

# Business Strategy of the Pharma Packaging Business

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# Table of Contents

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- 1 Profit and Loss (4Q 2024 Cumulative)
- 2 Market Environment and Growth Strategy
- 3 Shift to high value-added products
- 4 Strengthen sales of One Stop Solution and progress in overseas expansion

# Profit and Loss

[Unit: ¥100 million]

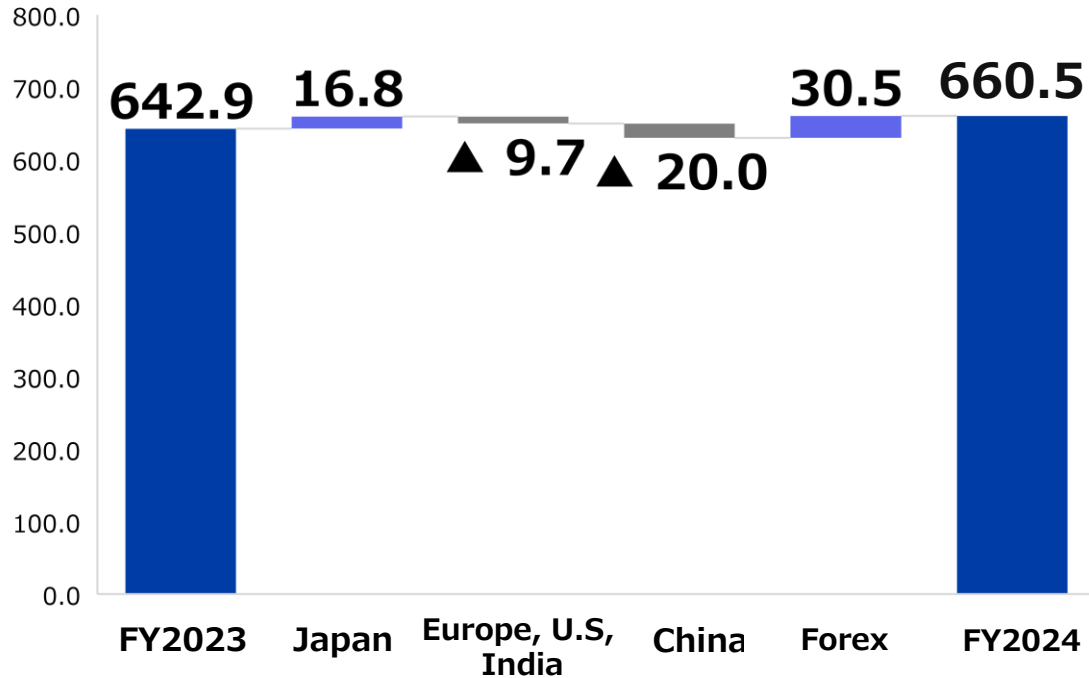
Account	2023	2024	Change	YoY change
<b>【Net sales】</b>	<b>642.9</b>	<b>660.5</b>	<b>17.6</b>	<b>102.7%</b>
(Sales to outside customers)	580.3	592.6	12.4	102.1%
<b>【Cost of sales】</b>	<b>529.2</b>	<b>568.1</b>	<b>38.9</b>	<b>107.4%</b>
<b>【Gross profit】</b>	<b>113.7</b>	<b>92.4</b>	<b>▲ 21.3</b>	<b>81.3%</b>
(Gross profit margin)	17.7%	14.0%		
<b>【S&amp;G and general expenses】</b>	<b>89.2</b>	<b>95.1</b>	<b>6.0</b>	<b>106.7%</b>
<b>【Operating profit】</b>	<b>24.5</b>	<b>▲ 2.7</b>	<b>▲ 27.2</b>	<b>▲ 11.1%</b>
(Operating profit margin)	3.8%	▲ 0.4%		

# Profit and Loss Trends

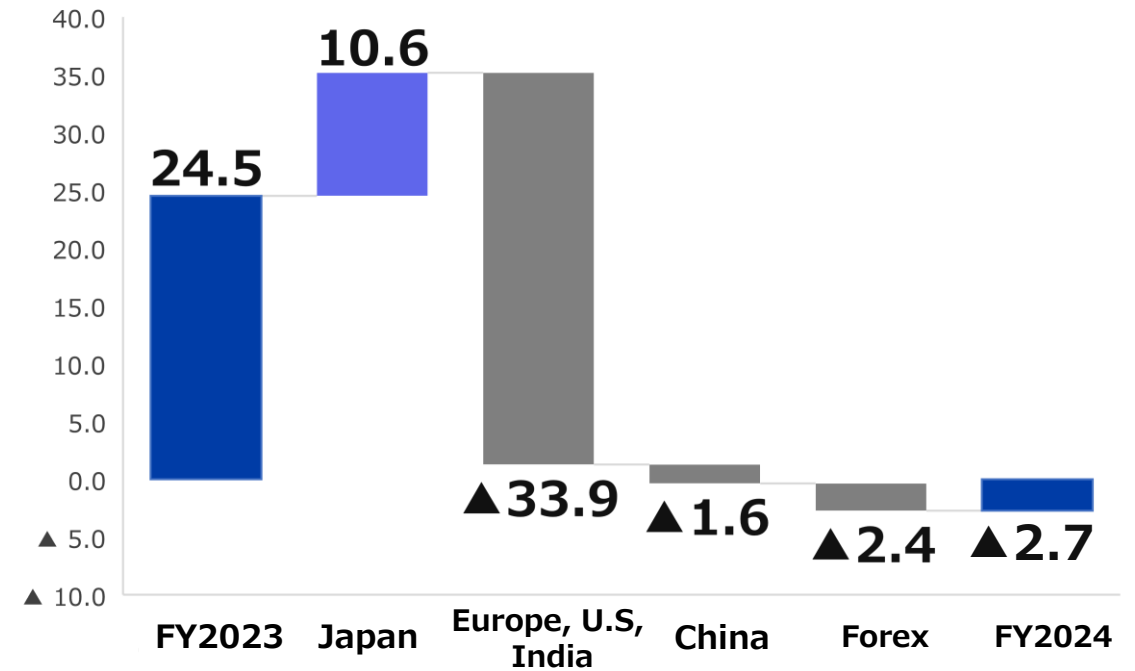
## (Sales and Operating Profit Increase/Decrease by Region)

[Unit: ¥100 million]

### Net sales



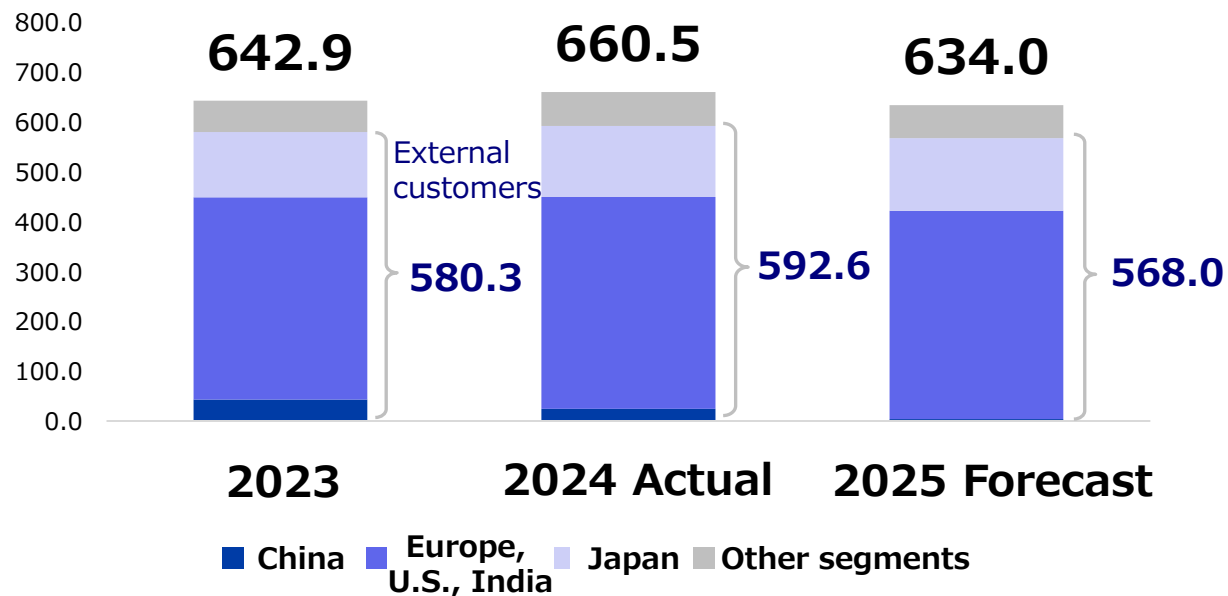
### Operating profit



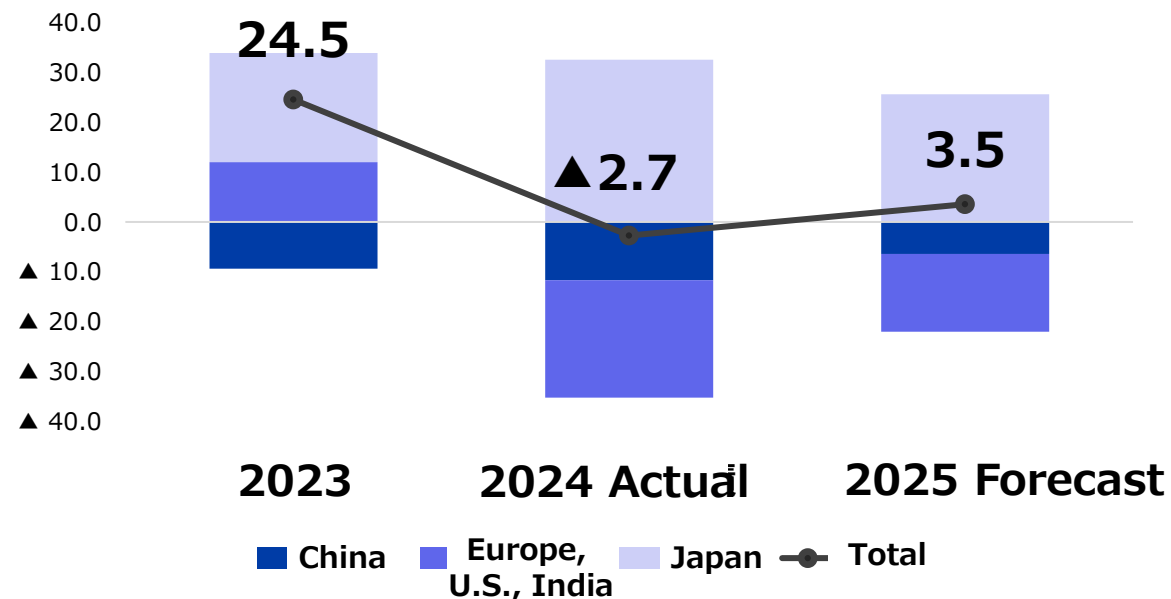
Currency	2023 Actual	2024 Actual
USD(U.S.dollars)	141.20	152.24
EUR(Euro)	153.17	164.36
CNY (Chinese Yuan Renminbi)	19.87	21.12
INR (Indian Rupee)	1.72	1.83
RUB (Russian Ruble)	1.67	1.64

# 2025 Plan

## Net sales



## Operating profit



## 2025 Plan

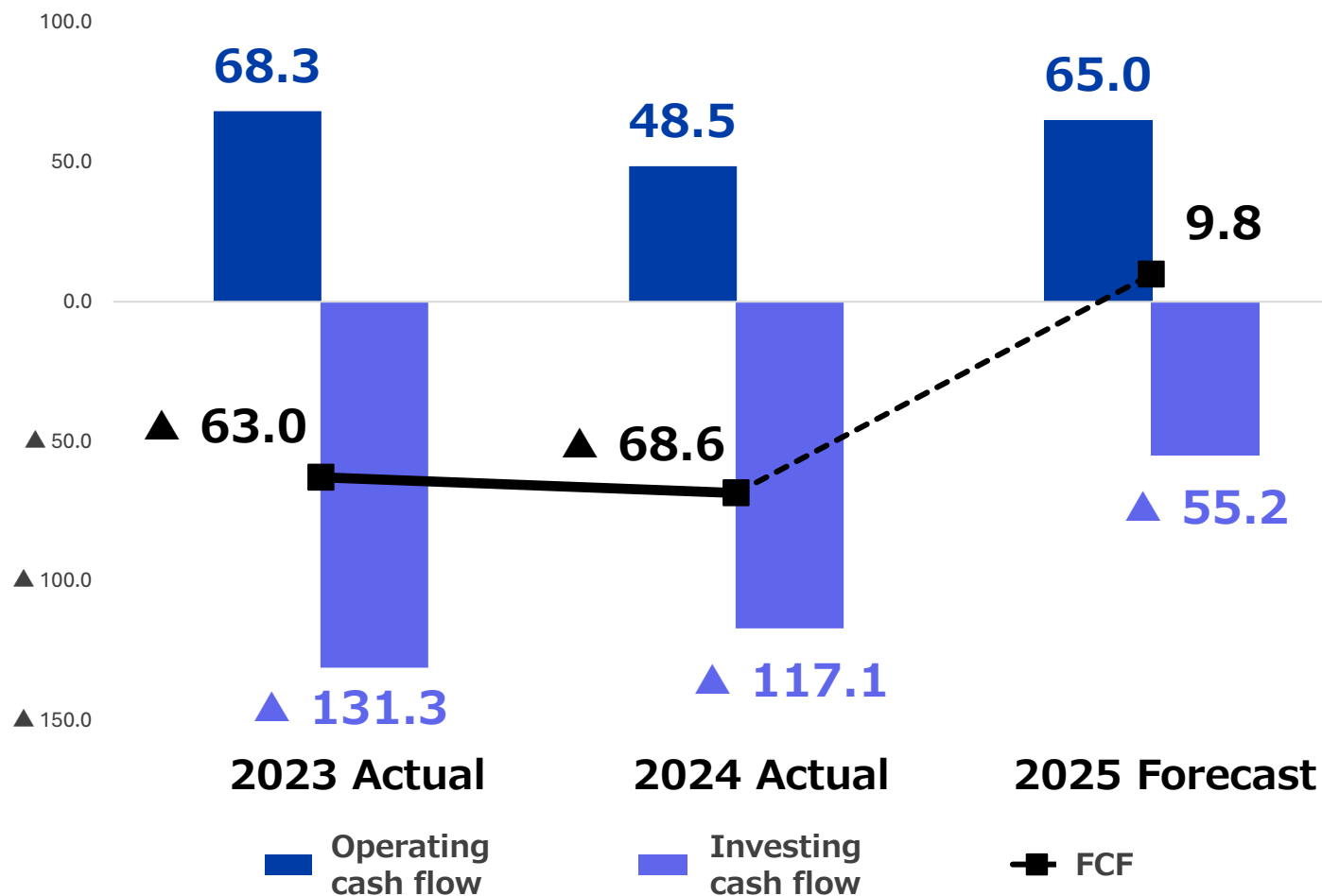
Currency	2024 Actual	2025 Forecast
USD(U.S.dollars)	152.24	139.00
EUR(Euro)	164.36	158.00
CNY (Chinese Yuan Renminbi)	21.12	20.00
INR (Indian Rupee)	1.83	1.80
RUB (Russian Ruble)	1.64	1.46

- (Europe, U.S., India) Sales down due to forex impact, but growth in vial and syringe sales due to gradual recovery in market conditions
- (China) Affected by the phased dissolution of joint venture business, but focus on sales of global standard products
- (Japan) Sales increased due to increased shipments of vials, infusion solutions and kit-related products, but income decreased slightly due to higher cost of sales

# About Cash Flow

[Unit: ¥100 million]

## Free Cash Flow Trend



## Latest Results

- Capital investment is on an upward trend in response to increased production to meet growing demand for vaccines and in preparation for future demand for biopharmaceutical-related products, resulting in negative free cash flow.

## Future Policies

- We plan to maintain positive free cash flow by limiting capital investment and improving operating cash flow.

# Market Environment and Growth Strategy

## Market

- Decrease in demand for glass products during the inventory adjustment phase due to the convergence of the corona disaster
- Soaring costs of materials and labor due to inflation

## Customer (pharmaceutical company)

- Increased demand for biotechnology-related drugs to be converted to PFS
- Growing demand for GLP1 formulations
- Promotion of preventive and home health care
- Pharmaceutical companies are accelerating the transition to Ready-To-Use (RTU) filling processes in order to improve production efficiency.



## Competing companies

- Competitors in general also struggled with the impact of lower demand due to inventory adjustments.
- Chinese manufacturers are emerging in the anticoagulant field through Chinese pharmaceutical companies.

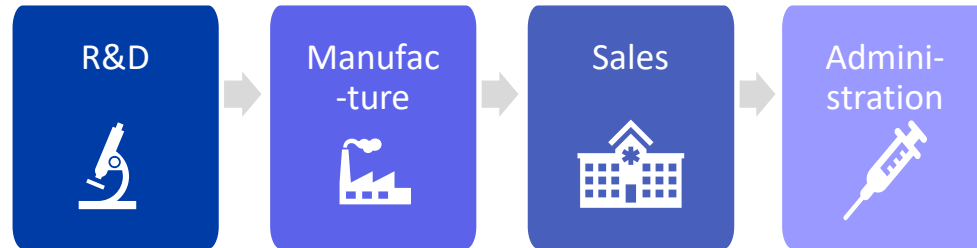
## Growth Strategy

- 1 One Stop Solution
- 2 Shift to high value-added products
- 3 Consolidation and restructuring of production system
- 4 Quality Improvement and Productivity Enhancement (OPEX Project)

# Growth Strategy Overview

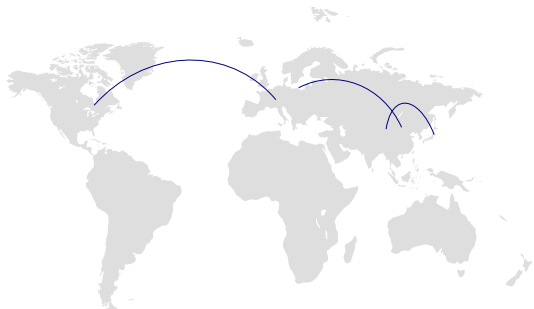
## 1 One Stop Solution

- We offer a full range of products from culture-related products, raw materials for glass containers, and direct containers to preparation and administration devices, providing solutions from drug research and development to patient administration.



## 3 Consolidation and restructuring of production system

- Optimal consolidation of manufacturing items to meet the needs of each country



## 2 Shift to high value-added products

- Vial  
Focus on development and business expansion of high-performance vials  
Started production of D2F vials (RTU\*)
- Syringe  
Expansion of RTU\* syringe products with injection needles  
Development of PFS to meet customer and market needs
- Glass tube  
Business expansion of glass tubing for bio-formulations

\* RTU: Ready-To-Use



## 4 Quality Improvement and Productivity Enhancement (OPEX Project)

- Promotion of manpower saving and maximum use of automated machinery
- Company-wide horizontal development of measures to improve quality and productivity and reduce costs
- Uniformity of production technology and quality within the group



# Shift to High Value-added Products

~Successively expand portfolio to provide diverse solutions to a wide range of customers~

## (1) Promote Ready-To-Use

Steam sterilized  
D2F™ syringe(BOS)



Sterile D2F™ vials



## (2) Quality improvement of pharmaceutical

High Performance  
Vials



Single-use bag  
Ustem™



Sterile D2F™ syringe  
(traceability support)



## (3) Improve safety and usefulness

Nasal Devices  
ExaDose™



Auto injector with safety  
mechanism  
PiccoJect™



Devices with Safety  
mechanisms  
UniSafe™



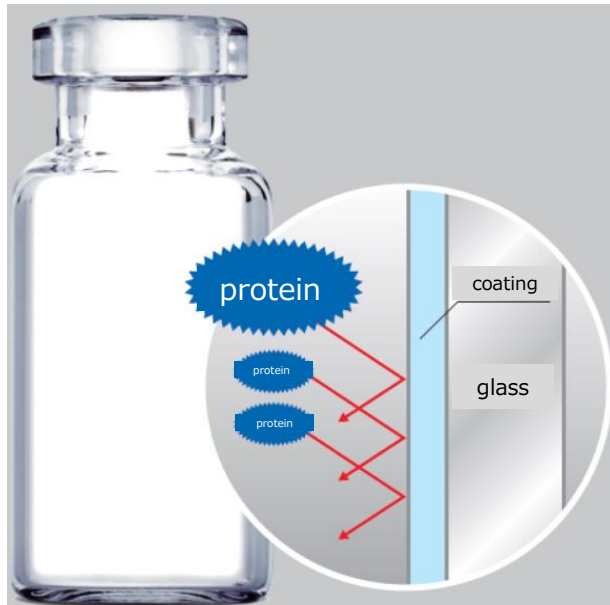
Developed products and newly launched products are classified into three categories according to customer and value provided:

(1) Saving manufacturing processes of manufacturers, (2) improvement of drug quality, and (3) pursuit of user safety and efficacy.

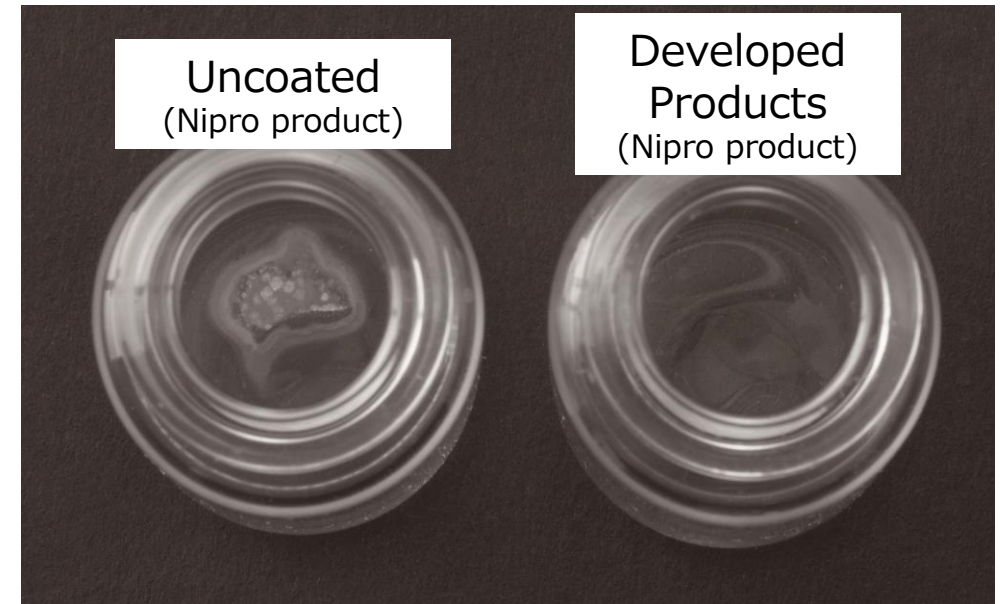
# Protein Low Adsorption

## ~Coated vials (low protein adsorption)~

- Glass containers are known to adsorb proteins, which are the active ingredients of pharmaceuticals. Nipro has developed a specially coated vial that can reduce the amount of protein adsorption by more than 70% compared to uncoated vials.
- The company aims to launch this product in the future to meet the demand for biopharmaceuticals used in regenerative medicine, a rapidly growing field.



Product image

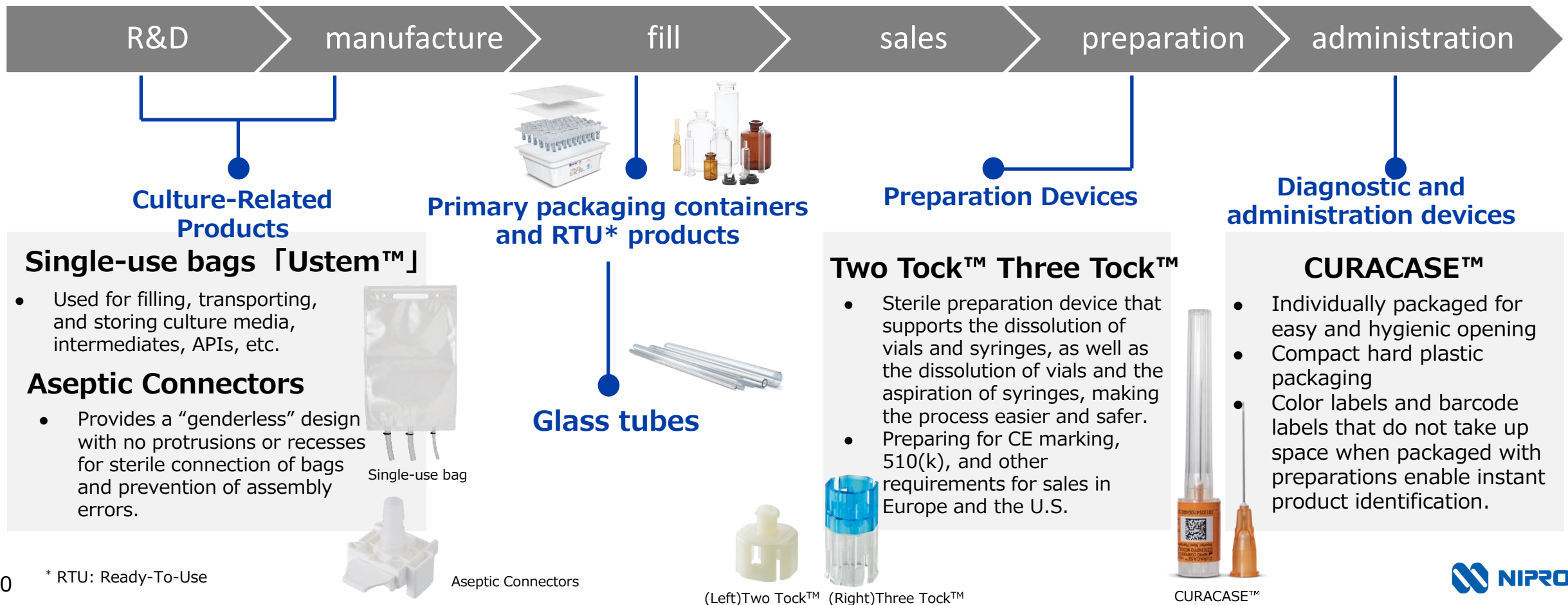


Cleaning after filling with  
fibrinogen

# Strengthen sales of One stop solution

## ~Strengthening the provision of solutions from R&D to patient administration of pharmaceutical products~

- The process of pharmaceutical research and development to patient administration (in brief)



**The Pharma Packaging Division will expand its business  
by supplying truly necessary advanced products  
as a manufacturer of  
comprehensive pharmaceutical containers  
based on the technology and expertise  
cultivated in the medical and pharmaceutical fields,  
thereby contributing to the health  
of people around the world.**