

Governance That Supports Value Creation

Nihon Chouzai's Concept of Corporate Governance

1

Improving management transparency and clarifying

2

Speedy decision-making

3

Strengthening management oversight functions

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. We also determined that the Board of Directors should be made up of eight directors (including two outside directors) and three directors who are Audit and Supervisory Committee members (including two outside directors). The role of the Board 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

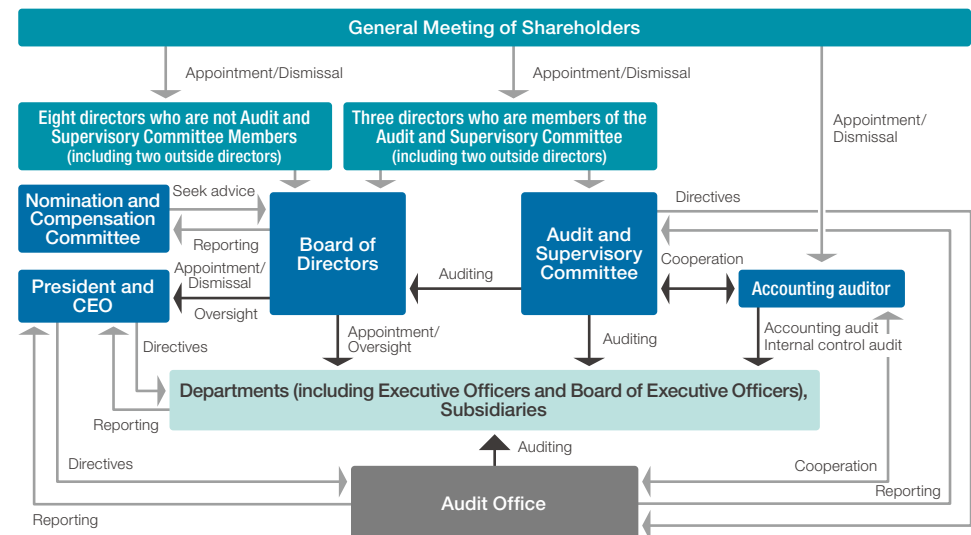
Activities in 2023

The Board of Directors met 14 times from April 1, 2023 to March 31, 2024. 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

Frequency	In principle, once a month or as needed
Meetings Held	14 (April 1, 2023– March 31, 2024)
Key agenda items and resolutions for the Board of Directors for FY2023	<ul style="list-style-type: none"> ■ Decision to begin exploring revisions to long-term vision and announce medium-term management plan ■ Consolidated and non-consolidated results, financial standing, etc. ■ Pharmacy openings and closings (including acquisitions) in Dispensing Pharmacy Business, response to fee revisions ■ Decision to relocate head office to pursue better human capital management and reduce SG&A expenses ■ Progress of next-generation dispensing system, budget, etc. ■ Discussion of governance framework based on engagement reports from institutional investors ■ Start of new personnel system at Nihon Chouzai ■ Revision of sustainability guidelines and policies, TCFD-based disclosure

Corporate Governance Framework (as of June 25, 2024)

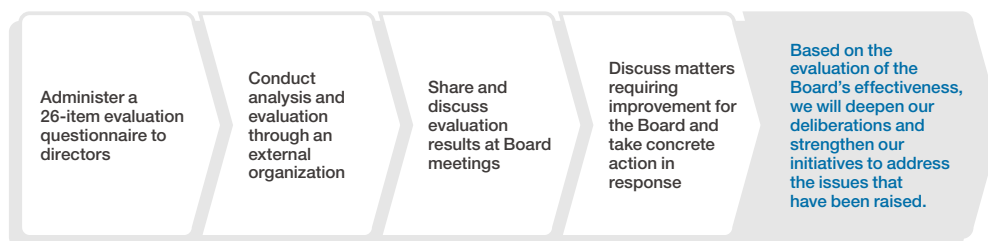


Governance That Supports Value Creation

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 evaluating effectiveness in FY2023

The results of an evaluation carried out in May 2024 confirmed that the effectiveness of the Board of Directors has been generally ensured in FY2023.

We took steps in FY2023 to address issues identified through the results of the previous year's evaluation. Discussions during the year focused in particular on the formulation of the new long-term vision, announced in September 2024. In the Board of Directors and other forums, we discussed and considered issues from multiple perspectives, including strategies and performance targets. Moreover, given the importance of bringing diverse perspectives and values into management and among our core personnel, we pursued measures to raise the ratio of female managers, among other initiatives, guided by our action plan. These efforts yielded improvements in the areas of ensuring diversity among core personnel and considering strategy from multiple angles, although these are still recognized as having outstanding issues.

On the other hand, some issues, including securing more time for deliberations and succession planning, are recognized as requiring an ongoing response. We will continue to take steps to address these issues.

Future Initiatives Based on Issues Identified

01 Securing more time for deliberations and consideration of strategy from multiple angles

We introduced an executive officer system in April 2022, aiming to better separate management decision-making and oversight functions from business execution functions and enhance management agility. The system further clarifies the division of roles between the Board of Directors and the Board of Executive Officers, resulting in more focused agendas from the perspective of the separation of oversight and execution. Meanwhile, delegating greater authority to the executive side frees up more time for discussion on longer-term themes at Board of Directors meetings.

We also expanded opportunities for discussions at the management level beyond Board meetings, particularly around longer-term strategies and issues, and are working to secure more time for deliberations and achieve more in-depth discussions. Efforts to secure more time for deliberations in FY2023 involved holding meetings and retreats targeting executive officers, primarily aimed at formulating the new long-term vision and medium-term roadmap.

02 Succession planning initiatives for executives

Members of the Nomination and Compensation Committee will deliberate on the method of framing discussions around succession planning for executives as well as on an objective, transparent screening process. Meanwhile, members of the Board of Directors will deliberate on how information from the Nomination and Compensation Committee should be linked to Board meetings in terms of ideal scope and depth.

03 Consideration of management and the business portfolio with an awareness of the cost of capital, more in-depth discussions from a Group perspective

Some respondents pointed out a lack of adequate discussion around business strategies that take into account the cost of capital and stock prices. Others noted that, while there is in-depth discussion about the core pharmacy business, discussions about the Group as a whole, including business portfolio strategies, are insufficient. Some also recognized issues with the role that the Group head office plays. Taking advantage of opportunities afforded by the revision of the long-term vision, we are currently holding discussions at the management level regarding topics such as a business portfolio that takes capital efficiency into account and investment strategies. We will continue striving to secure time for executive discussions and reinforce our monitoring of progress.

Governance That Supports Value Creation

Executive Compensation System

Basic Policy

- We will set executive compensation at an appropriate level to secure and retain outstanding personnel who act to realize the Group philosophy, motivating them to adequately carry out the roles expected of them in bringing about the sustainable enhancement of corporate and shareholder value.
- Acknowledging that we should be fully accountable to shareholders and other stakeholders, we will work to ensure 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 ratio 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 income and individual evaluations of each executive officer

Stock-based compensation

To motivate directors and executive officers to share value with shareholders and contribute to the enhancement of longer-term corporate and shareholder value, we will grant shares at a certain term after retirement based on a stock ownership system.

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 (Millions of yen)	Total compensation by type (Millions of yen)			Number of eligible officers
		Fixed compensation	Executive bonuses	Stock-based compensation (Board Incentive Plan Trust)	
Directors (excluding Audit and Supervisory Committee members and outside directors)	209	165	31	12	8
Audit and Supervisory Committee members (excluding outside directors)	14	14	-	-	1
Outside Director	34	34	-	-	4
Total	258	213	31	12	13

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.

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	Shares other than unlisted shares
FY2022	Number of issues	1	-
	Amount* (millions of yen)	13	-
FY2023	Number of issues	1	-
	Amount* (millions of yen)	13	-

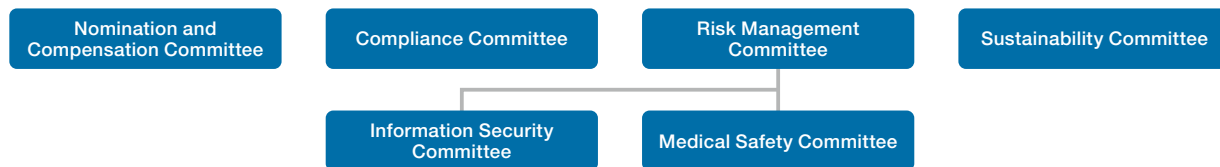
*Aggregate amount recorded on the balance sheet

Governance That Supports Value Creation

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	Committee operation
Nomination and Compensation Committee	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 three times in FY2023 (April 2023–March 2024). 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.
Compliance Committee	Ensures thorough compliance 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, etc.	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. Subsidiaries hold similar meetings.
Risk Management Committee	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, etc.	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. Subsidiaries hold similar meetings.
Information Security Committee	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.
Medical Safety Committee	Promotes appropriate medical safety management and contributes to the safe provision of healthcare.	Pharmaceutical Headquarters (Pharmaceutical Administration Department, Quality Control Department), 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.
Sustainability Committee	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.	Group Corporate Planning Department, General Affairs Department, Sustainability Supervision Office, Group companies	Held three times in FY2023 (April 2023–March 2024). Supervises and evaluates the progress of initiatives to address the material issues the Group has identified, builds these issues into corporate and business strategies, ensures compliance with international guidelines, and engages in discussions on participation in global initiatives, reporting to the Board as needed.



Roundtable Discussion with Outside Directors

A New Step Forward for the Nihon Chouzai Group: Current Challenges and Hopes Going Forward

The Nihon Chouzai Group formulated Long-Term Vision 2035 in September 2024, outlining for stakeholders how the Group intends to grow going forward, grounded in a philosophy of giving people the closest possible support.

What is needed for the Nihon Chouzai Group to achieve Long-Term Vision 2035? The four outside directors sat down to exchange their views on where the Group currently stands, their hopes for the future, and outstanding issues, among other topics.

Photo (from left): Mikiharu Noma, Shio Harada, Yoshimitsu Onji, and Tomomi Nakano

After a Sudden Change in Top Management: Continuing to Evolve while Carrying on the Commitments of the Previous President

Onji I was shocked when Yosuke Mitsuahara, the previous president, suddenly stepped down due to health concerns, but I believe he did a wonderful job in the nearly five years since he took over as president in June 2019.

Noma I agree. That's exactly why this abrupt change gave us a lot to think about. I think it caused employees, inside directors, and especially the new President Kasai considerable apprehension.

Harada I was personally worried that Group employees would be really shaken up, but I think it was great that President Kasai conveyed a very clear message to them—that of becoming the most vibrant and energetic Group in Japan. President Kasai also went around visiting Nihon Chouzai pharmacies across the country, actively engaging with employees. Thanks in part to his efforts, I think there's been no noticeable disruptions within the Group, and people keep going about their business.

Nakano I became an outside director in June 2024, so I can't make comparisons with the way things were before, but I feel that Board meetings have been very positive. Although we had many serious discussions, President Kasai's positive attitude was apparent, which led me to expect great things from the Nihon Chouzai Group going forward.

Onji We can thank President Mitsuahara's contributions in large part for creating an active Board of Directors where people can exchange opinions freely and frankly. He focused on creating a very lean company, not only in terms of the Board of Directors but also by laying the groundwork for a long-term vision. During his tenure, though, the Group experienced a number of issues, including the discovery of manufacturing management deficiencies at Choseido Pharmaceutical and a fire at a Group warehouse, which surely called for a great deal of effort on his part. This was the context in which this change in leadership came about, but my hope is that President Kasai and everyone involved in the Group will faithfully carry on the legacy President Mitsuahara built up.

Long-Term Vision 2035: A Vision Created by Listening to the Views of Young Employees

Nakano When Long-Term Vision 2035 came out, my impression was that it sets out some very high hurdles for the Group. The Group's current ROE is 4.4%, but the vision calls for raising this to 15% and raising ROIC from 4.8% to 15%. This will be difficult if the Group simply keeps moving in its current direction—such challenging targets will require the Group to incorporate new initiatives. I also



Yoshimitsu Onji
Outside Director

take it that the key will be whether management can effectively instill the vision throughout the Group, persuading all employees that the vision will be hard to realize unless everyone takes a personal stake in the targets and works hard to achieve them.

Harada The Group announced the long-term vision after extensive discussions, lasting about a year and a half. I think the bottom-up approach taken was a smart call—putting next-generation core members at the center of repeated discussions and feeding their opinions back to management. The core members were quite candid. Some of their opinions went well beyond the existing framework that has tended to hold the Group back at times, and these were reflected in the final output. I feel that it was precisely this kind of thinking-outside-the-box discussion that allowed the Group to come out with Long-Term Vision 2035.

Noma The process did indeed take a while, but during that time the kind of “intellectual combat” that went on between management and employees, among

other things, resulted in more in-depth discussions. It’s true that the ROE and ROIC targets are high, but the process of discussing these targets has begun to generate greater awareness of capital costs and share prices among executives and employees. So I suspect this was a valuable process in terms of enhancing corporate value.

*A concept proposed by Japanese management scholar Ikujiro Nonaka. The SECI model of knowledge creation (centered around the concepts of socialization, externalization, combination, and internalization) entails thorough-going dialogue to convert the knowledge held by individuals into organizational knowledge.

Onji I believe announcing a long-term vision is vital, not only for various stakeholders outside the Group but also as a way of indicating to Group employees the kind of company Nihon Chouzai is aiming to become. In this sense, it’s highly significant that discussions that included younger employees took place throughout the exploratory and decision-making process, and that a robust process was followed.

After determining ROIC and other management indicators, the Group is also setting its sights on human capital management. Given that it operates in an industry in which pharmacists and other employees need to be able to derive a sense of fulfillment from their work, the emphasis the Group is placing on human capital management is something to be commended.

Towards Achieving the Long-Term Vision: Human Capital and Other Resources Supporting Growth in the Nihon Chouzai Group

Noma Shifts in the operating environment and demographic changes, along with other factors, are expected to spur restructuring in the healthcare industry to which the Nihon Chouzai Group belongs.

How the Group navigates this restructuring will be a major challenge going forward.

I believe if the Nihon Chouzai Group can take effective advantage of its human capital, operational strengths, and its generic drug manufacturing and sales business, it will be able to take a leading role in transforming the industry. There are opportunities for growth in the way that the company maintains and augments these resources, and I sense that an exciting future awaits the Group.

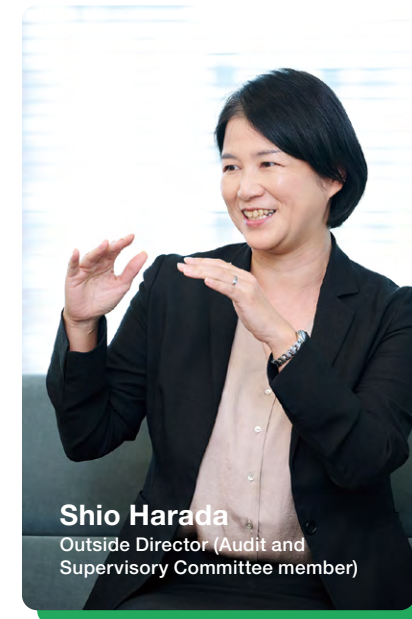
Harada It’s my feeling as well that the Nihon Chouzai Group has tremendous advantages in terms of its human capital. The pharmacists working at Nihon Chouzai pharmacies possess a high level of professional self-awareness and expertise, so the key will be how to combine their human capabilities with greater efficiency.

Onji Many characteristics of both the Dispensing Pharmacy and Pharmaceutical Manufacturing and Sales businesses set them apart from ordinary retail and manufacturing businesses—including dealing with government reforms to the healthcare system, helping to curb the costs of social security, and making efforts to closely engage with patients in delivering healthcare. Meanwhile, although they are in the same healthcare sector, the Medical Professional Staffing and Placement and Information Provision and Consulting businesses are quite different in nature. The Group has to find ways of capitalizing on the strengths of engaging in multiple businesses with different characteristics, while also balancing out the advantages and disadvantages of each business to achieve stronger performance. This kind of challenge doesn’t exist in most other industries.

Nakano I agree. Members of the healthcare industry are required to operate in compliance with various laws and regulations, and there is always a risk that healthcare system reforms and other factors can bring about dramatic changes in the business environment. Such challenges are unique to this industry. I think the only way to navigate them is to mount an agile response. However, the Group has also been investing in systems, and I believe it will be critical to make good use of the information accumulated through these systems to boost efficiency. I think using systems to increase work efficiency can also enable pharmacists to handle a higher volume of prescriptions, and I look for the Group to make greater use of AI-based applications and systems.

How the Nihon Chouzai Group Can Improve: Stimulating Deeper Group-Wide Dialogue around the Long-Term Vision

Nakano When a problem arises in the Group, if there is a gap between how management is thinking and employees out in the field are thinking, or a gap between that and the thinking underlying the long-term vision, this can undermine sound management. The follow up to the manufacturing management



Shio Harada
Outside Director (Audit and
Supervisory Committee member)

deficiencies that occurred at Choseido Pharmaceutical, which became a Group subsidiary in 2013, pointed out a lack of adequate communication between Group management and the executives and employees of the subsidiary. Going forward, I think more effort needs to be put into actions to instill the vision of management throughout the organization as a whole.

Onji That need to instill the vision you are talking about is the reason why, as I said, I think it was highly significant to bring younger employees into repeated discussions in the process of sounding out the long-term vision. In companies where a single family holds the majority of shares, decisions tend to be made in a top-down manner. My understanding is that the Nihon Chouzai Group has made a new start, intending to become a much more bottom-up company. That's something I would like the Group to focus on even more.

President Kasai has talked about becoming the most vibrant and energetic Group in Japan. I'd love to see smiles on the faces of all Group employees. But my sense is that the Group is still only halfway there—serious thought needs to be given to finding ways of making sure that there are smiles of employees on the front lines and fostering a vibrant organization.

Noma I fully agree with what you're saying. On that score, I'd like to suggest that there are two major challenges at hand. The first is reinforcing succession planning. Nihon Chouzai is a company whose operations are firmly centered on pharmacies out in the field. So, figuring out how to cultivate management talent from the front lines is a real challenge. That's why a succession plan is essential to making the Nihon Chouzai Group more sustainable. The second challenge involves discussions around how to approach investments, in terms of deepening existing businesses and exploring new businesses, and how to balance such investments with shareholder returns. I'd like to see more in-depth deliberation on this point. Of course, from our vantage point as outside directors, we also play a crucial role in

ensuring that the interests of minority shareholders and the common interests of all shareholders are protected.

Harada In terms of succession planning, I believe the Group should continue striving to promote more women to managerial and executive positions from within the company. Because the proportion of female employees is very high in the Group, it's also important to make more diverse working styles available to employees. This involves reaching out to women who have the ability and want to keep working but have to leave the workforce to raise children or for other reasons. The key is to foster an environment in which such women can fulfill their innate potential, such as by allowing a wider range of working styles, expanding the paths to advancement, and offering educational opportunities. I'd like to see further progress on this front because it will lead to an environment that actually facilitates work for all employees, both men and women, and will also feed into greater innovation.



Tomomi Nakano
Outside Director (Audit and
Supervisory Committee member)

Expectations for the Future: Bringing Well-Being to Employees and Customers through Sustainability Management

Onji To achieve Long-Term Vision 2035 will of course require all executives and employees to come together and carry forward the management of the Group. In addition, by emphasizing human capital management, my hope is that the Group will be an organization where employees can lead fulfilling lives marked by well-being, glad that they work at Nihon Chouzai.

Noma Investors and shareholders look for growth in the financial value of the Group, and management also tends to focus on Group performance. But employees working in pharmacies and out in the field, whose mission is to provide people with the closest possible support, derive a sense of joy and contentment from contributing to the health and well-being of customers. Ultimately, as this is reflected in financial outcomes, all stakeholders will be satisfied. So, I want management to do everything it can to foster workplaces that facilitate employee well-being.

Nakano What you said really resonates with me. I don't think short-term corporate performance is what motivates employees on a day-to-day basis. This is where I believe sustainability management comes into play. A company grows over the long term, not in the short term. In this context, sustainability aims to expand intangible assets, such as human capital and customer assets. Nihon Chouzai publishes a Sustainability Data Book, and has done a good job applying that document to the SDGs goals in setting various performance indicators. I think employees will be driven to put in the effort if they can sense that they are doing something useful for society. Young people today in particular tend to place importance on their own growth and development. So, if employees can take the sustainability initiatives of the Nihon Chouzai Group on board, I feel the Group can make headway in bringing about employee well-being and growing the company.

Harada As an outside director, I would like to be more intentional about offering advice in terms of whether everyone is moving forward toward a common goal.

Noma FY2024 got off to a tough start. Group executives and employees surely have a greater sense of crisis over the business than we do as outside directors. This sense of crisis bore fruit in a long-term vision that revealed a really strong determination. My hope is that all stakeholders will be inspired by this vision to expect a bright future for the Nihon Chouzai Group.



Mikiharu Noma
Outside Director

Governance That Supports Value Creation

Board of Directors (as of June 25, 2024)



Chairman and Representative Director

Hiroshi Mitsuvara

Mitsuvara 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.

Attendance (times)
(FY2023)

Board of Directors —

Nomination and Compensation Committee —



President and CEO

Naoto Kasai

At Mitsubishi UFJ Trust and Banking, Kasai was Manager of the Human Resources Department, Manager of the Corporate Planning Division, and a Branch Manager. As General Manager of the Sales Management Department in charge of new pharmacy openings for Nihon Chouzai, he set policy for pharmacy openings, acquisitions, and pharmacy development, and managed business operations. Kasai has been in charge of overall management, Group corporate planning, digital transformation strategy, overall sales, sales management, corporate information, development, public relations, and sustainability. He became President and CEO in May 2024.

Board of Directors 14/14

Nomination and Compensation Committee —



Director and Senior Executive Officer

Toshiyuki Koyanagi

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 has contributed to the expansion of the Dispensing Pharmacy Business by taking the lead in addressing changes in the operating environment, including medical service fee revisions.

Board of Directors 14/14



Director and Senior Executive Officer

Kazunori Ogi

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. Ogi currently serves as a director of the company, in charge of accounting, finance, and affiliated companies. In terms of the Group as a whole, he helps to identify management issues for the Company and its subsidiaries and formulate management strategies to address them. Since October 2021, he has also served as President and CEO of Choseido Pharmaceutical Co., Ltd. and Director of Nihon Generic Co., Ltd.

Board of Directors 14/14

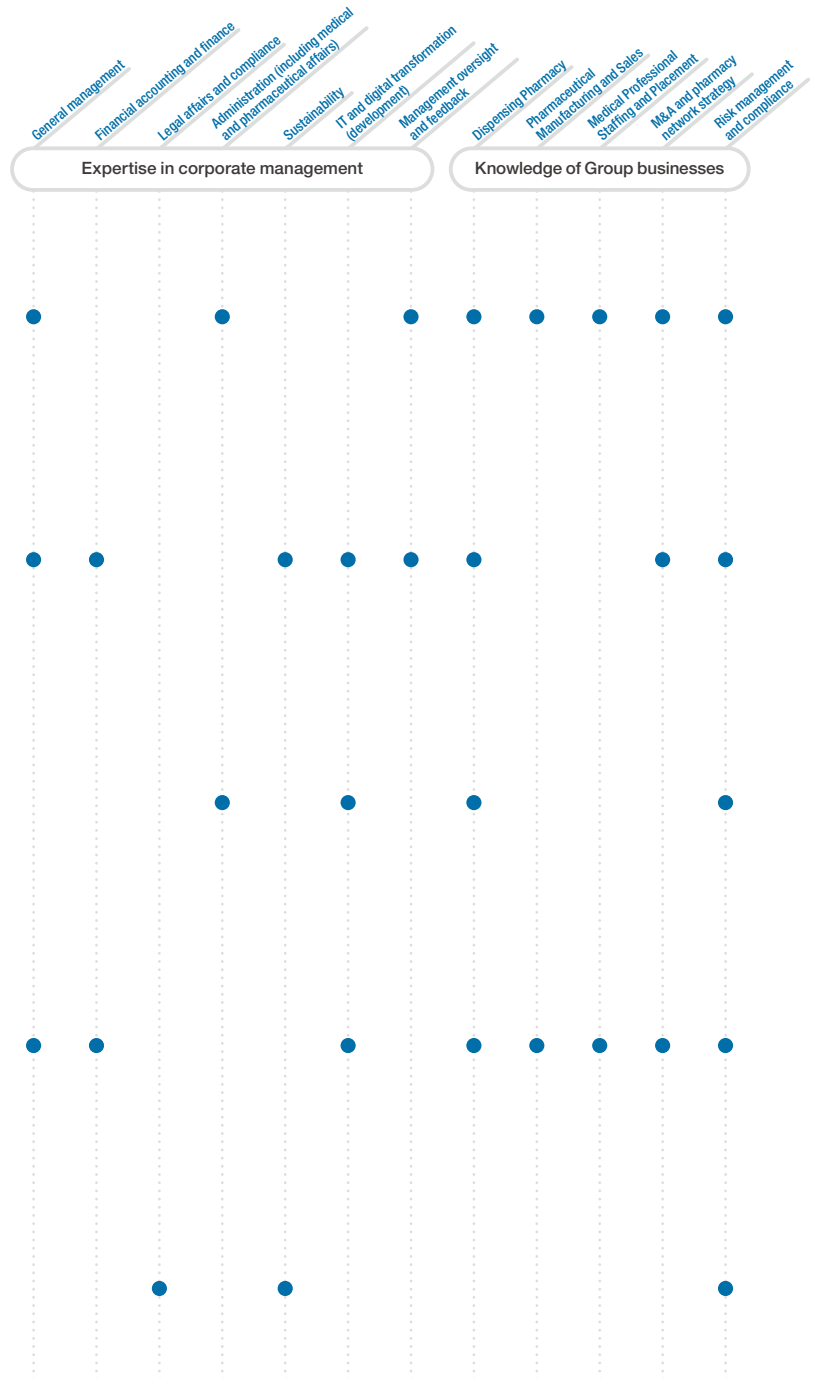


Director and Senior Executive Officer

Yoshihisa Fujimoto

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.

Board of Directors 14/14





Director

Masahiro Inoue

Before joining Nihon Generic, Inoue served as branch manager and area branch manager for Sumitomo Mitsui Banking. Since joining that 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. In June 2022, he began overseeing the Pharmaceutical Manufacturing and Sales Business as President & CEO of Nihon Generic.

Board of Directors 10/10



Outside Director

Yoshimitsu Onji

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.

Board of Directors 14/14
Nomination and Compensation Committee 3/3



Outside Director

Mikiharu Noma

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.

Board of Directors 14/14
Nomination and Compensation Committee 3/3



Director

Nobuyuki Hatakeyama

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.

Board of Directors 14/14
Audit and Supervisory Committee 15/15



Outside Director

Shio Harada

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.

Board of Directors 14/14
Nomination and Compensation Committee 3/3
Audit and Supervisory Committee 15/15



Outside Director

Tomomi Nakano

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.

Board of Directors —
Nomination and Compensation Committee —
Audit and Supervisory Committee —

