

IR Materials

Full-year FY03/22 Results

May 11, 2022

Nipro Corporation



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Business Impact of COVID-19

Manufacturing, Purchasing, Logistics

Timeline of plant shutdowns in FY03/22 and construction plans for new dialyzer lines (China Hefei and India plants) are shown below. Other domestic and overseas plants are operating normally.

2021												2022											
6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12					
Thailand Increase in COVID-19 cases Jun 2: Suspended operations June 10: Operations resumed in phases	Thailand Jul 1: Fully operational Vietnam Increase in COVID-19 cases Jul 15: Suspended operations			Vietnam Oct 18: Operations resumed in phases					Shanghai, China Lockdowns Shutdown in phases from mid-March	India Scheduled to resume construction of new dialyzer line Shanghai, China Apr 1: Operations fully suspended Schedule for re-opening not yet determined								India New dialyzer line scheduled to start operation Hefei, China New dialyzer line scheduled to start operation					

Sales

Dialysis medical devices	Demand for dialyzers was strong in Japan, China, and Latin America, but soft in Europe and other Asian regions, while dialysis center sales grew in Central and South America.
Cardiovascular medical devices	Sales rose YoY thanks to strong sales of new products, offsetting sluggish catheter sales stemming from a slow recovery in the number of surgeries to pre-COVID-19 levels.
Surgical medical devices	COVID-19 related demand for both mechanical circulatory support and cardiopulmonary bypass products remained steady, but demand for orthopedic products declined due to COVID-19.
Medical consumables	COVID-19 related demand has dropped recently, but remained flat YoY for the full year.
Pharmaceuticals (own brand)	Sales grew owing to market-wide tightness to meet demand for all formulations due to quality issues of competing products.
Pharmaceuticals (contract manufacturing)	Inventory adjustments for antibiotics have settled, and 2H sales recovered on the back of higher demand across the market.
PharmaPackaging	Sales were steady, thanks to strong demand for vials for vaccines in China, Europe, and Americas, as well as syringes for biopharmaceutical drugs in Europe.

Clinical trials

There were no significant impacts on carrying out clinical trials or submitting applications for approval.

Business impact of Russia-Ukraine situation

Sales	No impact on sales in Russia as all transactions are prepaid, while sales in Ukraine have been suspended due to disruptions in shipping.
Affiliated companies	No impact on Moscow-based medical device sales company (four employees); no impact on PP Ural manufacturing and sales company (131 employees).
International logistics	Shipments to Russia are sent via the Trans-Siberian Railway from the port of Vladivostok.

Ukraine Humanitarian Assistance Efforts (March 22, 2022)

We donated money through the Japanese Red Cross Society and provided medical devices free of charge through the Embassy of Ukraine in Japan to support humanitarian assistance for the people of Ukraine and relief activities for evacuees in the surrounding areas.



FY03/22 Results

	FY03/21	FY03/22	Change	Plan (% progress)	FY03/23 Forecast
(¥100 million)					
Net sales	4,555.5	4,947.8 (*)	+392.3 +8.6%	4,950.0 100.0%	5,400.0
Cost of sales	3,167.1	3,455.1	+288.0 +9.1%	3,430.0 100.7%	3,707.0
Gross profit (*)	1,388.4 30.5%	1,492.6 30.2%	+104.2 +7.5%	1,520.0 98.2%	1,693.0 31.4%
SG&A expenses	1,112.1 24.4%	1,253.8 25.3%	+141.7 +12.7%	1,245.0 100.7%	1,418.0 26.3%
Operating profit	276.2 6.1%	238.8 4.8%	-37.4 -13.6%	275.0 86.8%	275.0 5.1%
Ordinary profit (*)	262.6 5.8%	275.8 5.6%	+13.1 +5.0%	267.0 103.3%	266.0 4.9%
Profit attributable to owners of parent	142.0 3.1%	134.5 2.7%	-7.5 -5.3%	148.0 90.9%	156.0 2.9%
Profit in accordance with IFRS (estimate)	173.1	160.5	-12.6 -7.3%	182.0 88.2%	185.0

*1: The impact of adopting the new revenue recognition standard is -¥2.18 billion on net sales and +¥110 million on operating profit

Quarterly Results				
FY03/21	FY03/22			
Q4	Q1	Q2	Q3	Q4
1,144.7	1,180.0	1,241.1	1,272.3	1,254.3
809.2	817.9	866.2	886.2	884.8
335.5	362.0	374.9	386.1	369.4
29.3%	30.7%	30.2%	30.3%	29.5%
290.3	306.9	301.4	317.4	328.0
25.4%	26.0%	24.3%	24.9%	26.2%
45.2	55.1	73.4	68.7	41.4
3.9%	4.7%	5.9%	5.4%	3.3%
65.5	52.3	72.0	81.1	70.3
5.7%	4.4%	5.8%	6.4%	5.6%
38.3	33.0	40.0	37.3	24.1
3.3%	2.8%	3.2%	2.9%	1.9%

*2: Impact of unrealized gains on gross profit
FY03/21: ¥370 million
FY03/22: -¥2.17 billion

*3: Foreign exchange gains and losses
FY03/21: ¥850 million
FY03/22: ¥4.83 billion

Net sales

Net sales rose as the drop in demand stemming from COVID-19 subsided, while some products continued to enjoy COVID-19 related demand.

Gross profit

Gross profit margin fell owing to additional year-end bonuses for FY03/21 paid in Q1, the impact of unrealized gains in Q4, and higher material costs in Q4.

Operating profit

Operating profit decreased due to large increases in personnel, transportation, and promotion expenses.

Ordinary profit

Ordinary profit grew reflecting a ¥3.97bn improvement in foreign exchange gains and losses.

Profit

Profit fell YoY owing to a reduced tax burden in FY03/21 following the start of consolidated tax payments by our US headquarter subsidiary.



SG&A Expenses

SG&A Expenses

	FY03/21	FY03/22		Change	Change (%)	FY03/23 Forecast
		Actual	% of Total			
(¥100 million)						
Personnel	361.3	411.9	32.9%	+50.6	+14.0%	442.5
R&D	183.6	184.6	14.7%	+1.0	+0.5%	197.5
Transportation	98.6	126.5	10.1%	+27.9	+28.3%	215.0
Depreciation (*1)	107.8	117.0	9.3%	+9.2	+8.5%	108.0
Promotion (*2)	66.6	82.3	6.6%	+15.7	+23.6%	92.0
Travel & transportation	25.4	33.3	2.7%	+7.9	+31.1%	34.0
Storage	28.8	30.6	2.4%	+1.8	+6.3%	27.0
Other	239.7	267.2	21.3%	+27.5	+11.5%	302.0
Total	1,112.1	1,253.8	100.0%	+141.7	+12.7%	1,418.0

*1: Depreciation, goodwill amortization, and development amortization

*2: Sales commissions, samples, advertising, and entertainment expenses

SG&A expenses

Personnel	Personnel expenses were up YoY owing to increase in headcount due to opening of dialysis center and M&A.
Promotion	Sales commissions and advertising expenses rose due to the resumption of sales activities.
Transportation	Transportation expenses rose substantially YoY due to continued high shipping and other costs.

R&D expenses

Medical	Overall R&D expenses fell YoY despite an increase in development expenses for dialysis information management system associated with the acquisition of a development company.
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Pharmaceutical	Development expenses related to oral drugs rose.
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R&D Expenses (consolidated)

	FY03/21	FY03/22	Progress vs. Plan	FY03/23 Forecast
(¥100 million)				
Medical	87.9	85.7	84.0 102.0%	89.5
Pharmaceutical	98.5	101.5	106.0 95.8%	108.0
Total	186.5	187.3	190.0 98.6%	197.5



P&L Excluding Impact of New Revenue Recognition Standard and Exchange Rates

	FY03/21	FY03/22	New Revenue Recognition Standard Impact	Exchange rate Impact (*1)	FY03/22 Results Excl. Impact	Change (%)
(¥100 million)	[a]	[b]	[c]	[d]	[e=b-c-d]	[e÷a]
Net sales	4,555.5	4,947.8	-21.8	+80.9	4,888.7	+7.3%
Cost of sales	3,167.1	3,455.1	-20.7	+26.3	3,449.5	
Gross profit	1,388.4	1,489.1	-1.1	+54.6	1,435.6	+3.4%
(%)	30.5%	30.1%			29.4%	
SG&A expenses	1,112.1	1,253.8	+0.0	+18.2	1,235.6	
Operating profit	276.2	238.8	-1.1	+36.4	203.5	-26.3%
(%)	6.1%	4.8%			4.2%	
Non-operating income	55.3	105.2	+0.0	+39.7	65.5	
Non-operating expenses	68.9	68.2	+0.0		68.2	
Ordinary profit	262.6	275.8	-1.1	+76.1	200.8	-23.5%
Extraordinary income	28.7	8.4	+0.0		8.4	
Extraordinary losses	116.2	51.8	+0.0		51.8	
Profit before tax	175.1	232.4	-1.1	+76.1	157.4	-10.1%
Income taxes	24.8	81.7	-0.0	+26.8	55.0	
Profit attributable to non-controlling interests	8.2	16.0			16.0	
Profit	142.0	134.5	-1.1	+49.3	86.2	-39.3%

(*1) Total foreign currency transactions converted to yen using the difference from previous year's rate.

Average exchange rate	2021	2022
1 USD	106.43	110.37
1 EUR	121.97	130.34
1 CNY	15.42	17.12



Net Sales and Operating Profit by Segment

Net sales

		(¥100 million)	Change	Change (%)	FY03/22 Forecast	FY03/23 Forecast
Medical-Related	FY03/22	3,734.8	+296.5	+8.6%	3,725.0	4,095.0
	FY03/21	3,438.2				
Pharmaceutical-Related	FY03/22	743.8	+19.9	+2.8%	749.3	790.0
	FY03/21	723.8				
PharmaPackaging	FY03/22	463.6	+77.0	+19.9%	472.4	512.0
	FY03/21	386.5				

Operating profit

		(¥100 million)	Change	Change (%)	FY03/22 Forecast	FY03/23 Forecast
Medical-Related	FY03/22	392.4	+3.6	+0.9%	392.4	407.0
	FY03/21	388.7				
Pharmaceutical-Related	FY03/22	98.2	-7.8	-7.4%	92.4	99.0
	FY03/21	106.0				
PharmaPackaging	FY03/22	28.8	+8.9	+45.0%	35.0	33.0
	FY03/21	19.9				

Impact of adopting new revenue recognition standard in FY03/22

Net sales

Medical-Related	: -¥1,851 million	
Pharmaceutical-Related	: -¥219 million	
PharmaPackaging	: -¥114 million	Total: -¥2,185 million

Operating profit

Medical-Related	: -¥111 million	
Pharmaceutical-Related	: -¥2 million	
PharmaPackaging	: -¥0million	Total: -¥114 million



Segment Results – (1) Medical-Related (Domestic)

		(¥100 million)	Change	Change (%)	FY03/22 Forecast	FY03/23 Forecast
Domestic business	FY03/22					
	FY03/21		+93.2	+4.8%	2,042.8	2,220.0
Medical devices	FY03/22	1,152.1				
	FY03/21	1,109.2	+42.9	+3.9%	1,157.8	1,258.5
Pharmaceuticals	FY03/22	873.7				
	FY03/21	823.4	+50.3	+6.1%	885.0	961.5
Dialyzer domestic sales	FY03/22	220.5				
	FY03/21	217.1	+3.4	+1.6%	224.0	229.6

Medical devices

Sales of dialyzers were firm.

Dialysis machine sales through intermediaries fell YoY owing to the new revenue recognition standard.

Sales of catheters grew substantially YoY on the back of higher sales of mainstay products such as drug-eluting balloon catheters and new products such as PTA balloon catheters, despite the number of surgeries still not recovering to pre-COVID-19 levels.

Sales of needles rose due to sales of syringes and needles used for vaccinations to the government.

Sales of infusion-related products were up YoY thanks to reduced impact of COVID-19 compared to FY03/21.

Domestic pharmaceuticals

Sales rose on the back of an overall increase in demand across all formations due partly to the suspension of supply at a competitor.

Segment Results – (1) Medical-Related (Overseas)

		(¥100 million)	Change	Change (%)	FY03/22 Forecast	FY03/23 Forecast
Overseas business	FY03/22	1,667.9	+197.4	+13.4%	1,645.2	1,828.0
	FY03/21	1,470.5				
B2B (other brands)	FY03/22	233.4	+23.3	+11.1%	231.5	229.9
	FY03/21	210.7				
Nipro brands	FY03/22	1,434.3	+173.9	+13.8%	1,413.7	1,598.0
	FY03/21	1,259.8				
Americas	FY03/22	620.5	+46.2	+8.1%	605.7	694.1
	FY03/21	573.2				
Europe	FY03/22	362.1	+42.3	+13.2%	388.0	359.8
	FY03/21	320.3				
Asia	FY03/22	246.0	+29.1	+13.4%	237.7	289.4
	FY03/21	216.9				
China	FY03/22	205.6	+56.4	+37.8%	182.3	254.6
	FY03/21	149.2				
Dialyzer overseas sales	FY03/22	545.9	+49.7	+10.0%	542.2	582.0
	FY03/21	495.6				

B2B

Sales of winged needles and insulin needles were firm.

Nipro brands

Dialyzer sales volume continued to grow sharply in China.

In Latin America, sales recovered to FY03/21 levels in Q2 and marked a YoY increase from Q3 onward.

In Europe, sales in the three month period of Q3 recovered to FY03/21 levels, but remained weak for the full year.

In other regions, sales rose substantially on the back of the opening of dialysis centers mainly in Latin America.

Sales of syringes rose thanks to a recovery in treatments by medical institutions in North America, Latin America, and Asia, as well as demand for vaccines; Sales of dialysis machines recovered in Asia and China, as the general reluctance toward buying them subsided.



Segment Results – (2) Pharmaceutical-Related

		(¥100 million)	Change	Change (%)	FY03/22 Forecast	FY03/23 Forecast
Pharmaceutical-Related	FY03/22	743.8				
	FY03/21	723.8	+19.9	+2.8%	749.3	790.0
Breakdown of contract manufacturing sales						
Generic drugs	FY03/22	399.1				
	FY03/21	405.2	-6.1	-1.5%	408.5	400.6
Brand-name drugs Long-listed drugs	FY03/22	257.0				
	FY03/21	239.7	+17.3	+7.2%	253.7	289.8
OTC drugs Active ingredients, etc.	FY03/22	40.0				
	FY03/21	40.6	-0.6	-1.5%	42.1	46.7
JMI Pharma	FY03/22	47.5				
	FY03/21	38.2	+9.3	+24.3%	45.1	52.9

Generic drugs

Sales fell owing to customer inventory adjustments associated with COVID-19 and a drop in orders for discontinued items.

Brand-name/long-listed drugs

Sales rose on the back of new formulation contracts centered on COVID-19 vaccines.

OTC drugs, active ingredients, etc.

Sales dropped YoY as there was a concentration of trial production and validation of products for contract manufacturing in FY03/21.

JMI Pharma

Sales grew thanks to sales channel expansions achieved by boosting sales personnel.

Segment Results – (3) PharmaPackaging

		(¥100 million)	Change	Change (%)	FY03/22 Forecast	FY03/23 Forecast
Pharma Packaging	FY03/22	463.6	+77.0	+19.9%	472.4	512.0
	FY03/21	386.5				
Sales by region						
Japan	FY03/22	115.1	+3.3	+3.0%	108.9	111.0
	FY03/21	111.8				
Overseas	FY03/22	348.4	+73.7	+26.8%	363.5	401.0
	FY03/21	274.7				
Europe	FY03/22	170.4	+34.0	+24.9%	177.1	195.5
	FY03/21	136.4				
Americas	FY03/22	94.6	+6.4	+7.3%	96.4	105.
	FY03/21	88.2				
China	FY03/22	71.0	+32.5	+84.4%	78.6	87.0
	FY03/21	38.5				
India	FY03/22	12.3	+0.9	+7.9%	11.5	13.5
	FY03/21	11.4				

Japan

Sales fell YoY owing to special demand for glass tubing for use in vials for vaccines in FY03/21 and lower orders for glass tubing from vial processors in FY03/22 stemming from inventory adjustments for antibiotics and cold medicines by drug manufacturers.

On the other hand, sales of dental needles and dental anesthetics recovered in the medical device related business.

Sales of rubber stoppers and plugs had temporarily fallen in Q4 FY03/21 owing to inventory adjustments by drug manufacturers, but recovered in FY03/22.

Overseas

Sales of vials for vaccines in China, Europe, and Americas, syringes for vaccines in China, and syringes for biopharmaceutical drugs in Europe were robust. In addition, sales of ampoules in Europe rose this year following the acquisition of a Croatian company.



Net Sales by Segment and Product Category

Segment		Medical-Related	Pharmaceutical-Related	Pharma Packaging	Other	Total
Product	(¥100 million)					
Medical devices	FY03/22	2,780.9	0.0	30.6	0.0	2,811.5
	FY03/21	2,553.9	0.0	(*3) 28.0	0.0	2,582.0
Pharmaceuticals	FY03/22	953.1	743.8	4.3	0.0	1,701.4
	FY03/21	(*1) 883.4	(*2) 723.8	3.2	0.0	1,610.5
Pharma packaging	FY03/22	0.2	0.0	427.3	0.0	427.6
	FY03/21	0.2	0.0	354.1	0.0	354.4
Other	FY03/22	0.4	0.0	1.1	5.5	7.2
	FY03/21	0.5	0.0	1.0	6.9	8.5
Total	FY03/22	3,734.8	743.8	463.6	5.5	4,947.8
	FY03/21	3,438.2	723.8	386.5	6.9	4,555.5

*1: In-house generic drugs

*2: Contract manufacturing of pharmaceuticals

*3: Needles, infusion-related products, testing products

Net Sales by Segment and Region

Region	Segment	Medical-Related	Pharmaceutical-Related	Pharma Packaging	Other	Total
	(¥100 million)					
Japan	FY03/22	1,989.8	690.6	114.8	5.5	2,800.9
	FY03/21	1,910.4	677.9	110.2	6.7	2,705.4
Overseas total	FY03/22	1,744.9	53.1	348.7	0.0	2,146.9
	FY03/21	1,527.7	45.9	276.3	0.1	1,850.1
Americas	FY03/22	691.4	0.2	90.7	0.0	782.4
	FY03/21	631.5	0.0	84.1	0.0	715.7
Europe	FY03/22	430.4	3.1	170.1	0.0	603.7
	FY03/21	383.7	4.3	133.4	0.1	521.6
China	FY03/22	259.9	0.3	66.7	0.0	327.0
	FY03/21	193.5	1.0	38.5	0.0	233.1
Other Asia	FY03/22	363.1	49.3	21.2	0.0	433.7
	FY03/21	318.9	40.5	20.1	0.0	379.5
Total	FY03/22	3,734.8	743.8	463.6	5.5	4,947.8
	FY03/21	3,438.2	723.8	386.5	6.9	4,555.5

By region

In Q4 FY03/22, 56.6% of sales were generated in Japan and 43.4% overseas, and sales remained steady in each region, both in Japan and overseas.

By segment

Sales of dialyzers and needles in the Medical-Related business, injection and infusion products in the Pharmaceuticals (own brand) business, and vials and syringes in the PharmaPackaging business were strong both in Japan and overseas, and sales rose YoY in all regions.



Product Category

Medical devices

Dialyzers	Dialyzers (artificial kidneys), HDF filters
Dialysis equipment	Dialysis systems, maintenance, dialysis equipment parts
Other dialysis-related products	Blood circuits, AVF needles, etc.
Needles	PSV needles, safetouch needles, etc.
Vascular products	Catheter sets for cardiovascular treatments, thrombus aspiration catheters, etc.
Infusion-related products	Infusion sets, IV cannulas, etc.
Testing products	Neotube (vacuum blood collection tube), blood collection needles, etc.
Diabetes-related products	Insulin needles, blood glucose meters (for overseas markets), lancets
Surgical device-related products	Mechanical circulatory support, cardiopulmonary bypass products
Other products	Medical instruments, blood-related products, cell culture-related products, gloves, etc.

Pharmaceuticals

Oral drugs	Oral drugs
Injection and infusion products	Syringe kits, vial formulations, dual chamber bags (PLW), powdered dialysate, dialysis fluids, etc.
External preparations and patches	External preparations, patches
Others, in vitro diagnostics, etc.	Reagents, pharmaceuticals, blood glucose meters, etc.

Pharma packaging

Glass tube-related products	Medical-use glass tubes, non-medical use glass tubes, glass raw materials
Glass ampoules	Ampoules (single tip, double tip)
Glass vials	Vials (blowback, screw, sterilized, etc.)
Glass syringes	Syringes (luer lock, luer slip, sterilized, etc.)
Rubber stoppers and plugs	Rubber stoppers, plugs, closures, and caps
Plastic containers	Plastics
Thermos bottles	Glass for thermos bottles
Other products	Glass containers and others, special glass containers, cartridge glass and others, etc.

Net Sales by Product Category (1)

Business Category (¥100 million)		Overall				Overseas				Japan			
		FY03/21	FY03/22	Change	Change %	FY03/21	FY03/22	Change	Change %	FY03/21	FY03/22	Change	Change %
Medical devices	Dialyzers	712.7	765.8	+53.1	+7.5%	495.6	545.9	+49.7	+10.0%	217.1	220.5	+3.4	+1.6%
	Dialysis equipment	198.9	212.4	+13.4	+6.8%	99.3	131.4	+32.0	+32.3%	99.6	81.0	-18.6	-18.7%
	Other dialysis-related products	313.7	352.0	+38.2	+12.2%	239.0	274.0	+35.0	+14.6%	74.6	77.9	+3.2	+4.4%
	Dialysis-related products total	1,225.5	1,330.3	+104.8	+8.6%	834.0	951.4	+116.7	+14.0%	391.4	379.5	-11.9	-3.0%
	Needles	349.6	413.9	+64.2	+18.4%	208.2	258.1	+49.8	+23.9%	141.3	155.8	+14.4	+10.2%
	Vascular products	288.3	319.9	+31.6	+11.0%	35.2	47.1	+11.9	+33.7%	253.0	272.7	+19.7	+7.8%
	Infusion-related products	150.3	167.0	+16.7	+11.1%	49.4	54.1	+4.7	+9.5%	100.8	112.8	+11.9	+11.9%
	Testing products	97.9	110.4	+12.4	+12.7%	65.3	75.4	+10.8	+16.6%	32.6	34.3	+1.6	+5.1%
	Diabetes-related products	87.6	89.6	+1.9	+2.2%	71.9	74.8	+2.9	+4.1%	15.7	14.7	-1.0	-6.5%
	Surgical device-related products	37.0	37.5	+0.5	+1.4%	4.8	7.5	+2.7	+56.4%	32.1	29.9	-2.2	-6.9%
	Other products	341.3	340.1	-1.2	-0.4%	197.9	195.9	-1.9	-1.0%	143.4	144.1	+0.6	+0.5%
Category Total		2,577.8	2,808.9	+231.1	+9.0%	1,467.0	1,664.8	+197.8	+13.5%	1,110.8	1,144.1	+33.3	+3.0%
Pharmaceuticals (own brand)	Oral drugs	382.4	391.5	+9.0	+2.4%	0.1	0.2	+0.1	+75.2%	382.3	391.2	+8.9	+2.3%
	Injection and infusion products	355.2	403.5	+48.2	+13.6%	58.0	76.3	+18.3	+31.7%	297.2	327.1	+29.8	+10.1%
	External preparations and patches	52.7	66.3	+13.6	+25.9%	-	-	-	-	52.7	66.3	+13.6	+25.9%
	Others, in vitro diagnostics, etc.	92.9	91.7	-1.2	-1.4%	2.0	3.1	+1.0	+49.5%	90.8	88.5	-2.2	-2.5%
	Category Total	883.4	953.1	+69.6	+7.9%	60.2	79.7	+19.5	+32.4%	823.2	873.3	+50.1	+6.1%
Regenerative medicines	Regenerative medicine products	4.2	2.6	-1.6	-38.4%	-	-	-	-	4.2	2.6	-1.6	-38.4%

Net Sales by Product Category (2)

Business Category (¥100 million)		Overall				Overseas				Japan			
		FY03/21	FY03/22	Change	Change %	FY03/21	FY03/22	Change	Change %	FY03/21	FY03/22	Change	Change %
Pharmaceuticals (contract manufacturing)	Oral drugs	292.1	294.4	+2.3	+0.8%	1.5	1.0	-0.4	-31.5%	290.6	293.4	+2.7	+1.0%
	Injection and infusion products	314.2	324.3	+10.1	+3.2%	1.0	2.2	+1.2	+118.8%	313.2	322.1	+8.9	+2.8%
	External preparations and patches	57.0	55.2	-1.8	-3.2%	1.7	0.8	-0.8	-52.2%	55.3	54.4	-0.9	-1.7%
	Others, in vitro diagnostics, etc.	25.3	26.5	+1.2	+4.8%	3.4	1.5	-1.8	-54.9%	21.9	25.0	+3.0	+14.0%
	Category Total	688.8	700.6	+11.8	+1.7%	7.6	5.6	-2.0	-26.4%	681.1	695.0	+13.8	+2.0%
Pharmaceuticals (JMI Pharma)	Oral drugs	37.7	47.0	+9.2	+24.4%	37.7	47.0	+9.2	+24.4%	-	-	-	-
	Injection and infusion products	0.4	0.5	+0.1	+26.0%	0.4	0.5	+0.1	+26.0%	-	-	-	-
	Category Total	38.2	47.5	+9.3	+24.4%	38.2	47.5	+9.3	+24.4%	-	-	-	-
Pharma packaging	Glass tube-related products	94.3	94.7	+0.4	+0.5%	71.9	73.6	+1.7	+2.4%	22.4	21.1	-1.3	-5.8%
	Glass ampoules	37.9	50.1	+12.1	+31.9%	37.8	49.9	+12.1	+32.1%	0.1	0.1	0.0	-10.4%
	Glass vials	121.0	166.8	+45.8	+37.9%	104.0	149.8	+45.8	+44.0%	16.9	17.0	0.0	+0.3%
	Glass syringes	43.5	53.7	+10.2	+23.5%	43.5	53.5	+9.9	+22.9%	0.0	0.2	+0.2	+1293.5%
	Rubber stoppers and plugs	17.6	17.6	0.0	-0.4%	5.9	5.0	-0.8	-15.0%	11.7	12.5	+0.8	+7.0%
	Plastic containers	19.9	20.1	+0.2	+1.2%	1.4	0	-1.4	-94.7%	18.4	20.1	+1.6	+8.8%
	Thermos bottles	4.3	3.8	-0.5	-11.7%	-	-	-	-	4.3	3.8	-0.5	-11.7%
	Other products	15.5	20.5	+4.9	+31.9%	11.6	16.5	+4.8	+41.4%	3.8	4.0	+0.1	+3.4%
	Category Total	354.4	427.6	+73.2	+20.7%	276.4	348.6	+72.2	+26.1%	78.0	79.0	+1.0	+1.3%
Other	Sales of production machinery and real estate leasing	8.5	7.2	-1.3	-15.6%	0.5	0.4	-0.1	-17.7%	7.9	6.7	-1.2	-15.4%
Consolidated Total		4,555.5	4,947.8	+392.3	+8.6%	1,850.1	2,146.9	+296.7	+16.0%	2,705.4	2,800.9	+95.5	+3.5%

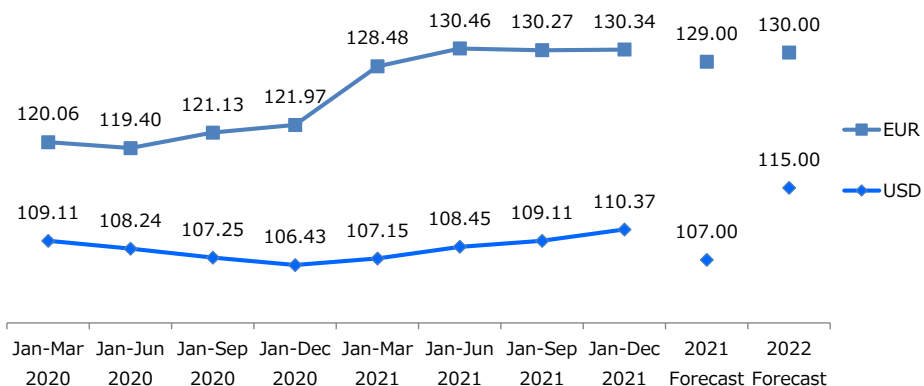
Exchange Rate Sensitivity

Annual impact of a ¥1 change in exchange rate

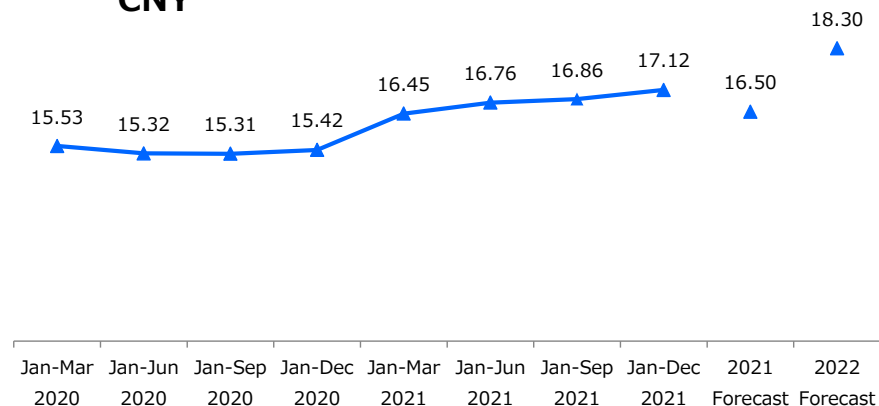
(¥100 million)	USD	EUR	CNY
Net sales	5.9	3.5	14.3
Operating profit	0.7	1.7	11.4

Average exchange rate

USD, EUR



CNY



Capex and Depreciation

	Capex*				Depreciation			
	FY03/21	FY03/22	Progress vs. Plan	FY03/23 Forecast	FY03/21	FY03/22	Progress vs. Plan	FY03/23 Forecast
(¥100 million)								
Medical-Related	327.3	171.2	198.5 86.2%	311.7	183.0	201.1	207.5 96.9%	192.0
Pharmaceutical-Related	132.8	220.9	200.5 110.2%	182.5	121.6	133.9	141.0 95.0%	141.0
PharmaPackaging	39.1	43.4	95.5 45.4%	123.0	42.4	48.2	45.0 107.1%	52.5
Other	20.4	30.0	33.5 89.6%	15.0	51.3	49.7	34.0 146.2%	36.5
Total	519.8	465.6	528.0 88.2%	632.2	398.4	433.1	427.5 101.3%	422.0

* Capex figures are based on acceptance inspection.

FY03/ 22 Actual

Capex

Capex was substantially lower YoY in the Medical-Related business, reflecting a reactionary drop from investment in regenerative medicine manufacturing facilities in FY03/21 and the new dialyzer manufacturing lines not yet in operation. Pharmaceutical-Related capex rose due mainly to the construction of a new building at Nipro Pharma's Ise Plant. Progress in capex in the PharmaPackaging business slowed significantly as construction to boost glass tubing production capacity at the France plant was delayed due to COVID-19.

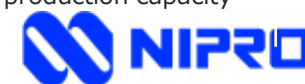
Depreciation

Depreciation in the Medical-Related and Pharmaceutical-Related businesses were in line with plan despite FY03/22 capex being affected by construction delays, as facilities that were delayed in coming online in FY03/21 began operating. Similarly, progress in depreciation in the PharmaPackaging business came in 7.1% above plan as facilities that were scheduled to come online in FY03/21 started operating.

FY03/ 22 Forecast

Capex

We expect capex in the Medical-Related business to rise YoY due to the addition of new dialyzer lines in Hefei and Vietnam, as well as the acquisition of a dialysis center. In the Pharmaceutical-Related business, we expect capex to decrease YoY despite plans to newly build the Omi Plant. We are projecting a substantial increase in capex in the PharmaPackaging business to boost glass tubing production capacity at our France Plant and to add D2F® production lines at our Germany Plant.



FY03/22 Capex for Key Companies

Company	Amount (¥100 million)	Description
Nipro	91.5	Odate Plat (22.4): Dialyzer-related facilities, etc. Saitama Research Laboratory (2.6): Renovation of research building
Nipro Pharma	205.0	Odate Plant (21.6): Expansion of testing building, etc. Ise Plant (141.8): Construction of new vial manufacturing building and facilities, construction of new syringe manufacturing building, etc.
Nipro Medical Corporation	40.7	Dialysis medical devices, real estate and facilities for dialysis centers, etc.
Nipro (Thailand) Corporation	21.8	Blood circuit assembly equipment, syringe assembly machines, etc.
Nipro PharmaPackaging Americas	13.4	Tank expansion and repair work, etc.

FY03/23 Earnings Forecast

Medical-Related

Breakdown	(¥100 million)	FY03/22 Actual	FY03/23 Forecast	Change	Change (%)
Domestic	Medical devices	1,152.1	1,258.5	+106.4	9.2%
	Pharmaceuticals	873.7	961.5	+87.8	10.1%
Overseas	B2B	234.0	229.9	-4.1	-1.8%
	Americas	619.4	694.1	+74.7	12.1%
	Europe	362.6	359.8	-2.8	-0.8%
	Asia	246.0	289.4	+43.4	17.6%
	China	205.6	254.6	+49.0	23.8%
Factory	Direct sales	41.4	47.2	+5.8	14.0%
Total sales		3,734.8	4,095.0	+360.2	9.6%
Operating profit		392.4	407.0	+14.6	3.7%
Operating margin		10.5%	9.9%	-	-

> Net sales

We expect domestic medical device sales to rise by ¥10.64 billion YoY on stronger sales of catheter products (PTCA balloon catheters, drug-eluting stents, etc.), intra-spinal fusion devices (orthopedic products), and infusion-related products.

For domestic pharmaceuticals, we are projecting sales to rise by ¥8.78 billion YoY on the back of an overall increase in demand across all formations as a result of suspension of supply at a competitor.

In the Americas, we anticipate a ¥7.47 billion YoY increase in sales driven by the opening of dialysis centers mainly in Latin America and an increase in syringe sales. We expect sales in Asia to grow by ¥4.34 billion YoY on higher sales of syringes for vaccines and infusion-related products, as well as expansion of the regional sales network through the opening of new sales offices. In China, we forecast a ¥4.90 billion increase in sales YoY on stronger sales of dialyzers and dialysis machines.

> Operating profit

We expect operating profit to rise, but operating margins to fall, as raw material prices rise and transportation costs remain significantly higher than in FY03/22.

Pharmaceutical-Related

Breakdown	(¥100 million)	FY03/22 Actual	FY03/23 Forecast	Change	Change (%)
Generic drugs		399.1	400.6	+1.5	0.4%
Brand-name/long-listed drugs		257.0	289.8	+32.8	12.8%
OTC drugs, active ingredients		40.0	46.7	+6.7	16.8%
JMI Pharma		47.5	52.9	+5.4	11.4%
Total sales		743.8	790.0	+46.2	6.2%
Operating profit		98.2	99.0	+0.8	0.8%
Operating margin		13.2%	12.5%	-	-

> Net sales

We expect sales for generic products to drop slightly YoY despite continued demand growth in the overall market, due in part to the impact of discontinued products.

For brand-name and long-listed drugs, we anticipate sales to rise by ¥3.28 billion YoY on the back of new drug formulation contracts.

As for OTC drugs and active ingredients, we project sales to grow by ¥670 million YoY on new product orders.

At JMI Pharma, we expect to boost sales by ¥540 million YoY by expanding sales channels.

> Operating profit

We expect operating margins to shrink despite the growth in sales, owing to the impact of depreciation at R&D facilities.

PharmaPackaging

Breakdown	(¥100 million)	FY03/22 Actual	FY03/23 Forecast	Change	Change (%)
Japan		115.1	111.0	-4.1	-3.6%
Europe		170.4	195.5	+25.1	14.7%
Americas		94.6	105.0	+10.4	11.0%
China		71.0	87.0	+16.0	22.5%
India		12.3	13.5	+1.2	9.8%
Total sales		463.6	512.0	+48.4	10.4%
Operating profit		28.8	33.0	+4.2	14.6%
Operating margin		6.2%	6.4%	-	-

> Net sales

We expect sales in Europe to increase by ¥2.51 billion YoY on higher demand for vials for vaccines and syringes for biopharmaceutical drugs.

In the Americas, we project sales growth of ¥1.04 billion YoY with increased demand for vials for vaccines.

In China, we forecast sales to increase by ¥1.60 billion YoY on the back of higher demand for vials for vaccines.

> Operating profit

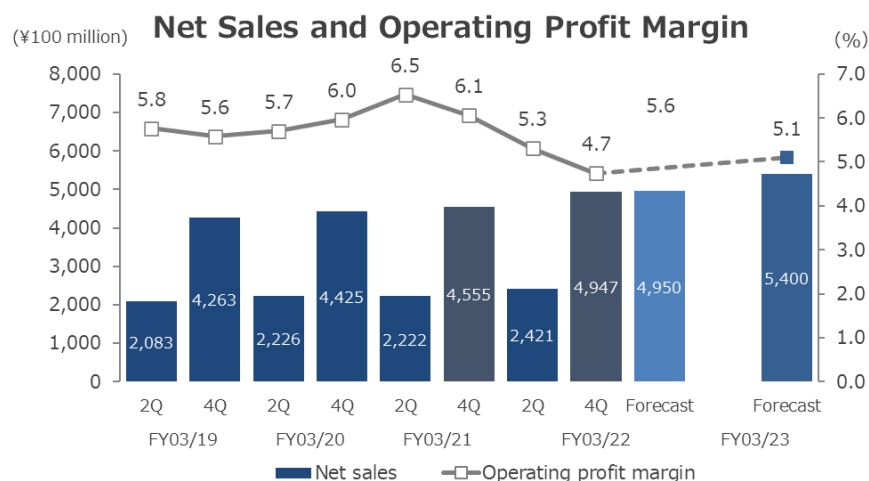
We expect operating margin to increase, despite expected price hikes in raw materials and transportation costs, as we work to curb overall expenses.

Core KPIs in the Medium-Term Management Plan – (1)

Guidelines for FY03/25

Growth	Sales CAGR	7.0% or higher
Profitability	Operating margin	9.0% or higher

Financial health	Net debt-to-EBITDA ratio in the 4x range
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➤ Sales growth

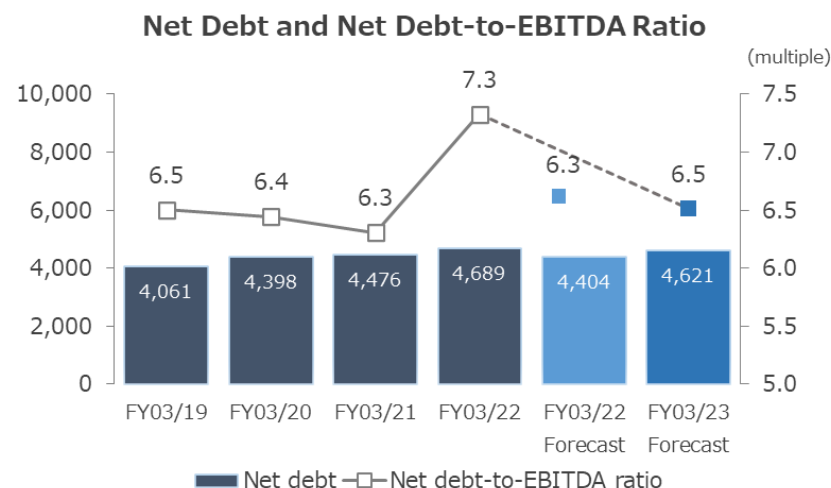
Sales CAGR through FY03/22 came in below the guideline at 5.7%, partially due to the slowdown in sales growth in FY03/21 stemming from the COVID-19 pandemic. Sales grew 8.6% in FY03/22.

We expect sales to continue to grow steadily at 9.1% in FY03/23, and aim to reach our guideline target sales CAGR of 7.0%.

➤ Operating margin

Operating margin improved gradually from FY03/19 to FY03/21, but fell substantially below plan to 4.7% in FY03/22 owing to an increase in some SG&A expenses.

With raw material and transportation costs expected to rise globally, we expect operating margin to improve YoY but come in at 5.1% in FY03/23.



➤ Net debt

Net interest-bearing debt rose through FY03/22 as a result of increased capex. In FY03/22, net debt increased further by ¥21.3 billion, coming in above plan as a result of acquiring licenses for the in-house generic drug business and making large capital investments.

In FY03/23, we plan to proactively implement strategies to improve our financial position and aim to reduce net interest-bearing debt.

➤ Net debt-to-EBITDA ratio

The net debt-to-EBITDA ratio rose above our plan to 7.3x in FY03/22 as a result of lower operating profit and an increase in net interest-bearing debt.

In FY03/23, we plan to boost EBITDA by improving profitability, and expect the net debt-to-EBITDA ratio to improve to 6.5x.



Core KPIs in the Medium-Term Management Plan – (2)

Guidelines for FY03/25

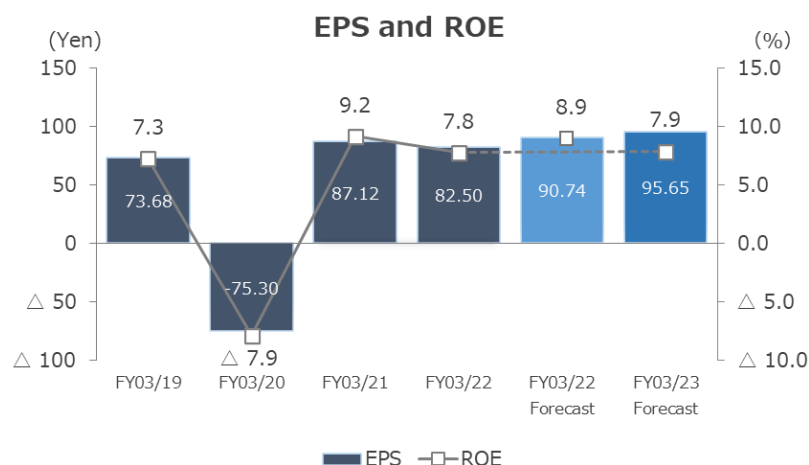
Capital
efficiency

ROE

14.0%

Investment
efficiency

Achieve positive free cash flow



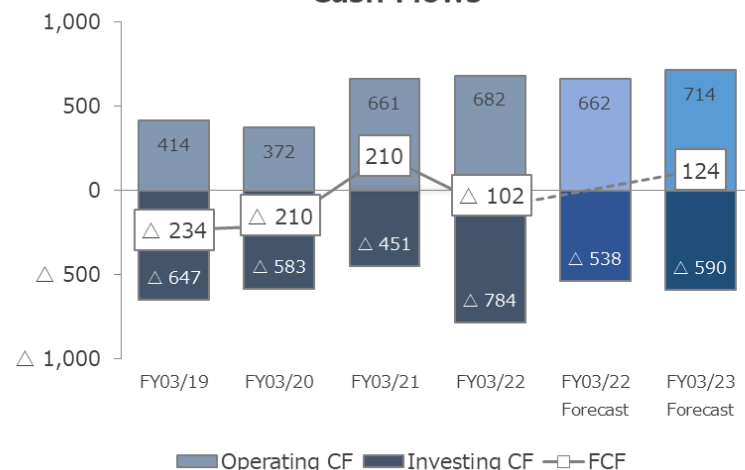
➤ ROE

In FY03/22, ordinary profit rose YoY thanks to an increase in foreign exchange gains, but bottom-line profit fell owing to a reduced tax burden in FY03/21 following the start of consolidated tax payments by our US headquarter subsidiary.

As a result, EPS came in below plan at ¥82.50 per share. ROE also fell YoY, but this was because shareholders' equity was lower in FY03/21 as a result of recording a loss in FY03/20, while shareholders' equity increased in FY03/22 as a result of foreign currency translation adjustments due to the weaker yen.

For FY03/23, we expect profit to increase by ¥2.15 billion YoY driven by higher sales and lower expenses, resulting in an EPS of ¥95.65 and ROE of 7.9%.

Cash Flows



➤ Free cash flow

We generated positive free cash flow in FY03/21. However, in FY03/22, while operating cash flows came in above plan thanks to higher pre-tax profit, we posted negative free cash flow of ¥10.2 billion as a result of new investment spending, including license acquisition costs in our in-house generic drug business and expenses for the acquisition of a new syringe manufacturing building at Nipro Pharma's Ise Plant.

In FY03/23, we are forecasting operating cash flows to increase by ¥3.2 billion YoY on higher profit. In addition, we expect cash inflows from the sale of some real estate, which will improve our investing cash flows. As a result, we expect to secure positive free cash flow once again.



Forecasts and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable.

Actual results may differ materially from those described in this document due to various factors that may arise in the future.

