

Year Ending March 31, 2020  
Results of 2<sup>nd</sup> Quarter  
Settlement of Accounts Supplementary Material  
(Apr.1 to Sep.30 2019)

November, 2019



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

TSE : 4541

We shall excel  
as the outstanding generic pharmaceutical company,  
making every effort to continue to serve and deliver our products needed  
by our patients and their families, pharmacists, doctors, distributors  
and other pharma companies around the world.

NEXUS  
Better than the Best.



(¥ million)

	FY2018 Q2	vs Sales (%)	FY2019 Q2	vs Sales (%)	YOY
Sales	82,346	-	91,519	-	111.1%
COGS	64,166	77.9%	72,509	79.2%	113.0%
Gross Profit	18,179	22.1%	19,009	20.8%	104.6%
SG&A	11,615	14.1%	12,980	14.2%	111.8%
R&D Expenses	1,915	2.3%	2,100	2.3%	109.7%
Other Income	273	0.3%	168	0.2%	61.5%
Other Expense	202	0.2%	318	0.3%	157.4%
Core Operating Profit	4,939	6.0%	3,917	4.3%	79.3%
Operating Profit	4,720	5.7%	3,777	4.1%	80.0%
Pretax	5,727	7.0%	4,544	5.0%	79.3%
Net Income Attributable to Parent	4,620	5.6%	3,006	3.3%	65.1%
Capital Expense	2,236		4,507		201.6%
R&D Investment	5,180		7,300		140.9%
Depreciation	4,601		5,498		119.5%

(¥ million)

	FY2019 Forecast	vs Sales (%)	FY2019 H1 Forecast	vs Sales (%)	FY2019 H1 Actual	vs Sales (%)	vs Forecast Full Year	H1
Sales	194,000	-	98,000	-	91,519	-	47.2%	93.4%
COGS	156,000	80.4%	78,400	80.0%	72,509	79.2%	46.5%	92.5%
Gross Profit	38,000	19.6%	19,600	20.0%	19,009	20.8%	50.0%	97.0%
Operating Profit	8,500	4.4%	3,100	3.2%	3,777	4.1%	44.4%	121.8%
Pretax	9,000	4.6%	4,500	4.6%	4,544	5.0%	50.5%	101.0%
Quarterly Net Profit Attributable to Parent	6,000	3.1%	3,200	3.3%	3,006	3.3%	50.1%	93.9%
Capital Expense	9,000				4,507		50.1%	
R&D Investment	10,500				7,300		69.5%	
Depreciation	10,900				5,498		50.4%	

Reported  
P&L

(¥ million)

	Nichi-Iko			Sagent			Consolidated		
	FY2018 Q2	FY2019 Q2	YOY	FY2018 Q2	FY2019 Q2	YOY	FY2018 Q2	FY2019 Q2	YOY
Sales	63,853	76,851	120.4%	18,493	14,668	79.3%	82,346	91,519	111.1%
COGS	50,009	61,170	122.3%	14,157	11,339	80.1%	64,166	72,509	113.0%
<i>vs Sales</i>	<i>78.3%</i>	<i>79.6%</i>		<i>76.6%</i>	<i>77.3%</i>		<i>77.9%</i>	<i>79.2%</i>	
Gross Profit	13,843	15,680	113.3%	4,335	3,329	76.8%	18,179	19,009	104.6%
<i>vs Sales</i>	<i>21.7%</i>	<i>20.4%</i>		<i>23.4%</i>	<i>22.7%</i>		<i>22.1%</i>	<i>20.8%</i>	
SG&A	8,474	9,858	116.3%	3,140	3,121	99.4%	11,615	12,980	111.8%
R&D Expense	1,203	1,149	95.5%	711	951	133.8%	1,915	2,100	109.7%
Other Income	273	170	62.3%	-	-2	-	273	168	61.5%
Other Expense	90	318	353.3%	111	0	-	202	318	157.4%
Operating Profit	4,348	4,524	104.0%	372	-747	-	4,720	3,777	80.0%
<i>vs Sales</i>	<i>6.8%</i>	<i>5.9%</i>		<i>2.0%</i>	<i>-5.1%</i>		<i>5.7%</i>	<i>4.1%</i>	

<Exchange Rate>

(JPY Per \$)

	FY 2018	FY 2019
Q1	109.07	109.90
Q2	111.46	107.35

Core based  
P&L

(¥ million)

	Nichi-Iko			Sagent			Consolidated		
	FY2018 Q1	FY2019 Q1	YOY	FY2018 Q1	FY2019 Q1	YOY	FY2018 Q1	FY2019 Q1	YOY
Sales	63,853	76,851	120.4%	18,493	14,668	79.3%	82,346	91,519	111.1%
COGS	50,009	61,170	122.3%	14,157	11,339	80.1%	64,166	72,509	113.0%
<i>vs Sales</i>	78.3%	79.6%		76.6%	77.3%		77.9%	79.2%	
Gross Profit	13,843	15,680	113.3%	4,335	3,329	76.8%	18,179	19,009	104.6%
<i>vs Sales</i>	21.7%	20.4%		23.4%	22.7%		22.1%	20.8%	
SG&A	8,474	9,858	116.3%	3,140	3,121	99.4%	11,615	12,980	111.8%
R&D Expense	1,203	1,149	95.5%	711	951	133.8%	1,915	2,100	109.7%
Other Income	273	170	62.3%	-	-2	-	273	168	61.5%
Other Expense	90	318	353.3%	111	0	-	202	318	157.4%
Core Operating Profit	4,455	4,664	104.7%	483	-747	-	4,939	3,917	79.3%
<i>vs Sales</i>	7.0%	6.1%		2.6%	-5.1%		6.0%	4.3%	

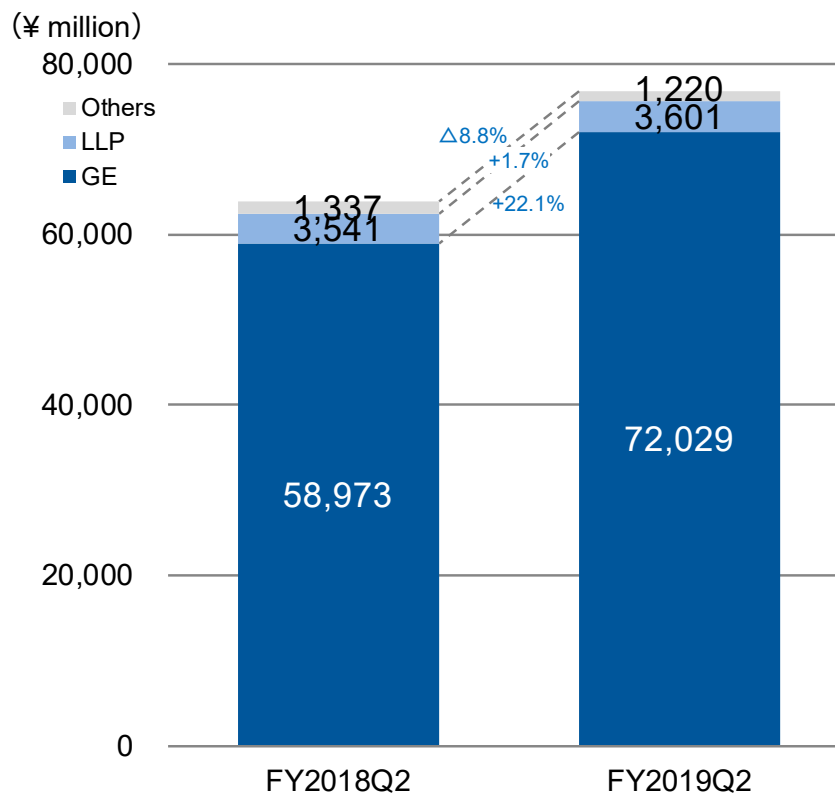
<Excluded following items from Reported P&L>

(百万円)

	Nichi-Iko		Sagent		Note
	FY 2018	FY 2019	FY 2018	FY 2019	
SG&A expense	107	-	-	-	Elmed Integration Cost
Other expense	-	139	-	-	Impairment of IPRD, Elmed Restructuring Cost
Other expense	-	-	111	-	Impairment of IPRD,

(¥ million)

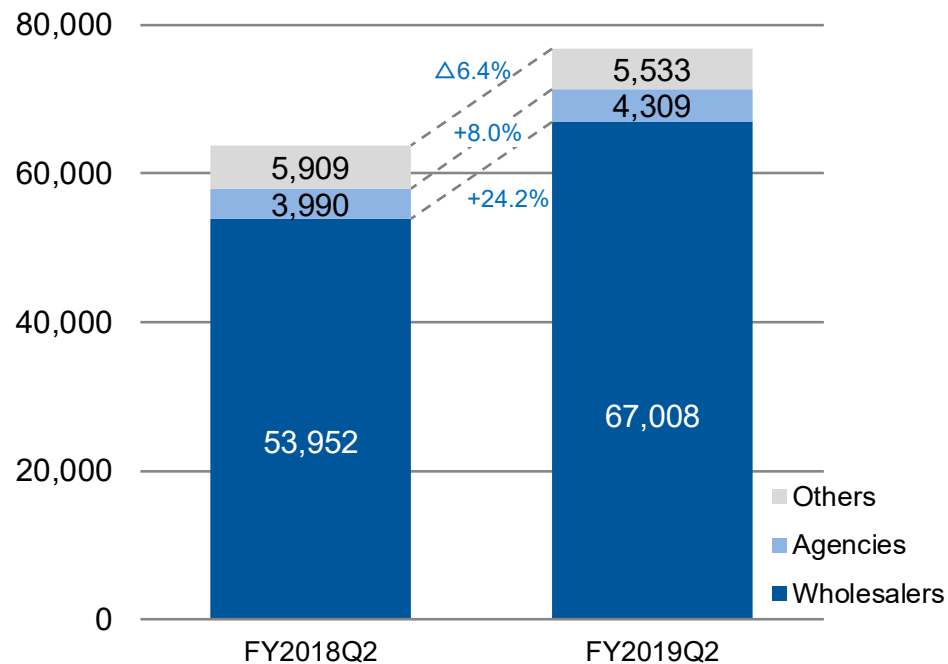
	FY2018Q2	FY2019Q2	YOY	
	Actual	Actual	Variance	%
GE	58,973	72,029	13,055	122.1%
LLP	3,541	3,601	59	101.7%
Others	1,337	1,220	-117	91.2%
<b>Total</b>	<b>63,853</b>	<b>76,851</b>	<b>12,998</b>	<b>120.4%</b>



(¥ million)

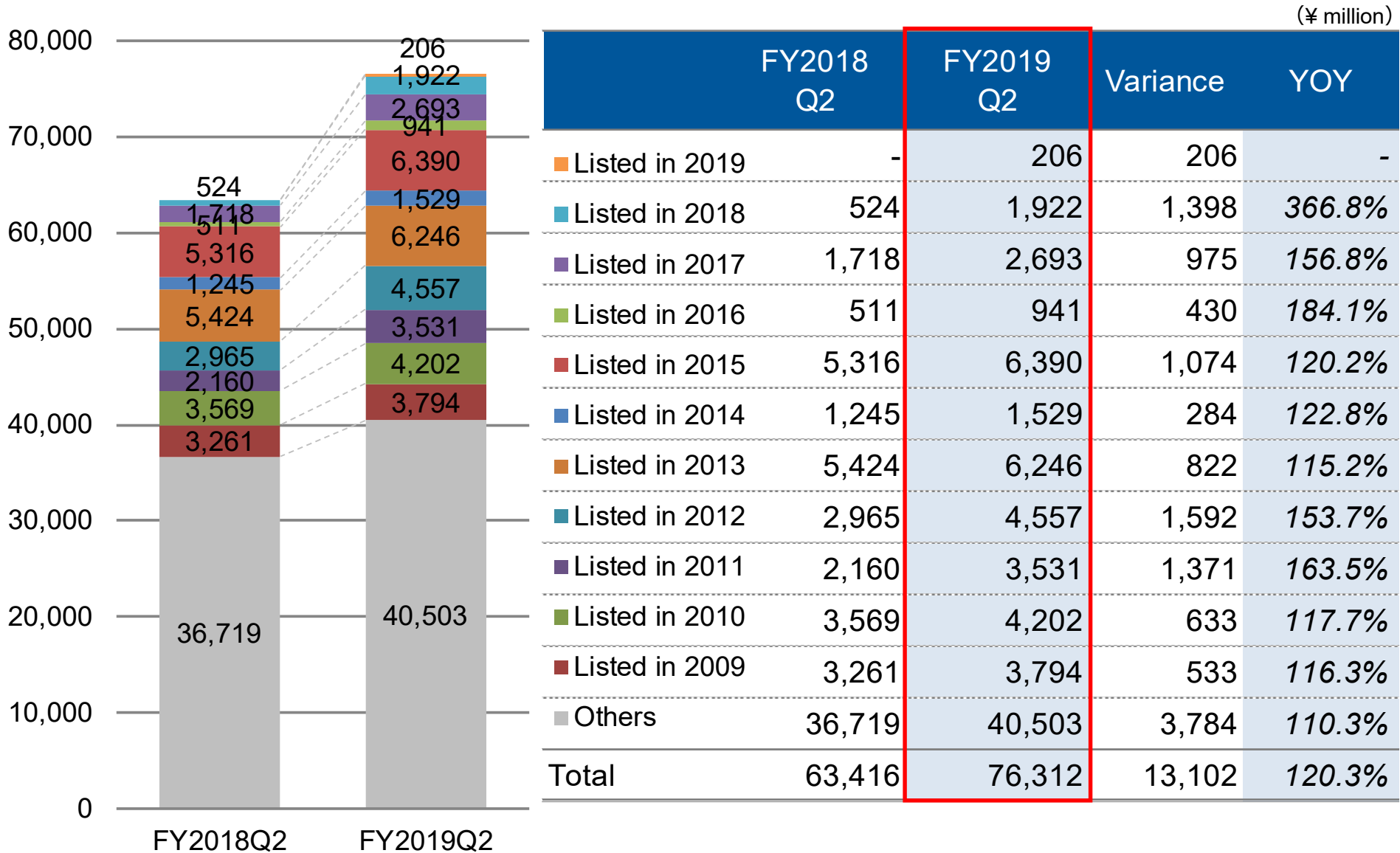
Distribution Channel	FY2018Q2		FY2019Q2			
	Actual		Actual		YOY	
	Sales	%	Sales	%	Variance	%
Wholesalers	53,952	84.5%	67,008	87.2%	13,056	124.2%
Agencies	3,990	6.2%	4,309	5.6%	319	108.0%
Others	5,909	9.3%	5,533	7.2%	-376	93.6%
Total	63,853	100.0%	76,851	100.0%	12,998	120.4%

(¥ million)





# IFRS : Sales Performance by NHI Listed Year



# IFRS : Sales Performance by Medical Institutions

GE	FY2018Q2			FY2019Q2				
	No. of Clients	YOY Sales	YOY No. of Clients	No. of Clients	YOY Sales	YOY No. of Clients		
All	108,004	102.0%	100.8%	110,562	127.3%	102.4%		
DPC Hospital	1,713	97.8%	100.0%	1,718	131.4%	100.3%		
Pharmacy	57,268	102.0%	101.7%	58,068	132.1%	101.4%		

All Products	Total No. of Institutions in Japan	FY2018Q2		FY2019Q2			YOY	
		Sales Composition	No. of Clients	Sales Composition	No. of Clients	Covered Ratio	Sales	No. of Clients
All	-	100.0%	125,751	100.0%	126,777	-	126.2%	100.8%
Hospital	8,382	16.9%	8,277	16.6%	8,236	98.3%	123.7%	99.5%
DPC Hospital	1,750	11.0%	1,714	11.0%	1,718	98.2%	126.2%	100.2%
Clinic	104,336	9.7%	59,836	8.5%	60,275	57.8%	109.9%	100.7%
Pharmacy	60,236	65.9%	57,638	68.1%	58,266	96.7%	130.3%	101.1%
Others	-	7.5%	-	6.9%	-	-	116.4%	-

## 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.

The company and any other information sources for this document bear no responsibility for damages or losses resulting from the use of this information.

Contact information for any questions:

Nichi-Iko Pharmaceutical Co., Ltd.

President Office

Corporate Communication Department

Phone: +81-76-442-7026

E-mail: [ir@nichiiiko.co.jp](mailto:ir@nichiiiko.co.jp)