

Year Ending March 31, 2021  
Results of 3<sup>rd</sup> Quarter  
Settlement of Accounts Supplementary Material  
(Apr.1 to Dec.31 2020)

February, 2021



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

TSE : 4541

## Lower sales and profits on a consolidated basis

Nichi-Iko Group decreased in sales and profits (impacted by drug price revisions in October 2019 and April 2020 as well as restriction of medical visits)

Sagent Group increased in sales but decreased in profits (sales up mainly due to the sales growth of COVID-19 related products)

<b>Sales</b>	(FY2020/3 142.2 B JPY) <b>138.8 B JPY</b>	<ul style="list-style-type: none"> <li>(-) Domestic sales YoY 95.6%</li> <li>(+) US sales YoY 107.9%</li> <li>(-) Overall decrease in volume due to reduction in medical examinations and postponement of operations</li> </ul>
<b>Core operating profit</b>	(FY2020/3 7 B JPY) <b>1.9 B JPY</b>	<ul style="list-style-type: none"> <li>(+) Steady sales expansion of domestic listed products</li> <li>(-) Decrease in the gross profit margin due to the impacts of price revisions (rate of price reduction: -10.7%)</li> <li>(-) Investment in in-house plant operations in the U.S.</li> </ul>
<b>Net income</b>	(FY2020/3 5.5 B JPY) <b>- 0.2 B JPY</b>	<ul style="list-style-type: none"> <li>(-) Recorded a gain on the sale of a portion of Aprogen's shares in the same period last year (1.8 B JPY)</li> <li>(-) Domestic sales decreased due to voluntary recall. (-1.7 B JPY)</li> </ul>

(million JPY)

	FY2019 Q3	vs Sales (%)	FY2020 Q3	vs Sales (%)	YOY
Sales	142,162	-	138,845	-	97.7%
COGS	113,334	79.7%	115,802	83.4%	102.2%
Gross Profit	28,827	20.3%	23,042	16.6%	79.9%
SG&A	18,773	13.2%	19,748	14.2%	105.2%
R&D Expenses	2,954	2.1%	2,939	2.1%	99.5%
Other Operating Income	232	0.2%	300	0.2%	129.3%
Other Operating Expenses	440	0.3%	636	0.5%	144.5%
Core Operating Profit	7,046	5.0%	1,860	1.3%	26.4%
Operating Profit	6,891	4.8%	17	0.0%	0.2%
Pretax	7,832	5.5%	-95	-0.1%	-1.2%
Net Income Attributable to Parent	5,523	3.9%	-216	-0.2%	-3.9%
Capital Expenditure	5,550		5,577		100.5%
R&D Investment	10,639		9,613		90.4%
Depreciation	8,623		9,821		113.9%

※ 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 Q3	FY2020 Q3	YOY	FY2019 Q3	FY2020 Q3	YOY	FY2019 Q3	FY2020 Q3	YOY
Sales	117,929	112,693	95.6%	24,232	26,151	107.9%	142,162	138,845	97.7%
COGS	95,066	93,787	98.7%	18,267	22,014	120.5%	113,334	115,802	102.2%
<i>vs Sales</i>	<i>80.6%</i>	<i>83.2%</i>		<i>75.4%</i>	<i>84.2%</i>		<i>79.7%</i>	<i>83.4%</i>	
Gross Profit	22,862	18,905	82.7%	5,964	4,137	69.4%	28,827	23,042	79.9%
<i>vs Sales</i>	<i>19.4%</i>	<i>16.8%</i>		<i>24.6%</i>	<i>15.8%</i>		<i>20.3%</i>	<i>16.6%</i>	
SG&A	14,504	15,103	104.1%	4,269	4,644	108.8%	18,773	19,748	105.2%
R&D Expense	1,567	1,471	93.9%	1,387	1,467	105.8%	2,954	2,939	99.5%
Other Operating Income	240	285	118.8%	-7	14		232	300	129.3%
Other Operating Expenses	440	636	144.5%	0	0		440	636	144.5%
Operating Profit	6,591	1,978	30.0%	300	-1,960		6,891	17	0.2%
<i>vs Sales</i>	<i>5.6%</i>	<i>1.8%</i>		<i>1.2%</i>	<i>-7.5%</i>		<i>4.8%</i>	<i>0.0%</i>	

<Exchange Rate>

(JPY Per \$)

FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2020 Q1	FY2020 Q2	FY2020 Q3
109.90	107.35	108.76	107.62	106.22	104.51

Core based  
P&L

(million JPY)

	Nichi-Iko			Sagent			Consolidated		
	FY2019 Q3	FY2020 Q3	YOY	FY2019 Q3	FY2020 Q3	YOY	FY2019 Q3	FY2020 Q3	YOY
Sales	117,929	113,085	95.9%	24,232	26,151	107.9%	142,162	139,237	97.9%
COGS	95,066	93,578	98.4%	18,267	22,014	120.5%	113,334	115,592	102.0%
<i>vs Sales</i>	<i>80.6%</i>	<i>82.8%</i>		<i>75.4%</i>	<i>84.2%</i>		<i>79.7%</i>	<i>83.0%</i>	
Gross Profit	22,862	19,507	85.3%	5,964	4,137	69.4%	28,827	23,644	82.0%
<i>vs Sales</i>	<i>19.4%</i>	<i>17.2%</i>		<i>24.6%</i>	<i>15.8%</i>		<i>20.3%</i>	<i>17.0%</i>	
SG&A	14,504	13,863	95.6%	4,269	4,644	108.8%	18,773	18,507	98.6%
R&D Expense	1,567	1,471	93.9%	1,387	1,467	105.8%	2,954	2,939	99.5%
Other Operating Income	240	285	118.8%	-7	14	0.0%	232	300	129.3%
Other Operating Expenses	285	636	223.2%	0	0	0.0%	285	636	223.2%
Core Operating Profit	6,746	3,820	56.6%	300	-1,960	0.0%	7,046	1,860	26.4%
<i>vs Sales</i>	<i>5.7%</i>	<i>3.4%</i>		<i>1.2%</i>	<i>-7.5%</i>		<i>5.0%</i>	<i>1.3%</i>	
Operating Profit	6,591	1,978	30.0%	300	-1,960	0.0%	6,891	17	0.2%
<i>vs Sales</i>	<i>5.6%</i>	<i>1.7%</i>		<i>1.2%</i>	<i>-7.5%</i>		<i>4.8%</i>	<i>0.0%</i>	

<Exchange Rate>

(JPY Per \$)

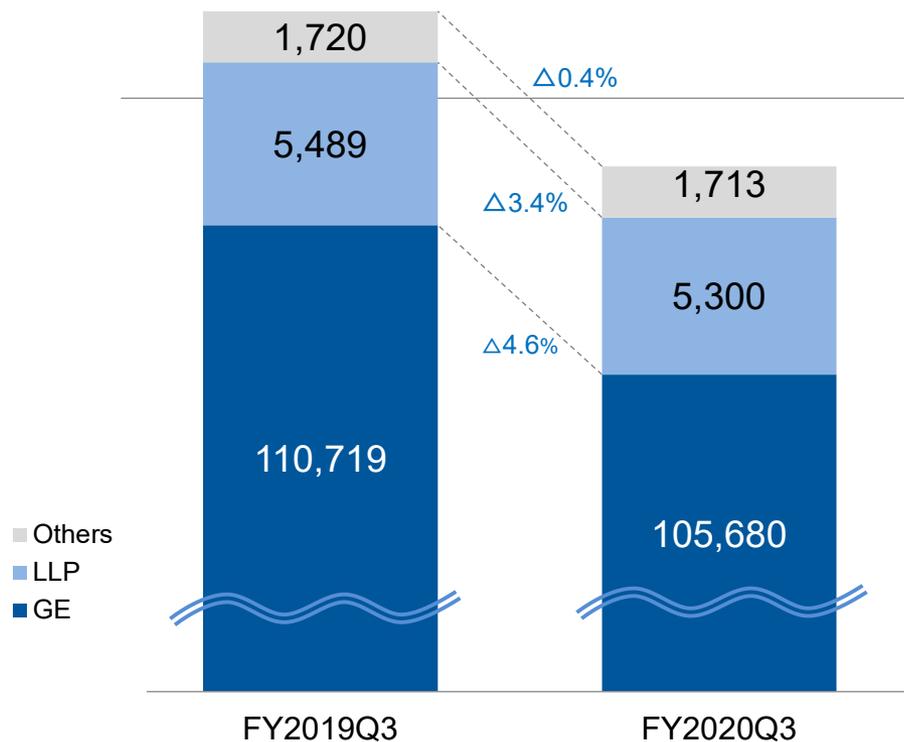
FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2020 Q1	FY2020 Q2	FY2020 Q3
109.90	107.35	108.76	107.62	106.22	104.51

# IFRS: Sales Performance by Category of Products

(million JPY)

	FY2019Q3	FY2020Q3	YOY	
	Actual	Actual	Variance	%
GE	110,719	105,680	-5,039	95.4%
LLP	5,489	5,300	-189	96.6%
Others	1,720	1,713	-7	99.6%
<b>Total</b>	<b>117,929</b>	<b>112,693</b>	<b>-5,236</b>	<b>95.6%</b>

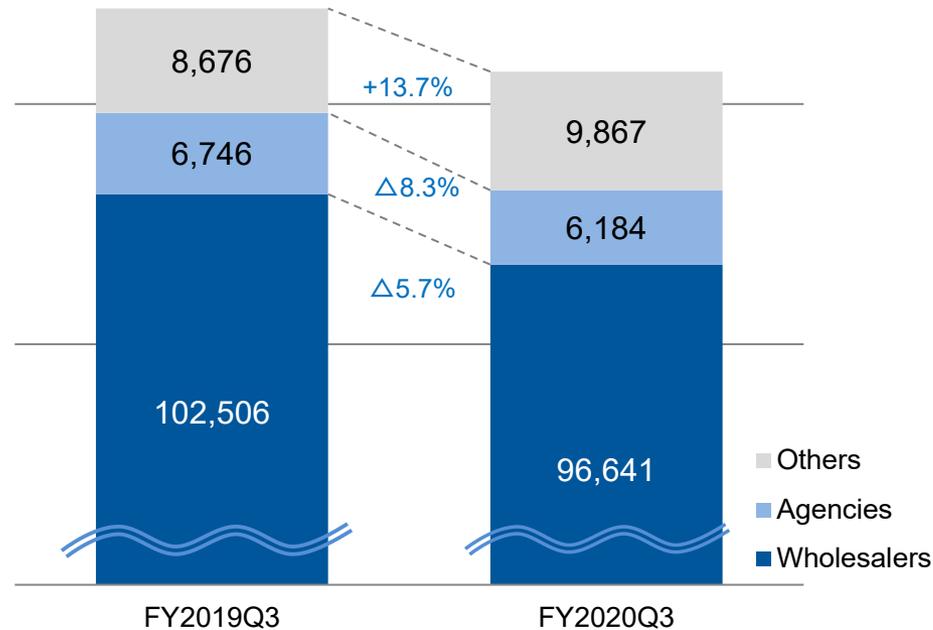
(million JPY)



(million JPY)

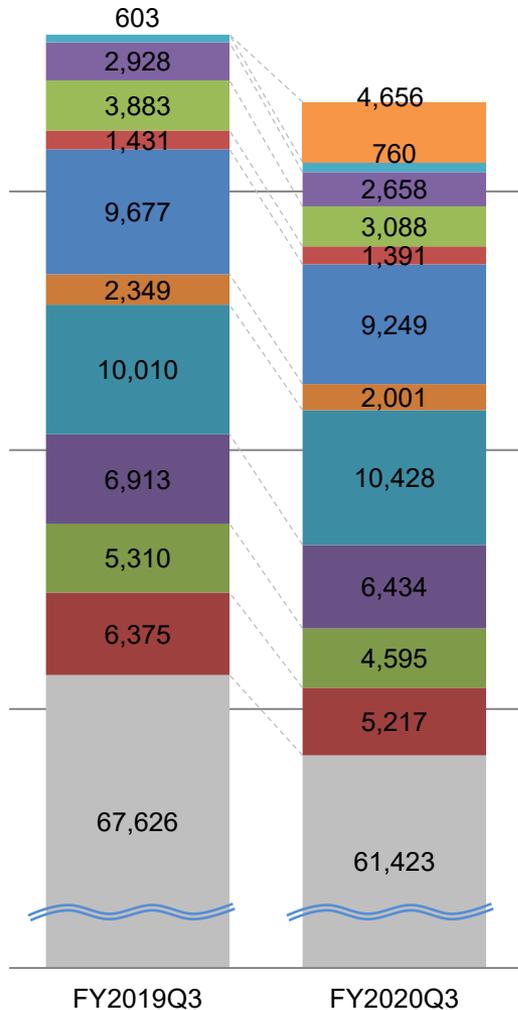
Distribution Channel	FY2019Q3		FY2020Q3			
	Actual		Actual		YOY	
	Sales	%	Sales	%	Variance	%
Wholesalers	102,506	86.9%	96,641	85.8%	-5,865	94.3%
Agencies	6,746	5.7%	6,184	5.5%	-562	91.7%
Others	8,676	7.4%	9,867	8.8%	1,191	113.7%
Total	117,929	100.0%	112,693	100.0%	-5,236	95.6%

(million JPY)



# IFRS: Sales Performance by NHI Listed Year

(million JPY)



(Listed in)	FY2019 Q3	FY2020 Q3	Variance	YOY
2020	-	4,656	-	-
2019	603	760	157	126.0%
2018	2,928	2,658	-270	90.8%
2017	3,883	3,088	-795	79.5%
2016	1,431	1,391	-40	97.2%
2015	9,677	9,249	-428	95.6%
2014	2,349	2,001	-348	85.2%
2013	10,010	10,428	418	104.2%
2012	6,913	6,434	-479	93.1%
2011	5,310	4,595	-715	86.5%
2010	6,375	5,217	-1,158	81.8%
2009 & before	67,626	61,423	-6,203	90.8%
<b>Total</b>	<b>117,110</b>	<b>111,905</b>	<b>-5,205</b>	<b>95.6%</b>

# Sales Performance by Medical Institutions

GE	FY2019Q3			FY2020Q3		
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients
All	114,406	125.0%	102.3%	123,779	94.8%	108.2%
DPC Hospital	1,751	131.5%	102.2%	1,751	90.9%	100.0%
Pharmacy	58,373	128.9%	100.9%	59,456	96.6%	101.9%

All Products	Total No. of Institutions in Japan	FY2019Q3			FY2020Q3			YOY	
		Sales Composition	No. of Clients	Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients	
All	-	100.0%	130,116	100.0%	134,260	-	94.4%	103.2%	
Hospital	8,309	16.9%	8,221	16.3%	8,224	99.0%	91.1%	100.0%	
DPC Hospital	1,753	11.4%	1,752	10.9%	1,752	99.9%	90.1%	100.0%	
Clinic	104,142	8.4%	63,372	8.0%	66,453	63.8%	89.5%	104.9%	
Pharmacy	60,808	68.6%	58,523	70.0%	59,583	98.0%	96.4%	101.8%	
Others	-	6.1%	-	5.7%	-	-	88.2%	-	

- Core operating profit were revised to reflect the 3Q results and the impacts of COVID-19.
- As it is difficult at this time to calculate the impact of the acquisition of Nichi-Iko Gifu Plant Co., Ltd. 's business, the full-year forecasts for operating profit and net income have not been determined and will be announced promptly when available.

## FY2021/3 (Consolidated)

(Million JPY)	FY2021/3 (Consolidated)		
	Initial full-year forecast	Revised full-year forecast	Revised full-year forecast
	In May 2020	In Nov. 2020	In Feb. 2021
Sales	199,000	190,000	190,000
Core Operating Profit	7,500	6,500	3,000

Annual dividend (planned) <b>30.0 JPY</b>	R&D investment <b>11.4 B JPY</b> (FY2020/3 13.7 B JPY)
Capital expenditures <b>9.3 B JPY</b> (FY2020/3 8.4 B JPY)	Depreciation <b>11.2 B JPY</b> (FY2020/3 11.8 B JPY)

### Uncertain factors

Business acquisition of Nichi-Iko Gifu Plant Co., Ltd.  
COVID-19, exchange rate, annual drug price revision

### ◆ COVID-19 impact

- Continuous restriction of medical visits in Japan

### ◆ Growth of new products

- Products listed in June 2020
- Products listed in December 2020 (including AG 2 molecules)
- Growth of limaprost alfadex (AG)

### ◆ Actions for COVID-19 in the U.S.

- Increasing supply of COVID-19 related products

### ◆ Increasing manufacturing of SterRx products and expanding the lineup

### ◆ Launching multiple products in the U.S.

\*The above forecasts are based on information available as of the announcement date. Actual results may differ from these forecasts due to a variety of factors.

## 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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