

# 1Q FY3/2020 Supplementary Material

## 1. Financial Highlights

	2015/3	2016/3	2017/3	2018/3	2019/3
Net sales (Millions of yen)	181,844	219,239	223,468	241,274	245,687
YoY growth rate	10.0%	20.6%	1.9%	8.0%	1.8%
Operating profit (Millions of yen)	6,647	10,489	8,519	10,587	6,733
Operating margin	3.7%	4.8%	3.8%	4.4%	2.7%
Profit attributable to owners of parent (Millions of yen)	2,778	6,329	4,638	6,104	3,790
Return on sales	1.5%	2.9%	2.1%	2.5%	1.5%
Shareholder's equity (Millions of yen)	17,635	32,473	36,447	41,504	41,068
Equity ratio	13.6%	20.6%	20.4%	22.2%	23.0%

	2016/3 1Q	2017/3 1Q	2018/3 1Q	2019/3 1Q	2020/3 1Q
Net sales (Millions of yen)	48,895	54,476	58,346	59,305	64,316
YoY growth rate	13.4%	11.4%	7.1%	1.6%	8.5%
Operating profit (Millions of yen)	2,052	1,620	2,184	501	1,770
Operating margin	4.2%	3.0%	3.7%	0.8%	2.8%
Profit attributable to owners of parent (Millions of yen)	1,221	981	1,122	40	833
Return on sales	2.5%	1.8%	1.9%	0.1%	1.3%
Shareholder's equity (Millions of yen)	18,669	33,044	37,171	41,170	41,534
Equity ratio	13.4%	20.2%	20.0%	21.0%	22.5%

## 2. Dispensing Pharmacy Business

	2015/3	2016/3	2017/3	2018/3	2019/3
No. of pharmacies opened	29	27	42	36	32
Including M&A	1	5	21	13	6
No. of pharmacies at the end of each period	511	527	557	585	598
Net sales of dispensing pharmacy business (Millions of yen)	157,999	190,874	189,327	205,192	208,622
Sales per Pharmacy (Millions of yen)	314	367	349	359	352
No. of prescription (thousands)	11,695	12,301	12,949	13,739	14,192
Unit prices of prescription (yen)	13,330	15,297	14,382	14,739	14,458

	2016/3 1Q	2017/3 1Q	2018/3 1Q	2019/3 1Q	2020/3 1Q
No. of pharmacies opened	6	11	8	8	7
Including M&A	0	1	5	0	2
No. of pharmacies at the end of each period	512	533	564	589	600
Net sales of dispensing pharmacy business (Millions of yen)	42,322	45,912	49,387	50,449	54,814
Sales per Pharmacy (Millions of yen)	82	86	88	85	91
No. of prescription (thousands)	2,990	3,126	3,356	3,483	3,576
Unit prices of prescription (yen)	13,962	14,518	14,547	14,234	15,110

### 3.Consolidated Balance Sheet

(Millions of yen)

(As of the end of the period)	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q	2019/3 1Q	2020/3 1Q
<b>Assets</b>						
<b>Current assets</b>						
Cash and deposits	29,087	19,971	32,297	25,402	34,510	31,921
Notes receivable-trade	1,236	246	73	135	357	78
Accounts receivable-trade	17,078	20,254	23,989	25,901	18,844	16,738
Electronically recorded monetary claims-operating	—	801	987	940	940	1,119
Merchandise and finished goods	16,121	18,000	19,743	23,625	25,925	26,719
Work in process	764	1,090	2,520	2,458	1,489	1,092
Raw materials and supplies	3,169	4,498	5,020	5,704	5,730	6,010
Other	3,269	4,015	3,927	4,517	2,948	3,068
Allowance for doubtful accounts	(9)	(11)	(8)	(9)	(5)	(6)
<b>Total current assets</b>	<b>70,717</b>	<b>68,869</b>	<b>88,551</b>	<b>88,677</b>	<b>90,742</b>	<b>86,742</b>
<b>Non-current assets</b>						
<b>Property, plant and equipment</b>						
Buildings and structures, net	13,972	20,795	22,018	22,645	34,671	31,932
Land	15,327	17,126	17,937	18,166	19,397	16,844
Construction in progress	8,666	2,108	2,917	12,008	5,599	319
Other, net	5,887	9,549	11,528	15,387	15,780	19,909
<b>Total property, plant and equipment</b>	<b>43,852</b>	<b>49,580</b>	<b>54,402</b>	<b>68,208</b>	<b>75,449</b>	<b>69,005</b>
<b>Intangible assets</b>						
Goodwill	9,101	8,501	8,441	15,800	15,069	14,317
Other	1,787	1,660	1,591	2,194	2,557	2,331
<b>Total intangible assets</b>	<b>10,889</b>	<b>10,162</b>	<b>10,033</b>	<b>17,994</b>	<b>17,627</b>	<b>16,649</b>
<b>Investments and other assets</b>						
Investment securities	941	1,223	907	1,014	18	17
Lease and guarantee deposits	7,020	7,039	7,008	7,060	7,436	7,372
Other	2,470	2,661	2,616	2,616	4,757	4,823
<b>Total investments and other assets</b>	<b>10,432</b>	<b>10,924</b>	<b>10,531</b>	<b>10,691</b>	<b>12,211</b>	<b>12,213</b>
<b>Total non-current assets</b>	<b>65,175</b>	<b>70,666</b>	<b>74,967</b>	<b>96,894</b>	<b>105,287</b>	<b>97,868</b>
<b>Total assets</b>	<b>135,892</b>	<b>139,535</b>	<b>163,518</b>	<b>185,572</b>	<b>196,030</b>	<b>184,610</b>

Note: The amounts for the previous fiscal years in this materials do not reflect the revisions of the accounting standards.

(Millions of yen)

(As of the end of the period)	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q	2019/3 1Q	2020/3 1Q
<b>Liabilities</b>						
<b>Current liabilities</b>						
Notes payable-trade	2,047	—	—	—	—	—
Accounts payable-trade	35,079	36,955	44,328	43,779	46,211	48,638
Electronically recorded obligations-operating	—	1,760	2,948	2,190	4,858	4,011
Short-term loans payable	9,650	4,800	3,200	1,400	—	—
Current portion of bonds	7,000	—	7,000	—	—	—
Current portion of long-term loans payable	3,993	5,288	5,938	13,221	22,430	11,844
Income taxes payable	720	1,342	886	1,424	923	1,338
Provision for bonuses	1,038	1,130	1,241	1,403	1,555	1,660
Provision for directors' bonuses	1	—	—	—	—	—
Provision for sales rebates	153	167	4	—	—	—
Other	5,762	7,354	9,116	9,495	11,024	10,344
Total current liabilities	65,446	58,799	74,663	72,915	87,003	77,836
<b>Non-current liabilities</b>						
Bonds payable	7,000	7,000	—	—	—	—
Long-term loans payable	43,099	49,317	50,479	70,670	61,743	59,288
Provision for directors' retirement benefits	868	908	877	973	1,017	1,076
Net defined benefit liability	575	957	1,205	1,341	1,551	1,738
Other	2,757	3,883	3,248	2,499	3,542	3,131
Total non-current liabilities	54,301	62,066	55,810	75,485	67,854	65,234
Total liabilities	119,748	120,866	130,474	148,400	154,858	143,070
<b>Net assets</b>						
<b>Shareholders' equity</b>						
Capital stock	3,953	3,953	3,953	3,953	3,953	3,953
Capital surplus	4,754	4,754	10,926	10,926	10,926	10,926
Retained earnings	9,632	12,844	18,252	22,234	26,457	30,274
Treasury shares	(2,154)	(3,062)	(44)	(46)	(47)	(3,498)
Total shareholders' equity	16,185	18,489	33,088	37,068	41,289	41,655
<b>Accumulated other comprehensive income</b>						
Valuation difference on available-for-sale securities	180	380	170	246	0	(0)
Remeasurements of defined benefit plans	(222)	(200)	(214)	(142)	(119)	(121)
Total accumulated other comprehensive income	(41)	179	(44)	103	(119)	(121)
Non-controlling interests	—	—	—	—	0	5
Total net assets	16,144	18,669	33,044	37,171	41,171	41,539
Total liabilities and net assets	135,892	139,535	163,518	185,572	196,030	196,030

Note: The amounts for the previous fiscal years in this materials do not reflect the revisions of the accounting standards.

#### 4. Consolidated Statement of Income

(Millions of yen)

(For the Three-month Period)	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q	2019/3 1Q	2020/3 1Q
Net sales	43,133	48,895	54,476	58,346	59,305	64,316
Cost of sales	36,005	40,136	45,248	47,693	49,547	53,169
Gross profit	7,127	8,759	9,228	10,652	9,757	11,147
Selling, general and administrative expenses	6,248	6,706	7,607	8,468	9,256	9,377
Operating profit	878	2,052	1,620	2,184	501	1,770
Non-operating income						
Commission fee	29	33	34	37	14	10
Rent income	66	94	94	104	110	105
Compensation income	—	—	—	—	—	48
Insurance return	—	—	69	—	—	—
Other	60	48	46	55	53	39
Total non-operating income	157	176	246	197	178	203
Non-operating expenses						
Interest expenses	200	197	186	169	149	103
Commission fee	7	7	5	4	3	3
Rent expenses	—	68	75	79	86	93
Other	70	58	53	37	41	62
Total non-operating expenses	279	332	320	291	281	263
Ordinary profit	756	1,896	1,545	2,090	398	1,710
Extraordinary income						
Gain on sales of non-current assets	0	—	3	0	0	27
Gain on sales of investment securities	—	—	—	—	8	—
Total extraordinary income	0	—	3	0	8	27
Profit before income taxes	757	1,896	1,548	2,090	406	1,738
Income taxes-current	592	1,046	779	1,389	871	1,324
Income taxes-deferred	(128)	(371)	(212)	(422)	(504)	(420)
Total income taxes	464	675	567	967	367	903
Profit <sup>note</sup>	293	1,221	981	1,122	39	834
Profit (loss) attributable to non-controlling interests <sup>note</sup>	—	—	—	—	(1)	0
Profit attributable to owners of parent <sup>note</sup>	293	1,221	981	1,122	40	833

Note : Accompanying the revision of Accounting Standards for Business Combinations, etc., the names of items presented have been changed.

The revised standards have been applied from the fiscal year ended March 31, 2016.

## 5. Business Segment Performance

(Millions of yen)

	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q	2019/3 1Q	2020/3 1Q
Dispensing pharmacy business						
Net sales	37,546	42,322	45,912	49,387	50,449	54,814
Segment profit	1,190	2,015	1,475	2,511	1,404	1,843
Pharmaceutical manufacturing and sales business						
Net sales	6,506	7,702	9,387	9,407	9,754	10,881
Segment profit	330	589	744	318	59	798
Medical Professional Staffing and Placement Business						
Net sales	1,499	2,087	2,588	3,107	3,217	3,597
Segment profit	327	441	440	601	401	651

## 6. Company Profile

Trade Name	NIHON CHOUZAI Co.,Ltd.
Established	March 1980
Headquarters	37F GranTokyo North Tower, 1-9-1, Marunouchi, Chiyoda-Ku, 100-6737 Tokyo
Capital	3,953.02 million yen
Total Number of Issued Shares	16,024,000 shares
Fiscal Year-end	March
Stock Exchange for Listing	Tokyo Stock Exchange(TSE) First Section
Securities Code	3341
Our Business	Management of health insurance dispensing chain pharmacies, manufacture and sales of generic drugs, employment placement and dispatching service of medical professionals, information provision and consulting
Number of pharmacies(As of June 30,2019)	600