

# **Supplementary material of financial results for the 2Q of the year ending March 2020**

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**November, 2019**

**(Stock ticker number: 4553)**

## Outline of the financial results for the 2Q of the year ending March 2020

- Sales: Increased by good sales of recently launched products
- Operating income: Increased by increase of sales and decrease of COGS rate
- Ordinary income: Increased by increase of operating income in spite of year-on-year decrease of gain on revaluation of currency swaps

Period	20/3 2Q			19/3 2Q		
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)	Change in %
Net sales	55,350	100.0	+ 12.6	49,139	100.0	+ 9.9
COGS	29,217	52.8	+ 7.6	27,145	55.2	+ 14.2
SGA	16,913	30.6	+ 5.3	16,068	32.7	+ 1.4
Operating income	9,218	16.7	+ 55.6	5,924	12.1	+ 16.7
Ordinary income	9,738	17.6	+ 16.3	8,372	17.0	+ 38.2
Profit attributable to owners of parent	7,066	12.8	+ 14.4	6,177	12.6	+ 43.5
Exchange rate US \$1.00 (TTM)	2019/9		2019/3	2018/9		2018/3
	107.92 yen		110.99 yen	113.57 yen		106.24 yen

## Outline of the financial results for the 2Q of the year ending March 2020 (progress rate)

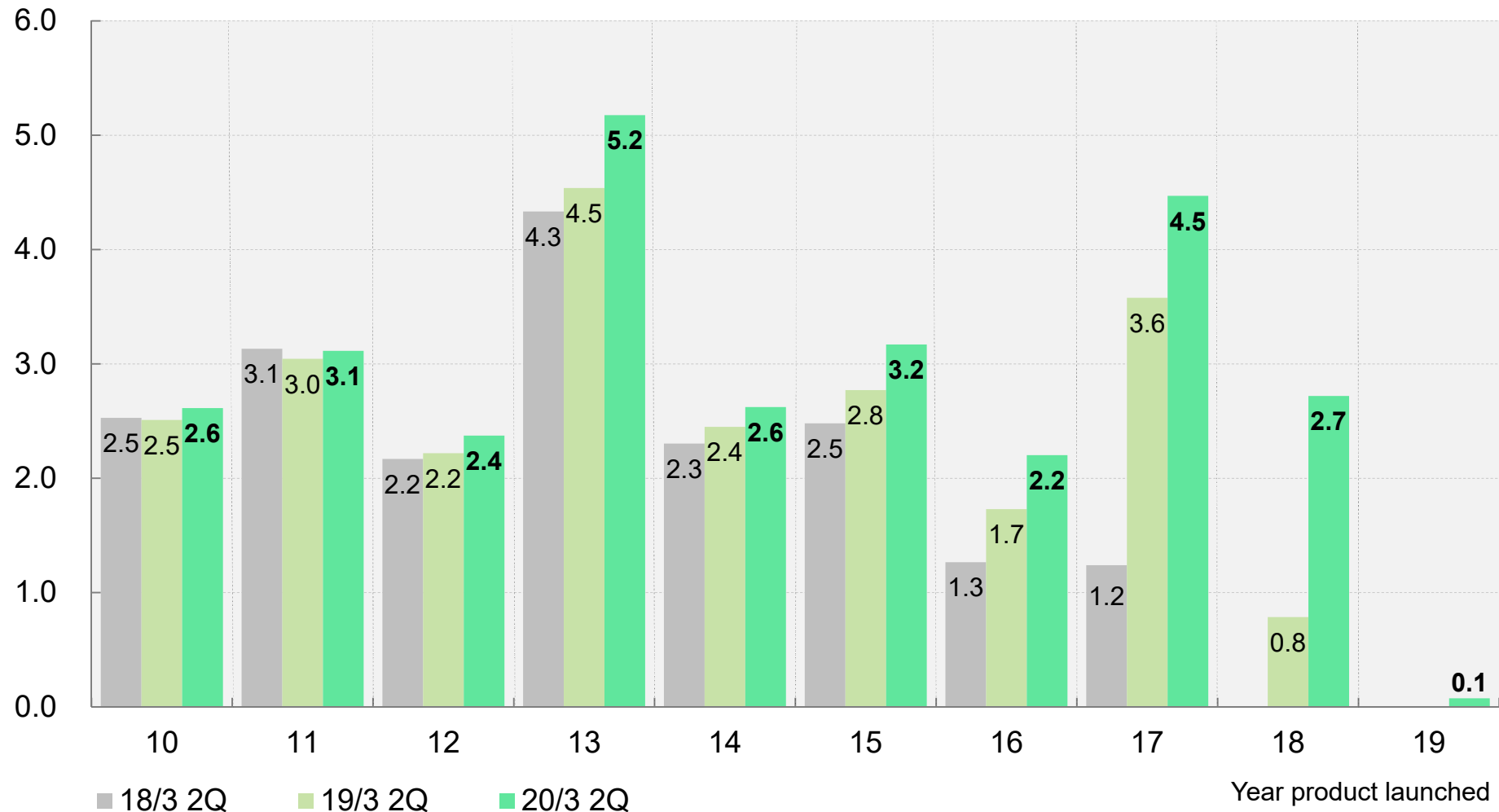
- Sales: Slightly not achieved due to less impact by increase in the consumption tax rate than the plan
- COGS: Improved in rate by improved product mix and decreased subsidiaries cost
- Operating income: Achieved by improved COGS rate and delay in SGA

Period	20/3							
	2Q		2Q plan			Full-year plan		
	(million Yen)	Ratio to sales (%)	(million Yen)	Ratio to sales (%)	Progress rate in %	(million Yen)	Ratio to sales (%)	Progress rate in %
Net sales	55,350	100.0	58,000	100.0	95.4	111,000	100.0	49.9
COGS	29,217	52.8	31,800	54.8	91.9	62,000	55.9	47.1
SGA	16,913	30.6	17,700	30.5	95.6	34,500	31.1	49.0
Operating income	9,218	16.7	8,500	14.7	108.5	14,500	13.1	63.6
Ordinary income	9,738	17.6	8,700	15.0	111.9	14,600	13.2	66.7
Profit attributable to owners of parent	7,066	12.8	6,000	10.3	117.8	10,400	9.4	67.9

# Sales of products by launched year (non-consolidated)

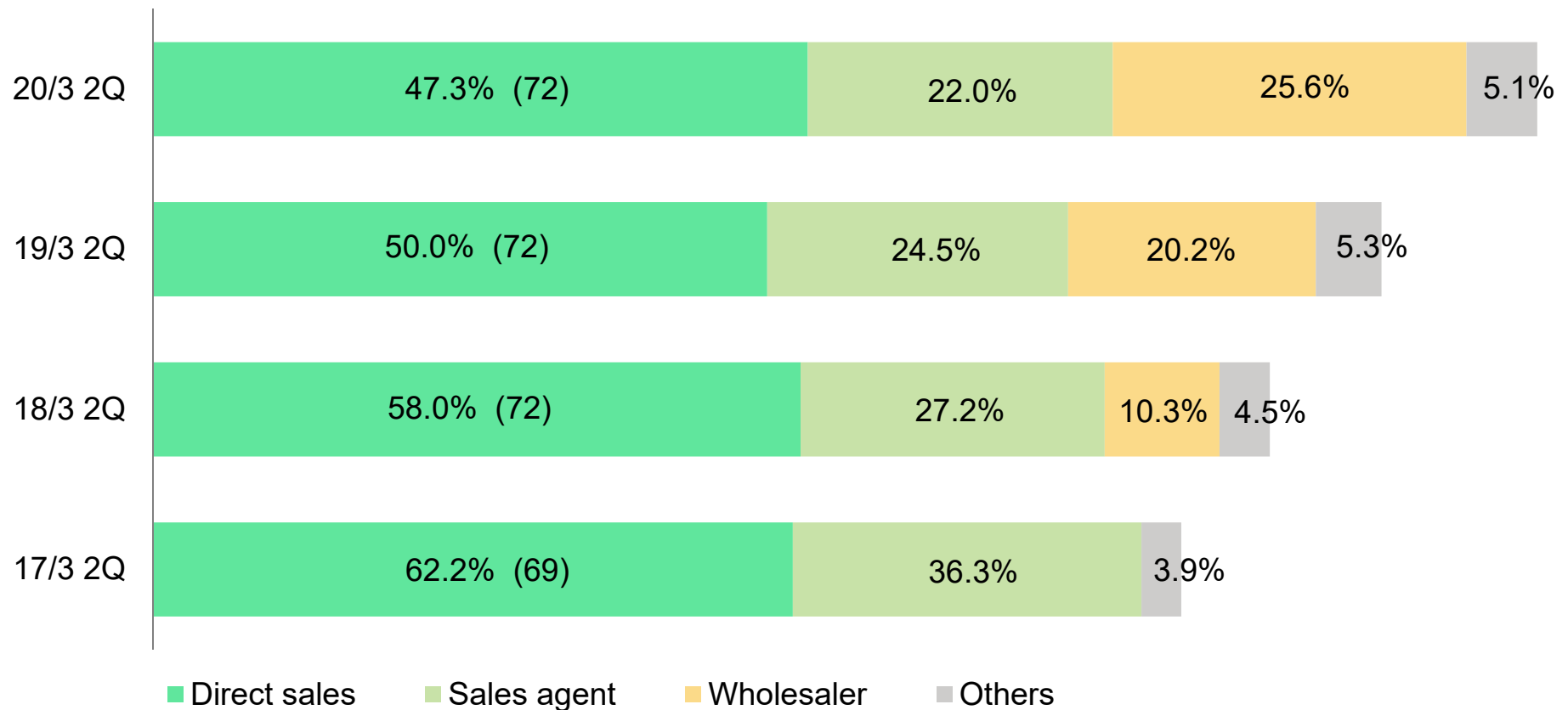
- Sales of products launched in 2018 increased significantly, and sales of products launched in other years also increased.

bn Yen



# Sales of channels (non-consolidated)

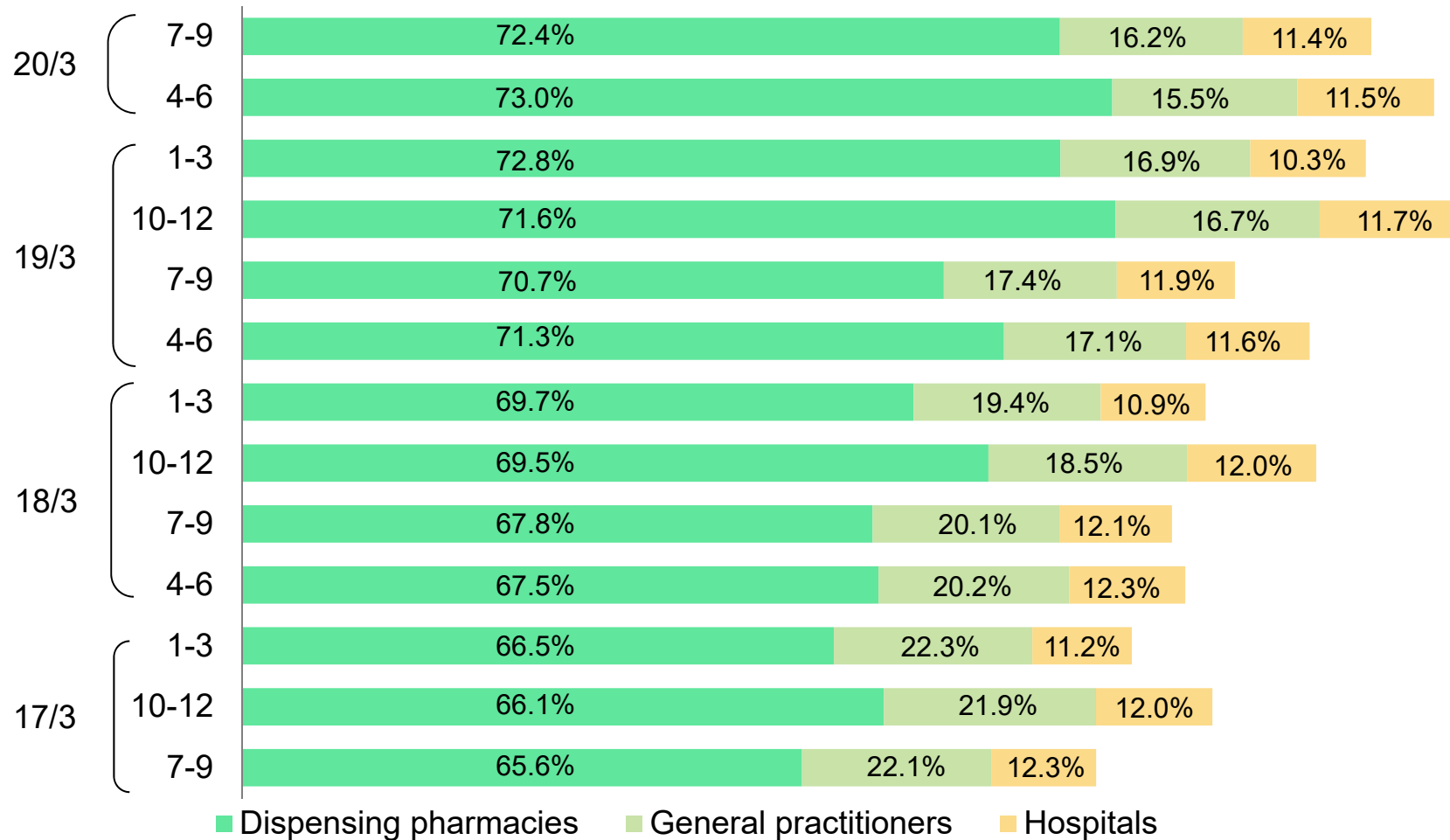
- Sales of wholesaler increased steadily by good cooperation with wholesaler.
- Ratio of sales agent decreased, and its sales increased slightly.



( ) is the number of sales offices

# Sales of medical institutions (non-consolidated)

● Sales of dispensing pharmacies keeps well.



Excluding sales by other companies

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

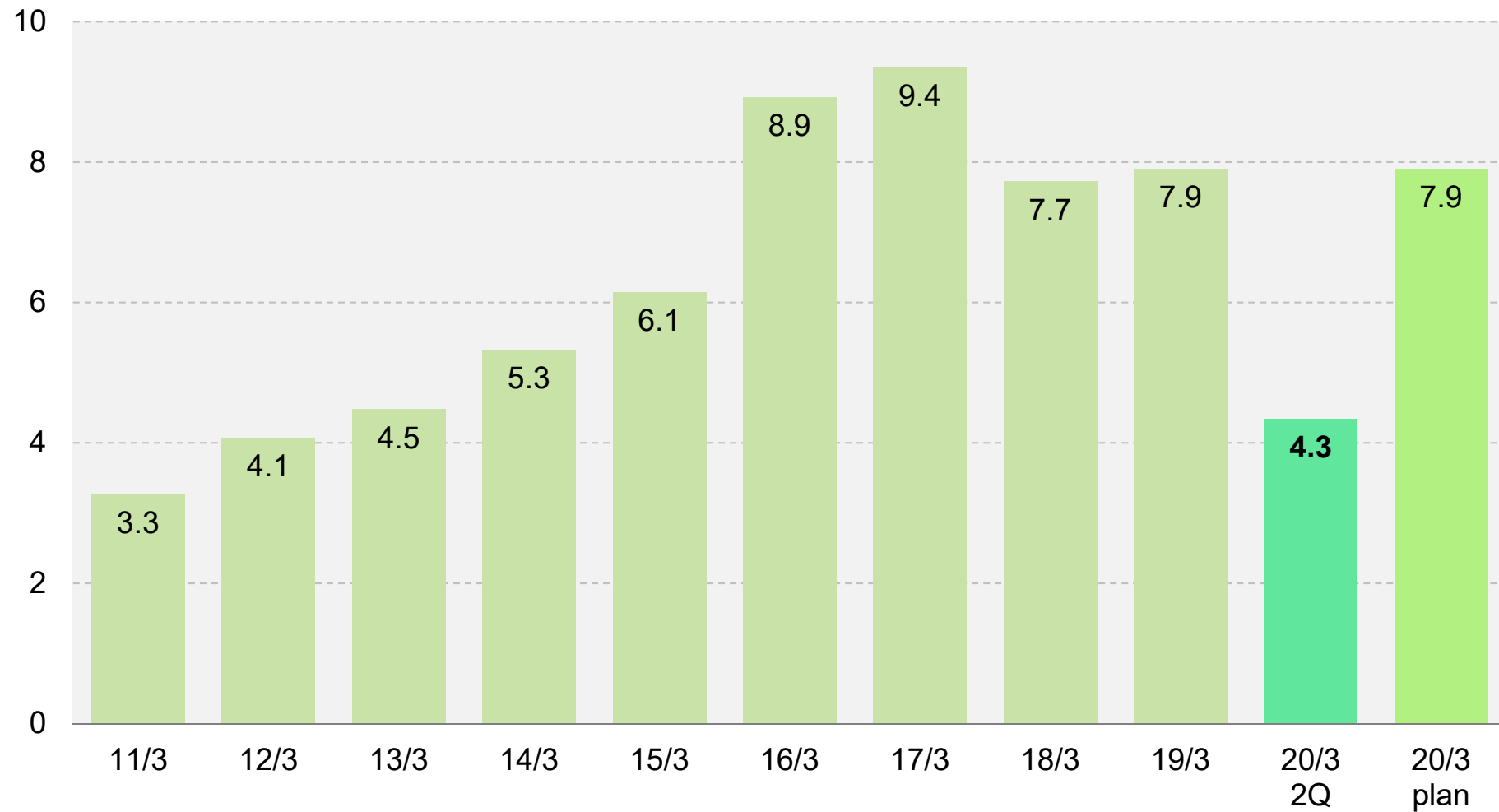
# SGA

- SGA increased year-on-year, but ratio to sales decreased.
- Labor cost decreased due to allowance for retirement benefits for directors in 19/3 2Q in accordance with termination of retirement benefits for directors.

Period	20/3 2Q			19/3 2Q		
	(million Yen)	Ratio to sales (%)	Change in %	(million Yen)	Ratio to sales (%)	Change in %
Labor	7,208	13.0	- 1.1	7,290	14.8	+ 9.5
R&D	4,346	7.9	+ 15.0	3,781	7.7	- 2.5
Packing and freight	1,086	2.0	+ 11.9	970	2.0	- 4.8
Depreciation cost	483	0.9	- 10.4	539	1.1	- 6.9
Ad.	373	0.7	+ 36.0	274	0.6	- 47.4
Others	3,414	6.2	+ 6.3	3,211	6.5	+ 0.9
SGA	16,913	30.6	+ 5.3	16,068	32.7	+ 1.4

# R&D expenditure

bn Yen





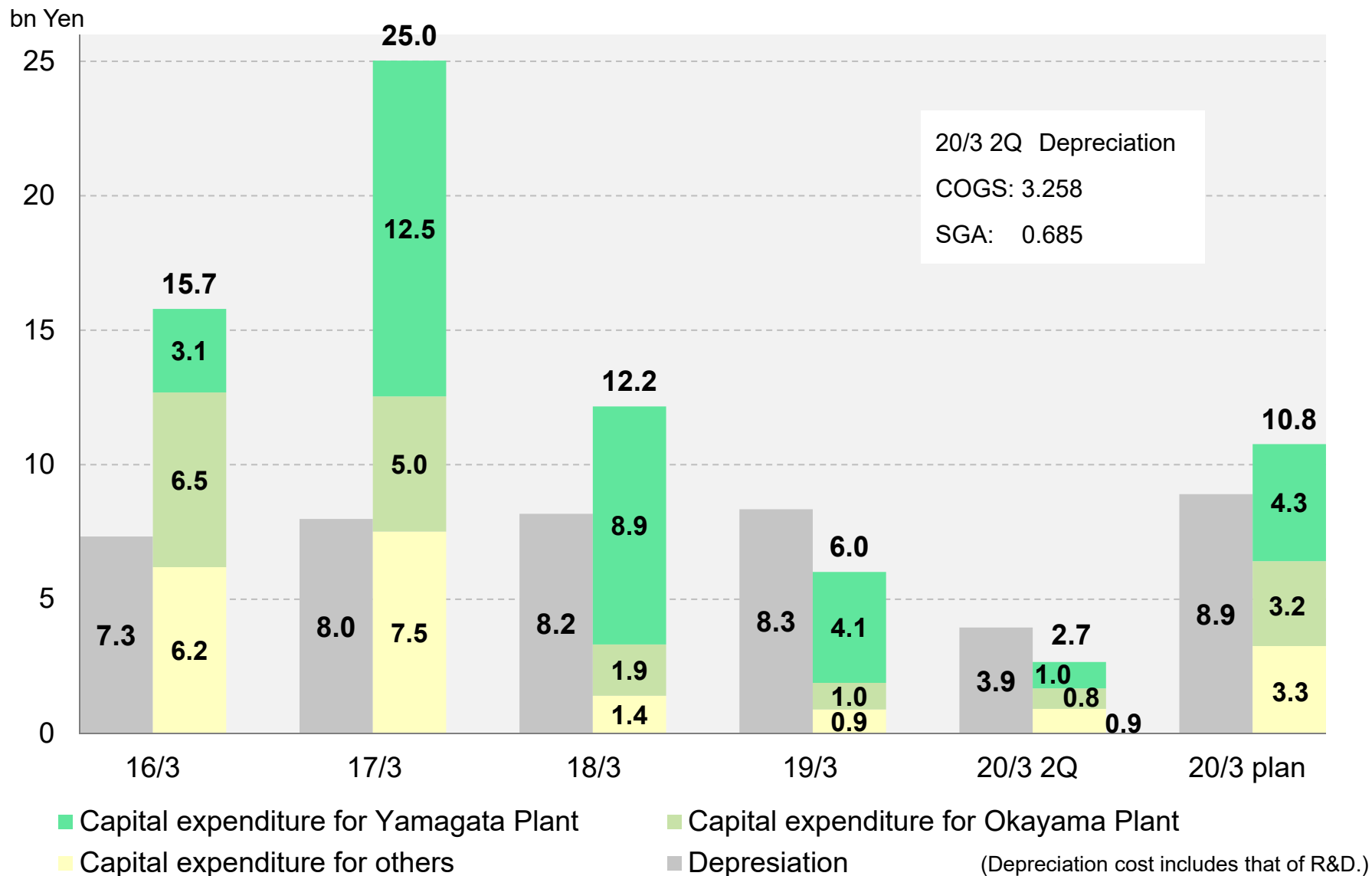
# Balance sheet

- Other current assets: Increase of work-in-process, etc. due to increase of manufacture volume
- Other current liabilities: Decrease of income taxes payable due to payment for income tax
- Capital adequacy ratio: Increased to 50.9% due to increase of accumulated income and repayment of debt

(million Yen)

	19/9	19/3	Change		19/9	19/3	Change
Cash and deposits	31,104	26,762	4,342	Trade notes and accounts payable	7,226	6,466	759
Trade notes and accounts receivable	24,959	27,905	- 2,945	Electronically recorded obligations-operating	11,227	9,990	1,237
Electronically recorded monetary claims	6,343	6,719	- 376	Current portion of long-term debt	6,562	6,396	165
Marketable securities	3,599	4,999	- 1,399	Facilities notes and accounts payable	2,223	2,069	154
Finished products	18,071	17,591	479	Other current liabilities	10,653	12,254	- 1,600
Other current assets	26,873	24,226	2,646	<b>Total current liabilities</b>	<b>37,892</b>	<b>37,177</b>	<b>715</b>
<b>Total current assets</b>	<b>110,952</b>	<b>108,206</b>	<b>2,746</b>	Long-term debt	40,133	43,407	- 3,273
Buildings and structures	46,028	47,376	- 1,347	Convertible bond	15,029	15,035	- 5
Machineries, equipment, and carriers	11,411	11,913	- 501	Other long-term liabilities	1,386	1,412	- 26
Construction in progress	2,908	2,110	798	<b>Total long-term liabilities</b>	<b>56,549</b>	<b>59,854</b>	<b>- 3,304</b>
Other fixed assets	21,004	19,197	1,806	<b>Total liabilities</b>	<b>94,442</b>	<b>97,032</b>	<b>- 2,589</b>
<b>Total fixed assets</b>	<b>81,353</b>	<b>80,597</b>	<b>755</b>	<b>Total net assets</b>	<b>97,863</b>	<b>91,771</b>	<b>6,091</b>
<b>Total assets</b>	<b>192,305</b>	<b>188,803</b>	<b>3,502</b>	<b>Total liabilities and net assets</b>	<b>192,305</b>	<b>188,803</b>	<b>3,502</b>

# Capital expenditure and depreciation cost



# Major products to be launched in December 2019

Therapeutic Category	Product Name	Branded Products (Company)
Therapeutic agent for allergic rhinitis, metered-dose spray	MOMETASONE NASAL 50µg "TOWA" 56/112 SPRAYS	NASONEX Nasal 50µg 56/112 sprays (MSD = Kyorin)
Therapeutic agent for osteoporosis	SODIUM RISEDRONATE TABLETS 75mg "TOWA"	Actonel Tab. 75mg (EA Pharma = Eisai) BENET Tablets 75mg (Takeda)

3 products in total

Annual sales budget: ca. 70 million yen for products to be launched in December 2019

## Disclaimer

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

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