

**Summary of Consolidated Financial Results for the Third Quarter
of the Fiscal Year Ending March 31, 2025
(Nine months Ended December 31, 2024)**

[Japanese GAAP]

Company name: NIHON CHOUZAI Co., Ltd.

Listing: Tokyo Stock Exchange, Prime Market

Stock code: 3341

URL: <https://www.nicho.co.jp>

Representative: Naoto Kasai, President & CEO

Contact: Kei Kato, General Manager of
Group Corporate Planning Department

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 January 31, 2025 at 16:00 (GMT +9).

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

**1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025
(April 1, 2024 – December 31, 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	%
Nine months ended Dec. 31, 2024	269,799	6.2	10,550	(19.7)	3,733	(43.0)	4,174	(35.9)	617	(83.6)
Nine months ended Dec. 31, 2023	254,127	9.1	13,144	7.1	6,550	12.4	6,517	11.7	3,769	(12.1)

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2024: 617 (down 83.6%)

Nine months ended Dec. 31, 2023: 3,773 (down 12.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2024	20.65	—
Nine months ended Dec. 31, 2023	125.99	—

Note: EBITDA = Operating profit + depreciation + goodwill amortization

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2024	201,487	58,171	28.9
As of Mar. 31, 2024	195,087	58,351	29.9

Reference: Shareholders' equity (million yen) As of Dec. 31, 2024: 58,171 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)	2,000	(21.7)	66.85

Note: Revisions to the most recently announced consolidated forecast: Yes

*** 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 Dec. 31, 2024:	31,048,000 shares	As of Mar. 31, 2024:	31,048,000 shares
----------------------	-------------------	----------------------	-------------------

2) Number of treasury shares at the end of period

As of Dec. 31, 2024:	1,172,744 shares	As of Mar. 31, 2024:	1,130,711 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2024:	29,896,469 shares	Nine months ended Dec. 31, 2023:	29,916,270 shares
----------------------------------	-------------------	----------------------------------	-------------------

Note:

The number of shares of the Company held in the Directors' Remuneration BIP Trust (December 31, 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.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Notes to Quarterly Consolidated Financial Statements	9
Going-concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	10
Notes to Consolidated Statement of Cash Flows	12

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the consolidated fiscal year ending March 31, 2025 (April 1–December 31, 2024), the Japanese economy showed signs of modest recovery, although some areas remained stagnant. Looking ahead, the economy is expected to continue recovering gradually amid improving employment and income conditions, but caution remains warranted due to the potential impact of slowing overseas economies and rising prices. Under these economic conditions, the Nihon Chouzai Group, as a healthcare group operating under the mission of “Giving people the closest possible support,” remains committed to providing quality healthcare services and pharmaceuticals.

In the first nine months under review, despite an increase in prescription volume in the Dispensing Pharmacy Business and groupwide efforts to control costs, performance was weighed down by impairment losses recorded at some of the dispensing pharmacies in the Dispensing Pharmacy Business, and the impact of manufacturing management deficiencies discovered at the Kawauchi Plant of Choseido Pharmaceutical in the Pharmaceutical Manufacturing and Sales Business.

As a result, net sales were 269,799 million yen (+6.2% YoY), operating profit was 3,733 million yen (-43.0% YoY), ordinary profit was 4,174 million yen (-35.9% YoY), and profit attributable to owners of the parent was 617 million yen (-83.6% YoY).

Segment-specific earnings are as indicated below.

1) Dispensing Pharmacy Business

In the nine-month period under review, contributions from pharmacies newly opened in the previous and current fiscal years, coupled with a surge in acute illnesses such as influenza—whose outbreak exceeded the previous year’s levels since mid-December—resulted in a 4.6% year-on-year increase in the cumulative number of prescriptions as of December 2024. Meanwhile, the cost of sales and SG&A expenses rose due to wage increases implemented in April 2024. As a result, while net sales increased, operating profit declined, with net sales of 240,266 million yen (+6.5% YoY) and operating profit of 9,103 million yen (-14.4% YoY).

As of December 31, 2024, the Group operated a total of 749 pharmacies, reflecting 28 new openings and 15 closures during the nine-month period under review. The average share of generic drugs dispensed, on a volume basis, rose 5.1% from September 2024 to 95.2% across the Group (excluding discontinued items), mainly due to the launch of the Selective Care System for long-term listed drugs (brand-name drugs with generic versions) in October 2024. Group pharmacies providing in-home medical care—defined as those making at least 24 home visits annually—grew steadily, accounting for 96.4% of the total.

On October 1, 2024, the Group submitted a notification for implementing the “Partial Outsourcing of Dispensing Operations” in the National Strategic Special Zone covering all of Osaka City, allowing it to outsource parts of the dispensing process to external providers. The Group subsequently began outsourcing operations to external providers. The “Partial Outsourcing of Dispensing Operations” is a measure aimed at improving the efficiency of drug-centered tasks in the dispensing process, as outlined in the “Pharmacy Vision for Patients” drafted by the Ministry of Health, Labour and Welfare in 2015. This initiative seeks to enable pharmacists to dedicate more time to patient-centered activities, such as in-home medical care and community-based integrated care.

5COINS PHARMA, Nihon Chouzai’s fixed-price OTC pharmaceuticals brand, previously offered 24 items including antipyretic analgesics, gastrointestinal medicines, and throat lozenges. The lineup has now been expanded to 27 items with the addition of three new products: Magnesium Oxide A Laxative, a non-irritating laxative; Allergy Eye Drop DX, eye drops specifically for allergies; and PureLop ALG Plus, a nasal spray. We have also begun offering these products at non-Group pharmacies, further expanding efforts to promote self-medication

for everyone.

To realize our long term vision, we are advancing initiatives to streamline operations through AI and other digital tools, with the aim of further enhancing patient-centered services and improving the quality of healthcare provided at dispensing pharmacies. In November 2024, we began using the AI-powered medication recording support service “corte” and are evaluating its effectiveness in improving operational efficiency at select pharmacies. At the same time, we are considering expanding its implementation to additional locations.

2) Pharmaceutical Manufacturing and Sales Business

In the first nine months of the current consolidated fiscal year, the Pharmaceutical Manufacturing and Sales Business reported net sales of 30,903 million yen (-0.8% YoY) and operating loss of 300 million yen (operating profit of 555 million yen same period a year ago).

Net sales and profit declined.

While both existing products and newly NHI-listed products launched in December 2024 sell robustly, a drop in selling prices of existing products following the April 2024 NHI drug price revision, as well as the ongoing impact of manufacturing management deficiencies discovered at the Kawauchi Plant of Choseido Pharmaceutical in the same month. Measures to address these deficiencies are currently underway, and the manufacture and sale of some products resumed in July 2024. As of December 31, 2024, the Group offered a total of 463 products, including one OTC drug, reflecting a revision of the product lineup. In-house manufactured products accounted for 49.2% of the total, a proportion that has been steadily increasing since the fiscal year ended March 31, 2020. To ensure a stable supply, we had previously restricted shipments of many products due to industrywide supply concerns. However, we are gradually resuming normal shipments, starting with products for which a reliable supply system has been established. As of December 31, 2024, 114 products were under restricted shipment schedules. We will continue to prioritize quality management and the stable supply of generic drugs while expanding our lineup of in-house manufactured products, including those newly added to the NHI drug price list, by investing in R&D. We will also take measures to enhance productivity.

3) Medical Professional Staffing and Placement Business

In the first nine months of the current consolidated fiscal year, the Medical Professional Staffing and Placement Business reported net sales of 8,678 million yen (+17.7% YoY) and operating profit of 805 million yen (+1.2% YoY). The year-on-year increase in net sales and operating profit was attributed to continued growth of the mainstay pharmacist staffing and 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 Third Quarter of the current consolidated fiscal year came to 201,487 million yen, an increase of 3.3%, or 6,400 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 143,316 million yen, an increase of 4.8%, or 6,580 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 and Short-term loans payable.

Total net assets were 58,171 million yen, a decrease of 180 million yen from 58,351 million yen at the end of the previous fiscal year. As a result, the equity ratio came to 28.9%.

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

We have conducted a revision to figures indicated in the consolidated earnings forecast for the fiscal year ending March 31, 2025 released on April 30, 2024. For details, please refer to the “Notice of Impairment Losses and Revisions Full-year Consolidated Earnings Forecast” released today (January 31, 2025).

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

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	Third Quarter of FY3/25 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	26,034	21,851
Notes receivable-trade	69	15
Accounts receivable-trade and contract assets	21,761	25,880
Electronically recorded monetary claims-operating	395	159
Merchandise and finished goods	28,992	35,657
Work in process	2,420	2,061
Raw materials and supplies	6,677	9,478
Other	4,691	6,125
Allowance for doubtful accounts	(12)	(12)
Total current assets	91,031	101,217
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,882	26,818
Land	13,371	13,323
Construction in progress	2,642	2,357
Other, net	16,532	16,317
Total property, plant and equipment	60,428	58,817
Intangible assets		
Goodwill	12,955	11,887
Other	8,471	10,358
Total intangible assets	21,426	22,245
Investments and other assets		
Investment securities	18	14
Leasehold and guarantee deposits	9,904	8,632
Other	12,277	10,559
Total investments and other assets	22,200	19,206
Total non-current assets	104,056	100,270
Total assets	195,087	201,487

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	Third Quarter of FY3/25 (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	52,759	59,139
Electronically recorded obligations-operating	3,657	2,579
Short-term loans payable	450	6,700
Current portion of long-term loans payable	10,981	9,924
Income taxes payable	2,072	68
Provision for bonuses	4,086	2,196
Provision for bonuses for directors (and other officers)	63	—
Other	10,786	9,544
Total current liabilities	84,858	90,153
Non-current liabilities		
Long-term loans payable	42,108	43,147
Provision for retirement benefits for directors (and other officers)	85	82
Retirement benefit liability	2,587	2,721
Other	7,095	7,211
Total non-current liabilities	51,876	53,162
Total liabilities	136,735	143,316
Net assets		
Shareholders' equity		
Share capital	3,953	3,953
Capital surplus	9,228	9,228
Retained earnings	47,020	46,887
Treasury shares	(1,898)	(1,946)
Total shareholders' equity	58,303	58,122
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	48	48
Total accumulated other comprehensive income	48	48
Total net assets	58,351	58,171
Total liabilities and net assets	195,087	201,487

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

(Millions of yen)

	First Nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)	First Nine months of FY3/25 (Apr. 1, 2024 – Dec. 31, 2024)
Net sales	254,127	269,799
Cost of sales	211,315	226,794
Gross profit	42,812	43,005
Selling, general and administrative expenses	36,262	39,271
Operating profit	6,550	3,733
Non-operating income		
Commission income	34	35
Rental income	488	653
Insurance Income	15	5
Subsidy Income	40	483
Other	161	455
Total non-operating income	739	1,632
Non-operating expenses		
Interest expenses	263	333
Rent expenses	323	490
Other	186	367
Total non-operating expenses	772	1,191
Ordinary profit	6,517	4,174
Extraordinary income		
Gain on sales of non-current assets	65	18
Gain on sale of investment securities	—	14
Compensation income	32	33
Total extraordinary income	97	66
Extraordinary losses		
Impairment loss	142	2,153
Loss on sales of non-current assets	3	0
Total extraordinary losses	146	2,153
Profit before income taxes	6,468	2,086
Income taxes-current	1,847	591
Income taxes-deferred	851	878
Total income taxes	2,699	1,469
Profit	3,769	617
Profit attributable to owners of parent	3,769	617

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

(Millions of yen)

	First Nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)	First Nine months of FY3/25 (Apr. 1, 2024 – Dec. 31, 2024)
Profit	3,769	617
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	4	0
Total other comprehensive income	4	0
Comprehensive income	3,773	617
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,773	617

(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 Nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 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	225,570	21,222	7,334	254,127	—	254,127
(2) Inter-segment sales and transfers	—	9,940	35	9,976	(9,976)	—
Total	225,570	31,163	7,370	264,103	(9,976)	254,127
Segment profit (loss)	10,628	555	795	11,978	(5,428)	6,550

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 5,428 million yen to segment profit (loss) includes eliminations of minus 143 million yen for inter-segment transactions and corporate expenses of minus 5,285 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 142 million yen for store assets (three pharmacies).

Significant change in goodwill

Not applicable.

II. First Nine months of FY3/25 (Apr. 1, 2024 – Dec. 31, 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	240,266	21,018	8,514	269,799	—	269,799
(2) Inter-segment sales and transfers	—	9,884	163	10,048	(10,048)	—
Total	240,266	30,903	8,678	279,848	(10,048)	269,799
Segment profit (loss)	9,103	(300)	805	9,608	(5,874)	3,733

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 5,874 million yen to segment profit (loss) includes eliminations of minus 35 million yen for inter-segment transactions and corporate expenses of minus 5,839 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 2,153 million yen for store assets (seven pharmacies).

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 nine months ended December 31, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the nine months ended December 31 is as follows.

	For the Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)	For the Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)
Depreciation	5,143 million yen	5,352 million yen
Amortization of goodwill	1,415	1,431

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.