

FY2025 Third Quarter Business Summary

(Year Ending March 31, 2026)



(TSE 4539)

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Summary 1

■ Sales

Consolidated net sales: ¥24,257 million (Down 0.2% YOY, 69.3% progress vs initial full-year sales forecast)

- Continuous growth of generics and diagnostics while absorbing the impact of the off year NHI price revisions contributed to keep the same level on a YOY basis. However, there were slight delays vs initial full year sales forecast.

1. Pharmaceuticals: ¥19,109 million (Up 0.1% YOY, 72.1% progress vs initial full-year sales forecast)

Factors contributing to sales growth:

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

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.

Comparison with the full-year sales forecast:

- Impact of the off year NHI price revision for some products were beyond expectation.
- Planned trade of proprietary product were deferred until 4Q and after.

2. Diagnostics: ¥3,523 million (Up 5.5% YOY, 60.3% progress vs initial full-year sales forecast)

- Cumulative implementation of DropScreen exceeded 1,600 units at the end of September 2025, and stable introduction to medical institutions based on its high product strength is continued.
- Although strong sales is expected during 4Q which is the hay fever season, performance for the full year forecast is slightly behind due to the negative impact of the early influenza epidemic.

■ Profit

Consolidated operating profit: ¥207 million (Down 41.7% YOY, 69.2% progress vs initial full-year forecast)

- Decreased in profit vs YOY, due to the rise in cost of sales rate resulted from the off year NHI price revisions.

Consolidated quarterly net profit: ¥286 million (Up 709.5%, 191.3% progress vs initial full-year forecast)

- Net profit attributable to owners of parent resulted ¥286 million due to the gain on sales of investment securities and other factors.

■ Revision to the Full-Year Forecast

- In addition to the aforementioned factors about the pharmaceutical products segment, delay in business orders related to others segment during 3Q resulted slow progress of the full year sales forecast. Due to these reasons, the company revised the initial net sales forecast to ¥33,500 million.
- Operating profit, ordinary profit, net profit attributable to owners of parent remains unchanged from the initial forecast due to the decrease in expenses such as R&D expenditures being partially delayed until the next fiscal year and the uncertainty of the foreign exchange.

Summary 3

■ Topics

- In December, launched three generics of one ingredient.
- Patient enrollment started for Phase IIa clinical trial on NC-2800 in patients with depression.
- Continuous efforts are made for DropScreen to achieve implementation of 2,000 units by the end of FY2025.

Sales and Income to Year-on-Year

(¥mn)

	FY2024		FY2025			
	3Q Amount	% of Sales	3Q Amount	% of Sales	3Q Change	YOY (%)
Net sales	24,307	100.0	24,257	100.0	(49)	(0.2)
Pharmaceutical products segment	23,398	96.3	23,409	96.5	11	0.0
Generics, proprietary products and new drugs	19,091	78.5	19,109	78.8	17	0.1
Diagnostics	3,339	13.7	3,523	14.5	184	5.5
Others segment	909	3.7	848	3.5	(60)	(6.7)
Cost of sales	17,819	73.3	17,998	74.2	179	1.0
SG&A expenses	6,132	25.2	6,051	24.9	(80)	(1.3)
R&D expenses	1,771	7.3	1,531	6.3	(240)	(13.6)
Operating profit	355	1.5	207	0.9	(148)	(41.7)
Ordinary profit	349	1.4	210	0.9	(139)	(39.8)
Net profit attributable to owners of parent	35	0.1	286	1.2	251	709.5

Sales and Income to Full Year Forecasts

(¥mn)

	FY2024		FY2025						
	Full year Amount	% of Sales	3Q Amount	% of Sales	Initial Forecasts	Progress Rate (%)	Revised Forecasts	Forecast Change	Progress Rate (%)
Net sales	32,570	100.0	24,257	100.0	35,000	69.3	33,500	(1,500)	72.4
Pharmaceutical products segment	31,386	96.4	23,409	96.5	-	-	-	-	-
Generics, proprietary products and new drugs	25,271	77.6	19,109	78.8	26,490	72.1	25,490	(1,000)	75.0
Diagnostics	4,883	15.0	3,523	14.5	5,840	60.3	5,490	(350)	64.2
Others segment	1,184	3.6	848	3.5	-	-	-	-	-
Cost of sales	23,824	73.1	17,998	74.2	-	-	-	-	-
SG&A expenses	8,139	25.0	6,051	24.9	-	-	-	-	-
R&D expenses	2,292	7.0	1,531	6.3	2,750	55.7	2,350	(400)	65.2
Operating profit	606	1.9	207	0.9	300	69.2	300	0	69.2
Ordinary profit	443	1.4	210	0.9	100	210.2	100	0	210.2
Net profit attributable to owners of parent	294	0.9	286	1.2	150	191.3	150	0	191.3

Pharmaceutical Sales to Year-on-Year

Generics, Proprietary Products and New Drugs

(¥mn)

	FY2024		FY2025			
	3Q Amount	% of Sales	3Q Amount	% of Sales	3Q Change	YOY (%)
Total	19,091	100.0	19,109	100.0	17	0.1
Generics	18,246	95.6	18,460	96.6	214	1.2
To medical institutions	17,951	-	18,155	-	203	1.1
To other makers*	294	-	305	-	10	3.6
Proprietary products and new drugs	845	4.4	648	3.4	(197)	(23.3)
Uralyt	272	-	201	-	(71)	(26.0)
Others	572	-	446	-	(126)	(22.0)
Chemiphar, ODM Generics						
Total	18,895	-	18,974	-	78	0.4
Generics (ODM)	649	-	513	-	(135)	(20.9)

* Includes exports.

Pharmaceutical Sales to Full Year Forecasts

Generics, Proprietary Products and New Drugs

(¥mn)

	FY2024		FY2025						
	Full Year Amount	% of Sales	3Q Amount	% of Sales	Initial Forecasts	Progress Rate (%)	Revised Forecasts	Forecast Change	Progress Rate (%)
Total	25,271	100.0	19,109	100.0	26,490	72.1	25,490	(1,000)	75.0
Generics	23,968	94.8	18,460	96.6	24,680	74.8	24,180	(500)	76.3
To medical institutions	23,589	-	18,155	-	24,360	74.5	23,860	(500)	76.1
To other makers*	378	-	305	-	320	95.5	320	0	95.5
Proprietary products and new drugs	1,303	5.2	648	3.4	1,810	35.8	1,310	(500)	49.5
Uralyt	349	-	201	-	310	65.1	310	0	65.1
Others	953	-	446	-	1,500	29.8	1,000	(500)	44.7
Chemiphar, ODM Generics									
Total	24,784	-	18,974	-	25,500	74.4	25,000	(500)	75.9
Generics (ODM)	816	-	513	-	820	62.6	820	0	62.6

* Includes exports.

Sales Distribution by Launch Year

(¥mn)

	FY2024		FY2025			Product Lineup
	3Q Amount	Distrib. (%)	3Q Amount	Distrib. (%)	YOY (%)	
FY2021 and before	17,224	94.4	16,876	91.4	(2.0)	
FY2022	771	4.2	910	4.9	18.0	<ul style="list-style-type: none"> • Febuxostat • Esomeprazole
FY2023	159	0.9	142	0.8	(10.6)	<ul style="list-style-type: none"> • Azilsartan
FY2024	90	0.5	210	1.1	132.6	<ul style="list-style-type: none"> • Zonisamide • Rivaroxaban
FY2025	-	-	320	1.7	-	<ul style="list-style-type: none"> • Glimepiride "NC" • Zinc Acetate • Lacosamide
Total	18,246	100.0	18,460	100.0	1.2	

Balance Sheet

(¥mn)

	FY2024	FY2025				
	March 31, 2025	Dec. 31, 2025	Change	Reason for changes		
Current assets	30,066	32,455	2,389	Inventories	2,719	Securing seasonal products
				Notes and accounts receivable – trade, and contract assets	(253)	Monetization of revenue growth in the 4Q of FY2024
Non-current assets	19,785	19,643	(141)	Buildings and structures	(401)	Depreciation of the 2nd Floor of No.3 building at Tsukuba Factory etc
Total assets	49,851	52,099	2,247			
Current liabilities	12,261	14,237	1,975	Account payable - other	1,421	Securing seasonal products
Non-current liabilities	18,422	18,609	186			
Total liabilities	30,684	32,846	2,162	Short and long term borrowing	(253)	Repayment of loans funded for existing equipments
Total net assets	19,167	19,252	85			
Total liabilities and net assets	49,851	52,099	2,247			

Expenditure and Per Share Information

Capital Expenditure and Other

(¥mn)

	FY2024		FY2025			
	3Q Amount	Full Year Amount	3Q Amount	YOY (%)	Full Year Forecasts	Usage Rate (%)
Capital expenditure	2,641	3,003	599	(77.3)	1,420	42.3
Depreciation and amortization	1,015	1,377	1,140	12.3	1,690	67.5

Per Share Information

(¥)

	FY2024		FY2025			
	3Q Amount	Full Year Amount	3Q Amount	Change	Initial Forecasts	Revised Forecasts
Earnings per share	9.82	81.72	79.48	69.66	41.57	41.51
	Dec. 31, 2024	March 31, 2005	Dec. 31, 2025	Change	Initial Forecasts	Revised Forecasts
Book value per share	5,120.29	5,312.46	5,309.71	189.42	-	-
Dividends per share	-	50.00	-	-	50.00	50.00
Dividend payout ratio (%)	-	61.2	-	-	120.3	120.5

Indexes

	FY2022	FY2023	FY2024	FY2025 3Q
Cost of sales ratio (%)	74.1	74.8	73.1	74.2
SG&A expense to sales ratio (%)	26.7	26.8	25.0	24.9
Operating profit to sales ratio (%)	-	-	1.9	0.9
R&D expenses to sales ratio (%)	7.7	7.6	7.0	6.3
EBITDA (millions of yen)	1,682	1,391	2,018	1,520
Current ratio (x)	2.26x	2.31x	2.45x	2.28x
Debt-to-equity ratio (%)	81.0	90.5	87.3	85.6
Equity ratio (%)	38.1	37.3	38.4	37.0
Return on equity (%)	1.8	-	1.6	-
Net income ratio (%)	1.1	-	0.9	1.2
Total asset turnover (%)	64.4	62.7	65.5	-
Financial leverage (%)	264.7	265.8	259.3	264.8
Dividend payout ratio (%)	53.2	-	61.2	-

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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.