



February 15, 2021

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 February 15, 2021 to absorb and merge Shinei Medical Co., Ltd., Yakuei Co., Ltd., Century of Justice Co., Ltd. and Stella Co., Ltd., 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: February 15, 2021

Conclusion of merger agreement: February 15, 2021

Scheduled date of the merger (effective date): April 1, 2021 (tentative): Shinei Medical Co., Ltd.

July 1, 2021 (tentative): Yakuei Co., Ltd., Century of Justice Co., Ltd.  
and Stella Co., Ltd.

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 Shinei Medical Co., Ltd., Yakuei Co., Ltd., Century of Justice Co., Ltd. and Stella Co., Ltd. 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. <sup>Note1</sup> (Surviving company)	Shinei Medical Co., Ltd. <sup>Note3</sup> (Dissolving company)
(2) Scope of business	Management of dispensing chain pharmacies	Sales of pharmaceuticals
(3) Date of incorporation	March 7, 1980	January 28, 1986
(4) Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
(5) Name of the title of representative	Yosuke Mitsuhara, President and CEO	Yosuke Mitsuhara, President and CEO
(6) Capital	3,953 Million Yen	3 Million Yen
(7) No. of issued shares	32,048,000 shares <sup>Note2</sup>	3,060 shares
(8) Fiscal year end	March 31	March 31
(9) Principal shareholders and their percentage of holdings <sup>Note6</sup>	Hiroshi Mitsuhara 31.21% Yosuke Mitsuhara 22.14% Max Planning, Inc. 7.47% Nihon Chouzai Employee shareholding association 3.09% Yoko Mitsuhara 2.67% The Master Trust Bank of Japan, Ltd. (Trust account) 2.50%	Nihon Chouzai Co., Ltd. 100.00%
(10) Operating results and financial conditions for the immediately preceding fiscal year <sup>Note7</sup>		
Net assets	47,072 Million Yen	1,311 Million Yen
Total assets	185,551 Million Yen	1,332 Million Yen
Net assets per common share <sup>Note2</sup>	1,569.77 Yen	4,232,143.88 Yen
Net sales	268,520 Million Yen	-
Operating profit (loss)	7,593 Million Yen	(0 Million Yen)
Ordinary profit (loss)	7,405 Million Yen	0 Million Yen
Profit (loss) attributable to owners of parent	6,697 Million Yen	1,306 Million Yen
Net income (loss) per share <sup>Note2</sup>	223.33 Yen	4,216,012.17 Yen

(1) Company name	Yakuei Co., Ltd. <sup>Note4</sup> (Dissolving company)	Century of Justice Co., Ltd. <sup>Note4</sup> (Dissolving company)	Stella Co., Ltd. <sup>Note5</sup> (Dissolving company)
(2) Scope of business	Management of dispensing chain pharmacies	Sales of pharmaceuticals	Management of a dispensing chain pharmacy
(3) Date of incorporation	November 17, 1983	December 26, 1988	October 5, 1988
(4) Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
(5) Name of the title of representative	Yosuke Mitsuhara, President and CEO	Yosuke Mitsuhara, President and CEO	Yosuke Mitsuhara, President and CEO
(6) Capital	55 Million Yen	3 Million Yen	5 Million Yen
(7) No. of issued shares	1,064 shares	300 shares	5,000 shares
(8) Fiscal year end	March 31	March 31	March 31
(9) Principal shareholders and their percentage of holdings <sup>Note6</sup>	Nihon Chouzai Co., Ltd. 94.09% Shinei Medical Co., Ltd. 5.91%	Nihon Chouzai Co., Ltd. 100.00%	Nihon Chouzai Co., Ltd. 94.44% Shinei Medical Co., Ltd. 5.56%
(10) Operating results and financial conditions for the immediately preceding fiscal year <sup>Note7</sup>			
Net assets	(302 Million Yen)	136 Million Yen	63 Million Yen
Total assets	1,995 Million Yen	202 Million Yen	132 Million Yen
Net assets per common share <sup>Note2</sup>	(284,010.72 Yen)	453,860.16 Yen	12,675.18 Yen
Net sales	5,068 Million Yen	254 Million Yen	160 Million Yen
Operating profit (loss)	(316 Million Yen)	13 Million Yen	(47 Million Yen)
Ordinary profit (loss)	(313 Million Yen)	17 Million Yen	(47 Million Yen)
Profit (loss) attributable to owners of parent	(386 Million Yen)	12 Million Yen	(32 Million Yen)
Net income (loss) per share <sup>Note2</sup>	(363,706.30 Yen)	41,627.51 Yen	(6,484.70 Yen)

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

As of September 30, 2020.

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

Note3: Shinei Medical Co., Ltd. as of today. However, (10) is as of March 31, 2020. Fiscal year ending March 31, 2020 is an irregular nine-month period due to a change in the accounting period.

Note4: Yakuei Co., Ltd. and Century of Justice Co., Ltd. as of today. However, (10) is as of March 31, 2020.

Note5: Stella Co., Ltd. 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.

Note6: Shareholding ratio is calculated after deducting treasury shares (Nihon Chouzai Co., Ltd.: 2,060,954 shares, Shinei Medical Co., Ltd.: 2,750 shares and Yakuei Co., Ltd.: 353 shares).

Note7: The Company uses consolidated figure, and Shinei Medical Co., Ltd. , Yakuei Co., Ltd., Century of Justice Co., Ltd. and Stella Co., Ltd. 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 wholly owned subsidiaries of the Company, which is not expected to have any material impact on the Company's consolidated financial results.

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