

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

February 13, 2024

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, 2024
 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, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	168,325	19.9	13,204	146.7	17,169	270.0	11,518	480.4
Nine months ended December 31, 2022	140,405	11.8	5,352	(68.5)	4,639	(78.0)	1,984	(86.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	234.03		–	
Nine months ended December 31, 2022	40.32		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2023	414,685		148,820		35.9	
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	–	30.00	–		
Year ending March 31, 2024 (Forecast)				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
Full year	229,000	–	15,500	–	19,500	–	13,000	–	264.12

Note: Revision to forecast of consolidated results announced most recently: Yes

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2023	2,296,786 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)

Nine months ended December 31, 2023	49,220,794 shares	Nine months ended December 31, 2022	49,221,859 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	24,257	30,701
Notes and accounts receivable - trade	46,795	59,551
Electronically recorded monetary claims - operating	7,777	8,874
Merchandise and finished goods	44,457	47,662
Work in process	13,906	14,676
Raw materials and supplies	34,564	37,329
Other	11,413	14,443
Allowance for doubtful accounts	(180)	(50)
Total current assets	182,990	213,190
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	56,190	56,744
Machinery, equipment and vehicles, net	18,966	17,891
Land	17,039	17,342
Construction in progress	31,155	47,936
Other, net	3,652	3,763
Total property, plant and equipment	127,004	143,679
Intangible assets		
Goodwill	34,613	31,914
Other	18,332	17,689
Total intangible assets	52,945	49,604
Investments and other assets		
Investment securities	676	774
Other	8,542	8,266
Allowance for doubtful accounts	(812)	(828)
Total investments and other assets	8,407	8,212
Total non-current assets	188,357	201,495
Total assets	371,347	414,685

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,272	16,872
Electronically recorded obligations - operating	18,798	10,475
Short-term borrowings	3,677	3,987
Current portion of long-term borrowings	7,527	8,576
Income taxes payable	1,190	4,569
Provisions	117	124
Other	29,944	32,349
Total current liabilities	78,529	76,955
Non-current liabilities		
Long-term borrowings	150,314	183,611
Retirement benefit liability	322	240
Other	5,287	5,057
Total non-current liabilities	155,923	188,909
Total liabilities	234,453	265,865
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,837	7,837
Retained earnings	121,232	129,798
Treasury shares	(5,608)	(5,609)
Total shareholders' equity	128,179	136,745
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106	133
Foreign currency translation adjustment	8,608	11,942
Total accumulated other comprehensive income	8,715	12,075
Total net assets	136,894	148,820
Total liabilities and net assets	371,347	414,685

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, 2022	Nine months ended December 31, 2023
Net sales	140,405	168,325
Cost of sales	89,353	107,916
Gross profit	51,051	60,408
Selling, general and administrative expenses	45,699	47,203
Operating profit	5,352	13,204
Non-operating income		
Interest income	10	48
Dividend income	6	7
Subsidy income	79	95
Gain on valuation of derivatives	–	3,615
Foreign exchange gains	811	768
Compensation income	509	–
Other	494	402
Total non-operating income	1,912	4,938
Non-operating expenses		
Interest expenses	496	674
Loss on valuation of derivatives	1,494	–
Other	634	298
Total non-operating expenses	2,625	973
Ordinary profit	4,639	17,169
Extraordinary income		
Gain on sale of non-current assets	0	196
Other	0	–
Total extraordinary income	1	196
Extraordinary losses		
Loss on disposal of non-current assets	35	53
Loss on valuation of investment securities	20	–
Loss on impairment of non-current assets	417	21
Total extraordinary losses	473	75
Profit before income taxes	4,167	17,290
Income taxes	2,183	5,771
Profit	1,984	11,518
Profit attributable to owners of parent	1,984	11,518

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	1,984	11,518
Other comprehensive income		
Valuation difference on available-for-sale securities	0	26
Foreign currency translation adjustment	6,698	3,334
Total other comprehensive income	6,699	3,360
Comprehensive income	8,683	14,879
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,683	14,879
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, 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.

For nine months ended December 31, 2023

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	132,840	35,484	168,325	–	168,325
Sales or transfers between segments	–	81	81	(81)	–
Total	132,840	35,565	168,406	(81)	168,325
Segment profit	16,320	82	16,403	(3,198)	13,204

Notes: 1. Adjustment in segment profit represents goodwill amortization of (3,165) million yen, and elimination of internal transactions between segments of (33) million yen.

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