Summary Report of Consolidated Financial Results
For the Three Months Period ended June 30, 2018

August 9, 2018
TSE-1st section

Company name: NIPRO CORPORATION
Code No.8086
URL: http://www.nipro.co.jp/
Representative: Yoshihiko Sano, President and Representative Director
Contact person: Takehito Yogo, Managing Director of Corporate Planning Headquarters
TEL: (06)6372-2331
Filing date of quarterly reporting: August 14, 2018
Payment date of cash dividends: -
Supplemental material on quarterly reporting: No
Presentation on quarterly results: No

(Note: Amounts less than one million yen are rounded down)

1. Consolidated Results for the Three Months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

(1) Consolidated Results of Operations

(%: Changes from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3 months ended June 30, 2018	103,201	10.3	7,498	21.9	7,953	27.4	4,682	10.4
3 months ended June 30, 2017	93,552	5.0	6,148	(33.6)	6,241	185.6	4,242	—

Note: Comprehensive income 3 months ended June 30, 2018: (2,705) million yen (- %) 3 months ended June 30, 2017: 10,352 million yen (- %)

	Earnings per share	Diluted Earnings per share
	Yen	Yen
3 months ended June 30, 2018	28.14	25.51
3 months ended June 30, 2017	25.53	23.15

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	810,876	178,773	20.8
As of March 31, 2018	826,447	183,485	20.9

Note: Equity June 30, 2018: 168,268 million yen March 31, 2018: 172,621 million yen

2. Dividends

	Annual Dividends per Year				
	First-quarter	Second-quarter	Third-quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March, 2018	-	17.50	-	11.00	28.50
Year ending March, 2019	-				
Year ending March, 2019 (Forecast)		12.00	-	18.00	30.00

Note: Revisions to the forecast of cash dividends in the current quarter: No

3. Forecast of Consolidated Financial Results for the Year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(%: Changes from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
6 months ending Sept. 30, 2018	208,600	11.0	9,899	(13.9)	8,200	(30.4)	5,200	(37.2)	31.25
Year ending March 31, 2019	426,800	7.9	23,400	(13.6)	20,400	(10.1)	14,200	20.0	85.33

Note: Revisions to the forecast of consolidated financial results in the current quarter: No

*Notes

(1) Change in Significant Subsidiaries during the Current Period: No

(Change in specified subsidiaries caused a change in the scope of consolidation)

Additional: 0 Removal: 0

(2) Adoption of Accounting Treatments Simplified or Unique for Preparation: No

(3) Change in Accounting Policies and Accounting Estimate and Restatement

[1] Changes in accounting policies by a newly issued accounting pronouncement: No

[2] Changes other than [1]: No

[3] Change in accounting estimate: No

[4] Restatement: No

(4) Issued Shares (Common stock)

[1] Number of issued shares at the end of the period (including treasury stock):

3 months ended June 30, 2018: 171,459,479 shares

Year ended March 31, 2018: 171,459,479 shares

[2] Number of treasury stock at the end of the period:

3 months ended June 30, 2018: 4,975,024 shares

Year ended March 31, 2018: 5,037,124 shares

[3] Average number of shares during the period:

3 months ended June 30, 2018: 166,442,329 shares

3 months ended June 30, 2017: 166,173,181 shares

Note: Number of the treasury stocks as of June 30, 2018 included 134,000 shares, and as of March 31, 2018 included 196,100 shares owned by Trust and Custody Service Bank, Ltd (Trust Account E).

*This quarterly summary report is exempt from quarterly review procedure based on the Financial Instruments and Exchanges Act.

*Disclaimer regarding projection information including appropriate use of forecasted financial result, and other special notes

The projection figures shown above are based on information that was available at the time of preparation and may contain certain uncertainties. Actual performance and other factors may differ from these projections due to changes in circumstances and other developments. More information concerning these forecasts can be found in P.4 "1. Qualitative Information for the Three-Months Period Ended June 30, 2018 (3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results" in the attachment.

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1. Qualitative Information for the Three-Months Period ended June 30, 2018

(1) Commentary on Business Results

The global economy, during the first quarter of the consolidated cumulative period, showed signs of a trade war breaking out stemming from United States tariff policy, further increasing the sense of uncertainty about the future. However, partially owing to foreign exchange levels against the yen keeping within expected ranges, the Japanese economy saw a continuation of the gradual economic recovery as corporate earnings remained steady. The business environment in the medical device and pharmaceutical industries became quite severe as drug prices were revised significantly due to the 2018 medical fee revisions. Even under these circumstances, the Nipro Group has made efforts to increase sales and cut production costs, and worked to improve business performance, advancing the development of the products which are more concerned about the users.

As a result, sales for the first quarter of the consolidated cumulative period increased YoY by 10.3% from the same period of the previous year to 103,201 million yen. As for profit, while impacted by the drug price revisions, the gross profit margin improved YoY by 0.1% due to increased profit owing to increased sales. Furthermore, absorbing increased selling, general and administrative expenses due to higher research and development costs, operating income increased by 21.9% YoY to 7,498 million yen and ordinary income rose 27.4% YoY to 7,953 million yen. Additionally, the first quarter profit attributable to owners of parent increased YoY by 10.4% to 4,682 million yen due to an increase in corporate tax.

The overview of the results for the first quarter of the consolidated cumulative period by business segment is as follows.

From the first quarter under review, we will make changes to the reporting segments. For more information, please refer to “2. Notes Concerning Changes to Reporting Segments” under “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes Regarding Quarterly Consolidated Financial Statements, (Segment Information), II Three months ended June 30, 2018”. The following year-on-year comparisons have been calculated using numerical values of the same period last year which have been rearranged into the revised segments.

(i) Medical-Related Business

The market environment in domestic sales became severe as medical fees and drug prices were revised in April of this year. Under these circumstances, in the Medical Sales Division, sales remained solid in each category of injection-transfusion products, enteral-alimentation products, testing products, dialysis products, and cardiovascular products and cardiac surgery (CVS) products. Sales growth was particularly high for HDF filters (dialysis products) and dialysis machines. In the Pharmaceutical Sales Division, despite an impact from the revised drug prices, sales of oral and external use drugs grew mainly centered on dispensing pharmacies, owing in part to the effects of collaborations with pharmaceutical wholesalers. Furthermore, in DPC hospitals, there was not only a switching from original drugs, but there was also an increase in switching from the generic drugs of other companies, from a stable supply perspective. Moreover, in regard to regenerative medicine, on June 29 of this year we submitted an application to the Ministry of Health, Labour and Welfare for the manufacture and sales approval as a “regenerative medicine product” of the “autologous bone marrow mesenchymal stem cells for use in spinal cord injury treatments” (Investigational drug identification code: STR01) that we are jointly developing with Sapporo Medical University.

Meanwhile, overseas sales revenues displayed steady growth as a result of proactive sales activities around the world. In North America, which we have positioned as one of our most important markets, we expanded sales through strengthening our partnership with a leading dialysis provider and, in Canada, CardioMed Supplies Inc., which we acquired as a subsidiary in January of this year, contributed to an increase in sales. In China and India, sales of new model dialysis machines were favorable and accordingly sales of dialyzers also remained favorable. Furthermore, in Latin America, Europe, Asia and Middle East, we expanded sales steadily. In Brazil, we established the fourth sales office in the country in June of this year and are continuing to strengthen direct sales. Going forward, we will continue quickly responding to front-line needs through the enhancement of direct sales, working to enhance customer satisfaction and expand sales.

Regarding our overseas manufacturing facilities, the new dialyzer production line at our factory in Hefei/China is operating smoothly and the structure for the new line at our factory in India was also completed. We are steadily enhancing our overseas dialyzer production frameworks and will sequentially bring in equipment going forward.

As a result, net sales of this business increased 14.3% YoY to 79,257 million yen.

(ii) Pharmaceutical-Related Business

In the Pharmaceutical-Related Business, we have promoted the contract manufacturing and contract development of pharmaceuticals to respond accurately to the diverse needs of our corporate customers. We have focused on proposals for the comprehensive contract manufacturing of oral, injection and external use drug formulations manufacturable by the Nipro Group in addition to various highly pharmacologically active formulations such as antibiotics, steroids, and carcinostatic agents, as well as general formulations. Furthermore, we have also focused on the manufacturing of investigational drugs and the contract services for inspection and packaging. Moreover, we have also been proactive in the proposal-based sales of the use and set-packaging proposals of pharmaceutical containers and administration systems which we have developed and for which we own production frameworks.

As a result, while production increased slightly year on year, net sales of this business decreased 7.5% from the previous year to 14,818 million yen, due to the impact from switching to in-house manufactured products from products for other companies.

(iii) PharmaPackaging Business

In the PharmaPackaging Business, in order to enhance the synergy effects with pharmaceutical sales from April of this year, we have strategically promoted proactive technical sales activities aimed at capturing the needs and new demands of our globalizing customers and the development of high-performance and high-quality products for medical devices such as devices for the preparation and administration of pharmaceuticals and pharmaceutical packaging materials including rubber, plastic and kit products. In addition, in terms of manufacturing, we have continued a reliable supply of high-quality and high value-added products.

Overseas, while we faced difficulties mainly with ampoule sales due to the impact of inventory adjustments by pharmaceutical companies in response to governmental environmental regulations in China, sales of high-quality vials grew due to strengthened technical sales, as the growth of the high-quality market accelerated. Furthermore, in the United States and Europe, German syringe sales drove a significant growth in sales.

In Japan, while a recovery in the sales of thermos bottles was delayed due to market conditions and assembly manufacturer inventory adjustments, sales were favorable as a result of increased glass tube sales due to vaccine production increases and a significant growth in sales of specialist medical device related products. Going forward, with the addition of a new product group, we will focus on product sales, enhancing product competitiveness through realizing product planning and development that further reflect the needs of our customers and strengthening our market share and profitability through improving brand value. At the Biwako Plant, we are continuing to optimize the production environment through the introduction of new equipment, aiming for a thorough quality enhancement. As a result, net sales of this business increased 11.3% YoY to 9,118 million yen. As a comprehensive manufacturer of pharmaceutical packaging materials, the PharmaPackaging Business Division will continue to strive to expand business by developing and introducing advanced products to the market that meet medical needs of countries all over the world.

(iv) Other Business

Among other business, net sales from the real-estate rental business, etc. were 7 million yen (down 6.9% YoY).

(2) Analysis Concerning Financial Position

Assets, liabilities, and net assets

Total assets decreased 15,570 million yen from the end of the previous consolidated fiscal year to 810,876 million yen at the end of the first quarter under review. Current assets decreased 11,367 million yen and noncurrent assets decreased 4,202 million yen. The main reason for the decrease in current assets was a decrease of 15,992 million yen in cash and deposits, and the main reason for the decrease in noncurrent assets was a decrease of 1,774 million yen in other of investments and other assets.

Total liabilities decreased 10,858 million yen from the end of the previous consolidated fiscal year to 632,102 million yen. Current liabilities decreased 4,062 million yen and noncurrent liabilities decreased 6,795 million yen. The main reason for the decrease in current liabilities was a decrease of 3,928 million yen in notes payable - facilities, and the main reason for the decrease in noncurrent liabilities was a decrease of 6,422 million yen in long-term loans payable.

Total net assets decreased 4,712 million yen from the end of the previous consolidated fiscal year to 178,773 million yen. Shareholders' equity increased 2,906 million yen and accumulated other comprehensive income decreased 7,259 million yen. As a result, equity ratio decreased by 0.1% from the end of the previous year to 20.8%.

(3) Commentary on Forward-Looking Statements Including Forecast of Consolidated Financial Results

At this moment, we have not made any revision to the forecast of consolidated financial results for the six-month period ending September 30, 2018 and the year ending March 31, 2019, which was announced on May 10, 2018.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) [Quarterly Consolidated Balance Sheets]

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current Assets		
Cash and deposits	141,940	125,947
Notes and accounts receivable-trade	140,511	141,457
Merchandise and finished goods	89,146	89,064
Work in process	11,431	11,560
Raw materials and supplies	28,640	28,784
Other	18,854	22,167
Allowance for doubtful accounts	(1,437)	(1,262)
Total current assets	429,087	417,719
Non-current assets		
Property, plant and equipment		
Buildings and structures	207,198	208,441
Accumulated depreciation and impairment loss	(98,987)	(100,274)
Buildings and structures, net	108,211	108,166
Machinery, equipment and vehicles	258,817	260,797
Accumulated depreciation and impairment loss	(180,543)	(182,798)
Machinery equipment and vehicles, net	78,273	77,998
Land	32,079	31,987
Leased assets	3,707	3,682
Accumulated depreciation	(2,746)	(2,751)
Leased assets, net	960	930
Construction in progress	37,537	36,486
Other	54,423	54,718
Accumulated depreciation and impairment loss	(41,213)	(41,749)
Other, net	13,210	12,969
Total property, plant and equipment	270,273	268,540
Intangible assets		
Goodwill	27,358	26,686
Leased assets	2,366	2,221
Other	16,268	16,772
Total intangible assets	45,994	45,680
Investments and other assets		
Investment securities	62,936	61,923
Deferred tax assets	10,354	9,573
Other	12,644	10,869
Allowance for doubtful accounts	(4,844)	(3,431)
Total investments and other assets	81,091	78,934
Total non-current assets	397,359	393,156
Total assets	826,447	810,876

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	62,105	63,459
Short-term loans payable	117,666	124,451
Commercial papers	10,000	10,000
Current portion of bonds	1,215	1,200
Lease obligations	1,198	1,201
Accounts payable-other	16,461	12,532
Accrued directors' bonuses	328	―
Income taxes payable	4,993	2,864
Provision for bonuses	4,364	4,170
Provision for directors' bonuses	131	221
Notes payable-facilities	11,304	7,376
Other	21,415	19,643
Total current liabilities	251,184	247,122
Non-current liabilities		
Bonds payable	5,000	5,000
Convertible bond-type bonds with share acquisition rights	25,000	25,000
Long-term loans payable	350,517	344,094
Lease obligations	2,544	2,369
Deferred tax liabilities	473	320
Net defined benefit liability	4,530	4,568
Provision for directors' retirement benefits	647	658
Provision for loss on litigation	202	138
Other	2,861	2,829
Total non-current liabilities	391,776	384,980
Total liabilities	642,961	632,102
Net assets		
Shareholders' equity		
Capital stock	84,397	84,397
Retained earnings	83,570	86,420
Treasury shares	(6,004)	(5,948)
Total shareholders' equity	161,963	164,869
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(712)	(2,111)
Deferred gains or losses on hedges	(69)	(41)
Foreign currency translation adjustment	11,404	5,506
Remeasurements of defined benefit plans	36	45
Total accumulated other comprehensive income	10,658	3,399
Non-controlling interests	10,863	10,504
Total net assets	183,485	178,773
Total liabilities and net assets	826,447	810,876

(2) [Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income]

Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)
Net sales	93,552	103,201
Cost of sales	63,149	69,612
Gross profit	30,402	33,589
Selling, general and administrative expenses	24,253	26,091
Operating profit	6,148	7,498
Non-operating income		
Interest income	159	139
Dividends income	233	280
Foreign exchange gains	392	635
Share of profit of entities accounted for using equity method	25	20
Other	357	536
Total non-operating income	1,167	1,612
Non-operating expenses		
Interest expenses	873	715
Other	200	441
Total non-operating expenses	1,074	1,157
Ordinary profit	6,241	7,953
Extraordinary income		
Gain on sales of non-current assets	16	6
State subsidy	14	557
Other	0	0
Total extraordinary income	31	564
Extraordinary loss		
Loss on retirement of non-current assets	62	11
Loss on reduction of non-current assets	15	114
Compensation expenses	928	–
Other	409	100
Total extraordinary losses	1,415	227
Profit before income taxes	4,858	8,291
Income taxes-current	1,690	2,219
Income taxes-deferred	(1,276)	1,350
Total income taxes	413	3,570
Profit	4,444	4,721
Profit attributable to non-controlling interests	202	38
Profit attributable to owners of parent	4,242	4,682

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)	Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)
Profit	4,444	4,721
Other comprehensive income		
Valuation difference on available-for-sale securities	7,698	(1,398)
Deferred gains or losses on hedges	34	28
Foreign currency translation adjustment	(1,869)	(5,914)
Remeasurements of defined benefit plans	82	8
Share of other comprehensive income of entities accounted for using equity method	(38)	(150)
Total other comprehensive income	5,907	(7,427)
Comprehensive income	10,352	(2,705)
Comprehensive income attributable to owners of parent	10,303	(2,576)
Comprehensive income attributable to non-controlling interests	49	(129)

(3) Notes Regarding Quarterly Consolidated Financial Statements

(Notes Related to Going Concern)
N/A

(Notes Regarding Significant Changes in the Amount of Shareholders' Equity)
N/A

(Additional information)
Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.
The company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter of the consolidated cumulative period. Due to this application, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.

(Segment Information)

I Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust-ment (Note.2)	Quarterly Consolidated Statements of Income (Note.3)
	Medical-Related	Pharmace-utical-Related	Pharma Packaging	Total				
Net sales (1)Sales to third parties	69,337	16,012	8,194	93,545	7	93,552	—	93,552
(2)Inter-segment sales and transfers	401	2,184	1,278	3,864	247	4,112	(4,112)	—
Total	69,738	18,197	9,473	97,409	254	97,664	(4,112)	93,552
Segment profit (loss)	7,798	3,271	(164)	10,905	9	10,915	(4,766)	6,148

(Notes)
1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit (loss) of (4,766) million yen includes realization of intercompany profits on inventories of 171 million yen and corporate cost of (4,938) million yen. Corporate cost primarily consists of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit (loss) is adjusted to the operating income on the quarterly consolidated statements of income.

2. Information about Impairment Loss on Fixed Assets and Goodwill by Reportable Operating Segment
N/A

Ⅱ Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

1. Sales and Profit by Reportable Operating Segment

(Millions of yen)

	Segment				Other (Note.1)	Total	Adjust-ment (Note.2)	Quarterly Consolidated Statements of Income (Note.3)
	Medical-Related	Pharmace-utical-Related	Pharma Packaging	Total				
Net sales (1)Sales to third parties	79,257	14,818	9,118	103,194	7	103,201	—	103,201
(2)Inter-segment sales and transfers	3,097	4,162	1,148	8,409	345	8,754	(8,754)	—
Total	82,355	18,980	10,266	111,603	352	111,956	(8,754)	103,201
Segment profit (loss)	11,134	2,139	45	13,318	33	13,351	(5,853)	7,498

(Notes)

1. "Other" is the business segment which is not included in the segment and consist of real estate income and sales by headquarter.
2. Adjustment for the segment profit (loss) of (5,853) million yen includes deduction of intercompany profits on inventories of (519) million yen and corporate cost of (5,334) million yen. Corporate cost primarily consists of general and administrative expenses and research and development cost which do not belong to the reporting segment.
3. Segment profit (loss) is adjusted to the operating income on the quarterly consolidated statements of income.

2. Change in Reportable Segment

From the first quarter under review we will perform a comprehensive development of the PharmaPackaging business and, in order to enhance the synergy effects with pharmaceutical sales, we are carrying out organizational changes. As a result of this change, some business divisions previously categorized as Pharmaceutical-Related have been included in PharmaPackaging.

The segment information for the period ended June 30, 2017 is prepared based on the reportable segment after the reclassification.

3. Information about Impairment Loss on Fixed Assets and Goodwill by Reportable Operating Segment

N/A