

Message from the General Manager of the Business Development Department

Stepping Up New Business Expansion, Powered by the Results of the 2022 MEDIPAL Medium-Term Vision

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Review of the 2022 MEDIPAL Medium-Term Vision

The 2022 MEDIPAL Medium-Term Vision set a target for the fiscal year ended March 31, 2022 of ¥10.6 billion in gross profit from new businesses. Rather than a numerical target that represented a painstaking accumulation of business opportunities, this was a challenging goal that reflected our ambition to expand our new businesses to the greatest extent possible in order to maximize the advantages of the MEDIPAL Group.

In the end, gross profit from new businesses for the fiscal year ended March 31, 2022 was ¥9.1 billion. This result is basically in line with our target, considering that we proactively sowed the seeds for the next five or ten years based on the expectation of sustainable growth.

Initiatives in Each Business

PFM® ▶ Achievements and Prospects in the Field of Regenerative Medicines

For PFM®, TEMCELL HS Inj. from JCR Pharmaceuticals Co., Ltd. and NOBELZIN Tablets and Melatobel Granules 0.2% for Pediatric from Nobelpharma Co., Ltd. were growth drivers that contributed to earnings.

Through our PFM® initiatives, the field of regenerative medicines has become one of our strengths. Rather than simply investing in development, we have established a unique business model that incorporates our distribution know-how in areas such as special temperature control. PFM® offers tremendous benefits for both the MEDIPAL Group and its partner companies. It enables pharmaceutical companies to target projects and get funding when they need it, and unlike financing through the issuance of new shares, there is no dilution of stock.

In the future, we will also roll out PFM® for bio-venture companies. We take pride in being the world's only company to conduct a business driven by know-how in the storage and distribution of cellular medicine.

AR ▶ Developing Human Resources Who Specialize in Rare Diseases

Our ARs have strengthened our competitiveness. Having ARs with MR qualifications, which other companies do not, enables us to link all the elements of new businesses in an unbroken chain from pharmaceutical distribution and information activities to drug-use surveillance and PMS. This contributes to increased profitability.

We are also working to establish an organization and education system to enhance AR expertise. We created the RD-MR (Rare Disease MR) designation for human resources who specialize in information activities for orphan drugs. RD-MRs play an important role in helping patients with rare diseases receive early diagnosis and start medical treatment, among other socially meaningful activities.

Drug-Use Surveillance and PMS ▶ Focusing on Enhancing Expertise

The business environment for PMS has changed significantly, as online reminders for medical institutions and data collection have become mainstream. Moreover, market needs are likely to continue changing, such as through a swing toward data analysis for retrospective studies rather than simply collecting data on drug-use results and side effects.

To prepare for such an eventuality, we are focusing on enhancing our expertise by engaging in PMS in the field of clinical research together with universities and research institutes.

Corporate Venture Capital (CVC) ▶ Selecting Investments That Generate Synergies with Our Core Businesses

In March 2021, we jointly established a CVC fund with SBI Investment Co., Ltd., a wholly owned subsidiary of SBI Holdings Co., Ltd. The fund has invested in several promising projects. Its original purpose was to cover the digital health field, but once it was launched, more projects than we expected arose in other fields. We investigate investment projects after ascertaining their potential synergies with our core businesses. A CVC fund does not seek to obtain one-time profits by selling the shares of investees. Rather, it is a business format capable of generating profits each year from commercializing the projects in which it has invested and selling them through the MEDIPAL Group's distribution channels. In other words, it aims to generate profits in our core wholesale businesses.

Digital Health ▶ Deepening Our Business Alliance with the MTI Group

Numerous companies have entered the field of digital services for healthcare, and competition in development is intensifying. We assume that this will result in new approaches to healthcare in the near future. When they arise, we believe that the MEDIPAL Group must be a central player.

We are collaborating closely with MTI, with which we started a capital and business alliance in 2016, to leverage the relationships of trust that we have cultivated with pharmaceutical companies and medical institutions with the aim of developing a new digital platform that contributes to people's health.

Growth Scenarios for New Businesses

When drawing up growth scenarios for new businesses, we carefully plan business strategies that consider synergies with our core businesses, business sustainability, and social contribution as well as profitability. Finding superior investments is not easy. Therefore, we proactively seek out projects and make investments after careful examination. The amount of profit in a single fiscal year tends to be the focus for new businesses, but it is important to know how good an investment the business has been. That, I believe, is what will lead to future profits.

Five years from now, the MEDIPAL Group aims to have an expanded business range and capacity that will allow it to invest around ¥100 billion annually. We will continue to strategically select investments and work to create new value while utilizing all of our management resources, including human capital.