



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

Results of Operations for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

May 10, 2024



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Financial Highlights



Consolidated Results

Net sales increased due to the robust performance of the Dispensing Pharmacy Business; however, net income decreased due to the recording of extraordinary losses from impairment of fixed assets at some stores in the Dispensing Pharmacy Business and some factories in the Pharmaceutical Manufacturing and Sales Business.

Dispensing Pharmacy Business

Net sales and profit increased due to the growth in the number of prescriptions at existing stores caused by the outbreak of infectious disease, as well as the effect of new store openings in the previous and current fiscal years, while pharmaceutical procurement costs increased.

Pharmaceutical Manufacturing and Sales Business

Net sales and profit increased due to strong sales of existing products and newly listed products in the NHI drug price list, despite the impact of the NHI drug price revisions in April 2023 and limited shipments of some products.

Medical Professional Staffing and Placement Business

Both sales and profit increased due to the shift of Covid-19's status under the Infectious Disease Control Law to Class 5 and YoY growth in the core businesses of placement and staffing of pharmacists and physicians (including occupational physicians business).

Consolidated Statement of Income

Net sales were up 8.6% YoY and 1.0% vs. forecast backed by robust performance of the Dispensing Pharmacy Business. Operating profit grew 20.5% YoY and 0.7 billion yen vs. forecast due to cost-reduction measures.

| (Millions of yen) | FY3/22 Results | FY3/23 Results | FY3/24 Revised Forecast | FY3/24 Results | Change Vs. Forecast | Vs. Forecast | YoY growth rate |
|-----------------------------------------|-------------------|-------------------|-------------------------------|-------------------|------------------------|-----------------|--------------------|
| Net sales | 299,392 | 313,318 | 337,100 | 340,310 | 3,210 | 1.0% | 8.6% |
| Cost of sales | 246,969 | 259,674 | 282,500 | 283,073 | 573 | 0.2% | 9.0% |
| Gross profit | 52,422 | 53,643 | 54,600 | 57,236 | 2,636 | 4.8% | 6.7% |
| % to sales | 17.5% | 17.1% | 16.2% | 16.8% | 0.6pt | — | — |
| SG&A expenses | 45,833 | 46,057 | 46,100 | 48,093 | 1,993 | 4.3% | 4.4% |
| % to sales | 15.3% | 14.7% | 13.7% | 14.1% | 0.4pt | — | — |
| Consumption taxes | 19,437 | 20,219 | 21,700 | 22,292 | 592 | 2.7% | 10.3% |
| R&D expenses | 3,411 | 3,065 | 2,800 | 2,765 | (34) | (1.2%) | (9.8%) |
| Operating profit | 6,589 | 7,586 | 8,400 | 9,142 | 742 | 8.8% | 20.5% |
| % to sales | 2.2% | 2.4% | 2.5% | 2.7% | 0.2pt | — | — |
| Ordinary profit | 6,767 | 7,682 | 8,300 | 9,439 | 1,139 | 13.7% | 22.9% |
| % to sales | 2.3% | 2.5% | 2.5% | 2.8% | 0.3pt | — | — |
| Profit attributable to owners of parent | 3,705 | 4,458 | 4,300 | 2,553 | (1,746) | (40.6%) | (42.7%) |
| % to sales | 1.2% | 1.4% | 1.3% | 0.8% | (0.5pt) | — | — |
| EBITDA | 14,974 | 16,337 | 17,300 | 18,251 | 951 | 5.5% | 11.7% |

Consolidated Balance Sheet

Changes in assets primarily consisted of 2.2 billion yen increase in Cash and deposits. Changes in liabilities mainly consisted of a 4.8 billion yen increase in Accounts payable-trade. Net interest-bearing debt was 28.8 billion yen, maintaining a low level since FY3/12.

| (Millions of yen) | End of Mar. 2022 (FY3/22) | End of Mar. 2023 (FY3/23) | End of Mar. 2024 (FY3/24) | YoY change | YoY change (%) |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------|-------------------|
| Current assets | 81,651 | 85,720 | 91,031 | 5,310 | 6.2% |
| Merchandise and finished goods | 23,024 | 28,416 | 28,992 | 575 | 2.0% |
| Non-current assets | 97,102 | 99,576 | 104,056 | 4,479 | 4.5% |
| Property, plant and equipment | 64,025 | 61,435 | 60,428 | (1,006) | (1.6%) |
| Intangible assets | 18,969 | 19,573 | 21,426 | 1,853 | 9.5% |
| Investments and other assets | 14,107 | 18,568 | 22,200 | 3,631 | 19.6% |
| Total assets | 178,753 | 185,297 | 195,087 | 9,790 | 5.3% |
| Current liabilities | 78,931 | 77,050 | 84,858 | 7,808 | 10.1% |
| Accounts payable-trade | 48,513 | 47,916 | 52,759 | 4,843 | 10.1% |
| Non-current liabilities | 46,944 | 51,763 | 51,876 | 112 | 0.2% |
| Long-term loans payable | 41,531 | 44,640 | 42,108 | (2,531) | (5.7%) |
| Total liabilities | 125,876 | 128,814 | 136,735 | 7,921 | 6.1% |
| Total net assets | 52,876 | 56,483 | 58,351 | 1,868 | 3.3% |
| Shareholders' equity | 52,876 | 56,483 | 58,351 | 1,868 | 3.3% |
| Equity ratio | 29.6% | 30.5% | 29.9% | (0.6Pt) | — |
| Net interest-bearing debt | 31,054 | 34,357 | 28,890 | (5,466) | (15.9%) |

Consolidated Statement of Cash Flows

Net cash provided by operating activities exceeded 20 billion yen, due to a narrower increase in inventories and an increase in trade payables. Net cash spent in investing activities expanded due to aggressive investing activities.

| (Millions of yen) | FY3/22 Results | FY3/23 Results | FY3/24 Results | YoY change |
|----------------------------------------------------------------------------------|-------------------|-------------------|-------------------|------------|
| Cash flows from operating activities | 19,411 | 7,532 | 20,421 | 12,889 |
| Profit before income taxes | 6,217 | 7,843 | 5,137 | (2,705) |
| Depreciation | 6,569 | 6,740 | 7,170 | 429 |
| Amortization of goodwill | 1,814 | 1,952 | 1,891 | (61) |
| Decrease (increase) in trade receivables | 1,185 | (701) | (177) | 523 |
| Decrease (increase) in inventories | (4,147) | (5,016) | (1,768) | 3,248 |
| Increase (decrease) in trade payables | 4,363 | (2,018) | 6,501 | 8,520 |
| Cash flows from investing activities | (9,313) | (10,018) | (13,726) | (3,708) |
| Purchase of property, plant and equipment | (5,956) | (5,761) | (6,943) | (1,181) |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (597) | (1,433) | (716) | 717 |
| Cash flows from financing activities | (17,448) | 713 | (4,430) | (5,144) |
| Proceeds from long-term loans payable | 10,900 | 13,500 | 8,500 | (5,000) |
| Repayments of long-term loans payable | (27,966) | (12,366) | (10,440) | 1,925 |
| Net increase (decrease) in cash and cash equivalents | (7,350) | (1,772) | 2,263 | 4,035 |
| Cash and cash equivalents at beginning of period | 32,893 | 25,543 | 23,770 | (1,772) |
| Cash and cash equivalents at end of period | 25,543 | 23,770 | 26,034 | 2,263 |

Consolidated Financial Indicators

EBITDA was maintained stable above 18.0 billion yen. D/E ratio was 0.9x, continuing to improve owing to repayment of interest-bearing debts.

| | FY3/22 | FY3/23 | FY3/24 | YoY change |
|--------------------------------------|----------|----------|-----------------|------------|
| EBITDA (Millions of yen) note1 | 14,974 | 16,337 | 18,251 | 1,914 |
| EV/EBITDA (Times) note1 | 4.9 | 4.4 | 4.3 | (0.1) |
| Free cash flow (Millions of yen) | 10,097 | (2,486) | 6,694 | 9,180 |
| D/E ratio (Times) | 1.1 | 1.0 | 0.9 | (0.1) |
| Equity ratio (%) | 29.6% | 30.5% | 29.9% | (0.6pt) |
| Net income per share (yen) EPS note2 | 123.56 | 148.92 | 85.35 | (63.57) |
| Net assets per share (Yen) BPS note2 | 1,763.34 | 1,888.17 | 1,950.44 | 62.27 |
| Return on equity (%) | 7.2% | 8.2% | 4.4% | (3.8pt) |
| Return on assets (%) | 3.7% | 4.2% | 5.0% | 0.8pt |
| Operating margin (%) | 2.2% | 2.4% | 2.7% | 0.3pt |

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

Dispensing Pharmacy Business

Net sales were up 8.1% YoY and operating profit up 3.6% YoY (2.6% above the forecast), owing to an increase in the number of prescriptions filled and contributions from newly opened pharmacies (38 in FY3/23 and 36 in FY3/24).

| (Millions of yen) | FY3/22 Results | FY3/23 Results | FY3/24 Revised Forecast | FY3/24 Results | Change Vs. Forecast | Vs. Forecast | YoY growth rate |
|----------------------------------------------------------------------------------|-------------------|-------------------|-------------------------------|-------------------|------------------------|-----------------|--------------------|
| Net sales | 265,624 | 280,164 | 300,600 | 302,805 | 2,205 | 0.7% | 8.1% |
| Cost of sales | 222,837 | 235,122 | 255,700 | 255,811 | 111 | 0.0% | 8.8% |
| Gross profit | 42,786 | 45,041 | 44,800 | 46,993 | 2,193 | 4.9% | 4.3% |
| % to sales | 16.1% | 16.1% | 14.9% | 15.5% | 0.6pt | — | — |
| SG&A expenses | 29,776 | 30,375 | 30,000 | 31,804 | 1,804 | 6.0% | 4.7% |
| % to sales | 11.2% | 10.8% | 10.0% | 10.5% | 0.5pt | — | — |
| Operating profit | 13,009 | 14,666 | 14,800 | 15,189 | 389 | 2.6% | 3.6% |
| % to sales | 4.9% | 5.2% | 4.9% | 5.0% | 0.1pt | — | — |
| No. of pharmacies at the end of each period (stores) <small>note 1</small> | 697 | 718 | 750 | 736 | (14) | (1.9%) | 2.5% |
| Prescription drug sales per pharmacy <small>note 2</small> | 388 | 395 | 409 | 416 | 6 | 1.7% | 5.2% |

Note: Rounding down to the nearest unit

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

Pharmaceutical Manufacturing and Sales Business

Net sales increased 4.8% YoY and operating profit was 250 million yen, with the business posting profit for the first time since the 2021 fire at the West Japan Logistics Center. The strong results were attributed to brisk sales of newly NHI listed and existing drugs, offsetting the impact of April 2023 drug price revisions and a decline in the number of products on offer due to the revision of the product lineup.

| (Millions of yen) | FY3/22 Results | FY3/23 Results | FY3/24 Revised Forecast | FY3/24 Results | Change Vs. Forecast | Vs. Forecast | YoY growth Rate |
|-------------------|-------------------|-------------------|-------------------------------|-------------------|------------------------|-----------------|-----------------------|
| Net sales | 44,836 | 38,575 | 40,600 | 40,446 | (153) | (0.4%) | 4.8% |
| Cost of sales | 39,635 | 34,830 | 35,900 | 35,504 | (395) | (1.1%) | 1.9% |
| Gross profit | 5,200 | 3,745 | 4,700 | 4,941 | 241 | 5.1% | 31.9% |
| % to sales | 11.6% | 9.7% | 11.6% | 12.2% | 0.6pt | — | — |
| SG&A expenses | 5,254 | 5,138 | 4,600 | 4,691 | 91 | 2.0% | (8.7%) |
| % to sales | 11.7% | 13.3% | 11.3% | 11.6% | 0.3pt | — | — |
| Operating profit | △53 | △1,392 | 0 | 250 | 250 | — | — |
| % to sales | — | — | 0.0% | 0.6% | 0.6pt | — | — |

Note: Rounding down to the nearest unit

Medical Professional Staffing and Placement Business

Despite a YoY decline in demand for Covid-19 Vaccination efforts, Net sales grew 23.8% YoY, and operating profit was up 23.6% YoY (17.1% above the forecast) due to an increase in results from the mainstay pharmacist staffing and placement business.

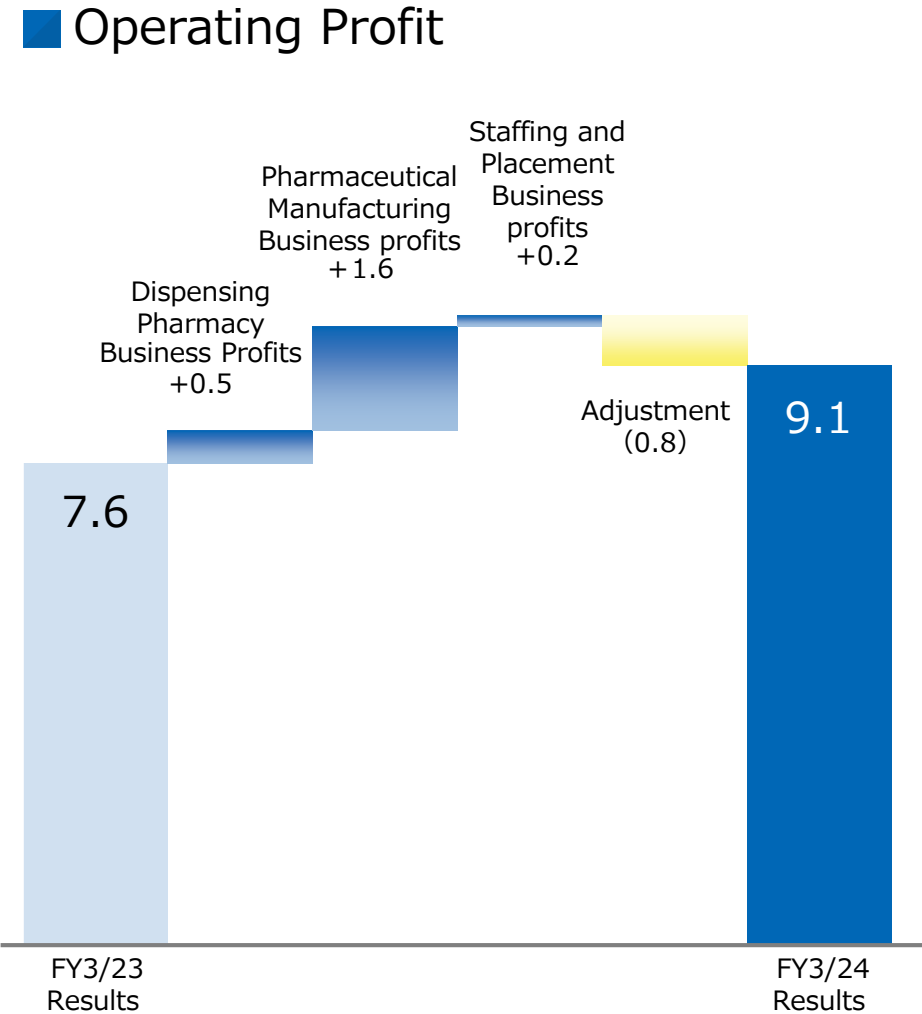
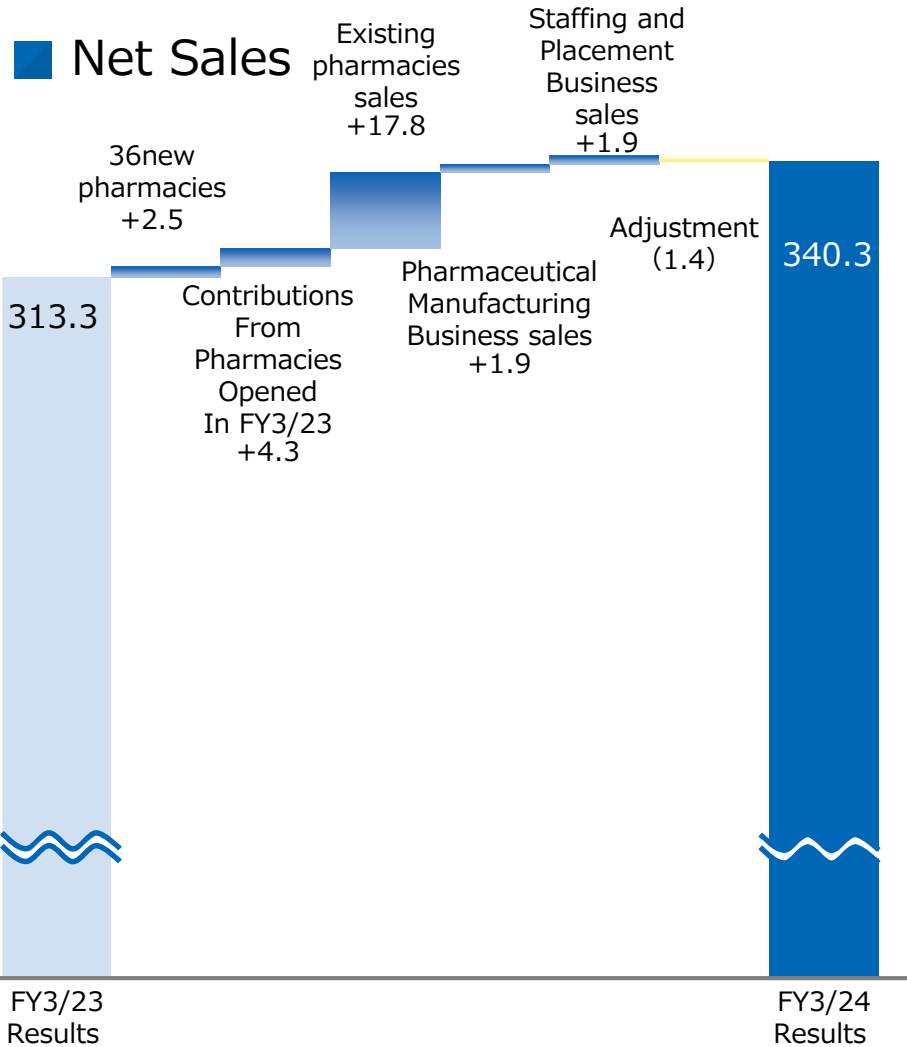
| (Millions of yen) | FY3/22 Results | FY3/23 Results | FY3/24 Revised Forecast | FY3/24 Results | Change Vs. Forecast | Vs. Forecast | YoY growth Rate |
|-------------------|-------------------|-------------------|-------------------------------|-------------------|------------------------|-----------------|-----------------------|
| Net sales | 6,991 | 8,063 | 9,000 | 9,984 | 984 | 10.9% | 23.8% |
| Cost of sales | 2,576 | 3,282 | 3,900 | 4,590 | 690 | 17.7% | 39.8% |
| Gross profit | 4,414 | 4,781 | 5,100 | 5,393 | 293 | 5.8% | 12.8% |
| % to sales | 63.1% | 59.3% | 56.7% | 54.0% | (2.6pt) | — | — |
| SG&A expenses | 3,837 | 4,022 | 4,200 | 4,456 | 256 | 6.1% | 10.8% |
| % to sales | 54.9% | 49.9% | 46.7% | 44.6% | (2.0pt) | — | — |
| Operating profit | 576 | 758 | 800 | 937 | 137 | 17.1% | 23.6% |
| % to sales | 8.2% | 9.4% | 8.9% | 9.4% | 0.5pt | — | — |

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)

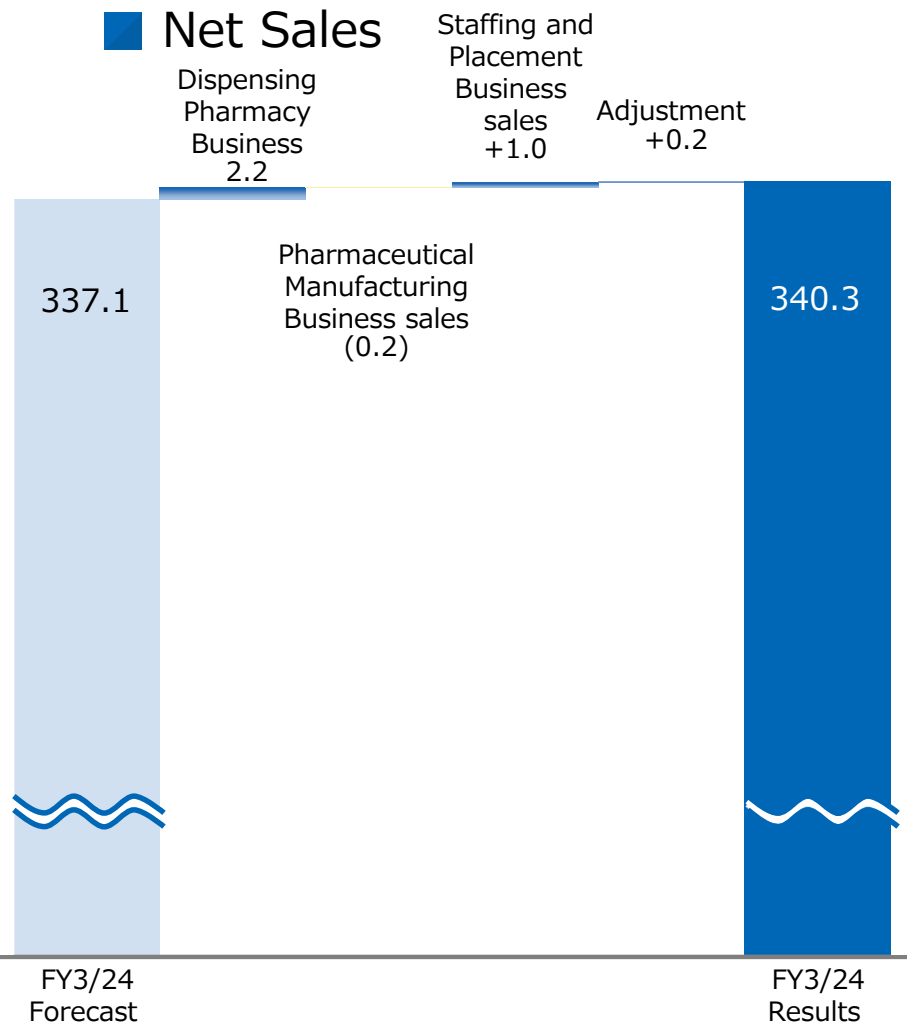


Reference Materials

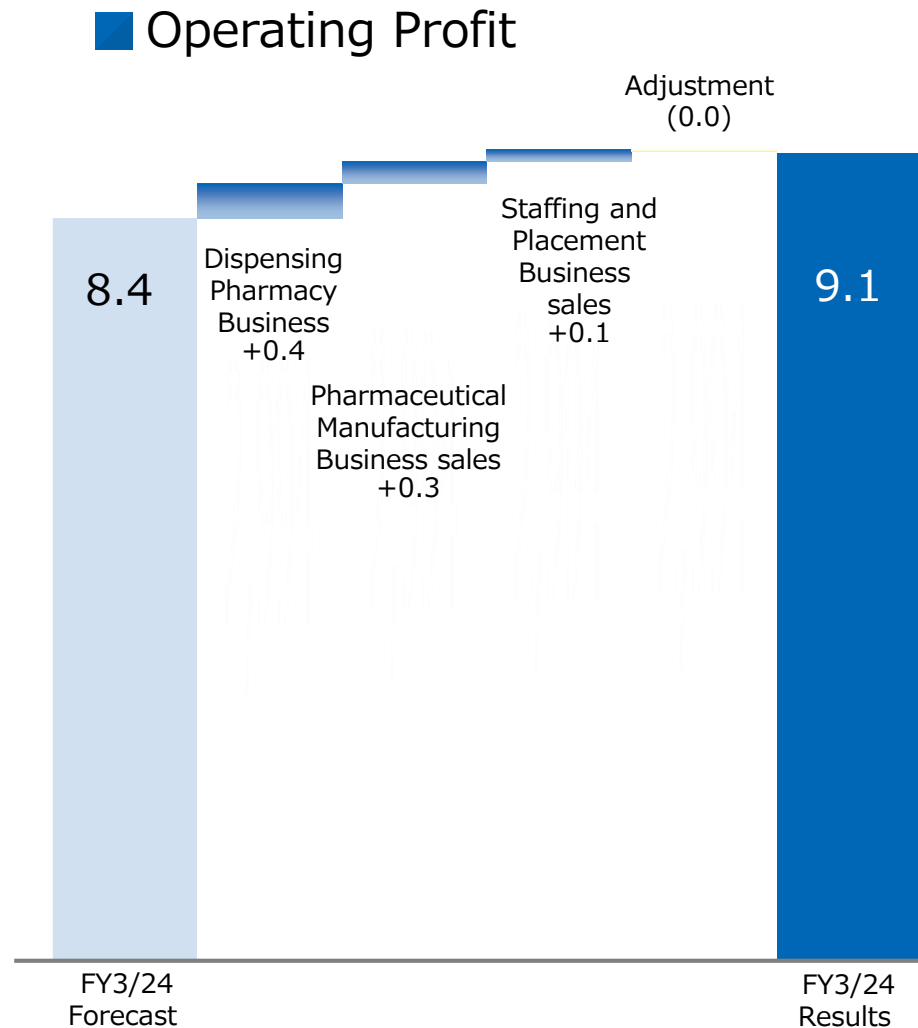
Consolidated Results: Major Components of Changes vs. Forecast (Net Sales / Operating Profit)

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

Net Sales



Operating Profit



FY3/25 Consolidated Forecast

Forecast higher sales but lower profit due to an anticipated increase in personnel expenses and DX investments in dispensing systems in the Dispensing Pharmacy Business.

| (Millions of yen) | FY3/22 Results | FY3/23 Results | FY3/24 Results | FY3/25 Forecast | YoY change | YoY growth rate |
|------------------------------------------------|-------------------|-------------------|-------------------|--------------------|------------|-----------------|
| Net sales | 299,392 | 313,318 | 340,310 | 373,800 | 33,489 | 9.8% |
| Cost of sales | 246,969 | 259,674 | 283,073 | 314,400 | 31,326 | 11.1% |
| Gross profit | 52,422 | 53,643 | 57,236 | 59,300 | 2,063 | 3.6% |
| % to sales | 17.5% | 17.1% | 16.8% | 15.9% | (1.0pt) | – |
| SG&A expenses | 45,833 | 46,057 | 48,093 | 52,900 | 4,806 | 10.0% |
| % to sales | 15.3% | 14.7% | 14.1% | 14.2% | 0.0pt | – |
| Consumption taxes | 19,437 | 20,219 | 22,292 | 25,400 | 3,107 | 13.9% |
| R&D expenses | 3,411 | 3,065 | 2,765 | 3,100 | 334 | 12.1% |
| Operating profit | 6,589 | 7,586 | 9,142 | 6,400 | (2,742) | (30.0%) |
| % to sales | 2.2% | 2.4% | 2.7% | 1.7% | (1.0pt) | – |
| Ordinary profit | 6,767 | 7,682 | 9,439 | 6,500 | (2,939) | (31.1%) |
| % to sales | 2.3% | 2.5% | 2.8% | 1.7% | (1.0pt) | – |
| Profit attributable to owners of parent | 3,705 | 4,458 | 2,553 | 3,700 | 1,146 | 44.9% |
| % to sales | 1.2% | 1.4% | 0.8% | 1.0% | 0.2pt | – |
| Net income per share (Yen) <small>Note</small> | 123.56 | 148.92 | 85.35 | 123.67 | 38.32 | 44.9% |
| EBITDA | 14,974 | 16,337 | 18,251 | 16,500 | (1,751) | (9.6%) |
| 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 FY3/25 Forecast

■ YoY change in consolidated operating profit: -2.7 billion yen

<Breakdown>

■ Dispensing Pharmacy Business: -2.3 billion yen

- Consumption tax, depreciation expenses, and maintenance fees associated with the operation of the new dispensing system: 1.3 billion yen
- Personnel expenses due to salary increases, etc. 1.3 billion yen:
(base salary increase of 0.9 billion yen , and transition to the new HR system of 0.3 billion yen)

■ corporate expenses: -1.3 billion yen

- Costs related to the relocation of the head office: 0.6 billion yen
- Training expenses for the promotion of human capital management: 0.2 billion yen

FY3/25 Business Segment Forecast

| | (Millions of yen) | FY3/22 Results | FY3/23 Results | FY3/24 Results | 25/3 Plan | YoY change | YoY growth rate |
|-----------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|----------------|------------|--------------------|
| Dispensing pharmacy business | Net sales | 265,624 | 280,164 | 302,805 | 330,300 | 27,494 | 9.1% |
| | Gross profit | 42,786 | 45,041 | 46,993 | 47,000 | 6 | 0.0% |
| | % to sales | 16.1% | 16.1% | 15.5% | 14.2% | (1.3pt) | — |
| | Operating profit | 13,009 | 14,666 | 15,189 | 12,800 | (2,389) | (15.7%) |
| | % to sales | 4.9% | 5.2% | 5.0% | 3.9% | (1.1pt) | — |
| | EBITDA | 17,329 | 19,314 | 19,828 | 18,400 | (1,428) | (7.2%) |
| Pharmaceutical manufacturing and sales business | Net sales | 44,836 | 38,575 | 40,446 | 46,100 | 5,653 | 14.0% |
| | Gross profit | 5,200 | 3,745 | 4,941 | 6,500 | 1,558 | 31.5% |
| | % to sales | 11.6% | 9.7% | 12.2% | 14.1% | 1.9pt | — |
| | Operating profit | (53) | (1,392) | 250 | 1,100 | 849 | 339.7% |
| | % to sales | — | — | 0.6% | 2.4% | 1.8pt | — |
| | EBITDA | 3,523 | 2,130 | 3,773 | 4,600 | 826 | 21.9% |
| Medical professional staffing and placement business | Net sales | 6,991 | 8,063 | 9,984 | 10,700 | 715 | 7.2% |
| | Gross profit | 4,414 | 4,781 | 5,393 | 5,700 | 306 | 5.7% |
| | % to sales | 63.1% | 59.3% | 54.0% | 53.3% | (0.7pt) | — |
| | Operating profit | 576 | 758 | 937 | 900 | (37) | (4.0%) |
| | % to sales | 8.2% | 9.4% | 9.4% | 8.4% | (1.0pt) | — |
| | EBITDA | 693 | 936 | 1,103 | 1,100 | (3) | (0.3%) |

FY3/25 Consolidated and Business Segment Forecast by Quarter

| (Millions of yen) | | 1Q | 2Q | 3Q | 4Q |
|-------------------------------------------------------------|----------------------|--------|--------|--------|--------|
| Consolidated | Net sales | 90,500 | 93,200 | 97,600 | 92,400 |
| | Gross profit | 13,900 | 14,600 | 16,100 | 14,500 |
| | % to sales | 15.4% | 15.7% | 16.5% | 15.7% |
| | Operating profit | 500 | 1,700 | 2,200 | 1,800 |
| | % to sales | 0.6% | 1.8% | 2.3% | 1.9% |
| Dispensing pharmacy business | Net sales | 79,700 | 82,600 | 86,100 | 81,700 |
| | Gross profit | 10,500 | 11,700 | 12,900 | 11,600 |
| | % to sales | 13.2% | 14.2% | 15.0% | 14.2% |
| | Operating profit | 1,900 | 3,700 | 3,600 | 3,500 |
| | % to sales | 2.4% | 4.5% | 4.2% | 4.3% |
| | Number of pharmacies | 742 | 746 | 752 | 765 |
| Pharmaceutical manufacturing and sales business | Net sales | 11,600 | 11,300 | 12,100 | 10,900 |
| | Gross profit | 1,600 | 1,500 | 1,800 | 1,400 |
| | % to sales | 13.8% | 13.3% | 14.9% | 12.8% |
| | Operating profit | 300 | 0 | 500 | 100 |
| | % to sales | 2.6% | 0.0% | 4.1% | 0.9% |
| Medical professional staffing and placement business | Net sales | 2,800 | 2,400 | 2,600 | 2,700 |
| | Gross profit | 1,700 | 1,300 | 1,200 | 1,400 |
| | % to sales | 60.7% | 54.2% | 46.2% | 51.9% |
| | Operating profit | 500 | 100 | 0 | 200 |
| | % to sales | 17.9% | 4.2% | 0.0% | 7.4% |

2

Growth strategy



Consolidated Results

- Scheduled date of release of the new long-term vision and future direction of discussions
- Outline of the new HR system and the Group's desired direction

Dispensing Pharmacy Business

- Store opening strategy
- Open Pharmacies with Various Functions

Pharmaceutical Manufacturing and Sales Business

- Expand the Pharmaceutical Manufacturing and Sales Business
- Improvement of product portfolio

Medical Professional Staffing and Placement Business

- Expand the Medical Professional Staffing and Placement Business
Improve brand recognition and expand market share of pharmacist staffing business
Expand business in the healthcare domain to meet corporate health management needs



Scheduled date of release of the new long-term vision

Plan to release the new long-term vision in September–November 2024



Note: The timing of release may change due to the establishment status.

Future direction of discussions

New growth strategies adapting to industry changes

- Overhauled the long-term vision with a bottom-up approach
- Will continue examining and reviewing the details of the vision centered on priority items

| Priority items | | |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Re-evaluating the business environment <ul style="list-style-type: none"> • Differentiating from drug stores | Analysis of risks and opportunities <ul style="list-style-type: none"> • Capturing new growth opportunities | Realization of our ideal vision <ul style="list-style-type: none"> • Instilling the Group's desired direction |
| Talent strategy <ul style="list-style-type: none"> • Expanding pharmacists' expertise and roles | Customer strategy <ul style="list-style-type: none"> • Becoming the chosen brand | Financial strategy <ul style="list-style-type: none"> • Enhancing financial health and shareholder returns |
| New HR system <ul style="list-style-type: none"> • Systems based on job functions and responsibilities | Business portfolio strategy <ul style="list-style-type: none"> • Promoting ROIC-focused management | Corporate governance <ul style="list-style-type: none"> • Strengthening management oversight functions |

Outline of the new HR system and the Group's desired direction

- In April 2024, Nihon Chouzai introduced a new HR system aimed at developing personnel who embody the Group's mission "To give people the closest possible support" and contribute to society through the provision of high-quality healthcare services.
- Established the "Desired Human Resources" model to serve as a guideline for Nihon Chouzai's employees

Desired Human Resources

Individuals with integrity and strong leadership who, as trusted professionals with a high level of expertise, embrace change and tackle challenges. By synergizing diverse strengths, they achieve significant long-term results, contributing to the resolution of social issues, primarily in the healthcare sector.

Three pillars of the new HR system

Grading system

Support employee growth and career development by introducing a grading system that assigns two types of grades to each employee: "professional qualification grade," which emphasizes experience and capabilities, and "position grade" determined by the scale of one's responsibilities

Evaluation system

Promote interactive dialogue between superiors and subordinates and foster a sense of satisfaction among employees by adopting an evaluation system that uses two types of criteria: "behavioral evaluation" based on the Group's philosophy and "Desired Human Resources," and "performance evaluation" based on the degree of achievement of organizational goals

Compensation system

Establish a clear compensation system that reflects the scale of responsibilities, capabilities, and performance results of employees

Note: The new system only applies to the Dispensing Pharmacy Business.

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

| | FY3/18 | FY3/19 | FY3/20 | FY3/21 | FY3/22 | FY3/23 | FY3/24 |
|----------------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Opened | 36 | 32 | 65* | 29 | 40 | 38 | 36 |
| Organic growth (percentage) | 23 (63.9%) | 26 (81.2%) | 35 (53.8%) | 22 (75.9%) | 34 (85.0%) | 30 (78.9%) | 25 (69.4%) |
| M&A | 13 | 6 | 30 | 7 | 6 | 8 | 11 |
| Closed | 8 | 19 | 13 | 9 | 13 | 17 | 18 |
| No. of pharmacies at the end of period | 585 | 598 | 650 | 670 | 697 | 718 | 736 |

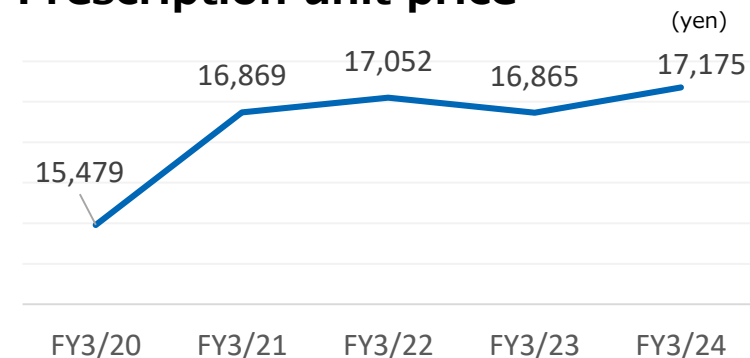
Note: Including one location that was converted from a store specializing in the sale of general merchandise to a pharmacy

FY3/24 Results

| (YoY growth rate) | Prescription drug sales | No. of prescriptions | Prescription unit prices |
|-----------------------------|-------------------------|----------------------|--------------------------|
| Existing pharmacies | 6.4% | 3.8% | 2.5% |
| Pharmacies opened in FY3/22 | 121.1% | 71.0% | 29.3% |
| Total | 8.7% | 6.7% | 1.8% |

No. of prescriptions 17,353,000 Prescription unit price 17,175yen

Prescription unit price



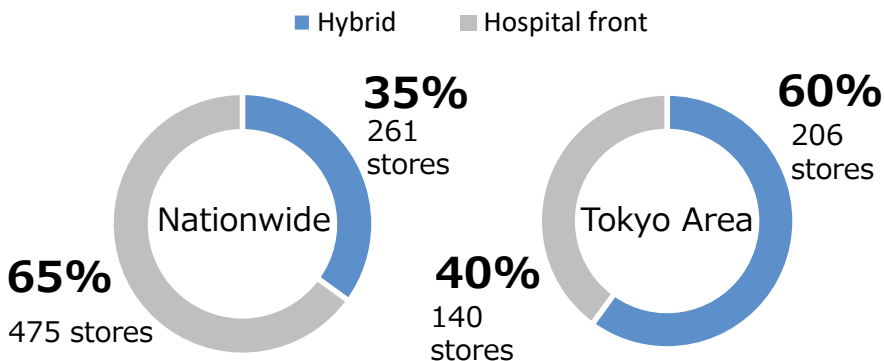
Pharmacy Network ②

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

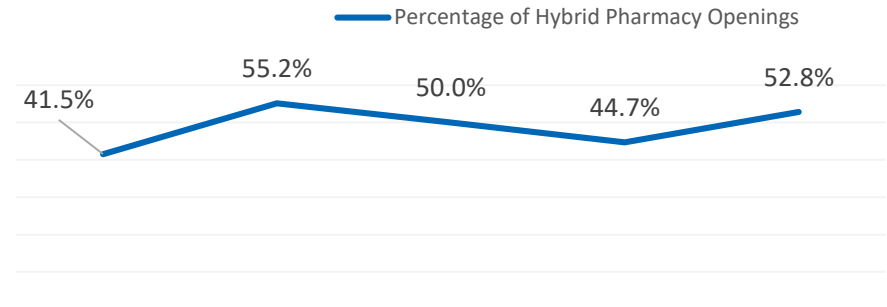
| Pharmacy Openings | | | | | |
|----------------------------------------|--------------------|--------|--------|--------|--------|
| | FY3/20 | FY3/21 | FY3/22 | FY3/23 | FY3/24 |
| Opened | 65 ^{note} | 29 | 40 | 38 | 36 |
| Hospital-front pharmacies | 38 | 13 | 20 | 17 | 17 |
| Hybrid pharmacies | 27 | 16 | 20 | 21 | 19 |
| Closed | 13 | 9 | 13 | 17 | 18 |
| No. of pharmacies at the end of period | 650 | 670 | 697 | 718 | 736 |

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

Ratio of Pharmacies



Percentage of Pharmacy Openings



| Region | FY3/20 | FY3/21 | FY3/22 | FY3/23 | FY3/24 |
|--------------|-----------------------------|-----------------------------|---------------|--------|--------|
| | Pharmacy openings in FY3/24 | No. of pharmacies at FY3/24 | Percentage | | |
| Kanto | 16 | 381 | 51.8% | | |
| Kansai | 3 | 83 | 11.3% | | |
| Other | 17 | 272 | 37.0% | | |
| Total | 36 | 736 | 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

56 /191 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

537 /4,283 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

207 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

※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.

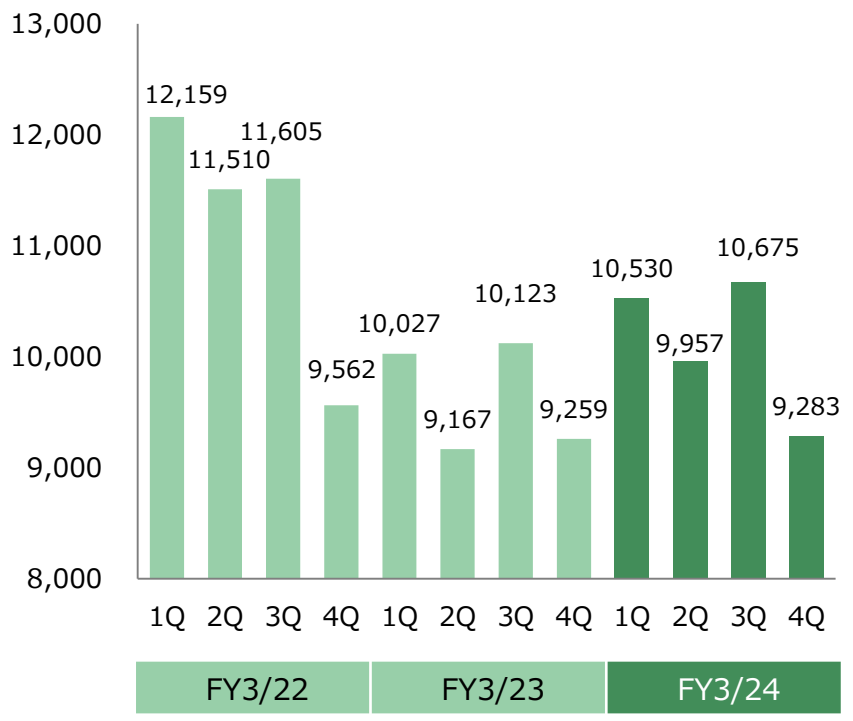
Growth of the Pharmaceutical Manufacturing and Sales Business

Net sales were up mainly due to strong sales of existing products and newly added to the NHI drug price list form in June and December 2023. External sales also increased due to strengthened sales activities.

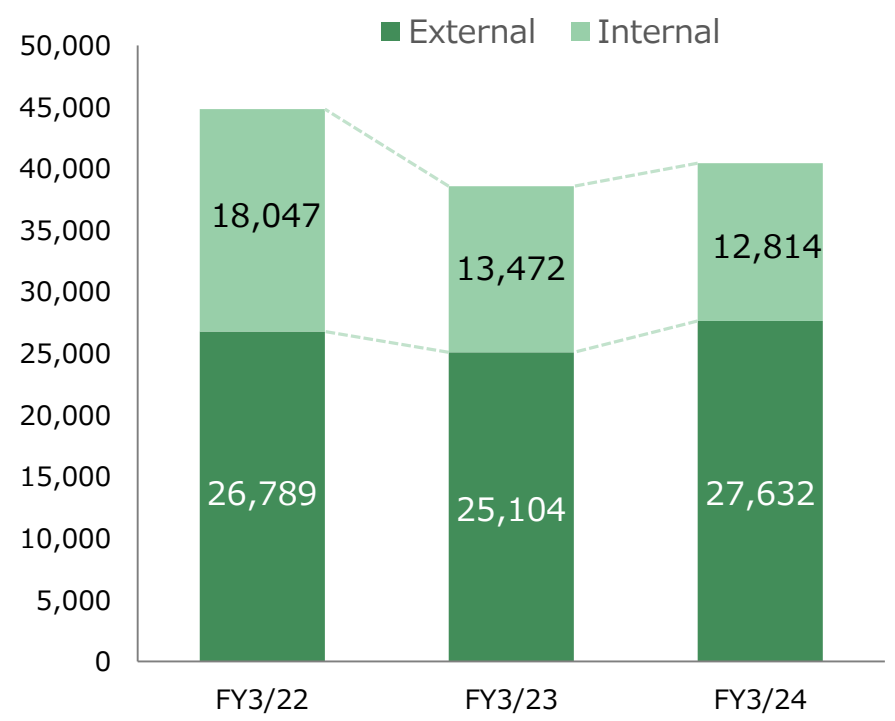
Net sales and their breakdown

Quarterly Sales (millions of yen)

12 items on sale 3 items on sale 5 items on sale 3 items on sale 4 items on sale 2 items on sale 1 items on sale

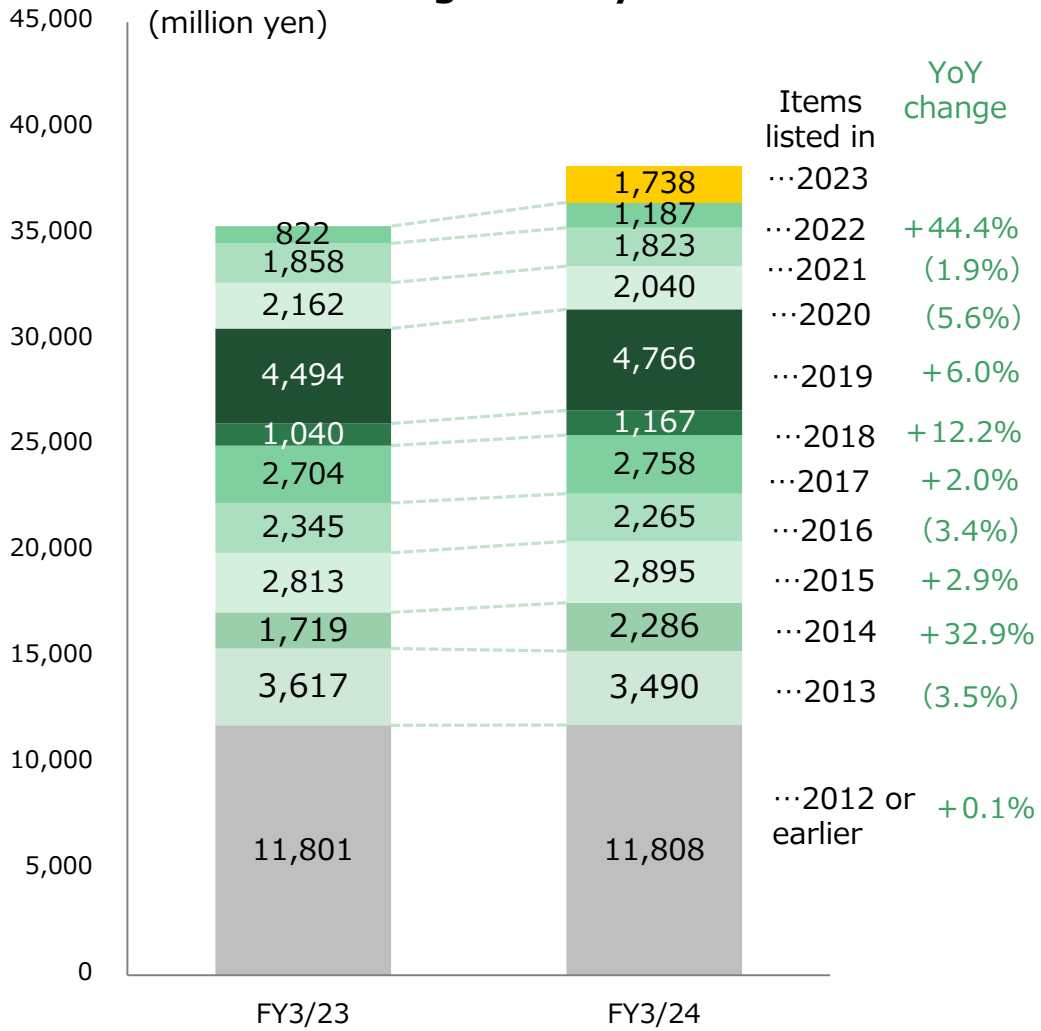


Internal/External sales (Millions of yen)



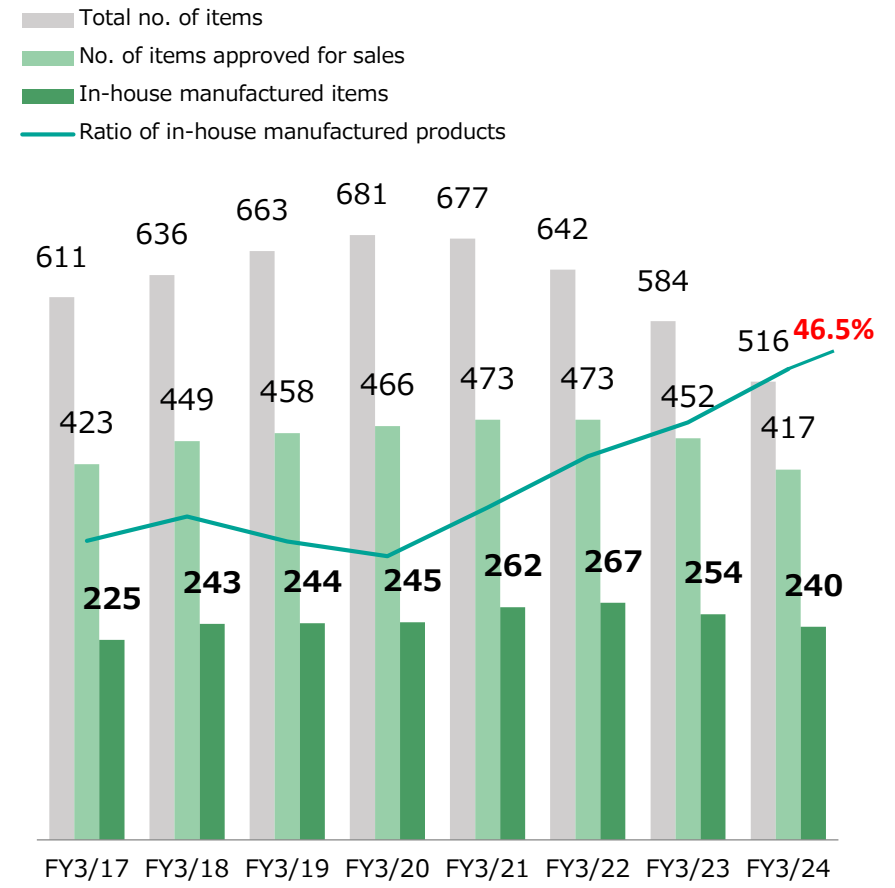
Item Portfolio Status

NHI Listed Drug Sales by Year Listed



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.

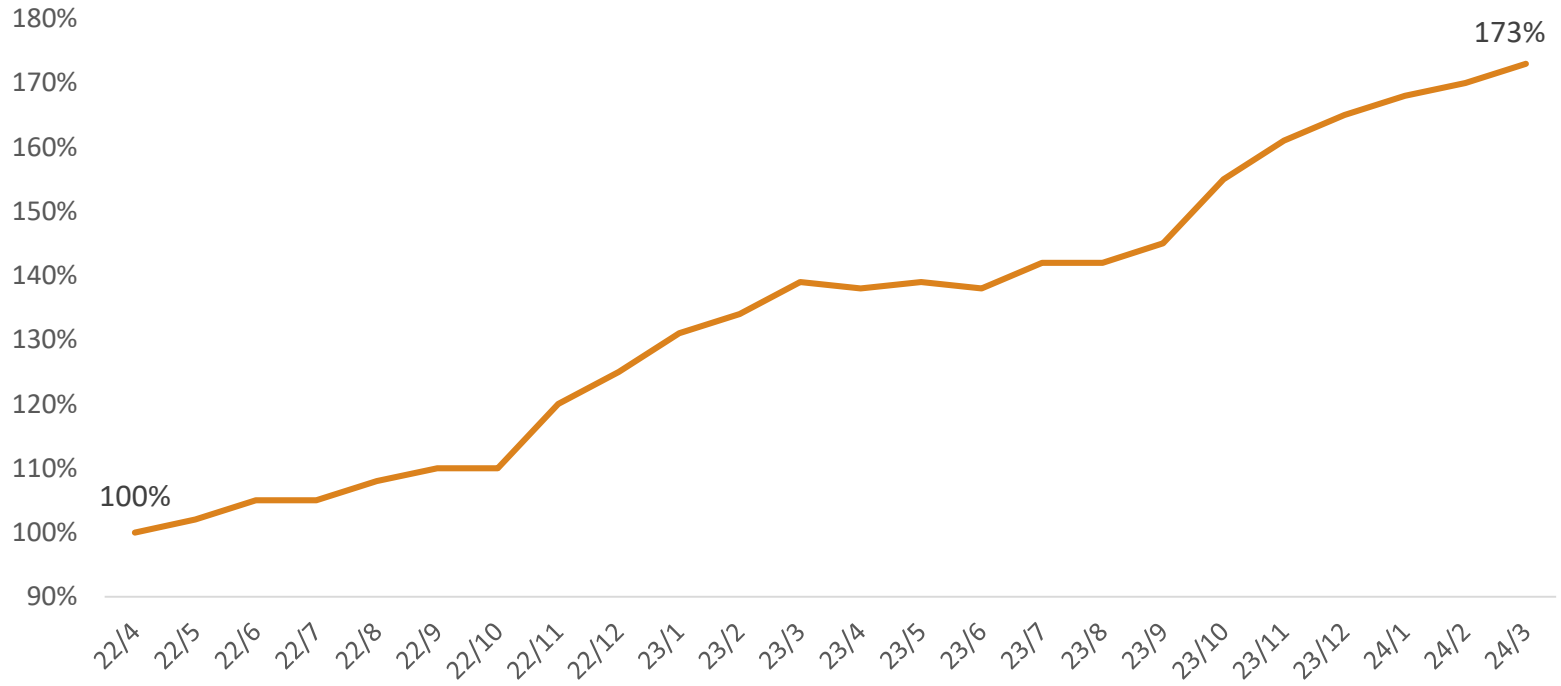


Growth of the Medical Professional Staffing and Placement Business

The number of pediatric and otolaryngology patients, which had been on a downtrend, rebounded, prompted by the downgrading of COVID-19 to a Class 5 infectious disease.

This resulted in a recovery in pharmacist staffing demand, contributing to higher sales and profit.

Pharmacist staffing business grew more than expected

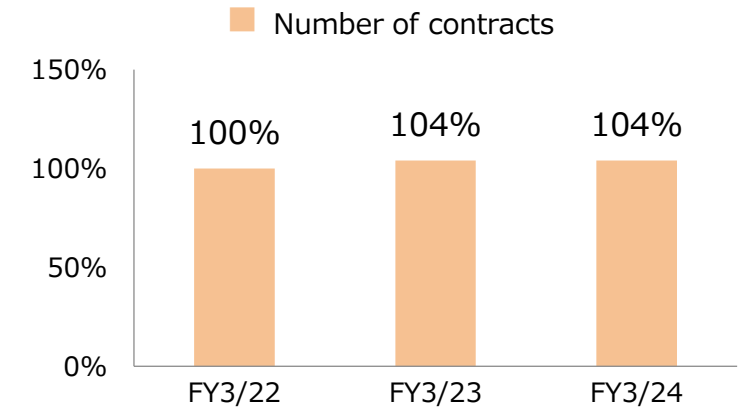
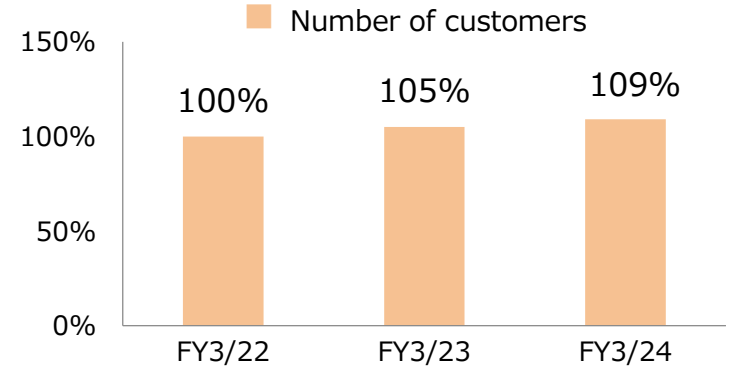
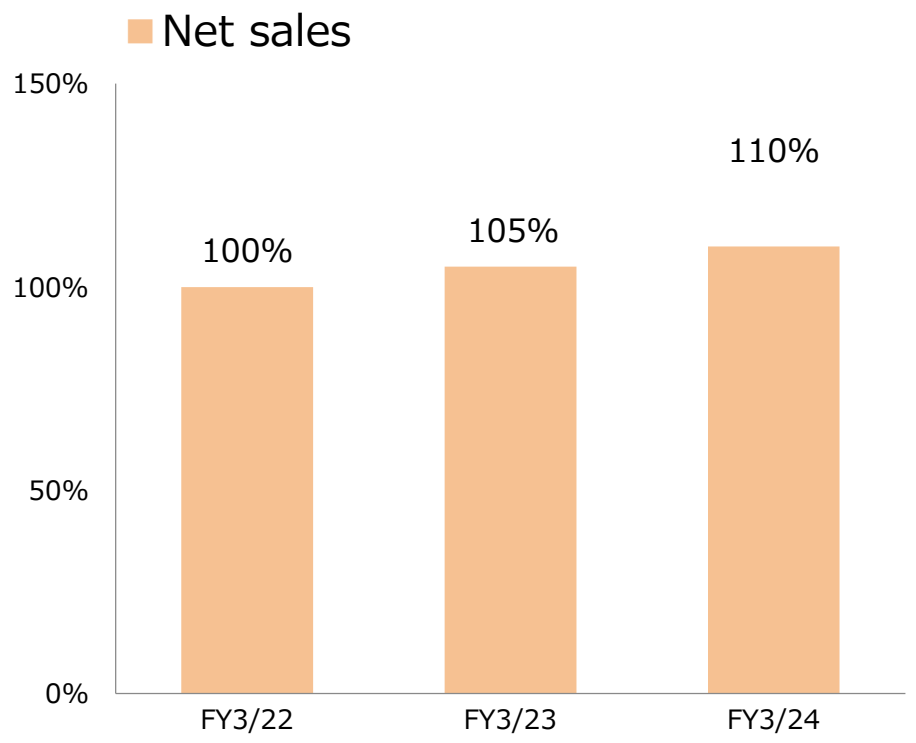


The number of pharmacist staffs as a percentage of April 2022

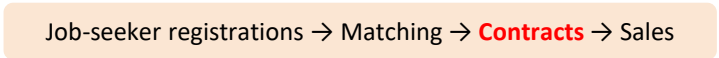
Growth of the Medical Professional Staffing and Placement Business

In the pharmacist staffing business, the market for staffing pharmacists, mainly in small and medium-sized pharmacies, remained firm and secured positive YoY growth. The placement business also secured an YoY increase in sales due to a favorable turnaround in the external environment.

Growth of the pharmacist placement business



FY3/22 Net sales, customers and contracts = 100%



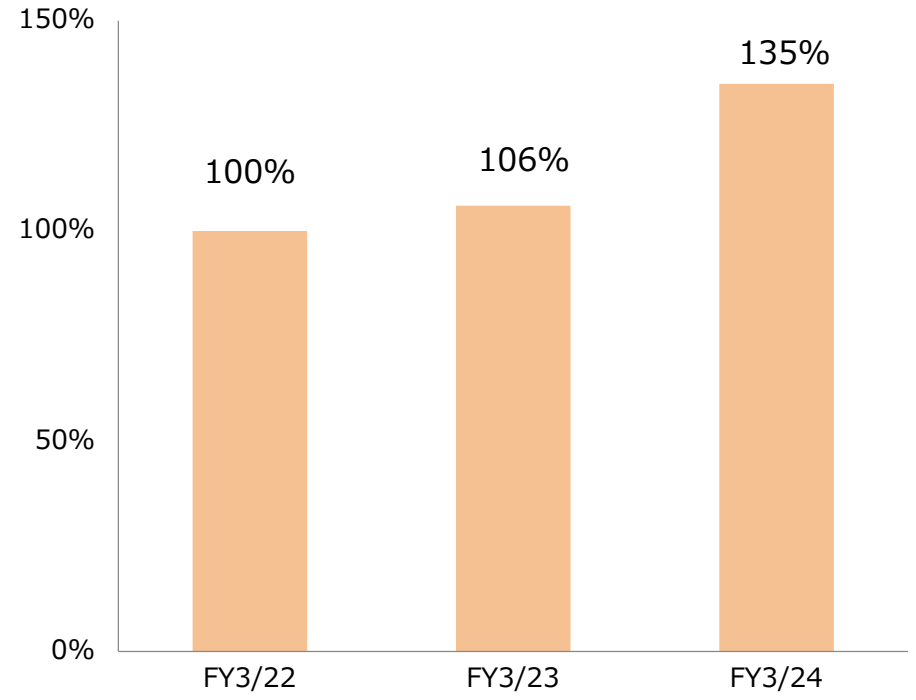
Growth of the Medical Professional Staffing and Placement Business

Results in the physician placement business were robust, thanks to steady demand for full- and part-time physicians as well as firm one-time demand, despite a sharp decline in COVID-19 vaccination-related operations.

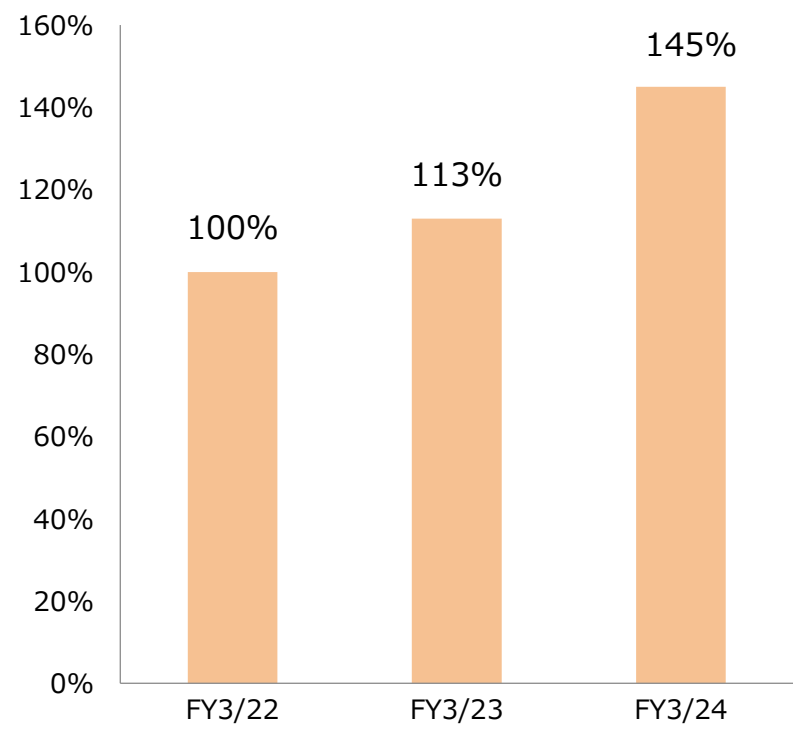
Expansion of the physician business

Net sales

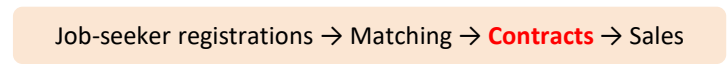
(excludes sales related to COVID-19 vaccination programs)



Number of customers



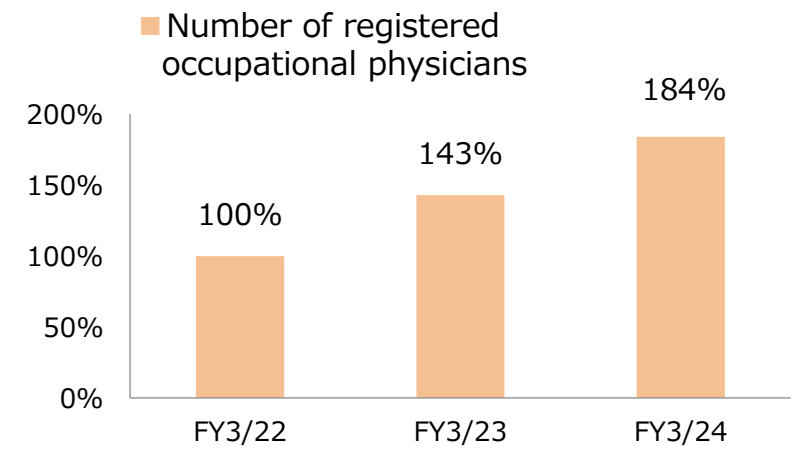
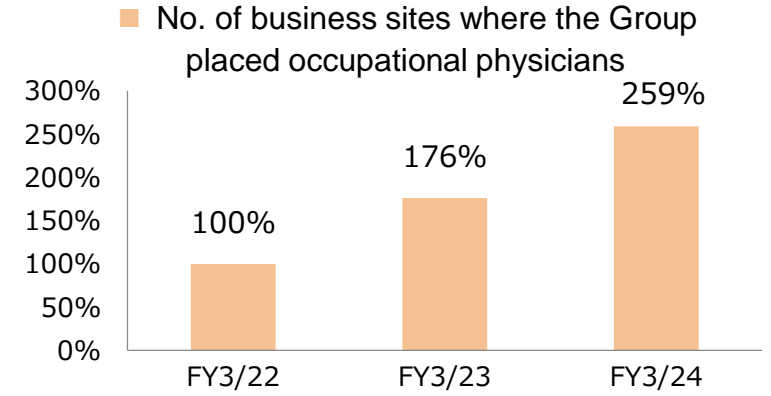
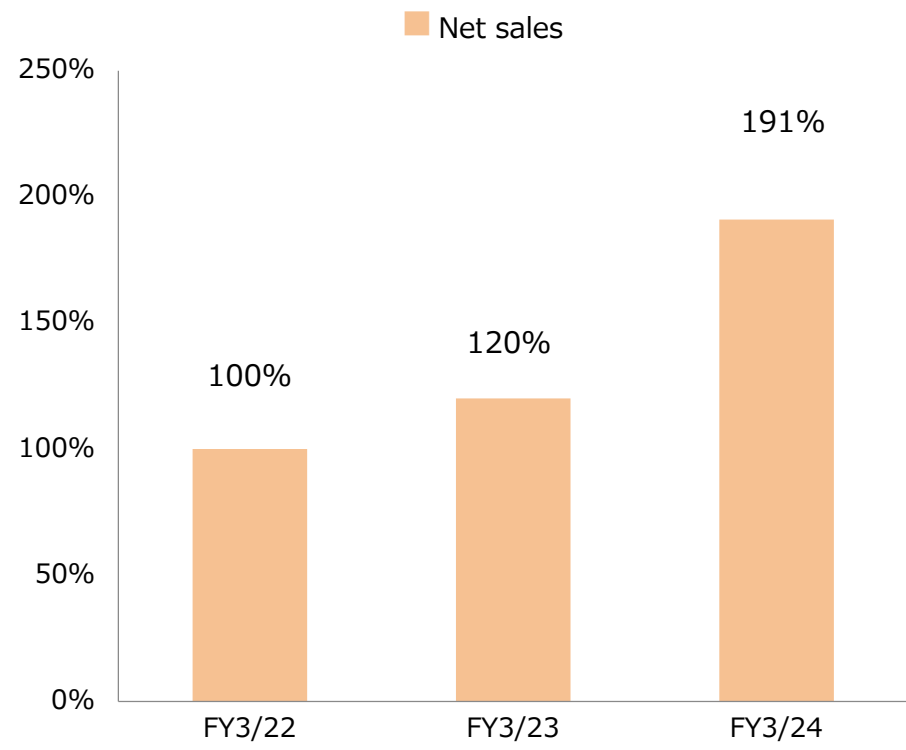
FY3/22 Net sales, customers = 100%



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



FY3/22 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.

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