

(English Translation)

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

February 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: February 12, 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 Third Quarter of the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to December 31, 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
Third quarter of fiscal year ending March 31, 2021	¥138,845 million (-2.3%)	¥1,860 million (-73.6%)	¥17 million (-99.7%)	-¥95 million (-%)	-¥267 million (-%)	-¥216 million (-%)
Third quarter of fiscal year ended March 31, 2020	¥142,162 million (11.7%)	¥7,046 million (-28.2%)	¥6,891 million (-13.9%)	¥7,832 million (-11.6%)	¥5,414 million (-21.6%)	¥5,523 million (-20.0%)

	Total comprehensive income	Basic earnings per share	Diluted earnings per share
Third quarter of fiscal year ending March 31, 2021	-¥2,573 million (-%)	-¥3.38	-¥3.38
Third quarter of fiscal year ended March 31, 2020	¥4,039 million (-59.0%)	¥86.56	¥86.21

(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
Third quarter of fiscal year ending March 31, 2021	¥325,929 million	¥112,521 million	¥111,294 million	34.1%	¥1,736.43
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	¥-	¥15.00	¥-		
Fiscal year ending March 31, 2021 (forecast)				¥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	¥190,000 million (-0.0%)	¥3,000 million (-62.6%)	- million (-%)	- million (-%)	¥-

(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 7 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 December 31, 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 December 31, 2020 1,068,608 shares

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

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

Third quarter of fiscal year ending March 31, 2021 63,997,238 shares

Third quarter of fiscal year ended March 31, 2020 63,809,580 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 Wednesday, February 10, 2021.

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

### (1) Explanation on Operating Results

In the cumulative third quarter under review, the Japanese economy is facing extremely difficult conditions concerning the outlook for business activity due to continued stagnation of social and economic activities associated with concerns over a resurgence in the spread of novel coronavirus disease (COVID-19).

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 circumstances, the Group has conducted reinspection of all products beginning April 2019. A voluntary recall was issued on January 2021 at the conclusion of the reinspection for certain products found defective that were manufactured at Toyama Plant 1. In response to such voluntary recall, the Group has formulated a new quality policy "Commitment to Security and Trust." All officers and employees will strive to continue in their efforts to foster a corporate culture that places utmost importance on quality.

#### A. Results by segment

(in millions of yen)	Nichi-Iko Group			Sagent Group		
	Third quarter of fiscal year ended March 31, 2020	Third quarter of fiscal year ending March 31, 2021	Change	Third quarter of fiscal year ended March 31, 2020	Third quarter of fiscal year ending March 31, 2021	Change
Revenue	117,929	113,085	-4,844	24,232	26,151	+1,919
Core operating profit	6,746	3,820	-2,925	300	-1,960	-2,261

(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 following initiatives were implemented in the cumulative third quarter of the current fiscal year.

We filed an application for domestic approval for manufacturing and sales of Bevacizumab biosimilar in November 2020 and had 5 compounds with 15 strengths, including the authorized generic PusoFeki Combination Tablets "SANIK" and authorized generic drug LoreAce Combination Tablets "SANIK," listed in the NHI drug price standards in December 2020, thereby expanding the product lineup.

On February 1, 2021, the Company acquired all shares of Nichi-Iko Gifu Plant K.K. from Teva Takeda Pharma Ltd., making it a wholly owned subsidiary of the Company with the primary objective of optimizing the Group’s overall production system and strengthening the quality control structure.

The results in the Nichi-Iko Group during the cumulative third quarter of the current fiscal year showed revenue of 113,085 million yen (a decrease of 4,844 million yen year-on-year) and segment profit of 3,820 million yen (a decrease of 2,925 million yen year-on-year) due to lower drug prices resulting from the price revisions in October 2019 and April 2020 and the impact of restraint on medical visits and restrictions on business activities resulting from the spread of COVID-19 despite the contributions to revenue and profit made by new products.

(ii) Sagent Group

The following initiatives were implemented in the cumulative third quarter of the current fiscal year.

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

Furthermore, while proceeding with efforts aimed at the prompt launch of biosimilar and orphan drugs in the US market and preparations for licensing out products developed by Sagent to the Japanese market and the Southeast Asian market, the Company has been proceeding with clinical trials (CAMELOT Project) of Camostat Mesilate Tablets for outpatient treatment of high-risk patients positive for COVID-19.

The results in the Sagent Group during the cumulative third quarter of the current fiscal year showed revenue of 26,151 million yen (an increase of 1,919 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 the impact of restraint on examinations and delays in surgeries due to COVID-19. However, segment loss was 1,960 million yen (a decrease of 2,261 million yen year-on-year) due to the occurrence of expenses associated with transition to in-house production at the Sagent Raleigh Plant.

B. Group Results

(in millions of yen)	Third quarter of fiscal year ended March 31, 2020	Third quarter of fiscal year ending March 31, 2021	Change
Revenue	142,162	138,845	-3,316
Core operating profit	7,046	1,860	-5,186
Operating profit	6,891	17	-6,874
Profit before tax	7,832	-95	-7,928
Profit attributable to owners of parent	5,523	-216	-5,739
Diluted earnings per share	86.21	-3.38	-89.59

*(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 3,316 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 5,186 million yen year-on-year due to decreases in earnings in both the Nichi-Iko Group and the Sagent Group.

Operating profit decreased 6,874 million yen year-on-year mainly due to the recording of 1,724 million yen for costs related to the voluntary recall implemented from April 2020 to January 2021 by the Nichi-Iko Group.

Profit before tax was down 7,928 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 5,739 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. As of present, all manufacturing plants have continued to operate at mostly normal levels. In terms of sales, on the positive side, COVID-19 related drugs have seen growth. 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 have been conducted on the Company's Futhan® in Japan and overseas as a candidate for treatment related to COVID-19, and Dexamethasone (Nichi-Iko product name: Decadron Tablets) was listed as a treatment in the guidance for COVID-19 treatment in Japan. Furthermore, in the United States, the phase II clinical trial (CAMELOT Project) of Camostat Mesilate Tablets for outpatient treatment of high-risk patients positive for COVID-19 has been conducted.

## (2) Explanation on Financial Position

### (i) Assets, Liabilities and Equity

Assets on a consolidated basis at the end of the third quarter of the current fiscal year decreased by 10,889 million yen from the previous fiscal year-end to 325,929 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Cash and cash equivalents	-13,150	Payment of fees for manufacturing facilities in the Toyama Plant, Aichi Plant, Saitama Plant and Shizuoka Plant, etc.
Trade and other receivables	-7,145	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	+7,661	Increase in inventories due to the above decrease in sales, etc.
Intangible assets	+2,617	Investment in development of biosimilars and generic pharmaceuticals, etc.

Liabilities on a consolidated basis at the end of the third quarter of the current fiscal year decreased by 6,241 million yen from the previous fiscal year-end to 213,407 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Trade and other payables	-3,491	Payment of fees for manufacturing facilities, payment of supply fees for seasonally fluctuating products, etc.
Other current liabilities	-2,875	Decrease in deposits received associated with trade receivable trusts

Equity on a consolidated basis at the end of the third quarter of the current fiscal year decreased by 4,648 million yen from the previous fiscal year-end to 112,521 million yen. This was mainly attributable to the following factors:

	Increase (decrease) (in millions of yen)	Main factors
Retained earnings	-2,504	Payment of dividends, etc.
Other components of equity	-2,270	Decrease in foreign currency translation adjustment due to appreciation of the yen, etc.

### (ii) Consolidated Cash Flows

At the end of the third quarter of the current fiscal year, cash and cash equivalents on a consolidated basis decreased by 13,150 million yen from the previous fiscal year-end to 29,793 million yen.



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

(Cash flows from operating activities)

Net cash provided by operating activities during the cumulative third quarter of the current fiscal year amounted to 3,249 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Recording of depreciation and amortization	9,821
Increase in inventories	-8,044
Decrease in trade and other receivables	6,903
Decrease in trade and other payables	-2,145

(Cash flows from investing activities)

Net cash used in investing activities during the cumulative third quarter of the current fiscal year amounted to 14,408 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Purchase of property, plant and equipment	-4,656
Purchase of intangible assets	-9,809

(Cash flows from financing activities)

Net cash used in financing activities during the cumulative third quarter of the current fiscal year amounted to 1,925 million yen. This was mainly attributable to the following factors:

Details	Increase (decrease) (in millions of yen)
Net increase in borrowings	1,585
Repayments of lease liabilities	-1,455
Payment of dividends	-1,899

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

The forecast of consolidated financial results for the fiscal year ending March 31, 2021 that was announced on November 11, 2020 has been revised as follows based on the results during the cumulative third quarter of the current fiscal year and the outlook for future results.

Revisions to the forecast of consolidated financial results for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

	Revenue	Core operating profit	Operating profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	¥190,000 million	¥6,500 million	To be determined	To be determined	To be determined
Revised forecast (B)	¥190,000 million	¥3,000 million	To be determined	To be determined	To be determined
Change in amount (B-A)	-	-¥3,500 million	-	-	
Change (%)	-	-53.8%	-	-	
(Reference) Actual results for the fiscal year ended March 31, 2020	¥190,076 million	¥8,020 million	¥2,873 million	¥5,133 million	¥80.42

For core operating profit, notwithstanding the contribution to profit from new products and the sales growth of COVID-19 related products at Sagent, a revision to 3,000 million yen has been made in consideration of the impact from the suspension of production and shipments at contract manufacturers and a voluntary recall for Elmed products in Japan, and the impact from supply delays for some products from contract manufacturers, and increase in product returns, etc. due to the spread of COVID-19 in the United States.

Furthermore, as the amount of the impact from Nichi-Iko Gifu Plant K.K., which was acquired from Teva Takeda Pharma Ltd. on February 1, 2021, is currently in the process of being finalized, we have left operating profit and profit attributable to owners of parent undetermined and will promptly announce the new forecast for those items when it is possible to calculate.

The forecast of financial results was made based on information available to the Company at this point, and actual business and other results may differ from the forecast values provided in these materials as a result of various factors in the future.

## 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)	Third quarter of fiscal year ending March 31, 2021 (as of December 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	42,944	29,793
Trade and other receivables	39,923	32,778
Inventories	78,127	85,789
Income taxes receivable	-	588
Other financial assets	425	425
Other current assets	3,287	2,192
Total current assets	164,708	151,567
Non-current assets		
Property, plant and equipment	59,201	58,479
Goodwill	44,322	42,858
Intangible assets	56,607	59,225
Investments accounted for using equity method	2,066	2,110
Other financial assets	7,925	8,208
Deferred tax assets	10	24
Other non-current assets	1,975	3,455
Total non-current assets	172,110	174,362
Total assets	336,819	325,929

	(in millions of yen)	
	Fiscal year ended March 31, 2020 (as of March 31, 2020)	Third quarter of fiscal year ending March 31, 2021 (as of December 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	61,750	58,258
Borrowings	46,747	53,387
Other financial liabilities	1,722	1,560
Income taxes payable	214	267
Refund liabilities	3,270	2,669
Contract liabilities	116	116
Other current liabilities	8,868	5,993
Total current liabilities	122,690	122,252
Non-current liabilities		
Borrowings	87,045	81,379
Other financial liabilities	2,257	2,153
Retirement benefit liability	945	1,007
Provisions	81	82
Refund liabilities	95	91
Contract liabilities	748	681
Deferred tax liabilities	4,521	4,950
Other non-current liabilities	1,262	808
Total non-current liabilities	96,958	91,154
Total liabilities	219,648	213,407
Equity		
Share capital	23,360	23,360
Capital surplus	21,896	21,896
Other equity instruments	9,918	9,918
Treasury shares	(2,562)	(2,319)
Retained earnings	57,365	54,860
Other components of equity	5,848	3,578
Total equity attributable to owners of parent	115,826	111,294
Non-controlling interests	1,343	1,227
Total equity	117,170	112,521
Total liabilities and equity	336,819	325,929

(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)

	Third quarter of previous fiscal year (from April 1, 2019 to December 31, 2019)	Third quarter of current fiscal year (from April 1, 2020 to December 31, 2020)
Revenue	142,162	138,845
Cost of sales	113,334	115,802
Gross profit	28,827	23,042
Selling, general and administrative expenses	18,773	19,748
Research and development expenses	2,954	2,939
Other operating income	232	300
Other operating expenses	440	636
Operating profit	6,891	17
Finance income	355	456
Finance costs	962	857
Share of profit (loss) of investments accounted for using equity method	5	287
Other revenue	2,166	-
Other expenses	624	-
Profit (loss) before tax	7,832	(95)
Income tax expense	2,418	171
Profit (loss)	5,414	(267)
Profit attributable to:		
Owners of parent	5,523	(216)
Non-controlling interests	(108)	(51)
Profit (loss)	5,414	(267)
Earnings per share		
Basic earnings (loss) per share (Yen)	86.56	(3.38)
Diluted earnings (loss) per share (Yen)	86.21	(3.38)

(Condensed Quarterly Consolidated Statement of Comprehensive Income)

(in millions of yen)

	Third quarter of previous fiscal year (from April 1, 2019 to December 31, 2019)	Third quarter of current fiscal year (from April 1, 2020 to December 31, 2020)
Profit (loss)	5,414	(267)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(638)	257
Share of other comprehensive income of investments accounted for using equity method	(9)	(1)
Total of items that will not be reclassified to profit or loss	(647)	255
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(673)	(2,562)
Share of other comprehensive income of investments accounted for using equity method	(53)	-
Total of items that may be reclassified to profit or loss	(726)	(2,562)
Other comprehensive income (net of tax)	(1,374)	(2,306)
Comprehensive income	4,039	(2,573)
Comprehensive income attributable to:		
Owners of parent	4,136	(2,457)
Non-controlling interests	(96)	(116)
Comprehensive income	4,039	(2,573)

## (3) Condensed Quarterly Consolidated Statement of Changes in Equity

Third Quarter of Previous Fiscal Year (from April 1, 2019 to December 31, 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					(49)		
Restated balance	23,360	21,896	9,918	(2,893)	54,967	6,367	2,371
Profit (loss)					5,523		
Other comprehensive income						(738)	(649)
Total comprehensive income	-	-	-	-	5,523	(738)	(649)
Direct issuance expenses due to issuance of new shares		(5)					
Distributions to owners of other equity instruments					(353)		
Disposal of treasury shares		(47)		228			
Transfer of loss on disposal of treasury shares		8			(8)		
Forfeiture of share acquisition rights					14		
Dividends (Note)					(1,913)		
Share-based payment transactions							
Equity transactions with non-controlling interests and other							
Transfer to capital surplus from retained earnings		5			(5)		
Transfer from other components of equity					115		(114)
Total transactions with owners	-	(38)	-	228	(2,151)	-	(114)
Balance as of December 31, 2019	23,360	21,858	9,918	(2,665)	58,337	5,628	1,608

	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				(49)		(49)
Restated balance	-	285	9,025	116,274	0	116,274
Profit (loss)				5,523	(108)	5,414
Other comprehensive income	1		(1,386)	(1,386)	12	(1,374)
Total comprehensive income	1	-	(1,386)	4,136	(96)	4,039
Direct issuance expenses due to issuance of new shares				(5)		(5)
Distributions to owners of other equity instruments				(353)		(353)
Disposal of treasury shares		(37)	(37)	143		143
Transfer of loss on disposal of treasury shares				-		-
Forfeiture of share acquisition rights		(14)	(14)	-		-
Dividends (Note)				(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	(1)		(115)	-		-
Total transactions with owners	(1)	(10)	(125)	(2,087)	838	(1,248)
Balance as of December 31, 2019	-	275	7,513	118,322	742	119,064

*(Note)*

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



Third Quarter of Current Fiscal Year (from April 1, 2020 to December 31, 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)					(216)		
Other comprehensive income						(2,496)	255
Total comprehensive income	-	-	-	-	(216)	(2,496)	255
Distributions to owners of other equity instruments					(330)		
Purchase of treasury shares				(0)			
Disposal of treasury shares		(68)		243			
Forfeiture of share acquisition rights					29		
Dividends (Note)					(1,919)		
Transfer to capital surplus from retained earnings		68			(68)		
Total transactions with owners	-	-	-	243	(2,288)	-	-
Balance as of December 31, 2020	23,360	21,896	9,918	(2,319)	54,860	1,842	1,490

	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, 2020	-	274	5,848	115,826	1,343	117,170
Profit (loss)				(216)	(51)	(267)
Other comprehensive income			(2,241)	(2,241)	(65)	(2,306)
Total comprehensive income	-	-	(2,241)	(2,457)	(116)	(2,573)
Distributions to owners of other equity instruments				(330)		(330)
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares				175		175
Forfeiture of share acquisition rights		(29)	(29)	-		-
Dividends (Note)				(1,919)		(1,919)
Transfer to capital surplus from retained earnings				-		-
Total transactions with owners	-	(29)	(29)	(2,074)	-	(2,074)
Balance as of December 31, 2020	-	245	3,578	111,294	1,227	112,521

*(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)

	Third quarter of previous fiscal year (from April 1, 2019 to December 31, 2019)	Third quarter of current fiscal year (from April 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit (loss) before tax	7,832	(95)
Depreciation and amortization	8,623	9,821
Impairment losses (reversal of impairment losses)	14	-
Interest and dividend income	(100)	(114)
Interest expenses	498	413
Share of loss (profit) of investments accounted for using equity method	(5)	(287)
Loss (gain) on sale of investments in associates	(1,762)	-
Decrease (increase) in trade and other receivables	3,838	6,903
Decrease (increase) in inventories	(3,441)	(8,044)
Increase (decrease) in trade and other payables	787	(2,145)
Increase (decrease) in refund liabilities	765	(556)
Increase (decrease) in deposits received	847	(1,517)
Other	(2,273)	(746)
Subtotal	15,624	3,631
Dividends received	101	75
Interest received	44	7
Interest paid	(491)	(401)
Income taxes paid	(745)	(423)
Income taxes refund	229	360
Net cash provided by (used in) operating activities	14,763	3,249
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,558)	(4,656)
Purchase of intangible assets	(8,901)	(9,809)
Proceeds from sale of investments accounted for using equity method	3,200	-
Collection of loans receivable	71	33
Payments for acquisition of subsidiaries	(6,341)	-
Other	(59)	23
Net cash provided by (used in) investing activities	(16,589)	(14,408)

(in millions of yen)

	Third quarter of previous fiscal year (from April 1, 2019 to December 31, 2019)	Third quarter of current fiscal year (from April 1, 2020 to December 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,853	8,057
Proceeds from long-term borrowings	200	-
Repayments of long-term borrowings	(6,004)	(6,472)
Proceeds from sale of treasury shares	138	175
Repayments of lease liabilities	(1,290)	(1,455)
Dividends paid	(1,906)	(1,899)
Distributions to owners of other equity instruments	(353)	(330)
Other	(23)	(0)
Net cash provided by (used in) financing activities	(5,386)	(1,925)
Effect of exchange rate changes on cash and cash equivalents	(131)	(66)
Net increase (decrease) in cash and cash equivalents	(7,343)	(13,150)
Cash and cash equivalents at beginning of period	42,093	42,944
Cash and cash equivalents at end of period	34,749	29,793

(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.

Third Quarter of Previous Fiscal Year (from April 1, 2019 to December 31, 2019)

(in millions of yen)

	Reportable segments			Adjustment	Consolidated
	Nichi-Iko Group	Sagent Group	Total		
Revenue					
External revenue	117,929	24,232	142,162	-	142,162
Inter-segment revenue	-	-	-	-	-
Total	117,929	24,232	142,162	-	142,162
Segment profit (loss)					
(Core operating profit)	6,746	300	7,046	-	7,046
(Note)					

(Note)

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

Third Quarter of Current Fiscal Year (from April 1, 2020 to December 31, 2020)

(in millions of yen)

	Reportable segments			Adjustment	Consolidated
	Nichi-Iko Group	Sagent Group	Total		
Revenue					
External revenue	113,085	26,151	139,237	-	139,237
Inter-segment revenue	-	-	-	-	-
Total	113,085	26,151	139,237	-	139,237
Segment profit (loss) (Core operating profit) (Note)	3,820	(1,960)	1,860	-	1,860

(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)

	Third quarter of previous fiscal year (from April 1, 2019 to December 31, 2019)	Third quarter of current fiscal year (from April 1, 2020 to December 31, 2020)
Total revenue	142,162	139,237
Provisions for returns in voluntary recall	-	391
Revenue on condensed quarterly consolidated financial statements	142,162	138,845

(in millions of yen)

	Third quarter of previous fiscal year (from April 1, 2019 to December 31, 2019)	Third quarter of current fiscal year (from April 1, 2020 to December 31, 2020)
Segment profit	7,046	1,860
Integration-related expenses	140	118
Voluntary recall expenses	-	1,724
Impairment loss	14	-
Operating profit	6,891	17
Finance income	355	456
Finance costs	962	857
Share of profit (loss) of investments accounted for using equity method	5	287
Other revenue	2,166	-
Other expenses	624	-
Profit (loss) before tax	7,832	(95)

(2) Information about products and services

Revenue from each product and service is as follows.

Third Quarter of Previous Fiscal Year (from April 1, 2019 to December 31, 2019)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Treatments for circulatory system	26,203	-	26,203
Treatments for blood and body fluid	21,690	-	21,690
Antibiotics	7,699	8,056	15,756
Treatments for nervous system	13,231	-	13,231
Treatments for digestive system	12,778	-	12,778
Chemotherapeutics	1,927	8,849	10,776
Treatments for allergies	10,537	-	10,537
Treatments for paramedics	-	6,753	6,753
Other	23,863	572	24,435
Total	117,929	24,232	142,162

Third Quarter of Current Fiscal Year (from April 1, 2020 to December 31, 2020)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Treatments for circulatory system	22,483	-	22,483
Treatments for blood and body fluid	20,818	-	20,818
Treatments for nervous system	13,761	-	13,761
Antibiotics	6,302	6,776	13,079
Treatments for paramedics	-	12,461	12,461
Treatments for digestive system	12,055	-	12,055
Treatments for allergies	9,724	-	9,724
Chemotherapeutics	1,819	5,967	7,786
Other	26,118	946	27,065
Total	113,085	26,151	139,237

(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.

Third Quarter of Previous Fiscal Year (from April 1, 2019 to December 31, 2019)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Japan	117,724	-	117,724
United States	-	21,344	21,344
Other	205	2,887	3,092
Total	117,929	24,232	142,162

Third Quarter of Current Fiscal Year (from April 1, 2020 to December 31, 2020)

(in millions of yen)

	Reportable segments		
	Nichi-Iko Group	Sagent Group	Total
Japan	112,961	-	112,961
United States	-	22,685	22,685
Other	123	3,466	3,589
Total	113,085	26,151	139,237

(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.