



Nippon Chemiphar Co., Ltd.

(TSE 4539)

FY2023 First Quarter Business Summary

(Year Ending March 31, 2024)

Highlights

Sales

As for the Pharmaceutical Products segment, in generic pharmaceuticals, shipment adjustments occurred in last fiscal year are gradually improved, and we are now able to supply almost all in-house produced product lineups. However, in spite of the added boost from recently launched products, sales of generics decreased 16.2% YOY due to the impact of NHI drug price revisions implemented in April 2023.

Sales of proprietary products and new drugs also decreased 5.9% YOY due to the impact of NHI drug price revisions. Meanwhile, sales of diagnostics grew 53.6% YOY as growing expansion in domestic use of the allergy screening kit and reagent DropScreen gained momentum, driven by the promotional support from our pharmaceutical sales

department since last fiscal year. As a result, combined sales in the Pharmaceutical Products segment decreased by 11.1% YOY to ¥7,299 million.

In the Others segment, sales came to ¥237 million, on a par with last year thanks to steady performance in contract testing. Consequently, consolidated net sales come to ¥7,537 million (down 10.5% YOY).

Profit

The Company recorded a consolidated operating loss of ¥106 million due to sales decline and a higher cost of sales ratio due to NHI drug price revisions. As a result of recording foreign exchange gains, ordinary profit was down 78.2% YOY to ¥111 million, while profit attributable to owners of parent was down 87.8% YOY to ¥79 million.

Sales, Income

(¥mm)

	FY2022			FY2023			FY2023 Forecast	
	1Q Amount	% of Sales	Full Year Amount	1Q Amount	% of Sales	YOY (%)	Full Year Amount	Progress Rate (%)
Net sales	8,425	100.0	31,559	7,537	100.0	(10.5)	32,700	23.0
Pharmaceutical Products segment	8,214	97.5	30,543	7,299	96.8	(11.1)	—	—
Generics, proprietary products and new drugs	7,129	84.6	26,148	6,010	79.7	(15.7)	25,870	23.2
Diagnostics	601	7.1	2,780	924	12.3	53.6	4,500	20.5
Others segment	210	2.5	1,015	237	3.2	12.8	—	—
Cost of sales	6,200	73.6	23,374	5,686	75.4	(8.3)	—	—
SG&A expenses	2,050	24.3	8,425	1,957	26.0	(4.5)	—	—
R&D expenses	445	5.3	2,419	463	6.2	4.0	2,820	16.4
Operating income/loss	175	2.1	(241)	(106)	—	—	200	—
Ordinary profit	514	6.1	58	111	1.5	(78.2)	100	112.0
Net profit attributable to owners of parent	653	7.8	339	79	1.1	(87.8)	60	132.5

Pharmaceutical Sales

Generics, Proprietary Products and New Drugs

(¥mn)

	FY2022			FY2023			FY2023 Forecast	
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year Amount	Progress Rate (%)
Total	7,129	100.0	26,148	6,010	100.0	(15.7)	25,870	23.2
Generics	6,772	95.0	24,803	5,674	94.4	(16.2)	24,640	23.0
To medical institutions	6,524		23,698	5,460		(16.3)	23,830	22.9
To other makers*	247		1,105	213		(13.5)	810	26.4
Proprietary products and new drugs	357	5.0	1,345	336	5.6	(5.9)	1,230	27.3
Uralyt	149		575	135		(9.3)	530	25.6
Others	208		769	200		(3.5)	700	28.7

Chemiphar, ODM Generics

(¥mn)

	FY2022			FY2023			FY2023 Forecast	
	1Q Amount	Distrib. (%)	Full Year Amount	1Q Amount	Distrib. (%)	YOY (%)	Full Year Amount	Progress Rate (%)
Total	7,135	100.0	25,881	5,916	100.0	(17.1)	25,670	23.0
Generics	6,772	94.9	24,803	5,674	95.9	(16.2)	24,640	23.0
Generics (ODM)	363	5.1	1,078	242	4.1	(33.4)	1,030	23.5

* Includes exports.

Sales Distribution

By Launch Year (¥mm)

	FY2022		FY2023		YOY (%)
	1Q Amount	Distrib. (%)	1Q Amount	Distrib. (%)	
FY2016 and before	5,585	82.5	4,421	77.9	(20.8)
FY2017	410	6.1	373	6.6	(8.8)
FY2018	224	3.3	173	3.1	(22.9)
FY2019	35	0.5	39	0.7	11.1
FY2020	361	5.3	270	4.8	(25.1)
FY2021	110	1.6	93	1.7	(15.6)
FY2022	43	0.6	233	4.1	430.9
FY2023	—	—	69	1.2	—
Total	6,772	100.0	5,674	100.0	(16.2)

By Main Therapeutic Categories (%)

	FY2022 1Q	FY2023 1Q
Cardiovascular and respiratory drugs	27.5	26.3
Agents affecting metabolism	17.0	18.1
Digestive organ drugs	15.1	15.4
Drugs for nervous system, sensory organs	13.8	12.0
Antibiotics and chemotherapeutic drugs	4.6	3.4
Antineoplastic agents	1.9	2.0
Others	20.1	22.8

Balance Sheet, per Share Information

Balance Sheet Data	(¥mm)		
	March 31, 2023 Amount	June 30, 2023 Amount Change	
Total assets	48,571	52,078	3,506
Net assets	18,534	18,393	(140)
Owned capital	18,517	18,376	(140)
Equity ratio (%)	38.1	35.3	(2.8)
Current assets	33,436	35,926	2,489
Current liabilities	14,766	15,803	1,036
Current ratio (x)	2.26	2.27	0.01

Per Share Information	(¥)				
	FY2022		FY2023		
	1Q Amount	Full Year Amount	1Q Amount	YOY	Full Year (Forecast)
Earnings per share	180.91	94.07	22.03	(158.88)	16.62
	June 30, 2022	March 31, 2023	June 30, 2023	Change	Full Year (Forecast)
Book value per share	5,150.78	5,130.65	5,091.84	(58.94)	—
Dividend per share	—	50.00	—	—	50.00
Dividend payout ratio (%)	—	53.2	—	—	300.8

Expenditure

Capital Expenditure and Other (¥mm)						
	FY2022		FY2023			
	1Q Amount	Full Year Amount	1Q Amount	YOY (%)	Full Year (Forecast)	Usage Rate (%)
Capital expenditure	149	573	1,212	712.9	3,700	32.8
Depreciation and amortization	333	1,500	379	13.8	1,450	26.2

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Note about Forward-looking Statements and Forecasts

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

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

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

