May 8, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

Listed Company: Zeria Pharmaceutical Co., Ltd. (Stock Exchange: Tokyo Stock Exchange)
Code Number: 4559 (URL: https://www.zeria.co.jp/english/)
Representative: Mitsuhiro Ibe, Representative Director, President & COO
Person in charge of reference: Koichi Tamura, Director, Public Relations Division TEL (03) 3661-1039
Scheduled date of ordinary general meeting of shareholders: June 26, 2026
Scheduled date to commence dividend payments: June 29, 2026
Scheduled date to submit the Securities Report: June 25, 2026
Preparation of supplementary documents to the financial results: Yes
Holding of financial results presentation: Yes (for analysts, institutional investors and the press)

(Amounts under a million yen are truncated.)

1. Consolidated Financial Highlights (April 1, 2025 through March 31, 2026)

(1) Consolidated Financial Results (Percentage figures indicate changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2026	89,159	2.1	12,374	1.4	11,043	(14.0)	8,454	(14.9)
March 31, 2025	87,311	15.3	12,197	26.8	12,840	50.8	9,936	28.5

Note: Comprehensive income: For the year ended March 31, 2026: 20,926 million yen [75.1%]
For the year ended March 31, 2025: 11,952 million yen [(25.7)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
Year ended	Yen	Yen	%	%	%
March 31, 2026	191.80	–	8.5	6.5	13.9
March 31, 2025	225.42	–	11.7	8.3	14.0

Reference: Share of profit (loss) of entities accounted for using equity method: For the year ended March 31, 2026: (180) million yen
For the year ended March 31, 2025: (276) million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2026	179,697	108,604	60.3	2,459.12
March 31, 2025	159,171	89,797	56.3	2,031.33

Reference: Equity: As of March 31, 2026: 108,396 million yen As of March 31, 2025: 89,539 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of term
Year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2026	9,955	(2,701)	(5,933)	27,635
March 31, 2025	12,922	(1,050)	(7,756)	23,467

2. Dividends

	Annual dividends					Total dividends paid (Total)	Payout ratio (Consolidated)	Dividend rate for net assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2025	–	23.00	–	24.00	47.00	2,071	20.8	2.4
March 31, 2026	–	24.00	–	25.00	49.00	2,159	25.5	2.2
Year ending March 31, 2027 (Forecast)	–	25.00	–	25.00	50.00		22.0	

3. Consolidated Financial Forecast for Fiscal Year Ending March 31, 2027 (April 1, 2026 through March 31, 2027)

(Percentage figures indicate changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	45,000	12.6	6,000	64.8	6,000	125.9	4,000	130.2	90.75
Full year	95,000	6.6	13,000	5.1	13,000	17.7	10,000	18.3	226.86

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Inclusion: – (Company name: –) Exclusion: 1 Company (Company name: Kenso-Seiyaku Co., Ltd.)

Note: For details, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to consolidated financial statements (Significant matters that form the basis for the preparation of consolidated financial statements)” on page 13 of the Attached Material.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement of prior period financial statements after error corrections: None

(3) Number of shares issued (common shares)

1) Number of shares issued as of the end of the term (including treasury shares):
As of March 31, 2026: 50,119,190 shares As of March 31, 2025: 53,119,190 shares
2) Number of shares of treasury shares as of the end of the term:
As of March 31, 2026: 6,039,792 shares As of March 31, 2025: 9,039,667 shares
3) Average number of shares during the term:
For the year ended March 31, 2026: 44,079,460 shares
For the year ended March 31, 2025: 44,079,600 shares

Notes:
1. Based on the resolution at a meeting of the Board of Directors held on August 5, 2025, the Company cancelled 1,000,000 treasury shares as of August 27, 2025.
2. Based on the resolution at a meeting of the Board of Directors held on November 5, 2025, the Company cancelled 1,000,000 treasury shares as of November 26, 2025.
3. Based on the resolution at a meeting of the Board of Directors held on February 5, 2026, the Company cancelled 1,000,000 treasury shares as of February 25, 2026.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Highlights (April 1, 2025 through March 31, 2026)

(1) Non-consolidated Financial Results (Percentage figures indicate changes from the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2026	35,622	2.6	444	(65.0)	3,247	(5.1)	2,973	4.0
March 31, 2025	34,710	2.0	1,269	7.9	3,422	27.4	2,859	74.7

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
March 31, 2026	67.46	–
March 31, 2025	64.86	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2026	91,682	42,835	46.7	971.78
March 31, 2025	90,023	41,016	45.6	930.52

Reference: Equity: As of March 31, 2026: 42,835 million yen As of March 31, 2025: 41,016 million yen

* Financial Results Reports Are Exempt From Audit Conducted by Certified Public Accountants or An Audit Corporation.

* Cautionary Statement with Respect to Appropriate Use of Financial Forecast and Other Special Matters

The description about the future including the projection in this document is based on information available to the Company at present and certain presumptions which the Company considers reasonable. Consequently, any descriptions herein do not constitute assurances regarding actual results by the Company. The actual results for future terms may differ from the information in this document due to various factors. For the assumptions made in financial forecasts and cautions concerning the use thereof, please refer to “1. Summary of Business Results (1) Summary of business results for the fiscal year under review” on page 2 of the Attached Material.

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1. Summary of Business Results

(1) Summary of business results for the fiscal year under review

(i) Business results for the fiscal year under review

Net sales for the current fiscal year were 89,159 million yen (up 2.1% from the previous fiscal year), and operating profit was 12,374 million yen (up 1.4% from the previous year). Ordinary profit was 11,043 million yen (down 14.0% from the previous year), due to a turnaround from foreign exchange gains recorded in the previous fiscal year to foreign exchange losses in the current fiscal year, and profit attributable to owners of parent was 8,454 million yen (down 14.9% from the previous year).

In the current fiscal year, the overseas sales to net sales ratio was 59.3%, compared with 56.9% in the previous fiscal year.

Below are the results by business segment.

(Ethical Pharmaceuticals Business)

As for our mainstay products, Asacol, a therapeutic agent for ulcerative colitis, sales declined through the third quarter due to challenges in the domestic market and supply shortages caused by malfunctions at the production facilities to which we outsource manufacturing in overseas markets. However, full-year sales increased, driven in part by strong performance in overseas markets following the restoration and normalization of those production facilities. Sales of DIFICLIR, a therapeutic agent for Clostridioides difficile infections (domestic brand name: Dafclir), continued to grow, particularly in large markets such as France and Germany. However, sales of Entocort, an inflammatory bowel disease therapeutic agent (domestic brand name: Zentacort), declined in part due to the launch of generic drugs in certain countries outside Japan. Sales of Acofide, a drug for functional dyspepsia, increased year on year as market penetration grew, although they were affected by NHI drug price revisions.

In addition, the Company is striving for the early market penetration of Veltassa, a therapeutic agent for hyperkalemia, for which restrictions on medication periods were lifted in December 2025, primarily in the nephrology, dialysis, and cardiology domains.

As a result, net sales in the business amounted to 61,625 million yen (up 4.5% from the previous fiscal year).

(Consumer Healthcare Business)

As for our mainstay products, the Hepalyse range continued to perform well, mainly in the pharmaceutical Hepalyse range, due in part to the effects of active advertising and sales promotion activities. In addition, the new products launched in the fiscal year under review, Hepalyse Gastrointestinal Oral Liquid EX and Hepalyse Gastrointestinal Drink, have also contributed to sales as they have penetrated the market. On the other hand, sales of the Chondroitin range and the WithOne range of botanical laxative products decreased in part due to the impact of competing products.

As a result, net sales in the business amounted to 27,382 million yen (down 2.8% from the previous fiscal year).

(Other Business)

Net sales in this segment amounted to 150 million yen (down 6.1% from the previous fiscal year), mainly due to insurance agency business and real estate lease revenue.

(Status of Research and Development)

In the Research and Development division, Zeria is carefully selecting development themes and proceeding with the evaluation of multiple projects including in-licensed, centered on the priority gastrointestinal field under a global development structure in coordination with our Swiss subsidiary Tillotts Pharma AG. In this context, we are considering research and development of new development themes that can be developed simultaneously in Japan and Europe.

As for Z-100, we have been steadily advancing non-clinical trials to facilitate the clinical development for new indications and have started a new specified clinical trial in patients with lung cancer.

Regarding Z-338 (generic name: Acotiamide), our original product for the indication of functional dyspepsia, out-licensed FAES FARMA, S.A., has newly obtained approval in Nicaragua and Costa Rica. Pharmaceutical Joint Stock Company of February 3rd, our subsidiary in Vietnam, has filed an application for approval in Vietnam. Furthermore, the Company is promoting global development by concluding a development and sales agreement with Agastra-Lab s.r.l. for Europe, the U.S., and Canada. In Japan, participant recruitment for the Phase III trial in pediatric patients has been completed, and we are currently working on compiling the trial results.

The Phase II trial of ZG-802 for the indication of underactive bladder has been completed, and we are currently exploring options for the next phase.

With regard to Ferinject, an iron deficiency anemia treatment in-licensed from CSL Vifor, we conducted multiple database studies using real-world data and provided support for specified clinical trials, thereby enhancing post-marketing evidence and promoting drug development activities.

We have also begun planning and reviewing initiatives to generate evidence for Veltassa, a therapeutic agent for hyperkalemia in-licensed from CSL Vifor, and are promoting drug development activities to provide new evidence as soon as possible.

As for consumer healthcare products, we have been developing distinctive products to attract new customer bases. In the fiscal year ended March 31, 2026, we launched Hepalyse Gastrointestinal Oral Liquid EX and Hepalyse Gastrointestinal Drink in the Hepalyse series, IONA f Night Wrapping Pack and IONA R Double Action Cream in the IONA basic skincare series, as well as Hepalyse WT and Chondro support active for Taiwan, as new products.

As a result of these activities, research and development expenses for the current fiscal year were 3,709 million yen (down 9.7% from the previous fiscal year).

(ii) Future outlook

For the fiscal year ending March 31, 2027, we forecast net sales of 95,000 million yen (up 6.6% from the previous year), operating profit of 13,000 million yen (up 5.1% from the previous year), ordinary profit of 13,000 million yen (up 17.7% from the previous year), and profit attributable to owners of parent of 10,000 million yen (up 18.3% from the previous year).

<u>Net sales</u>

In the Ethical Pharmaceuticals Business, the Company forecasts that sales will increase, with sales growth expected in the overseas market for main products Asacol and DIFICLIR, as well as sales growth in Japan expected for Veltassa, a therapeutic agent for hyperkalemia. In the Consumer Healthcare Business, the Company expects sales to increase, contributed to by sales growth in the Hepalyse range as well as a recovery in sales of the mainstay products, such as the Chondroitin range and the WithOne range, and contributions from product groups following the mainstay products.

<u>Profit</u>

Although we anticipate the impact of soaring energy and raw material prices and increased expenses, such as R&D expenses, we expect profits to increase as a result of higher sales. Note that while we recorded foreign exchange losses in non-operating expenses in the fiscal year ended March 31, 2026, we do not anticipate any foreign exchange gains or losses in the fiscal year ending March 31, 2027. Consequently, the growth rates for ordinary profit and profit attributable to owners of parent are expected to exceed the growth rate for operating profit.

(2) Overview of financial position for the fiscal year under review

(i) Assets, liabilities, and net assets

Total assets at the end of the current fiscal year were 179,697 million yen, an increase of 20,526 million yen from the end of the previous fiscal year. Current assets increased 13,117 million yen to 82,646 million yen from the end of the previous fiscal year, and non-current assets increased 7,409 million yen to 97,051 million yen from the end of the previous fiscal year. The main changes in current assets included increases of 4,167 million yen in cash and deposits, 4,915 million yen in accounts receivable - trade, and 4,462 million yen in inventories such as merchandise and finished goods. The main change in non-current assets was an increase of 7,231 million yen in investments and other assets.

Total liabilities at the end of the current fiscal year were 71,093 million yen, an increase of 1,718 million yen from the end of the previous fiscal year. Current liabilities increased 1,259 million yen to 55,708 million yen from the end of the previous fiscal year, and non-current liabilities increased 459 million yen to 15,385 million yen from the end of the previous fiscal year. The main changes in current liabilities were an increase of 924 million yen in accounts payable - trade, a decrease of 464 million yen in short-term borrowings, an increase of 1,054 million yen in income taxes payable, and a decrease of 410 million yen in other current liabilities including a decrease in accounts payable - other. The main change in non-current liabilities was a decrease of 1,596 million yen in long-term borrowings and an increase of 2,090 million yen in deferred tax liabilities.

Net assets at the end of the current fiscal year were 108,604 million yen, an increase of 18,807 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent of 8,454 million yen, payment of 2,115 million yen as dividends declared at the end of the previous fiscal year and in the current interim period, an increase of 7,632 million yen in foreign currency translation adjustment, and an increase of 3,927 million yen in remeasurements of defined benefit plans.

As a result, equity ratio at the end of the current fiscal year increased by 4.0 percentage points from the end of the previous fiscal year to 60.3%.

(ii) Status of cash flows

Cash and cash equivalents (below, “cash”) at the end of the fiscal year under review increased 4,167 million yen from the beginning of the period to 27,635 million yen. This was due to net cash provided by operating activities of 9,955 million yen, despite net cash used in investing activities of 2,701 million yen and net cash used in financing activities of 5,933 million yen.

The status of each cash flow and its factors for the fiscal year under review are as follows.

[Net cash provided by (used in) operating activities]

Net cash provided by operating activities amounted to 9,955 million yen in the current fiscal year (down 2,966 million yen from the previous fiscal year). This was due to factors including profit before income taxes of 11,200 million yen, depreciation of 6,629 million yen, an increase in trade receivables of 1,896 million yen, an increase in inventories of 3,423 million yen, and income taxes paid of 2,737 million yen.

[Net cash provided by (used in) investing activities]

Net cash used in investing activities totaled 2,701 million yen in the current fiscal year (down 1,650 million yen from the previous fiscal year). This was due mainly to purchase of property, plant and equipment of 2,360 million yen and purchase of intangible assets of 534 million yen.

[Net cash provided by (used in) financing activities]

Net cash used in financing activities totaled 5,933 million yen in the current fiscal year (up 1,823 million yen from the previous fiscal year). This was mainly due to proceeds from long-term borrowings of 1,150 million yen, repayments of long-term borrowings of 4,533 million yen, and dividends paid of 2,109 million yen.

Trends in cash flow-related indicators

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Equity ratio (%)	52.9	56.3	60.3
Equity ratio based on market value (%)	62.4	62.5	53.8
Ratio of interest-bearing debt to cash flow (years)	3.9	3.3	4.1
Interest coverage ratio (times)	27.3	26.3	20.0

(Notes) 1. Each indicator is calculated as follows.
- (i) Equity ratio: equity/total assets
- (ii) Equity ratio based on market value: market capitalization/total assets
- (iii) Ratio of interest-bearing debt to cash flow: interest-bearing debt/cash flow
- (iv) Interest coverage ratio: cash flow/interest payments

2. All of the above ratios are calculated based on consolidated financial figures.
3. Market capitalization is calculated based on the number of shares issued excluding treasury shares.
4. Operating cash flow is used for cash flow calculations.
5. Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid.

(3) Basic policy on profit distribution and dividends for the fiscal year under review and the following fiscal year

The Company considers the return of profit to shareholders as one of its most important management issues, and our basic profit distribution policy is to pay stable and consistent dividends.

Based on a full consideration of the financial results and other factors, we will pay a year-end dividend for the fiscal year under review of 25 yen per share. Accordingly, we intend to pay an annual dividend of 49 yen, including an interim dividend of 24 yen (an increase of 2 yen compared to the annual dividend for the previous fiscal year).

For the next fiscal year, we are planning for an annual dividend of 50 yen per share (an increase of 1 yen compared to the fiscal year under review), including a dividend of 25 yen per share for both the interim and year-end dividend.

2. Basic Policy on Selection of Accounting Standards

In order to ensure comparability among companies and over time, the Group applies Japanese GAAP for accounting standards.

It is the Company's policy to apply International Financial Reporting Standards in an appropriate manner, taking into consideration various domestic and overseas circumstances.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	23,592,676	27,760,027
Notes receivable - trade	243,962	–
Electronically recorded monetary claims - operating	–	35,486
Accounts receivable - trade	26,498,203	31,413,406
Merchandise and finished goods	8,592,660	10,994,264
Work in process	2,352,119	3,551,515
Raw materials and supplies	5,489,107	6,351,030
Other	2,892,079	3,200,118
Allowance for doubtful accounts	(131,114)	(658,965)
Total current assets	69,529,694	82,646,882
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,531,377	27,941,819
Accumulated depreciation	(19,913,607)	(20,835,015)
Buildings and structures, net	6,617,770	7,106,803
Machinery, equipment and vehicles	16,800,871	18,657,215
Accumulated depreciation	(15,147,512)	(15,726,455)
Machinery, equipment and vehicles, net	1,653,359	2,930,759
Land	12,658,498	12,663,993
Construction in progress	3,617,496	2,905,397
Other	7,458,612	8,062,076
Accumulated depreciation	(5,364,292)	(6,069,647)
Other, net	2,094,319	1,992,428
Total property, plant and equipment	26,641,444	27,599,383
Intangible assets		
Goodwill	3,621,171	3,027,507
Sales right	27,950,775	27,088,898
Trademark right	7,641,312	7,821,831
Other	1,148,423	1,643,550
Total intangible assets	40,361,683	39,581,788
Investments and other assets		
Investment securities	8,865,571	10,112,376
Deferred tax assets	97,940	84,760
Retirement benefit asset	13,264,717	19,294,530
Other	443,262	407,314
Allowance for doubtful accounts	(32,717)	(29,086)
Total investments and other assets	22,638,773	29,869,895
Total non-current assets	89,641,902	97,051,067
Total assets	159,171,596	179,697,949

(Thousands of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	3,971,467	4,895,991
Short-term borrowings	34,298,379	33,834,190
Income taxes payable	3,773,088	4,827,849
Provision for bonuses	1,623,664	1,778,324
Other	10,782,461	10,371,773
Total current liabilities	54,449,062	55,708,129
Non-current liabilities		
Long-term borrowings	6,865,780	5,269,740
Deferred tax liabilities	6,496,077	8,586,947
Retirement benefit liability	224,138	201,368
Asset retirement obligations	56,451	56,629
Other	1,283,058	1,270,343
Total non-current liabilities	14,925,506	15,385,029
Total liabilities	69,374,568	71,093,159
Net assets		
Shareholders’ equity		
Share capital	6,593,398	6,593,398
Capital surplus	11,685,121	5,620,541
Retained earnings	67,207,063	73,545,791
Treasury shares	(18,266,472)	(12,204,622)
Total shareholders’ equity	67,219,110	73,555,108
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,108,422	3,069,779
Foreign currency translation adjustment	16,995,687	24,628,069
Remeasurements of defined benefit plans	3,216,617	7,143,784
Total accumulated other comprehensive income	22,320,727	34,841,632
Non-controlling interests	257,189	208,048
Total net assets	89,797,027	108,604,790
Total liabilities and net assets	159,171,596	179,697,949

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	87,311,137	89,159,262
Cost of sales	23,351,451	23,976,621
Gross profit	63,959,685	65,182,640
Selling, general and administrative expenses	51,762,100	52,808,195
Operating profit	12,197,585	12,374,444
Non-operating income		
Interest income	282,871	111,810
Dividend income	340,650	366,366
Foreign exchange gains	634,498	–
Other	244,784	302,001
Total non-operating income	1,502,805	780,178
Non-operating expenses		
Interest expenses	452,290	501,799
Foreign exchange losses	–	1,356,089
Share of loss of entities accounted for using equity method	276,717	180,435
Other	130,516	73,044
Total non-operating expenses	859,524	2,111,369
Ordinary profit	12,840,865	11,043,254
Extraordinary income		
Gain on sale of non-current assets	2,893	417
Gain on sale of investment securities	–	168,398
Total extraordinary income	2,893	168,815
Extraordinary losses		
Loss on sale of non-current assets	754	2,075
Loss on retirement of non-current assets	15,716	9,881
Loss on valuation of investment securities	208,673	–
Total extraordinary losses	225,145	11,956
Profit before income taxes	12,618,613	11,200,113
Income taxes - current	2,663,209	3,179,573
Income taxes - deferred	(12,601)	(396,599)
Total income taxes	2,650,608	2,782,973
Profit	9,968,005	8,417,139
Profit (loss) attributable to non-controlling interests	31,682	(37,404)
Profit attributable to owners of parent	9,936,323	8,454,544

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	9,968,005	8,417,139
Other comprehensive income		
Valuation difference on available-for-sale securities	106,850	961,357
Foreign currency translation adjustment	2,354,646	7,621,224
Remeasurements of defined benefit plans, net of tax	(477,032)	3,927,166
Total other comprehensive income	1,984,464	12,509,748
Comprehensive income	11,952,469	20,926,888
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,901,523	20,975,449
Comprehensive income attributable to non-controlling interests	50,946	(48,561)

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,593,398	11,685,121	59,254,325	(18,265,810)	59,267,035
Changes during period					
Dividends of surplus			(1,983,585)		(1,983,585)
Profit attributable to owners of parent			9,936,323		9,936,323
Purchase of treasury shares				(662)	(662)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	7,952,737	(662)	7,952,075
Balance at end of period	6,593,398	11,685,121	67,207,063	(18,266,472)	67,219,110

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,001,571	14,660,305	3,693,650	20,355,527	206,229	79,828,792
Changes during period						
Dividends of surplus						(1,983,585)
Profit attributable to owners of parent						9,936,323
Purchase of treasury shares						(662)
Net changes in items other than shareholders' equity	106,850	2,335,382	(477,032)	1,965,200	50,959	2,016,160
Total changes during period	106,850	2,335,382	(477,032)	1,965,200	50,959	9,968,235
Balance at end of period	2,108,422	16,995,687	3,216,617	22,320,727	257,189	89,797,027

Fiscal year ended March 31, 2026

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,593,398	11,685,121	67,207,063	(18,266,472)	67,219,110
Changes during period					
Dividends of surplus			(2,115,816)		(2,115,816)
Profit attributable to owners of parent			8,454,544		8,454,544
Purchase of treasury shares				(258)	(258)
Cancellation of treasury shares		(6,062,108)		6,062,108	–
Change in ownership interest of parent due to transactions with non-controlling interests		(2,471)			(2,471)
Net changes in items other than shareholders' equity					
Total changes during period	–	(6,064,580)	6,338,728	6,061,850	6,335,998
Balance at end of period	6,593,398	5,620,541	73,545,791	(12,204,622)	73,555,108

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,108,422	16,995,687	3,216,617	22,320,727	257,189	89,797,027
Changes during period						
Dividends of surplus						(2,115,816)
Profit attributable to owners of parent						8,454,544
Purchase of treasury shares						(258)
Cancellation of treasury shares						–
Change in ownership interest of parent due to transactions with non-controlling interests						(2,471)
Net changes in items other than shareholders' equity	961,357	7,632,381	3,927,166	12,520,905	(49,140)	12,471,764
Total changes during period	961,357	7,632,381	3,927,166	12,520,905	(49,140)	18,807,762
Balance at end of period	3,069,779	24,628,069	7,143,784	34,841,632	208,048	108,604,790

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	12,618,613	11,200,113
Depreciation	6,843,170	6,629,288
Amortization of goodwill	711,521	717,902
Increase (decrease) in allowance for doubtful accounts	(54,973)	466,649
Increase (decrease) in provision for bonuses	644	29,283
Increase (decrease) in retirement benefit liability	47,812	(23,171)
Interest and dividend income	(623,522)	(478,176)
Interest expenses	452,290	501,799
Foreign exchange losses (gains)	(362,710)	(40,217)
Share of loss (profit) of entities accounted for using equity method	276,717	180,435
Loss (gain) on sale of investment securities	–	(168,398)
Loss (gain) on valuation of investment securities	208,673	–
Decrease (increase) in trade receivables	(4,800,944)	(1,896,310)
Decrease (increase) in inventories	(1,647,358)	(3,423,166)
Increase (decrease) in trade payables	567,039	520,636
Decrease (increase) in other current assets	(330,072)	(668,928)
Increase (decrease) in other current liabilities	662,219	(304,286)
Decrease (increase) in retirement benefit asset	(881,765)	(580,987)
Other, net	104,254	51,458
Subtotal	13,791,609	12,713,924
Interest and dividends received	623,494	477,862
Interest paid	(492,007)	(498,401)
Income taxes paid	(1,001,049)	(2,737,763)
Net cash provided by (used in) operating activities	12,922,046	9,955,621
Cash flows from investing activities		
Payments into time deposits	(125,000)	(125,000)
Proceeds from withdrawal of time deposits	1,787,659	125,000
Purchase of property, plant and equipment	(1,429,102)	(2,360,986)
Purchase of intangible assets	(1,304,800)	(534,750)
Proceeds from sale of investment securities	–	174,000
Other payments	(310)	(1,333)
Other proceeds	20,668	21,293
Net cash provided by (used in) investing activities	(1,050,885)	(2,701,776)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(143,500)	7,490
Proceeds from long-term borrowings	3,273,000	1,150,000
Repayments of long-term borrowings	(8,515,015)	(4,533,050)
Repayments of lease liabilities	(393,767)	(445,090)
Purchase of treasury shares	(662)	(258)
Dividends paid	(1,976,755)	(2,109,398)
Dividends paid to non-controlling interests	–	(2,717)
Net cash provided by (used in) financing activities	(7,756,699)	(5,933,023)
Effect of exchange rate change on cash and cash equivalents	749,071	2,846,529
Net increase (decrease) in cash and cash equivalents	4,863,532	4,167,350
Cash and cash equivalents at beginning of period	18,604,144	23,467,676
Cash and cash equivalents at end of period	23,467,676	27,635,027

(5) Notes to consolidated financial statements

(Notes on premise of a going concern)

Not applicable.

(Significant matters that form the basis for the preparation of consolidated financial statements)

1 Scope of consolidation

(A) Number of consolidated subsidiaries: 17

Tillotts Pharma AG
Tillotts Pharma AB
Tillotts Pharma Ltd.
Tillotts Pharma UK Ltd.
Tillotts Pharma Czech s.r.o.
Tillotts Pharma Spain S.L.U.
Tillotts Pharma GmbH
Tillotts Pharma France SAS
Tillotts Pharma Italy srl
Pharmaceutical Joint Stock Company of February 3rd
ZPD A/S
Zeria Healthway Co., Ltd.
IONA INTERNATIONAL CORPORATION
Zevice Co., Ltd.
Zeriap Co., Ltd.
Two other consolidated subsidiaries

During the fiscal year under review, Kenso-Seiyaku Co., Ltd., the Company's consolidated subsidiary was excluded from the scope of consolidation as it was dissolved in an absorption-type merger with the Company as the surviving company.

(B) Major non-consolidated subsidiaries

Zeria Shoji Co., Ltd.
Zeria Ecotech Co., Ltd.

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small companies and their combined total assets, net sales, net income or loss, and retained earnings do not have a material impact on the consolidated financial statements.

2 Application of equity method

(A) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method: 1

Mage Biologics Inc.

There are no non-consolidated subsidiaries accounted for by the equity method.

(B) Names of major non-consolidated subsidiaries not accounted for by the equity method

Zeria Shoji Co., Ltd.
Zeria Ecotech Co., Ltd.

Non-consolidated subsidiaries not accounted for by the equity method are excluded from the scope of equity method because their net income and retained earnings have a minimal effect on the consolidated financial statements and they are insignificant in the aggregate.

(C) For Mage Biologics Inc., an equity-method affiliate, the financial statements for the most recent fiscal year of the company are used because its fiscal year ends on a different date from the consolidated fiscal year-end.

3 Fiscal year of consolidated subsidiaries

Of the consolidated subsidiaries, Tillotts Pharma AG, Pharmaceutical Joint Stock Company of February 3rd, ZPD A/S, and other overseas consolidated subsidiaries have a fiscal year ending December 31.

In preparing the consolidated financial statements, the financial statements of these subsidiaries as of their fiscal year-end are used. However, adjustments necessary for consolidation are made for significant transactions that occurred between January 1 and March 31, the end of the consolidated fiscal year.

4 Matters related to accounting policies

(A) Valuation standards and methods for significant assets

(1) Investment securities

Other securities

Other than stocks and other securities without market price

…… Market value method (unrealized gains or losses are reported as a separate component of net assets, and the cost of securities sold is determined by the moving-average method)

Stocks and other securities without market price

…… Cost method based on the moving-average method

(2) Derivatives

…… Market value method

(3) Inventories

…… Mainly stated at cost determined by the weighted average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins)

(B) Depreciation and amortization method for significant depreciable assets

(1) Property, plant and equipment (excluding leased assets)

The straight-line method is used for plants, and the declining-balance method is used for all others. However, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

Overseas consolidated subsidiaries use the straight-line method.

The useful lives of major assets are as follows.

Buildings and structures	3 to 50 years
Machinery, equipment and vehicles	2 to 15 years

(2) Intangible assets (excluding leased assets)

The straight-line method is used.

Software for internal use is amortized by the straight-line method over the estimated useful life (5 years).

(3) Leased assets

Finance lease transactions that do not transfer ownership are depreciated using the straight-line method over the lease period with a residual value of zero.

(4) Long-term prepaid expenses

The straight-line method is used.

(C) Accounting for significant provisions

(1) Allowance for doubtful accounts

To provide for possible bad debt expenses on trade receivables, etc. as of the end of the fiscal year under review, an allowance for doubtful accounts is provided in the amount deemed uncollectible based on historical bad debt ratios for general receivables and on an individual assessment of collectibility for specific receivables for which there is concern about default.

(2) Provision for bonuses

To provide for bonuses to employees to be paid in the next and subsequent fiscal years, an amount accrued for the fiscal year under review among the estimated future payments is recorded.

(D) Accounting for retirement benefits

(1) Method of attributing estimated retirement benefits to periods of service

The estimated amount of retirement benefits is attributed to the period until the end of the fiscal year under review based on the benefit calculation method.

(2) Method of amortizing actuarial gains and losses and prior service cost

Prior service cost is amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time the cost is incurred.

Actuarial gains and losses are amortized by the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time of their accrual, starting from the following fiscal year of accrual.

(3) Accounting for unrecognized actuarial gains and losses and unrecognized prior service cost
Unrecognized actuarial gains and losses and unrecognized prior service cost are recognized in accumulated other comprehensive income under net assets, remeasurements of defined benefit plans, after adjusting for tax effects.

(E) Basis for recording significant income and expenses
The Group's principal business is the manufacture and sale of products and the sale of merchandise in the Ethical Pharmaceuticals Business and Consumer Healthcare Business. For the sale of these products and merchandise, the Group usually recognizes revenue when the products and merchandise are inspected and accepted by the customer, since it is considered that the customer has acquired control over the products and merchandise and the performance obligation has been satisfied when the products and merchandise are inspected and accepted by the customer. For sales in Japan, revenue is recognized at the time of shipment if the period between the time of shipment and the time of acceptance by the customer is a normal period of time. Revenue is measured at the amount of consideration promised in the contract with the customer, less any returns, discounts and rebates. Deductions other than those for confirmed payments, such as rebates and sales incentives paid to customers, are estimated and recognized to the extent that it is probable that a material reversal will not occur, taking into consideration the content of the contract and past results. We identify points granted to customers as performance obligations, allocate the transaction price based on the independent sales price, and recognize revenue when the points are used.
The consideration for transactions is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

(F) Basis of translation of significant assets and liabilities denominated in foreign currencies into Japanese yen
Receivables and liabilities denominated in foreign currencies are translated into yen at the spot exchange rates prevailing on the consolidated balance sheet date, with translation differences recognized as gains or losses. Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the spot exchange rate on the balance sheet date of the overseas consolidated subsidiaries, and revenues and expenses are translated into yen at the average exchange rate during the accounting period of the relevant overseas consolidated subsidiaries, with the translation differences included in the foreign currency translation adjustments and non-controlling interests in net assets.

(G) Significant hedge accounting methods
(1) Hedge accounting methods
In principle, deferred hedge accounting is applied. Forward exchange contracts that meet the requirements for allocation method are accounted for using the allocation method.
(2) Hedging instruments and hedged items
Forward exchange contracts are used as hedging instruments and trade payables and forecasted import transactions denominated in foreign currencies are used as hedged items.
(3) Hedging policy
The Company uses forward exchange contracts and other hedging instruments to hedge foreign exchange fluctuation risks of trade payables and forecasted import transactions denominated in foreign currencies, and hedging instruments, such as forward exchange contracts, are made within the scope of trade payables and forecasted import transactions denominated in foreign currencies that are hedged items.
(4) Evaluation of hedge effectiveness
The evaluation of hedge effectiveness is omitted because the hedging instruments are identical to the material terms of the hedged forecasted transactions, and it can be assumed that the hedging instruments will completely offset the market fluctuations at the inception of the hedge and continuously thereafter.

(H) Amortization method and period of goodwill
Goodwill of Tillotts Pharma AG, Pharmaceutical Joint Stock Company of February 3rd and ZPD A/S is amortized by the straight-line method over 20 years.

(I) Scope of cash in the consolidated statements of cash flows

Cash (cash and cash equivalents) in the consolidated statements of cash flows includes cash on hand, deposits that can be withdrawn on demand, and short-term investments with maturities of three months or less at the time of acquisition that are readily convertible to cash and are exposed to insignificant risk of changes in value.

(Notes on segment information, etc.)

[Segment information]

1. Overview of reportable segments

   The Company’s reportable segments are components of the Company for which separate financial statements are available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate their performance.

   The Company’s reportable segments are Ethical Pharmaceuticals Business and Consumer Healthcare Business, as the Company’s business activities are focused on ethical and OTC drugs.

   In the Ethical Pharmaceuticals Business, the Company conducts research, development, manufacturing, and sales of ethical pharmaceuticals.

   In the Consumer Healthcare Business, the Company conducts manufacturing, purchase, and sales of OTC drugs, health foods, quasi-drugs, and cosmetics for self-medication.

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

   The accounting method for reported business segments is generally the same as that described in the “Significant matters that form the basis for the preparation of consolidated financial statements.”

   Profits of reportable segments are based on operating profit (after amortization of goodwill), and intersegment revenues and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Ethical Pharmaceuticals Business	Consumer Healthcare Business	Total				
Net sales							
Sales to external customers	58,970,905	28,179,566	87,150,472	160,664	87,311,137	–	87,311,137
Intersegment sales and transfers	8,926	109	9,036	537,519	546,556	(546,556)	–
Total	58,979,832	28,179,676	87,159,508	698,184	87,857,693	(546,556)	87,311,137
Segment profit	10,777,321	6,397,492	17,174,814	243,770	17,418,585	(5,220,999)	12,197,585
Segment assets	96,017,295	28,939,493	124,956,789	4,900,353	129,857,142	29,314,453	159,171,596
Other items							
Depreciation	5,770,338	855,716	6,626,055	91,295	6,717,350	125,820	6,843,170
Amortization of goodwill	493,500	218,020	711,521	–	711,521	–	711,521
Increase in property, plant and equipment and intangible assets	1,973,401	375,409	2,348,810	76,479	2,425,289	449,215	2,874,505

(Notes) 1. “Other” is a business segment not included in the reportable segments and includes the insurance agency business and real estate business.

2. (i) Adjustment of segment profit of (5,220,999) thousand yen is mainly corporate expenses, such as general and administrative expenses that are not allocated to each reportable segment.

   (ii) Adjustment of segment assets of 29,314,453 thousand yen is mainly corporate assets not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit in the consolidated financial statements.

Current fiscal year (April 1, 2025 to March 31, 2026)

(Thousands of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Ethical Pharmaceuticals Business	Consumer Healthcare Business	Total				
Net sales							
Sales to external customers	61,625,839	27,382,499	89,008,338	150,923	89,159,262	–	89,159,262
Intersegment sales and transfers	4,864	98	4,963	477,793	482,756	(482,756)	–
Total	61,630,703	27,382,598	89,013,302	628,717	89,642,019	(482,756)	89,159,262
Segment profit	12,176,084	6,360,219	18,536,303	201,029	18,737,333	(6,362,888)	12,374,444
Segment assets	108,802,451	30,140,937	138,943,388	4,874,396	143,817,785	35,880,164	179,697,949
Other items							
Depreciation	5,733,006	678,483	6,411,489	90,498	6,501,988	127,300	6,629,288
Amortization of goodwill	493,466	224,435	717,902	–	717,902	–	717,902
Increase in property, plant and equipment and intangible assets	641,143	1,791,583	2,432,726	36,747	2,469,474	572,800	3,042,275

(Notes) 1. "Other" is a business segment not included in the reportable segments and includes the insurance agency business and real estate business.

2. (i) Adjustment of segment profit of (6,362,888) thousand yen is mainly corporate expenses, such as general and administrative expenses that are not allocated to each reportable segment.

(ii) Adjustment of segment assets of 35,880,164 thousand yen is mainly corporate assets not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit in the consolidated financial statements.

[Related information]
Previous fiscal year (April 1, 2024 to March 31, 2025)
1. Information by product and service

(Thousands of yen)

	Ethical pharmaceuticals	Consumer healthcare products	Other	Total
Sales to external customers	58,970,905	28,179,566	160,664	87,311,137

2. Information by region
(1) Net sales

(Thousands of yen)

Japan	Europe			Other	Total
	UK	France	Other		
37,604,750	11,349,456	9,046,110	23,350,353	5,960,466	87,311,137

(Notes) 1. Net sales are based on the location of customers and are classified by country or region.
2. Major countries or regions included in each category
Other: Asia, Africa, Oceania, Latin America, and North America

(2) Property, plant and equipment

(Thousands of yen)

Japan	Europe	Vietnam	Total
20,096,931	2,940,538	3,603,975	26,641,444

Current fiscal year (April 1, 2025 to March 31, 2026)
1. Information by product and service

(Thousands of yen)

	Ethical pharmaceuticals	Consumer healthcare products	Other	Total
Sales to external customers	61,625,839	27,382,499	150,923	89,159,262

2. Information by region
(1) Net sales

(Thousands of yen)

Japan	Europe			Other	Total
	UK	France	Other		
36,318,192	12,405,758	10,174,765	24,005,304	6,255,241	89,159,262

(Notes) 1. Net sales are based on the location of customers and are classified by country or region.
2. Major countries or regions included in each category
Other: Asia, Africa, Oceania, Latin America, and North America

(2) Property, plant and equipment

(Thousands of yen)

Japan	Europe	Vietnam	Total
20,585,472	3,342,712	3,671,197	27,599,383

[Information on impairment losses on fixed assets by reportable segment]
Previous fiscal year (April 1, 2024 to March 31, 2025)
Not applicable.

Current fiscal year (April 1, 2025 to March 31, 2026)
Not applicable.

[Information on amortization of goodwill and unamortized balance by reportable segment]
Previous fiscal year (April 1, 2024 to March 31, 2025)

(Thousands of yen)

	Ethical Pharmaceuticals Business	Consumer Healthcare Business	Other	Total
Amortization for the fiscal year	493,500	218,020	–	711,521
Balance at end of period	2,352,832	1,268,338	–	3,621,171

Current fiscal year (April 1, 2025 to March 31, 2026)

(Thousands of yen)

	Ethical Pharmaceuticals Business	Consumer Healthcare Business	Other	Total
Amortization for the fiscal year	493,466	224,435	–	717,902
Balance at end of period	1,859,024	1,168,482	–	3,027,507

[Information on gain on bargain purchase by reportable segment]
Previous fiscal year (April 1, 2024 to March 31, 2025)
Not applicable.

Current fiscal year (April 1, 2025 to March 31, 2026)
Not applicable.

(Notes on per share information)

(Yen)

	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Net assets per share	2,031.33	2,459.12
Profit per share	225.42	191.80

(Notes) 1. Diluted profit per share is not shown in the above table, as there are no dilutive shares.

2. Basis for calculation of net assets per share is as follows.

Item	End of previous fiscal year (March 31, 2025)	End of current fiscal year (March 31, 2026)
Total net assets (thousand yen)	89,797,027	108,604,790
Amount deducted from total net assets (thousand yen)	257,189	208,048
[Of which, non-controlling interests (thousand yen)]	[257,189]	[208,048]
Net assets related to common shares at the end of the period (thousand yen)	89,539,838	108,396,741
Number of common shares issued and outstanding (shares)	53,119,190	50,119,190
Number of treasury common shares (shares)	9,039,667	6,039,792
Number of common shares used for calculation of net assets per share (shares)	44,079,523	44,079,398

3. Basis for calculation of profit per share is as follows.

Item	Previous fiscal year (April 1, 2024 to March 31, 2025)	Current fiscal year (April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent (thousand yen)	9,936,323	8,454,544
Profit attributable to owners of parent related to common shares (thousand yen)	9,936,323	8,454,544
Average number of common shares during the period (shares)	44,079,600	44,079,460

(Notes on significant subsequent events)

Not applicable.

4. Supplemental Information

(1) Sales of major products and merchandise Consolidated

(Thousands of yen)

	Previous fiscal year (from April 1, 2024 to March 31, 2025)	Current fiscal year (from April 1, 2025 to March 31, 2026)	Percentage change (%)
1. Ethical Pharmaceuticals Business	58,970,905	61,625,839	4.5
Asacol	23,565,885	24,302,532	3.1
DIFICLIR	20,764,118	22,587,507	8.8
Entocort	5,372,490	5,246,152	(2.4)
Acofide	3,040,136	3,079,985	1.3
Other	6,228,274	6,409,661	2.9
2. Consumer Healthcare Business	28,179,566	27,382,499	(2.8)
Hepalyse range	12,552,741	13,254,664	5.6
Chondroitin range	5,572,999	5,427,285	(2.6)
WithOne range	1,530,314	1,460,020	(4.6)
Other	8,523,511	7,240,529	(15.1)
3. Other Business	160,664	150,923	(6.1)
Total	87,311,137	89,159,262	2.1

(2) Status of pipeline of new drugs

I. Domestic

As of May 8, 2026

Stage	Development Code/ Generic Name	Development	Indications	Classification	Origin
Phase III	Z-338/Acotiamide	Zeria	Pediatric functional dyspepsia	Upper gastrointestinal motility modulator	Original
Phase II	ZG-802/Acotiamide	Zeria	Underactive bladder	Lower urinary tract function modulator	Original
Phase II (Specified Clinical Trial)	Z-100	Nonprofit Organization, North East Japan Study Group	Non-small cell lung cancer	Immunomodulator	Original

II. Overseas

Stage	Development Code/ Generic Name	Development	Indications	Classification	Origin
NDA approved (Nicaragua, Costa Rica)	Z-338/Acotiamide	Faes Farma	Functional dyspepsia	Upper gastrointestinal motility modulator	Original (Out-licensed)
NDA filed (Vietnam)	Z-338/Acotiamide	Pharmaceutical Joint Stock Company of February 3rd	Functional dyspepsia	Upper gastrointestinal motility modulator	Original
NDA filed (Colombia, Panama)	Z-338/Acotiamide	Faes Farma	Functional dyspepsia	Upper gastrointestinal motility modulator	Original (Out-licensed)
Phase III (Europe, United States, Canada)	Z-338/Acotiamide	Agastra-Lab s.r.l.	Functional dyspepsia	Upper gastrointestinal motility modulator	Original (Out-licensed)