

November 7, 2019

**Results of Operations for the
First Half of the Fiscal Year Ending
March 31, 2020
(April 1, 2019 to September 30, 2019)**



NIHON CHOUZAI Co.,Ltd.

(Tokyo Stock Exchange, First Section / Stock code: 3341)

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I. Consolidated Financial Highlights

Consolidated Statement of Income

Balanced growth and improvement in earnings continued as sales and earnings were higher than one year earlier in all business segments. Excluding hepatitis C drugs, first half sales increased 11.4%. Operating profit increased more than 150% and both sales and operating profit surpassed the first half plan.

(Millions of yen)	1H FY3/18 Results	1H FY3/19 Results	1H FY3/20 Plan	1H FY3/20 Results	YoY change	YoY growth rate	Vs. plan
Net sales	118,149	118,694	129,872	130,297	11,603	+9.8%	+0.3%
Cost of sales	96,648	99,267	108,384	107,858	8,591	+8.7%	-0.5%
Gross profit	21,500	19,427	21,488	22,439	3,011	+15.5%	+4.4%
% to sales	18.2%	16.4%	16.5%	17.2%	-	-	-
SG&A expenses	16,611	17,880	18,625	18,373	492	+2.8%	-1.4%
% to sales	14.1%	15.1%	14.3%	14.1%	-	-	-
Consumption taxes	6,096	6,499	5,837	6,890	391	+6.0%	+18.0%
R&D expenses	1,575	1,289	1,779	1,372	83	+6.5%	-22.9%
Operating profit	4,888	1,547	2,862	4,066	2,518	+162.8%	+42.0%
% to sales	4.1%	1.3%	2.2%	3.1%	-	-	-
Ordinary profit	4,635	1,265	2,789	4,001	2,735	+216.2%	+43.5%
% to sales	3.9%	1.1%	2.1%	3.1%	-	-	-
Profit attributable to owners of parent	2,805	744	1,444	2,094	1,349	+181.2%	+45.0%
% to sales	2.4%	0.6%	1.1%	1.6%	-	-	-
Net income per share (Yen)	175.42	46.77	96.35	139.71	92.94	+198.7%	+45.0%

Consolidated Balance Sheet

Following the peak of capital expenditures in the pharmaceutical manufacturing and sales business, long-term borrowings have decreased and the equity ratio increased to 23.9%. Sales of non-current assets reduced non-current assets by about 800 million yen. Due to the more efficient use of assets, total assets were basically unchanged despite the growth of sales.

(Millions of yen)	End of Sep. 2018 (1H FY3/19)	End of Mar. 2019 (FY3/19)	End of Sep. 2019 (1H FY3/20)	Change from the end of FY3/19	Change from the end of FY3/19 (%)
Current assets	79,717	80,132	81,586	1,454	+1.8%
Non-current assets	103,572	98,545	97,748	(797)	-0.8%
Property, plant and equipment	73,538	69,806	69,212	(593)	-0.9%
Intangible assets	18,155	16,906	16,669	(236)	-1.4%
Investments and other assets	11,879	11,833	11,865	32	+0.3%
Total assets	183,289	178,677	179,334	656	+0.4%
Current liabilities	73,798	69,100	67,680	(1,419)	-2.1%
Non-current liabilities	68,710	68,504	68,849	345	+0.5%
Total liabilities	142,508	137,604	136,530	(1,074)	-0.8%
Total net assets	40,781	41,073	42,804	1,731	+4.2%
Shareholders' equity	40,780	41,068	42,799	1,730	+4.2%
Equity ratio	22.2%	23.0%	23.9%	-	-

Interest-bearing debts **decreased about 6.5 billion yen** from the end of FY3/19

Consolidated Statement of Cash Flows

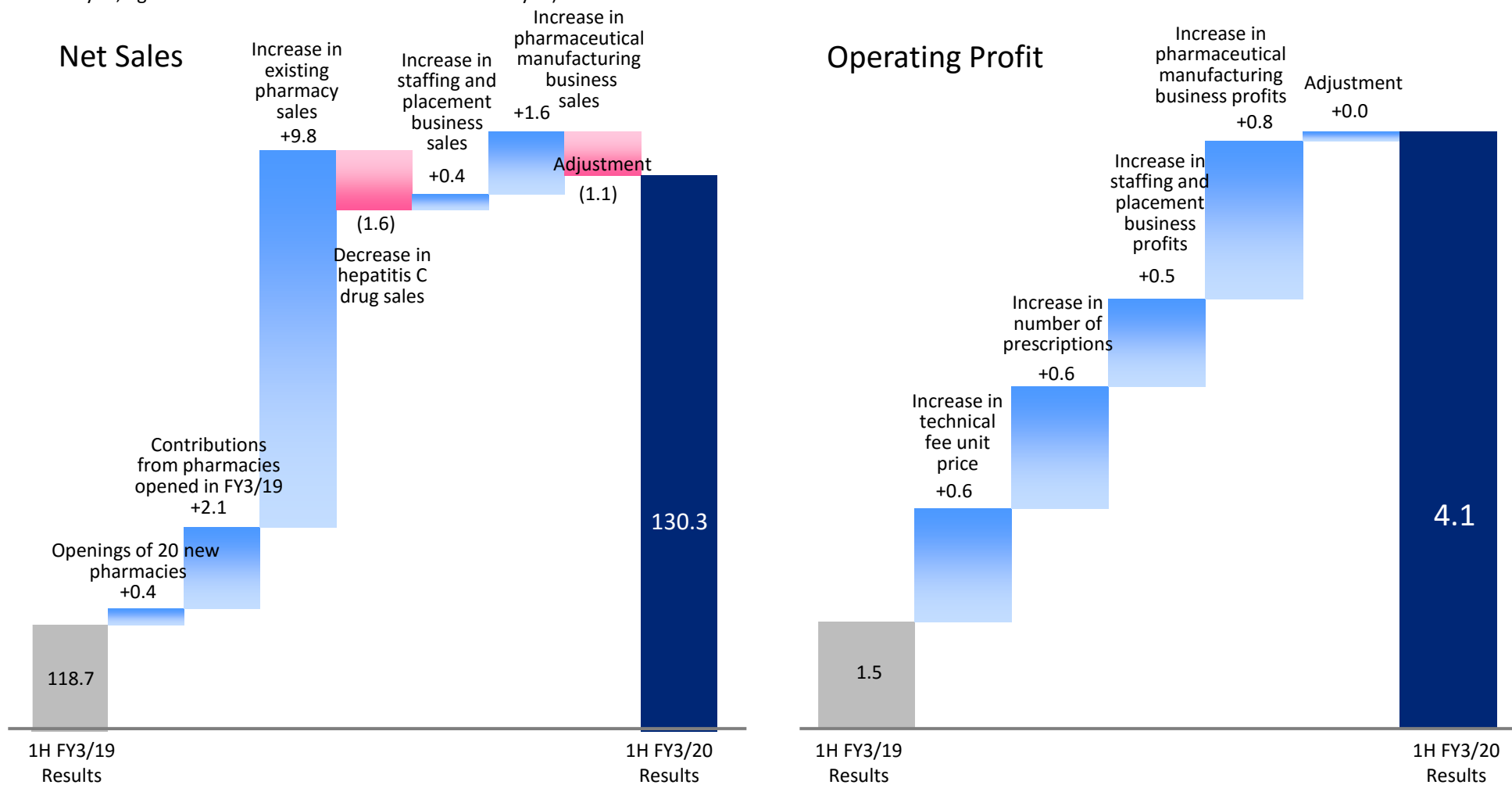
Operating cash flows were about 5.9 billion yen higher mainly because of an increase in profit before income taxes and a smaller increase in inventories. Investing cash flows were unchanged because capital expenditures in the pharmaceutical manufacturing and sales business peaked in the previous fiscal year. As a result, free cash flows increased from about 0.4 billion yen to 6.3 billion yen. Financing cash flows were again negative (6.9 billion yen)

(Millions of yen)	1H FY3/18	1H FY3/19	1H FY3/20	YoY change
Cash flows from operating activities	11,367	3,936	9,866	5,929
Profit before income taxes	4,885	1,417	3,745	2,328
Depreciation	2,463	2,968	3,036	67
Amortization of goodwill	646	718	730	12
Decrease (increase) in trade receivables	387	2,187	342	(1,845)
Decrease (increase) in inventories	(2,697)	(5,994)	(2,281)	3,713
Increase (decrease) in trade payables	4,517	4,774	5,889	1,115
Cash flows from investing activities	(5,299)	(3,535)	(3,506)	28
Purchase of property, plant and equipment	(4,527)	(3,074)	(2,797)	276
Payments for acquisition of business	(126)	(314)	(603)	(289)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(948)	(761)	-	761
Cash flows from financing activities	(1,024)	(5,550)	(6,944)	(1,393)
Net increase (decrease) in cash and cash equivalents	5,044	(5,149)	(584)	4,565
Cash and cash equivalents at beginning of period	21,200	28,464	29,749	1,284
Cash and cash equivalents at end of period	26,244	23,315	29,165	5,850

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

Consolidated sales increased despite the decline in hepatitis C drug pharmacy sales. Sales were higher primarily at existing pharmacies as well as at new pharmacies and stores opened in the previous fiscal year. Sales also increased in the pharmaceutical manufacturing and sales business and the medical professional staffing and placement business. Operating profit increased in all business segments because of sales growth and measures to hold down expenses.

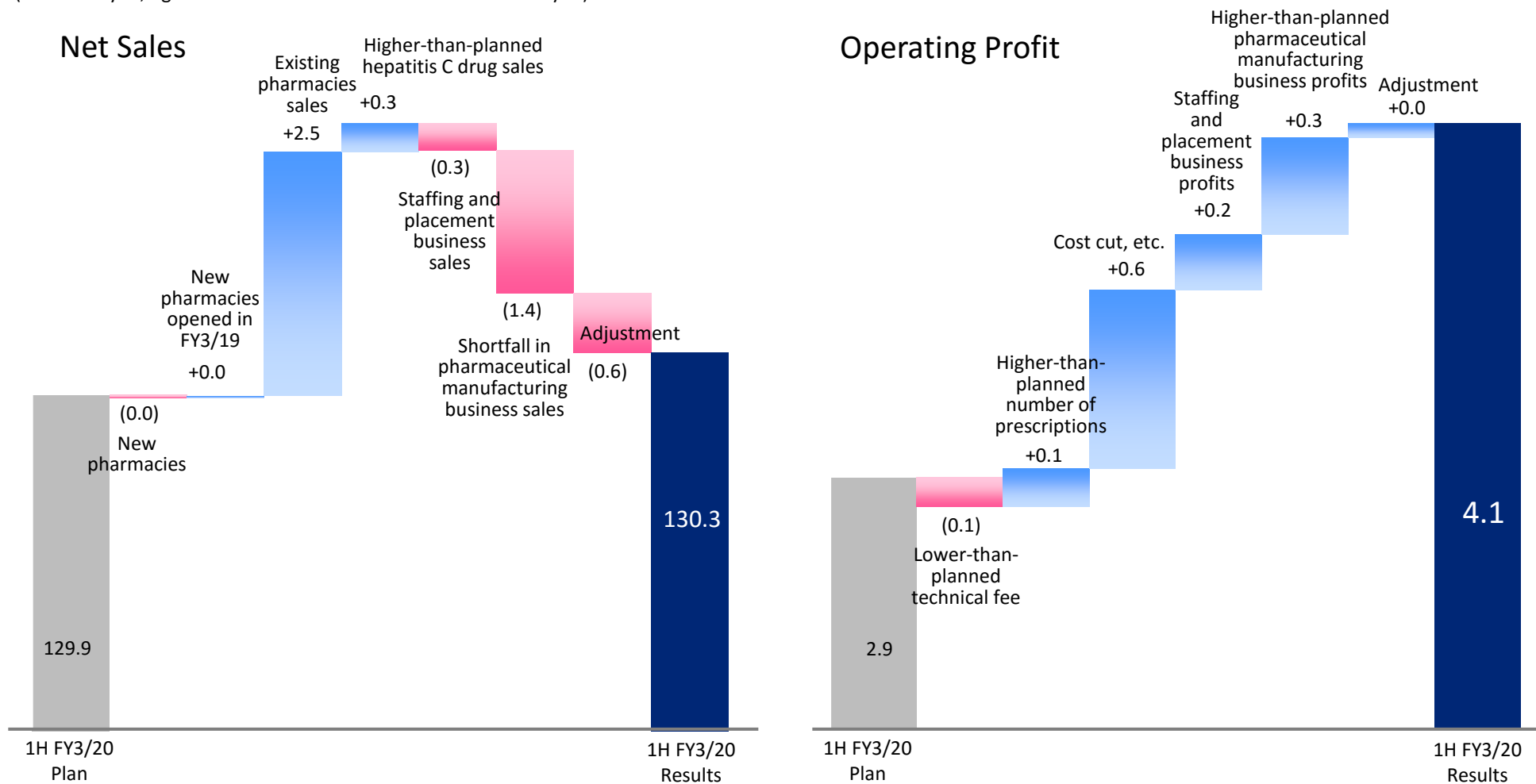
(Billions of yen; figures are rounded to the nearest 100 million yen)



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

Sales were consistent with the plan as higher sales in the dispensing pharmacy business offset a sales shortfall vs. the plan in the pharmaceutical manufacturing and sales and medical professional staffing and placement businesses. Growth in sales at existing pharmacies in the dispensing pharmacy business was a major reason that the first half sales goal was achieved. Operating profit exceeded the plan in all three business segments.

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



II. Business Strategies of Nihon Chouzai

The Strategic Goals of Nihon Chouzai

Goals

More breadth
and depth

More speed

**Responding to industry
realignment**

**Many M&A deals
in order to buy time**

Considering all opportunities!

An extension of the basic policies of prior years

More breadth and depth

Consolidated

Multilayer profit structure

Make manufacturing + staffing/placement 50% of earnings! Offset the decline in pharmacy profitability

Pharmaceutical Manufacturing and Sales Business

Sales growth with emphasis on profitability

A business growth model no competitor can match

Dispensing Pharmacy Business

Commitment to the Vision of Pharmacies for Patients

Higher quality and efficiency of medical services

Medical Professional Staffing and Placement Business

More earnings and growth of physician placement business

A pharmacy opening strategy not affected by national health insurance payment structure (mainly organic growth)

Most new pharmacies in Japan's three major metropolitan areas

More hybrid pharmacies

Expansion of operations of existing pharmacies

Upgrade personnel and training programs

Provide high-quality medical services

Aim for more efficient medical services

Pharmacy Opening Strategy

New pharmacies based on the separation of pharmacy functions

A positive cycle for human resources

Family pharmacists

Electronic medication notebook

At-home medical care

Online assistance for taking medicine

Linked four items in dispensing fees

Increase the use of generic drugs

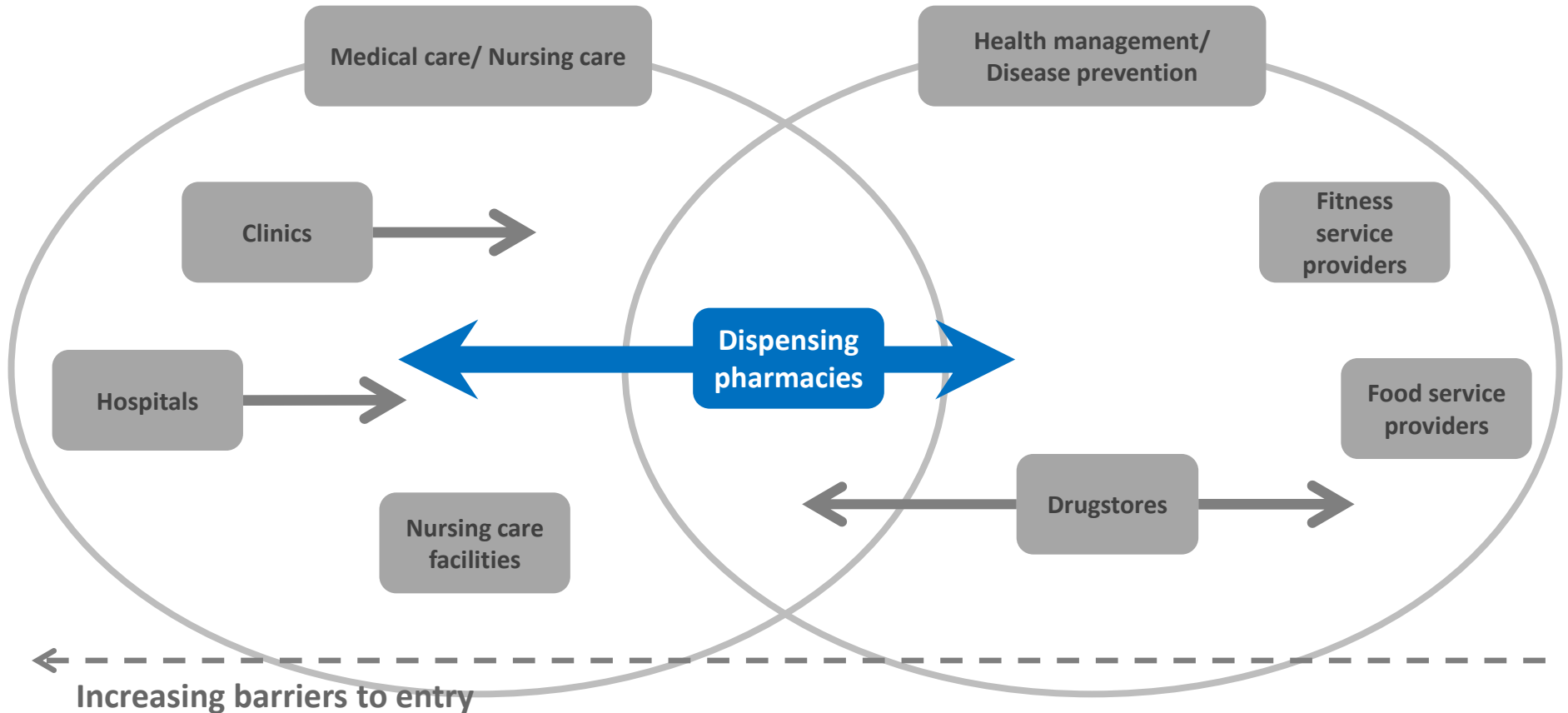
Target for the pharmacy network

Hospital-front pharmacies:
Hybrid pharmacies
50%: 50%

Advance to second stage of this positive cycle!

The Nihon Chouzai Goal for Pharmacies (Positioning)

Make pharmacies a hub for medical care, nursing care, health management and disease prevention



Expanding health care activities to encompass services for disease prevention

Dispensing Pharmacy Business / Statement of Income

Sales reached the plan with an increase of 10.6% and 12.6% growth after excluding hepatitis C drugs.

Earnings were much higher than one year earlier and far above the plan despite higher expenses resulting partly from hiring a record number of newly graduated pharmacists. Increases in the number and unit price of prescriptions were the main reason.

(Millions of yen)	1H FY3/18 Results	1H FY3/19 Results	1H FY3/20 Plan	1H FY3/20 Results	YoY change	YoY growth rate	Vs. plan
Net sales	100,011	101,054	109,021	111,763	10,709	+10.6%	+2.5%
Cost of sales	84,007	86,856	94,039	95,609	8,753	+10.1%	+1.7%
Gross profit	16,003	14,197	14,981	16,153	1,955	+13.8%	+7.8%
% to sales	16.0%	14.0%	13.7%	14.5%	-	-	-
SG&A expenses	10,386	10,999	11,212	11,745	745	+6.8%	+4.8%
% to sales	10.4%	10.9%	10.3%	10.5%	-	-	-
Operating profit	5,617	3,197	3,769	4,408	1,210	+37.8%	+16.9%
% to sales	5.6%	3.2%	3.5%	3.9%	-	-	-
No. of pharmacies at the end of each period (stores) ^{note 1}	569	596	615	611	15	+2.5%	-0.7%
Prescription drug sales per pharmacy ^{note 2}	176	171	179	184	13	+8.0%	+3.1%

Note 1. No. of pharmacies at the end of each period includes locations specializing in the sales of general merchandise.

Note 2. Prescription drug sales per pharmacy = Prescription drug sales / Average No. of pharmacies during the period

Components of YoY Changes

◆ Net sales

1. Growth in number of prescriptions backed by balanced pharmacy openings and measures to improve existing pharmacy performance (higher sales)
2. Increase in unit price of prescriptions due partly to more sales of higher-priced drugs (higher sales)

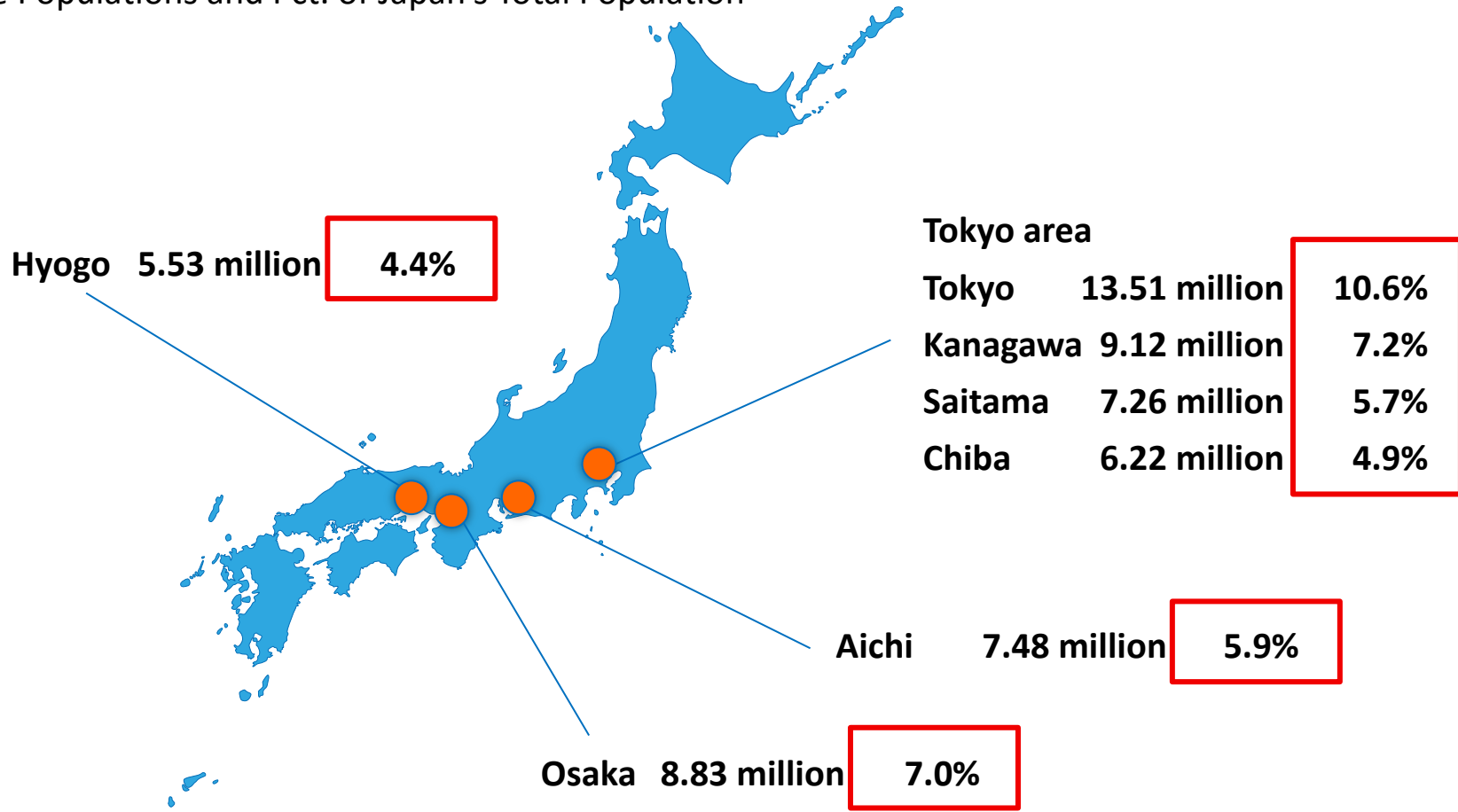
◆ Operating profit

1. Higher sales due to increases in number of prescriptions and unit price of prescriptions (higher profit)
2. Benefits of cost cutting due to the constant reexamination of all categories of expenses (higher profit)

The Business Climate for New Pharmacies (1)

The key to growth is adding pharmacies in the seven prefectures with large populations and slow population declines: Tokyo, Kanagawa, Saitama, Chiba, Osaka, Aichi and Hyogo. Growth will depend on the ability to strengthen capability to open pharmacies in these areas.

Prefecture Populations and Pct. of Japan's Total Population



Source: Prefecture Populations and Pct. of Japan's Total Population, National Census Report 2015, Ministry of Internal Affairs and Communications Statistics Bureau

The Business Climate for New Pharmacies (2)

Dispensing Pharmacy Market	<ul style="list-style-type: none">• Slowing growth involving the separation of prescribing and dispensing drugs• Declining profit margins (small pharmacies, small pharmacy chains)• Increasing gap in pharmacies' capability to hire pharmacists• Increasing competition from drug store companies• Declining number of patients as Japan's population decreases
Climate for new stores	<ul style="list-style-type: none">• Increasing number of opportunities to open pharmacies inside hospital premises, but all categories of expenses at these locations are increasing• Organic growth decreasing as pct. of new pharmacies
Climate for M&A	<p>Sellers Shortage of people to replace retiring business owners, narrowing profit margin on drugs, difficulty of recruiting pharmacists</p> <p>Buyers Reluctance to buy small pharmacy companies due to the reduction in the basic dispensing fee for pharmacy chains and the smaller potential for improving efficiency Interest in M&A is still high due to decreasing opportunities for organic growth, but the cost of acquisitions is increasing</p>

→ A successful M&A growth strategy must incorporate organic growth with proper balance among pharmacy categories as well as emphasis on the size of pharmacies

Pharmacy Opening Strategy / Benefits of Organic Growth

Faster pace of openings than in FY3/19 due to organic growth in areas with large populations. The number of patients is declining in some areas, so store openings will take into account population trends and the plans of hospitals. All M&A opportunities will be considered in order to add more pharmacies.

Pharmacy Openings	FY3/14	FY3/15	FY3/16	FY3/17	FY3/18	FY3/19	End of Sep. 2019	As of Nov. 2019
Opened	37	29	27	42	36	32	20 ^{note}	31
Organic growth	33	28	22	21	23	26	16	25
M&A	4	1	5	21	13	6	4	6
Closed	9	12	11	12	8	19	7	8
No. of pharmacies at the end of each period	494	511	527	557	585	598	611	621

(Including one location specializing in the sales of general merchandise)

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

YoY Growth Rate by Year of Opening (1H FY3/19 vs 1H FY3/20)

	Prescription drug sales	No. of prescriptions	Prescription unit prices
Existing pharmacies	+9.3%	+1.7%	+7.5%
Pharmacies opened in FY3/19	+289.9%	+375.3%	-18.0%
Total	+10.6%	+4.1%	+6.2%

Number and Unit Price of Prescriptions (1H FY3/20)

No. of prescriptions 7,219,000
 Prescription unit price 15,239 yen

Pharmacy Opening Strategy / Emphasis on a Well-Balanced Pharmacy Network

Build a pharmacy network resistant to effects of revisions to prescription dispensing fees by achieving the proper balance between hospital-front and hybrid pharmacies. Speed up the opening of hybrid pharmacies near “medical malls.” More organic growth in Kanto and other regions with large populations.

Pharmacy Openings and Closings (Categories)

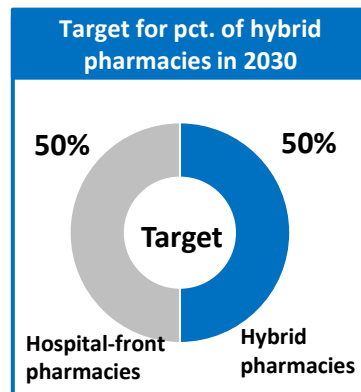
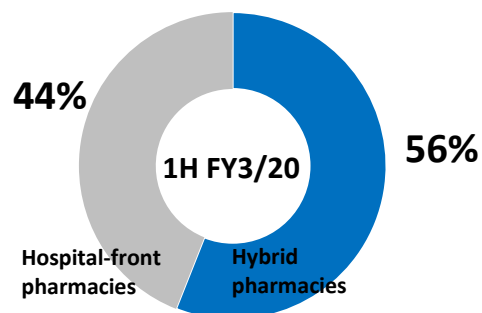
	FY3/19	End of Sep. 2019	As of Nov. 2019
Opened	32	20	31
Hospital-front pharmacies (Pharmacies within hospital premises)	16 (3)	8 (4)	13 (5)
Hybrid pharmacies	16	12	18
Closed	19	7	8
No. of pharmacies at the end of period	598	611	621

Note: Includes one location specializing in the sales of general merchandise and relocations to open pharmacies in hospitals)

Composition of Pharmacy Network

Region	Pharmacy openings 1H FY3/20	No. of pharmacies at the end of period 1H FY3/20
Hokkaido	0	43
Tohoku	2	45
Kanto	9	301
Koshinetsu	0	23
Tokai	2	53
Kansai/Hokuriku	4	69
Chugoku/Shikoku	2	39
Kyushu/Okinawa	1	38
Total	20	611

Ratio of Pharmacies in Tokyo Area

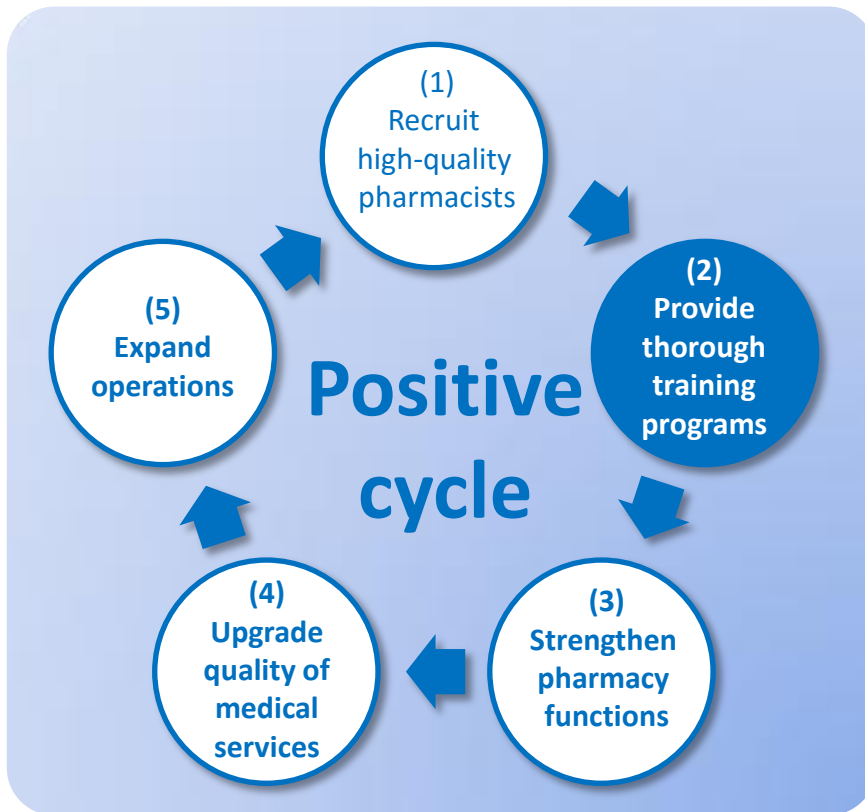


45% of pharmacies are in the Kanto region

Producing a Positive Cycle

Shifting to recruiting even higher quality pharmacists while maintaining the quality and quantity of newly graduated pharmacists hired. More pharmacists with specialized skills due to improvements to training programs, compensation and other items. Preparations under way concerning face-to-face services by pharmacists that will be increasingly in demand.

Advancing to the second stage of the positive human resources cycle



Raised the standards for new pharmacists, resulting in higher quality while recruiting the necessary number of people.

Large number of preliminary acceptances and decline in the attrition rate

Started the JP-STAR pharmacist stage system in April 2018 and upgraded education program for specialized pharmacist skills as well as pharmacist compensation. The result is an increase in the retention rate.

Moving to an infrastructure for the provision of medical services with substantial added value based on the value-based health care model.

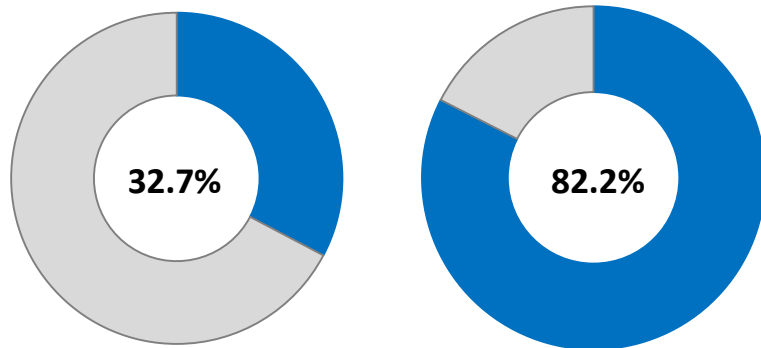
Initiatives for Family Pharmacists/Pharmacies and At-Home Medical Care

The goal is to provide high-quality medical services by continuing family pharmacist and pharmacy programs. Plan to continue expanding at-home medical care to meet the increasing number of requests for this service.

Family Pharmacists and Pharmacies

(As of October 11, 2019, including newly hired new pharmacist graduates)

■ Pct. of family pharmacists ■ Pharmacies with a family pharmacist



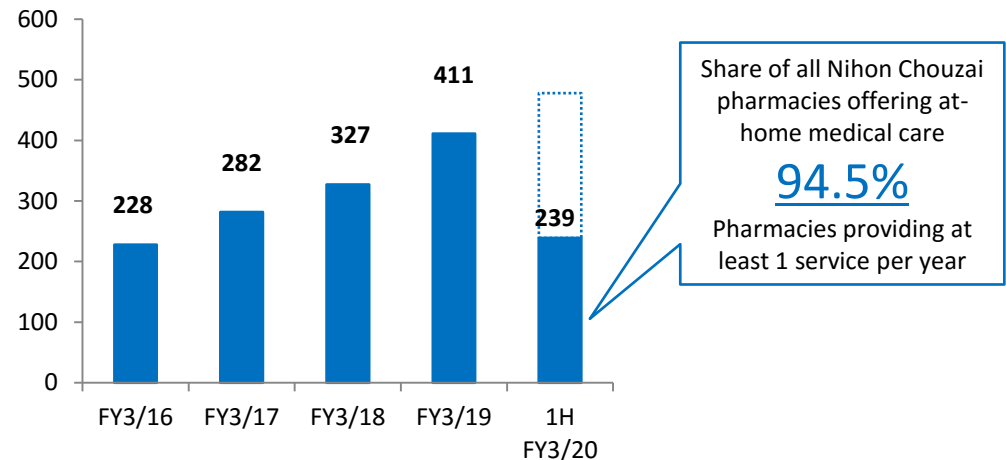
■ Number of family pharmacists per pharmacy



Note: The pct. of family pharmacists is the ratio of these pharmacists to all Nihon Chouzai pharmacists.

Promotion of High-quality At-home Medical Care

(Services) ■ At-home medical care services provided per pharmacy



Regional cooperation and interaction pharmacies (proposal)

- **Pharmacists visit patients at their homes**
- Capable of filling prescriptions for narcotic drugs and sterile pharmaceuticals
- Pharmacists have completed the required training
- Sharing of drug information about a patient with a hospital when an individual is admitted or discharged
- Pharmacy is configured to protect the privacy of patients

Excerpts from the proposed law submitted to the 198th Ordinary Diet Session as posted on the Ministry of Health, Labour and Welfare website

Reference Materials

Three Major Components of Technical Fees

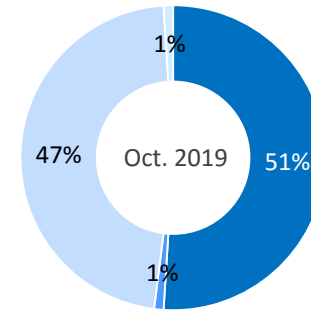
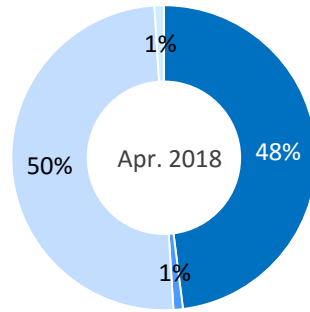
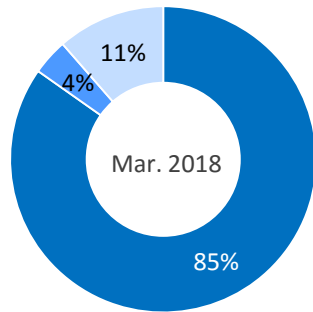
Note: Figures on this page include all pharmacies, including newly opened locations.

Stepping up a variety of initiatives for achieving the Vision of Pharmacies for Patients.

Pharmacies receiving the Generic Drug Dispensing System Type II and III premium have changed from 86% in March 2018 to 65% in April 2018 and to 87% in October 2019.

Basic Dispensing Fee

- Basic fee 1 (41pt)
- Basic fee 2 (25pt)
- Basic fee 3 (20pt)

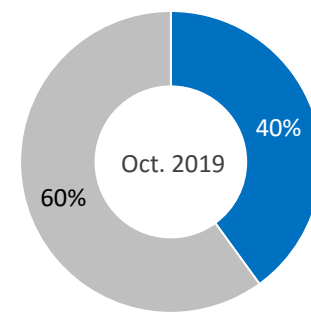
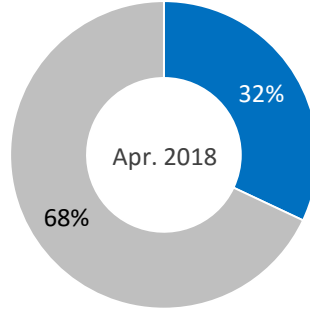
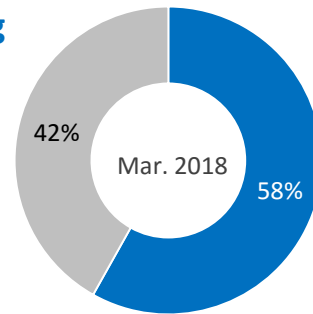


- Basic fee 1 (41pt)
- Basic fee 2 (25pt)
- Basic fee 3-2 (15pt)
- Special basic fee (10pt)

Premium for Standard Dispensing System

↓ Premium for Regional Support System

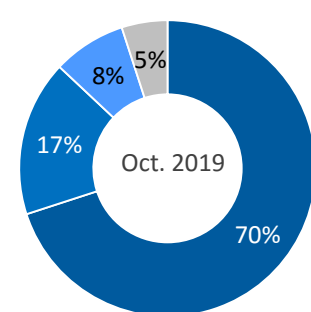
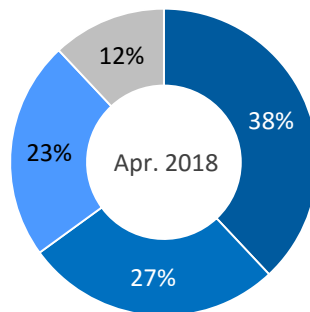
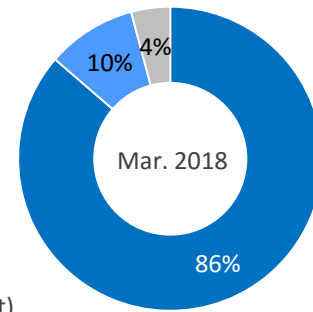
- Premium (32pt)
- No premium



- Premium (35pt)
- No premium

Premium for Generic Drug Dispensing System

- Type II (75%-, 22pt)
- Type I (65% - 75%, 18pt)
- No premium



- Type III (85%-, 26pt)
- Type II (80% - 85%, 22pt)
- Type I (75% - 80%, 18pt)
- No premium

Pharmaceutical Manufacturing and Sales Business / Statement of Income

Sales increased 8.3% as internal and external sales were both higher.

Gross profit was up 13.8% mainly because of a sales strategy prioritizing profitability. Operating profit was more than three times higher than one year earlier.

(Millions of yen)	1H FY3/18 Results	1H FY3/19 Results	1H FY3/20 Plan	1H FY3/20 Results	YoY change	YoY growth rate	Vs. plan
Net sales	19,213	19,431	22,480	21,040	1,609	+8.3%	-6.4%
Cost of sales	15,965	16,444	18,732	17,643	1,198	+7.3%	-5.8%
Gross profit	3,248	2,986	3,748	3,397	410	+13.8%	-9.3%
% to sales	16.9%	15.4%	16.7%	16.1%	-	-	-
SG&A expenses	2,609	2,642	2,921	2,242	(400)	-15.1%	-23.2%
% to sales	13.6%	13.6%	13.0%	10.7%	-	-	-
Operating profit	638	344	826	1,155	811	+235.7%	+39.7%
% to sales	3.3%	1.8%	3.7%	5.5%	-	-	-

Components of YoY changes

◆ Net sales

1. Internal sales: Increase in volume-based sales ratio of dispensing pharmacy business, and effects of new store openings (higher sales)
2. External sales: Growth of contracted production, sales alliance and other new sales channels (higher sales)

◆ Operating profit

1. Improvement in the gross profit margin resulting from sales growth and a sales strategy prioritizing profitability based on distribution improvement guidelines (higher profit)

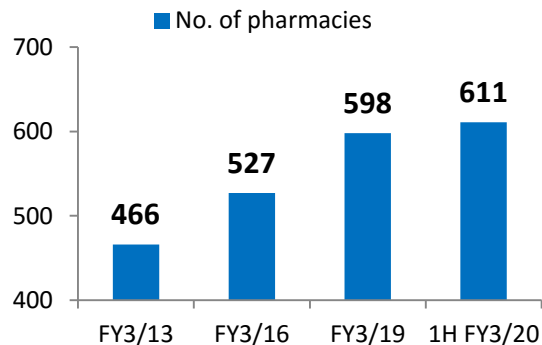
Strengthen the Distinctive Nihon Chouzai Business Model

Nihon Chouzai aims to increase the power of its unique business model, in which growth of the dispensing pharmacy business by expanding pharmacy network contributes to the growth of the pharmaceutical manufacturing and sales business. Furthermore, the volume-based share of generic drugs in the dispensing pharmacy business is continuing to climb.

Growth of the Dispensing Pharmacy Business

Dispensing Pharmacy Business

Increase in the number of pharmacies



The share of generic drugs is increasing

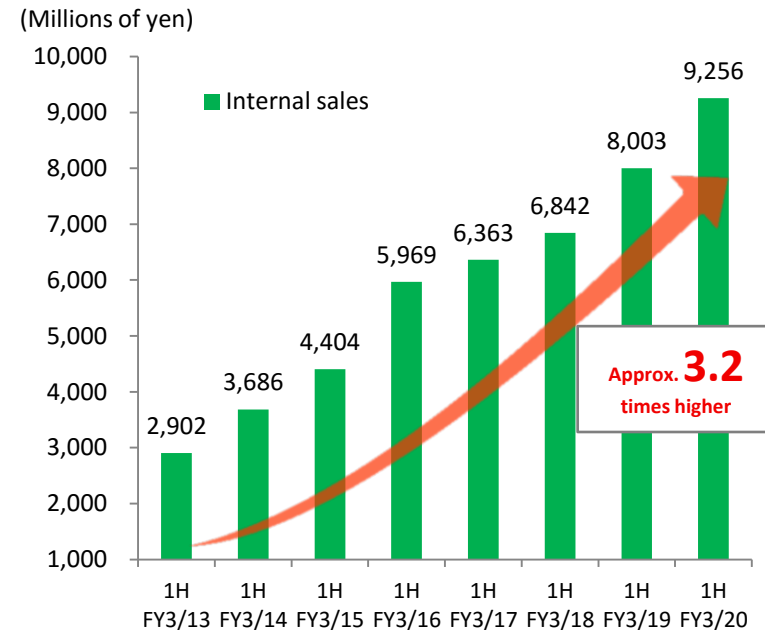
Volume-based share
of generic drugs
(End-Sep 2019)

88.1%

Growth of the Pharmaceutical Manufacturing and Sales Business

Pharmaceutical Manufacturing and Sales Business

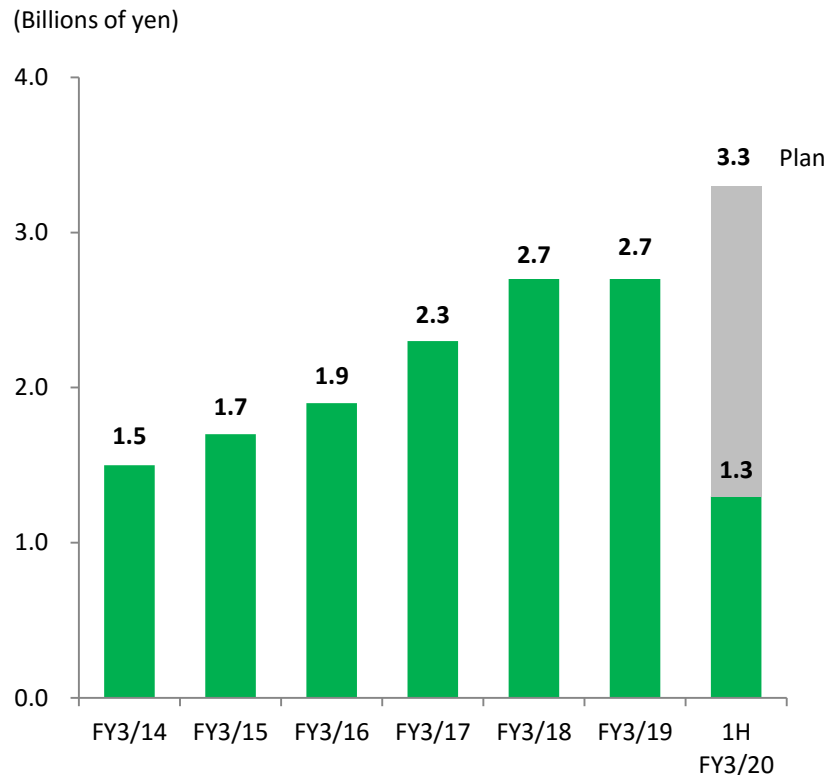
Increase in internal sales



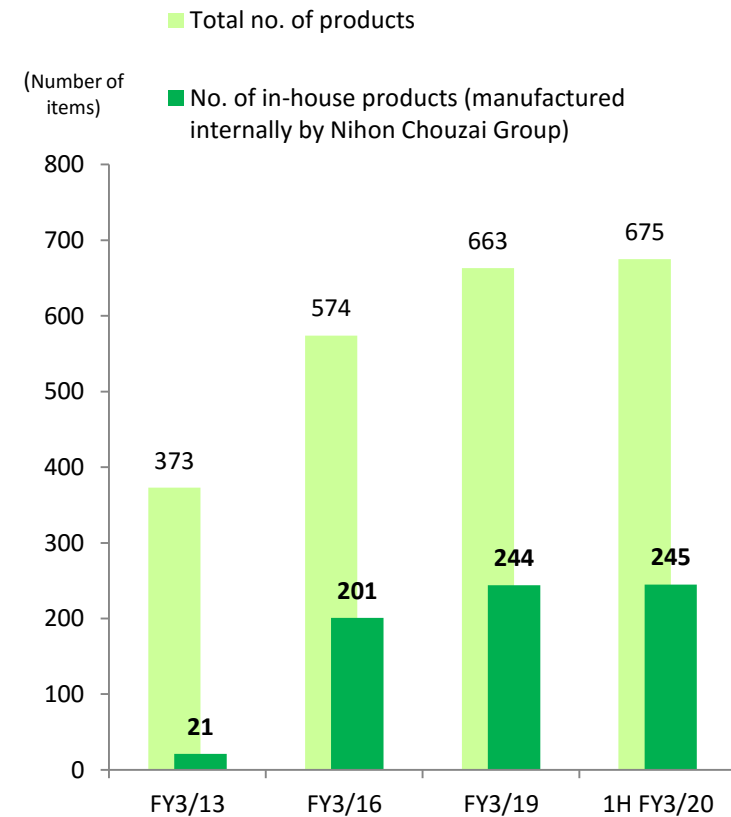
Increase in Profitability / Sales Growth of Internally Manufactured Products

In the first half, there were only a few patent expirations and the number of internally manufactured items was virtually unchanged mainly because of a reexamination of the product lineup. The plan is to increase gross profit by switching selected products to internal production.

■ R&D Expenses (consolidated basis)



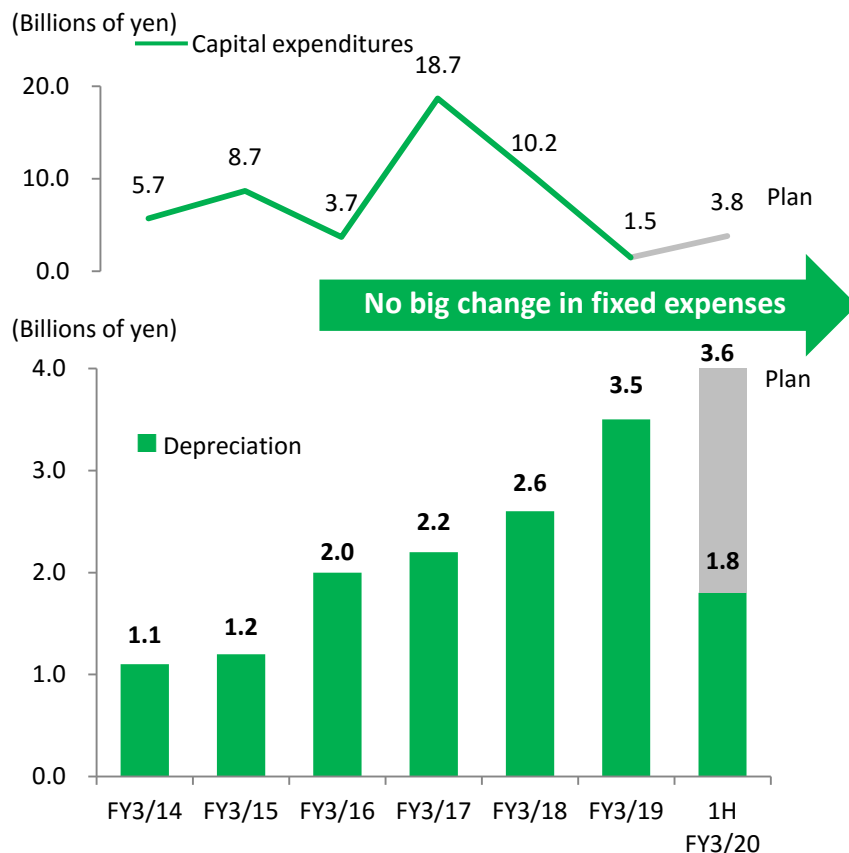
■ Number of Product Items



Increase in Profitability / Contracted Production of Drugs

Growth in capital expenditures ended with completion of Tsukuba Plant No. 2. This new plant has started producing drugs for other companies and drugs based on licensing agreements, a total of 17 items. The plan is to increase sales, while continuing to place emphasis on profitability, as the proper balance (including for contracted and licensed drug production) is maintained between volume growth and profit margins.

Capital Expenditures and Depreciation

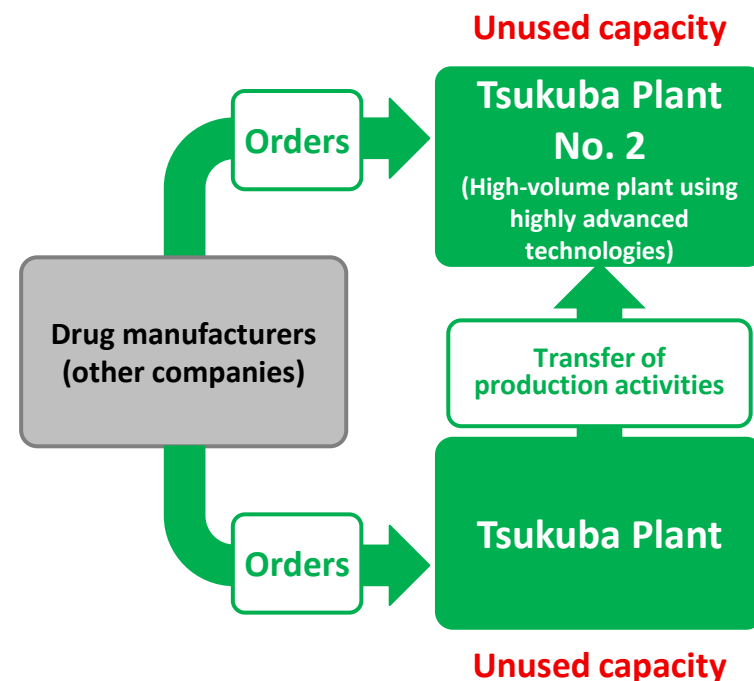


Contracted/Licensed Drug Production

(March 2018 to September 2019)

After the completion of the Tsukuba Plant No. 2

17 new products



Medical Professional Staffing and Placement Business / Statement of Income

Sales up 6.7% due to consistent growth of the pharmacist and physician placement businesses. Placement sector growth mostly offset a decrease in the demand for temporary staffing, but first half sales were below the plan. Earnings were far above the plan mainly because prior-year investments for physician placement business have started to generate strong returns. **Total operating profit in this business rose to an all-time high for the first half of a fiscal year.**

(Millions of yen)	1H FY3/18 Results	1H FY3/19 Results	1H FY3/20 Plan	1H FY3/20 Results	YoY change	YoY growth rate	Vs. plan
Net sales	5,993	6,351	7,041	6,775	423	+6.7%	-3.8%
Cost of sales	3,634	3,969	4,263	3,871	(98)	-2.5%	-9.2%
Gross profit	2,359	2,382	2,778	2,903	521	+21.9%	+4.5%
% to sales	39.4%	37.5%	39.5%	42.9%	-	-	-
SG&A expenses	1,346	1,751	1,888	1,821	70	+4.0%	-3.6%
% to sales	22.5%	27.6%	26.8%	26.9%	-	-	-
Operating profit	1,012	630	889	1,082	451	+71.6%	+21.7%
% to sales	16.9%	9.9%	12.6%	16.0%	-	-	-

Components of YoY changes

◆ Net sales

1. Demand has shifted from pharmacist temporary staffing category to pharmacist permanent placement category (higher sales)
2. Growth of the physician placement business and benefits of expansion of service network and sales team in FY3/19 (higher sales)

◆ Operating profit

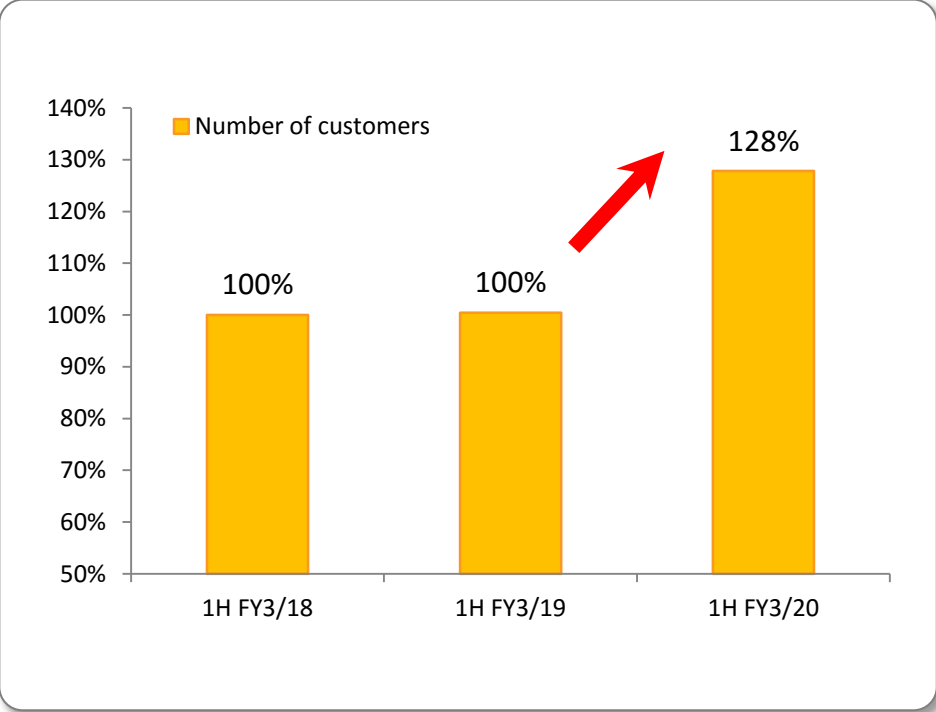
1. Higher sales contributed to earnings (higher profit)
2. End of up-front investments and emergence of benefits of these investments; no additional investments planned and the SG&A ratio decreased (higher profit)

Growth of the Pharmacist Placement Business

More salespeople were hired in FY3/19 to prepare for expected growth in demand for pharmacist placements. As expected, this business grew as the number of pharmacist placement contracts increased. Overall, the pharmacist placement category, which has high profitability and growth, posted growth while the pharmacist temporary staffing category remained stable.

Growth of Pharmacist Placement Customers

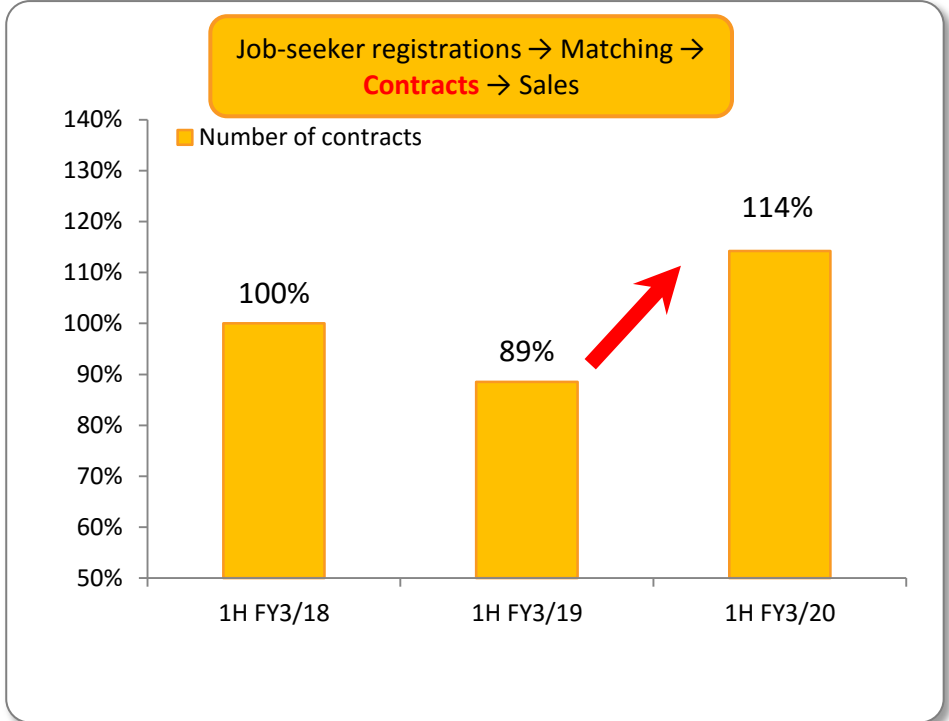
1H FY3/18 sales = 100%



▶ Stronger sales capabilities are raising the number of customers using the pharmacist placement business, contributing to growth of sales and earnings.

Number of Placement Contracts

1H FY3/18 placements = 100%

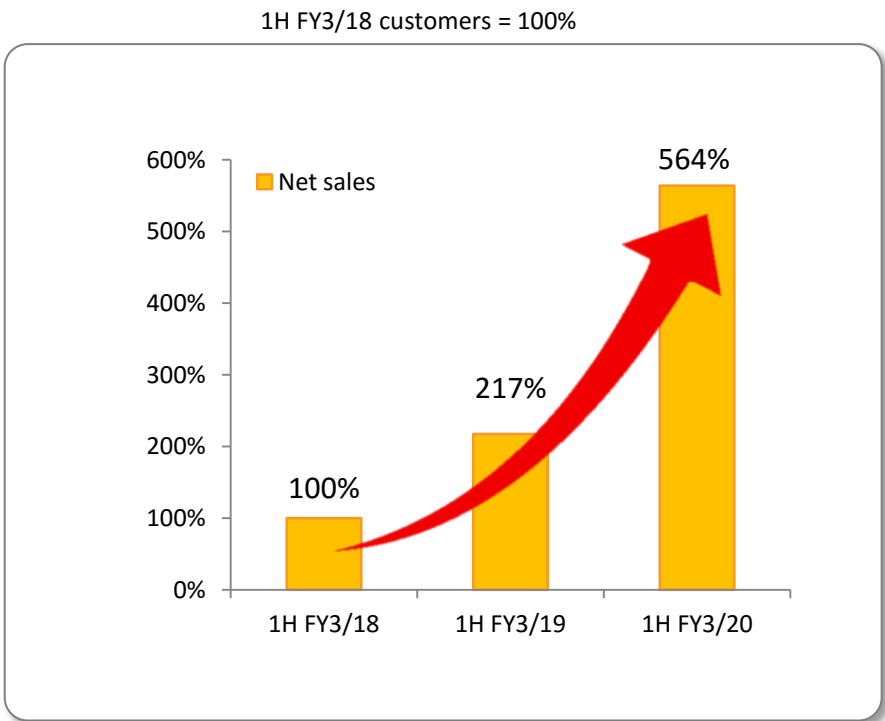


▶ V-shaped recovery in the number of contracts, an indicator of upcoming sales.

Rapid Growth of Physician Placements and Contribution to Earnings

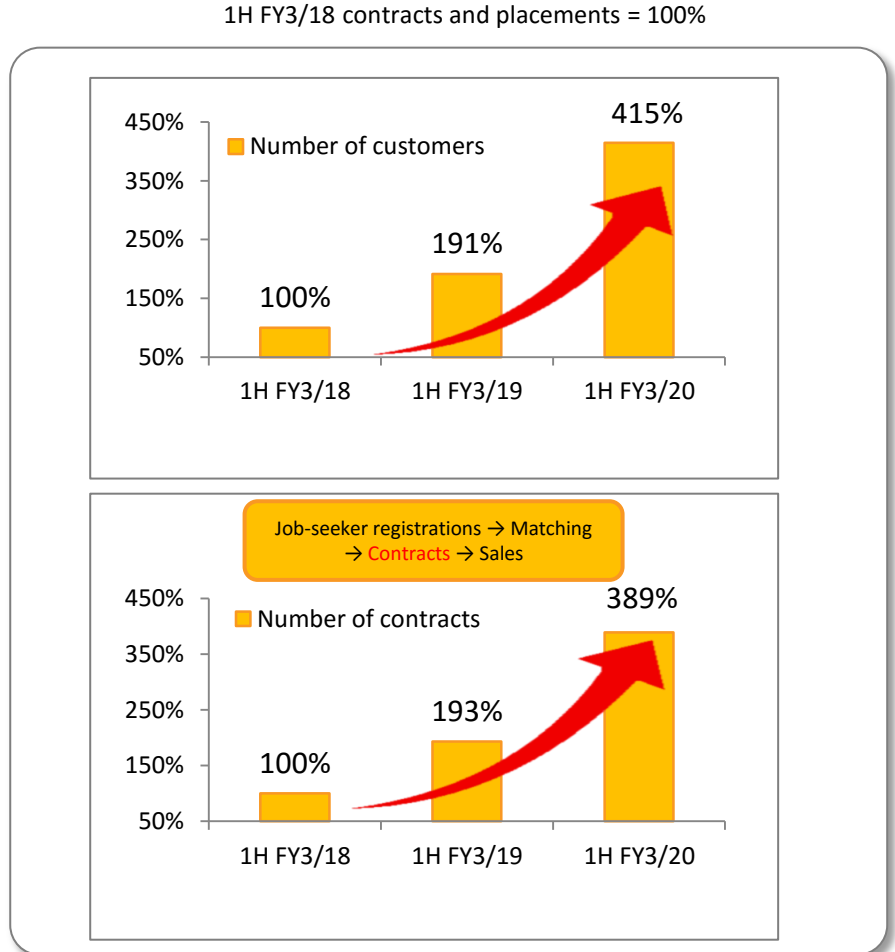
The addition of sales offices and salespeople in FY3/19 led to the growth of sales in FY3/20. The number of customers was up along with the number of contracts, a forward indicator of sales. This category also made a bigger contribution to earnings growth. For more growth, this business has started handling placements of registered salespeople, nurses and other professionals in the health care sector.

Growth of the Physician Placement Business



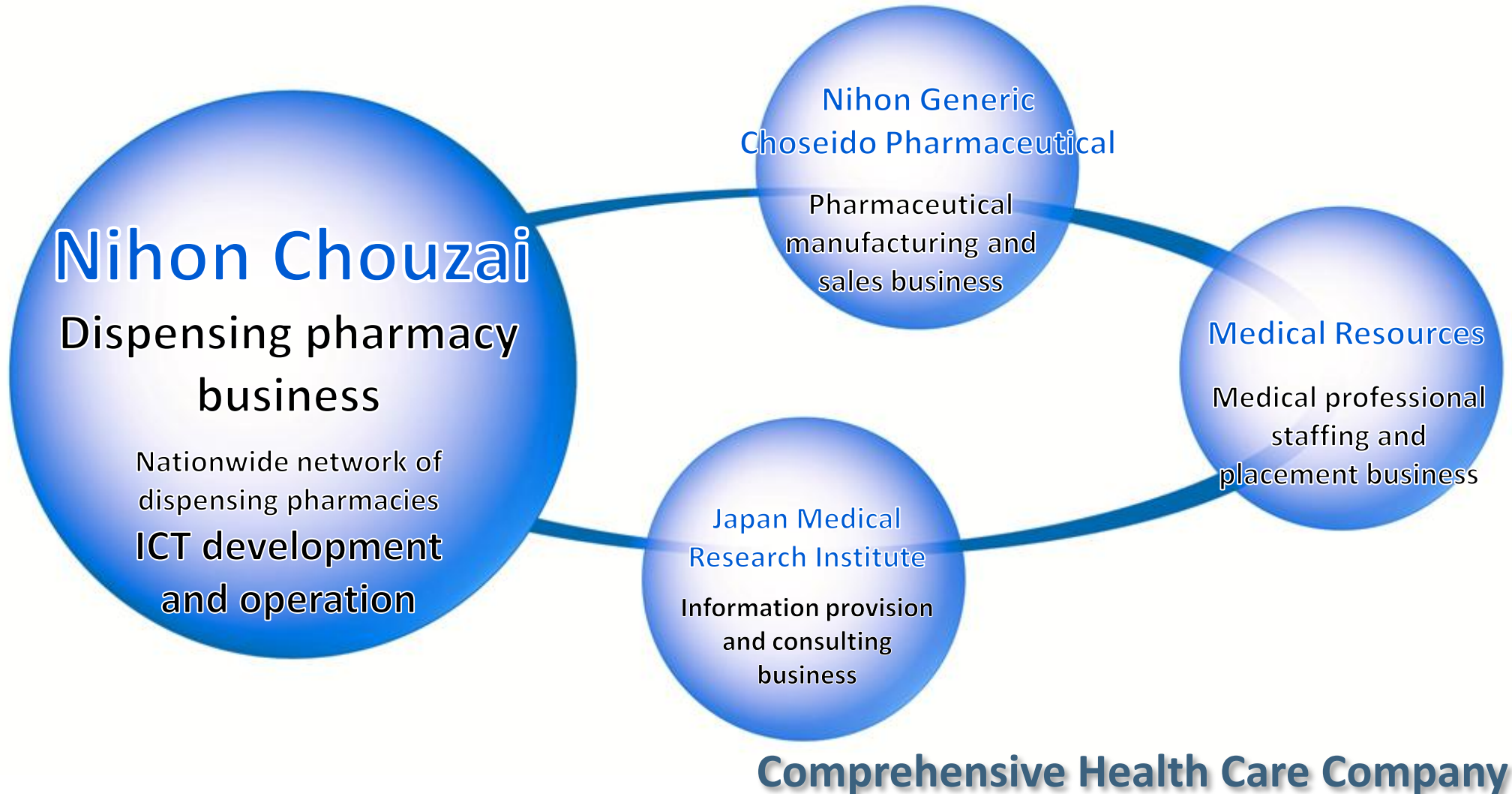
▶ Solid growth of physician placement business. A contribution to higher sales in 1H FY3/20.

Number of Placement Contracts / Customers



The Strategic Goals of Nihon Chouzai

Become a company that is vital in Japan to the pharmaceutical industry as well as the health care sector and society



III. Reference Materials

Nihon Chouzai no Aojiru – Nihon Chouzai's first private brand product

May 24, 2019

https://www.nicho.co.jp/corporate/newsrelease/20190524_nr1/

Contains 23 vitamins and other substances that promote good health
The first consumer product that uses the Nihon Chouzai brand



[Product summary]

Nihon Chouzai no Aojiru

Contents: 30 packets of 3 grams each

Retail price: 3,000 yen (before tax)

Features of Nihon Chouzai no Aojiru

1. 23 vitamins, minerals and other nutritional substances*

A functional nutritious food product with five types of aojiru ingredients (barley grass, kale, chomeiso (long life grass), mulberry leaves, yomogi), vitamins B and C, proteoglycan and MCT powder, and other substances that promote good health.

*Contains:

vitamin B1, vitamin B2, vitamin B6, vitamin C, folic acid, copper, active enzymes, CoQ10, fermented rice bran, hatomugi (coix seed), black beans, broccoli sprouts, 10 billion lactic acid bacteria (labre bacteria, fecalis, bifidobacteria), digestion resistant dextrin, guar gum enzyme, fish collagen, proteoglycan, seashell calcium, HMBCa, MCT powder, soybean lecithin

2. Safe ingredients

The five categories of aojiru ingredients are grown in Japan without the use of agricultural chemicals. No artificial flavors are used. This is a beverage that can be consumed every day with confidence.

3. Very easy to drink

Beverage has a mild honey-lemon flavoring for easy consumption. One serving has only 10kcal, which means there no worries about calories.

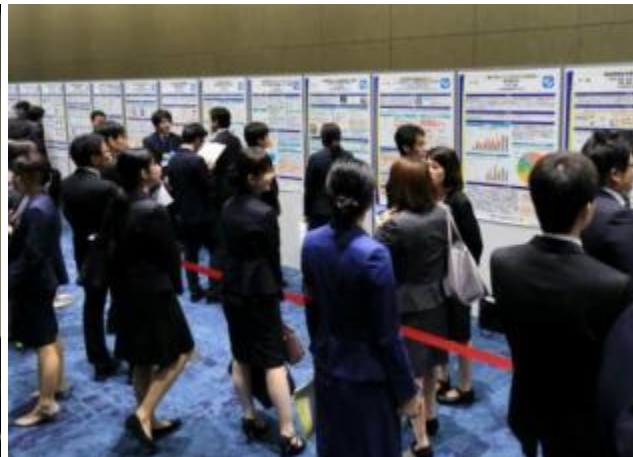
Nihon Chouzai has nutritionists at many of its pharmacies nationwide who can answer questions and provide advice about the management of nutrition in order to prevent diseases and stay healthy. The popularity of the Aojiru products of other companies at these pharmacies was one reason for the decision to start selling a new version created by Nihon Chouzai.

The Fourth All-Japan Nihon Chouzai Group Academic Conference

September 8, 2019

https://www.nicho.co.jp/corporate/newsrelease/20190718_nr1/

Nihon Chouzai held its fourth academic conference with the goal of operating pharmacies that can help patients and contribute to society



Overview of the Nihon Chouzai Group Academic Conference

Nihon Chouzai gives its employees the opportunity to give presentations and submit research papers at academic conferences in order to upgrade their specialized knowledge and presentation skills as medical professionals. This support includes an education and training program that is widely regarded as the best in the pharmacy industry. Presentations by people who work at pharmacies are expected to make contributions to helping patients and to society. The first conference was held in 2016 only for Nihon Chouzai and conferences since then have also included people from outside the Nihon Chouzai Group.

The theme of the fourth conference in 2019 was how pharmacies can play a vital role in society and support health care. Regional conferences took place in June in nine districts of Japan and the winners went on to give 10 presentations at the September conference. In addition, posters about 20 other regional presentations were exhibited at the September conference.

At the same time, the Third Role Playing Competition was held at a nearby site to determine the winners of JP-CS Awards by simulating interactions between store personnel and customers.

No smoking events at Health Check Stations at 60 stores nationwide

May 31, 2019

https://www.nicho.co.jp/corporate/newsrelease/20190507_nr2/

Events to educate people about the dangers of tobacco were held at 60 Health Check Stations on May 31 – World No Tobacco Day

Activities

1. World No Tobacco Day posters
2. Distribution of leaflets about the dangers of tobacco
3. Seminars about stopping the use of tobacco
4. Measurements of lung capacity and age

The World Health Organization designated May 31 as World No Tobacco Day in 1987. In 1992, Japan declared the entire week starting on May 31 to be No Smoking Week. On May 31, 2019, the main theme was making 2020 a year for promoting activities for eliminating passive smoke and protecting children from passive smoke.

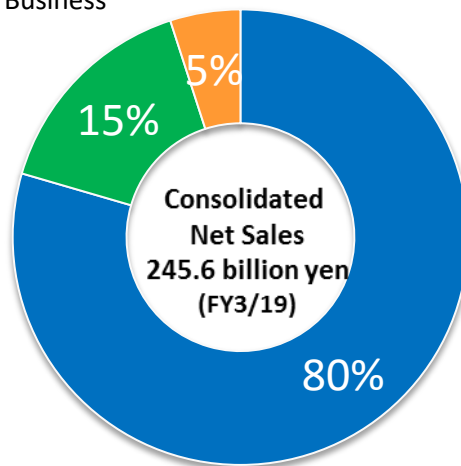
Almost all of the approximately 60 Nihon Chouzai pharmacies that have a Health Check Station displayed World No Tobacco Day posters and distributed leaflets in May 2019 and held no smoking seminars and other events to provide support to improve the health of people in all areas of Japan.

Company Profile

Trade name	NIHON CHOUZAI Co., Ltd.
Established	March 1980
Headquarters	37F GranTokyo North Tower, 1-9-1, Marunouchi, Chiyoda Ward, Tokyo 100-6737, JAPAN +81-(0) 3-6810-0800 (general)
Representative	Yosuke Mitsuahara
Capital	3,953.02 million yen
Number of shares outstanding (including treasury shares)	16,024,000 shares
Fiscal year-end	March
Stock code	3341
Businesses (consolidated)	Management of health insurance dispensing chain pharmacies Manufacture and sales of generic drugs, etc. Medical professional staffing and placement business Information provision and consulting business, etc.
Number of employees	5,110 (as of March 31, 2019) Note: Including part-time employees based on 8- hour conversion, consolidation basis
Number of pharmacies	Dispensing pharmacies: 611 Pharmacies specializing in the sales of general merchandise: 1 (as of September 30, 2019)

Sales Composition

- Dispensing Pharmacy Business
- Pharmaceutical Manufacturing and Sales Business
- Medical Professional Staffing and Placement Business



Our goal for 2030

**Become a group
with sales of
1 trillion yen**

Dispensing Pharmacy Business

Japan's leading pharmacy
company

Ranks first
in sales per pharmacy

Pharmaceutical Manufacturing
and Sales Business

A full-line generic drug
manufacturer

A business model no
competitor can match

The only 1

Medical Professional Staffing and
Placement Business

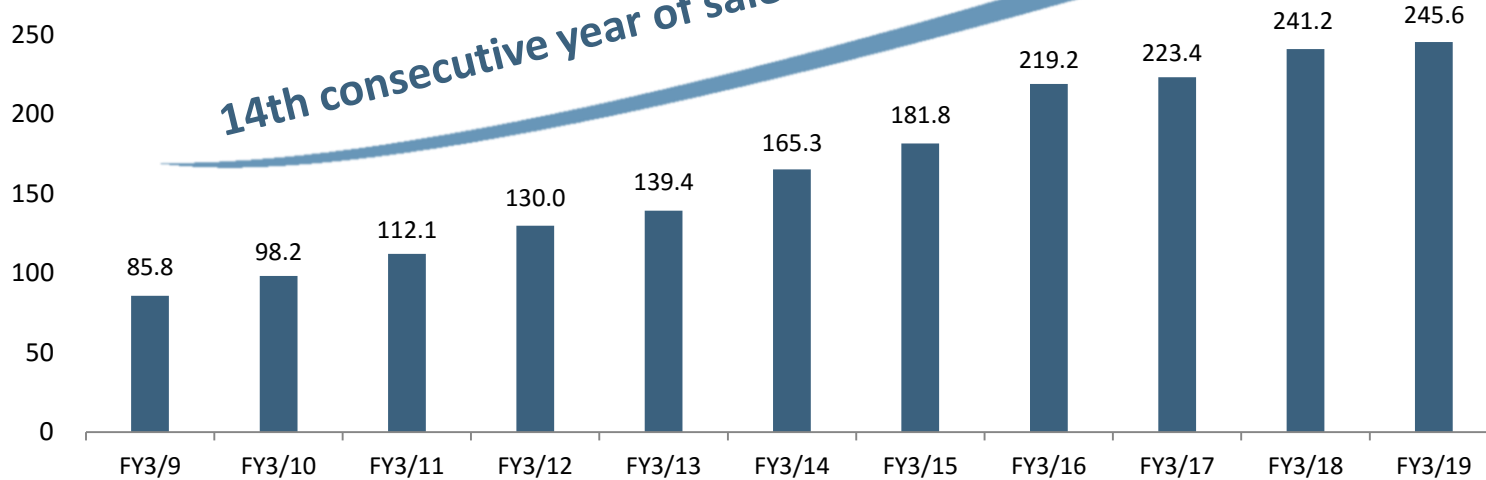
A human resources
business specializing in
the medical field

No.1
in temporary staffing of
pharmacists

Consolidated Results: Net Sales / Operating Profit

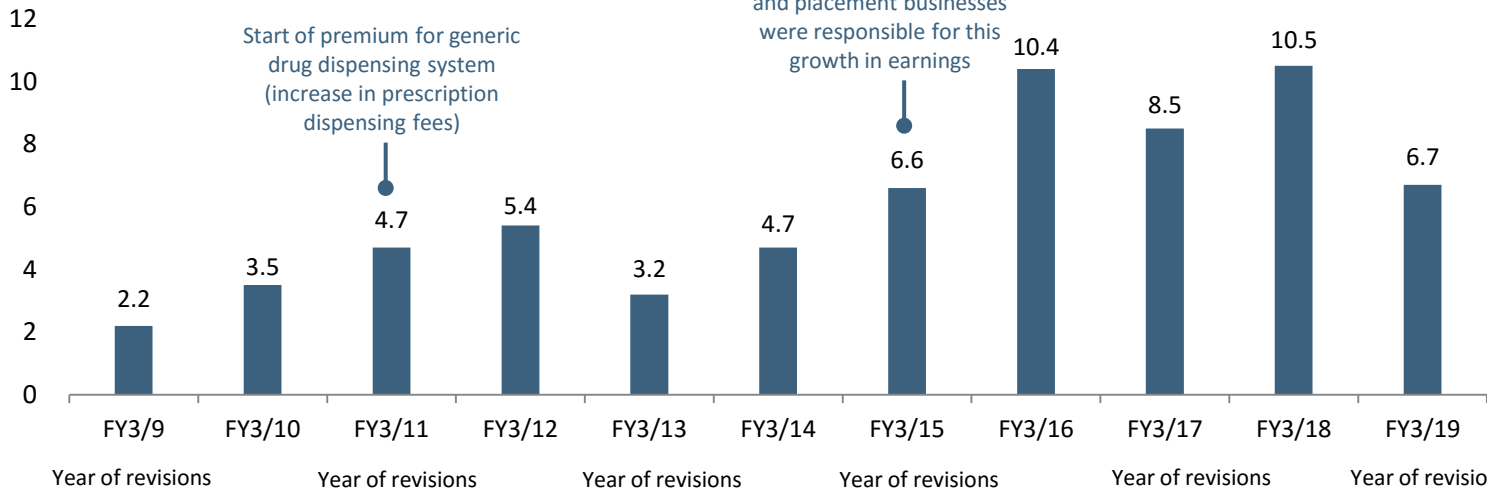
Consolidated Net Sales

(Billions of yen)



Consolidated Operating Profit

(Billions of yen)



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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