

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

August 2025
(Stock code: 4553)

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.”

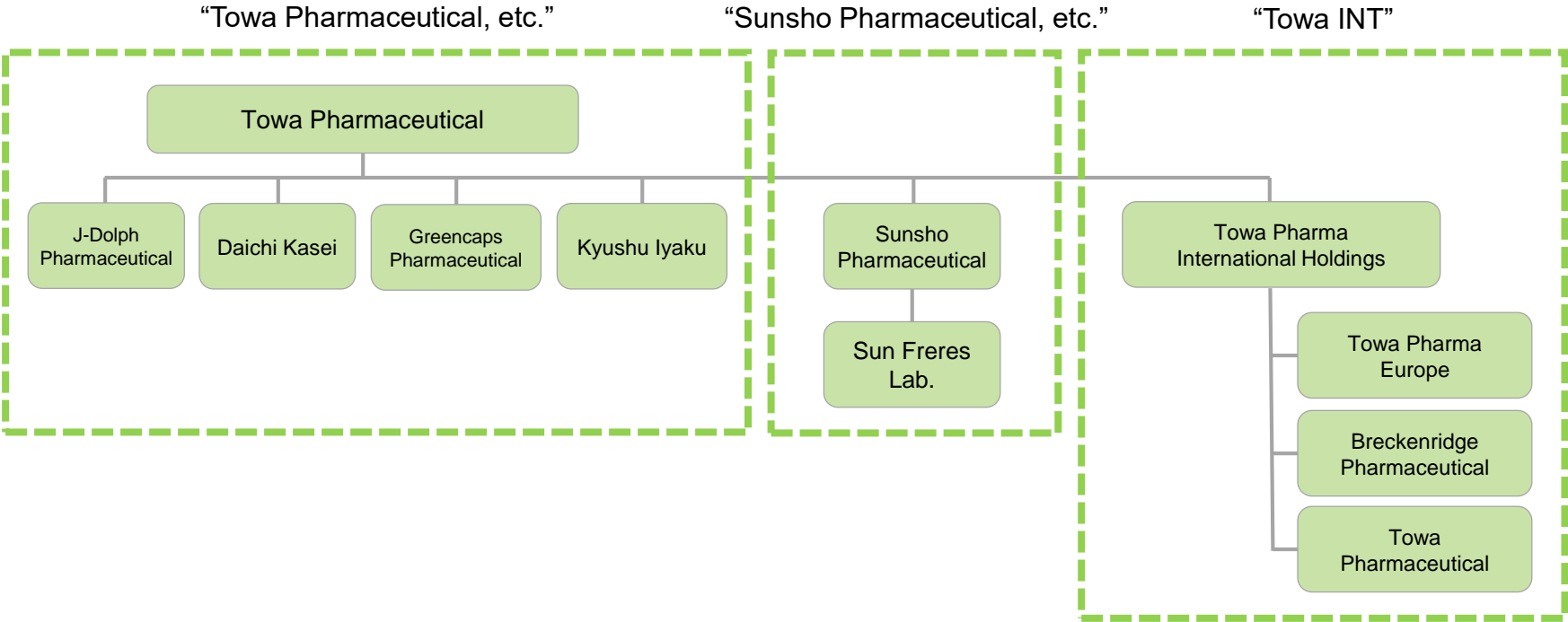


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1. Outline of financial results for 2026/3 1Q

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Summary of financial results for 2026/3 1Q

- **YoY change: Net sales increased, but profit decreased on a consolidated basis**

Net sales and gross profit increased due to an increase in supply to the market following an increase in production volume at Towa Pharmaceutical.

Operating profit decreased due to the poor performance of Sunsho Pharmaceutical and Towa INT.

Ordinary profit decreased due to the posting of a 1.4 billion yen **loss** on valuation of derivatives as well as the decrease in operating profit.

In 25/3 1Q, a 2.2 billion yen **gain** on valuation of derivatives was recognized.

- **Progress rate for the full-year plan: Net sales: 23.3%, Operating profit: 19.3% on a consolidated basis**

Net sales were almost as planned.

The progress rate for gross profit and operating profit were not good due to a rise in the cost of sales ratio at Sunsho Pharmaceutical and Towa INT.

The progress rate for ordinary profit was not good due to the posting of an unplanned 1.4 billion yen loss on valuation of derivatives.

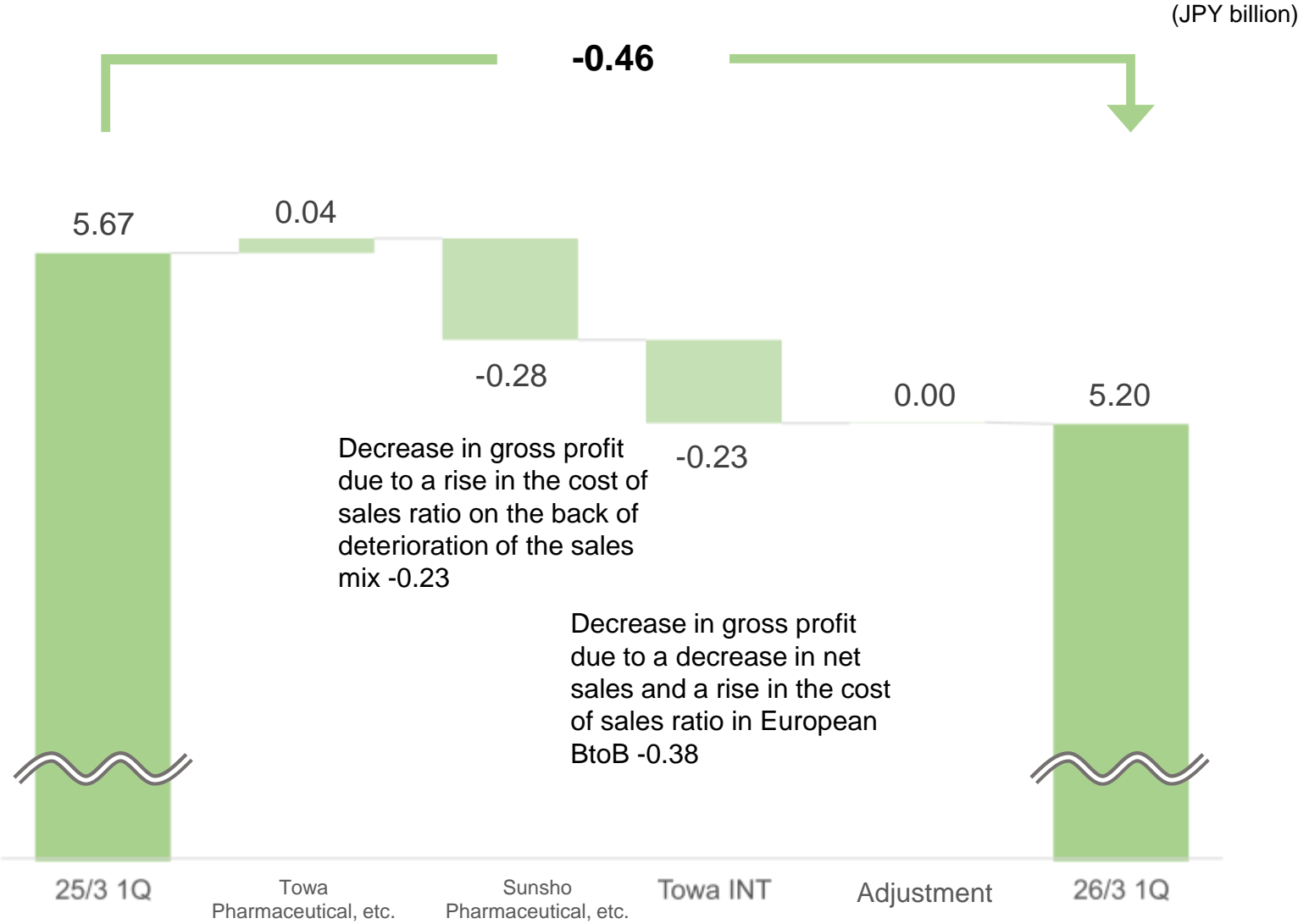
Due to uncertainty in exchange rate trends, etc., we have not revised the full-year plan.

(The plan does not include any gain or loss on valuation of derivatives.)

	26/3 1Q results		25/3 1Q results	26/3 1H plan		26/3 full-year plan	
	(JPY billion)	YOY change (%)	(JPY billion)	(JPY billion)	Progress rate (%)	(JPY billion)	Progress rate (%)
Net sales	65.1	4.1%	62.5	134.5	48.4%	280.0	23.3%
Gross profit	23.6	1.4%	23.3	50.1	47.3%	104.0	22.8%
Operating profit	5.2	- 8.2%	5.6	12.0	43.4%	27.0	19.3%
Ordinary profit	3.9	- 54.0%	8.5	11.1	35.6%	25.3	15.6%
Profit attributable to owners of parent	2.5	- 54.3%	5.4	8.0	31.4%	17.7	14.2%

Exchange rate at end of period (TTM) USD 1	26/3 1Q	25/3 4Q	25/3 1Q	24/3 4Q
	JPY 144.81	JPY 149.52	JPY 161.07	JPY 151.41

Factors behind changes in operating profit for 2026/3 1Q



Outline of financial results for 2026/3 1Q (Consolidated)

- **YoY change:** Net sales increased due to an increase in supply to the market following an increase in production volume at Towa Pharmaceutical.
Operating profit decreased due to poor the performance of Sunsho Pharmaceutical and Towa INT.
- **Progress rate for the plan:** Net sales were almost as planned.
The progress rate for operating profit was not good due to a rise in the cost of sales ratio at Sunsho Pharmaceutical and Towa INT.

Regarding ordinary profit, an unplanned 1.4 billion yen loss on valuation of derivatives was recorded.

(JPY million, %)

	26/3 1Q results			25/3 1Q results		26/3 First-half plan			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 (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	65,149	100.0	+ 4.1	62,566	100.0	134,500	100.0	48.4	280,000	100.0	23.3
Cost of sales	41,474	63.7	+ 5.7	39,223	62.7	84,400	62.8	49.1	176,000	62.9	23.6
SGA	18,468	28.3	+ 4.5	17,670	28.2	38,100	28.3	48.5	77,000	27.5	24.0
Operating profit	5,206	8.0	- 8.2	5,672	9.1	12,000	8.9	43.4	27,000	9.6	19.3
Ordinary profit	3,953	6.1	- 54.0	8,593	13.7	11,100	8.3	35.6	25,300	9.0	15.6
Profit before income taxes	3,960	6.1	- 53.9	8,584	13.7	11,100	8.3	35.7	25,300	9.0	15.7
Profit attributable to owners of parent	2,513	3.9	- 54.3	5,495	8.8	8,000	5.9	31.4	17,700	6.3	14.2

Outline of financial results for 2026/3 1Q (Towa Pharmaceutical, etc.)

- YoY change: Net sales increased due to an increase in supply to the market following an increase in production volume at Towa Pharmaceutical.
Segment profit increased slightly.
- Progress rate for the plan: Net sales were almost as planned, and segment profit was as planned.

(JPY million, %)

	26/3 1Q results			25/3 1Q 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	45,754	100.0	+ 8.7	42,104	100.0	196,500	100.0	23.3
Cost of sales	27,430	60.0	+ 10.6	24,796	58.9	118,500	60.3	23.1
SGA	11,590	25.3	+ 9.1	10,622	25.2	49,800	25.3	23.3
Segment profit	6,733	14.7	+ 0.7	6,686	15.9	28,200	14.4	23.9

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 3.8 billion tablets, up 6.2% year on year**
Progress rate for the full-year plan: **23.9%**
- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 3.8 billion tablets, up 11.4% year on year**
Progress rate for the full-year plan: **23.7%**

Outline of financial results for 2026/3 1Q

(Sunsho Pharmaceutical, etc.)

- **YoY change:** Net sales increased.
Segment profit decreased due to a rise in the cost of sales ratio on the back of deterioration of the sales mix.
- **Progress rate for the plan:** Net sales were almost as planned.
The progress rate for segment profit was not good due to a higher-than-expected cost of sales ratio.

(JPY million, %)

	26/3 1Q results			25/3 1Q 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	7,025	100.0	+ 4.4	6,728	100.0	30,200	100.0	23.3
Cost of sales	5,786	82.4	+ 10.1	5,253	78.1	23,200	76.8	24.9
SGA	1,099	15.6	+ 5.1	1,045	15.5	4,600	15.2	23.9
Segment profit	139	2.0	- 67.4	429	6.4	2,400	7.9	5.8

Note: Goodwill amortization is not included.

Outline of financial results for 2026/3 1Q (Towa INT)

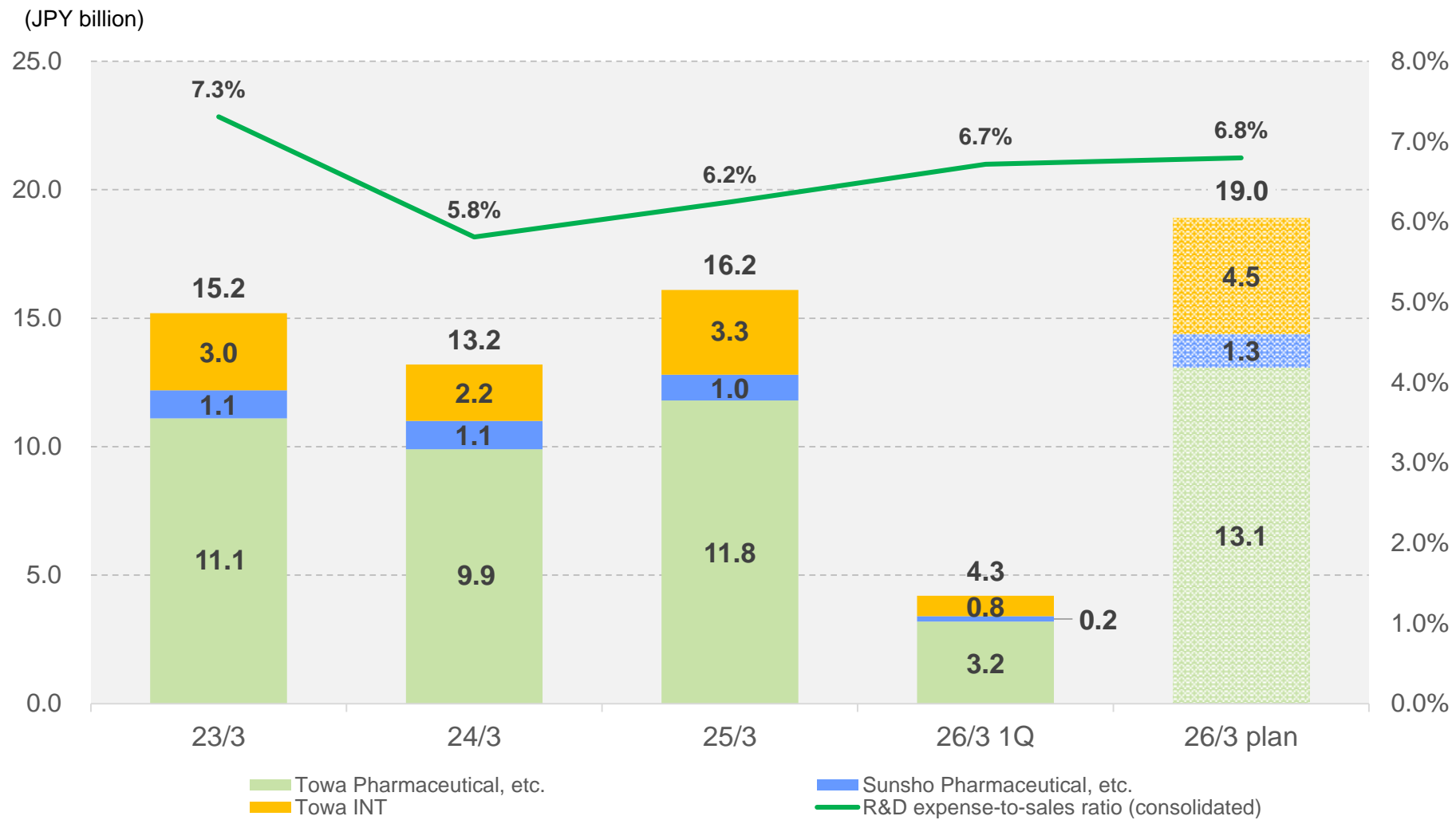
- **YoY change:** Net sales decreased due to a decrease in sales of certain products in the U.S. and the European BtoB and a stronger yen. Segment loss widened.
- **Progress rate for the plan:** Regarding net sales, there were delays in the launch of new products in the European BtoC and delays in contract manufacturing in the European BtoB, but these were partially offset due to a weaker-than-expected yen. The progress rate for segment loss was not good due to an increase in the cost of sales ratio on the back of lower-than-expected production volume. (JPY million, %)

		26/3 1Q results			25/3 1Q 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		12,492	100.0	- 9.3	13,779	100.0	54,600	100.0	22.9
	Europe	7,639	61.2	- 7.2	8,235	59.8	34,200	62.6	22.3
	U.S.	4,852	38.8	- 12.5	5,543	40.2	20,400	37.4	23.8
Cost of sales		8,319	66.6	- 9.7	9,218	66.9	34,600	63.4	24.0
SGA		4,735	37.9	- 3.2	4,891	35.5	19,300	35.3	24.5
Segment profit (loss)		- 562	- 4.5	—	- 330	- 2.4	700	1.3	—

Exchange rate during period (TTM) EUR 1	26/3 1Q	25/3 1Q	Assumed rate for 26/3	Exchange rate during period (TTM) USD 1	26/3 1Q	25/3 1Q	Assumed rate for 26/3
	JPY 163.80	JPY 167.88	JPY 156.00		JPY 144.59	JPY 155.88	JPY 145.00

Note: Goodwill amortization is not included.

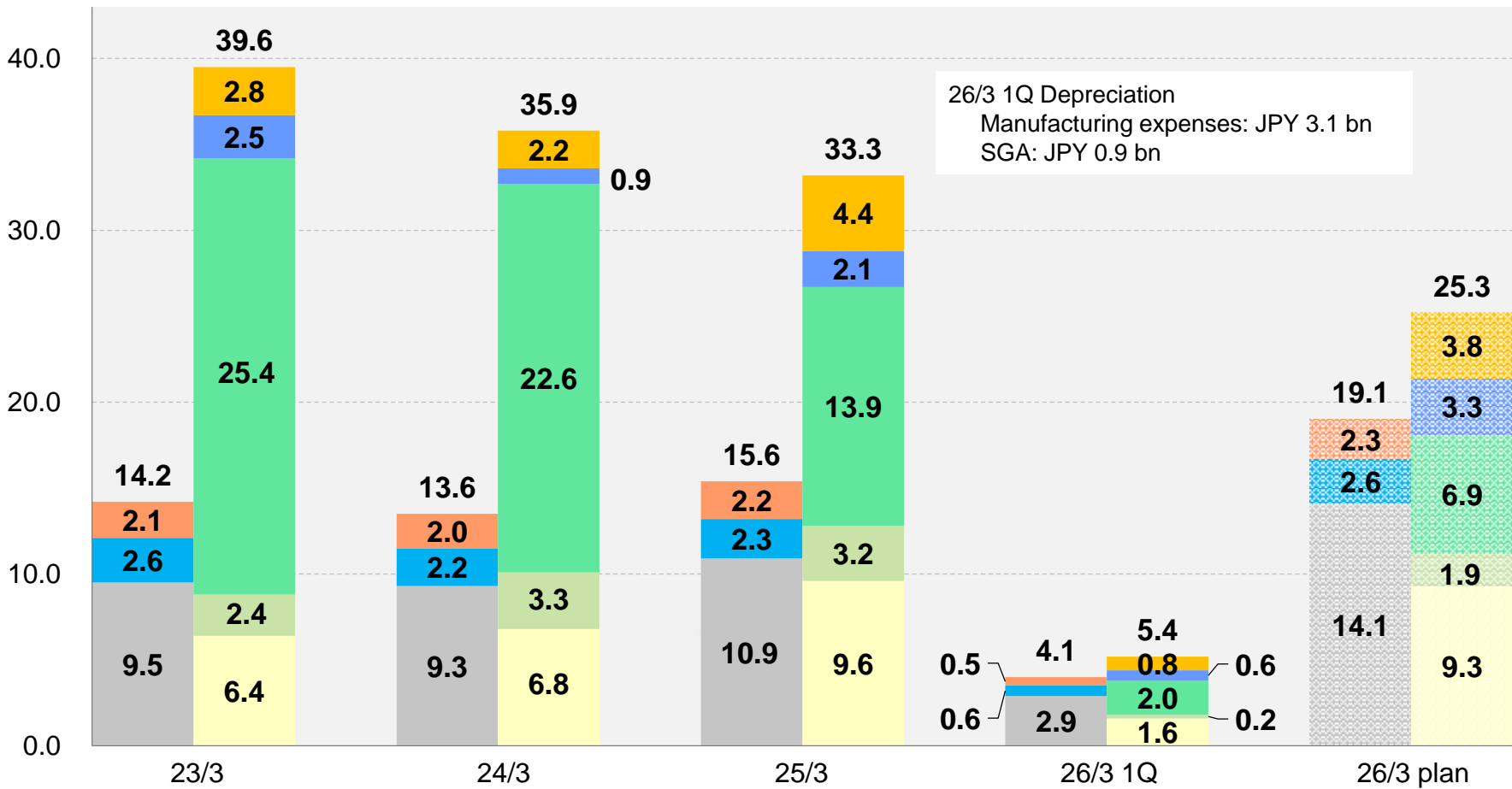
Research and development expenses (Consolidated)



Notes: 1. Intergroup transactions have been eliminated.
2. The consolidated fiscal year ended March 31, 2023, of Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.
3. The method of rounding amounts less than 100 million yen has been changed since 2025/3.

Capital expenditure and depreciation (Consolidated)

(JPY billion)



Notes: 1. Capital expenditure includes the purchase of property, plant and equipment, as well as intangible assets.
2. Depreciation includes R&D expenses.
3. Depreciation does not include goodwill amortization for Towa INT and Sunsho Pharmaceutical.
4. The consolidated fiscal year ended March 31, 2023, for Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.
5. The method of rounding amounts less than 100 million yen has been changed since 2025/3.

Capex (Towa INT)
Capex (Yamagata Plant)
Capex (Sunsho Pharmaceutical, etc.)
Capex (Okayama Plant)
Capex (other)
Depreciation (Towa INT)
Depreciation (Sunsho Pharmaceutical, etc.)
Depreciation (Towa Pharmaceutical, etc.)

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

2. Reference materials

Outline of financial results for 2026/3 1Q (Domestic segment)

(JPY million, %)

		26/3 1Q results			25/3 1Q results		26/3 First-half plan			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 (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Domestic segment	Net sales	52,780	100.0	+ 8.1	48,833	100.0	108,000	100.0	48.9	226,700	100.0	21.5
	Cost of sales	33,216	62.9	+ 10.5	30,049	61.5	67,300	62.3	49.4	141,700	62.5	21.2
	SGA	12,690	24.0	+ 8.8	11,667	23.9	27,200	25.2	46.7	54,400	24.0	21.4
	Segment profit	6,873	13.0	- 3.4	7,116	14.6	13,500	12.5	50.9	30,600	13.5	23.3
Towa Pharmaceutical, etc.	Net sales	45,754	100.0	+ 8.7	42,104	100.0				196,500	100.0	23.3
	Cost of sales	27,430	60.0	+ 10.6	24,796	58.9				118,500	60.3	23.1
	SGA	11,590	25.3	+ 9.1	10,622	25.2				49,800	25.3	23.3
	Segment profit	6,733	14.7	+ 0.7	6,686	15.9				28,200	14.4	23.9
Sunsho Pharmaceutical, etc.	Net sales	7,025	100.0	+ 4.4	6,728	100.0				30,200	100.0	23.3
	Cost of sales	5,786	82.4	+ 10.1	5,253	78.1				23,200	76.8	24.9
	SGA	1,099	15.6	+ 5.1	1,045	15.5				4,600	15.2	23.9
	Segment profit	139	2.0	- 67.4	429	6.4				2,400	7.9	5.8

Note: Goodwill amortization is not included.

Outline of financial results for 2026/3 1Q (Overseas segment)

(JPY million, %)												
		26/3 1Q results			25/3 1Q results		26/3 First-half plan			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 (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Overseas segment	Net sales	12,492	100.0	- 9.3	13,779	100.0	27,300	100.0	45.8	54,600	100.0	22.9
	Cost of sales	8,319	66.6	- 9.7	9,218	66.9	17,200	63.0	48.4	34,600	63.4	24.0
	SGA	4,735	37.9	- 3.2	4,891	35.5	9,400	34.4	50.4	19,300	35.3	24.5
	Segment profit (loss)	- 562	- 4.5	—	- 330	- 2.4	700	2.6	—	700	1.3	—
Europe	Net sales	7,639	100.0	- 7.2	8,235	100.0				34,200	100.0	22.3
	Cost of sales	5,145	67.4	- 6.1	5,480	66.5				21,200	62.0	24.3
	SGA	3,518	46.1	+ 1.2	3,475	42.2				13,300	38.9	26.5
	Segment loss	- 1,025	- 13.4	—	- 719	- 8.7				- 300	- 0.9	—
U.S.	Net sales	4,852	100.0	- 12.5	5,543	100.0				20,400	100.0	23.8
	Cost of sales	3,173	65.4	- 15.1	3,737	67.4				13,400	65.7	23.7
	SGA	1,216	25.1	- 14.1	1,416	25.5				6,000	29.4	20.3
	Segment profit	462	9.5	+ 18.7	389	7.0				1,000	4.9	46.2

Note: Goodwill amortization is not included.

Outline of financial results for 2026/3 1Q (Segment information)

(JPY million)

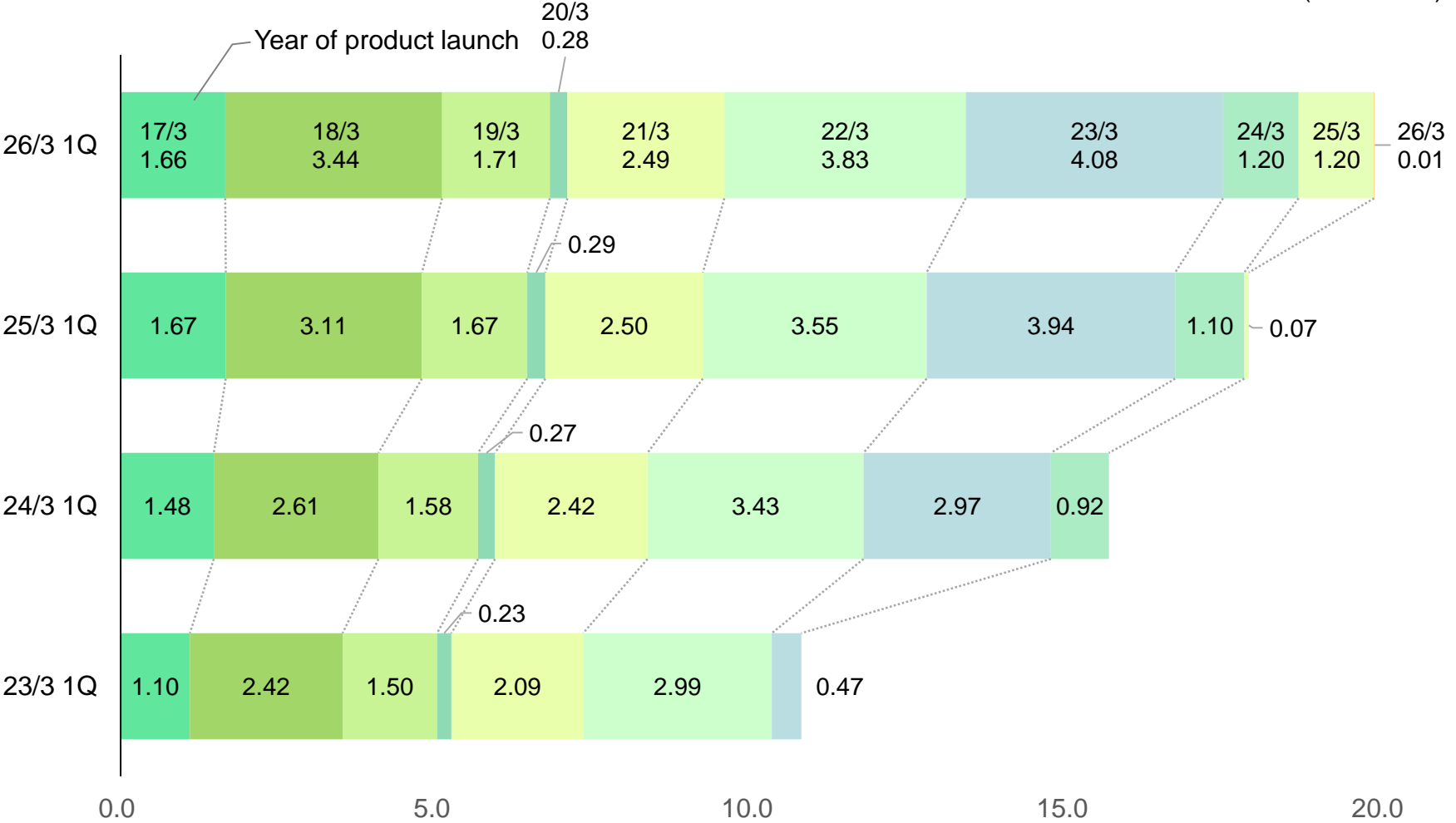
	Reportable segment		Total	Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas			
	Towa Pharmaceutical, etc. Sunsho Pharmaceutical, etc.	Towa INT			
Net sales	52,780	12,492	65,272	- 122	65,149
Cost of sales	33,216	8,319	41,536	- 61	41,474
SGA	12,690	4,735	17,425	+ 1,042	18,468
Segment profit (loss)	6,873	- 562	6,310	- 1,104	5,206

Notes: 1. Since SGA adjustments include goodwill amortization and internal transactions between Towa Pharmaceutical and Towa INT, they do not equal the sum of the following goodwill amortization.

2. Goodwill amortization: Towa INT JPY 252 million; Sunsho Pharmaceutical, etc. JPY 852 million

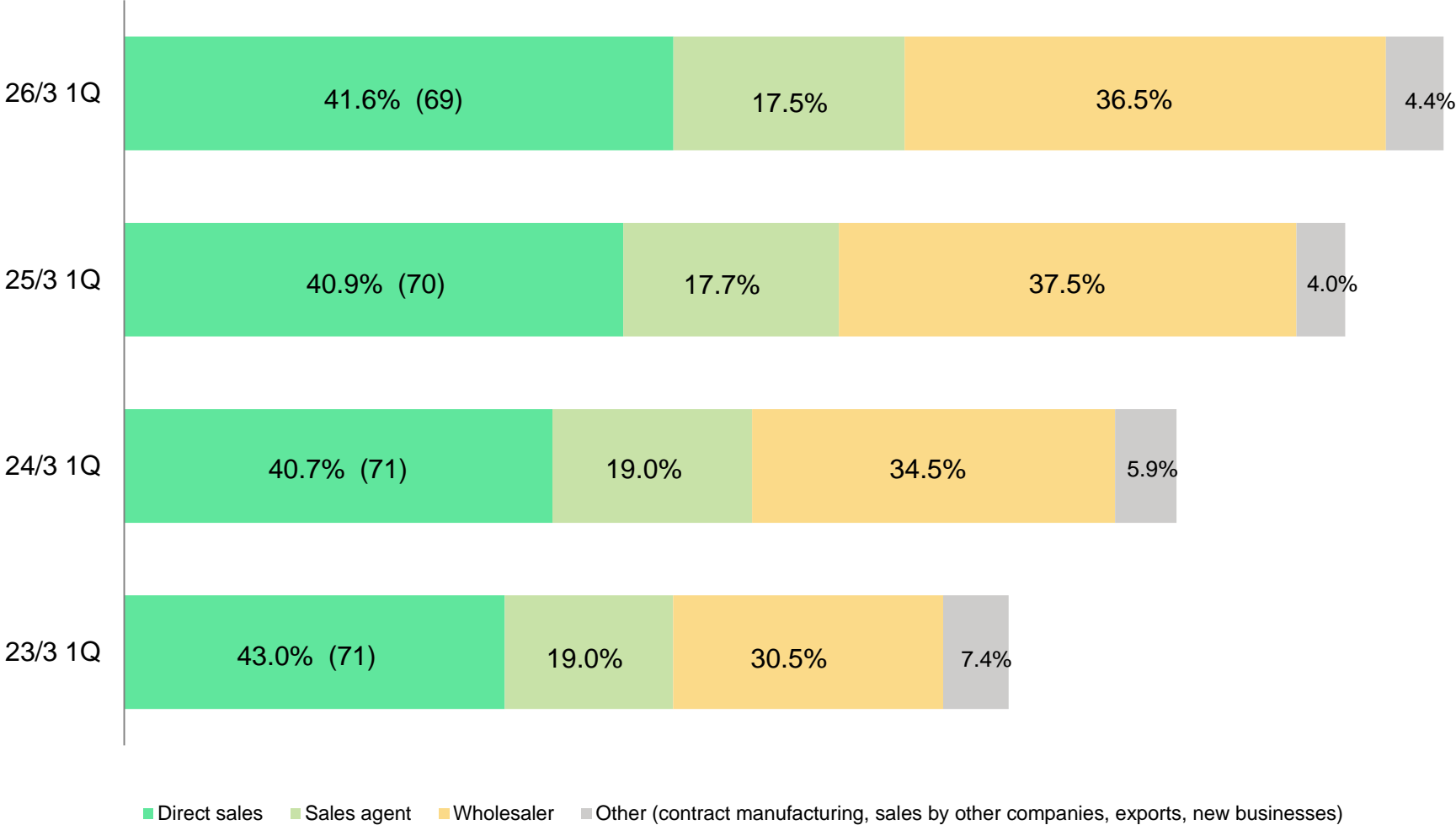
Net sales by supplement year (Non-consolidated)

(JPY billion)



Notes: The method of rounding amounts less than 10 million yen has been changed since 2025/3.

Net sales by distribution channel (Non-consolidated)



Figures in brackets indicate the number of sales offices.

Number of customers by customer segment (Non-consolidated)

(Customer, %)

Customer segment	Number of medical institutions	26/3 1Q					25/3 1Q	
		Number of customers	Coverage (%)	Transaction amount % mix (%)	Change in number of customers	Change in transaction amount (%)	Number of customers	Transaction amount % mix (%)
Hospitals	Approx. 8,100	7,643	94.6	10.7	+ 14	+ 11.9	7,629	10.4
DPC	Approx. 1,800	1,756	99.4	6.5	- 16	+ 11.6	1,772	6.3
Clinics	Approx. 89,900	31,779	35.4	9.8	+ 759	+ 1.4	31,020	10.5
Pharmacies	Approx. 62,600	60,840	97.1	79.4	+ 483	+ 9.3	60,357	79.0
Total	Approx. 160,600	100,262	62.4	100	+ 1,256	+ 8.7	99,006	100

- Notes: 1. The number of transactions excludes sales by other companies.
2. The number of medical institutions is calculated with reference to Nihon Ultmarc Inc's national medical institution data.

Selling, general and administrative expenses (Domestic segment)

(JPY million, %)

	26/3 1Q			25/3 1Q	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Personnel	4,748	9.0	+ 2.4	4,636	9.5
Advertising	188	0.4	+ 2.3	183	0.4
Packing & freight	791	1.5	+ 9.9	720	1.5
Commissions paid	1,492	2.8	+ 2.5	1,455	3.0
R&D expenses	3,561	6.7	+ 37.5	2,590	5.3
Depreciation	378	0.7	+ 10.6	342	0.7
Other	1,529	2.9	- 12.1	1,739	3.6
SGA	12,690	24.0	+ 8.8	11,667	23.9

- Notes: 1. Goodwill amortization is not included.
2. Expenses arising in the R&D Division have been reclassified as R&D expenses.

Balance sheets (Consolidated)

(JPY million)

Item	25/6	25/3	Change
Cash and deposits	52,938	45,471	+ 7,467
Notes and accounts receivable - trade	58,911	61,449	- 2,538
Electronically recorded monetary claims - operating	10,260	10,496	- 236
Merchandise and finished goods	45,580	44,770	+ 810
Other inventories	67,129	63,517	+ 3,612
Other current assets	17,942	21,600	- 3,658
Total current assets	252,763	247,306	+ 5,457
Buildings and structures, net	86,940	76,073	+ 10,867
Machinery, equipment and vehicles, net	20,511	18,367	+ 2,143
Lease assets	11,988	11,802	+ 186
Construction in progress	27,561	40,089	- 12,527
Goodwill	27,223	28,115	- 892
Other non-current assets	48,242	49,068	- 825
Total non-current assets	222,468	223,517	- 1,049
Total assets	475,231	470,823	+ 4,407

Item	25/6	25/3	Change
Notes and accounts payable - trade	18,378	17,918	+ 460
Electronically recorded obligations - operating	13,407	12,123	+ 1,283
Short-term borrowings	5,764	4,699	+ 1,064
Current portion of long-term borrowings	22,205	18,023	+ 4,182
Lease obligations	1,440	1,383	+ 56
Notes and accounts payable - equipment	8,287	9,073	- 786
Other current liabilities	20,167	24,717	- 4,549
Total current liabilities	89,651	87,939	+ 1,712
Long-term borrowings	196,529	195,077	+ 1,451
Lease obligations	11,956	11,801	+ 154
Other non-current liabilities	4,372	4,379	- 7
Total non-current liabilities	212,858	211,259	+ 1,599
Total liabilities	302,509	299,198	+ 3,311
Foreign currency translation adjustment	14,485	13,921	+ 563
Other net assets	158,236	157,703	+ 533
Total net assets	172,721	171,625	+ 1,096
Total liabilities and net assets	475,231	470,823	+ 4,407

Exchange rate at end of period (TTM)	25/6	25/3
EUR 1	JPY 169.66	JPY 162.08

Statement of cash flows (Consolidated)

(JPY million)

	26/3 1Q	25/3 1Q	Change	26/3 1Q main items
Cash flows from operating activities	5,892	- 5,892	+ 11,784	<ul style="list-style-type: none"> • Depreciation: + 4,144 • Profit before income taxes: +3,960 • Decrease in trade receivables: + 2,699 • Increase in trade payables: + 1,690 • Loss on valuation of derivatives: + 1,452 • Income taxes paid: - 4,286 • Increase in inventories: - 4,129
Cash flows from investing activities	- 4,717	- 1,613	- 3,104	<ul style="list-style-type: none"> • Purchase of property, plant and equipment: - 4,380
Cash flows from financing activities	6,253	11,403	- 5,150	<ul style="list-style-type: none"> • Proceeds from long-term borrowings: + 8,500 • Repayments of long-term borrowings: - 2,998
Ending balance of cash and cash equivalents	52,938	35,015	+ 17,923	

**Forward-looking statements are based on targets and projections and do not offer commitments or guarantees.
Please be aware that results may differ from the forecasts.**

Contact:

Investor Relations Group, Public Relations and Investor Relations Department, Towa Pharmaceutical Co., Ltd.

ir@towayakuhin.co.jp TEL.06-6900-9102