



NIPRO

Your Partner in Health Care



Annual Report 2021

Year Ended March 31, 2021

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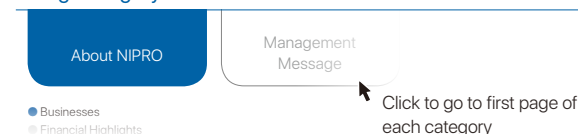
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Using Category Tabs



Using Navigation Buttons



Link Buttons



Disclaimer

This report contains forward-looking statements regarding business indices, strategies, and performance representing the expectations and judgments of the management, based on information available to the Company and publishable at the time this report was prepared. When reading this report, please understand that forward-looking statements involve potential risks and uncertainties; actual future business performance and forecasts may therefore differ materially from those contained in these statements, given the possible emergence of new factors or changes in economic circumstances and/or the business environment.

In this report, fiscal 2021 represents the year ended March 31, 2021.

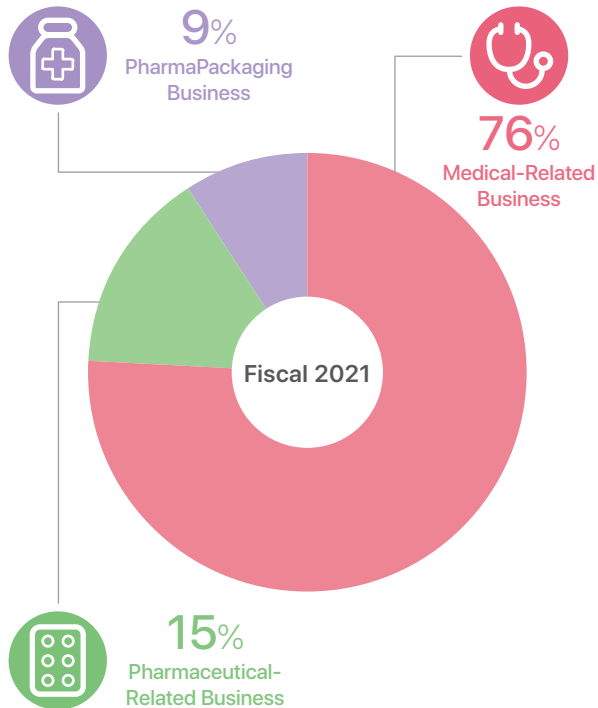
- Businesses
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About NIPRO

Businesses

We Meet the Needs of Medical Professionals and Patients through Our Three Businesses

Sales ratio by business



Net sales

¥455,559 million

Medical-Related Business

Nipro engages globally in the development, manufacture, and sale of medical equipment for injection-infusion and dialysis treatment, and products related to diabetes and cell cultures, as well as the sale of artificial organ-related products.

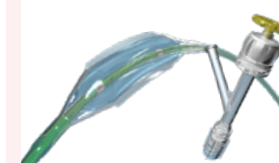
Renal Products



Hospital Products



Vascular Products



Pharmaceutical-Related Business

One of the world's leading CDMO* companies, Nipro performs contract manufacturing of orally administered drugs, injectables, and external preparations through its Pharmaceutical-Related business, and supplies products to pharmaceutical companies in Japan and around the world.

* Contract Development and Manufacturing Organization

Injectables



Orally Administered Drugs



External Preparations



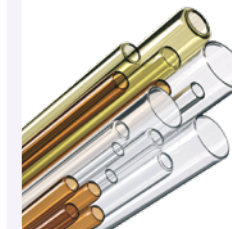
PharmaPackaging Business

Nipro's PharmaPackaging business, a part of the company since its founding, manufactures and sells glass products and other comprehensive pharmaceutical packaging. Currently, Nipro engages in this business globally from a base of 11 companies and 14 plants in 8 countries, focused on Japan, China, Europe, and the U.S.

Glass Converting



Glass Tubing



Devices



- Businesses
- Financial Highlights

About NIPRO

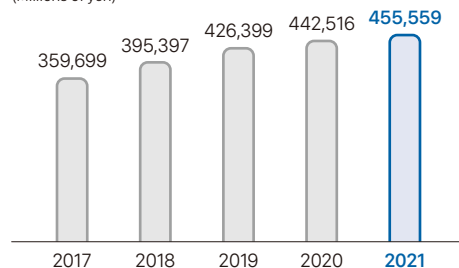
Financial Highlights

Net sales

¥455,559 million

Net sales increased by 2.9% from fiscal 2020 due to favorable dialysis products and increased demand for new COVID-19 related products.

(Millions of yen)

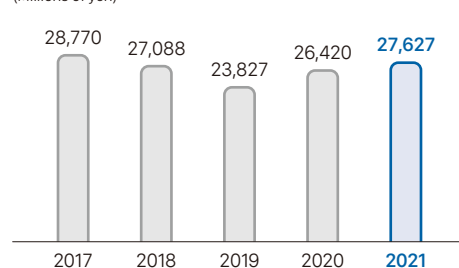


Operating income

¥27,627 million

Operating income increased by 4.6% from fiscal 2020 due to steady sales of dialyzers and controlled expenditure on travel expenses and sales promotion expenses.

(Millions of yen)

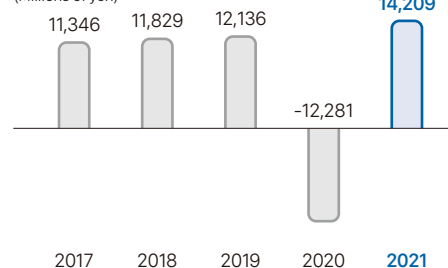


Net income attributable to owners of the parent

¥14,209 million

Net income attributable to owners of the parent increased by 26,491 million yen from fiscal 2020, mainly due to significant decrease in income taxes-deferred.

(Millions of yen)

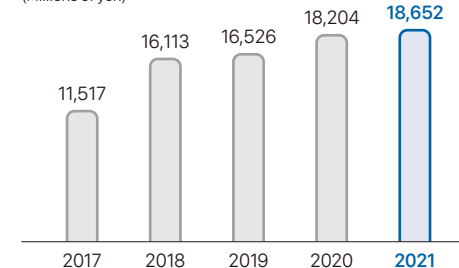


R&D expenses

¥18,652 million

R&D expenses increased by 2.5% from fiscal 2020 mainly due to development of new injectable and oral drugs in pharmaceutical-related business.

(Millions of yen)

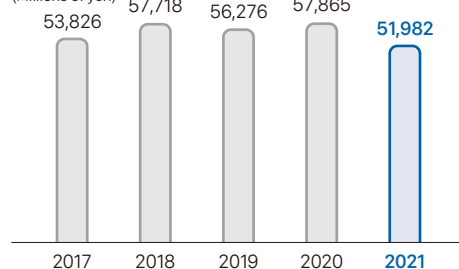


Capital investment

¥51,982 million

Capital investment decreased by 20.3% from fiscal 2020 due to delay in expansion of dialyzer production line in India caused by COVID-19.

(Millions of yen)

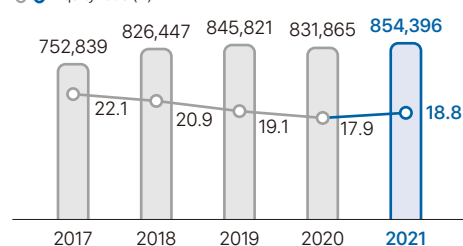


Total assets/Equity ratio

Total assets: ¥854,396 million

Total assets increased by 2.7% from fiscal 2020 and equity ratio stood at 18.8%.

■ Total assets (Millions of yen)
○ Equity ratio (%)

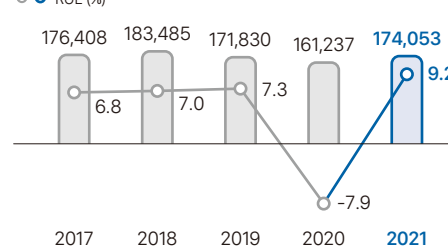


Net assets/Return on equity

ROE: 9.2%

Return on equity up to 9.2% due to increase in net income attributable to owners of the parent.

■ Net Assets (Millions of yen)
○ ROE (%)

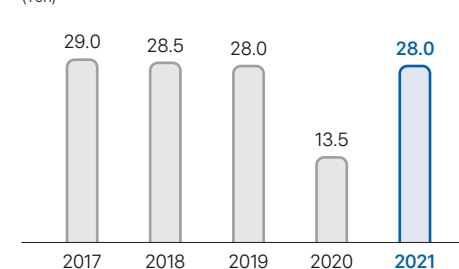


Cash dividends per share

¥28.0

Nipro paid interim dividend of 10.50 yen per share and year-end dividend of 17.50 yen per share. Nipro paid ¥28.0 per share for the year.

(Yen)



- President's Message
- A Message from the CFO

Management Message

President's Message



Fulfilling NIPRO's social responsibility by meeting user needs

Yoshihiko Sano

President and Representative Director

Achieved an increase in sales and profits despite the impact of the COVID-19 pandemic

In the fiscal year ending March 2021, net sales increased by 2.9% to 455,559 million yen and operating income by 4.6% to 27,627 million yen from the previous fiscal year, and net income attributable to owners of the parent returned to profit of 14,209 million yen from minus 12,281 million yen in the previous fiscal year.

This year, the pandemic greatly affected our supply chain—manufacturing, purchasing, distribution, and sales—as well as domestic and overseas business areas. Our main product, the dialyzer, is the major reason behind the smaller revenue growth.


Although demand for it was stable and strong compared with that before the pandemic, we could not expand our manufacturing facilities to respond to the increase in demand—we had to stop the construction of the new line at our India plant due to the lockdown, while Nipro Pharma's Kagamiishi Plant was hit by an earthquake off the coast of Fukushima Prefecture in February 2021. Thus, production was low, which led to a loss of opportunities.

On the other hand, sales of consumables such as gloves, masks, and gowns, vials and syringes for vaccines, and high-value-added pre-fillable syringes increased due to the pandemic's impact. Increasing demand for home care also boosted the sales of Heart-Mate 3, an implantable ventricular assist device that facilitates home device management.

Results

Net sales

Total **¥455,559** million

2.9% increase from fiscal 2020 

Operating income

Total **¥27,627** million

4.6% increase from fiscal 2020 

Net income attributable to owners of the parent

Total **¥14,209** million

¥26,491 million increase from fiscal 2020 

- President's Message
- A Message from the CFO

Management Message

President's Message

Regarding profits, the operating profit rate increased following the reduction in transportation and sales promotion expenses due to travel restrictions. However, the increase in profits was not as large as expected at the beginning of this fiscal year. The increase in net income attributable to owners of the parent from the previous fiscal year was a result of 29,892 million yen being recorded as investment securities valuation loss in the previous fiscal year and a significant decrease in income taxes and others due to the adoption of the consolidated tax payment system in the U.S. management company and reassessment of deferred tax assets.

Increase in production of main products, including dialyzers

COVID-19 will continue to impact business in the future. Products and services across the medical industry have been affected by a decrease in medical practice, excluding those needed for fighting COVID-19. However, the need for renal products such as dialyzers, our forte, has not reduced because these are necessary for chronic ailments such as kidney disease. Therefore, increasing dialyzer production will be our priority for the fiscal year ending March 2022. Since our India plant was significantly affected by the pandemic, we will expand dialyzer production at our China and Vietnam plants, in addition to our Odate Plant in Japan.

Regarding surgery-related products, we will further accelerate the sale of vascular products in the U.S., which we have been focusing on since the previous fiscal year. Regarding the new product NIRS-IVUS, marketing authorization has been obtained in the U.S., and the Nipro Medical Corporation's North American

division has begun handling vascular products from May 2021. Thus, we will further promote the sales organization in the U.S. and expand the lineup of products that have the potential to rank among the top three worldwide.

Regarding regenerative medicine, we have been steadily reducing costs to improve profitability after the National Health Insurance drug price listing in 2019. We will promote automatization of the facilities of cell culture currently performed at Sapporo CPF, and establish Tokyo CPF in this fiscal year to further enhance the facilities' capacity.

We will increase the production and sales of other products, including consumables such as gloves, masks, and gowns, as well as the Nipro syringe (low dead volume type), which yields six doses from a COVID-19 vaccine vial, and Nipro VA syringe (non-dead volume type), which yields seven doses. Regarding drug products, we will continuously strengthen our contract manufacturing, including starting the formulation of the AstraZeneca COVID-19 vaccine "Vaxzevria™ Intramuscular Injection."

Investment for medium- to long-term business expansion and financial discipline

Our goal is to become a corporate group with sales of 1 trillion yen in the fiscal year ending March 2031. To this end, we need to invest in equipment from the medium- to long-term perspective, in addition to pursuing short-term sales. For example, we plan to invest more than 100,000 million yen in Japan and overseas to increase the production of our main product, the dialyzer, by the fiscal year

ending March 2027—in particular, we will invest about 36,000 million yen in our medical device plant in Vietnam and introduce manufacturing equipment from March 2023. The monthly production capacity is expected to be 3 million units. We will respond to the growth in global demand and secure an advantageous position in the development of markets in Southeast Asia in the future. We plan to invest about 50,000 million yen in the Odate Plant, our main plant in Japan, to increase the monthly production volume to 5.5–6 million units by the end of the fiscal year ending March 2026. In addition, we will make efforts to increase our production volume in India and China. Thus, the global production volume is expected to exceed 12 million units per month, from the current 5.5 million units, in the fiscal year ending March 2027. For these facilities, we will try to improve profitability significantly by thoroughly automating all manufacturing lines, including inspection equipment.

Meanwhile, regarding the finances that enable these investment activities, we will strengthen our ability to generate a cash flow by increasing product competitiveness and improving profitability.



- President's Message
- A Message from the CFO

Management Message

President's Message

In this fiscal year, ROE was 9.2% and the operating profit margin 6.1%. In the medium-term management plan, we aim to increase corporate value by setting the average annual growth rate at 7.0% or higher and the net interest-bearing debt/EBITDA ratio at four times, in addition to ROE at 14.0% and the operating profit margin at 9.0% or higher, by the end of the fiscal year ending March 2025.

Meeting user needs is NIPRO's social responsibility

Having seen the spread of COVID-19, I am now more keenly aware of NIPRO's social responsibility than ever, convinced that we need to further promote management to meet user needs.

For example, we decided to manufacture approximately 100 million syringes for the COVID-19 vaccine at our Thailand plant in April 2021. Such a large capital investment involves significant risks, considering that we may be able to return to normalcy in a relatively short period of time. The same can be said about contract manufacturing of vaccines. However, it is our social responsibility as a medical device manufacturer to stably supply the products users need and contribute to people's safety and security. While we need large upfront costs to fulfill our responsibility, I believe that meeting user needs will increase social confidence in our company in the long term, helping us earn large profits in the future.

To respond to user needs, we need to produce various kinds of products in small volumes, which has a negative impact on our

group's profitability. Nevertheless, I will not stop doing that, mainly because of the user feedback I have received recently, particularly in medical settings: "NIPRO is reliable" and "NIPRO is the one that responds to our request." I feel that users now understand the difference between our company and others.

Regarding social responsibility, we have been furthering the dialysis center business, mainly in emerging countries. Until the previous fiscal year, we had 16 dialysis centers of our own; since then, we have acquired more than 100 facilities. We plan to increase this number. We will open 300 dialysis centers overall by 2025, as well as increase our own by 2030. Thus, our aim is to eliminate medical disparities, provide high-quality products and treatment environments, and secure a product sales network in emerging countries.

Diversity in human resources is an absolute condition to further promote global operations. We assign local staff to the managers of affiliated companies overseas. We also regularly provide opportunities to these overseas managers to actively exchange opinions with the staff and each other. This helps us adopt the different ideas shared by our group companies.

Regarding environmental issues, domestic companies are required to take further actions, including setting a government target of carbon neutrality by 2050 and reducing greenhouse gas emissions by 46% by 2030—we set up a solar power generation system at the Nipro Thailand Corporation in 2018 to promote the use of renewable energy. We will continue to make efforts to reduce environmental loads and greenhouse gases.

To become a corporate group with sales of 1 trillion yen

We have set the long-term goal of achieving net sales of 1 trillion yen for the fiscal year ending March 2031. To fulfill this goal, we need to achieve an average annual growth rate of 7.0% or higher. For this, it is not enough for us to simply ride a growth wave of the market; we need to have the power to race ahead of other companies and expand our market share. I believe that meeting user needs and supplying products that society needs is the most important factor here as well. As per the concept of "Sanpo Yoshi," by pursuing the interests of our company, users, and society, we will be able to contribute to people's safety, security, and health as well as ensure long-term profits. I would appreciate your continued support in the future.

July 2021

President and Representative Director

Yoshihiko Sawo

- President's Message
- A Message from the CFO

Management Message

A Message from the CFO

We will improve our financial constitution and carry out continuous capital investment.



Takehito Yogo

Managing Director,
General Manager of Corporate
Planning Division

Progress in the medium-term business plan

We are improving our financial constitution by setting our KPIs from the perspectives of "growth potential," "profitability," "financial health," "asset efficiency," and "investment efficiency" in the medium-term management plan with the last fiscal year ending in March 2025.

First, regarding "growth potential," we set our mean annual sales growth target at 7.0% or higher. The sales of both medical devices and drugs decreased due to the COVID-19 pandemic in the first half of this period. However, in the second half, they recovered to a level higher than the previous period, with a 2.9% year-on-year increase. Since sales of both medical devices and drugs, centered on new products, are estimated to increase in the fiscal year ending March

2022, we expect an 8.6% increase in revenue from the current period.

Next, regarding "profitability," we aim to achieve an operating profit margin of 9.0% or higher. The operating profit margin was 6.1% in the current period because of a reduction in sales, general, and administration expenses, such as sales promotion and travel outlays. However, the operating profit margin in the fiscal year ending March 2022 is expected to decrease to 5.6% due to a steep rise in transportation costs.

Regarding "financial health," we aim at between 4.0 and 4.9 times of the net interest-bearing debt/EBITDA ratio. In the current period, the net interest-bearing debt increased by 7,800 million yen from the previous period to 447,600 million yen, which is associated with an increase in capital investment. In the fiscal year ending March 2022, we will reduce our net interest-bearing debt by improving working capital efficiency and cashing securities and idle assets in addition to growing our profits. The net interest-bearing debt/EBITDA ratio has been showing a downward trend due to an increase in EBITDA since the fiscal year ending March 2019, and this ratio is expected to improve to 6.3 times in the fiscal year ending March 2022.

Regarding "asset efficiency," we set our goal at ROE of 14.0% or higher. The ROE substantially improved to 9.2% in the current period because of a decrease in equity capital in the previous period, in addition to a significant increase in net income in the current period due to increased sales, decreased manufacturing costs, and a surplus in exchange profit and loss. In the year ending March 2022, ROE is expected to be 8.9% as the net income of this period increases by about 600 million yen compared to the current period.

Lastly, regarding "investment efficiency," we aim to turn positive in free cash flow. In the current period, free cash flow achieved a profitability of 21,000 million yen due to liquidation of receivables, use of lease, cashing of securities, and reduction of tax costs, such as consolidated taxes. In the year ending March 2022, we will continue to reduce investment cash flow by increasing lease assets and selling securities. Thus, free cash flow is expected to be a surplus of 12,400 million yen.

Status of capital investment

The amount of capital investment* in the current period was 51,982 million yen, a decrease of 20.3% from the previous period. The major reason for the decrease in the investment amount is that the expansion work of the dialyzer manufacturing line in India was suspended due to the COVID-19 pandemic. Accordingly, the results of the Medical-Related business were 32,735 million yen in the current period compared to the initial forecast of 35,300 million yen.

Since the impact of the COVID-19 pandemic seems likely to continue in India in the year ending March 2022, we expect 15,200 million yen in the Medical-Related business, decreasing by 53.6% compared to the current period. In the Pharmaceutical-Related business, we plan an increase of 49.8% from the current period to 19,900 million yen by the addition of the syringe line of Nipro Pharma. In the PharmaPackaging business, we expect an increase of 214.1% from the current period to 12,300 million yen due to the expansion of facilities in Germany and France and the regular repair of kilns.

As a result, total capital investment is expected to decrease by 4.8% from the current period to 49,500 million yen.

* Capital investment based on acceptance inspection.

Dividend policy

We set the total amount of consolidated current net income at 75% and nonconsolidated current net income at 25% used as the base for dividends. Based on this policy, we paid an interim dividend of 10.50 yen and a year-end dividend of 17.50 yen in this period.

Regarding the dividends for the fiscal year ending March 2022, we will continue to strengthen our financial constitution and return profits in consideration of stable dividends while continuing with the previous dividend policy. We plan to pay an annual dividend of 29 yen per share.

- Aiming to Achieve Consolidated Sales of ¥1 Trillion in the FYE 2031.3
- Approaches to SDGs

Outline of the Medium-Term Management Plan

Aiming to Achieve Consolidated Sales of ¥1 Trillion in the FYE 2031.3

Management Policy

Keeping up with the turbulent times, we will continue to respond to user needs, aim to become the world's top manufacturer in terms of product competitiveness and market share, and promote local production for local consumption globally.

Priority Tasks

- 1 Protecting a corporate culture that provides opportunities to motivated people
- 2 Making decisions from the end-user's perspective is our top priority
- 3 Upholding the Sanpoyoshi (Win-Win-Win for users, society, and the company) principle
- 4 Sharing information about each step of the Plan-Do-Check-Act (PDCA) process with all employees so that they can manage the PDCA cycle with a sense of ownership
- 5 Becoming a company wherein the organization managers recognize the gap between theory and reality and can lead their staff to understand it

Enhancements

- 1 **Challenge of becoming the No. 1 manufacturer contributing to regional healthcare in the Japanese market**
Providing comprehensive medical infrastructure that connects patients, their families, hospitals, and pharmacies, as well as offering medical equipment and pharmaceuticals that meet medical needs in the marketplace
- 2 **Top share in the global market for dialyzers**
Expanding the company's direct sales network and training centers, and accelerating the operation of our own dialysis centers in emerging countries
- 3 **Deployment of vascular products to the global market and entering new areas in the domestic market**
Establishing a sales network for existing products in the U.S. market with a view to expand globally, and aiming for a full range of products in the domestic market in the cerebrovascular and arrhythmia fields
- 4 **Deployment of the drug contract manufacturing business to overseas markets**
Promote out-licensing of our GE products in the Chinese market and expand business in the U.S. market
- 5 **Development of high-value-added products and reduction of manufacturing costs in the PharmaPackaging business**
Develop high-quality products for biopharmaceuticals and reduce manufacturing costs by automating the manufacturing process
- 6 **Enhancement of cellular medicine business**
Promote manufacturing automation and expand business into the European and American markets
- 7 **Development of seeds of new businesses**
Business expansion into surgical products, electromagnetic wave therapy products, active pharmaceutical ingredients (APIs), and pharmaceuticals in new fields

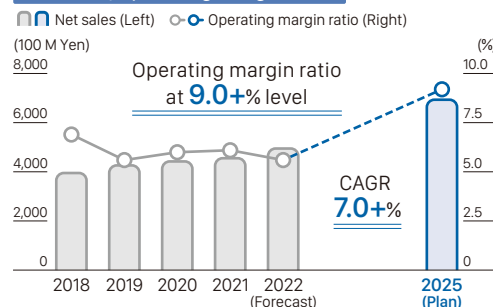
KPIs for FYE 2025.3

Net sales Average annual growth of **7.0+%**

Operating income Average annual growth of **7.0+%**

Operating margin ratio **9.0+%**

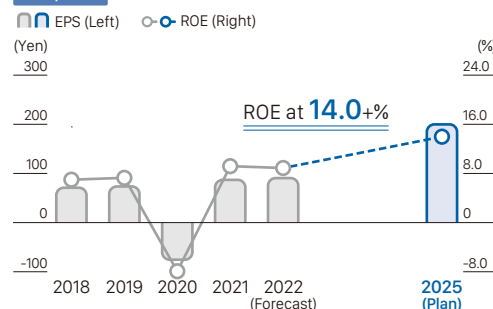
Net Sales/Operating Margin Ratio



EPS* **¥200** or higher

ROE **14.0+%**

EPS/ROE



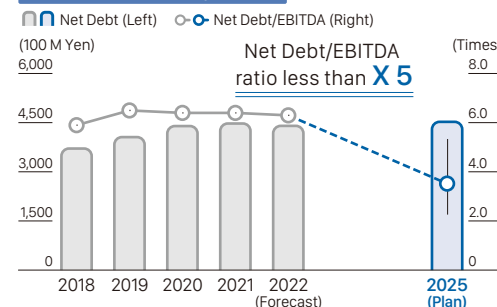
* EPS: Earnings per share

Net Debt* Maintain around **¥450,000 M**

EBITDA Aiming for a level of **¥100,000+ M** or higher

Net Debt/EBITDA ratio Less than **X 5**

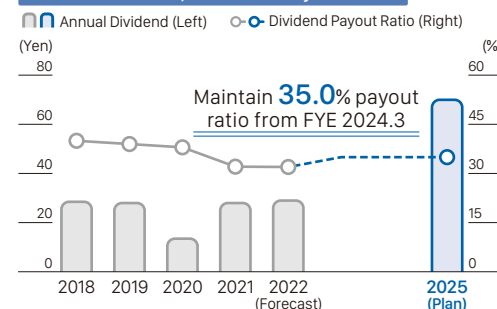
Net Debt, Net Debt/EBITDA



Shareholder return (dividend payout ratio*)

32.0% (FYE 2022.3) Maintain
35.0% (FYE 2023.3) **35.0%** (FYE 2024.3 -)

Annual Dividend/Dividend Payout Ratio



* Source of dividends shall be sum of 75.0% of consolidated profits and 25.0% of non-consolidated profits.

- Aiming to Achieve Consolidated Sales of ¥1 Trillion in the FYE 2031.3
- Approaches to SDGs

Outline of the Medium-Term Management Plan

Aiming to Achieve Consolidated Sales of ¥1 Trillion in the FYE 2031.3

Capital Investment Policy

Objectives

- Expansion of the structure for increasing production of medical devices and pharmaceuticals
- In cellular medicine business, promote manufacturing automation and expand business into the European and American markets
- Incubate new business seeds of surgical products, electromagnetic wave therapy products, APIs, pharmaceuticals in new fields, etc.

Investment status

(Millions of yen)

		2021	2022 (Forecast)	2021-2025 (Plan)
Renewal of existing facilities	Medical equipment (dialyzers, catheters, etc.)	15,345	12,338	160,000
	Pharmaceuticals	13,287	13,986	90,000
	PharmaPackaging	3,916	19,876	30,000
Cellular medicine	Sapporo Plant and manufacturing facilities	16,872	1,214	30,000
Incubation of business seeds	Production Technology Center, laboratories, etc.	1,624	2,084	10,000

5-year guidelines for FYE 2025.3

(Millions of yen)

	2021	2022 (Forecast)	2021-2025 (Plan)
EBITDA	447,600	44,040	Aiming for 400,000–450,000
Capital investment*	51,982	49,500	300,000–350,000 range
Free cash flows	21,000	12,400	Return to profit

* Amount of capital investment based on acceptance inspection

Policy on Organization, HR Development, and IT Systems

Overseas holdings structure

- Establish holdings in Europe, China, and the U.S. to realize business management by regional headquarters, and matrix management aimed at rapid business decision-making by each operating company
- Centralize compliance, financial, and tax management
- Improve knowledge accumulation and efficiency by consolidating indirect divisions
- New business incubation

Human resources development

- Nurturing training in the medical field to foster a sense of value that enables us to always think and act from the user's viewpoint.
- Introduction of the FISH philosophy, which aims to revitalize the workplace and encourage employees to thrive in their work, and promote employee motivation
- Follow-up training for younger employees, training for different levels of qualifications, and other necessary training for each stage of employment
- Focus on the development of global human resources through selective language training, in-house language classes, and a self-development support system for languages
- Aim to create a workplace where each employee can maximize their abilities regardless of race, nationality, gender, or age; conduct seminars to promote women's activities; and organize exchange meetings to build networks among international employees
- Establish a company-wide education and training system to raise compliance awareness
- Considering the physical and mental health of each employee, the "Nipro Health Declaration" was issued in September 2018, and anti-smoking measures, mental health measures, work-style reforms, and workplace revitalization activities have been promoted










IT systems

- Review system functions to support management efficiently and expeditiously
- Enhance security against cyber-attacks, such as unauthorized remittance, information leaks by targeted attacks, and ransomware
- Develop an information infrastructure realizing a work style not confined by time and place, improving labor productivity and employee satisfaction

- Aiming to Achieve Consolidated Sales of ¥1 Trillion in the FYE 2031.3
- Approaches to SDGs

Outline of the Medium-Term Management Plan

Approaches to SDGs

Social issues that we aim to solve through our business		Related SDG
Providing treatment to patients in remote areas with limited access	<ul style="list-style-type: none"> ● In emerging countries, such as in Latin America, dialysis clinics have been set up in suburban areas to provide dialysis treatment to patients living in remote areas, where it is more convenient for them to receive dialysis treatment. ● In Southeast Asia and Africa, dialysis clinics have been set up in urban areas to provide patients with high-quality treatment. 	 
Preventing medical accidents at medical institutions	<ul style="list-style-type: none"> ● The company sells safety products to prevent medical accidents while using medical equipment. ● They include winged needles that prevent needlestick accidents, colored syringes that can be distinguished by color to prevent mix-ups, and pre-fillable syringes and kit preparations that reduce the risk of foreign matter contamination, bacterial contamination, and needlestick accidents. 	 
Providing safe and secure medicines for all	<ul style="list-style-type: none"> ● The company promotes products that can be used without difficulty, regardless of age or disability. ● A range of products are offered that enable those with visual difficulties to identify tablets, to write down medication instructions and medication dates, and to prepare PTP sheets for patients with reduced dexterity. 	  
Dealing with new infections	<ul style="list-style-type: none"> ● The company sells products that are in high demand worldwide when new infectious diseases, such as COVID-19, become rampant. ● Surgical masks, medical rubber gloves, tubes and other consumables, blood collection tubes, and disinfectants are stocked. 	 
Stable supply of antimicrobial agents that are in short supply	<ul style="list-style-type: none"> ● We continue to manufacture and market antimicrobials, although they are unprofitable and there are concerns about the supply of APIs. ● As a precaution against the future supply of APIs, we are developing some of them in-house. 	  
Providing a medical environment for patients who live in remote or difficult to access locations	<ul style="list-style-type: none"> ● The company sells a cloud-based monitoring system (Nipro Heart Line™) that uses ICT to provide real-time information on patients, even in remote locations. ● The system enables patients with chronic diseases to receive regular and continuous medical care, sharing vital information in real time, and sending alerts when abnormal values are detected to remotely check the patient's condition. 	  
Enhancing the labor productivity of healthcare professionals	<ul style="list-style-type: none"> ● The company sells the HN LINE™, which solves business problems by linking medical device information with electronic medical records. ● The company hopes to support the reduction of labor, efficiency of nursing operations in hospitals, and work-style reforms of healthcare professionals. 	  
Minimizing the environmental impact of waste	<ul style="list-style-type: none"> ● The heat generated when industrial waste in the manufacturing process is burned in incinerators is reused to generate electricity and hot water, and the company also emphasizes reducing the volume of industrial waste. ● We promote a paperless office by digitizing internal documents and eliminating meeting materials to reduce the use of paper and other materials. 	  
Promoting efficient use of natural resources	<ul style="list-style-type: none"> ● To reduce the global environmental impact, the company promotes the introduction of solar power generation at its plants as part of energy conservation efforts. ● At Nipro Thailand, a solar power generation system was introduced in 2018 and the electricity generated is used for medical device manufacturing. 	  
Providing rewarding work opportunities for all	<ul style="list-style-type: none"> ● Training for women in supervisory positions and above is conducted so that they can build a career design with strategies for their work and lives. ● For international students who have received job offers to seamlessly join the company, exchange meetings are held for the purpose of networking with senior international employees prior to joining. 	  

- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business



Review of Operations

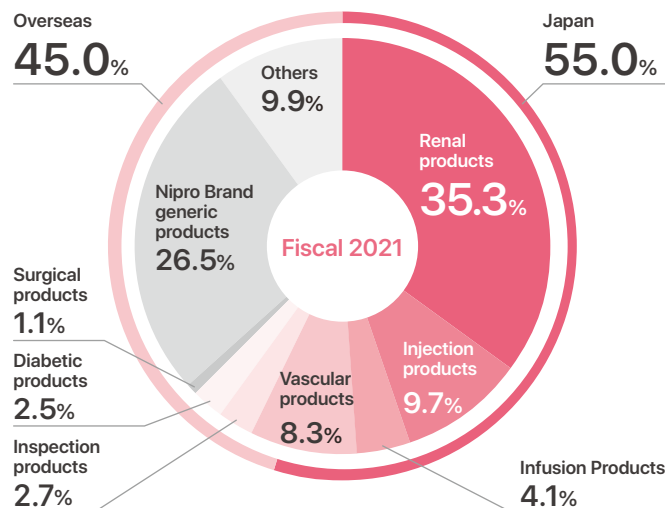
Medical-Related Business



Net sales

Total **¥347,648** million

Sales ratio by region

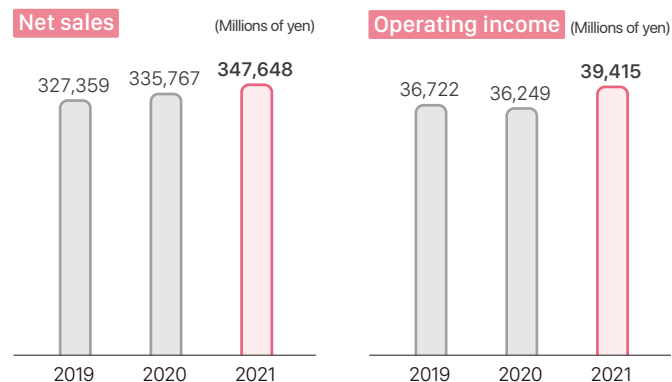


Overview of the fiscal year ending March 2021

Regarding domestic medical device sales, in addition to dialyzers and renal products, surgical products such as artificial hearts, heart-lung machines, and consumables (gloves, masks, and gowns) showed strong sales. However, catheters sales declined year-on-year despite signs of recovery in Q4. Regarding drugs, sales of oral drugs for outpatient infections decreased year on year, but dexmedetomidine and other antibacterial injections for surgery, as well as authorized generic bepotastine **POINT** steadily increased market share.

The COVID-19 pandemic continues to have an impact on international sales. However, vaccination has begun in various countries worldwide, and sales activities, such as holding academic conferences, exhibitions, and resuming tenders, have gradually returned to normal. Dialyzer sales exceeded the previous period, while sales of gloves, masks, and gowns remained strong in North, Central, and South America.

As a result, sales in this segment increased to 347,648 million yen, a 3.5% rise from the previous period, and operating profit was 39,415 million yen, an 8.7% increase from the previous period.



Forecast and strategy for the fiscal year ending March 2022

For the fiscal year ending March 2022, sales are expected to increase by 7.6% to 373,890 million yen, but operating profit is forecast to decrease by 3.0% to 38,230 million yen.

Regarding domestic sales, medical devices sales are expected to increase by 16,400 million yen during this period, owing to greater sales of dialyzers, vaccine syringes, catheters, and ventricular assist devices/artificial lungs. Drug sales are expected to decrease by 1,000 million yen due to a decline in in vitro diagnostics sales. Operating profit is forecast to show only a slight increase due to lower in drug and regenerative medicine sales.

Regarding overseas sales, we will increase sales of renal products and hospital products and expand the operation of dialysis centers, primarily in emerging countries. In the Americas, revenue is expected to increase by 14,600 million yen in the total segment compared to this period, owing to higher sales of vascular products. Although operating profit is affected by the rise in transportation costs worldwide due to the COVID-19 pandemic, we will aim to boost profits by reducing costs.

POINT

Bepotastine (Talion AG) obtained about 60% market share in Japan

Bepotastine further increased its domestic share from the previous period to approximately 60% due to additional indications for children, etc. The sales amount is approximately 5,300 million yen based on the National Health Insurance drug price.

- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business



Review of Operations

Medical-Related Business

TOPICS

Domestic business

Implantable ventricular assist device HeartMate 3

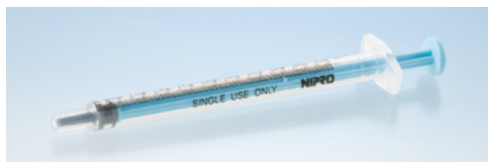
In Japan, sales of the implantable ventricular assist device HeartMate 3, which will be available from June 2019, were robust. In December 2020, indications for treatment aimed at improving QOL (improvement of life prognosis, simplification of home care management, etc.) were added for patients with severe heart failure for whom heart transplantation is not indicated, and health insurance coverage was granted on May 1, 2021. Taking advantage of this opportunity, we will expand our market share in Japan and contribute to improving patient health.

Increased production of Nipro syringes (low dead space type) and starting production of new Nipro VA syringes

In response to the demand for syringes associated with COVID-19 vaccination, we increased production of Nipro syringes (low dead space type) and recently began the production of new Nipro VA syringes. Six doses of the Pfizer COVID-19 vaccine can be taken with a Nipro syringe (low dead space type), while seven doses can be taken with a VA syringe, resulting in less residual liquid.

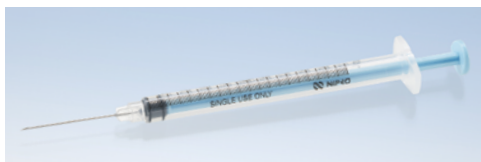
The total production volume of Nipro syringes (low dead space type) and new Nipro VA syringes in this period is expected to reach approximately 100 million syringes due to the establishment of production systems at the Odate and Thailand plants.

Nipro syringe (low dead space type)



- Achieving low dead space by making a protruding shaped gasket tip
- Able to attach needles of all sizes and lengths

Nipro VA syringe (new type)



- Achieving low dead space through a one-piece design of needle and outer cylinder
- A needle length of 25 mm that is sure to reach the muscle; 25 G in thickness is adopted considering usability at the time of suction and infusion of the content.

Overseas business

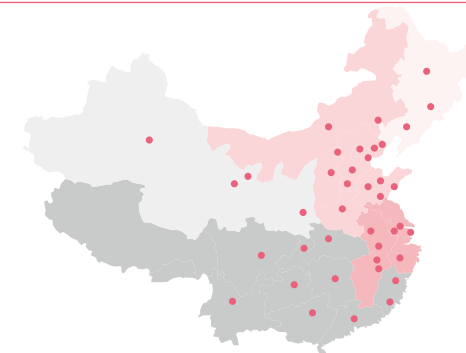
Establishment of the sales system for vascular products

The Vascular Product Sales Department was established in Nipro Medical Corporation's (NMC) North American Division to establish a sales system in the U.S. They primarily handle dialysis access products and intervention accessories, and coronary artery imaging. We will continue to improve the product lineup both inside and outside the group, as well as expand sales.

Expansion of our company's sales network in China

Dialysis patients in China are expected to number 632,000 in 2019 and 1,450,000 by 2025. The market is expected to expand further in the future. Nipro is working to expand its sales network in China such as by opening new business bases and increasing personnel. Thus, we will further strengthen attentive scientific and technical sales activities for customers, as well as the dialysis machine maintenance and management system.

Furthermore, we will promote "locally produced and consumed" by expanding sales of AVF needles manufactured in Shanghai and dialyzers manufactured in Hefei. We will also try to increase sales of renal products in China by strengthening the dialysis center operating business.



29 Provinces and **35** business
bases with **262** employees

(as of end of March 2021)

Expansion of our own dialysis centers

We have established and increased our own dialysis centers, one of our new major businesses, in Latin America, where our own dialysis centers have been expanding for many years, as well as in China and Thailand in the Asian region, where demand is expected to grow further in the future. We will continue to contribute to regional medical care by providing high-quality treatment, primarily in emerging countries.

- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business



Review of Operations

Pharmaceutical-Related Business



Net sales

Total **¥68,564** million

Supply records

(May 2021)

Injectables	Orally Administered Drugs	External Preparations
Ampoules (glass/plastics) Vials (powder/liquid/lyophilized products) 730 million units	Tablets 14.8 billion tablets	Tapes (solvent type) 120 million sheets
Pre-filled syringes (PFS®) 160 million units	Capsules 400 million capsules	Tapes (hotmelt type) 580 million sheets
Dual chamber bags (PLW®) 33 million units	Granules, dry syrups 610 tons	Poulices 390 million sheets (converted to 10g-sheet units)
Liquid-liquid dual chamber bags 4 million units	Syrups 460 thousand bottles	Ointments, creams 16.3 million tubes (converted to 10g-tube units)

Overview of the fiscal year ended March 2021

In the pharmaceutical-related business, we continued to expand the contract manufacturing business by actively increasing production capacity and promoting proposal-based contract manufacturing. In this period, we started the shipment of multiple new contract manufacturing products through proposal-based sales such as total contract manufacturing from investigational products of the development stage to commercial products. In addition, reinforcement of the production system in response to an increase in orders for syringe formulations contributed to an increase in sales volume and net sales.

However, sales were affected by a decrease in the production volume of some products due to the impact of the COVID-19 pandemic as well as a temporary decrease in the shipment volume of the Kagamiishi Plant, Nipro Pharma Corporation, due to the earthquake off the coast of Fukushima Prefecture on February 13, 2021.

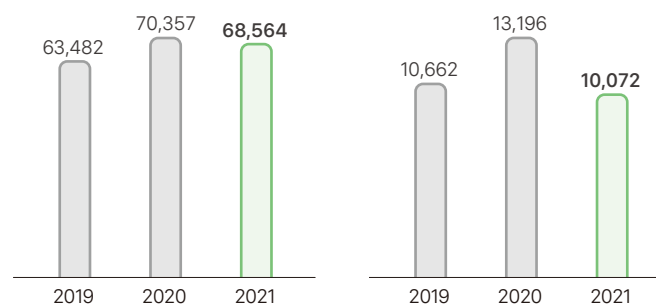
As a result, net sales in this segment decreased by 2.5% from the previous fiscal year to 68,564 million yen, and operating income decreased by 23.7% from the previous fiscal year to 10,072 million yen.

Net sales

(Millions of yen)

Operating income

(Millions of yen)



Outlook and strategy for the fiscal year ending March 2022

For the fiscal year ending March 31, 2022, net sales are estimated to reach 76,300 million yen and operating income to reach 10,230 million yen, an increase of 11.3% and 1.6%, respectively, from the current fiscal year.

Net sales are expected to increase by about 3,800 million yen due to the commencement of contract manufacturing of "Vaxzevria™ Intramuscular Injection," a COVID-19 vaccine developed by AstraZeneca, and the start of shipment of export products to the USA. Sales in the entire segment are expected to increase by about 7,800 million yen, including about 4,000 million yen generated from the reclassification of the sales by JMI Pharma, an affiliated company, from medical-related business to pharmaceutical-related business in FY2022.

Although the operating income generated by the aforementioned JMI Pharma sales reclassification is expected to reach about 470 million yen, the operating income in the entire segment is expected to increase by 160 million yen.

In the pharmaceutical-related business, we will reinforce our existing facilities and construct a new plant in order to expand our business and strengthen our stable supply system in the future.

POINT

Construction of a new plant

We are planning to construct a new plant in Ritto, Shiga Prefecture, to further expand the production volume of injectable drugs. The site area of the new plant is about 100,000 m², and the facility will be completed in January 2024. This plant will have an independent and dedicated antimicrobial injectable drugs area and a general injectable drugs area, and will manufacture dual chamber bag products and vial products.

- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business



Review of Operations

Pharmaceutical-Related Business

TOPICS

Efforts to improve quality

The following measures are being taken at the pharmaceutical production plants, mainly of Nipro Pharma. We continuously make efforts to improve quality by fostering a quality-oriented culture and strengthening the quality assurance system.

- ✔ Holding quality exhibitions
- ✔ Checking operations at the manufacturing site by line QA
- ✔ Conducting unannounced internal audits
- ✔ Implementing regular quality training
- ✔ Preparing effective recurrence prevention measures by analyzing true causes
- ✔ Strengthening the management of drug substances of pharmaceutical products
- ✔ Promoting site walks



Training using a consulting company

Efforts to strengthen the production system

Strengthening the system to increase production at injectable drugs plants

Ise Plant, Nipro Pharma Corporation

New pre-filled syringe lines are being constructed at the Ise Plant, Nipro Pharma Corporation. The construction will be completed in November 2021, and production is scheduled to start in February 2023. We are planning to introduce two lines, with an annual production capacity of 59 million vials for the 1–3 mL line and 55 million vials for the 5 mL/10 mL line. In the first year of production, that is the fiscal year ending March 2024, we expect an output of 6 million vials from the former line and 33 million vials from the latter line.

Production has already started at the newly introduced small-volume vial line. We are planning to start manufacturing new products in June 2021, and the production volume in this period is expected to be 6.5 million vials. In the year ending March 2023, we are planning to operate at nearly full capacity with the production of six commercial and prototype products.



New building for pre-filled syringe line under construction

Odate Plant, Nipro Pharma Corporation

At the Odate Plant, Nipro Pharma Corporation, a pre-filled syringe line has been added to reinforce our stable supply system. We started production on the 40 mL/50 mL line in March 2021 and on the 20 mL line in May 2021. The maximum annual production capacity is 20 million vials, with 14 million vials scheduled to be produced in this period.



Newly installed pre-filled syringe line

Strengthening the system to increase production at oral drugs plants

Zensei Pharmaceutical Co., Ltd.

A new building is planned to be constructed at the Kishiwada Plant, with operations expected to start from December 2022. In this new building, Zensei Pharmaceutical will establish a production system capable of handling investigational products and highly active preparations, as well as expand and improve the testing and warehouse areas. The plan is to increase the annual production capacity of the entire plant to 3 billion tablets.



Image of the new building's testing area

Kagamiishi Plant, Nipro Pharma Corporation

The Kagamiishi Plant, Nipro Pharma Corporation, temporarily stopped operations due to the earthquake off the coast of Fukushima Prefecture in February 2021. However, the production resumed at all manufacturing lines in May.

We will work on building a system for further production increases in addition to earthquake countermeasures in the future.

Saitama Site, Nipro Pharma Corporation

At the Saitama Site, Nipro Pharma Corporation, we increased production capacity from 700 million tablets to 1,400 million tablets by introducing major equipment to the newly acquired plant in 2018. In addition, a production system including BCP measures has been established as a core plant for new Oral Drugs. We are also establishing a system to increase the production of external preparation products.

- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business



Review of Operations

PharmaPackaging Business

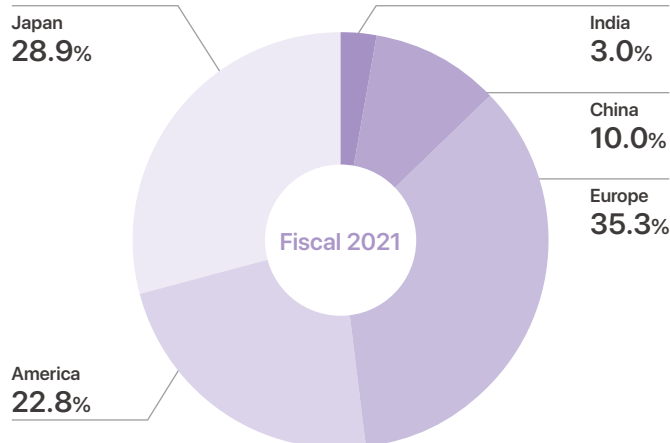


* CURACASE™: CE marking in progress

Net sales

Total **¥38,655** million

Sales ratio by region

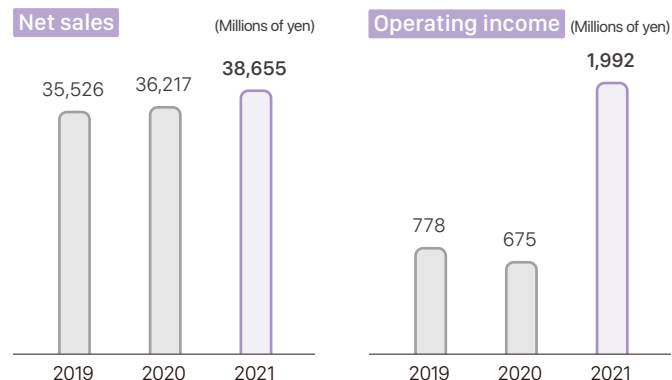


Overview of the fiscal year ended March 2021

In this period, sales of primary packaging container products such as vials; rubber stoppers, and shipments of sponge swabs for the COVID-19 antigen test kit significantly increased in the domestic market.

Due to the strong demand for COVID-19 vaccines overseas, sales of glass tubing and vials soared in the European and U.S. markets. Furthermore, sales of sterilized glass syringes for bio-pharmaceutical drugs also increased. In China, a major vaccine manufacturer adopted our global standard vials for COVID-19 vaccines, which contributed to a significant increase in sales. **POINT**

Consequently, net sales in this segment increased by 6.7% from the previous fiscal year to 38,655 million yen, and operating income increased almost three times from the previous fiscal year to 1,992 million yen.



Forecast and strategy for the fiscal year ending March 2022

For the fiscal year ending March 31, 2022, net sales are projected to be 44,630 million yen, up 15.5%, and operating income of 2,120 million yen, up 6.5% from the current fiscal year.

High demand for vials for COVID-19 vaccines, syringe sales reinforcement for bio-pharmaceutical drugs in Europe, the U.S., and China, and the acquisition of Piramida in Europe will lead to an increase to our sales. However, a slight decline in India sales was to regular furnace maintenance impacting the production volume. Eventually we expect to increase sales by 5,975 million yen over the current fiscal year.

Despite the significant climb in net sales, operating income is expected to increase slightly by 128 million yen over the current fiscal year because of increasing costs for furnace repairs and investment for the expansion of furnaces, syringe lines in Germany, and vial lines in France.

POINT

Market environment and growth strategies

In developed countries, the demand for premium pharmaceutical packaging for higher-quality drugs (such as bio-pharmaceuticals, etc.) is increasing, at the same time, in developing countries, the demand for pharmaceutical containers is expected to grow along with the rise in middle-income earners. The COVID-19 pandemic has triggered countries to reinforce healthcare measures, and health expenditures are expected to be restrained further. Moreover, the demand for pharmaceutical containers is expected to skyrocket due to the development of vaccines and therapeutic agents.

Based on the recognition of these business environments, we will strive to expand our market share in each country by setting the following four growth strategies: consolidating product competitiveness, developing a stable supply system, expanding market coverage, and reducing manufacturing costs.

- Medical-Related Business
- Pharmaceutical-Related Business
- PharmaPackaging Business



Review of Operations

PharmaPackaging Business

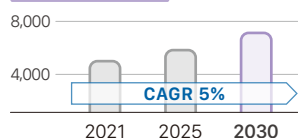
TOPICS

Developing stable supply system

Expand production capacity for glass syringes

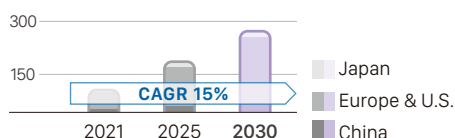
The global market for glass syringes is expected to grow at a CAGR of 5% by 2030. Considering this market trend, Nipro will focus on the sales of sterilized glass syringes (D2F™) and expand the production at the Biwako Plant in 2022 and the Germany Plant in 2023, aiming to triple the current syringe sales by 2030.

Global market forecast for glass syringes (1 million syringes)



* Market size: In-house forecast

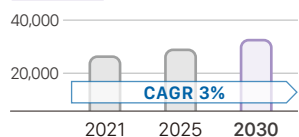
Sales plan (100 Million yen)



Expand production capacity for vials

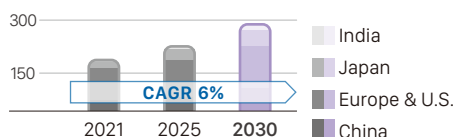
The global market for vials is expected to grow at a CAGR of 3% by 2030. As vials are expected to grow in each region, Nipro will gradually increase production lines at all manufacturing bases. Together with strengthening sales of high-value-added vials (VIALEX™), we aim to address new demand for biopharmaceutical drugs and double the current sales of vials by 2030.

Global market forecast for vials (1 million vials)



* Market size: In-house forecast

Sales plan (100 Million yen)



Expansion and new construction of furnaces

As the demand for glass containers for pharmaceutical use increases around the world, Nipro will strengthen its glass tubing manufacturing system by expanding the existing line at the Millville Plant in the U.S. and constructing a new furnace at the Aumale Plant in France by the end of 2022.

Expansion of product portfolio

STERI-PLUS™ (washed and sterilized vials)

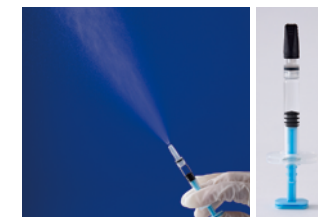
STERI-PLUS™, a set of sterilized vials, rubber stoppers, and aluminium caps, was launched this year. Allowing small orders and complying with pharmaceutical industry-grade manufacturing requirements, STERI-PLUS™ offers a broad range of variations to fulfill the needs of various applications such as drug manufacturing, in-house manufacturing, conformity testing, and clinical experiments. Leveraging the ready-to-use advantage, we aim to strengthen our sales to gain a leading share of the global market.



STERI-PLUS™

Nasal spray device

We are developing nasal spray devices that can be combined with a pharmaceutical container to simplify operation, ensure safety, and enhance efficacy of administration. The device offers a painless and fear-free administration to children and the elderly. It ensures that the same dosages are administered to both nostrils, regardless of the operator's skills. We will continue to develop products that fulfill needs in the medical field, including vaccines.



Nasal spray device

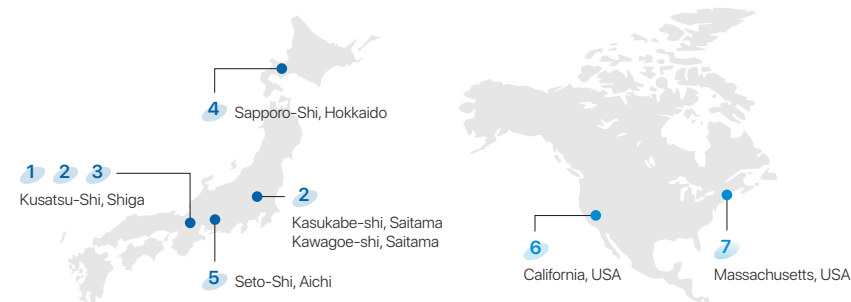
- Research and Development Activities
- Status of Corporate Governance
- Outside Directors' Messages
- Board of Directors and Audit & Supervisory Board Members

Management Foundation

Research and Development Activities

Contributing to Innovation in Medical Care through Original Technologies and Ideas

Nipro has seven research and development sites, centered on the Research and Development Institute and Pharmaceutical Research Laboratories in Japan and the United States. We continually address the needs and issues of medical professionals and patients as we work to develop and provide high-value-added products.



1 Research and Development Institute

Number of employees

224



Research themes

- Cellular and regenerative medicine products
- Orthopedic surgery-related products
- Dialysis-related and general medical devices
- Circulatory organ- and intervention-related products
- Artificial organs
- Test and diagnosis-related products
- High-performance medical containers
- Medical glass products

Status of industry-academia collaboration

Implementation of research aimed at the joint development and early realization of new products, in collaboration with universities and research institutions throughout the world.

2 Pharmaceutical Research Laboratories

Number of employees

168



Research themes

- Injection products
- Oral solids
- Medical supplies for external application
- Cancer drugs and biosimilars
- High-performance medical containers

3 Production Technology Center

Number of employees

57



Research themes

The establishment of new production technology and the design and development of equipment to increase production, in order to enhance productivity.



4 Regenerative Medicine R&D Center

Number of employees

138



Research themes

Manufacturing equipment and consumables for the realization of regenerative medicine using autologous bone marrow cells for strokes and spinal cord injuries.

Status of industry-academia collaboration

Conclusion of collaboration research agreement concerning strokes and spinal cord injuries, and license agreement on regenerative medicine patents with Sapporo Medical University.



5 Goodman Medical Innovation Center

Number of employees

61



Research themes

- Catheters and accessories for cardiac and circulatory organ inspection and therapy
- Catheters and stents for cerebral blood vessel therapy
- Vascular access catheters

Status of industry-academia collaboration

- Performance of physician-led clinical trials with the National Cerebral and Cardiovascular Center
- Implementation of research in collaboration with Hiroshima University

6 AVANTEC VASCULAR CORPORATION

Number of employees

35



Research themes

- Vascular retrieval system
- Neurovascular/peripheral coils
- Peripheral Atherectomy
- Specialty coronary/peripheral DES

7 Infraredx, Inc.

Number of employees

71



Research themes

- IVUS+NIRS Intravascular Imaging
- Thin-cap algorithm
- IVUS auto-detection software
- Dialysis monitoring
- Optical fractional flow reserve (FFR)

- Research and Development Activities
- Status of Corporate Governance
- Outside Directors' Messages
- Board of Directors and Audit & Supervisory Board Members

Management Foundation

Research and Development Activities

In our group, our company plays a significant role in promoting medical device and drug R&D operations at the Nipro Life Science Site in Minami-Kusatsu, Shiga.

In the medical-related business, the University of Tokyo/Nipro R&D Center was established on the premises of the University of Tokyo Hospital, and we concluded a joint research general agreement in March 2019. We have established the R&D plan, etc., and began joint research development with physicians from each specialized department to proceed with the "development of innovative medical technologies/devices for the next generation." We are constantly striving to create and develop new, easy-to-use medical products for healthcare professionals. In the pharmaceutical-related business, we develop high-quality generic drugs for all therapeutic areas and dosage forms to reduce drug costs and improve medical care quality. We are also focusing on the development of value-added products, such as easy-to-take orally disintegrating tablets and kit preparations for use in clinical settings. The total R&D cost for the current consolidated fiscal year was JPY 18,652 million.

R&D activities by segment are as follows:

1. Medical-related businesses

The following research and development is primarily conducted by our Research and Development Institute and Enzyme Center.

Division of Medical Devices

A capillary is used for blood collection in animal experiments, etc., conducted at universities and drug manufacturers. We marketed "HUMANEWAY," a blood sampling needle for test animals, enabling safe and simple blood collection. In addition, the 700, 2-way spike type with an intermediate tube, was lined up as a new type of Nipro infusion set.

Division of Circulatory and Interventional Products

Regarding the catheter "Filtrap II," "Filtrap II GP" with a modified tip structure has been developed to enable combination use of the guide extension catheter "Guide Plus." In addition, in peripheral vascular

treatment, we have marketed a mobile echo "ECHOMO," which allows healthcare professionals to treat patients while watching a monitor in a catheterization laboratory, avoiding radiation exposure or combining with angiography equipment. We created a "training kit for endoscopic spinal surgery" as a minimally invasive orthopedic device because cadaver surgical training cannot be conducted overseas due to the COVID-19 pandemic.

Division of Renal Products

Heparin sodium is encapsulated in the blood flow path of the catheter when extracorporeal circulation is not performed. We marketed heparin sodium pre-fillable syringes with enhanced safety and convenience for the procedure.

Division of Inspections

We have marketed Cocoron, an electrocardiograph transmitter that enables continuous heart rate monitoring, linking with HNLINe, a dedicated heart line app. In addition, Nipro Heart Line™ has been renewed as a system that can be used in various situations such as monitoring of home medical treatment, monitoring the elderly, online instruction on the use of drugs, and measures against COVID-19 infection.

Division of Diagnostics

We launched a urinary trypsinogen-2 dip stick test as an in vitro diagnostic for acute pancreatitis after its coverage by the National Health Insurance.

Division of Functional Pharmaceutical Containers

We marketed a new half-kit drug product that prevents needle hole clogging caused by specific antibiotics, allowing drug vials with a small-diameter aluminum part to be used without an adapter. In addition, we created a nest syringe for nasal administration.

- Research and Development Activities
- Status of Corporate Governance
- Outside Directors' Messages
- Board of Directors and Audit & Supervisory Board Members

Management Foundation

Research and Development Activities

Division of Cell Therapy Products

We have commercialized "Froze Tube," a closed system cryopreservation container that can reduce the risk of contamination during cryopreservation of cells, and a dedicated plastic needle "Air Vent Needle VT-1" to extract cells from the container. We are now proceeding with the marketing of these products.

Medical Training Divisions

Due to the COVID-19 pandemic, we discontinued our conventional group training with several participants. We quickly switched to training with a small group of participants. We worked on providing "online training where the participants could experience practical training" for the participants and instructors, who attended remote training sessions. In addition, a webinar for doctors all over the world was held at iMEP (Belgium), and numerous doctors from Japan participated online. We have also provided programs that combine demonstration procedures with lectures, such as online dialysis training. Our training style, in which lecturers and participants converse using remote training equipment, has been well received.

The R&D cost for this project was 8,798 million yen.



2. Pharmaceutical-related businesses

The following research and development is conducted primarily by our Pharmaceutical Research Laboratories.

Injectable drugs

In addition to ordinary vial products and bag products, we are actively developing kit drug products to improve convenience in medical settings. We have already marketed double-chamber pre-fillable syringes for leuporelin acetate (one-month drug product) (Brand-name drug: "Leuplin" Takeda Pharmaceutical) used in the treatment of prostate cancer, premenopausal breast cancer, etc. We are devel-

oping products, focusing on difficult-to-develop areas, such as extended-release injectable drugs. This fiscal year, we launched two vial products containing one active ingredient and one generic drug for pre-fillable syringes containing one active ingredient.

Oral drugs

We are developing complex extended-release drug products in addition to common oral drugs (tablets, granules, etc.). Simultaneously, we offer products with ingredient names printed on tablets to improve convenience in medical settings, as well as products in which we exercise our ingenuity in packaging specifications such as individual packages and aluminum pillow packages. This fiscal year, we launched 18 generic drugs containing seven active ingredients. We also obtained marketing approval for 16 products containing six active ingredients.

External-use products

We are developing several generic drug products, including patches. We are also developing a transdermal microneedle drug product based on the new concept of "injectable drugs to be applied on the skin," and we are newly preparing a production line for an investigational product. This fiscal year, we launched two inhalation drug products with a combination of two active ingredients and four generic transdermal tape drugs containing one active ingredient.

Biosimilars

Japan's biopharmaceutical market is rapidly expanding. Since they are generally expensive, the demand for biosimilars with lower drug prices is growing in order to reduce medical costs. Based on this, we aim to develop products in collaboration with a manufacturer of bio-drug substances that are of comparable quality, etc., to the original drugs with a price advantage.

The R&D cost in this business segment was 9,853 million yen.

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Status of Corporate Governance

1. Corporate Governance System

(1) Corporate Governance System and Reasons for Adoption

Nipro Corporation has an established corporate governance system including organizations for the Meeting of Shareholders and directors as required under the Companies Act, in addition to a Board of Directors, Audit & Supervisory Board Members, Audit & Supervisory Board, and an Accounting Auditor. Nipro has also established internal committees such as the Operational Risk Management Committee. This committee continuously maintains close coordination with external parties such as the company attorney, to enable effective monitoring and supervision of the efficiency and propriety of operations across the company as a whole.

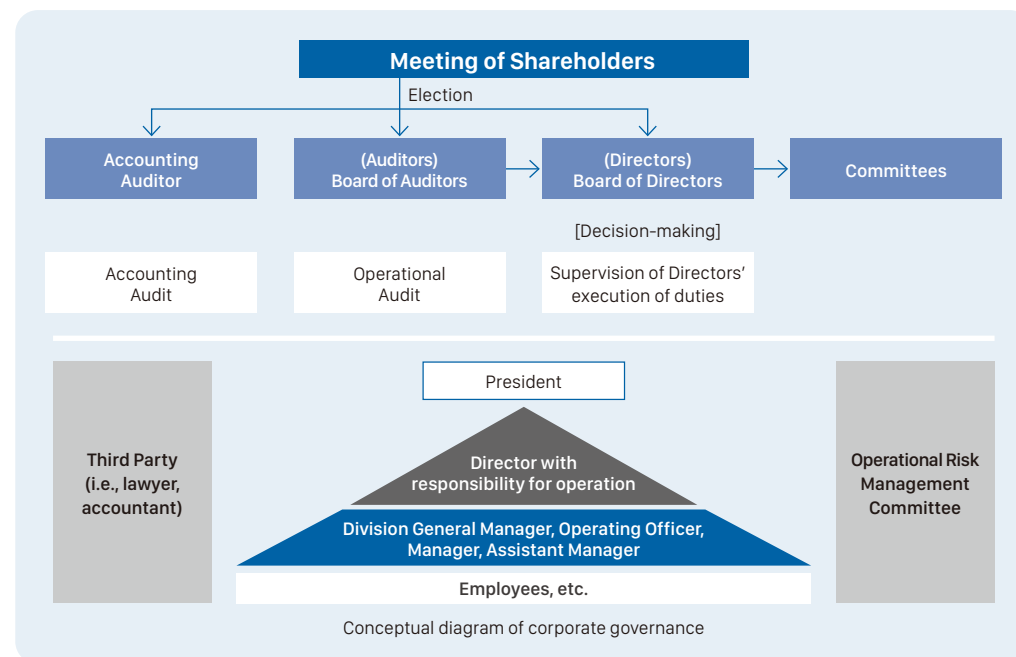
(2) Internal Control Systems

Nipro strives to make business units the foundation of its internal control system for the Nipro Group as a whole. Nipro's directors and Audit & Supervisory Board Members, as well as representatives of each of the major companies of the group, hold a group management meeting on a monthly basis. These meetings are used to report on the progress of business activities, decide key operating matters, and deliberate on pending matters. To build awareness of compliance with laws, regulations and corporate ethics among executives and employees, Nipro has established the "Nipro Code of Practice," and has thoroughly informed everyone in the company.

(3) Risk Management System

Nipro has established risk management regulations and a system for managing business and other specific risks. Their purpose is to recognize and neutralize risks that could have a material impact on business operations, in an appropriate and comprehensive manner. Nipro has also established an Operational Risk Management Committee to ensure cross-sectional management across all group companies. The committee endeavors to further strengthen risk management systems to prevent, avoid, and learn from risks and crises. Nipro has also established a Sanction Committee, chaired by the President, which endeavors to ensure sound business management through the appropriate handling of sanctions. Nipro produced a Disaster Prevention and Crisis Management Handbook and distributed it to each employee within the Nipro Group. Nipro tries hard to keep employees fully informed about taking calm and appropriate action when faced with disasters and about reassessing and renewing business continuity plans as appropriate. In addition, to strengthen our rollout of compliance training and enhance our risk management system, Nipro established a Compliance Section within its General Affairs Department, and is working to ensure awareness of compliance among employees.

(4) Basic Structure of Corporate Governance and Risk Management



(5) Business Continuity Planning (BCP)

At workplaces in Japan, we are improving our systems for disaster preparation and smooth continuity of business in the face of risks such as outbreaks of new types of influenza and large-scale natural disasters, including major (around magnitude 6) earthquakes originating in the Nankai Trough. At overseas workplaces, we are also preparing for risks including war, civil war, riots, terrorism, anti-Japanese demonstrations, and strikes.

2. Internal and Statutory Auditing

(1) Internal Auditing

Nipro has established the Internal Audit Division, consisting of the Audit Office and the Overseas Audit Office, and conducts audits of accounting and other operations based on internal audit protocols.

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Status of Corporate Governance

(2) Statutory Auditing

For each statutory audit, Audit & Supervisory Board Members attend key meetings such as those of the Board of Directors, in accordance with the auditing policy and roles determined by the Audit & Supervisory Board. Audit & Supervisory Board Members receive performance reports from directors and employees, and are able to request further explanation when necessary, and inspect key documents. Audit & Supervisory Board Members also undertake other auditing duties such as investigating the state of operations and assets in key places of business. Audit & Supervisory board meetings are held regularly, or as necessary, in order to exchange views and hold discussions.

3. Outside Directors and Outside Audit & Supervisory Board Members

(1) Outside Directors and Outside Audit & Supervisory Board Members

Two of the directors are Outside Directors and two of the three Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. The two Outside Directors and one of the Outside Audit & Supervisory Board Members have been designated as independent directors/Audit & Supervisory Board Members, and the Tokyo Stock Exchange has been notified of their designation.

(2) Policy and Criteria for Independence from the Filing Company in the Election of Outside Directors and Outside Audit & Supervisory Board Members

Nipro determines the criteria for the independence of Outside Directors and Outside Audit & Supervisory Board Members as a part of separate corporate governance guidelines taking into consideration the provisions stipulated under the Financial Instruments and Exchange Act. In the event that either case does not fall within the scope of this criteria, Outside Directors and Outside Audit & Supervisory Board Members are deemed to be independent from the Company and that there is no possibility of a conflict of interest with general shareholders.

(3) Approach to the Election of Outside Directors and Outside Audit & Supervisory Board Members

Close coordination with the Internal Directors and the full-time Audit & Supervisory Board Members, employees of the Audit Office and assigned staff from the management section of the head office (as needed) ensures sufficient cover to implement the supervision and the audit function and role as required by the current corporate governance system.

(4) Mutual Collaboration between Outside Audits and Internal, Statutory and Accounting Audits, and the Relationship between Internal Control Divisions

The Outside Directors attend meetings of the Board of Directors and supervise our management based on their extensive knowledge and management experience from an independent standpoint. The Outside Audit & Supervisory Board Members carry out auditing activities including attending key meetings such as meetings of the Board of Directors in accordance with the audit policy and roles determined by the Audit & Supervisory Board. They are able to access reports via the full-time Audit & Supervisory Board Members or directly from directors and employees, and inspect key documents. The Outside Audit & Supervisory Board Members also attend periodic or occasional meetings of the Audit & Supervisory Board to contribute to discussions and exchange opinions from an objective and independent viewpoint. The Outside Audit & Supervisory Board Members strive to facilitate a smooth audit service through close collaboration with employees of the Audit Office, the full-time Audit & Supervisory Board Members, Audit & Supervisory Board Members of subsidiaries, and the accounting auditor.

4. Accounting Audits

Name of Accounting Auditor: Hibiki Audit Corporation

Names of Certified Public Accountants conducting the Audit:

Kazuhiro Bando, Miho Ishihara, Takanori Nakasuka

Support Staff for Audits:

Certified Public Accountants: 18

Other Staff: 1

Remuneration Paid to Directors and Audit & Supervisory Board Members

	Millions of yen						Number of eligible corporate officers
	Total amount of remuneration	Total amount of remuneration by type					
		Basic remuneration	Bonus	Non-monetary compensation, etc.			
Internal Directors	¥ 249	¥ 241	8	—	—	28	
Internal Audit & Supervisory Board Members	7	7	—	—	—	1	
Outside Directors, Outside Audit & Supervisory Board Members	16	16	—	—	—	4	

	Thousands of U.S. dollars						Number of eligible corporate officers
	Total amount of remuneration	Total amount of remuneration by type					
		Basic remuneration	Bonus	Non-monetary compensation, etc.			
Internal Directors	\$ 2,255	\$ 2,177	78	—	—	28	
Internal Audit & Supervisory Board Members	65	65	—	—	—	1	
Outside Directors, Outside Audit & Supervisory Board Members	151	151	—	—	—	4	

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Outside Directors' Messages



Yoshiko Tanaka
Outside Director

I look forward to stimulating discussions at a higher level and continued growth in the future.

Nipro's Board of Directors is steadily taking steps to strengthen governance, including the introduction of an executive officer system in 2020 to separate supervision from execution. As the company aims to enter the prime market, it is required to appoint at least one-third of independent outside directors to its board in accordance with the TSE's market reclassification.

To this end, Nipro is currently considering reducing the number of its directors and increasing that of outside directors for the fiscal year ending March 2022.

Regarding this increase in outside directors, while it is important to have management experience at other companies, it is even more important to appoint individuals who can provide insight that is in line with Nipro's uniqueness. We believe that appointing outside directors who have experience in the medical field and can provide insight from the user's perspective will help improve Nipro's corporate value.

Nipro's goal is to become a corporate group with sales of 1 trillion yen by the fiscal year ending March 2031. To achieve this goal, it is essential that we not only improve the performance of each business segment but also engage in a series of more comprehensive discussions, including a review of our business portfolio. I hope that the reduction in the number of directors will lead to high-level discussions on management as a whole.

Furthermore, to achieve our mid- to long-term goals, it is also important to address sustainability, including ESG considerations. On the environmental front, Nipro has introduced a solar power generation system at our plant in Thailand, and on the social front, we have taken various measures such as to create a comfortable working environment for women. The most important issue, however, is to fulfill our responsibility to society as a comprehensive medical manufacturer that contributes to people's health by enhancing product competitiveness and continuing to manufacture safe and reliable products. To achieve this, securing core human resources for the company is our future challenge. We will need to further reform our personnel system, including the mid-career hiring of exceptional R&D talent. I would like to contribute more than ever to Nipro's future evolution.



Yoshiko Shimamori
Outside Director

I will make the most of my experience accumulated in medical practice and provide insights from the user's viewpoint.

I have more than 50 years of experience in the areas of nursing and clinical nursing management. I was engaged in clinical medicine mainly as a nurse for about 30 years after graduating from nursing school. Subsequently, I accumulated experience in the field of supporting clinical medicine from the management

perspective as a director of a nursing association, director of the nursing department at a university hospital, and professor at the university of health sciences, for 20 years.

Through my experience, I have found ensuring the quality and safety of medical care to be a significant challenge. In 2005, I was involved in the establishment of the Japanese Society for Quality and Safety in Healthcare. The responsibility to prevent medical accidents and ensure the safety of medical devices are still major issues today. In that respect, my impression of Nipro has been that it manufactures products that meet the safety requirements of healthcare professionals and patients in a very honest manner rather than just manufacturing cost-effective and profitable products. As I have been working in the medical field for many years, I believe I can provide insights on product development from the user's viewpoint.

I also believe that knowledge of clinical nursing management can be used in human resource development. Currently, the Japanese Society for Nursing Administration and Management, to which I belong, is organizing the workshop, "Summarizing own thoughts and telling them to other people." Hospitals are different from manufacturers. However, as a global company, Nipro has a wide variety of personnel, and I think it is important to promote such initiatives as an organization.

In recent years, medical and nursing services have been going through major changes due to the declining birthrate and aging population, changes in the sense of the community, and the COVID-19 pandemic. Under these circumstances, Nipro is required to understand the needs of the medical field and create useful products for society. As a global manufacturer, Nipro is also expected to develop business by making the most of the cooperation with each region. As an outside director, I will contribute to achieving this goal.

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As of June 25, 2021



Yoshiko Shimamori
Outside Director

Yoshiko Tanaka
Outside Director

Kenichi Nishida
Managing Director

Yasushi Oyama
Managing Director

Takehito Yogo
Managing Director

Tsuyoshi Yamazaki
Managing Director

Kyoetsu Kobayashi
Managing Director

Kiyotaka Yoshioka
Managing Director

Yoshihiko Sano
President & Representative Director

Toshiaki Masuda
Managing Director

Kimihito Minoura
Managing Director

Kazuhiko Sano
Managing Director

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As of June 25, 2021



President & Representative Director

Yoshihiko Sano



Managing Directors

Kiyotaka Yoshioka

Domestic Division, Business Strategy Office
Headquarters

Toshiaki Masuda

Medical Technology Division for Planning,
Development & Marketing; Research &
Development Center

Kyoetsu Kobayashi

Global Production Division; Odate Plant

Kimihito Minoura

Division of Regenerative and Advanced
Therapy; New Business Development
Headquarters

Tsuyoshi Yamazaki

Global Business Division; PharmaPackaging
Division

Kazuhiko Sano

Construction & Engineering Headquarters;
Production Technology Development Division;
Production Technology Center

Kenichi Nishida

Pharmaceutical Division

Yasushi Oyama

Vascular Division; Vascular Product Sales
and Development Headquarters

Takehito Yogo

Corporate Planning Headquarters
(Chief Financial Officer)



Directors

Mitsutaka Ueda

Deputy General Manager Medical
Technology Division for Planning,
Development & Marketing;
Medical Instruments Development and
Technical Sales Headquarters

Yozo Sawada

Intellectual Property Department

Hideto Nakamura

General Affairs/Human Resources
Headquarters

Yasushi Kutsukawa

Domestic Division; Medical Sales & Marketing
Headquarters; Business Strategy Office

Masayuki Ito

Surgical Devices Division; Medical Technology
Division for Planning, Development &
Marketing; Domestic Product Development
and Technical Sales Headquarters

Masanobu Iwasa

PharmaPackaging Division

Itsuo Akasaki

PharmaPackaging Division; Sales & Marketing
Headquarters

Toyoshi Yoshida

Quality Assurance & Regulatory
Compliance Headquarters

Kenju Fujita

Domestic Division; Pharmaceutical Sales &
Marketing Headquarters; Deputy General
Manager, Business Strategy Office



Outside Directors

Yoshiko Tanaka

May 1983 : General Manager, Drug
Department, Tokushukai Medical
Corporation, Osaka Headquarters

Jun. 1997 : General Manager, Planning and
Management
Department, and General Manager,
Drug Department, Tokushukai
Medical Corporation, Osaka
Headquarters

Jun. 2002 : President and Representative
Director, MEDY HOPE Corporation
(to present)

Jun. 2014 : Appointed Director,
Nipro Corporation (to present)

Yoshiko Shimamori

Apr. 1990 : Manager of Nursing Division of
Preparatory Office for Toho
University Sakura Medical Center

Aug. 1990 : Manager of Nursing Division of
Tokyo Saiseikai Mukojima Hospital

Jun. 1999 : Executive Officer of Japanese
Nursing Association

Apr. 2002 : Manager of Nursing Division and
Assistant to Director of Kyoto
University Hospital

Apr. 2007 : Professor of Keio University Faculty
of Nursing And Medical Care

Jun. 2010 : President of Tokyo Nursing
Association

Apr. 2016 : Professor of Institute for Biomedical
Sciences of Iwate Medical University

Apr. 2017 : Professor and Dean of School of
Nursing of Iwate Medical University

Apr. 2021 : Professor Emeritus of Iwate Medical
University (to present)

Jun. 2021 : Appointed Director,
Nipro Corporation (to present)



Audit & Supervisory Board Member (Full-time)

Takayuki Nomiya



Audit & Supervisory Board Members (Outside)

Kazumichi Irie

Masayoshi Hasegawa

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Overview

In the consolidated fiscal year under review, the demand for some clinical department products and pharmaceuticals declined due to the suppression of outpatient clinics and the postponement of surgery caused by the spread of the COVID-19 virus, and sales growth was constrained. On the other hand, consolidated sales increased through steady sales of dialysis-related products, which are relatively unaffected the spread of infectious diseases, and increased demand for vaccine-related pharmaceutical containers and medical devices.

In addition, gross profit improved through greater sales and reduced manufacturing costs, etc., and as we restricted our activity due to the spread of COVID-19, selling expenses decreased and profits increased.

Consolidated Business Results

Relevant quantitative data for the period under review has been converted at the rate of US\$1.00 = ¥110.71 (rate of exchange as of March 31, 2021).

Net Sales

Sales for the current term were ¥455,559 million (US\$4,114.8 million). Sales increased 2.9% YoY.

Cost of Sales

The cost of sales increased 2.7% compared with the previous fiscal year to ¥316,718 million (US\$2,860.7 million). This rise corresponded to the increase in net sales. The ratio of cost of sales to net sales decreased by 0.2 percentage points compared with the previous fiscal year to 69.5%.

As a result, gross profit increased by 3.4% compared with the previous fiscal year to ¥138,840 million (US\$1,254.0 million).

Selling, General and Administrative Expense

Selling, general and administrative expenses increased by 3.2% compared with the previous fiscal year to ¥111,212 million (US\$1004.5 million). This is mainly due to higher labor costs and Research and Development expenses.

Operating Income

As a result of the aforementioned factors, operating income was up by 4.6% compared with the previous fiscal year to ¥27,627 million (US\$249.5 million). The ratio of operating income to net sales increased by 0.1% percentage point to 6.1%.

Other Income (Expenses)

Other expenses came to ¥8,187 million (US\$73.9 million), which is ¥28,392 million lower compared with other expenses in the previous fiscal year. One major factor for the current fiscal year was that a valuation loss on investment securities of ¥29,888 million (US\$269.9 million) that had been recorded the previous fiscal year was not recorded.

Income before Income Taxes

As a result of the factors outlined above, income before income taxes was ¥17,519 million (US\$158.2 million), compared to ¥-10,158 million in the previous fiscal year.

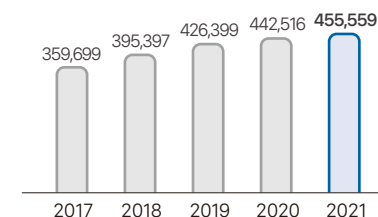
Income Taxes

Income tax including deferred taxes increased by 73.1% compared with the previous fiscal year to ¥2,481 million (US\$22.4 million).

(Years ended March 31)

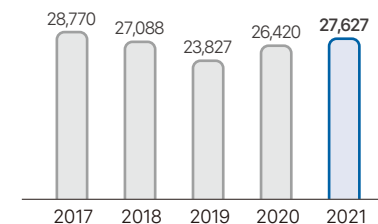
Net sales

(Millions of yen)



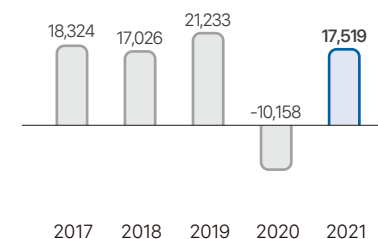
Operating income

(Millions of yen)



Income before income taxes

(Millions of yen)



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Net Income (Loss) Attributable to Non-controlling Interests

Net income attributable to non-controlling interests amounted to ¥828 million (US\$7.4 million).

Net Income Attributable to Owners of the Parent

Net income attributable to owners of the parent was ¥14,209 million (US\$128.3 million), compared to net loss attributable to owners of the parent of ¥12,281 million in the previous fiscal year. Basic earnings per share increased to ¥87.1 (US\$0.8) from ¥-75.3 in the previous fiscal year. Return on equity increased to 9.2% from -7.9% for the previous fiscal year.

Net Sales by Geographic Segment

Japan

In Japan, net sales increased by 1.1% compared with the previous fiscal year to ¥270,543 million (US\$2,443.7 million) mainly thanks to the increase of sales in the Medical-Related business.

Americas

In the Americas, net sales increased by 11.6% compared with the previous fiscal year to ¥71,572 million (US\$646.4 million) mainly thanks to the rise of sales in the Medical-Related business.

Europe

In Europe, net sales increased by 2.7% compared with the previous fiscal year to ¥52,167 million (US\$471.2 million).

Asia

In Asia, sales increased 2.4% YoY to ¥61,275 million (US\$553.4 million) due to greater sales in the Medical-Related business. Among them, sales in China increased 5.6% YoY to 23,318 million yen (US\$210.6 million).

Financial Position

Total assets increased ¥22,531 million YoY to ¥854,396 million (US\$7,717.4 million). Current assets decreased ¥11,661 million and noncurrent assets increased ¥34,192 million. The decrease of current assets was due to a decrease of ¥11,941 million in trade notes and accounts receivable and the increase in noncurrent assets was due to decrease of ¥15,849 million in property, plant and equipment.

Total liabilities increased ¥9,715 million YoY to ¥680,343 million (US\$6,145.2 million). Current liabilities decreased ¥17,902 million and noncurrent liabilities grew ¥27,617 million. The main reason for the decrease in current liabilities was an increase of ¥25,000 million in the current portion of convertible bonds and the primary reason for the increase in noncurrent liabilities was a ¥48,400 million rise in non-current corporate bonds.

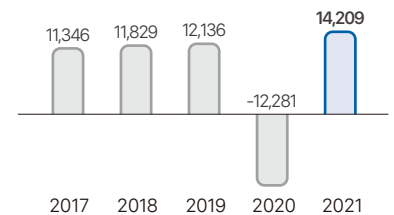
Total net assets grew ¥12,816 million YoY to ¥174,053 million (US\$1,572.1 million). Shareholders' equity increased by ¥12,636 million and accumulated other comprehensive income rose by ¥395 million.

As a result, the equity ratio decreased by 0.9 of a percentage point compared with the end of the previous fiscal year to 18.8%.

(Years ended March 31)

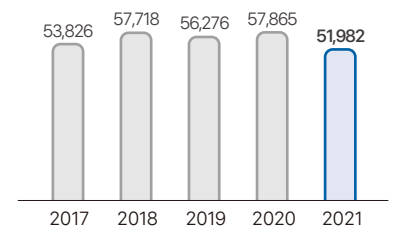
Net income attributable to owners of the parent

(Millions of yen)



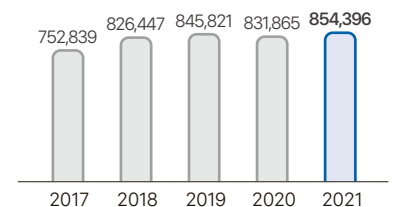
Capital investment

(Millions of yen)



Total assets

(Millions of yen)



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Cash Flow

Net cash provided by operating activities amounted to ¥66,093 million (US\$596.9 million). The major cash inflows were net income and depreciation and amortization. Net cash used in investing activities came to ¥45,071 million (US\$407.1 million). The principal cash outflow was purchase of property, plant and equipment. Net cash obtained by financing activities amounted to ¥22,062 million (US\$199.2 million). The main account of cash inflow was proceeds from long-term loans payable. As a result, cash and cash equivalents stood at ¥85,821 million (US\$775.1 million) as of March 31, 2021.

Staff

The total number of employees as of the end of the period under review increased by 2,465 compared with the end of the previous fiscal year to 35,251. Employees in Japan increased by 1,158 to 9,876, and the number of overseas employees increased by 1,307 to 25,375.

Basic Policy on Distribution of Profit

At Nipro, we have been paying dividends to shareholders by positioning the return of profits as an important management policy. Retained earnings will be actively invested in the research and development division, in addition to the sales division and production division, as a part of efforts to expand the business base and promote long-term business development. Through these means we will ensure stable profits and achieve continued growth.

Risk Factors

The following are risks that may have an effect on the Nipro Group's operational results and/or financial condition. The items concerned were determined as of March 31, 2020.

(1) Risks Related to Product Safety

Nipro Group brings all of its capabilities to bear in ensuring product safety in the design, development, and manufacturing of medical devices and pharmaceutical products. There are still risks, however, that accidental defects or adverse effects could result in damages to a third party and our being sued for liability.

To cover these risks, we therefore maintain general liability and product liability insurance. In the unlikely event of a successful claim in excess of the insurance coverage, however, there could be a material adverse effect on our operational results and/or financial condition.

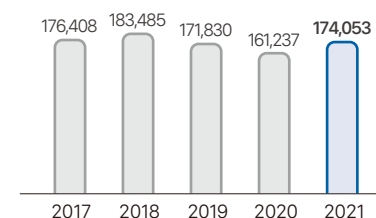
(2) Risks Related to Supplier Concentration

Nipro Group procures materials and parts for its operations from a large number of suppliers. Some key materials or parts may be obtained only from a single supplier or a limited group of suppliers. If circumstances at any of these suppliers make it impossible for us to acquire a sufficient quantity of materials or parts to meet our production needs in a timely and cost-effective manner, there could be a material adverse effect on our operational results and/or financial condition.

(Years ended March 31)

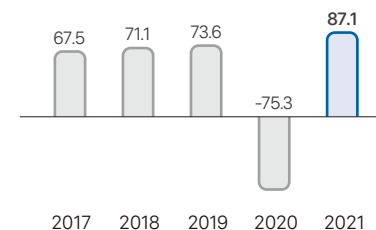
Net assets

(Millions of yen)



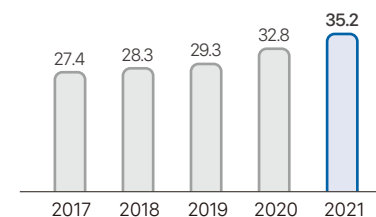
Basic earnings per share

(yen)



Number of employees

(Thousand)



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(3) Risks Related to Changes in Government Healthcare Policies

The business sector to which Nipro Group belongs is intimately connected with the healthcare system and is subject to the regulations laid out by government organizations, including the National Health Insurance System and the Pharmaceutical and Medical Devices Act, formerly known as the Pharmaceutical Affairs Law. Should circumstances arise in which we were unable to respond to changes in the environment brought about by unforeseeable wholesale changes in government healthcare policies, there could be a material adverse effect on our operational results and/or financial condition.

(4) Risks Related to Changes in Sale Prices

The products sold by Nipro Group include some that are affected on an irregular two-year basis by price reductions under the Japanese payment system for medical care, drug prices, and reimbursement prices for medical materials and supplies. Moreover, should measures to hold down medical costs also become pervasive worldwide, resulting in intensified competition between corporations and leading to prices falling to a greater degree than anticipated, there could be a material adverse effect on our operational results and/or financial condition.

(5) Risks Related to Changes in Prices of Raw Materials

The products manufactured by Nipro Group include some that are made from petrochemical products such as plastics. Should the cost of raw materials such as petrochemicals rise, there could be a material adverse effect on our operational results and/or financial condition.

(6) Risks Related to Overseas Expansion

Nipro Group maintains manufacturing bases and sales offices around the world for the production and supply of its products. Should there be unexpected revisions to legal regulations or political or economic changes in these countries or regions, there could be a material adverse effect on our operational results and/or financial condition.

(7) Risks Related to Intellectual Property

Nipro Group owns numerous patents and trademarks, and maintains various proprietary rights for the products it manufactures. Additionally, we take all possible measures to avoid infringing the patents and proprietary rights of any third party, and to avoid breaching any license agreements we have concluded concerning technologies. Nevertheless, if an unanticipated claim for damages were to be made by a third party and the defense of the group were to be rejected, there could be a material adverse effect on its operational results and/or financial condition.

(8) Risks Related to Environmental Regulations

Nipro Group believes it has taken adequate precautions to comply with applicable regulations in the course of its business activities. Should our activities cause an unforeseen environmental problem, however, with a claim for damages made against us, there could be a material adverse effect on our operational results and/or financial condition.

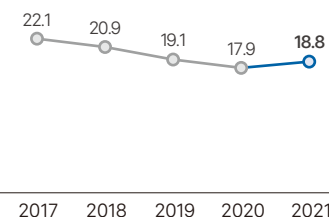
(9) Risks Related to Exchange Rate Fluctuations

Nipro Group, including its overseas subsidiaries, carries out its foreign currency transactions primarily in US dollars and euros, but calculates financial statements for its overseas subsidiaries using Japanese yen for

(Years ended March 31)

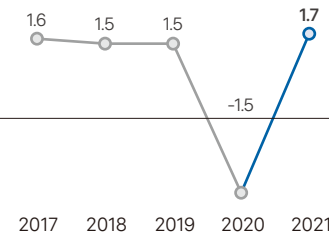
Equity ratio

(%)



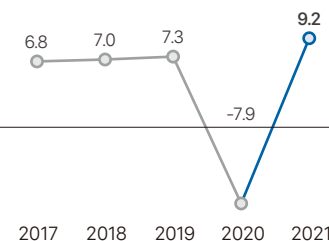
Return on assets

(%)



Return on equity

(%)



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the purpose of producing consolidated financial statements. Fluctuations in exchange rates may therefore have a material adverse effect on our operational results and/or financial condition.

(10) Risks Related to Investment Value

Nipro Group's assets include investments in stocks and other securities. These investments have been made for purposes such as building good business relationships with the issuers of such securities, or for gathering useful information for the development of new products or new business opportunities. Should the value of these investments decline significantly owing to fluctuations in the stock market, circumstances at an issuer, or a change in the accounting methods used to deal with these investments, there could be a material adverse effect on our operational results and/or financial condition.

(11) Risks Related to Controls on Personal Information

Nipro Group has established strict precautions to protect the confidentiality of personal information in our possession. However, if due to unforeseen events or an accident this personal information is leaked outside the group, causing a loss of trust or customers, there could be a material adverse effect on our operational results and/or financial condition.

(12) Risks Related to Fundraising

Nipro Group relies on debt finance in the form of loans from financial institutions or issuance of corporate bonds and commercial paper, etc., to raise business and investment funds. If due to turmoil in financial markets there is a reduction in lending from financial institutions or a significant downgrade of our credit rating by credit rating agencies, we may not be able to raise the necessary funds when we need them on acceptable terms. At the same time, we may incur restrictions on our fundraising capabilities or see an increase in the cost of fundraising. Any of these occurrences could have a material adverse effect on our operational results and/or financial condition.

(13) Risks Related to M&A and Business Alliances

Nipro Group conducts M&A activities and enters into business alliances to reinforce its business base. Prior to concluding these deals, we carry out a thorough investigation of the target company. However, should any problems arise such as the discovery of unrecognized liabilities or should the development of the acquired business not proceed as planned, there could be a material adverse effect on our operational results and/or financial condition.

(14) Other Risks

Fires, earthquakes, acts of terrorism, wars, epidemics, or other unforeseen man-made or natural disasters affecting areas or facilities where Nipro Group conducts its business activities may cause a delay or interruption in production, sales, distribution, or provision of services. Should such a delay or interruption be extended, there could be a material adverse effect on our operational results and/or financial condition.

(15) Risks Related to Coronavirus Spread

An abnormal situation such as the spread of a novel coronavirus infection or a natural disaster could occur on a scale beyond our expectations. Should such an event occur, production bases could close, logistics could be interrupted, and business operations with major customers could become difficult, which will affect our financial condition and business results. Hygiene management, telecommuting (remote work), staggered working hours, and web meetings as measures to prevent the spread of a novel coronavirus infection may have to be implemented. Nipro Group will also make every effort to introduce the wearing of masks at meetings.

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Ten-Year Summary

Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

	Millions of yen											Thousands of U.S. dollars (Note 1)
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2021	
Income Statement Data:												
Net sales	¥ 455,559	¥ 442,516	¥ 426,399	¥ 395,397	¥ 359,699	¥ 366,650	¥ 325,084	¥ 300,753	¥ 241,020	¥ 212,013	\$4,114,886	
Medical-Related (*1)	347,648	335,767	327,359	300,117	262,198	272,167	237,777	221,363	169,971	145,082	3,140,170	
Pharmaceutical-Related (*1)	68,564	70,357	63,482	66,846	69,140	62,266	57,372	51,508	66,212	59,715	619,313	
PharmaPackaging (*1)	38,655	36,217	35,526	28,404	28,331	32,184	29,830	27,611	4,603	6,954	349,159	
Other (*1)	691	174	31	29	29	32	104	271	235	262	6,242	
Cost of sales	316,718	308,304	295,767	268,272	244,602	250,773	225,525	213,220	175,314	149,253	2,860,797	
Selling, general and administrative expenses	111,212	107,791	106,804	100,036	86,326	91,671	82,987	75,242	54,336	46,934	1,004,542	
Operating profit	27,627	26,420	23,827	27,088	28,770	24,204	16,571	12,289	11,370	15,825	249,545	
Medical-Related (*2)	39,415	36,249	36,722	36,522	30,638	28,204	23,813	20,436	14,287	17,078	356,023	
Pharmaceutical-Related (*2)	10,072	13,196	10,662	13,104	14,135	12,060	10,553	8,013	3,988	4,940	90,980	
PharmaPackaging (*2)	1,992	675	778	(1,308)	(1,313)	(1,618)	(2,889)	(2,183)	601	454	17,997	
Other (*2)	376	176	146	75	(10)	61	131	216	222	230	3,401	
Profit before income taxes	17,519	(10,158)	21,233	17,026	18,324	26,284	19,908	12,891	18,058	11,022	158,244	
Profit attributable to owners of the parent	14,209	(12,281)	12,136	11,829	11,346	19,718	12,470	2,861	10,231	4,586	128,349	
Increase in tangible and intangible fixed assets	78,861	64,670	64,394	61,990	58,310	57,101	47,698	35,093	37,997	39,525	712,326	
Depreciation and amortization	39,849	38,682	35,252	32,565	31,128	30,147	27,667	25,151	21,209	21,581	359,941	
R&D expenses	18,652	18,204	16,526	16,113	11,517	10,269	8,645	7,891	6,464	5,956	168,482	
Balance Sheet Data:												
Total assets	¥ 854,396	¥ 831,865	¥ 845,821	¥ 826,447	¥ 752,839	¥ 708,882	¥ 695,306	¥ 619,654	¥ 579,302	¥ 499,687	\$7,717,431	
Property, plant and equipment—net	335,906	307,551	284,483	270,273	244,222	223,756	220,195	191,593	174,703	145,679	3,034,113	
Working capital	149,866	143,626	168,675	184,861	134,983	115,970	71,945	45,405	74,216	61,346	1,353,687	
Current liabilities	271,501	289,404	274,277	251,186	251,792	252,147	278,402	250,714	213,758	189,090	2,452,370	
Non-current liabilities	408,841	381,223	399,712	392,087	324,639	281,227	238,095	232,979	236,781	196,646	3,692,905	
Share capital	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	762,332	
Capital surplus	4	5	—	—	—	—	635	688	636	636	38	
Net assets	174,053	161,237	171,830	183,485	176,408	175,507	178,810	135,960	128,763	113,951	1,572,156	

(*1) Effective the fiscal year ended March 31, 2011, the Company has adopted ASBJ Statement No. 17 "Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (March 27, 2009) and ASBJ Guidance No. 20 "Guidance on Accounting Standard for Disclosures about Segment of an Enterprise and Related Information" (March 21, 2008). In addition, the corporate reorganization was conducted effective on October 1, 2012 in order to enforce Pharmaceutical-Related business and build a strong cooperative relationship among Medical-Related, Pharmaceutical-Related and Glass-Related businesses. As a result of this reorganization, some business divisions included in Glass-Related business were changed to Pharmaceutical-Related business. The segment information is presented as if the aforementioned reorganization had been conducted at the beginning of the financial year 2012, and the presentation for the prior financial years are not restated. Also, effective on the half year ended September 30, 2014, 13 subsidiaries including Nipro Glass France S.A.S., Nipro Glass Belgium N.V., Nipro Glass Germany AG, Nipro Sterile Glass Germany AG, and Nipro Glass Americas Corporation were reclassified from Medical-Related Business to PharmaPackaging-related Business, which was formerly known as Glass-Related Business by the corporate reorganization. Segment information after 2014 is based on this reclassification.

From fiscal year ended March 31, 2019, the Company has conducted reorganization for the purpose of doing synthetic PharmaPackaging business and increasing synergy for Pharmaceutical-Related business. As a result of this reorganization, some business divisions included in Pharmaceutical-Related business were changed to PharmaPackaging business. The presentations for prior fiscal years are not restated.

(*2) Operating profit at the operating segment level is not adjusted for intra-segment transactions. See Note 14. "Segment Reporting" to the consolidated financial statements.

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Ten-Year Summary

Nipro Corporation and its Consolidated Subsidiaries
Years ended March 31

	Yen											U.S. dollars (Note 1)
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2021	
Per Share Data:												
Basic earnings (*3)	¥ 87.1	¥ (75.3)	¥ 73.6	¥ 71.1	¥ 67.5	¥ 116.2	¥ 81.0	¥ 18.2	¥ 60.0	¥ 35.3	\$ 0.79	
Diluted earnings (*3)	—	—	66.7	64.5	61.3	114.7	—	16.3	54.1	31.0	—	
Cash dividends	28.0	13.5	28.0	28.5	29.0	33.5	32.5	30.5	27.5	23.5	0.25	
Equity (*3)	987.3	912.2	990.1	1,037.2	999.5	977.6	988.8	832.1	703.5	643.9	8.91	
Number of common shares issued	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479	171,459,479		
Number of employees	35,251	32,786	29,325	28,330	27,415	24,243	23,153	21,826	19,327	14,566		
Selected Data and Ratios:												
Equity ratio (*4) (%)	18.8	17.9	19.1	20.9	22.1	23.4	24.1	20.2	20.7	22.0		
Return on assets (*4) (%)	1.7	(1.5)	1.5	1.5	1.6	2.8	1.9	0.5	1.9	0.9		
Return on equity (*4) (%)	9.2	(7.9)	7.3	7.0	6.8	11.8	8.5	2.3	8.9	4.2		
Price earnings ratio (*4) (times)	15.3	—	19.3	21.6	23.2	9.2	14.1	50.9	13.9	17.4		

(*3) Effective the fiscal year ended March 31, 2012, the Company has adopted ASBJ Statement No. 2 "Accounting Standard for Earnings per Share" (June 30, 2010), ASBJ Guidance No. 4 "Guidance on Accounting Standard for Earnings per Share" (June 30, 2010) and ASBJ PITF No. 9 "Practical Solution on Accounting for Earnings per Share" (June 30, 2010). In addition, the Company split one share of common stock into two shares on October 1, 2011 based on a resolution at the board of directors' meeting held on August 27, 2011. In accordance with this adoption, equity per share, basic earnings per share and diluted earnings per share are calculated on the assumption that the two-for-one stock split of common stock was conducted at the beginning of the fiscal year ended March 31, 2011. Before the fiscal year ended March 31, 2010, each amount has been stated in compliance with previous accounting rules.

(*4) Equity ratio is the ratio of the sum of the total shareholders' equity and accumulated other comprehensive income to total assets at the period end. Return on assets is the ratio of profit attributable to owners of the parent for the period to average of total assets during the period. Return on equity is the ratio of net income for the period to average of the sum of total shareholders' equity and accumulated other comprehensive income during the period. The price earnings ratio is the ratio of the closing price of the Company's shares listed on the First Section of the Tokyo Stock Exchange on the last trading day in March of each year to the basic earnings per share.

(*5) Until 2016, yen amounts are rounded to the nearest million yen. Since 2017, yen amounts are rounded down to the nearest million yen.

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Consolidated Balance Sheets

Nipro Corporation and its Consolidated Subsidiaries
As of March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Assets			
Current assets:			
Cash and cash equivalents	¥ 85,821	¥ 90,154	\$ 775,196
Time deposits (over three months)	4,452	5,771	40,216
Notes and accounts receivable—trade	140,521	152,462	1,269,272
Allowance for doubtful accounts	(1,182)	(1,137)	(10,677)
Inventories (Note 3)	164,221	153,280	1,483,345
Other current assets	27,534	32,498	248,705
Total current assets	421,368	433,030	3,806,057
Property, plant and equipment (Note 5):			
Land	¥ 52,100	¥ 47,004	\$ 470,605
Buildings and structures	247,413	241,755	2,234,788
Machinery and equipment	403,998	376,576	3,649,161
Construction in progress	42,199	27,644	381,175
	745,712	692,980	6,735,730
Accumulated depreciation	(409,806)	(385,429)	(3,701,617)
Property, plant and equipment—net	335,906	307,551	3,034,113
Intangible assets (Note 5):			
Goodwill	¥ 13,565	¥ 14,738	\$ 122,528
Other intangible assets	16,238	18,663	146,674
Total intangible assets	29,803	33,401	269,203
Investments and other assets:			
Shares of subsidiaries and associates	¥ 15,743	¥ 13,836	\$ 142,207
Investment securities (Note 6)	31,463	25,464	284,195
Leasehold deposits	2,593	1,832	23,428
Deferred tax assets	12,077	12,670	109,094
Other assets	5,439	4,078	49,131
Total investments and other assets	67,318	57,882	608,057
Total	¥ 854,396	¥ 831,865	\$ 7,717,431

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Liabilities and net assets			
Current liabilities:			
Short-term borrowings (Notes 5 and 9)	¥ 49,536	¥ 71,078	\$ 447,442
Current portion of long-term borrowings (Notes 5 and 9)	86,050	90,938	777,263
Notes and accounts payable—trade	67,219	69,539	607,165
Income taxes payable	2,413	2,999	21,798
Accrued expenses	35,791	25,787	323,286
Notes and accounts payable—facilities	12,599	13,893	113,803
Provision for loss on disaster	1,327	—	11,988
Other current liabilities	16,564	15,167	149,622
Total current liabilities	271,501	289,404	2,452,370
Non-current liabilities:			
Long-term borrowings (Notes 5 and 9)	¥370,190	¥360,456	\$3,343,789
Provision for retirement benefits (Note 10)	5,846	6,421	52,812
Deferred tax liabilities (Note 4)	215	228	1,945
Other non-current liabilities	32,588	14,117	294,357
Total non-current liabilities	408,841	381,223	3,692,905
Commitments and contingent liabilities (Note 11)			
Net Assets (Note 12):			
Share capital	¥ 84,397	¥ 84,397	\$ 762,332
Authorized: 400,000,000 shares			
Issued: 171,459,479 shares			
Capital surplus	4	5	38
Retained earnings	87,326	74,768	788,789
Less treasury shares	(10,748)	(10,827)	(97,084)
(8,362,196 shares in 2020 and 8,361,856 shares in 2019)			
Total shareholders' equity	160,980	148,344	1,454,076
Valuation difference on available-for-sale securities	9,080	731	82,020
Deferred gains or losses on hedges	(34)	(69)	(307)
Foreign currency translation adjustments	(9,321)	341	(84,193)
Remeasurements of defined benefit plans	319	(563)	2,889
Accumulated other comprehensive income	45	440	409
Non-controlling interests	13,027	12,452	117,670
Total net assets	174,053	161,237	1,572,156
Total	¥854,396	¥831,865	\$7,717,431

The accompanying notes are an integral part of these statements.

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Consolidated Statements of Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net sales	¥455,559	¥442,516	\$4,114,886
Cost of sales	316,718	308,304	2,860,797
Gross profit	138,840	134,211	1,254,088
Selling, general and administrative expenses (Notes 15 and 16)	111,212	107,791	1,004,542
Operating profit	27,627	26,420	249,545
Other income (expenses):			
Interest and dividend income	2,004	2,575	18,106
Interest expense	(4,003)	(3,454)	(36,161)
Loss on sale and disposal of property, plant and equipment—net	(985)	(152)	(8,898)
Foreign exchange gain (loss)	857	(2,999)	7,748
Share of profit of entities accounted for using equity method	(546)	89	(4,936)
Gain on sales of investment securities	1,761	3,607	15,913
Impairment loss (Note 17)	(1,437)	(5,655)	(12,984)
Loss on valuation of investment securities (Note 6)	—	(29,888)	—
Reversal of provision for loss of disaster	(1,920)	—	(17,350)
Other income (loss)—net	(5,838)	(702)	(52,738)
Profit before income taxes	17,519	(10,158)	158,244
Income taxes (Note 4):			
Current	6,237	5,343	56,339
Deferred	(3,756)	(3,910)	(33,927)
Profit	15,038	(11,592)	135,832
Profit (loss) attributable to non-controlling interests	828	689	7,483
Profit attributable to owners of the parent	¥ 14,209	¥ (12,281)	\$ 128,349

	Yen		U.S. dollars (Note 1)
	2021	2020	2021
Amounts per common share:			
Basic earnings	¥ 87.1	¥ (75.3)	\$ 0.8
Diluted earnings	—	—	—
Cash dividends	28.0	13.5	0.2

The accompanying notes are an integral part of these statements.

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Consolidated Statements of Comprehensive Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Profit	¥15,038	¥(11,592)	\$135,832
Other comprehensive income:			
Valuation difference on available-for-sale securities	8,348	5,904	75,412
Deferred gains or losses on hedges	35	(14)	318
Foreign currency translation adjustment	(9,039)	(2,688)	(81,648)
Remeasurements of defined benefit plans	890	(367)	8,042
Share of other comprehensive income of entities accounted for using equity method	(436)	(93)	(3,941)
Comprehensive income	¥14,837	¥ (8,852)	\$134,016
Comprehensive income attributable to:			
Owners of parent	13,814	(9,039)	124,781
Non-controlling interests	1,022	187	9,235

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Consolidated Statements of Changes in Equity

Nipro Corporation and its Consolidated Subsidiaries

For the years ended March 31, 2021 and 2020 consisted of the following:

	Thousands					Millions of yen							
	Outstanding number of shares of common share	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2019	171,459	¥84,397	—	¥ 90,719	¥(10,826)	¥164,291	¥(5,173)	¥(54)	¥ 2,625	¥(199)	¥(2,802)	¥10,341	¥171,830
Profit attributable to owners of the parent				(12,281)		(12,281)							(12,281)
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation													
Dividends of surplus				(3,669)	—	(3,669)							(3,669)
Purchase of treasury shares					(0)	(0)							(0)
Disposal of treasury shares			(0)		0	0							0
Other net change during the year			¥5				5,905	(14)	(2,284)	(364)	3,242	2,111	5,353
Balance at March 31, 2020	171,459	¥84,397	5	¥ 74,768	¥(10,827)	¥148,344	¥ 731	¥(69)	¥ 341	¥(563)	¥ 440	¥12,452	¥161,237
Profit attributable to owners of the parent				14,209		14,209							14,209
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				147		147							147
Dividends of surplus				(1,718)		(1,718)							(1,718)
Purchase of treasury shares					(698)	(698)							(698)
Disposal of treasury shares			(0)	(79)	776	697							697
Other net change during the year							8,348	35	(9,662)	883	(395)	574	179
Balance at March 31, 2021	171,459	¥84,397	¥4	¥ 87,326	¥(10,748)	¥160,980	¥ 9,080	¥(34)	¥(9,321)	¥ 319	¥ 45	¥13,027	¥174,053

	Thousands					Thousands of U.S. dollars (Note 1)							
	Outstanding number of shares of common share	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2020	171,459	\$762	\$0	\$675	\$(98)	\$1,340	\$ 7	\$(1)	\$ 3	\$(5)	\$ 4	\$112	\$1,456
Profit attributable to owners of the parent				128		128	0	0	0	0	0	0	128
Increase (decrease) in retained earnings due to inclusion of new subsidiaries in consolidation				1		1							1
Dividends of surplus				(16)		(16)							(16)
Purchase of treasury shares					(6)	(6)							(6)
Disposal of treasury shares			(0)	(1)	7	6							6
Other net change during the year							75	0	(87)	8	(4)	5	2
Balance at March 31, 2021	171,459	\$762	\$0	\$789	\$(97)	\$1,454	\$82	\$(0)	\$(84)	\$ 3	\$ 0	\$118	\$1,572

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Consolidated Statements of Cash Flows

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Operating activities:			
Profit before income taxes	¥ 17,519	¥(10,158)	\$ 158,244
Depreciation and amortization	39,849	38,682	359,941
Impairment loss	1,437	5,655	12,984
Amortization of goodwill	2,777	3,143	25,091
Share of profit (loss) of entities accounted for using equity method	546	(89)	4,936
Increase in allowance for doubtful accounts	3,275	242	29,582
Foreign exchange gains	1,544	1,651	13,949
Gain on sales of investment securities	(1,441)	(3,123)	(13,019)
Loss on valuation of investment securities	79	29,892	721
National subsidiaries	(1,002)	(898)	(9,057)
Loss on tax purpose reduction entry of non-current assets	805	852	7,276
Gain on bargain purchase	—	(27)	—
Increase (decrease) in trade receivables	10,528	(2,652)	95,096
Decrease in inventories	(12,850)	(15,241)	(116,075)
Decrease (increase) in trade payables	(567)	205	(5,130)
Decrease (increase) in other assets	(5,395)	1,258	(48,733)
Increase (decrease) in other liabilities	9,187	(5,011)	82,983
Income taxes paid	(4,207)	(9,108)	(38,007)
Other, net	4,009	1,973	36,213
Net cash provided by operating activities	66,093	37,246	596,998
Investing activities:			
Deposit (Over three months)	1,224	3,168	11,059
Purchase of investment securities	(100)	(67)	(907)
Proceeds from sales of investment securities	7,629	8,884	68,911
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,507)	(4,243)	(13,618)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	(1,936)	(5,684)	17,487
Payments for acquisition of businesses	(868)	—	(7,843)
Purchases of property, plant and equipment	(51,182)	(57,943)	(462,309)
Proceeds from sales of property, plant and equipment	735	861	6,640
Other, net	(934)	(3,249)	(8,439)
Net cash used in investing activities	(45,071)	(58,272)	(407,116)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Financing activities:			
Net increase (decrease) in short-term borrowings	¥(21,698)	¥ 18,642	\$(195,995)
Proceeds from long-term borrowings	47,080	61,890	425,257
Repayments of long-term borrowings	(65,399)	(96,052)	(590,728)
Proceed from issuance of bonds	49,272	17,912	445,058
Repayment of bonds	(26,600)	(3,900)	(240,267)
Proceeds from sales of treasury stock	697	0	6,303
Purchase of treasury stock	(699)	(8)	(6,313)
Cash dividends paid	(1,744)	(3,773)	(15,753)
Other, net	(2,972)	723	(26,845)
Net cash provided by financing activities	(22,062)	(4,566)	(199,286)
Effect of exchange rate changes on cash and cash equivalents	(4,477)	(4,563)	(40,441)
Net increase (decrease) in cash and cash equivalents	(5,518)	(30,156)	(49,847)
Cash and cash equivalents, beginning of period	90,154	120,310	814,326
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,186	—	10,716
Cash and cash equivalents, end of period	¥ 85,821	¥ 90,154	\$ 775,196

The accompanying notes are an integral part of these statements.

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1. Basis of Presenting Consolidated Financial Statements

The financial statements of Nipro Corporation (“the Company”) and its consolidated domestic subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Effective from the year ended March 31, 2009, the Company has adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18) and as a result, the accounts of consolidated overseas subsidiaries are prepared in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States, with adjustments for the specified four items as applicable.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically, in order to present them in a form which is more familiar to readers outside Japan. However, no adjustment has been made which would change the financial position or the results of operations presented in the original financial statements. In addition, the notes to consolidated financial statements include additional information which is not required under generally accepted accounting principles and practices in Japan.

The financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥108.83 = US\$1, the approximate exchange rate on March 31, 2021. These translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollar amounts at that or any other rate.

In preparing the accompanying consolidated financial statements and notes, Japanese yen figures of less than one million yen have been rounded down to the nearest million yen, in accordance with the Financial Instruments and Exchange Law and Enforcement Ordinance concerning the Banking Law of Japan, although the figure of the past fiscal years before fiscal 2016 were rounded in this report.

Therefore, total or subtotal amounts shown in the accompanying consolidated financial statements and notes thereto are not necessarily equal to sums of individual amounts.

2. Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company and the significant subsidiaries and affiliated company accounted for by the equity method.

Investments in unconsolidated subsidiaries are stated at cost and the equity method is not applied for the valuation of such investments since they are considered immaterial in the aggregate.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Company and its consolidated subsidiaries have been eliminated. The difference between the cost of investments in subsidiaries and affiliates and the equity in their net assets at the dates of acquisition is amortized on a straight-line basis over five to 20 years.

All accounts herein have been presented on the basis of the 12 months ended March 31, 2021 for the Company and for consolidated domestic subsidiaries, and December 31, 2020 for all consolidated overseas subsidiaries.

Adjustments have been made for any significant intercompany transactions which took place during the period between the end of the accounting period of the consolidated overseas subsidiaries and that of the Company.

(b) Translation of Foreign Currencies

Balance sheets of consolidated overseas subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date except for shareholders’ equity, which is translated at the historical rates. Income statements of consolidated overseas subsidiaries are translated into Japanese yen at the average exchange rates for the period. Resulting translation adjustments are shown as “Foreign currency translation adjustments” in the “Accumulated other comprehensive income” section of net assets.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, readily available deposits and short-term highly liquid investments with original maturities of three months or less.

(d) Allowance for Doubtful Receivables

An allowance for possible losses from trade notes and accounts receivable, loans and other receivables is provided based on the actual rate of past bad debts and the uncollectible amounts of certain individual receivables.

(e) Inventories

Inventories are stated principally at the lower of average cost or net realizable value.

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(f) Property, Plant and Equipment

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed principally by the declining-balance method. The straight-line method is applied to buildings acquired by the domestic companies after April 1, 1998 and buildings and accompanying facilities and structures acquired by the domestic companies after April 1, 2016, and is principally applied to the property, plant and equipment of consolidated overseas subsidiaries.

(g) Intangible Assets

Amortization of intangible assets, including software for the Company's own use, is computed by the straight-line method over the estimated useful life of the asset.

Goodwill is amortized on a straight-line basis over the period the Company benefits from its use. If the amount is not significant, it is expensed when incurred.

(h) Investment Securities

Investment securities are classified and accounted for, depending on management's intent, as follows:

- i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost.
- ii) available-for-sale securities, which are not classified as the aforementioned securities, are stated at fair value. Unrealized gains and losses, net of applicable taxes, are reported as "Accumulated other comprehensive income" of net assets.

Non-marketable available-for-sale securities are stated at cost determined by the average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

(i) Allowance for Loss on Clearance of Business

The Company has withdrawn from retail business and a provision for anticipated losses of sales of related fixed assets is provided.

(j) Employees' Retirement and Severance Benefits

Method of Attributing Expected Benefit to Periods

In calculating retirement benefit obligation, the estimated amount of retirement benefit is attributed to the periods on the benefit formula basis.

Accounting Method of Actuarial Gains and Losses and Prior Service Costs

Prior service costs are amortized on a straight-line basis over a certain period (mainly 5 years) which is within the average of the estimated remaining service years of the employees when they occur.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (mainly 5 years) which is within the average of the estimated remaining service years of the employees commencing from the following year in which they arise.

Some consolidated subsidiaries amortize their actuarial gains and losses all at once in the fiscal year in which they arise.

(k) Derivatives

Derivatives are stated at fair value, with changes in fair value included in net income or loss for the period in which they arise, unless derivatives are used for hedging purposes. Please see (m) Hedge Accounting below.

(l) Leases

Finance leases, except for certain immaterial leases, are capitalized in the balance sheet. Amortization of finance lease assets is calculated by the straight-line method over the lease period assuming no residual value.

The Company and its consolidated domestic subsidiaries account for certain finance leases as operating leases, which do not transfer ownership to the lessee and existed prior to April 1, 2008. The information of such leases on an "as if capitalized" basis is presented in Note 7. "Leases".

(m) Hedge Accounting

<Method of hedge accounting>

The deferral hedge accounting method is applied in principle. The allocation method is applied to currency swaps and the exceptional accounting method is applied to interest rate swaps when certain hedging criteria are met.

<Hedge instrument and hedge items>

(Hedging instruments)	(Hedged items)
Interest rate swap	Interest on short-term and long-term debt

<Hedge policy>

The Company uses interest rate swaps to reduce interest volatility risk.

<Method for assessing hedge effectiveness>

Hedge effectiveness is not assessed when substantial items and conditions of hedging instruments and the hedged transactions are the same, and is not assessed when cash flow can be completely offset for a whole hedge period.

(n) Income Taxes

The provision for income taxes is computed based on income for financial statement purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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(o) Amounts per Common Share

Basic earnings per share are computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities were exercised or converted into common stock. Diluted earnings per share of common stock assume full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

(p) Accounting Standard Issued but not yet Effective

Accounting Standard for Revenue Recognition and Implementation Guidance on Accounting Standard for Revenue Recognition

This standard and guidance specifies Revenue Recognition comprehensively. To recognize revenue under this standard and guidance, an entity applies the following five steps:

Step 1: To identify the contract(s) with a customer

Step 2: To identify the performance obligations in the contract

Step 3: To determine the transaction price

Step 4: To allocate the transaction price to the performance obligations in the contract

Step 5: To recognize revenue when (or as) the entity satisfies a performance obligation

The Company and its domestic subsidiaries will adopt the guidance effective from the beginning of the fiscal year ended March 31, 2022. At present, the Company is in the process of evaluating the impact on the consolidated financial statements of the adoption of Accounting Standard for Revenue Recognition and Implementation Guidance on Accounting Standard for Revenue Recognition.

3. Inventories

Inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Finished goods and merchandise	¥113,109	¥106,284	\$1,021,677
Raw materials	31,066	29,009	280,608
Work in process	14,117	12,418	127,519
Packing and other	5,927	5,568	53,538
Total	¥164,221	¥153,280	\$1,483,345

4. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income which, in aggregate, resulted in a normal statutory tax rate of approximately 30.6% for the years ended March 31, 2021.

The significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Deferred tax assets			
Tax loss carryforwards	¥ 25,516	¥ 20,849	\$ 230,477
Intercompany profits	2,170	1,004	19,601
Valuation loss on inventories	1,720	1,379	15,544
Allowance for bonuses to employees	1,325	1,261	11,973
Sales allowance	400	394	3,618
Loss on impairment of fixed assets	997	426	9,006
Excess of allowance for doubtful accounts over tax allowable amounts	2,030	2,174	18,338
Net defined benefit liability	1,599	1,707	14,448
Accrued enterprise taxes	316	243	2,855
Unrealized loss on available-for-sale securities	—	(1)	—
Goodwill	—	—	—
Loss on liquidation of business	98	165	890
Other	6,307	4,006	56,969
Gross deferred tax assets	42,383	33,450	382,834
Less: Valuation allowance for the Net Operating Loss Carry Forwards (*2)	(18,249)	(13,893)	(164,840)
Less: Valuation allowance for the deductible temporary differences	(4,614)	(3,927)	(41,683)
Total Less: Valuation allowance (*1)	(22,864)	(17,821)	(206,524)
Total deferred tax assets	19,519	15,629	176,310
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	4,051	342	36,592
Revaluation reserve for land	783	783	7,076
Revaluation reserve for fixed assets—other	460	439	4,163
Retained earnings on foreign subsidiaries	611	565	5,525
Other	1,749	1,057	15,804
Total deferred tax liabilities	7,656	3,188	69,161
Net deferred tax assets (liabilities) (*1)	¥ 11,862	¥ 12,441	\$ 107,149

(*1) In fiscal year ended in 2021, March, Valuation allowance was increased by ¥2,574 million. The main reason of this increase is that Valuation allowance for the Net Operating Loss Carry Forwards was increased by ¥895 million in Goodman Co., Ltd.

(*2) Balance of the deferred tax assets on the Net Operating Loss Carry Forwards by the expiration year.

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Reconciliation of the differences between the statutory tax rates and the effective income tax rates was as follows:

	2021	2020
Statutory tax rate	30.6%	—%
Expenses not deductible for tax purposes	1.4	—
Non-taxable dividend income	(0.3)	—
Effect of tax rate change	0.9	—
Amortization of goodwill	4.9	—
Tax credits primarily for research and development costs	(6.0)	—
Valuation allowance	(8.8)	—
Retained earnings on foreign subsidiaries	0.2	—
Unrealized gain	(6.0)	—
Other	(2.7)	—
Effective income tax rate	14.2%	—%

In fiscal year ended in 2020, March, Note for this section is omitted due to loss before income taxes.

	Millions of yen						
	2021						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net Operating Loss Carry Forwards (*A)	¥ 383	¥ 864	¥ 997	¥ 472	¥ 1,062	¥ 21,736	¥ 25,516
Valuation allowance	(281)	(408)	(549)	(337)	(939)	(15,733)	(18,249)
Deferred Tax Assets	101	456	447	134	123	6,003	7,266 (*B)

	Millions of yen						
	2020						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net Operating Loss Carry Forwards (*A)	¥ 2,701	¥ 3,739	¥ 835	¥ 642	¥ 606	¥ 12,324	¥ 20,849
Valuation allowance	(366)	(564)	(716)	(522)	(482)	(11,242)	(13,893)
Deferred Tax Assets	2,335	3,175	118	120	123	1,081	6,956 (*B)

	Thousands of U.S. dollars (Note 1)						
	2021						
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Net Operating Loss Carry Forwards	\$ 3,459	\$ 7,805	\$ 9,011	\$ 4,263	\$ 9,596	\$ 196,340	\$ 230,477
Valuation allowance	(2,539)	(3,685)	(4,965)	(3,051)	(8,438)	(142,115)	(164,840)
Deferred Tax Assets	920	4,120	4,046	1,212	1,112	54,225	65,637

(*A) Each Net Operating Loss Carry Forwards amount is multiplied by Statutory tax rate.

(*B) Deferred Tax Asset for Net Operating Loss Carry Forwards (multiplied by Statutory tax rate) for the years ended March 31, 2021 and 2020 were ¥25,516 million (US\$203,152 thousand) and ¥20,849 million, respectively. These Deferred Tax Assets were mainly recognized for the balance of Net Operating Loss Carry Forwards (multiplied by Statutory tax rate) in Nipro Corporation for the year March 31, 2020 and PT. NIPRO INDONESIA JAYA for 2019, respectively. As a result of tax scheduling, Valuation allowance for this Net Operating Loss Carry Forwards was not recognized due to assumption that this amount is collectable.

5. Pledged Assets

The following assets were pledged as collateral:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Buildings and structures	¥1,571	¥ 9,454	\$14,197
Land	2,907	3,137	26,261
Other	663	376	5,992
Total	¥5,142	¥12,969	\$46,451

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Short-term bank loans	¥1,625	¥1,790	\$14,678
Current portion of long-term debt	519	384	4,688
Long-term debt	6,281	2,131	56,738
Total	¥8,425	¥4,307	\$76,105

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6. Investment Securities

Investment securities as of March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Non-current:			
Marketable:			
Marketable equity securities	¥30,504	¥24,597	\$275,534
Subtotal	30,504	24,597	275,534
Non-marketable securities	958	867	8,660
Total	¥31,463	¥25,464	\$284,195

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2021 and 2020 were as follows:

	Millions of yen			
	2021			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥17,410	¥13,274	¥180	¥30,504
Total	¥17,410	¥13,274	¥180	¥30,504

	Thousands of U.S. dollars (Note 1)			
	2021			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	\$157,258	\$119,904	\$1,627	\$275,535
Total	\$157,258	\$119,904	\$1,627	\$275,535

	Millions of yen			
	2020			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥23,501	¥1,635	¥539	¥24,597
Total	¥23,501	¥1,635	¥539	¥24,597

Proceeds from sales of securities and gross realized gains or losses on those sales for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2021	2020	2021	
Proceeds	¥7,629	¥8,868	\$68,911	
Gains on sales	1,761	3,576	15,913	
Losses on sales	320	501	2,894	

No impairment loss was applied to securities in the fiscal year ended March 31, 2021.

In case fair value for the marketable equity security fell by over 50% from the acquisition cost, the stock impairment is applied unless there is a reasonable disproof, the asset is treated as an impairment. In case fair value for the marketable equity security fell by 30% to 50%, impairment is applied except when it is expected to recover.

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7. Financial Instruments

(1) Circumstances on financial instruments

(a) Policy for financial instruments

The Company and its consolidated subsidiaries manage the temporary surplus funds by deposits with banks that have a high level of safety. Based on capital investment planning and financing planning, the Company and its consolidated subsidiaries raise funds for business operation with bank loans, corporate bonds, and issuing convertible bond-type corporate bonds with a warrant of booking new stocks.

The Company and its consolidated subsidiaries enter into derivative transactions for the purpose of reducing funding costs and hedging their exposures to foreign exchange fluctuations and interest rate fluctuations, but not for speculative purposes.

(b) Details and risk of financial instruments and risk management

Receivables such as trade notes and accounts receivable are exposed to customer's credit risk. Receivables denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

In order to reduce the customer's risk, the Company monitors the dues and balances by customer in accordance with the Company's credit administration regulations.

Investment securities are exposed to market fluctuation risk, but mainly consist of equity of the companies which conduct business with the Company. The Company periodically reviews the market price of such securities.

Payables such as trade notes, accounts payable, and accounts payable other are due within 1 year.

Payables denominated in foreign currency are exposed to the risk of fluctuation in foreign currency exchange rates.

Short-term loans payable are mainly borrowed to raise operating capital and long-term loans payable are mainly borrowed to make capital expenditures. A part of long-term loans with a floating interest rate has the risk of interest rate fluctuation, but the Company and its consolidated subsidiaries use a interest rate swaps to solidify the interest rate.

Bonds, commercial paper, and convertible bonds are mainly issued to raise funds for the retirement of bonds.

Lease obligations are mainly for capital expenditures, free from interest-rate risk because the interest rate is fixed.

Payables, loans, and bonds are exposed to liquidity risk, but the Company and its consolidated subsidiaries manage the risk by establishing cash planning.

Regarding derivatives, the Company enters into forward exchange contracts to hedge against the risk of fluctuations in foreign currency exchange rates associated with trade receivables and payables denominated in foreign currencies, interest rate swaps to hedge against the risk of fluctuations in interest rates associated with loans payable, and currency swaps to hedge against the risk of foreign exchange rate fluctuations. For more information on the use of hedge accounting, including hedging instruments, hedged items, the hedging policy, and the method for assessment of hedge effectiveness, please refer to "2. Summary of Significant Accounting Policies" (m) Hedge Accounting.

As the Company manages its exposure to credit risk by limiting its funding to high-credit rating financial institutions, the Company recognizes that the exposure to credit risk is extremely low.

The Company executes and manages derivative transactions under the corporate derivative management policy, which prescribes the authority and limitations on derivative transactions.

(c) Supplemental information on fair values of financial instruments

Fair values of financial instruments include values based on market price and reasonably estimated values when market price is not available. Because variable factors are counted in the estimation, the estimated values may vary by adopting different assumptions.

With respect to the contract amounts related to derivative transactions in Note 8, the amounts do not reflect market risks to derivative transactions.

(2) Fair values of financial instruments

The book values, fair values and the differences between them as of March 31, 2021 and 2020 are as follows (Financial instruments for which the market value is extremely difficult to determine are not included as described in remark 2.):

	Millions of yen		
	2021		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	¥ 90,274	¥ 90,274	¥ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	139,338	139,338	—
Investment securities	30,504	30,504	—
Assets total	¥260,117	¥260,117	¥ —
Trade notes and accounts payable	¥ 67,219	¥ 67,219	¥ —
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	135,587	135,587	—
Other notes and accounts payable (*1)	33,254	33,254	—
Long-term debt	370,190	369,732	(458)
Lease obligations (*2)	32,060	29,516	(2,543)
Liabilities total	¥638,311	¥635,309	¥(3,001)
Derivatives (*3)	¥ 1,527	¥ 1,527	¥ —

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	Millions of yen		
	2020		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	¥ 95,925	¥ 95,925	¥ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	151,325	151,325	—
Investment securities	24,597	24,597	—
Assets total	¥271,848	¥271,848	¥ —
Trade notes and accounts payable	¥ 69,539	¥ 69,539	¥ —
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	162,016	162,016	—
Other notes and accounts payable (*1)	22,156	22,156	—
Long-term debt	360,456	360,635	179
Lease obligations (*2)	13,235	12,343	(891)
Liabilities total	¥627,403	¥626,692	¥(711)
Derivatives (*3)	¥ (86)	¥ (86)	¥ —

	Thousands of U.S. dollars (Note 1)		
	2021		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	\$ 815,412	\$ 815,412	\$ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	1,258,594	1,258,594	—
Investment securities	275,534	275,534	—
Assets total	\$2,349,541	\$2,349,541	\$ —
Trade notes and accounts payable	\$ 607,165	\$ 607,165	\$ —
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	1,224,706	1,224,706	—
Other notes and accounts payable (*1)	300,371	300,371	—
Long-term debt	3,343,789	3,339,647	(4,141)
Lease obligations (*2)	289,586	266,613	(22,972)
Liabilities total	\$5,765,619	\$5,738,504	\$(27,114)
Derivatives (*3)	\$ 13,800	\$ 13,800	\$ —

(*1) Other notes and accounts payable are included in accrued expenses and notes and accounts payable for plant and equipment on the balance sheet.

(*2) Lease obligations are included in other current liabilities and other long-term liabilities on the balance sheet.

(*3) The amount represents the net amount of assets (liabilities).

Remark 1 Methods used to calculate fair values of financial instruments and the details of securities and derivatives

<Assets>

- Cash and cash equivalents, time deposits, trade notes, and accounts receivable
Cash and cash equivalents, trade notes, and accounts receivable are stated at the relevant book value because the settlement periods are short and the fair values are almost the same as the book value.
- Investments securities
Equity securities are stated at market value. See Note 6. "Investment securities" for the detailed information by classification.

<Liabilities>

- Trade notes, accounts payable, short-term bank loans, and current portion of long-term debt
Because the settlement periods of the above items are short and their fair values are almost the same as their book values, the relevant book values are used.
- Other notes and accounts payable
Because the settlement periods of the above items are short and their fair values are almost the same as their book values, the relevant book values are used.
- Long-term debt
The fair value of long-term debt is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new loan was entered into.
- Convertible bonds
The market value of convertible bonds is calculated based on the market price.
- Lease obligation
The fair value of lease obligations is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a current lease transaction was renewed.
- Derivatives
The fair value information for derivatives is included in Note 8.

Remark 2 Financial instruments for which the fair value is difficult to determine

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Unlisted equity securities	¥16,694	¥14,695	\$150,795

They are not included in investment securities as these items have no market value and it is difficult to estimate the future cash flow, so it is extremely difficult to determine their fair values.

Remark 3 Planned redemption amounts after the balance sheet date for monetary receivables with maturity dates are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
	Within 1 year	Within 1 year	Within 1 year
Cash and cash equivalents, time deposits	¥ 90,274	¥ 95,925	\$ 815,412
Trade notes and accounts receivable	139,338	151,325	1,258,594

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Remark 4 Planned repayment amounts after the balance sheet date for monetary payables with maturity dates

Planned repayment amounts after the balance sheet date for monetary payables with maturity dates at March 31, 2021 are as follows:

	Millions of yen					
	2021					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	¥135,587	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term debt	—	67,526	49,979	66,875	38,340	147,467
Lease obligations	4,865	3,216	2,807	2,377	1,827	16,965
Total	¥140,452	¥70,743	¥52,787	¥69,253	¥40,168	¥164,432

	Thousands of U.S. dollars (Note 1)					
	2021					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	\$1,224,706	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term debt	—	609,944	451,446	604,061	346,317	1,332,018
Lease obligations	43,945	29,054	25,363	21,477	16,506	153,239
Total	\$1,268,651	\$638,998	\$476,810	\$625,539	\$362,824	\$1,485,257

	Millions of yen					
	2020					
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	¥162,016	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term debt	—	79,846	61,016	43,053	59,812	116,727
Lease obligations	3,080	1,996	3,901	1,076	913	2,266
Total	¥165,097	¥81,842	¥64,918	¥44,129	¥60,726	¥118,994

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8. Derivatives

The Company and its consolidated subsidiaries had the following derivatives contracts outstanding at March 31, 2021 and 2020.

(1) Derivatives for which hedge accounting has not been applied.

Currency-related

Millions of yen				
2021				
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-deliverable forward	¥1,500	¥—	¥1,539
	Foreign currency forward contracts	3,473	—	76
	Currency swap	186	—	0

Thousands of U.S. dollars (Note 1)				
2021				
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-deliverable forward	\$13,555	\$—	\$13,903
	Foreign currency forward contracts	31,378	—	690
	Currency swap	1,682	—	0

Millions of yen				
2020				
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-deliverable forward	¥ 876	¥—	¥(38)
	Foreign currency forward contracts	13,089	—	18
	Currency swap	371	—	(2)

Fair value is based on information provided by a financial institution at the end of the fiscal year.

(2) Derivatives for which hedge accounting has been applied.

(a) Currency-related

Millions of yen					
2021					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Currency swap	Accounts receivable	¥—	¥—	¥—

Fair value is based on information provided by a financial institution at the end of the fiscal year.

Thousands of U.S. dollars (Note 1)					
2021					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Currency swap	Account receivables	\$—	\$—	\$—

Millions of yen					
2020					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Currency swap	Account receivables	¥394	¥—	¥(9)

(b) Interest related

Millions of yen					
2021					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Interest rate swap	Long-term loans	¥ 4,234	¥ 1,602	¥(87)
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	15,000	15,000	(*1)

Thousands of U.S. dollars (Note 1)					
2021					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Interest rate swap	Long-term loans	\$ 38,252	\$ 14,475	\$(793)
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	135,489	135,489	(*1)

Millions of yen					
2020					
Method of hedge accounting	Type of derivative	Principal hedge item	Contract amount	Over 1 year out-of-contract amount	Fair value
Principle method	Interest rate swap	Long-term loans	¥ 3,730	¥ 3,190	¥(60)
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	15,000	15,000	(*1)

(*1) The fair value of the interest rate swap to which the exceptional accounting method is applied and the fair value of forward foreign exchange contracts, etc., to which the allocation method is applied are included in the fair value of long-term loans in Note 9. "Financial Instruments" because such interest rate swaps are accounted for as a single item with the corresponding long-term loans.

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9. Short-Term Loans and Long-Term Debt

Short-term loans comprised overdrafts and promissory notes.

The weighted-average interest rates of short-term bank loans for the years ended March 31, 2021 and 2020 were 0.8510% and 0.7643%, respectively.

Long-term debt comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
0.25% unsecured bonds due 2025	¥ 3,000	¥ 3,000	\$ 27,097
0% convertible bond due 2021	—	25,000	—
1.6% unsecured bonds with subordinated specials due 2055	50,000	—	451,630
0.674% unsecured bonds due 2028	10,000	10,000	90,326
0.44% unsecured bonds due 2029	10,000	10,000	90,326
0.014%~0.120% unsecured bonds due from 2019 to 2025 (*1)	4,500	6,100	40,646
Long-term bank loans due through 2077, with weighted-average interest rate of 0.6016% for the year ended March 31, 2020, and 0.6135% for the year ended March 31, 2019	378,741	397,294	3,421,026
Total	¥456,241	¥451,394	\$4,121,051

(*1) This is the total amount of the bonds Goodman Co., Ltd. issued.
 In March 2020, the Company issued ¥3,000 million (US\$27,097 thousand) of 0.25% unsecured bonds due 2025.
 In October 2018, the Company issued ¥10,000 million (US\$90,326 thousand) of 0.674% unsecured bonds due 2028.
 In October 2019, the Company issued ¥10,000 million (US\$90,326 thousand) of 0.44% unsecured bonds due 2029.
 In September 2020, the Company issued ¥50,000 million (US\$451,630 thousand) of 1.6% unsecured bonds due 2055.
 From February 2017 to March 2020, Goodman Co., Ltd. issued ¥6,100 million (US\$56,050 thousand) of 0.014% and 0.120% unsecured bonds due from 2022 to 2025.

The aggregate annual maturities of long-term debt outstanding at March 31, 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2021	2021
2021	¥ 90,916		\$ 821,209
2022	70,743		638,998
2023	52,787		476,810
2024 and thereafter	273,854		2,473,621
Total	¥488,301		\$4,410,639

As is customary in Japan, long-term and short-term bank loans are made under general agreements which provide that additional securities and guarantees for present and future indebtedness will be given under certain circumstances at the request of the bank.

In addition, the agreements provide that the bank has the right to offset cash deposits against any long-term and short-term bank loan that becomes due, and in case of default and certain other specified events, against all other loans payable to the bank.

10. Accrued Pension and Severance Liabilities

The Company and certain consolidated subsidiaries have defined benefit pension plans and unfunded retirement benefit plans, and defined contribution pension plan for employees.

Certain consolidated subsidiaries have recorded liabilities for retirement benefit and assets for a retirement benefit based on the simplified method.

(1) Defined Benefit Plans

(a) The reconciliation of beginning and ending balances of the benefit obligation (excluding the defined benefit plans applied based on the simplified method) are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Obligation at April 1	¥16,961	¥15,529	\$153,208
Beginning balance of subsidiary consolidated from this fiscal year	—	70	—
Service cost	1,460	1,293	13,191
Interest cost	74	77	672
Actuarial gains and losses	(184)	356	(1,670)
Prior service cost	0	184	0
Benefit payments	(600)	(556)	(5,422)
Other (foreign currency translation adjustments, etc.)	(26)	4	(239)
Obligation at March 31	¥17,684	¥16,961	\$159,738

(b) The reconciliation of beginning and ending balances of the fair value of the plan assets (excluding the defined benefit plans applied based on the simplified method) is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Fair value of plan assets at April 1	¥10,624	¥10,500	\$ 95,962
Expected return on plan assets	163	164	1,477
Actuarial gains and losses	742	(337)	6,706
Company contribution	842	783	7,609
Benefit payments	(428)	(475)	(3,869)
Other (foreign currency translation adjustments, etc.)	6	(11)	55
Fair value of plan assets at March 31	¥11,950	¥10,624	\$107,942

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(c) The reconciliation of beginning and ending balances of liabilities for retirement benefit applied based on the simplified method is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Liabilities for retirement benefit at April 1	¥ 83	¥72	\$754
Retirement benefit cost	15	10	140
Retirement payments	(1)	(2)	(12)
Contribution for the plan	—	—	—
Decreasing by sale of subsidiary shares	—	—	—
Other (foreign currency translation adjustments, etc.)	10	3	98
Liabilities for retirement benefit at March 31	¥108	¥83	\$981

(d) The reconciliation of ending balance of the benefit obligation and the fair value of the plan assets, and liabilities and assets for retirement benefit are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Benefit obligation on funded scheme	¥ 15,180	¥ 14,662	\$ 137,120
Plan assets	(11,950)	(10,624)	(107,942)
	3,230	4,038	29,178
Benefit obligations on non-funded scheme	2,616	2,382	23,634
Net assets (liabilities) on the consolidated balance sheet	5,846	6,421	52,812
Net defined benefit liability	5,846	6,421	52,812
Net assets (liabilities) on the consolidated balance sheet	¥ 5,846	¥ 6,421	\$ 52,812

(*) Including the defined benefit plans applied based on the simplified method

(e) The breakdown of net pension and severance costs is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Service cost	¥1,460	¥1,293	\$13,191
Interest cost	74	77	672
Expected return on plan assets	(163)	(164)	(1,477)
Amortization of actuarial gains and losses	474	365	4,281
Amortization of past service obligation	(144)	40	(1,301)
Retirement benefit cost based on the simplified method	15	10	140
Other	10	11	95
Total	¥1,727	¥1,635	\$15,602

(f) Remeasurements of defined benefit plans (Other Comprehensive Income)

The breakdown of the items recorded in adjustments to defined benefit plans is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Prior service cost	¥ (0)	¥(184)	\$ (0)
Actuarial gains and losses	1,281	(342)	11,571
Total	¥1,281	¥(526)	\$11,571

(g) Remeasurements of defined benefit plans (Accumulated Other Comprehensive Income)

The breakdown of the items recorded in adjustments to defined benefit plans is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Unrecognized prior service cost	¥228	¥ 373	\$2,068
Unrecognized actuarial loss	218	(1,206)	1,972
Total	¥447	¥ (833)	\$4,040

(h) Items concerning pension assets

1. The breakdown of pension assets

The ratios of the plan assets are as follows:

	2021	2020
Bonds	38%	44%
Equities	27%	17%
General account	28%	32%
Others	7%	7%
Total	100%	100%

(*) Including defined benefit plans applied based on the simplified method

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2. Setting of the long-term expected rate of return

The long-term expected rate of return is to be determined considering the current and future allocation of plan assets, and the current and expected long-term rate of return from the diverse assets composing the plan assets.

(i) Calculation basis of actuarial methods

The main calculation basis of actuarial methods at the end of the period is as follows:

	2021	2020
Discount rate	Primarily 0.4%	Primarily 0.2%
Expected long-term rate of return	Primarily 1.5%	Primarily 1.5%
Assumed wage increase rate	Primarily 6.7%	Primarily 6.7%

(2) Defined Contribution Retirement Plans

The amount of necessary contributions to defined contribution retirement plans within the Company and consolidated subsidiaries was ¥608 million (US\$5,499 thousand).

11. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had the following commitments and contingent liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Export drafts discounted	¥ 8	¥17	\$ 80
Endorsed notes	¥380	¥—	\$3,432
Total	¥388	¥17	\$3,513

12. Net Assets

The significant provisions in the Corporate Law of Japan (the "Corporate Law") that influence financial and accounting matters are summarized below:

(a) Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon a resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a board of directors, (2) having independent auditors, (3) having a board of corporate auditors, and (4) the service period of the directors is prescribed as one year rather than the normal term of two years by its articles of incorporation, the board of directors may declare dividends (except for dividends in kind) if the company has prescribed so in its articles of incorporation. The Company's present system meets the first three criteria but the two-year service period of the directors does not meet the fourth criterion.

Interim dividends may also be paid once a year by the resolution of the board of directors if the articles of incorporation of the company stipulate so. The Company's articles of incorporation contain such a stipulation, and it pays interim dividends semi-annually by the resolution of the Board of Directors.

The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock.

Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation.

The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions by the resolution of the shareholders' meeting.

The Company's legal reserve, which is included in retained earnings, amounted to ¥5,306 million (US\$47,935 thousand) as of March 31, 2021, and its additional paid-in capital, which is included in capital surplus, amounted to ¥635 million (US\$5,738 thousand) as of March 31, 2021.

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13. Business Combination

Transaction under common control

(1) Outline of the business combination

1) Company name and business line at the time of the business combination

Name of the company: Nipro Corporation

Business line: Manufacturing and marketing of medical equipment, pharmaceuticals, pharmaceutical packaging.

Name of the company: NIPRO MEDICAL CORPORATION

Business line: Marketing of medical equipment

2) Date of the business combination

January 1, 2021

3) Legal form of the business combination

In-kind investment of our subsidiaries' capital investment into NIPRO MEDICAL CORPORATION.
(our consolidated subsidiary)

4) Outline and purpose of the transaction

We are strengthening business management and efficient use of management resources in the US business through NIPRO MEDICAL CORPORATION.

For this purpose, we have investment of the consolidated subsidiary owned by the Company invested in kind in Nipro Medical Corporation.

NIPRO MEDICAL LTDA.

SALBEGO LABORATORIO FARMACEUTICO LTDA.

(2) Implemented accounting treatment

This merger was processed as a transaction under common control, based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

14. Segment Reporting

1. Outline of Reportable Operating Segments

Applied ASBJ Statement No. 17 "The Revised Accounting Standard for Disclosures of Segments of an Enterprise and Related Information", the reportable operating segments are components of an entity for which separate financial information is available and such information is evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

The Company currently operates its business on a stand-alone basis with the divisional organization and evaluates the performance of sales and manufacturing of each division regardless of their products. Accordingly, the Company has three reportable operating business segments according to the divisions (Medical-Related business, Pharmaceutical-Related business and Pharma Packaging business), which are divided mainly by their products.

*Medical-Related

The domestic division sells injection and infusion products, artificial organ products, highly functional products, dialysis products, diabetic products, and pharmaceuticals such as generic and kit products. In the Global business division, head office plays the central role, placing overseas sales and manufacturing bases for medical equipment and sales injection and infusion products, artificial organ products, and diabetic products.

*Pharmaceutical-Related

The pharmaceutical division sells pharmaceutical products with containers for combination products (injectable kit products) consigned by other pharmaceutical companies. Domestic subsidiaries manufacture and sell injectable drugs, oral drugs, and combination products.

*PharmaPackaging

The PharmaPackaging division sells glass for vials and ampoules for medical use, glass for thermos bottles, glass for lighting, and containers for combination products (injectable kit products). Overseas subsidiaries manufacture and sell tube glass and glass mainly for syringes, and vials and ampoules for medical use.

From fiscal year ended March 31, 2019, the Company has conducted reorganization for the purpose of engaging in synthetic PharmaPackaging business and increasing synergies for Pharmaceutical-Related business. As a result of this reorganization, some business divisions included in Pharmaceutical-Related business were changed to the PharmaPackaging business.

The presentation for the prior fiscal year is not restated.

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Business segment information for the years ended March 31, 2021 and 2020 was as follows:

Millions of yen								
2021								
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total				
Net sales:								
Outside	¥347,648	¥ 68,564	¥38,655	¥454,867	¥ 691	¥455,559	¥ —	¥455,559
Intersegment	6,117	18,483	6,151	30,753	1,656	32,409	(32,409)	—
Total	353,766	87,047	44,807	485,621	2,347	487,968	(32,409)	455,559
Operating income (loss)	39,415	10,072	1,992	51,480	376	51,856	(24,229)	27,627
Identifiable assets	484,088	185,158	68,127	737,374	56,214	793,588	60,807	854,396
Other items								
Depreciation and amortization	18,300	12,168	4,244	34,713	279	34,993	4,855	39,849
Amortization of goodwill	2,442	10	324	2,777	—	2,777	—	2,777
Increase in tangible and intangible fixed assets	¥ 48,113	¥ 20,719	¥ 5,450	¥ 74,283	¥ 127	¥ 74,411	¥ 4,449	¥ 78,861

Thousands of U.S. dollars (Note 1)								
2021								
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total				
Net sales:								
Outside	\$3,140,170	\$ 619,313	\$349,159	\$4,108,643	\$ 6,242	\$4,114,886	\$ —	\$4,114,886
Intersegment	55,261	166,954	55,565	277,780	14,964	292,745	(292,745)	—
Total	3,195,431	786,268	404,724	4,386,424	21,206	4,407,631	(292,745)	4,114,886
Operating income (loss)	356,023	90,980	17,997	465,000	3,401	468,401	(218,856)	249,545
Identifiable assets	4,372,581	1,672,466	615,364	6,660,412	507,765	7,168,177	549,254	7,717,431
Other items								
Depreciation and amortization	165,299	109,917	38,340	313,557	2,522	316,079	43,861	359,941
Amortization of goodwill	22,065	99	2,926	25,091	—	25,091	—	25,091
Increase in tangible and intangible fixed assets	\$ 434,589	\$ 187,151	\$ 49,236	\$ 670,977	\$ 1,153	\$ 672,131	\$ 40,194	\$ 712,326

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Millions of yen								
2020								
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
	Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total				
Net sales:								
Outside	¥335,767	¥ 70,357	¥36,217	¥442,342	¥ 174	¥442,516	¥ —	¥442,516
Intersegment	6,108	18,601	5,666	30,376	1,393	31,769	(31,769)	—
Total	341,875	88,958	41,883	472,718	1,567	474,285	(31,769)	442,516
Operating income (loss)	36,249	13,196	675	50,121	176	50,298	(23,877)	26,420
Identifiable assets	454,185	176,605	65,914	696,706	19,108	715,814	116,050	831,865
Other items								
Depreciation and amortization	17,296	12,092	4,313	33,702	194	33,896	4,785	38,682
Amortization of goodwill	2,800	10	332	3,143	—	3,143	—	3,143
Increase in tangible and intangible fixed assets	¥ 27,296	¥ 13,598	¥ 6,036	¥ 46,931	¥ 75	¥ 47,007	¥ 17,663	¥ 64,670

(*1) "Other" is the business segment which is not included in a reportable segment and consists of real estate income and sales by headquarters.

(*2) Adjustment is as follows:

- Adjustments for operating income ended March 31, 2021 and 2020 include ¥371 million (US\$3,351 thousand) and ¥(1,371) million of adjustment for unrealized gain and ¥(24,601) million (US\$(222,211) thousand) and ¥(22,506) million of corporate cost, respectively. Corporate cost consists primarily of sales, general and administrative expenses and research and development costs which do not belong to a reportable segment.
- Adjustments for Identifiable assets ended March 31, 2021 and 2020 include ¥(53,589) million (US\$(484,054) thousand) and ¥(14,784) million of elimination of inter-segment transactions and ¥114,397 million (US\$1,033,303 thousand) and ¥130,835 million of corporate assets, respectively. Corporate assets consisted primarily of cash and deposits, investment securities, assets for development, and assets for the management division of head office which do not belong to a reportable segment.
- Adjustments for depreciation and amortization ended March 31, 2021 and 2020 are for corporate assets. Depreciation and amortization and increase in tangible and intangible fixed assets include long-term prepaid expenses.
- Adjustment for increase in tangible and intangible fixed assets is increase in corporate assets.

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Loss on impairment of fixed assets and Unamortized balance of goodwill by business segments were as follows:

Millions of yen							
2021							
	Reportable segment			Total	Other	Adjustment	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging				
Loss on impairment of fixed assets	¥ 234	¥—	¥1,202	¥ 1,437	¥—	¥—	¥ 1,437
Unamortized balance of goodwill	13,373	32	158	13,565	—	—	13,565

Thousands of U.S. dollars (Note 1)							
2021							
	Reportable segment			Total	Other	Adjustment	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging				
Loss on impairment of fixed assets	\$ 2,120	\$ —	\$10,863	\$ 12,984	\$—	\$—	\$ 12,984
Unamortized balance of goodwill	120,799	297	1,430	122,528	—	—	122,528

Millions of yen							
2020							
	Reportable segment			Total	Other	Adjustment	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging				
Loss on impairment of fixed assets	¥ 2,626	¥—	¥3,029	¥ 5,655	¥—	¥—	¥ 5,655
Unamortized balance of goodwill	14,193	43	501	14,738	—	—	14,738

Net sales and Property, plant and equipment for each area were as follows:

Millions of yen					
2021					
	Japan	Americas	Europe	Asia	Total
Net sales	¥270,543	¥71,572	¥52,167	¥61,275	¥455,559
Property, plant and equipment	232,738	18,042	23,876	61,249	335,906

Thousands of U.S. dollars (Note 1)					
2021					
	Japan	Americas	Europe	Asia	Total
Net sales	\$2,443,708	\$646,481	\$471,204	\$553,473	\$4,114,885
Property, plant and equipment	2,102,231	163,788	215,662	553,238	3,034,929

Millions of yen					
2020					
	Japan	Americas	Europe	Asia	Total
Net sales	¥267,708	¥64,153	¥50,801	¥59,853	¥442,516
Property, plant and equipment	206,748	16,533	21,990	62,277	307,551

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15. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Salaries	¥20,396	¥20,020	\$184,237

16. Research and Development Expenses

Research and development expenses for the years ended March 31, 2021 and 2020 were ¥18,652 million (US\$168,482 thousand) and ¥18,204 million, respectively.

17. Impairment Loss

In the years ended March 31, 2021 and 2020, the Company and its consolidated subsidiaries recorded impairment losses of ¥1,437 million (US\$12,984 thousand) and ¥5,655 million, respectively.

The following table presents the major impaired assets.

Purpose of use	Location	Type of asset	Millions of yen	Thousands of U.S. dollars (Note 1)
			2021	2021
Idle asset	Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd.	Buildings and structures, Machinery and equipment	¥1,202	\$10,863

The assets for business use are divided into groups on which separate financial information is reported for management accounting purposes, whereas leased assets and idle assets are categorized individually. Headquarters assets, R&D facilities, dormitories, and company-offered houses are categorized into assets for common use, since these assets cannot generate identifiable cash flows.

The company recognized the impairment loss, since the economic performance of the above-mentioned assets will be worse than what the company originally expected.

The recoverable amount of an asset group is measured by its net selling price or its value in use. In the case that the recoverable amount is net realizable value, it shall be based on appraisal value. Whether the recoverable amount is the value in use, it is calculated by discounting future cash flow by approximately 5%.

Purpose of use	Location	Type of asset	Millions of yen
			2020
Business use	Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd.	Buildings and structures, Machinery and equipment	¥2,903
Business use	NexMed International Co., Ltd.	Goodwill	2,492

18. Supplemental Disclosures of Cash Flow Information

Supplemental information related to the Consolidated Statements of Cash Flows was as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Cash paid during the year for:			
Interest	¥3,871	¥3,201	\$34,972
Income tax	4,207	9,108	38,007

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Corporate Information

(As of March 31, 2021)

Date of Establishment

July 8, 1954

Head Office

3-9-3 Honjo-nishi, Kita-ku, Osaka 531-8510, Japan

Telephone :+81-6-6372-2331

Facsimile :+81-6-6375-0669

https://www.nipro.co.jp/en/

Tokyo Office

4-3-4 Hongo, Bunkyo-ku, Tokyo 113-0033, Japan

Telephone :+81-3-5684-5611

Facsimile :+81-3-5684-5610

Number of Employees

Parent company	4,150
Consolidated subsidiaries	31,101
Total	35,251

Common Stock

Authorized 400,000,000 shares

Issued..... 171,459,479 shares

Outstanding 163,097,623 shares

Number of Shareholders 76,143

Stock Listings

Tokyo Stock Exchange, First Section

Ticker Code:8086

Transfer Agent

Mizuho Trust & Banking Co., Ltd., Head Office

Stock Transfer Agency Dept.

1-2-1, Yaesu, Chuo-ku, Tokyo 103-8670, Japan

Principal Shareholders

	Number of shares held (in thousands)	Percentage of total shares in issue (%)
Nippon Electric Glass Co., Ltd.	17,135	10.47
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,831	6.62
Custody Bank of Japan, Ltd. (Trust Account)	9,104	5.56
JP Morgan Chase Bank 385632	5,192	3.17
Resona Bank Limited	3,129	1.91
Custody Bank of Japan, Ltd. (Trust Account 5)	2,285	1.40
NIPRO CORPORATION Employee Stock Ownership Association	2,135	1.30
Custody Bank of Japan, Ltd. (Trust Account 6)	2,025	1.24
Kazumi Sano	1,910	1.17
Custody Bank of Japan, Ltd. (Trust Account 1)	1,813	1.11
Total	55,564	33.94

Major Group Companies (As of June 30, 2021)

Area	Country	Name	Principal business		
Domestic	Japan	Nipro Medical Industries Co., Ltd.	Manufacturing and marketing of medical devices		
		Goodman Co., Ltd.	Manufacturing and marketing of medical devices		
		Nipro Pharma Corporation	Manufacturing and marketing of pharmaceuticals		
		Zensei Pharmaceutical Industries Co., Ltd.	Manufacturing and marketing of pharmaceuticals		
		Cell Science & Technology Institute, Inc.	Development and manufacturing of cell culture media		
		NexMed International Co., Ltd.	Development, manufacturing and marketing of orthopedic products		
		Overseas	Thailand	Nipro (Thailand) Corporation Limited	Manufacturing and marketing of medical devices
				Nipro Sales (Thailand) Co., Ltd.	Marketing of medical devices
			China	Nipro (China) Holdings Co., Ltd.	Business management
				Nipro (Shanghai) Co., Ltd.	Manufacturing and marketing of medical devices
Nipro Trading (Shanghai) Co., Ltd.	Marketing of medical devices				
Nipro PharmaPackaging (Shanghai) Co., Ltd.	Marketing of PharmaPackaging products				
Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of PharmaPackaging products				
Anyang Nipro Changda Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of PharmaPackaging products				
Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of PharmaPackaging products				
Nipro Medical (Hefei) Co., Ltd.	Manufacturing and marketing of medical devices				
Vietnam				Nipro Vietnam Company LIMITED	Manufacturing and marketing of medical devices
				Nipro Pharma Vietnam Co., Ltd.	Manufacturing and marketing of pharmaceuticals
Singapore		Nipro Asia Pte Ltd.	Marketing of medical devices		
India		Nipro India Corporation Private Limited	Manufacturing and marketing of medical devices		
		Nipro PharmaPackaging India Private Limited	Manufacturing and marketing of PharmaPackaging products		
		Nipro Medical (India) Pvt. Ltd.	Marketing of medical devices		
Bangladesh		Nipro JMI Co., Ltd.	Manufacturing and marketing of medical devices		
		Nipro JMI Pharma Ltd.	Manufacturing and marketing of pharmaceuticals		
Indonesia		PT. Nipro Indonesia JAYA	Manufacturing and marketing of medical devices		
UAE		Nipro Middle East FZE	Marketing of medical devices		
Brazil		Nipro Medical Ltda.	Manufacturing and marketing of medical devices		
U.S.A.		Nipro Medical Corporation	Marketing of medical devices		
		Nipro PharmaPackaging Americas Corporation	Manufacturing and marketing of PharmaPackaging products		
		Infraredex, Inc.	Development, Manufacturing and marketing of medical devices		
Canada		CardioMed Supplies INC.	Manufacturing and marketing of medical devices		
Belgium		Nipro Europe Group Companies N.V.	Business management		
		Nipro Europe N.V.	Marketing of medical devices		
		Nipro PharmaPackaging Belgium N.V.	Manufacturing and marketing of PharmaPackaging products		
France		Nipro PharmaPackaging France S.A.S.	Manufacturing and marketing of PharmaPackaging products		
Germany		Nipro PharmaPackaging Germany GmbH	Manufacturing and marketing of PharmaPackaging products		
Switzerland		Nipro Pharma Glass AG	Business management		
Russia		Nipro PharmaPackaging Ural LLC	Manufacturing and marketing of PharmaPackaging products		

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Stock Price Range (Tokyo Stock Exchange)

(Yen)

