Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 14, 2024

Company name: TOWA PHARMACEUTICAL CO., LTD.
Stock exchange listing: Tokyo
Stock code: 4553 URL https://www.towayakuhin.co.jp/
Representative: President and Representative Director Itsuro Yoshida
Inquiries: Director Masao Tanaka TEL 06-6900-9102
Scheduled date of ordinary general meeting of shareholders: June 25, 2024
Scheduled date to file Securities Report: June 26, 2024
Scheduled date to commence dividend payments: June 26, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	227,934	–	17,647	–	24,477	–	16,173	–
Year ended March 31, 2023	208,859	–	5,514	–	5,141	–	2,201	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	328.59	–	11.0	6.1	7.7
Year ended March 31, 2023	44.72	–	1.6	1.5	2.6

Note: The fiscal period ended March 31, 2023 represents a transitional period for the change in the fiscal period for nine consolidated subsidiaries, scoped 15-month period from January 1, 2022-March 31, 2023. Due to this method of presentation, year-on-year percentage change data is not provided.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	430,653	155,893	36.2	3,167.27
As of March 31, 2023	371,347	136,894	36.9	2,781.17

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	8,212	(40,394)	35,407	29,650
Year ended March 31, 2023	2,544	(30,284)	17,481	24,257

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	30.00	–	30.00	60.00	2,953	134.2	2.2
Year ended March 31, 2024	–	30.00	–	30.00	60.00	2,953	18.3	2.0
Year ending March 31, 2025 (Forecast)	–	30.00	–	30.00	60.00		25.5	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	122,800	14.3	5,200	(25.8)	5,200	(49.2)	3,100	(55.4)	62.98
Full year	261,500	14.7	18,000	2.0	17,600	(28.1)	11,600	(28.3)	235.67

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4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	51,516,000 shares	As of March 31, 2023	51,516,000 shares

Number of treasury shares at the end of the period

As of March 31, 2024	2,295,857 shares	As of March 31, 2023	2,294,167 shares

Average number of shares during the period

Year ended March 31, 2024	49,220,501 shares	Year ended March 31, 2023	49,221,853 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	24,257	29,650
Notes and accounts receivable - trade	46,795	62,916
Electronically recorded monetary claims - operating	7,777	8,854
Merchandise and finished goods	44,457	48,986
Work in process	13,906	13,906
Raw materials and supplies	34,564	38,180
Derivatives	3,981	9,531
Other	7,431	5,804
Allowance for doubtful accounts	(180)	(113)
Total current assets	182,990	217,718
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	56,190	57,219
Machinery, equipment and vehicles, net	18,966	18,017
Land	17,039	18,251
Construction in progress	31,155	55,917
Other, net	3,652	4,237
Total property, plant and equipment	127,004	153,642
Intangible assets		
Goodwill	34,613	32,568
Manufacturing and sales right	7,332	6,873
Technology assets	7,115	6,302
Other	3,884	4,841
Total intangible assets	52,945	50,586
Investments and other assets		
Investment securities	676	641
Shares of subsidiaries and associates	607	607
Deferred tax assets	5,303	5,699
Other	2,632	2,557
Allowance for doubtful accounts	(812)	(800)
Total investments and other assets	8,407	8,705
Total non-current assets	188,357	212,934
Total assets	371,347	430,653

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,272	15,652
Electronically recorded obligations - operating	18,798	10,720
Short-term borrowings	3,677	3,112
Current portion of long-term borrowings	7,527	10,120
Accounts payable - other	12,822	15,985
Income taxes payable	1,190	7,926
Provision for bonuses for directors	117	96
Notes payable - facilities	11,547	3,815
Accounts payable - facilities	2,465	5,952
Other	3,108	6,734
Total current liabilities	78,529	80,118
Non-current liabilities		
Long-term borrowings	150,314	189,124
Retirement benefit liability	322	220
Other	5,287	5,296
Total non-current liabilities	155,923	194,641
Total liabilities	234,453	274,759
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,837	7,838
Retained earnings	121,232	134,452
Treasury shares	(5,608)	(5,606)
Total shareholders' equity	128,179	141,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106	191
Foreign currency translation adjustment	8,608	14,300
Total accumulated other comprehensive income	8,715	14,491
Total net assets	136,894	155,893
Total liabilities and net assets	371,347	430,653

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	208,859	227,934
Cost of sales	136,145	146,551
Gross profit	72,713	81,383
Selling, general and administrative expenses	67,199	63,735
Operating profit	5,514	17,647
Non-operating income		
Interest income	17	97
Dividend income	8	9
Foreign exchange gains	1,181	1,593
Gain on valuation of derivatives	–	5,550
Subsidy income	205	362
Other	1,477	498
Total non-operating income	2,889	8,111
Non-operating expenses		
Interest expenses	635	947
Loss on valuation of derivatives	1,850	–
Other	776	335
Total non-operating expenses	3,262	1,282
Ordinary profit	5,141	24,477
Extraordinary income		
Gain on sale of non-current assets	17	313
Other	0	–
Total extraordinary income	18	313
Extraordinary losses		
Loss on disposal of non-current assets	63	88
Loss on valuation of investment securities	20	222
Other	470	19
Total extraordinary losses	554	331
Profit before income taxes	4,605	24,459
Income taxes - current	3,038	8,818
Income taxes - deferred	(633)	(532)
Total income taxes	2,404	8,286
Profit	2,201	16,173
Profit attributable to owners of parent	2,201	16,173

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	2,201	16,173
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	84
Foreign currency translation adjustment	5,630	5,691
Total other comprehensive income	5,623	5,776
Comprehensive income	7,825	21,949
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,825	21,949
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	4,717	7,837	122,131	(5,608)	129,078	113	2,977	3,091	132,169
Changes during period									
Dividends of surplus			(3,100)		(3,100)				(3,100)
Profit attributable to owners of parent			2,201		2,201				2,201
Purchase of treasury shares				(0)	(0)				(0)
Disposal of treasury shares					–				–
Net changes in items other than shareholders' equity						(6)	5,630	5,623	5,623
Total changes during period	–	–	(898)	(0)	(898)	(6)	5,630	5,623	4,725
Balance at end of period	4,717	7,837	121,232	(5,608)	128,179	106	8,608	8,715	136,894

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	4,717	7,837	121,232	(5,608)	128,179	106	8,608	8,715	136,894
Changes during period									
Dividends of surplus			(2,953)		(2,953)				(2,953)
Profit attributable to owners of parent			16,173		16,173				16,173
Purchase of treasury shares				(0)	(0)				(0)
Disposal of treasury shares		0		2	2				2
Net changes in items other than shareholders' equity						84	5,691	5,776	5,776
Total changes during period	–	0	13,219	2	13,222	84	5,691	5,776	18,998
Balance at end of period	4,717	7,838	134,452	(5,606)	141,401	191	14,300	14,491	155,893

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,605	24,459
Depreciation	14,261	13,659
Amortization of goodwill	5,148	4,229
Increase (decrease) in allowance for doubtful accounts	31	(94)
Increase (decrease) in provision for bonuses for directors	4	(25)
Increase (decrease) in retirement benefit liability	(275)	(135)
Decrease (increase) in retirement benefit asset	27	–
Loss (gain) on sale of non-current assets	(17)	(313)
Loss (gain) on disposal of non-current assets	63	88
Interest and dividend income	(25)	(106)
Interest expenses	635	947
Loss (gain) on valuation of derivatives	1,850	(5,550)
Loss (gain) on valuation of securities	19	(18)
Decrease (increase) in trade receivables	(1,592)	(15,523)
Decrease (increase) in inventories	(18,496)	(6,288)
Increase (decrease) in trade payables	6,554	(10,509)
Subsidy income	(205)	(362)
Other, net	(3,522)	5,630
Subtotal	9,066	10,087
Interest and dividends received	24	104
Interest paid	(610)	(941)
Income taxes refund (paid)	(6,285)	(1,760)
Compensation received	143	509
Subsidies received	205	214
Net cash provided by (used in) operating activities	2,544	8,212
Cash flows from investing activities		
Proceeds from sale of securities	34	–
Purchase of property, plant and equipment	(28,731)	(37,851)
Proceeds from sale of property, plant and equipment	239	1
Purchase of intangible assets	(1,738)	(1,474)
Proceeds from sale of intangible assets	15	419
Purchase of investment securities	(301)	(50)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,570)
Other, net	198	131
Net cash provided by (used in) investing activities	(30,284)	(40,394)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(45,680)	(768)
Proceeds from long-term borrowings	78,831	46,935
Repayments of long-term borrowings	(8,118)	(7,607)
Redemption of bonds with stock acquisition rights	(4,150)	–
Purchase of treasury shares	(0)	(0)
Dividends paid	(3,100)	(2,952)
Repayments of lease liabilities	(146)	(222)
Other, net	(153)	24
Net cash provided by (used in) financing activities	17,481	35,407
Effect of exchange rate change on cash and cash equivalents	1,685	2,167
Net increase (decrease) in cash and cash equivalents	(8,573)	5,393
Cash and cash equivalents at beginning of period	32,830	24,257
Cash and cash equivalents at end of period	24,257	29,650

Segment information

Information concerning net sales and profit/loss by reportable segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	155,538	53,321	208,859	–	208,859
Sales or transfers between segments	–	166	166	(166)	–
Total	155,538	53,487	209,026	(166)	208,859
Segment profit(loss)	10,931	(277)	10,653	(5,139)	5,514
Segment assets	310,434	60,913	371,347	–	371,347
Other items					
Depreciation	12,160	2,101	14,261	–	14,261
Increases of property, plant and equipment and intangible assets	36,843	2,801	39,645	–	39,645

Notes: 1. Adjustment in segment profit represents goodwill amortization of (5,148) million yen, and elimination of internal transactions between segments of 9 million yen.
2. Segment profit (loss) matches operating profit on the consolidated statements of income.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment			Adjustment (Note 1,2)	Total (Note 3)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	178,715	49,218	227,934	–	227,934
Sales or transfers between segments	–	105	105	(105)	–
Total	178,715	49,324	228,040	(105)	227,934
Segment profit	21,889	11	21,901	(4,253)	17,647
Segment assets	360,882	69,824	430,707	(54)	430,653
Other items					
Depreciation	11,601	2,058	13,659	–	13,659
Increases of property, plant and equipment and intangible assets	33,748	2,218	35,967	–	35,967

Notes: 1. Adjustment in segment profit represents goodwill amortization of (4,229) million yen, and elimination of internal transactions between segments of (24) million yen.
2. Adjustment in segment assets represents elimination of internal transactions between segments.
3. Segment profit matches operating profit on the consolidated statements of income.