

11-Year Summary of Financial and Non-Financial Data (As of March 31, 2023)

(Millions of yen)

| Consolidated Financial Data | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---|------------------------------------|---------|------------------------------------|----------|------------------------------------|----------|------------------------------------|--|------------------------------------|------------------------------------|------------------------------------|
| Fiscal year in which revisions to dispensing fees and NHI drug prices were made | Dispensing Fees NHI Drug Prices | | Dispensing Fees NHI Drug Prices | | Dispensing Fees NHI Drug Prices | | Dispensing Fees NHI Drug Prices | Dispensing Fees NHI Drug Prices ¹¹ | Dispensing Fees NHI Drug Prices | Dispensing Fees NHI Drug Prices | Dispensing Fees NHI Drug Prices |
| Business results (fiscal year) | | | | | | | | | | | |
| Net sales | 139,466 | 165,347 | 181,844 | 219,239 | 223,468 | 241,274 | 245,687 | 268,520 | 278,951 | 299,392 | 313,318 |
| Gross profit | 21,494 | 25,623 | 31,929 | 39,068 | 39,258 | 43,837 | 41,975 | 46,372 | 49,374 | 52,422 | 53,643 |
| Selling, general and administrative expenses | 18,248 | 20,878 | 25,281 | 28,578 | 30,738 | 33,250 | 35,242 | 38,779 | 41,267 | 45,833 | 46,057 |
| Operating profit | 3,245 | 4,744 | 6,647 | 10,489 | 8,519 | 10,587 | 6,733 | 7,593 | 8,106 | 6,589 | 7,586 |
| EBITDA ¹ | 7,319 | 9,129 | 10,923 | 15,615 | 14,237 | 17,127 | 14,525 | 15,491 | 16,286 | 14,974 | 16,337 |
| Ordinary profit | 2,855 | 4,188 | 6,003 | 9,878 | 7,976 | 10,138 | 6,077 | 7,405 | 8,409 | 6,767 | 7,682 |
| Profit attributable to owners of parent | 184 | 1,901 | 2,778 | 6,329 | 4,638 | 6,104 | 3,790 | 6,697 | 3,538 | 3,705 | 4,458 |
| Cash flows (fiscal year) | | | | | | | | | | | |
| Cash flows from operating activities | 2,885 | 6,243 | 5,831 | 19,327 | △940 | 23,141 | 13,572 | 13,192 | 11,213 | 19,411 | 7,532 |
| Cash flows from investing activities | △6,422 | △14,510 | △8,437 | △7,823 | △28,444 | △13,843 | △1,770 | △2,731 | △7,767 | △9,313 | △10,018 |
| Cash flows from financing activities | 5,496 | 8,782 | 1,422 | 7,031 | 18,205 | △2,034 | △10,516 | △7,955 | △2,806 | △17,448 | 713 |
| Financial position (at year-end) | | | | | | | | | | | |
| Total assets ² | 95,140 | 117,295 | 130,141 | 157,609 | 178,347 | 186,573 | 178,677 | 185,551 | 186,262 | 178,753 | 185,297 |
| Net assets | 14,702 | 15,849 | 17,635 | 32,473 | 36,447 | 41,506 | 41,073 | 47,072 | 49,868 | 52,876 | 56,483 |
| Cash and cash equivalents | 14,513 | 15,027 | 13,844 | 32,380 | 21,200 | 28,464 | 29,749 | 32,254 | 32,893 | 25,543 | 23,770 |
| Merchandise and finished goo | 11,908 | 12,165 | 15,911 | 15,328 | 21,455 | 20,873 | 22,272 | 22,988 | 23,139 | 23,024 | 28,416 |
| Interest-bearing debt ³ | 48,281 | 62,037 | 68,327 | 66,794 | 86,524 | 87,611 | 81,302 | 74,381 | 73,219 | 56,597 | 58,128 |
| Per share information | | | | | | | | | | | |
| Net assets per share ⁴ (yen) | 508.52 | 545.32 | 628.80 | 1,015.11 | 1,139.35 | 1,297.50 | 1,369.52 | 1,569.77 | 1,663.01 | 1,763.34 | 1,888.17 |
| Net income per share ⁴ (yen) | 6.42 | 65.62 | 97.24 | 216.42 | 145.02 | 190.84 | 121.74 | 223.33 | 118.01 | 123.56 | 148.92 |
| Financial and non-financial data | | | | | | | | | | | |
| Sales growth rate (%) | 7.2 | 18.6 | 10.0 | 20.6 | 1.9 | 8.0 | 1.8 | 9.3 | 3.9 | 7.3 | 4.7 |
| SG&A expense ratio (%) | 13.1 | 12.6 | 13.9 | 13.0 | 13.8 | 13.8 | 14.3 | 14.4 | 14.8 | 15.3 | 14.7 |
| Operating margin (%) | 2.3 | 2.9 | 3.7 | 4.8 | 3.8 | 4.4 | 2.7 | 2.8 | 2.9 | 2.2 | 2.4 |
| ROA(%) ⁵ | 0.2 | 1.8 | 2.2 | 4.4 | 2.8 | 3.3 | 2.1 | 3.6 | 1.9 | 2.0 | 2.4 |
| ROE(%) ⁶ | 1.3 | 12.0 | 16.6 | 25.3 | 13.5 | 15.7 | 9.2 | 15.2 | 7.3 | 7.2 | 8.2 |
| Equity ratio(%) ⁷ | 15.5 | 13.5 | 13.6 | 20.6 | 20.4 | 22.2 | 23.0 | 25.4 | 26.8 | 29.6 | 30.5 |
| Interest coverage ratio ⁸ (times) | 4.9 | 8.6 | 7.1 | 24.4 | — | 37.1 | 25.8 | 34.9 | 35.1 | 64.8 | 28.2 |
| Debt-to-equity ratio ⁹ (times) | 3.3 | 3.9 | 3.9 | 2.1 | 2.4 | 2.1 | 2.0 | 1.6 | 1.5 | 1.1 | 1.0 |
| Capital expenditure | 5,566 | 9,069 | 12,279 | 8,073 | 23,344 | 15,316 | 5,254 | 12,025 | 9,492 | 8,362 | 10,321 |
| Depreciation | 3,591 | 3,825 | 3,631 | 4,461 | 4,741 | 5,214 | 6,304 | 6,316 | 6,416 | 6,569 | 6,740 |
| R&D expenses | 1,023 | 1,534 | 1,767 | 1,913 | 2,388 | 2,784 | 2,764 | 2,991 | 2,776 | 3,411 | 3,065 |
| Number of employees ¹⁰ | 2,488 | 3,009 | 3,283 | 3,435 | 3,781 | 4,075 | 4,383 | 4,904 | 5,221 | 5,552 | 5,689 |

* Figures have been rounded down. Percentages have been rounded to the nearest first decimal place.

Notes: 1. EBITDA = Operating profit + depreciation + amortization of goodwill

*2. Figures before FY2017 are not retroactively adjusted in accordance with a change in accounting standards.

*3. Interest-bearing debt = loans + lease obligations + installment accounts payable + bonds

*4. Nihon Chouzai conducted 2-for-1 stock splits on October 1, 2015 and April 1, 2020. Net assets per share and net income per share have been calculated as if these stock splits had taken place at the beginning of FY2012.

*5. ROA = profit attributable to owners of parent ÷ average of total assets at the beginning and end of the fiscal year

*6. ROE = profit attributable to owners of parent ÷ average equity at the beginning and end of the fiscal year

*7. Equity ratio = shareholders' equity ÷ total assets

*8. Interest coverage ratio = operating cash flows ÷ interest payment. This figure is not presented when operating cash flows are negative.

*9. Debt-to-equity ratio = interest-bearing debt ÷ net assets

*10. Number of employees indicates regular employees. It does not include non-regular employees such as associate, contract, fixed-term, or part-time employees.

*11. NHI drug prices were revised in October 2019 in line with changes in the consumption tax rate.

Consolidated Balance Sheet

Nihon Chouzai Co., Ltd. and subsidiaries (as of March 31, 2022 and 2023)

(Millions of yen)

| Liabilities | FY2021 | FY 2022 | Liabilities | FY2021 | FY 2022 |
|---|----------------|----------------|--|----------------|----------------|
| Current assets | | | Current liabilities | | |
| Cash and deposits | 25,543 | 23,770 | Accounts payable–trade | 48,513 | 47,916 |
| Notes receivable–trade | 27 | 70 | Electronically recorded monetary obligations–operating | 2,862 | 1,476 |
| Accounts receivable–trade and contract assets | 20,458 | 21,246 | Short-term borrowings | 1,000 | 2,000 |
| Electronically recorded monetary claims–operating | 422 | 437 | Current portion of long-term loans payable | 12,366 | 10,390 |
| Merchandise and finished goods | 23,024 | 28,416 | Lease obligations | 148 | 143 |
| Work in process | 1,799 | 1,742 | Income taxes payable | 1,800 | 2,640 |
| Raw materials and supplies | 6,262 | 6,021 | Provision for bonuses | 3,861 | 3,892 |
| Other | 4,121 | 4,022 | Provision for directors' bonuses | 45 | 68 |
| Allowance for doubtful accounts | △8 | △6 | Asset retirement obligations | 4 | 20 |
| Total current assets | 81,651 | 85,720 | Other | 8,330 | 8,502 |
| Non-current assets | | | Total current liabilities | 78,931 | 77,050 |
| Property, plant and equipment | | | Non-current liabilities | | |
| Property, plant and equipment | 55,883 | 56,756 | Long-term loans payable | 41,531 | 44,640 |
| Accumulated depreciation | △26,324 | △28,395 | Lease obligations | 1,127 | 953 |
| Buildings and structures, net | 29,559 | 28,361 | Provision for directors' retirement benefits | 71 | 79 |
| Machinery, equipment and vehicles | 21,700 | 22,561 | Net defined benefit liabilities | 2,276 | 2,464 |
| Accumulated depreciation | △7,956 | △9,256 | Asset retirement obligations | 1,422 | 1,485 |
| Machinery, equipment and vehicles, net | 13,743 | 13,305 | Other | 514 | 2,140 |
| Land | 14,155 | 13,377 | Total non-current liabilities | 46,944 | 51,763 |
| Leased assets | 2,799 | 1,509 | Total liabilities | 125,876 | 128,814 |
| Accumulated depreciation | △1,704 | △601 | | | |
| Leased assets, net | 1,095 | 907 | | | |
| Construction in progress | 1,226 | 1,828 | | | |
| Other | 21,091 | 22,001 | | | |
| Accumulated depreciation | △16,847 | △18,346 | | | |
| Other, net | 4,244 | 3,655 | | | |
| Total property, plant and equipment | 64,025 | 61,435 | | | |
| Intangible assets | | | | | |
| Goodwill | 15,220 | 14,195 | | | |
| Other | 3,749 | 5,377 | | | |
| Total intangible assets | 18,969 | 19,573 | | | |
| Investments and other assets | | | | | |
| Investment securities | 16 | 16 | | | |
| Long-term loans receivable | 554 | 3,786 | | | |
| Lease and guarantee deposits | 8,797 | 9,160 | | | |
| Deferred tax assets | 3,842 | 4,402 | | | |
| Other | 896 | 1,202 | | | |
| Total investments and other assets | 14,107 | 18,568 | | | |
| Total non-current assets | 97,102 | 99,576 | | | |
| Total assets | 178,753 | 185,297 | | | |

(Millions of yen)

| Net assets | FY2021 | FY 2022 |
|---|----------------|----------------|
| Shareholders' equity | | |
| Capital stock | 3,953 | 3,953 |
| Capital surplus | 10,926 | 10,926 |
| Retained earnings | 41,507 | 45,216 |
| Treasury stock | △3,500 | △3,600 |
| Total shareholders' equity | 52,887 | 56,495 |
| Accumulated other comprehensive income | | |
| Remeasurements of defined benefit plans | △10 | △12 |
| Total accumulated other comprehensive income | △10 | △12 |
| Total net assets | 52,876 | 56,483 |
| Total liabilities and net assets | 178,753 | 185,297 |

Consolidated Statement of Income

Nihon Chouzai Co., Ltd. and subsidiaries
For the years ended March 31, 2022 and 2023

(Millions of yen)

| | FY2021 | FY 2022 |
|--|--------------|--------------|
| Net sales | 299,392 | 313,318 |
| Cost of sales | 246,969 | 259,674 |
| Gross Profit | 52,422 | 53,643 |
| Selling, general and administrative expenses | 45,833 | 46,057 |
| Operating profit | 6,589 | 7,586 |
| Non-operating income | | |
| Commissions received | 38 | 41 |
| Rent income | 511 | 593 |
| Compensation income | 40 | 114 |
| Insurance claim income | 144 | 64 |
| Subsidy income | 218 | 81 |
| Other | 258 | 235 |
| Total non-operating income | 1,212 | 1,130 |
| Non-operating expenses | | |
| Interest expenses | 295 | 266 |
| Commissions paid | 0 | – |
| Rent expenses | 381 | 442 |
| Loss on retirement of non-current assets | 107 | 80 |
| Other | 249 | 244 |
| Total non-operating expenses | 1,034 | 1,033 |
| Ordinary profit | 6,767 | 7,682 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 6 | 1,214 |
| Compensation income | – | 1,573 |
| Reversal of provision for retirement benefits for directors (and other officers) | 46 | – |
| Insurance claim income | 3,909 | – |
| Gain on transfer from business divestitures | 67 | – |
| Total extraordinary profit | 4,030 | 2,787 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | – | 52 |
| Impairment losses | 669 | 2,574 |
| Loss due to disaster | 3,910 | – |
| Total extraordinary losses | 4,580 | 2,627 |
| Profit before income taxes | 6,217 | 7,843 |
| Income taxes–current | 2,984 | 3,992 |
| Income taxes–deferred | △473 | △608 |
| Total income taxes | 2,511 | 3,384 |
| Profit | 3,705 | 4,458 |
| Profit attributable to owners of parent | 3,705 | 4,458 |

Consolidated Statement of Comprehensive Income

Nihon Chouzai Co., Ltd. and subsidiaries For the years ended March 31, 2022 and 2023

(Millions of yen)

| | FY2021 | FY 2022 |
|---|--------------|--------------|
| Profit | 3,705 | 4,458 |
| Other comprehensive income | | |
| Remeasurements of defined benefit plans, net of tax | 53 | △2 |
| Total other comprehensive income | 53 | △2 |
| Comprehensive income | 3,758 | 4,456 |
| (Of which) | | |
| Comprehensive income attributable to owners of parent | 3,758 | 4,456 |

Consolidated Statement of Changes in Net Assets

Nihon Chouzai Co., Ltd. and subsidiaries

(Millions of yen)

| For the year ended assets March 31, 2021 | Shareholders' equity | | | | | Accumulated other comprehensive income | | Total net assets |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|---|--|------------------|
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury stock | Total shareholders' equity | Remeasurements of defined benefit Plans | Total accumulated other comprehensive Income | |
| Balance at the beginning of the period | 3,953 | 10,926 | 38,551 | △3,500 | 49,931 | △63 | △63 | 49,868 |
| Changes of items during the Period | | | | | | | | |
| Dividends from surplus | | | △749 | | △749 | | | △749 |
| Profit attributable to owners of parent | | | 3,705 | | 3,705 | | | 3,705 |
| Purchase of treasury stock | | | | △0 | △0 | | | △0 |
| Net changes of items other than shareholders' equity | | | | | | 53 | 53 | 53 |
| Total changes of items during the period | - | - | 2,955 | △0 | 2,955 | 53 | 53 | 3,008 |
| Balance at the end of the period | 3,953 | 10,926 | 41,507 | △3,500 | 52,887 | △10 | △10 | 52,876 |

(Millions of yen)

| For the year ended assets March 31, 2022 | Shareholders' equity | | | | | Accumulated other comprehensive income | | Total net assets |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|---|--|------------------|
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury stock | Total shareholders' equity | Remeasurements of defined benefit Plans | Total accumulated other comprehensive Income | |
| Balance at the beginning of the period | 3,953 | 10,926 | 41,507 | △3,500 | 52,887 | △10 | △10 | 52,876 |
| Changes of items during the Period | | | | | | | | |
| Dividends from surplus | | | △749 | | △749 | | | △749 |
| Profit attributable to owners of parent | | | 4,458 | | 4,458 | | | 4,458 |
| Purchase of treasury stock | | | | △100 | △100 | | | △100 |
| Net changes of items other than shareholders' equity | | | | | | △2 | △2 | △2 |
| Total changes of items during the period | - | - | 3,709 | △100 | 3,608 | △2 | △2 | 3,606 |
| Balance at the end of the period | 3,953 | 10,926 | 45,216 | △3,600 | 56,495 | △12 | △12 | 56,483 |

Consolidated Statement of Cash Flows

Nihon Chouzai Co., Ltd. and subsidiaries
For the years ended March 31, 2022 and 2023

(Millions of yen)

| | FY2021 | FY 2022 |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,217 | 7,843 |
| Depreciation | 6,569 | 6,740 |
| Amortization of long-term prepaid expenses | 157 | 126 |
| Impairment loss | 669 | 2,574 |
| Loss on disaster | 3,910 | - |
| Insurance income | △3,909 | - |
| Compensation income | - | △1,573 |
| Amortization of goodwill | 1,814 | 1,952 |
| Increase (decrease) in allowance for doubtful account | 1 | △1 |
| Increase (decrease) in provision for bonuses | 258 | 27 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | △1 | 23 |
| Increase (decrease) in retirement benefit liability | 120 | 185 |
| Increase (decrease) in provision for retirement benefits for directors (and other officers) | △127 | △49 |
| Interest and dividend income | △2 | △1 |
| Interest expenses | 295 | 266 |
| Loss (gain) on sales of non-current assets | △6 | △1,161 |
| Decrease (increase) in notes and accounts receivable/trade | 1,185 | △701 |
| Decrease (increase) in inventories | △4,147 | △5,016 |
| Increase (decrease) in notes and accounts payable/trade | 4,363 | △2,018 |
| Decrease (increase) in prepaid expenses | △75 | △76 |
| Increase (decrease) in accrued expenses | 57 | 109 |
| Decrease (increase) in accounts receivable-other | △224 | 375 |
| Increase (decrease) in accounts payable-other | 378 | △1,177 |
| Other, net | 481 | 1,064 |
| Subtotal | 17,989 | 9,511 |
| Interest and dividend income received | 2 | 1 |
| Interest expenses paid | △299 | △267 |
| Income taxes paid | △2,189 | △3,286 |
| Proceeds from insurance income | 3,909 | - |
| Proceeds from compensation income | - | 1,573 |
| Net cash provided by (used in) operating activities | 19,411 | 7,532 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | △5,956 | △5,761 |
| Proceeds from sales of property, plant and equipment | 73 | 2,183 |
| Purchase of intangible assets | △1,753 | △1,994 |
| Increase in long-term prepaid expenses | △133 | △59 |
| Payments for acquisition of businesses | △348 | △367 |
| Proceeds from sale of businesses | 75 | - |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | △597 | △1,433 |
| Payment of loans receivable | - | △2,096 |
| Collection of loans receivable | 84 | 89 |
| Payments of leasehold and guarantee deposits | △935 | △779 |
| Proceeds from refund of leasehold and guarantee deposits | 194 | 219 |
| Other, net | △18 | △18 |
| Net cash provided by (used in) investing activities | △9,313 | △10,018 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | 1,000 | 1,000 |
| Proceeds from long-term loans payable | 10,900 | 13,500 |
| Repayments of long-term loans payable | △27,966 | △12,366 |
| Repayments of lease obligations | △140 | △145 |
| Repayments of installment payables | △462 | △424 |
| Purchase of treasury shares | △0 | △100 |
| Cash dividends paid | △749 | △749 |
| Other, net | △28 | - |
| Net cash provided by (used in) financing activities | △17,448 | 713 |
| Net increase (decrease) in cash and cash equivalents | △7,350 | △1,772 |
| Cash and cash equivalents at beginning of period | 32,893 | 25,543 |
| Cash and cash equivalents at end of period | 25,543 | 23,770 |