



# A small pharmacy opened in Sapporo, born out of the desire to achieve the true separation of drug prescribing and dispensing services throughout Japan.

At that time, in 1980, less than 5% of drug prescribing and dispensing services were separate in Japan. This small pharmacy in Sapporo set out on a challenging journey, driven by the notion of achieving this separation in every part of the country. In fact, from the beginning, the company included “Japan (Nihon)” in its name precisely because of this strong commitment of its founder.

## Nihon Chouzai’s Founding Philosophy: “Achieving True Separation of Drug Prescribing and Dispensing Services”

The separation of drug prescribing and dispensing services indicates the healthcare system in Japan in which doctors and pharmacists assume a clear division of roles based on their respective areas of expertise, and work together closely as a team to support patient care. This is considered to be the indispensable framework for realizing a healthcare system patients can trust.

Under a founding philosophy of “achieving true separation of drug prescribing and dispensing services,” Nihon Chouzai has grown nationwide as a pioneer in the pursuit of this ideal healthcare system.

Although the formal separation of drug prescribing and dispensing services now exceeds 70% in Japan, and has spread throughout the country, much remains to be done to fully realize the functions originally envisioned for this framework. Although the division of professional roles is an essential aspect supporting the healthcare of people in Japan, this division has not yet been fully realized. The mission of pharmacies in supporting the healthcare system is to become a needed presence for patients, their families, and the community, making meaningful contributions to Japanese healthcare and society. This is the aim Nihon Chouzai is striving toward, and what we mean by “true separation of drug prescribing and dispensing services.”

From the website of the Japan Pharmaceutical Manufacturers Association, “Progress in the Division of Pharmaceuticals and Medical Care (Trends in Insured Dispensing)” (Japanese only)

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## Note on Forward-Looking Statements

Integrated Report 2023 contains forward-looking statements about the plans, strategies, and performance of the Nihon Chouzai Group. These statements are based on management's judgments derived from currently available information. Please note that actual business performance is subject to various risks and uncertainties and results may differ significantly from the statements.

Factors that can affect the outlook include economic conditions surrounding the various business areas, the status of revisions to relevant laws and regulations, the status of revisions to medical fees, and the status of product development. However, factors that can affect business performance are not limited to these.

## Integrated Report 2023 Editorial Policy

In addition to discussing the management policies and business strategies of the Nihon Chouzai Group, Integrated Report provides comprehensive information about the medium- and long-term corporate value creation, with the goal of promoting constructive dialogue with our shareholders, investors, and other stakeholders. The reporting period is FY2022 (April 2022–March 2023). However, the report also refers as necessary to FY2023 (April 2023–March 2024).

## Nihon Chouzai Group Disclosure

- ▶ **Corporate website**  
Encompasses everything related to the business activities of the Nihon Chouzai Group
- ▶ **IR information website**  
Presents management policies, financial information, stock information, and other data, mainly for shareholders and investors
- ▶ **Securities report (Japanese only)**  
Statutory materials presenting the corporate overview, business overview, sales results, state of facilities, accounting status, and other information based on Japan's Financial Instruments and Exchange Act

- ▶ **Corporate Governance Report**  
Outlines the Group's initiatives and goals for corporate governance, which stock exchanges require listed companies to submit
- ▶ **Sustainability website**  
Publishes sustainability-related information on the Nihon Chouzai Group for a wide range of stakeholders
- ▶ **Sustainability Data Book**  
Comprehensive sustainability disclosure for the Nihon Chouzai Group

## Cover Story

### A New Look for Pharmacy Staff Uniforms



### Aiming to be the most trusted partner in healthcare for patients

In March 2023, we completely overhauled the uniforms for pharmacists, medical office workers, and registered dietitians working at Nihon Chouzai pharmacies.

This was the first uniform renewal since the company's founding. The thinking behind the change arose out of our new vision of being the most trusted partner in healthcare. The design concept seeks to evoke the image of pharmacy staff ready to get out from behind the counter and come alongside patients as a trusted partner. As times change, pharmacy staff are taking an active role in a growing number of areas. The new uniforms adopt a fitted lab coat design offering high functionality and mobility, aiming to embody the ideal image of a healthcare worker giving even closer support to patients.

# Long-Term Results

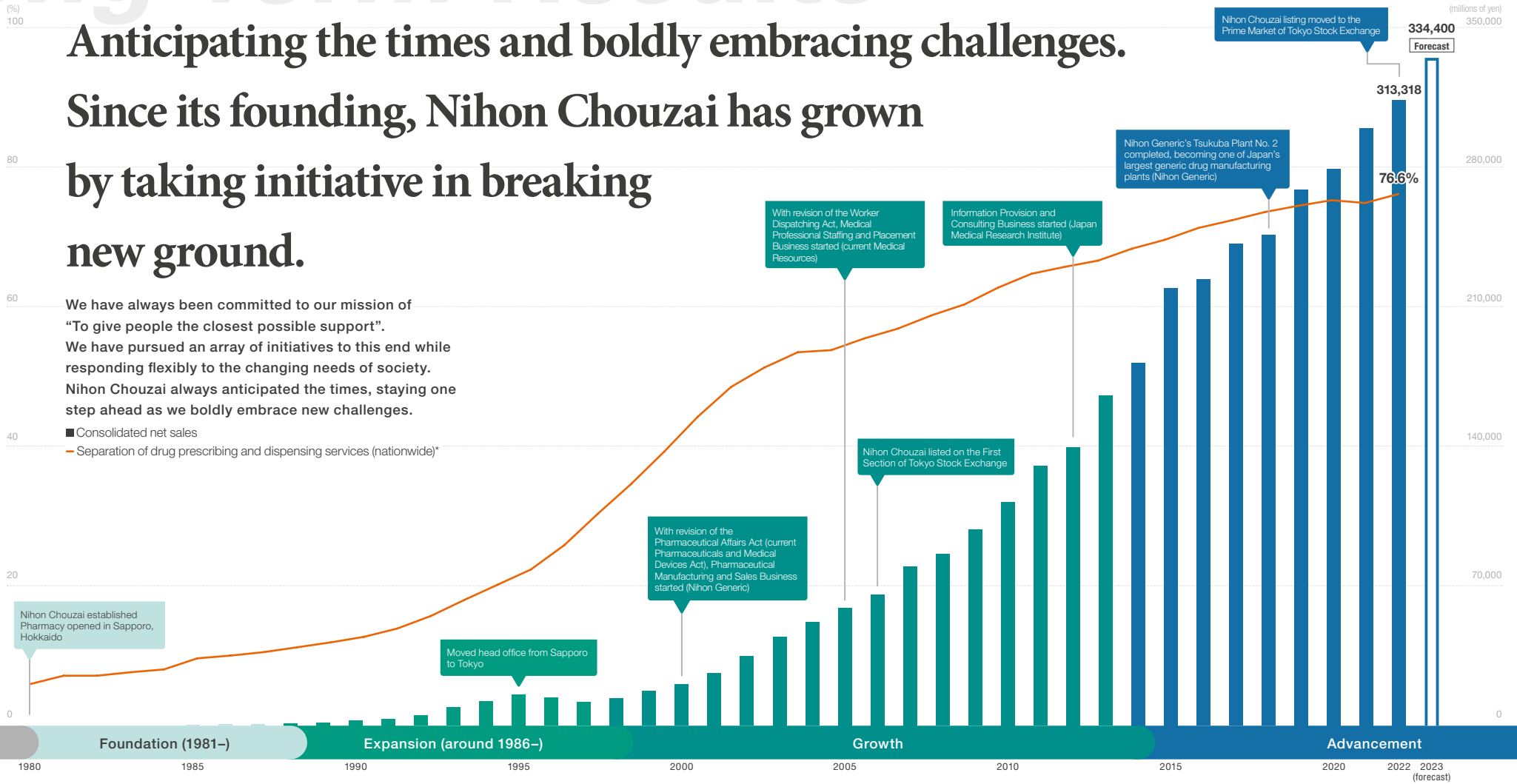
## Anticipating the times and boldly embracing challenges. Since its founding, Nihon Chouzai has grown by taking initiative in breaking new ground.

We have always been committed to our mission of "To give people the closest possible support". We have pursued an array of initiatives to this end while responding flexibly to the changing needs of society. Nihon Chouzai always anticipated the times, staying one step ahead as we boldly embrace new challenges.

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Long-Term Results



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### Starting separation of drug prescribing and dispensing services from the ground up

We carved out our own market by opening pharmacies and encouraging the still nearly un-practiced separation of drug prescribing and dispensing services at medical institutions in Sapporo.

In addition, the development of medical center-type pharmacies, unique to Nihon Chouzai at the time, became a key driver of rapid growth for the Group.

### Entry into Kanto market and nationwide expansion

We expanded into the Tokyo metropolitan area by leveraging our unique expertise in opening pharmacies.

Amid a series of government measures aiming to promote the separation of drug prescribing and dispensing services, we anticipated growing demand for hospital-front pharmacies at major general hospitals and shifted our store opening strategies to expand our network nationwide.

### Becoming a leading pharmacy company

The national average separation of drug prescribing and dispensing services surpassed 50% in the 2000s. As a string of competitors opened small-scale pharmacies, Nihon Chouzai perceived the trend toward such separation among national, public, and university hospitals, and focused its efforts there. The result was the birth of many hospital-front pharmacies that still operate as our flagship pharmacies, cementing our position as a leading company in the industry.

### Expansion of dispensing pharmacy business and diversification

Leading the industry in identifying healthcare issues and shifting demand, Nihon Chouzai continues to embrace forward-looking challenges, such as the use of online services and support for at-home healthcare needs.

We are also steadily evolving as a healthcare group to meet the expectations of even more stakeholders, focusing on expanding the manufacturing and sales of generic drugs as well as the staffing and placement of pharmacists and other medical professionals.

\*Citation: Japan Pharmaceutical Manufacturers Association, Progress in Pharmaceutical Separation of Drugs (Trends in Insurance Dispensing)

# Strengths Cultivated over More Than Four Decades



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Long-Term Results

## Quality

### **Quality**

As healthcare professionals, we are committed to providing the highest-quality healthcare services.

Our firm commitment to quality is a strength that is unchanged since our founding, with which we have been able to deliver safe, secure healthcare that has gained the trust of countless patients.

## Flexibility

### **Flexibility**

Amid significant changes to the environment for healthcare in Japan, we have pursued healthcare that is truly indispensable, addressing a spectrum of changing needs without being locked into past practices.

The Group continues to draw on this flexibility as a unique advantage.

## Pioneer

### **Pioneering Spirit**

The ability to anticipate the times and embrace new challenges ahead of others is a unique strength of the Group, unchanged since our founding, that has enabled us to achieve significant growth.

We will continue to take initiative in creating new value to contribute to the future of healthcare while supporting people in various aspects of their lives.

# Our Mission

Our Mission

## To give people the closest possible support

### From the Outset, Our Unchanging Significance to Society

At the time Nihon Chouzai was founded, the separation of drug prescribing and dispensing services in Japan was less than 5%. Now, 43 years later, that figure is approaching 80%. Over the decades, we have faced an array of challenges and made many strides. Our reason for aspiring to expand the true separation of drug prescribing and dispensing services has always been to contribute to the health of all people.

In other words, to help bring about a society where healthcare is accessible to all people. Driven by this unchanging commitment, we will continue doing our utmost to provide support to people going forward, serving as the healthcare professionals most closely involved in their wellbeing.