

August 23, 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 Subsidiary (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 23, 2021 to absorb and merge Heart Dispensing Pharmacy Co., Ltd., consolidated subsidiary of the Company, as set forth below. Certain disclosures and details have been omitted in this press release since the company to be merged is a wholly owned subsidiary.

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 subsidiary acquired by the Company also operates the same operations as directly managed stores and provides the same medical services as directly managed stores, but the Company intends to merge the subsidiary 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 23, 2021

Conclusion of merger agreement: August 23, 2021

Scheduled date of the merger (effective date): October 1, 2021 (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 Heart Dispensing Pharmacy Co., Ltd. will be dissolved.

(3) Detail of allocation relating to the merger

Since the dissolving company is a wholly owned subsidiary 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 company

Not applicable.

3. Outline of the companies involved in the merger

(1) Company name	Nihon Chouzai Co., Ltd. Note1 (Surviving company)	Heart Dispensing Pharmacy Co., Ltd. Note2 (Dissolving company)
(2) Scope of business	Management of dispensing chain pharmacies	Manegement of a pharmacy
(3) Date of incorporation	March 7, 1980	September 28, 1992
(4) Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
(5) Name of the title of representative	Yosuke Mitsuvara, President and CEO	Yosuke Mitsuvara, President and CEO
(6) Capital	3,953 Million Yen	5 Million Yen
(7) No. of issued shares	32,048,000 shares	100 shares
(8) Fiscal year end	March 31	March 31
(9) Principal shareholders and their percentage of holdings Note3	Hiroshi Mitsuvara 28.01% Yosuke Mitsuvara 22.14% Max Planning, Inc. 7.47% Nihon Chouzai Employee Shareholding Association 3.12% Yoko Mitsuvara 2.67% The Master Trust Bank of Japan, Ltd. (Trust account) 2.38%	Nihon Chouzai Co., Ltd. 100.00%
(10) Operating results and financial conditions for the immediately preceding fiscal year Note4		
Net assets	49,868 Million Yen	186 Million Yen
Total assets	186,262 Million Yen	374 Million Yen
Net assets per common share	1,663.01 Yen	1,862,893.30 Yen
Net sales	278,951 Million Yen	1,008 Million Yen
Operating profit (loss)	8,106 Million Yen	72 Million Yen
Ordinary profit (loss)	8,409 Million Yen	69 Million Yen
Profit (loss) attributable to owners of parent	3,538 Million Yen	43 Million Yen
Net income (loss) per share	118.01 Yen	437,451.63 Yen

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

As of March 31, 2021.

Note2: Heart Dispensing Pharmacy Co., Ltd. as of today. However, (10) is as of March 31, 2021.

Note3: Shareholding ratio is calculated after deducting treasury shares (2,061,074 shares).

Note4: The Company uses consolidated figure, and Heart Dispensing Pharmacy Co., Ltd. uses 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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