

1Q FY3/2018 Supplementary Material



NIHON CHOUZAI Co.,Ltd.

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

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1. Financial Highlights

	2013/3	2014/3	2015/3	2016/3	2017/3
Net sales (Millions of yen)	139,466	165,347	181,844	219,239	223,468
YoY growth rate	7.2%	18.6%	10.0%	20.6%	1.9%
Operating profit (Millions of yen)	3,245	4,744	6,647	10,489	8,519
Operating margin	2.3%	2.9%	3.7%	4.8%	3.8%
Profit attributable to owners of parent (Millions of yen)	184	1,901	2,778	6,329	4,638
Return on sales	0.1%	1.2%	1.5%	2.9%	2.1%
Shareholder's equity (Millions of yen)	14,702	15,849	17,635	32,473	36,447
Equity ratio	15.5%	13.5%	13.6%	20.6%	20.4%

	2014/3 1Q	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q
Net sales (Millions of yen)	39,733	43,133	48,895	54,476	58,346
YoY growth rate	19.3%	8.6%	13.4%	11.4%	7.1%
Operating profit (Millions of yen)	1,071	878	2,052	1,620	2,184
Operating margin	2.7%	2.0%	4.2%	3.0%	3.7%
Profit attributable to owners of parent (Millions of yen)	378	293	1,221	981	1,122
Return on sales	1.0%	0.7%	2.5%	1.8%	1.9%
Shareholder's equity (Millions of yen)	14,747	16,144	18,669	33,044	37,171
Equity ratio	12.9%	11.9%	13.4%	20.2%	20.0%

2. Dispensing Pharmacy Business

	2013/3	2014/3	2015/3	2016/3	2017/3
No. of pharmacies opened	59	37	29	27	42
Including M&A	0	4	1	5	21
No. of pharmacies at the end of each period	466	494	511	527	557
Net sales of dispensing pharmacy business (Millions of yen)	131,052	145,957	157,999	190,874	189,327
Sales per Pharmacy (Millions of yen)	296	304	314	367	349
No. of prescription (thousands)	10,482	11,090	11,695	12,301	12,949
Unit prices of prescription (yen)	12,295	12,954	13,330	15,297	14,382

	2014/3 1Q	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q
No. of pharmacies opened	14	8	6	11	8
Including M&A	0	0	0	1	5
No. of pharmacies at the end of each period	480	498	512	533	564
Net sales of dispensing pharmacy business (Millions of yen)	35,040	37,546	42,322	45,912	49,387
Sales per Pharmacy (Millions of yen)	74	75	82	86	88
No. of prescription (thousands)	2,719	2,858	2,990	3,126	3,356
Unit prices of prescription (yen)	12,689	12,964	13,962	14,518	14,547

3.Consolidated Balance Sheet

(Millions of yen)

(As of the end of the period)	2013/3 1Q	2014/3 1Q	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q
Assets						
Current assets						
Cash and deposits	13,279	17,631	29,087	19,971	32,297	25,402
Notes receivable-trade	—	1,206	1,236	246	73	135
Accounts receivable-trade	12,773	14,835	17,078	20,254	23,989	25,901
Electronically recorded monetary claims-operating	—	—	—	801	987	940
Merchandise and finished goods	11,589	14,128	16,121	18,000	19,743	23,625
Work in process	153	1,016	764	1,090	2,520	2,458
Raw materials and supplies	231	3,313	3,169	4,498	5,020	5,704
Other	2,507	3,063	3,269	4,015	3,927	4,517
Allowance for doubtful accounts	(9)	(8)	(9)	(11)	(8)	(9)
Total current assets	40,525	55,188	70,717	68,869	88,551	88,677
Non-current assets						
Property, plant and equipment						
Buildings and structures, net	12,801	14,179	13,972	20,795	22,018	22,645
Land	12,139	14,806	15,327	17,126	17,937	18,166
Construction in progress	1,174	3,332	8,666	2,108	2,917	12,008
Other, net	5,177	6,370	5,887	9,549	11,528	15,387
Total property, plant and equipment	31,292	38,690	43,852	49,580	54,402	68,208
Intangible assets						
Goodwill	8,081	8,121	9,101	8,501	8,441	15,800
Other	1,670	1,926	1,787	1,660	1,591	2,194
Total intangible assets	9,752	10,048	10,889	10,162	10,033	17,994
Investments and other assets						
Investment securities	838	1,081	941	1,223	907	1,014
Lease and guarantee deposits	6,683	6,852	7,020	7,039	7,008	7,060
Other	1,950	2,774	2,470	2,661	2,616	2,616
Total investments and other assets	9,473	10,708	10,432	10,924	10,531	10,691
Total non-current assets	50,518	59,446	65,175	70,666	74,967	96,894
Total assets	91,043	114,635	135,892	139,535	163,518	185,572

(Millions of yen)

(As of the end of the period)	2013/3 1Q	2014/3 1Q	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q
Liabilities						
Current liabilities						
Notes payable-trade	—	2,830	2,047	—	—	—
Accounts payable-trade	27,838	28,312	35,079	36,955	44,328	43,779
Electronically recorded obligations-operating	—	—	—	1,760	2,948	2,190
Short-term loans payable	3,500	7,800	9,650	4,800	3,200	1,400
Current portion of bonds	—	185	7,000	—	7,000	—
Current portion of long-term loans payable	5,303	10,687	3,993	5,288	5,938	13,221
Income taxes payable	399	1,059	720	1,342	886	1,424
Provision for bonuses	790	958	1,038	1,130	1,241	1,403
Provision for directors' bonuses	—	1	1	—	—	—
Provision for sales rebates	217	219	153	167	4	—
Other	4,615	5,586	5,762	7,354	9,116	9,495
Total current liabilities	42,665	57,640	65,446	58,799	74,663	72,915
Non-current liabilities						
Bonds payable	14,000	14,000	7,000	7,000	—	—
Long-term loans payable	18,324	22,870	43,099	49,317	50,479	70,670
Provision for retirement benefits	157	427	—	—	—	—
Provision for directors' retirement benefits	616	1,208	868	908	877	973
Net defined benefit liability	—	—	575	957	1,205	1,341
Other	810	1,638	2,757	3,883	3,248	2,499
Total non-current liabilities	33,909	40,144	54,301	62,066	55,810	75,485
Total liabilities	76,574	97,784	119,748	120,866	130,474	148,400
Net assets						
Shareholders' equity						
Capital stock	3,953	3,953	3,953	3,953	3,953	3,953
Capital surplus	4,754	4,754	4,754	4,754	10,926	10,926
Retained earnings	8,007	8,041	9,632	12,844	18,252	22,234
Treasury shares	(2,363)	(2,253)	(2,154)	(3,062)	(44)	(46)
Total shareholders' equity	14,351	14,495	16,185	18,489	33,088	37,068
Accumulated other comprehensive income						
Valuation difference on available-for-sale securities	117	251	180	380	170	246
Remeasurements of defined benefit plans	—	—	(222)	(200)	(214)	(142)
Total accumulated other comprehensive income	117	251	(41)	179	(44)	103
Total net assets	14,469	16,850	16,144	18,669	33,044	37,171
Total liabilities and net assets	91,043	114,635	135,892	139,535	163,518	185,572

4. Consolidated Statement of Income

(Millions of yen)

(For the Three-month Period)	2013/3 1Q	2014/3 1Q	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q
Net sales	33,304	39,733	43,133	48,895	54,476	58,346
Cost of sales	28,321	33,440	36,005	40,136	45,248	47,693
Gross profit	4,982	6,292	7,127	8,759	9,228	10,652
Selling, general and administrative expenses	4,703	5,220	6,248	6,706	7,607	8,468
Operating profit	279	1,071	878	2,052	1,620	2,184
Non-operating income						
Commission fee	—	28	29	33	34	37
Rent income	24	26	66	94	94	104
Insurance return	—	—	—	—	69	—
Other	57	54	60	48	46	55
Total non-operating income	81	108	157	176	246	197
Non-operating expenses						
Interest expenses	139	173	200	197	186	169
Commission fee	7	8	7	7	5	4
Rent expenses	—	—	—	68	75	79
Other	32	50	70	58	53	37
Total non-operating expenses	179	233	279	332	320	291
Ordinary profit	180	946	756	1,896	1,545	2,090
Extraordinary income						
Gain on sales of non-current assets	4	17	0	—	3	0
Total extraordinary income	4	17	0	—	3	0
Extraordinary losses						
Impairment loss	—	32	—	—	—	—
Total extraordinary losses	—	32	—	—	—	—
Profit before income taxes	185	931	757	1,896	1,548	2,090
Income taxes-current	367	787	592	1,046	779	1,389
Income taxes-deferred	(207)	(252)	(128)	(371)	(212)	(422)
Total income taxes	160	534	464	675	567	967
Profit attributable to non-controlling interests ^{note1}	—	18	—	—	—	—
Profit attributable to owners of parent ^{note2}	25	378	293	1,221	981	1,122

Note1 : From the 2016/3 1Q, the presentation of "Minority interests" was changed to "Profit attributable to non-controlling interests."

Note2 : From the 2016/3 1Q, the presentation of "NET Income" was changed to "Profit attributable to owners of parent."

5. Business Segment Performance

(Millions of yen)

	2013/3 1Q	2014/3 1Q	2015/3 1Q	2016/3 1Q	2017/3 1Q	2018/3 1Q
Dispensing pharmacy business						
Net sales	31,269	35,040	37,546	42,322	45,912	49,387
Segment profit	1,210	1,753	1,190	2,015	1,475	2,511
Pharmaceutical manufacturing and sales business						
Net sales	2,745	5,561	6,506	7,702	9,387	9,407
Segment profit	75	74	330	589	744	318
Medical Professional Staffing and Placement Business						
Net sales	1,037	1,284	1,499	2,087	2,588	3,107
Segment profit	222	283	327	441	440	601

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 June 30,2017)	564