



Year Ended March 31, 2022

Annual Report 2022



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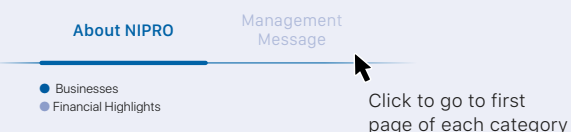
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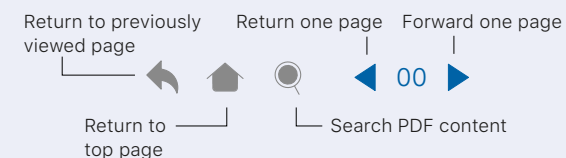
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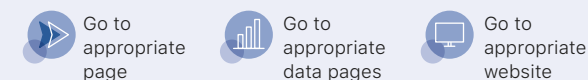
Using Category Tabs



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 2022 represents the year ended March 31, 2022.

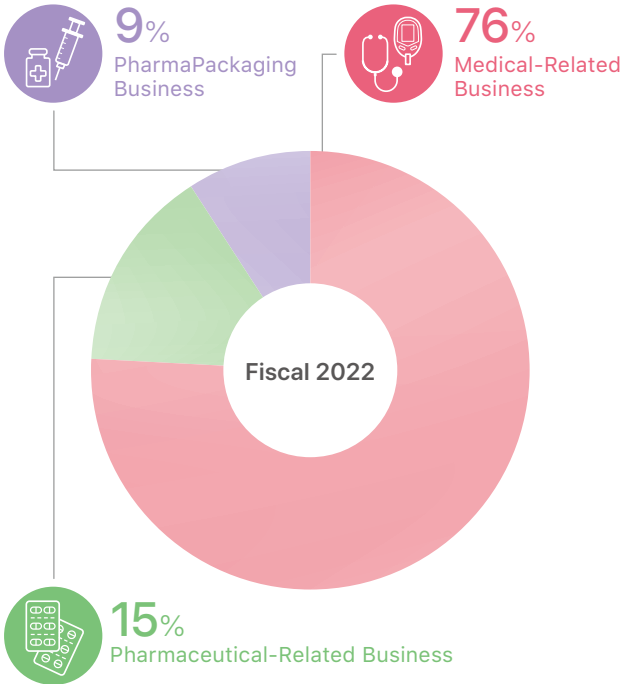
- Businesses
- Financial Highlights

About NIPRO

Businesses

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

Sales ratio by business



Fiscal 2022

Net sales

¥494,789 million

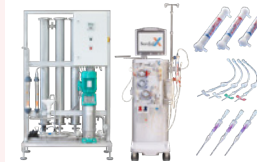


Medical-Related Business



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.

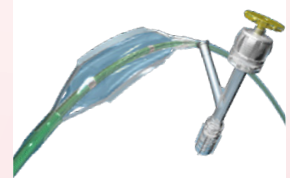
Renal Products



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

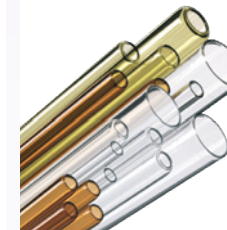


Nipro's PharmaPackaging business, a part of the company since its founding, manufactures and sells glass products and other comprehensive pharmaceutical packaging. Currently, Nipro engages in this business globally from a base of 11 companies and 14 plants in 8 countries, focused on Japan, China, Europe,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

Glass Converting



Glass Tubing



Devices



- Businesses
- Financial Highlights

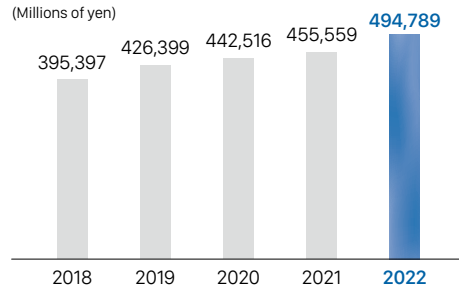
About NIPRO

Financial Highlights

Net sales

¥494,789 million

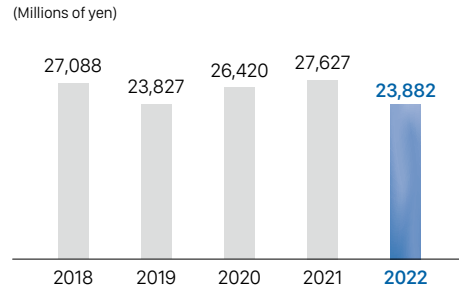
Net Sales increased by 8.6% year-on-year due to increased sales of anti-infection products and recovery of demand following the COVID-19 pandemic.



Operating income

¥23,882 million

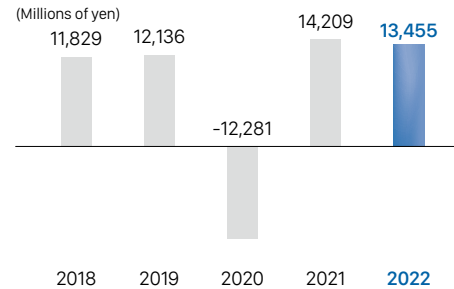
Operating profit decreased by 13.6% year-on-year due to an increase in expenses such as personnel, transportation, and sales promotion.



Net income attributable to owners of the parent

¥13,455 million

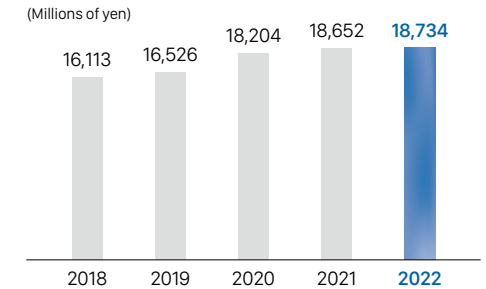
Net income attributable to owners of the parent decreased by 5.3% year-on-year due to a significant decrease in the corporate income taxes adjustment in the previous period.



R&D expenses

¥18,734 million

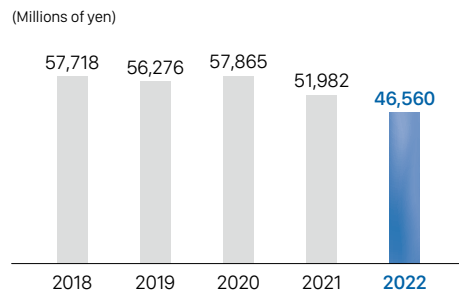
R&D expenses increased by 0.4% year-on-year due to an increase in the cost of development of oral drugs in the pharmaceutical-related business.



Capital investment

¥46,560 million

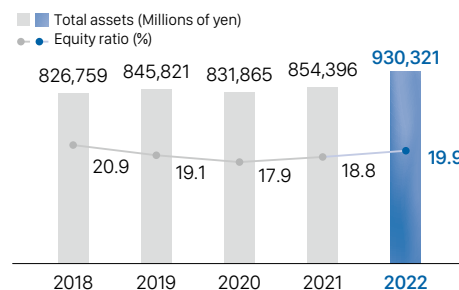
Capital investment decreased by 10.4% year-on-year due to a delay in the construction of a new line for dialyzers in the medical-related business.



Total assets/Equity ratio

Total assets: **¥930,321** million

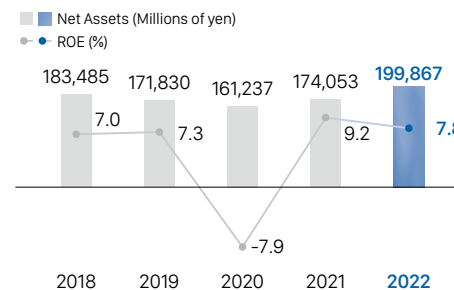
Total assets increased by 8.9% year-on-year with an equity ratio of 19.9%.



Net assets/Return on equity

ROE: **7.8** %

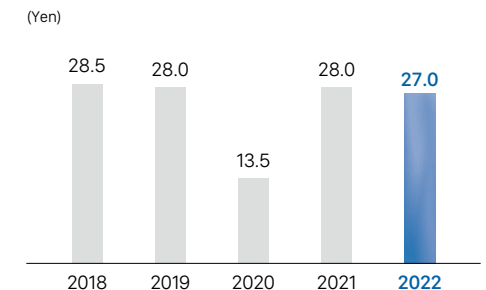
ROE was 7.8% due to a decrease in the net income attributable to owners of the parent.



Cash dividends per share

¥27.0

We distributed an interim dividend of ¥14.50 per share and a term-end dividend of ¥12.50 per share, resulting in an annual dividend of ¥27.0 per share.



- President's Message
- A Message from the CFO

Management Message

President's Message



We strive to improve corporate value in the long term by providing products that are truly needed by patients from the user's viewpoint

Yoshihiko Sano

President and Representative Director

Performance in the fiscal year ended March 2022

Secured a certain level of sales despite the impact of the external environment

Regarding the performance in the fiscal year ended March 2022, revenue was 494,789 million yen—an 8.6% increase year-on-year; operating income was 23,882 million yen—a 13.6% decrease year-on-year; and the net income attributable to the parent company's owners in this period was 13,455 million yen—a 5.3% decrease year-on-year.

Regarding revenue, although usual medical activities decreased at first during the COVID-19 pandemic, they showed signs of recovery from the third quarter; thus, the sales of surgery-related products and clinical department-related products increased. Regarding products for COVID-19

measures, the sales of injection-related products such as injection needles and syringes for vaccination and vials for vaccines showed good sales records. Additionally, the sales of ionless hypochlorous acid water "CL Fine" that can remove indoor airborne microbes and viruses also increased.

Regarding profits, operating income decreased due to the soaring cost of marine transport and increased expenses for sales promotion and personnel, while exchange rates dramatically varied, leading to the depreciation of yen at the end of this period and resulting in a foreign exchange profit. Thus, ordinary income was 27,583 million yen—a 5.0% increase from the previous period. However, since the tax burden was reduced due to the start of consolidated tax payment of the U.S. subsidiary in the previous period, the tax burden relatively increased in this period, and the net income attributable to the parent company's owners decreased from the previous year.

Results

Net sales

Total **¥494,789** million

8.6% increase from fiscal 2021

Operating income

Total **¥23,882** million

13.6% decrease from fiscal 2021

Net income attributable to owners of the parent

Total **¥13,455** million

5.3% decrease from fiscal 2021

- President's Message
- A Message from the CFO

Management Message

President's Message

Reinforcing overseas deployment of core product

The sales of dialyzers, a core product, increased by 1.6% from the previous period to 22,050 million yen in Japan and by 10.0% from the previous period to 54,530 million yen overseas. Overseas revenue did not reach the originally planned figure because of the delay in the construction of the production line at the Indian Plant due to the COVID-19 pandemic. The global dialyzer market is expected to grow at the rate of approximately 7% per year in the future. We will meet this increasing demand by reinforcing production facilities at the same or faster pace.

As another initiative related to dialysis, we have accelerated the expansion of our own dialysis center business, making efforts to disseminate our services in China and Asian countries in this period in addition to South and Central America, which have been our focus so far. The business has grown to the extent that we had 146 dialysis centers in 10 countries as of the end of March 2022. We will continuously contribute to community healthcare by providing high-quality treatment mainly in emerging countries and establish our sales network through our product competitiveness globally.

Now, we are cultivating vascular-related products as the second core product after the dialyzer. Since we have secured a certain market share in Japan, we are currently working on reinforcing sales overseas; for example, we have proceeded with the regulatory registration of various new products, including the scoring balloon, and also launched NIRS-IVUS, a product using the original technology of Nipro Group, in the U.S. and Europe. We are planning to launch the product in the Asia-Pacific region and India in the future.

Regarding the organization's reinforcement, we have established a sales division in our overseas subsidiaries to

establish a direct sales system. We will complete the establishment in the U.S., Europe, and South and Central America in this period and proceed with the establishment in other regions sequentially. We will deploy sales activities to better understand regional needs in addition to the current sales network of agents.

Forecast and strategy for the fiscal year ending March 2023

Preparing for an emergency and aiming for a stable supply of products

The number of people infected with the new variants of COVID-19 has been increasing, and the Russia-Ukraine conflict is becoming serious. Thus, we expect the period ending March 2023 to be unpredictable. Under these circumstances, it is difficult to perform the business activities conducted in times of peace, and a management method during "emergencies" is necessary. In particular, stable supply is necessary for the medical industry more than other industries. We will proceed with measures such as establishing our production plants in two or more footings within two or more countries instead of concentrating them in only one site, promoting fully automated production and inspection for core products, and attempting to establish a strong cooperation with the manufacturers of raw materials. Regarding such cooperation, we started the construction of an integrated production plant of cellulose triacetate (CTA) dialyzer with Toyobo Co., Ltd. in November 2021, which is scheduled to begin operations in July 2024. The CTA dialyzer is superior to conventional dialyzers in terms of removing substances and biocompatibility and could be used for more patients in the future.



Toward the achievement of long-term goals

We aim to become a corporate group with sales of 1 trillion yen in the fiscal year ending March 2031. To achieve this goal, we must maintain our annual growth rate of sales at 8–9% or higher over the next 9 years. For this purpose, we will continue to expand the sales of dialyzers, our core product, and aim to achieve the top market share in the world. Regarding production, new lines are being constructed at the Indian Plant and Hefei Plant in China, which are scheduled to begin operations in December 2022. We will also establish a sales network for vascular products around the world by making the most of product competitiveness and aim to achieve the top market share. In addition, we will develop various applications of regenerative medicine-related products and deploy them globally. We will promote sales by systemizing both tangible and intangible aspects, such as providing devices and information required for each treatment in addition to the previous sales of products. This includes screening of treatments and decisions regarding treatment methods by

- President's Message
- A Message from the CFO

Management Message

President's Message

artificial intelligence. In addition, as measures against infectious diseases, including COVID-19, we will expand the lineup of products against infections, further promote the introduction of a holding system for organizations, and reinforce cross-organizational cooperation vertically and horizontally. Particularly, for horizontal connection, we have established a committee for each theme, such as the Plant Manager Committee, Logistics Committee, and Purchasing Committee, and established a system in which information can be efficiently shared.

Regarding profitability, the operating profit margin is set at 9.0% or more as a profitability index. To achieve this goal, it is important for each employee to be aware of the costs for their own activities; thus, we are adopting the payment-by-results system, through which we attempt to reduce extra expenses and increase employees' motivation by rewarding initiatives that produce profits. We will improve the individual result calculation system and extend the compensation system to the entire group in the future.

Initiatives for sustainability

Responding to the demands of society as a global company

It is important for a company to address sustainability—of the environment and society—to achieve long-term growth.

Regarding the environment, we established the Sustainability Committee in this period and formulated a new goal, namely "aiming to reduce greenhouse gas emissions by 37.8% compared with 2021 by 2030 and net zero by 2045." To achieve these goals, we are working to reduce the environmental load by installing solar panels in plants around

the world, increasing the proportion of renewable energy use and also recycling waste materials and waste liquids from the manufacturing process into electricity generation and hot water.

Regarding society, we will work on creating a workplace environment where employees can work comfortably. Currently, we have a daycare center for children in three offices in Japan. We will further improve the system to achieve work-life balance, such as through a short-time work system for childcare and an increase of child benefits. Regarding recruitment, we proactively employ capable human resources through mid-career recruitment and also established the Job Return Program for retirees, which makes it easier for people who left the company to return.

To shareholders

The role of the board of directors of Nipro is to ensure the user's viewpoint

At the shareholders' meeting held in June 2022, the number of outside directors was increased by 4 to 6, and the outside ratio was set at one-third of the entire board of directors. The composition of Nipro's board of directors is characterized by two aspects. One is to have a leader who can approach the entire business in the role of internal director in each business and make efforts for optimal management; if each general manager of the business division thought only about the scope of their own responsibility, there would be no horizontal management. The other is that outside directors have rich on-site experience with responsibility in the field of medical care and welfare where our business is involved. Compared to the general requirements for the board of

directors, I think that these policies, the reduction of internal directors and the diverse skills of outside directors, are a unique aspect of Nipro. In other words, Nipro's board of directors focuses solely on "ensuring the user's viewpoint," and we emphasize that the requirements for outside directors to realize this are not theoretical "skills" but practical "on-site experience."

We will meet people's medical needs and create long-term value

What Nipro finds most important is assuming the user's viewpoint and providing products that are always needed by patients, as described in the above policy of the board of directors. The management philosophy of Nipro—contributing to the health of people around the world—remains unchanged even in times when the world is rapidly changing, such as during the COVID-19 pandemic and the aggravation of the situation in Ukraine. We aim to have the highest competitiveness and market share for each product globally, and we will create long-term value by meeting the medical needs of people around the world. We would appreciate the continued support of our shareholders.

September 2022



President and Representative Director

- President's Message
- A Message from the CFO

Management Message

A Message from the CFO

We will proceed with our initiatives to achieve our medium-term business plan goals

Takehito Yogo

Managing Director,
General Manager of
the Corporate Planning Division

Progress of the medium-term business plan

We have defined KPIs from the perspectives of "growth," "profitability," "financial soundness," "asset efficiency," and "investment efficiency" in the medium-term business plan ending in March 2025.

First, regarding "growth," we aim to achieve a compound annual growth rate of sales of 7.0% or more. Since growth in the previous period slowed due to COVID-19, the compound annual growth rate of sales from the fiscal year ended March 2021 to 2022 was 5.7%; however, in the single year ended March 2022, we achieved an 8.6% growth. Having recovered from the COVID-19 pandemic, we have a good chance of achieving our goals.

Regarding "profitability," we aim to achieve a 9.0% or more of operating profit margin. In this period, the operating profit margin was 4.8% because of the increase in costs due to the soaring prices of raw materials and transportation. Similarly, in the year ending March 2023, the operating

profit margin is expected to be 5.1%—slightly more than this period due to the soaring prices of raw materials and transportation globally.

Regarding "financial soundness," we set our net interest-bearing debt/EBITDA goal at 4.0–4.9 times. The net interest-bearing debt/EBITDA increased to 6.7 times in this period due to a decrease in operating income, license acquisition in our generic drug business, and an increase in net interest-bearing debt because of the construction of a new building at Ise Plant, Nipro Pharma Corporation. For the fiscal year ending March 2023, we plan to promote strategies for profit expansion and improvement in the financial structure and thus reduce the net interest-bearing debt/EBITDA to 6.5 times.

Regarding "asset efficiency," we aim to achieve a return on equity (ROE) at 14.0% or more. In this period, the ROE was 7.8%—a decrease of 1.4 points from the previous period due to a decrease in profit attributable to the parent company's owners and an increase in equity capital due to foreign exchange adjustment resulting from the depreciation of yen. For the fiscal year ending March 2023, the net income attributable to the parent company's owners in this period is expected to increase due to an increase in revenue and reduction of various expenses; therefore, the ROE is expected to be 7.9%.

Regarding "investment efficiency," we aim to restore the profitability of free cash flow. In this period, operating cash flow exceeded the forecast at the beginning of the period due to an increase in net income before taxes. However, free cash flow showed a loss of 10,200 million yen because of a significant increase in new investment expenditures. For the fiscal year ending March 2023, free cash flow is expected to be in the black of 12,400 million yen because operating cash flow will be improved with an increase of profits and investment cash flow will be improved by selling some real estate.

Status of capital investment

The capital investment amount* for this period was 46,560 million yen—a decrease of 10.4% from the previous period. The major reasons for the decrease in capital investment are the delay in the construction of a new line of dialyzers at the Indian Plant and glass tubing facilities at the French Plant due to the COVID-19 pandemic.

The capital investment amount for the fiscal year ending March 2023 is planned to be 63,220 million yen—a 35.8% increase from this period. In the medical-related business, the new lines for dialyzers will be added to the Hefei Plant in China and the Vietnam Plant, and the dialysis center will be acquired. Additionally, in the pharmaceutical-related business, we plan to construct the Omi Plant. Regarding the PharmaPackaging business, we aim to reinforce facilities at plants in France and Germany.

* The capital investment amount is based on acceptance inspection.

Dividend policy

We use the total amount of 75% of consolidated net income and 25% of non-consolidated net income in this period as a profit amount, the base for dividends. Based on this policy, an interim dividend of 14.50 yen and a year-end dividend of 12.50 yen were paid in this period.

Regarding the dividend for the fiscal year ending March 2023, we will continue to strengthen our financial structure and return profits in consideration of stable dividends while retaining the previous dividend policy. The annual dividend is planned to be 31 yen per share.

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



Review of Operations

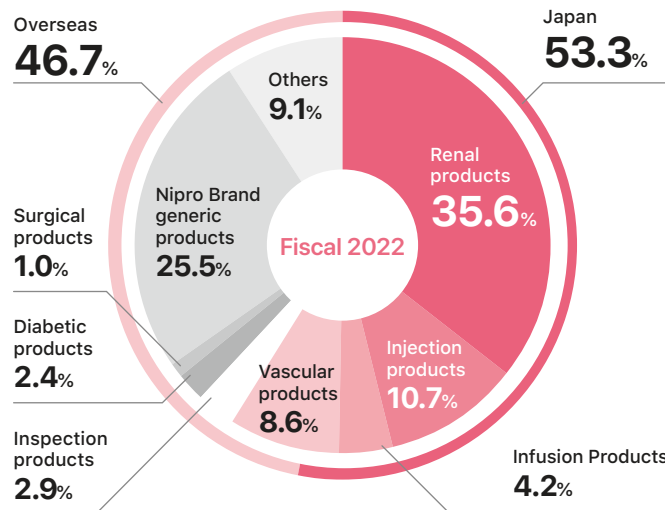
Medical-Related Business



Net sales

Total **¥373,481** million

Sales ratio by region



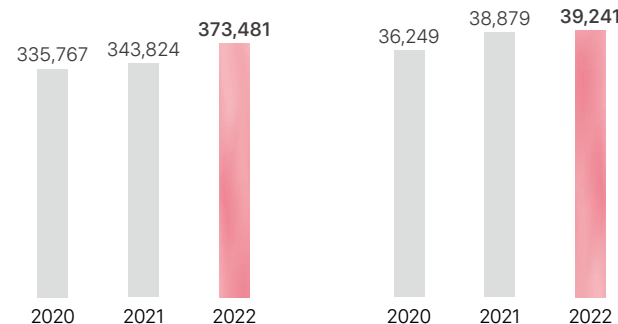
Overview of fiscal year ended March 2022

Domestic sales of injection needles, including vaccine syringes, infusion-related products, and catheters have been strong. Medications including dexmedetomidine, leuporelin, and authorized generic bepotastine **POINT** have seen a steady increase in market share, besides new products showing strong growth and sales. In addition, orders for substitution products grew due to industry wide supply constraints which led to an increase in total sales volumes.

International sales of competitor brands of butterfly and insulin needles also showed steady growth. Nipro dialyzers, our core product had increased sales in China, with strong sales also in Central and South America. These increases can be attributed to the establishment of dialysis centers in Central and South America. Countries in the Western hemisphere and Asia showed an increase in syringe sales that can be attributed to the demand for vaccines and treatments by medical institutions returning.

In summary, sales in this segment were 373,481 million yen, an 8.6% increase from the previous term, and operating profits were 39,241 million yen, a 0.9% increase from the previous term.

Net sales (Millions of yen) Operating income (Millions of yen)



Forecast and strategy for fiscal year ending March 2023

Regarding the results of the fiscal year ending March 2023, we expect that sales will increase by 9.6% to 409,500 million yen and operating profit will increase by 3.7% to 40,700 million yen.

In addition to dialyzer products and sales in medical devices, domestic sales of infusion-related products, catheters, and ventricular assist devices/artificial lungs are expected to increase by 10,640 million yen during this period. While the NHI drug price revision will impact sales, drug product sales are still projected to increase by 8,780 million yen during this period due to an increase in the market share of new products.

International sales are expected to increase by 7,470 million yen due to the increase in dialysis centers in North, Central and South America, and an increase in syringe sales. We expect an increase in Asia of 4,340 million yen due to higher volume sales of syringes for vaccines and infusion-related products, and an expansion of the sales network due to the establishment of regional bases. In China, sales are expected to increase by 4,900 million yen as a result of increased sales of dialyzers and dialysis machines.

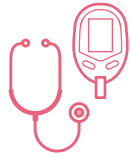
While total sales are expected to grow, the profit margin is expected to be 9.9%, which is a slight decrease of 0.6 points over the entire segment. This projected decrease can be attributed to continued increases in transportation costs and raw materials.

POINT

Bepotastine (Talion AG) obtained about 73% of the market share in Japan. (about 100 characters)

Bepotastine, our core drug product, is highly received by the market as a reliable authorized generic (AG) medication. As a result, we have achieved approximately 73% of the domestic market share this term, a 12% increase from the previous term with additional future growth expected.

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



Review of Operations
Medical-Related Business

TOPICS

Domestic business

Started the sale of dry clinical chemistry analyzer, "CareFast Pro®"

In May 2022, we launched the CareFast Pro®, a dry clinical chemistry analyzer, which instantly measures blood glucose levels. Core Features of this product include:

1. Rapid measurement with a small sample volume (0.5 μL, approximately 6 s).

The minimal amount of blood required reduces pain during the specimen collection.

2. Ability to measure whole blood including neonatal blood.

The device can measure arterial blood, venous blood, and capillary whole blood (including neonatal blood), which allows it to be used in various departments within a hospital. Those departments include but are not limited to; intensive care unit (ICU), neonatal intensive care unit (NICU), dialysis room, emergency room, and burn units.

3. Communication of results to an electronic medical record by various methods.

Communication of results to an electronic medical record can be achieved by responding to a wired LAN (cradle), wireless LAN, Bluetooth® wireless communication, and NFC.

These three features enable not only an easy measurement of blood glucose but also a wide range of ways to communicate results based on the needs of the end user including the operation of precision management software using Nipro HN LINE® and cooperation with various electronic medical record systems.



Operation image of CareFast Pro®

International business

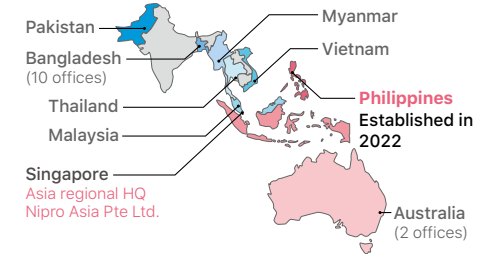
Strengthen the sales system of vascular products

We will strengthen and expand our direct sales, in addition to existing sales through distributors, to deploy vascular products overseas. We have established a sales department in our overseas subsidiaries and are currently conducting sales activities using resources such as local organizations and logistics.

On a regional level, we established sales departments in North America and Central and South America in 2021 to increase regional coverage. In addition, we established a sales department in local distributors in Europe, India, and the Asia-Pacific regions in 2022, where we are focused on sales activities using existing sales through distributors and direct sales, as well as the launch of new products. China has a policy to build a more efficient sales and regulatory system by integrating existing local subsidiaries.

Expansion of our sales network in the Asia-Pacific region

We are also expanding our sales network in the Asia-Pacific region to strengthen our sales base there. In July 2021, we launched a sales company in Vietnam and strengthened our direct sales system under Nipro Asia, which supervises the entire Asian region, more specifically Singapore, excluding India and China. We are also planning to establish a distributor in the Philippines by 2022.



19 sales offices in 9 countries, 447 staffs
(as of the end of March 2022)

Expansion of our own dialysis center

We have expanded the market of our own dialysis centers since their initiation in 2016 in China and Asian countries and the Central and South American markets which continue to see growth. We will remain focused on contributing to community healthcare by providing high-quality treatment options, particularly in emerging countries.

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



Review of Operations

Pharmaceutical-Related Business






Net sales

Total **¥74,386** million

Supply records

(December 2021)

Injectables 	Orally Administered Drugs 	External Preparations 
Ampoules (glass/plastics) Vials (powder/liquid/ lyophilized products) 740 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	Poultices 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)

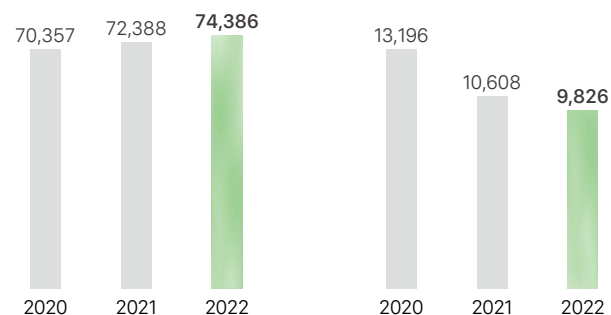
Overview of fiscal year ended March 2022

In the contract manufacturing business for generic drugs, orders for antibiotics were sluggish due to a decrease in surgical treatments associate with the COVID-19 pandemic. On the other hand, with respect to innovated/long-listed products, the contract manufacturing of new products, mainly COVID-19 vaccines and other injectable products, contributed to expand the sales. Nipro JMI Pharma, commenced under the supervision of pharmaceutical-related business in this fiscal year, increased sales by strengthening sales structures and expansion of its sales channels.

The profits were affected by the decrease in the sales of the above antibiotics, the damage to the Nipro Pharma Kagamiishi Plant caused by the Fukushima earthquake occurred in February 2021, and the decline in the capacity utilization rate due to some technical transfers activities for new products in Nipro Pharma Vietnam.

As a result, sales in this segment increased 2.8% year on year to 74,386 million yen and operating profits decreased 7.4% to 9,826 million yen.

Net sales (Millions of yen) Operating income (Millions of yen)



Forecast and strategy for fiscal year ending March 2023

For the fiscal year ending March 2023, we expect the net sales to increase 6.2% year on year to 79 billion yen and operating profit to increase 0.8% to 9.9 billion yen.

Despite the impact of the discontinuation of some products, sales of generic drugs are expected to increase slightly due to the production of newly launched products and the order of anticancer drugs increasing during the previous and current fiscal year. The sales of innovated/long-listed products are expected to increase by 3,280 million yen as a result of the start of contract manufacturing new formulations. Nipro JMI Pharma forecasts is expected to increase in sales revenue by 540 million yen on year by continuously focusing on the expansion of the sales channels.

Operating profit is expected to increase by 80 million yen on year, as results of efforts to reduce costs by improving production efficiency, in spite of an increase in transportation and utility costs due to the recent soaring prices of crude oil and rise in manufacturing costs in association with the strengthening of the quality assurance system.

In addition, we will invest in facilities to continue quality control **POINT**, and strengthen our stable supply of products, and quality assurance system.

POINT

Strengthening of quality control system:
Nipro Pharma Corporation Saitama Plant

We plan to establish a quality control (QC) Center at the Nipro Pharma Saitama Plant to enhance testing functions and personnel development in association with the increase in production quantity and items. The construction started in June 2022 and is scheduled to be completed in June 2023. The operations are scheduled to start the implementation of tests of the Saitama Kasukabe area in July of the same year.

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



Review of Operations

Pharmaceutical-Related Business

TOPICS

Efforts to strengthen quality and production systems

Strengthening of production system at injectable drug plants

Nipro Pharma Corporation Ise Plant

A new pre-fillable syringe line is being installed at the Nipro Pharma Ise Plant. It was completed in November 2021, and production is scheduled to start in February 2023, that will enable us to expand the production capacity and implement BCP measures.

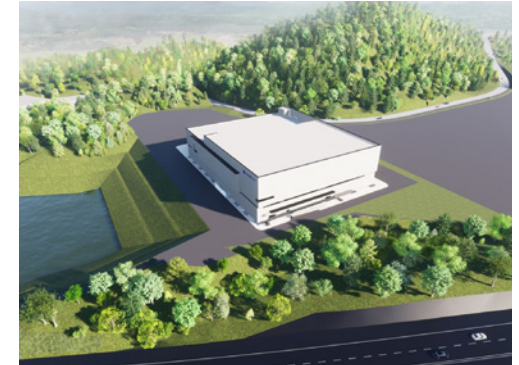
We plan to introduce two lines of the syringes including (1) 1–3 mL of volume, and (2) 5 mL/10 mL of volume. The production capacity is 59 million syringes/year for line (1) and 55 million syringes/year for line (2), we plan to commence production in February 2023.



New building for pre-fillable syringe line under construction

Nipro Pharma Corporation Omi Plant (New Plant Project)

We will construct an injectable drugs manufacturing plant in Shiga Prefecture. The construction started in May 2022 and is scheduled to be completed in January 2024. The manufacturing will be started technical transferred activities from April 2024, and the products will be released in the beginning of 2025. Doublechamberbag of antibiotic drugs will be manufactured at this plant and we expected to produce 10 million bags per year.



Conceptual drawing of Omi Plant

Strengthening of production increase system at the oral drug plant

Zensei Yakuhin Kogyo Co., Ltd.

A new building is under construction at the Kishiwada Plant, which will be equipped to handle various functions from development to production of investigational products as well as commercial products. The construction is scheduled to be completed in October 2022, and the operation is scheduled to start in April 2023 after validation of equipment implemented. With the addition of the new building, the plant is expected to produce 3 billion tablets per year in the entire plant. We will enhance test areas and introduce automated rack process in the warehouse, and establish a production system that can cope with highly active drug products.



Image of a test area in the new building

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



Review of Operations

PharmaPackaging Business



Overview of fiscal year ended March 2022

Domestic sales remained strong especially for products related to medical devices such as infusion systems, and glass products such as tubing glass and vials.

In overseas, vials remained the main drive for sales in the U.S, Europe, and Chinese markets due to the increase of demand for higher quality drugs. In addition, COVID-19 vaccine demand has boosted our sales further. Usage of sterilized glass syringes for bio-pharmaceutical has also increased significantly this year.

We achieved good result with effective manufacturing operation this year, resulting in sales of 46,361 million yen, and operating profit of 2,889 million yen, 19.9% and 45% increase respectively from previous year.

Forecast and strategy for fiscal year ending March 2023

For the fiscal year ending March 2023, we predict an increase in net sales by 10.4% to 51,200 million yen and operating profit by 14.6% to 3,300 million yen.

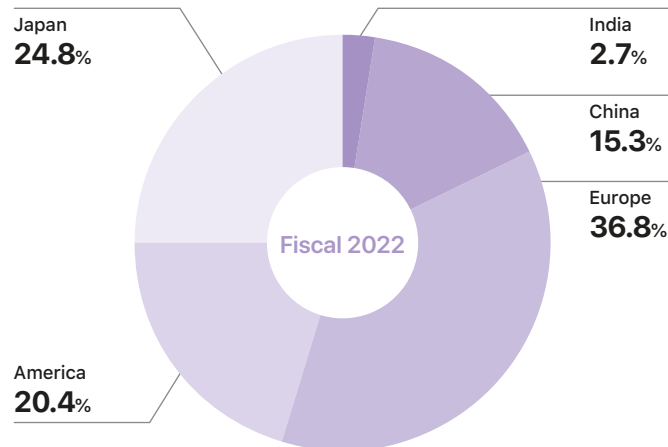
Compared to the previous year, we expect steady increase in sales of vials for COVID-19 vaccine mainly in China and sterilized glass syringes for bio-pharmaceutical in Europe region.

In case of operating profit, slight increase in manufacturing costs due to expansion of syringes line in Germany, new setup of vial lines and new furnace in France, higher packaging materials and energy cost by inflation effect may be expected. However we will strive to control the overall expenses and maintain the level of operating profit. **POINT**

Net sales

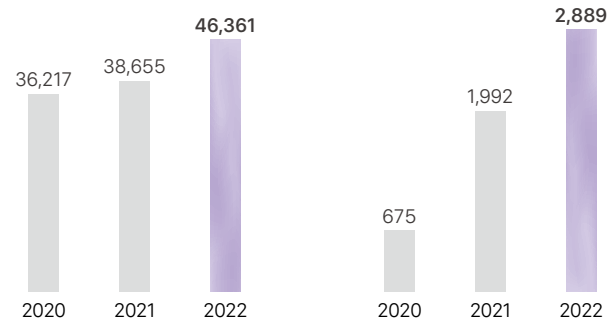
Total **¥46,361** million

Sales ratio by region



Net sales (Millions of yen)

Operating income (Millions of yen)



POINT

Market environment and growth strategy

The demand on premium pharmaceutical packaging for higher quality drugs (such as bio-pharmaceuticals, etc) continues to increase in developed countries, at the same time, in developing countries, the demand for pharmaceutical containers is expected to grow align with rising middle-income earners.

COVID-19 situation restrained further the policy for spendings on medical expenses. Furthermore, instability of economic environment by Ukraine situation and price inflation are considered to be the major risk factors in the fiscal year ending March 2022.

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



Review of Operations PharmaPackaging Business

TOPICS

Expansion of product portfolio and market coverage

New launch of single-use bag related products in Japan

Single-use bags provide production efficiency and ensure the safety of bio-pharmaceuticals. Domestic pharmaceutical companies have been sourcing this material mainly from overseas supplier. However to mitigate the supply chain risks under COVID-19 pandemic, we developed the products domestically which shorten the supply lead time and launched the products from the beginning of 2022.



Single-use bag

Promotion of LInC™ in Europe

LInC™ is a system consists of Luer Lock integrated caps (adapter, rigid cap, and integrated closure) for our sterilized glass syringes. This product guarantees the sealing performance of syringes, ensures the stability of the drugs, and improve the operation for users. We will further support the needs of pharmaceutical companies for "Ready to Use" products especially in the European market where high-value products are required.



LInC™

Full-scale production of VIALEX™

Nipro brand vials known as Vialex™ ensures minimal extractable from glass and suitable for bio-pharmaceuticals. Currently new projects are under progress mainly in Europe, the U.S., and India. In respond to the increase of demand, the production system for Vialex™ is being reinforced in Japan, the U.S. and Germany. We plan to supply up to 30 million pieces in 2022 and will be able to support needs for wide range of sizes in the future.



Vialex™

Establishment of stable supply system

Expansion of D2F™ line in the German plant

The demand for primary glass packaging containers has significantly grown particularly our sterilized syringes D2F™. The products are used as containers for high quality drugs such as bio-pharmaceuticals, vaccines, and anti-cancer drugs due to its simple and safe administration.

We are expanding the syringe production lines in Germany plant to supply around 500 million syringes per year, and ensure top-class position in the global market for sterilized glass syringes.

Expansion and new installation of furnace

Increasing demand of glass containers for drugs around the world leads to the increasing need for the tubing glass (raw materials). In respond to that issue, we are expanding the tube drawing line at Millville Plant in the U.S, and constructing a new furnace at Aumale Plant in France. The operation is scheduled to begin in 2022, and the manufacturing capacity of glass tubing is expected to increase by 1.4 times from its original capacity. Establishing consistent manufacturing processes enables us to strengthen sales of NSV-51 Nipro brand tubing glass, and also contributes to a stable supply of vials and pre-fillable syringes.

Reducing manufacturing cost

We continuously emphasize on automation of manufacturing processes, rationalization of manufacturing plants and product portfolios, and restructuring of supply chains from the perspective of geopolitical risks and high inflation in raw material, energy, and freight costs. Through these efforts, we hope to reduce costs, eventually earning higher operating profit and maximizing free cash flow.

- 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

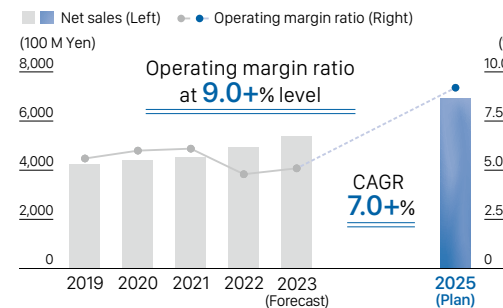
Enhancements

- 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

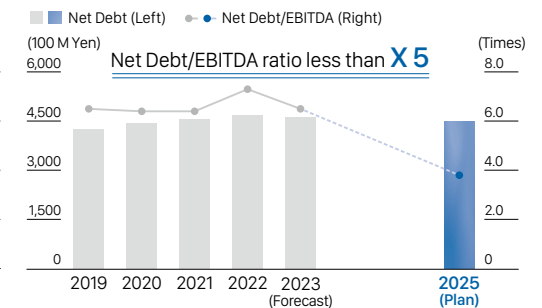
KPIs for FYE 2025.3

Net sales	Average annual growth of 7.0+%	Net Debt*	Maintain around ¥450,000 M
Operating income	Average annual growth of 7.0+%	EBITDA	Aiming for a level of ¥100,000+ M or higher
Operating margin ratio	9.0+%	Net Debt/EBITDA ratio	Less than X 5

Net Sales/Operating Margin Ratio



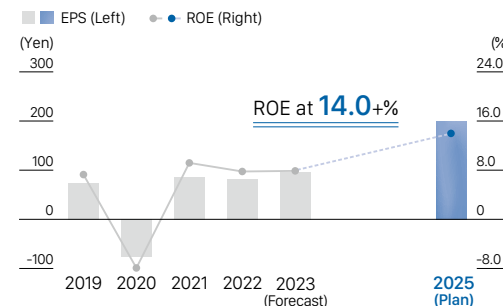
Net Debt, Net Debt/EBITDA



EPS* **¥200** or higher

ROE **14.0+%**

EPS/ROE

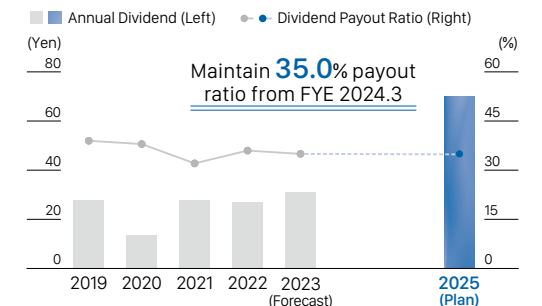


* EPS: Earnings per share

Shareholder return (dividend payout ratio*)

35.0% (FYE 2023.3)
Maintain **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	2023 (Forecast)	2021-2025 (Plan)
Renewal of existing facilities	Medical equipment (dialyzers, catheters, etc.)	21,116	32,271	30,220	160,000
	Pharmaceuticals	20,610	23,119	18,250	90,000
	PharmaPackaging	5,371	9,278	12,300	30,000
Cellular medicine	Sapporo Plant and manufacturing facilities	21,324	3,322	950	30,000
Incubation of business seeds	Production Technology Center, laboratories, etc.	2,159	5,685	1,500	10,000

5-year guidelines for FYE 2025.3

(Millions of yen)

	2021	2022	2023(Forecast)	2021-2025(Plan)
EBITDA	70,254	70,048	70,961	Aiming for 400,000–450,000
Capital investment*	51,982	46,560	63,220	300,000–350,000 range
Free cash flows	21,021	-10,219	12,415	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

<p>Providing treatment to patients in remote areas with limited access</p>	<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. 	 
<p>Preventing medical accidents at medical institutions</p>	<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. 	 
<p>Providing safe and secure medicines for all</p>	<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. 	  
<p>Dealing with new infections</p>	<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. 	 
<p>Stable supply of antimicrobial agents that are in short supply</p>	<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. 	  
<p>Providing a medical environment for patients who live in remote or difficult to access locations</p>	<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. 	  
<p>Enhancing the labor productivity of healthcare professionals</p>	<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. 	  
<p>Minimizing the environmental impact of waste</p>	<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. 	  
<p>Promoting efficient use of natural resources</p>	<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. 	  
<p>Providing rewarding work opportunities for all</p>	<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. 	  

Social Bond Reporting

Investment Status of Social Bonds

 Overview of social bonds

Our business contributes to improving the health and quality of life of people around the world through the stable supply of medical devices, pharmaceuticals, and other essential social initiatives. We believe that these efforts contribute to solving social issues as social projects.

We have established the International Capital Markets Association (ICMA) in order to raise funds for these initiatives as social bonds. We have established a Social Bond Framework and a Social Finance Framework* in accordance with the ICMA Social Bond Principles.

Based on this framework, we issue two types of social bonds: (1) Social Hybrid Bonds and (2) Social CBs to finance projects that contribute to solving social issues.

* The company has obtained a "second opinion" from Rating and Investment Information, Inc. as a third-party evaluation.

(1) Social Hybrid Bonds

The Bonds are considered a type of hybrid finance with both "equity" and "debt" characteristics. The Bonds are a type of hybrid finance that combines the characteristics of both "equity" and "debt. The issuance of the Bonds allows us to actively invest in projects that contribute to society while maintaining financial security.

Corporate bond name	Nipro Corporation 1st Series Deferral of interest payment Unsecured Bonds with Early Redemption (with subordination clause) "Social Bonds"
Issue amount	¥30,000 million
Period	35 years
Interest rate	1.6%
Payment date	September 28, 2020
Use of funds	Investment in manufacturing facilities of medical devices, pharmaceuticals, and pharmaceutical packaging

(2) Social CBs


Our corporate bonds are positioned as "convertible bonds" (CB) which the bondholders can convert into our shares at a predetermined price. By setting the conversion value higher than the stock price at the time of issuance, the issue of corporate bonds is expected to be effective in protecting the interests of existing shareholders and maintaining financial safety. Thus, we will realize proactive investment in projects with high social contribution.

Corporate bond name	Nipro Corporation Euro-yen denominated convertible bond with a maturity in 2026 (social convertible bonds) "Social CB"
Issue amount	¥30,000 million
Period	5 years
Interest rate	0%
Conversion value	¥1,430
Payment date	September 27, 2021
Use of funds	Investment in manufacturing facilities of medical devices

 Funding appropriation status

The status of appropriation of funds is as follows.

(1) Social Hybrid Bond funds have been fully allocated, and (2) Social CB funds are scheduled to be fully allocated during the fiscal year ending March 31, 2023.

* Please refer to the Annual Report 2021  for details on the status of appropriation of (1) Social Hybrid Bonds.

(1) Social Hybrid Bonds

Use of funds	Project type	Amount (million yen)
Refinancing (appropriated)	Medical-Related Business (Japan)	5,290
	Medical-Related Business (Global)	3,330
	Medical-Related Business (Total)	8,620
	Pharmaceutical-Related Business	4,340
	PharmaPackaging Business	2,040
Total refinancing		15,000
New investment (appropriated)	Medical-Related Business (Japan)	9,114
	Medical-Related Business (Global)	5,339
	Pharmaceutical-Related Business	15,869
	PharmaPackaging Business	3,950
Total new investment		34,272
Total		49,272

(2) Social CBs

Use of funds	Project type	Amount (million yen)	Period	Details
New investment (unallocated)	Medical-Related Business (Japan)	30,300	2023/3	Construction of Plant No. 7 associated with increased production of PES/FB dialyzers in Odate Plant
Total		30,300		

Social Bond Reporting

Investment Status of Social Bonds

Progress of each project

Medical-Related Business (Japan)



Main businesses

We develop, manufacture, and market medical devices, and generic and cellular pharmaceuticals in Japan.

Our main medical device products are dialysis products; however, we also provide products for treating various diseases and products with safety measures. Further, we have a wide range of our own branded generic drugs, including oral, injectable, and topical products. We offer universally designed products, such as orally disintegrating tablets that can be swallowed without water, tablets that can be distinguished by fingertips, and packaging that includes a section for medication instructions and the date of administration. For cellular medicines, we provide autologous marrow mesenchymal stem cells for the treatment of spinal cord injury.

Target social issues

- Help life support, health improvement, and quality of life for patients requiring dialysis
- Prevent medical accidents such as needlesticks, foreign substances/bacterial contamination, and reduction of the burden on healthcare workers
- Reduce obstacles in medication for patients with manual or visual impairments
- Provide an ICT-based medical care system to patients who are unable to visit hospitals due to disasters or remote location
- Improve the health and life of patients with spinal cord injuries

Approach to social issues (Output indicators)

The funds raised were used as capital investment to meet market needs in manufacturing medical devices, pharmaceuticals, and cellular medicines. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of medical devices manufactured*1	Due to a temporary suspension of operations at overseas plants that manufacture products for sale in Japan because of COVID-19, the domestic production of medical devices declined 92% year on year.
Percentage increase in the quantity of in-house brand generics manufactured*2	Production increased 118% year on year due to higher overall market demand owing to quality issues at other companies.
Manufacturing capacity of cellular medicines	The cellular medicines production capacity increased to 250 in FY2021, which is significant, as the Sapporo CPF started operation in late 2021.

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of medical devices sold*1	In medical devices, sales of catheter and infusion products increased due to recovery in the number of surgeries as the impact of COVID-19 subsided. Simultaneously, special demand continued to rise, including sales of vaccine syringes to the government, resulting in a 107% year-on-year increase in sales.
Percentage increase in the quantity of in-house brand generics sold*2	Sales increased 107% year on year due to higher overall market demand owing to quality issues at other companies.
Quantity of cellular medicines sold	Sales of cellular medicines totaled 18 because of the limited acceptance of these products by hospitals due to the impact of COVID-19.

*1 Percentage increase in the quantity of medical devices manufactured and sold was calculated by selecting the main products, dialyzers, blood circuits, dialysis needles (AVF), winged needles (PSV), and syringes. In order to align the different unit bases, the quantity was calculated as a weighted average of unit price and compared to the previous year.

*2 Percentage increase in the quantity of in-house brand generics manufactured and sold was calculated as a weighted average of unit price to align the different units of oral, injectable, and topical formulations compared to the previous year.

Social Bond Reporting

Investment Status of Social Bonds

Medical-Related Business (Global)

Related SDGs



Main businesses

We develop, manufacture, and sell medical devices overseas. In addition, we sell pharmaceutical products, and also open and operate dialysis centers and training centers. Our main medical device products are dialysis products; however, we also provide products for treating various diseases and products with safety measures. Pharmaceuticals provide dialysis solutions used in dialysis treatment. Dialysis centers are specialized clinics that provide dialysis treatment to patients. Training centers are training facilities for healthcare professionals in dialysis treatment techniques and provide an improved on-site medical environment by incorporating feedback and requests obtained during the training into product and technology improvements.

Target social issues

- Help life support, health improvement, and quality of life for patients requiring dialysis
- Prevent medical accidents such as needlesticks, foreign substances/bacterial contamination, and reduction of the burden on healthcare workers
- Provide medical facilities to patients living in remote regions far from urban areas in emerging countries
- Provide advanced medical care to patients living in urban areas in developing countries
- Provide therapeutic equipment, examination products, and infection control products that can prevent the spread of infectious diseases

Approach to social issues (Output indicators)

The funds raised were used for capital investment to meet the market needs in the manufacturing of medical devices. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of medical devices manufactured*3	Overseas manufacturing output for medical devices declined 94% year on year, partly due to the suspension of operations at the plants in Thailand and Vietnam because of COVID-19.
Dialysis Center patient capacity*4	The number of dialysis centers increased 123% year on year due to aggressive negotiations for acquisition, especially in emerging countries.
Number of training centers	During the period under review, one more center was added in Canada, bringing the total number of training centers to 26 worldwide.

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of medical devices sold*3	For medical devices, the sale of syringes increased due to the demand for vaccines. The sale of dialysis-related products, including dialyzers, remained steady, resulting in a 105% increase in overseas sales year on year.
Number of patients treated at Dialysis Centers*4	The number of patients treated at the dialysis centers increased by 133%, in line with the increase in the number of openings.
Number of Training Center users	A total of 37,836 healthcare professionals have received training at 26 training centers worldwide.

*3 Percentage increase in the quantity of medical devices manufactured and sold was calculated by selecting the main products, dialyzers, blood circuits, dialysis needles (AVF), winged needles (PSV), and syringes. In order to align the different unit bases, the quantity was calculated as a weighted average of unit price and compared to the previous year.

*4 Number of dialysis centers and patients treated at dialysis centers was calculated as the percentage yearly increase.

Social Bond Reporting

Investment Status of Social Bonds

Pharmaceutical-Related Business

Related SDGs



Main businesses

We are a contract manufacturer of ethical drugs licensed by domestic and overseas pharmaceutical companies. We have manufacturing facilities in Japan, the U.S., and Europe that are GMP-compliant in each of the three regions. The company can manufacture a wide range of products, including injectable, oral, and external dosage forms, from small-lot study drugs to mass production after launch. We also develop formulations, such as orally disintegrating tablets, as well as slow-release and transdermal-absorption formulations. We can manufacture pre-filled syringes and double-chamber bags, which are combination products with medical containers. We also handle contracted inspection and packaging processes for products licensed overseas, where pharmaceutical companies sell pharmaceutical products formulated overseas after inspection and packaging in Japan.

Target social issues

- Contribute to a stable supply of pharmaceuticals by supporting a wide range of dosage forms and production scales
- Contribute to healthcare cost reduction by reducing manufacturing costs through a collective contract of manufacturing pharmaceuticals for many companies

Approach to social issues (Output indicators)

The procured funds were used as capital investment in the contract manufacturing of pharmaceutical products to meet the market needs. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of contract drugs manufactured*5

Production increased 103% year on year due to new contracts for manufacturing new coronavirus vaccines.

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of contract drugs shipped*5

Meanwhile, sales results declined 94% year on year due to inventory adjustments by customers affected by COVID-19.

*5 Percentage increase in the quantity of contract drugs manufactured and shipped was calculated as a weighted average of unit price to align the different units of oral, injectable, and topical formulations compared to the previous year.

PharmaPackaging Business

Related SDGs



Main businesses

We develop, manufacture, and sell pharmaceutical packaging containers and glass tubing, the raw material for pharmaceutical packaging containers.

For pharmaceutical packaging containers, we provide molded components such as vials, syringes, rubber stoppers, and devices used to administer pharmaceuticals. Packaging containers can be customized to meet the quality requirements of products ranging from general pharmaceutical products to biopharmaceuticals and nucleic acid drugs. The raw material, glass tubing, is a glass material that meets the standards for primary pharmaceutical glass containers specified in the Japanese, U.S., and European Pharmacopoeias. We sell glass tubing to Japan as an agency of Nippon Electric Glass Co., Ltd. We manufacture our own glass tubing in the United States, France, India, and China and sell it worldwide.

Target social issues

- Provide essential products for pharmaceutical manufacturing, contributing to a stable supply of pharmaceuticals and labor saving in the formulation process
- Reduce the burden on healthcare professionals by developing products that meet the needs of the medical field
- Contribute to the reduction of medical accidents such as mix-ups and contamination of foreign substances by creating kits of pharmaceutical products

Approach to social issues (Output indicators)

The procured funds were used as capital investment to meet the market needs of manufacturing pharmaceutical packaging containers. Please note that there is a time lag before the invested facilities become operational and the manufacturing capacity increases.

Percentage increase in the quantity of products manufactured*6

The manufacturing performance of pharmaceutical packaging products increased 138% year on year due to the increased demand for various vaccine-related products because of the impact of COVID-19 and the acquisition of a new Croatian company.

Outcome of improvement of issues (Outcome indicators)

Percentage increase in the quantity of products sold*6

As mentioned earlier, the increased demand for vaccine-related products and the acquisition of a Croatian company led to a 116% year-on-year increase in sales.

*6 Percentage increase in the quantity of products manufactured and sold was calculated as a weighted average of unit price to align the different units of ampoules, vials, and syringes, which are the main products, compared to the previous year.

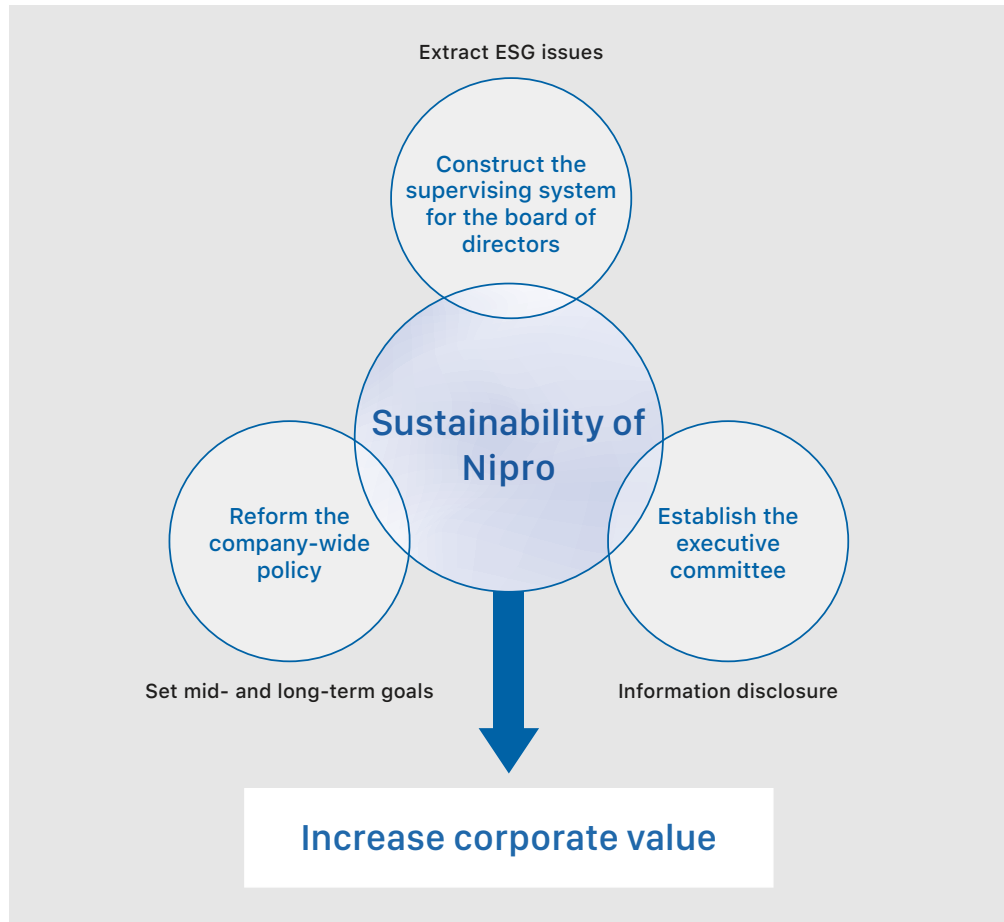
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Sustainability of Nipro

Basic attitude

Nipro Group is working to promote sustainability management to resolve various social issues through business.

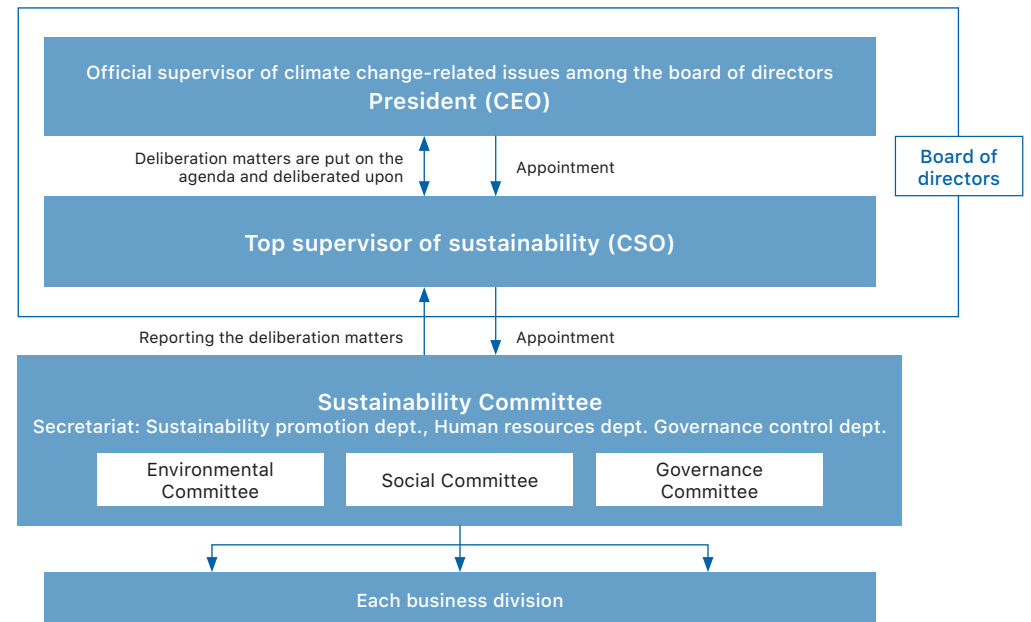


Sustainability promotion system

The Sustainability Committee is divided into the Environment Committee, Social Committee, and Governance Committee. They manage and promote the ESG initiatives in each business division (all group companies).

The status of management and promotion is put on the agenda of the board of directors every quarter or so. Accordingly, the strategy is discussed, guidance is provided, and KPI setting and its progress are deliberated upon. The contents are relayed to the business division through each committee.

Sustainability promotion system



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Management Foundation Sustainability of Nipro

Cases of sustainability-related initiatives

Case 1 CO₂-free electricity at Kondo Plant



At the Kondo Plant belonging to Nipro Medical Industries Ltd. (Japan), private power generation has been in operation using solar panels since FY2016. Furthermore, all electricity used in the plant has been renewable energy-based since April 2021. This is the first plant where 100% renewable energy-based electricity generation was achieved among all business offices and production bases of the Nipro Group.

▶ GHG emission reduction effect:
Down **4,068** t-CO₂
(As of end-March, 2022)



Kondo Plant

Case 2 Introduction of biomass boiler through public-private collaboration



At the Odate Plant belonging to Nipro Pharma (Japan), a biomass boiler has been in operation since FY2011. Accordingly, power is generated by a turbine using biomass instead of fossil fuels. The steam produced by the biomass boiler is distributed to the plant 24 hours a day and 80% of it is used for air-conditioning in the plant (using steam to heat the air cooled for humidity adjustment). It is also used to produce water for sterilization of products and manufacturing processes, leading to the reduction of GHG emissions. This project is a public-private collaboration between Nipro Pharma and Odate

City for processing and distributing wood biomass using waste wood. Nipro Pharma thus contributes to building a sustainable and communal society by participating in the project.

▶ GHG emission reduction effect:
Down **8,324** t-CO₂
(LNG conversion from the result as of end-March, 2022)



Biomass boiler at Odate Plant

Case 3 Opening of dialysis centers in emerging countries



We have opened dialysis clinics in suburban areas for patients who live far from the city, particularly in South and Central America and emerging countries, so that dialysis therapy is conveniently provided to everyone. We have also opened dialysis centers in cities in Southeast Asia and Africa to provide high-quality treatment. We aim to keep introducing our dialysis centers in emerging countries, providing high-quality products and treatment environments, thus contributing to community medicine.



Dialysis center opened in Thailand

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Environment

Information disclosure based on TCFD

Nipro Group recognizes that climate change is a significant issue that greatly affects business continuity. Nipro Group agrees with the suggestion of the Task Force on Climate-related Financial Disclosures (TCFD) and will expand information disclosure following the framework proposed by TCFD.

Governance

In Nipro Group, the President serves as a supervising officer of climate change issues. Our CFO was designated as chairman of "the Environment Committee" by the President and manages and supervises the initiatives for climate change issues at Nipro Group.

In the Environment Committee, the persons in charge of climate change issues in each business division serve as committee members who identify the impact of climate change on Nipro Group and examine the policy initiatives and specific measures. The measures examined by the committee are put on the agenda of the board of directors through the chairman of the committee and deliberated as a significant management issue of Nipro Group.

Nipro Group makes a quick decision on the management related to climate change issues by introducing the aforementioned committee system and improves the system to work on the measures.

Strategy

The impact of climate change on Nipro Group is divided into the following two types: one is related to the "transfer" caused by political impact generated in the course of societal change toward carbon neutrality and establishment of new technologies as well as the change in market needs; the other is related to "physical change" such as frequent abnormal weather caused by increasing global warming, occurrence of subsequent disasters, and higher average temperatures. Nipro Group, a comprehensive medical manufacturer, analyzes these impacts from the perspective of each business division, identifies risks and opportunities, and incorporates them into the business strategy. The following page describes a part of our strategy.

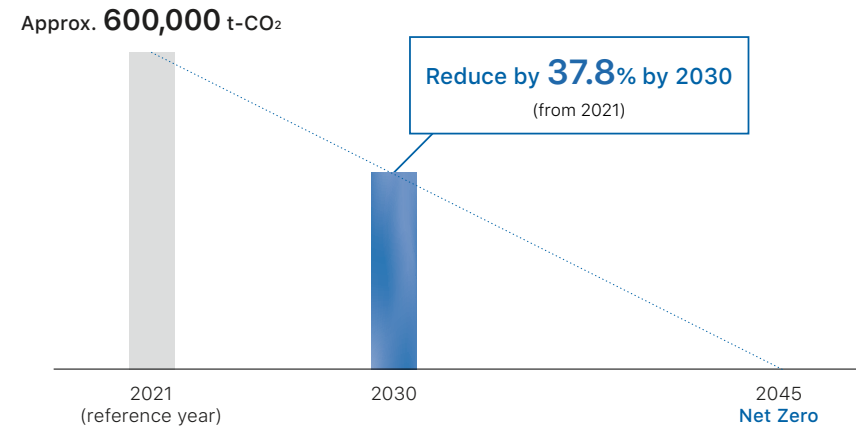
Risk management

Nipro Group formulates the Rules for Controlling Management Risk, accurately grasps the management risk that can greatly impact business including climate-related risks, and endeavors to conduct the appropriate corporate management. Whenever the assumed risk exceeds a certain amount, it is put on the agenda of the board of directors and the management makes a quick decision regarding risk management.

Index and goals

Nipro Group decided the volume of greenhouse gas emissions (unit: t-CO₂) as an index for the evaluation and management of risks related to climate change. Furthermore, to promote the reduction of greenhouse gas emissions, Nipro Group aims for Net Zero in Scope 1/2 by 2045. As an interim goal, Nipro Group aims for a reduction of 37.8% in Scope 1/2 by 2030 compared to 2021.

Volume of greenhouse gas emissions (t-CO₂)





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Management Foundation Environment

▷ Results of scenario analysis

Risk

Category	Risk items	Impact on business	Degree of impact	Period	Measures
Transfer risk (1.5°C scenario)	Increase in carbon price	Increase in the costs of energy and raw materials at plants and business offices due to introduction and reinforcement of carbon tax.	Major	Mid-term	Implementing energy-saving measures and promoting renewable energy usage to reduce GHG emission volume at production bases where a large volume of GHG is emitted through operations.
	Change in customer behavior due to increasing environmental awareness	Decrease in sales due to loss of sales opportunities and decreasing demands. As the demand for environmentally friendly products increases, it is difficult to switch to alternative materials.	Moderate	Long-term	We are reducing GHG emissions by making existing products smaller and lighter and production processes more efficient. We have simplified packaging while securing quality and changed the packaging material to low-carbon materials for some products. We will further develop products using environmentally friendly materials and use low-carbon materials for product packaging.
Physical risk (4°C scenario)	Occurrence of disaster due to abnormal weather	Decrease in supplied quantity due to the damage caused by disasters to production facilities, logistical problems caused by disasters, and stagnating supply of materials when abnormal weather increasingly causes the occurrence of disasters.	Major	Long-term	Formulating, maintaining, and managing BCP assuming abnormal weather. Constructing the production bases and implementing measures for disasters after considering the system for various disaster risks (having private power generation facility, stockpiling energy and food, having a sufficient stock of raw materials).

Opportunity

Category	Opportunity items	Impact on business	Degree of impact	Period	Measures
Efficiency of materials	Reducing indirect expenses through efficient logistic processes	Leading to cost reduction by strengthening control of the amount of materials and logistics processes and opportunities to implement efficient transportation and improvement in quality.	Moderate	Mid-term	Reviewing the logistics route and transport fees in Japan and overseas, placing logistics bases at appropriate locations, and maintaining the appropriate amount of stock. The appropriate amount of stock contributes to reducing the expenses for storage and transport and amount of disposal.
Products and services	Increase in supply volume to respond to the demands of consumers	Increase in opportunities to provide products that respond to greater interest and demand for infection prevention among consumers. This demand has arisen after the outbreak of new infections or long-term disease trends associated with climate change.	Great	Long-term	To fulfill the responsibility of supplying products to clinical settings during the expansion of demand for the related products, establishing a system for quickly increasing production volume, and supplying products to respond to the globally expanding demands by determining the level of stock of products that is decided to be necessarily higher than that for other products.
Products and services	Increase in demand of products to respond to greater environmental awareness	Leading to an increase in the sales of home care products, which is motivated by greater demand for home care products that do not emit GHG associated with transport.	Minor	Long-term	Promoting research and development while gathering information on customers' demands.



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Human Resources Strategy

Promoting Transparent Appointment of Positions and Personnel Exchanges in the Group

The Nipro Group promotes personnel regardless of seniority under the company policy of “willingness” to earn ¥1 trillion of sales for the fiscal year ending March 2031. Through complete reform of the personnel system and clear criteria for promotion, treatment of personnel has become more transparent, which is effective in increasing employee motivation. Employees can also apply for in-house staff positions to facilitate career development within the Nipro Group. In the future, we aim to remove barriers to personnel changes and realize the allocation of the right employees in the right positions, beyond the framework of the company by integrating this personnel system within the Group.

Cultivating Language Skills and Supporting Self-Development Learning

To boldly target the global market of eight billion people in this era of no borders, we must learn languages other than Japanese. Therefore, we provide language training programs, mainly English, to select employees, and have created opportunities to enhance language skills.

The Nipro Group actively improves group training based on the belief that people only grow through communication. Thus, we are attempting to deepen communication skills, and are also providing online training to complement group training. Furthermore, employees can freely apply à la carte for self-development learning on a topic that meets their needs.

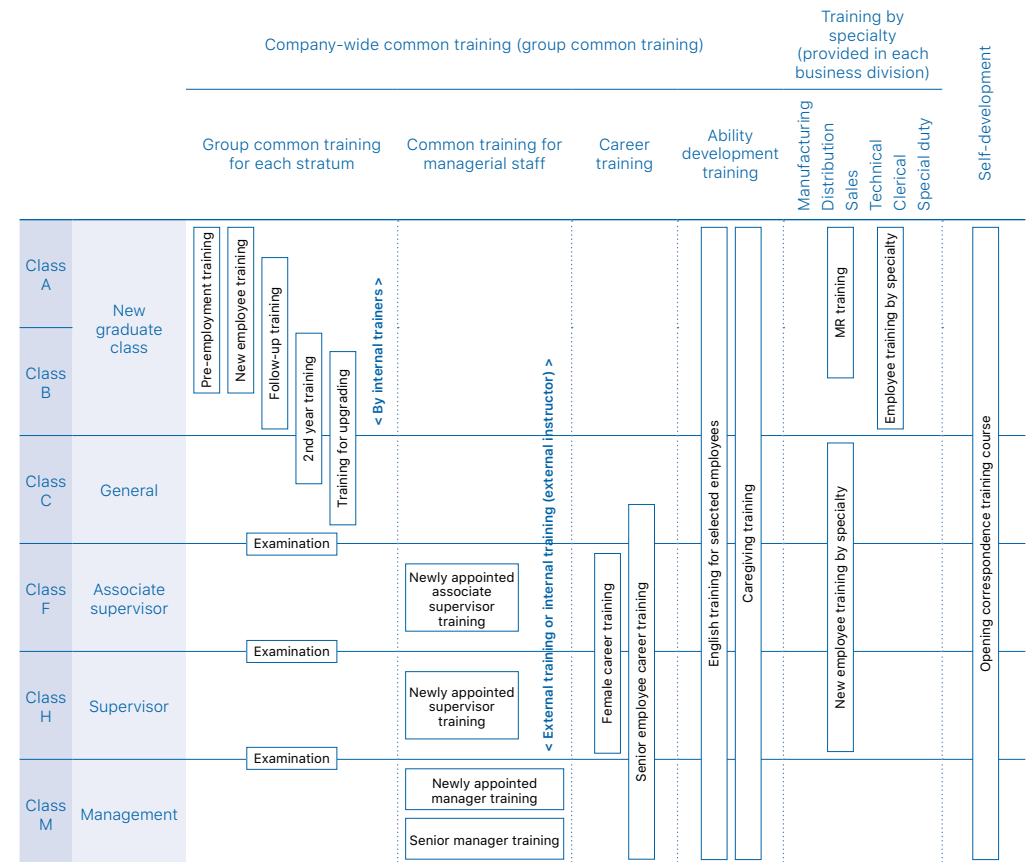
In addition to language training, PC and other skill development courses are available throughout the year. Therefore, motivated employees can raise their competence levels by voluntarily attending these courses for which the company pays the fees.

Training by Stratum for Young Employees and Employees Promoted to Official Positions

The Nipro Group provides young employees with unique training, including numerous programs in which participants communicate with their colleagues. This stimulates their motivation, increases their knowledge, and deepens their communication with their colleagues, leading to a decrease in the turnover rate. We also provide training for each managerial position in their first year or at an early stage of their appointment, which helps them master the purpose of their positions and enhances their engagement with the company.

As these training courses are centrally organized in the Nipro Group, both Nipro employees and employees of group companies can participate. Sharing the values of group companies with various backgrounds not only helps Nipro but also increases the brand value of the entire group.

Education and Training System Diagram



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Human Resources Strategy

Promoting the FISH Philosophy

The Nipro Group promotes the FISH philosophy as a guide for employee conduct. The FISH philosophy has four basic principles: “choose your attitude”, “enjoy your work”, “pay attention”, and “delight people”. Being aware of these concepts enhances motivation to work and creates a vibrant and comfortable workplace environment that allows people to connect with their surroundings. The FISH philosophy has been promoted across the Nipro Group; as in-house events, “the FISH Festival and FISH Award” were organized to introduce and commend the practice of the FISH philosophy in each business office and plant. Through these efforts, we attempt to promote the FISH philosophy, improve communication between employees, and enhance the workplace environment.



FISH Award (August 2021)

Maintaining Workforce by Increasing the Retirement Age

The decrease in the working population due to a declining birth rate and an aging population is an unavoidable issue in Japan. Nipro has decided to increase the retirement age to 65 years from October 1, 2022, to retain the workforce and strengthen senior employee engagement. Therefore, we guarantee the employment of senior employees by extending the mandatory retirement age to prevent early retirement, support transmission of knowledge and technology, and contribute to the development of the Nipro Group.

Flexible Work Style — Flextime System and Telecommuting System

We introduced a flextime system for some jobs to create a work style free from fixed work hours and to contribute to the maintenance of mental and physical health. Additionally, considering the COVID-19 pandemic as an opportunity, we introduced a telecommuting system to create a work style free from fixed spaces and to improve labor productivity while also improving mental health. However, we believe innovation can only be produced through face-to-face communication. Thus, we have set a maximum frequency limit for telecommuting and require employees to work at the office two days a week.

PICK UP

Supporting Employees with Children

At the Nipro Group, we provide particularly generous support for employees who return to work from childcare leave. We support balance between work and childcare by allowing employees to work fewer hours until their children reach the 6th grade of elementary school; this prevents employees from resigning. We also established our corporate daycare facilities in Akita, Mie, and Shiga to contribute to early reinstatement of employees. We encourage male employees to take childcare leave, and the number of employees taking advantage of this policy has been increasing. Additionally, we have also established paternity leave and nursing care leave policies for male employees. Thus, we are making great efforts to support childcare.



Odate city, Akita
(Nipro Odate Plant / Odate Plant, Nipro Pharma Corporation)



Matsusaka city, Mie
(Ise Plant, Nipro Pharma Corporation)



Kusatsu city, Shiga
(Nipro Life Science Site)

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Human Resources Strategy

Supporting Caregivers

As family sizes decrease, employees playing a major role in nursing care is becoming an unavoidable issue. The Nipro Group has a system that is significantly better than the legal system with respect to the period of long-term absence from work for nursing care. This system also makes it possible for employees to work fewer hours. In this way, we prevent employees from resigning because of nursing care responsibilities.

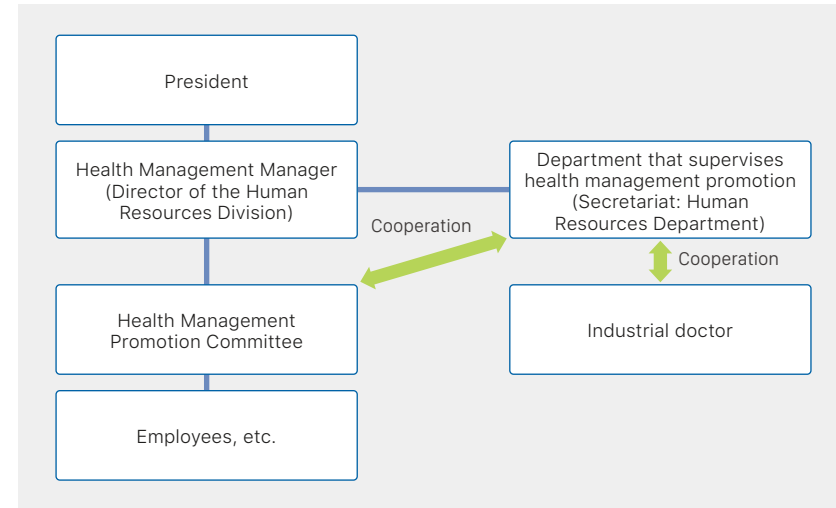
Job Return Program

We introduced a system that allows employees who have left the company for unavoidable reasons, such as transfer of a spouse, childcare, and nursing care, to re-join the company after their affairs are resolved so that they can make the most of the know-how they gained at Nipro. This system allows employees to dedicate themselves to issues at home with peace of mind; after their issues are resolved, they can re-join the company. Thus, we contribute to work-family balance.

Promoting Health Management

Nipro Group promotes health management in line with our management philosophy of supporting the health of people around the world and contributing to society. As a company that supports healthcare, improves productivity, and contributes to society through sustainable growth, our health management policies aim to promote the health of employees. Our Health Management Promotion Committee, led by the Director of the Human Resources Division, was organized to achieve these objectives. Members are selected from each business division to discuss various issues. We implement measures targeting priority issues in particular, including smoking, mental health, and promotion of workplace activities, such as holding seminars and introducing health apps to enhance employees' health literacy. We also try to improve daily support through initiatives such as a system that enables employees to obtain health consultations with industrial healthcare workers, including an industrial doctor at each base.

Promotion System



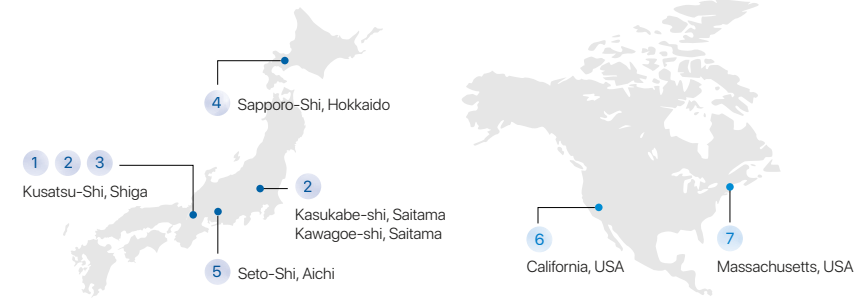
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Research and Development Activities

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

235

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

175

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

59

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

32

Research themes

Manufacture of investigational new drug and development of equipment and consumables for the realization of regenerative medicine using autologous bone marrow cells for strokes, spinal cord injuries and other diseases.

Status of industry-academia collaboration

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



5 Goodman Medical Innovation Center

Number of employees

54

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

- In December 2021, started a company-led clinical trial in collaboration with National Cerebral and Cardiovascular Center.
- Implementation of research in collaboration with Hiroshima University

6 AVANTEC VASCULAR CORPORATION

Number of employees

37

Research themes

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

7 Infraredx, Inc.

Number of employees

64

Research themes

- NIRS+IVUS intravascular imaging
- AI detection and prediction algorithms
- Optical physiological measurements
- Plaque characterization algorithms
- Optical detection algorithms

Status of industry-academia collaboration

- Boston University
- Imperial College London
- Queen Mary University of London
- University of Tokyo



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Research and Development Activities

In our group, we play a core role in promoting research and development activities of medical devices and drugs at Nipro Life Science Site in Minami Kusatsu, Shiga Prefecture.

Regarding the medical-related business, the Pharmaceutical Affairs Law was revised in 2014, and the software alone is regulated as a program medical device, which has intensified the competition in the development of program medical devices. In particular, many imaging devices and behavior change apps for treatment have been approved, and a nicotine dependence app was covered by health insurance for the first time as a therapeutic app. We established the Medical Device Digital Transformation (MDx) laboratory in August 2021 and have been developing a new business area of programmed medical devices aiming to support treatment, diagnosis, health promotion, etc.

Furthermore, we have established the Division of Medical Device Development and Technology Sales where the domestic and overseas organizations are integrated for the purpose of unifying equipment parts in Japan and overseas, thus reducing development costs.

AI research on dialysis devices has been activated. The data have been collected in collaborative research with Tohoku University, and development is being conducted while aiming at a prediction accuracy of 90% or higher. In addition, we perform AI analysis using ECG transmitter COCORON®, have been participating in the research to prevent blood pressure decrease, and are progressing the development in cooperation with the projects in Europe and Japan.

We will continue to make efforts to improve the QOL (quality of life) of healthcare professionals and create and grow new medical products.

In the pharmaceutical-related business, we are developing high-quality generic drugs for various therapeutic areas and dosage forms of branded drugs to reduce drug costs and improve the quality of medical care. We are also focusing on the development of value-added products, such as easy-to-take orally disintegrating tablets from the perspective of patients and easy-to-handle kit drug products from the perspective of healthcare professionals in medical practice.

The total research and development expenses for the current consolidated fiscal year are ¥18,734 million.

The research and development activities by segment are as follows:



1. Medical-related business

Our Research and Development Institute and Enzyme Center are mainly engaged in the following research and development activities:

● Division of Medical Devices

We have marketed implantable CV port kit "R3 Port." By changing the shape of the inside of the port to an R-shape, to prevent retention of drugs, infusion for a long time in the body can be achieved without the obstruction of the flow path. Further, the pressurized drug infuser Surefuser was updated, which is now easier to carry and slim and whose tube can be wound around the main unit. Surefuser A 130 mL was also put on the market. This product stands by itself so that drugs can be easily filled in the product.

As a product for COVID-19 measures, we have marketed LUFKA™, a 100% domestically produced, sophisticated respirator mask for the prevention of infections. This product was jointly developed by four companies, including the National Cerebral and Cardiovascular Center. Additionally, we have marketed a double-tube structure deep-freeze blood collection vessel that is not damaged under the environment at -80 degrees in special tests such as HBV, HCV, and HIV, along with the NOHCS disposable saliva ejector for gentle oral care with a soft resin tip.

● Division of Circulatory and Interventional Products

To maintain the top share of the support catheter for coronary artery "GUIDEPLUS II," we have added types that no other companies supplied and marketed a product compatible with 5 fr size. We will expand the use of the product for balloon lock and the two-wire technique.

In addition, as an approach to a new vascular field, we have marketed an aspiration catheter for neuro endovascular treatment. It is used to remove blood clots from the cerebral blood vessels in patients with acute ischemic stroke, through a technique called "ADAPT." A blood clot is sucked to the tip of the catheter and removed. We improved the deliverability to blood vessels by introducing a 13-step stiffness variation to our aspiration catheter. The increased suction pressure of the suction device improved the ability to remove blood clots.

● Division of Artificial Organs

We have marketed an extracorporeal ventricular assist device in which a centrifugal blood pump with a non-contact bearing using hydrodynamic bearing technology is used for 30 days. We have also marketed a femoral venous and arterial cannula that is inserted and placed in a blood vessel for extracorporeal circulation, wherein a step at the tip of insertion into the blood vessel is reduced to achieve rapid insertion. In addition, we have marketed a small, lightweight heater unit used with ECMO equipment for warming.

As a dialysis-related product, we have marketed the hemostatic adhesive tape "Nobleed®" (overseas brand name "Hemoquic™"), in which cationic cellulose is added to shorten the time of hemostasis after the completion of dialysis. Furthermore, we have marketed 1% chlorhexidine gluconate ethanol solution disinfectant cloth, which complies with the guideline on dialysis operation and infection prevention (ethanol containing more than 0.5% chlorhexidine gluconate), and 1% chlorhexidine gluconate aqueous solution disinfectant cloth, which can be used for patients in whom alcohol is contraindicated, and also for medical devices.

We have also marketed a dialysis needle with an automatic air vent check valve in Japan and overseas. It is a cannula needle with a hemostasis valve equipped with an automatic air removal mechanism (our only automatic air removal mechanism), where blood is automatically filled in the cannula as soon as the inner needle is removed.

● Division of Diagnostic and Test Agents

Regarding diagnostics, our COVID-19 antibody test kit is on the market. We have also marketed a laser blood flow meter for foot care in diabetic patients.



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Research and Development Activities

Division of Enzymes

Regarding enzyme products, three types of enzymes were added for diagnostic agents with characteristics of excellent thermal stability and preservability.

Division of Pharmaceutical Packaging

We have marketed a subcutaneous administration set for pharmaceuticals whose shape was improved to minimize the residual liquid volume of each component. Moreover, we have marketed Two Tock for DMSO, a transfusion tool, used for DMSO drug reconstruction in the manufacturing process of STEMIRAC® for Injection, as well as a bag for biopharmaceuticals such as cell culture, reconstruction of drugs, and storage of drug solutions in response to the request from various pharmaceutical manufacturers.

Division of Cell Therapy

As a fertility treatment product, MightyWell®, a dish for freezing and thawing operations for eggs/embryos, was on the market. We have expanded the product lineup by marketing a short type for the plastic Pasteur pipette used for the microscopic operation of eggs and sperm in addition to the long type.

Division of Medical Training

Although on-site training was canceled or postponed due to the COVID-19 pandemic, we created a program for web training and have provided various training programs. After things returned to normal, we have been providing both on-site and online training programs.

As an overseas training facility, a theater room capable of accommodating 100 people was newly built. Various training sessions have been organized, and hands-on seminars using arm simulators were held for healthcare workers who perform dialysis. In addition, the related academic society certified the granting of points to the participants.

The research and development expense for this project is ¥8,577 million.



2. Pharmaceutical-related business

Our Pharmaceutical Research Laboratories are taking the initiative and conducting the following research and development activities:

Injectable Drugs

In addition to common vial and bag drug products, we have been actively developing a kit drug product aiming to improve usability in medical practice. We have already marketed a dual-chamber pre-fillable syringe for leuprorelin acetate (a one-month drug product) (brand-name drug: Leuplin, Takeda Pharmaceutical Company)

used for the treatment of prostate cancer and premenopausal breast cancer. We are currently developing products focusing on the areas with high development difficulty, such as an extended-release injection.

In this fiscal year, we launched two ingredients and three types of generic drugs of vial products. We also obtained marketing approval for one ingredient and one product of a pre-fillable syringe preparation.

Oral Drugs

In addition to general oral drugs (tablets, granules, etc.), we are developing extended-release drug products that face difficulty in development. Furthermore, to improve usability in medical practice, we provide products with ingenuity by printing ingredient names on tablets and following special packaging specifications such as individual packages and aluminum pillow packages.

In this fiscal year, we launched five ingredients and 12 types of generic drugs. We also obtained marketing approval for three ingredients and five products.

External Use Products

Several generic drugs are under development, including patches.

We are now working on the development of a micro-needle drug product, a transdermal absorption drug with a new concept of "an injectable drug to be applied to the skin," and newly launching a production line for investigational products.

In this fiscal year, we launched one ingredient and one generic eye drop product. As a product for measures against COVID-19, we are also developing disinfectants for environmental hygiene.

Biosimilars

Although the biopharmaceuticals market is rapidly expanding in Japan, they are mostly expensive. The need for biosimilar generics with low prices is increasing from the perspective of reducing medical expenses. Thus, we aim to develop products in cooperation with a company that provides bio-drug substances with equivalent quality to the original drug but at lower prices.

Others

We have obtained approval for the manufacture and distribution of "LYMPACK® TA5" which is dialysate concentrate powder for hemodialysis. This product is designed for the calcium (Ca²⁺) concentration to be an intermediate value of the existing product when prepared as a dialysate. It is also designed to have higher concentrations of magnesium (Mg²⁺) and glucose (C₆H₁₂O₆), and lower concentrations of acetic acid (CH₃COO⁻) than when using existing formulations. We hope that this product will offer a new therapeutic option for dialysis patients in their daily treatment.

The research and development expense for this project is ¥10,157 million.

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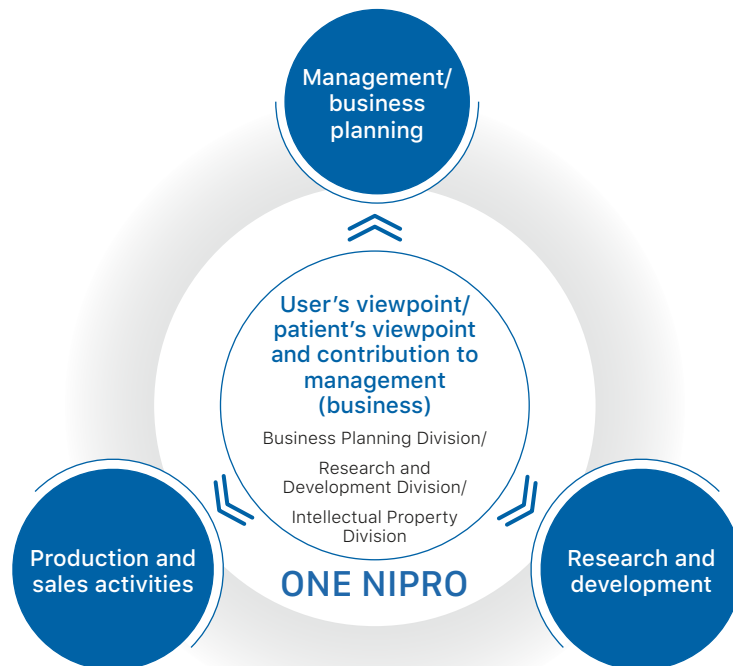
Management Foundation

Intellectual Property Investment

Introduction

We regard intellectual properties and intangible assets as important management resources and work on "intellectual property management" every day through the practice of this intellectual property philosophy: respecting the intellectual properties of others, not releasing products that violate the intellectual properties of others, and making efforts to develop products based on original intellectual properties.

The Business Planning, Research and Development, and Intellectual Property divisions, employing the spirit of "ONE NIPRO", are involved in all business processes, from management and business planning and research and development to production and sales activities. They aim to earn ¥1 trillion in consolidated sales for March 2031 by focusing on "the user's viewpoint/patient's viewpoint" and "the contribution to management (business)", while integrating each department's strategy.



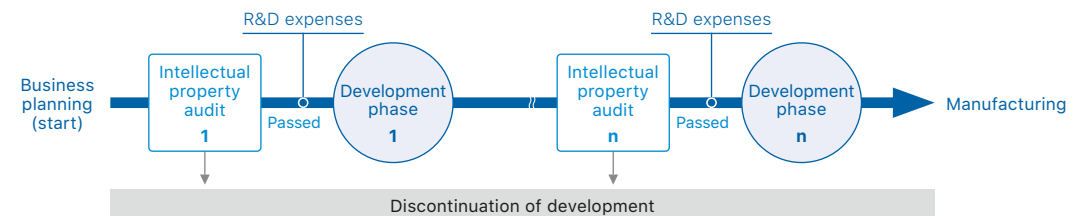
In intellectual property management, a dedicated system assigns the Intellectual Property Division staff members for each planning and development project. The Business Planning, Research and Development, and Intellectual Property divisions work together to plan and implement strategies for the discovery of inventions, the application, acquisition, and exercise of rights, the invalidation of rights of other companies, and the protection of know-how from business planning to commercialization to post-marketing activities.

The intellectual property audit system* has been introduced (as an internal system) to ensure our intellectual property philosophy (respect for the intellectual properties of others).

- * The intellectual property audit system is a voluntary system that establishes multiple checkpoints in the processes of business planning and research and development; the three divisions (Business Planning, Research and Development, and Intellectual Property) check their own intellectual property clearance.
- If an issue is identified during an audit (at a checkpoint), the project cannot proceed, and the issue has to be resolved through changes (the project can proceed only if there are no issues or if the issue can be resolved).
 - If this issue cannot be resolved, the project will be discontinued. In this operation, an intellectual property audit contributes to shortening the development period and controlling costs.

At present, in addition to the major domestic group companies, the intellectual property audit system has been introduced to overseas subsidiaries while considering the situations of the countries and companies. The Group is working together to "practice intellectual property management", focusing on "the user's viewpoint/patient's viewpoint" and "the contribution to management (business)".

Outline of intellectual property audit system (linked to development phase)



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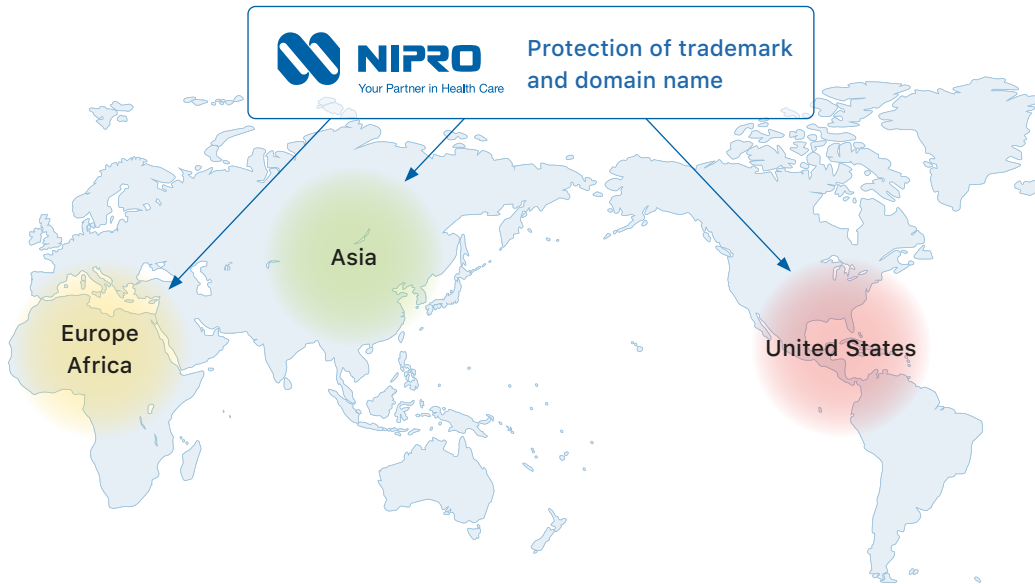
Management Foundation

Intellectual Property Investment

Brand Protection Activities: Protection of Trademarks and Domain Names

To ensure reassurance and safety to customers around the world, we globally registered many trademarks, including "NIPRO" (filing applications/licensing in more than 100 countries and regions in the world).

We also globally monitor the registration and use of confusing trademarks and domain names including "NIPRO" by third parties. Additionally, we take legal measures such as suspending the use of trademarks and domain names employed for illegal acts to protect customers' and brands' confidence and trust.



Human Capital Development: Training on Intellectual Properties

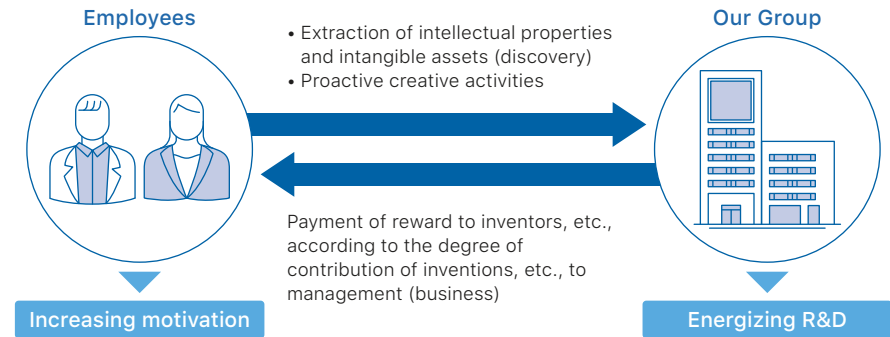
We provide intellectual property training to the Business Planning, Research and Development, and Production divisions, according to the level required by each occupational function to ensure that each employee is motivated to participate in "intellectual property management" based on our intellectual property philosophy.

Encouragement of Creative Activities such as Inventions: Proposal of Inventions and Reward Systems

To encourage creative activities, such as inventions that can act as a bridge to the next generation of management (business), our employee invention system has the following characteristics:

- In addition to the extraction (discovery) of intellectual property and intangible assets, including inventions, employees can actively conduct creative activities and propose results to the company.
- If an employee files an application for an invention and the rights are acquired (in the case of know-how, certification of know-how) and the degree of the invention's contribution to management (business) is high, a monetary incentive will be paid to the inventor, etc., in accordance with the integrated rules of the Group.

Employee Invention System



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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.

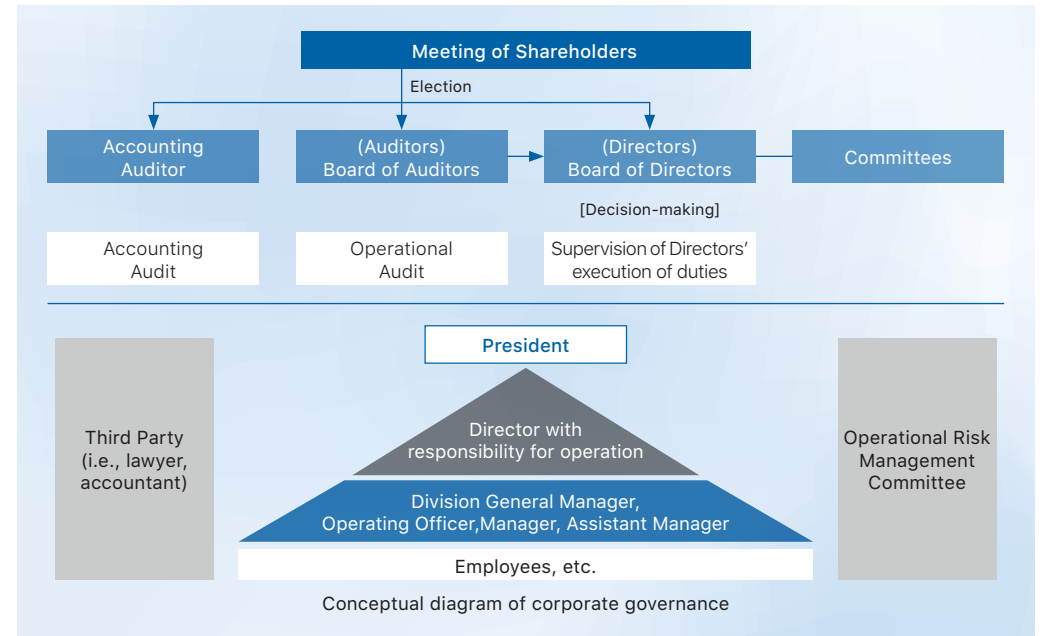
(2) Internal Control Systems

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

Six of the directors are Outside Directors and two of the three Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members. The six 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 Support Staff for Audits:
Names of Certified Public Accountants conducting the Audit: Certified Public Accountants: 16
Kazuhiro Bando, Takanori Nakasuka, Haruhito Urabe Other Staff: 2

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	¥ 576	¥ 236	340	—	26
Internal Audit & Supervisory Board Members	7	7	—	—	1
Outside Directors, Outside Audit & Supervisory Board Members	16	16	—	—	5

	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	\$ 4,706	\$ 1,928	2,778	—	26
Internal Audit & Supervisory Board Members	57	57	—	—	1
Outside Directors, Outside Audit & Supervisory Board Members	131	131	—	—	5



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Status of Corporate Governance

5. Skill Matrix

Knowledge, experience, abilities, etc., possessed by the directors and auditors of the Company

	Name	Position	Corporate Management	Financial Accounting	Legal, Ethical, Crisis-Management	ESG (Sustainability)	Production/quality	R&D/Technology	Sales/marketing	Global	IT/Digital	HR Development
1	Yoshihiko Sano	Director	◎					○	○			
2	Kiyotaka Yoshioka	Director						○	◎			
3	Toshiaki Masuda	Director					○	◎				
4	Kyoetsu Kobayashi	Director				○	◎	○				
5	Kimihito Minoura	Director		◎				○		○		
6	Tsuyoshi Yamazaki	Director	○						○	◎		
7	Kazuhiko Sano	Director					○	◎				
8	Kenichi Nishida	Director	○				○	◎				
9	Yasushi Oyama	Director	○					○	◎			
10	Takehito Yogo	Director		◎		○					○	
11	Hideto Nakamura	Director			○	○						◎
12	Toyoshi Yoshida	Director			○		◎					
13	Yoshiko Tanaka	Outside Director	◎		○							
14	Yoshiko Shimamori	Outside Director			○							◎
15	Toshiaki Hattori	Outside Director (New)	○	◎								
16	Katsunobu Hashimoto	Outside Director (New)				○						◎
17	Hidehiko Kawazu	Outside Director (New)				○						◎
18	Kiyomi Aoyama	Outside Director (New)			○			◎				
19	Takayuki Nomiya	Auditor		○	◎							
20	Kazumichi Irie	Outside Auditor	○						◎			
21	Masayoshi Hasegawa	Outside Auditor	◎	○			○					

* Although the three areas of knowledge, experience, and abilities of the directors and corporate auditors are listed, they do not represent all of the knowledge, experience, and abilities possessed by the directors and corporate auditors.

* ○ indicates areas in which directors and corporate auditors have in-depth knowledge, experience, and abilities; whereas ◎ indicates areas in which directors and corporate auditors have the most in-depth knowledge, experience, and abilities. The Company's main business is the manufacture and sale of medical devices, pharmaceuticals, glass products, etc., and the Company aims to proactively expand its business in markets around the world. Therefore, the Company needs a management team that is both appropriately sized to accommodate its expanding business scale and diverse in terms of gender, internationality, work experience, age, and other factors. The Company recognizes that the sustainable growth of the Company and the enhancement of its corporate value can be achieved when these management members are in charge of business execution (directors) and have the roles and responsibilities to promote the businesses under their control. Therefore, the Board of Directors determines whether a person is qualified to serve as a director or auditor of the Company based on her or his knowledge, experience, and abilities in management, financial accounting, legal affairs, research and development, and human resources development. In addition, Independent outside directors shall include those who have corporate management experience at other companies and are capable of providing accurate proposals and advice to management from a broad perspective.

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Outside Directors' Messages



The challenge is to develop young human resources who will lead the future

Yoshiko Tanaka
Outside Director

I have been an outside director of Nipro for eight years, during which I have seen the governance of Nipro steadily evolve, through active deliberations of the board of directors. In 2022, with the transition to the prime market, the number of outside directors was increased to six, one-third of all directors. I believe that this will enable discussions from a wider variety of perspectives than before.

The Nipro Group aims to become a group company with sales of 1 trillion yen in the fiscal year ending March 2031. To achieve this goal, it is important to develop young human resources who will lead the future and transfer authority. Meanwhile, there is a tendency to increase the amount of net interest-bearing debt. It is necessary to clarify the investment criteria and conduct reliable risk management.

The business of the Nipro Group already covers a broad area. However, in the future, it is desirable to enter business areas such as health food, cosmetics, and supplements as a company contributing to health in addition to the business focusing on medical administration. I expect that Nipro will herald a new phase of growth by using the technical and development capabilities, the strength of the Nipro Group.



I expect that Nipro will develop a product such as a machine that can contribute to the safety of patients by itself

Yoshiko Shimamori
Outside Director

I have been attending the meetings of the board of directors over the past year as an outside director of Nipro. I observe that Nipro covers a broad range of businesses, and directors are accurately grasping the needs of the field and discussing ways to address them. One of my roles was participation in the research ethics review committee 5-6 times a year. When samples were collected in research activities of the company, I audited whether human rights were violated or the health of patients was endangered. I actively asked questions and gave my opinions to the committee, which I think clarified issues and eventually led to the safety of patients.

In the future, I expect the Nipro Group to manufacture devices that can contribute to the safety of patients without requiring the mindful awareness of healthcare professionals. For example, I hope Nipro will build products with a fail-safe function that automatically stops a device when a hazard is detected or products that automatically record the results of diagnosis in the electronic medical record.

For a company's long-term survival, it is also necessary to consider sustainability, such as the environment. I hope the entire company will work together to achieve the environmental goals that were newly set for this fiscal year, "37.8% reduction in CO₂ emissions (compared to 2021) and net zero in 2045."



I will support the sound management of the Nipro Group based on a hands-on approach

Toshiaki Hattori
Outside Director

I used to work as a site manager at a bank. My next role was that of a general manager of a listed company's general affairs and accounting division where I was engaged in direct negotiations with various customers and reformed the organizational and personnel systems. In both duties, what was important was to listen to the opinions of people on-site, a useful tip that I will adopt as an external director of Nipro.

Observing from the outside, the strength of the Nipro Group is the ambitious attitude of actively expanding the business and having global production footings to create better products to meet the needs of customers. I also believe that Nipro has excellent human resources and R&D capabilities necessary to expand these businesses. However, as the ratio of debt capital in finance is increasing, I feel that we need to carefully balance future business expansion and investment.

In addition, for a company to achieve long-term development, not only keeping track of profits but also having the perspective of fairness is important. As an outside director, I will always pay close attention to ensure that the Nipro Group does not deviate from sound management.

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Outside Directors' Messages



I aim to contribute to the establishment of human resource strategies at Nipro by making the most of my abundant experience

Katsunobu Hashimoto
Outside Director

As an outside director of Nipro, my expertise can support the progress of healthcare professionals. I have been involved in the development of clinical engineers for approximately 40 years. In recent years, I have been conducting educational activities in Asia. Therefore, I believe that my experience can be beneficial for Nipro's human resource and international strategies.

The strength of the Nipro group lies in its diversified business portfolio, which includes pharmaceuticals and glassware in addition to the core offering of medical devices. I believe that systematizing these products and selling them as a package has the potential to lead to significant sales growth in the future. Regarding organizational matters, I intend to promote women's active participation. Women constitute approximately 60% of the students at the university department where I work. As the number of excellent female clinical engineers is expected to increase in the future, it is desirable to actively hire women as managers to enhance the services for Nipro's consumers in the future.

Nipro has been expanding dialysis centers around the world. To support the globalization of this business, I intend to use my extensive knowledge and experience in international education and human resource development.



NIPRO's mission is to meet the medical needs of people on a global scale by motivating each and every employee

Hidehiko Kawazu
Outside Director

I have worked mainly in the field of welfare administration, focusing on how I could support people or how I could learn through supporting them. If a social incident makes the headlines, I consider what administrative measures we can formulate and implement. As an outside director of Nipro, I will use this same concept of solving issues, with human beings being the main focus.

The strength of the Nipro Group is that the scope of business is clear: a general medical device manufacturer. Each employee has a vision they can incorporate into their code of conduct, including the corporate slogan "Willingness." Another strength is that they strictly work from the user's viewpoint, President Yoshihiko Sano's idea, and strive to meet the medical needs of people on a global scale by providing products that are truly necessary for patients.

Meanwhile, the use of human resources and the activation of the organization are immediate future issues to be considered. In particular, regarding the organization, it is important to build not only horizontal relationships with other departments and vertical relationships within the same department but also oblique relationships that connect with people at different levels in other departments. I believe these relationships will produce ideas that go beyond areas and positions and lead to new business development.



I expect that Nipro will contribute to the benefit of not only the company but also the entire society by marketing excellent Nipro products, including anti-infection products

Kiyomi Aoyama
Outside Director

I have worked in the field of public health, particularly in the execution and management of duties at public health centers. I began my career as a physician. However, I wanted to contribute more to people's health. I had been engaged in medical care in an administrative role, such as prevention and treatment of infections and prevention and early discovery and treatment of diseases.

The strength of the Nipro Group is that it provides a number of excellent products that meet the expectations of medical practice, such as dialysis machines. The other strengths include the following: promoting local production for local consumption through the global network; integrating and distributing a wide range of businesses, including medical devices, pharmaceuticals, PharmaPackaging, and regenerative medicine; and establishing medical training facilities to improve the skills of all healthcare professionals and market its own products at the same time.

I have found that the challenge of the Nipro Group is not adopting the right approach for market expansion of our products to relevant organizations. For example, our infection control product "CL Fine" could be easily marketed to medical institutions and public health centers by classifying it as "quasi drugs" instead of "miscellaneous goods" under the Pharmaceutical and Medical Device Act. Let's achieve our management philosophy, "Create and innovate the business and contribute to society," by further expanding the excellent products of the Nipro Group to the world!

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Board of Directors and Audit & Supervisory Board Members

As of June 28, 2022

President & Representative Director



— Yoshihiko Sano

Managing Directors



— Kiyotaka Yoshioka
Domestic Division, Business Strategy Office Headquarters



— Kimihito Minoura
Division of Regenerative and Advanced Therapy; New Business Development Headquarters



— Kenichi Nishida
General Manager of Research Planning Office of Pharmaceutical Research Laboratories

Directors



— Hideto Nakamura
General Affairs/Human Resources Headquarters; Governance Supervise Division of the Company



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



— Tsuyoshi Yamazaki
Global Business Division; PharmaPackaging Division



— Yasushi Oyama
Vascular Division; Vascular Product Sales and Development Headquarters



— Toyoshi Yoshida
Quality Assurance & Regulatory Compliance Headquarters



— Kyoetsu Kobayashi
Global Production Division



— Kazuhiko Sano
Construction & Engineering Headquarters; Production Technology Development Division; Production Technology Center



— Takehito Yogo
Corporate Planning Headquarters (Chief Financial Officer)



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● 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
- Apr. 2002 :Part-time Lecturer of Kobe Pharmaceutical University
- Jun. 2002 :President and Representative Director, MEDY HOPE Corporation (to present)
- Jun. 2014 :Appointed Director, Nipro Corporation (to present)
- Jul. 2014 :Council member of Kobe Pharmaceutical University

— 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
- Jul. 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 and Council member of Iwate Medical University
- Jun. 2021 :Appointed Director, Nipro Corporation (to present)

— Toshiaki Hattori

- Jan. 2000 :Branch Manager of Kori Branch, Daiwa Bank Ltd. (currently Resona Bank, Ltd.)
- Mar. 2002 :General Manager of Taisho Branch, Resona Bank Ltd.
- Jun. 2004 :General Manager of General Affairs Department, Administration Division, Toami Corporation General
- Jun. 2006 :Director and General Manager of General Affairs Department, Administration Division of the same company
- Jun. 2008 :Managing Director, General Manager of Administration Division and General Manager of General Affairs Department of the same company
- Jun. 2012 :Managing Director, General Manager of Administration Division and General Manager of General Affairs Department and General Manager of Accounting Department of the same company
- Jun. 2020 :Retired from Managing Director of the same company
- Jun. 2022 :Appointed Director, Nipro Corporation (to present)

— Katsunobu Hashimoto

- Jan. 1981 :Secretary-general of Osaka College of Medical Technology (to present)
- May. 1991 :Executive Director of Educational Corporation Osaka Jikei College
- Apr. 2011 :Secretary-general of Jikei Graduate University of Health Care Sciences (currently Jikei University of Health Care Sciences) (to present)
- Apr. 2015 :President of Izumo Medical Nursing College (to present)
- Apr. 2018 :President of Osaka Medical Welfare College (to present)
- Apr. 2020 :President of Osaka Medical Nursing College (to present)
- Apr. 2022 :President of Osaka High Technology College (to present)
President of Osaka Health and Welfare College (to present)
- Jun. 2022 :Appointed Director, Nipro Corporation (to present)

— Hidehiko Kawazu

- Jun. 1987 :Manager of Division of Welfare for the Mentally Retarded, Tokyo Metropolitan Government Bureau of Social Welfare and Public Health (Manager of Head Office)
- Jul. 1989 :Manager of Division of Children, Tokyo Metropolitan Government Bureau of Social Welfare and Public Health (General Manager)
- Jul. 1991 :Deputy Branch Chief of Northern Branch No. 2 Of Tokyo Metropolitan Government Bureau of Waterworks (General Manager)
- Aug. 1994 :Councilor of General Affairs Department, Tokyo Metropolitan Government Bureau of Social Welfare and Public Health (General Manager of Head Office)
- Jun. 1995 :General Manager of Division of Children and Family, Tokyo Metropolitan Government Bureau of Social Welfare and Public Health
- Jul. 1997 :General Manager of Division of Community Welfare Promotion, Tokyo Metropolitan Government Bureau of Social Welfare and Public Health
- Apr. 1999 :General Manager of Division of Living Environment, Tokyo Metropolitan Government Bureau of Health
- Apr. 2001 :General Manager of Division of Food and Drug Safety, Tokyo Metropolitan Government Bureau of Health
- Apr. 2002 :Professor, Faculty of Education, Tamagawa University (Head of Department of Infant Development)
- Apr. 2008 :Dean, Faculty of Education, Tamagawa University
- Jun. 2018 :Chief Director, Social Corporation Yuai Gakuen (to present)
- Jun. 2022 :Appointed Director, Nipro Corporation (to present)

— Kiyomi Aoyama

- Apr. 1990 :Manager of Division of Maternal and Child Health, Tokyo Metropolitan Government Bureau of Social Welfare and Public Health
- Apr. 1992 :Councilor of Public Health Center of Nihonbashi, Chuo Ward (Prevention Section Manager Work Handler)
- Apr. 1998 :Director of Shinagawa Ward Public Health Center
- Apr. 2002 :Director and General Manager of Nakano Ward Public Health Center
- Apr. 2007 :Director of Minato Ward Public Health Center
- May. 2010 :Full-time contract doctor, Occupational Health Association (currently Japan Medical Checkup Foundation) (to present)
- Jun. 2022 :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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Financial/Data Section

Financial Review

Overview

In the consolidated fiscal year under review, the economy picked up due to the active movement toward normalization of economic activities despite the continuing impact of the spread of new coronavirus infection, which led to a recovery in demand for some department-related products that had been restrained due to postponement of surgeries and other reasons, and to steady sales of hospital-related products and our core products, such as dialyzers and dialysis machines, especially in overseas markets. Sales of hospital-related products and dialysis-related products such as dialyzers and dialysis machines, our mainstay products, remained steady, especially in overseas markets. As a result, consolidated net sales increased.

On the other hand, operating income decreased due to soaring prices of materials and energy accompanying the rise in crude oil prices and continued high transportation costs.

Consolidated Business Results

Relevant quantitative data for the period under review has been converted at the rate of US\$1.00 = ¥122.39 (the rate of exchange as of March 31, 2022).

Net Sales

Sales for the current term were ¥494,789 million (US\$4,042.7 million). Sales increased 8.6% YoY.

Cost of Sales

Cost of sales increased 9.1% from the previous period to ¥345,519 million. This increase was mainly due to higher sales and material costs. The gross profit margin decreased 0.3 percentage points from the previous period to 30.2%.

As a result, gross profit increased 7.5% from the previous period to ¥149,269 million.

Selling, General and Administrative Expense

Selling, general and administrative expenses increased by 12.7% compared with the previous fiscal year to ¥125,386 million (US\$ 1024.4 million). This was mainly due to an increase in labor and transportation costs.

Operating Income

As a result of the aforementioned factors, operating income was down by 13.6% compared with the previous fiscal year to ¥23,882 million (US\$195.1 million). The ratio of operating income to net sales decreased by 1.3% percentage to 4.8%.

Other Income (Expenses)

Other expenses came to ¥462 million (US\$3.7 million), which is ¥7,725 million lower compared with other expenses in the previous fiscal year. One major factor for the current fiscal year was a ¥3,976 million increase in foreign exchange gains.

Income before Income Taxes

As a result of the factors outlined above, income before income taxes was ¥23,243 million (US\$189.9 million), compared to ¥17,519 million in the previous fiscal year.

Income Taxes

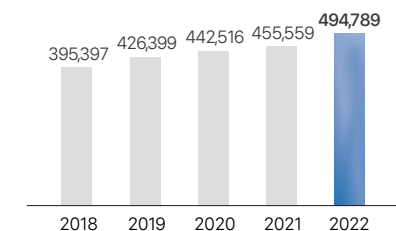
Income tax including deferred taxes increased by 229.6% compared with the previous fiscal year to ¥8,177 million (US\$66.8 million).

Net Income (Loss) Attributable to Non-controlling Interests

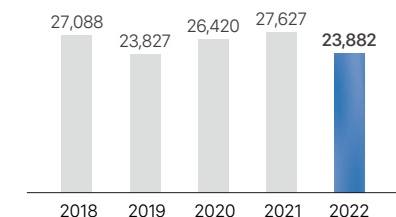
Net income attributable to non-controlling interests amounted to ¥1,611 million (US\$13.1 million).

(Years ended March 31)

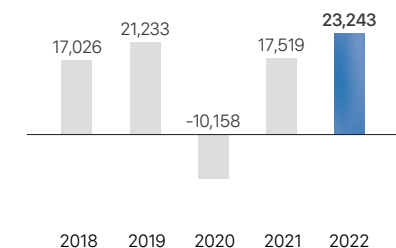
Net sales (Millions of yen)



Operating income (Millions of yen)



Income before income taxes (Millions of yen)



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Net Income Attributable to Owners of the Parent

Net income attributable to owners of the parent was ¥13,455 million (US\$109.9 million), compared to net income attributable to owners of parent of ¥14,209 million in the previous fiscal year. Basic earnings per share decreased to ¥82.50 (US\$-0.7) from ¥87.12 in the previous fiscal year. Return on equity decreased to 7.8% from 9.2% for the previous fiscal year.

Net Sales by Geographic Segment

Japan

In Japan, net sales increased by 3.5% compared with the previous fiscal year to ¥280,094 million (US\$2,288.5 million) mainly thanks to the increase of sales in the Medical-Related business.

Americas

In Americas, net sales increased by 9.3% compared with the previous fiscal year to ¥78.242 million (US\$639.2 million) mainly thanks to the increase of sales in the Medical-Related business.

Europe

In Europe, net sales increased by 15.7% compared with the previous fiscal year to ¥60,386 million (US\$493.3 million).

Asia

In Asia, sales increased 24.1% year on year to ¥76,075 million (US\$621.5 million) due to increased sales in the medical-related business.

Financial Position

Total assets increased ¥75,924 million YoY to ¥930,321 million (US\$7,601.2 million). Current assets increased ¥16,090 million and noncurrent assets increased ¥59,833 million. The increase of current assets was due to an increase of ¥5,807 million in raw materials and supplies and the increase of noncurrent assets was due to an increase of ¥28,082 million in construction in progress.

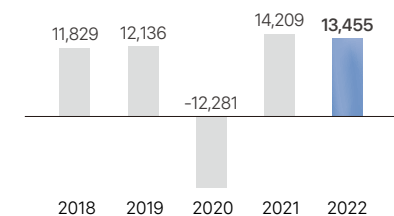
Total liabilities increased ¥50,110 million YoY to ¥730,453 million (US\$5,968.2 million). Current liabilities increased ¥40,491 million and noncurrent liabilities increased ¥9,618 million. The main reason for the increase in current liabilities was an increase of ¥16,687 million in short-term loans payable and the reason for the increase in noncurrent liabilities was a ¥30,270 million increase in convertible type bonds with share acquisition rights.

Total net assets increased ¥25,814 million YoY to ¥199,867 million (US\$1,633 million). Shareholders' equity increased by ¥7,335 million and accumulated other comprehensive income increased by ¥168,77 million.

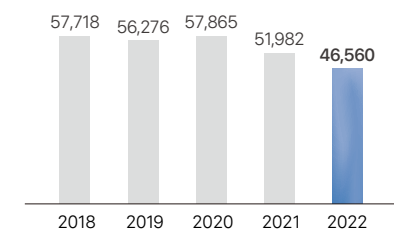
As a result, the equity ratio increased by 1.1 percentage point compared with the end of the previous fiscal year, to 19.9%.

(Years ended March 31)

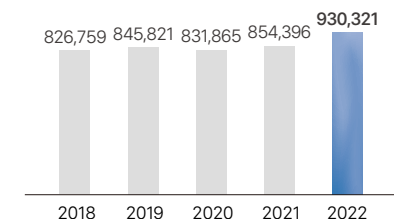
Net income attributable to owners of the parent (Millions of yen)



Capital investment (Millions of yen)



Total assets (Millions of yen)



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Cash Flow

Net cash provided by operating activities amounted to ¥68,214 million (US\$557.3 million). The major cash inflows were depreciation and amortization. Net cash used in investing activities came to ¥78,434 million (US\$640.9 million). The principal cash outflow was purchase of property, plant and equipment. Net cash obtained by financing activities amounted to ¥10,397 million (US\$84.1 million). The main account of cash inflow was proceeds from long-term loans payable. As a result, cash and cash equivalents stood at ¥90,072 million (US\$735.9 million) as of March 31, 2022.

Staff

The total number of employees as of the end of the period under review was 36,259. Employees in Japan were 39,351 and the number of overseas employees was 39,351.

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, 2021.

(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.

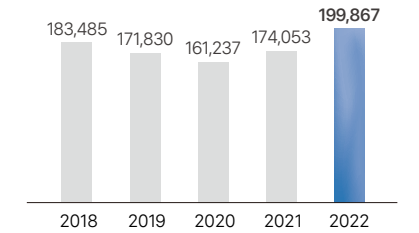
To cover these risks, we therefore maintain general liability and product liability insurance. In the unlikely event of a successful claim in excess of the insurance coverage, however, there could be a material adverse effect on our operational results and/or financial condition.

(2) Risks Related to Supplier Concentration

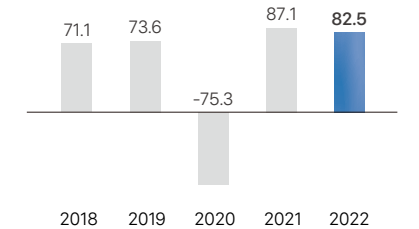
Nipro Group procures materials and parts for its operations from a large number of suppliers. Some key materials or parts may be obtained only from a single supplier or a limited group of suppliers. If circumstances at any of these suppliers make it impossible for us to acquire a sufficient quantity 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)

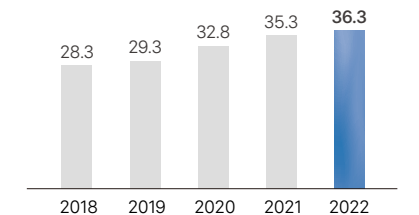
Net assets (Millions of yen)



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

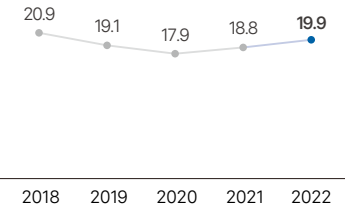
Nipro Group believes it has taken adequate precautions to comply with applicable regulations in the course of its business activities. Should our activities cause an unforeseen environmental problem, however, with a claim for damages made against us, there could be a material adverse effect on our operational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

(9) Risks Related to Exchange Rate Fluctuations

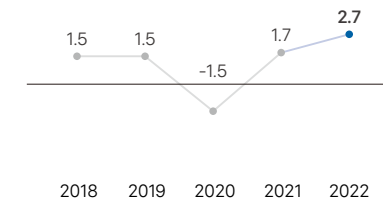
Nipro Group, including its overseas subsidiaries, carries out its foreign currency transactions primarily in US dollars and euros, but calculates financial statements for its overseas subsidiaries using Japanese yen for the purpose of producing consolidated financial statements. Fluctuations in exchange rates may therefore have a material adverse effect on our operational results and/or financial condition.

(Years ended March 31)

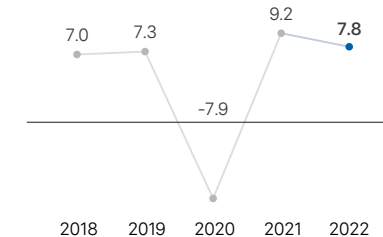
Equity ratio (%)



Return on assets (%)



Return on equity (%)





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(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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	Millions of yen										Thousands of U.S. dollars (Note 1)
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2022
Income Statement Data:											
Net sales	¥ 494,789	¥ 455,559	¥ 442,516	¥ 426,399	¥ 395,397	¥ 359,699	¥ 366,650	¥ 325,084	¥ 300,753	¥ 241,020	\$4,042,729
Medical-Related (*1)	373,481	343,824	335,767	327,359	300,117	262,198	272,167	237,777	221,363	169,971	3,051,571
Pharmaceutical-Related (*1)	74,386	72,388	70,357	63,482	66,846	69,140	62,266	57,372	51,508	66,212	607,786
PharmaPackaging (*1)	46,361	38,655	36,217	35,526	28,404	28,331	32,184	29,830	27,611	4,603	378,801
Other (*1)	559	691	174	31	29	29	32	104	271	235	4,569
Cost of sales	345,519	316,718	308,304	295,767	268,272	244,602	250,773	225,525	213,220	175,314	2,823,105
Selling, general and administrative expenses	125,386	111,212	107,791	106,804	100,036	86,326	91,671	82,987	75,242	54,336	1,024,486
Operating income	23,882	27,627	26,420	23,827	27,088	28,770	24,204	16,571	12,289	11,370	195,136
Medical-Related (*2)	39,241	38,879	36,249	36,722	36,522	30,638	28,204	23,813	20,436	14,287	320,628
Pharmaceutical-Related (*2)	9,826	10,608	13,196	10,662	13,104	14,135	12,060	10,553	8,013	3,988	80,284
PharmaPackaging (*2)	2,889	1,992	675	778	(1,308)	(1,313)	(1,618)	(2,889)	(2,183)	601	23,606
Other (*2)	101	376	176	146	75	(10)	61	131	216	222	829
Income before income taxes	23,243	17,519	(10,158)	21,233	17,026	18,324	26,284	19,908	12,891	18,058	189,914
Net income attributable to owners of the parent	13,455	14,209	(12,281)	12,136	11,829	11,346	19,718	12,470	2,861	10,231	109,936
Increase in tangible and intangible fixed assets	96,793	78,861	64,670	64,394	61,990	58,310	57,101	47,698	35,093	37,997	790,857
Depreciation and amortization	43,313	39,849	38,682	35,252	32,565	31,128	30,147	27,667	25,151	21,209	353,896
R&D expenses	18,734	18,652	18,204	16,526	16,113	11,517	10,269	8,645	7,891	6,464	153,075
Balance Sheet Data:											
Total assets	¥ 930,321	¥ 854,396	¥ 831,865	¥ 845,821	¥ 826,447	¥ 752,839	¥ 708,882	¥ 695,306	¥ 619,654	¥ 579,302	\$7,601,286
Property, plant and equipment—net	377,752	335,906	307,551	284,483	270,273	244,222	223,756	220,195	191,593	174,703	3,086,462
Working capital	125,466	149,866	143,626	168,675	184,861	134,983	115,970	71,945	45,405	74,216	1,025,130
Current liabilities	311,993	271,501	289,404	274,277	251,186	251,792	252,147	278,402	250,714	213,758	2,549,175
Long-term liabilities	418,460	408,841	381,223	399,712	392,087	324,639	281,227	238,095	232,979	236,781	3,419,072
Common stock	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	84,397	689,581
Capital surplus	—	4	5	—	—	—	—	635	688	636	—
Net assets	199,867	174,053	161,237	171,830	183,485	176,408	175,507	178,810	135,960	128,763	1,633,038

(*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). Net sales and operating income for the period for the fiscal year ended March 31, 2010 have been restated to show what the Group's results would have been if the new accounting standards had been applied in that year. Before the fiscal year ended March 31, 2009, net sales and operating income have been stated in compliance with previous accounting rules. In addition, the corporate reorganization was conducted effective on October 1, 2012 in order to enforce the Pharmaceutical-Related business and build a strong cooperative relationship among the Medical-Related, Pharmaceutical-Related and the Glass-Related businesses. As a result of this reorganization, some business divisions included in the Glass-Related business were changed to the 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 presentations 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 the Medical-Related Business to the PharmaPackaging-related Business, which was formerly known as the Glass-Related Business, by the corporate reorganization. Segment information after 2014 is based on this reclassification.

From the fiscal year ended March 31, 2019, the Company has conducted reorganization for the purpose of doing the synthetic PharmaPackaging business and increasing synergies for the Pharmaceutical-Related business. As a result of this reorganization, some business divisions included in the Pharmaceutical-Related business were changed to the PharmaPackaging business. Effective the fiscal year ended March 31, 2022, Nipro JMI Pharma Ltd. was reclassified from the Medical-Related Business to the Pharmaceutical-related Business. The presentations for prior fiscal years are not restated.

(*2) Operating income at the operating segment level is not adjusted for intra-segment transactions. See Note 14. "Segment Reporting" in the Consolidated Financial Statements.



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Years ended March 31

	Yen										U.S. dollars (Note 1)
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2022
Per Share Data:											
Basic earnings	¥ 82.5	¥ 87.1	¥ (75.3)	¥ 73.6	¥ 71.1	¥ 67.5	¥ 116.2	¥ 81.0	¥ 18.2	¥ 60.0	\$ 0.67
Diluted earnings	77.4	—	—	66.7	64.5	61.3	114.7	—	16.3	54.1	0.63
Cash dividends	27.0	28.0	13.5	28.0	28.5	29.0	33.5	32.5	30.5	27.5	0.22
Equity	1,135.7	987.3	912.2	990.1	1,037.2	999.5	977.6	988.8	832.1	703.5	9.28
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	36,259	35,251	32,786	29,325	28,330	27,415	24,243	23,153	21,826	19,327	
Selected Data and Ratios:											
Equity ratio (*3) (%)	19.9	18.8	17.9	19.1	20.9	22.1	23.4	24.1	20.2	20.7	—
Return on assets (*3) (%)	1.5	1.7	(1.5)	1.5	1.5	1.6	2.8	1.9	0.5	1.9	—
Return on equity (*3) (%)	7.8	9.2	(7.9)	7.3	7.0	6.8	11.8	8.5	2.3	8.9	—
Price earnings ratio (*3) (times)	12.4	15.3	—	19.3	21.6	23.2	9.2	14.1	50.9	13.9	—

(*3) 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 net income 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 (Now Prime Market) of the Tokyo Stock Exchange on the last trading day in March of each year to the basic earnings per share.

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

(*5) The Group formally adopted the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") on April 1, 2021, the start of the current fiscal year. Revenue is recognized when control is transferred to the customer, i.e., when delivery is completed.



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Consolidated Balance Sheets

Nipro Corporation and its Consolidated Subsidiaries

As of March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Assets			
Current assets:			
Cash and cash equivalents	¥ 90,071	¥ 85,821	\$ 735,938
Time deposits (over three months)	5,271	4,452	43,068
Trade notes and accounts receivable	140,285	140,521	1,146,217
Allowance for doubtful receivables	(1,821)	(1,182)	(14,880)
Inventories (Note 3)	176,145	164,221	1,439,215
Other current assets	27,506	27,534	224,745
Total current assets	437,459	421,368	3,574,305
Property, plant and equipment (Note 5):			
Land	¥ 51,776	¥ 52,100	\$ 423,044
Buildings and structures	264,032	247,413	2,157,304
Machinery and equipment	441,142	403,998	3,604,403
Construction in progress	70,281	42,199	574,245
	827,233	745,712	6,758,997
Accumulated depreciation	(449,481)	(409,806)	(3,672,535)
Property, plant and equipment—net	377,752	335,906	3,086,462
Intangible assets (Note 5):			
Goodwill	¥ 15,060	¥ 13,565	\$ 123,053
Other intangible assets	17,749	16,238	145,026
Total intangible assets	32,810	29,803	268,079
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliates accounted for by the equity method	¥ 11,057	¥ 15,743	\$ 90,346
Investment securities (Note 6)	34,028	31,463	278,033
Lease deposits	3,330	2,593	27,214
Deferred income taxes (Note 4)	12,393	12,077	101,258
Other assets	21,489	5,439	175,585
Total investments and other assets	82,299	67,318	672,438
Total	¥ 930,321	¥ 854,396	\$ 7,601,286

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Notes 5 and 9)	¥ 77,830	¥ 49,536	\$ 635,920
Current portion of long-term debt (Notes 5 and 9)	75,044	86,050	613,162
Trade notes and accounts payable	73,544	67,219	600,906
Accrued income taxes	4,839	2,413	39,538
Accrued expenses	40,720	35,791	332,714
Notes and accounts payable for plant and equipment	25,378	12,599	207,357
Provision for loss on disaster	130	1,327	1,069
Other current liabilities	14,503	16,564	118,506
Total current liabilities	311,993	271,501	2,549,175
Long-term liabilities:			
Long-term debt (Notes 5 and 9)	376,584	¥370,190	\$3,076,922
Net defined benefit liability (Note 10)	5,927	5,846	48,433
Deferred income taxes (Note 4)	617	215	5,043
Other long-term liabilities	35,330	32,588	288,673
Total long-term liabilities	418,460	408,841	3,419,072
Commitments and contingent liabilities (Note 11)			
Net Assets (Note 12):			
Common stock	¥ 84,397	¥ 84,397	\$ 689,581
Authorized: 400,000,000 shares Issued: 171,459,479 shares			
Capital surplus	—	4	—
Retained earnings	94,667	87,326	773,486
Less cost of common shares of treasury stock (8,362,702 shares in 2022 and 8,362,394 shares in 2021)	(10,748)	(10,748)	(87,822)
Total shareholder's equity	168,316	160,980	1,375,244
Unrealized gain (loss) on available-for-sale securities	9,789	9,080	79,989
Deferred gains or losses on hedges	(108)	(34)	(889)
Foreign currency translation adjustments	6,885	(9,321)	56,260
Remeasurements of defined benefit plans	356	319	2,910
Accumulated other comprehensive income	16,922	45	138,270
Non-controlling interests	14,628	13,027	119,522
Total net assets	199,867	174,053	1,633,038
Total	¥930,321	¥854,396	\$7,601,286

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, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Net sales (Note 18)	¥494,789	¥455,559	\$4,042,729
Cost of sales	345,519	316,718	2,823,105
Gross profit	149,269	138,840	1,219,623
Selling, general and administrative expenses (Notes 15 and 16)	125,386	111,212	1,024,486
Operating income	23,882	27,627	195,136
Other income (expenses):			
Interest and dividend income	1,916	2,004	15,655
Interest expense	(4,135)	(4,003)	(33,791)
Loss on sale and disposal of property, plant and equipment—net	(221)	(985)	(1,813)
Exchange gain (loss)	4,833	857	39,489
Equity in profit (loss) of an affiliated company	(918)	(546)	(7,507)
Gain (loss) on sales of available-for-sale securities	109	1,761	891
Loss on impairment of fixed assets (Note 17)	(2,514)	(1,437)	(20,541)
Loss on disaster	(174)	(1,921)	(1,427)
Other income (loss)—net	468	(5,838)	3,824
Income (loss) before income taxes	23,243	17,519	189,914
Income taxes (Note 4):			
Current	7,868	6,237	64,292
Deferred	308	(3,756)	2,522
Net income (loss)	15,066	15,038	123,099
Net income (loss) attributable to non-controlling interests	1,611	828	13,163
Net income attributable to owners of the parent	¥ 13,455	¥ 14,209	\$ 109,936

Amounts per common share:	Yen		U.S. dollars (Note 1)
Basic earnings	¥ 82.5	¥ 87.1	\$ 0.7
Diluted earnings	77.4	—	0.6
Cash dividends	27.0	28.0	0.2

The accompanying notes are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Nipro Corporation and its Consolidated Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Net income	¥15,066	¥15,038	\$123,099
Other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	709	8,348	5,794
Deferred gains or losses on hedges	(141)	35	(1,154)
Foreign currency translation adjustment	15,770	(9,039)	128,854
Remeasurements of defined benefit plans	49	890	400
Share of other comprehensive income of entities accounted for using equity method	533	(436)	4,359
Comprehensive income	¥31,987	¥14,837	\$261,355
Comprehensive income attributable to:			
Owners of parent	30,036	13,814	245,412
Non-controlling interests	1,951	1,022	15,943

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Consolidated Statements of Changes in Net Assets

Nipro Corporation and its Consolidated Subsidiaries

For the years ended March 31, 2022 and 2021 consisted of the following:

	Thousands					Millions of yen							
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain 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	¥84,397	¥ 5	¥74,768	¥(10,827)	¥148,344	¥ 731	¥ (69)	¥ 341	¥(563)	¥ 440	¥12,452	¥161,237
Net income attributable to owners of the parent				14,209		14,209							14,209
Change in the scope of consolidation				147		147							147
Cash dividends				(1,718)		(1,718)							(1,718)
Purchase of treasury stock					(698)	(698)							(698)
Disposal of treasury stock			—	(79)	776	697							697
Decrease of retained earnings (Other)													
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
Net income attributable to owners of the parent				13,455		13,455							13,455
Change in the scope of consolidation				(125)		(125)							(125)
Cash dividends				(5,238)		(5,238)							(5,238)
Purchase of treasury stock					0	0							0
Disposal of treasury stock			(4)	0	0	(4)							(4)
Change in the scope of consolidation													
Decrease of retained earnings (Other)				(750)		(750)							(750)
Other net change during the year							709	(74)	16,206	36	16,877	1,601	18,478
Balance at March 31, 2022	171,459	¥84,397	¥—	¥94,667	¥(10,748)	¥168,316	¥9,789	¥(108)	¥ 6,885	¥ 356	¥16,922	¥14,628	¥199,867

	Thousands					Thousands of U.S. dollars (Note 1)							
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gain 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, 2021	171,459	\$689,581	\$ 34	\$713,513	\$(87,819)	\$1,315,309	\$74,193	\$(278)	\$ (76,158)	\$2,614	\$ 370	\$106,441	\$1,422,121
Net income attributable to owners of the parent				109,936		109,936							109,936
Change in the scope of consolidation				(1,028)		(1,028)							(1,028)
Cash dividends				(42,800)		(42,800)							(42,800)
Purchase of treasury stock					(3)	(3)							(3)
Disposal of treasury stock			(34)	0	0	(34)							(34)
Decrease of retained earnings (Other)				(6,135)		(6,135)							(6,135)
Other net change during the year							5,796	(610)	132,418	295	137,900	13,081	150,982
Balance at March 31, 2022	171,459	\$689,581	\$ —	\$773,486	\$(87,822)	\$1,375,244	\$79,989	\$(889)	\$ 56,260	\$2,910	\$138,270	\$119,522	\$1,633,038

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Consolidated Statements of Cash Flows

Nipro Corporation and its Consolidated Subsidiaries

For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Operating activities:			
Net income	¥13,455	¥ 14,209	\$ 109,935
Adjustment to reconcile net income to net cash Provided by operating activities:			
Depreciation and amortization	43,313	39,849	353,893
Amortization of goodwill	2,851	2,778	23,294
Loss on impairment of fixed assets	2,514	1,437	20,540
Equity in loss (profit) of an affiliated company	918	547	7,500
Allowance for doubtful receivables	804	3,275	6,569
Loss on sales of available-for-sale securities	(107)	(1,441)	(874)
Provision for deferred taxes	308	(3,756)	2,516
Exchange loss	(3,545)	1,544	(28,964)
Loss on devaluation of marketable securities	41	80	334
Loss on sales and disposal of property, plant and equipment—net	221	986	1,805
State subsidy	(150)	(1,003)	(1,225)
Loss on reduction of non-current assets	194	806	1,585
Other, net	2,432	4,321	19,870
Changes in operating assets and liabilities:			
Trade receivables	6,659	10,528	54,408
Inventories	(7,935)	(12,851)	(64,833)
Other current assets	4,774	(5,395)	39,006
Lease deposits	(621)	(469)	(5,073)
Trade payables	704	(568)	5,752
Accrued income taxes	2,310	(177)	18,874
Other, net	(930)	11,393	(7,598)
Total adjustments	54,759	51,884	447,413
Net cash provided by operating activities	68,214	66,093	557,347

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Investing activities:			
Purchases of property, plant and equipment	¥ (61,137)	¥(48,642)	\$(499,526)
Proceeds from sales of property, plant and equipment	4,278	735	34,953
Purchases of available-for-sale securities	(253)	(100)	(2,067)
Proceeds from sales of available-for-sale securities	262	7,629	2,140
Purchases of investment in unconsolidated subsidiaries	(192)	(1,936)	(1,568)
Proceeds from investment in unconsolidated subsidiaries and affiliates	2,845	—	23,245
Purchases of investments in consolidated subsidiaries affecting scope of consolidation	(5,187)	(1,508)	(42,380)
Payments for transfer of business	(24)	(868)	(196)
Deposits (Over three months)	(335)	1,224	(2,737)
Other, net	(18,690)	(1,606)	(152,709)
Net cash used in investing activities	(78,434)	(45,071)	(640,853)
Financing activities:			
Net increase (decrease) in short-term loans	26,860	(21,698)	219,462
Proceeds from long-term loans	61,470	47,080	502,246
Repayment of long-term loans	(100,836)	(65,399)	(823,890)
Proceeds from issuance of bonds	35,245	49,272	287,972
Repayment of bonds	(1,600)	(26,600)	(13,072)
Proceeds from issuance of common stock	8	—	65
Proceeds from disposal of treasury stock	0	698	0
Proceeds from sales of treasury stock	(2)	(699)	(16)
Cash dividends paid	(5,293)	(1,744)	(43,246)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,012)	—	(8,268)
Other, net	(4,542)	(2,972)	(37,109)
Net cash provided by financing activities	10,297	(22,062)	84,132
Effect of exchange rates on cash and cash equivalents	4,161	(4,477)	33,997
Net increase (decrease) in cash and cash equivalents	4,239	(5,518)	34,635
Cash and cash equivalents, beginning of period	85,821	90,154	701,209
Cash and cash equivalents of newly consolidated subsidiary, beginning of period	9	1,186	73
Cash and cash equivalents at end of period	¥ 90,071	¥ 85,821	\$ 735,934

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Notes to Consolidated Financial Statements

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 ¥122.39 = US\$1, the approximate exchange rate on March 31, 2022. 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.

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, 2022 for the Company and for consolidated domestic subsidiaries, and December 31, 2021 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.



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(e) Inventories

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

(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

Available-for-sale securities, which are not classified either trading securities or held-to-maturity debt 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) 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.

(j) 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 (l) Hedge Accounting below.

(k) 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.

(l) 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.

(m) 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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(n) 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.

(o) Revenue Recognition

Revenue is recognized upon delivery of products sold. The customer acquires ownership and control of the products upon delivery. The Group has fulfilled its performance obligation at this time.

Other Revenue Sources

- As an agent
When the Company acts as an agent, revenue is recognized on a net basis.
- Repurchase agreements
Liability is recognized for the amount of the remaining inventory of the goods to be supplied to the buyer.

Revenue is the contract price less returns, discounts, and rebates.

Accounts receivable are all current. All are collected within a year from the delivery date.

(p) Change in Accounting Policies

1. Formal Implementation of Accounting Standards for Revenue Recognition

The Group formally adopted the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") on April 1, 2021, the start of the current fiscal year. Revenue is recognized when control is transferred to the customer, i.e., when delivery is completed.

This gave rise to the following changes:

- When the Company acts as an agent, revenue is recognized on a net basis. This is when the Company arranges for the goods and/or services to be provided by another party.
- Repurchase agreements liability is recognized for the amount of the remaining inventory of the goods to be supplied to the buyer.
- Revenue is the contract price less returns, discounts, and rebates.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance. The new accounting policy is applied from the balance at the beginning of the current fiscal year. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year by applying the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, net sales decreased by ¥2,185 million (US\$18 million), cost of sales decreased by ¥2,071 million (US\$17 million), and operating income, ordinary income, and income before income taxes each decreased by ¥114 million (US\$0.9 million) during the current fiscal year.

The beginning balance of retained earnings is ¥125 million (US\$1 million) lower than the previous year. This is the cumulative effect of the change in revenue recognition policy.

In accordance with the transitional treatment stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to revenue recognition for the previous fiscal year are not presented.

2. Application of Accounting Standard for Fair Value Measurement

Effective April 1, 2021, the Group has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019). The Group has applied new accounting policy prospectively in accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

3. Inventories

Inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Finished goods and merchandise	¥118,315	¥113,109	\$ 966,710
Raw materials	35,962	31,066	293,838
Work in process	15,028	14,117	122,793
Packing and other	6,838	5,927	55,873
Total	¥176,145	¥164,221	\$1,439,215



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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, 2022 and 2021.

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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Deferred tax assets			
Tax loss carryforwards	¥ 24,021	¥ 25,516	\$ 196,273
Intercompany profits	3,113	2,170	25,436
Valuation loss on inventories	1,847	1,720	15,097
Allowance for bonuses to employees	1,365	1,325	11,158
Sales allowance	427	400	3,489
Loss on impairment of fixed assets	2,082	997	17,012
Excess of allowance for doubtful accounts over tax allowable amounts	2,257	2,030	18,443
Net defined benefit liability	1,464	1,599	11,967
Accrued enterprise taxes	415	316	3,392
Accrued expense	602	599	4,922
Accrued bonus	1,856	—	15,171
Loss on liquidation of business	66	98	542
Other	5,904	5,609	48,243
Gross deferred tax assets	45,425	42,383	371,150
Less: Valuation allowance for the Net Operating Loss Carry Forwards (*1)	(19,211)	(18,249)	(156,971)
Less: Valuation allowance for the deductible temporary differences	(5,788)	(4,614)	(47,292)
Total Less: Valuation allowance	(24,999)	(22,864)	(204,263)
Total deferred tax assets	20,425	19,519	166,886
Deferred tax liabilities			
Unrealized gain on available-for-sale securities	4,369	4,051	35,697
Revaluation reserve for land	783	783	6,400
Revaluation reserve for fixed assets—other	534	460	4,369
Retained earnings on foreign subsidiaries	774	611	6,327
Other	2,187	1,749	17,875
Total deferred tax liabilities	8,649	7,656	70,671
Net deferred tax assets (liabilities)	¥ 11,775	¥ 11,862	\$ 96,215

(*1) In the fiscal year ended March 31, 2022, Valuation allowance was increased by ¥2,135 million. The main reason for this increase is that Valuation allowance for the Net Operating Loss Carry Forwards was increased by ¥1,255 million in Nipro Medical Corporation.

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

	2022	2021
Statutory tax rate	30.6%	30.6%
Expenses not deductible for tax purposes	1.0	1.4
Non-taxable dividend income	(0.2)	(0.3)
Effect of tax rate change	0.7	0.9
Amortization of goodwill	3.2	4.9
Tax credits primarily for research and development costs	(4.3)	(6.0)
Valuation allowance	9.2	(8.8)
Retained earnings on foreign subsidiaries	0.7	0.2
Unrealized gain	(0.7)	(6.0)
Other	(5.0)	(2.7)
Effective income tax rate	35.2%	14.2%

	Millions of yen						
	2022						
	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)	¥ 555	¥ 398	¥ 629	¥ 1,136	¥ 1,391	¥ 19,911	¥ 24,021
Valuation allowance	(393)	(351)	(568)	(788)	(1,151)	(15,958)	(19,211)
Deferred Tax Assets	161	47	60	348	239	3,952	4,810 (*B)

	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)



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Thousands of U.S. dollars (Note 1)

	2022						Total
	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	
Net Operating Loss Carry Forwards	\$ 4,534	\$ 3,255	\$ 5,140	\$ 9,288	\$ 11,366	\$ 162,688	\$ 196,273
Valuation allowance	(3,217)	(2,869)	(4,641)	(6,439)	(9,412)	(130,391)	(156,971)
Deferred Tax Assets	1,317	385	498	2,848	1,954	32,296	39,301

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

(*B) Deferred Tax Assets for Net Operating Loss Carry Forwards (multiplied by Statutory tax rate) for the years ended March 31, 2022 and 2021 were ¥24,021 million (US\$196,273 thousand) and ¥25,516 million, respectively. Those Deferred Tax Assets were mainly recognized for the balance of Net Operating Loss Carry Forwards (multiplied by Statutory tax rate) in Nipro Medical Corporation and Nipro India Corporation Pvt. Ltd. As a result of tax scheduling, Valuation allowance for those 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)
	2022	2021	2022
Buildings and structures	¥1,975	¥1,571	\$16,137
Land	2,929	2,907	23,939
Other	532	663	4,354
Total	¥6,636	¥5,142	\$54,223

The above assets were pledged against the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Short-term bank loans	¥ 768	¥1,625	\$ 6,281
Current portion of long-term debt	515	519	4,209
Long-term debt	4,793	6,281	39,162
Total	¥6,077	¥8,425	\$49,654

6. Investment Securities

Investment securities as of March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Non-current:			
Marketable:			
Marketable equity securities	¥31,466	¥30,504	\$257,102
Investment trust funds and other	—	—	—
Subtotal	31,466	30,504	257,102
Non-marketable securities	2,561	958	20,930
Total	¥34,028	¥31,463	\$278,033

The carrying amounts and aggregate fair values of marketable securities for investments as of March 31, 2022 and 2021 were as follows:

	Millions of yen			
	2022			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	¥17,397	¥14,517	¥448	¥31,466
Debt securities and other	—	—	—	—
Total	¥17,397	¥14,517	¥448	¥31,466

	Thousands of U.S. dollars (Note 1)			
	2022			
	Cost	Unrealized gain	Unrealized loss	Fair Value
Available-for-sale securities				
Equity securities	\$142,152	\$118,619	\$3,668	\$257,103
Debt securities and other	—	—	—	—
Total	\$142,152	\$118,619	\$3,668	\$257,103

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



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Proceeds from sales of securities and gross realized gains or losses on those sales for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Proceeds	¥262	¥7,629	\$2,147
Gains on sales	13	1,761	111
Losses on sales	1	320	9

No impairment loss was applied to securities in the fiscal year ended March 31, 2022.

In the case that 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, and the asset is treated as an impairment. In the case that fair value for the marketable equity security fell by 30% to 50%, impairment is applied except when it is expected to recover.

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, commercial paper, corporate bonds, and issuing convertible bonds with stock acquisition rights.

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 its 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 interest rate swaps to solidify the interest rate. For some of the loans denominated in foreign currency, the Company and its consolidated subsidiaries use currency swaps to hedge the currency fluctuation risk.

Bonds and commercial paper are mainly issued to raise the 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.



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(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, 2022 and 2021 were 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		
	2022		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	¥ 95,342	¥ 95,342	¥ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	138,464	138,464	—
Investment securities	31,466	31,466	—
Assets total	¥265,273	¥265,273	¥ —
Trade notes and accounts payable	¥ 73,544	¥ 73,544	¥ —
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	152,875	152,875	—
Other notes and accounts payable (*1)	35,215	35,215	—
Long-term debt	346,314	343,681	(2,632)
Convertible bonds	30,270	30,645	375
Lease obligations (*2)	29,511	27,142	(2,369)
Liabilities total	¥667,732	¥663,105	¥(4,627)
Derivatives (*3)	¥ (167)	¥ (167)	¥ —

	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)
Convertible bonds	—	—	—
Lease obligations (*2)	32,060	29,516	(2,543)
Liabilities total	¥638,311	¥635,309	¥(3,001)
Derivatives (*3)	¥ 1,527	¥ 1,527	¥ —

	Thousands of U.S. dollars (Note 1)		
	2022		
	Book value	Fair value	Difference
Cash and cash equivalents, time deposits	\$ 779,006	\$ 779,006	\$ —
Trade notes and accounts receivable, net of allowance for doubtful receivables	1,131,337	1,131,337	—
Investment securities	257,102	257,102	—
Assets total	\$2,167,447	\$2,167,447	\$ —
Trade notes and accounts payable	\$ 600,906	\$ 600,906	\$ —
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	1,249,082	1,249,082	—
Other notes and accounts payable (*1)	287,734	287,734	—
Long-term debt	2,829,598	2,808,088	(21,509)
Convertible bonds	247,324	250,388	3
Lease obligations (*2)	241,129	221,769	(19,359)
Liabilities total	\$5,455,775	\$5,417,970	\$(37,805)
Derivatives (*3)	\$ (1,367)	\$ (1,367)	\$ —

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

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

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



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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 and trade notes and accounts receivable

Cash and cash equivalents and 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 and accounts payable and short-term bank loans and current portion of long-term debt and commercial paper

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 and convertible bonds

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.

- 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)
	2022	2021	2022
Unlisted equity securities	¥12,981	¥16,694	\$106,067

They are not included in investment securities because there were no quoted market prices available and it is extremely difficult to determine the fair value as of March 31, 2022 and 2021.

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

Planned redemption amounts after the balance sheet date for monetary receivables with maturity dates at March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
	Within 1 year	Within 1 year	Within 1 year
Cash and cash equivalents, time deposits	¥ 95,342	¥ 90,274	\$ 779,006
Trade notes and accounts receivable	140,285	139,338	1,146,217



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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, 2022 and 2021 were as follows:

	Millions of yen					
	2022					
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	¥152,875	¥ —	¥ —	¥ —	¥ —	¥ —
Long-term debt	—	56,001	72,502	94,662	40,287	82,861
Convertible bonds	—	—	—	—	30,000	—
Lease obligations	3,885	3,375	2,693	2,123	1,310	16,123
Total	¥156,760	¥59,377	¥75,195	¥96,785	¥71,597	¥98,984

	Thousands of U.S. dollars (Note 1)					
	2022					
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Short-term bank loans, current portion of long-term debt, and current portion of convertible bonds	\$1,249,082	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term debt	—	457,565	592,386	773,448	329,169	677,027
Convertible bonds	—	—	—	—	245,118	—
Lease obligations	31,747	27,582	22,004	17,351	10,707	131,736
Total	\$1,280,830	\$485,147	\$614,391	\$790,799	\$584,995	\$808,763

	Millions of yen					
	2021					
	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and 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
Convertible bonds	—	—	—	—	—	—
Lease obligations	4,865	3,216	2,807	2,377	1,827	16,695
Total	¥140,452	¥70,743	¥52,787	¥69,253	¥40,168	¥164,432

(3) Breakdown of fair values of financial instruments by level

The fair values of financial instruments are classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value calculated based on quoted market prices for assets or liabilities for which such fair value is available in active markets among the inputs used in the calculation of observable fair value.

Level 2: Fair value calculated using inputs other than Level 1 inputs to the calculation of observable fair value.

Level 3: Fair value calculated using inputs that are unobservable.

When multiple inputs that have a significant effect on the calculation of fair value are used, fair value is classified into the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(a) Financial instruments measured at fair value on the consolidated balance sheet

	Millions of yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	¥31,466	¥ —	¥—	¥31,466
Total assets	¥31,466	¥ —	¥—	¥31,466
Derivatives transactions				
Currency-related	¥ —	¥ (79)	¥—	¥ (79)
Interest-related	—	(9)	—	(9)
Interest rate and currency related	—	(78)	—	(78)
Total liabilities	¥ —	¥(167)	¥—	¥ (167)



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	Thousands of U.S. dollars (Note 1)			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stocks	\$257,096	\$ —	\$—	\$257,096
Total assets	\$257,096	\$ —	\$—	\$257,096
Derivatives transactions				
Currency-related	\$ —	\$ (645)	\$—	\$ (645)
Interest-related	—	(74)	—	(74)
Interest rate and currency related	—	(637)	—	(637)
Total liabilities	\$ —	\$(1,364)	\$—	\$ (1,364)

(b) Financial instruments other than those measured at fair value on the consolidated balance sheet

	Millions of yen			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds	¥—	¥ 77,424	¥—	¥ 77,424
Convertible bonds with stock acquisition rights	—	30,645	—	30,645
Long-term debt	—	266,257	—	266,257
Lease obligations (non-current)	—	23,256	—	23,256
Total liabilities	¥—	¥397,583	¥—	¥397,583

	Thousands of U.S. dollars (Note 1)			
	2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds	\$—	\$ 632,601	\$—	\$ 632,601
Convertible bonds with stock acquisition rights	—	250,388	—	250,388
Long-term debt	—	2,175,480	—	2,175,480
Lease obligations (non-current)	—	190,016	—	190,016
Total liabilities	\$—	\$3,248,493	\$—	\$3,248,493

(*) Explanation of valuation techniques used and inputs related to the calculation of fair value

- Investment securities

The fair value of listed stocks is estimated using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1.

- Derivative transactions

Fair value is calculated based on prices, etc., provided by financial institutions with which the Company has transactions, and is classified as Level 2.

The fair value of interest rate swaps that qualify for special treatment is included in the fair value of the relevant long-term borrowings because they are accounted for as an integral part of long-term borrowings that are hedged.

- Bonds and long-term loans payable

The fair value of bonds payable and long-term loans payable is calculated based on the present value of the total principal and interest discounted using an appropriate index such as the yield on government bonds plus an interest rate that takes credit risk into account, and is classified as Level 2.

- Convertible bond-type bonds with subscription rights to shares

The fair value of convertible bond with stock acquisition rights is calculated based on the price, etc. provided by the financial institutions with which the Company has transactions and is classified as Level 2.

- Lease obligations (non-current)

The fair value of lease obligations is calculated based on the present value of the principal and interest discounted at an interest rate that takes into account the remaining period of the obligation and credit risk, and is classified as Level 2.



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8. Derivatives

The Company and its consolidated subsidiaries held the following derivatives contracts outstanding at March 31, 2022 and 2021.

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

Currency-related

		Millions of yen		
		2022		
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-deliverable forward	¥ 575	¥—	¥(3)
	Foreign currency forward contracts	5,027	—	5
	Currency swap	1,035	—	6

		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

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)		
		2022		
	Type of derivative	Contract amount	Over 1 year out-of-contract amount	Fair value
Transaction other than market transaction	Non-deliverable forward	\$ 4,698	\$—	\$(29)
	Foreign currency forward contracts	41,080	—	43
	Currency swap	8,457	—	51

(2) Derivatives for which hedge accounting has been applied

(a) Currency-related

			Millions of yen		
			2022		
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	Long-term loans	¥505	¥—	¥(87)

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)		
			2022		
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	Long-term loans	\$4,131	\$—	\$(713)

(b) Interest-related

			Millions of yen		
			2022		
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	¥ 1,071	¥ 495	¥(9)
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	15,000	15,000	(*1)

			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)

(*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 and forward foreign exchange contract, etc., are accounted for as a single item with the corresponding long-term loans.

			Thousands of U.S. dollars (Note 1)		
			2022		
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	\$ 8,756	\$ 4,052	\$(74)
Exceptional accounting method for interest rate swap	Interest rate swap	Long-term loans	122,559	122,559	(*1)



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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, 2022 and 2021 were 0.7823% and 0.8510%, respectively.

Long-term debt comprised the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
0.25% unsecured bonds due 2025	¥ 3,000	¥ 3,000	\$ 24,511
0% convertible bonds due 2026	30,270	—	247,324
1.6% unsecured bonds with subordinated specials due 2025	50,000	50,000	408,530
0.674% unsecured bonds due 2028	10,000	10,000	81,706
0.44% unsecured bonds due 2029	10,000	10,000	81,706
0.014%~0.025% unsecured bonds due from 2023 to 2027 (*1)	7,900	4,500	64,547
Long-term bank loans due through 2034, with weighted-average interest rate of 0.4831% for the year ended March 31, 2022, and 0.5694% for the year ended March 31, 2021	340,459	378,741	2,781,759
Total	¥451,629	¥456,241	\$3,690,084

(*1) This is the total amount of the bonds Goodman Co., Ltd. issued.

In March 2020, the Company issued ¥3,000 million (US\$24,511 thousand) of 0.25% unsecured bonds due 2025.

In October 2018, the Company issued ¥10,000 million (US\$81,706 thousand) of 0.674% unsecured bonds due 2028.

In October 2019, the Company issued ¥10,000 million (US\$81,706 thousand) of 0.44% unsecured bonds due 2029.

In September 2020, the Company issued ¥50,000 million (US\$408,530 thousand) of 1.6% unsecured bonds due 2025.

In September 2021, the Company issued ¥30,270 million (US\$247,324 thousand) of 0% convertible bonds due 2026.

From February 2017 to February 2022, Goodman Co., Ltd. issued ¥7,900 million (US\$64,547 thousand) of 0.014% and 0.120% unsecured bonds due from 2023 to 2025.

The aggregate annual maturities of long-term debt outstanding at March 31, 2022 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2022	2022
2022	¥ 72,844	\$ 595,187	
2023	54,001	441,224	
2024	67,802	553,985	
2025 and thereafter	82,949	677,746	
Total	¥277,598	\$2,268,143	

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) is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Obligation at April 1	¥17,684	¥16,961	\$144,494
Service cost	1,539	1,460	12,581
Interest cost	85	74	695
Actuarial gains and losses	(270)	(184)	(2,208)
Prior service cost	(64)	—	(526)
Benefit payments	(887)	(600)	(7,251)
Other (foreign currency translation adjustments, etc.)	546	(26)	4,464
Obligation at March 31	¥18,633	¥17,684	\$152,249

(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)
	2022	2021	2022
Fair value of plan assets at April 1	¥11,950	¥10,624	\$ 97,641
Expected return on plan assets	186	163	1,525
Actuarial gains and losses	(107)	742	(877)
Company contribution	835	842	6,823
Benefit payments	(609)	(428)	(4,982)
Other (foreign currency translation adjustments, etc.)	471	6	3,853
Fair value of plan assets at March 31	¥12,726	¥11,950	\$103,982



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

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Liabilities for retirement benefit at April 1	¥108	¥ 83	\$887
Retirement benefit cost	1	15	11
Retirement payments	(1)	(1)	(13)
Decrease due to charge in measurement of retirement benefit obligations from the simplified method to the principle method	(76)	—	—
Other (foreign currency translation adjustments, etc.)	(11)	10	(95)
Liabilities for retirement benefit at March 31	¥ 20	¥108	\$166

(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)
	2022	2021	2022
Benefit obligation on funded scheme	¥ 16,054	¥ 15,180	\$ 131,175
Plan assets	(12,726)	(11,950)	(103,982)
	3,328	3,230	27,193
Benefit obligations on unfunded scheme	2,599	2,616	21,240
Net liabilities in the consolidated balance sheet	5,927	5,846	48,433
Net defined benefit liability	5,927	5,846	48,433
Net liabilities in the consolidated balance sheet	¥ 5,927	¥ 5,846	\$ 48,433

(*) 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)
	2022	2021	2022
Service cost	¥1,539	¥1,460	\$12,581
Interest cost	85	74	695
Expected return on plan assets	(186)	(163)	(1,525)
Amortization of actuarial gains and losses	(37)	474	(302)
Amortization of prior service cost	(221)	(144)	(1,807)
Retirement benefit cost calculated by the simplified method	1	15	11
Other	43	10	352
Total	¥1,224	¥1,727	\$10,006

(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)
	2022	2021	2022
Prior service cost	¥64	¥ (0)	\$526
Actuarial gains and losses	17	1,281	141
Total	¥81	¥1,281	\$667

(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)
	2022	2021	2022
Unrecognized prior service cost	¥ 84	¥228	\$ 693
Unrecognized actuarial loss	457	218	3,737
Total	¥542	¥447	\$4,430

(h) Items concerning plan assets**1. The breakdown of plan assets**

Plan assets as of March 31, 2022 and 2021 consist of the following:

	2022	2021
Bonds	44%	44%
Equities	20	17
Short-term funds	2	—
General account	24	32
Others	10	7
Total	100%	100%

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



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2. Method of determining the expected rate of return on plan assets

The long-term expected rate of return is 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) Basis of actuarial calculation

The assumptions used in actuarial calculations for the years ended March 31, 2022 and 2021 are as follows:

	2022	2021
Discount rate	Primarily 0.6%	Primarily 0.4%
Expected long-term rate of return	Primarily 1.5%	Primarily 1.5%
Expected rate of salary increase	Primarily 6.7%	Primarily 6.7%

(2) Defined Contribution Retirement Plans

The amounts of necessary contributions to defined contribution retirement plans within the Company and consolidated subsidiaries were ¥715 million (US\$5,842 thousand) and ¥608 million for the years ended March 2021 and 2020, respectively.

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)
	2022	2021	2022
Export drafts discounted	¥4	¥ 8	\$40
Notes receivable endorsed	—	380	—
Total	¥4	¥388	\$40

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 ¥5,830 million (US\$47,640 thousand) as of March 31, 2022, and its additional paid-in capital, which is included in capital surplus, amounted to ¥635 million (US\$5,190 thousand) as of March 31, 2022.



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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 Holding Americas, Inc.

Business line: Supervision of new investments and fund management of U.S. subsidiaries, etc.

2) Date of the business combination

January 1, 2022

3) Legal form of the business combination

In-kind investment of our subsidiary shares to Nipro Holding Americas, Inc.

Distribution in kind of our subsidiary shares under NIPRO MEDICAL CORPORATION to Nipro Holding Americas, Inc.

4) Outline and purpose of the transaction

We made an in-kind contribution of shares of our consolidated subsidiary to Nipro Holding Americas, Inc. for the purpose of business development in line with local conditions, prompt decision making, and strengthening of management control.

The target company is NIPRO MEDICAL CORPORATION.

(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 Information

1. Outline of Reportable Operating Segments

In accordance with 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, the 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 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, vials and ampoules for medical use.

From fiscal year ended March 31, 2022, Nipro JMI Pharma Ltd., which was formerly categorized under the medical-related segment, has been categorized under the pharmaceutical-related segment as a result of the revision of the Nipro Group organizational structure.

The presentation for the prior fiscal year is restated in accordance with the change above.



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Business segment information for the years ended March 31, 2022 and 2021 was as follows:

	Millions of yen							
	2022							
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total					
Net sales:								
Outside	¥373,481	¥ 74,386	¥46,361	¥494,230	¥ 559	¥494,789	¥ —	¥494,789
Intersegment	6,367	20,588	6,130	33,087	2,095	35,183	(35,183)	—
Total	¥379,849	¥ 94,975	¥52,492	¥527,317	¥ 2,655	¥529,972	¥(35,183)	¥494,789
Operating income (loss)	¥ 39,241	¥ 9,826	¥ 2,889	¥ 51,956	¥ 101	¥ 52,058	¥(28,175)	¥ 23,882
Identifiable assets	541,948	203,745	83,255	828,949	158,355	987,304	(56,983)	930,321
Other items								
Depreciation and amortization	20,117	13,397	4,822	38,337	299	38,636	4,676	43,313
Amortization of goodwill	2,554	31	266	2,851	—	2,851	—	2,851
Increase in tangible and intangible fixed assets	56,822	23,362	9,319	89,504	281	89,786	7,006	96,793

	Thousands of U.S. dollars (Note 1)							
	2022							
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total					
Net sales:								
Outside	\$3,051,571	\$ 607,786	\$378,801	\$4,038,160	\$ 4,569	\$4,042,729	\$ —	\$4,042,729
Intersegment	52,030	168,219	50,093	270,343	17,124	287,467	(287,467)	—
Total	\$3,103,602	\$ 776,006	\$428,895	\$4,308,503	\$ 21,693	\$4,330,196	\$(287,467)	\$4,042,729
Operating income (loss)	\$ 320,628	\$ 80,284	\$ 23,606	\$ 424,519	\$ 829	\$ 425,348	\$(230,212)	\$ 195,136
Identifiable assets	4,428,045	1,664,724	680,248	6,773,017	1,293,856	8,066,874	(465,587)	7,601,286
Other items								
Depreciation and amortization	164,369	109,468	39,399	313,237	2,447	315,684	38,211	353,896
Amortization of goodwill	20,867	254	2,177	23,294	—	23,294	—	23,294
Increase in tangible and intangible fixed assets	464,273	190,889	76,144	731,307	2,303	733,610	57,246	790,857



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	Millions of yen							
	2021							
	Reportable segment				Other (*1)	Total	Adjustment (*2)	Consolidated financial statements
Medical-Related	Pharmaceutical-Related	PharmaPackaging	Total					
Net sales:								
Outside	¥343,824	¥ 72,388	¥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	¥349,942	¥ 90,871	¥44,807	¥485,621	¥ 2,347	¥487,968	¥(32,409)	¥455,559
Operating income (loss)	¥ 38,879	¥ 10,608	¥ 1,992	¥ 51,480	¥ 376	¥ 51,856	¥(24,229)	¥ 27,627
Identifiable assets	481,459	187,787	68,127	737,374	56,214	793,588	60,807	854,396
Other items								
Depreciation and amortization	18,231	12,237	4,244	34,713	279	34,993	4,855	39,849
Amortization of goodwill	2,423	30	324	2,777	—	2,777	—	2,777
Increase in tangible and intangible fixed assets	47,938	20,894	5,450	74,283	127	74,411	4,449	78,861

(*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, 2022 and 2021 include ¥(2,173) million (US\$(17,754) thousand) and ¥371 million of adjustment for unrealized gain and ¥(26,002) million (US\$(212,451) thousand) and ¥(24,601) 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, 2022 and 2021 include ¥(157,649) million (US\$(1,288,087) thousand) and ¥(53,589) million of elimination of inter-segment transactions and ¥100,666 million (US\$822,501 thousand) and ¥114,397 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, 2022 and 2021 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 reportable segments were as follows:

	Millions of yen						
	2022						
	Reportable segment			Total	Other	Adjustment	Total
Medical-Related	Pharmaceutical-Related	Pharma-Packaging					
Loss on impairment of fixed assets	¥ 1,335	¥—	¥ —	¥ 1,335	¥1,178	¥—	¥ 2,514
Unamortized balance of goodwill	13,223	32	1,804	15,060	—	—	15,060

	Thousands of U.S. dollars (Note 1)						
	2022						
	Reportable segment			Total	Other	Adjustment	Total
Medical-Related	Pharmaceutical-Related	Pharma-Packaging					
Loss on impairment of fixed assets	\$ 10,910	\$ —	\$ —	\$ 10,910	\$9,624	\$—	\$ 20,541
Unamortized balance of goodwill	108,046	264	14,742	123,053	—	—	123,053

	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	13,345	61	158	13,565	—	—	13,565

Net sales and Property, plant and equipment by geographical areas were as follows:

	Millions of yen				
	2022				
	Japan	Americas	Europe	Asia	Total
Net sales	¥280,094	¥78,242	¥60,376	¥76,075	¥494,789
Property, plant and equipment	250,123	22,294	29,294	76,039	377,752

	Thousands of U.S. dollars (Note 1)				
	2022				
	Japan	Americas	Europe	Asia	Total
Net sales	\$2,288,544	\$639,285	\$493,316	\$621,583	\$4,042,729
Property, plant and equipment	2,043,662	182,157	239,355	621,287	3,086,462

	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	335,706

15. Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Salaries	¥23,038	¥20,396	\$188,239



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16. Research and Development Expenses

Research and development expenses for the years ended March 31, 2022 and 2021 were ¥18,734 million (US\$153,075 thousand) and ¥18,652 million, respectively.

17. Impairment Loss

For the years ended March 31, 2022 and 2021, the Company and its consolidated subsidiaries recorded impairment loss of ¥2,514 million (US\$20,541 thousand) and ¥1,437 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)
			2022 Amount	2022 Amount
Business use	Nipro Medical Corporation	Intangible assets	¥491	\$4,014

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 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
			2021 Amount
Business use	Jilin Nipro Jiaheng Pharmaceutical Packaging Co., Ltd.	Buildings and structures, Machinery and equipment	¥1,202

18. Revenue Recognition Breakdown

(1) Revenue from contracts with customers

Sales by product

	Millions of yen					Total
	2022				Others (*1)	
	Reportable segments			Subtotal		
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging			
Medical devices	¥278,092	¥ —	¥ 3,065	¥281,158	¥ —	¥281,158
Medical products	95,316	74,386	438	170,141	—	170,141
Pharmaceutical Packaging Products	29	—	42,739	42,769	—	42,769
Others	43	—	117	160	113	274
Others	—	—	—	—	445	445
Sales to external customers	¥373,481	¥74,386	¥46,361	¥494,230	¥559	¥494,789

	Thousands of U.S. dollars (Note 1)					Total
	2022				Others (*1)	
	Reportable segments			Subtotal		
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging			
Medical devices	\$2,272,179	\$ —	\$ 25,043	\$2,297,230	\$ —	\$2,297,230
Medical products	778,789	607,778	3,579	1,390,154	—	1,390,154
Pharmaceutical Packaging Products	237	—	349,203	349,448	—	349,448
Others	351	—	956	1,307	923	2,239
Others	—	—	—	—	3,636	3,636
Sales to external customers	\$3,051,565	\$607,778	\$378,797	\$4,038,157	\$4,567	\$4,042,724

(*1) Other income refers to income from rentals, etc.



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Sales by region

Millions of yen						
2022						
	Reportable segments			Subtotal	Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging			
Japan	¥198,985	¥69,067	¥11,482	¥279,535	¥113	¥279,649
America	69,143	25	9,073	78,242	—	78,242
Europe	43,046	316	17,014	60,376	—	60,376
Asia	62,305	4,977	8,791	76,075	—	76,075
Others	—	—	—	—	445	445
Sales to external customers	¥373,481	¥74,386	¥46,361	¥494,230	¥559	¥494,789

Thousands of U.S. dollars (Note 1)						
2022						
	Reportable segments			Subtotal	Others (*1)	Total
	Medical-Related	Pharmaceutical-Related	Pharma-Packaging			
Japan	\$1,625,827	\$564,319	\$ 93,815	\$2,283,969	\$ 923	\$2,284,901
America	564,940	204	74,132	639,284	—	639,284
Europe	351,712	2,582	139,015	493,308	—	493,308
Asia	509,069	40,665	71,828	621,579	—	621,579
Others	—	—	—	—	3,636	3,636
Sales to external customers	\$3,051,565	\$607,778	\$378,797	\$4,038,157	\$4,567	\$4,042,724

(*1) Other income refers to income from rentals, etc.

(2) Foundational information to understand revenue from contracts with customers

Foundational information to understand revenue from contracts with customers is described in "2. Summary of Significant Accounting Policies (o) Revenue Recognition.

(3) Outstanding balance of Accounts Receivable and Contract Liabilities

Millions of yen		
	Beginning Balance (April 1, 2021)	Ending Balance (March 31, 2022)
Accounts Receivable	¥140,521	¥140,285
Contract Liabilities	—	—
Customer Advances	3,074	2,115
Deferred Revenues	263	284

Thousands of U.S. dollars (Note 1)		
	Beginning Balance (April 1, 2021)	Ending Balance (March 31, 2022)
Accounts Receivable	\$1,148,141	\$1,146,213
Contract Liabilities	—	—
Customer Advances	25,116	17,281
Deferred Revenues	2,149	2,320

(*1) Contract liabilities consist mainly of received from customers advance payments for medical supplies and equipment. They also include unearned income for maintenance service contracts.

(*2) The beginning balance of contract liabilities is not significant in relation to total revenues.

(4) Unfulfilled performance obligation

The Group does not have any significant outstanding performance obligations which exceed one year. Most contracts are within one year.

19. 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)
	2022	2021	2022
Cash paid during the year for:			
Interest	¥3,981	¥3,871	\$32,529
Income tax	5,326	4,207	43,520



Financial/Data Section

Corporate Information

(As of March 31, 2022)

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	4,252
Consolidated subsidiaries	32,007
Total	36,259

Common Stock

Authorized.....400,000,000 shares
 Issued.....171,459,479 shares
 Outstanding163,096,777 shares
 Number of Shareholders.....76,211

Stock Listings

Tokyo Stock Exchange, Prime Market (as of April 22, 2022)
 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 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,180	12.33
Nippon Electric Glass Co., Ltd.	17,135	10.47
Custody Bank of Japan, Ltd. (Trust Account)	9,888	6.04
JP Morgan Chase Bank 385632	4,170	2.55
Resona Bank Limited	3,129	1.91
NIPRO CORPORATION Employee Stock Ownership Association	2,379	1.45
Kazumi Sano	1,910	1.17
STATE STREET BANK WEST CLIENT-TREATY 505234	1,712	1.05
JP Morgan Chase Bank 385781	1,546	0.94
STATE STREET BANK WEST CLIENT-TREATY 505223	1,048	0.64
Total	63,101	38.55

Major Group Companies (As of March 31, 2022)

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	
		Chengdu Pingyuan Nipro Pharmaceutical Packaging Co., Ltd.	Manufacturing and marketing of PharmaPackaging products	
	Vietnam	Nipro Medical (Hefei) Co., Ltd.	Manufacturing and marketing of medical devices	
		Nipro Vietnam Company LIMITED	Manufacturing and marketing of medical devices	
	Singapore	Nipro Pharma Vietnam Co., Ltd.	Manufacturing and marketing of pharmaceuticals	
		Nipro Asia Pte Ltd.	Marketing of medical devices	
	India	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	Bangladesh	Nipro JMI Co., Ltd.	Manufacturing and marketing of medical devices
			Nipro JMI Pharma Ltd.	Manufacturing and marketing of pharmaceuticals
	Indonesia	Indonesia	PT. Nipro Indonesia JAYA	Manufacturing and marketing of medical devices
			Nipro Middle East FZE	Marketing of medical devices
	Brazil	Brazil	Nipro Medical Ltda.	Manufacturing and marketing of medical devices
			Nipro Holding Americas, Inc	General management of the subsidiary
	U.S.A.	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	
Nipro Medical Europe N.V.			Marketing of medical devices	
Canada	Canada	CardioMed Supplies INC.	Manufacturing and marketing of medical devices	
		Nipro Europe Group Companies N.V.	General management of the subsidiary	
Belgium	Belgium	Nipro PharmaPackaging International N.V.	General management of the subsidiary	
		Nipro Medical Europe N.V.	Marketing of medical devices	
France	France	Nipro PharmaPackaging France S.A.S.	Manufacturing and marketing of PharmaPackaging products	
		Nipro PharmaPackaging Germany GmbH	Manufacturing and marketing of PharmaPackaging products	
Russia	Russia	Nipro PharmaPackaging Ural LLC	Manufacturing and marketing of PharmaPackaging products	

- Financial Review
- Ten-Year Summary
- Consolidated Balance Sheets
- Consolidated Statements of Income
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Net Assets
- Consolidated Statements of Cash Flows
- Notes to Consolidated Financial Statements
- Corporate Information

Stock Price Range (Tokyo Stock Exchange) (Yen)

