

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 12, 2021

Company name: TOWA PHARMACEUTICAL CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4553 URL <https://www.towayakuhin.co.jp/>
 Representative: President and Representative Director Itsuro Yoshida
 Inquiries: Director Masao Tanaka TEL 06-6900-9102
 Scheduled date to file Quarterly Securities Report: November 12, 2021
 Scheduled date to commence dividend payments: December 1, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	82,254	10.2	10,312	15.7	13,008	46.9	9,242	44.8
Six months ended September 30, 2020	74,640	34.9	8,911	(3.3)	8,856	(9.1)	6,382	(9.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	187.79		183.63	
Six months ended September 30, 2020	129.68		126.57	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	252,906	126,410	50.0
As of March 31, 2021	245,668	116,599	47.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2021	–	22.00	–	22.00	44.00
Year ending March 31, 2022	–	27.00			
Year ending March 31, 2022 (Forecast)			–	24.00	51.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	166,700	7.6	19,300	(3.1)	22,110	18.4	15,440	10.6	313.73

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	51,516,000 shares	As of March 31, 2021	51,516,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	2,301,475 shares	As of March 31, 2021	2,301,475 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	49,214,525 shares	Six months ended September 30, 2020	49,214,212 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	22,915	24,389
Notes and accounts receivable - trade	38,122	37,071
Electronically recorded monetary claims - operating	7,694	7,922
Merchandise and finished goods	30,083	30,052
Work in process	8,636	9,235
Raw materials and supplies	22,232	23,507
Other	7,638	9,501
Allowance for doubtful accounts	(32)	(132)
Total current assets	137,290	141,548
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,093	47,884
Machinery, equipment and vehicles, net	12,628	12,645
Land	13,288	15,396
Construction in progress	8,769	8,633
Other, net	2,119	2,772
Total property, plant and equipment	85,898	87,332
Intangible assets		
Goodwill	7,050	6,901
Other	7,913	8,722
Total intangible assets	14,963	15,624
Investments and other assets		
Investment securities	519	461
Retirement benefit asset	34	27
Other	7,111	8,071
Allowance for doubtful accounts	(148)	(158)
Total investments and other assets	7,516	8,401
Total non-current assets	108,378	111,357
Total assets	245,668	252,906

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,000	10,786
Electronically recorded obligations - operating	13,168	13,389
Short-term borrowings	1,111	1,300
Current portion of bonds with share acquisition rights	–	4,152
Current portion of long-term borrowings	7,181	7,978
Income taxes payable	2,527	3,993
Provisions	100	43
Other	17,426	15,104
Total current liabilities	51,516	56,748
Non-current liabilities		
Bonds with share acquisition rights	4,153	–
Long-term borrowings	69,945	66,247
Retirement benefit liability	540	488
Other	2,912	3,011
Total non-current liabilities	77,552	69,747
Total liabilities	129,069	126,495
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,834	7,834
Retained earnings	108,629	116,788
Treasury shares	(5,626)	(5,626)
Total shareholders' equity	115,554	123,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	122
Foreign currency translation adjustment	920	2,573
Total accumulated other comprehensive income	1,044	2,696
Total net assets	116,599	126,410
Total liabilities and net assets	245,668	252,906

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	74,640	82,254
Cost of sales	43,807	46,876
Gross profit	30,832	35,378
Selling, general and administrative expenses	21,921	25,066
Operating profit	8,911	10,312
Non-operating income		
Interest income	21	3
Dividend income	3	3
Subsidy income	187	137
Gain on valuation of derivatives	–	2,179
Foreign exchange gains	106	248
Other	221	242
Total non-operating income	539	2,814
Non-operating expenses		
Interest expenses	94	107
Loss on valuation of derivatives	470	–
Other	29	11
Total non-operating expenses	594	118
Ordinary profit	8,856	13,008
Extraordinary income		
Gain on sale of non-current assets	79	84
Other	–	10
Total extraordinary income	79	94
Extraordinary losses		
Loss on disposal of non-current assets	145	1
Loss on valuation of investment securities	6	58
Total extraordinary losses	151	60
Profit before income taxes	8,784	13,043
Income taxes	2,402	3,800
Profit	6,382	9,242
Profit attributable to owners of parent	6,382	9,242

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	6,382	9,242
Other comprehensive income		
Valuation difference on available-for-sale securities	23	(2)
Foreign currency translation adjustment	(970)	1,653
Total other comprehensive income	(946)	1,651
Comprehensive income	5,435	10,893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,435	10,893
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	8,784	13,043
Depreciation	4,526	4,811
Amortization of goodwill	371	400
Increase (decrease) in allowance for doubtful accounts	39	104
Increase (decrease) in other provisions	(68)	(120)
Loss (gain) on sale of non-current assets	(79)	(82)
Loss (gain) on disposal of non-current assets	145	0
Interest and dividend income	(24)	(6)
Interest expenses	94	107
Loss (gain) on valuation of derivatives	470	(2,179)
Loss (gain) on valuation of securities	(18)	(2)
Decrease (increase) in trade receivables	379	1,379
Decrease (increase) in inventories	(6,402)	(1,311)
Increase (decrease) in trade payables	2,167	879
Other, net	(1,270)	(683)
Subtotal	9,115	16,339
Interest and dividends received	12	3
Interest paid	(84)	(103)
Subsidies received	187	121
Income taxes refund	–	181
Income taxes paid	(3,706)	(2,242)
Net cash provided by (used in) operating activities	5,524	14,301
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,479)	(7,154)
Decrease (increase) in short-term loans receivable	1,069	(50)
Long-term loan advances	–	(0)
Loan advances to subsidiaries and associates	–	(670)
Other, net	(472)	(1,459)
Net cash provided by (used in) investing activities	(3,881)	(9,334)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(143)	300
Proceeds from long-term borrowings	20,000	–
Repayments of long-term borrowings	(3,389)	(2,900)
Redemption of bonds with stock acquisition rights	(10,850)	–
Dividends paid	(1,083)	(1,082)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(27)	–
Other, net	(38)	(65)
Net cash provided by (used in) financing activities	4,467	(3,749)
Effect of exchange rate change on cash and cash equivalents	47	255
Net increase (decrease) in cash and cash equivalents	6,156	1,473
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	346	–
Cash and cash equivalents at beginning of period	18,713	22,915
Cash and cash equivalents at end of period	25,217	24,389