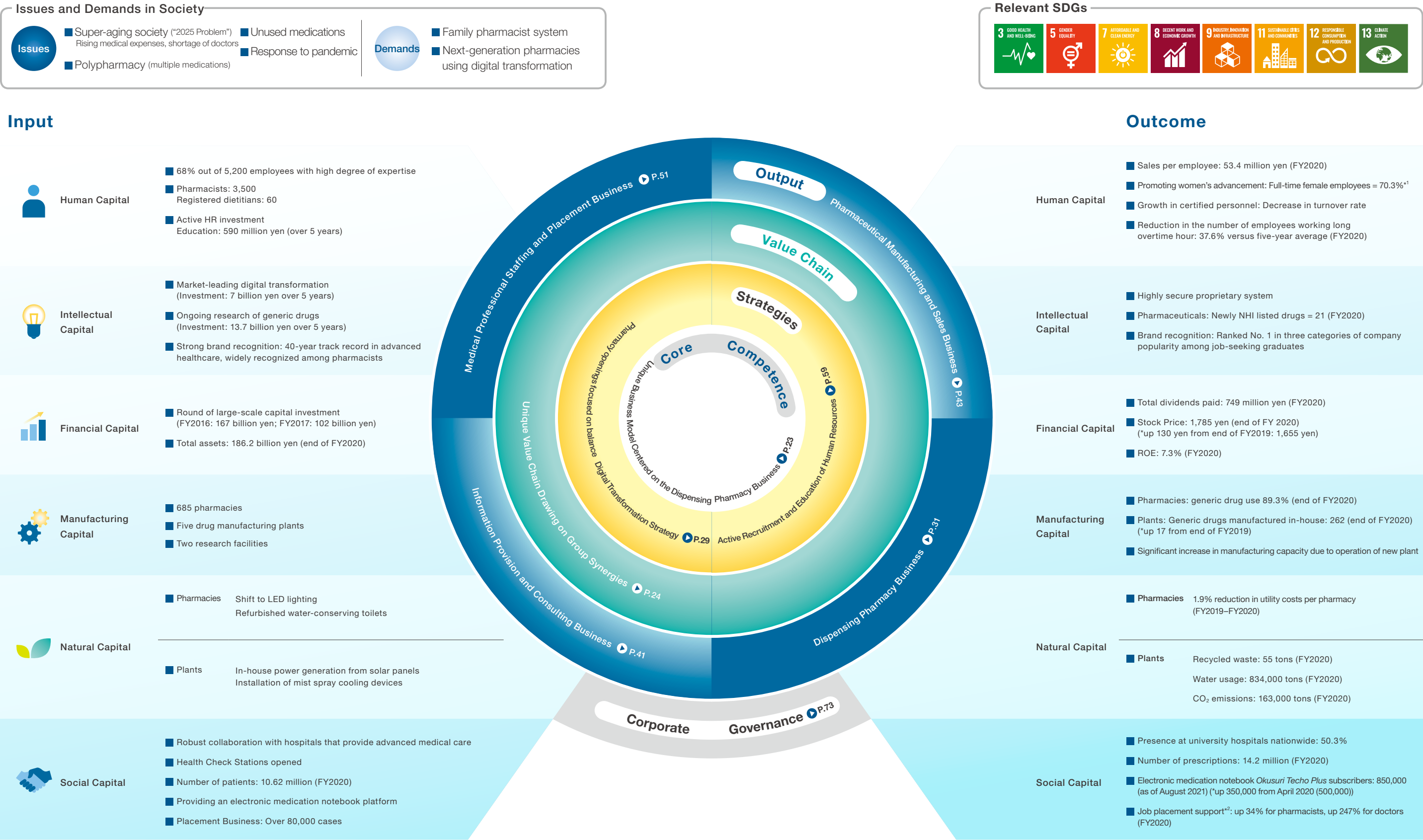


Value Creation Process



Input

Human Capital

- 68% out of 5,200 employees with high degree of expertise
- Pharmacists: 3,500
Registered dietitians: 60
- Active HR investment
Education: 590 million yen (over 5 years)

Intellectual Capital

- Market-leading digital transformation
(Investment: 7 billion yen over 5 years)
- Ongoing research of generic drugs
(Investment: 13.7 billion yen over 5 years)
- Strong brand recognition: 40-year track record in advanced healthcare, widely recognized among pharmacists

Financial Capital

- Round of large-scale capital investment
(FY2016: 167 billion yen; FY2017: 102 billion yen)
- Total assets: 186.2 billion yen (end of FY2020)

Manufacturing Capital

- 685 pharmacies
- Five drug manufacturing plants
- Two research facilities

Natural Capital

- Pharmacies
 - Shift to LED lighting
 - Refurbished water-conserving toilets
- Plants
 - In-house power generation from solar panels
 - Installation of mist spray cooling devices

Social Capital

- Robust collaboration with hospitals that provide advanced medical care
- Health Check Stations opened
- Number of patients: 10.62 million (FY2020)
- Providing an electronic medication notebook platform
- Placement Business: Over 80,000 cases

Output

Human Capital

- Sales per employee: 53.4 million yen (FY2020)
- Promoting women's advancement: Full-time female employees = 70.3%*1
- Growth in certified personnel: Decrease in turnover rate
- Reduction in the number of employees working long overtime hour: 37.6% versus five-year average (FY2020)

Intellectual Capital

- Highly secure proprietary system
- Pharmaceuticals: Newly NHI listed drugs = 21 (FY2020)
- Brand recognition: Ranked No. 1 in three categories of company popularity among job-seeking graduates

Financial Capital

- Total dividends paid: 749 million yen (FY2020)
- Stock Price: 1,785 yen (end of FY 2020)
(*up 130 yen from end of FY2019: 1,655 yen)
- ROE: 7.3% (FY2020)

Manufacturing Capital

- Pharmacies: generic drug use 89.3% (end of FY2020)
- Plants: Generic drugs manufactured in-house: 262 (end of FY2020)
(*up 17 from end of FY2019)
- Significant increase in manufacturing capacity due to operation of new plant

Natural Capital

- Pharmacies
 - 1.9% reduction in utility costs per pharmacy (FY2019–FY2020)
- Plants
 - Recycled waste: 55 tons (FY2020)
 - Water usage: 834,000 tons (FY2020)
 - CO₂ emissions: 163,000 tons (FY2020)

Social Capital

- Presence at university hospitals nationwide: 50.3%
- Number of prescriptions: 14.2 million (FY2020)
- Electronic medication notebook *Okusuri Techo Plus* subscribers: 850,000 (as of August 2021) (*up 350,000 from April 2020 (500,000))
- Job placement support*2: up 34% for pharmacists, up 247% for doctors (FY2020)

Value Chain

Strategies

Core Competence

Pharmaceutical Manufacturing and Sales Business P.43

Dispensing Pharmacy Business P.31

Information Provision and Consulting Business P.41

Medical Professional Staffing and Placement Business P.51

Unique Value Chain Drawing on Group Synergies P.24

Pharmacy openings focused on balance Digital Transformation Strategy P.29

Unique Business Model Centered on the Dispensing Pharmacy Business P.23

Active Recruitment and Education of Human Resources P.23

Corporate Governance P.73

*1 Nihon Chouzai only (end of March 2021)
*2 Number of placement contracts (versus FY2017)