



Food Processing Raw Materials Wholesale Business

We provide our customers with total support, from product planning, procurement of raw materials and manufacturing to distribution.

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Representative Director and President
MEDIPAL FOODS CORPORATION

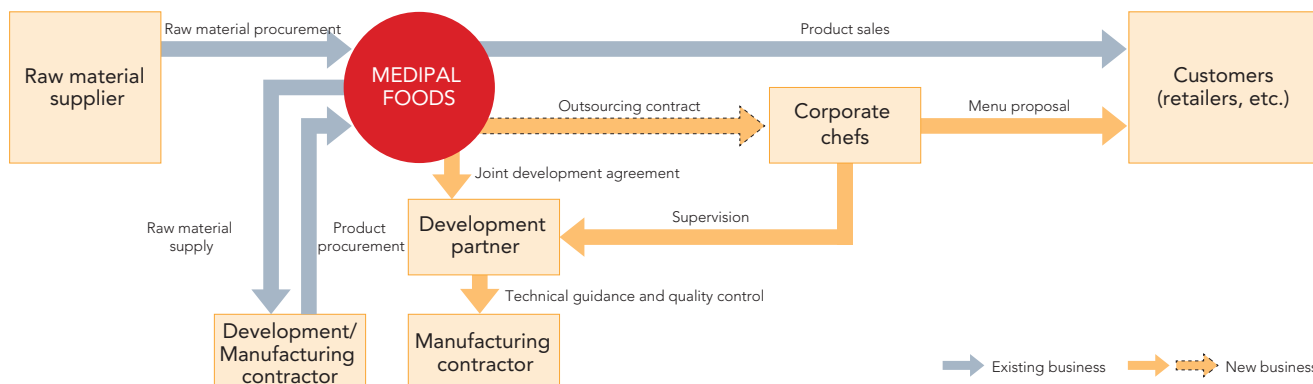


MEDIPAL FOODS CORPORATION (Head office: Sapporo, Hokkaido; hereafter, "MEDIPAL FOODS") provides its customers with total support, from product development to distribution, under the themes of "food safety and security" and "great taste." In doing so, we utilize strengths consisting of proposal capabilities that leverage a network of 11 bases throughout Japan, a lineup of some 14,000 products, experience in responding to customer requests, and highly capable human resources. We mainly provide food manufacturers nationwide with food additives, seasoning, and raw materials for processing agriculture and livestock. We take pride in our track record of dealing with approximately 800 companies involved in the manufacture of food products, including packaging materials and industrial chemicals. By offering an extensive range of raw materials nationwide based on sales activities conducted over a wide area, we have acquired the top market share, with sales over ¥20 billion.

► SWOT Analysis



► Value Chain



Business Environment

In the foodstuff business, Japan's decreasing population, declining birthrate, and aging society mean that its market expansion cannot be expected. On the other hand, heightened awareness of food safety and health is leading to diversification of consumer needs. A decrease in inbound demand due to the COVID-19 pandemic has dealt a blow to the souvenir confectionery market, but we expect demand to recover going forward.

Review of the 2022 MEDIPAL Medium-Term Vision

▶ Initiatives and Results

In the fiscal year ended March 31, 2022, our employees, who are professionals in food and distribution, made proposals for our customers' new product development from a variety of perspectives, based on the good relationships we have cultivated through customer-oriented sales activities that leverage the advantages of our nationwide operations. As a result, the number of new transactions increased and sales grew steadily.

For our key strategy of sales activities that add value by effectively connecting suppliers and customers nationwide, we are steadily achieving results by continuing to leverage the strengths of MEDIPAL FOODS. In addition, the COVID-19 pandemic has changed the nature of our branch offices. For expansion into new areas, we are considering what functions our branch offices should have without insisting on establishing physical location, based on the flexibility provided by our wide-area branches. We intend to upgrade our area development system by utilizing our current merchandise consignment business model and applying mechanisms such as digitalization of our ordering system.

Among our key strategies, the one we have put the most effort into over the past three years is reinforcement of product development capabilities. In October 2021, we established the R&D Customer Support Group, which will be a pillar of our new business. In the conventional business model of simply purchasing items from manufacturers and selling them, the profit that can be obtained in the rapid business environment changes is limited. Providing value-added products that delight consumers, without engaging in price competition, will be key. MEDIPAL FOODS works with food manufacturers that have know-how, and corporate chefs in developing menus and creates prototypes to support product development that meets consumer needs.

▶ Perception of Issues and Future Direction

MEDIPAL FOODS aims to be a general trading company for food manufacturers, helping to create the future of food through multifaceted product procurement that meets consumer and regular customer needs. In addition, we aim to use the achievements of our R&D Customer Support Group for improving our functions as a fables manufacturer that develops products in collaboration with partners, rather than simply a distributor and wholesaler.

For a further leap forward, digitization of not only our ordering system but all its elements is an urgent matter. It is a peculiarity of our industry that many orders are still handled on paper. Our plans to promote digitalization therefore include introducing the workflow of MEDIPAL HOLDINGS and utilizing its order and supply system. Deepening cooperation with other MEDIPAL Group companies will generate new business opportunities. In addition, we conduct bacterial testing of products and other customer support for our business partners at our inspection center in Saga Prefecture, and we are also further considering integration of the existing functions of each base, including the functions of the R&D Customer Support Group.

Furthermore, as measures to generate synergies within the MEDIPAL Group, we are considering new entry to two business fields: providing the "enjoyment of food" that combines health and medical care, for which there is demand among the baby boomer generation; and sales of hospital food and health food at more than 60,000 pharmacies nationwide, a major drugstore chain, and other outlets. We will deepen our cooperation with Group companies to contribute to the MEDIPAL Group's business fields of "Pharmaceuticals, Health, and Beauty".