

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

November 14, 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: November 14, 2022
 Scheduled date to commence dividend payments: December 1, 2022
 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, 2022 (from April 1, 2022 to September 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	%
Six months ended September 30, 2022	90,500	10.0	3,220	(68.8)	4,609	(64.6)	2,692	(70.9)
Six months ended September 30, 2021	82,254	10.2	10,312	15.7	13,008	46.9	9,242	44.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	54.70		-	
Six months ended September 30, 2021	187.79		183.63	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	351,659	138,736	39.5
As of March 31, 2022	332,097	132,169	39.8

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	-	30.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	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
Full year	196,400	18.6	8,700	(54.7)	10,600	(53.4)	6,300	(60.4)	127.99

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2022	51,516,000 shares	As of March 31, 2022	51,516,000 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2022	2,294,167 shares	As of March 31, 2022	2,294,101 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	49,221,871 shares	Six months ended September 30, 2021	49,214,525 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	32,830	30,437
Notes and accounts receivable - trade	42,896	42,117
Electronically recorded monetary claims - operating	7,971	7,728
Merchandise and finished goods	32,098	38,801
Work in process	12,055	12,393
Raw materials and supplies	28,548	32,070
Other	10,583	12,436
Allowance for doubtful accounts	(119)	(148)
Total current assets	166,864	175,836
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	52,559	53,473
Machinery, equipment and vehicles, net	16,224	19,100
Land	16,549	16,731
Construction in progress	11,709	18,472
Other, net	2,829	2,898
Total property, plant and equipment	99,873	110,675
Intangible assets		
Goodwill	39,064	37,593
Other	18,999	19,240
Total intangible assets	58,063	56,833
Investments and other assets		
Investment securities	464	688
Retirement benefit asset	27	25
Other	7,628	8,439
Allowance for doubtful accounts	(825)	(840)
Total investments and other assets	7,295	8,313
Total non-current assets	165,232	175,823
Total assets	332,097	351,659

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,834	14,802
Electronically recorded obligations - operating	14,242	13,242
Short-term borrowings	49,335	49,586
Current portion of bonds with share acquisition rights	4,150	–
Current portion of long-term borrowings	8,022	7,589
Income taxes payable	4,285	2,218
Provisions	108	103
Other	20,093	27,366
Total current liabilities	115,073	114,908
Non-current liabilities		
Long-term borrowings	79,194	91,941
Retirement benefit liability	547	534
Other	5,111	5,538
Total non-current liabilities	84,853	98,014
Total liabilities	199,927	212,923
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,837	7,837
Retained earnings	122,131	123,198
Treasury shares	(5,608)	(5,608)
Total shareholders' equity	129,078	130,144
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113	87
Foreign currency translation adjustment	2,977	8,503
Total accumulated other comprehensive income	3,091	8,591
Total net assets	132,169	138,736
Total liabilities and net assets	332,097	351,659

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, 2021	Six months ended September 30, 2022
Net sales	82,254	90,500
Cost of sales	46,876	57,325
Gross profit	35,378	33,175
Selling, general and administrative expenses	25,066	29,954
Operating profit	10,312	3,220
Non-operating income		
Interest income	3	6
Dividend income	3	4
Subsidy income	137	54
Gain on valuation of derivatives	2,179	1,113
Foreign exchange gains	248	358
Other	242	272
Total non-operating income	2,814	1,810
Non-operating expenses		
Interest expenses	107	369
Other	11	52
Total non-operating expenses	118	421
Ordinary profit	13,008	4,609
Extraordinary income		
Gain on sale of non-current assets	84	0
Other	10	0
Total extraordinary income	94	0
Extraordinary losses		
Loss on disposal of non-current assets	1	9
Loss on valuation of investment securities	58	20
Total extraordinary losses	60	29
Profit before income taxes	13,043	4,580
Income taxes	3,800	1,888
Profit	9,242	2,692
Profit attributable to owners of parent	9,242	2,692

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	9,242	2,692
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	(26)
Foreign currency translation adjustment	1,653	5,526
Total other comprehensive income	1,651	5,499
Comprehensive income	10,893	8,192
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,893	8,192
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	13,043	4,580
Depreciation	4,811	6,231
Amortization of goodwill	400	2,045
Increase (decrease) in allowance for doubtful accounts	104	29
Increase (decrease) in other provisions	(120)	(67)
Loss (gain) on sale of non-current assets	(82)	(0)
Loss (gain) on disposal of non-current assets	0	9
Interest and dividend income	(6)	(10)
Interest expenses	107	369
Loss (gain) on valuation of derivatives	(2,179)	(1,113)
Loss (gain) on valuation of securities	(2)	18
Decrease (increase) in trade receivables	1,379	2,755
Decrease (increase) in inventories	(1,311)	(8,745)
Increase (decrease) in trade payables	879	(1,444)
Other, net	(683)	(2,232)
Subtotal	16,339	2,425
Interest and dividends received	3	10
Interest paid	(103)	(369)
Subsidies received	121	54
Income taxes refund	181	569
Income taxes paid	(2,242)	(4,402)
Net cash provided by (used in) operating activities	14,301	(1,710)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,154)	(7,502)
Decrease (increase) in short-term loans receivable	(50)	0
Long-term loan advances	(0)	(0)
Loan advances to subsidiaries and associates	(670)	–
Other, net	(1,459)	(730)
Net cash provided by (used in) investing activities	(9,334)	(8,233)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	300	223
Proceeds from long-term borrowings	–	16,400
Repayments of long-term borrowings	(2,900)	(4,129)
Redemption of bonds with stock acquisition rights	–	(4,150)
Dividends paid	(1,082)	(1,623)
Other, net	(65)	(44)
Net cash provided by (used in) financing activities	(3,749)	6,675
Effect of exchange rate change on cash and cash equivalents	255	875
Net increase (decrease) in cash and cash equivalents	1,473	(2,393)
Cash and cash equivalents at beginning of period	22,915	32,830
Cash and cash equivalents at end of period	24,389	30,437

Segment information (cumulative)

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

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	63,984	18,270	82,254	–	82,254
Sales or transfers between segments	–	–	–	–	–
Total	63,984	18,270	82,254	–	82,254
Segment profit	10,438	274	10,712	(400)	10,312

Notes: 1. Adjustment represents goodwill amortization.

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

For six months ended September 30, 2022

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	70,597	19,902	90,500	–	90,500
Sales or transfers between segments	–	–	–	–	–
Total	70,597	19,902	90,500	–	90,500
Segment profit	5,048	217	5,265	(2,045)	3,220

Notes: 1. Adjustment represents goodwill amortization.

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