

Key risks and opportunities projected in carrying out the long-term vision

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

Area	Risks	Opportunities	Impact	Action
Dispensing fee revisions	Changes in dispensing fees due to national dispensing fee revisions	Accelerating restructuring in the pharmacy industry due to the impact of dispensing fee revisions	Failure to adapt to dispensing fee revisions may affect performance in the Dispensing Pharmacy Business.	Dispensing pharmacy business <ul style="list-style-type: none"> Foster specialized professionals to handle advanced healthcare P33 Expand business areas by strengthening pharmacy functions to support a care cycle ranging from disease prevention and pre-symptomatic illness to treatment, prevention of progression, and at-home healthcare
Drug price revisions	Reduction in drug prices due to national drug price revisions	Accelerating restructuring in the pharmacy and generic drug industries due to the impact of drug price reductions	Drug price revisions may affect Group performance, such as causing lower profits in the Dispensing Pharmacy Business and Pharmaceutical Manufacturing and Sales Business.	Dispensing Pharmacy Business <ul style="list-style-type: none"> Expand the customer base through new pharmacy openings and growth of existing pharmacies Expand the customer base through construction of online healthcare systems Pharmaceutical Manufacturing and Sales Business <ul style="list-style-type: none"> Develop highly profitable drugs P44 Boost profit margins by reviewing portfolio to increase ratio of products manufactured in-house Lower costs through more efficient production
Entry of outside players into the pharmacy industry	Entry of players from other industries following deregulation in the pharmacy sector	Spread of remote healthcare and online medication guidance following deregulation in the pharmacy sector	If deregulation in the pharmacy sector draws in new players from other industries, this may affect Group performance.	Dispensing Pharmacy Business <ul style="list-style-type: none"> Achieve dramatic growth by transforming our businesses through the fusion of highly skilled medical personnel with healthcare-related digital transformation, bringing about business reform, new business creation, and work process reform Digital Transformation Strategy P29
COVID-19 Pandemic	Long-term prolongation of the pandemic	Growing demand to provide healthcare online and other means that do not involve interpersonal contact	Business continuity may be partially disrupted due to employee infections. Patients refraining from visiting medical institutions may cause lower profitability.	Dispensing Pharmacy Business <ul style="list-style-type: none"> Amid advancing digital transformation in healthcare fields, provide smart healthcare that enables medical consultation, medication guidance, and drug receipt to be carried out entirely online P36 Medical Professional Staffing and Placement Business <ul style="list-style-type: none"> Meet demand for medical personnel to man vaccination venues and serve in areas where medical resources are scarce P56
Cyber Security	Leaks of vital information due to cyber attack	Reinforcing security by continuously upgrading risk response	If a risk is exposed, privacy breaches, leaks of confidential company information, and other information protection issues may affect Group performance through the loss of social credibility or of access to information critical to management.	Conduct cyber security assessments through an external auditing agency. Minimize risks by continuously upgrading cyber security measures.
Medical and pharmaceutical safety and quality	Side effects or harmful interactions caused by drugs; quality defects of pharmaceutical products	Ensuring and improving safety by promoting the proper use of pharmaceuticals; maintaining and improving quality through proper drug manufacturing	Dispensing Pharmacy Business If drugs are not used properly, this may affect Group performance through the loss of social credibility and patient trust due to the occurrence of side effects or harmful interactions.	Dispensing Pharmacy Business <ul style="list-style-type: none"> Continue to reinforce education to ensure the proper use of drugs, using e-learning, the FINDAT platform, and other formats Design programs to support the proper use of drugs and implement dispensing equipment to ensure safety P37 Pharmaceutical Manufacturing and Sales Business <ul style="list-style-type: none"> Carry out ongoing education to maintain and enhance quality standards Operate an ongoing framework to regularly monitor proper quality levels (practice quality risk management)
Stable Supply of Pharmaceuticals	Instability in domestic pharmaceutical supply	Increased demand for in-house products	If the stable supply of pharmaceuticals is affected, such as when supply cannot keep up with market demand for pharmaceuticals, this may affect Group performance, such as through the loss of trust from patients and healthcare professionals.	<ul style="list-style-type: none"> Augment production capacity to meet surges in demand for pharmaceuticals