Nippon Chemiphar Co., Ltd.

CORPORATE REPORT 2019

Paralym Art®

Business Philosophy

The goal of the Nippon Chemiphar Group is to make a difference in society by providing pharmaceutical drugs and health-related services to help people become and remain healthy.

Nippon Chemiphar—established in 1950—has concentrated its resources on generics business since 2000, in addition to the manufacture and marketing of original formulations with distinctive characteristics. As a manufacturer of both new and generic drugs, we are one of the few pharmaceutical companies in Japan to cover the full generic drug value chain, from development through to manufacturing and marketing.

Focused on our specialties of hyperuricemia and pain, Nippon Chemiphar is also aggressively pursuing drug discovery themes that have the potential to lead to groundbreaking new drugs in response to unmet medical needs.

Nippon Chemiphar's Three Plus 1 Principal Goals

Since 2000, Nippon Chemiphar has promoted a basic management strategy based on three goals: establishing a strong presence in the generics business; becoming a leader in the treatment of hyperuricemia, with a focus on Uralyt; and pursuing in-house drug discovery and development.

As initiatives designed to attain these three goals, first we are currently bolstering profitability in the generics business. In addition, we are conducting clinical research and pursuing educational activities to become a frontrunner in hyperuricemia treatment, which we hope to make a core business following the generics business. Further, for in-house drug discovery and development, we are conducting medium- to long-term initiatives, so that we might discover revolutionary candidate compounds.

By simultaneously pursuing the above initiatives, with different timelines, we believe the Company can achieve sustainable growth.

To this end, we intend to strengthen our overseas initiatives with a focus on Asia, so that we improve results in those areas where achievements have already been attained.

Goal 1

Secure our presence in the generics business.

Goal 2

Achieve a stronger position in the hyperuricemia market, centered on Uralyt.

Goal 3

Contribute to society through proprietary developments leading to drug discovery.

Plus 1

Apply our three goals to overseas markets centered on Asia.

NIPPON CHEMIPHAR CORPORATE REPORT 2019

◆ Contents

◆ Editorial Policy

This report contains information recognized as being of high importance to stakeholders, such as the Nippon Chemiphar Group's business strategy, financial information, and corporate social responsibility-related information.

◆ Scope of This Report

- Reporting period: April 1, 2018–March 31, 2019
- Reporting companies: Nippon Chemiphar Co., Ltd. and its Group companies

Note Regarding Forward-looking Statements

Statements made in this corporate report with respect to current plans, estimates, strategies and beliefs, and other statements of Nippon Chemiphar are forecasts about the future performance of Nippon Chemiphar. These forecasts are based on information currently available to management. Consequently, these forecasts are subject to known and unknown risks and uncertainties and may differ significantly from actual results. Items that may influence forward-looking statements and forecasts include changes in the economy, changes in the business and competitive environment for Nippon Chemiphar's business, revisions to the Pharmaceutical Affairs Law and other related legislation, and other items not limited to the above.

Cover painting

Provided by Paralym Art, an association that assists people with disabilities to achieve economic independence.

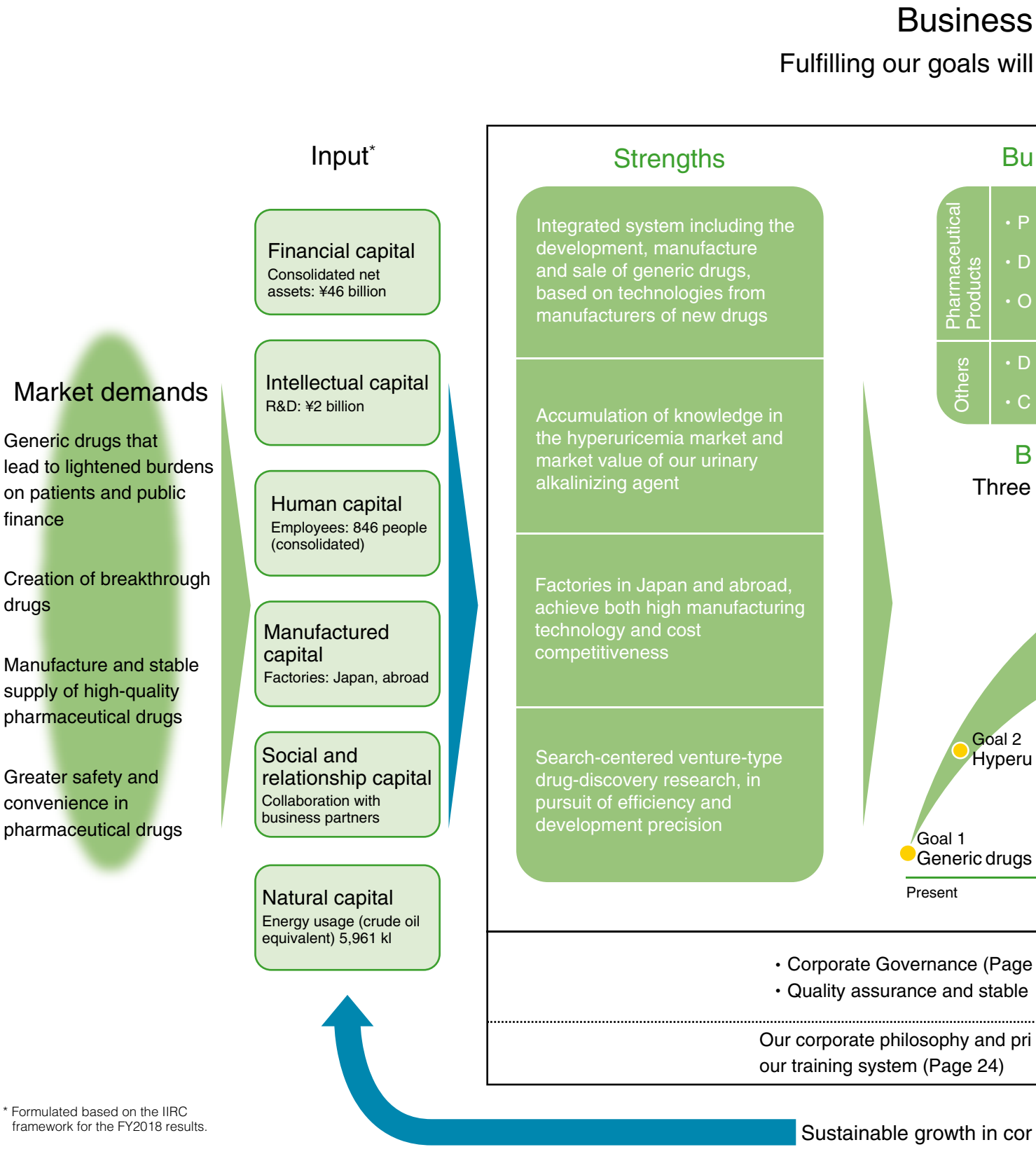
Paralym Art®

Title: *Kanata E* (Over There)

About the artist: *Kouga Yoshino*

Kouga Yoshino, who holds personal exhibitions in many regions, originally drew his motivation to become an artist from a visual impairment caused by glaucoma. He is receiving increasingly broad support from fans and collectors who purchase his works at exhibitions in Japan and abroad. His work was selected for inclusion in Japan's International Art Triennale in 2007.

Nippon Chemiphar Group's Value Creation Model



* Formulated based on the IIRC framework for the FY2018 results.

Model

contribute to society

siness activities

harmaceuticals (Page 9)

rug discovery (Page 13)

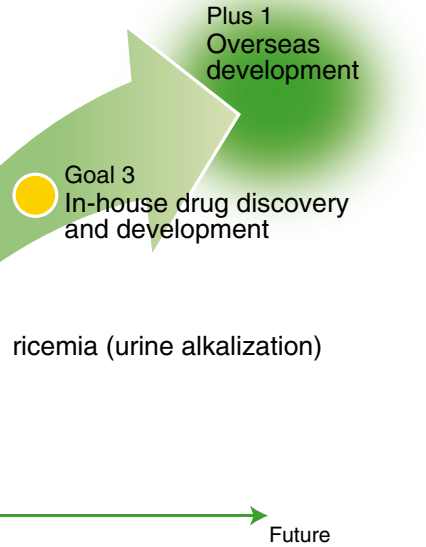
verseas business (Page 16)

iagnostics (Pages 4,16)

ontracted testing (Page 4)

asic strategy

Plus 1 Principal Goals

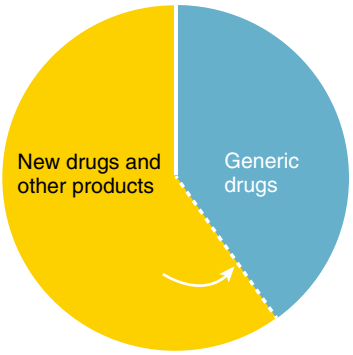


ricemia (urine alkalization)

Future

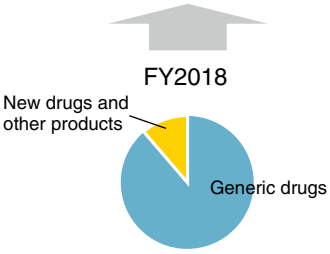
Management vision

Ideal target



New drugs surpass generic drugs in terms of sales, and we broaden our overseas expansion

- Rollout new drugs in Japan and overseas using advanced technologies, including AI
- Increase business and earnings overseas



Offered value

Increase in patient QOL

Reduction of burdens on patients and public finance

Improvement in lives and abilities of our employees

Stable, sustainable shareholder returns

Safeguarding of global environment

SUSTAINABLE DEVELOPMENT GOALS

17) • Compliance and risk management (Page 18)

supply (Page 10) • Alliances (Pages 12 and 14)

nciples of conduct, support for employee abilities, and

porate value through our value creation cycle

Business Overview

I Pharmaceutical Products

1. Pharmaceuticals

(1) Generic Products

To lessen the burden on patients and improve the financial administration of the nation's health insurance system, the Japanese government is promoting the use of generic drugs. To this end, a new utilization objective has been set that would raise the share of prescriptions for generic drugs to 80% or above no later than the end of September 2020. The Nippon Chemiphar Group thus is applying its integrated capabilities to the development, manufacture and marketing of new drugs and generics. Ultimately, we are pursuing the development of those generics that reflect the needs of patients and healthcare professionals.

☞ Please refer to page 9 for details.

(2) Proprietary Products, Drug Discovery, Marketing Rights

At present, Nippon Chemiphar is pursuing clinical research aimed at opening up potential in new therapeutic fields on our three long-available proprietary products: alkalization therapeutic drug Uralyt-U, analgesic and anti-inflammatory drug Soleton, and hypertension therapeutic drug Calvan. We are confident that this will lead to considerable market expansion for these products.

In February, we acquired—from Ferring Pharmaceuticals Co., Ltd.—marketing authorization for the PICOPREP compound oral intestinal cleansing agent, and are already logging sales.

At the same time, we are continuing to aggressively pursue drug discovery themes that have the potential to lead to groundbreaking new drugs focused on our specialties of hyperuricemia and pain.

☞ Please refer to pages 11 and 12 for proprietary products.
☞ Please refer to page 13 for drug discovery.

2. Diagnostics

The Group develops and markets clinical laboratory equipment and reagents that meet the needs of patients and medical professionals, indicating our support for medical care.

With the number of patients suffering from allergies and lifestyle-related diseases continuing to grow, the early devising of diagnostic and treatment plans is essential. To this end, the rapid availability of test reports, based on the Group's products, is a major contributor to the swift assessment of test results.

Further, we are conducting marketing in Japan and overseas, and now business is being developed in China with a technology tie-up.

II Others

1. Contracted Testing

The Nippon Chemiphar Group supports the creation of safe, high-quality products through clinical and non-clinical testing as part of drug development.

The Safety Research Institute for Chemical Compounds Co., Ltd., our Group company, remains focused on the development of alternative methods to animal experiments, using the Bovine Corneal Opacity and Permeability test, as well as test systems for regenerative medicine. Moreover, since the end of 2017, the Company has been applying Good Laboratory Practice-approved safety testing methods when using pigs to test medical equipment. It is the first company to do so in Japan.

Using the Bovine Corneal Opacity and Permeability test.

A good laboratory practice compliance certificate for a regenerative medication

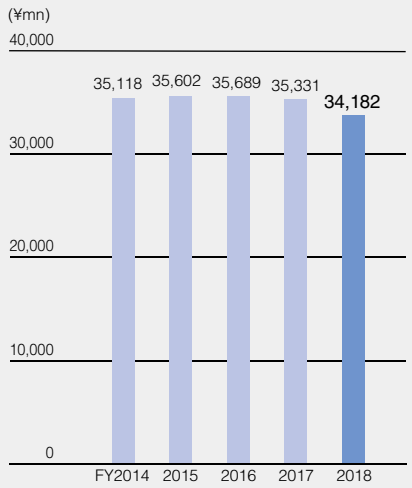
2. Healthcare-related Products

The Nippon Chemiphar Group handles a diverse array of healthcare products, including nutrients, health foods, cosmetics and various types of creams, classified as quasi-drugs because they contain a certain concentration of particular ingredients.

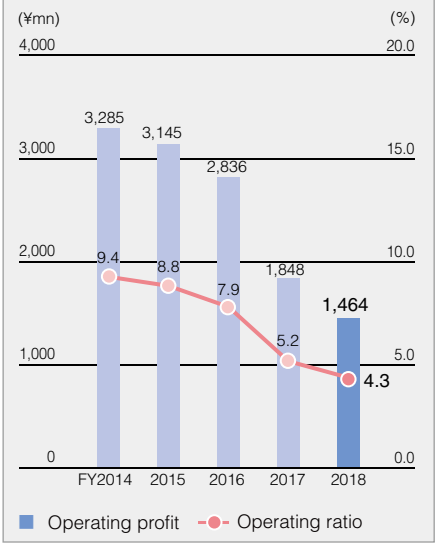
Amid the rising needs surrounding consumer self-medication, we are leveraging trustworthiness and the development expertise we have gained as a pharmaceutical product manufacturer to make a difference in people's lives and provide a high level of added value.

Financial Highlights

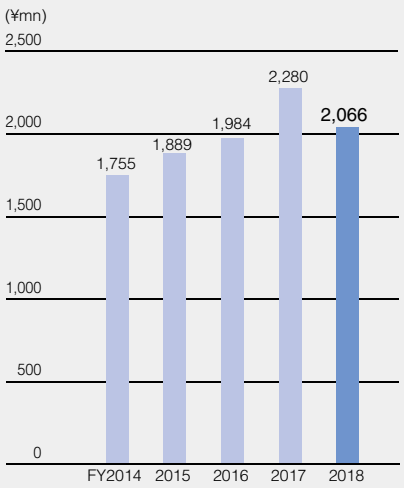
Net Sales



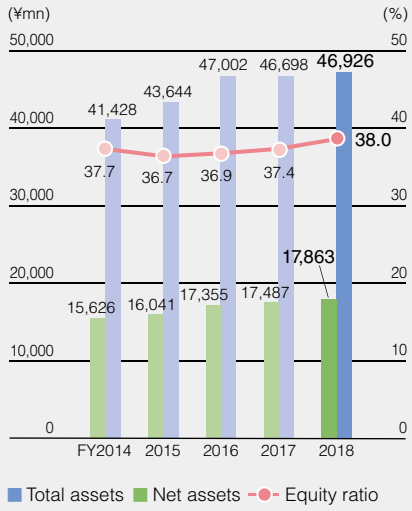
Operating Profit



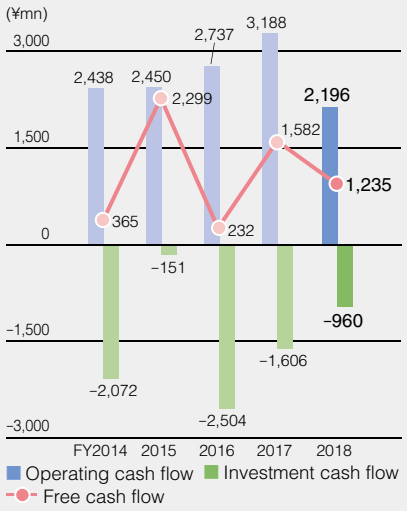
R&D Expenses



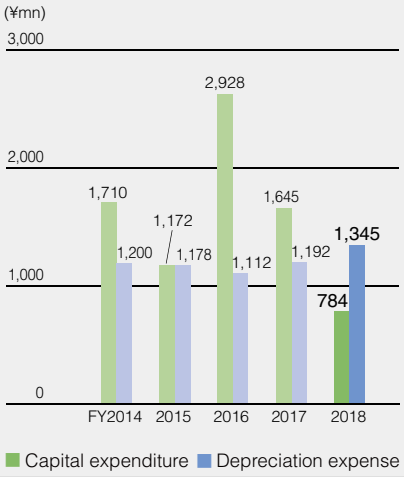
Total Assets, Net Assets, Equity Ratio



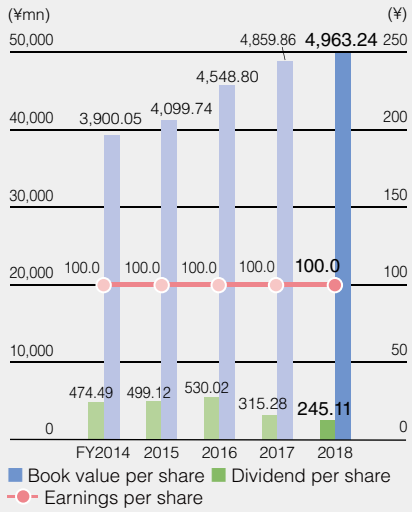
Cash Flows



Capital Expenditure, Depreciation Expense

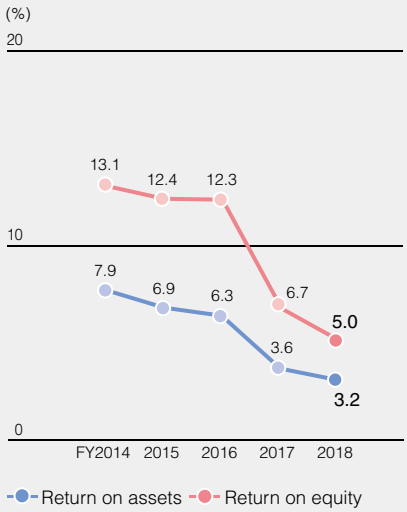


Amounts per Share*

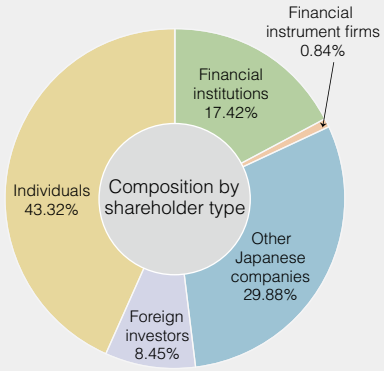


*Following a 10:1 reverse stock split on October 1, 2016, per share data have been adjusted as if the split had been conducted at the start of FY2014.

ROE, ROA



Composition of Shareholders (As of March 31, 2019)



Message to Our Stakeholders

Since 2000, the Nippon Chemiphar Group has developed business under a management strategy focused on three principle goals: establishing a strong presence in the generics business; becoming a leader in the field of hyperuricemia, with a focus on Uralyt; and pursuing proprietary drug discovery and development.

Given the dizzying changes in the environment surrounding our industry in Japan, we augmented this strategy in 2015 with an additional goal: Plus 1, representing our expansion into overseas markets.

In addition to generic drugs, which are currently driving our earnings, in recent years we have begun to see results in the hyperuricemia market and in-house drug discovery. This should enable us to accomplish our three goals and further accelerate the Plus 1 initiatives.

To lower patient costs and reduce government healthcare expenditure—despite Japan's ever-changing economic and pharmaceutical industry environments—the Nippon Chemiphar Group will follow this growth strategy, to ensure that our contribution to society and business expansion are maintained.

We look forward to the continued support of all our stakeholders in these endeavors.

山口一城

Kazushiro Yamaguchi
President & CEO
June 2019

Interview with the President

Q1 Please outline your performance forecasts for FY2019.

A1 Within an environment in which we anticipate revisions to National Health Insurance [(NHI)] drug prices, we expect to achieve net sales on a par with those of last fiscal year, underpinned by such factors as new drugs we have introduced and diversification of sales channels. However, we are also forecasting a decrease in profits owing to an increase in outlays related to strategic investments, including growth-focused research and development [(R&D)].

In the generic drug field, we anticipate that market conditions will continue to be affected by such factors as a slowdown in volume growth for existing products, owing to the high rate of substitution with previously released generics, and the emergence of authorized generics. Further, we expect NHI drug prices to be revised when the government increases the consumption tax rate in October.

In such circumstances, Nippon Chemiphar expects that its sales of generic drugs will increase during the current fiscal year, driven by the diversification of sales channels, as well as sales of the new drug PICOPREP, which we succeeded approval for the manufacture and sales through a licensing agreement with a third-party company.

We are forecasting a 45% YOY decrease in operating income, owing to two factors. First, a decline in our gross profit expected following the upcoming revision of NHI drug prices; and second, such factors as increased R&D expenses and strategic outlays, which include promotional expenses associated with the sales of PICOPREP.

In addition, the harsh earnings results the Company has experienced over the past several years are expected to continue. This reflects the ongoing intense competition in Japan's generic drug market.

We have steadily been laying the groundwork for an improvement in earnings. Drug production is underway at our Vietnam factory, our drug development pipeline is proceeding as planned, and we are expanding our diagnostics business overseas. Consequently, we look forward to continued understanding and support from all our stakeholders.

Consolidated Sales and Income

(¥mn)

	FY2018 (Results)		FY2019 (Forecast)		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Net sales	34,182	100.0	34,200	100.0	0.1
Pharmaceuticals	29,798	—	29,550	—	(0.8)
Generics	28,238	—	28,050	—	(0.7)
Proprietary products	1,560	—	1,500	—	(3.9)
Operating profit	1,464	4.3	800	2.3	(45.4)
Profit attributable to owners of parent	881	2.6	500	1.5	(43.3)

Q2 PICOPREP is the first new drug you have launched since Calvan in 2000. Please tell us about it and the reaction it has attracted from the medical community.

A2 Although we face challenges in terms of raising product awareness, the medical professionals to whom we have provided information about the drug have shown interest, and we expect sales to grow.

In December 2018, we signed an agreement with Ferring Pharmaceuticals Co., Ltd., the Japanese subsidiary of Swiss-based Ferring Pharmaceuticals, to which we transferred the manufacturing and marketing rights for PICOPREP combination powder. We commenced sales of the drug in February this year.

PICOPREP, an oral intestinal cleansing agent, is used to clean the bowel prior to conducting an colonoscopy or performing surgery. The particular features of the drug include the small required dose of the liquid medicine and its orange aroma, both of which factors make it an easy preparation for patients to take.

One of the main challenges we face is that awareness of the product among medical professionals in Japan is still relatively limited. Thus, since the transfer of marketing authorization to Nippon Chemiphar, we have been making strenuous efforts to provide medical institutions with the relevant information through our medical representatives and on our Website.

The feedback we have received indicates that many of the medical professionals to whom we have provided information have shown considerable interest in the drug. Hence, we are looking forward to growth in its sales.

In addition, we believe that the relationships we develop with doctors and other medical professionals through the provision of information about PICOPREP have the potential to generate synergies extending beyond this drug, and anticipate a positive impact on the sales of related generic drugs.

Q3 How are production at the Vietnam factory, and your overseas business development in general, progressing?

A3 We commenced exporting from Vietnam as planned, and aim to advance to an annual production capacity of 600 million pills at an early stage.

In November 2018, we began commercial production at the Nippon Chemiphar Vietnam factory of two products: Uralyt and Soleton. Already we are exporting both medications to Japan.

Subsequently, we have also transferred to Vietnam from Japan the manufacture of other products. Our current challenge is to have the factory attain our output goal.

In order to enter markets in the ASEAN region and China, we believe it soon will be necessary to establish local development and sales structures, as well as to put in place systems within the Group to meet the requirements of each country's pharmaceutical regulatory environment.

To this end, in April 2019 we established an Overseas Technology Development Department, and have begun building a development system suited to overseas business.

In the near future, we intend to establish a development facility in Vietnam. In addition, we plan to further accelerate overseas business development by internationalizing our entire supply chain, including the sales and marketing functions.

We are also pleased to say that we have made progress in our diagnostics business. For many years, we have worked in partnership with Japanese general trading companies to develop business in China. As a result, in FY2019 we expect to launch in the China market DP 3000—the world's fastest allergy testing equipment—as well as our allergy testing reagent, IgE NC.

Q4 What new initiatives are you undertaking in the area of drug discovery and development?

Q4 In order to generate innovation in the drug discovery process, we have taken an equity stake in an artificial intelligence-driven startup company, and have begun to collaborate with this new partner.

In November 2018, Nippon Chemiphar underwrote a portion of a third-party allocation of shares by MOLCURE Inc., a Japan-based AI-driven drug discovery venture. Subsequently, we agreed to form a business alliance and recently have begun to collaborate.

MOLCURE was established in 2013, and boasts unique capabilities in the large-scale acquisition of data by means of leading-edge molecular design technology using proprietary AI algorithms; proprietary experimental techniques using biotechnology and next-generation sequencers; and in-house-developed experimental automation robotics.

By combining these technologies, MOLCURE has built a rational, next-generation drug discovery platform. The company already has attained extensive results for major pharmaceutical companies and leading pharma research institutions in Japan and overseas. MOLCURE has been praised widely by stakeholders from industry, government and academia for its technological strengths, while its R&D themes and technologies have been used for government projects and several public funding grants.

Nippon Chemiphar has been voicing the belief that, if the generation of promising pharmaceutical drug candidates is to continue, it is absolutely essential for innovation in drug discovery methods. This includes the use of digital technology, in which technical innovation is advancing at a breathtaking pace.

Our research into the potential of AI-driven drug discovery led us to be introduced to MOLCURE which, in turn, led to our underwriting of a portion of MOLCURE's third-party share allocation and the initiation of a business alliance.

As part of our collaboration, we plan to establish a joint research project focusing on a drug discovery target area in which Nippon Chemiphar has expertise. We are also considering using MOLCURE's technology to find improved compounds based on lead compounds that the Company already has.

Hence, we foresee a wide range of potential in the partnership, and believe that our two-way business collaboration may develop into an attractive alliance model for both companies.

Q5 In the past, you have said that it would be difficult to achieve future growth based on domestic business alone. What would the Group need to do in order to take its business onto the global stage?

A5 As is increasingly the case even in the domestic market, to achieve profitability abroad, it is imperative that we be a company capable of generating and sustaining continuous innovation.

In 2020, the Group will celebrate three major milestones: the 70th anniversary of the founding of Nippon Chemiphar Co., Ltd.; the 60th anniversary of the founding of Nihon Pharmaceutical Industry Co., Ltd.; and the 50th anniversary of the establishment of the Safety Research Institute for Chemical Compounds Co., Ltd.

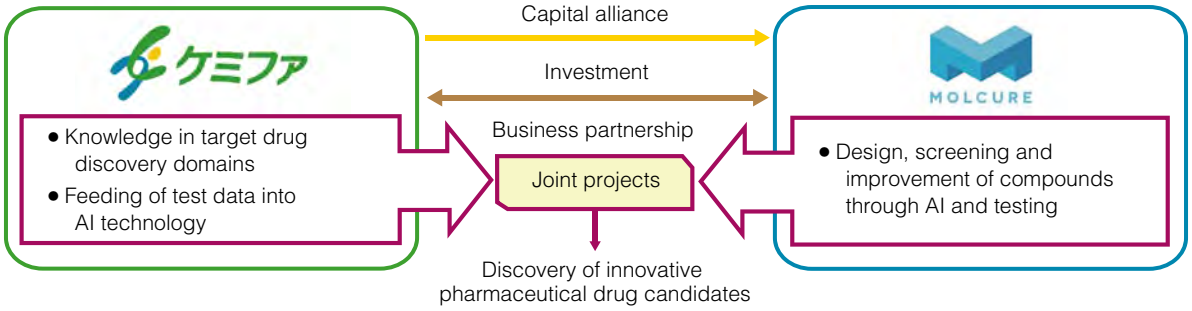
Over the past several years, the Group's earnings have stalled as the competitive environment for generic drugs in Japan has changed and up-front strategic investment outlays have put a brake on profits. However, I believe that the future outlook is now opening up in a more positive way.

Nevertheless, if we are to reach our 80th anniversary and centenary on an upward trajectory, we must build a business platform that is capable of producing profits in overseas markets. To achieve this goal, we need to focus on innovation.

Thus for this year, I have chosen two management themes: "Taking up the challenge of innovation" and "Carrying out decisive reform." To be innovative, we must take up new challenges without fear of failure. In addition, to create an even more sound business base, we must have the courage to reform those things that need changing.

My readiness for these tasks is reflected in my management themes, which I have repeatedly communicated to Group employees. I believe they now share my resolve.

Discovery of Candidate Compounds Using Artificial Intelligence (AI)



Pharmaceutical Products

I Initiatives Involving Generics

In order to hold down rising healthcare expenses, the Japanese government has, for some time, been promoting the use of generic drugs. However, while the resultant sharp increase in demand for generics has enabled the government to move closer to its target generic drug usage ratio of 80%, market growth has slowed as it gradually approaches maturity. In 2000, the Nippon Chemiphar Group made generic drugs a pillar of its business, and has acted as a leader among companies focused on new drug development that also conduct business involving generic drugs by promoting the cultivation of new markets. By leveraging our expertise in new drug business and knowhow cultivated for many years in the generics business, we will maintain high quality, stable supplies. At the same time, we will concentrate on providing accurate information and manufacturing products catering to the needs of medical professionals and patients. By providing unique added value, we aim to increase our presence in the generics market.

1. Overview of FY2018 Operations

(1) Generics

In FY2018, the Nippon Chemiphar Group's sales of generic drugs reached only ¥28,238 million (down 6.2% year on year), despite expansion of sales channels, primarily at subsidiaries. This decline was due to the impact of April 2018 NHI drug price revisions and intensified price competition. Overall generics sales, including those involving original design manufacturing (ODM) products, amounted to ¥29,244 million, down 6.0% year on year.

(2) Proprietary products and new drugs

Sales of proprietary products and new drugs fell 23.5% year on year as a result of the impact of April 2018 NHI drug price revisions, the substitution of generic drugs, and the conversion of overseas export sales to licensing fees.

Pharmaceutical Sales (Consolidated) (¥mn)

	FY2018		FY2019		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (a+b)	32,153	100%	29,798	100%	(7.3%)
a. Generics	30,115	93.7%	28,238	94.8%	(6.2%)
To medical institutions	29,174		27,156		(6.9%)
To other makers[1]	941		1,082		+15.0%
Amlodipine	2,940		2,890		(1.7%)
Lansoprazole	2,163		1,629		(24.7%)
Donepezil	1,557		1,187		(23.7%)
Rabeprazole	1,558		1,370		(12.1%)
Limaprost Alfadex	1,427		1,197		(16.2%)
Others	20,467		19,963		(2.5%)
b.Proprietary products	2,038	6.3%	1,560	5.2%	(23.5%)
Uralyt	1,225		983		(19.8%)
Others	812		577		(29.0%)
Total (a+c)	31,100	–	29,244	–	(6.0%)
c. ODM[2] generics	985	–	1,005	–	+2.1%

1. Sales to other manufacturers of products for which the Nippon Chemiphar Group has manufacturing and sales approval.
2. Sales of products manufactured on an outsourcing basis for other companies that have manufacturing and sales approval.

2. Future Initiatives

(1) Development

Since making generics a pillar of our business in 2000, we have created our own system for the development of generics. In FY2018, we launched nine drugs from six agents, centered on items developed in-house. That brought the number of products we handle to 226 (as of March 31, 2019).

Furthermore, in recent years we have worked to increase the degree of certainty in development, improve drug formulations, and introduce creative packaging. For these efforts to meet needs on the medical front, and to develop highly competitive products, we made early development inroads and strengthened our intellectual property and development systems. The market for generics is expected to expand as patents expire on branded drugs that have maintained a certain market scale. Meanwhile, competition between companies is intensifying, due to the rise of authorized generics in the market.

To maintain our strong standing under these conditions, we must improve the quality of products we develop by leveraging our comprehensive development capabilities, namely, our ability to be the first to bring products to market, and to reflect medical needs in our formulations. By concentrating and efficiently managing our development resources, we aim to create products that will earn a solid reputation in the market.

☞ Please refer to page 21 for information on drug formulations and packaging.

(2) Manufacturing

We recognize that ensuring production capacity and lowering costs are of particular importance as demand for generic drugs expands. We are responding with initiatives in Japan and overseas.

After Nippon Chemiphar Vietnam's factory begins full-scale operation, the Group's annual production capacity will increase to 2.0 billion pills, up from 900 million, which was the production capacity before Building No. 3 at the Nihon Pharmaceutical Industry's Tsukuba Factory was completed in June 2014. The Vietnam factory began commercial production in November 2018, and we are working to further increase the number of products it manufacturers in an effort to bring manufacturing costs down 20–30% from what they would be in Japan.

☞ Please refer to page 16 for overseas manufacturing.

The Vietnam factory

(3) Quality Assurance

Understanding the importance of appropriate quality control and production management, we have prepared operations manuals for control surveys in line with good quality practice[1] and good manufacturing practice[2], and conduct quality assurance activities accordingly. For example, we evaluate and verify the raw materials procured and regulatory compliance of additives, as well as their storage and transportation. This ensures that we are able to supply pharmaceuticals that are managed appropriately. We are also stepping up good manufacturing practice inspections at manufacturing locations in Japan and overseas to guarantee ongoing product quality.

1. Outlined in a government ordinance on quality standards for drugs, quasi-drugs, cosmetics and products such as regenerative medicine.
2. Outlined in a government ordinance on the control of the manufacture and quality of drugs and quasi-drugs.

(4) Ensuring a Stable Supply Structure

a. Distribution System Using Pharmaceutical Wholesalers

As generics become more prevalent, individual manufacturers are taking on growing responsibilities with regard to supply stability, requiring carefully crafted logistics systems. As with new drugs, we deliver our generics via nationwide pharmaceutical wholesalers, which have a robust logistics network to supply medical institutions throughout Japan.

b. Double-sourcing Active Pharmaceutical Ingredients

Providing a steady supply of drugs requires efforts to both reinforce manufacturing capacity and ensure the stable procurement of active pharmaceutical ingredients (APIs). The Ministry of Health, Labour and Welfare's roadmap, designed to further promote the use of generic drugs, addresses the stable procurement of APIs and calls for double sourcing (having multiple suppliers). To meet the requirement, we are strengthening our survey and evaluation efforts to secure optimal API suppliers in Japan and overseas.

II Hyperuricemia (Urine Alkalization)

Nippon Chemiphar has developed Uralyt, an alkalization treatment, and we have worked for many years to raise awareness of hyperuricemia and ways in which the urine pH level can be improved. Since the condition recently has been recognized as a pre-gout stage, attention has focused on events related to metabolic syndrome and the cardiovascular system. Through ongoing activities such as these, we are contributing to improvements in the quality of life of patients as a frontrunner in the hyperuricemia market.

1. Awareness Activities

(1) Research Group-based Initiatives

We have been cosponsoring the Hyperuricemia and Metabolic Syndrome Research Forum since its founding in 2004.

(2) Web-based Initiatives

We provide general information websites on hyperuricemia and gout, offering information tailored to the different needs of medical professionals and patients. Our patient-oriented website concerning gout includes such content as healthy recipes and offers tips on selecting foodstuffs and cooking methods, as well as well-balanced nutrition therapies and other information.

Our website features a section on recipes and information pertaining to the treatment of gout.

2. Market Expansion Initiatives

Besides efforts to raise awareness regarding the need to improve acid equilibrium in connection with gout and hyperuricemia, recently hyperuricemia and metabolic acidosis have been leading to a greater incidence of chronic kidney disease. We thus have been stressing the importance of alkalization therapies, based on increasing reports of the suppression or slowed progression of chronic kidney disease that has resulted from alkalization therapy used to treat acidosis.

About Uralyt

It is not uncommon for hyperuricemia and gout to lead to high levels of acid in urine. Left untreated, acid urine will lead to stones forming in the urinary tract. Chemiphar launched Uralyt in 1988 as an alkalization treatment to improve acid urine. For some 30 years, we have been working to raise awareness about ways in which the urine pH level can be improved, and about alkalization treatment. We plan to continue these initiatives, making use of successful clinical research related to alkalization treatment and expanding our scope of activity.

III Alliances

1. Acquisition of the PICOPREP Compound

(1) Goal of Acquisition

In February 2019, we succeeded approval for the manufacture and sale of PICOPREP from Ferring Pharmaceuticals Co., Ltd. We anticipate not only that, as we provide information about the compound, we will be able to build relationships with a wider range of healthcare professionals than before, but also that there will be a sales synergy between PICOPREP and generics.

(2) Characteristics of PICOPREP

The compound oral intestinal cleansing agent PICOPREP is used for whole bowel irrigation. The product's active ingredients are magnesium oxide, anhydrous citric acid, and sodium picosulfate hydrate (a stimulative laxative), which are combined with the salt-based laxative magnesium citrate.

We aim to make patients more receptive to the idea of undergoing a colonoscopy by raising awareness of this drug's nice orange flavor, its compatibility with a wide range of beverages, and the fact that only a small dose need be taken.

The drug's efficacy and safety* were observed and confirmed through phase 3 clinical trials, conducted in Japan, when it was used to bowel cleansing prior to colonoscopies and colon surgery.

Ferring Pharmaceuticals Co., Ltd. got manufacturing and sales approval for this indication in July 2016, since when PICOPREP has been approved in 74 regions and countries, including the UK, US, France and Germany (as of December 2016).

Most important, we see the drug as having the potential to assist in the early detection of colon cancer, the sufferers of which are increasing in number, as are their mortality rates.

* The rates of side effect onset were 9.2% (39/424) in patients who took a full dose of PICOPREP, 8.9% (19/213) in patients that took a partial dose, and 9.5% (20/211) in patients who took the drug on the preceding day.

PICOPREP, a compound oral intestinal cleansing agent

PICOPREP mascot

Advantages for those undergoing testing

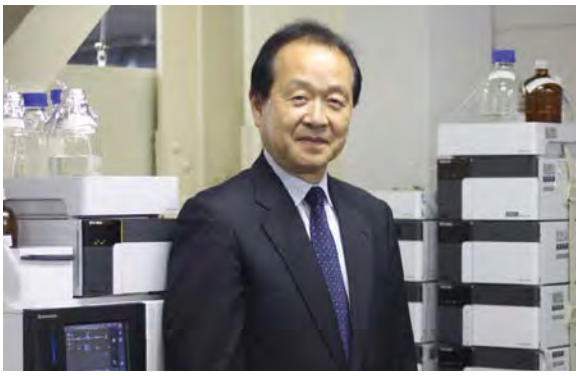
I took on responsibility for PICOPREP as a medical representative in February 2019. We are currently providing relevant information to healthcare professionals, gastroenterologists, who are mainly working in regional core hospitals. PICOPREP was designed to have characteristics that make it easy for patients to take, thereby making it easier for them to undergo a colonoscopy. For this reason, I believe that PICOPREP has the potential to lead to an increase in medical examination rates. I hope my activities as a medical representative will contribute to the early detection of colon cancer, an affliction that is currently on the rise.

Risa Kikuchi
Tokyo Branch Sales Office 1

IV In-house Drug Discovery and Development

We are working to develop new breakthrough drugs against diseases for which there are no appropriate therapeutic drugs. We are focusing our drug research on discovery and typically, at an early stage, out-licensing development to highly specialized companies at home and abroad. This drug research venture system should allow new compounds to be brought to market as quickly as possible.

Interview



Tomio Yamakawa
Director and Corporate Officer,
General Manager of Discovery Research Laboratories

Q1 Please explain the Company's policy regarding internal R&D for new drugs and related targets.

A1
Even when considering our scale, the resources we can invest in R&D are limited, so we are concentrating our available resources in start-ups to make early out-licensing possible (either during preclinical stages or after phase 1 clinical trials end). In order to do so, however, we must develop breakthrough new drugs.

To this end, we plan to secure capital through public funds and other sources, and to conduct development that is based on external evaluations and rooted in joint research with researchers across the globe who work in all relevant fields. Our human resources, aware of the ongoing need to improve their abilities, are acquiring the experience necessary to become internationally recognized researchers.

In focus domains, we have narrowed down our range of target molecules, especially with regard to the treatment of pain, which is one of our specialties. We are aiming to achieve early-stage out-licensing of products we have developed by expanding the range of ailments to which they can be applied.

Q2 Please explain the features of NC-2600 and NC-2800, and how you expect their future rollouts to unfold.

A2
The NC-2600 anti-neuropathic pain agent (P2X4 receptor antagonist) is a chemical compound discovered at Nippon Chemiphar through joint research based on a report* by Dr. Kazuhide Inoue, executive vice president of Kyushu University. He found that microglia were activated in cases of neuropathic pain and that P2X4, a purine receptor, was overexpressed.

With support from the Japan Science and Technology Agency (JST) and the Agency for Medical Research and Development (AMED), the safety of the compound in humans was guaranteed through a phase 1 clinical trial. It is now recognized that anti-neuropathic pain agent that is easy to use and has few side effects, has the potential to become a major new drug that is used worldwide. As several companies have already expressed interest in NC-2600, we are currently targeting its early out-licensing.

NC-2800 (a δ opioid receptor agonist) is a chemical compound discovered through joint research with several universities and is indicated for the treatment of depression and anxiety. It has been selected for AMED's Cyclic Innovation for Clinical Empowerment (CiCLE) program and preparations for a phase 1 clinical trial are currently underway.

NC-2800 holds promise of showing early therapeutic effects. Meanwhile, demand is growing for groundbreaking depression and anxiety medications that can provide support for those who experience depression, but are dissatisfied with available treatments. We plan to cooperate with plans for the CiCLE program and to take the development of NC-2800 to the next stage.

Q3 What initiatives will be necessary to create new drug candidates to follow NC-2600 and NC-2800?

A3
Since advances in technologies used for drug discovery are growing exponentially, using research methods on which we formerly depended no longer ensures the speed and probability of success now needed to develop breakthrough new drugs.

We are already working with experts and plan to apply new technologies, such as AI, and use induced pluripotent stem (iPS) cells so that we are able to create new drug discovery platforms.

At the same time, reflecting our R&D new drug policy, we are applying new technologies to development targets in areas in which we are particularly strong. By doing so, we believe we will be able to create new drug candidates that will lead to first-in-class innovation.

* *Nature*, 424, 778–783, 2003; *Nature*, 438, 1017–1021, 2005.

As of March 31, 2019

In-house drug development　Other companies or physician-initiated development

Item	Function (Target)	Preclinical	Phase 1	Phase 2	Notes
NC-2400	PPAR-δ agonist (Lipid metabolism abnormalities)				・Finished Phase 1. ・Licensed to Cerenis Therapeutics (France).
NC-2500	XOR inhibitior (Hyperuricemia, gout)				・Phase 1 was finished in September 2017. ・Conducting licensing out activities and seeking tie-up partner.
NC-2600	P2X4 receptor antagonist (Neuropathic pain)				・Joint research with Kyushu University. ・Phase 1 was finished in September 2017. We are conducting licensing out activities.
NC-2700	URAT1 inhibitior (Hyperuricemia, gout)				・Finished preclinical trial in September 2017. ・Conducting licensing out activities and seeking tie-up partner.
NC-2800	δ opioid receptor agonist (Depression/anxiety)				・Selected by AMED for its funding program in January 2018. ・Conducting licensing out activities in parallel with phase 1 preparation.
Soleton	NSAID (Diffuse-type tenosynovial giant cell tumor and others)				・Conducting physician-initiated trial.
Calvan	α1β1 blocker (Huntington's disease)				・Licensed to SOM Biotech S.L. (Spain). ・Phase 2a was started in August 2018 by this company.

1. Development Pipeline

(1) NC-2600/P2X4 Receptor Antagonist (For neuropathic pain)

Patients with neuropathic pain are forced to have a hard time suffering from severe pain based on various neurological disorders. However, since there are few viable treatment options in terms if remedies, a new treatment needs to be developed.

In joint research with Kyushu University, we have developed a new formulation to treat neuropathic pain. Since FY2012, the Company has been carrying out research with the support of AMED and, during FY2014, discovered NC-2600. This is a development candidate, which appears to be potentially effective through oral administration. In FY2017, we completed phase 1 testing. We are currently conducting licensing out activities of aimed at domestic and international companies.

(2) NC-2800/δ Opioid Receptor Agonist (For depression, anxiety)

NC-2800 is a chemical compound with strong potential as an anti-depression and anti-anxiety treatment that the Company discovered through collaborative study with the University of Tsukuba, Kitasato University, and the National Center of Neurology and Psychiatry.

The compound was selected by AMED's industry–academia collaboration program (ACT-M) in 2015 and, while receiving the agency's support, we conducted preclinical trials. As a result, the compound received high acclaim for its potential as a therapeutic drug candidate. In 2018, AMED's CiCLE project* selected it for public funding and support.

At the same time, we are preparing for a phase 1 trial and performing out-licensing activities aimed at domestic and overseas companies.

* Theme of R&D: Development of a breakthrough emotion-regulating agent with a mechanism for activating δ opioid receptors; AMED will provide support from March 30, 2018 until March 31, 2027.

(3) NC-2500/XOR Inhibitor, NC-2700/URAT1 Inhibitor (For gout, hyperuricemia)

• NC-2500

It is thought that NC-2500 suppresses uric acid production by inhibiting Xanthine oxido reductase, an enzyme involved in the production of uric acid, and decreasing serum uric acid levels.

It should be noted that current drug therapies for lowering uric acid pose a risk of an acute gout attack due to the sharp decrease in uric acid levels. However, in NC-2500 phase 1 trials, we confirmed that it functions uniquely to gradually lower serum uric acid levels, suggesting that it may rectify this issue. At present, we are engaged in activities aimed at licensing out and forming partnerships with companies in Japan and overseas.

• NC-2700

This is a chemical compound formulation that, unlike NC-2500, promotes the excretion of uric acid from the body by inhibiting the transporter URAT1, which is responsible for the re-absorption of uric acid in the kidneys.

We have completed preclinical trials on this drug and are preparing for phase 1 clinical trial. We are also conducting out-licensing activities.

2. Repositioning of Existing Drugs

Pharmaceuticals are generally classified as new drugs or generic drugs, while some new drugs are also classified as long-listed drugs. These latter drugs are new drugs with expired patents but, because they have been used over many years in clinical practice, much expertise exists regarding their safety and usage.

Furthermore, experience and research from medical professionals have indicated that some of these medicines may have indications other than those for which they were originally intended. Like new medicines, these drugs await development for use against diseases for which no particularly effective medications are available.

To discover similar new uses for our long-listed drugs, the Company is supporting research through collaboration with external agencies.

Primary initiatives

• Soleton (Zaltoprofen)
Research on this drug's effects on patients of diffuse-type tenosynovial giant cell tumors (pigmented villonodular synovitis) and of localized-type tenosynovial giant cell tumors (giant cell tumors of tendon sheath) is progressing, mainly at Kanazawa University Hospital.

• Calvan (Bevantolol hydrochloride)
Research on this drug as a therapeutic medicine for Huntington's disease is underway at the Spanish company SOM Biotech, S.L.

3. Access to New Technologies

In the belief that, to create further promising pharmaceutical product candidates, we must use innovative drug discovery methods—by adopting innovative information technologies and using AI—we underwrote a portion of a third-party allocation of shares by MOLCURE Inc. in November 2018, and signed a agreement to negotiate a business alliance.

By combining MOLCURE's technologies with our drug discovery research infrastructure, we hope to realize a collaborative model that is attractive for both parties. The goal is to create and commercialize innovative pharmaceutical products.

MOLCURE

Topic Participation in an AI drug discovery project

In June 2019, it was decided that Nippon Chemiphar will participate in an AI-based drug discovery project conducted jointly between DeNA Co., Ltd., DeNA Life Science, Inc. and Summit Pharmaceuticals International Corporation.

Toward the creation of innovative new drugs

Our project involves engaging in initiatives aimed at raising the efficiency of drug discovery utilizing AI. Combining our research data and expertise with the strengths of our partner companies, we will take on challenges in unfamiliar territory focused on the creation of new drug discovery processes. Through these efforts, we will work strenuously to boost innovation at Nippon Chemiphar.

Toshiyasu Imai
Head of AI drug discovery project

Overseas Development

Securing production capacity, as demand for generic drugs expands, is critical for a company that makes such drugs. Further, we must respond to periodic NHI drug price revisions and the severe competitive environment through cost reductions.

Japan's falling birthrate and population, aging society and public finance-related considerations all point to a shrinking domestic market.

In order to help ensure that our growth remains sustainable, in March 2015 we set up a subsidiary in Vietnam—Nippon Chemiphar Vietnam Co., Ltd. This has provided our Group with an Asian foothold, which is experiencing considerable growth. The factory will simultaneously strengthen production capacity and reduce costs.

The Vietnam factory

I Manufacturing

Nippon Chemiphar Vietnam Co., Ltd. is an overseas manufacturing base that will boost capacity, lower the cost of sales, and serve as a foothold for sales overseas. Construction of Nippon Chemiphar Vietnam's factory was completed in September 2017, and commercial production began there in November 2018. We expect that the factory will raise the production capacity of the Nippon Chemiphar Group while lowering its manufacturing costs. Thus, we are moving to the Vietnam factory the manufacture of products likely to provide cost benefits if transferred from factories in Japan.

II Sales

We are working with each local distributors to sell our proprietary products and generic drugs in Thailand, China, and South Korea. As of April 2018, we had approval, for the sale in these countries, of six products (core products and generic drugs), five of which are already on the market.

We have applications pending for one product, and are preparing to increase the number of products and the countries in which they are available.

In the diagnostics business, we are working with local distributors overseas to market our products, primarily in Asia. Our efforts are mainly focused on our allergy testing equipment (DP 3000), which is the world's fastest, in addition to our allergy testing reagent (IgE NC).

Currently, we are collaborating with Japanese company that have wide-ranging overseas networks with a view to expanding our business in China. We predict that we will be able to launch our allergy-related products in the China market during fiscal 2019.

● IgE NC: Reagent to measure allergen-specific IgE

The reagent is used to test for antibodies to substances that cause patient allergies (extracorporeal diagnostic).

● DP3000: Device for allergen-specific IgE measurements

The first result is produced in 12 minutes, and 39 tests can be carried out in 90 minutes.

● ISO 13485

Nippon Chemiphar[1] received certification under the ISO 13485 quality management system for medical devices in April 2012. We provide high-quality products through both this quality assurance system based on an international standard, and the quality management system stipulated under Ministry of Health, Labour and Welfare regulations.[2]

● CE Declaration of Conformity Marking

In FY2013, Nippon Chemiphar issued CE Declaration of Conformity markings for DP3000 and IgE NC.

1. This includes divisions of Nippon Chemiphar involved in the design and development of extracorporeal diagnostics, purchasing, and quality assurance. Divisions at the Tsukuba Factory of Nihon Pharmaceutical Industry involved in the manufacture of extracorporeal diagnostics are also included.
2. Regulations relating to production management and quality assurance standards for medical devices and extracorporeal diagnostics.

CSR: Maintaining Society's Trust

I CSR Initiatives

The Nippon Chemiphar Group conducts CSR activities based on its established fundamental CSR policy which states, in part, that "We owe our stakeholders continued commitment to improving the health of society at large, by providing quality products and services."

As we work to fulfill our social responsibilities as a company, we are also promoting measures aimed at helping resolve societal issues related to the Sustainable Development Goals adopted at the UN summit held in September 2015.

II Management Systems

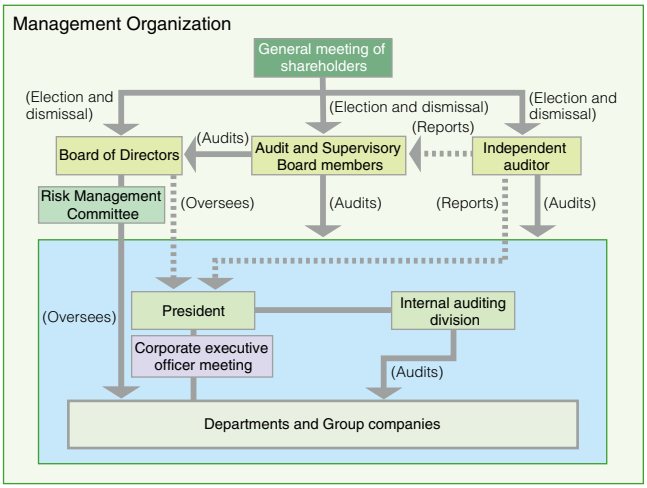
1. Corporate Governance

(1) Underlying Philosophy

We take very seriously the managerial responsibilities with which our shareholders have entrusted us. Thus we strive to ensure that our management organization and operations are appropriate, and our top priority is to guarantee that management is fair by making it as transparent as possible to our shareholders, customers, and society.

(2) Organization

We are reinforcing corporate governance with the aim of boosting management transparency and efficiency. We have divided the management functions into two main areas: decision-making and supervisory functions; and executive functions. The former functions are handled by directors (Board of Directors) and the latter by corporate officers (at Corporate Executive Officer meetings). Nippon Chemiphar has a board of company auditors, the Audit & Supervisory Board. Members participate in Board of Directors' and other important meetings, thereby determining the overall activities of the directors and executive officers, while conducting audits from a strictly neutral perspective.



Structural Overview

Organizational Composition	Board of Directors, Audit and Supervisory Board
Number of directors (of whom are outside directors)	7 (2)
Number of auditors (of whom are outside directors)	3 (2)
Director's term of office	Two years
Adoption of an executive officer system	Yes

(As of June 21, 2019)

(3) Auditing

Our auditors ensure the legality of our operations by inspecting them and ensuring they meet our auditing standards and auditing plan. They attend Board of Directors and other important management meetings, as well as inspect and verify reports they receive from directors, corporate officers, and employees. Should the need arise, they also verify operations and assets.

This has allowed the Company to established a system with auditing functions sufficient for the establishment of fundamental policies and priorities, as well as the appropriate execution of business. In addition, in the executive department we have set up the President's Office Internal Audit Division, a body directly controlled by the president and designed to strengthen the Company's internal controls.

(4) Selection of Independent Outside Directors, Auditors

When designating outside directors or auditors, the Company selects candidates who satisfy both the independence requirements of the Tokyo Stock Exchange, as well as the Company's standards for determining independence for outside directors.

The candidates must also be specialists with experience in their areas of expertise and have sophisticated knowledge, experience, and ability based on work experience related to the Company's fields of business. Finally, all candidates must possess a sense of responsibility.

Main Committee Meetings, Attendance during FY2018

Board of Directors meetings	13 times
Outside director attendance	100%
Outside auditor attendance	100%
Audit and Supervisory Board meetings	17 times
Outside auditor attendance	100%

2. Internal Controls and Risk Management

(1) Internal controls

We have established a Fundamental Internal Control Policy based on the Companies Act and the Regulation for Enforcement of the Companies Act. In addition, we have set up a framework that ensures our operations are appropriate in terms of risk management compliance, the efficient performance of professional duties, and reliable financial reporting.

Further, we have created an Internal Auditing Division, which operates under the direct supervision of the president and CEO. This division cooperates with various committees, including the Risk Management Committee, to investigate the appropriateness of our operations and suggest improvements.

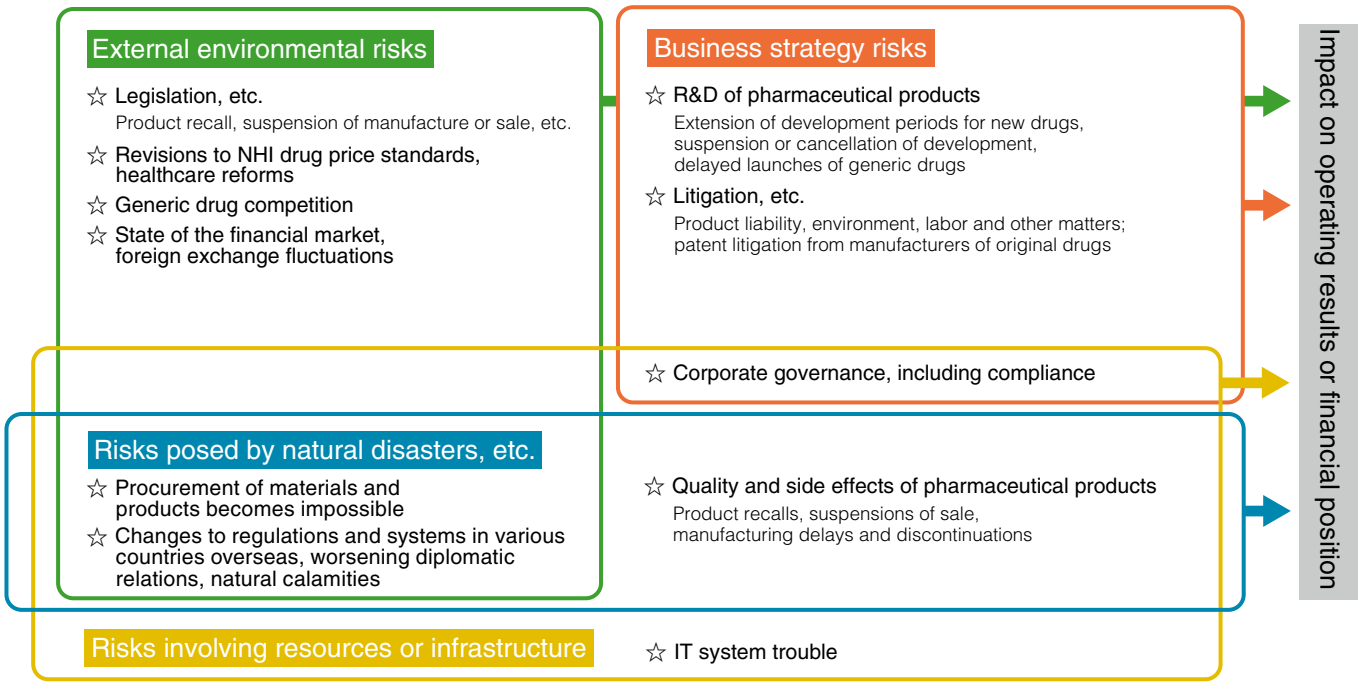
(2) Risk management

In accordance with our Fundamental Internal Control Policy, we have established a set of risk management rules to foster comprehension, management, and response to a variety of risks that have significant impact on the administration of our businesses.

The rules include provision for the creation of a Risk Management Committee, with the director in charge of risk management serving as its chairperson. We also have set up individual committees to respond to risks related to compliance and information security, and are sharing relevant information with our employees.

Overall, we are strengthening our systems to ensure a swift response to any serious risks, to inhibit risks, and to minimize the impact any risks may have on our businesses. In this connection, we compiled guidelines, titled Rules Concerning the Immediate Reporting of Serious Risks.

Business and Other Risks (Presented in securities report)



Regarding on-site inspections conducted by the Fair Trade Commission

In June 2019, the Fair Trade Commission announced that it had served a cease and desist order and a surcharge payment order to one manufacturer and seller of the orally disintegrating (OD) lanthanum carbonate tablet in accordance with the Anti-Monopoly Act. Requesting the application of the act's leniency policy, Nippon Chemiphar formally and voluntarily acknowledged involvement in illegal conduct and has since consistently cooperated with investigations.

The Fair Trade Commission took no administrative action against Nippon Chemiphar in relation to this incident. However, we take this issue very seriously and are working to establish pertinent regulations and guidelines, conduct compliance training, and strengthen our internal reporting and auditing systems.

3. Directors, Corporate Auditors and Executive Officers (As of August 22, 2019)

(Back row, from left)
Outside Director Yuji Harada; Corporate Officers, Masahide Yasumoto and Yasushi Hatakeda; Outside Director Masaki Yoshino

(Front row, from left)
Senior Managing Corporate Officer Masanori Kutsuwada; President and CEO Kazushiro Yamaguchi; Director and Managing Corporate Officer Tomio Yamakawa

(From left)
Audit & Supervisory Board Members Tsuyoshi Takahashi (part-time), Yuji Nakamura (full-time) and Naoshige Shindo (part-time)

(From left)
Corporate officer Toshiki Nakai; Senior Corporate officer Shinji Nakajima; Corporate officer Koki Hayamizu

III Medical Professionals and Patients

It is said that drugs cannot fulfill their proper roles unless they are used together with the appropriate information. Bearing this in mind, we are quick to provide medical institutions with accurate information about the proper use of our drugs. We do this through our medical representatives (MRs), who are located nationwide. At the same time, we work to collect information on quality and safety, consolidate collected safety particulars, and provide this to assist in creating new pharmaceutical preparations.

1. Initiatives to Ensure Proper Use of Drugs

We train our MRs to provide information and we teach them about the proper use and efficacy of our products. With the patient always in mind, we strive to cultivate human resources who can serve as members of team-based healthcare for pharmacotherapy partners.

A variety of information is available on our website. Information targeting medical professionals includes news about National Health Insurance price revisions, and guidance on administering drugs. We also supply information about generics, and provide recipes for therapeutic food and other information for patients. We make available various leaflets about new drugs and generics, providing information to meet medical institutions' needs. Further, we provide separate websites for medical professionals and patients concerning hyperuricemia and gout. The data is tailored to groups' different needs and levels of knowledge.

(1) Role of MRs

Nationwide, we have approximately 200 MRs, whose function is to provide information on the use of drugs, instructions for patients, and to meet other needs of medical institutions.

We continue working to ensure the efficiency of our MRs' activities by maintaining ties with individual medical institutions, particularly core hospitals that are central to regional healthcare.

(2) Platform for Learning

The Company conducts seminars and has study groups for various medical conditions, including dementia and lifestyle-related illnesses, providing medical professionals with the most up-to-date information and serving as a venue for exchanges of opinion related to treatment.

Since 2005, we have supported the operation of the DPC Management Forum to discuss the combined diagnosis procedures the Japanese government is promoting.

Study group forum

(3) Oncology Market

With the number of oncology patients growing society ages, demand is increasing for generic anti-cancer agents. In 2013, we set up an oncology promotion section to enable MRs to give cancer-related information. We also started to conduct seminars for healthcare professionals on oncology drug therapies.

(4) Support Materials

For physicians and pharmacists we publish a periodical by means of which we share our latest information. We also produce pamphlets that provide guidance on various types of nutrition-related and exercise therapies, as well as on health management.

Through these supporting materials, we are doing our best to help improve the quality of healthcare.

(5) Response to Inquiries Swift

To ensure accurate and speedy responses to telephone inquiries from medical professionals and patients, we have established a customer support office to help provide information on the appropriate use of our pharmaceuticals.

2. Strengthening Supply System

We are diversifying our active pharmaceutical ingredient procurement partners and stepping up inspections of local manufacturing facilities in order to provide a stable supply of medications.

Support for stable supplies comes from the Group's Tsukuba Factory, which has the industry's first fully seismically isolated structure in this earthquake-prone nation. Our factory in Vietnam also helps maintain product supply levels.

Still focusing on ensuring stable supplies, we continue to improve our supply framework throughout our supply chain, from development and manufacturing to sales.

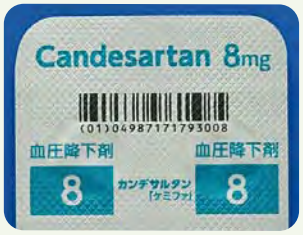
3. Quality, Information Paramount

We are working on initiatives to ensure the quality of both generics and proprietary products, as well as to provide information more effectively. At the same time, we are devising ways to improve the visibility and user-friendliness of our products.

When packaging our products, we take ample care to ensure the safety and security of medical professionals and patients alike. Examples of such activities include using press-through packaging sheets for oral medications and employing external packaging to prevent exposure to anticancer medications.

Product Initiatives Aimed at Safety and Convenience

Improving Visibility and Convenience



Visibility

1. Matte press-through packaging
   Reduced shine makes it easier to read the information and instructions written on the aluminum backing of medication packaging.
2. Universal design font
   For sheets of press-through packaging and outer packaging, we use a font that is highly legible, to prevent misreading.

Convenience

3. Tablet imprint
   All tablets are scored on both sides, with the name of the drug and the maker printed on the top and bottom half, respectively, on one side, and the bottom and top half on the other side.

Enhancing Safety—Special Packing for Anticancer Drugs

Designed to reduce exposure

After filling a vial with medication, any remaining anti-cancer agent is cleaned away from the outer surface of the vial, which is then wrapped in film.

Prevents bottles breaking, contents scattering

Cushioning material is placed at the bottom of the vial before it is covered in shrink-wrap film.

IV Community Participation

As members of local communities and society, we support projects that benefit the communities and society in which our offices are located. Our aim is to grow, while being an integral part of society.

1. Cooperation with Local Communities

Combining regional contribution and environmental promotion, we conduct cleanup activities—around Nippon Chemiphar's headquarters and Soka offices, as well as the Tsukuba Factory of Nihon Pharmaceutical Industry—and hold blood drives twice each year on an ongoing basis.

2. Volunteer Activities

We have established an internal volunteer leave system that encourages employees to take an active part in volunteer activities, including social welfare initiatives and rescue efforts in disaster areas.

We support people with disabilities through donations to NPO Hands On Tokyo and another association that also supports those with disabilities among other activities.

3. Recycling, Support for Developing Countries

We help developing countries through such activities as collecting pet bottle caps, books and miswritten postcards. In Japan, caps and books can be collected and sold to recycling companies, while cards can be exchanged through the postal service for money. Group companies have been generating donations in this way since 2011.

Books donated by employees to raise funds for developing countries.

V Environment-related Initiatives

In order to help make our society more sustainable, we are convinced that companies must consider the environmental impact of their business activities.

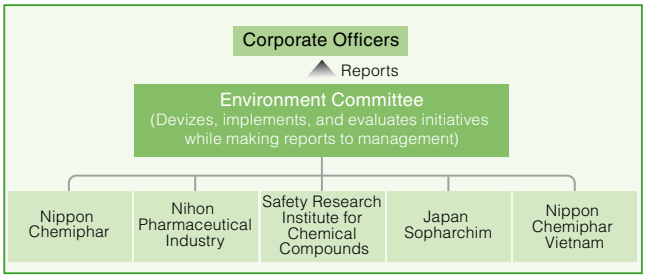
The Nippon Chemiphar Group ensures that its activities are conducted in accordance with the basic policies it has formulated, endeavoring to reduce the environmental impact of its business pursuits.

1. Basic Policies

(1) We seek to minimize our footprint in all our business activities, including R&D, manufacturing, and sales, by using resources and energy efficiently, minimizing waste, reusing, and recycling.
(2) The management system of our Group focuses on environmental conservation.
(3) Our corporate transparency benefits from the release of impartial, appropriate information concerning the conservation of the environment.
(4) We are striving to make our employees eco-conscious and to teach them how to protect the environment.

2. Environment Conservation

We have an Environment Committee to devise, implement, and evaluate environment-related conservation initiatives for the entire Company. We are continuing to carry out initiatives to protect the global environment as a Companywide theme. We have launched a campaign to conserve electricity, and in-house training to enhance awareness of environment-related activities.



3. Impact of Group Operations

Materials Used in Our Business Activities

INPUT

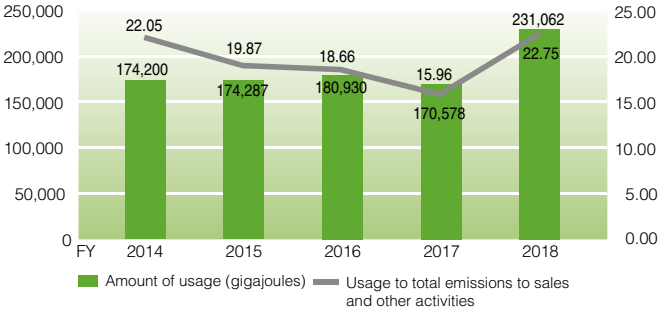
Energy	Electricity	17,040kwh
	Gasoline	534kl
	Heavy oil	159kl
	Light oil	61kl
	Kerosene	655t
	LPG	2t
	Town gas	225,076t
	Total	231,062GJ
Water Consumption (by factories, laboratory)	Tap water	35,552m^3
	Well water	85,829m^3
	Total	98,388m^3
Materials	Raw materials	388t
	Packaging materials	130t
	Total	518t

OUTPUT

Into Atmosphere	CO_2 emissions	11,514t-CO_2
As Industrial Waste Water (from factories, laboratory)	Used water	66,361m^3
	PRTR-related substances	0.29t
As Waste	Non-industrial waste	150t
	Industrial waste	168t
	PRTR-related substances	3.35t
Recycling	Container and package recycling	20t

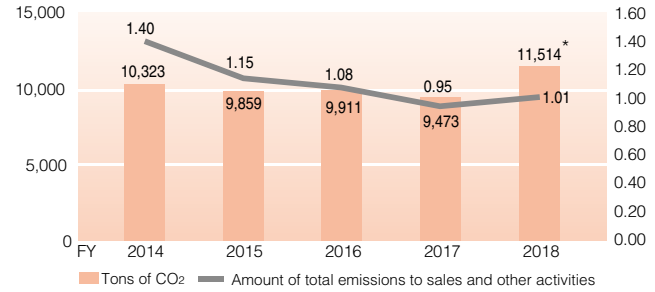
● INPUT

Energy Used



● OUTPUT

CO_2 Emissions

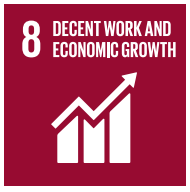


* Commercial production was launched at our factory in Vietnam in November 2018, pushing up our FY2018 energy usage. We will continue to conduct energy conservation initiatives at our offices in Japan and overseas while working to reduce our environmental burden.

Note: The above tables and charts apply to the period from April 1, 2018 to March 31, 2019, for all Nippon Chemiphar Group offices.

VI Employees

The Nippon Chemiphar Group believes employee diversity in terms of gender, gender orientation, nationality, workstyle, and values to be the cornerstone of corporate vitality and growth that leads to the enhancement of corporate value. The Group is striving to create a corporate culture that enlivens the individuality and talents of each employee.



1. Women's Participation and Advancement

We hire women, promote women to management positions, and incorporate a variety of viewpoints and ways of thinking in business management. We will continue to make our workplaces more enjoyable and the work more fulfilling through the presence of hardworking female veteran employees and managers, who serve as role models for ambitious female colleagues.

Our support for participation by female employees involves efforts to raise awareness among all employees. As an example of our approach, we conduct surveys of employee awareness and needs concerning the promotion of active participation by women. Further, through the Company newsletter, we inform staff about topics related to work–life balance; roundtable discussions held by female employees raising children; and the activities of men who have taken childcare leave. We also have formulated an action plan, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, the details and numerical targets of which are given below. We plan to continue our efforts to create an organization that enables female employees and managers to take pride in their work.

Men who have taken childcare leave take part in roundtable discussions.

(As of March 31, 2019)

Action Plan (April 1, 2017–March 31, 2019)	Result
1) Women should represent more than 50% of newly hired recent graduates, to improve the ratio of women in sales jobs.	71.4%
2) Women should account for more than 10% of managers.	11.5%

2. Diversity Initiatives

We believe that employee diversity—including differences in sex, gender roles, nationality, workstyles, and individual values—provide foundations for company vitality and growth, thereby boosting corporate value. The Group is working to create a corporate culture that draws on the various characteristics and abilities of its employees, while at the same time promoting the participation and advancement of women in the workplace.

In response to an increase in business with companies abroad, resulting from the establishment of the Vietnam factory, we are recruiting—without regard for nationality or gender—human resources highly specialized in our Group's strategic areas.

We are continuing to develop employment opportunities for people with disabilities in order to provide a workplace environment that is comfortable for everyone.

Staff of Vietnam Factory

3. Mechanisms, Training Systems That Use Employee Abilities

We provide employees with training and support systems, tailored to different ages and types of work, in order to expand their capabilities and develop next-generation managers. We support our employees by conducting performance-based evaluations; applying rating standards that assess managerial ability; encouraging the acceptance of challenges; establishing personnel systems that accommodate a variety of workstyles to fit each employee's life stage; and promoting diversity. And to develop human resources that can play an active role on the global stage, we send researchers to university overseas, support employees studying to earn an MBA, and subsidize the TOEIC test.

Support to Increase Human Resources Capabilities

Rank-based Training

- Leader training
- Management training
- Training for newly appointed managers
- Level-appropriate training for team, section and general managers
- Training for newly appointed executives
- Evaluator training

Support for Elective Education

- Support for acquiring an MBA
- Researcher education
- Dispatch to management team seminars

Personal Development

- Correspondence education
- IT training
- Support for obtaining public certifications
- External public lectures
- TOEIC IP test

4. Harassment Prevention and Mental Health

In order to prevent our employees from being perpetrators or victims either within or outside of the Company, all employees learn about sexual, power, and maternity harassment.

Company regulations prohibit sexual harassment and we have a sexual harassment prevention manual. In addition, we have in place internal and third-party hotlines for preventing and improving responses to various types of harassment.

Finally, we strive to maintain and improve employee mental health by conducting yearly stress checks on all our staff, and offering interviews and guidance conducted by physicians to interested parties.

5. Supporting Work–Life Balance

In FY2016, we introduced a system whereby employees can leave work on time, to ensure they have sufficient private time. Then, in FY2017, we started to encourage employees to take the paid time off to which they are entitled. In FY2018, we are continuing to search for ways of reducing and managing overtime, as we raise awareness regarding work styles.

We have a variety of systems that enable all staff to demonstrate their skills and, at the same time, work in a comfortable environment. Under a discretionary work system, flextime allows staff to decide for themselves when to start and end their workday.

Our Come Back system enables employees to return to work after a temporary hiatus, due to circumstances such as childcare, nursing care, or a spouse's company transfer. Moreover, our re-employment system allows senior employees to continue working after retirement.

We have adopted various systems that take into consideration each employee's personal circumstances and preferences. When we select a work environment for our staff, we ensure that they can make full use of their experience and expertise.

Try working at a Japanese company

Over the four years that have passed since joining the Nippon Chemiphar Group as a mid-career hire, I have keenly felt the benefits of the Group's active promotion of diversity and am always filled with a feeling of gratitude. I will continue to value the wonderful once-in-a-lifetime opportunity afforded to me as a member of Nippon Chemiphar. At the same time, I will work to the best of my ability to accomplish my quality assurance duties and support the future growth and development of Nippon Chemiphar, which continues to innovate.

Koukichi Zen
Deputy Senior Manager
Quality Assurance Department

Financial Section

Ten-year Consolidated Performance Overview[1]

		FY2009 (Ended March 31, 2010)	FY2010 (Ended March 31, 2011)	FY2011 (Ended March 31, 2012)	FY2012 (Ended March 31, 2013)
Income Statement:	Net sales	23,982	27,361	28,513	31,944
	Pharmaceutical products segment	22,907	26,205	27,325	30,864
	Generics	14,528	17,990	19,721	23,630
	Proprietary products	7,056	6,148	5,746	4,795
	Others segment	1,075	1,155	1,188	1,079
	Cost of sales	11,448	12,990	12,871	14,922
	Selling, general and administrative expenses	11,767	12,371	12,718	13,147
	R&D expenses	1,722	1,878	1,790	1,936
	Operating profit	767	1,999	2,923	3,873
	Ordinary profit	587	1,818	2,776	3,714
	Profit attributable to owners of parent	270	573	1,439	2,125
Financial position at year end:	Total assets	29,600	30,786	33,790	35,488
	Total net assets	7,865	8,964	10,230	12,408
Cash flow from:	Operating activities	1,889	2,748	1,753	1,912
	Investing activities	(1,450)	(640)	(227)	(1,422)
	Financing activities	1,508	(949)	63	(713)
Capital expenditure and other:	Capital expenditure	681	584	1,014	1,153
	Depreciation and amortization	695	775	747	840
Amounts per share[2]:	Earnings per share (¥)	70.99	139.46	346.21	517.70
	Book value per share (¥)	1,852.20	2,129.16	2,489.19	3,022.76
	Dividends per share (¥)	30.0	30.0	50.0	100.0
Indexes:	EBITDA (millions of yen)	1,517	2,823	3,744	4,747
	Operating income to sales (%)	3.2	7.3	10.3	12.1
	Return on equity (%)	3.9	7.2	15.0	18.8
	Return on assets[3] (%)	2.2	6.0	8.6	10.7
	Debt-to-equity ratio (%)	166.0	122.4	113.1	90.6
	Equity ratio (%)	23.9	29.1	30.3	34.9
	Dividend payout ratio (%)	42.3	21.5	14.4	19.3
	Number of employees	714	711	682	679

Notes:
1. The figures in these materials are all publicly disclosed figures according to Japanese GAAP as of the disclosure date. Please understand that these materials may be updated or revised without prior notice.
2. As we conducted a 10 : 1 reverse stock split on October 1, 2016, per share data have been adjusted as if the split had been conducted at the start of FY2009.
3. Return on assets = Ordinary profit / [(total assets for the previous term + total assets for this term) / 2].
4. Announced on May 11, 2019.

Analyses of Operating Results and Financial Position for FY2018

I. Summary of FY2018 Business Results

1. Sales

Despite the Nippon Chemiphar Group's efforts to increase sales by promoting the diversification of sales channels, generics sales were down 6.2% year on year due to the impact of National Health Insurance (NHI) drug price reductions and slowing growth in the quantity of existing products in the wake of a rising substitution rate for generics. Sales of proprietary products, including new drugs that we launched in February 2019, declined 23.5% year on year, mostly in line with our forecasts. This decrease was due to the influence of replacement by generic drugs, in addition to the impact of NHI drug price reductions.

For these reasons, sales of ethical pharmaceuticals were ¥29,798 million (down 7.3% YOY) and total sales of pharmaceutical products were ¥32,682 million (down 4.7% YOY).

As a result, consolidated sales, including other segments, were ¥34,182 million (down 3.3% YOY).

2. Operating income

Regarding the cost to sales ratio, the impact of NHI drug price reductions led to an increase of 2.2 percentage points year on year. Meanwhile, due to our efforts to promote the effective use of expenses associated with the development of new and generic drugs, and to reduce other recurring costs, the SG&A expense ratio became

(Millions of yen)

FY2013 (Ended March 31, 2014)	FY2014 (Ended March 31, 2015)	FY2015 (Ended March 31, 2016)	FY2016 (Ended March 31, 2017)	FY2017 (Ended March 31, 2018)	FY2018 (Ended March 31, 2019)	Forecast for FY2019[4] (Ending March 31, 2020)
31,893	35,118	35,602	35,689	35,331	34,182	34,200
30,773	34,168	34,509	34,551	34,279	32,682	–
24,405	27,400	29,016	29,204	30,115	28,238	28,050
4,312	3,400	2,920	2,308	2,038	1,560	1,500
1,119	949	1,092	1,137	1,051	1,500	–
15,128	18,352	18,803	19,449	19,535	19,654	–
13,437	13,480	13,653	13,403	13,947	13,063	–
1,668	1,755	1,889	1,984	2,280	2,066	2,400
3,327	3,285	3,145	2,836	1,848	1,464	800
3,206	3,217	2,945	2,849	1,696	1,512	700
1,887	1,899	1,961	2,054	1,160	881	500
40,106	41,428	43,644	47,002	46,698	46,926	–
13,501	15,626	16,041	17,355	17,487	17,863	–
1,892	2,438	2,450	2,737	3,188	2,196	–
(2,499)	(2,072)	(151)	(2,504)	(1,606)	(960)	–
(205)	(137)	(935)	787	(1,741)	110	–
3,366	1,710	1,172	2,928	1,645	784	950
862	1,200	1,178	1,112	1,192	1,345	1,400
461.97	474.49	499.12	530.02	315.28	245.11	139.07
3,369.70	3,900.05	4,099.74	4,548.80	4,859.86	4,963.24	–
100.0	100.0	100.0	100.0	100.0	100.0	75.0
4,252	4,588	4,280	4,104	3,025	2,987	–
10.4	9.4	8.8	7.9	5.2	4.3	2.3
14.6	13.1	12.4	12.3	6.7	5.0	–
8.5	7.9	6.9	6.3	3.6	3.2	–
89.7	80.1	81.1	85.3	84.0	85.7	–
33.6	37.7	36.7	36.9	37.4	38.0	–
21.6	21.1	20.0	18.9	31.7	40.8	53.9
699	743	756	769	816	846	–

38.2%, a decrease of 1.3 percentage points year on year. Consequently, operating income amounted to ¥1,464 million (down 20.8% YOY).

II. Forecast for FY2019

Despite the eventual impact of NHI drug price revisions in October 2019, we expect ¥34,200 million (up 0.1% YOY) in consolidated net sales in FY2019, thanks to expanded sales of newly launched generic drugs and new drugs we introduced during FY2018.

Regarding profits, operating income is forecast at ¥800 million (down 45.4% YOY) and net income attributable to owners of parent is expected to be ¥500 million (down 43.3% YOY). These projections are the anticipated result of a decline in gross profit caused by NHI drug price revisions and strategic expenditures such as R&D expenses and promotion costs for new drugs.

III. Per Share Information

As mentioned above, we are forecasting a decline in profit in FY2019 due to an increase in strategic investments. Based on our policy of securing strategic investment funds and maintaining shareholder returns, we thus expect to pay a dividend per share of ¥75.0 (with a payout ratio of 53.9%).

Consolidated Balance Sheets

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
March 31, 2019 (FY2018) and 2018 (FY2017)

(Millions of yen)

	FY2017	FY2018
Assets		
Current assets:		
Cash and deposits	7,969	9,333
Notes and accounts receivable–trade	8,438	7,963
Electronically recorded monetary claims	5,101	4,795
Merchandise and finished goods	4,164	4,351
Work in process	783	893
Raw materials and supplies	1,198	1,125
Other current assets	116	205
Total current assets	27,771	28,668
Non-current assets:		
Property, plant and equipment		
Buildings and structures	15,885	15,865
Accumulated depreciation	(9,643)	(10,060)
Buildings and structures, net	6,241	5,804
Machinery, equipment and vehicles:	8,019	8,387
Accumulated depreciation	(5,531)	(6,139)
Machinery, equipment and vehicles, net	2,487	2,247
Tools, furniture and fixtures:	2,192	2,321
Accumulated depreciation	(1,815)	(1,929)
Tools, furniture and fixtures, net	376	391
Land	5,064	5,064
Lease assets	601	460
Accumulated depreciation	(327)	(195)
Lease assets, net	274	264
Construction in progress	105	17
Total property, plant and equipment	14,549	13,790
Intangible assets:		
Patent right	34	30
Franchise	–	117
Lease assets	9	36
Software	187	173
Telephone subscription right	20	18
Total intangible assets	251	375
Investments and other assets:		
Investment securities	2,901	2,869
Long-term loans receivable	3	2
Long-term prepaid expenses	337	364
Lease and guarantee deposits	94	100
Deferred tax asset	457	408
Other	391	407
Allowance for doubtful accounts	(61)	(63)
Total investments and other assets	4,124	4,089
Total non-current assets	18,925	18,256
Deferred asset		
Bond issuance cost	1	1
Total Deferred asset	1	1
Total assets	46,698	46,926

(Millions of yen)

	FY2017	FY2018
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	1,765	1,926
Electronically recorded obligation	5,709	5,048
Short-term loans payable	476	432
Current portion of long-term loans payable	2,455	2,495
Lease obligations	113	104
Accounts payable - other	189	43
Income taxes payable	276	213
Accrued consumption taxes	201	195
Accrued expenses	2,752	2,540
Deposits received	159	175
Provision for sales returns	3	2
Provision for sales promotion expenses	401	450
Other	409	197
Total current liabilities	14,914	13,825
Non-current liabilities:		
Bonds payable	200	200
Long-term loans payable	11,546	12,158
Lease obligations	221	236
Provision for directors' retirement benefits	443	467
Net defined benefit liability	758	636
Deferred tax liabilities for land revaluation	1,115	1,115
Other	9	422
Total non-current liabilities	14,296	15,237
Total liabilities	29,210	29,063
Net Assets		
Shareholders' equity:		
Capital stock	4,304	4,304
Capital surplus	1,303	1,303
Retained earnings	11,596	12,113
Treasury stock	(3,185)	(3,187)
Total shareholders' equity	14,019	14,535
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,150	1,079
Revaluation surplus of land	2,513	2,513
Foreign currency translation adjustments	45	(70)
Remeasurements of defined benefit plans	(254)	(213)
Total Accumulated other comprehensive income	3,454	3,308
Subscription rights to shares	13	19
Total net assets	17,487	17,863
Total liabilities and net assets	46,698	46,926

Consolidated Statements of Income

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 (FY2018) and 2018 (FY2017)

(Millions of yen)

	FY2017	FY2018
Net sales	35,331	34,182
Cost of sales	19,535	19,655
Gross profit	15,795	14,526
Reversal of provision for sales returns	0	0
Gross profit-net	15,795	14,527
Selling, general and administrative expenses	13,947	13,063
Operating profit	1,848	1,464
Non-operating income:		
Interest income	1	0
Dividend income	49	51
Rent income on non-current assets	6	6
Share of profit of entities accounted for using equity method	13	21
Foreign exchange gains	–	77
Compensation income	23	–
Dividend income of insurance	16	14
Contribution for facilities	0	26
Other	21	25
Total non-operating income	132	225
Non-operating expenses:		
Interest expenses	133	129
Foreign exchange losses	114	–
Commission fee	13	31
Other	23	16
Total non-operating expenses	284	177
Ordinary profit	1,696	1,512
Extraordinary income:		
Gain on sales of non-current assets	80	–
Total extraordinary income	80	–
Extraordinary losses:		
Impairment loss	–	18
Loss on cancellation of contracts	–	40
Total extraordinary losses	–	58
Profit before income taxes	1,777	1,454
Current	649	510
Deferred	(32)	62
Total income taxes	616	572
Profit	1,160	881
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	1,160	881

Consolidated Statements of Comprehensive Income

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 (FY2018) and 2018 (FY2017)

(Millions of yen)

	FY2017	FY2018
Profit	1,160	881
Other comprehensive income:		
Valuation difference on available-for-sale securities	328	(71)
Foreign currency translation adjustment	50	(115)
Remeasurements of defined benefit plans	91	40
Total other comprehensive income	471	(145)
Comprehensive income	1,631	735
Total comprehensive income attributable to:		
Owners of the parent	1,631	735
Minority interests	–	–

Consolidated Statements of Income

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 (FY2018) and 2018 (FY2017)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2017	4,304	1,303	10,702	(2,066)	14,243
Changes in the fiscal year					
Dividends of surplus			(385)		(385)
Profit attributable to owners of parent for the fiscal year			1,160		1,160
Purchase of treasury shares				(1,119)	(1,119)
Disposal of treasury shares		(0)		0	0
Reversal of revaluation reserve for land			119		119
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(0)	894	(1,118)	(224)
Balance at March 31, 2018	4,304	1,303	11,596	(3,185)	14,019
Changes in the fiscal year					
Dividends of surplus			(363)		(363)
Profit attributable to owners of parent for the fiscal year			881		881
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares					–
Reversal of revaluation reserve for land					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	517	(1)	515
Balance at March 31, 2019	4,304	1,303	12,113	(3,187)	14,535

(Millions of yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2017	822	2,633	(5)	(346)	3,102	9	17,355
Changes in the fiscal year							
Dividends of surplus							(385)
Profit attributable to owners of parent for the fiscal year							1,160
Purchase of treasury shares							(1,119)
Disposal of treasury shares							0
Reversal of revaluation reserve for land							119
Net changes of items other than shareholders' equity	328	(119)	50	91	351	4	356
Total changes of items during period	328	(119)	50	91	351	4	132
Balance at March 31, 2018	1,150	2,513	45	(254)	3,454	13	17,487
Changes in the fiscal year							
Dividends of surplus							(363)
Profit attributable to owners of parent for the fiscal year							881
Purchase of treasury shares							(1)
Disposal of treasury shares							–
Reversal of revaluation reserve for land							–
Net changes of items other than shareholders' equity	(71)		(115)	40	(145)	5	(140)
Total changes of items during period	(71)	–	(115)	40	(145)	5	375
Balance at March 31, 2019	1,079	2,513	(70)	(213)	3,308	19	17,863

Consolidated Statements of Cash Flows

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2019 (FY2018) and 2018 (FY2017)

(Millions of yen)

	FY2017	FY2018
Cash flows from operating activities:		
Profit before income taxes	1,777	1,454
Depreciation	1,192	1,345
Impairment losses	–	18
Increase (decrease) in provision for sales promotion expenses	(46)	49
Increase in provision for directors' retirement benefits	36	23
Decrease in net defined benefit liability	(57)	(63)
Interest and dividend income	(50)	(52)
Interest expenses	133	129
Foreign exchange losses (gains)	114	(77)
Ggain on sales of non-current assets	(80)	–
Decrease in notes and accounts receivable – trade	699	780
Increase in inventories	(444)	(225)
Decrease (increase) in other current assets	213	(88)
Increase in long-term prepaid expenses	(52)	(32)
Increase (decrease) in notes and accounts payable – trade	166	(499)
Increase in accrued consumption taxes	143	1
Increase (decrease) in other current liabilities	275	(324)
Increase in other non-current liabilities	–	412
Other, net	12	(2)
Subtotal	4,032	2,847
Interest and dividend income received	55	57
Interest expenses paid	(136)	(132)
Income taxes paid	(762)	(576)
Net cash provided by operating activities	3,188	2,196
Cash flows from investing activities:		
Payments into time deposits	(90)	(96)
Proceeds from withdrawal of time deposits	96	96
Purchase of non-current assets	(2,041)	(877)
Proceeds from sales of non-current assets	471	–
Purchase of investment securities	(5)	(55)
Proceeds from collection of guarantee deposits	5	3
Payments for settlements of foreign exchange reserve, net	(8)	–
Other, net	(33)	(30)
Net cash used in investing activities	(1,606)	(960)
Cash flows from financing activities:		
Net decrease in short-term loans payable	(20)	(44)
Proceeds from long-term loans payable	2,350	3,350
Repayments of long-term loans payable	(2,456)	(2,698)
Purchase of treasury shares	(1,119)	(1)
Cash dividends paid	(385)	(364)
Other, net	(110)	(130)
Net cash provided by (used in) financing activities	(1,741)	110
Effect of exchange rate changes on cash and cash equivalents	(35)	18
Net increase (decrease) in cash and cash equivalents	(194)	1,364
Cash and cash equivalents at the beginning of the fiscal year	8,084	7,890
Cash and cash equivalents at the end of the fiscal year	7,890	9,254

Corporate Data

Company Name: Nippon Chemiphar Co., Ltd.
Founded: June 16, 1950
Capitalization: ¥4,304 million
Securities Exchange: Tokyo Stock Exchange (First Section)
Employees: 846 (Consolidated, as of March 31, 2019)
Website: http: //www.chemiphar.co.jp/english/

Office Locations

Head Office:
2-2-3, Iwamoto-cho, Chiyoda-ku, Tokyo 101-0032, Japan
Tel.: +81-3-3863-1211
Fax: +81-3-3864-5940

Discovery Research Laboratories:
1-22, Hikokawado, Misato City, Saitama Prefecture, 341-0005, Japan

Group Companies

Subsidiaries:
Nihon Pharmaceutical Industry Co., Ltd.
Safety Research Institute for Chemical Compounds Co., Ltd.
Nippon Chemiphar Vietnam Co., Ltd.

Affiliated Company:
Japan Sopharchim Co., Ltd.

History

1950	Hitachi Chemical Co., Ltd. (as Chemiphar was formerly known) is set up
1969	Nihon Pharmaceutical Industry Co., Ltd. (NPI) becomes an affiliated company
1970	Company changes name to Nippon Chemiphar Co., Ltd.
1971	Listed on Tokyo Stock Exchange (Second Section)
1976	Listed on Tokyo Stock Exchange (First Section) and starts diagnostics business Establishes Japan Sopharchim Co., Ltd. (currently an affiliated company)
1986	Safety Research Institute for Chemical Compounds Co., Ltd. becomes a subsidiary
1988	Launches Uralyt-U (soluble powder)
1993	Launches Soleton Tab. 80
1995	Launches Calvan Tab.
2001	Launches DP2000 and IgE NC
2002	Concludes comprehensive business alliance with Ranbaxy Laboratories Limited, India
2009	Dissolves alliance with Ranbaxy
2010	NPI becomes a wholly owned Chemiphar subsidiary; Chemiphar spins off its Ibaraki Factory to NPI (NPI's current Tsukuba Factory)
2012	Launches DP3000
2014	New plant at NPI's Tsukuba Factory comes on line
2015	Establishes Nippon Chemiphar Vietnam Co., Ltd. (NC-VN)
2017	Establishes West Japan Distribution Center, creating one base each in eastern and western Japan
2018	NC-VN Vietnam factory starts export to Japan
2019	Acquires approval for the manufacture and sale of PICOPREP from Ferring Pharmaceuticals Co., Ltd.

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