

(English Translation)

**Consolidated Financial Results**  
**for the Fiscal Year Ended March 31, 2021 (IFRS)**

May 14, 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 annual shareholders' meeting: June 18, 2021  
Scheduled date of commencement of dividend payment: June 21, 2021  
Scheduled date of filing of annual securities report: June 18, 2021  
Presentation of supplementary materials on financial results: Yes  
Holding of financial presentation meeting: Yes

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

**1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021**  
**(From April 1, 2020 to March 31, 2021)**

(1) Consolidated Results of Operations

(Percentage figures represent changes from the previous fiscal year)

	Revenue	Core operating profit	Operating profit	Profit before tax	Profit	Profit attributable to owners of parent
Fiscal year ended March 31, 2021	¥188,218 million (-1.0%)	¥977 million (-87.8%)	¥107 million (-96.3%)	¥1,068 million (-85.6%)	-¥4,273 million (-%)	-¥4,179 million (-%)
Fiscal year ended March 31, 2020	¥190,076 million (14.1%)	¥8,020 million (-39.8%)	¥2,873 million (-65.1%)	¥7,396 million (-16.9%)	¥4,917 million (-28.4%)	¥5,133 million (-25.2%)

	Total comprehensive income	Basic earnings per share	Diluted earnings per share	Return on equity	Rate of profit before tax to total assets	Ratio of operating profit to revenue
Fiscal year ended March 31, 2021	-¥2,579 million (-%)	-¥65.28	-¥65.28	-3.7%	0.3%	0.1%
Fiscal year ended March 31, 2020	¥2,169 million (-78.6%)	¥80.42	¥80.14	4.4%	2.3%	1.5%

(Reference)

Share of profit (loss) of investments accounted for using equity method

Fiscal year ended March 31, 2021 432 million yen

Fiscal year ended March 31, 2020 -19 million yen

(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
Fiscal year ended March 31, 2021	¥363,572 million	¥112,435 million	¥111,167 million	30.6%	¥1,733.58
Fiscal year ended March 31, 2020	¥336,819 million	¥117,170 million	¥115,826 million	34.4%	¥1,811.50

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended March 31, 2021	¥5,006 million	-¥29,334 million	¥10,867 million	¥29,142 million
Fiscal year ended March 31, 2020	¥18,450 million	-¥18,228 million	¥1,002 million	¥42,944 million

## 2. Dividends

	Annual dividends per share					Total amount of cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
Fiscal year ended March 31, 2020	¥-	¥15.00	¥-	¥15.00	¥30.00	¥ 1,926 million	37.3%	1.6%
Fiscal year ended March 31, 2021	¥-	¥15.00	¥-	¥10.00	¥25.00	¥ 1,605 million	-%	1.4%
Fiscal year ending March 31, 2022 (forecast)	¥-	¥10.00	¥-	¥10.00	¥20.00		-%	

*(Note)*

*The year-end dividend per share for the fiscal year ended March 31, 2021 has been changed from 15 yen to 10 yen. For details, please see “Notice on Dividend of Surplus” announced today (May 14, 2021).*

**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 previous fiscal year)

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent	Basic earnings per share
Annual	¥195,000 million (3.6%)	¥2,500 million (155.8%)	¥- (-%)	¥- (-%)	¥-

*(Note)*

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

*Please see “1. Overview of Operating Results, etc. (4) Prospects for the Future” on page 6 for details.*

**\*Notes**

(1) Changes in significant subsidiaries during the fiscal year under review (changes in specified subsidiaries resulting in change in scope of consolidation): Yes

1 new company (Company name) Nichi-Iko Gifu Plant Co., Ltd.

(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 March 31, 2021 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 March 31, 2021 1,036,650 shares

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

(iii) Average number of shares during the period:

Fiscal year ended March 31, 2021 64,023,932 shares

Fiscal year ended March 31, 2020 63,837,135 shares

*(Note)*

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

**(Reference) Overview of Non-consolidated Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021  
(From April 1, 2020 to March 31, 2021)****(1) Non-consolidated Results of Operations**

(Percentage figures represent changes from the previous fiscal year)

	Net sales	Operating profit	Ordinary profit	Profit
Fiscal year ended March 31, 2021	¥178,643 million (-2.8%)	-¥9,106 million (-%)	-¥8,599 million (-%)	-¥13,269 million (-%)
Fiscal year ended March 31, 2020	¥183,945million (19.6%)	-¥889 million (-%)	-¥2,537 million (-%)	¥1,406 million (-59.9%)

	Earnings per share	Diluted earnings per share
Fiscal year ended March 31, 2021	-¥207.25	¥-
Fiscal year ended March 31, 2020	¥22.04	¥21.96

**(2) Non-consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
Fiscal year ended March 31, 2021	¥309,480 million	¥80,359 million	25.9%	¥1,249.40
Fiscal year ended March 31, 2020	¥304,336 million	¥95,198 million	31.2%	¥1,484.58

*(Reference)**Equity**Fiscal year ended March 31, 2021 80,118 million yen**Fiscal year ended March 31, 2020 94,923 million yen**(Note)**The financial figures for non-consolidated results are based on Japan GAAP.***\* Financial results reports are exempt from audit 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 Friday, May 14, 2021.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Current Fiscal Year

(Operating Results for the Current Fiscal Year)

In the current fiscal year, the Japanese economy is facing uncertain conditions concerning the outlook for business activity due to continued stagnation of economic activities caused by the impact of novel coronavirus disease (COVID-19) and concerns over a resurgence in the spread of the disease.

In the generic drug industry, the usage rate of generic drugs has come slightly below the government's target of 80%. On the other hand, the revisions of drug prices are now being implemented once a year, requiring further strengthening of earning capability.

Under such conditions, the Group implemented a voluntary recall of products manufactured at Toyama Plant 1 for which testing methods and manufacturing methods were not appropriate, and was subject to administrative penalty by Toyama Prefecture pursuant to the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices in March 2021. The Group takes the administrative penalty very seriously, and wishes to extend its sincerest apologies to all stakeholders including patients, their family members and medical personnel. Business improvement measures are being implemented in accordance with proposals from external lawyers on prevention of recurrence, and all employees will continue to strive to develop a corporate culture emphasizing quality in accordance with new quality policy "Commitment of Security and Trust," established in July 2020.

A. Results by segment

(in millions of yen)	Nichi-Iko Group			Sagent Group		
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Revenue	155,288	152,481	-2,807	35,163	36,289	+1,126
Core operating profit	6,980	2,995	-3,985	1,040	-2,017	-3,057

(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

Following initiatives were implemented in the current fiscal year.

In July 2020, for the primary objectives of optimizing the Group's production system and strengthening its quality management system, 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 Nichi-Iko Gifu Plant Co., Ltd. (hereinafter referred to as "Nichi-Iko Gifu Plant") newly established for the purpose of succeeding the business pertaining to generic pharmaceuticals and Takayama Plant of Teva Takeda,



and acquired all shares of Nichi-Iko Gifu Plant in February 2021, making it a subsidiary of the Company.

We filed an application for domestic approval for manufacturing and sales of Bevacizumab biosimilar in November 2020 and continued to expand the product lineup such as launch of authorized generic PusoFeki Combination Tablets “SANIK” and authorized generic drug LoreAce Combination Tablets “SANIK,” both listed in NHI drug price standards in December 2020.

Results in Nichi-Iko Group during the current fiscal year showed revenue of 152,481 million yen (a decrease of 2,807 million yen year-on-year) and segment profit of 2,995 million yen (a decrease of 3,985 million yen year-on-year) due to lower drug prices resulting from the price revisions and the impact of restraint on medical visits and restrictions on business activities resulting from the spread of COVID-19 despite contributions to revenue made by new products and operation of Nichi-Iko Gifu Plant.

#### (ii) Sagent Group

Following initiatives were implemented in the current fiscal year.

Efforts are being made to strengthen in-house production and expansion of production capacity in Sagent Raleigh Plant, Omega Montreal Plant and SterRx with the aim of being more cost-competitive and enhancing stable supply capability. 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 the Japanese and the Southeast Asian markets.

Results in Sagent Group during the current fiscal year showed revenue of 36,289 million yen (an increase of 1,126 million yen year-on-year) due to growth in sales of products related to COVID-19 and compounds and an increase in sales in the Canadian market despite the impact of restraint on examinations and delays in surgeries due to COVID-19. However, segment loss was 2,017 million yen (a decrease of 3,057 million yen year-on-year) due to the occurrence of expenses associated with transition to in-house production at Sagent Raleigh Plant.

#### B. Group Results

(in millions of yen)	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Change
Revenue	190,076	188,218	-1,857
Core operating profit	8,020	977	-7,043
Operating profit	2,873	107	-2,766
Profit before tax	7,396	1,068	-6,328
Profit attributable to owners of parent	5,133	-4,179	-9,313
Diluted earnings per share	¥80.14	-¥65.28	-¥145.42

*\* 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 1,857 million yen year-on-year due to decrease in revenue in Nichi-Iko Group despite increase in Sagent Group.

Core operating profit decreased by 7,043 million yen year-on-year due to decreases in earnings in both Nichi-Iko Group and Sagent Group.

Operating profit decreased by 2,766 million yen year-on-year due to the recording of impairment loss (1,515 million yen for Nichi-Iko Group and 4,435 million yen for Sagent Group), the recording of loss on valuation of pharmaceutical ingredient inventory of Infliximab BS (3,585 million yen) and recording of expenses pertaining to the voluntary recall (2,158 million yen), despite recording gains on bargain purchases associated with the acquisition of shares (12,275 million yen).

Profit before tax was down 6,328 million yen year-on-year mainly due to the recording of gains on sale of shares in Aprogen, Inc. in the same period of the previous fiscal year.

Profit attributable to owners of parent decreased by 9,313 million yen year-on-year due to write off of deferred tax assets (4,183 million yen).

(Reference: Standalone Results of Operations)

Net sales during the current fiscal year decreased by 5,302 million yen due to factors such as lowering of drug prices brought about by price revisions and the impact of restraint on medical visits and restrictions on business activities caused by the spread of COVID-19.

Operating loss was 9,106 million yen (a decrease of 8,217 million yen year-on-year) and ordinary loss was 8,599 million yen (a decrease of 6,061 million yen year-on-year) due to factors such as decrease in gross profit rate caused by the impact of price revisions, loss on valuation of pharmaceutical ingredient inventory of Infliximab BS (3,585 million yen) and recording of expenses pertaining to the voluntary recall (2,158 million yen).

Net loss was 13,269 million yen (a decrease of 14,675 million yen year-on-year) due to factors such as write off of deferred tax assets (3,003 million yen).

(Impact from COVID-19)

The Group is endeavoring to prevent the spread of COVID-19 among all employees through measures such as working from home and dispersing of work areas per each department. As of present, all manufacturing plants have continued to operate at mostly normal levels. In terms of sales, on upside, COVID-19 related drugs have seen growth. On the downside, however, COVID-19 has impacted sales due to restraint on examinations, delays in surgeries and restrictions on business activities, and at Sagent, there was an impact due to delays in the supply from contract manufacturers for certain products due to a shortage of materials. As such, we recognize that the potential for a significant impact on earnings cannot be denied depending on the degree of COVID-19 impact.

Clinical trials are currently being conducted on the Company's Futhan® in Japan and overseas as a candidate for treatment related to COVID-19. Furthermore, Dexamethasone (Nichi-Iko product name: Decadron Tablets) was listed as a treatment in the guidance for COVID-19 treatment in Japan.

## (2) Overview of Financial Position for the Current Fiscal Year

Assets on a consolidated basis at the end of the current fiscal year increased by 26,753 million yen from the previous fiscal year-end to 363,572 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Cash and cash equivalents	-13,801	Acquisition of shares of Nichi-Iko Gifu Plant, etc.
Inventories	+17,982	Making Nichi-Iko Gifu Plant a consolidated subsidiary, etc.
Property, plant and equipment	+9,741	Making Nichi-Iko Gifu Plant a consolidated subsidiary, etc.

Liabilities on a consolidated basis at the end of the current fiscal year increased by 31,488 million yen from the previous fiscal year-end to 251,136 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Borrowings	+15,341	Increase in capital demand for development investment, etc.
Deferred tax liabilities	+10,190	Recording of deferred tax liabilities pertaining to gains on discounted purchases, etc.

Equity on a consolidated basis at the end of the current fiscal year decreased by 4,734 million yen from the previous fiscal year-end to 112,435 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Retained earnings	-6,543	Recording of net loss, payment of dividends, etc.

### (3) Cash Flows

At the end of the current fiscal year, cash and cash equivalents on a consolidated basis decreased by 13,801 million yen from the previous fiscal year-end to 29,142 million yen.

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

Net cash provided by operating activities on a consolidated basis for the current fiscal year amounted to income over expenditure of 5,006 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Recording of depreciation and amortization	+13,217
Recording of gain on discounted purchases	-12,275
Increase in trade and other payables	+3,783

Net cash provided by investing activities on a consolidated basis for the current fiscal year amounted to expenditure over income of 29,334 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Purchase of property, plant and equipment	-6,360
Purchase of intangible assets	-12,767
Payments for acquisition of subsidiaries	-7,039

Net cash provided by financing activities on a consolidated basis for the current fiscal year amounted to income over expenditure of 10,867 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Net increase in borrowings	+15,115
Repayments of lease liabilities	-2,093
Payment of dividends	-1,918

#### (4) Outlook for the Future

The Company takes the administrative penalty imposed in March 2021 very seriously and will steadily implement business improvement measures in accordance with proposals from external lawyers on prevention of recurrence, and all employees will continue to strive to develop a corporate culture emphasizing quality in accordance with the new quality policy, “Commitment of Security and Trust,” established in July 2020.

For the fiscal year ending March 31, 2022, management forecasts revenue of 195,000 million yen and core operating profit of 2,500 million yen. By segment, revenue is forecast to be 153,000 million yen for Nichi-Iko Group and 42,000 million yen for Sagent Group, while core operating profit is forecast to be 2,000 million yen for Nichi-Iko Group and 500 million yen for Sagent Group. The above forecast of consolidated financial results does not incorporate the impact of the spread of COVID-19. We will promptly provide notification if it is necessary to update the results forecast due to future COVID-19 impact.

#### 2. Basic Stance Regarding the Selection of Accounting Standards

Aiming at improved international comparability of financial information in capital markets, the Group has applied International Financial Reporting Standards (IFRS).

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Statement of Financial Position

	(in millions of yen)	
	Fiscal year ended March 31, 2020 (as of March 31, 2020)	Fiscal year ended March 31, 2021 (as of March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	42,944	29,142
Trade and other receivables	39,923	42,882
Inventories	78,127	96,110
Income taxes receivable	-	55
Other financial assets	425	3,715
Other current assets	3,287	3,195
Total current assets	164,708	175,102
Non-current assets		
Property, plant and equipment	59,201	68,943
Goodwill	44,322	45,661
Intangible assets	56,607	56,957
Investments accounted for using equity method	2,066	2,202
Other financial assets	7,925	11,635
Deferred tax assets	10	12
Other non-current assets	1,975	3,058
Total non-current assets	172,110	188,469
Total assets	336,819	363,572

	(in millions of yen)	
	Fiscal year ended March 31, 2020 (as of March 31, 2020)	Fiscal year ended March 31, 2021 (as of March 31, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	61,750	65,359
Borrowings	46,747	63,113
Other financial liabilities	1,722	1,615
Income taxes payable	214	937
Refund liabilities	3,270	2,712
Contract liabilities	116	127
Other current liabilities	8,868	9,707
Total current liabilities	122,690	143,574
Non-current liabilities		
Borrowings	87,045	86,021
Other financial liabilities	2,257	4,182
Retirement benefit liability	945	960
Provisions	81	83
Refund liabilities	95	98
Contract liabilities	748	631
Deferred tax liabilities	4,521	14,711
Other non-current liabilities	1,262	874
Total non-current liabilities	96,958	107,562
Total liabilities	219,648	251,136
Equity		
Share capital	23,360	23,360
Capital surplus	21,896	21,896
Other equity instruments	9,918	9,918
Treasury shares	(2,562)	(2,267)
Retained earnings	57,365	50,822
Other components of equity	5,848	7,437
Total equity attributable to owners of parent	115,826	111,167
Non-controlling interests	1,343	1,268
Total equity	117,170	112,435
Total liabilities and equity	336,819	363,572

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

## (Consolidated Statement of Income)

(in millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Revenue	190,076	188,218
Cost of sales	152,756	166,973
Gross profit	37,319	21,245
Selling, general and administrative expenses	25,614	27,029
Research and development expenses	4,261	4,335
Other operating income	303	12,962
Other operating expenses	4,873	2,734
Operating profit	2,873	107
Finance income	111	1,330
Finance costs	1,809	801
Other revenue	6,426	-
Other expenses	185	-
Share of profit (loss) of investments accounted for using equity method	(19)	432
Profit before tax	7,396	1,068
Income tax expense	2,479	5,342
Profit (loss)	4,917	(4,273)
Profit attributable to:		
Owners of parent	5,133	(4,179)
Non-controlling interests	(216)	(93)
Profit (loss)	4,917	(4,273)
Earnings per share		
Basic earnings per share (Yen)	80.42	(65.28)
Diluted earnings per share (Yen)	80.14	(65.28)

(Consolidated Statement of Comprehensive Income)

(in millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Profit	4,917	(4,273)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,010)	(565)
Remeasurements of defined benefit plans	(419)	53
Share of other comprehensive income of investments accounted for using equity method	(11)	(0)
Total of items that will not be reclassified to profit or loss	(1,440)	(512)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,254)	2,206
Share of other comprehensive income of investments accounted for using equity method	(53)	-
Total of items that may be reclassified to profit or loss	(1,307)	2,206
Other comprehensive income (net of tax)	(2,748)	1,693
Comprehensive income	2,169	(2,579)
Comprehensive income attributable to:		
Owners of parent	1,664	(2,504)
Non-controlling interests	504	(75)
Comprehensive income	2,169	(2,579)



(3) Consolidated Statement of Changes in Equity  
Previous Fiscal Year (from April 1, 2019 to March 31, 2020)

	Equity attributable to owners of parent					(in millions of yen)	
	Share capital	Capital surplus	Other equity instruments	Treasury shares	Retained earnings	Other components of equity	
						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
Cumulative effects of changes in accounting policies					(49)		
Restated balance	23,360	21,896	9,918	(2,893)	54,967	6,367	2,371
Profit (loss)					5,133		
Other comprehensive income						(2,028)	(1,022)
Total comprehensive income	-	-	-	-	5,133	(2,028)	(1,022)
Direct issuance expenses due to issuance of new shares		(5)					
Distributions to owners of other equity instruments					(464)		
Purchase of treasury shares				(0)			
Disposal of treasury shares		(63)		331			
Transfer of loss on disposal of treasury shares		9			(9)		
Forfeiture of share acquisition rights					14		
Dividends					(1,913)		
Share-based payment transactions							
Equity transactions with non-controlling interests and other							
Transfer to capital surplus from retained earnings		58			(58)		
Transfer from other components of equity					(303)		(114)
Total transactions with owners	-	-	-	331	(2,735)	-	(114)
Balance as of March 31, 2020	23,360	21,896	9,918	(2,562)	57,365	4,339	1,235

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Others	Total			
Balance as of April 1, 2019	-	285	9,025	116,323	0	116,323
Cumulative effects of changes in accounting policies			-	(49)		(49)
Restated balance	-	285	9,025	116,274	0	116,274
Profit (loss)			-	5,133	(216)	4,917
Other comprehensive income	(417)		(3,469)	(3,469)	720	(2,748)
Total comprehensive income	(417)	-	(3,469)	1,664	504	2,169
Direct issuance expenses due to issuance of new shares			-	(5)		(5)
Distributions to owners of other equity instruments			-	(464)		(464)
Purchase of treasury shares			-	(0)		(0)
Disposal of treasury shares		(38)	(38)	230		230
Transfer of loss on disposal of treasury shares			-	-		-
Forfeiture of share acquisition rights		(14)	(14)	-		-
Dividends				(1,913)		(1,913)
Share-based payment transactions		41	41	41		41
Equity transactions with non-controlling interests and other			-	-	838	838
Transfer to capital surplus from retained earnings			-	-		-
Transfer from other components of equity	417		303	-		-
Total transactions with owners	417	(11)	292	(2,112)	838	(1,273)
Balance as of March 31, 2020	-	274	5,848	115,826	1,343	117,170

(Note)

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

Current Fiscal Year (from April 1, 2020 to March 31, 2021)

	Equity attributable to owners of parent					(in millions of yen)	
	Share capital	Capital surplus	Other equity instruments	Treasury shares	Retained earnings	Other components of equity	
						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)					(4,179)		
Other comprehensive income						2,187	(565)
Total comprehensive income	-	-	-	-	(4,179)	2,187	(565)
Distributions to owners of other equity instruments					(440)		
Purchase of treasury shares				(0)			
Disposal of treasury shares		(85)		289			
Transfer of loss on disposal of treasury shares		86			(86)		
Exercise of share acquisition rights		(1)		6			
Forfeiture of share acquisition rights					29		
Dividends					(1,919)		
Transfer from other components of equity					53		
Total transactions with owners	-	-	-	295	(2,363)	-	-
Balance as of March 31, 2021	23,360	21,896	9,918	(2,267)	50,822	6,526	669

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Remeasurements of defined benefit plans	Others	Total			
Balance as of April 1, 2020	-	274	5,848	115,826	1,343	117,170
Profit (loss)			-	(4,179)	(93)	(4,273)
Other comprehensive income	53		1,675	1,675	18	1,693
Total comprehensive income	53	-	1,675	(2,504)	(75)	(2,579)
Distributions to owners of other equity instruments			-	(440)		(440)
Purchase of treasury shares			-	(0)		(0)
Disposal of treasury shares			-	204		204
Transfer of loss on disposal of treasury shares			-	-		-
Exercise of share acquisition rights		(4)	(4)	0		0
Forfeiture of share acquisition rights		(29)	(29)	-		-
Dividends			-	(1,919)		(1,919)
Transfer from other components of equity	(53)		(53)	-		-
Total transactions with owners	(53)	(34)	(87)	(2,155)	-	(2,155)
Balance as of March 31, 2021	-	240	7,437	111,167	1,268	112,435

*(Note)*

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

## (4) Consolidated Statement of Cash Flows

(in millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before tax	7,396	1,068
Depreciation and amortization	11,871	13,217
Impairment loss	1,961	5,950
Loss (gain) on sales and retirement of property, plant and equipment and intangible assets	1,163	31
Interest and dividend income	(111)	(124)
Interest expenses	677	543
Foreign exchange losses (gains)	610	(755)
Gain on discounted purchases	(379)	(12,275)
Share of loss (profit) of investments accounted for using equity method	19	(432)
Loss (gain) on sale of investments in associates	(3,611)	-
Loss (gain) on valuation of investment securities	(2,389)	-
Decrease (increase) in trade and other receivables	1,800	(2,769)
Decrease (increase) in inventories	(5,821)	(1,739)
Increase (decrease) in trade and other payables	6,602	3,783
Increase (decrease) in refund liabilities	1,112	(650)
Other	(947)	(496)
Subtotal	19,955	5,351
Dividends received	106	81
Interest received	58	15
Interest paid	(671)	(535)
Income taxes paid	(1,229)	(423)
Income taxes refund	229	518
Net cash provided by (used in) operating activities	18,450	5,006
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,799)	(6,360)
Purchase of intangible assets	(11,750)	(12,767)
Proceeds from sale of investments accounted for using equity method	3,200	-
Proceeds from sales and redemption of investments	3,279	1
Collection of loans receivable	112	255
Payments of deposits	-	(3,290)
Payments for acquisition of subsidiaries	(6,341)	(7,039)
Other	70	(131)
Net cash provided by (used in) investing activities	(18,228)	(29,334)

(in millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,758	15,394
Proceeds from long-term borrowings	5,674	9,200
Repayments of long-term borrowings	(8,571)	(9,479)
Proceeds from sale of treasury shares	225	204
Repayments of lease liabilities	(1,679)	(2,093)
Dividends paid	(1,915)	(1,918)
Distributions to owners of other equity instruments	(464)	(440)
Other	(23)	(0)
Net cash provided by (used in) financing activities	1,002	10,867
Effect of exchange rate changes on cash and cash equivalents	(373)	(341)
Net increase (decrease) in cash and cash equivalents	850	(13,801)
Cash and cash equivalents at beginning of period	42,093	42,944
Cash and cash equivalents at end of period	42,944	29,142

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Reporting entity)

Nichi-Iko Pharmaceutical Co., Ltd. (hereinafter referred to as the “Company”) is a company incorporated in Japan. The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as “the Group”) with the fiscal closing date at March 31, 2021 are composed of the Company, its subsidiaries and ownership interests in its associates.

The Group is mainly engaged in the manufacture and sale of pharmaceuticals.

(Basis of preparation)

1 Compliance with IFRS

Pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as “Ordinance on Consolidated Financial Statements”), the consolidated financial statements of the Group have been prepared in compliance with IFRS since the Group qualifies as a “Specified Company under Designated International Accounting Standards” prescribed in Article 1-2 of the Ordinance on Consolidated Financial Statements.

2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments, etc. measured at fair value or liabilities and assets pertaining to defined benefit plans calculated by deducting the fair value of plan assets from the present value of net defined benefit liability.

3 Presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the Company’s functional currency, and figures are rounded down to the nearest million yen.

4 Accounting judgments, estimates and assumptions

In preparing consolidated financial statements, the management is obligated to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

The main accounting judgments, estimates and assumptions are as follows.

Accounting judgments

- Recognition of intangible assets arising from development

## Estimates and assumptions

- Significant assumptions used in the sales plans for Infliximab BS
- Significant assumptions used for calculation of discounted cash flows in impairment test of property, plant and equipment, goodwill and intangible assets
- Recoverability of deferred tax assets
- Actuarial assumptions



(Segment information, etc.)

(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.

Previous Fiscal Year (from April 1, 2019 to March 31, 2020)

(in millions of yen)

	Reportable segment			Adjustment	Consolidated
	Nichi-Iko Group	Sagent Group	Total		
Revenue					
External revenue	155,288	35,163	190,452	-	190,452
Inter-segment revenue	-	-	-	-	-
Total	155,288	35,163	190,452	-	190,452
Segment profit (loss) (Core operating profit) (Note)	6,980	1,040	8,020	-	8,020

(Note)

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

Current Fiscal Year (from April 1, 2020 to March 31, 2021)

(in millions of yen)

	Reportable segment			Adjustment	Consolidated
	Nichi-Iko Group	Sagent Group	Total		
Revenue					
External revenue	152,481	36,289	188,770	-	188,770
Inter-segment revenue	-	-	-	-	-
Total	152,481	36,289	188,770	-	188,770
Segment profit (loss) (Core operating profit) (Note)	2,995	(2,017)	977	-	977

(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 consolidated financial statements has been adjusted as follows.

(in millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Total revenue	190,452	188,770
Provisions for returns in voluntary recall	376	552
Revenue on consolidated financial statements	190,076	188,218

(in millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Total segment profit	8,020	977
Integration-related expenses	140	196
Impairment loss	1,961	5,950
Voluntary recall expenses	1,580	2,158
Loss on transfer of development expenses	1,464	-
Loss on disposal of work in progress	-	1,253
Gain on discounted purchases	-	(12,275)
Loss on valuation of Infiximab	-	3,585
Operating profit	2,873	107
Finance income	111	1,330
Finance costs	1,809	801
Share of profit (loss) of investments accounted for using equity method	(19)	432
Other revenue	6,426	-
Other expenses	185	-
Profit before tax on consolidated financial statements	7,396	1,068

(2) Information about products and services

Revenue from each product and service is as follows.

Previous Fiscal Year (from April 1, 2019 to March 31, 2020)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Treatments for circulatory system	33,546	-	33,546
Treatments for blood and body fluid	28,176	-	28,176
Antibiotics	9,745	11,445	21,190
Treatments for nervous system	17,158	-	17,158
Treatments for digestive system	16,770	-	16,770
Chemotherapeutics	2,459	13,221	15,681
Treatments for allergies	15,632	-	15,632
Treatments for paramedics	-	9,320	9,320
Other	31,798	1,175	32,974
Total	155,288	35,163	190,452

Current Fiscal Year (from April 1, 2020 to March 31, 2021)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Treatments for circulatory system	28,932	-	28,932
Treatments for blood and body fluid	27,217	-	27,217
Treatments for nervous system	18,397	-	18,397
Antibiotics	8,400	8,972	17,372
Treatments for digestive system	16,063	-	16,063
Treatments for paramedics	-	15,950	15,950
Treatments for allergies	14,341	-	14,341
Chemotherapeutics	2,429	10,322	12,752
Other	36,698	1,045	37,743
Total	152,481	36,289	188,770

*(Note)*

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

## (3) Information by geographical area

## (i) Revenue

Revenue by geographical area is shown below.

Previous Fiscal Year (from April 1, 2019 to March 31, 2020)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Japan	155,012	-	155,012
United States	-	31,256	31,256
Other	275	3,907	4,182
Total	155,288	35,163	190,452

Current Fiscal Year (from April 1, 2020 to March 31, 2021)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Japan	152,284	-	152,284
United States	-	31,647	31,647
Other	196	4,642	4,838
Total	152,481	36,289	188,770

(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.

(ii) Non-current assets

The breakdown of the carrying amount of non-current assets (excluding financial assets and deferred tax assets) by geographical area is shown below.

(in millions of yen)

	Fiscal year ended March 31, 2020 (as of March 31, 2020)	Fiscal year ended March 31, 2021 (as of March 31, 2021)
Japan	80,379	95,501
United States	71,289	71,915
Canada	12,498	14,066
Others	6	5
Total	164,174	181,488

(4) Information about major customers

Revenue to external customers accounting for 10% or more of revenue is shown below.

(in millions of yen)

Name of customer	Related segment	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Mediceo Corporation	Nichi-Iko Group	40,182	39,831
Alfresa Corporation	Nichi-Iko Group	27,844	26,186
Suzuken Co., Ltd.	Nichi-Iko Group	27,361	22,559

(Per share information)

The basis for the calculation of basic earnings per share attributed to owners of parent and diluted earnings per share is as follows:

(in millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Current fiscal year (from April 1, 2020 to March 31, 2021)
Profit (loss) attributable to owners of parent		
Profit attributable to owners of parent (in millions of yen)	5,133	(4,179)
Profit not attributable to common shareholders of parent (in millions of yen)	-	-
Profit used in calculation of earnings per share (in millions of yen)	5,133	(4,179)
Weighted average number of shares of common stock (shares)	63,837,135	64,023,932
Dilutive effect of stock options (shares)	227,134	-
After adjustment for the impact of dilutive effect (shares)	64,064,269	64,023,932
Earnings per share (loss)		
Basic earnings per share (Yen)	80.42	(65.28)
Diluted earnings per share (Yen)	80.14	(65.28)

As stock options have a negative dilutive effect in the current fiscal year, this is not included in the calculation of the diluted loss per share.

(Significant subsequent events)

Not applicable.