

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Summary of Consolidated Financial Results for the Six Months Ended November 30, 2025 (Under Japanese GAAP)

January 14, 2026

Company name Daito Pharmaceutical Co., Ltd. Stock exchange listing: Tokyo
Securities code 4577 URL <https://www.daitonet.co.jp/>
Representative (Title) President and CEO (Name) Hiroshi Matsumori
Inquiries (Title) Executive Officer, CFO (Name) Kenji Otsuga TEL +81-76-421-5665
Scheduled date to file semi-annual securities report January 14, 2026 Scheduled date to commence dividend payments February 2, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting : Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 30, 2025 (from June 1, 2025 to November 30, 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	%
Six months ended November 30, 2025	25,141	2.3	1,627	10.6	1,764	20.0	1,233	35.8
Six months ended November 30, 2024	24,584	2.0	1,471	(35.7)	1,470	(36.5)	908	(41.5)

Note: Comprehensive Six months ended income November 30, 2025 1,266 Millions of yen (486.6%) Six months ended November 30, 2024 215 Millions of yen ((86.3)%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2025	41.32	-
Six months ended November 30, 2024	29.70	-

Note: Daito Pharmaceutical Co., Ltd. conducted a 2-for-1 stock split of shares of common stock effective on June 1, 2025. Interim 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 Six months ended November 30, 2025 ¥3,757 million Six months ended November 30, 2024 ¥3,574 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	%
Six months ended November 30, 2025	76,842	52,204	67.9
Fiscal year ended May 31, 2025	78,004	52,067	66.7

Reference: Equity Six months ended November 30, 2025 52,167 Millions of yen Fiscal year ended May 31, 2025 52,003 Millions of yen

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	-	20.00			
Fiscal year ending May 31, 2026 (Forecast)			-	20.00	40.00

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

Note: While Daito Pharmaceutical Co., Ltd. conducted a 2-for-1 stock split of shares 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 six months ended November 30, 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 Daito Pharmaceutical Co., Ltd. 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

- [1] Changes in accounting policies due to revisions to accounting standards and other regulations : No
 [2] Changes in accounting policies due to other reasons : Yes
 [3] Changes in accounting estimates : Yes
 [4] Restatement of prior period financial statements : No

Note: Daito Pharmaceutical Co., Ltd. has changed the method of depreciation from the interim 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 9 of the attached materials, '2. Interim Consolidated Financial Statements and Major Notes — (4) Notes to interim consolidated financial statements: Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.'

(4) Number of issued shares (common shares)

[1] Total number of issued shares at the end of the period (including treasury shares)	As of November 30, 2025	30,096,880 shares	Fiscal year ended May 31, 2025	30,696,880 shares
[2] Number of treasury shares at the end of the period	As of November 30, 2025	516,734 shares	Fiscal year ended May 31, 2025	710,774 shares
[3] Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	Six months ended November 30, 2025	29,839,986 shares	Six months ended November 30, 2024	30,586,194 shares

Note: Daito Pharmaceutical Co., Ltd. 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: Daito Pharmaceutical Co., Ltd. introduced a stock compensation plan 'Board Benefit Trust (BBT).' Accordingly, the number of shares of Daito Pharmaceutical Co., Ltd. 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.

* Financial results reports for the six months are exempt from review conducted by certified public accountants or an audit firm.

* 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 Daito Pharmaceutical Co., Ltd. and certain assumptions that Daito Pharmaceutical Co., Ltd. believes to be reasonable. Accordingly, Daito Pharmaceutical Co., Ltd. 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 Daito Pharmaceutical Co., Ltd. in preparing the above financial results forecast and notes of caution for usage, please refer to "1. Qualitative Information on Financial Results for the Period under Review (3) Forward-looking statements including consolidated financial results forecast" on page 3 of the attached materials.

(Method of obtaining supplementary explanatory materials for the financial results) Supplementary materials for the financial results will be disclosed on TDnet on Wednesday, January 14, 2026.

Contents of Attached Materials

1. Qualitative Information on Financial Results for the Period under Review	2
(1) Explanation of operating results	2
(2) Explanation of financial position	2
(3) Forward-looking statements including consolidated financial results forecast	3
2. Interim Consolidated Financial Statements and Major Notes	4
(1) Interim consolidated balance sheets	4
(2) Interim consolidated statements of income and interim consolidated statements of comprehensive income	6
Interim consolidated statements of income	6
Interim consolidated statements of comprehensive income	7
(3) Interim consolidated statements of cash flows	8
(4) Notes to interim consolidated financial statements	9
Going concern assumption	9
Significant changes in shareholders' equity	9
Changes in accounting policies that are difficult to distinguish from changes in accounting estimate.....	9
Segment information	9
Significant subsequent events	9

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

(1) Explanation of operating results

During the six months under review, the Japanese economy saw a moderate recovery overall, although some weak movements were observed in certain areas. Overseas economies grew moderately as a whole, despite some weak movements due to the impact of trade policies of various countries. Corporate earnings remained at a high level overall, although the manufacturing sector was impacted by downward pressure from tariffs, and capital investment increased moderately under these circumstances. Although personal consumption was affected by rising prices, it remained firm against the backdrop of 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. Furthermore, as part of the social security system reform, in addition to the expansion of the “patient-selected services” for long-listed drugs, a new burden for patients was introduced for certain ‘OTC-like 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 for anti-allergy agents increased, but the sales of APIs for hemostatic agents and anticoagulants decreased. As a result, net sales amounted to 11,304 million yen (down 2.4% year-on-year).

As for drug products, in-house products for generic and non-prescription drugs showed steady performance, and external products for generic drugs also increased. As a result, net sales amounted to 13,736 million yen (up 6.4% year-on-year).

As for health foods and other products, net sales amounted to 100 million yen (up 7.2% year-on-year).

As a result of the above, the Group posted net sales of 25,141 million yen for the fiscal year ended May 31, 2025 (up 2.3% year-on-year). In addition, although selling, general and administrative expenses increased mainly due to an increase in R&D cost and commission expenses, inventory valuation losses improved significantly, resulting in operating income of 1,627 million yen (up 10.6% year-on-year), ordinary income of 1,764 million yen (up 20.0% year-on-year), and profit attributable to owners of parent of 1,233 million yen (up 35.8% year-on-year), marking the first increase in profit in four fiscal years.

(2) Explanation of financial position

[1] Analysis of financial position

Total assets as of the end of the six months ended November 30, 2025 decreased by 1,162 million yen from the end of the previous fiscal year to 76,842 million yen. This was mainly due to a decrease in accounts receivable - trade of 1,508 million yen and a decrease in external products and in-house products of 873 million yen, which were partially offset by an increase in raw materials and supplies of 852 million yen.

Total liabilities decreased by 1,298 million yen from the end of the previous fiscal year to 24,638 million yen. This was mainly due to a decrease in long-term borrowings of 1,449 million yen.

Net assets increased by 136 million yen from the end of the previous fiscal year to 52,204 million yen. This was mainly due to an increase in valuation difference on available-for-sale securities of 152 million yen.

As a result of the above, the equity ratio as of the end of the six months ended November 30, 2025 increased by 1.2 percentage points from the end of the previous fiscal year to 67.9%.

[2] Status of cash flows

Cash and cash equivalents (“net cash”) as of the end of the six months ended November 30, 2025 increased by 16 million yen from the end of the previous fiscal year to 2,224 million yen.

The status of cash flows and their contributing factors during the six months ended November 30, 2025 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 5,342 million yen (compared with 1,840 million yen provided in the same period of the previous fiscal year). This was due to profit before income taxes of 1,834 million yen, depreciation of 2,130 million yen, and a decrease in trade receivables of 1,490 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 2,330 million yen (5,287 million yen used in the previous fiscal year). This was primarily attributable to purchase of property, plant and equipment of 2,088 million yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 2,999 million yen (3,964 million yen provided in the previous fiscal year).

This was primarily attributable to repayments of long-term borrowings of 1,649 million yen, purchase of treasury shares of 604 million yen, and dividends paid of 527 million yen.

(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. Interim Consolidated Financial Statements and Major Notes

(1) Interim consolidated balance sheets

(Millions of yen)

	As of May 31, 2025	As of November 30, 2025
Assets		
Current assets		
Cash and deposits	2,207	2,224
Accounts receivable - trade	12,526	11,017
Electronically recorded monetary claims - operating	7,525	7,630
Notes receivable - trade	143	74
External products and in-house products	6,843	5,970
Work in process	6,329	5,877
Raw materials and supplies	5,240	6,093
Other	893	727
Allowance for doubtful accounts	(2)	(3)
Total current assets	41,708	39,611
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,145	19,536
Machinery, equipment and vehicles, net	6,081	5,856
Land	2,155	2,155
Leased assets, net	1,991	2,739
Construction in progress	2,500	750
Other, net	951	1,305
Total property, plant and equipment	31,826	32,344
Intangible assets		
Other	531	1,078
Total intangible assets	531	1,078
Investments and other assets		
Investment securities	2,091	2,269
Deferred tax assets	359	272
Retirement benefit asset	98	96
Other	1,396	1,178
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	3,938	3,808
Total non-current assets	36,296	37,231
Total assets	78,004	76,842
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,681	5,087
Electronically recorded obligations - operating	3,585	4,012
Current portion of long-term borrowings	3,099	2,899
Lease liabilities	358	498
Income taxes payable	419	622
Provision for bonuses	56	68
Accounts payable - other	2,929	1,406
Accrued expenses	1,030	1,050
Other	888	905
Total current liabilities	17,049	16,551
Non-current liabilities		
Long-term borrowings	6,569	5,119
Lease liabilities	1,859	2,475
Deferred tax liabilities	30	42
Retirement benefit liability	169	179
Provisions	37	46
Other	220	222
Total non-current liabilities	8,887	8,086
Total liabilities	25,936	24,638

(Millions of yen)

	As of May 31, 2025	As of November 30, 2025
Net assets		
Shareholders' equity		
Share capital	7,186	7,186
Capital surplus	7,072	7,072
Retained earnings	37,179	37,260
Treasury shares	(749)	(727)
Total shareholders' equity	50,688	50,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	767	919
Foreign currency translation adjustment	386	372
Remeasurements of defined benefit plans	161	84
Total accumulated other comprehensive income	1,315	1,376
Non-controlling interests	64	36
Total net assets	52,067	52,204
Total liabilities and net assets	78,004	76,842

(2) Interim consolidated statements of income and interim consolidated statements of comprehensive income

Interim consolidated statements of income

(Millions of yen)

	Six months ended November 30, 2024	Six months ended November 30, 2025
Net sales	24,584	25,141
Cost of sales	20,205	20,376
Gross profit	4,379	4,765
Selling, general and administrative expenses	2,907	3,138
Operating profit	1,471	1,627
Non-operating income		
Interest income	0	2
Dividend income	38	37
Insurance claim income	2	78
Foreign exchange gains	1	20
Share of profit of entities accounted for using equity method	-	44
Other	30	35
Total non-operating income	73	218
Non-operating expenses		
Interest expenses	51	63
Commission expenses	6	6
Share of loss of entities accounted for using equity method	7	-
Other	8	11
Total non-operating expenses	73	81
Ordinary profit	1,470	1,764
Extraordinary income		
Gain on sale of investment securities	409	102
Total extraordinary income	409	102
Extraordinary losses		
Loss on retirement of non-current assets	-	32
Total extraordinary losses	-	32
Profit before income taxes	1,879	1,834
Income taxes - current	839	552
Income taxes for prior periods	388	-
Income taxes - deferred	(66)	60
Income taxes	1,161	613
Profit	718	1,220
Loss attributable to non-controlling interests	(190)	(12)
Profit attributable to owners of parent	908	1,233

Interim consolidated statements of comprehensive income

(Millions of yen)

	Six months ended November 30, 2024	Six months ended November 30, 2025
Interim profit	718	1,220
Other comprehensive income		
Valuation difference on available-for-sale securities	(480)	152
Foreign currency translation adjustment	(5)	(43)
Remeasurements of defined benefit plans, net of tax	(16)	(76)
Share of other comprehensive income of entities accounted for using equity method	-	14
Total other comprehensive income	(502)	46
Interim comprehensive income	215	1,266
(Breakdown)		
Interim comprehensive income attributable to owners of parent	406	1,295
Interim comprehensive income attributable to non- controlling interests	(190)	(28)

(3) Interim consolidated statements of cash flows

(Millions of yen)

	Six months ended November 30, 2024	Six months ended November 30, 2025
Cash flows from operating activities		
Interim profit before income taxes	1,879	1,834
Depreciation	2,103	2,130
Loss on retirement of non-current assets	0	32
Increase (decrease) in provision for bonuses	8	12
Increase (decrease) in provision for directors' bonuses	8	-
Increase (decrease) in retirement benefit liability	(18)	(97)
Increase (decrease) in provision for share awards for directors (and other officers)	8	8
Interest and dividend income	(38)	(40)
Insurance claim income	-	(78)
Interest expenses	51	63
Foreign exchange losses (gains)	25	(94)
Decrease (increase) in trade receivables	(3,058)	1,490
Decrease (increase) in inventories	(247)	486
Increase (decrease) in trade payables	348	824
Share of loss (profit) of entities accounted for using equity method	7	129
Loss (gain) on sale of investment securities	(409)	(102)
Decrease (increase) in consumption taxes receivable	1,292	21
Increase (decrease) in consumption taxes payable	309	(1,194)
Other	81	188
Subtotal	2,353	5,615
Interest and dividends received	38	40
Interest paid	(54)	(62)
Insurance claim income received	-	17
Income taxes paid	(515)	(359)
Income taxes refund	-	72
Other	19	19
Net cash provided by (used in) operating activities	1,840	5,342
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,888)	(2,088)
Payments for retirement of property, plant and equipment	-	(31)
Purchase of intangible assets	(132)	(507)
Payments for investments in capital of affiliated companies	(707)	-
Purchase of investment securities	(6)	-
Proceeds from sale of investment securities	444	163
Proceeds from refund of insurance funds	2	133
Other	0	0
Net cash provided by (used in) investing activities	(5,287)	(2,330)
Cash flows from financing activities		
Proceeds from long-term borrowings	6,000	-
Repayments of long-term borrowings	(1,449)	(1,649)
Dividends paid	(464)	(527)
Purchase of treasury shares	(0)	(604)
Repayments of lease liabilities	(121)	(217)
Net cash provided by (used in) financing activities	3,964	(2,999)
Effect of exchange rate change on cash and cash equivalents	(3)	3
Net increase (decrease) in cash and cash equivalents	514	16
Cash and cash equivalents at beginning of period	2,727	2,207
Cash and cash equivalents at end of interim period	3,241	2,224

(4) Notes to interim consolidated financial statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholders' equity)

(1) Purchase of treasury shares

Daito Pharmaceutical Co., Ltd. resolved matters regarding the purchase of treasury shares at the Board of Directors meeting held on October 10, 2025, pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act and the Articles of Incorporation. On October 14, 2025, Daito Pharmaceutical Co., Ltd. purchased 242,000 treasury shares through off-auction own share repurchase trading (ToSTNeT-3), resulting in an increase of 286 million yen.

In addition, Daito Pharmaceutical Co., Ltd. is proceeding with the purchase of treasury shares with an upper limit of 1,000,000 shares and a total amount of 1.5 billion yen during the period from October 15, 2025 to May 22, 2026. As a result, Daito Pharmaceutical Co., Ltd. acquired 258,100 treasury shares during the six months ended November 30, 2025, resulting in an increase of 317 million yen.

(2) Cancellation of treasury shares

In accordance with the resolution of the Board of Directors meeting held on January 10, 2025, Daito Pharmaceutical Co., Ltd. cancelled 600,000 treasury shares, or 626 million yen, on June 30, 2025.

As a result, during the six months ended November 30, 2025, retained earnings and treasury shares decreased by 626 million yen and 22 million yen, respectively. Retained earnings and treasury shares at the end of the six months ended November 30, 2025, were 37,260 million yen and 727 million yen, respectively.

(Notes to quarterly consolidated financial statements: Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

Daito Pharmaceutical Co., Ltd. has reviewed the timing of commencing depreciation of production facilities effective from the beginning of the six months ended November 30, 2025, and changed its method accordingly.

Previously, Daito Pharmaceutical Co., Ltd. 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, Daito Pharmaceutical Co., Ltd. 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, Daito Pharmaceutical Co., Ltd. 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 six months ended November 30, 2025,

increased by 105 million yen compared with the figures calculated under the previous method.

(Segment information)

[Segment information]

I. For the six months ended November 30, 2024 (from June 1, 2024 to November 30, 2024)

This information has been omitted as the pharmaceuticals business is the only reportable segment of Daito Pharmaceutical Co., Ltd. and other business segments are not significant.

II. For the six months ended November 30, 2025 (from June 1, 2025 to November 30, 2025)

This information has been omitted as the pharmaceuticals business is the only reportable segment of Daito Pharmaceutical Co., Ltd. and other business segments are not significant.

(Significant subsequent events)

(Acquisition of treasury shares)

At the Board of Directors meeting held on October 10, 2025, Daito Pharmaceutical Co., Ltd. resolved matters related to the acquisition of treasury shares in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act and the Articles of Incorporation of Daito Pharmaceutical Co., Ltd., and conducted the acquisition of treasury shares as follows.

1. Reason for acquisition of treasury shares

The purchase of treasury shares is intended primarily to strengthen shareholder returns and enhance capital efficiency as part of the capital policy under the medium-term management plan.

2. Details of the purchase

Class of shares to be purchased: Common stock of Daito Pharmaceutical Co., Ltd.

Total number of shares to be purchased: 1,000,000 shares (maximum)

Total amount of purchase price: 1.5 billion yen (maximum)

Purchase period From October 15, 2025 to May 22, 2026

Purchase method Purchase on the open market of the Tokyo Stock Exchange

3. Status of the purchase of treasury shares

As a result of the market purchase mentioned above, Daito Pharmaceutical Co., Ltd. purchased 113,500 shares of its common stock (total purchase price of 150 million yen) from December 1, 2025 to December 31, 2025.