

January 31, 2019

# Results of Operations for the Third Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 to December 31, 2018)



NIHON CHOUZAI Co.,Ltd.  
(Tokyo Stock Exchange, First Section / Stock code: 3341)  
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## **I. 3Q FY3/19 Consolidated Financial Highlights**

# Consolidated Statement of Income

Net sales increased YoY despite the impact of revisions to prescription dispensing fees and drug prices.

Operating profit achieved the initial plan due to a recovery in performance of the pharmaceutical manufacturing and sales business.

(Millions of yen)	1Q-3Q FY3/17 Results	1Q-3Q FY3/18 Results	1Q-3Q FY3/19 Plan	1Q-3Q FY3/19 Results	YoY change	YoY growth rate	Vs. plan
Net sales	166,051	180,250	187,662	183,404	3,154	+1.7%	-2.3%
Cost of sales	137,190	147,146	157,279	152,731	5,585	+3.8%	-2.9%
Gross profit	28,860	33,103	30,383	30,672	(2,431)	-7.3%	+1.0%
% to sales	17.4%	18.4%	16.2%	16.7%	-	-	-
SG&A expenses	22,759	24,775	26,522	26,287	1,511	+6.1%	-0.9%
% to sales	13.7%	13.7%	14.1%	14.3%	-	-	-
Consumption taxes	8,845	9,199	9,326	9,733	533	+5.8%	+4.4%
R&D expenses	1,581	2,013	2,213	1,871	(141)	-7.0%	-15.5%
Operating profit	6,101	8,328	3,860	4,385	(3,942)	-47.3%	+13.6%
% to sales	3.7%	4.6%	2.1%	2.4%	-	-	-
Ordinary profit	5,773	7,988	3,673	3,855	(4,132)	-51.7%	+5.0%
% to sales	3.5%	4.4%	2.0%	2.1%	-	-	-
Profit attributable to owners of parent	3,307	5,015	2,347	2,369	(2,646)	-52.8%	+0.9%
% to sales	2.0%	2.8%	1.3%	1.3%	-	-	-
Net income per share (Yen)	206.81	313.61	146.77	150.51	(163.10)	-52.0%	+2.5%

# Consolidated Balance Sheet

Non-current liabilities decreased 5,607 million yen due to a decrease in long-term loans payable. Total assets decreased 5,744 million yen mainly because of a decrease in cash and deposits to fund a reduction in non-current liabilities. Net assets decreased 1,244 million yen mainly because of the repurchase of stock that started in August. Due in part to the decrease in assets, the equity ratio was 0.8 pct. points higher than one year earlier.

(Millions of yen)	End of Dec. 2017 (3Q FY3/18)	End of Mar. 2018 (FY3/18)	End of Dec. 2018 (3Q FY3/19)	Change from the end of FY3/18	Change from the end of FY3/18 (%)
Current assets	85,480	81,613	78,967	(2,645)	-3.2%
Non-current assets	102,121	104,956	101,857	(3,099)	-3.0%
Property, plant and equipment	74,437	75,662	72,835	(2,826)	-3.7%
Intangible assets	17,863	17,952	17,743	(209)	-1.2%
Investments and other assets	9,820	11,341	11,278	(63)	-0.6%
Total assets	187,601	186,569	180,824	(5,744)	-3.1%
Current liabilities	73,574	70,310	71,416	1,106	+1.6%
Non-current liabilities	73,607	74,752	69,145	(5,607)	-7.5%
Total liabilities	147,181	145,062	140,562	(4,500)	-3.1%
Total net assets	40,419	41,506	40,262	(1,244)	-3.0%
Shareholders' equity	40,419	41,504	40,260	(1,244)	-3.0%
Equity ratio	21.5%	22.2%	22.3%	-	-

Note: FY3/18 figures have been adjusted retrospectively in accordance with the Partial Amendments to Accounting Standard for Tax Effect Accounting.

# Dispensing Pharmacy Business / Statement of Income

Although affected by the revisions to prescription dispensing fees and drug prices, a 1.8% decrease in prescription unit prices was offset by a 3.5% increase in the number of prescriptions. Steady growth in the number of pharmacies resulted in higher sales even though this period followed NHI price and fee revisions. Earnings were negatively affected by lower NHI drug prices, challenging revisions to prescription dispensing fees, difficult price negotiations based on distribution improvement guidelines, and an increase in SG&A expenses, chiefly personnel expenses. Gross profit and operating profit were lower than one year earlier and below the earnings plan.

(Millions of yen)	1Q-3Q FY3/17 Results	1Q-3Q FY3/18 Results	1Q-3Q FY3/19 Plan	1Q-3Q FY3/19 Results	YoY change	YoY growth rate	Vs. plan
Net sales	140,758	152,799	157,318	155,703	2,903	+1.9%	-1.0%
Cost of sales	119,717	128,167	134,762	133,346	5,179	+4.0%	-1.1%
Gross profit	21,041	24,632	22,556	22,356	(2,275)	-9.2%	-0.9%
% to sales	14.9%	16.1%	14.3%	14.4%	-	-	-
SG&A expenses	14,341	15,581	16,094	16,321	739	+4.7%	+1.4%
% to sales	10.2%	10.2%	10.2%	10.5%	-	-	-
Operating profit	6,699	9,050	6,461	6,035	(3,014)	-33.3%	-6.6%
% to sales	4.8%	5.9%	4.1%	3.9%	-	-	-
No. of pharmacies at the end of each period (stores)	553	580	624	597	17	+2.9%	-4.3%
Prescription drug sales per pharmacy <sup>note</sup>	260	268	259	263	(3)	-1.4%	+1.4%

## YoY Growth Rate of the Number and Unit Price of Prescriptions

No. of prescriptions	10,613,000	+3.5%
Prescription unit prices	14,431 yen	-1.8%

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

# Pharmaceutical Manufacturing and Sales Business / Statement of Income

Sales increased 1,364 million yen as growth in internal sales offset the negative effect of drug price reductions. Our initial plan was an operating loss of 212 million yen because of higher expenses, including the start of depreciation following commencement of production at Tsukuba Plant No. 2. But the result was an operating profit of 1,185 million yen, 1,397 million yen higher than initially planned. This segment made significant progress toward the start of a V-shaped recovery in the next fiscal year.

(Millions of yen)	1Q-3Q FY3/17 Results	1Q-3Q FY3/18 Results	1Q-3Q FY3/19 Plan	1Q-3Q FY3/19 Results	YoY change	YoY growth rate	Vs. plan
Net sales	27,634	29,300	31,534	30,664	1,364	+4.7%	-2.8%
Cost of sales	22,769	24,180	27,719	25,755	1,575	+6.5%	-7.1%
Gross profit	4,865	5,120	3,814	4,909	(211)	-4.1%	+28.7%
% to sales	17.6%	17.5%	12.1%	16.0%	-	-	-
SG&A expenses	3,454	3,689	4,027	3,723	34	+0.9%	-7.6%
% to sales	12.5%	12.6%	12.8%	12.1%	-	-	-
Operating profit	1,410	1,431	(212)	1,185	(245)	-17.1%	-
% to sales	5.1%	4.9%	-	3.9%	-	-	-

## Components of YoY changes

### ◆ Net sales

1. Internal sales: Increase in volume-based sales ratio of dispensing pharmacy business, and effects of new store openings (higher sales)
2. External sales: Continued sales strategy to increase priority on profitability (slight decrease in sales)

Aim for more growth in external sales mainly by expanding the contract manufacturing business.

### ◆ Operating profit

1. Contribution to earnings from sales growth and a sales strategy prioritizing profitability based on distribution improvement guidelines (higher profit)
2. Higher depreciation and other expenses due to start of production at Tsukuba Plant No. 2 with state-of-the-art manufacturing equipment (lower profit)

A substantial profit instead of the expected loss because of the success of a sales strategy that places priority on profitability.

# Medical Professional Staffing and Placement Business / Statement of Income

Sales increased 758 million yen because of steady growth in temporary and permanent placements of pharmacists and permanent placements of physicians. Operating profit decreased 360 million yen because of a big increase in SG&A expenses caused by upfront investments for growth of the physician placement business. Earnings were below the plan because share of permanent placements in the pharmacist staffing and placement business was lower than planned.

(Millions of yen)	1Q-3Q FY3/17 Results	1Q-3Q FY3/18 Results	1Q-3Q FY3/19 Plan	1Q-3Q FY3/19 Results	YoY change	YoY growth rate	Vs. plan
Net sales	7,675	8,948	9,908	9,706	758	+8.5%	-2.0%
Cost of sales	4,661	5,471	5,861	6,058	587	+10.7%	+3.4%
Gross profit	3,014	3,477	4,046	3,647	170	+4.9%	-9.9%
% to sales	39.3%	38.9%	40.8%	37.6%	-	-	-
SG&A expenses	1,788	2,060	2,633	2,591	530	+25.8%	-1.6%
% to sales	23.3%	23.0%	26.6%	26.7%	-	-	-
Operating profit	1,225	1,416	1,413	1,056	(360)	-25.4%	-25.3%
% to sales	16.0%	15.8%	14.3%	10.9%	-	-	-

## Components of YoY changes

### ◆ Net sales

1. Steady growth of the temporary staffing business because of the pharmacist shortage in Japan (higher sales)
2. Growth of the physician placement business and benefits of expansion of service network and sales team (higher sales)

### ◆ Operating profit

1. Higher sales contributed to earnings (higher profit)
  2. Increase in the cost of people used for temporary staffing (lower gross profit margin)
  3. Upfront investments to strengthen the physician placement business (lower profit)
- More advertisements, more sales and service offices, more personnel

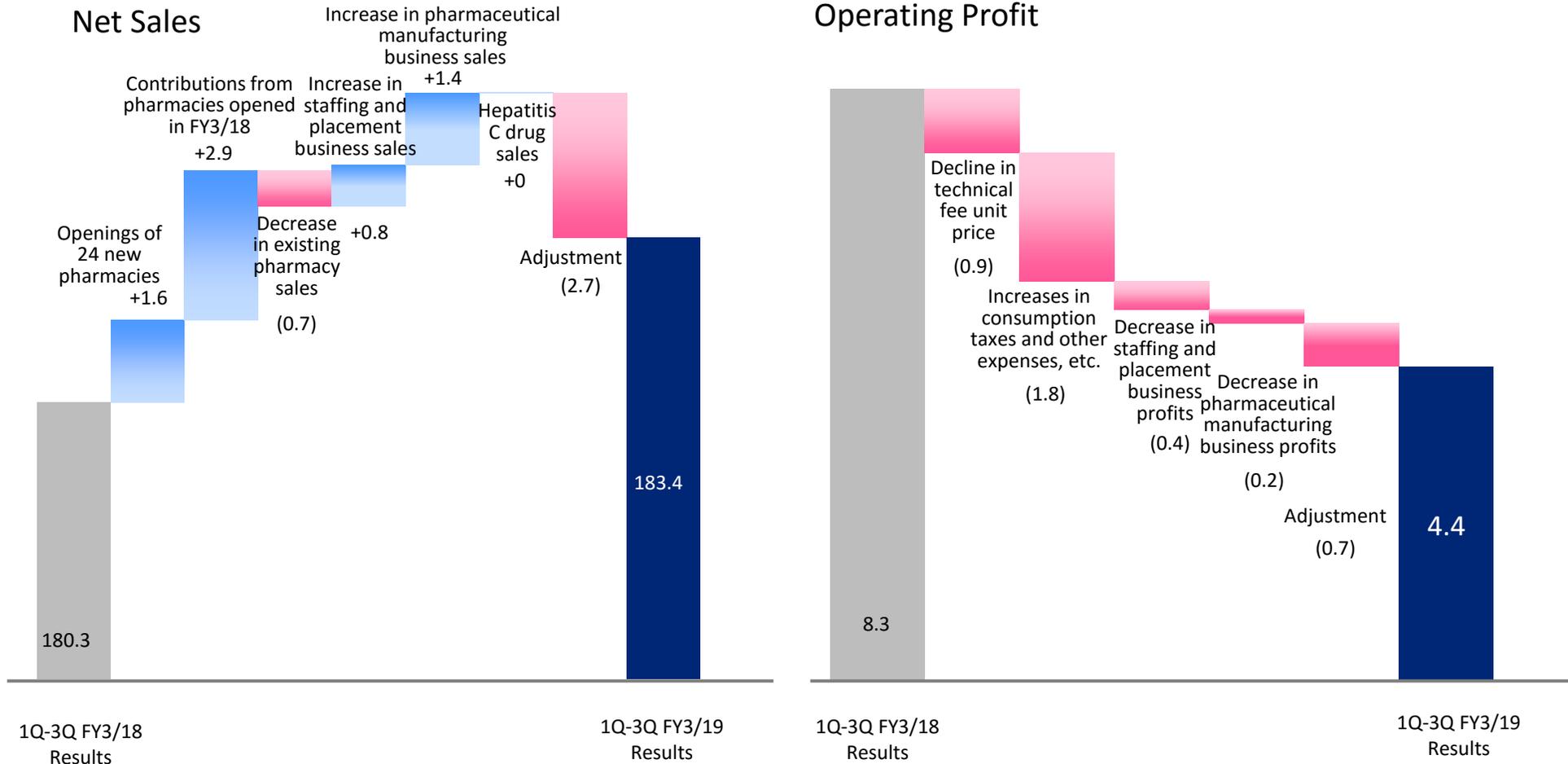
An advanced pharmacist education system that maintains a steady supply of high-quality pharmacists enabled this business to meet the needs of pharmacies.

Placement contracts (a source of subsequent sales) in the highly profitable pharmacist placement business started to increase in September. Operating margin recovered from 9.9% in the first half to 10.9%.

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

In the dispensing pharmacy business, new pharmacies and pharmacies opened in FY3/18 contributed to sales growth. Sales in the other two segments also increased, resulting in higher consolidated sales. The negative impact of NHI price and fee revisions and substantial upfront investments in all businesses were responsible for the sharp drop in operating profit, but this result was in line with the initial plan.

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

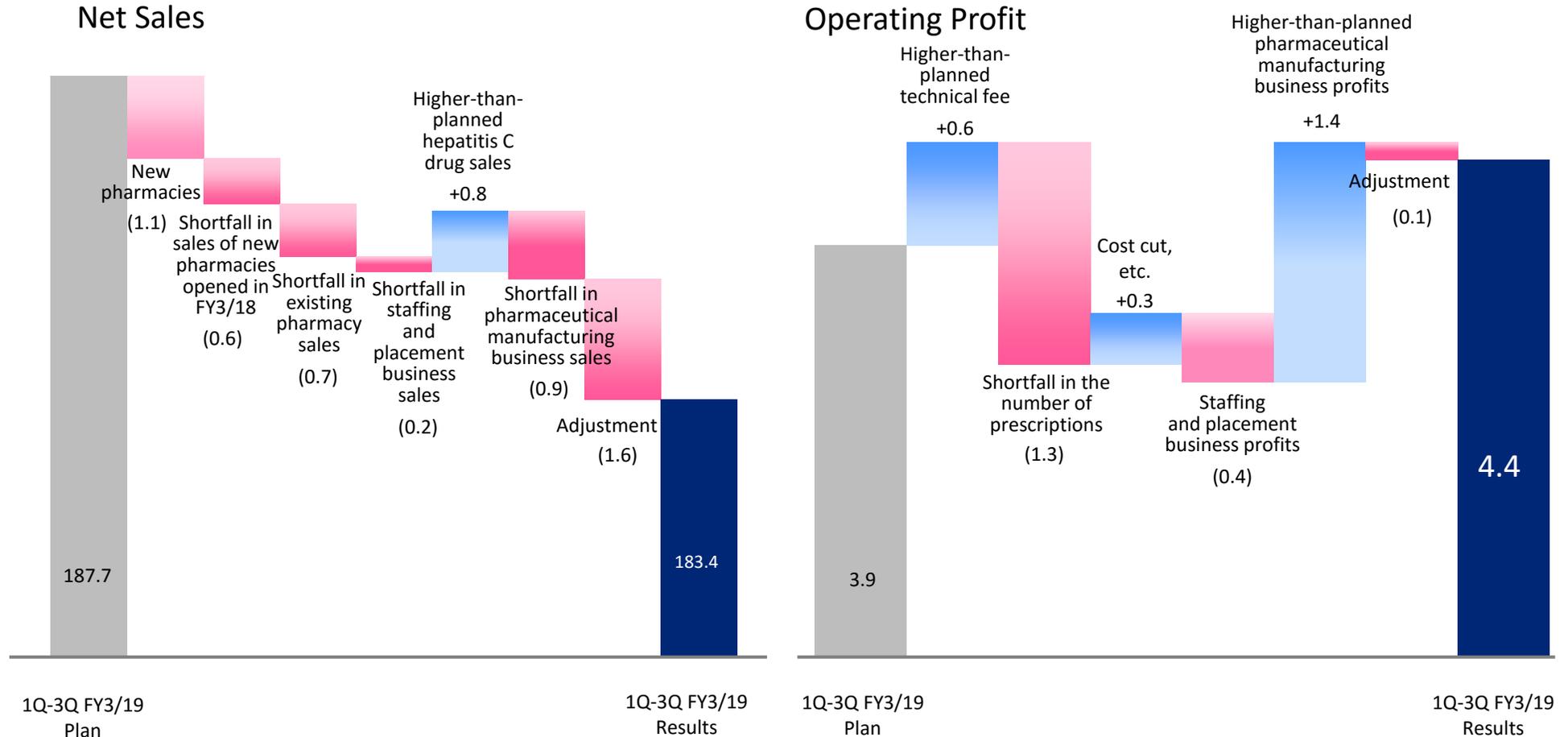


# Consolidated Results: Major Components of Changes vs. Plan (Net Sales / Operating Profit)

Consolidated net sales were 4.3 billion yen lower than planned. Operating profit on a consolidated basis was in line with the plan, although individual segments differed from the plan.

In the dispensing pharmacy business, the initial plan was to use growth in the number of prescriptions to offset lower prescription unit prices caused by drug price revisions. But actual prescription unit prices were higher than planned and the number of prescriptions was lower than planned. In the pharmaceutical manufacturing and sales business, external sales were below the plan but internal sales were higher due to a sales strategy with priority on profitability.

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



## **II. Business Overview of the Nihon Chouzai Group**

## ■ Pharmacy Opening Strategies

Dispensing  
Pharmacy Business

## ■ Actions to Provide High-quality Medical Services

Dispensing  
Pharmacy Business

## ■ Growth of the Pharmaceutical Manufacturing and Sales Business

Pharmaceutical  
Manufacturing and  
Sales Business

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

Medical  
Professional  
Staffing and  
Placement Business

# Pharmacy Opening Strategy / Pharmacy Portfolio

The number of hybrid pharmacies is growing, mainly in Tokyo, Osaka and Nagoya, and the pace of this growth is more than twice as high as in FY3/18.

No change in M&A policy – Only deals that meet our high standards, chiefly investments with excellent potential to contribute to consolidated performance, will be approved.

## Pharmacy Openings and Closings (Categories)

	FY3/18	3Q FY3/19
Opened	36	24
Hospital-front pharmacies <small>note</small>	20	11
Hybrid pharmacies	6	13
Closed	8	12
No. of pharmacies at the end of period	585	597

Note: Includes two pharmacies within hospital premises



Further strengthen advanced pharmacology management

(Including three locations specializing in the sales of general merchandise)

Region	End of Mar. 2018	End of Dec. 2018	Change
Hokkaido	46	44	-2
Tohoku	44	43	-1
Kanto	287	295	8
Koshinetsu	24	23	-1
Tokai	52	53	1
Kansai/Hokuriku	61	65	4
Chugoku/Shikoku	35	37	2
Kyushu/Okinawa	36	37	1
Total	585	597	12

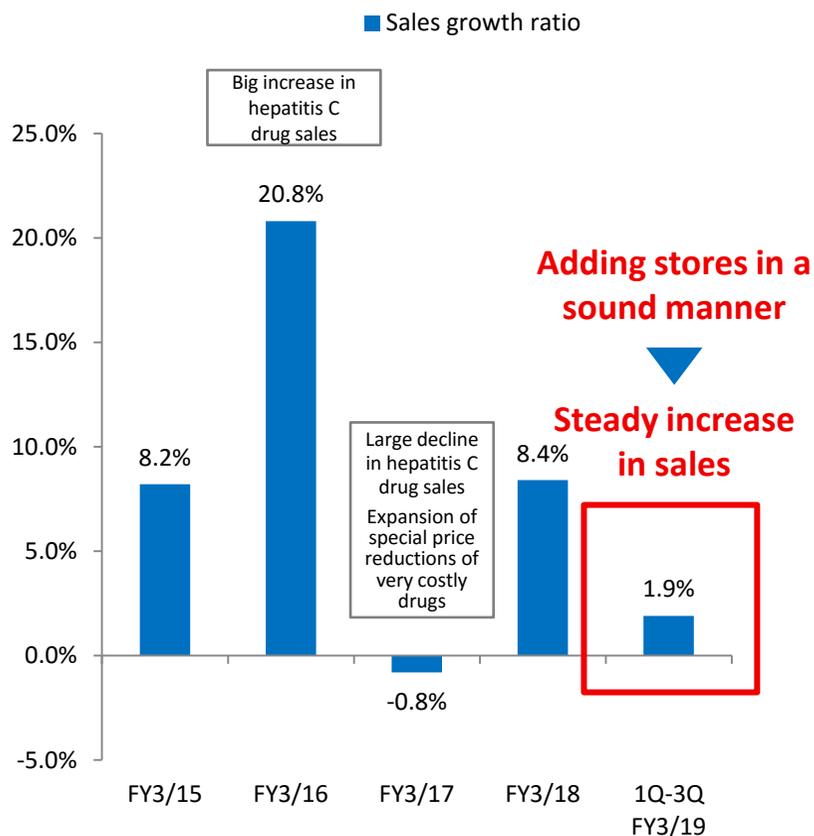
## Store Openings (No. of pharmacies)

	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	1Q-3Q FY3/19
Opened	37	29	27	42	36	24
Organic growth	33	28	22	21	23	20
M&A	4	1	5	21	13	4
Closed	9	12	11	12	8	12
No. of pharmacies at the end of each period	494	511	527	557	585	597

# Pharmacy Opening Strategy / Adding Stores in a Sound Manner

Sales growth was backed by opening stores with excellent prospects. Existing stores also made a contribution because of a recovery in the number of prescriptions and prescription unit prices.

## Sales Growth Ratio In the Dispensing Pharmacy Business



## YoY Growth Rate of the Number and Unit Price of Prescriptions

No. of prescriptions	10,613,000	+3.5%
Prescription unit prices	14,431 yen	-1.8%

**Able to add stores on our own without excessive reliance on M&A**  
**Vulnerability to price revisions is relatively low**

## YoY Growth Rate by Year of Opening

	Prescription drug sales	No. of prescriptions	Prescription unit prices
Existing pharmacies	-0.7%	-0.3%	-0.4%
Pharmacies opened in FY3/18	+134.7%	+194.7%	-20.4%
<b>Total</b>	<b>+1.6%</b>	<b>+3.5%</b>	<b>-1.8%</b>

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# Actions to Provide High-quality Medical Services / Health Support Function

The number of Health Check-up Stations increased to 62. As a result of efforts of these stations to help people stay healthy and prevent diseases by using a health consultation system and the services of supervising nutritionists for maintaining a well-balanced diet, the number of pharmacy customers has increased.

## Health Support Function: Pharmacies with a Health Check-up Station

	End of Mar. 2017	End of Mar. 2018	End of Jan. 2019
Pharmacies with a Health Check-up Station <small>note</small>	3	37	62

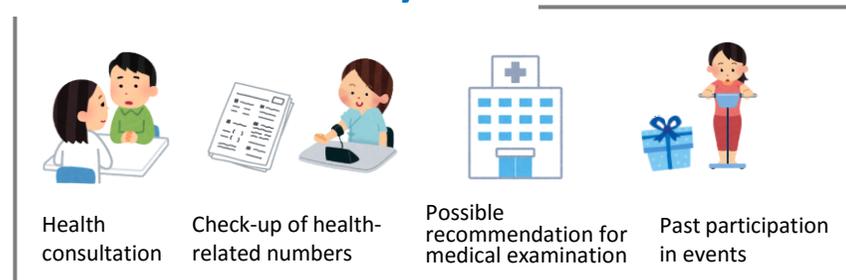
Note: Health Check-up Station is a registered trademark of Nihon Chouzai.



1. Advice for meals and exercise from a supervising nutritionist
2. Health Fairs to promote the use of Health Check-up Stations
3. Consultation booth for health maintenance and enhancement
4. Health maintenance by using equipment for measuring blood pressure and body composition, etc.
5. Sell over-the-counter drugs, health food and other self-medication products (more than 500 items)
6. Provide referrals to clinics and other providers of medical care based on an individual's symptoms

## Development of Health Consultation System

### Health Consultation System Service started in November 2017



Health-related events are held, primarily by supervising nutritionists  
Centralize a broad range of information gained through health consultations and other activities

**Use of ICT for proactive support for activities to prevent diseases**

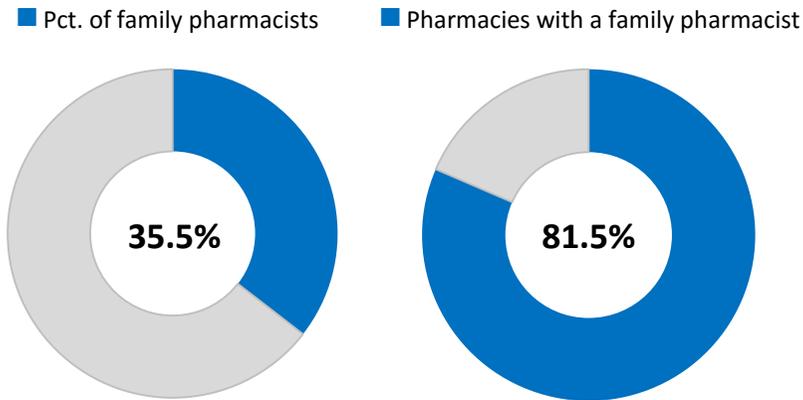
**Increase the number of pharmacy customers**  
(more people who come for a reason other than a prescription)

# Actions to Provide High-quality Medical Services

## Family Pharmacists and Pharmacies / At-home Medical Care

The family pharmacist ratio decreased briefly because a record number of new pharmacy school graduates were hired. Many activities continue for training family pharmacists. There was a big increase in the number of at-home medical care services provided and the number of services per pharmacy is far higher than in FY3/18.

### Family Pharmacists and Pharmacies (as of January 16, 2019)

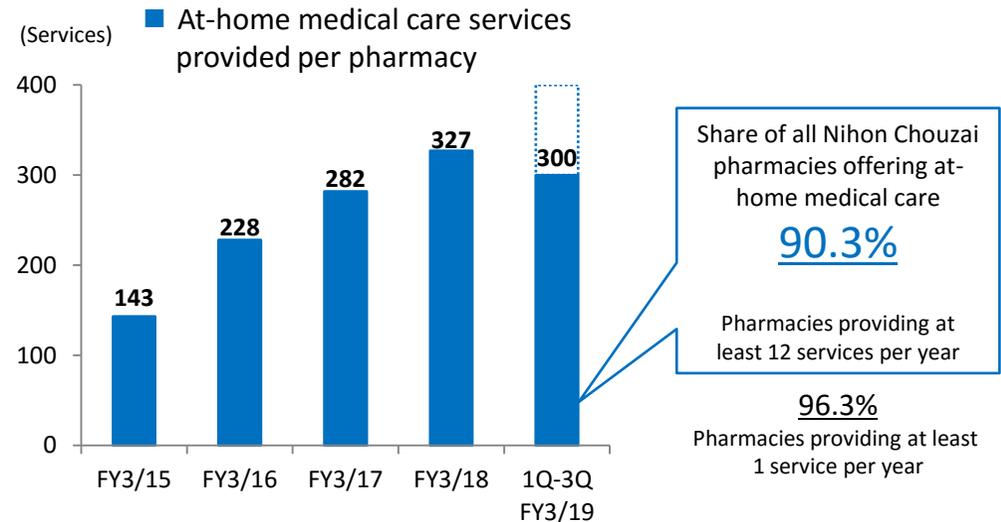


### Number of family pharmacists per pharmacy

**1.6**

Note: Pct. of family pharmacists = No. of family pharmacists / all Nihon Chouzai Group pharmacists

### Promotion of High-quality At-home Medical Care



### Major activities to support at-home medical care



• Support system of At-home Medical Care Department



• Sterile rooms for drug dispensing



• Higher efficiency by combining at-home medical care management system with the prescription system

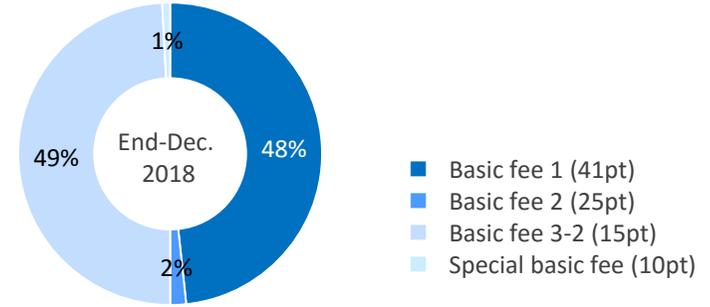
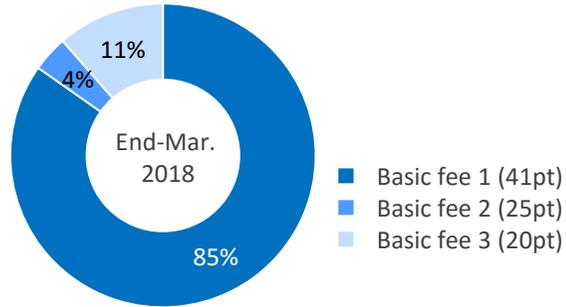
# Actions to Provide High-quality Medical Services / Three Major Components of Technical Fees

Stepping up a variety of initiatives for achieving the Vision of Pharmacies for Patients.

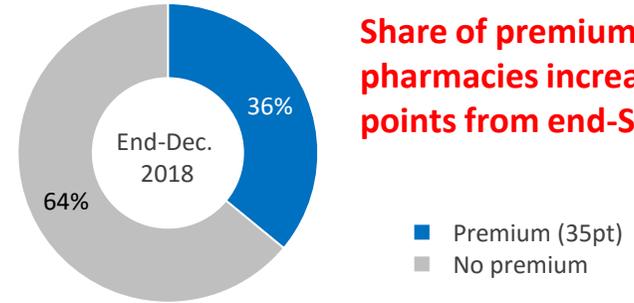
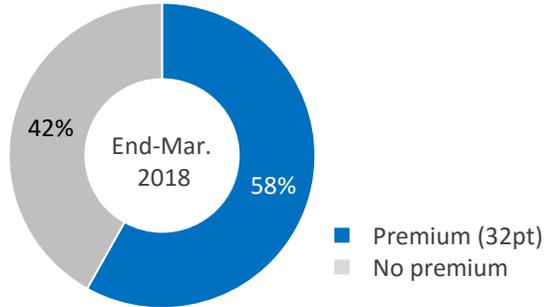
Pharmacies receiving the Generic Drug Dispensing System Type III premium have increased from 38% in April to 43% in June, to 50% in September, and to 57% in December.

**Note: Figures on this page include all pharmacies, including newly opened locations.**

## Basic Dispensing Fee

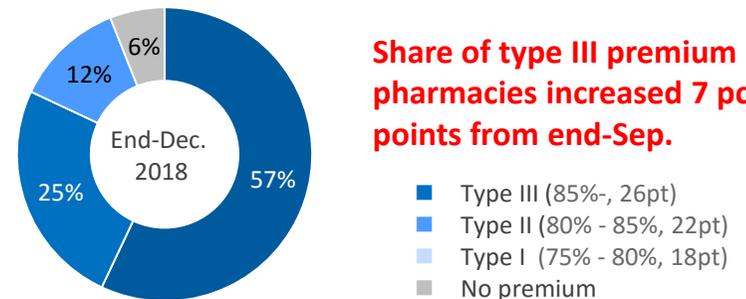
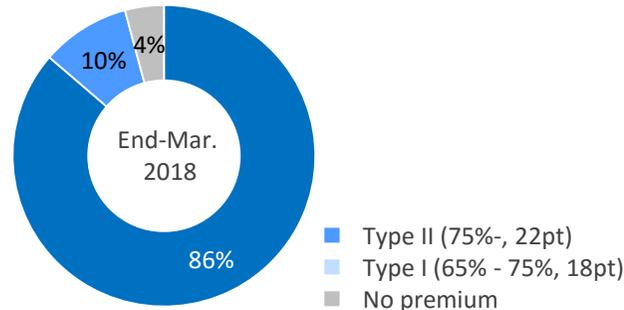


## Premium for Standard Dispensing System ↓ Premium for Regional Support System



**Share of premium pharmacies increased 2 pct. points from end-Sep.**

## Premium for Generic Drug Dispensing System

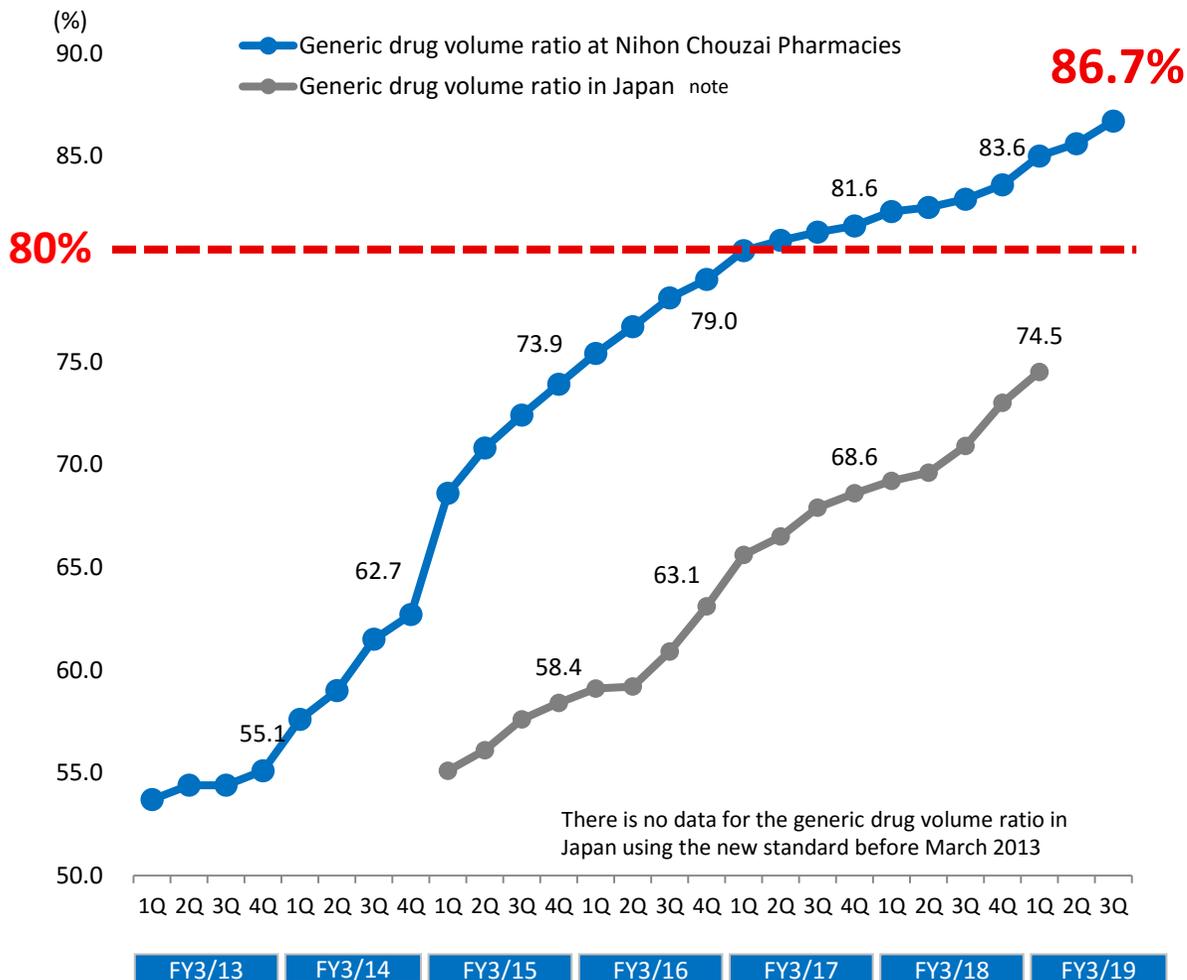


**Share of type III premium pharmacies increased 7 pct. points from end-Sep.**

# Actions to Provide High-quality Medical Services / Initiatives to Hold Down the Growth in Health Care Expenditures

The government target of 80% has been reached by increasing the use of generic drugs.  
The volume-based share has continued to climb to reach 86.7%.

## Growth in Generic Drug Volume



**Surpassed 85%!**

The government target of 80% has been reached

Reduction in medical expenses due to increasing the use of generic drugs (Year ended March 2018)

**23.7** billion yen

1Q-3Q FY3/19: 18.9 billion yen

Note: The Ministry of Health, Labour and Welfare, Trends in Prescription Drug Expenses  
Volume-based Generic Drug Share (New indicator)

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

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

Medical  
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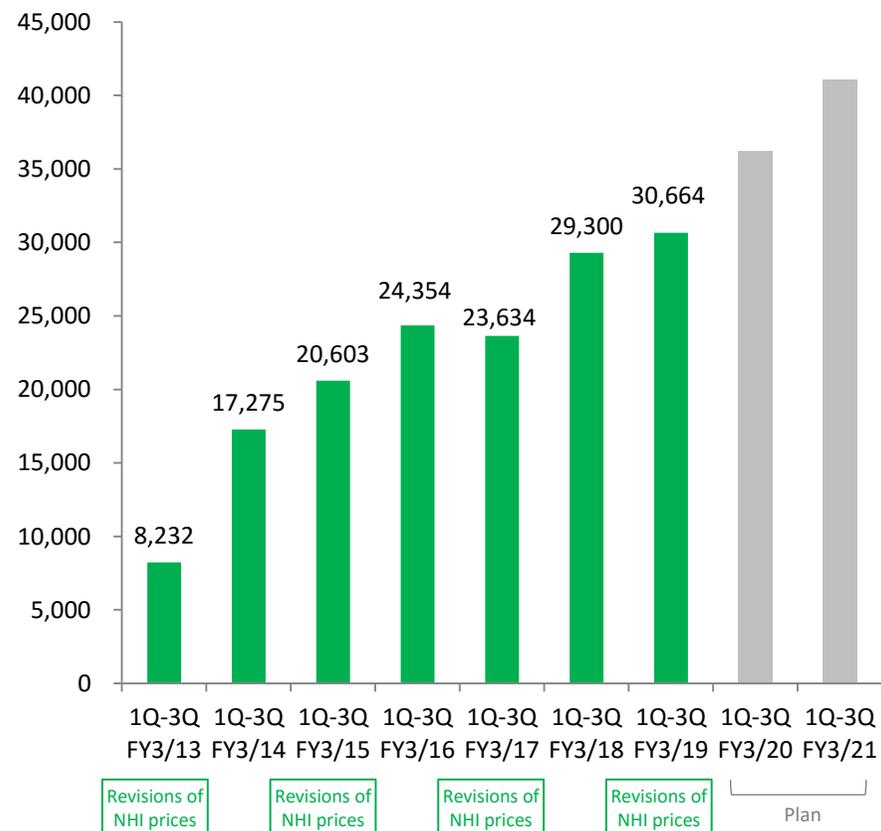
# Growth of the Pharmaceutical Manufacturing and Sales Business

Sales increased as internal sales significantly increased while there was a negative impact of the NHI drug price reduction.

Earnings decreased because of depreciation expenses at Tsukuba Plant No. 2 but were about 1.4 billion yen higher than the plan partially due to successful reexamination of all expense categories.

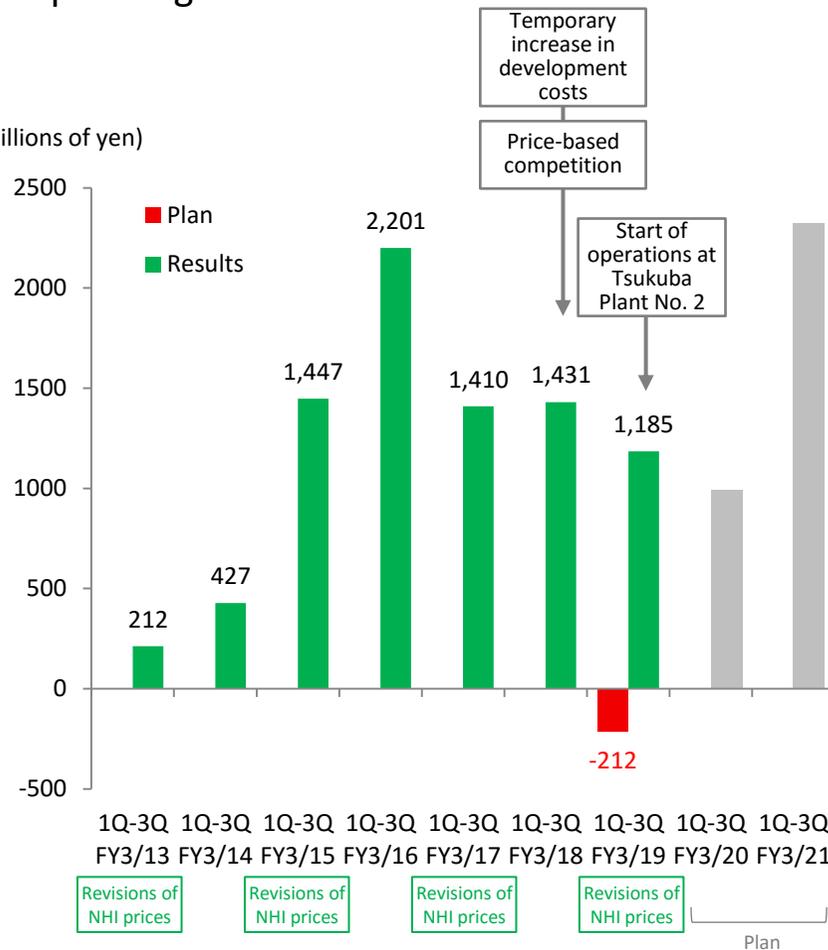
## Net Sales

(Millions of yen)



## Operating Profit

(Millions of yen)



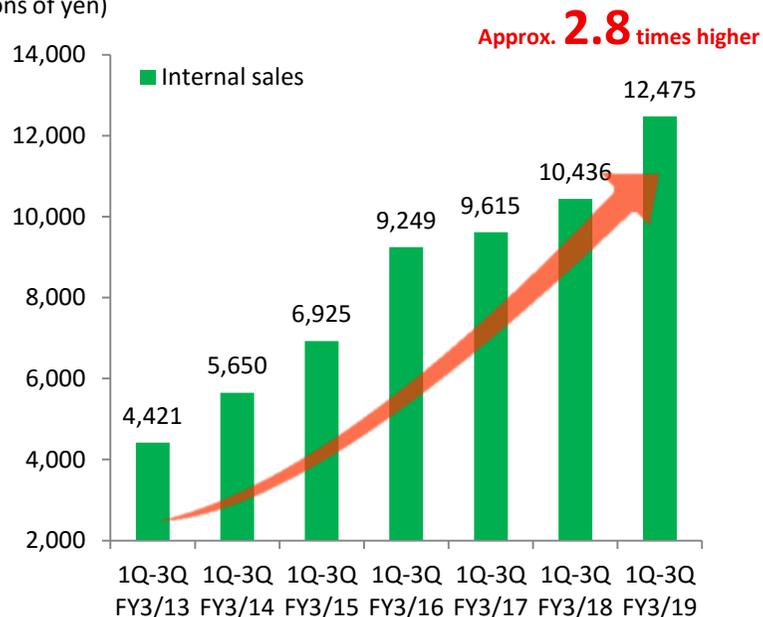
Note: The 1Q-3Q FY3/20 and 1Q-3Q FY3/21 Plans are three quarters of the corresponding fiscal year plans.

# Growth of the Pharmaceutical Manufacturing and Sales Business

Internal sales were higher than the initial forecast because of the increasing volume-based share of generic drugs in the dispensing pharmacy business and the increase in the number of Nihon Chouzai pharmacies due to new openings.

## Internal Sales

(Millions of yen)



Sales of generic drugs



Increase in internal sales

Improvements in drug distribution using wholesale channels

## External Sales

1Q-3Q FY3/13 **Approx. 4.8 times higher** 1Q-3Q FY3/19

3,811 million yen

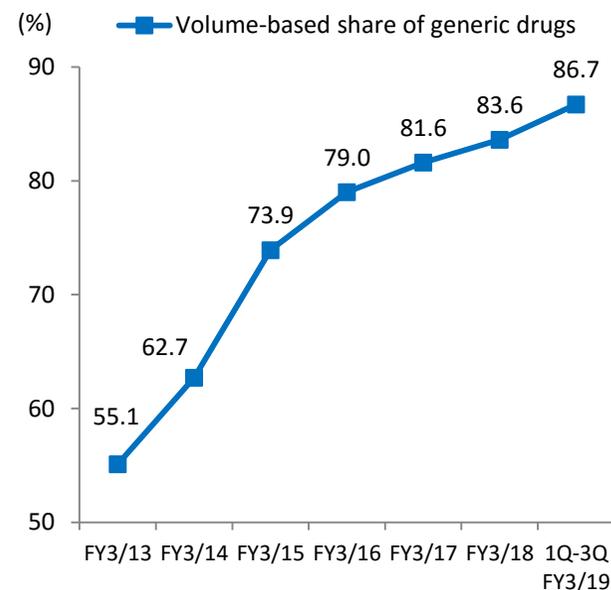


18,188 million yen

## Dispensing Pharmacy Business

Promotion of the use of generic drugs

→ Increase in the volume-based share of generic drugs



Pharmacy openings by using M&A and organic growth  
→ Increase in the volume-based share of generic drugs

FY3/13

466 pharmacies

**131 new openings**



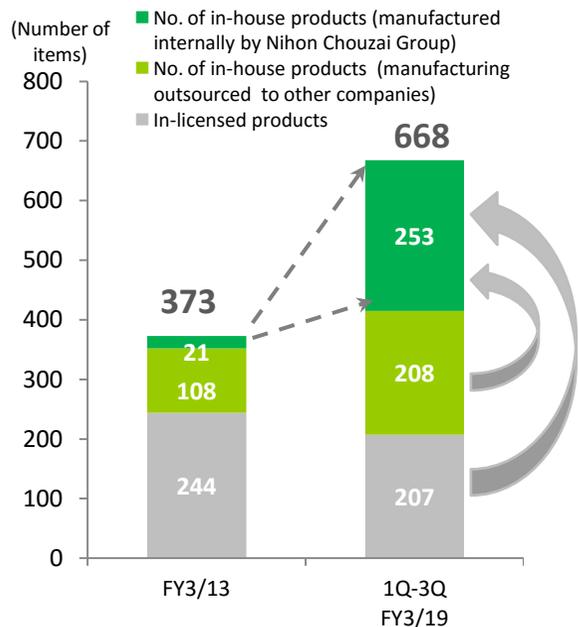
1Q-3Q FY3/19

597 pharmacies

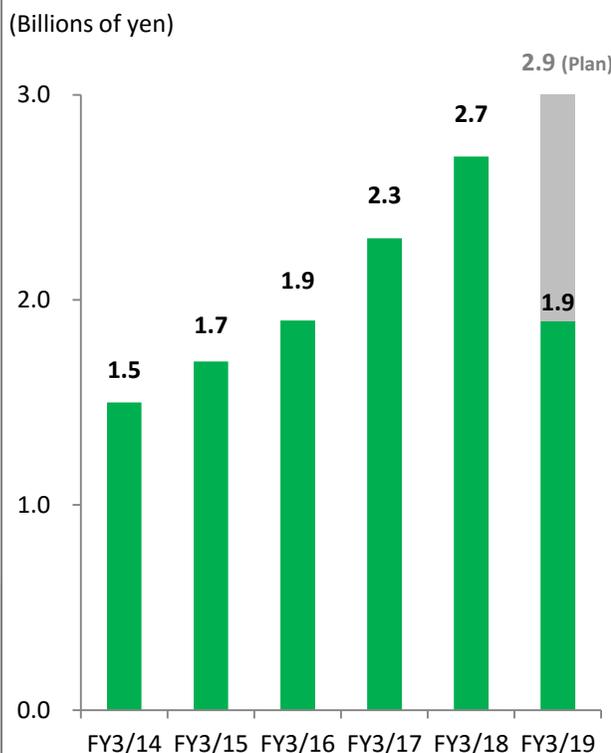
# Growth of the Pharmaceutical Manufacturing and Sales Business

Continuing to increase the number of in-house products, which have high profit margins, that are manufactured internally rather than outsourced. Completion of Tsukuba Plant No. 2 and the relocation of the Tsukuba Research Center are causing depreciation expenses to increase. But fixed expenses are stable because capital expenditures are declining from the FY3/17 peak. Due to the benefits of sales growth, this business is making steady progress toward a V-shaped recovery in operating profit.

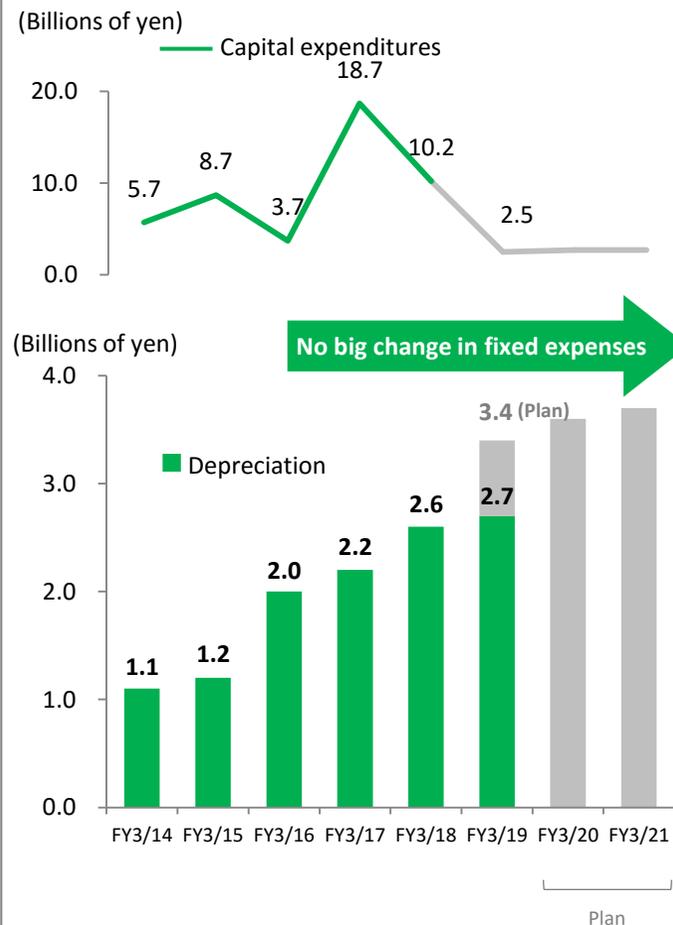
## Number of Product Items



## R&D Expenses (consolidated basis)



## Capital Expenditures and Depreciation



## New Items Launched in December

14 new medicinal pharmaceuticals with 8 different active ingredients

Toaraset Combination Tablets "JG"	Miglitol Tablets 50mg "JG"
Dormolol Combination Ophthalmic Solution "NITTEN"	Miglitol Tablets 75mg "JG"
Bimatoprost ophthalmic solution 0.03% "NISSIN"	Mirtazapine Tablets 15mg "JG"
Eletriptan OD Tablets 20mg "AMEL"	Mirtazapine Tablets 30mg "JG"
Lanthanum Carbonate Granules 250mg "JG"	Irbesartan Tablets 50mg "JG"
Lanthanum Carbonate Granules 500mg "JG"	Irbesartan Tablets 100mg "JG"
Miglitol Tablets 25mg "JG"	Irbesartan Tablets 200mg "JG"

■ Pharmacy Opening Strategies

Dispensing  
Pharmacy Business

■ Actions to Provide High-quality Medical Services

Dispensing  
Pharmacy Business

■ Growth of the Pharmaceutical Manufacturing and Sales Business

Pharmaceutical  
Manufacturing and  
Sales Business

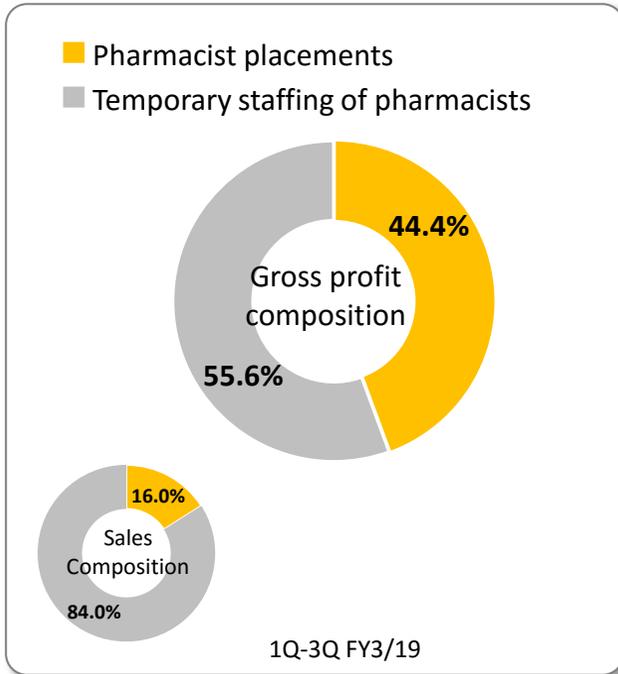
■ **Growth of the Medical Professional Staffing and Placement Business**

**Medical  
Professional  
Staffing and  
Placement Business**

# Growth of the Medical Professional Staffing and Placement Business / Pharmacist Staffing and Placement Business

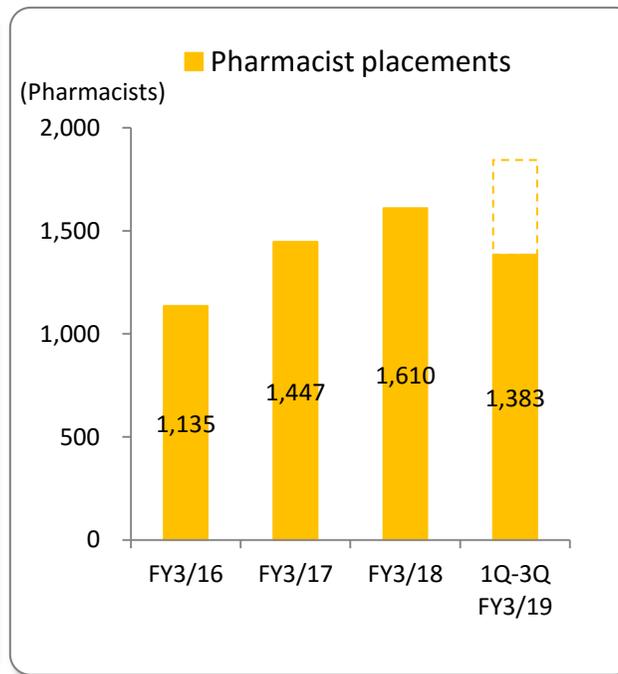
The number of placements has been climbing steadily since more salespeople were added to reinforce the pharmacist placement business. Strengthened trainings for salespeople to be more effective resulted in more placement contracts. Strengthen the permanent placement business, which has higher profitability and growth potential, with the stable foundation of the temporary staffing business, which produces a steady income stream.

## Gross Profit Composition



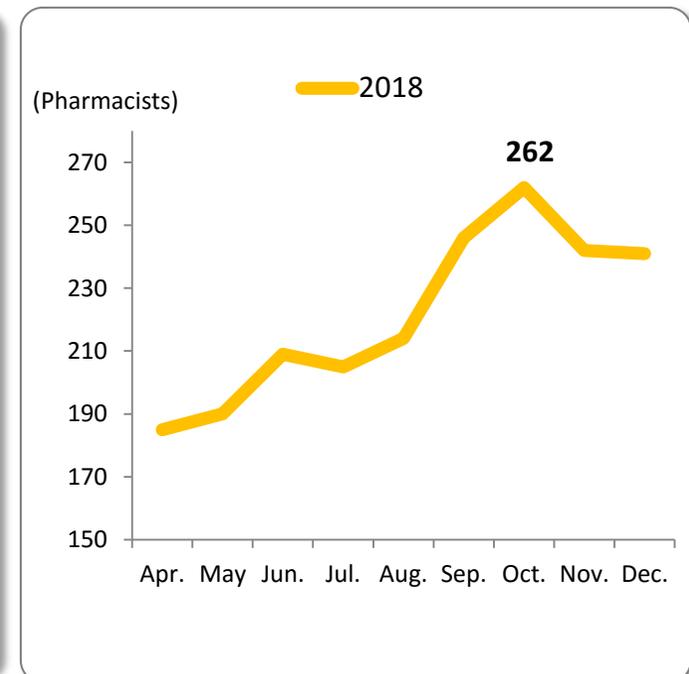
▶ More measures to strengthen the permanent placement business, which has a high gross margin

## Number of Pharmacist Placements



▶ The number of pharmacist placements is increasing

## Number of Placement Contracts



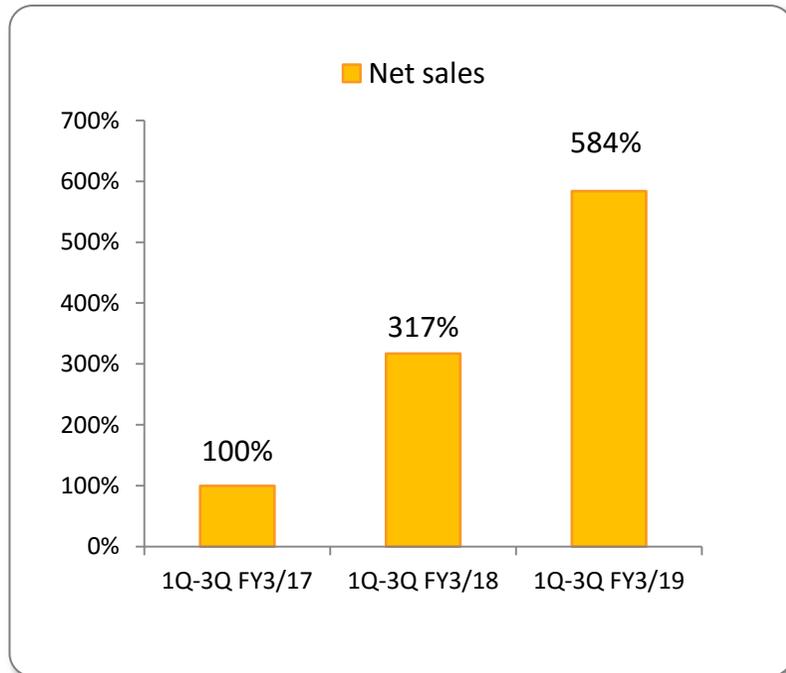
▶ Increasing number of contracts, an indicator of upcoming sales

# Growth of the Medical Professional Staffing and Placement Business / Physician Placement Business

Continuing upfront investments for opening more sales offices, expanding the salesforce, and increasing advertising and marketing activities. We are steadily increasing sales and operating profit in the physician placement business by quickly making newly added salesforce productive.

## Net Sales of Physician Placement Business

Sales growth using 1Q-3Q FY3/17 as 100%



▶ Significant growth of physician placement business

## Activities to Strengthen the Physician Placement Business

Sales base	New sales offices • Sapporo • Nagoya • Osaka • Fukuoka
Salesforce	• Increase by 100%
Advertising/marketing	• Website • Social media

▶ Upfront expenditures for growth of the physician placement business

## **III. Reference Materials**

# Topics (1)

## Approval received for remote assistance in a strategic special district (Aichi prefecture) for taking medicine

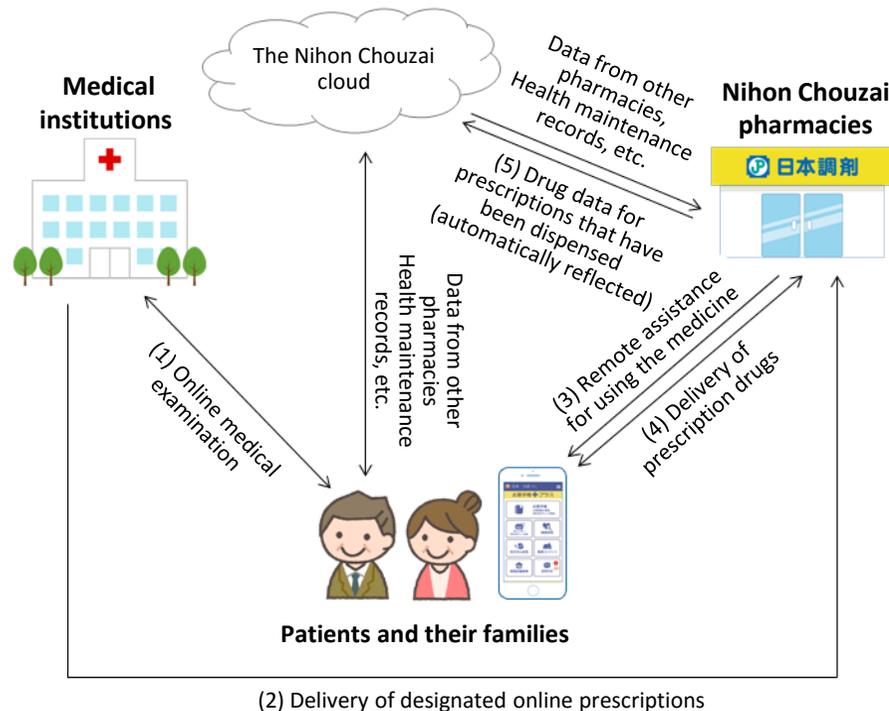
November 22, 2018

<https://www.nicho.co.jp/corporate/info/20216/>

### Remote assistance for taking medicine, in conjunction with Chita Kosei Hospital, has started in Aichi prefecture

#### ■ Regulatory Approval

The Nihon Chouzai Seto pharmacy has received approval for remotely supplying instructions and other assistance for the proper use of medications in Aichi prefecture, which has been designated as a national strategic special district.



As the Aichi Prefecture Drug Remote Assistance Project started to accept registrations on June 18, 2018, Nihon Chouzai submitted an application for this project. In November, the Aichi Prefecture Pharmaceutical Safety Department approved this application. Approval was granted because, as stated in the application, there are people in the special district who do not live within the designated distance of a pharmacy and who have expressed an interest in receiving remote assistance concerning the use of drugs. This remote assistance will begin by using a framework that facilitates communications with the physicians who have issued a designated online prescription. On August 13, 2018, Nihon Chouzai was registered as a provider of remote drug use assistance in the city of Fukuoka. The receipt of approval in Aichi prefecture will enable Nihon Chouzai to provide this service in two strategic special districts of Japan.

\* The designated online prescription is a prescription issued in conjunction with an online or other medical examination that does not involve direct contact with a physician.

# Nihon Generic launches its first over-the-counter drug

December 7, 2018

<https://www.nicho.co.jp/corporate/info/20258/>

## Nihon Generic started selling Minoxidil Lotion 5% “JG” (containing 5% Minoxidil)



Minoxidil Lotion 5% “JG”

### ■ Product Information

<b>Name:</b>	Minoxidil Lotion 5% “JG”
<b>Category:</b>	Type 1 drug
<b>Launch:</b>	December 7, 2018 (start of sales at stores)
<b>Size:</b>	60ml
<b>Active ingredient:</b>	Minoxidil 5g (in 100ml)
<b>Benefits:</b>	Promotes hair growth for people with hair loss (androgenetic alopecia), prevents progression of hair loss
<b>Directions:</b>	For men over the age of 20, apply 1ml twice every day on balding areas of the scalp

Minoxidil, which is the active ingredient of Minoxidil Lotion 5% “JG,” has been shown to promote the growth of hair. This lotion can be used to stimulate hair growth in people with androgenetic alopecia as well as to prevent hair loss or slow its progression.

Since its inception in 2005, Nihon Generic has been producing and selling generic prescription drugs that are effective, safe and economical. With the launch of this lotion, Nihon Generic has entered the over-the-counter drug market for the first time. Minoxidil Lotion 5% “JG” is sold at Nihon Chouzai pharmacies nationwide. People who are trying this lotion for the first time should follow the instructions of a pharmacist. People who are taking prescription drugs should ask a pharmacist about any potential issues concerning the use of this lotion at the same time as other drugs.

# Nihon Chouzai receives Forbes Japan Women Award 2018

December 20, 2018

<https://www.nicho.co.jp/corporate/info/20302/>

**Nihon Chouzai placed 10th in the corporate category (workforce of at least 1,000) of Forbes Japan Women Award 2018, Japan's largest award program of this type**  
**- The first award recipient in Japan's pharmacy and drug store industry -**



The top 10 companies in the corporate category (at least 1,000 employees) were announced at the Forbes Japan Women Award 2018 ceremony that was held on December 20, 2018. Nihon Chouzai placed tenth among 1,000 companies, becoming the first pharmacy or drug store company in Japan to receive this recognition.

#### ■ Nihon Chouzai's commitment to women

Pharmacists account for about 60% of Nihon Chouzai's workforce and approximately 70% of these pharmacists are women. As a result, maintaining an environment that enables women to achieve their career goals and providing equal opportunities to people regardless of gender are critical to Nihon Chouzai's ability to continue growing. Nihon Chouzai has many activities aimed at fostering a corporate culture in which women can enjoy fulfilling careers and acquire the skills to become leaders. Programs include career advancement training for pharmacists and other job categories, seminars by Nihon Chouzai executives, and support for maintaining the proper work-life balance by enabling women to return to work after a temporary absence for family or other personal reasons.

#### ■ Forbes JAPAN WOMEN AWARD

This award program recognizes companies that create an environment in which women can achieve their full potential and individual women who have noteworthy accomplishments. Given by business magazine Forbes Japan, the awards started in 2016. With the support of LiB, Inc., a company that helps women find new jobs and careers, Forbes JAPAN selected winners from 1,000 companies and from 1,000 women.

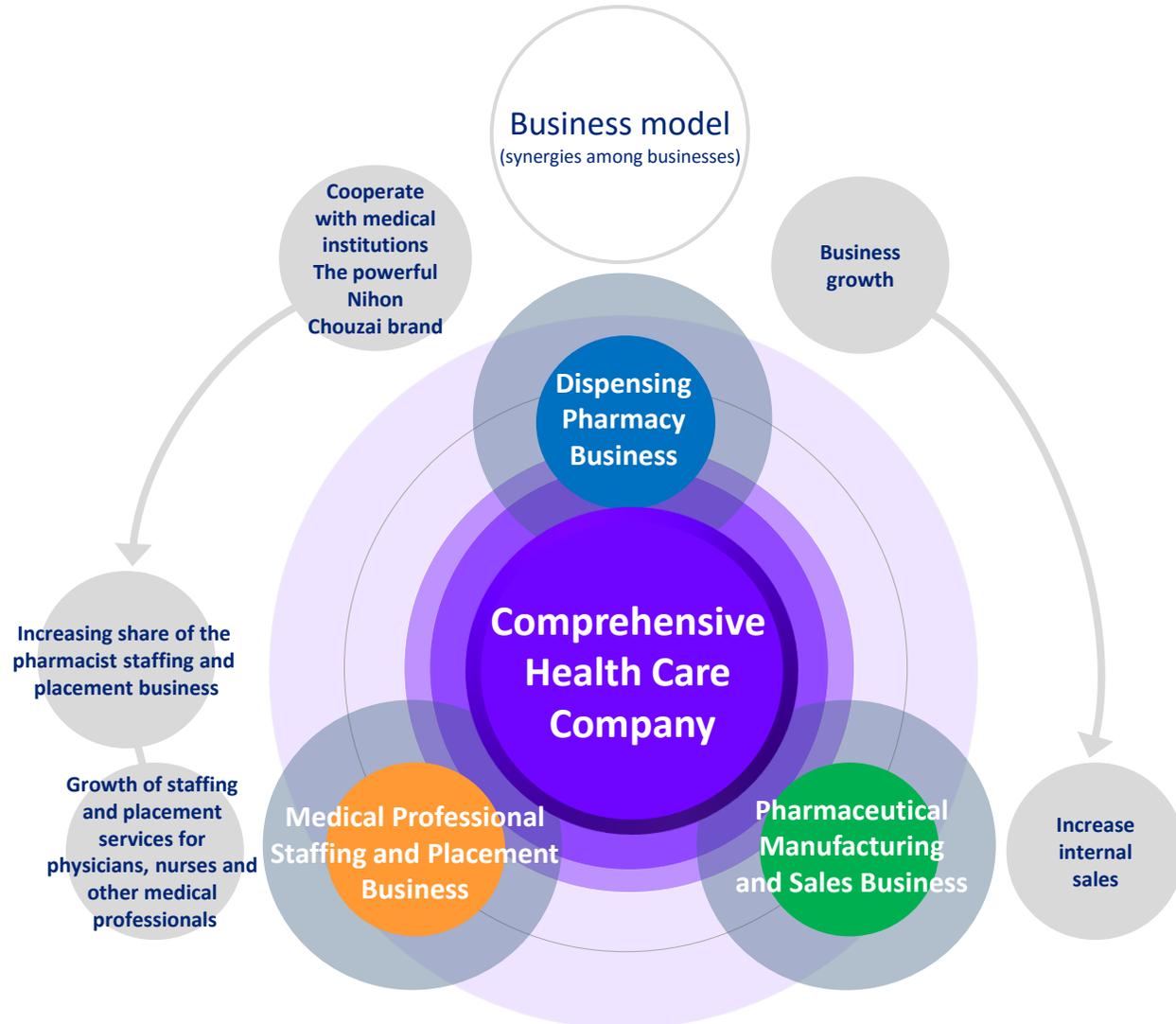
URL : <https://forbesjapan.com/womenaward/>

# Company Profile

Trade name	NIHON CHOUZAI Co., Ltd.
Established	March 1980
Headquarters	37F GranTokyo North Tower, 1-9-1, Marunouchi, Chiyoda Ward, Tokyo 100-6737, JAPAN +81-(0) 3-6810-0800 (general)
Representative	Hiroshi Mitsuhara
Capital	3,953.02 million yen
Number of shares outstanding (including treasury shares)	16,024,000 shares
Fiscal year-end	March
Stock code:	3341
Businesses (consolidated)	Management of health insurance dispensing chain pharmacies Manufacture and sales of generic drugs, etc. Medical professional staffing and placement business Information provision and consulting business, etc.
Number of employees	4,876 (as of March 31, 2018) Note: Including part-time employees based on 8-hour conversion, consolidation basis
Number of pharmacies	Dispensing pharmacies: 597 Pharmacies specializing in the sales of general merchandise: 3 (as of December 31, 2018)

## Our Objective

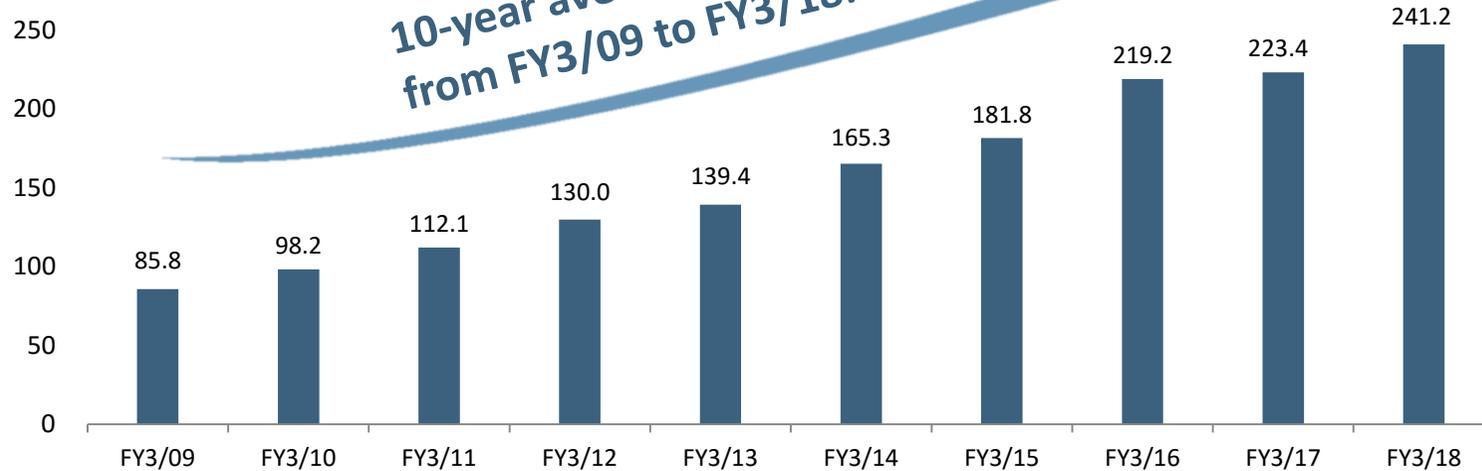
“True separation of the roles of drug prescribing and dispensing services”



# Consolidated Results: Net Sales / Operating Profit

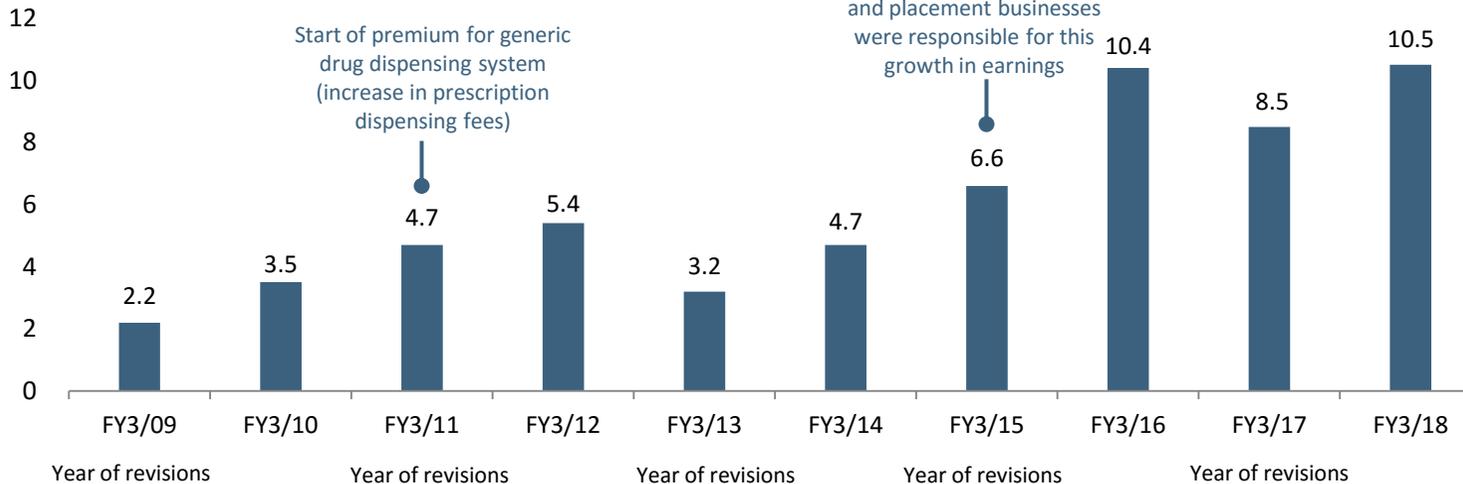
## Consolidated Net Sales

(Billions of yen)



## Consolidated Operating Profit

(Billions of yen)



# 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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