

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on Japanese GAAP)

August 10, 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 to file Quarterly Securities Report: August 10, 2022
 Scheduled date to commence dividend payments: –
 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 three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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	%
Three months ended June 30, 2022	45,372	5.7	1,940	(68.1)	2,573	(66.6)	1,395	(73.7)
Three months ended June 30, 2021	42,927	13.3	6,081	33.7	7,715	62.2	5,311	59.1

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	28.34		27.70	
Three months ended June 30, 2021	107.92		105.53	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	328,116	134,288	40.9
As of March 31, 2022	329,935	132,169	40.1

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, 2022	–	27.00	–	33.00	60.00
Year ending March 31, 2023	–				
Year ending March 31, 2023 (Forecast)		30.00	–	30.00	60.00

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 three months ended June 30, 2022
 (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 June 30, 2022	51,516,000 shares	As of March 31, 2022	51,516,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	2,294,101 shares	As of March 31, 2022	2,294,101 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	49,221,899 shares	Three months ended June 30, 2021	49,214,525 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	32,830	24,224
Notes and accounts receivable - trade	42,896	42,199
Electronically recorded monetary claims - operating	7,971	8,261
Merchandise and finished goods	32,098	34,588
Work in process	12,055	12,028
Raw materials and supplies	28,548	29,887
Other	10,583	11,866
Allowance for doubtful accounts	(119)	(124)
Total current assets	166,864	162,931
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	53,315	54,362
Machinery, equipment and vehicles, net	16,224	17,938
Land	16,778	16,872
Construction in progress	11,709	11,921
Other, net	2,829	2,816
Total property, plant and equipment	100,857	103,910
Intangible assets		
Goodwill	44,647	43,787
Other	9,454	9,683
Total intangible assets	54,102	53,471
Investments and other assets		
Investment securities	464	742
Retirement benefit asset	27	26
Other	8,443	7,867
Allowance for doubtful accounts	(825)	(832)
Total investments and other assets	8,110	7,803
Total non-current assets	163,071	165,184
Total assets	329,935	328,116

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,834	14,201
Electronically recorded obligations - operating	14,242	15,175
Short-term borrowings	49,335	49,311
Current portion of bonds with share acquisition rights	4,150	4,150
Current portion of long-term borrowings	8,022	7,812
Income taxes payable	4,285	526
Provisions	108	85
Other	20,093	21,684
Total current liabilities	115,073	112,947
Non-current liabilities		
Long-term borrowings	79,194	77,378
Retirement benefit liability	547	542
Other	2,950	2,959
Total non-current liabilities	82,692	80,880
Total liabilities	197,766	193,827
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,837	7,837
Retained earnings	122,131	121,902
Treasury shares	(5,608)	(5,608)
Total shareholders' equity	129,078	128,848
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113	107
Foreign currency translation adjustment	2,977	5,331
Total accumulated other comprehensive income	3,091	5,439
Total net assets	132,169	134,288
Total liabilities and net assets	329,935	328,116

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	42,927	45,372
Cost of sales	24,679	28,705
Gross profit	18,248	16,666
Selling, general and administrative expenses	12,166	14,726
Operating profit	6,081	1,940
Non-operating income		
Interest income	1	2
Dividend income	1	2
Subsidy income	4	24
Gain on valuation of derivatives	1,409	621
Foreign exchange gains	98	31
Other	179	92
Total non-operating income	1,695	774
Non-operating expenses		
Interest expenses	53	97
Other	7	44
Total non-operating expenses	61	141
Ordinary profit	7,715	2,573
Extraordinary income		
Gain on sale of non-current assets	53	-
Other	5	0
Total extraordinary income	58	0
Extraordinary losses		
Loss on disposal of non-current assets	1	0
Loss on valuation of investment securities	58	-
Total extraordinary losses	60	0
Profit before income taxes	7,714	2,572
Income taxes	2,402	1,177
Profit	5,311	1,395
Profit attributable to owners of parent	5,311	1,395

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	5,311	1,395
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	(5)
Foreign currency translation adjustment	1,294	2,353
Total other comprehensive income	1,286	2,348
Comprehensive income	6,597	3,743
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,597	3,743
Comprehensive income attributable to non-controlling interests	–	–

Segment information (cumulative)

Information concerning net sales and profit/loss by reportable segment
For three months ended June 30, 2021

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	34,028	8,899	42,927	–	42,927
Sales or transfers between segments	–	–	–	–	–
Total	34,028	8,899	42,927	–	42,927
Segment profit	6,226	52	6,278	(196)	6,081

Notes: 1. Adjustment represents goodwill amortization.

2. Segment profit matches operating profit on the consolidated statements of income.

For three months ended June 30, 2022

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	35,570	9,801	45,372	–	45,372
Sales or transfers between segments	–	–	–	–	–
Total	35,570	9,801	45,372	–	45,372
Segment profit	2,822	273	3,096	(1,156)	1,940

Notes: 1. Adjustment represents goodwill amortization.

2. Segment profit matches operating profit on the consolidated statements of income.