

11-Year Financial Summary

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 <small>(FYE March)</small>
Net sales (JPY million)	61,351	71,470	82,115	84,949	93,430	105,104	110,384	154,900	165,615	208,859	227,934
Operating profit (JPY million)	7,706	11,105	11,134	6,869	11,643	15,968	16,143	19,923	19,205	5,514	17,647
Ordinary profit (JPY million)	8,834	15,437	10,157	7,417	11,717	18,865	20,990	18,677	22,739	5,141	24,477
Profit attributable to owners of parent (JPY million)	5,992	11,118	7,684	5,576	6,495	13,475	14,503	13,958	15,914	2,201	16,173
Comprehensive income (JPY million)	5,999	11,175	7,313	5,858	6,533	13,409	14,948	14,469	17,960	7,825	21,949
Net assets (JPY million)	60,147	70,048	70,605	74,945	79,920	91,771	104,665	116,599	132,169	136,894	155,893
Total assets (JPY million)	103,318	121,187	156,851	165,247	177,181	188,803	230,016	245,668	332,097	371,347	430,653
Net assets per share (JPY)	1,179.69	1,373.89	1,434.79	1,522.99	1,624.09	1,864.92	2,126.72	2,369.21	2,685.18	2,781.17	3,167.27
Earnings per share (JPY)	117.54	218.07	154.19	113.32	132.00	273.85	294.74	283.62	323.36	44.72	328.59
Diluted earnings per share (JPY)	—	—	436.29	314.23	122.03	253.32	272.62	271.93	316.19	—	—
Capital-to-asset ratio (%)	58.2	57.8	45.0	45.4	45.1	48.6	45.5	47.5	39.8	36.9	36.2
ROE (Return on equity) (%)	10.4	17.1	10.9	7.7	8.4	15.7	14.8	12.6	12.8	1.6	11.0
Price-earnings ratio (%)	12.63	10.50	9.98	16.56	16.79	10.64	7.69	8.61	8.50	42.37	8.84
Cash flows from operating activities (JPY million)	8,144	8,037	3,732	10,195	19,230	19,002	19,164	12,008	22,129	2,544	8,212
Cash flows from investing activities (JPY million)	(11,300)	(8,230)	(19,032)	(22,206)	(20,093)	(3,994)	(39,541)	(9,100)	(59,729)	(30,284)	(40,394)
Cash flows from financing activities (JPY million)	3,529	238	27,970	(92)	4,670	(809)	11,748	184	46,540	17,481	35,407
Cash and cash equivalents at end of year (JPY million)	4,675	5,208	18,526	7,112	11,511	26,652	18,713	22,915	32,830	24,257	29,650
Number of employees	1,879	2,060	2,203	2,408	2,449	2,472	3,325	3,456	4,078	4,298	4,588
R&D expenditure (JPY million)	5,296	6,144	8,924	9,352	7,725	7,916	8,566	10,642	11,488	15,265	13,242
Capital investment (JPY million)	9,727	13,816	15,792	25,026	12,166	6,011	6,236	10,353	14,848	39,645	35,967
Depreciation (JPY million)	5,407	5,724	7,329	7,980	8,173	8,340	8,285	9,674	10,153	14,261	13,659
Dividend per share (JPY)	75.0	95.0	95.0	95.0	95.0	107.5	44.0	44.0	60.0	60.0	60.0
Dividend payout ratio (%)	21.3	14.5	20.5	27.9	24.0	13.1	14.9	15.5	18.6	134.2	18.3

Note: The Company conducted a 3-for-1 stock split of common shares effective April 1, 2019. We calculated net assets per share and earnings per share assuming that the said stock split was conducted at the beginning of the fiscal year ended March 31, 2014.

During the fiscal years ended March 31, 2021 and March 31, 2023, the Company finalized provisional accounting treatments for the business combination. Accordingly, major management indices and other relevant data for the fiscal years ended March 31, 2020 and March 31, 2022 reflect contents of the finalization of provisional accounting treatments.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended March 31, 2022. Major management indices and other data for the fiscal year ended March 31, 2022 and the following years reflects these accounting standards.

Diluted earnings per share for the fiscal year ended March 31, 2023 are not stated since there were no dilutive shares.

The fiscal year ended March 31, 2023 was a transitional period for the change in the fiscal period for nine consolidated subsidiaries. The consolidated subsidiaries had a irregular accounting period of 15 months from January 1, 2022 to March 31, 2023.

Management Discussion and Analysis of Financial Position, Operating Results, and Cash Flows

The details of the financial reports are excerpts from the Annual Securities Report (from April 1, 2023 to March 31, 2024).

Overview of performance

[1] Business environment

Under the “Basic Policy on Economic and Fiscal Management and Reform 2017” approved by the Cabinet in 2017, the Japanese government set the target of increasing the volume share of generics to 80% by September 2020. To meet the target, the generics industry including Towa strived to enhance production systems and ensure a stable supply of products. The resultant wider use of generics led to an 82.7% volume share in December 2023 (according to the survey by the Japan Generic Medicines Association in October–December 2023).

On the other hand, following Cabinet approval in 2020, the regular drug price revision, previously conducted biennially, has become an annual process since 2021. This has made the business environment for the pharmaceutical industry extremely difficult.

Furthermore, based on discussions at relevant panels and councils, the FY2024 drug price revision adopted corporate indices on a trial basis to evaluate companies’ stable supply systems and incorporated these evaluation results into price revisions. This measure aims to ensure a stable supply of pharmaceuticals with a focus on generics.

Amid such drastic changes in the industry, we announced the 5th Medium-term Business Plan 2021–2023 PROACTIVE II in May 2021 in keeping with our vision, “We contribute to people’s health, and we are dedicated to people’s genuine smiles.” Based on the Medium-term Business Plan, we implemented various initiatives with the aim of developing health-related businesses that contribute to the realization of healthcare and nursing care for society with a long and healthy life expectancy and also to society that shifts from medical care to care of pre-symptomatic disease and prevention, while positioning the generics business at home and abroad as our core.

[2] Initiatives for sales growth

In 2023, we launched five new items of two APIs in June and four new items of two APIs in December. As a result, the number of our generics reached 781 items of 339 APIs.

[3] Initiatives for entering overseas markets

To expand and grow our business in overseas markets, we develop our generics business in the European and U.S. markets through Towa Pharma International Holdings, S.L. (“Towa INT”). Leveraging Towa INT’s distribution network in multiple European countries and the U.S., as well as its European manufacturing sites that meet U.S., European, and other standards, we will establish a global business foundation to provide high-quality, value-added generics to patients around the world from three main regions: Japan, the U.S., and Europe.

[4] Creation of new businesses

As one of our challenges, we aim for contributing to the realization of healthcare and nursing care for society with a long and healthy life expectancy and also to society that shifts from medical care to care of pre-symptomatic disease and prevention. With such recognition, we are working to develop new businesses. We will develop a diversified portfolio of health-related businesses by responding to the new medical system, such as the Comprehensive Community Care System, and creating new businesses related to pre-symptomatic disease prevention and health maintenance to extend healthy life expectancy.

[5] Operating results

For the fiscal year under review, the Group recorded net sales of JPY 227,934 million, gross profit of JPY 81,383 million, selling, general and administrative expenses of JPY 63,735 million, operating profit of JPY 17,647 million, ordinary profit of JPY 24,477 million, and profit attributable to owners of parent of JPY 16,173 million.

Operating results by segment are as stated below. Note that profit from each reporting segment is before goodwill amortization. Net sales from the domestic segment amounted to JPY 178,715 million with segment profit of JPY 21,889 million. Net sales from the overseas segment amounted to JPY 49,324 million with segment profit of JPY 11 million.

Financial position

The Group’s financial position for the fiscal year under review is as follows:

[1] Assets

Total assets at the end of the fiscal year under review amounted to JPY 430,653 million, up JPY 59,305 million YoY. This was mainly due to increases in construction in progress of JPY 24,762 million, in notes and accounts receivable - trade of JPY 16,121 million, and in inventories of JPY 8,145 million.

[3] Net assets

Net assets amounted to JPY 155,893 million, up JPY 18,998 million YoY. This was mainly due to increases in retained earnings of JPY 13,219 million and in foreign currency translation adjustment of JPY 5,691 million. Consequently, the capital-to-asset ratio came to 36.2% at the end of the fiscal year under review.

[2] Liabilities

Liabilities amounted to JPY 274,759 million, up JPY 40,306 million YoY. This was mainly due to an increase in long-term borrowings of JPY 38,810 million.

Cash flows

The Group’s cash and cash equivalents at the end of the fiscal year under review amounted to JPY 29,650 million, down JPY 5,393 million YoY. Each cash flow for the fiscal year under review and factors behind it are as follows:

[1] Net cash provided by (used in) operating activities

Net cash provided by operating activities amounted to JPY 8,212 million (up JPY 5,668 million in the inflow YoY). This was mainly due to profit before income taxes of JPY 24,459 million (up JPY 19,853 million YoY), depreciation of JPY 13,659 million (down JPY 602 million YoY), and amortization of goodwill of JPY 4,229 million (down JPY 918 million YoY), which were partially offset by an increase in trade receivables of JPY 15,523 million (up JPY 13,931 million YoY), a decrease in trade payables of JPY 10,509 million (compared to an increase in trade payables of JPY 6,554 million for the previous fiscal year), and an increase in inventories of JPY 6,288 million (down JPY 12,208 million YoY).

[2] Net cash provided by (used in) investing activities

Net cash used in investing activities was JPY 40,394 million (up JPY 10,109 million in the outflow YoY). This was mainly attributable to purchase of property, plant and equipment of JPY 37,851 million (up JPY 9,119 million YoY).

[3] Net cash provided by (used in) financing activities

Net cash provided by financing activities amounted to JPY 35,407 million (up JPY 17,926 million in the inflow YoY). This was mainly due to proceeds from long-term borrowings of JPY 46,935 million (down JPY 31,895 million YoY), which cancelled out repayments of long-term borrowings of JPY 7,607 million (down JPY 510 million YoY) and dividends paid of JPY 2,952 million (down JPY 148 million YoY).

Dividend policy

In regard to distribution of profits, we have a basic policy of paying dividends continuously and steadily in accordance with our performance, while enhancing internal reserves to prepare for future business development, such as strengthening research and development capabilities and securing capital expenditure funds.

Based on this policy, for the fiscal year under review we paid a dividend of JPY 60 (an interim dividend of JPY 30 and a year-end dividend of JPY 30) per share. Our basic policy is to pay dividends of

surplus twice a year for the interim dividend and the year-end dividend. The decision-making bodies for these dividends of surplus are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

We have stipulated in the Articles of Incorporation that the Company, by resolution of the Board of Directors, may pay an interim dividend as of September 30 of each year, which is set to be the record date for the interim dividend.

Main Business Locations



Major Group Companies

 J-DOLPH Pharmaceutical Co., Ltd. Manufacturing and selling of ethical drugs Headquarters: Koka, Shiga	 Daichi Kasei Co., Ltd. R&D and manufacturing of APIs and intermediates Headquarters: Fukusaki, Kanzaki, Hyogo	 Greencaps Pharmaceutical Co. Ltd. Producing soft capsules for pharmaceutical products Headquarters: Fujinomiya, Shizuoka	 Sunsho Pharmaceutical Co., Ltd. Planning, development, and contract manufacturing of health foods, pharmaceutical products, etc. Headquarters: Fuji, Shizuoka	 Towa Pharma International Holdings, S.L. Manufacturing and selling of ethical and OTC drugs Headquarters: Barcelona, Spain
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Non-consolidated subsidiaries

T Square Solutions Co., Ltd. Provision of healthcare related IT services Headquarters: Moriguchi, Osaka	Protosera Inc. Disease risk testing service business and research and development of diagnostic drugs Headquarters: Settsu, Osaka	Kyushu Pharmaceutical Co., Ltd. Sales of pharmaceuticals and quasi-drugs Headquarters: Kagoshima, Kagoshima
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Company Outline

As of March 31, 2024

Overview of company

Company name TOWA PHARMACEUTICAL CO., LTD.
Headquarters 2-11, Shinbashi-cho, Kadoma-shi, Osaka 571-8580
 Main phone: +81(0)6-6900-9100
Representative President and Representative Director Itsuro Yoshida
Established June 1951
Incorporated April 1957
Listing The Prime Market of the Tokyo Stock Exchange (Securities Code: 4553)
Capital stock JPY 4,717.70 million
Business operations Manufacturing and selling of ethical drugs

Business locations and sales outlets

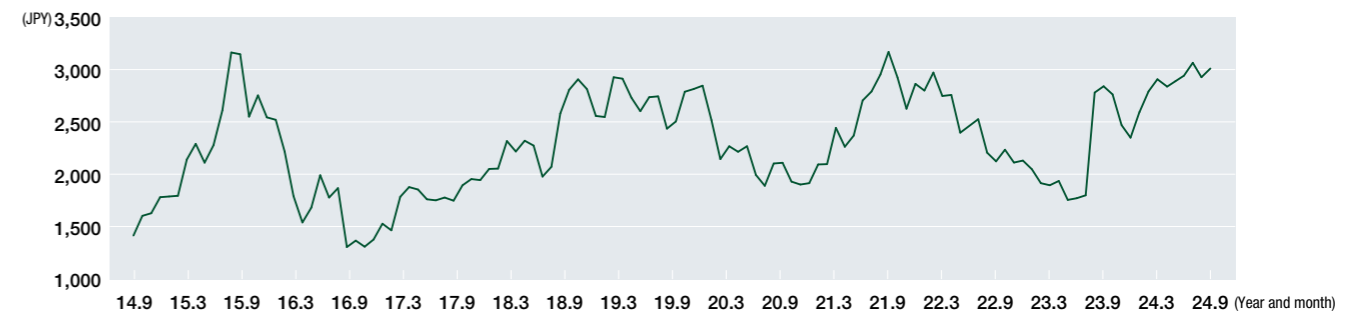
Headquarters Headquarters, Moriguchi Annex, Tokyo Office
Research & Development Laboratories Osaka Research Center, Kadoma Laboratory, Kyoto Analytical Science Center, KENTO Life Innovation Center, Amagasaki Research Center, and Himeji Research Center
Plants Osaka, Okayama, and Yamagata Plants
Distribution Centers East Japan Distribution Center, West Japan Distribution Center, Kanto Distribution Center, and Kansai Distribution Center
Sales offices and sales sites 71 sales offices, 57 distributors

*The Kagoshima office closed on March 31, 2024. As a result, the total number of sales offices is 70 from April 1, 2024.

Consolidated subsidiaries

J-DOLPH Pharmaceutical Co., Ltd.
 Daichi Kasei Co., Ltd.
 Greencaps Pharmaceutical Co. Ltd.
 Sunsho Pharmaceutical Co., Ltd. (and one other company)
 Towa Pharma International Holdings, S.L. (and seven other companies)

Stock Price



Stock Data

As of March 31, 2024

Shares authorized 147,000,000 shares
Shares issued 51,516,000 shares
Number of shares constituting one unit 100 shares
Number of shareholders 7,285 shareholders

Major shareholders (Top 10)

Shareholder name	Number of shares (Thousand)	Ownership (%)
Yoshida Office Co., Ltd.	20,100	40.84
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,793	7.71
BNYM AS AGT/CLTS NON TREATY JASDEC	2,313	4.70
TOWA PHARMACEUTICAL Kyoekai	1,539	3.13
Custody Bank of Japan, Ltd. (Trust Account)	1,526	3.10
Itsuro Yoshida	1,455	2.96
TOWA PHARMACEUTICAL Employee Stock Ownership Group	965	1.96
Custody Bank of Japan, Ltd. (Trust Account 4)	845	1.72
Yoshida Estate Ltd.	648	1.32
Nippon Life Insurance Company	438	0.89

Note: The Company holds 2,295,857 shares of treasury stock but is excluded from the above major shareholders. The Company calculated the ownership by deducting the number of treasury shares.

Share breakdown by shareholder type

