



Nippon Chemiphar Co., Ltd.

(TSE 4539)

FY2022 Second Quarter Business Summary

(Year Ending March 31, 2023)



Chemiphar

Highlights

Sales

Amid impact stemming from NHI drug price revisions implemented in April 2022, sales of generic drugs (generated through the Pharmaceutical Products segment) rose 3.4% year on year thanks primarily to increased production of self-manufactured products (a target the Company has been striving to achieve since 2020) and results from recently launched products.

Meanwhile, sales of proprietary products and new drugs declined 22.7% year on year due mainly to impact stemming from NHI drug price revisions.

Sales of diagnostics grew 24.3% year on year due to ongoing expansion in the domestic use of allergy screening kit and reagent DropScreen, which coincided with the additional implementation of the production line.

As a result of these factors, sales of pharmaceuticals increased by 4.5% year on year to ¥15,798 million.

Despite solid results from contracted testing, sales generated through the Others segment declined 4.5% year on year to ¥439 million due to a decrease in lease revenue that followed the sale of real estate for rent in FY2021. As a result of the factors indicated above, consolidated net sales generated during the six months ended September 30, 2022 rose 4.3% year on year to ¥16,237 million.

Profit

Consolidated operating profit generated during the six months ended September 30, 2022 declined 18.8% year on year to ¥167 million due in part to NHI drug price revisions and inflation.

Meanwhile, ordinary profit increased 190.7% year on year to ¥752 million due mainly to foreign exchange gains, while profit attributable to owners of parent rose 291.6% year on year to ¥896 million thanks to a gain on the sale of investment securities.

Sales, Income

(¥mn)

	2Q	FY2021		2Q	FY2022			
	Amount	Distrib. (%)	Full Year Amount	Amount	Distrib. (%)	YOY (%)	Full Year (Forecast)	Progress Rate (%)
Net sales	15,575	100.0	32,506	16,237	100.0	4.3	35,000	46.4
Pharmaceuticals	15,115	97.0	31,501	15,798	97.3	4.5	—	—
Generics, proprietary products and new drugs	13,468	86.5	28,037	13,695	84.3	1.7	29,000	47.2
Diagnostics	996	6.4	2,163	1,239	7.6	24.3	3,120	39.7
Others	460	3.0	1,004	439	2.7	(4.5)	—	—
Cost of sales	11,265	72.3	23,432	11,976	73.8	6.3	—	—
SG&A expenses	4,103	26.3	8,248	4,093	25.2	(0.2)	—	—
R&D expenses	1,188	7.6	2,392	1,022	6.3	(14.0)	3,000	34.1
Operating profit	206	1.3	825	167	1.0	(18.8)	300	55.8
Ordinary profit	258	1.7	1,022	752	4.6	190.7	500	150.5
Net profit attributable to owners of parent	228	1.5	700	896	5.5	291.6	550	163.0

Pharmaceutical Sales

Generics, Proprietary Products and New Drugs (¥mn)

	2Q Amount	FY2021 Distrib. (%)	Full Year Amount	2Q Amount	Distrib. (%)	FY2022 YOY (%)	Full Year (Forecast)	Progress Rate (%)
Total	13,468	100.0	28,037	13,695	100.0	1.7	29,000	47.2
Generics	12,581	93.4	26,283	13,010	95.0	3.4	27,440	47.4
To medical institutions	12,010		25,043	12,423		3.4	26,600	46.7
To other makers*	571		1,239	586		2.6	840	69.9
Proprietary products	887	6.6	1,754	685	5.0	(22.7)	1,560	43.9
Uralyt	317		623	291		(8.3)	580	50.2
Others	569		1,131	394		(30.8)	980	40.2

* Includes exports.

Chemiphar, ODM Generics (¥mn)

	2Q Amount	FY2021 Distrib. (%)	Full Year Amount	2Q Amount	Distrib. (%)	FY2022 YOY (%)	Full Year (Forecast)	Progress Rate (%)
Total	12,984	100.0	27,139	13,627	100.0	5.0	28,450	47.9
Generics	12,581	96.9	26,283	13,010	95.5	3.4	27,440	47.4
Generics (ODM)	402	3.1	856	617	4.5	53.3	1,010	61.1

Sales Distribution

By Launch Year (¥mn)

	FY2021 2Q Amount	FY2021 Distrib. (%)	FY2022 2Q Amount	FY2022 Distrib. (%)	YOY (%)
FY2015 and before	10,208	81.1	10,391	79.9	1.8
FY2016	285	2.3	310	2.4	8.8
FY2017	767	6.1	792	6.1	3.3
FY2018	388	3.1	413	3.2	6.4
FY2019	66	0.5	69	0.5	4.7
FY2020	678	5.4	688	5.3	1.6
FY2021	187	1.5	224	1.7	19.8
FY2022	—	—	118	0.9	—
Total	12,581	100.0	13,010	100.0	3.4

By Main Therapeutic Categories (%)

	FY2021 2Q Distrib.	FY2022 2Q Distrib.
Cardiovascular and respiratory drugs	28.2	27.6
Digestive organ drugs	15.9	17.4
Agents affecting metabolism	15.0	15.0
Drugs for nervous system, sensory organs	13.3	13.3
Antibiotics and chemotherapeutic drugs	6.3	4.6
Antineoplastic agents	2.4	1.9
Others	18.9	20.2

Balance Sheet, per Share Information

Balance Sheet Data (¥mn)

	March 31, 2022	September 30, 2022	
	Amount	Amount	Change
Total assets	49,453	50,658	1,204
Net assets	18,501	18,974	473
Owned capital	18,484	18,957	473
Capital-to-asset ratio (%)	37.4	37.4	0.0
Current assets	33,495	35,081	1,586
Current liabilities	16,750	15,860	(889)
Current ratio (x)	2.00	2.21	0.21

Per Share Information (¥)

	FY2021		FY2022		
	2Q Amount	Full Year Amount	2Q Amount	YOY	Full Year (Forecast)
Earnings per share	63.56	194.33	248.43	184.87	152.50
	Sept. 30, 2021	March 31, 2022	Sept. 30, 2022		Full Year (Forecast)
Book value per share	5,037.24	5,119.99	5,252.48	215.24	—
Dividends per share	—	50.00	—	—	50.00
Dividend payout ratio (%)	—	25.7	—	—	32.8

Cash Flow, Expenditure

Cash Flow Statement (¥mn)

	FY2021 2Q Amount	FY2022 2Q Amount
Net cash:		
Provided by operating activities	1,473	351
Used in investing activities	(576)	(148)
Used in financing activities	340	1,178
Cash and cash equivalents at end of period	11,905	13,161
Free cash flow	897	202

Capital Expenditure and Other (¥mn)

	FY2021		FY2022			
	2Q Amount	Full Year Amount	2Q Amount	YOY (%)	Full Year (Forecast)	Usage Rate (%)
Capital expenditure	408	1,131	299	(26.7)	1,150	26.0
Depreciation and amortization	740	1,586	737	(0.4)	1,600	46.1

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Note about Forward-looking Statements and Forecasts

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

These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. Consequently, undue reliance should not be placed on these statements. Nippon Chemiphar cautions the reader that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements.