



November 16, 2020

Company name	Nihon Chouzai Co., Ltd.
Company representative	Yosuke Mitsuhashi, President and CEO
(Code: 3341, Tokyo Stock Exchange 1st Section)	
Contacts	Kazunori Ogi, Director, General Manager of Finance Department (Phone: +81-3-6810-0800)

Notice of Absorption-Type Merger of Consolidated Subsidiary (Simplified / Short Form Merger)

Nihon Chouzai Co., Ltd. (hereinafter "the Company") announces that it passed a resolution at its Board of Directors' meeting held on November 16, 2020 to absorb and merge Lime Co., Ltd., consolidated subsidiary of the Company, as set forth below. Certain disclosures and details have been omitted in this press release since the company to be merged is wholly owned subsidiary.

1. Purpose of the merger

Under the corporate philosophy of "Achieving True Separation of Drug Prescribing and Dispensing Services," the Company is developing its business with the aim of providing high-quality medical services on a nationwide scale by operating a chain of dispensing pharmacies throughout Japan.

The dispensing pharmacy subsidiary acquired by the Company also operate the same operations as directly managed stores and provide the same medical services as directly managed stores, but the Company intends to merge the subsidiary in order to consolidate the management of the dispensing pharmacy business, strengthen management functions, and further improve management efficiency.

2. Summary of merger

(1) Schedule of the merger

Board of Directors meeting to approve the merger: November 16, 2020

Conclusion of merger agreement: November 16, 2020

Scheduled date of the merger (effective date): January 1, 2021 (tentative)

Note: Pursuant to the provisions of both Article 796, Paragraph 2 of the Companies Act (simplified merger) and Article 784, Paragraph 1 of the Companies Act (short form merger), the merger will be conducted without obtaining the approval of the merger agreement at a general meeting of shareholders.

(2) Method of the merger

The merger is an absorption-type merger wherein the Company will be the surviving company, and Lime Co., Ltd. will be dissolved.

(3) Detail of allocation relating to the merger

Since the dissolving company is wholly owned subsidiary of the Company, no shares will be allocated or any other consideration will be delivered upon the merger.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights of the dissolving companies

Not applicable.

3. Outline of the companies involved in the merger

(1) Company name	Nihon Chouzai Co., Ltd. Note1 (Surviving company)	Lime Co., Ltd. Note3 (Dissolving company)
(2) Scope of business	Management of dispensing chain pharmacies	Management of a dispensing pharmacy
(3) Date of incorporation	March 7, 1980	March 7, 2008
(4) Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
(5) Name of the title of representative	Yosuke Mitsuhashi, President and CEO	Yosuke Mitsuhashi, President and CEO
(6) capital	3,953 Million Yen	30 Million Yen
(7) No. of issued shares	32,048,000 shares Note2	600 shares
(8) Fiscal year end	March 31	March 31
(9) Principal shareholders and their percentage of holdings Note4	Hiroshi Mitsuhashi 31.21% Yosuke Mitsuhashi 22.14% Max Planning, Inc. 7.47% Nihon Chouzai Employee shareholding association 3.09% Yoko Mitsuhashi 2.67% The Master Trust Bank of Japan, Ltd. (Trust account) 2.50%	Nihon Chouzai Co., Ltd. 100.00%
(10) Operating results and financial conditions for the immediately preceding fiscal year Note5		
Net assets	47,072 Million Yen	211 Million Yen
Total assets	185,551 Million Yen	341 Million Yen
Net assets per common share note2	1,569.77 Yen	351,699.67 Yen
Net sales	268,520 Million Yen	664 Million Yen
Operating profit	7,593 Million Yen	98 Million Yen
Ordinary profit	7,405 Million Yen	99 Million Yen
Profit attributable to owners of parent	6,697 Million Yen	60 Million Yen
Net income per share Note2	223.33 Yen	100,758.73 Yen

Note1: The Company is a company that is subject to consolidated dividend regulations.

As of September 30, 2020.

Note2: On April 1, 2020, the Company conducted a two-for-one stock split of common stock. No. of issued shares, net assets per share, net income per share and treasury shares have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Note3: Lime Co., Ltd. as of today. However, (10) is as of March 31, 2020.

Note4: Shareholding ratio is calculated after deducting treasury shares (2,060,954 shares).

Note5: The Company uses consolidated figure, and Lime Co., Ltd. uses non-consolidated figure.

4. Status after the merger

There will be no changes in the trade name, location, scope of business, stated capital, or accounting periods of the Company or the title and name of the representative upon the completion of the merger.

5. Outlook

The merger is an absorption-type merger of a wholly owned subsidiary of the Company, which is not expected to have any material impact on the Company's consolidated financial results.

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