

Summary of Consolidated Financial Results for the Fiscal Year Ended March 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
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Scheduled date of Annual General Meeting of Shareholders:	June 25, 2024
Scheduled date of filing of Annual Securities Report:	June 26, 2024
Scheduled date of payment of dividend:	June 26, 2024
Preparation of supplementary materials for financial results:	Yes
Holding of financial results meeting:	Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on April 30, 2024 at 15:00 (GMT +9).

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 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	%
Fiscal year ended Mar. 31, 2024	340,310	8.6	18,251	11.7	9,142	20.5	9,439	22.9	2,553	(42.7)
Fiscal year ended Mar. 31, 2023	313,318	4.7	16,337	9.1	7,586	15.1	7,682	13.5	4,458	20.3

Note: Comprehensive income (million yen) FY3/24: 2,614 (-41.3%) FY3/23: 4,456 (18.6%)

	Net income per share		Diluted net income per share		Return on equity		Ordinary profit on total assets		Operating profit to net sales	
	Yen	%	Yen	%	%	%	%	%		
Fiscal year ended Mar. 31, 2024	85.35	—	—	—	4.4	5.0	—	2.7		
Fiscal year ended Mar. 31, 2023	148.92	—	—	—	8.2	4.2	—	2.4		

Reference: Equity in income (losses) of affiliates (million yen) FY3/24: — FY3/23: —

Note: EBITDA = Operating profit + depreciation + goodwill amortization

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen	%	Million yen	%	%	Yen		
As of Mar. 31, 2024	195,087	29.9	58,351	30.5	—	1,950.44		
As of Mar. 31, 2023	185,297	30.5	56,483	—	—	1,888.17		

Reference: Shareholders' equity (million yen) As of Mar. 31, 2024: 58,351 As of Mar. 31, 2023: 56,483

(3) Consolidated cash flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at end of period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	
Fiscal year ended Mar. 31, 2024	20,421	—	(13,726)	—	(4,430)	—	26,034	
Fiscal year ended Mar. 31, 2023	7,532	—	(10,018)	—	713	—	23,770	

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2023	—	12.50	—	12.50	25.00	749	16.8	1.4
Fiscal year ended Mar. 31, 2024	—	12.50	—	12.50	25.00	749	29.3	1.3
Fiscal year ending Mar. 31, 2025 (forecasts)	—	12.50	—	12.50	25.00	—	20.2	—

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	
First half	183,700	10.5	6,900	(8.9)	2,300	(32.3)	2,400	(28.7)	1,200	(31.4)	—	40.11
Full year	373,800	9.8	16,500	(9.6)	6,400	(30.0)	6,500	(31.1)	3,700	44.9	—	123.67

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) 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

(3) Number of outstanding shares (common stock shares)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Mar. 31, 2024: 31,048,000 shares As of Mar. 31, 2023: 32,048,000 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2024: 1,130,711 shares As of Mar. 31, 2023: 2,133,695 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2024: 29,916,535 shares Fiscal year ended Mar. 31, 2023: 29,940,392 shares

Note:

The number of shares of the Company held in the Directors' Remuneration BIP Trust (March 31, 2024: 69,016 shares; March 31, 2023: 72,200 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.

(For reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2024	298,040	8.3	7,832	(1.1)	8,625	(0.1)	2,984	(5.4)
Fiscal year ended Mar. 31, 2023	275,304	6.2	7,919	33.2	8,630	30.5	3,154	36.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2024	99.76	—
Fiscal year ended Mar. 31, 2023	105.35	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	155,685	43,767	28.1	1,462.94
As of Mar. 31, 2023	148,273	41,528	28.0	1,388.25

Reference: Shareholders' equity (million yen) As of Mar. 31, 2024: 43,767 As of Mar. 31, 2023: 41,528

Note 1: This financial report is not subject to audit 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. As for matters concerning the financial results forecast, please see "1. Overview of Results of Operations (4)Outlook" on page 5 of the attachments.

(2) How to view supplementary materials for financial results

The supplementary materials for financial results will be disclosed on TDNet, and will be posted on the Company's website.

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1. Overview of Results of Operations

(1) Results of Operations

In the consolidated fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024), the Japanese economy showed signs of recovery as socioeconomic activities normalized, prompted by the reclassification of COVID-19 as a Class 5 infectious disease. The outlook remains clouded, however, as the slowdown in overseas economies and rising prices warrant close monitoring.

Under these economic conditions, the Nihon Chouzai Group, as a healthcare group operating under the mission “To give people the closest possible support,” has strove to provide quality healthcare services and pharmaceuticals patients and customers can rely on. We will continue providing enduring value even amidst rapid changing social conditions and contribute to fortifying Japan’s healthcare system.

We have identified “establishing a workplace environment that enhances employee health and motivation” as a material sustainability issue, and are actively engaged in improving the health and well-being of our employees and organization. Our such efforts were well-recognized, with the Ministry of Economy, Trade and Industry naming Nihon Chouzai, Nihon Generic, and Medical Resources as 2024 Health & Productivity Management Outstanding Organizations in the large enterprise category, while Japan Medical Research Institute received the same certification in the small and medium-sized enterprise category.

Regarding sustainability initiatives, in FY2022 we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures, and we are working toward the goal of realizing carbon neutrality by FY2050. In February 2024, we received a “B” score in the Climate Change Report 2023 published by CDP, indicating we have been recognized for acknowledging and addressing our environmental risks and impacts. As a healthcare group with the mission “To give people the closest possible support,” we will proactively address and disclose information on social issues, including climate change, and contribute to the realization of a sustainable society.

In the consolidated fiscal year ended March 31, 2024, financial results benefited from an increase in prescription volume in the Dispensing Pharmacy Business, robust sales of existing and newly NHI listed drugs in the Pharmaceutical Manufacturing and Sales Business, and the success of groupwide cost-reduction measures. At the same time, we recorded impairment losses on non-current assets—some pharmacies in the Dispensing Pharmacy Business and some production facilities in the Pharmaceutical Manufacturing and Sales Business—as extraordinary losses.

As a result, net sales came to 340,310 million yen (+8.6% YoY), operating profit of 9,142 million yen (+20.5% YoY), ordinary profit of 9,439 million yen (+22.9% YoY), and profit attributable to owners of parent of 2,553 million yen (-42.7% YoY).

Segment-specific earnings are as indicated below.

1) Dispensing Pharmacy Business

In the consolidated fiscal year ended March 31, 2024, sales grew thanks to contributions from new pharmacies opened in the previous fiscal year and a rise in prescription volume caused by the spread of influenza and other infectious diseases. As a result, net sales were 302,805 million yen (+8.1% YoY) and operating profit of 15,189million yen (+3.6% YoY). As of March 31, 2024, the Group had a total of 736 pharmacies, reflecting 36 pharmacy openings and 18 closures during the fiscal year. The percentage of generic drugs dispensed, on a volume basis, across the Group on average was 89.3% (excluding discontinued drugs). Group pharmacies providing at-home medical care (those that make at least 24 home visits annually) accounted for 95.9% of total, growing steadily.

To improve healthcare access and convenience for patients, we have actively promoted the adoption and use of My Number Cards (personal identification number cards) as health insurance cards since the pilot period in March 2021. As of March 2024, the average usage rate of My Number Cards as health insurance cards at Nihon Chouzai

pharmacies was 18.82%, compared with the national average of 5.47%. In the aftermath of the Noto Peninsula Earthquake in January 2024, the use of My Number Cards as insurance cards enabled prompt understanding of medication information and the smooth provision of necessary medical care.

In March 2024, we added a new function designed for emergencies, including natural disasters, to our electronic medication notebook, Okusuri Techo Plus, which boasts over 1,790,000 registered members. The new function allows healthcare providers to view patient (app user) and medication information recorded in the app in the past six months offline, even when the network connection is unstable.

2) Pharmaceutical Manufacturing and Sales Business

In the fiscal year under review, the Pharmaceutical Manufacturing and Sales Business reported net sales of 40,446 million yen (+4.8% YoY) and operating profit of 250 million yen (operating loss of 1,392 million yen same period a year ago).

While the selling prices of existing drugs dropped due to the April 2023 drug price revision, sales of existing drugs and newly NHI listed drugs remained brisk, leading to sales and profit growth. As of March 31, 2024, the Group offered a total of 516 products (including two OTC drugs), after a review of product lineup and the launch of seven newly NHI listed drugs in June, September, and December 2023.

We had to curtail shipments of many products due to industry-wide supply chain disruptions and the November 2021 fire at the West Japan logistics center. However, we are gradually resuming normal shipments, starting with products for which we have re-established a stable supply system. As of March 31, 2024, 137 products were still under restricted shipment schedules. We will continue placing topmost priority on quality management and ensuring stable supply of generic drugs. At the same time, through investing in R&D, we plan to expand the lineup of in-house manufactured drugs, including those newly added to the NHI drug price list, and enhance productivity.

3) Medical Professional Staffing and Placement Business

In the fiscal year under review, the Medical Professional Staffing and Placement Business generated net sales of 9,984 million yen (+23.8% YoY) and operating profit of 937 million yen (+23.6% YoY).

Demand for physicians in particular for COVID-19 vaccination programs declined year-on-year, but this was more than offset by the ongoing growth of the mainstay pharmacist staffing and placement business, resulting in sales and profit growth. For the occupational physician business as well, we are seeing demand increasing, and intend to further develop the business to contribute to health management of companies in Japan.

(2) Financial Position

Total assets as of the end of March 2024 were 195,087 million yen, up 9,790 million yen (+5.3%), compared to 185,297 million yen at the end of the previous consolidated fiscal year. This is mainly due to increase in Cash and deposits.

Total liabilities were 136,735 million yen, up 7,921 million yen (+6.1%) compared to 128,814 million yen at the end of the previous consolidated fiscal year. This is mainly due to increased in Accounts payable-trade.

Total net assets were 58,351 million yen, up 1,868 million yen (+3.3%) compared to 56,483 million yen at the end of the previous consolidated fiscal year. As a result, our equity ratio is 29.9%

(3) Cash Flows

There was a net an increase of 2,263 million yen in cash and cash equivalents from the end of March 2023 to 26,034 million yen at the end of March 2024.

Net cash provided by operating activities was 20,421 million yen, an increase of 12,889 million yen from one year earlier. Major income factors include 7,170 million yen of depreciation, increase of 6,501 million yen in notes and accounts payable-trade and 5,137 million yen from profit before income taxes. Conversely, major expenditure factors include 4,149 million yen in income tax paid and 1,768 million yen increase from inventories.

Net cash used in investing activities 13,726 million yen, an increase of 3,708 million yen. Major expenditure factors include expenditures of 6,943 million yen for the purchase of property, plant and equipment. This is mainly comprised of investments for new store opening in the dispensing pharmacy business and capital investments in the pharmaceutical manufacturing and sales business.

Net cash used in financing activities 4,430 million yen, a decrease of 5,144 million yen. Major income factors include 8,500 million yen from long-term loans payable. Conversely, major expenditure factors include 10,440 million yen in repayments of long-term loans payable.

Trends in cash flow indicators

	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
Shareholders' equity ratio (%)	25.4	26.8	29.6	30.5	29.9
Shareholders' equity ratio based on market prices (%)	26.7	28.7	22.3	18.7	24.3
Cash flows to debt ratio (years)	5.6	6.5	2.9	7.7	2.7
Interest coverage ratio (times)	34.9	35.1	64.8	28.2	68.7

Note: The above figures are calculated as follows.

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Cash flows to debt ratio: Interest-bearing debts / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

- All indices are calculated based on consolidated figures.
- Market capitalization is calculated by multiplying the listed share price at the end of period by the number of shares outstanding (net of treasury shares) at the end of period.
- Operating cash flows are calculated using the figures for "Net cash provided by (used in) operating activities" in the consolidated statement of cash flows. Interest-bearing debts include all debts on the consolidated balance sheet that incur interest. Interest payments are calculated using the figures for "Interest expenses paid" in the consolidated statement of cash flows.

(4) Outlook

In the dispensing pharmacy industry, the Group's primary battleground, the government has introduced dispensing fee revisions that emphasize the strengthening and utilization of family pharmacy functions, provision of at-home medical care, and promotion of healthcare digitalization. These revisions indicate an expanding role of pharmacies and pharmacists as community medical institutions and healthcare providers, coupled with an increasing demand for their adaptability in response to significant changes in the operating environment.

We have actively promoted the central management of medication information using our electronic medication notebook, Okusuri Techo Plus, provided medication guidance tailored to each patient, cooperated with medical institutions, and enhanced post-dispensing consultations and follow-ups. We were among the first in the industry to expand online healthcare services, using our in-house developed online pharmacy service NiCOMS and handle electronic prescriptions. Further, to provide higher quality medical services to patients, many of our pharmacies have obtained certifications as specialized medical institution cooperation pharmacies and regional cooperation pharmacies ahead of industry peers. As such, we have focused on developing pharmacies that serve as hubs for local medical institutions and advanced medical care, while also cultivating highly specialized pharmacists.

Viewing the drastically changing business environment as a growth opportunity, we have positioned online medical services, at-home medical care, and specialty drugs as focus areas and are aggressively investing in their growth. We have already built a system for online medical services through our in-house developed medication notebook app Okusuri Techo Plus and online pharmacy service NiCOMS; expanded At-Home Medical Care Support Centers that mainly provide at-home medical care; and opened pharmacies in the vicinity of hospitals that serve as centers for advanced medical care.

For the fiscal year ending March 31, 2025, we expect sales to grow year-on-year, backed by contributions from new pharmacies opened in the previous fiscal year and increased sales of specialty drugs. Meanwhile, we project profit to decline due to expenses associated with increased investments in human capital, such as the revision of employee compensation systems, wage increases, and the enhancement of training programs, as well as the overhaul of dispensing systems aimed at further streamlining dispensing operations and strengthening interpersonal services.

In the Pharmaceutical Manufacturing and Sales Business, the operating environment surrounding the pharmacy and pharmaceuticals industry has become even more challenging due to the shift from biennial to annual drug price revisions in April 2021. Despite the challenging business environment, the generics industry as a whole is working together to resolve issues, including quality issues at some generic drug manufacturers, to ensure stable supply. Positioning quality assurance and stable supply as management priorities, we at the Nihon Chouzai Group are also doing our best to ensure stable supply of quality generics, and will continue working to resume normal shipments for products placed under restricted shipment schedules. In addition to taking advantage of synergies between group companies, our forte, we will focus on expanding the lineup of in-house manufactured drugs, including those newly added to the NHI drug price list, by investing in R&D and increasing productivity.

In the Medical Professional Staffing and Placement Business, we plan to further expand the pharmacist business to meet increasing pharmacist staffing and placement demand from medical institutions nationwide. For the physician business, which has grown in recent years, despite a falloff in COVID-19 vaccine program-related demand, we intend to take measures to further develop the business. Likewise, we plan to expand operations for the occupational physician business nationwide.

As a result of the above, for the fiscal year ending March 31, 2025, we forecast net sales of 373,800 million yen (+9.8% YoY), operating profit of 6,400 million yen (-30.0% YoY), ordinary profit of 6,500 million yen (-31.1% YoY), and profit attributable to owners of parent of 3,700 million yen (+44.9% YoY).

To meet the expectations of our stakeholders, namely for us to respond to the drastically changing operating environment, reinforce corporate governance, and promote sustainability management, we are re-evaluating management strategies and developing a new long-term vision. Centered on the Group's new philosophy disclosed

in April 2022, we aim to announce a new long-term vision that addresses a range of management issues, including growth strategies suitable for the Group's business environment, corporate governance fit for a Prime Market-listed company, human capital management and financial strategies appropriate for the changing times.

2. Basic Approach to the Selection of Accounting Standards

The Nihon Chouzai Group will continue to prepare consolidated financial statements using Japanese accounting standards for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of the International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Assets		
Current assets		
Cash and deposits	23,770	26,034
Notes receivable-trade	70	69
Accounts receivable-trade and contract assets	21,246	21,761
Electronically recorded monetary claims-operating	437	395
Merchandise and finished goods	28,416	28,992
Work in process	1,742	2,420
Raw materials and supplies	6,021	6,677
Other	4,022	4,691
Allowance for doubtful accounts	(6)	(12)
Total current assets	85,720	91,031
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,756	59,007
Accumulated depreciation	(28,395)	(31,125)
Buildings and structures, net	28,361	27,882
Machinery, equipment and vehicles	22,561	22,480
Accumulated depreciation	(9,256)	(10,724)
Machinery, equipment and vehicles, net	13,305	11,756
Land	13,377	13,371
Leased assets	1,509	1,826
Accumulated depreciation	(601)	(710)
Leased assets, net	907	1,116
Construction in progress	1,828	2,642
Other	22,001	23,310
Accumulated depreciation	(18,346)	(19,650)
Other, net	3,655	3,659
Total property, plant and equipment	61,435	60,428
Intangible assets		
Goodwill	14,195	12,955
Other	5,377	8,471
Total intangible assets	19,573	21,426
Investments and other assets		
Investment securities	16	18
Long-term loans receivable	3,786	4,868
Leasehold and guarantee deposits	9,160	9,904
Deferred tax assets	4,402	5,656
Other	1,202	1,752
Total investments and other assets	18,568	22,200
Total non-current assets	99,576	104,056
Total assets	185,297	195,087

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	47,916	52,759
Electronically recorded obligations-operating	1,476	3,657
Short-term loans payable	2,000	450
Current portion of long-term loans payable	10,390	10,981
Lease obligations	143	171
Income taxes payable	2,640	2,072
Provision for bonuses	3,892	4,086
Provision for bonuses for directors (and other officers)	68	63
Asset retirement obligations	20	853
Other	8,502	9,762
Total current liabilities	77,050	84,858
Non-current liabilities		
Long-term loans payable	44,640	42,108
Lease obligations	953	1,213
Provision for retirement benefits for directors (and other officers)	79	85
Retirement benefit liability	2,464	2,587
Asset retirement obligations	1,485	1,410
Other	2,140	4,471
Total non-current liabilities	51,763	51,876
Total liabilities	128,814	136,735
Net assets		
Shareholders' equity		
Capital stock	3,953	3,953
Capital surplus	10,926	9,228
Retained earnings	45,216	47,020
Treasury shares	(3,600)	(1,898)
Total shareholders' equity	56,495	58,303
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	(12)	48
Total accumulated other comprehensive income	(12)	48
Total net assets	56,483	58,351
Total liabilities and net assets	185,297	195,087

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statement of Income)**

(Millions of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	313,318	340,310
Cost of sales	259,674	283,073
Gross profit	53,643	57,236
Selling, general and administrative expenses	46,057	48,093
Operating profit	7,586	9,142
Non-operating income		
Commission income	41	46
Rent income	593	703
Compensation income	114	208
Insurance income	64	16
Subsidy income	81	56
Other	235	355
Total non-operating income	1,130	1,387
Non-operating expenses		
Interest expenses	266	355
Rent expenses	442	484
Loss on retirement of non-current assets	80	39
Other	244	212
Total non-operating expenses	1,033	1,090
Ordinary profit	7,682	9,439
Extraordinary income		
Gain on sales of non-current assets	1,214	65
Compensation income	1,573	32
Total extraordinary income	2,787	97
Extraordinary losses		
Loss on sales of non-current assets	52	7
Impairment loss	2,574	4,391
Total extraordinary losses	2,627	4,399
Profit before income taxes	7,843	5,137
Income taxes-current	3,992	3,782
Income taxes-deferred	(608)	(1,197)
Total income taxes	3,384	2,584
Profit	4,458	2,553
Profit attributable to owners of parent	4,458	2,553

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Profit	4,458	2,553
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	(2)	60
Total other comprehensive income	(2)	60
Comprehensive income	4,456	2,614
Comprehensive income attributable to Comprehensive income attributable to owners of parent	4,456	2,614

(3) Consolidated Statement of Changes in Equity

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,953	10,926	41,507	(3,500)	52,887
Changes of items during period					
Dividends of surplus	—	—	(749)	—	(749)
Profit attributable to owners of parent	—	—	4,458	—	4,458
Purchase of treasury shares	—	—	—	(100)	(100)
Disposal of treasury shares	—	—	—	—	—
Cancellation of treasury shares	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	—	3,709	(100)	3,608
Balance at end of current period	3,953	10,926	45,216	(3,600)	56,495

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	(10)	(10)	52,876
Changes of items during period			
Dividends of surplus	—	—	(749)
Profit attributable to owners of parent	—	—	4,458
Purchase of treasury shares	—	—	(100)
Disposal of treasury shares	—	—	—
Cancellation of treasury shares	—	—	—
Net changes of items other than shareholders' equity	(2)	(2)	(2)
Total changes of items during period	(2)	(2)	3,606
Balance at end of current period	(12)	(12)	56,483

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	3,953	10,926	45,216	(3,600)	56,495
Changes of items during period					
Dividends of surplus	—	—	(749)	—	(749)
Profit attributable to owners of parent	—	—	2,553	—	2,553
Purchase of treasury shares	—	—	—	(0)	(0)
Disposal of treasury shares	—	—	—	4	4
Cancellation of treasury shares	—	(1,698)	—	1,698	—
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	—	(1,698)	1,803	1,702	1,807
Balance at end of current period	3,953	9,228	47,020	(1,898)	58,303

	Accumulated other comprehensive income		Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	(12)	(12)	56,483
Changes of items during period			
Dividends of surplus	—	—	(749)
Profit attributable to owners of parent	—	—	2,553
Purchase of treasury shares	—	—	(0)
Disposal of treasury shares	—	—	4
Cancellation of treasury shares	—	—	—
Net changes of items other than shareholders' equity	60	60	60
Total changes of items during period	60	60	1,868
Balance at end of current period	48	48	58,351

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from operating activities		
Profit before income taxes	7,843	5,137
Depreciation	6,740	7,170
Amortization of long-term prepaid expenses	126	102
Impairment loss	2,574	4,391
Compensation income	(1,573)	(32)
Amortization of goodwill	1,952	1,891
Increase (decrease) in allowance for doubtful accounts	(1)	5
Increase (decrease) in provision for bonuses	27	186
Increase (decrease) in provision for bonuses for directors (and other officers)	23	(4)
Increase (decrease) in retirement benefit liability	185	113
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(49)	5
Interest and dividend income	(1)	(24)
Interest expenses	266	355
Loss (gain) on sales of non-current assets	(1,161)	(57)
Decrease (increase) in notes and accounts receivable- trade	(701)	(177)
Decrease (increase) in inventories	(5,016)	(1,768)
Increase (decrease) in notes and accounts payable-trade	(2,018)	6,501
Decrease (increase) in prepaid expenses	(76)	(216)
Increase (decrease) in accrued expenses	109	152
Decrease (increase) in accounts receivable-other	375	127
Increase (decrease) in accounts payable-other	(1,177)	1,112
Other, net	1,064	(139)
Subtotal	9,511	24,833
Interest and dividend income received	1	1
Interest expenses paid	(267)	(297)
Income taxes paid	(3,286)	(4,149)
Proceeds from compensation income	1,573	32
Net cash provided by (used in) operating activities	7,532	20,421
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,761)	(6,943)
Proceeds from sales of property, plant and equipment	2,183	88
Purchase of intangible assets	(1,994)	(3,461)
Increase in long-term prepaid expenses	(59)	(56)
Payments for acquisition of businesses	(367)	(307)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,433)	(716)
Payment of loans receivable	(2,096)	(936)
Collection of loans receivable	89	178
Payments of leasehold and guarantee deposits	(779)	(3,137)
Proceeds from refund of leasehold and guarantee deposits	219	117
Other, net	(18)	1,447
Net cash provided by (used in) investing activities	(10,018)	(13,726)

	(Millions of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,000	(1,550)
Proceeds from long-term loans payable	13,500	8,500
Repayments of long-term loans payable	(12,366)	(10,440)
Repayments of lease obligations	(145)	(190)
Repayments of installment payables	(424)	—
Purchase of treasury shares	(100)	(0)
Cash dividends paid	(749)	(749)
Net cash provided by (used in) financing activities	713	(4,430)
Net increase (decrease) in cash and cash equivalents	(1,772)	2,263
Cash and cash equivalents at beginning of period	25,543	23,770
Cash and cash equivalents at end of period	23,770	26,034

(5) Notes to Consolidated Financial Statements

Going-concern Assumption

Not applicable.

Segment and Other Information

Segment information

1. Overview of reportable segments

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group consists of three business units: the dispensing pharmacy business, the pharmaceutical manufacturing and sales business, and the medical professional staffing and placement business. Each business unit determines its own comprehensive strategies and conducts its own business activities. Consequently, the Group has three reportable business segments: the dispensing pharmacy business, the pharmaceutical manufacturing and sales business, and the medical professional staffing and placement business.

The dispensing pharmacy business segment involves the operation of dispensing pharmacies. The pharmaceutical manufacturing and sales business segment involves manufacturing and sales activities that specialize mainly in generic drugs and other pharmaceuticals. The medical professional staffing and placement business segment involves the provision of a temporary staffing and placement services for pharmacists, physicians, nurses and other medical professionals.

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting treatment methods for reportable segments are generally the same as those listed in "Basis of the Preparation of Consolidated Financial Statements."

Earnings for reportable segments are operating profit.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment
FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	280,161	25,103	8,052	313,318	—	313,318
(2) Inter-segment sales and transfers	3	13,472	10	13,486	(13,486)	—
Total	280,164	38,575	8,063	326,804	(13,486)	313,318
Segment profit (loss)	14,666	(1,392)	758	14,032	(6,445)	7,586
Segment assets	107,392	71,141	3,914	182,448	2,849	185,297
Other items						
Depreciation	2,751	3,492	95	6,340	400	6,740
Amortization of goodwill	1,836	97	17	1,952	—	1,952
Impairment loss	2,463	111	—	2,574	—	2,574
Increase in property, plant and equipment and intangible assets	7,536	2,030	79	9,647	674	10,321

Notes: 1. The above adjustments include the following items.

- (1) The negative adjustment of minus 6,445 million yen to segment profit or loss includes a profit elimination of 90 million yen for inter-segment transactions and corporate expenses of minus 6,536 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.
 - (2) The 2,849 million yen adjustment to segment assets includes a 20 million yen elimination for receivables associated with inter-segment transactions, a 99 million yen elimination for unrealized profit in inventories and a 2,969 million yen addition to corporate assets. Leasehold and guarantee deposits and land that do not belong to any reportable segment are the primary components of corporate assets.
 - (3) The 400 million yen adjustment of depreciation and the 674 million yen adjustment that is added to the increase in property, plant and equipment and intangible assets are for investments in corporate assets such as buildings.
2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total		
Net sales						
(1) External sales	302,805	27,632	9,873	340,310	—	340,310
(2) Inter-segment sales and transfers	—	12,813	111	12,925	(12,925)	—
Total	302,805	40,446	9,984	353,235	(12,925)	340,310
Segment profit (loss)	15,189	250	937	16,376	(7,233)	9,142
Segment assets	115,690	71,055	4,993	191,739	3,348	195,087
Other items						
Depreciation	2,760	3,481	147	6,389	780	7,170
Amortization of goodwill	1,828	44	17	1,891	—	1,891
Impairment loss	3,225	1,166	—	4,391	—	4,391
Increase in property, plant and equipment and intangible assets	8,932	2,040	83	11,056	1,131	12,188

Notes: 1. The above adjustments include the following items.

- (1) The negative adjustment of minus 7,233 million yen to segment profit or loss includes a profit elimination of 69 million yen for inter-segment transactions and corporate expenses of minus 7,164 million yen. General and administrative expenses that do not belong to any reportable segment are the primary component of corporate expenses.
 - (2) The 3,348 million yen adjustment to segment assets includes a 43 million yen elimination for receivables associated with inter-segment transactions, a 176 million yen elimination for unrealized profit in inventories and a 3,568 million yen addition to corporate assets. Leasehold and guarantee deposits and land that do not belong to any reportable segment are the primary components of corporate assets.
 - (3) The 780 million yen adjustment of depreciation and the 1,131 million yen adjustment that is added to the increase in property, plant and equipment and intangible assets are for investments in corporate assets such as buildings.
2. Segment profit is adjusted to be consistent with operating profit shown on the consolidated statement of income.

Related information

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

1. Information by product or service

Omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated statement of income.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

1. Information by product or service

Omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

Omitted because the same information is presented in segment information.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Omitted because the same information is presented in segment information.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total
Unamortized balance at the end of current period	14,012	44	138	14,195

Note: Goodwill amortization is omitted because the same information is presented in segment information.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

	Dispensing pharmacy business	Pharmaceutical manufacturing and sales business	Medical professional staffing and placement business	Total
Unamortized balance at the end of current period	12,834	—	120	12,955

Note: Goodwill amortization is omitted because the same information is presented in segment information.

Information related to gain on bargain purchase for each reportable segment

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Not applicable.

Per Share Information

(Yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	1,888.17	1,950.44
Net income per share	148.92	85.35

Notes: 1. Diluted net income per share is not presented since Nihon Chouzai has no outstanding dilutive securities.

2. Basis for calculation of net assets per share is as follows.

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Total net assets (Millions of yen)	56,483	58,351
Deduction on total net assets (Millions of yen)	—	—
Net assets applicable to common stock shares (Millions of yen)	56,483	58,351
Number of common stock shares at end of period used in calculation of net assets per share (Thousand shares)	29,914	29,917

Notes: 1. The number of common stock shares at the end of period that was used to calculate net assets per share is calculated after deducting treasury shares held in the Nihon Chouzai's account.

2. The Company's shares held by the Directors' Remuneration BIP Trust are included in the number of shares of treasury stock deducted from the total number of shares issued and outstanding at the end of the fiscal year for the purpose of calculating net assets per share. The number of shares of treasury stock held by the Trust as of the end of the period was 69 thousand shares.

3. Basis for calculation of net income per share is as follows.

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Profit attributable to owners of parent (Millions of yen)	4,458	2,553
Amounts not available to common stock shareholders (Millions of yen)	—	—
Profit attributable to owners of parent available to common stock shares (Millions of yen)	4,458	2,553
Average number of common stock shares outstanding during the period (Thousand shares)	29,940	29,917

Note: 1. The average number of shares outstanding during the period that was used to calculate net income per share is calculated after deducting treasury shares held in the Nihon Chouzai's account.

2. For the calculation of net income per share, the Company's shares held by the Directors' Remuneration BIP Trust are included in the treasury stock as a deduction in the calculation of the average number of shares outstanding during the fiscal year. The average number of shares of treasury stock held by the Trust during the fiscal year was 69 thousand shares.

Subsequent Events

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.