

Supplementary material of financial results for the 1Q of the year ending March 2020

August, 2019

(Stock ticker number: 4553)

Outline of the financial results for the 1Q of the year ending March 2020

- Sales: Increased by good sales of recently launched products
- Operating income: Increased by increase of sales and decrease of COGS rate
- Ordinary income: Increased by increase of operating income in spite of loss on revaluation of currency swaps in 20/3 1Q from great gain on revaluation of currency swaps in 19/3 1Q

Period	20/3 1Q			19/3 1Q				
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)	Change in %		
Net sales	28,406	100.0	+ 11.4	25,494	100.0	+ 13.2		
COGS	15,099	53.2	+ 8.7	13,894	54.5	+ 10.7		
SGA	8,097	28.5	- 0.0	8,099	31.8	+ 6.7		
Operating income	5,209	18.3	+ 48.8	3,500	13.7	+ 47.3		
Ordinary income	5,283	18.6	+ 9.9	4,806	18.9	+ 64.1		
Profit attributable to owners of parent	3,764	13.3	+ 5.6	3,566	14.0	+ 77.8		
Exchange rate US \$1.00 (TTM)	2019/6		2019/3		2018/6		2018/3	
	107.79 yen		110.99 yen		110.54 yen		106.24 yen	

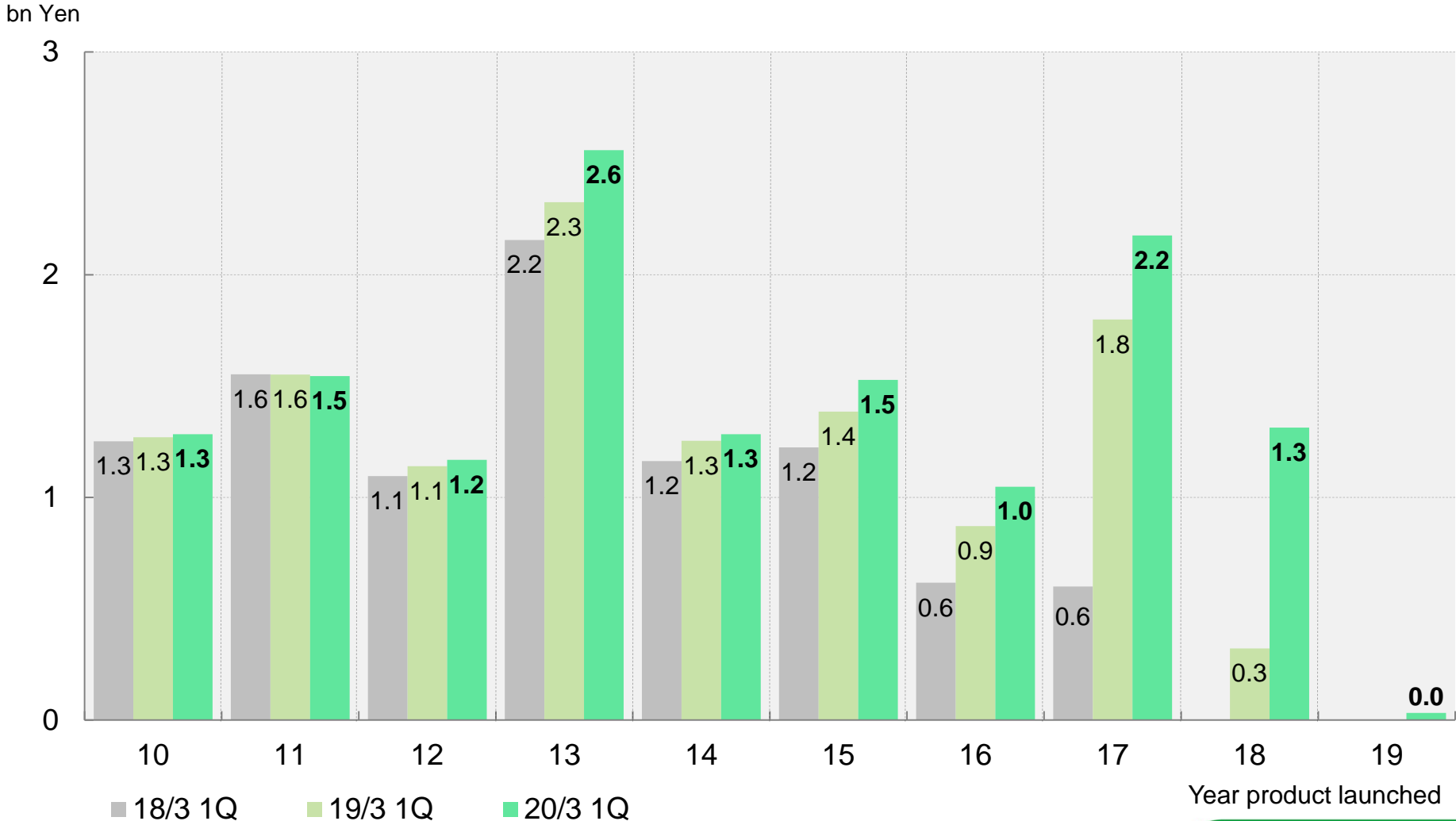
Outline of the financial results for the 1Q of the year ending March 2020 (progress rate)

- Sales: Followed mostly the plan
- Operating income: Increased due to delay in SGA, mainly R&D cost

Period	20/3							
	1Q		2Q plan			Full-year plan		
	(million Yen)	Ratio to sales (%)	(million Yen)	Ratio to sales (%)	Progress rate in %	(million Yen)	Ratio to sales (%)	Progress rate in %
Net sales	28,406	100.0	58,000	100.0	49.0	111,000	100.0	25.6
COGS	15,099	53.2	31,800	54.8	47.5	62,000	55.9	24.4
SGA	8,097	28.5	17,700	30.5	45.7	34,500	31.1	23.5
Operating income	5,209	18.3	8,500	14.7	61.3	14,500	13.1	35.9
Ordinary income	5,283	18.6	8,700	15.0	60.7	14,600	13.2	36.2
Profit attributable to owners of parent	3,764	13.3	6,000	10.3	62.7	10,400	9.4	36.2

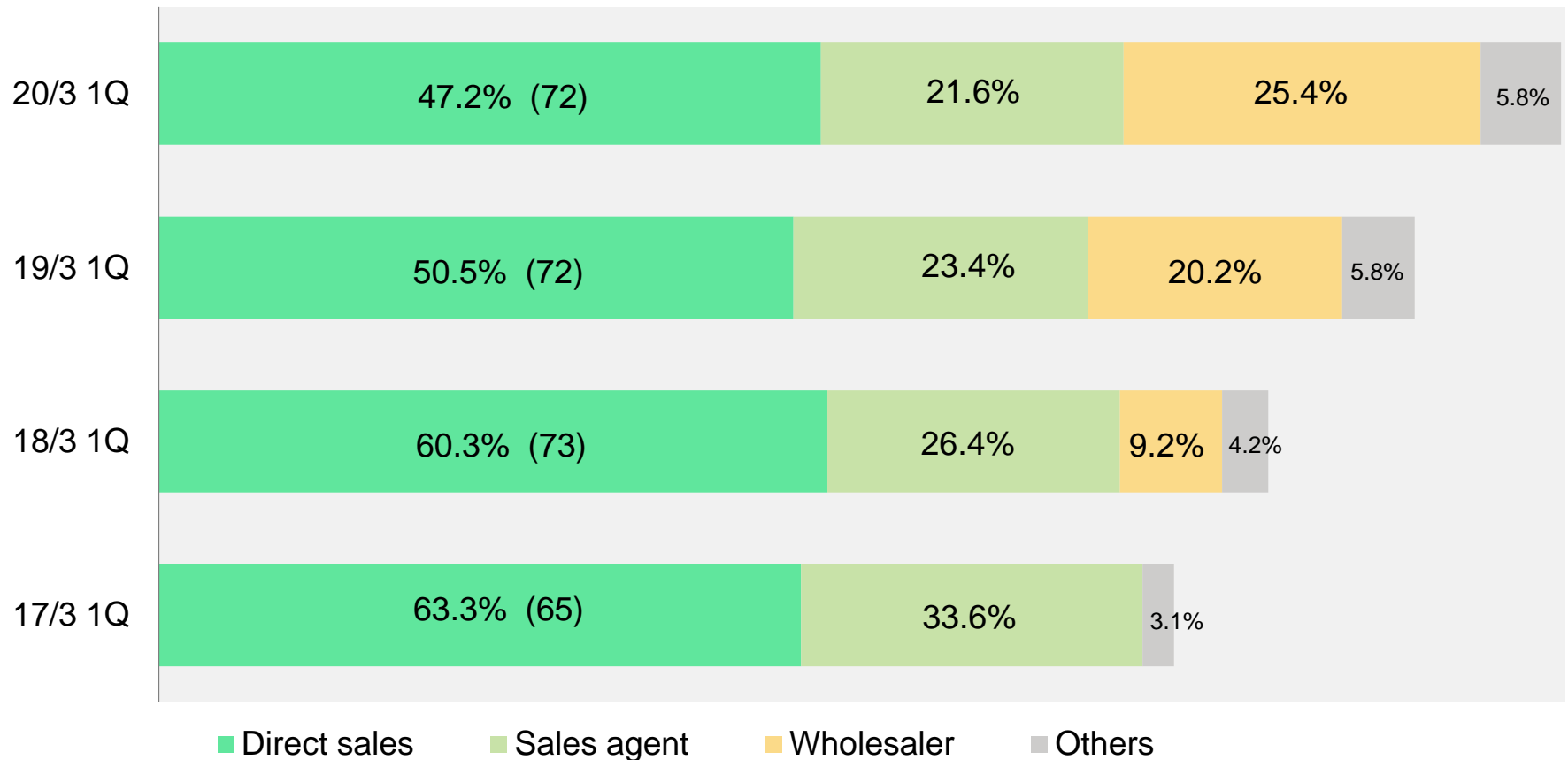
Sales of products by launched year (non-consolidated)

- Sales of products launched in 2018 increased significantly, and sales of products launched in other years also increased.



Sales of channels (non-consolidated)

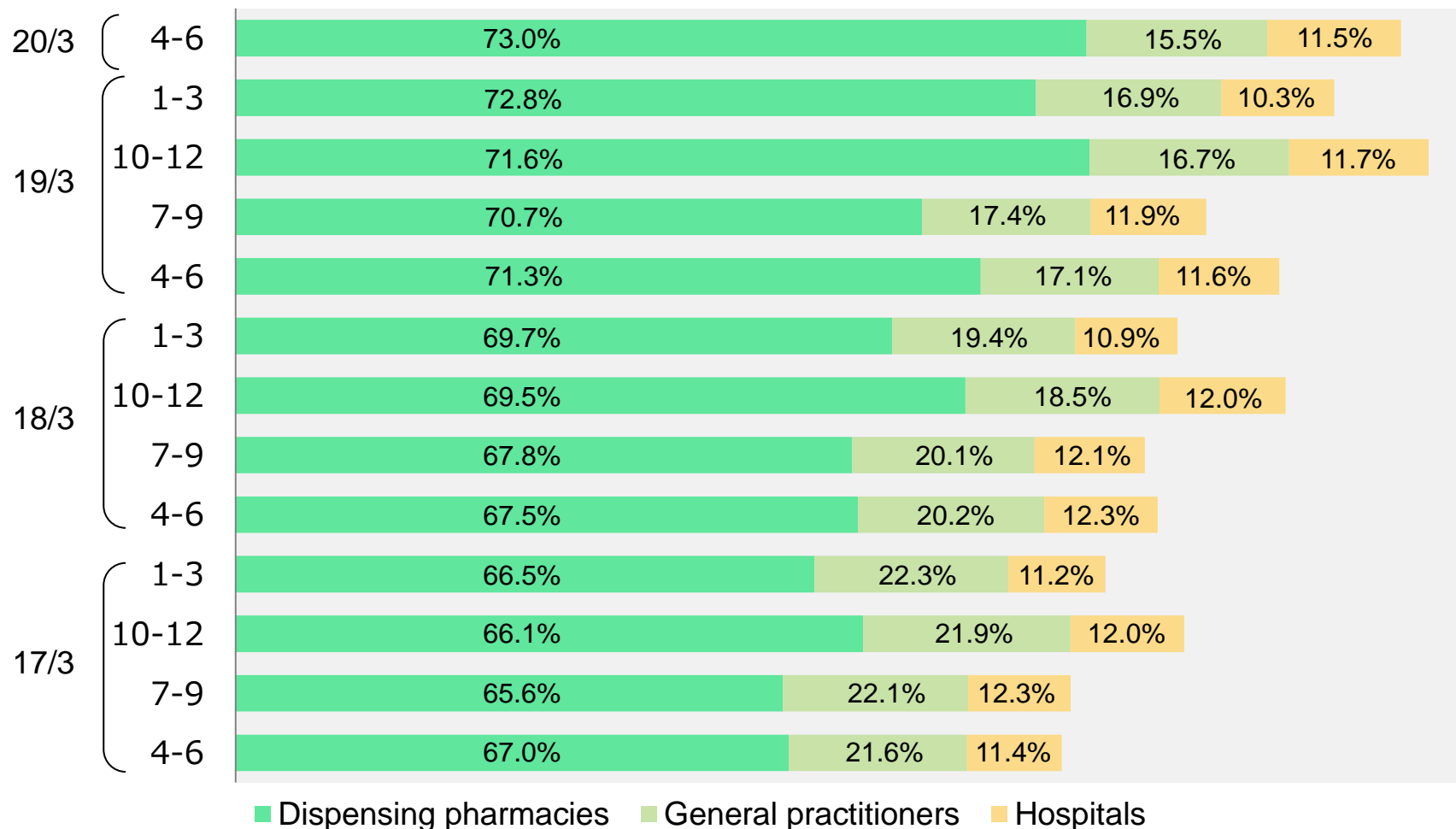
- Sales of wholesaler increased by good cooperation with wholesaler.
- Ratio of sales agent decreased, and its sales increased slightly.



() is the number of sales offices

Sales of medical institutions (non-consolidated)

● Sales of dispensing pharmacies keeps well.



Excluding sales by other companies

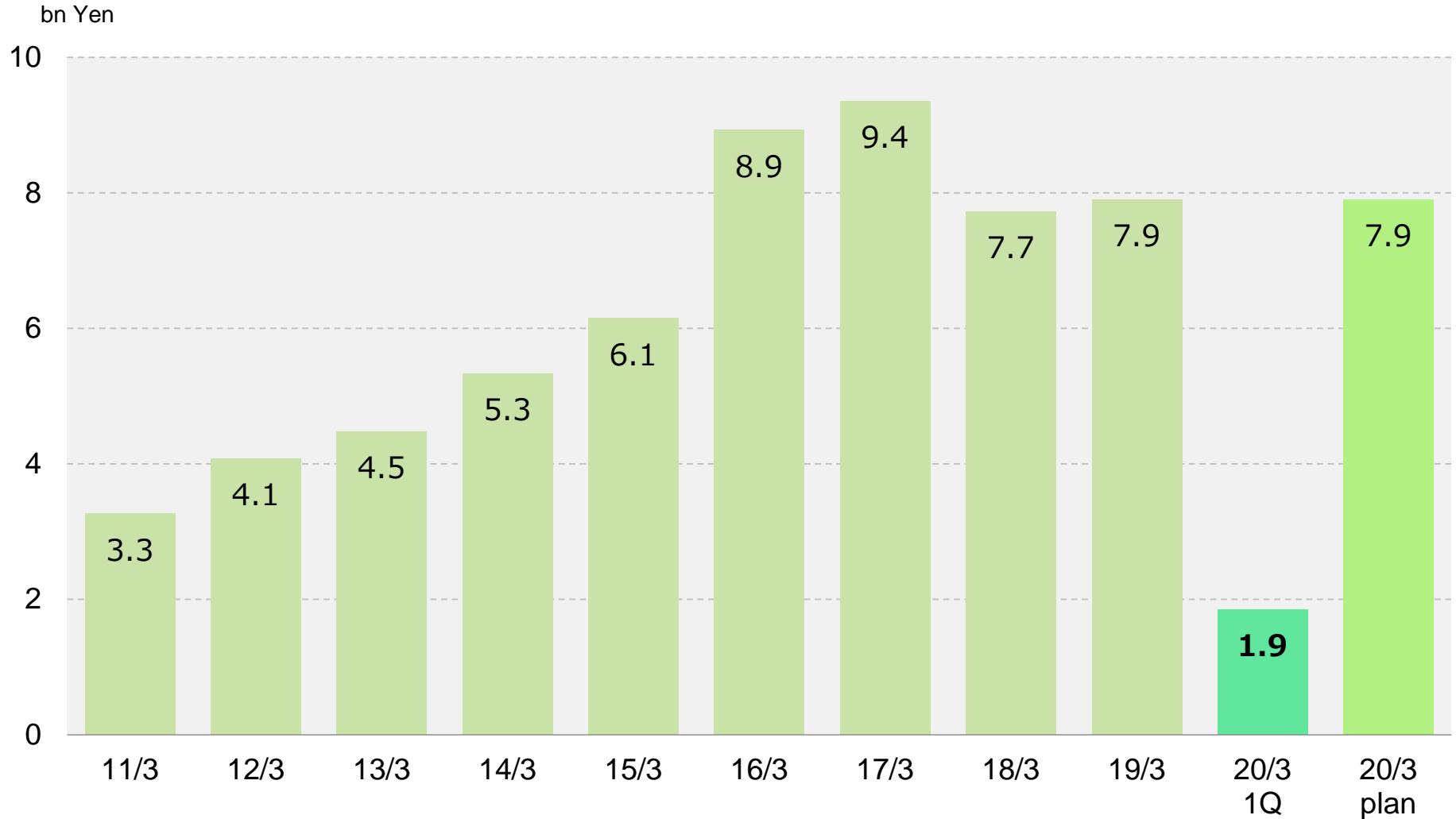
Assuming sales of general practitioners, dispensing pharmacies, and hospitals is 100%.

SGA

- SGA decreased year-on-year due to decrease of labor and other costs in spite of increase of R&D cost.
- Labor cost decreased due to allowance for retirement benefits for directors in 19/3 1Q in accordance with termination of retirement benefits for directors.

Period	20/3 1Q			19/3 1Q		
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)	Change in %
Labor	3,742	13.2	- 1.1	3,784	14.8	+ 10.9
R&D	1,851	6.5	+ 7.2	1,726	6.8	+ 1.8
Packing and freight	549	1.9	+ 11.3	494	1.9	- 6.5
Depreciation cost	239	0.8	- 11.2	269	1.1	- 0.6
Ad.	168	0.6	+ 29.5	130	0.5	- 8.1
Others	1,544	5.4	- 8.8	1,693	6.6	+ 10.0
SGA	8,097	28.5	- 0.0	8,099	31.8	+ 6.7

R&D expenditure



Balance sheet

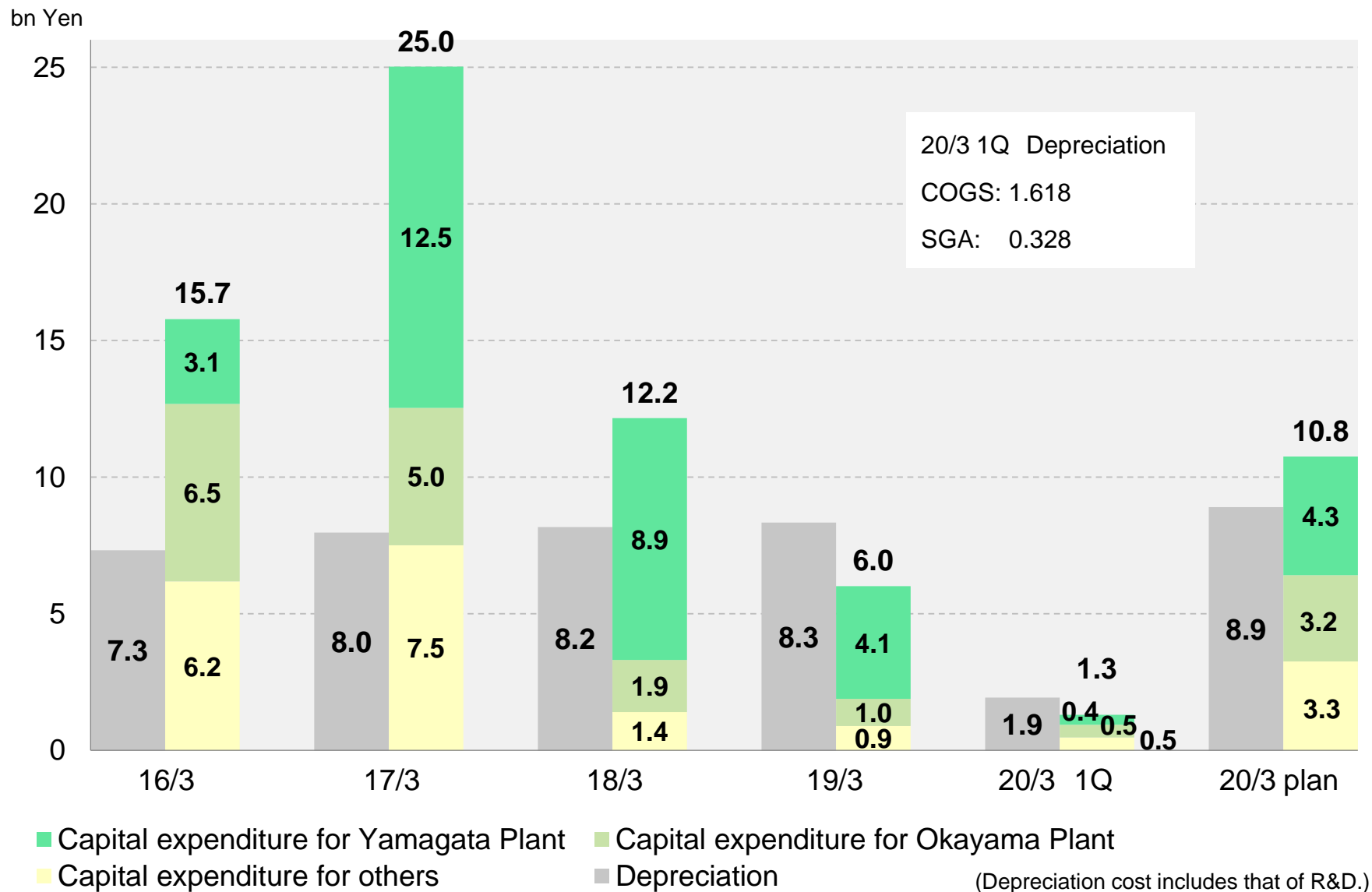
- Other current assets: Work in process, etc. increased due to increase of production volume.
- Other current liabilities: Income taxes payable decreased by payment of income tax.
- Capital-to-asset ratio: The ratio increased to 50.1% due to increased profit and repayment of long-term debt.

(million Yen)

	19/6	19/3	Change
Cash and deposits	22,675	26,762	- 4,087
Trade notes and accounts receivable	29,316	27,905	+ 1,410
Electronically recorded monetary claims	6,687	6,719	- 31
Marketable securities	5,499	4,999	+ 499
Finished products	17,367	17,591	- 224
Other current assets	26,030	24,226	+ 1,804
Total current assets	107,577	108,206	- 628
Buildings and structures	46,720	47,376	- 655
Machineries, equipment, and carriers	11,937	11,913	+ 23
Construction in progress	2,197	2,110	+ 86
Other fixed assets	20,427	19,197	+ 1,230
Total fixed assets	81,282	80,597	+ 684
Total assets	188,860	188,803	+ 56

	19/6	19/3	Change
Trade notes and accounts payable	7,239	6,466	+ 772
Electronically recorded obligations-operating	10,729	9,990	+ 739
Current portion of long-term debt	6,554	6,396	+ 158
Facilities notes and accounts payable	2,609	2,069	+ 539
Other current liabilities	8,820	12,254	- 3,434
Total current liabilities	35,953	37,177	- 1,223
Long-term debt	41,926	43,407	- 1,481
Convertible bond	15,032	15,035	- 2
Other long-term liabilities	1,379	1,412	- 33
Total long-term liabilities	58,337	59,854	- 1,517
Total liabilities	94,291	97,032	- 2,740
Total net assets	94,568	91,771	+ 2,797
Total liabilities and net assets	188,860	188,803	+ 56

Capital expenditure and depreciation cost



Disclaimer

This presentation contains forward-looking statements related to management's expectations about future business conditions. Actual business conditions may differ significantly from management's expectation and accordingly affect the Company's sales and profitability. Actual results may differ because of factors over which the Company has no control, including unexpected changes in competitive and economic conditions, government regulations, technology and other factors.

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