

3Q FY3/2020 Supplementary Material

February 6, 2020



NIHON CHOUZAI Co.,Ltd.

(Tokyo Stock Exchange, First Section / Stock code: 3341)

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1. Financial Highlights

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

	2016/3 3Q	2017/3 3Q	2018/3 3Q	2019/3 3Q	2020/3 3Q
Net sales (Millions of yen)	158,645	166,051	180,250	183,404	199,040
YoY growth rate	18.1%	4.7%	8.6%	1.7%	8.5%
Operating profit (Millions of yen)	7,353	6,101	8,328	4,385	5,632
Operating margin	4.6%	3.7%	4.6%	2.4%	2.8%
Profit attributable to owners of parent (Millions of yen)	4,305	3,307	5,015	2,369	3,059
Return on sales	2.7%	2.0%	2.8%	1.3%	1.5%
Shareholder's equity (Millions of yen)	30,682	35,104	40,419	40,260	43,399
Equity ratio	19.4%	20.6%	21.5%	22.3%	22.9%

2. Dispensing Pharmacy Business

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

	2016/3 3Q	2017/3 3Q	2018/3 3Q	2019/3 3Q	2020/3 3Q
No. of pharmacies opened	23	34	28	24	53
Including M&A	4	18	8	4	27
No. of pharmacies at the end of each period	524	553	580	597	641
Net sales of dispensing pharmacy business (Millions of yen)	137,850	140,758	152,799	155,703	170,695
Sales per Pharmacy (Millions of yen)	266	259	267	263	275
No. of prescription (thousands)	9,162	9,667	10,256	10,613	10,980
Unit prices of prescription (yen)	14,879	14,386	14,701	14,431	15,199

3. Consolidated Balance Sheet

(Millions of yen)

(As of the end of the period)	2015/3 3Q	2016/3 3Q	2017/3 3Q	2018/3 3Q	2019/3 3Q	2020/3 3Q
Assets						
Current assets						
Cash and deposits	15,561	32,538	17,687	19,877	21,539	26,621
Notes receivable - trade	709	181	349	326	276	207
Accounts receivable - trade	20,244	25,165	26,262	28,019	17,808	20,970
Electronically recorded monetary claims - operating	865	1,161	1,584	1,251	1,236	1,001
Merchandise and finished goods	17,858	18,063	22,812	25,095	27,090	27,542
Work in process	951	1,417	2,014	1,841	1,290	1,454
Raw materials and supplies	3,562	4,669	5,662	5,970	5,863	5,614
Other	3,235	3,421	3,474	3,104	3,868	3,978
Allowance for doubtful accounts	(9)	(13)	(12)	(6)	(6)	(6)
Total current assets	62,979	86,604	79,836	85,480	78,967	87,384
Non-current assets						
Property, plant and equipment						
Buildings and structures, net	18,272	21,773	22,510	22,515	33,736	31,788
Land	15,556	17,143	17,966	18,134	18,295	16,892
Construction in progress	5,099	1,669	9,707	18,476	1,822	900
Other, net	7,760	9,830	13,181	15,310	18,981	19,634
Total property, plant and equipment	46,689	50,416	63,366	74,437	72,835	69,216
Intangible assets						
Goodwill	8,764	8,626	14,318	15,484	15,250	19,042
Other	1,735	1,615	2,176	2,379	2,493	2,389
Total intangible assets	10,499	10,241	16,495	17,863	17,743	21,432
Investments and other assets						
Investment securities	1,076	1,211	1,073	20	17	20
Leasehold and guarantee deposits	7,029	6,985	7,105	7,044	7,448	7,753
Other	2,575	2,695	2,749	2,756	3,852	4,023
Allowance for doubtful accounts	—	—	—	—	(40)	—
Total investments and other assets	10,682	10,892	10,928	9,820	11,278	11,797
Total non-current assets	67,871	71,550	90,790	102,121	101,857	102,446
Total assets	130,850	158,155	170,626	187,601	180,824	189,831

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

(Millions of yen)

(As of the end of the period)	2015/3 3Q	2016/3 3Q	2017/3 3Q	2018/3 3Q	2019/3 3Q	2020/3 3Q
Liabilities						
Current liabilities						
Notes payable - trade	1,112	—	—	—	—	—
Accounts payable - trade	35,019	44,239	42,275	44,319	41,472	52,824
Electronically recorded obligations - operating	1,996	2,168	2,543	2,434	3,652	3,935
Short-term borrowings	2,550	1,210	5,600	—	—	—
Current portion of bonds	—	7,000	—	—	—	—
Current portion of long-term borrowings	5,572	5,988	12,442	15,998	16,967	10,073
Income taxes payable	456	1,287	316	1,367	108	275
Provision for bonuses	1,033	1,114	1,276	1,352	1,528	1,652
Provision for sales rebates	136	134	—	—	—	—
Other	5,828	6,900	7,620	8,101	7,687	9,428
Total current liabilities	53,705	70,043	72,074	73,574	71,416	78,189
Non-current liabilities						
Bonds payable	7,000	—	—	—	—	—
Long-term borrowings	47,361	51,873	58,358	68,963	63,214	62,127
Provision for retirement benefits for directors (and other officers)	864	933	924	1,022	1,069	1,091
Retirement benefit liability	631	1,027	1,285	1,450	1,625	1,972
Other	4,284	3,594	2,878	2,170	3,235	3,050
Total non-current liabilities	60,141	57,428	63,446	73,607	69,145	68,241
Total liabilities	113,846	127,472	135,521	147,181	140,562	146,431
Net assets						
Shareholders' equity						
Share capital	3,953	3,953	3,953	3,953	3,953	3,953
Capital surplus	4,754	10,926	10,926	10,926	10,926	10,926
Retained earnings	11,335	15,647	20,166	25,727	28,394	32,125
Treasury shares	(3,107)	(44)	(45)	(47)	(2,912)	(3,499)
Total shareholders' equity	16,934	30,483	35,000	40,560	40,361	43,505
Accumulated other comprehensive income						
Valuation difference on available-for-sale securities	267	372	285	0	0	—
Remeasurements of defined benefit plans	(197)	(173)	(181)	(140)	(101)	(105)
Total accumulated other comprehensive income	69	199	103	(140)	(101)	(105)
Non-controlling interests	—	—	—	—	2	—
Total net assets	17,004	30,682	35,104	40,419	40,262	43,399
Total liabilities and net assets	130,850	158,155	170,626	187,601	180,824	189,831

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

4. Consolidated Statement of Income

	(Millions of yen)					
(For the Nine-month Period)	2015/3 3Q	2016/3 3Q	2017/3 3Q	2018/3 3Q	2019/3 3Q	2020/3 3Q
Net sales	134,386	158,645	166,051	180,250	183,404	199,040
Cost of sales	111,065	130,386	137,190	147,146	152,731	164,688
Gross profit	23,320	28,259	28,860	33,103	30,672	34,351
Selling, general and administrative expenses	18,705	20,905	22,759	24,775	26,287	28,719
Operating profit	4,615	7,353	6,101	8,328	4,385	5,632
Non-operating income						
Commission income	90	101	106	113	38	31
Rental income	245	283	300	324	322	316
Compensation income	—	—	—	—	—	80
Subsidy income	—	—	—	—	—	69
Insurance return	—	—	74	—	—	—
Other	172	132	131	153	115	109
Total non-operating income	508	517	613	590	476	606
Non-operating expenses						
Interest expenses	611	600	524	487	415	281
Commission expenses	23	18	13	22	10	9
Rent expenses	—	213	240	244	266	251
Provision of allowance for doubtful accounts	—	—	—	—	40	—
Other	388	148	163	176	273	246
Total non-operating expenses	1,023	981	941	930	1,005	789
Ordinary profit	4,100	6,889	5,773	7,988	3,855	5,449
Extraordinary income						
Gain on sales of non-current assets	5	22	3	0	199	42
Gain on sales of investment securities	—	—	—	360	8	—
Gain on sale of businesses	—	—	—	38	—	34
Total extraordinary income	5	22	3	398	207	77
Extraordinary losses						
Impairment loss	47	99	57	173	14	349
Loss on sales of investment securities	—	—	6	10	—	1
Loss on sales of non-current assets	—	—	—	—	—	0
Total extraordinary losses	47	99	63	183	14	351
Profit before income taxes	4,058	6,812	5,713	8,203	4,048	5,175
Income taxes - current	1,291	2,213	1,787	2,860	1,385	1,520
Income taxes - deferred	521	293	617	327	293	593
Total income taxes	1,812	2,506	2,405	3,187	1,678	2,114
Profit ^{note}	2,245	4,305	3,307	5,015	2,370	3,060
Profit attributable to non-controlling interests ^{note}	—	—	—	—	0	1
Profit attributable to owners of parent ^{note}	2,245	4,305	3,307	5,015	2,369	3,059

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

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

5. Business Segment Performance

(Millions of yen)

	2015/3 3Q	2016/3 3Q	2017/3 3Q	2018/3 3Q	2019/3 3Q	2020/3 3Q
Dispensing pharmacy business						
Net sales	116,822	137,850	140,758	152,799	155,703	170,695
Segment profit (loss)	5,419	7,147	6,699	9,050	6,035	6,581
Pharmaceutical manufacturing and sales business						
Net sales	20,603	24,354	27,634	29,300	30,664	32,564
Segment profit (loss)	1,447	2,201	1,410	1,431	1,185	1,534
Medical Professional Staffing and Placement Business						
Net sales	4,684	6,419	7,675	8,948	9,706	9,737
Segment profit (loss)	895	1,127	1,225	1,416	1,056	1,442

6. Company Profile

Trade Name	NIHON CHOUZAI Co.,Ltd.
Established	March 1980
Headquarters	37F GranTokyo North Tower,1-9-1,Marunouchi,Chiyoda-Ku,100-6737 Tokyo
Capital	3,953.02 million yen
Total Number of Issued Shares	16,024,000 shares
Fiscal Year-end	March
Stock Exchange for Listing	Tokyo Stock Exchange(TSE) First Section
Securities Code	3341
Our Business	Management of health insurance dispensing chain pharmacies, manufacture and sales of generic drugs, employment placement and dispatching service of medical professionals, information provision and consulting
Number of pharmacies(As of December 31,2019)	641 pharmacies (including one pharmacy specializing in the sale of general merchandise)