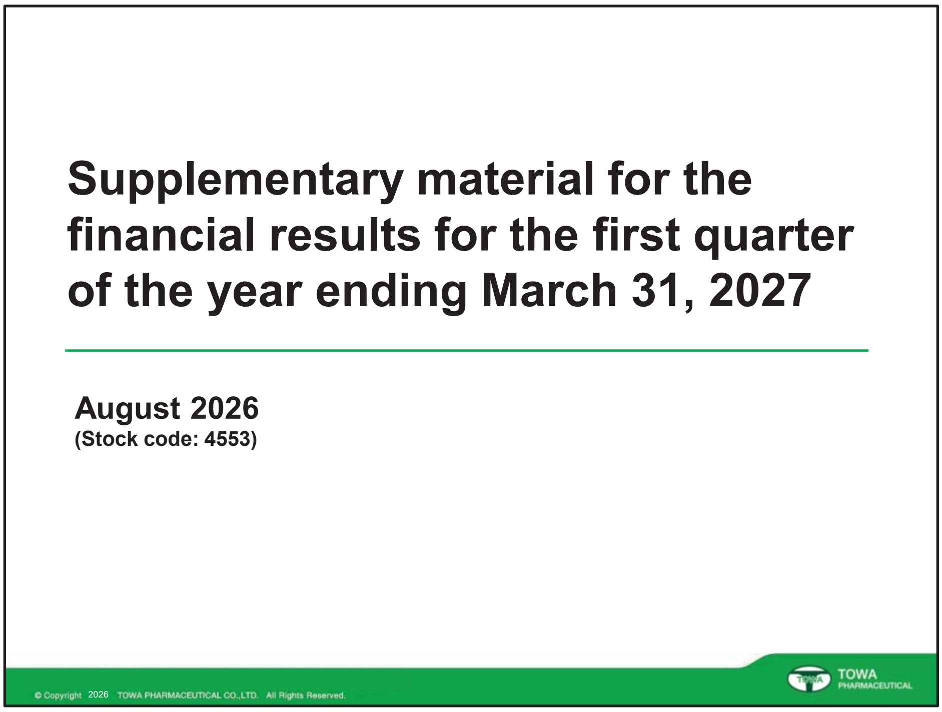
Towa Pharmaceutical Co., Ltd.
Financial results meeting for the first quarter of the year ending March 31, 2027

【Outline】
Date and time: August 7, 2026 (Friday), 2:00-3:00 pm
Speakers: Masaaki Takeyasu, Managing Director
Toshikazu Kokubun, Director
Hideshi Nakamura, Director
Shiro Hatagami, Operating Officer,
Division Manager, Finance & Accounting Division
Masaji Morikawa, 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.



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

First, I would like to offer our deepest respects to those who lost their lives in the 2026 Kumamoto Earthquake, which occurred on July 28, and our heartfelt sympathies go out to all those affected by the disaster.
We sincerely pray for the safety of everyone in the affected areas and for a swift recovery.

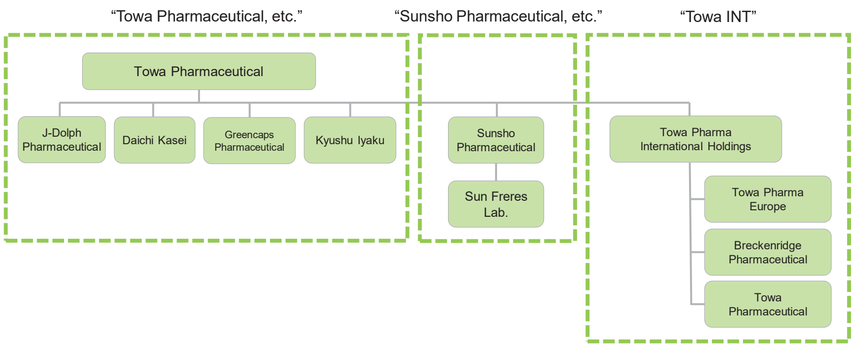
At this time, we have not experienced any casualties or injuries, and we are continuing our normal manufacturing and sales activities.

I would like to explain our financial results based on the "Supplementary material for the financial results for the first quarter of the year ended March 31, 2027." 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.”
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.”

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

Outline of financial results for 2027/3 1Q (Consolidated)

- **YoY change:** Net sales and operating profit increased due to an increase in sales volume and unit prices at Towa Pharmaceutical, etc. and sales growth in Europe for both BtoC and BtoB at Towa INT, which compensated for the deterioration in performance at Sunsho Pharmaceutical, etc.
- **Progress rate for the plan:** Net sales progressed almost as planned, with Towa INT compensating for delays in progress at Sunsho Pharmaceutical, etc.
Operating profit progressed as planned partly due to delays in spending on SG&A expenses at Towa Pharmaceutical, etc.
- **Ordinary profit increased due to the posting of a 1.4 billion yen gain on valuation of derivatives.**
(In the same period last year, a 1.4 billion yen loss on valuation of derivatives was recognized.)

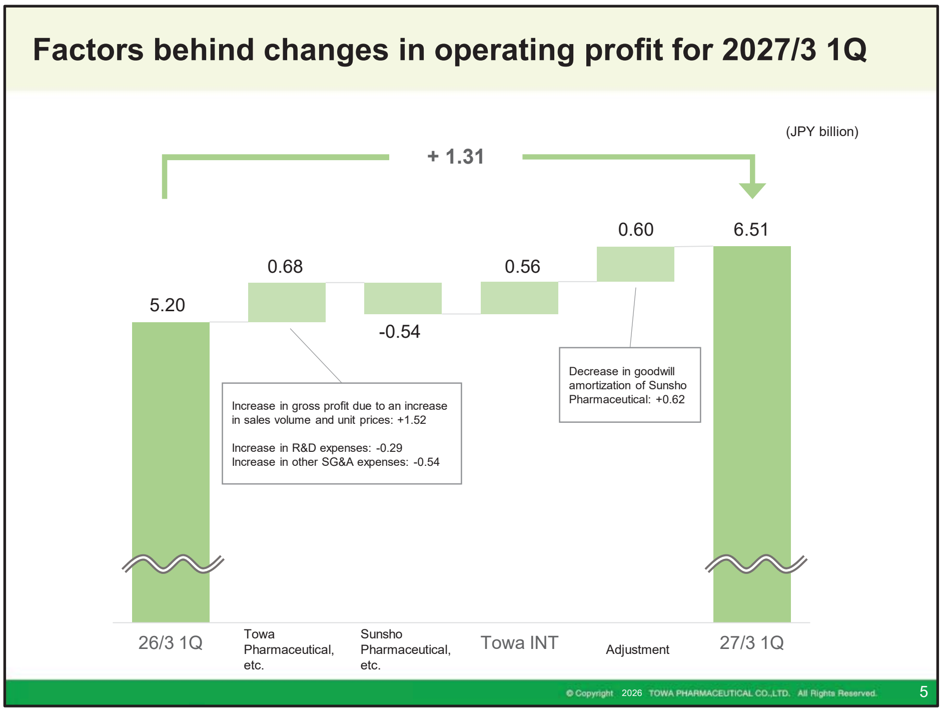
	27/3 1Q results				26/3 1Q results		27/3 1H plan		
	(JPY million)	Percentage of net sales (%)	YOY change (JPY million)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	**71,380**	**100.0**	**+ 6,230**	**+ 9.6**	**65,149**	**100.0**	**145,700**	**100.0**	**49.0**
Gross profit	26,099	36.6	+ 2,424	+ 10.2	23,674	36.3	53,700	36.9	48.6
Operating profit	**6,519**	**9.1**	**+ 1,312**	**+ 25.2**	**5,206**	**8.0**	**12,700**	**8.7**	**51.3**
Ordinary profit	7,941	11.1	+ 3,988	+ 100.9	3,953	6.1	11,700	8.0	67.9
Profit attributable to owners of parent	5,531	7.7	+ 3,017	+ 120.1	2,513	3.9	8,100	5.6	68.3

Now, please turn to slide 4.
I would like to explain the consolidated financial results summary for the first quarter.

Regarding year-on-year changes in consolidated operating results, net sales increased by 9.6% to 71.3 billion yen and operating profit increased by 25.2% to 6.5 billion yen due to an increase in sales volume and unit prices at Towa Pharmaceutical, etc. and sales growth in Europe for both B2C and B2B at Towa INT, which compensated for the deterioration in performance at Sunsho Pharmaceutical, etc.

Compared to the plan, net sales progressed almost as planned, with Towa INT compensating for delays in progress at Sunsho Pharmaceutical, etc., and operating profit progressed as planned partly due to delays in spending on SG&A expenses at Towa Pharmaceutical, etc.

Consolidated ordinary profit increased due to the posting of a gain on valuation of derivatives of 1.4 billion yen.



Please turn to slide 5.
I would like to explain the factors behind the changes in consolidated operating profit.

Operating profit increased by 1.31 billion yen from the same period last year as gross profit increased at Towa Pharmaceutical, etc. due to an increase in sales volume and unit prices while goodwill amortization at Sunsho Pharmaceutical decreased.

Outline of financial results for 2027/3 1Q
(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.**
- **Progress rate for the plan:** **Net sales remained slightly sluggish due to the less-than-expected progress in sales expansion of recently launched products.**
  Segment profit increased more than planned due to delays in spending on SG&A expenses, such as R&D expenses.

	27/3 1Q results				26/3 1Q results		27/3 1H plan		
	(JPY million)	Percentage of net sales (%)	YOY change (JPY million)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	**49,746**	**100.0**	**+ 3,992**	**+ 8.7**	**45,754**	**100.0**	**102,000**	**100.0**	**48.8**
Cost of sales	29,900	60.1	+ 2,469	+ 9.0	27,430	60.0	61,100	59.9	48.9
SGA	12,427	25.0	+ 836	+ 7.2	11,590	25.3	27,200	26.7	45.7
Segment profit	**7,419**	**14.9**	**+ 686**	**+ 10.2**	**6,733**	**14.7**	**13,700**	**13.4**	**54.2**

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **Approx. 4.02 billion tablets, up 4.4%** year on year Progress rate for the full-year plan: **23.6%**
- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **Approx. 4.09 billion tablets, up 6.2%** year on year Progress rate for the full-year plan: **22.7%**

Please turn to slide 6.
I would like to explain the financial results summary for Towa Pharmaceutical, etc.

Regarding year-on-year changes in operating results for this segment, net sales increased by 8.7% and segment profit rose by 10.2% as the quantity supplied to the market increased due to higher production volumes while unit prices also increased due to the improved sales mix.

Compared to the plan, net sales remained slightly sluggish due to less-than-expected growth in the sales of recently launched products while segment profit increased more than planned due to delays in spending on SG&A expenses, such as R&D expenses.

The sales volume of Towa Pharmaceutical on a non-consolidated basis was approximately 4.02 billion tablets, up 4.4% year on year.

Meanwhile, production volume was approximately 4.09 billion tablets, up 6.2% year on year.

Outline of financial results for 2027/3 1Q
(Sunsho Pharmaceutical, etc.)

- **YoY change / progress rate for the plan:**
  Net sales decreased and their progress also remained sluggish due to delays in receiving orders in the new application business and lost orders that reflect decreased demand in the pharmaceutical business.
  Segment profit turned into a loss and their progress also remained sluggish due to the decrease in net sales and delays in implementing measures to improve the gross profit margin in the domestic health food business.
- **While efforts are underway to improve performance, such as acquiring new customers in the new application business, segment profit for this fiscal year may fall short of the plan due to the impact of lost orders in the pharmaceutical business.**
  We expect the impact of this on our consolidated financial results to be limited.

	27/3 1Q results				26/3 1Q results		27/3 1H plan		
	(JPY million)	Percentage of net sales (%)	YOY change (JPY million)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	**6,234**	**100.0**	**- 790**	**- 11.3**	**7,025**	**100.0**	**14,700**	**100.0**	**42.4**
Cost of sales	5,485	88.0	- 301	- 5.2	5,786	82.4	11,800	80.3	46.5
SGA	1,155	18.5	+ 56	+ 5.1	1,099	15.6	2,300	15.6	50.2
Segment profit (loss)	**- 406**	**- 6.5**	**- 546**	**—**	**139**	**2.0**	**600**	**4.1**	**—**

Note: Goodwill amortization is not included.

Please turn to slide 7.
I would like to explain the financial results summary for Sunsho Pharmaceutical, etc.

Net sales decreased by 11.3% year on year due to delays in receiving orders in the new application business and lost orders that reflect decreased demand in the generics business. Progress against projected targets also remained sluggish

Segment profit turned negative due to the decrease in net sales and delays in implementing measures to improve gross profit margin in the domestic health food business. Progress against projected targets also remained sluggish.

While efforts are underway to improve performance, such as acquiring new customers in the new application business, segment profit for this fiscal year may fall short of the plan due to the impact of lost orders in the generics business.
We expect the impact of this on our consolidated financial results to be limited.

Outline of financial results for 2027/3 1Q (Towa INT)

- **YoY change:** **Net sales increased despite the continued impact of the suspension of sale of main products due to the nitrosamine issue in the U.S. This is due to growth in sales of main products in European BtoC and an increase in contract manufacturing in European BtoB. Segment profit increased due to an increase in net sales and a drop in the cost of sales ratio in European BtoB.**
- **Progress rate for the plan: Net sales and segment profit achieved strong progress due to an increase in contract manufacturing in European BtoB, while there were certain products that failed to grow as expected in the U.S.**

	27/3 1Q results				26/3 1Q results		27/3 1H plan		
	(JPY million)	Percentage of net sales (%)	YOY change (JPY million)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	**15,612**	**100.0**	**+ 3,119**	**+ 25.0**	**12,492**	**100.0**	**29,500**	**100.0**	**52.9**
Europe	**10,548**	**67.6**	**+ 2,908**	**+ 38.1**	**7,639**	**61.2**	**18,800**	**63.7**	**56.1**
U.S.	**5,063**	**32.4**	**+ 210**	**+ 4.3**	**4,852**	**38.8**	**10,700**	**36.3**	**47.3**
Cost of sales	9,994	64.0	+ 1,674	+ 20.1	8,319	66.6	19,400	65.8	51.5
SGA	5,612	36.0	+ 877	+ 18.5	4,735	37.9	10,700	36.3	52.5
Segment profit (loss)	**5**	**0.0**	**+ 568**	**—**	**- 562**	**- 4.5**	**- 600**	**- 2.0**	**—**

Exchange rate during period (TTM)	27/3 1Q	26/3 1Q	Assumed rate for 27/3	Exchange rate during period (TTM)	27/3 1Q	26/3 1Q	Assumed rate for 27/3
EUR 1	JPY 185.39	JPY 163.80	JPY 177.00	USD 1	JPY 159.49	JPY 144.59	JPY 154.00

Note: Goodwill amortization is not included.

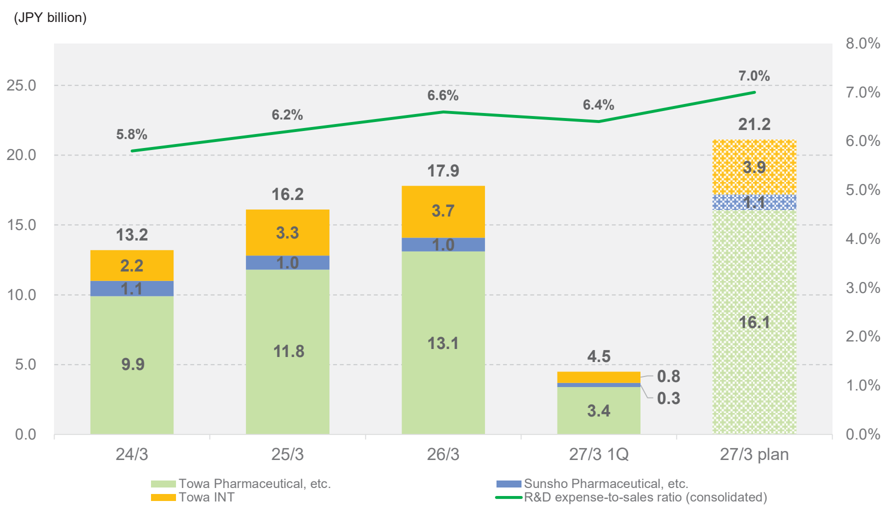
Please turn to slide 8.
I would like to explain the financial results summary for Towa INT.

Regarding year-on-year changes in operating results for this segment, net sales increased despite the continued impact of the suspension of sales of our main products due to the nitrosamine issue in the U.S. This is due to the growth in sales of our main products in the European B2C segment and an increase in contract manufacturing in the European B2B segment.
Helped also by the impact of exchange rates, net sales were up 25.0% year on year.

Segment profit increased due to an increase in net sales and a drop in the cost of sales ratio in the European B2B segment.

Compared to the plan, net sales and segment profit achieved strong results due to an increase in contract manufacturing in the European B2B segment, while there were certain products that failed to grow as expected in the U.S.

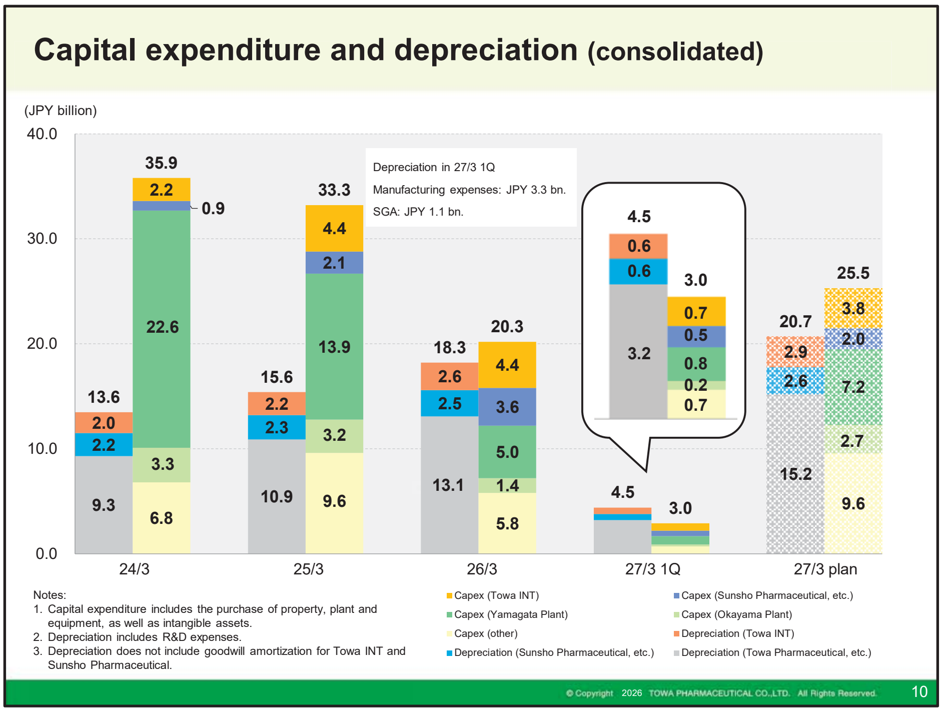
Research and development expenses (consolidated)



Note: Intergroup transactions have been eliminated.

Please turn to slide 9.
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, etc., there has been a slight delay in progress, with research and development expenses of approximately 4.5 billion yen on a consolidated basis; however, the full-year amount is expected to be as planned.



Please turn to slide 10.
I would like to explain the trends in capital expenditure and depreciation.

Due to factors such as a delay in the introduction of new plant equipment at Towa Pharmaceutical, there is a delay in progress, with capital expenditure of approximately 3.0 billion yen on a consolidated basis; however, the full-year amount is expected to be as planned.

Depreciation was approximately 4.5 billion yen.

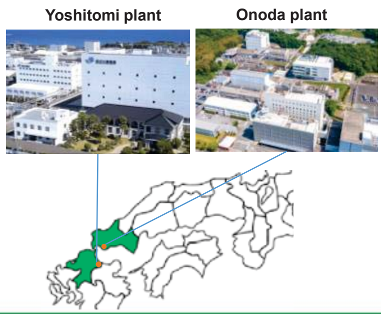
Acquisition of shares of Tanabe Pharma Factory and transfer of manufacturing and marketing approvals

- **The Company reached an agreement with Tanabe Pharma Corporation on the acquisition of shares of Tanabe Pharma Factory and transfer of manufacturing and marketing approvals (disclosed on July 3).**

Scope of transfer	(1) Acquisition of shares of Tanabe Pharma Factory Co., Ltd.	(2) Transfer of manufacturing and marketing approvals for 17 ingredients and 35 items
Date of execution of transfer	End of November 2026 (planned)	In or after April 2027 (planned)
Remarks	• The impact on consolidated financial results for 2027/3 is currently under evaluation. (The acquisition cost will not be disclosed.) • If the share transfer proceeds as planned, the balance sheet and income statement of Tanabe Pharma Factory will be included in the scope of consolidation starting from the end of 2027/3 3Q and 2027/3 4Q, respectively.	

- **Outline of Tanabe Pharma Factory Co., Ltd.**

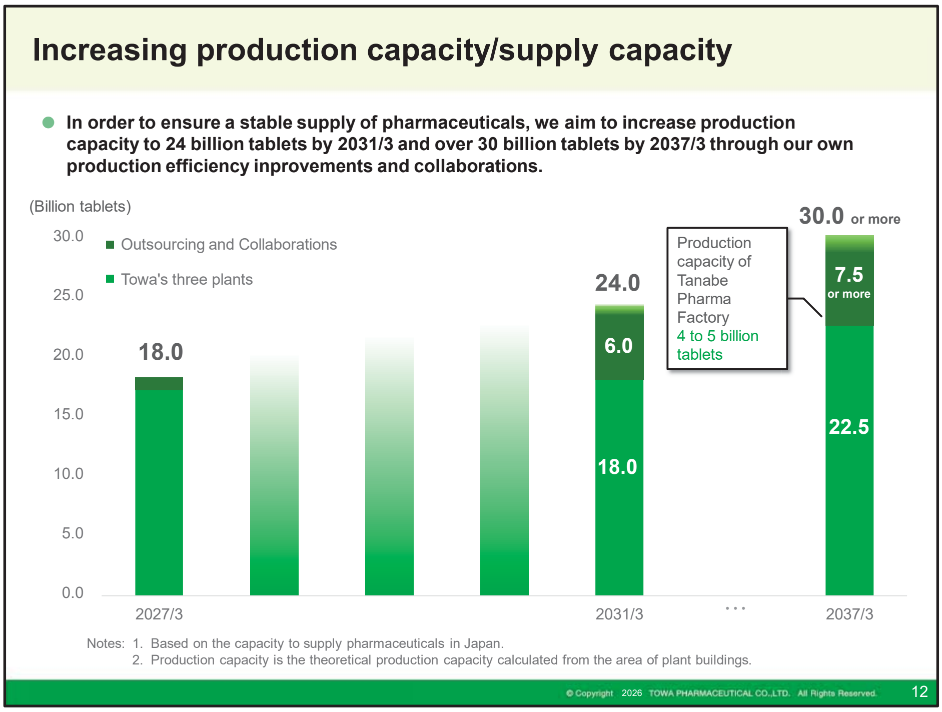
Representative	Yusuke Furuse
Head office address	3-2-10 Dosho-machi, Chuo-ku, Osaka
Plants	Onoda plant (Sanyo-Onoda, Yamaguchi) Can handle various dosage forms and also exports APIs overseas. Yoshitomi plant (Yoshitomi-machi, Chikujo County, Fukuoka) A mass production site for solid dosage forms with advanced automation and digital transformation features. Both plants have obtained numerous international certifications, including those from the FDA and EMA.
Number of employees	538 (as of April 1, 2026)
Actual production	1.56 billion tablets (tablets, FY2025)



Please turn to slide 11.
I will explain the acquisition of shares of Tanabe Pharma Factory and the transfer of manufacturing and marketing approvals from Tanabe Pharma Corporation, which we disclosed on July 3.

We plan to complete the share acquisition at the end of November 2026 and the transfer of manufacturing and marketing approvals in or after April 2027.

If the share transfer proceeds as planned, the balance sheet and income statement of Tanabe Pharma Factory will be included in the scope of consolidation starting from 2027/3 3Q and 2027/3 4Q, respectively.



Next, I will explain our medium- to long-term production capacity targets shown on slide 12.

In order to contribute to a stable supply of pharmaceuticals, we aim to increase our annual production capacity to 24 billion tablets by 2031/3 and over 30 billion tablets by 2037/3 through improved production efficiency at and collaboration among Towa Pharmaceutical's three plants.

Lastly, reference materials are shown on slides 13 to 25.

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 is the progress of Prasugrel AG at Towa Pharmaceutical, etc.? Also, please tell us why the expansion of sales of the products launched in June did not proceed as planned and what your outlook is for the future.

A: While Prasugrel is progressing as planned, the products launched in June are behind schedule, and there is a slight risk of not meeting the full-year target. On the other hand, sales of existing products are growing. Therefore, we hope to cover any shortfall with those sales. For some of the products launched in June, we sold only orally disintegrating tablets (OD tablets), which have low distribution volume in the original market, for the sake of stable supply and ease of administration. Although we conducted sales activities leveraging the added value and sales capabilities of our OD tablets, we were unable to gain sufficient understanding from medical institutions in the short term as market prices remained weak. As a result, progress fell short of expectations. In the medium to long term, we will continue to promote sales at fair prices and encourage customers to switch to our products by helping them understand our commitment to stable supply and our patient-centered product strategy.

Q: I presume it is Desloratadine OD Tablets that fell short of the plan due to being sold only as OD tablets. Since it's a seasonal product, I don't think sales will increase much in June. Is a rebound possible during the pollen season? Please also tell us whether other products launched in June are proceeding as planned.

A: We will be promoting Desloratadine OD Tablets again in preparation for the allergy season. However, since this will coincide with the period before the drug price revision, a rapid recovery is unlikely. Furthermore, some of the other products launched in June have not been adopted by medical institutions as much as expected due to discrepancies in indications.

Q: Regarding the progress of existing products, in the 2026/3 Q4 results, there was an instance where sales did not recover even after the regulated shipments were lifted. Have sales recovered to some extent since the start of the new fiscal year following the revision of drug prices?

A: At the time of the drug price revision in April, medical institutions reviewed the products they were using. As a result, the switch to our products has progressed, and at this point, it is proceeding as planned.

Q: Production and sales volume progress rates appear to be low. What is the current situation and future outlook?
A: Regarding production, it should be noted that the production plan is heavily weighted towards the second half of the year due to the number of operation days. That said, progress is slightly behind schedule. This is due to adjustments to the production plan to match market demand and a higher-than-expected turnover of temporary staff in the packaging process at the Yamagata Plant, which required training the new staff. While there is a risk of not reaching the 18 billion tablet target, we expect progress to proceed as planned from 2Q onward, and we do not anticipate a significant shortfall. At this time, we anticipate that the impact on sales volume and net sales will be insignificant.

Q: Sunsho Pharmaceutical has experienced a decline in profits due to delays in its new application business and lost orders in its generics business. What are the prospects for the future?
A: Although there have been delays in new business development in the new application business, it is expected to deliver full-year results as planned. On the other hand, it is difficult for Sunsho Pharmaceutical to recover lost orders in the generics business, and its segment profit may end up falling short of its target.

Q: Regarding Sunsho Pharmaceutical, when can we expect to see the effects of improved gross profit margins in its domestic health food business?
A: As price negotiations with its customers are the key efforts, the timing depends on when we can reach agreement with them. Currently, progress is a little behind schedule, but we would like to make improvements towards the end of the fiscal year.

Q: Europe is performing well. Is this due to the improved Duloxetine formulation?
A: The strong performance in Europe is due to an increase in contract manufacturing in the European B2B segment, the success of high-margin formulation development in the CDMO business on which we currently focus, and contributions from new business development and new product sales in the European B2C segment. Regarding Duloxetine's nitrosamine content, some European countries tightened their standards from December 1 last year, and our reformulated products have been approved in Spain, Italy, Portugal, France, and the UK. Germany has postponed the tightening of standards for one year, and we expected to obtain approval in the future. We expect that orders for the reformulated products will increase once the old products are sold out, contributing to our financial results for the next fiscal year and beyond.

Q: Do you expect that Europe's strong performance will continue in the future?
A: Yes, we expect this trend to continue as we anticipate regular orders from our major customers in the CDMO business, and we also see no significant risks in our B2C business. On the other hand, deflation is a risk factor in the U.S. Therefore, we intend to secure profits and achieve sustainable growth by shifting to the hospital market and selling several new injection products.

Q: What impact will the acquisition of Tanabe Pharma Factory have on your P&L for the next fiscal year? In 2026/3, its net sales were approximately 16 billion yen and operating profit was approximately 1.1 billion yen. Can we expect the company to maintain similar levels going forward?
A: Since the closing is scheduled for the end of November, we would like to refrain from answering at this time.

Q: The application requirements for the Generic Drug Manufacturing Infrastructure Development Fund have been announced. Can it be used for the acquisition of Tanabe Pharma Factory and the product consolidation of long-listed pharmaceutical products with GE products?
A: We are considering using the Fund for our capital investment at Tanabe Pharma Factory and are currently preparing to apply.

Q: Regarding the outlook for derivative valuations, approximately 1.4 billion yen in valuation gains were recorded for 1Q, and such gains could also be an upside factor for the full-year plan. What is the outlook going forward?
A: The impact of exchange rates is difficult to predict due to currency intervention, among other factors. However, if the current trend of a weaker yen continues, we believe these gains will remain at similar levels.