

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

February 13, 2023

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: February 14, 2023
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	140,405	11.8	5,352	(68.5)	4,639	(78.0)	1,984	(86.8)
Nine months ended December 31, 2021	125,613	9.0	16,993	14.9	21,059	61.4	15,000	58.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	40.32		–	
Nine months ended December 31, 2021	304.80		298.05	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	357,313	137,749	38.6
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	212,500	28.3	7,900	(58.9)	7,500	(67.0)	3,700	(76.8)	75.17

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2022	2,294,167 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)

Nine months ended December 31, 2022	49,221,859 shares	Nine months ended December 31, 2021	49,214,514 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	32,830	16,639
Notes and accounts receivable - trade	42,896	50,185
Electronically recorded monetary claims - operating	7,971	8,676
Merchandise and finished goods	32,098	43,362
Work in process	12,055	13,942
Raw materials and supplies	28,548	33,543
Other	10,583	11,526
Allowance for doubtful accounts	(119)	(171)
Total current assets	166,864	177,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	52,559	53,388
Machinery, equipment and vehicles, net	16,224	19,045
Land	16,549	16,848
Construction in progress	11,709	23,435
Other, net	2,829	3,116
Total property, plant and equipment	99,873	115,834
Intangible assets		
Goodwill	39,064	36,541
Other	18,999	19,308
Total intangible assets	58,063	55,849
Investments and other assets		
Investment securities	464	722
Retirement benefit asset	27	25
Other	7,628	7,991
Allowance for doubtful accounts	(825)	(813)
Total investments and other assets	7,295	7,925
Total non-current assets	165,232	179,609
Total assets	332,097	357,313

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,834	19,099
Electronically recorded obligations - operating	14,242	16,584
Short-term borrowings	49,335	1,663
Current portion of bonds with share acquisition rights	4,150	–
Current portion of long-term borrowings	8,022	8,127
Income taxes payable	4,285	548
Provisions	108	136
Other	20,093	30,550
Total current liabilities	115,073	76,710
Non-current liabilities		
Long-term borrowings	79,194	136,541
Retirement benefit liability	547	500
Other	5,111	5,811
Total non-current liabilities	84,853	142,854
Total liabilities	199,927	219,564
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,837	7,837
Retained earnings	122,131	121,012
Treasury shares	(5,608)	(5,608)
Total shareholders' equity	129,078	127,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	113	113
Foreign currency translation adjustment	2,977	9,676
Total accumulated other comprehensive income	3,091	9,790
Total net assets	132,169	137,749
Total liabilities and net assets	332,097	357,313

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	125,613	140,405
Cost of sales	71,847	89,353
Gross profit	53,766	51,051
Selling, general and administrative expenses	36,772	45,699
Operating profit	16,993	5,352
Non-operating income		
Interest income	5	10
Dividend income	5	6
Subsidy income	178	79
Gain on valuation of derivatives	3,163	–
Foreign exchange gains	430	811
Compensation income	–	509
Other	466	494
Total non-operating income	4,250	1,912
Non-operating expenses		
Interest expenses	156	496
Loss on valuation of derivatives	–	1,494
Other	27	634
Total non-operating expenses	184	2,625
Ordinary profit	21,059	4,639
Extraordinary income		
Gain on sale of non-current assets	121	0
Other	12	0
Total extraordinary income	134	1
Extraordinary losses		
Loss on disposal of non-current assets	11	35
Loss on valuation of investment securities	58	20
Loss on impairment of non-current assets	–	417
Total extraordinary losses	70	473
Profit before income taxes	21,123	4,167
Income taxes	6,122	2,183
Profit	15,000	1,984
Profit attributable to owners of parent	15,000	1,984

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	15,000	1,984
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	0
Foreign currency translation adjustment	1,496	6,698
Total other comprehensive income	1,475	6,699
Comprehensive income	16,475	8,683
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,475	8,683
Comprehensive income attributable to non-controlling interests	–	–

Segment information (cumulative)

Information concerning net sales and profit/loss by reportable segment
For nine months ended December 31, 2021

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	97,773	27,839	125,613	–	125,613
Sales or transfers between segments	–	–	–	–	–
Total	97,773	27,839	125,613	–	125,613
Segment profit	16,964	629	17,594	(600)	16,993

Notes: 1. Adjustment in segment profit represents goodwill amortization.

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

For nine months ended December 31, 2022

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	110,005	30,399	140,405	–	140,405
Sales or transfers between segments	–	140	140	(140)	–
Total	110,005	30,540	140,545	(140)	140,405
Segment profit	8,245	185	8,431	(3,079)	5,352

Notes: 1. Adjustment in segment profit represents goodwill amortization of (3,075) million yen, and elimination of internal transactions between segments of (3) million yen.

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