

# **Supplementary material for the financial results for the third quarter of the year ending March 31, 2023**

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**February 2023**  
(Stock code: 4553)

# Notes to and summary of the disclosure of financial results for 2023/03 3Q

## Notes

- Sunsho Pharmaceutical, which became a subsidiary in March 2022, has been included in the consolidated balance sheets since 2022/03 and the consolidated statements of income since 2023/03.
- The first three quarters for Towa HD and Sunsho Pharmaceutical are from January 1 to September 30, 2022.
- Regarding our earnings forecast for 2023/03, we revised our full-year consolidated earnings forecast on February 7. The revised forecast reflects the loss on derivatives and the impairment loss on intangible assets due to the discontinuation of a manufacturing contractor's business at Towa HD.
- On February 13, we announced a revision to our full-year consolidated earnings forecast for the fiscal year ending March 31, 2023, due to a change in the fiscal year end of both Towa HD and Sunsho Pharmaceutical.

# Notes to and summary of the disclosure of financial results for 2023/03 3Q

## Summary

- **Net sales increased and profit decreased year on year**
  - **Consolidated net sales: JPY 140.4 billion (up 11.8% year on year)**
  - **Consolidated operating profit: JPY 5.3 billion (down 68.5% year on year)**
- **Production volume (Non-consolidated; tablets and capsules only)**
  - **Approx. 9.3 billion tablets for the first three quarters of 2023/03, up approx. 12% year on year**
- **Sales volume (Non-consolidated; tablets and capsules only)**
  - **Approx. 8.5 billion tablets for the first three quarters of 2023/03, down approx. 5% year on year**
- **Increases in raw material costs and utilities expenses**
  - **Raw materials: Increased by several percentage points year on year due to higher resource prices and a weaker yen**
  - **Utilities expenses: Increased by approx. 60% year on year**

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# Outline of financial results for 2023/03 3Q (Consolidated)

- **Net sales:** Increased due to the consolidation of Sunsho Pharmaceutical and strength in Europe despite weakness at Towa Pharmaceutical in Japan
- **Operating profit:** Decreased due to a drop in gross margin resulting from a rise in the cost of sales ratio in Japan and an increase in SGA, e.g., goodwill amortization, following the acquisition of Sunsho Pharmaceutical

(JPY million, %)

Fiscal period	2023/03 3Q			2022/03 3Q		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	140,405	100.0	+ 11.8	125,613	100.0	+ 9.0
Cost of sales	89,353	63.6	+ 24.4	71,847	57.2	+ 7.0
SGA	45,699	32.5	+ 24.3	36,772	29.3	+ 10.4
Operating profit	5,352	3.8	- 68.5	16,993	13.5	+ 14.9
Ordinary profit	4,639	3.3	- 78.0	21,059	16.8	+ 61.4
Profit attributable to owners of parent	1,984	1.4	- 86.8	15,000	11.9	+ 58.8

Exchange rate at end of period (TTM) USD 1	2023/03 3Q	22/3 4Q	22/3 3Q	21/3 4Q	Exchange rate during period (TTM) EUR 1	23/3 3Q	22/3 3Q
	JPY 132.70	JPY 122.39	JPY 115.02	JPY 110.71		JPY 135.95	JPY 129.83

\* The first three quarters for Towa HD and Sunsho Pharmaceutical are from January 1 to September 30, 2022.

\* For 2023/03 3Q, the USD/JPY exchange rate at the end of the period is the rate as of December 31, 2022, and the EUR/JPY exchange rate during the period is the average rate from July 1 to September 30, 2022.

# Outline of financial results for 2023/03 3Q

## (Segment information)

(JPY million)

Item	Reportable segment		Total	Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas			
	Towa Pharmaceutical J-Dolph Pharmaceutical Daichi Kasei Greencaps Pharmaceutical Sunsho Pharmaceutical	Towa HD			
Net sales	110,005	30,540	140,545	-140	140,405
Cost of sales	68,185	21,168	89,353	—	89,353
SGA	33,574	9,185	42,760	2,938	45,699
Segment profit	8,245	185	8,431	-3,079	5,352

\* Goodwill amortization: Towa HD JPY 629 million; Sunsho Pharmaceutical JPY 2,445 million

\* The first three quarters for Towa HD and Sunsho Pharmaceutical are from January 1 to September 30, 2022.

# Outline of financial results for 2023/03 3Q

## (Domestic segment)

- **Net sales:** Increased due to consolidation of Sunsho Pharmaceutical despite weakness at Towa Pharmaceutical
- **Segment profit:** Decreased due to a rise in the cost of sales ratio as a result of the consolidation of Sunsho Pharmaceutical, which has a high cost of sales ratio, and to the impact of drug price revisions and an increase in SGA (JPY million, %)

Fiscal period	Domestic segment (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)			Domestic segment (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical)		
	2023/03 3Q			2022/03 3Q		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	110,005	100.0	+ 12.5	97,773	100.0	+ 10.7
Cost of sales	68,185	62.0	+ 28.4	53,118	54.3	+ 11.7
SGA	33,574	30.5	+ 21.2	27,691	28.3	+ 8.1
Segment profit	8,245	7.5	- 51.4	16,964	17.4	+ 12.1

\* The first three quarters for Sunsho Pharmaceutical are from January 1 to September 30, 2022.

\* Goodwill amortization is not included.



# Outline of financial results for 2023/03 3Q

## (Domestic segment, breakdown)

Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical

- **Net sales:** Sales volume in 3Q returned to the levels of the previous year as the lifting of restrictions on shipments was well underway.  
However, net sales decreased as the recovery in 3Q was not sufficient to compensate for the lower sales volume in 1H than the previous year
- **Segment profit:** Decreased due to a drop in sales and a drop in gross margin as a result of price declines following drug price revisions, and to a rise in the cost of sales ratio owing to deterioration of the sales mix. SGA also increased.

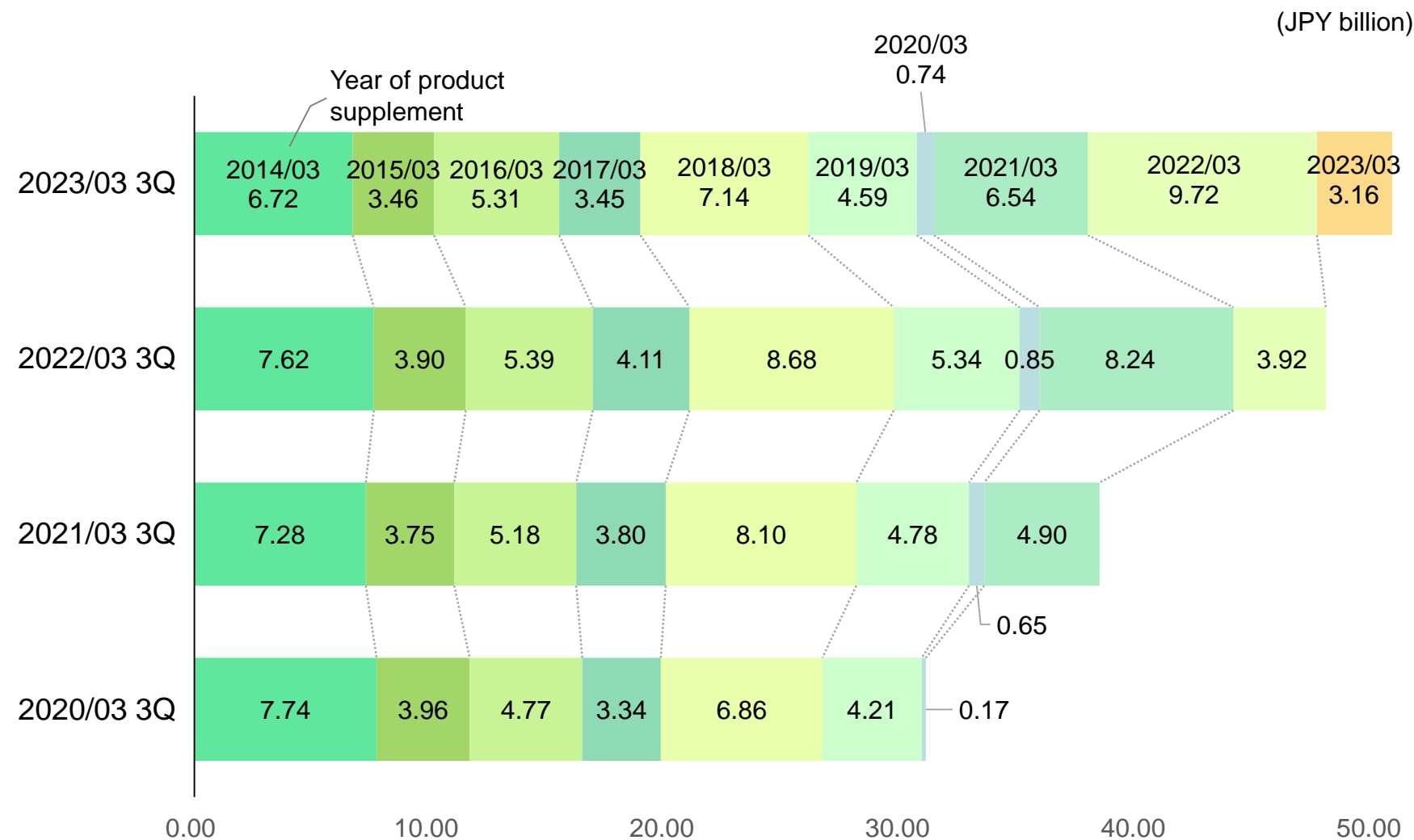
(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical						Sunsho Pharmaceutical	
	2023/03 3Q			2022/03 3Q			2023/03 3Q	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	94,315	100.0	- 3.5	97,773	100.0	+ 10.7	15,689	100.0
Cost of sales	55,778	59.1	+ 5.0	53,118	54.3	+ 11.7	12,407	79.1
SGA	31,327	33.2	+ 13.1	27,691	28.3	+ 8.1	2,247	14.3
Segment profit	7,210	7.6	- 57.5	16,964	17.4	+ 12.1	1,035	6.6

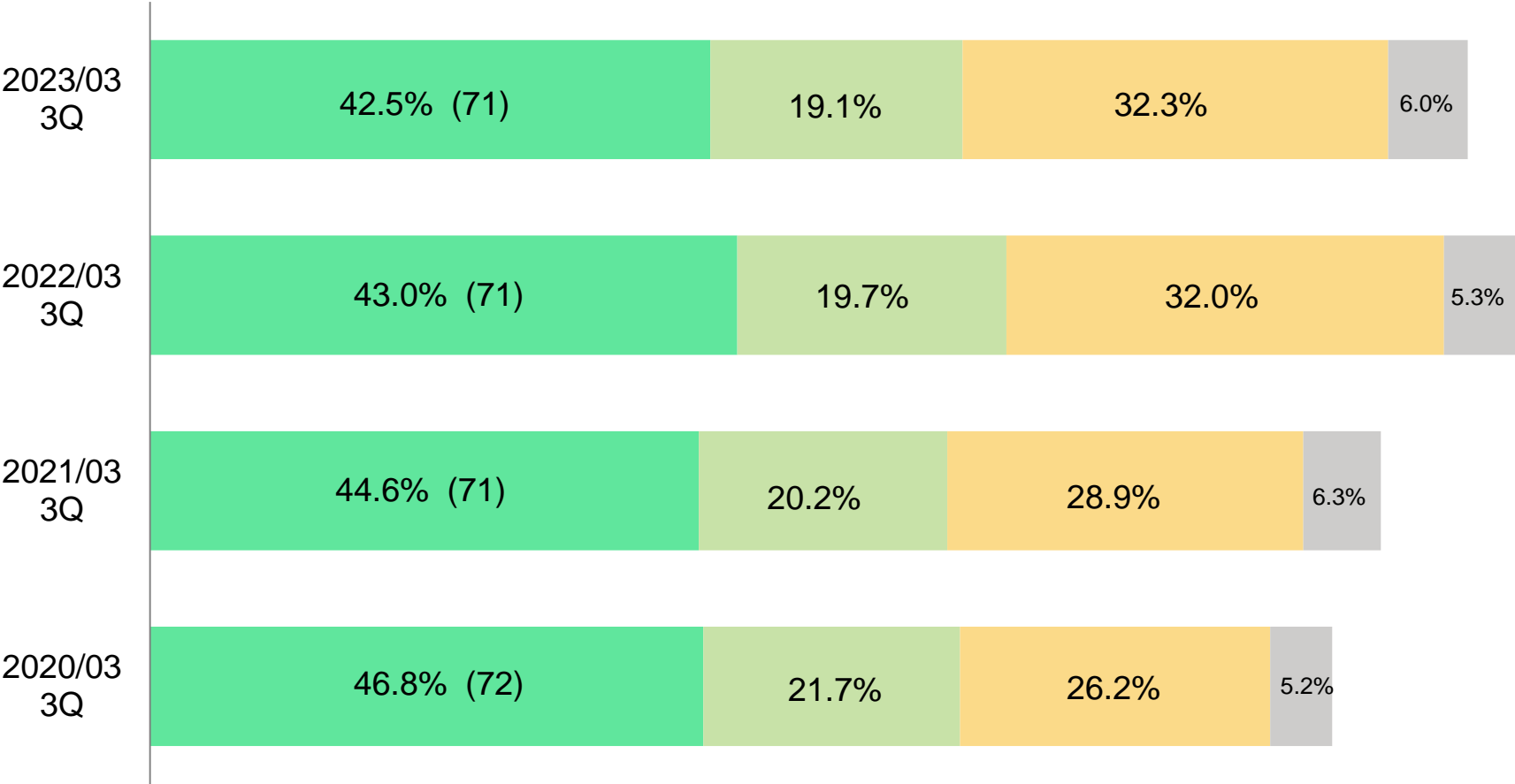
\* The first three quarters for Sunsho Pharmaceutical are from January 1 to September 30, 2022.

\* Goodwill amortization is not included.

# Net sales by supplement year (Non-consolidated)



# Net sales by distribution channel (Non-consolidated)



■ Direct sales ■ Sales agent ■ Wholesaler ■ Other (consignment, sales by other companies, exports)  
Figures in brackets indicate number of sales offices

# Number of customers by customer segment (Non-consolidated)

(Customer, %)

Customer segment	Number of establishments	2023/03 3Q					2022/03 3Q	
		Number of customers	Coverage (%)	Transaction amount % mix (%)	Change in number of customers	Change in transaction amount (%)	Number of customers	Transaction amount % mix (%)
Hospitals	approx. 8,200	7,509	91.5	11.2	40	1.0	7,469	10.7
DPC	approx. 1,760	1,734	98.4	6.6	12	3.5	1,722	6.2
Clinics	approx. 105,450	29,657	28.1	12.5	-82	-11.8	29,739	13.7
Pharmacies	approx. 61,400	59,099	96.2	76.1	785	-2.7	58,314	75.5
Total	approx. 175,100	96,265	55.0	100	743	-3.5	95,522	100

(Excludes transactions by other companies)

\* The number of establishments is calculated with reference to Nihon Ultmarc's national medical institution data.

# Selling, general and administrative expenses (Domestic segment)

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical			Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical		
	23/3 3Q			22/3 3Q		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Personnel	13,321	12.1	+ 11.7	11,920	12.2	+ 5.9
Advertising	764	0.7	- 25.7	1,029	1.1	+ 111.3
Packing & freight	2,089	1.9	+ 15.9	1,803	1.8	+ 8.7
Commissions paid	3,623	3.3	+ 101.8	1,795	1.8	+ 27.6
R&D	8,484	7.7	+ 29.0	6,577	6.7	+ 1.0
Depreciation	1,001	0.9	+ 26.8	790	0.8	+ 9.5
Other	4,287	3.9	+ 13.6	3,774	3.9	+ 5.4
SGA	33,574	30.5	+ 21.2	27,691	28.3	+ 8.1

\* Due to the consolidation of Sunsho Pharmaceutical in 2023/03 1Q, the results of 2023/03 3Q include Sunsho Pharmaceutical's SGA of JPY 2,247 million.

\* Goodwill amortization is not included.

\* Depreciation does not include portions that were reclassified as R&D expenses.

\* The first three quarters for Sunsho Pharmaceutical are from January 1 to September 30, 2022.

# Outline of financial results for 2023/03 3Q

## (Overseas segment)

- **Net sales:** Increased due to strong B2B and B2C businesses in Europe and the weaker yen, despite the impact of business suspension at some manufacturing licensees in the U.S.
- **Segment profit:** Despite the increase in net sales, segment profit decreased due to a rise in the cost of sales ratio owing to deterioration of the sales mix in the U.S. and an increase in SGA mainly driven by changes in exchange rates

(JPY million, %)

Fiscal period	Overseas segment (Towa HD)					
	2023/03 3Q			2022/03 3Q		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	30,540	100.0	+ 9.7	27,839	100.0	+ 3.4
Cost of sales	21,168	69.3	+ 13.0	18,729	67.3	- 4.4
SGA	9,185	30.1	+ 8.3	8,480	30.5	+ 19.2
Segment profit	185	0.6	- 70.5	629	2.3	+ 193.7

Exchange rate during period (TTM) EUR 1	23/3 3Q	22/3 3Q
	JPY 135.95	JPY 129.83

\* The first three quarters for Towa HD are from January 1 to September 30, 2022.

\* Goodwill amortization is not included.

# Outline of financial results for 2023/03 3Q

## (Overseas segment, by region)

- Europe**
- **Net sales:** Increased due to strength in both B2B and B2C businesses, among other factors
  - **Segment loss:** Loss decreased due to an increase in gross margin following an increase in sales
- U.S.**
- **Net sales:** Increased due to a weaker euro against the dollar, despite business suspension at some manufacturing licensees
  - **Segment profit:** Despite the increase in net sales, segment profit decreased due to a rise in the cost of sales ratio owing to deterioration of the sales mix and an increase in SGA mainly driven by changes in exchange rates

(JPY million, %)

Fiscal period	Towa HD Europe						Towa HD U.S.				
	23/3 3Q			22/3 3Q			23/3 3Q			22/3 3Q	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)		(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	16,657	100.0	+ 13.7	14,647	100.0		13,882	100.0	+ 5.2	13,191	100.0
Cost of sales	10,672	64.1	+ 16.4	9,170	62.6		10,495	75.6	+ 9.8	9,558	72.5
SGA	6,336	38.0	+ 3.9	6,096	41.6		2,849	20.5	+ 19.6	2,383	18.1
Segment profit (loss)	- 351	- 2.1	—	- 619	- 4.2		536	3.9	- 57.0	1,249	9.5

Exchange rate during period (TTM) EUR 1	23/3 3Q	22/3 3Q
	JPY 135.95	JPY 129.83

\* The first three quarters for Towa HD are from January 1 to September 30, 2022.

\* Goodwill amortization is not included.

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# Outline of financial results for 2023/03 3Q – Progress rate (Consolidated)

- **Net sales and operating profit:** Progress rates were sluggish for both
- **Ordinary profit:** Progress rate was sluggish due to a loss on valuation of derivatives as opposed to an expected gain on valuation of derivatives in the full-year plan (JPY million, %)

Fiscal period	23/3				
	3Q Results		Full-year Plan (announced November 14)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	140,405	100.0	196,400	100.0	71.5
Cost of sales	89,353	63.6	125,400	63.8	71.3
SGA	45,699	32.5	62,300	31.7	73.4
Operating profit	5,352	3.8	8,700	4.4	61.5
Ordinary profit	4,639	3.3	10,600	5.4	43.8
Profit attributable to owners of parent	1,984	1.4	6,300	3.2	31.5

Exchange rate (TTM) EUR 1	2023/03 3Q exchange rate	2023/03 exchange rate assumption (announced November 14)
	JPY 135.95	JPY 138.00

\* The first three quarters for Towa HD and Sunsho Pharmaceutical are from January 1 to September 30, 2022.

# Outline of financial results for 2023/03 3Q – Progress rate

## (Domestic segment)

- **Net sales:** Progress rate was sluggish in the domestic segment overall
- **Segment profit:** Progress rate was sluggish as progress in net sales was delayed while progress in SGA outpaced the progress net sales

(JPY million, %)

Fiscal period	<b>Domestic segment</b> (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)				
	3Q Results		Full-year Plan (announced November 14)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	110,005	100.0	153,000	100.0	71.9
Cost of sales	68,185	62.0	95,200	62.2	71.6
SGA	33,574	30.5	45,200	29.5	74.3
Segment profit	8,245	7.5	12,600	8.2	65.4

\* The first three quarters for Sunsho Pharmaceutical are from January 1 to September 30, 2022.

\* Goodwill amortization is not included.

# Outline of financial results for 2023/03 3Q – Progress rate

## (Domestic segment, breakdown)

Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical

- **Net sales:** Progress rate was sluggish as the pace of recovery in sales volume was slower than expected although the lifting of restrictions on shipments was well underway
- **Segment profit:** Progress rate was sluggish due to slow progress in net sales while progress in SGA outpaced the progress in net sales

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical					Sunsho Pharmaceutical				
	3Q Results		Full-year Plan (announced November 14)			3Q Results		Full-year Plan (announced November 14)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	94,315	100.0	131,500	100.0	71.7	15,689	100.0	21,500	100.0	73.0
Cost of sales	55,778	59.1	78,000	59.3	71.5	12,407	79.1	17,200	80.0	72.1
SGA	31,327	33.2	42,200	32.1	74.2	2,247	14.3	3,000	14.0	74.9
Segment profit	7,210	7.6	11,300	8.6	63.8	1,035	6.6	1,300	6.0	79.6

\* The first three quarters for Sunsho Pharmaceutical are from January 1 to September 30, 2022.

\* Goodwill amortization is not included.

# Outline of financial results for 2023/03 3Q – Progress rate (Overseas segment)

- **Net sales:** Progress was largely in line with the plan
- **Segment profit:** Progress ratio was good due to a delay in SGA expenditure in the U.S.

(JPY million, %)

Fiscal period	Overseas segment (Towa HD)				
	3Q Results		Full-year Plan (announced November 14)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	30,540	100.0	43,400	100.0	70.4
Cost of sales	21,168	69.3	30,200	69.6	70.1
SGA	9,185	30.1	13,100	30.2	70.1
Segment profit	185	0.6	100	0.2	185.9

Exchange rate (TTM) EUR 1	2023/03 3Q exchange rate	2023/03 exchange rate assumption (announced November 14)
	JPY 135.95	JPY 138.00

- \* The first three quarters for Towa HD are from January 1 to September 30, 2022.
- \* Goodwill amortization is not included.

# Outline of financial results for 2023/03 3Q – Progress rate

## (Overseas segment, by region)

- Europe**
- **Net sales:** Progress was largely in line with the plan
  - **Segment loss:** Loss decreased compared to plan due to a lower-than-expected cost of sales ratio
- U.S.**
- **Net sales:** Progress was largely in line with the plan
  - **Segment profit:** Progress ratio was good due to a delay in SGA expenditure

(JPY million, %)

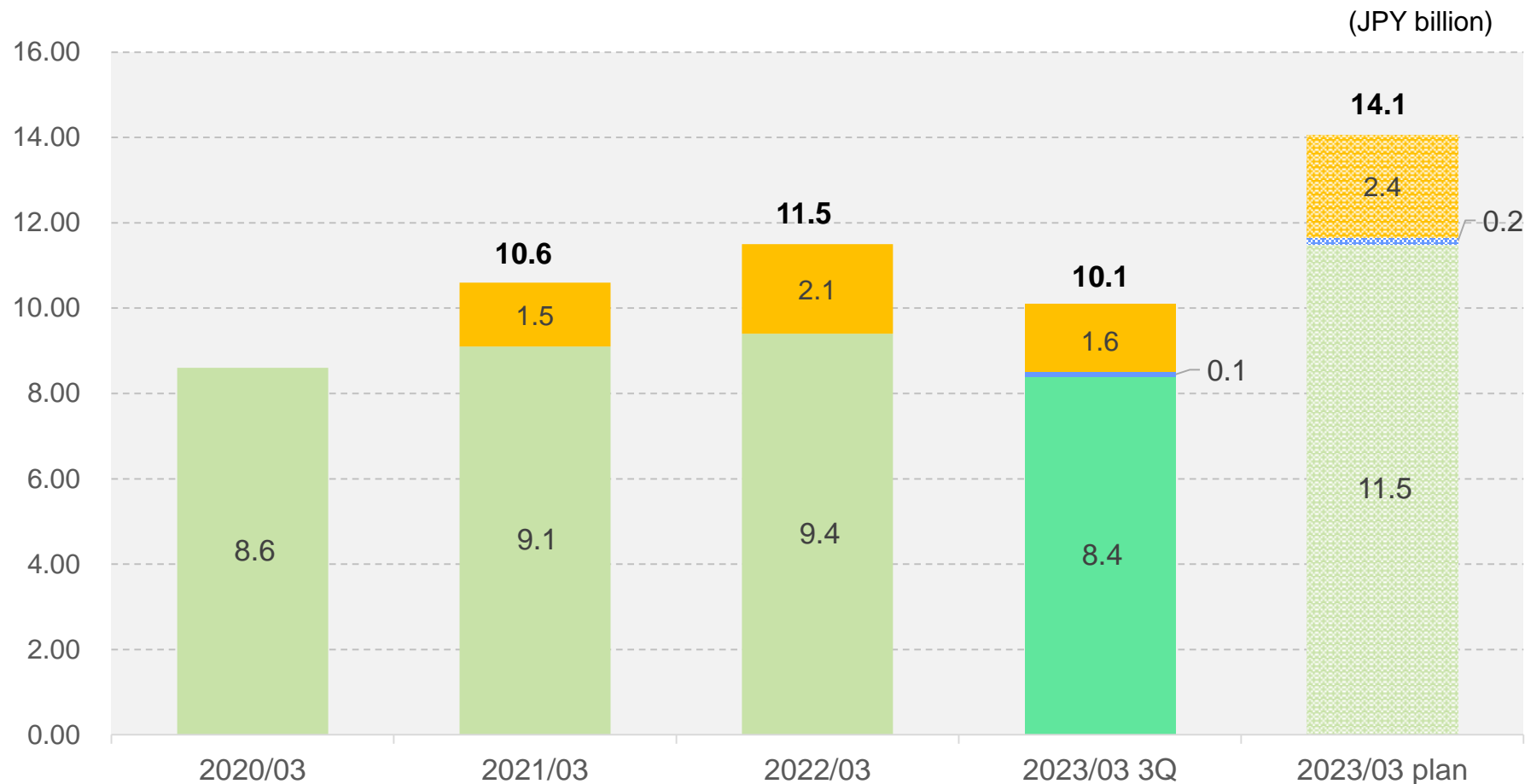
Fiscal period	Towa HD Europe					Towa HD U.S.				
	3Q Results		Full-year Plan (announced November 14)			3Q Results		Full-year Plan (announced November 14)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	16,657	100.0	23,000	100.0	72.4	13,882	100.0	20,400	100.0	68.1
Cost of sales	10,672	64.1	14,900	64.8	71.6	10,495	75.6	15,300	75.0	68.6
SGA	6,336	38.0	8,700	37.8	72.8	2,849	20.5	4,400	21.6	64.8
Segment profit (loss)	- 351	- 2.1	- 600	- 2.6	—	536	3.9	700	3.4	76.7

Exchange rate (TTM) EUR 1	2023/03 3Q exchange rate	2023/03 exchange rate assumption (announced November 14)
	JPY 135.95	JPY 138.00

\* The first three quarters for Towa HD are from January 1 to September 30, 2022.

\* Goodwill amortization is not included.

# Trend of R&D expenses (Consolidated)



■ Towa HD ■ Sunsho Pharmaceutical ■ Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical

\* 2020/03 does not include the results of Greencaps Pharmaceutical and Towa HD.

\* 2020/03–2022/03 do not include the results of Sunsho Pharmaceutical.

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# Balance sheets (Consolidated)

## ● Sunsho Pharmaceutical was consolidated at the end of 2022/03.

(JPY million)

Item	22/12	22/3	Change	Item	22/12	22/3	Change
Cash and deposits	16,639	32,830	- 16,191	Notes and accounts payable - trade	19,099	14,834	+ 4,264
Notes and accounts receivable - trade	50,185	42,896	+ 7,288	Electronically recorded obligations - operating	16,584	14,242	+ 2,341
Electronically recorded monetary claims - operating	8,676	7,971	+ 705	Short-term borrowings	1,663	49,335	- 47,671
Merchandise and finished goods	43,362	32,098	+ 11,263	Current portion of bonds with share acquisition rights	—	4,150	- 4,150
Other inventories	47,485	40,603	+ 6,881	Current portion of long-term borrowings	8,127	8,022	+ 105
Other current assets	11,355	10,463	+ 891	Notes and accounts payable - equipment	15,760	5,635	+ 10,124
<b>Total current assets</b>	<b>177,704</b>	<b>166,864</b>	<b>+ 10,839</b>	Other current liabilities	15,474	18,852	- 3,377
Buildings and structures, net	53,388	52,559	+ 828	<b>Total current liabilities</b>	<b>76,710</b>	<b>115,073</b>	<b>- 38,363</b>
Machinery, equipment and vehicles, net	19,045	16,224	+ 2,820	Bonds with share acquisition rights	—	—	—
Construction in progress	23,435	11,709	+ 11,726	Long-term borrowings	136,541	79,194	+ 57,346
Goodwill	36,541	39,064	- 2,522	Other non-current liabilities	6,312	5,659	+ 653
Other non-current assets	47,198	45,674	+ 1,523	<b>Total non-current liabilities</b>	<b>142,854</b>	<b>84,853</b>	<b>+ 58,000</b>
<b>Total non-current assets</b>	<b>179,609</b>	<b>165,232</b>	<b>+ 14,376</b>	<b>Total liabilities</b>	<b>219,564</b>	<b>199,927</b>	<b>+ 19,636</b>
<b>Total assets</b>	<b>357,313</b>	<b>332,097</b>	<b>+ 25,216</b>	<b>Total net assets</b>	<b>137,749</b>	<b>132,169</b>	<b>+ 5,580</b>
				<b>Total liabilities and net assets</b>	<b>357,313</b>	<b>332,097</b>	<b>+ 25,216</b>

Exchange rate at end of period (TTM)	22/9	21/12
EUR 1	JPY 142.32	JPY 130.51

\* The exchange rate as of the end of September 2022 is indicated since the first three quarters for Towa HD are from January 1 to September 30, 2022.

\* The first three quarters for Sunsho Pharmaceutical are from January 1 to September 30, 2022.

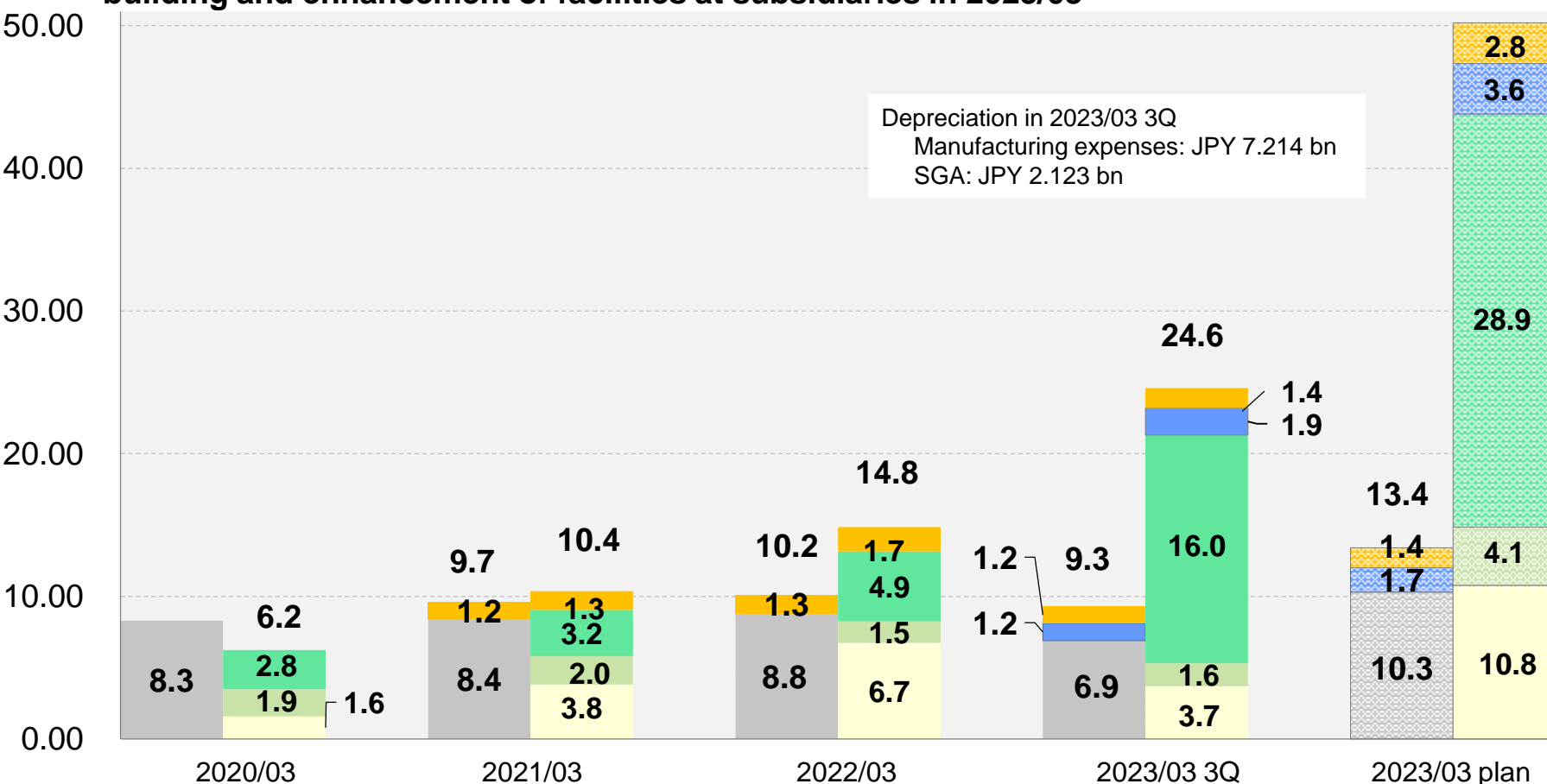
\* The figures for 2022/03 have been retroactively adjusted to reflect the results of PPA for Sunsho Pharmaceutical.



# Capital expenditure and depreciation (Consolidated)

- Increase in capex planned due to full-scale investment in new Yamagata Plant building and enhancement of facilities at subsidiaries in 2023/03

(JPY billion)



- Capex (Towa HD)
- Capex (Yamagata Plant)
- Capex (other)
- Capex (Sunsho Pharmaceutical)
- Capex (Okayama Plant)
- Depreciation (Towa HD)
- Depreciation (Sunsho Pharmaceutical)
- Depreciation (domestic)

- \* Capital expenditure includes the acquisition of property, plant and equipment, and intangible assets.
- \* Depreciation includes the R&D expenses portion.
- \* Depreciation in 2021/03–2023/03 does not include Towa HD's goodwill amortization.
- \* Depreciation in 2023/03 does not include Sunsho Pharmaceutical's goodwill amortization.
- \* 2020/03 does not include the results of Greencaps Pharmaceutical and Towa HD.
- \* 2020/03–2022/03 do not include the results of Sunsho Pharmaceutical.

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# Outline of revisions to earnings plan for 2023/03

## Outline of the revisions to earnings plan announced on February 7

\* The impact amount shown below refers to the impact on the full-year plan announced on November 14.

- A negative impact of approx. JPY 2.5 billion on ordinary profit due to a loss on valuation of derivatives
- Recognition of an extraordinary loss of approx. JPY 0.4 billion due to the discontinuation of a manufacturing contractor's business in the U.S.

## Outline of the revisions to earnings plan announced on February 13

\* The impact amount shown below refers to the impact on the full-year plan announced on February 7.

- Change in fiscal year end of Towa HD and Sunsho Pharmaceutical

Towa HD: An impact of approx. JPY 10.8 billion on net sales and of JPY 0.0 billion on operating profit

Sunsho Pharmaceutical: An impact of approx. JPY 5.3 billion on net sales and of JPY 0.2 billion on operating profit

Consolidated: An impact of approx. JPY -1.0 billion on operating profit due to an increase in amortization of goodwill in SGA



As a result, an impact of approx. JPY 16.1 billion on net sales and of JPY -0.8 billion on operating profit on a consolidated basis

# Revisions to full-year earnings plan for 2023/03

## (Consolidated)

- Ordinary profit: Recognition of a loss on valuation of derivatives
  - Profit attributable to owners of parent: Recognition of an impairment loss due to the discontinuation of a manufacturing contractor's business in the U.S.
- (JPY million, %)

Fiscal period	23/3							
	Revised Full-year Plan (announced February 7)				Full-year Plan (announced November 14)			Revisions
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	11/14 (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	196,400	100.0	+ 18.6	± 0	196,400	100.0	+ 18.6	0
Cost of sales	125,400	63.8	+ 31.4	± 0	125,400	63.8	+ 31.4	0
SGA	62,300	31.7	+ 22.2	± 0	62,300	31.7	+ 22.2	0
Operating profit	8,700	4.4	- 54.7	± 0	8,700	4.4	- 54.7	0
Ordinary profit	8,100	4.1	- 64.4	- 23.6	10,600	5.4	- 53.4	- 2,500
Profit attributable to owners of parent	4,500	2.3	- 71.7	- 28.6	6,300	3.2	- 60.4	- 1,800

Exchange rate (TTM) EUR 1	2023/03 exchange rate assumption (no change from the plan announced on November 14)
	JPY 138.00

\* The consolidated fiscal year for Towa HD and Sunsho Pharmaceutical is from January 1 to December 31, 2022.

# Revisions to full-year earnings plan for 2023/03

## (Consolidated)

- Towa HD and Sunsho Pharmaceutical's plans for January to March 2023 have been added
- Operating profit: Decreased after adding amortization of goodwill of JPY 1.0 billion for Towa HD and Sunsho Pharmaceutical combined, which increased SGA

(JPY million, %)

Fiscal period	23/3							
	Revised Full-year Plan (announced February 13)				Full-year Plan (announced February 7)			Revisions
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	2/7 (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	212,500	100.0	+ 28.3	+ 8.2	196,400	100.0	+ 18.6	16,100
Cost of sales	137,200	64.6	+ 43.8	+ 9.4	125,400	63.8	+ 31.4	11,800
SGA	67,400	31.7	+ 32.2	+ 8.2	62,300	31.7	+ 22.2	5,100
Operating profit	7,900	3.7	- 58.9	- 9.2	8,700	4.4	- 54.7	- 800
Ordinary profit	7,500	3.5	- 67.0	- 7.4	8,100	4.1	- 64.4	- 600
Profit attributable to owners of parent	3,700	1.7	- 76.8	- 17.8	4,500	2.3	- 71.7	- 800

Exchange rate (TTM) EUR 1	2023/03 exchange rate assumption (no change from the plan announced on November 14)
	JPY 138.00

\* In the plan announced on February 13, the consolidated fiscal year for Towa HD and Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.

\* In the plan announced on February 7, the consolidated fiscal year for Towa HD and Sunsho Pharmaceutical is from January 1, 2022 to December 31, 2022.

# Revisions to full-year earnings plan for 2023/03

## (Domestic segment)

- Sunsho Pharmaceutical's plan for January to March 2023 has been added

(JPY million, %)

Fiscal period	<b>Domestic segment</b> (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)							
	Revised Full-year Plan (announced February 13)				Full-year Plan (announced November 14)			Revisions
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	11/14 (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	158,300	100.0	+ 25.0	+ 3.5	153,000	100.0	+ 20.8	5,300
Cost of sales	99,500	62.9	+ 43.5	+ 4.5	95,200	62.2	+ 37.3	4,300
SGA	46,000	29.1	+19.6	+ 1.8	45,200	29.5	+ 17.5	800
Segment profit	12,800	8.1	- 32.2	+ 1.6	12,600	8.2	- 33.3	200

- \* In the plan announced on February 13, the consolidated fiscal year for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
- \* In the plan announced on November 14, the consolidated fiscal year for Sunsho Pharmaceutical is from January 1, 2022 to December 31, 2022.
- \* Goodwill amortization is not included.

# Revisions to full-year earnings plan for 2023/03

## (Domestic segment, breakdown)

- The plan for January to March 2023 has been added

(JPY million, %)

Fiscal period	Sunsho Pharmaceutical					
	Revised Full-year Plan (15 months; announced February 13)			Full-year Plan (12 months; announced November 14)		Revisions
Item	(JPY million)	Percentage of net sales (%)	11/14 (%)	(JPY million)	Percentage of net sales (%)	(JPY million)
Net sales	26,800	100.0	+ 24.7	21,500	100.0	5,300
Cost of sales	21,500	80.2	+ 25.0	17,200	80.0	4,300
SGA	3,800	14.2	+ 26.7	3,000	14.0	800
Segment profit	1,500	5.6	+ 15.4	1,300	6.0	200

- \* In the plan announced on February 13, the consolidated fiscal year for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
- \* In the plan announced on November 14, the consolidated fiscal year for Sunsho Pharmaceutical is from January 1, 2022 to December 31, 2022.
- \* Goodwill amortization is not included.

# Revisions to full-year earnings plan for 2023/03 (Overseas segment)

- The plan for January to March 2023 has been added

(JPY million, %)

Fiscal period	Overseas segment (Towa HD)							
	Revised Full-year Plan (15 months; announced February 13)				Full-year Plan (12 months; announced November 14)			Revisions
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	11/14 (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	54,200	100.0	+ 39.2	+ 24.9	43,400	100.0	+ 11.5	10,800
Cost of sales	37,700	69.6	+ 44.4	+ 24.8	30,200	69.6	+ 15.7	7,500
SGA	16,400	30.3	+ 40.1	+ 25.2	13,100	30.2	+ 11.9	3,300
Segment profit	100	0.2	- 91.1	± 0	100	0.2	- 91.1	0

Exchange rate (TTM) EUR 1	2023/03 exchange rate assumption (no change from the plan announced on November 14)
	JPY 138.00

- \* In the plan announced on February 13, the consolidated fiscal year for Towa HD is from January 1, 2022 to March 31, 2023.
- \* In the plan announced on November 14, the consolidated fiscal year for Towa HD is from January 1, 2022 to December 31, 2022.
- \* Goodwill amortization is not included.



# Revisions to full-year earnings plan for 2023/03 (Overseas segment, by region)

- The plan for January to March 2023 has been added

(JPY million, %)

Fiscal period	Towa HD Europe							
	Revised Full-year Plan (15 months; announced February 13)				Full-year Plan (12 months; announced November 14)			Revisions
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	11/14 (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	28,800	100.0	+ 43.0	+ 25.2	23,000	100.0	+ 14.2	5,800
Cost of sales	18,800	65.3	+ 51.8	+ 26.2	14,900	64.8	+ 20.3	3,900
SGA	10,900	37.8	+ 28.6	+ 25.3	8,700	37.8	+ 2.6	2,200
Segment loss	- 900	- 3.1	—	—	- 600	- 2.6	—	- 300

Exchange rate (TTM) EUR 1	2023/03 exchange rate assumption (no change from the plan announced on November 14)
	JPY 138.00

- \* In the plan announced on February 13, the consolidated fiscal year for Towa HD is from January 1, 2022 to March 31, 2023.
- \* In the plan announced on November 14, the consolidated fiscal year for Towa HD is from January 1, 2022 to December 31, 2022.
- \* Goodwill amortization is not included.

# Revisions to full-year earnings plan for 2023/03 (Overseas segment, by region)

- The plan for January to March 2023 has been added

(JPY million, %)

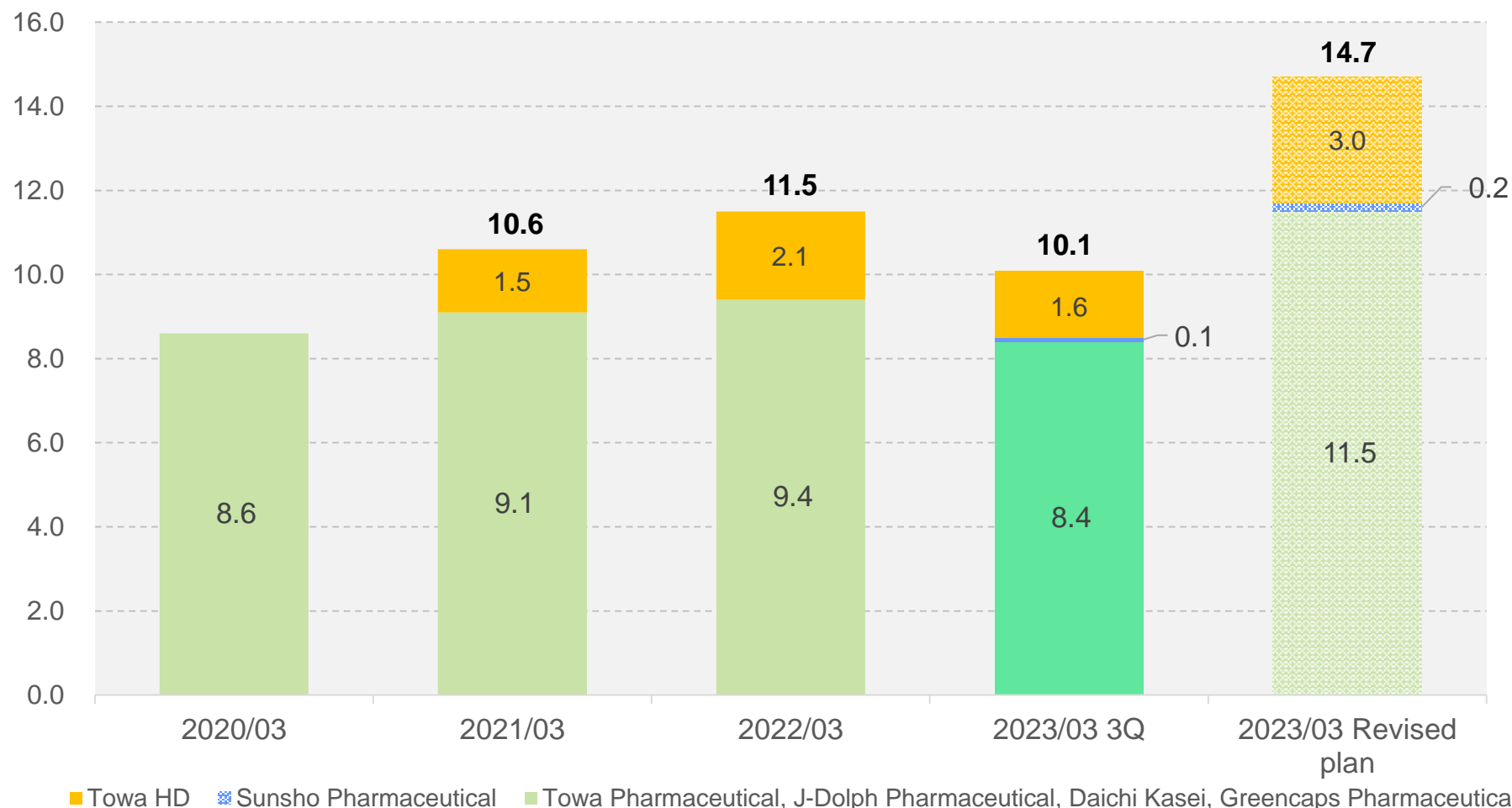
Fiscal period	Towa HD U.S.							
	Revised Full-year Plan (15 months; announced February 13)				Full-year Plan (12 months; announced November 14)			Revisions
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	11/14 (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	25,400	100.0	+ 35.1	+ 24.5	20,400	100.0	+ 8.5	5,000
Cost of sales	18,900	74.4	+ 37.8	+ 23.5	15,300	75.0	+ 11.5	3,600
SGA	5,500	21.7	+ 70.2	+ 25.0	4,400	21.6	+ 36.1	1,100
Segment profit	1,000	3.9	- 46.1	+ 42.9	700	3.4	-62.3	300

Exchange rate (TTM) EUR 1	2023/03 exchange rate assumption (no change from the plan announced on November 14)
	JPY 138.00

- \* In the plan announced on February 13, the consolidated fiscal year for Towa HD is from January 1, 2022 to March 31, 2023.
- \* In the plan announced on November 14, the consolidated fiscal year for Towa HD is from January 1, 2022 to December 31, 2022.
- \* Goodwill amortization is not included.

# Trend of R&D expenses (Consolidated)

● Increases of approx. JPY 45 million and approx. JPY 590 million in Sunsho Pharmaceutical and Towa HD, respectively, as a result of the addition of the plans for January to March 2023. (JPY billion)



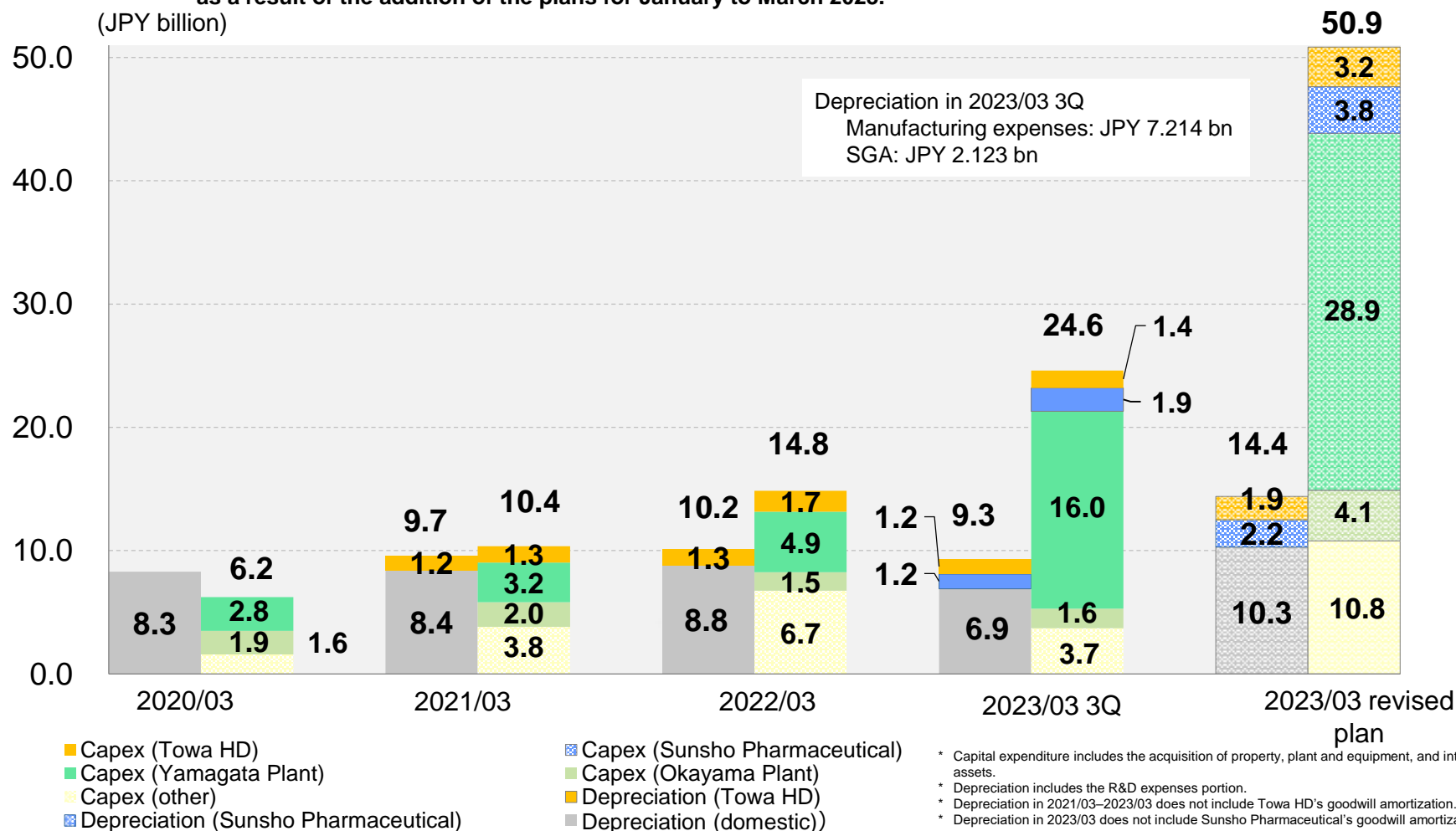
\* 2020/03 does not include the results of Greencaps Pharmaceutical and Towa HD.

\* 2020/03–2022/03 do not include the results of Sunsho Pharmaceutical.

\* The exchange rate assumption for Towa HD has been changed to JPY 138.00.

# Capital expenditure and depreciation (Consolidated)

- **Capital expenditure:** Increases of approx. JPY 240 million and approx. JPY 450 million at Sunsho Pharmaceutical and Towa HD, respectively, as a result of the addition of the plans for January to March 2023.
- **Depreciation:** Increases of approx. JPY 440 million and approx. JPY 530 million at Sunsho Pharmaceutical and Towa HD, respectively, as a result of the addition of the plans for January to March 2023.



- \* Capital expenditure includes the acquisition of property, plant and equipment, and intangible assets.
- \* Depreciation includes the R&D expenses portion.
- \* Depreciation in 2021/03–2023/03 does not include Towa HD's goodwill amortization.
- \* Depreciation in 2023/03 does not include Sunsho Pharmaceutical's goodwill amortization.
- \* 2020/03 does not include the results of Greencaps Pharmaceutical and Towa HD.
- \* 2020/03–2022/03 do not include the results of Sunsho Pharmaceutical.
- \* The exchange rate assumption for Towa HD has been changed to JPY 138.00.

**Forward-looking statements are based on targets and projections and do not offer commitments or guarantees.  
Please be aware that results may differ from expectations.**

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