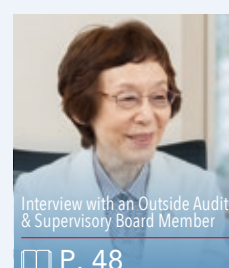
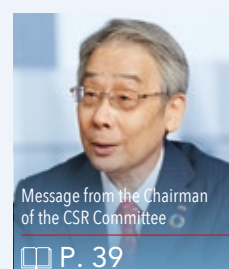
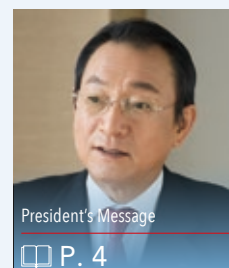


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Editorial Policy

This integrated report has been compiled as a communication tool to comprehensively provide financial information, such as management strategies and results, and also non-financial information, such as our relationship with the environment and society, so that all our stakeholders understand the MEDIPAL Group's management approach to the creation of sustainable corporate value.

Reference Frameworks

In compiling this report, the MEDIPAL Group mainly referred to the *International Integrated Reporting Framework* published by the International Integrated Reporting Council (IIRC) and the *Guidance for Collaborative Value Creation* issued by Japan's Ministry of Economy, Trade and Industry.

Forward-Looking Statements

This report contains forward-looking statements regarding the MEDIPAL Group's plans, policies, strategies, and earnings forecasts. Accordingly, please note that certain risks and uncertainties could cause actual results to differ materially from those stated herein.

Yen amounts on all pages, except for the financial statements, are rounded down to the nearest million yen. Yen amounts in the financial statements are rounded to the nearest million yen.



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.

Business Fields

Pharmaceuticals, Health, and Beauty

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.

Business Fields

The MEDIPAL Group is one of the largest distribution networking groups linking manufacturers, medical institutions, and retailers all across the nation in the fields of pharmaceuticals, health, and beauty.

Manufacturers

5,000

Pharmaceuticals,
 medical equipment,
 clinical diagnostics,
 cosmetics,
 daily necessities,
 animal health
 products,
 food processing
 raw materials, etc.



MEDIPAL GROUP

Prescription Pharmaceutical Wholesale Business



MEDICEO CORPORATION	MVC CO., LTD.
EVERLTH Co., Ltd.	PharField Corporation
ATOL CO., LTD.	MEDIE Co., Ltd.
SPLine Corporation	M.I.C. (Medical Information College), INC.
MM CORPORATION	Medipal Insurance Service Co., Ltd.
ASTEC Co., Ltd.	

Cosmetics, Daily Necessities and OTC Pharmaceutical Wholesale Business



PALTAC CORPORATION

Animal Health Products and Food Processing Raw Materials Wholesale Business



MP AGRO CO., LTD.
 MEDIPAL FOODS CORPORATION



Customers

240,000

Hospitals,
clinics,
dispensing pharmacies, etc.

Drugstores,
home centers,
convenience stores, etc.

Animal hospitals,
livestock and fishery businesses,
manufacturers of processed food, etc.

Final Consumers



Patients



Consumers



Livestock and aquatic animals,
companion animals*



Consumers

* Companion animal refers to an animal that has a companion-like presence and a close relationship with humans in daily life.

President's Message



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

渡辺 秀一

Shuichi Watanabe

Representative Director, President and CEO
MEDIPAL HOLDINGS CORPORATION

Contributing to Society through Distribution

MEDIPAL is an enterprise group whose main business is wholesaling in the fields of pharmaceuticals, health, and beauty. We connect numerous manufacturers with customers including medical institutions, dispensing pharmacies, and drug stores. We deliver products and accurate information while also contributing to the efficiency of the industry's overall supply chain.

Wholesalers do not have the opportunity for direct contact with patients and general consumers, who are the ultimate beneficiaries. However, patients benefit from the provision of enhanced medical care opportunities when the operating efficiency of medical institutions is improved due to the distribution services we provide. We will continue to broadly contribute not only to our customers, but to people and society as a whole. This is MEDIPAL's management philosophy, which all Group companies share.

Japan experiences many natural disasters, such as earthquakes, typhoons, and torrential rains. The pharmaceuticals and daily necessities we handle are indispensable for supporting people's lives and healthy lifestyles, and we need to deliver them reliably. Therefore, we have set up high-performance logistics centers throughout Japan and are enhancing their resilience with various disaster prevention measures so that we can maintain stable supply in normal times

and during emergencies. ALCs* are distribution centers for our prescription pharmaceutical wholesale business, and we equip them with seismic isolation systems and in-house power generation systems. We also have a system in place through which a nearby ALC can take over supply for a damaged distribution center. The experience we gained from the Great Hanshin-Awaji Earthquake in 1995 led us to put our knowledge and ingenuity to use in enhancing our preparations for disasters, helping us to overcome many obstacles since then. Every year on March 11, the day the Great East Japan Earthquake struck, we broadly communicate our stance and determination as a wholesaler in newspapers, with the message “Our mission is to deliver pharmaceuticals in Japan.”

In the fiscal year ended March 31, 2021, the ongoing COVID-19 pandemic had a serious impact on society and caused behavioral patterns to change significantly. In line with the changes, people have greater expectations for safe and secure medical care. We handle products that are essential for prevention and treatment, such as pharmaceuticals, medical devices, clinical test reagents, masks, and disinfectants, and we are taking great care to protect our customers and employees against the risk of infection while maintaining stable supply. Undeterred by existential questions about the value of wholesaling, all MEDIPAL Group employees are united by our determination to support distribution because we know that “All medicines are devoid of meaning if they are not made available for patients.”

Our involvement in building a cold chain distribution system is representative. We are applying our expertise with low-temperature logistics to the challenge of transporting COVID-19 vaccines, and are currently responsible for delivering them to large-scale vaccination sites and workplace vaccination venues.



Group Management That Emphasizes ESG and SDGs

MEDIPAL's business activities can help achieve a sustainable society, but shareholders and society at large are demanding even more effective ESG and SDG initiatives. We recognize that reducing CO₂ emissions and promoting diversity should be areas of particular focus in our business activities. Pharmaceuticals are bioactive products. Therefore, MEDIPAL and other pharmaceutical wholesalers have commonly delivered small quantities several times a day. However, we must face the reality of having to use large amounts of energy to run many vehicles. The time has come for our industry as a whole to resolve this problem and change the reality of the situation. We have only just begun doing so, but we will proactively address this issue on our own in ways such as reducing the number of vehicles and switching to

* Please refer to page 73 for explanations of technical terms.

renewable energy. We are also counting on the understanding and cooperation of our customers, manufacturers, and business partners in resolving this major problem.

The wholesale business does not manufacture its own products. Therefore, people are its greatest asset and human resource development is essential for sound and sustainable corporate development. Having people with diverse values sharing various opinions and working in cooperation with each other will lead to personal growth and the development of the company. Strengthening human resources and evolving our organization is also the foundation of our medium-term vision, and we are promoting diversity within the Group by enhancing the environment for self-directed learning, ensuring an environment in which women can excel, and actively hiring mid-career professionals from other industries. We also devote time and resources to developing the people who will lead the next generation. No one can predict the future, so we want to develop people who can use the power of imagination to make their own way and lead MEDIPAL without being bound by past conventions.

Growth Strategies Aligned with Our Medium-Term Vision

In anticipation of drastic changes in society and industry brought on by factors including an increase in social security costs and a decrease in the working population of Japan's super-aged society, MEDIPAL has been reviewing conventional ideas and initiatives within a management vision called "Change the *Oroshi*" since 2014. We are implementing strategies to transform our earnings portfolio and significantly evolve the wholesale business model.

The current medium-term vision is "**2022 MEDIPAL Medium-Term Vision: Change the *Oroshi* Future – Innovation for the Future.**" Our three growth strategies are to innovate existing businesses, expand new businesses, and establish business partnerships.

A number of businesses that we expect to be pillars of future earnings, including projects that we have been working on for the past 10 years, have begun contributing to profits. PFM® is steadily contributing to results. Under this sustainable business model, we invest in the development of orphan drugs with the goal of generating earnings by supporting the development and stable distribution of pharmaceuticals that are used by a small number of patients. We are also targeting further growth through a focus on sales by our unique ARs and new businesses such as PMS* (post-marketing surveillance).

DX (digital transformation) using ICT is a major theme in the medical and healthcare sector. DX progress in the medical field will likely reduce wastefulness in medical care, improve the operating efficiency of medical institutions, and enhance patient convenience.

* Please refer to page 73 for explanations of technical terms.



Moreover, the pace of DX has accelerated because of COVID-19. MEDIPAL must address these issues by partnering and collaborating with successful digital healthcare companies. We are currently partnering with companies including MTI Ltd., Medical Data Vision Co., Ltd., and Doctorbook Inc. to create new value that fuses the tangible such as human resources and customers with digital technology.

MEDIPAL is also collaborating with different industries to improve distribution efficiency. We are cooperating with H.U. Group Holdings, Inc., which operates a leading clinical testing center and has a reagent manufacturer as a subsidiary, to take on the challenge of creating a new environmentally responsible distribution system by combining the infrastructure and expertise of both companies. Furthermore, we have established a corporate venture capital fund called MEDIPAL Innovation Fund together with SBI Investment Co., Ltd., a wholly owned subsidiary of SBI Holdings Inc. MEDIPAL and SBI Investment will invest in and support the growth of startups in Japan and abroad.

These new initiatives will take time to generate results. However, MEDIPAL is always looking ahead and thinking about what will support society, with the desire to further strengthen its new business portfolio.

Commitment to Sound Group Growth

As reported in the media, MEDICEO CORPORATION, a wholly owned subsidiary of MEDIPAL, received an on-site inspection by the Japan Fair Trade Commission on November 27, 2019, and an investigation by the Tokyo District Public Prosecutors Office and an on-site inspection by the Japan Fair Trade Commission on October 13, 2020, on suspicion of violating the Antimonopoly Act regarding bidding for prescription pharmaceuticals. We

sincerely apologize for the concern and inconvenience caused to our shareholders and other related parties.

MEDIPAL takes this situation seriously and sincerely. On June 25, 2020, I exercised my prerogative as president to take charge of Group compliance and established the Compliance Committee to strengthen compliance. In conjunction with this initiative, I personally visited each Group company and engaged in dialogue with employees to disseminate our newly established Guiding Principle for Business Activities.

Sound Group growth requires us to raise the professionalism of employees and evolve the Group through proper competition in order to delight customers. Our initiatives will enable further growth in corporate value. We must always listen to stakeholder feedback and use it to strengthen governance while engaging in a dialogue that helps stakeholders understand our businesses.



MEDIPAL Is Evolving to Stay Relevant

MEDIPAL is now at a turning point amid drastic changes in the business environment, such as changes in corporate activities during the COVID-19 pandemic, changes in systems and markets in the medical industry, greater awareness of ESG and SDGs, and initiatives to achieve their respective goals. A key for us is accelerating “Change the *Oroshi*” to grow rather than hanging on to the past. MEDIPAL is evolving to stay relevant. We have many strengths, including ALCs and other solid platforms, ARs and other highly specialized people, and collaborations with various partner companies. Our goal is wholesaling that balances a strong earnings base with environmentally responsible businesses.

Regardless of global trends or corporate change, MEDIPAL’s core mindset and aspiration is the desire to help people and be useful. We are able to overcome any difficulty and continue to take on challenges because our employees have this aspiration.

We must remain confident that we are on course, continue to evolve and increase corporate value to achieve our management philosophy of “Contributing to people’s health and the advancement of society through creation of value in distribution.”