

# **Supplementary material for the financial results for the year ended March 31, 2023**

---

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

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

## 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.
- As the fiscal year-end dates of Towa HD and Sunsho Pharmaceutical have been changed, each of the fiscal years of these subsidiaries ended March 31, 2023 is a 15-month period from January 1, 2022 to March 31, 2023.
- For the results of Towa HD and Sunsho Pharmaceutical for the fiscal year ended March 31, 2023, we have also disclosed adjusted results derived by extracting 12-month results from the 15-month results as follows as reference information for comparison:
  - For the purpose of comparison with the 2022/03 results,
    - Results for the 12-month period from January 2022 to December 2022 are disclosed as reference information (hereinafter “adjusted results (1)”).
  - For the purpose of comparison with the 2024/03 plan,
    - Results for the 12-month period from April 2022 to March 2023 are disclosed as reference information (hereinafter “adjusted results (2)”).
- On May 10, we announced a revision to our full-year consolidated earnings forecast for the fiscal year ended March 31, 2023.
- On May 15, we announced a revision to our numerical targets set forth in the 5th Mid-term Business Plan.

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

## Summary

- On the basis of both results and adjusted results, **net sales increased, but profit decreased** year on year mainly owing to the inclusion of Sunsho Pharmaceutical in the consolidation scope from 2023/03.

Fiscal period	2023/03 Results (Overseas & Sunsho: 15 months from January 2022 to March 2023)		2023/03 Adjusted results (1) (Overseas & Sunsho: 12 months from January 2022 to December 2022)		2022/03
Item	(JPY billion)	YOY change (%)	(JPY billion)	YOY change (%)	(JPY billion)
Net sales	208.9	+ 26.2	192.0	+ 15.9	165.6
Operating profit	5.5	- 71.2	6.8	- 64.7	19.2

- **Production volume** (Non-consolidated; tablets and capsules only)  
→ **Approx. 12.9 billion tablets, up approx. 14.2%** year on year
- **Sales volume** (Non-consolidated; tablets and capsules only)  
→ **Approx. 11.4 billion tablets, down approx. 2.0%** 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. 65% year on year.

# Contents

- 1. Outline of financial results for 2023/03**
- 2. Outline of financial results for 2023/03 – Progress rate**
- 3. Balance sheets, capital expenditure and depreciation**
- 4. Full-year earnings plan for 2024/03**

# Contents

## 1. Outline of financial results for 2023/03

**Consolidated**

**Segment information**

**Domestic segment**

**Breakdown**

**Net sales by supplement year (Non-consolidated)**

**Net sales by distribution channel (Non-consolidated)**

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

**Selling, general and administrative expenses (Domestic segment)**

**Overseas segment**

**By region**

**Sales ratio of products released in the last three years**

**Approved and new products (US)**

## 2. Outline of financial results for 2023/03 –

**Progress rate**

## 3. Balance sheets, capital expenditure and depreciation

## 4. Full-year earnings plan for 2024/03

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

\*Comments below are on the comparison between adjusted results and the previous fiscal year:

- **Net sales:** Increased due to the consolidation of Sunsho Pharmaceutical and strength in Europe although the performance of Towa Pharmaceutical in Japan was unchanged from the previous fiscal year
- **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 (Overseas & Sunsho: 15 months)		2023/03 Adjusted results (1) (Overseas & Sunsho: 12 months)			2022/03		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	208,859	100.0	191,973	100.0	+ 15.9	165,615	100.0	+ 6.9
Cost of sales	136,145	65.2	123,216	64.2	+ 29.1	95,429	57.6	+ 6.7
SGA	67,199	32.2	61,980	32.3	+ 21.6	50,980	30.8	+ 12.0
Operating profit	5,514	2.6	6,776	3.5	- 64.7	19,205	11.6	- 3.6
Ordinary profit	5,141	2.5	5,850	3.0	- 74.3	22,739	13.7	+ 21.7
Profit attributable to owners of parent	2,201	1.1	2,693	1.4	- 83.1	15,914	9.6	+ 14.0
Exchange rate at end of period (TTM) USD 1	2023/03	2022/03	2021/03	Exchange rate during period (TTM) EUR 1	2023/03 15 months	2023/03 12 months	2022/03	
	JPY 133.53	JPY 122.39	JPY 110.71		JPY 138.85	JPY 138.04	JPY 129.89	

Note:

1. The consolidated fiscal year ended March 31, 2023 for Towa HD and Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
2. For 2023/03, the USD/JPY exchange rate at the end of the period is the rate as of March 31, 2023, and the EUR/JPY exchange rate during the period is the average rate from January 1, 2022 to March 31, 2023.
3. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD and Sunsho Pharmaceutical, whose fiscal year-end dates have been changed, which are derived by extracting their results for the 12-month period from January 1, 2022 to December 31, 2022, and corresponding EUR/JPY exchange rates during the period.

# Outline of financial results for 2023/03 (Segment information)

(JPY million)

Item	Reportable segment			Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas	Total		
	Towa Pharmaceutical J-Dolph Pharmaceutical Daichi Kasei Greencaps Pharmaceutical Sunsho Pharmaceutical	Towa HD			
Net sales	155,538	53,487	209,026	-166	208,859
Cost of sales	98,635	37,509	136,145	—	136,145
SGA	45,970	16,255	62,226	4,972	67,199
Segment profit	10,931	-277	10,653	-5,139	5,514

## Notes:

1. The table above shows the results after the change of financial year-end dates.
2. The consolidated fiscal year ended March 31, 2023 for Towa HD and Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
3. Goodwill amortization: Towa HD JPY 1,071 million; Sunsho Pharmaceutical JPY 4,077 million

# Outline of financial results for 2023/03 (Domestic segment)

\*Comments below are on the comparison between adjusted results and the previous fiscal year:

- **Net sales:** Increased due to consolidation of Sunsho Pharmaceutical although the performance of Towa Pharmaceutical was unchanged from the previous fiscal year
- **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 (Sunsho: 15 months)		2023/03 Adjusted results (1) (Sunsho: 12 months)			2022/03		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	155,538	100.0	149,556	100.0	+18.1	126,676	100.0	+6.7
Cost of sales	98,635	63.4	93,728	62.7	+35.2	69,327	54.7	+9.0
SGA	45,970	29.6	45,116	30.2	+17.3	38,470	30.4	+10.4
Segment profit	10,931	7.0	10,710	7.2	-43.3	18,878	14.9	-6.8

Notes:

1. The consolidated fiscal year ended March 31, 2023 for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Sunsho Pharmaceutical, whose fiscal year-end date has been changed, which are derived by extracting its results for the 12-month period from January 1, 2022 to December 31, 2022.
3. Goodwill amortization is not included.



# Outline of financial results for 2023/03

## (Domestic segment, Breakdown)

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

- **Net sales:** Increased significantly year on year for the fourth quarter as the lifting of restrictions on shipments was well underway.  
Having compensated for the decrease in 1H, full-year net sales recovered roughly to the level of the previous fiscal year.
- **Segment profit:** Remained flat in the fourth quarter from the previous fiscal year.  
Full-year segment profit decreased due to price declines following drug price revisions and a rise in the cost of sales ratio owing to deterioration of the sales mix, in addition to increases in SGA.

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical						Sunsho Pharmaceutical			
	2023/03			2022/03			2023/03 15 months		2023/03 12 months	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	127,354	100.0	+ 0.5	126,676	100.0	+ 6.7	28,183	100.0	22,200	100.0
Cost of sales	75,973	59.7	+ 9.6	69,327	54.7	+ 9.0	22,662	80.4	17,754	80.0
SGA	41,910	32.9	+ 8.9	38,470	30.4	+ 10.4	4,060	14.4	3,206	14.4
Segment profit	9,470	7.4	- 49.8	18,878	14.9	- 6.8	1,461	5.2	1,240	5.6

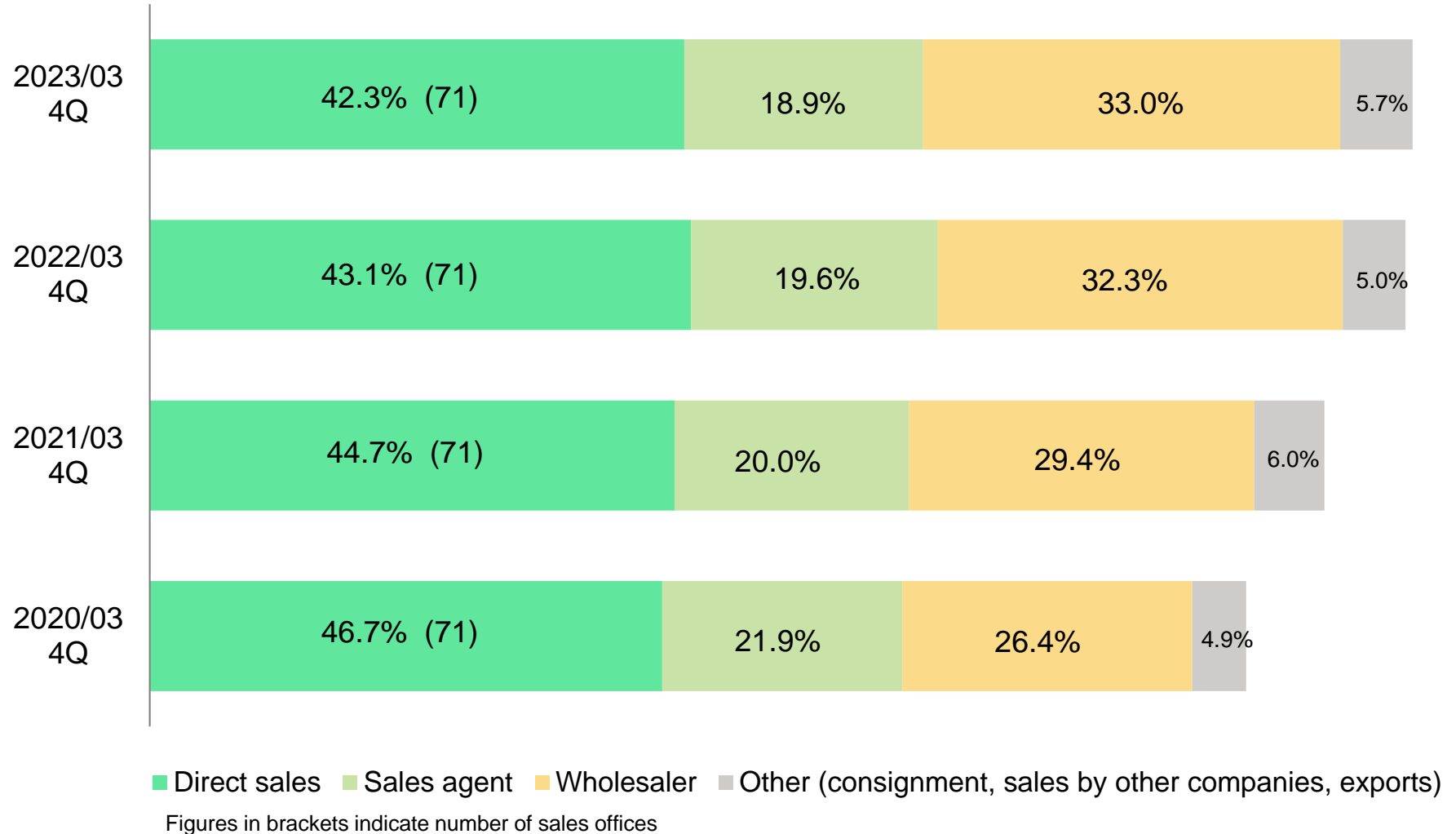
Notes:

1. The consolidated fiscal year ended March 31, 2023 for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
2. The table above discloses, as reference information, the 2023/03 adjusted results of Sunsho Pharmaceutical, whose fiscal year-end date has been changed, which are derived by extracting its results for the 12-month period from January 1, 2022 to December 31, 2022.
3. Goodwill amortization is not included.

# Net sales by supplement year (Non-consolidated)



# Net sales by distribution channel (Non-consolidated)



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

(Customer, %)

Customer segment	Number of medical institutions	2023/03					2022/03	
		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	7,534	91.9	10.9	+52	+2.1	7,482	10.7
DPC	approx. 1,760	1,735	98.5	6.4	+15	+3.8	1,720	6.2
Clinics	approx. 105,600	30,213	28.6	12.6	+537	-6.8	29,676	13.7
Pharmacies	approx. 61,500	59,269	96.3	76.3	+810	+1.6	58,459	75.5
Total	approx. 175,300	97,016	55.3	100	+1,399	+0.5	95,617	100

(Excludes transactions by other companies)

Note: 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		
	2023/03 (Sunsho: 15 months)			2022/03		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Personnel	17,368	11.2	+9.8	15,818	12.5	+5.9
Advertising	1,014	0.7	-20.9	1,281	1.0	+50.9
Packing & freight	2,863	1.8	+19.6	2,393	1.9	+7.6
Commissions paid	5,037	3.2	+46.7	3,434	2.7	+76.3
R&D	12,421	8.0	+31.6	9,439	7.5	+3.9
Depreciation	1,403	0.9	+31.4	1,068	0.8	+10.1
Other	5,862	3.8	+16.4	5,034	4.0	+3.9
SGA	45,970	29.6	+19.5	38,470	30.4	+10.4

1. Due to the consolidation of Sunsho Pharmaceutical in 2023/03 1Q, the results of 2023/03 include Sunsho Pharmaceutical's SGA of JPY 4,060 million.
2. The consolidated fiscal year ended March 31, 2023 for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
3. Goodwill amortization is not included.
4. Expenses arising in the R&D Division have been reclassified as research and development expenses.

# Outline of financial results for 2023/03 (Overseas segment)

\*Comments below are on the comparison between adjusted results and the previous fiscal year:

- **Net sales:** Increased mainly due to strong sales in Europe and the weaker yen
- **Segment profit:** Decreased due to a rise in the cost of sales ratio and SGA.

Although a segment loss is recorded on the basis of a 15-month fiscal year due to the sales suspension of products of certain manufacturing licensees in the U.S., its impact on ordinary profit is insignificant as we have also recognized compensation income as non-operating income.

(JPY million, %)

Fiscal period	Overseas segment (Towa HD)							
	2023/03 15 months		2023/03 Adjusted results (1) 12 months			2022/03		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	53,487	100.0	42,584	100.0	+9.4	38,938	100.0	+7.5
Cost of sales	37,509	70.1	29,488	69.2	+13.0	26,102	67.0	+0.9
SGA	16,255	30.4	12,925	30.4	+10.4	11,708	30.1	+18.1
Segment profit (loss)	-277	-0.5	171	0.4	-84.8	1,127	2.9	+164.9
Exchange rate during period (TTM) EUR 1	2023/03 15 months	2023/03 12 months	2022/03					
	JPY 138.85	JPY 138.04	JPY 129.89					

Notes:

1. The consolidated fiscal year ended March 31, 2023 for Towa HD is from January 1, 2022 to March 31, 2023.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD, which are derived by extracting its results for the 12-month period from January 1, 2022 to December 31, 2022.
3. Goodwill amortization is not included.

# Outline of financial results for 2023/03

## (Overseas segment, by region)

\*Comments below are on the comparison between adjusted results and the previous fiscal year:

- **Net sales:** Increased due to strength in both BtoB and BtoC businesses, among other factors
- **Segment loss:** Loss decreased due to an increase in gross margin following an increase in sales

(JPY million, %)

Fiscal period	Towa HD Europe							
	2023/03 15 months		2023/03 Adjusted results (1) 12 months			2022/03		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	29,373	100.0	23,182	100.0	+15.1	20,133	100.0	+10.4
Cost of sales	18,931	64.5	14,825	64.0	+19.7	12,384	61.5	+5.6
SGA	11,334	38.6	9,039	39.0	+6.6	8,476	42.1	+25.2
Segment loss	-892	-3.0	-682	-2.9	-6.2	-727	-3.6	+166.9

Exchange rate during period (TTM) EUR 1	2023/03 15 months	2023/03 12 months	2022/03
	JPY 138.85	JPY 138.04	JPY 129.89

### Notes:

1. The consolidated fiscal year ended March 31, 2023 for Towa HD is from January 1, 2022 to March 31, 2023.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD, which are derived by extracting its results for the 12-month period from January 1, 2022 to December 31, 2022.
3. Goodwill amortization is not included.

# Outline of financial results for 2023/03

## (Overseas segment, by region)

\*Comments below are on the comparison between adjusted results and the previous fiscal year:

- **Net sales:** Increased due to the effect of changes in exchange rates despite the poor sales of main products and the sales suspension of products of certain manufacturing licensees.
- **Segment profit:** Decreased due to a rise in the cost of sales ratio caused by price discounts amid price competition and the sales suspension of products of certain manufacturing licensees, as well as an increase in SGA mainly driven by changes in exchange rates.

(JPY million, %)

Fiscal period	Towa HD U.S.							
	2023/03 15 months		2023/03 Adjusted results (1) 12 months			2022/03		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	24,114	100.0	19,401	100.0	+3.2	18,805	100.0	+4.6
Cost of sales	18,578	77.0	14,662	75.6	+6.9	13,717	72.9	-3.0
SGA	4,921	20.4	3,885	20.0	+20.2	3,231	17.2	+2.8
Segment profit	614	2.5	853	4.4	-54.0	1,855	9.9	+165.7
Exchange rate during period (TTM) EUR 1	2023/03 15 months	2023/03 12 months	2022/03					
	JPY 138.85	JPY 138.04	JPY 129.89					

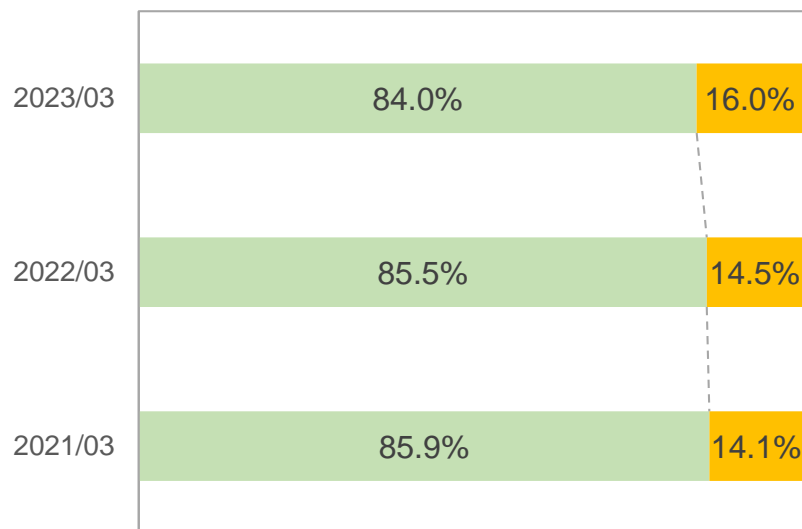
Notes:

1. The consolidated fiscal year ended March 31, 2023 for Towa HD is from January 1, 2022 to March 31, 2023.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD, which are derived by extracting its results for the 12-month period from January 1, 2022 to December 31, 2022.
3. Goodwill amortization is not included.



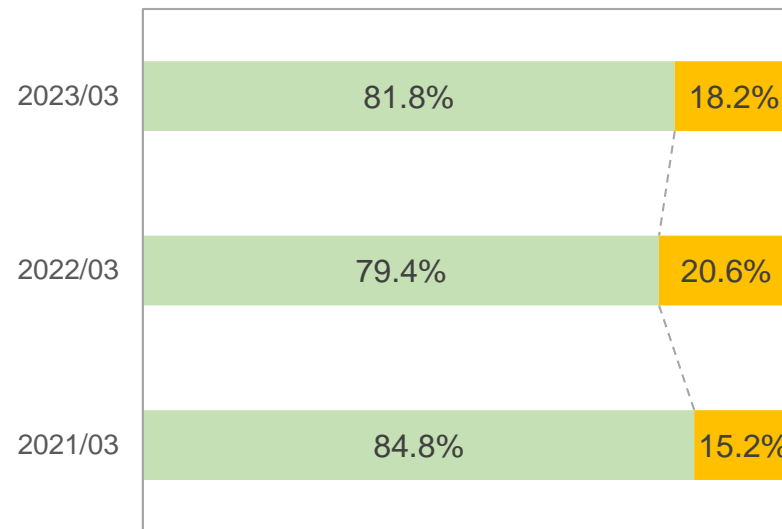
# Sales ratio of products released in the last three years (Overseas segment)

Europe (€ comparison)



■ Sales of existing products  
■ Sales of products released in the last three years

U.S. (\$ comparison)



■ Sales of existing products  
■ Sales of products released in the last three years

\* Sales of products released in the last three years

2021/03: Products released during the period from January 1, 2018 to December 31, 2020

2022/03: Products released during the period from January 1, 2019 to December 31, 2021

2023/03: Products released during the period from January 1, 2020 to March 31, 2023

# Approved and new products for 2023/03

## (Overseas segment / US)

Therapeutic category	Product name	Original/ representative drug name	Release period
Direct thrombin inhibitor	DABIGATRAN (Tentative Approval) 75mg/110mg/150mg	Pradaxa®	Pending
Antiepileptic drug	LACOSAMIDE 50mg/100mg/150mg/200mg	Vimpat®	March 2022
Glucosylceramide synthase inhibitor	MIGLUSTAT 100mg	ZAVESCA®	June 2022
Wilson's disease therapeutic agent	PENCILLAMINE 250mg	Cuprimine®	April 2022
Antitumor microtubule inhibitor	CABAZITAXEL (vial) 60mg/1.5mL	Jevtana Kit®	Pending

\* Source: Breckenridge Pharmaceutical, Inc. website press releases (issued January 1, 2022-March 31, 2023)

# Contents

1. Outline of financial results for 2023/03
- 2. Outline of financial results for 2023/03 –**  
**Progress rate**  
**Consolidated**  
**Domestic segment**  
Breakdown  
**Overseas segment**  
By region  
**Trend of R&D expenses**
3. Balance sheets, capital expenditure and depreciation
4. Full-year earnings plan for 2024/03

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

- **Net sales:** Underperformed the plan as the pace of recovery in sales volume was slower than expected in Japan.
- **Operating profit:** In Japan, net sales underperformed the plan while SGA was largely as expected. In the U.S., we were affected by the sales suspension of products of certain manufacturing licensees. As a result, operating profit underperformed the plan.

(JPY million, %)

Fiscal period	2023/03				
	Results		Full-year Plan (announced February 13)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	208,859	100.0	212,500	100.0	98.3
Cost of sales	136,145	65.2	137,200	64.6	99.2
SGA	67,199	32.2	67,400	31.7	99.7
Operating profit	5,514	2.6	7,900	3.7	69.8
Ordinary profit	5,141	2.5	7,500	3.5	68.6
Profit attributable to owners of parent	2,201	1.1	3,700	1.7	59.5

Exchange rate (TTM) EUR 1	2023/03	2023/03 assumption (announced on Nov. 14)
	JPY 138.85	JPY 138.00

Note: The consolidated fiscal year ended March 31, 2023 for Towa HD and Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.

# Outline of financial results for 2023/03 – Plan achievement rates (Domestic segment)

- **Net sales:** Underperformed the plan as Towa Pharmaceutical underperformed the plan although Sunsho Pharmaceutical achieved the plan.
- **Segment profit:** Underperformed the plan as net sales underperformed the plan and the cost of sales ratio worsened more than expected while SGA was largely as expected.

(JPY million, %)

Fiscal period	Domestic segment (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)				
	2023/03 Results		2023/03 Full-year Plan (announced February 13)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	155,538	100.0	158,300	100.0	98.3
Cost of sales	98,635	63.4	99,500	62.9	99.1
SGA	45,970	29.6	46,000	29.1	99.9
Segment profit	10,931	7.0	12,800	8.1	85.4

**Notes:**

1. The consolidated fiscal year ended March 31, 2023 for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
2. Goodwill amortization is not included.

# Outline of financial results for 2023/03 – Plan achievement rate (Domestic segment, breakdown)

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

- **Net sales:** Underperformed the plan as the pace of recovery in sales volume was slower than expected although the lifting of limited shipment was well underway
- **Segment profit:** Underperformed the plan as net sales underperformed the plan and the cost of sales ratio worsened more than expected while SGA was largely as expected.

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical					Sunsho Pharmaceutical				
	2023/03 Results		2023/03 Full-year Plan (announced on February 13)			2023/03 Results		2023/03 Full-year Plan (announced on February 13)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	127,354	100.0	131,500	100.0	96.8	28,183	100.0	26,800	100.0	105.2
Cost of sales	75,973	59.7	78,000	59.3	97.4	22,662	80.4	21,500	80.2	105.4
SGA	41,910	32.9	42,200	32.1	99.3	4,060	14.4	3,800	14.2	106.8
Segment profit	9,470	7.4	11,300	8.6	83.8	1,461	5.2	1,500	5.6	97.4

Notes:

1. The consolidated fiscal year ended March 31, 2023 for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
2. Goodwill amortization is not included.

# Outline of financial results for 2023/03 – Plan achievement rates (Overseas segment)

- **Net sales:** Underperformed the plan as the U.S. underperformed the plan although Europe achieved the plan.
- **Segment profit:** While a profit was planned, we recorded a segment loss as we were affected by the sales suspension of products of certain manufacturing licensees in the U.S. Regarding this impact, we recorded compensation income in non-operating income.

(JPY million, %)

Fiscal period	Overseas segment (Towa HD)				
	2023/03 Results		2023/03 Full-year Plan (announced on February 13)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	53,487	100.0	54,200	100.0	98.7
Cost of sales	37,509	70.1	37,700	69.6	99.5
SGA	16,255	30.4	16,400	30.3	99.1
Segment profit (loss)	-277	-0.5	100	0.2	—

Exchange rate (TTM) EUR 1	2023/03	2023/03 assumption (announced on Nov. 14)
	JPY 138.85	JPY 138.00

Notes:

1. The consolidated fiscal year ended March 31, 2023 for Towa HD is from January 1, 2022 to March 31, 2023.
2. Goodwill amortization is not included.

# Outline of financial results for 2023/03 – Plan achievement rate (Overseas segment, by region)

- Europe** ● **Net sales:** Achieved the plan due to strong sales in both BtoB business and BtoC business
- **Segment loss:** Achieved the plan
- U.S** ● **Net sales:** Underperformed the plan as we were affected by the sales suspension of products of certain manufacturing licensees.
- **Segment profit:** Underperformed the plan as the cost of sales ratio was higher than expected due to the sales suspension of products of certain manufacturing licensees although SGA was lower than expected.

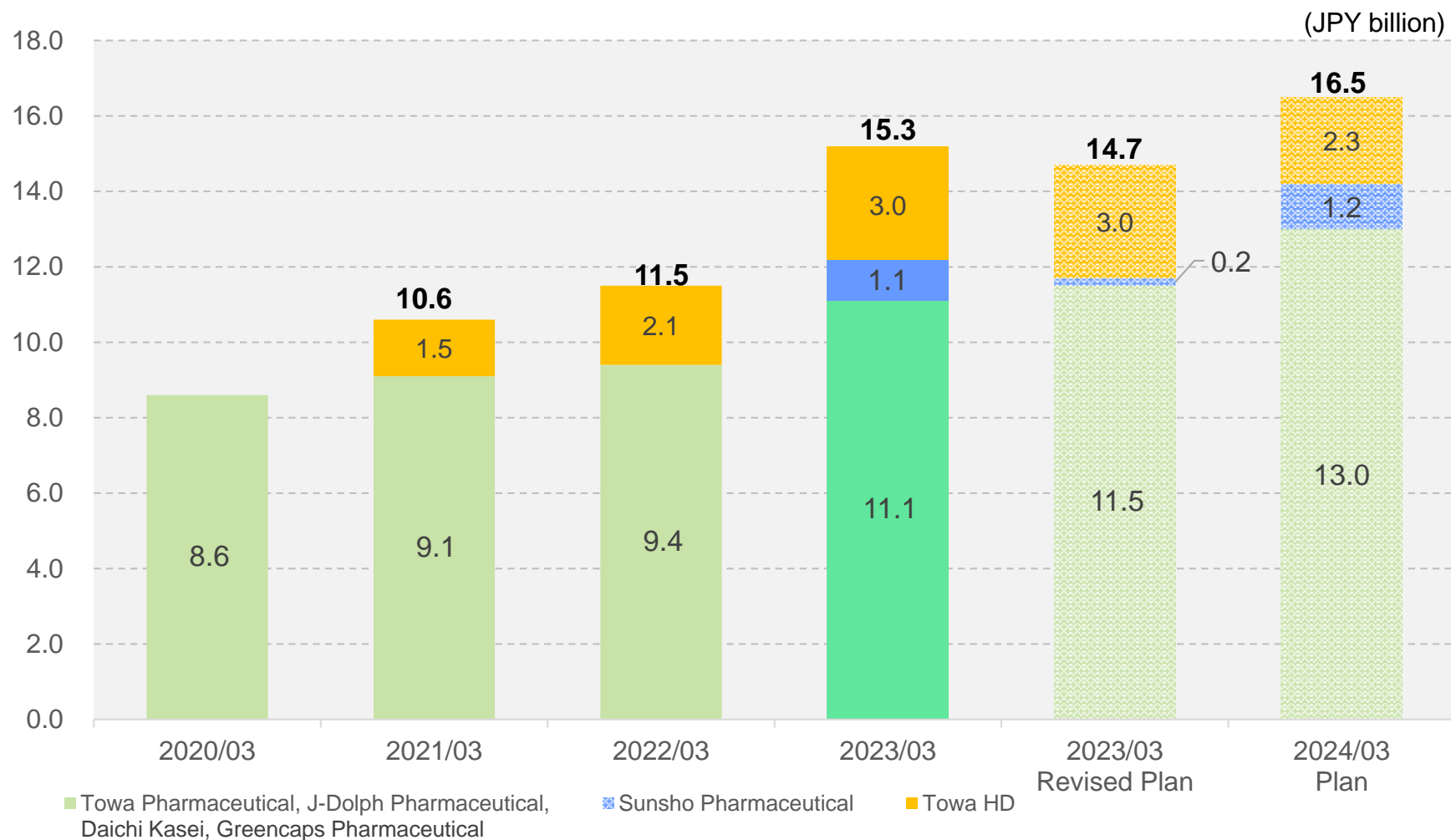
(JPY million, %)

Fiscal period	Towa HD Europe					Towa HD U.S.				
	2023/03 Results		2023/03 Full-year Plan (announced on February 13)			2023/03 Results		2023/03 Full-year Plan (announced on February 13)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	29,373	100.0	28,800	100.0	102.0	24,114	100.0	25,400	100.0	94.9
Cost of sales	18,931	64.5	18,800	65.3	100.7	18,578	77.0	18,900	74.4	98.3
SGA	11,334	38.6	10,900	37.8	104.0	4,921	20.4	5,500	21.7	89.5
Segment profit (loss)	-892	-3.0	-900	- 3.1	—	614	2.5	1,000	3.9	61.5
Exchange rate (TTM) EUR 1	2023/03		2023/03 assumption (announced on Nov. 14)							
	JPY 138.85		JPY 138.00							

Notes: 1. The consolidated fiscal year ended March 31, 2023 for Towa HD is from January 1, 2022 to March 31, 2023.  
2. Goodwill amortization is not included.



# Trend of R&D expenses (Consolidated)



## Notes:

1. The variance between the revised plan and results of Sunsho Pharmaceutical for 2023/03 is due to changes in accounting treatments.
2. 2020/03 does not include the results of Greencaps Pharmaceutical and Towa HD.
3. 2020/03–2022/03 do not include the results of Sunsho Pharmaceutical.
4. The consolidated fiscal year ended March 31, 2023 for Towa HD and Sunsho Pharmaceutical is the 15-month period from January 1, 2022 to March 31, 2023.

# Contents

1. Outline of financial results for 2023/03
2. Outline of financial results for 2023/03 – Progress rate
- 3. Balance sheets, capital expenditure and depreciation**
4. Full-year earnings plan for 2024/03

# Balance sheets (Consolidated)

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

(JPY million)

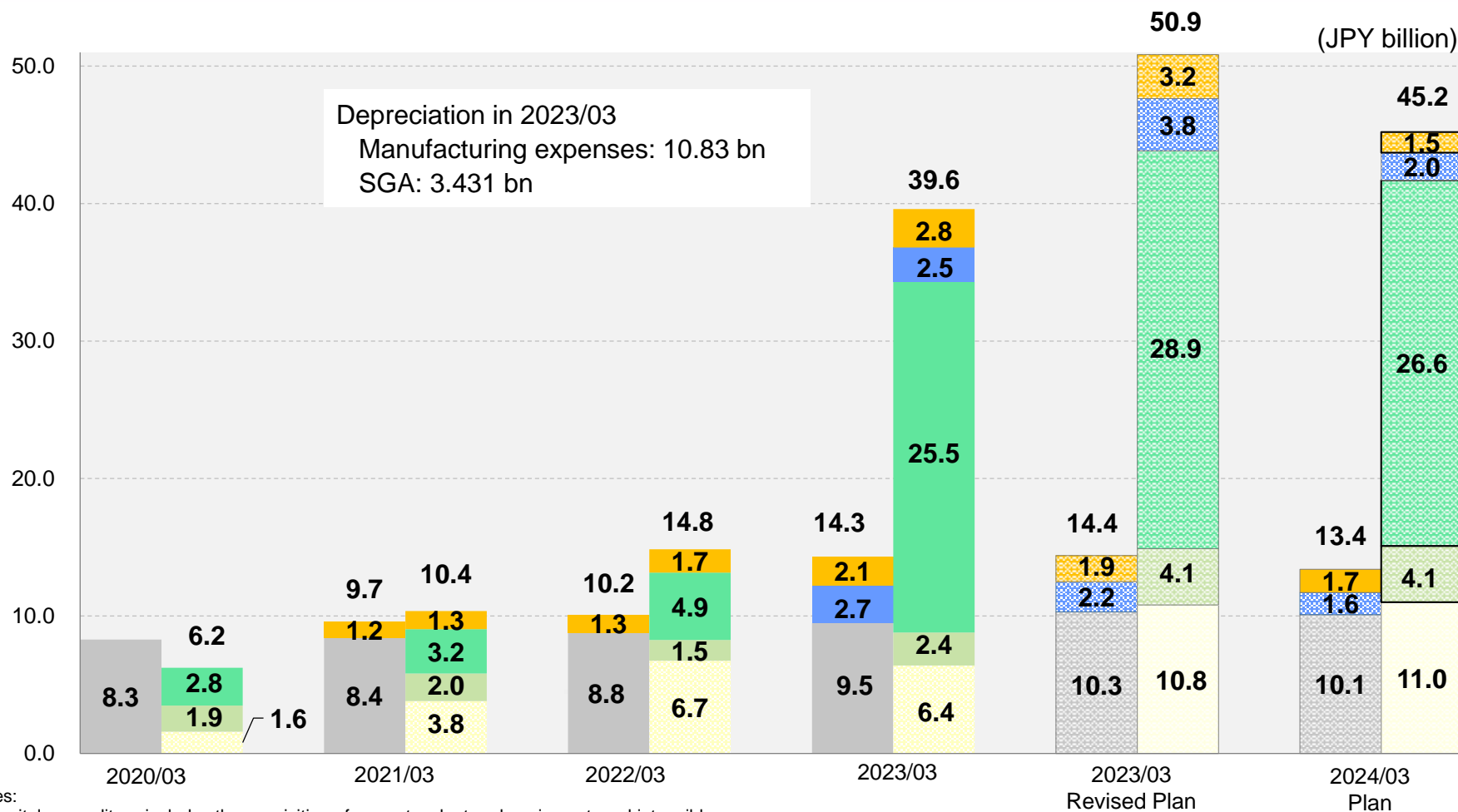
Item	2023/03	2022/03	Change	Item	2023/03	2022/03	Change
Cash and deposits	24,257	32,830	-8,573	Notes and accounts payable - trade	17,272	14,834	+2,437
Notes and accounts receivable - trade	46,795	42,896	+3,898	Electronically recorded obligations - operating	18,798	14,242	+4,556
Electronically recorded monetary claims - operating	7,777	7,971	-194	Short-term borrowings	3,677	49,335	-45,658
Merchandise and finished goods	44,457	32,098	+12,358	Current portion of bonds with share acquisition rights	—	4,150	-4,150
Other inventories	48,470	40,603	+7,866	Current portion of long-term borrowings	7,527	8,022	-494
Other current assets	11,232	10,463	+769	Notes and accounts payable - equipment	14,012	5,635	+8,377
Total current assets	182,990	166,864	+16,125	Other current liabilities	17,240	18,852	-1,611
Buildings and structures, net	56,190	52,559	+3,630	Total current liabilities	78,529	115,073	-36,544
Machinery, equipment and vehicles, net	18,966	16,224	+2,742	Bonds with share acquisition rights	—	—	—
Construction in progress	31,155	11,709	+19,445	Long-term borrowings	150,314	79,194	+71,119
Goodwill	34,613	39,064	-4,450	Other non-current liabilities	5,609	5,659	-49
Other non-current assets	47,431	45,674	+1,756	Total non-current liabilities	155,923	84,853	+71,069
Total non-current assets	188,357	165,232	+23,124	Total liabilities	234,453	199,927	+34,525
Total assets	371,347	332,097	+39,250	Total net assets	136,894	132,169	+4,725
				Total liabilities and net assets	371,347	332,097	+39,250

Exchange rate at end of period (TTM) EUR 1	2023/03	2021/12
	JPY 145.72	JPY 130.51

### Notes:

1. The exchange rates as of December 31, 2021 and March 31, 2023 are indicated since the consolidated fiscal year ended March 31, 2023 for Towa HD is from January 1, 2022 to March 31, 2023.
2. The consolidated fiscal year ended March 31, 2023 for Sunsho Pharmaceutical is from January 1, 2022 to March 31, 2023.
3. The figures for 2022/03 have been retroactively adjusted to reflect the results of PPA for Sunsho Pharmaceutical.

# Capital expenditure and depreciation (Consolidated)



## Notes:

1. Capital expenditure includes the acquisition of property, plant and equipment, and intangible assets.
2. Depreciation includes the R&D expenses portion.
3. Depreciation in 2021/03–2023/03 does not include Towa HD's goodwill amortization.
4. Depreciation in 2023/03 does not include Sunsho Pharmaceutical's goodwill amortization.
5. 2020/03 does not include the results of Greencaps Pharmaceutical and Towa HD.
6. 2020/03–2022/03 do not include the results of Sunsho Pharmaceutical.
7. The consolidated fiscal year ended March 31, 2023 for Towa HD and Sunsho Pharmaceutical is the 15-month period from January 1, 2022 to March 31, 2023.

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

# Contents

1. Outline of financial results for 2023/03
2. Outline of financial results for 2023/03 –  
Progress rate
3. Balance sheets, capital expenditure and  
depreciation
- 4. Full-year earnings plan for 2024/03**
  - Consolidated**
  - Segment information**
  - Domestic segment**
    - Breakdown
  - Overseas segment**
    - By region
  - Half-year plans by segment**
  - New products to be listed on NHI drug reimbursement  
price list in June 2023 (Non-consolidated)**
  - Revision to numerical targets in the 5th Mid-term  
Business Plan**

# Outline of revisions to full-year earnings plan for 2024/03

## Summary

- We plan to achieve **growth in both sales and profit** as compared with the adjusted results for 2023/03.

Fiscal period	2024/03 Plan		2023/03 Adjusted results (2) (Overseas & Sunsho: 12 months from April 2022 to March 2023)	2023/03 Results (Overseas & Sunsho: 15 months from January 2022 to March 2023)
Item	(JPY million)	YOY change (%)	(JPY million)	(JPY million)
Net sales	216.3	+11.4%	194.1	208.9
Operating profit	11.8	+98.8%	5.9	5.5

- **Production volume** (Non-consolidated; tablets and capsules only)  
→ **Approx. 14.2 billion tablets, up approx. 10.0% year on year**
- **Sales volume** (Non-consolidated; tablets and capsules only)  
→ **Approx. 12.4 billion tablets, up approx. 9.0% year on year**

# Full-year earnings plan for 2024/03 (Consolidated)

\*Comments below are on the comparison between the plan and adjusted results:

- **Net sales:** Planned to achieve increases in net sales both in Japan and overseas
- **Operating profit:** Planned to achieve an increase in profit as gross margin will increase as a result of an increase in sales and an improvement of the cost to sales ratio although SGA will also increase
- **Ordinary profit:** The plan does not reflect any derivative gains or losses as the outlook of the foreign exchange markets is uncertain.

(JPY million, %)

Fiscal period	2024/03 Plan			2023/03 Adjusted results (2) (Overseas & Sunsho: 12 months)		2023/03 Results (Overseas & Sunsho: 15 months)	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	216,300	100.0	+11.4	194,107	100.0	208,859	100.0
Cost of sales	136,600	63.2	+8.8	125,592	64.7	136,145	65.2
SGA	67,900	31.4	+8.5	62,581	32.2	67,199	32.2
Operating profit	11,800	5.5	+98.8	5,934	3.1	5,514	2.6
Ordinary profit	11,500	5.3	+108.1	5,526	2.8	5,141	2.5
Profit attributable to owners of parent	6,900	3.2	+110.7	3,275	1.7	2,201	1.1

Exchange rate (TTM) EUR 1	2024/03 assumption	2023/03 15 months	2023/03 12 months
	JPY 138.00	JPY 138.85	JPY 140.97

Notes:

1. The consolidated fiscal year ending March 31, 2024 for Towa HD and Sunsho Pharmaceutical is from April 1, 2023 to March 31, 2024.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD and Sunsho Pharmaceutical, whose fiscal year-end dates have been changed, which are derived by extracting their results for the 12-month period from April 1, 2022 to March 31, 2023, and corresponding EUR/JPY exchange rates during the period.

# Full-year earnings plan for 2024/03 (Segment information)

(JPY million)

Item	Segment information			Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas	Total		
	Towa Pharmaceutical J-Dolph Pharmaceutical Daichi Kasei Greencaps Pharmaceutical Sunsho Pharmaceutical	Towa HD			
Net sales	171,900	44,600	216,500	-200	216,300
Cost of sales	106,100	30,500	136,600	—	136,600
SGA	50,000	14,000	64,000	3,900	67,900
Segment profit	15,800	100	15,900	-4,100	11,800

Notes:

1. The consolidated fiscal year ending March 31, 2024 for Towa HD and Sunsho Pharmaceutical is from April 1, 2023 to March 31, 2024.
2. Goodwill amortization: Towa HD JPY 900 million; Sunsho Pharmaceutical JPY 3,200 million



# Full-year earnings plan for 2024/03 (Domestic segment)

\*Comments below are on the comparison between the plan and adjusted results:

- **Net sales:** Planned to achieve an increase as Towa Pharmaceutical plans to achieve growth in sales volume although sales will be affected by NHI drug price revision
- **Segment profit:** Planned to achieve an increase in profit as gross margin will increase as a result of an increase in sales and an improvement of the cost to sales ratio although SGA will also increase

(JPY million, %)

Fiscal period	Domestic segment (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)						
	2024/03 Plan			2023/03 Adjusted results (2) (Sunsho: 12 months)		2023/03 Results (Sunsho: 15 months)	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	171,900	100.0	+14.2	150,588	100.0	155,538	100.0
Cost of sales	106,100	61.7	+12.0	94,742	62.9	98,635	63.4
SGA	50,000	29.1	+10.5	45,237	30.0	45,970	29.6
Segment profit	15,800	9.2	+48.9	10,608	7.0	10,931	7.0

Notes:

1. The consolidated fiscal year ending March 31, 2024 for Sunsho Pharmaceutical is from April 1, 2023 to March 31, 2024.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Sunsho Pharmaceutical, whose fiscal year-end date has been changed, which are derived by extracting its results for the 12-month period from April 1, 2022 to March 31, 2023.
3. Goodwill amortization is not included.

# Full-year earnings plan for 2024/03

## (Domestic segment, breakdown)

- **Net sales:** Planned to achieve growth in sales volume driven mainly by the sales of recently launched products although sales will be affected by NHI drug price revision
- **Segment profit:** Planned to achieve an increase in profit as gross margin will increase as a result of an increase in sales and an improvement of the cost to sales ratio through improved sales mix although SGA, such as commission paid and R&D expenses, will also increase

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical					
	2024/03 Plan			2023/03 Results		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	148,000	100.0	+16.2	127,354	100.0	+0.5
Cost of sales	86,600	58.5	+14.0	75,973	59.7	+9.6
SGA	46,800	31.6	+11.7	41,910	32.9	+8.9
Segment profit	14,600	9.9	+54.2	9,470	7.4	-49.8

# Full-year earnings plan for 2024/03

## (Domestic segment, breakdown)

\*Comments below are on the comparison between the plan and adjusted results:

- **Net sales:** Planned to achieve an increase mainly in the health food business
- **Segment profit:** Planned to achieve growth driven by an increase in sales and a decrease in SGA (JPY million, %)

Fiscal period	Sunsho Pharmaceutical						
	2024/03 Plan			2023/03 Adjusted results (2) 12 months		2023/03 Results 15 months	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	23,900	100.0	+2.9	23,233	100.0	28,183	100.0
Cost of sales	19,500	81.6	+3.9	18,768	80.8	22,662	80.4
SGA	3,200	13.4	-3.8	3,326	14.3	4,060	14.4
Segment profit	1,200	5.0	+5.4	1,138	4.9	1,461	5.2

Notes:

- 1 The consolidated fiscal year ending March 31, 2024 for Sunsho Pharmaceutical is from April 1, 2023 to March 31, 2024.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Sunsho Pharmaceutical, which are derived by extracting its results for the 12-month period from April 1, 2022 to March 31, 2023.
3. Goodwill amortization is not included.

# Full-year earnings plan for 2024/03 (Overseas segment)

\*Comments below are on the comparison between the plan and adjusted results:

- **Net sales:** Planned to achieve an increase as sales will remain strong in Europe
- **Segment profit:** Planned to achieve growth in profit as non-recurring expenses recognized in the previous year due to the sales suspension of products of certain manufacturing licensees in the U.S. are not expected to arise going forward.

(JPY million, %)

Fiscal period	Overseas segment (Towa HD)						
	2024/03 Plan			2023/03 Adjusted results (2) 12 months		2023/03 Results 15 months	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	44,600	100.0	+2.1	43,686	100.0	53,487	100.0
Cost of sales	30,500	68.4	-1.1	30,849	70.6	37,509	70.1
SGA	14,000	31.4	+4.6	13,387	30.6	16,255	30.4
Segment profit (loss)	100	0.2	—	-551	-1.3	-277	-0.5

Exchange rate (TTM) EUR 1	2024/03 assumption	2023/03 15 months	2023/03 12 months
	JPY 138.00	JPY 138.85	JPY 140.97

Notes:

1. The consolidated fiscal year ending March 31, 2024 for Towa HD is from April 1, 2023 to March 31, 2024.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD, which are derived by extracting its results for the 12-month period from April 1, 2022 to March 31, 2023.
3. Goodwill amortization is not included.

# Full-year earnings plan for 2024/03

## (Overseas segment, by region)

\*Comments below are on the comparison between the plan and adjusted results:

- **Net sales:** Planned to achieve an increase as sales in both BtoB business and BtoC business will remain strong
- **Segment profit:** Planned to record a larger loss than the previous year despite an increase in sales as SGA, such as personnel expenses, will increase

(JPY million, %)

Fiscal period	Towa HD Europe						
	2024/03 Plan			2023/03 Adjusted results (2) 12 months		2023/03 Results 15 months	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	25,000	100.0	+4.1	24,006	100.0	29,373	100.0
Cost of sales	16,200	64.8	+4.6	15,485	64.5	18,931	64.5
SGA	9,900	39.6	+6.4	9,301	38.7	11,334	38.6
Segment loss	-1,100	-4.4	—	-780	-3.3	-892	-3.0

Exchange rate (TTM) EUR 1	2024/03 assumption	2023/03 15 months	2023/03 12 months
	JPY 138.00	JPY 138.85	JPY 140.97

Notes:

1. The consolidated fiscal year ending March 31, 2024 for Towa HD is from April 1, 2023 to March 31, 2024.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD, which are derived by extracting its results for the 12-month period from April 1, 2022 to March 31, 2023.
3. Goodwill amortization is not included.

# Full-year earnings plan for 2024/03

## (Overseas segment, by region)

\*Comments below are on the comparison between the plan and adjusted results:

- **Net sales:** Planned to remain unchanged from the previous year
  - **Segment profit:** Planned to achieve growth in profit as non-recurring expenses recognized in the previous year due to the sales suspension of products of certain manufacturing licensees are not expected to arise going forward.
- (JPY million, %)

Fiscal period	Towa HD U.S.						
	2024/03 Plan			2023/03 Adjusted results (2) 12 months		2023/03 Results 15 months	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	19,600	100.0	-0.4	19,679	100.0	24,114	100.0
Cost of sales	14,300	73.0	-6.9	15,364	78.1	18,578	77.0
SGA	4,100	20.9	+0.3	4,086	20.8	4,921	20.4
Segment profit	1,200	6.1	+423.6	229	1.2	614	2.5

Exchange rate (TTM) EUR 1	2024/03 assumption	2023/03 15 months	2023/03 12 months
	JPY 138.00	JPY 138.85	JPY 140.97

Notes:

1. The consolidated fiscal year ending March 31, 2024 for Towa HD is from April 1, 2023 to March 31, 2024.
2. The table above discloses, as reference information for year-on-year comparison, the 2023/03 adjusted results of Towa HD, which are derived by extracting its results for the 12-month period from April 1, 2022 to March 31, 2023.
3. Goodwill amortization is not included.

# Half-year plans for 2024/03 by segment

(JPY million, %)

Fiscal period	Domestic segment			
	2024/03 Plan			
	First half		Second half	
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	82,900	100.0	89,000	100.0
Cost of sales	50,800	61.3	55,300	62.1
SGA	24,100	29.1	25,900	29.1
Segment profit	8,000	9.7	7,800	8.8

Fiscal period	Overseas segment			
	2024/03 Plan			
	First half		Second half	
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	21,800	100.0	22,800	100.0
Cost of sales	15,000	68.8	15,500	68.0
SGA	6,900	31.7	7,100	31.1
Segment profit (loss)	-100	-0.5	200	0.9

Notes:

1. The consolidated fiscal year ending March 31, 2024 for Towa HD and Sunsho Pharmaceutical is from April 1, 2023 to March 31, 2024.
2. Goodwill amortization is not included.

# New products to be listed on NHI drug reimbursement price list in June 2023 (Non-consolidated)

Therapeutic category	Product name	Original/representative drug name
Long-acting angiotensin I receptor blocker	AZILSARTAN TABLETS 10 mg, 20 mg , 40 mg “Towa”	AZILVA Tablets 10 mg/20 mg/40 mg
Metered dose spray-type allergic rhinitis therapeutic agent	FLUTICASONE FUROATE NASAL SOLUTION 27.5µg “TOWA” 56 SPRAYS/120 SPRAYS	Aramist nasal drops 27.5 µg For 56 sprays / 120 sprays

5 products for 2 ingredients are scheduled to be launched.

**Sales of approx. JPY 2.8 billion in total are planned for the products launched in June for the first fiscal year.**



# 5th Mid-term Business Plan 2021-2023 PROACTIVE II

## Revisions to Major Objectives

### Sales

< Consolidated >

**JPY 200 billion**

< Non-consolidated >

**JPY 150 billion**

Net sales targets for a single fiscal year have been achieved.

Revision

### Operating profit (Accumulative)

**JPY 57 billion or more**



**JPY 36.5 billion or more**

Achieving cumulative operating profit for the period to invest in sustainable growth and return profits to shareholders

### R&D expenditure (Accumulative)

**JPY 35 billion  
or more**

Lineup of needed products and improvement of products based on the requests from medical institutions and patients

### Capital investment (Accumulative)

**JPY 75 billion  
or more**

Investment in strengthening and streamlining our production facilities and R&D functions to maintain and strengthen our quality assurance and stable supply systems

### Dividend policy

**Stable dividend**

Ensuring stable dividends and returning profits to shareholders through improved corporate value

**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.**

**Contact:**

---

Investor Relations Group, Public Relations and Investor Relations Department,  
Towa Pharmaceutical Co., Ltd.

[ir@towayakuhin.co.jp](mailto:ir@towayakuhin.co.jp) TEL. 06-6900-9102 FAX. 06-7177-4960