

Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

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 of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 27, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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	%
Year ended March 31, 2022	165,615	6.9	19,205	(3.6)	22,739	21.7	15,914	14.0
Year ended March 31, 2021	154,900	40.3	19,923	23.4	18,677	(11.0)	13,958	(3.8)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	323.36	316.19	12.8	7.9	11.6
Year ended March 31, 2021	283.62	271.93	12.6	7.9	12.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	329,935	132,169	40.1	2,685.18
As of March 31, 2021	245,668	116,599	47.5	2,369.21

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	22,129	(59,729)	46,540	32,830
Year ended March 31, 2021	12,008	(9,100)	184	22,915

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	22.00	–	22.00	44.00	2,165	15.5	2.0
Year ended March 31, 2022	–	27.00	–	33.00	60.00	2,953	18.6	2.4
Year ending March 31, 2023 (Forecast)	–	30.00	–	30.00	60.00		24.6	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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
Six months ending September 30, 2022	101,500	23.4	8,000	(22.4)	8,000	(38.5)	4,000	(56.7)	81.26
Full year	212,500	28.3	19,000	(1.1)	19,000	(16.4)	12,000	(24.6)	243.79

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022	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 March 31, 2022	2,294,101 shares	As of March 31, 2021	2,301,475 shares
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Average number of shares during the period

Year ended March 31, 2022	49,215,648 shares	Year ended March 31, 2021	49,214,357 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	22,915	32,830
Notes and accounts receivable - trade	38,122	42,896
Electronically recorded monetary claims - operating	7,694	7,971
Merchandise and finished goods	30,083	32,098
Work in process	8,636	12,055
Raw materials and supplies	22,232	28,548
Derivatives	2,935	5,832
Other	4,702	4,750
Allowance for doubtful accounts	(32)	(119)
Total current assets	137,290	166,864
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,093	53,315
Machinery, equipment and vehicles, net	12,628	16,224
Land	13,288	16,778
Construction in progress	8,769	11,709
Other, net	2,119	2,829
Total property, plant and equipment	85,898	100,857
Intangible assets		
Goodwill	7,050	44,647
Manufacturing and sales right	5,402	6,626
Other	2,510	2,828
Total intangible assets	14,963	54,102
Investments and other assets		
Investment securities	519	464
Shares of subsidiaries and associates	1,113	607
Deferred tax assets	4,239	5,075
Retirement benefit asset	34	27
Other	1,758	2,760
Allowance for doubtful accounts	(148)	(825)
Total investments and other assets	7,516	8,110
Total non-current assets	108,378	163,071
Total assets	245,668	329,935

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,000	14,834
Electronically recorded obligations - operating	13,168	14,242
Short-term borrowings	1,111	49,335
Current portion of bonds with share acquisition rights	–	4,150
Current portion of long-term borrowings	7,181	8,022
Accounts payable - other	9,542	11,251
Income taxes payable	2,527	4,285
Provision for bonuses for directors	100	108
Notes payable - facilities	2,375	3,427
Accounts payable - facilities	1,869	2,207
Other	3,639	3,206
Total current liabilities	51,516	115,073
Non-current liabilities		
Bonds with share acquisition rights	4,153	–
Long-term borrowings	69,945	79,194
Retirement benefit liability	540	547
Other	2,912	2,950
Total non-current liabilities	77,552	82,692
Total liabilities	129,069	197,766
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,834	7,837
Retained earnings	108,629	122,131
Treasury shares	(5,626)	(5,608)
Total shareholders' equity	115,554	129,078
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	113
Foreign currency translation adjustment	920	2,977
Total accumulated other comprehensive income	1,044	3,091
Total net assets	116,599	132,169
Total liabilities and net assets	245,668	329,935

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	154,900	165,615
Cost of sales	89,448	95,429
Gross profit	65,451	70,185
Selling, general and administrative expenses	45,527	50,980
Operating profit	19,923	19,205
Non-operating income		
Interest income	23	8
Dividend income	6	6
Subsidy income	305	310
Gain on valuation of derivatives	–	2,896
Foreign exchange gains	770	795
Reversal of allowance for doubtful accounts	4	2
Other	377	525
Total non-operating income	1,488	4,546
Non-operating expenses		
Interest expenses	190	230
Loss on valuation of derivatives	2,388	–
Provision of allowance for doubtful accounts	–	670
Other	155	111
Total non-operating expenses	2,734	1,011
Ordinary profit	18,677	22,739
Extraordinary income		
Gain on sale of non-current assets	245	123
Total extraordinary income	245	123
Extraordinary losses		
Loss on disposal of non-current assets	148	27
Loss on valuation of investment securities	19	58
Loss on valuation of shares of subsidiaries and associates	26	505
Other	–	25
Total extraordinary losses	194	616
Profit before income taxes	18,728	22,246
Income taxes - current	4,971	6,155
Income taxes - refund	(515)	–
Income taxes - deferred	314	176
Total income taxes	4,770	6,331
Profit	13,958	15,914
Profit attributable to owners of parent	13,958	15,914

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	13,958	15,914
Other comprehensive income		
Valuation difference on available-for-sale securities	44	(10)
Foreign currency translation adjustment	466	2,057
Total other comprehensive income	511	2,046
Comprehensive income	14,469	17,960
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,469	17,960
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	4,717	7,870	97,171	(5,627)	104,132	79	453	532	104,665
Changes during period									
Dividends of surplus			(2,165)		(2,165)				(2,165)
Profit attributable to owners of parent			13,958		13,958				13,958
Change in scope of consolidation		(8)	(334)		(343)				(343)
Purchase of shares of consolidated subsidiaries		(27)			(27)				(27)
Purchase of treasury shares				(0)	(0)				(0)
Disposal of treasury shares		(0)	(0)	0	0				0
Other					-				-
Net changes in items other than shareholders' equity						44	466	511	511
Total changes during period	-	(36)	11,458	0	11,422	44	466	511	11,934
Balance at end of period	4,717	7,834	108,629	(5,626)	115,554	124	920	1,044	116,599

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	4,717	7,834	108,629	(5,626)	115,554	124	920	1,044	116,599
Changes during period									
Dividends of surplus			(2,411)		(2,411)				(2,411)
Profit attributable to owners of parent			15,914		15,914				15,914
Change in scope of consolidation					-				-
Purchase of shares of consolidated subsidiaries					-				-
Purchase of treasury shares				(0)	(0)				(0)
Disposal of treasury shares		3		18	21				21
Other			(0)		(0)				(0)
Net changes in items other than shareholders' equity						(10)	2,057	2,046	2,046
Total changes during period	-	3	13,502	17	13,523	(10)	2,057	2,046	15,569
Balance at end of period	4,717	7,837	122,131	(5,608)	129,078	113	2,977	3,091	132,169

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	18,728	22,246
Depreciation	9,674	10,153
Amortization of goodwill	751	801
Increase (decrease) in allowance for doubtful accounts	47	741
Increase (decrease) in provision for bonuses for directors	44	(9)
Increase (decrease) in retirement benefit liability	156	(7)
Decrease (increase) in retirement benefit asset	(6)	7
Loss (gain) on sale of non-current assets	(245)	(123)
Loss (gain) on disposal of non-current assets	148	27
Interest and dividend income	(29)	(15)
Interest expenses	190	230
Loss (gain) on valuation of derivatives	2,388	(2,896)
Loss (gain) on valuation of securities	(17)	5
Decrease (increase) in trade receivables	(4,544)	441
Decrease (increase) in inventories	(9,707)	(7,950)
Increase (decrease) in trade payables	2,451	3,675
Subsidy income	(305)	(310)
Other, net	(1,752)	(235)
Subtotal	17,971	26,782
Interest and dividends received	16	9
Interest paid	(172)	(226)
Income taxes refund	515	265
Income taxes paid	(6,746)	(5,013)
Subsidies received	423	310
Net cash provided by (used in) operating activities	12,008	22,129
Cash flows from investing activities		
Proceeds from sale of securities	–	18
Purchase of property, plant and equipment	(9,137)	(11,140)
Proceeds from sale of property, plant and equipment	3	42
Purchase of intangible assets	(742)	(2,436)
Proceeds from sale of intangible assets	241	83
Purchase of investment securities	(0)	(1)
Purchase of shares of subsidiaries and associates	(894)	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(45,405)
Decrease (increase) in short-term loans receivable	1,094	(0)
Loan advances to subsidiaries and associates	–	(670)
Proceeds from collection of long-term loans receivable	130	–
Other, net	204	(219)
Net cash provided by (used in) investing activities	(9,100)	(59,729)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(20,251)	47,135
Proceeds from long-term borrowings	40,500	9,160
Repayments of long-term borrowings	(6,895)	(7,181)
Redemption of bonds with stock acquisition rights	(10,850)	–
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	0	21
Dividends paid	(2,166)	(2,411)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(27)	–
Repayments of lease liabilities	(125)	(158)
Other, net	(0)	(25)
Net cash provided by (used in) financing activities	184	46,540
Effect of exchange rate change on cash and cash equivalents	761	975
Net increase (decrease) in cash and cash equivalents	3,855	9,915
Cash and cash equivalents at beginning of period	18,713	22,915
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	346	–
Cash and cash equivalents at end of period	22,915	32,830