



August 24, 2020

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

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

Nihon Chouzai Co., Ltd. (hereinafter "the Company") announces that it passed a resolution at its Board of Directors' meeting held on August 24, 2020 to absorb and merge Nakahiro Co., Ltd. and Wada Pharmacy LLC, consolidated subsidiaries of the Company, as set forth below. Certain disclosures and details have been omitted in this press release since the companies to be merged are wholly owned subsidiaries.

1. Purpose of the merger

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

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

2. Summary of merger

(1) Schedule of the merger

Board of Directors meeting to approve the merger: August 24, 2020

Conclusion of merger agreement: August 24, 2020

Scheduled date of the merger (effective date): October 1, 2020 (tentative)

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

(2) Method of the merger

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

(3) Detail of allocation relating to the merger

Since the dissolving companies are wholly owned subsidiaries of the Company, no shares will be allocated or any other consideration will be delivered upon the merger.

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

Not applicable.

3. Outline of the companies involved in the merger

(1) Company name	Nihon Chouzai Co., Ltd. Note1 (Surviving company)	Nakahiro Co., Ltd. Note3 (Dissolving company)	Wada Pharmacy LLC note4 (Dissolving company)
(2) Scope of business	Management of dispensing chain pharmacies	Management of a dispensing pharmacy	Management of a dispensing pharmacy
(3) Date of incorporation	March 7, 1980	October 14, 1997	January 20, 1955
(4) Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
(5) Name of the title of representative	Yosuke Mitsuahara, President and CEO	Yosuke Mitsuahara, President and CEO	Yosuke Mitsuahara, President and CEO
(6) capital	3,953 Million Yen	10 Million Yen	0 Million Yen
(7) No. of issued shares	32,048,000 shares Note2	200 shares	—
(8) Fiscal year end	March 31	March 31	March 31
(9) Principal shareholders and their percentage of holdings Note5	Hiroshi Mitsuahara 31.21% Yosuke Mitsuahara 22.14% Max Planning, Inc. 7.47% Nihon Chouzai Employee shareholding association 3.02% Yoko Mitsuahara 2.67% The Master Trust Bank of Japan, Ltd. (Trust account) 2.18%	Nihon Chouzai Co., Ltd. 100.00%	Nihon Chouzai Co., Ltd. 100.00%
(10) Operating results and financial conditions for the immediately preceding fiscal year Note6			
Net assets	47,072 Million Yen	(144) Million Yen	8 Million Yen
Total assets	185,551 Million Yen	201 Million Yen	111 Million Yen
Net assets per common share note2	1,569.77 Yen	(917,163.84) Yen	—
Net sales	268,520 Million Yen	325 Million Yen	98 Million Yen
Operating profit	7,593 Million Yen	(127) Million Yen	(34) Million Yen
Ordinary profit	7,405 Million Yen	(130) Million Yen	(34) Million Yen
Profit attributable to owners of parent	6,697 Million Yen	(78) Million Yen	(26) Million Yen
Net income per share Note2	223.33 Yen	(390,508.05) Yen	—

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

As of March 31, 2020.

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

Note3: Nakahiro Co., Ltd. as of today. However, (10) is as of March 31, 2020. Fiscal year ended March 31, 2020 is an irregular eight-month fiscal year due to a change in the accounting period.

Note4: Wada Pharmacy LLC as of today. However, (10) is as of March 31, 2020. Fiscal year ending March 31, 2020 is an irregular six-month period due to a change in the accounting period.

Note5: Shareholding ratio is calculated after deducting treasury shares (2,060,834 shares).

Note6: The Company uses consolidated figure, and Nakahiro Co., Ltd. and Wada Pharmacy LLC use non-consolidated figure.

4. Status after the merger

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

5. Outlook

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

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