NIHON CHOUZAI Co.,Ltd.

FASF

October 30, 2020

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Notice Regarding Difference Between First Half Consolidated Earnings Forecast and Actual Earnings, and Revisions Full-year Consolidated Earnings Forecast

Nihon Chouzai Co., Ltd. announces that it recorded a difference between the first half consolidated earnings forecast for the fiscal year ending March 2021 released on September 23, 2020 and actual earnings for this same period announced today. Furthermore, in light of recent earnings trends, we have revised full-year consolidated earnings forecast for the fiscal year ending March 31, 2021 released on April 30, 2020 as outlined below.

1. Difference between first half consolidated earnings forecast for fiscal year ending March 2021 (April 1, 2020 to September 30, 2020) and actual earnings

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Previously announced forecast (A)	Million yen 135,000	Million yen 2,300	Million yen 2,200	Million yen 1,000	Yen 33.35
Actual figures (B)	135,999	2,774	2,665	1,555	51.89
Change (B – A)	999	474	465	555	
Change (%)	0.7%	20.6%	21.1%	55.5%	
(Reference) Previous Q2 actual (1H/FYE March 2020)	130,297	4,066	4,001	2,094	69.85

(Note) On April 1, 2020, we conducted a 2:1 stock split of common stock. Net income per share is calculated to display corresponding values if said stock split had been conducted at the beginning of the previous consolidated fiscal year.

2. Revisions to full-year consolidated earnings forecast for fiscal year ending March 2021 (April 1, 2020 to March 31, 2021)

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of parent	Net income per share
Previously announced forecast (A)	Million yen 291,813	Million yen 6,504	Million yen 6,266	Million yen 3,122	Yen 104.14
Revised forecast (B)	275,753	6,552	6,331	3,260	108.73
Change (B – A)	-16,060	48	65	138	

Change (%)	-5.5%	0.7%	1.0%	4.4%	
(Reference) Previous FY actual (FYE March 2020)	268,520	7,593	7,405	6,697	223.33

3. Reason for differences and revision to earnings forecast

Despite the impact of constraints on outpatient visits and longer periods between prescriptions due to the impact of COVID-19, we saw contributions from Group management policy aimed at cost reduction. As a result, although net sales will fall slightly below original forecasts, profit is forecast to significantly outperform initial forecasts across all categories. As such, we have decided to revise our earnings forecast for the first half of the fiscal year ending March 2021 originally released on September 23, 2020.

Through further detailed analysis, we also expect net sales and profit in all categories to outperform previous forecasts. This is due to favorable September sales from the pharmaceutical manufacturing and sales business, continued contributions from cost reduction measures implemented across all dispensing pharmacies, and because certain operating costs anticipated for the first half of the fiscal year were deferred until the second half.

As for full-year earnings forecasts, we expected to continue recording favorable sales from the pharmaceutical manufacturing and sales business as well as continued contributions from cost reduction measures. At the same time, we anticipate the impact of COVID-19 will last throughout the fiscal year, which will result in the dispensing pharmacy business processing fewer prescriptions than originally forecast. As a result, we have revised our full-year earnings forecast as indicated above.

Our assumptions concerning COVID-19 are merely hypothetical and thus there is the potential for fluctuations due to future changes in our operating environment.

(Note) The abovementioned earnings forecasts are created based on currently available information and actual earnings may differ from these forecast figures due to any number of factors.
Furthermore, the number of issued shares used to calculate our forecast for quarterly net income per share is the currently assumed average number of shares for the full fiscal year.