November 11, 2025

Company name: Taiko Pharmaceutical Co., Ltd.
Representative: Takashi Shibata
President and CEO
Securities code: 4574 (TSE Prime Market)
Contact: Toru Nakajo
VP, Corporate Division,
Accounting Department
(E-mail: ir@seirogan.co.jp)

Notice regarding the formulation of the Medium-Term Management Plan (FY2026-2028)

Taiko Pharmaceutical Co., Ltd. would like to inform you that at the board of directors meeting held today, we formulated a medium-term management plan covering the fiscal years from December 2026 to December 2028. Please refer to the attached document for details.

Medium-Term Management Plan (FY2026 - FY2028)

November 11, 2025
Taiko Pharmaceutical Co., Ltd.

Agenda

TAIKO

Speaker

1. Overall Policy of the Medium-Term Management Plan

Takashi Shibata
President and CEO

2. Key Strategies of the Medium-Term Management Plan

Masaji Hashimoto
Senior Managing Director, Corporate Division

Corporate Philosophy, Vision, and Slogan

TAIKO

Corporate Philosophy

Taiko Pharmaceutical upholds the principles of Independence, Interdependence, and Creativity, and brings great happiness to our customers around the world.

Management Vision: TAIKO VISION

Aiming for a healthy society, we create and provide new and added value.

Through our products and services, we become a company that customers recognize as "indispensable."

We pursue our customers' overall health and happiness, consistently and earnestly from research to manufacturing.

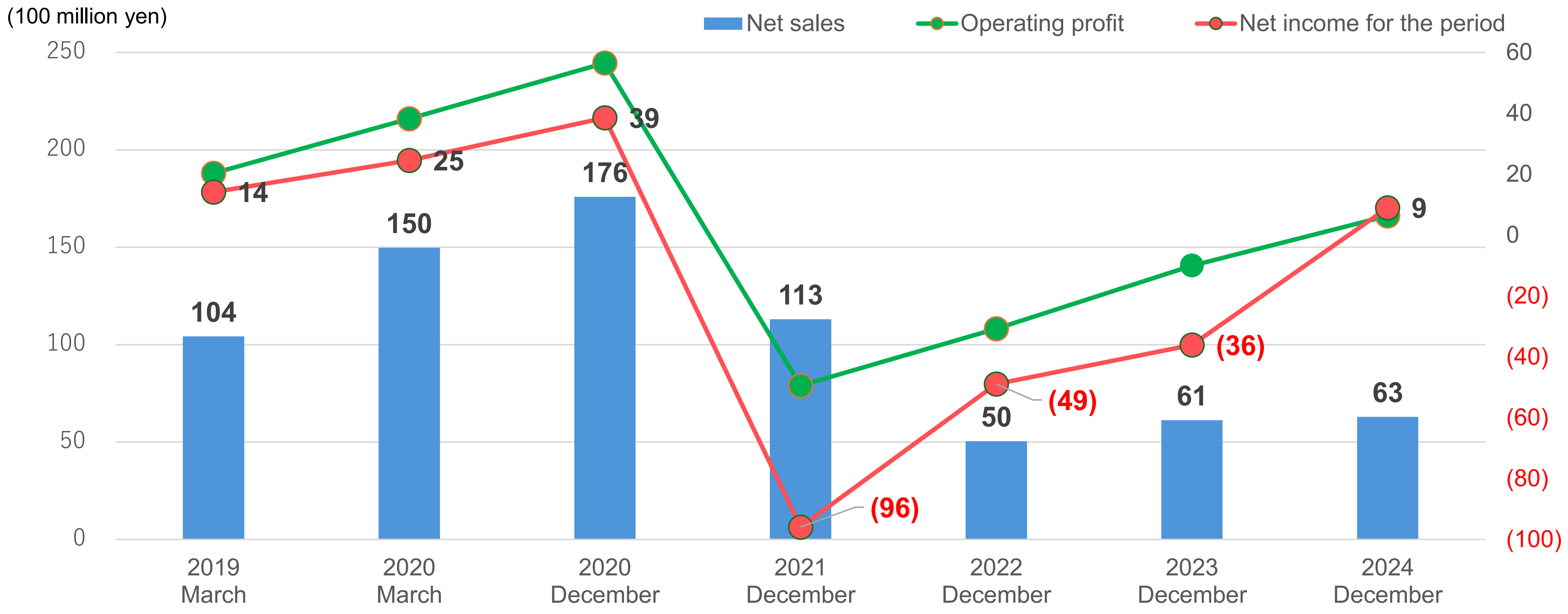
Slogan

Seeking what's indispensable for a healthy society.

Medium-Term Management Plan (FY2026 - FY2028)

Review of Performance up to the Structural Reform

- Overcame a deficit caused by a significant revenue decline from our infection control business, and returned to profitability in the fiscal year ended in December 2024
- We prioritized the structural reforms and paused shareholder returns



Shareholder Returns	Payout Ratio	35%	29%	28%	On Pause

Review of Performance by Segment

TAIKO

Pharmaceuticals Business

	FY ended in Dec. 2021	FY ended in Dec. 2024
Net sales	¥4,350 million	¥5,770 million
Operating profit	¥1,470 million	¥1,940 million

[Saless]

- Stable growth through robust demand recovery both domestically and overseas post-pandemic
- Supply issues with Seirogan resulted in prolonged shipment adjustments

[Profit]

- Despite increases in raw material and other costs, segment profit increased due to price revisions

Infection Control Business

	FY ended in Dec. 2021	FY ended in Dec. 2024
Net sales	¥6,940 million	¥500 million
Operating profit	(¥4,930 million)	(¥460 million)

[Sales]

- Significant sales decline due to the market contraction post-pandemic
- While we advance efforts to earn customer trust such as obtaining JSA standard compliance certification, market forecasts are uncertain

[Profit]

- A review of fixed costs led to improved segment loss

Confirmed progress in addressing management challenges through the structural reform up to the current period

To the Next Stage

Positioning the Medium-Term Management Plan

- Despite the profitability achieved in the fiscal year ended in December 2024, the company recognizes the need to announce initiatives for enhancing corporate value going forward, based on discussions with shareholders and institutional investors
- This medium-term management plan is a critical three-year period of “Structural Reform” to “Acceleration of Global Growth”

Towards the market capitalization of ¥100 billion or more

Aiming to become the No. 1 in Asia’s gastrointestinal medicine market

By 2035
Global TAIKO

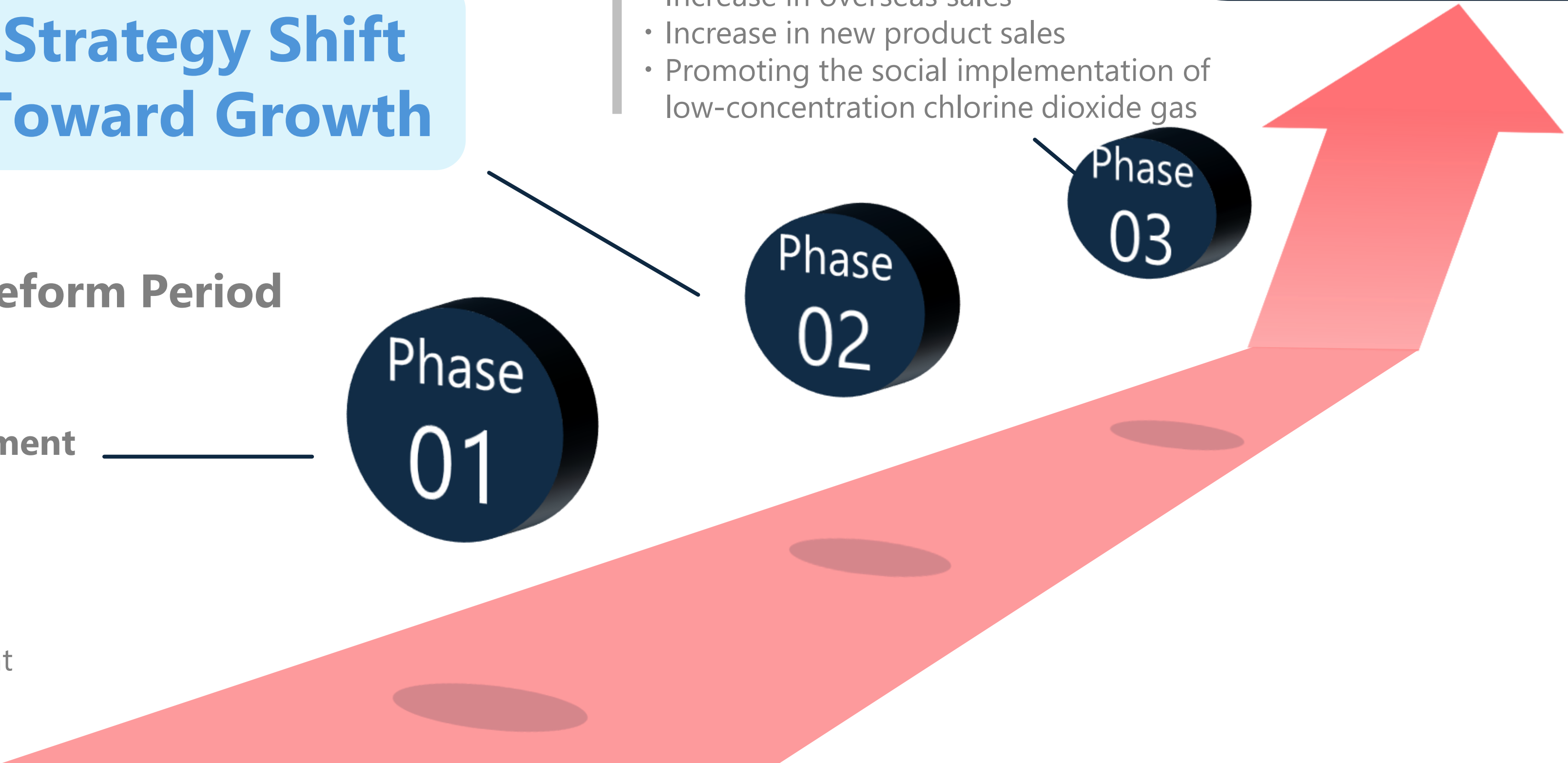
- Increase in overseas sales
- Increase in new product sales
- Promoting the social implementation of low-concentration chlorine dioxide gas

2026 – 2028
Strategy Shift Toward Growth

Up to 2025 Structural Reform Period

Fundamental reform of the revenue structure & governance system enhancement

Key Achievements:
- Streamlined organization
- Improved financial health
- Reduction of fixed costs
- Governance system enhancement



Overall Policy of the Medium-Term Management Plan

TAIKO

Strategy Shift Toward Growth

Point 01

Focused Investment in the Pharmaceutical Business

Expansion of Supply

Execution of Supply Projects

Expansion of Demand

Significant Expansion in Greater China

Point 02

Strategic Investment in New Products & Businesses

New product and business development framework

Point 03

Capital Cost-Conscious Business Portfolio Management

Efforts to achieve steady profitability in Infection Control Business

Point 04

Organizational Culture Transformation and Advancement of Human Capital Management

Strengthen organizational capabilities that lead to new business creation

Financial Targets of the Medium-Term Management Plan

TAIKO

Financial Targets	FY ending in December, 2025 Financial Forecast		FY ending in December, 2028 Targets
Net sales	¥6,300million	Up 35%	¥8,500 million or more
Operating profit (Operating profit margin)	¥300million (4.8%)	Up 233%	¥1,000million or more (11.7%)
Profit	¥300million (excluding special factors)	Up 233%	¥1,000million or more
ROE	7%		10-11% or more

*Assumed exchange rate: 1 USD = 145 JPY

Financial Targets by Primary Business Segment

TAIKO

Financial Targets		FY ending in December, 2025 Financial Forecast	FY ending in December, 2028 Targets	YoY change (Amount)
Pharmaceuticals Business	Net sales	¥5,800 million	¥8,000 million	(+ ¥2,200 million)
	Operating profit	¥1,600 million	¥2,300 million	(+ ¥700 million)
Infection Control Business	Net sales	¥500 million	¥500 million	(± ¥0)
	Operating profit	(¥400 million)	¥50 million	(+ ¥450 million)

*Excluding company-wide expenses

Shareholder Returns

TAIKO

- With the recovery of company's performance to a level where shareholder returns can be implemented, we plan to resume dividends starting with the fiscal year ending in December 2026
- This medium-term plan aims to strike a balance between growth investments and shareholder returns

Policies for This Medium-Term Management Plan

Dividend Policy

- We plan to implement dividends based on the DOE ratio, aiming to achieve stable and steady dividend growth while maintaining the fundamental policy

FY ending in Dec. 2026

DOE
2.0% or more

For the final year of the medium-term plan (FY ending in December 2028), we are considering a dividend yield of **DOE 3.0% or higher**

Key Strategies of the Medium -term Management Plan

Key Strategies

TAIKO

Strategies of Offense

Expansion Strategy for Supply and Demand in the Pharmaceutical Business

- Product Supply Enhancement

[Domestic] Expansion of the customer base through lifestyle-tailored marketing
[Overseas] Expansion of the Product Portfolio and Area Extension (Increase Distribution Coverage)

Strategic Investment in New Products & Businesses

- New product and business development framework
- Advancement of brand extension (Expansion of Product Categories and Offerings)

Strategies of Support

Capital Cost-Conscious Business Portfolio Management

- Efforts to achieve steady profitability in Infection Control Business

[General Use] Fundamental profitability improvement
[Commercial Use] Steady sales and profit growth

Organizational Culture Transformation & Advancement of Human Capital Management

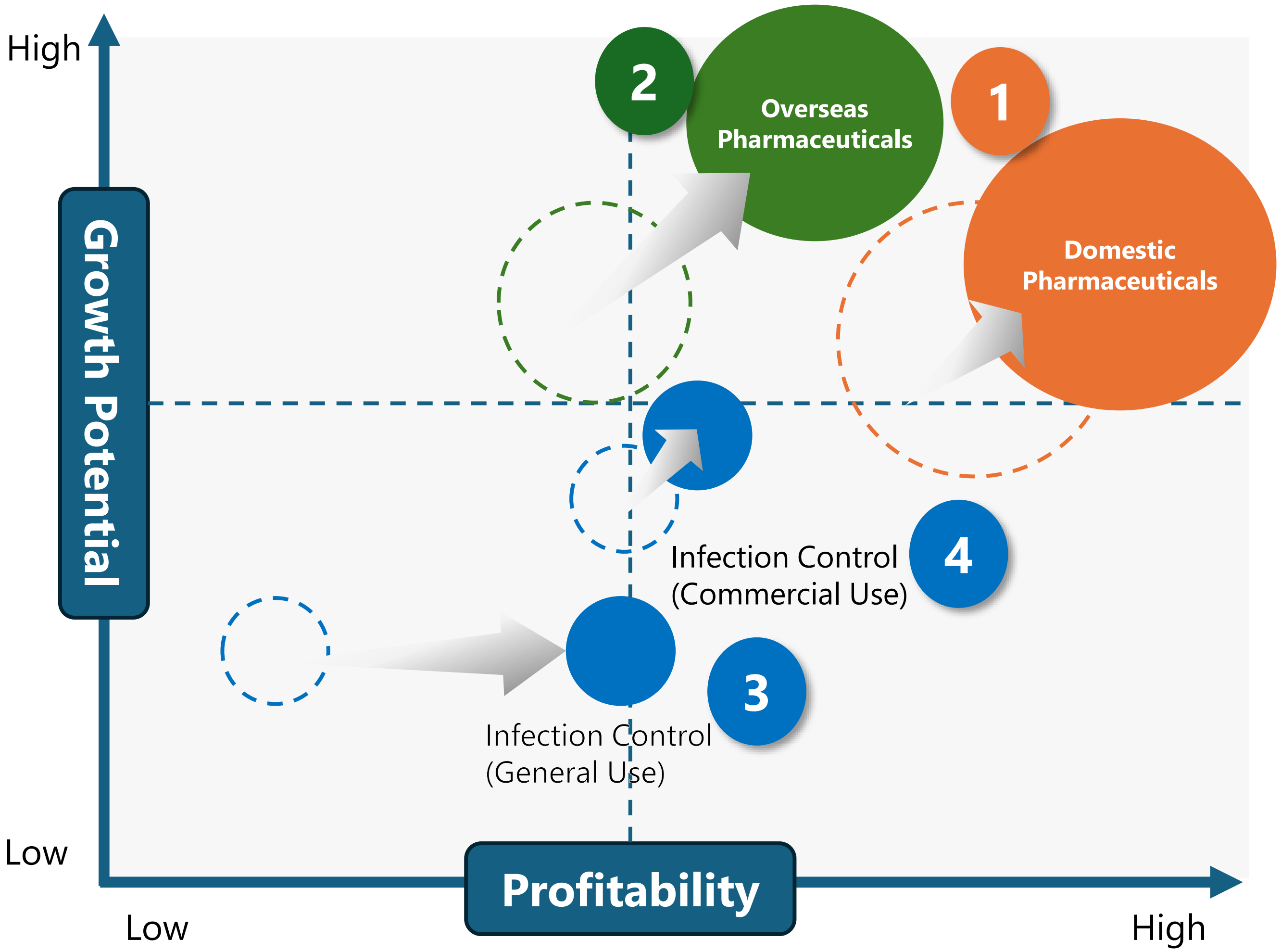
- Establishment of a workforce and organizational culture that can act on a change as the starting point
- Strengthen organizational capabilities that lead to new business creation

Improving Corporate Value

Review of the Business Portfolio

TAIKO

- Focus investments on the Pharmaceuticals Business, work to expand supply and increase profits through overseas growth centered on Greater China
- Infection Control Business to achieve segment profitability through improved profitability in the general use sector and stable growth in the commercial use sector



1 ■ Domestic Pharmaceuticals
Aim for stable growth in sales and profits as a core business

2 ■ Overseas Pharmaceuticals
Build a foundation for medium-to-long-term sales expansion in Greater China as a growth business

3 ■ Infection Control (General Use)
Undertake fundamental profitability improvements as a business requiring reform

4 ■ Infection Control (Commercial Use)
Aim to become a profitable foundation to support the overall profitability of the infection control business as a contribution business

Business Strategies - Pharmaceutical Business

Effort to Expand Supply of Seirogan

- With the continuing supply issues of Seirogan, gradual expansion of supply volumes is planned starting next year by shortening lead times. By 2028, we aim for a 40% increase compared to 2025 levels
- Accelerate equipment upgrades to achieve stable operation and improve productivity

2025

Productivity decline due to equipment issues

2026

- Lead time reduction
- Equipment upgrades for Improve Productivity

2028

Resolve supply issues and achieve supply expansion

40% increase compared to 2025

Business Strategies - Pharmaceutical Business (Overseas)

TAIKO

ー Accelerate the Growth in Greater China ー

Aiming to become the No. 1 in Asia's gastrointestinal medicine market (Long-term goal)

2025

- Chinese Market
  - ・Increase investment to expand awareness
  - ・Unify the brand image of Seirogan and Toi-A in the Chinese market
  - ・Channel expansion through simultaneous distribution of Seirogan and Toi-A

China: Number of stores distributed
Seirogan: About 45,000 stores
Toi-A: About 10,000 stores

Overseas sales
¥2,150 million

by 2028

China: Number of stores distributed
Seirogan: About 80,000 stores
Toi-A: About 40,000 stores

2028 Targets
¥3,700 million

by 2035

- Further expansion of the Chinese market and strengthening of our Asian operations
- New Product Launch

Strong presence in Greater China
Further expansion in Asia

Overseas sales ratio
50% or more

Business Strategies - Pharmaceutical Business (Overseas)

Advance the 4P strategy in China as a growth driver for the medium term plan

Strengthen the Seirogan Series (Seirogan + Seirogan Toi-A*1)

Product

- Launch a new Seirogan Toi-A product in the Chinese market to expand our product portfolio
- Update the package design of Seirogan Toi-A (Brand image unification with Seirogan scheduled for 2026)

Price

- Review of market fair price

Place (Distribution)

- Leverage the Seirogan sales channels in the "core" market *2 and simultaneously distribute Seirogan and Seirogan Toi-A
- Distribute to large chains in the "frontier" market*2
- Area analysis and expansion based on consumer research

Promotion

- Maximize promotion in the "core" market
- Seirogan + Seirogan Toi-A collaborative advertisement (Storefront and outdoor advertising)

*1 Seirogan Toi-A is called 康腹止泻片 in China

*2 Core market: Guangdong and Fujian provinces (a commercial distribution area originating from Hong Kong where the brand has been well-known for a long time)
Frontier market: Guangxi, Shanghai, Beijing, etc. (major coastal cities with high GDP)

Through a paradigm shift from antidiarrheal to gastrointestinal medicine, we aim to expand our customer base and achieve stable profit growth.

Our Vision

"Antidiarrheal" ▶ "Gastrointestinal medicine"

- Position the brand as "solution for abdominal troubles" across various scenarios
- It's effectiveness as a gastrointestinal medicine for food poisoning, water poisoning, loose stools, and other conditions other than diarrhea has been widely recognized.

Strengthening Brand Investment

- Invest to enhance brand equity and expand customer base

SNS　Storefront　TV commercials　OOH

FY2028 Sales Target

¥4,300 million

(¥750 million more compared to 2024)

Business Strategies - Infection Control Business

ー Towards steady profitability in the Infection Control Business ー

BtoC Sector (General Use)

- Continue measures to enhance product reliability following compliance with the JSA standard for measuring the effectiveness of airborne virus reduction

  ***Sales in the Medium-Term Management Plan are set based on the most conservative scenario**
  Potential upticks due to infectious disease outbreaks are not factored in

BtoB Sector (Commercial Use)

- Aim to make it the revenue base for the infection control business by acquiring new orders in the funeral industry through the Cleverin pouch type in addition to the existing cleaning industry

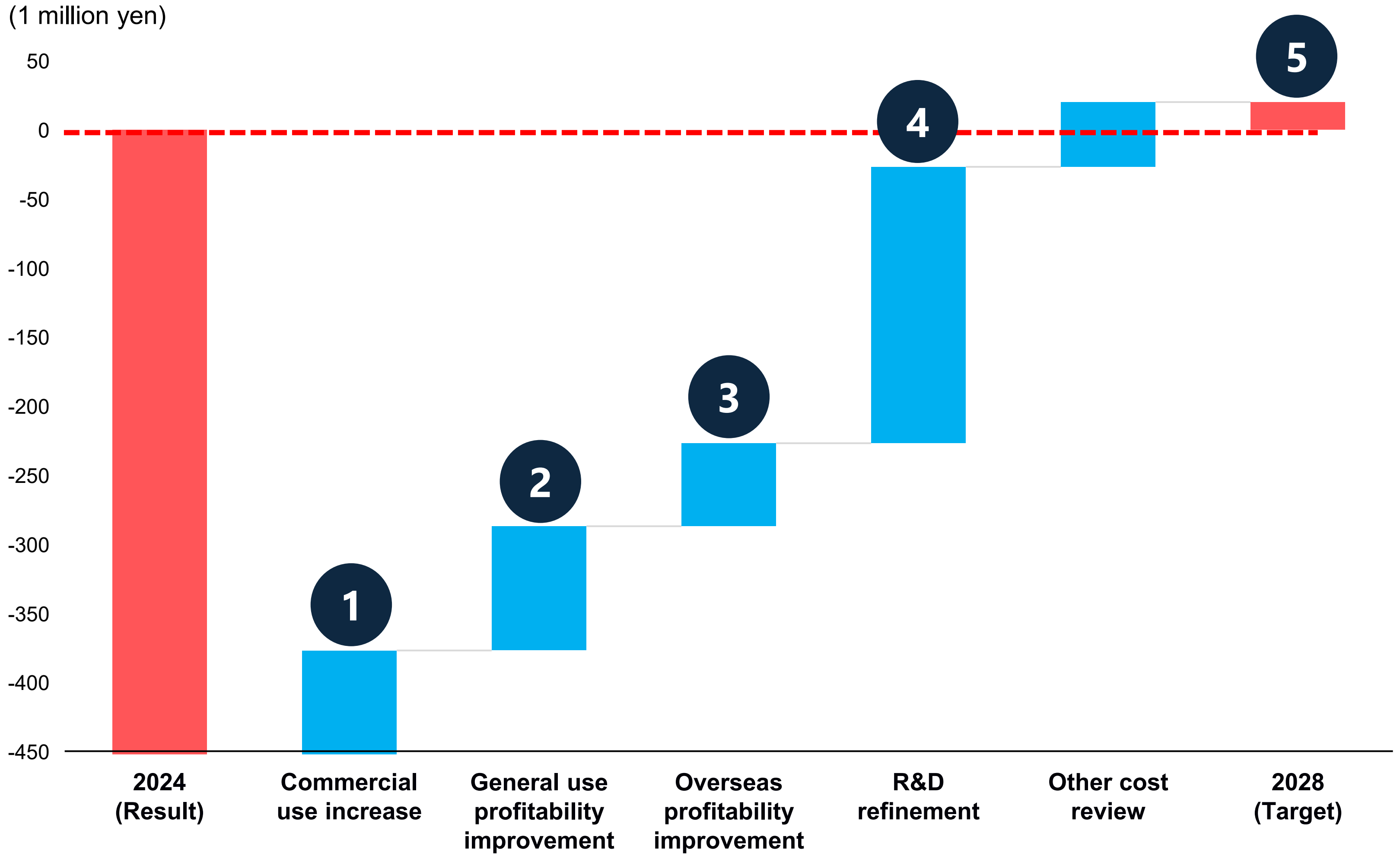
Improve Profitability

- Review of unprofitable business channels and reduction of selling expenses
- Redirect R&D funds to other areas as efforts to restore trust (e.g., compliance with JSA standard) yielded progress

Business Strategies - Infection Control Business

TAIKO

Profitability Improvement Diagram



1. Sales expansion in the cleaning/funeral industry
2. Review of unprofitable business channels and reduction of selling expenses
3. Overseas profitability improvement
   *Liquidation of Shanghai subsidiaries completed by the end of 2025
4. Significant reduction of evidence-related R&D costs following the establishment of JSA standard
5. **Aiming for profitability** in this medium-term plan

New product and business development framework

- Review the new product and business development framework and promote brand extension (expansion of product categories and offerings)

Review the New Product Development Process

- Promote idea generation and implement a system for pooling and managing ideas
  - **Implement an idea management system**
- Strengthen the development flow through phase-gate development
  - **Set a hurdle rate that takes capital costs into account**

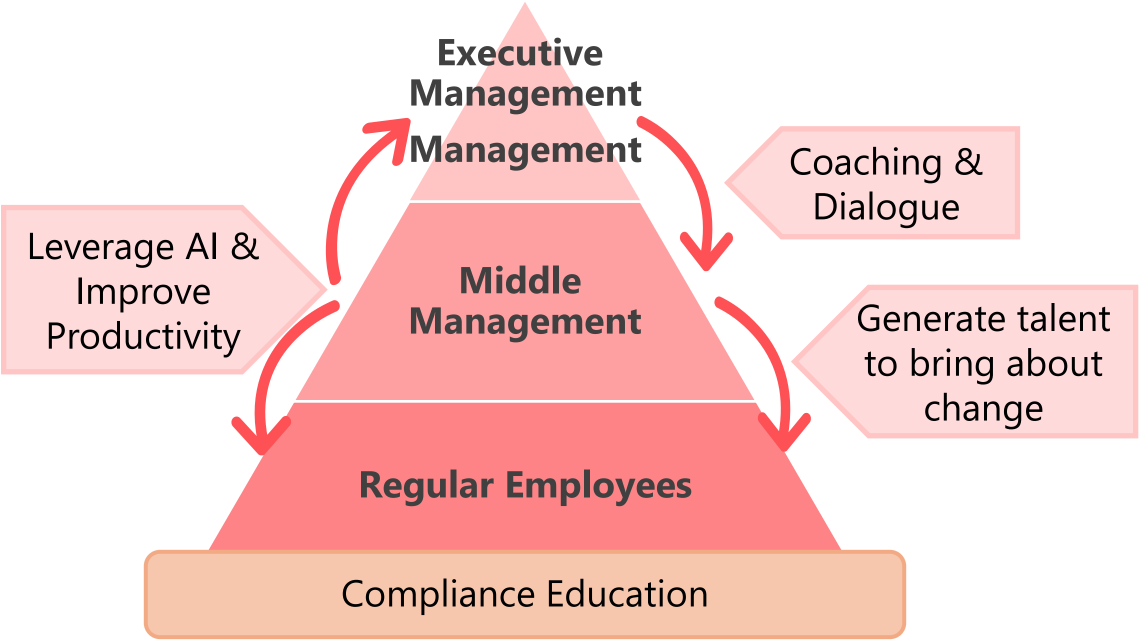
Implement Cross-Functional Teams

- Collaboration from the early stages of development
- A team structure enabling swift decision-making
- Integrate expertise

The next medium-term plan (2029) will focus on increasing the sales ratio of new products

Advancement of Human Capital Management

TAIKO



Organizational Foundation for the Cycle of Trust, Dialogue, and Transformation

Key Measures	Purpose	Main Effects
Department head coaching	Trust relationship Cultivation of culture of dialogue	Engagement Improve productivity
Organizational development (AI & Problem solving)	Talent to bring about change Organizational strengthening	Improve productivity Driving transformation
Compliance Education	Accountability Improved quality of conduct	Brand credibility Governance enhancement

Desired State (Goal)

- **Establish a workforce and organizational culture that can act on a change as the starting point**
- **Build a human resource foundation to support sustainable business growth**
- **Strengthen organizational capabilities that lead to new business creation**
  ➡ Foundation for Realizing Our Philosophy (Independence, Interdependence, and Creativity)

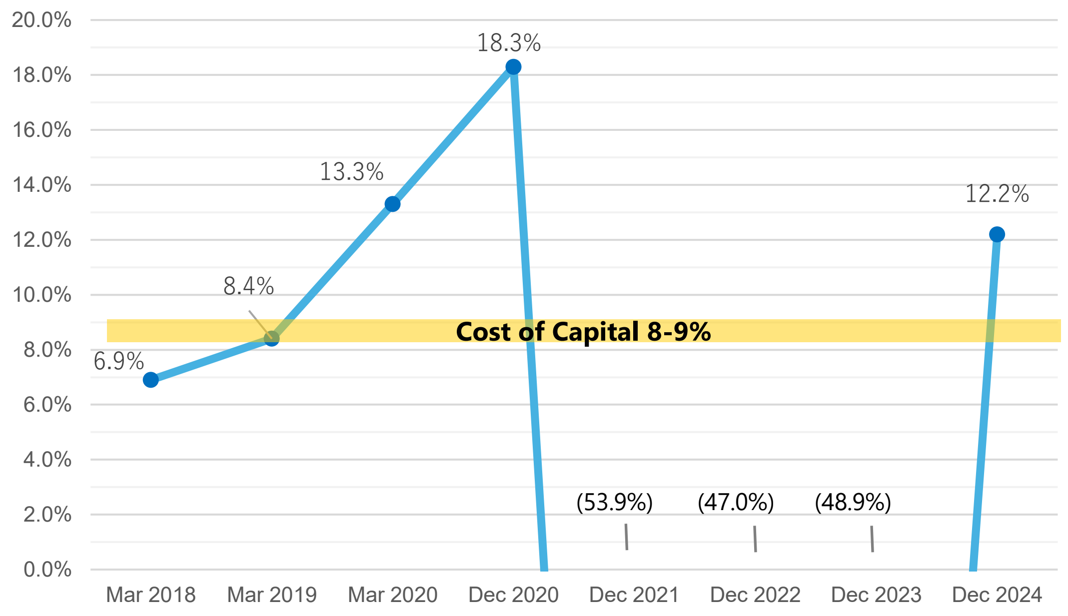
Monitoring Indicators (KPI)s

- **Work engagement score (Engagement indicator)**
- **Sales per employee (Productivity indicator)**
- **Quantity and Quality of Improvement Proposals (Behavior change indicator)**
- **Education participation rate (Penetration rate indicator)**

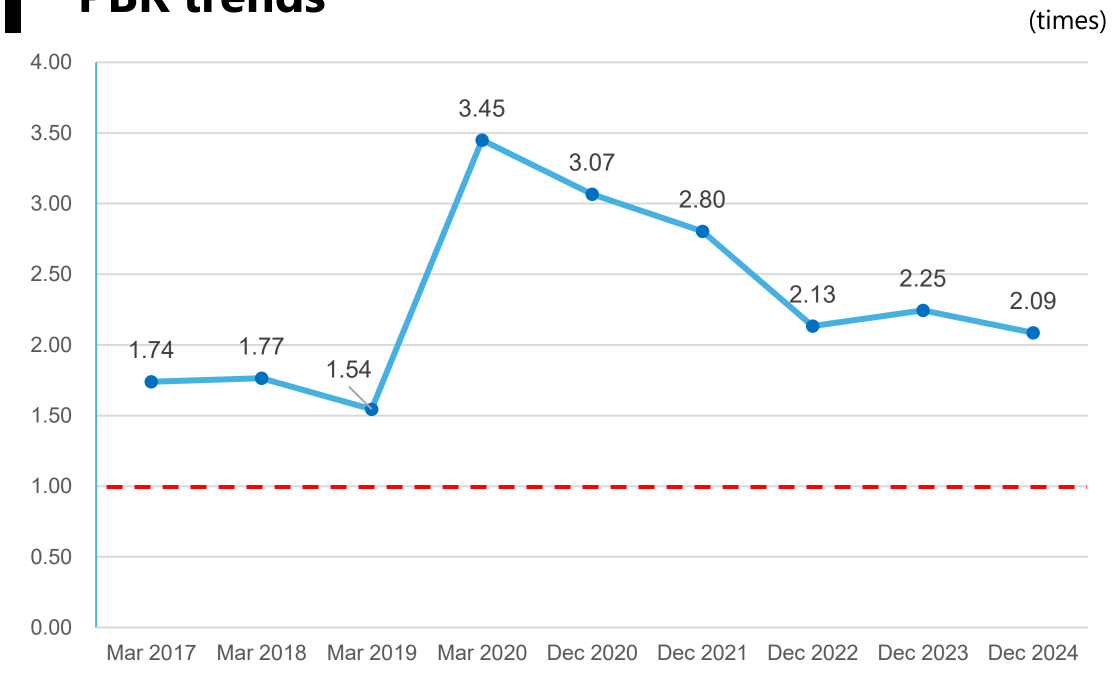
Analysis of the Current Status

- Our estimated cost of capital ranges between 8% and 9%; Prior to 2020, the cost exceeded this level
- PBR remained within a range of 2 to 3 times even after the performance decline, indicating that the company continues to receive a certain level of investor confidence

ROE trends



PBR trends



TAIKO

Future Initiatives

- This medium-term management plan targets an ROE of 10% or higher.
  If the PER reaches the pharmaceutical industry average of 20-25, the PBR would be around 2.5

PBR

2.5 or more

ROE

10% or more

PER

20-25

Profit Growth

Optimize Capital Structure

Clarify the Growth Story

Reduce the cost of equity capital

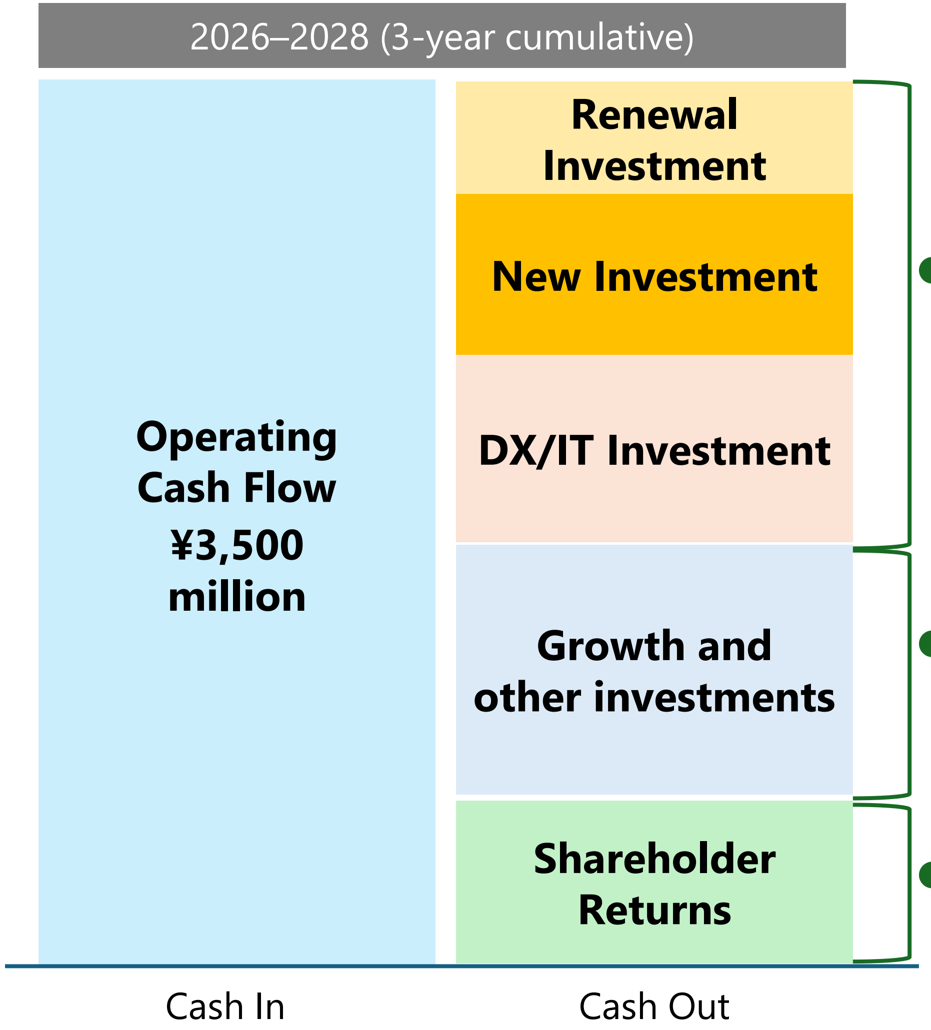
Business portfolio management for strengthening profitability

Optimization of Capital Allocation Policy and Enhancement of Shareholder Returns

Enhance Investor Relations

Financial Strategy - Capital Allocation Policy

- Balance investments for growth with shareholder returns while ensuring the health of our financial foundation
- Expenditures within the scope of operating cash flow, but consider utilizing third-party capital as necessary



Capital Investment
- approximately ¥1,500 to 2,000 million
・Factory equipment upgrades, new equipment installations, IT investments

Growth and other investments
- approximately ¥500 to 1,000 million
・Strategic investments such as M&A

Dividends
- approximately ¥400 million
・Resume dividend payments starting with FY ending in December 2026 (DOE 2.0% or higher)
・DOE 3.0% or higher in FY ending in December 2028

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