

Fiscal Year Ending March 31, 2022
Results of 3rd Quarter
Settlement of Accounts Supplementary Material
(Apr. 1 to Dec. 31, 2021)

February 14, 2022



日医工株式会社

TSE: 4541

< Nichi-Iko >

- NHI list price revision and delay of product release from Toyama Plant 1 negatively impacted performance, offset by improvements from newly launched products, AG and Nichi-Iko Gifu Plant. Great net performance in the third quarter.

< Sagent >

- Good sales of COVID-related products in the U.S. & Canada
- Sales contribution by newly launched products: 12 items by Q3 FY2022/3 and others in FY2021/3
- A plant shut-down due to replacement of manufacturing equipment at SterRx

	Cumulative 1Q to 3Q	FY2022/3 1Q	FY2022/3 2Q	FY2022/3 3Q
Sales	134.9 B JPY	42.9 B JPY	43.0 B JPY	49.0 B JPY
Core Operating Profit	- 9.9 B JPY	- 3.9 B JPY	- 4.8 B JPY	- 1.1 B JPY
Net Income Attributable to Parent	- 15.7 B JPY	- 3.8 B JPY	- 10.8 B JPY	- 1.1 B JPY

IFRS : FY2022/3 Q3 Results (Year-on-Year)

(Million JPY)

	FY2021/3 Q3	vs Sales (%)	FY2022/3 Q3	vs Sales (%)	YOY	FY2022/3 Forecast	vs Forecast (%)
Sales	138,845	-	134,892	-	97.2%	185,000	72.9%
COGS	115,802	83.4%	127,898	94.8%	110.4%	-	-
Gross Profit	23,042	16.6%	6,993	5.2%	30.3%	-	-
SG&A	19,748	14.2%	19,835	14.7%	100.4%	-	-
R&D Expenses	2,939	2.1%	2,633	2.0%	89.6%	-	-
Other Operating Income	300	0.2%	1,347	1.0%	449.0%	-	-
Other Operating Expenses	636	0.5%	1,209	0.9%	190.1%	-	-
Core Operating Profit	1,860	1.3%	-9,907	-7.3%	-	-11,900	83.3%
Operating Profit	17	0.0%	-15,337	-11.4%	-	-17,100	89.7%
Pretax	-95	-0.1%	-14,269	-10.6%	-	-	-
Net Income Attributable to Parent	-216	-0.2%	-15,704	-11.6%	-	-18,600	84.4%
Capital Expenditure	5,577		4,018		72.0%	10,900	36.9%
R&D Investment	9,613		9,506		98.9%	12,600	75.4%
Depreciation	9,821		9,256		94.2%	10,600	87.3%

Reported
P&L

(Million JPY)

	Nichi-Iko			Sagent			Consolidated		
	FY2021/3 Q3	FY2022/3 Q3	YOY	FY2021/3 Q3	FY2022/3 Q3	YOY	FY2021/3 Q3	FY2022/3 Q3	YOY
Sales	112,693	104,477	92.7%	26,151	30,414	116.3%	138,845	134,892	97.2%
COGS	93,787	102,534	109.3%	22,014	25,364	115.2%	115,802	127,898	110.4%
vs Sales	83.2%	98.1%		84.2%	83.4%		83.4%	94.8%	
Gross Profit	18,905	1,943	10.3%	4,137	5,049	122.0%	23,042	6,993	30.3%
vs Sales	16.8%	1.9%		15.8%	16.6%		16.6%	5.2%	
SG&A	15,103	15,093	99.9%	4,644	4,742	102.1%	19,748	19,835	100.4%
R&D Expense	1,471	1,573	106.9%	1,467	1,060	72.3%	2,939	2,633	89.6%
Other Operating Income	285	1,320	463.2%	14	26	185.7%	300	1,347	449.0%
Other Operating Expenses	636	685	107.7%	0	523	-	636	1,209	190.1%
Operating Profit	1,978	-14,087	-	-1,960	-1,250	-	17	-15,337	-
vs Sales	1.8%	-13.5%		-7.5%	-4.1%		0.0%	-11.4%	

< Average Exchange Rate (JPY/USD) >

(Projected EX rate: JPY108.00/1USD)

FY2021/3 1Q	FY2021/3 2Q	FY2021/3 3Q	FY2022/3 1Q	FY2022/3 2Q	FY2022/3 3Q
107.62	106.22	104.51	109.49	110.11	113.71

Core based
P&L

(Million JPY)

	Nichi-Iko			Sagent			Consolidated		
	FY2021/3 Q3	FY2022/3 Q3	YOY	FY2021/3 Q3	FY2022/3 Q3	YOY	FY2021/3 Q3	FY2022/3 Q3	YOY
Sales	113,085	104,494	92.4%	26,151	30,414	116.3%	139,237	134,909	96.9%
COGS	93,578	97,766	104.5%	22,014	25,364	115.2%	115,592	123,131	106.5%
<i>vs Sales</i>	82.8%	93.6%		84.2%	83.4%		83.0%	91.3%	
Gross Profit	19,507	6,728	34.5%	4,137	5,049	122.0%	23,644	11,777	49.8%
<i>vs Sales</i>	17.2%	6.4%		15.8%	16.6%		17.0%	8.7%	
SG&A	13,863	14,899	107.5%	4,644	4,742	102.1%	18,507	19,642	106.1%
R&D Expense	1,471	1,573	106.9%	1,467	1,060	72.3%	2,939	2,633	89.6%
Other Operating Income	285	1,320	463.2%	14	26	185.7%	300	1,347	449.0%
Other Operating Expenses	636	233	36.6%	0	523	-	636	757	119.0%
Core Operating Profit	3,820	-8,657	-	-1,960	-1,250	-	1,860	-9,907	-
<i>vs Sales</i>	3.4%	-8.3%		-7.5%	-4.1%		1.3%	-7.3%	
* Core Operating Profit: Calculated by deducting profit and loss generated by non-recurring factors (non-recurring items) from Operating Profit.									
Operating Profit	1,978	-14,087	-	-1,960	-1,250	-	17	-15,337	-
<i>vs Sales</i>	1.7%	-13.5%		-7.5%	-4.1%		0.0%	-11.4%	

< Average Exchange Rate (JPY/USD) >

(Projected EX rate: 108.00JPY/1USD)

FY2021/3 1Q	FY2021/3 2Q	FY2021/3 3Q	FY2022/3 1Q	FY2022/3 2Q	FY2022/3 3Q
107.62	106.22	104.51	109.49	110.11	113.71

(Million JPY)

FY2021/3 Q3

Reported P&L	
Sales	112,693
COGS	93,787
Gross Profit	18,905
<i>vs Sales</i>	16.8%
SG&A	15,103
R&D Expense	1,471
Other Operating Income	285
Other Operating Expenses	636
Operating Profit	1,978
<i>vs Sales</i>	1.8%
(Core Operating Profit)	(3,820)

Recall costs (Δ392)

Recall costs (210)

Recall costs (1,123)
Gifu Plant integration project costs (118)

FY2022/3 Q3

Reported P&L	
Sales	104,477
COGS	102,534
Gross Profit	1,943
<i>vs Sales</i>	1.9%
SG&A	15,093
R&D Expense	1,573
Other Operating Income	1,320
Other Operating Expenses	685
Operating Profit	-14,087
<i>vs Sales</i>	-13.5%
(Core Operating Profit)	(-8,657)

Recall costs (Δ17)

Recall costs (48)
Provision for obsolete DS inventories etc. (4,720) *

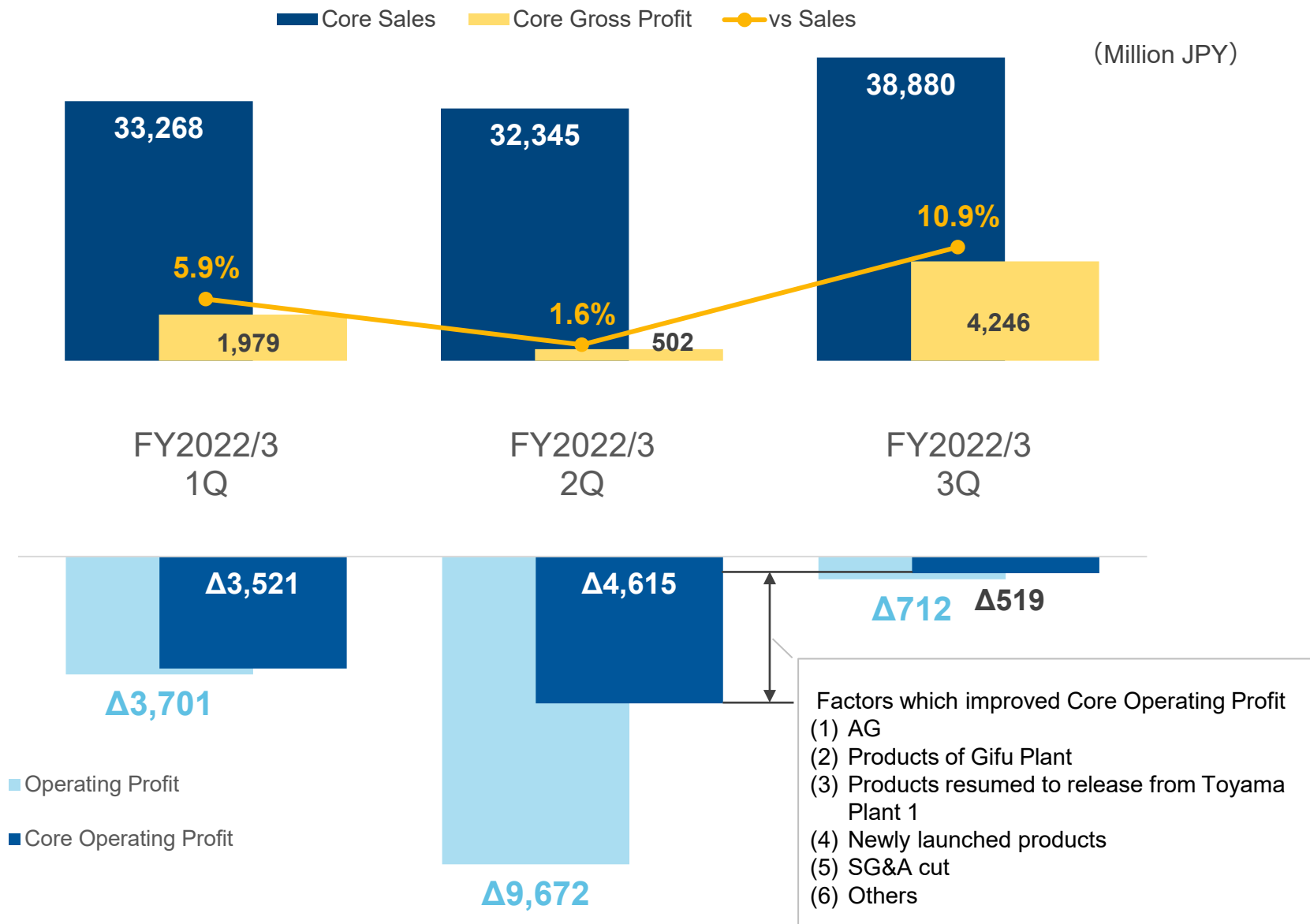
Recall costs (168), Gifu Plant integration project costs (25)

Impairment loss on IPRD costs (Δ428), Loss on sales of DS inventories etc. (24) *

* Provision for disposal of obsolete DS inventories etc. / Loss on sales of DS inventory etc.:

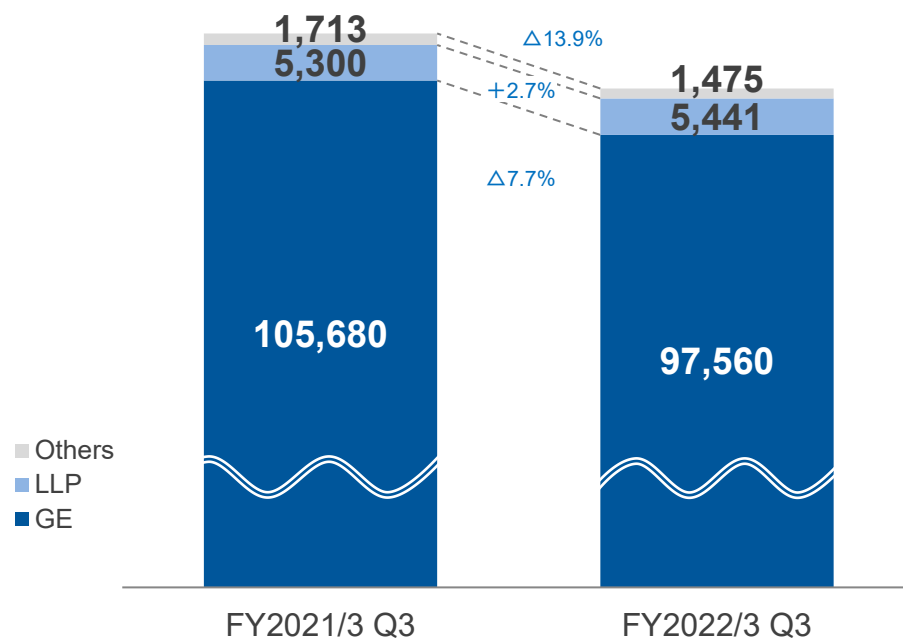
The DS inventories etc. herein include the following 3 categories of the products manufactured at Toyama Plant 1: (1) Possible to integrate into other products, held by the group companies, containing API with same type and same efficacy, (2) Possible to resume manufacturing and release products in the medium term, and (3) Expected to take a longer time to reach to the resumption of production. Those inventories of raw materials and work-in-progress may be disposed in the future based on the evaluation.

FY2022/3 Results by Quarter (Japan)



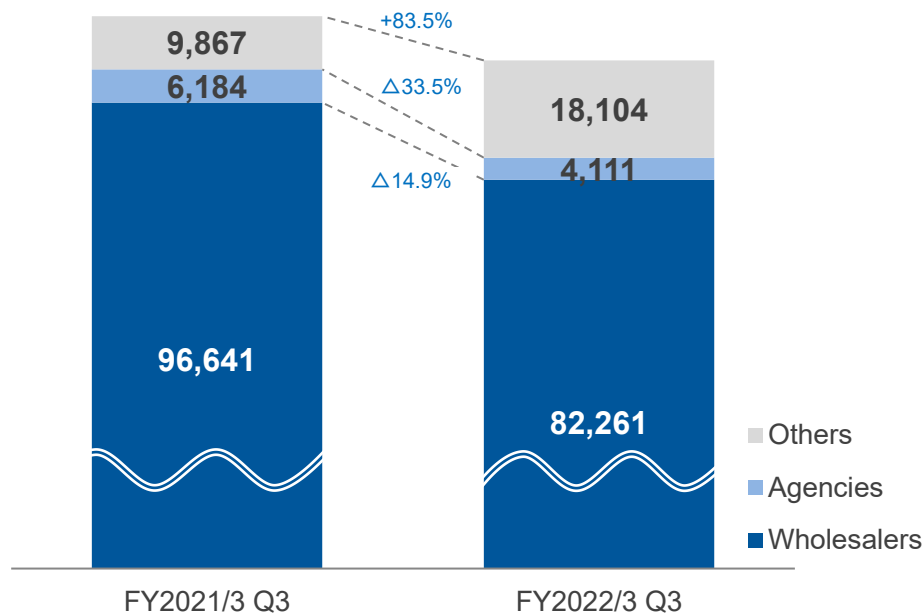
(Million JPY)

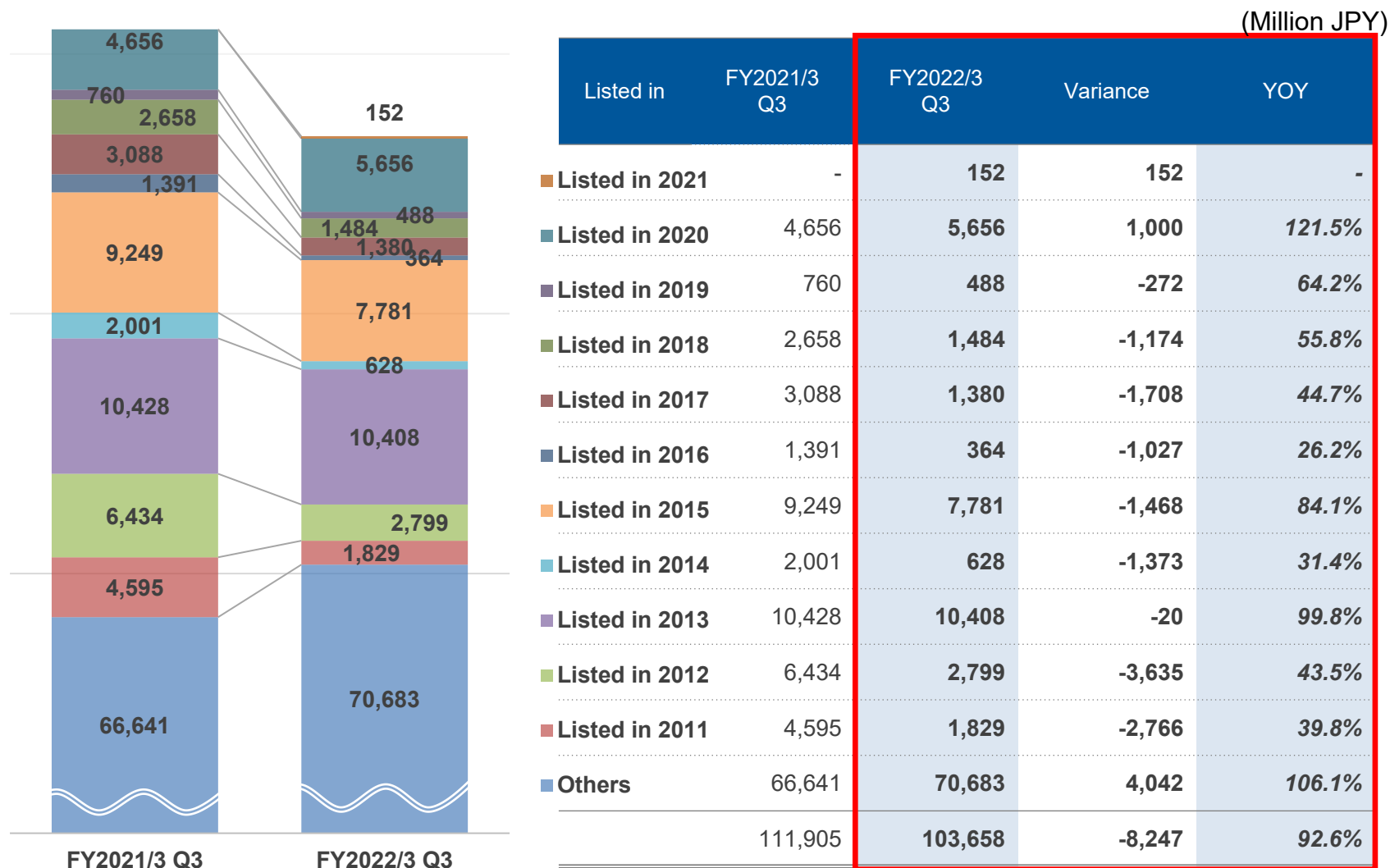
Category (Nichi-Iko Group)	FY2021/3 Q3	FY2022/3 Q3	YOY	
	Actual	Actual	Variance	%
GE	105,680	97,560	-8,119	92.3%
LLP	5,300	5,441	141	102.7%
Others	1,713	1,475	-237	86.1%
Total	112,693	104,477	-8,215	92.7%



(Million JPY)

Distribution Channel (Nichi-Iko Group)	FY2021/3 Q3		FY2022/3 Q3			
	Actual		Actual		YOY	
	Sales	%	Sales	%	Variance	%
Wholesalers	96,641	85.8%	82,261	78.7%	-14,380	85.1%
Agencies	6,184	5.5%	4,111	3.9%	-2,073	66.5%
Others	9,867	8.8%	18,104	17.3%	8,237	183.5%
Total	112,693	100.0%	104,477	100.0%	-8,215	92.7%





GE only		FY2021/3 Q3		FY2022/3 Q3				
		No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients	
All		123,480	94.8%	108.0%	123,719	68.8%	100.2%	
DPC Hospital		1,749	90.9%	99.9%	1,749	86.3%	100.0%	
Pharmacy		59,167	96.6%	101.4%	60,263	66.0%	101.9%	
All Products	Total No. of Institutions In Japan	FY2021/3 Q3		FY2022/3 Q3			YOY	
		Sales Composition	No. of Clients	Sales Composition	No. of Clients	Covered Ratio	Sales Variance	No. of Clients
All	-	100.0%	133,950	100.0%	133,210	-	69.9%	99.4%
Hospital	8,269	16.3%	8,184	19.8%	8,177	98.9%	85.0%	99.9%
DPC Hospital	1,789	10.9%	1,750	13.6%	1,750	97.8%	87.5%	100.0%
Clinic	105,059	8.0%	66,480	8.2%	64,649	61.5%	72.1%	97.2%
Pharmacy	61,553	70.1%	59,286	66.7%	60,384	98.1%	66.6%	101.9%
Others	-	5.7%	-	5.3%	-	-	64.9%	-

Forward-Looking Statements

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