

November 6, 2020

**Results of Operations for the
First Half of the Fiscal Year
Ending March 31, 2021
(April 1, 2020 to September 30, 2020)**



NIHON CHOUZAI Co.,Ltd.

(Tokyo Stock Exchange, First Section / Stock code: 3341)

Financial Highlights

Consolidated Statement of Income

Net sales grew 4.4% YoY on a robust performance in pharmaceutical manufacturing and sales.

Operating profit slid 31.8%, but this significantly exceeded the initial forecast thanks to company-wide cost cutting.

| (Millions of yen) | 1H FY3/19 Results | 1H FY3/20 Results | 1H FY3/21 Initial Forecast | 1H FY3/21 Revised Forecast (Sep. 23) | 1H FY3/21 Results | Change Vs. Initial Forecast | Change Vs. Revised Forecast |
|--|----------------------|----------------------|----------------------------------|---|----------------------|-----------------------------------|-----------------------------------|
| Net Sales | 118,694 | 130,297 | 138,895 | 135,000 | 135,999 | (2,895) | 999 |
| Cost of Sales | 99,267 | 107,858 | 117,469 | 112,100 | 112,726 | (4,742) | 626 |
| Gross profit | 19,427 | 22,439 | 21,426 | 22,900 | 23,272 | 1,846 | 372 |
| % to sales | 16.4% | 17.2% | 15.4% | 17.0% | 17.1% | — | — |
| SG&A expenses | 17,880 | 18,373 | 21,065 | 20,600 | 20,498 | (567) | (101) |
| % to sales | 15.1% | 14.1% | 15.2% | 15.3% | 15.1% | — | — |
| Consumption taxes | 6,499 | 6,890 | 8,534 | — | 9,109 | 574 | — |
| R&D expenses | 1,289 | 1,372 | 1,698 | — | 1,349 | (348) | — |
| Operating profit | 1,547 | 4,066 | 361 | 2,300 | 2,774 | 2,413 | 474 |
| % to sales | 1.3% | 3.1% | 0.3% | 1.7% | 2.0% | — | — |
| Ordinary profit | 1,265 | 4,001 | 249 | 2,200 | 2,665 | 2,415 | 465 |
| % to sales | 1.1% | 3.1% | 0.2% | 1.6% | 2.0% | — | — |
| Profit attributable to owners of parent | 744 | 2,094 | (51) | 1,000 | 1,555 | 1,606 | 555 |
| % to sales | 0.6% | 1.6% | — | 0.7% | 1.1% | — | — |
| Net income per share (Yen) ^{Note} | 23.39 | 69.85 | (1.70) | 33.35 | 51.89 | 53.59 | 18.54 |

Note : On April 1, 2020, the Company conducted a two-for-one stock split of common stock.

Net income per share has been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2019.

Consolidated Balance Sheet

The main asset changes were a 4.1 billion yen increase in merchandise and finished goods, a 2.7 billion drop in accounts receivable-trade, and a 1.6 billion decline in cash and deposits.

The main liability changes were a 3.1 billion yen decline in income taxes payable and a 1.8 billion increase in accounts payable-trade.

| (Millions of yen) | End of Sep. 2019 (1H FY3/20) | End of Mar. 2020 (FY3/20) | End of June 2020 (1H FY3/21) | YoY change | YoY change (%) |
|-------------------------------|---------------------------------|------------------------------|---------------------------------|------------|-------------------|
| Current assets | 81,586 | 87,414 | 87,885 | 471 | 0.5% |
| Non-current assets | 97,748 | 98,137 | 96,855 | (1,282) | (1.3%) |
| Property, plant and equipment | 69,212 | 66,082 | 65,150 | (932) | (1.4%) |
| Intangible assets | 16,669 | 19,425 | 19,186 | (239) | (1.2%) |
| Investments and other assets | 11,865 | 12,628 | 12,518 | (110) | (0.9%) |
| Total assets | 179,334 | 185,551 | 184,741 | (810) | (0.4%) |
| Current liabilities | 67,680 | 70,107 | 71,232 | 1,124 | 1.6% |
| Non-current liabilities | 68,849 | 68,370 | 65,244 | (3,126) | (4.6%) |
| Total liabilities | 136,530 | 138,478 | 136,476 | (2,002) | (1.4%) |
| Total net assets | 42,804 | 47,072 | 48,264 | 1,191 | 2.5% |
| Shareholders' equity | 42,799 | 47,072 | 48,264 | 1,191 | 2.5% |
| Equity ratio | 23.9% | 25.4 | 26.1% | — | — |

Consolidated Statement of Cash Flows

Cash flows from investing activities continued to see low spending following the peaking in capital expenditures in pharmaceutical manufacturing and sales.

| (Millions of yen) | 1H FY3/19 | 1H FY3/20 | 1H FY3/21 | YoY change |
|--|-----------|-----------|-----------|------------|
| Cash flows from operating activities | 3,936 | 9,866 | 2,434 | (7,431) |
| Profit before income taxes | 1,417 | 3,745 | 2,662 | (1,082) |
| Depreciation | 2,968 | 3,036 | 3,064 | 27 |
| Amortization of goodwill | 718 | 730 | 868 | 137 |
| Decrease (increase) in trade receivables | 2,187 | 342 | 2,903 | 2,560 |
| Decrease (increase) in inventories | (5,994) | (2,281) | (4,847) | (2,566) |
| Increase (decrease) in trade payables | 4,774 | 5,889 | 2,496 | (3,392) |
| Cash flows from investing activities | (3,535) | (3,506) | (3,158) | 347 |
| Purchase of property, plant and equipment | (3,074) | (2,797) | (2,750) | 46 |
| Payments for acquisition of business | (314) | (603) | (841) | (238) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (761) | – | – | – |
| Cash flows from financing activities | (5,550) | (6,944) | (882) | 6,061 |
| Net increase (decrease) in cash and cash equivalents | (5,149) | (584) | (1,606) | (1,022) |
| Cash and cash equivalents at beginning of period | 28,464 | 29,749 | 32,254 | 2,505 |
| Cash and cash equivalents at end of period | 23,315 | 29,165 | 30,647 | 1,482 |

Dispensing Pharmacy Business / Statement of Income

Net sales, torn between a pandemic-led rise in prescription unit prices and downturn in prescription numbers, grew 5.8% YoY on the full-year contribution of 65 new stores opened the previous year. OP fell 17.8% due to the drop in prescriptions, but this was well above initial forecasts thanks to extensive cost cutting.

| (Millions of yen) | 1H FY3/19 Results | 1H FY3/20 Results | 1H FY3/21 Initial Forecast | 1H FY3/21 Results | Change Vs. Initial Forecast | Vs. Initial Forecast | YoY growth rate |
|---|----------------------|----------------------|----------------------------------|----------------------|-----------------------------------|-------------------------|--------------------|
| Net sales | 101,054 | 111,763 | 118,921 | 118,236 | (685) | (0.6%) | 5.8% |
| Cost of sales | 86,856 | 95,609 | 103,677 | 100,875 | (2,802) | (2.7%) | 5.5% |
| Gross profit | 14,197 | 16,153 | 15,243 | 17,361 | 2,117 | 13.9% | 7.5% |
| % to sales | 14.0% | 14.5% | 12.8% | 14.7% | — | — | — |
| SG&A expenses | 10,999 | 11,745 | 13,799 | 13,736 | (62) | (0.5%) | 17.0% |
| % to sales | 10.9% | 10.5% | 11.6% | 11.6% | — | — | — |
| Operating profit | 3,197 | 4,408 | 1,444 | 3,624 | 2,180 | 151.0% | (17.8%) |
| % to sales | 3.2% | 3.9% | 1.2% | 3.1% | — | — | — |
| No. of pharmacies at the end of each period (stores) | 596 | 611 | 667 | 665 | (2) | (0.3%) | 8.8% |
| Prescription drug sales per pharmacy | 171 | 184 | 180 | 179 | 0 | (0.4%) | (3.8%) |

Note: Rounding down to the nearest unit

No. of pharmacies at the end of each period includes locations specializing in the sales of general merchandise.

Prescription drug sales per pharmacy = Prescription drug sales / Average No. of pharmacies during the period

Pharmaceutical Manufacturing and Sales Business / Statement of Income

Net sales improved 8.4% YoY on buoyant sales of new NHI listed drugs in December 2019 and June 2020. Operating profit edged up 0.7%, exceeding initial forecasts by 53.3% on the strength of sustained cost reduction efforts.

| (Millions of yen) | 1H FY3/19 Results | 1H FY3/20 Results | 1H FY3/21 Initial Forecast | 1H FY3/21 Results | Change Vs. Initial Forecast | Vs. Initial Forecast | YoY growth rate |
|-------------------|----------------------|----------------------|----------------------------------|----------------------|-----------------------------------|-------------------------|--------------------|
| Net sales | 19,431 | 21,040 | 23,272 | 22,812 | (459) | (2.0%) | 8.4% |
| Cost of sales | 16,444 | 17,643 | 19,739 | 19,394 | (344) | (1.7%) | 9.9% |
| Gross profit | 2,986 | 3,397 | 3,532 | 3,417 | (114) | (3.3%) | 0.6% |
| % to sales | 15.4% | 16.1% | 15.2% | 15.0% | — | — | — |
| SG&A expenses | 2,642 | 2,242 | 2,773 | 2,254 | (519) | (18.7%) | 0.5% |
| % to sales | 13.6% | 10.7% | 11.9% | 9.9% | — | — | — |
| Operating profit | 344 | 1,155 | 758 | 1,163 | 404 | 53.3% | 0.7% |
| % to sales | 1.8% | 5.5% | 3.3% | 5.1% | — | — | — |

Note: Rounding down to the nearest unit

Medical Professional Staffing and Placement Business / Statement of Income

Pharmacist placements fell due to the ongoing shift from dispatch to permanent placement spurred by changing demand as well as the effects of the pandemic. At the same time, pharmacist and physician introductions expanded steadily, and the accompanying increase in staff pushed SG&A costs higher.

| (Millions of yen) | 1H FY3/19 Results | 1H FY3/20 Results | 1H FY3/21 Initial Forecast | 1H FY3/21 Results | Change Vs. Initial Forecast | Vs. Initial Forecast | YoY growth rate |
|-------------------|----------------------|----------------------|----------------------------------|----------------------|-----------------------------------|-------------------------|--------------------|
| Net sales | 6,351 | 6,775 | 5,769 | 5,025 | (744) | (12.9%) | (25.8%) |
| Cost of sales | 3,969 | 3,871 | 3,102 | 2,446 | (655) | (21.1%) | (36.8%) |
| Gross profit | 2,382 | 2,903 | 2,666 | 2,578 | (88) | (3.3%) | (11.2%) |
| % to sales | 37.5% | 42.9% | 46.2% | 51.3% | — | — | — |
| SG&A expenses | 1,751 | 1,821 | 1,921 | 1,881 | (39) | (2.1%) | 3.3% |
| % to sales | 27.6% | 26.9% | 33.3% | 37.4% | — | — | — |
| Operating profit | 630 | 1,082 | 745 | 696 | (48) | (6.6%) | (35.7%) |
| % to sales | 9.9% | 16.0% | 12.9% | 13.9% | — | — | — |

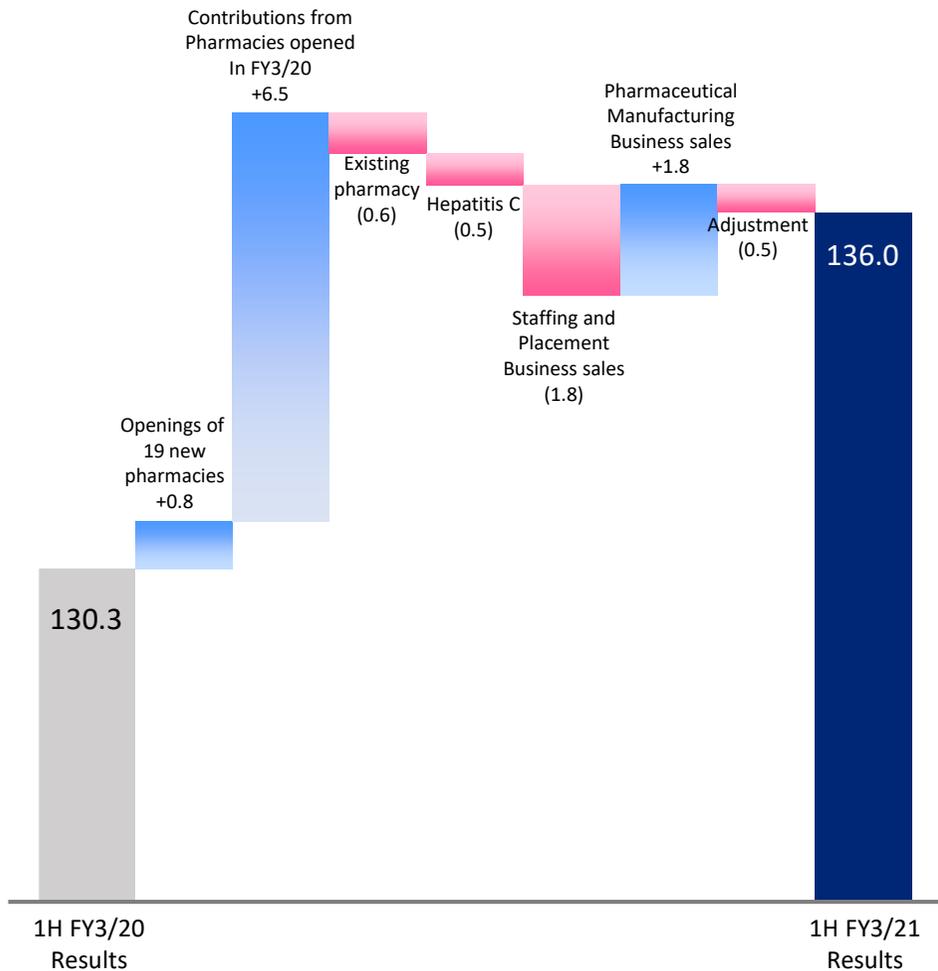
Note: Rounding down to the nearest unit

Reference Materials

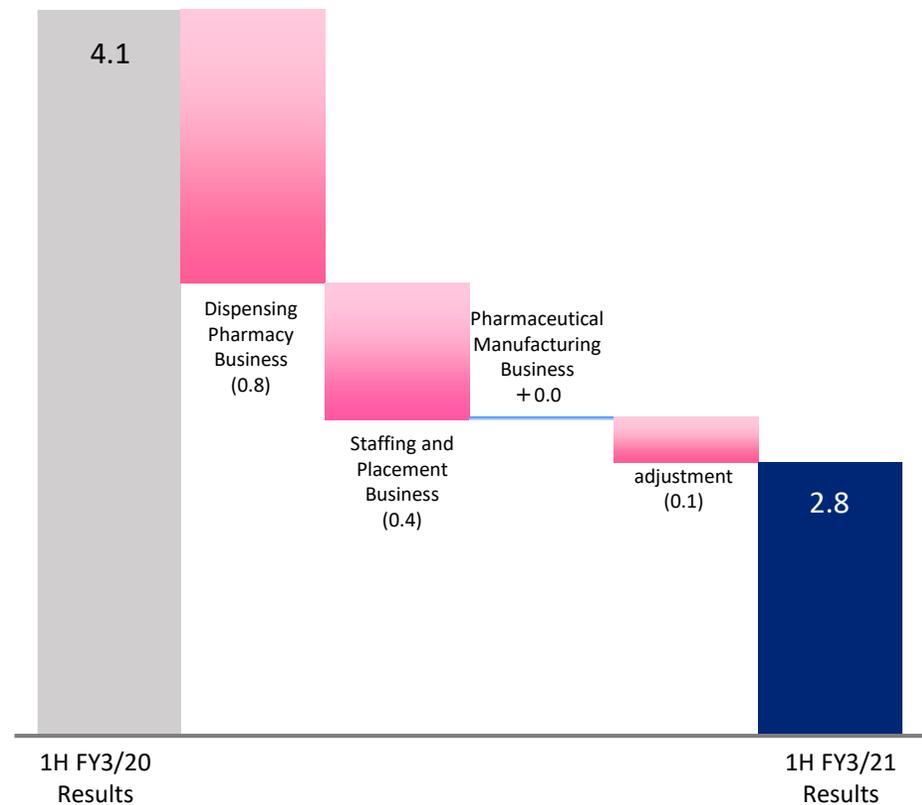
Consolidated Results: Major Components of YoY Changes (Net Sales / Operating Profit)

(Billions of yen; figures are rounded to the nearest 100 million yen)

Net Sales



Operating Profit

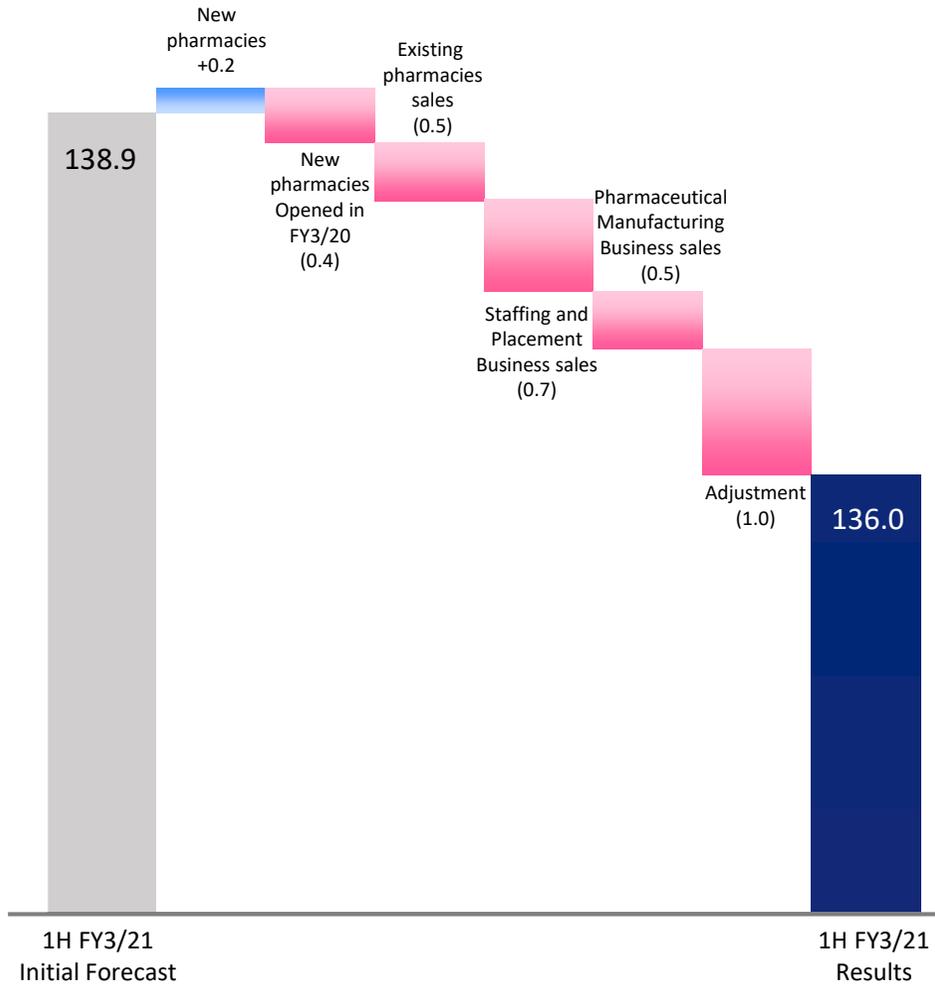


Reference Materials

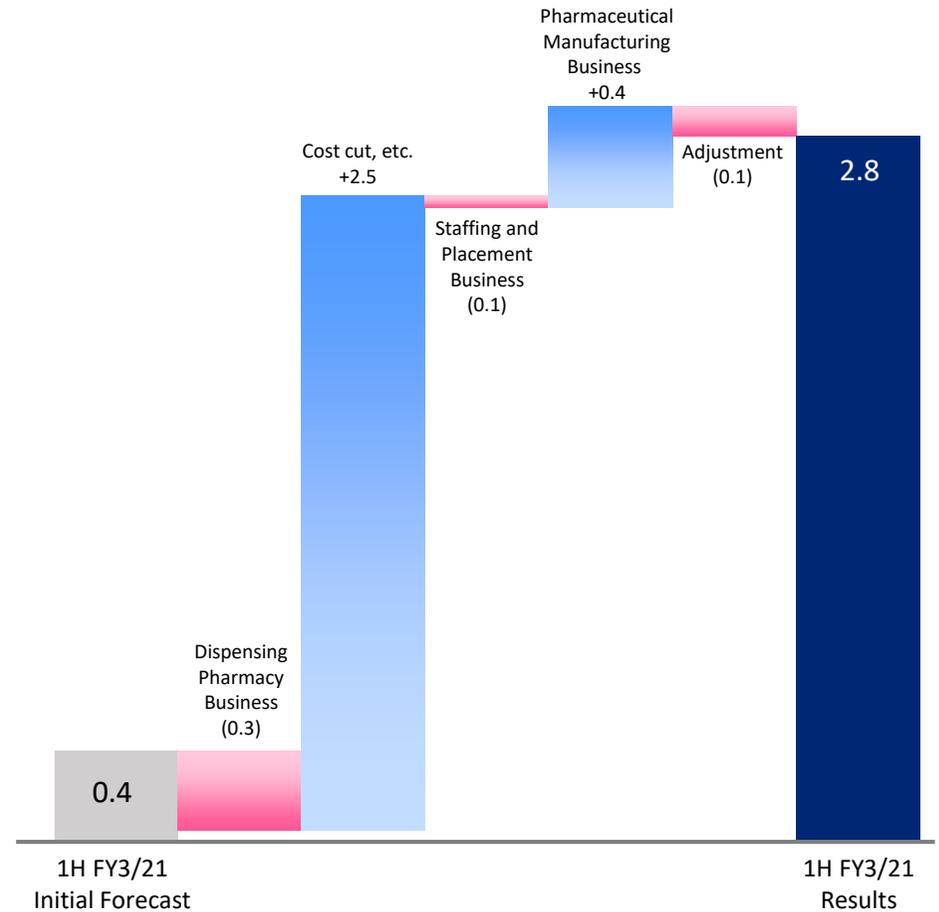
Consolidated Results: Major Components of Changes vs. Initial Forecast (Net Sales / Operating Profit)

(Billions of yen; figures are rounded to the nearest 100 million yen)

Net Sales



Operating Profit



FY3/21 Consolidated Forecast

We assume that the current pandemic-driven situation will continue through March 2021 and thus lower our net sales guidance by 16.06 billion yen from our initial forecast. We have raised operating profit to around last year's level due to widespread cost reductions.

| (Millions of yen) | FY3/18 Results | FY3/19 Results | FY3/20 Results | FY3/21 Initial Forecast | FY3/21 Revised Forecast (Oct. 30) | Forecast Change |
|--|-------------------|-------------------|-------------------|----------------------------|--|--------------------|
| Net sales | 241,274 | 245,687 | 268,520 | 291,813 | 275,753 | (16,060) |
| Cost of sales | 197,437 | 203,711 | 222,147 | 243,007 | 227,117 | (15,889) |
| Gross profit | 43,837 | 41,975 | 46,372 | 48,806 | 48,635 | (170) |
| % to sales | 18.2% | 17.1% | 17.3% | 16.7% | 17.6% | — |
| SG&A expenses | 33,250 | 35,242 | 38,779 | 42,302 | 42,083 | (218) |
| % to sales | 13.8% | 14.3% | 14.4% | 14.5% | 15.3% | — |
| Consumption taxes | 11,892 | 12,537 | 15,413 | 17,306 | 17,394 | 88 |
| R&D expenses | 2,784 | 2,764 | 2,991 | 3,487 | 3,116 | (371) |
| Operating profit | 10,587 | 6,733 | 7,593 | 6,504 | 6,552 | 48 |
| % to sales | 4.4% | 2.7% | 2.8% | 2.2% | 2.4% | — |
| Ordinary profit | 10,138 | 6,077 | 7,405 | 6,266 | 6,331 | 64 |
| % to sales | 4.2% | 2.5% | 2.8% | 2.1% | 2.3% | — |
| Profit attributable to owners of parent | 6,104 | 3,790 | 6,697 | 3,122 | 3,260 | 137 |
| % to sales | 2.5% | 1.5% | 2.5% | 1.1% | 1.2% | — |
| Net income per share (Yen) <small>Note</small> | 190.84 | 121.74 | 223.33 | 104.14 | 108.73 | 4.58 |
| Dividend per share (Yen) <small>Note</small> | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | — |

Note: On April 1, 2020, the Company conducted a two-for-one stock split of common stock.

Net income per share and Dividend per share have been calculated as if this stock split had taken place at the beginning of the fiscal year ended March 31, 2018.

FY3/21 Business Segment Forecast

We have revised our full-year consolidated earnings forecast on the assumption that the pandemic will continue to impact the volume and unit price of prescriptions through March 2021.

| | (Millions of yen) | FY3/18 Results | FY3/19 Results | FY3/20 Results | FY3/21 Initial Forecast | FY3/21 Revised Forecast (Oct. 30) | Forecast Change |
|--|-------------------|-------------------|-------------------|-------------------|-------------------------------|--|--------------------|
| Dispensing pharmacy business | Net sales | 205,192 | 208,622 | 231,001 | 251,141 | 239,811 | (11,329) |
| | Gross profit | 32,928 | 30,282 | 34,898 | 36,204 | 37,026 | 822 |
| | % to sales | 16.0% | 14.5% | 15.1% | 14.4% | 15.4% | — |
| | Operating profit | 12,411 | 8,707 | 9,785 | 8,606 | 8,854 | 248 |
| | % to sales | 6.0% | 4.2% | 4.2% | 3.4% | 3.7% | — |
| Pharmaceutical manufacturing and sales business | Net sales | 38,066 | 40,659 | 43,072 | 46,470 | 45,767 | (703) |
| | Gross profit | 6,319 | 6,877 | 6,076 | 7,049 | 6,912 | (136) |
| | % to sales | 16.6% | 16.9% | 14.1% | 15.2% | 15.1% | — |
| | Operating profit | 1,194 | 1,885 | 1,301 | 1,459 | 2,011 | 551 |
| | % to sales | 3.1% | 4.6% | 3.0% | 3.1% | 4.4% | — |
| Medical professional staffing and placement business | Net sales | 11,970 | 13,083 | 12,721 | 11,855 | 8,760 | (3,094) |
| | Gross profit | 4,604 | 4,950 | 5,404 | 5,562 | 4,807 | (755) |
| | % to sales | 38.5% | 37.8% | 42.5% | 46.9% | 54.9% | — |
| | Operating profit | 1,842 | 1,478 | 1,851 | 1,687 | 1,015 | (672) |
| | % to sales | 15.4% | 11.3% | 14.6% | 14.2% | 11.6% | — |

Growth Strategy

■ **Emphasis on a Well Balanced Pharmacy Network**

Growth through a proper balance between “organic growth and acquisitions” and “hospital-front and hybrid pharmacies” with an eye toward the pharmacy of the future, as well as higher sales at existing pharmacies

Dispensing Pharmacy
Business

■ **Growth of the Pharmaceutical Manufacturing and Sales Business**

Investments in R&D programs to increase the number of items for which we have obtained manufacturing approval and increase earnings

Pharmaceutical
Manufacturing and
Sales Business

■ **Growth of the Medical Professional Staffing and Placement Business**

Strengthen placement business and expand into new business Fields

Medical Professional
Staffing and
Placement Business

Emphasis on a Well-Balanced Pharmacy Network (1)

We will continue to seek a good balance between organic growth and acquisitions. We will actively pursue carefully selected M&A opportunities.

Pharmacy Openings

Organic growth and M&A

| | FY3/15 | FY3/16 | FY3/17 | FY3/18 | FY3/19 | FY3/20 | 1H FY3/21 |
|---|--------|--------|--------|--------|--------|--------------------|-----------|
| Opened | 29 | 27 | 42 | 36 | 32 | 65 _{note} | 19 |
| Organic growth | 28 | 22 | 21 | 23 | 26 | 35 | 14 |
| M&A | 1 | 5 | 21 | 13 | 6 | 30 | 5 |
| Closed | 12 | 11 | 12 | 8 | 19 | 13 | 4 |
| No. of pharmacies at the end of each period | 511 | 527 | 557 | 585 | 598 | 650 | 665 |

• Including one location specializing in the sales of general merchandise

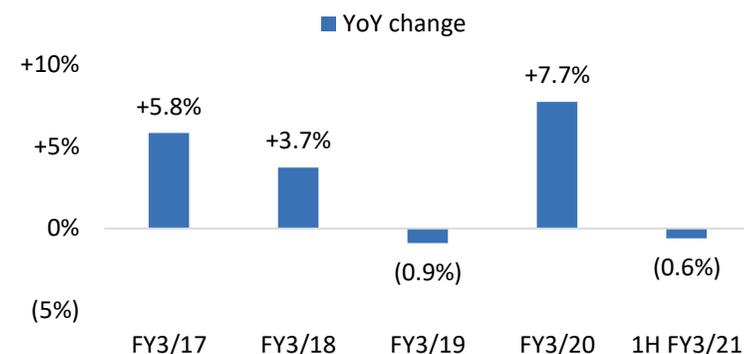
Note: Including one location that was converted from a store specializing in the sale of general merchandise to a pharmacy

1H FY3/21 Dispensing Pharmacy Business YoY Growth Rate

| | Prescription drug sales | No. of prescriptions | Prescription unit prices |
|-----------------------------|-------------------------|----------------------|--------------------------|
| Existing pharmacies | (0.6%) | (11.4%) | +12.3% |
| Pharmacies opened in FY3/19 | +1518.5% | +867.5% | +67.3% |
| Total | +5.8% | (5.0%) | +11.4% |

No. of prescriptions 6,858,000 Prescription unit price 16,965 yen

Existing Dispensing Pharmacy Sales



Emphasis on a Well-Balanced Pharmacy Network (2)

We will maintain a good balance between hospital-front pharmacies, which can ally with specialist medical institutions, and community-oriented hybrid pharmacies. We will also invest in the necessary human resources.

Pharmacy Openings and Closings

| | Hospital-front pharmacies and hybrid pharmacies | |
|---|---|-----------|
| | FY3/20 | 1H FY3/21 |
| Opened | 65 | 19 |
| Hospital-front pharmacies / Pharmacies within hospital premises | 38 | 9 |
| Hybrid pharmacies | 27 | 10 |
| Closed | 13 | 4 |
| No. of pharmacies at the end of period | 650 | 665 |

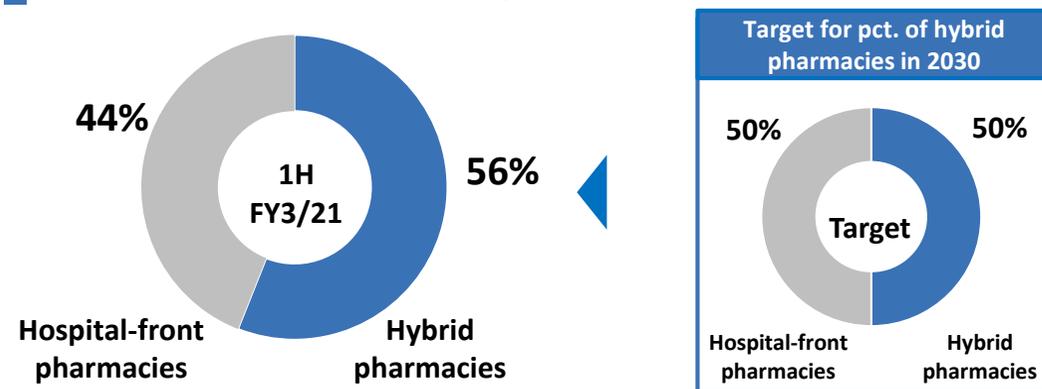
Note: Includes one location specializing in the sales of general merchandise and relocations to open pharmacies within hospital premises

Composition of Pharmacy Network

- Nationwide ▶ Hospital-front pharmacies / Pharmacies within hospital premises
- Urban areas ▶ Hybrid pharmacies

| Region | Pharmacy openings 1H FY3/21 | No. of pharmacies at the end of period 1H FY3/21 |
|-----------------|-----------------------------|--|
| Hokkaido | 2 | 45 |
| Tohoku | 0 | 48 |
| Kanto | 9 | 335 |
| Koshinetsu | 1 | 25 |
| Tokai | 1 | 58 |
| Kansai/Hokuriku | 6 | 78 |
| Chugoku/Shikoku | 0 | 39 |
| Kyushu/Okinawa | 0 | 37 |
| Total | 19 | 665 |

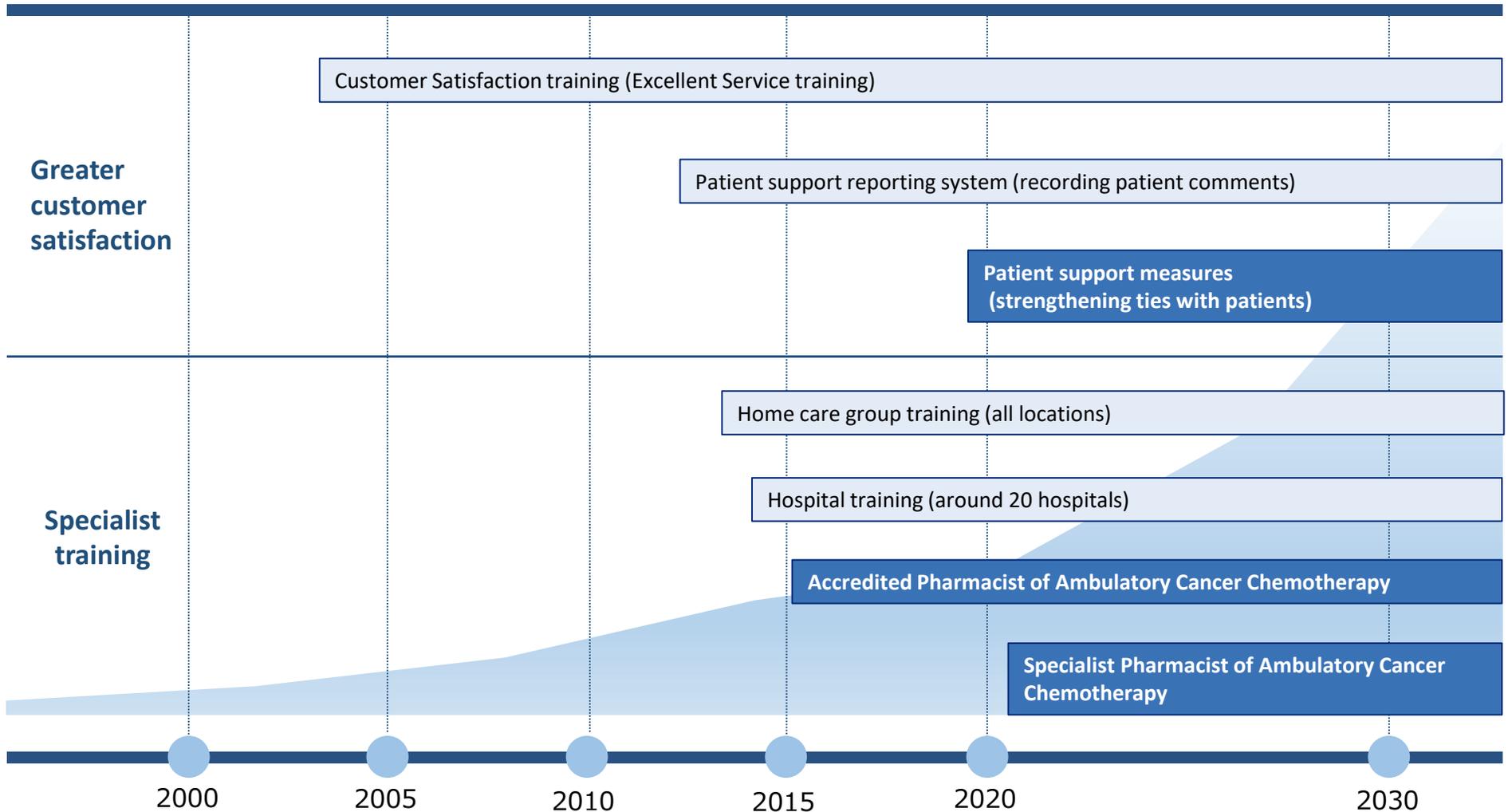
Ratio of Pharmacies in Tokyo Area



Investment in Growth (1)

Investment in people & ICT

Investment in **people** to support continuous growth

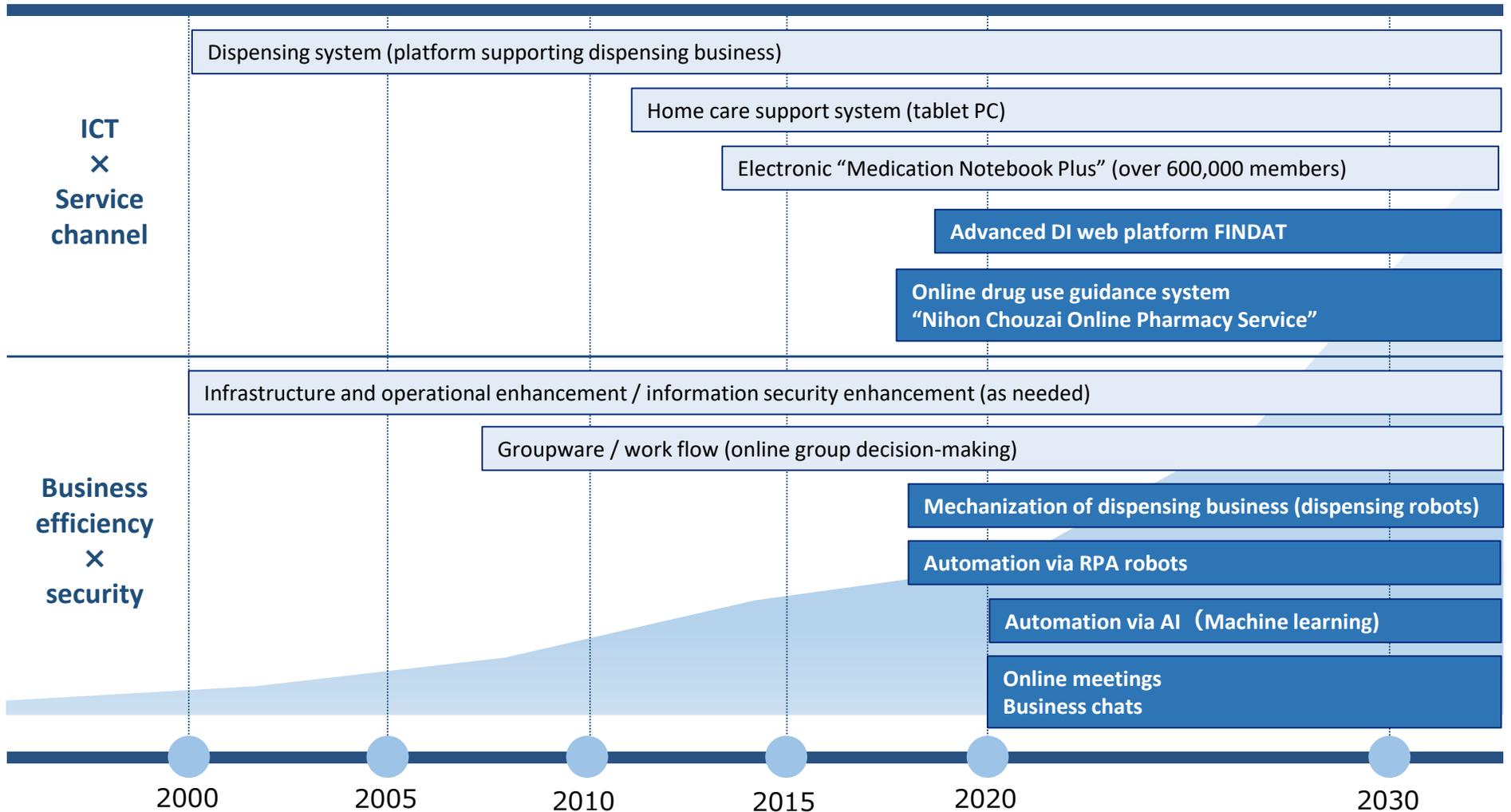


*The area graph shows Image of sales increase.

Investment in Growth (2)

Investment in people & ICT

Investment in ICT to support continuous growth



*The area graph shows Image of sales increase.

Growth of the Pharmaceutical Manufacturing and Sales Business (1)

FY3/21 results

Net sales in the medical pharmaceutical market as a whole continue to decline YoY due to a reduction in drug prices from NHI revisions. We attained higher sales and profits in both 1Q and 2Q despite the tough market conditions through large increases in sales volume.

| YoY | Pharmaceutical Manufacturing and Sales Business (1Q) | Pharmaceutical Manufacturing and Sales Business (1H) |
|------------------|--|--|
| Net sales | +11.0% | +8.4% |
| Operating profit | +4.4% | +0.7% |

Market Environment

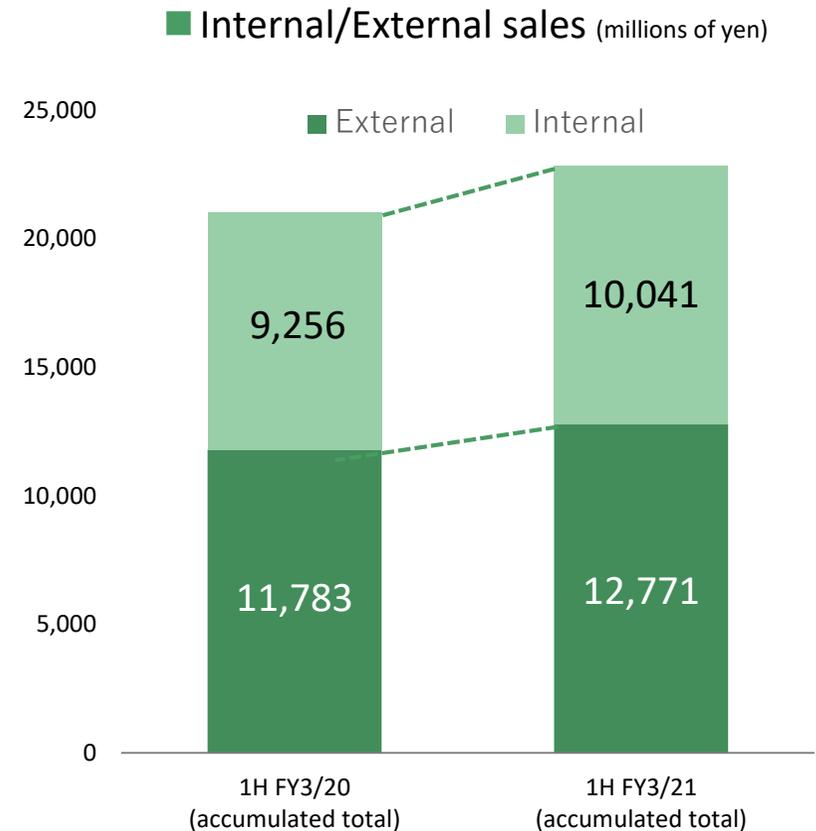
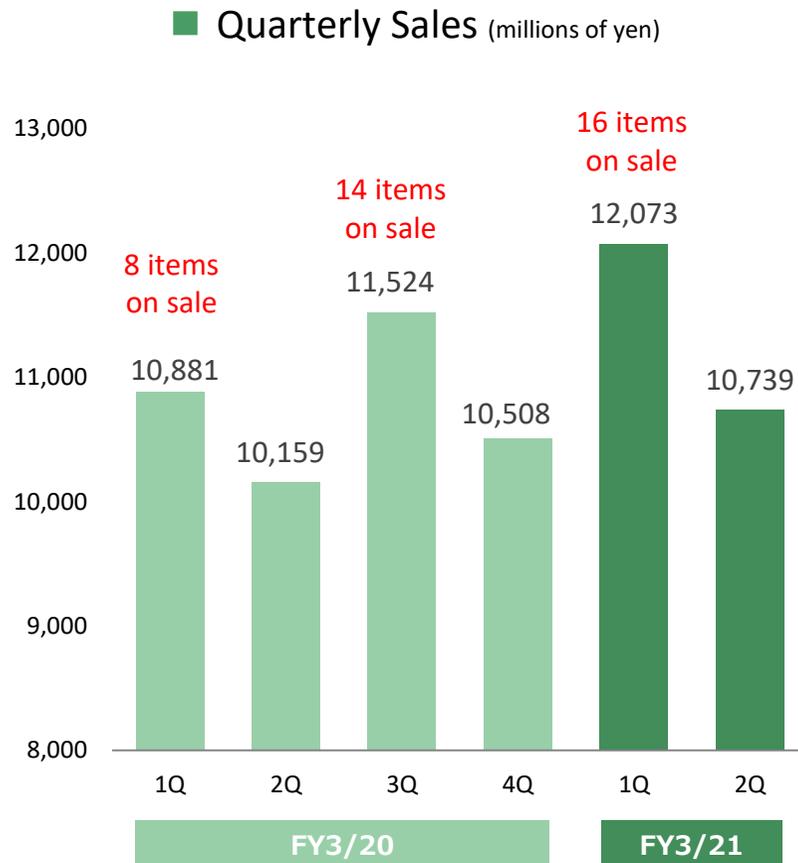
- Generic drug prices fell by around 13%* YoY after two NHI price revisions.
 - October 2019: 10% reduction
 - April 2020: 3% reduction
- Net sales of medical drugs have fallen YoY as patients refrain from medical examinations under the pandemic (IQVIA pharmaceutical market sales data: 2.5% decline in April to June 2020).

*Our estimate based on drug price revisions by individual firms.

Growth of the Pharmaceutical Manufacturing and Sales Business (2)

Net sales have increased steadily each time a new drug was NHI listed. Despite the grim market conditions, internal sales have increased with the growth of Dispensing Pharmacy Business, and external net sales have expanded thanks to stronger promotional efforts.

Net sales and their breakdown



Growth of the Pharmaceutical Manufacturing and Sales Business (3)

New NHI Listed Drugs

New NHI Listed Drugs Sold in June 2020: **16 items**

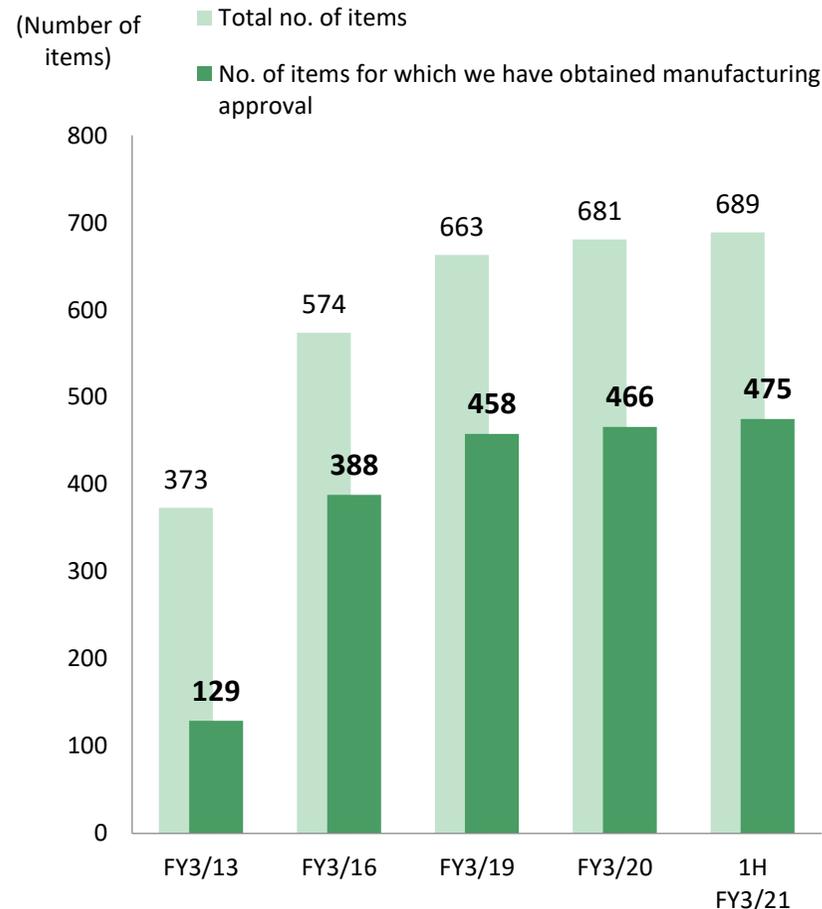
Scale of potential
conversion to generic
drugs (estimated*)

101 billion yen

| 名称 | |
|--|---|
| Celecoxib Tablets 100mg "JG" | Memantine Hydrochloride OD Tablets 20mg "JG" |
| Celecoxib Tablets 200mg "JG" | Galantamine Hydrobromide OD Tablets 4mg "JG" |
| Ezetimibe Tablets 10mg "JG" | Galantamine Hydrobromide OD Tablets 8mg "JG" |
| Levocetirizine hydrochloride Tablets 10mg "JG" | Galantamine Hydrobromide OD Tablets 12mg "JG" |
| Imidafenacin Tablets 0.1mg "JG" | Dutasteride capsules 0.5mg AV "JG" |
| Imidafenacin OD Tablets 0.1mg "JG" | Tadalafil Tablets 2.5mg ZA "JG" |
| Memantine Hydrochloride OD Tablets 5mg "JG" | Tadalafil Tablets 5mg ZA "JG" |
| Memantine Hydrochloride OD Tablets 10mg "JG" | Rabeprazole Sodium Tablets 5mg "JG" |

* Calculated by multiplying the annual usage volume of the brand-name product by NHI drug price of Nihon Generic Co., Ltd.

Number of Product Items



Growth of the Pharmaceutical Manufacturing and Sales Business (4)

Sales

- Net sales grew on higher volume sales of new products. The increased ratio of in-house manufactured products has raised profit margins. **Twelve of the 16 new NHI listed products in June 2020 were in-house items.**
- We have boosted margins on existing products by focusing sales on lucrative in-house items.

Products launched in December 2019

- Lanthanum carbonate OD tablets have achieved a greater market share and higher sales volume.
- BudeForu Dry Powder Inhaler won the top share thanks to pre-sales.



Lanthanum Carbonate
OD Tablets
250mg "JG"



Lanthanum Carbonate
OD Tablets
500mg "JG"



BudeForu Dry Powder
Inhaler
60 inhalation "JG"

Products launched in June 2020

- Robust sales of mass market products like Celecoxib Tablets, Ezetimibe Tablets and Levocetirizine hydrochloride Tablets
- Rising share in high-priced items like Memantine HCl OD tablets and Galantamine OD tablets.



Celecoxib Tablets
100mg "JG"



Ezetimibe Tablets
10mg "JG"

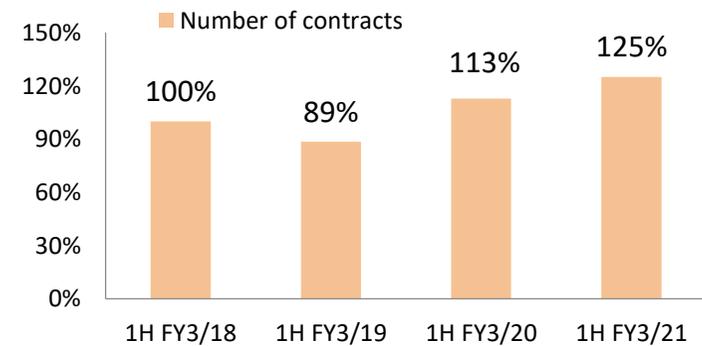
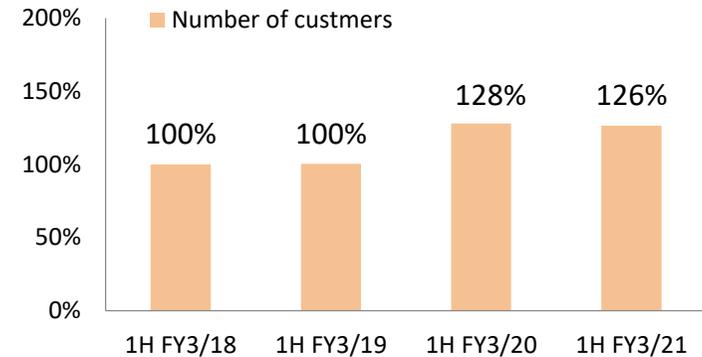
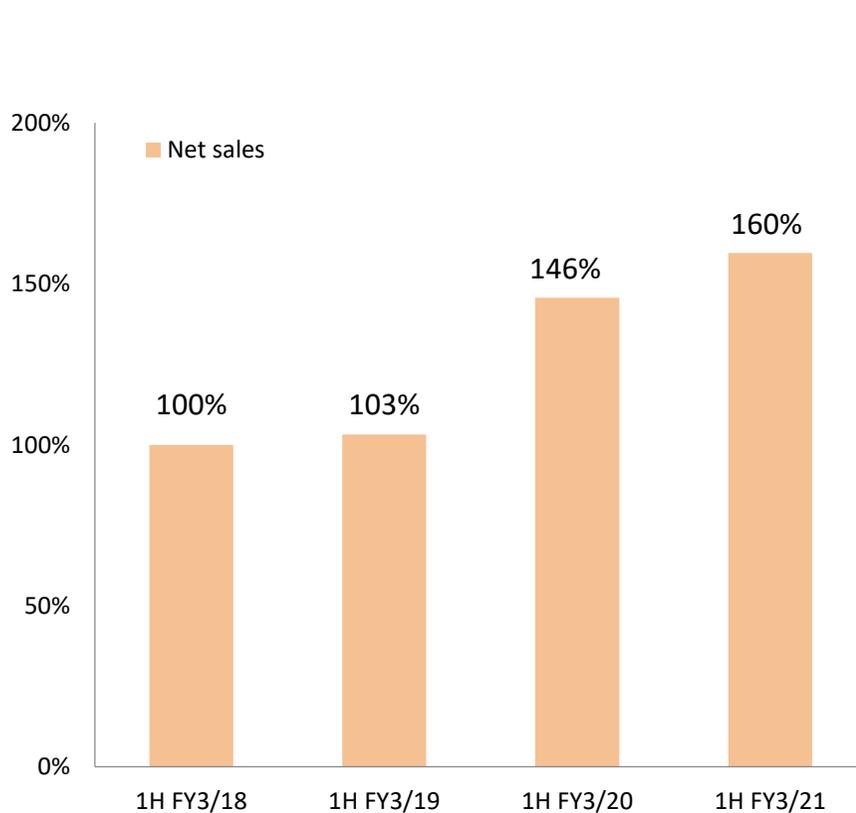


Levocetirizine
hydrochloride Tablets
5mg "JG"

Growth of the Medical Professional Staffing and Placement Business (1)

We shifted to the placement business in response to changes in demand for pharmacists. Whereas the pandemic has depressed dispatch demand, placement demand is strong, and net sales in the business are growing.

Growth of the pharmacist placement business



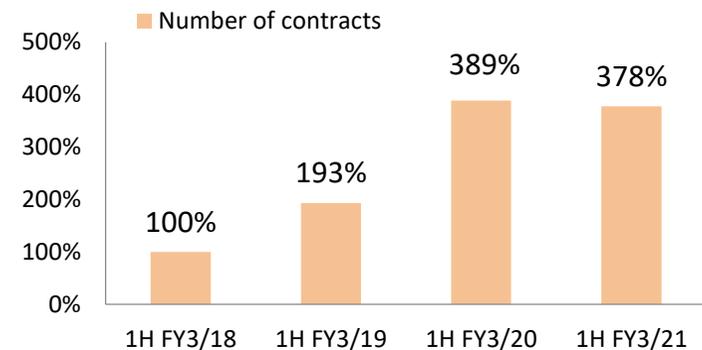
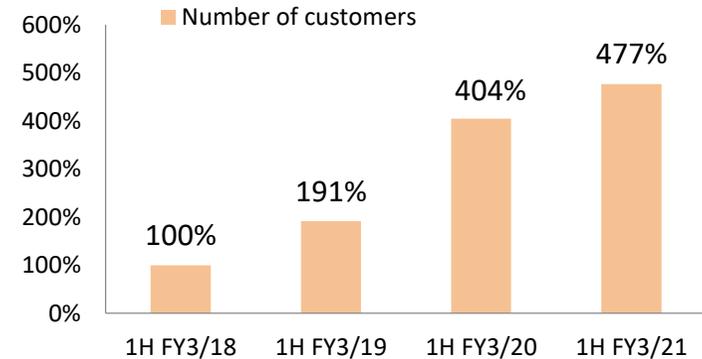
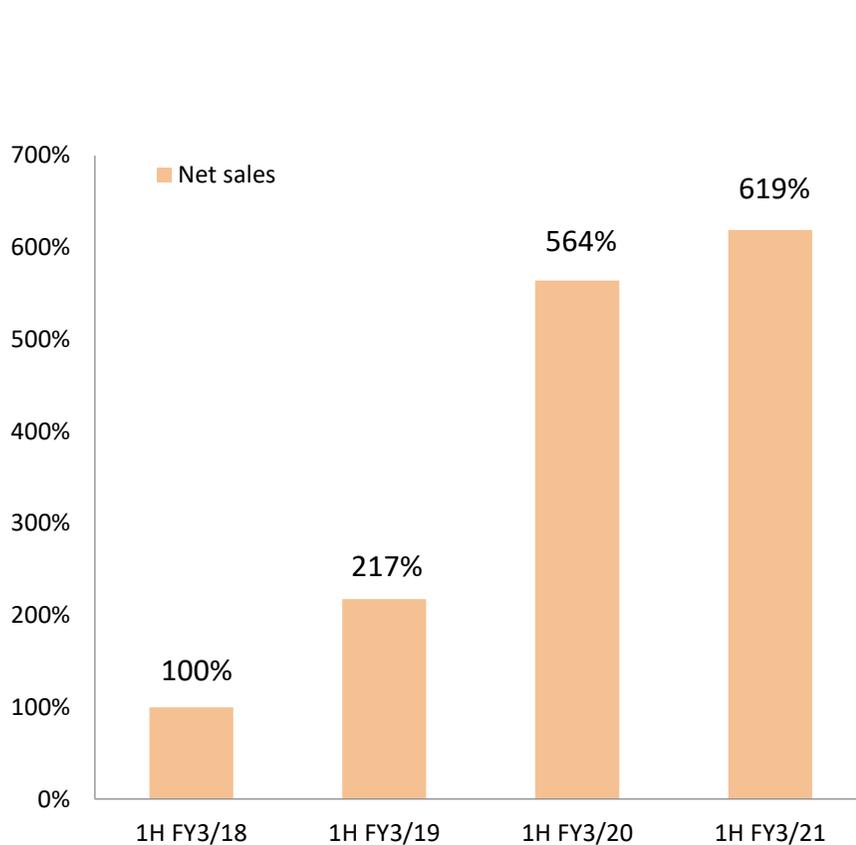
Job-seeker registrations → Matching → **Contracts** → Sales

1H FY3/18 Net sales, customers and contracts = 100%

Growth of the Medical Professional Staffing and Placement Business (2)

The physician placement business retains high growth potential despite the pandemic and continues to expand.

Growth of the Physician Placement Business



Job-seeker registrations → Matching → **Contracts** → Sales

1H FY3/18 Net sales, customers and contracts = 100%

Growth of the Medical Professional Staffing and Placement Business (3)

Acquisition of Workers Doctors Inc. (creation of sub-subsidiary)

Acquired company

Workers Doctors provides occupational medical services and labor health management support to businesses in metro Tokyo.

Purpose of acquisition

1. Strengthen physician business
New growth engine alongside pharmacist business
2. Utilize nationwide network
Nationwide rollout of network from current 5 prefectures
3. Realize group synergies
Revitalization of occupational doctor and existing registered doctor services
4. Develop online medical checks and DX
5. Pursue comprehensive health care company strategy
Support for corporate health management so that workers can maintain good physical, mental and social health

Future vision

Nihon Chouzai Co., Ltd.
Drug data
Nutritional care data

Medical Resources Co., Ltd.
Occupational physician staffing
Occupational health professional staffing

WORKERS DOCTORS Inc.

Occupational physician staffing

On-site health care

Measures to prevent disease and mitigate disease risk

Enhancement of mental health services

Support for corporate health management

Post-coronavirus health care

Precautions

Performance targets, plans, business activities and other forward-looking statements concerning Nihon Chouzai and its subsidiaries are based on information that was available when this presentation was made. There may be significant changes to these statements due to business and other risk factors and other uncertainties. These statements are not promises concerning future performance. Actual results of operations may differ significantly from the outlook in this presentation for a number of reasons. In addition, this presentation is not a solicitation to make an investment in Nihon Chouzai. Investment decisions are the responsibility of individual investors.

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