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Summary of Consolidated Financial Results for the Three Months Ended August 31, 2026 (Under Japanese GAAP)

October 14, 2026

Company name: Daito Pharmaceutical Co., Ltd.

Stock exchange listing: Tokyo

Securities code: 4577 URL: <https://www.daitonet.co.jp/>

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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, 2026 (from June 1, 2026 to August 31, 2026)

(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, 2026	11,894	(8.6)	712	(28.7)	808	(23.2)	700	0.6
Three months ended August 31, 2025	13,011	2.6	998	17.6	1,052	7.1	696	12.8

Note: Comprehensive income Three months ended August 31, 2026 726Millions of yen (7.7%)
Three months ended August 31, 2025 674Millions of yen (143.6%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2026	24.66	-
Three months ended August 31, 2025	23.24	-

Reference: EBITDA Three months ended August 31, 2026: 1,687 million yen

Three months ended August 31, 2025: 2,041 million yen

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	%
As of August 31, 2026	71,646	52,483	73.2
As of May 31, 2026	73,291	52,938	72.2

Reference: Equity As of August 31, 2026 52,417Millions of yen

As of May 31, 2026 52,892Millions of yen

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2026	-	20.00	-	20.00	40.00
Fiscal year ending May 31, 2027	-				
Fiscal year ending May 31, 2027 (Forecast)		22.50	-	22.50	45.00

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

3. Consolidated financial results forecast for the fiscal year ending May 31, 2027 (from June 1, 2026 to May 31, 2027)

(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	54,000	6.6	4,000	10.0	4,000	4.9	3,000	(5.1)	104.37

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

Reference: EBITDA Fiscal year ending May 31, 2027 (Forecast): 8,400 million yen

* Notes

(1) Significant changes in the scope of consolidation during the three months ended August 31, 2026 : No

Newly consolidated -company (Company name) -, Excluded -company (Company name) -

(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 : No

(iii) Changes in accounting estimates : No

(iv) Restatement of prior period financial statements : No

(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, 2026	28,854,880shares	As of May 31, 2026	28,854,880shares
As of August 31, 2026	595,058shares	As of May 31, 2026	111,058shares
Three months ended August 31, 2026	28,421,155shares	Three months ended August 31, 2025	29,986,053shares

(ii) Number of treasury shares at the end of the period

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the 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 : No

* 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 the Company and certain assumptions that the Company believes 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 Quarterly Financial Results

(1) Explanation of operating results

During the three months ended August 31, 2026, the Japanese economy continued a moderate recovery trend, supported by improvements in corporate earnings and a steady employment and income environment, despite uncertainties such as the impact of the situation in the Middle East and rising resource prices. Personal consumption showed resilience, with steady sales of premium products despite the impact of rising prices, and capital investment continued to pick up, driven by digitalization and expanding demand related to AI. On the other hand, the economic outlook remains uncertain due to factors such as persistently high crude oil and raw material prices, exchange rate fluctuations, and rising geopolitical risks. Furthermore, as the Bank of Japan proceeds with the normalization of monetary policy amid persistent inflationary pressure, it is necessary to closely monitor the impact on financial markets and economic trends.

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," which sets the primary objective of "ensuring a stable supply of pharmaceuticals while maintaining a quantity share of generic drugs of 80% or more in all prefectures by the end of fiscal 2029" and a secondary objective of "raising the monetary share of generic drugs to 65% or more by the end of fiscal 2029." In addition, the "Basic Policies for Economic and Fiscal Management and Reform 2026 (Basic Policies 2026)" also emphasizes strengthening the stable supply system for generic drugs and promoting industrial structural reform, and initiatives are underway to increase production capacity, update equipment, and strengthen quality assurance systems using the Generic Drug Manufacturing Infrastructure Development Fund. Furthermore, as part of social security system reform, various revisions to pharmaceutical-related systems are being implemented. From June 2026, the scope of the selection medical care system for long-listed drugs was expanded, and from October 2026, authorized generics (AG) newly listed will be subject to the same drug price as the original brand-name drugs. Also, patient co-payments are scheduled to be introduced for some OTC-like drugs starting in March 2027, and policy responses are being advanced to ensure the sustainability of the medical insurance system.

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.

For APIs, sales of antitussives for OTC drugs and anti-inflammatory analgesics for generic drugs decreased, resulting in net sales of 5,367 million yen (down 10.8% year-on-year).

For drug products, while sales of contract manufactured prescription drug products increased, sales of generic drugs and OTC drug products decreased, resulting in net sales of 6,496 million yen (down 6.4% year-on-year).

For health foods and other products, net sales were 30 million yen (down 38.9% year-on-year).

As a result, net sales for the three months ended August 31, 2026, were 11,894 million yen (down 8.6% year-on-year). Due to lower net sales, higher inventory valuation losses and increased raw material costs resulting from yen depreciation, operating profit was 712 million yen (down 28.7% year-on-year), ordinary profit was 808 million yen (down 23.2% year-on-year), and profit attributable to owners of parent was 700 million yen (up 0.6% year-on-year).

(2) Explanation of financial position

Total assets as of the end of the first quarter of the current consolidated fiscal year decreased by 1,645 million yen from the end of the previous consolidated fiscal year to 71,646 million yen. This was mainly due to an increase in raw materials and supplies of 790 million yen and an increase in work in process of 1,227 million yen, which were partially offset by a decrease in electronically recorded monetary claims of 1,195 million yen, a decrease in accounts receivable - trade of 2,155 million yen, and a decrease in buildings and structures (net) of 399 million yen.

Total liabilities decreased by 1,189 million yen from the end of the previous consolidated fiscal year to 19,162 million yen. This was mainly due to an increase in notes and accounts payable - trade of 772 million yen, which was partially offset by a decrease in long-term borrowings of 653 million yen, a decrease in income taxes payable of 493 million yen, and a decrease in accounts payable - other of 439 million yen.

Net assets decreased by 455 million yen from the end of the previous consolidated fiscal year to 52,483 million yen. This was mainly due to an increase in treasury shares of 605 million yen.

As a result of the above, the equity ratio increased by 1.0 percentage point from the previous consolidated fiscal year to 73.2%.

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

The full-year consolidated financial results forecast for the fiscal year ending May 31, 2027 (June 1, 2026 to May 31, 2027) remains unchanged from the forecast announced on July 10, 2026.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of May 31, 2026	As of August 31, 2026
Assets		
Current assets		
Cash and deposits	954	1,687
Notes receivable - trade	0	-
Electronically recorded monetary claims - operating	6,134	4,938
Accounts receivable - trade	12,792	10,636
Merchandise and finished goods	5,949	5,748
Work in process	5,306	6,533
Raw materials and supplies	5,184	5,975
Other	309	355
Allowance for doubtful accounts	(2)	(2)
Total current assets	36,629	35,874
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,991	18,591
Machinery, equipment and vehicles, net	5,054	4,744
Land	2,294	2,294
Leased assets, net	2,574	2,480
Construction in progress	718	808
Other, net	1,043	960
Total property, plant and equipment	30,676	29,879
Intangible assets		
Other	1,712	1,675
Total intangible assets	1,712	1,675
Investments and other assets		
Investment securities	2,193	2,270
Deferred tax assets	181	-
Retirement benefit asset	554	560
Other	1,353	1,394
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	4,273	4,216
Total non-current assets	36,661	35,771
Total assets	73,291	71,646

(Millions of yen)

	As of May 31, 2026	As of August 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,230	6,003
Electronically recorded obligations - operating	2,187	2,296
Current portion of long-term borrowings	2,815	2,744
Lease liabilities	506	509
Income taxes payable	593	100
Provision for bonuses	678	379
Accounts payable - other	1,256	817
Accrued expenses	506	421
Other	222	307
Total current liabilities	13,998	13,580
Non-current liabilities		
Long-term borrowings	3,753	3,100
Lease liabilities	2,220	2,092
Deferred tax liabilities	65	69
Provision for share awards for directors (and other officers)	55	59
Retirement benefit liability	33	35
Other	224	225
Total non-current liabilities	6,353	5,582
Total liabilities	20,352	19,162
Net assets		
Shareholders' equity		
Share capital	7,186	7,186
Capital surplus	7,072	7,072
Retained earnings	36,970	37,094
Treasury shares	(128)	(733)
Total shareholders' equity	51,101	50,620
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	880	936
Foreign currency translation adjustment	539	581
Remeasurements of defined benefit plans	371	278
Total accumulated other comprehensive income	1,791	1,797
Non-controlling interests	46	65
Total net assets	52,938	52,483
Total liabilities and net assets	73,291	71,646

(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, 2025	Three months ended August 31, 2026
Net Sales	13,011	11,894
Cost of sales	10,453	9,701
Gross profit	2,557	2,192
Selling, general and administrative expenses	1,558	1,480
Operating profit	998	712
Non-operating income		
Interest income	0	1
Dividend income	32	37
Insurance claim income	76	-
Foreign exchange gains	-	44
Share of profit of entities accounted for using equity method	18	33
Other	4	22
Total non-operating income	132	139
Non-operating expenses		
Interest expenses	30	30
Commission expenses	5	8
Foreign exchange losses	40	-
Other	1	3
Total non-operating expenses	77	42
Ordinary profit	1,052	808
Extraordinary income		
Subsidy income	-	96
Gain on sale of investment securities	32	145
Total extraordinary income	32	241
Extraordinary losses		
Loss on retirement of non-current assets	31	0
Loss on tax purpose reduction entry of non-current assets	-	86
Total extraordinary losses	31	86
Profit before income taxes	1,054	964
Income taxes - current	221	47
Income taxes - deferred	155	198
Total income taxes	377	245
Profit	676	718
Profit (loss) attributable to non-controlling interests	(20)	17
Profit attributable to owners of parent	696	700

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Three months ended August 31, 2025	Three months ended August 31, 2026
Profit	676	718
Other comprehensive income		
Valuation difference on available-for-sale securities	62	56
Foreign currency translation adjustment	(4)	5
Remeasurements of defined benefit plans, net of tax	(38)	(92)
Share of other comprehensive income of entities accounted for using equity method	(22)	38
Total other comprehensive income	(2)	7
Comprehensive income	674	726
(Breakdown)		
Comprehensive income attributable to owners of parent	696	706
Comprehensive income attributable to non-controlling interests	(22)	19

(3) Notes to quarterly consolidated financial statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholders' equity)

Not applicable.

(Notes to 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, 2025 is as follows.

	Three months ended August 31, 2025	Three months ended August 31, 2026
Depreciation	1,042Millions of yen	975Millions of yen

(Segment information)

[Segment information]

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.

Three months ended August 31, 2026

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