

Supplementary material for the financial results for the third quarter of the year ending March 31, 2024

February 2024
(Stock code: 4553)

Notes to and summary of the disclosure of financial results for 2024/03 3Q

Notes

- In this document, Towa Pharma International Holdings, S.L., our overseas segment, is referred to as “Towa INT.” It was referred to as “Towa HD” in previous results documents.
- As the fiscal year-end dates of Towa INT and Sunsho Pharmaceutical were changed for consolidated results during the fiscal year ended March 2023, the subsidiaries’ first nine-month period of the fiscal year ending March 31, 2024 is from April 1, 2023, to December 31, 2023.
- For the purpose of comparing the results for 2024/03 3Q with those for the same period (April to December) of the previous year, the results figures of Towa INT and Sunsho Pharmaceutical for 2023/03 3Q are disclosed as reference figures, with April 1 to December 31, 2022 replacing January 1 to September 30, 2022 as the first nine-month period. In this document, these figures have been labeled “2023/03 3Q (adjusted period).”
- Towa INT’s results figures for “2023/03 3Q (adjusted period)” have been calculated by subtracting the yen-based results for the period from January 1 to March 31, 2022, from the yen-based results for the period from January 1 to December 31, 2022, for convenience of translating local currency-based figures to yen-based figures. Therefore, the figures for “2023/03 3Q (adjusted period)” converted using the euro/yen exchange rate during the period from April 1 to December 31, 2022, do not coincide with the local currency-based figures for said period.
- On February 13, we announced a revision to our full-year earnings forecast for the fiscal year ending March 31, 2024.

Notes to and summary of the disclosure of financial results for 2024/03 3Q

Summary

- **Net sales and profit increased** year on year at the overall consolidated level.

Fiscal period	24/3 3Q (Overseas & Sunsho: April–December 2023)		23/3 3Q (adjusted period) (Overseas & Sunsho: April–December 2022)	23/3 3Q (Overseas & Sunsho: January–September 2022)	
Item	(JPY billion)	YOY change (%)	(JPY billion)	(JPY billion)	YOY change (%)
Net sales	168.3	+ 16.7	144.1	140.4	+ 11.8
Operating profit	13.2	+ 169.6	4.8	5.3	- 68.5

- **Production volume** (Towa Pharma non-consolidated; tablets and capsules only)
→ **Approx. 10.21 billion tablets, up approx. 9.8%** year on year
- **Sales volume** (Towa Pharma non-consolidated; tablets and capsules only)
→ **Approx. 10.02 billion tablets, up approx. 17.7%** year on year
- **Increases in raw material costs and utilities expenses** (Towa Pharma non-consolidated)
→ Raw materials: Increased by several percentage points year on year due to a weaker yen and higher resource prices
→ Utilities expenses: Increased by approx. 12.3% year on year
Utilities expenses accounted for approx. 2.5% of total manufacturing costs.

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Outline of financial results for 2024/03 3Q (Consolidated)

- * Comments below are on the comparison between 2024/03 3Q and 2023/03 3Q (adjusted period):
- Both sales and profit increased due to the strength of Towa Pharmaceutical and Sunsho Pharmaceutical in the domestic segment and mainly due to a weaker yen in the overseas segment.
 - Ordinary profit: Increased due mainly to the posting of a 3.6 billion yen gain on valuation of derivatives (JPY million, %)

Fiscal period	Consolidated earnings							
	24/3 3Q			23/3 3Q (adjusted period) (Overseas & Sunsho: April–December)		23/3 3Q (Overseas & Sunsho: January–September)		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	168,325	100.0	+ 16.7	144,182	100.0	140,405	100.0	+ 11.8
Cost of sales	107,916	64.1	+ 16.7	92,466	64.1	89,353	63.6	+ 24.4
SGA	47,203	28.0	+ 0.8	46,817	32.5	45,699	32.5	+ 24.3
Operating profit	13,204	7.8	+ 169.6	4,898	3.4	5,352	3.8	- 68.5
Ordinary profit	17,169	10.2	+ 363.2	3,706	2.6	4,639	3.3	- 78.0
Profit attributable to owners of parent	11,518	6.8	+ 554.0	1,761	1.2	1,984	1.4	- 86.8

Exchange rate at end of period (TTM) USD 1	24/3 3Q	23/3 4Q	23/3 3Q	22/3 4Q	Exchange rate during period (TTM) EUR 1	24/3 3Q	23/3 Apr–Dec	23/3 Jan–Sep
	JPY 141.83	JPY 133.53	JPY 132.70	JPY 122.39		JPY 155.29	JPY 140.59	JPY 135.95

Notes: 1. The first nine-month period for Towa INT and Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.
2. For 2024/03 3Q, the USD/JPY exchange rate at the end of the period is the rate as of December 31, 2023, and the EUR/JPY exchange rate during the period is the average rate for the period from April 1, 2023, to December 31, 2023.

Outline of financial results for 2024/03 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 INT			
Net sales	132,840	35,565	168,406	- 81	168,325
Cost of sales	83,403	24,539	107,942	- 26	107,916
SGA	33,117	10,943	44,061	3,142	47,203
Segment profit	16,320	82	16,403	- 3,198	13,204

- Notes: 1. The first nine-month period for Towa INT and Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.
2. Since SGA adjustments include goodwill amortization and internal transactions between Towa Pharmaceutical and Towa INT, they do not equal the sum of the following goodwill amortization.
3. Goodwill amortization: Towa INT JPY 718 million; Sunsho Pharmaceutical JPY 2,446 million

Outline of financial results for 2024/03 3Q (Domestic segment)

- * Comments below are on the comparison between 2024/03 3Q and 2023/03 3Q (adjusted period):
- **Net sales:** Increased due to the growth in sales volume at Towa Pharmaceutical mainly for new items and strong sales at Sunsho Pharmaceutical
 - **Segment profit:** Increased due to an increase in sales and a reduction in SGA expenditure, such as R&D expenses, at Towa Pharmaceutical

(JPY million, %)

Fiscal period	Domestic segment (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)							
	24/3 3Q			23/3 3Q (adjusted period) (Sunsho: Apr–Dec)		23/3 3Q (Sunsho: Jan–Sep)		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	132,840	100.0	+ 19.1	111,566	100.0	110,005	100.0	+ 12.5
Cost of sales	83,403	62.8	+ 19.8	69,638	62.4	68,185	62.0	+ 28.4
SGA	33,117	24.9	- 2.0	33,799	30.3	33,574	30.5	+ 21.2
Segment profit	16,320	12.3	+ 100.8	8,127	7.3	8,245	7.5	- 51.4

Notes: 1. The first nine-month period for Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Outline of financial results for 2024/03 3Q

(Domestic segment, breakdown)

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical					
	24/3 3Q			23/3 3Q		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	114,098	100.0	+ 21.0	94,315	100.0	- 3.5
Cost of sales	68,744	60.3	+ 23.2	55,778	59.1	+ 5.0
SGA	30,263	26.5	- 3.4	31,327	33.2	+ 13.1
Segment profit	15,090	13.2	+ 109.3	7,210	7.6	- 57.5

Outline of financial results for 2024/03 3Q

(Domestic segment, breakdown)

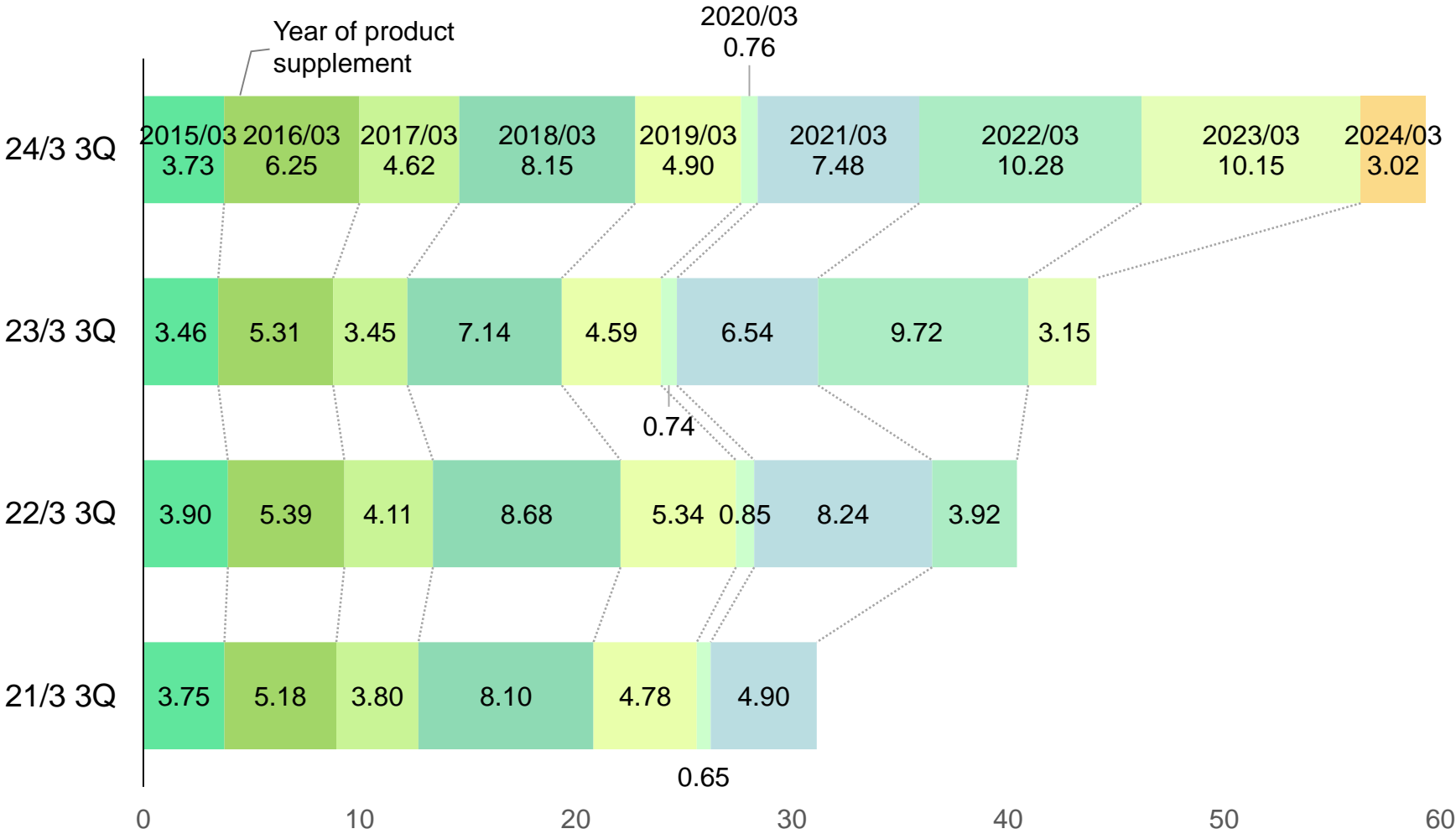
(JPY million, %)

Fiscal period	Sunsho Pharmaceutical						
	24/3 3Q			23/3 3Q (adjusted period) (April–December)		23/3 3Q (January–September)	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	18,742	100.0	+ 8.6	17,250	100.0	15,689	100.0
Cost of sales	14,658	78.2	+ 5.8	13,860	80.3	12,407	79.1
SGA	2,853	15.2	+ 15.4	2,472	14.3	2,247	14.3
Segment profit	1,230	6.6	+ 34.1	917	5.3	1,035	6.6

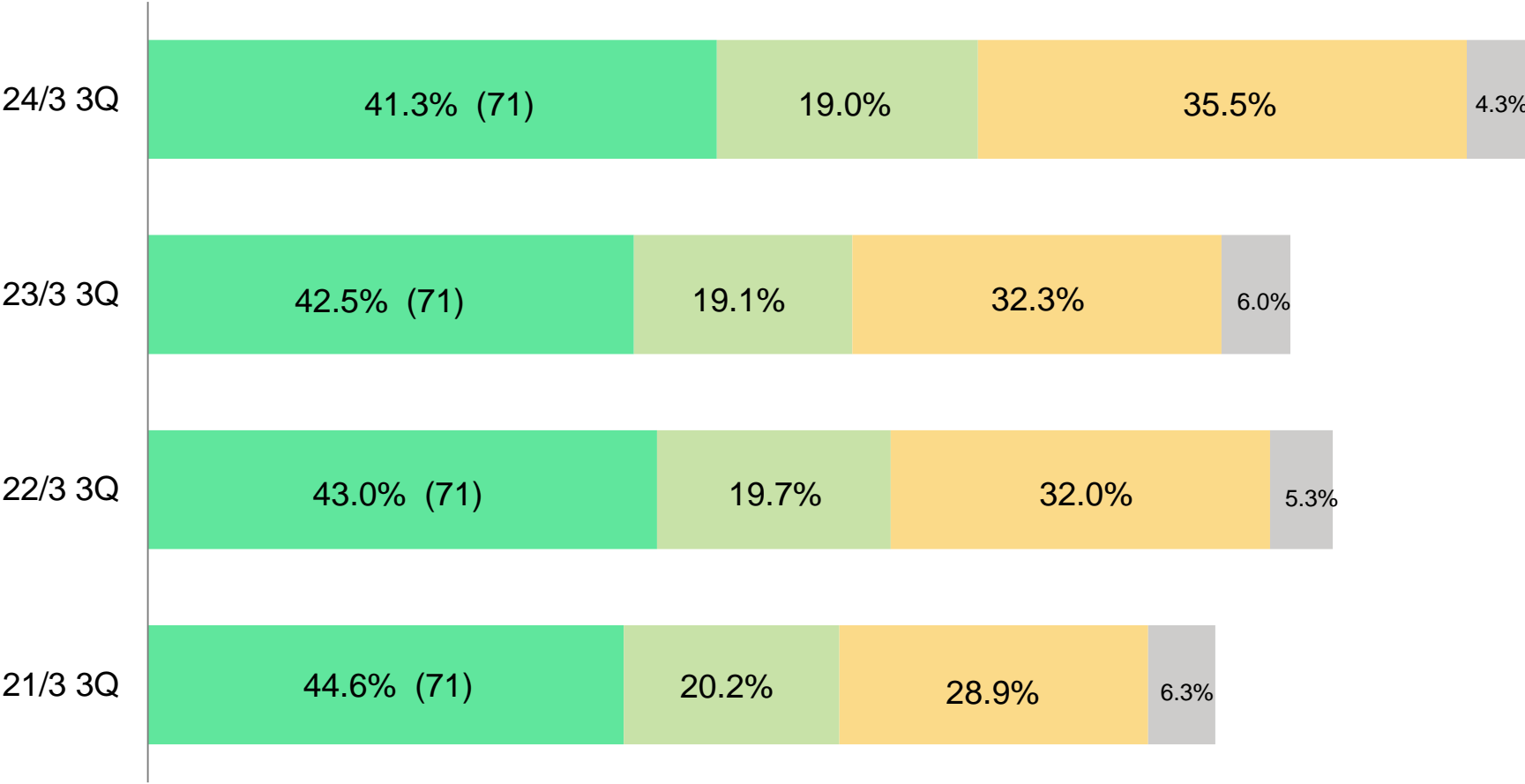
Notes: 1. The first nine-month period for Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Net sales by supplement year (Towa non-consolidated)

(JPY billion)



Net sales by distribution channel (Towa non-consolidated)



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

Number of customers by customer segment

(Towa non-consolidated)

							(Customer, %)	
Customer segment	Number of medical institutions	24/3 3Q					23/3 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	7,607	93.1	10.6	+ 138	+ 13.7	7,469	11.2
DPC	Approx. 1,760	1,742	98.9	6.3	+ 20	+ 14.2	1,722	6.6
Clinics	Approx. 105,800	31,322	29.6	11.8	+ 1,583	+ 13.9	29,739	12.5
Pharmacies	Approx. 61,900	59,966	96.8	77.5	+ 1,652	+ 22.7	58,314	76.1
Total	Approx. 175,900	98,895	56.2	100.0	+ 3,373	+ 20.6	95,522	100

(Excludes transactions by other companies)

Note: The number of medical institutions is calculated with reference to Nihon Ultmarc Inc’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					
	24/3 3Q			23/3 3Q (adjusted period) (Sunsho: April–December)		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Personnel	13,183	9.9	+ 1.6	12,978	11.6	+ 8.9
Advertising	554	0.4	- 27.3	763	0.7	- 25.8
Packing & freight	2,108	1.6	+ 0.5	2,097	1.9	+ 16.3
Commissions paid	3,705	2.8	+ 0.5	3,686	3.3	+ 105.3
R&D expenses	8,283	6.2	- 7.7	8,974	8.0	+ 36.4
Depreciation	1,028	0.8	+ 8.4	948	0.9	+ 20.0
Other	4,252	3.2	- 2.3	4,351	3.9	+ 15.3
SGA	33,117	24.9	- 2.0	33,799	30.3	+ 22.1

Notes: 1. The first nine-month period for Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.
3. Expenses arising in the R&D Division have been reclassified as R&D expenses.

Outline of financial results for 2024/03 3Q (Overseas segment)

* Comments below are on the comparison between 2024/03 3Q and 2023/03 3Q (adjusted period):

- **Net sales:** Increased mainly due to the weaker yen
- **Segment profit:** Profitable due to an increase in sales and a drop in the cost of sales ratio on the back of improved sales mix in the U.S.

(JPY million, %)

Fiscal period	Overseas segment (Towa INT)							
	24/3 3Q			23/3 3Q (adjusted period) (April–December)		23/3 3Q (January–September)		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	35,565	100.0	+ 8.5	32,782	100.0	30,540	100.0	+ 9.7
Cost of sales	24,539	69.0	+ 7.5	22,828	69.6	21,168	69.3	+ 13.0
SGA	10,943	30.8	+ 8.8	10,057	30.7	9,185	30.1	+ 8.3
Segment profit (loss)	82	0.2	—	- 102	- 0.3	185	0.6	- 70.5

Exchange rate during period (TTM) EUR 1	24/3 3Q	23/3 Apr–Dec	23/3 Jan–Sep
	JPY 155.29	JPY 140.59	JPY 135.95

Notes: 1. The first nine-month period for Towa INT is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Outline of financial results for 2024/03 3Q

(Overseas segment, by region)

(JPY million, %)

Fiscal period	Towa INT Europe							
	24/3 3Q			23/3 3Q (adjusted period) (April–December)		23/3 3Q (January–September)		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	20,353	100.0	+ 14.2	17,816	100.0	16,657	100.0	+ 13.7
Cost of sales	13,791	67.8	+ 21.2	11,380	63.9	10,672	64.1	+ 16.4
SGA	7,414	36.4	+ 5.8	7,006	39.3	6,336	38.0	+ 3.9
Segment loss	- 852	- 4.2	—	- 570	- 3.2	- 351	- 2.1	—

Exchange rate during period (TTM) EUR 1	24/3 3Q	23/3 Apr–Dec	23/3 Jan–Sep
	JPY 155.29	JPY 140.59	JPY 135.95

Notes: 1. The first nine-month period for Towa INT is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Outline of financial results for 2024/03 3Q

(Overseas segment, by region)

(JPY million, %)

Fiscal period	Towa INT U.S.							
	24/3 3Q			23/3 3Q (adjusted period) (April–December)		23/3 3Q (January–September)		
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	YOY change (%)
Net sales	15,211	100.0	+ 1.6	14,966	100.0	13,882	100.0	+ 5.2
Cost of sales	10,747	70.7	- 6.1	11,447	76.5	10,495	75.6	+ 9.8
SGA	3,528	23.2	+ 15.7	3,050	20.4	2,849	20.5	+ 19.6
Segment profit	935	6.1	+ 99.7	468	3.1	536	3.9	- 57.0

Exchange rate during period (TTM) EUR 1	24/3 3Q	23/3 Apr–Dec	23/3 Jan–Sep	Exchange rate during period (TTM) USD 1	24/3 3Q	23/3 Apr–Dec	23/3 Jan–Sep
	JPY 155.29	JPY 140.59	JPY 135.95		JPY 143.29	JPY 136.51	JPY 128.05

Notes: 1. The first nine-month period for Towa INT is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

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Outline of financial results for 2024/03 3Q – Progress rate (Consolidated)

- The progress rate of both net sales and operating profit was good due to the strength of Towa Pharmaceutical and Sunsho Pharmaceutical in Japan and a weaker yen.
- Ordinary profit: The progress rate was good due mainly to the posting of an unplanned 3.6 billion yen gain on valuation of derivatives.

(JPY million, %)

Fiscal period	Consolidated earnings				
	24/3 3Q Results		24/3 Full-year Plan (announced on May 15)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	168,325	100.0	216,300	100.0	77.8
Cost of sales	107,916	64.1	136,600	63.2	79.0
SGA	47,203	28.0	67,900	31.4	69.5
Operating profit	13,204	7.8	11,800	5.5	111.9
Ordinary profit	17,169	10.2	11,500	5.3	149.3
Profit attributable to owners of parent	11,518	6.8	6,900	3.2	166.9

Exchange rate (TTM) EUR 1	Rate during 24/3 3Q	Assumed rate for 24/3
	JPY 155.29	JPY 138.00

Note: The first nine-month period for Towa INT and Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.

Outline of financial results for 2024/03 3Q – Progress rate (Domestic segment)

- **Net sales:** The progress rate was good due to the higher-than-expected growth in sales volume at Towa Pharmaceutical and strong sales at Sunsho Pharmaceutical.
- **Segment profit:** The progress rate was good due to the delay in SGA expenditure, such as R&D expenses, despite a rise in the ratio of cost of sales due to a worse-than-expected sales mix at Towa Pharmaceutical.

(JPY million, %)

Fiscal period	Domestic segment (Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)				
	24/3 3Q Results		24/3 Full-year Plan (announced on May 15)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	132,840	100.0	171,900	100.0	77.3
Cost of sales	83,403	62.8	106,100	61.7	78.6
SGA	33,117	24.9	50,000	29.1	66.2
Segment profit	16,320	12.3	15,800	9.2	103.3

Notes: 1. The first nine-month period for Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Outline of financial results for 2024/03 3Q – Progress rate

(Domestic segment, breakdown)

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical					Sunsho Pharmaceutical				
	24/3 3Q Results		24/3 Full-year plan (announced on May 15)			24/3 3Q Results		24/3 Full-year plan (announced on May 15)		
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	114,098	100.0	148,000	100.0	77.1	18,742	100.0	23,900	100.0	78.4
Cost of sales	68,744	60.3	86,600	58.5	79.4	14,658	78.2	19,500	81.6	75.2
SGA	30,263	26.5	46,800	31.6	64.7	2,853	15.2	3,200	13.4	89.2
Segment profit	15,090	13.2	14,600	9.9	103.4	1,230	6.6	1,200	5.0	102.5

Notes: 1. The first nine-month period for Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Outline of financial results for 2024/03 3Q – Progress rate (Overseas segment)

- **Net sales:** The progress rate was good due to the weaker-than-expected yen.
- **Segment profit:** The progress rate was good due to steady progress in net sales and the delay in SGA expenditure, such as R&D expenses.

(JPY million, %)

Fiscal period	Overseas segment (Towa INT)				
	24/3 3Q Results		24/3 Full-year Plan (announced on May 15)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	35,565	100.0	44,600	100.0	79.7
Cost of sales	24,539	69.0	30,500	68.4	80.5
SGA	10,943	30.8	14,000	31.4	78.2
Segment profit	82	0.2	100	0.2	82.8

Exchange rate (TTM) EUR 1	Rate during 24/3 3Q	Assumed rate for 24/3
	JPY 155.29	JPY 138.00

Notes: 1. The first nine-month period for Towa INT is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Outline of financial results for 2024/03 3Q – Progress rate

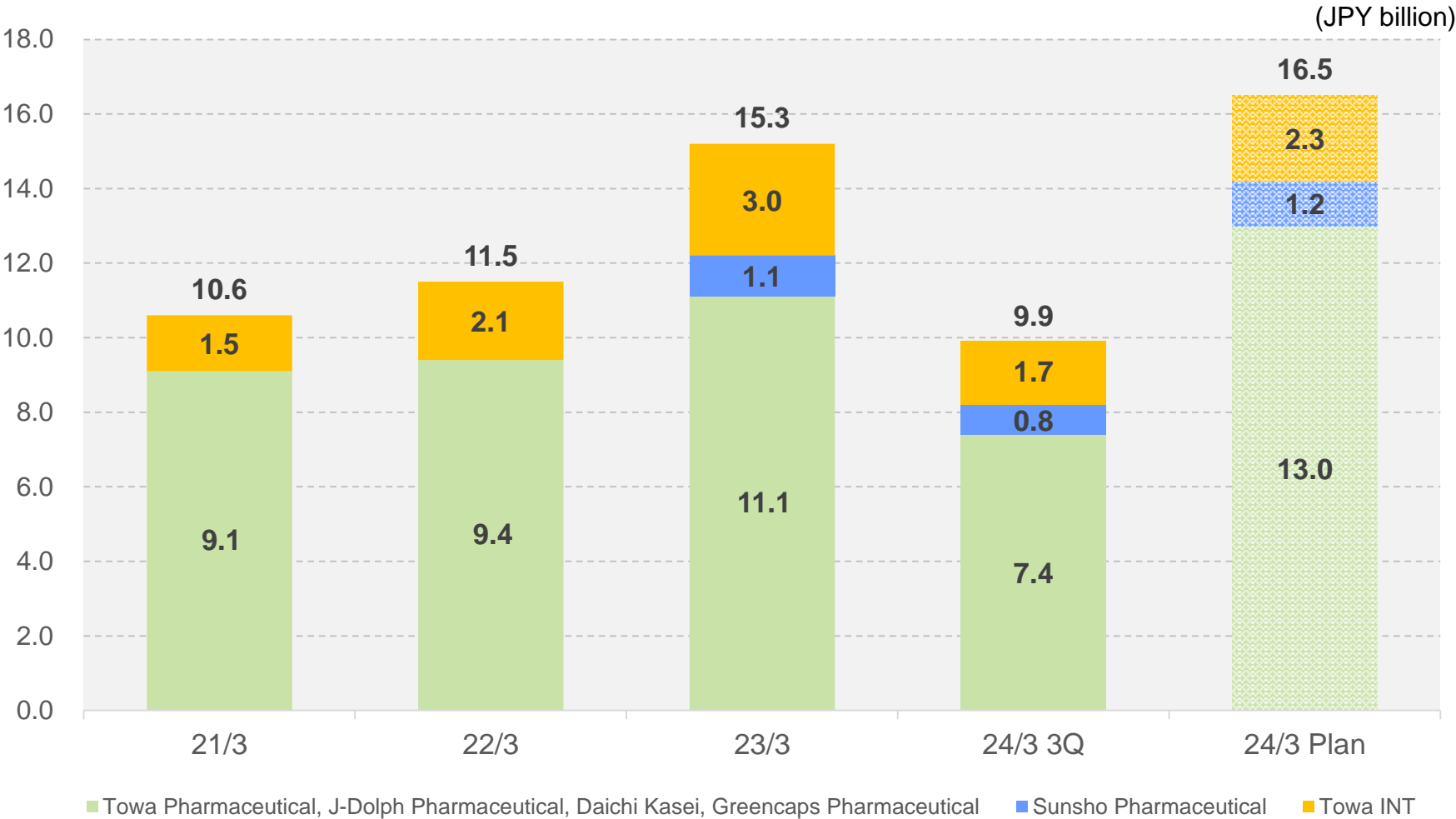
(Overseas segment, by region)

(JPY million, %)

Fiscal period	Towa INT Europe					Towa INT U.S.				
	24/3 3Q Results		24/3 Full-year plan (announced on May 15)			24/3 3Q Results		24/3 Full-year plan (announced on May 15)		
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	20,353	100.0	25,000	100.0	81.4	15,211	100.0	19,600	100.0	77.6
Cost of sales	13,791	67.8	16,200	64.8	85.1	10,747	70.7	14,300	73.0	75.2
SGA	7,414	36.4	9,900	39.6	74.9	3,528	23.2	4,100	20.9	86.1
Segment profit (loss)	- 852	- 4.2	- 1,100	- 4.4	—	935	6.1	1,200	6.1	77.9
Exchange rate (TTM) EUR 1	Rate during 24/3 3Q		Assumed rate for 24/3		Exchange rate (TTM) USD 1	Rate during 24/3 3Q		Assumed rate for 24/3		
	JPY 155.29		JPY 138.00			JPY 143.29		JPY 131.00		

Notes: 1. The first nine-month period for Towa INT is from April 1, 2023, to December 31, 2023.
2. Goodwill amortization is not included.

Trend of R&D expenses (Consolidated)



Notes: 1. The consolidated fiscal year ended March 31, 2023, for Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.
2. 2021/03–2022/03 does not include the results of Sunsho Pharmaceutical.

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 - Capital expenditure and depreciation**
4. Revisions to full-year earnings plan for 2024/03

Balance sheets (Consolidated)

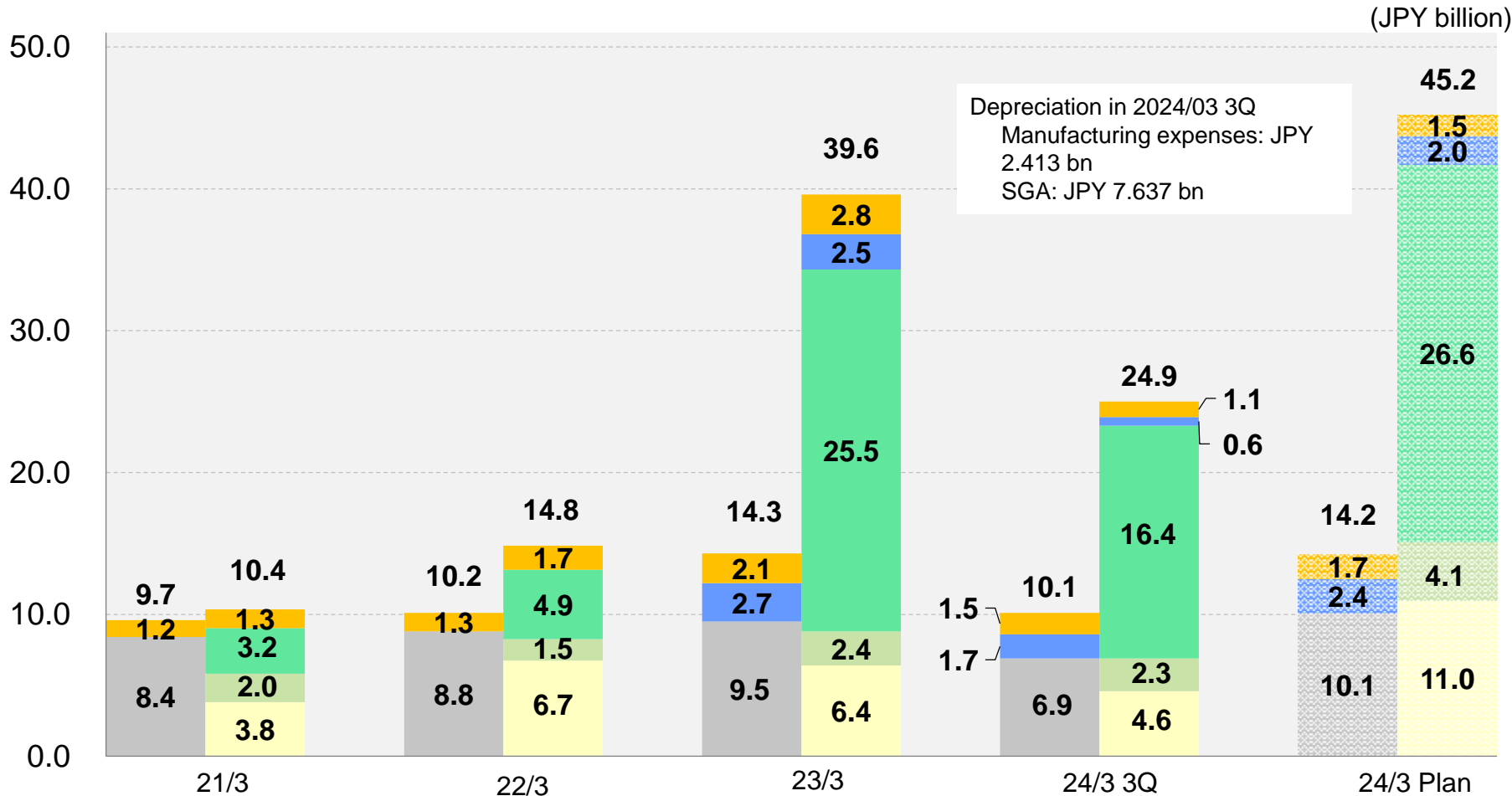
(JPY million)

Item	23/12	23/3	Change	Item	23/12	23/3	Change
Cash and deposits	30,701	24,257	+ 6,444	Notes and accounts payable - trade	16,872	17,272	- 399
Notes and accounts receivable - trade	59,551	46,795	+ 12,756	Electronically recorded obligations - operating	10,475	18,798	- 8,323
Electronically recorded monetary claims - operating	8,874	7,777	+ 1,097	Short-term borrowings	3,987	3,677	+ 310
Merchandise and finished goods	47,662	44,457	+ 3,205	Current portion of long-term borrowings	8,576	7,527	+ 1,049
Other inventories	52,006	48,470	+ 3,535	Notes and accounts payable - equipment	15,112	14,012	+ 1,099
Other current assets	14,392	11,232	+ 3,159	Other current liabilities	21,930	17,240	+ 4,690
Total current assets	213,190	182,990	+ 30,199	Total current liabilities	76,955	78,529	- 1,573
Buildings and structures, net	56,744	56,190	+ 554	Long-term borrowings	183,611	150,314	+ 33,297
Machinery, equipment and vehicles, net	17,891	18,966	- 1,074	Other non-current liabilities	5,297	5,609	- 312
Construction in progress	47,936	31,155	+ 16,781	Total non-current liabilities	188,909	155,923	+ 32,985
Goodwill	31,914	34,613	- 2,698	Total liabilities	265,865	234,453	+ 31,412
Other non-current assets	47,008	47,431	- 423	Foreign currency translation adjustment	11,942	8,608	+ 3,334
Total non-current assets	201,495	188,357	+ 13,138	Other net assets	136,878	128,286	+ 8,592
Total assets	414,685	371,347	+ 43,338	Total net assets	148,820	136,894	+ 11,926
				Total liabilities and net assets	414,685	371,347	+ 43,338

Exchange rate at end of period (TTM) EUR 1	23/12	23/3
	JPY 157.12	JPY 145.72

Note: The first nine-month period for Towa INT and Sunsho Pharmaceutical is from April 1, 2023, to December 31, 2023.

Capital expenditure and depreciation (Consolidated)



- Notes:
- 1. Capital expenditure includes the purchase of property, plant and equipment, and intangible assets.
 - 2. Depreciation includes the R&D expenses portion.
 - 3. Depreciation does not include goodwill amortization for Towa INT and Sunsho Pharmaceutical.
 - 4. 2021/03–2022/03 does not include the results of Sunsho Pharmaceutical.
 - 5. The consolidated fiscal year ended March 31, 2023, for Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.
- Legend:
- Capex (Towa INT)
 - Capex (Sunsho Pharmaceutical)
 - Capex (Yamagata Plant)
 - Capex (Okayama Plant)
 - Capex (other)
 - Depreciation (Sunsho Pharmaceutical)
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Outline of revisions to full-year earnings plan for 2024/03

Outline of the revisions to full-year earnings plan announced on February 13, 2024

- Upward revision of JPY 229 billion for net sales (+5.9% vs. May 15 plan) and JPY 15.5 billion for operating profit (+31.4% vs. May 15 plan) at the overall consolidated level
- Around JPY 3.6 billion of gain on valuation of derivatives expected for ordinary profit

Fiscal period	24/3 Revised Full-year Plan (announced on Feb 13, 2024)		24/3 Full-year plan (announced on May 15, 2023)	Revision
Item	(JPY billion)	vs. 5/15 plan(%)	(JPY billion)	(JPY billion)
Net sales	229	+ 5.9	216.3	+ 12.7
Operating profit	15.5	+ 31.4	11.8	+ 3.7
Ordinary profit	19.5	+ 69.6	11.5	+ 8.0
Profit attributable to owners of parent	13.0	+ 88.4	6.9	+ 6.1

Changes to assumptions for full-year earnings plan

- **Exchange rate assumption (euro/yen)** → Revised from **JPY 138** to **JPY 155.29**
- **Production volume** (Towa Pharma non-consolidated; tablets and capsules only)
→ Revised from **approx. 14.2 billion tablets** to **approx. 13.7 billion tablets**, down **approx. 3.5%**
- **Sales volume** (Towa Pharma non-consolidated; tablets and capsules only)
→ Revised from **approx. 12.4 billion tablets** to **approx. 13.2 billion tablets**, up **approx. 6.5%**

Revisions to full-year earnings plan for 2024/03 (Consolidated)

- Both net sales and operating profit were revised upward due to the expected continued strong performance of Towa Pharmaceutical and Sunsho Pharmaceutical.
- Ordinary profit: Incorporating JPY 3.6 billion gain on valuation of derivatives generated in 3Q

(JPY million, %)

Fiscal period	Consolidated earnings							
	24/3 Revised Full-year Plan (announced on Feb 13, 2024)				24/3 Full-year plan (announced on May 15, 2023)			Revision
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	vs. 5/15 plan(%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	229,000	100.0	+ 18.0	+ 5.9	216,300	100.0	+ 11.4	12,700
Cost of sales	148,000	64.6	+ 17.8	+ 8.3	136,600	63.2	+ 8.8	11,400
SGA	65,500	28.6	+ 4.7	- 3.5	67,900	31.4	+ 8.5	- 2,400
Operating profit	15,500	6.8	+ 161.2	+ 31.4	11,800	5.5	+ 98.8	3,700
Ordinary profit	19,500	8.5	+ 252.9	+ 69.6	11,500	5.3	+ 108.1	8,000
Profit attributable to owners of parent	13,000	5.7	+ 296.9	+ 88.4	6,900	3.2	+ 110.7	6,100

Exchange rate (TTM) EUR 1	Revised assumed rate for 24/3 (announced Feb 13, 2024)	Assumed rate for 24/3 (announced on May 15, 2023)
	JPY 155.29	JPY 138.00

Note: The consolidated fiscal year ending March 31, 2024 for Towa INT and Sunsho Pharmaceutical is from April 1, 2023, to March 31, 2024.

Revisions to full-year earnings plan for 2024/03

(Domestic segment)

- **Net sales:** Revised upward due to expectations of higher-than-expected growth in sales volume at Towa Pharmaceutical and continued strong sales at Sunsho Pharmaceutical
- **Segment profit:** Revised upward due to expectations of a delay in SGA expenditure, such as R&D expenses, despite a rise in the ratio of cost of sales ratio due to a worse-than-expected sales mix at Towa Pharmaceutical

(JPY million, %)

Fiscal period	Domestic segment							
	(Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, Sunsho Pharmaceutical)							
	24/3 Revised Full-year Plan (announced on Feb 13, 2024)				24/3 Full-year plan (announced on May 15, 2023)			Revision
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	vs. 5/15 plan(%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	180,000	100.0	+ 19.5	+ 4.7	171,900	100.0	+ 14.2	8,100
Cost of sales	114,300	63.5	+ 20.6	+ 7.7	106,100	61.7	+ 12.0	8,200
SGA	46,000	25.6	+ 1.7	- 8.0	50,000	29.1	+ 10.5	- 4,000
Segment profit	19,700	10.9	+ 85.7	+ 24.7	15,800	9.2	+ 48.9	3,900

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

Revisions to full-year earnings plan for 2024/03

(Domestic segment, breakdown)

(JPY million, %)

Fiscal period	Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical							
	24/3 Revised Full-year Plan (announced on Feb 13, 2024)				24/3 Full-year plan (announced on May 15, 2023)			Revision
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	vs. 5/15 plan(%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	153,000	100.0	+ 20.1	+ 3.4	148,000	100.0	+ 16.2	5,000
Cost of sales	92,700	60.6	+ 22.0	+ 7.0	86,600	58.5	+ 14.0	6,100
SGA	42,200	27.6	+ 0.7	- 9.8	46,800	31.6	+ 11.7	- 4,600
Segment profit	18,100	11.8	+ 91.1	+ 24.0	14,600	9.9	+ 54.2	3,500

Revisions to full-year earnings plan for 2024/03

(Domestic segment, breakdown)

(JPY million, %)

Fiscal period	Sunsho Pharmaceutical							
	24/3 Revised Full-year Plan (announced on Feb 13, 2024)				24/3 Full-year plan (announced on May 15, 2023)			Revision
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	vs. 5/15 plan(%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	27,000	100.0	+ 16.2	+ 13.0	23,900	100.0	+ 2.9	3,100
Cost of sales	21,600	80.0	+ 15.1	+ 10.8	19,500	81.6	+ 3.9	2,100
SGA	3,800	14.1	+ 14.2	+ 18.8	3,200	13.4	- 3.8	600
Segment profit	1,600	5.9	+ 40.6	+ 33.3	1,200	5.0	+ 5.4	400

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

Revisions to full-year earnings plan for 2024/03

(Overseas segment)

- **Net sales:** Revised upward due to expectations of a weaker-than-expected yen
- **Segment profit:** The plan was revised owing to the expected rise in the cost of sales ratio due to a worse-than-expected sales mix in Europe.

(JPY million, %)

Fiscal period	Overseas segment (Towa INT)							
	24/3 Revised Full-year Plan (announced on Feb 13, 2024)				24/3 Full-year plan (announced on May 15, 2023)			Revision
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	vs. 5/15 plan(%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	49,000	100.0	+ 12.2	+ 9.9	44,600	100.0	+ 2.1	4,400
Cost of sales	33,700	68.8	+ 9.2	+ 10.5	30,500	68.4	- 1.1	3,200
SGA	15,300	31.2	+ 14.3	+ 9.3	14,000	31.4	+ 4.6	1,300
Segment profit	0	0	—	—	100	0.2	—	- 100

Exchange rate (TTM) EUR 1	Revised assumed rate for 24/3 (announced on Feb 13, 2024)	Assumed rate for 24/3 (announced on May 15, 2023)
	JPY 155.29	JPY 138.00

Notes: 1. The consolidated fiscal year ending March 31, 2024 for Towa INT is from April 1, 2023 to March 31, 2024.
2. Goodwill amortization is not included.

Revisions to full-year earnings plan for 2024/03

(Overseas segment, by region)

(JPY million, %)

Fiscal period	Towa INT Europe							
	24/3 Revised Full-year Plan (announced on Feb 13, 2024)				24/3 Full-year plan (announced on May 15, 2023)			Revision
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	vs. 5/15 plan(%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	27,800	100.0	+ 15.8	+ 11.2	25,000	100.0	+ 4.1	2,800
Cost of sales	18,600	66.9	+ 20.1	+ 14.8	16,200	64.8	+ 4.6	2,400
SGA	10,400	37.4	+ 11.8	+ 5.1	9,900	39.6	+ 6.4	500
Segment loss	- 1,200	- 4.3	—	—	- 1,100	- 4.4	—	- 100

Exchange rate (TTM) EUR 1	Revised assumed rate for 24/3 (announced on Feb 13, 2024)	Assumed rate for 24/3 (announced on May 15, 2023)
	JPY 155.29	JPY 138.00

Notes: 1. The consolidated fiscal year ending March 31, 2024 for Towa INT is from April 1, 2023 to March 31, 2024.
2. Goodwill amortization is not included.

Revisions to full-year earnings plan for 2024/03

(Overseas segment, by region)

(JPY million, %)

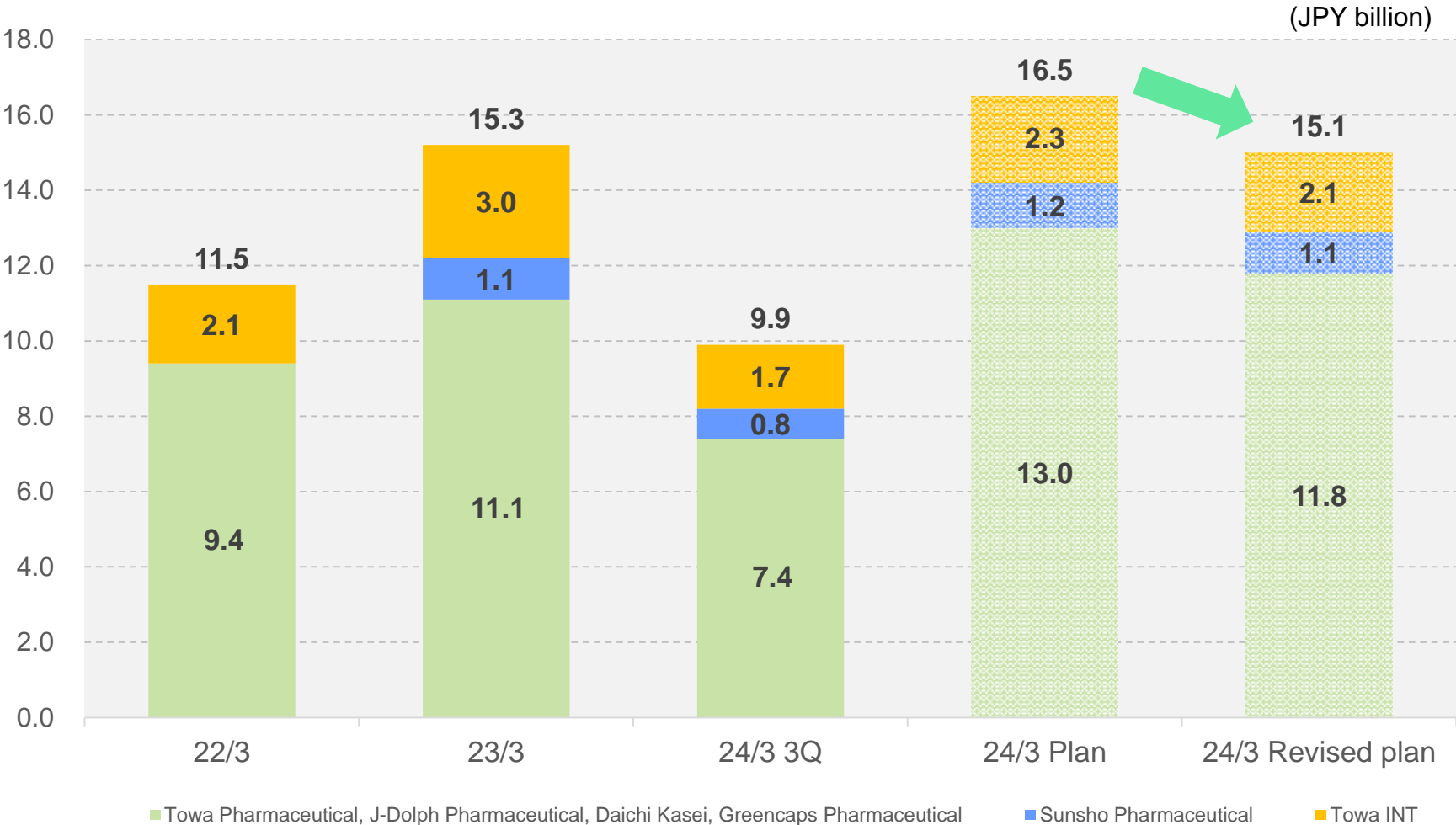
Fiscal period	Towa INT U.S.							
	24/3 Revised Full-year Plan (announced on Feb 13, 2024)				24/3 Full-year plan (announced on May 15, 2023)			Revision
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	vs. 5/15 plan(%)	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)
Net sales	21,200	100.0	+ 7.7	+ 8.2	19,600	100.0	- 0.4	1,600
Cost of sales	15,100	71.2	- 1.7	+ 5.6	14,300	73.0	- 6.9	800
SGA	4,900	23.1	+ 19.9	+ 19.5	4,100	20.9	+ 0.3	800
Segment profit	1,200	5.7	+ 423.6	± 0	1,200	6.1	+ 423.6	0

Exchange rate (TTM) EUR 1	Revised assumed rate for 24/3(announced on Feb 13, 2024)	Assumed rate for 24/3 (announced on May 15, 2023)	Exchange rate (TTM) USD 1	Revised assumed rate for 24/3(announced on Feb 13, 2024)	Assumed rate for 24/3 (announced on May 15, 2023)
	JPY 155.29	JPY 138.00		JPY 143.29	JPY 131.00

Notes: 1. The consolidated fiscal year ending March 31, 2024 for Towa INT is from April 1, 2023 to March 31, 2024.
2. Goodwill amortization is not included.

Trend of R&D expenses (Consolidated)

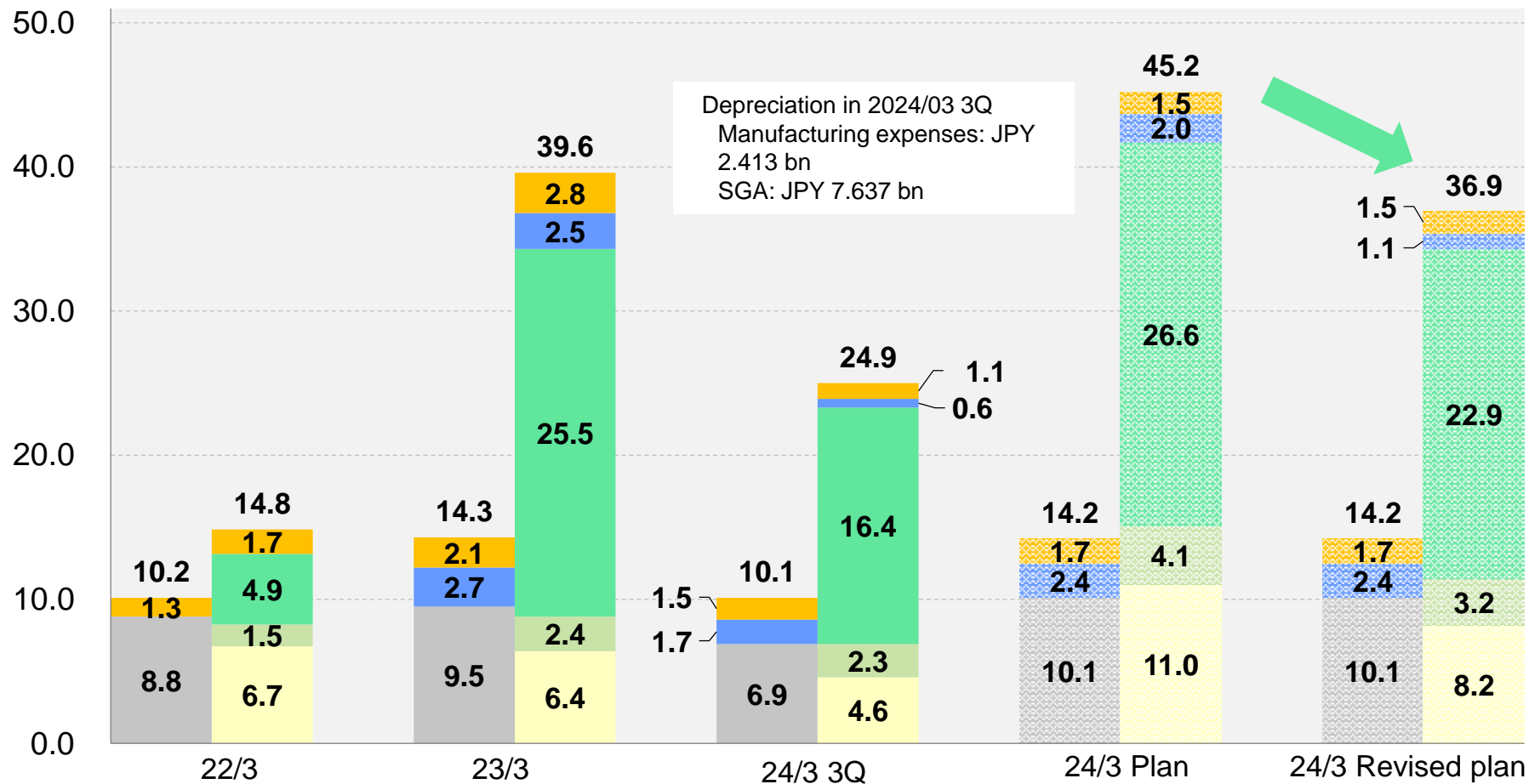
● Expected to decrease by approx. JPY 1.4 billion from the initial plan at the overall consolidated level



Notes: 1. The consolidated fiscal year ended March 31, 2023, for Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.
2. 2022/03 does not include the results of Sunsho Pharmaceutical.

Capital expenditure and depreciation (Consolidated)

● Capital expenditure: Expected to decrease by approx. JPY 8.3 billion from the initial plan at the overall consolidated level (JPY billion)



Notes: 1. Capital expenditure includes the purchase of property, plant and equipment, and intangible assets.
2. Depreciation includes the R&D expenses portion.
3. Depreciation does not include goodwill amortization for Towa INT and Sunsho Pharmaceutical.
4. 2022/03 does not include the results of Sunsho Pharmaceutical.
5. The consolidated fiscal year ended March 31, 2023, for Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.

- Capex (Towa INT)
- Capex (Sunsho Pharmaceutical)
- Capex (Yamagata Plant)
- Capex (Okayama Plant)
- Capex (other)
- Depreciation (Towa INT)
- Depreciation (Sunsho Pharmaceutical)
- Depreciation (domestic, excl. Sunsho Pharmaceutical)

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

Contact:

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

ir@towayakuhin.co.jp TEL. +81-6-6900-9102 FAX. +81-6-7177-4960