



Nippon Chemiphar Co., Ltd.

(TSE 4539)

FY2024 First Quarter Business Summary (Year Ending March 31, 2025)

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Sales

Consolidated net sales: Up 6.1% YOY, 25.4% progress vs sales forecast

- Sales in the Pharmaceutical business were up thanks to growth in sales of generics and DropScreen, an allergy screening kit and reagent. Sales in Other segment were also up YOY thanks to steady performance in contract testing.

1. Pharmaceuticals: Sales were up 2.7% YOY, 26.1% progress vs full-year sales forecast

Factors contributing to sales growth:

- Results from the expansion of sales in generics and contributions from recently launched drugs.
- Resolution of the impact of the shipping adjustments in the FY before last year that has lingered through the 1st half of the last fiscal year.

Factors contributing to decrease in sales

- Impact of NHI price revisions (around negative 3 %) implemented in April.
- Termination of unprofitable products handled by the Group and out-licensed products.

2. Diagnostics: Sales were up 29.9% YOY, 22.9% progress vs full year sales forecast

- Continuous solid growth in the DropScreen allergy screening kit and reagent.
- Sales and profit performance for Q1 is on track as it tends to weight heavier in the 2nd half of the FY during hay fever season.

Profit

Operating Profit: ¥3 million (returned to profitability)

- Despite of the impact of the price revisions, growth in sales of DropScreen and pharmaceuticals as well as the boost from the decrease in the cost rate thanks to improvement in sales mix made significant contributions.
- Returned to profitability with ¥3 million compared to the operating loss recorded a year ago, after absorbing the increased SG&A expenses for new drug development.

Ordinary profit: Up 44.1% YOY, Net profit for Q1: Up 59.3%, YOY

- Ordinary profit was ¥161 million and profit attributable to owners of parent was ¥126 million, mainly thanks to foreign exchange gains of ¥176 million.

Sales and Income to Year-on-Year

(¥mn)

	FY2023		FY2024			
	1Q Amount	% of Sales	1Q Amount	% of Sales	Change	YOY (%)
Net sales	7,537	100.0	7,996	100.0	459	6.1
Pharmaceutical products segment	7,299	96.8	7,703	96.3	404	5.5
Generics, proprietary products and new drugs	6,010	79.7	6,170	77.2	159	2.7
Diagnostics	924	12.3	1,201	15.0	276	29.9
Others segment	237	3.2	292	3.7	54	23.0
Cost of sales	5,686	75.4	5,902	73.8	215	3.8
SG&A expenses	1,957	26.0	2,091	26.2	133	6.8
R&D expenses	463	6.2	602	7.5	139	30.0
Operating profit/loss	(106)	—	3	0.0	109	—
Ordinary profit	111	1.5	161	2.0	49	44.1
Net profit attributable to owners of parent	79	1.1	126	1.6	47	59.3

Sales and Income to Full Year Forecasts

(¥mn)

	FY2023		FY2024			
	1Q Amount	% of Sales	1Q Amount	% of Sales	Full Year Forecasts	Progress Rate (%)
Net sales	30,748	100.0	7,996	100.0	31,500	25.4
Pharmaceutical products segment	29,611	96.3	7,703	96.3	—	—
Generics, proprietary products and new drugs	24,093	78.4	6,170	77.2	23,620	26.1
Diagnostics	4,101	13.3	1,201	15.0	5,250	22.9
Others segment	1,137	3.7	292	3.7	—	—
Cost of sales	23,010	74.8	5,902	73.8	—	—
SG&A expenses	8,232	26.8	2,091	26.2	—	—
R&D expenses	2,325	7.6	602	7.5	2,700	22.3
Operating profit/loss	(494)	—	3	0.0	200	1.6
Ordinary profit/loss	(219)	—	161	2.0	100	161.4
Net profit attributable to owners of parent/loss	(180)	—	126	1.6	60	211.0

Pharmaceutical Sales to Year-on-Year

Generics, Proprietary Products and New Drugs

(¥mn)

	FY2023		FY2024			
	1Q Amount	% of Sales	1Q Amount	% of Sales	1Q Change	YOY (%)
Total	6,010	100.0	6,170	100.0	159	2.7
Generics	5,674	94.4	5,883	95.3	208	3.7
To medical institutions	5,460	—	5,806	—	345	6.3
To other makers*	213	—	77	—	(136)	(64.0)
Proprietary products and new drugs	336	5.6	287	4.7	(49)	(14.6)
Uralyt	135	—	104	—	(30)	(22.8)
Others	200	—	182	—	(18)	(9.1)
Chemiphar, ODM Generics						
Total	5,916	—	6,100	—	183	3.1
Generics (ODM)	242	—	217	—	(25)	(10.4)

* Includes exports.

Pharmaceutical Sales to Full Year Forecasts

Generics, Proprietary Products and New Drugs

(¥mn)

	FY2023		FY2024			
	Full Year Amount	% of Sales	1Q Amount	% of Sales	Full Year Forecasts	Progress Rate (%)
Total	24,093	100.0	6,170	100.0	23,620	26.1
Generics	22,766	94.5	5,883	95.3	22,470	26.2
To medical institutions	22,148	—	5,806	—	22,030	26.4
To other makers*	618	—	77	—	440	17.5
Proprietary products and new drugs	1,326	5.5	287	4.7	1,150	25.0
Uralyt	563	—	104	—	480	21.8
Others	762	—	182	—	670	27.2
Chemiphar, ODM Generics						
Total	23,775	—	6,100	—	23,490	26.0
Generics (ODM)	1,008	—	217	—	1,020	21.3

* Includes exports.

Sales Distribution by Launch Year

(¥mn)

	FY2023		FY2024			Product Lineup
	1Q Amount	Distrib. (%)	1Q Amount	Distrib. (%)	YOY (%)	
FY2020 and before	5,278	93.0	5,492	93.4	4.1	
FY2021	93	1.7	91	1.6	(2.3)	• Eszopiclone • Duloxetine
FY2022	233	4.1	236	4.0	1.4	• Febuxostat • Esomeprazole
FY2023	69	1.2	53	0.9	(22.9)	• Azilsartan
FY2024	—	—	9	0.2	—	• Zonisamide
Total	5,674	100.0	5,883	100.0	3.7	

Balance Sheet

(¥mn)

	FY2023	FY2024				
	March 31,2024	June 30,2024	Change	Reason for changes		
				Cash and deposits	1,485	*
				Notes and accounts receivable—trade, and contract assets	(49)	
Current assets	31,836	33,448	1,612	Inventories	222	
Non-current assets	17,712	17,582	(129)	Investment securities	(128)	**
Total assets	49,548	51,031	1,482			
				Purchase payables	690	
Current liabilities	13,786	14,679	892	Short-term borrowings	202	*
Non-current liabilities	17,301	17,967	665	Long-term borrowings	666	*
Total net assets	18,460	18,385	(75)			
Total liabilities and net assets	49,548	51,031	1,482			

* Due to borrowing for settlement and bonus payments at the end of June.

** For increased production.

Expenditure and Per Share Information

Capital Expenditure and Other

(¥mn)

	FY2023		FY2024			
	1Q Amount	Full Year Amount	1Q Amount	YOY (%)	Full Year (Forecast)	Usage Rate (%)
Capital expenditure	1,212	2,747	96	(92.0)	3,410	2.8
Depreciation and amortization	379	1,459	346	(8.7)	1,490	23.2

Per Share Information

(¥)

	FY2023		FY2024		
	1Q Amount	Full Year Amount	1Q Amount	Change	Full Year (Forecast)
Earnings per share	22.03	—	35.09	13.06	16.63
	June. 30, 2023	March 31, 2024	June. 30, 2024	Change	Full Year (Forecast)
Book value per share	5,091.84	5,116.02	5,095.29	3.45	—
Dividends per share	—	50.00	—	—	50.00
Dividend payout ratio (%)	—	—	—	—	300.7

Indexes

	FY2021	FY2022	FY2023	1Q FY2024
Cost of sales ratio (%)	72.1	74.1	74.8	73.8
SG&A Expense to sales ratio (%)	25.4	26.7	26.8	26.2
Operating profit to sales ratio (%)	2.5	—	—	0.0
R&D expenses to sales ratio (%)	7.4	7.7	7.6	7.5
EBITDA (millions of yen)	2,727	1,682	1,391	551
Current ratio (x)	2.00x	2.26x	2.31x	2.28x
Debt-to-equity ratio (%)	78.9	81.0	90.5	96.8
Equity ratio (%)	37.4	38.1	37.3	36.0
Return on equity (%)	3.8	1.8	—	0.7
Net income ratio (%)	2.2	1.1	—	1.6
Total asset turnover (%)	67.3	64.4	62.7	15.9
Financial leverage (%)	261.2	264.7	265.8	273.5
Dividend payout ratio (%)	25.7	53.2	—	—

For further information contact:

Public Relations Department, Nippon Chemiphar Co., Ltd.

E-mail: ir@chemiphar.co.jp

Note about Forward-looking Statements and Forecasts

Statements made in this *Business Summary*, 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.