

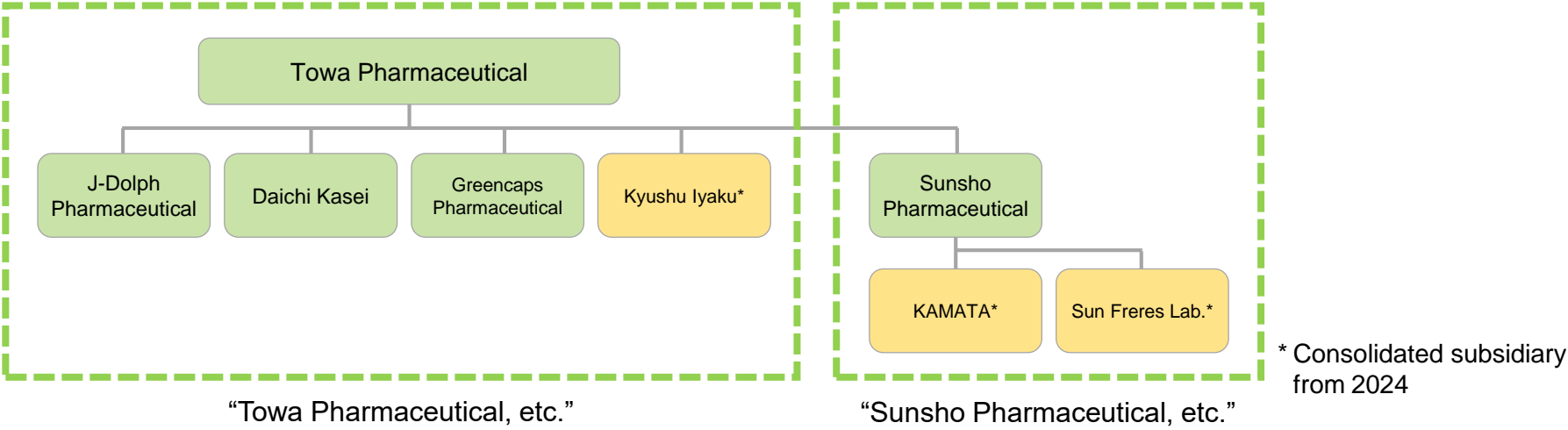
Supplementary material for the financial results for the third quarter of the year ending March 31, 2025

February 2025
(Stock code: 4553)

Notes to and summary of the disclosure of financial results for 2025/03 3Q

Notes

- In this document, for the breakdown of the domestic segment, Towa Pharmaceutical, J-Dolph Pharmaceutical, Daishi Kasei, Greencaps Pharmaceutical, and Kyushu Iyaku are referred to as “Towa Pharmaceutical, etc.,” and Sunsho Pharmaceutical, KAMATA, and Sun Freres Lab. are referred to as “Sunsho Pharmaceutical, etc.”



- In this document, Towa Pharma International Holdings, S.L., our overseas segment, is referred to as “Towa INT.”
- KAMATA, which became a consolidated subsidiary in January 2024, has been included in the consolidated balance sheets since 2024/3 and the consolidated statements of income since 2025/3. Kyushu Iyaku became a consolidated subsidiary in April 2024 and has been included in both the consolidated balance sheets and statements of income since 2025/3. Sun Freres Lab. was established in April 2024 and has been included in both the consolidated balance sheets and statements of income since 2025/3.
- On February 13, we announced a revision to dividend forecasts for the fiscal year ending March 31, 2025.

Notes to and summary of the disclosure of financial results for 2025/03 3Q

Summary

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

Progress rate for the full-year plan: **Net sales: 73.9%, Operating profit: 79.9%** at the consolidated level

	25/3 3Q		24/3 3Q	25/3 Full-year plan (announced on November 5, 2024)	
Item	(JPY billion)	YOY change (%)	(JPY billion)	(JPY billion)	Progress rate (%)
Net sales	193.7	+ 15.1%	168.3	262.1	73.9%
Operating profit	18.6	+ 40.9%	13.2	23.3	79.9%

- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)

→ **Approx. 10.4 billion tablets, up 1.9%** year on year

Progress rate for the full-year plan: **68.5%**

Full-year production volume is expected to be **approx. 14.2 billion tablets**.

This is mainly due to a delay in hiring compared to plan and change in production items in response to market demand.

There has been no change in our full-year plans for sales volume and net sales.

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)

→ **Approx. 11.5 billion tablets, up 15.1%** year on year

Progress rate for the full-year plan: **74.7%**

- Increases in raw material costs and utilities expenses (Towa Pharmaceutical non-consolidated)

→ Raw materials: **Almost unchanged** year on year

→ Utilities expenses: **Increased by approx. 13.8%** year on year. Utilities expenses accounted for approx. 2.5% of total manufacturing costs.

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Outline of financial results for 2025/03 3Q (Consolidated)

- Both sales and profit increased due to the continued strength of Towa Pharmaceutical in the domestic segment and mainly due to a weaker yen in the overseas segment.

(JPY million, %)

	Consolidated earnings				
	25/3 3Q			24/3 3Q	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	193,737	100.0	+ 15.1	168,325	100.0
Cost of sales	122,993	63.5	+ 14.0	107,916	64.1
SGA	52,132	26.9	+ 10.4	47,203	28.0
Operating profit	18,611	9.6	+ 40.9	13,204	7.8
Ordinary profit	21,756	11.2	+ 26.7	17,169	10.2
Profit before income taxes	21,831	11.3	+ 26.3	17,290	10.3
Profit attributable to owners of parent	14,624	7.5	+ 27.0	11,518	6.8

Exchange rate at end of period (TTM) USD 1	25/3 3Q	24/3 4Q	24/3 3Q	23/3 4Q	Exchange rate during period (TTM) EUR 1	25/3 3Q	24/3 3Q
		JPY 158.18	JPY 151.41	JPY 141.83		JPY 133.53	

Note: For 2025/03 3Q, the USD/JPY exchange rate at the end of the period is the rate as of December 31, 2024, and the EUR/JPY exchange rate during the period is the average rate for the period from April 1, 2024, to December 31, 2024.

Outline of financial results for 2025/03 3Q (Segment information)

(JPY million)

Item	Reportable segment		Total	Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas			
	Towa Pharmaceutical, etc. Sunsho Pharmaceutical, etc.	Towa INT			
Net sales	154,713	39,164	193,877	- 140	193,737
Cost of sales	96,720	26,399	123,120	- 127	122,993
SGA	35,690	13,133	48,824	3,308	52,132
Segment profit (loss)	22,301	- 368	21,932	- 3,321	18,611

Notes: 1. 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.

2. Goodwill amortization: Towa INT JPY 762 million; Sunsho Pharmaceutical/KAMATA JPY 2,558 million

Outline of financial results for 2025/03 3Q (Domestic segment)

- Both sales and profit increased due to growth in sales volume as demand for products at Towa Pharmaceutical continued to be high.

(JPY million, %)

	Domestic segment				
	25/3 3Q			24/3 3Q	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	154,713	100.0	+ 16.5	132,840	100.0
Cost of sales	96,720	62.5	+ 16.0	83,403	62.8
SGA	35,690	23.1	+ 7.8	33,117	24.9
Segment profit	22,301	14.4	+ 36.6	16,320	12.3

Note: Goodwill amortization is not included.

Outline of financial results for 2025/03 3Q (Domestic segment, breakdown)

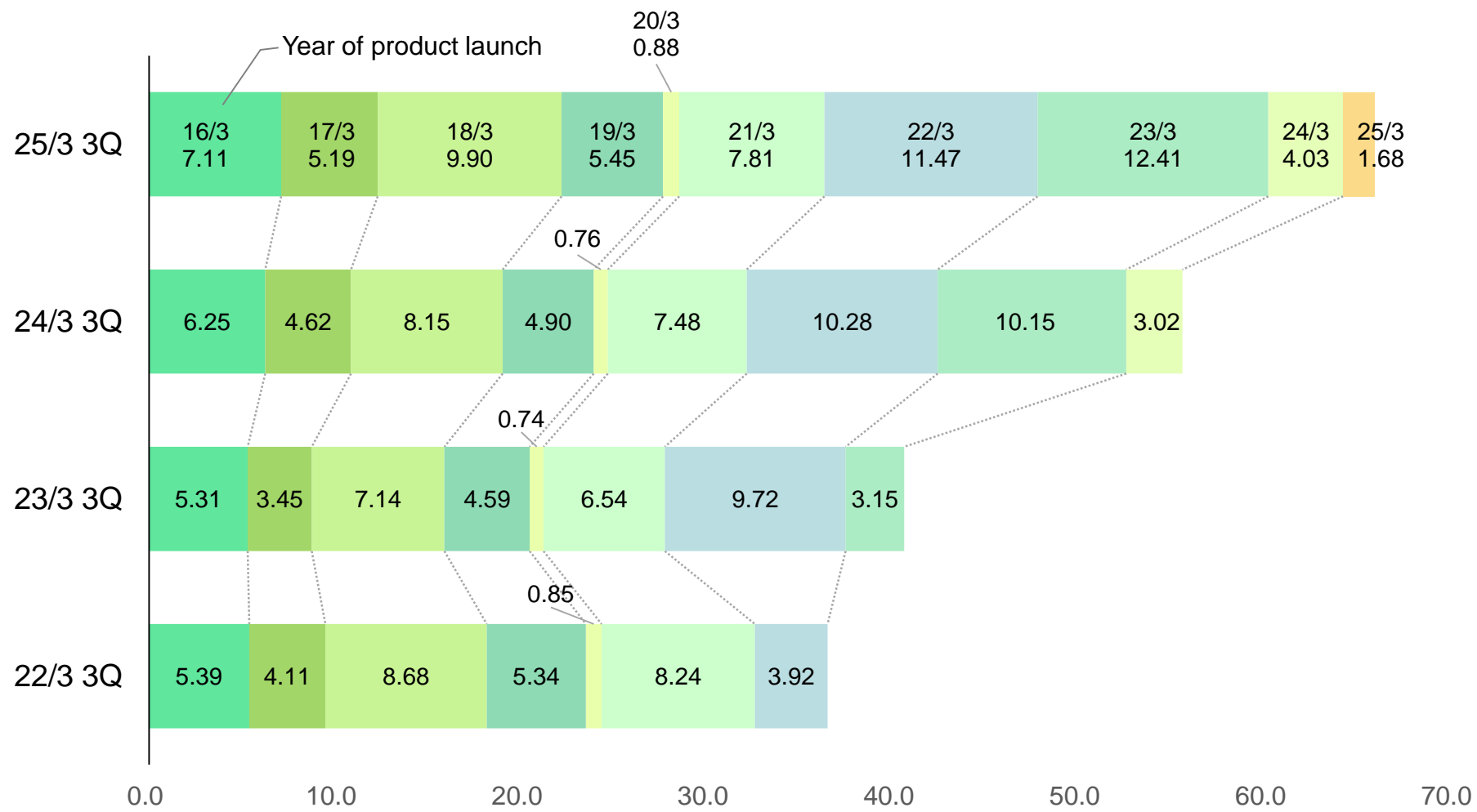
(JPY million, %)

	Towa Pharmaceutical, etc.					Sunsho Pharmaceutical, etc.				
	25/3 3Q			24/3 3Q		25/3 3Q			24/3 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	133,779	100.0	+ 17.2	114,098	100.0	20,933	100.0	+ 11.7	18,742	100.0
Cost of sales	80,319	60.0	+ 16.8	68,744	60.3	16,400	78.3	+ 11.9	14,658	78.2
SGA	32,551	24.3	+ 7.6	30,263	26.5	3,139	15.0	+ 10.0	2,853	15.2
Segment profit	20,908	15.6	+ 38.6	15,090	13.2	1,393	6.7	+ 13.2	1,230	6.6

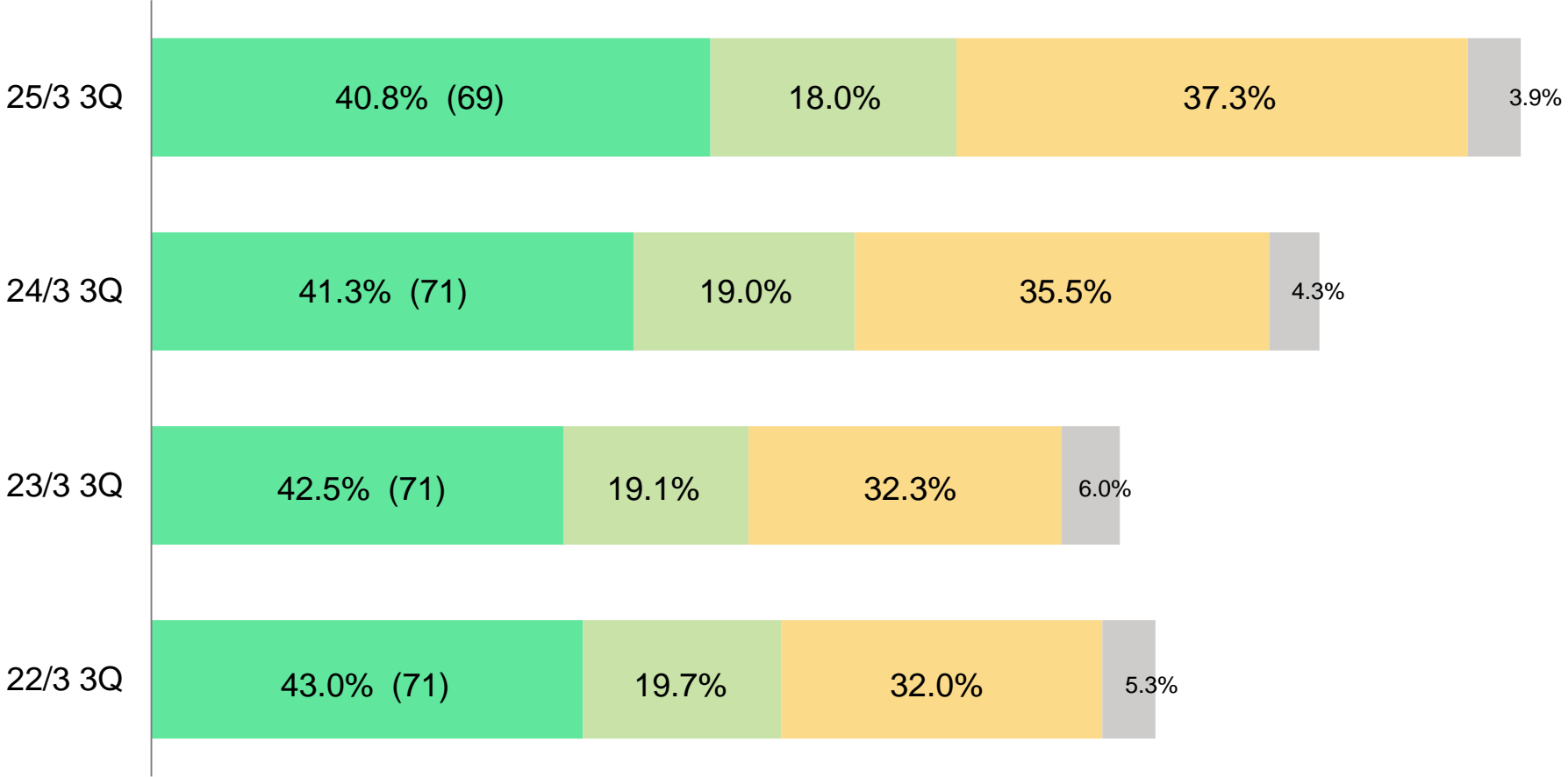
Note: Goodwill amortization is not included.

Net sales by supplement year (Non-consolidated)

(JPY billion)



Net sales by distribution channel (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 (Non-consolidated)

(Customer, %)

Customer segment	Number of medical institutions	25/3 3Q					24/3 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. 8,100	7,648	94.4	10.6	+ 41	+ 17.7	7,607	10.6
DPC	Approx. 1,800	1,764	99.3	6.5	+ 22	+ 20.5	1,742	6.3
Clinics	Approx. 89,700	31,752	35.4	10.7	+ 430	+ 6.1	31,322	11.8
Pharmacies	Approx. 62,500	60,719	97.1	78.5	+ 753	+ 18.8	59,966	77.5
Total	Approx. 160,300	100,119	62.5	100.0	+ 1,224	+ 17.2	98,895	100.0

- Notes: 1. The number of medical institutions is calculated with reference to Nihon Ultmarc Inc's national medical institution data.
 2. Starting from 2025/3, the calculation standard for the number of clinics under the number of medical institutions has been changed.

(Excludes transactions by other companies)

Selling, general and administrative expenses (Domestic segment)

(JPY million, %)

	Domestic segment				
	25/3 3Q			24/3 3Q	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Personnel	13,564	8.8	+ 2.9	13,183	9.9
Advertising	565	0.4	+ 1.8	554	0.4
Packing & freight	2,227	1.4	+ 5.7	2,108	1.6
Commissions paid	4,673	3.0	+ 26.1	3,705	2.8
R&D expenses	8,785	5.7	+ 6.1	8,283	6.2
Depreciation	1,075	0.7	+ 4.5	1,028	0.8
Other	4,798	3.1	+ 12.8	4,252	3.2
SGA	35,690	23.1	+ 7.8	33,117	24.9

Notes: 1. Goodwill amortization is not included.

2. Expenses arising in the R&D Division have been reclassified as R&D expenses.

Outline of financial results for 2025/03 3Q (Overseas segment)

- **Net sales:** Increased due to the weaker yen and good performance in Europe for both BtoB and BtoC
- **Segment loss:** Loss increased due to an increase in R&D expenses and other expenses resulting from new product development and response to nitrosamine impurities, despite an increase in sales.

(JPY million, %)

	Overseas segment (Towa INT)				
	25/3 3Q			24/3 3Q	
Item	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	39,164	100.0	+ 10.1	35,565	100.0
Cost of sales	26,399	67.4	+ 7.6	24,539	69.0
SGA	13,133	33.5	+ 20.0	10,943	30.8
Segment profit (loss)	- 368	- 0.9	—	82	0.2

Exchange rate during period (TTM) EUR 1	25/3 3Q	24/3 3Q
		JPY 164.83

Note: Goodwill amortization is not included.

Outline of financial results for 2025/03 3Q (Overseas segment, by region)

(JPY million, %)

	Towa INT Europe					Towa INT U.S.				
	25/3 3Q			24/3 3Q		25/3 3Q			24/3 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	23,806	100.0	+ 17.0	20,353	100.0	15,358	100.0	+ 1.0	15,211	100.0
Cost of sales	15,730	66.1	+ 14.1	13,791	67.8	10,669	69.5	- 0.7	10,747	70.7
SGA	9,347	39.3	+ 26.1	7,414	36.4	3,785	24.6	+ 7.3	3,528	23.2
Segment profit (loss)	- 1,272	- 5.3	—	- 852	- 4.2	903	5.9	- 3.4	935	6.1

Exchange rate during period (TTM)	25/3 3Q		24/3 3Q		Exchange rate during period (TTM)	25/3 3Q		24/3 3Q	
	JPY 164.83		JPY 155.29			JPY 152.57		JPY 143.29	
EUR 1					USD 1				

Note: Goodwill amortization is not included.

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Outline of financial results for 2025/03 3Q – Progress rate (Consolidated)

- **Net sales:** Progress was largely in line with the plan
- **Operating profit:** The progress rate was good due to a reduction in Towa Pharmaceutical's SG&A expenses, such as a delay in R&D expenditure.
- **Ordinary profit:** The progress rate was good due to the posting of a 1.7 billion yen gain on valuation of derivatives. Due to the uncertainty about the financial market environment, exchange rate trends, etc., we have not revised the full-year plan.

(JPY million, %)

Item	Consolidated earnings				
	25/3 3Q results		2025/3 Full-year plan (announced on November 5, 2024)		
	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	193,737	100.0	262,100	100.0	73.9
Cost of sales	122,993	63.5	166,300	63.4	74.0
SGA	52,132	26.9	72,500	27.7	71.9
Operating profit	18,611	9.6	23,300	8.9	79.9
Ordinary profit	21,756	11.2	22,700	8.7	95.8
Profit before income taxes	21,831	11.3	22,700	8.7	96.2
Profit attributable to owners of parent	14,624	7.5	15,000	5.7	97.5

Exchange rate (TTM) EUR 1	Rate during 25/3 1Q through 3Q	Assumed rate for 25/3 2H	Rate during 25/3 1H
		JPY 164.83	JPY 152.00

Outline of financial results for 2025/03 3Q – Progress rate (Domestic segment)

- **Net sales:** Progress was in line with the plan
- **Segment profit:** The progress rate was good due to a reduction in Towa Pharmaceutical's SG&A expenses, such as a delay in R&D expenditure.

(JPY million, %)

	Domestic segment				
	25/3 3Q results		2025/3 Full-year plan (announced on November 5, 2024)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	154,713	100.0	209,100	100.0	74.0
Cost of sales	96,720	62.5	130,700	62.5	74.0
SGA	35,690	23.1	50,800	24.3	70.3
Segment profit	22,301	14.4	27,600	13.2	80.8

Note: Goodwill amortization is not included.

Outline of financial results for 2025/03 3Q – Progress rate

(Domestic segment, breakdown)

(JPY million, %)

	Towa Pharmaceutical, etc.					Sunsho Pharmaceutical, etc.				
	25/3 3Q results		2025/3 Full-year plan (announced on November 5, 2024)			25/3 3Q results		2025/3 Full-year plan (announced on November 5, 2024)		
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	133,779	100.0	180,500	100.0	74.1	20,933	100.0	28,600	100.0	73.2
Cost of sales	80,319	60.0	108,200	59.9	74.2	16,400	78.3	22,500	78.7	72.9
SGA	32,551	24.3	46,700	25.9	69.7	3,139	15.0	4,100	14.3	76.6
Segment profit	20,908	15.6	25,600	14.2	81.7	1,393	6.7	2,000	7.0	69.7

Note: Goodwill amortization is not included.

Outline of financial results for 2025/03 3Q – Progress rate (Overseas segment)

- **Net sales:** The progress rate was not good mainly due to a delay in BtoB contract manufacturing in Europe.
- **Segment loss:** In line with the plan (JPY million, %)

	Overseas segment				
	25/3 3Q results		25/3 Full-year plan (announced on November 5, 2024)		
Item	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	39,164	100.0	53,400	100.0	73.3
Cost of sales	26,399	67.4	35,800	67.0	73.7
SGA	13,133	33.5	17,600	33.0	74.6
Segment profit (loss)	- 368	- 0.9	0	0.0	—

Exchange rate (TTM) EUR 1	Rate during 25/3 1Q through 3Q	Assumed rate for 25/3 2H	Rate during 25/3 1H
		JPY 164.83	JPY 152.00

- Notes: 1. Goodwill amortization is not included.
2. The full-year plan is calculated by aggregating the first half results in yen and the initial second half plan in yen.

Outline of financial results for 2025/03 3Q – Progress rate

(Overseas segment, by region)

(JPY million, %)

	Towa INT Europe					Towa INT U.S.				
	25/3 3Q results		25/3 Full-year plan (announced on November 5, 2024)			25/3 3Q results		25/3 Full-year plan (announced on November 5, 2024)		
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	23,806	100.0	33,200	100.0	71.7	15,358	100.0	20,200	100.0	76.0
Cost of sales	15,730	66.1	21,700	65.4	72.5	10,669	69.5	14,100	69.8	75.7
SGA	9,347	39.3	12,600	38.0	74.2	3,785	24.6	5,000	24.8	75.7
Segment profit (loss)	- 1,272	- 5.3	- 1,100	- 3.3	—	903	5.9	1,100	5.4	82.1

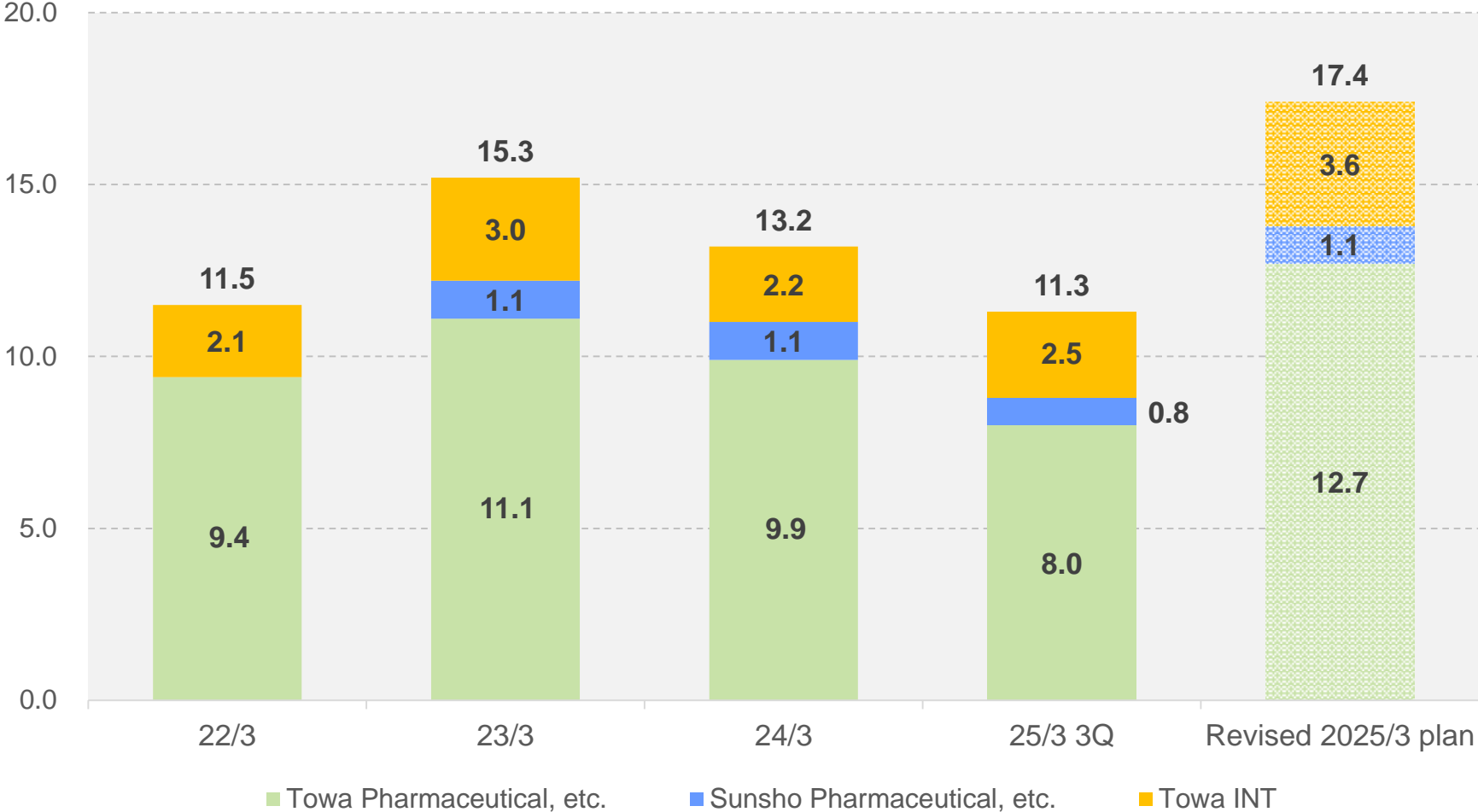
Exchange rate (TTM) EUR 1	Rate during 25/3 1Q through 3Q	Assumed rate for 25/3 2H	Rate during 25/3 1H
	JPY 164.83	JPY 152.00	JPY 165.95
Exchange rate (TTM) USD 1	Rate during 25/3 1Q through 3Q	Assumed rate for 25/3 2H	Rate during 25/3 1H
	JPY 152.57	JPY 138.00	JPY 152.63

Notes: 1. Goodwill amortization is not included.

2. The full-year plan is calculated by aggregating the first half results in yen and the initial second half plan in yen.

Trend in R&D expenses (Consolidated)

(JPY billion)



- Notes: 1. 2022/03 does not include the results of Sunsho Pharmaceutical.
 2. 2022/3 – 2024/3 does not include the results of KAMATA.
 3. The consolidated fiscal year ended March 31, 2023, of Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.

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Balance sheets (Consolidated)

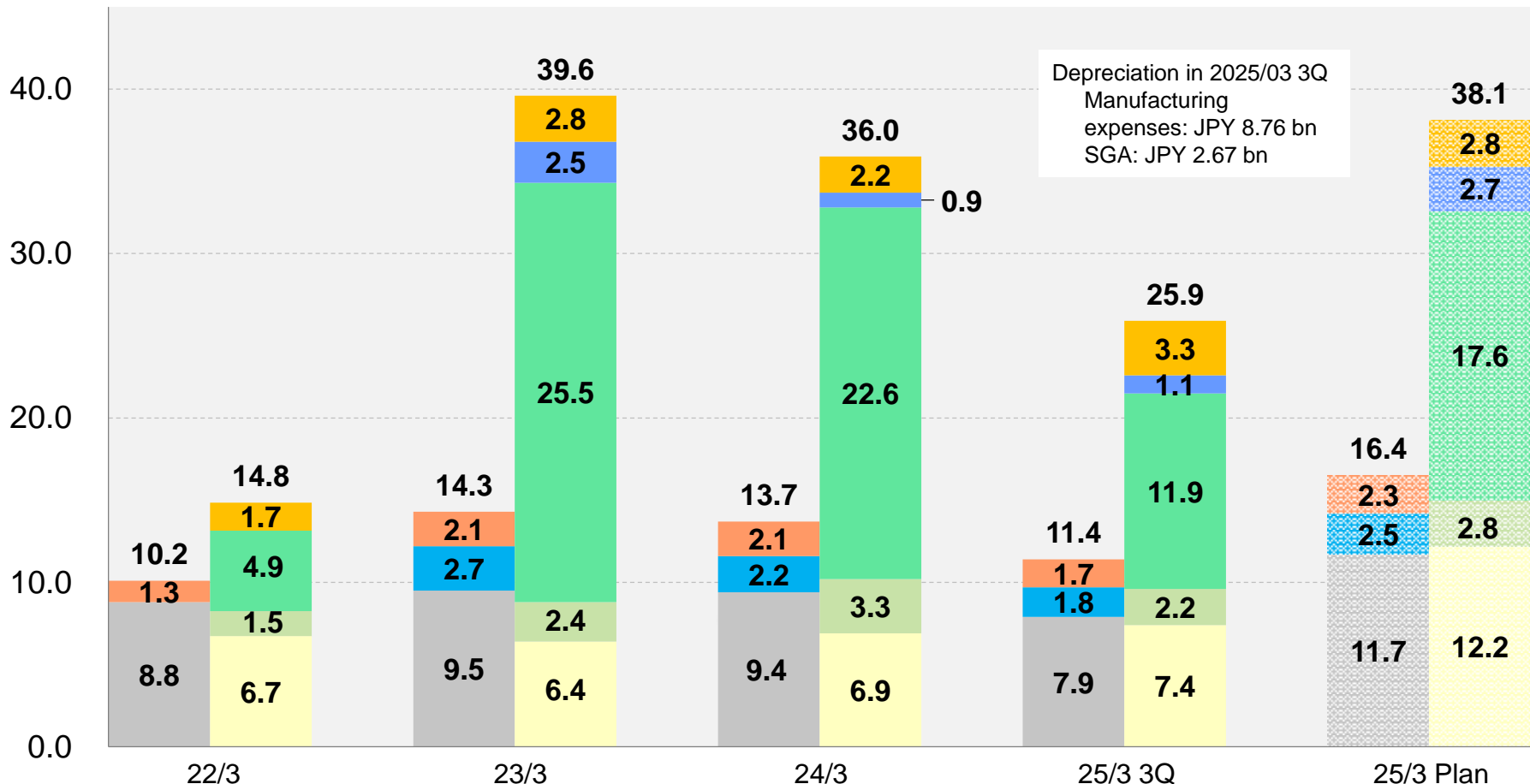
(JPY million)

Item	24/12	24/3	Change	Item	24/12	24/3	Change
Cash and deposits	29,252	29,650	- 398	Notes and accounts payable - trade	19,337	15,652	+ 3,684
Notes and accounts receivable - trade	68,718	62,916	+ 5,801	Electronically recorded obligations - operating	11,224	10,720	+ 504
Electronically recorded monetary claims - operating	10,705	8,854	+ 1,850	Short-term borrowings	4,700	3,112	+ 1,588
Merchandise and finished goods	45,275	48,986	- 3,711	Current portion of long-term borrowings	10,869	10,120	+ 749
Other inventories	63,829	52,086	+ 11,742	Lease obligations	1,151	238	+ 912
Other current assets	19,994	15,222	+ 4,772	Notes and accounts payable - equipment	9,456	9,768	- 311
Total current assets	237,775	217,718	+ 20,057	Other current liabilities	21,948	30,505	- 8,556
Buildings and structures, net	75,218	57,219	+ 17,999	Total current liabilities	78,689	80,118	- 1,429
Machinery, equipment and vehicles, net	17,729	18,017	- 287	Long-term borrowings	197,083	189,124	+ 7,958
Lease assets	9,728	848	+ 8,880	Lease obligations	9,676	714	+ 8,961
Construction in progress	41,044	55,917	- 14,872	Other non-current liabilities	4,533	4,802	- 268
Goodwill	29,306	32,568	- 3,262	Total non-current liabilities	211,292	194,641	+ 16,651
Other non-current assets	48,200	48,363	- 163	Total liabilities	289,981	274,759	+ 15,222
Total non-current assets	221,228	212,934	+ 8,293	Foreign currency translation adjustment	15,699	14,300	+ 1,399
Total assets	459,004	430,653	+ 28,351	Other net assets	153,323	141,593	+ 11,730
				Total net assets	169,023	155,893	+ 13,129
				Total liabilities and net assets	459,004	430,653	+ 28,351

Exchange rate at end of period (TTM) EUR 1	24/12	24/3
	JPY 164.92	JPY 163.24

Capital expenditure and depreciation (Consolidated)

(JPY billion)



Depreciation in 2025/03 3Q
 Manufacturing expenses: JPY 8.76 bn
 SGA: JPY 2.67 bn

- Notes:
1. Capital expenditure includes the purchase of property, plant and equipment, as well as intangible assets.
 2. Depreciation includes the R&D expenses portion.
 3. Depreciation does not include goodwill amortization for Towa INT, Sunsho Pharmaceutical and KAMATA.
 4. 2022/03 does not include the results of Sunsho Pharmaceutical.
 5. 2022/3 – 2024/3 does not include the results of KAMATA.
 6. The consolidated fiscal year ended March 31, 2023, of Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.

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

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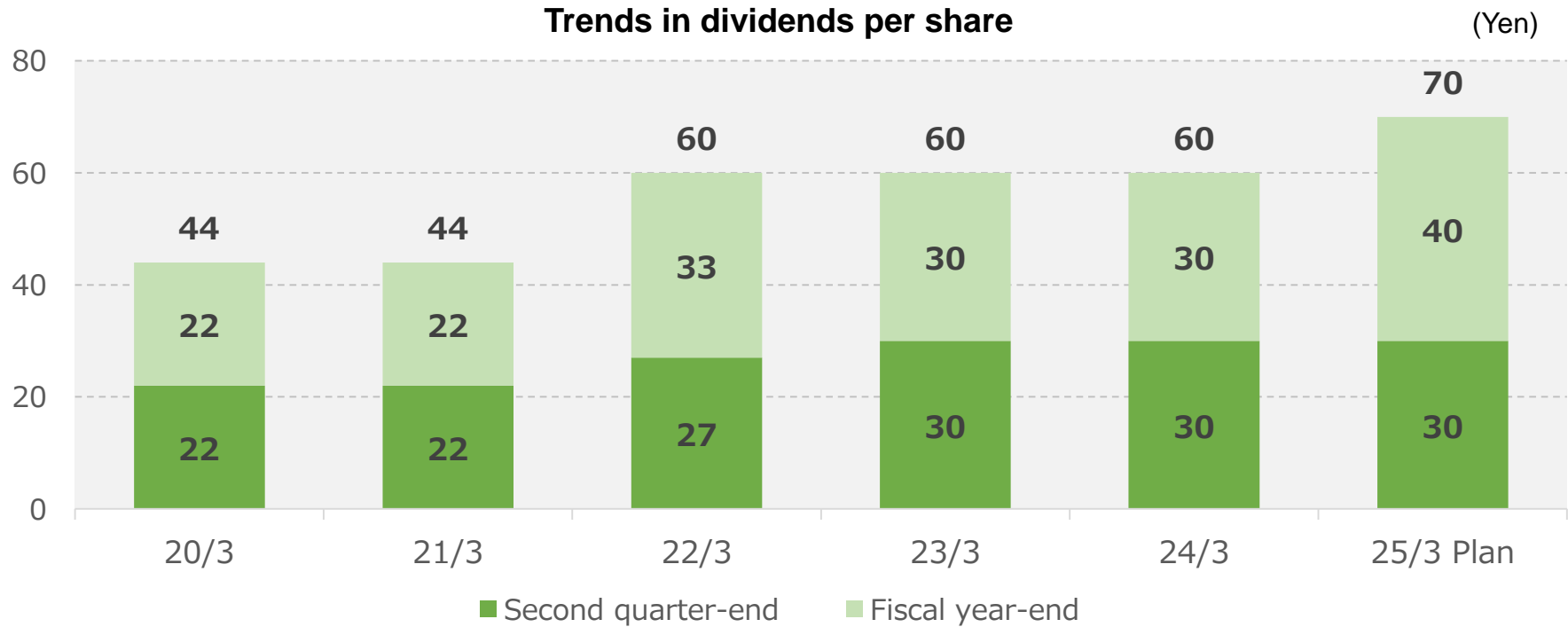
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Revisions to dividend forecasts for 2025/03

- **Revisions to dividend forecasts**

Considering that full-year consolidated operating profit is expected to exceed the initial forecast and that we are making steady progress toward the financial objectives of the 6th Medium-term Business Plan, **we have decided to increase the year-end dividend forecasts by 10 yen per share, to 40 yen.**

As a result, we plan to pay an annual dividend of 70 yen per share.



**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:

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