



Nippon Chemiphar Co., Ltd.

(TSE 4539)

# **FY2020 First Quarter Business Summary**

(Year Ending March 31, 2021)

# Sales, Income

Sales, Income	(¥mm)							
	FY2019			FY2020				
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Net sales</b>	<b>8,304</b>	<b>100.0</b>	<b>31,756</b>	<b>7,196</b>	<b>100.0</b>	<b>(13.3)</b>	<b>33,000</b>	<b>21.8</b>
Pharmaceuticals	8,214	98.9	30,632	7,146	99.3	(13.0)	—	—
Others	89	1.1	1,123	49	0.7	(44.2)	—	—
Cost of sales	4,597	55.4	19,200	4,640	64.5	0.9	—	—
SG&A expenses	3,039	36.6	12,190	2,589	36.0	(14.8)	—	—
R&D expenses	408	4.9	2,173	477	6.6	17.0	2,200	21.7
<b>Operating profit</b>	<b>666</b>	<b>8.0</b>	<b>364</b>	<b>(32)</b>	<b>—</b>	<b>—</b>	<b>600</b>	<b>—</b>
<b>Income before income taxes and minority interests</b>	<b>596</b>	<b>7.2</b>	<b>732</b>	<b>(12)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Income attributable to owners of the parent</b>	<b>420</b>	<b>5.1</b>	<b>436</b>	<b>19</b>	<b>0.3</b>	<b>(95.3)</b>	<b>300</b>	<b>6.5</b>

## Sales

Despite measurable beneficial impact from our inside sales activities and our online consultations with customers, generics sales were down 13.4% YOY due mainly to factors such as the impact of NHI drug price revisions implemented in October 2019 and April 2020; intensified market competition; and limitations imposed on MR visits to healthcare institutions and medical examinations for patients in response to the novel coronavirus pandemic (COVID-19).

Sales of proprietary products and new drugs declined 19.4% YOY due to the impact of NHI drug

price revisions, the substitution of generic drugs for key products such as Uralyt and Soleton, and changes to our handling methods for export products.

Although sales in the others business segment have fallen behind forecast due to the impact of COVID-19, we expect sales expansion after the second quarter thanks to newly launched generics and additional sales of Klaricid®.

## Income

Despite efforts to reduce costs and recurring expenses, we recorded ¥32 million in operating loss due to a higher cost of sales ratio caused by NHI drug

price revisions, and lower sales in the others segment. However, we project that sales of newly launched generics and Klaricid® will begin to have a positive impact on income in the second quarter.

We will promptly disclose information regarding the impact of structural reforms we announced via press release on July 22, 2020 as soon as it becomes available.



# Pharmaceutical Sales

## Generics, Proprietary Products (¥mn)

	FY2019			FY2020				
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Total</b>	<b>7,483</b>	<b>100.0</b>	<b>28,029</b>	<b>6,461</b>	<b>100.0</b>	<b>(13.7)</b>	<b>28,700</b>	<b>22.5</b>
<b>Generics</b>	<b>7,123</b>	<b>95.2</b>	<b>26,661</b>	<b>6,171</b>	<b>95.5</b>	<b>(13.4)</b>	<b>26,590</b>	<b>23.2</b>
To medical institutions	6,881		25,678	5,923		(13.9)	25,630	23.1
To other makers*	241		983	248		2.6	960	25.9
Amlodipine	740		2,672	609		(17.7)	2,440	25.0
Lansoprazole	348		1,243	263		(24.2)	990	26.7
Donepezil	298		1,012	222		(25.4)	980	22.7
Rabeprazole	340		1,317	349		2.4	1,420	24.6
Limaprost Alfadex	266		957	206		(22.7)	770	26.8
Others	5,128		19,458	4,520		(11.9)	19,990	22.6
<b>Proprietary products</b>	<b>359</b>	<b>4.8</b>	<b>1,368</b>	<b>289</b>	<b>4.5</b>	<b>(19.4)</b>	<b>2,110</b>	<b>13.7</b>
Uralyt	221		848	190		(14.2)	730	26.1
Others	137		519	99		(27.7)	1,380	7.2

## Chemiphar, ODM Generics (¥mn)

	FY2019			FY2020				
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
<b>Total</b>	<b>7,419</b>	<b>100.0</b>	<b>27,558</b>	<b>6,569</b>	<b>100.0</b>	<b>(11.5)</b>	<b>27,690</b>	<b>23.7</b>
Generics	7,123	96.0	26,661	6,171	93.9	(13.4)	26,590	23.2
Generics (ODM)	295	4.0	896	397	6.1	34.5	1,100	36.1

\* Includes exports.

# Sales Distribution

**By Launch Year** (¥mn)

	FY2019		FY2020		YOY (%)
	1Q Amount	Distrib. (%)	1Q Amount	Distrib. (%)	
FY2013 and before	5,587	78.4	4,658	75.5	(16.6)
FY2014	468	6.6	450	7.3	(3.8)
FY2015	248	3.5	252	4.1	1.7
FY2016	219	3.1	143	2.3	(34.6)
FY2017	354	5.0	341	5.5	(3.6)
FY2018	241	3.4	217	3.5	(9.8)
FY2019	4	0.1	29	0.5	x7
FY2020	—	—	77	1.3	—
<b>Total</b>	<b>7,123</b>	<b>100.0</b>	<b>6,171</b>	<b>100.0</b>	<b>(13.4)</b>

**By Main Therapeutic Categories** (%)

	FY2019	FY2020
	1Q	1Q
Cardiovascular and respiratory drugs	32.6	33.1
Digestive organ drugs	16.3	16.1
Agents affecting metabolism	15.4	16.0
Drugs for nervous system, sensory organs	9.7	11.8
Antibiotics and chemotherapeutic drugs	5.4	4.3
Antineoplastic agents	3.6	3.3
Others	17.0	17.4

# Balance Sheet, per Share Information

**Balance Sheet Data** (¥mn)

	March 31, 2020	June 30, 2020	
	Amount	Amount	Change
<b>Total assets</b>	<b>45,862</b>	<b>47,705</b>	<b>1,842</b>
<b>Net assets</b>	<b>17,392</b>	<b>17,324</b>	<b>(67)</b>
Owned capital	17,367	17,298	(69)
Capital-to-asset ratio (%)	37.9	36.3	(1.6)
<b>Current assets</b>	<b>29,314</b>	<b>30,443</b>	<b>1,129</b>
<b>Current liabilities</b>	<b>13,739</b>	<b>14,376</b>	<b>636</b>
Current ratio (x)	2.13	2.12	(0.01)

**Per Share Information** (¥)

	FY2019		FY2020		
	1Q Amount	Full Year Amount	1Q Amount	FY2020 YOY	Full Year (Forecast)
Earnings per share	116.89	121.42	5.45	(111.44)	83.45
	June 30, 2019	March 31, 2020	June 30, 2020		Full Year (Forecast)
Book value per share	5,001.75	4,830.92	4,811.70	—	—
Dividends per share	—	50.00	—	—	50.00
Dividend payout ratio (%)	—	41.2	—	—	59.9

# Expenditure

## Capital Expenditure and Other

(¥mn)

	FY2019		FY2020			
	1Q Amount	Full Year Amount	1Q Amount	YOY (%)	Full Year (Forecast)	Usage Rate (%)
Capital expenditure	107	660	54	(49.1)	810	6.7
Depreciation and amortization	314	1,272	327	4.1	1,300	25.2

### For further information contact:

Public Relations Department, Nippon Chemiphar Co., Ltd.

E-mail: [ir@chemiphar.co.jp](mailto:ir@chemiphar.co.jp)

### Note about Forward-looking Statements and Forecasts

Statements made in this Highlights of Business Results with respect to current plans, estimates, strategies and beliefs, and other statements of Nippon Chemiphar that are not historical facts are forward-looking statements about the future performance of Nippon Chemiphar.

These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. Consequently, undue reliance should not be placed on these statements.

Nippon Chemiphar cautions the reader that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.

