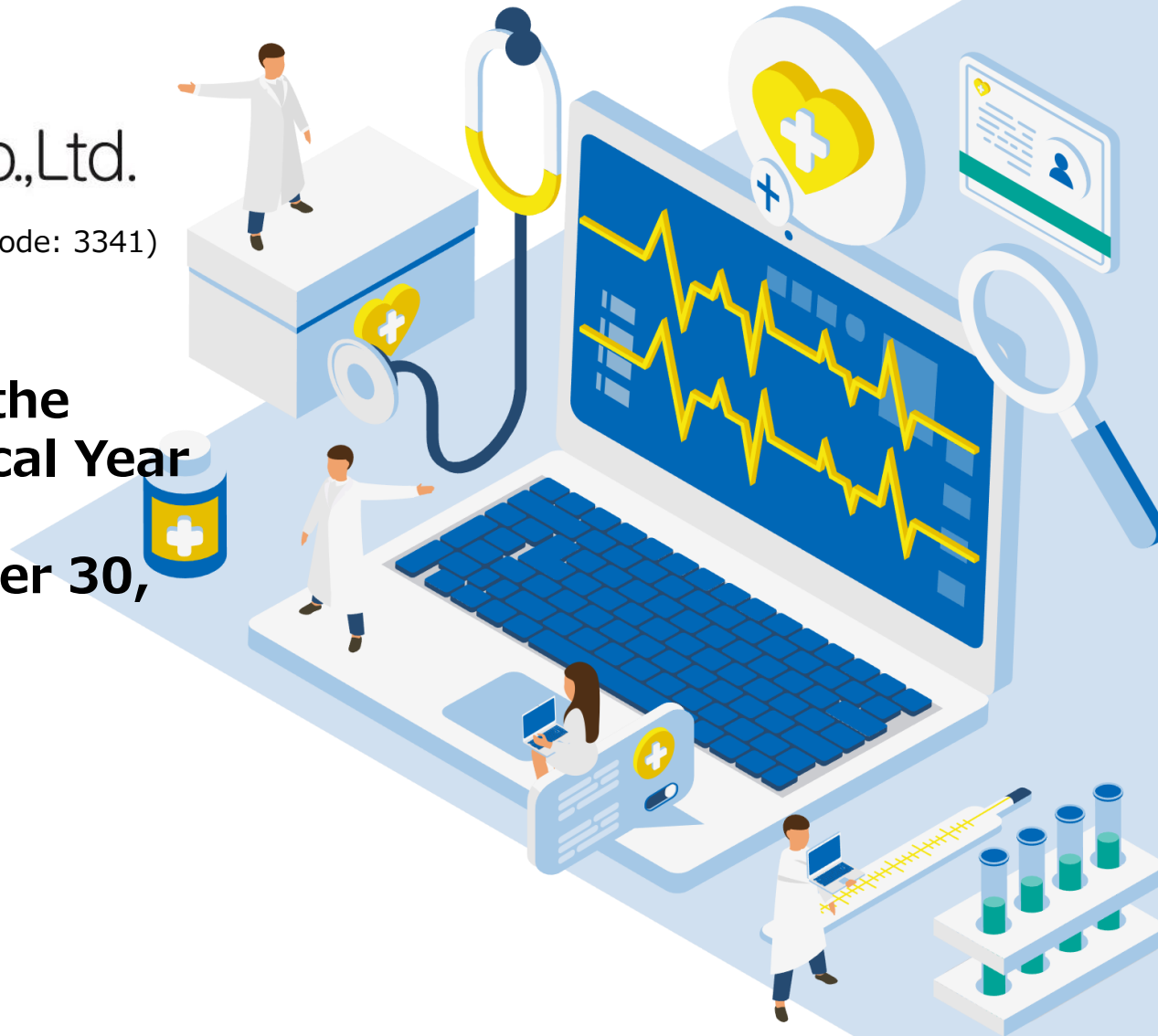




(Tokyo Stock Exchange, Prime Market / Stock code: 3341)

# Results of Operations for the Second Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to September 30, 2023)

November 9, 2023



# 1

## Financial Highlights



**Consolidated  
Results**

Both net sales and profit increased due to the contribution of the strong dispensing pharmacy business, despite the impact of the NHI drug price revisions and a decrease in the number of items sold in the pharmaceutical manufacturing and sales business.

**Dispensing  
Pharmacy  
Business**

Net sales and profit increased due to a recovery in the number of prescriptions at existing stores and new store openings in the previous and current fiscal years, while pharmaceutical procurement costs increased.

**Pharmaceutical  
Manufacturing  
and Sales  
Business**

Net sales and profit increased due to strong sales of existing products and newly listed products in the NHI drug price list, despite the impact of the NHI drug price revisions in April 2023 and limited shipments of some products.

**Medical  
Professional  
Staffing and  
Placement  
Business**

Both sales and profit increased due to the shift of Covid-19's status under the Infectious Disease Control Law to Class 5 and YoY growth in the core businesses of placement and staffing of pharmacists and physicians (including industrial physicians business).

# Consolidated Statement of Income

Net sales were up 9.2% YoY and 1.3% vs. forecast backed by robust performance of the Dispensing Pharmacy Business. Operating profit grew 20.8% YoY and 1.9 billion yen vs. forecast due to cost-reduction measures.

(Millions of yen)	2Q FY3/22 Results	2Q FY3/23 Results	2Q FY3/24 Forecast	2Q FY3/24 Results	Change Vs. Forecast	Vs. Forecast	YoY growth Rate
Net sales	146,202	152,331	164,100	<b>166,310</b>	2,210	1.3%	9.2%
Cost of sales	121,007	125,930	137,600	<b>138,761</b>	1,161	0.8%	10.2%
Gross profit	25,194	26,400	26,400	<b>27,548</b>	1,148	4.4%	4.3%
% to sales	17.2%	17.3%	16.1%	<b>16.6%</b>	0.5Pt	—	—
SG&A expenses	22,778	23,587	25,000	<b>24,150</b>	(849)	(3.4%)	2.4%
% to sales	15.6%	15.5%	15.2%	<b>14.5%</b>	(0.7Pt)	—	—
Consumption taxes	9,900	10,374	11,600	<b>11,520</b>	(79)	(0.7%)	11.0%
R&D expenses	1,793	1,652	1,800	<b>1,306</b>	(493)	(27.4%)	(20.9%)
Operating profit	2,416	2,813	1,400	<b>3,397</b>	1,997	142.7%	20.8%
% to sales	1.7%	1.8%	0.9%	<b>2.0%</b>	1.2pt	—	—
Ordinary profit	2,528	2,849	1,400	<b>3,367</b>	1,967	140.5%	18.2%
% to sales	1.7%	1.9%	0.9%	<b>2.0%</b>	1.2pt	—	—
Profit attributable to owners of parent	1,340	1,607	400	<b>1,748</b>	1,348	337.0%	8.7%
% to sales	0.9%	1.1%	0.2%	<b>1.1%</b>	0.8pt	—	—
EBITDA	6,477	7,079	5,700	<b>7,573</b>	1,873	32.9%	7.0%

# Consolidated Balance Sheet

Changes in assets primarily consisted of 5.7 billion yen increase in Merchandise and finished goods. Changes in liabilities mainly consisted of a 9.2 billion yen increase in Accounts payable-trade.

Net interest-bearing debt was 30.9 billion yen, maintaining a low level since FY3/12.

(Millions of yen)	End of Mar. 2022 (FY3/22)	End of Mar. 2023 (FY3/23)	End of September 2023 (2Q FY3/24)	YoY change	YoY change (%)
Current assets	81,651	85,720	<b>89,181</b>	3,460	4.0%
Merchandise and finished goods	23,024	28,416	<b>34,177</b>	5,760	20.3%
Non-current assets	97,102	99,576	<b>104,272</b>	4,696	4.7%
Property, plant and equipment	64,025	61,435	<b>61,643</b>	208	0.3%
Intangible assets	18,969	19,573	<b>20,566</b>	993	5.1%
Investments and other assets	14,107	18,568	<b>22,062</b>	3,494	18.8%
Total assets	178,753	185,297	<b>193,453</b>	8,156	4.4%
Current liabilities	78,931	77,050	<b>86,132</b>	9,082	11.8%
Accounts payable-trade	48,513	47,916	<b>57,136</b>	9,220	19.2%
Current portion of long-term loans payable	12,366	10,390	<b>10,800</b>	409	3.9%
Non-current liabilities	46,944	51,763	<b>49,457</b>	(2,306)	(4.5%)
Long-term loans payable	41,531	44,640	<b>41,253</b>	(3,387)	(7.6%)
Total liabilities	125,876	128,814	<b>135,590</b>	6,776	5.3%
Total net assets	52,876	56,483	<b>57,863</b>	1,380	2.4%
Shareholders' equity	52,876	56,483	<b>57,863</b>	1,380	2.4%
Equity ratio	29.6%	30.5%	<b>29.9%</b>	(0.6Pt)	—
Net interest-bearing debt	31,054	34,357	<b>30,902</b>	(3,454)	(10.1%)

# Consolidated Statement of Cash Flows

Cash flows from operating activities remained stable, with the total of profit before income taxes and depreciation/amortization exceeding 7.0 billion yen.

Net cash spent in investing activities expanded due to aggressive investing activities.

(Millions of yen)	2Q FY3/22 Results	2Q FY3/23 Results	2Q FY3/24 Results	YoY change
Cash flows from operating activities	10,718	1,007	<b>11,900</b>	10,892
Profit before income taxes	2,352	2,850	<b>3,378</b>	528
Depreciation	3,162	3,249	<b>3,212</b>	(37)
Amortization of goodwill	898	983	<b>939</b>	(44)
Decrease (increase) in trade receivables	2,673	1,766	<b>1,218</b>	(548)
Decrease (increase) in inventories	(5,685)	(12,027)	<b>(5,671)</b>	6,355
Increase (decrease) in trade payables	7,140	5,096	<b>9,844</b>	4,748
Cash flows from investing activities	(4,993)	(7,628)	<b>(8,019)</b>	(391)
Purchase of property, plant and equipment	(3,180)	(3,014)	<b>(3,526)</b>	(511)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(597)	(1,433)	<b>(273)</b>	1,159
Cash flows from financing activities	(10,861)	2,536	<b>(5,425)</b>	(7,961)
Proceeds from long-term loans payable	500	12,000	<b>5,500</b>	(6,500)
Repayments of long-term loans payable	(10,683)	(9,483)	<b>(8,477)</b>	1,005
Net increase (decrease) in cash and cash equivalents	(5,135)	(4,084)	<b>(1,544)</b>	2,539
Cash and cash equivalents at beginning of period	32,893	25,543	<b>23,770</b>	(1,772)
Cash and cash equivalents at end of period	27,758	21,458	<b>22,226</b>	767

# Dispensing Pharmacy Business

Net sales were up 8.4% YoY and operating profit up 0.4% YoY (20.3% above the forecast), owing to an increase in the number of prescriptions filled and contributions from newly opened pharmacies (38 in FY3/23 and 19 in FY3/24), despite the rise in pharmaceutical procurement prices.

(Millions of yen)	2Q FY3/22 Results	2Q FY3/23 Results	2Q FY3/24 Forecast	2Q FY3/24 Results	Change Vs. Forecast	Vs. Forecast	YoY growth rate
Net sales	128,749	136,180	146,000	<b>147,605</b>	1,605	1.1%	8.4%
Cost of sales	108,520	114,600	125,000	<b>125,527</b>	227	0.2%	9.3%
Gross profit	20,229	21,579	21,000	<b>22,377</b>	1,377	6.6%	3.7%
% to sales	15.7%	15.8%	14.4%	<b>15.2%</b>	0.8pt	—	—
SG&A expenses	15,188	15,586	15,900	<b>16,361</b>	461	2.9%	5.0%
% to sales	11.8%	11.4%	10.9%	<b>11.1%</b>	0.2pt	—	—
Operating profit	5,041	5,993	5,000	<b>6,016</b>	1,016	20.3%	0.4%
% to sales	3.9%	4.4%	3.4%	<b>4.1%</b>	0.7pt	—	—
No. of pharmacies at the end of each period (stores) <small>note 1</small>	685	713	730	<b>726</b>	(4)	(0.5%)	1.8%
Prescription drug sales per pharmacy <small>note 2</small>	190	193	201	<b>204</b>	2	1.4%	5.8%

Note: Rounding down to the nearest unit

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

## Pharmaceutical Manufacturing and Sales Business

Net sales were up 6.7% YoY and operating profit up 10 million yen above the forecast due to strong sales of existing products and newly listed NHI drug prices, despite the impact of the NHI price revision in April 2023 and a decrease in the number of products sold as a result of a review of sales items.

(Millions of yen)	2Q FY3/22 Results	2Q FY3/23 Results	2Q FY3/24 Forecast	2Q FY3/24 Results	Change Vs. Forecast	Vs. Forecast	YoY growth Rate
Net sales	23,669	19,194	20,100	<b>20,487</b>	387	1.9%	6.7%
Cost of sales	20,988	16,811	17,400	<b>18,022</b>	622	3.6%	7.2%
Gross profit	2,680	2,382	2,700	<b>2,464</b>	(235)	(8.7%)	3.4%
% to sales	11.3%	12.4%	13.4%	<b>12.0%</b>	(1.4pt)	—	—
SG&A expenses	2,485	2,779	2,700	<b>2,297</b>	(402)	(14.9%)	(17.3%)
% to sales	10.5%	14.5%	13.4%	<b>11.2%</b>	(2.2pt)	—	—
Operating profit	195	(396)	0	<b>167</b>	167	—	—
% to sales	0.8%	—	0.0%	<b>0.8%</b>	0.8pt	—	—

Note: Rounding down to the nearest unit



## Medical Professional Staffing and Placement Business

Despite a YoY decline in demand for Covid-19 Vaccination efforts, Sales grew 24.9% YoY, and operating profit was up 39.4% YoY(39.7% above the forecast) due to an increase in results from the mainstay pharmacist staffing and placement business.

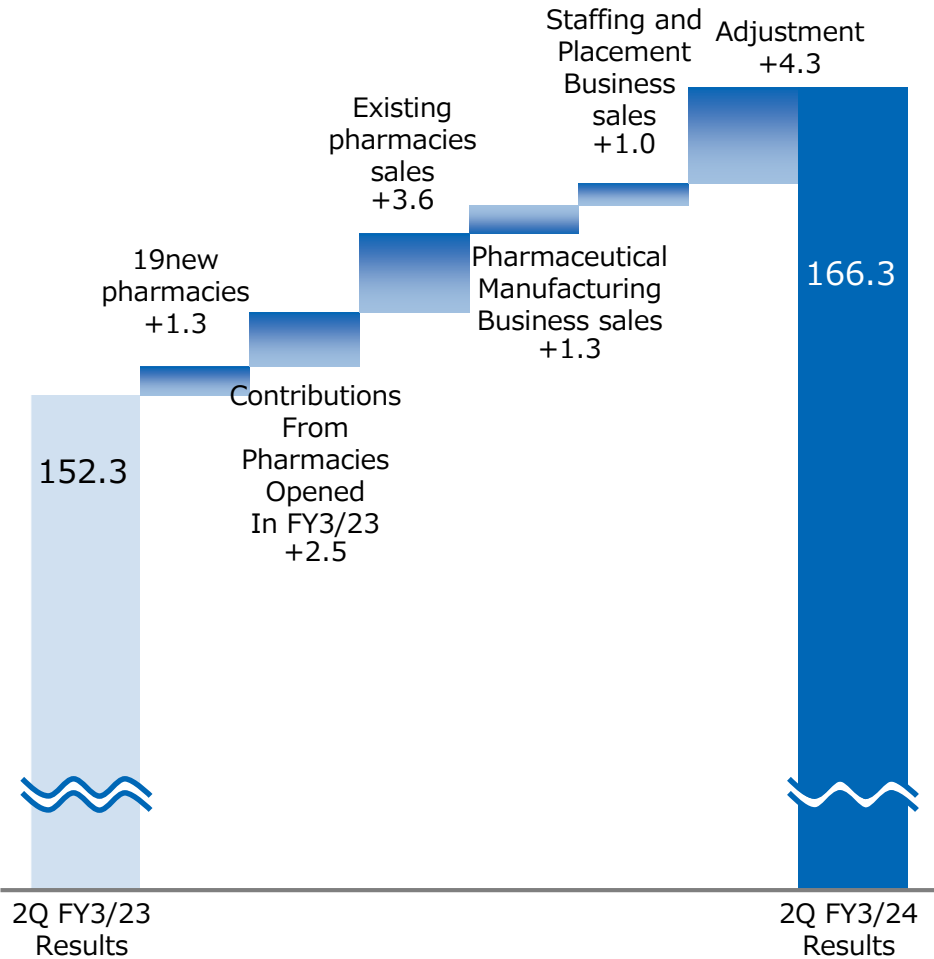
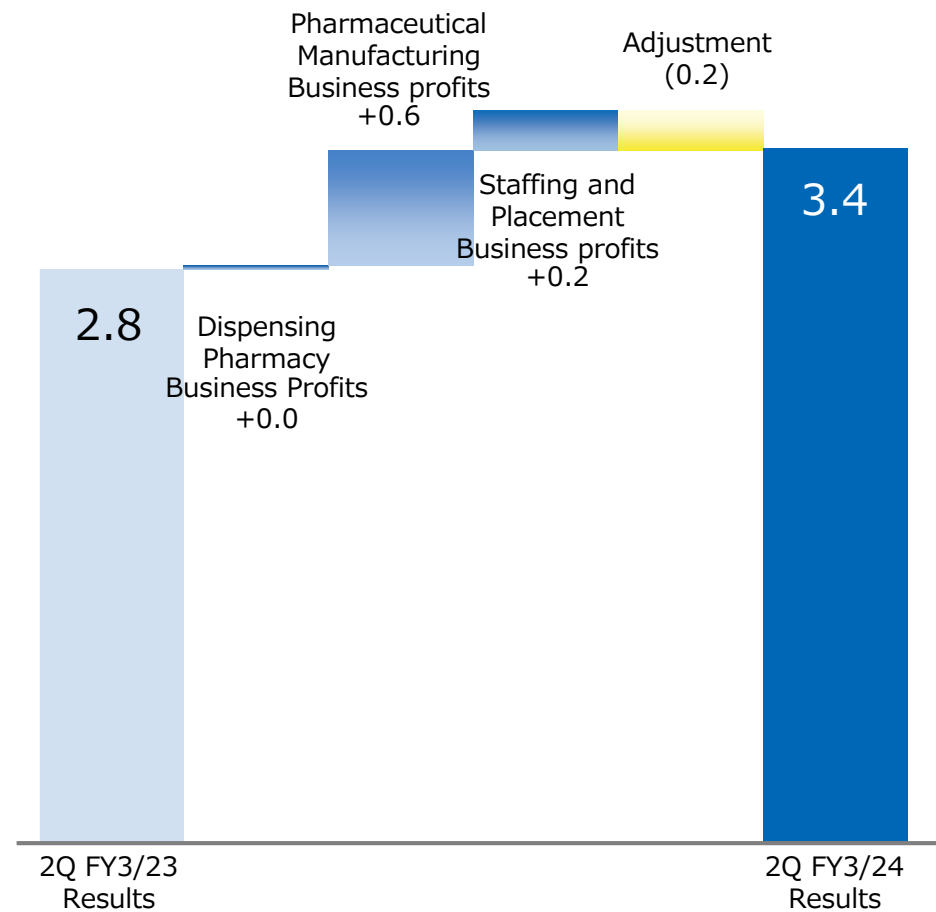
(Millions of yen)	2Q FY3/22 Results	2Q FY3/23 Results	2Q FY3/24 Forecast	2Q FY3/24 Results	Change Vs. Forecast	Vs. Forecast	YoY growth rate
Net sales	3,648	3,959	4,300	<b>4,945</b>	645	15.0%	24.9%
Cost of sales	1,293	1,485	1,600	<b>2,102</b>	502	31.4%	41.6%
Gross profit	2,355	2,473	2,600	<b>2,842</b>	242	9.3%	14.9%
% to sales	64.6%	62.5%	60.5%	<b>57.5%</b>	(3.0pt)	—	—
SG&A expenses	1,914	1,973	2,100	<b>2,144</b>	44	2.1%	8.7%
% to sales	52.5%	49.8%	48.8%	<b>43.4%</b>	(5.5pt)	—	—
Operating profit	440	500	500	<b>698</b>	198	39.7%	39.4%
% to sales	12.1%	12.7%	11.6%	<b>14.1%</b>	2.5pt	—	—

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)

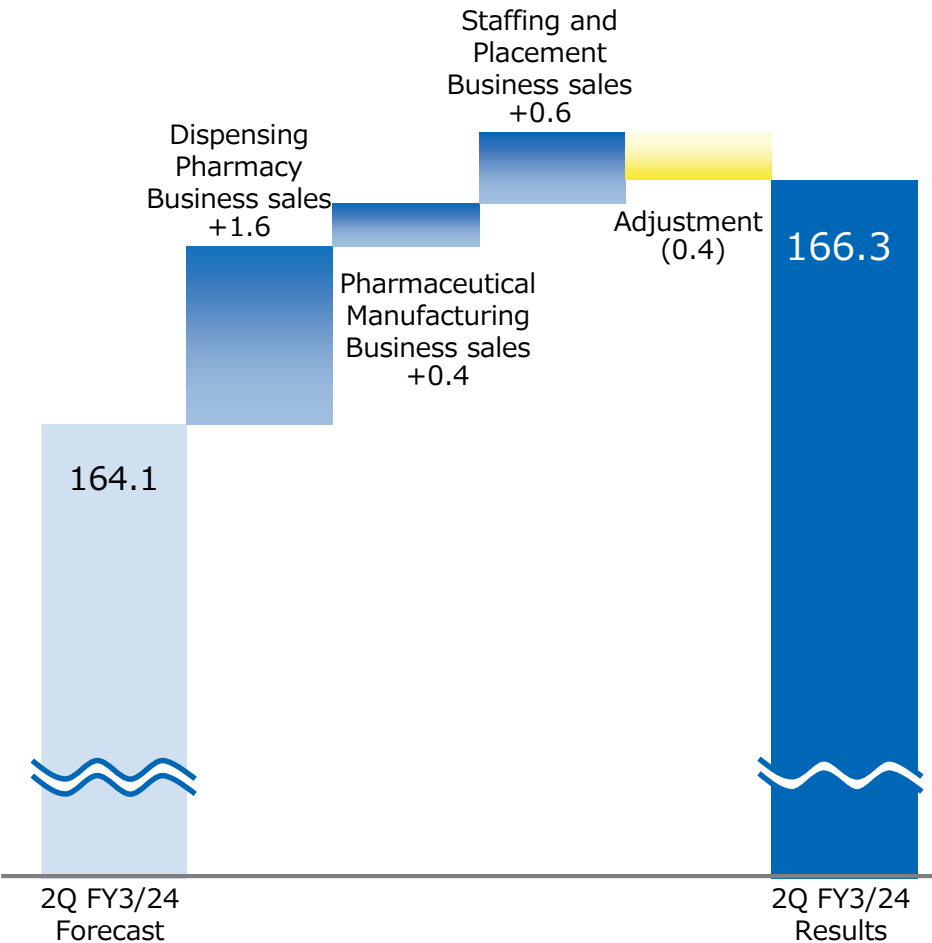
 Net Sales

 Operating Profit


## Reference Materials

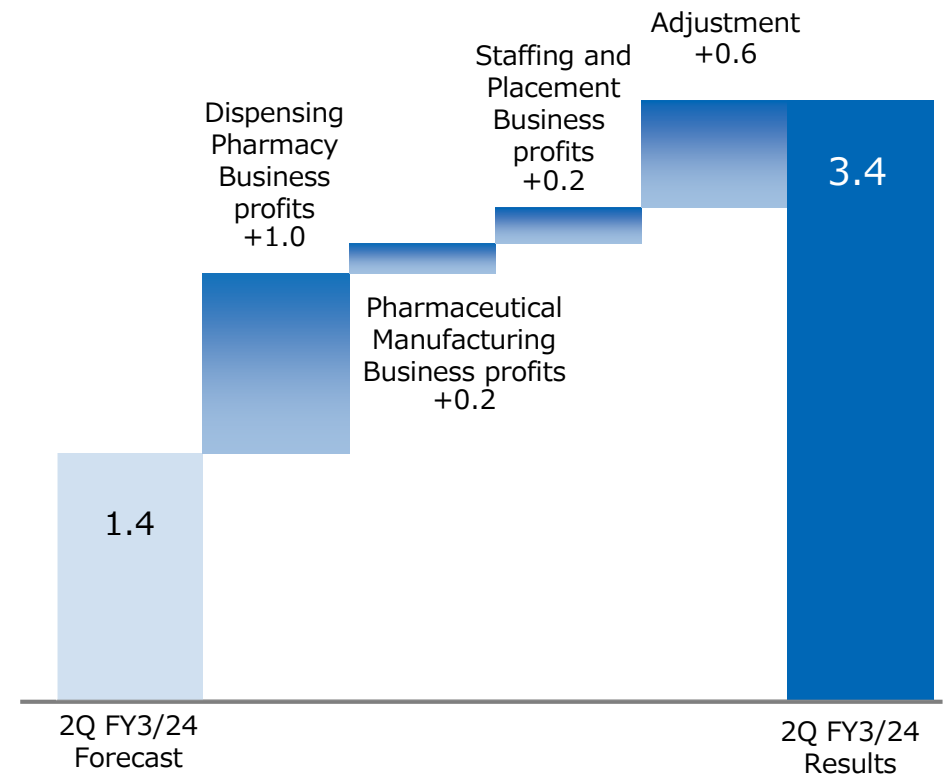
### Consolidated Results: Major Components of Changes vs. Forecast (Net Sales / Operating Profit)

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

#### Net Sales



#### Operating Profit



# Revision of FY3/24 Consolidated Forecast

Based on the performance up to the second quarter, we expect to exceed the previous forecast in terms of net sales and each stage of profit, mainly reflecting the contribution of the strong-performing dispensing pharmacy business.

(Millions of yen)	FY3/22 Results	FY3/23 Results	FY3/24 Previous Forecast	FY3/24 Revised Forecast	Forecast Change	Forecast Change(%)
Net sales	299,392	313,318	334,400	<b>337,100</b>	2,700	0.8%
Cost of sales	246,969	259,674	280,400	<b>282,500</b>	2,100	0.7%
Gross profit	52,422	53,643	54,000	<b>54,600</b>	600	1.1%
% to sales	17.5%	17.1%	16.1%	<b>16.2%</b>	0.1pt	-
SG&A expenses	45,833	46,057	47,500	<b>46,100</b>	(1,400)	(2.9%)
% to sales	15.3%	14.7%	14.2%	<b>13.7%</b>	(0.5pt)	—
Consumption taxes	19,437	20,219	22,200	<b>21,700</b>	(500)	(2.3%)
R&D expenses	3,411	3,065	3,400	<b>2,800</b>	(600)	(17.6%)
Operating profit	6,589	7,586	6,400	<b>8,400</b>	2,000	31.3%
% to sales	2.2%	2.4%	1.9%	<b>2.5%</b>	0.6pt	—
Ordinary profit	6,767	7,682	6,300	<b>8,300</b>	2,000	31.7%
% to sales	2.3%	2.5%	1.9%	<b>2.5%</b>	0.6pt	—
Profit attributable to owners of parent	3,705	4,458	3,200	<b>4,300</b>	1,100	34.4%
% to sales	1.2%	1.4%	1.0%	<b>1.3%</b>	0.3pt	—
Net income per share (Yen) <sup>Note</sup>	123.56	148.92	106.97	<b>143.74</b>	36.77	34.4%
Dividend per share (Yen) <sup>Note</sup>	14,974	16,337	15,300	<b>17,300</b>	2,000	13.1%
Net sales	25.00	25.00	25.00	<b>25.00</b>	0	—

## FY3/24 Business Segment Forecast

While the dispensing pharmacy business is expected to exceed the previous forecast based on its performance up to the second quarter, the pharmaceutical manufacturing and sales business is expected to fall short of the previous forecast in terms of gross profit and operating income.

(Millions of yen)		FY3/22 Results	FY3/23 Results	FY3/24 Previous Forecast	FY3/24 Revised Forecast	Forecast change	Forecast Change(%)
Dispensing pharmacy Business	Net sales	265,624	280,164	299,100	<b>300,600</b>	1,500	0.5%
	Gross profit	42,786	45,041	43,600	<b>44,800</b>	1,200	2.8%
	% to sales	16.1%	16.1%	14.6%	<b>14.9%</b>	0.3pt	—
	Operating profit	13,009	14,666	13,600	<b>14,800</b>	1,200	8.8%
	% to sales	4.9%	5.2%	4.5%	<b>4.9%</b>	0.4pt	—
	EBITDA	17,329	19,314	18,400	<b>19,400</b>	1,000	5.4%
Pharmaceutical Manufacturing and sales business	Net sales	44,836	38,575	40,400	<b>40,600</b>	200	0.5%
	Gross profit	5,200	3,745	5,300	<b>4,700</b>	(600)	(11.3%)
	% to sales	11.6%	9.7%	13.1%	<b>11.6%</b>	(1.5pt)	—
	Operating profit	(53)	(1,392)	100	<b>0</b>	(100)	(100%)
	% to sales	—	—	0.2%	<b>0.0%</b>	(0.2pt)	—
	EBITDA	3,523	2,130	3,500	<b>3,500</b>	0	0.0%
Medical professional staffing and placement business	Net sales	6,991	8,063	8,400	<b>9,000</b>	600	7.1%
	Gross profit	4,414	4,781	4,900	<b>5,100</b>	200	4.1%
	% to sales	63.1%	59.3%	58.3%	<b>56.7%</b>	(1.7pt)	—
	Operating profit	576	758	700	<b>800</b>	100	14.3%
	% to sales	8.2%	9.4%	8.3%	<b>8.9%</b>	0.6pt	—
	EBITDA	693	936	800	<b>900</b>	100	12.5%

## FY3/24 Consolidated and Business Segment Forecast by Quarter

(Millions of yen)		1Q	2Q	3Q	4Q
Consolidated	Net sales	81,848	84,461	86,300	84,200
	Gross profit	13,781	13,767	13,900	13,100
	% to sales	16.8%	16.3%	16.1%	15.6%
	Operating profit	1,596	1,801	2,500	2,300
	% to sales	2.0%	2.1%	2.9%	2.7%
Dispensing Pharmacy Business	Net sales	72,309	75,295	77,000	75,900
	Gross profit	11,096	11,281	11,400	11,000
	% to sales	15.3%	15.0%	14.8%	14.5%
	Operating profit	2,907	3,109	4,300	4,400
	% to sales	4.0%	4.1%	5.6%	5.8%
Pharmaceutical manufacturing and sales Business	Net sales	10,530	9,957	10,800	9,300
	Gross profit	1,265	1,199	1,400	800
	% to sales	12.0%	12.0%	13.0%	8.6%
	Operating profit	126	41	200	(300)
	% to sales	1.2%	0.4%	1.9%	(3.2%)
Medical Professional staffing and Placement Business	Net sales	2,580	2,364	1,900	2,100
	Gross profit	1,553	1,289	1,000	1,200
	% to sales	60.2%	54.5%	52.6%	57.1%
	Operating profit	484	214	0	100
	% to sales	18.8%	9.1%	0.0%	4.8%

# 2

## Growth strategy



Consolidated Results

- Establishment Status of the New Long-Term Vision

Dispensing Pharmacy Business

- Store opening strategy
- Open Pharmacies with Various Functions

Pharmaceutical Manufacturing and Sales Business

- Expand the Pharmaceutical Manufacturing and Sales Business
- Measures to ensure stable supply
- New NHI Listed Drugs

Medical Professional Staffing and Placement Business

- Expand the Medical Professional Staffing and Placement Business





# Establishment Status of the New Long-Term Vision

Apr. 2023

● **Announced a revision of the “Long-Term Vision: Toward 2030,” released in 2018**

Nov. 2023

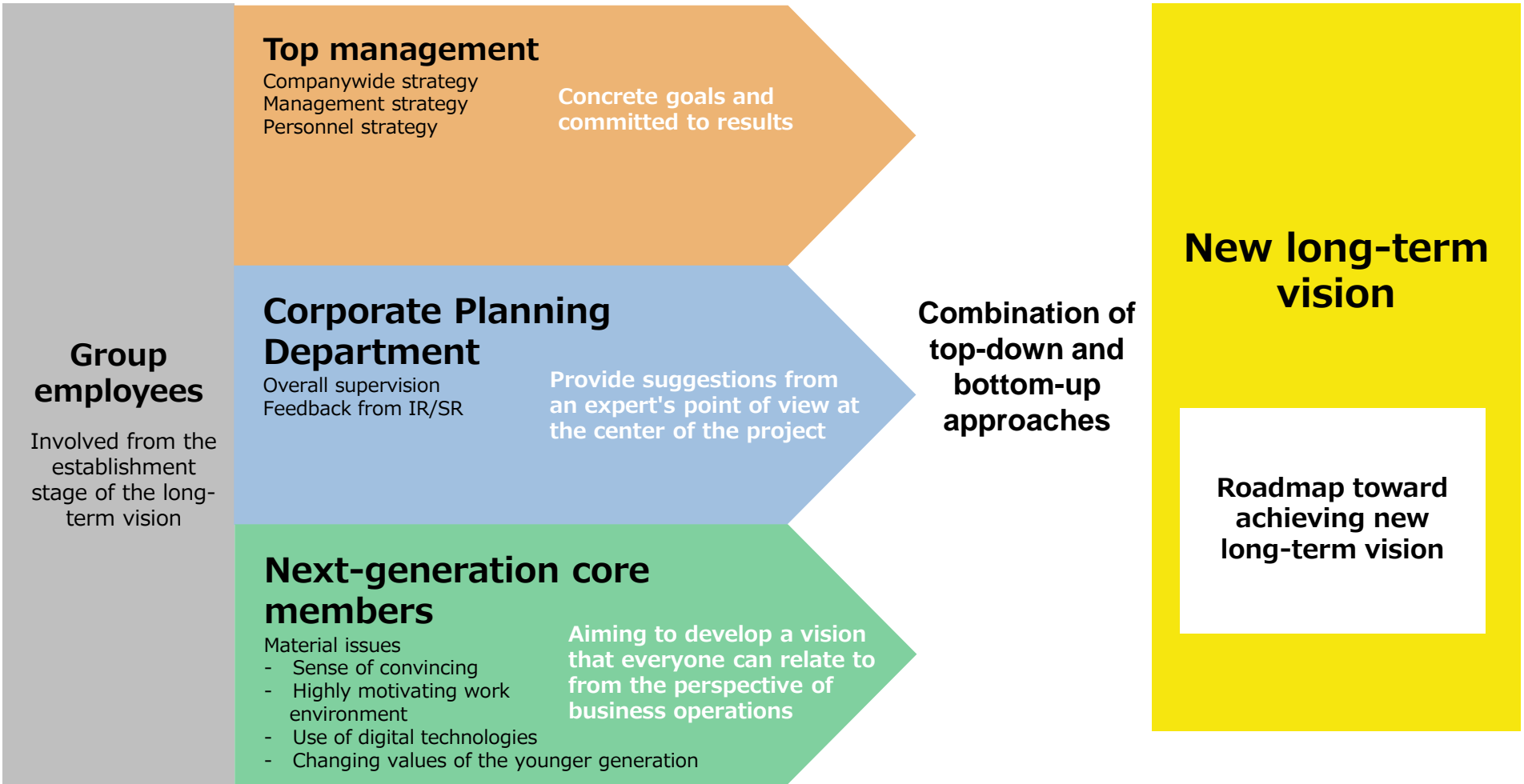
● **The long-term vision is under review for revision**

- As the current business environment deviates from our assumptions at the time we formulated the “Long-Term Vision: Toward 2030,” we will articulate the competitiveness we have cultivated to date and the financial and non-financial assets that are the source of the competitiveness
- Re-evaluate focus and new business areas for the medium-term, based on the anticipated future external environment
- Identify current issues from the perspective of the capital market
- Launch the next-generation core member project to create a long-term vision that employees can embrace

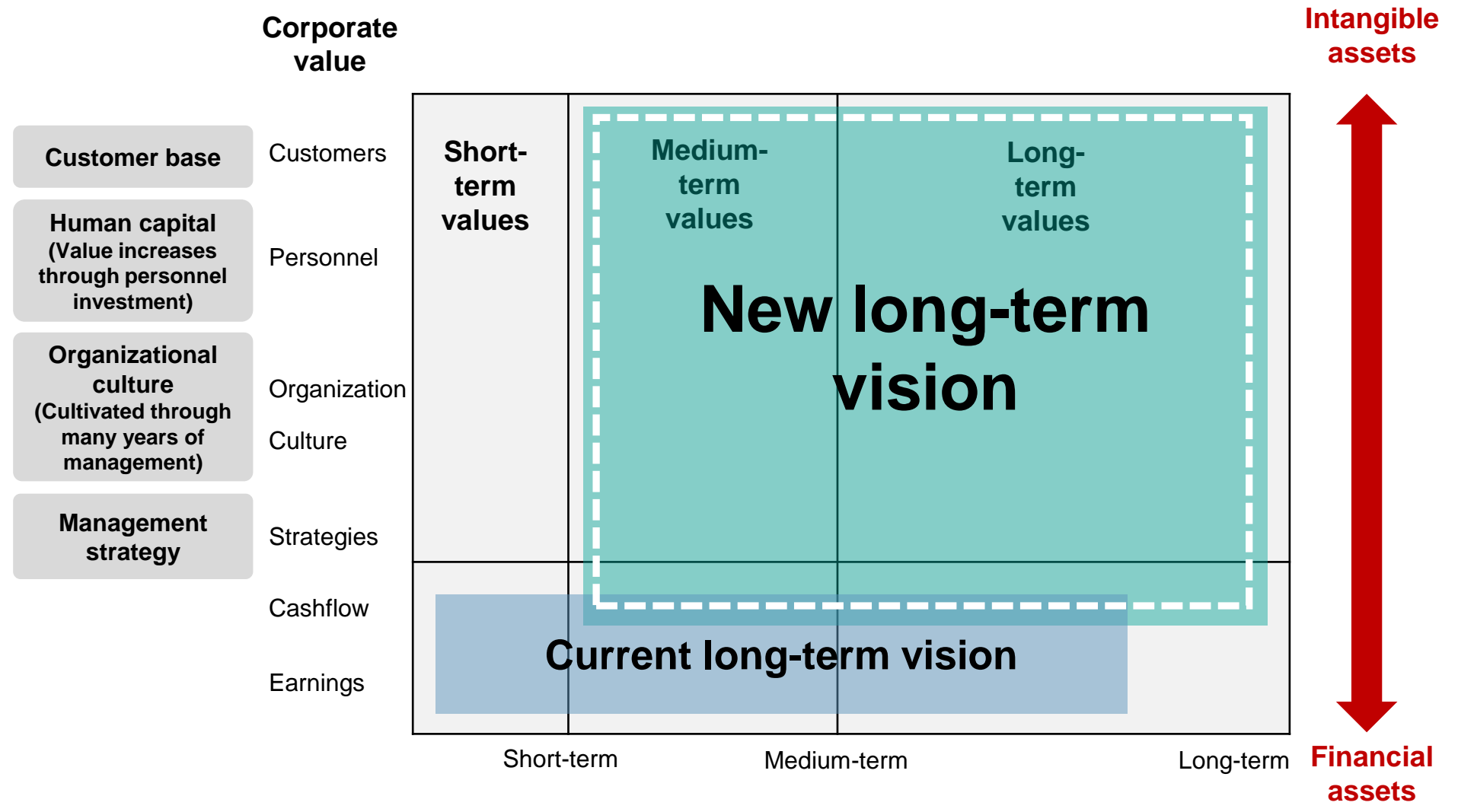
Apr. 2024  
(scheduled)

● **Announce and hold a briefing on the new long-term vision and a roadmap toward realizing the vision**

# System for the Establishment of the Long-Term Vision



# Establishment of a Long-Term Vision Focused on Long-Term and Non-Financial Perspectives



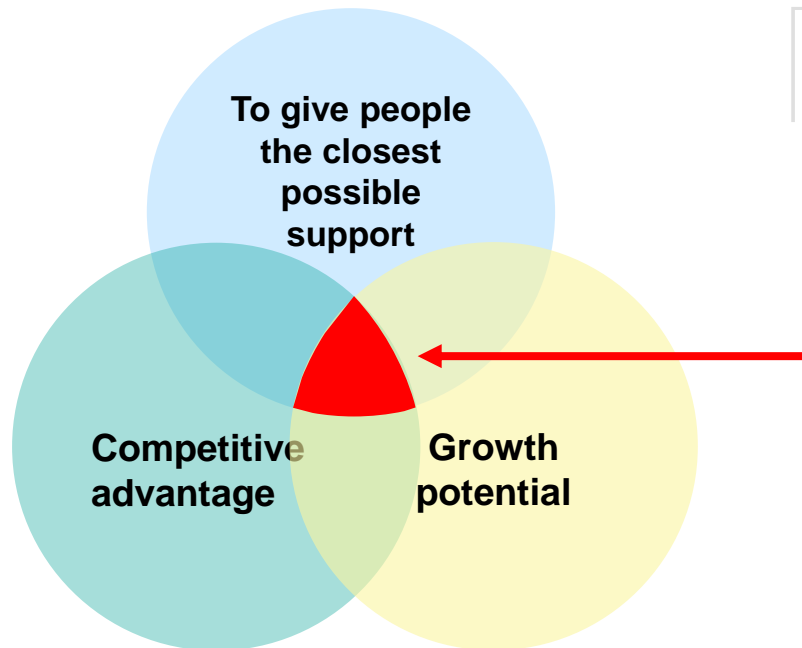
# External Environment Surrounding the Group

Anticipated changes in the external environment

	External environment
<b>Political</b> Political trends Healthcare administration Stock market	<ul style="list-style-type: none"> <li>• Ongoing increase in consumer prices and movement toward higher wages</li> <li>• Shift from Medication-centered to patient-centered operations against a backdrop of rising healthcare costs</li> <li>• Government-led expansion of telemedicine, and digitalization of medical data using Mynaportal</li> </ul>
<b>Economical</b> Economic conditions Japanese corporations Healthcare industry Supply chain	<ul style="list-style-type: none"> <li>• Expansion of the healthcare market</li> <li>• Promotion of digitalization of the healthcare industry, shift to high-value-added operations</li> <li>• Increase in personnel investment that contributes to sustainable growth of corporations</li> <li>• Productivity improvement driven by health management and promotion of personal well-being</li> <li>• Measures to reduce environmental and human rights risks in the supply chain</li> </ul>
<b>Social</b> Demographic trends Domestic (in Japan) Corporate responsibility Social issues Consumer behavior	<ul style="list-style-type: none"> <li>• Increased needs for at-home medical care caused by changes in demographic trends</li> <li>• Decline in working-age population, mobilization of the HR market</li> <li>• Measures to promote women’s empowerment, DEI, diverse work styles, and growth in employee engagement</li> <li>• Ongoing measures to mitigate cybersecurity risk</li> </ul>
<b>Technological</b> Technological innovation	<ul style="list-style-type: none"> <li>• Responses to the nationwide medical information platform, including the use of electronic prescriptions and consolidation of medical information on Mynaportal</li> <li>• Utilization of generative AI</li> </ul>

# Nihon Chouzai Group's Growth Strategy

We will focus on areas with high growth potential where we can fulfill our mission “to give people the closest possible support” and take advantage of our competitive strength, with the aim of achieving sustainable growth



## Focus areas for the medium term in existing businesses

- New store openings centered on hybrid pharmacies
- Specialty pharmaceuticals
- At-home medical care
- Online medical care
- Increase in the ratio of in-house manufactured products
- Share acquisition in the Medical Professional Staffing and Placement Business

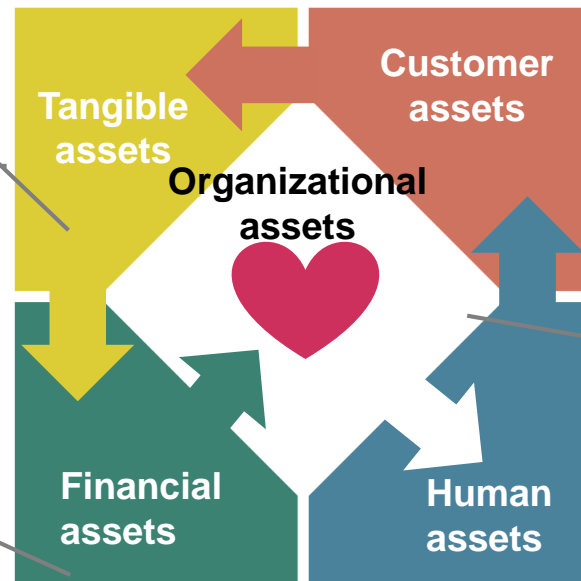
Note: Above are subject to change due to the ongoing review of the long-term vision

# Intangible Assets Supporting Our Competitive Advantage

**Aim to increase corporate value with the mission  
“to give people the closest possible support”**

- Dispensing pharmacy network centered on hospital-front pharmacies (726 pharmacies nationwide\*1)
- Five drug manufacturing facilities and one R&D center

- 25 consecutive years of sales growth\*2
- ROE: 8.2%\*3
- EBITDA:16.3 billion yen\*3
- Equity ratio:30.5%\*3



- Number of prescriptions filled: 16,258,000\*4
- Digital medication notebook members: 1.6mn\*5

- To give people the closest possible support
- Achieving true separation of drug prescribing and dispensing services
- Pioneering spirit unchanged since founding
- Digital technologies, digital transformation
- Training program for nurturing quality pharmacists
- Network with hospitals

- Pharmacists that can provide advanced medical care: 3,727\*3
- Ranked No.1 in Mynavi/Nikkei 2024 Company Popularity Ranking\*6

\*1: As of September 30, 2023  
\*2: FY3/23

\*3: As of October 2023

\*4: As of March 31, 2023

\*5: As of October 2023  
\*6: Ranked No. 1 in the “Chemistry/pharmacology major” category in “Mynavi/Nikkei 2024 Company Popularity Ranking” by university and graduate school students graduating in March 2024

# Pharmacy Network①

Both in our own store openings and M&A we are making upfront investments in large stores that support advanced medical and home medical care, and our sales per store are on an upward trend. While maintaining the share of pharmacies opened through organic growth, we aim to utilize M&A for balanced pharmacy openings.

Pharmacy Openings	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	2Q FY3/24
Opened	36	32	65*	29	40	38	19
Organic growth (percentage)	23 (63.9%)	26 (81.2%)	35 (53.8%)	22 (75.9%)	34 (85.0%)	30 (78.9%)	13 (68.4%)
M&A	13	6	30	7	6	8	6
Closed	8	19	13	9	13	17	11
No. of pharmacies at the end of period	585	598	650	670	697	718	726

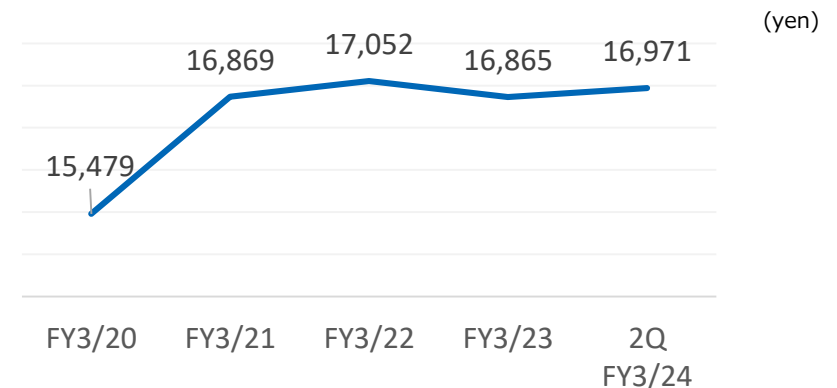
Note: Including one location that was converted from a store specializing in the sale of general merchandise to a pharmacy

## 2Q FY3/24 Results

(YoY growth rate)	Prescription drug sales	No. of prescriptions	Prescription unit prices
Existing pharmacies	+7.2%	+4.4%	+2.7%
Pharmacies opened in FY3/23	+177.6%	+109.4%	+32.6%
Total	+8.9%	+6.7%	+2.1%

No. of prescriptions 8,561,000 Prescription unit price 16,971yen

## Prescription unit price



# Pharmacy Network ②

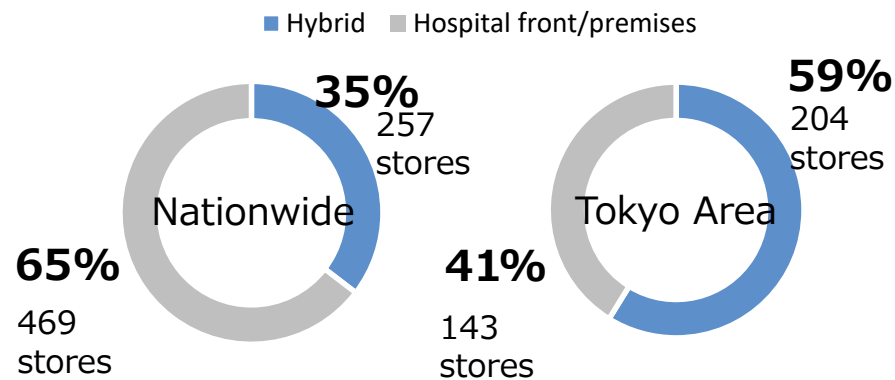
Expansion of openings of both hospital-front pharmacies and pharmacies within hospital premises that provide advanced medical care and hybrid pharmacies that provide community and home medical care.

## Pharmacy Openings

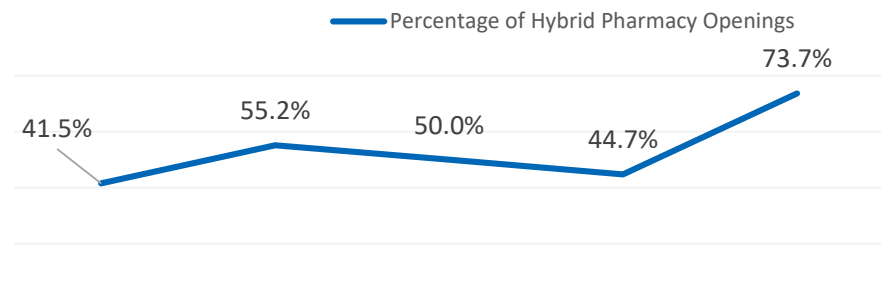
	FY3/20	FY3/21	FY3/22	FY3/23	2Q FY3/24
Opened	65*	29	40	38	19
Hospital-front pharmacies / Pharmacies within hospital premises	38	13	20	17	5
Hybrid pharmacies	27	16	20	21	14
Closed	13	9	13	17	11
No. of pharmacies at the end of period	650	670	697	718	726

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

## Ratio of Pharmacies



## Percentage of Pharmacy Openings



Region	Pharmacy openings In 2Q FY3/24	No. of pharmacies at 2Q FY3/24	Percentage
Kanto	13	382	52.6%
Kansai	2	83	11.4%
Other	4	261	36.0%
Total	19	726	100.0%

Hybrid Pharmacy: Combination of non-hospital-front (Mentaio) & medical center type pharmacies  
 Hybrid pharmacies are located in front of train stations, in shopping districts, and in other such areas, and combine the company's Mentaio-type pharmacies (serving a wide catchment area) and its medical center-type pharmacies.



# Open Pharmacies with Various Functions

## Specialized medical institution cooperation pharmacies

**50** /167 stores nationwide

Certified pharmacies that are able to provide specialized pharmacy management, collaboration with other medical institutions, advanced pharmacy management, and special dispensing for patients who require specialized pharmacy management. Currently, pharmacies with a high level of expertise in "cancer" treatment are certified.

## Regional cooperation pharmacies

**499** /3883 stores nationwide

Pharmacies certified by prefectural governors that appropriately collaborate with local medical institutions and other pharmacies and serve as a link between hospitals and nursing care facilities and homes.

## Health support pharmacies

**193** stores

Pharmacies that meet the standards for health support set by the Minister of Health, Labor and Welfare, with the function of actively supporting community residents and patients to lead healthy and prosperous lives.

## At-Home Medical Care Support Centers

**27** stores

Highly specialized pharmacists who focus on home healthcare provide a wide range of home healthcare services to meet the needs of the community, including not only elderly patients but also pediatric patients with serious illnesses such as cancer and other serious or intractable diseases.

## Pharmacies for home palliative care patients

**1** stores

A certification system started in Dec. 2022 by the Japanese Society for Pharmaceutical Palliative Care and Sciences. Certification is awarded to pharmacies with specialized functions deemed necessary for palliative care to enable patients to choose the best pharmacy for themselves and receive quality palliative pharmacotherapy.

## Online medication Service NiCOMS

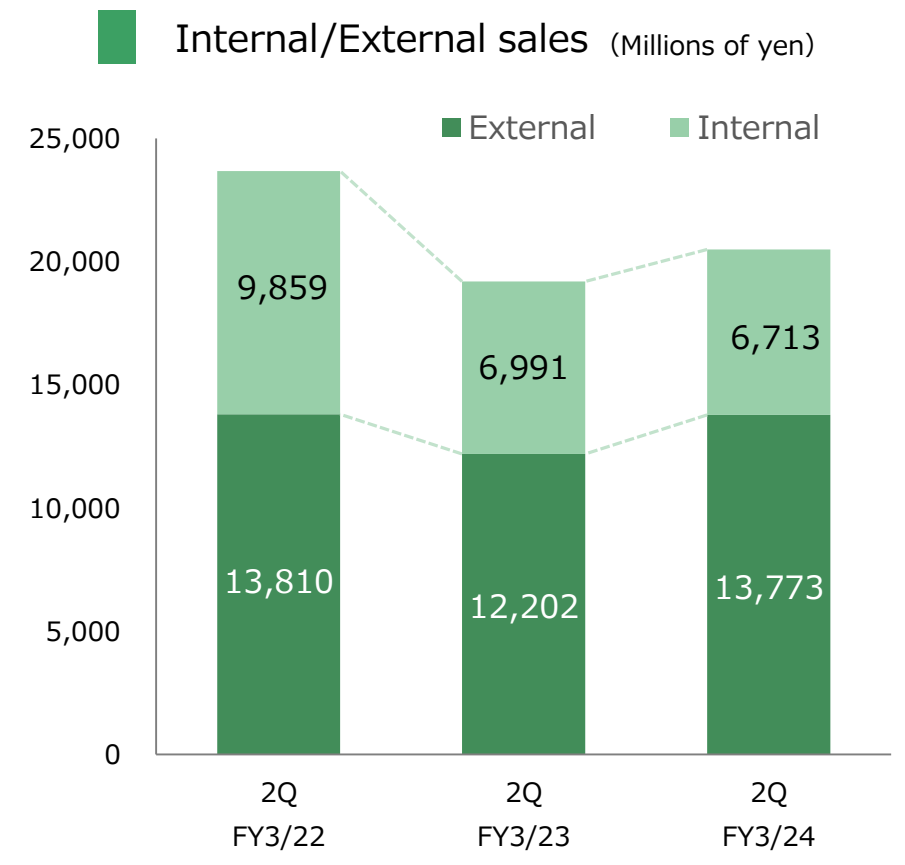
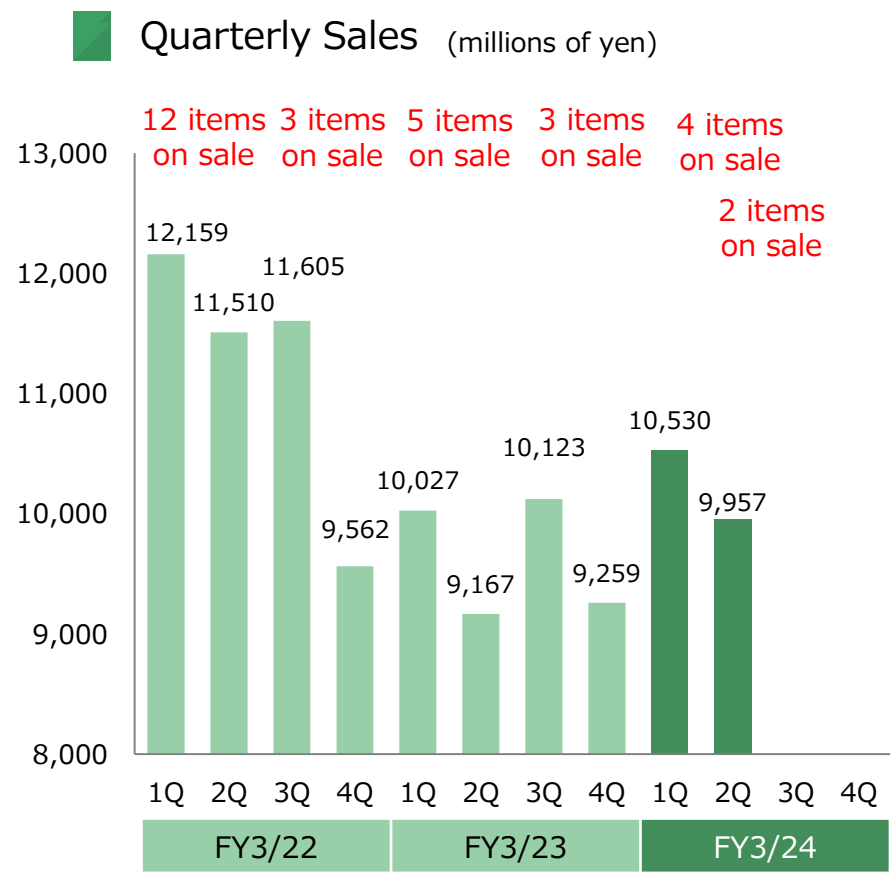
Available at all stores

An online medication guidance service developed in-house and available at all Nihon Chouzai Pharmacy stores. Patients can receive explanations of their medications from pharmacists in their own homes using their smartphones or PCs, and have their medications delivered to their homes.

# Growth of the Pharmaceutical Manufacturing and Sales Business

Net sales were up mainly due to strong sales of existing products and newly added to the NHI drug price list in June.

## Net sales and their breakdown



# New NHI Listed Drugs

Product Items for New NHI Listing in June 2023: **6 Items**

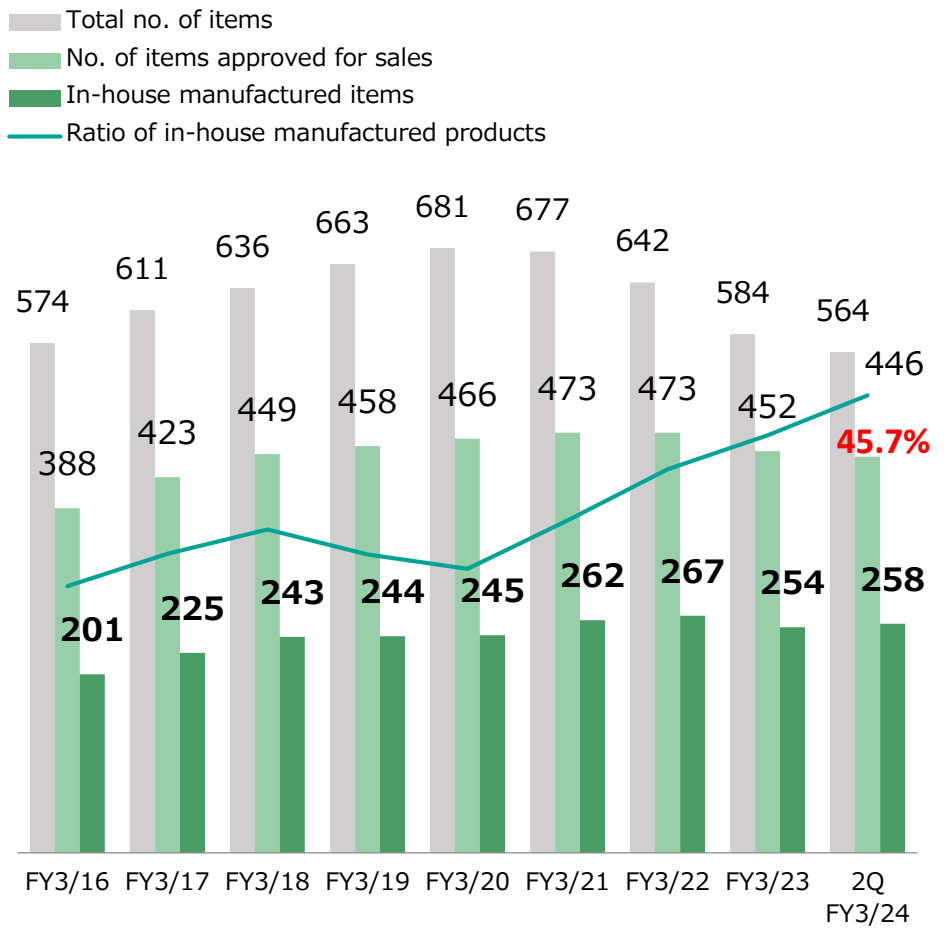
Scale of potential conversion to generic drugs (estimated\*) **49.8** billion yen

名称	
Azilsartan Tablets 10mg "JG"	EzeAto Combination Tablets LD "JG" *
Azilsartan Tablets 20mg "JG"	EzeAto Combination Tablets HD "JG" *
Azilsartan Tablets 40mg "JG"	Sildenafil Tablets 20mg RE "JG"

\* Calculated by Nihon Chouzai based on the annual usage volume of brand-name products  
 \* EzeAto Combination Tablets LD "JG" and EzeAto Combination Tablets HD "JG" were launched in September 2023

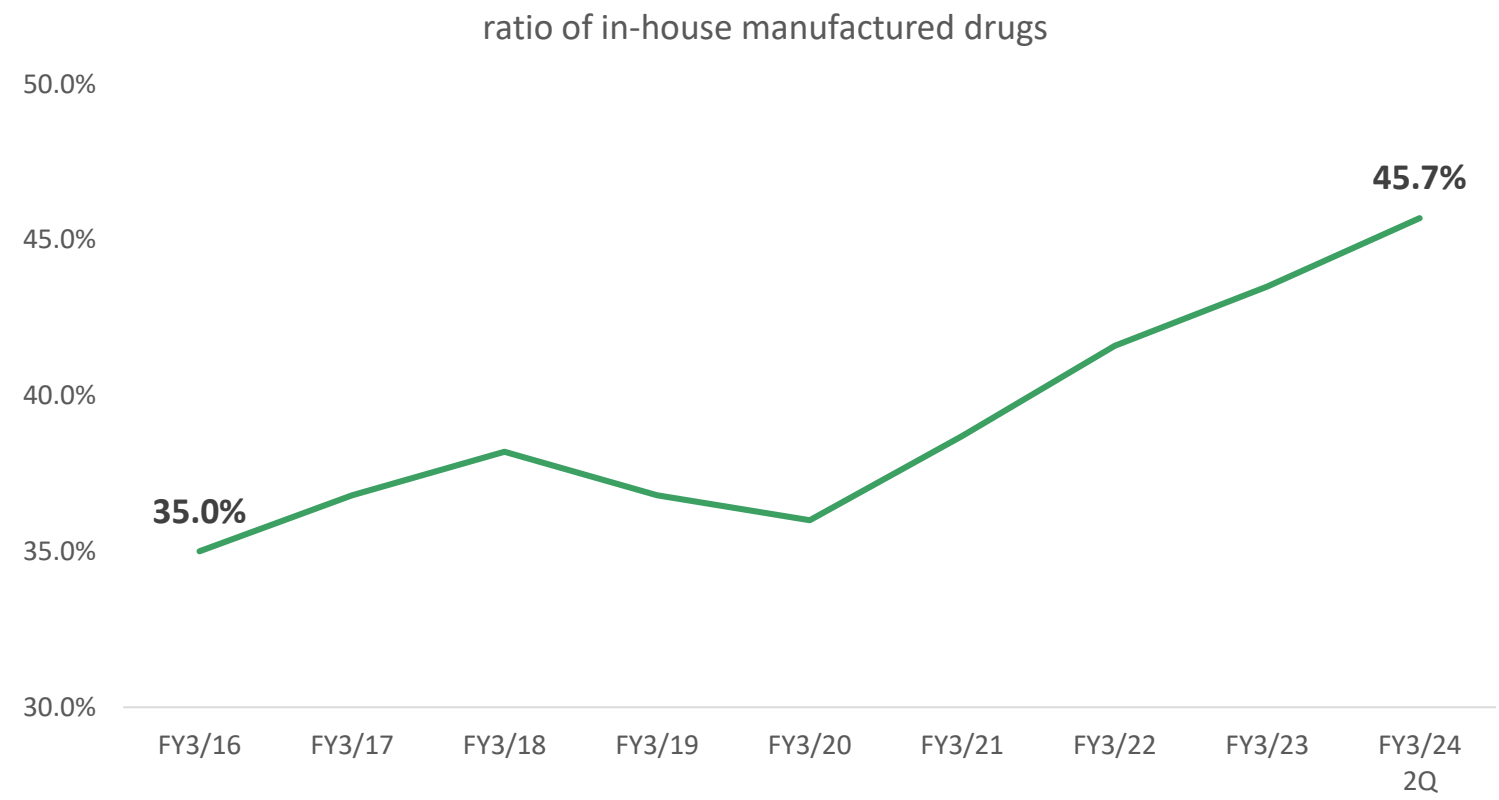
## Number of Product Items

Although the total number of items declined following a review of production items, the ratio of in-house manufactured products increased.



# Increased ratio of in-house manufactured drugs

Backed by progress in the shift to in-house manufactured drugs, the share of in-house manufactured drugs increased from 35.0% in FY3/16 to 45.7% at the end of 2Q FY3/24. We will continue aiming to increase the ratio of in-house manufactured drugs.



# Sustainability Management Initiatives

Implemented various measures to reduce CO2 emissions in phases. The development of technology to separate blister package waste into plastic and aluminum has made recycling possible. We will continue working on measures to curb CO2 emissions.

Feb. 2022 Began using carbon-neutral city gas  
(Tsukuba Plant, Tsukuba Plant No. 2, and Tsukuba R&D Center)

Apr. 2022 Began generating solar power  
(Tsukuba Plant No. 2)

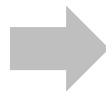
Aug. 2023 Began material recycling of blister package waste  
(Tsukuba Plant No. 2)



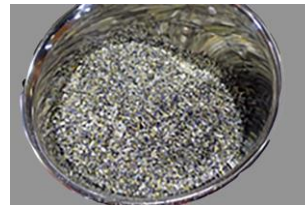
Installed solar panels on plant premises



Blister package waste



Plastic peeled from package (use as building materials, etc.)

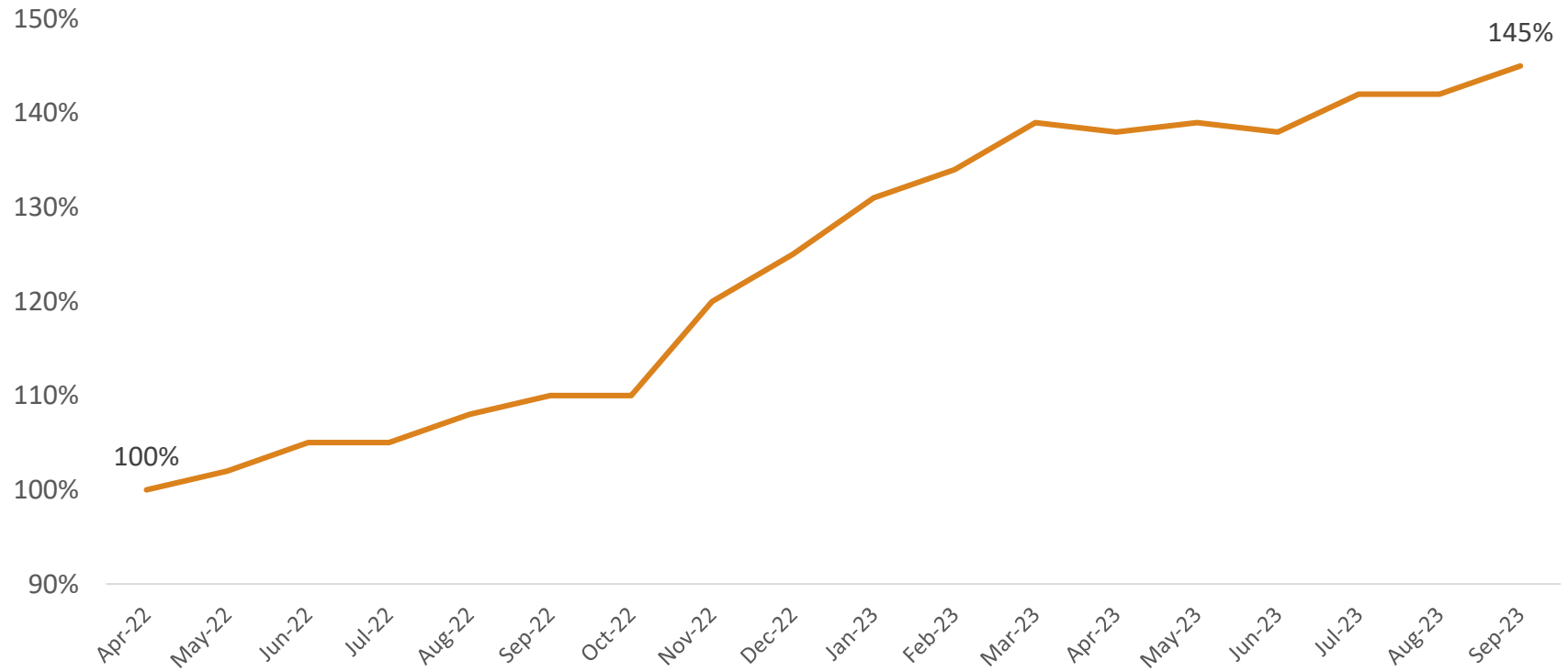


Aluminum from package (use as raw materials)

## Growth of the Medical Professional Staffing and Placement Business

The number of pediatric and otolaryngology patients, which had been on a downtrend, rebounded, prompted by the downgrading of COVID-19 to a Class 5 infectious disease. This resulted in a recovery in pharmacist staffing demand, contributing to higher sales and profit.

### Pharmacist staffing business grew more than expected

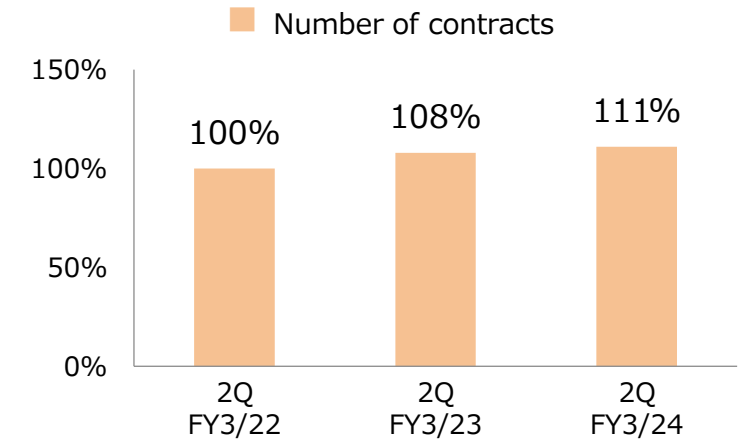
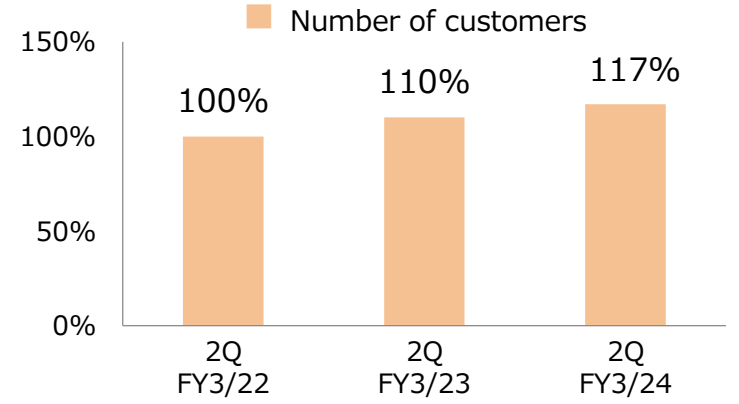
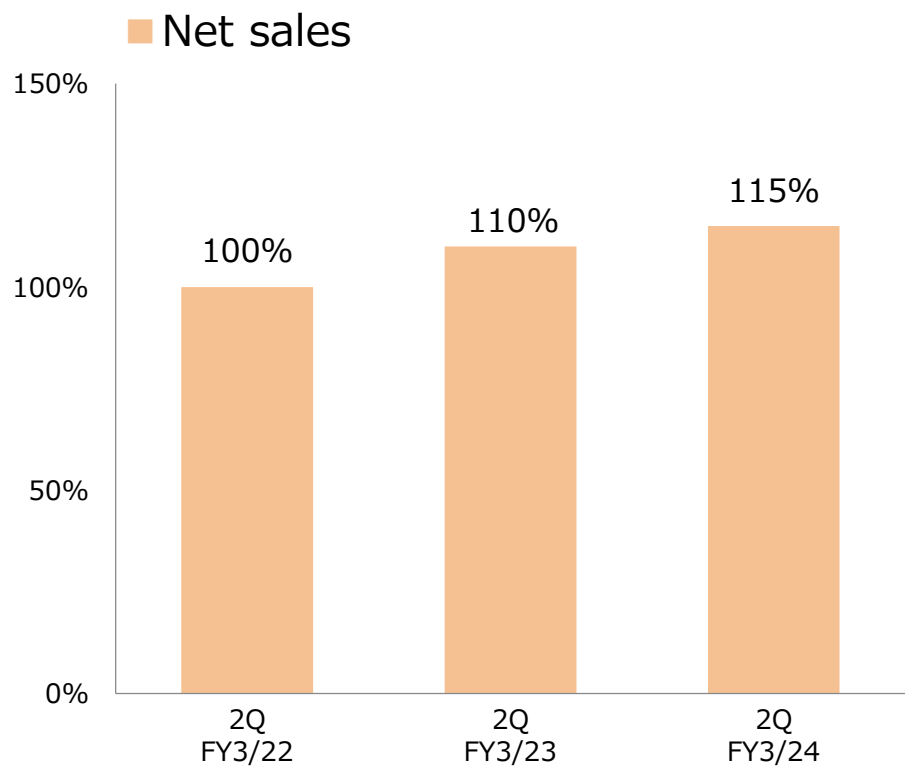


2022年4月を100%とした派遣稼働者数

# Growth of the Medical Professional Staffing and Placement Business

In the pharmacist staffing business, the market for staffing pharmacists, mainly in small and medium-sized pharmacies, remained firm and secured positive YoY growth. The placement business also secured an YoY increase in sales due to a favorable turnaround in the external environment.

## Growth of the pharmacist placement business



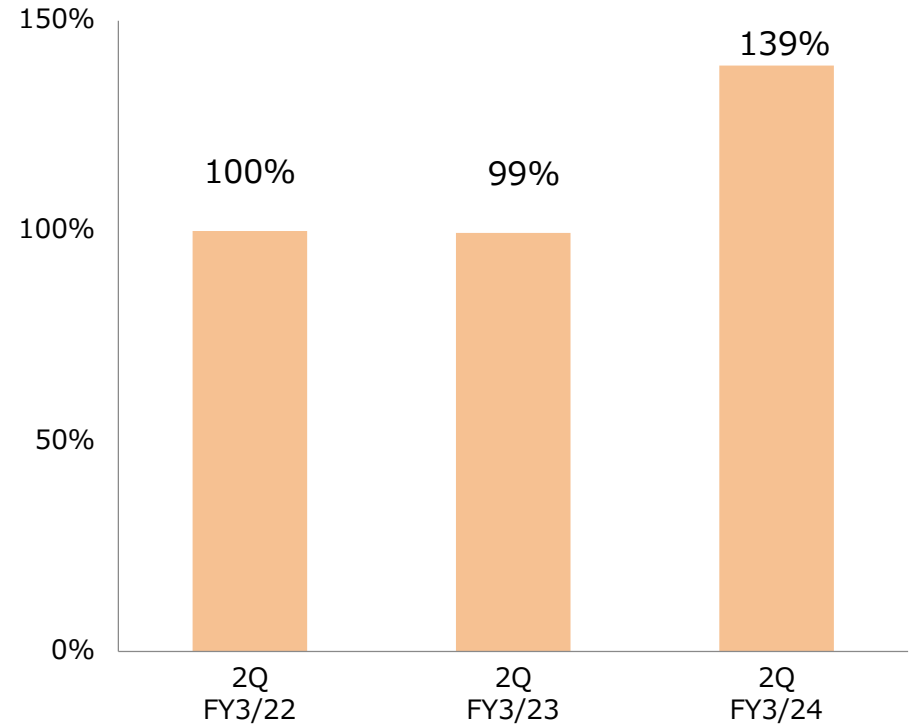
# Growth of the Medical Professional Staffing and Placement Business

Physician placement business remained robust due to steady demand for full-time and part-time physicians, despite a sharp decline in demand for COVID-19 vaccination program-related services.

## Expansion of the physician business

**Net sales**

(excludes sales related to COVID-19 vaccination programs)



**Number of customers**



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

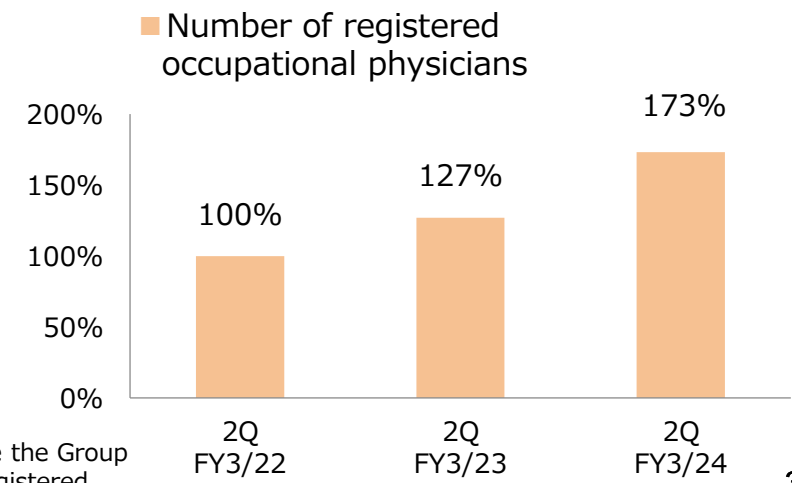
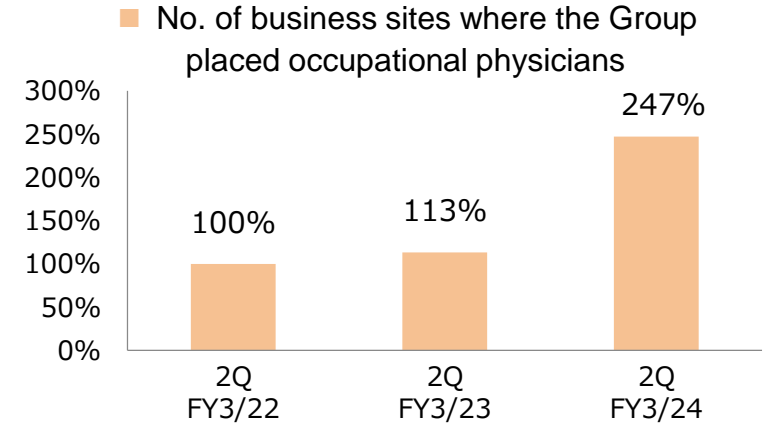
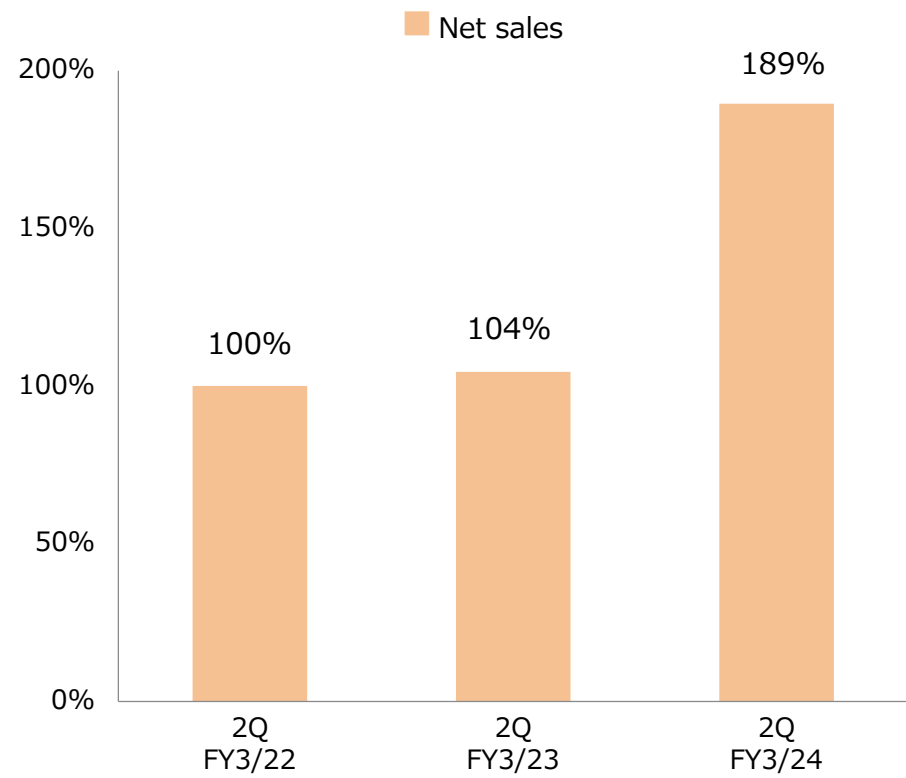
FY3/22 Net sales, customers = 100%  
 Number of contracts includes those related to Covid-19



# Growth of the Medical Professional Staffing and Placement Business

The occupational physician business was launched in response to demand for employee health management, which is growing in importance in corporate management. Since entering in November 2020, the business is steadily expanding utilizing the nationwide network of Medical Resources. New website was launched in May to strengthen the business.

## Expansion of the occupational physician business



©2023 NIHON CHOUZAI Co., Ltd. All rights reserved. FY3/22 Net sales, the no. of business sites where the Group placed occupational physicians, and the no. of registered occupational physicians = 100%.

# 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.

Inquiries:

 NIHON CHOUZAI Co.,Ltd.

Corporate Planning Department, Investor Relations Group  
37F GranTokyo North Tower, 1-9-1, Marunouchi,  
Chiyoda Ward, Tokyo 100-6737, JAPAN

TEL: +81-(0) 3-6810-0818

E-mail: [ir-info@nicho.co.jp](mailto:ir-info@nicho.co.jp)

IR website: <https://www.nicho.co.jp/corporate/ir/>