Nippon Chemiphar Co., Ltd.










70th

Anniversary

CORPORATE REPORT **2020**

Nippon Chemiphar celebrates its 70th anniversary.

On June 16, 2020, Nippon Chemiphar celebrated its 70th anniversary. Meanwhile, Group companies Nihon Pharmaceutical Industry Co., Ltd. and Safety Research Institute for Chemical Compounds Co., Ltd. will celebrate their 60th and 50th anniversaries, respectively, later in the year. We believe that the longevity of these companies is due to the kindness and support of our shareholders and, for that, we express our sincere gratitude.

In addition to manufacturing and marketing original formulations with distinctive characteristics, Nippon Chemiphar has made generic drugs a pillar of its business since 2000. The Group has made every effort to supply, safely and conveniently, generic drugs by having the in-house facilities to systematically develop, manufacture, and market them.

Focused primarily on core fields related to hyperuricemia and pain, Nippon Chemiphar is aggressively pursuing drug discovery themes and drug repositioning efforts, with the goal of developing groundbreaking new drugs in response to unmet medical needs.

Business Philosophy

The goal of the Nippon Chemiphar Group is to make a difference in society by providing pharmaceutical drugs and health-related services to help people become and remain healthy.

Welcoming our 70th Year

President and CEO Kazuhiro Yamaguchi with a bust of the company founder, Akira Yamaguchi

The year 2020 is a year of milestones for the Nippon Chemiphar Group, and it brings me great joy that, thanks to support from all of our stakeholders, we have been able to reach this point.

Since 2000, the Group had been developing its businesses with a management strategy based on three goals: to establish a strong presence in the generics business; to become a leader in the treatment of hyperuricemia, while focusing on Uralyt; and to pursue in-house drug discovery and development.

However, in response to changes in Japan's pharmaceutical industry, since 2015 the Group has included an additional goal we refer to as Plus 1, namely, the strengthening of its expansion into overseas markets.

The Company has already responded to environmental changes in Japan's generic drugs market by launching efforts to reform its business structure, including the construction of a factory in Vietnam. Over the past few years, the Company has achieved concrete progresses in the hyperuricemia market and the area of in-house drug discovery.

We intend to expand our businesses and improve profitability, while producing innovations to support our three goals through capital and business alliances with AI-based drug discovery ventures, and partnerships with enterprises conducting drug discovery related to anticancer medications.

Over the coming years, the Nippon Chemiphar Group will strive to contribute more to society and achieve sustainable growth in corporate value, as it conducts a two-way dialogue to enrich the mutual understanding with its many stakeholders, including patients, healthcare professionals, shareholders, investors, members of local communities, and employees.

I humbly request your continued support.

山口一城

Kazushiro Yamaguchi
President & CEO
June 2020

Nippon Chemiphar's Three Plus 1 Principal Goals

Since 2000, Nippon Chemiphar has promoted a basic management strategy based on three goals: establishing a strong presence in the generics business; becoming a leader in the treatment of hyperuricemia, with a focus on Uralyt; and pursuing in-house drug discovery and development.

As initiatives designed to attain these three goals, first, we are currently striving to increase our earnings capacity by the generic drugs business. In addition, we are conducting clinical research and pursuing educational activities to become a frontrunner in hyperuricemia treatment, which we hope to make a core business following the generics business.

Further, for in-house drug discovery and development, we are conducting medium- to long-term initiatives, so that we might find revolutionary candidate compounds.

By simultaneously pursuing the above initiatives, we believe the Company can achieve sustainable growth.

To this end, we intend to strengthen our overseas initiatives with a focus on Asia, so that we can improve the results even in those areas where achievements have already been attained.

NIPPON CHEMIPHAR CORPORATE REPORT 2020

◆ Contents

◆ Scope of This Report

This report contains information recognized as being of high importance to stakeholders, such as the Nippon Chemiphar Group's business strategy, financial information, and corporate social responsibility-related information.

- Reporting period: April 1, 2019–March 31, 2020
- Reporting companies: Nippon Chemiphar Co., Ltd. and its Group companies

Note Regarding Forward-looking Statements

Statements made in this corporate report with respect to current plans, estimates, strategies and beliefs, and other statements of Nippon Chemiphar are forecasts about the future performance of Nippon Chemiphar. These forecasts are based on information currently available to management. Consequently, these forecasts are subject to known and unknown risks and uncertainties and may differ significantly from actual results. Items that may influence forward-looking statements and forecasts include changes in the economy, changes in the business and competitive environment for Nippon Chemiphar's business, revisions to the Pharmaceutical Affairs Law and other related legislation, and other items not limited to the above.

Business Overview

I Pharmaceutical Products

1. Pharmaceuticals

(1) Generic Products

To lessen the burden on patients and improve the financial management situation of the nation's health insurance system, the Japanese government is promoting the use of generic drugs. To this end, a new utilization objective has been set that would raise the share of prescriptions for generic drugs to 80% or above no later than the end of September this year, and recently, the relevant parties of the government have been discussing the setting of new targets in preparation for this change. The Nippon Chemiphar Group thus is applying its integrated capabilities to the development, manufacture, and marketing of new drugs and generics. Ultimately, we are pursuing the development of those generics that reflect the needs of patients and healthcare professionals.

☞ Please refer to page 9 for details.

(2) Proprietary Products, Drug Discovery, Marketing Rights

Aiming to open up potential in new therapeutic fields, Nippon Chemiphar currently is pursuing clinical research on our three long-available proprietary products: alkalization therapeutic drug Uralyt-U, analgesic and anti-inflammatory drug Soleton, and hypertension therapeutic drug Calvan. We are confident that this will lead to considerable market expansion for the products.

In February 2019, we acquired marketing authorization for the PICOPREP compound oral intestinal cleansing agent from Ferring Pharmaceuticals Co., Ltd. and are already logging sales. Then in May, we concluded an agreement with Mylan EPD G.K. regarding the transfer of sales rights for Klaricid, a macrolide antibiotic agent. The agreement will allow the Company to manufacture and sell Klaricid and use related trademarks. The agreement strengthens our product portfolio and creates synergy with the generics business.

At the same time, we are continuing to aggressively pursue drug discovery themes that have the potential to lead to groundbreaking new drugs focused on our specialties of hyperuricemia and pain.

☞ Please refer to page 13 for details.

2. Diagnostics

Nippon Chemiphar provides measuring equipment and reagents used to fight allergies and lifestyle-related diseases, and markets these in-house developed products at home and abroad. We are currently developing a business based on technical collaboration with Chinese companies, as well as new and innovative products that will enable quick measurement from small blood samples.

☞ Please refer to page 15 for details.

II Others

1. Contracted Testing

The Nippon Chemiphar Group supports the creation of safe, high-quality products through clinical and non-clinical testing as part of drug development.

The Safety Research Institute for Chemical Compounds Co., Ltd., a Group company, remains focused on the development of testing methods not involving animals. It supports the use of the Bovine Corneal Opacity and Permeability test—that uses excised bovine corneas, normally discarded as waste in the production of beef, and not live animals—as well as test systems for regenerative medicine. Moreover, since the end of 2017, the Group has been applying Good Laboratory Practice-approved safety testing methods when using pigs to test medical equipment. It is the first company to do so in Japan.

Using the Bovine Corneal Opacity and Permeability test.

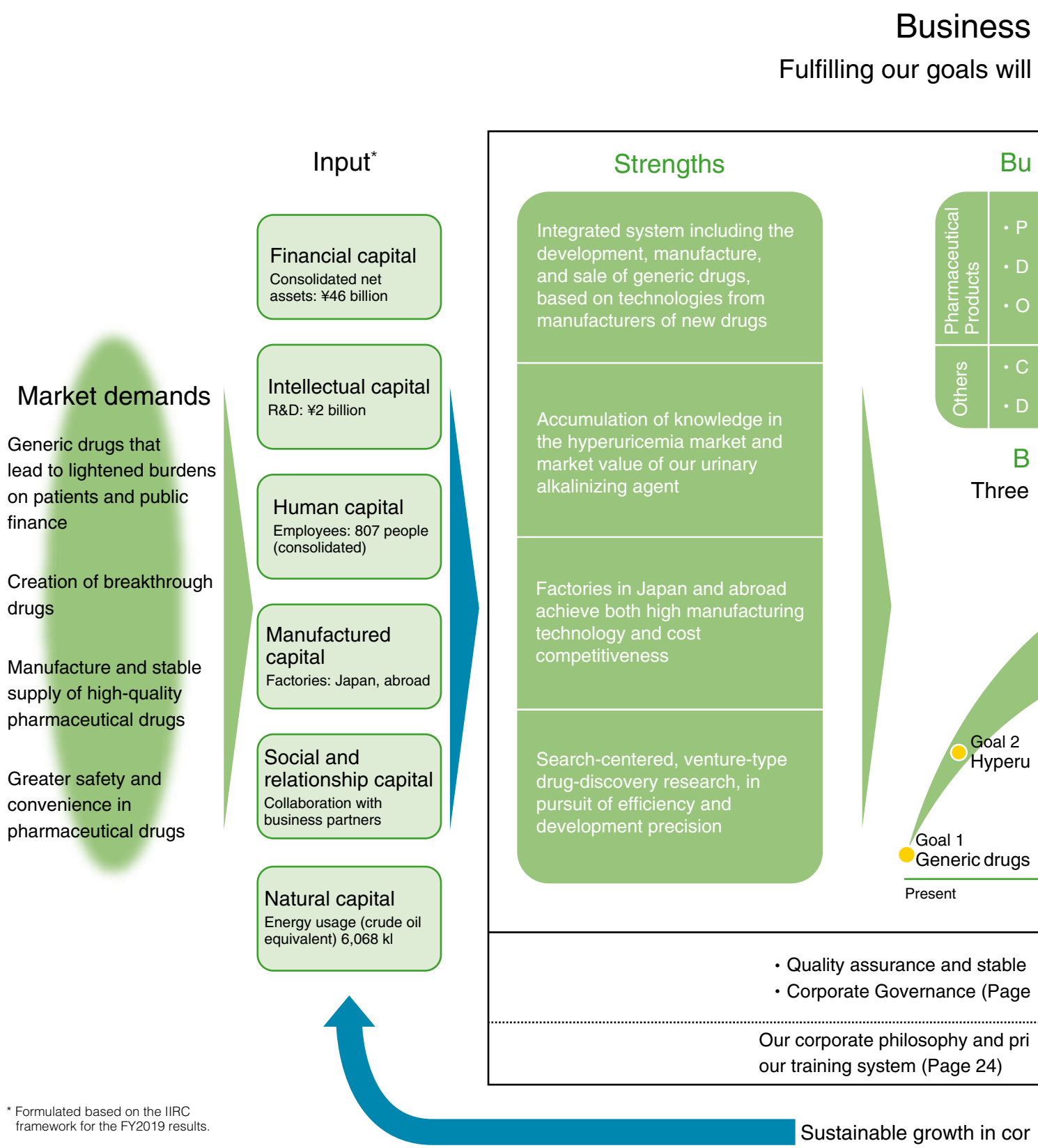
A good laboratory practice compliance certificate for a regenerative medication

2. Healthcare-related Products

The Nippon Chemiphar Group handles a diverse array of healthcare products, including nutrients, health foods, cosmetics, and various types of creams, classified as quasi-drugs because they contain a certain concentration of particular active ingredients.

Amid the rising needs surrounding consumer self-medication, we are leveraging trustworthiness and the development expertise we have gained as a pharmaceutical product manufacturer to make a difference in people's lives and provide a high level of added value.

Nippon Chemiphar Group's Value Creation Model



* Formulated based on the IIRC framework for the FY2019 results.

Model

contribute to society

siness activities

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rug discovery（Page 13）
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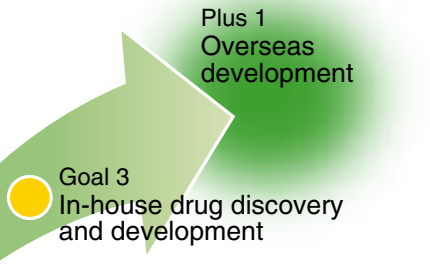
iagnostics（Pages 15）

asic strategy

Plus 1 Principal Goals



ricemia (urine alkalization)

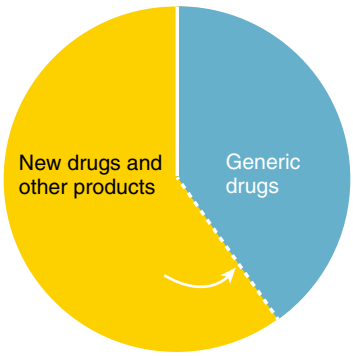
Future

supply (Page 10)　• Alliances (Pages 12 and 14)
17)　• Compliance and risk management (Page 18)

nciples of conduct, support for employee abilities, and

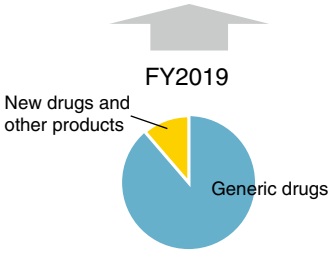
Management vision

Ideal target



New drugs surpass generic drugs in terms of sales, and we broaden our overseas expansion

- Rollout new drugs in Japan and overseas using advanced technologies, including AI
- Increase business and earnings overseas



Offered value

- Increase in patient QOL
- Reduction of burdens on patients and public finance
- Improvement in lives and abilities of our employees
- Stable, sustainable shareholder returns
- Safeguarding of global environment

SUSTAINABLE DEVELOPMENT GOALS

porate value through our value creation cycle

Interview with the President

Q1 Please explain the current circumstances surrounding the generic drugs market, as well as any related Company initiatives.

A1 We are fundamentally reforming our generics business to respond to environmental changes.

Recently, as authorized genetics have accounted for a large share and other generic drugs have been forced to compete for the remaining share of the market, competition is intensifying in Japanese market. Meanwhile, drastic reforms to the NHI drug price scheme have contributed to the ongoing severity of the business environment.

Twenty years have passed since the Company entered the generic drugs business, and it is acutely aware of the need to fundamentally reform this business in response to substantial market changes.

Accordingly, in FY2020, we will use IT to quickly establish an efficient sales system, while streamlining our generics business supply chains, and further optimize our use of selling, general, and administrative expenses. We will also target a shift to a business structure that will enable us to secure continuous profit growth while facing projected environmental changes.

Q2 Apparently, there have been developments related to alkalization therapy drugs. What are they?

A2 Clinical research at Tohoku University has progressed, and discussions regarding multifaceted development, based on the results of this research, are underway. In addition, we have concluded licensing agreements with drug discovery ventures.

At the beginning of FY2020, the analysis of data from a research project was completed, conducted by Tohoku University, entitled “Estimating the Efficacy of the Oral Alkalizers in Patients with Chronic Kidney Disease.” Thanks to positive initial outcomes, we have proceeded to the next stage of analysis. We expect the results of this analysis will be announced in academic conferences in FY2020 or later, and discussed in subsequent academic papers.

In addition, we plan to take advantage of real-world data and alliances with other companies, and will search for new potential opportunities to quickly deliver to clinical sites the results of these advantages. Based on the results of this research, we also will consider multifaceted development, including that of citrate-based health foods.

Another major topic worth discussing is the licensing agreement related to DFP-17729 (a chemical agent formulated to improve cancer microenvironments) that we concluded with drug discovery venture Delta-Fly Pharma, Inc. (DFP) in March 2020. We decided on the agreement after determining that it would give us an opportunity both to apply our expertise regarding alkalization therapy drugs, and to expand their possibilities. DFP will conduct clinical trials—combining DFP-17729 with existing anticancer drugs—using patients with pancreatic cancer, and the Company plans to begin manufacturing and selling the substance after DFP has acquired approval for manufacture in Japan. There is an urgent need for new cancer-fighting drugs to be developed, because the early detection of refractory cancers, such as pancreatic cancer, remains difficult as we continue to face a severe lack of satisfactory therapeutic agents, particularly those that are effective in the final stages of cancer.

Q3 Why did you decide to acquire sales rights for Klaricid?

A3 We anticipate that these rights will strengthen our product portfolio and generate synergy with generic drugs.

In May, we concluded a general agreement with Mylan EPD G.K. regarding the transfer of sales rights for Klaricid, a macrolide antibiotic agent. This agreement will

allow the Company to manufacture and sell Klaricid and use related trademarks.

Although a considerable amount of time has passed since Klaricid was launched, the brand remains strong and is delivered to a large number of consumers. We believe that the agreement will strengthen our product portfolio, and expect Klaricid to be a key to generating synergy with the generics business.

Q4 What progress have you made in the area of drug discovery and development?

A4 In addition to out-licensing activities associated with each of our pipelines, we have launched joint research with AI drug discovery ventures.

NC-2800 (a δ opioid receptor agonist), a chemical compound indicated for the treatment of depression and anxiety, has been accepted officially under the Cyclic Innovation for Clinical Empowerment program. The initiative is run by the Agency for Medical Research and Development to provide developmental support. With this backing, we are narrowing down our list of domestic and overseas companies that might be eligible for the out-licensing of NC-2800 and, at the same time, continuing preparations for phase 1 testing in 2021.

We are exploring the potential of NC-2600 (P2X4 receptor antagonist) as a first-in-class drug, with a view to creating yet more out-licensing opportunities for the substance by specifically searching for possible new indications other than as an anti-neuropathic pain agent, thereby increasing its value as a chemical compound.

Meanwhile, we accepted a third-party allocation of shares from AI drug development venture MOLCURE Inc. in November 2018. Then, following discussions regarding our partnership strategy, we launched joint research, for the current fiscal year, on specific drug development targets.

Q5 You also have achieved some new developments in the diagnostics business.

A5 Yes. We succeeded in launching DropScreen™, an innovative allergy screening kit that includes an allergy testing reagent and related measuring equipment, and acquired sales approval for allergy testing reagent IgE NC in China.

In October 2019, the Company received authorization to manufacture and sell DropScreen™, an extracorporeal diagnostic, for which research was jointly undertaken with RIKEN. In February 2020, we began jointly selling the product and specialized measuring equipment in Japan with FUJIFILM Wako Pure Chemical Corporation.

The DropScreen™ kit has innovative features that allow for the simultaneous measurement of several elements in small blood samples in a short time. In addition to clinics advocating for allergology, we have received price inquiries and demonstration requests from a variety of medical establishments, including pediatric, dermatologic, otolaryngologic, ophthalmologic, and internal medicine clinics that are considering using the kit.

Meanwhile, through technical support provided to Chinese companies, we had been preparing the China rollout of our in-house-developed allergy testing reagent IgE NC. Last October, we received approval for some of the 60 measuring reagents associated with IgE NC from the Chinese supervisory bureau, the National Medical Products Administration. With the attainment of our target number of product approvals in sight, this year we launched, together with local partners, sales of IgE NC in the Chinese market.

Q6 Nippon Chemiphar fetes its 70th anniversary this year. Could you please explain the Company's vision for the future?

A6 By 2030, we aim to become a company that is held in high esteem throughout the world for its continuous innovation.

This year will be a landmark for the Nippon Chemiphar Group, with three major anniversaries to fete.

When I assumed the office of president in 1994, we faced numerous corporate reform-related challenges, while many dilemmas were waiting in the wings. However, we overcame the obstacles by cooperating and collaborating with our stakeholders.

Although earnings are beginning to level off, due to changes in our domestic business environment, we are achieving tangible results in connection with the three goals we set in 2000, and I believe that the Group's outlook is bright.

As of the time of this interview [May 2020], the novel coronavirus pandemic has caused damage to social and economic activities around the world that is unlike anything we have seen in our lifetimes. Further, there is concern that the negative impact of the pandemic could be long term.

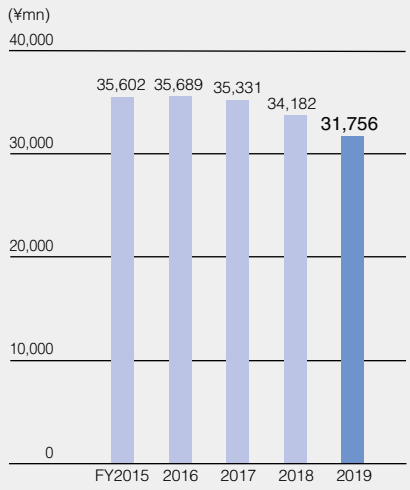
The Group has put in place measures to ensure the safety of its medical personnel and employees. It has implemented teleworking for all non-factory employees, suspended business-related travel, and is conducting webinars.

To prevent interruptions being caused to our stable supply of pharmaceutical products, we are ensuring the steady operation of production lines, including those at our Vietnam factory.

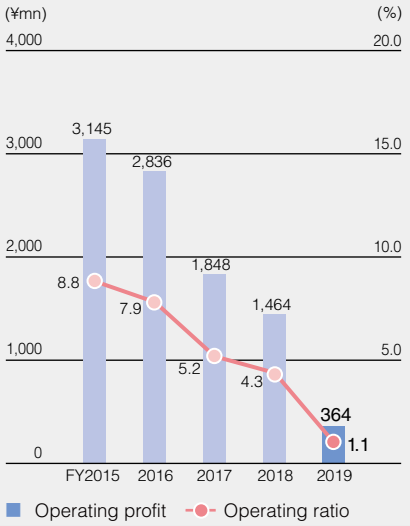
To close the interview, I would like to take this opportunity to wish all victims of the novel coronavirus pandemic a speedy recovery and express my sincere hope for a quick end to the crisis.

Financial Highlights

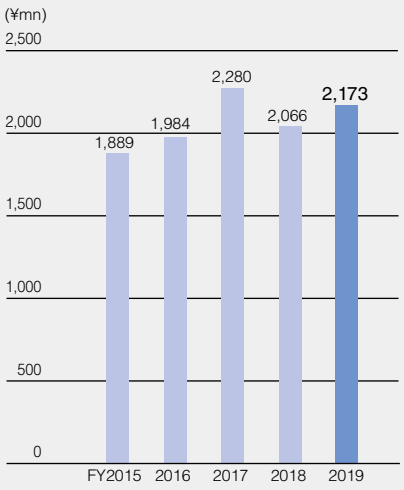
Net Sales



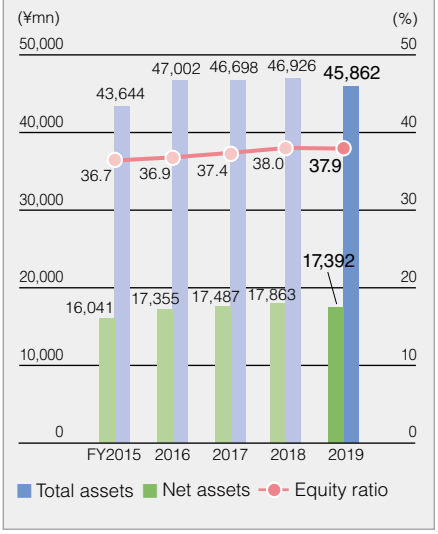
Operating Profit



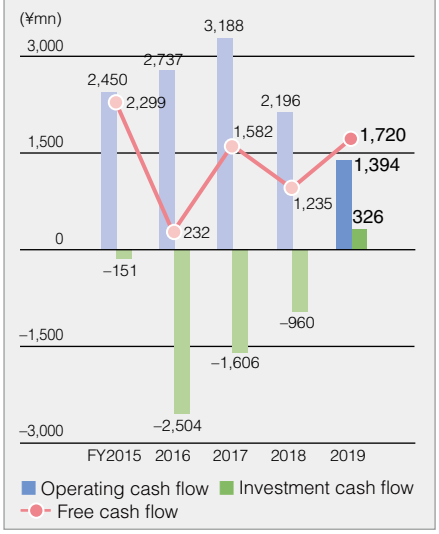
R&D Expenses



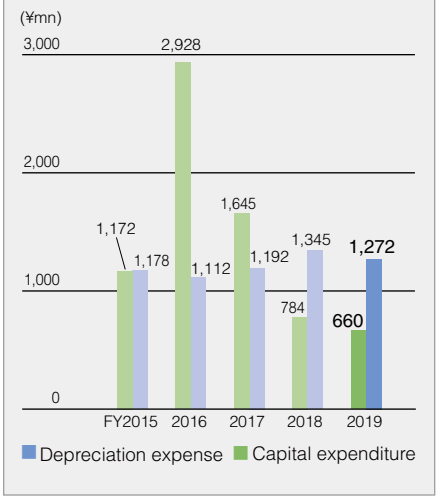
Total Assets, Net Assets, Equity Ratio



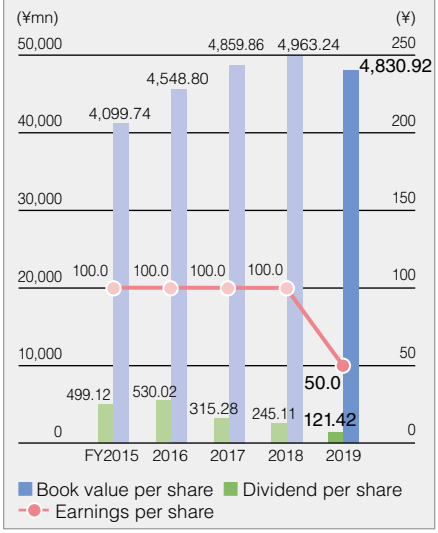
Cash Flows



Capital Expenditure, Depreciation Expense

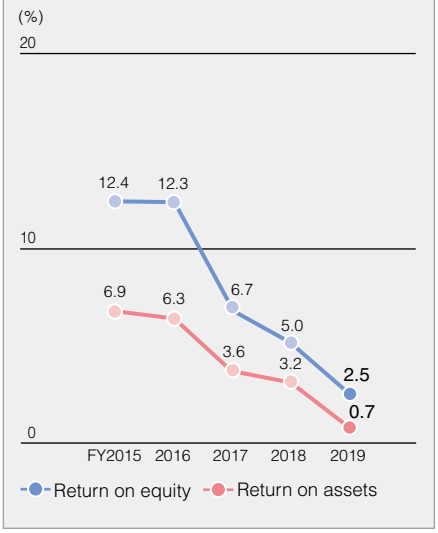


Amounts per Share*

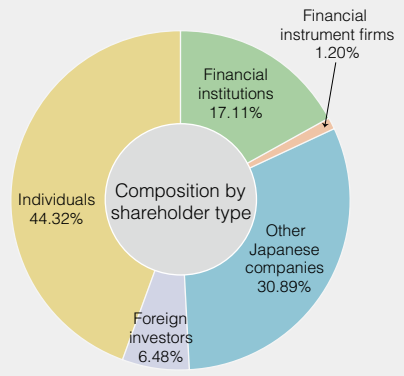


*Following a 10:1 reverse stock split on October 1, 2016, per share data have been adjusted as if the split had been conducted at the start of FY2015.

ROE, ROA



Composition of Shareholders (As of March 31, 2020)



Pharmaceutical Products

I Initiatives Involving Generics

In order to hold down rising healthcare expenses, the Japanese government has, for some time, been promoting the use of generic drugs. However, while the resultant sharp increase in demand for generics has enabled the government to move closer to its target generic drug usage ratio of 80%, market growth has slowed as it gradually approaches maturity. In 2000, the Nippon Chemiphar Group made generic drugs a pillar of its business, and has acted as a leader among companies focused on new drug development that also conduct business involving generic drugs by promoting the cultivation of new markets.

By leveraging our expertise in new drug business and knowhow cultivated for many years in the generics business, we will maintain high quality, stable supplies. At the same time, we will concentrate on providing accurate information and manufacturing products catering to the needs of medical professionals and patients. By providing unique added value, we aim to increase our presence in the generics market.

1. Overview of FY2019 Operations

(1) Generics

Sales of generic drugs fell to ¥26,661 million (down 5.6% year on year), despite informative activities associated with new drug promotions, and sales channel diversification. The primary factors contributing to the decline include NHI drug price revisions implemented in October 2019, and intensified competition resulting from the rising prominence of authorized generics. Overall sales in the generics business were ¥27,558 million (down 5.8% year on year), which included sales of original design manufacturing (ODM) products.

(2) Proprietary Products and New Drugs

While sales of the oral intestinal cleansing agent PICOPREP have steadily increased, sales of proprietary products and new drugs fell to ¥1,368 million (down 12.3% year on year). The decline was due to NHI drug price revisions that impacted sales of all proprietary products, as well as to new drugs, the substitution of generic drugs, and changes to our handling methods for export products.

Pharmaceutical Sales (Consolidated)

(¥mn)

	FY2018		FY2019		
	Amount	Distrib. (%)	Amount	Distrib. (%)	YOY (%)
Total (a+b)	29,798	100.0	28,029	100.0	(5.9)
a. Generics	28,238	94.8	26,661	95.1	(5.6)
To medical institutions	27,156		25,678		(5.4)
To other makers[1]	1,082		983		(9.2)
Amlodipine	2,890		2,672		(7.5)
Lansoprazole	1,629		1,243		(23.7)
Donepezil	1,187		1,012		(14.7)
Rabeprazole	1,370		1,317		(3.9)
Limaprost Alfadex	1,197		957		(20.0)
Others	19,963		19,458		(2.5)
b.Proprietary products	1,560	5.2	1,368	4.9	(12.3)
Uralyt	983		848		(13.7)
Others	577		519		(9.9)
Total (a+c)	29,244	–	27,558	–	(5.8)
a. Generics	28,238	94.8	26,661	95.1	(5.6)
c. ODM[2] generics	1,005	–	896	–	(10.9)

1. Sales to other manufacturers of products for which the Nippon Chemiphar Group has manufacturing and sales approval.
2. Sales of products manufactured on an outsourcing basis for other companies that have manufacturing and sales approval.

2. Future Initiatives

(1) Development

Since making generics a pillar of our business in 2000, we have created our own system for the development of generics. Furthermore, in recent years we have worked to increase the degree of certainty in development, improve drug formulations, and introduce creative packaging. For these efforts to meet needs on the medical front, and to develop highly competitive products, we made early development inroads and strengthened our intellectual property and development systems. The market for generics is expected to expand as patents expire on branded drugs that have maintained a certain market scale. Meanwhile, competition between companies is intensifying, due to the rise of authorized generics in the market.

To maintain our strong standing under these conditions, we must improve the quality of products we develop by leveraging our comprehensive development capabilities, and to reflect medical needs in our formulations. By concentrating and efficiently managing our development resources, we aim to create products that will earn a solid reputation in the market.

☞ Please refer to page 21 for information on drug formulations and packaging.

(2) Manufacturing

We are currently transferring manufacturing from our domestic factories to the highly cost-competitive Nippon Chemiphar Vietnam factory, to reduce the cost of sales. At the same time, we are creating added value by utilizing the high technological capabilities of our Tsukuba factory. Once operations at the Vietnam factory are fully underway, we predict that manufacturing costs there will be about 20–30% lower than domestic output costs.

In addition to the resultant savings, the Group's annual production capacity will gradually expand from 1.4 billion pills to 2.0 billion pills. Through these efforts, the Nippon Chemiphar Group is targeting higher productivity in its manufacturing division.

☞ Please refer to page 16 for overseas manufacturing.

The Vietnam factory

(3) Quality Assurance

Understanding the importance of appropriate quality control and production management, we have prepared operations manuals for control surveys in line with good quality practice[1] and good manufacturing practice,[2] and conduct quality assurance activities accordingly.

Thus, for example, we evaluate and verify the raw materials procured and regulatory compliance of additives, as well as their storage and transportation. This ensures that we are able to supply pharmaceuticals that are managed appropriately. We are also stepping up good manufacturing practice inspections in Japan and overseas to continuously maintain and improve product quality.

(4) Sales

In recent years, the environment surrounding generic drugs has undergone tremendous changes, including intensified competition caused by the rising prominence of authorized generics and drastic NHI drug price revisions that have accompanied price range consolidation efforts. In response to these changes, we aim to streamline generics supply chains, optimize the efficiency of our SG&A expenses, and construct an effective computerized sales system. We will transition to a business structure that will allow us to respond to projected environmental changes, even as our income continues to rise.

(5) Ensuring a Stable Supply Structure

a. Logistics Management System

As generics become more prevalent, individual manufacturers are taking on growing responsibilities with regard to supply stability, requiring carefully crafted logistics systems. In September 2019, the Company established a distribution system with two centers, one in eastern Japan and the other in western Japan. We are expanding this system to a nationwide capacity, together with Otsuka Warehouse Co., Ltd. These efforts are allowing us to improve the quality of our logistics by cutting lead times, tracking transit status in real time, and preventing incorrect deliveries.

b. Double-sourcing Active Pharmaceutical Ingredients

Providing a steady supply of drugs requires efforts to both reinforce manufacturing capacity and ensure the stable procurement of active pharmaceutical ingredients (APIs). The Ministry of Health, Labour and Welfare's roadmap, designed to further promote the use of generic drugs, addresses the stable procurement of APIs and calls for double sourcing (having multiple suppliers). To meet the requirement, we are strengthening our survey and evaluation efforts to secure optimal API suppliers in Japan and overseas.

1. Outlined in quality standards for drugs, quasi-drugs, cosmetics, and products such as regenerative medicine.
2. Outlined in the control of the manufacture and quality of drugs and quasi-drugs.

II Urine Alkalizer

In recent years, medical experts have once again been turning their attention toward hyperuricemia, as focus on the affliction shifts away from awareness of its status as a precursor to gout to its connections with metabolic syndrome and cardiovascular event risk.

While highlighting the benefits of Uralyt, an alkalization treatment developed by Nippon Chemiphar, the Group is conducting awareness-raising activities concerning the importance of improving aciduria symptoms associated with gout and hyperuricemia.

1. Awareness Activities

(1) Research Group-based Initiatives

We have been cosponsoring the Hyperuricemia and Metabolic Syndrome Research Forum since its founding in 2004.

(2) Web-based Initiatives

We provide general information websites on hyperuricemia and gout, offering information tailored to the different needs of medical professionals and patients.

Our patient-oriented website concerning gout includes such content as healthy recipes and offers tips on selecting foodstuffs and cooking methods, as well as well-balanced nutrition therapies and other information.

Our website has a section on recipes and information on treating gout.

2. Initiatives Targeting Multifaceted Development

For many years, the Company has been cooperating with clinical research (CKOALA studies) aimed at uncovering the link between urinary alkalinization medications and chronic kidney disease. Based on the data obtained through this research, we are also developing citrate-based health foods.

Further, in exploring the possibilities of multifaceted development, we concluded a licensing agreement in March 2020 with drug discovery venture Delta-Fly Pharma, Inc. that concerns an anticancer medication formulated to improve cancer microenvironments through alkalization.

☞ Please refer to page 14 for more information concerning the licensing agreement.

About Uralyt

It is not uncommon for hyperuricemia and gout to lead to high levels of acid in urine. Left untreated, acid urine will lead to stones forming in the urinary tract.

Chemiphar launched Uralyt in 1988 as an alkalization treatment to improve acid urine. For over 30 years, we have been working to raise awareness about ways in which the urine pH level can be improved, and about alkalization treatment.

We plan to continue these initiatives, making use of successful clinical research related to alkalization treatment and expanding our scope of activity.

III Alliances

1. Acquisition of the PICOPREP Compound

(1) Goal of Acquisition

In February 2019, we succeeded in obtaining approval for the manufacture and sale of PICOPREP from Ferring Pharmaceuticals Co., Ltd. We anticipate not only that, as we provide information about the compound, we will be able to build relationships with a wider range of healthcare professionals than before, but also that there will be a sales synergy between PICOPREP and generics.

(2) Characteristics of PICOPREP

The oral intestinal cleansing agent PICOPREP is used for whole bowel irrigation. The product's active ingredients are magnesium oxide, anhydrous citric acid, and sodium picosulfate hydrate (a stimulative laxative), which are combined with the salt-based laxative magnesium citrate.

We aim to make patients more receptive to the idea of undergoing a colonoscopy by raising awareness of this drug's pleasant orange flavor, its compatibility with a wide range of beverages, and the fact that only a small dose need be taken.

The drug's efficacy and safety* were observed and confirmed through phase 3 clinical trials, conducted in Japan, when it was used for bowel cleansing prior to colonoscopies and colon surgery.

Ferring Pharmaceuticals Co., Ltd. got manufacturing and sales approval for this indication in July 2016, since when PICOPREP has been approved in 74 regions and countries, including the UK, US, France, and Germany (as of December 2016).

Most important, we see the drug as having the potential to assist in the early detection of colon cancer, the sufferers of which are increasing in number, as are their mortality rates.

* The rates of side effect onset were 9.2% (39/424) in patients who took a full dose of PICOPREP, 8.9% (19/213) in patients that took a partial dose, and 9.5% (20/211) in patients who took the drug on the preceding day.

2. Acquisition of Sales Rights for Klaricid

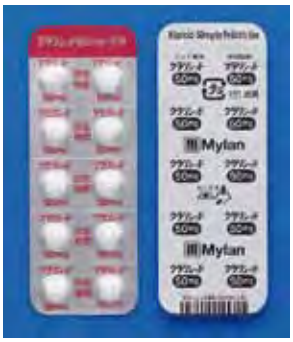
(1) Goals behind Acquisition

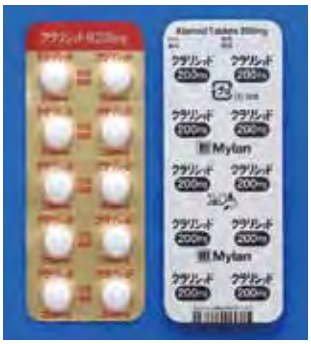
In May 2020, we concluded a general agreement with Mylan EPD G.K. that will grant us the right to manufacture and sell macrolide antibiotic agent Klaricid in Japan, as well as to use associated trademarks. Through this agreement, we aim to strengthen our product portfolio and create synergy with the generics business.

(2) Future development

In July 2020, the Company acquired marketing rights from Mylan for Klaricid and began gathering and providing relevant information.

The Company will acquire manufacturing and sales approval from the authorities after completing all necessary procedures.





IV In-house Drug Discovery and Development

We are working to develop new breakthrough drugs against diseases for which there are no appropriate therapeutic drugs. To maximize the speed at which we can launch our products on the market, we focus on exploratory research and fundamentally conduct venture-based drug discovery research, which involves out-licensing, at an early stage, the development of compounds we have discovered to highly specialized companies in Japan and abroad. Aiming to implement AI-based drug development and other new techniques, we are tackling drug development themes that might lead to innovative new drugs, while focusing primarily on hyperuricemia, pain, and other areas in which we have extensive track records.

1. Development Pipeline

As of March 31, 2020

In-house drug development　Other companies or physician-initiated development

Item	Function (Target)	Preclinical	Phase 1	Phase 2	Notes
NC-2400	PPAR-δ agonist (lipid metabolism abnormalities)				・Finished Phase 1. ・Licensed to Abionyx Pharma SA (France).
NC-2500	XOR inhibitior (hyperuricemia, gout)				・Phase 1 was finished and we are conducting licensing-out activities.
NC-2600	P2X4 receptor antagonist (neuropathic pain)				・Phase 1 was finished and we are conducting licensing-out activities. ・Exploring possibility for indications as a treatment for conditions other than neuropathic pain.
NC-2700	URAT1 inhibitior (hyperuricemia, gout)				・Finished preclinical trial and we are conducting licensing-out activities.
NC-2800	δ opioid receptor agonist (depression/anxiety)				・Selected by AMED for its funding program in January 2018. ・Conducting licensing out activities in parallel with phase 1 preparation which we plan to start in FY2021.
DF-17729	Cancer microenvironment improving agent (pancreatic cancer)				・Developed by Delta-Fly Pharma, Inc.
Soleton	COX inhibitor (diffuse-type tenosynovial giant cell tumor and others)				・Physician-initiated clinical trial was started.
Calvan	A1β1 blocker (Huntington' s disease)				・Licensed to SOM Biotech S.L. (Spain). ・Phase 2a was finished and we are preparing phase 2b trial.

(1) NC-2600/P2X4 Receptor Antagonist (For neuropathic pain)

Patients with neuropathic pain have a hard time suffering from severe pain resulting from various neurological disorders. However, since there are few viable treatment options in terms if remedies, a new treatment needs to be developed.

In joint research with Kyushu University, we have developed a new formulation to treat neuropathic pain. Since FY2012, the Company has been carrying out research with the support of the Japan Science and Technology Agency, and since FY2015, the Japan Agency for Medical Research and Development (AMED) and, during FY2014, discovered NC-2600. This is a development candidate, which appears to be potentially effective through oral administration. In FY2017, we completed phase 1 testing. We are currently conducting licensing-out activities aimed at domestic and international companies.

We will explore NC-2600's potential as a first-in-class drug, primarily by examining possible new indications for the compound as a treatment for conditions other than neuropathic pain. At the same time, we will create further licensing-out opportunities, thereby increasing the compound's value.

(2) NC-2800/ δ Opioid Receptor Agonist (For depression, anxiety)

NC-2800 is a chemical compound with strong potential as an anti-depression and anti-anxiety treatment that the Company discovered through collaborative study with the University of Tsukuba, Kitasato University, and the National Center of Neurology and Psychiatry.

The compound was selected by AMED's industry–academia collaboration program in 2015 and, while receiving the agency's support, we conducted preclinical trials.

As a result, the compound received high acclaim for its potential as a therapeutic drug candidate.

In 2018, AMED's CiCLE project* selected it for public funding and support. In anticipation of phase 1 testing set to begin in 2021, we are currently manufacturing active pharmaceutical ingredients and manufacturing pharmaceutical products associated with the compound, in accordance with good manufacturing practices, while receiving support from AMED. At the same time, we are out-licensing the compound to companies in Japan and abroad.

* Theme of R&D: Development of a breakthrough emotion-regulating agent with a mechanism for activating δ opioid receptors; AMED is providing support from March 30, 2018, until March 31, 2027.

(3) NC-2500/XOR Inhibitor, NC-2700/URAT 1 Inhibitor (For gout, hyperuricemia)

• NC-2500

It is thought that NC-2500 suppresses uric acid production by inhibiting xanthine oxidoreductase, an enzyme involved in the production of uric acid, and decreasing serum uric acid levels.

It should be noted that current drug therapies for lowering uric acid pose a risk of an acute gout attack due to the sharp decrease in uric acid levels. However, in NC-2500 phase 1 trials, we confirmed that it functions uniquely to gradually lower serum uric acid levels, suggesting that it may rectify this issue. At present, we are out-licensing the compound to companies in Japan and abroad while examining the potential for joint development.

• NC-2700

This is a chemical compound formulation that, unlike NC-2500, promotes the excretion of uric acid from the body by inhibiting the transporter URAT1, which is responsible for the re-absorption of uric acid in the kidneys.

We have completed preclinical trials on this drug and are out-licensing it to companies in Japan and abroad.

2. Repositioning of Existing Drugs

Pharmaceuticals are generally classified as new drugs or generic drugs, while some new drugs are also classified as long-listed drugs. These latter drugs are new drugs with expired patents but, because they have been used over many years in clinical practice, much expertise exists regarding their safety and usage.

Furthermore, experience and research from medical professionals have indicated that some of these medicines may have indications other than those for which they were originally intended. Like new medicines, these drugs await development for use against diseases for which no particularly effective medications are available.

To discover similar new uses for our long-listed drugs, the Company is supporting research through collaboration with external agencies.

Primary initiatives

• Soleton (Zaltoprofen)

Research on this drug's effects on patients of diffuse-type tenosynovial giant cell tumors (pigmented villonodular synovitis) and of localized-type tenosynovial giant cell tumors (giant cell tumors of the tendon sheath) is progressing, mainly at Kanazawa University Hospital.

• Calvan (Bevantolol hydrochloride)

Research on this drug as a therapeutic medicine for Huntington's disease is underway at the Spanish company SOM Biotech, S.L.

3. Access to New Technologies

In the belief that, to create further promising pharmaceutical product candidates, we must use innovative drug discovery methods—by adopting innovative information technologies and using AI—we underwrote a portion of a third-party allocation of shares by MOLCURE Inc. in November 2018, and signed an agreement to negotiate a business alliance. In FY2019, we launched joint research with MOLCURE in specifically targeted drug discovery fields.

4. Licensing Agreement with Delta-Fly Pharma

In March 2019, we concluded a licensing agreement with drug discovery venture Delta-Fly Pharma, Inc. (DFP) that will grant us exclusive rights to manufacture and market in Japan its patented DFP-17729 chemical agent. Formulated to improve cancer microenvironments, DFP-17729 is capable of alkalizing, and thereby improving, the microenvironments surrounding cancerous tumors. They have become acid because cancer cells release acidic material in order to multiply. Expectations are that it has potential as a revolutionary and effective treatment for refractory cancers.

In accordance with the agreement, DFP plans to start clinical tests—that combine DFP-17729 with existing anti-cancer medications—on pancreatic cancer patients.

V Diagnostics Business

Reflecting the Group's awareness of the need to support medical care, we develop and market clinical laboratory equipment and reagents well suited to meet the needs of patients and medical professionals. Currently, we are marketing our products in Japan and overseas, as we also develop business in China through a technology tie-up.

Given that the number of patients suffering from allergies and lifestyle-related diseases is continuing to grow, the early devising of diagnostic and treatment plans is essential. To this end, the rapid availability of test reports, based on the Group's products, is a major contributor to the swift assessment of test results.

1. Launch of DropScreen™

Together with Riken, a large national scientific research institute in Japan, Nippon Chemiphar has developed the DropScreen™ specific IgE measuring kit ST-1, a new extracorporeal diagnostic kit that combines the Company's allergy measurement reagent technologies with screening systems based on microarray technologies researched by Riken.

In October 2019, the Company acquired manufacturing and marketing rights for the kit. Starting in February, the Company and FUJIFILM Wako Pure Chemical Corporation began joint marketing in Japan of the kit and the DropScreen™ A-1 measuring device (manufactured and distributed by Ueda Japan Radio Co, Ltd.).

Product characteristics

The DropScreen™ was developed bearing in mind the discomfort experienced by individuals undergoing small-volume blood sampling, and the need for greater familiarity regarding allergy screening.

The kit can screen for 41 allergens in just 30 minutes using only a single drop (20 microliters) of blood (whole blood, blood plasma, or blood serum), making it possible for those being tested to obtain test results quickly. It is ideal for use on children and those with an aversion to syringes, since whole blood samples can be taken from fingertips.

Specific IgE measuring kit ST-1

Measuring device A1

2. Expansion into the Chinese market

In the diagnostics business, we are working with local distributors overseas to market our products, primarily in Asia. Our efforts are mainly focused on our allergy testing equipment (DP3000), which is the world's fastest, in addition to our allergy testing reagent (IgE NC). In October 2019, we received approval from the National Medical Products Administration, a Chinese regulatory authority, for some of our 60 measuring reagents. This year, we began marketing activities in China together with local partners.

IgE NC: Reagent to measure allergen-specific IgE

DP3000: Device for allergen-specific IgE measurements

DropScreen™ Changes Allergy Testing

The number of individuals requiring allergy testing continues to grow, yet the primary conventional testing method for allergies generally remains the blood test. For this, a syringe is used to take a blood sample that, when tested in a laboratory, will reveal after some time the level of specific antibodies present in the blood. To reduce the discomfort people experience when undergoing allergy-related blood tests, we developed the DropScreen™ kit, which was launched in February this year. Requiring only one drop of blood, the testing process has been favorably assessed by many medical institutions for its ability to test for 41 allergens in but 30 minutes, using only a single drop of blood.

The kit provides a convenient and quick testing method that we expect to change common wisdom regarding allergy testing.

Takahiro Mataki
Manager
Diagnostics Business Department

Overseas Development

Securing production capacity, as demand for generic drugs expands, is critical for a company that makes such drugs. Further, we must respond to periodic NHI drug price revisions and the severe competitive environment through cost reductions. Japan's falling birthrate and population, aging society, and public finance-related considerations all point to a shrinking domestic market.

In order to help ensure that our growth remains sustainable, in March 2015 we set up a subsidiary in Vietnam—Nippon Chemiphar Vietnam Co., Ltd. This has provided our Group with an Asian foothold, which is experiencing considerable growth. The offshore factory will simultaneously strengthen production capacity and reduce costs.

I Manufacturing

Nippon Chemiphar Vietnam Co., Ltd. is an overseas manufacturing center that will boost capacity, lower the cost of sales, and serve as a base for sales overseas. Commercial production at this facility began in November 2018. We are gradually expanding the lineup of products being made at the facility, with a focus on products that are expected to bring benefits in terms of cost. As of March 31, 2020, the factory was producing four products. We plan to continue lowering costs by moving product manufacturing from domestic factories to the Vietnam factory, while at the same time preparing to act as an outside enterprise, taking on manufacturing from outsourcing companies.

II Development

In April 2019, we set up the Overseas Technology Development Department, incorporating some of the operations of our generic drugs development division. The goal is to market our original products overseas, and we currently are preparing to conduct a pre-sale overseas within the next few years.

III Sales

We are working with local distributors to sell our proprietary products and generic drugs in Thailand, China, and South Korea. As of April, we had approval for the sale in those countries, of five products (core products and generic drugs), which are already on the market. We have applications pending for two products in one country, and are preparing to increase the number of products and the countries in which they are available.

In the diagnostics business, we are working with local distributors overseas to market our products, primarily in Asia. Our efforts are mainly focused on our allergy testing equipment (DP3000), which is the world's fastest, in addition to our allergy testing reagent (IgE NC).

The Vietnam factory

Five years since the founding of Nippon Chemiphar Vietnam

Five years have passed since Nippon Chemiphar Vietnam was established. In November 2018, it began producing Uralyt and Soleton tablets. Since then, we have been planning to set up a manufacturing system in Vietnam and to move our production there.

We expect that, within FY2020, we will be manufacturing five products at that factory, and conducting thorough quality control to ensure that it, too, contributes to providing stable supplies as Nippon Chemiphar's third manufacturing site.

Katsutoshi Oishi
President
Nippon Chemiphar Vietnam Co., Ltd.

CSR: Maintaining Society's Trust

I CSR Initiatives

The Nippon Chemiphar Group conducts CSR activities based on its established fundamental CSR policy which states, in part, that "We owe our stakeholders continued commitment to improving the health of society at large, by providing quality products and services."

While we work to fulfill our social responsibilities as a company, we are also promoting measures aimed at helping resolve societal issues related to the Sustainable Development Goals adopted at the UN summit held in September 2015.

II Management Systems

1. Corporate Governance

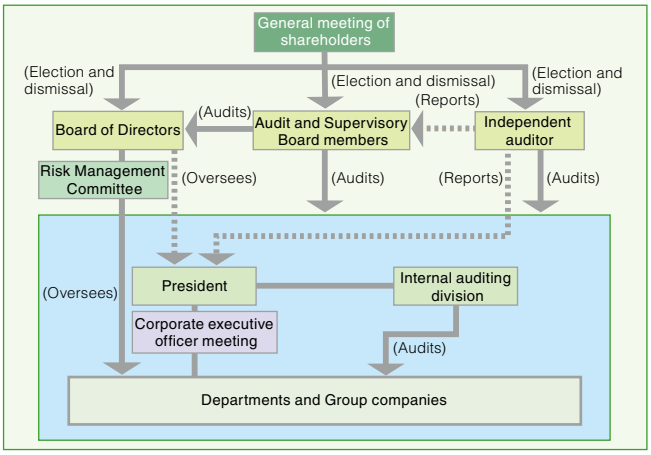
(1) Underlying Philosophy

We take very seriously the managerial responsibilities with which our shareholders have entrusted us. Thus we strive to ensure that our management organization and operations are appropriate. Our top priority is to guarantee that management is fair by making it as transparent as possible.

(2) Organization

We are reinforcing corporate governance with the aim of boosting management transparency and efficiency. We have divided the management functions into two main areas: decision-making and supervisory functions; and executive functions. The former functions are handled by directors (Board of Directors) and the latter by corporate officers (at Corporate Executive Officer meetings). Nippon Chemiphar has a board of company auditors, the Audit and Supervisory Board. Members participate in Board of Directors' and other important meetings, thereby determining the overall activities of the directors and executive officers, while conducting audits from a strictly neutral perspective.

Management Organization



Structural Overview (As of June 19, 2020)

Organizational Composition	Board of Directors, Audit and Supervisory Board
Number of directors (of whom are outside directors)	7 (2)
Number of auditors (of whom are outside directors)	3 (2)
Director' s term of office	Two years
Adoption of an executive officer system	Yes

(3) Auditing

Our auditors ensure the legality of our operations by inspecting them and ensuring they meet our auditing standards and auditing plan. They attend Board of Directors' and other important management meetings, as well as inspect and verify reports they receive from directors, corporate officers, and employees. Should the need arise, they also verify operations and assets.

This has allowed the Company to established a system with auditing functions sufficient for the establishment of fundamental policies and priorities, as well as the appropriate execution of business. In addition, in the executive department we have set up the President's Office Internal Audit Division, a body directly controlled by the president and designed to strengthen the Company's internal controls.

(4) Selection of Independent Outside Directors, Auditors

When designating outside directors or auditors, the Company selects candidates who satisfy both the independence requirements of the Tokyo Stock Exchange, as well as the Company's standards for determining independence for outside directors.

The candidates must also be specialists with experience in their areas of expertise and have sophisticated knowledge, experience, and ability based on work experience related to the Company's fields of business. Finally, all candidates must possess a sense of responsibility.

Main Committee Meetings, Attendance during FY2019

Board of Directors' meetings	13 times
Outside director attendance	100%
Outside auditor attendance	100%
Audit and Supervisory Board meetings	18 times
Outside auditor attendance	100%

Note: The attendance of directors who took office during the course of the fiscal year has been determined based on the number of meeting held, and conditions following, their appointments.

2. Internal Controls and Risk Management

(1) Internal controls

We have established a Fundamental Internal Control Policy based on the Companies Act and the Regulation for Enforcement of the Companies Act. In addition, we have set up a framework that ensures our operations are appropriate in terms of risk management compliance, the efficient performance of professional duties, and reliable financial reporting.

Further, we have created an Internal Auditing Division, which operates under the direct supervision of the president and CEO. This division cooperates with various committees, including the Risk Management Committee, to investigate the appropriateness of our operations and suggest improvements.

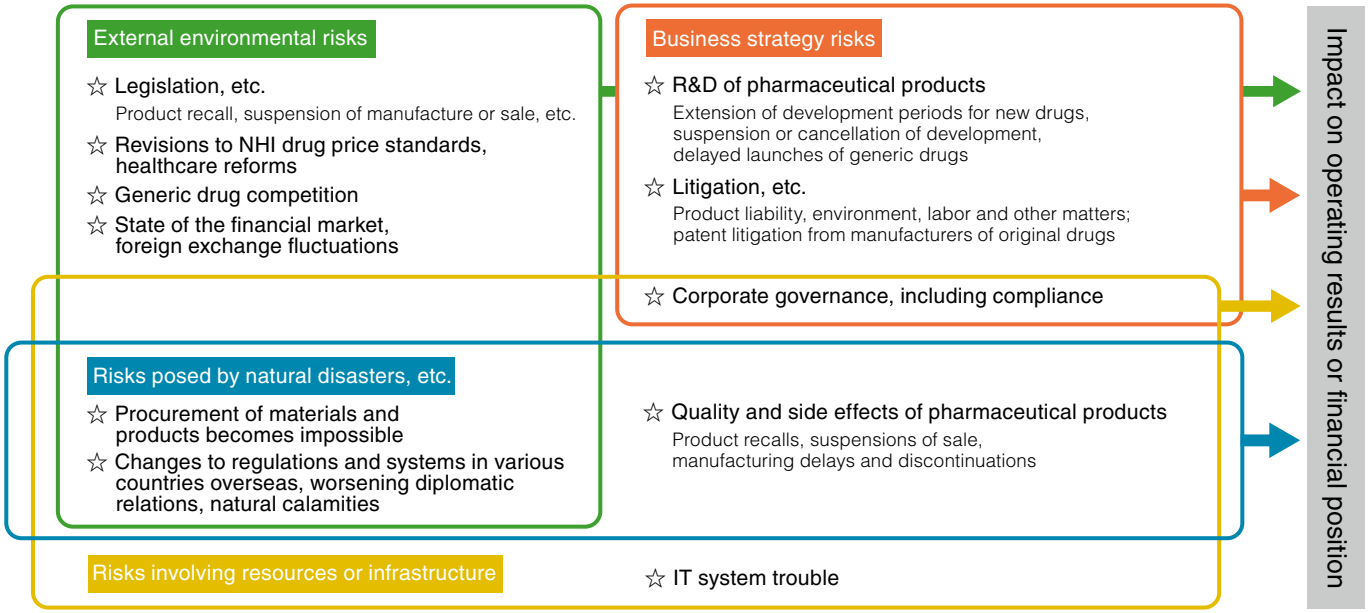
(2) Risk management

In accordance with our Fundamental Internal Control Policy, we have established a set of risk management rules to foster comprehension, management, and response to a variety of risks that have significant impact on the administration of our businesses.

The rules include provision for the creation of a Risk Management Committee, with the director in charge of risk management serving as its chairperson. We also have set up individual committees to respond to risks related to compliance and information security, and are sharing relevant information with our employees.

Overall, we are strengthening our systems to ensure a swift response to any serious risks, to inhibit risks, and to minimize the impact any risks may have on our businesses. In this connection, we compiled guidelines, titled "Rules Concerning the Immediate Reporting of Serious Risks."

Business and Other Risks (Presented in securities report)



On-site inspections by the Fair Trade Commission

In March, the Fair Trade Commission announced that it issued a cease and desist order and a payment of surcharge order to a manufacturer and seller of Calvan tablets in accordance with the Anti-Monopoly Act.

In 2018, the Company applied for application of the act's leniency policy in response to an incident involving sales of orally disintegrating (OD) lanthanum carbonate tablets. When conducting internal investigations in connection with its request, the Company discovered earlier misdeeds. It voluntarily reported these acts to the Fair Trade Commission and has cooperated fully with subsequent Fair Trade Commission investigations.

Although the Fair Trade Commission took no administrative action against Nippon Chemiphar regarding the misconduct, we have taken this issue very seriously. We are strengthening compliance among executives and staff, implementing measures to prevent repeat offenses, and are earnestly striving to restore the trust of our stakeholders.

3. Directors, Corporate Auditors and Executive Officers (As of October 1, 2020)

(Back row, from left)
Outside Director Yuji Harada; Corporate Officers, Masahide Yasumoto and Yasushi Hatakeda; Outside Director Masaki Yoshino

(Front row, from left)
Senior Managing Corporate Officer Masanori Kutsuwada; President and CEO Kazushiro Yamaguchi; Director and Managing Corporate Officer Tomio Yamakawa

(From left)
Audit & Supervisory Board Members Tsuyoshi Takahashi (part-time), Sakaru Makino (full-time) and Naoshige Shindo (part-time)

(From left)
Corporate officer Toshiki Nakai, Shinichi Kudo, Shinji Nakajima and Koki Hayamizu

III Medical Professionals and Patients

It is said that drugs cannot fulfill their proper roles unless they are used together with the appropriate information. Bearing this in mind, we are quick to provide medical institutions with accurate information about the proper use of our drugs. We do this through our medical representatives (MRs), who are located nationwide.

At the same time, we work to collect information on quality and safety, consolidate collected safety particulars, and provide this to assist in creating new pharmaceutical preparations.

1. Initiatives to Ensure Proper Use of Drugs

We train our MRs to provide information and we teach them about the proper use and efficacy of our products. With the patient always in mind, we strive to cultivate human resources who can serve as members of team-based healthcare for pharmacotherapy partners.

A variety of information is available on our website. Information targeting medical professionals includes news about National Health Insurance price revisions, and guidance on administering drugs.

We also supply information about generics, and provide recipes for therapeutic food and other information for patients. We make available various leaflets about new drugs and generics, providing information to meet medical institutions' needs.

Further, we provide separate websites for medical professionals and patients concerning hyperuricemia and gout. The data is tailored to groups' different needs and levels of knowledge.

(1) Role of MRs

Nationwide, we have approximately 200 MRs, whose function is to provide information on the use of drugs and instructions for patients, as well as to meet other needs of medical institutions.

Through them, we are providing IT-based information to help prevent the spread of the novel coronavirus pandemic.

We continue working to ensure the efficiency of our MRs by maintaining ties with individual medical institutions, particularly core hospitals that are central to regional healthcare.

(2) Platform for Learning

The Company conducts seminars and has study groups for various medical conditions, including dementia and lifestyle-related illnesses.

We provide medical professionals with the most up-to-date information and serving as a venue for exchanges of opinion related to treatment.

(3) Oncology Market

With the number of oncology patients growing as society ages, demand is increasing for generic anti-cancer agents. We encourage employees, who have cancer-related skills, to support MRs and, in addition, we have started to conduct seminars for healthcare professionals on oncology drug therapies.

(4) Support Materials

For physicians and pharmacists we publish a periodical by means of which we share our latest information. We also produce pamphlets that provide guidance on various types of nutrition-related and exercise therapies, as well as on health management.

Through these supporting materials, we are doing our best to help improve the quality of healthcare.

(5) Response to Inquiries Swift

To ensure accurate and speedy responses to telephone inquiries from medical professionals and patients, we have established a customer support office to help provide information on the appropriate use of our pharmaceuticals.

2. Strengthening Supply System

We are diversifying our active pharmaceutical ingredient procurement partners and stepping up inspections of local manufacturing facilities in order to provide a stable supply of medications.

Support for stable supplies comes from the Group's Tsukuba Factory, which has the industry's first fully seismically isolated structure in this earthquake-prone nation. Our factory in Vietnam also helps maintain product supply levels.

Still focusing on ensuring stable supplies, we continue to improve our supply framework throughout our supply chain, from development and manufacturing to sales.

To help thwart the spread of the coronavirus, we are recommending telework and staggered working hours, while implementing measures including online conferencing. We will continue striving to prevent interruptions to our steady supply of pharmaceutical products by adopting the appropriate countermeasures at our factories.

3. Quality, Information Paramount

We are working on initiatives to ensure the quality of both generics and proprietary products, as well as to provide information more effectively. At the same time, we are devising ways to improve the visibility and user-friendliness of our products.

When packaging our products, we take ample care to ensure the safety and security of medical professionals and patients alike. Examples of such activities include using press-through packaging sheets for oral medications and employing external packaging to prevent exposure to anticancer medications.

Product Initiatives Aimed at Safety and Convenience

Improving Visibility and Convenience

Visibility

1. Matte press-through packaging
   Reduced shine makes it easier to read the information and instructions written on the aluminum backing of medication packaging.
2. Universal design font
   For sheets of press-through packaging and outer packaging, we use a font that is highly legible, to prevent misreading.

Convenience

3. Tablet imprint
   All tablets are scored on both sides, with the name of the drug and the maker printed on the top and bottom half, respectively, on one side, and the bottom and top half on the other side.

Enhancing Safety—Special Packing for Anticancer Drugs

Designed to reduce exposure

After filling a vial with medication, any remaining anti-cancer agent is cleaned away from the outer surface of the vial, which is then wrapped in film.

Prevents bottles breaking, contents scattering

Cushioning material is placed at the bottom of the vial before it is covered in shrink-wrap film.

IV Community Participation

As members of local communities and society, we support projects that benefit the communities and society in which our offices are located. Our aim is to grow, while being an integral part of society.

1. Cooperation with Local Communities

Combining regional contribution and environmental promotion, we conduct cleanup activities—around Nippon Chemiphar's headquarters and Soka offices, as well as the Tsukuba Factory of Nihon Pharmaceutical Industry—and hold blood drives twice each year on an ongoing basis.

2. Volunteer Activities

We have established an internal volunteer leave system that encourages employees to take an active part in volunteer activities, including social welfare initiatives and rescue efforts in disaster areas.

We support people with disabilities through donations to NPO Hands On Tokyo and another association that also supports those with disabilities among other activities.

3. Recycling, Support for Developing Countries

We help developing countries through such activities as collecting pet bottle caps, books and miswritten postcards. In Japan, caps and books can be collected and sold to recycling companies, while cards can be exchanged through the postal service for money. Group companies have been generating donations in this way since 2011.

Books donated by employees to raise funds for developing countries.

V Environment-related Initiatives

In order to help make our society more sustainable, we are convinced that companies must consider the environmental impact of their business activities.

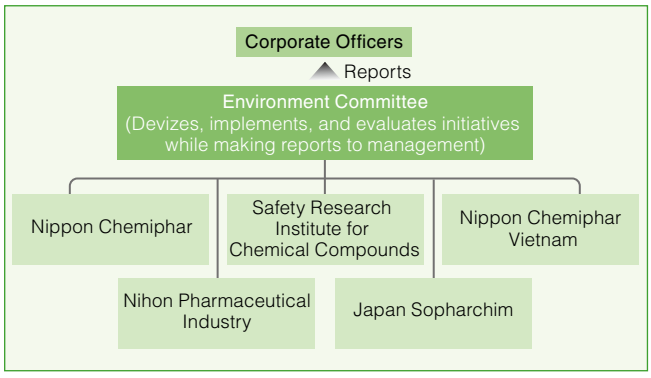
The Nippon Chemiphar Group ensures that its activities are conducted in accordance with the basic policies it has formulated, endeavoring to reduce the environmental impact of its business pursuits.

1. Basic Policies

(1) We seek to minimize our footprint in all our business activities, including R&D, manufacturing, and sales, by using resources and energy efficiently, minimizing waste, reusing, and recycling.
(2) The management system of our Group focuses on environmental conservation.
(3) Our corporate transparency benefits from the release of impartial, appropriate information concerning the conservation of the environment.
(4) We are striving to make our employees eco-conscious and to teach them how to protect the environment.

2. Environment Conservation

We have an Environment Committee to devise, implement, and evaluate environment-related conservation initiatives for the entire Company. We are continuing to carry out initiatives to protect the global environment as a Companywide theme. We have launched a campaign to conserve electricity, and in-house training to enhance awareness of environment-related activities.



3. Impact of Group Operations

Materials Used in Our Business Activities

INPUT

Energy	Electricity	16,538 kwh
	Gasoline	510 kl
	Heavy oil	107 kl
	Light oil	305 kl
	Kerosene	700 t
	LPG	2 t
	Town gas	248,399 t
	Total	235,184 GJ
Water Consumption (by factories, laboratory)	Tap water	35,184 m^3
	Well water	86,152 m^3
	Total	99,015 m^3
Materials	Raw materials	413 t
	Packaging materials	97 t
	Total	510 t

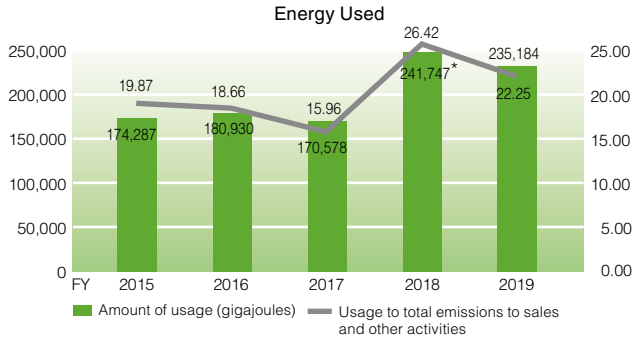
OUTPUT

Into Atmosphere	CO_2 emissions	11,754 t-CO_2
	PRTR-related substances	0.00 t
As Industrial Waste Water (from factories, laboratory)	Used water	38,510 m^3
	PRTR-related substances	0.17 t
As Waste	General waste	143 t
	Industrial waste	156 t
	PRTR-related substances	3.07 t

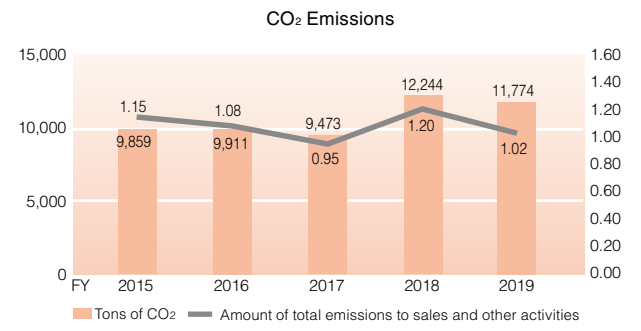
RECYCLING

	Container and packaging recycling	15 t

● INPUT



● OUTPUT

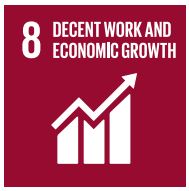


* Commercial production was launched at our factory in Vietnam in November 2018, pushing up our FY2018 energy usage. We will continue to conduct energy conservation initiatives at our offices in Japan and overseas while working to reduce our environmental footprints.

Note: The above tables and charts apply to the period from April 1, 2019 to March 31, 2020, for all Nippon Chemiphar Group offices.

VI Employees

The Nippon Chemiphar Group believes employee diversity in terms of gender, gender orientation, nationality, workstyle, and values to be the cornerstone of corporate vitality and growth that leads to the enhancement of corporate value. The Group is striving to create a corporate culture that enlivens the individuality and talents of each employee.



1. Women's Participation and Advancement

We hire women, promote women to management positions, and incorporate a variety of viewpoints and ways of thinking in business management. We will continue to make our workplaces more enjoyable and the work more fulfilling through the presence of hardworking female veteran employees and managers, who serve as role models for ambitious female colleagues.

Our support for participation by female employees involves efforts to raise awareness among all employees. As an example of our approach, we conduct surveys of employee awareness and needs concerning the promotion of active participation by women. Further, through the Company newsletter, we inform staff about topics related to work–life balance; roundtable discussions held by female employees raising children; and the activities of men who have taken childcare leave. We also have formulated an action plan, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, the details and numerical targets of which are given below. We plan to continue our efforts to create an organization that enables female employees and managers to take pride in their work.

Men who have taken childcare leave take part in roundtable discussions.

(As of March 31, 2020)

Action Plan (April 1, 2019–March 31, 2020)	Result
1) Have women represent more than 50% of newly hired recent graduates, to improve the ratio of women in sales jobs.	70.0%
2) Have women account for more than 10% of managers.	11.4%

2. Diversity Initiatives

We believe that employee diversity—including differences in sex, gender roles, nationality, workstyles, and individual values—provide foundations for company vitality and growth, thereby boosting corporate value. The Group is working to create a corporate culture that draws on the various characteristics and abilities of its employees, while at the same time promoting the participation and advancement of women in the workplace.

In response to an increase in business with companies abroad, resulting from the establishment of the Vietnam factory, we are recruiting—without regard for nationality or gender—human resources highly specialized in our Group's strategic areas.

We are continuing to develop employment opportunities for people with disabilities in order to provide a workplace environment that is comfortable for everyone.

Some of the staff at the Vietnam Factory

3. Mechanisms, Training Systems That Use Employee Abilities

We provide employees with training and support systems, tailored to different ages and types of work, in order to expand their capabilities and develop next-generation managers. We support our employees by conducting performance-based evaluations; applying rating standards that assess managerial ability; encouraging the acceptance of challenges; establishing personnel systems that accommodate a variety of workstyles to fit each employee's life stage; and promoting diversity. And to develop human resources that can play an active role on the global stage, we send researchers to university overseas, support employees studying to earn an MBA, and subsidize the TOEIC test.

Support to Increase Human Resources Capabilities

Rank-based Training

- Leader training
- Management training
- Training for newly appointed managers
- Level-appropriate training for team, section and general managers
- Training for newly appointed executives
- Evaluator training

Support for Elective Education

- Support for acquiring an MBA
- Researcher education
- Dispatch to management team seminars

Personal Development

- Correspondence education
- IT training
- Support for obtaining public certifications
- External public lectures
- TOEIC IP test

4. Harassment Prevention and Mental Health

In order to prevent our employees from being perpetrators or victims either within or outside the Company, all employees learn about sexual, power, and maternity harassment.

Company regulations prohibit sexual harassment and we have a sexual harassment prevention manual. In addition, we have in place internal and third-party hotlines for preventing, and improving responses to, various types of harassment.

Finally, we strive to maintain and improve employee mental health by conducting yearly stress checks on all our staff, and offering interviews and guidance conducted by physicians to interested parties.

5. Supporting Work–Life Balance

In FY2016, we introduced a system whereby employees can leave work on time, to ensure they have sufficient private time. Then, in FY2017, we started to encourage employees to take the paid time off to which they are entitled. Since then, we have been searching for ways to reduce and manage overtime, as we raise awareness regarding the array of possible workstyles.

We have a variety of systems that enable all staff to demonstrate their skills and, at the same time, work in a comfortable environment. Under a discretionary work system, flextime allows staff to decide for themselves when to start and end their workday.

Moreover, our re-employment system allows senior employees to continue working after retirement.

We have adopted various systems that take into consideration each employee's personal circumstances and preferences. When we select a work environment for our staff, we ensure that they can make full use of their experience and expertise.

We introduced a number of work-related measures designed to protect our employees from the novel coronavirus pandemic that began at the end of FY2019. These measures involve recommending teleworking and staggered working hours, as well as implementing online conferencing. We will continue to strive to prevent interruptions to our stable supply of pharmaceutical products while protecting the safety of our employees.

Financial Section

Ten-year Consolidated Performance Overview[1]

		FY2010 (Ended March 31, 2011)	FY2011 (Ended March 31, 2012)	FY2012 (Ended March 31, 2013)	FY2013 (Ended March 31, 2014)
Income Statement:	Net sales	27,361	28,513	31,944	31,893
	Pharmaceutical products segment	26,205	27,325	30,864	30,773
	Generics	17,990	19,721	23,630	24,405
	Proprietary products	6,148	5,746	4,795	4,312
	Others segment	1,155	1,188	1,079	1,119
	Cost of sales	12,990	12,871	14,922	15,128
	Selling, general and administrative expenses	12,371	12,718	13,147	13,437
	R&D expenses	1,878	1,790	1,936	1,668
	Operating profit	1,999	2,923	3,873	3,327
	Ordinary profit	1,818	2,776	3,714	3,206
	Profit attributable to owners of parent	573	1,439	2,125	1,887
Financial position at year end:	Total assets	30,786	33,790	35,488	40,106
	Total net assets	8,964	10,230	12,408	13,501
Cash flow from:	Operating activities	2,748	1,753	1,912	1,892
	Investing activities	(640)	(227)	(1,422)	(2,499)
	Financing activities	(949)	63	(713)	(205)
Capital expenditure and other:	Capital expenditure	584	1,014	1,153	3,366
	Depreciation and amortization	775	747	840	862
Amounts per share[2]:	Earnings per share (¥)	139.46	346.21	517.70	461.97
	Book value per share (¥)	2,129.16	2,489.19	3,022.76	3,369.70
	Dividends per share (¥)	30.0	50.0	100.0	100.0
Indexes:	EBITDA (millions of yen)	2,823	3,744	4,747	4,252
	Operating income to sales (%)	7.3	10.3	12.1	10.4
	Return on equity (%)	7.2	15.0	18.8	14.6
	Return on assets[3] (%)	6.0	8.6	10.7	8.5
	Debt-to-equity ratio (%)	122.4	113.1	90.6	89.7
	Equity ratio (%)	29.1	30.3	34.9	33.6
	Dividend payout ratio (%)	21.5	14.4	19.3	21.6
	Number of employees	711	682	679	699

Notes:
1. The figures in these materials are all publicly disclosed figures according to Japanese GAAP as of the disclosure date. Please understand that these materials may be updated or revised without prior notice.
2. As we conducted a 10 :1 reverse stock split on October 1, 2016, per share data have been adjusted as if the split had been conducted at the start of FY2010.
3. Return on assets = Ordinary profit / [(total assets for the previous term + total assets for this term) / 2].
4. Announced on May 18, 2020.

Analyses of Operating Results and Financial Position for FY2019

I. Summary of FY2019 Business Results

1. Sales

The Nippon Chemiphar Group aims to expand generics sales through various efforts, including informative activities associated with the promotion of new drugs and sales channel diversification. However, generics sales were down 5.6% YOY due to factors such as the impact of NHI drug price revisions implemented in October 2019, large-scale new product launches that were postponed until the following fiscal year or later, and intensified market competition caused by the rising prominence of authorized generics.

Although the number of medical institutions adopting PICOPREP has steadily increased since February, sales of proprietary products and new drugs declined 12.3% YOY due to the impact of NHI drug price revisions; the substitution of generic drugs for proprietary products such as Uralyt and Soleton; and changes in the handling method for export products.

In the Others segment, sales decreased 25.1% YOY due to high sales from contracted clinical and preclinical testing recorded during the previous fiscal year. As a result of these conditions, consolidated sales were ¥31,756 million (down 7.1% YOY).

2. Income

Despite our efforts to reduce recurring and other expenses, operating income came to ¥364 million (down 75.1% YOY)

(Millions of yen)

FY2014 (Ended March 31, 2015)	FY2015 (Ended March 31, 2016)	FY2016 (Ended March 31, 2017)	FY2017 (Ended March 31, 2018)	FY2018 (Ended March 31, 2019)	FY2019 (Ended March 31, 2020)	Forecast for FY2020[4] (Ending March 31, 2021)
35,118	35,602	35,689	35,331	34,182	31,756	33,000
34,168	34,509	34,551	34,279	32,682	30,632	—
27,400	29,016	29,204	30,115	28,238	26,661	26,590
3,400	2,920	2,308	2,038	1,560	1,368	2,110
949	1,092	1,137	1,051	1,500	1,123	—
18,352	18,803	19,449	19,535	19,654	19,200	—
13,480	13,653	13,403	13,947	13,063	12,190	—
1,755	1,889	1,984	2,280	2,066	2,173	2,200
3,285	3,145	2,836	1,848	1,464	364	600
3,217	2,945	2,849	1,696	1,512	307	500
1,899	1,961	2,054	1,160	881	436	300
41,428	43,644	47,002	46,698	46,926	45,862	—
15,626	16,041	17,355	17,487	17,863	17,392	—
2,438	2,450	2,737	3,188	2,196	1,394	—
(2,072)	(151)	(2,504)	(1,606)	(960)	326	—
(137)	(935)	787	(1,741)	110	(961)	—
1,710	1,172	2,928	1,645	784	660	810
1,200	1,178	1,112	1,192	1,345	1,272	1,300
474.49	499.12	530.02	315.28	245.11	121.42	83.45
3,900.05	4,099.74	4,548.80	4,859.86	4,963.24	4,830.92	—
100.0	100.0	100.0	100.0	100.0	50.0	50.0
4,588	4,280	4,104	3,025	2,987	1,704	—
9.4	8.8	7.9	5.2	4.3	1.1	1.8
13.1	12.4	12.3	6.7	5.0	2.5	—
7.9	6.9	6.3	3.6	3.2	0.7	—
80.1	81.1	85.3	84.0	85.7	85.2	—
37.7	36.7	36.9	37.4	38.0	37.9	—
21.1	20.0	18.9	31.7	40.8	41.2	59.9
743	756	769	816	846	807	—

due to a decline in sales, a higher cost of sales ratio caused by NHI drug price revisions, and a rise in R&D expenses associated with progress in the development stages of new drugs. Net income attributable to owners of the parent fell to ¥436 million (down 50.5% YOY) in reaction to a gain on the sale of investment securities recorded in November 2019.

II. Annual Forecasts

We expect ¥33,000 million (up 3.9% YOY) in consolidated net sales in FY2020, thanks to expanded sales of newly launched generic drugs and additional sales of Klaricid, for which we acquired sales rights in July 2020.

Regarding profits, operating income is forecast at ¥600 million (up 64.5% YOY). However, we project ¥300 million in net income attributable to owners of parent (down 31.3% YOY), with the YOY decline due to gain on the sale of investment securities recorded during the previous fiscal year.

These projections do not account for potential impact from the novel coronavirus pandemic. We will monitor future trends and promptly announce any revisions to this forecast, should they be necessary.

III. Dividends Forecasts

As mentioned above, we project a decline in net income attributable to owners of the parent. However, we are forecasting an increase in operating income and income before income taxes and minority interests in FY2020 due to expanded sales of newly launched generic drugs and additional sales of acquired products, as well as lower expenses. In accordance with our aim to provide shareholder return under these circumstances, we forecast a dividend per share of ¥50.0 (with a payout ratio of 59.9%).

Consolidated Balance Sheets

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 (FY2019) and 2019 (FY2018)

(Millions of yen)

	FY2018	FY2019
Assets		
Current assets:		
Cash and deposits	9,333	10,079
Notes and accounts receivable—trade	7,963	7,368
Electronically recorded monetary claims	4,795	3,993
Merchandise and finished goods	4,351	4,400
Work in process	893	1,249
Raw materials and supplies	1,125	1,615
Income taxes receivable	—	161
Other current assets	205	446
Total current assets	28,668	29,314
Non-current assets:		
Property, plant and equipment		
Buildings and structures	15,865	15,977
Accumulated depreciation	(10,060)	(10,456)
Buildings and structures, net	5,804	5,521
Machinery, equipment and vehicles:	8,387	8,622
Accumulated depreciation	(6,139)	(6,607)
Machinery, equipment and vehicles, net	2,247	2,014
Tools, furniture and fixtures:	2,321	2,366
Accumulated depreciation	(1,929)	(2,022)
Tools, furniture and fixtures, net	391	344
Land	5,064	5,064
Lease assets	460	486
Accumulated depreciation	(195)	(246)
Lease assets, net	264	240
Construction in progress	17	—
Total property, plant and equipment	13,790	13,185
Intangible assets:		
Patent right	30	25
Franchise	117	100
Lease assets	36	32
Software	173	146
Telephone subscription right	18	18
Total intangible assets	375	324
Investments and other assets:		
Investment securities	2,869	1,853
Long-term prepaid expenses	364	318
Lease and guarantee deposits	100	94
Deferred tax asset	408	419
Other	410	412
Allowance for doubtful accounts	(63)	(61)
Total investments and other assets	4,089	3,037
Total non-current assets	18,256	16,547
Deferred assets:		
Bond issuance cost	1	0
Total Deferred asset	1	0
Total assets	46,926	45,862

(Millions of yen)

	FY2018	FY2019
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	1,926	1,745
Electronically recorded obligation	5,048	5,436
Short-term loans payable	432	400
Current portion of long-term loans payable	2,495	2,660
Lease obligations	104	104
Accounts payable-other	43	240
Income taxes payable	213	63
Accrued consumption taxes	195	72
Accrued expenses	2,540	2,143
Deposits received	175	136
Provision for sales returns	2	1
Provision for sales promotion expenses	450	395
Other	197	339
Total current liabilities	13,825	13,739
Non-current liabilities:		
Bonds payable	200	200
Long-term loans payable	12,158	11,537
Lease obligations	236	198
Provision for directors' retirement benefits	467	445
Net defined benefit liability	636	590
Deferred tax liabilities for land revaluation	1,115	1,115
Other	422	642
Total non-current liabilities	15,237	14,730
Total liabilities	29,063	28,470
Net Assets		
Shareholders' equity:		
Capital stock	4,304	4,304
Capital surplus	1,303	1,303
Retained earnings	12,113	12,186
Treasury stock	(3,187)	(3,187)
Total shareholders' equity	14,535	14,607
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,079	571
Revaluation surplus of land	2,513	2,513
Foreign currency translation adjustments	(70)	(62)
Remeasurements of defined benefit plans	(213)	(262)
Total Accumulated other comprehensive income	3,308	2,759
Subscription rights to shares	19	25
Total net assets	17,863	17,392
Total liabilities and net assets	46,926	45,862

Consolidated Statements of Income

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 (FY2019) and 2019 (FY2018)

(Millions of yen)

	FY2018	FY2019
Net sales	34,182	31,756
Cost of sales	19,655	19,202
Gross profit	14,526	12,554
Reversal of provision for sales returns	0	1
Gross profit-net	14,527	12,555
Selling, general and administrative expenses	13,063	12,190
Operating profit	1,464	364
Non-operating income:		
Interest income	0	0
Dividend income	51	52
Rent income on non-current assets	6	6
Share of profit of entities accounted for using equity method	21	18
Foreign exchange gains	77	—
Dividend income of insurance	14	13
Contribution for facilities	26	45
Other	25	14
Total non-operating income	225	152
Non-operating expenses:		
Interest expenses	129	124
Foreign exchange losses	—	58
Commission fee	31	9
Other	16	18
Total non-operating expenses	177	210
Ordinary profit	1,512	307
Extraordinary income:		
Gain on sales of investment securities	—	475
Total extraordinary income	—	475
Extraordinary losses:		
Impairment loss	18	—
Loss on valuation of investment securities	—	49
Loss on cancellation of contracts	40	—
Total extraordinary losses	58	49
Profit before income taxes	1,454	732
Current	510	139
Deferred	62	156
Total income taxes	572	296
Profit	881	436
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	881	436

Consolidated Statements of Comprehensive Income

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 (FY2019) and 2019 (FY2018)

(Millions of yen)

	FY2018	FY2019
Profit	881	436
Other comprehensive income:		
Valuation difference on available-for-sale securities	(71)	(507)
Foreign currency translation adjustment	(115)	7
Remeasurements of defined benefit plans	40	(48)
Total other comprehensive income	(145)	(548)
Comprehensive income	735	(112)
Total comprehensive income attributable to:		
Owners of the parent	735	(112)
Minority interests	—	—

Consolidated Statements of Income

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 (FY2019) and 2019 (FY2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2018	4,304	1,303	11,596	(3,185)	14,019
Changes in the fiscal year					
Dividends of surplus			(363)		(363)
Profit attributable to owners of parent for the fiscal year			881		881
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	517	(1)	515
Balance at March 31, 2019	4,304	1,303	12,113	(3,187)	14,535
Changes in the fiscal year					
Dividends of surplus			(363)		(363)
Profit attributable to owners of parent for the fiscal year			436		436
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	72	(0)	72
Balance at March 31, 2020	4,304	1,303	12,186	(3,187)	14,607

(Millions of yen)

	Shareholders' equity					Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2018	1,150	2,513	45	(254)	3,454	13	17,487
Changes in the fiscal year							
Dividends of surplus							(363)
Profit attributable to owners of parent for the fiscal year							881
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	(71)		(115)	40	(145)	5	(140)
Total changes of items during period	(71)	—	(115)	40	(145)	5	375
Balance at March 31, 2019	1,079	2,513	(70)	(213)	3,308	19	17,863
Changes in the fiscal year							
Dividends of surplus							(363)
Profit attributable to owners of parent for the fiscal year							436
Purchase of treasury shares							(0)
Net changes of items other than shareholders' equity	(507)		7	(48)	(548)	5	(542)
Total changes of items during period	(507)	—	7	(48)	(548)	5	(470)
Balance at March 31, 2020	571	2,513	(62)	(262)	2,759	25	17,392

Consolidated Statements of Cash Flows

Nippon Chemiphar Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2020 (FY2019) and 2019 (FY2018)

(Millions of yen)

	FY2018	FY2019
Cash flows from operating activities:		
Profit before income taxes	1,454	732
Depreciation	1,345	1,272
Impairment losses	18	—
Increase (decrease) in provision for sales promotion expenses	49	(54)
Increase (decrease) in provision for directors' retirement benefits	23	(22)
Decrease in net defined benefit liability	(63)	(89)
Interest and dividend income	(52)	(53)
Interest expenses	129	124
Foreign exchange losses (gains)	(77)	58
Gain on sales of investment securities	—	(475)
Loss on valuation of investment securities	—	49
Decrease in notes and accounts receivable—trade	780	1,397
Increase in inventories	(225)	(896)
Increase in other current assets	(88)	(131)
Increase (decrease) in long-term prepaid expenses	(32)	42
Increase (decrease) in notes and accounts payable – trade	(499)	208
Decrease (increase) in accrued consumption taxes	1	(117)
Decrease in other current liabilities	(324)	(260)
Increase in other non-current liabilities	412	220
Other, net	(2)	(115)
Subtotal	2,847	1,889
Interest and dividend income received	57	61
Interest expenses paid	(132)	(125)
Income taxes paid	(576)	(431)
Net cash provided by operating activities	2,196	1,394
Cash flows from investing activities:		
Payments into time deposits	(96)	(96)
Proceeds from withdrawal of time deposits	96	96
Purchase of non-current assets	(877)	(449)
Purchase of investment securities	(55)	(6)
Proceeds from sales of investment securities	—	778
Proceeds from collection of guarantee deposits	3	16
Other, net	(30)	(14)
Net cash used in investing activities	(960)	326
Cash flows from financing activities:		
Net decrease in short-term loans payable	(44)	(32)
Proceeds from long-term loans payable	3,350	2,250
Repayments of long-term loans payable	(2,698)	(2,706)
Purchase of treasury shares	(1)	0
Cash dividends paid	(364)	(364)
Other, net	(130)	(109)
Net cash provided by (used in) financing activities	110	(961)
Effect of exchange rate changes on cash and cash equivalents	18	(12)
Net increase (decrease) in cash and cash equivalents	1,364	745
Cash and cash equivalents at the beginning of the fiscal year	7,890	9,254
Cash and cash equivalents at the end of the fiscal year	9,254	10,000

Corporate Data

Company Name: Nippon Chemiphar Co., Ltd.
Founded: June 16, 1950
Capitalization: ¥4,304 million
Securities Exchange: Tokyo Stock Exchange (First Section)
Employees: 807 (Consolidated, as of March 31, 2020)
Website: https: //www.chemiphar.co.jp/english/

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Fax: +81-3-3864-5940

Discovery Research Laboratories:
1-22, Hikokawado, Misato City, Saitama Prefecture, 341-0005, Japan

Group Companies

Subsidiaries:
Nihon Pharmaceutical Industry Co., Ltd.
Safety Research Institute for Chemical Compounds Co., Ltd.
Nippon Chemiphar Vietnam Co., Ltd.

Affiliated Company:
Japan Sopharchim Co., Ltd.

History

1950	Hitachi Chemical Co., Ltd. (as Chemiphar was formerly known) is set up
1969	Nihon Pharmaceutical Industry Co., Ltd. (NPI) becomes an affiliated company
1970	Company changes name to Nippon Chemiphar Co., Ltd.
1971	Listed on Tokyo Stock Exchange (Second Section)
1976	Listed on Tokyo Stock Exchange (First Section) and starts diagnostics business Establishes Japan Sopharchim Co., Ltd. (currently an affiliated company)
1986	Safety Research Institute for Chemical Compounds Co., Ltd. becomes a subsidiary
1988	Launches Uralyt-U (soluble powder)
1993	Launches Soleton Tab. 80
1995	Launches Calvan Tab.
2010	NPI becomes a wholly owned Chemiphar subsidiary; Chemiphar spins off its Ibaraki Factory to NPI (NPI' s current Tsukuba Factory)
2012	Launches DP3000
2014	New plant at NPI' s Tsukuba Factory comes on line
2015	Establishes Nippon Chemiphar Vietnam Co., Ltd. (NC-VN)
2017	Establishes West Japan Distribution Center, creating one base each in eastern and western Japan
2018	NC-VN Vietnam factory starts exporting to Japan
2019	Acquires approval for the manufacture and sale of PICOPREP from Ferring Pharmaceuticals Co., Ltd.
2020	Launches DropScreen™ Acquires sales rights for Klaricid from Mylan EPD G.K.

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