



May 20, 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 Subsidiary (Simplified / Short Formal Merger)

Nihon Chouzai Co., Ltd. (hereinafter "the Company") announces that it passed a resolution at its Board of Directors' meeting held on May 20, 2020 to absorb and merge Keiriba Co., Ltd., a 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 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: May 20, 2020

Conclusion of merger agreement: May 20, 2020

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

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 formal 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 Keiriba Co., Ltd. will be dissolved.

(3) Detail of allocation relating to the merger

Since the company to be dissolved 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)	Keiriba Co., Ltd. Note3 (Absorbed company)
(2) Scope of business	Management of a dispensing pharmacy	Management of a dispensing pharmacy
(3) Date of incorporation	March 7, 1980	April 10, 2002
(4) Location	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
(5) Name of the title of representative	Yosuke Mitsuahara, President and CEO	Yosuke Mitsuahara, President and CEO
(6) capital	3,953 Million Yen	3 Million Yen
(7) No. of issued shares	32,048,000 shares Note2	60 shares
(8) Fiscal year end	March 31	March 31
(9) Principal shareholders and their percentage of holdings Note2 Note4	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%
(10) Operating results and financial conditions for the immediately preceding fiscal year Note5		
Net assets	47,072 Million Yen	26 Million Yen
Total assets	185,551 Million Yen	102 Million Yen
Net assets per common share Note2	1,569.77 Yen	448,875.50 Yen
Net sales	268,520 Million Yen	254 Million Yen
Operating profit	7,593 Million Yen	20 Million Yen
Ordinary profit	7,405 Million Yen	20 Million Yen
Profit attributable to owners of parent	6,697 Million Yen	10 Million Yen
Net income per share Note2	223.33 Yen	175,910.82 Yen

Note1: 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: As of today. However, (10) is as of March 31, 2020.

Note4: Shareholding ratio is calculated after deducting treasury shares (2,060,834 shares).

Note5: The company uses consolidated figure, and Keiriba 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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