



Nippon Chemiphar Co., Ltd.

(TSE 4539)

FY2022 First Quarter Business Summary

(Year Ending March 31, 2023)



Chemiphar

Highlights

Sales

Despite the impact of NHI drug price revisions, our generics sales were up 10.8% YOY due mainly to ongoing response to demand stemming from quality issues encountered by other companies that manufacture and sell generic drugs and strong sales of recently launched generic drugs. Sales of proprietary products and new drugs declined 29.1% YOY due to the impact of NHI drug price revisions.

Diagnostics sales were up 30.1% YOY thanks to steady growth in the performance of DropScreen™.

Consequently, sales generated through the pharmaceutical products segment amounted to ¥8,214 million (up 11.3% YOY).

Sales in the others business segment came to ¥210 million (up 6.6% YOY) thanks primarily to strong order acquisition achieved through

subsidiaries performing contracted non-clinical and clinical testing services.

Accordingly, consolidated net sales came to ¥8,425 million (up 11.2% YOY).

Profit

Despite a higher cost of sales ratio stemming from NHI drug price revisions, we recorded ¥175 million in operating profit (versus an operating loss of ¥26 million in first quarter of FY2021) thanks to an increase in sales. Ordinary profit amounted to ¥514 million (versus ¥15 million in first quarter of FY2021) due mainly to foreign exchange gains.

Meanwhile, profit attributable to owners of parent finished at ¥653 million (versus ¥13 million in loss attributable to owners of parent in first quarter FY2021) due to sale of

investment securities.

Both ordinary profit and profit attributable to owners of parent exceeded corresponding projections included in the full-year forecast we released on May 26, 2022.

Sales, Income

(¥mn)

	FY2021			FY2022				
	1Q Amount	Distrib. (%)	Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
Net sales	7,575	100.0	32,506	8,425	100.0	11.2	35,000	24.1
Pharmaceuticals	7,377	97.4	31,501	8,214	97.5	11.3	—	—
Generics, proprietary products and new drugs	6,569	86.7	28,037	7,129	84.6	8.5	29,000	24.6
Diagnostics	462	6.1	2,163	601	7.1	30.1	3,120	19.3
Others	197	2.6	1,004	210	2.5	6.6	—	—
Cost of sales	5,529	73.0	23,432	6,200	73.6	12.1	—	—
SG&A expenses	2,071	27.3	8,248	2,050	24.3	(1.0)	—	—
R&D expenses	620	8.2	2,392	445	5.3	(28.2)	3,000	14.9
Operating profit/loss	(26)	—	825	175	2.1	—	300	58.4
Ordinary profit	15	0.2	1,022	514	6.1	x33	500	102.8
Net profit/loss attributable to owners of parent	(13)	—	700	653	7.8	—	550	118.7

Pharmaceutical Sales

Generics, Proprietary Products and New Drugs (¥mn)

	1Q Amount	FY2021 Distrib. (%)	Year Amount	1Q Amount	Distrib. (%)	FY2022 YOY (%)	Full Year (Forecast)	Progress Rate (%)
Total	6,569	100.0	28,037	7,129	100.0	8.5	29,000	24.6
Generics	6,111	93.0	26,283	6,772	95.0	10.8	27,440	24.7
To medical institutions	5,817		25,043	6,524		12.2	26,600	24.5
To other makers*	294		1,239	247		(16.2)	840	29.4
Proprietary products	457	7.0	1,754	357	5.0	(21.9)	1,560	22.9
Uralyt	156		623	149		(4.3)	580	25.8
Others	301		1,131	208		(31.0)	980	21.2

Chemiphar, ODM Generics (¥mn)

	1Q Amount	FY2021 Distrib. (%)	Year Amount	1Q Amount	Distrib. (%)	FY2022 YOY (%)	Full Year (Forecast)	Progress Rate (%)
Total	6,337	100.0	27,139	7,135	100.0	12.6	28,450	25.1
Generics	6,111	96.4	26,283	6,772	94.9	10.8	27,440	24.7
Generics (ODM)	226	3.6	856	363	5.1	60.9	1,010	36.0

* Includes exports.

Sales Distribution

By Launch Year (¥mn)

	FY2021		FY2022		YOY (%)
	1Q Amount	Distrib. (%)	1Q Amount	Distrib. (%)	
FY2015 and before	4,987	81.6	5,411	79.9	8.5
FY2016	137	2.2	174	2.6	27.4
FY2017	368	6.0	410	6.1	11.2
FY2018	189	3.1	224	3.3	18.7
FY2019	32	0.5	35	0.5	7.6
FY2020	337	5.5	361	5.3	7.1
FY2021	59	1.0	110	1.6	88.0
FY2022	—	—	43	0.6	—
Total	6,111	100.0	6,772	100.0	10.8

By Main Therapeutic Categories (%)

	FY2021 1Q	FY2022 1Q
Cardiovascular and respiratory drugs	28.3	27.5
Agents affecting metabolism	15.4	17.0
Digestive organ drugs	15.6	15.1
Drugs for nervous system, sensory organs	13.0	13.8
Antibiotics and chemotherapeutic drugs	6.5	4.6
Antineoplastic agents	2.5	1.9
Others	18.7	20.1

Balance Sheet, per Share Information

Balance Sheet Data		(¥mn)	
	March 31, 2022	June 30, 2022	
	Amount	Amount	Change
Total assets	49,453	51,402	1,948
Net assets	18,501	18,610	108
Owned capital	18,484	18,593	108
Capital-to-asset ratio (%)	37.4	36.2	(1.2)
Current assets	33,495	35,926	2,430
Current liabilities	16,750	16,572	(177)
Current ratio (x)	2.00	2.17	0.17

Per Share Information		(¥)			
	FY2021		FY2022		
	1Q Amount	Full Year Amount	1Q Amount	YOY	Full Year (Forecast)
Earnings per share	(3.66)	194.33	180.91	—	152.50
	June 30, 2021	March 31, 2022	June 30, 2022		Full Year (Forecast)
Book value per share	4,976.70	5,119.99	5,150.78	174.08	—
Dividends per share	—	50.00	—	—	50.00
Dividend payout ratio (%)	—	25.7	—	—	32.8

Expenditure

Capital Expenditure and Other (¥mn)

	FY2021		FY2022			
	1Q Amount	Full Year Amount	1Q Amount	YOY (%)	Full Year (Forecast)	Usage Rate (%)
Capital expenditure	88	1,131	149	69.4	1,150	13.0
Depreciation and amortization	374	1,586	333	(11.1)	1,600	20.8

For further information contact:

Public Relations Department, Nippon Chemiphar Co., Ltd.

E-mail: ir@chemiphar.co.jp

Note about Forward-looking Statements and Forecasts

Statements made in this Highlights of Business Results with respect to current plans, estimates, strategies and beliefs, and other statements of Nippon Chemiphar that are not historical facts are forward-looking statements about the future performance of Nippon Chemiphar.

These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. Consequently, undue reliance should not be placed on these statements.

Nippon Chemiphar cautions the reader that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.