Supplementary material for the financial results for the second quarter (interim period) of the year ending March 31, 2027

November 2026
(Stock code: 4553)

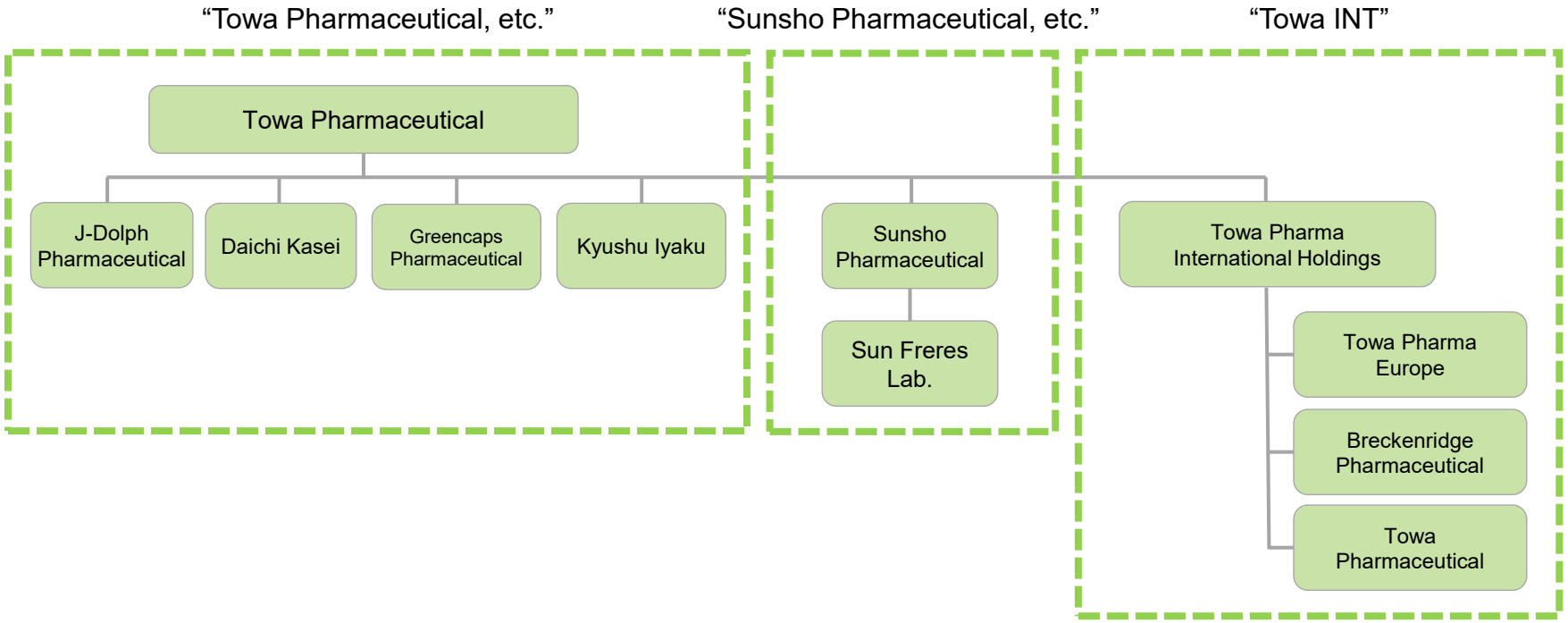
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Notes to financial results disclosure material

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.”



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1. Outline of financial results for 2027/3 2Q

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Outline of financial results for 2027/3 2Q (Consolidated)

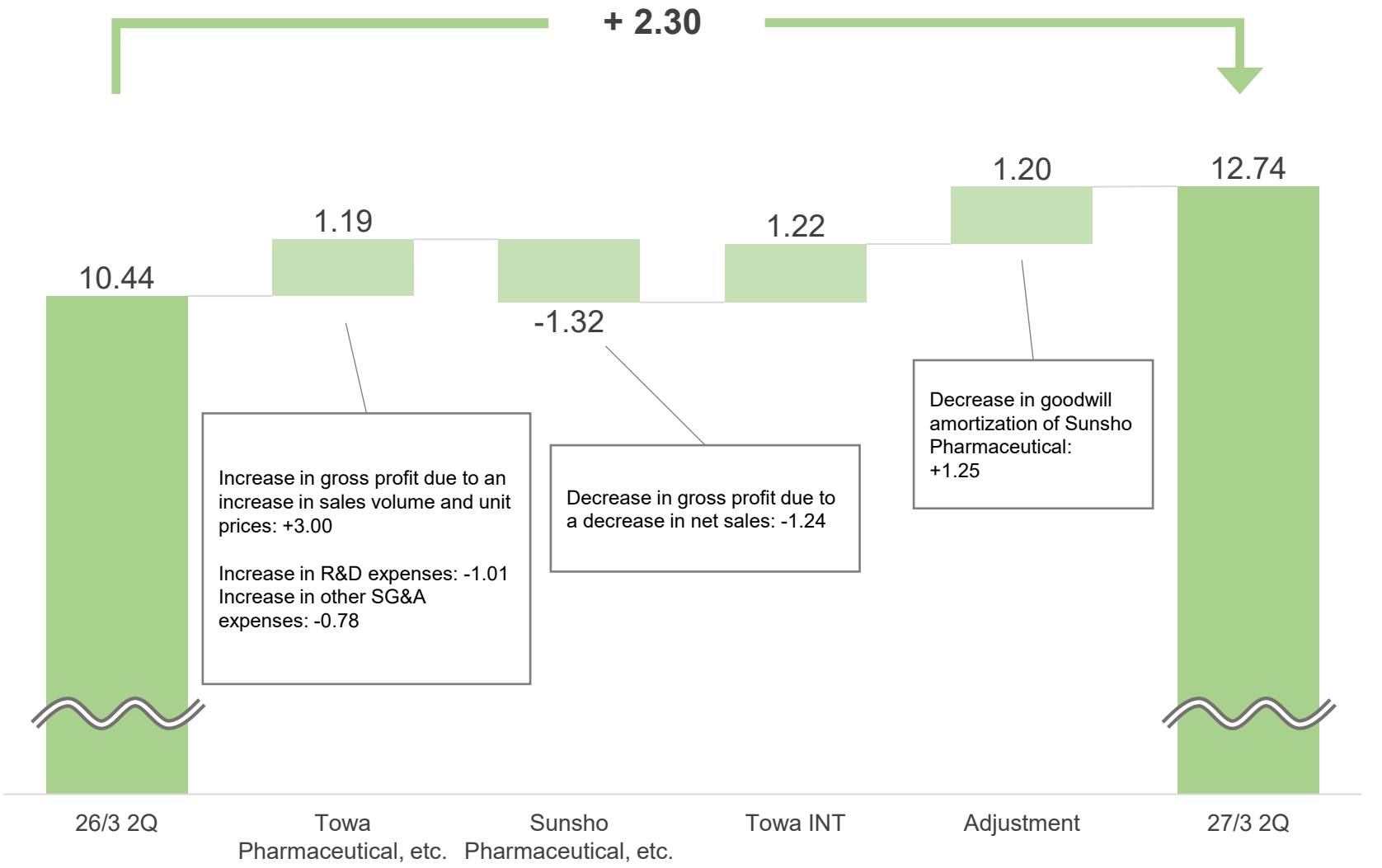
- **YoY change:** Net sales and operating profit increased due to an increase in sales volume and unit prices at Towa Pharmaceutical, etc. and sales growth in Europe for both BtoC and BtoB at Towa INT, which compensated for the deterioration in performance at Sunsho Pharmaceutical, etc.
- **Progress rate for the plan:** Net sales fell short of the 1H plan target due to the less-than-expected sales volume of Towa Pharmaceutical, etc. and poor performance of Sunsho Pharmaceutical, etc.
  Operating profit met the 1H plan target as Towa Pharmaceutical, etc. was in line with the plan due to lower-than-expected spending on SG&A expenses, while Towa INT's better-than-expected performance compensated for Sunsho Pharmaceutical's weaker performance.
- **Ordinary profit:** Decreased and fell short of the 1H plan due to the posting of a 2.3 billion yen loss on valuation of derivatives.
  (In the same period last year, a 1.5 billion yen gain on valuation of derivatives was recognized.)

	27/3 2Q results				26/3 2Q 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 (%)	Achievement rate (%)
Net sales	**142,254**	**100.0**	**+ 11,778**	**+ 9.0**	**130,476**	**100.0**	**145,700**	**100.0**	**97.6**
Gross profit	51,445	36.2	+ 4,239	+ 9.0	47,206	36.2	53,700	36.9	95.8
Operating profit	**12,745**	**9.0**	**+ 2,302**	**+ 22.0**	**10,443**	**8.0**	**12,700**	**8.7**	**100.4**
Ordinary profit	10,093	7.1	- 1,885	- 15.7	11,979	9.2	11,700	8.0	86.3
Profit attributable to owners of parent	6,866	4.8	- 1,347	- 16.4	8,214	6.3	8,100	5.6	84.8

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Factors behind changes in operating profit for 2027/3 2Q

(JPY billion)



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Outline of financial results for 2027/3 2Q
(Towa Pharmaceutical, etc.)

- **YoY change:** **Net sales and segment profit increased as the quantity supplied to the market increased due to strong demand for our products, and unit prices also increased due to the improved sales mix.**
- **Progress rate for the plan:** **Net sales fell short of the 1H plan due to slower-than-expected sales expansion of recently launched products and a larger-than-expected market contraction for certain existing products, such as cough suppressants and expectorants.**
  Segment profit was roughly in line with the 1H plan due to slower-than-expected spending on SG&A expenses, such as R&D expenses.

	27/3 2Q results				26/3 2Q 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 (%)	Achievement rate (%)
Net sales	**98,443**	**100.0**	**+ 8,035**	**+ 8.9**	**90,407**	**100.0**	**102,000**	**100.0**	**96.5**
Cost of sales	59,889	60.8	+ 5,033	+ 9.2	54,855	60.7	61,100	59.9	98.0
SGA	24,870	25.3	+ 1,803	+ 7.8	23,066	25.5	27,200	26.7	91.4
Segment profit	**13,683**	**13.9**	**+ 1,198**	**+ 9.6**	**12,485**	**13.8**	**13,700**	**13.4**	**99.9**

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **7.93 billion tablets,** up 3.4% **year on year** Progress rate for the full-year plan: **46.7%**
- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **8.02 billion tablets,** up **0.1% year on year** Progress rate for the full-year plan: **44.6%**
  (up 2.2% year on year at Towa's three plants)

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Outline of financial results for 2027/3 2Q
(Sunsho Pharmaceutical, etc.)

- **YoY change / progress rate for the plan:**
  Net sales decreased and fell short of the 1H plan due to slower-than-expected sales expansion to existing customers and acquisition of new customers in the new application business and the effect of lost orders in the pharmaceutical business during 1Q.

  Segment profit decreased and fell short of the 1H plan due to the decrease in net sales and slower-than-expected improvement in gross profit margin in the domestic health food business.
- **Due to sluggish performance in the new application business and lost orders in the pharmaceutical business, segment profit for the current fiscal year is expected to fall short of the plan.**

	27/3 2Q results				26/3 2Q 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 (%)	Achievement rate (%)
Net sales	**13,034**	**100.0**	**- 1,473**	**- 10.2**	**14,507**	**100.0**	**14,700**	**100.0**	**88.7**
Cost of sales	11,383	87.3	- 229	- 2.0	11,613	80.0	11,800	80.3	96.5
SGA	2,206	16.9	+ 83	+ 3.9	2,123	14.6	2,300	15.6	96.0
Segment profit (loss)	**- 556**	**- 4.3**	**- 1,328**	**—**	**771**	**5.3**	**600**	**4.1**	**—**

Note: Goodwill amortization is not included.

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Outline of financial results for 2027/3 2Q (Towa INT)

- **YoY change:** **Despite the continued impact of the suspension of sale of main products due to the nitrosamine issue in the U.S., net sales and segment profit increased due to the posting of revenue from licensing of certain products, in addition to growth in sales of main products in European BtoC through the acquisition of new customers and an increase in revenues from contract manufacturing and development in European BtoB.**
- **Progress rate for the plan: Despite slower-than-expected growth of certain products in the U.S., net sales and segment profit met the 1H plan targets due to the posting of licensing revenue and the strong performance in European BtoC and BtoB.**
- **With strong performance in Europe expected to continue in 2H, segment profit for the current fiscal year is expected to exceed the plan.**

	27/3 2Q results				26/3 2Q 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 (%)	Achievement rate (%)
Net sales	**31,134**	**100.0**	**+ 5,282**	**+ 20.4**	**25,851**	**100.0**	**29,500**	**100.0**	**105.5**
Europe	**20,640**	**66.3**	**+ 4,561**	**+ 28.4**	**16,078**	**62.2**	**18,800**	**63.7**	**109.8**
U.S.	**10,493**	**33.7**	**+ 721**	**+ 7.4**	**9,772**	**37.8**	**10,700**	**36.3**	**98.1**
Cost of sales	19,711	63.3	+ 2,752	+ 16.2	16,958	65.6	19,400	65.8	101.6
SGA	10,789	34.7	+ 1,306	+ 13.8	9,483	36.7	10,700	36.3	100.8
Segment profit (loss)	**632**	**2.0**	**+ 1,223**	**—**	**- 590**	**- 2.3**	**- 600**	**- 2.0**	**—**

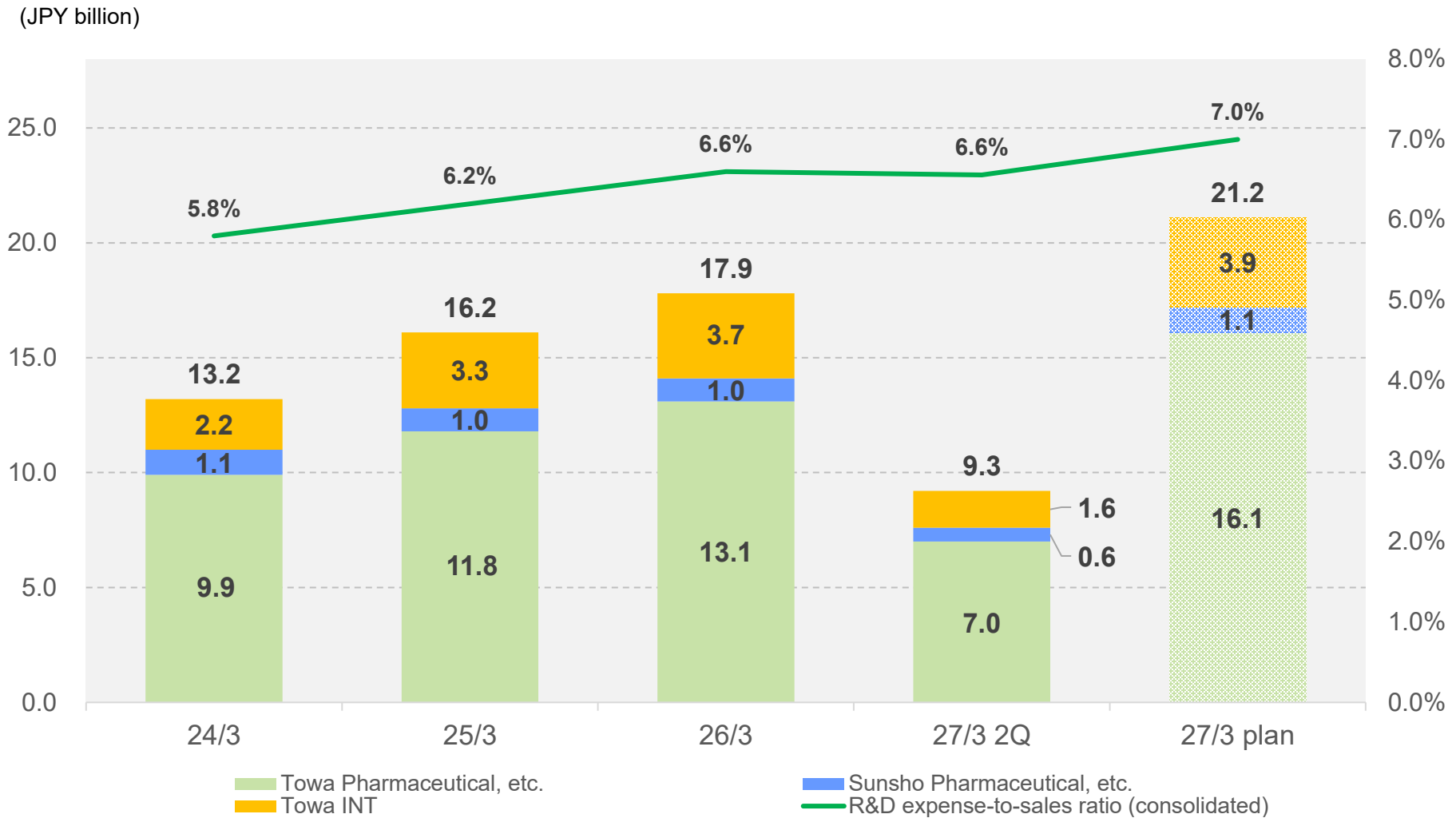
Exchange rate during period (TTM) EUR 1	27/3 2Q	26/3 2Q	Assumed rate for 27/3
	JPY 184.35	JPY 168.06	JPY 177.00

Exchange rate during period (TTM) USD 1	27/3 2Q	26/3 2Q	Assumed rate for 27/3
	JPY 159.37	JPY 146.04	JPY 154.00

Note: Goodwill amortization is not included.

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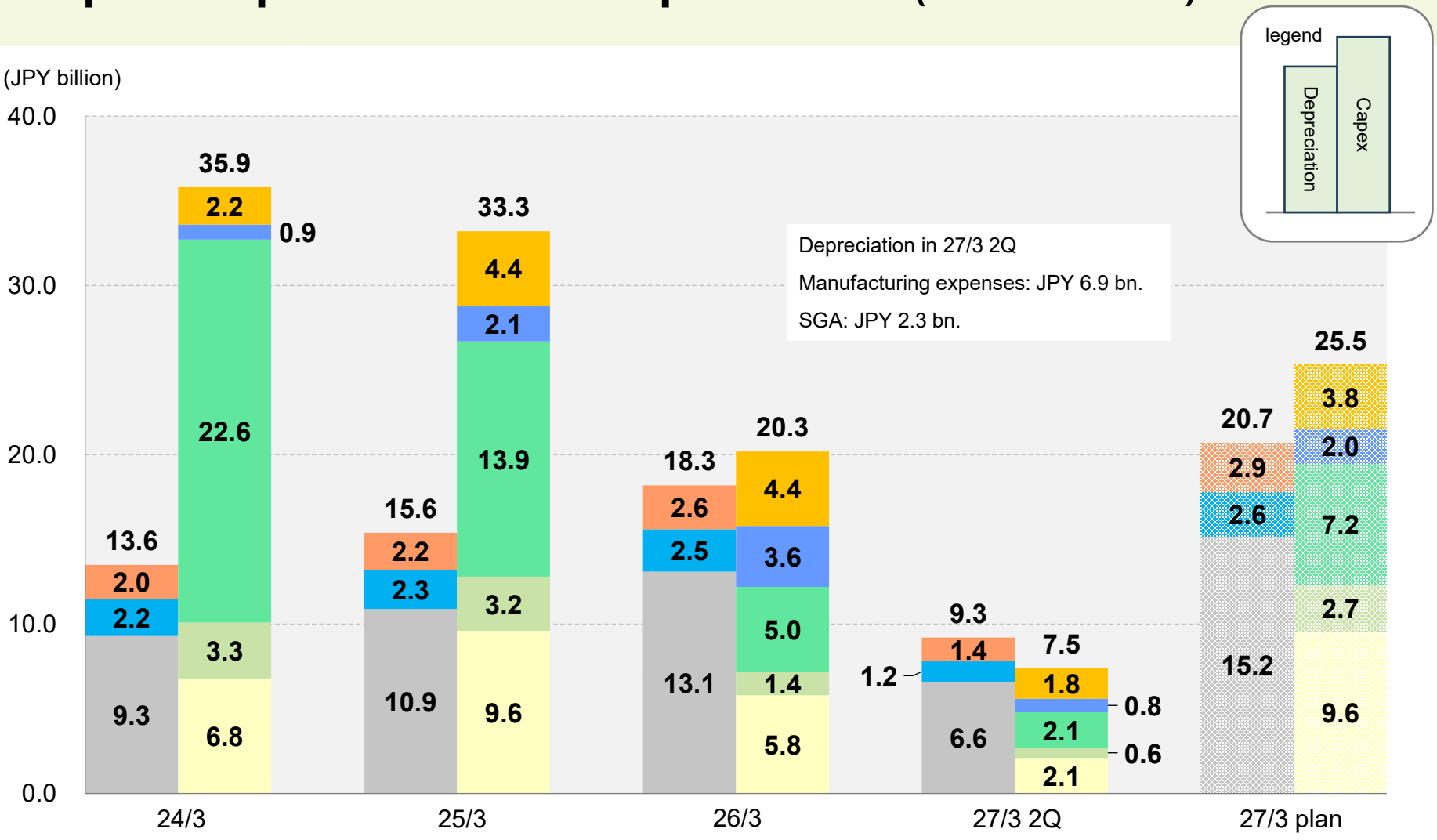
Research and development expenses (consolidated)



Note: Intergroup transactions have been eliminated.

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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.

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

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New products to be listed on NHI drug reimbursement price list in December 2026 (Non-consolidated)

Product name	Original/representative drug name
SITAGLIPTIN TABLETS 12.5mg/25mg/50mg/100mg “TOWA”	JANUVIA Tablets 12.5mg/25mg/50mg/100mg GLACTIV Tablets 12.5mg/25mg/50mg/100mg
LINAGLIPTIN TABLETS 5mg “TOWA”	Trazenta Tablets 5mg
LINAGLIPTIN OD TABLETS 5mg “TOWA”	Trazenta Tablets 5mg (Different dosage form)
PERAMPANEL TABLETS 2mg/4mg “TOWA”	Fycompa Tablets 2mg/4mg
PERAMPANEL DS 1% “TOWA”	Fycompa Fine Granules 1% (Different dosage form)
ISTRADEFYLLINE OD TABLETS 20mg “TOWA”	NOURIAST Tablets 20mg (Different dosage form)
POMALIDOMIDE CAPSULES 1mg/2mg/3mg/4mg “TOWA”	Pomalyst Capsules 1mg/2mg/3mg/4mg
TOLVAPTAN OD TABLETS 30mg “TOWA”	SAMSCA OD Tablets 30mg
ELDECALCITOL TABLETS 0.5μg/0.75μg “TOWA”	Edirol tablets 0.5μg/0.75μg
GUANFACINE SR TABLETS 1mg/2mg*/3mg “TOWA”	Intuniv Tablets 1mg/3mg (*Different strength)

20 products for 8 ingredients are scheduled to be launched.

Sales of approx. 2.1 billion yen in total are planned for the above new products for the first fiscal year.

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Change in the planned date of acquisition of shares of Tanabe Pharma Factory

- Regarding the acquisition of shares of Tanabe Pharma Factory Co., Ltd. disclosed on July 3, both companies have been carefully reviewing the transition process in order to ensure a smooth business integration following the share acquisition and have agreed to change the date of execution of the share transfer to the end of December in order to secure sufficient preparation time (disclosed on October 30).

	Before change	After change
Date of execution of share transfer	**End of November 2026 (planned)**	**End of December 2026 (planned)**

- The impact on financial results due to this change in the date of execution of share transfer is minor.
- The scheduled timing of the transfer of manufacturing and marketing approvals for 17 ingredients and 35 items remains unchanged from in or after April 2027 (planned).
- There will be no change in the timing of consolidation of the balance sheet and the statement of income, but the consolidation period for the statement of income will be shortened from four months to three months.

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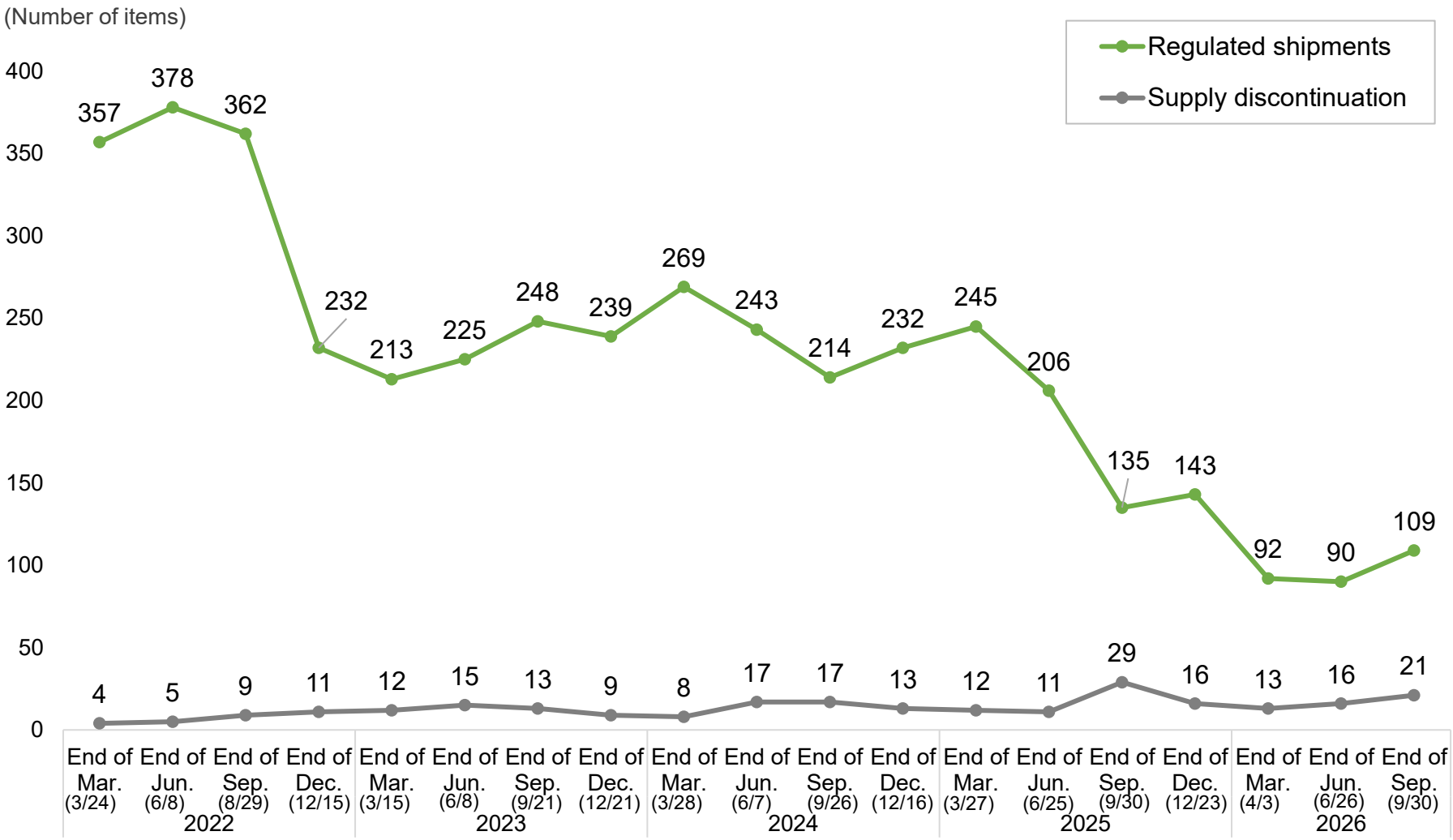
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Trends in the number of items with regulated shipments



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.

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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 • Internal 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

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Changes to the EPS calculation Formula due to the issuance of preferred shares

- **In relation to the payment of dividends on Class A preferred shares, the formula for calculating earnings per share as stated in the financial results report has been changed.**
  Earnings per share (EPS) are calculated by subtracting preferred dividends from profit.

- Dividends were paid at the end of 2Q for the 10,000 shares of the 1st Series Class A Preferred Shares issued on July 31.
  The dividend per share was 7,474 yen, and the total dividend was 74 million yen.

[Formula for calculating profit per share for common stock in the current interim financial results]

$$\text{Profit per share} = \frac{\text{Profit attributable to owners of parent - } \mathbf{\text{Preferred dividends}}}{\text{Average number of common shares during the period} - \text{Average number of treasury shares held during the period}}$$

$$= \frac{6{,}866\ _{\text{million yen}} - 74\ _{\text{million yen}}}{49{,}228{,}376\ _{\text{shares}}}$$

$$= 137.96 \text{ yen}$$

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Outline of financial results for 2027/3 2Q (Consolidated)

	27/3 2Q results			26/3 2Q 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 (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	**142,254**	**100.0**	**+ 9.0**	**130,476**	**100.0**	**145,700**	**100.0**	**97.6**	**304,000**	**100.0**	**46.8**
Cost of sales	90,809	63.8	+ 9.1	83,270	63.8	92,000	63.1	98.7	190,000	62.5	47.8
Gross profit	51,445	36.2	+ 9.0	47,206	36.2	53,700	36.9	95.8	114,000	37.5	45.1
SGA	38,699	27.2	+ 5.3	36,762	28.2	41,000	28.1	94.4	82,000	27.0	47.2
Operating profit	**12,745**	**9.0**	**+ 22.0**	**10,443**	**8.0**	**12,700**	**8.7**	**100.4**	**32,000**	**10.5**	**39.8**
Ordinary profit	10,093	7.1	- 15.7	11,979	9.2	11,700	8.0	86.3	30,000	9.9	33.6
Profit before income taxes	9,918	7.0	- 17.0	11,955	9.2	11,700	8.0	84.8	30,000	9.9	33.1
Profit attributable to owners of parent	6,866	4.8	- 16.4	8,214	6.3	8,100	5.6	84.8	21,500	7.1	31.9

Exchange rate at end of period(TTM) USD 1	27/3 2Q	26/3 4Q	26/3 2Q	25/3 4Q
	JPY 157.35	JPY 159.88	JPY 148.88	JPY 149.52

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Outline of financial results for 2027/3 2Q (Domestic segment)

		27/3 2Q results			26/3 2Q 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 (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Domestic segment	**Net sales**	**111,477**	**100.0**	**+ 6.3**	**104,915**	**100.0**	**116,700**	**100.0**	**95.5**	**244,800**	**100.0**	**45.5**
	Cost of sales	71,272	63.9	+ 7.2	66,468	63.4	72,900	62.5	97.8	152,100	62.1	46.9
	SGA	27,077	24.3	+ 7.5	25,189	24.0	29,500	25.3	91.8	59,200	24.2	45.7
	Segment profit	**13,126**	**11.8**	**- 1.0**	**13,257**	**12.6**	**14,300**	**12.3**	**91.8**	**33,500**	**13.7**	**39.2**
Towa Pharmaceutical, etc.	**Net sales**	**98,443**	**100.0**	**+ 8.9**	**90,407**	**100.0**	**102,000**	**100.0**	**96.5**	**213,200**	**100.0**	**46.2**
	Cost of sales	59,889	60.8	+ 9.2	54,855	60.7	61,100	59.9	98.0	127,300	59.7	47.0
	SGA	24,870	25.3	+ 7.8	23,066	25.5	27,200	26.7	91.4	54,400	25.5	45.7
	Segment profit	**13,683**	**13.9**	**+ 9.6**	**12,485**	**13.8**	**13,700**	**13.4**	**99.9**	**31,500**	**14.8**	**43.4**
Sunsho Pharmaceutical, etc.	**Net sales**	**13,034**	**100.0**	**- 10.2**	**14,507**	**100.0**	**14,700**	**100.0**	**88.7**	**31,600**	**100.0**	**41.2**
	Cost of sales	11,383	87.3	- 2.0	11,613	80.0	11,800	80.3	96.5	24,800	78.5	45.9
	SGA	2,206	16.9	+ 3.9	2,123	14.6	2,300	15.6	96.0	4,800	15.2	46.0
	Segment profit (loss)	**- 556**	**- 4.3**	**—**	**771**	**5.3**	**600**	**4.1**	**—**	**2,000**	**6.3**	**-27.8**

Note: Goodwill amortization is not included.

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Outline of financial results for 2027/3 2Q (Overseas segment)

		27/3 2Q results			26/3 2Q 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 (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Overseas segment	**Net sales**	**31,134**	**100.0**	**+ 20.4**	**25,851**	**100.0**	**29,500**	**100.0**	**105.5**	**60,000**	**100.0**	**51.9**
	Cost of sales	19,711	63.3	+ 16.2	16,958	65.6	19,400	65.8	101.6	38,400	64.0	51.3
	SGA	10,789	34.7	+ 13.8	9,483	36.7	10,700	36.3	100.8	21,100	35.2	51.1
	Segment profit (loss)	**632**	**2.0**	**—**	**- 590**	**- 2.3**	**- 600**	**- 2.0**	**—**	**500**	**0.8**	**126.6**
Europe	**Net sales**	**20,640**	**100.0**	**+ 28.4**	**16,078**	**100.0**	**18,800**	**100.0**	**109.8**	**38,600**	**100.0**	**53.5**
	Cost of sales	13,064	63.3	+ 22.9	10,627	66.1	12,100	64.4	108.0	23,900	61.9	54.7
	SGA	7,888	38.2	+ 14.9	6,864	42.7	7,700	41.0	102.5	15,100	39.1	52.2
	Segment loss	**- 313**	**- 1.5**	**—**	**- 1,412**	**- 8.8**	**- 1,000**	**- 5.3**	**—**	**- 400**	**- 1.0**	**—**
U.S.	**Net sales**	**10,493**	**100.0**	**+ 7.4**	**9,772**	**100.0**	**10,700**	**100.0**	**98.1**	**21,400**	**100.0**	**49.0**
	Cost of sales	6,647	63.3	+ 5.0	6,331	64.8	7,300	68.2	91.1	14,500	67.8	45.8
	SGA	2,900	27.6	+ 10.8	2,619	26.8	3,000	28.0	96.7	6,000	28.0	48.3
	Segment profit	**945**	**9.0**	**+ 15.1**	**822**	**8.4**	**400**	**3.7**	**236.5**	**900**	**4.2**	**105.1**

Note: Goodwill amortization is not included.

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Outline of financial results for 2027/3 2Q (Segment information)

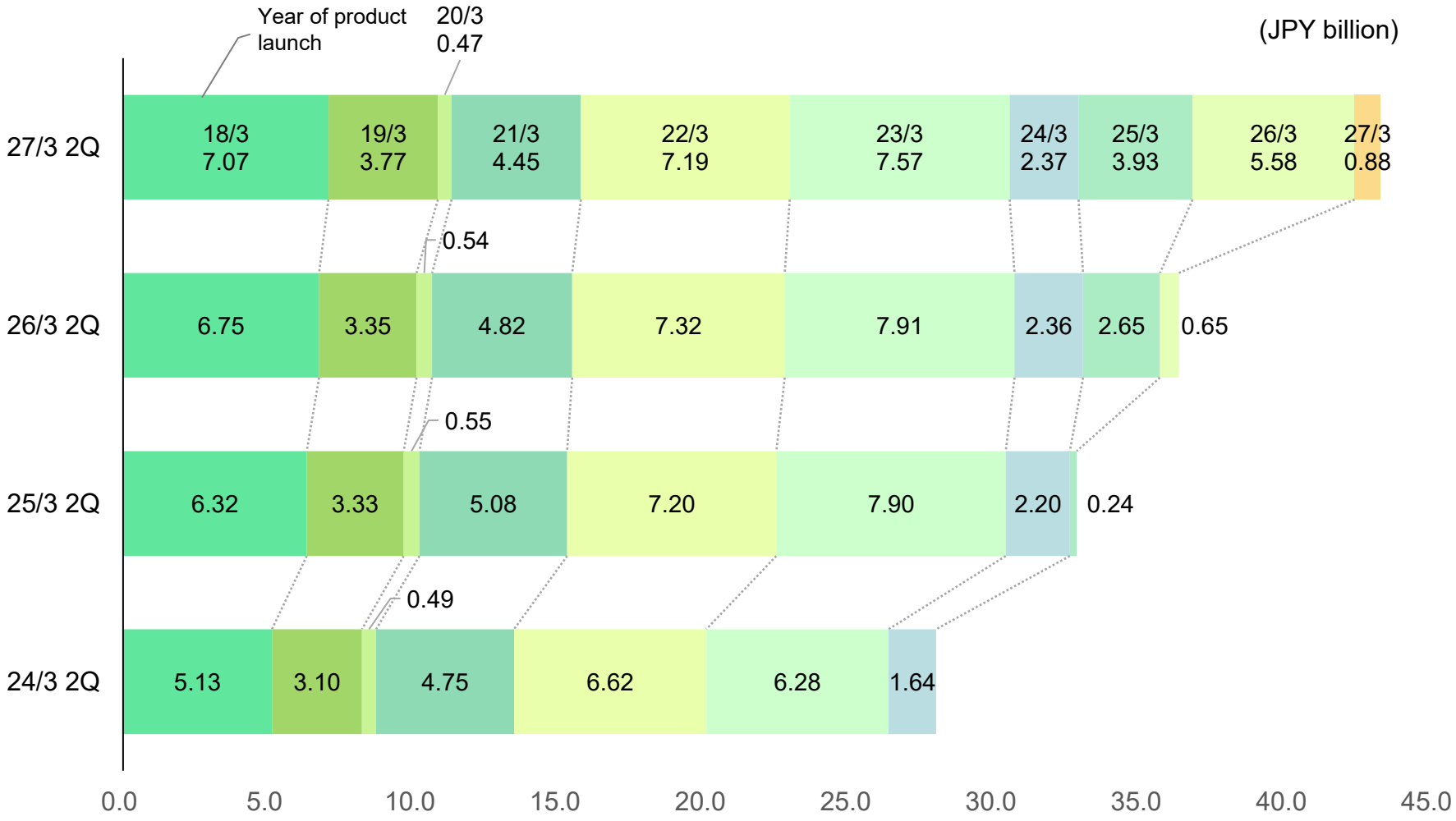
(JPY million)

	Reportable segment		Total	Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas			
	Towa Pharmaceutical, etc. Sunsho Pharmaceutical, etc.	Towa INT			
Net sales	111,477	31,134	142,611	- 356	142,254
Cost of sales	71,272	19,711	90,984	- 175	90,809
SGA	27,077	10,789	37,866	+ 833	38,699
Segment profit	13,126	632	13,759	- 1,014	12,745

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 568 million; Sunsho Pharmaceutical, etc. JPY 446 million

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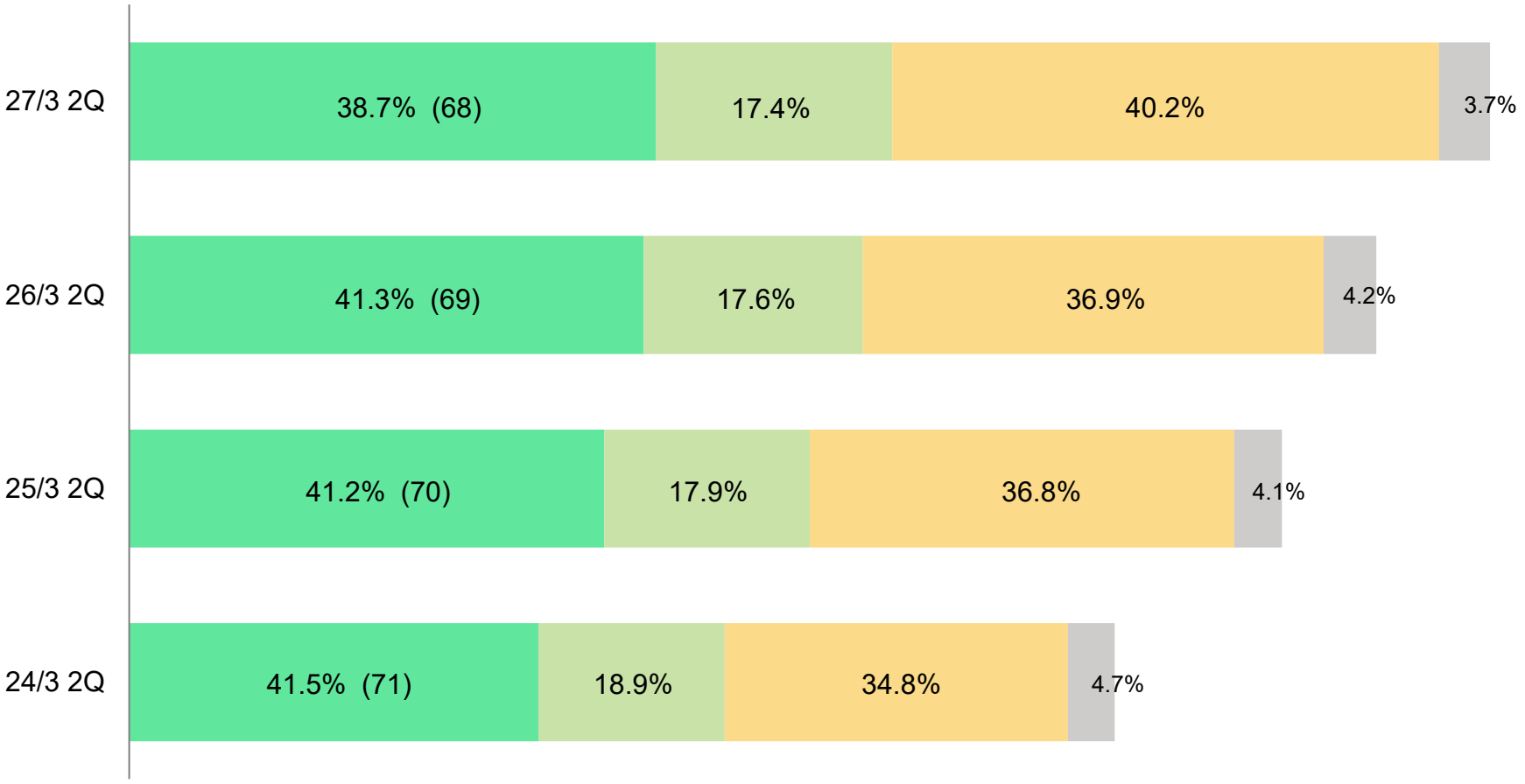
Net sales by product launch year (Non-consolidated)



Note: The sales figures for Prasugrel, which was launched in March 2026, are included in 26/3 (5.58 billion yen).

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Net sales by distribution channel (Non-consolidated)



Note: The number of sales office for 27/3 includes the Minami Osaka Sales Office, which was closed at the end of August 2026.

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

	27/3 2Q			26/3 2Q	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Personnel	9,091	9.2	+ 4.0	8,743	9.7
Commissions paid	2,905	3.0	+ 11.4	2,608	2.9
R&D expenses	7,258	7.4	+ 16.3	6,241	6.9
Other	5,614	5.7	+ 2.6	5,473	6.1
SGA	24,870	25.3	+ 7.8	23,066	25.5

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

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Balance sheets (Consolidated)

(JPY million)

Item		26/9	26/3	Change
Total current assets		281,703	267,343	+ 14,359
Main items	Cash and deposits	60,068	45,306	+ 14,761
	Trade receivables	72,096	74,181	- 2,084
	Inventories	125,591	123,426	+ 2,164
Total non-current assets		202,697	207,946	- 5,248
Main items	Property, plant and equipment	167,830	170,643	- 2,813
	Intangible assets	24,378	26,680	- 2,301
Total assets		**484,401**	**475,290**	**+ 9,110**

Item		26/9	26/3	Change
Total liabilities		292,475	297,186	- 4,710
Main items	Trade payables	29,061	33,344	- 4,283
	Borrowings and lease obligations	229,737	226,738	+ 2,998
Total net assets		191,925	178,103	+ 13,821
Total liabilities and net assets		**484,401**	**475,290**	**+ 9,110**
Capital Adequacy Ratio		**39.6%**	**37.5%**	

Exchange rate at end of period (TTM) EUR 1	26/9	26/3
	JPY 178.34	JPY 183.41

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Statement of cash flows (Consolidated)

(JPY million)

	27/3 2Q	26/3 2Q	Change	27/3 2Q main items
Cash flows from operating activities	10,372	14,092	- 3,719	• Profit before income taxes: + 9,918 • Depreciation: + 9,341 • Income taxes paid: - 4,212 • Decrease in trade payables: - 4,200
Cash flows from investing activities	- 7,087	- 14,970	+ 7,882	• Purchase of property, plant and equipment: - 6,366
Cash flows from financing activities	10,686	4,260	+ 6,426	• Proceeds from sale and leaseback transactions: + 10,153 • Proceeds from issuance of shares: + 9,871 • Repayments of long-term borrowings: - 11,765
Ending balance of cash and cash equivalents	59,581	49,323	+ 10,257	

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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.

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