

Year Ending March 31, 2021  
Results of 1<sup>st</sup> Quarter  
Settlement of Accounts Supplementary Material  
(Apr.1 to Jun.30 2020)

August, 2020



**Nichi-Iko Pharmaceutical Co., Ltd.**

TSE : 4541

## 【Nichi-Iko Group】

- Sales & profit decreased due to two NHI drug price revisions in Oct. 2019 & Apr. 2020 and to lower sales of major anti-allergy products, etc. because of fewer doctor visits.

## 【Sagent Group】

- Sales increased as a result of contributions from the recently launched Fulvestrant and products used to treat COVID-19 positive patients partially offset by the impact of a substantial postponement of elective procedures.
- Continued investment in the Raleigh plant as we manage delays in the commencement of in-house production due to COVID-19.

**Sales**

(billion JPY)

**45.2**

- (-) GE sales in Japan decreased YOY by 9.1%
- (-) Profit decreased due to lower sales of major anti-allergy products & fewer doctor visits
- (+) Sagent sales increased YOY by 31.8%

**Core Operating Profit**

**0.7**

- (+) Steady performance of newly launched products
- (-) 10.7% average reduction in sales price due to the two most recent NHI drug price revisions

**Quarterly Net Profit**

**0.2**

- (-) Gain on partial sale of Aprogen shares (¥1.8 billion) of previous fiscal year

(million JPY)

	FY2019 Q1	vs Sales (%)	FY2020 Q1	vs Sales (%)	YOY
Sales	46,523	-	45,265	-	97.3%
COGS	36,830	79.2%	37,178	82.1%	100.9%
Gross Profit	9,693	20.8%	8,087	17.9%	83.4%
SG&A	6,698	14.4%	6,712	14.8%	100.2%
R&D Expenses	1,288	2.8%	776	1.7%	60.2%
Other Operating Income	223	0.5%	76	0.2%	34.1%
Other Operating Expenses	195	0.4%	183	0.4%	93.8%
Core Operating Profit	1,871	4.0%	726	1.6%	38.8%
Operating Profit	1,733	3.7%	491	1.1%	28.3%
Other Revenue	1,762	3.8%	-	-	-
Other Expenses	185	0.4%	-	-	-
Pretax	2,868	6.2%	494	1.1%	17.2%
Net Income Attributable to Parent	1,813	3.9%	290	0.6%	16.0%
Capital Expenditure	2,509		2,072		82.6%
R&D Investment	4,061		3,479		85.7%
Depreciation	2,844		3,042		107.0%

※ Core Operating Profit means Operating Profit excluding Impairment of intangible assets, temporary impact of M&A and restructuring expense

Reported  
P&L

(million JPY)

	Nichi-Iko			Sagent			Consolidated		
	FY2019 Q1	FY2020 Q1	YOY	FY2019 Q1	FY2020 Q1	YOY	FY2019 Q1	FY2020 Q1	YOY
Sales	39,761	36,350	91.4%	6,761	8,914	131.8%	46,523	45,265	97.3%
COGS	31,397	29,911	95.3%	5,433	7,266	133.7%	36,830	37,178	100.9%
<i>vs Sales</i>	79.0%	82.3%		80.4%	81.5%		79.2%	82.1%	
Gross Profit	8,364	6,439	77.0%	1,328	1,648	124.1%	9,693	8,087	83.4%
<i>vs Sales</i>	21.0%	17.7%		19.6%	18.5%		20.8%	17.9%	
SG&A	5,165	4,935	95.5%	1,532	1,777	116.0%	6,698	6,712	100.2%
R&D Expense	778	398	51.2%	510	378	74.1%	1,288	776	60.2%
Other Operating Income	134	79	59.0%	88	-3	-3.4%	223	76	34.1%
Other Operating Expense:	195	182	93.3%	-0	0	-	195	183	93.8%
Operating Profit	2,359	1,002	42.5%	-625	-511	-	1,733	491	28.3%
<i>vs Sales</i>	5.9%	2.8%		-9.2%	-5.7%		3.7%	1.1%	

<Exchange Rate>

(JPY Per \$)

	FY2019	FY2020
Q1	109.90	107.62

Core based  
P&L

(million JPY)

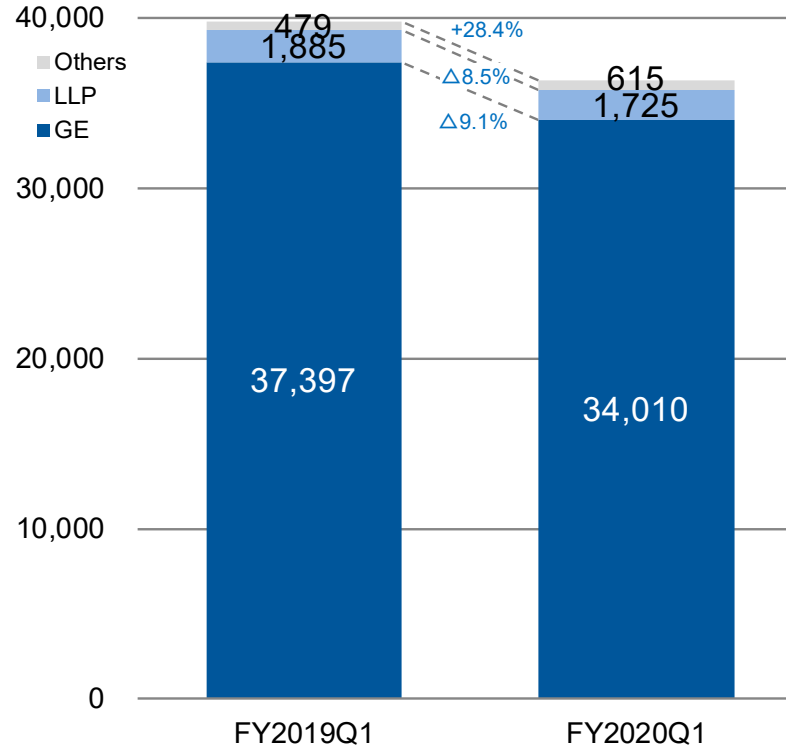
	Nichi-Iko			Sagent			Consolidated		
	FY2019 Q1	FY2020 Q1	YOY	FY2019 Q1	FY2020 Q1	YOY	FY2019 Q1	FY2020 Q1	YOY
Sales	39,761	36,399	91.5%	6,761	8,914	131.8%	46,523	45,314	97.4%
COGS	31,397	29,863	95.1%	5,433	7,266	133.7%	36,830	37,130	100.8%
<i>vs Sales</i>	<i>79.0%</i>	<i>82.0%</i>		<i>80.4%</i>	<i>81.5%</i>		<i>79.2%</i>	<i>81.9%</i>	
Gross Profit	8,364	6,536	78.1%	1,328	1,648	124.1%	9,693	8,184	84.4%
<i>vs Sales</i>	<i>21.0%</i>	<i>18.0%</i>		<i>19.6%</i>	<i>18.5%</i>		<i>20.8%</i>	<i>18.1%</i>	
SG&A	5,028	4,797	95.4%	1,532	1,777	116.0%	6,561	6,574	100.2%
R&D Expense	778	398	51.2%	510	378	74.1%	1,288	776	60.2%
Other Operating Income	134	79	59.0%	88	-3	-3.4%	223	76	34.1%
Other Operating Expense:	194	182	93.8%	-0	0	-	194	183	94.3%
Core Operating Profit	2,496	1,237	49.6%	-625	-511	-	1,871	726	38.8%
<i>vs Sales</i>	<i>6.3%</i>	<i>3.4%</i>		<i>-9.2%</i>	<i>-5.7%</i>		<i>4.0%</i>	<i>1.6%</i>	
Operating Profit	2,359	1,002	42.5%	-625	-511	-	1,733	491	28.3%
<i>vs Sales</i>	<i>5.9%</i>	<i>2.8%</i>		<i>-9.2%</i>	<i>-5.7%</i>		<i>3.7%</i>	<i>1.1%</i>	

# IFRS: Sales Performance by Category of Products

(million JPY)

	FY2019Q1	FY2020Q1	YOY	
	Actual	Actual	Variance	%
GE	37,397	34,010	-3,387	90.9%
LLP	1,885	1,725	-160	91.5%
Others	479	615	136	128.4%
<b>Total</b>	<b>39,761</b>	<b>36,350</b>	<b>-3,410</b>	<b>91.4%</b>

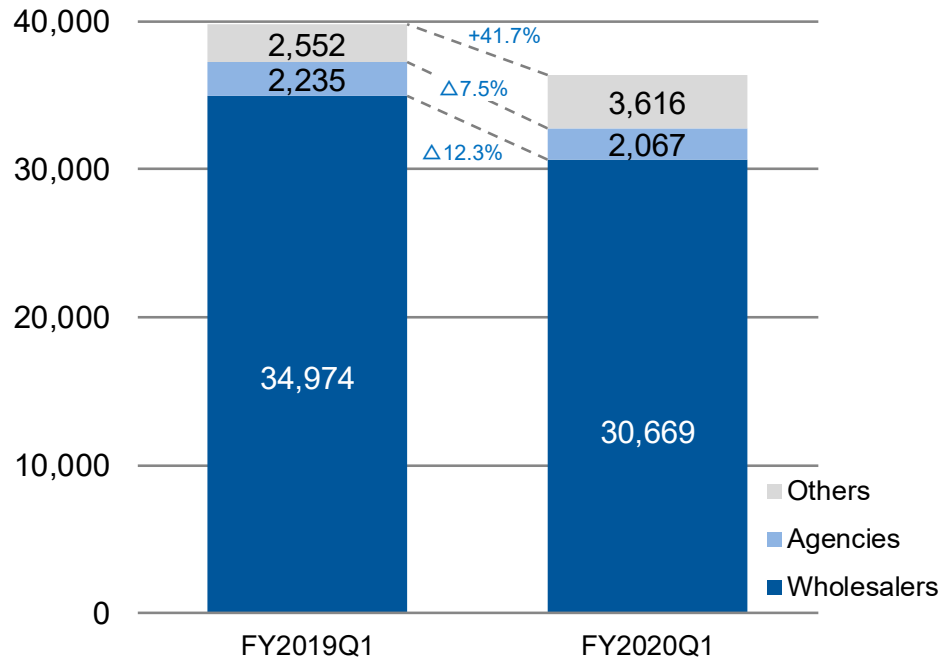
(million JPY)



(million JPY)

Distribution Channel	FY2019Q1		FY2020Q1			
	Actual		Actual		YOY	
	Sales	%	Sales	%	Variance	%
Wholesalers	34,974	88.0%	30,669	84.4%	-4,305	87.7%
Agencies	2,235	5.6%	2,067	5.7%	-168	92.5%
Others	2,552	6.4%	3,616	9.9%	1,064	141.7%
Total	39,761	100.0%	36,350	100.0%	-3,410	91.4%

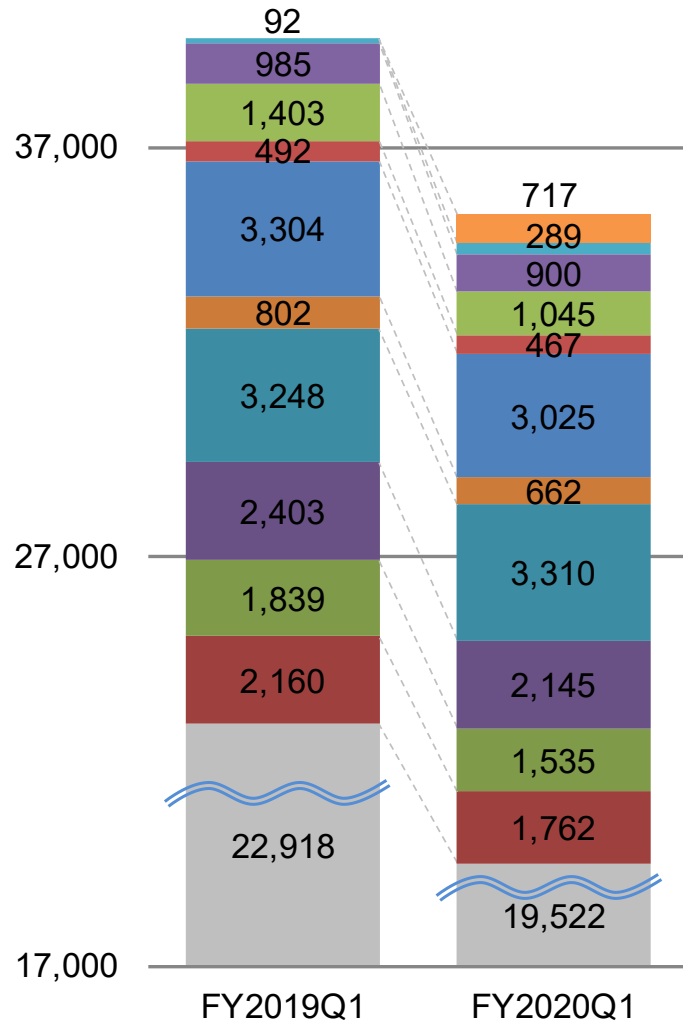
(million JPY)



# IFRS: Sales Performance by NHI Listed Year

※Eldecalcitol was released on Aug. 3 to secure a stable supply.

(million JPY)



(million JPY)

(Listed in)	FY2019 Q1	FY2020 Q1	Variance	YOY
2020	-	717	-	-
2019	92	289	197	314.1%
2018	985	900	-85	91.4%
2017	1,403	1,045	-358	74.5%
2016	492	467	-25	94.9%
2015	3,304	3,025	-279	91.6%
2014	802	662	-140	82.5%
2013	3,248	3,310	62	101.9%
2012	2,403	2,145	-258	89.3%
2011	1,839	1,535	-304	83.5%
2010	2,160	1,762	-398	81.6%
2009 & before	22,918	19,522	-3,396	85.2%
<b>Total</b>	<b>39,651</b>	<b>37,156</b>	<b>-2,495</b>	<b>93.7%</b>



# Sales Performance by Medical Institutions

GE	FY2019Q1			FY2020Q1				
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients		
All	103,876	127.4%	102.1%	109,736	89.4%	105.6%		
DPC Hospital	1,747	131.6%	101.8%	1,749	87.2%	100.1%		
Pharmacy	57,119	131.4%	101.7%	57,950	90.7%	101.5%		

All Products	Total No. of Institutions in Japan	FY2019Q1		FY2020Q1			YOY	
		Sales Composition	No. of Clients	Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
All	-	100.0%	119,801	100.0%	122,229	-	89.3%	102.0%
Hospital	8,332	16.4%	8,183	16.2%	8,186	98.2%	88.0%	100.0%
DPC Hospital	1,753	11.0%	1,748	10.7%	1,750	99.8%	86.3%	100.1%
Clinic	104,268	8.4%	54,255	8.0%	55,936	53.6%	84.5%	103.1%
Pharmacy	60,516	68.9%	57,363	70.0%	58,107	96.0%	90.7%	101.3%
Others	-	6.2%	-	5.8%	-	-	84.0%	-

## ◎ The Operating Environment from the Second Quarter Forward

Announced in  
May 2020

(million JPY)

### FY 2021/3

Full year forecast

Consolidated

Sales	199,000
Gross profit	38,500
Core operating profit	7,500
Net Income	5,200
Interim Dividend (Planned) 30.0 JPY	Capital Expenditure 9.3 JPY (FY 2020/3 8.4 B JPY)
R&D Investment 11.4 JPY (FY 2020/3 13.7 B JPY)	Depreciation 11.2 JPY (FY 2020/3 11.8 B JPY)

#### ◆ Impact of COVID-19 (in Japan)

- No major changes from the forecast announced in May
- Moderate improvement of fewer doctor visits

#### ◆ Growth of New Products (in Japan)

- (New Product) - Eldecalcitol, a newly launched large market product, released on Aug. 3
- Further growth of newly launched products of June 2020
- (New Formulation) Growth of Limaprost Alfadex

#### ◆ Actions to/for COVID-19 (in US)

- Increasing production of Propofol (in US)
- Increasing supply of COVID-19 related products

#### ◆ Actions of SterRx (in US)

- Increasing production and expanding new product line-up

※ Regarding succession of GE business of Teva Takeda Pharma Ltd. and Gifu Plant, all shares will be acquired in Feb. 2021.  
The financial impact will be announced as soon as it becomes clear

## Forward-Looking Statements

The information contained in this document is not intended as solicitation material for buying or selling the company's shares.

Earnings forecasts and other future forecasts contained herein have been made by the company based on information available at the time the material was compiled and encompass potential risks and uncertainties.

Accordingly, actual results may differ from forecasts for a variety of reasons.

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