

# IR Materials

Q3 FY03/23

February 8, 2023  
Nipro Corporation



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# Business Impact of COVID-19

## Manufacturing, Purchasing, Logistics

Timeline of plant shutdowns in FY03/23 and construction plans for new dialyzer lines (China Hefei and India plants) are shown below. Other domestic and overseas plants are operating normally.

2022												2023		
1	2	3	4	5	6	7	8	9	10	11	12	1	2	3
		<b>Shanghai, China</b> Impact of lockdown 3/13 – 3/15 Operations suspended 3/16 – 3/20 Limited the proportion of commuting employees to 10% or less	<b>Shanghai, China</b> 4/1 – 5/31 Operations completely halted	<b>Shanghai, China</b> from 6/1 Operations resumed in phases	<b>Hefei, China</b> 7/15 Third dialyzer line began operations					<b>India</b> 11/22 Third dialyzer line began operations			<b>India</b> 2/1 Fourth dialyzer line began operations	

## Sales

Dialysis medical devices

Sales of dialyzers were brisk in China, North America, and Japan, but sluggish in Europe. Dialysis centers expanded in Central and South America.

Cardiovascular medical devices

Sales of scoring balloons and Y-connectors in China and sales of drug-eluting balloons and scoring balloons in Japan were upbeat.

Surgical medical devices

Sales of cardiovascular bypass products and HeartMate 3 were firm.

Pharmaceuticals (own brand)

Sales of the oral drug Nexium AG, which was launched in December, were robust, while sales of injections grew significantly due to increased NHI drug prices and higher sales volumes. Overall sales of our own brand of pharmaceuticals were up despite a decline in sales of external preparations.

Pharmaceuticals (contract manufacturing)

Although JMI Pharma enjoyed steady sales, sales of other out-licensed products fell, resulting in a YoY decline in overseas sales. Sales in Japan were down YoY due to a decline in orders associated with customers' inventory adjustments and discontinuation of some products.

PharmaPackaging

In China, sales of vials and glass tubes for vaccines remained weak due to a decline in demand, but sales of glass tubes in the US and France and ampoules and vials in Europe remained strong.

## Clinical trials

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

## B rating from CDP for climate change reporting

We responded to the climate change questionnaire conducted by CDP, an NGO that runs a global environmental disclosure system, and earned a rating of B this fiscal year. Based on an eight-point scale from A to D-, a rating of B is third from the top. While the Nipro Group got high marks for addressing climate change, we will go the extra mile to address environmental issues and actively disclose information through our website and other media, as we work to realize a sustainable society through our business activities.

# Q3 FY03/23 Results

	Q3 FY03/22	Q3 FY03/23	Change	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)
	(¥100 million)					
<b>Net sales</b>	3,693.5	<b>4,063.0</b>	+369.4 +10.0%	5,400.0 75.2%	5,518.0 73.6%	<b>5,490.0</b> 74.0%
<b>Cost of sales</b>	2,570.3	<b>2,843.5</b>	+273.1 +10.6%	3,707.0 76.7%	3,842.0 74.0%	<b>3,820.0</b> 74.4%
<b>Gross profit</b> (※1)	1,123.2 30.4%	<b>1,219.4</b> 30.0%	+96.2 +8.6%	1,693.0 72.0%	1,676.0 72.8%	<b>1,670.0</b> 73.0%
<b>SG&amp;A expenses</b>	925.8 25.1%	<b>1,087.6</b> 26.8%	+161.8 +17.5%	1,418.0 76.7%	1,499.0 72.6%	<b>1,480.0</b> 73.5%
<b>Operating profit</b>	197.3 5.3%	<b>131.7</b> 3.2%	△65.5 △33.2%	275.0 47.9%	177.0 74.4%	<b>190.0</b> 69.3%
<b>Ordinary profit</b> (※2)	205.5 5.6%	<b>137.7</b> 3.4%	△67.8 △33.0%	266.0 51.8%	266.0 51.8%	<b>184.0</b> 74.8%
<b>Profit attributable to owners of parent</b>	110.3 3.0%	<b>69.6</b> 1.7%	△40.7 △36.9%	156.0 44.6%	156.0 44.6%	<b>100.0</b> 69.6%
<b>Profit in accordance with IFRS (estimate)</b>	132.3	<b>86.6</b>	△45.7 △34.5%	185.0 46.8%	185.0 46.8%	<b>129.0</b> 67.1%

Quarterly Results				
FY03/22		FY03/23		
Q3	Q4	Q1	Q2	Q3
1,272.3	1,254.3	1,278.9	1,324.4	<b>1,459.6</b>
886.2	884.8	886.8	927.9	<b>1,028.7</b>
386.1	369.4	392.0	396.5	<b>430.8</b>
30.3%	29.5%	30.7%	29.9%	29.5%
317.4	328.0	362.5	362.3	<b>362.7</b>
24.9%	26.2%	28.3%	27.4%	24.9%
68.7	41.4	29.5	34.1	<b>68.0</b>
5.4%	3.3%	2.3%	2.6%	4.7%
81.1	70.3	73.3	42.6	<b>21.6</b>
6.4%	5.6%	5.7%	3.2%	1.5%
37.3	24.1	52.7	9.7	<b>7.0</b>
2.9%	1.9%	4.1%	0.7%	0.5%

\*1: Impact of unrealized gains on gross profit  
Q3 FY03/22: (¥1,296) million  
Q3 FY03/23: (¥1,485) million

\*2: Foreign exchange gains and losses  
Q3 FY03/22: ¥2,226 million  
Q3 FY03/23: ¥3,076 million

- Net sales** Sales of medical devices, domestic pharmaceuticals, and PharmaPackaging increased. Sales in contract manufacturing declined. Overall sales grew YoY due to an increase in overseas sales as a result of the yen's depreciation in addition to passing higher costs, resulting from a hike in manufacturing and logistics costs, onto customers.
- Gross profit** GPM dipped slightly due to soaring raw material and energy costs caused by inflation and foreign exchange rates.
- Operating profit** Although overseas transportation costs have been on a downward trend since December, operating profit declined YoY due to the significant impact of increasing costs since the beginning of the year.
- Ordinary profit** Ordinary profit decreased YoY as forex gains edged up only ¥840 million YoY.
- Profit** Profit fell YoY despite the posting of extraordinary gains on sales of real estate.

# FY03/23 Forecast Changes (Overall)

(¥100 million)	FY03/22	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)	FY03/23 Forecast Changes (vs. Nov. figures)
<b>Net sales</b>	4,947.8	5,400.0	5,518.0	<b>5,490.0</b>	△ 28.0
<b>Cost of sales</b>	3,455.1	3,707.0	3,842.0	<b>3,820.0</b>	△ 22.0
<b>Gross profit</b>	1,492.6 30.2%	1,693.0 31.4%	1,676.0 30.4%	<b>1,670.0</b> 30.4%	△ 6.0 +0.0%
<b>SG&amp;A expenses</b>	1,253.8 25.3%	1,418.0 26.3%	1,499.0 27.2%	<b>1,480.0</b> 27.0%	△ 19.0 △0.2%
<b>Operating profit</b>	238.8 4.8%	275.0 5.1%	177.0 3.2%	<b>190.0</b> 3.5%	13.0 +0.3%
<b>Ordinary profit</b>	275.8 5.6%	266.0 4.9%	266.0 4.8%	<b>184.0</b> 3.4%	△ 82.0 △1.5%
<b>Profit attributable to owners of</b>	134.5 2.7%	156.0 2.9%	156.0 2.8%	<b>100.0</b> 1.8%	△ 56.0 △1.0%

- **Net sales** The assumed yen rate to the US dollar was changed from ¥135 to ¥132 due to the change in the exchange rate of the US dollar to a stronger yen. Full-year sales were revised downward from the November forecast.
- **Gross profit** GPM was unchanged from the November forecast because the cost of sales is also expected to be held down due to the impact of the exchange rate.
- **Operating profit** Operating profit was revised upward due to the impact of foreign exchange rates, and also because SG&A expenses were curbed as transportation costs started to decline after December.
- **Ordinary profit** Ordinary profit was revised downward because foreign exchange gains are expected to fall significantly short of the November forecast.
- **Profit** Along with the downward revision of ordinary profit, profit was also revised sharply below the November forecast figure.

# SG&A Expenses

## SG&A Expenses

	Q3 FY03/22	Q3 FY03/23		Change	Change (%)	FY03/23 Forecast as of May	FY03/23 Forecast as of	FY03/23 Forecast as of February
		Actual	% of Total					
(¥100 million)								
Personnel	310.3	321.1	29.5%	+10.8	+3.5%	442.5	462.1	440.3
R&D (*1)	136.5	157.5	14.5%	+21.0	+15.4%	197.5	200.0	200.0
Transportation	92.8	167.4	15.4%	+74.6	+80.4%	215.0	227.2	220.5
Depreciation (*2)	83.6	86.5	8.0%	+2.9	+3.5%	108.0	109.0	121.3
Promotion (*3)	60.1	75.4	6.9%	+15.3	+25.5%	92.0	100.5	102.0
Travel & transportation	23.3	33.6	3.1%	+10.3	+44.2%	34.0	36.6	44.8
Storage	22.6	26.5	2.4%	+3.9	+17.3%	27.0	32.1	34.0
Other	196.3	219.3	20.2%	+23.0	+11.7%	302.0	331.5	317.1
<b>Total</b>	<b>925.8</b>	<b>1,087.6</b>	<b>100.0%</b>	<b>+161.8</b>	<b>+17.5%</b>	<b>1,418.0</b>	<b>1,499.0</b>	<b>1,480.0</b>

\*1: R&D expenses, experimentation and research expenses, and development amortization

\*2: Depreciation, goodwill amortization

\*3: Sales commissions, samples, advertising, and entertainment expenses

## R&D Expenses (consolidated)\*

	Q3 FY03/22	Q3 FY03/23	FY03/23 Forecast as of May	FY03/23 Forecast as of November	FY03/23 Forecast as of February
Medical	62.1	68.4	87.5	91.5	86.0
Pharmaceutical	71.9	86.4	108.0	105.0	108.5
Pharma Packaging	2.5	2.8	3.5	3.5	5.5
<b>Total</b>	<b>136.5</b>	<b>157.5</b>	<b>199.0</b>	<b>200.0</b>	<b>200.0</b>

## SG&A expenses

Overseas transportation costs were up significantly YoY due to the cumulative increase since the beginning of the year, despite a downward trend since December.

Travel & transportation and promotion expenses rose YoY due to increased sales activity as COVID-related restrictions eased.

In addition to the aforementioned downward trend in transportation costs, the impact from the appreciation of the yen on the exchange rate led to a downward revision of the full-year forecast.

## R&D expenses

**Medical** Up YoY, due to the project to develop a dialysis information management system, while clinical trial costs for drug-eluting stents were posted as expenses.  
The full-year forecast was revised upward as multiple clinical trials, including trials for drug-eluting stents, moved ahead of schedule.

**Pharmaceutical** Up YoY, due to the cost of purchasing active ingredients for development and various clinical trial costs, although costs related to the development of oral drugs declined.  
The full-year forecast was revised downward after the start of some development projects was delayed to the next fiscal year.

**PP** R&D personnel expenses were higher than expected, resulting in a YoY increase and an upward revision of the full-year forecast.

# P&L Excluding Forex Impact

	Q3 FY03/22	Q3 FY03/23	Exchange rate Impact*	FY03/23 Results Excl. Impact	Change (%)
(¥100 million)	[a]	[b]	[c]	[d=b-c]	[d÷a]
<b>Net sales</b>	3,693.5	4,063.0	+143.4	<b>3,919.6</b>	+6.1%
<b>Cost of sales</b>	2,570.3	2,843.5	+72.5	<b>2,771.0</b>	+7.8%
<b>Gross profit</b>	1,123.2	1,219.4	+70.9	<b>1,148.5</b>	+2.3%
(%)	30.4%	30.0%		<b>29.3%</b>	
<b>SG&amp;A expenses</b>	925.8	1,087.6	+36.3	<b>1,051.3</b>	+13.6%
<b>Operating profit</b>	197.3	131.7	+34.6	<b>97.1</b>	△50.8%
(%)	5.3%	3.2%		<b>2.5%</b>	
<b>Non-operating income</b>	56.9	64.7	+8.4	<b>56.3</b>	△1.1%
<b>Non-operating expenses</b>	48.7	58.7		<b>58.7</b>	
<b>Ordinary profit</b>	205.5	137.7	+43.0	<b>94.7</b>	△53.9%
<b>Extraordinary income</b>	5.5	40.8		<b>40.8</b>	
<b>Extraordinary losses</b>	20.1	31.2		<b>31.2</b>	
<b>Profit before tax</b>	190.9	147.2	+43.0	<b>104.2</b>	△45.4%
<b>Income taxes</b>	69.0	66.5	+19.4	<b>47.1</b>	△31.8%
<b>Profit attributable to non-controlling interests</b>	11.5	11.0		<b>11.0</b>	
<b>Profit</b>	110.3	69.6	+23.6	<b>46.0</b>	△58.3%

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

Forex impact on yen-denominated transactions has not been taken into account.

Average exchange rate	Jan-Sep 2022	Jan-Sep 2023
1 USD	108.45	124.52
1 EUR	130.46	135.16
1 CNY	16.76	19.13

FY-end rate	Dec. 2020	Sep. 2021	Dec. 2021	Sep. 2022
1 USD	103.50	111.92	115.02	144.81
1 EUR	126.95	129.86	130.51	142.32
1 CNY	15.88	17.30	18.06	20.37

# Net Sales and Operating Profit by Segment

## Net sales

		(¥100 million)	Change	Change (%)	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)
Medical-Related	Q3 FY03/23	3,142.2	+342.0	+12.2%	4,095.0	4,229.6	4,206.0
	Q3 FY03/22	2,800.2					
Pharmaceutical-Related	Q3 FY03/23	535.5	△7.9	△1.5%	790.0	762.6	762.0
	Q3 FY03/22	543.5					
PharmaPackaging	Q3 FY03/23	379.9	+34.5	+10.0%	512.0	521.9	515.0
	Q3 FY03/22	345.3					

## Operating profit

		(¥100 million)	Change	Change (%)	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)
Medical-Related	Q3 FY03/23	307.8	△2.0	△0.7%	407.0	406.3	412.0
	Q3 FY03/22	309.9					
Pharmaceutical-Related	Q3 FY03/23	22.0	△39.1	△63.9%	99.0	26.0	29.0
	Q3 FY03/22	61.2					
PharmaPackaging	Q3 FY03/23	25.3	+0.1	+0.5%	33.0	28.0	28.0
	Q3 FY03/22	25.2					

### ● Medical-Related

Net sales grew, but operating profit declined ¥200 million due to soaring raw materials and electricity costs, and higher transportation costs overseas, on top of sales commissions and travel & transportation expenses, which climbed higher than the sales growth rate.

### ● Pharmaceutical-Related

Operating profit fell by ¥3,910 million due to a decline in sales on top of rising costs of raw materials and utilities.

### ● PharmaPackaging business

Despite sales growth, operating profit increased by only ¥10 million due to rising raw material and electricity costs.



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

		(¥100 million)	Change	Change (%)	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)
<b>Domestic business</b>	Q3 FY03/23	1,642.9					
	Q3 FY03/22	1,534.6	+108.3	+7.1%	2,220.0	2,179.1	2,174.0
<b>Medical devices</b>	Q3 FY03/23	902.9					
	Q3 FY03/22	860.9	+42.0	+4.9%	1,258.5	1,200.2	1,190.0
<b>Pharmaceuticals</b>	Q3 FY03/23	739.9					
	Q3 FY03/22	673.7	+66.2	+9.8%	961.5	978.9	984.0
<b>Dialyzer domestic sales</b>	Q3 FY03/23	174.7					
	Q3 FY03/22	170.5	+4.2	+2.5%	229.6	227.3	225.4

## ● Medical devices

Sales of dialyzers held firm, up ¥410 million YoY.

Sales of dialysis equipment and dialysis-related consumables rose ¥850 million YoY due to strong sales.

Sales of needles were up ¥400 million YoY due to an increase in sales of vaccination syringes to the Ministry of Health, Labor and Welfare.

Catheter sales rose ¥2,620 million YoY, supported by growth in sales of mainstay drug-eluting balloons and newly launched NSE-PTCA balloon catheters due to the return of the number of surgeries, despite the impact from COVID.

## ● Domestic pharmaceuticals

Sales of existing oral drugs fell despite increased sales volumes that did not offset a sales decline due to price cuts. On the other hand, total oral drug sales increased by ¥1,880 million YoY due to strong sales of Nexium AG, which was launched in December.

Sales rose ¥4,510 million YoY thanks to price increases for injection products like antibiotic drugs and infusion solutions, which were classified as unprofitable and were subject to re-evaluation, as well as higher sales volume.

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

		(¥100 million)	Change	Change (%)	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)
<b>Overseas business</b>	Q3 FY03/23	1,463.2	+226.6	+18.3%	1,828.0	2,003.5	1,989.0
	Q3 FY03/22	1,236.6					
<b>B2B (other brands)</b>	Q3 FY03/23	175.3	+15.1	+9.4%	229.9	227.6	222.5
	Q3 FY03/22	160.2					
<b>Nipro brands</b>	Q3 FY03/23	1,287.8	+211.4	+19.6%	1,598.0	1,775.9	1,766.5
	Q3 FY03/22	1,076.4					
<b>Americas</b>	Q3 FY03/23	575.3	+117.0	+25.5%	694.1	796.8	773.1
	Q3 FY03/22	458.3					
<b>Europe</b>	Q3 FY03/23	290.9	+0.1	+0.0%	359.8	402.5	411.4
	Q3 FY03/22	290.8					
<b>Asia</b>	Q3 FY03/23	227.4	+48.1	+26.8%	289.4	314.5	310.0
	Q3 FY03/22	179.3					
<b>China</b>	Q3 FY03/23	194.1	+46.2	+31.2%	254.6	262.0	272.0
	Q3 FY03/22	147.9					
<b>Dialyzer overseas sales</b>	Q3 FY03/23	475.7	+71.8	+17.8%	594.7	652.7	657.3
	Q3 FY03/22	403.9					

## B2B

While sales of needles for insulin declined, butterfly needles and blood collection needles remained firm, resulting in a ¥730 million YoY increase in overall B2B sales.

## Nipro brands

Overall sales are on the rise due to the yen's weakening.

Sales volume of dialyzers grew steadily in North America and China. In Europe, sales volumes were down due to the Russia-Ukraine conflict, but sales increased due to foreign exchange effects. Sales in Asia, excluding China, were generally steady. Overall sales for overseas operations grew ¥7,180 million YoY.

Dialysis equipment sales in the Americas jumped ¥570 million YoY due to upbeat sales in Central and South America.

Overall sales in Asia increased ¥1,350 million YoY due to strong sales in India.

Sales in Europe were down ¥1,090 million, although they are rising in step with the supply chain recovery.

In other dialysis-related products and regions, progress was made in opening dialysis centers, especially in the Americas, and sales of related products among others held firm.



# Segment Results – (2) Pharmaceutical-Related

## Pharmaceutical-Related

	(¥100 million)	Change	Change (%)	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)
Q3 FY03/23	535.5					
Q3 FY03/22	543.5	△7.9	△1.5%	790.0	762.6	762.0

### Breakdown of contract manufacturing sales

Generic drugs	Q3 FY03/23	291.6				
	Q3 FY03/22	298.5	△6.9	△2.3%	400.6	409.2
Brand-name drugs Long-listed drugs	Q3 FY03/23	167.3				
	Q3 FY03/22	182.1	△14.8	△8.1%	289.8	253.0
OTC drugs Active ingredients, etc.	Q3 FY03/23	33.9				
	Q3 FY03/22	28.5	+5.4	+18.9%	46.7	43.2
JMI Pharma	Q3 FY03/23	42.4				
	Q3 FY03/22	34.4	+8.0	+23.3%	52.9	57.2

### Generic drugs

Sales of oral drugs recovered from a slump a year ago caused by damage to the Kagamiishi Plant and rose ¥350 million YoY.  
Sales of injections fell ¥1,030 million YoY due to a decline in orders associated with customers' inventory adjustments.

### Brand-name/long-listed drugs

Sales of oral drugs recovered from a slump a year ago caused by damage to the Kagamiishi Plant and rose ¥750 million YoY.  
Down ¥1,990 million YoY due to a decline in orders for end-of-life items.

### OTC drugs, active ingredients, etc.

Up ¥540 million YoY due to an increase in validation and equipment-related lump-sum income.

### JMI Pharma

Sales rose ¥800 million YoY, thanks to an increase in sales personnel and acquisition of new customers supported by higher promotional spending.

# Segment Results – (3) PharmaPackaging

		(¥100 million)	Change	Change (%)	FY03/23 Forecast as of May (% achievement)	FY03/23 Forecast as of November (% achievement)	FY03/23 Forecast as of February (% achievement)
<b>Pharma Packaging</b>	Q3 FY03/23	379.9	+34.5	+10.0%	512.0	521.9	515.0
	Q3 FY03/22	345.3					
<b>Sales by region</b>							
<b>Japan</b>	Q3 FY03/23	87.3	+0.7	+0.8%	111.0	115.9	116.5
	Q3 FY03/22	86.6					
<b>Overseas</b>	Q3 FY03/23	292.5	+33.8	+13.1%	401.0	406.1	398.5
	Q3 FY03/22	258.7					
<b>Europe</b>	Q3 FY03/23	154.5	+29.7	+23.8%	195.5	215.1	208.2
	Q3 FY03/22	124.8					
<b>Americas</b>	Q3 FY03/23	87.8	+16.2	+22.6%	105.0	128.7	123.0
	Q3 FY03/22	71.6					
<b>China</b>	Q3 FY03/23	37.8	△15.3	△28.8%	87.0	44.3	51.3
	Q3 FY03/22	53.1					
<b>India</b>	Q3 FY03/23	12.3	+3.3	+36.7%	13.5	18.0	16.0
	Q3 FY03/22	9.0					

**Japan** Overall testing product sales grew ¥200 million YoY as sales of sponge swabs for testing increased due to COVID-19.

**Overseas** In Europe, sales of glass tubes rose ¥580 million YoY due to a recovery in furnace capacity utilization in France.  
Sales of ampoules were up ¥970 million YoY thanks to steady sales in Croatia.  
Sales of vials also remained firm, up ¥500 million YoY.  
In the US, sales of glass tubes rose ¥950 million YoY due to increased production capacity and the depreciation of the yen.  
In China, sales of vials for vaccines fell ¥1,580 million YoY due to a decrease in demand.  
As a result, sales of glass tubes remained down, dropping ¥100 million YoY.



# Net Sales by Segment and Product Category

Segment		Medical-Related	Pharmaceutical-Related	Pharma Packaging	Other	Total
Product	(¥100 million)					
Medical devices	Q3 FY03/23	2,325.4	0.0	25.3	0.0	2,350.7
	Q3 FY03/22	2,068.0	0.0	(*3) 23.0	0.0	2,091.1
Pharmaceuticals	Q3 FY03/23	816.2	535.5	3.0	0.0	1,354.8
	Q3 FY03/22	(*1) 731.6	(*2) 543.5	3.2	0.0	1,278.3
Pharma packaging	Q3 FY03/23	0.2	0.0	350.0	0.0	350.3
	Q3 FY03/22	0.2	0.0	318.4	0.0	318.6
Other	Q3 FY03/23	0.2	0.0	1.4	5.3	7.0
	Q3 FY03/22	0.3	0.0	0.6	4.4	5.4
Total	Q3 FY03/23	3,142.2	535.5	379.9	5.3	4,063.0
	Q3 FY03/22	2,800.2	543.5	345.3	4.4	3,693.5

\*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	Q3 FY03/23	1,597.0	490.5	87.8	5.2	2,180.8
	Q3 FY03/22	1,508.4	505.1	86.9	4.2	2,104.7
Overseas total	Q3 FY03/23	1,545.1	44.9	292.0	0.0	1,882.1
	Q3 FY03/22	1,291.8	38.3	258.4	0.2	1,588.8
Americas	Q3 FY03/23	640.2	0.0	86.0	0.0	726.2
	Q3 FY03/22	508.1	0.2	68.5	0.0	576.9
Europe	Q3 FY03/23	349.9	0.9	151.3	0.0	502.2
	Q3 FY03/22	326.7	2.2	123.3	0.2	452.5
China	Q3 FY03/23	244.7	0.1	36.7	0.0	281.5
	Q3 FY03/22	189.9	0.1	52.0	0.0	242.2
Other Asia	Q3 FY03/23	310.2	43.9	17.9	0.0	372.0
	Q3 FY03/22	266.9	35.7	14.4	0.0	317.1
Total	Q3 FY03/23	3,142.2	535.5	379.9	5.3	4,063.0
	Q3 FY03/22	2,800.2	543.5	345.3	4.4	3,693.5

**By region** Sales were strong in all regions in Q3 FY03/23, with Japan making up 53.7% of net sales and overseas 46.3%.

**By segment** In Medical-Related, sales of dialyzers, dialysis-related products, injection and infusion products, needles, and vascular products were firm both in Japan and overseas.

In Pharmaceutical-Related, although JMI Pharma enjoyed steady sales, sales of other out-licensed products fell, resulting in a YoY decline in overseas sales.

Sales in Japan were down YoY due to a decline in orders associated with customers' inventory adjustments and discontinuation of some products.

In PharmaPackaging, demand for vials and glass tubes for vaccines declined in China, but sales were robust in Americas for glass tubes, and in Europe for glass tubes, ampoules and vials.



# Product Category

<b>Medical devices</b>	
<b>Dialyzers</b>	Dialyzers (artificial kidneys), HDF filters
<b>Dialysis equipment</b>	Dialysis systems, maintenance, dialysis equipment parts
<b>Other dialysis-related products</b>	Blood circuits, AVF needles, etc.
<b>Needles</b>	PSV needles, safetouch needles, etc.
<b>Vascular products</b>	Catheter sets for cardiovascular treatments, thrombus aspiration catheters, etc.
<b>Infusion-related products</b>	Infusion sets, IV cannulas, etc.
<b>Testing products</b>	Neotube (vacuum blood collection tube), blood collection needles, etc.
<b>Diabetes-related products</b>	Insulin needles, blood glucose meters (for overseas markets), lancets
<b>Surgical device-related products</b>	Mechanical circulatory support, cardiopulmonary bypass products, orthopedic products
<b>Other products</b>	Medical instruments, blood-related products, cell culture-related products, gloves, etc.
<b>Pharmaceuticals</b>	
<b>Oral drugs</b>	Oral drugs
<b>Injection and infusion products</b>	Syringe kits, vial formulations, dual chamber bags (PLW), powdered dialysate, dialysis fluids, etc.
<b>External preparations and patches</b>	External preparations, patches
<b>Others, in vitro diagnostics, etc.</b>	Reagents, pharmaceuticals, blood glucose meters, etc.
<b>Pharma packaging</b>	
<b>Glass tube-related products</b>	Medical-use glass tubes, non-medical use glass tubes, glass raw materials
<b>Glass ampoules</b>	Ampoules (single tip, double tip)
<b>Glass vials</b>	Vials (blowback, screw, sterilized, etc.)
<b>Glass syringes</b>	Syringes (luer lock, luer slip, sterilized, etc.)
<b>Rubber stoppers and plugs</b>	Rubber stoppers, plugs, closures, and caps
<b>Plastic containers</b>	Plastics
<b>Thermos bottles</b>	Glass for thermos bottles
<b>Other products</b>	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			
		Q3 FY03/22	Q3 FY03/23	Change	Change %	Q3 FY03/22	Q3 FY03/23	Change	Change %	Q3 FY03/22	Q3 FY03/23	Change	Change %
Medical devices	Dialyzers	574.5	650.5	+75.9	+13.2%	403.9	475.7	+71.8	+17.8%	170.5	174.7	+4.1	+2.4%
	Dialysis equipment	151.0	166.1	+15.0	+10.0%	95.3	105.7	+10.4	+10.9%	55.6	60.3	+4.6	+8.4%
	Other dialysis-related products	260.4	332.0	+71.6	+27.5%	200.6	268.3	+67.6	+33.7%	59.7	63.6	+3.9	+6.6%
	<b>Dialysis-related products total</b>	<b>986.0</b>	<b>1,148.7</b>	<b>+162.6</b>	<b>+16.5%</b>	<b>700.0</b>	<b>849.9</b>	<b>+149.9</b>	<b>+21.4%</b>	<b>286.0</b>	<b>298.7</b>	<b>+12.7</b>	<b>+4.4%</b>
	Needles	310.4	368.4	+57.9	+18.7%	192.5	246.4	+53.9	+28.0%	117.9	121.9	+4.0	+3.4%
	Vascular products	234.4	260.7	+26.2	+11.2%	34.7	52.3	+17.5	+50.5%	199.6	208.3	+8.6	+4.4%
	Infusion-related products	126.4	136.3	+9.9	+7.9%	41.0	50.1	+9.0	+22.1%	85.3	86.2	+0.8	+1.0%
	Testing products	83.0	90.2	+7.1	+8.6%	57.3	63.7	+6.3	+11.1%	25.7	26.5	+0.7	+3.1%
	Diabetes-related products	66.3	65.2	△1.0	△1.6%	55.1	55.7	+0.5	+1.1%	11.1	9.4	△1.6	△14.9%
	Surgical device-related products	44.0	51.0	+7.0	+16.1%	5.7	10.7	+5.0	+87.3%	38.2	40.3	+2.0	+5.4%
	Other products	238.3	227.1	△11.1	△4.7%	146.6	139.0	△7.6	△5.2%	91.6	88.1	△3.5	△3.8%
<b>Category Total</b>	<b>2,089.2</b>	<b>2,348.0</b>	<b>+258.8</b>	<b>+12.4%</b>	<b>1,233.4</b>	<b>1,468.2</b>	<b>+234.8</b>	<b>+19.0%</b>	<b>855.7</b>	<b>879.7</b>	<b>+23.9</b>	<b>+2.8%</b>	
Pharmaceuticals (own brand)	Oral drugs	300.9	320.0	+19.0	+6.3%	0.2	0.3	+0.1	+39.6%	300.7	319.6	+18.8	+6.3%
	Injection and infusion products	309.0	372.4	+63.3	+20.5%	55.5	73.8	+18.2	+32.9%	253.5	298.6	+45.1	+17.8%
	External preparations and patches	51.6	50.0	△1.5	△3.0%	-	-	-	-	51.6	50.0	△1.5	△3.0%
	Others, in vitro diagnostics, etc.	69.9	73.7	+3.8	+5.5%	2.3	2.2	△0.1	△5.0%	67.5	71.4	+3.9	+5.8%
	<b>Category Total</b>	<b>731.6</b>	<b>816.2</b>	<b>+84.6</b>	<b>+11.6%</b>	<b>58.1</b>	<b>76.4</b>	<b>+18.2</b>	<b>+31.4%</b>	<b>673.4</b>	<b>739.8</b>	<b>+66.4</b>	<b>+9.9%</b>
Pharmaceuticals (contract manufacturing)	Oral drugs	219.5	230.3	+10.7	+4.9%	0.6	0.3	△0.2	△42.5%	218.9	229.9	+11.0	+5.1%
	Injection and infusion products	234.1	203.3	△30.7	△13.2%	1.8	1.2	△0.6	△33.8%	232.3	202.1	△30.1	△13.0%
	External preparations and patches	41.5	37.4	△4.0	△9.8%	0.5	0.3	△0.1	△33.1%	40.9	37.0	△3.8	△9.4%
	Others, in vitro diagnostics, etc.	16.9	24.8	+7.8	+46.3%	0.8	0.4	△0.3	△41.1%	16.1	24.3	+8.2	+50.9%
	<b>Category Total</b>	<b>512.2</b>	<b>496.0</b>	<b>△16.1</b>	<b>△3.2%</b>	<b>3.9</b>	<b>2.4</b>	<b>△1.4</b>	<b>△36.7%</b>	<b>508.3</b>	<b>493.6</b>	<b>△14.7</b>	<b>△2.9%</b>
Pharmaceuticals (JMI Pharma)	Oral drugs	34.0	42.1	+8.0	+23.7%	34.0	42.1	+8.0	+23.7%	-	-	-	-
	Injection and infusion products	0.3	0.3	0.0	△7.4%	0.3	0.3	0.0	△7.4%	-	-	-	-
	<b>Category Total</b>	<b>34.4</b>	<b>42.4</b>	<b>+8.0</b>	<b>+23.4%</b>	<b>34.4</b>	<b>42.4</b>	<b>+8.0</b>	<b>+23.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*1: From FY03/23, orthopedic products which had previously been classified as "Other products" under "Medical devices" are classified as "Surgical device-related products."



## Net Sales by Product Category (2)

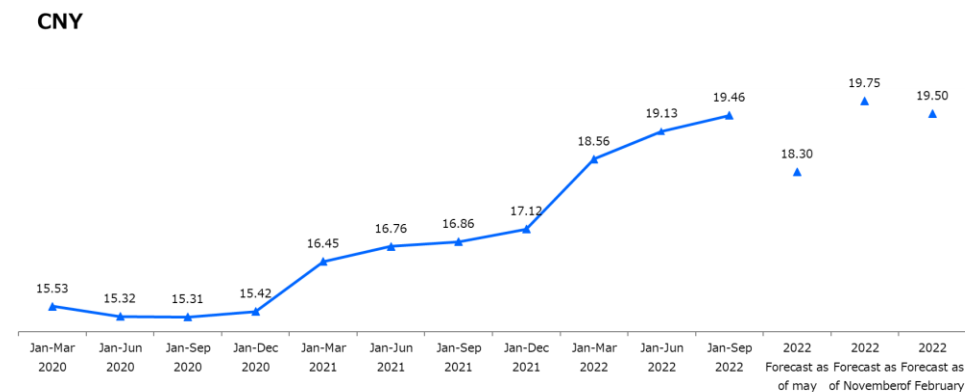
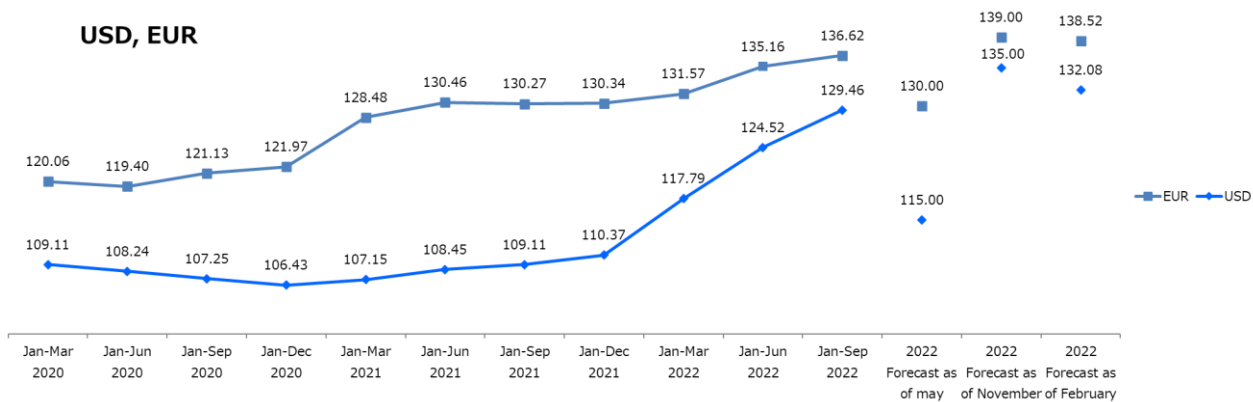
Business Category (¥100 million)		Overall				Overseas				Japan			
		Q3 FY03/22	Q3 FY03/23	Change	Change %	Q3 FY03/22	Q3 FY03/23	Change	Change %	Q3 FY03/22	Q3 FY03/23	Change	Change %
Pharma packaging	Glass tube-related products	70.0	87.0	+17.0	+24.4%	53.9	70.7	+16.7	+31.1%	16.0	16.3	+0.3	+2.0%
	Glass ampoules	36.0	48.8	+12.8	+35.7%	35.9	48.7	+12.8	+35.7%	0.0	0.1	0.0	+20.3%
	Glass vials	124.7	122.1	△2.5	△2.0%	111.5	109.1	△2.4	△2.2%	13.1	13.0	0.0	△0.5%
	Glass syringes	39.2	45.7	+6.4	+16.5%	39.0	45.4	+6.4	+16.4%	+0.2	0.3	0.0	+38.4%
	Rubber stoppers and plugs	13.9	13.8	△0.1	△1.0%	4.6	4.5	0.0	△1.3%	9.3	9.2	0.0	△0.8%
	Plastic containers	15.3	13.9	△1.4	△9.2%	0.0	0.0	0.0	△98.1%	15.3	13.9	△1.3	△8.8%
	Thermos bottles	3.0	2.9	0.0	△2.0%	-	-	-	-	3.0	2.9	0.0	△2.0%
	Other products	16.2	15.6	△0.6	△4.0%	13.1	13.2	0.0	+0.5%	3.0	2.3	△0.7	△23.5%
<b>Category Total</b>		<b>318.6</b>	<b>350.3</b>	<b>+31.6</b>	<b>+9.9%</b>	<b>258.3</b>	<b>291.8</b>	<b>+33.4</b>	<b>+13.0%</b>	<b>60.2</b>	<b>58.4</b>	<b>△1.8</b>	<b>△3.0%</b>
Regenerative medicines	Regenerative medicine products	1.9	2.7	+0.8	+45.0%	-	-	-	-	1.9	2.7	+0.8	+45.0%
Other	Sales of production machinery and real estate leasing	5.4	7.0	+1.6	+29.7%	0.4	0.6	+0.1	+31.6%	4.9	6.4	+1.4	+29.6%
<b>Consolidated Total</b>		<b>3,693.5</b>	<b>4,063.0</b>	<b>+369.4</b>	<b>+10.0%</b>	<b>1,588.8</b>	<b>1,882.1</b>	<b>+293.3</b>	<b>+18.5%</b>	<b>2,104.7</b>	<b>2,180.8</b>	<b>+76.0</b>	<b>+3.6%</b>

# Exchange Rate Sensitivity

## Annual impact of a ¥1 change in exchange rate

(¥100 million)	USD	EUR	CNY
Net sales	6.0	3.0	13.4
Operating profit	0.3	1.7	10.8

## Average exchange rate



# Capex and Depreciation

	Capex				Depreciation				
	Q3 FY03/22	Q3 FY03/23	FY03/23 Forecast as of May	FY03/23 Forecast as of Nov/Feb Progress vs. Plan	Q3 FY03/22	Q3 FY03/23	FY03/23 Forecast as of May	FY03/23 Forecast as of November	FY03/23 Forecast as of February
(¥100 million)									
Medical-Related	118.6	341.7	311.7 109.6%	430.0 79.5%	145.6	161.5	192.0 84.1%	204.5 79.0%	216.5 74.6%
Pharmaceutical-Related	168.7	157.6	182.5 86.4%	187.5 84.1%	94.4	98.0	141.0 69.5%	133.0 73.7%	133.0 73.7%
PharmaPackaging	29.2	107.3	123.0 87.2%	179.0 59.9%	36.2	37.8	52.5 72.0%	53.0 71.3%	53.0 71.3%
Other	24.3	21.2	15.0 141.3%	121.0 17.5%	35.5	35.4	36.5 97.0%	62.0 57.1%	50.0 70.8%
<b>Total</b>	<b>341</b>	<b>628.0</b>	<b>632.2 99.3%</b>	<b>917.5 68.4%</b>	<b>311.8</b>	<b>332.9</b>	<b>422.0 78.9%</b>	<b>452.5 73.6%</b>	<b>452.5 73.6%</b>

\*From FY03/23, capital expenditures are disclosed based on the timing of booking and not on the timing of acceptance inspections, as was the case previously.

- **Capex**

In Medical-Related, capex increased substantially YoY as expenses related to the construction of the Odate No. 7 Plant for dialyzers were recorded.

In Pharmaceutical-Related, capex declined YoY, despite the posting of equipment expenses related to the construction of a new Nipro Pharma Ohmi Plant. It is because equipment expenses related to the construction of a new building at the Nipro Pharma Ise Plant inflated the figure in the previous year.

In PharmaPackaging, capex increased sharply YoY due to the recording of the cost of tank expansion in the US, the cost of repairing and installing new glass furnaces in France, as well as the cost of installing new glass syringe cleaning lines in Germany.

No change was made to capex in association with the revisions made to the full year forecast in 3Q.

- **Depreciation**

Pharma Packaging was within the budget as there were no substantial delays in construction in all segments, and all facilities began operations.

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.

