

Supplementary material for the financial results for the second quarter (interim period) of the year ending March 31, 2026

November 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.”

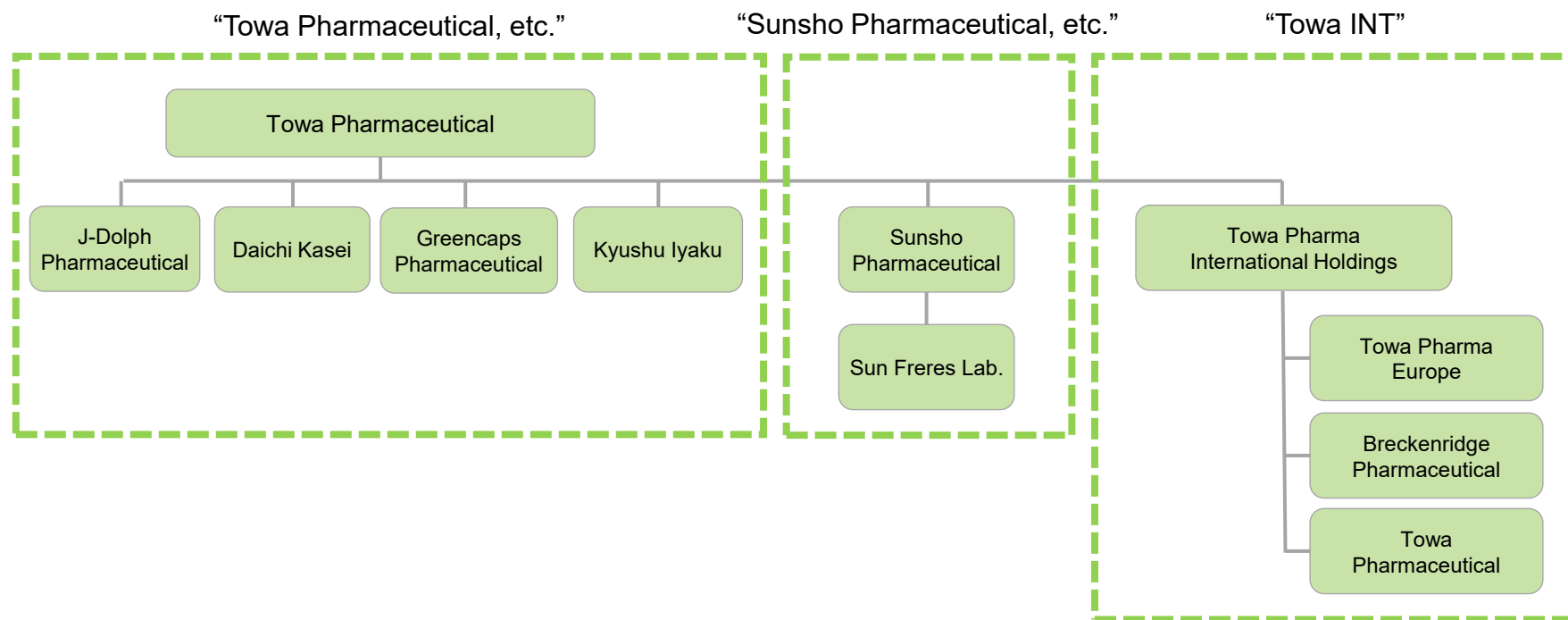


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1. Outline of financial results for 2026/3 2Q

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Overall review of financial results for 2026/3 2Q

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

Net sales increased due to an increase in sales volume following an increase in production volume at Towa Pharmaceutical and growth in the domestic health food business at Sunsho Pharmaceutical.

Gross profit increased due to a drop in the cost of sales ratio due to the effect of new product launches at Towa INT, despite a rise in the cost of sales ratio at Sunsho Pharmaceutical.

Operating profit decreased due to a rise in the cost of sales ratio at Sunsho Pharmaceutical and an increase in SG&A expenses at Towa INT.

Ordinary profit increased due to the posting of a 1.5 billion yen **gain** on valuation of derivatives.

- **Progress rate for the full-year plan: Net sales: 46.6%, Operating profit: 38.7% on a consolidated basis**

Net sales fell short of the 1H plan target due to the lower-than-expected sales volume of Towa Pharmaceutical and the poor performance in Towa INT for both the Europe and the U.S..

Gross profit fell short of the 1H plan target due to the lower-than-expected net sales of Towa Pharmaceutical and a higher-than-expected cost of sales ratio of Sunsho Pharmaceutical and the European BtoB of Towa INT.

Operating profit fell short of the 1H plan target due to the poor performance of Sunsho Pharmaceutical and Towa INT, despite progressing as planned due to delays in spending on SG&A expenses of Towa Pharmaceutical.

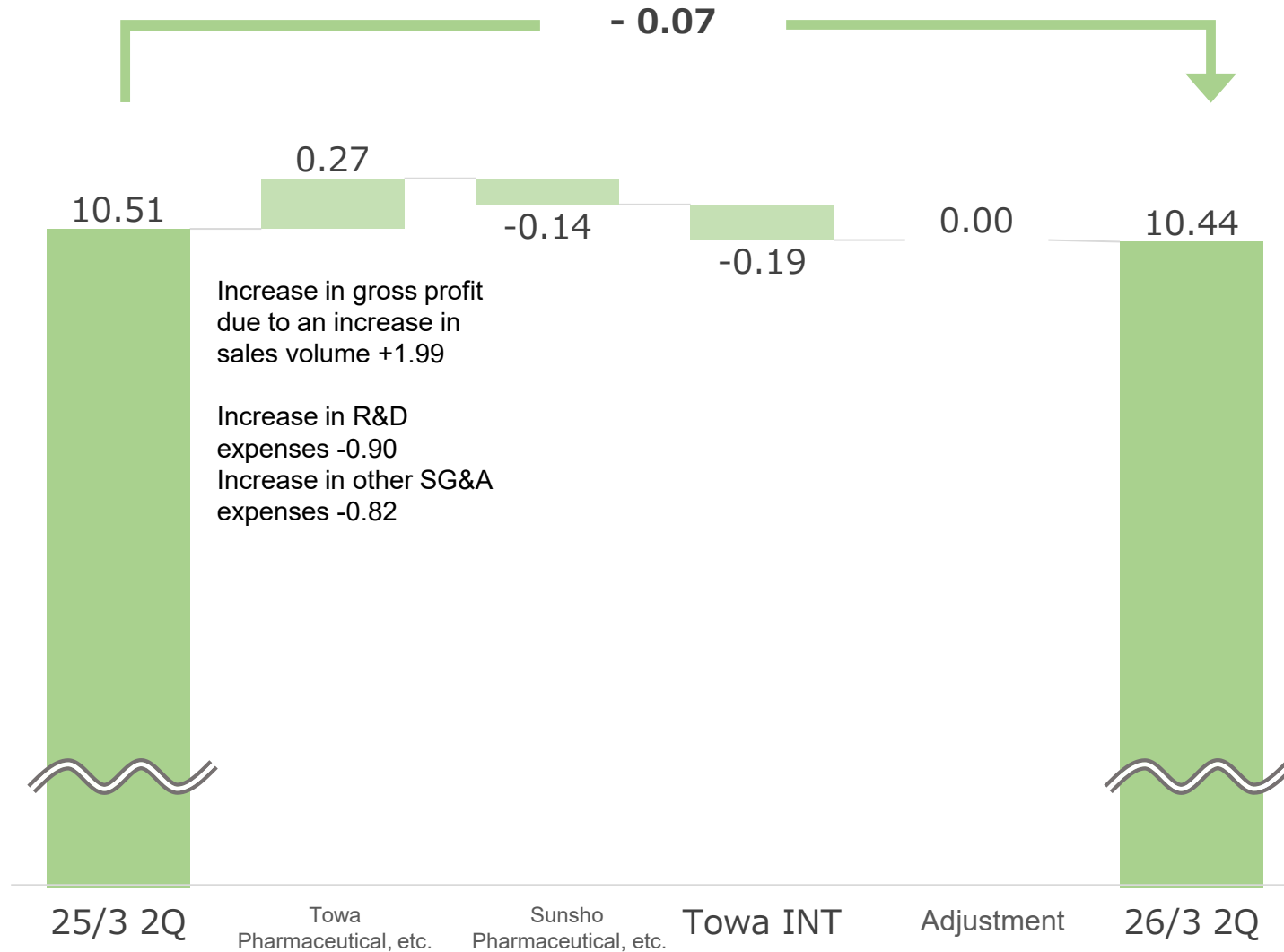
Ordinary profit met the 1H plan target due to the posting of an unplanned 1.5 billion yen **gain** on valuation of derivatives.

	26/3 2Q results		25/3 2Q results	26/3 1H plan		26/3 full-year plan	
	(JPY billion)	YOY change (%)	(JPY billion)	(JPY billion)	Achievement rate (%)	(JPY billion)	Progress rate (%)
Net sales	130.4	+ 5.7%	123.4	134.5	97.0%	280.0	46.6%
Gross profit	47.2	+ 5.1%	44.9	50.1	94.2%	104.0	45.4%
Operating profit	10.4	- 0.7%	10.5	12.0	87.0%	27.0	38.7%
Ordinary profit	11.9	+ 15.9%	10.3	11.1	107.9%	25.3	47.3%
Profit attributable to owners of parent	8.2	+ 25.3%	6.5	8.0	102.7%	17.7	46.4%

Exchange rate at end of period (TTM) USD 1	26/3 2Q	25/3 4Q	25/3 2Q	24/3 4Q
	JPY 148.88	JPY 149.52	JPY 142.73	JPY 151.41

Factors behind changes in operating profit for 2026/3 2Q

(JPY billion)



Outline of financial results for 2026/3 2Q (Consolidated)

- **YoY change:** Net sales increased due to an increase in sales volume at Towa Pharmaceutical, but operating profit decreased due to the poor performance of Sunsho Pharmaceutical and Towa INT. Ordinary profit increased due to the posting of a 1.5 billion yen gain on valuation of derivatives. (In 25/3 2Q, a 1.2 billion yen loss on valuation of derivatives was recognized.)
- **Progress rate for the plan:** Net sales fell short of the 1H plan target due to the lower-than-expected sales volume of Towa Pharmaceutical and poor performance of Towa INT. Operating profit fell short of the 1H plan target due to the poor performance of Sunsho Pharmaceutical and Towa INT. Ordinary profit met the 1H plan target due to the posting of an unplanned 1.5 billion yen gain on valuation of derivatives.

(JPY million, %)

	26/3 2Q results			25/3 2Q results		26/3 1H 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 (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Net sales	130,476	100.0	+ 5.7	123,404	100.0	134,500	100.0	97.0	280,000	100.0	46.6
Cost of sales	83,270	63.8	+ 6.1	78,490	63.6	84,400	62.8	98.7	176,000	62.9	47.3
SGA	36,762	28.2	+ 6.9	34,400	27.9	38,100	28.3	96.5	77,000	27.5	47.7
Operating profit	10,443	8.0	- 0.7	10,513	8.5	12,000	8.9	87.0	27,000	9.6	38.7
Ordinary profit	11,979	9.2	+ 15.9	10,338	8.4	11,100	8.3	107.9	25,300	9.0	47.3
Profit before income taxes	11,955	9.2	+ 16.1	10,300	8.3	11,100	8.3	107.7	25,300	9.0	47.3
Profit attributable to owners of parent	8,214	6.3	+ 25.3	6,555	5.3	8,000	5.9	102.7	17,700	6.3	46.4

Outline of financial results for 2026/3 2Q

(Towa Pharmaceutical, etc.)

- **YoY change:** Net sales and segment profit increased due to an increase in supply to the market following an increase in production volume at Towa Pharmaceutical.
- **Progress rate for the plan:** Net sales were almost in line with plan, although progress rate is slightly behind due to the lower-than-expected sales volume due to regulated shipments of Towa Pharmaceutical.
Segment profit was in line with plan due to delays in spending on SG&A expenses, such as R&D expenses.

(JPY million, %)

	26/3 2Q results			25/3 2Q 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	90,407	100.0	+ 8.1	83,633	100.0	196,500	100.0	46.0
Cost of sales	54,855	60.7	+ 9.5	50,078	59.9	118,500	60.3	46.3
SGA	23,066	25.5	+ 8.1	21,343	25.5	49,800	25.3	46.3
Segment profit	12,485	13.8	+ 2.2	12,211	14.6	28,200	14.4	44.3

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 7.6 billion tablets, up 5.6% year on year**
Progress rate for the full-year plan: **47.7%**
- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
→ **Approx. 8.0 billion tablets, up 17.0% year on year**
Progress rate for the full-year plan: **49.3%**

Outline of financial results for 2026/3 2Q

(Sunsho Pharmaceutical, etc.)

- Net sales increased and were in line with the plan due to growth in the domestic health food business and partial recovery of delays in contract manufacturing that occurred in the first quarter in the new application business.
- Segment profit decreased and its progress rate was slow due to a rise in the cost of sales ratio due to the worse-than-expected sales mix, because growth in the second quarter was unable to make up for delays in the first quarter in the new application business, which has a high profit ratio.

(JPY million, %)

	26/3 2Q results			25/3 2Q 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	14,507	100.0	+ 5.9	13,704	100.0	30,200	100.0	48.0
Cost of sales	11,613	80.0	+ 8.6	10,697	78.1	23,200	76.8	50.1
SGA	2,123	14.6	+ 1.4	2,093	15.3	4,600	15.2	46.2
Segment profit	771	5.3	- 15.5	913	6.7	2,400	7.9	32.1

Note: Goodwill amortization is not included.

Outline of financial results for 2026/3 2Q (Towa INT)

- **Net sales:** Progress rate was slow due to delays in contract manufacturing in the European BtoB and a decrease in sales of certain products in the U.S. and the European BtoC.
- **Segment profit:** Progress rate was slow due to the lower-than-expected net sales of the Europe and the U.S. and a rise in the cost of sales ratio due to the lower-than-expected production volume in the European BtoB.

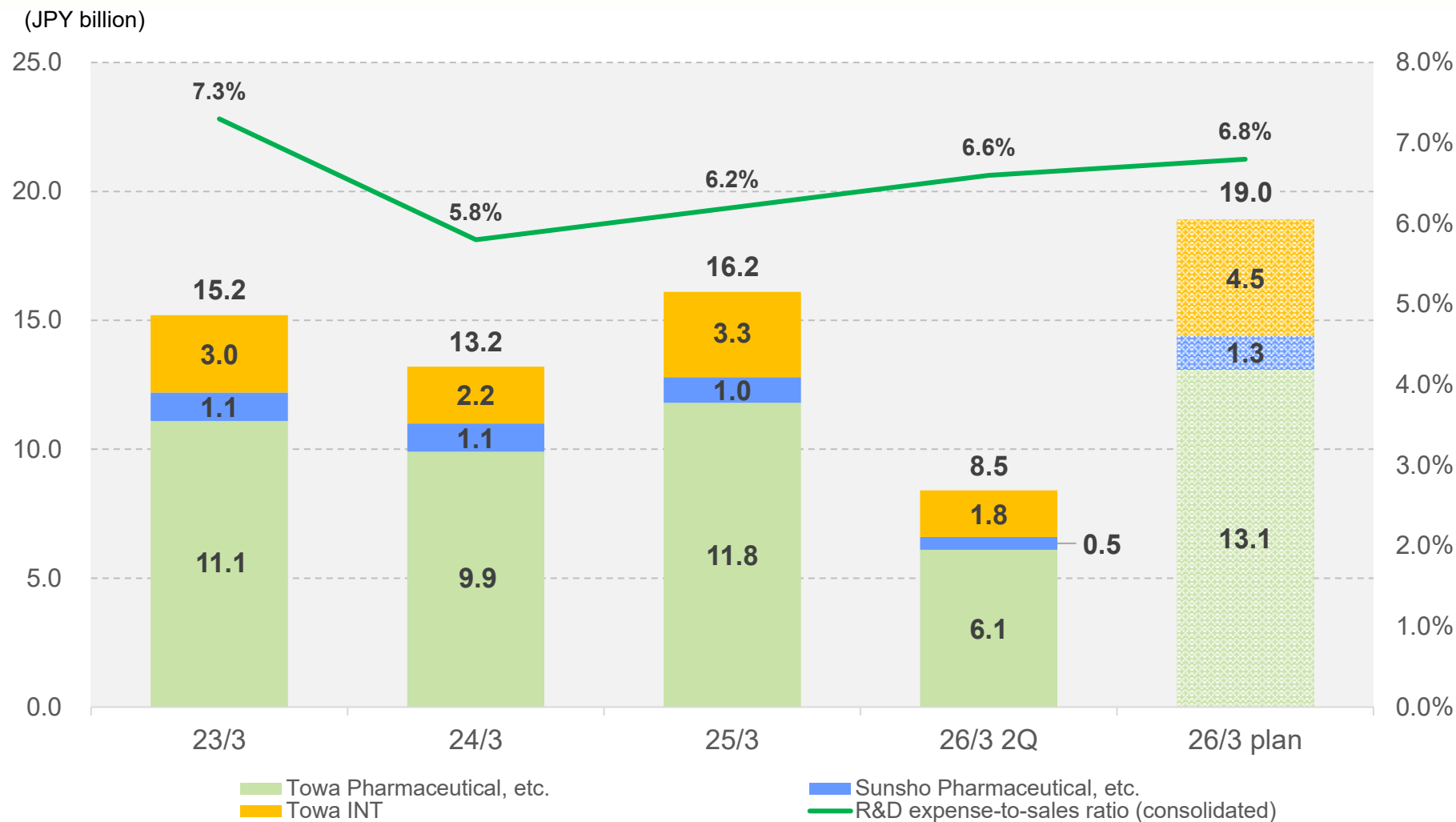
(JPY million, %)

		26/3 2Q results			25/3 2Q 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		25,851	100.0	- 1.3	26,180	100.0	54,600	100.0	47.3
	Europe	16,078	62.2	+ 2.1	15,748	60.2	34,200	62.6	47.0
	U.S.	9,772	37.8	- 6.3	10,432	39.8	20,400	37.4	47.9
Cost of sales		16,958	65.6	- 4.8	17,821	68.1	34,600	63.4	49.0
SGA		9,483	36.7	+ 8.4	8,749	33.4	19,300	35.3	49.1
Segment profit (loss)		- 590	- 2.3	—	- 391	- 1.5	700	1.3	—

Exchange rate during period (TTM) EUR 1	26/3 2Q	25/3 2Q	Assumed rate for 26/3	Exchange rate during period (TTM) USD 1	26/3 2Q	25/3 2Q	Assumed rate for 26/3
	JPY 168.06	JPY 165.95	JPY 156.00		JPY 146.04	JPY 152.63	JPY 145.00

Notes: 1. Net sales and segment profit in the full-year plan include intercompany transactions with Towa Pharmaceutical.
2. Goodwill amortization is not included.

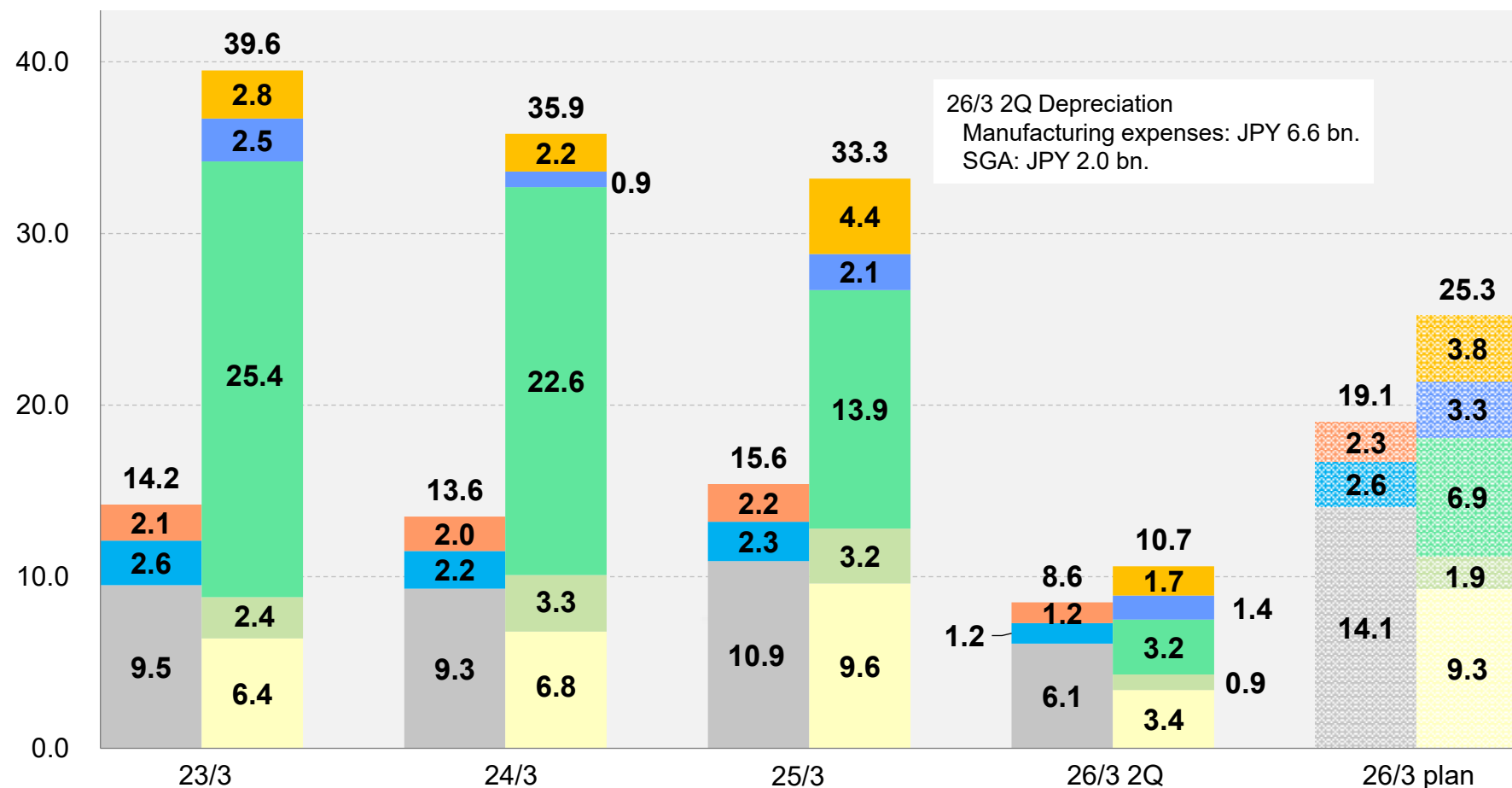
Research and development expenses (consolidated)



- 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, of 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 (other)

■ Depreciation (Sunsho Pharmaceutical, etc.)

■ Capex (Sunsho Pharmaceutical, etc.)

■ Capex (Okayama Plant)

■ Depreciation (Towa INT)

■ Depreciation (Towa Pharmaceutical, etc.)

Production system and regulated shipments

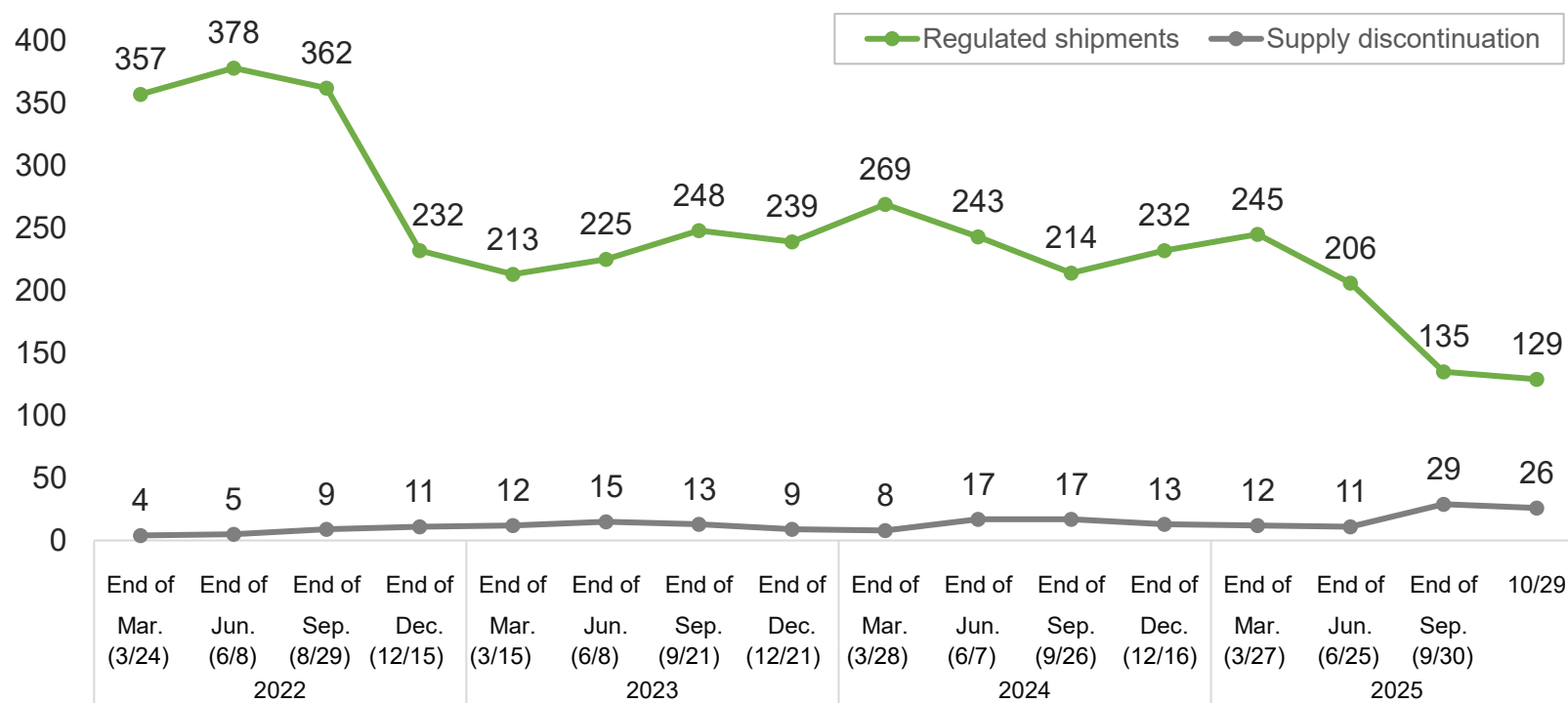
● Initiatives to increase production capacity

The start-up of the Third Solid Dosage Building at the Yamagata Plant was completed in October 2025.

Next fiscal year, we expect to achieve a production capacity of 17.5 billion tablets/capsules per year at Towa Pharmaceutical's three plants, a target disclosed in the medium-term business plan.

We will continue to work to increase production volume while reducing the number of items with regulated shipments.

● Trends in the number of items with regulated shipments



Notes: 1. The number of items with regulated shipments previously disclosed on our website for medical professionals and in our IR activities includes items with supply discontinuation.

2. Due to the voluntary recall of injection ampoules released on August 20, 2025, the number of discontinued items has increased.

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1. Outline of financial results for 2026/3 2Q

2. Reference materials

Fire at Yamagata Plant and voluntary recall of ampoule preparations

● Fire at part of the First Solid Dosage Building at Yamagata Plant

The replacement of the damaged equipment has been completed, and there is no impact on production volume.
The impact on our business performance is minor.

Overview	• On July 14, 2025, a fire broke out at the First Solid Dosage Building (machine room) at Yamagata Plant. The fire was extinguished within the same day. • There was a very high possibility that static electricity on the surface of the dust collector filter ignited the dust.
Damage situation	Only one dust collector (The equipment replacement was completed in October.)
Impact on production and shipment	No impact (Compensation by operating the same type of equipment on holidays, etc.)
Impact on business performance	As this is only the cost of replacing one dust collector, the impact on consolidated results is minor.

● Voluntary recall of injection ampoule preparations

The voluntary recall is over, and product shipments will resume in due course.
The impact on our business performance is minor.

Overview	• In June 2025, we voluntarily recalled one ampoule product due to the presence of black foreign matter. • Although there was no contamination of the inventory and recalled products, as a precaution, we voluntarily recalled 15 ampoules from the same production line on August 20, 2025. • The foreign matter originated from parts inside the piping that controls the pure steam used to sterilize the production line.
Impact on production and shipment	Production has resumed and shipments are expected to resume in stages. Notes: Information is provided on the website for medical professionals.
Impact on business performance	Although recall costs of approx. 0.2 billion yen are expected, the impact on consolidated results is minor.

Outline of financial results for 2026/3 2Q (Domestic segment)

(JPY million, %)

		26/3 2Q results			25/3 2Q results		26/3 1H 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 (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Domestic segment	Net sales	104,915	100.0	+ 7.8	97,338	100.0	108,000	100.0	97.1	226,700	100.0	46.3
	Cost of sales	66,468	63.4	+ 9.4	60,776	62.4	67,300	62.3	98.8	141,700	62.5	46.9
	SGA	25,189	24.0	+ 7.5	23,437	24.1	27,200	25.2	92.6	54,400	24.0	46.3
	Segment profit	13,257	12.6	+ 1.0	13,124	13.5	13,500	12.5	98.2	30,600	13.5	43.3
Towa Pharmaceutical, etc.	Net sales	90,407	100.0	+ 8.1	83,633	100.0				196,500	100.0	46.0
	Cost of sales	54,855	60.7	+ 9.5	50,078	59.9				118,500	60.3	46.3
	SGA	23,066	25.5	+ 8.1	21,343	25.5				49,800	25.3	46.3
	Segment profit	12,485	13.8	+ 2.2	12,211	14.6				28,200	14.4	44.3
Sunsho Pharmaceutical, etc.	Net sales	14,507	100.0	+ 5.9	13,704	100.0				30,200	100.0	48.0
	Cost of sales	11,613	80.0	+ 8.6	10,697	78.1				23,200	76.8	50.1
	SGA	2,123	14.6	+ 1.4	2,093	15.3				4,600	15.2	46.2
	Segment profit	771	5.3	- 15.5	913	6.7				2,400	7.9	32.1

Note: Goodwill amortization is not included.

Outline of financial results for 2026/3 2Q (Overseas segment)

(JPY million, %)

		26/3 2Q results			25/3 2Q results		26/3 1H 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 (%)	Achievement rate (%)	(JPY million)	Percentage of net sales (%)	Progress rate (%)
Overseas segment	Net sales	25,851	100.0	- 1.3	26,180	100.0	27,300	100.0	94.7	54,600	100.0	47.3
	Cost of sales	16,958	65.6	- 4.8	17,821	68.1	17,200	63.0	98.6	34,600	63.4	49.0
	SGA	9,483	36.7	+ 8.4	8,749	33.4	9,400	34.4	100.9	19,300	35.3	49.1
	Segment profit (loss)	- 590	- 2.3	—	- 391	- 1.5	700	2.6	—	700	1.3	—
Europe	Net sales	16,078	100.0	+ 2.1	15,748	100.0				34,200	100.0	47.0
	Cost of sales	10,627	66.1	+ 0.5	10,577	67.2				21,200	62.0	50.1
	SGA	6,864	42.7	+ 11.2	6,172	39.2				13,300	38.9	51.6
	Segment loss	- 1,412	- 8.8	—	- 1,001	- 6.4				- 300	-0.9	—
U.S.	Net sales	9,772	100.0	- 6.3	10,432	100.0				20,400	100.0	47.9
	Cost of sales	6,331	64.8	- 12.6	7,244	69.4				13,400	65.7	47.2
	SGA	2,619	26.8	+ 1.6	2,577	24.7				6,000	29.4	43.7
	Segment profit	822	8.4	+ 34.7	610	5.9				1,000	4.9	82.2

Note: Goodwill amortization is not included.

Outline of financial results for 2026/3 2Q (Segment information)

(JPY million)

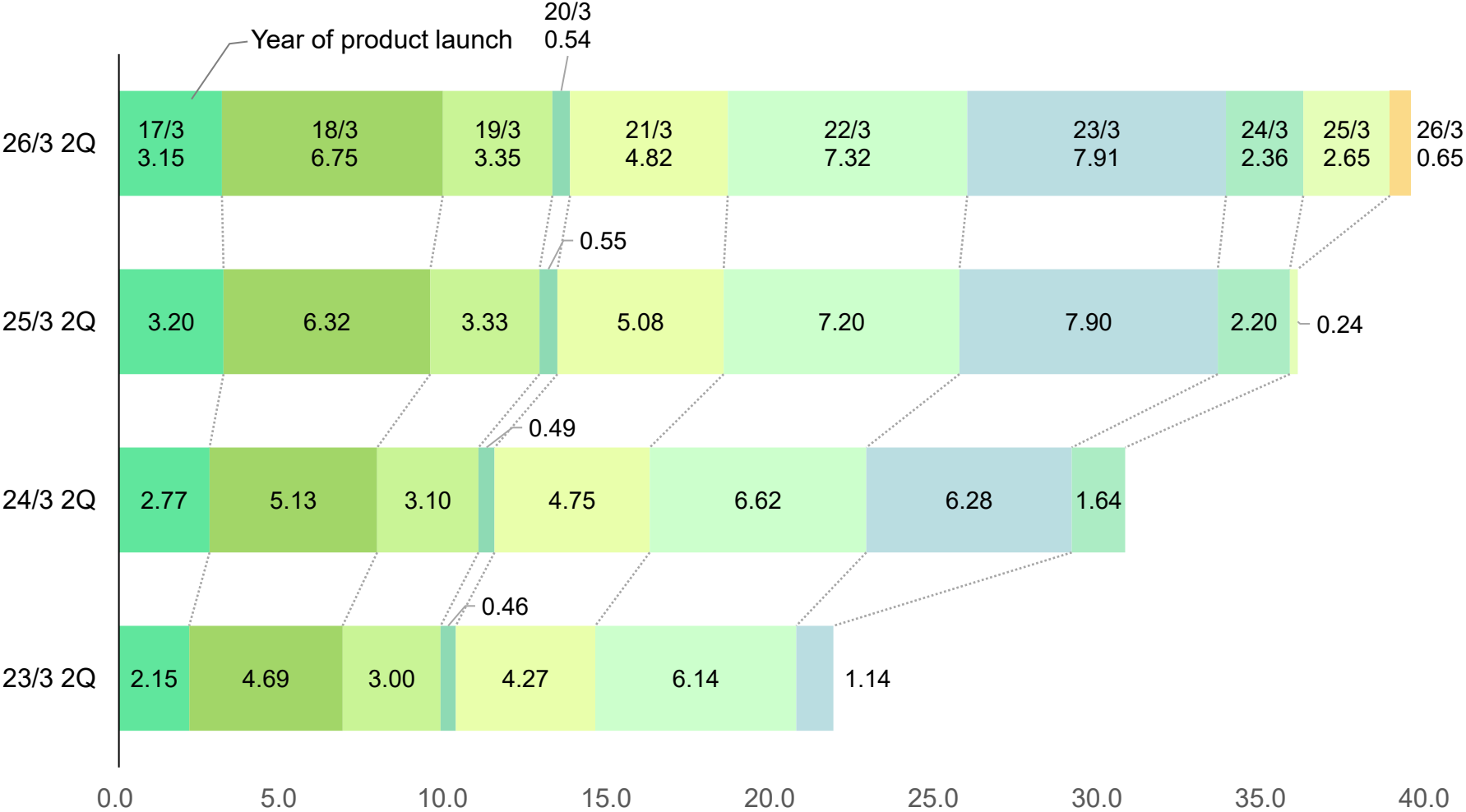
	Reportable segment		Total	Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas			
	Towa Pharmaceutical, etc. Sunsho Pharmaceutical, etc.	Towa INT			
Net sales	104,915	25,851	130,766	- 289	130,476
Cost of sales	66,468	16,958	83,426	- 156	83,270
SGA	25,189	9,483	34,672	+ 2,089	36,762
Segment profit (loss)	13,257	- 590	12,666	- 2,222	10,443

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 518 million; Sunsho Pharmaceutical, etc. JPY 1,705 million

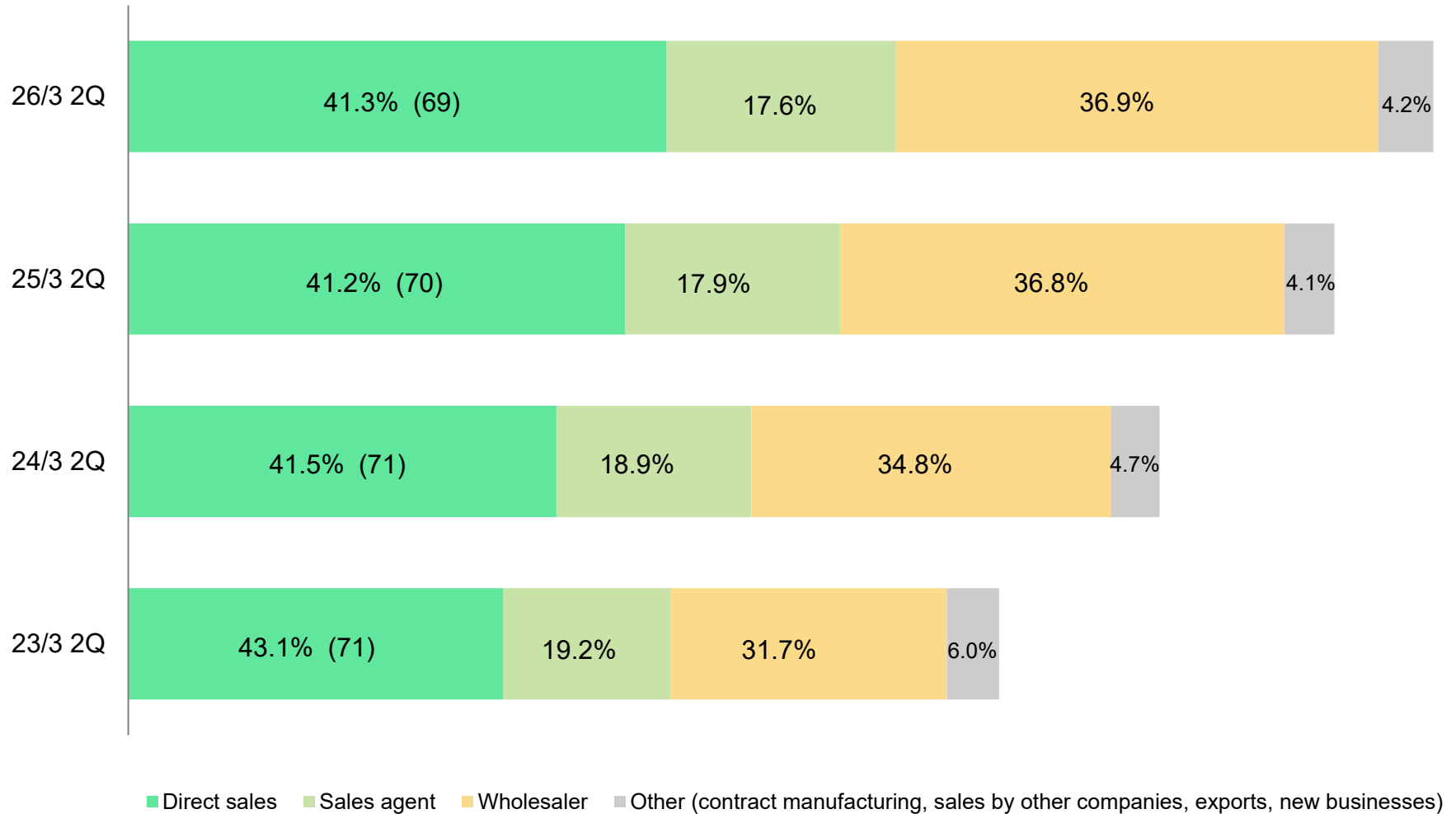
Net sales by supplement year (Non-consolidated)

(JPY billion)



Note: 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 2Q					25/3 2Q	
		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	7,613	94.5	10.8	- 29	+ 9.3	7,642	10.6
DPC	Approx. 1,800	1,753	99.3	6.6	- 16	+ 10.4	1,769	6.5
Clinics	Approx. 90,000	31,332	34.8	10.0	- 54	- 0.1	31,386	10.8
Pharmacies	Approx. 62,600	60,846	97.1	79.1	+ 340	+ 9.2	60,506	78.4
Total	Approx. 160,700	99,791	62.1	100	+ 257	+ 8.2	99,534	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 2Q			25/3 2Q	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Personnel	9,423	9.0	+ 4.0	9,058	9.3
Advertising	472	0.5	+ 37.8	342	0.4
Packing & freight	1,547	1.5	+ 5.6	1,465	1.5
Commissions paid	2,919	2.8	+ 0.3	2,911	3.0
R&D expenses	6,785	6.5	+ 18.4	5,731	5.9
Depreciation	819	0.8	+ 16.5	703	0.7
Other	3,221	3.1	- 0.1	3,223	3.3
SGA	25,189	24.0	+ 7.5	23,437	24.1

Note 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	25/9	25/3	Change
Cash and deposits	49,576	45,471	+ 4,105
Notes and accounts receivable–trade	56,934	61,449	- 4,515
Electronically recorded monetary claims–operating	10,277	10,496	- 219
Merchandise and finished goods	50,714	44,770	+ 5,943
Other inventories	67,792	63,517	+ 4,274
Other current assets	20,689	21,600	- 911
Total current assets	255,984	247,306	+ 8,677
Buildings and structures, net	86,942	76,073	+ 10,868
Machinery, equipment and vehicles, net	21,528	18,367	+ 3,160
Lease assets	13,042	11,802	+ 1,239
Construction in progress	26,335	40,089	- 13,754
Goodwill	26,234	28,115	- 1,880
Other non-current assets	50,463	49,068	+ 1,395
Total non-current assets	224,546	223,517	+ 1,029
Total assets	480,530	470,823	+ 9,707

Item	25/9	25/3	Change
Notes and accounts payable–trade	16,022	17,918	- 1,895
Electronically recorded obligations–operating	14,238	12,123	+ 2,115
Short-term borrowings	5,784	4,699	+ 1,084
Current portion of long-term borrowings	23,814	18,023	+ 5,790
Lease obligations	1,604	1,383	+ 220
Notes and accounts payable–equipment	5,980	9,073	- 3,092
Other current liabilities	23,837	24,717	- 879
Total current liabilities	91,282	87,939	+ 3,343
Long-term borrowings	192,069	195,077	- 3,007
Lease obligations	12,992	11,801	+ 1,190
Other non-current liabilities	4,322	4,379	- 57
Total non-current liabilities	209,385	211,259	- 1,873
Total liabilities	300,667	299,198	+ 1,469
Foreign currency translation adjustment	15,859	13,921	+ 1,937
Other net assets	164,003	157,703	+ 6,300
Total net assets	179,863	171,625	+ 8,237
Total liabilities and net assets	480,530	470,823	+ 9,707

Exchange rate at end of period (TTM) EUR 1	25/9	25/3
	JPY 174.47	JPY 162.08

Statement of cash flows (Consolidated)

(JPY million)

	26/3 2Q	25/3 2Q	Change	26/3 2Q main items
Cash flows from operating activities	14,092	8,654	+ 5,437	• Profit before income taxes: + 11,955 • Depreciation: + 8,682 • Decrease in trade receivables: + 5,036 • Increase in inventories: - 9,561
Cash flows from investing activities	- 14,970	- 12,444	- 2,525	• Purchase of property, plant and equipment: - 12,803
Cash flows from financing activities	4,260	14,203	- 9,942	• Proceeds from long-term borrowings: + 9,508 • Proceeds from sales and leaseback transactions: + 3,553 • Repayments of long-term borrowings: - 6,968
Ending balance of cash and cash equivalents	49,323	41,247	+ 8,075	

New products to be listed on the NHI drug reimbursement price list in December 2025 (Non-consolidated)

Product name	Original/representative drug name
EFINACONAZOLE TOPICAL SOLUTION 10% "TOWA"	CLENAFIN Topical Solution
OSELTAMIVIR DS 3% "TOWA"	TAMIFLU Dry Syrup
LANTHANUM CARBONATE OD TABLETS 250mg "TOWA"/ OD TABLETS 500mg "TOWA"	Fosrenol OD tablets 250mg/500mg
EPINASTINE HYDROCHLORIDE OPHTHALMIC SOLUTION 0.05% "TW"	ALESION Ophthalmic Solution
EPINASTINE HYDROCHLORIDE LX OPHTHALMIC SOLUTION 0.1% "TOWA"	ALESION LX Ophthalmic Solution

6 products for 4 ingredients are scheduled to be launched.

Sales of approx. 0.77 billion yen in total are planned for 5 products for 4 ingredients, excluding EPINASTINE HYDROCHLORIDE OPHTHALMIC SOLUTION 0.05% "TW" for the first fiscal year.

Note: EPINASTINE HYDROCHLORIDE OPHTHALMIC SOLUTION 0.05% "TW" is not included in the sales plan for new products above, as it simply represents a change in the trade name from EPINASTINE HYDROCHLORIDE OPHTHALMIC SOLUTION 0.05% "TOWA," which is already on the market.

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.

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