May 13, 2025

MEDIPAL HOLDINGS CORPORATION
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Action to Implement Management that is Conscious of Cost of Capital and Stock Price

At a meeting of the Board of Directors held on May 13, 2025, MEDIPAL HOLDINGS CORPORATION ("MEDIPAL") resolved matters related to announce that we have analyzed our current situation and determined our future course of action for improvement, regarding initiatives to implement management that is conscious of the cost of capital and stock price.
For details, please refer to the attached document "Action to Implement Management that is Conscious of Cost of Capital and Stock Price".

1.Indicators in the 2027 MEDIPAL Medium-Term Vision

The MEDIPAL Group have announced the "2027 MEDIPAL Medium-Term Vision: Change the *Oroshi* Forever – Constant Innovation" ("2027 MEDIPAL Medium-Term Vision"), which ends in the fiscal year ending March 31, 2027. In this vision, MEDIPAL has set a target of 9% ROE (Return on Equity), and we are aware of the cost of capital and the stock price, and recognize that enhancing ROE is essential to improving PBR (Price Book-value Ratio).

2. Analysis of the current situation

The Company's PBR has remained below 1.0 times for the recent five years and it's ROE for the fiscal year ended March 31, 2025 was 6.6%. On the other hand, we recognize our cost of capital*, calculated using WACC, as being in the high 4% to mid 5% range, and the stock profit yields ranges from the low 7% to low 8%. Thus, the Company's ROE lies between the cost of capital and the stock profit yields.

*We recognize WACC (Weighted Average Cost of Capital) as the cost of capital.

3. Summary of initiatives being implemented to improve PBR

Based on the above analysis of the current situation, we will continue to implement the following initiatives to improve PBR while focusing on enhancing ROE, as well as raising PER (Price Earnings Ratio).

(1) Strengthening profitability and growth potential
Implementing the growth strategies of the 2027 MEDIPAL Medium-Term Vision

(2) Optimizing allocation of management resources
Aggressive growth, capital investment and steady shareholder return

(3) Driving non-financial capital, with a focus on human capital
Promotion of human resources strategy in link with the growth strategies

(4) Further enhancing IR and SR activities
Regular disclosure of the status of the implementation of the strategies and enhancement of information dissemination to individual investors via the brand website.

# # #

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The attached document
May 15, 2025

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

MEDIPAL HOLDINGS CORPORATION

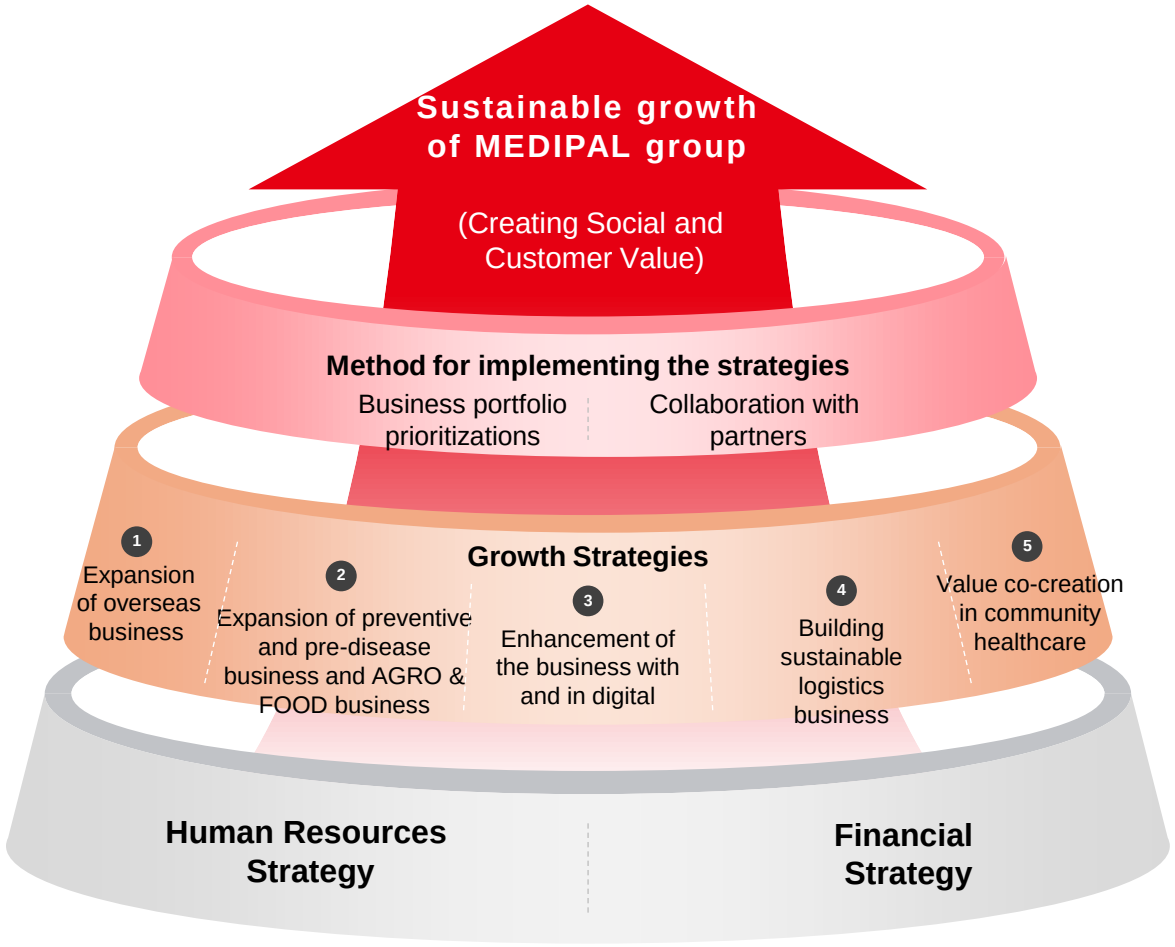
Forward-Looking Statements
These materials reflect analysis of available information and various trends as of the date on the cover. Risks and uncertainties affecting the Company's business could cause actual results to differ materially from any projections presented in these materials. In the event of any conflict between the Japanese and English versions of these materials, the Japanese version shall prevail.

2027 MEDIPAL Medium-Term Vison

Announced the “2027 MEDIPAL Medium-Term Vision” in Oct., 2022, covering the period from FY3/2023 to FY3/2027.

Focusing on enhancing ROE to improve PBR, while managing the company with a strong focus on the cost of capital and stock price.

Overall Growth Image



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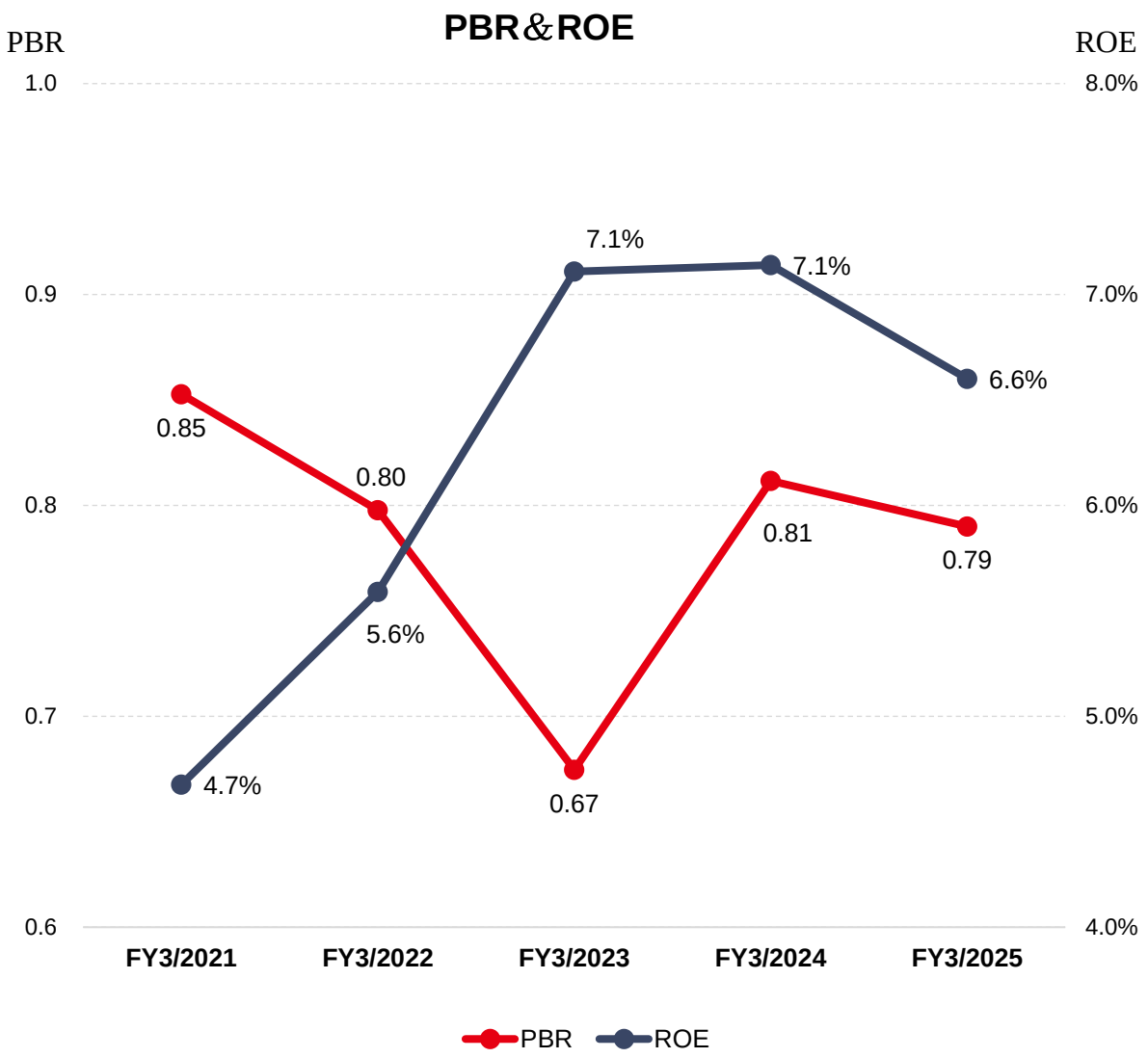
Analysis of the Current Situation



- **PBR remained below 1.0 times**
- **ROE (FY3/2025) was 6.6%**
- **The cost of capital, calculated using WACC (*1) , ranges from high 4% to mid 5%**
- **The stock profit yields ranges from low 7% to low 8%**
- **ROE is located between the cost of capital calculated using WACC and the stock profit yields.**

PBR (Price Book-value Ratio) =

ROE (Return On Equity) × PER (Price Earning Ratio)

⇒ Improve PBR by improving both the profitability and the growth expectations

*1) WACC (%) :Weighted Average Cost of Capital

= Cost of equity* × Shareholders' equity / (Interest-bearing debt + Shareholders' equity) +

Cost of debt x (1 - Effective tax rate) × Interest-bearing debt / (Interest-bearing debt + Shareholders' equity)

※ Calculated based on the capital asset pricing model (CAPM)

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Overview of Ongoing Initiatives to Improve PBR

Implementing the following initiatives to enhance ROE and to raise PER, aiming to improve PBR based on the analysis of the current situation.

PBR Improvement

ROE Enhancement

Target of 9%

2027 MEDIPAL Medium-term vision

PER Improvement

Outline of Initiatives

1 **Strengthening profitability and growth potential**
- Implementing the Growth Strategies of the 2027 MEDIPAL Medium-Term Vision (page 5)

2 **Optimizing allocation of management resources**
- Aggressive growth, capital investment and steady shareholder return (page 6)

3 **Driving non-financial capital, with a focus on human capital**
- Promotion of Human Resources Strategy in Link with the Growth Strategies (page 7)

4 **Further enhancing IR and SR activities**
- Regular disclosure of the status of implementation of the strategies and enhancement of information dissemination to individual investors via the brand website (page 8)

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Strengthening Profitability and Growth Potential

Executing the Growth Strategies outlined in the 2027 MEDIPAL Medium-Term Vision

Growth Strategies	Overview		Main Activities
Expansion of overseas business	Developing new global businesses in collaboration with partners		● Collaboration with JCR Pharma Inc. ⇒ Orphan drug research and development ◆ Establishment of overseas subsidiaries of PALTAC Co., Ltd. (Vietnam, Indonesia), etc.
Expansion of preventive and pre-disease business and AGRO・FOOD business	**Prevention and Pre-disease**	Expansion into testing equipment and oral care business	● Conversion of Premedica Co., Ltd. into a consolidated subsidiary ■ MP Gokyo Food & Chemical Co., Ltd. became a consolidated subsidiary ⇒ Integrated the company and MEDIPAL FOODS CORPORATION, etc.
	AGRO・FOOD	• Manufacture and sale of veterinary drugs and raw materials for food processing • Introduction and development of in-house planned products, etc.	
Enhancement of the business with and in digital	• Penetration and expansion of digital platform through collaboration with partners • Entering the market for advanced digital devices		● Promotion of medical DX through investment by CVC fund and utilization of cloud computing ● PRESUS CUBE Co., Ltd. became a consolidated subsidiary ⇒ Supporting DX management of insurance pharmacies ◆ Introduction of ASN (Advance Shipping Information) using EDI for Logistics ⇒ Improved efficiency of products receiving operations ◆ Launched an automatic ordering service based on AI demand forecasting
Building sustainable logistics business	Creating new value by integrating the distribution of tests, reagents, and pharmaceuticals		●◆ Commenced operations of Hanshin ALC and Tochigi Distribution Center ● Established Medisket Inc. (consolidated subsidiary) ⇒ Promotion of Sharing Logistics ● TOSHICHI CO., LTD became a consolidated subsidiary ⇒ Strengthen distribution infrastructure in Kyushu ◆ Commencement of bulk distribution of non-food and food products, etc.
Value co-creation in community healthcare	Co-creating value by coordinating activities that connect healthcare professionals		● Promotion of information activities specific to certain areas, such as rare diseases and women's diseases, etc.

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

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Optimizing Allocation of Management Resources

Aggressive investment in growth and capital expenditures and steady shareholder returns

2027 MEDIPAL Medium-Term Vision and Three-Year Results

Source of funds	Mid-term vison 5-Years Plan	Cumulative performance over the 3 years from FY3/2023 to FY3/2025	
Operating Cash Flows	Growth Investment ¥100.0 billion	Approxi. ¥70.0 billion	■ MP Gokyo Food &Chemical became a wholly owned subsidiary. ■ Development of highly orphan drugs ■ Investment through CVC Fund* * MEDIPAL Innovation Limited Partnership for Investment
	Capital Investment ¥100.0 billion	Approx. ¥52.0 billion	■ Construction and renovation of logistics centers ■ System construction and repair
Asset sales, etc.	Ratio of Total Return to Shareholders* 40.0%	Approx. ¥50.0 billion	■ Ratio of total return to shareholders 40.2%

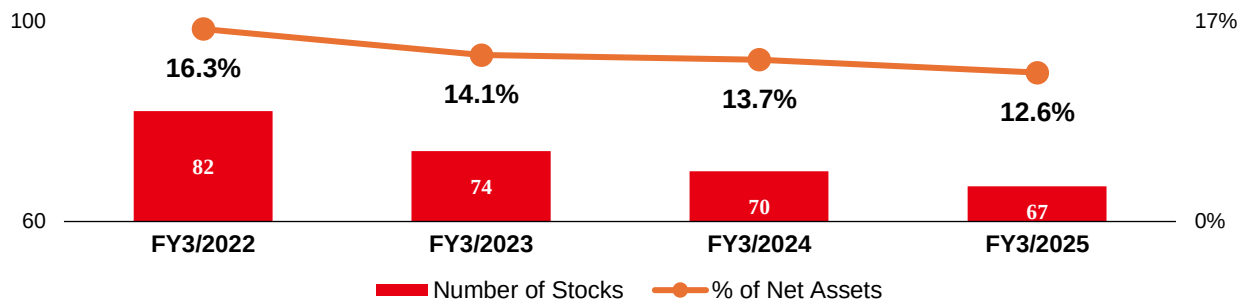
* This ratio is applied to earnings before amortization of goodwill and intangible assets arising from the growth investments set forth in the Medium-Term Vision.

Status of Holdings of Strategic Investment Stocks

Our policy is to reduce strategic shareholdings to 10% or less of net assets and ¥50 billion or less by FY3/2027.

(Amount of strategic shareholdings as of March 31, 2025: Approx. ¥95 billion)

Trends in Holdings of Strategic Investment Stocks



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Improving Non-Financial Capital, with a Focus on Human Capital

Promotion of human resources strategy linked to growth strategy

Human resource strategy

Ideal Human Resources — Future-oriented human resources

Ideal Organization — Fostering of a creative corporate culture and diverse human resources

Ideal Human Resource Portfolio

Measures to Realize (Status in FY3/2025)

Recruitment

- Examination of future-oriented recruitment system
- Hiring of highly-skilled professionals

Training

- Construction and operation of future-oriented human resource development system
- Construction and operation of talent management system
- Planning and implementation of next-generation leader training

Allocation

- Strategically optimal personnel allocation
- Developing job descriptions and operations for Key positions

Evaluation and Compensation

- Introduction of a group-wide personnel evaluation system for future-oriented human resources development

Fostering Organizational Culture and Environment

- Improvement of engagement (Implementation of workplace culture survey)
- Promoting diversity and inclusion
- Health management (Acquisition of ‘Certified Health & Productivity Management Outstanding Organization)
- Creating comfortable workplaces
- Efforts to protect human rights (Establishment of human rights policy)

Talent platform

Introduction and utilization of human resource database (unification, visualization and analysis of human resource information)

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Further Enhancing IR and SR activities

Disclosing the implementation status of strategies and enhancing information dissemination to individual investors via the brand website.

Status of Activities	Major Initiatives in FY3/2025
Creation and publication of disclosure policy	45 press releases based on the Basic Policy on Information Disclosure
Briefing for individual investors	Place: Sapporo (Oct.), Participants: Approximately 50
Regular briefings for analysts and institutional investors	■ Financial results briefings (on the Web) (May and Nov.) ■ 86 interviews with analysts and institutional investors
Meetings for overseas investors	■ Participated in conferences hosted by securities companies (Feb.) Five institutional investors interviewed ■ Participated in the small meeting hosted by securities companies (Mar.): 10 institutional investors
IR Information on Website	■ Simultaneous disclosure of both Japanese and English financial statements ■ Enhancement of financial statements, sustainability information, and Integrated reports ■ Strengthening information on business activities through the establishment of the brand websites
Creation of an IR Dept. (IR Officer)	Further strengthening of both IR functions and human resources by the public relations department
Others	Conducted a survey and interviews with analysts and institutional investors to improve IR functions (Mar.)

Management Feedback	■ The IR director conveys critical feedback from investors to the entire board of directors ■ IR members report to the president and the directors as needed ■ IR members report to the related department heads at regular in-house meetings.	Reflection in company operations	■ Began examining to respond to the request for Scope 3 goal setting

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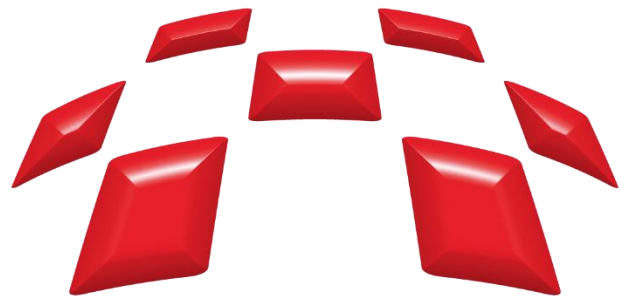

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