

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on Japanese GAAP)

August 10, 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: August 10, 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(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, 2023	54,548	20.2	4,096	123.1	6,959	181.8	4,750	245.8
Three months ended June 30, 2022	45,372	5.7	1,836	(69.8)	2,469	(68.0)	1,373	(74.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	96.51		–	
Three months ended June 30, 2022	27.91		27.28	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	394,170	143,997	36.5
As of March 31, 2023	371,347	136,894	36.9

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, 2023	–	30.00	–	30.00	60.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	30.00	–	30.00	60.00

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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, 2023	104,600	–	5,800	–	5,600	–	3,400	–	69.08
Full year	216,300	–	11,800	–	11,500	–	6,900	–	140.18

Notes: 1. Changes on the latest forecast: No

2. The fiscal period ended March 31, 2023 represents a transitional period for the change in the fiscal period for nine consolidated subsidiaries, scoped 15-month period from January 1, 2022-March 31, 2023. Due to this method of presentation, year-on-year percentage change data is not provided.

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2023
 (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: No
- 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, 2023	51,516,000 shares	As of March 31, 2023	51,516,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	2,294,167 shares	As of March 31, 2023	2,294,167 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, 2023	49,221,833 shares	Three months ended June 30, 2022	49,221,899 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	24,257	30,817
Notes and accounts receivable - trade	46,795	51,254
Electronically recorded monetary claims - operating	7,777	8,513
Merchandise and finished goods	44,457	47,043
Work in process	13,906	14,712
Raw materials and supplies	34,564	35,778
Other	11,413	13,506
Allowance for doubtful accounts	(180)	(53)
Total current assets	182,990	201,571
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	56,190	55,783
Machinery, equipment and vehicles, net	18,966	18,160
Land	17,039	17,213
Construction in progress	31,155	37,078
Other, net	3,652	3,804
Total property, plant and equipment	127,004	132,040
Intangible assets		
Goodwill	34,613	34,049
Other	18,332	18,380
Total intangible assets	52,945	52,430
Investments and other assets		
Investment securities	676	704
Other	8,542	8,242
Allowance for doubtful accounts	(812)	(819)
Total investments and other assets	8,407	8,127
Total non-current assets	188,357	192,598
Total assets	371,347	394,170

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,272	18,272
Electronically recorded obligations - operating	18,798	10,410
Short-term borrowings	3,677	3,921
Current portion of long-term borrowings	7,527	9,302
Income taxes payable	1,190	2,136
Provisions	117	82
Other	29,944	32,622
Total current liabilities	78,529	76,747
Non-current liabilities		
Long-term borrowings	150,314	167,829
Retirement benefit liability	322	303
Other	5,287	5,291
Total non-current liabilities	155,923	173,424
Total liabilities	234,453	250,172
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,837	7,837
Retained earnings	121,232	124,506
Treasury shares	(5,608)	(5,608)
Total shareholders' equity	128,179	131,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106	123
Foreign currency translation adjustment	8,608	12,420
Total accumulated other comprehensive income	8,715	12,543
Total net assets	136,894	143,997
Total liabilities and net assets	371,347	394,170

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, 2022	Three months ended June 30, 2023
Net sales	45,372	54,548
Cost of sales	28,885	34,539
Gross profit	16,486	20,008
Selling, general and administrative expenses	14,650	15,912
Operating profit	1,836	4,096
Non-operating income		
Interest income	2	7
Dividend income	2	2
Foreign exchange gains	31	104
Subsidy income	24	29
Gain on valuation of derivatives	621	2,705
Other	92	223
Total non-operating income	774	3,073
Non-operating expenses		
Interest expenses	97	192
Other	44	16
Total non-operating expenses	141	209
Ordinary profit	2,469	6,959
Extraordinary income		
Gain on sale of non-current assets	–	189
Other	0	2
Total extraordinary income	0	192
Extraordinary losses		
Loss on disposal of non-current assets	0	11
Total extraordinary losses	0	11
Profit before income taxes	2,469	7,140
Income taxes	1,095	2,390
Profit	1,373	4,750
Profit attributable to owners of parent	1,373	4,750

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,373	4,750
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	16
Foreign currency translation adjustment	2,353	3,812
Total other comprehensive income	2,348	3,828
Comprehensive income	3,722	8,579
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,722	8,579
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, 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	2,579	273	2,853	(1,016)	1,836

Notes: 1. Adjustment represents goodwill amortization.

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

For three months ended June 30, 2023

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	43,005	11,543	54,548	–	54,548
Sales or transfers between segments	–	36	36	(36)	–
Total	43,005	11,579	54,584	(36)	54,548
Segment profit/loss	5,191	(28)	5,162	(1,066)	4,096

Notes: 1. Adjustment in segment profit/loss represents goodwill amortization of (1,046) million yen, and elimination of internal transactions between segments of (19) million yen.

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