

In addition to its Dispensing Pharmacy Business, which is one of the largest in Japan, with pharmacies in all 47 prefectures nationwide, Nihon Chouzai has expanded into the Pharmaceutical Manufacturing and Sales Business, the Medical Professional Staffing and Placement Business, and the Information Provision and Consulting Business. It is a truly comprehensive

healthcare company, contributing to medical care in communities throughout Japan.

Because Nihon Chouzai is active in such a large sphere of operations, we feel the roles and responsibilities required of the Company's outside directors and Audit and Supervisory Committee members are increasing daily.

I want Nihon Chouzai to seek to be number one in quality in each category.



Outside Director
Independent
Yoshimitsu Onji

Nihon Chouzai's outside directors include specialists, such as an attorney and a certified public accountant, but I am the only one who has actual management experience. Being in top management is a lonely job; you have to take final responsibility for everything your company does. In my work as an outside director for the Nihon Chouzai Group, I draw on my experience of heading up various projects at an owner-run company, Daiei, as well as my experience in completing numerous M&A deals and of running a company.

From my perspective as an outside director, I feel that the Group takes an extremely straightforward approach to its businesses. It is a company that values the Corporate Philosophy—"achieving true separation of drug prescribing and dispensing services"—

and my role is to monitor operations so that the Company does not deviate from that philosophy. To that end, what is important is improving the quality of each business. If the Company strives to be number one in each category, such as the Dispensing Pharmacy Business, the Pharmaceutical Manufacturing and Sales Business, and the Medical Professional Staffing and Placement Business, the scope of its business is certain to grow even further.

My hope going forward is that the Board of Directors will take up more fundamental matters for discussion, such as business strategy and management strategy. For example, I think there is a way to create a project team within the Company that could draft a medium-term business plan, and then bring that plan to the Board of Directors for discussion.

Auditing business execution drawing on a wide range of knowledge as a generalist Acting as a conduit helping to share information with outside directors



Director
Audit and Supervisory Committee member
Nobuyuki Hatakeyama

Having joined Nihon Chouzai in 1987, I gained experiences in each department of the Company, as a generalist rather than a specialist, so I have a broad and deep understanding of the Group's business activities as a whole. To meet the expectations of stakeholders, especially shareholders, the Board of Directors and the Audit and Supervisory Committee work from the standpoint of monitoring and oversight to prevent fraud, violations, and conflicts of interest.

I seek to communicate the ideas of each director to our outside directors and actively share information with them. The other two members of the Audit and Supervisory Committee are experts in law and accounting, so we have a system in place for them to approach their roles from their own perspectives, and consult and offer advice as appropriate.

In Board meetings it is becoming more common for directors to speak their minds freely when the president asks for opinions,

and I feel that meetings have become even more open than before. Until now, Board meetings were dominated only by elements coming from within the Group. Over the past year or two, though, the direction of the Board has shifted toward considering external elements as well, including our response to SDGs and ESG issues, which society is demanding more and more.

What makes Nihon Chouzai different from other pharmaceutical companies is that we are honestly aiming to "achieve true separation of drug prescribing and dispensing services." Nihon Chouzai will not move away from the world of medical care, its core business, just because of the lure of other highly profitable businesses. It has been 41 years since the Company was founded, and I feel that it is the duty of the Nihon Chouzai Group to continue contributing to and giving back to medical care in Japan through our areas of specialty for the next 50 years, 100 years, and beyond.

Checking on issues related to corporate legal affairs from the perspective of corporate governance

As a lawyer who handles a lot of corporate legal affairs, mainly in civil law, I am in a position to check on important matters of the Company and discussions of the Board of Directors from the perspective of compliance and corporate governance. Taking advantage of my experience as a corporate legal expert, I point out potential legal problems and exercise my authority to prevent and contain them.

At recent Board meetings, management matters are presented in considerable detail, and we hold thorough discussions, such as on numerical analysis, comparisons with other companies, and forecasts. Regarding matters related to the opening and closing of new pharmacies and corporate acquisitions, I consider the economic impact on the Company from my standpoint as an Audit and Supervisory Committee member.

I think one advantage of the Company lies in its ability to make flexible management

decisions in the rapidly changing healthcare industry. The Company also benefits from its involvement in the Pharmaceutical Manufacturing and Sales Business for generic drugs, which have been earmarked as being effective in controlling medical costs. Today, in an era when the “true separation of drug prescribing and dispensing services” has become commonplace, I believe the Company will be able to provide unprecedented medical services to patients, using the medical equivalent of digital transformation. That question, among others, is something I would like to discuss at future Board meetings, in terms of concrete ways of achieving this. It is essential to develop a well-balanced business from a long-term perspective, without being bound by short-term results, and I hope to contribute to this.



Outside Director

Independent Audit and Supervisory Committee member

Tadashi Urabe

Building a well-balanced earnings base while remaining responsive to the changing needs of society

From my standpoint as a certified public accountant and licensed tax accountant, I see my role as covering areas such as disclosure, financial accounting, internal control, and compliance. The Board actively discusses a fairly wide range of issues, including short-, medium-, and long-term management plans and development of the pharmacy network and pharmacy operations, as well as occasional incidents and risk awareness. Discussions are not limited to Nihon Chouzai; we also consider the situation of affiliates.

The Audit and Supervisory Committee is tasked with strengthening governance, collaborating with the Audit Office, and conducting interviews with officers as needed. In addition, the committee, led by full-time director Nobuyuki Hatakeyama, reports on day-to-day business audits and provides feedback on these.

In terms of financial aspects such as the earnings base and cash flow, my sense is that Nihon Chouzai is in an even more solid position now than before I became a director. As a pharmacy operator and as a manufacturer of generic drugs, the Group handles pharmaceutical products and deals with a wide range of business partners, including medical institutions. Because it directly affects the lives of patients, the medical industry operates under various regulations. So, the key is to conduct business in accordance with the various regulations and the social welfare system established by the Ministry of Health, Labour and Welfare while considering the optimal structure needed to generate profits. My hope is that employees and management will share the same vision of the future and move forward together in dialogue with a wide range of stakeholders.



Outside Director

Independent Audit and Supervisory Committee member

Arata Toyoshi