

(English Translation)

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2022 (IFRS)

August 10, 2021

Company name: Nichi-Iko Pharmaceutical Co., Ltd. Stock exchange listings:
Tokyo Stock Exchange
Securities code: 4541 (URL <https://www.nichiiko.co.jp/>)
Representative: Yuichi Tamura
President and CEO
Contact: Shuji Ishida Tel: 076-432-2121
Senior Operating Officer, Head of
Administrative Division
Scheduled date of filing of quarterly report: August 13, 2021
Scheduled date of commencement of dividend payment: -
Presentation of supplementary materials on quarterly financial results: Yes
Holding of quarterly financial presentation meeting: No

(Note that all amounts have been rounded down to the nearest one million yen.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to June 30, 2021)

(1) Consolidated Results of Operations (cumulative)

(Percentage figures represent changes from the same period of the previous fiscal year)

| | Revenue | Core operating profit | Operating profit | Profit before tax | Profit | Profit attributable to owners of parent |
|--|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---|
| First quarter of fiscal year ending March 31, 2022 | ¥42,943 million (-5.1%) | -¥3,945 million (-%) | -¥4,124 million (-%) | -¥3,611 million (-%) | -¥3,881 million (-%) | -¥3,777 million (-%) |
| First quarter of fiscal year ended March 31, 2021 | ¥45,265 million (-2.7%) | ¥726 million (-61.2%) | ¥491 million (-71.6%) | ¥494 million (-82.7%) | ¥304 million (-83.2%) | ¥290 million (-84.0%) |

| | Total comprehensive income | Basic earnings per share | Diluted earnings per share |
|--|----------------------------|--------------------------|----------------------------|
| First quarter of fiscal year ending March 31, 2022 | -¥3,691 million (-%) | -¥58.90 | -¥58.90 |
| First quarter of fiscal year ended March 31, 2021 | ¥193 million (-%) | ¥4.54 | ¥4.54 |

(Note)

Core operating profit is calculated by deducting gains and losses caused by extraordinary factors (extraordinary items) from operating profit.

(2) Consolidated Financial Position

| | Total assets | Total equity | Equity attributable to owners of parent | Ratio of total equity attributable to owners of the parent to total assets | Equity attributable to owners of parent per share |
|--|------------------|------------------|---|--|---|
| First quarter of fiscal year ending March 31, 2022 | ¥354,607 million | ¥108,021 million | ¥106,859 million | 30.1% | ¥1,665.57 |
| Fiscal year ended March 31, 2021 | ¥363,572 million | ¥112,435 million | ¥111,167 million | 30.6% | ¥1,733.58 |

2. Dividends

| | Annual dividends per share | | | | |
|--|----------------------------|----------------|---------------|----------|--------|
| | First quarter | Second quarter | Third quarter | Year-end | Total |
| Fiscal year ended March 31, 2021 | ¥- | ¥15.00 | ¥- | ¥10.00 | ¥25.00 |
| Fiscal year ending March 31, 2022 | ¥- | | | | |
| Fiscal year ending March 31, 2022 (forecast) | | ¥10.00 | ¥- | ¥10.00 | ¥20.00 |

(Note)

Revisions to recently announced dividends forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Percentage figures represent changes from the same period of the previous fiscal year)

| | Revenue | Core operating profit | Operating profit | Profit attributable to owners of parent | Basic earnings per share |
|-----------------------------------|-------------------------|-----------------------|----------------------|---|--------------------------|
| Second quarter (cumulative total) | ¥94,000 million (4.9%) | -¥5,000 million (-%) | -¥5,200 million (-%) | -¥5,300 million (-%) | -¥82.61 |
| Annual | ¥195,000 million (3.6%) | ¥700 million (-28.4%) | 500 million (365.4%) | ¥200 million (-%) | ¥3.12 |

(Note)

Revisions to recently announced forecast of financial results: Yes

For details, please refer to “(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements” in “1. Qualitative Information on Financial Results for the Quarter under Review” on page 6 of the Attachment.

***Notes**

(1) Changes in significant subsidiaries during the consolidated cumulative quarter under review (changes in specified subsidiaries resulting in change in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: No

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(3) Total number of issued shares (common stock)

(i) Total number of issued shares as of the end of the period (including treasury shares):

As of June 30, 2021 65,162,652 shares

As of March 31, 2021 65,162,652 shares

(ii) Number of treasury shares as of the end of the period:

As of June 30, 2021 1,004,905 shares

As of March 31, 2021 1,036,650 shares

(iii) Average number of shares during the period (cumulative quarter):

First quarter of fiscal year ending March 31, 2022 64,141,888 shares

First quarter of fiscal year ended March 31, 2021 63,945,629 shares

(Note)

Number of treasury shares as of the end of the period includes shares held by the Employee Shareholding Incentive Plan.

*** Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.**

*** Explanation on the appropriate usage of forecast of financial results, and other specific matters**

(Considerations on forward-looking statements)

The forward-looking statements including forecast of financial results contained in these materials are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. As such, they do not constitute the Company's guarantee that such results would be achieved. Actual business and other results may differ substantially from the forecasts provided in these materials as a result of various factors.

(How to obtain supplementary materials for financial results)

Supplementary materials for financial results will be provided on the website of the Company on Tuesday, August 10, 2021.

Attachment – Contents

| | |
|--|----|
| 1. Qualitative Information on Financial Results for the Quarter under Review | 2 |
| (1) Explanation on Operating Results | 2 |
| (2) Explanation on Financial Position | 4 |
| (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements | 6 |
| 2. Condensed Quarterly Consolidated Financial Statements and Primary Notes | 7 |
| (1) Condensed Quarterly Consolidated Statement of Financial Position | 7 |
| (2) Condensed Quarterly Consolidated Statement of Income and Condensed Quarterly Consolidated Statement of Comprehensive Income | 9 |
| (3) Condensed Quarterly Consolidated Statement of Changes in Equity | 11 |
| (4) Condensed Quarterly Consolidated Statement of Cash Flows | 15 |
| (5) Notes to Condensed Quarterly Consolidated Financial Statements | 17 |
| (Notes on premise of going concern) | 17 |
| (Segment information)..... | 17 |

1. Qualitative Information on Financial Results for the Quarter under Review

(1) Explanation on Operating Results

In the cumulative first quarter under review, the future of the Japanese economy continued to be uncertain due to social activity and consumer spending remaining sluggish, as there was no end in sight for the novel coronavirus disease (COVID-19) pandemic.

In the generic drug industry, further enhancement of profitability is required in the face of the drug price revision carried out in April 2021. Furthermore, it is also necessary to take steps to address issues in quality and stable supply perspective.

Under such circumstance, the Group is endeavoring to quickly build a system for continuously providing safe and reliable pharmaceuticals in accordance with the new quality policy of “Commitment to Security and Trust” established in July, 2020, perform the rebranding of five brands (consolidation of overlapping products) focusing on stable supply of pharmaceuticals with high medical demand, promote CMO business at Nichi-Iko Gifu Plant Co., Ltd. (hereinafter referred to as “Gifu Plant”), and enhance development of value-added products.

A. Results by segment

| (in millions of yen) | Nichi-Iko Group | | | Sagent Group | | |
|-----------------------|---|--|--------|---|--|--------|
| | First quarter of fiscal year ended March 31, 2021 | First quarter of fiscal year ending March 31, 2022 | Change | First quarter of fiscal year ended March 31, 2021 | First quarter of fiscal year ending March 31, 2022 | Change |
| Revenue | 36,399 | 33,268 | -3,131 | 8,914 | 9,690 | +776 |
| Core operating profit | 1,237 | -3,521 | -4,759 | -511 | -423 | +87 |

(Notes)

1. The two segments are the “Nichi-Iko Group” and the “Sagent Group,” with the “Sagent Group” being made up of Sagent Pharmaceuticals, Inc. and its consolidated subsidiaries, and the “Nichi-Iko Group” being made up of companies excluding the “Sagent Group.”
2. The Group has adopted “core operating profit” as an indicator representing ordinary profitability, and has also adopted “core operating profit” for segment profit. “Core operating profit” is calculated by deducting gains and losses caused by extraordinary factors from operating profit, and extraordinary factors are also excluded from revenue.

(i) Nichi-Iko Group

In Nichi-Iko Group, the product quality risk assessment of Toyama Plant 1, which was subject to administrative penalty on March this year, has been completed and we are making every effort to gradually resume shipments. In addition, efforts are being made to optimize the overall production system with an eye to establishing stable supply system throughout the Group, including realizing of synergy effects at the Gifu Plant acquired February this year.

Results in Nichi-Iko Group during the cumulative first quarter of the current fiscal year showed revenue of 33,268 million yen (a decrease of 3,131 million yen year-on-year) and segment loss of 3,521 million yen (a decrease of 4,759 million yen year-on-year) due to drop in drug prices as a result of the drug price revision, decrease in sales of Elmed products caused by stoppage of shipments from a manufacturing subcontractor (Kobayashi Kako Co., Ltd.) and inability to ship nearly all products from Toyama Plant 1 during the first quarter as a result of Toyama Plant 1 self-

imposing stringent quality checks such as FMEA, despite contribution made by sales of products from Gifu Plant (approximately 9,000 million yen).

From the second quarter, we will steadily recover production in Toyama Plant 1, and get shipments back on track.

(ii) Sagent Group

In Sagent Group, efforts such as expansion of SterRx production line are being made as part of in-house production and production capacity expansion projects with the aim of being more cost competitive and enhancing stable supply capability in each of Sagent group manufacturing sites, namely Sagent Raleigh Plant, Omega Montreal Plant and SterRx. Furthermore, the Company is proceeding with efforts aimed at the prompt launch of biosimilar and orphan drugs in the US market and licensing out products developed by Sagent to Japanese and Southeast Asian markets.

Results in Sagent Group during the cumulative first quarter of the current fiscal year showed revenue of 9,690 million yen (an increase of 776 million yen year-on-year) and segment loss of 423 million yen (an increase of 87 million yen year-on-year) due to growth in sales in the Canadian market and decrease in selling, general and administrative expenses despite decrease in sales of products related to COVID-19 stemming from decrease in COVID-19 positives in the United States.

B. Group Results

| (in millions of yen) | First quarter of fiscal year ended March 31, 2021 | First quarter of fiscal year ending March 31, 2022 | Change |
|---|---|--|--------|
| Revenue | 45,265 | 42,943 | -2,321 |
| Core operating profit | 726 | -3,945 | -4,672 |
| Operating profit | 491 | -4,124 | -4,616 |
| Profit before tax | 494 | -3,611 | -4,106 |
| Profit attributable to owners of parent | 290 | -3,777 | -4,068 |
| Diluted earnings per share | 4.54 | -58.90 | -63.44 |

(Note)

The Group has adopted “core operating profit” as an indicator representing ordinary profitability. “Core operating profit” is calculated by deducting gains and losses caused by extraordinary factors from operating profit.

Revenue decreased by 2,321 million yen year-on-year due to decrease in revenue in Nichi-Iko Group despite increase in Sagent Group.

Core operating profit and operating profit decreased by 4,672 million yen and 4,616 million yen year on year, respectively, due to decrease in earnings in Nichi-Iko Group.

Profit before tax was down 4,106 million yen year-on-year and profit attributable to owners of parent was down 4,068 million yen year-on-year.

(Impact from COVID-19)

The Group is endeavoring to prevent the spread of COVID-19 among all employees through measures such as working at home, staggered working hours and dispersing of work areas per each department.

With regard to the impact on results, although there were some negative impacts on sales due to restraint on examinations, delays in surgeries, restrictions on business activities, and delays in the supply of materials for certain products from suppliers in the United States, there were also positive aspects such as increase in sales of products related to COVID-19. As such, there has been no significant impact on results to date.

(2) Explanation on Financial Position

(i) Assets, Liabilities and Equity

Assets on a consolidated basis at the end of the first quarter of the current fiscal year decreased by 8,964 million yen from the previous fiscal year-end to 354,607 million yen. This was mainly attributable to the following factors:

| | Increase (decrease) (in millions of yen) | Main factors |
|-----------------------------|---|---|
| Cash and cash equivalents | -15,439 | Payments of trade payables and payment of deposits received associated with trade receivable trusts |
| Trade and other receivables | -3,452 | Decrease in sales due to the April 2021 price revision and delays in shipment of certain products |
| Inventories | +7,575 | Increase in inventories due to procuring raw materials and securing work in process with an eye to the resumption of production at Toyama Plant 1 |
| Intangible assets | +4,377 | Acquisition of manufacturing and marketing rights, etc. |

Liabilities on a consolidated basis at the end of the first quarter of the current fiscal year decreased by 4,550 million yen from the previous fiscal year-end to 246,586 million yen. This was mainly attributable to the following factors:

| | Increase (decrease) (in millions of yen) | Main factors |
|--------------------------|---|--|
| Trade and other payables | -4,329 | Lowering of supply prices, payment for seasonally fluctuating products purchased, etc. |

Equity on a consolidated basis at the end of the first quarter of the current fiscal year decreased by 4,414 million yen from the previous fiscal year-end to 108,021 million yen. This was mainly attributable to the following factors:

| | Increase (decrease) (in millions of yen) | Main factors |
|-------------------|---|-------------------------|
| Retained earnings | -4,549 | Recording of loss, etc. |

(ii) Consolidated Cash Flows

At the end of the first quarter of the current fiscal year, cash and cash equivalents on a consolidated basis decreased by 15,439 million yen from the previous fiscal year-end to 13,703 million yen.

Details of cash flows from each of the three activities for the cumulative first quarter of the current fiscal year are described below.

(Cash flows from operating activities)

Net cash used in operating activities during the cumulative first quarter of the current fiscal year amounted to 14,497 million yen. This was mainly attributable to the following factors:

| Details | Increase (decrease) (in millions of yen) |
|--|---|
| Recording of loss before tax | -3,611 |
| Recording of depreciation and amortization | 3,094 |
| Increase in inventories | -7,273 |
| Decrease in trade and other receivables | 3,431 |
| Decrease in trade and other payables | -7,120 |

(Cash flows from investing activities)

Net cash used in investing activities during the cumulative first quarter of the current fiscal year amounted to 1,024 million yen. This was mainly attributable to the following factors:

| Details | Increase (decrease) (in millions of yen) |
|---|---|
| Purchase of property, plant and equipment | -1,045 |
| Purchase of intangible assets | -2,478 |
| Proceeds from sale of investments accounted for using equity method | 2,500 |

(Cash flows from financing activities)

Net cash provided by financing activities during the cumulative first quarter of the current fiscal year amounted to 287 million yen. This was mainly attributable to the following factors:

| Details | Increase (decrease) (in millions of yen) |
|----------------------------|---|
| Net increase in borrowings | 1,456 |
| Payment of dividends | -594 |

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements

The Company announced its forecast for the cumulative second quarter of the fiscal year ending March 31, 2022 that had not been published.

Furthermore, in addition to revising the full-year forecast for the fiscal year ending March 31, 2022 announced on May 14, 2021, the Company also published full-year forecast of operating profit and profit attributable to owners of parent that had not been published.

For details, please refer to the “Notice on Announcement of Consolidated Forecast for Six months ending September 30, 2021 and Revisions to Full-year Forecast for the Fiscal Year Ending March 31, 2022” announced today.

Announcement of consolidated financial results figures for the cumulative second quarter of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

| | Revenue | Core operating profit | Operating profit | Profit attributable to owners of parent | Basic earnings per share |
|---|-----------------|-----------------------|------------------|---|--------------------------|
| Previous forecast | - | - | - | - | - |
| Revised forecast | ¥94,000 million | -¥5,000 million | -¥5,200 million | -¥5,300 million | -¥82.61 |
| (Reference) Actual results for the second quarter of the fiscal year ended March 31, 2021 | ¥89,631 million | ¥1,360 million | ¥523 million | ¥146 million | ¥2.28 |

Revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

| | Revenue | Core operating profit | Operating profit | Profit attributable to owners of parent | Basic earnings per share |
|---|------------------|-----------------------|------------------|---|--------------------------|
| Previous forecast (A) | ¥195,000 million | ¥2,500 million | - | - | - |
| Revised forecast (B) | ¥195,000 million | ¥700 million | ¥500 million | ¥200 million | ¥3.12 |
| Change in amount (B-A) | - | -¥1,800 million | - | - | |
| Change (%) | - | -72.0% | - | - | |
| (Reference) Actual results for the fiscal year ended March 31, 2021 | ¥188,218 million | ¥977 million | ¥107 million | -¥4,179 million | -¥65.28 |

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

| | (in millions of yen) | |
|---|---|---|
| | Fiscal year ended March 31, 2021 (as of March 31, 2021) | First quarter of fiscal year ending March 31, 2022 (as of June 30, 2021) |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 29,142 | 13,703 |
| Trade and other receivables | 42,882 | 39,430 |
| Inventories | 96,110 | 103,685 |
| Income taxes receivable | 55 | 161 |
| Other financial assets | 3,715 | 3,715 |
| Other current assets | 3,195 | 4,155 |
| Subtotal | 175,102 | 164,851 |
| Assets held for sale | - | 855 |
| Total current assets | 175,102 | 165,707 |
| Non-current assets | | |
| Property, plant and equipment | 68,943 | 66,834 |
| Goodwill | 45,661 | 45,708 |
| Intangible assets | 56,957 | 61,334 |
| Investments accounted for using equity method | 2,202 | 74 |
| Other financial assets | 11,635 | 11,791 |
| Deferred tax assets | 12 | 17 |
| Other non-current assets | 3,058 | 3,139 |
| Total non-current assets | 188,469 | 188,900 |
| Total assets | 363,572 | 354,607 |

| | (in millions of yen) | |
|---|---|---|
| | Fiscal year ended March 31, 2021 (as of March 31, 2021) | First quarter of fiscal year ending March 31, 2022 (as of June 30, 2021) |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 65,359 | 61,030 |
| Borrowings | 63,113 | 66,017 |
| Other financial liabilities | 1,615 | 1,461 |
| Income taxes payable | 937 | 1,247 |
| Refund liabilities | 2,712 | 2,107 |
| Contract liabilities | 127 | 117 |
| Other current liabilities | 9,707 | 8,583 |
| Total current liabilities | 143,574 | 140,564 |
| Non-current liabilities | | |
| Borrowings | 86,021 | 84,561 |
| Other financial liabilities | 4,182 | 4,040 |
| Retirement benefit liability | 960 | 939 |
| Provisions | 83 | 83 |
| Refund liabilities | 98 | 85 |
| Contract liabilities | 631 | 611 |
| Deferred tax liabilities | 14,711 | 14,904 |
| Other non-current liabilities | 874 | 797 |
| Total non-current liabilities | 107,562 | 106,022 |
| Total liabilities | 251,136 | 246,586 |
| Equity | | |
| Share capital | 23,360 | 23,360 |
| Capital surplus | 21,896 | 21,896 |
| Other equity instruments | 9,918 | 9,918 |
| Treasury shares | (2,267) | (2,216) |
| Retained earnings | 50,822 | 46,272 |
| Other components of equity | 7,437 | 7,627 |
| Total equity attributable to owners of parent | 111,167 | 106,859 |
| Non-controlling interests | 1,268 | 1,162 |
| Total equity | 112,435 | 108,021 |
| Total liabilities and equity | 363,572 | 354,607 |

(2) Condensed Quarterly Consolidated Statement of Income and Condensed Quarterly Consolidated Statement of Comprehensive Income

(Condensed Quarterly Consolidated Statement of Income)

| | (in millions of yen) | |
|---|--|---|
| | First quarter of previous fiscal year (from April 1, 2020 to June 30, 2020) | First quarter of current fiscal year (from April 1, 2021 to June 30, 2021) |
| Revenue | 45,265 | 42,943 |
| Cost of sales | 37,178 | 39,420 |
| Gross profit | 8,087 | 3,523 |
| Selling, general and administrative expenses | 6,712 | 6,879 |
| Research and development expenses | 776 | 790 |
| Other operating income | 76 | 95 |
| Other operating expenses | 183 | 73 |
| Operating profit (loss) | 491 | (4,124) |
| Finance income | 140 | 545 |
| Finance costs | 206 | 232 |
| Share of profit (loss) of investments accounted for using equity method | 69 | 201 |
| Profit (loss) before tax | 494 | (3,611) |
| Income tax expense | 190 | 270 |
| Profit (loss) | 304 | (3,881) |
| Profit attributable to: | | |
| Owners of parent | 290 | (3,777) |
| Non-controlling interests | 14 | (103) |
| Profit (loss) | 304 | (3,881) |
| Earnings per share | | |
| Basic earnings (loss) per share (Yen) | 4.54 | (58.90) |
| Diluted earnings (loss) per share (Yen) | 4.54 | (58.90) |

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(in millions of yen)

| | First quarter of previous fiscal year (from April 1, 2020 to June 30, 2020) | First quarter of current fiscal year (from April 1, 2021 to June 30, 2021) |
|---|--|---|
| Profit | 304 | (3,881) |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | 276 | 73 |
| Share of other comprehensive income of investments accounted for using equity method | (0) | - |
| Total of items that will not be reclassified to profit or loss | 275 | 73 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | (387) | 116 |
| Total of items that may be reclassified to profit or loss | (387) | 116 |
| Other comprehensive income (net of tax) | (111) | 189 |
| Comprehensive income | 193 | (3,691) |
| Comprehensive income attributable to: | | |
| Owners of parent | 192 | (3,586) |
| Non-controlling interests | 0 | (105) |
| Comprehensive income | 193 | (3,691) |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First Quarter of Previous Fiscal Year (from April 1, 2020 to June 30, 2020)

(in millions of yen)

| | Equity attributable to owners of parent | | | | | Other components of equity | |
|---|---|-----------------|--------------------------|-----------------|-------------------|---|---|
| | Share capital | Capital surplus | Other equity instruments | Treasury shares | Retained earnings | Exchange differences on translation of foreign operations | Financial assets |
| | | | | | | | measured at fair value through other comprehensive income |
| Balance as of April 1, 2020 | 23,360 | 21,896 | 9,918 | (2,562) | 57,365 | 4,339 | 1,235 |
| Profit (loss) | | | | | 290 | | |
| Other comprehensive income | | | | | | (373) | 275 |
| Total comprehensive income | - | - | - | - | 290 | (373) | 275 |
| Distributions to owners of other equity instruments | | | | | (109) | | |
| Purchase of treasury shares | | | | (0) | | | |
| Disposal of treasury shares | | (3) | | 24 | | | |
| Dividends (Note) | | | | | (959) | | |
| Transfer to capital surplus from retained earnings | | 3 | | | (3) | | |
| Total transactions with owners | - | - | - | 24 | (1,072) | - | - |
| Balance as of June 30, 2020 | 23,360 | 21,896 | 9,918 | (2,538) | 56,583 | 3,965 | 1,510 |

| | Equity attributable to owners of parent | | | Non-controlling interests | Total |
|---|---|-------|---------|---------------------------|---------|
| | Other components of equity | | Total | | |
| | Others | Total | | | |
| Balance as of April 1, 2020 | 274 | 5,848 | 115,826 | 1,343 | 117,170 |
| Profit (loss) | | | 290 | 14 | 304 |
| Other comprehensive income | | (97) | (97) | (13) | (111) |
| Total comprehensive income | - | (97) | 192 | 0 | 193 |
| Distributions to owners of other equity instruments | | | (109) | | (109) |
| Purchase of treasury shares | | | (0) | | (0) |
| Disposal of treasury shares | | | 21 | | 21 |
| Dividends (Note) | | | (959) | | (959) |
| Transfer to capital surplus from retained earnings | | | - | | - |
| Total transactions with owners | - | - | (1,047) | - | (1,047) |
| Balance as of June 30, 2020 | 274 | 5,750 | 114,971 | 1,344 | 116,315 |

(Note)

The amount of dividends does not include the amount of dividends to the Employee Shareholding Incentive Plan.

First Quarter of Current Fiscal Year (from April 1, 2021 to June 30, 2021)

(in millions of yen)

| | Equity attributable to owners of parent | | | | | Other components of equity | |
|---|---|-----------------|--------------------------|-----------------|-------------------|---|--|
| | Share capital | Capital surplus | Other equity instruments | Treasury shares | Retained earnings | Exchange differences on translation of foreign operations | Financial assets measured at fair value through other comprehensive income |
| Balance as of April 1, 2021 | 23,360 | 21,896 | 9,918 | (2,267) | 50,822 | 6,526 | 669 |
| Profit (loss) | | | | | (3,777) | | |
| Other comprehensive income | | | | | | 118 | 73 |
| Total comprehensive income | - | - | - | - | (3,777) | 118 | 73 |
| Distributions to owners of other equity instruments | | | | | (109) | | |
| Purchase of treasury shares | | | | (0) | | | |
| Disposal of treasury shares | | (21) | | 50 | | | |
| Transfer of loss on disposal of treasury shares | | 21 | | | (21) | | |
| Dividends (Note) | | | | | (641) | | |
| Transfer from other components of equity | | | | | 1 | | (1) |
| Total transactions with owners | - | - | - | 50 | (771) | - | (1) |
| Balance as of June 30, 2021 | 23,360 | 21,896 | 9,918 | (2,216) | 46,272 | 6,645 | 741 |

| | Equity attributable to owners of parent | | | Non-controlling interests | Total |
|---|---|-------|---------|---------------------------|---------|
| | Other components of equity | | Total | | |
| | Others | Total | | | |
| Balance as of April 1, 2021 | 240 | 7,437 | 111,167 | 1,268 | 112,435 |
| Profit (loss) | | | (3,777) | (103) | (3,881) |
| Other comprehensive income | | 191 | 191 | (2) | 189 |
| Total comprehensive income | – | 191 | (3,586) | (105) | (3,691) |
| Distributions to owners of other equity instruments | | | (109) | | (109) |
| Purchase of treasury shares | | | (0) | | (0) |
| Disposal of treasury shares | | | 28 | | 28 |
| Transfer of loss on disposal of treasury shares | | | - | | - |
| Dividends (Note) | | | (641) | | (641) |
| Transfer from other components of equity | | (1) | - | | - |
| Total transactions with owners | - | (1) | (722) | - | (722) |
| Balance as of June 30, 2021 | 240 | 7,627 | 106,859 | 1,162 | 108,021 |

(Note)

The amount of dividends does not include the amount of dividends to the Employee Shareholding Incentive Plan.

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(in millions of yen)

| | First quarter of previous fiscal year (from April 1, 2020 to June 30, 2020) | First quarter of current fiscal year (from April 1, 2021 to June 30, 2021) |
|--|--|---|
| Cash flows from operating activities | | |
| Profit (loss) before tax | 494 | (3,611) |
| Depreciation and amortization | 3,042 | 3,094 |
| Interest and dividend income | (73) | (92) |
| Interest expenses | 142 | 155 |
| Share of loss (profit) of investments accounted for using equity method | (69) | (201) |
| Loss (gain) on sale of investments in associates | - | (363) |
| Decrease (increase) in trade and other receivables | 9,809 | 3,431 |
| Decrease (increase) in inventories | (4,614) | (7,273) |
| Increase (decrease) in trade and other payables | (4,269) | (7,120) |
| Increase (decrease) in refund liabilities | (614) | (616) |
| Increase (decrease) in deposits received | (195) | (992) |
| Other | 991 | (797) |
| Subtotal | 4,643 | (14,387) |
| Dividends received | 57 | 73 |
| Interest received | 0 | 0 |
| Interest paid | (140) | (152) |
| Income taxes paid | (153) | (89) |
| Income taxes refund | 138 | 57 |
| Net cash provided by (used in) operating activities | 4,545 | (14,497) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,880) | (1,045) |
| Purchase of intangible assets | (3,032) | (2,478) |
| Proceeds from sale of investments accounted for using equity method | - | 2,500 |
| Other | 29 | 0 |
| Net cash provided by (used in) investing activities | (5,883) | (1,024) |

(in millions of yen)

| | First quarter of previous fiscal year (from April 1, 2020 to June 30, 2020) | First quarter of current fiscal year (from April 1, 2021 to June 30, 2021) |
|--|--|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 58 | 2,967 |
| Proceeds from long-term borrowings | - | 1,000 |
| Repayments of long-term borrowings | (2,292) | (2,511) |
| Repayments of lease liabilities | (394) | (492) |
| Dividends paid | (897) | (594) |
| Distributions to owners of other equity instruments | (109) | (109) |
| Other | 20 | 28 |
| Net cash provided by (used in) financing activities | (3,614) | 287 |
| Effect of exchange rate changes on cash and cash equivalents | (349) | (204) |
| Net increase (decrease) in cash and cash equivalents | (5,301) | (15,439) |
| Cash and cash equivalents at beginning of period | 42,944 | 29,142 |
| Cash and cash equivalents at end of period | 37,642 | 13,703 |

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Segment information)

(1) Reportable segments

The Group's reportable segments are components of the business units of the Group for which discrete financial statements are available and evaluated regularly by the Board of Directors in determining the allocation of management resources and assessing the segment's performance.

The Company's pharmaceutical business is made up of two segments: the "Nichi-Iko Group" and the "Sagent Group." The "Sagent Group" is made up of Sagent Pharmaceuticals, Inc. and its consolidated subsidiaries.

The "Nichi-Iko Group" is made up of companies excluding the "Sagent Group."

Revenue and segment profit of the reportable segments are as follows.

First Quarter of Previous Fiscal Year (from April 1, 2020 to June 30, 2020)

(in millions of yen)

| | Reportable segments | | | Adjustment | Consolidated |
|--|---------------------|--------------|--------|------------|--------------|
| | Nichi-Iko Group | Sagent Group | Total | | |
| Revenue | | | | | |
| External revenue | 36,399 | 8,914 | 45,314 | - | 45,314 |
| Inter-segment revenue | - | - | - | - | - |
| Total | 36,399 | 8,914 | 45,314 | - | 45,314 |
| Segment profit (loss) (Core operating profit) (Note) | 1,237 | (511) | 726 | - | 726 |

(Note)

Core operating profit excludes profits and losses caused by extraordinary factors from operating profit, and extraordinary factors are also excluded from revenue.

First Quarter of Current Fiscal Year (from April 1, 2021 to June 30, 2021)

(in millions of yen)

| | Reportable segments | | | Adjustment | Consolidated |
|--|---------------------|--------------|---------|------------|--------------|
| | Nichi-Iko Group | Sagent Group | Total | | |
| Revenue | | | | | |
| External revenue | 33,268 | 9,690 | 42,959 | - | 42,959 |
| Inter-segment revenue | - | 18 | 18 | (18) | - |
| Total | 33,268 | 9,709 | 42,977 | (18) | 42,959 |
| Segment profit (loss) (Core operating profit) (Note) | (3,521) | (423) | (3,945) | - | (3,945) |

(Note)

Core operating profit excludes profits and losses caused by extraordinary factors from operating profit, and extraordinary factors are also excluded from revenue.

The difference between the total amounts for the reportable segments and the amount reported on the condensed quarterly consolidated financial statements has been adjusted as follows.

(in millions of yen)

| | First quarter of previous fiscal year (from April 1, 2020 to June 30, 2020) | First quarter of current fiscal year (from April 1, 2021 to June 30, 2021) |
|--|--|---|
| Total revenue | 45,314 | 42,959 |
| Provisions for returns in voluntary recall | 49 | 16 |
| Revenue on condensed quarterly consolidated financial statements | 45,265 | 42,943 |

(in millions of yen)

| | First quarter of previous fiscal year (from April 1, 2020 to June 30, 2020) | First quarter of current fiscal year (from April 1, 2021 to June 30, 2021) |
|---|--|---|
| Segment profit (loss) | 726 | (3,945) |
| Integration-related expenses | - | 24 |
| Voluntary recall expenses | 234 | 154 |
| Operating profit (loss) | 491 | (4,124) |
| Finance income | 140 | 545 |
| Finance costs | 206 | 232 |
| Share of profit (loss) of investments accounted for using equity method | 69 | 201 |
| Profit (loss) before tax | 494 | (3,611) |

(2) Information about products and services

Revenue from each product and service is as follows.

First Quarter of Previous Fiscal Year (from April 1, 2020 to June 30, 2020)

(in millions of yen)

| | Reportable segments | | |
|-------------------------------------|---------------------|--------------|--------|
| | Nichi-Iko Group | Sagent Group | Total |
| Sales of merchandise and products | | | |
| Treatments for paramedics | - | 2,958 | 2,958 |
| Treatments for circulatory system | 7,547 | - | 7,547 |
| Treatments for blood and body fluid | 6,884 | - | 6,884 |
| Antibiotics | 1,893 | 2,277 | 4,171 |
| Treatments for digestive system | 3,808 | - | 3,808 |
| Treatments for nervous system | 4,415 | - | 4,415 |
| Treatments for external use | 1,742 | - | 1,742 |
| Treatments for allergies | 3,144 | - | 3,144 |
| Other | 6,963 | 3,678 | 10,641 |
| Total | 36,399 | 8,914 | 45,314 |

(Note)

In the same manner as “core operating profit,” extraordinary factors are also excluded from revenue.

First Quarter of Current Fiscal Year (from April 1, 2021 to June 30, 2021)

(in millions of yen)

| | Reportable segments | | |
|-------------------------------------|---------------------|--------------|--------|
| | Nichi-Iko Group | Sagent Group | Total |
| Sales of merchandise and products | | | |
| Treatments for paramedics | - | 5,556 | 5,556 |
| Treatments for circulatory system | 5,092 | - | 5,092 |
| Treatments for blood and body fluid | 5,078 | - | 5,078 |
| Antibiotics | 2,004 | 2,501 | 4,505 |
| Treatments for digestive system | 3,824 | - | 3,824 |
| Treatments for nervous system | 3,610 | - | 3,610 |
| Treatments for external use | 2,595 | - | 2,595 |
| Treatments for allergies | 2,497 | - | 2,497 |
| Other | 8,566 | 1,633 | 10,199 |
| Total | 33,268 | 9,690 | 42,959 |

(Note)

In the same manner as “core operating profit,” extraordinary factors are also excluded from revenue.

First Quarter of Previous Fiscal Year (from April 1, 2020 to June 30, 2020)

(in millions of yen)

| | Reportable segments | | |
|--|---------------------|--------------|--------|
| | Nichi-Iko Group | Sagent Group | Total |
| Sales of merchandise and products | 36,370 | 8,914 | 45,285 |
| License agreement on sales of products, etc. | 29 | - | 29 |
| Total | 36,399 | 8,914 | 45,314 |

(Note)

In the same manner as “core operating profit,” extraordinary factors are also excluded from revenue.

First Quarter of Current Fiscal Year (from April 1, 2021 to June 30, 2021)

(in millions of yen)

| | Reportable segments | | |
|--|---------------------|--------------|--------|
| | Nichi-Iko Group | Sagent Group | Total |
| Sales of merchandise and products | 33,239 | 9,690 | 42,929 |
| License agreement on sales of products, etc. | 29 | - | 29 |
| Total | 33,268 | 9,690 | 42,959 |

(Note)

In the same manner as “core operating profit,” extraordinary factors are also excluded from revenue.

(3) Information by geographical area

Revenue by geographical area is shown below.

First Quarter of Previous Fiscal Year (from April 1, 2020 to June 30, 2020)

(in millions of yen)

| | Reportable segments | | |
|---------------|---------------------|--------------|--------|
| | Nichi-Iko Group | Sagent Group | Total |
| Japan | 36,367 | - | 36,367 |
| United States | - | 7,907 | 7,907 |
| Other | 32 | 1,007 | 1,039 |
| Total | 36,399 | 8,914 | 45,314 |

(Notes)

1. Revenue is based on the location of the destination of sales.
2. In the same manner as “core operating profit,” extraordinary factors are also excluded from revenue.

First Quarter of Current Fiscal Year (from April 1, 2021 to June 30, 2021)

(in millions of yen)

| | Reportable segments | | |
|---------------|---------------------|--------------|--------|
| | Nichi-Iko Group | Sagent Group | Total |
| Japan | 33,220 | - | 33,220 |
| United States | - | 7,749 | 7,749 |
| Other | 48 | 1,940 | 1,989 |
| Total | 33,268 | 9,690 | 42,959 |

(Notes)

1. *Revenue is based on the location of the destination of sales.*
2. *In the same manner as “core operating profit,” extraordinary factors are also excluded from revenue.*