



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

Results of Operations for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

May 12, 2023



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Financial Highlights



Consolidated Results

Net sales and profits grew owing to contributions from robust performance of the Dispensing Pharmacy Business, offsetting the impact of limited shipments in the Pharmaceutical Manufacturing and Sales Business.

Dispensing Pharmacy Business

Net sales and profits increased despite the impact of medical treatment fee and drug price revisions of April 2022, due to new store openings in the current and previous fiscal years and steady growth in the number of prescriptions filled at existing pharmacies.

Pharmaceutical Manufacturing and Sales Business

Despite brisk sales of products newly added to the NHI drug price list, net sales and profits declined due to the impact of April 2022 drug price revisions and prolonged limited shipments caused by fire at a logistics center in West Japan in November 2021.

Medical Professional Staffing and Placement Business

While the impact of the COVID-19 pandemic lingered, net sales and profits rose owing to YoY growth in the mainstay pharmacist staffing and placement business and the physician (incl. occupational physician) business.

Consolidated Statement of Income

Net sales were up 4.7% YoY backed by robust performance of the Dispensing Pharmacy Business, but were 2.5% short of the forecast due to shipment adjustments in the Pharmaceutical Manufacturing and Sales Business. Operating profit grew 15.1% YoY due to cost-reduction measures, but missed the full-year target by 10.7%.

(Millions of yen)	FY3/21 Results	FY3/22 Results	FY3/23 Forecast	FY3/23 Results	Change Vs. Forecast	Vs. Forecast	YoY growth Rate
Net sales	278,951	299,392	321,400	313,318	(8,081)	(2.5%)	4.7%
Cost of sales	229,577	246,969	265,200	259,674	(5,525)	(2.1%)	5.1%
Gross profit	49,374	52,422	56,200	53,643	(2,556)	(4.5%)	2.3%
% to sales	17.7%	17.5%	17.5%	17.1%	(0.4pt)	–	–
SG&A expenses	41,267	45,833	47,700	46,057	(1,642)	(3.4%)	0.5%
% to sales	14.8%	15.3%	14.8%	14.7%	(0.1pt)	–	–
Consumption taxes	17,828	19,437	20,800	20,219	(580)	(2.8%)	4.0%
R&D expenses	2,776	3,411	3,100	3,065	(34)	(1.1%)	(10.1%)
Operating profit	8,106	6,589	8,500	7,586	(913)	(10.7%)	15.1%
% to sales	2.9%	2.2%	2.6%	2.4%	(0.2pt)	–	–
Ordinary profit	8,409	6,767	8,400	7,682	(717)	(8.5%)	13.5%
% to sales	3.0%	2.3%	2.6%	2.5%	(0.2pt)	–	–
Profit attributable to owners of parent	3,538	3,705	4,400	4,458	58	1.3%	20.3%
% to sales	1.3%	1.2%	1.4%	1.4%	0.1pt	–	–
EBITDA	16,286	14,974	17,600	16,337	(1,262)	(7.2%)	9.1%

Consolidated Balance Sheet

Changes in assets primarily consisted of an 5.3 billion yen increase in Merchandise and finished goods. Changes in liabilities mainly consisted of a 1.1 billion yen increase in Long-term loans payable. Net interest-bearing debt was 34.3 billion yen, maintaining a low level since FY3/13. The equity ratio of 30.5% had improved to a record level since the previous high in FY3/07.

(Millions of yen)	End of Mar. 2021 (FY3/21)	End of Mar. 2022 (FY3/22)	End of Mar. 2023 (FY3/23)	YoY change	YoY change (%)
Current assets	89,246	81,651	85,720	4,069	5.0%
Merchandise and finished goods	23,139	23,024	28,416	5,391	23.4%
Non-current assets	97,015	97,102	99,576	2,474	2.5%
Property, plant and equipment	64,785	64,025	61,435	(2,590)	(4.0%)
Intangible assets	18,952	18,969	19,573	603	3.2%
Investments and other assets	13,277	14,107	18,568	4,460	31.6%
Total assets	186,262	178,753	185,297	6,543	3.7%
Current liabilities	87,720	78,931	77,050	(1,881)	(2.4%)
Accounts payable-trade	44,044	48,513	47,916	(596)	(1.2%)
Current portion of long-term loans payable	27,966	12,366	10,390	(1,975)	(16.0%)
Non-current liabilities	48,673	46,944	51,763	4,819	10.3%
Long-term loans payable	42,997	41,531	44,640	3,109	7.5%
Total liabilities	136,394	125,876	128,814	2,937	2.3%
Total net assets	49,868	52,876	56,483	3,606	6.8%
Shareholders' equity	49,868	52,876	56,483	3,606	6.8%
Equity ratio	26.8%	29.6%	30.5%	0.9pt	—
Net interest-bearing debt	40,325	31,054	34,357	3,303	10.6%

Consolidated Statement of Cash Flows

Cash flows from operating activities remained stable, with the total of profit before income taxes and depreciation/amortization exceeding 16.5 billion yen. Net cash spent in investing activities expanded due to aggressive investing activities.

(Millions of yen)	FY3/21 Results	FY3/22 Results	FY3/23 Results	YoY change
Cash flows from operating activities	11,213	19,411	7,532	(11,878)
Profit before income taxes	6,483	6,217	7,843	1,625
Depreciation	6,416	6,569	6,740	171
Amortization of goodwill	1,763	1,814	1,952	138
Decrease (increase) in trade receivables	(20)	1,185	(701)	(1,886)
Decrease (increase) in inventories	(694)	(4,147)	(5,016)	(869)
Increase (decrease) in trade payables	1,250	4,363	(2,018)	(6,381)
Cash flows from investing activities	(7,767)	(9,313)	(10,018)	(704)
Purchase of property, plant and equipment	(5,955)	(5,956)	(5,761)	195
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(823)	(597)	(1,433)	(836)
Cash flows from financing activities	(2,806)	(17,448)	713	18,162
Proceeds from long-term loans payable	8,000	10,900	13,500	2,600
Repayments of long-term loans payable	(9,406)	(27,966)	(12,366)	15,600
Net increase (decrease) in cash and cash equivalents	639	(7,350)	(1,772)	5,578
Cash and cash equivalents at beginning of period	32,254	32,893	25,543	(7,350)
Cash and cash equivalents at end of period	32,893	25,543	23,770	(1,772)

Consolidated Financial Indicators

EBITDA was maintained above 15.0 billion yen. D/E ratio and equity ratio continued to improve on progress in repayment of interest-bearing debt.

	FY3/21	FY3/22	FY3/23	YoY change
EBITDA (Millions of yen) note1	16,286	14,974	16,337	1,363
EV/EBITDA (Times) note1	6.0	4.9	4.4	(0.5)
Free cash flow (Millions of yen)	3,445	10,097	(2,486)	(12,583)
D/E ratio (Times)	1.5	1.1	1.0	(0.0)
Equity ratio (%)	26.8%	29.6%	30.5%	0.9pt
Net income per share (yen) EPS note2	118.01	123.56	148.92	25.36
Net assets per share (Yen) BPS note2	1,663.01	1,763.34	1,888.17	124.83
Return on equity (%)	7.3%	7.2%	8.2%	1.0pt
Return on assets (%)	4.5%	3.7%	4.2%	0.5pt
Operating margin (%)	2.9%	2.2%	2.4%	0.2pt

Note : EBITDA=Operating profit/loss+Depreciation+Amortization of goodwill EV=Market cap at the end of each period+Net interest-bearing

Dispensing Pharmacy Business

Net sales were up 5.5% YoY and operating profit up 12.7% YoY (5.5% above the forecast), owing to an increase in the number of prescriptions filled and contributions from newly opened pharmacies (40 in FY3/22 and 38 in FY3/23).

(Millions of yen)	FY3/21 Results	FY3/22 Results	FY3/23 Forecast	FY3/23 Results	Change Vs. Forecast	Vs. Forecast	YoY growth rate
Net sales	244,072	265,624	283,300	280,164	(3,135)	(1.1%)	5.5%
Cost of sales	206,018	222,837	239,400	235,122	(4,277)	(1.8%)	5.5%
Gross profit	38,054	42,786	43,900	45,041	1,141	2.6%	5.3%
% to sales	15.6%	16.1%	15.5%	16.1%	0.6pt	—	—
SG&A expenses	27,468	29,776	30,000	30,375	375	1.3%	2.0%
% to sales	11.3%	11.2%	10.6%	10.8%	0.3pt	—	—
Operating profit	10,585	13,009	13,900	14,666	766	5.5%	12.7%
% to sales	4.3%	4.9%	4.9%	5.2%	0.3pt	—	—
No. of pharmacies at the end of each period (stores) <small>note 1</small>	670	697	740	718	(22)	(3.0%)	3.0%
Prescription drug sales per pharmacy <small>note 2</small>	369	388	394	395	1	0.4%	1.9%

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

Net sales fell 14.0% YoY, with the business posting an operating loss of 1.39Billion yen, despite robust sales of products newly added to the NHI drug price, due to the impact of April 2022 drug price revisions and prolonged impact of limited shipments caused by fire at a logistics center in West Japan in November 2021.

(Millions of yen)	FY3/21 Results	FY3/22 Results	FY3/23 Forecast	FY3/23 Results	Change Vs. Forecast	Vs. Forecast	YoY growth Rate
Net sales	45,699	44,836	48,200	38,575	(9,624)	(20.0%)	(14.0%)
Cost of sales	38,804	39,635	40,600	34,830	(5,769)	(14.2%)	(12.1%)
Gross profit	6,894	5,200	7,600	3,745	(3,854)	(50.7%)	(28.0%)
% to sales	15.1%	11.6%	15.8%	9.7%	(6.1pt)	—	—
SG&A expenses	4,543	5,254	5,500	5,138	(361)	(6.6%)	(2.2%)
% to sales	9.9%	11.7%	11.4%	13.3%	1.9pt	—	—
Operating profit	2,350	(53)	2,100	(1,392)	(3,492)	—	—
% to sales	5.1%	—	4.4%	—	—	—	—

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 15.3% YoY, and operating profit was up 31.5% YoY(51.6% above the forecast) due to an increase in results from the mainstay pharmacist staffing and placement business.

(Millions of yen)	FY3/21 Results	FY3/22 Results	FY3/23 Forecast	FY3/23 Results	Change Vs. Forecast	Vs. Forecast	YoY growth rate
Net sales	8,393	6,991	7,100	8,063	963	13.6%	15.3%
Cost of sales	3,916	2,576	2,600	3,282	682	26.3%	27.4%
Gross profit	4,477	4,414	4,500	4,781	281	6.2%	8.3%
% to sales	53.3%	63.1%	63.4%	59.3%	(4.1pt)	—	—
SG&A expenses	3,764	3,837	4,000	4,022	22	0.6%	4.8%
% to sales	44.9%	54.9%	56.3%	49.9%	(6.5pt)	—	—
Operating profit	712	576	500	758	258	51.6%	31.5%
% to sales	8.5%	8.2%	7.0%	9.4%	2.4pt	—	—

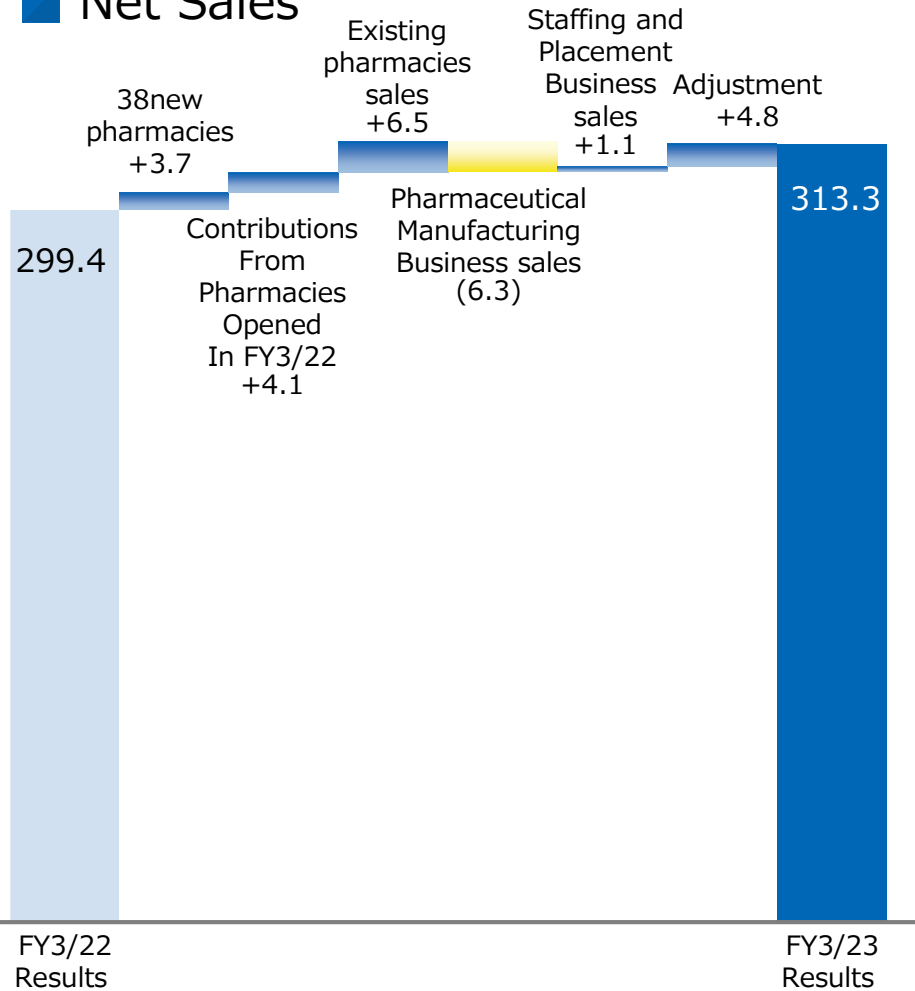
Note: Rounding down to the nearest unit

Reference Materials

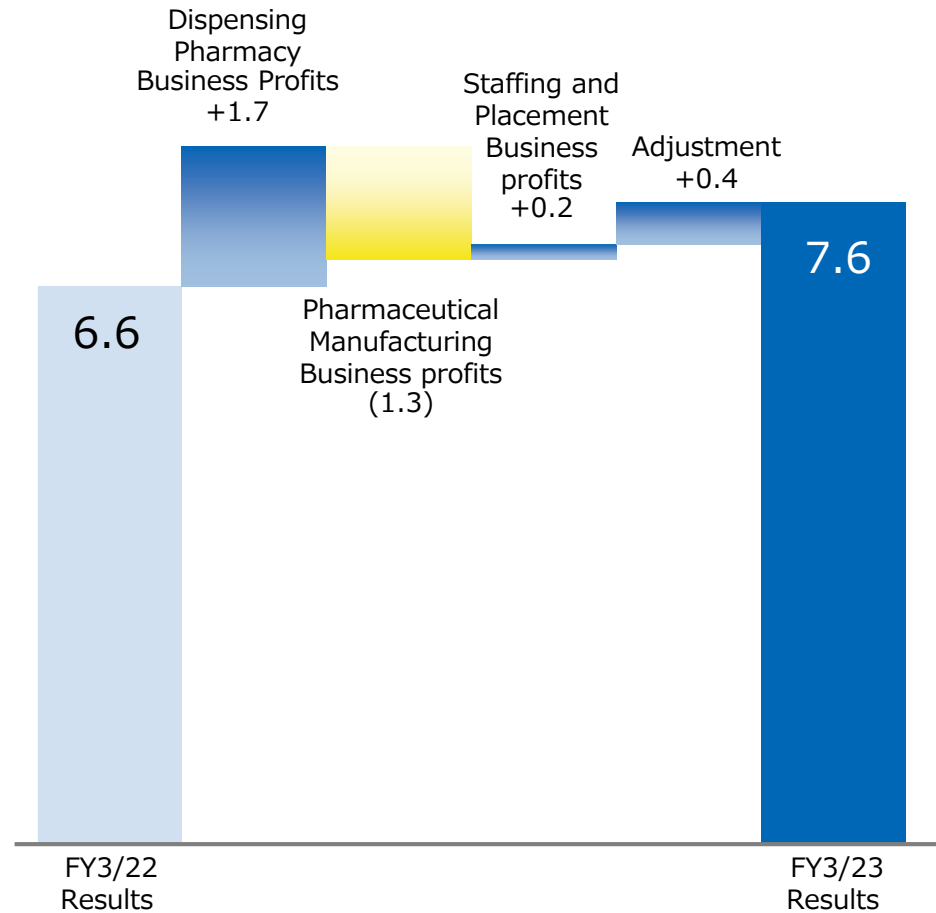
Consolidated Results: Major Components of YoY Changes (Net Sales / Operating Profit)

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

Net Sales



Operating Profit

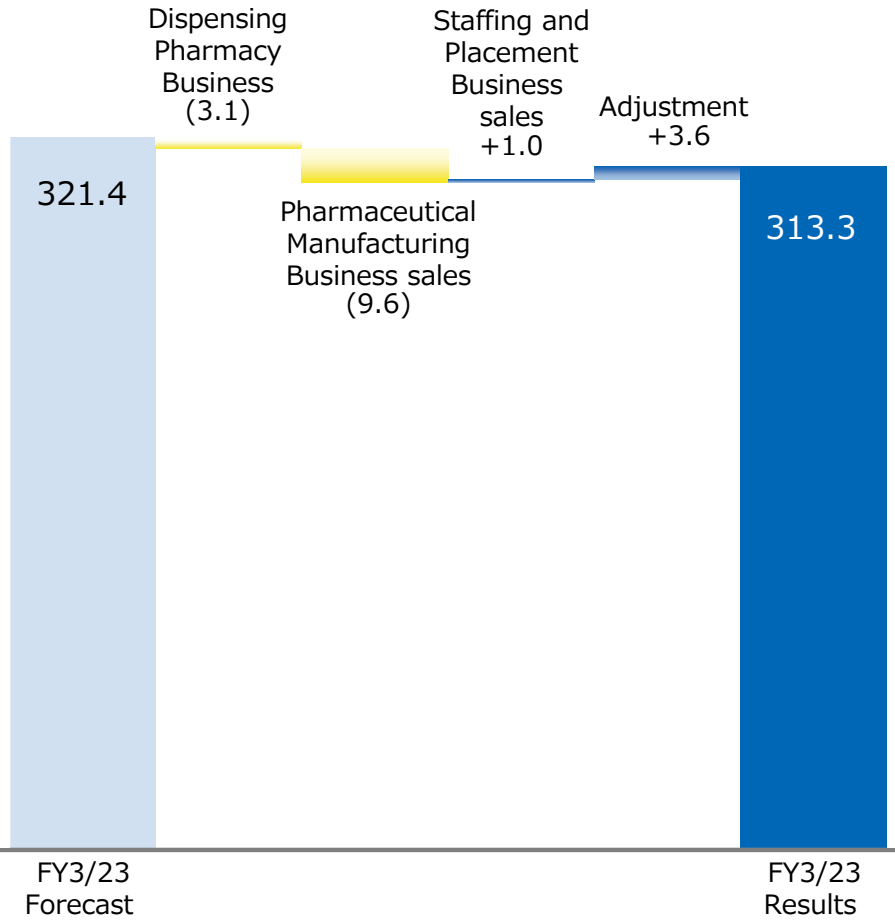


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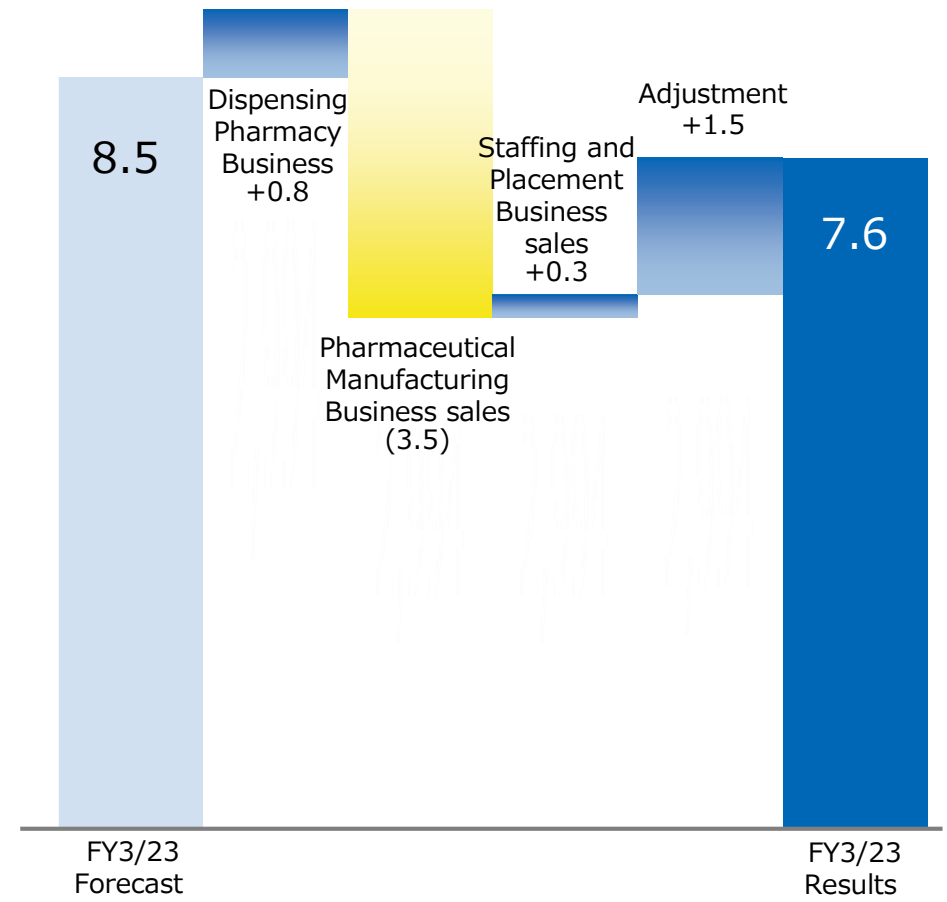
Consolidated Results: Major Components of Changes vs. Forecast (Net Sales / Operating Profit)

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

Net Sales



Operating Profit



FY3/24 Consolidated Forecast

The Group forecasts higher sales but lower profit due to aggressive growth investments in large-scale stores in the Dispensing Pharmacy Business.

(Millions of yen)	FY3/21 Results	FY3/22 Results	FY3/23 Results	FY3/24 Forecast	YoY change	YoY growth rate
Net sales	278,951	299,392	313,318	334,400	21,081	6.7%
Cost of sales	229,577	246,969	259,674	280,400	20,725	8.0%
Gross profit	49,374	52,422	53,643	54,000	356	0.7%
% to sales	17.7%	17.5%	17.1%	16.1%	(1.0pt)	–
SG&A expenses	41,267	45,833	46,057	47,500	1,442	3.1%
% to sales	14.8%	15.3%	14.7%	14.2%	(0.5pt)	–
Consumption taxes	17,828	19,437	20,219	22,200	1,980	9.8%
R&D expenses	2,776	3,411	3,065	3,400	334	10.9%
Operating profit	8,106	6,589	7,586	6,400	(1,186)	(15.6%)
% to sales	2.9%	2.2%	2.4%	1.9%	(0.5pt)	–
Ordinary profit	8,409	6,767	7,682	6,300	(1,382)	(18.0%)
% to sales	3.0%	2.3%	2.5%	1.9%	(0.6pt)	–
Profit attributable to owners of parent	3,538	3,705	4,458	3,200	(1,258)	(28.2%)
% to sales	1.3%	1.2%	1.4%	1.0%	(0.5pt)	–
Net income per share (Yen) <small>Note</small>	118.01	123.56	148.92	106.97	(41.95)	(28.2%)
EBITDA	16,286	14,974	16,337	15,300	(1,037)	(6.3%)
Dividend per share (Yen) <small>Note</small>	25.00	25.00	25.00	25.00	–	–

Factors Contributing to the YoY Change in Consolidated Operating Profit in FY3/24 Forecast

- YoY change in consolidated operating profit: -1.1 billion yen

<Breakdown>

- Dispensing Pharmacy Business: -1.0 billion yen

Temporary decrease in operating profit due to 8* stores with upfront investment in aggressive growth investments -1.3billion yen

Note: Stores with upfront investment refers to large stores that were opened in the previous fiscal year or are scheduled to be opened this fiscal year, including on-site pharmacies.

- Pharmaceutical Manufacturing and Sales Business: +1.4 billion yen

(Increase excluding one-time expenses in the previous year +0.6billion yen)

One-time expenses accounted for in FY3/23 0.8billion yen

<Breakdown>

Excess inventory allowance 488 million yen

Additional development-related expenses 396 million yen

- Medical Professional Staffing and Placement Business: -0 billion yen

- corporate expenses 1.6 billion yen

System investment-related expenses +0.8 billion yen

FY3/24 Business Segment Forecast

	(Millions of yen)	FY3/21 Results	FY3/22 Results	FY3/23 Results	24/3 Plan	YoY change	YoY growth rate
Dispensing pharmacy business	Net sales	244,072	265,624	280,164	299,100	18,935	6.8%
	Gross profit	38,054	42,786	45,041	43,600	(1,441)	(3.2%)
	% to sales	15.6%	16.1%	16.1%	14.6%	(1.5pt)	—
	Operating profit	10,585	13,009	14,666	13,600	(1,066)	(7.3%)
	% to sales	4.3%	4.9%	5.2%	4.5%	(0.7pt)	—
	EBITDA	14,597	17,329	19,314	18,400	(914)	(4.7%)
Pharmaceutic al manufacturin g and sales business	Net sales	45,699	44,836	38,575	40,400	1,824	4.7%
	Gross profit	6,894	5,200	3,745	5,300	1,554	41.5%
	% to sales	15.1%	11.6%	9.7%	13.1%	3.4pt	—
	Operating profit	2,350	(53)	(1,392)	100	1,492	—
	% to sales	5.1%	—	—	0.2%	—	—
	EBITDA	6,096	3,523	2,130	3,500	1,369	64.3%
Medical professional staffing and placement business	Net sales	8,393	6,991	8,063	8,400	336	4.2%
	Gross profit	4,477	4,414	4,781	4,900	118	2.5%
	% to sales	53.3%	63.1%	59.3%	58.3%	(1.0pt)	—
	Operating profit	712	576	758	700	(58)	(7.7%)
	% to sales	8.5%	8.2%	9.4%	8.3%	(1.1pt)	—
	EBITDA	807	693	936	800	(136)	(14.6%)

FY3/24 Consolidated and Business Segment Forecast by Quarter

(Millions of yen)		1Q	2Q	3Q	4Q
Consolidated	Net sales	80,500	83,500	85,900	84,300
	Gross profit	12,700	13,700	14,200	13,200
	% to sales	15.8%	16.4%	16.5%	15.7%
	Operating profit	(100)	1,600	2,600	2,200
% to sales	—	1.9%	3.0%	2.6%	
Dispensing pharmacy business	Net sales	71,500	74,500	77,000	76,000
	Gross profit	9,900	11,000	11,500	11,000
	% to sales	13.8%	14.8%	14.9%	14.5%
	Operating profit	1,700	3,200	4,200	4,300
	% to sales	2.4%	4.3%	5.5%	5.7%
Number of pharmacies	725	730	740	750	
Pharmaceutical manufacturing and sales business	Net sales	9,700	10,400	10,500	9,600
	Gross profit	1,200	1,400	1,600	1,000
	% to sales	12.4%	13.5%	15.2%	10.4%
	Operating profit	(100)	100	400	(200)
% to sales	—	1.0%	3.8%	—	
Medical professional staffing and placement business	Net sales	2,300	2,000	1,900	2,100
	Gross profit	1,400	1,200	1,000	1,200
	% to sales	60.9%	60.0%	52.6%	57.1%
	Operating profit	400	100	0	100
% to sales	17.4%	5.0%	0.0%	4.8%	

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Growth strategy



Consolidated Results

- Review for the revision of the Long-Term Vision 2030

Dispensing Pharmacy Business

- Overview of the Group's new growth strategies
- 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



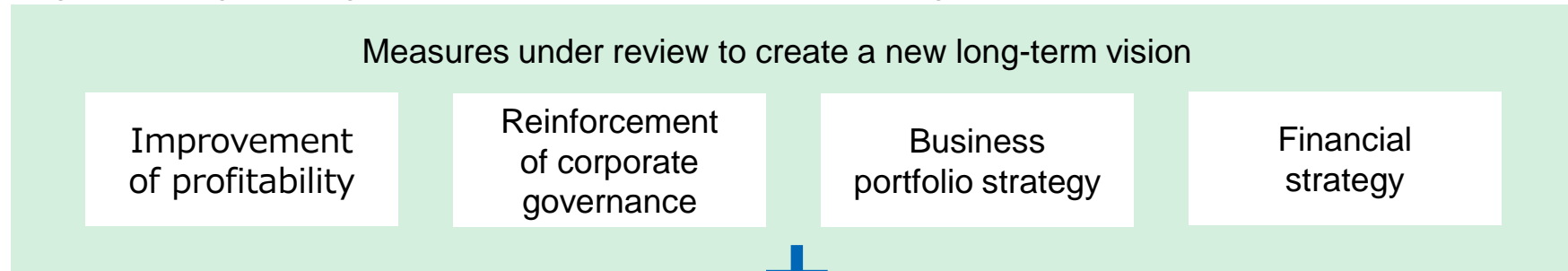
Review for the Revision of the Long-Term Vision 2030

The business environment surrounding the Nihon Chouzai Group has changed drastically since drafting of the Long-Term Vision 2030, which was released in 2018.

Medical system reform	Fire at logistics center*	Healthcare DX Reiwa Vision	Decline in pharmacist placement and staffing demand	Spread of COVID-19
Issues with stable supply of generic drugs	Promotion of sustainability management	Identification of material issues	Transition to the Prime Market	Formulation of new Group philosophy

*Fire at the West Japan logistics center where Nihon Generic had outsourced the storage of products and merchandise (2021).

Began revising the long-term vision to flexibly respond to changes in the external environment



Release a medium-term management plan to achieve the long-term vision

Schedule for release

- New long-term vision
January 2024
- New medium-term management plan
January–April 2024

Nihon Chouzai Group's core competency

Our core competency

Pharmacists that give people the closest possible support

Purpose of pharmacists

Support all patients in taking medications at all times and prevent any serious side effects or a decline in therapeutic efficacy. At the same time, help patients address their concerns about medications, and contribute to their life.

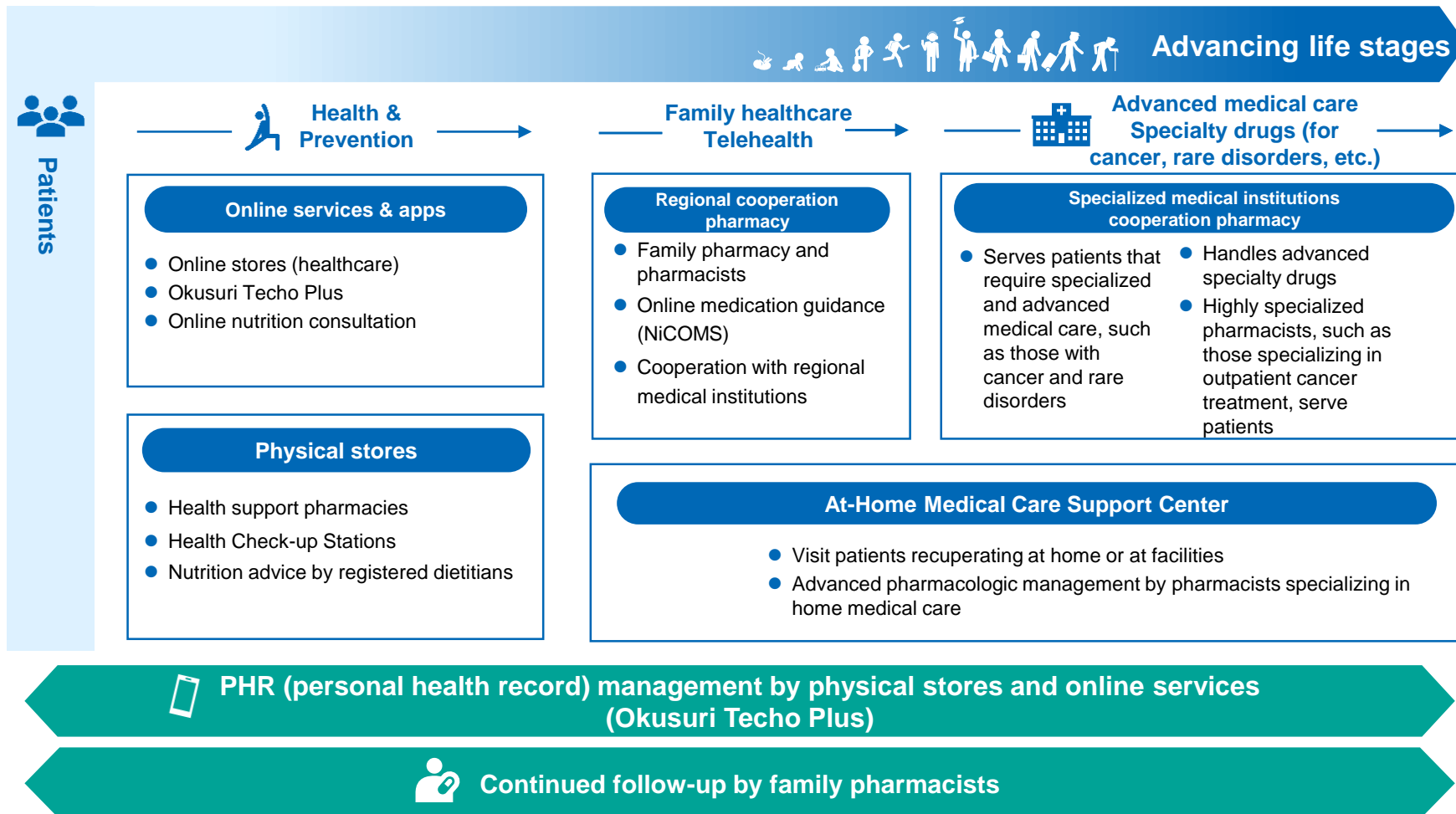
Professional pharmacists that can support patients at all times are essential in healthcare

The Nihon Chouzai Group provides such pharmacists

Pharmacists specializing in outpatient cancer treatment	Pharmacists with experience working at hospitals	Monetary value of specialty drugs* dispensed	Pharmacists specializing in home medical care
Family pharmacists	Provision of online medication guidance	Most number of certified pharmacies in the industry	PHR management using Okusuri Techo Plus

*Specialty drugs include high-priced medications for cancer, rare disorders, etc.

The Group aims to create a healthcare platform that supports patients at all stages of their lives



Overview of New Growth Strategies

To closely support the health of all people, the Group will make aggressive growth investments in the three healthcare fields where demand is expected to sharply expand

Three Growth Areas

Specialty drugs
(for cancer, rare disorders, etc.)

Home medical care

Telehealth

Corresponding growth investments

Hospital-front and on-site pharmacies that serve patients requiring advanced medical care
(Number of stores planned to be opened this fiscal year 16)

Large-scale pharmacies specializing in home medical care
(Number of stores planned to be opened this fiscal year 1)

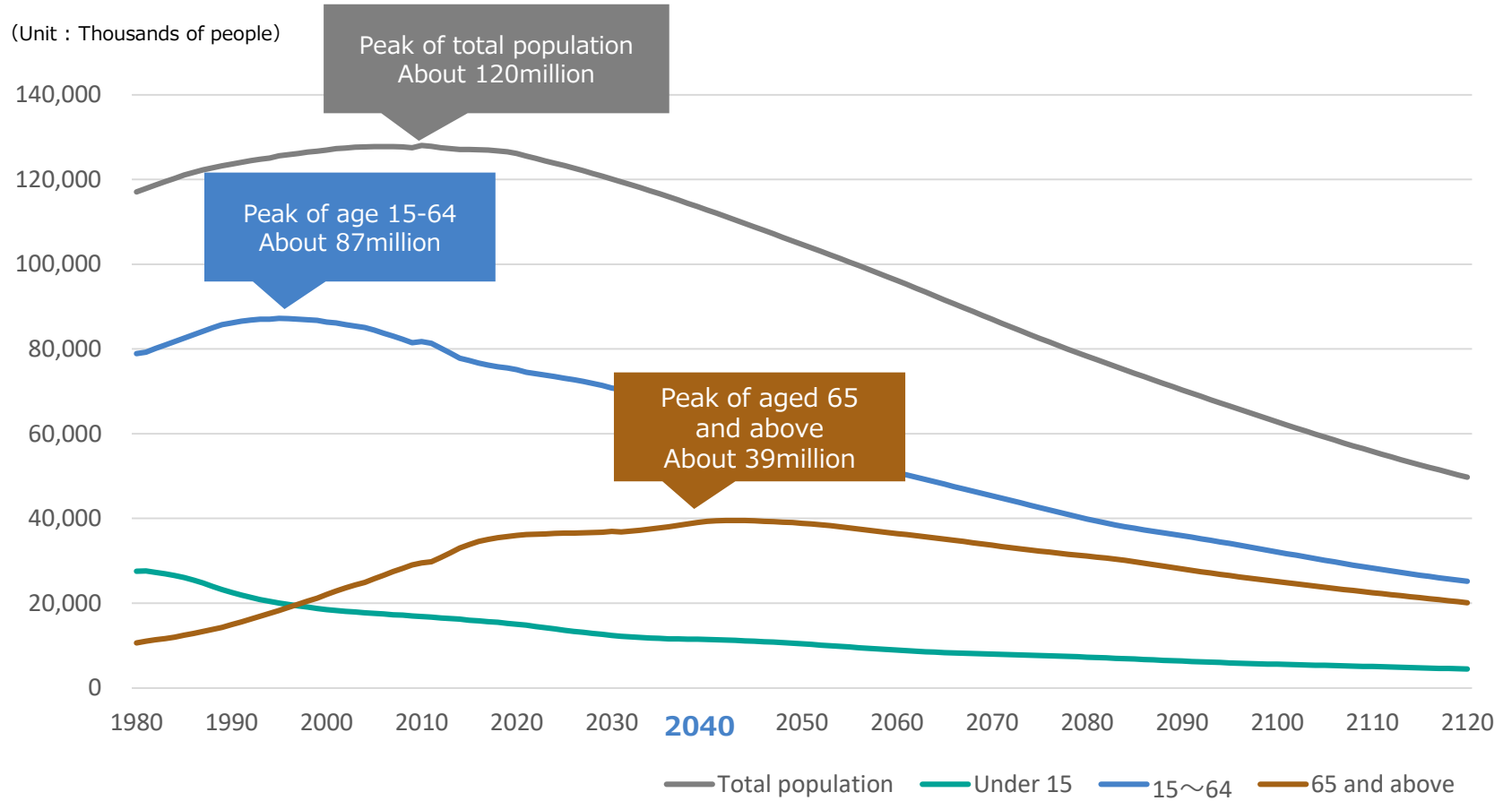
Investment in healthcare DX
(Dispensing system renewal(Scheduled to be in operation in the fiscal year ending March 2025))



Recruitment and training of highly specialized pharmacists

Medical needs in terms of population trends

Demand for home and advanced medical care is expected to grow sharply as population aged 65+ is expected to peak around 2040

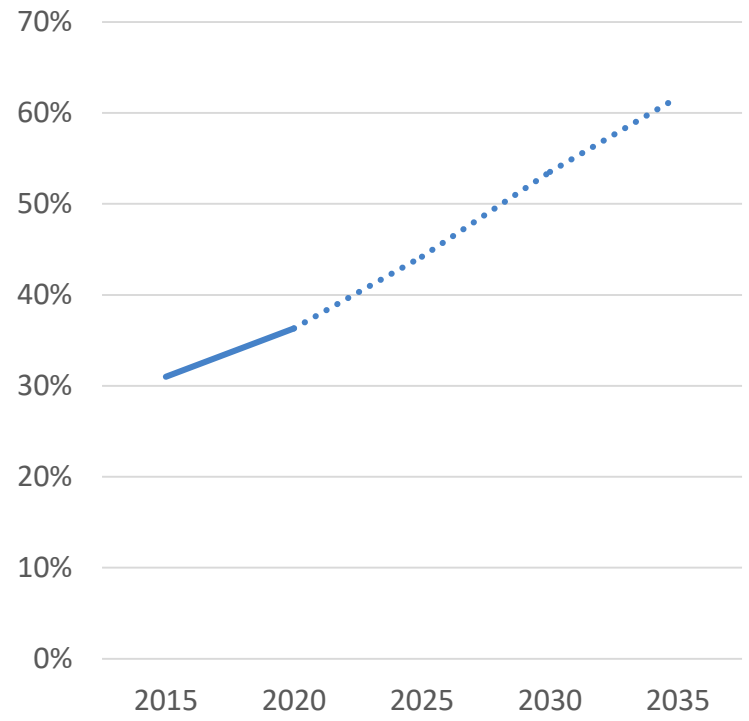


Source: Population Estimates by the Ministry of Internal Affairs and Communications (as of Oct. 1 of each year), for estimates up to 2021
 Population Projections for Japan (2023 Estimates): Medium Fertility and Medium Mortality Projections by National Institute of Population and Social Security Research, for estimates from 2022

Expanding Healthcare Market (Specialty Drugs*)

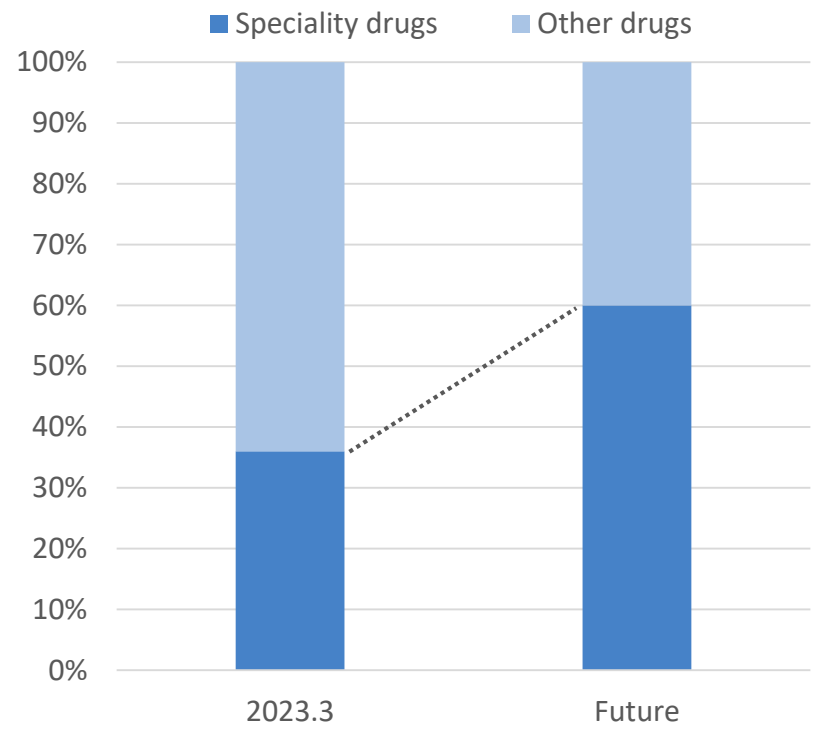
Against a backdrop of continued growth in the market share of specialty drugs, the percentage of the Group's total pharmaceutical sales accounted for by specialty drugs is expected to increase going forward.

Share of specialty drugs in the overall market (Including inpatient and outpatient)



※Based on our estimates

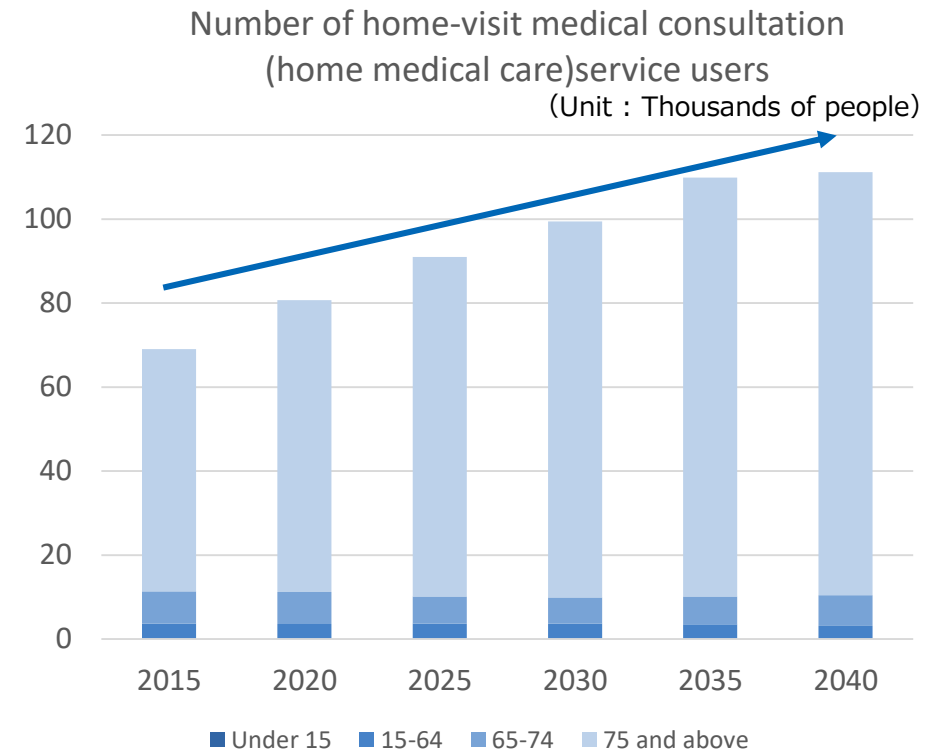
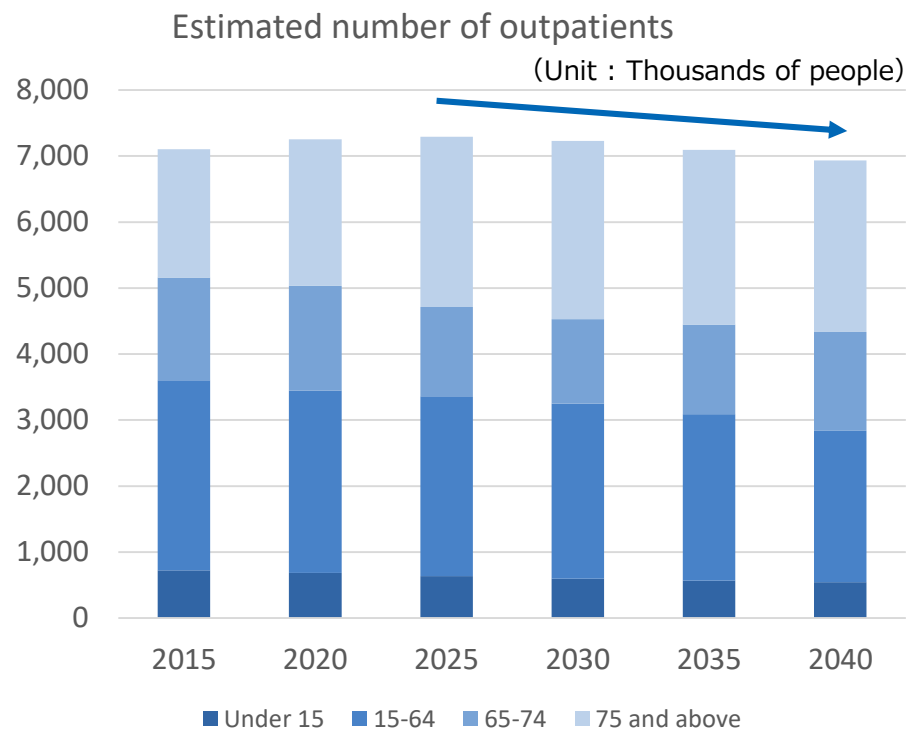
Share of specialty drugs in the Group's pharmaceuticals sales



*Specialty drugs include medications for cancer and rare disorders, and other high-priced drugs

Expanding Healthcare Market (Home Medical Care)

The number of outpatients is forecast to peak in 2025. Patients receiving home medical care are expected to grow until 2040.



*Estimated number of patients per day for both Ministry of Health, Labour and Welfare, "Patient Survey (2017)" Our estimates based on "Population Projections by Region in Japan (2018)," National Institute of Population and Social Security Research

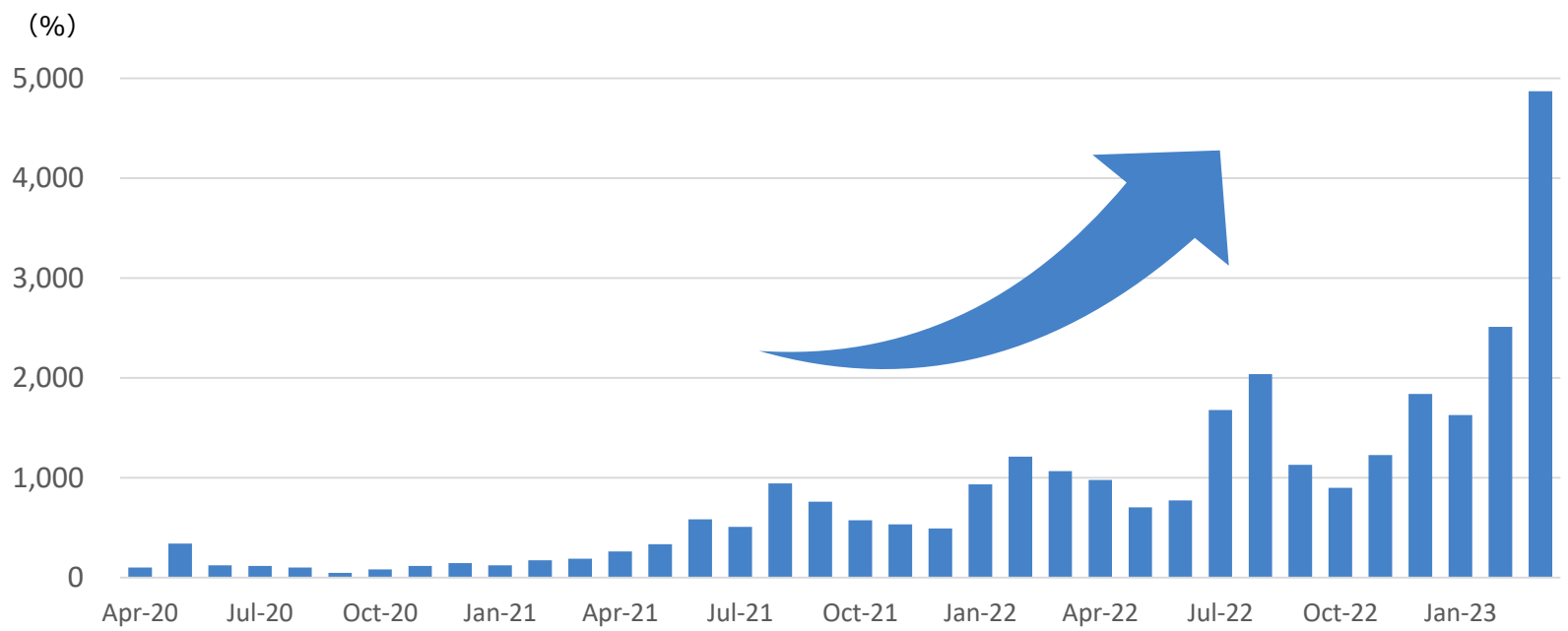
Expanding Healthcare Market (Telehealth)

The number of medical institutions that support online medical care is increasing, and the number of online medication guidance from affiliated online medical care systems is also on the rise.

The Group’s proprietary online pharmacy service NiCOMS is projected to grow, supported by the expanding market.

Number of online medication guidance via affiliated online medical care systems

(Number of cases as 100% of the number of cases in April 2020)



Pharmacy Network ①

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

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Opened	42	36	32	65*	29	40	38
Organic growth (percentage)	21 (50.0%)	23 (63.9%)	26 (81.2%)	35 (53.8%)	22 (75.9%)	34 (85.0%)	30 (78.9%)
M&A	21	13	6	30	7	6	8
Closed	12	8	19	13	9	13	17
No. of pharmacies at the end of period	557	585	598	650	670	697	718

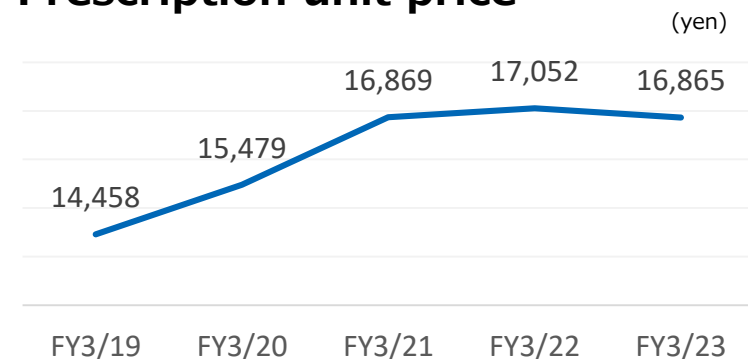
Note: Including one location that was converted from a store specializing in the sale of general merchandise to a pharmacy

FY3/23 Results

(YoY growth rate)	Prescription drug sales	No. of prescriptions	Prescription unit prices
Existing pharmacies	2.4%	1.9%	0.5%
Pharmacies opened in FY3/22	119.6%	132.1%	(5.4%)
Total	5.1%	6.3%	(1.1%)

No. of prescriptions 16,258,000 Prescription unit price 16,865yen

Prescription unit price

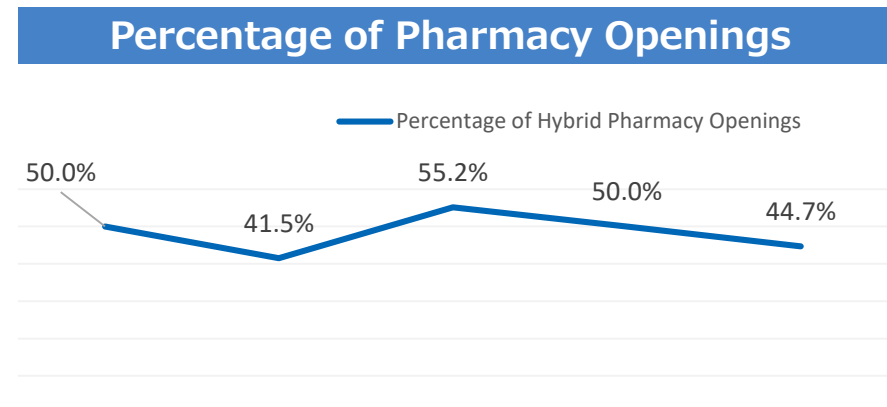


Pharmacy Network ②

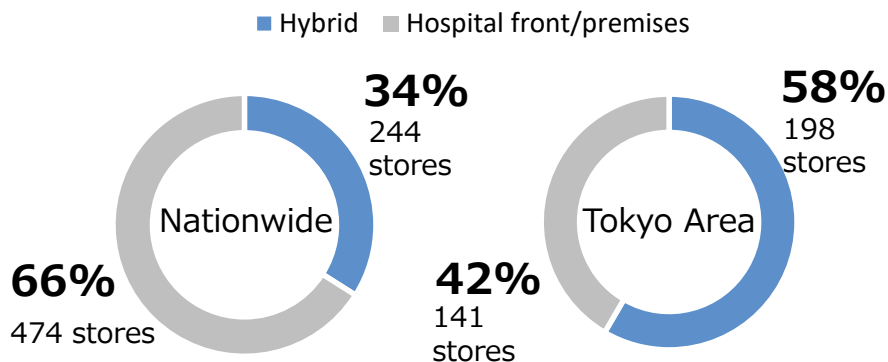
Expansion of openings of both hospital-front pharmacies and pharmacies within hospital premises that provide advanced medical care and hybrid pharmacies that provide community and home medical care.

Pharmacy Openings					
	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
Opened	32	65 ^{note}	29	40	38
Hospital-front pharmacies / Pharmacies within hospital premises	16	38	13	20	17
Hybrid pharmacies	16	27	16	20	21
Closed	19	13	9	13	17
No. of pharmacies at the end of period	598	650	670	697	718

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



Ratio of Pharmacies



Region	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23
	Pharmacy openings in FY3/23	No. of pharmacies at FY3/23	Percentage		
Kanto	25	374	52.1%		
Kansai	6	84	11.7%		
Other	7	260	36.2%		
Total	38	718	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

45 /141 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

459 /3672 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

178 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.

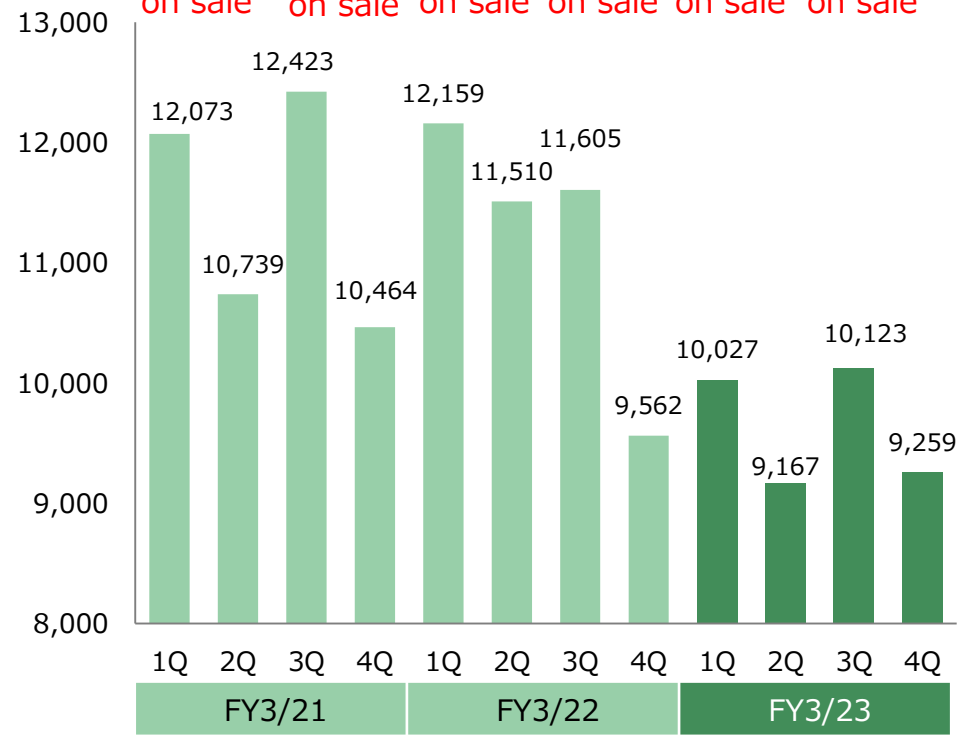
Growth of the Pharmaceutical Manufacturing and Sales Business

While sales of products newly added to the NHI drug price list in June and December 2022 were brisk, net sales decreased overall mainly due to the continuing impact of the 2021 logistics center fire on product shipments, although the sales of some products affected have since resumed.

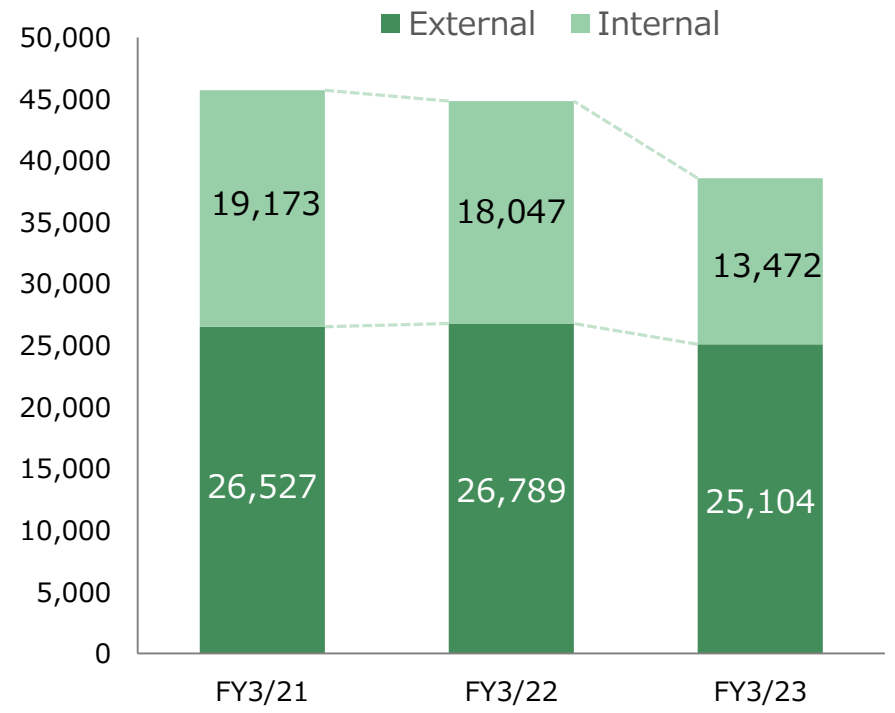
Net sales and their breakdown

Quarterly Sales (millions of yen)

16 items on sale 5 items on sale 12 items on sale 3 items on sale 5 items on sale 3 items on sale



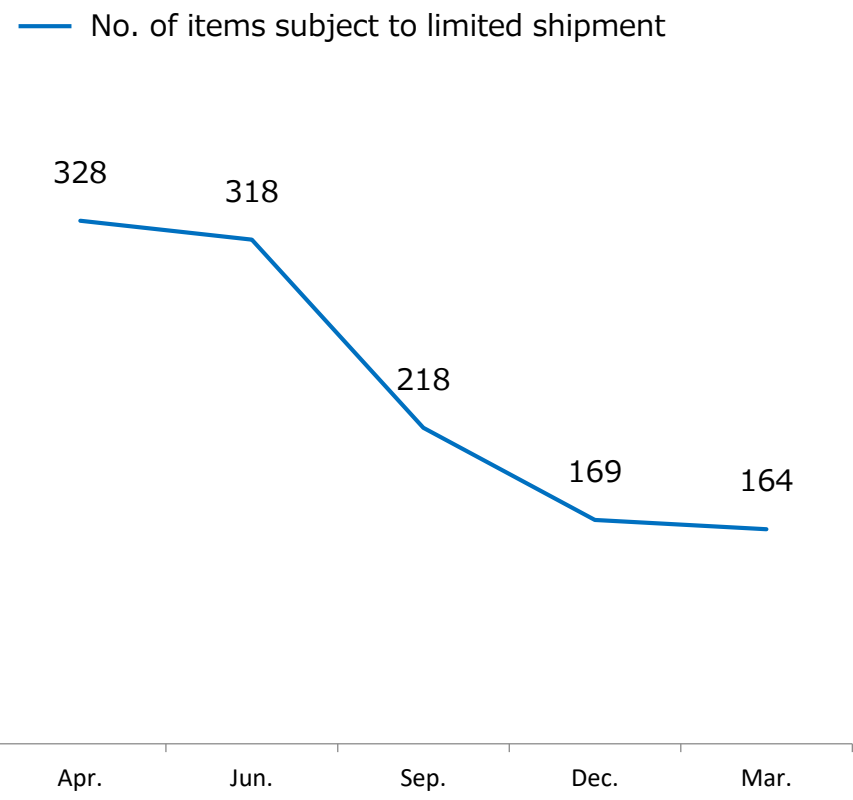
Internal/External sales (Millions of yen)



Measures to ensure stable supply

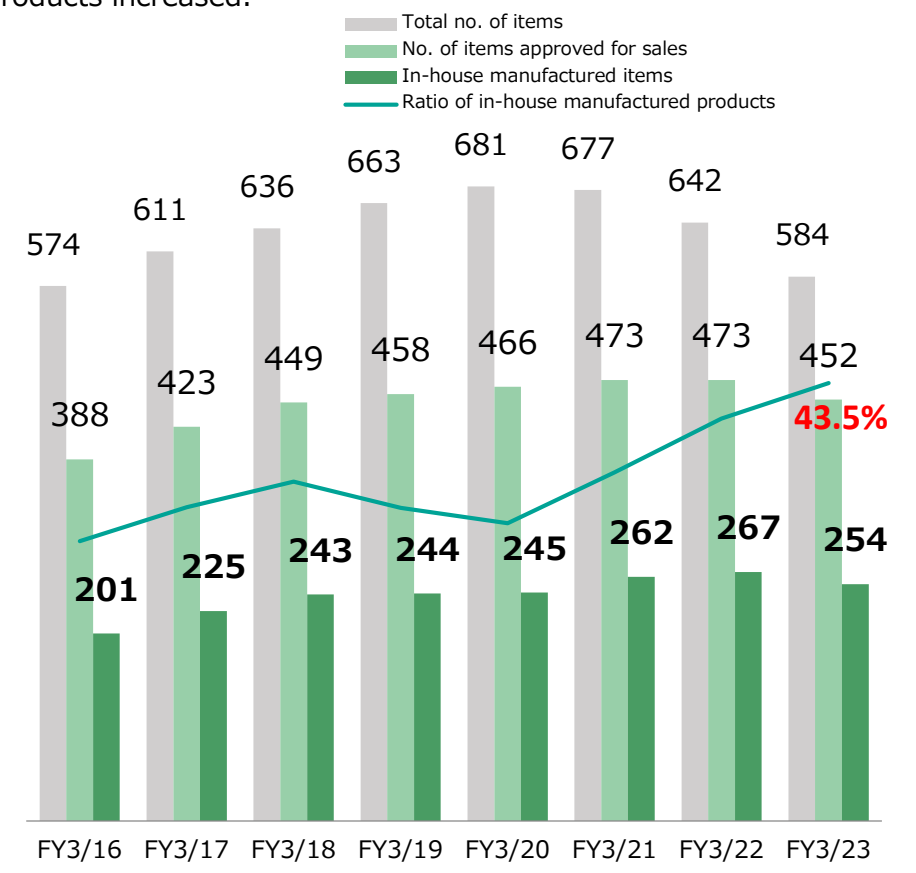
Number of items under limited shipments

For items under limited shipments due to the 2021 fire at the West Japan logistics center, normal shipments are being resumed as soon as a stable supply system is put in place.



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.



New NHI Listed Drugs

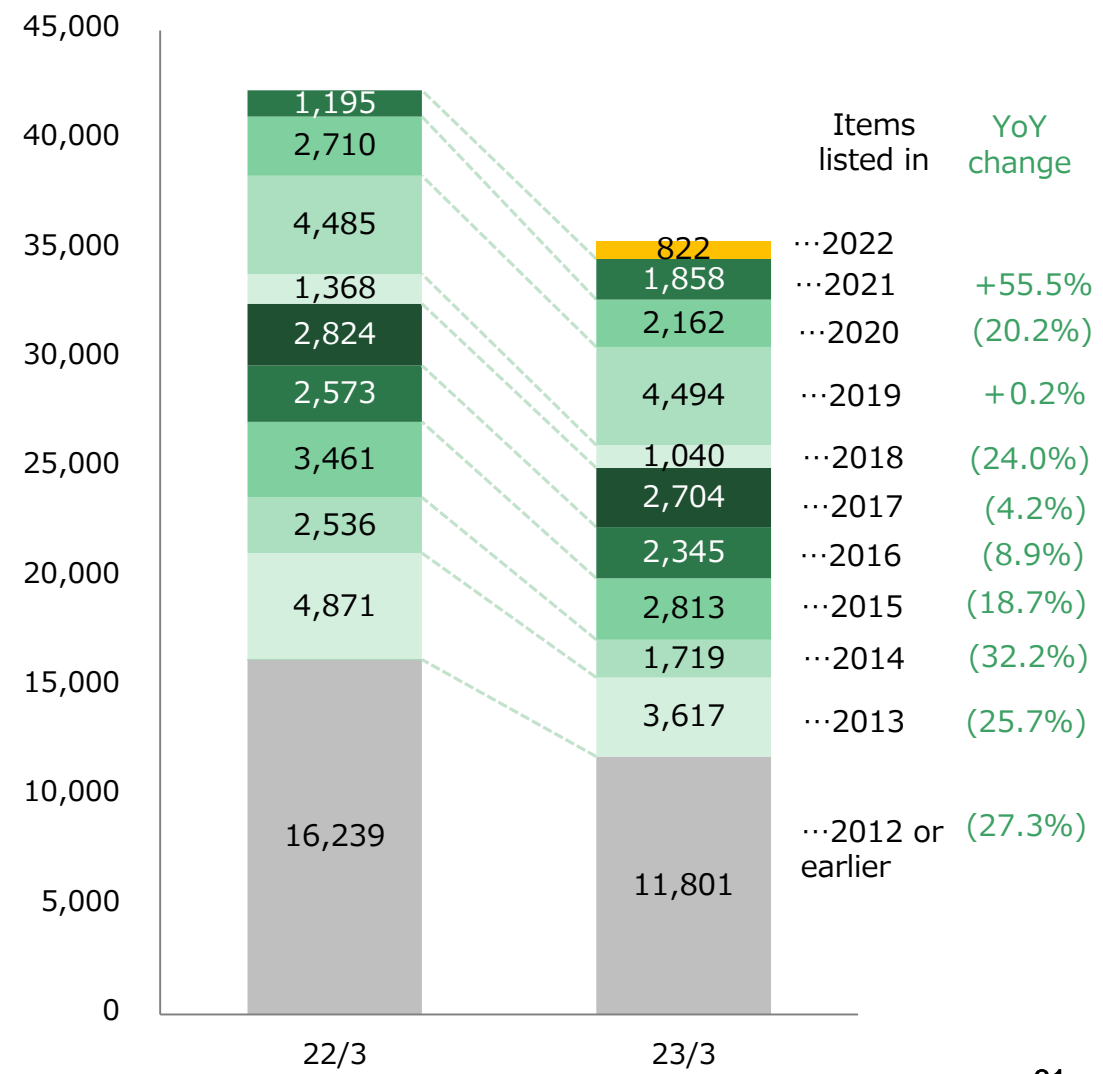
Product Items for New NHI Listing in June 2023: **6 Items**

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

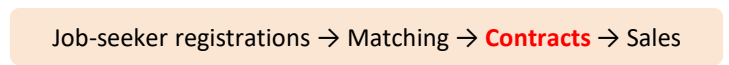
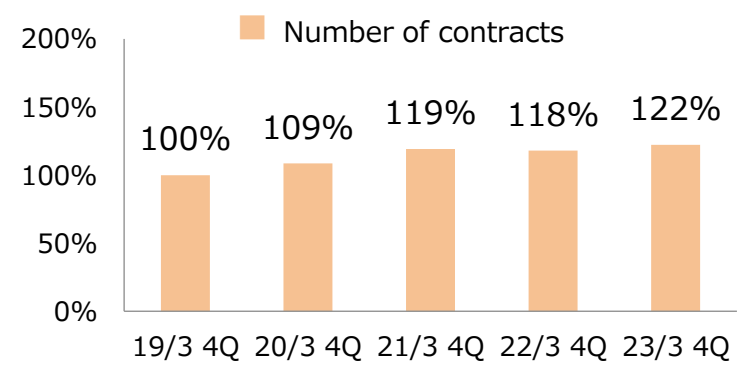
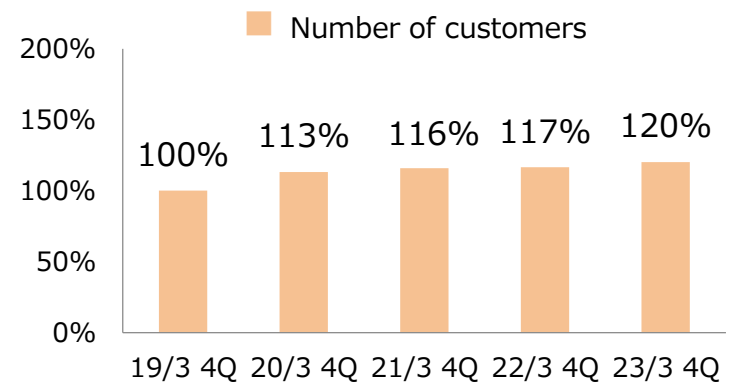
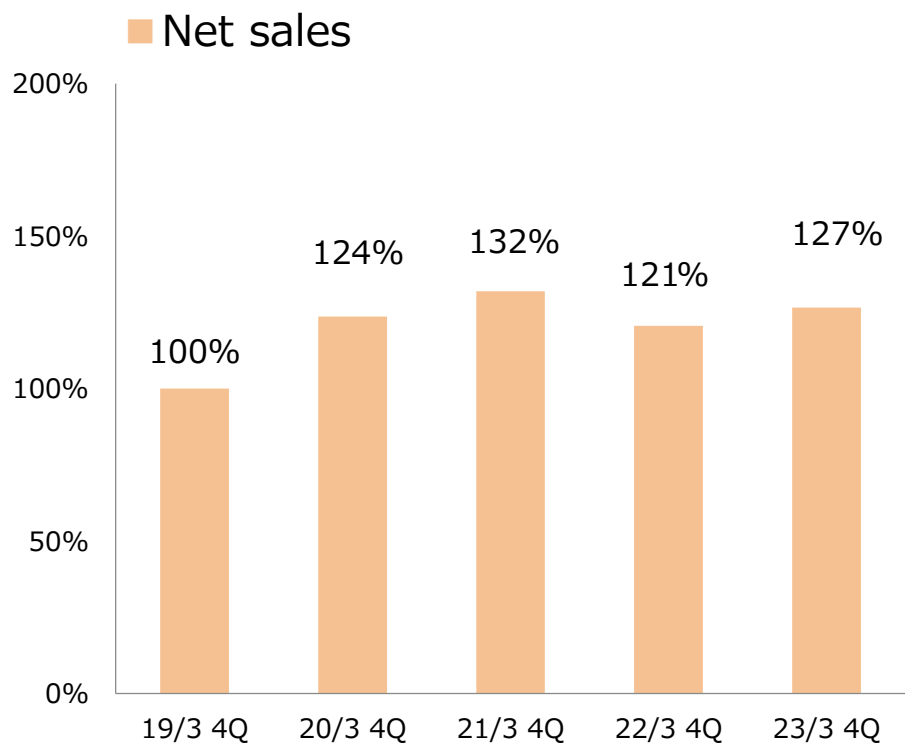
NHI Listed Drug Sales by Year Listed (million yen)



Growth of the Medical Professional Staffing and Placement Business

The Group aims to secure YoY growth on the back of the strong pharmacist staffing market centered mainly on small and medium-sized pharmacies, despite changing demand for pharmacist staffing services and lingering impact of the COVID-19 pandemic. Net sales increased YoY in the placement business, thanks in part to the favorable external environment.

Growth of the pharmacist placement business

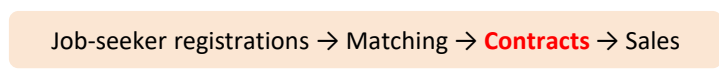
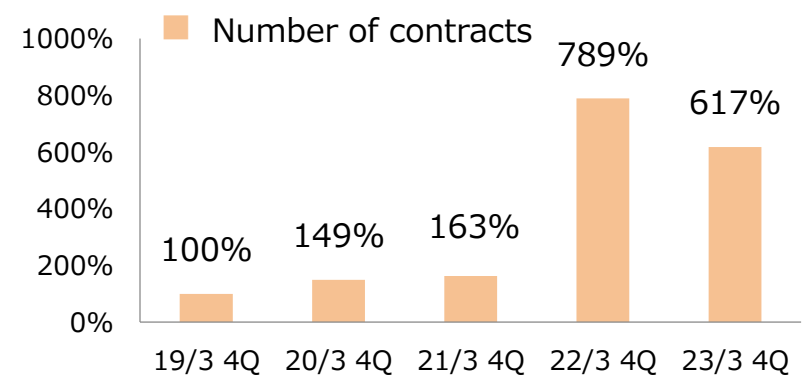
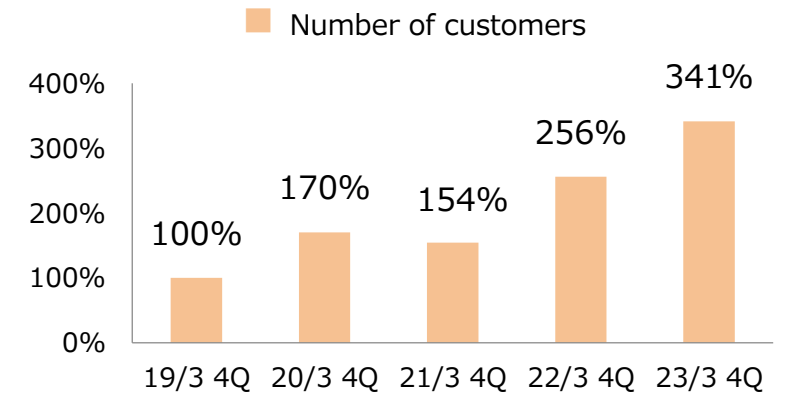
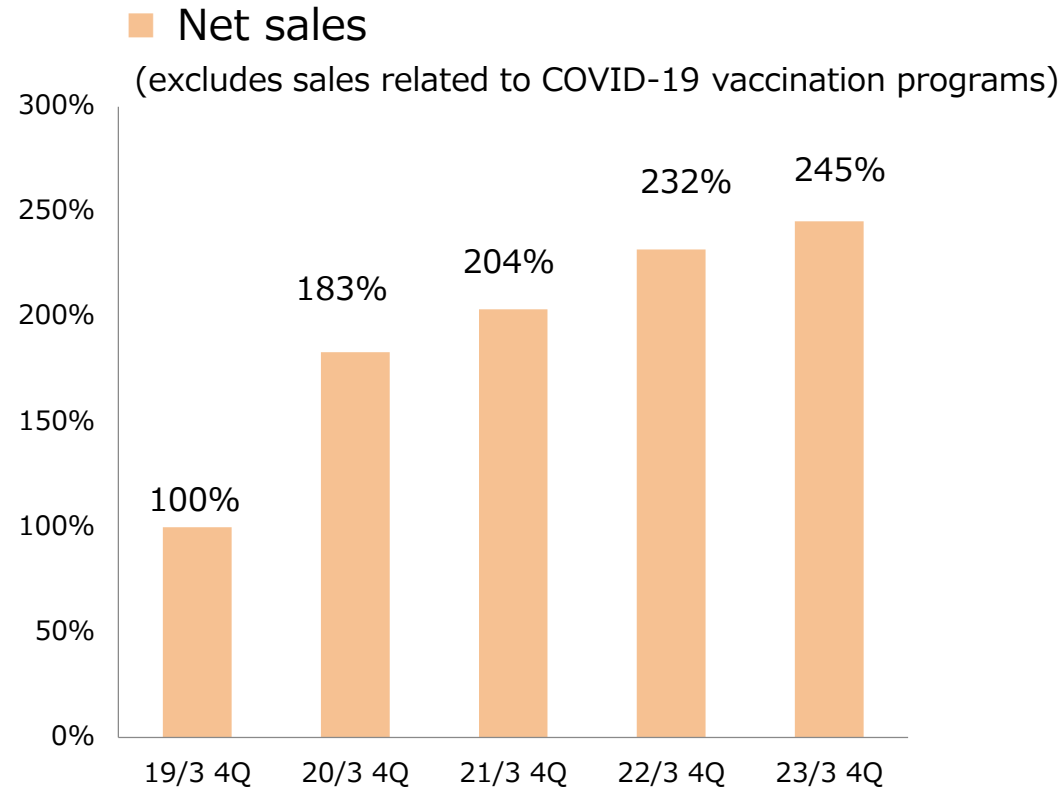


FY3/19 Net sales, customers and contracts = 100%

Growth of the Medical Professional Staffing and Placement Business

Physician placement business remained robust as it continued to secure COVID-19 vaccination program-related demand while steadily capturing personnel demand for full-time and part-time physicians.

Expansion of the physician business

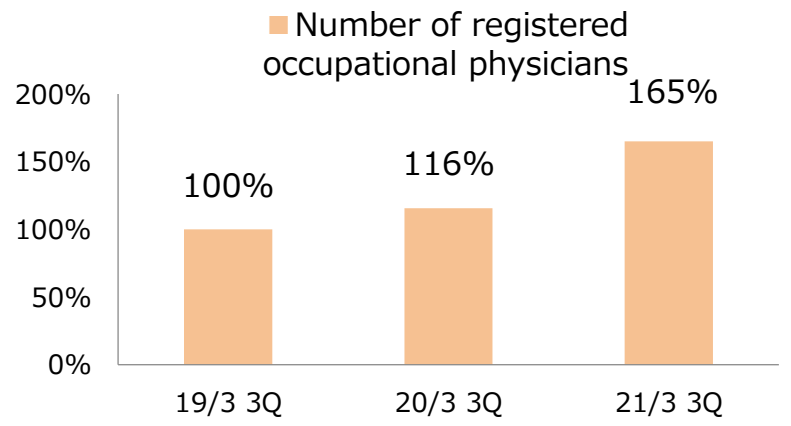
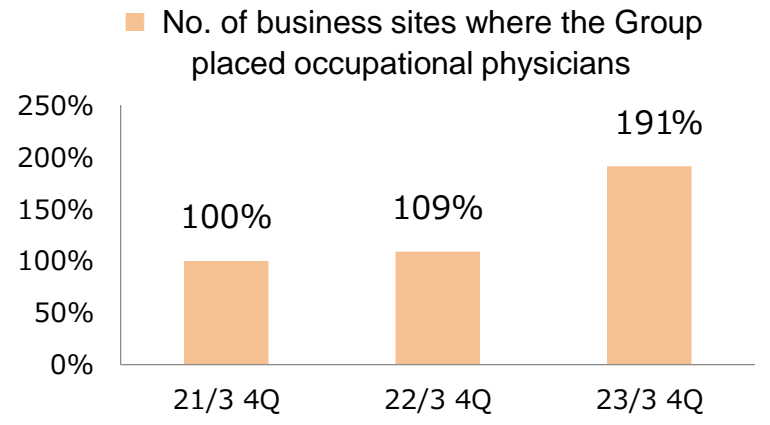
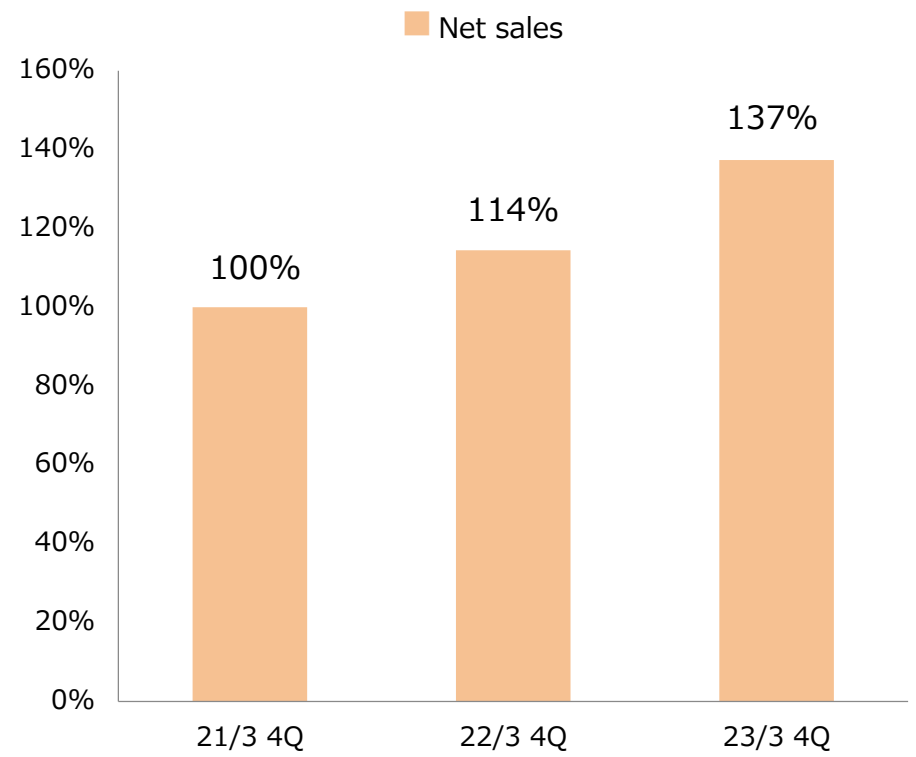


FY3/19 Net sales, customers and contracts = 100%

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.

Expansion of the occupational physician business



Graphs above show net sales, the no. of business sites where the Group placed occupational physicians, and the no. of registered occupational physicians with the FY3/21 figures for each indexed to 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.

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