

Toward Becoming an Innovative Corporate Group That Provides the Best Possible Healthcare Services

With pharmacies in all of Japan's 47 prefectures, Nihon Chouzai is one of Japan's largest pharmacy business operators. In addition to our core Dispensing Pharmacy Business, we also operate Pharmaceutical Manufacturing and Sales, Medical Professional Staffing and Placement, and Information Provision and Consulting Businesses.



About COVID-19 measures and the content of this Integrated Report:

Nihon Chouzai puts top priority on the safety of patients and employees at its sites and pharmacies nationwide. We have put in place various measures related to preventing the infection and spread of COVID-19. Please note, however, that this Report may contain some discussions and photographs from before the COVID-19 outbreak.

Our Vision

Toward Becoming a Comprehensive Healthcare Company

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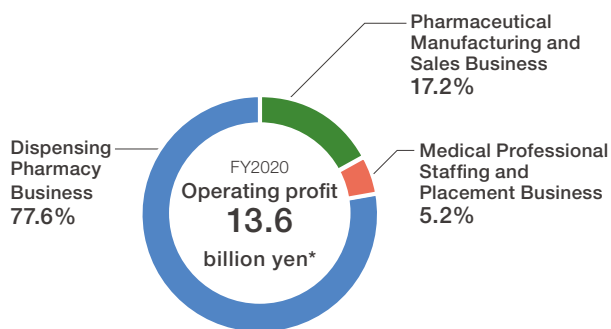
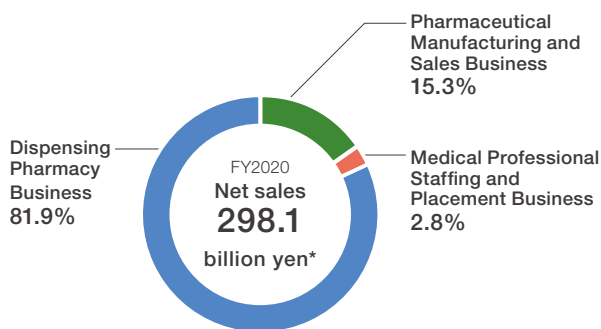
The Nihon Chouzai Group is seeking to grow as a comprehensive healthcare company rooted in the pharmacy business. We are pursuing dramatic growth in the Dispensing Pharmacy Business through the combined strategies of developing a distinctively balanced pharmacy network portfolio and implementing DX to achieve digital transformation in the healthcare field. From this starting point, we are also expanding our Pharmaceutical Manufacturing and Sales and Medical Professional Staffing and Placement Businesses to achieve sustainable growth as a comprehensive healthcare company.

Our Purpose

Achieving the True Separation of Drug Prescribing and Dispensing Services

The “true separation of drug prescribing and dispensing services” means that doctors and pharmacists assume a clear division of roles based on their particular area of expertise and work together closely as a team to support patient care. Under this framework, we are working to ensure medical safety and provide high-quality healthcare services to patients, while helping to curb rising medical costs.

Business Portfolio



* Sales and operating profit are the total of the three main business segments. Adjustment amounts have not been subtracted. Percentages are rounded to the nearest unit.

Dispensing Pharmacy Business
Nihon Chouzai Co., Ltd.
Other dispensing subsidiaries

Information Provision and Consulting Business
Japan Medical Research Institute, Inc.
* Information Provision and Consulting Business results are included in the Dispensing Pharmacy Business segment.

A leading company in the pharmacy sector

Net sales	244.0 billion yen
Operating profit	10.5 billion yen
Pharmacies with family pharmacists	86% <small>(as of July 29, 2021)</small>
Pharmacies conducting at-home healthcare	94% <small>(one or more visit per year, as of June 2021)</small>

Providing high value-added information and services

Supporting customers through six business lines

- Drug Information Service
- Advertising Media Service
- Survey and Research Services
- Data Health Support Service
- Consulting Services
- Drug formulary implementation and education

Pharmaceutical Manufacturing and Sales Business
Nihon Generic Co., Ltd.
Choseido Pharmaceutical Co., Ltd.

A manufacturer of a full line of generic drugs

Net sales	45.6 billion yen
Operating profit	2.3 billion yen
Number of drugs on the market	677 <small>(including two over-the-counter drugs)</small>
Development, manufacturing bases	5 plants, 2 laboratories

Medical Professional Staffing and Placement Business
Medical Resources Co., Ltd.

An HR services company specializing in professionals in healthcare fields

Net sales	8.3 billion yen
Operating profit	0.7 billion

Reliability

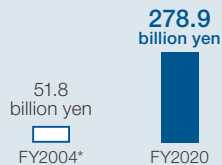


Taking the Lead in the Japanese Pharmacy Market



Consolidated net sales

Sales growth for
16 in a row



Sales growth for 16 years in a row since TSE listing

* Listed on Tokyo Stock Exchange (TSE), Second Section



Number of pharmacies

685

(as of September 1, 2021)

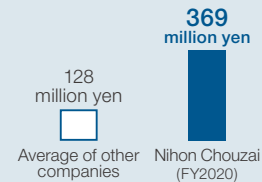


Pharmacies serving all prefectures in Japan, mainly three major metropolitan areas



Per pharmacy sales

No.1*



Result of a pharmacy network strategy focused on per pharmacy sales

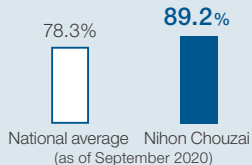
*Nihon Chouzai estimate based on materials disclosed by listed pharmacy chain operators.

Addressing Healthcare Issues Facing Japanese Society



Proportion of generic drugs

No.1



Promoting generic drug use by harnessing strong synergies with the Pharmaceutical Manufacturing and Sales Business



Staffing, placement job offers

Average job offers for healthcare professionals

Over **80,000 cases**

Providing high-value-added services with superlative matching quality



Electronic medication notebook subscribers

No.1*

850,000
(as of August 2021)

Enhancing convenience and supporting patient health

*Nihon Chouzai estimate based on materials disclosed by listed pharmacy chain operators.

Support for Advanced Medical Care



Proportion of hospital-front pharmacies (university hospitals, general hospitals, etc.)

62.8%

(as of September 1, 2021)

Ongoing strategy of opening pharmacies with an emphasis on balance between hospital-front/on-site pharmacies and hybrid pharmacies



Pharmacy presence in major university hospitals nationwide

50.3%

(as of September 1, 2021)

Supporting advanced medical care and gaining expertise



Proportion of Nihon Chouzai pharmacists certified in outpatient oncology by JASPO*

1 in 4 pharmacists

(as of April 2021)

Placement of highly specialized pharmacists such as those accredited by an academic society

*Japanese Society of Pharmaceutical Oncology (JASPO)



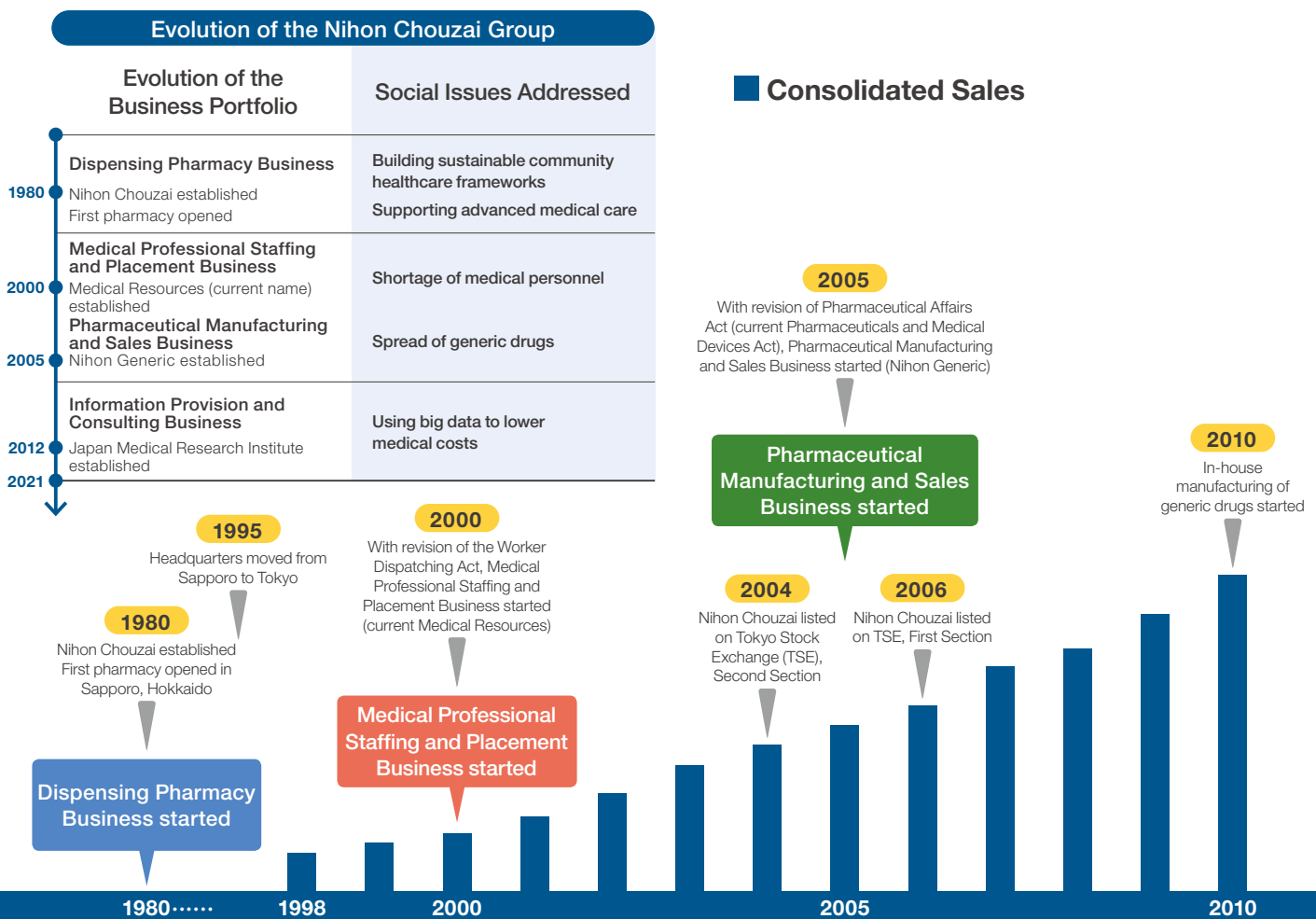
Prescription unit price

16,869 yen

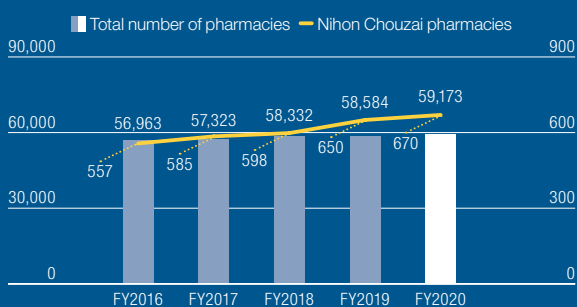
(FY2020 average)

Track record of handling highly specialized drugs

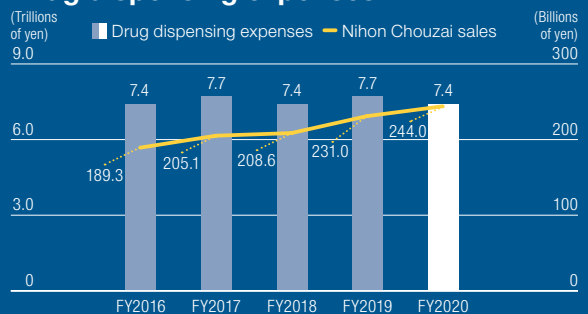
Evolving the business portfolio by being first to grasp changing social needs. Growing into a comprehensive healthcare company making widespread contributions to healthcare in Japan

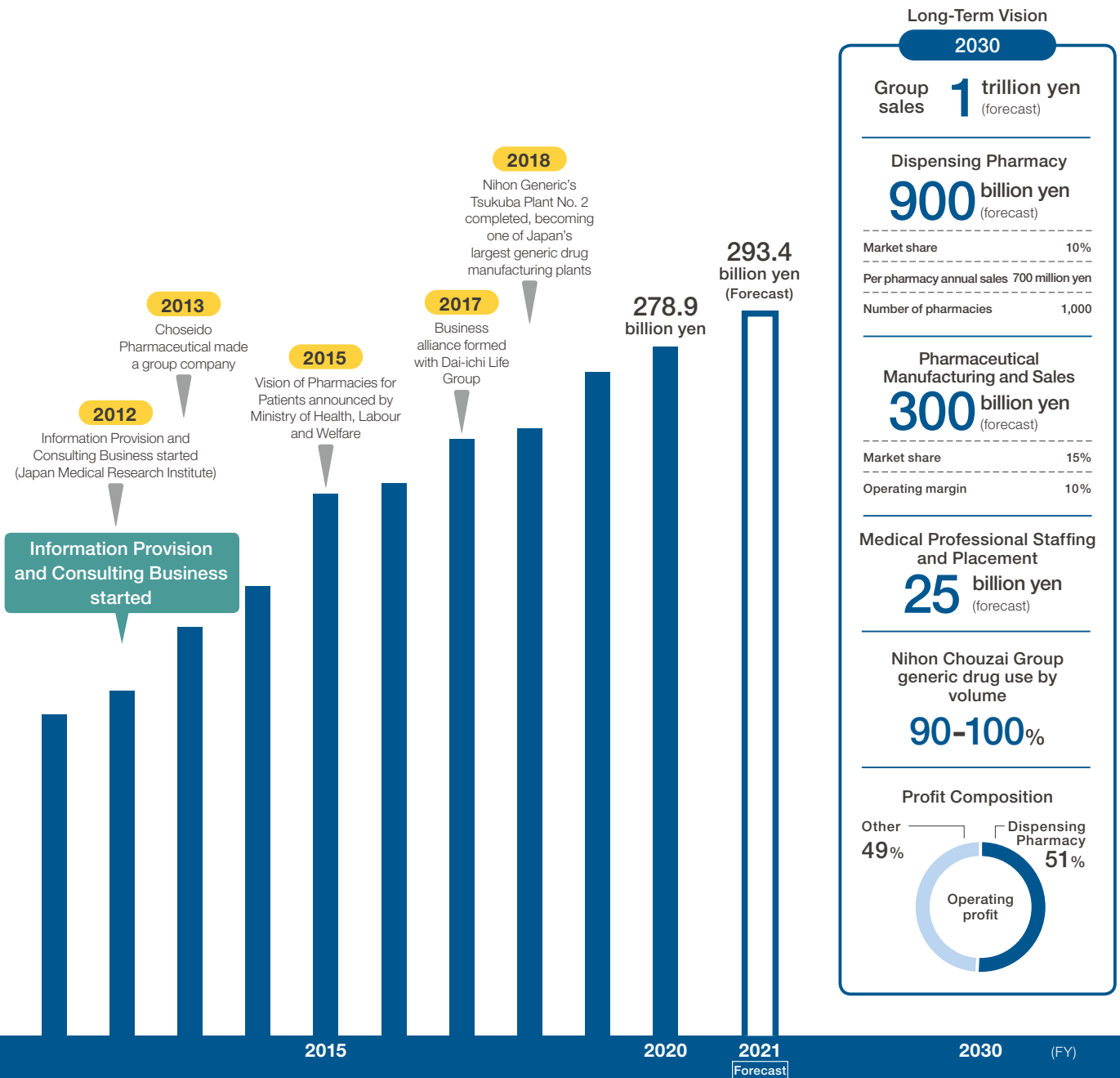


Number of pharmacies

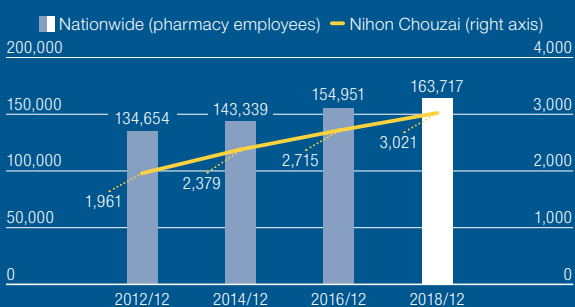


Drug dispensing expenses

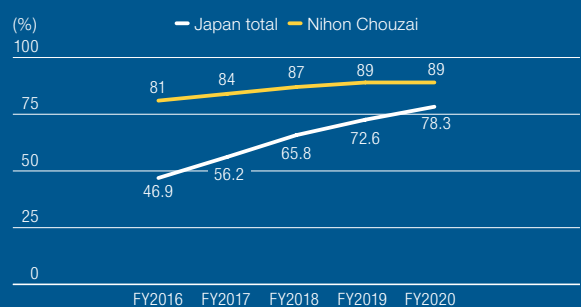




Number of full-time pharmacists

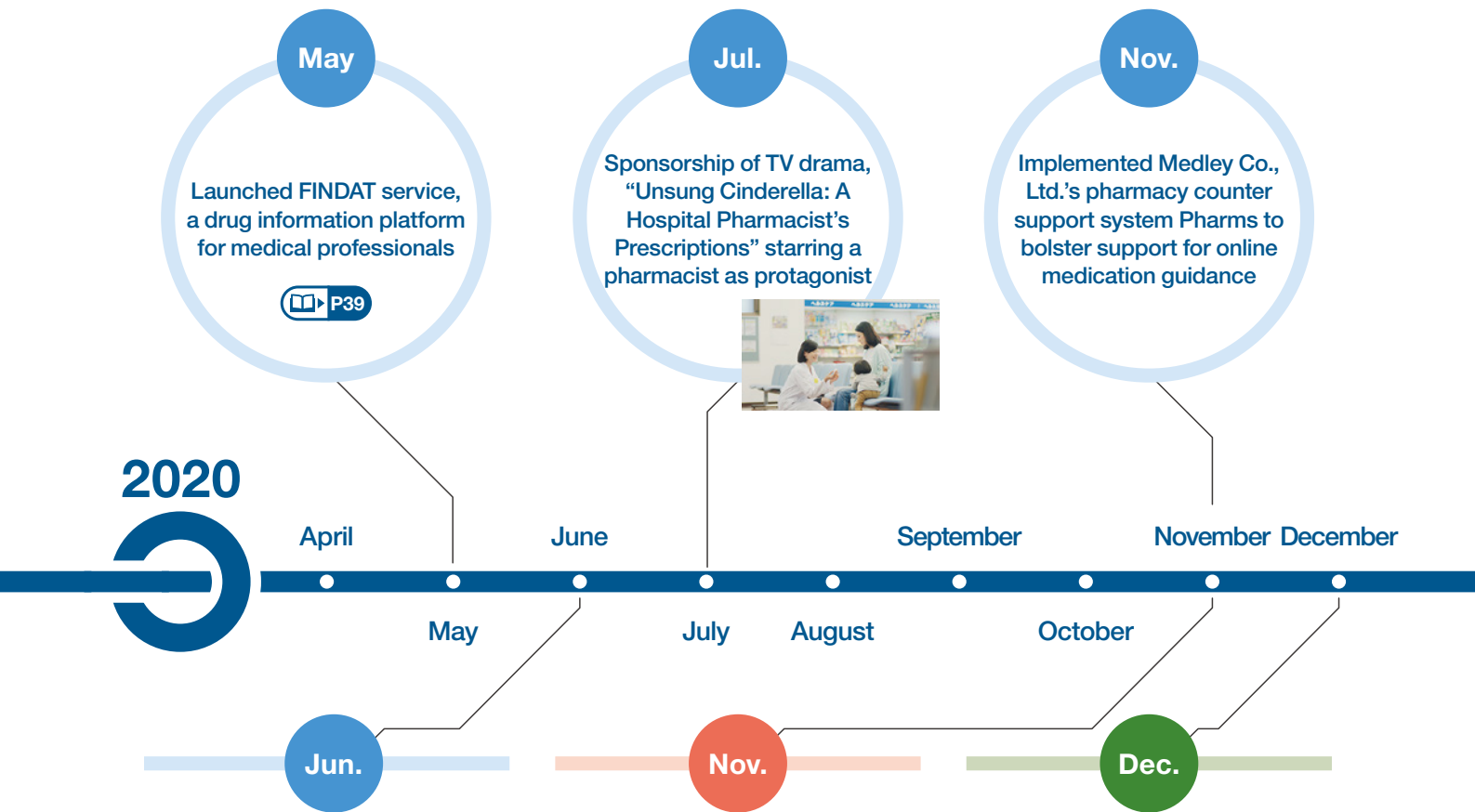


Generic drug use (by volume)



Nihon Chouzai Group News

(April 2020 - August 2021)



May
Launched FINDAT service, a drug information platform for medical professionals



Jul.
Sponsorship of TV drama, "Unsung Cinderella: A Hospital Pharmacist's Prescriptions" starring a pharmacist as protagonist



Nov.
Implemented Medley Co., Ltd.'s pharmacy counter support system Pharms to bolster support for online medication guidance

Joint Research with University of Tokyo Hospital Published in International Medical Journal

Results of a joint research project with the University of Tokyo Hospital regarding the willingness of patients with lifestyle-related diseases to use personal health records (PHRs) were published in the Journal of Medical Internet Research (JMIR), an international medical journal. The study investigated the willingness to use PHRs among patrons of 84 Nihon Chouzai pharmacies in Kanagawa Prefecture and identified the characteristics of patients most likely to use PHRs. Findings showed that patients' desire to incorporate exercise into their routines to improve lifestyle habits and the active gathering of information concerning their own illness were correlated with the willingness to use PHRs.

WORKERS DOCTORS Made a Group Company

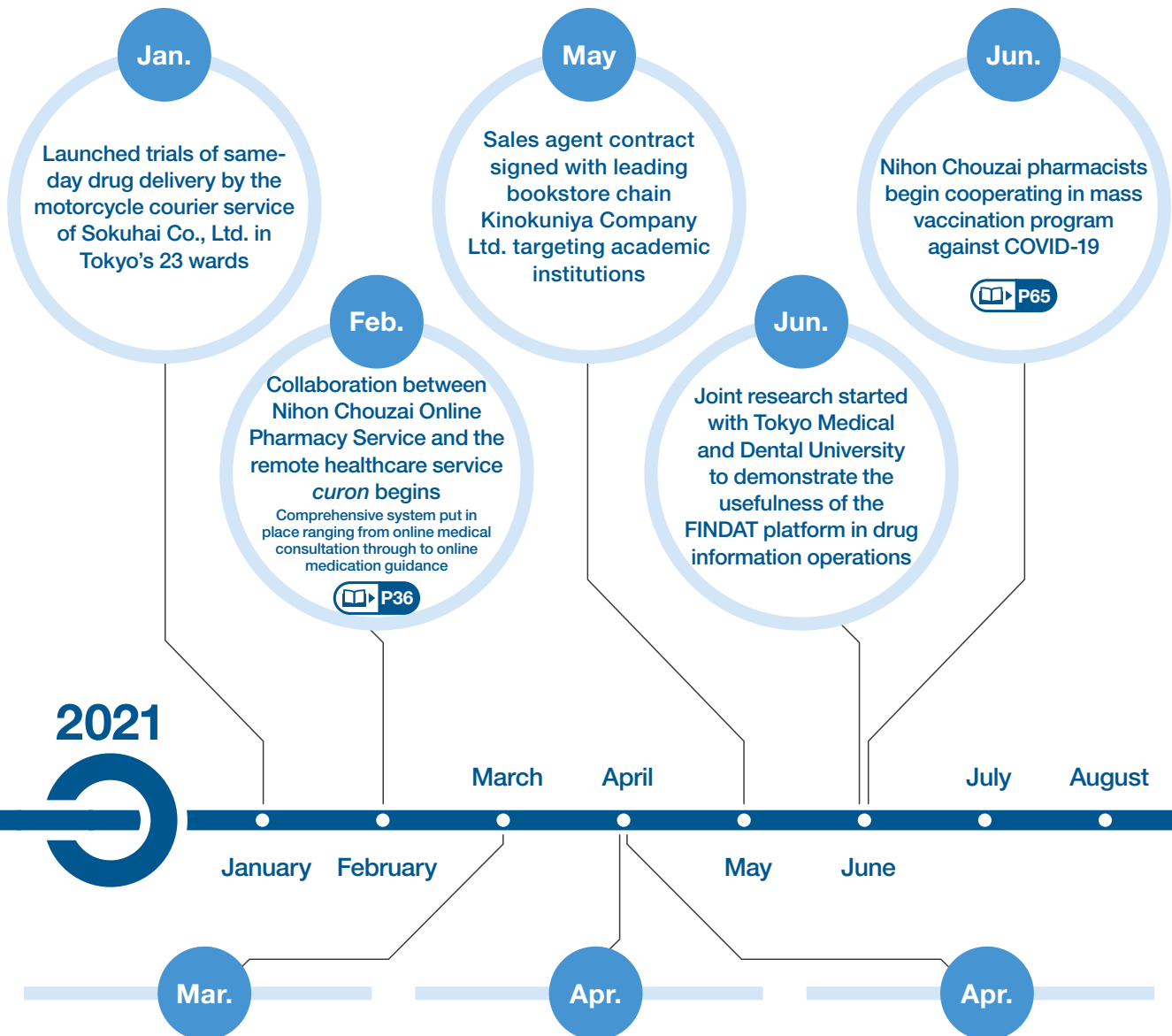
Group company Medical Resources acquired all shares of WORKERS DOCTORS Inc. on November 1, 2020. WORKERS DOCTORS is a company that has earned strong trust from leading companies and local governments by developing an industrial doctor HR business, mainly in the Tokyo metropolitan area, and by supporting companies' occupational health management efforts. With this share acquisition, the Group is confident that it can draw on Medical Resource's track record in doctor placements and nationwide sales framework and on the expertise and network WORKERS DOCTORS has built up in the industrial doctor field to meet a wider range of needs for occupational health management, including mental health, which has become indispensable for companies' health management initiatives.

21 Generic Drugs (11 Ingredients) Newly Listed in 2020

In June 2020, Group companies Nihon Generic and Choseido Pharmaceutical newly NHI listed 16 generic drugs with 9 ingredients, followed by 5 new drugs with 2 ingredients in December, for a total of 21 new product launches for the year. Aggressive R&D investment targeting further growth has yielded an increase in the number of approvals for in-house manufacturing of drugs. The Group will continue to steadily expand the lineup of drugs, particularly new drugs with significant market potential.



Generic drugs launched in 2020



Two At-Home Medical Care Support Centers Obtain ISO9001 Certification

Two of Nihon Chouzai's 22 At-Home Medical Care Support Centers nationwide, Minami Karasuyama Pharmacy (Tokyo) and Nishinomiya Higashi Pharmacy (Hyogo Prefecture), acquired ISO9001 certification for their quality management systems. At-Home Medical Care Support Centers provide a broad range of at-home healthcare services to address the needs of residents in the community. This ISO9001 certification testifies to the Centers' ability to ensure high levels of safety and accuracy. Going forward, the Group will pursue successive certification for other Centers.



Collaborating with other professionals in patient care

Joint Research with Keio University School of Medicine on Building a PCR Testing Framework

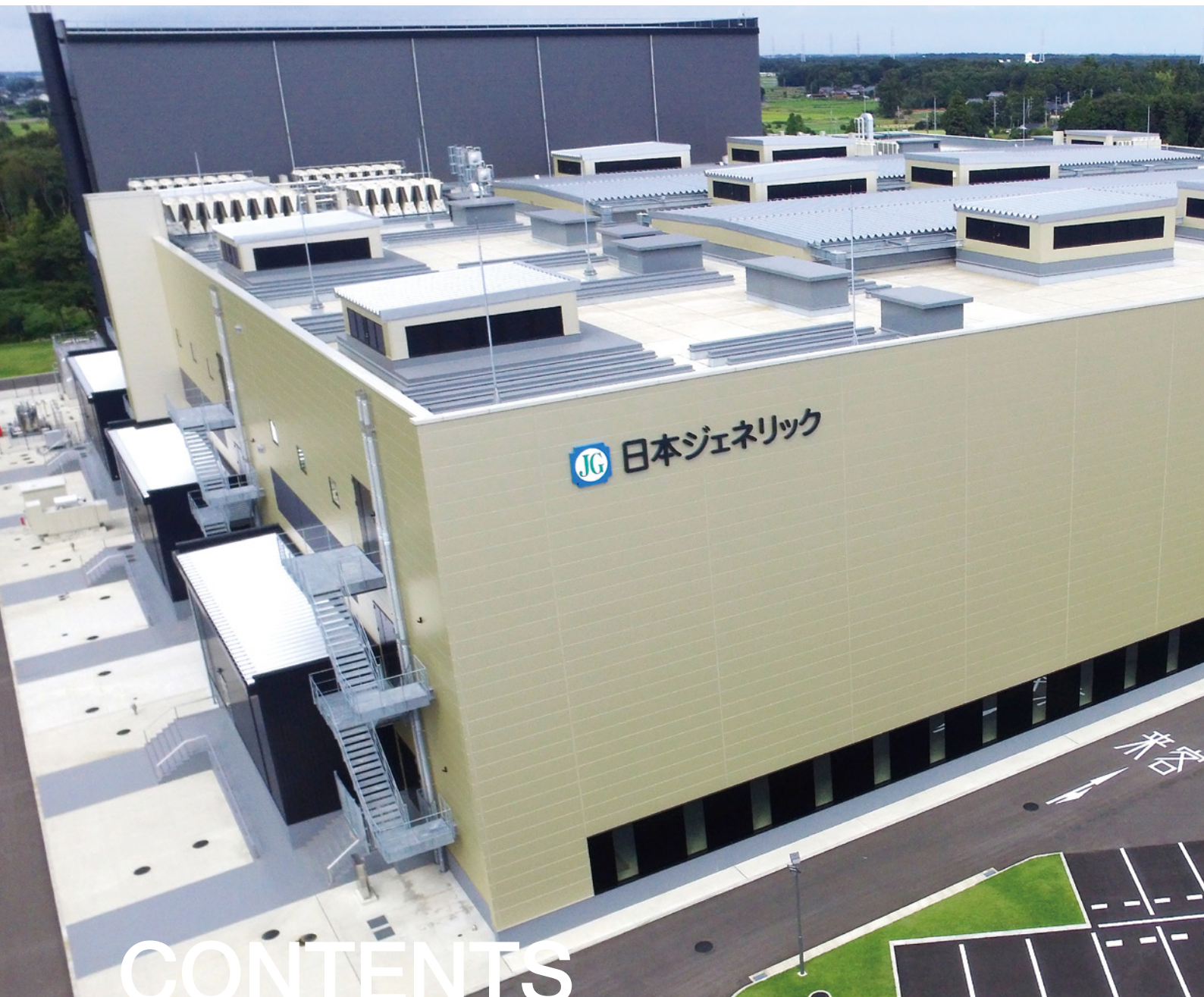
Spurred by the global outbreak of COVID-19 pandemic, the aim of this research was to help revitalize economic activities and prevent a breakdown of medical infrastructure in Japan by establishing a simple, highly safe method of testing for COVID-19 infection that can be carried out outside medical institutions.

Nihon Chouzai concurred with the purpose of this research. As a dispensing pharmacy that supports regional healthcare, the Group cooperated with trials carried out by Keio University School of Medicine to build a PCR testing framework for at-risk people, which can prevent infection while contributing to the normalization of economic activities. Based on the infrastructure built by this research, the Group began offering the "SocRTes" (from "social testing") testing service at four of its pharmacies in Tokyo.

No. 1 in chemistry/pharmacology category in the popularity ranking of hiring companies

In the company popularity ranking among job-seeking graduates carried out by leading recruiting firm Mynavi and newspaper publisher Nikkei Inc., which targeted undergraduate and graduate students due to complete their studies in March 2022, Nihon Chouzai ranked No. 1 in the chemistry/pharmacology category (previous year: 6th place). In two other categories as well, the Group received the most votes for the pharmacy/drugstore sector, as well as ranking second in the healthcare/welfare/pharmacy category.

The chemistry/pharmacology category in which Nihon Chouzai ranked first represents the votes of students in pharmacology or related fields. The recent results show that the Group is particularly popular among this group of people.



CONTENTS

Introduction

- 01 Who we are
- 03 At a glance
- 05 Long-Term Results
- 07 News from the Group
- 10 Editorial Policy

Message from Management

- 11 Message from the CEO
- 17 Financial Strategies

How We Create Value

- 19 Value Creation Process
- 21 Stakeholder Engagement
- 23 Business Model and Value Chain
- 25 Overview of Long-Term Vision and Strategy
- 27 Risks and opportunities
- 29 FEATURE: Digital Transformation Strategy
Business Overview
- 31 Dispensing Pharmacy Business
- 41 Information Provision and Consulting Business
- 43 Pharmaceutical Manufacturing and Sales Business
- 51 Medical Professional Staffing and Placement Business

Sustainability

- 57 Sustainability
- 59 Human (human resources, culture, organization)
- 65 Social (our contributions to society)
- 67 Environment (environmental initiatives)

Corporate Governance

- 69 Board of Directors
- 71 Messages from Outside Directors and Audit and Supervisory Committee Members
- 73 Corporate Governance

Data

- 78 Data Section



Nihon Generic's Tsukuba Plant No. 2



COVER STORY

Integrated Report 2021 envisions the “pharmacy of the future” that Nihon Chouzai Group is striving to become, a company that extensively supports the health of every member of our communities. We aim to create a base that supports the health of the community, where pharmacists can broaden their points of contact with patients through effective use of digital and automation technologies.

Note on Forward-Looking Statements

Integrated Report 2021 contains forward-looking statements about the plans, strategies, and performance of the Nihon Chouzai Group. These statements are based on management’s judgments derived from currently available information. Please note that actual business performance is subject to various risks and uncertainties and results may differ significantly from the

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

Editorial Policy

In addition to discussing the management policies and business strategies of the Nihon Chouzai Group, Integrated Report 2021 provides comprehensive financial and non-financial information, with the goal of gaining a clearer understanding among our shareholders, investors, and other stakeholders about our medium- and long-term corporate value creation. The reporting period is FY2020 (April 2020–March 2021). However, the Report also refers as necessary to FY2021 (April 2021–March 2022).