

**Summary of Consolidated Financial Results for the First Quarter  
of the Fiscal Year Ending March 31, 2025  
(Three Months Ended June 30, 2024)**

[Japanese GAAP]

Company name: NIHON CHOUZAI Co., Ltd.  
Stock code: 3341  
Representative: Naoto Kasai, President & CEO  
Contact: Kei Kato, General Manager of  
Group Corporate Planning Department

Listing: Tokyo Stock Exchange, Prime Market  
URL: <https://www.nicho.co.jp>

Tel: +81-(0) 3-6810-0800

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on July 31, 2024 at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025  
(April 1, 2024 – June 30, 2024)**

## (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2024	86,433	5.6	2,015	(44.8)	(236)	—	85	(94.7)	(140)	—
Three months ended Jun. 30, 2023	81,848	9.6	3,653	21.7	1,596	78.9	1,605	75.7	659	68.6

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2024: (143) (—%)

Three months ended Jun. 30, 2023: 661 (up 67.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2024	(4.70)	—
Three months ended Jun. 30, 2023	22.06	—

Note: EBITDA = Operating profit + depreciation + goodwill amortization

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2024	208,936	57,840	27.7
As of Mar. 31, 2024	195,087	58,351	29.9

Reference: Shareholders' equity (million yen) As of Jun. 30, 2024: 57,840 As of Mar. 31, 2024: 58,351

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	—	12.50	—	12.50	25.00
Fiscal year ending Mar. 31, 2025	—	—	—	—	—
Fiscal year ending Mar. 31, 2025 (forecasts)	—	12.50	—	12.50	25.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)**

(Percentages represent year-on-year changes)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	183,700	10.5	6,900	(8.9)	2,300	(32.3)	2,400	(28.7)	1,200	(31.4)	40.11
Full year	373,800	9.8	16,500	(9.6)	6,400	(30.0)	6,500	(31.1)	3,700	44.9	123.67

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock shares)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Jun. 30, 2024:	31,048,000 shares	As of Mar. 31, 2024:	31,048,000 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2024:	1,125,858 shares	As of Mar. 31, 2024:	1,130,711 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2024:	29,918,036 shares	Three months ended Jun. 30, 2024:	29,914,448 shares
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Note:

The number of shares of the Company held in the Directors' Remuneration BIP Trust (June 30, 2024: 64,163 shares; March 31, 2024: 69,016 shares) was included in the total number of treasury share at the end of the period. The Directors' Remuneration BIP Trust was included in the number of treasury share, which was to be deducted from the calculation of the average number of shares outstanding during the period.

Note 1: Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

Note 2: Cautionary statement with respect to forward-looking statements and other special items

(1) Note concerning forward-looking statements

Forecasts and other forward-looking statements in this document incorporate risks and uncertainties because these statements are based on Nihon Chouzai's judgments and assumptions using information that is currently available. These materials are not promises by Nihon Chouzai regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

(2) How to view supplementary materials for financial results

Supplementary materials for quarterly financial results will be disclosed at the Timely Disclosure network (TDnet) as appropriate, and also will be available on the Nihon Chouzai website.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first three months of the consolidated fiscal year ending March 31, 2025 (April 1, 2024–June 30, 2024), the Japanese economy gradually recovered, backed by improvements in the employment and income conditions. However, the outlook remains clouded, as the slowdown in overseas economies and rising prices warrant close monitoring.

Under these economic conditions, the Nihon Chouzai Group, as a healthcare group operating under the mission “To give people the closest possible support,” has strove to provide quality healthcare services and pharmaceuticals patients and customers can rely on. We will continue providing enduring value even amidst rapid changing social conditions and contribute to fortifying Japan’s healthcare system.

In June 2024, for the second year in a row, we were selected as a constituent of the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index, indices that recognize Japanese companies with outstanding ESG (Environmental, Social, and Governance) practices. We will continue positioning sustainability initiatives as one of our management priorities and contribute to resolving social issues.

In the first three months of the consolidated fiscal year under review, while increased prescription volume in the Dispensing Pharmacy Business buoyed results, manufacturing management issues at Choseido Pharmaceutical Co., Ltd., a group company of Nihon Chouzai, weighed on earnings. As a result, net sales were 86,433 million yen (+5.6 % YoY), operating loss was 236 million yen (profit of 1,596 million yen in the same period of the previous fiscal year), ordinary profit was 85 million yen (-94.7 % YoY), and loss attributable to owners of parent was 140 million yen (profit of 659 million yen in the same period of the previous fiscal year).

Segment-specific earnings are as indicated below.

#### 1) Dispensing Pharmacy Business

In the first three months of the consolidated fiscal year under review, prescription volume increased due to contributions from pharmacies newly opened in the previous fiscal year, but cost of sales and SG&A expenses rose as well, as we increased employee salaries in light of rising prices. As a result, net sales were 76,643 million yen (+6.0% YoY) and operating profit was 1,729 million yen (-40.5% YoY).

As of June 30, 2024, the total number of pharmacies came to 741, reflecting 7 new store openings and 2 closures during the three-month period under review. The percentage of generic drugs dispensed, on a volume basis, across the Group on average was 89.9% (excluding discontinued drugs). Group pharmacies providing at-home medical care (those that make at least 24 home visits annually) accounted for 95.9% of total, growing steadily.

In addition, we continued to aggressively promote online healthcare services through digitalization. In May 2024, we developed in-house and released an app specifically for our online pharmacy service NiCOMS. Previously, NiCOMS was only available in web browsers, but the release of the app equipped with additional features such as push notifications has enhanced the convenience of the online pharmacy service. Since the service can be accessed with the Nihon Chouzai Account, a common account for our various online services, users can log into NiCOMS using the same account information as that for Okusuri Techo Plus, our electronic medication notebook app.

Furthermore, with regard to 5COINS PHARMA, Nihon Chouzai's price-uniform OTC drug brand, 4 new items, including topical steroids, have recently been added to the lineup, making a total of 23 items available as of the end of June 2024. In April 2024, pharmacies operated by Iris Pharma Co., Ltd. expanded the handling of the brand to a total of 63 stores.

## **2) Pharmaceutical Manufacturing and Sales Business**

In the first three months of the current consolidated fiscal year, the Pharmaceutical Manufacturing and Sales Business reported net sales of 9,945 million yen (-5.6% YoY) and operating loss of 461 million yen (profit of 126million yen in the same period of the previous fiscal year). The decline in net sales and operating profit was due to a drop in the selling price of existing products following the April 2024 drug price revisions, as well as a manufacturing management issue discovered at the Kawauchi Plant of Choseido Pharmaceutical, a group company of Nihon Chouzai, which resulted in suspended shipments of products manufactured at the plant. From July 2024, we have gradually resumed shipments of products manufactured at Kawauchi Plant, starting with those confirmed to have no quality issues by marketing authorization holders. A total of 492 products (including one OTC drug) were on sale as of the end of the first quarter of the consolidated fiscal year under review, reflecting revisions to the product lineup. The percentage of in-house manufactured products was 47.6%, steadily expanding since the fiscal year ended March 31, 2020.

We had to limit shipments of many products due to industry-wide supply concerns, but in efforts to ensure stable supply, we are gradually resuming regular shipments, starting with the ones for which a stable supply system has been put in place. As of June 30, 2024, 141 items were under limited shipment.

## **3) Medical Professional Staffing and Placement Business**

In the first three months of the current consolidated fiscal year, the Medical Professional Staffing and Placement Business reported net sales of 3,296 million yen (+27.7% YoY) and operating profit of 663 million yen (+37.1% YoY). The increase in net sales and operating profit was due to ongoing growth of the mainstay pharmacist staffing business and the physician placement business. For the occupational physician business as well, we are seeing demand increasing, and intend to further develop the business to contribute to health management of companies in Japan.

**(2) Explanation of Financial Position**

Total assets at the end of the first quarter of the current consolidated fiscal year came to 208,936 million yen, an increase of 7.1%, or 13,848 million yen, from 195,087 million yen at the end of the fiscal year ended March 2024. Growth in assets was mainly due to increases in Cash and deposits and Merchandise and finished goods.

Total liabilities were 151,095 million yen, an increase of 10.5%, or 14,360 million yen, from 136,735 million yen at the end of the previous fiscal year. This was mainly due to an increase in Accounts payable-trade.

Total net assets were 57,840 million yen, a decrease of 511 million yen from 58,351 million yen at the end of the previous fiscal year. As a result, the equity ratio came to 27.7%.

**(3) Explanation of Consolidated Forecast and Other Forward-looking Statements**

There are no changes to the consolidated earnings forecasts for the first half and full year of the fiscal year ending March 31, 2025 announced on April 30, 2024.

If it becomes necessary to revise the forecast, we will disclose it promptly.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	26,034	33,027
Notes receivable-trade	69	52
Accounts receivable-trade and contract assets	21,761	20,960
Electronically recorded monetary claims-operating	395	352
Merchandise and finished goods	28,992	35,104
Work in process	2,420	1,806
Raw materials and supplies	6,677	8,442
Other	4,691	4,981
Allowance for doubtful accounts	(12)	(45)
<b>Total current assets</b>	<b>91,031</b>	<b>104,683</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	27,882	27,273
Land	13,371	13,373
Construction in progress	2,642	3,191
Other, net	16,532	16,309
<b>Total property, plant and equipment</b>	<b>60,428</b>	<b>60,148</b>
<b>Intangible assets</b>		
Goodwill	12,955	12,502
Other	8,471	8,863
<b>Total intangible assets</b>	<b>21,426</b>	<b>21,366</b>
<b>Investments and other assets</b>		
Investment securities	18	18
Leasehold and guarantee deposits	9,904	10,158
Other	12,277	12,561
<b>Total investments and other assets</b>	<b>22,200</b>	<b>22,738</b>
<b>Total non-current assets</b>	<b>104,056</b>	<b>104,252</b>
<b>Total assets</b>	<b>195,087</b>	<b>208,936</b>

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	First quarter of FY3/25 (As of Jun. 30, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	52,759	65,043
Electronically recorded obligations-operating	3,657	3,045
Short-term loans payable	450	3,050
Current portion of long-term loans payable	10,981	18,099
Income taxes payable	2,072	904
Provision for bonuses	4,086	2,240
Provision for bonuses for directors (and other officers)	63	—
Other	10,786	13,681
<b>Total current liabilities</b>	<b>84,858</b>	<b>106,065</b>
<b>Non-current liabilities</b>		
Long-term loans payable	42,108	35,324
Provision for retirement benefits for directors (and other officers)	85	73
Retirement benefit liability	2,587	2,637
Other	7,095	6,994
<b>Total non-current liabilities</b>	<b>51,876</b>	<b>45,030</b>
<b>Total liabilities</b>	<b>136,735</b>	<b>151,095</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,953	3,953
Capital surplus	9,228	9,228
Retained earnings	47,020	46,504
Treasury shares	(1,898)	(1,891)
<b>Total shareholders' equity</b>	<b>58,303</b>	<b>57,794</b>
<b>Accumulated other comprehensive income</b>		
Remeasurements of defined benefit plans	48	45
<b>Total accumulated other comprehensive income</b>	<b>48</b>	<b>45</b>
<b>Total net assets</b>	<b>58,351</b>	<b>57,840</b>
<b>Total liabilities and net assets</b>	<b>195,087</b>	<b>208,936</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****(Quarterly Consolidated Statement of Income)****(For the Three-month Period)**

(Millions of yen)

	First Three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First Three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Net sales	81,848	86,433
Cost of sales	68,067	73,163
Gross profit	13,781	13,270
Selling, general and administrative expenses	12,185	13,507
Operating profit and loss	1,596	(236)
Non-operating income		
Commission income	11	11
Rental income	153	223
Subsidy Income	19	279
Other	46	149
Total non-operating income	231	663
Non-operating expenses		
Interest expenses	64	97
Rent expenses	99	162
Other	58	81
Total non-operating expenses	222	340
Ordinary profit	1,605	85
Extraordinary income		
Gain on sales of non-current assets	0	11
Total extraordinary income	0	11
Profit before income taxes	1,605	96
Income taxes-current	1,305	677
Income taxes-deferred	(359)	(439)
Total income taxes	945	237
Profit and loss	659	(140)
Profit and loss attributable to owners of parent	659	(140)

**(Quarterly Consolidated Statement of Comprehensive Income)****(For the Three-month Period)**

(Millions of yen)

	First Three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)	First Three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)
Profit and loss	659	(140)
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	1	(2)
Total other comprehensive income	1	(2)
Comprehensive income	661	(143)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	661	(143)

**(3) Notes to Quarterly Consolidated Financial Statements**

**Going-concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

## Segment and Other Information

### Segment information

I. First Three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

1. Information related to net sales, profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Adjustment (Note)	Amounts shown on quarterly consolidated statement of income
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	72,309	6,962	2,575	81,848	—	81,848
(2) Inter-segment sales and transfers	—	3,567	5	3,572	(3,572)	—
Total	72,309	10,530	2,580	85,420	(3,572)	81,848
Segment profit (loss)	2,907	126	484	3,517	(1,921)	1,596

Note: Total segment sales and segment profit or loss have been adjusted to be consistent with net sales and operating profit shown on the quarterly consolidated statement of income, respectively. The negative adjustment of 1,921 million yen to segment profit (loss) includes eliminations of minus 130 million yen for inter-segment transactions and corporate expenses of minus 1,790 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

## II. First Three months of FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)

## 1. Information related to net sales, profit or loss for each reportable segment (Millions of yen)

	Reportable segment				Adjustment (Note)	Amounts shown on quarterly consolidated statement of income
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	76,643	6,567	3,223	86,433	—	86,433
(2) Inter-segment sales and transfers	—	3,377	73	3,451	(3,451)	—
Total	76,643	9,945	3,296	89,885	(3,451)	86,433
Segment profit (loss)	1,729	(461)	663	1,931	(2,168)	(236)

Note: Total segment sales and segment profit or loss have been adjusted to be consistent with net sales and operating loss shown on the quarterly consolidated statement of income, respectively. The negative adjustment of 2,168 million yen to segment profit (loss) includes eliminations of minus 82 million yen for inter-segment transactions and corporate expenses of minus 2,086 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.

## 2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

Not applicable.

## (Notes on Consolidated Statement of Cash Flows)

We have not prepared a Consolidated Statement of Cash Flows for the three months ended June 30, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30 is as follows.

	For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)	For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)
Depreciation	1,579 million yen	1,767 million yen
Amortization of goodwill	465 million yen	475 million yen

*This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*