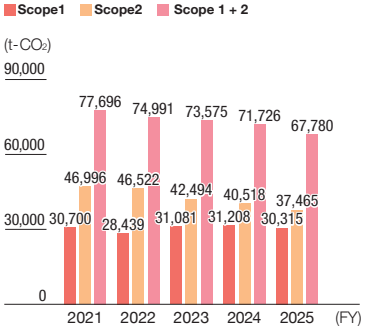


Annual dividends increased by ¥4 per share year on year to ¥66 per share, resulting in a dividend payout ratio of 31.9%. Approximately ¥8 billion in treasury shares were also repurchased and canceled.

Non-Financial Highlights

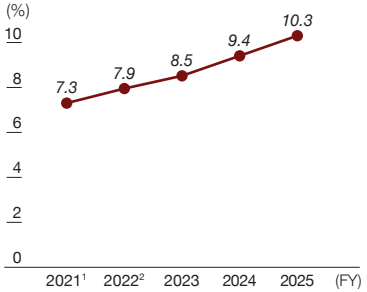
Target Companies: MEDIPAL HOLDINGS CORPORATION and Consolidated Subsidiaries

Greenhouse Gas Emissions (Company Emissions Only)



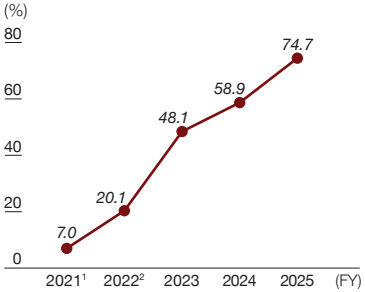
The introduction of hybrid vehicles and electric vehicles, installation of solar panels, and switching to environmentally-friendly electricity contributed to reducing the total for Scope 1 and 2 emissions by 17.9% year on year.

Percentage of Female Employees in Management Positions



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

Percentage of Male Employees Taking Childcare Leave



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

1. MEDIPAL HOLDINGS CORPORATION, MEDICEO CORPORATION, EVERLTH Co., Ltd., ATOL CO., LTD., MM CORPORATION, PALTAC CORPORATION, MP AGRO CO., LTD., and MEDIPAL FOODS CORPORATION
2. In addition to target companies for FY2021 as described in 1 above, MEDISKET CORPORATION and MP Gokyo Food & Chemical Co., Ltd.

Message from the Director in Charge of Business Development



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

Seeking to Realize Value Creation in New Domains through Active Growth Investment and Improve Our Uniquely MEDIPAL Corporate Value

Actively Engaging in Growth Investment Even as We Strengthen Our Existing Businesses

The MEDIPAL Group has three business segments, which take on the role of social infrastructure supporting the health and lifestyles of people through the distribution of prescription pharmaceuticals, cosmetics, daily necessities, animal health products and raw materials for food processing. At present, these businesses serve as the Group's business foundations, generating steady cashflows. Going forward, we are actively investing in people and facilities so that we can provide still greater value to society. With the domestic Japanese market in an advanced state of maturity, however, we believe that realizing the same sort of growth that we have in the past through our existing businesses alone will not be feasible. For the MEDIPAL Group to achieve sustained growth as a group amid such a business environment, we believe that it is important for us to strengthen new drug development for patients with rare diseases and to engage in active investment into our Animal Health Products and Food Processing Raw Materials Wholesale and Related Business, even as we deepen our existing infrastructure in the form of our distribution network, which serves as the Group's strength, thereby diversifying our business portfolio.

The earnings structure of the prescription pharmaceutical wholesale industry is currently in the midst of a major transition period. Previously, revenue was generated through distribution and retail promotion functions in the field of primary care for lifestyle-related diseases. However, new drug development in this area has reached a turning point, with pharmaceuticals the patents for which have expired transitioning towards being generic drugs. At the same time, R&D at pharmaceutical companies is shifting towards specialty fields such as antibody drugs. This means that the market is becoming increasingly two-track, organized around specialty drugs on the one hand and generics on the other.

In response to these changes, the Group is making the most of our logistics capital, human capital and financial capital to advance our businesses developing drugs for ultra-rare diseases as a new business model.

Developing group businesses through greater use of our existing infrastructure in this way serves as the basic concept underpinning how we will improve the Group's breadth and depth.

Our Efforts Across Specialty and Generic Drugs

In a Japanese prescription pharmaceutical market increasingly organized around the twin poles of generic and specialty drugs, the MEDIPAL Group is securing profitability in the specialty drug domain through our unique PFM® business model. PFM® represents a system in which we invest in development-stage pharmaceuticals and share the risk of development with manufacturers or venture firms, then earn a return through exclusive distribution rights and royalties after the drug goes to market. In contrast to a typical investment fund, PFM® lessens the royalty burden on the investee by adding a distribution revenue component, and allows the use of the national Area Logistics Centers (ALC*). This initiative has now been running for over 12 years, and now boasts 14 pharmaceuticals in use in clinical settings.

In the generics field, the Group has also invested into AND PHARMA Co., Ltd., which holds shares in three Japanese generic pharmaceuticals manufacturers, and we are working to realize streamlined manufacturing and logistics by coordinating the firms under its aegis.

We are also investing into promising medical DX and biotechnology startups through our CVC fund established in collaboration with SBI Investment Co., Ltd.

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

Adopting Different Approaches Across Asia and the West in Our Overseas Strategy

Our consolidated net sales are on the order of approximately ¥3.8 trillion, but almost all of this is made on the Japanese domestic market. Given that Japan's population will steadily decline in future, it is essential for us to undertake initiatives to create revenue opportunities overseas for the sake of growth.

In Asia, through our comprehensive partnership with Sinopharm Group Co., Ltd., the largest pharmaceutical wholesaler in China, we have made 20% investments in the two Beijing pharmaceutical wholesalers. We are thus steadily collecting cash in the form of dividends while also advancing the deployment of Japanese products to the Chinese market through collaboration with the Sinopharm Group.

In the West, because distribution systems are already well established and newly entering the market as a pharmaceutical wholesaler is impractical, we plan to make progress through the sale of ultra-rare disease medications, which have very low patient numbers and high barriers to entry. At the current moment, we have acquired global rights for three medications for lysosomal storage diseases (LSDs) from JCR Pharmaceuticals Co., Ltd., and we are working on developing these as new medications by conducting clinical trials with a view to releasing them on the market soon. The ultra-rare disease medication development business that we are currently working on is expected to earn even higher profit margins than our legacy wholesale business after these drugs go on sale. At the same time, resolving the unmet medical needs of patients with ultra-rare diseases also embodies the idea of "trying to save as many lives as possible." With our network covering medical institutions nationwide and our roughly 2,000 MR*-certified practitioners, we also believe that this is a business the MEDIPAL Group is well-placed to pursue.

Shifting the Business Portfolio in a Better Direction by Strengthening the AGRO & Food Business

We are also working steadily to strengthen our Animal Health Products and Food Processing Raw Materials Wholesale and Related Business with the aim of diversifying the Group's business portfolio.

In the food domain, we hold the largest share of the Japanese market for naturally-derived food materials (such as thickeners), and we converted MP Gokyo Food & Chemical Co., Ltd., which is also working on global expansion, into a subsidiary in October 2024.

In the animal health products domain, in January 2026, MP AGRO CO., LTD. acquired 100% of the shares of Cygni Holdings, Inc., which itself owns all shares of Cygni Corporation, which operates an e-commerce (EC) business for animal hospitals. Animal health product wholesale is spread across small-scale companies across different regions, so there is presently almost no nationwide wholesaler. We firmly believe that the synergy of MP AGRO CO., LTD., with its strengths in livestock in Hokkaido and Kyushu, and Cygni Corporation, with its strengths in companion animals[1] across the Tokyo metropolitan, Kansai and Chukyo areas has the potential to be a game changer in the industry by expanding and improving sales systems on a nationwide scale. Going forward, we will dedicate our efforts towards continuously improving and expanding each of these businesses.

Becoming a Company That Better Contributes to Society

The Group businesses support people in leading healthy lives, and we feel society's expectations are also extremely high. As the social environment changes and technology develops, society's needs are also diversifying and developing. To properly meet these needs, we not only need to evolve our existing businesses, but also orient ourselves to take on the challenge of creating value in new domains.

The MEDIPAL Group aims to continue to steadily make growth investments that have high social impact across the business fields of "Pharmaceuticals, Health, and Beauty," thus pursuing sustainable growth in corporate value.



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

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

2027 MEDIPAL Medium-Term Vision

Change the 卸 Forever

—Constant Innovation—

Growing through business portfolio prioritizations and collaboration with partners

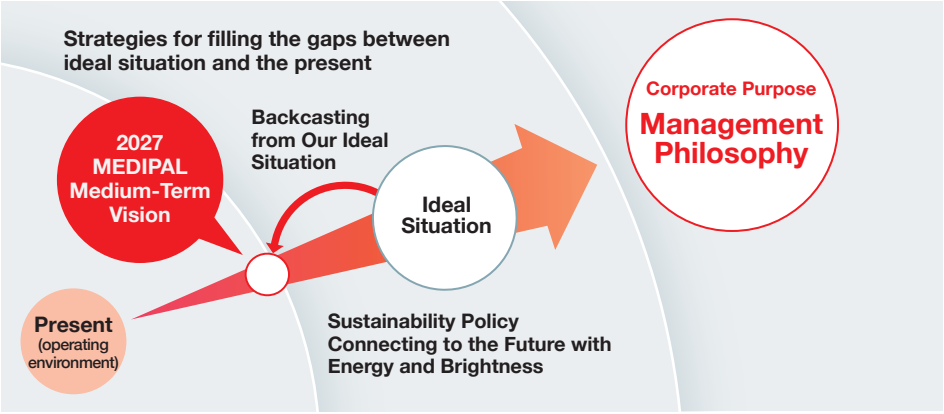
The Medium-Term Vision sets out five growth strategies toward realizing the MEDIPAL Group's "ideal situation," with the foundation supported by our human resource strategy and financial strategy. To realize the vision, the MEDIPAL Group has positioned as priority businesses new businesses, businesses including medical equipment, tools, clinical materials, and reagents, the Animal Health Products Wholesale Business, and the Food Processing Raw Materials Wholesale and Related Business, and is investing management resources into these areas in a concentrated manner. In addition, the Group has designated as core businesses the Prescription Pharmaceutical Wholesale Business and the Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business, and will achieve growth by further improving added value and productivity.

From the foundation of our resilient human resources and financial strategies, we have been firmly pushing forward with our five growth strategies, and this year marks the final year of the vision. We will continue to move forward as a whole group looking ahead to the future.

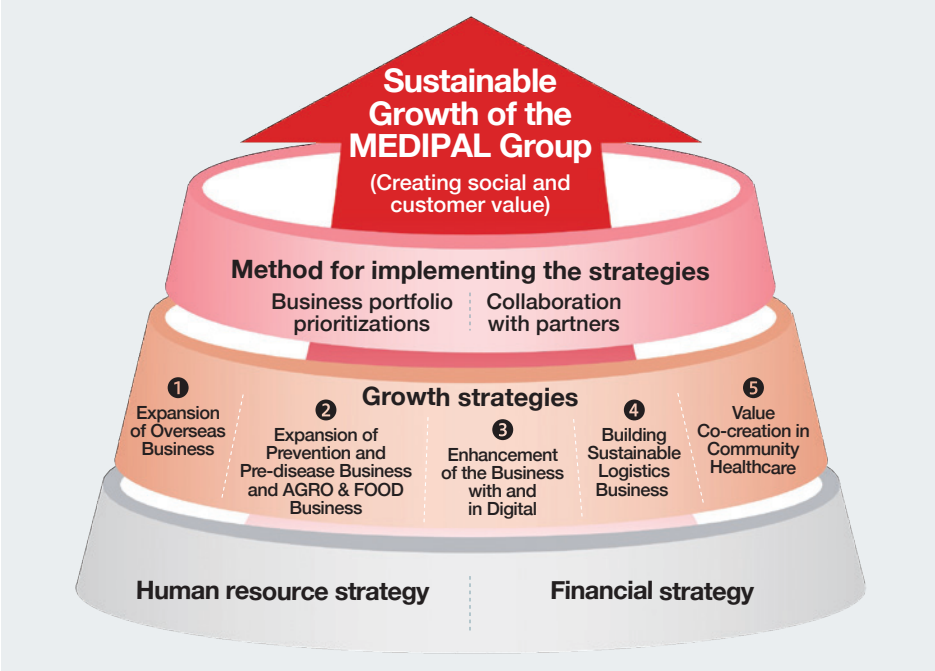
Positioning

The vision outlines strategies to explore various potentials in the business fields of "Pharmaceuticals, Health, and Beauty" in order to realize the MEDIPAL Group's "ideal situation."

Positioning of the 2027 MEDIPAL Medium-Term Vision



Overview of the 2027 MEDIPAL Medium-Term Vision



Key financial targets

Item	Targets for the Fiscal Year Ending March 2027	Results for the Fiscal Year Ended March 2026
Total profitability	ROE: 9%	ROE: 6.7%
	Ordinary profit: ¥100.0 billion	Ordinary profit: ¥75.7 billion
Investment	Investment in growth: ¥100.0 billion (cumulative over five years of the Medium-Term Vision)	Investment in growth: ¥88.0 billion (cumulative over four years of the Medium-Term Vision)
Shareholder returns	Total shareholder return ratio[1]: 40% (cumulative over five years of the Medium-Term Vision)	Total shareholder return ratio[1]: 40.0% (cumulative over four years of the Medium-Term Vision)

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

Overview and Progress of the Growth Strategies

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

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

Growth Strategies	Overview	Main Initiatives
Expansion of Overseas Business	• Developing new global business in collaboration with partners	● Progress in clinical trials for JR-446 and other candidates after entering into an overseas development and commercialization agreement with JCR Pharmaceuticals Co., Ltd. ● Strengthening networks with global rare disease associations and patient advocacy groups, and developing an overseas sales strategy. ◆ Establishment of overseas local subsidiaries (Vietnam, Indonesia) of PALTAC CORPORATION
Expansion of Prevention and Pre-disease Business and AGRO & FOOD Business	Prevention and pre-disease • Expansion into inspection equipment and the oral healthcare business AGRO & FOOD • Manufacture and sales of animal health products and food processing raw materials • Introduction and development of in-house developed products	● Development of testing services, including gut microbiome analysis, through the conversion of PreMedica Inc. into a wholly-owned subsidiary ■ Conversion of MP Gokyo Food & Chemical Co., Ltd. into a wholly-owned subsidiary and business integration with MEDIPAL FOODS CORPORATION => Expansion and strengthening of the food business ■ MP AGRO CO., LTD. acquired all shares of Cygni Holdings, Inc. and Cygni Corporation, and converted them into wholly-owned subsidiaries, thus expanding its business in companion animal[1] products
Enhancement of the Business with and in Digital	• Promoting and expanding digital platforms through collaboration with partners • Entry into state-of-the-art digital devices	● Investing in venture companies such as MNES Inc. and LAYERED Inc., which promote healthcare digital transformation (DX), through a CVC fund ● Promoting operational efficiency at medical institutions and dispensing pharmacies and the expansion of digital platforms through the conversion of PRESUSCUBE Corporation into a subsidiary and collaboration with partner companies including MTI Ltd. ◆ Introduction of advanced shipping notice (ASN) employing logistics EDI[2] => Streamlining product shipping operations ◆ Began providing automatic ordering services via AI-based demand forecasting
Building Sustainable Logistics Business	• Creating new value by integrating logistics of clinical laboratories, reagents, and pharmaceuticals	●■ Began operation of the Hanshin ALC*, Tokyo ALC and Tochigi Distribution Center ● Promotion of sharing logistics, response to advanced logistics, and improved logistics efficiency through the establishment of MEDISKET CORPORATION ● Investment in and collaboration with AND PHARMA Co., Ltd. to establish a stable supply model for generic pharmaceuticals. ◆ Began integrated distribution of non-food and food products ◆ Jointly established a new company together with another company in the same industry to centrally manage product information from across the industry ●◆ Supported the creation of the joint delivery consortium “CODE”
Value Co-creation in Community Healthcare	• Value co-creation through coordination activities to connect medical professionals	● Development and deployment of specialized ARs such as NS-MR*, RD-MR*, and Women’s Coordinators* ● Proposal of solutions to regional healthcare issues through collaboration between Regional Medical Coordinators and medical institutions, local governments, and pharmaceutical companies

Resolving ESG issues through growth strategies

Item	Targets	Results for the Fiscal Year Ended March 2026
Initiatives for Decarbonization	<Targets for reduction of greenhouse gas emissions[3]> FY2030: 50% reduction (compared with FY2020) FY2050: Carbon neutrality	Greenhouse gas emissions[3] 17.9% reduction (compared with FY2020)
Promotion of Diversity and Inclusion	• FY2030: Percentage of female employees in management positions of 20% or higher • FY2030: 100% of male employees taking childcare leave	• Percentage of female employees in management positions: 10.3% • Percentage of male employees taking childcare leave: 74.7%
Sound and Transparent Corporate Management	Expansion of training in compliance Construction of a corporate governance system to accommodate Group companies	• Construction of a risk management system (formulation of basic plan and implementation standards document, preparation of rules, etc.) • Ascertaining and improving each Group companies’ compliance systems across Group companies by conducting a compliance survey • Conducting compliance-related training (information security training, Antimonopoly Act training, compliance training, harassment prevention training, FCPA training, etc.)

1. An animal that has a companion-like presence and a close relationship with humans in daily life
2. Electronic Data Interchange
3. Scope 1 (direct emissions from Company fuel consumption) + Scope 2 (indirect emissions from electric power used by the Company)

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