

# Translation

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## Summary of Consolidated Financial Results for the Three Months Ended August 31, 2025 (Under Japanese GAAP)

October 10, 2025

Company name: Daito Pharmaceutical Co., Ltd.  
 Stock exchange listing: Tokyo  
 Securities code: 4577  
 URL: <https://www.daitonet.co.jp/>  
 Representative: Hiroshi Matsumori, President and CEO  
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 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended August 31, 2025 (from June 1, 2025 to August 31, 2025)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended August 31, 2025	13,011	2.6	998	17.6	1,052	7.1	696	12.8
Three months ended August 31, 2024	12,678	4.1	849	(21.4)	983	(10.0)	618	(9.6)

Note: Comprehensive income Three months ended August 31, 2025: ¥674 million (143.6%)  
 Three months ended August 31, 2024: ¥276 million [(65.1)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2025	23.24	—
Three months ended August 31, 2024	20.21	—

Note: The Company conducted a 2-for-1 stock split of shares of common stock effective on June 1, 2025. Earnings per share was calculated based on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

Reference: EBITDA Three months ended August 31, 2025 ¥2,041 million  
 Three months ended August 31, 2024 ¥1,891 million

Note: EBITDA (Operating profit + Depreciation + Amortization) is disclosed as a useful comparative indicator for the Group's performance.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
Three months ended August 31, 2025	78,838	52,215	66.2
Fiscal year ended May 31, 2025	78,004	52,067	66.7

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)  
 Three months ended August 31, 2025 ¥52,172 million  
 Fiscal year ended May 31, 2025 ¥52,003 million

## 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2025	—	35.00	—	35.00	70.00
Fiscal year ending May 31, 2026	—				
Fiscal year ending May 31, 2026 (Forecast)		20.00	—	20.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: No

Note: While the Company conducted a 2-for-1 stock split of share of common stock effective on June 1, 2025, the dividend amounts shown reflect actual amounts and have not been retrospectively adjusted.

## 3. Forecast of consolidated financial results for the fiscal year ending May 31, 2026 (from June 1, 2025 to May 31, 2026)

(Percentages indicate year-on-year changes)									
	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,500	3.7	3,000	14.5	3,000	10.9	2,300	20.5	76.70

Reference: EBITDA For the fiscal year ending May 31, 2026 (forecast): ¥7,750 million

Note: Revisions to the financial results forecast most recently announced: No

### \* Notes

- (1) Significant changes in the scope of consolidation during the three months ended August 31, 2025: Yes  
 Newly consolidated: — (Company name: —)  
 Excluded: 1 company (Company name: Daiwa Pharmaceutical Co., Ltd.)  
 Note: Daiwa Pharmaceutical Co., Ltd. was excluded from the scope of consolidation as it was dissolved through an absorption-type merger effective June 1, 2025, with the Company as the surviving company.
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: No
  - (ii) Changes in accounting policies due to other reasons: Yes
  - (iii) Changes in accounting estimates: Yes
  - (iv) Restatement of prior period financial statements: No

Note: The Company has changed the method of depreciation from the period under review. This change falls under “Cases where it is difficult to distinguish a change in accounting policy from a change in accounting estimate.” For details, please refer to page 7 of the attached materials, “2. Quarterly Consolidated Financial Statements and Major Notes — (3) Notes to quarterly consolidated financial statements: *Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.*”

### (4) Number of issued shares (common shares)

#### (i) Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2025	30,096,880 shares	Fiscal year ended May 31, 2025	30,696,880 shares
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#### (ii) Number of treasury shares at the end of the period

As of August 31, 2025	110,854 shares	Fiscal year ended May 31, 2025	710,774 shares
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#### (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

As of August 31, 2025	29,986,053 shares	Three months ended August 31, 2024	30,586,222 shares
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Note: The Company conducted a 2-for-1 stock split of shares of common stock effective on June 1, 2025. The number of shares was calculated based on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

Note: The Company introduced a stock compensation plan “Board Benefit Trust (BBT).” Accordingly, the number of shares of the Company held by the trust (number of treasury shares at the end of the period: 94,340 shares; Average number of shares during the period: 94,340 shares) was included in the number of treasury shares at the end of the period and the number of treasury shares, which was to be deducted from the calculation of the average number of shares during the period.

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

### \* Proper use of earnings forecasts, and other special matters

#### Disclaimer with respect to forward-looking statements

The forward-looking statements including financial results forecast contained in this document are based on information currently available to us and certain assumptions that we believe to be reasonable. Accordingly, the Company does not guarantee the achievement of the forecast. Actual results may differ significantly due to various factors. For discussion of the assumptions and other factors considered by the Company in preparing the above financial results forecast and notes of caution for usage, please refer to “(3) Forward-looking statements including consolidated financial results forecast” of “1. Qualitative Information on Financial Results for the Period under Review” on page 2 of the attached materials.

*Method of obtaining supplementary explanatory materials for the financial results*

Supplementary materials for the financial results are disclosed on TDnet on the same day.

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## **1. Qualitative Information on Financial Results for the Period under Review**

### **(1) Explanation of operating results**

During the first three months of the fiscal year ending May 31, 2026 (the “period under review” or “three months ended August 31, 2025”), the Japanese economy saw a moderate increase in capital investment amid improving corporate earnings, despite a partial slowdown in overseas economies due to the impact of trade policies of various countries. Although personal consumption was affected by rising prices, the economy as a whole continued to show a modest upward trend, supported by improvements in the employment and income environment.

In the pharmaceutical industry, the Medical Insurance Subcommittee of the Social Security Council formulated in September 2024 “The Roadmap for the Appropriate Use of Generic Drugs, with a Focus on Ensuring a Stable Supply.” The primary objective of the roadmap is to ensure a stable supply of pharmaceuticals while maintaining the quantity share of generic drugs at 80 percent or more in all prefectures by the end of fiscal 2029, continuing from the previous roadmap. The secondary objective is to raise the monetary share of generic drugs to 65 percent or more by the end of fiscal 2029. Since October 2024, the introduction of patient-selected services, a system under which patients who choose long-listed drugs with available generic alternatives are required to pay an additional charge, has further increased the quantity share of generic drugs.

On the other hand, supply instability, particularly among generic drugs, has been prolonged, and the sector continues to face numerous challenges, including correcting excessive competition, moving away from overly aggressive price competition, and creating an environment that supports business consolidation to a scale where economics of scale can be realized.

Amid these circumstances, the Group has worked to ensure the stable supply of high-quality pharmaceuticals to patients and healthcare professionals under the Medium-Term Management Plan, “Daito Transformation Plan 2027.”

Net sales for each sales item are as follows.

As for active pharmaceutical ingredients (APIs), the sales of APIs of generic drugs including hemostatic agents and anticoagulants decreased. As a result, net sales amounted to 6,017 million yen (down 5.8% year-on-year).

As for drug products, the sales of generic drugs and non-prescription drugs showed steady performance. As a result, net sales amounted to 6,944 million yen (up 11.1% year-on-year).

As for sales of health foods and other products, net sales amounted to 49 million yen (up 26.2% year-on-year).

As a result of the above, the Group posted net sales of 13,011 million yen for the period under review (up 2.6% year-on-year). In addition to the increase in net sales, a decrease in inventory valuation losses and a reduction in raw material costs due to the strong yen resulted in operating income of 998 million yen (up 17.6% year-on-year), ordinary income of 1,052 million yen (up 7.1% year-on-year), and profit attributable to owners of parent of 696 million yen (up 12.8% year-on-year).

### **(2) Explanation of financial position**

Total assets as of August 31, 2025 increased by 833 million yen from the end of the previous fiscal year to 78,838 million yen. This was mainly due to increases in buildings and structures (net) of 1,022 million yen and leased assets (net) of 830 million yen, which were partially offset by decreases in construction in progress of 989 million yen.

Total liabilities increased by 686 million yen from the end of the previous fiscal year to 26,622 million yen. This was mainly due to increases in lease liabilities of 741 million yen and notes and accounts payable - trade of 712 million yen, which were partially offset by a decrease in long-term borrowings of 724 million yen.

Net assets increased by 147 million yen from the end of the previous fiscal year to 52,215 million yen. This was mainly due to an increase in valuation difference on available-for-sale securities of 62 million yen.

As a result of the above, the equity ratio as of August 31, 2025 decreased by 0.5 percentage points year-on-year to 66.2%.

### **(3) Forward-looking statements including consolidated financial results forecast**

The full-year consolidated financial results forecast for the fiscal year ending May 31, 2026 (June 1, 2025 to May 31, 2026) remains unchanged from the forecast announced on July 11, 2025.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

	(Millions of yen)	
	As of May 31, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	2,207	2,149
Notes receivable - trade	143	111
Electronically recorded monetary claims - operating	7,525	8,379
Accounts receivable - trade	12,526	11,924
Merchandise and finished goods	6,843	6,321
Work in process	6,329	6,106
Raw materials and supplies	5,240	5,728
Other	893	653
Allowance for doubtful accounts	(2)	(3)
Total current assets	41,708	41,370
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,145	19,167
Machinery, equipment and vehicles, net	6,081	6,072
Land	2,155	2,155
Leased assets, net	1,991	2,822
Construction in progress	2,500	1,510
Other, net	951	1,276
Total property, plant and equipment	31,826	33,003
Intangible assets		
Other	531	703
Total intangible assets	531	703
Investments and other assets		
Investment securities	2,091	2,168
Deferred tax assets	359	192
Retirement benefit asset	98	101
Other	1,396	1,307
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	3,938	3,760
Total non-current assets	36,296	37,467
Total assets	78,004	78,838
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,681	5,394
Electronically recorded obligations - operating	3,585	4,013
Current portion of long-term borrowings	3,099	2,999
Lease liabilities	358	494
Income taxes payable	419	262
Provision for bonuses	56	356
Accounts payable - other	2,929	2,384
Accrued expenses	1,030	354
Other	888	1,448
Total current liabilities	17,049	17,709
Non-current liabilities		
Long-term borrowings	6,569	5,844
Lease liabilities	1,859	2,601
Deferred tax liabilities	30	30
Provision for share awards for directors (and other officers)	37	42

Retirement benefit liability	169	174
Other	220	221
Total non-current liabilities	8,887	8,913
Total liabilities	25,936	26,622

	(Millions of yen)	
	As of May 31, 2025	As of August 31, 2025
Net assets		
Shareholders' equity		
Share capital	7,186	7,186
Capital surplus	7,072	7,072
Retained earnings	37,179	36,723
Treasury shares	(749)	(123)
Total shareholders' equity	50,688	50,859
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	767	830
Foreign currency translation adjustment	386	360
Remeasurements of defined benefit plans	161	122
Total accumulated other comprehensive income	1,315	1,313
Non-controlling interests	64	42
Total net assets	52,067	52,215
Total liabilities and net assets	78,004	78,838



**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**

***Quarterly consolidated statements of income***

	(Millions of yen)	
	Three months ended August 31, 2024	Three months ended August 31, 2025
Net sales	12,678	13,011
Cost of sales	10,428	10,453
Gross profit	2,249	2,557
Selling, general and administrative expenses	1,400	1,558
Operating profit	849	998
Non-operating income		
Interest income	0	0
Dividend income	31	32
Insurance claim income	-	76
Foreign exchange gains	54	-
Share of profit of entities accounted for using equity method	63	18
Other	12	4
Total non-operating income	163	132
Non-operating expenses		
Interest expenses	17	30
Commission expenses	5	5
Foreign exchange losses	-	40
Other	6	1
Total non-operating expenses	29	77
Ordinary profit	983	1,052
Extraordinary income		
Gain on sale of investment securities	409	32
Other	0	-
Total extraordinary income	409	32
Extraordinary losses		
Loss on retirement of non-current assets	-	31
Total extraordinary losses	-	31
Profit before income taxes	1,392	1,054
Income taxes - current	433	221
Income taxes for prior periods	394	-
Income taxes - deferred	86	155
Income taxes	914	377
Profit	477	676
Loss attributable to non-controlling interests	(140)	(20)
Profit attributable to owners of parent	618	696

*Quarterly consolidated statements of comprehensive income*

		(Millions of yen)
	Three months ended August 31, 2024	Three months ended August 31, 2025 (From June 1, 2025 to August 31, 2025)
Profit	477	676
Other comprehensive income		
Valuation difference on available-for-sale securities	(340)	62
Foreign currency translation adjustment	148	(4)
Remeasurements of defined benefit plans, net of tax	(8)	(38)
Share of other comprehensive income of entities accounted for using equity method	-	(22)
Total other comprehensive income	(201)	(2)
Comprehensive income	276	674
Comprehensive income attributable to:		
Owners of parent	369	696
Non-controlling interests	(93)	(22)

### (3) Notes to quarterly consolidated financial statements

#### **Going concern assumption**

Not applicable.

#### **Significant changes in shareholders' equity**

The Company cancelled 600,000 treasury shares on June 30, 2025 in accordance with the resolution of the Board of Directors meeting held on January 10, 2025. As a result, retained earnings and treasury shares decreased by 626 million yen and 626 million yen, respectively, during the three months ended August 31, 2025.

#### **Changes in accounting policies that are difficult to distinguish from changes in accounting estimate**

The Company has reviewed the timing of commencing depreciation of production facilities effective from the beginning of the period under review and changed its method accordingly.

Previously, the Company regarded the inspection date of production facilities as the commencement of mass production, and used this date as the basis for starting depreciation. However, due to recent changes in market conditions, a time gap is expected to arise between the inspection date and the actual commencement of mass production. Accordingly, the Company has changed its method to commence depreciation at the timing of the actual start of mass production, which is considered to better reflect the actual usage of the facilities. Based on an examination of changes in the external environment and actual usage of facilities, the Company has determined that this change is appropriate in light of its circumstances.

As a result of this change, operating profit, ordinary profit, and profit before income taxes for the period under review increased by ¥31 million compared with the figures calculated under the previous method.

#### **Quarterly consolidated statements of cash flows**

The quarterly consolidated statement of cash flows for the three months ended August 31, 2025 has not been prepared. The amount of depreciation for the three months ended August 31, 2024 and August 31, 2025 is as follows.

(Millions of yen)		
	Three months ended August 31, 2024	Three months ended August 31, 2025
Depreciation	1,042	1,042

#### **Segment information**

I. For the three months ended August 31, 2024

This information has been omitted as the pharmaceuticals business is the only reportable segment of the Company and other business segments are not significant.

II. For the three months ended August 31, 2025

This information has been omitted as the pharmaceuticals business is the only reportable segment of the Company and other business segments are not significant.

#### **Significant subsequent events**

Not applicable.