



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

Results of Operations for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

May 14, 2025



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Financial Highlights



Consolidated Results

Net sales increased but profit declined. While prescription volume increased in the Dispensing Pharmacy Business, manufacturing management issues in the Pharmaceutical Manufacturing and Sales Business resulted in suspended shipments of some products.

Dispensing Pharmacy Business

Net sales increased but profit declined. While prescription volume increased owing to contributions from pharmacies opened in the previous fiscal year, the impact of the revision of medical fees, and cost of sales and SG&A expenses also rose due to higher personnel expenses from base up increase among others.

Pharmaceutical Manufacturing and Sales Business

Net sales and profit declined, due to the impact of April 2024 NHI drug price revisions and the ongoing impact of manufacturing management deficiencies discovered at the Kawauchi Plant of Choseido Pharmaceutical.

Medical Professional Staffing and Placement Business

Net sales and profit increased, owing to a rise in the number of active personnel, primarily dispatched to small and mid-sized dispensing pharmacies, in the pharmacist staffing business, along with year-on-year growth in the pharmacist placement, physician placement, and healthcare businesses.

Consolidated Statement of Income

Net sales increased 5.9% YoY (3.6% short of the forecast), and the operating profit decreased 31.8% YoY (2.5% short of the forecast). While prescription volume increased in the Dispensing Pharmacy Business, manufacturing management issues in the Pharmaceutical Manufacturing and Sales Business weighed on earnings.

(Millions of yen)	FY3/23 Results	FY3/24 Results	FY3/25 Revised Forecast	FY3/25 Results	Change Vs. Forecast	Vs. Forecast	YoY growth Rate
Net sales	313,318	340,310	373,800	360,512	(13,287)	(3.6%)	5.9%
Cost of sales	259,674	283,073	314,400	303,147	(11,252)	(3.6%)	7.1%
Gross profit	53,643	57,236	59,300	57,365	(1,934)	(3.3%)	0.2%
% to sales	17.1%	16.8%	15.9%	15.9%	0.0pt	–	–
SG&A expenses	46,057	48,093	52,900	51,125	(1,774)	(3.4%)	6.3%
% to sales	14.7%	14.1%	14.2%	14.2%	0.0pt	–	–
Consumption taxes	20,219	22,292	25,400	23,909	(1,490)	(5.9%)	7.3%
R&D expenses	3,065	2,765	3,100	3,133	33	1.1%	13.3%
Operating profit	7,586	9,142	6,400	6,239	(160)	(2.5%)	(31.8%)
% to sales	2.4%	2.7%	1.7%	1.7%	0.0pt	–	–
Ordinary profit	7,682	9,439	6,500	6,915	415	6.4%	(26.7%)
% to sales	2.5%	2.8%	1.7%	1.9%	0.2pt	–	–
Profit attributable to owners of parent	4,458	2,553	2,000	1,391	(608)	(30.4%)	(45.5%)
% to sales	1.4%	0.8%	0.5%	0.4%	(0.1pt)	–	–
EBITDA	16,377	18,251	16,500	15,856	(643)	(3.9%)	(13.1%)

Consolidated Balance Sheet

Main factors behind the increase in assets were increases of 3.0 billion yen in raw materials and supplies. The increase in liabilities mainly reflected a 5.0 billion yen increase in short-term loan payable.

(Millions of yen)	End of Mar. 2023 (FY3/23)	End of Mar. 2024 (FY3/24)	End of Mar. 2025 (FY3/25)	YoY change	YoY change (%)
Current assets	85,720	91,031	96,962	5,931	6.5%
Merchandise and finished goods	28,416	28,992	29,507	515	1.8%
Non-current assets	99,576	104,056	100,143	(3,912)	(3.8%)
Property, plant and equipment	61,435	60,428	57,781	(2,647)	(4.4%)
Intangible assets	19,573	21,426	22,452	1,025	4.8%
Investments and other assets	18,568	22,200	19,908	(2,291)	(10.3%)
Total assets	185,297	195,087	197,105	2,018	1.0%
Current liabilities	77,050	84,858	84,687	(171)	(0.2%)
Accounts payable-trade	47,916	52,759	54,954	2,194	4.2%
Short-term loans payable	2,000	450	5,500	5,050	1,122.2%
Current portion of long-term loans payable	10,390	10,981	8,660	△2,321	△21.1%
Non-current liabilities	51,763	51,876	53,321	1,445	2.8%
Long-term loans payable	44,640	42,108	42,898	789	1.9%
Total liabilities	128,814	136,735	138,008	1,273	0.9%
Total net assets	56,483	58,351	59,097	745	1.3%
Shareholders' equity	56,483	58,351	59,097	745	1.3%
Equity ratio	30.5%	29.9%	30.0%	0.1Pt	—
Net interest-bearing debt	34,357	28,890	30,806	1,915	6.6%

Consolidated Statement of Cash Flows

Net cash provided by operating activities declined 11.5 billion yen YoY, due to decreases in profit before income taxes and decrease in an increase in trade payables.

(Millions of yen)	FY3/23 Results	FY3/24 Results	FY3/25 Results	YoY change
Cash flows from operating activities	7,532	20,421	8,824	(11,596)
Profit before income taxes	7,843	5,137	2,850	(2,286)
Depreciation	6,740	7,170	7,659	489
Amortization of goodwill	1,952	1,891	1,908	17
Decrease (increase) in trade receivables	(701)	(177)	(1,240)	(1,062)
Decrease (increase) in inventories	(5,016)	(1,768)	(3,103)	(1,335)
Increase (decrease) in trade payables	(2,018)	6,501	564	(5,937)
Cash flows from investing activities	(10,018)	(13,726)	(9,921)	3,805
Purchase of property, plant and equipment	(5,761)	(6,943)	(6,376)	566
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,433)	(716)	(436)	280
Cash flows from financing activities	713	(4,430)	2,526	6,956
Net increase (decrease) in short-term loans payable	1,000	(1,550)	5,050	6,600
Proceeds from long-term loans payable	13,500	8,500	9,450	950
Repayments of long-term loans payable	(12,366)	(10,440)	(10,981)	(541)
Net increase (decrease) in cash and cash equivalents	(1,772)	2,263	1,429	(834)
Cash and cash equivalents at beginning of period	25,543	23,770	26,034	2,263
Cash and cash equivalents at end of period	23,770	26,034	27,463	1,429

Consolidated Financial Indicators

EBITDA was 15.8 billion yen. D/E ratio was 1.0x, continuing to improve owing to repayment of interest-bearing debts.

	FY3/23	FY3/24	FY3/25	YoY change
EBITDA (Millions of yen) <small>note1</small>	16,337	18,251	15,856	(2,395)
EV/EBITDA (Times) <small>note1</small>	4.4	4.3	4.9	0.6
Free cash flow (Millions of yen)	(2,486)	6,694	(1,096)	(7,791)
D/E ratio (Times)	1.0	0.9	1.0	0.0
Equity ratio (%)	30.5%	29.9%	30.0%	0.1pt
Net income per share (yen) EPS <small>note2</small>	148.92	85.35	46.54	(38.81)
Net assets per share (Yen) BPS <small>note2</small>	1,888.17	1,950.44	1,978.13	27.69
Return on equity (%)	8.2%	4.4%	2.4%	(2.0pt)
Return on invested capital (%) <small>note3</small>	3.8%	4.0%	2.6%	(1.4pt)
Return on assets (%)	4.2%	5.0%	3.5%	(1.5pt)
Operating margin (%)	2.4%	2.7%	1.7%	(1.0pt)

Note1 : EBITDA=Operating profit/loss +Depreciation +Amortization of goodwill EV=Market cap at the end of each period +Net interest-bearing

Note2 : figures are rounded to the nearest 100 million yen

Note3 : ROIC=After-tax operating profit / (interest bearing debt + shareholders' equity)

Dispensing Pharmacy Business

Net sales increased 6.3% YoY, due to increased prescription volume at existing pharmacies and contributions from 36 pharmacies opened in the previous fiscal year. Meanwhile, operating profit dipped 11.5% YoY, 5.1% above the forecast, due to increases in cost of sales and SG&A expenses stemming from higher personnel expenses among others.

(Millions of yen)	FY3/23 Results	FY3/24 Results	FY3/25 Revised Forecast	FY3/25 Results	Change Vs. Forecast	Vs. Forecast	YoY growth rate
Net sales	280,164	302,805	330,300	321,951	(8,348)	(2.5%)	6.3%
Cost of sales	235,122	255,811	283,300	274,731	(8,568)	(3.0%)	7.4%
Gross profit	45,041	46,993	47,000	47,219	219	0.5%	0.5%
% to sales	16.1%	15.5%	14.2%	14.7%	0.4pt	—	—
SG&A expenses	30,375	31,804	34,100	33,772	(327)	(1.0%)	6.2%
% to sales	10.8%	10.5%	10.3%	10.5%	0.2pt	—	—
Operating profit	14,666	15,189	12,800	13,446	646	5.1%	(11.5%)
% to sales	5.2%	5.0%	3.9%	4.2%	0.3pt	—	—
No. of pharmacies at the end of each period (stores) <small>note 1</small>	718	736	765	753	(12)	(1.6%)	2.3%
Prescription drug sales per pharmacy <small>note 2</small>	395	416	440	432	(7)	(1.7%)	3.8%

Note: Rounding down to the nearest unit

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

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

Pharmaceutical Manufacturing and Sales Business

Net sales declined 0.7% YoY, and the operating loss was 0.6 billion yen. In addition to the April 2024 drug price revisions, suspended shipments of some products due to manufacturing management issues discovered at the Kawauchi Plant of Choseido Pharmaceutical put downward pressure on results.

(Millions of yen)	FY3/23 Results	FY3/24 Results	FY3/25 Revised Forecast	FY3/25 Results	Change Vs. Forecast	Vs. Forecast	YoY growth Rate
Net sales	38,575	40,446	46,100	40,156	(5,943)	(12.9%)	(0.7%)
Cost of sales	34,830	35,504	39,600	35,870	(3,729)	(9.4%)	1.0%
Gross profit	3,745	4,941	6,500	4,285	(2,214)	(34.1%)	(13.3%)
% to sales	9.7%	12.2%	14.1%	10.7%	(3.4pt)	—	—
SG&A expenses	5,138	4,691	5,400	4,915	(484)	(9.0%)	4.8%
% to sales	13.3%	11.6%	11.7%	12.2%	0.5pt	—	—
Operating profit	(1,392)	250	1,100	(630)	(1,730)	—	—
% to sales	—	0.6%	2.4%	(1.6%)	(4.0pt)	—	—

Note: Rounding down to the nearest unit

Impact of Manufacturing Management Deficiencies at Choseido Pharmaceutical

The impact of manufacturing management deficiencies at Choseido Pharmaceutical on the full-year results of the Pharmaceutical Manufacturing and Sales Business is as follows.

(Millions of yen)	FY25/3 Initial Forecast	FY25/3 Results	Vs. Initial Forecast	Impact of Choseido Pharmaceutical
Net sales	46,100	40,156	(5,943)	(4,026)
Cost of sales	39,600	35,870	(3,729)	(2,495)
Gross profit	6,500	4,285	(2,214)	(1,531)
% to sales	14.1%	10.7%	(3.4pt)	—
SG&A expenses	5,400	4,915	(484)	40
% to sales	11.7%	12.2%	0.5pt	—
Operating profit	1,100	(630)	(1,730)	(1,571)
% to sales	2.4%	(1.6%)	(4.0pt)	—

Note: Rounding down to the nearest unit

■ Impact of manufacturing management deficiencies at Choseido Pharmaceutical

■ Background

- In April 2024, manufacturing management deficiencies were discovered at the Kawauchi Plant, resulting in a suspension of shipments of pharmaceuticals manufactured at the facility
- On July 4, 2024, Choseido Pharmaceutical resumed shipments of products confirmed to be free of issues by the marketing authorization holder
- On July 16, 2024, manufacturing resumed under the supervision of the marketing authorization holder
- On March 28, 2025, the administrative disposition period began

■ Financial impact on the full-year results

- Net sales: -4,026 million yen
- ✓ Decline in sales of in-house and contract-manufactured products
- Cost of sales: -2,495 million yen
- ✓ Reason for decline: Decrease in sales of in-house and contract-manufactured products

Medical Professional Staffing and Placement Business

In the mainstay pharmacist staffing and placement business, sales from staffing services—primarily to small and midsized pharmacies—increased, while the physician placement and healthcare businesses also expanded. Net sales rose 13.8% YoY, absorbing headquarters relocation expenses and contributing to slight YoY growth in operating profit.

(Millions of yen)	FY3/23 Results	FY3/24 Results	FY3/25 Revised Forecast	FY3/25 Results	Change Vs. Forecast	Vs. Forecast	YoY growth Rate
Net sales	8,063	9,984	10,700	11,365	665	6.2%	13.8%
Cost of sales	3,282	4,590	5,000	5,486	486	9.7%	19.5%
Gross profit	4,781	5,393	5,700	5,879	179	3.1%	9.0%
% to sales	59.3%	54.0%	53.3%	51.7%	(1.5pt)	—	—
SG&A expenses	4,022	4,456	4,800	4,941	141	3.0%	10.9%
% to sales	49.9%	44.6%	44.9%	43.5%	(1.4pt)	—	—
Operating profit	758	937	900	937	37	4.1%	0.0%
% to sales	9.4%	9.4%	8.4%	8.2%	(0.2pt)	—	—

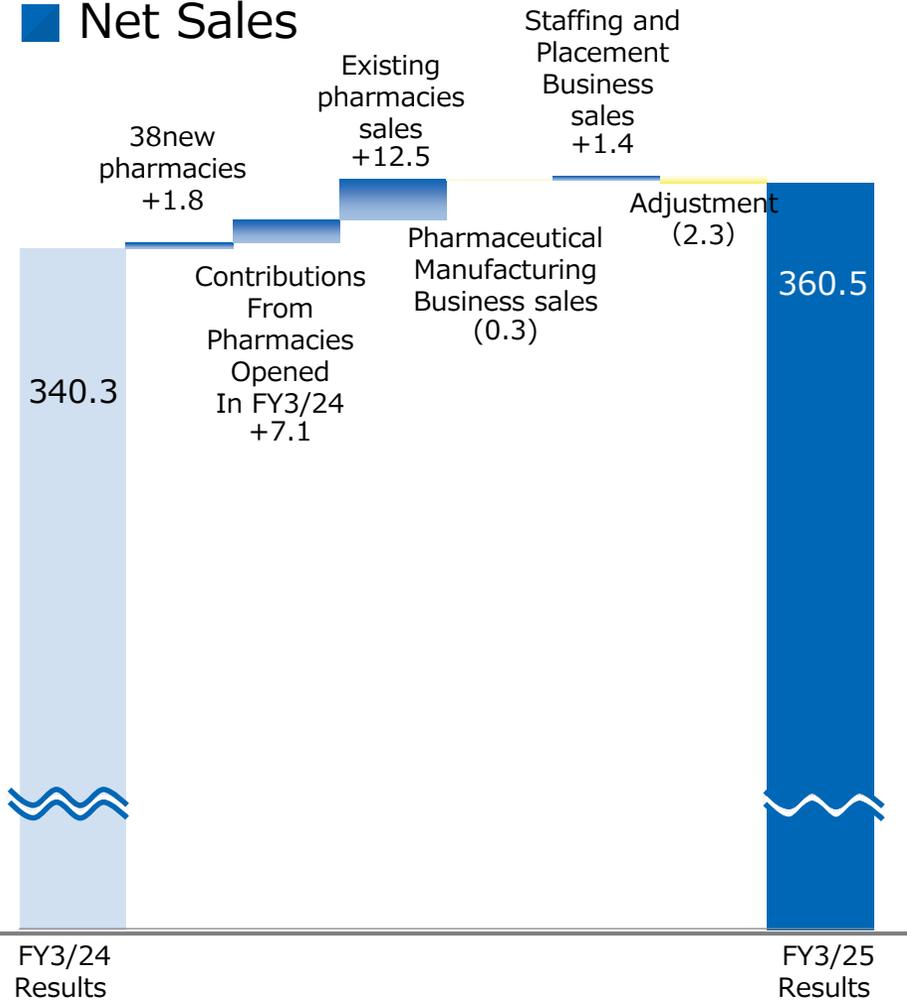
Note: Rounding down to the nearest unit

Reference Materials

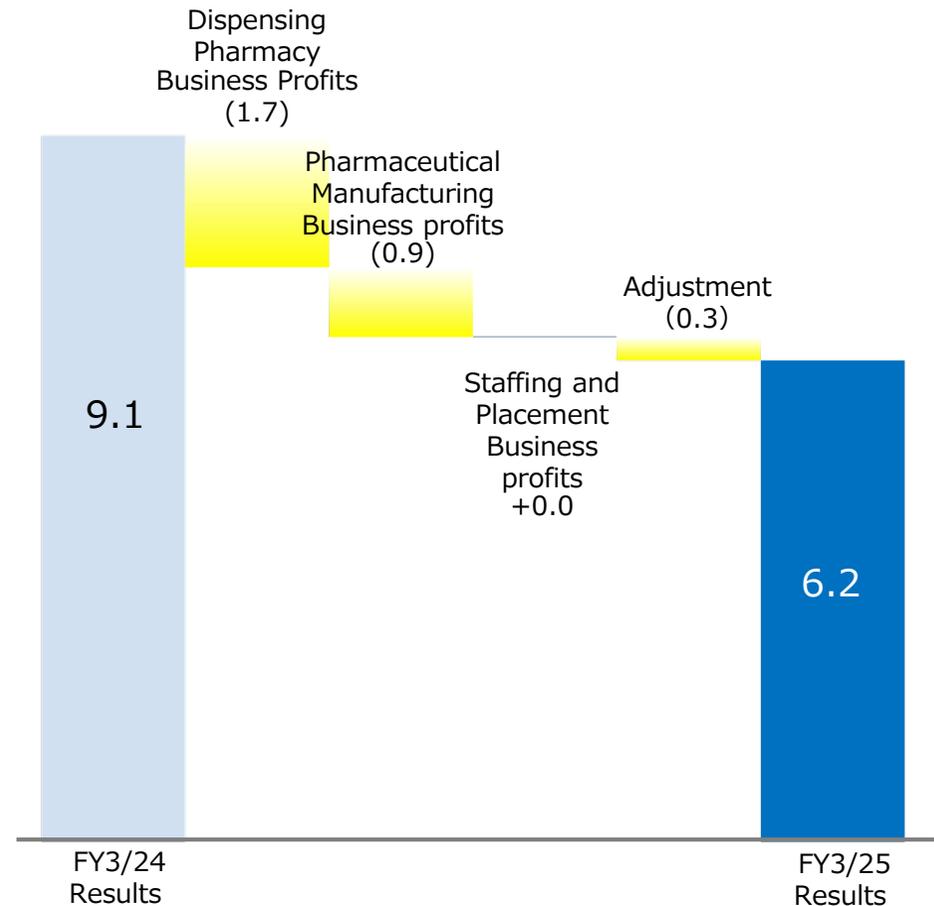
Consolidated Results: Major Components of YoY Changes (Net Sales / Operating Profit)

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

Net Sales



Operating Profit

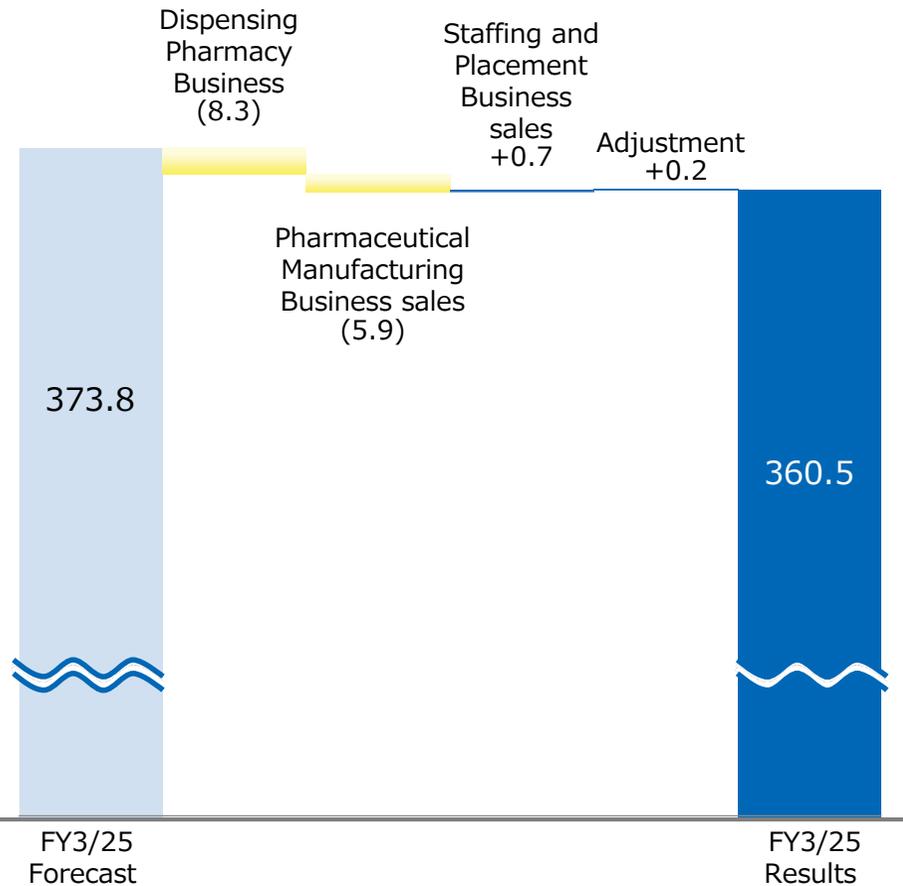


Reference Materials

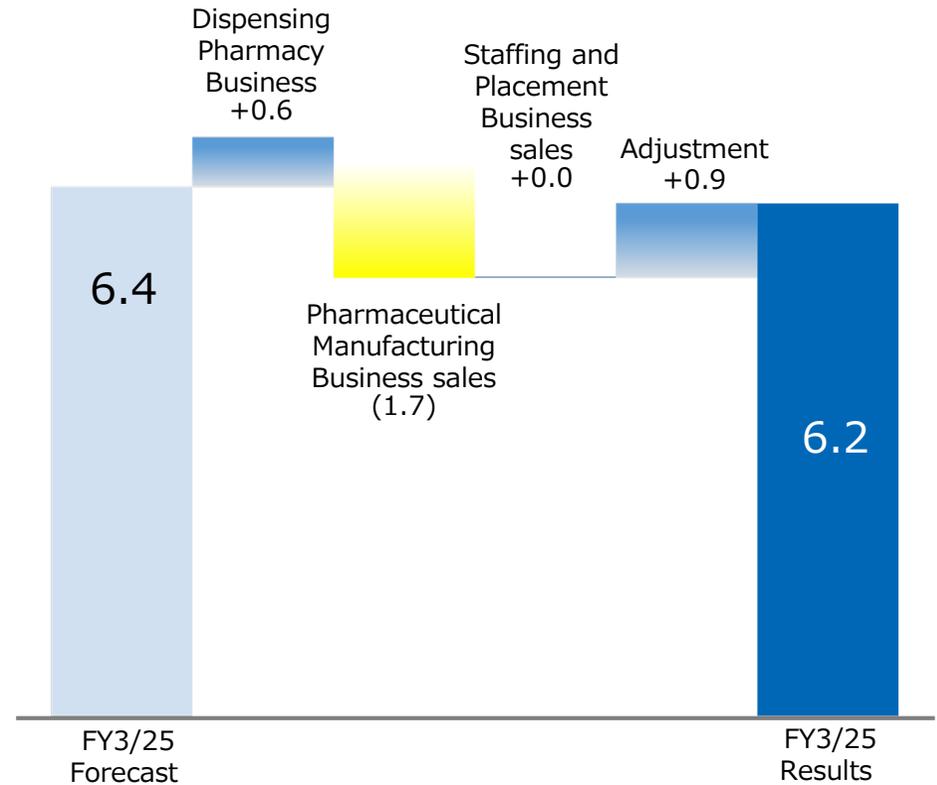
Consolidated Results: Major Components of Changes vs. Forecast (Net Sales / Operating Profit)

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

Net Sales



Operating Profit



FY3/26 Consolidated Forecast

Anticipate higher sales and profit backed by an increase in prescription volume in the Dispensing Pharmacy Business and earnings recovery in the Pharmaceutical Manufacturing and Sales Business.

(Millions of yen)	FY3/23 Results	FY3/24 Results	FY3/25 Results	FY3/26 Forecast	YoY change	YoY growth rate
Net sales	313,318	340,310	360,512	372,800	12,287	3.4%
Cost of sales	259,674	283,073	303,147	313,400	10,252	3.4%
Gross profit	53,643	57,236	57,365	59,300	1,934	3.4%
% to sales	17.1%	16.8%	15.9%	15.9%	(0.0pt)	–
SG&A expenses	46,057	48,093	51,125	51,200	74	0.1%
% to sales	14.7%	14.1%	14.2%	13.7%	(0.4pt)	–
Consumption taxes	20,219	22,292	23,909	25,500	1,590	6.7%
R&D expenses	3,065	2,765	3,133	3,300	166	5.3%
Operating profit	7,586	9,142	6,239	8,000	1,760	28.2%
% to sales	2.4%	2.7%	1.7%	2.1%	0.4pt	–
Ordinary profit	7,682	9,439	6,915	6,900	(15)	(0.2%)
% to sales	2.5%	2.8%	1.9%	1.9%	(0.1pt)	–
Profit attributable to owners of parent	4,458	2,553	1,391	3,500	2,108	151.6%
% to sales	1.4%	0.8%	0.4%	0.9%	0.6pt	–
Net income per share (Yen) <small>Note</small>	148.92	85.35	46.54	117.15	70.62	151.8%
EBITDA	16,337	18,251	15,856	19,500	3,643	23.0%
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 FY3/26 Forecast

- YoY change in consolidated operating profit: +1.7 billion yen

<Breakdown>

- Dispensing Pharmacy Business: -1.0 billion yen
 - Consumption tax, depreciation expenses, and maintenance fees associated with the operation of the new dispensing system: 1.8 billion yen
 - Personnel expenses for the hiring of new graduate pharmacists: 1.5 billion yen
- Pharmaceutical Manufacturing and Sales Business: +2.3 billion yen
 - Performance improvement at Choseido Pharmaceutical: 1.5 billion yen
 - Performance improvement at Nihon Generic: 0.7 billion yen
- Reduction in corporate expenses: +0.4 billion yen
 - Absence of headquarters relocation expenses booked in the previous fiscal year

FY3/26 Business Segment Forecast

	(Millions of yen)	FY3/23 Results	FY3/24 Results	FY3/25 Results	26/3 Forecast	YoY change	YoY growth rate
Dispensing pharmacy business	Net sales	280,164	302,805	321,951	331,700	9,748	3.0%
	Gross profit	45,041	46,993	47,219	46,300	(919)	(1.9%)
	% to sales	16.1%	15.5%	14.7%	14.0%	(0.7pt)	—
	Operating profit	14,666	15,189	13,446	12,400	(1,046)	(7.8%)
	% to sales	5.2%	5.0%	4.2%	3.7%	(0.4pt)	—
	EBITDA	19,314	19,828	18,652	19,600	947	5.1%
Pharmaceutical manufacturing and sales business	Net sales	38,575	40,446	40,156	43,100	2,943	7.3%
	Gross profit	3,745	4,941	4,285	6,900	2,614	61.0%
	% to sales	9.7%	12.2%	10.7%	16.0%	5.3pt	—
	Operating profit	(1,392)	250	(630)	1,700	2,330	—
	% to sales	—	0.6%	—	3.9%	—	—
	EBITDA	2,130	3,773	2,869	5,100	2,230	77.7%
Medical professional staffing and placement business	Net sales	8,063	9,984	11,365	11,600	234	2.1%
	Gross profit	4,781	5,393	5,879	6,100	220	3.8%
	% to sales	59.3%	54.0%	51.7%	52.6%	0.9pt	—
	Operating profit	758	937	937	1,000	62	6.7%
	% to sales	9.4%	9.4%	8.2%	8.6%	0.4pt	—
	EBITDA	936	1,103	1,089	1,100	10	1.0%

FY3/26 Consolidated and Business Segment Forecast by Quarter

	(Millions of yen)	1Q	2Q	3Q	4Q
Consolidated	Net sales	90,600	93,500	95,300	93,200
	Gross profit	13,600	14,900	15,800	14,800
	% to sales	15.0%	15.9%	16.6%	15.9%
	Operating profit	200	2,800	2,200	2,700
	% to sales	0.2%	3.0%	2.3%	2.9%
Dispensing pharmacy business	Net sales	80,000	83,500	84,500	83,500
	Gross profit	10,200	11,700	12,300	11,900
	% to sales	12.8%	14.0%	14.6%	14.3%
	Operating profit	1,300	3,900	3,100	4,000
	% to sales	1.6%	4.7%	3.7%	4.8%
	Number of pharmacies	764	767	772	780
Pharmaceutical manufacturing and sales business	Net sales	11,100	10,400	11,500	9,900
	Gross profit	1,700	1,600	2,000	1,400
	% to sales	15.3%	15.4%	17.4%	14.1%
	Operating profit	300	300	700	200
	% to sales	2.7%	2.9%	6.1%	2.0%
Medical professional staffing and placement business	Net sales	3,000	2,800	2,800	2,900
	Gross profit	1,600	1,400	1,400	1,400
	% to sales	53.3%	50.0%	50.0%	48.3%
	Operating profit	400	100	100	200
	% to sales	13.3%	3.6%	3.6%	6.9%

2

Growth strategy



Dispensing Pharmacy Business

■ Initiatives to enhance profitability

Improve profitability of pharmacies/ utilize AI

■ Initiatives to expand the sales scale

strengthen growth businesses/ Improve pharmacy operations / expand healthcare-related products

■ Pharmacy openings, prescription volume, and prescription unit price

Pharmaceutical Manufacturing and Sales Business

■ Business Improvement Initiatives at Choseido Pharmaceutical

■ Product portfolio/ Increase in the ratio of in-house manufactured products

Medical Professional Staffing and Placement Business

■ Improve brand recognition and expand market share of pharmacist staffing and placement business

■ Expand business in the healthcare domain to meet corporate health management needs



Initiatives to enhance profitability

1. Improve profitability of pharmacies

■ Improve the profitability of existing pharmacies and consolidate/close loss-making locations

Measures to improve profitability of underperforming stores and consolidation and closure of those are underway from FY2025 onward.



Improving profitability by reallocating personnel to home medical care and other growth areas

■ Promote automation

- Improving operational efficiency by automating dispensing functions
- Dispensing robots have been installed at about 100 pharmacies; in the next five years or so, we plan to deploy them to nationwide locations



- Optimizing staffing
- Creating more time for pharmacists to focus on patient-facing services, thereby enhancing the quality of our medical services

■ Open pharmacies based on strict standards

- Step up efforts to open more hybrid pharmacies, primarily in areas less likely to be affected by population declines
- Continue opening new pharmacies (organic pharmacy development) based on strict opening criteria while also exploring additional openings through M&A

Initiatives to enhance profitability

2. Utilize AI in pharmacy operations

■ Streamline operations through the use of AI-powered medication history recording

In November 2024, we introduced corte, an AI-powered medication history recording support service, at select pharmacies ahead of full-scale implementation.

As of end-March 2025, the service had been deployed at 157 pharmacies, with plans to roll it out to all locations by the end of the current fiscal year.

Expected effect

Expect the service to reduce operating time by about one-third per prescription

Among the pharmacies that have adopted the service, 37 locations reported a total monthly reduction of roughly 1,200 hours in medication history recording-related tasks



Increase in prescription volume

Improved operational efficiency enables us to fill more prescriptions

Higher patient satisfaction

Pharmacists no longer need to manually record medication guidance details for recordkeeping, enabling them to focus on interacting with patients

Improvement of healthcare quality

Supported by accurate and reliable recordkeeping by AI

■ AI utilization policy

Consider the application of AI agents in pharmacy operations to achieve more advanced and standardized pharmacy management (expect to utilize them in pharmacy management, support for interpersonal services provided by pharmacists, and out-patient reception)

Initiatives to expand the sales scale

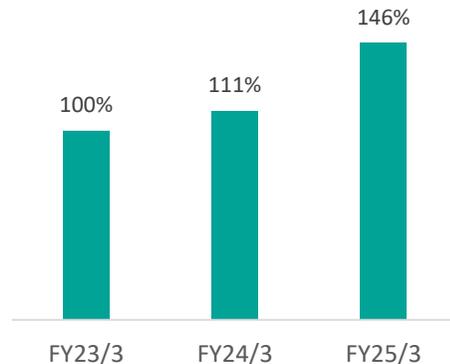
1. Strength growth businesses

Continue bolstering three growth areas—Online healthcare , At-home medical care, and specialty drugs

Online healthcare

Online consultation billings continued to increase, driven by the use of NiCOMS and third-party platforms, as well as outreach to medical institutions that have not yet adopted online services

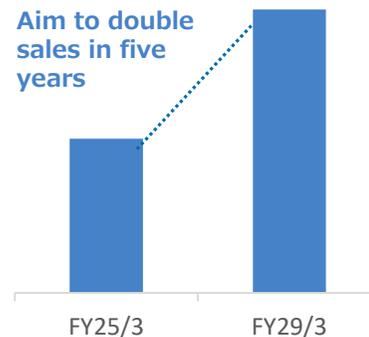
Online consultation billings



At-Home medical care

This business is growing steadily by capturing expanding demand. We aim to drive growth in prescription volume through new pharmacy openings and collaborations with medical facilities, while enhancing operational efficiency through automation.

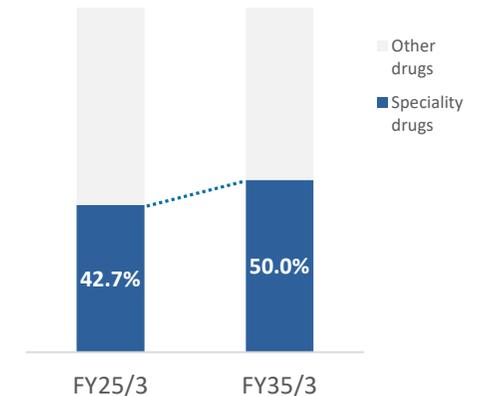
Sales growth target for at-home medical care



Speciality drugs

Our handling of specialty pharmaceuticals has steadily increased, supported by stronger collaboration with medical institutions providing advanced medical care. We expect specialty pharmaceuticals to account for 50% of total sales within the next 10 years.

Proportion of specialty drug sales in Nihon Chouzai Group dispensing fees

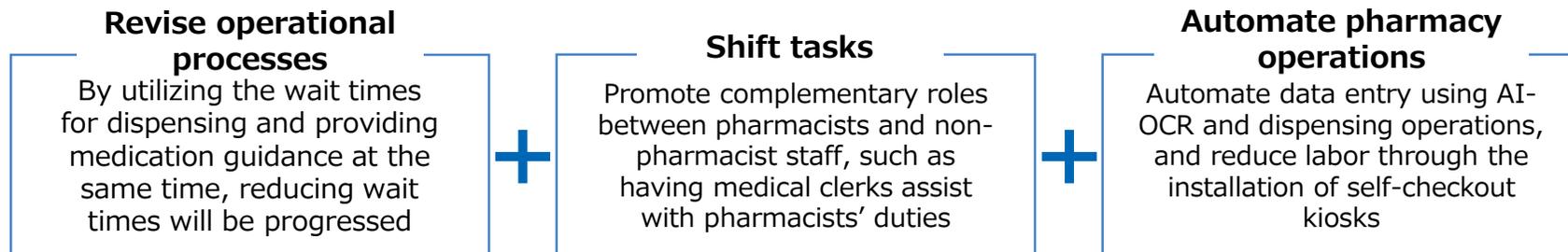


Initiatives to expand the sales scale

2. Improve pharmacy operations

■ Measures to shorten wait times

- Revise operational processes and reform operations, primarily centered on assistive tasks performed by non-pharmacist staff
- Strengthen measures to reduce wait times, including automating operations in line with pharmacy format and scale

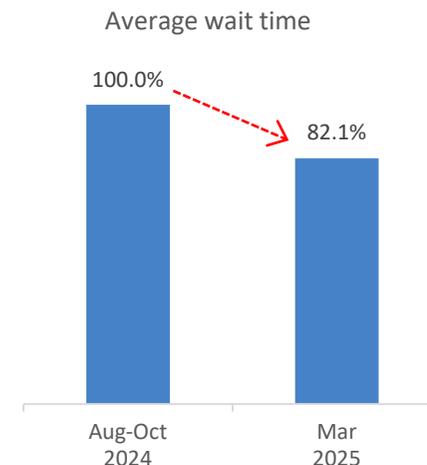


■ Effects on patients wait times at pharmacies

At 120 pharmacies designated for enhanced wait time reduction measures, the average wait time was shortened by approximately 18% (Aug.-Oct. 2024 vs Mar. 2025)

■ Anticipated long-term effects

- Improved turnover will lead to growth in prescription volume, resulting in higher sales
- Greater customer satisfaction due to shorter wait times



Initiatives to expand the sales scale

3. Further expand the lineup of healthcare-related products, including private brand offerings

- Expand the product lineup and distribution channels to promote self-medication
- Aim to attract new consumer segments by further diversifying sales channels and developing pharmacies customers can visit without prescriptions

■ Expand the lineup of 5 COINS PHARMA products and sales channels

- Launched 11 new products in FY3/25, bringing the total product lineup to 30 as of end-March 2025
- In March 2025, began selling 5 COINS PHARMA products on the Amazon online shopping platform operated

■ Launched 10 COINSKAMPO, an OTC kampo private brand

- Launched an OTC Kampo medicine brand in April 2025, with each product uniformly priced at 1,100 yen (tax included), introducing 15 new items designed to support both physical and mental well-being
- We will offer products targeting the women’s health domain in particular, which is expected to continue expanding from 2024 onward

■ Began offering Soup Stock Tokyo products at Group pharmacies

We began offering frozen soups from Soup Stock Tokyo at 33 Nihon Chouzai pharmacies



10 COINSKAMPO



Soup Stock Tokyo Soup packages

These soups can be enjoyed as main dishes, combining seasonal vegetables and fresh ingredients with carefully prepared soup stock (dashi).

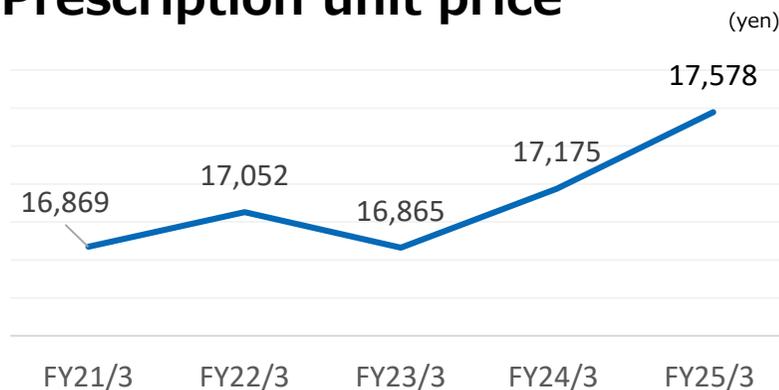
Prescription Volume and Unit Price

Despite the impact of consolidating and closing unprofitable pharmacies, both prescription volume and unit price remained solid, supported by contributions from 36 pharmacies opened in FY3/24. The prescription unit price continued to trend upward, thanks to increased handling of specialty pharmaceuticals.

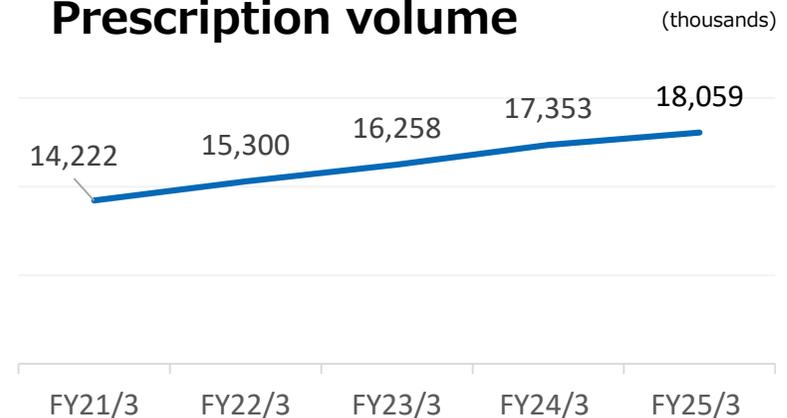
FY3/25 Results

(YoY growth rate)	Prescription drug sales	No. of prescriptions	Prescription unit prices
Existing pharmacies	4.2%	0.6%	3.6%
Pharmacies opened in FY3/24	287.2%	215.9%	22.6%
Total	6.5%	4.1%	2.3%

Prescription unit price



Prescription volume



Pharmacy Openings

Sales per pharmacy are increasing, owing to investments in large-scale pharmacies equipped to support advanced and home medical care, through both organic openings and M&A.

We pursue a balanced approach to new pharmacy development, utilizing M&A while maintaining the ratio of organic openings.

Pharmacy Openings

	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Opened	32	65*	29	40	38	36	38
Organic growth (percentage)	26 (81.2%)	35 (53.8%)	22 (75.9%)	34 (85.0%)	30 (78.9%)	25 (69.4%)	34 (89.5%)
M&A	6	30	7	6	8	11	4
Closed	19	13	9	13	17	18	21
No. of pharmacies at the end of period	598	650	670	697	718	736	753

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

Quarterly number of stores for FY2026 (plan)

	FY26/3 1Q	FY26/3 2Q	FY26/3 3Q	FY26/3 4Q
Pharmacies at end-period	764	767	772	780

*Only store closures (including closures due to relocation) confirmed at the beginning of the fiscal year are reflected.

Pharmacy Openings by Format

In addition to steadily opening hospital-front pharmacies, we are actively expanding hybrid pharmacies, which are playing an increasingly important role in delivering community-based healthcare. We will continue to pursue a balanced store development strategy, focusing primarily on urban areas where the impact of population decline is limited.

Pharmacy Openings by format

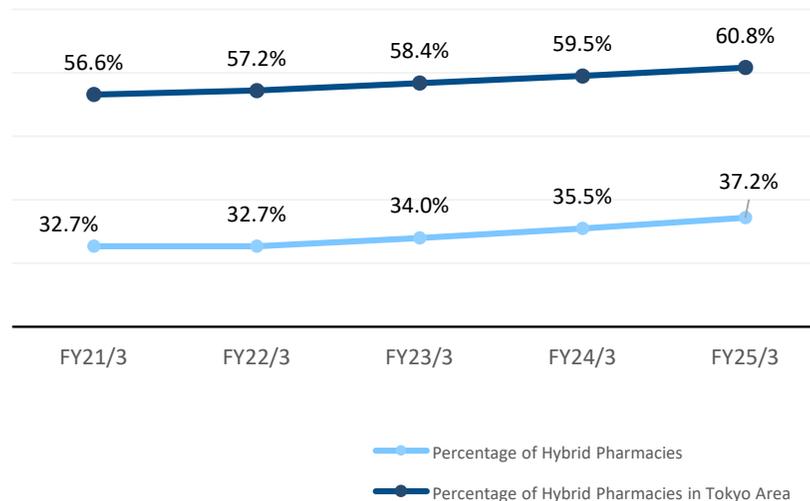
	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3
Opened	29	40	38	36	38
Hospital-front pharmacies	13	20	17	17	14
Hybrid pharmacies	16	20	21	19	24

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.

Pharmacy openings by region

Region	Pharmacy openings in FY3/25	No. of pharmacies at FY3/25	Percentage
Kanto	18	391	51.9%
Kansai	8	86	11.4%
Other	12	276	36.7%
Total	38	753	100.0%

Breakdown of pharmacies by format



Open Pharmacies with Various Functions

Specialized medical institution cooperation pharmacies

56 /208 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

464 /4,208 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

233 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

29 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

※Excluding some stores (affiliated companies)

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.

Business Improvement Initiatives at Choseido Pharmaceutical

Overview

The Company conducted an internal investigation after receiving a report from an employee at Choseido Pharmaceutical's Kawauchi Plant regarding deficiencies in manufacturing management. The investigation revealed that certain manufacturing processes had been conducted using methods not specified in the approved documentation, and that efforts under Choseido Pharmaceutical's existing improvement plan had been insufficient at the Kawauchi Plant.

As a result, on March 27, 2025, the Company received an administrative disposition from Tokushima Prefecture under the Pharmaceuticals and Medical Devices Act.

The business suspension period ended on April 28, 2025. Choseido Pharmaceutical is focusing on preventing recurrence and enhancing quality control measures based on its business improvement plan.

Details of administrative disposition

(1) A business suspension order was issued for manufacturing operations under the pharmaceutical manufacturing license (Kawauchi Plant)*

Suspension period: 32 days (March 28–April 28, 2025)

* However, the suspension excludes the following activities: Facility improvement, maintenance, and inspection; handling of product quality information and returns; quality control of already shipped products; activities related to improving manufacturing management and quality control; and manufacturing and shipment of products excluded from the suspension order, i.e., medically essential products pre-approved by Tokushima Prefecture.

(2) A business improvement order was issued for manufacturing and marketing operations under the pharmaceutical manufacturing license (Kawauchi Plant) and the Type 1 pharmaceutical manufacturing and marketing license

Overview of business improvement plan

On April 23, 2025, Choseido Pharmaceutical submitted a business improvement plan to Tokushima Prefecture. Efforts are underway in line with the following five focus areas

- (1) Revision of the GMP system at the Kawauchi Plant
- (2) Establishment of a legal compliance framework and cultivation of a quality-focused corporate culture
- (3) Recurrence prevention measures at the Kawauchi Plant
- (4) Companywide initiatives
- (5) Recurrence prevention measures as a marketing authorization holder

Details of business improvement plan (Japanese Only) : <https://www.choseido.com/>

Background of Manufacturing Management Issues at Choseido Pharmaceutical

Background

- April 22, 2024
After discovering that the subsidiary was manufacturing products using methods not prescribed in approved documents at Kawauchi Plant, we suspended the shipment of pharmaceuticals manufactured at the plant and reported this issue to Tokushima Prefecture and relevant marketing authorization holders.
- June 5–June 7, 2024
GMP investigation by Tokushima Prefecture and PMDA
- June 21, 2024
Received a report of the GMP inspection conducted by Tokushima Prefecture and PMDA
- July 4, 2024 onward
Gradually resumed shipments of products that have been confirmed by the marketing authorization holders to have no issues
- July 12, 2024
Submitted an improvement report addressing the findings of the GMP inspection conduction by Tokushima Prefecture and PMDA
- July 16, 2024
Resumed manufacturing at the Kawauchi Plant under the supervision of marketing authorization holders
- October 11, 2024
Investigation into the consistency between standard documents and actual procedures was completed for all products
- December 20, 2024
Submitted a report in response to a reporting order from Tokushima Prefecture
- March 27, 2025
Received an administrative disposition from Tokushima Prefecture
- March 28, 2025
Business suspension period began
- April 23, 2025
Submitted a business improvement plan
- April 28, 2025
Business suspension period ended

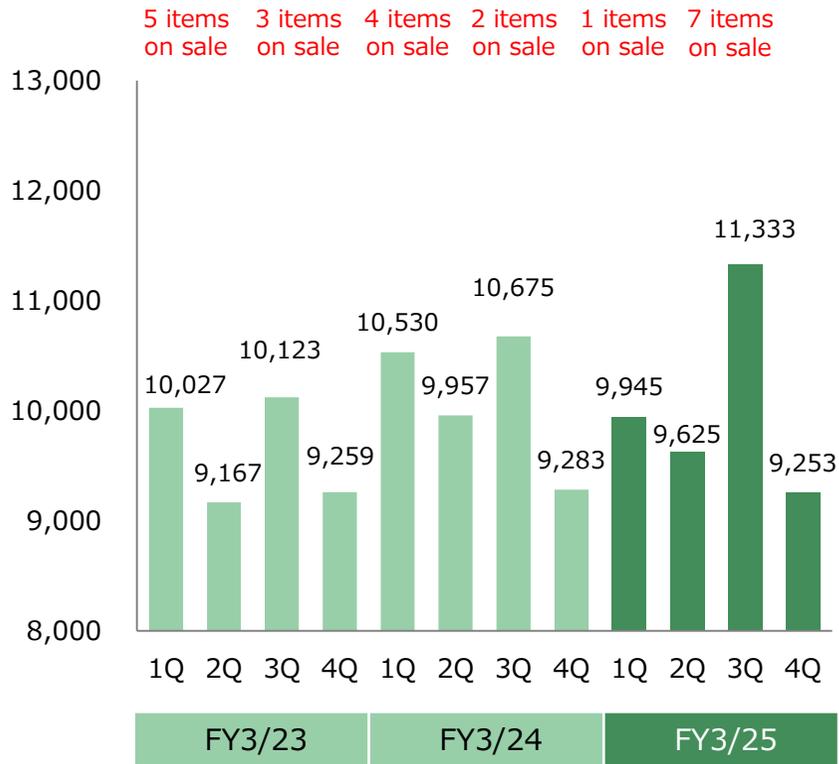
※GMP (Good Manufacturing Practice) = Manufacturing and quality control standards for pharmaceuticals

Growth of the Pharmaceutical Manufacturing and Sales Business

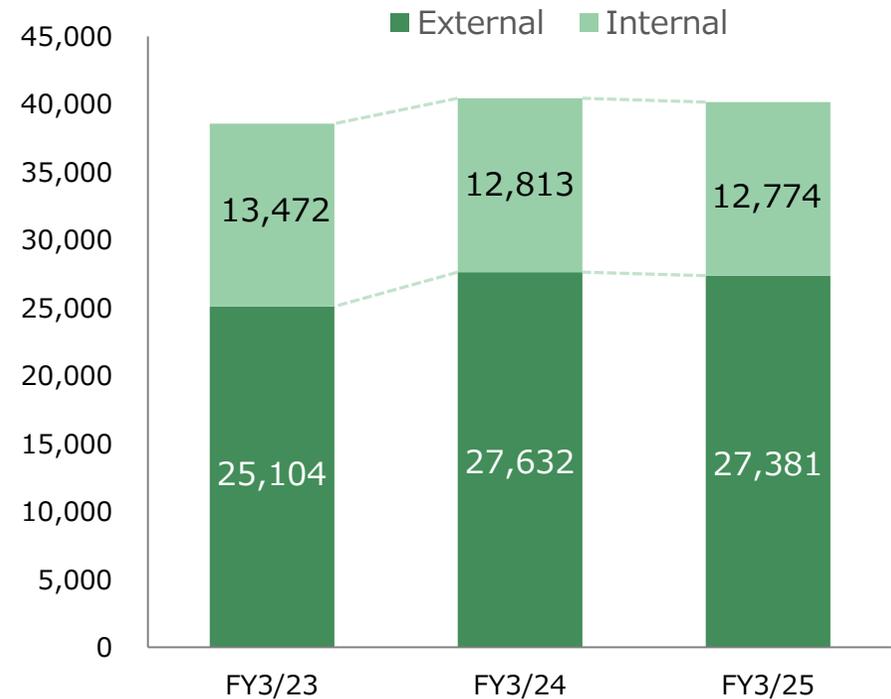
Net sales declined. While sales of existing products and seven products newly added to the NHI drug price list in FY2024 were robust, the April 2024 drug price revisions and manufacturing management issues at the Kawauchi Plant of Choseido Pharmaceutical dragged on sales.

Net sales and their breakdown

Quarterly Sales (millions of yen)

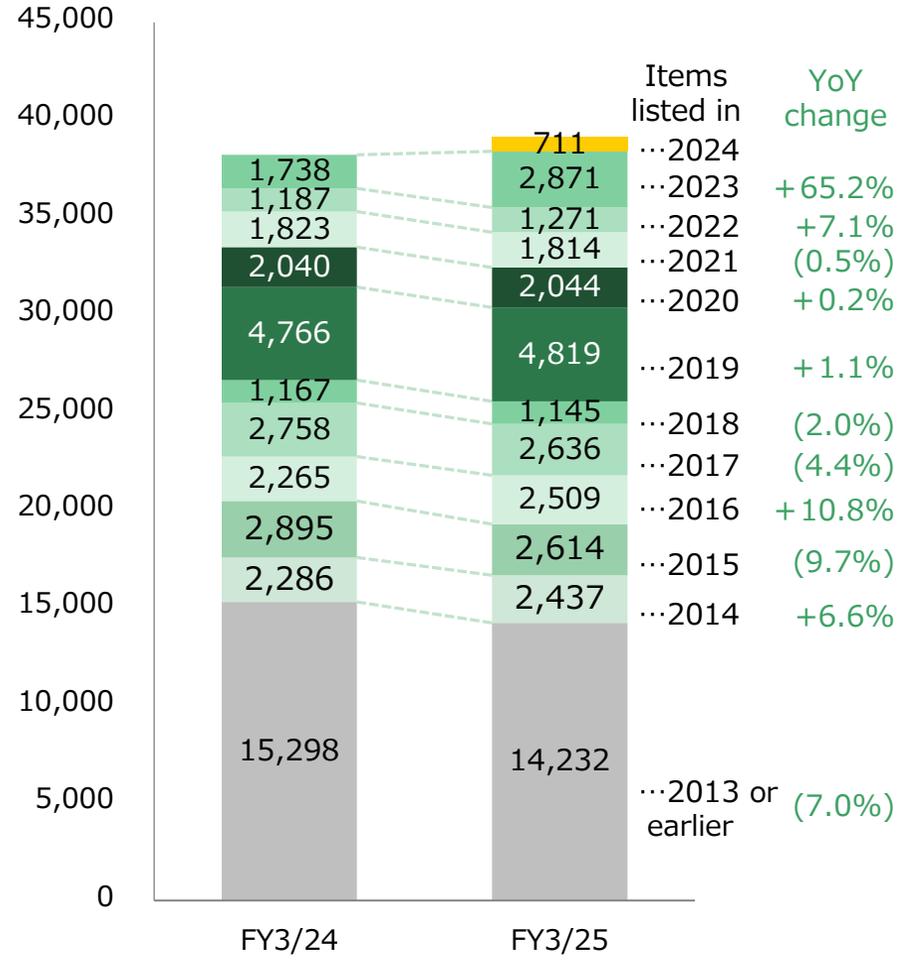


Internal/External sales (Millions of yen)



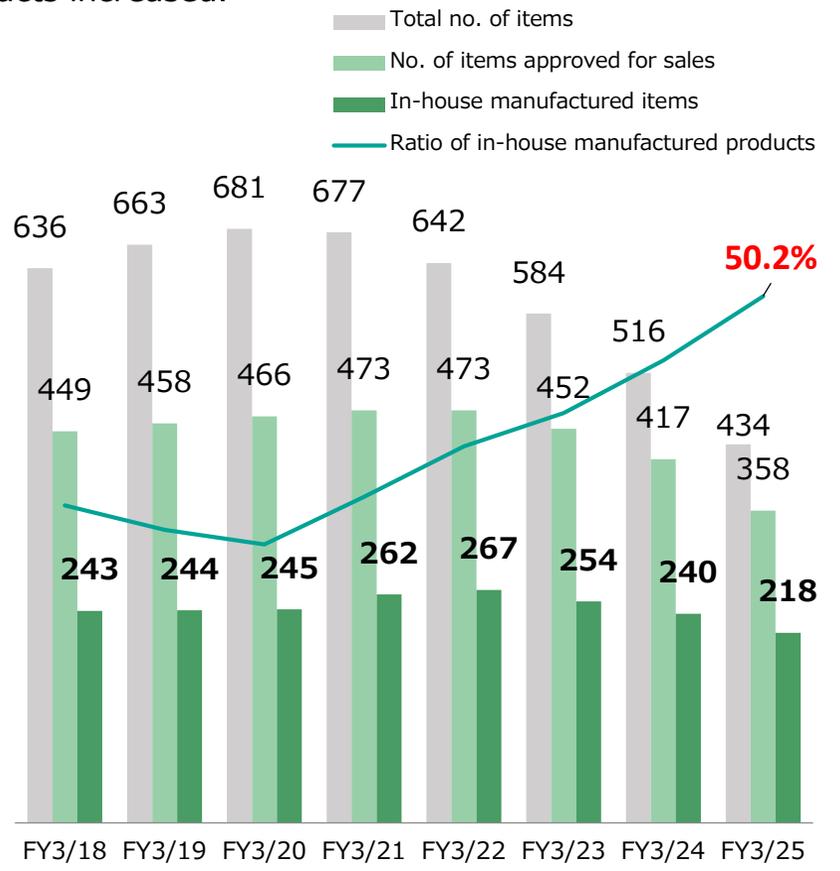
Item Portfolio Status

NHI Listed Drug Sales by Year Listed
(million yen)



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.



Growth Strategies for Medical Professional Staffing and Placement Business

Bolster the mainstay pharmacist staffing and placement business : Sales capability x customer draw

Enhance sales capability

- Strengthen employee training to improve customer satisfaction, and facilitate information sharing across the organization
- Overhaul internal systems (improve matching accuracy, speed, and usability)

Increase customer draw and brand power

- Deepen engagement with semi-latent prospects: Deploy multifaceted marketing initiatives, including the use of SNS and influencers
- Expand outreach to pharmacy students: Host webinars, seminars, and on-campus guidance events

Evolve the business portfolio : Grow non-pharmacist businesses and develop new businesses

Establish the physician placement business as the second earnings pillar

- Increase staffing
- Enhance recognition: Branding initiatives
- Strengthen engagement with semi-active and semi-latent prospects

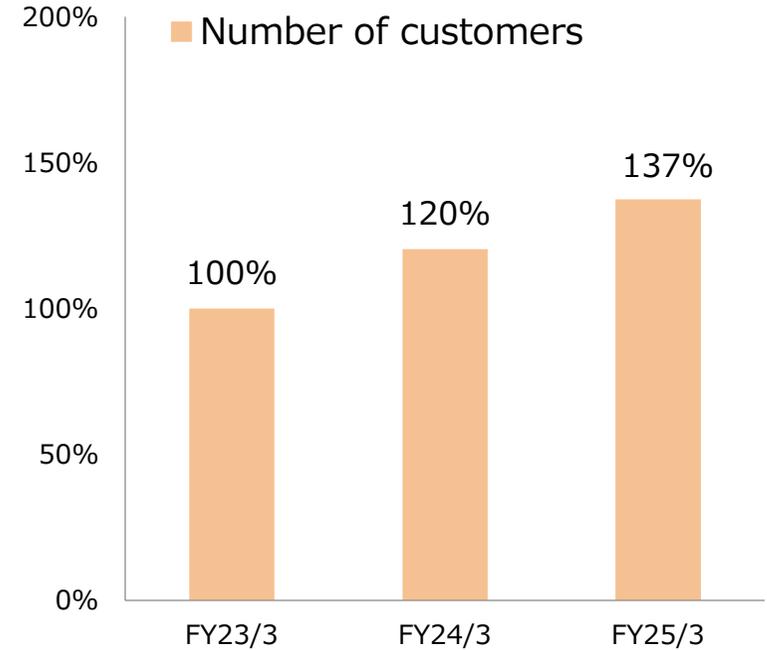
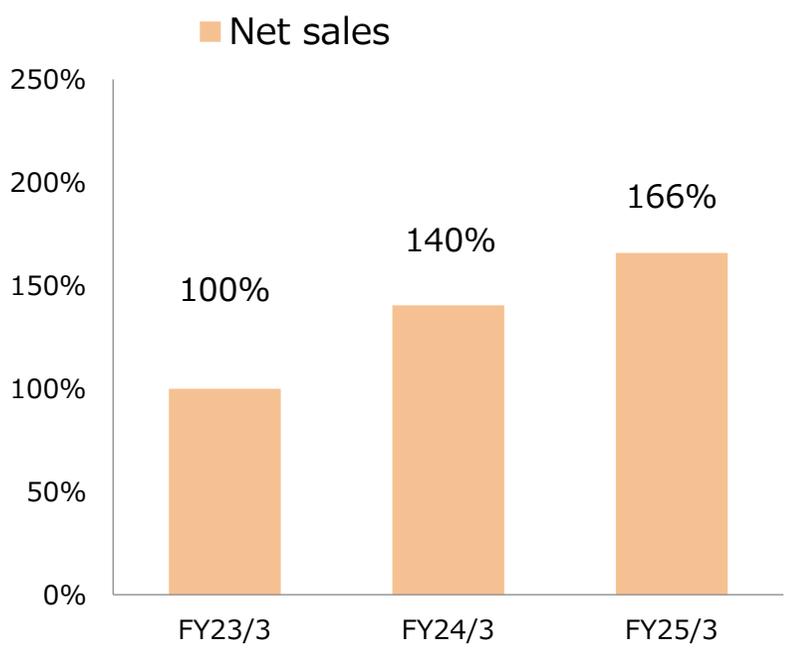
Expand the healthcare business

- Solidify the business structure: Established a healthcare business division in April 2024
- Expand into the occupational health domain

Pharmacist Staffing Business

Transactions increased in the pharmacy staffing business, centered on small and mid-sized dispensing pharmacies, contributing to sales and profit growth.

Pharmacist staffing business grew more than expected

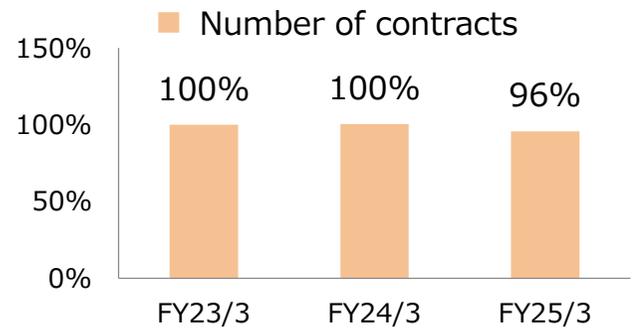
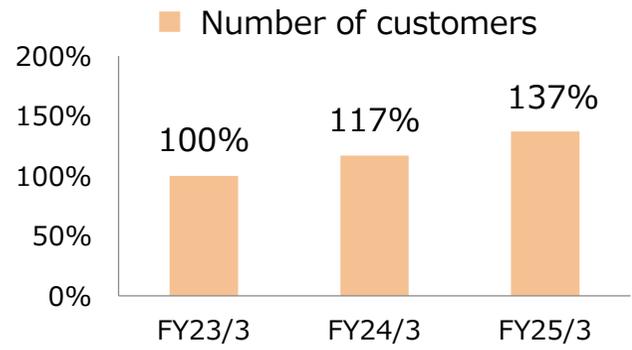
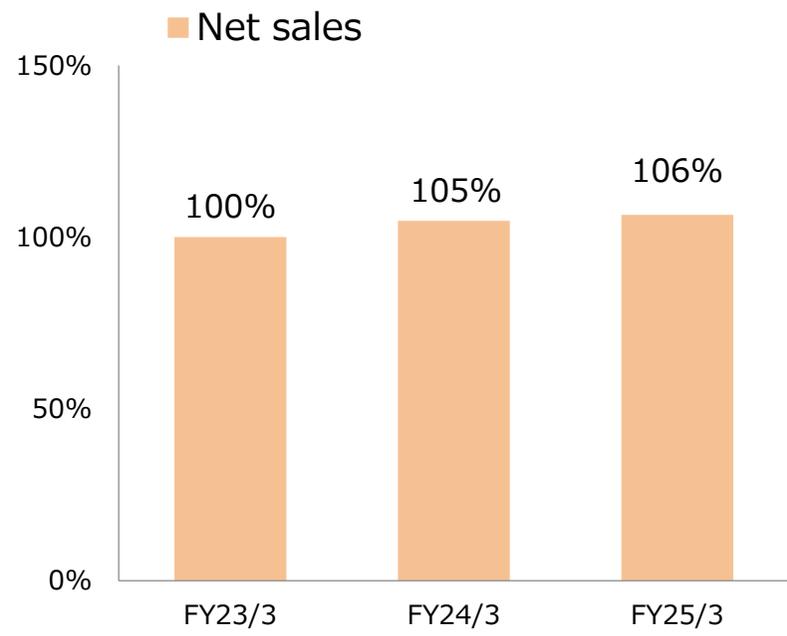


FY3/23 Net sales, customers = 100%

Pharmacist Placement Business

The pharmacist placement business secured YoY sales growth despite sluggish growth in the number of placements, thanks to improvements in placement fees. Pharmacist registrations increased, owing to enhanced customer acquisition and branding efforts.

Growth of the pharmacist placement business

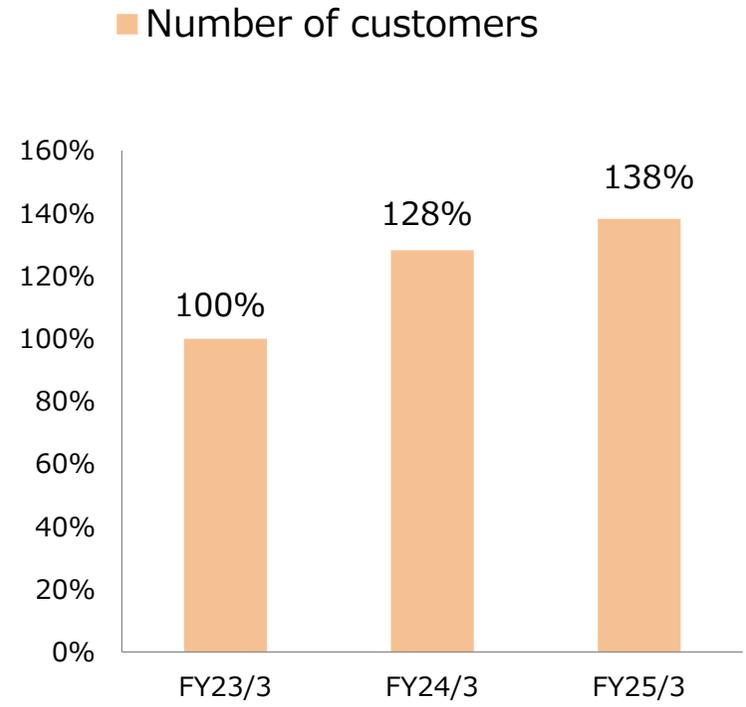
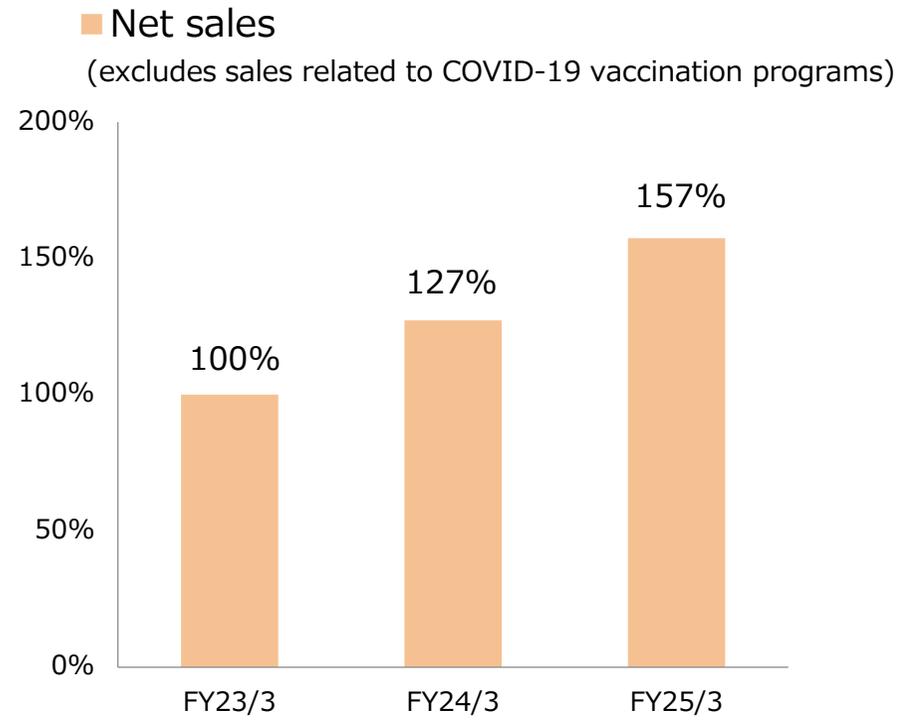


FY3/23 Net sales, customers and contracts = 100%

Physician Placement Business

Results in the physician placement business were robust, as we firmly captured full-time and part-time physician placement demand as well as one-time demand.

Expansion of the physician business

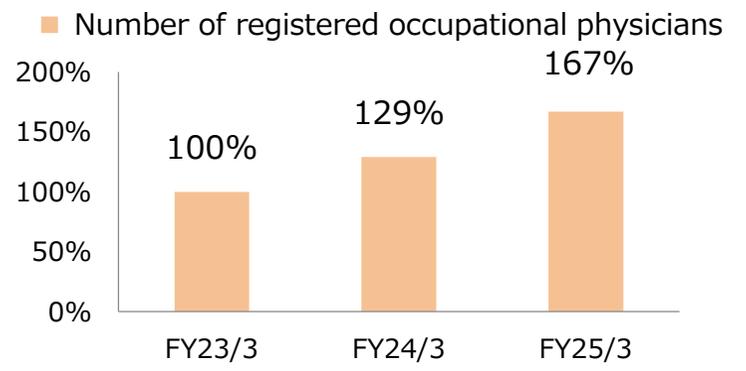
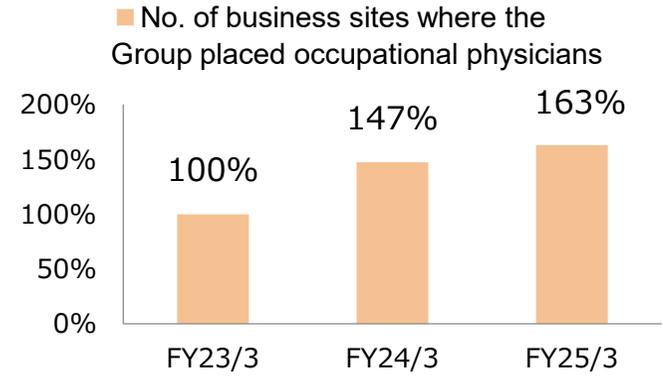
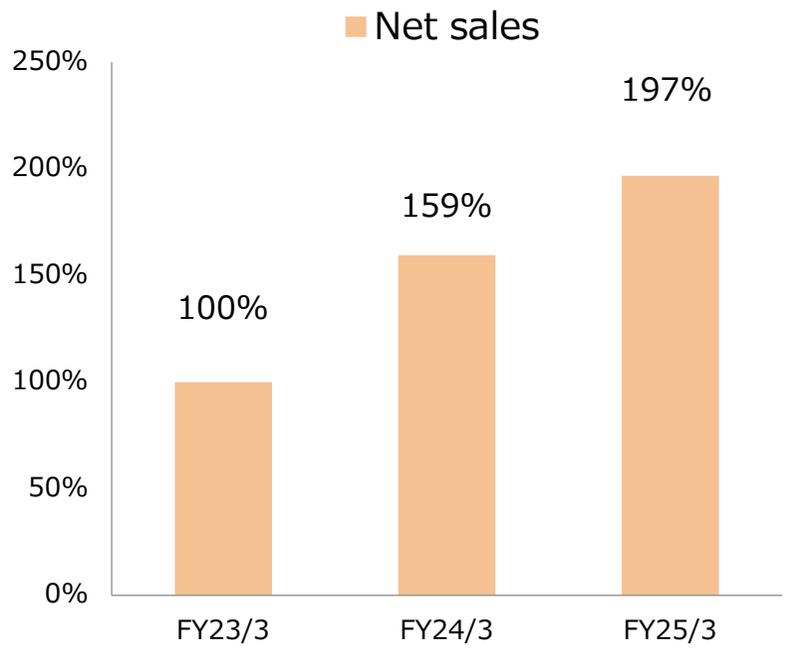


FY3/23 Net sales, customers = 100%

Occupational Health Physician Business

The healthcare business is steadily expanding. In this business, we primarily offer occupational health physician placement services, as well as occupational health nurse placement and health management-related services, in response to growing demand for health management from corporations.

Expansion of the occupational physician business



FY3/23 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.

Group Corporate Planning Department, Investor Relations Group
9F Tamachi Tower, 5-33-11, Shiba, Minato Ward,
Tokyo 108-0014, JAPAN

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

E-mail: ir-info@nicho.co.jp

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