



 NIHON CHOUZAI GROUP

# NIHON CHOUZAI GROUP

## INTEGRATED REPORT 2025

# Group Philosophy

## Our Mission

### To Give People the Closest Possible Support

Contributing to the health of all people. This has remained our primary aim from the start. We have continued to embrace an array of challenges to ensure that healthcare is available to every part of society. Driven by this ambition, we will continue to provide lifelong support for our customers, serving as the healthcare professionals most closely involved in their well-being.

## Group Vision

### To Be the Most Trusted Partner in Healthcare

## The Commitments We Value

Five commitments all employees should value to realize our mission and our ideal for the Group:

**Ensure Rigorous Compliance.**

**Be Considerate of Others.**

**Deepen Your Knowledge, Broaden Your Horizons.**

**Take Initiative in Thinking and Acting.**

**Generate New Ideas Together.**



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# Our Story

We started out as a single pharmacy, animated by a founding philosophy of achieving the true separation of drug prescribing and dispensing services.

By staying one step ahead of the times and by responding to a variety of healthcare needs to give all people the closest possible support, we have grown into a healthcare Group that leads the industry.



From our founding to an expansionary period

## 1980 Starting separation of drug prescribing and dispensing services from the ground up

We carved out our own market by encouraging the still nearly unpracticed separation of drug prescribing and dispensing services among clinics in Sapporo, and opening "one-on-one pharmacies" near the clinics.

The year after our founding, we opened unique medical center-type pharmacies to offer patients greater convenience, and went on to expand into the separation of drug prescribing and dispensing services for large hospitals as well, growing in business scale while further helping spread the separation of these services.

■ Consolidated Net Sales

1980 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 (FY)



Growth period

## 2009 Taking on the challenge of entering the neighborhood pharmacy market

To embody the true separation of drug prescribing and dispensing services, we are building a network of neighborhood pharmacies, which do not depend only on specific medical institutions but fill prescriptions from multiple institutions and serve as community healthcare hubs. We defined locations that offered the greatest convenience to customers and expanded our pharmacy network, drawing on Nihon Chouzai's distinctive marketing methods and other expertise. We went on to develop hybrid pharmacies.



## 2012 Establishing Japan Medical Research Institute

Capitalizing on the vast pool of prescription data held by Nihon Chouzai, we launched a business to create value that will tie into the robust development of the healthcare industry and better lives for people in Japan, including through the analysis of drug data, the provision of information, and consulting services for pharmaceutical companies and other organizations. We established Japan Medical Research Institute in 2012 to take over this initiative, and continue to expand the scope of the business.

## 2000 Launch of pharmacist staffing business

With the aim of addressing the issue of healthcare personnel shortages and avoiding poor fits, we established Nihon Chouzai Pharma Staff (now Medical Resources) and launched Japan's first pharmacist staffing business. Drawing on the pool of educational expertise of Nihon Chouzai's pharmacist business, we are contributing to the creation of a sustainable healthcare framework.



## 2004 Listing on the Tokyo Stock Exchange

We were listed on the Second Section of the Tokyo Stock Exchange (TSE) in 2004 and, in 2006, relisted on the First Section. Having our shares listed as one of Japan's leading pharmacy companies not only gave us greater credibility but also helped raise the overall status of pharmacies and pharmacists.

## 2005 Entering the Pharmaceutical Manufacturing and Sales Business

Capitalizing on a revision to Japan's Pharmaceutical and Medical Devices Act, we established Nihon Generic to enter into the business of manufacturing and selling generic drugs, a key element in the separation of drug prescribing and dispensing services. We later acquired Choseido Pharmaceutical, further expanding the range of our businesses.

Development period

## 2014 In-house development of an electronic medication notebook

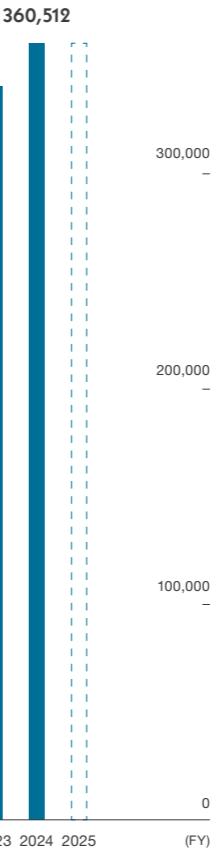
Our experience of the Great East Japan Earthquake made us keenly aware of the importance of patients being able to access their own medication information, even in times of disaster. Against this background, we began work to develop an electronic medication notebook service that would be easy for patients to use, one that retains the functions of a printed medication notebook while also incorporating the latest ICT-based features. We launched operation of our proprietary electronic medication notebook, *Okusuri Techo Plus*, in 2014.



## 2025 Delisting the company and entering a new phase

In December 2025, the Nihon Chouzai Group is being delisted, coming under the joint ownership of Advantage Partners and LYFE Capital. By capitalizing on the expertise and synergies of both companies, we will enter a new phase aiming to further enhance corporate value. (Millions of yen)

400,000  
300,000  
200,000  
100,000  
0



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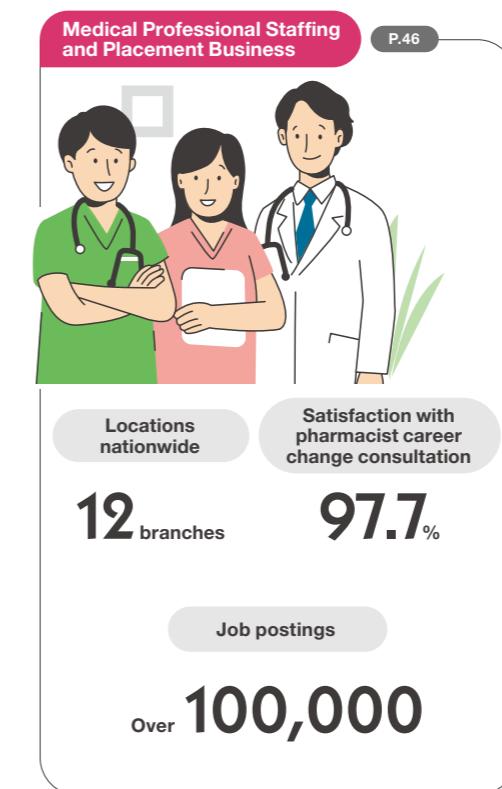
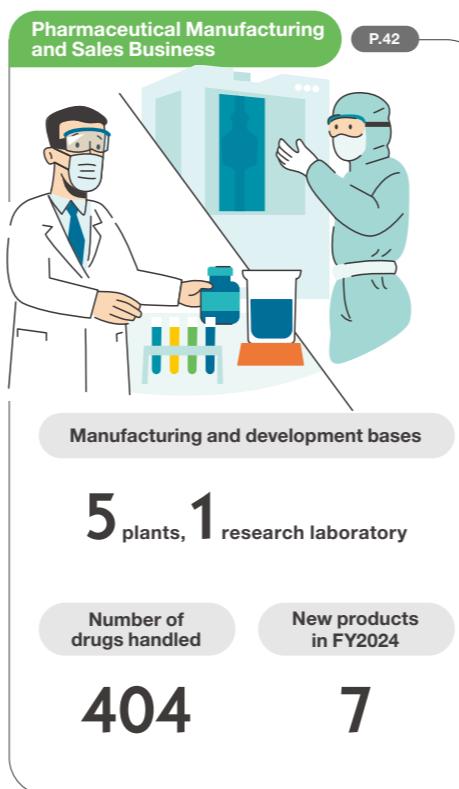
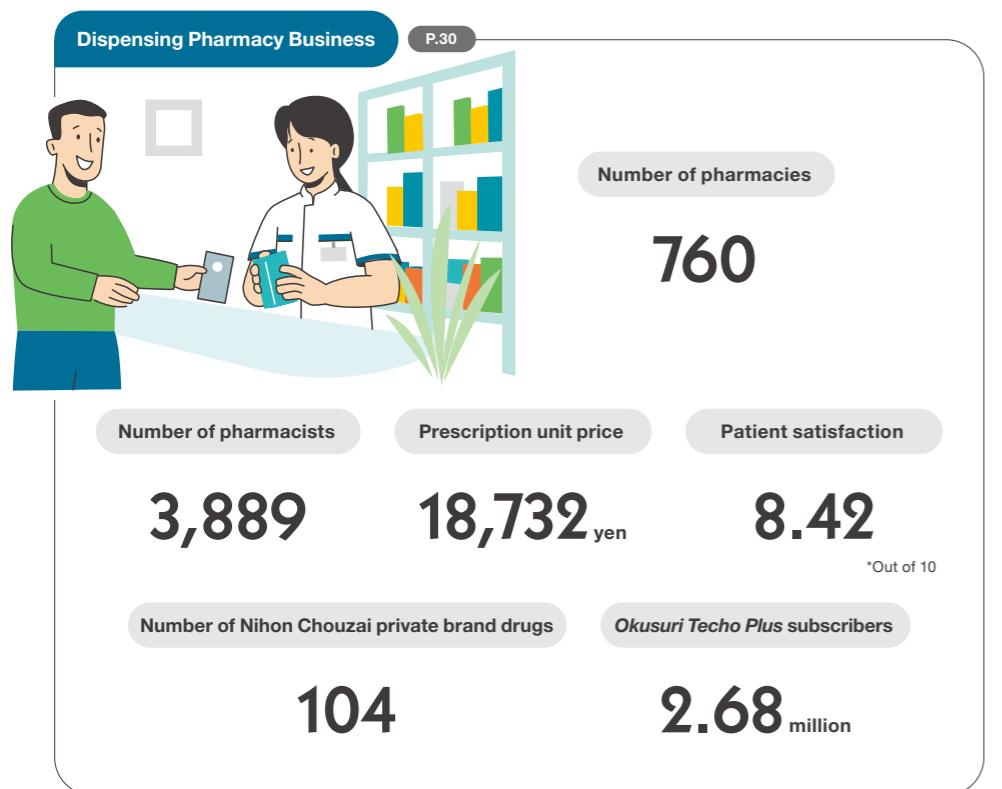
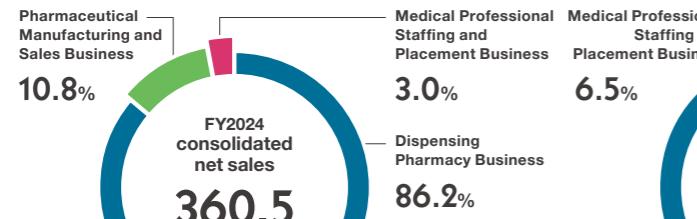
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# At a Glance

Results for FY2024



\*1 Consolidated net sales and operating profit indicate breakdowns based on sums of the three business segments. Adjustments have not been eliminated. All figures are rounded down to the nearest unit, while ratios are rounded up or down to the nearest unit. As it recorded an operating loss of 630 million yen for the year, the Pharmaceutical Manufacturing and Sales Business is not reflected in the consolidated operating profit graph.

\*2 Consolidated net sales, consolidated operating profit, and personnel indicators are as of the end of March 2025. All other indicators are as of the end of September 2025.

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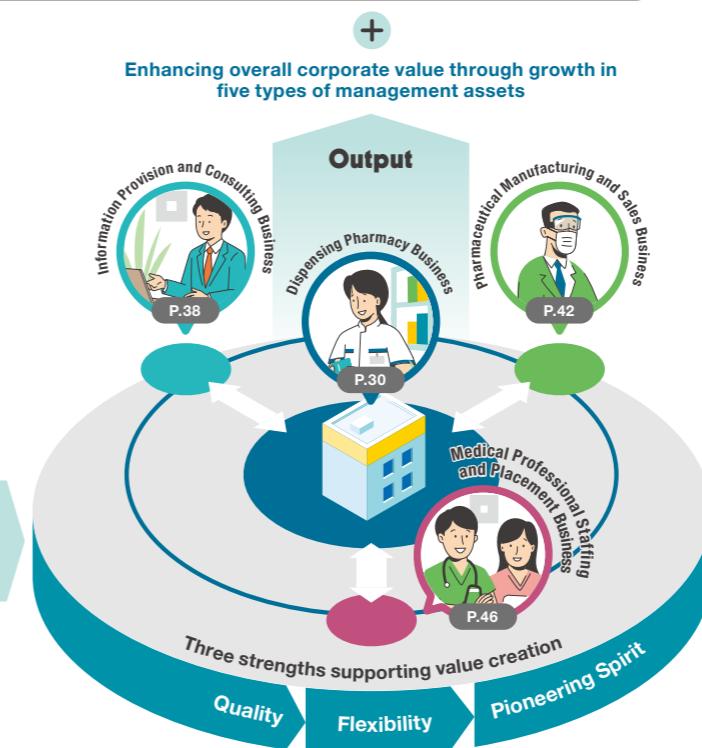
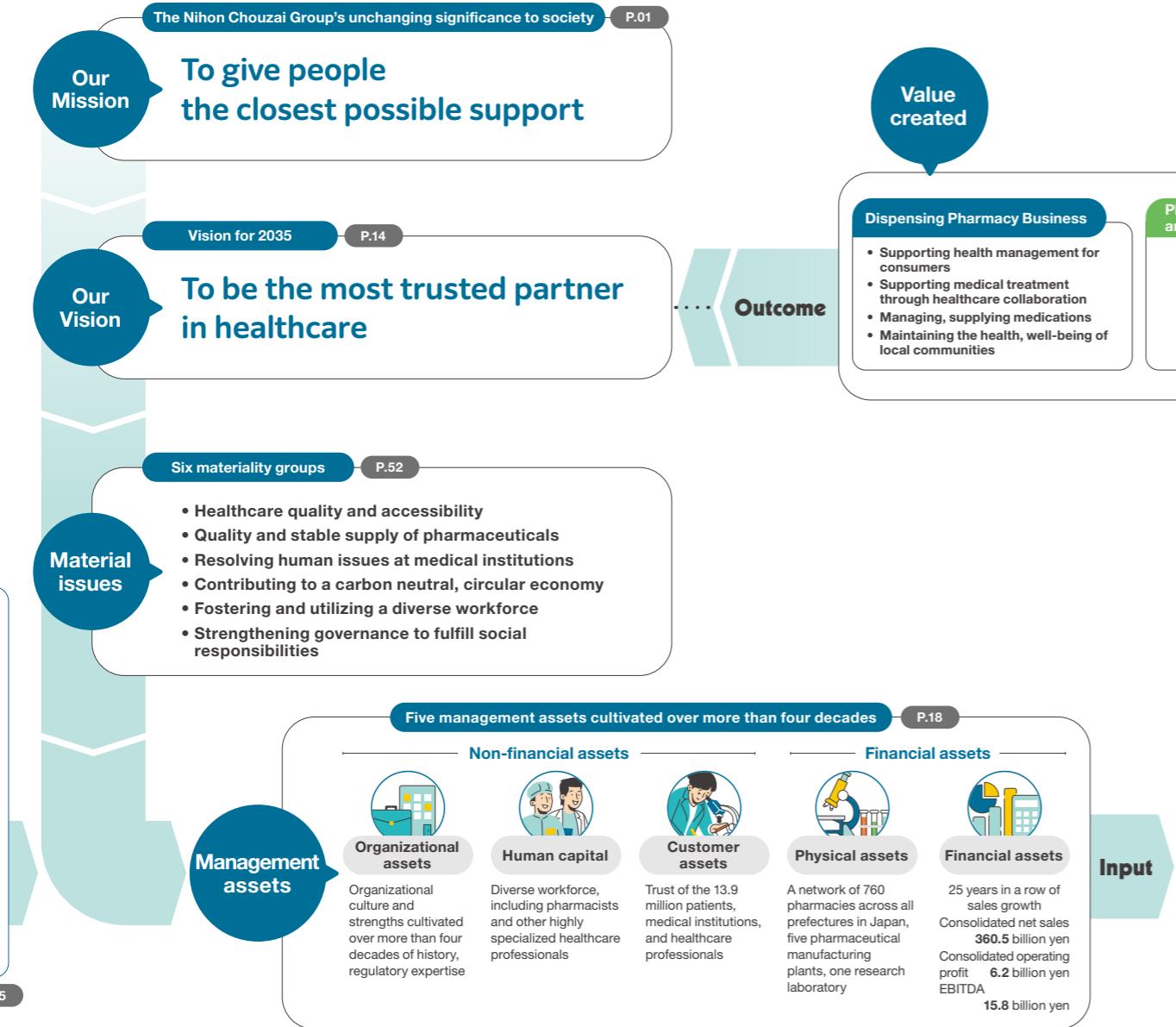
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# Value Creation Process



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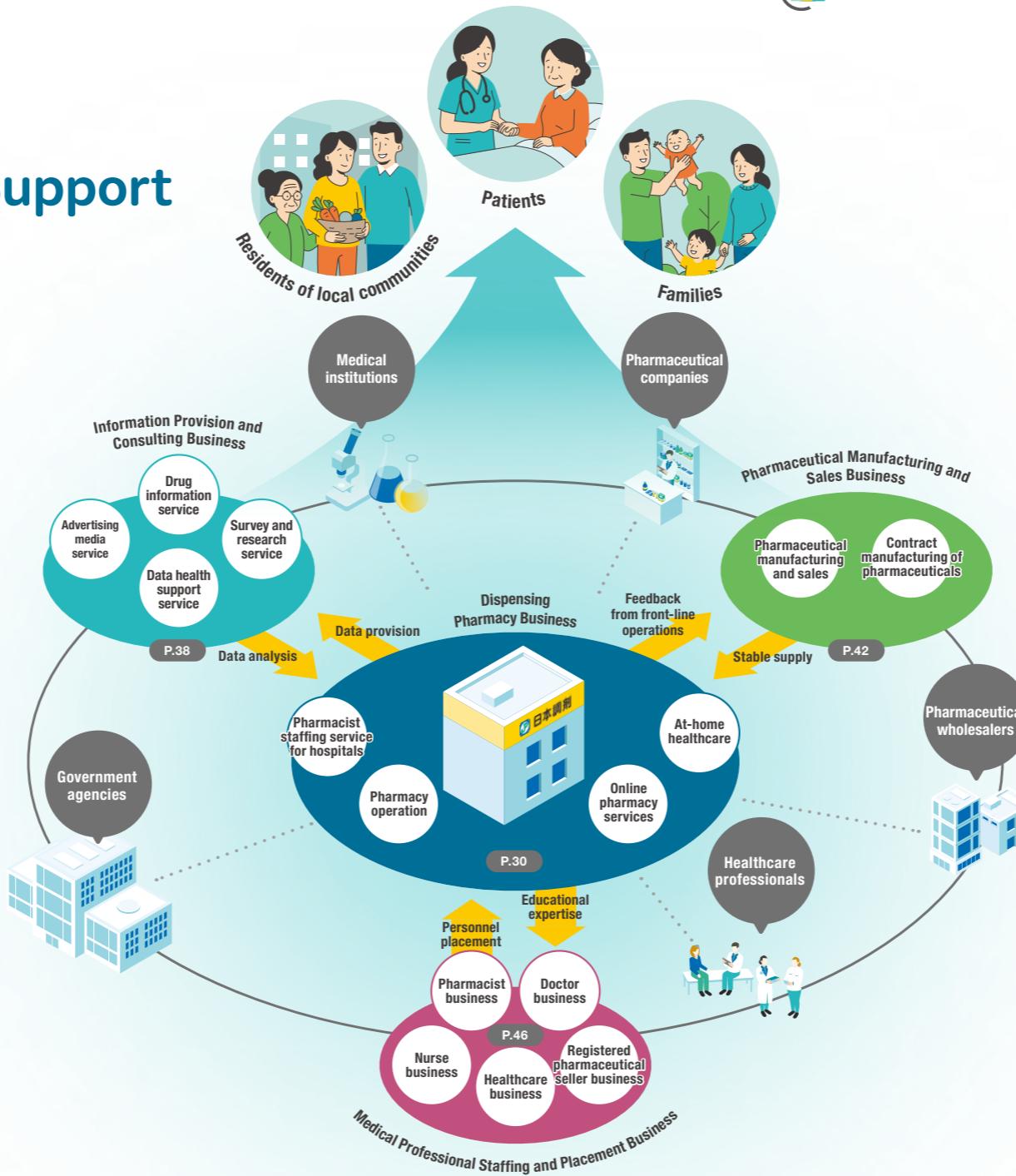
# A Business Model to Give People the Closest Possible Support

We provide services not only to patients but to their families and all who live in local communities as well. We view our mission as giving the closest possible support for the health and well-being of every person we encounter.

Guided by this sense of mission, we engage in four businesses: the Dispensing Pharmacy Business, the Pharmaceutical Manufacturing and Sales Business, the Medical Professional Staffing and Placement Business, and the Information Provision and Consulting Business. These businesses function together organically to generate synergies, building a framework that enables us to provide unparalleled comprehensive healthcare services.

Moreover, it is not only within the Group that we create value: We are constantly improving the quality of our services by co-creating value together with diverse group of partners, including government agencies, medical institutions, and pharmaceutical companies.

Under this framework of collaboration between our businesses and co-creation with outside partners, we will continue to earnestly provide support for our customers as the healthcare professionals most closely involved in their well-being.



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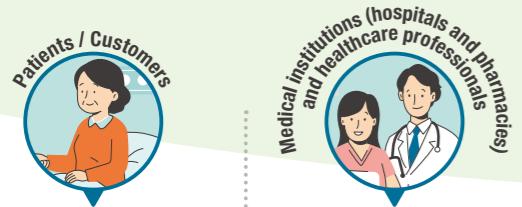
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# Stakeholder Engagement



Through our various business activities, we aim to gauge the needs and expectations of stakeholders by engaging in constructive dialogue and working together to address social issues. Going forward, we will continue to work to deepen trust with stakeholders, build relationships that enable mutual flourishing, and increase corporate value.

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.

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.

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.

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.

## Why we engage

The Group also places importance on appropriate disclosure and constructive dialogue to achieve sustainable growth and build corporate value over the longer term.

Feedback and demands obtained through interactions with shareholders and investors have been promptly shared within the Group and reflected in management to date.

Effective collaboration with government agencies is indispensable to the Group's businesses.

The Nihon Chouzai Group will continue to engage with such agencies to contribute to Japan's regional healthcare system.

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.

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.

- Providing safe, secure, high-quality healthcare
- Pharmacies available when needed / Providing at-home medical care
- Online pharmacy service that brings together high medical quality and convenience
- Supply of high-quality pharmaceuticals

- 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 pharmacy pharmacists
- Workplaces where employees can continue to work with a sense of security
- DE&I initiatives
- Fulfilling work that can contribute to healthcare in Japan
- Maintaining stable employment

## Stakeholders' interest

- Sustainable growth
- Longer-term improvement in corporate value and appropriate disclosure

- Provision of healthcare with guaranteed safety and stability
- Ensure a stable supply of pharmaceuticals
- Cooperative efforts with government agencies
- Reining in the costs of social security
- Understanding of government ministry and agency policies

- 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
- Provision of value or compensation
- Building long-term co-creation relationships
- Providing quality healthcare services

- 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 *Okusuri Techo Plus*

- 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
- 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

## How we respond

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

- Efforts to develop, manufacture, sell, and ensure a stable supply of high-quality generic drugs
- Reducing medical costs through the use of generic drugs and efforts to eliminate multiple drug use (polypharmacy)
- Contributing to regional healthcare
- Efforts to achieve the digital transformation of healthcare
- Functions to support community residents in staying healthy and to offer nutrition consultations
- Providing a safe and secure community healthcare system through pharmacies
- Nationwide expansion of regional cooperation pharmacies, specialized medical institution cooperation pharmacies, and health support pharmacies, etc.
- Pursuing sustainable management

- Providing quality healthcare services
- Innovating through collaboration and tie-ups
- Extensive business development by leveraging the strength of our nationwide network of pharmacies



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## On the Publication of Integrated Report 2025

As a healthcare group that gives people the closest possible support, the Nihon Chouzai Group is working to enhance corporate value over the longer term by creating social and economic value through its business activities.

The integrated report outlines our management policies, business strategies, and the story of our longer-term creation of corporate value. We publish the report to serve as an engagement tool for deepening communication with shareholders, investors, and other stakeholders.

Integrated Report 2025 focuses on the Long-Term Vision 2035 we announced in September 2024. We have expanded the content of the report to include strategies and initiatives for the first phase of working to achieve the vision. Our hope is that this report will help readers to gain a more in-depth understanding and encourage support for the new value the Nihon Chouzai Group is creating as we undergo a transformation.

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**Kazunori Ogi**

President and CEO

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## Harnessing change as a force driving growth, we are moving into a new stage of growth to realize our vision

### ► Greetings from the new President: The journey so far ◀

I am Kazunori Ogi, and I assumed the position of President and CEO of Nihon Chouzai Co., Ltd. in June 2025. First off, I would like to express my sincere gratitude to our shareholders, investors, and all of our stakeholders for your ongoing support.

The Nihon Chouzai Group for years led the industry in Japan as a pioneer in the separation of drug prescribing and dispensing services. However, as this separation has become broadly accepted in Japanese society in recent years, and the spread of generic drugs has reached targeted levels, the industry as a whole now stands at a critical turning point, poised to move away from a conventional path of expansion toward a model of providing new value. Our company has also made the decision to delist its shares. Having been assumed the role of President during this time of change, I feel a weighty sense of responsibility to capitalize even more fully on the strengths the Group has cultivated over the years and to use these to drive new growth.

Before joining Nihon Chouzai, I worked at a bank for about 16 years. In addition to supporting the growth of companies through new lending and business development, I was also involved in the restructuring of struggling companies, so I experienced both the forward-looking aspects of corporate management and the need to protect existing businesses. While working at the bank, in fact, I was in charge of the Nihon Chouzai account for a certain period. At the time, the company had not yet gone public, but I was really struck by the way in which it was taking the lead in the industry, guided by a vision of achieving the true separation of drug prescribing and dispensing services, and ambitiously growing the business with a view to the next 10 to 20 years. Having found Nihon Chouzai's forward-thinking and aggressive corporate culture quite appealing, I joined the company in 2008. After joining the company, I was mainly responsible for fundraising in the Finance

Department, and supported various initiatives including M&A activities in the Dispensing Pharmacy Business and the launch of the Pharmaceutical Manufacturing and Sales Business. For the past 17 years, I have worked in the financial field while also being involved in the management and restructuring of Group companies, and continue in that capacity today.

In October 2021, an inappropriate incident was discovered at Choseido Pharmaceutical, a member of the Nihon Chouzai Group, resulting in that company receiving a directive to suspend operations. I was tasked with turning the company around, and that has been the focus of all my efforts. There are numerous challenges, however, and being on the front lines of drug manufacturing once again brought home to me just how important rigorous quality control is, and how many layers organizational management involves. My personal code used to be “have heart of ambition, work with passion, and be flexible in thinking.” In my thinking as a manager, though, I’ve turned to the management philosophy of Kazuo Inamori, the founder of Kyocera and the man who rebuilt Japan Airlines, and the value he placed on an “altruistic mind.” Our work in making and dispensing drugs impacts the health and lives of many people. I want to come alongside patients, healthcare personnel, and all the colleagues I work with as I continue to value a management approach of always trying to put myself in the other person’s shoes.

The significance of the Nihon Chouzai Group for society lies in the ambition of our founder, Hiroshi Mitsuhashi, to raise the overall status of pharmacists. Pharmacists may not necessarily be regarded as highly in Japanese society as in other countries. At heart, however, pharmacists are meant to be experts in medicine who engage in the healthcare of patients on an equal footing with doctors. In recent years in Japan, cancer treatment in particular has come to be carried out at home, making it increasingly critical for pharmacists to offer specialized medication management and to follow up on side effects. Furthermore, as team healthcare involving collaboration between different disciplines becomes more widespread, the importance of the role of pharmacists is growing. I believe the mission of the Nihon Chouzai Group is not merely to deliver the drugs doctors prescribe but also to be mindful of the circumstances of each patient and contribute to raising the overall quality of healthcare in Japan and to the sustainability of the system of universal health insurance here.

## ► FY2024 Summary and Our Strategic Response to Emerging Changes in the Industry ◀

FY2024 was the first year of Long-Term Vision 2035 and, frankly speaking, it was a very challenging year. In the Dispensing Pharmacy Business, profitability deteriorated as dispensing fees for on-site pharmacies — which the company had been actively promoting — were significantly reduced due to the revision of medical fees. In the Pharmaceutical Manufacturing and Sales Business as well, Group company Choseido Pharmaceutical was subjected to administrative disciplinary action for a second time. We take this disciplinary action very seriously and are making every effort to prevent recurrence and rebuild trust. Having to face such difficulties both in our mainstay Dispensing

Pharmacy Business and in our Pharmaceutical Manufacturing and Sales Business created an extremely challenging situation for the Nihon Chouzai Group.

Meanwhile, looking at the pharmacy industry as a whole, we have seen rapid restructuring over the past two or three years, with competition growing even more intense as more and more drugstores come into the industry and with large-scale mergers among specialized dispensing pharmacy chains. Other factors include the fact that the separation of drug prescribing and dispensing services has become broadly accepted in Japan and that the switch to generic drugs is now nearly complete, causing growth in the industry as a whole to reach a plateau. This situation calls for us to come up with new growth strategies. Given this context, we began to implement an array of proactive response measures in FY2024. Our efforts included boosting work efficiency through AI and automation, revising the personnel system to put greater emphasis on performance, and making pharmacy operations more flexible by introducing a variable working hours system. These efforts have begun to steadily bear fruit since the beginning of FY2025, and business performance is improving. Even amid an adverse operating environment, the swift actions we are taking are proving effective, and I feel confident that we are at a point of turning toward a new growth trajectory.

## ► Specific Business Strategies to Achieve Long-Term Vision 2035 ◀

Long-Term Vision 2035, announced in September 2024, clearly lays out the path the Nihon Chouzai Group needs to take to move towards the next stage of growth. In the vision, we have set a goal of becoming the most trusted partner in healthcare. Our focus in the Dispensing Pharmacy Business is on transforming our existing pharmacies into pharmacies of choice for patients. We will move away from a growth model that depends on new pharmacy openings and instead improve the productivity and service quality of existing pharmacies, aiming to transform them into places that make it easy for anyone to come in for a consultation. Specific approaches will differ from pharmacy to pharmacy but, for example, introducing corte, a service that uses AI technology to support the creation of medication histories, can make operations more efficient and enable more personalized medication guidance, putting in place a framework that allows pharmacists to focus on higher-value-added tasks. We are collating and digitizing success stories like this from various pharmacies at the head office to be shared among all pharmacies, leading to better service capabilities across the organization. I sense that there's still a great deal of potential in creating pharmacies people want to choose because they think Nihon Chouzai is the best pharmacy chain out there, regardless of access to medical institutions or other factors in terms of location. We are also actively working to expand our network of At-Home Medical Care Support Centers, which are in increasing demand in line with the aging population in Japan, as well as capitalizing fully on the expertise of our pharmacists to provide advanced drug management for cancer and rare diseases.

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Although Nihon Generic was a latecomer to the Pharmaceutical Manufacturing and Sales Business, we have carved out a certain position in the market through proactive R&D and sales activities. Still, there are high barriers to surmount before we can close the gap with the industry's top players. In this environment, we are working to reinforce competitiveness, boost business efficiency, and improve profitability by seizing the trend underway across the industry of streamlining drug lineups and channeling management resources into key drugs. Moreover, through the strategic tie-up with our new partner, LYFE Capital, we now have far more extensive possibilities for overseas expansion. LYFE Capital has a strong track record of investing in the healthcare and biotech fields across the Pan-Pacific region, particularly in the U.S. and Asia. By tapping into its network of influential local partners and taking advantage of the reputation for high quality enjoyed by Japanese pharmaceuticals, we will explore ways of expanding exports, primarily to Asian markets, ensuring the stable procurement of drug substances, and pursuing commissioned and contract manufacturing. While ensuring a stable domestic supply remains a major prerequisite, we will strive to create new growth opportunities by shifting our business stance from a focus on the Japanese market toward the exploration of global expansion.

In the Medical Professional Staffing and Placement Business, we have established a leading position in the industry for pharmacist staffing, and are currently focusing on expanding our pharmacist and doctor placement businesses and healthcare business. We are seeing steady growth in the number of registered users in the pharmacist and doctor placement businesses. We have crafted

a strategy of broadcasting information of interest to people thinking about switching jobs to draw in potential job seekers and gradually make the rationale for a job change evident. While maintaining an approach of meeting face-to-face and carefully discerning good job fits, we are also moving ahead with more efficient digital matching for younger job seekers. We will optimize the entire process, from approaching potential candidates to signing contracts, to further grow the business. In the healthcare business, we will pursue businesses that target corporate clients, centering on the occupational doctor and occupational nurse businesses and businesses for preventing the progression of illness.

### Path to Enhancing Corporate Value

The financial strategy set out in Long-Term Vision 2035 places emphasis on improving profitability and ensuring growth. Achieving substantive growth requires a fundamental change in strategy—simply extending the status quo won't do. This doesn't just involve the management team—the organization as a whole needs to make a strong commitment to breaking out of the traditional mold and changing our way of thinking as we adopt a whole new approach to doing business.

Our new partners, Advantage Partners and LYFE Capital, also share a common commitment to growth, and I am confident that these collaborative relationships will be a major driving force behind our business development going forward. Through more flexible and more responsive decision-making, we will rapidly decide on strategic resource allocation and investment, prioritizing investment in the roll-out of AI and digital technologies and human resource development in particular. This will feed into strengthening our sustainable competitiveness as a company.

We are also channeling our efforts into the use of non-financial metrics. For instance, we have introduced a new Net Promoter Score to visualize patient satisfaction. This gives us a framework for connecting patient feedback to ongoing improvement, which we can draw on in raising the quality of our services. The Nihon Chouzai Group also continuously conducts employee engagement surveys and will implement various measures to foster a vibrant and energetic organization.

Our aim is to achieve sustainable growth by enhancing corporate value both on the financial side and in terms of evaluations from patients and other stakeholders.

### Reforming the Organization with an Emphasis on Frontline Capabilities and Shoring up the Organizational Foundation to Support Sustainable Growth

From the perspective of human capital management, we provide employees with opportunities for growth according to their roles. For pharmacists, we have positioned honing expertise and

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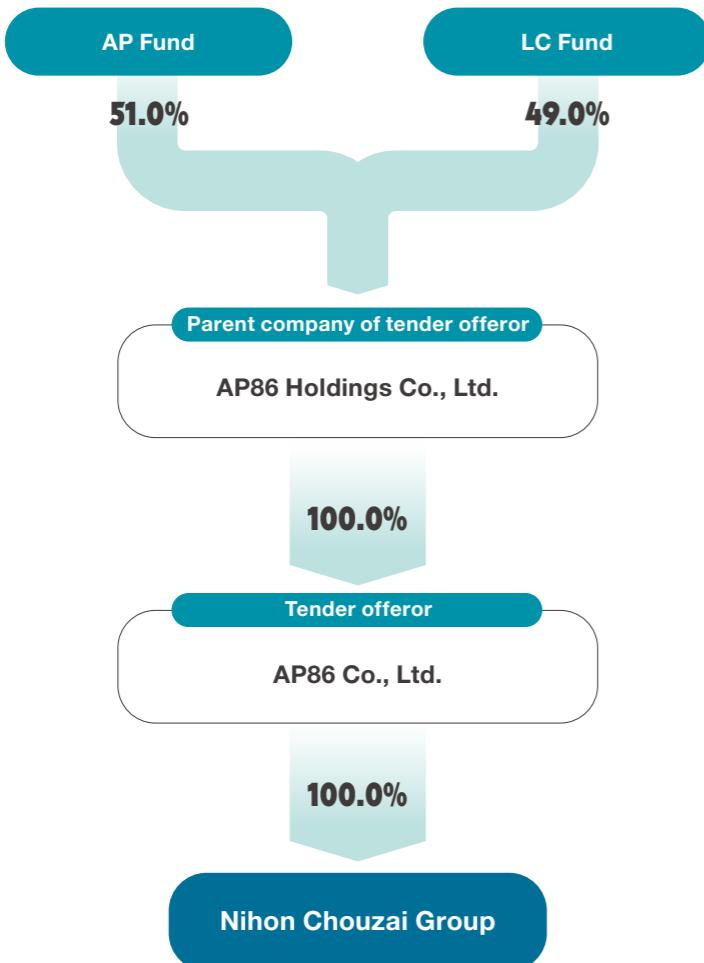
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## New Framework after Delisting



strengthening the ability to engage with patients as key themes. We will further enhance our educational framework—already highly acclaimed within the industry—and take advantage of training programs and AI support systems to cultivate personnel who can respond attentively to the needs of individual patients. We are also striving to raise the level of the organization overall, supporting an array of skills development for employees other than pharmacists, from management personnel to specialists.

In terms of the organizational framework, to become the pharmacy of choice, we are moving forward with the shift from a traditional top-down approach to a bottom-up approach that values feedback from personnel on the front lines. We are exploring ways for management to reflect the ingenuity and ideas that arise from various pharmacies, and the head office is putting a framework in place to accompany and support the pharmacies. We also want to foster a corporate culture of being mindful of where patients, healthcare professionals, and all of our employees stand, and which empowers action.

Regarding our approach to managing the organization, we are aiming for flexibility and openness. We will rotate personnel appropriately to avoid employees getting locked in to certain positions and encourage the active exchange of views across departmental boundaries. At the same time, we will improve the soundness of the organization by augmenting our internal reporting system.

With regard to sustainability, the Group since its founding has placed emphasis on helping to maintain Japan's system of universal health insurance through our business. One role we have played for many years has been to engage in initiatives in line with the government's Vision of Pharmacies for Patients to address the issue of optimizing medical costs, including encouraging the widespread use of generic drugs and expanding our lineup of over-the-counter drugs. We will continue seeking to improve the quality of healthcare while reducing the burden of medical costs, helping to bring about a sustainable healthcare system in an aging society.

### Embracing the Challenge of Delisting and Creating Value by Forging New Partnerships

The rationale behind our decision to delist was to gain the freedom to move decisively forward with investments and reforms targeting growth from a longer-term perspective without being swayed by short-term performance. As Japan's pharmacy industry matures, reforms that go beyond the conventional path of expansion are essential, and I believe incorporating a broader range of perspectives, rather than insisting on being self-sufficient, is an important choice in terms of achieving sustainable growth.

As I mentioned earlier, our new partner, Advantage Partners, has extensive experience and knowledge in the area of enhancing corporate value, which it cultivated through numerous investment projects targeting companies in Japan. LYFE Capital also has extensive experience in

\*AP Fund indicates a fund for which Advantage Partners, Inc. provides investment-related services or which is managed and operated by an affiliated company of Advantage Partners, Inc.

\*LC Fund refers to LYFE Capital Fund IV (Dragon) L.P., a fund related to LYFE Capital Investment Management Ltd.

the healthcare sector as well as a robust knowledge of supply chains and advanced initiatives in pharmaceutical markets overseas. Our hope is that we can build a new springboard for growth by leveraging LYFE Capital's international network. Meanwhile, it was extremely encouraging in this process to see how highly these two outside companies estimated the strength of the Nihon Chouzai brand and our potential value—these were things we took for granted within the Group. The process is uncovering the new value of assets that we have not fully taken advantage of until now, such as the potential for services based on patient data, and these assets are generating high expectations. Going forward, through collaboration with these outside partners, we will embrace new challenges in the areas of the international distribution of generic drugs, at-home healthcare, and digital health, with a view to tie-ups with overseas companies. At the same time, we are revisiting the very significance of pharmacies, aiming for our pharmacies to evolve into comprehensive healthcare hubs that help maintain and improve people's health. To this end, it is vital that our pharmacists and all of our employees strive to generate new ideas as healthcare professionals.

Meanwhile, approaches that we have always valued, including employee benefits and the working environment, will remain unchanged going forward. We will further enhance the new personnel system introduced last year and strengthen the frameworks that allow each employee to experience a sense of growing.

Delisting is not the goal, but a new start. While cherishing the trust and business foundations we have built up since our founding, we will take on the next stage of growth together with our new partners, evolving into an even more resilient, more agile company.

### To Our Stakeholders: Moving into the Future, Realizing Our Founding Philosophy in New Ways

The Nihon Chouzai Group has moved forward since its founding, consistently grounded in the unchanging desire to serve patients and raise the overall status of pharmacists. All the initiatives the Group has undertaken to date, including promoting the separation of drug prescribing and dispensing services and encouraging the widespread use of generic drugs, have been for the sake of supporting a sustainable healthcare system. The foresight and spirit of embracing challenges shown by our founder, Hiroshi Mitsuhashi, continues to be passed down to us today. What will be required of us in the coming era is to fulfill the potential of this DNA in new ways, creating value suited to the future. The environment for healthcare in Japan is changing at an unprecedented pace, with the declining birthrate and aging population, rising medical costs, and industry restructuring. Rather than fearing such change, we view it as an opportunity for growth, and will speed our transformation to realize our long-term vision of becoming the most trusted partner in healthcare.

Capitalizing fully on the freedom in management to be gained by the delisting, we will shore up the foundations of our three business segments—the Dispensing Pharmacy Business, Pharmaceutical Manufacturing and Sales Business, and Medical Professional Staffing and Placement Business. At the same time, as a comprehensive healthcare Group, we will boldly embrace challenges in new areas that generate synergies with the existing businesses.

Above all, we will work together across the Group to create the next stage of growth, so that patients and all of our stakeholders can experience and benefit from our evolution. I appreciate your continued understanding and support.



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The Future  
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The Nihon Chouzai Group will continue to evolve its management to realize our vision for the kind of Group we want to become.

Viewing the constantly changing operating environment as an opportunity, we are putting in place a roadmap we formulated by means of backcasting.



## The Kind of Group We Want to Become

## To be the most trusted partner in healthcare

United in its unchanging mission of giving people the closest possible support, the Nihon Chouzai Group has set out a vision of becoming the most trusted partner in healthcare.

We also formulated three pillars that embody the kind of Group we want to become to achieve our long-term vision.



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# Anticipated Operating Environment, Risks and Opportunities in Achieving the Long-Term Vision

While recognizing and responding to risks involved in achieving the long-term vision, we will also welcome opportunities as forces that can drive growth, realizing dramatic growth gains by harnessing powerful synergies between our various businesses.

Anticipated operating environment in 2035		Political	Economical	Social	Technological
Issues	Changes to the Healthcare System	Safety and Quality of Medical and Pharmaceutical Products	Stable Supply of Pharmaceuticals	Securing Human Capital Needed to Operate, Grow Businesses	Increasingly Sophisticated Digital Technology and Security Threats
Risks	<ul style="list-style-type: none"> <li>Decrease in dispensing fees due to revision of medical fees and reduction of drug prices due to revision of drug prices</li> <li>Entry of outside players into the pharmacy industry due to deregulation</li> <li>Waning competitiveness of existing business models</li> </ul>	<ul style="list-style-type: none"> <li>Unexpected serious drug side effects or harmful drug interactions</li> <li>Greater time and effort required to meet stricter regulations on drug manufacturing and quality</li> </ul>	<ul style="list-style-type: none"> <li>Disruptions in the supply chain and increased procurement costs due to global conditions and accelerating inflation, etc.</li> <li>Increasingly acute drug shortages due to supply and demand disruptions</li> </ul>	<ul style="list-style-type: none"> <li>Shortage, poor fits of personnel to support business strategies, declining labor productivity</li> </ul>	<ul style="list-style-type: none"> <li>Interruption of services and business due to cybercrime, personal information leaks</li> <li>Waning competitiveness of current business models</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>Accelerating restructuring in the pharmacy industry due to revisions of dispensing fees and drug prices, deregulation, and other factors</li> <li>Expansion of online medical care and digital transformation of healthcare due to healthcare system reforms</li> <li>Accelerating restructuring in the generic drug industry due to the impact of drug price reductions</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring safety and enhancing reliability by promoting proper drug use</li> <li>Enhancing reliability through proper manufacturing and quality control of drugs</li> </ul>	<ul style="list-style-type: none"> <li>Expanding responsible sales and provision of drugs based on a stable, efficient supply chain</li> <li>Construct a production framework to achieve both stable supply and profitability</li> </ul>	<ul style="list-style-type: none"> <li>Business expansion drawing on strengths in human capital development and recruitment, provision of competitive services</li> </ul>	<ul style="list-style-type: none"> <li>Stable operation and expansion of businesses and services grounded in an information security infrastructure</li> <li>Leveraging digital transformation of healthcare to offer new services that address the changing needs of the times</li> </ul>
Response measures	<p><b>Dispensing Pharmacy Business</b></p> <ul style="list-style-type: none"> <li>Develop pharmacies with a wide range of functions, collaborate with other companies, innovate</li> </ul> <p><b>Pharmaceutical Manufacturing and Sales Business</b></p> <ul style="list-style-type: none"> <li>Continue to develop newly NHI listed drugs</li> <li>Review the product lineup and expanding the weight of in-house manufactured drugs</li> </ul>	<p><b>Dispensing Pharmacy Business</b></p> <ul style="list-style-type: none"> <li>Enhance educational programs and facilities to ensure the proper use of drugs</li> <li>Introduce, expand, and ingrain quality management</li> </ul> <p><b>Pharmaceutical Manufacturing and Sales Business</b></p> <ul style="list-style-type: none"> <li>Provide employees with rigorous quality control and manufacturing control education</li> <li>Reinforce and continually monitor manufacturing and quality control framework</li> </ul>	<p><b>Dispensing Pharmacy Business</b></p> <ul style="list-style-type: none"> <li>Achieve stable generic drug supply through tie-ups with pharmaceutical wholesalers nationwide and synergies with the Pharmaceutical Manufacturing and Sales Business</li> </ul> <p><b>Pharmaceutical Manufacturing and Sales Business</b></p> <ul style="list-style-type: none"> <li>Secure multiple sources of drug substances and coordinate with commissioned manufacturers to ensure a stable procurement framework</li> <li>Ensure a stable manufacturing framework by upgrading facilities and reviewing the product lineup</li> </ul>	<p><b>Group</b></p> <ul style="list-style-type: none"> <li>Secure highly skilled professionals and carry out employee training programs</li> </ul> <p><b>Dispensing Pharmacy Business</b></p> <ul style="list-style-type: none"> <li>Recruit and train high-caliber new pharmacist graduates</li> </ul>	<p><b>Group</b></p> <ul style="list-style-type: none"> <li>Transform core businesses through digital transformation of healthcare</li> <li>Develop a more robust information security framework and thoroughly train employees</li> <li>Reinforce measures to prevent incidents and strengthen response capabilities</li> </ul> <p><b>Dispensing Pharmacy Business</b></p> <ul style="list-style-type: none"> <li>Provide smart healthcare that enables medical consultation, medication guidance, and drug receipt to be carried out entirely online</li> </ul> <p><b>Medical Professional Staffing and Placement Business</b></p> <ul style="list-style-type: none"> <li>Address medical personnel shortages in regions with insufficient medical resources</li> </ul>

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# Roadmap to Achieving the Long-Term Vision

Long-Term Vision 2035 aims to enhance capital efficiency and secure growth potential. Furthermore, we will strive to enhance corporate value by utilizing non-financial metrics such as NPS and engagement scores to realize the vision we want to become.

In achieving the long-term vision, we will continue to reinforce non-financial assets while steadily implementing initiatives throughout the first three-year phase leading up to March 2027.

Vision for 2035

**To be the most trusted partner in healthcare**

## Phase 1 Initiatives

### Evolving management

Our first step toward achieving our lofty vision for 2035 will be for management to evolve from a focus on business growth to a focus on enhancing corporate value. Through aggressive investment and measures to reinforce our human capital and further hone our organizational strengths, we will foster greater business growth and innovation. Also, to create new value in a wider range of areas, we will move away from our former approach of self-reliance towards greater co-creation with other companies.

### Shoring up existing businesses

To improve capital efficiency, we will enhance our business portfolio management and investment management. By focusing more intently on the use of AI and IT and pursuing customer-centered innovation, we will seek to expand the value we provide through existing businesses and become a healthcare Group that can address all kinds of needs.

### Establishing a foundation for exploring new areas

We will adapt an approach of creating new businesses centered on healthcare and peripheral areas, considering establishing a foundation for exploring new areas to be a high priority. Phase 1 will involve establishing the organizational framework needed for business creation, exploring co-creation with companies engaged in various healthcare areas, and moving forward with our transformation into a culture that encourages taking on challenges.

### Shoring up the sustainable management foundation

**Human capital**  
Human capital management

**Customer assets**  
Digital transformation of services

**Organizational assets**  
Pursuing productivity through the use of AI and ITs

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## Shoring up the Sustainable Management Foundation

We believe shoring up the management foundation is critical to achieving our long-term vision.

We aim to further expand the five assets held by the Nihon Chouzai Group and enhance the Group's long-term corporate value.







## Reinforcing Human Capital

### Basic approach and the three pillars for strengthening human capital

The Nihon Chouzai Group thinks of employees as human capital, a critical management resource. Our aim in reinforcing human capital is to contribute to society while enhancing our corporate value over the longer term by deepening employee understanding of the Group philosophy and gaining employee buy-in for it, as well as creating a vibrant workplace where employees can pour themselves into their work.

We have identified three pillars for enhancing the value of our human capital: ensuring diversity and building a sustainable organization, boosting employee fulfillment and satisfaction, and cultivating an environment that facilitates work.

By taking action along these lines, we believe we can enhance human capital and the value of the organization, which will feed into providing greater, more robust value for customers and patients. Over the longer term, we will translate this value into financial value, including net sales and profitability.



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## 1 Ensuring diversity and building a sustainable organization

Recognizing that supporting the active contribution of diverse personnel and securing and cultivating the human capital needed to take the reins of future management are indispensable to enhancing longer-term corporate value, we are planning and pursuing measures to create a working environment where employees can thrive regardless of race, nationality, age, gender, disability, or other characteristics.

We believe there are two ideal areas to strive for over the longer term: basing the development and placement of human resources on our business strategies and consistently ensuring the sufficient quality and quantity of personnel; and pursuing growth by understanding and bringing together diverse personnel in different positions.

To achieve this, we will foster an environment in which diverse personnel can flourish, including increasing the ratio of female managers. In addition, we will work to build a human capital portfolio that contributes to sustainable growth, including formulating succession plans and cultivating leadership talent.

### Building a talent portfolio

#### Cultivating management talent to lead sustainable growth

It is vital for the longer-term growth of the Group to continuously formulate and update succession plans for the key positions that will shoulder the next generation of management. We are currently considering formulating such plans for general manager positions in all departments and setting targets for monitoring the plans.

We also offer outside training for newly appointed executive officers to teach the various skills and high-level perspectives needed for management. In FY2024, a total of four executive officers took part in three training courses. In FY2025, we also began training programs targeting the executive level, providing broad support for the next generation of leaders to acquire necessary knowledge.

#### Details of initiatives

<https://www.nicho.co.jp/en/sustainability/esg/human/>

#### Recruitment strategy

Securing pharmacists and other talent is vitally important to our ability to offer high-quality pharmacy services and enhance the competitive strategies needed to expand the organization. We face the need to address major changes in the operating environment stemming in part from deregulation, regulatory reform, advances in digital transformation, and industry restructuring. We are thus focusing on reinforcing our framework for recruiting new graduates and mid-career professionals to be pharmacists, medical office workers, and career-track employees.

For career-track employees, we are developing plans that will enable us to craft solid growth strategies for the future, including the creation of new businesses and frameworks. With the aim of securing outstanding talent in various fields, including human resources, finance and accounting, and system engineer, we are pursuing activities drawing on a wide range of channels for recruiting both new graduates and mid-career professionals.

In the Dispensing Pharmacy Business, the vital importance of the patient-centered work of pharmacists—whether in the family pharmacist system, at-home healthcare, or consultations about drug therapies in various specialized fields—is gaining attention. Securing excellent talent is the most critical issue in realizing the growth strategies needed to survive ongoing restructuring of the pharmacy industry in Japan. To this end, we are taking steps to recruit talented pharmacists and medical office workers.

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## Ensuring diversity

### Empowerment of women in the workplace

P.69 Outside Evaluations

The percentage of female pharmacists has traditionally been high in Japan. About 70% of Nihon Chouzai pharmacists are female. For this reason, we are pursuing Group-wide initiatives to promote the active participation of women, including supporting the careers of female employees and raising awareness among managers.

#### Action plan

- 1 Increase the ratio of women in managerial positions to over 13% (April 2022–March 2025)
- 2 Increase the ratio of full-time male employees who take childcare leave or take advantage of the Group paid leave system for the purpose of childcare to over 40%.

#### Female manager ratio

As of March 2025

**15.2%**Female area manager ratio 30.8%  
\*Ratio including pharmacy managers

#### Male employees taking childcare leave

As of March 2025

**86.4%**

#### Female employees

**70.4%**

#### Number of people using the childcare reduced working hours system

**642**

#### Retention rate of employees returning to work after childcare leave

**98.0%**

### Initiatives to promote the active participation of women

Promoting women to managerial positions has been a focus of the Group in recent years, but starting in FY2025, to further promote diversity and support the career development of women, we are launching an executive mentoring program in which executives act as mentors for female employees in managerial positions. We also nominate candidates to participate in outside training programs in an effort to help female employees gain a broader perspective. We also held a seminar promoting the active participation of women in FY2024, inviting a female manager from another company to speak about her experiences in career development. We plan to hold this seminar every year going forward.

P.24, 25 Employee Interviews

#### Initiatives

<https://www.nicho.co.jp/en/sustainability/esg/human/>


A seminar on promoting the active participation of women held in 2025



Fumi Fujie was the lecturer at the seminar

### Diversity and Inclusion (DE&I)

To hone employee expertise and create new value, we are focusing on recruiting not only new graduates but also mid-career professionals. By acquiring highly specialized talent from outside the company, we not only fill open positions but also introduce new perspectives and experience, which brings renewed vitality to the organization as a whole. As of March 2025, the proportion of mid-career hires among all management positions was 58.6%.

We are also promoting various initiatives to enable diverse human resources to play an active role in business operations, and Nihon Chouzai employs 152 employees with disabilities. The proportion of such employees to the total workforce was 2.79% as of the end of June 2025, exceeding the statutory employment rate, and we continue to actively promote the hiring of such employees while expanding the range of job opportunities available to them.

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## 2 Boosting Employee Fulfillment and Satisfaction

Having long regarded human capital as the most important source of our value creation, the Group has focused on cultivating human capital and honing the expertise of our pharmacists in particular. Our aim as we work to achieve our long-term vision is to maximize the capabilities of our employees by encouraging self-learning, empowering them to grow and chart new career paths. We are in the process of expanding our framework to better support career autonomy.

Furthermore, to boost employee engagement, we regularly conduct surveys to identify their level of engagement. Going forward, as a PDCA cycle based on the survey results gets underway, we will seek to instill actions across the Group to further enhance employee engagement.

### Career autonomy, heightening expertise

#### Cultivating pharmacists and other highly specialized healthcare professionals

In the mainstay Dispensing Pharmacy Business, to fulfill its mission to be healthcare professionals, Nihon Chouzai is working to develop personnel who have a patient-centered perspective and a high degree of expertise. We have expanded the organization by opening multiple pharmacies across Japan. We therefore see it as a key management issue to seek to strengthen the human capital needed to manage the organization and continue to cultivate the next generation of leaders who can guide this process.

We are working to recruit pharmacists of a high caliber for the Dispensing Pharmacy Business while further reinforcing our high-level educational programs. We have put in place a Pharmacist Stage evaluation system to encourage employees to acquire in-house certification, and offer full support to this end, preparing them for the next step of acquiring more advanced outside certification. Acquiring certain outside certification requires not only pharmacy experience but also hospital-based training. More than 40 of our pharmacists undergo such clinical training every year.

#### Initiatives to support career autonomy

Nihon Chouzai's personnel system spells out the qualities and abilities required for each job qualification and grade, and offers training to support employees in bringing these qualities and abilities to bear on their work. In our new middle-class training, which is common to all job positions, and in our new high-class training for career-track employees, we have designed a series of processes that include a practical implementation period for testing and embedding learning in the workplace, in addition to classroom sessions in which participants consider specific actions they can take to properly understand and fulfill the roles expected of them at each job level. We also support the establishment of a cycle where employees embody their roles and continue to grow through ongoing feedback from supervisors and end-of-program reflections.

With the aim of allowing all employees to take initiative in shaping their own careers, we also support further learning by providing interested personnel with an account on a learning management system, such as the Schoo and Udemy platforms.

In addition, in FY2025, as part of the Group's self-directed career check-up program, we have started to offer interested employees the chance to hold interviews with employees qualified as career consultants, in an effort to help employees gain a deeper self-understanding and hone their skills. Going forward, we will move forward with visualizing human capital information by means of a talent management system, while also encouraging employees to take more ownership of their career development through the strategic roll-out of an in-house recruitment system.

#### Initiatives to support career autonomy

##### • Expanded learning support

###### Self-development e-learning: Total of 592 participants\*

We give selected applicants Schoo for Business and Udemy Business accounts, providing an opportunity for motivated employees to take advantage of IT for their independent learning, to gain a wide range of business knowledge and boost their work efficiency.

##### • Providing career counseling opportunities

###### A total of 25 people\*2 took part in interviews

With the aim of encouraging and supporting the independent career development of employees, we offer opportunities to interview with in-house career consultants, and support employees in several areas.

###### • Gaining a deeper self-understanding:

Reflecting on past events and areas of interest to deepen employees' self-understanding

###### • Encouraging job understanding:

Helping employees understand and adapt to the roles expected of them in their jobs

###### • Designing career plans:

Supporting the planning of future goals and actions need to reach them

###### • Supporting decision-making:

Supporting the ability of employees to make the most satisfactory choices from among a number of options

###### • Supporting skill development:

Supporting the learning and training necessary for skill development

\*1 October 2024-November 2025 \*2 June 2025-September 2025

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## Improving Employee Engagement

### Capitalizing on Group engagement surveys

With the aim of building a more robust organization and fostering employee growth over the longer term, we regularly take stock of employee engagement levels. Various measures carried out to date have borne fruit, including taking steps to instill the Group philosophy, increasing opportunities for communication from management, and revamping the personnel system. The engagement survey conducted in FY2024 showed positive results in terms of both the management leadership and employee buy-in for and practical application of the Group philosophy.

The various Group companies are also currently putting measures in place tailored to their own context based on issues identified in the survey, moving ahead with initiatives to further improve engagement across the Group. Specifically, the various companies are working to leverage AI and automation to systematize their operations, fostering environments that enable employees to focus on higher-value-added work. At the same time, we are targeting ongoing improvement in the working environment by taking action to facilitate flexible working styles, described below.

### Instilling the Group philosophy and vision

We are pursuing efforts across the organization to instill the Group philosophy, which defines the Group's purpose in society and defines the actions needed to lead to future growth, as well as the long-term vision we announced in September 2024.

The process of instilling the long-term vision is divided into four stages: awareness, understanding, buy-in, and action. We are currently exploring and implementing measures for each stage. In FY2025, we began by seeking to take stock of where the Group currently stands through a survey to ascertain the level of awareness of the philosophy and vision among employees. In light of these results, we are taking measures to gain more in-depth employee awareness and understanding, including running an e-learning program for all employees and broadcasting messages from management.

Going forward, we plan to expand the information input targeting employees through in-house newsletters and the corporate intranet, while also creating opportunities for employee output through training programs and specific measures in each department. We will continue to take steps to enable all employees to take personal ownership of the long-term vision, helping them to adjust how they go about their day-to-day work.



E-learning program for all employees on the long-term vision

## 3 Cultivating an environment that facilitates work

Creating an environment in which all employees can embrace their work with enthusiasm is essential to building the vibrant and energetic organization we aim to be. Going forward, we will continue to consider various measures to improve labor productivity by lowering restrictions on where and when employees can work and enabling flexible working styles, which will also feed into a better balance between work and private life. We believe that maintaining sound individuals and organizations contributes to the realization of the Group philosophy and, by boosting productivity across the entire organization, to the realization of our long-term vision. For this reason, we are investing in health and productivity management in a strategic and systematic manner.

### Flexible working styles

#### Initiatives to support flexible working styles

We are exploring ways to offer employees more flexibility, recognizing that cultivating an environment that facilitates work leads to greater employee engagement and labor productivity, which in turn contributes to the longer-term growth of the business.

We started a flexible working hours system at some pharmacies in FY2024, and will extend this to all pharmacies in FY2025. We are also currently considering the introduction of a system for working flexible hours for back-office departments and a system for all employees that offers hourly annual paid leave.

We are also extending the period for which employees can apply for the childcare reduced working hours system by one year in FY2025, until completion of the child's first year of elementary school, in an effort to alleviate the burden on household situations that accompanies the shift from kindergarten to elementary school. We have also lifted the prohibition on secondary employment, aiming to support employees in honing their skills and building their careers by means of diverse working styles.

### Health and Productivity Management

#### Promotion of health and productivity management

We believe that employee health and safety are crucial, fundamental prerequisites for raising individual and organizational productivity. An organization where every employee works energetically is able to provide healthcare services that are grounded in regional communities and offer medical services adapted to the changing times. In FY2024, after administering stress tests for employees, we conducted group analysis at all branches and held meetings to report the results and hear feedback. Looking into the way superiors and subordinates relate to one another and identifying issues, and taking steps to address these issues, is helping us to improve organizational and individual engagement and productivity.

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## Drawing on the strengths that arise from mutual support, I will pursue a career and family life that match my personal values while continuing to take on the challenge of creating vibrant pharmacies

### Nobuko Akimoto

Chubu Promotion Department Manager,  
Pharmaceutical Headquarters

Since joining the Group right out of college, my focus has been on building trust with patients as someone in charge of a pharmacy. I subsequently worked in pharmacy management before assuming my current position. Currently, as the Promotion Department Manager for the Chubu region in central Japan, I'm responsible for formulating strategies for the department and working to improve performance. I've always looked at pharmacy work from a broad perspective, and have valued the attitude of continuing to take on new challenges and learn. There were few female role models when I first started, and I found it hard to envision a specific career path. Now, though, systems for childcare leave and reduced working hours have become commonplace, and there is a deeper understanding among employees around these things. I think a major change in particular is that there are more women working in managerial positions, which is broadening the career paths available to female employees.

While the Group has taken steps to promote the active participation of women, my awareness about my own career has also changed. What motivated me to aim for a job in management was my desire to improve our pharmacies even more, along with my sense that the systems now in place would allow me to balance work and family life. The support I received from my superiors and colleagues, as well as the chance to talk with staff who had gone through the experience of childcare, were great sources of mental support. In aiming to become a manager, my strong desire to value both work and my family led me to think more intentionally about how I could perform at my best even with constraints on my time. In balancing work and home, I've had to let go of my tendency to be a perfectionist. At home, I share household chores with my husband and make use of outside services while, at work, I ask for help from my colleagues. The balance between work and family life is constantly shifting, so I think it's really important to respond flexibly with mutual understanding and cooperation.

Although various systems have been put in place, I believe balancing work with childcare will

continue to be difficult. For example, my sense is that there are issues, such as employees returning from childcare leave who find it hard to go back to the position they previously held because of the constraints on their time, as well as more limited opportunities for career advancement. There are also challenges unique to pharmacies, such as the nature of the work involved and a working style that fundamentally centers around patients. My hope, however, is that if we can foster flexible working environments and if employees making use of childcare support systems are willing to cooperate with their colleagues, we can further establish a culture of mutual respect and support for one another's working styles. For the Group to become an organization where women can play an even more active role, I would also like to expand programs to support the smooth return to work after childcare leave, as well as opportunities to build a network of employees who are balancing work and childcare.

Having been named as a department manager fairly recently, I do feel a sense of unease about the weight of my responsibility, but I'm also very pleased to be able to draw on the experience I've gained over the years to contribute to the future of the Group. Fostering an organizational culture that can bring members with diverse personalities together to work toward the same goal is challenging, to be sure, and for me, every day is a process of trial and error. But the sense of accomplishment I get when I hear that our measures have been helpful to patients, and when I get a glimpse into how our services have improved—I wouldn't trade that sense of fulfillment for anything. My goal as a department manager is not only to maximize the results of my department and contribute to the growth of the Group, but also to create vibrant pharmacies that make patients truly want to use our services and make employees glad that they work for Nihon Chouzai. Building a career while balancing work and family life has also been a challenge for me personally. In the future, I want to be someone that younger female employees who are concerned about their careers find it easy to come to. And, by sharing my own experiences, I'd like to support each of them in envisioning their own careers.

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# Human Capital Management with a Focus on Promoting the Active Participation of Women and Supporting Each Employee in Growing and Embracing Challenges

**Shun Sakai**

General Manager,  
Human Resources Department



As the general manager of the Human Resources Department, I'm responsible for planning various personnel policies. The aim of our department is to improve engagement and add value through initiatives based on three pillars of human capital management: ensuring diversity and building a sustainable organization, boosting employee fulfillment and satisfaction, and cultivating an environment that facilitates work. Our engagement surveys have revealed a wide array of expectations from employees, and I feel I have an important role in verifying and implementing a variety of systems to create a better working environment.

Especially in our Group, where about 70% of employees are female, promoting the active participation of women is one of our most critical issues. I believe that incorporating female perspectives into all aspects of our work and decision-making benefits all stakeholders, as it leads to better performance, not only in terms of providing services to patients and customers but in terms of implementing in-house policies as well. One focus in recent years has been on increasing the ratio of female managers. To this end, we have been working to foster an environment that encourage female employees across the organization to be ambitious about developing their careers, such as through lectures and e-learning to raise awareness among managers, as well as roundtable discussions and training for employees raising children. We are also taking steps with a view to promoting female executives, including offering outside training for potential next-generation leaders and running an executive mentoring system. Furthermore, seeking to transcend the inward-looking perspective of the Group, in FY2024 we began a lecture series inviting women playing an active role in other companies. Our hope for this ongoing series is to provide numerous opportunities to learn and be inspired by people from outside the Group as well.

These efforts have yielded greater understanding and awareness in the Group, and we are seeing

an environment that actively promotes the active participation of women steadily unfolding. My sense is that positive changes are taking place in many directions. I've heard from employees balancing work and childcare who say that they want to build their careers with the support of their families and the local community. Participants in the executive mentoring program have shown a strong desire to take stock of their own challenges and take initiative in building their careers. Still, I think there's more we can do to support the creation of an environment where employees can embrace challenges without feeling like they're being held back. Recently, given that health issues specific to women can be an obstacle to career development, we are also exploring initiatives to improve health literacy, for male employees as well. Going forward, I would like to continue planning and implementing a variety of measures to help employees balance their career development with life events.

As the roles our department is called upon to play continue to expand dramatically, our aim is to bring about an organization where every employee knows and acts on the long-term vision of becoming the most trusted partner in healthcare. I encourage all employees to apply one of the Group's core principles—"think and act independently"—to their own careers as well. My desire is for our employees to contribute to society, driven by the knowledge that their own growth and the challenges they take on will shape the future of the Group and contribute to the health of all people.

To do this, it is vital to cultivate an environment that even more effectively facilitates work, including fostering a positive culture and stimulating active communication. The Human Resources Department will actively put measures in place to make this happen.

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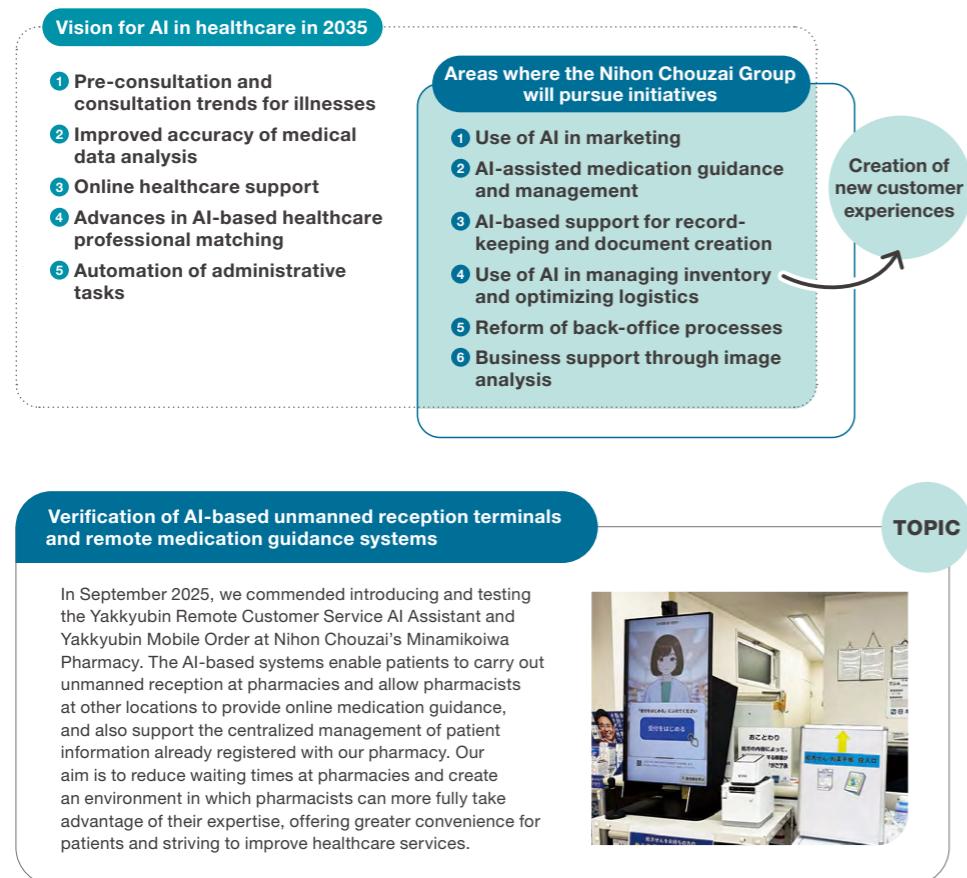
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# Addressing All Kinds of Needs

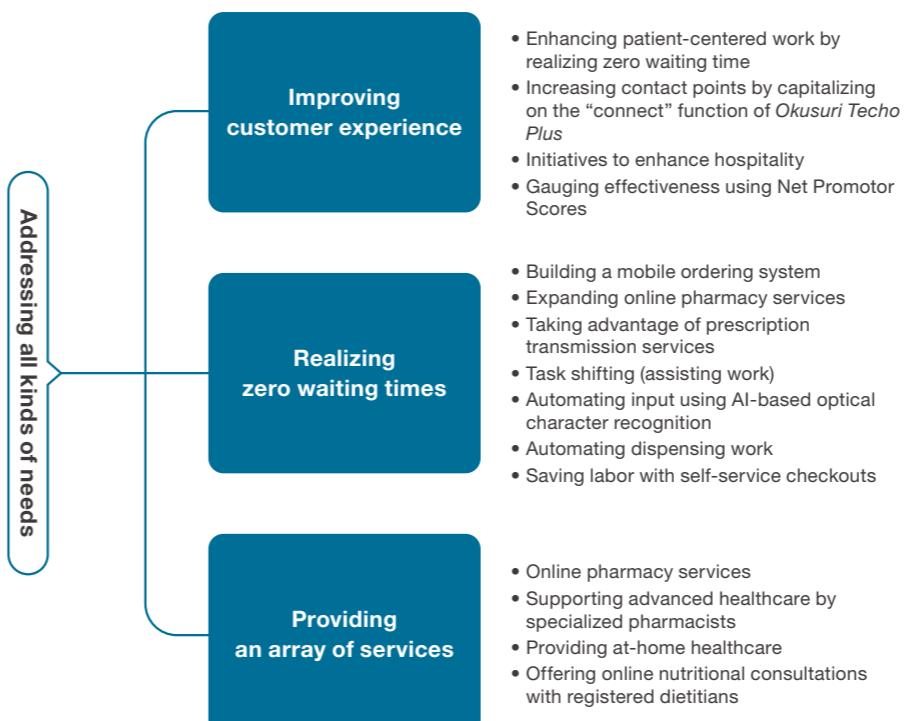
## Creating new customer experiences

The Nihon Chouzai Group believes in the potential of harnessing AI in medical and healthcare fields. Positioning the proactive use of AI as a key to strengthening our corporate competitiveness and boosting profitability, we aim to capitalize on AI in delivering optimal experiences to every customer and providing higher-quality services. The Nihon Chouzai Group has identified six areas to focus on in particular in the use of AI. We will create new customer experiences by moving ahead with initiatives in these areas.



## Customer strategy in the Dispensing Pharmacy Business

We aim to become a Group that can address all kinds of needs—this is one of the three pillars that encapsulate our approach to achieving our long-term vision. We will address all kinds of needs in the Dispensing Pharmacy Business through the three-pronged approach shown below. Also, by harnessing digital transformation to improve customer satisfaction, we aim to become a company with a top-class Net Promotor Score in the service industry.



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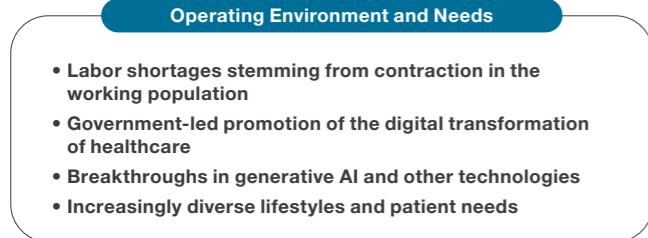
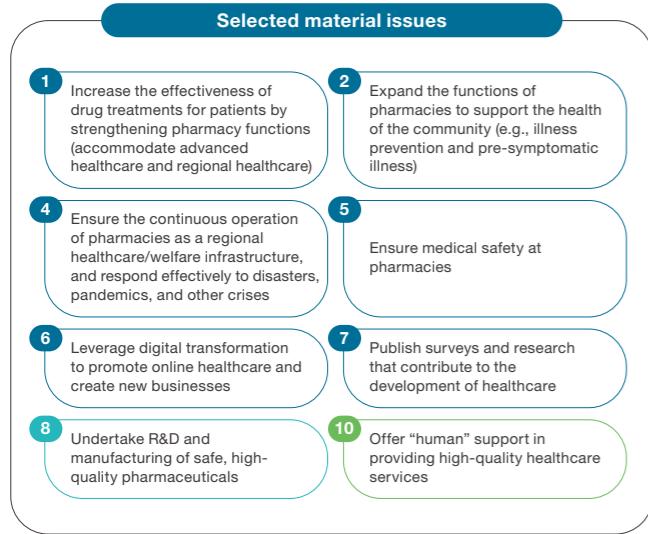
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# Digital Transformation Strategy

The Nihon Chouzai Group has formulated Five Guidelines for the Digital Transformation Strategy. We have determined the value we provide to each stakeholder by analyzing the operating environment and the needs expressed by stakeholders in line with our business portfolio strategy, and comparing this with the material issues the Group is called on to address as well as the operating environment and needs.

## Material Issues, Operating Environment and Needs



## Five Guidelines for the Digital Transformation Strategy

- Provide smart healthcare and maximize treatment effectiveness**  
We will build a framework for providing smart healthcare that allows any patient to seamlessly receive online medical examinations and medication guidance and receive medications
- Create new customer experiences and enhance customer satisfaction**  
We will create new customer experiences by combining brick-and-mortar pharmacies and online services and enhance customer satisfaction for a broad range of stakeholders
- Boost work efficiency and shift to tasks that only human beings can perform**  
We will harness the latest digital technology to boost work efficiency, reduce working hours for all employees, and free up time for work that contributes to creating value
- Leverage data and provide value-added information**  
We will provide value-added information to customers by strategically analyzing and leveraging data accumulated across the Group and creating new businesses that can meet current needs
- Improve quality**  
By radically transforming our existing business models and processes, we will invigorate human capital development across the Group and improve the quality of all work, both direct and indirect

## The Value We Provide to Stakeholders

- Local communities**
  - Providing a sustainable healthcare framework for society as a whole
  - Narrowing regional disparities in healthcare
- Patients, members of local communities**
  - Improving convenient access to healthcare
  - Supporting community residents in preventing illness and treating pre-symptomatic illness
  - Offering more robust at-home healthcare
  - Addressing lifestyle issues through multidisciplinary collaboration
- Medical and educational institutions**
  - Promoting the appropriate use of drugs based on efficacy, safety, and cost-effectiveness
  - Supporting the use of healthcare information at educational institutions, etc.
- Employees**
  - Ensuring both safety and efficiency in high-quality dispensing work
  - Reforming working styles Group-wide by boosting work efficiency

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# Business Portfolio

The Nihon Chouzai Group is built on a foundation of three business segments. By taking steps to address the particular challenges each business is facing, we will strive to improve growth and profitability across all the businesses. Through a variety of initiatives aimed at further expanding the value the Group provides, we aim to build a balanced business structure that is not dependent on our current mainstay Dispensing Pharmacy Business.



- Take the lead in addressing rising demand for efficiency in pharmacy management against a backdrop of mounting social security costs and other factors, including through the roll-out of AI technology
- Aggressively invest capital in online and at-home healthcare fields with high market growth potential
- Strive to carve out greater market share through a pharmacy opening strategy, including through acquisitions

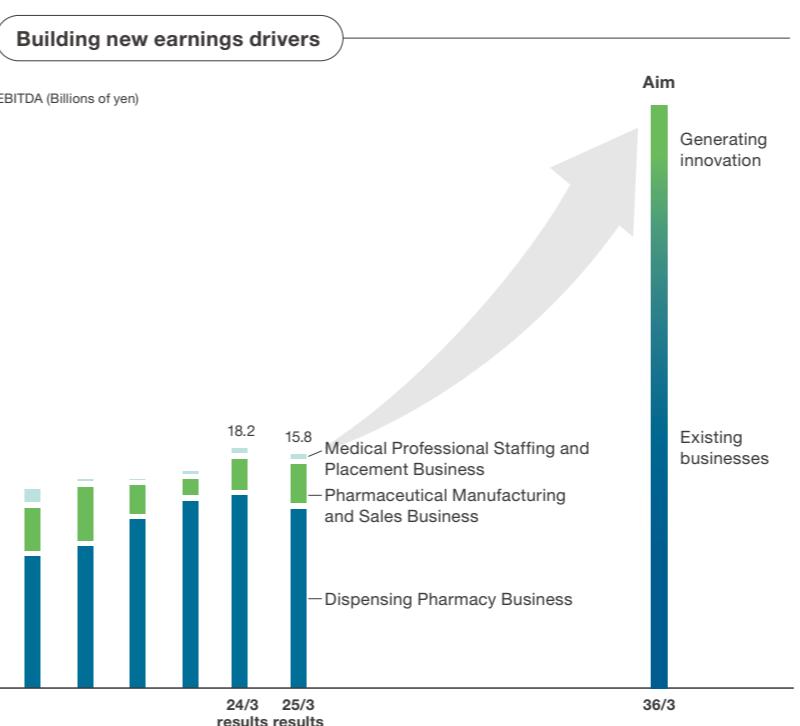


- Restructure the drug portfolio in the process of dealing with the industry-wide challenge of producing a wide range of drugs in small quantities
- Further reinforce the framework for stable drug supply by concentrating management resources on competitive drugs
- Explore the possibility of overseas expansion with new partners



- Strive to expand our share in the doctor and healthcare businesses while focusing on the pharmacist staffing business, where we enjoy stable market share
- Actively invest in marketing, digital fields, and human capital, including boosting efficiency through digital matching
- Accelerate overall business growth while ensuring a certain level of profitability

In addition to growing existing businesses, we are actively exploring investments in new businesses and in innovation emerging from existing businesses to create a business portfolio that can address all kinds of needs in the healthcare field. We will create services that are essential to the society of the future and achieve sustainable enhancement in our value as a company.



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This section discusses business strategies for Phase 1 of our efforts to achieve Long-Term Vision 2035.

It indicates the path to growth for existing businesses that will shore up the foundation of the Nihon Chouzai Group.



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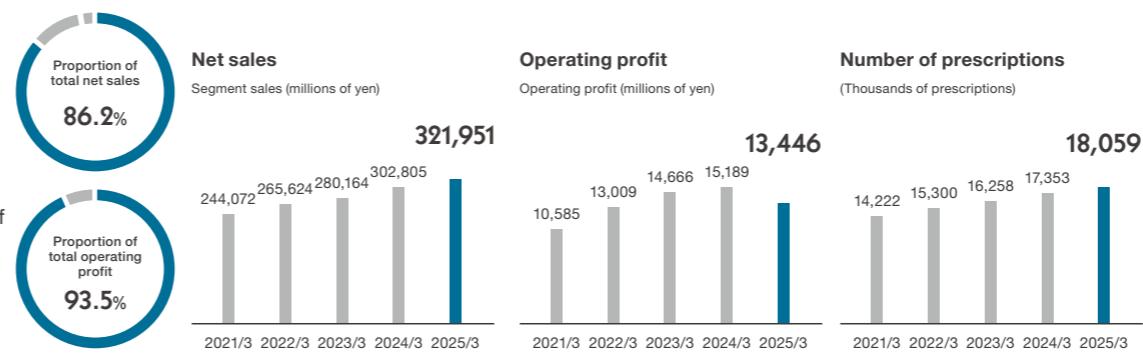


## Dispensing Pharmacy Business

• Nihon Chouzai Co., Ltd., other dispensing subsidiaries •

Since Nihon Chouzai was founded in 1980, to fulfill the functions and roles expected of pharmacies that support healthcare in Japan, we have consistently pursued the separation of drug prescribing and dispensing services and expanded our nationwide network of pharmacies.

The intentional inclusion of “Nihon” (Japan) in our company name at the time of our establishment embodies our commitment to providing quality healthcare services throughout Japan, guided by our founding philosophy of “achieving the true separation of drug prescribing and dispensing services.”



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## Message from the Business Manager



**Toshiyuki Koyanagi**  
Director and  
Senior Executive Officer

on providing palliative care and other home-based services to individuals and made headway in strengthening our response capability. In promoting the use of Japan's My Number Cards, we took steps to address patients directly and raise awareness at all of our pharmacies, which enabled us to achieve an extremely high level of use of the cards, in terms of the Group-wide average as well.

On the other hand, it became evident that there are also some tough challenges needing to be addressed in formulating business strategies going forward, including setting rules for deductions on multiple prescriptions at on-site pharmacies and responding to nationwide wage hikes. To address these challenges, we will review and carry out existing strategies while boosting productivity by automating dispensing work and introducing AI-based services.

Steps taken now lay the foundation for progress in the digital transformation of pharmacies going forward (dispensing robots, pharmacy management systems)



Strengths we have cultivated to date

- Capacity to respond to diversifying medical needs
- Track record of providing quality healthcare
- A commitment to providing pharmacy services that patients choose

## Q. Looking Back on FY2024: Overview of Phase 1

The revision of dispensing fees in FY2024 once again made clear the importance of initiatives like providing services related to at-home healthcare and promoting the use of Japan's My Number Cards, and the year was a time of preparing to offer the more comprehensive pharmacy services patients truly need. Amid these changes in the environment, prescription demand remained brisk, despite the impact of declining demand in line with the recession of certain infectious diseases. In terms of the business strategies for our pharmacies, in the area of at-home healthcare, we actively established pharmacies that focus

## Q. What are your business strategies and challenges over the medium term with a view to your long-term vision?

With our long-term vision in mind, we've determined that our growth strategies going forward will center on broadening the lineup of specialty drugs handled by our hospital-front pharmacies located near large hospitals, providing at-home healthcare in the local community, and expanding online prescription services. The market for specialty drugs in particular is expected to continue to expand in the future. To tap into demand here requires specialized pharmacists and equipment, and I think this is an area where the specialized pharmacies and pharmacists, which are strengths of the Group, can contribute. In terms of at-home healthcare as well, we will expand the network of At-Home Medical Care Support Centers and hone our capabilities in areas such as palliative and pediatric care. Regarding online prescriptions, one external factor that poses a challenge is that such prescriptions are not yet widespread in Japan. There are also promising growth drivers, however, such as the expansion of refill prescription operations, and I believe this will continue to be a key factor as we formulate our business strategies going forward.

## Q. Status of the pharmacy opening strategy and the development of more comprehensive pharmacy functions

The Group has recently been opening around 40 new pharmacies a year, focusing on hybrid pharmacies, including medical center-type pharmacies. We expect to maintain this same scale going forward, but our new pharmacy openings will place even more emphasis on securing the space needed to accommodate the automation of dispensing rooms and developing pharmacies that prioritize amenities for patients. We will then reinforce the management framework to allow us to rigorously monitor the appropriateness of individual investments.

## Four growth strategies to achieve the long-term vision

**1**

Reinforcing the framework for providing at-home healthcare services

**2**

Improving access to healthcare through online platforms

**3**

Demonstrating expertise in increasingly sophisticated healthcare

**4**

Improving the quality of pharmacy services that patients choose



Development toward achieving the long-term vision

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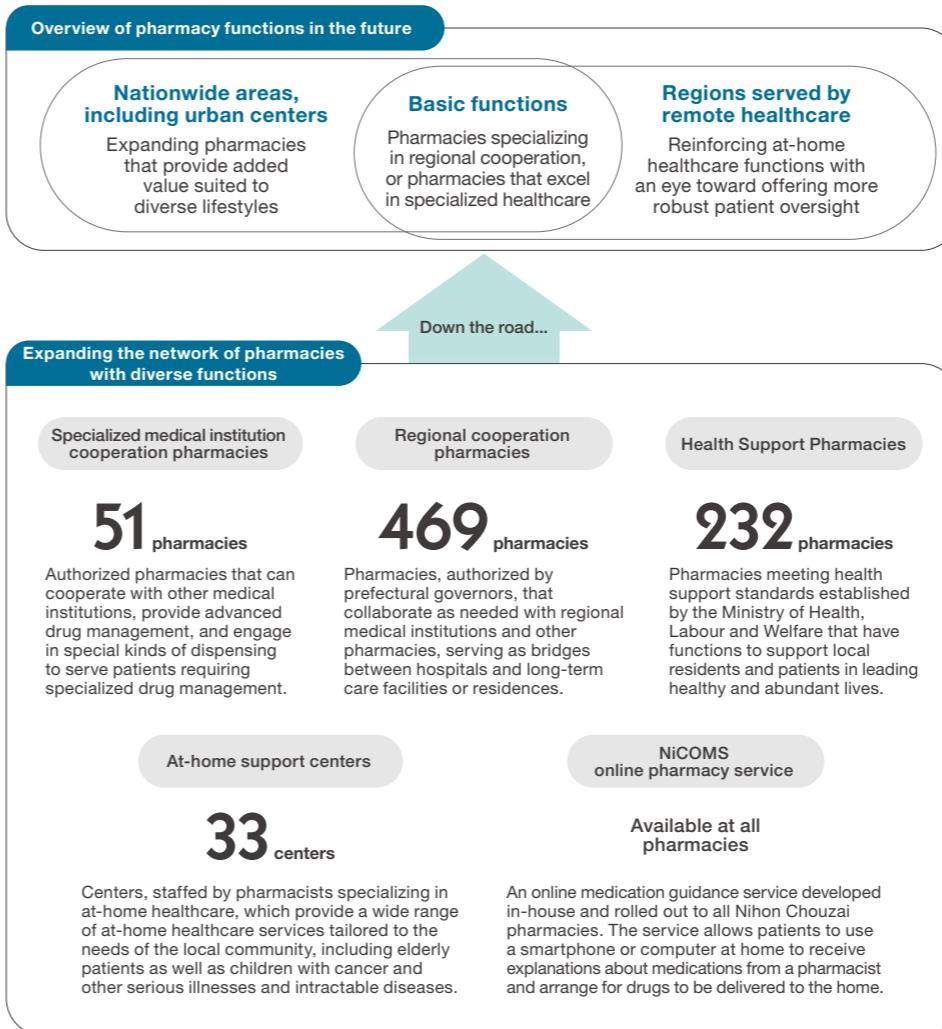
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# Status of the Pharmacy Opening Strategy and the Development of More Comprehensive Pharmacy Functions



We are currently increasing the number of our neighborhood and medical center-type pharmacies and of our pharmacies specializing in at-home healthcare. At the same time, we are assigning specialized pharmacists to pharmacies near oncology centers to support more comprehensive pharmacy functions. As we continue to further develop these strengths, we assume that our pharmacies will inevitably migrate into two camps—pharmacies that specialize in regional cooperation and those that excel in specialized healthcare. At the same time, in regions served by remote healthcare, we will enhance the flow of care from online medical consultations to medication guidance, and reinforce at-home healthcare functions with an eye toward offering more robust patient oversight, thus covering regions that might be underserved by pharmacies.



\*As of the end of August 2025

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# Reinforcing the Framework for Providing At-Home Healthcare Services

## 1 Business overview: strategy for Phase 1

With the transition to a super-aging society, mounting social security costs, and the growing number of people certified as requiring long-term care, the importance of at-home healthcare in Japan is increasing year by year. In this environment, the Group is seeing a steady rise in the number of prescriptions filled for patients receiving care at home. We will continue to analyze at-home healthcare needs at the local level and strategically allocate pharmacies specializing in at-home healthcare provided both to individuals in their homes or in care facilities.

A recent focus has been on strategically cultivating specialized talent to develop these kinds of pharmacies specializing in at-home healthcare. We have established a wide-ranging educational framework to this end, including at-home healthcare training for all staff three times a year. We are also sharing best practices through at-home healthcare support manager meetings, developing training in sterile drug preparations, expanding the guidelines for accompanying patients to medical examinations and offering medication guidance, and offering greater support for employees making academic presentations at at-home palliative care conferences. In addition, to further improve quality control, we are constantly striving to upgrade our ability to provide high-quality at-home healthcare services, including by expanding internal audits targeting ISO certification and holding multiple quality control meetings every year.

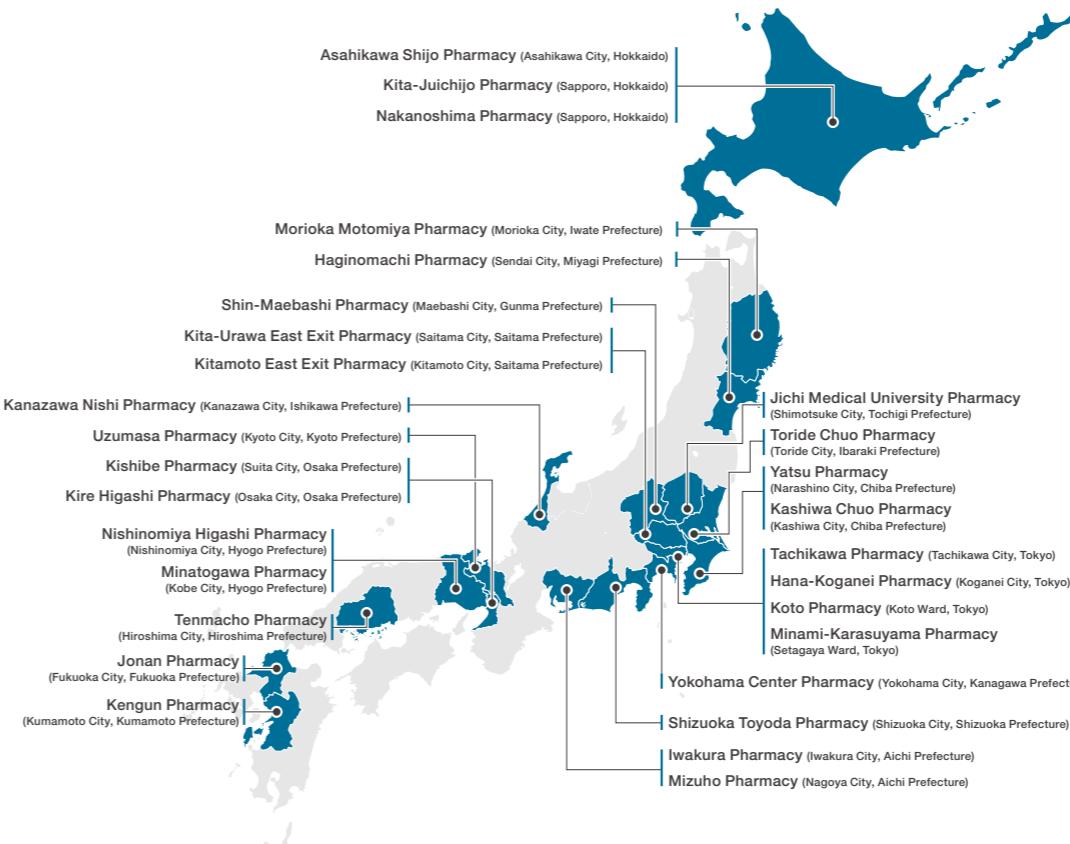
## 2 Business strategies: challenges to be addressed in achieving the long-term vision

As we look toward achieving the long-term vision, issues needing to be addressed still remain, including the entry of new competitors and calls for the further introduction of ICT. In particular, with a view toward the future expansion of the at-home healthcare market, we believe it is crucial to make even greater strides in improving the quality of our services. We will continue to cultivate the specialized talent who represent one of the Group's major strengths. At the same time, we will further grow the business into one that can support patients' lives from various angles, including boosting profitability through the automation of dispensing work and delivering necessary medical supplies, which tend to be in short supply in remote regions in particular. We are currently strengthening ties between our pharmacists and local at-home healthcare clinics, home-visit nursing stations, care managers, and hospital community liaison office staff. Our aim in this context is to serve as a hub for at-home healthcare for the region as a whole as a member of the regional healthcare team, fostering the best possible at-home healthcare and long-term care environment for patients receiving treatment where they live.

### Strengths we have cultivated



Nationwide map of Nihon Chouzai pharmacies specializing in at-home healthcare



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# Improving Access to Healthcare through Online Platforms

## 1 Business overview: strategy for Phase 1

Recent trends in the market for online healthcare include heightened investment in online areas and aggressive measures on the part of competitors to raise awareness of such care, which is feeding into more heated competition in related business fields. On the other hand, the flow of healthcare from online medical consultations to medication guidance is dominated at present by needs in fairly limited areas, such as nighttime healthcare and healthcare for patients with acute illnesses or who live in remote regions. Securing stable earnings is thus an ongoing challenge. In addition, it is important to craft an investment strategy in preparation for future market expansion while tracking the progress of national policies regarding the digital transformation of healthcare infrastructure, which is still in the development stage.

In this environment, the Group is allocating resources strategically, including in the sense of upfront investments in the future market. Positioning the current period as a critical phase for establishing the foundation for an online business, we are taking a variety of steps, including aiming to build close tie-ups with medical institutions and platforms that provide leading-edge services, while also strengthening our framework for supporting back-office departments and pursuing improvement in more patient-oriented work, so that our pharmacies nationwide can smoothly engage in online services for patients.

## 2 Business strategies: challenges to be addressed in achieving the long-term vision

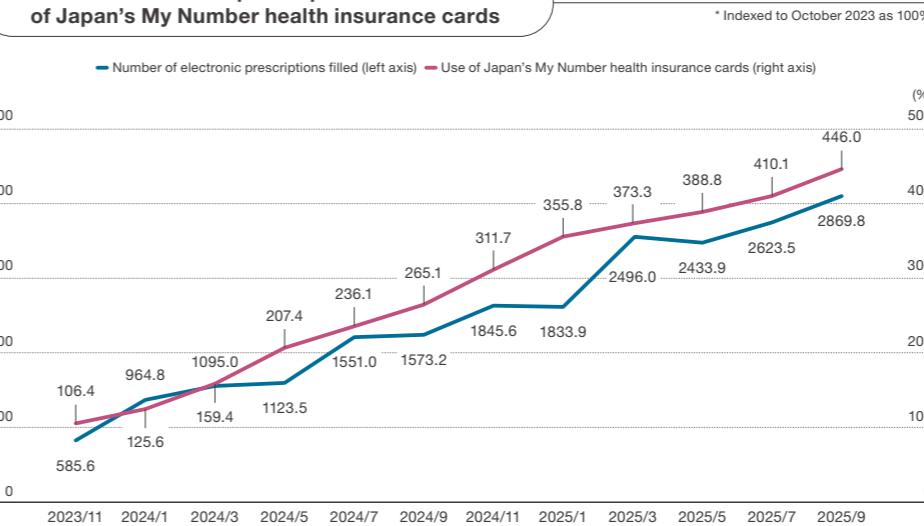
While being attentive to business strategies down the road, the Group is currently carrying out sales activities as we extend online support to all pharmacies, rather than concentrating it in specific areas. By ensuring that pharmacies nationwide gain experience in handling online prescriptions, the Group is exploring ways of responding flexibly to future demand surges. At the same time, we are focusing on stepping up our marketing to corporate customers, addressing medical needs in remote regions, and promoting the use of internal data.

Over the long term, we may see a separation in the functions of pharmacies, between those dedicated to online services and those that specialize in at-home healthcare. In this context, the Group may be called on to demonstrate value in terms of playing a behind-the-scenes role as a drug supply and information platform supporting specialized pharmacies in various regions. Accordingly, from the perspective of maintaining an advantage over competitors as well, we will also explore ways of incorporating the logistics aspect of drug delivery into our business strategies.

## Strengths we have cultivated



### Number of electronic prescriptions filled and use of Japan's My Number health insurance cards



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# Demonstrating Expertise in Increasingly Sophisticated Healthcare

## 1 Business overview: strategy for Phase 1

Nihon Chouzai defines specialty drugs as high-priced drugs, including drugs used to treat cancer and rare diseases. Every year, specialty drugs account for growing proportion of overall sales in Japan's prescription drug market, and the size of this market is expected to continue growing going forward.

Recent trends in the prescription drug market lead us to expect that drugs for rare diseases will continue to grow incrementally into an area that will shore up the market as a whole. In this context, our immediate growth strategy for the relevant businesses will be to speed up our cultivation of pharmacists with advanced specialization and focus on contributing to improving the quality of regional healthcare. In particular, we will further develop specialized healthcare interventions that draw on our strengths, including the use of follow-up telephone calls from pharmacies for patients at home. We believe this approach will be highly valuable in terms of improving treatment continuation rates and maintaining quality of life.

## 2 Business strategies: challenges to be addressed in achieving the long-term vision

Since its founding, the Group has focused on cultivating personnel who both possess advanced expertise in oncology, palliative care, rare diseases, and other areas and aspire to be healthcare professionals. Through an educational framework that insists on the caliber of our pharmacists, we have accumulated extensive pharmaceutical knowledge. We believe it is vital for our future growth as a company to capitalize fully on this knowledge, sharing information between doctors, nurses, and pharmacists working in hospitals and pharmacies, thereby fulfilling our role in the Community-based Integrated Care System supporting patients throughout the community.

At the same time, with a view to achieving our long-term vision, one challenge is the difficulty of securing sufficient earnings under the current compensation system alone when it comes to healthcare services that require a high degree of specialization, given the need to manage and operate an inventory of expensive drugs and government-specified medical materials. On this front, we are considering how to build new earnings models that draw on the expertise of our pharmacists and increase work efficiency. Our current focus as part of this strategy is to establish a framework for responding flexibly to changing social conditions, including the strategic introduction of online medication guidance and measures to boost demand for electronic prescriptions.



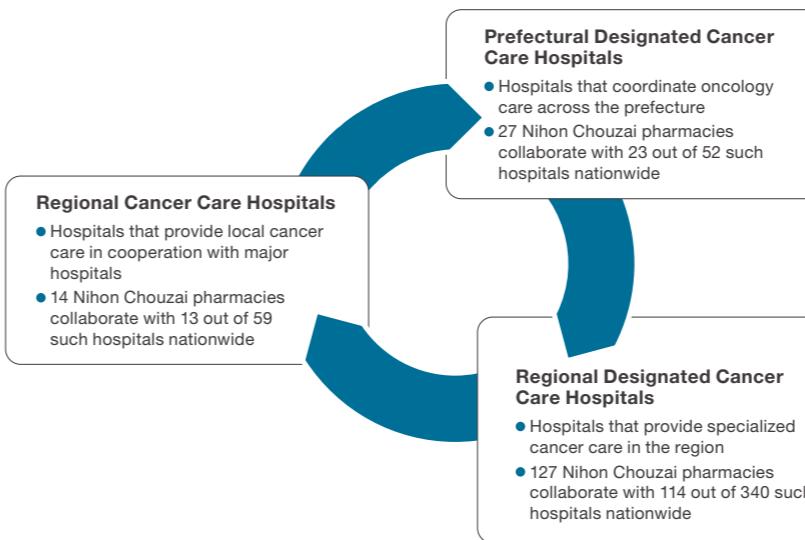
## Strengths we have cultivated

Position as a leading company providing advanced drug management and at-home healthcare

Advanced expertise in oncology, palliative care, rare diseases, and other areas (coagulation factor concentrates for hemophilia, growth hormone preparations, TNFα preparations, etc.)

Role within the Community-based Integrated Care System through close cooperation with medical institutions

**Framework for collaboration with Designated Cancer Care Hospitals**  
168 pharmacies collaborating with 150 out of 461 such hospitals nationwide



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# Improving the Quality of Pharmacy Services That Patients Choose

## 1 Business overview: strategy for Phase 1

Our main thrust in Phase 1 of the long-term vision is on improving skills related to customer services and honing the expertise of our pharmacists. Our aim with regard to customer service skills is to ensure that our pharmacists are consistent and thorough in the basic aspects of their work. To this end, we are running a Nicho Smile Project and incorporating a customer service education solution that utilizes AI avatars as a component of training, establishing a framework that allows pharmacists to receive individual feedback during training on how to deal with patients. Additionally, we are actively enhancing the pharmacological training framework. We have set advanced courses in different areas as a springboard for pharmacists to hone their expertise and implemented full-scale hospital-based practical training, and are cultivating outpatient oncology pharmacists by building a support framework with the help of an outside team to encourage more pharmacists to acquire this certification. We will continue working to cultivate high-caliber pharmacists through training based on these industry-leading curricula.

## 2 Business strategies: challenges to be addressed in achieving the long-term vision

In addition to enhancing our in-house training systems, we are working to make improvements based on indicators to truly become the pharmacy of choice for patients. Our focus is on raising service quality so that we can engage even more closely with patients, alleviating their anxieties so that they can be confident in using our pharmacies. As part of this effort, we have started to administer a Net Promoter Score monitoring survey in FY2025 in addition to our existing patient satisfaction survey. These surveys will help give us a broader grasp of customer needs so that we can take steps to improve human resource development and customer satisfaction at our pharmacies, which will lead to increased patient loyalty.



Follow-up training for new employees



In-house study session planned by young pharmacists

## Strengths we have cultivated

Improved quality of in-house training framework

Expanded measures to improve customer satisfaction

System to prevent dispensing errors by means of both automation and training

### Group pharmacist qualifications

Accredited Pharmacists of Ambulatory Cancer Chemotherapy (APACC)	Board-Certified Pharmacists of Ambulatory Cancer Chemotherapy (BPACC)	Board Certified Pharmacists in Palliative Pharmacy	Certified Pharmacists in Pediatric Pharmacotherapy
15	97	6	56

Family pharmacists	Pharmacists specializing in at-home healthcare
1,397	382

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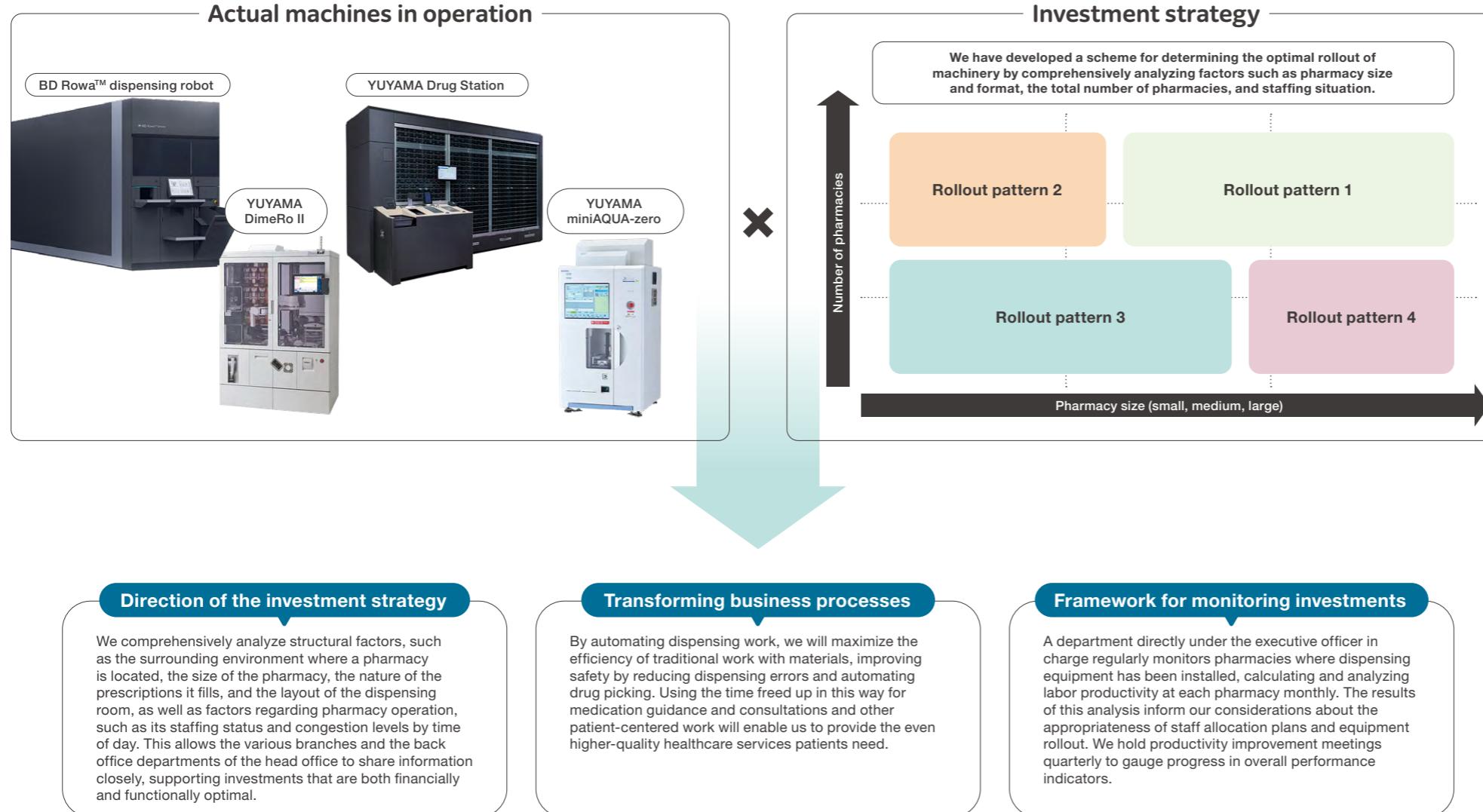
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# Initiatives for the Digital Transformation of Healthcare: Automating Dispensing Work



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## Information Provision and Consulting Business

• Japan Medical Research Institute Co., Ltd. •

We established Japan Medical Research Institute in 2012 as an information service and consulting company, to capitalize on the valuable information resources of the Nihon Chouzai Group in contributing to the medical and pharmaceutical industries and to society at large.

Based on information resources cultivated among Nihon Chouzai Group companies, we contribute to the sound development and growth of the pharmaceutical industry and provide valuable information services to help improve the lives of people in Japan.

\*The financial results of the Information Provision and Consulting Business are included in the Dispensing Pharmacy Business segment in the consolidated financial statements.



## Message from the Business Manager



Atsuhiko Hashizume

Japan Medical Research Institute Co., Ltd.  
President and CEO

data services that analyze qualitative data, such as medication histories and tracing reports, as well as expanding our data health support service and formulary and biosimilar drug analysis service, with the goal of helping to curb the ever-mounting costs of social security.

## Q. What are your business strategies and challenges over the medium term with a view to your long-term vision?

A first step of our longer-term business strategies involves acquiring the latest data analysis technologies, such as generative AI processing technology. At the same time, to keep up with rapid advances in information technology, I believe we need to step up collaboration with outside partner companies. By strategically differentiating between the services we develop in-house and services we provide in collaboration with outside partners, we will prevent information from becoming outdated and continue to provide high-quality, up-to-date information services.

## Q. Looking Back on FY2024: Overview of Phase 1

As a member of the Nihon Chouzai Group, Japan Medical Research Institute is capitalizing on our strengths as a data scientist company with extensive medical expertise to focus on developing a wide array of services, with a commitment to swiftly delivering high-quality, up-to-date information. We recorded particularly robust net sales and profit in FY2024 on the back of growing demand for information on anticancer drugs and drugs to treat rare diseases.

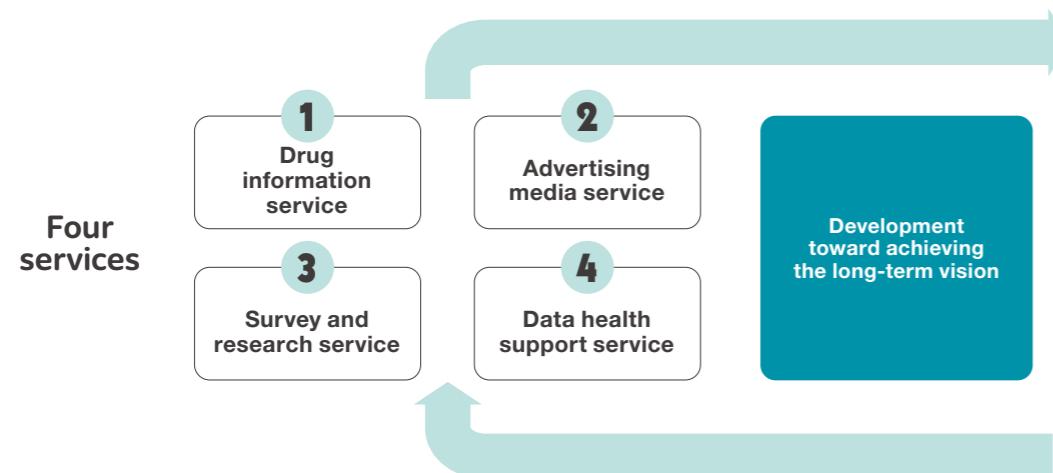
Looking ahead to the development of the business over the longer term, our aim is to carve out our own unique position in the medical data industry. Our plans for creating information services unique to the Nihon Chouzai Group include commercializing new

In terms of individual business policies, in the medical information service business, we will move forward with efforts that emphasize enhancing the value of data. Until now, we have provided quantitative information that enables the visualization of changes in drugs. Going forward, however, we plan to launch a new information service that uses generative AI and natural language processing technology to analyze qualitative information as well, such as medication histories. This will allow us to visualize background information at the point when changes are made to prescribed medications, thereby enabling us to create new value.

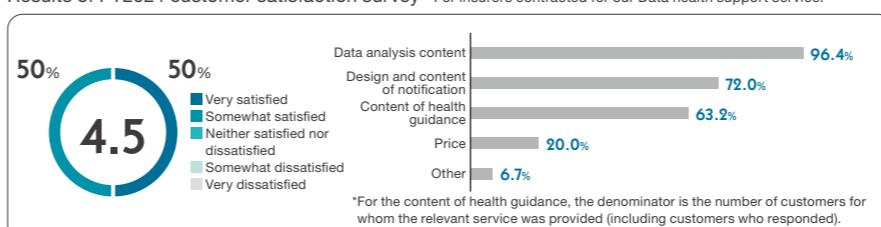
In our advertising media service, we will seek to expand the number of pharmacies that offer advertising media. Our focus to date has been on in-pharmacy promotions, drawing on around 700 Nihon Chouzai pharmacies. Going forward, we will further strengthen collaboration with pharmacies outside the Group, with the goal of providing advertising media through a total of 2,000 pharmacies by FY2027.

In the survey and research service business, given the recent breath-taking progress in the healthcare environment in terms of the use of prescription drugs, expectations are mounting for the powerful efficacy of anticancer drugs, drugs to treat rare diseases, and other drugs. At the same time, it is also true that there are a growing number of drugs that are difficult to manage, such as those that cause side effects that reduce the quality of life of patients. Our role here is to continue to contribute to further improvements in patient adherence and in quality of life through research and data analysis both within and outside the Group.

I also see the current period as a time to expand our data health support service business targeting local governments and health insurance associations, and we will continue to strategically develop our sales outreach in these areas. By leveraging our strengths in analyzing drugs and offering consulting by pharmacists and registered dietitians with a breadth of clinical experience, we aim to double net sales in FY2027 compared to FY2024.



## Results of FY2024 customer satisfaction survey \*For insurers contracted for our Data health support service.



## Demand from Society

**Government** Optimizing medical expenses, differentiating functions, optimizing medical consultation behaviors

**Medical and healthcare companies** Containing new drug development costs, gathering prescription data, identifying and supporting proper drug use, disease awareness, product sampling and surveys

**Insurers** Ensuring appropriate medical expenses, preventing damage to health, health promotion, disease prevention and prevention of progression

## Reinforcing Strengths

## Strengths we have cultivated to date

- Up-to-date information
- Speed
- High quality

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## 1 Drug information service

We are currently seeing the launch of a series of highly effective drugs, primarily in the field of cancer, and patient survival rates are improving. At the same time, however, issues such as lower quality of life and poor patient adherence stemming from the side effects of these drugs have emerged. Helping to address these issues from the perspective of data analysis is also gaining in significance. In addition, equipped with the kind of data that only a company associated with a pharmacy Group can generate, we also consider it important to provide such data in an easy-to-use user interface that feels custom-made for individual needs.

Going forward, recognizing the need to grow into a company that can meet a wide range of client needs, we will work even more closely with the Dispensing Pharmacy Business to offer more effective data-based medication guidance, further promote the proper use of medications, and improve adherence.



## 3 Survey and research service

As the variety of prescription drugs increases year by year in Japan, awareness about diseases, the early detection of illness, and the prevention of a drop-off in medication adherence are no longer needs of the pharmaceutical industry alone. At the same time, the looming arrival of a super-aging society and concerns about the mounting costs of healthcare provides an opportunity for our survey and research service to make significant contributions.

Addressing such expectations from society calls for us to analyze not only the kind of quantitative data we have traditionally acquired from the Dispensing Pharmacy Business, but also qualitative data, such as medication histories and tracing reports, which represent a form of direct feedback from patients. Such efforts will enable Japan Medical Research Institute to offer data and proposals that no other company can provide.

Our long-term strategy is to contribute to the early detection of illness from the perspective of data analysis, as well as to improvements in adherence and quality of life, in line with the increasingly diverse needs of pharmaceutical companies.



## 2 Advertising media service

Current challenges facing this business include the growing complexity of issues that drug and healthcare-related manufacturers are called upon to address, and disparities in the areas where advertising media is available. We believe the latter issue in particular has been due in part to the fact that locations offering the service were too heavily weighted toward Nihon Chouzai pharmacies. At the same time, there is a growing need to create opportunities for manufacturers to connect with patients and provide information through advertising media, as a starting point for improving the quality of life of patients.

Going forward, to address these challenges and needs, it is necessary first to expand the network of pharmacies providing advertising media through collaboration with non-Nihon Chouzai pharmacies, and to establish our identity as a media company for in-pharmacy advertising. Building on this, we will work to strengthen and strategically select collaboration frameworks with partner companies, not limiting our efforts to in-pharmacy promotions at Nihon Chouzai pharmacies.

Ultimately, by expanding in-pharmacy promotions to include collaboration with other pharmacies, we will create a broad framework for providing services that go beyond the Nihon Chouzai Group.

## 4 Data health support service

As a subsidiary in the Nihon Chouzai Group, with regard to social issues and their underlying causes—including rising healthcare costs, the sustainability of maintain Japan's system of universal health insurance, increasingly diverse methods of medical consultation, and the complexity of healthcare systems—we believe there is a need to accurately grasp the actual state of drug prescribing and dispensing and the issues involved and to take ongoing action together with insurers to extend and raise awareness and pursue improvements.

To this end, we must take the lead in addressing social issues while drawing on our unique characteristics as a company with extensive medical and drug expertise. Moreover, by addressing issues facing the customers to whom we offer guidance and support and by clearly demonstrating the value of our company to various stakeholders, we aim for our employees both to enjoy work that is rewarding and to enhance social value.

At the end of the day, by providing the maximum universal value in healthcare, we will earn the trust of stakeholders and gain broader awareness of our businesses supporting proper drug use. At the same time, as part of the Nihon Chouzai Group, we will take the lead in forming comprehensive regional collaboration agreements, helping to address the issues facing society and supporting the further development of healthcare services.



\*Comprehensive collaboration agreement: Collaboration between private-sector businesses and local governments to address regional issues.

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**1** Selected as a Ministry of Health, Labour and Welfare PFS Project  
(Commissioned by the Kobe Machinery & Metal Firms Health Insurance Society)

## TOPIC

Seeking to revitalize and improve the quality of healthcare services in Japan, the government is promoting the more widespread provision of healthcare services using Pay for Success\* (PFS) projects. Holding out promise for tying into effective and efficient health initiatives, PFS projects are a government policy aimed at rationalizing today's healthcare costs and promoting public health by establishing and horizontally expanding methodologies for different issues targeted by the various projects.

We signed a contract with Kobe Machinery & Metal Firms Health Insurance Society in FY2021 to carry out a project aimed at promoting proper drug use among its insured members. Given the large number of drugs that are prescribed for lifestyle-related diseases, we planned a project focusing on health support in FY2023, which was selected as a PFS project that year. Subsequently, a project in FY2025 focusing on prevention before any problems with drugs occur also received a positive evaluation and was selected as our second PFS project.

Going forward, we will gain a more in-depth understanding of the characteristics of individual insurers and, based on best practices gained from other projects, pursue health projects that are best suited to people, the times, and the environment, making our projects as effective as possible and embracing the challenge of helping to rationalize healthcare costs across society.

**Main project activities in FY2025**

- Prevention of multiple drug use (polypharmacy) and other issues, individual notifications to encourage consultation with medical institutions (creating opportunities for insight and learning)
- Individual guidance by pharmacists and registered dietitians (support from both drug and nutrition angles, improved health literacy)
- Drug optimization seminars for company representatives (collaborative health: sharing health issues, deepening understanding of the project and reinforcing promotion)
- Distribution of educational pamphlets on the theme of taking drugs effectively (awareness, prevention)

Projects outline ① and ② are high-risk approaches limited to targeted individuals.  
Project outline ③ is a population-based approach targeting all insured members.

**① Polypharmacy notification**



- Notification information (A3-size sheet)
- 1. List of prescription (drug) information (multiple drugs)
- 2. Informative material (risks of using multiple drugs, use of medication notebooks, etc.)

**① Health support program (for patients prescribed multiple drugs)**

- Enclosed materials
  - Explanation of the project (by the health insurance company), recommendations for consultation
  - Schedule for available guidance
- Consultation by pharmacists, registered dietitians

**② Telephone-based drug consultation program (for patients with duplicate medications)**

- Enclosed materials
  - Explanation of the project, recommendations for consultation
  - Application Form
- Consultation by pharmacists

**② Notification of duplicate medications**



- Notification information (A3-size sheet)
- 1. Information about duplicate medications (drugs clearly indicated by color)
- 2. Pharmacist comments, application guide (reasons why there is a problem, risk of side effects)

**③ Drug optimization seminars, distribution of leaflets**

We distribute materials and hold seminars on drug optimization targeting all health insurance holders, aiming to prevent (or reduce the number of) people at risk of multiple drug use in the future by raising awareness of polypharmacy and other issues.

\*Health projects under the Pay for Success model are outsourced by insurers to private-sector businesses, with performance indicators set that correspond to the health issues the project seeks to address. The consideration paid to the business is linked to improvement in the performance indicators.

**2** Supporting the Awareness and Widespread Use of Regional Formularies

## TOPIC

The Japanese government's Basic Policy on Economic and Fiscal Management and Reform 2025, approved by the Cabinet in June 2025, clearly stated that regional formularies would be rolled out nationwide as a measure to rationalize healthcare costs and reduce the burden on citizens. Various regions are thus making efforts to draft such formularies, with a view to implementation starting in FY2026. In line with this government policy, Japan Medical Research Institute is providing support services to raise awareness of regional formularies and promote their more widespread use, aiming to realize both the quality and sustainability of healthcare in Japan.

A regional formulary is a framework that seeks to standardize and optimize the use of drugs based on scientific evidence, involving collaboration between doctors, pharmacists, and related institutions. As outlined below, we are working to support the rollout and use of such formularies.

Going forward, we will continue to operate in line with national policies and collaborate with local governments and insurers nationwide, targeting improvements in healthcare quality and the rationalization of social security costs.

**Main initiatives**

- Visualizing prescription status and simulation analysis by region
- Promoting understanding through activities to raise awareness
- Supporting consensus-building among stakeholders

**Regional achievements**

**Hiroshima Prefecture**

Optimization of drug use and lower healthcare costs by verifying the effectiveness of introducing a regional formulary in the Bihoku district

**Ibaraki Prefecture**

Simulation analysis of the impact of introducing ARB, PPI, and P-CAB therapeutic groups as basic information for promoting the use of generic drugs



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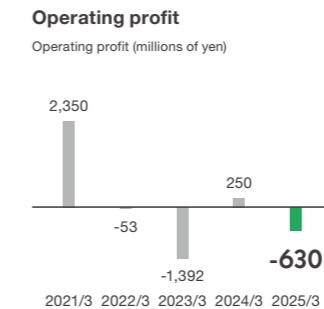
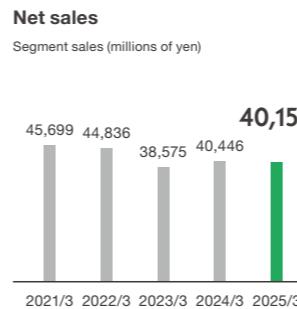
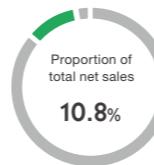


## Pharmaceutical Manufacturing and Sales Business

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

Nihon Generic was established in 2005 to provide high-quality generic drugs, and Choseido Pharmaceutical joined the Group in 2013. Ever since, the two companies have been providing generic drugs to medical institutions and pharmacies across the country.

Taking advantage of synergies within the Nihon Chouzai Group, we plan new drugs that reflect feedback from patients and pharmacies. In our manufacturing, trained staff use state-of-the-art equipment to ensure rigorous quality control in line with rigorous Good Manufacturing Practice (GMP) rules, so that patients can use our drugs without worry.



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## Message from the Business Manager



Masahiro Inoue

Nihon Generic Co., Ltd.  
Choseido Pharmaceutical Co., Ltd.  
President and CEO

growth. Unfortunately, despite Choseido Pharmaceutical's progress in implementing a business improvement plan for the Kawauchi Plant, it was determined that efforts to improve operations were inadequate and, as a result, the company was subjected to administrative disciplinary action for a second time. We once again recognize this as an extremely critical and urgent issue.

The current utilization rate at the Kawauchi Plant is only 30%-40% of its previous level, which led the Pharmaceutical Manufacturing and Sales business as a whole to record an operating loss of 630 million yen for the year.

Starting in May 2025, we will further integrate Nihon Generic and Choseido Pharmaceutical through a transition to a new framework, including a change in top management, and will redouble our efforts to improve operations and return to a normal production framework. As momentum for industry restructuring grows, some companies are also exploring product integration through the establishment of "consortiums."

- Maturing of the generic drug industry and lackluster growth
- Risks of declining profitability due to ongoing NHI drug price revisions
- Inefficient industry structure centered on manufacturing a wide range of drugs in small volumes
- Increasingly sophisticated future drug development



## Strengths we have cultivated in-house

- Access to a stable network of sales channels within the Group
- Drug development capabilities that reflect feedback from pharmacists
- Strong commitment to in-house R&D
- A high-quality production and supply framework

## Q. Looking Back on FY2024: Overview of Phase 1

Struggling with persistent supply-side issues, the generic drug industry in Japan is facing strong calls to pursue restructuring to achieve a sustainable industry structure.

In this environment, we have to seek to steer the business away from manufacturing a wide range of generic drugs in small volumes. To that end, we are channeling resources into drugs manufactured in-house and drug boasting a high market share, and narrowing down the lineup of drugs we handle. At the same time, we began manufacturing and sales of seven new drugs in FY2024, which helped us both to maintain our trend of increasing sales and to continue steady business

Having built up positive relationships with other generic drug manufacturers by way of the pharmacies of our group company, Nihon Chouzai, we are pursuing product integration by selecting the ideal partner for each of our drug lines.

In the three-year period from FY2025 to FY2027, although we will continue to integrate product lines, we do not anticipate achieving a balanced downscaling of the business.

We will continue to bring newly NHI listed drugs to market, primarily drugs developed in-house, while also commercializing new, high-value-added drugs through joint development with other companies possessing specialized technologies not available internally. Through this multi-layered development framework, we aim to expand the scale of the business and build a more robust earnings structure.

We recognize that our top management priority for FY2025 is to normalize production at Choseido Pharmaceutical. We are reinforcing our personnel and quality assurance frameworks. As the generic drug manufacturer that is in closest proximity to pharmacists in the field, we are rigorously pursuing quality assurance and stable supply from a front-line perspective. In doing so, we are striving to be a drug company that meets the expectations of patients and healthcare professionals.

## Q. What are your business strategies and challenges over the medium term with a view to your long-term vision?

To achieve the long-term vision, Nihon Generic and Choseido Pharmaceutical have positioned the swift restoration of trust as our top priority. Accordingly, we will give the highest priority to strengthening the quality control framework, implementing rigorous measures to prevent the recurrence of quality issues, and steadily executing the business improvement plan. We will focus on ensuring stable drug supply and maintaining high quality, and on steadily regaining trust. With an eye toward the next stage of business growth, we will manufacture highly profitable drugs and reinforce our sales framework, while also working to strengthen our production technologies and shift outsourced manufacturing to in-house.

- Maturing of the generic drug industry and lackluster growth
- Risks of declining profitability due to ongoing NHI drug price revisions
- Inefficient industry structure centered on manufacturing a wide range of drugs in small volumes
- Increasingly sophisticated future drug development

## 1 Becoming the manufacturer at the center of industry restructuring

While leveraging the advantage of the strong ties we have built with generic drug manufacturers over the years, to establish a more stable business foundation, we will seek to cooperate with various companies and integrate and streamline our product lines, pursue flexible collaboration drawing on the strengths of other companies' drugs, and revise the product portfolio across the segment.

## 2 Improving drug development and production engineering capabilities

## 3 Boosting productivity and ensuring quality through digital transformation

## 4 Reinforcing a stable drug supply and quality assurance

**Development toward achieving the long-term vision**

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## 1 Becoming the manufacturer at the center of industry restructuring

### Strengths we have cultivated

Broad track record in commissioned and in-licensed manufacturing

Technical capabilities as a generic drug manufacturer with a full drug lineup

Stable network of sales channels within the Group

The primary advantage Nihon Generic has built up over the years is our long track record in commissioned and in-licensed manufacturing. This experience allows us to engage broadly in discussions with an array of manufacturers, and gives us a position within the industry that will enable us to take an active lead in the integration and manufacturing of drugs down the road. By integrating drug lines and boosting sales through outside channels, we aim to achieve a business scale of 50 billion yen for Nihon Generic alone by 2030 and, when including Choseido Pharmaceutical, to rank among the top five players in the industry. To achieve this goal, we believe the most urgent priority is to rebuild a stable supply system at Choseido Pharmaceutical. In particular, we aim to promptly stabilize operations at the Kawauchi Plant to improve its utilization rate and secure adequate production volumes. We also recognize the strong need to further accelerate the integration of product lines through collaboration with other companies. By improving our product portfolio from both production efficiency and profitability perspectives, and further strengthening our external sales framework, we believe we can significantly enhance the profitability of the entire Pharmaceutical Manufacturing and Sales Business segment, thereby making progress toward our long-term vision.

At present, the concrete strategy for addressing these issues involves reviewing the functions across our full product line, from in-house development to sales. In recent years, the development of generic drugs has become increasingly challenging, and the number of development themes that require specialized manufacturing technologies has also been rising. Accordingly, rather than insisting on keeping all production functions in-house, we will consider joint development and collaboration that leverage the strengths of each company's R&D and manufacturing capabilities, and examine our future production framework from multiple perspectives. To realize our corporate philosophy of making quality pharmaceuticals more available and accessible, we believe it is essential to both maintain our existing strategy of being a full-line generic manufacturer and build a flexible framework for collaboration with other companies. This will enable us to develop affordable, high-quality formulations while gauging needs on the ground in clinical settings.

Anticipating that internal sales channels will continue to be the cornerstone of our sales and profits going forward, we will continue to supply drugs to Group pharmacies as we always have, while also stepping up sales through external channels. The latest trend in the generic drug industry is toward the stricter operation of joint development. We will thus continue to grow as a drug manufacturer by pursuing a multi-pronged strategy, with a view toward making the JG brand products—those for which we hold manufacturing and marketing approval—for distribution through the sales channels of other generic manufacturers.

## 2 Improving drug development and production engineering capabilities

### Strengths we have cultivated

Drug development capabilities that reflect the needs of pharmacists from the perspective of front-line healthcare

Extensive knowledge of advanced R&D gained through dealings with the Pharmaceuticals and Medical Devices Agency and other agencies

Highly knowledgeable personnel with years of experience in formulation research both inside and outside the company

Nihon Generic has consistently pursued added value in its products, such as by reducing the size of large original-brand tablets, offering smaller package sizes, and making formulations stable enough to be packaged in a single dose. We took these steps in response to the needs we identified among pharmacists working in Group pharmacies, and we regard this as our greatest competitive advantage.

At the same time, the development environment for the generic drug industry is presenting greater challenges to R&D every year, and we have seen many cases where the R&D various companies engage in has not necessarily borne fruit.

In this business environment, we are focusing in particular on cultivating human resources.

Specifically, by strategically continuing with R&D efforts every year, we aim to continuously hone our R&D capabilities by passing on to younger employees the expertise of experienced employees who have been involved in formulation research for many years at manufacturers of new drugs and generic drugs.

FY2024

Rivaroxaban OD Tablets JG, Vildagliptin Tablets JG, EzeRosu Combination Tablets JG, Lanthanum Carbonate OD Tablets FCI



FY2023

Azilsartan Tablets JG, Sildenafil Tablets RE JG, EzeAto Combination Tablets JG, Ambrisentan Tablets JG



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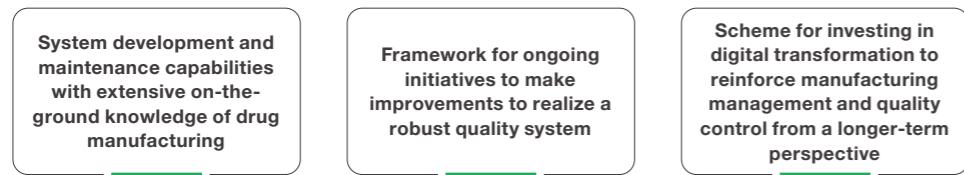
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## 3 Boosting productivity and ensuring quality through digital transformation

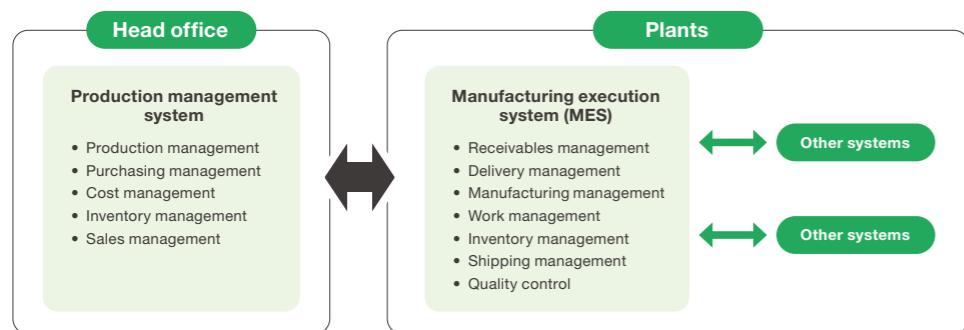
### Strengths we have cultivated



In the manufacturing of generic drugs, production systems typically involve manufacturing a wide range of drugs in small volumes. Such a framework is highly burdensome in terms of managing the manufacturing process, which is one factor causing lower manufacturing efficiency.

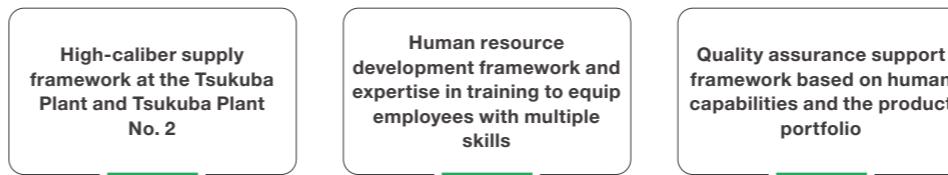
Certain systems in place in our plants still require data to be recorded on paper, posing a cumbersome challenge to management. In recent years, meanwhile, there have been strong calls from both inside and outside the Group for more robust assurances regarding the manufacturing process, and labor shortages stemming from Japan's super-aging population are also key challenges that must be addressed. To mitigate such risks, we are working to replace our manufacturing execution system (MES) and improve the business flow as a key focus of our digital transformation strategy. Together with Panasonic Solution Technologies Co., Ltd., we are developing an MES tailored to a production system characterized by manufacturing a wide range of drugs in small volumes, aiming to build a system and business flow better suited to the manufacturing context on the ground.

In the future, we will establish a stable drug supply framework that is resilient against changes in the operating environment by boosting productivity across the entire Pharmaceutical Manufacturing and Sales Business and by enhancing and standardizing quality assurance. At the same time, by integrating data accumulated within the Group and reinforcing traceability, we aim to improve quality standards while preventing deviations from manufacturing procedures and other problems.



## 4 Reinforcing a stable drug supply and quality assurance

### Strengths we have cultivated



Nihon Generic and Choseido Pharmaceutical together operate five plants. To establish an optimal production framework across the Group, we regularly review manufacturing sites for each drug line while maintaining manufacturing frameworks that capitalize on the characteristics of each plant. In addition to existing efforts, we are making ongoing investments in our plants to further strengthen our ability to further ensure the stable supply and quality of drugs, with an eye toward the future growth of the Group. Working backward meticulously from our production plans enables us to formulate optimal investment strategies, including adding production lines while carefully weighing the possibility of recovering investments.

We are working to horizontally roll out the high-quality supply frameworks of Tsukuba Plant and Tsukuba Plant No. 2, seeking to raise the bar for quality across all our plants. Although the two plants mentioned above serve as the core of the business, we have left room for expanding production volume, and are strategically improving the product portfolio to maximize production efficiency.

To ensure a stable drug supply framework, we have logistics centers in eastern and western Japan, as well as in Sapporo in Hokkaido. These three centers allow for smooth delivery across a wide area. We have also secured sufficient space for inventory management to support stable supply, anticipating the need to handle large-scale shipments. Thus, from the perspective of logistics as well, we are pursuing an aggressive investment strategy.

At the same time, we recognize that cultivating human resources is also a crucial issue in terms of realizing the ideal stable supply and quality assurance for our drugs. We practice quality risk management and set quality targets based on our Quality Policy, and are carrying out regular education and training for all employees at manufacturing sites, including in the manufacturing and quality departments. The existing state-of-the-art plants and facilities of Nihon Generic have achieved low environmental impact and high productivity, equipped with the requisite manufacturing facilities and testing equipment based on our many years of expertise in drug manufacturing and development. We will continue to build on our track record of capacity control while also further optimizing drug allocations between plants and pursuing automation strategies, working to produce high-quality drugs under a manufacturing management and quality control framework that complies with GMP regulations.

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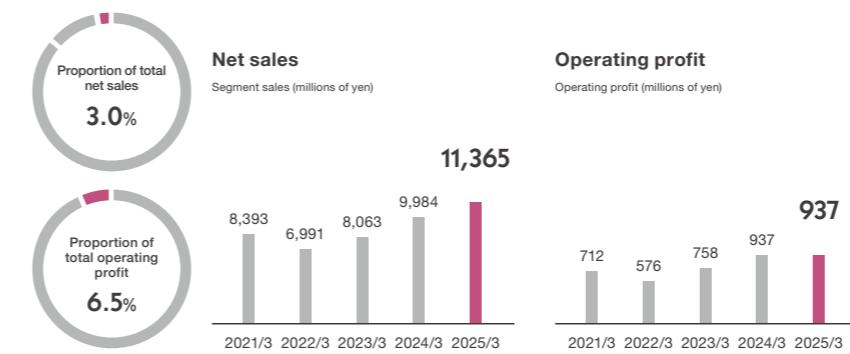
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## Medical Professional Staffing and Placement Business

• Medical Resources Co., Ltd. •

Medical Resources' basic approach to business is to do everything with integrity, recognizing that we work with people. We thus value face-to-face meetings with job seekers and job providers. Meeting in person allows us to grasp nuanced needs that are hard to convey over the telephone or in writing, and to craft proposals that match the needs of both job seekers and job providers.



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## Message from the Business Manager



**Nobuyuki Kobayashi**  
Medical Resources Co., Ltd.  
President and CEO

## Q. Looking Back on FY2024: Overview of Phase 1

Net sales and operating profit for FY2024 were up year on year on the back of stronger performance in our mainstay pharmacist staffing and placement business. We are also seeing growing demand in the healthcare business, including the occupational doctor business, and will continue to further contribute to the health and productivity management strategies of companies in Japan.

We see the next several years as a phase for building more robust recognition and brand awareness of Medical Resources as a company that engages in the staffing and placement of healthcare professionals as well as in the healthcare business,

laying the groundwork for carving out leading market shares in both areas. To this end, we will focus on cultivating employees who operate out of a client-oriented mentality, stepping up our marketing capabilities to attract clients, strengthening the usability of our systems, and harnessing AI to improve operational efficiency and productivity.

## Q. What are your business strategies and challenges over the medium term with a view to your long-term vision?

To achieve sustainable business growth over the longer term, it is essential to firmly establish our position as a company that clients trust and choose, which involves building recognition and improving the customer experience. As a company that specializes in HR for healthcare professionals, we must thus inculcate an even deeper awareness that people themselves are capital.

## Operating environment

- M&A activity and other trends among competitors, digital transformation, medical fee and NHI drug price revisions
- Changes in the supply-demand balance of pharmacists and doctors
- Shrinking pool of job seekers as improvements in working environments undermine motivation to change jobs
- Mounting competition in the placement market, mounting advertising costs, and stricter regulations concerning online cookies

## Strengths we have cultivated to date

- Human resource development specializing in the healthcare industry
- A corporate culture of engaging with people

## 1 Specializing in the medical and healthcare industries, delivering high added value

Our matching services are not simply a matter of gaining insights into the situation of job seekers. We also provide an array of training opportunities, offer health guidance by the company's occupational health nurses, and coordinate job searches between remote and urban areas. By adopting different approaches for different job types and areas, we will realize an attentive staffing and placement business.

## 2 Attracting more clients through a major overhaul of the web marketing strategy

We have positioned the shift away from the existing model of one-off client acquisition to a model that supports the ongoing retention of clients as a key strategy. Our aim under the new model is to provide services to clients while maintaining ongoing, end-to-end relationships with registered users and fostering increased client loyalty.

## 3 Creating new businesses in healthcare fields

To meet burgeoning social needs, including curbing healthcare costs and extending the healthy life expectancy of the population, we are striving to build up our services in healthcare fields by making extensive use of the highly specialized healthcare professionals who represent the strength of Medical Resources, in collaboration with partner companies.

## 4 Pursuing a digital transformation strategy to improve client convenience and increase sales

We are currently moving forward with a project to overhaul our systems to deliver more personalized content and job opportunities that are optimized for individual job seekers, and are taking steps to boost sales by enhancing usability for clients and increasing the number of registrations for our matching services.

**Development toward achieving the long-term vision**

## 05

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## 1 Specializing in the medical and healthcare industries, delivering high added value

### Strengths we have cultivated

Cultivation of consultants specializing in the medical and healthcare industries

Trust built with clients through an emphasis on a client-oriented approach

Expertise in attentively ascertaining the characteristics of job providers and job seekers

Given changes in social conditions in Japan and in the needs of our market, we are keenly aware that current challenges in our pharmacist business entail helping to resolve the personnel management issues of small and medium-sized pharmacies and achieving optimal matching for pharmacists seeking to change jobs. Our emphasis with regard to the doctor business is on how to support the management of medical institutions from the vantage points of encouraging long-term employment for doctors, preventing early turnover, and managing human resources. We have also positioned strengthening initiatives by occupational health nurses to help maintain and improve the health of employees at client companies as a priority in the healthcare business.

In addressing these challenges, we will focus on putting growth strategies in place for each business and strategically allocating resources over the next several years. In the pharmacist business, we will invest in ways to enhance our ability to address management-related issues facing small and medium-sized pharmacies, hone skills in gaining insights into job seekers, and support education and training for pharmacists. In the doctor business, we will further develop the consulting capabilities of all of our recruiters, equipping them to help both doctors and medical institutions fulfill their potential. In the healthcare business as well, we will expand the pool of occupational health nurse candidates to position the company to win more contracts and offer more robust mental health support for the employees of client companies.

To achieve the long-term vision, we will further develop our strengths of engaging closely with clients from a client-oriented perspective, aiming to become the first choice for all of our stakeholders involved in providing and seeking jobs. Achieving this calls for us to build strong trust with healthcare professionals and go beyond simply introducing jobs to candidates—rather, we will shift the focus of our business activities to become a lifelong career partner that can offer comprehensive support for a variety of career path planning and the development of skills in AI and other new technologies, fostering job satisfaction as well as physical and mental well-being. At the same time, we also seek to become a partner in addressing the management issues medical institutions are facing. Moving beyond merely resolving personnel shortages, we will contribute to organizational development, including by providing data-driven recruitment consulting to review personnel evaluation systems.

## 2 Attracting more clients through a major overhaul of the web marketing strategy

### Strengths we have cultivated

A track record in building up a pool of healthcare professional candidates

An educational framework supporting human resource development to raise the quality of interviews and contract negotiations

Information on the behavior of individual job providers and job seekers gained over many years

Web marketing strategies require a constant review of business models in step with technological innovation and changes in society. For Medical Resources, one urgent need in particular is shifting from our existing model of one-off client acquisition to a model that supports the ongoing retention of clients and fosters loyalty among registered users. We also have to revisit workflows that prioritize targeting the obvious layer of job seekers (candidates with a clear intention to change jobs), putting priority on uncovering the layer of potential but not yet active job seekers. In addition to the business model, we will channel resources into integrating and analyzing client data, creating a framework that enables optimal talent matching, and incorporating all stages of the job search process, from acquiring a client to signing the contract, into an end-to-end customer experience. We recognize that creating a strong brand for our services and building a cycle that will generate new clients is a key issue for the company.

We have set a medium-term target of registering 150,000 pharmacists and 100,000 doctors on our database by 2030. An intermediate stage toward achieving this target will involve stepping back from a dependence on advertising until FY2027. We also recognize this stage as a time for the full-fledged transition to a model of client acquisition that emphasizes maintaining ongoing relationships with clients and fostering client-oriented communication.

In addition to attracting clients who are actively considering a job change, we believe there is a need to strengthen our marketing in the future to reach people who have not yet expressed the intention of changing jobs. Our focus for pharmacists will be on younger job seekers and pharmacy students. For doctors, we will target mid-career clients as well as younger job seekers. A current step to this end involves launching a Pharma Labo platform for pharmacists and a Doctor Vision+ platform for doctors, while also strategically gathering information based on users' browsing histories for video streaming, webinars, and other content. In addition to the online activity of individual users, we are also prioritizing gathering a variety of contact information by way of records of downloads of marketing reports, surveys, and email newsletters, analyzing and integrating this information on our customer data platform. These initiatives to shift away from conventional measures will reinforce our points of contact with all of our registered users going forward. These strategies for data utilization and investments will not only better equip us for communication for the purpose of attracting clients, but will also build up the presence of our unique services that engage closely with individual clients at various stages of life.

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### 3 Creating new businesses in healthcare fields

#### Strengths we have cultivated

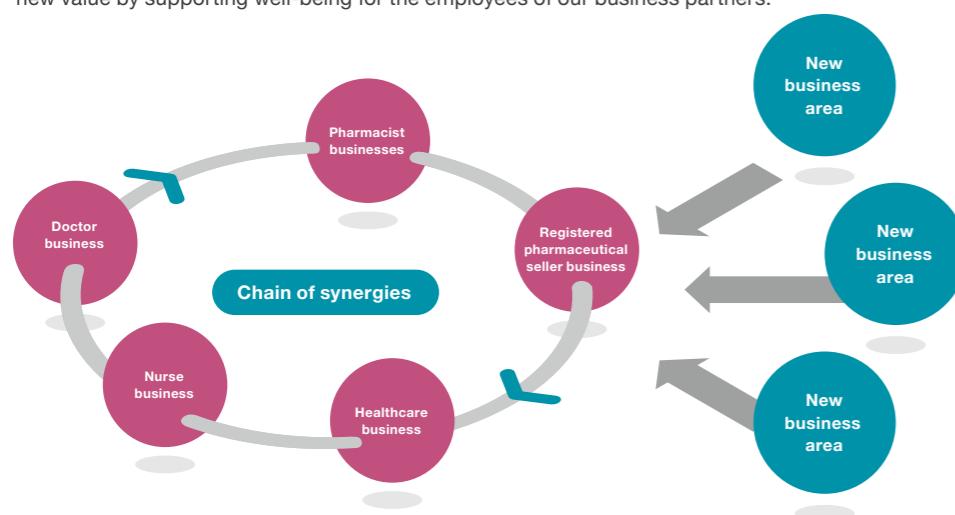
A track record of business development in multiple sectors of the healthcare industry

An aggressive investment framework open to collaboration with partner companies and acquisitions

Comprehensive healthcare services built up through Group collaboration with Nihon Chouzai

We recognize that the need to address illness prevention and pre-symptomatic illness has grown significantly in recent years. The organizational response of companies to the rising trend of cases of mental health issues among workers is also drawing increased attention. To meet such rapidly changing needs in the market, we will further expand the existing business areas we have cultivated to date and create value. In particular, we believe it is necessary to expand our resources and capabilities as well as reinforce the organizational framework to enable us to undertake a comprehensive array of services, ranging from introducing occupational doctors and occupational health nurses to providing stress testing and specific health guidance.

Initiatives will not be limited to existing business areas: To gain a wide-ranging grasp of the healthcare-related challenges and needs of our corporate clients, we will also aggressively invest in new business areas through collaboration with partner companies and through acquisitions. Particular areas of focus will include mental health and preventive and pre-symptomatic healthcare. Here, we will capitalize on the strengths we have cultivated over the years, including the expertise of occupational doctors and health nurses and other specialized healthcare professionals to deliver new value by supporting well-being for the employees of our business partners.



### 4 Pursuing a digital transformation strategy to improve client convenience and increase sales

#### Strengths we have cultivated

An extensive client database accumulated through contact points with clients

System-related demand identified through feedback from job providers, job seekers, and registered users

Insights into the ideal database derived from high-performing employees

To drive higher sales in existing and new businesses, we recognize that a current key challenge is to conduct a radical review of our in-house systems. The aging of our current systems is giving rise to greater risks of our front- and back-end systems and their operational flows becoming out-of-date. To ensure sustainable growth as well, we are embarking on a company-wide project to overhaul our core systems. In particular, our top priority has to be on creating a framework that promotes the organization and utilization of our in-house databases and raises the accuracy and speed of matching in the placement of candidates. Meanwhile, both for our in-house systems and for the systems on the client user side, we will build front-end systems that are outstanding in terms of usability, such as ease of searching, and in terms of the user interface, to offer satisfying user experiences to both job seekers and job providers.

The specific overhaul process will start by focusing on interviewing recruiters to help enable us to raise the accuracy of matching. We will draw upon our accumulated expertise to structure the database in a way that is beneficial to both clients and employees. In addition, we will consider trends in rapidly advancing generative AI technology in recent years, and examine what kind of database the company should be looking to put in place. Here as well, we will take full advantage of in-house and external resources to build an organizational structure that allows us to properly consider the design of systems that can handle all steps of the process, from the start of contract negotiations to follow-up with job seekers, from both functional and financial perspectives, while actively investing in digital transformation.

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## Sustainability

The Nihon Chouzai Group recognizes sustainability as a key element of its management strategies for enhancing corporate value over the longer term. Informed by dialogue and in collaboration with all of our stakeholders, we will build a fair and highly transparent management foundation, respecting human rights and taking environmental conservation into consideration. Also, through our business activities, we will work to address social issues in the medical and healthcare fields and pursue the sustainability of society.



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## Sustainability Strategy

The Nihon Chouzai Group positions sustainability as a key part of its management strategies for enhancing corporate value over the longer term and is taking action to help bring about a sustainable society.

We took action to help bring about the sustainability of local communities together with stakeholders in FY2024. Efforts included converting pharmacies to LED lighting and reducing our environmental footprint through the mechanical recycling of resources such as discarded blister packs and sludge generated in the Pharmaceutical Manufacturing and Sales Business, and promoting solar power generation at our drug manufacturing plants. We also pursued CSR activities in collaboration with medical institutions and NPOs to support better health in local communities.

Longer-term actions will include setting performance indicators to help achieve sustainable growth and enhance corporate value, as well as further sustainability initiatives for the environment and in other areas, starting with measures to address climate change and contribute to a circular economy.

As a healthcare group whose mission is to give people the closest possible support, we will continue to help address social issues while realizing corporate growth from a long-term perspective to meet stakeholder expectations.

### Sustainability Goals in Long-Term Vision 2035

Challenge	Target	Measures	FY2024 results
Climate change response	CO <sub>2</sub> reductions	<p><b>Scope 1, 2 intensity (compared to FY2020) by FY2030</b></p> <p><b>Dispensing Pharmacy Business:</b> 30% reduction per pharmacy</p> <p><b>Pharmaceutical Manufacturing and Sales Business:</b> 30% reduction per 100 million tablets produced</p> <p><b>Carbon neutral by FY2050</b></p>	<p><b>Dispensing Pharmacy Business</b></p> <ul style="list-style-type: none"> <li>Converting pharmacies to LED lighting</li> <li>FY2024: 202 pharmacies</li> <li>FY2025: 100 pharmacies (planned)</li> </ul> <p><b>Pharmaceutical Manufacturing and Sales Business</b></p> <ul style="list-style-type: none"> <li>Solar panel installation</li> <li>Introduction of carbon neutral utility gas</li> </ul> <p>CO<sub>2</sub> reductions Per 100 million tablets: 16.0% reduction</p>
	Switch to renewable energy	<b>Increase ratio of renewable energy</b>	<p><b>Pharmaceutical Manufacturing and Sales Business</b></p> <ul style="list-style-type: none"> <li>In-house power generation</li> <li>Switch to renewable energy</li> </ul> <p>Ratio of renewable energy: 6.8%</p> <p><b>Pharmaceutical Manufacturing and Sales Business</b></p>
	Waste recycling	Expanding recycling targets	<p>Collecting, recycling, and reusing waste</p> <ul style="list-style-type: none"> <li>Blister packs</li> <li>Sludge</li> <li>Fiber drums</li> </ul> <p>Treated waste volume/total waste volume</p> <ul style="list-style-type: none"> <li>Blister packs: 26.3%</li> <li>Sludge: 48.9%</li> </ul>

## Sustainability framework

We pursue sustainability management in line with our basic sustainability policy. The Board of Directors makes decisions regarding material sustainability issues. We have also formed a Sustainability Committee that reports directly to the Board of Directors. Chaired by the President, this committee meets at least twice a year in principle to sum up and evaluate the progress of initiatives for identified material issues, incorporates these issues into business strategies, ensures compliance with international guidelines, discusses taking part in sustainability initiatives, and reports and makes recommendations to the Board of Directors as appropriate. We have also clearly defined various departments responsible for sustainability initiatives, including within Group companies, which are spearheading progress. The Sustainability Supervision Office is tasked with taking action on sustainability issues. Under the supervision of the executive officer in charge of sustainability, the office has established a framework to steadily move ahead with initiatives in conjunction with the various departments.



## Sustainability Committee Activities

Activities in FY2024
• Number of meetings: 3
• Main topics of discussion
➢ Calculation, disclosure of Scope 1, 2, and 3 emissions
➢ Consideration of CO <sub>2</sub> reduction measures
➢ Consideration of a review of material issues
➢ Human capital management, HR strategies
➢ CSR activities that help to foster sustainability

## Sustainability disclosure framework

We publish a Sustainability Data Book for the purpose of comprehensively disclosing sustainability information to stakeholders.

For details on our sustainability management, including our basic sustainability policy and promotion framework, please refer to the following.



Sustainability website  
<https://www.nicho.co.jp/en/sustainability/>



Sustainability Data Book  
<https://www.nicho.co.jp/en/sustainability/databook/>

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## Material Issues

### ► Six materiality groups Nihon Chouzai Group is addressing

The Nihon Chouzai Group has identified an array of material issues that will help us contribute to a sustainable society and continuously enhance corporate value. We broadly divided these issues into six materiality groups. Based on the issues, we are pursuing actions from the perspectives of both contributing through our business activities and strengthening our management foundation.

Please visit our sustainability website for information on the 21 material issues and the process of identifying them.

<https://www.nicho.co.jp/en/sustainability/materiality/>

Materiality Group	Approach	Aim	Overview
A Healthcare quality and accessibility	Contributing through business activities	To build a society where everyone has access to high-quality medical care	We are working to strengthen pharmacy functions. Specifically, we aim to support advanced healthcare and regional healthcare as well as illness prevention and pre-symptomatic illness, contribute to social security by ensuring proper drug use, respond to disasters and ensure medical safety, leverage digital transformation to promote online healthcare and create new businesses, and engage in surveys and research.
B Quality and stable supply of pharmaceuticals		To build a society where everyone can use drugs without worry	We will research, develop, manufacture, and ensure the stable supply of high-quality, safe pharmaceuticals.
C Resolving human issues at medical institutions		To provide society with talent to support advanced healthcare	We aim to provide human resources to support high-quality healthcare services, and to support occupational health and health in general through the placement of occupational doctors.
D Contributing to a carbon neutral, circular economy		To ensure a sustainable natural environment for future generations	We will reduce waste and engage in recycling, lower CO <sub>2</sub> emissions through the use of more efficient energy and renewable energy, and build environmentally and socially aware supply chains that ensure outstanding transparency.
E Fostering and utilizing a diverse workforce	Strengthening our management foundation	To foster a corporate environment where all employees thrive	We will work to secure human resources to support the growth of the Group and put HR systems in place to further hone their capabilities. We will also promote respect for human rights, the empowerment of women in the workplace, and DE&I, establishing a workplace environment that enhances employee health and motivation.
F Strengthening governance to fulfill social responsibilities		To become a socially responsible healthcare group	We will support the healthcare and welfare fields, such as for intractable diseases and disabilities, strengthen corporate governance and make transparent disclosure, stress compliance and prevent corruption, and create opportunities by appropriately assessing and responding to risks.

### ► Map of Materiality Priorities

Materiality Group
A Healthcare quality and accessibility
B Quality and stable supply of pharmaceuticals
C Resolving human issues at medical institutions
D Contributing to a carbon neutral, circular economy
E Fostering and utilizing a diverse workforce
F Strengthening governance to fulfill social responsibilities



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## FY2024 Highlights

### ► Recycling at drug manufacturing plants

#### Material issue 12

Reduce waste materials and increase the efficiency of resource usage, especially at pharmacies and plants

#### FY2024 results

Blister packs: 84.50 tons (26.3% of the total)  
Sludge: 41.33 tons (48.9% of the total)

#### Targets for FY2025 and beyond

Expand number of participating plants

Nihon Generic is promoting the mechanical recycling of unneeded blister packs and sludge discharged from plants. Nihon Generic's Tsukuba Plant No. 2 generated the equivalent of 31.29 tons of discarded blister packs in FY2024, all of which will now be targeted for recycling. Compared to a conventional incineration method, this approach is expected to reduce CO<sub>2</sub> emissions by around 90%. In FY2024, we also began the mechanical recycling of a portion of the sludge generated during the drug manufacturing process. Of the 28.57 tons of sludge generated by Tsukuba Plant No. 2 in FY2024, 21.08 tons of residue were recycled after being incinerated. This resulted in no incineration ash or fly ash being generated and zero waste disposed of in landfills, and all of the waste was recycled.



Mechanical recycling of blister packs



Mechanical recycling of sludge

### ► Converting pharmacies to LED lighting, generating solar power at drug manufacturing plants

#### Material issue 13

Reduce CO<sub>2</sub> emissions by increasing energy usage efficiency and promoting the use of renewable energy

#### FY2024 results

202 pharmacies converted to LED lighting

#### Targets for FY2025 and beyond

Convert around 100 pharmacies that have not yet switched to LED lighting

#### Converting to LED lighting

Seeking to reduce CO<sub>2</sub> emissions per pharmacy by 30% by FY2030 compared to FY2020, Nihon Chouzai began converting its pharmacies to LED lighting in FY2023. Of the approximately 460 pharmacies that were using fluorescent lighting, 97 pharmacies switched to LED lighting in FY2023, followed by 202 pharmacies in FY2024. We are making steady headway toward completing the conversion of the pharmacy network by FY2025.



A pharmacy that has installed LED lighting

#### Solar power generation

Nihon Generic and Choseido Pharmaceutical are pursuing the use of renewable energy through solar power generation. Nihon Generic's Tsukuba Plant has installed solar power generation equipment under a donation-based corporate power purchase agreement with Tokyo Century and Kyocera Communication Systems. The use of renewable energy in the form of electricity generated by this solar power equipment will cut CO<sub>2</sub> emissions by roughly 347.1 tons-CO<sub>2</sub> per year.



Solar power generation facility at Tsukuba Plant No. 2

## Efforts to shape the supply chain

### Scaling down number of wholesale deliveries

In April 2023, Nihon Chouzai began coordinating with drug wholesalers to scale down the number of drug deliveries to pharmacies. We have harnessed the strengths of our pharmacy chain to conduct more streamlined inventory management, reducing the number of deliveries from two or three times a day to once a day, thus achieving lower CO<sub>2</sub> emissions and more efficient operations. We will continue to engage with business partners to optimize the supply chain.

### SDGs Radio supports children's learning

Nihon Chouzai is broadcasting SDGs Radio, educational content provided by out-of-home content operator Keson, to children and students across Japan. As a healthcare Group that supports people's health, we offer ten types of program content that convey the importance of correctly using medications, the role of pharmacists in society, and the importance of managing one's own health in an easy-to-understand way.



#### Now "on air"

- Supporting people's health through reasonably priced medications
- For people suffering from menstrual pain
- Generic drugs: a wonderful asset shared across society
- How to avoid wasting leftover medications
- A "medicine" professional who helps keep us healthy
- Does the most powerful medicine in the world exist?
- Try your hand working as a pharmacist!
- Are you keeping a record of the medications you take?
- How can I become a pharmacist?
- Let's stop dieting too hard



SDGs ラジオ

### Further instilling sustainability across the Group

In FY2024, we began initiatives to instill the concept of sustainability within the Group, seeking to encourage every employee to take ownership of our mission to give people the closest possible support and to raise awareness of the need to contribute to the sustainability of society. We started off with an engagement survey to gauge and analyze how aware employees currently are about sustainability, and are exploring measures to instill awareness in the Group in a way that is suited to where employees stand. In FY2024, we published a series of online in-house newsletters (10 in total). Using a quiz format, the newsletters enabled employees to learn basic knowledge about sustainability. They also showcased sustainability initiatives that the Nihon Chouzai Group is undertaking, with the goal of increasing employee engagement with the Group's efforts.



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## Starting by doing what you can for the person right in front of you. The Frontline of Sustainability in the Nihon Chouzai Group

The Long-Term Vision 2035 we formulated in 2024 sets out the vision for the Nihon Chouzai Group to become the most trusted partner in healthcare. Employees are engaging in CSR activities at pharmacies nationwide, adopting approaches to social issues that go beyond their job descriptions. As they do so, what do they feel, how do they engage in these activities, and what value do they find in them? Three people taking part in CSR activities in different positions talked about insights they have gained from their day-to-day practices.



### Cultivating the ability to engage with people even beyond pharmacy walls

**Ichikawa** When I was working at the Fujisawa Station Pharmacy, my manager at the time suggested that I participate in a local event for people with hearing impairments. That's how I started my involvement in CSR activities. I actually got interested in the world of people with hearing impairments after watching a movie when I was a student. So, coming from this background, before giving too much thought to what I could do as a pharmacist at the event, I honestly thought I would first just go and see things firsthand.

**Michishita** That was a really nice opportunity. I started activities as a CSR leader around 2022. I've been working on a few initiatives, including at the welfare center for the hearing impaired in Kanagawa Prefecture and with a program to give pharmacists hands-on experience in providing support for the siblings of sick or disabled children\*. When I first started out, though, the term CSR itself wasn't yet really well-known within the Group, and so my first worry was about how to communicate CSR concepts to pharmacists in the field. But when people on the front lines like Mr. Ichikawa already have an interest in these issues and are naturally motivated to get involved, activities often build outward from there, and I find that really rewarding.

**Sakurai** That kind of proactive involvement on the part of each employee is extremely encouraging

from the Group's perspective as well. Since the late 2010s, the Nihon Chouzai Group has been in discussions about how to move forward with sustainability management. The thinking behind our mission, which is grounded in the Group Philosophy of giving people the closest possible support, is for every employee take on a role in society that goes beyond the scope of simply a healthcare professional. My sense is that it highly significant that CSR activities are beginning to function within the Group—I see this as a first step in the right direction.

### Gaining greater insight, moving from work on the front lines to involvement in society

**Ichikawa** When I actually took part in the event, I went with a colleague who could use sign language, who taught me how to say simple greetings and introduce myself to the hearing-impaired attendees. They were a lot more pleased by my attempts than I anticipated. I was taken aback by the fact that my willingness simply to connect with people received such a hearty response. At the same time, coming into contact with people I normally wouldn't meet at the pharmacy gave me a new perspective on my work. I think this experience gave me the opportunity to think about how to interact with the local community, not only in terms of healthcare.

**Michishita** Yes—it's exactly those kind of insights gleaned in the field that can become a springboard

\*1 A program targeting the siblings of children who are sick or disabled, aiming to support healthy child development by accompanying them in any anxieties and loneliness they may experience, as the attention of parents tends to focus on the sick or disabled child.

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Takuya Sakurai

Sakurai joined the company in 2000 as a pharmacist. After gaining a variety of experience, including working in pharmacies, as a branch manager, and in head office departments, he is currently an executive officer and head of the Group Corporate Planning Department. Believing that "employees taking initiative and contributing to society underpin the credibility of a company," he supports initiatives on the front lines from a management perspective.

for other activities. For example, through my activities, I've learned that some people with hearing impairments have difficulty taking their medications, but can't communicate this effectively at the pharmacy. If you're aware of the issues involved, you can make suggestions about how to address them at the pharmacy, such as grouping multiple medications to be taken together in a single package\*. Also, taking advantage of online medication guidance makes it possible to connect patients with pharmacists who can communicate in sign language even from remote locations. It's important not just to provide accurate information about medications but also to make sure that the person you're talking with feels reassured that they gotten their message across. That experience was a good reminder of that. In fact, when pharmacists who can use sign language have helped a patient, we often hear them being thankful about how helpful it was.

**Sakurai** That's a really good example of bringing together expertise and a consideration for others to address issues in the field. Thinking about CSR as a

Group, it's not just about systems and frameworks. I think the valuable thing is seeing all of our employees on the front lines thinking about the question, "What can I do for the person right in front of me?" and acting accordingly.

**Michishita** In my work with sibling support, I see a lot of siblings of children with disabilities who have the sense that there's nothing they can do to help. When you ask kids like that, "Hey, would you like to try your hand at working as a pharmacist?" their eyes begin to light up. Among the children taking part in the program, some have said things like, "I want to work in the pharmaceutical industry in the future," and "When I grow up, I want to cure my brother." It's heartwarming. Even if it's just a brief experience, if it gives children the opportunity to think that there is actually something they can do, the experience begins to instill hope and confidence in them. I always feel the gravity of being able to witness such moments of growth.

**Ichikawa** You know, these kinds of CSR activities started up because some of our employees on the front lines were saying that various kinds of support hadn't gone far enough yet, and were asking themselves if there was anything they could do. When you actually take part in the activities, you find that you learn more yourself than you accomplish for the other person. That has really struck me.

**Sakurai** I feel like the learning and feedback we get from the field spills over to other locations within the Group. CSR activities aren't something only particular people do—instead, it's about each employee thinking about what they themselves can do as a healthcare professional in their local community and in society, and then acting on that. And this is precisely the attitude that is bound to shape the value of the Nihon Chouzai Group down the road. It seems to me that this isn't just limited to CSR activities, but it's a way of looking at things that applies to all sorts of measures.

### Both inside and outside the Group, change plants the seeds of new value

**Michishita** As I continued to take part in these activities, one moment that really stuck with me was when one employee was surprised to find out the

\*2 Single doses of multiple medications to be taken at the same time are consolidated in a single package.



Erika Michishita

Michishita joined the company in 2011 as a medical office worker. After working at pharmacies, she has worked at the head office since 2020. She is currently tasked with the development of dispensing systems and leading CSR activities as a section chief in the Drug Planning Department. She says that CSR activities are where "healthcare that touches hearts" begins, and continues to be attentive to views both inside and outside the Group.

Group was involved in programs like this. Learning about the company's CSR efforts amid his busy daily work made him feel like he had discovered a new side of the company. For him to simply say that gave me a sense of pride and fulfillment. When you're out supporting other people, you naturally begin to think about how to convey your thoughts to them as you observe their understanding and reactions. There are times when it really comes home to me that kind of intentional interaction can tie in to a great sense of security, and I've had lots of experiences that made me realize the true nature of both communicating and being understood.

**Ichikawa** Reaching out to talk with other people in your own words and being attentive to how they react are vital aspects of working in a pharmacy. CSR activities have made me more sensitive to what the person I'm talking to actually wants. Another thing I realized after taking part in the event was that I hadn't had many opportunities to think about action that I could take beyond pharmacy walls. Through my involvement in this local event, I've come to realize that there may be more diverse forms of the work pharmacists do—I feel like my world has gotten a little bigger.

**Michishita** My sense is that if all employees broaden their horizons, that will eventually expand possibilities for the Group. But to be honest, right now, the activities are still mostly limited to our department and a few employees like Mr. Ichikawa. I'm interested in thinking more about how to spread awareness of these activities and insights across the Group.

### Putting the Corporate Philosophy into practice is what fosters a new culture

**Sakurai** I think CSR activities and sustainability management aren't something for just a handful of people think about and engage with. Our Group Philosophy is also not just a slogan—it is something for every employee to put into practice on the front lines. Even in the course of employees' day-to-day work, the desire to do something that is of help to the people in front of them gives rise to spontaneous action. This is precisely an approach to sustainability that is distinctive of the Nihon Chouzai Group. Going forward, I will continue to create opportunities for numerous employees to gain an interest in sustainability and ways for them to get involved. I will also foster an environment in which employees can capitalize on the experience they gain while steadily building trust with society. Valuing the way each employee puts in place our mission of giving people the closest possible support, I want to help them do this at a deeper level in the community and pass this approach on to the next generation.

#### Featured Activity in FY2024

##### TOPIC

###### Hands-On Pharmacist Event for Siblings of Sick or Disabled Children

In August 2024, in cooperation with an NPO that focuses on supporting the siblings of sick or disabled children, we held an event to give these children the chance to experience the work of a pharmacist. The event involved the children visiting a dispensing room together with their parents and experiencing what it is like to dispense drugs, creating an opportunity for children who grow up normally dealing with a variety of difficult emotions to have fun and gain a deeper understanding of healthcare.



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## Sustainability

Basic Policy, Framework

Material Issues

Initiatives

● CSR Roundtable Discussion

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# Corporate Governance

## Nihon Chouzai's Concept of Corporate Governance



These three elements are essential to responding effectively to changes in the business environment, ensuring the ongoing soundness of the company, and further enhancing corporate value. Particularly as a corporate group operating in fields that are governed by various laws and regulations, Nihon Chouzai recognizes the critical importance of maintaining robust corporate governance and strict compliance. We are pursuing various measures based on this recognition. Given the scale and nature of our businesses, we determined that being a company with an Audit and Supervisory Committee was the most appropriate organizational form to enable Nihon Chouzai to fulfill its audit and oversight functions and corporate governance responsibilities.

## Corporate Governance Framework

In June 2016, we transitioned from a company with a board of corporate auditors to a company with an Audit and Supervisory Committee. The Board of Directors is made up of eight directors (other than directors who are Audit and Supervisory Committee members and including two outside directors) and three directors who are Audit and Supervisory Committee members (including two outside directors). The Board's role is to decide on important matters stipulated by laws and regulations and oversee the performance of duties by executives. The Audit and Supervisory Committee comprises three directors, including two outside directors. They carry out their oversight functions by exercising their voting rights at meetings of the Board of Directors, as well as auditing the performance of duties by directors and preparing audit reports. Moreover, Deloitte Touche Tohmatsu LLC was appointed to be the accounting auditor for the company to ensure proper accounting and management transparency.

## Current Status of Board of Directors Operation

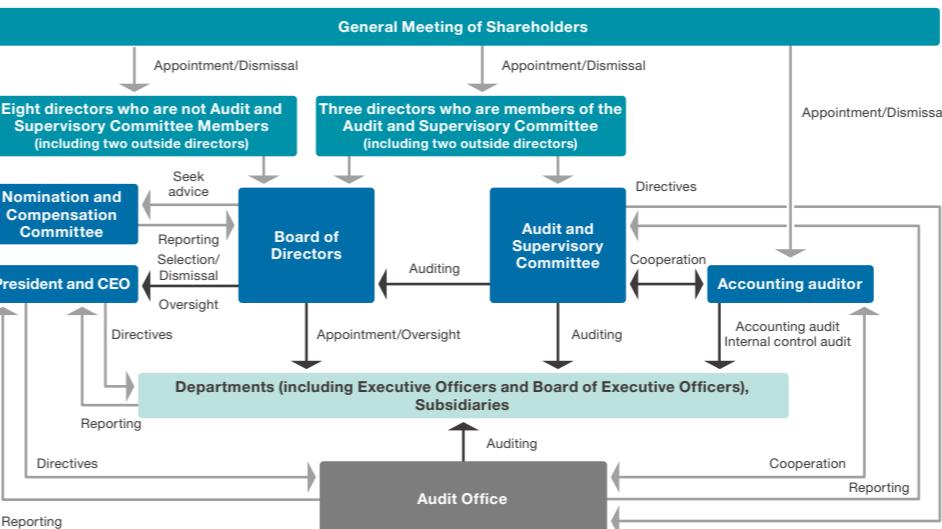
### Activities in FY2024

The Board of Directors met 19 times from Monday, April 1, 2024 to Monday, March 31, 2025. In principle, Board meetings are held once a month, or as needed. Officers from Nihon Chouzai also sit in on the Board meetings of group companies and take other actions to reflect the Group as a whole in Board discussions. Audit and Supervisory Committee meetings are held separately.

### Board of Directors Meetings and Key Topics of Deliberation

<b>Frequency</b>	In principle, once a month or as needed
<b>Related departments</b>	19 (Monday, April 1, 2024– Monday, March 31, 2025)
<b>Key agenda items, resolutions for the Board of Directors in FY2024</b>	
<ul style="list-style-type: none"> <li>Formulating, releasing the Long-Term Vision 2035 and deciding on basic policies for management</li> <li>Consolidated and non-consolidated results, financial standing, etc.</li> <li>Pharmacy openings and closings (including acquisitions) in the Dispensing Pharmacy Business and the FY2025 pharmacy opening policy, etc.</li> <li>Decision to relocate head office to pursue better human capital management and reduce SG&amp;A expenses</li> <li>Progress of next-generation dispensing system, budget, etc.</li> <li>Discussion of governance framework in light of engagement reports from institutional investors</li> <li>Formulation of action plans based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children</li> <li>Sustainability guidelines and policies, TCFD-based disclosure</li> </ul>	

### Corporate Governance Framework (as of June 26, 2025)



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## Corporate Governance

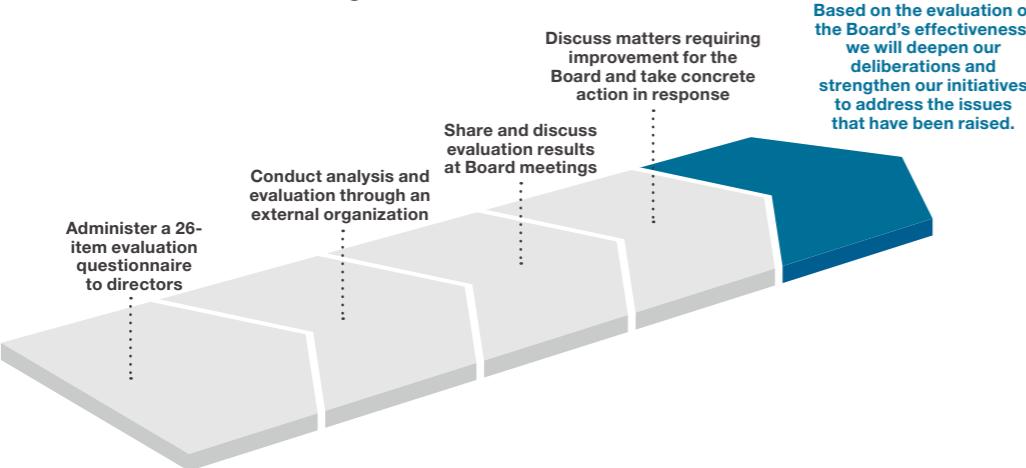
- Policy, Board Overview, Structure
  - Effectiveness Evaluation, Executive Compensation
  - Organization and Activities of Internal Control System
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## Analyzing and Evaluating the Effectiveness of the Board of Directors

At least once a year, the Board of Directors conducts an evaluation to improve its effectiveness as a whole.

### Process of Evaluating the Board's Effectiveness



### Initiatives to address identified issues and results of evaluating effectiveness in FY2024

The results of an evaluation carried out in May 2025 confirmed that the effectiveness of the Board of Directors had been generally ensured in FY2024.

We took steps in FY2024 to address issues identified in light of the results of the previous year's evaluation. We also continue discussions that began in FY2023 with a view to formulating the new long-term vision announced in September 2024. In Board meetings and other venues, we discussed and considered issues from multiple perspectives, including strategies and performance targets. Moreover, we continued to monitor the progress of ongoing efforts to ensure diversity among core human resources. These efforts yielded improvements in the areas of considering strategies from multiple perspectives and ensuring diverse core human resources, although these are recognized as still having outstanding issues.

On the other hand, some issues, including deliberations on management strategies and succession planning, are recognized as requiring an ongoing response. We will continue to take steps to make improvements on these issues.

### Future Initiatives Based on Issues Identified

#### 01

Securing more time for deliberations and considering strategies from multiple perspectives

We introduced an executive officer system in April 2022 to separate management decision-making and supervisory functions from business execution functions and to increase management agility. We are delegating greater authority to the executive side by clarifying the division of roles between the Board of Directors and the Board of Executive Officers and by revising the criteria for submitting agenda items from the perspective of the division of oversight and execution functions. In addition, steps such as classifying reports in view of the role of the Board of Directors frees up more time for discussion on longer-term themes at Board meetings.

We are also providing regular opportunities for discussions among executives in venues outside Board meetings that focus more narrowly on longer-term strategies and issues. This allows us to continue to secure time for deliberations and achieve more in-depth discussions.

#### 02

Enhanced discussions about the business portfolio and other matters affecting the entire Group

The evaluation indicated that discussions regarding the business portfolio, including new businesses investment, measures to strengthen and revise existing businesses, and business strategies affecting the Group as a whole have been insufficient, and that there are issues regarding the role of the Group head office. We are taking the review of the long-term vision as an opportunity to move forward with more robust discussions among executives regarding the ideal business portfolio, one that takes into account business growth and capital efficiency, as well as regarding investment strategies. We are striving to secure time for discussions among executives at Board meetings and in other venues, while also enhancing information shared prior to meetings to be able to engage in more in-depth discussions on the business portfolio and other matters.

#### 03

Succession planning initiatives for executives

We view succession planning for senior management as a key management issue and are continually working to improve its effectiveness. The executive side reports regularly to the Nomination and Compensation Committee on the formulation of succession plans and the status of initiatives, and the committee thoroughly deliberates on these matters. In this way, we will build an objective and transparent process for considering candidates, systematically cultivate capable personnel to take on future management responsibilities, and achieve sustainable corporate growth.

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## Executive Compensation System

### Basic Policy

- We will secure and retain outstanding personnel who can act to realize the Group philosophy, motivating them to adequately carry out the roles expected of them to sustainably enhance corporate and shareholder value.
- Acknowledging that we should be fully accountable to shareholders and other stakeholders, we will prepare reasonable, objective, and transparent compensation both in terms of content and the decision-making process.

### Compensation Structure

- Outside directors responsible for oversight functions and directors who are members of the Audit and Supervisory Committee → Basic compensation  
Directors and executive officers responsible for business execution → Basic compensation, performance-based compensation, stock-based compensation (stock ownership plan)
- The proportion of each type of compensation for directors and executive officers responsible for business execution will be determined based on factors such as their position and role and the trends of other companies that have a business scale similar to that of Nihon Chouzai.

### Basic Compensation

We determine compensation amounts according to the common basic salary table for directors and executive officers, plus allowances according to position and role, and pay compensation at a fixed time every month. We will establish a basic salary table for each director and executive officer, and will review the table as appropriate based on annual evaluations, length of service, and other factors.

### Performance-Based Compensation

To motivate directors and executive officers to contribute to the enhancement of business performance each fiscal year, we will pay bonuses on a fixed date every year, calculated based on the following formulas.

01

#### Directors:

Profit-sharing method based on consolidated ordinary profit, and target method based on consolidated net sales and operating profit and individual evaluations of each director

02

#### Executive officers:

Target method based on consolidated net sales and operating profit and the evaluations of individual executive officers

### Procedures for Determining Compensation

Compensation for all directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee) and executive officers is determined by resolution of the Board of Directors in consideration of the deliberations and reports of the Nomination and Compensation Committee, of which the majority of members are independent outside directors.

### Total Director Compensation

Executive category	Total compensation by type (Millions of yen)				Number of eligible officers
	Total compensation (Millions of yen)	Fixed compensation	Executive bonuses	Stock-based compensation costs (Board Incentive Plan Trust)	
Director (excluding Audit and Supervisory Committee members and outside directors)	199	158	26	13	7
Audit and Supervisory Committee members (excluding outside directors)	14	14	-	-	1
Outside Director	34	34	-	-	5
<b>Total</b>	<b>248</b>	<b>207</b>	<b>26</b>	<b>13</b>	<b>13</b>

1. The amounts of director compensation do not include the employee salaries of directors who also serve as employees.
2. The company has introduced a stock-based compensation plan (Board Incentive Plan Trust). Regarding stock compensation, amounts recorded as expenses during the fiscal year in respect of the Board Incentive Plan Trust for executives are shown.
3. In conjunction with its delisting, the company has resolved to discontinue the equity compensation plan (Board Incentive Plan Trust) that was in effect during the period covered by this integrated report.

### Cross-Shareholdings

The company may hold, as cross-shareholdings, shares of companies that it deems necessary for maintaining and strengthening business relationships. The Board of Directors meets annually to carefully examine whether the purpose of owning individual cross-shareholdings is appropriate and whether the benefits and risks associated with these holdings are commensurate with the cost of capital, among other considerations, in this way verifying the suitability of cross-shareholdings. The company's policy is to exercise voting rights pertaining to cross-shareholdings from the perspective of whether or not such exercise will contribute to enhancing the corporate value of the company invested in, along with due consideration of the purpose of the holding.

	Number of issues	Total amount on balance sheet (Millions of yen)	Number of issues	Shares other than unlisted shares
	Number of issues	Amount* (millions of yen)	Number of issues	Shares other than unlisted shares
Unlisted shares	1	13	1	-
Shares other than unlisted shares	-	-	1	-
<b>FY2023</b>			<b>1</b>	<b>-</b>
			Amount* (millions of yen)	
			13	-
<b>FY2024</b>			<b>1</b>	<b>-</b>
			Amount* (millions of yen)	
			13	-

\*Aggregate amount recorded on the balance sheet

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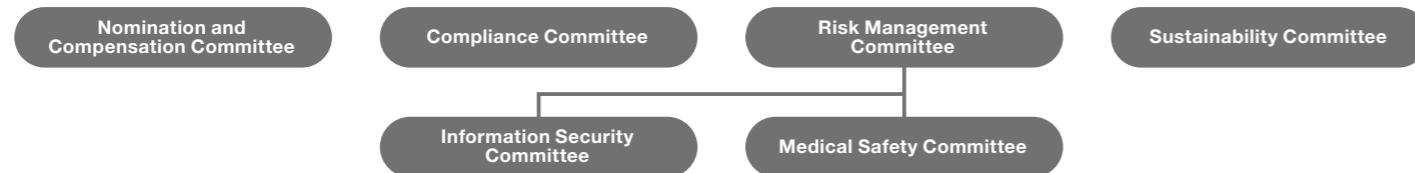
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## Organization and Activities of Internal Control System

### Committee Organization

The purpose, related departments, and activities of each committee are as described below.



### Formulation and Dissemination of Rules and Regulations

To ensure the appropriateness of the Group's business operations, Nihon Chouzai has formulated various internal rules, operation flow charts and manuals, business continuity plans, and a disaster response pocket manual. It seeks to ensure employee awareness of these matters by circulating materials and posting them on the corporate intranet and various meetings.

	Purpose	Related departments	Implementation
<b>Nomination and Compensation Committee</b>	Seeks to strengthen the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors and executive officers, and further enhance the corporate governance framework.	General Affairs Department, Human Resources Department	Held six times in FY2024 (April 2024–March 2025). Made up of three or more members who are directors or executive officers, the majority of whom are independent outside directors. As an advisory body to the Board of Directors, the committee deliberates on such matters as composition of the Board of Directors, the rationales for appointing directors and executive officers, and the appropriateness of individual compensation amounts, and reports to the Board of Directors.
<b>Compliance Committee</b>	Ensures thorough compliance and enhances social credibility by defining basic matters related to compliance actions and constructing and properly managing a compliance framework.	Risk Management and Compliance Office, General Affairs Department, System Headquarters, Pharmaceutical Headquarters, Accounting Department, Human Resources Department, Public Relations Department, Audit and Supervisory Committee, Group Corporate Planning Department, Pharmaceutical Administration Department, Quality Control Department, Audit Office.	In principle, meets once every three months. In addition to monitoring and reviewing the development and operation of the compliance framework, the committee takes up matters related to the planning and execution of compliance programs aimed at promoting compliance throughout the Group. Specifically, the committee considers the response to relevant business laws, the internal reporting framework, and training programs aimed at fostering employee compliance awareness. Group companies hold similar meetings.
<b>Risk Management Committee</b>	To be aware of risks that may significantly impact the attainment of management goals and corporate sustainability, and to support appropriate judgments and responses to risks, the committee works to promote more sophisticated risk management.	Risk Management and Compliance Office, General Affairs Department, System Headquarters, Pharmaceutical Headquarters, Accounting Department, Human Resources Department, Public Relations Department, Audit and Supervisory Committee, Group Corporate Planning Department, Pharmaceutical Administration Department, Quality Control Department, Audit Office.	In principle, meets once every three months. Based on the risk management policy, the committee works to develop and appropriately operate Group-wide risk management. Specifically, it identifies and examines risks based on the internal and external business environment, takes response measures, conducts regular monitoring, and takes necessary action based on circumstances. Group companies hold similar meetings.
<b>Information Security Committee</b>	Promotes information security management, including implementing information security measures and disseminating policy, and constructs and operates a Group-wide information security framework.	System Headquarters, Pharmaceutical Headquarters, General Affairs Department, Human Resources Department, Risk Management and Compliance Office, etc.	In principle, meets once every three months. The committee shares information on measures based on the Security Guidelines for Medical Information Systems published by the Ministry of Health, Labour and Welfare and related laws and guidelines, assesses whether there are any information security violations, examines case studies of cyber security incidents, etc., while holding discussions on countermeasures.
<b>Medical Safety Committee</b>	Promotes appropriate medical safety management and contributes to the safe provision of healthcare.	Pharmaceutical Headquarters, Risk Management and Compliance Office, General Affairs Department, Audit and Supervisory Committee	The Medical Safety Committee discusses all events related to medical safety management. It also discusses the revision of measures to prevent the recurrence of safety incidents and improve safety.
<b>Sustainability Committee</b>	Aims to achieve sustainable growth and enhance corporate value of the Group over the longer term, while contributing to the creation of a sustainable society through Group business activities.	Sustainability Supervision Office, Group Corporate Planning Department, Group companies	Held three times in FY2024 (April 2024–March 2025). Oversees and evaluates the progress of initiatives to address material issues the Group has identified, integrates sustainability concepts into corporate and business strategies, considers actions aimed at fostering sustainability, ensures compliance with international guidelines, and discusses participation in global initiatives, reporting to the Board as needed.

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# Risk Management

## Risk Management Framework

The Group has established a Risk Management Committee, which serves as an advisory and executive body to the Board of Directors, as the core of its risk management framework. Chaired by the director in charge of risk management, the committee is tasked with setting and overseeing the implementation of policies regarding the establishment and operation of a comprehensive risk management framework for the Group, emergency responses, measures to address emerging risks, and risk-related education and training. In identifying material risks, we look first at all the operating domains of the Group and comprehensively ascertain any event that could damage the Group's earnings or reputation. We consider a variety of factors in ascertaining potential risks, including issues arising from human error or technology, natural disasters, and criminal activity, in addition to risks related to compliance and social responsibility. The Risk Management Committee continuously monitors the status of the material risks that have been identified and the responses of various departments, thereby pursuing effective risk management across the Group.

## Operation of the Risk Management Committee

In principle, the Risk Management Committee meets once every three months. The various Group companies also operate similar committees, and the Group works together to reinforce the integrated risk management framework.

### Nihon Chouzai's Risk Management Committee

Meeting frequency of the Risk Management Committee	In principle, once every three months
Meetings held	4 (April 1, 2024–March 31, 2025)
Key agenda items for the Risk Management Committee in FY2024	<ul style="list-style-type: none"> <li>Business continuity and disaster preparedness</li> <li>Business continuity response (damage caused by Kyushu earthquake and Typhoon No. 10)</li> <li>Information security initiatives</li> <li>FY2024 accounting audit</li> <li>Decision on applying Accounting Standard for Lease Transactions</li> </ul>
<b>Framework</b>	

## Major Risks and Responses

Major risks	Description of risk	Response
Changes to the healthcare system	Revisions to NHI drug prices and dispensing fees, changes in healthcare delivery framework	Gather and analyze information, revise cost structures, seek to obtain dispensing fee premiums, create new services and functions
Goodwill, fixed assets	Impairment losses on goodwill and fixed assets, obsolescence of assets	Screen investment plans, reinforce due diligence, optimize pharmacies (assets)
Safety of dispensing work, quality of medications, side effects	Compensation payments due to dispensing errors, reputational damage, and product recalls and sales suspensions caused by unknown side effects or quality issues	Comply with operating procedures, conduct training, cultivate highly specialized pharmacists, implement multifaceted measures such as introducing a system of checks, strengthen and expand manufacturing and quality control framework based on Good Manufacturing Practices (GMP)
Laws, regulations	Revisions to the Pharmaceuticals and Medical Devices Act and other laws (changes to standards for business activities and facilities that may incur new costs and place restrictions on business operations), revisions to the Health Insurance Act (impact on fee calculation standards and co-payments), and revisions to the Personal Information Protection Act (new burdens stemming from reinforcement of the information management framework, response to information leaks, etc.)	Strengthen the legal and compliance framework, establish and disseminate internal rules, strengthen internal audit and risk management framework
Information systems, information security, management of personal information	Breaches of confidential or personal information due to cyberattacks, loss or theft of mobile devices, system trouble or downtime, vulnerabilities in cloud services	Establish regulations, strengthen incident detection and response capabilities, strengthen information security measures and implement stricter access privileges, conduct security education for employees, introduce a personal information protection management system
Securing human resources	Difficulty in securing necessary personnel due to mounting competition over talent and human capital flight, rising recruitment costs and turnover, aging employees and lack of successors	Diversify recruitment strategies and capitalize on diverse talent, improve working environments, enhance education and training systems, boost work efficiency and pursue digital transformation
Supply chain	Unstable drug supplies, disruptions to logistics networks, occurrence of quality issues, price fluctuations stemming from surging raw materials costs	Purchase from multiple manufacturers, properly manage inventory, strengthen the quality control framework, share information and strengthen collaboration
Interest rate fluctuations, raw materials markets	Higher interest payments due to rising interest rates on loans	Optimize debt, shore up the financial position, strengthen price negotiation capabilities with suppliers, diversify the earnings structure
Climate change	Higher operating costs due to introduction of carbon taxes and emissions trading systems, etc.; rising costs due to regulations on raw materials and changes in the supply-demand balance; surging transportation and electricity costs; damage to bases and disruptions to logistics networks; spread of infectious diseases	Identify physical and secondary risks and opportunities, assess and consider their degree of impact and response measures, implement response measures at each stage of the supply chain
Large-scale disasters, spread of infectious diseases	Business interruptions, employee health and safety, reputational damage, requests and regulations from governments and local governments, etc., such as restrictions on activities	Formulate business continuity plans and conduct training, diversify the supply chain and stockpile drugs, pursue rigorous hygiene management, develop a framework for providing services remotely, collaborate with public institutions
Transforming the business model through technological innovation	Emergence of competitors, delayed response to digital technologies, changing patient needs, delayed response to increasingly advanced and diverse specialization	Pursue digital transformation, leverage AI, strengthen the functions of family pharmacies, develop new services, collaborate with other industries and organizations
Litigation, patents and intellectual property	Infringement of copyrights, trademarks, and patents, inadequate protection of Group intellectual property	Conduct thorough preliminary research; obtain copyrights, trademarks, and patents; protect intellectual property through contracts; educate employees; collaborate with experts

## Risk Map

### Major risks

Management	Response to corporate governance
Pharmacy operations	Revision of medical fees and NHI drug prices, responses to disasters and pandemics, etc.
Systems	Information breaches and leaks, system trouble or downtime, cyberattacks, virus damage, system development delays, system obsolescence, etc.
Human resources, labor	Improper conduct and harassment, serious fraud and harassment
Legal affairs	Difficulty in managing working hours and securing talent, human capital flight, etc.
Finance, accounting	Enactment and revision of laws, response to deregulation, etc.
Compliance	Interest rate fluctuations, introduction of lease accounting, impairment and reserve treatment, etc.
Sustainability	Insider trading, bribery, anti-social forces, criminal activity and accidents, violations of laws and regulations, violations of GMP
Operating environment	Human rights risks, CO <sub>2</sub> reductions

Impact

Priority risks (5 categories)

- Medical fee revisions, NHI drug price revisions
- Information breaches, leaks
- System development delays, system obsolescence
- Violations of GMP
- Impairment and reserve treatment

Major risks (32 categories)

Large

Small

Large

Small

Likelihood of occurrence

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# Compliance

## Nihon Chouzai Group Ethical Conduct Guideline

The Nihon Chouzai Group has formulated ethical guidelines to ensure that all directors, executive officers, and employees working in the Group strive for the growth of every employee and the sustainable development of the Group, while putting into practice standards to be observed in daily business activities to become a company that is trusted by patients and other stakeholders.

Nihon Chouzai Group Ethical Conduct Guideline	
https://www.nicho.co.jp/files/Ethical_Conduct_Guideline_en.pdf	

## Operation of the Compliance Committee

In principle, the Compliance Committee meets once every three months, and met a total of four times in FY2024 (April 1, 2024–March 31, 2025). The committee also holds meetings at various Group companies, working to ensure rigorous compliance across the Group and to maintain and deepen the trust of society.

### Nihon Chouzai's Compliance Committee

Meeting frequency of the Compliance Committee Meetings	In principle, once every three months
Meetings held	4 (April 1, 2024–March 31, 2025)
Key agenda items for the Compliance Committee in FY2024	<ul style="list-style-type: none"> <li>Optimization of insurance claims</li> <li>Protection of personal information</li> <li>Response to harassment, management of working hours</li> <li>Operation of the internal reporting system</li> <li>Monitoring, responding to social media</li> </ul>

### Framework



## Establishing an Internal Reporting System

We have established an internal reporting system to ensure the early detection and correction of compliance violations. The system is made available to all Group employees, including contract and temporary employees, as well as former employees who have left the Group within the past year. Furthermore, to build fair relationships with our business partners, we have set up a Business Partner Hotline. Both reporting systems ensure the anonymity of those who report and impose strict obligations on all involved parties to maintain confidentiality, and reporting policies are regularly communicated to the entire Group.

Reporting system		Type of consultation
In-house reporting	Nihon Chouzai Hotline (pharmacy operations)	Pointing out or reporting any actions that violate laws, regulations, internal rules, or the Group code of conduct
	Nihon Chouzai Hotline (non-pharmacy operations)	Pointing out or reporting any actions that violate laws, regulations, internal rules, or the Group code of conduct
	Nihon Chouzai Group Harassment Hotline	Consultation desk for workplace concerns such as sexual harassment, abuses of power, harassment related to childbirth and childcare for male and female employees, etc.
	Nihon Chouzai Group Health Consultation Hotline	Health consultation service Mental health counseling service (by telephone, face-to-face, online)
External reporting	Reporting hotline with attorney	Pointing out or reporting any actions that violate laws, regulations, internal rules, or the Group code of conduct
	Business Partner Hotline	Providing information regarding actions that violate (or may violate) laws, regulations, the Ethical Conduct Guideline, or the basic procurement policy

## Education and Training

The Group provides all employees with ongoing education and training with the aim of thoroughly preventing corruption and reinforcing compliance. In addition to training for all staff, we aim to make each employee more aware of compliance by providing an array of educational opportunities tailored to different employee groups, such as training for specific job positions and for new employees.

Training		Target
Group-wide	Nihon Chouzai Group compliance training	All Group company employees
	Insider trading training	All Group company employees
Dispensing Pharmacy Business	Information security training	All Group company employees
	Information security training for new employees	New employees
Pharmaceutical Manufacturing and Sales Business	Medical safety training	All pharmacy staff
	Training on proper handling of narcotics	All pharmacists at pharmacies
Medical Professional Staffing and Placement Business	Training to prevent harassment by customers	All pharmacy staff
	PrivacyMark Training	All employees
Employees	Nihon Generic compliance training	All employees in the Pharmaceutical Manufacturing and Sales Business
	GMP training	Manufacturing department employees
Audit Office	New employee orientation	New employees
	Job placement staff training course	All employees involved in job placement
Department general managers, Group companies	Master training on industry regulations	All staff engaged in staffing and job placement businesses
	Business audit trainees	Recruiters with more than one year in the Group

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# Manufacturing Management Deficiencies at Choseido Pharmaceutical's Kawauchi Plant

## Concerning the Kawauchi Plant

In FY2024, Choseido Pharmaceutical was in the process of implementing a business improvement plan in response to a business improvement order issued by Tokushima Prefecture in October 2021 for violations of the Pharmaceuticals and Medical Devices Act. However, it was determined that improvement efforts at the Kawauchi Plant were inadequate, and that the plant had not properly carried out manufacturing and quality control operations in accordance with the government's Good Manufacturing Practice (GMP) ordinance. The plant was thus subjected to administrative disciplinary action for a second time in March 2025, including a directive to suspend operations, for violations of the Pharmaceuticals and Medical Devices Act.

We offer our heartfelt apologies to all of our stakeholders, including patients and their families and healthcare professionals, for the concern and inconvenience caused by this matter.

We take this administrative action very seriously, and have conducted a thorough investigation into the causes of the inappropriate conduct. Based on these findings, and with top priority on preventing recurrence of quality issues and restoring trust, we drafted a business improvement plan in April 2025 to correct the problems identified and prevent recurrence, and submitted the plan to Tokushima Prefecture.

We will steadily put the measures spelled out in the business improvement plan in place and work together across the Group to prevent recurrence and restore trust.

Details of the plan can be found at the links below (Japanese only) ▾

Regarding Inappropriate Manufacturing Practices at the Kawauchi Plant and the Strengthening of Business Improvement Measures

<https://www.choseido.com/news/pdf/240524.pdf>

Administrative Disciplinary Action Based on the Pharmaceuticals and Medical Devices Act

<https://www.choseido.com/news/pdf/250327.pdf>

About the Submission of the Business Improvement Plan

[https://www.choseido.com/news/pdf/250425\\_01.pdf](https://www.choseido.com/news/pdf/250425_01.pdf)

## Overview of the Business Improvement Plan

### 1 Building a legal compliance framework and fostering a quality culture at the Kawauchi Plant

- Establish an organizational framework that stresses quality and compliance with standards
- Implement highly effective education and training and foster a culture that encourages the self-development of employees
- Clarify the roles of each department and ensure cooperation between departments (foster a culture of openness)

### 2 Changes to the GMP framework at the Kawauchi Plant

- Revisit plant manager and manufacturing management leader assignments
- Reinforce the functions of the quality assurance department
- Establish on-site quality assurance and step-up the monitoring of manufacturing management

### 3 Initiatives to prevent recurrence of quality issues at the Kawauchi Plant

- Maintain consistency between procedures and approvals and actual conditions at the plant
- Enhance manufacturing management functions
- Establish a framework for ongoing review to resolve quality issues
- Strengthen audits and supervision, strengthen HR functions

### 4 Company-wide initiatives

- Enhance functions related to internal reporting, systems
- Rigorously implement effective management reviews
- Carry out appropriate production planning



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## Monitoring progress in management issues and supporting the enhancement of corporate value

An outside director talks about the growth and future of the Nihon Chouzai Group



### Message from an Outside Director

#### … Role as an Audit and Supervisory Committee Member

After gaining practical experience at a bank, I got certified as a public accountant and did corporate auditing for 15 years with an auditing firm. Then I went on to set up my own accounting firm, and have provided financial and accounting support to various companies. Having this experience, I was appointed as an outside director (Audit and Supervisory Committee member) of Nihon Chouzai Co., Ltd. in June 2024. Having struggled with illness as a child, I had lots of opportunities to come into contact with medical care, and have always had an interest in the medical and healthcare fields. For this reason, the mission of the Nihon Chouzai Group of giving people the closest possible support really resonates with me personally.

My role as an Audit and Supervisory Committee member is to supervise directors in the performance of their duties. I am intentional about drawing on my expertise as a CPA to offer advice that helps to enhance corporate value. I also recognize that I have the important responsibility to offer advice and recommendations from an objective standpoint, so as not to undermine the interests of shareholders.

#### … Nihon Chouzai Group's Strengths and Growth Potential

In the year since I assumed this role, through discussions at Board of Directors meetings and dialogue with employees, what once again struck me is that the Nihon Chouzai Group's greatest strength is its people. The high level of expertise of Group pharmacists and other employees, their sincere commitment to coming alongside patients, and their unwavering ethical standards as healthcare professionals are strengths that competitors would find hard to match. These are indispensable assets that will support the growth of the Group going forward. In particular, the Group is actively engaged in dispensing the kind of specialty drugs that other companies find difficult to handle. To maintain and further cultivate this high level of expertise and unique knowledge, the Group is investing unsparingly in personnel training and providing employees with abundant opportunities for growth. An appealing working environment that allows employees to hone their expertise and develop their careers has established Nihon Chouzai as a popular employer. This gives rise to a virtuous cycle that attracts even more talented people. Another major strength of the Group is a business portfolio that covers a wide range of healthcare fields, starting with the Dispensing Pharmacy Business and extending to the manufacturing and sales of generic drugs and the staffing and placement of medical professionals.

On the flip side, the Group is also facing challenges. First is the need to boost work efficiency at pharmacies. While bearing in mind that the industry is characterized by significant manual labor, the Group has to promote digitalization through the use of AI and roll out dispensing robots on a broader scale, creating environments in which pharmacists can concentrate on patient-centered work. Second is the need to address industry-wide restructuring. As competition in the pharmacy industry intensifies, my sense is that strategic initiatives, including M&A activities, are essential. I

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think Nihon Chouzai is being called on to take the lead here and play a central role in restructuring the industry. The third issue is returning the manufacturing management framework at Choseido Pharmaceutical to normal as soon as possible. Restructuring that stresses quality control and a stable supply is a top priority that needs to be tackled right away to restore trust across the Group.

### … Ensuring the Effectiveness of the Board of Directors and the Process of Choosing a New President

The Board of Directors keeps tabs on progress in the businesses through monthly performance reports. Areas that we are monitoring in particular include the pharmacy network strategy of the Dispensing Pharmacy Business, such as reviewing unprofitable pharmacies and opening pharmacies in profitable locations; the activities of At-Home Medical Care Support Centers; and the profit results of mainstay drugs in the Pharmaceutical Manufacturing and Sales Business. The Pharmaceutical Manufacturing and Sales Business in particular is currently seeking to make a strategic shift, from being a manufacturer of a full lineup of generic drugs to narrowing down the range of drugs it makes. Directors are constantly mindful of progress with this shift. In this context, in managing Board meetings, the company has worked to create conditions to ensure that outside directors can take part in discussions based on adequate information, providing materials in advance in a timely manner. It has also created opportunities outside Board meetings to provide detailed explanations of the Long-Term Vision 2035 announced in September 2024, as well as venues for outside directors to exchange opinions, which allowed for more in-depth dialogue.

The decision to appoint a new President in June 2025 was also made according to an appropriate process, following discussions with the Nomination and Compensation Committee. The new President, Kazunori Ogi, had been focusing on addressing manufacturing issues at Choseido Pharmaceutical. Given his experience in that regard, my assessment is that the timing of his appointment was appropriate. I look forward to seeing him capitalize on his skills as a leader who will drive new growth for the Group.

### … Decision to Delist to Enhance Corporate Value

Long-Term Vision 2035 prioritizes enhancing profitability and securing growth potential. To achieve this vision, the Group has to expeditiously address the factors that are hindering profitability and steadily take steps to boost profitability. The most important foundation to support this strategy is human capital. Recognizing the need to take full advantage of its strengths in being able to secure outstanding talent, the Group is actively promoting young executive officers and providing them with opportunities to gain a variety of experience. In recent years, the Group has been notable for promoting women to department head positions, and I look forward to seeing more women taking on managerial roles going forward. I think diversifying decision-making in this way is essential to realizing the long-term vision. To put a framework in place for swiftly implementing these kinds of longer-term measures, the



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Board made its most critical management decision this year: to delist the company. In coming to this decision, the Group set up a special committee whose top priorities were to consider ways of enhancing corporate value and protecting minority shareholders. The committee held thorough, repeated discussions, informed by the specialized advice of financial and legal advisors. After exploring the issues carefully through a fair and transparent process, the Group chose Advantage Partners and LYFE Capital to be its partners following the delisting. I'm confident that the decision was based not simply on the scale of the acquisition price offered, but also on the fact that the two companies were seen as partners who value employees and can work together to continue enhancing the corporate value of the Nihon Chouzai Group.

### … Expectations Going Forward and a Word to Stakeholders

Stakeholders may have been taken aback by the sudden announcement of the company's delisting. However, the move will enable management to make decisions from a longer-term perspective, without being exposed to short-term fluctuations in stock prices. Nihon Chouzai can also capitalize on the knowledge its new partners have in terms of enhancing corporate value and as well as on their global healthcare network. I anticipate that this will enable the Group to move forward to the next stage of growth and realize its long-term vision.

My hope is that all employees will also take a forward-looking approach to this transformation, and bring the expertise and pride they have built up to date to bear on their daily work. The foundation for enhancing corporate value lies in the expertise of employees and their dedication to their work. I'm convinced that a business is underpinned by each and every employee, and that the value of such employees should never be underestimated.

Together with its new partners, the Nihon Chouzai Group will make further strides in carrying out its mission of giving people the closest possible support as it aims for further growth. I ask all of the company's stakeholders for their continued support.

## Board of Directors (as of October 1, 2025)



### Hiroshi Mitsuhashi

#### Chairman and Representative Director

Mitsuhashi is the founder of the Nihon Chouzai Group. As President and CEO of Nihon Chouzai, he promoted the company's founding philosophy of "achieving the true separation of drug prescribing and dispensing services." He also established Group companies Medical Resources, Nihon Generic, and Japan Medical Research Institute, spearheading the growth of the Nihon Chouzai Group. He became Chairman and Representative Director in June 2024.



### Kazunori Ogi

#### President and CEO

Before joining Nihon Chouzai, Ogi worked for a leading bank and was involved in finance and MBO projects for major companies. After joining the Company, he was a Manager of the Finance Department. He became President and CEO in June 2025. From a group-wide perspective, he leads the identification of management issues across all group companies and the formulation of management strategies to address them. Since October 2021, he has also served as Director of Nihon Generic Co., Ltd., concurrently serving as Director of Choseido Pharmaceutical Co., Ltd. from May 2025 and Director of Medical Resources Co., Ltd. from June 2025.



### Toshiyuki Koyanagi

#### Director and Senior Executive Officer

Pharmacist. Koyanagi joined Nihon Chouzai after working in a hospital. He has since served as Manager and General Manager of the Pharmaceutical Department, General Manager of the Purchasing Department, and in other capacities. Koyanagi is in charge of the Dispensing Pharmacy Business and responsible for drug-related operations, overall systems, and branch management. With a wealth of experience in pharmacy management and thorough knowledge of medical administration, he contributes to the expansion of the Dispensing Pharmacy Business by taking the lead in addressing changes in the operating environment, including medical service fee revisions.



### Yoshihisa Fujimoto

#### Director and Senior Executive Officer

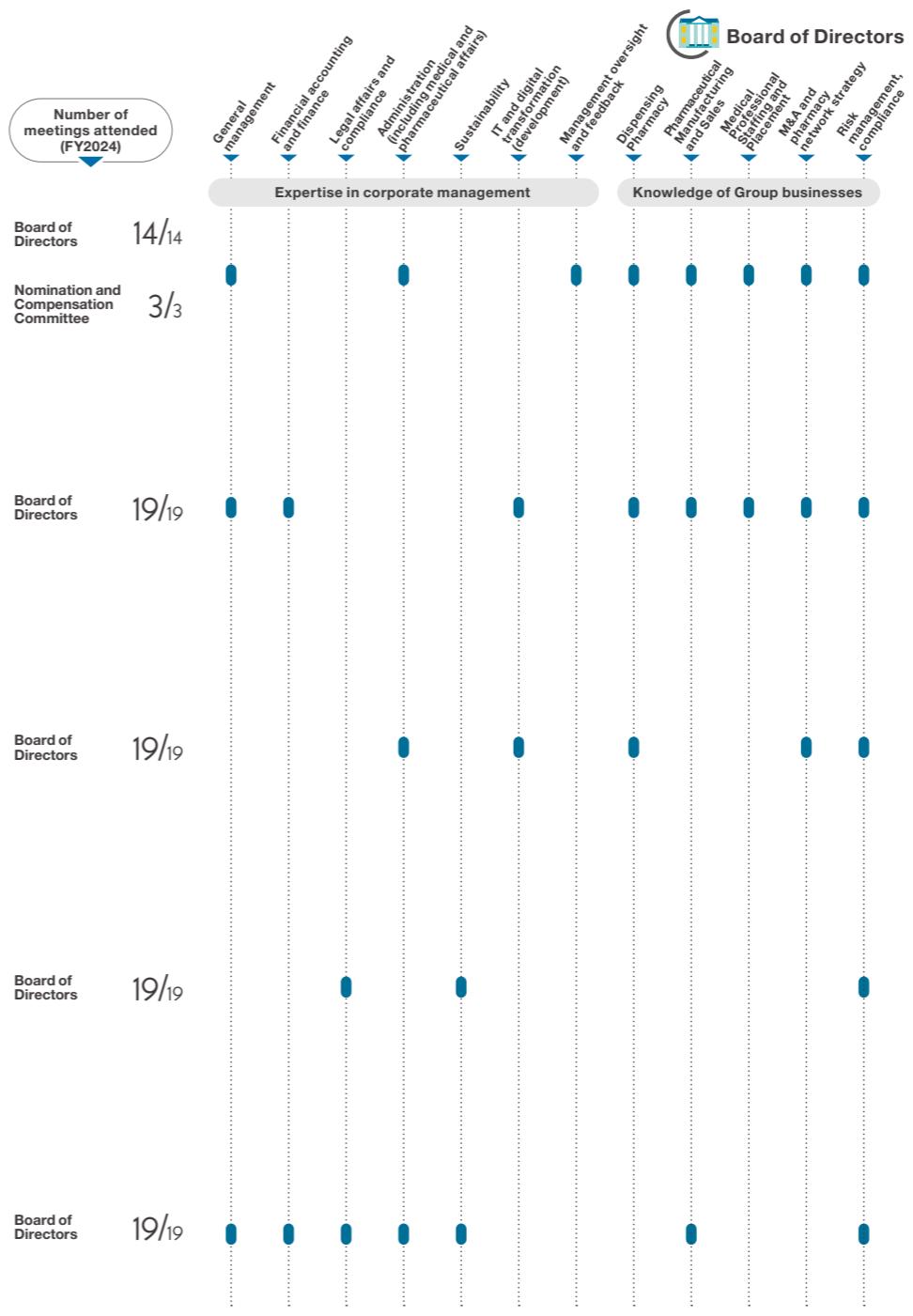
Fujimoto is in charge of general affairs, human resources, recruitment for the pharmacy business, the insurance services business, risk management, and compliance, and serves as Chief Information Security Officer (CSO). He contributes to the governance of the entire company, including serving on the Information Security Committee, and the Risk Management and Compliance Committee.



### Masahiro Inoue

#### Director

Before joining Nihon Generic, Inoue served as branch manager and area branch manager for Sumitomo Mitsui Banking. Since joining the company, he has been in charge of its overall management, and possesses a wide range of knowledge and experience around the manufacture and sale of generic drugs. He has overseen the Pharmaceutical Manufacturing and Sales Business as President and CEO of Nihon Generic Co., Ltd. since June 2022, and as President and CEO of Choseido Pharmaceutical Co., Ltd. since May 2025.



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### Yoshimitsu Onji

Outside Director   Outside   Independent

Onji has experience as a company president and chairman. Prior to joining Nihon Chouzai, he was involved in starting up a staffing firm and in numerous corporate acquisitions, as well as being responsible for financial strategy. As a manager with a wealth of experience in funding and M&A transactions, he is helping to oversee management of the Company and provides feedback as an outside director.



### Mikiharu Noma

Outside Director   Outside   Independent

As a professor in the Graduate School of Business Administration of Hitotsubashi University, Noma has specialized knowledge in financial accounting and corporate valuation. He is also well-versed in building corporate value, investor engagement, ESG and human capital management.



### Nobuyuki Hatakeyama

Director

Since the early days of Nihon Chouzai's founding, Hatakeyama has held a wide range of key positions, including Sales Manager, Branch Manager, General Manager of the Operational Audits Department, and Director. With a wealth of experience and knowledge in pharmacy development and pharmacy operations in the Dispensing Pharmacy Business, in addition to his auditing role as an Audit and Supervisory Committee member, he also oversees management and provides appropriate feedback.



### Shio Harada

Outside Director   Outside   Independent

Attorney. Harada has a wealth of experience and insight regarding legal affairs as a whole, including as a lecturer in the area of civil affairs at the Legal Research and Training Institute. In addition to serving as outside director of another listed company, she has extensive knowledge of sustainability management centered on gender diversity.



### Tomomi Nakano

Outside Director   Outside   Independent

Nakano is a certified public accountant and tax accountant. She has been engaged in audit work at an auditing firm for 14 years, and has been involved in statutory audit work for listed companies, large companies under the Companies Act, and educational institutions. She has also served as a director and auditor for a charitable corporation, as an auditor for a regional bank, as an outside director for a company listed on the Tokyo Stock Exchange Prime Market, and as an auditor for an independent administrative agency.



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## Company Information (as of March 31, 2025)

### Company Profile

**Trade name**  
NIHON CHOUZAI Co., Ltd.

**Established**  
March 1980

**Headquarters**  
108-0014  
9F Tamachi Tower, 5-33-11, Shiba,  
Minato-ku, Tokyo  
+81-(0)3-6810-0800 (general)

**Capital**  
3,953.02 million yen

**Consolidated net sales**  
360.5 billion yen (FY2024)

**Employees**  
Regular employees: 4,798;  
part-time employees and others: 673

\* Figures for part-time employees and others represent the average annual number of employees based on conversion to an 8-hour workday

**Main financing banks**  
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation,  
MUFG Bank, Ltd., Resona Bank, Ltd.

**Main business area**  
Management of a dispensing pharmacy chain

### Affiliated companies

**Nihon Generic Co., Ltd.**  
Manufacture and sale of pharmaceuticals  
8F Tamachi Tower, 5-33-11, Shiba,  
Minato-ku, Tokyo  
<https://www.nihon-generic.co.jp/en/>

**Choseido Pharmaceutical Co., Ltd.**  
Manufacture and sale of pharmaceuticals  
92 Kou, Kokufu-cho, Tokushima City,  
Tokushima  
<https://www.choseido.com/>

**Medical Resources Co., Ltd.**  
Staffing and placement of healthcare professionals  
8F Tamachi Tower, 5-33-11, Shiba, Minato-ku, Tokyo  
<https://www.medical-res.co.jp/>

**Japan Medical Research Institute Co., Ltd.**  
Research investigation, provision of information and advertising media, and consulting services related to the healthcare industry in general  
9F Tamachi Tower, 5-33-11, Shiba, Minato-ku, Tokyo  
<https://www.jpmedri.co.jp/>

### Cover Story

Guided by its mission of giving people the closest possible support, the Nihon Chouzai Group places high value on points of contact with patients and customers.

Centered on our nationwide network of pharmacies, we provide comprehensive support for the health of all the people in the communities we serve through our Pharmaceutical Manufacturing and Sales Business, Medical Professional Staffing and Placement Business, and Information Provision and Consulting Business.

To achieve the goal of Long-Term Vision 2035 of becoming the most trusted partner in healthcare, it is vital to build trust through a variety of points of contact.

Building on trust built up over the years, we will accelerate our growth and embrace new challenges to realize our vision for the kind of Group we want to become.



### Nihon Chouzai Group Disclosure

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#### Non-Financial Information

##### Integrated Report

This report contains a wide range of financial and non-financial information to help stakeholders grasp the overall picture of value creation in the Nihon Chouzai Group and our path toward the long-term enhancement of corporate value.

##### IR information website

Presents management policies, financial information, stock information, and other data, mainly for shareholders and investors

<https://www.nicho.co.jp/en/ir/>

\*After the delisting, past financial information is archived on the company's IR website.

##### Securities report (Japanese only)

Statutory materials presenting the corporate overview, business overview, sales results, state of facilities, accounting status, and other information based on Japan's Financial Instruments and Exchange Act

<https://www.nicho.co.jp/corporate/ir/library/securities.html>

\*Due to the delisting, starting in FY2026 the company will not prepare or submit securities reports.

##### Corporate Governance Report

Outlines the Group's initiatives and goals for corporate governance, which stock exchanges require listed companies to submit

<https://www.nicho.co.jp/en/sustainability/esg/governance/>

\*After the delisting, the company will not prepare or submit corporate governance report.

##### Sustainability website

Publishes sustainability-related information on the Nihon Chouzai Group for a wide range of stakeholders

<https://www.nicho.co.jp/en/sustainability/>

##### Sustainability Data Book

Comprehensive sustainability disclosure for the Nihon Chouzai Group

<https://www.nicho.co.jp/en/sustainability/databook/>

##### Corporate website

Encompasses everything related to the business activities of the Nihon Chouzai Group

<https://www.nicho.co.jp/en/>

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Consolidated Financial Data	FY2014		FY2015		FY2016		FY2017		FY2018		FY2019		FY2020		FY2021		FY2022		FY2023		FY2024		
Fiscal year in which revisions to dispensing fees and NHI drug prices were made	Dispensing Fees	NHI Drug Prices <sup>*11</sup>	Dispensing Fees	NHI Drug Prices																			
<b>Business results (fiscal year)</b>																							
Net sales	181,844		219,239		223,468		241,274		245,687		268,520		278,951		299,392		313,318		340,310		360,512		
Gross profit	31,929		39,068		39,258		43,837		41,975		46,372		49,374		52,422		53,643		57,236		57,365		
Selling, general and administrative expenses	25,281		28,578		30,738		33,250		35,242		38,779		41,267		45,833		46,057		48,093		51,125		
Operating profit	6,647		10,489		8,519		10,587		6,733		7,593		8,106		6,589		7,586		9,142		6,239		
EBITDA <sup>*1</sup>	10,923		15,615		14,237		17,127		14,525		15,491		16,286		14,974		16,337		18,251		15,856		
Ordinary profit	6,003		9,878		7,976		10,138		6,077		7,405		8,409		6,767		7,682		9,439		6,915		
Profit attributable to owners of parent	2,778		6,329		4,638		6,104		3,790		6,697		3,538		3,705		4,458		2,553		1,391		
<b>Cash flows (fiscal year)</b>																							
Cash flows from operating activities	5,831		19,327		△940		23,141		13,572		13,192		11,213		19,411		7,532		20,421		8,824		
Cash flows from investing activities	△8,437		△7,823		△28,444		△13,843		△1,770		△2,731		△7,767		△9,313		△10,018		△13,726		△9,921		
Cash flows from financing activities	1,422		7,031		18,205		△2,034		△10,516		△7,955		△2,806		△17,448		713		△4,430		2,526		
<b>Financial position (at year-end)</b>																							
Total assets <sup>*2</sup>	130,141		157,609		178,347		186,573		178,677		185,551		186,262		178,753		185,297		195,087		197,105		
Net assets	17,635		32,473		36,447		41,506		41,073		47,072		49,868		52,876		56,483		58,351		59,097		
Cash and cash equivalents	13,844		32,380		21,200		28,464		29,749		32,254		32,893		25,543		23,770		26,034		27,463		
Merchandise and finished goods	15,911		15,328		21,455		20,873		22,272		22,988		23,139		23,024		28,416		28,992		29,507		
Interest-bearing debt <sup>*3</sup>	68,327		66,794		86,524		87,611		81,302		74,381		73,219		56,597		58,128		54,925		58,270		
<b>Per share information</b>																							
Net assets per share (yen) <sup>*4</sup>	628.80		1,015.11		1,139.35		1,297.50		1,369.52		1,569.77		1,663.01		1,763.34		1,888.17		1,950.44		1,978.13		
Net income per share (yen) <sup>*4</sup>	97.24		216.42		145.02		190.84		121.74		223.33		118.01		123.56		148.92		85.35		46.54		
<b>Financial and non-financial data</b>																							
Sales growth rate (%)	10.0		20.6		1.9		8.0		1.8		9.3		3.9		7.3		4.7		8.6		5.9		
SG&A expense ratio (%)	13.9		13.0		13.8		13.8		14.3		14.4		14.8		15.3		14.7		14.1		14.2		
Operating margin (%)	3.7		4.8		3.8		4.4		2.7		2.8		2.9		2.2		2.4		2.7		1.7		
ROA (%) <sup>*5</sup>	2.2		4.4		2.8		3.3		2.1		3.6		1.9		2.0		2.4		1.3		0.7		
ROE (%) <sup>*6</sup>	16.6		25.3		13.5		15.7		9.2		15.2		7.3		7.2		8.2		4.4		2.4		
Equity ratio (%) <sup>*7</sup>	13.6		20.6		20.4		22.2		23.0		25.4		26.8		29.6		30.5		29.9		30.0		
Interest coverage ratio (times) <sup>*8</sup>	7.1		24.4		—		37.1		25.8		34.9		35.1		64.8		28.2		68.7		20.2		
Debt-to-equity ratio (times) <sup>*9</sup>	3.8		2.1		2.4		2.1		2.0		1.6		1.5		1.1		1.0		0.9		1.0		
Capital expenditure	12,279		8,073		23,344		15,316		5,254		12,025		9,492		8,362		10,321		12,188		10,330		
Depreciation	3,631		4,461		4,741		5,214		6,304		6,316		6,416		6,569		6,740		7,170		7,659		
R&D expenses	1,767		1,913		2,388		2,784		2,764		2,991		2,776		3,411		3,065		2,765		3,133		
Number of employees <sup>*10</sup>	3,283		3,435		3,781		4,075		4,383		4,904		5,221		5,552		5,689		5,864		6,063		

\* Figures have been rounded down. Percentages have been rounded to the nearest first decimal place.

Notes:

\*1. EBITDA = Operating profit + depreciation + amortization of goodwill

\*2. Figures before FY2017 are not retroactively adjusted in accordance with a change in accounting standards.

\*3. Interest-bearing debt = loans + lease obligations + installment accounts payable + bonds

\*4. Nihon Chouzai conducted 2-for-1 stock splits on October 1, 2015 and April 1, 2020. Net assets per share and net income per share have been calculated as if these stock splits had taken place at the beginning of FY2013.

\*5. ROA = profit attributable to owners of parent ÷ average of total assets at the beginning and end of the fiscal year

\*6. ROE = profit attributable to owners of parent ÷ average equity at the beginning and end of the fiscal year

\*7. Equity ratio = shareholders' equity ÷ total assets

\*8. Interest coverage ratio = operating cash flows ÷ interest payment. This figure is not presented when operating cash flows are negative.

\*9. Debt-to-equity ratio = interest-bearing debt ÷ net assets

\*10. Number of employees indicates regular employees. It does not include non-regular employees such as associate, contract, fixed-term, or part-time employees.

\*11. NHI drug prices were revised in October 2019 in line with changes in the consumption tax rate. Dispensing fees were also partially revised in conjunction with the drug price adjustment.

## Outside Evaluations

### Sustainability

#### ► Signing the United Nations Global Compact

In August 2023, Nihon Chouzai signed the United Nations Global Compact, an international initiative to support greater corporate social responsibility. Participation in the Global Compact demonstrates a company's stance on Ten Principles related to four areas—human rights, labor, environment, and anti-corruption. While making all Group executives and employees aware of the purpose of this compact, we will identify areas for improvement and work to sustainably enhance corporate value by measuring our business activities against the yardstick of the values of the Ten Principles.



#### ► Support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations

We endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) in June 2022 and have been making steady headway in our disclosure based on the recommendations.



### Human Capital Management

#### ► Certified as 2025 Health & Productivity Management Outstanding Organizations in the large enterprise category

Nihon Chouzai, Nihon Generic, and Medical Resources have all been selected as 2025 Certified Health & Productivity Management Outstanding Organizations in the large enterprise category, under a certification program established by the Ministry of Economy, Trade and Industry. Additionally, Japan Medical Research Institute has been selected as a 2025 Certified Health & Productivity Management Outstanding Organization in the small and medium-sized enterprise category (Next Bright 1000). These programs recognize companies that take employee health management seriously from a management perspective and strategically pursue health and productivity management initiatives.



#### ► Received DBJ Employee Health Management Rating

This rating is connected to a program administered by the Development Bank of Japan to extend loans based on sustainability assessment and certification. The program uses a proprietary screening system to select companies that demonstrate outstanding care for the health of executives and employees. Nihon Chouzai received the DBJ Employee Health Management Rating in 2023.



#### ► Selected for inclusion in FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index

The Group has been continuously selected since 2023 as a constituent of both the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index, which target Japanese companies taking outstanding action in terms of ESG practices.



#### ► Received B Score in CDP Climate Change Report 2024

We received a B score in the Climate Change Report 2024 published by CDP, an international NPO, following a B score in 2023 as well. The current B score is at the management level in CDP's classification, and indicates that the company understands its own environmental risks and impacts and takes actions on climate issues.



#### ► Kurumin

Nihon Chouzai and Nihon Generic have received Kurumin certification from the Ministry of Health, Labour and Welfare, recognizing them as companies that provide outstanding support for parenting.



#### ► Eruboshi certification

Nihon Chouzai has been recognized as an outstanding company for its efforts to empower women's participation in the workforce, receiving the highest level of Eruboshi certification, which is based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



#### ► Tomonin

Nihon Chouzai in 2021 also acquired Tomonin certification, a symbol mark certifying that we provide a workplace environment where employees can balance work and long-term care. We continue taking steps to ensure that employees do not have to quit their jobs to care for family members.



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