

FY2025 Second Quarter Business Summary

(Year Ending March 31, 2026)



Nippon Chemiphar Co., Ltd.

(TSE 4539)

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■ Sales

Consolidated net sales: ¥ 15,932 million (Up 2.0% YOY, 45.5% progress vs full-year sales forecast)

- Due to the continuous growth of generics and diagnostics, sales rose on a YOY basis while absorbing the impact of the off year NHI price revisions.
- Financial forecasts for FY2025 is on track as sales plan for pharmaceuticals and diagnostics are emphasized on the second half of the fiscal year.

1. Pharmaceuticals : ¥12,394 million (Up 2.3% YOY, 46.8% progress vs full-year sales forecast)

Factors contributing to sales growth:

- Both the steady sales of generics focused on expansion and the sales of recently launched drugs.
- Ripple effect of patients switching to generics due to the system of increase in costs for patients if choosing long-term listed products.
- Effect of the price increase of the minimum NHI drug priced items.

Factors contributing to the decrease in sales:

- Impact of the off year NHI price revisions (around negative 4%) implemented in April 2025.
- Termination of drugs handled by the Group.
- Proprietary products and new drugs being switched to generics.

2. Diagnostics: ¥ 2,460 million (Up 10.5% YOY, 42.1% progress vs full-year sales forecast)

- Cumulative implementation of DropScreen exceeded 1,600 units. Stable introduction of DropScreen to medical institutions based on its high product strength.
- Aiming for implementation of 2,000 units during FY2025 by increasing awareness from the support of our pharmaceutical sales dept and collaboration with wholesalers as well as permeation of the product value through related conferences and firm relationship with KOLs.

■ Profit

Consolidated operating profit: ¥122 million (Up 60.6% YOY, 40.9% progress vs full-year forecast)

- Achieved increase in profit due to the growth in sales, despite the rise in cost of sales rate resulted from the off year NHI price revisions.
- Financial forecasts for FY2025 is on track as sales are emphasized in the second half of the fiscal year.

Consolidated net profit ¥163 million (deficit of ¥44 million in same period of the previous year, 108.9% progress vs full-year forecast)

- Despite the impact of interest expenses and foreign exchange losses, as we recorded gain on sales of investment securities, net profit attributable to owners of parent resulted in ¥163 million.
- Although the profit has exceeded the full year forecast, our financial forecast will not change due to the partial shift of R&D expenses to the second half of the fiscal year, the negative impact from the hesitation of purchasing before the NHI price revisions next April and the uncertainty of foreign exchange.

■ Topics

- First delivery from the new facility of Tsukuba factory, 2F of Bld. No.3, of Nihon Pharmaceutical Industry Co., Ltd is expected in the latter half of FY2025.
- For further enhancement of our stable supply system of generics, we participated in the Novel Consortium Initiative from this August.
- Our pipeline is steadily progressing as registration for phase II/III trials started in August for DFP-17729. As for NC-2800, we are expecting the start of phase IIa trial during FY2025.
- Pioneering sales channels leveraging Nippon Chemiphar Vietnam Co., Ltd as a foothold for expansion in overseas is strengthened, as two products are adopted by national medical university hospitals representing Vietnam and multiple items are under regulatory review otherwise preparation for application of approval.

Sales and Income to Year-on-Year

(¥mm)

	FY2024		FY2025			
	2Q Amount	% of Sales	2Q Amount	% of Sales	2Q Change	YOY (%)
Net sales	15,626	100.0	15,932	100.0	305	2.0
Pharmaceutical products segment	15,055	96.3	15,354	96.4	299	2.0
Generics, proprietary products and new drugs	12,111	77.5	12,394	77.8	282	2.3
Diagnostics	2,227	14.3	2,460	15.4	233	10.5
Others segment	570	3.7	577	3.6	6	1.2
Cost of sales	11,510	73.7	11,783	74.0	273	2.4
SG&A expenses	4,039	25.9	4,025	25.3	(13)	(0.3)
R&D expenses	1,160	7.4	1,007	6.3	(153)	(13.2)
Operating profit	76	0.5	122	0.8	46	60.6
Ordinary profit/loss	(62)	-	48	0.3	110	-
Net profit/loss attributable to owners of parent	(44)	-	163	1.0	207	-

Sales and Income to Full Year Forecasts

(¥mn)

	FY2024		FY2025			
	Full Year Amount	% of Sales	2Q Amount	% of Sales	Full Year Forecasts	Progress Rate (%)
Net sales	32,570	100.0	15,932	100.0	35,000	45.5
Pharmaceutical products segment	31,386	96.4	15,354	96.4	-	-
Generics, proprietary products and new drugs	25,271	77.6	12,394	77.8	26,490	46.8
Diagnostics	4,883	15.0	2,460	15.4	5,840	42.1
Others segment	1,184	3.6	577	3.6	-	-
Cost of sales	23,824	73.1	11,783	74.0	-	-
SG&A expenses	8,139	25.0	4,025	25.3	-	-
R&D expenses	2,292	7.0	1,007	6.3	2,750	36.6
Operating profit	606	1.9	122	0.8	300	40.9
Ordinary profit	443	1.4	48	0.3	100	48.4
Net profit attributable to owners of parent	294	0.9	163	1.0	150	108.9

Pharmaceutical Sales to Year-on-Year

Generics, Proprietary Products and New Drugs

(¥mn)

	FY2024		FY2025			
	2Q Amount	% of Sales	2Q Amount	% of Sales	2Q Change	YOY (%)
Total	12,111	100.0	12,394	100.0	282	2.3
Generics	11,569	95.5	11,949	96.4	379	3.3
To medical institutions	11,365	-	11,797	-	432	3.8
To other makers*	204	-	151	-	(52)	(25.6)
Proprietary products and new drugs	542	4.5	445	3.6	(96)	(17.9)
Uralyt	197	-	140	-	(57)	(29.1)
Others	344	-	305	-	(39)	(11.4)
Chemiphar, ODM Generics						
Total	12,063	-	12,275	-	212	1.8
Generics (ODM)	493	-	326	-	(167)	(33.9)

* Includes exports.

Pharmaceutical Sales to Full Year Forecasts

Generics, Proprietary Products and New Drugs

(¥mn)

	FY2024		FY2025			
	Full Year Amount	% of Sales	2Q Amount	% of Sales	Full Year Forecasts	Progress Rate (%)
Total	25,271	100.0	12,394	100.0	26,490	46.8
Generics	23,968	94.8	11,949	96.4	24,680	48.4
To medical institutions	23,589	-	11,797	-	24,360	48.4
To other makers*	378	-	151	-	320	47.5
Proprietary products and new drugs	1,303	5.2	445	3.6	1,810	24.6
Uralyt	349	-	140	-	310	45.2
Others	953	-	305	-	1,500	20.3
Chemiphar, ODM Generics						
Total	24,784	-	12,275	-	25,500	48.1
Generics (ODM)	816	-	326	-	820	39.8

* Includes exports.

Sales Distribution by Launch Year

(¥mn)

	FY2024		FY2025			Product Lineup
	2Q Amount	Distrib. (%)	2Q Amount	Distrib. (%)	YOY (%)	
FY2021 and before	10,966	94.8	11,018	92.2	0.5	
FY2022	483	4.2	592	5.0	22.5	<ul style="list-style-type: none"> • Febuxostat • Esomeprazole
FY2023	102	0.9	101	0.8	(1.0)	<ul style="list-style-type: none"> • Azilsartan
FY2024	17	0.2	135	1.1	654.6	<ul style="list-style-type: none"> • Zonisamide • Rivaroxaban
FY2025	-	-	101	0.9	-	<ul style="list-style-type: none"> • Glimepiride "NC" • Zinc Acetate
Total	11,569	100.0	11,949	100.0	3.3	

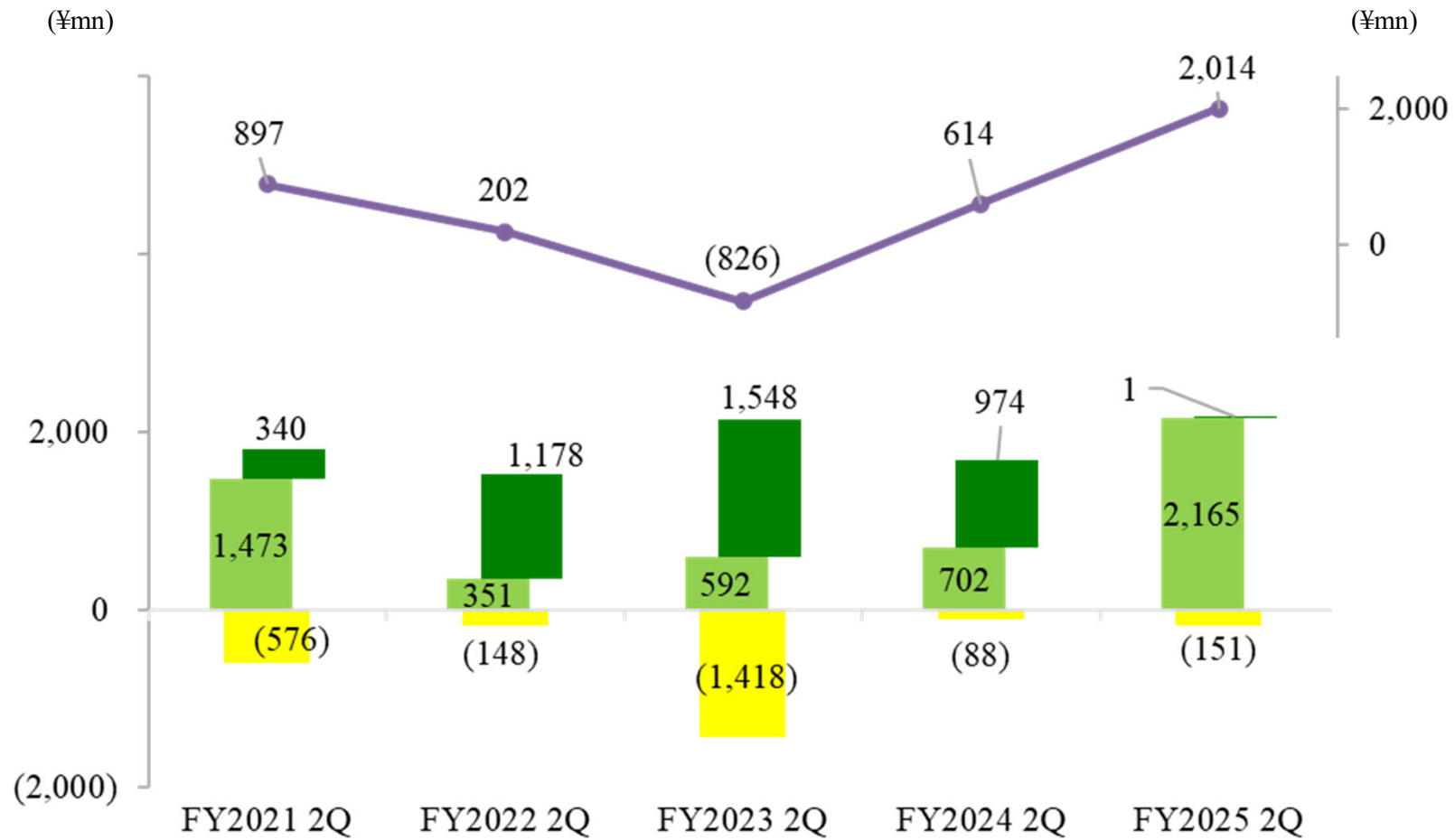
Balance Sheet

(¥mn)

	FY2024	FY2025		
	March 31, 2025	Sept. 30, 2025	Change	Reason for changes
Current assets	30,066	32,554	2,487	Cash and deposits 1,979 Increase of revenue and monetization of accounts receivable in the 4Q of the previous fiscal year Inventories 1,788 * Notes and accounts receivable – trade, and contract assets (1,262) Monetization of revenue growth in the 4Q of FY2024
Non-current assets	19,785	19,432	(352)	Buildings and structures (326) Depreciation of the 2nd Floor of No.3 building at Tsukuba Factory etc
Total assets	49,851	51,986	2,134	
Current liabilities	12,261	13,816	1,554	Account payable - other 1,377 *
Non-current liabilities	18,422	19,236	813	Long-term borrowings 136 Due to working capital loan
Total liabilities	30,684	33,053	2,368	
Total net assets	19,167	18,933	(233)	
Total liabilities and net assets	49,851	51,986	2,134	

*Due to the stock up of inventory to be ready for increase of production

Cash Flow



■ Provided by operating activities ■ Used in investing activities
■ Used in financing activities ● Free cash flow

Expenditure and Per Share Information

Capital Expenditure and Other

(¥mn)

	FY2024		FY2025			Usage Rate (%)
	2Q Amount	Full Year Amount	2Q Amount	YOY (%)	Full Year Forecasts	
Capital expenditure	1,753	3,003	388	(77.9)	1,420	27.3
Depreciation and amortization	640	1,377	746	16.6	1,690	44.2

Per Share Information

(¥)

	FY2024		FY2025		
	2Q Amount	Full Year Amount	2Q Amount	Change	Full Year Forecasts
Earnings per share	(12.26)	81.72	45.27	57.53	41.57
	Sept. 30, 2024	March 31, 2025	Sept. 30, 2025	Change	Full Year Forecasts
Book value per share	5,141.81	5,312.46	5,247.90	106.09	-
Dividends per share	-	50.00	-	-	50.00
Dividend payout ratio (%)	-	61.2%	-	-	120.3

Indexes

	FY2022	FY2023	FY2024	FY2025 2Q
Cost of sales ratio (%)	74.1	74.8	73.1	74.0
SG&A expense to sales ratio (%)	26.7	26.8	25.0	25.3
Operating profit to sales ratio (%)	-	-	1.9	0.8
R&D expenses to sales ratio (%)	7.7	7.6	7.0	6.3
EBITDA (millions of yen)	1,682	1,391	2,018	906
Current ratio (x)	2.26x	2.31x	2.45x	2.36x
Debt-to-equity ratio (%)	81.0	90.5	87.3	89.8
Equity ratio (%)	38.1	37.3	38.4	36.4
Return on equity (%)	1.8	-	1.6	-
Net income ratio (%)	1.1	-	0.9	1.0
Total asset turnover (%)	64.4	62.7	65.5	-
Financial leverage (%)	264.7	265.8	259.3	268.9
Dividend payout ratio (%)	53.2	-	61.2	-

Management Strategy

Management Strategy: Three Main Areas of Business

Our Group has determined three main areas of business, generics, diagnostics, and new drugs including alkalizing agents, which each has different timelines, and by expanding these business areas overseas, we will maximize our corporate value and achieve sustainable growth.

Generics

Develop a distinctive generic drug business that pursues quality.

Diagnostics

Expand business by developing innovative products based on core technologies cultivated in the field of allergy.

New Drugs

Continuously develop and monetize groundbreaking new drugs based on our proprietary technologies and know-how, including alkalization therapy.

Overseas business development

Realize a global presence by aggressively developing our three areas of business abroad.

Roadmap for Innovation

Many projects are underway simultaneously for developing innovative drugs and products. Our roadmap will guide the way for a solid growth and bright future.

Area	Activity	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
Diagnostics	Expand sales of DropScreen	Expand domestic market / 1,400 installations in FY2024 / Targeting 2,000 installations in FY2025 / Create a series expansion of measuring reagents											
		Develop the next generation model for the domestic market and a lineup of reagents for overseas								Start and gradually expand exports			
Alkalizer	DFP-17729: Began phase II/III	Phase I/II for pancreatic cancer		Evaluation and preparation			Began phase II/III			Application, approval, launch			
	Consider expanding additional chronic kidney disease-related indications	Clinical data analysis/ addition of basic data			Clinical trials starting from 2024, seek possibilities for additional indications								
Drug discovery	NC-2800: Conduct phase IIa trials; out-licensing	Agreements	In accordance with AMED's CiCLE program, conducted phase I			Conduct phase IIa			Licensee company will conduct phase IIb/III trials				
	NC-2500: Out licencing activities for new indications	Undergoing development for approval in China by out licensing			Continue licencing activities for indications other than hyperuricemia and gout								
	NC-2600: Out licencing activities for new indications	Licencing out for chronic cough							Licensee company will conduct clinical trials				
	NC-2700: Continue out licencing						Continue licencing out activities for early monetization						
	DFP-14323: Began phase III	Finished phase II for lung cancer			Began Phase III			Application, approval, launch					
Overseas business	From export to local development and production	ASEAN, China, Middle East and Africa:		Current: Selling 6 products in 4 countries in FY2024			Target: To sell 14 products in 5 countries in FY2027		Expand number of countries and products				

As we strengthen our manufacturing capabilities within the group, we are collaborating with various companies to ensuring a stable supply through further efficiency. We are also adding strength to the QA systems and continuous launch of competitive products.

> For ensuring a further stable supply system

- Delivery from the new production facility at Tsukuba Factory that was completed in August 2024 is expected in the latter half of FY2025.
- In August 2025, we participated in the “Novel Consortium Initiative” in addition to our so far efforts of consolidating production with each company.

Enhancing manufacturing capacity

Improving efficient manufacturing through external collaboration

Ensuring a stable supply system

> Strengthening QA systems

- Regular audits are conducted for the Group manufacturing sites as well as external contractors and raw material manufacturers to confirm that production management and quality control are being performed in keeping with the principles of GMP. We are constantly reviewing our procedures in accordance with both GQP and GMP for further improvement.

> Launched new generics in June

- Launched five generics of two ingredients.
- One is our first authorized generic, Glimepiride Tablet “NC”, Amaryl Tablet, manufactured and sold by Sanofi K.K.

Cumulative number of DropScreen installed in Japan exceeded 1,600 units. We are aiming for 2,000 units by FY2025 based on sales initiatives and permeation of the product value.

> DropScreen business

Features

- High product strength due to its capability to measure 41 items from a single drop of blood without the need for a syringe.
- This innovative characteristic creates a new market for enabling the tests to be performed at the medical institutions although the mainstream for allergy testing is outsourcing.

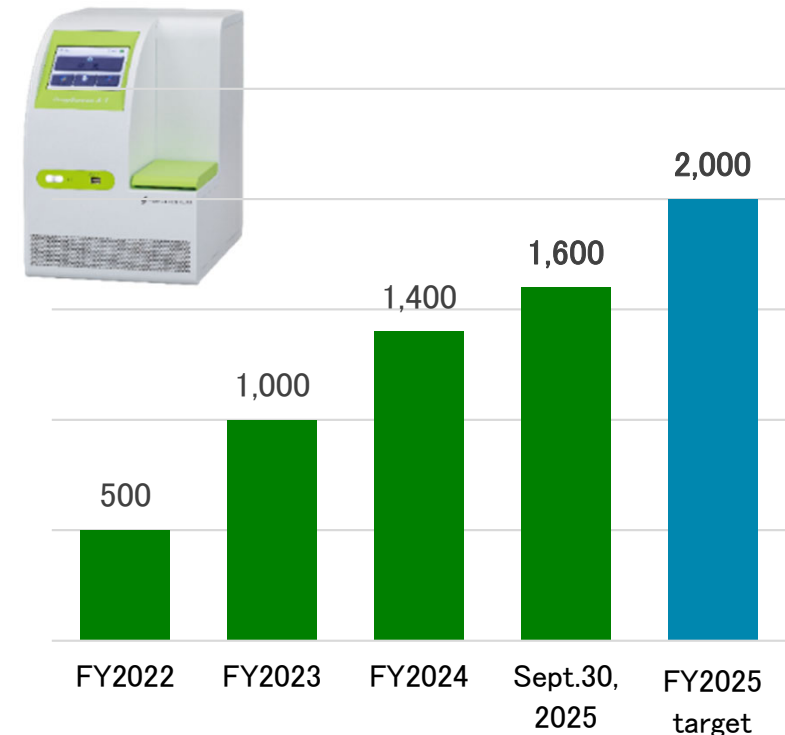
Expansion in the domestic market

- Increase awareness through collaboration with wholesalers, joint sales initiatives with external partners
- Permeation of the product value through conferences and building relationship with KOLs.

Further steps

- Development of the kit and reagent of the next generation model and launch in overseas market.

> Cumulative sales figures of DropScreen



New Drug Development: Pipeline

**Currently preparing phase IIa for NC-2800 and expecting its start during FY2025.
Regarding DFP-17729, registration for phase II/III trials started in August 2025.
Phase III trial is ongoing for DFP-14323.**

■ In-house drug development
 ■ Development through alliances
 ■ Development by licensees

Item	Mechanism of Action (Target)	Pre-clinical	Phase I	Phase II	Phase III
NC-2500	XOR inhibitor (Hyperuricemia, gout)				
NC-2600	P2X4 receptor antagonist (Neuropathic pain, chronic cough)				
NC-2700	URAT1 inhibitor (Hyperuricemia, gout)				
NC-2800	δ opioid receptor agonist (Depression, anxiety)				
DFP-17729	Cancer microenvironment improving agent (Pancreatic cancer)				
DFP-14323	Anti cancer agent (Non-small cell lung cancer)				
Calvan	$\alpha_1\beta_1$ blocker (Huntington's disease)				

Pipeline — In-house Development①

NC-2500 (XOR inhibitor)

Stage	Target	Originator	Licensee
Finished phase I	Hyperuricemia, gout	Nippon Chemiphar	Nanjing Neiwa Faith Pharmaceutical Co., Ltd.
Feature	Note		
<ul style="list-style-type: none">▪ Suppresses uric acid production by inhibiting XOR.▪ Phase I results showed its unique property to lower blood uric acid levels gradually, suggesting it may rectify acute attack of gout during the treatment	<ul style="list-style-type: none">▪ We signed a licensing agreement with Nanjing Neiwa Faith for gout and hyperuricemia in 2023, and preparations are underway to conduct clinical trials in China.▪ Preliminary data indicates that NC-2500 is effective against neurodegenerative disorders. We are exploring the possibility of expanding the indication of NC-2500 to include such disorders.		

NC-2600 (P2X4 receptor antagonist)

Stage	Target	Originator	Joint developer
Finished phase I	Neuropathic pain and chronic cough	Joint research including Chemiphar	N.A.
Feature	Note		
<ul style="list-style-type: none">▪ Has a unique mechanism of action that inhibits P2X4 receptors.	<ul style="list-style-type: none">▪ In vivo tests have confirmed its effectiveness against chronic cough, and we are exploring the drug's potential as a therapeutic agent with a new mechanism of action without side effects such as loss of taste.▪ In July 2024, University of Pisa, Italy, published a thesis showing its possible application for inflammatory bowel disease. In October, 2024, Tottori University, Japan, published a thesis for showing its possibility for endometriosis.▪ Conducting proactive out-licensing activities.		

Pipeline — In-house Development②

NC-2700 (URAT 1 inhibitor)

Stage	Target	Originator	Joint developer
Finished pre-clinical	Hyperuricemia, gout	Three way joint research including Chemiphar	—
Feature		Note	
<ul style="list-style-type: none"> Promotes the excretion of uric acid from the body by inhibiting the transporter URAT 1. 		In-vivo test have shown that it facilitates the amelioration of aciduria, thereby helping to prevent kidney damage and kidney stones, which are concerns in existing drugs.	

NC-2800 (Delta opioid receptor agonist)

updates in red

Stage	Target	Originator	Joint developer
Finished phase I	Depression and anxiety	Four way joint research including Chemiphar	Sumitomo Pharma Co., Ltd.
Feature		Note	
<ul style="list-style-type: none"> The drug targets δ opioid receptors, and data suggest it has fewer side effects such as dependence, tolerance, constipation, and respiratory depression than opioid μ receptor agonists like morphine, and strikes an excellent balance between safety and efficacy. 		<ul style="list-style-type: none"> AMED's CiCLE project selected it in FY2017 for public funding and support of the development. Finished phase I trial in FY2023 and was approved by AMED in October 2024 for continuing the project by achieving the set milestones including phase 1 results. Preparing for starting phase IIa trial during FY2025. 	

Pipeline — In-licensing

DFP-17729 (Cancer microenvironment improving agent)

updates in red

Stage	Target	Originator	Developer
Started phase II/III	Pancreatic cancer	Delta-Fly Pharma, Inc. (DFP)	DFP
Feature		Note	
▪ By alkalizing tumor microenvironments, DFP-17729 has been shown to suppress cancer cell activities and facilitate the efficacy of anticancer agents.		▪ In 2020, we concluded a license agreement with DFP and acquired exclusive rights to market in Japan. ▪ Registration for phase II/III trials have begun in August. ▪ Submission for application of approval as a pancreatic cancer treatment is expected around 2028. ▪ In future, expansion for indication to other types of cancer will be studied.	

DFP-14323 (Anti-cancer agent)

Stage	Target	Originator	Developer
Phase III	Non-small cell lung cancer	Delta-Fly Pharma, Inc. (DFP)	DFP
Feature		Note	
▪ Strengthens the immune response of cancer patients by binding to aminopeptidase N. In this way, the compound reduces the dose required of standard anticancer drugs, and enhances their efficacy without increasing the side effects.		▪ 2022, we concluded a license agreement with DFP and acquired exclusive rights to market in Japan. ▪ Phase III trial started in February 2024 and is now under registration in approx 30 medical institutions in Japan. ▪ The submission for the application of approval is expected around 2029.	

By using alkalization-related technologies and expertise that we cultivated over many years through activities associated with our urine alkalizer, Uralyt, we are conducting a wide range of development such as cancer, chronic kidney disease(CKD) or functional foods.

> Application of alkalization technologies

Oncology

Cancer Microenvironment Improving Agent

DFP-17729 for pancreatic cancer is under development and registration has begun from August for phase II/III trials. (details on page 22)

Prevention or treating *CIPN induced by anticancer drugs

Co research with Toyama University for chemotherapy-induced peripheral neuropathy (CIPN) and published a thesis on a scientific paper in April 2025.

CKD

Inhibition of the progress of chronic kidney disease (CKD)

Initiation of physician-led clinical research at Nagoya University started July 2024, with ongoing registration.

Health Foods

Health foods and supplement

Approaches are taken for commercializing products categorized as functional foods and obtaining further evidence leveraging the results achieved by the past studies.

*CIPN: chemotherapy-induced peripheral neuropathy

Overseas Business for Pharmaceutical Products

Successful expansion of eight items are currently manufactured at Vietnam factory as of September 2025. Aiming for delivering 14 products in five countries by FY2027.

> Status of Activities in Vietnam

- Expanding production that brings cost benefits is manufactured at our overseas site, Nippon Chemiphar Vietnam Co., Ltd. and is now manufacturing eight items. (as of September 2025).
- Pioneering sales channels leveraging this site as a foothold for expansion in overseas is strengthened, as two products are on the market. Total three items are under regulatory review, including a new submission during this financial period and multiple items are currently under preparation for application of approval.

> Status of sales in Overseas

- Marketing seven items in four countries including Vietnam as of September. 2025. Discussions are on away with local partner candidates for expansion in the mid Asia and African markets.
- Febuxostat Tablets 80mg for hyperuricemia approved in Vietnam was delivered to the wholesaler in June after being accepted by the national medical university hospital in May.



Vietnam Factory

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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.