

Towa Pharmaceutical Co., Ltd.
Financial results meeting for the year ended March 31, 2026

【Outline】

Date and time: May 18, 2026 (Monday), 1:00-2:00 pm

Speakers: Itsuro Yoshida, President

Osamu Uchikawa, Executive Managing Director

Toshikazu Kokubun, Director

Masaaki Takeyasu, Director

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

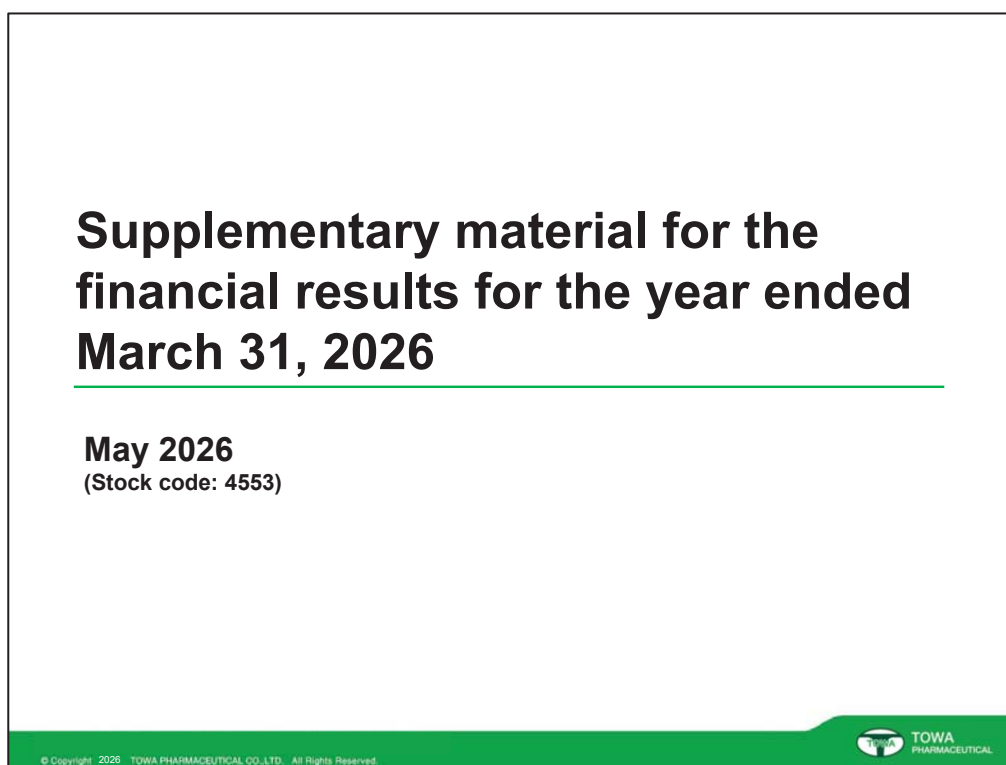
Shiro Hatagami, Operating Officer,
Division Manager, Finance & Accounting Division

Masaji Morikawa, Operating Officer,
Division Manager, Sales and Marketing Division

Hirokazu Kisaka, Operating Officer,
Division Manager, Production Division

【Briefing Script】

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



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 year ended March 31, 2026." Thank you for your attention.

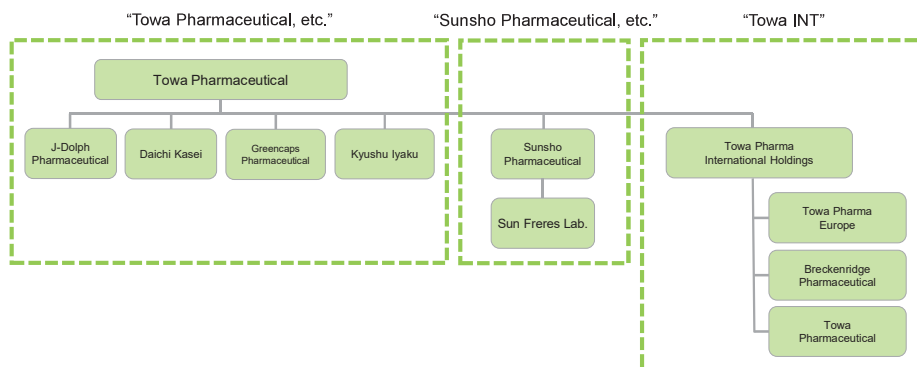
Notes to financial results disclosure material

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."
- On May 11, we announced recognition of an impairment loss and a revision to our full-year earnings forecast for the fiscal year ended March 31, 2026.



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."

On May 11, we announced recognition of an impairment loss and a revision to our full-year earnings forecast for the fiscal year ended March 31, 2026.

Consolidated financial results for 2026/3

- YoY change: Net sales increased, but operating profit decreased.
- Progress rate for the plan: Net sales: 97.8%, Operating profit: 85.6%.
- Ordinary profit increased due to the posting of a 5.3 billion yen gain on valuation of derivatives. (In 25/3, a 1.2 billion yen gain on valuation of derivatives was recognized.)
- Profit decreased due to the posting of an impairment loss of 14.7 billion yen on goodwill of Sunsho Pharmaceutical.

	26/3 results		25/3 results	26/3 full-year plan (announced on May 15, 2025)	
	(JPY billion)	YOY change (%)	(JPY billion)	(JPY billion)	Achievement rate (%)
Net sales	273.7	+ 5.4%	259.5	280.0	97.8%
Gross profit	99.1	+ 4.6%	94.7	104.0	95.3%
Operating profit	23.1	- 0.6%	23.2	27.0	85.6%
Ordinary profit	28.0	+ 7.4%	26.1	25.3	111.0%
Profit attributable to owners of parent	5.2	- 72.3%	18.9	17.7	29.7%

Exchange rate at end of period(TTM) USD 1	26/3	25/3	24/3
	JPY 159.88	JPY 149.52	JPY 151.41

Now, please turn to slide 4.

I would like to explain the consolidated financial results for the fiscal year ended March 2026.

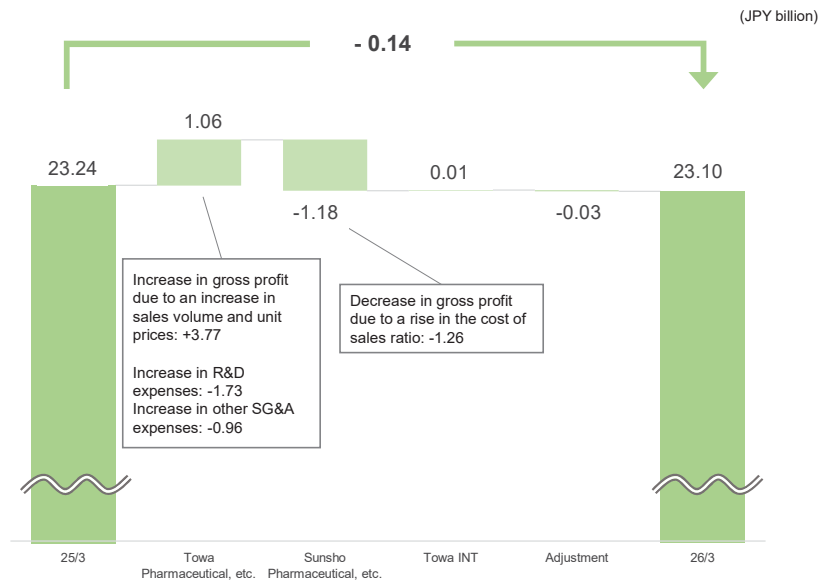
Consolidated net sales increased to approximately 273.7 billion yen, but fell short of the full-year plan target.

Consolidated operating profit decreased to approximately 23.1 billion yen and also fell short of the full-year plan target.

Consolidated ordinary profit increased due to the posting of a 5.3 billion yen gain on valuation of derivatives, exceeding the full-year plan target.

Consolidated profit decreased due to the posting of an impairment loss of 14.7 billion yen on goodwill of Sunsho Pharmaceutical and also fell short of the full-year plan target.

Factors behind changes in operating profit for 2026/3



Please turn to slide 5.

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

Although gross profit increased at Towa Pharmaceutical, etc. due to an increase in sales volume and unit price, consolidated operating profit decreased by approximately 140 million yen compared to the previous fiscal year due to an increase in the cost of sales ratio at Sunsho Pharmaceutical, etc., which led to a decrease in gross profit.

Outline of financial results for 2026/3 (Consolidated)

- **YoY change:** Net sales increased due to an increase in sales volume and unit prices at Towa Pharmaceutical, etc. and sales growth in Europe for both BtoB and BtoC at Towa INT. Operating profit decreased because a rise in the cost of sales ratio caused by a worsening business mix at Sunsho Pharmaceutical, etc. could not be sufficiently offset.
- **Progress rate for the plan:** Both net sales and operating profit fell short of the plan due to a lower-than-expected increase in sales after the lifting of regulated shipments at Towa Pharmaceutical, etc. and a decline in the new application business at Sunsho Pharmaceutical, etc.

(JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	273,710	100.0	+ 5.4	259,594	100.0	280,000	100.0	97.8
Cost of sales	174,606	63.8	+ 5.9	164,865	63.5	176,000	62.9	99.2
SGA	76,001	27.8	+ 6.3	71,486	27.5	77,000	27.5	98.7
Operating profit	23,102	8.4	- 0.6	23,242	9.0	27,000	9.6	85.6

Now please turn to slide 6.

I would like to explain the consolidated financial results summary for the fiscal year.

Consolidated net sales increased 5.4% year on year due to an increase in sales volume and unit prices at Towa Pharmaceutical, etc. and sales growth in Europe for both BtoB and BtoC at Towa INT.

Consolidated operating profit decreased 0.6% year on year because a rise in the cost of sales ratio caused by a worsening business mix at Sunsho Pharmaceutical, etc. could not be sufficiently offset.

Compared to the full-year plan, both net sales and operating profit fell short of the plan due to a lower-than-expected increase in sales after the lifting of regulated shipments at Towa Pharmaceutical, etc. and a decline in the new application business at Sunsho Pharmaceutical, etc.

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

- **YoY change:** Net sales and segment profit increased as the quantity supplied to the market increased due to an increase in production volume and unit prices also increased due to the improved sales mix that reflects an increase in sales of recently launched products and the effect of the pricing strategy.
- **Progress rate for the plan:** Both net sales and segment profit fell short of the plan because sales of products with stable markets did not increase as much as expected after the lifting of regulated shipments and the sales mix did not improve as much as expected as sales of recently launched products did not meet expectations.

(JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	188,102	100.0	+ 6.0	177,481	100.0	196,500	100.0	95.7
Cost of sales	113,962	60.6	+ 6.4	107,114	60.4	118,500	60.3	96.2
SGA	47,903	25.5	+ 6.0	45,197	25.5	49,800	25.3	96.2
Segment profit	26,236	13.9	+ 4.2	25,169	14.2	28,200	14.4	93.0

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 15.71 billion tablets, up 2.8% year on year** Progress rate for the full-year plan: **97.7%**
- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 16.43 billion tablets, up 14.4% year on year** Progress rate for the full-year plan: **101.0%**

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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 6.0% year on year and segment profit increased 4.2% year on year, as the quantity supplied to the market increased due to an increase in production volume and unit prices also increased due to the improved sales mix that reflects an increase in sales of recently launched products and the effect of the pricing strategy.

Compared to the full-year plan, both net sales and segment profit fell short of the plan because sales of products with stable markets did not increase as much as expected after the lifting of regulated shipments and the sales mix did not improve as much as expected as sales of recently launched products did not meet expectations.

Sales volume of Towa Pharmaceutical on a non-consolidated basis was approximately 15.71 billion tablets, up 2.8% year on year, but fell short of the full-year plan target.

Meanwhile, its production volume was approximately 16.43 billion tablets, up 14.4% year on year, and achieved the plan target.

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

- Net sales remained nearly flat from the previous fiscal year and fell short of the plan despite growth in the domestic health food business because sales dropped in the new application business due to lost orders.
- Segment profit decreased significantly and fell short of the plan due to a rise in the cost of sales ratio caused by a worsening business mix resulting from a decline in the new application business, which has a high profit margin.
- We recognized an impairment loss of 14.7 billion yen in extraordinary losses on a consolidated basis because Sunsho Pharmaceutical is no longer expected to achieve the performance planned at the time of acquisition due to the worsening of the external environment for the domestic health food business and the new application business and delays in creating synergies with Towa Pharmaceutical.
(Details are on page 22.)

(JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	28,873	100.0	+ 0.9	28,621	100.0	30,200	100.0	95.6
Cost of sales	23,727	82.2	+ 6.8	22,208	77.6	23,200	76.8	102.3
SGA	4,285	14.8	- 1.9	4,366	15.3	4,600	15.2	93.2
Segment profit	861	3.0	- 57.9	2,046	7.2	2,400	7.9	35.9

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 remained nearly flat from the previous fiscal year and fell short of the plan despite growth in the domestic health food business because sales dropped in the new application business due to lost orders.

Segment profit decreased by 57.9% year on year, and fell short of the plan due to a rise in the cost of sales ratio caused by a worsening business mix resulting from a decline in the new application business, which has a high profit margin.

We recognized an impairment loss of 14.7 billion yen in extraordinary losses on a consolidated basis.

Further details will be explained on slide 22.

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

- **YoY change:** While sales of our main products continued to decline in the U.S. due to the nitrosamine issue, net sales and segment profit increased due to increased contract manufacturing in European BtoB in 3Q, driven by a last-minute surge in demand before the tightening of the nitrosamine standard in Europe, and growth in our main products in European BtoC.
- **Progress rate for the plan:** Net sales fell short of the plan in local currency terms due to poor performance in the U.S., but achieved the plan target in yen terms due to the weaker yen. Segment profit fell short of the plan due to lower-than-expected license fee income resulting from delays in joint development with Towa Pharmaceutical. Excluding license fees, segment profit met the plan. (JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	57,630	100.0	+ 7.0	53,865	100.0	54,600	100.0	105.5
Europe	38,432	66.7	+ 15.4	33,296	61.8	34,200	62.6	112.4
U.S.	19,197	33.3	- 6.7	20,569	38.2	20,400	37.4	94.1
Cost of sales	37,237	64.6	+ 4.1	35,767	66.4	34,600	63.4	107.6
SGA	19,933	34.6	+ 12.9	17,647	32.8	19,300	35.3	103.3
Segment profit	458	0.8	+ 2.0	449	0.8	700	1.3	65.6

Exchange rate during period(TTM)	26/3	25/3	Assumed rate for 26/3	Exchange rate during period (TTM)	26/3	25/3	Assumed rate for 26/3
	EUR 1	JPY 174.79			JPY 163.75	USD 1	
			JPY 156.00				

Note: Goodwill amortization is not included.

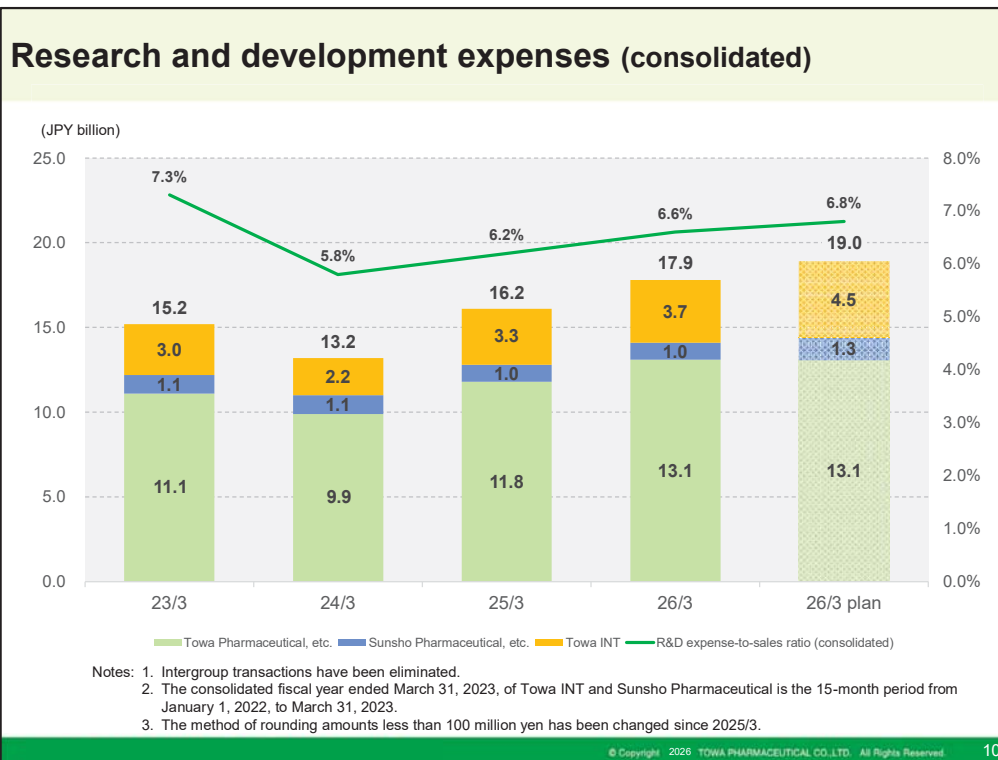
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I would like to explain the financial results summary for Towa INT.

While sales of our main products continued to decline in the U.S. due to the nitrosamine issue, net sales increased by 7.0% year on year and segment profit increased by 2.0% year on year, due to increased contract manufacturing in European BtoB in 3Q, driven by a last-minute surge in demand before the tightening of the nitrosamine standard in Europe, and growth in our main products in European BtoC.

Compared to the full-year plan, net sales fell short of the plan in local currency terms due to poor performance in the U.S., but achieved the plan target in yen terms due to the weaker yen.

Segment profit fell short of the plan due to lower-than-expected license fee income resulting from delays in joint development with Towa Pharmaceutical. Excluding license fees, segment profit met the plan.

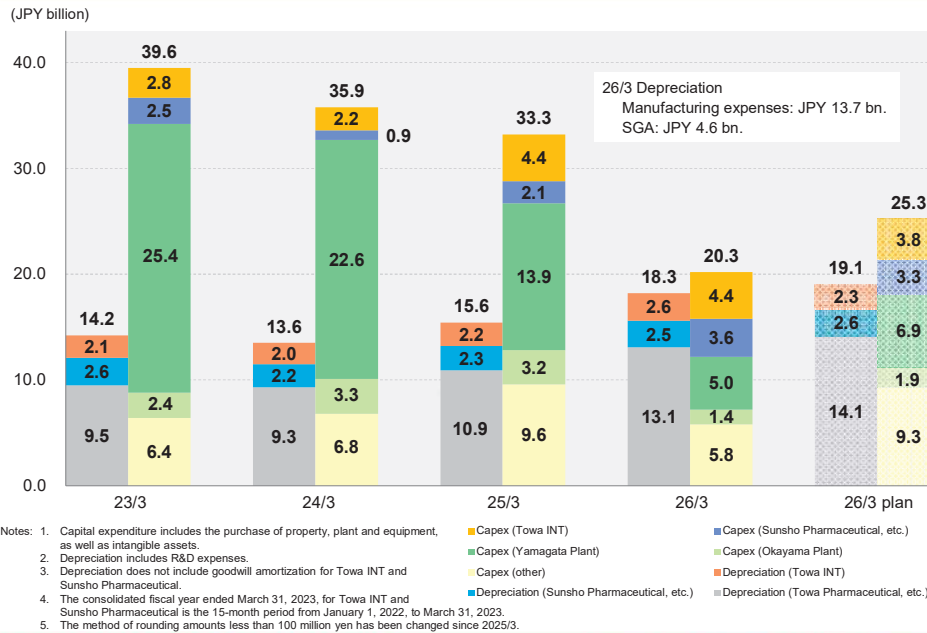


Please turn to slide 10.

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

Research and development expenses were approximately 17.9 billion yen, which slightly fell short of the plan compared to the full-year plan target of 19.0 billion yen, mainly due to delays in new product development at Towa INT.

Capital expenditure and depreciation (consolidated)



Now please turn to slide 11.

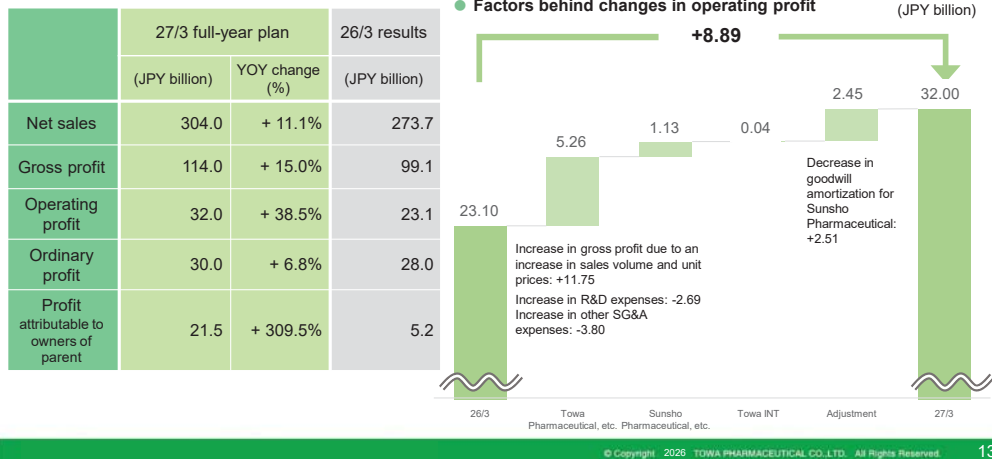
I would like to explain the trends in capital expenditure and depreciation.

Capital expenditure for the current fiscal year was approximately 20.3 billion yen, which fell short of the plan target, mainly due to delays in equipment installation at Towa Pharmaceutical's three plants.

Depreciation was approximately 18.3 billion yen.

Consolidated full-year earnings plan for 2027/3

- YoY change: Both net sales and profit are expected to increase.
- Goodwill amortization for Sunsho Pharmaceutical will decrease from 3.4 billion yen/year to 0.9 billion yen/year.
- Ordinary profit does not include any gain and loss valuation of derivatives. (In 26/3, a 5.3 billion yen gain on valuation of derivatives was recognized.)
- Profit will increase significantly due to recovery from the impact of the impairment loss of 14.7 billion yen recognized in the previous fiscal year.



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Now please turn to slide 13.

I would like to explain the outline of our full-year plan on a consolidated basis.

Consolidated net sales are expected to increase to 304.0 billion yen, up 11.1% year on year, gross profit is expected to increase to 114.0 billion yen, up 15.0% year on year, and operating profit is expected to increase to 32.0 billion yen, up 38.5% year on year.

Goodwill amortization for Sunsho Pharmaceutical has decreased approximately from 3.4 billion yen to 0.9 billion yen per year.

Consolidated ordinary profit is expected to increase to 30.0 billion yen, up 6.8% year on year. The plan does not reflect the effect of any gains or losses on the valuation of derivatives as the outlook of the foreign exchange markets is uncertain.

Consolidated profit is expected to increase to 21.5 billion yen, up 309.5% year on year. A significant increase in profit is expected for the fiscal year ending March 2027 as we recognized an impairment loss of 14.7 billion yen on goodwill of Sunsho Pharmaceutical for the previous fiscal year.

Full-year earnings plan for 2027/3 (Consolidated)

- Net sales are expected to increase as Towa Pharmaceutical, etc. plans to increase the quantity supplied to the market through production volume increase, Sunsho Pharmaceutical, etc. will work on the recovery of the new application business, and Towa INT will launch new products in European BtoC and the U.S..
- Segment profit is expected to increase due to a drop in the cost of sales ratio on the back of an improved sales mix at Towa Pharmaceutical, etc. and an improved business mix at Sunsho Pharmaceutical, etc., as well as an increase in net sales.

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	304,000	100.0	+ 11.1	273,710	100.0
Cost of sales	190,000	62.5	+ 8.8	174,606	63.8
SGA	82,000	27.0	+ 7.9	76,001	27.8
Operating profit	32,000	10.5	+ 38.5	23,102	8.4

Please turn to slide 14.

I would like to explain our full-year plan on a consolidated basis.

Consolidated net sales are expected to increase as Towa Pharmaceutical, etc. plans to increase the quantity supplied to the market through production volume increase, Sunsho Pharmaceutical, etc. will work on the recovery of the new application business, and Towa INT will launch new products in European BtoC and the U.S..

Consolidated segment profit is expected to increase due to a drop in the cost of sales ratio on the back of an improved sales mix at Towa Pharmaceutical, etc. and an improved business mix at Sunsho Pharmaceutical, etc., as well as an increase in net sales.

Full-year earnings plan for 2027/3 (Towa Pharmaceutical, etc.)

- Both net sales and profit are expected to increase as the planned increase in production capacity to increase the quantity supplied to the market will in turn increase sales volume, while the continuation of the strategy to expand sales of products launched in recent years and the upward revision of the minimum NHI drug price will increase unit prices.

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	213,200	100.0	+ 13.3	188,102	100.0
Cost of sales	127,300	59.7	+ 11.7	113,962	60.6
SGA	54,400	25.5	+ 13.6	47,903	25.5
Segment profit	31,500	14.8	+ 20.1	26,236	13.9

- Sales volume plan (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 17.0 billion tablets, up approx. 8.2%** year on year

- Production volume plan (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 18.0 billion tablets, up approx. 9.5%** year on year

Towa Pharmaceutical's three plants will increase their annual production capacity to 17.5 billion tablets in 2027/3. We will continue to work on increasing production, including outsourcing to other companies.

Please turn to slide 15.

I would like to explain our full-year plan for Towa Pharmaceutical, etc.

Both net sales and profit are expected to increase as the planned increase in production capacity to increase the quantity supplied to the market will in turn increase sales volume, while the continuation of the strategy to expand sales of products launched in recent years and the upward revision of the minimum NHI drug price will increase unit prices.

Sales volume of Towa Pharmaceutical on a non-consolidated basis is expected to be approximately 17.0 billion tablets, up 8.2% year on year, and its production volume is expected to be approximately 18.0 billion tablets, up 9.5% year on year.

Towa Pharmaceutical's three plants will increase their annual production capacity to 17.5 billion tablets in 2027/3.

We will continue to work on increasing production, including outsourcing to other companies.

Full-year earnings plan for 2027/3 (Sunsho Pharmaceutical, etc.)

- Net sales are expected to increase as we will work on acquiring new customers and strengthening sales activities in the new application business and on new product release and improving prices in the domestic health food business.
- Segment profit is expected to increase due to, in addition to an increase in net sales, a drop in the cost of sales ratio achieved through an improved business mix resulting from a recovery in the new application business, which has a high profit margin.

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	31,600	100.0	+ 9.4	28,873	100.0
Cost of sales	24,800	78.5	+ 4.5	23,727	82.2
SGA	4,800	15.2	+ 12.0	4,285	14.8
Segment profit	2,000	6.3	+ 132.2	861	3.0

Note: Goodwill amortization is not included.

Please turn to slide 16.

I would like to explain our full-year plan for Sunsho Pharmaceutical, etc.

Net sales are expected to increase as we will work on acquiring new customers and strengthening sales activities in the new application business and on new product release and improving prices in the domestic health food business.

Segment profit is expected to increase due to, in addition to an increase in net sales, a drop in the cost of sales ratio achieved through an improved business mix resulting from a recovery in the new application business, which has a high profit margin.

Full-year earnings plan for 2027/3 (Towa INT)

- Both net sales and profit are expected to increase due to the launch new products in European BtoC and the U.S..

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	60,000	100.0	+ 4.1	57,630	100.0
Europe	38,600	64.3	+ 0.4	38,432	66.7
U.S.	21,400	35.7	+ 11.5	19,197	33.3
Cost of sales	38,400	64.0	+ 3.1	37,237	64.6
SGA	21,100	35.2	+ 5.9	19,933	34.6
Segment profit	500	0.8	+ 8.9	458	0.8

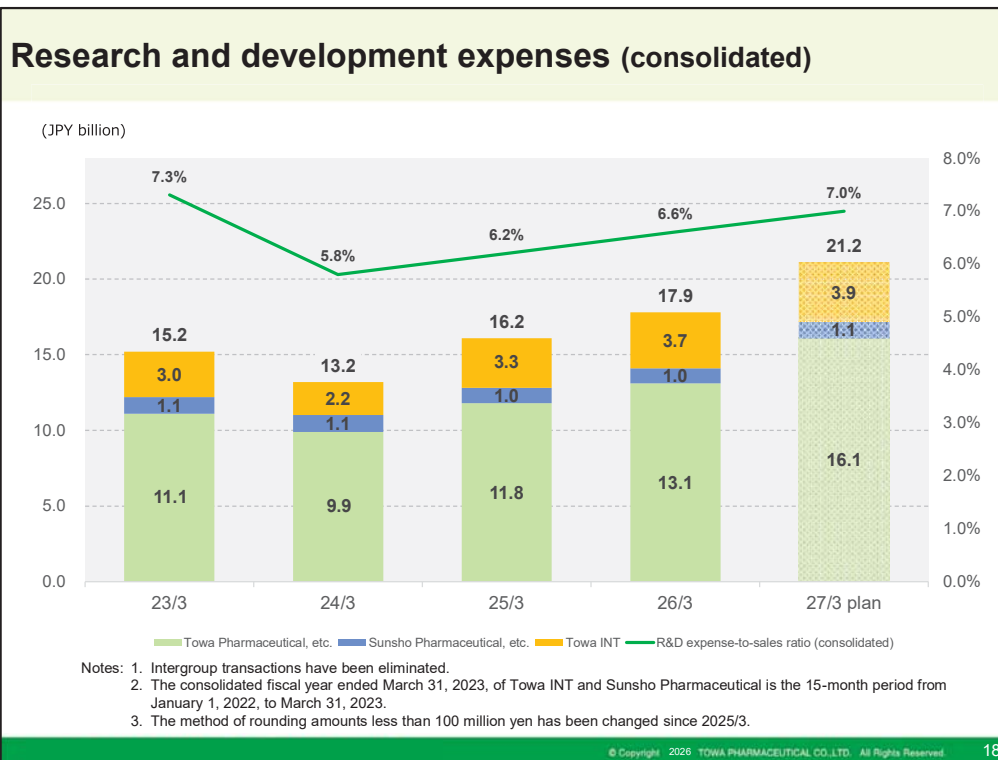
Exchange rate during period(TTM)	Assumed rate for 27/3		Assumed rate for 26/3	
	EUR 1	JPY 177.00	JPY 174.79	
Exchange rate during period(TTM)	Assumed rate for 27/3		Assumed rate for 26/3	
USD 1	JPY 154.00	JPY 150.77		

Note: Goodwill amortization is not included.

Please turn to slide 17.

I would like to explain our full-year plan for Towa INT.

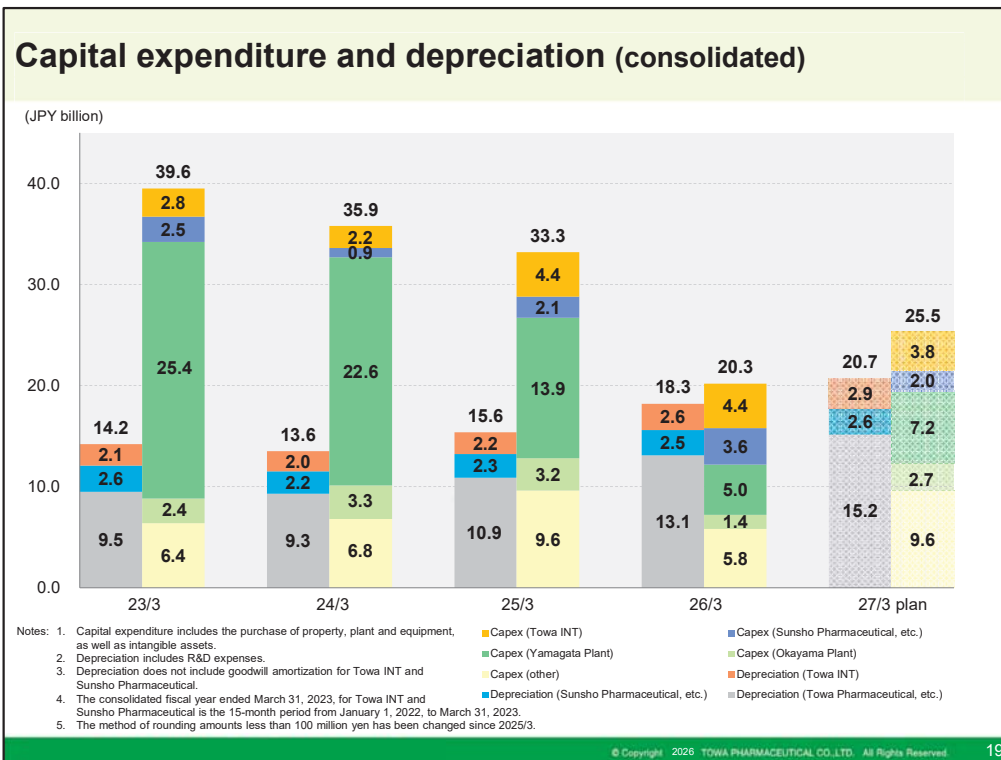
Both net sales and profit are expected to increase due to the launch new products in European BtoC and the U.S..



Now please turn to slide 18.

I would like to explain our full-year plan for research and development expenses.

Research and development expenses for the fiscal year ending March 2027 are expected to be approximately 21.2 billion yen on a consolidated basis, an increase of 3.3 billion yen from the previous fiscal year, due to an expected increase in research and development expenses mainly for new product development at Towa Pharmaceutical.



Now please turn to slide 19.

I would like to explain our full-year plan for capital expenditure and depreciation.

Capital expenditure is expected to be approximately 25.5 billion yen on a consolidated basis, an increase of 5.2 billion yen from the previous fiscal year, due to an expected increase in capital expenditure mainly for the Yamagata Plant at Towa Pharmaceutical.

Depreciation is expected to be approximately 20.7 billion yen on a consolidated basis, an increase of 2.4 billion yen from the previous fiscal year, mainly due to the start of operation of certain equipment installed in the 3rd solid formulation building at Towa Pharmaceutical's Yamagata Plant.

New products to be launched in March 2026/listed on NHI drug reimbursement price list in June 2026 (Non-consolidated)

Scheduled timing of launch/listing	Product name	Original/representative drug name
March 2026	PRASUGREL TABLETS 2.5mg/3.75mg/5mg "TOWA"	EFIENT® TABLETS 2.5mg/3.75mg/5mg
	PRASUGREL OD TABLETS 20mg "TOWA"	EFIENT® OD TABLETS 20mg
June 2026	ELTROMBOPAG TABLETS 12.5mg/25mg "TOWA"	REVOLADE Tablets 12.5mg/25mg
	LACOSAMIDE TABLETS 50 mg/100 mg "TOWA"	VIMPAT TABLETS 50mg/100mg
	LACOSAMIDE DS 10% "TOWA"	VIMPAT DRY SYRUP 10%
	FINGOLIMOD CAPSULES 0.5mg "TOWA"	IMUSERA Capsules 0.5mg/ GILENYA Capsules 0.5mg
	DAPAGLIFLOZIN TABLETS 5mg/10mg "TOWA"	Forxiga 5mg/10mg tablets
	DESLOMATADINE OD TABLETS 5mg "TOWA"	DESALEX Tablets 5mg (Different dosage form)
	BILASTINE OD TABLETS 20mg "TOWA"	Bilanoa OD tablet 20mg
ARIPIPIRAZOLE TABLETS 1mg "TOWA"	ABILIFY Tablets 1mg	
ARIPIPIRAZOLE ORAL SOLUTION 1mg "TOWA"	ABILIFY Oral Solution 0.1%	

12 products based on 7 active ingredients are scheduled to be launched for listing on the NHI price list in June.

Sales of approx. 13.8 billion yen in total are planned for 16 products based on 8 active ingredients, including Prasugrel launched in March, for the first fiscal year.

Slide 20 shows new products to be launched in March 2026 and listed on the NHI drug reimbursement price list in June 2026.

For the fiscal year ending March 2027, sales of approximately 13.8 billion yen in total are planned for 16 products based on 8 active ingredients, including Prasugrel launched in March 2026.

Recognition of impairment loss

- We recognized an impairment loss of 14.7 billion yen on the goodwill of Sunsho Pharmaceutical for 2026/3.
- Goodwill amortization is expected to decrease from 3.4 billion yen/year to 0.9 billion yen/year for subsequent years through 2032/3.

	Environmental changes and challenges since acquisition	Future efforts
Domestic health food business	<ul style="list-style-type: none"> • Deterioration of profitability Sluggish business activity due to the COVID-19 pandemic Shrinking domestic market due to the red yeast rice scandal Increased costs due to rising prices • Delays in creating synergies with Towa Pharmaceutical Sluggish business activity due to the COVID-19 pandemic Delays in business strategy formulation and joint product development 	<ul style="list-style-type: none"> • Continuous launch of new products • Improving profitability by optimizing selling prices • Improving plant utilization rates and production efficiency • Continuing efforts to create synergies with the Towa Pharmaceutical Group
Generics business	<ul style="list-style-type: none"> • Delays in creating synergies with Towa Pharmaceutical Sluggish business activity due to the COVID-19 pandemic Delays in drug development utilizing UniORV technology 	<ul style="list-style-type: none"> • Continuing efforts to create synergies with the Towa Pharmaceutical Group
New application business	<ul style="list-style-type: none"> • Deterioration of the competitive environment overseas Decrease in orders due to competitors improving quality, lowering prices, and shortening delivery times 	<ul style="list-style-type: none"> • Strengthening sales activities to existing customers • Acquiring new customers

Now please turn to slide 22.

I would like to explain the recognition of an impairment loss on goodwill of Sunsho Pharmaceutical.

The decline in profitability in our domestic health food business, the worsening competitive environment in our new applications business, and the delay in creating synergies with Towa Pharmaceutical resulted in a situation that fell far short of our expectations.

In view of these developments, we re-evaluated the future cash flow of Sunsho Pharmaceutical and determined that the recoverable amount is expected to be below book value. Therefore, the Company recognized an impairment loss of 14.7 billion yen on goodwill in its consolidated financial statements.

The table on this slide shows environmental changes and challenges since acquisition and our future efforts.

6th Medium-term Business Plan 2024-2026 PROACTIVE III Progress toward major financial targets

● Progress toward financial targets based on the 2027/3 plan

Net sales are expected to be achieved.

Operating income is expected to fall slightly below the target.

Capital expenditure exceeded the target to support further production expansion, and inventories increased to secure stable supply, leading to higher-than-expected interest-bearing debt. As a result, ROIC is expected to fall below the target.

	Financial targets	Progress and forecast
Net sales (Final year)	[Consolidated] 300 billion yen achieved [Non-consolidated] 200 billion yen achieved	[Consolidated] 304 billion yen [Non-consolidated] 208 billion yen
Operating profit (cumulative total)	[Consolidated] 80 billion yen or more	[Consolidated] 78.3 billion yen
ROIC (Final year)	[Consolidated] 6% or more (with the impact of goodwill) 7% or more (without the impact of goodwill)	[Consolidated] 5.3% (with the impact of goodwill) 5.9% (without the impact of goodwill)
R&D expenses (cumulative total)	[Consolidated] 55 billion yen or more	[Consolidated] 55.4 billion yen
Capital expenditure (cumulative total)	[Consolidated] 60 billion yen or more	[Consolidated] 79.3 billion yen

Now please turn to slide 23.

I would like to explain the progress toward major financial targets in our 6th medium-term business plan.

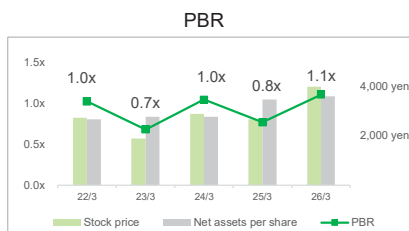
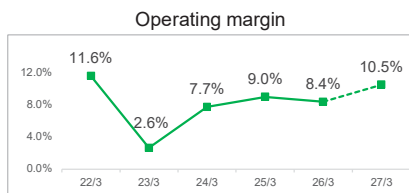
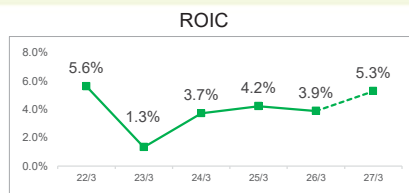
For the final year, we expect to meet our net sales targets, both on a consolidated and non-consolidated basis.

Our consolidated operating profit target for the three-year period was revised upward in May 2025 from 68.0 billion yen or more to 80 billion yen or more. However, at this point, the actual result is expected to fall slightly short of the revised target.

ROIC is expected to fall short of the target due to a higher-than-expected increase in interest-bearing debt, resulting from capital expenditure that exceeded targets to further increase production.

As explained earlier, capital expenditure has increased due to upfront investments aimed at increasing production.

Initiatives to increase corporate value - Analysis of the current situation and future policy



- While operating profit has increased compared with the assumptions at the time of the medium-term business plan, interest-bearing debt has also risen above the initial outlook, due to increased capital expenditures to support further production expansion and higher inventories to ensure stable supply. As a result, achieving the 6% ROIC target* has become challenging.
 - We recognize it is important to optimize our interest-bearing debt by improving operating profit and managing investment projects with an awareness of the cost of capital.
- * We consider WACC to be around 5.5% and the cost of equity to be around 8.5% (2026/3).

- While the operating profit margins have been on an improving trend since 2024/3, for 2026/3 dropped due to a rise in the cost of sales ratio caused by a worsening business mix at Sunsho Pharmaceutical, etc..
- For 2027/3, we plan to improve the cost of sales ratio and the operating profit margin by working to improve the sales mix at Towa Pharmaceutical, etc. and the business mix at Sunsho Pharmaceutical, etc..

- Our stock price has risen due to increased expectations for the generic drug industry following reforms to the pharmaceutical pricing system, growing demand for our products, and strengthened dialogue with stakeholders, and our PBR exceeded 1x at the end of 2026/3. Our stock price reached 4,410 yen in February, setting a new all-time high since listing (and reached a new high of 4,490 yen in April). New sell-side analysts from two companies started covering our stock.
 - We will continue to work on corporate value enhancement by strengthening dialogue with stakeholders and reporting any opinions or suggestions received to management.
- Number of one-on-one IR interviews: 108 (2026/3 results)

Now please turn to slide 24.

I would like to explain our current situation analysis and future policy for initiatives to increase corporate value.

While operating profit has increased compared to the initial stages of the medium-term business plan, achieving the target of 6% ROIC remains challenging, as explained earlier.

We recognize it is important to optimize our interest-bearing debt by improving operating profit and managing investment projects with an awareness of the cost of capital.

While the operating profit margins have been on an improving trend since 2024/3, for 2026/3 dropped due to a rise in the cost of sales ratio caused by a worsening business mix at Sunsho Pharmaceutical, etc..

For 2027/3, we plan to improve the cost of sales ratio and the operating profit margin by working to improve the sales mix at Towa Pharmaceutical, etc. and the business mix at Sunsho Pharmaceutical, etc..

Our stock price has risen due to increased expectations for the generic drug industry following reforms to the pharmaceutical pricing system, growing demand for our products, and strengthened dialogue with stakeholders, and our PBR exceeded 1x at the end of 2026/3. We will continue to work on corporate value enhancement by strengthening dialogue with stakeholders.

Collaborations with Adragos Pharma Kawagoe and Sanwa Kagaku Kenkyusho

- **Adragos Pharma Kawagoe**

We entered into a basic agreement to establish a collaborative framework to ensure stable supply of Off-Patent Medicinal Products.

We plan to outsource production of approx. 500 million tablets by 2029 and approx. 1.5 billion tablets by 2033.

Objective	To secure manufacturing capacity and establish a mutual backup system to ensure a stable supply of Off-Patent Medicinal Products
Framework	We will secure manufacturing capacity by outsourcing production to Adragos Pharma Kawagoe. Both companies will build efficient production systems while establishing a framework that allows mutual backup production.
Schedule	From April 2026 onward, production will commence sequentially for products agreed upon by both companies, once the necessary production preparations have been completed.

- **Sanwa Kagaku Kenkyusho**

We reached an agreement on collaboration to establish a backup production system to ensure stable supply of Off-Patent Medicinal Products.

We plan to outsource production of approx. 700 million tablets by FY2028 (one product has already been outsourced by FY2025).

Objective	To secure manufacturing capacity and establish a mutual backup system to ensure a stable supply of Off-Patent Medicinal Products
Framework	We will secure manufacturing capacity by outsourcing production to Sanwa Kagaku Kenkyusho. Both companies will build efficient production systems while establishing a framework that allows mutual backup production.
Schedule	Production will commence sequentially for products agreed upon by both companies once the necessary production preparations have been completed.

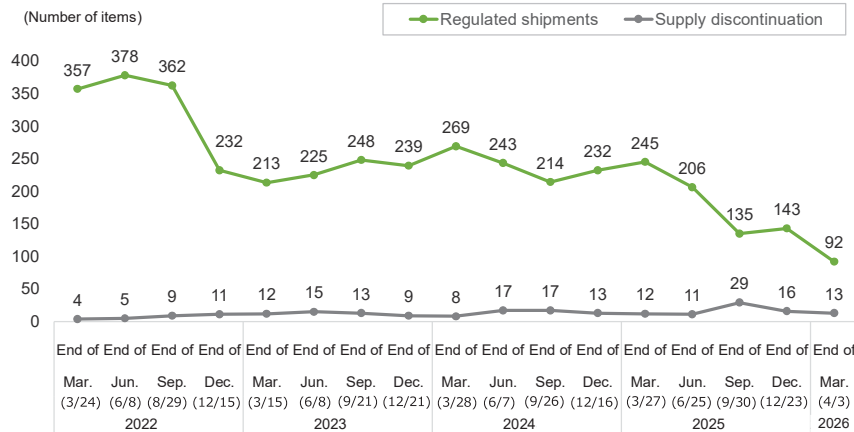
Now please turn to slide 25.

We entered into a basic agreement to establish a collaborative framework with Adragos Pharma Kawagoe and Sanwa Kagaku Kenkyusho.

We plan to outsource production of approx. 500 million tablets by 2029 and approx. 1.5 billion tablets by 2033 to Adragos Pharma Kawagoe, and approx. 700 million tablets by FY2028 to Sanwa Kagaku Kenkyusho.

Trends in the number of items with regulated shipments

- As of April 2026, the number of item with regulated shipments was 92, a decrease of 153 items from the end of March 2025.
- Regarding the 16 injection ampoules for which a voluntary recall was announced in August 2025, 15 products in total (excluding one product whose sales have been discontinued) are being shipped normally as of April 2026.



Note: From December 2025 onward, the number of items with restricted shipments and those with suspended supply will include those scheduled for removal from the official drug price list.

Now please turn to slide 20.

It shows trends in the number of items with regulated shipments.

As of April 2026, the number of item with regulated shipments was 92, a decrease of 153 items from the end of March 2025.

Regarding the 16 injection ampoules for which a voluntary recall was announced in August 2025, 15 products in total are being shipped normally as of April 2026, with the exception of one product whose sales have been discontinued.

Lastly, reference materials are shown on slides 27 to 44.

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: What are the factors that will lead to increased net sales and profit in the fiscal year ending March 2027? I guess that the increase in minimum drug prices, the launch of new products, and the return of existing customers will contribute to this, but I would like to know the details.

A: For the fiscal year ending March 2027, the sales plan target for new products, including Prasugrel, is approximately 13.8 billion yen, which is higher than in previous years. Due to the impact of Prasugrel, the sales plan target is higher than in recent years. On the other hand, the new delivery rate for products other than new products is at the same level as past results and is not particularly a challenging target. We have been conducting sales activities since January in preparation for the drug price revision in April and have found that the number of items with regulated shipments has decreased from over 240 items last year to just 92 items recently, which led us to feel that the perception of medical institutions has changed significantly. The switch to our products during drug price revisions is proceeding as expected.

Q: Regarding Prasugrel, the sales plan of your competitor, Daiichi Sankyo Espha, doesn't seem as aggressive as yours. What is the difference?

A: We have a very large number of medical representatives (MRs), and we will strive to conduct detailed and thorough sales activities. For Prasugrel, discrepancies in indications currently remain, but are expected to be resolved by June. We will conduct follow-up, aiming to achieve the plan.

Q: I believe that the poor performance of Sunsho Pharmaceutical, etc. contributed to the decline in stock prices. While you expect a profit increase of approximately 1.1 billion yen for the fiscal year ending March 2027, we would like to know if you can achieve recovery as planned given the worsening competitive environment in the new applications business.

A: (New application business) Sunsho Pharmaceutical possesses technological strengths in soft capsules. As the company creates products that surpass the formulation technology and quality of overseas manufacturers, it is chosen by companies that prioritize quality. In the new applications business, the company primarily focuses on flavor capsules. Although the business is a highly profitable, the company lost orders for existing products in the fiscal year ending March 2026 due to a worsening price competition environment overseas. Due to manufacturing capacity limitations, the company had refrained from new business development activities, but resumed them in the second quarter of the fiscal year ended

March 2026. We expect it to contribute to our financial results for the fiscal year ending March 2027.

(Domestic health food business) Although sales have increased, we face the challenge of not seeing growth in profits. In the fiscal year ending March 2027, we plan to implement cost reduction measures and promote sales at appropriate prices and expect to recover to the profit level of the fiscal year ended March 2025.

Q: What is the reason for the significant increase in research and development expenses in your plan for the fiscal year ending March 2027 compared to the previous year?

A: The increase in research and development expenses at Towa Pharmaceutical, etc. is having an impact, with rising API unit costs and clinical expenses associated with new product development, as well as increased costs for nitrosamine countermeasures.

Q: When will you be able to disclose your medium- to long-term production increase plan, including outsourcing?

A: We had planned to announce our medium- to long-term production increase plan around May or June of next year when we will release our next medium-term business plan, but we are currently coordinating internally to see if we can disclose it earlier. However, the basic policy of improving efficiency at the three plants and increasing production through collaboration remains unchanged. We are taking some time to carefully review the quantities.

Q: Following the collaboration with Otsuka Pharmaceutical, collaborations with two additional companies have also been announced. I expect that there are some other unannounced projects. Will you continue to actively increase the number of your collaborators?

A: We announced collaborations with three companies as a new form of partnership. We are negotiating such collaborations on a wide range of topics, and I think we will be able to make an announcement soon. Instead of dividing the pharmaceutical industry into "pharmaceuticals under patent" and "other pharmaceuticals" and further classifying them into authorized generics (AGs), long-listed pharmaceutical products, and generics (GEs), we view off-patent medicinal products as a single market. We believe that the ideal situation is to have a stable supply of medically necessary pharmaceuticals while ensuring proper manufacturing and quality control, and we are proceeding with our collaborations accordingly. Based on the information released so far, our own production of 17.5 billion tablets will be increased by approximately 2.0 billion tablets through outsourcing, bringing the total to about 20 billion tablets. We believe that we can increase production by another 5.0 billion tablets by improving our own production efficiency. We don't know how long the current demand will

last, but we intend to proceed with building our system while monitoring the situation.

Q: If we consider off-patent medicinal products as a single market, the boundaries between authorized generics (AGs), long-listed pharmaceutical products, and generic drugs will disappear. Is there a possibility of collaborating with existing new drug manufacturers' plants?

A: We believe that viewing off-patent medicinal products as a single market is the way things should be. Currently, there are various names such as long-listed pharmaceutical products, AGs, and GEs, and the drug pricing system has become extremely complex due to revisions to the G1/G2 rules and system-based premiums for products whose drug prices have become higher than long-listed pharmaceutical products. We are considering measures to ensure a stable supply of medically necessary pharmaceuticals and are proceeding with discussions with companies in the order we have gained their understanding.

Q: Your sales volume is projected to increase in the fiscal year ending March 2027. Given that you plan outsourcing to Adragos and Sanwa Kagaku, what are your plans for medium-term production and sales volume?

A: While we cannot provide specific figures, we are basically working to increase the volume of outsourced production through collaboration. While we have outsourced some production to Sanwa Kagaku this fiscal year, it is expected to take some time before we can begin full-scale contract manufacturing.

Q: Are there any indications of impairment also at Towa INT? Towa INT is seeing increased sales in yen terms, but its sales decreased in local currency terms.

A: There are no indications of impairment at this time. While we face intense pressure to lower prices in the U.S., it is shifting from pharmacies to hospitals and from volume to value, pursuing profitable sales strategies, such as developing products for hospitals and new products.

In Europe, the generic drug replacement rate is low, ranging from the high 30s to the 40s in percentage, leaving room for growth in the generic drug market, and there is no price-reduction pressure like in the U.S. In addition to products for pharmacies, we will focus on products for hospitals. Furthermore, while there was a nitrosamine issue with Duloxetine in the fiscal year ended March 2026, we submitted an application for an improved product in November 2025 and have already obtained approval in one country. Approval is expected in other countries in the fiscal year ending March 2027, indicating room for growth.

Q: You mentioned that you would take measures to maintain the cost ratio while the volume

of outsourced product increases through collaboration. What specific measures will you be taking?

A: The large number of items is one of the factors contributing to the deterioration of production efficiency. We expect that we can improve our own production efficiency by optimizing the number of items we manufacture, and we hope to compensate for the deterioration of the cost ratio due to the increase in the volume of outsourced production.

Q: The government has established a fund to ensure a stable supply. Are you considering using this fund for the fiscal year ending March 2027?

A: We understand that the fund will only be used for the consolidation of generic drug products. Currently, it seems somewhat difficult for us to utilize the fund for our collaborative initiatives.

Q: Regarding SG&A expenses for "Towa Pharmaceutical, etc." for the fiscal year ending March 2027, the ratio of such expenses to net sales is projected at 26.0% in the first half and 24.6% in the second half of the year. Could you explain the reasons why it is higher in the first half?

A: The amounts of SG&A expenses are roughly the same in the first and second halves of the year. The ratios are different because the GE business's sales are heavily weighted towards the second half of the year. As for the breakdown of SG&A expenses, personnel expenses and system-related expenses are expected to increase.