

(English Translation)

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2021 (IFRS)

August 11, 2020

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, 2020
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, 2021 (From April 1, 2020 to June 30, 2020)

(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, 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%)
First quarter of fiscal year ended March 31, 2020	¥46,523 million (10.0%)	¥1,871 million (-12.7%)	¥1,733 million (-14.9%)	¥2,868 million (-1.0%)	¥1,813 million (-26.3%)	¥1,813 million (-26.3%)

	Total comprehensive income	Basic earnings per share	Diluted earnings per share
First quarter of fiscal year ending March 31, 2021	¥193 million (-%)	¥4.54	¥4.54
First quarter of fiscal year ended March 31, 2020	- ¥957 million (-%)	¥28.44	¥28.25

(Note)

Core operating profit is calculated by deducting gains and losses caused by extraordinary factors (extraordinary items) from operating profit, and extraordinary factors are also excluded from revenue.

(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, 2021	¥327,478 million	¥116,315 million	¥114,971 million	35.1%	¥1,797.68
Fiscal year ended March 31, 2020	¥336,819 million	¥117,170 million	¥115,826 million	34.4%	¥1,811.50

2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
Fiscal year ended March 31, 2020	¥-	¥15.00	¥-	¥15.00	¥30.00
Fiscal year ending March 31, 2021	¥-				
Fiscal year ending March 31, 2021 (forecast)		¥15.00	¥-	¥15.00	¥30.00

(Note)

Revisions to recently announced dividends forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021
(From April 1, 2020 to March 31, 2021)

(Percentage figures represent changes from the previous fiscal year)

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent	Basic earnings per share
Annual	¥199,000 million (4.7%)	¥7,500 million (-6.5%)	¥7,500 million (161.0%)	¥5,200 million (1.3%)	¥81.25

(Note)

Revisions to recently announced forecast of financial results: None

(Note)

The above results forecast does not include the impact of the spread of novel coronavirus infections (COVID-19) because it is difficult to make a revision due to the impact of the spread of COVID-19. We will promptly provide notification if it is necessary to revise the results forecast due to future conditions.

***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, 2020 65,162,652 shares

As of March 31, 2020 65,162,652 shares

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

As of June 30, 2020 1,207,192 shares

As of March 31, 2020 1,222,817 shares

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

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

First quarter of fiscal year ended March 31, 2020 63,753,467 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 11, 2020.

Attachment – Contents

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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 the declaration of a state of emergency in response to the spread of COVID-19 in April and remaining anxieties over a second wave of COVID-19 despite the lifting of the state of emergency.

In the generic drug industry, as a result of government's measures to promote usage of generic drugs targeting "an 80% usage rate of generic drugs by September 2020" the usage rate of generic drugs from January to March 2020 rose to 78.5% (Japan Generic Medicines Association: results of analysis of generic share). However, revisions of drug prices were implemented twice in a short interval in October 2019 and April 2020 (the revision in October 2019 resulted from the consumption tax hike). As for annual drug price revision which is in active discussion, FY2021 revision will be determined by adequately considering the impact of COVID-19 based on the drug price survey being conducted this year. Nonetheless, the business environment will require further strengthening of earning capability.

A. Results by segment

(in millions of yen)	Nichi-Iko Group			Sagent Group		
	First quarter of fiscal year ended March 31, 2020	First quarter of fiscal year ending March 31, 2021	Change	First quarter of fiscal year ended March 31, 2020	First quarter of fiscal year ending March 31, 2021	Change
Revenue	39,761	36,399	-3,361	6,761	8,914	+2,152
Core operating profit	2,496	1,237	-1,258	-625	-511	+114

(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

The results in the Nichi-Iko Group during the cumulative first quarter of the current fiscal year showed revenue of 36,399 million yen (a decrease of 3,361 million yen year-on-year) and segment profit of 1,237 million yen (a decrease of 1,258 million yen year-on-year) due to price revision in October 2019 and April 2020 and the impact of COVID-19 despite firm sales of newly listed drugs in June 2020.

The following measures were implemented in the cumulative first quarter of the current fiscal year.

The Company had 11 compounds with 21 strengths including Eldecalcitol Capsules "Nichi-Iko" and Pirfenidone Tablets "Nichi-Iko" listed in the NHI drug price standards in June 2020, thereby expanding the product lineup. In addition, the Company has concluded partnership agreements with 11 local governments to date, making efforts to resolve issues in society and the community by utilizing the Company's expertise and know-how as a company involved with health and life.

Furthermore, in July 2020, the Company reached an agreement with Teva Pharmaceutical Industries Ltd., Takeda Pharmaceutical Company Ltd. and Teva Takeda Pharma Ltd. (hereinafter referred to as “Teva Takeda”) to acquire all of the shares of a company to be newly established for the purpose of undertaking the business pertaining to generic pharmaceuticals and the Takayama Plant of Teva Takeda in order to contribute to the enhancement of corporate value and evolution as a global comprehensive generic pharmaceutical company.

(ii) Sagent Group

The results in the Sagent Group during the cumulative first quarter of the current fiscal year showed revenue of 8,914 million yen (an increase of 2,152 million yen year-on-year) but segment loss of 511 million yen (an increase of 114 million yen year-on-year) due to growth in sales of products launched in the previous fiscal year and products related to COVID-19 despite factors such as restraint on examinations and delays in surgeries due to COVID-19.

The following measures were implemented in the cumulative first quarter of the current fiscal year.

In addition to continuing effort to manufacture products in the Sagent Raleigh Plant and the Montreal Plant of Omega Laboratories Limited in an effort to expand in-house production capacity to be more cost-competitive and enhance stable supply capability, the Company is strengthening efforts aimed at the prompt launch of biosimilar and orphan drugs in the US market.

B. Group Results

(in millions of yen)	First quarter of fiscal year ended March 31, 2020	First quarter of fiscal year ending March 31, 2021	Change
Revenue	46,523	45,265	-1,258
Core operating profit	1,871	726	-1,144
Profit before tax	2,868	494	-2,373
Profit attributable to owners of parent	1,813	290	-1,522
Diluted earnings per share	28.25	4.54	-23.71

(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 1,258 million yen year-on-year due to the decrease in revenue in the Nichi-Iko Group despite the increase in the Sagent Group.

Core operating profit decreased by 1,144 million yen year-on-year due to the decrease in earnings in the Nichi-Iko Group despite the increase in the earnings of the Sagent Group.

Profit before tax was down 2,373 million yen year-on-year mainly due to the recording of the gains on the sale of part of the shares in Aprogen, Inc. in the same period of the previous fiscal year.

Profit attributable to owners of parent decreased by 1,522 million yen year-on-year.

The Group is endeavoring to prevent the spread of COVID-19 by implementing telework, granting special leave and dispersing the work areas of each department, and operations have continued as normal in all of the Group’s production sites until now. In addition, there has been no significant impact on the procurement of active pharmaceutical ingredients. Furthermore, although there was

a downward trend in sales due to restraint on examinations at one point, sales is recovering since June following the lifting of state of emergency.

Nichi-Iko's Futhan® has also been nominated as a treatment candidate related to COVID-19, and clinical trials are being conducted in Japan and overseas to confirm its effectiveness. In order to cooperate with clinical trials, the company is donating Futhan®, and is also proceeding to build increased production capacity with the expansion of production lines of the Aichi Plant to be able to respond in the event Futhan® is approved as a treatment.

(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 9,340 million yen from the previous fiscal year-end to 327,478 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Cash and cash equivalents	-5,301	Repayment of borrowings, payment of fees for manufacturing facilities in the Toyama Plant, Aichi Plant, Saitama Plant and Shizuoka Plant, etc.
Trade and other receivables	-9,949	Restraint on examinations due to the declaration of a state of emergency on COVID-19 and implementation of lockdowns in certain states within the US, decrease in sales due to drug price revisions in April 2020, etc.
Inventories	+4,580	Increase in inventories due to the above decrease in sales, etc.
Intangible assets	+1,376	Investment in development of biosimilars and generic pharmaceuticals, etc.

Liabilities on a consolidated basis at the end of the first quarter of the current fiscal year decreased by 8,486 million yen from the previous fiscal year-end to 211,162 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Trade and other payables	-5,535	Lowering of supply prices, payment of supply fees for seasonally fluctuating products, etc.
Borrowings	-2,356	Repayment of borrowings, etc.

Equity on a consolidated basis at the end of the first quarter of the current fiscal year decreased by 854 million yen from the previous fiscal year-end to 116,315 million yen.

(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 5,301 million yen from the previous fiscal year-end to 37,642 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 provided by operating activities during the cumulative first quarter of the current fiscal year amounted to 4,545 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Increase in inventories	-4,614
Recording of depreciation and amortization	+3,042
Decrease in trade and other receivables	+9,809
Decrease in trade and other payables	-4,269

(Cash flows from investing activities)

Net cash used in investing activities during the cumulative first quarter of the current fiscal year amounted to 5,883 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Purchase of property, plant and equipment	-2,880
Purchase of intangible assets	-3,032

(Cash flows from financing activities)

Net cash used in financing activities during the cumulative first quarter of the current fiscal year amounted to 3,614 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Net decrease in borrowings	-2,233
Payment of dividends	-897

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

There is no change to the forecast of consolidated financial results announced on May 18, 2020.

The previously announced forecast of consolidated financial results has not incorporated the impact of the spread of COVID-19. We will promptly provide notification if it is necessary to revise the results forecast due to the future spread of COVID-19.

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, 2020 (as of March 31, 2020)	First quarter of fiscal year ending March 31, 2021 (as of June 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	42,944	37,642
Trade and other receivables	39,923	29,973
Inventories	78,127	82,708
Income taxes receivable	-	569
Other financial assets	425	425
Other current assets	3,287	1,814
Total current assets	164,708	153,133
Non-current assets		
Property, plant and equipment	59,201	59,565
Goodwill	44,322	44,109
Intangible assets	56,607	57,984
Investments accounted for using equity method	2,066	2,034
Other financial assets	7,925	8,290
Deferred tax assets	10	11
Other non-current assets	1,975	2,349
Total non-current assets	172,110	174,345
Total assets	336,819	327,478

	(in millions of yen)	
	Fiscal year ended March 31, 2020 (as of March 31, 2020)	First quarter of fiscal year ending March 31, 2021 (as of June 30, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	61,750	56,215
Borrowings	46,747	46,411
Other financial liabilities	1,722	1,708
Income taxes payable	214	83
Refund liabilities	3,270	2,605
Contract liabilities	116	116
Other current liabilities	8,868	8,779
Total current liabilities	122,690	115,921
Non-current liabilities		
Borrowings	87,045	85,025
Other financial liabilities	2,257	2,078
Retirement benefit liability	945	963
Provisions	81	82
Refund liabilities	95	132
Contract liabilities	748	719
Deferred tax liabilities	4,521	5,011
Other non-current liabilities	1,262	1,229
Total non-current liabilities	96,958	95,241
Total liabilities	219,648	211,162
Equity		
Share capital	23,360	23,360
Capital surplus	21,896	21,896
Other equity instruments	9,918	9,918
Treasury shares	(2,562)	(2,538)
Retained earnings	57,365	56,583
Other components of equity	5,848	5,750
Total equity attributable to owners of parent	115,826	114,971
Non-controlling interests	1,343	1,344
Total equity	117,170	116,315
Total liabilities and equity	336,819	327,478

(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, 2019 to June 30, 2019)	First quarter of current fiscal year (from April 1, 2020 to June 30, 2020)
Revenue	46,523	45,265
Cost of sales	36,830	37,178
Gross profit	9,693	8,087
Selling, general and administrative expenses	6,698	6,712
Research and development expenses	1,288	776
Other operating income	223	76
Other operating expenses	195	183
Operating profit	1,733	491
Finance income	35	140
Finance costs	524	206
Share of profit (loss) of investments accounted for using equity method	46	69
Other revenue	1,762	-
Other expenses	185	-
Profit before tax	2,868	494
Income tax expense	1,055	190
Profit	1,813	304
Profit attributable to:		
Owners of parent	1,813	290
Non-controlling interests	(0)	14
Profit	1,813	304
Earnings per share		
Basic earnings per share (Yen)	28.44	4.54
Diluted earnings per share (Yen)	28.25	4.54

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

	(in millions of yen)	
	First quarter of previous fiscal year (from April 1, 2019 to June 30, 2019)	First quarter of current fiscal year (from April 1, 2020 to June 30, 2020)
Profit	1,813	304
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(711)	276
Share of other comprehensive income of investments accounted for using equity method	(49)	(0)
Total of items that will not be reclassified to profit or loss	(761)	275
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,943)	(387)
Share of other comprehensive income of investments accounted for using equity method	(66)	-
Total of items that may be reclassified to profit or loss	(2,009)	(387)
Other comprehensive income (net of tax)	(2,770)	(111)
Comprehensive income	(957)	193
Comprehensive income attributable to:		
Owners of parent	(957)	192
Non-controlling interests	0	0
Comprehensive income	(957)	193

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First Quarter of Previous Fiscal Year (from April 1, 2019 to June 30, 2019)

(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, 2019	23,360	21,896	9,918	(2,893)	55,016	6,367	2,371	
Changes in accounting policies					(66)			
Restated balance	23,360	21,896	9,918	(2,893)	54,950	6,367	2,371	
Profit (loss)					1,813			
Other comprehensive income						(2,009)	(761)	
Total comprehensive income	-	-	-	-	1,813	(2,009)	(761)	
Direct issuance expenses due to issuance of new shares		(5)						
Distributions to owners of other equity instruments					(130)			
Disposal of treasury shares		(5)		39				
Dividends (Note)					(956)			
Transfer to capital surplus from retained earnings		4			(4)			
Transfer from other components of equity					114		(114)	
Total transactions with owners	-	(5)	-	39	(977)	-	(114)	
Balance as of June 30, 2019	23,360	21,890	9,918	(2,854)	55,787	4,358	1,496	

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Others	Total			
Balance as of April 1, 2019	-	285	9,025	116,323	0	116,323
Changes in accounting policies				(66)		(66)
Restated balance	-	285	9,025	116,257	0	116,257
Profit (loss)				1,813	(0)	1,813
Other comprehensive income	0		(2,770)	(2,770)	0	(2,770)
Total comprehensive income	0	-	(2,770)	(957)	0	(957)
Direct issuance expenses due to issuance of new shares				(5)		(5)
Distributions to owners of other equity instruments				(130)		(130)
Disposal of treasury shares				33		33
Dividends (Note)				(956)		(956)
Transfer to capital surplus from retained earnings				-		-
Transfer from other components of equity	(0)		(114)	-		-
Total transactions with owners	(0)	-	(114)	(1,057)	-	(1,057)
Balance as of June 30, 2019	-	285	6,140	114,243	0	114,243

(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, 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					Total
	Other components of equity			Total	Non-controlling interests	
	Remeasurements of defined benefit plans	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.

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(in millions of yen)

	First quarter of previous fiscal year (from April 1, 2019 to June 30, 2019)	First quarter of current fiscal year (from April 1, 2020 to June 30, 2020)
Cash flows from operating activities		
Profit before tax	2,868	494
Depreciation and amortization	2,844	3,042
Interest and dividend income	(35)	(73)
Interest expenses	147	142
Share of loss (profit) of investments accounted for using equity method	(46)	(69)
Loss (gain) on sale of investments in associates	(1,762)	-
Decrease (increase) in trade and other receivables	6,455	9,809
Decrease (increase) in inventories	(957)	(4,614)
Increase (decrease) in trade and other payables	(1,031)	(4,269)
Increase (decrease) in provisions	60	(643)
Other	(503)	824
Subtotal	8,038	4,643
Dividends received	83	57
Interest received	0	0
Interest paid	(141)	(140)
Income taxes paid	(331)	(153)
Income taxes refund	10	138
Net cash provided by (used in) operating activities	7,659	4,545
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,411)	(2,880)
Purchase of intangible assets	(3,549)	(3,032)
Proceeds from sale of investments accounted for using equity method	3,200	-
Collection of loans receivable	17	-
Payments for acquisition of subsidiaries	(5,832)	-
Other	2	29
Net cash provided by (used in) investing activities	(8,573)	(5,883)

(in millions of yen)

	First quarter of previous fiscal year (from April 1, 2019 to June 30, 2019)	First quarter of current fiscal year (from April 1, 2020 to June 30, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(699)	58
Repayments of long-term borrowings	(1,571)	(2,292)
Repayments of lease liabilities	(488)	(394)
Dividends paid	(880)	(897)
Distributions to owners of other equity instruments	(130)	(109)
Other	28	20
Net cash provided by (used in) financing activities	(3,741)	(3,614)
Effect of exchange rate changes on cash and cash equivalents	(172)	(349)
Net increase (decrease) in cash and cash equivalents	(4,828)	(5,301)
Cash and cash equivalents at beginning of period	42,093	42,944
Cash and cash equivalents at end of period	37,265	37,642

(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 Group has established the 8th Medium-term Management Plan "Nexus ∞" starting the previous fiscal year and with the fiscal year ending March 31, 2022 as the final year. It aims to maximize synergies in three areas (therapeutic area/region, cost and people) under the theme of "Going Beyond with Infinite Power to Connect," seeking to further evolve into a global comprehensive generic pharmaceutical company by pursuing the four core strategies of "Continue our deeper pursuit of business arenas (where to play)," "Relentless efforts for operational excellence," "Drive for global standard of quality and competitive edge" and "Be the most trusted life science company driven by our ESG activities," and one of the targets is to achieve 60.0 billion yen in overseas sales in the fiscal year ending March 31, 2022. The two reportable 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."

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

First Quarter of Previous Fiscal Year (from April 1, 2019 to June 30, 2019)

(in millions of yen)

	Reportable segments			Adjustment	Consolidated
	Nichi-Iko Group	Sagent Group	Total		
Revenue					
External revenue	39,761	6,761	46,523	-	46,523
Inter-segment revenue	-	-	-	-	-
Total	39,761	6,761	46,523	-	46,523
Segment profit (loss)					
(Core operating profit)	2,496	(625)	1,871	-	1,871
(Note)					

(Note)

Core operating profit excludes gains and losses caused by extraordinary factors from operating profit.

First Quarter of Current 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.

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, 2019 to June 30, 2019)	First quarter of current fiscal year (from April 1, 2020 to June 30, 2020)
Total revenue	46,523	45,314
Provisions for returns in voluntary recall	-	49
Revenue on condensed quarterly consolidated financial statements	46,523	45,265

(in millions of yen)

	First quarter of previous fiscal year (from April 1, 2019 to June 30, 2019)	First quarter of current fiscal year (from April 1, 2020 to June 30, 2020)
Segment profit	1,871	726
Integration-related expenses	137	-
Voluntary recall expenses	-	234
Other	0	-
Operating profit	1,733	491
Finance income	35	140
Finance costs	524	206
Share of profit (loss) of investments accounted for using equity method	46	69
Other revenue	1,762	-
Other expenses	185	-
Profit before tax	2,868	494

(2) Information about products and services

Revenue from each product and service is as follows.

First Quarter of Previous Fiscal Year (from April 1, 2019 to June 30, 2019)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Treatments for circulatory system	9,026	-	9,026
Treatments for blood and body fluid	7,228	-	7,228
Treatments for nervous system	4,377	-	4,377
Antibiotics	2,500	2,404	4,904
Treatments for digestive system	4,318	-	4,318
Chemotherapeutics	631	2,272	2,904
Treatments for allergies	3,758	-	3,758
Other	7,919	2,085	10,004
Total	39,761	6,761	46,523

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

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Treatments for circulatory system	7,547	-	7,547
Treatments for blood and body fluid	6,884	-	6,884
Treatments for nervous system	4,415	-	4,415
Antibiotics	1,893	2,277	4,171
Treatments for digestive system	3,808	-	3,808
Chemotherapeutics	599	2,715	3,315
Treatments for allergies	3,144	-	3,144
Other	8,106	3,920	12,027
Total	36,399	8,914	45,314

(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, 2019 to June 30, 2019)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Japan	39,705	-	39,705
United States	-	5,776	5,776
Other	56	985	1,041
Total	39,761	6,761	46,523

First Quarter of Current 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.