

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

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Sales

Consolidated net sales: Up 5.4% YOY, 77.2% progress vs full-year sales forecast

- Sales in the pharmaceutical business were up 5.4% YOY thanks to growth in sales of generics and DropScreen, an allergy screening kit and reagent, while absorbing the impact of the NHI price revisions. Progress vs full-year sales forecast is on track.

1. Pharmaceuticals: Sales were up 3.4% YOY, 80.8% progress vs full-year sales forecast

Factors contributing to sales growth:

- Steady sales of generics that we are focusing on expansion and also the contribution of sales of recently launched drugs.
- Positive effect from the repricing of unprofitable drugs.
- Ripple effect of switching to generics due to the selection treatment of long-term listed products.

Factors contributing to the decrease in sales:

- Impact of NHI price revisions (around negative 3%) implemented in April 2024.
- Termination of drugs handled by the Group and out-licensed products.

2. Diagnostics: Sales were up 22.5% YOY, 63.6% progress vs full-year sales forecast

- Stable and continuous introduction of DropScreen to medical professionals resulting from its high product strength and further collaboration of sales activities by internal and external business partners.
- Sales and profit performance for the full-year forecast is on track as it tends to weight heavier in the 4Q of the FY during the hay fever season.

Profit

Operating profit: ¥355 million (deficit of ¥36million in same period of the previous year, 177.9% progress vs full-year forecast)

- Operating profit boosted up and returned to profitability, there was significant growth in sales for generics and DropScreen despite of the impact of the NHI price revisions and also the improvement in sales mix contributed to the decrease in the cost rate and absorbed the increase of SG&A expenses mainly resulted from the progress in development of new drugs.
- Although operating profit exceeded the full year forecast of ¥200 million, the full year forecast is not changed due to the uncertainty of conservative purchasing in expectation of the off-year NHI drug price revision scheduled for April this year.

Net profit: ¥35 million (59.1% progress vs full-year forecast)

- In this third quarter, an impairment loss on investment securities (extraordinary loss) of ¥256 million was recorded for some of the securities held, resulting in a quarterly net profit attributable to owners of parent of ¥35 million.

Recent Topics (New Drug Pipeline)

- NC-2800 : Preparing for initiating phase IIa trial based on the approval from AMED to continue the project considering the achievement of the milestone including the results from the phase I trial.
- DFP-17729 : Under preparation to conduct phase II/III which the trial design was approved by PMDA in December, 2024.
- DFP-14323 : Initiated phase III trial and is progressing registration in 30 medical institutions.

Sales and Income to Year-on-Year

(¥mn)

| | FY2023 | | FY2024 | | | |
|--|---------------|---------------|---------------|---------------|--------------|---------------|
| | 3Q Amount | % of Sales | 3Q Amount | % of Sales | 3Q Change | YOY (%) |
| Net sales | 23,069 | 100.0 | 24,307 | 100.0 | 1,237 | 5.4 |
| Pharmaceutical products segment | 22,223 | 96.3 | 23,398 | 96.3 | 1,174 | 5.3 |
| Generics, proprietary products and new drugs | 18,458 | 80.0 | 19,091 | 78.5 | 633 | 3.4 |
| Diagnostics | 2,732 | 11.8 | 3,339 | 13.7 | 607 | 22.2 |
| Others segment | 846 | 3.7 | 909 | 3.7 | 62 | 7.4 |
| Cost of sales | 17,224 | 74.7 | 17,819 | 73.3 | 594 | 3.5 |
| SG&A expenses | 5,881 | 25.5 | 6,132 | 25.2 | 251 | 4.3 |
| R&D expenses | 1,482 | 6.4 | 1,771 | 7.3 | 289 | 19.5 |
| Operating profit/loss | (36) | - | 355 | 1.5 | 391 | - |
| Ordinary profit | 125 | 0.5 | 349 | 1.4 | 223 | 177.5 |
| Net profit attributable to owners of parent | 104 | 0.5 | 35 | 0.1 | (68) | (66.0) |

Sales and Income to Full Year Forecasts

(¥mn)

| | FY2023 | | FY2024 | | | |
|---|------------------|--------------|---------------|--------------|---------------------|-------------------|
| | Full Year Amount | % of Sales | 3Q Amount | % of Sales | Full Year Forecasts | Progress Rate (%) |
| Net sales | 30,748 | 100.0 | 24,307 | 100.0 | 31,500 | 77.2 |
| Pharmaceutical products segment | 29,611 | 96.3 | 23,398 | 96.3 | - | - |
| Generics, proprietary products and new drugs | 24,093 | 78.4 | 19,091 | 78.5 | 23,620 | 80.8 |
| Diagnostics | 4,101 | 13.3 | 3,339 | 13.7 | 5,250 | 63.6 |
| Others segment | 1,137 | 3.7 | 909 | 3.7 | - | - |
| Cost of sales | 23,010 | 74.8 | 17,819 | 73.3 | - | - |
| SG&A expenses | 8,232 | 26.8 | 6,132 | 25.2 | - | - |
| R&D expenses | 2,325 | 7.6 | 1,771 | 7.3 | 2,700 | 65.6 |
| Operating profit/loss | (494) | - | 355 | 1.5 | 200 | 177.9 |
| Ordinary profit/loss | (219) | - | 349 | 1.4 | 100 | 349.4 |
| Net profit/loss attributable to owners of parent | (180) | - | 35 | 0.1 | 60 | 59.1 |

Pharmaceutical Sales to Year-on-Year

Generics, Proprietary Products and New Drugs

(¥mn)

| | FY2023 | | FY2024 | | | |
|------------------------------------|---------------|---------------|---------------|---------------|--------------|------------|
| | 3Q Amount | % of Sales | 3Q Amount | % of Sales | 3Q Change | YOY (%) |
| Total | 18,458 | 100.0 | 19,091 | 100.0 | 633 | 3.4 |
| Generics | 17,445 | 94.5 | 18,246 | 95.6 | 800 | 4.6 |
| To medical institutions | 16,920 | - | 17,951 | - | 1,030 | 6.1 |
| To other makers* | 524 | - | 294 | - | (230) | (43.8) |
| Proprietary products and new drugs | 1,013 | 5.5 | 845 | 4.4 | (167) | (16.5) |
| Uralyt | 424 | - | 272 | - | (151) | (35.7) |
| Others | 588 | - | 572 | - | (15) | (2.7) |
| Chemiphar, ODM Generics | | | | | | |
| Total | 18,134 | - | 18,895 | - | 761 | 4.2 |
| Generics (ODM) | 688 | - | 649 | - | (39) | (5.7) |

* Includes exports.

Pharmaceutical Sales to Full Year Forecasts

Generics, Proprietary Products and New Drugs

(¥mn)

| | FY2023 | | FY2024 | | | |
|------------------------------------|------------------|--------------|---------------|--------------|---------------------|-------------------|
| | Full Year Amount | % of Sales | 3Q Amount | % of Sales | Full Year Forecasts | Progress Rate (%) |
| Total | 24,093 | 100.0 | 19,091 | 100.0 | 23,620 | 80.8 |
| Generics | 22,766 | 94.5 | 18,246 | 95.6 | 22,470 | 81.2 |
| To medical institutions | 22,148 | - | 17,951 | - | 22,030 | 81.5 |
| To other makers* | 618 | - | 294 | - | 440 | 67.0 |
| Proprietary products and new drugs | 1,326 | 5.5 | 845 | 4.4 | 1,150 | 73.5 |
| Uralyt | 563 | - | 272 | - | 480 | 56.8 |
| Others | 762 | - | 572 | - | 670 | 85.5 |
| Chemiphar, ODM Generics | | | | | | |
| Total | 23,775 | - | 18,895 | - | 23,490 | 80.4 |
| Generics (ODM) | 1,008 | - | 649 | - | 1,020 | 63.6 |

* Includes exports.

Sales Distribution by Launch Year

(¥mn)

| | FY2023 | | FY2024 | | | Product Lineup |
|-------------------|---------------|-----------------|---------------|-----------------|------------|--------------------------------|
| | 3Q Amount | Distrib. (%) | 3Q Amount | Distrib. (%) | YOY (%) | |
| FY2020 and before | 16,257 | 93.2 | 16,929 | 92.8 | 4.1 | |
| FY2021 | 304 | 1.7 | 294 | 1.6 | (3.1) | ▪ Eszopiclone ▪ Duloxetine |
| FY2022 | 754 | 4.3 | 771 | 4.2 | 2.3 | ▪ Febuxostat ▪ Esomeprazole |
| FY2023 | 129 | 0.7 | 159 | 0.9 | 23.2 | ▪ Azilsartan |
| FY2024 | - | - | 90 | 0.5 | - | ▪ Zonisamide ▪ Rivaroxaban |
| Total | 17,445 | 100.0 | 18,246 | 100.0 | 4.6 | |

Balance Sheet

(¥mn)

| | FY2023 | FY2024 | | | | |
|----------------------------------|----------------|---------------|--------|--------------------------|---------|--|
| | March 31, 2024 | Dec. 31, 2024 | Change | Reason for changes | | |
| Current assets | 31,836 | 32,817 | 981 | | | |
| | | | | Buildings and structures | 2,957 | * |
| | | | | Construction in Progress | (2,413) | * |
| Non-current assets | 17,712 | 19,429 | 1,716 | Leased assets | 933 | * |
| Total assets | 49,548 | 52,247 | 2,698 | | | |
| Current liabilities | 13,786 | 14,588 | 801 | Accounts payable - other | 1,039 | Increase in purchases due to increased sales |
| | | | | Long-term borrowings | 683 | ** |
| Non-current liabilities | 17,301 | 19,185 | 1,883 | Lease obligations | 989 | * |
| Total net assets | 18,460 | 18,474 | 13 | | | |
| Total liabilities and net assets | 49,548 | 52,247 | 2,698 | | | |

* Due to additional installation at Building No. 3 of Tsukuba Factory.

** Increase by payment for up above.

Expenditure and Per Share Information

Capital Expenditure and Other

(¥mn)

| | FY2023 | | FY2024 | | | |
|-------------------------------|--------------|---------------------|--------------|------------|-------------------------|-------------------|
| | 3Q Amount | Full Year Amount | 3Q Amount | YOY (%) | Full Year (Forecast) | Usage Rate (%) |
| Capital expenditure | 1,452 | 2,747 | 2,641 | 81.9 | 3,410 | 77.5 |
| Depreciation and amortization | 1,065 | 1,459 | 1,015 | (4.7) | 1,490 | 68.2 |

Per Share Information

(¥)

| | FY2023 | | FY2024 | | |
|---------------------------|------------------|---------------------|------------------|---------|-------------------------|
| | 3Q Amount | Full Year Amount | 3Q Amount | Change | Full Year (Forecast) |
| Earnings per share | 28.89 | (50.14) | 9.82 | (19.07) | 16.63 |
| | Dec. 31, 2023 | March 31, 2024 | Dec. 31, 2024 | Change | Full Year (Forecast) |
| Book value per share | 5,194.33 | 5,116.02 | 5,120.29 | (74.04) | - |
| Dividends per share | - | 50.00 | - | - | 50.00 |
| Dividend payout ratio (%) | - | - | - | - | 300.7 |

Indexes

| | FY2021 | FY2022 | FY2023 | 3Q FY2024 |
|-------------------------------------|--------|--------|--------|-----------|
| Cost of sales ratio (%) | 72.1 | 74.1 | 74.8 | 73.3 |
| SG&A Expense to sales ratio (%) | 25.4 | 26.7 | 26.8 | 25.2 |
| Operating profit to sales ratio (%) | 2.5 | - | - | 1.5 |
| R&D expenses to sales ratio (%) | 7.4 | 7.7 | 7.6 | 7.3 |
| EBITDA (millions of yen) | 2,727 | 1,682 | 1,391 | 1,509 |
| Current ratio (x) | 2.00x | 2.26x | 2.31x | 2.25x |
| Debt-to-equity ratio (%) | 78.9 | 81.0 | 90.5 | 95.5 |
| Equity ratio (%) | 37.4 | 38.1 | 37.3 | 35.4 |
| Return on equity (%) | 3.8 | 1.8 | - | - |
| Net income ratio (%) | 2.2 | 1.1 | - | 0.1 |
| Total asset turnover (%) | 67.3 | 64.4 | 62.7 | - |
| Financial leverage (%) | 261.2 | 264.7 | 265.8 | 275.5 |
| Dividend payout ratio (%) | 25.7 | 53.2 | - | - |

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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.