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Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2025 (FY2025)

August 2025

Taiko Pharmaceutical Co., Ltd.
Securities code: 4574

1. Consolidated Financial Results for 1H FY2025

2. Overview of Performance by Segment for 1H FY2025

3. Upcoming Business Strategies



1. Consolidated Financial Results for 1H FY2025

Consolidated Financial Results

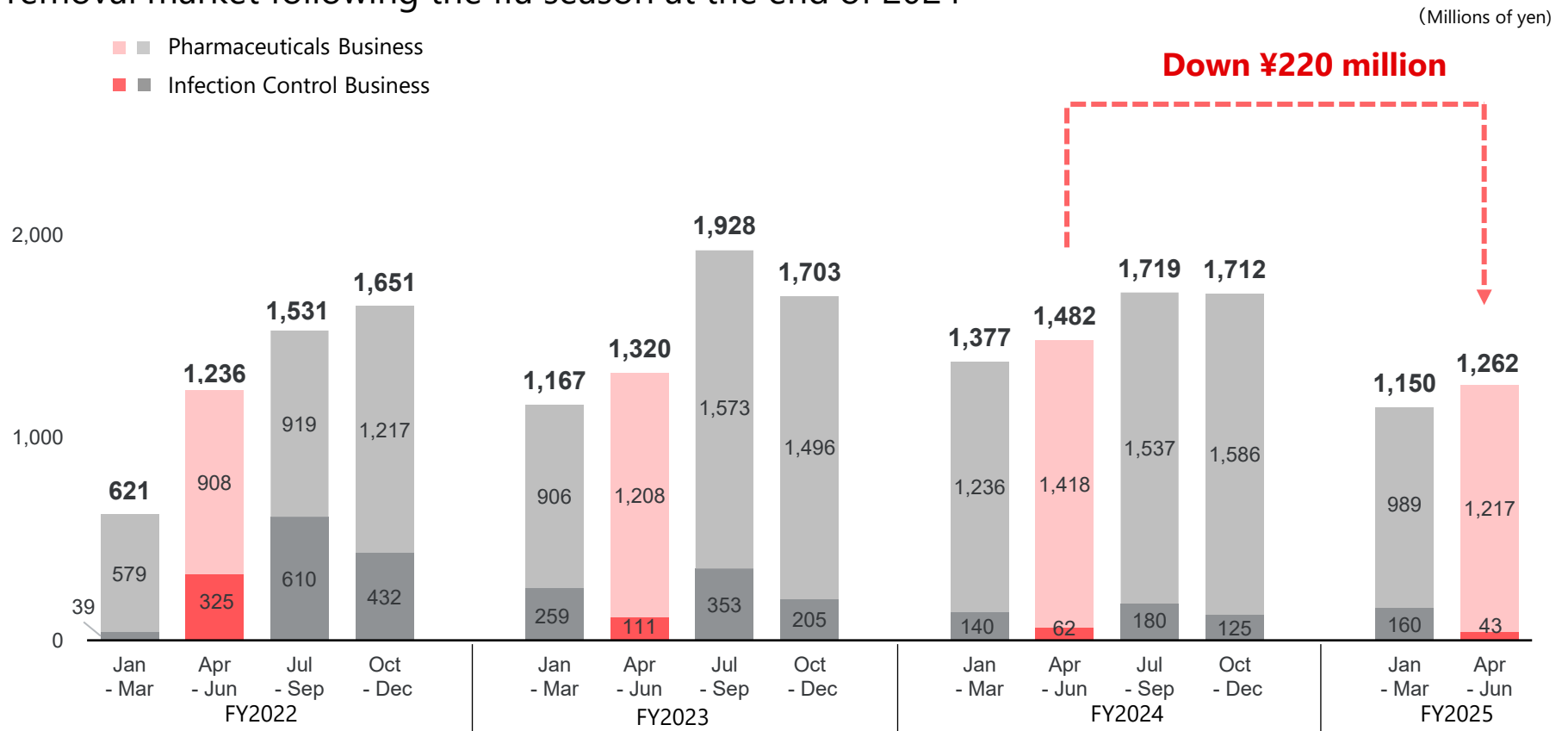
- Net sales and profit decreased YoY, but earnings **remained nearly in line with the planned target**
- The shortfall in net sales was primarily attributable to shipment adjustments (delays) in the overseas Pharmaceuticals Business, which are expected to be recovered in 2H FY2025

(Millions of yen)

	FY2024		FY2025		YoY change (Amount)	YoY change (%)	FY2025 (Reference)	
	1H results	% of sales	1H results	% of sales			Plan for 1H	YoY change (Amount)
Net sales	2,860	–	2,412	–	(447)	(15.7)%	2,700	(287)
Gross profit	1,678	58.7%	1,320	54.7%	(358)	(21.3)%	–	–
SG&A expenses	1,196	41.8%	1,273	52.8%	+77	+6.5%	–	–
Operating profit	482	16.9%	46	1.9%	(435)	(90.3)%	5	+41
Ordinary profit	528	18.5%	20	0.9%	(507)	(96.1)%	(5)	+25
Profit (loss) attributable to owners of parent	764	26.7%	279	11.6%	(484)	(63.4)%	250	+29

Consolidated Net sales by Quarter

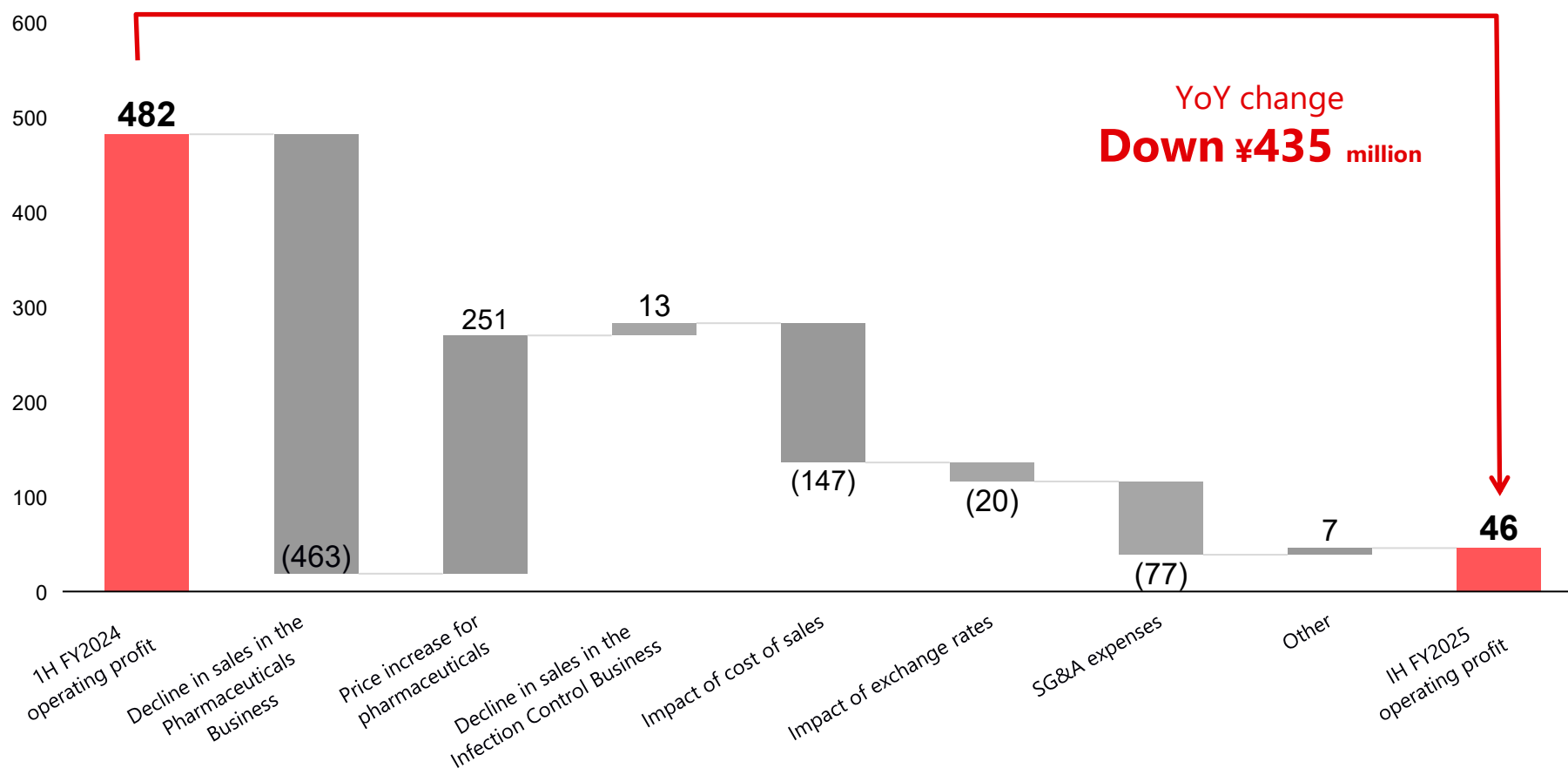
- Net sales decreased in the Pharmaceuticals Business YoY due to a decline in the supply volume of Seirogan
- Net sales remained sluggish in the Infection Control Business due to a slowdown in the virus removal market following the flu season at the end of 2024



Factors Affecting Changes in Operating Profit

- Despite the effect of unit price revisions associated with price increase for the Pharmaceuticals Business, the decline in sales due to a decreased sales volume had a greater impact
- Cost of sales increased due to higher raw material and supply costs, as well as increased personnel and related expenses to strengthen the supply system for Seirogan

(Millions of yen)



- Advertising expenses increased due to the strengthening of online advertising in the Infection Control Business during the period from January to March and the launch of promotional activities accompanying the release of SEIROGAN TOI A 24Tablets Portable type

(Millions of yen)

		FY2024		FY2025		YoY Change (Amount)	YoY Change (%)
		1H results	% of total	1H results	% of total		
Total SG&A expenses		1,196	–	1,273	–	+77	+6.5%
	Selling expenses	173	14.5%	282	22.2%	+109	+62.9%
	Advertising expenses	58	4.9%	183	14.4%	+124	+212.3%
	Promotion expenses	42	3.5%	48	3.8%	+6	+16.3%
	Transportation costs	72	6.1%	49	3.9%	(22)	(31.1)%
	Personnel expenses	595	49.8%	551	43.3%	(43)	(7.3)%
	Other expenses	427	35.7%	439	34.5%	+12	+2.9%
	Research and development expenses	79	6.6%	96	7.6%	+17	+22.0%
	Commission expenses	147	12.4%	152	12.0%	+4	+3.1%

Ordinary profit (Loss)/ Profit (Loss)

- In non-operating expenses, foreign exchange losses were recorded mainly due to yen appreciation
 - In extraordinary income, gain on sale of investment securities resulting from sale of shares held was recorded
- (Millions of yen)

		FY2024	FY2025	YoY change	Major factors for change
		1H results	1H results		
Operating profit (loss)		482	46	(435)	
	Non-operating income	63	12	(50)	Mainly due to the absence of foreign exchange gains of FY2024
	Non-operating expenses	18	39	+21	Mainly due to foreign exchange losses in FY2025
Ordinary profit (loss)		528	20	(507)	
	Extraordinary income	200	361	+161	FY24: Compensation income of ¥200 million FY25: Gain on sale of investment securities of ¥347 million Compensation income of ¥14 million
	Extraordinary losses	4	0	(3)	
Profit (loss) before income taxes		724	382	(341)	
Income taxes - current/deferred		(40)	102	+143	
Profit (loss) attributable to owners of parent		764	279	(484)	

Consolidated Financial Position

- Equity-to asset ratio improved from 61.7% to 68.1% due to the repayment of long-term borrowings and the recording of profit

(Millions of yen)

		FY2024	FY2025	YoY change	Major factors for change
		Year-end	1H end		
	Current assets	8,761	7,992	(769)	
	Cash and deposits	4,532	4,139	(392)	
	Trade receivables	2,428	1,719	(708)	
	Inventories	1,676	1,975	+299	Pharmaceutical inventory of ¥1,771 million Infection control inventory of ¥188 million
	Non-current assets	4,152	3,687	(464)	Down due to the sale of investment securities
	Total assets	12,914	11,680	(1,234)	
	Current liabilities	2,855	2,290	(564)	
	Non-current liabilities	2,094	1,440	(653)	Repayment of long-term borrowings and other factors
	Net assets	7,964	7,948	(15)	
	Total liabilities and net assets	12,914	11,680	(1,234)	
	Equity-to asset ratio	61.7%	68.1%		

Consolidated Cash Flows

(Millions of yen)

	1H FY2024	1H FY2025	Major factors (FY2025)
Net cash provided by (used in) operating activities	256	61	Profit before income taxes 382 Depreciation 125 Gain on sale of investment securities (347) Decrease in trade receivables 665 Increase in inventories (299) Decrease in trade payables 52 Decrease in accounts payable - other (319) Decrease in provision for bonuses (125) Income taxes paid (17)
Net cash provided by (used in) investing activities	(135)	295	Payments for capital investment (151) Proceeds from sale of investment securities 447
Net cash provided by (used in) financing activities	(562)	(684)	Repayments of long-term borrowings (673) Repayments of lease liabilities (11)
Effect of exchange rate change on cash and cash equivalents	113	(65)	
Increase (decrease) in cash*1	(327)	(392)	
Cash at end of period	4,916	4,139	

*1 Calculated by reflecting the effect of exchange rate change on cash and cash equivalents to the sum of net cash provided by (used in) operating activities, investing activities, and financing activities.



2. Overview of Performance by Segment for 1H FY2025

Overview of Performance by Segment

- Pharmaceuticals Business: A decline in the shipment of Seirogan caused a decrease in sales but are expected to improve in 2H FY2025
- Infection Control Business: Profitability improved, with net sales remaining nearly flat YoY

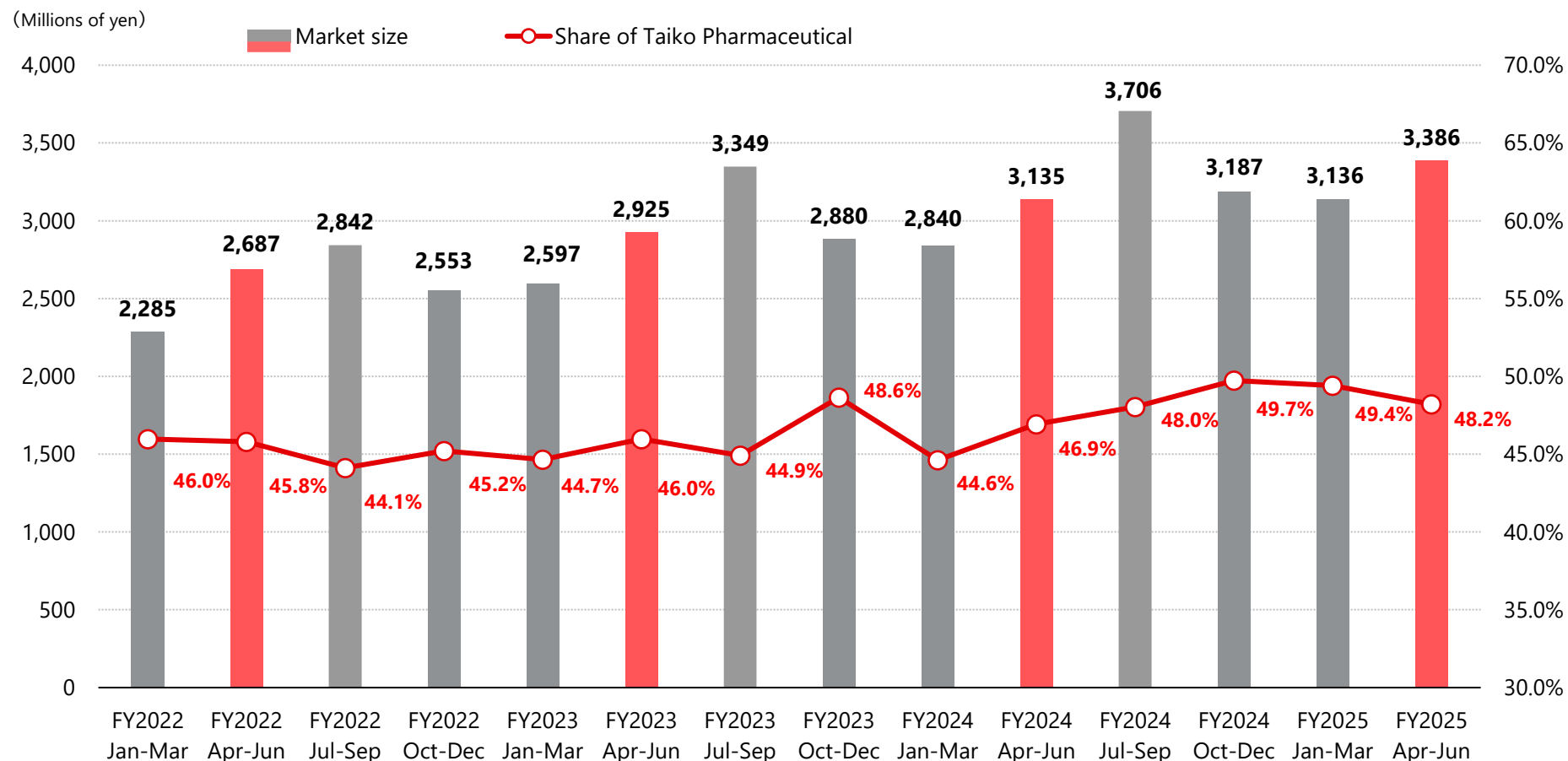
(Millions of yen)

		FY2024	FY2025	YoY change	YoY Change (%)
		1H results	1H results	(Amount)	
Pharmaceuticals Business	Net sales	2,654	2,206	(448)	(16.9)%
	Segment profit	1,086	601	(484)	(44.6)%
	Profit margin	40.9%	27.2%	—	—
Infection Control Business	Net sales	203	203	+0	+0.1%
	Segment profit (loss)	(195)	(151)	+44	—
	Profit margin	(96.1)%	(74.2)%	—	—
Other	Net sales	2	2	+0	+11.7%
	Segment profit (loss)	(6)	(7)	(0)	—
	Profit margin	(288.4)%	(284.0)%	—	—

Market Size of Antidiarrheal Drugs in Japan and Our Share

- The domestic antidiarrheal drug market was firm, reaching 109.2% YoY (January-June)
- Our market share remained high at 48.2%, as Seirogan Toi A continued to grow

Antidiarrheal drug market in Japan



* Source: SRI+ based on retail selling price, by INTAGE Inc.

Performance of the Pharmaceuticals Business in Japan

- Sales of Seirogan declined due to the impact of curtailed supply, despite demand remaining strong
- Sales of Seirogan Toi-A increased YoY, boosted by the resolution of supply problems and the launch of SEIROGAN TOI A 24Tablets Portable type

Sales by product category

(Millions of yen)

		FY2024	FY2025	YoY change	YoY change (%)
		1H results	1H results	(Amount)	(%)
Sales of the Pharmaceuticals Business in Japan		1,835	1,697	(138)	(7.5)%
Seirogan		1,171	867	(304)	(26.0)%
Seirogan Toi-A		762	921	+159	+21.0%
Seirogan Quick C		125	134	+9	+7.2%
Other *1		50	54	+4	+9.7%
Returns, discounts, sponsorship, etc.		(273)	(280)	(6)	—

*1 Rappa Intestinal Regulator BF and Pishat Antidiarrheal OD Tablet

Seirogan



Seirogan Toi-A



SEIROGAN TOI A 24Tablets Portable type



Seirogan Quick C



Rappa Intestinal Regulator BF



Pishat Antidiarrheal OD Tablet



Performance of the Pharmaceuticals Business Overseas

- Sales declined YoY due to production schedule adjustments for the domestic market
- Sales progressed largely in line with the plan, despite the impact of shipment adjustments

Sales by region

(Millions of yen)

		FY2024	FY2025	YoY change	YoY change (%)
		1H results	1H results	(Amount)	(%)
Sales of the Pharmaceuticals Business overseas		819	508	(310)	(37.9)%
China		163	226	+62	+38.5%
Hong Kong		515	195	(320)	(62.1)%
Taiwan		148	65	(82)	(55.7)%
Other regions *1		44	25	(19)	(43.8)%
Returns, discounts, sponsorship, etc.		(52)	(3)	+49	—

*1 U.S., Canada, Thailand, Malaysia, Mongolia and other regions

SEIROGAN®

Seirogan



Seirogan Toi-A



Performance of the Infection Control Business

- Shipments declined slightly, while returns etc. also decreased following the flu season
- Infection Control Business as a whole, remained nearly flat YoY

(Millions of yen)

Sales by customer type		FY2024	FY2025	YoY change (Amount)	YoY change (%)
		1H results	1H results		
Sales of the Infection Control Business		203	203	+0	+0.1%
	Japan (for general use)	175	164	(11)	(6.3)%
	Japan (for commercial use)	92	89	(3)	(3.4)%
	Overseas	15	21	+5	+33.0%
	Returns, discounts, sponsorship, etc.	(80)	(71)	+9	—

Cleverin



Cleverin Gel
for Two Months



Cleverin Gel
for One Month



Cleverin Spray
250 ml



Cleverin Mini Spray



3. Upcoming Business Strategies

Pharmaceuticals Business

- Place top priority on strengthening supply of Seirogan
- Reinforce promotion of Pharmaceuticals Business





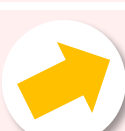
Infection Control Business

- Take steps toward breaking out of the downward market trend
- Improve profitability through strengthened cost control



Progress generally on track through 1H FY2025

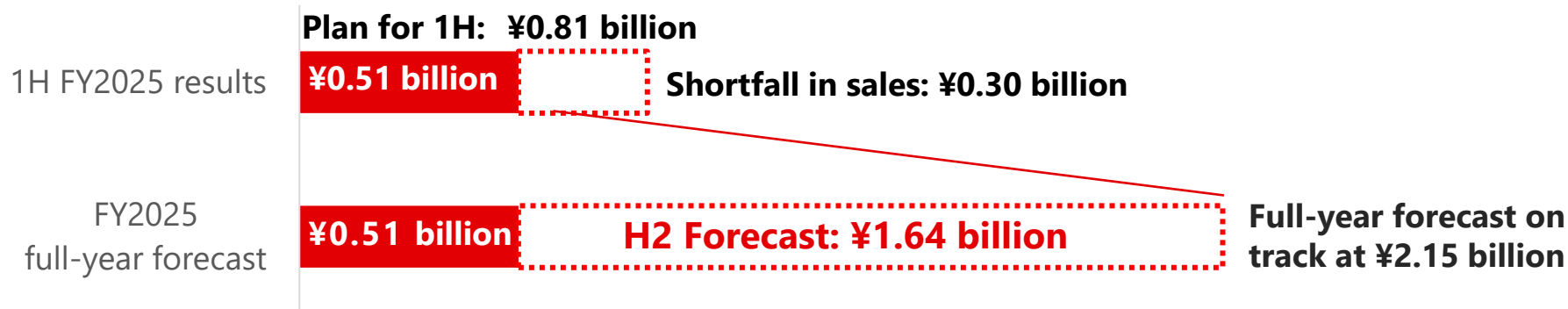
- The antidiarrheal market showed steady growth in value, supported by unit price increases

Market trend 1H FY2025	In-store sales (YoY)	Results in 1H FY2025
Antidiarrheal drug market	+9.2% 	Remained strong
Taiko Pharmaceutical total	+16.2% 	Outperformed the market growth
Seirogan	(17.1)% 	Declined due to shipment adjustments caused by supply shortages, despite solid demand
Seirogan Toi-A	+63.5% 	Grew significantly, thanks to the resolution of supply issues and launch of the portable version
Seirogan Quick C	+9.8% 	Continued growth, although the growth rate is narrowing

* Source: SRI+ based on retail selling price, by INTAGE Inc.

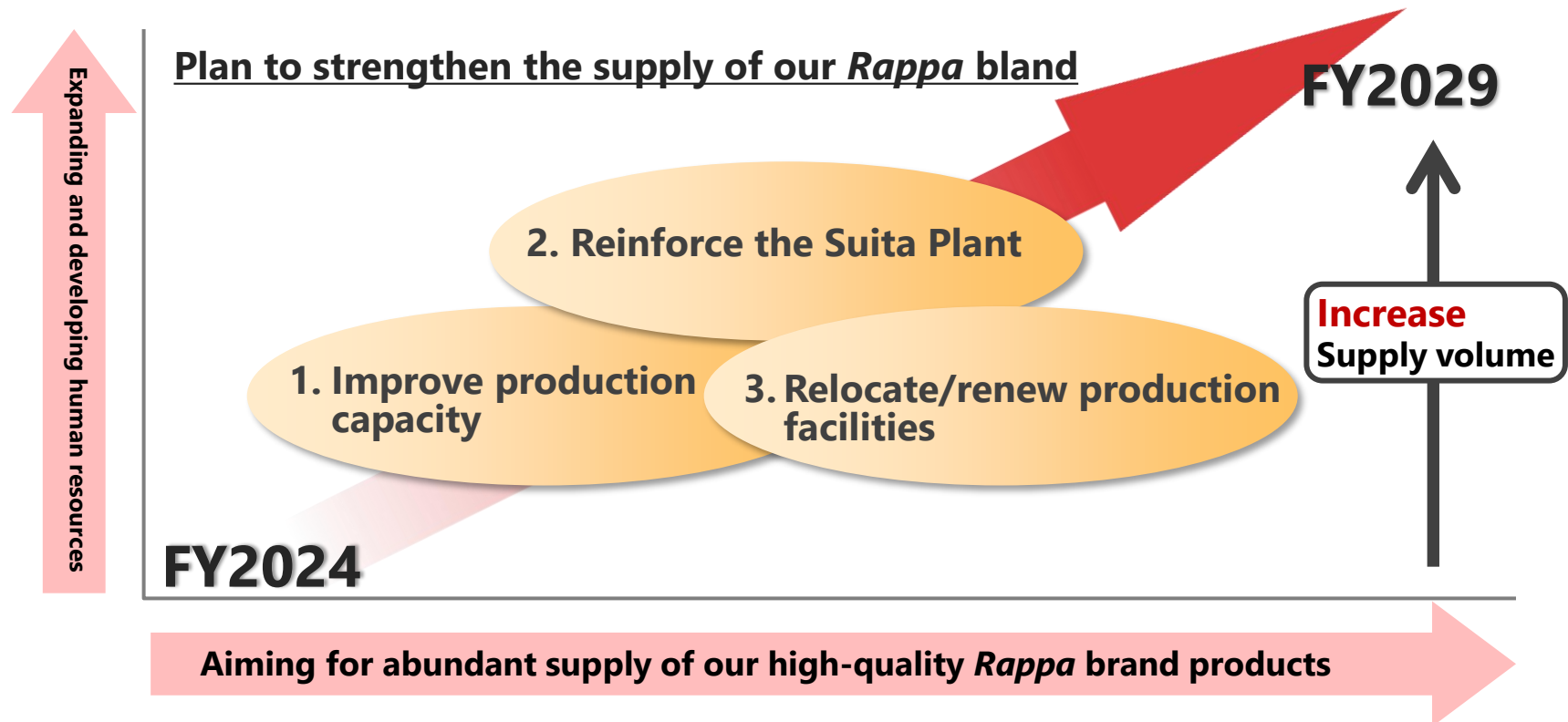
- Overseas sales lagged in 1H due to production schedule adjustments; however, demand remains solid, and a recovery is expected in 2H and beyond
- More than 90% of overseas sales come from the Greater China region (China, Hong Kong, and Taiwan)

> < **Overseas sales forecast**



- Demand remains strong both in Japan and overseas
- Strengthening the supply system for "Seirogan" is top priority

- The medium-term project was launched to increase Seirogan's supply volume
- Projects initiated in January 2025 are progressing smoothly



Enhance production capacity

- Bottlenecks are being analyzed based on the 4Ms* to shorten the manufacturing lead time for Seirogan
 - *4Ms: Man, Machine, Material, and Method
- From 2H FY2025 onward, necessary capital investment and workforce expansion will be implemented, with a supply increase of approx. 30% expected from spring 2026



Stabilize production

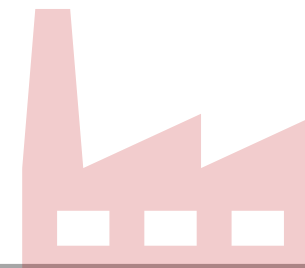
- Capital investment is being planned in phases, considering the need to balance “supply responsibility” and “profitability”, as equipment upgrades and repairs may require production shutdowns

Reinforce the Suita Plant

- ✓ Planning to implement phased repairs and capital investments to strengthen the Suita Plant, the production base for Seirogan

Improve production capacity

- ✓ Planning equipment upgrades and relocations from the Kyoto Plant to optimize production facilities → **Relocation completed as scheduled at the end of July**



- Strengthen sales strategies in Greater China (China, Hong Kong, and Taiwan) following the supply increase

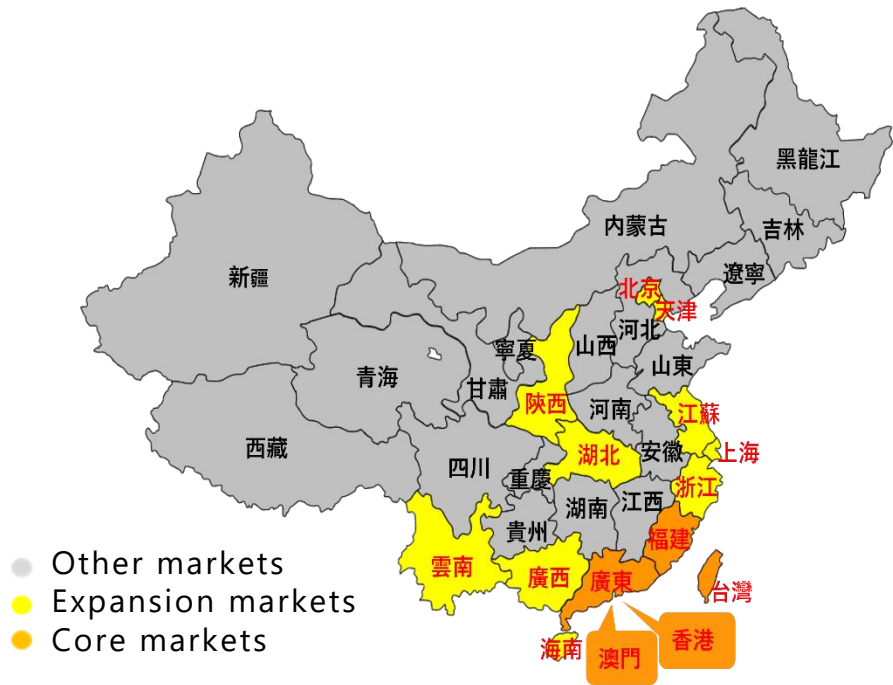
Hong Kong market: Seirogan awareness
over **90%**



■ Core market

- Hong Kong, Taiwan, and China (Guangdong Province, Fujian Province)
- Started sales in the 1990s
- Spread to neighboring markets after establishing in the Hong Kong market

【Established Markets in Greater China】



We will promote the **“expansion of the product portfolio (including Toi-A)”** and **“area expansion in China”** leveraging brand equity in our core markets

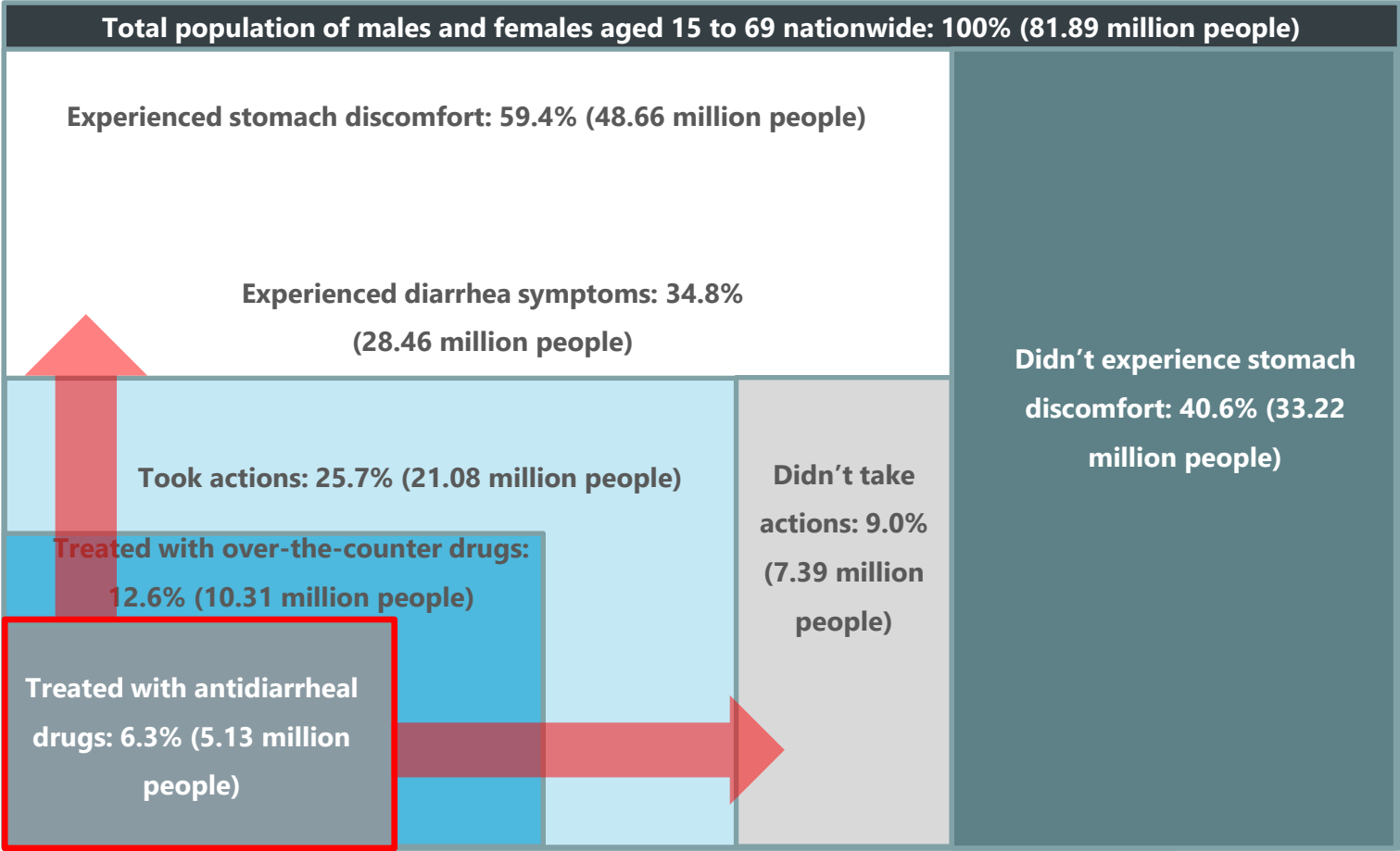
“The Trumpet trademark Seirogan,” –paradigm shift to gastrointestinal medication–



■ Seirogan is recognized as an antidiarrheal and a household medicine

Current
status

<Market & Customers>
Population aged 10s to 60s who purchase antidiarrheals: 6% (approx. 5.13 million people)



Future vision

"antidiarrheal" ► "digestive medicine"

- Evolve Seirogan into a brand that solves all kinds of stomach concerns by fully leveraging its potential

Acquire new customers by communicating Seirogan's untapped potential

<Additional value propositions beyond antidiarrheal household medicine>

Food poisoning



Market size

4.35 million people experienced stomach pain caused by food-related factors in 2024

Water poisoning



Vomiting



Loose stools

Watery stools

Diarrhea due to indigestion

*According to our internal research

- Taiko Pharmaceutical will promote "Seirogan Toi-A" during the summer season, when demand for travel and outings increases

Promotion overview

- Targeting mainly women aged 30 to 50 with outing needs, we will promote the message: "Portable type for outings, bottled type for home use," through creative campaigns across social media and various other web media



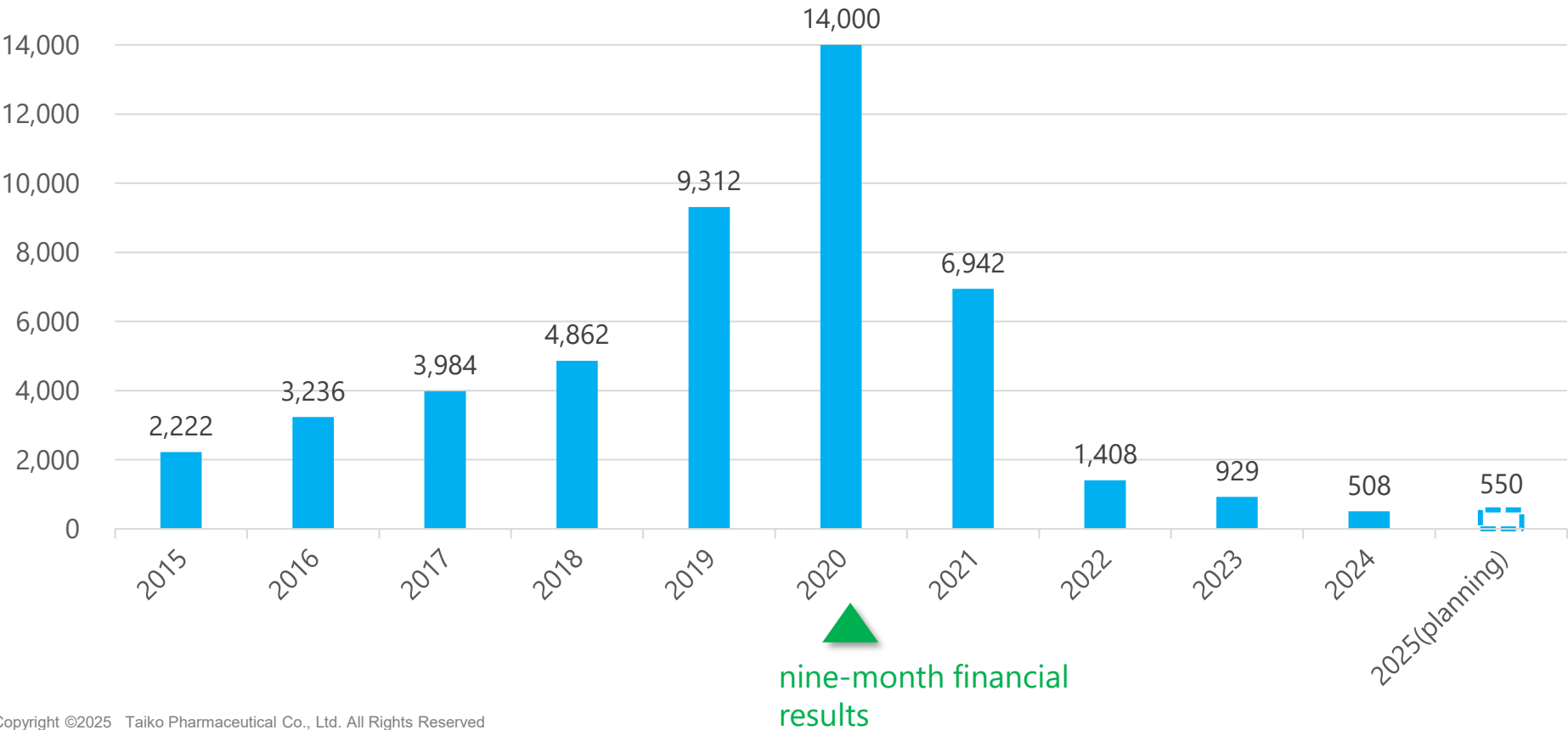
Beginning in late July



- Since the COVID-19 pandemic, the disinfection market has been shrinking
- Although the decline seems to be bottoming out, the outlook remains uncertain

<Sales changes>

(Millions of yen)



80th term (FY2025)



Take steps toward break out of the market downward trend

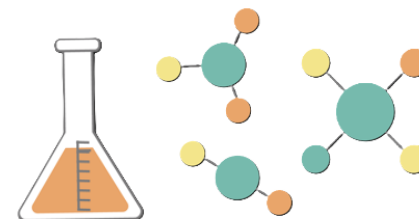
- ✓ Implement marketing initiatives following the establishment of the JSA standard
- ✓ Establish a commercial business with minimal seasonal fluctuations

Improve profitability through strengthened cost control

- ✓ invest marketing expenses according to sales scale

- The JSA standard for “chlorine dioxide gas products” (JSA Standard No.: JSA-S1021) is scheduled to be published in Fall 2025

*JSA standard (JAS: Japanese Standards Association , a general incorporated foundation)



Overview of this standard

This standard specifies **measurement method and reduction effects of virus inactivation** using chlorine dioxide gas against airborne viruses.

⇒ **Japan's first standard** for chlorine dioxide gas products

- ◆ Conduct verification tests based on JSA standards
- ◆ Renew communication words on packaging and advertising displays
- ◆ Develop new businesses using chlorine dioxide gas products

To revitalize sales of Cleverin and launch new commercial-use products

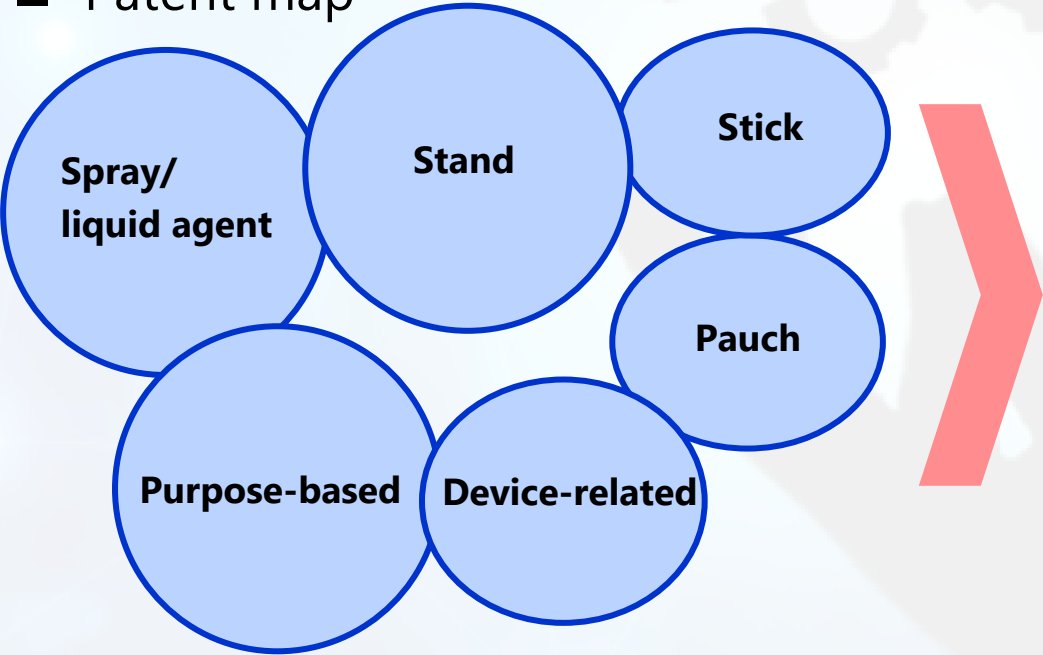
Taiko Pharmaceutical's past initiatives

Domestic patent: 34
Overseas Patent: 58

×

Papers: 46
Conference
Presentations: 60

■ Patent map



- Taiko Pharmaceutical will recover market trends and establish a presence in the commercial-use sector by effectively utilizing intellectual property accumulated over approximately 20 years



**Bringing great
happiness to our
customers
around the world**

Pharmaceuticals Business



においがいい糖衣錠
セロガンA
第2類医薬品

昔ながらの常備薬
正露丸
第2類医薬品



Infection Control Business





TAIKO

Notes on forward-looking information

The forward-looking information in this document is based on various assumptions and does not constitute a guarantee or assurance that planned figures or measures will be realized.