

**Summary of Consolidated Financial Results for the Second Quarter  
(First Half) of the Fiscal Year Ending March 31, 2025  
(Six months Ended September 30, 2024)**

[Japanese GAAP]

Company name: NIHON CHOUZAI Co., Ltd. Listing: Tokyo Stock Exchange, Prime Market  
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 Scheduled date of filing of Quarterly Report: November 14, 2024  
 Scheduled date of payment of dividend: December 6, 2024  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on October 31, 2024 at 16:00 (GMT +9).

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

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025  
(April 1, 2024 – September 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	%
Six months ended Sep. 30, 2024	175,575	5.6	5,003	(33.9)	423	(87.5)	772	(77.1)	(43)	—
Six months ended Sep. 30, 2023	166,310	9.2	7,573	7.0	3,397	20.8	3,367	18.2	1,748	8.7

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: (42) (—%)

Six months ended Sep. 30, 2023: 1,750 (up 8.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	(1.44)	—
Six months ended Sep. 30, 2023	58.44	—

Note: EBITDA = Operating profit + depreciation + goodwill amortization

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2024	204,147	57,885	28.4
As of Mar. 31, 2024	195,087	58,351	29.9

Reference: Shareholders' equity (million yen) As of Sep. 30, 2024: 57,885 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	—	12.50	—	—	—
Fiscal year ending Mar. 31, 2025 (forecasts)	—	—	—	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
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 Sep. 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 Sep. 30, 2024:	1,172,704 shares	As of Mar. 31, 2024:	1,130,711 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	29,907,128 shares	Six months ended Sep. 30, 2023:	29,915,728 shares
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Note:

The number of shares of the Company held in the Directors' Remuneration BIP Trust (September 30, 2024: 110,963 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: The quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

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 six months of the consolidated fiscal year ending March 31, 2025 (April 1, 2024–September 30, 2024), the Japanese economy gradually recovered, supported by improvements in the employment and income conditions. However, the outlook remains uncertain due to stagnation in overseas economies and rising prices, which warrant close monitoring.

Under these economic conditions, the Nihon Chouzai Group, as a healthcare group operating with the mission of “To give people the closest possible support,” remains committed to providing quality healthcare services and pharmaceuticals to ensure that patients and customers can use them with confidence. We will continue contributing to Japan’s healthcare by consistently delivering unwavering value, even as societal conditions rapidly change.

In September 2024, the Group established its new long-term management policy, “Long-Term Vision 2035.” The Vision outlines our goals and a roadmap for achieving them, enabling us to adapt to changes in the business environment, such as healthcare system reforms, and meet stakeholder expectations for enhancing corporate value as a company listed on the Prime Market. Within the Vision, we have defined our aspirations under three pillars: the most vibrant and energetic group in Japan; a group that can address all kinds of needs; and a group that continues to innovate. Specifically, we will diligently implement initiatives aimed at enhancing corporate value over the medium to long term, including creating a work environment where employees can thrive, developing services based on customer feedback, and pursuing innovation through partnerships and co-creation with other companies.

In the first six months of the current consolidated fiscal year, despite an increase in prescription volume in the Dispensing Pharmacy Business, performance was negatively affected by higher personnel expenses in the Dispensing Pharmacy Business and the ongoing impact of manufacturing management deficiencies discovered at Choseido Pharmaceutical in April 2024. As a result, net sales were 175,575 million yen (+5.6% YoY), operating profit was 423 million yen (-87.5% YoY), ordinary profit was 772 million yen (-77.1% YoY), and loss attributable to owners of the parent was 43 million yen (profit of 1,748 million yen same period a year ago).

Segment-specific earnings are as indicated below.

#### 1) Dispensing Pharmacy Business

In the first six months of the current consolidated fiscal year, prescription volume increased owing to new pharmacies opened in the previous fiscal year, but cost of sales and SG&A expenses rose as we raised salaries in April 2024 in light of rising prices. As a result, net sales were 156,569 million yen (+6.1% YoY) and operating profit of 4,509 million yen (-25.0% YoY).

As of September 30, 2024, the Group operated a total of 743 pharmacies, reflecting 15 new openings and eight closures. The company-wide percentage of generic drugs dispensed, on a volume basis, was 90.1% on average (excluding discontinued drugs). Group pharmacies providing in-home medical care (those that make at least 24 home visits annually) grew steadily, accounting for 95.8% of total.

The membership for Nihon Chouzai’s electronic medication notebook, Okusuri Techo Plus, surpassed two million in July 2024, which marks the 11th year since the service was launched in October 2014. In addition to its original features, such as the prescription transmission function and health management tools, we have recently updated the app with new functionalities, including integration with Mynportal and disaster preparedness features, such as offline access to data. Okusuri Techo Plus has received high praise, having been introduced as an electronic medication notebook that aligns with the Ministry of Health, Labour and Welfare’s Guidelines for Electronic Medication Notebooks, which outline the expected roles and necessary features of such services.

In September 2024, we introduced Amazon Pharmacy as part of our efforts to create new value through collaboration and co-creation with external companies. The Group has promoted healthcare DX to provide quality healthcare services to patients nationwide, without being restricted by time or location. To meet the growing demand for online healthcare services, such as telemedicine, electronic prescriptions, and online medication guidance, we have begun using Amazon Pharmacy at 11 locations as part of our ongoing efforts to expand patient access to healthcare and improve convenience.

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

In the first six months of the current consolidated fiscal year, the Pharmaceutical Manufacturing and Sales Business reported net sales of 19,570 million yen (-4.5% YoY) and operating loss of 652 million yen (operating profit of 167 million yen same period a year ago).

The decline in net sales and operating profit was due to a decrease in the selling price of existing products following the April 2024 NHI drug price revisions, as well as manufacturing management deficiencies discovered at the Kawauchi Plant of Choseido Pharmaceutical, a group company of Nihon Chouzai. Starting July 2024, we gradually resumed shipments of products manufactured at the plant and production at the plant. As of September 30, 2024, the Group offered a total of 469 products (including one OTC drug) for sale, reflecting a revision of the product lineup. The percentage of in-house manufactured products was 48.2%, continuing its steady expansion since the fiscal year ended March 31, 2020.

We were forced to restrict shipments of many products due to industrywide supply concerns. However, in our efforts to ensure stable supply, we are gradually resuming normal shipments, starting with products for which we have established a reliable supply system. As of September 30, 2024, the number of products under restricted shipment was 116. We will continue to prioritize quality management and stable supply of generic drugs, while expanding our lineup of in-house manufactured products, including those newly added to the NHI drug price list through R&D investments, as well as increasing productivity.

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

In the first six months of the current consolidated fiscal year, the Medical Professional Staffing and Placement Business reported net sales of 6,021 million yen (+21.8% YoY) and operating profit of 766 million yen (+9.8% YoY).

The year-on-year increase in net sales and operating profit was attributed to continued growth of the mainstay pharmacist staffing business and the physician placement business. Demand also increased for the healthcare business, including the occupational physician business, and we intend to further contribute to the health management of companies in Japan through the business.

**(2) Explanation of Financial Position**

Total assets at the end of the Second Quarter of the current consolidated fiscal year came to 204,147 million yen, an increase of 4.6%, or 9,059 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 merchandise and finished goods.

Total liabilities were 146,261 million yen, an increase of 7.0%, or 9,525 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 57,885 million yen, a decrease of 466 million yen from 58,351 million yen at the end of the previous fiscal year. As a result, the equity ratio came to 28.4%.

**(Cash Flows)**

Cash flows during the first half of the consolidated fiscal year were as follows. Net cash provided by operating activities was 1,565 million yen, net cash used in investing activities 5,956 million yen, and net cash provided by financing activities 4,780 million yen. As a result, the quarterly balance for cash and cash equivalents was 26,424 million yen, an increase of 389 million yen compared to the end of the previous consolidated fiscal year.

For cash flows from operating activities, major income factors include 7,556 million yen increase in trade payables while major expenditure factors include 9,315 million yen in increased inventories.

For cash flows from investing activities, major expenditure factors include expenditures of 3,804 million yen for the purchase of property, plant and equipment. This is mainly comprised of investments in fixtures and equipment for existing stores and new store openings in the dispensing pharmacy business.

For cash flows from financing activities, major income factors include income of 9,450 million yen from long-term loans payable. Conversely, major expenditure factors include 8,987 million yen in repayments of long-term loans payable.

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

There are no changes to the consolidated earnings forecasts for 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)	Second Quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	26,034	26,424
Notes receivable-trade	69	18
Accounts receivable-trade and contract assets	21,761	21,061
Electronically recorded monetary claims-operating	395	304
Merchandise and finished goods	28,992	35,542
Work in process	2,420	2,002
Raw materials and supplies	6,677	9,885
Other	4,691	5,734
Allowance for doubtful accounts	(12)	(51)
Total current assets	91,031	100,921
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,882	27,737
Land	13,371	13,374
Construction in progress	2,642	2,628
Other, net	16,532	16,867
Total property, plant and equipment	60,428	60,607
Intangible assets		
Goodwill	12,955	12,358
Other	8,471	9,756
Total intangible assets	21,426	22,115
Investments and other assets		
Investment securities	18	14
Leasehold and guarantee deposits	9,904	8,850
Other	12,277	11,637
Total investments and other assets	22,200	20,502
Total non-current assets	104,056	103,225
Total assets	195,087	204,147

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second Quarter of FY3/25 (As of Sep. 30, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	52,759	61,698
Electronically recorded obligations-operating	3,657	2,251
Short-term loans payable	450	5,300
Current portion of long-term loans payable	10,981	10,224
Income taxes payable	2,072	737
Provision for bonuses	4,086	4,412
Provision for bonuses for directors (and other officers)	63	—
Other	10,786	8,374
<b>Total current liabilities</b>	<b>84,858</b>	<b>93,000</b>
<b>Non-current liabilities</b>		
Long-term loans payable	42,108	43,328
Provision for retirement benefits for directors (and other officers)	85	77
Retirement benefit liability	2,587	2,683
Other	7,095	7,171
<b>Total non-current liabilities</b>	<b>51,876</b>	<b>53,261</b>
<b>Total liabilities</b>	<b>136,735</b>	<b>146,261</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	46,602
Treasury shares	(1,898)	(1,946)
<b>Total shareholders' equity</b>	<b>58,303</b>	<b>57,837</b>
<b>Accumulated other comprehensive income</b>		
Remeasurements of defined benefit plans	48	48
<b>Total accumulated other comprehensive income</b>	<b>48</b>	<b>48</b>
<b>Total net assets</b>	<b>58,351</b>	<b>57,885</b>
<b>Total liabilities and net assets</b>	<b>195,087</b>	<b>204,147</b>

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

(Millions of yen)

	First Six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First Six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Net sales	166,310	175,575
Cost of sales	138,761	148,442
Gross profit	27,548	27,132
Selling, general and administrative expenses	24,150	26,709
Operating profit	3,397	423
Non-operating income		
Commission income	23	23
Rental income	306	433
Insurance Income	11	2
Subsidy Income	22	330
Other	113	353
Total non-operating income	477	1,143
Non-operating expenses		
Interest expenses	178	212
Rent expenses	197	326
Other	132	254
Total non-operating expenses	508	793
Ordinary profit	3,367	772
Extraordinary income		
Gain on sales of non-current assets	51	11
Gain on sale of investment securities	—	14
Compensation income	32	33
Total extraordinary income	84	58
Extraordinary losses		
Impairment loss	71	69
Loss on sales of non-current assets	0	—
Total extraordinary losses	72	69
Profit before income taxes	3,378	762
Income taxes-current	1,702	405
Income taxes-deferred	(71)	399
Total income taxes	1,630	805
Profit	1,748	(43)
Profit attributable to owners of parent	1,748	(43)

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

(Millions of yen)

	First Six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First Six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Profit	1,748	(43)
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	2	0
Total other comprehensive income	2	0
Comprehensive income	1,750	(42)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,750	(42)

**(3) Quarterly Consolidated Statement of Cash Flows**

	First Six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First Six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	3,378	762
Depreciation	3,212	3,608
Impairment loss	71	69
Compensation income	(32)	(33)
Amortization of goodwill	939	950
Increase (decrease) in allowance for doubtful accounts	(0)	39
Increase (decrease) in provision for bonuses	550	324
Increase (decrease) in provision for bonuses for directors (and other officers)	(68)	(63)
Increase (decrease) in retirement benefit liability	111	96
Increase (decrease) in provision for retirement benefits for directors (and other officers)	7	(7)
Interest and dividend income	(0)	(34)
Interest expenses	178	212
Loss (gain) on sales of non-current assets	(50)	(11)
Loss (Gain) on sale of investment securities	—	(14)
Decrease (increase) in trade receivables	1,218	911
Decrease (increase) in inventories	(5,671)	(9,315)
Increase (decrease) in trade payables	9,844	7,556
Other, net	543	(1,603)
Subtotal	14,232	3,448
Interest and dividends received	0	1
Interest paid	(83)	(151)
Income taxes paid	(2,248)	(1,732)
Net cash provided by (used in) operating activities	11,900	1,565
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,526)	(3,804)
Proceeds from sales of property, plant and equipment	26	3
Purchase of intangible assets	(1,351)	(1,560)
Proceeds from sales of investment securities	—	18
Purchase of long-term prepaid expenses	(32)	(37)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(273)	(436)
Payments for acquisition of businesses	(275)	—
Payments of loans receivable	—	(49)
Collection of loans receivable	32	170
Payments of leasehold and guarantee deposits	(2,658)	(395)
Proceeds from refund of leasehold and guarantee deposits	59	112
Other, net	(20)	23
Net cash provided by (used in) investing activities	(8,019)	(5,956)

(Millions of yen)

	First Six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First Six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,000)	4,850
Proceeds from long-term loans payable	5,500	9,450
Repayments of long-term loans payable	(8,477)	(8,987)
Purchase of treasury shares	(0)	(69)
Dividends paid	(374)	(374)
Other, net	(72)	(86)
Net cash provided by (used in) financing activities	(5,425)	4,780
Net increase (decrease) in cash and cash equivalents	(1,544)	389
Cash and cash equivalents at beginning of period	23,770	26,034
Cash and cash equivalents at end of period	22,226	26,424

**(4) 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 Six months of FY3/24 (Apr. 1, 2023 – Sep. 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	147,605	13,773	4,931	166,310	—	166,310
(2) Inter-segment sales and transfers	—	6,713	14	6,728	(6,728)	—
Total	147,605	20,487	4,945	173,038	(6,728)	166,310
Segment profit (loss)	6,016	167	698	6,882	(3,484)	3,397

Note: Total segment sales and segment profit 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 3,484 million yen to segment profit (loss) includes eliminations of minus 126 million yen for inter-segment transactions and corporate expenses of minus 3,357 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

In the dispensing pharmacy business segment, there was an impairment loss of 71 million yen for store assets (one pharmacy).

Significant change in goodwill

Not applicable.

## II. First Six months of FY3/25 (Apr. 1, 2024 – Sep. 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	156,569	13,105	5,899	175,575	—	175,575
(2) Inter-segment sales and transfers	—	6,464	122	6,586	(6,586)	—
Total	156,569	19,570	6,021	182,161	(6,586)	175,575
Segment profit (loss)	4,509	(652)	766	4,623	(4,200)	423

Note: Total segment sales and segment profit 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 4,200 million yen to segment profit (loss) includes eliminations of minus 23 million yen for inter-segment transactions and corporate expenses of minus 4,176 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

In the dispensing pharmacy business segment, there was an impairment loss of 69 million yen for store assets (one pharmacy).

## Significant change in goodwill

Not applicable.

*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.*