

Towa Pharmaceutical Co., Ltd.
Financial results meeting for the third quarter of the year ending March 31, 2026

【Outline】

Date and time: February 17, 2026 (Tuesday), 3:00–3:45 pm

Speakers: Toshikazu Kokubun, Director

Masaaki Takeyasu, Director

Tetsuro Tabata, Senior Operating Officer,
Division Manager, Production Division

Yutaka Okuda, Senior Operating Officer,
Division Manager, R&D Division

Takahiko Taniguchi, Senior Operating Officer,
Division Manager, API Business Division

Hideshi Nakamura, Operating Officer,
Division Manager, Corporate Strategy Division

Shiro Hatagami, Operating Officer,

Division Manager, Finance & Accounting Division

Yasuyuki Oishi, Operating Officer,

Division Manager, Sales and Marketing Division

【Briefing Script】

*Slides that are not explained, such as the table of contents and reference materials, have been omitted.

Supplementary material for the financial results for the third quarter of the year ending March 31, 2026

February 2026

(Stock code: 4553)

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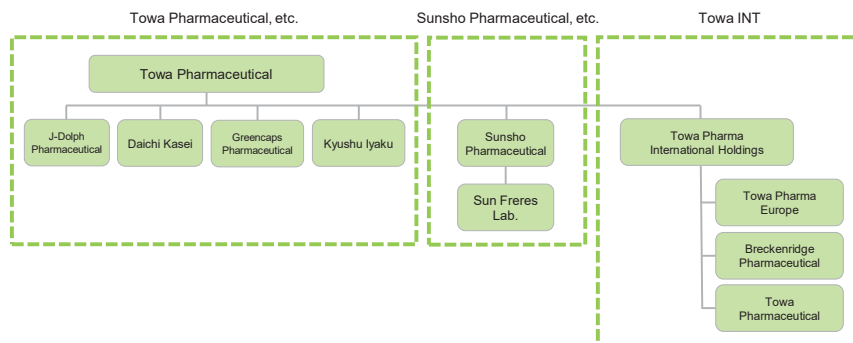
Thank you very much for taking the time to join us today.
This is Kokubun from Towa Pharmaceutical.

I would like to explain our financial results based on the "Supplementary material for the financial results for the third quarter of the year ending March 31, 2026." Thank you for your attention.

Notes to financial results disclosure material

Notes

- In this document, for the breakdown of the domestic segment, Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, and Kyushu Iyaku are referred to as "Towa Pharmaceutical, etc.," and Sunsho Pharmaceutical and Sun Freres Lab. are referred to as "Sunsho Pharmaceutical, etc."
- On April 1, 2025, the Company carried out an absorption-type merger with Sunsho Pharmaceutical as the surviving company and KAMATA as the disappearing company.
- Towa Pharma International Holdings, S.L., our overseas segment, is referred to as "Towa INT."



Now, please have a look at slide 1.

Before I begin, I would like to explain the notation we use in the financial results disclosure for the third quarter.

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

On April 1, 2025, the Company carried out an absorption-type merger with Sunsho Pharmaceutical as the surviving company and KAMATA as the disappearing company.

Towa Pharma International Holdings, S.L. and its subsidiaries, which constitute our overseas segment, are collectively referred to as "Towa INT."

Overall review of financial results for 2026/3 3Q

- **YoY change: Net sales and profit increased on a consolidated basis.**

Net sales increased due to a rise in sales volume following an increase in production volume at Towa Pharmaceutical, growth in the domestic health food business at Sunsho Pharmaceutical, and an increase in contract manufacturing in European BtoB at Towa INT. Gross profit increased as an increase in sales at Towa Pharmaceutical and a drop in the cost of sales ratio due to an increase in production volume at Towa INT outweighed a rise in the cost of sales ratio due to a worsening business mix at Sunsho Pharmaceutical. Operating profit increased as increases in SG&A expenses in all three categories was more than offset by an increase in gross profit at Towa Pharmaceutical and Towa INT. Ordinary profit increased due to the posting of a 4.5 billion yen **gain** on valuation of derivatives.

- **Progress rate for the full-year plan: Net sales: 72.9%, Operating profit: 72.2% on a consolidated basis**

The progress rate for net sales remained sluggish as there were products at Towa Pharmaceutical whose growth after the lifting of regulated shipments was less than expected.

The progress rate for operating profit remained sluggish as the cost of sales ratio rose more than expected at Sunsho Pharmaceutical due to a worsening business mix.

The progress rate for ordinary profit was strong due to the posting of a 4.5 billion yen **gain** on valuation of derivatives, which had not been included in the plan.

	26/3 3Q results		25/3 3Q results	26/3 full-year plan	
	(JPY billion)	YOY change (%)	(JPY billion)	(JPY billion)	Progress rate (%)
Net sales	204.0	+ 5.3%	193.7	280.0	72.9%
Gross profit	75.1	+ 6.2%	70.7	104.0	72.2%
Operating profit	19.4	+ 4.7%	18.6	27.0	72.2%
Ordinary profit	23.9	+ 10.3%	21.7	25.3	94.8%
Profit attributable to owners of parent	17.0	+ 16.8%	14.6	17.7	96.5%
Exchange rate at end of period(TTM) USD 1	26/3 3Q JPY 156.56	25/3 4Q JPY 149.52	25/3 3Q JPY 158.18	24/3 4Q JPY 151.41	

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Now, please turn to slide 4.

I would like to explain the financial results for the third quarter.

Consolidated net sales were approximately 204.0 billion yen, up 5.3% year on year,
and consolidated operating profit was approximately 19.4 billion yen, up 4.7% year on year.

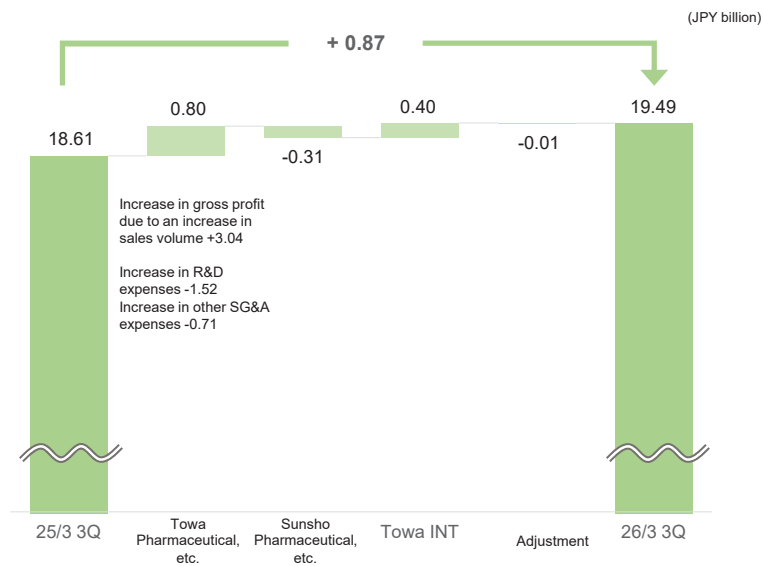
However, their progress rates remained sluggish.

As for the financial results by segment, Towa Pharmaceutical, etc. achieved an increase in both net sales and profit. While segment net sales remained sluggish compare to the plan, segment profit progressed as planned.

Sunsho Pharmaceutical, etc. achieved an increase in net sales, but its profit decreased. Segment net sales progressed as planned, but the progress rate of segment profits was sluggish.

Towa INT achieved an increase in both net sales and profit, and both net sales and segment profit after eliminating intercompany transactions with Towa Pharmaceutical progressed as planned.

Factors behind changes in operating profit for 2026/3 3Q



Please turn to slide 5.

I would like to explain the factors behind the changes in consolidated operating profit.

Consolidated operating profit increased by approximately 870 million yen compared to the same period last year due to, among other factors, an increase in gross profit at Towa Pharmaceutical, etc. following an increase in sales volume.

Outline of financial results for 2026/3 3Q (Consolidated)

- Net sales and operating profit increased due to a rise in sales volume following an increase in production volume at Towa Pharmaceutical and an increase in contract manufacturing in European BtoB at Towa INT, which more than offset the worsening results at Sunsho Pharmaceutical.

The progress rates remained sluggish as there were products at Towa Pharmaceutical whose growth after the lifting of regulated shipments was less than expected, and the cost of sales ratio rose more than expected at Sunsho Pharmaceutical.

- Ordinary profit increased, and its progress rate was strong due to the posting of a 4.5 billion yen gain on valuation of derivatives, which had not been included in the plan. Due to the uncertainty about the financial market environment, exchange rate trends, etc., we have not revised the full-year plan.

(In 25/3 3Q, a 1.7 billion yen gain on valuation of derivatives was recognized.)

(JPY million, %)

	26/3 3Q results			25/3 3Q results		26/3 full-year plan		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	204,065	100.0	+ 5.3	193,737	100.0	280,000	100.0	72.9
Cost of sales	128,944	63.2	+ 4.8	122,993	63.5	176,000	62.9	73.3
SGA	55,629	27.3	+ 6.7	52,132	26.9	77,000	27.5	72.2
Operating profit	19,490	9.6	+ 4.7	18,611	9.6	27,000	9.6	72.2
Ordinary profit	23,988	11.8	+ 10.3	21,756	11.2	25,300	9.0	94.8
Profit before income taxes	23,950	11.7	+ 9.7	21,831	11.3	25,300	9.0	94.7
Profit attributable to owners of parent	17,082	8.4	+ 16.8	14,624	7.5	17,700	6.3	96.5

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Now please turn to slide 6.

I would like to explain the consolidated financial results summary for the third quarter.

Consolidated net sales and operating profit increased year on year due to a rise in sales volume at Towa Pharmaceutical and an increase in contract manufacturing in European BtoB at Towa INT, which more than offset the worsening results at Sunsho Pharmaceutical.

Compared to the full-year plan, the progress rates remained sluggish as there were products at Towa Pharmaceutical whose sales growth after the lifting of regulated shipments was less than expected, and the cost of sales ratio rose more than expected at Sunsho Pharmaceutical.

Consolidated ordinary profit increased, and the progress rate was strong due to the posting of a 4.5 billion yen gain on valuation of derivatives, which had not been included in the plan.

Due to the uncertainty about the financial market environment, exchange rate trends, etc., we have not revised the full-year plan.

Outline of financial results for 2026/3 Q (Towa Pharmaceutical, etc.)

- Net sales increased due to an increase in supply to the market following an increase in production volume. The progress rate remained sluggish as there were products whose growth after the lifting of regulated shipments in September was less than expected, such as products whose market was stable. We will continue to work to expand sales of products that have returned to normal shipment and recently launched products.
- Segment profit increased and was in line with plan due to delayed spending on SG&A expenses, such as R&D expenses.

(JPY million, %)

	26/3 3Q results			25/3 3Q results		26/3 full-year plan		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	141,670	100.0	+ 5.9	133,779	100.0	196,500	100.0	72.1
Cost of sales	85,169	60.1	+ 6.0	80,319	60.0	118,500	60.3	71.9
SGA	34,789	24.6	+ 6.9	32,551	24.3	49,800	25.3	69.9
Segment profit	21,710	15.3	+ 3.8	20,908	15.6	28,200	14.4	77.0

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 11.90 billion tablets, up 3.3% year on year**
Progress rate for the full-year plan: **74.0%**
- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 12.13 billion tablets, up 16.6% year on year**
Progress rate for the full-year plan: **74.6%**

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Please turn to slide 7.

I would like to explain the financial results summary for Towa Pharmaceutical, etc.

Net sales increased 5.9% year on year due to an increase in supply to the market following an increase in production volume.

Compared to the full-year plan, their progress rate remained sluggish as there were products whose growth after the lifting of regulated shipments in September was less than expected, such as products whose market was stable.

We will continue to work to expand sales of products that have returned to normal shipment and recently launched products.

Segment profit increased by 3.8%, and its progress rate was roughly in line with the plan due to delays in spending on SG&A expenses, such as R&D expenses.

Sales volume of Towa Pharmaceutical on a non-consolidated basis was approximately 11.9 billion tablets, up 3.3% year on year.

Meanwhile, its production volume was approximately 12.13 billion tablets, up 16.6% year on year.

Outline of financial results for 2026/3 3Q (Sunsho Pharmaceutical, etc.)

- Net sales increased and were in line with the plan due to growth in the domestic health food business.
- Segment profit decreased and its progress rate remained sluggish due to a rise in the cost of sales ratio caused by a worsening business mix resulting from the lower-than-expected results of new application business, which has a high profit margin.
- In the new application business, some of the orders received were canceled due to intensifying competition. While the competitive environment is worsening, we will strive to strengthen our sales activities, including new customer acquisition.

(JPY million, %)

	26/3 3Q results			25/3 3Q results		26/3 full-year plan		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	22,099	100.0	+ 5.6	20,933	100.0	30,200	100.0	73.2
Cost of sales	17,823	80.6	+ 8.7	16,400	78.3	23,200	76.8	76.8
SGA	3,196	14.5	+ 1.8	3,139	15.0	4,600	15.2	69.5
Segment profit	1,080	4.9	- 22.5	1,393	6.7	2,400	7.9	45.0

Note: Goodwill amortization is not included.

Please turn to slide 8.

I would like to explain the financial results summary for Sunsho Pharmaceutical, etc.

Net sales increased by 5.6% year on year and were in line with the plan due to growth in the domestic health food business.

Segment profit decreased by 22.5% year on year, and its progress rate remained sluggish due to a rise in the cost of sales ratio caused by a worsening business mix resulting from the lower-than-expected results of the new application business, which has a high profit margin.

In the new application business, the competitive environment is worsening, and some of the orders received were canceled as a result. Nevertheless, we will strive to strengthen our sales activities, including new customer acquisition, aiming to achieve the full-year plan.

Outline of financial results for 2026/3 3Q (Towa INT)

- Net sales increased as contract manufacturing increased in European BtoB due to a last-minute surge in demand before the tightening of the nitrosamine standard in Europe although sales of our main products continue to decline in the U.S. due to the nitrosamine issue.
Their progress rate was as planned partly due to the effect of exchange rates.
- Segment profit increased due to an increase in net sales and a drop in the cost of sales ratio in European BtoB following an increase in production volume.
Profit after eliminating intercompany transactions with Towa Pharmaceutical (license fee for joint development) is expected to be in line with the plan.

(JPY million, %)

	26/3 3Q results			25/3 3Q results		26/3 full-year plan		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	40,844	100.0	+ 4.3	39,164	100.0	54,600	100.0	74.8
Europe	26,877	65.8	+ 12.9	23,806	60.8	34,200	62.6	78.6
U.S.	13,967	34.2	- 9.1	15,358	39.2	20,400	37.4	68.5
Cost of sales	26,158	64.0	- 0.9	26,399	67.4	34,600	63.4	75.6
SGA	14,648	35.9	+ 11.5	13,133	33.5	19,300	35.3	75.9
Segment profit (loss)	38	0.1	—	- 368	- 0.9	700	1.3	5.4

Exchange rate during period (TTM)	26/3 3Q	25/3 3Q	Assumed rate for 26/3	Exchange rate during period (TTM)	26/3 3Q	25/3 3Q	Assumed rate for 26/3
EUR 1	JPY 171.83	JPY 164.83	JPY 156.00	USD 1	JPY 148.74	JPY 152.57	JPY 145.00

Notes: 1. Net sales and segment profit in the full-year plan include intercompany transactions with Towa Pharmaceutical.
2. Goodwill amortization is not included.

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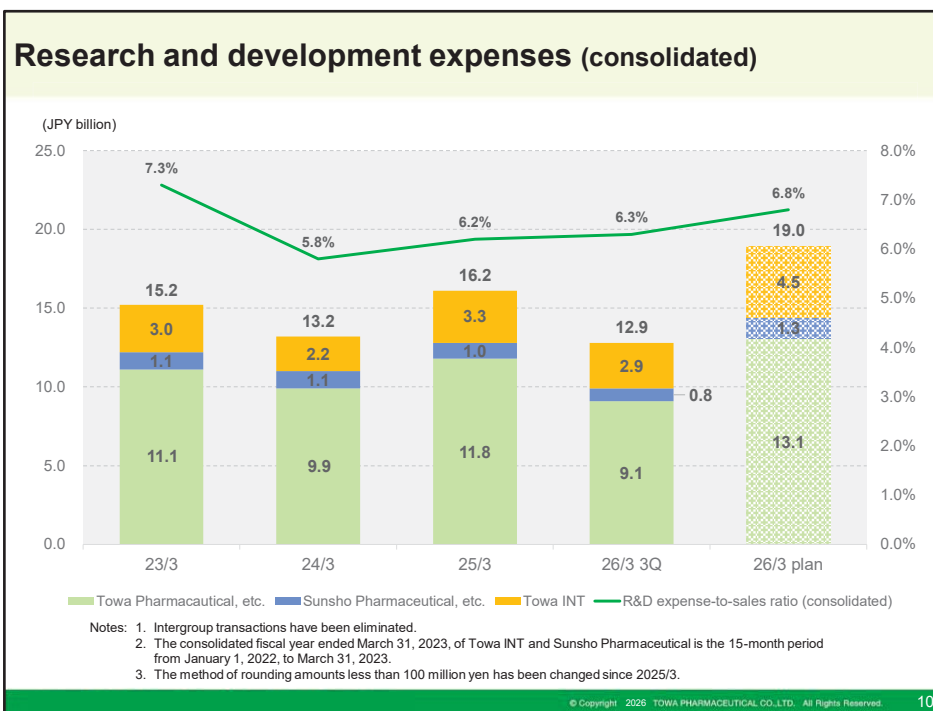
I would like to explain the financial results summary for Towa INT.

Net sales increased by 4.3% year on year as contract manufacturing increased in European BtoB due to a last-minute surge in demand before the tightening of the nitrosamine standard in Europe, although sales of our main products continue to decline in the U.S. due to the nitrosamine issue.

Compared to the full-year plan, their progress rate was as planned partly due to the effect of exchange rates.

Segment profit increased due to an increase in net sales and a drop in the cost of sales ratio in European BtoB following an increase in production volume.

Profit after eliminating intercompany transactions with Towa Pharmaceutical is expected to be in line with the full-year plan.

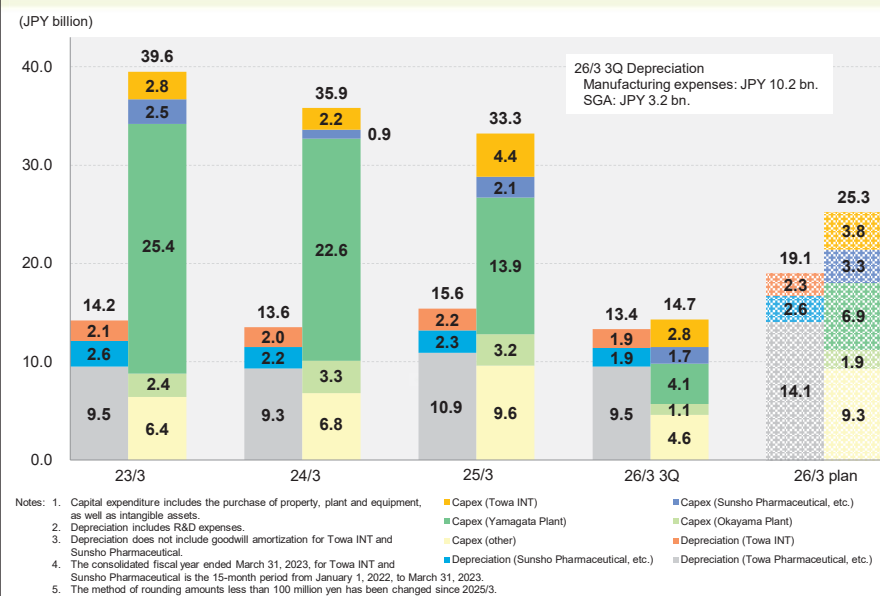


Please turn to slide 10.

I would like to explain the trends in research and development expenses and how they compare with our plan.

Due to factors such as a delay in new product development at Towa Pharmaceutical, there is a delay in progress, with research and development expenses of approximately 12.9 billion yen on a consolidated basis; however, the full-year amount is expected to be as planned.

Capital expenditure and depreciation (consolidated)



Now please turn to slide 11.

I would like to explain the trends in capital expenditure and depreciation.

Capital expenditure through the third quarter totaled approximately 14.7 billion yen, progressing roughly as planned.

Depreciation was approximately 13.4 billion yen.

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1. Outline of financial results for 2026/3 3Q

2. Reference materials

Lastly, reference materials are shown on slides 12 to 22.

This concludes my presentation.
Thank you for listening.

[Q&A Summary]

*For your reference, this is a summary of the Q&A session at the financial results briefing.

Q: Regarding Towa INT, I think the gross profit margin has improved due to last-minute purchases before the stricter standards for nitrosamines were introduced. Is this a temporary factor, or will the gross profit margin continue to improve in the future?

A: Regarding the nitrosamine issue, while sales have fallen in the U.S. as the affected products have been suspended, sales are progressing smoothly in Europe. In addition, there was a last-minute surge in demand before standards were tightened in Europe, which led to a certain increase in sales. While this is certainly a temporary factor, we are working to improve cost ratios and profits by increasing contract production at our Martorelles Plant.

Q: Regarding the drug price revision, the drug prices of AGs will be the same as those of brand-name drugs from next year. Therefore, I think it will be easier to plan production volume. I expect that you will also need to increase production. Will there be any changes to the plan?

A: We plan to have a production capacity of 17.5 billion tablets next fiscal year, and thereafter we would like to increase production by outsourcing to other companies and improving our own production efficiency. The specific schedule and volume would normally be announced in the next medium-term business plan, but we are currently discussing internally whether we can bring this forward. We have had a certain level of demand to begin with and have had to increase supply. We are not considering further increases in production in response to the drug price revision.

Q: Regarding the fact that sales at Towa Pharmaceutical, etc. through the third quarter have been slower than expected, although sales increased significantly in the third quarter last year due to the impact of selective medical treatment, I think sales should have increased a little more this year as production was going well.

A: Sales increased last year due to the impact of selective medical treatment. However, after a year has passed, we are feeling changes in the external environment. Compared to the third quarter last year, as supply from each company has stabilized, there are some items that are not in as much demand as before even if we have lifted regulated shipments. Considering this situation, we have analyzed that the growth in sales figures has slowed compared to last year.

Q: I believe there have been cases in the past where customers switched to products of other companies while your company was limiting shipments and demand for your products did

not return. Is the situation similar this time? Is it difficult to get customers back quickly once they have switched to other products? Is the only way to get them back to wait until medical institutions consider switching in April or May?

A: As we enter the third quarter, the April drug price revision is imminent. Therefore, we expect that there is a tendency for medical institutions to be reluctant to select new drugs or switch existing drugs. We believe that partly due to this tendency, the pace of increase slowed down a bit. As this year's drug price revision involves various system changes, such as company evaluation indicators, we would like to promote switches to our products while making sure to seize business opportunities.

Q: Regarding production increase, I understand that you are working towards increasing production from 17.5 billion tablets next fiscal year to 22.5 billion tablets. If an increase of 5 billion tablets is actually achieved, multiplying that by the average unit price, I think sales will increase by around 60 billion yen. What about the cost side?

A: Regarding increasing production beyond 17.5 billion tablets, we would like to increase production by improving our own production efficiency and increasing the volume of production we outsource to other companies. We are not considering making any major investments, such as building new plants.

Q: You indicated that the collaboration with Otsuka Pharmaceutical will not directly lead to an increase in production of 5 billion tablets. If so, what is the purpose of this collaboration?

A: Rather than aiming to increase production in the short term, our collaboration with Otsuka Pharmaceutical is intended to build a strong, stable supply system by utilizing medium- to long-term licenses, standardizing formulations and manufacturing methods through contract production of long-listed pharmaceutical products, and providing backup production. We would like to consider what we can do in the future for each individual product item as applicable, both existing and new. We refer to them as "off-patent medical products," and the main purpose of the collaboration is to maintain a stable supply within the same market, including not only generic drugs but also long-listed pharmaceutical products.

Q: Is it correct that the primary purpose of collaborating with Otsuka Pharmaceutical is to ensure a stable supply for the entire industry? Personally, I find it a little hard to understand why you are working on long-listed pharmaceutical products at a time when the burden on patients for these products is increasing. Is it your idea to consider a stable supply for the entire industry rather than profitability for your company while also learning Otsuka Pharmaceutical's know-how?

A: You are right about the basic idea. We will not be in the business of long-listed pharmaceutical products, nor will we undertake contract production business. Pharmaceuticals after patents expire are a part of social infrastructure, and we believe we have a responsibility to ensure a stable supply of both long-listed pharmaceutical products and generic drugs in the same market in order to ensure that sufficient pharmaceuticals reach patients. We would like to work together to find out how we can achieve a stable supply and would like to share technical production know-how, efficiency, knowledge, licenses, and more to this end. I would like you to understand that our main purpose is to protect the industry, the market, and patients.

Q: There has been a delay in spending on research and development expenses. This is the same trend as in previous years. Is it highly likely that research and development expenses will fall short of the plan also for the entire fiscal year?

A: As is the trend every year, spending on R&D expenditures is lagging behind, but the variance amount is shrinking. This year, R&D expenses account for approximately 40% of the delayed spending on SG&A expenses, and we currently plan to spend them as planned.

Q: Regarding production volume, your target is 17.5 billion tablets in the fiscal year ending March 2027. Is there a possibility that efficiency improvements and collaboration will not be in time for fiscal year ending March 2028 and beyond? Isn't there a risk that production volume will not increase from 17.5 billion tablets and sales volume will exceed it, leading to wholesalers and medical institutions being reluctant to purchase your products because they may not be in sufficient supply?

A: We have already begun efforts to increase production beyond 17.5 billion tablets, but we cannot disclose at this time how much we will be able to increase the supply volume. However, since we have not been actively outsourcing production up until now, we believe there is room to increase supply volume. Regarding the balance between sales volume and production volume, we recognize that our challenge is to quickly achieve a production volume sufficient to meet demand.

Q: I understand that production volume has increased by approximately 16% and that the production system has improved. In the first half of the year, there were increased costs as you had to dispatch support staff and train new employees until the production system stabilized. Has this been resolved in the third quarter and will it lead to an improvement in the cost of sales ratio in the fourth quarter and the next fiscal year?

A: There will be no reduction in costs from the fourth quarter onwards. As you understand,

we are continuing to provide support and training. However, we do not expect any major improvements in the fourth quarter, and this will continue for about a year. We believe that the increase in costs due to increases in personnel expenses will occur as expected.

Q: Regarding production costs other than labor costs, is it too much to expect that the stabilization of the production system, including improvements in yields, will lead to an improvement in the cost of sales ratio?

A: The cost of sales ratio is significantly affected by raw material costs and is also affected by exchange rates. Although price increases will not be reflected immediately, the upward trend in raw material costs is expected to continue. In order to improve the cost of sales ratio, we are reviewing its sales mix and working to improve production efficiency.

Q: Regarding Sunsho Pharmaceutical, in order to achieve the plan, you will need to achieve an operating profit of approximately 1 billion yen in the fourth quarter alone, which seems like a somewhat high hurdle. What is needed to improve profitability, including sales?

A: Regarding Sunsho Pharmaceutical's segment profit, it will be difficult to achieve the plan for this fiscal year, and we would like to secure consolidated results with the profits of Towa Pharmaceutical. Sunsho Pharmaceutical is facing an intensifying competitive environment in its new application business and is working to improve the situation by acquiring new customers and increasing production volume. However, we think it will be difficult for us to see results within this fiscal year.

Q: With this system revision, the requirements for generic drugs have been incorporated into the "Regional Support and Pharmaceutical Supply System Surcharge." Therefore, we expect that demand will increase even further. Will your company's production and supply volumes increase from this fiscal year? Also, regarding company evaluation indicators, when will the environment become more conducive to increasing the market share of A-ranked companies?

A: Regarding the new system revisions, we believe that this will lead to an increase in demand for generic drugs, as the requirement for the quantity ratio of generic drugs will increase from 80% or more to 85% or more, and the patient burden for selective medical treatment will increase from 1/4 to 1/2. Regarding company evaluation indicators, as A-, B-, and C-ranked companies will be made clear, we expect that A-ranked companies will be selected in a manner similar to the consolidation trend of manufacturers. We will do our best to meet your expectations.

Q: Looking at sales volume every three months, the third quarter appears to be flat. Is the reason for this as explained earlier? Given the progress so far, you will need to increase sales by approximately 25% in the fourth quarter to achieve your plan. What is your outlook for future sales volume, including new products such as MefoVil?

A: Sales volume increased in the third quarter compared to the first and second quarters, but is flat compared to the third quarter last year. One reason for this is that although we lifted regulated shipments in September, sales did not increase as expected. We will strive to achieve our plan by lifting the regulated shipments of existing products as well as the new product MefoVil.

Q: Are there any measures to address the issue of sales not recovering after the regulated shipments were lifted?

A: We need to regain the sales of items for which regulated shipments have been lifted when drug prices are revised and at other appropriate times.

On the other hand, as not all manufacturers are able to provide a stable supply of all items, we would like to increase sales going forward by actively lifting regulated shipments of products that are in short supply in the market. Based on the identification products that are in short supply at medical institutions through sales activities, our Sales and Marketing Division, Production Division, and Corporate Strategy Division will work in coordination to lift the regulated shipments of these products.

Q: Year-to-date sales of new products are approximately 2.1 billion yen. How is this progressing against your forecast?

A: The sales plan, including products launched in June and December, was approximately 3.27 billion yen, and the actual results were approximately 2.1 billion yen, indicating that the progress is relatively in line with the plan.

Q: You have also announced products approved in February 2026. What products are you looking forward to as a company?

A: As we are currently in the budgeting process, we would like to refrain from answering at this point.

Q: Regarding Sunsho Pharmaceutical, progress in both sales and gross profit is lagging. At the same time, it appears that SG&A expenses are being kept under control. Will this trend continue for the entire fiscal year, or will SG&A expenses be as much as in past years? As your forecast has not been achieved so far for this fiscal year, I would like to know if it is

possible to reduce the shortfall.

A: In order to reduce the shortfall, we are working to increase sales and optimize SG&A expenses.