

1

WHAT'S PALTAC

- 4 Message on the Publication of the Integrated Report 2025
- 5 PALTAC MIND
- 6 PALTAC Business
- 7 PALTAC History
- 8 Our Accumulated Strengths
- 9 PALTAC in Facts and Figures



Message on the publication of the Integrated Report 2025

It is my pleasure to share our Integrated Report 2025 with you.

Since our founding in 1898, we have supported people's daily lives and grown alongside society by ensuring a stable supply of daily necessities. Throughout our 126-year history, we have expanded our business by flexibly adapting to the changing times. Today, we have built a solid management foundation as the No.1 company in our industry. However, we recognize that past success does not guarantee future growth. Japan is undergoing major structural changes, including a declining working population, increasingly diverse values, climate change, and rapid digitalization—and the distribution industry is no exception. With a strong sense of urgency that the future cannot be shaped by simply extending past practices, we renewed our management structure in 2023 and embarked on a company-wide transformation. In 2024, we formulated our first long-term vision : “Creating the future of people and society through the power of connections.” We are now advancing our medium-term management plan based on this vision. On-site, small but steady efforts to create new value are beginning to take root, and signs of change are clearly emerging.

As Chairman, I believe that human capital and governance are the foundation of our transformation. Sustainable growth depends on the development of each and every employee, as well as a governance framework that enables their strengths to be fully leveraged across the organization. We have identified the creation of a corporate culture that fosters autonomy and initiative as a key priority. We are committed to cultivating a corporate culture that emphasizes autonomy and spontaneity, empowering employees to think independently, take action, and embrace challenges, all while contributing to the growth of individuals, our company, and society. The path of transformation is never easy. Yet, through continuous trial and error, we are boldly taking on challenges that break away from conventional thinking. This report shares the background of our transformation and our current initiatives, incorporating voices from employees working hard on the front lines. I am confident that creating a workplace where employees can thrive and realize their full potential will lead to sustainable growth.

In terms of governance, we appointed one additional outside director in June 2025, resulting in a board structure where outside directors now make up the majority. I feel that the quality of discussions, centered on meetings of the Board of Directors, has steadily improved, and that we are now engaging in dialogue and debate that not only considers risk and compliance, but also encourages bold initiatives at the operational level. We will continue to actively incorporate diverse perspectives, enhance the quality of our decision-making, and strive to increase our corporate value.

I hope this report deepens your understanding of our direction and value creation initiatives, and provides an opportunity for constructive dialogue with you.



Representative Director, Chairman

Seiichi Kasutani

PALTAC MIND

Our DNA

Sincerity and Honesty

Our Aim

We would like to strive to contribute to a customer's prosperity and to create a people's rich and comfortable daily lives through distribution

Our Policy

We always respect, harmony with people and act with a sense of gratitude and humility

We tenaciously, take on the challenge of transformation by leveraging creativity, breakthrough technology and rapid decision-making

We fulfill a role through forming collaboration, making correct decisions and acting responsibly

Corporate Slogan

Maximizing customer satisfaction and minimizing distribution costs



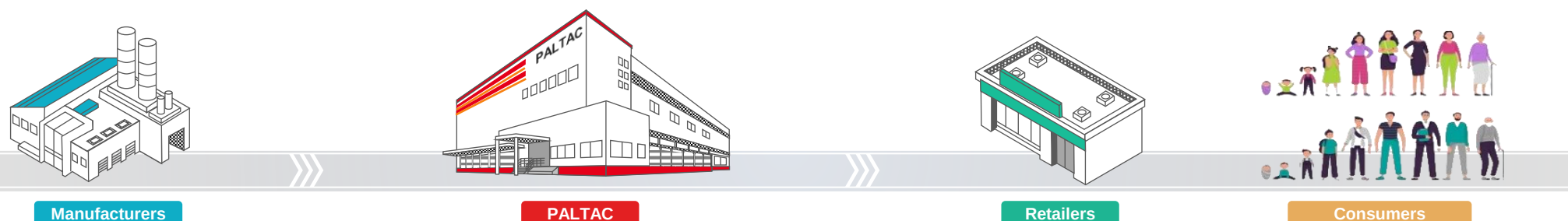
“PALTAC MIND” is our “philosophy” which is shared by every employee and the starting point of our actions to continue to provide new value as a company that supports the social infrastructure of the supply chain while keeping pace with the rapid change of society.

PALTAC Business

Creating people's rich and comfortable daily lives through distribution

As a wholesaler handling daily necessities essential to people's lives, we at PALTAC support the "ordinary daily life" where people can obtain what they need, when they need it, and at a fair price. Delivering products in a stable and efficient manner to retailers across Japan—not only in normal times but also in emergencies—is our mission. By handling a wide variety of products and making sales proposals based on rich distribution data, we help retailers maximize their sales. At the same time, we contribute to manufacturers' logistics efficiency and cost reduction through bulk purchasing that considers loading efficiency and inventory optimization in response to demand fluctuations. We continue to pursue the optimization and streamlining of the entire supply chain, covering every process until products reach consumers.

Optimizing and streamlining the entire supply chain



Value provision to manufacturers

Expanding market access through a nationwide, diversified sales channel network

We leverage our nationwide distribution network, built through strong relationships with retailers, to efficiently and extensively deploy products. For new manufacturers, this serves as a fast and effective way to access the market.

Strengthening marketing strategies through up-to-date market data

We provide up-to-date market insights, including shipment data, sales trends, and retailer feedback, to support manufacturers in improving the accuracy of their marketing strategies and product development.

Reducing logistics costs by leveraging our operational optimization expertise

We contribute to reducing logistics costs by optimizing inventory in response to demand fluctuations and improving procurement efficiency through better load utilization, while supporting the development of an efficient supply chain.

Value provision to retailers

Enhancing in-store appeal by offering a diverse range of products that meet evolving consumer needs

We enhance store appeal by offering a wide variety of products from diverse manufacturers, centered on beauty and health, to meet evolving consumer needs.

Enhancing sales strategies by harnessing a wealth of information on distribution

We provide consistent and comprehensive support to retailers in maximizing their sales by leveraging our industry-leading distribution data. From strategic sales proposals to in-store execution and post-sales analysis, we offer an end-to-end solution that ensures performance improvement across every stage of the retail process.

Stable supply and cost reduction enabled by a highly efficient nationwide distribution network

We ensure stable supply and cost reduction by leveraging a highly efficient nationwide distribution network and proprietary logistics expertise, contributing to greater operational efficiency for retailers.

Supporting "ordinary daily life"

We deliver daily necessities to those **who need them, when they need them, and at fair prices** to support the everyday lives of consumers

PALTAC History

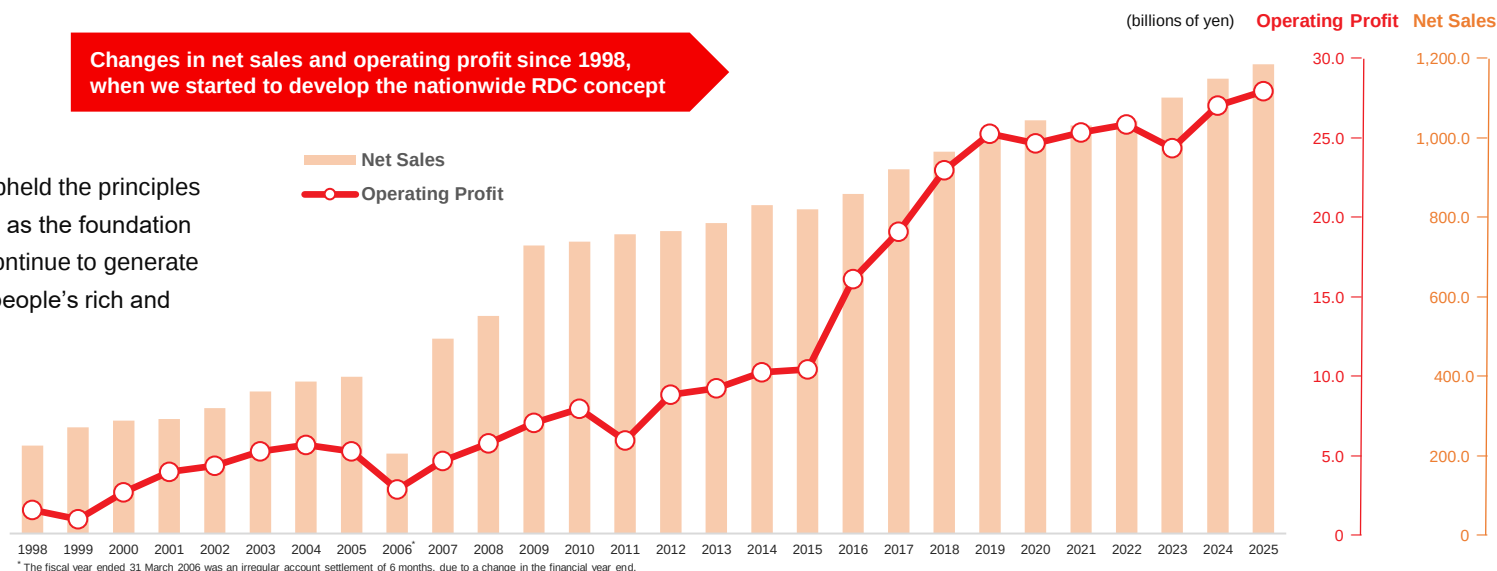
Over the 126 years since our founding, we have upheld the principles of “Sincerity and Honesty” and an “Innovative Spirit” as the foundation of our activities and supply chain support. We will continue to generate new value across the entire supply chain to create people’s rich and comfortable daily lives.

Please refer to our corporate website for more information on the “PALTAC History”.

Our corporate website, “History”
<https://www.paltac.co.jp/en/corporate/history/>

Our corporate website, “Integrated report back numbers”
https://www.paltac.co.jp/en/ir/library/integrated_report/

Changes in net sales and operating profit since 1998, when we started to develop the nationwide RDC concept



1898 ~

Foundation
The origins of
“Sincerity and Honesty”

In 1898, PALTAC’s history began, when Tanejiro Sumikura founded the variety store “Oboko-go Sumikura-shiten” in Osaka Senba, which handled cosmetics and daily necessities. At the time of our founding, we had a difficult start, with limited funds and inability to procure sufficient products. However, we embarked on a path of steady growth by adhering to solid management and building trust with our customers, based on our belief of “Sanyo, Saikaku, and Shimatsu”.

The spirit of those days has been carried over to the present days and this has become the strength of enabling us PALTAC to create value.



Founder
Tanejiro Sumikura



“Oboko-go Sumikura-shiten”

1951 ~

Becoming a nationwide wholesaler

In the 1950s, Japan entered an era of mass production and mass consumption against the backdrop of rapid economic growth. Additionally, the distribution industry reached a turning point of innovation. The retail industry developed significantly through chain-store operations. In response to this, we intended to integrate with other wholesalers. Since our founding, we demonstrated our capability to effectively manage costs. This also meant that we assisted other wholesalers in the same industry with improvements in stock management and delivery. These initiatives enabled us to steadily increase the number of group companies across the country, and we transformed ourselves from a traditional wholesaler to a comprehensive wholesaler of cosmetics and daily necessities.

In 1951 : We had changed our trade name to “Daisho Corporation” which means to sale cosmetics in Osaka



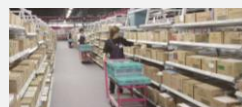
1976 : Changed the tradename to Paltac Corporation.
 “PALTAC” stands for “Pioneers Alliance of Living-necessaries, Toiletries And Cosmetics”. As well as “PAL” signifies “same-minded group” wishes our intention to strengthen the sense of solidarity among those responsible for distribution nationwide.

1998 ~

Optimizing and streamlining entire supply chain

In the 1990s, the economic downturn caused by the bursting of the bubble economy led to a restructuring of the wholesale industry. Against this backdrop, we accelerated the development of our group nationwide to strengthen our distribution system and achieve low-cost management.

Then in 1998, we merged with Shinwa corporation, which has strengths in logistics and IT systems. This merger resulted in the birth of the renewed Paltac, which combines the strengths of a nationwide sales network and an abundant product lineup with an excellent logistics and IT systems. From that time, we launched the “nationwide RDC concept”, which involved the nationwide deployment of large-scale distribution centers. Since then, we have continued to optimize and streamline the entire supply chain.



1998 : Merged with Shinwa corporation and launched our “nationwide RDC concept”

* RDC (Regional Distribution Center)

2005 ~

To be a comprehensive wholesaler providing a full line of “Health and Beauty”

In 2005, we merged with pharmaceutical wholesaler Mediceo HD Co., Ltd. (currently MEDIPAL HD Co., Ltd.) and began handling over-the-counter (OTC) pharmaceuticals in addition to cosmetics and daily necessities. This enabled us to become a next generation distributor that provides a full line of “Health and Beauty” products. Delivering a full line of daily necessities led to the optimization of the entire supply chain, including improved convenience for retailers and increased truck loading rates.

From 2018, we have been challenging ourselves to further improve productivity by launching a distribution center equipped with cutting-edge technologies such as AI and robotics.



2005 : Business integration with Mediceo HD Co., Ltd.(currently MEDIPAL HD Co., Ltd.), a pharmaceutical wholesaler. Started handling OTC pharmaceuticals.

2023 ~

Towards new value creation

In 2023, we made our top management to the next generation. This is because we have decided that in order to achieve sustainable growth in a diverse and complex changing environment, we need to take on the challenge of corporate transformation with new ideas that are willing to be “destruction and creation”.

In 2024, we developed a long-term vision looking ahead approx. 10 years and a three-years medium-term management plan. Under the slogan of our long-term vision, “Creating the future of people and society through the power of connections”, we will take on the challenge of creating new value through innovation in distribution and fulfill our aim of “Creating people’s rich and comfortable daily lives through distribution”.



Project members

2024 : Medium-term management plan planning project

To incorporate the thinking and opinions of frontline employees into the strategy of the new medium-term management plan, a select group of employees designed a growth strategy and presented it to management.

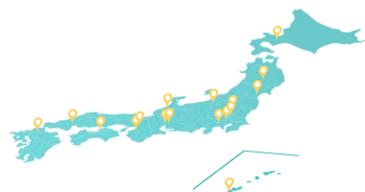
Our Accumulated Strengths

Logistics base

Logistics network that is capable of stable and efficient delivery covering the whole area in Japan

Main distribution centers

19 centers



Industry's top share

Top sales in the industry

Net sales

No.1

Sales: ¥ **1,188.0** billion

(Fiscal year ended March 2025)

Since our founding, we have built strong business foundations with partners based on sincerity and honesty. Today, we handle 3.5 billion products annually and play a vital role in supporting daily life as a leading company in the industry. In 1998, ahead of competitors, we began investing in nationwide, high-efficiency logistics systems, cutting-edge facilities, and the development of human capital to optimize the entire supply chain. These efforts have led to strong cost competitiveness. By accumulating logistics and operational expertise internally and advancing human capital management, we continue to create new value.

A wealth of information on distribution

Information on products, sales, in-store, delivery and more

Amount of information

No.1 in the industry



Human capital

The driving force behind our continued creation of new value in distribution
A team of 200 expert professionals building distribution systems (Logistics, R&D, Information Systems, and Digital Transformation (DX))

Number of employees

2,283 members



Customers

Our partners who support people's rich and comfortable daily lives with us

Retailers

Approx.

400 companies



Number of stores

Approx. **50,000** stores

Manufacturers

Approx.

1,000 companies



Number of products

Approx. **50,000** SKU

Consumers

Responsible for distributing products essential to people's daily lives

Yearly shipments

3.5 billion products
30 products per person



As a leading company in intermediate distribution with the industry's top volume of products, we have built strong partnerships with retailers and manufacturers nationwide. Through these relationships, we have accumulated a diverse range of distribution data covering products, sales, store operations, and delivery.

This data is a vital asset that supports the creation of higher-value solutions aimed at optimizing the entire distribution. Looking ahead, we will further utilize this data infrastructure to develop innovative solutions that transcend traditional distribution boundaries.

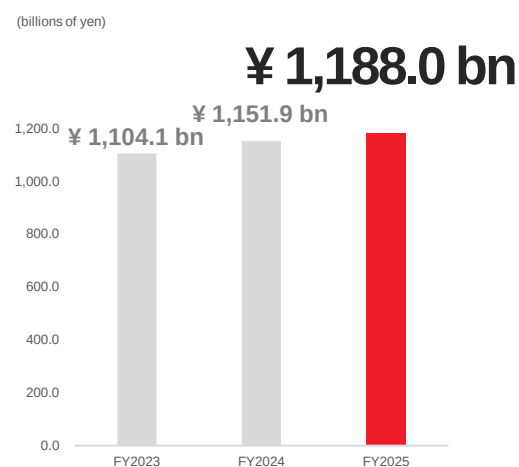
Toward creating new value

Please refer to our corporate website for more information on the "PALTAC's Strengths". <https://www.paltac.co.jp/en/business/advantage/>

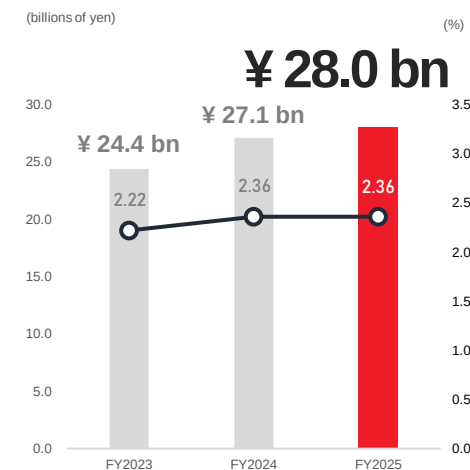
PALTAC in Facts and Figures

Financial index

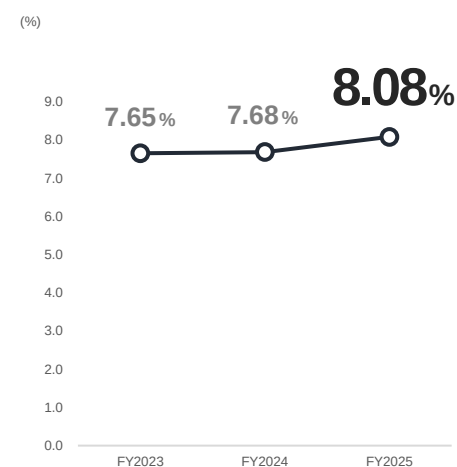
Net Sales



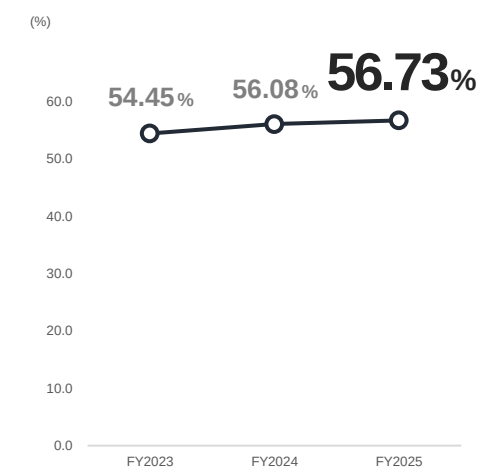
Operating Profit / OPM



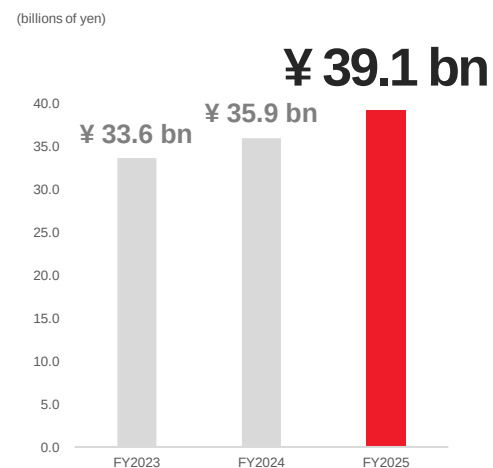
ROE



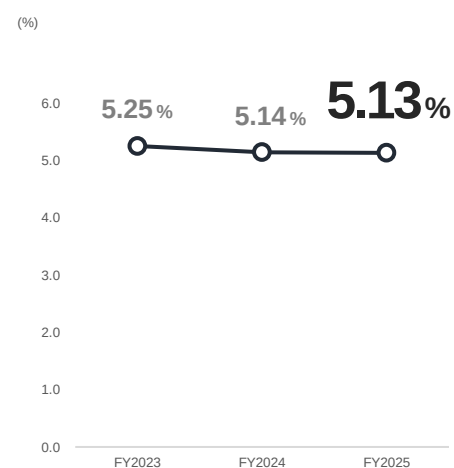
Equity ratio



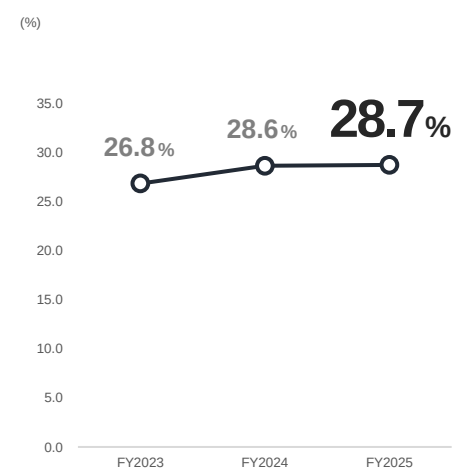
EBITDA



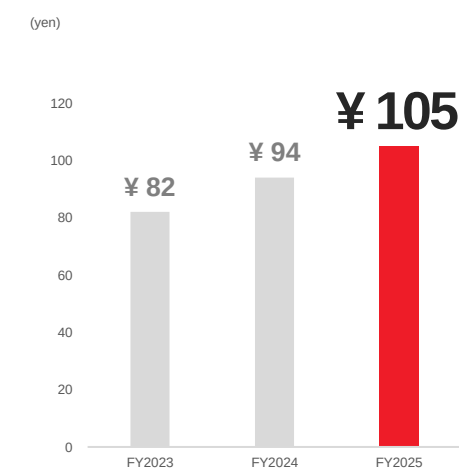
SG&A expenses ratio



Payout Ratio



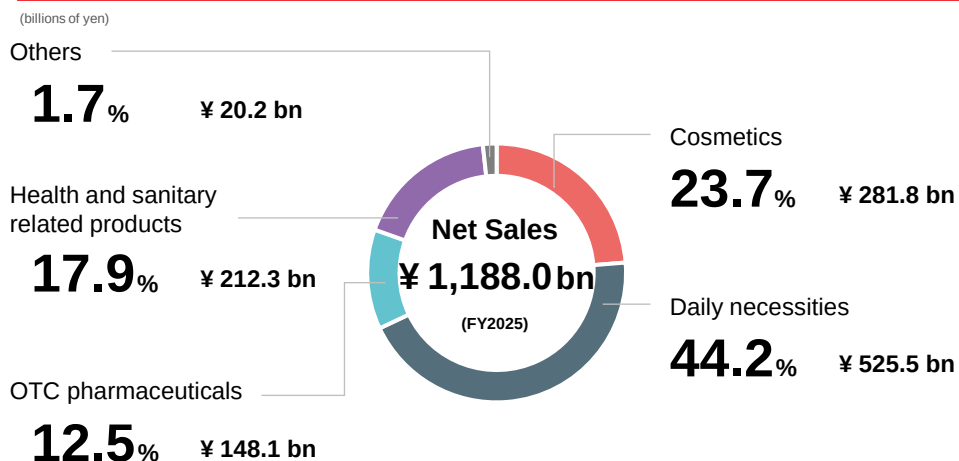
Cash dividend per share



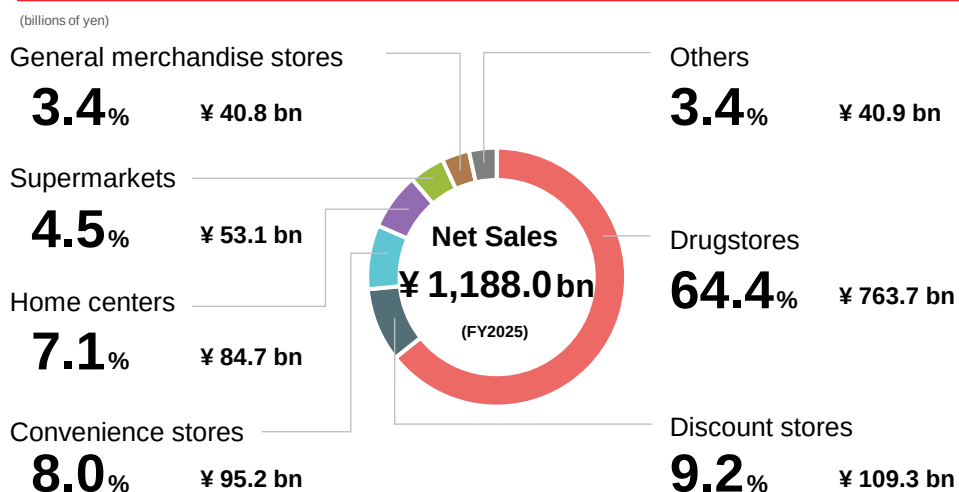
PALTAC in Facts and Figures

Financial index

Sales composition by product category

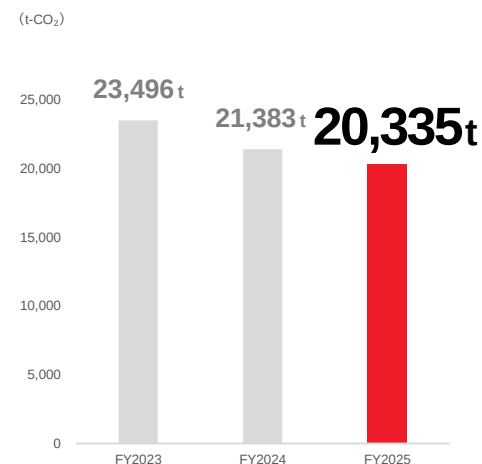


Sales composition by customer category

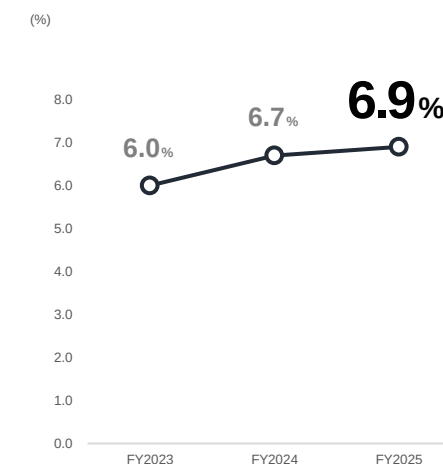


Non-Financial index

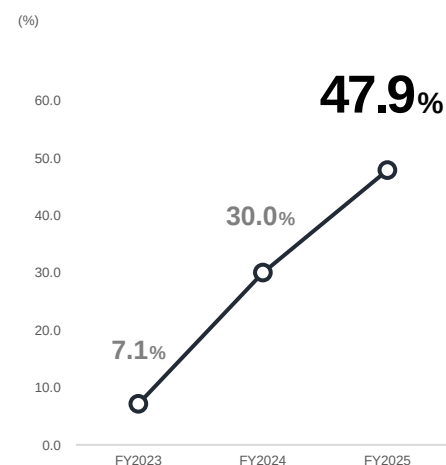
CO₂ emissions (Scope1 + 2)

[Detail p.52](#)


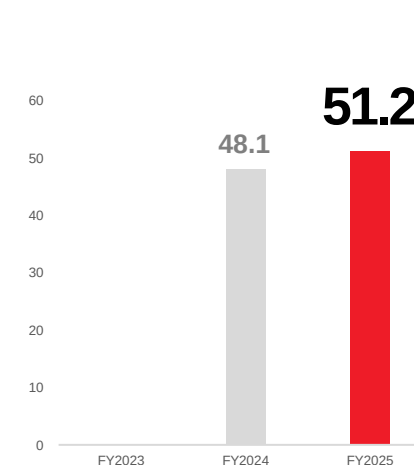
Percentage of female employees in management positions

[Detail p.47](#)


Percentage of male employees taking childcare leave

[Detail p.47](#)


Engagement Score*

[Detail p.49](#)


* Engagement score: Measured by "Motivation Cloud" service of Link and Motivation Inc.