

Value Creation

Value Creation Process

Our Mission

The Nihon Chouzai Group's unchanging significance to society

To give people the closest possible support



Social issues to be addressed, demand from society

- Super-aging society ("2025 Problem")
- Promoting appropriate drug use
- Family pharmacist system
- Realization of new customer experiences through digital transformation
- Rising medical expenses, shortage of doctors
- High-quality healthcare services
- Sustainable management

Accumulated strengths

Human capital

- 71.1% of all of 5,315 employees*1 with high degree of expertise
- Pharmacists: 3,727
Registered dietitians: 55 (as of March 31, 2023)
- Active HR investment
Education: 680 million yen (over 5 years)

Intellectual capital

- Market-leading digital transformation (Investment: approx. 12.9 billion yen over 5 years)
- Ongoing research of generic drugs (Investment: 15 billion yen over 5 years)
- Strong brand recognition: over 40-year track record in advanced healthcare, widely recognized among pharmacists

Financial capital

- Round of large-scale capital investment (FY2016: 23.3 billion yen; FY2022: 10.3 billion yen)
- Total assets: 185.2 billion yen (end of FY2022)

Manufacturing capital

- 718 pharmacies (as of March 31, 2023)
- 5 pharmaceutical manufacturing plants
1 laboratory

Natural capital

- Factory
Water consumption: 77.2t
Electricity consumption: 25,388kWh (FY2022)
In-house power generation using solar panels

Social capital

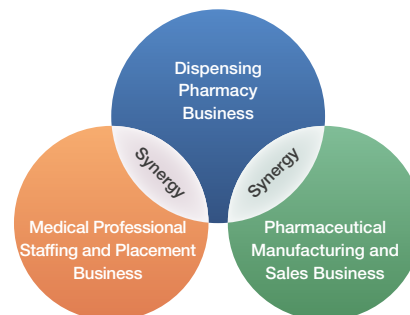
- Robust collaboration with hospitals that provide advanced medical care
- Health Check-Up Stations opened
- Number of patients*2: 12.3 million (FY2022)
- Providing an electronic medication notebook platform

Input

Key tasks

- Responding to diversifying medical needs
- Accelerating digital transformation of healthcare
- Sustainability management

Unique business model



Three strengths



Business Model & Strategy

Output

Outcome

Services provided

Dispensing Pharmacy Business

- Pharmacy operation
- Pharmacist staffing at hospitals
- Sales of healthcare products
- Provision of drug information
- Support for clinic openings
- Medical mall development
- Pharmacy business succession support

Information Provision and Consulting Business

- Drug information service
- Advertising media service
- Survey and research service
- Data health support service

Pharmaceutical Manufacturing and Sales Business

- Manufacturing and sale of generic drugs

Medical Professional Staffing and Placement Business

- Staffing and placement of medical professionals (pharmacists, doctors, nurses, registered pharmaceutical sellers)

Results in FY2022

Society

- Providing high-quality healthcare at pharmacies nationwide, contributing to regional healthcare
- Curbing medical expenses by offering and promoting use of generic drugs
- Heightening convenience by promoting digital transformation of healthcare
- Promoting diversity, equity, inclusion, and belonging
- Contributing to regional healthcare

Number of pharmacies: **718**
(as of March 31, 2023)

Female employees*³: **70.3%**
(as of March 31, 2023)

Electronic medication notebook
Okusuri Techo Plus subscribers: **1.4 million**
(as of June 2023)

Presence at university hospitals nationwide
in Dispensing Pharmacy Business: **50%**
(as of March 31, 2023)

Newly NHI listed generic drugs: **8**
(FY2022)

Job search support: +22% for pharmacists,
+517% for doctors*⁵
(FY2022)

Environment

- Addressing climate change
- Environmentally friendly pharmacies

Pharmaceutical Manufacturing
and Sales Business
Amount of recycled waste: **142 tons**
(FY2022)

CO₂ reduction (Scope 1 and 2):
3,905 tons-CO₂e
(FY2022 versus FY2021)

Sustainable corporate growth

Financial value (FY2022)

- ROE:8.2%
- Sales per employee: 55.1 million yen
- Total dividends paid: 749 million yen
- Number of prescriptions: 16.3 million

Non-financial value (FY2022)

- Strong brand recognition: No.1 in 4 categories for company popularity ranking among job seekers*⁴
- Growth in certified personnel
- Highly secure proprietary system

Vision

Our ideal for
the Group in 2030

To be the most trusted partner in healthcare

*1 Nihon Chouzai only. It includes non-regular employees such as part-time employees. *2 Total number of pharmacy visits. *3 Nihon Chouzai only (as of March 31, 2022) *4 No. 1 in pharmacy/drugstore sector *5 Number of placement contracts (versus FY2018)

Stakeholder Engagement

Stakeholder Engagement

The Nihon Chouzai Group seeks to hold constructive dialogues with stakeholders in each of its business areas to identify their expectations and needs and to work together to help resolve the issues facing the entire society. Going forward, we will continue to work to deepen trust with stakeholders, build relationships that enable mutual flourishing, and increase corporate value.

	Why we engage	Stakeholders' interest	How we respond
 <p>Patients and customers</p>	<p>As a medical institution that provides quality healthcare throughout Japan, we believe pursuing the care that patients and customers demand is essential for the long-term development of our company.</p> <p>The Nihon Chouzai Group is constantly striving to ensure that patients and customers can receive the best possible healthcare without worry at our pharmacies and through our online pharmacy service throughout Japan.</p>	<ul style="list-style-type: none"> ■ Provision of high-quality healthcare through the safe, secure Nihon Chouzai brand ■ Pharmacies available when needed / Providing home medical care ■ Online pharmacy service that brings together high medical quality and convenience ■ Supply of high-quality pharmaceuticals 	<ul style="list-style-type: none"> ■ Providing high-quality healthcare at Nihon Chouzai pharmacies in all prefectures in Japan ■ Providing high-quality generic drugs under the Nihon Generic brand ■ Providing Nihon Chouzai's online pharmacy service NiCOMS ■ Expansion of the functions of the electronic medication notebook <i>Okusuri Techo Plus</i>
 <p>Medical institutions (hospitals, pharmacies) and healthcare professionals</p>	<p>As a medical institution and as healthcare professionals responsible for regional healthcare, the Group collaborates with other medical care providers to better serve patients and local communities. In this way, we contribute to upholding a sustainable healthcare system in Japan. In addition, for medical institutions facing a shortage of medical staff, we are helping to redress regional disparities in healthcare by supplying appropriate medical personnel through the Group's Medical Professional Staffing and Placement Business.</p>	<ul style="list-style-type: none"> ■ Collaboration with medical institutions to build sustainable community healthcare frameworks ■ Redressing regional healthcare disparities caused by a shortage of medical personnel ■ Cooperation with highly specialized pharmacies and pharmacists 	<ul style="list-style-type: none"> ■ Healthcare collaboration by highly specialized pharmacists with regional medical institutions ■ Staffing and placement businesses that connect medical institutions and healthcare professionals while avoiding poor fits ■ Ensure the safety and quality of drugs
 <p>Employees</p>	<p>To achieve sustainable growth, it is vital to create workplaces where employees can take pride in their work as professionals supporting healthcare in Japan. The Nihon Chouzai Group is working not only to foster supportive, fulfilling workplaces, but also carry out employee engagement surveys to enhance employee satisfaction.</p>	<ul style="list-style-type: none"> ■ Workplaces where employees can continue to work with a sense of security ■ Initiatives for Diversity, Equity, Inclusion, and Belonging ■ Fulfilling work that can contribute to healthcare in Japan ■ Maintaining stable employment 	<ul style="list-style-type: none"> ■ Offering working environments at financially sound medical institutions ■ Providing a wide range of job positions that offer fulfillment as a healthcare professional ■ Stable employment in the Nihon Chouzai Group (salary, benefits) ■ One of the industry's best training programs ■ Providing flexible career plans that empower women in the workplace



Shareholders and investors

Why we engage

As a company listed on the Prime Market of the Tokyo Stock Exchange, the Group places importance on appropriate disclosure and constructive dialogue with shareholders and investors to achieve sustainable growth and build corporate value over the longer term. Feedback and demands obtained through interactions with shareholders and investors are promptly shared within the Group and reflected in management and investor relations activities.

Stakeholders' interest

- Sustainable growth
- Longer-term improvement in corporate value
- Stable shareholder returns
- Appropriate disclosure

How we respond

- Engagement activities with stakeholders and investors
- Growth strategies to achieve a sound financial structure and sustainable growth
- Stable shareholder returns



Government agencies

Effective collaboration with government agencies is indispensable to the Group's businesses. The Nihon Chouzai Group will continue to engage with government agencies to contribute to Japan's regional healthcare system.

- Provision of healthcare with guaranteed safety and stability
- Cooperative efforts with government agencies
- Reduction of medical expenses
- Understanding of ministry and agency policies

- Efforts to develop, manufacture, sell, and ensure a stable supply of high-quality generic drugs
- Promoting generic drugs to reduce medical expenses
- Contributing to regional healthcare in Japan
- Efforts to achieve digital transformation of healthcare



Society

As we seek to contribute to regional healthcare, cooperative efforts with various stakeholders in our communities are crucial to our businesses. The Group will continue to provide the best-possible healthcare throughout Japan to ensure that patients and customers can lead their daily lives with a sense of security and safety.

- Regional healthcare stations
- Family pharmacies and pharmacists
- Actions to contribute to society
- Expansion of pharmacies with specialized functions such as collaborating with medical institutions and providing advanced healthcare

- Functions to support community residents in staying healthy and to offer nutrition consultations
- Providing a safe and secure community healthcare system through dispensing pharmacies Pharmacy-based community healthcare frameworks to enable people to lead their daily lives with a sense of security
- Nationwide expansion of specially certified pharmacies, such as regional cooperation pharmacies, specialized medical institution cooperation pharmacies, and health support pharmacies



Business partners

As a Group that is involved in a broad range of business areas, it is critical that we maintain solid relationships with all of our business partners. We will work together with our business partners to create significant value for society and respond to diverse healthcare needs.

- Provision of value or compensation
- Mutual long-term growth and prosperity
- Providing quality healthcare services

- Provision of quality healthcare services
- Extensive business development by leveraging the strength of our nationwide network of pharmacies

Risks and Opportunities

Key Risks and Opportunities Projected in Carrying Out the Long-term Vision

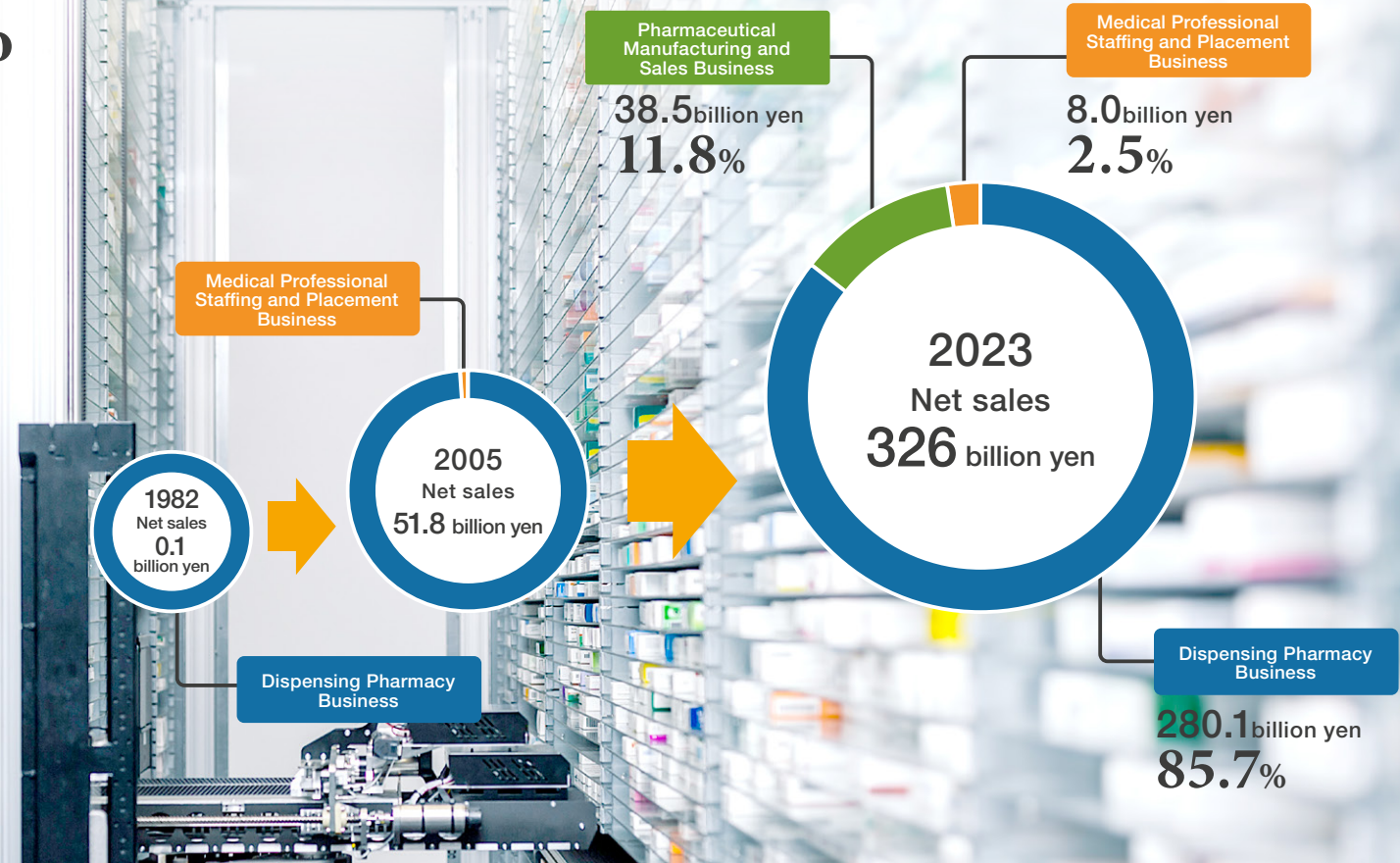
At Nihon Chouzai, to achieve our long-term vision, we will seek to identify and address risks, embrace opportunities as a force driving future growth, and harness strong synergies between our businesses to realize dramatic growth.

Issues	Risks	Opportunities	Actions	
Changes to the Healthcare System	<ul style="list-style-type: none"> Decrease in dispensing fees due to revision of medical fees and reduction of drug prices due to revision of drug prices Entry of outside players into the pharmacy industry due to deregulation Waning competitiveness of existing business models 	<ul style="list-style-type: none"> Accelerating restructuring in the pharmacy industry due to revisions of dispensing fees and drug prices, deregulation, and other factors Expansion of online medical care and digital transformation of healthcare due to healthcare system reforms Accelerating restructuring in the generic drug industry due to the impact of drug price Reductions 	Dispensing Pharmacy Business <ul style="list-style-type: none"> Develop an expanded pool of more highly sophisticated, highly specialized medical personnel Expand business areas and pharmacies with functions ranging broadly from advanced medical care, disease prevention, and pre-symptomatic illness to prevention of progression and at-home healthcare Promoting the Digital Transformation of Healthcare 	
Safety and Quality of Medical and Pharmaceutical Products	<ul style="list-style-type: none"> Unexpected serious drug side effects or harmful drug interactions Greater time and effort required to meet stricter regulations on drug manufacturing and quality 	<ul style="list-style-type: none"> Ensuring safety and enhancing reliability by promoting proper drug use Enhancing reliability through proper manufacturing and quality control of drugs 	Dispensing Pharmacy Business <ul style="list-style-type: none"> Enhance educational programs and facilities to ensure the proper use of drugs Introduce, expand, and ingrain quality management 	
Stable Supply of Pharmaceuticals	<ul style="list-style-type: none"> Disruptions in the supply chain and increased procurement costs in pharmaceutical manufacturing and sales due to global conditions and accelerating inflation, etc. Failure to achieve manufacturing and sales targets due to supply and demand disruptions in the demand structure in the pharmaceutical industry 	<ul style="list-style-type: none"> Responsible sales and provisions of drugs based on a stable, efficient supply chain Construction of a production framework to achieve both stable supply and profitability 	Dispensing Pharmacy Business <ul style="list-style-type: none"> Pursue synergies with the Pharmaceutical Manufacturing and Sales Business to achieve stable procurement of generic drugs Achieve stable drug supply through tie-ups with pharmaceutical wholesalers nationwide 	
Securing Human Resources Needed to Operate, Grow Businesses	<ul style="list-style-type: none"> Shortage, poor fits of personnel to support business strategies, declining labor productivity 	<ul style="list-style-type: none"> Business expansion drawing on strengths in human resource development and recruitment, provision of competitive services 	Group-wide <ul style="list-style-type: none"> Secure highly skilled professionals and develop employee training programs Recruit and train high-quality new pharmacist graduates 	
Increasingly Sophisticated Digital Technology and Security Threats	<ul style="list-style-type: none"> Interruption of services and business due to cybercrime, personal information leaks Waning competitiveness of current business models 	<ul style="list-style-type: none"> Stable operation and expansion of businesses and services grounded in an information security infrastructure Leveraging digital transformation of healthcare to offer new services that address changes in patient and customer behavior and changes in social infrastructure 	Group-wide <ul style="list-style-type: none"> Transform core businesses through digital transformation of healthcare Develop a more robust information security and personal information protection framework as part of the business infrastructure and thoroughly train employees Reinforce measures to prevent information security incidents and strengthen response capabilities 	
Climate Change and Pandemics	<ul style="list-style-type: none"> Higher costs due to stricter environmental regulations Suspended operations and degraded services due to large-scale natural disasters and global pandemics 	<ul style="list-style-type: none"> Mounting needs for services and products to address changes in consumer behavior and lifestyles due to increased environmental awareness Growing needs for online medical care necessitated by large-scale disasters and pandemic outbreaks 	Dispensing Pharmacy Business <ul style="list-style-type: none"> Provide smart healthcare that enables medical consultation, medication guidance, and drug receipt to be carried out entirely online 	Medical Professional Staffing and Placement Business <ul style="list-style-type: none"> Address medical personnel shortages in regions with insufficient medical resources to better prevent the spread of infectious diseases and uphold healthcare frameworks

Business Portfolio

Building on expertise cultivated in its nationwide Dispensing Pharmacy Business, the Nihon Chouzai Group has expanded its reach into other areas of healthcare, evolving a unique business portfolio encompassing the Pharmaceutical Manufacturing and Sales Business, the Medical Professional Staffing and Placement Business, and the Information Provision and Consulting Business.

With the Dispensing Pharmacy Business at the core, we are harnessing synergies through organic collaboration between these businesses as we pursue further growth as a healthcare group giving people the closest possible support.



Dispensing Pharmacy Business

We have pharmacies in all 47 prefectures in Japan, seeking to contribute to improving the health of patients and provide high-quality healthcare services across the country. Based on the family pharmacist and pharmacy functions stipulated by the Ministry of Health, Labour and Welfare, we have developed a network of both pharmacies that offer advanced drug management requiring highly specialized knowledge and those that offer health support functions that contribute to better pre-symptomatic illness and disease prevention in the community.

Information Provision and Consulting Business

This business involves analyzing the healthcare data resources cultivated through various Nihon Chouzai Group companies and carrying out surveys and research, providing information, and offering consulting services to local governments, health insurance associations, pharmaceutical manufacturers, and other customers. We help reduce the costs of healthcare through the effective use of vast amounts of information resources.

Pharmaceutical Manufacturing and Sales Business

The Pharmaceutical Manufacturing and Sales Business focuses primarily on generic drugs that are effective in curbing healthcare costs. Capitalizing on the strengths of the Nihon Chouzai Group, we manufacture safe, high-quality generic drugs that meet the needs of clinical settings, with a framework in place to enable a stable supply of drugs throughout Japan. With a current lineup of around 570 drugs, we aim to be a generic drug manufacturer that supports healthcare in Japan.

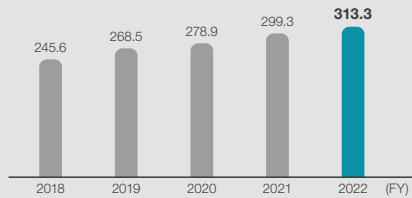
Medical Professional Staffing and Placement Business

This business engages in staffing and placement services for healthcare workers, mainly pharmacists. By drawing on the high-quality education system established by Nihon Chouzai, we are able to provide staffing and placement services with the kind of added value that other companies cannot match. We are also working to grow the business by expanding the lineup of services for healthcare professionals other than pharmacists, including doctors, nurses, and registered pharmaceutical sellers.

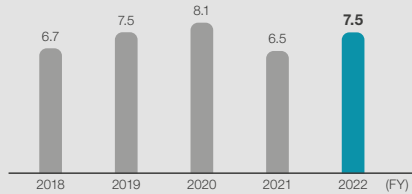
At a glance

Results for the FY2022

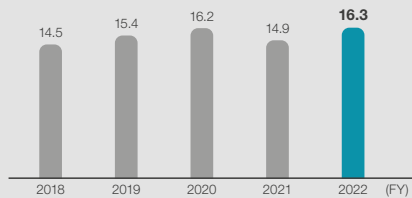
Net Sales 313.3 billion yen



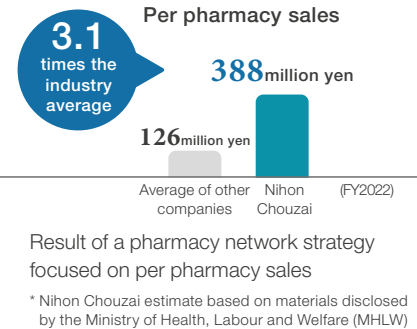
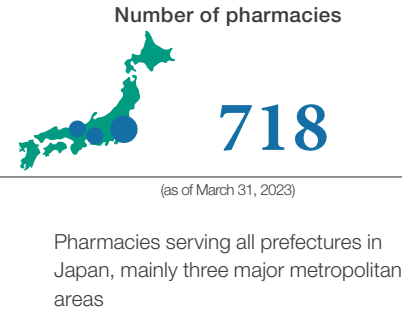
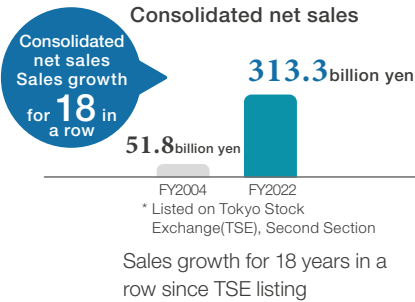
Operational profit 7.5 billion yen



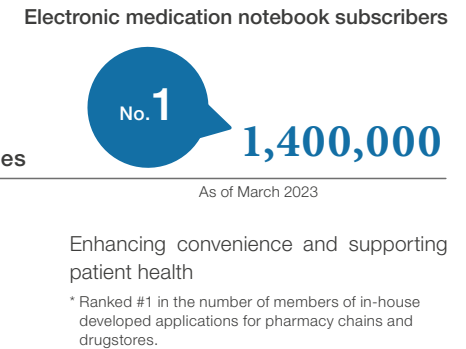
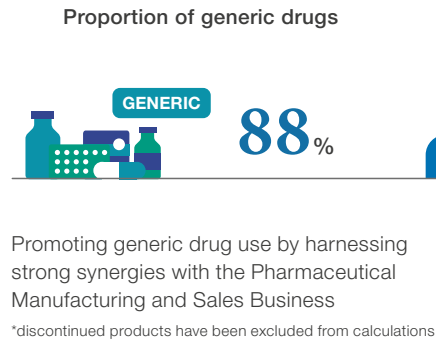
EBITDA 16.3 billion yen



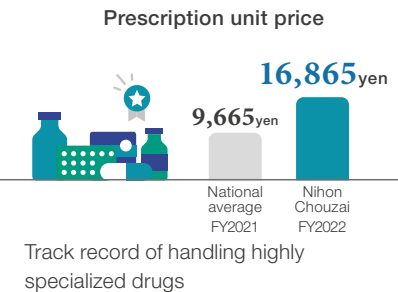
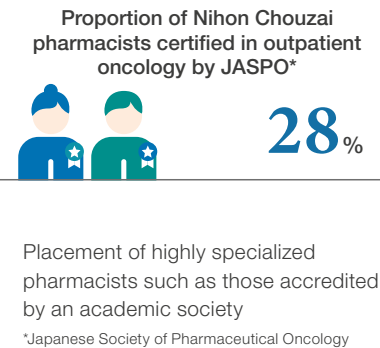
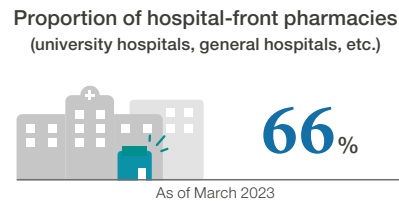
Taking the Lead in the Japanese Pharmacy Market



Addressing Healthcare Issues Facing Japanese Society



Support for Advanced Medical Care



Digital Transformation Strategy

Nihon Chouzai regards ICT as a key factor in growth and has been developing an ICT strategy for many years.

Amid calls to incorporate digital transformation into healthcare, the Nippon Chouzai

Group's digital transformation strategy is further evolving to provide new value to patients, medical institutions, and local communities.

Five Digital Transformation Strategies

Nihon Chouzai has formulated five digital transformation strategies to offer new value to a wide range of patients and other stakeholders. By pursuing each of these strategies for transforming our core businesses, creating new businesses, and transforming business

processes inside and outside the Group, we aim to become the healthcare group of choice for stakeholders through the new value we create.

Five Digital Transformation Strategies

1 Providing smart healthcare

Providing smart healthcare, where anyone can receive health consultation, medication guidance, and drug delivery seamlessly online

2 Creating new customer experiences

Creating new customer experiences by fusing brick-and-mortar and online pharmacies

3 Improving customer satisfaction and maximizing treatment efficacy

Improving customer satisfaction and maximizing treatment efficacy by expanding touchpoints using *Okusuri Techo Plus*

4 Using digital technology to provide value-added information

Providing value-added information through the FINDAT drug information platform

5 Improving work efficiency and shifting to patient-centered work

Using digital technology to streamline operations, reducing time spent with materials and creating time for patient-centered work

Value Provided



Patients and consumers

- Enhanced convenience, prevention of illness progression
- More robust at-home healthcare
- Supporting disease prevention and pre-symptomatic illness of local residents
- Providing high-quality medical care by enhancing interpersonal services
- Prevention and early detection of drug side effects
- Proper drug use based on efficacy, safety, and cost-effectiveness
- Balance of safety and efficiency of dispensing work



Medical institutions

- Support for gathering drug information



Regional society (educational institutions, local governments)

- Reducing regional disparities in healthcare
- Responding to health and lifestyle issues through multi-professional collaboration in the community
- Sustainable healthcare provision
- Use of information at universities and other educational institutions



Shareholders

- Sustainable corporate growth
- Optimizing risk



Employees

- Working style reforms through greater work efficiency
- Heightened expertise through shift from materials- to patient-centered work
- Providing a range of opportunities for active involvement

Pharmacy service operations based on the digital transformation strategy

Nihon Chouzai's Online Pharmacy Service NiCOMS



Electronic medication notebook *Okusuri Techo Plus*



Remote Healthcare Search Service NiCO Navi



Drug information platform FINDAT



Renewal of the Dispensing System

Supporting Operation of Multiple Pharmacies with Cloud-Based Service JP-Dream

Automation of Dispensing Work

Online Insurance Eligibility Verification System

Business Overview



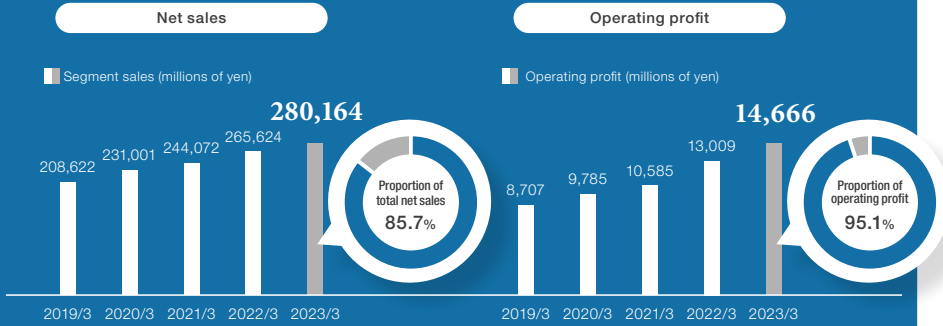
Dispensing Pharmacy Business

Nihon Chouzai Co., Ltd., other dispensing subsidiaries

Vision for Growth

“To give people the closest possible support,” Nihon Chouzai has always sought to tackle healthcare issues head-on, even as those issues have shifted drastically with the times. The Group’s growth is not tied only to meeting the immediate needs of patients—we take pride in having been able to anticipate the times, flexibly embrace change, and move before anyone else to address social issues that are just over the horizon.

We will further hone the strengths we have cultivated so far—our capacity to respond to diversifying medical needs, our ability to provide quality healthcare, and our capacity to respond to the digital transformation of healthcare—as we pursue growth over the longer term.



Three Strengths

Capacity to respond to diversifying medical needs

Nihon Chouzai leads the industry in responding to diversifying medical needs, continuing to grow as a comprehensive healthcare brand as we support regional healthcare collaboration and at-home healthcare, offer online pharmacy services, and expand our health support functions. Moreover, we are responding agilely to changes in the healthcare environment in Japan amid ongoing reforms to the healthcare system, including revisions to dispensing fees and drug prices and calls for the digital transformation of healthcare.

Providing quality healthcare

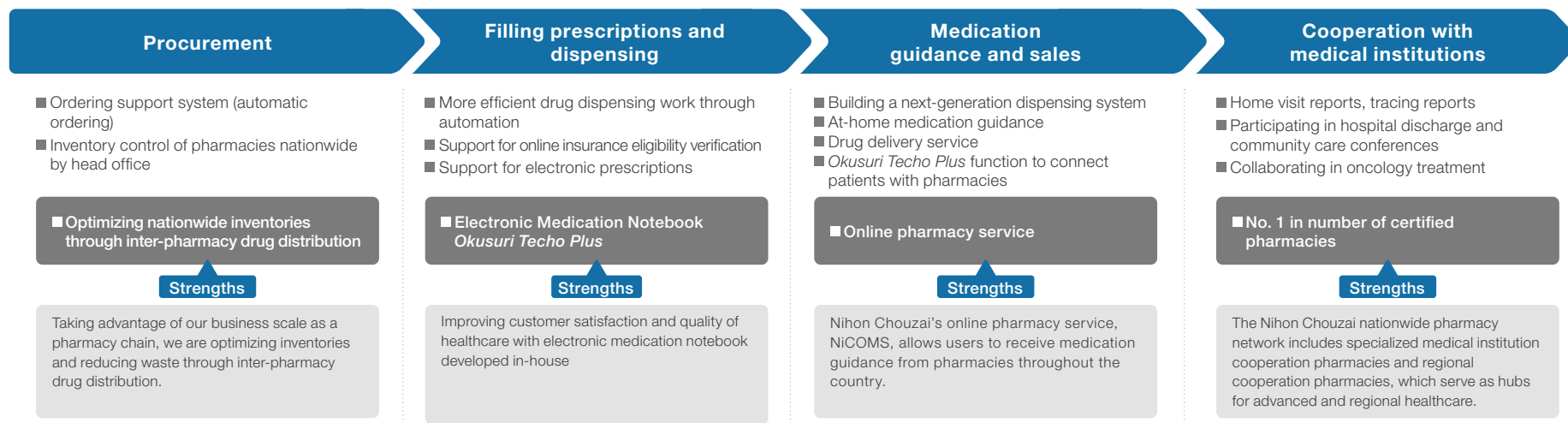
Approximately 70% of Nihon Chouzai pharmacies are located in front of or on the premises of university hospitals and major regional hospitals that provide advanced healthcare. We are also consistently ahead of the industry in responding to diversifying medical needs. We will also step up efforts to handle specialty drugs, for which demand is expected to grow in the future.

Capacity to respond to digital transformation of healthcare

Since its founding, Nihon Chouzai has actively incorporated ICT into its business activities, drawing on advanced innovation capabilities. We have been pursuing digital transformation strategies in the healthcare field, such as the in-house development of dispensing systems and the *Okusuri Techo Plus* electronic medication notebook. As demand for “smart healthcare” increases, we will lead the way in transforming the healthcare industry through remote medication guidance and other initiatives.



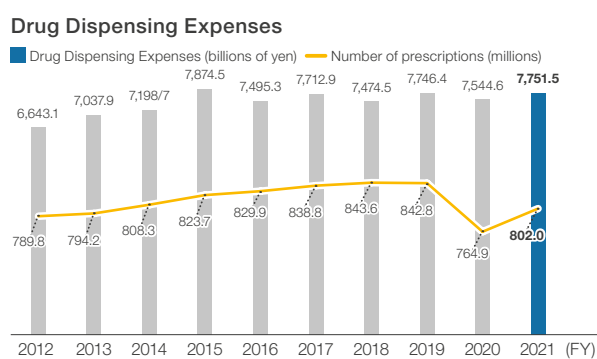
Value Chain and Competitive Advantages of the Dispensing Pharmacy Business



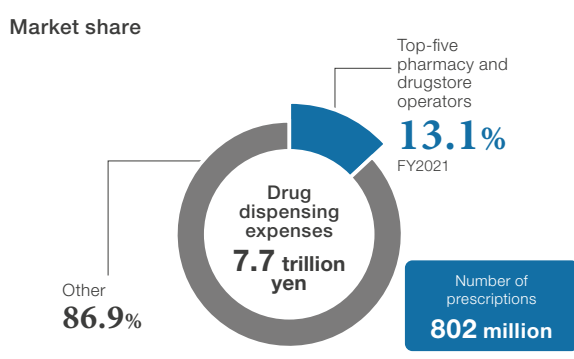
Market Environment

In the wake of the COVID-19 outbreak, the Japanese government has been pursuing reforms to the healthcare system and promoting the digital transformation of healthcare. It deregulated remote medication guidance and introduced a refill prescription system in April 2022, and introduced electronic prescriptions in January 2023. These government reforms to the healthcare system are helping to spur realignment in the pharmacy sector,

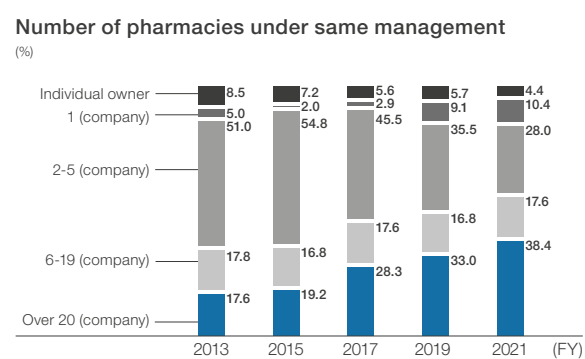
which is expected to lead to fewer pharmacies and greater consolidation of pharmacies. The market share of the five major dispensing pharmacy operators, including the Company, is less than 15%, leaving significant room for market share expansion.



Source: Ministry of Health, Labour and Welfare *Trend of Dispensing and Medical Care Expenses (Computerized) 2021 Edition*



Source: Ministry of Health, Labour and Welfare *Trend of Dispensing and Medical Care Expenses 2021 Edition*



Source: Ministry of Health, Labour and Welfare First Working Group on In-Pharmacy Pharmacist Operations and Pharmacy Functions, *Outline of Basic Data on In-Pharmacy Pharmacists*

Responding to Diversifying Medical Needs

Pharmacy network strategy focused on balance to meet a broad array of patient needs

To provide high-quality healthcare services nationwide, Nihon Chouzai is pursuing a balanced pharmacy network strategy. Based on the family pharmacist and pharmacy functions stipulated by the Ministry of Health, Labour and Welfare, we distinguish our pharmacies between those that offer advanced drug management requiring highly specialized knowledge and those that offer health support functions that contribute to better pre-symptomatic illness and disease prevention in the community. We have pharmacies in all 47 prefectures in Japan.

Hybrid pharmacies

Pharmacies that combine the elements of neighborhood pharmacies, which are in locations with convenient access, such as downtown areas or near train stations, with medical center-type pharmacies, which serve clusters of medical institutions. Hybrid pharmacies fill prescriptions from medical facilities across a relatively wide area, but also serve as a familiar healthcare hub for neighborhood residents and people commuting to work or school.



Online pharmacy service

NiCOMS, an online pharmacy service developed by Nihon Chouzai, allows users to make reservations to receive remote medication guidance at home or elsewhere. In addition to helping prevent infectious diseases, customers who are too busy to visit a pharmacy or patients who live far away can easily make use of this service via their smartphones or computers.



Hospital-front/on-site pharmacies

Located near or on the premises of university hospitals and major regional hospitals that provide advanced healthcare, these pharmacies offer advanced healthcare serving a wide range of medical specialties. As hospital-front/on-site pharmacies often fill prescriptions for drugs that require advanced pharmaceutical management, highly specialized knowledge and skills, as well as the highest level of medical services, are required.



Pharmacies with various functions

The Vision of Pharmacies for Patients announced by the Ministry of Health, Labour and Welfare (MHLW) set forth concrete functions required of pharmacists and pharmacies going forward. A system allowing prefectural governors to certify certain pharmacies with such functions as regional cooperation pharmacies or specialized medical institution cooperation pharmacies was launched in August 2021. Nihon Chouzai is developing a network of pharmacies offering an array of other functions as well. These include health support pharmacies, which offer consultation on a wide range of health-related issues; certified Nutrition Care Stations, where local residents can easily receive nutritional care support and guidance; and pharmacies equipped with a Health Check-Up Station, a distinctive initiative of Nihon Chouzai to help local residents stay healthy and to deal with pre-symptomatic illness and disease prevention.

Specialized medical institution cooperation pharmacies

45 pharmacies / 141 pharmacies nationwide

Pharmacies, authorized by prefectural governors, that cooperate closely with other healthcare facilities to serve patients who require specialized drug management. These pharmacies also engage in special kinds of dispensing that call for more advanced drug management and greater specialization. Currently, pharmacies with a high degree of expertise in oncology treatment can receive this accreditation.

Regional cooperation pharmacies

459 pharmacies / 3,672 pharmacies nationwide

Pharmacies, authorized by prefectural governors, that collaborate as needed with regional medical institutions and other pharmacies, serving as bridges between hospitals (medical care) and long-term care facilities or residences (long-term care).

Health Support Pharmacies

178 pharmacies

Pharmacies meeting health support standards established by the Ministry of Health, Labour and Welfare that have functions to actively support local residents and patients so that they can lead healthy and abundant lives.

Certified Nutrition Care Stations

28

Facilities certified by the Japan Dietetic Association as a community hub where local residents can easily receive nutritional care support and guidance. Through services such as nutrition consultations, health events, and nutrition classes, registered dietitians support residents in leading healthy and fulfilling lives.

Supporting at-home healthcare

The advent of a super-aging society has triggered a shift away from inpatient treatment at medical institutions to ongoing at-home healthcare. As family pharmacies, the role of pharmacies in community-based healthcare teams is becoming more and more critical. Nihon Chouzai began augmenting its ability to respond to care needs at home and at long-term care facilities in 2009. We support patients in collaboration with facility staff, doctors, nurses, and care managers. Since 2010, we have offered a broad array of at-home healthcare services to support the needs of local communities, ranging from cancer and other serious illnesses to children with intractable diseases.

In terms of facilities at our pharmacies, we have remained ahead of the industry in equipping pharmacies with sterile dispensing rooms, which will be increasingly necessary for at-home healthcare going forward, allowing the preparation of injections, intravenous feeding solutions, and other sterile dispensing work.

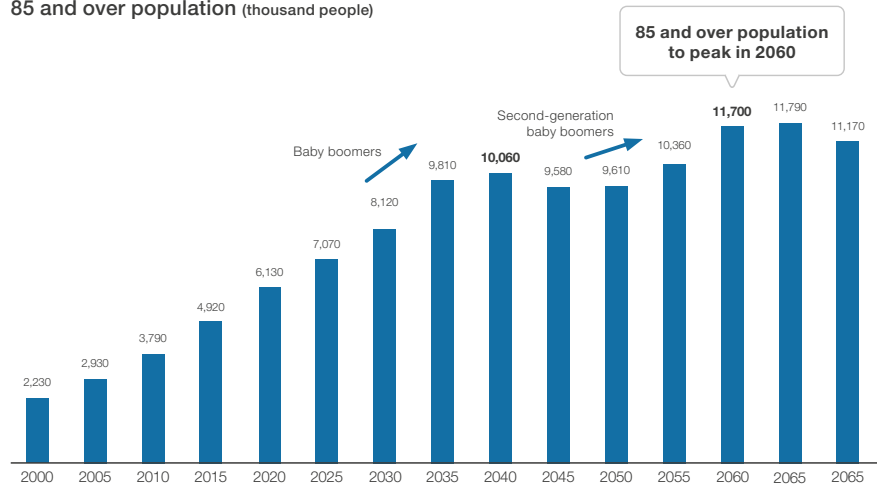
In FY2011, Nihon Chouzai set up a department dedicated to at-home healthcare, and is actively promoting home-visiting drug management and guidance for patients being treated at home. All Nihon Chouzai pharmacies have now put in place a framework in which pharmacists can provide home-visiting drug management and guidance services.

Specialized at-home healthcare managers (Pharmacists) **12**

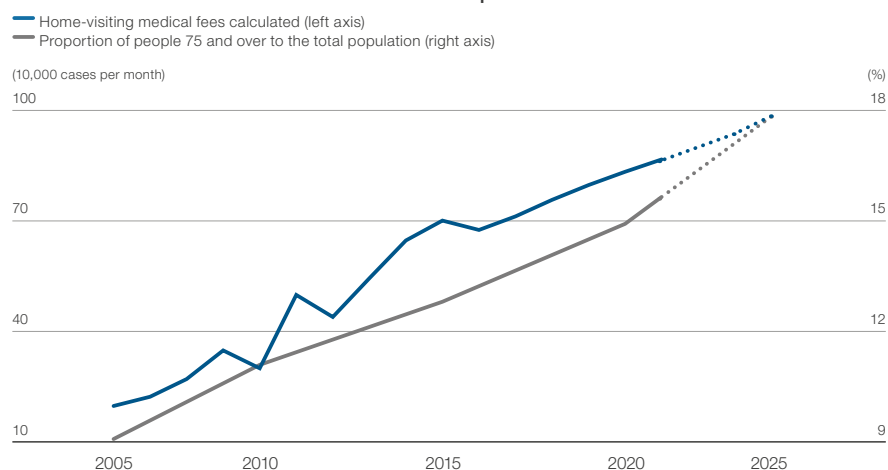
At-Home Medical Care Support Centers **27**

At-Home Medical Care Support Centers **20**

85 and over population (thousand people)



Growth of the At-Home Healthcare Market in Japan



Supporting at-home healthcare

At-Home Medical Care Support Centers



Through 27 At-Home Medical Care Support Centers nationwide, Nihon Chouzai is providing a range of at-home care services to meet the needs in various regions. Pharmacists specializing in at-home healthcare are supporting primarily elderly patients as well as children with cancer, intractable diseases, and other serious illnesses. We make use of Anshin Fukuyaku-kun, an original medication support system developed in-house, to help boost adherence by preventing medication errors and managing medication information. Moreover, we actively support the health of patients in the region in collaboration with other healthcare professionals, including by having a pharmacist accompany patients to their medical examinations. Meanwhile, we are taking steps to ensure high-quality, safe healthcare services: Nihon Chouzai pharmacies are working to obtain ISO 9001, the international standard for quality management systems, for the provision of dispensing and medication distribution services by At-Home Medical Care Support Centers and drug sales operations.

TOPIC / At-Home Palliative Care Initiatives

One Nihon Chouzai pharmacy is certified to conduct at-home palliative care by the Japanese Society for Pharmaceutical Palliative Care and Sciences

An at-home palliative care certification system launched in December 2022 aims to certify pharmacies that have the functions required for palliative care and to make such pharmacies easier to understand. Under this system, patients requiring palliative care can choose the pharmacy that best suits them and receive high-quality palliative drug therapy. Nihon Chouzai's Koto Pharmacy was certified as of April 1, 2023.

To further improve the quality of at-home healthcare and expand at-home palliative care certification, we are focusing on recruiting and training candidates to become palliative drug therapy pharmacists with expertise in palliative drug treatments. *Currently, six Nihon Chouzai pharmacists are certified as palliative drug therapy pharmacists.

*As of June 30, 2023



A sterile dispensing room installed at Koto Pharmacy

Providing Quality Healthcare

Ability to support to advanced healthcare

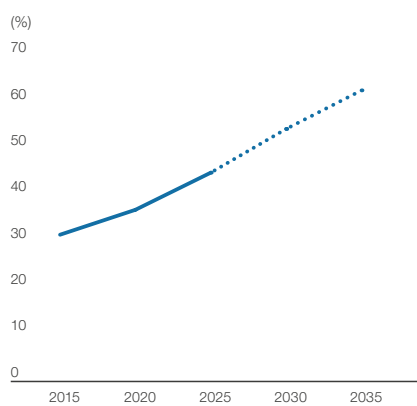
Initiatives Involving Specialty Drugs

Nihon Chouzai defines specialty drugs as high-priced drugs, including drugs used to treat cancer and rare diseases. Specialty drugs are thought to have grown to claim an over 35% share of the total prescription drug market in Japan. The scale of this market is expected to expand going forward.

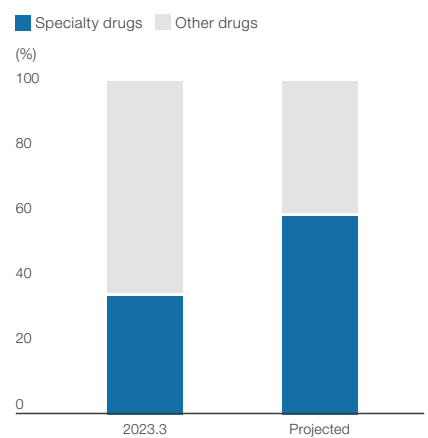
More than 60% of Nihon Chouzai Group pharmacies nationwide are located in front of or on the premises of major hospitals. Moreover, as many of our pharmacists are certified in outpatient oncology and other specialized areas, our pharmacies tend to handle a far greater proportion of anticancer and other specialty drugs than the industry average.

Aiming to capture growing demand for specialty drugs, we have already actively expanded our network of hospital-front and on-site pharmacies at major hospitals, which provide advanced healthcare. Meanwhile, we are moving forward with steps to significantly increase sales of specialty drugs at our other pharmacies.

Specialty drug share of total prescription drug market in Japan (inpatient and outpatient)



Percentage of specialty drugs in Nihon Chouzai Group dispensing fees



Cultivating highly specialized pharmacists

Pharmacist education at Nihon Chouzai is based on a curriculum that is the top of its class in the industry. Taking for granted the need to acquire adequate knowledge and skills related to pharmaceuticals, we see the basic approach to patients as a healthcare provider, the ability to communicate with patients, and the ability to manage pharmacy operations as equally essential skills. Under our robust training system, we are working to cultivate pharmacists of a high caliber.

Pharmacists	3,560	Dispensing Pharmacy Business Pharmacists with in-house certification/Cancer guidance pharmacists 48 Other	Total 129
<small>(As of April 1, 2023)</small>			
Pharmacists with outside certification	62*	Percentage of pharmacies with family pharmacists	85%
<small>(As of April 1, 2023)</small>			
Board-Certified Pharmacist of Ambulatory Cancer Chemotherapy (BPACC)		Pharmacists with "Outside Job Challenge" program experience (staffing in a hospital)	339
<small>(As of April 1, 2023)</small>			
<small>*28% of all BPACC certified pharmacists working in pharmacies are from the Nihon Chouzai Group. This is the highest percentage in the pharmacy sector.</small>			
<small>(until March 2022)</small>			

Hospital Field Education

With the aim of fortifying collaboration between hospitals and pharmacies and improving the professional skills of pharmacists, we have introduced a program of practical training at university hospitals nationwide.

Through this program, pharmacists are exposed to work that they are not normally able to experience, including in dispensing, injection, and formulation rooms and work involving mixed injections, drug information, ward duty, and pharmaceutical affairs. Through the preparation of numerous medicines and infusions for inpatients, program participants acquire hands-on knowledge and skills that they can take back to the pharmacy and use in various situations.

Support Framework with Outside Certification Team

We have established an in-house team to take the lead in supporting the greater acquisition of the pharmacist and specialty pharmacist certification of various academic societies. Amid growing calls for greater pharmacist specialization, including in the area of cooperation with specialized medical institutions, Nihon Chouzai is emphasizing the honing of expertise in cancer treatment in particular. As part of this emphasis, we have formed a team to encourage the acquisition of certification in outpatient oncology, palliative drug therapy, and regional drug care with a specialization in cancer.

Efforts to Achieve Digital Transformation of Healthcare

Initiatives for online healthcare

With the partial deregulation of the online healthcare system in Japan in April 2022, an increasing number of people are turning to online healthcare. Offering NiCOMS, an online pharmacy service we developed in-house, the Nihon Chouzai Group is leading the industry in taking steps to expand the online market. In addition, in FY2022, through tie-ups with

various partners, we began offering end-to-end online healthcare, ranging from online healthcare consultations to online medication guidance and home delivery of drugs. We are taking ongoing steps to expand the pool of patients using these services, seeking to promote the more widespread use of online healthcare.

In-House Developed *Okusuri Techo Plus* Electronic Medication Notebook

Over 1.4 million subscribers*As of March 31, 2023

The electronic medication notebook *Okusuri Techo Plus* links with Nihon Chouzai's core dispensing system to enable centralized management of medication history. The app is also equipped with various functions that enhance convenience for patients, including a function for sending prescriptions and a calendar function. It also has a personal health record function that offers greater convenience by linking* to data from body composition monitors, blood sugar monitors, and other healthcare devices. In this way, it helps patients manage their daily habits and supports better health.

In addition, by using the app's "connect" function, patients can communicate with the pharmacy. With the addition of a chatbot function for medication consultation, if patients have questions about drugs, such as how to take drugs properly, how to administer a drug to a child, when to take medication, or their physical condition after taking a medication, they can easily consult with the pharmacy.

We were also the first* company to link our electronic medication notebook with Japan's My Number (individual ID) portal, now making it possible to centrally view and manage data on drugs dispensed at multiple medical institutions and pharmacies on the portal.



Users can start a chat by tapping on the "question about medication" link.

They can choose from different options and easily consult with the pharmacy.

*Available with compatible healthcare devices and NFC-enabled Android devices
*Based on Nihon Chouzai's survey

Nihon Chouzai Online Pharmacy Service NiCOMS

Supported by all Nihon Chouzai Group pharmacies

The revision of the Pharmaceuticals and Medical Devices Act made remote medication guidance available nationwide in September 2020. In response, Nihon Chouzai developed NiCOMS, an online pharmacy service that allows patients to receive medication guidance at home or elsewhere.

Deregulation of remote medication guidance went into effect in April 2022 and is expected to be given broader scope going forward, such as permission to provide medication guidance remotely for first-time patients.



Common account for Nihon Chouzai online services Establishment of New Nihon Chouzai Personal Account

We newly established a Nihon Chouzai Account, a personal account shared across online services of Nihon Chouzai, including the *Okusuri Techo Plus* electronic medication notebook and the Nihon Chouzai online pharmacy service NiCOMS.

Patients are now able to use online services provided by Nihon Chouzai with a single account without subscribing separately.



ICT Investment under the Digital Transformation Strategy

Nihon Chouzai develops and operates various ICT tools for healthcare in-house, centered on the dispensing systems used in pharmacy operations.

In the 1990s, we were first in the industry to develop an electronic dispensing system. Yearly upgrades to the system have enabled us to respond quickly to revisions in drug dispensing fees and the shift toward remote healthcare. The system also serves as a platform that can flexibly link with other systems. In 2021, we started an overhaul of the

dispensing system to support the expanded roles expected of pharmacies down the road. In addition to revamping the user interface, we are targeting a system design that will enable a more flexible response to upcoming digital transformation and deregulation in healthcare fields. We are positioning this overhaul as a growth investment with a view to future business development and expansion of the business scale.

Dispensing system (platform)

Voice input system

2005 Assisting medication history input by pharmacists and improving efficiency

Vein biometric authentication system

2011 Ensuring dispensing authenticity
Optimizing business hours

Automation of dispensing work

2019 Supporting pharmacist's dispensing work
-ICT use
-Greater efficiency

**Medication support app
Anshin Fukuyaku-kun**

2020 Preventing medication errors and streamlining medication work at long-term care facilities

JP-Dream management tool for multiple pharmacy operation

2021 Supporting digital management of pharmacy business processes and operational efficiency

Online insurance eligibility verification system

2021 Rollout of online insurance eligibility verification to pharmacies nationwide

Nihon Chouzai Online Pharmacy Service NiCOMS

2020 Launch of Nihon Chouzai's online pharmacy service NiCOMS

Electronic medication notebook Okusuri Techo Plus

2014 Supporting drug safety for patients

Health consultation system

2017 Helping community residents stay healthy


At-home healthcare communication

2012 Supporting and streamlining at-home medical care services by pharmacists


Nihon Chouzai Online Store

2019 Supporting customers' healthcare


Okusuri Techo Plus subscribers
About 1.4 million
(As of March 31, 2023)
Increased touchpoints through "connect" function



Voice input system



Vein biometric authentication system



Nihon Chouzai Online Store

Automation of dispensing work

While promoting efficiency through automation, we are creating more time for pharmacists to devote to patient-centered work and improving the quality of healthcare services.

- Purpose**
- Shifting pharmacist work to more patient-centered work
 - Improving dispensing quality (including hygiene)
 - Improving patient safety

Name of tool	Drug Stations	ROBO-PICK II	DimeRoll	miniAQUA-zero
Application	Automated drug picking device	Fully automated blister pack feeding device	Powder medication dispensing robot	Liquid medication dispensing machine
Functions/Features	Up to 3,000 items	Up to 1,300 items	Automatic weighing, cleaning	Automatic dispensing, cleaning

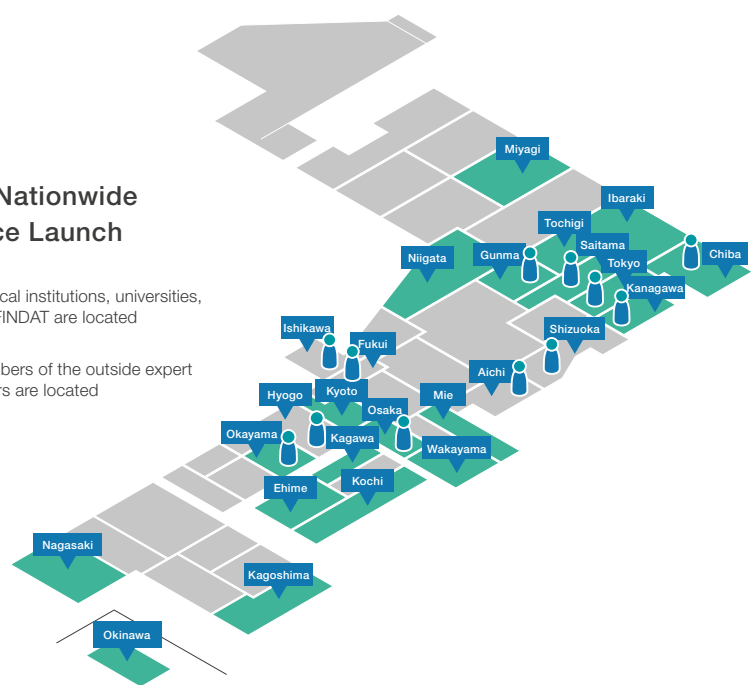
FINDAT business

Accelerating Digital Transformation of Healthcare with the Web-Based FINDAT Platform



FINDAT is a drug information web platform for medical professionals.

FINDAT gathers drug information from an extensive range of data sources in Japan and overseas, such as original articles, drug databases, and regulatory guidelines, processes these data to enhance use at clinical sites, and provides them online.

FINDAT can respond to a wide range of social needs, and it is gaining a solid reputation, making inroads among a growing number of pharmacies that carry out advanced healthcare and at-home care as well as pharmacology educational institutions.



FINDAT Spreads Nationwide Since 2020 Service Launch

-  Prefectures where medical institutions, universities, and pharmacies using FINDAT are located (As of July 1, 2023)
-  Prefectures where members of the outside expert committee and reviewers are located

Demand from Society

- Hospital administrators** Cost reductions, medical safety, strengthening regional collaboration, working style reform for doctors, and other management issues
- Healthcare professionals** Improving efficiency in collecting and evaluating vast amounts of drug information, standardizing work for the shift to task sharing
- Pharmacies** Comprehensive, accurate drug information for advanced healthcare, refill prescriptions and advanced pharmacy management
- Educational institutions** Training the next generation of healthcare professionals



Value Provided by FINDAT

- Managing drugs that have been adopted and creating formularies**
Formularies are recommended lists of homologous drugs prepared and offered by FINDAT. They can be created efficiently by processing data according to the situation of each medical institution or region.
- Comparing efficacy, safety, and cost-effectiveness of homologous drugs**
Comparisons of similar drugs with similar efficacy provided by FINDAT are created using data on the efficacy, safety, and cost-effectiveness of the drugs gathered from a wide range of sources including package inserts, interview forms, original articles, secondary information databases, and various regulatory guidelines. FINDAT compiles these data into a table or other formats to compare and evaluate individual drugs.
- More efficient data gathering when adopting new drugs**
FINDAT gathers information on and evaluates newly approved drugs, tasks that typically place a heavy burden on medical institutions, and compiles these findings into materials that can be easily utilized at clinical sites and distributes them.
- Optimization of drug purchasing costs**
Utilizing the abovementioned materials on drug evaluation in terms of efficacy, safety, and cost-effectiveness provided by FINDAT, customers can narrow down the range of drugs to use and decide whether to adopt a new drug. In this way, FINDAT contributes to the optimization of drug purchasing costs.
- Objective data reviewed and peer-reviewed by outside experts**
Standardized formularies are published after being reviewed and approved by the Formulary Expert Review Committee. New drug evaluations and additional indications are published after being peer-reviewed by outside pharmacists who are active in clinical practice. This ensures the fairness and appropriateness of information.
- Promoting proper medication use and enhancing medical safety**
By providing information on proper medication use as well as the latest drug safety information, FINDAT promotes the proper use of drugs, contributing to enhanced medical safety.



Please tell us how your hospital introduced its own formularies.

At DPC*1 hospitals, comprehensive compensation is determined according to the type of illness or injury and medical treatment involved. The type and volume of drugs used thus have a significant impact on overall earnings for the hospital. For a long time, our hospital wrestled with the issue of the numerous types of drugs used and the large prescription volume of expensive original drugs. We thought that if we could use FINDAT to create and operate hospital formularies, we could expect improvement on these issues.

It seems like you operate formularies in many areas.

We wanted to actively operate formularies for the therapeutic classes likely to be most effective. So, our goal was to draw on the FINDAT platform as we sought to create a therapeutic class for each pharmaceutical affairs council. Currently, we operate hospital formularies for ten therapeutic classes.

Since you started operating these formularies, what has the response been from doctors?

There seemed to be some hesitation before we introduced the formularies, but once the doctors actually started prescribing generic drugs based on the formularies and saw that there was no difference in efficacy, they quickly warmed to the new system. The transition was much smoother than I imagined.

Clear-cut changes in prescription volumes and the balance of drug costs

What kind of changes have you seen in terms of drug costs?

For example, under our formularies, the recommended drugs for PPI/P-CAB*2 are the generic drugs rabeprazole and lansoprazole.

The prescription volume for these recommended drugs increased from about 180 cases per month before we introduced the formularies to about 650 cases per month immediately thereafter. Meanwhile, for drugs under provisional application other than recommended

*1 DPC (Diagnosis Procedure Combination) hospital: DPC indicates a diagnostic group classification method developed in Japan to standardize medical care for inpatients in the acute phase of illness, seeking to improve the quality of such care and make it more transparent. DPC hospitals are subject to a per-diem payment system based on this classification method.

Case Study Interview

Ibaraki Seinan Medical Center Hospital

Using FINDAT to create formularies that both realize patient benefits and address needs for reducing drug costs

<https://info.findat.jp/case/07/>

Ibaraki Seinan Medical Center Hospital introduced FINDAT to efficiently create hospital formularies and started up operation with a short turnaround time. The system seems to have had success in reducing drug costs, a long-standing issue for the hospital. We sat down to speak with President Akihiro Nomura, who promoted the introduction of FINDAT at the hospital with an eye to future hospital administration.

generic drugs—which include original drugs that were prescribed in large numbers until we introduced the formularies—prescription volume was down from about 410 cases per month previously to about nine cases per month immediately after introduction.

Overall prescription volume, including for both recommended generic drugs and drugs under provisional application, rose from about 590 cases per month to about 660 cases per month, but in terms of NHI drug prices, we were able to significantly pare down costs, from roughly 365,000 yen per month to 97,000 yen per month. We see this trend continuing even one year out after introduction of the formularies, giving us a clear sense of the impact of the rollout.

Based on your experience over the past two years, what implications do you think hospital formularies have for hospital administration?

Earnings that hospitals can receive from drugs include drug price margins, generic drug use framework premiums, and medication management guidance fees. Drug price margins were a major contributor to earnings in the past. However, these benefits diminished after Japan raised the consumption tax to 10%. In addition, because DPC hospitals like ours have to keep drug purchasing costs as low as possible, using formularies to carefully select the drugs to be adopted and prescribed is a critical issue.

What are your expectations for FINDAT in terms of gaining more widespread use of formularies in Japan?

Healthcare costs are on the rise across the board in Japan. Meanwhile, as hospital administration becomes more and more challenging, cutting drug costs is an issue all hospitals have to face. That being said, taking any step that might compromise the quality of healthcare would be exactly the wrong order with which to approach this issue. Given that this is the current state of regional healthcare, formularies can be a highly effective tool in holding down drug costs. Moreover, from our experience at the hospital, we feel that FINDAT is very useful in paving the way for the introduction of formularies.

*2 PPI: Proton pump inhibitor. P-CAB: Potassium-competitive acid blocker

Drugs which suppress gastric acid secretion in the stomach and are used to treat gastric ulcers and other symptoms, and relieve pain and heartburn associated with reflux esophagitis.

FINDAT Case Study

Rolling Out FINDAT to 440 Nihon Chouzai Pharmacies

As of April 2023, we had extended the rollout of FINDAT to 440 Nihon Chouzai-operated pharmacies nationwide, mainly university and general hospital-front locations.

Under a system launched in August 2021 that allowed pharmacies to be certified as regional cooperation pharmacies or specialized medical institution cooperation pharmacies, the standard expected of such pharmacies is that they will collaborate with regional medical institutions to provide information on the proper use of drugs and serve as regional drug information platforms.

In April 2021, Nihon Chouzai launched the online drug information platform FINDAT to help give shape to the kind of pharmacies envisioned by the certification scheme—pharmacies that provide higher quality healthcare as a trusted expert in drug treatment for patients. We carried out advanced trials of FINDAT, mainly at certain Nihon Chouzai pharmacies, to verify how pharmacies can best take advantage of the platform. Now, with the extension of the FINDAT platform to so many pharmacies, we are aiming to provide even higher quality healthcare.



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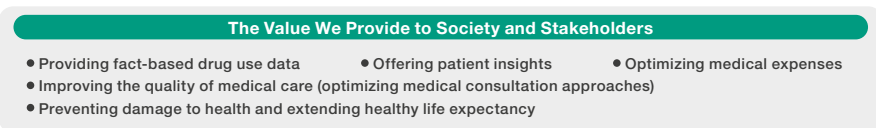
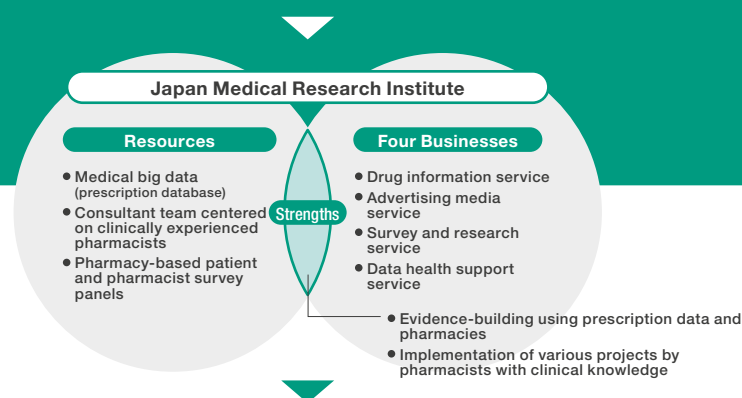
The Meishidaimae Pharmacy in Nagoya used FINDAT to develop an algorithm to evaluate contraindications for antihistamines prescribed to treat allergies. When a new antihistamine prescription comes in, the algorithm confirms whether a patient falls under one of five risk categories: whether the patient 1) drives a car, 2) has angle-closure glaucoma, 3) has prostatic hyperplasia, 4) is pregnant or breast-feeding, or 5) has epilepsy. If the patient drives a car, for example, pharmacists check whether the drug carries a warning for driving through a comparison with similar drugs with similar efficacy^{*1}. If the prescribed drug is not appropriate, pharmacists consult a standard formulary to suggest other safe antihistamines. Pregnant and breastfeeding patients are

^{*1} Comparisons of similar drugs with similar efficacy: A compilation of materials summarizing the information necessary to evaluate homologous drugs from the perspectives of efficacy, safety, and cost-effectiveness.

^{*2} NK1 receptor antagonist antiemetic: A drug that suppresses nausea and vomiting brought about by anticancer drugs by inhibiting stimulation of the vomiting center.

evaluated using the same procedure. However, since there was no safety data for breastfeeding patients for the drug bilastine, the pharmacy contacted the physician who changed the prescription to fexofenadine.

The Meishidaimae location is also certified as a specialized medical institution cooperation pharmacy, and holds regular study sessions to cultivate certified oncology pharmacists. Drawing on FINDAT's standard formulary for the NK1 receptor antagonist antiemetic^{*2} and making a comparison of homologous drugs, the pharmacy carried out positioning for the new drug fosnetupitant and compared it against existing drugs, which was useful for information collection and evaluation of the new drug.



Information Provision and Consulting Business

Japan Medical Research Institute Co., Ltd.

Growth Strategy

Japan Medical Research Institute was launched in January 2012, with the aim of offering valuable information services to contribute to the sound development and growth of the pharmaceutical industry and to the improvement of people’s lives, based on the healthcare data resources cultivated through various Nihon Chouzai Group companies. With its rapidly aging population, Japan is at the forefront of a variety of healthcare issues. Addressing these issues calls for providing services that meet a wide range of needs, including multiple types of healthcare data analysis, surveys, research, and healthcare policy proposals.

Japan Medical Research Institute seeks to meet the needs of pharmaceutical and healthcare companies, medical institutions, insurers, and pharmacies. To this end, we are helping to address healthcare issues affecting Japan as a whole—improving the quality of healthcare, optimizing medical expenses, and extending the healthy life expectancy of the population—based on prescription and health insurance claim data and a range of other medical big data. We offer four services through a team of consultants comprised mainly of pharmacists with a wealth of clinical experience.

Services

Contributing to ongoing healthcare optimization through four services

- 1 Drug Information Service**
 Analyzes the wealth of prescription information of Nihon Chouzai pharmacies throughout Japan to address issues of customers in the pharmaceutical sector.
- 2 Advertising Media Service**
 By offering an array of advertising media throughout the patient flow from entering to leaving a Nihon Chouzai pharmacy, generates points of contact between pharmacy visitors and the pharmaceutical and healthcare sectors.
- 3 Survey and Research Service**
 Addresses a wide range of issues through questionnaires and other outreach to patients visiting Nihon Chouzai pharmacies, pharmacists, and registered dietitians at pharmacies.
- 4 Data Health Support Service**
 Pharmacists with extensive clinical and data analysis experience support high-level data health projects, such as addressing problems related to medication, preventing progression, and supporting health awareness.

1 Drug Information Service Targeting pharmaceutical companies

Since FY2001, we have been gathering data on prescriptions filled by the Dispensing Pharmacy Business and conducting research and analysis based on this data. In FY2014, we launched RI-PDS, Japan's first daily data feed service, and have been providing up-to-date data ever since. In FY2017, we developed the analytical system RI-CORE to provide data that is better tailored to customer demands.

By integrating this data with pharmacy functions, we are able to fully harness synergies within the Group and obtain high-value-added information, including disease literacy, research, market surveys, and initiatives to improve patient adherence.

We are developing information provision, survey, research, and consulting businesses for pharmaceutical companies and research institutes.

Main services

- 1 RI-PDS (daily data feed)
- 2 RI-CORE (monthly, weekly data feed)
- 3 RI-SHOT (ad-hoc analysis)
- 4 PUMAP (support program for proper drug use)

2 Advertising Media Service For healthcare and pharmaceutical companies

We are developing in-store promotions (pharmacy-based advertising media services) for the more than 14 million patients who visit our pharmacies annually. In particular, pharmacists are able to provide multi-faceted medication guidance based on the latest information for daily visitors.

Going forward, a focus for this business will be using new media to help promote self-administered medication by patients.

Main services

- 1 Video broadcasts commissioned by companies and government entities aired on pharmacy monitors, as well as poster displays and leaflets
- 2 Providing useful information on self-administered medication in the form of brochures and free samples from companies, which pharmacists can provide directly to patients
- 3 Providing registered dietitians with information useful for dietary guidance and the use of samples to support pre-symptomatic disease and disease prevention

35

3 Survey and Research Service Targeting organizations in medical fields

Since FY2020, Japan Medical Research Institute has continued to distribute reports via press releases and on its website, based on the independently operated RI-CORE prescription analysis system. The first was a series of COVID-19 market impact reports. This was followed by a report on market changes after the addition of new indications for a drug already used to treat diabetes, "Changes in Prescribing Trends Following Additional Indications for Dapagliflozin." The most recent release was a report on long-term repeat prescriptions prior to the introduction of a refill prescription system, included in the government's 2022 medical fee revision: "Analysis of Long-Term Repeat Prescriptions Before the Refill Prescription System Starts: Lifestyle Diseases Represent the Bulk of Prescriptions."

Main services

- 1 Patient questionnaires
- 2 Pharmacist questionnaires
- 3 Drug use survey

4 Data Health Support Service Targeting insurers

In supporting the data health businesses of insurers, Japan Medical Research Institute is helping to address two pressing issues in Japan: extending healthy life expectancy and optimizing medical expenses. We provide high quality consulting services to this end, including medical big data analysis, problem-solving related to medication and prevention of disease progression, and awareness-raising activities.

Main services

- 1 Analysis of medical expenses, health checkup information, etc. (health insurance claim data, health checkup data)
- 2 Appropriate drug use, appropriate medical consultations (duplicate medications, overprescribing, contraindications for concomitant use, overlapping medical consultations, excessively frequent medical consultations)
- 3 Encouraging medical consultation (specific health consultation, patients ignoring abnormal test results, patients discontinuing treatment for lifestyle diseases, etc.)
- 4 Promoting generic drug use
- 5 Preventing progression related to lifestyle diseases (at-risk patients, patients discontinuing treatment, patients undergoing treatment)
- 6 Information and awareness-raising for health promotion (events, seminars, educational materials)

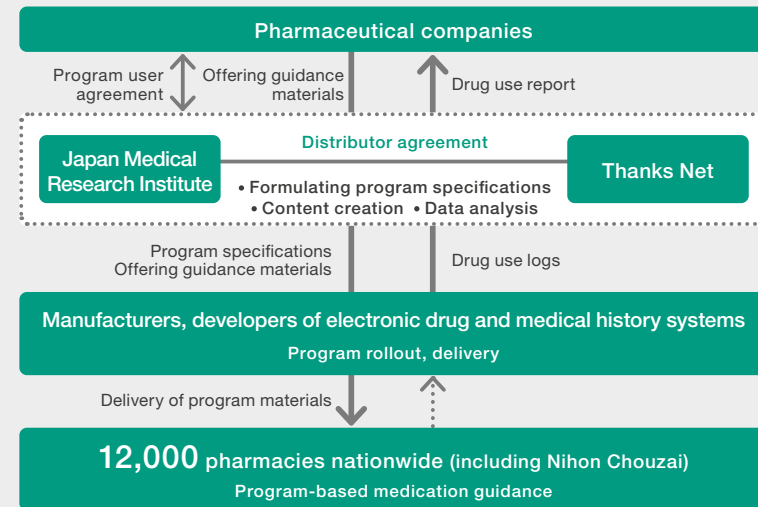
TOPICS

Distributor Agreement for PUMAP Program, Launch of Sales to Pharmaceutical Companies

Nihon Chouzai entered an agreement to sell PUMAP, a support program for proper drug use developed by Thanks Net Co., Ltd. PUMAP is a drug adherence guidance and support program focusing on the root causes of decreased drug adherence* by patients, which proposes guidance approaches to pharmacists to address these causes. The program is integrated into patients' electronic medical records so that pharmacists can access it before giving medication guidance. Pop-up windows appear offering hints and materials related to giving guidance on taking medication according to the circumstances and condition of the patient for whom the drug was prescribed. Going forward, we will accelerate sales of this program to pharmaceutical companies to further promote the proper use of drugs.

*Drug adherence: A patient's active participation in determining the direction of drug treatment and taking drugs in accordance with that direction.

Flow from Distribution of PUMAP-Based Program to Medication Guidance



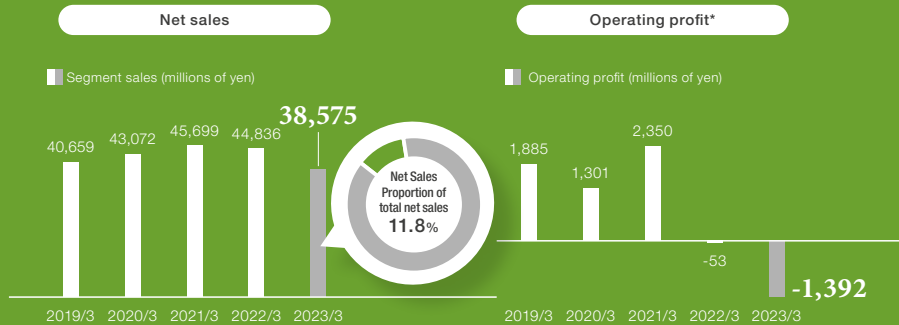
Efforts to Curb Medical Expenses (More Widespread Awareness, Use of Formularies, Implementation Support)

Controlling medical expenses is an urgent task in terms of maintaining Japan's system of universal health insurance. The government's revised Fourth Medical Cost Optimization Plan for FY2024 recommends the creation of new formularies—the next step in bringing down medical expenses—to promote the use of generic drugs.

To keep the medical insurance system in place for the next generation, more people are looking to formularies as the next step to control medical costs. Going forward, Nihon Chouzai will support more widespread awareness and use of formularies as a resource for insurers to use in curbing medical expenses.

*Formularies are guidelines for the use of the most effective, safe, and cost-effective drugs for patients at medical institutions and in regional healthcare.





*The Pharmaceutical Manufacturing and Sales Business posted an operating loss due to one-time factors and was excluded from the calculation of the operating profit composition.

Pharmaceutical Manufacturing and Sales Business



Nihon Generic Co., Ltd., Choseido Pharmaceutical Co., Ltd.

Instability in the drug supply stemming from quality issues continues to pose challenges to delivering drugs to the patients who need them. Group company Choseido Pharmaceutical Co., Ltd. was also subjected to administrative disciplinary action due to quality issues. Recognizing the seriousness of this issue, the Group is pursuing rigorous efforts to rebuild trust. In the Pharmaceutical Manufacturing and Sales Business, we will work together to ensure a stable supply of high-quality drugs at reasonable prices, earning the trust of patients and medical professionals.

Quality Control Initiatives

To deliver a stable supply of generic drugs to patients, we are working to produce high-quality drugs under a manufacturing control and quality control framework that complies thoroughly with GxP* government regulations. We have introduced a system to ensure proper manufacturing and quality control. In addition, we are practicing quality risk management, setting quality targets based on our Quality Policy, and carrying out regular education and training for all employees at manufacturing sites, including in the manufacturing and quality departments. We pursued even more thorough-going quality control measures in FY2022, while also actively taking part in initiatives of the Japan Generic Medicines Association and working to help raise the level of quality across the generic drug industry as a whole.

*Abbreviation of Good x Practice. A general term for standards established by government agencies for the purpose of ensuring safety and quality. Includes GMP, GVP, etc.

FY2023 Quality Targets

1

Fostering a quality culture

Emphasizing quality, raising compliance awareness, enhancing education and training, ongoing communication from management, etc.

2

Maintaining, managing approval documentation that matches actual manufacturing conditions

Confirming consistency in GMP audits and request forms, eliminating inconsistencies through proper regulatory procedures, properly evaluating change management, etc.

3

Practicing quality risk management

Appropriately managing suppliers of drug substances, raw materials, drugs, etc., complying with elemental impurity guidelines, evaluating and managing mutagenic impurities, etc.

4

Strengthening the framework for delivering quality information to medical institutions and patients

Strengthening the ability to respond to inquiries related to manufacturing and quality, etc.

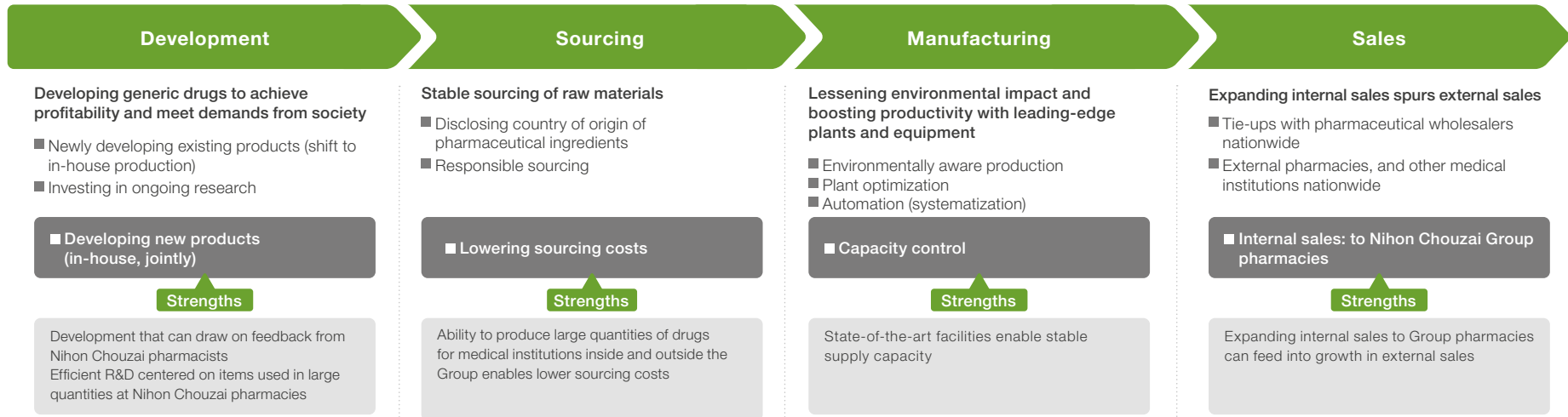
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Ongoing improvements to a robust quality control system

Making GQP arrangements that reflect revised GMP regulations, revising drug quality manuals, exploring introduction of a document management system, etc.



Value Chain and Competitive Advantages of the Pharmaceutical Manufacturing and Sales Business



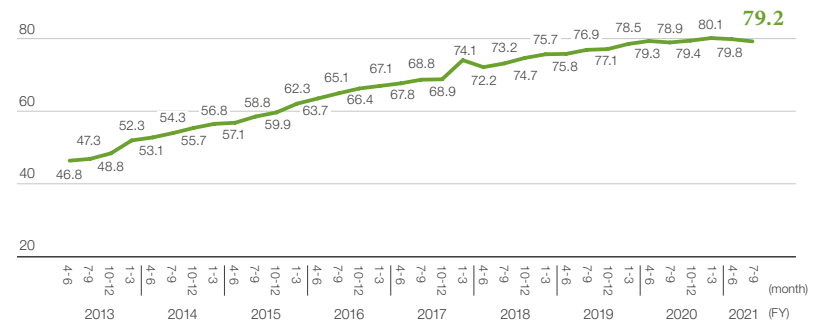
Business Environment

Against the backdrop of measures by the Ministry of Health, Labour and Welfare to promote the use of generic drugs, the scope of Group businesses has also expanded. In June 2021, the ministry set a new target, aiming for 80% or more generic drug use in all prefectures by the end of FY2023, while ensuring the reliable quality and stable supply of such drugs. To help reach this goal, the Nihon Chouzai Group will carry out strategic sales activities targeting the more widespread use of our drugs.

The business environment for generic drugs grows more challenging year by year, with drug prices in Japan being revised for the sixth year in a row in April 2023. By thoroughly managing profit for each product category and revising the product portfolio, the Group is working to enhance profitability in this business.

Moreover, starting in around 2020, some companies in Japan stopped manufacturing generic drug products where quality issues were identified, causing shortfalls in the domestic drug supply. Although the various companies have boosted production of alternative drugs, so far they have not been able to ensure an adequate supply of drugs nationwide, and supplies remain unstable. Group company Choseido Pharmaceutical was subjected to administrative disciplinary action due to quality issues. To fulfill its obligation to provide a stable supply of drugs, that company is moving forward with initiatives according to a business improvement plan. To address the issue of unstable supply, the Nihon Chouzai Group took immediate steps to boost production, and is working to resolve supply issues across all drug categories as soon as possible.

Generic Drug Volume Share (%)





Initiatives for Sustainable Supply

Initiatives to ensure stable supply

To address recent instability in the generic drug supply, we are reviewing production plans over the medium term and promptly adjusting to changing demand. Although COVID-19 and recent international developments have lengthened lead times for the supply of drug substances and materials, we are working to secure inventories, taking various risks into consideration. Group drug inventories suffered a loss following the November 2021 fire at a contractor logistics center, forcing limitations on shipments of numerous drugs and impeding a stable product supply. With inventory levels now recovering, we are in the process of lifting limitations on shipments for drugs that have a stable supply framework in place.

Shifting Outsourced Production to In-house

We are also exploring the in-house production at Group plants of drugs currently outsourced to other manufacturers, for which Nihon Chouzai already has manufacturing and sales approval. Producing these drugs in-house will enable us to shorten production lead times, respond more agilely to market demand, and boost profit margins.

Production Efficiency Capitalizing on the Characteristics of Each Plant

The Group has five plants. To ensure a stable drug supply, we are reviewing the manufacturing site for each product to create an optimal production framework for the Group as a whole. We will ramp up production for drugs that gain market share post-launch, commensurate with their sales volume. Increasing the amount of a drug that can be manufactured at one time will feed into greater production efficiency. In addition to enabling more efficient production planning for the more than 250 products the Group manufactures, we also expect to bring down manufacturing costs.



Plant Investment

The product portfolio of each plant is changing year by year with the launch of new drugs, transfers of drugs between manufacturing sites, and our efforts to shift outsourced production to in-house. Amid these changes, we continue to invest in the optimal equipment configuration for each context. We are also adding production lines as needed to enable us to manufacture more formulations. Plant equipment is basically made-to-order by equipment manufacturers, and manufacturing sometimes takes years. We created forward-looking investment plans by working backwards from the production plans of our plants down the road so that we can roll out new equipment at the appropriate time. In addition, when making plant investments, we carefully consider the likelihood of recovering investments and strive to realize investments that are efficient.

Securing and Cultivating Human Resources

We are hiring and cultivating human resources with the aim of boosting production volume and improving operating rates at our plants. A larger workforce will make it possible to build a stable shift-based production framework. About 60 new graduates joined the company in April 2023. We also continue to hire mid-career employees who already possess the skills needed to work. Moreover, we are focusing on education, centered around on-the-job training, so that the people we hire can play an active role as soon as possible.



Efforts to ensure a sustainable production framework

In the Pharmaceutical Manufacturing and Sales Business, we are designing environmentally-friendly plants from the construction stage. Also, by introducing solar power generation and carbon neutral city gas, we are pursuing sustainable production activities, seeking to preserve the natural environment through the lower and more efficient use of electricity, gas, water, and other resources.

Click here for details of initiatives:
<https://www.nicho.co.jp/en/sustainability/esg/environment/>

Growth Strategy

Ongoing New Product Development Showcases Nihon Chouzai Group Synergies

With both a Dispensing Pharmacy Business and a Pharmaceutical Manufacturing and Sales Business, the Nihon Chouzai Group is motivated to develop generic drugs in-house that reflect realities on the ground in the healthcare field, to address the needs of pharmacists on the front line in our pharmacies. To meet the needs of these pharmacies, which are the largest users of our drugs, we aim to develop a wide range of drugs without specifying certain disease areas, which allows us to accumulate the latest technology and expertise. We actively file patent applications for technologies obtained through our R&D activities while publicizing the results of new developments.

In FY2021, we integrated the R&D functions of Nihon Generic and Choseido Pharmaceutical into the Tsukuba Research Institute of Nihon Generic, centralizing the research and development knowledge of both companies. Moreover, because we can anticipate sales volumes to the Group's Dispensing Pharmacy Business in advance, we can forecast returns on investment from our drug development and realize efficient development planning. We will pursue effective R&D activities as we navigate annual NHI drug price revisions and an increasingly challenging earnings environment.

Continuous in-house development of new products

In the past, the launch of a single new generic drug would sometimes draw two dozen or more drug manufacturers into market. Now, however, the challenges of R&D are mounting, reflecting the fact that the government has lowered selling price levels of generic drugs at first listing and also revises drug prices annually, as well as the growing number of complex formulations. The number of manufacturers entering the generic drug market at first listing has declined as a result. Under this strict drug pricing system, achieving dramatic growth with existing drugs alone is difficult. Nihon Chouzai thus conducts R&D based on the notion that the ongoing introduction of new drugs is essential for growth. We carry out R&D activities in a planned way both to avoid missing out on the twice-a-year timing of NHI drug price listings and to stay abreast of other companies launching generic drugs with the same active ingredients. Our focus going forward will be on carrying out in-house development to ensure that we can steadily bring new drugs to market that can become growth drivers.



Drugs Recently Developed In-House

Launched in 2021

Zilmlol Tablets HD/LD JG, Solifenacin Succinate OD Tablets JG, Tadalafil Tablets 20mg AD JG, Methotrexate Tablets 2mg JG, Lamotrigine Tablets for Children JG, Duloxetine Capsules JG, Levetiracetam Tablets JG, Levetiracetam Dry Syrup 50% JG

Launched in 2022

Dasatinib Tablets JG, Febuxostat Tablets JG, Escitalopram Tablets JG, Ramelteon Tablets 8mg JG

Launched in 2023

Azilsartan Tablets JG, Sildenafil Tablets RE JG, Ezeato Tablets JG



Quality Initiatives at Choseido Pharmaceutical

Response to quality issues since occurrence

In light of the administrative action taken against Choseido Pharmaceutical Co., Ltd. in October 2021, the Group has formulated a “Business Improvement Plan” with members including lawyers and GMP specialists familiar with the “Act on Quality, Efficacy and Safety Assurance of Drugs and Medical Devices” (Pharmaceutical Affairs Law), and is working to establish and maintain a quality-conscious system, including a review of its management structure.

Please see the following discussion for details.

Submission of business improvement plan (Japanese only): ▼
<https://www.choseido.com/news/pdf/211025.pdf>

Progress of business improvement plan Choseido Pharmaceutical website (Japanese only) ▼
<https://www.choseido.com/improvement/>

Administrative disciplinary action based on the Pharmaceuticals and Medical Devices Act and the report of the special fact-finding team (Japanese only): ▼
<https://www.choseido.com/news/pdf/211011.pdf>

Deliberating on Results of Tokushima Prefectural Pharmaceutical Affairs Council

In October 2021, the Tokushima Prefectural Pharmaceutical Affairs Council discussed and approved the “Business Improvement Plan” formulated by Choseido Pharmaceutical. The progress of the business improvement plan is discussed at the Tokushima Prefectural Pharmaceutical Affairs Council (about twice a year). So far, the progress of each of these plans has been confirmed to be satisfactory.

Click here for information on the Second Pharmaceutical Affairs Council in FY2022 ▼

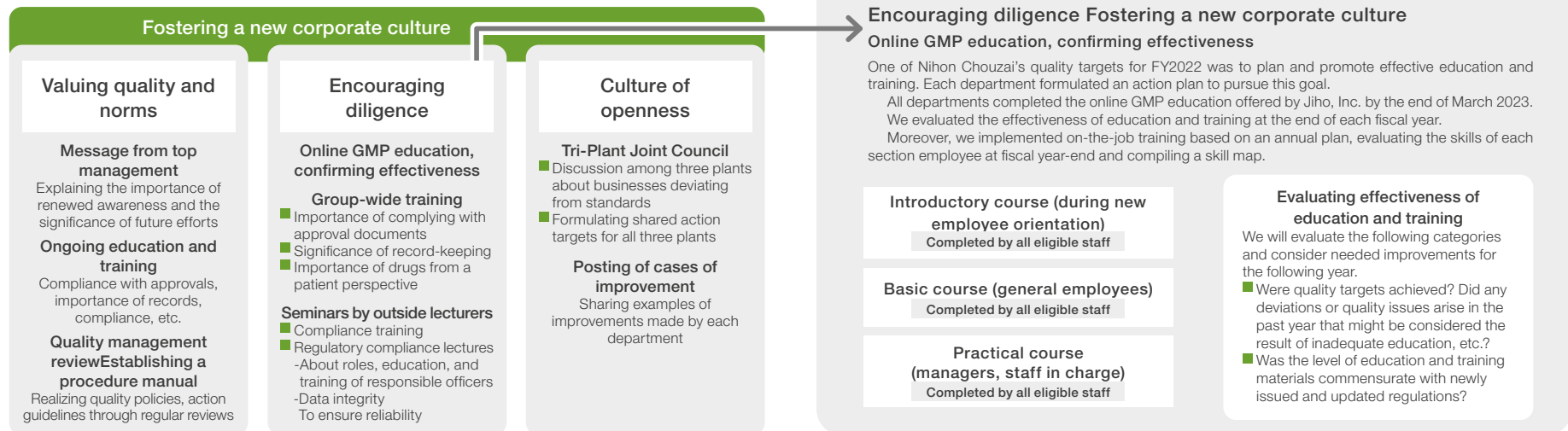
<https://www.pref.tokushima.lg.jp/kenseijoho/kenseisogo/shingikai/chijibukyoku/5049080/>

Efforts to Rebuild Trust

In FY2021, having completed reforms to the management framework and other preparations to lay the foundation needed to rebuild trust, we shifted into a practical action phase in FY2022.

1 Fostering a New Corporate Culture

We continue to work on fostering a new corporate culture from the following three perspectives.

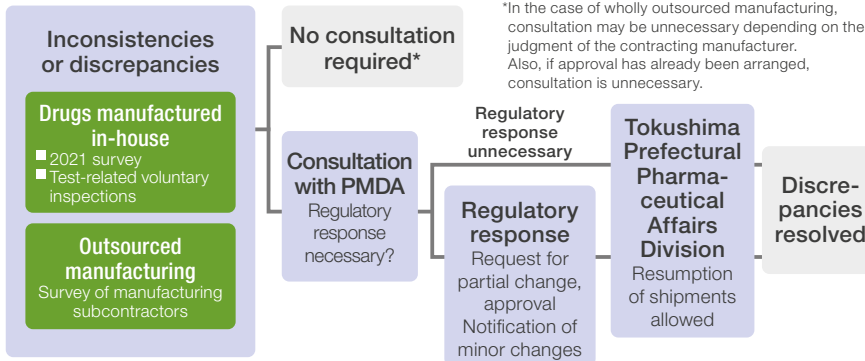




2 Status of resolution of inconsistencies with approval documents and procedures

We implement the necessary procedures after prior consultation with PMDA for all items for which discrepancies with the approval documents and procedures are found.

Roughly 55% of discrepancies were resolved as of July, 2023 (up 35% from October 2022).



3 Accessible Employee Internal Reporting System

Seeking More Widespread Use of the System

We hold sessions on an ongoing basis to familiarize employees with the purpose of the internal reporting system, our basic stance of protecting employees who report, and contact points for reporting.

Evaluating Effectiveness of the Reporting System

In the last two surveys of randomly selected employees (conducted five times each involving about 50 employees) found that recognition of the reporting hotline was high, at 100%. This confirmed the effectiveness of our actions to disseminate information on the system through explanatory sessions, the distribution of cards, and digital signage.

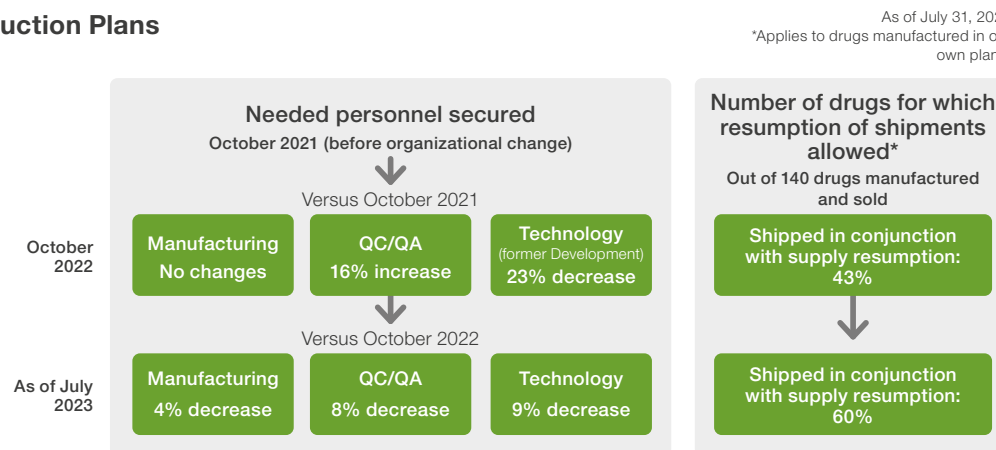
On the other hand, almost 70% of employees reported feeling that they would be dealt with appropriately if they reported, citing concerns about the confidentiality of information and the response after consultation.

In light of these findings, the explanatory sessions used specific case studies to explain the ways in which we ensure privacy and underscore that employees who report are not disadvantaged.

Recurrence prevention measures by manufacturers

1 Optimization of Production Plans

Staff secured as of July 2023 (compared to October 2022 and October 2021 prior to the framework change) and the number of drugs that can be shipped are as follows. We continue to secure new staff while actively working to cultivate existing staff.



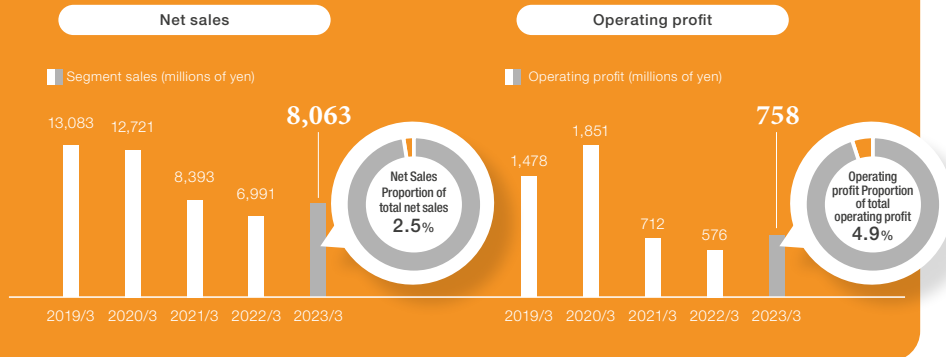
2 Enhanced Monitoring at Manufacturers

We have launched a support initiative called Tekuteku Support in which officers in charge visit worksites and support workers. To prevent deviations and work-related accidents, the officers make various proposals and confirm worksite operations. Moreover, implementation status is highlighted using digital signage.



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Business Overview



A Triple Crown in Career Change Sites in Four Occupational Areas

Doctors

- No. 1 doctor career change site chosen for first career change
 - No. 1 career change site for skill and career advancement
 - No. 1 doctor career change site to recommend
- Survey by Japan Marketing Research Organization (conducted in April 2022)



Nurses

- No. 1 site for nurses changing careers in Tokyo and Kanagawa
 - No. 1 nurse career change site people are watching
 - No. 1 site with trustworthy consultant support
- Survey by Japan Marketing Research Organization (conducted in April 2021)



Pharmacists

- No. 1 pharmacist career change site to use for first career change
 - No.1 career change site for pharmacists in their 20s and 30s
 - No.1 career change site for highly skilled pharmacists
- Survey by Japan Marketing Research Organization (Survey Overview: Brand Image Survey for the year ending November 2021)



Registered Pharmaceutical Sellers

- No.1 career change site for registered pharmaceutical sellers who are experienced pharmacy managers and assistant managers
 - No. 1 company for registered pharmaceutical sellers changing careers
 - No.1 career change site for registered pharmaceutical sellers in their 20s and 30s
- Survey by Japan Marketing Research Organization (conducted in December 2020)



Medical Professional Staffing and Placement Business



Medical Resources Co., Ltd.

Competitive advantages in business

- 1 An HR business portfolio specializing in healthcare professionals**
With a particular focus on pharmacists, we specialize in HR services for doctors (including occupational doctors), nurses, registered pharmaceutical sellers, and other healthcare professionals.
- 2 High-quality HR services that have earned multiple certifications**
 - We have obtained four certifications
- 3 Harnessing synergies with the strong brand recognition of the Nihon Chouzai Group**
 - Strong recognition of the Nihon Chouzai Group brand
 - Harnessing the Nihon Chouzai Group's training expertise

Seeking to Grow the Business, Placing Value on "Meeting"

We believe communication with job seekers (medical professionals) and job providers (medical institutions and companies) is extremely important for our human resources business. Medical Resources values face-to-face meetings with both client groups, and have set up offices nationwide to establish a framework for meetings and conversations. We have gained the trust and satisfaction of both job seekers and job providers through our efforts to grasp nuanced needs that are hard to convey over the telephone or in writing and crafting proposals that match the needs of both parties.

Value Chain and Competitive Strengths of Medical Professional Staffing and Placement Business



Market Environment

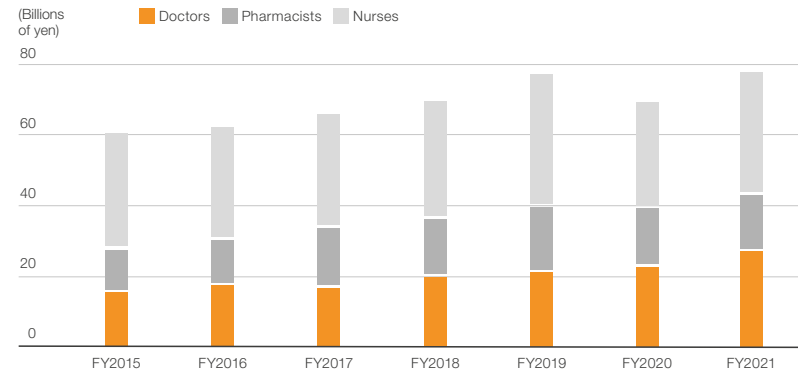
The scale of the healthcare personnel placement market in FY2021 was 16.0 billion yen for pharmacists, 27.1 billion yen for doctors, and 34.8 billion yen for nurses. The pharmacist business continued to face a challenging environment as the population of COVID-19 patients waned nationwide, but the scale of the placement market for doctors and nurses expanded.

Nevertheless, driven in part by the newly launched system for certifying pharmacies separately by function, the need for highly qualified pharmacists is poised to grow going forward. Moreover, since the potential market scale for doctors and nurses is much larger than that for pharmacists, we can expect further expansion of the placement business.

We will continue to pursue greater business expansion by leveraging the strengths the Group has built up over time, including its strong brand recognition, reputation for reliability, and the appeal of face-to-face support.



Size of Market for Pharmacists, Doctors, and Nurses



Source: Aggregated Results of Business Reports of Job Placement Agencies



Growth Strategy

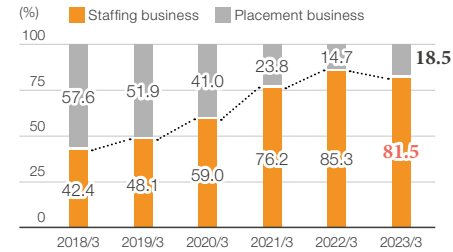
Ensuring high profitability and creating a balanced business portfolio by expanding the placement business

As the sector's leading company, Medical Resources boasts numerous strengths in the area of pharmacist staffing. Meanwhile, we are transitioning toward a more balanced business portfolio while targeting high profitability by expanding our placement business.

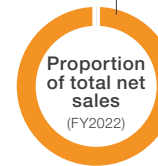
Going forward, in addition to capturing rising demand for family pharmacists* and growing the pharmacist placement service, we will expand our placement business for doctors, nurses, registered pharmaceutical sellers, and other healthcare professionals, to achieve even higher growth.

Although Medical Resources is part of the Nihon Chouzai Group, the Group only accounts for 0.2% of total transactions. We will further expand the range of services we provide to the medical institutions and companies seeking qualified human resources and to the healthcare professionals who are considering a career change.

Gross profit ratio



External sales
99.85%



*A family pharmacist is expected to provide long-term support to a patient, grasping the patient's medication status (all prescription and over-the-counter drugs), continuously monitoring whether or not there are any unused medications and whether any side effects occur, and providing appropriate guidance. To enable such support, family pharmacists must meet the following criteria. Criteria for a family pharmacist:

1. More than three years pharmacy experience
2. Works at the pharmacy for at least 32 hours a week
3. Has at least one year tenure at the pharmacy
4. Has obtained certified pharmacist training credentials from a certifying organization

Increasing satisfaction of job seekers, job providers with highly reliable services backed by four kinds of outside certification

We have continued to improve matching quality over many years through our detail-oriented counseling. As a company that handles important personal information, we have acquired Privacy Mark certification and have sought to build a high-quality, highly reliable staffing and placement business. A company that obtains these certifications has not only demonstrated the quality of its placement and staffing services, but proven that it meets numerous other criteria, including having a sound business and a framework for compliance management. Medical Resources has obtained the four certifications shown at right—only two job placement agencies in Japan have acquired all four. The company continues to contribute to the philosophy “To give people the closest possible support” by providing highly reliable HR services.

Four things that bring peace of mind to pharmacy staff

Medical Resources provides four reassurances to encourage the success of pharmacists changing careers.



Certified as an Excellent Employment Placement Business

Medical Resources is certified as a company that works to promote appropriate matching between job providers and job seekers.



Appropriate Fee-Charging Job Placement Agency in the Healthcare Field

The company is certified as an appropriate fee-charging job placement agency that clears certain standards.



Certified as an Excellent Temporary Staffing Agency

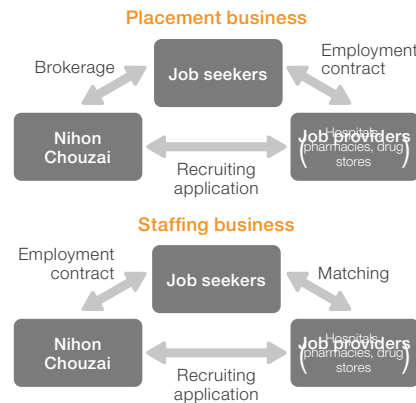
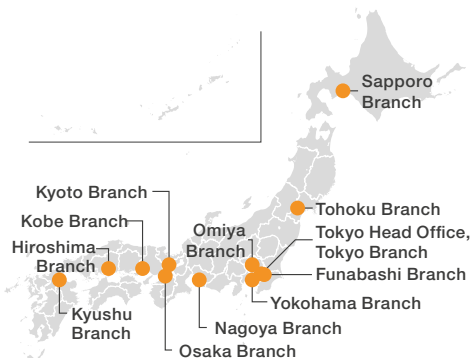
Medical Resources has also been certified for its efforts to support career development and help ensure better working environments for temporary staff.



Privacy Mark Certification

Indicates a company that handles the personal information of job seekers appropriately in accordance with rigorous management standards.

*Number of certified companies: Excellent Job Placement Agency certification = 35; Excellent Temporary Staffing Agency certification = 144; Privacy Mark: 17,462; Appropriate Fee-Charging Job Placement Agency in the Healthcare Field: 28
*Companies with all four kinds of certification were extracted from all certified companies appearing in the following: JIPDEC, List of Excellent Job Placement Agencies, List of Excellent Temporary Staffing Agencies (as of Monday, June 12, 2023)





Business Development

Pharmacist businesses

Supporting recruitment of pharmacists and pharmacology students

Target: Pharmacies, hospitals, drug stores, etc.

Medical Resources operates Pharma Staff at 12 locations nationwide, supporting the recruitment of pharmacists by pharmacies, hospitals, drug stores, and other job providers. Since the start of the HR business, the company has emphasized a stance of meeting both job providers and job seekers face-to-face. Its strengths lie in introducing personnel based on detailed interviews and information that cannot be obtained merely in writing or by telephone.



Strong brand recognition

Medical Resources undertakes HR services for Nihon Chouzai, a company with overwhelmingly high brand recognition in the healthcare industry, which is renowned for its high caliber of education. By providing high-quality educational content to the pharmacists we staff and place, we deliver high-value-added human resources. We are striving to further enhance our brand recognition, such as by providing client pharmacies with business support plans and high-value-added services that draw on the pharmacy management expertise of the Nihon Chouzai Group.

Ability to attract customers

Regardless of whether or not they are actively seeking a new job, pharmacists tend to be highly motivated people. Many are attuned to new information on a daily basis. Moreover, because pharmacists are required to have a high degree of specialized knowledge as medical professionals, needs for informative websites, such as the one shown below (Pharma Labo), are increasing year by year. By adapting to these circumstances and keeping abreast of pharmacists' careers, we are working continuously to be an even more trusted medium.



Face-to-face engagement

With offices throughout Japan, we place great value on the information that can be gleaned by speaking directly with medical professionals as we meet face-to-face and offer career change counseling. We stress the importance not only of identifying desired employment conditions of job seekers, but also their optimal working environments and needs, to be able to present them with ideal job offers.

Working styles have a tremendous influence on people's lives. We seek to provide a sense of security to job seekers with regard to working styles by leveraging our high brand recognition and cultivating trust through direct dialogue.

For job providers, we provide detailed information about the latest developments in the career change market. Combined with the high quality of our matching services, this supports our unflagging efforts to ensure a win-win situation for both job seekers and recruiters at hiring companies.

High matching quality



Education

By providing high-quality educational content to pharmacists in our staffing and placement businesses, we cultivate high-value-added human resources. The advanced educational program developed for pharmacies in Nihon Chouzai's Dispensing Pharmacy Business is a strength unmatched by other companies.

Content for pharmacists	
JP Learning	JP Learning is an e-learning course that allows participants to earn the credits needed to acquire certified pharmacist training credentials. The course offers more than 1,000 pages of substantial content.
Seminars for pharmacists	We hold seminars for pharmacists several times a year, teaching the drug dispensing and medical knowledge required of pharmacists and new industry trends.
White paper	Delivering columns by well-known personalities, industry research, columns to enrich pharmacists' lifestyles, etc. based on the main concept of "useful and educational for work."
Yaku-Tore (medication training)	A drug dispensing textbook edited by Nihon Chouzai, provided as a smartphone-based app. The textbook also covers drug dispensing fee revisions.
Content for pharmacies	
Management seminars	A pharmacy management seminar teaching the management know-how of Nihon Chouzai
Business support planning	This program for companies addresses various issues in pharmacy management through seminars and practical training



Doctor business

■ Support for recruiting doctors, occupational doctor service support

Target: Hospitals, clinics, health care facilities for the elderly, companies, etc.

Medical Resources has expanded outward from urban to regional areas, mainly in Tokyo, Sapporo, Nagoya, Osaka, and Fukuoka. Staff specializing in the medical industry support recruitment activities to meet the increasingly diverse needs of medical institutions.

The company began full-scale involvement in the doctor staffing and placement business in FY2017, and began expanding nationwide in April 2018. Having a dispensing pharmacy business within the Group affords the advantage of being able to quickly identify the needs of doctors opening up new practices. Medical Resources is also expanding its placement business for doctors by demonstrating the mutual benefits of collaboration with the MC-Mentaio Sales Division, which operates pharmacies for Nihon Chouzai's Dispensing Pharmacy Business.

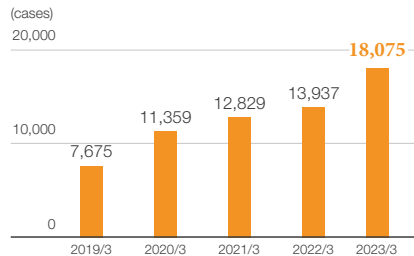
Performance expanded steadily in FY2022, partly due to demand for COVID-19 vaccination services. Japan is poised to move ahead with more extensive task sharing in the healthcare field. Reforms to the working styles of doctors and greater task shifting and task sharing will fuel the transfer of some work previously entrusted to doctors to other occupations, such as nurses and pharmacists. This bodes well for expansion in the placement business going forward, as the doctor business works together with the pharmacist and nurse businesses.

Moreover, since April 2021, in response to demand for COVID-19 vaccinations, Medical Resources has been able to contribute to society by placing doctors with local governments and companies nationwide to carry out mass vaccination efforts.



Increase in the number of job offers in FY2022

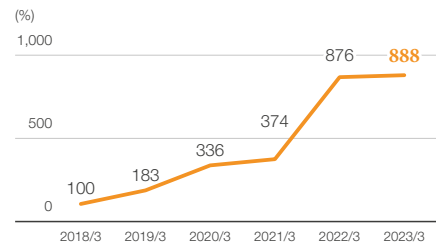
Job offers in the doctor business



*Results of Workers Doctors have been included in the doctor business due to that company's integration.

Contributing to sales in FY2022

Growth in sales of doctor business



*Compared to sales in FY2017 set at 100%

Occupational doctor business

■ Supporting occupational health by contracting work for locations nationwide

Target: Companies, government agencies, etc.

Medical Resources offers services nationwide from its base in Tokyo. In line with the needs of individual companies and government agencies, the company supports occupational health by contracting services to dedicated industrial doctor service staff, while also supporting recruitment activities for industrial doctors and occupational health nurses.

As part of the key strategy of promoting doctor businesses, we entered the occupational doctor HR field in November 2020. We will expand our presence in the healthcare field by capturing the growing demand for effective health management as part of corporate management. By drawing on Medical Resources' track record in doctor placements and nationwide sales framework, we will expand the occupational doctor HR business nationwide while also broadening the business to meet a wider range of needs for occupational health management, including mental health, which has become indispensable for companies' health management initiatives.

As companies become increasingly sensitive to the importance of effective health management, Medical Resources is seeking to capture demand in this area. We launched a new website and renewed our corporate logo, seeking to expand our presence in the healthcare field. The logo has a hexagonal motif, a symbol of longevity, and features an apricot, signifying health, which served as the base color of the former logo.

Medical Resources
Occupational doctor placements, occupational doctor service introduction



Healthcare in the workplace



Nurse business

Support for recruiting nurses

Target: Hospitals, clinics, home-visit nursing stations, facilities for the elderly, companies, etc.

Our specialization in different areas is what enables us to support the recruitment of nurses, offering swift placement services. We closely analyze the career change market for nurses based on our extensive track record and experience, further gaining expertise in guiding successful career changes. We have also allocated staff specializing in the healthcare industry who understand the characteristics of each area of healthcare and job seeker trends.

We overhauled the recruitment website for nurses in August 2019 to make it easier to use for job seekers.

We have continued to expand the workforce and carry out nurse-centered sales activities. One outcome has been that we were voted the No. 1 recruitment site with trustworthy consultant support. The business is off to a solid start, and we will continue to take actions to grow the business going forward.



Registered pharmaceutical seller business

Supporting recruitment of registered pharmaceutical sellers and pharmacy and medical office workers

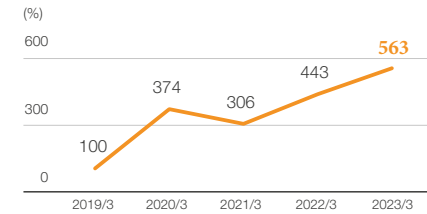
Target: Drug stores, pharmacies, mass retailers, home centers, etc.

Medical Resources supports the recruitment of registered pharmaceutical sellers with high matching accuracy through a comprehensive service. One of our strengths is that specialists in the medical industry handle all stages of recruitment, from dealing with companies to dealing with job seekers.

More companies are seeking to hire registered pharmaceutical sellers, who are qualified to sell Class 2 (medium-risk) and Class 3 (low-risk) over-the-counter (OTC) drugs. The scale of this market is also expanding, as drug stores, convenience stores, and other retailers broaden their lineup of OTC drugs. We started this new business in FY2018. Although sales in FY2020 were down year on year due to the impact of COVID-19, sales since FY2021 have risen in part on the back of growth in the client base.

We also overhauled our recruitment website in March 2020, drawing broad support, and have been chosen as the No. 1 company among registered pharmaceutical sellers considering a career change.

Growth in Sales of Registered Pharmaceutical Seller Business



*Compared to sales in FY2018 set at 100%

Philosophy of Medical Resources

Mission

Pursuing the possibilities of people and new values to move together beyond the present

Our desire is to work alongside people to achieve their hopes for a brighter future. Because we more than anyone believe in the potential of people, we can draw out value that they could not have identified on their own. We come alongside people who seek to constantly grow and together go beyond the present to realize a better future.

Vision

Becoming a partner in creating the future for people, medicine, and healthcare

The future we envision always centers around people. With a view to their wellbeing, sometimes we come alongside people and sometimes we guide them forward. By focusing on each individual, we are contributing to society by supporting the wealth of medical care and healthcare that only people can realize. Medical Resources is the partner of choice in creating the future.

Value

Basic Approach
Sincere in all that we do, we focus on people.

- Action guidelines**
- Taking on challenges** Never content with the status quo, continuing to grow.
- Collaborating** Thinking, acting together with a sense of ownership to build synergies.
- Exceeding expectations** Moving people by focusing on the essentials and offering more than what is imaginable.