Supplementary material for the financial results for the first quarter of the year ending March 31, 2027

August 2026
(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.”
  Towa Pharma International Holdings, S.L., our overseas segment, is referred to as “Towa INT.”

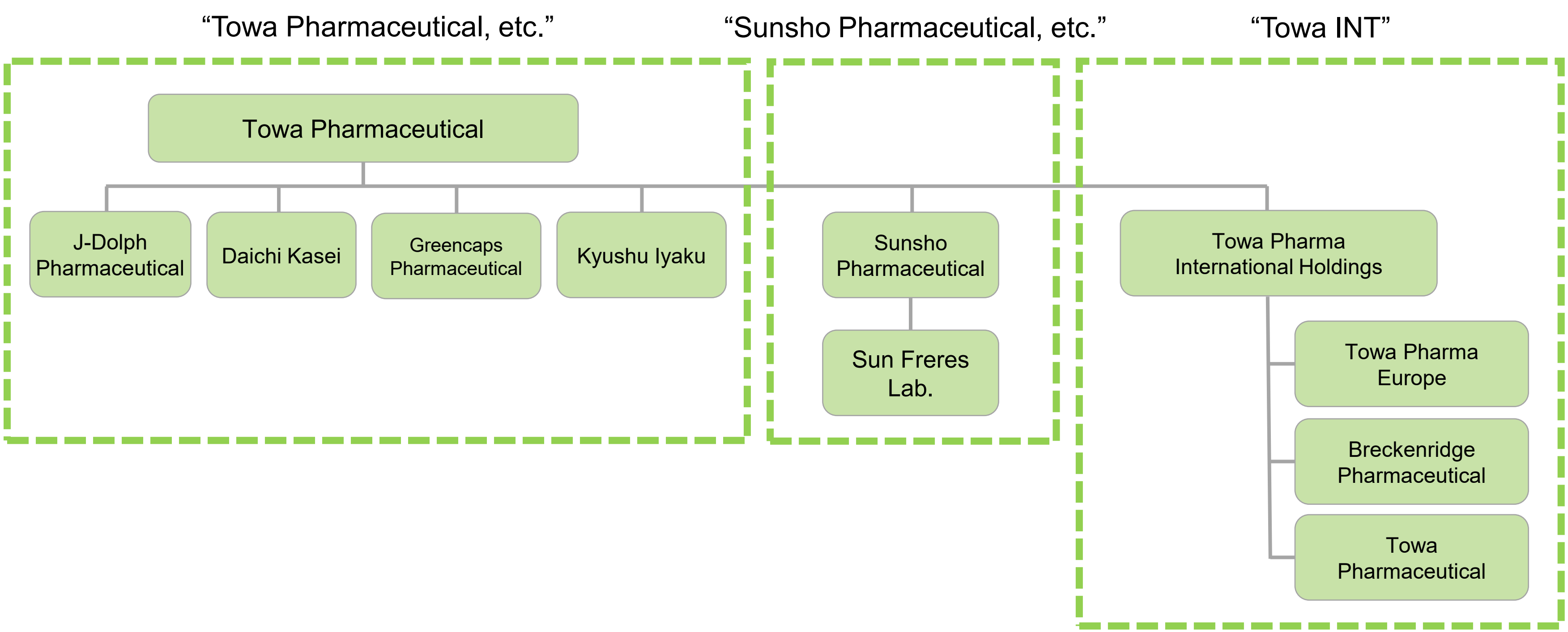


Table of contents

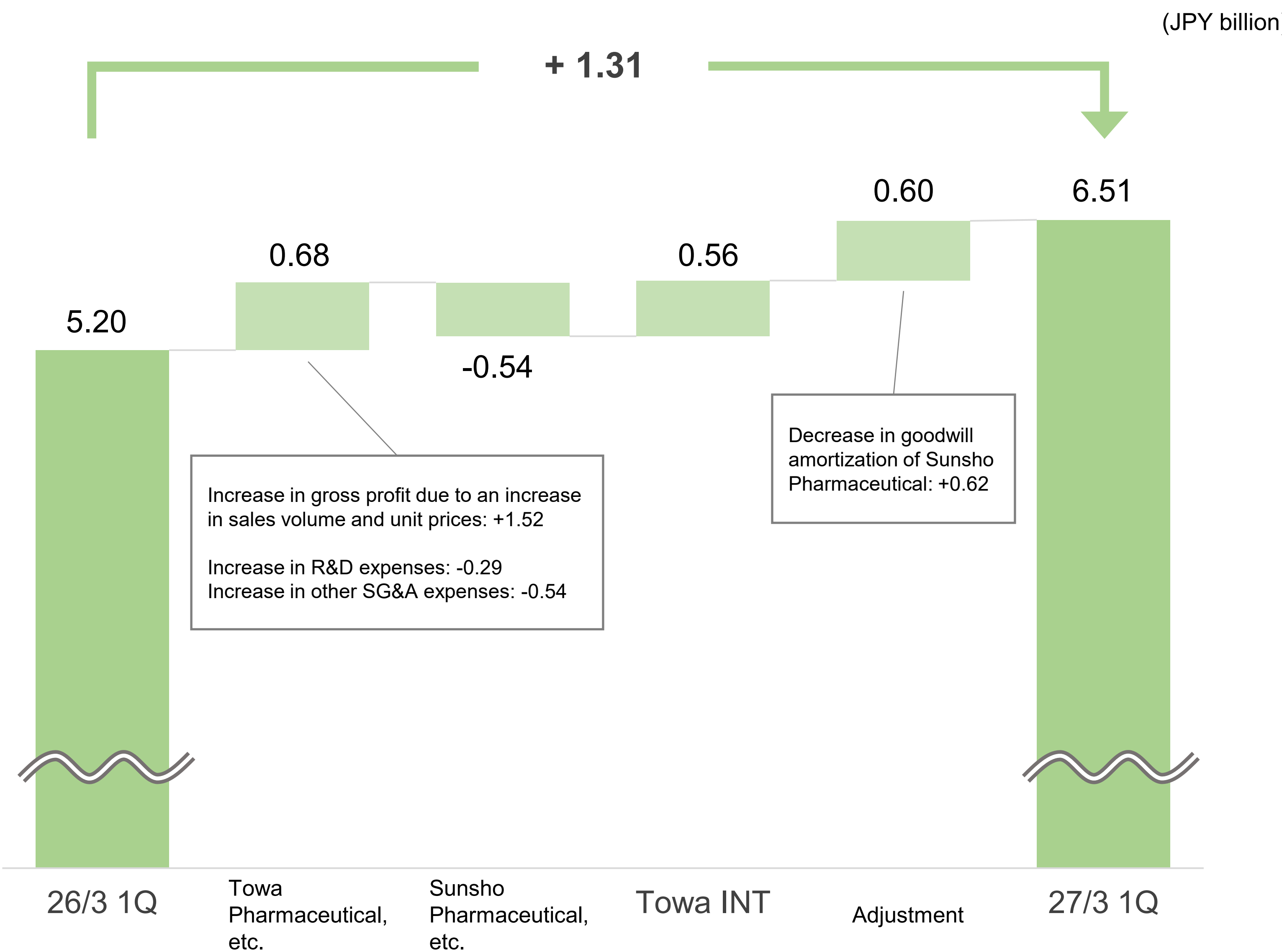
Table of contents

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

Factors behind changes in operating profit for 2027/3 1Q



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%**

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.

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.**

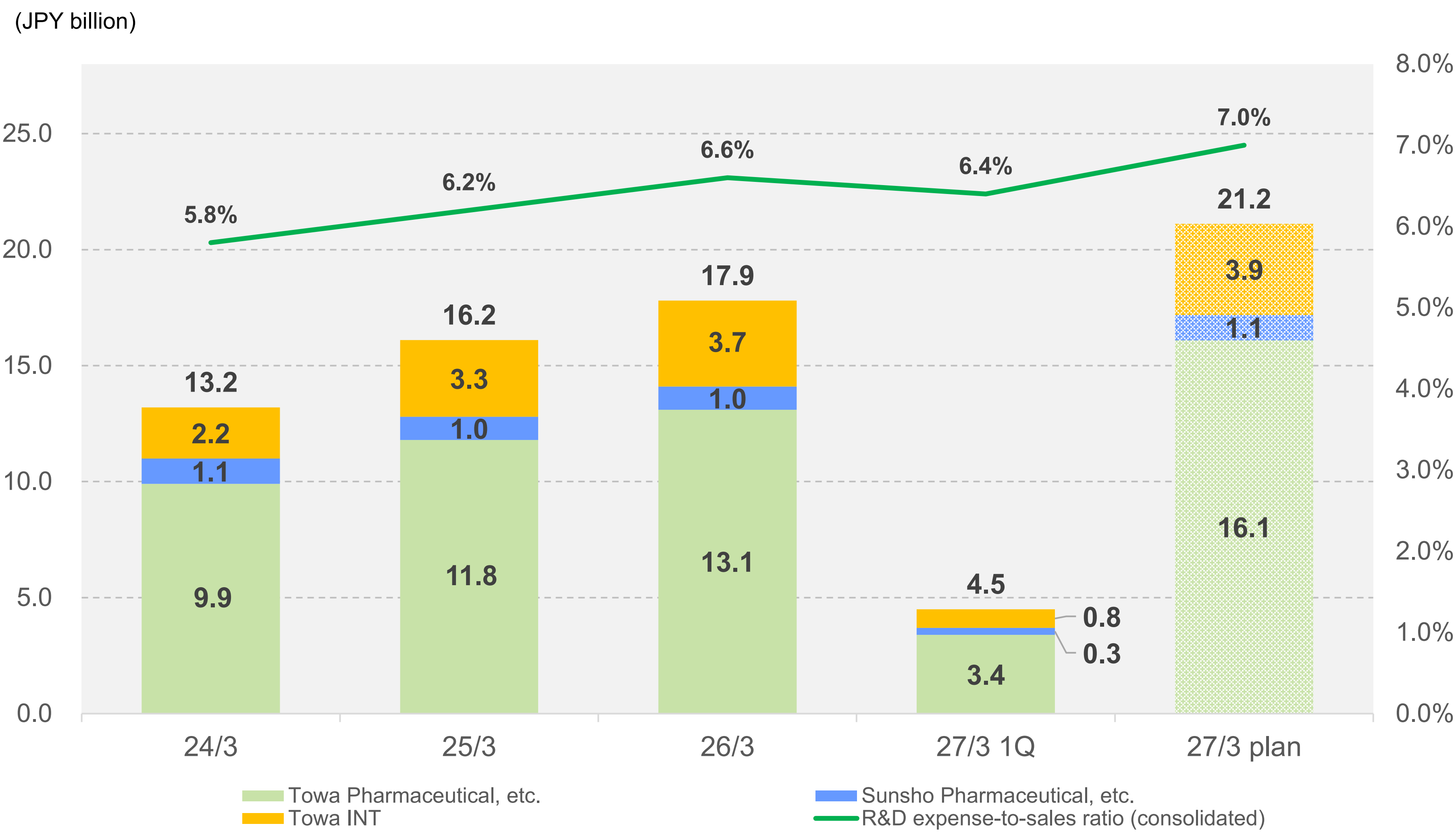
		27/3 1Q results				26/3 1Q results		27/3 1H plan		
		(JPY million)	Percentage of net sales (%)	YOY change (JPY million)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales		**15,612**	**100.0**	**+ 3,119**	**+ 25.0**	**12,492**	**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) EUR 1	27/3 1Q	26/3 1Q	Assumed rate for 27/3
	JPY 185.39	JPY 163.80	JPY 177.00

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

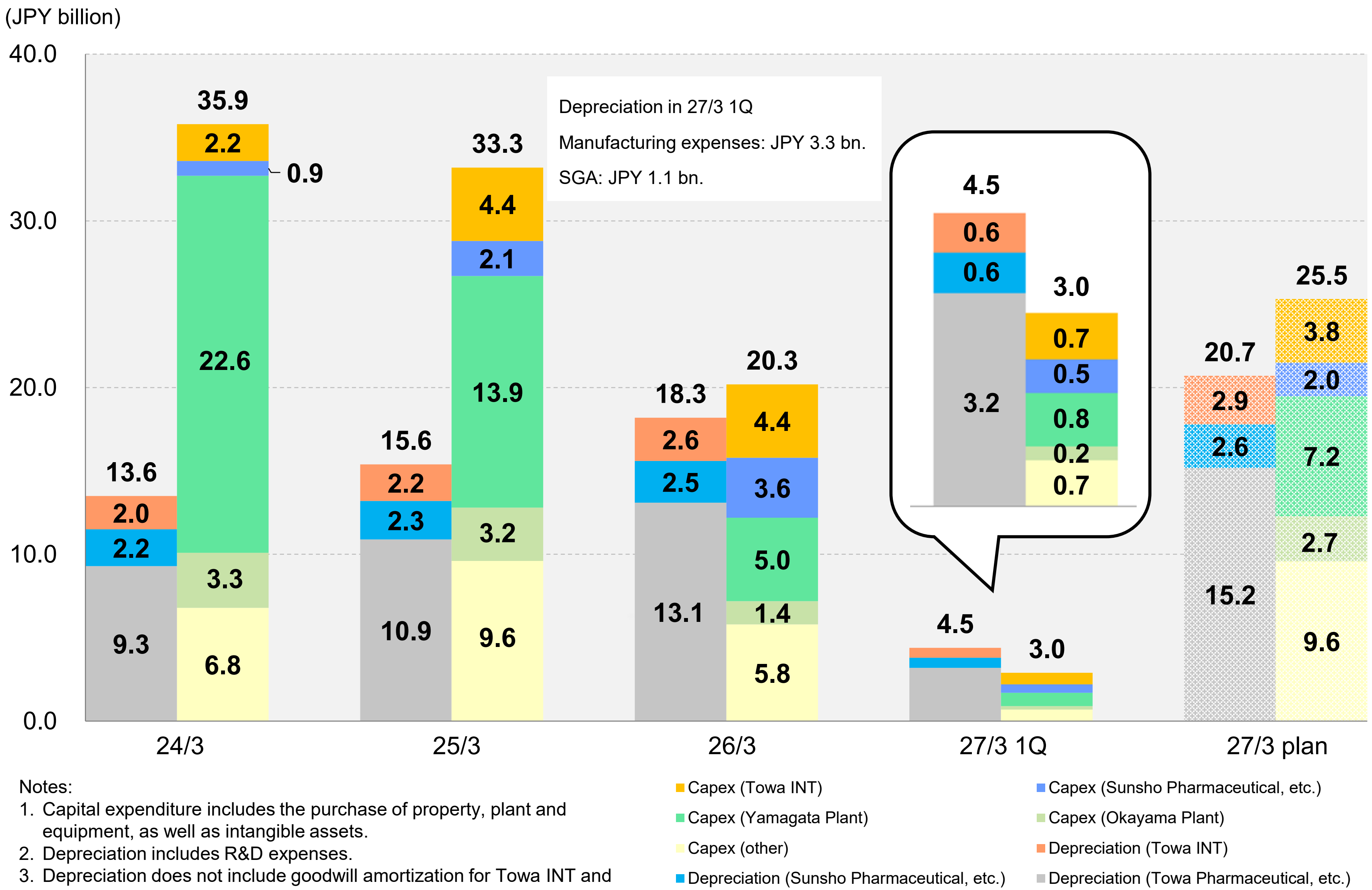
Note: Goodwill amortization is not included.

Research and development expenses (consolidated)



Note: Intergroup transactions have been eliminated.

Capital expenditure and depreciation (consolidated)



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.

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).**

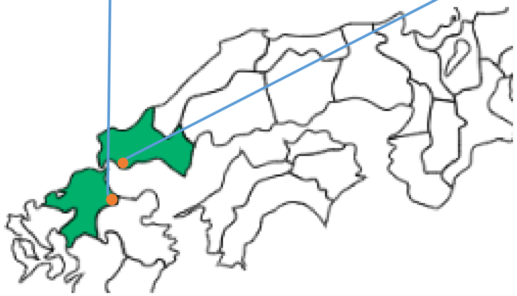
Scope of transfer	(1) Acquisition of shares of Tanabe Pharma Factory Co., Ltd.	(2) Transfer of manufacturing and marketing approvals for 17 ingredients and 35 items
Date of execution of transfer	End of November 2026 (planned)	In or after April 2027 (planned)
Remarks	• The impact on consolidated financial 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)

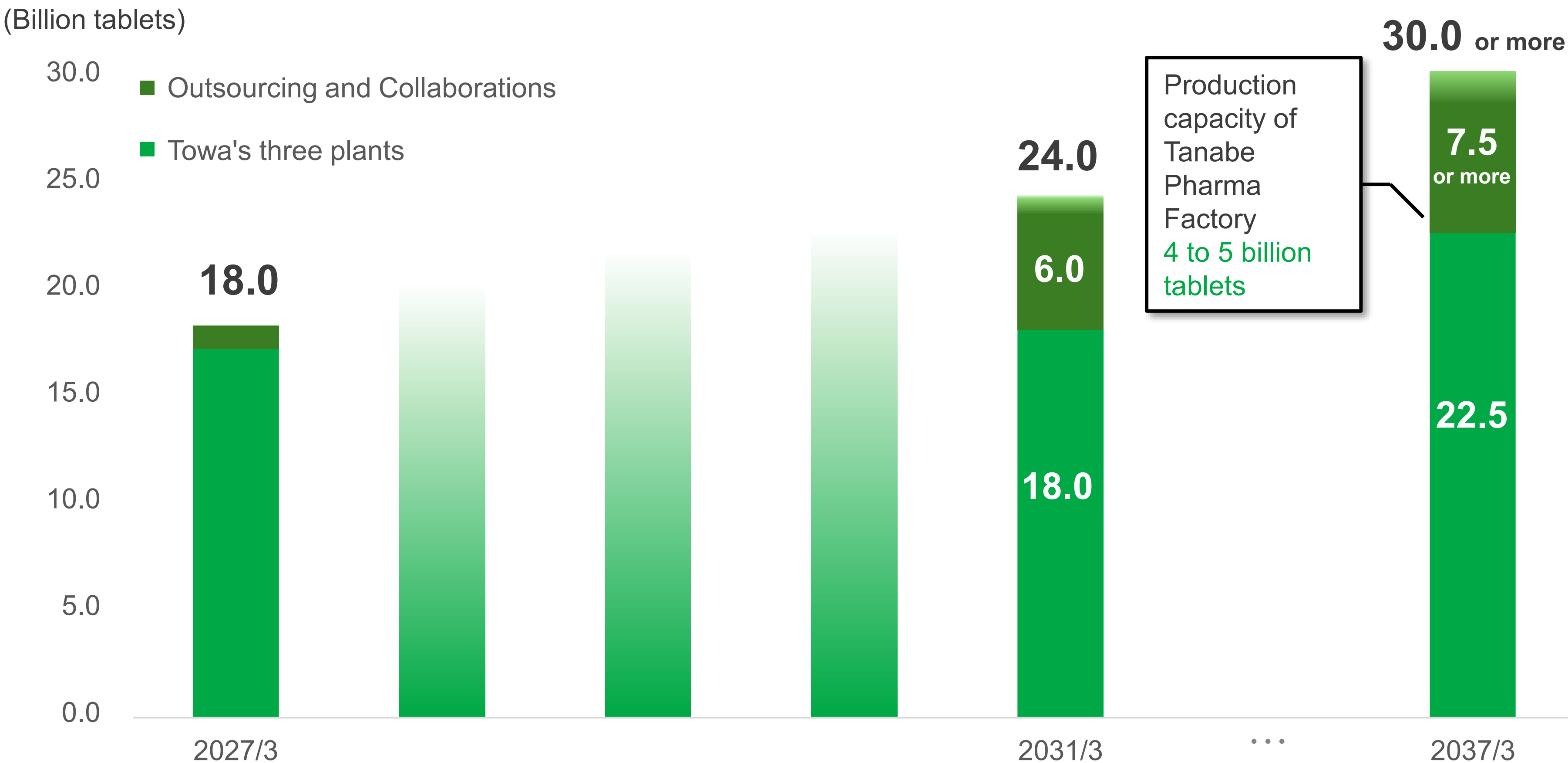
Yoshitomi plant

Onoda plant



Increasing production capacity/supply capacity

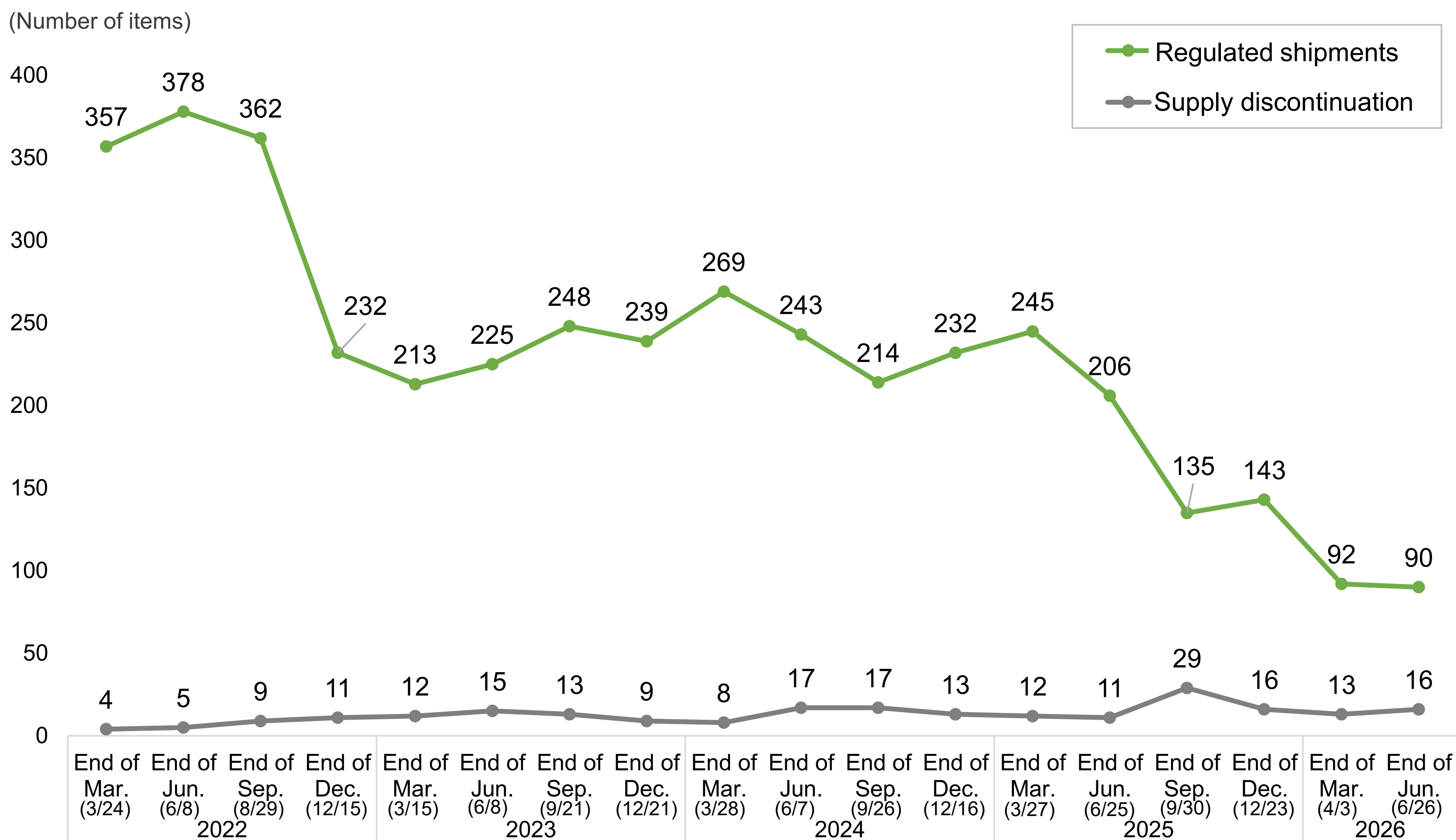
- **In order to ensure a stable supply of pharmaceuticals, we aim to increase production capacity to 24 billion tablets by 2031/3 and over 30 billion tablets by 2037/3 through our own production efficiency inprovements and collaborations.**



Notes: 1. Based on the capacity to supply pharmaceuticals in Japan.
2. Production capacity is the theoretical production capacity calculated from the area of plant buildings.

Table of contents

Trends in the number of items with regulated shipments



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

Impact of the situation in the Middle East on business and performance

- **The Towa Pharmaceutical Group does not anticipate any significant impacts, such as stock shortages or delivery delays, at this time.**
  We anticipate the impact on our financial results to be insignificant. If there is any specific impact, we will disclose it in our quarterly financial statements.

	Affected products	Scope of impact
Active pharmaceutical ingredients and excipients	• Some active pharmaceutical ingredients • Solvents such as toluene, acetone, and hexane used during synthesis and manufacturing	• Supply restrictions, delivery delays • Price increase • Pharmaceutical procedures for using substitute products (evaluation, application for major change, notification of minor change)
Materials	• Containers, such as plastic bottles, PE tubes, and caps • Plastic packaging materials, such as PTP films and pillow packaging materials • Aluminum packaging materials	• Supply restrictions, delivery delays • Price increase • Pharmaceutical procedures for using substitute products (stability check, machine suitability check)
Consumables	• Gloves, plastic bags, etc., used in plants	• Supply restrictions, delivery delays • Price increase
Energy	• Fuel for transportation	• Rising transportation costs • Rising utilities costs

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

	27/3 1Q results			26/3 1Q results		27/3 1H plan			27/3 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	**71,380**	**100.0**	**+ 9.6**	**65,149**	**100.0**	**145,700**	**100.0**	**49.0**	**304,000**	**100.0**	**23.5**
Cost of sales	45,281	63.4	+ 9.2	41,474	63.7	92,000	63.1	49.2	190,000	62.5	23.8
Gross profit	26,099	36.6	+ 10.2	23,674	36.3	53,700	36.9	48.6	114,000	37.5	22.9
SGA	19,579	27.4	+ 6.0	18,468	28.3	41,000	28.1	47.8	82,000	27.0	23.9
Operating profit	**6,519**	**9.1**	**+ 25.2**	**5,206**	**8.0**	**12,700**	**8.7**	**51.3**	**32,000**	**10.5**	**20.4**
Ordinary profit	7,941	11.1	+ 100.9	3,953	6.1	11,700	8.0	67.9	30,000	9.9	26.5
Profit before income taxes	7,943	11.1	+ 100.6	3,960	6.1	11,700	8.0	67.9	30,000	9.9	26.5
Profit attributable to owners of parent	5,531	7.7	+ 120.1	2,513	3.9	8,100	5.6	68.3	21,500	7.1	25.7

Exchange rate at end of period(TTM) USD 1	27/3 1Q	26/3 4Q	26/3 1Q	25/3 4Q
	JPY 162.39	JPY 159.88	JPY 144.81	JPY 149.52

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

		27/3 1Q results			26/3 1Q results		27/3 1H plan			27/3 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**	**55,981**	**100.0**	**+ 6.1**	**52,780**	**100.0**	**116,700**	**100.0**	**48.0**	**244,800**	**100.0**	**22.9**
	Cost of sales	35,385	63.2	+ 6.5	33,216	62.9	72,900	62.5	48.5	152,100	62.1	23.3
	SGA	13,582	24.3	+ 7.0	12,690	24.0	29,500	25.3	46.0	59,200	24.2	22.9
	Segment profit	**7,013**	**12.5**	**+ 2.0**	**6,873**	**13.0**	**14,300**	**12.3**	**49.0**	**33,500**	**13.7**	**20.9**
Towa Pharmaceutical, etc.	**Net sales**	**49,746**	**100.0**	**+ 8.7**	**45,754**	**100.0**	**102,000**	**100.0**	**48.8**	**213,200**	**100.0**	**23.3**
	Cost of sales	29,900	60.1	+ 9.0	27,430	60.0	61,100	59.9	48.9	127,300	59.7	23.5
	SGA	12,427	25.0	+ 7.2	11,590	25.3	27,200	26.7	45.7	54,400	25.5	22.8
	Segment profit	**7,419**	**14.9**	**+ 10.2**	**6,733**	**14.7**	**13,700**	**13.4**	**54.2**	**31,500**	**14.8**	**23.6**
Sunsho Pharmaceutical, etc.	**Net sales**	**6,234**	**100.0**	**- 11.3**	**7,025**	**100.0**	**14,700**	**100.0**	**42.4**	**31,600**	**100.0**	**19.7**
	Cost of sales	5,485	88.0	- 5.2	5,786	82.4	11,800	80.3	46.5	24,800	78.5	22.1
	SGA	1,155	18.5	+ 5.1	1,099	15.6	2,300	15.6	50.2	4,800	15.2	24.1
	Segment profit (loss)	**- 406**	**- 6.5**	**—**	**139**	**2.0**	**600**	**4.1**	**—**	**2,000**	**6.3**	**—**

Note: Goodwill amortization is not included.

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

		27/3 1Q results			26/3 1Q results		27/3 1H plan			27/3 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**	**15,612**	**100.0**	**+ 25.0**	**12,492**	**100.0**	**29,500**	**100.0**	**52.9**	**60,000**	**100.0**	**26.0**
	Cost of sales	9,994	64.0	+ 20.1	8,319	66.6	19,400	65.8	51.5	38,400	64.0	26.0
	SGA	5,612	36.0	+ 18.5	4,735	37.9	10,700	36.3	52.5	21,100	35.2	26.6
	Segment profit (loss)	**5**	**0.0**	**—**	**- 562**	**- 4.5**	**- 600**	**- 2.0**	**—**	**500**	**0.8**	**1.1**
Europe	**Net sales**	**10,548**	**100.0**	**+ 38.1**	**7,639**	**100.0**	**18,800**	**100.0**	**56.1**	**38,600**	**100.0**	**27.3**
	Cost of sales	6,499	61.6	+ 26.3	5,145	67.4	12,100	64.4	53.7	23,900	61.9	27.2
	SGA	4,155	39.4	+ 18.1	3,518	46.1	7,700	41.0	54.0	15,100	39.1	27.5
	Segment loss	**- 106**	**- 1.0**	**—**	**- 1,025**	**- 13.4**	**- 1,000**	**- 5.3**	**—**	**- 400**	**- 1.0**	**—**
U.S.	**Net sales**	**5,063**	**100.0**	**+ 4.3**	**4,852**	**100.0**	**10,700**	**100.0**	**47.3**	**21,400**	**100.0**	**23.7**
	Cost of sales	3,494	69.0	+ 10.1	3,173	65.4	7,300	68.2	47.9	14,500	67.8	24.1
	SGA	1,457	28.8	+ 19.8	1,216	25.1	3,000	28.0	48.6	6,000	28.0	24.3
	Segment profit	**112**	**2.2**	**- 75.7**	**462**	**9.5**	**400**	**3.7**	**28.0**	**900**	**4.2**	**12.5**

Note: Goodwill amortization is not included.

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

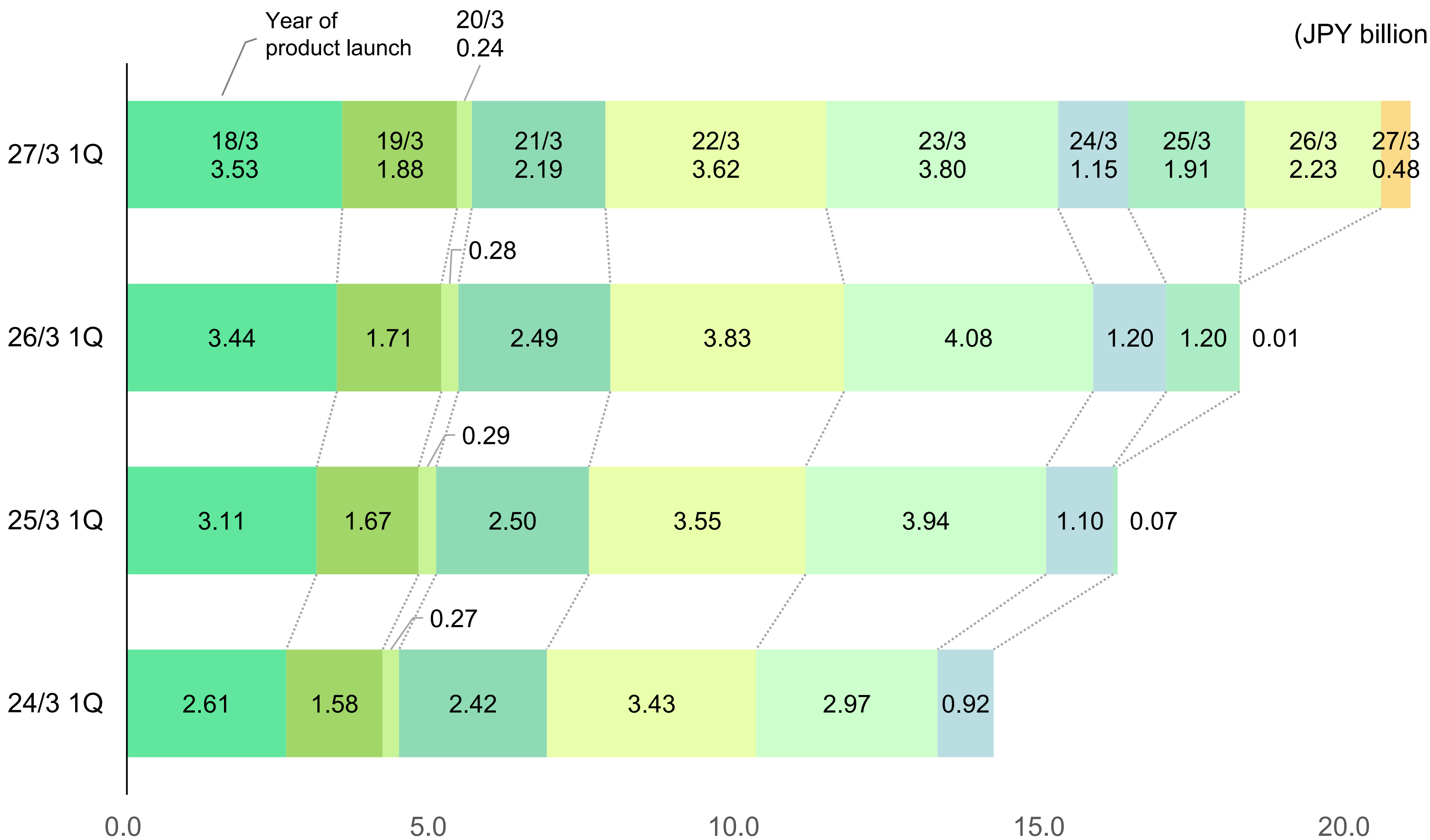
(JPY million)

	Reportable segment			Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas	Total		
	Towa Pharmaceutical, etc. Sunsho Pharmaceutical, etc.	Towa INT			
Net sales	55,981	15,612	71,593	- 213	71,380
Cost of sales	35,385	9,994	45,379	- 97	45,281
SGA	13,582	5,612	19,195	+ 384	19,579
Segment profit	7,013	5	7,018	- 499	6,519

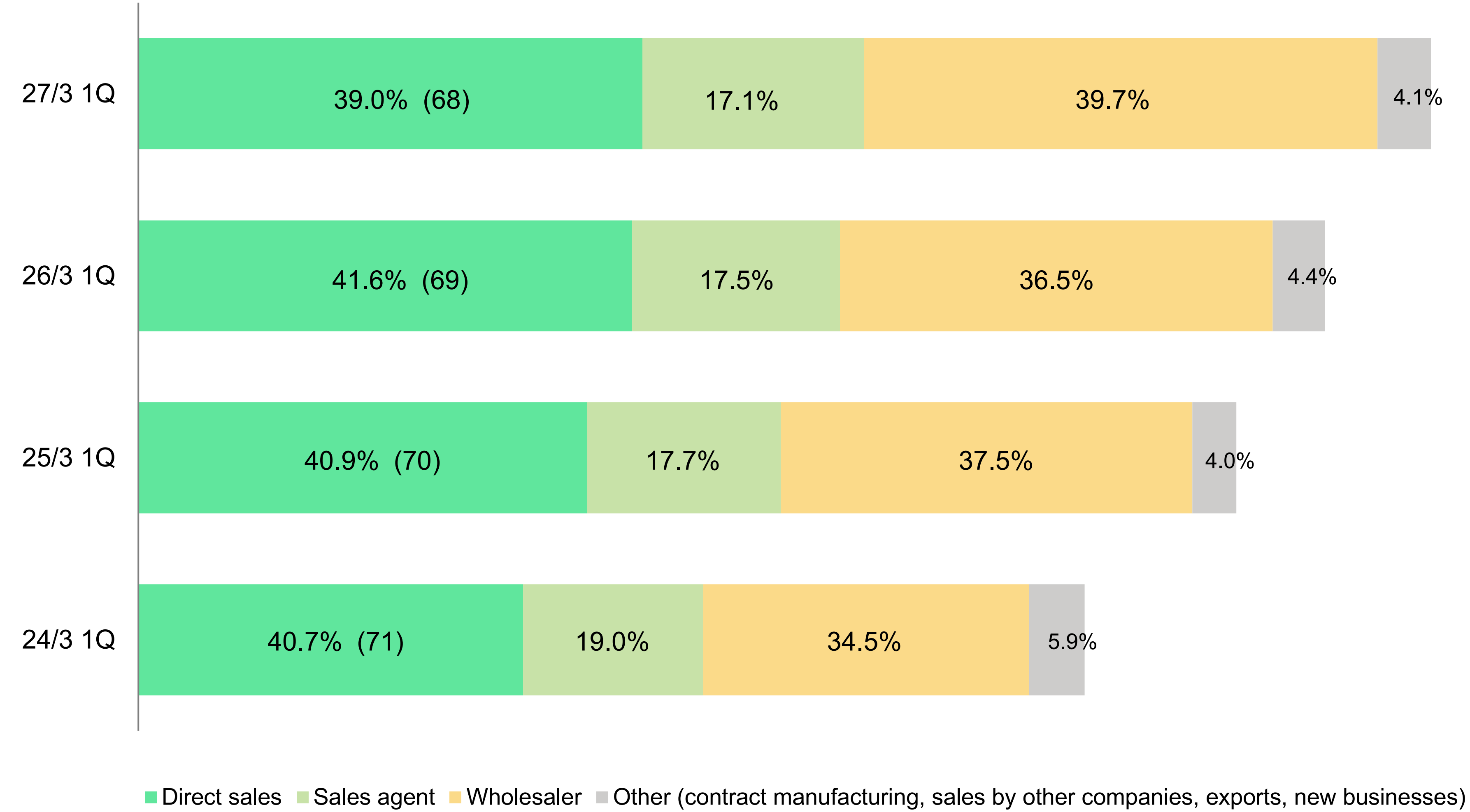
Notes: 1. Since SGA adjustments include goodwill amortization and internal transactions between Towa Pharmaceutical and Towa INT, they do not equal the sum of the following goodwill amortization.
2. Goodwill amortization: Towa INT JPY 286 million; Sunsho Pharmaceutical, etc. JPY 223 million

Net sales by supplement year (Non-consolidated)

- **Additional approval for Prasugrel was obtained on June 17, and the indications match those of the original drug.**
  (This is included in the 26/3 results in the graph.)



Net sales by distribution channel (Non-consolidated)



Figures in brackets indicate the number of sales offices.

Selling, general and administrative expenses
(Towa Pharmaceutical, etc.)

	27/3 1Q			26/3 1Q	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Personnel	4,628	9.3	+ 5.1	4,404	9.6
Commissions paid	1,361	2.7	+ 4.6	1,301	2.8
R&D expenses	3,580	7.2	+ 8.9	3,287	7.2
Other	2,856	5.7	+ 10.0	2,597	5.7
SGA	12,427	25.0	+ 7.2	11,590	25.3

Note: Expenses arising in the R&D Division have been reclassified as R&D expenses.

Balance sheets (Consolidated)

(JPY million)

Item		26/6	26/3	Change
Total current assets		275,761	267,343	+ 8,418
Main items	Cash and deposits	42,229	45,306	- 3,077
	Trade receivables	75,367	74,181	+ 1,185
	Inventories	127,930	123,426	+ 4,503
Total non-current assets		204,947	207,946	- 2,999
Main items	Property, plant and equipment	169,054	170,643	- 1,589
	Intangible assets	25,828	26,680	- 851
Total assets		**480,709**	**475,290**	**+ 5,418**

Item		26/6	26/3	Change
Total liabilities		298,232	297,186	+ 1,046
Main items	Trade payables	35,603	33,344	+ 2,259
	Borrowings and Lease obligations	229,929	226,738	+ 3,190
Total net assets		182,476	178,103	+ 4,372
Total liabilities and net assets		**480,709**	**475,290**	**+ 5,418**
Capital Adequacy Ratio		**38.0%**	**37.5%**	

Exchange rate at end of period (TTM) EUR 1	26/6	26/3
	JPY 185.35	JPY 183.41

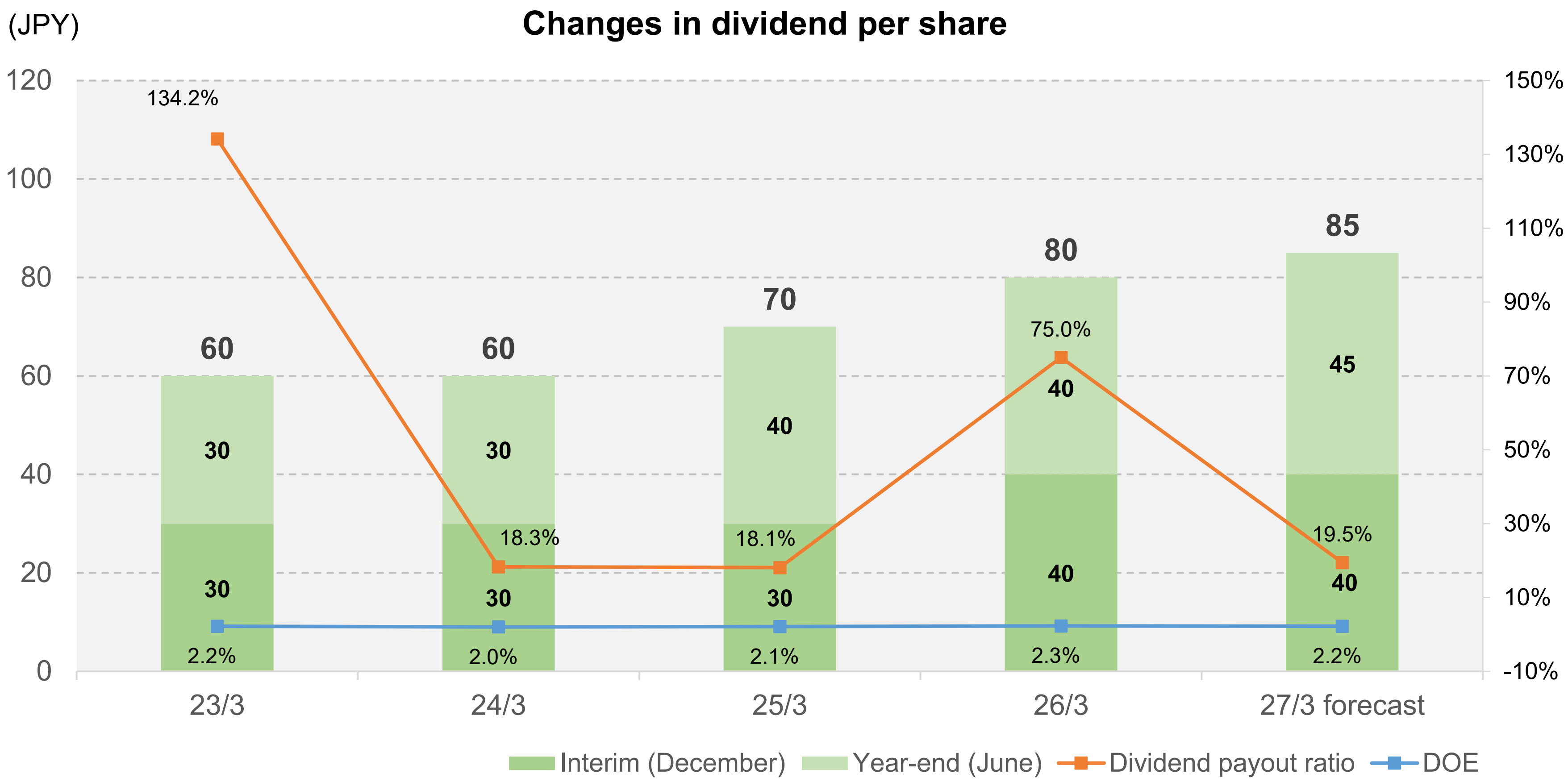
Statement of cash flows (Consolidated)

(JPY million)

	27/3 1Q	26/3 1Q	Change	27/3 1Q main items
Cash flows from operating activities	729	5,892	- 5,163	• Profit before income taxes: + 7,943 • Depreciation: + 4,553 • Increase in inventories: - 4,339 • Income taxes paid: - 4,089 • Gain on valuation of derivatives: - 1,424
Cash flows from investing activities	- 3,302	- 4,717	+ 1,414	• Purchase of property, plant and equipment: - 3,085
Cash flows from financing activities	- 346	6,253	- 6,600	• Repayments of long-term borrowings: - 6,347 • Dividends paid: - 1,887 • Proceeds from sale and leaseback transactions: + 3,738 • Proceeds from long-term borrowings: + 3,000
Ending balance of cash and cash equivalents	41,724	52,938	- 11,213	

Shareholder Returns

- **The annual dividend per common share for 2027/3 is planned to be 85 yen, an increase of 5 yen.** Under the basic policy of stable dividend, dividend amounts will be determined after comprehensive consideration, with a dividend payout ratio of 20-30% and a DOE of approximately 2% as guidelines.



Note: Dividend payout ratio calculation formula: Total cash dividends / profit attributable to owners of parent
DOE calculation formula: Total cash dividends / { (beginning net assets + closing net assets) / 2 }

Forward-looking statements contained in this material are based on targets and projections and do not offer commitments or guarantees.

Please be aware that results may differ from the forecasts.

Contact:

IR Department, Towa Pharmaceutical Co., Ltd.

ir@towayakuhin.co.jp TEL. 06-7175-8570