Supplementary material for the financial results for the year ended March 31, 2026

May 2026
(Stock code: 4553)

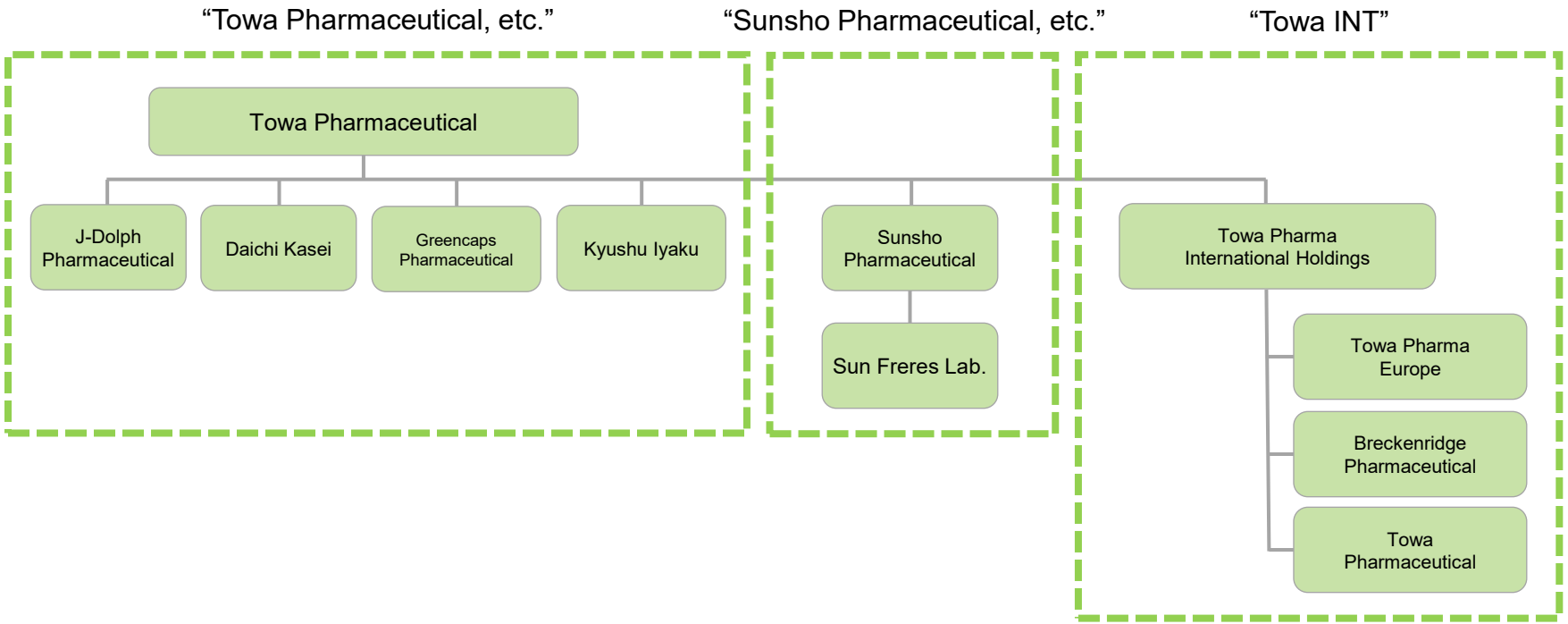
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Notes to financial results disclosure material

Notes

- In this document, for the breakdown of the domestic segment,
  Towa Pharmaceutical, J-Dolph Pharmaceutical, Daichi Kasei, Greencaps Pharmaceutical, and Kyushu Iyaku are referred to as “Towa Pharmaceutical, etc.,” and Sunsho Pharmaceutical and Sun Freres Lab. are referred to as “Sunsho Pharmaceutical, etc.”
  On April 1, 2025, the Company carried out an absorption-type merger with Sunsho Pharmaceutical as the surviving company and KAMATA as the disappearing company.
  Towa Pharma International Holdings, S.L., our overseas segment, is referred to as “Towa INT.”
- On May 11, we announced recognition of an impairment loss and a revision to our full-year earnings forecast for the fiscal year ended March 31, 2026.



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Consolidated financial results for 2026/3

- **YoY change: Net sales increased, but operating profit decreased.**
- **Progress rate for the plan: Net sales: 97.8%, Operating profit: 85.6%.**
- **Ordinary profit increased due to the posting of a 5.3 billion yen gain on valuation of derivatives.**
  (In 25/3, a 1.2 billion yen gain on valuation of derivatives was recognized.)
- **Profit deceased due to the posting of an impairment loss of 14.7 billion yen on goodwill of Sunsho Pharmaceutical.**

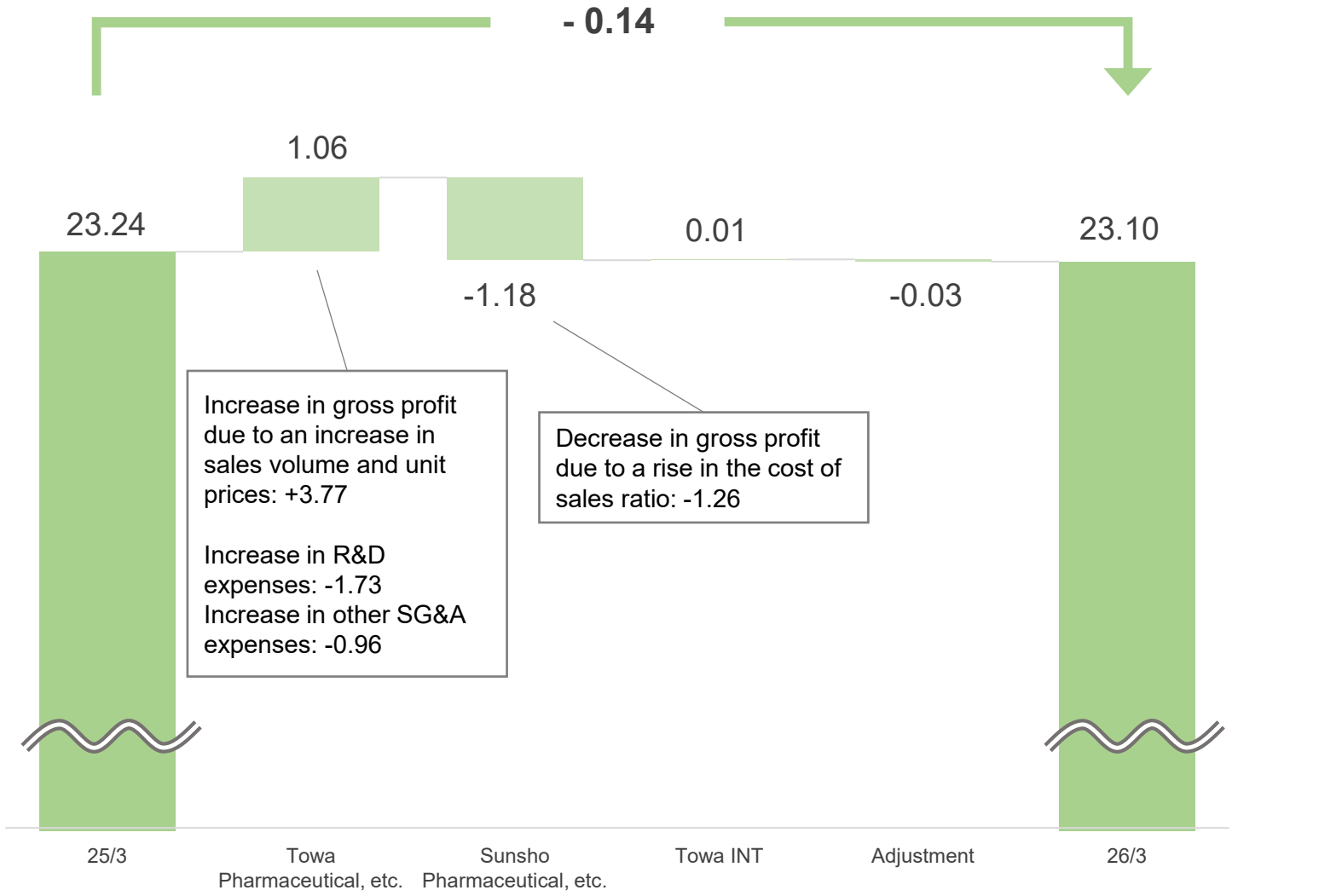
	26/3 results		25/3 results	26/3 full-year plan (announced on May 15, 2025)	
	(JPY billion)	YOY change (%)	(JPY billion)	(JPY billion)	Achievement rate (%)
Net sales	273.7	+ 5.4%	259.5	280.0	97.8%
Gross profit	99.1	+ 4.6%	94.7	104.0	95.3%
Operating profit	23.1	- 0.6%	23.2	27.0	85.6%
Ordinary profit	28.0	+ 7.4%	26.1	25.3	111.0%
Profit attributable to owners of parent	5.2	- 72.3%	18.9	17.7	29.7%

Exchange rate at end of period(TTM) USD 1	26/3	25/3	24/3
	JPY 159.88	JPY 149.52	JPY 151.41

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Factors behind changes in operating profit for 2026/3

(JPY billion)



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Outline of financial results for 2026/3 (Consolidated)

- **YoY change:** **Net sales increased due to an increase in sales volume and unit prices at Towa Pharmaceutical, etc. and sales growth in Europe for both BtoB and BtoC at Towa INT.**

  Operating profit decreased because a rise in the cost of sales ratio caused by a worsening business mix at Sunsho Pharmaceutical, etc. could not be sufficiently offset.

- **Progress rate for the plan:** **Both net sales and operating profit fell short of the plan due to a lower-than-expected increase in sales after the lifting of regulated shipments at Towa Pharmaceutical, etc. and a decline in the new application business at Sunsho Pharmaceutical, etc.**

(JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	**273,710**	**100.0**	**+ 5.4**	**259,594**	**100.0**	**280,000**	**100.0**	**97.8**
Cost of sales	174,606	63.8	+ 5.9	164,865	63.5	176,000	62.9	99.2
SGA	76,001	27.8	+ 6.3	71,486	27.5	77,000	27.5	98.7
Operating profit	**23,102**	**8.4**	**- 0.6**	**23,242**	**9.0**	**27,000**	**9.6**	**85.6**

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Outline of financial results for 2026/3 (Towa Pharmaceutical, etc.)

- **YoY change:** **Net sales and segment profit increased as the quantity supplied to the market increased due to an increase in production volume and unit prices also increased due to the improved sales mix that reflects an increase in sales of recently launched products and the effect of the pricing strategy.**
- **Progress rate for the plan:** **Both net sales and segment profit fell short of the plan because sales of products with stable markets did not increase as much as expected after the lifting of regulated shipments and the sales mix did not improve as much as expected as sales of recently launched products did not meet expectations.**

(JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	**188,102**	**100.0**	**+ 6.0**	**177,481**	**100.0**	**196,500**	**100.0**	**95.7**
Cost of sales	113,962	60.6	+ 6.4	107,114	60.4	118,500	60.3	96.2
SGA	47,903	25.5	+ 6.0	45,197	25.5	49,800	25.3	96.2
Segment profit	**26,236**	**13.9**	**+ 4.2**	**25,169**	**14.2**	**28,200**	**14.4**	**93.0**

- Sales volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **Approx. 15.71 billion tablets, up 2.8% year on year** Progress rate for the full-year plan: **97.7%**
- Production volume (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **Approx. 16.43 billion tablets, up 14.4% year on year** Progress rate for the full-year plan: **101.0%**

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Outline of financial results for 2026/3 (Sunsho Pharmaceutical, etc.)

- **Net sales remained nearly flat from the previous fiscal year and fell short of the plan despite growth in the domestic health food business because sales dropped in the new application business due to lost orders.**
- **Segment profit decreased significantly and fell short of the plan due to a rise in the cost of sales ratio caused by a worsening business mix resulting from a decline in the new application business, which has a high profit margin.**
- **We recognized an impairment loss of 14.7 billion yen in extraordinary losses on a consolidated basis because Sunsho Pharmaceutical is no longer expected to achieve the performance planned at the time of acquisition due to the worsening of the external environment for the domestic health food business and the new application business and delays in creating synergies with Towa Pharmaceutical.**

(Details are on page 22.)

(JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	**28,873**	**100.0**	**+ 0.9**	**28,621**	**100.0**	**30,200**	**100.0**	**95.6**
Cost of sales	23,727	82.2	+ 6.8	22,208	77.6	23,200	76.8	102.3
SGA	4,285	14.8	- 1.9	4,366	15.3	4,600	15.2	93.2
Segment profit	**861**	**3.0**	**- 57.9**	**2,046**	**7.2**	**2,400**	**7.9**	**35.9**

Note: Goodwill amortization is not included.

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Outline of financial results for 2026/3 (Towa INT)

- **YoY change:** **While sales of our main products continued to decline in the U.S. due to the nitrosamine issue, net sales and segment profit increased due to increased contract manufacturing in European BtoB in 3Q, driven by a last-minute surge in demand before the tightening of the nitrosamine standard in Europe, and growth in our main products in European BtoC.**
- **Progress rate for the plan:** **Net sales fell short of the plan in local currency terms due to poor performance in the U.S., but achieved the plan target in yen terms due to the weaker yen.**
  Segment profit fell short of the plan due to lower-than-expected license fee income resulting from delays in joint development with Towa Pharmaceutical.
  Excluding license fees, segment profit met the plan.

(JPY million, %)

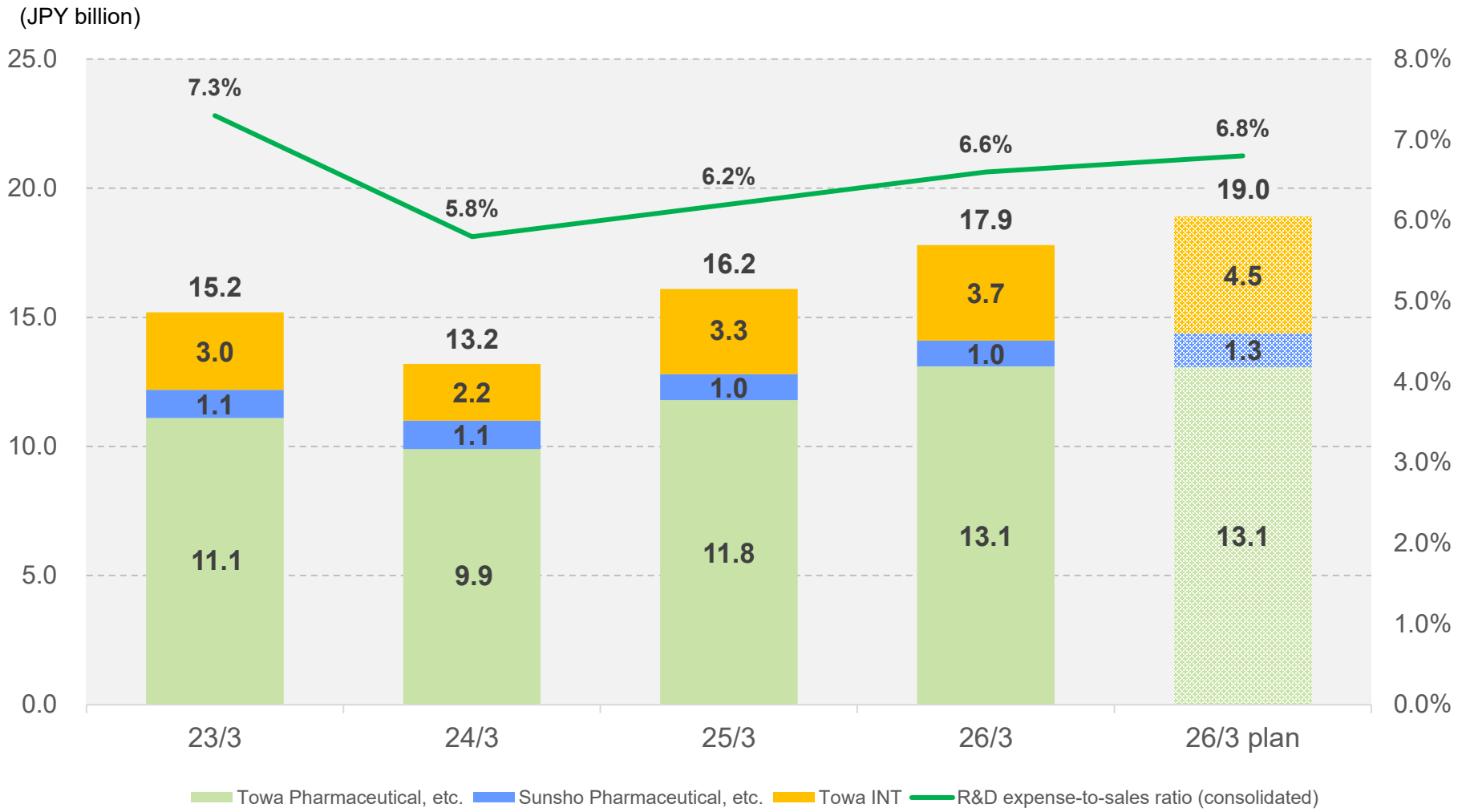
	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	**57,630**	**100.0**	**+ 7.0**	**53,865**	**100.0**	**54,600**	**100.0**	**105.5**
Europe	**38,432**	**66.7**	**+ 15.4**	**33,296**	**61.8**	**34,200**	**62.6**	**112.4**
U.S.	**19,197**	**33.3**	**- 6.7**	**20,569**	**38.2**	**20,400**	**37.4**	**94.1**
Cost of sales	37,237	64.6	+ 4.1	35,767	66.4	34,600	63.4	107.6
SGA	19,933	34.6	+ 12.9	17,647	32.8	19,300	35.3	103.3
Segment profit	**458**	**0.8**	**+ 2.0**	**449**	**0.8**	**700**	**1.3**	**65.6**

Exchange rate during period(TTM) EUR 1	26/3	25/3	Assumed rate for 26/3	**Exchange rate during period** (TTM) USD 1	26/3	25/3	Assumed rate for 26/3
	JPY 174.79	JPY 163.75	JPY 156.00		JPY 150.77	JPY 152.58	JPY 145.00

Note: Goodwill amortization is not included.

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Research and development expenses (consolidated)

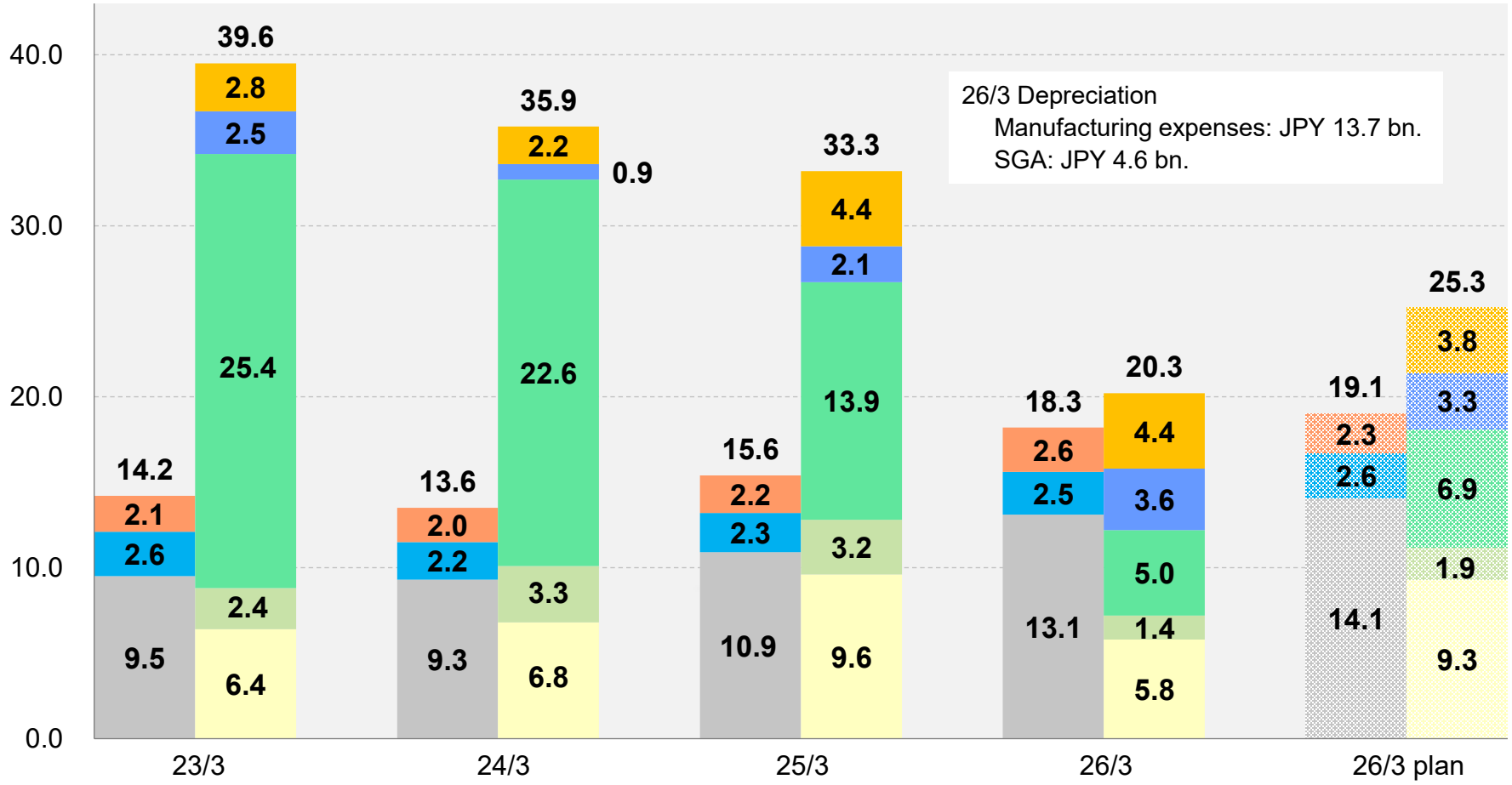


Notes: 1. Intergroup transactions have been eliminated.
2. The consolidated fiscal year ended March 31, 2023, of Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.
3. The method of rounding amounts less than 100 million yen has been changed since 2025/3.

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Capital expenditure and depreciation (consolidated)

(JPY billion)



Notes:
1. Capital expenditure includes the purchase of property, plant and equipment, as well as intangible assets.
2. Depreciation includes R&D expenses.
3. Depreciation does not include goodwill amortization for Towa INT and Sunsho Pharmaceutical.
4. The consolidated fiscal year ended March 31, 2023, for Towa INT and Sunsho Pharmaceutical is the 15-month period from January 1, 2022, to March 31, 2023.
5. The method of rounding amounts less than 100 million yen has been changed since 2025/3.

- Capex (Towa INT)
- Capex (Sunsho Pharmaceutical, etc.)
- Capex (Yamagata Plant)
- Capex (Okayama Plant)
- Capex (other)
- Depreciation (Towa INT)
- Depreciation (Sunsho Pharmaceutical, etc.)
- Depreciation (Towa Pharmaceutical, etc.)

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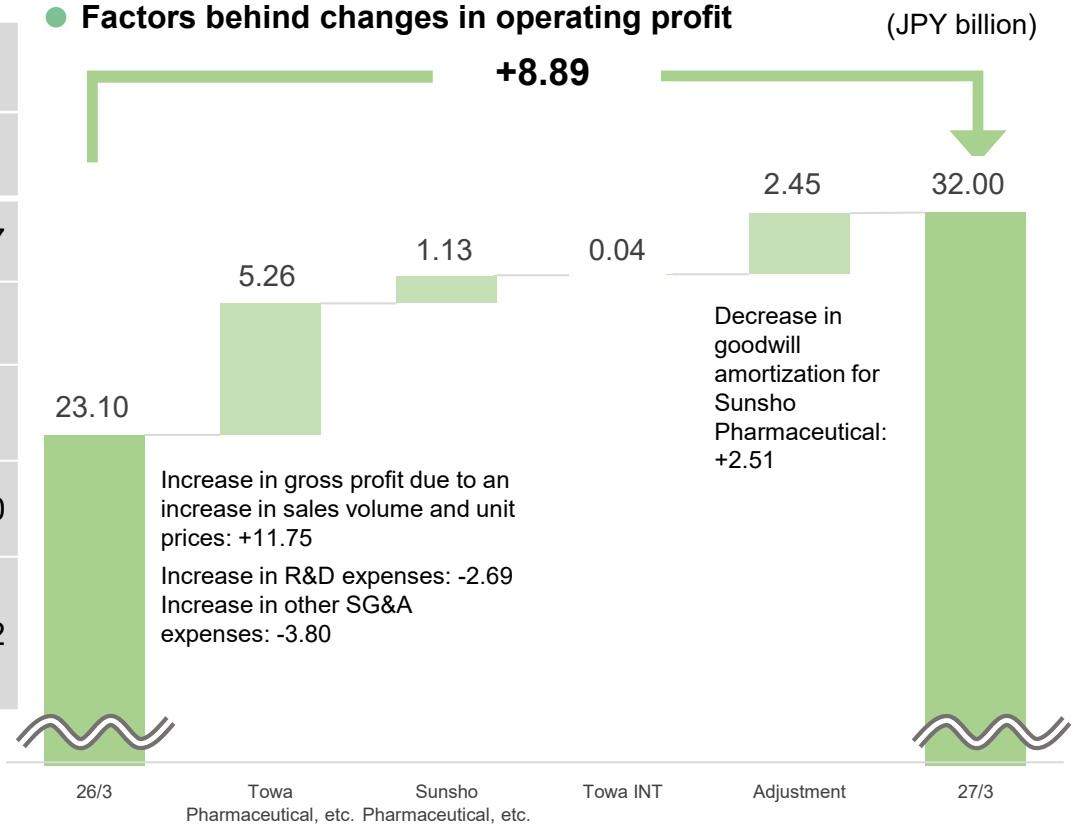
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Consolidated full-year earnings plan for 2027/3

- **YoY change: Both net sales and profit are expected to increase.**
- **Goodwill amortization for Sunsho Pharmaceutical will decrease from 3.4 billion yen/year to 0.9 billion yen/year.**
- **Ordinary profit does not include any gain and loss valuation of derivatives.**
  (In 26/3, a 5.3 billion yen gain on valuation of derivatives was recognized.)
- **Profit will increase significantly due to recovery from the impact of the impairment loss of 14.7 billion yen recognized in the previous fiscal year.**

	27/3 full-year plan		26/3 results
	(JPY billion)	YOY change (%)	(JPY billion)
Net sales	304.0	+ 11.1%	273.7
Gross profit	114.0	+ 15.0%	99.1
Operating profit	32.0	+ 38.5%	23.1
Ordinary profit	30.0	+ 6.8%	28.0
Profit attributable to owners of parent	21.5	+ 309.5%	5.2

- **Factors behind changes in operating profit**



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Full-year earnings plan for 2027/3 (Consolidated)

- **Net sales are expected to increase as Towa Pharmaceutical, etc. plans to increase the quantity supplied to the market through production volume increase, Sunsho Pharmaceutical, etc. will work on the recovery of the new application business, and Towa INT will launch new products in European BtoC and the U.S..**
- **Segment profit is expected to increase due to a drop in the cost of sales ratio on the back of an improved sales mix at Towa Pharmaceutical, etc. and an improved business mix at Sunsho Pharmaceutical, etc., as well as an increase in net sales.**

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	**304,000**	**100.0**	**+ 11.1**	**273,710**	**100.0**
Cost of sales	190,000	62.5	+ 8.8	174,606	63.8
SGA	82,000	27.0	+ 7.9	76,001	27.8
Operating profit	**32,000**	**10.5**	**+ 38.5**	**23,102**	**8.4**

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Full-year earnings plan for 2027/3 (Towa Pharmaceutical, etc.)

- **Both net sales and profit are expected to increase as the planned increase in production capacity to increase the quantity supplied to the market will in turn increase sales volume, while the continuation of the strategy to expand sales of products launched in recent years and the upward revision of the minimum NHI drug price will increase unit prices.**

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	**213,200**	**100.0**	**+ 13.3**	**188,102**	**100.0**
Cost of sales	127,300	59.7	+ 11.7	113,962	60.6
SGA	54,400	25.5	+ 13.6	47,903	25.5
Segment profit	**31,500**	**14.8**	**+ 20.1**	**26,236**	**13.9**

- Sales volume plan (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **Approx. 17.0 billion tablets**, **up approx. 8.2%** year on year

- Production volume plan (Towa Pharmaceutical non-consolidated; tablets and capsules only)
  → **Approx. 18.0 billion tablets**, **up approx. 9.5%** year on year

  Towa Pharmaceutical's three plants will increase their annual production capacity to 17.5 billion tablets in 2027/3. We will continue to work on increasing production, including outsourcing to other companies.

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Full-year earnings plan for 2027/3 (Sunsho Pharmaceutical, etc.)

- **Net sales are expected to increase as we will work on acquiring new customers and strengthening sales activities in the new application business and on new product release and improving prices in the domestic health food business.**
- **Segment profit is expected to increase due to, in addition to an increase in net sales, a drop in the cost of sales ratio achieved through an improved business mix resulting from a recovery in the new application business, which has a high profit margin.**

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	**31,600**	**100.0**	**+ 9.4**	**28,873**	**100.0**
Cost of sales	24,800	78.5	+ 4.5	23,727	82.2
SGA	4,800	15.2	+ 12.0	4,285	14.8
Segment profit	**2,000**	**6.3**	**+ 132.2**	**861**	**3.0**

Note: Goodwill amortization is not included.

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Full-year earnings plan for 2027/3 (Towa INT)

- **Both net sales and profit are expected to increase due to the launch new products in European BtoC and the U.S..**

(JPY million, %)

		27/3 full-year plan			26/3 results	
		(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales		**60,000**	**100.0**	**+ 4.1**	**57,630**	**100.0**
	Europe	**38,600**	**64.3**	**+ 0.4**	**38,432**	**66.7**
	U.S.	**21,400**	**35.7**	**+ 11.5**	**19,197**	**33.3**
Cost of sales		38,400	64.0	+ 3.1	37,237	64.6
SGA		21,100	35.2	+ 5.9	19,933	34.6
Segment profit		**500**	**0.8**	**+ 8.9**	**458**	**0.8**

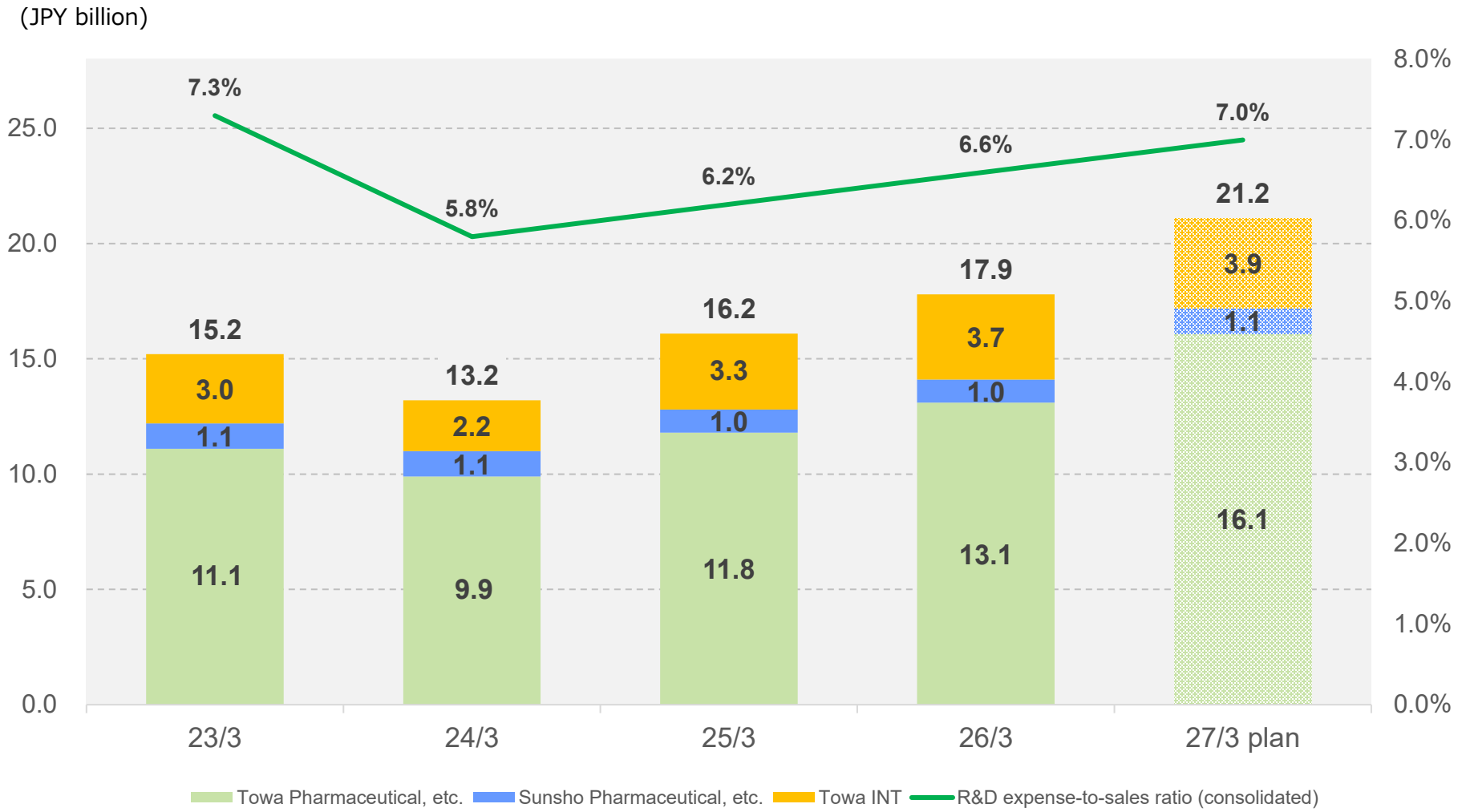
Exchange rate during period(TTM) EUR 1	Assumed rate for 27/3	26/3
	JPY 177.00	JPY 174.79

Exchange rate during period(TTM) USD 1	Assumed rate for 27/3	26/3
	JPY 154.00	JPY 150.77

Note: Goodwill amortization is not included.

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Research and development expenses (consolidated)

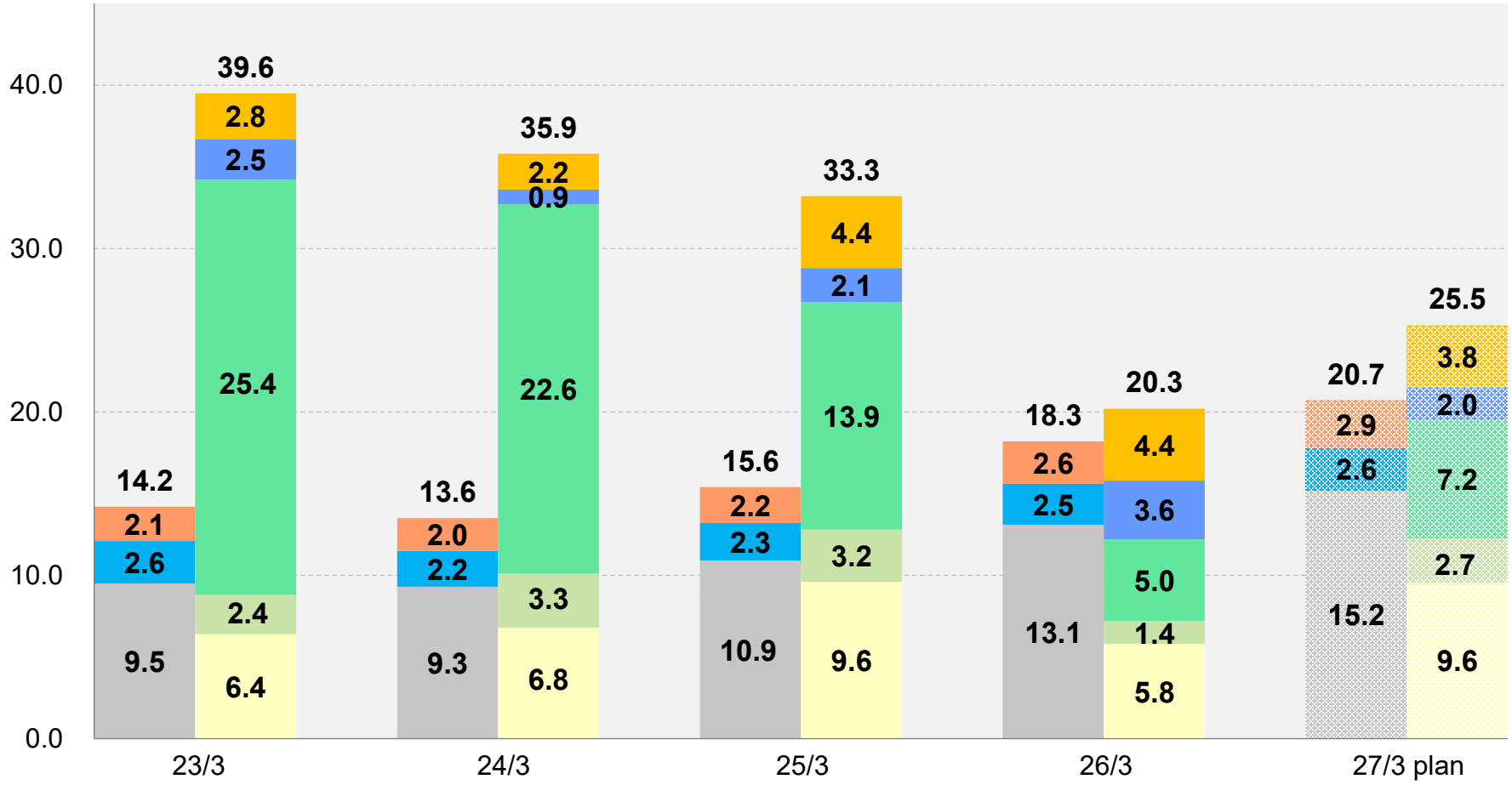


Notes: 1. Intergroup transactions have been eliminated.
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3. The method of rounding amounts less than 100 million yen has been changed since 2025/3.

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Capital expenditure and depreciation (consolidated)

(JPY billion)



Notes:
1. Capital expenditure includes the purchase of property, plant and equipment, as well as intangible assets.
2. Depreciation includes R&D expenses.
3. Depreciation does not include goodwill amortization for Towa INT and Sunsho Pharmaceutical.
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5. The method of rounding amounts less than 100 million yen has been changed since 2025/3.

- Capex (Towa INT)
- Capex (Sunsho Pharmaceutical, etc.)
- Capex (Yamagata Plant)
- Capex (Okayama Plant)
- Capex (other)
- Depreciation (Towa INT)
- Depreciation (Sunsho Pharmaceutical, etc.)
- Depreciation (Towa Pharmaceutical, etc.)

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New products to be launched in March 2026/listed on NHI drug reimbursement price list in June 2026 (Non-consolidated)

Scheduled timing of launch/listing	Product name	Original/representative drug name
March 2026	PRASUGREL TABLETS 2.5mg/3.75mg/5mg “TOWA” PRASUGREL OD TABLETS 20mg “TOWA”	EFIENT® TABLETS 2.5mg/3.75mg/5mg EFIENT® OD TABLETS 20mg
June 2026	ELTROMBOPAG TABLETS 12.5mg/25mg “TOWA”	REVOLADE Tablets 12.5mg/25mg
	LACOSAMIDE TABLETS 50 mg/100 mg “TOWA” LACOSAMIDE DS 10% “TOWA”	VIMPAT TABLETS 50mg/100mg VIMPAT DRY SYRUP 10%
	FINGOLIMOD CAPSULES 0.5mg “TOWA”	IMUSERA Capsules 0.5mg/ GILENYA Capsules 0.5mg
	DAPAGLIFLOZIN TABLETS 5mg/10mg “TOWA”	Forxiga 5mg/10mg tablets
	DESLORATADINE OD TABLETS 5mg “TOWA”	DESALEX Tablets 5mg (Different dosage form)
	BILASTINE OD TABLETS 20mg “TOWA”	Bilanoa OD tablet 20mg
	ARIPIPRAZOLE TABLETS 1mg “TOWA” ARIPIPRAZOLE ORAL SOLUTION 1mg “TOWA	ABILIFY Tablets 1mg ABILIFY Oral Solution 0.1%

12 products based on 7 active ingredients are scheduled to be launched for listing on the NHI price list in June.

Sales of approx. 13.8 billion yen in total are planned for 16 products based on 8 active ingredients, including Prasugrel launched in March, for the first fiscal year.

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Recognition of impairment loss

- We recognized an impairment loss of 14.7 billion yen on the goodwill of Sunsho Pharmaceutical for 2026/3.
- Goodwill amortization is expected to decrease from 3.4 billion yen/year to 0.9 billion yen/year for subsequent years through 2032/3.

	Environmental changes and challenges since acquisition	Future efforts
Domestic health food business	• **Deterioration of profitability** Sluggish business activity due to the COVID-19 pandemic Shrinking domestic market due to the red yeast rice scandal Increased costs due to rising prices • **Delays in creating synergies with Towa Pharmaceutical** Sluggish business activity due to the COVID-19 pandemic Delays in business strategy formulation and joint product development	• Continuous launch of new products • Improving profitability by optimizing selling prices • Improving plant utilization rates and production efficiency • Continuing efforts to create synergies with the Towa Pharmaceutical Group
Generics business	• **Delays in creating synergies with Towa Pharmaceutical** Sluggish business activity due to the COVID-19 pandemic Delays in drug development utilizing UniORV technology	• Continuing efforts to create synergies with the Towa Pharmaceutical Group
New application business	• **Deterioration of the competitive environment overseas** Decrease in orders due to competitors improving quality, lowering prices, and shortening delivery times	• Strengthening sales activities to existing customers • Acquiring new customers

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Progress toward major financial targets

Progress toward financial targets based on the 2027/3 plan

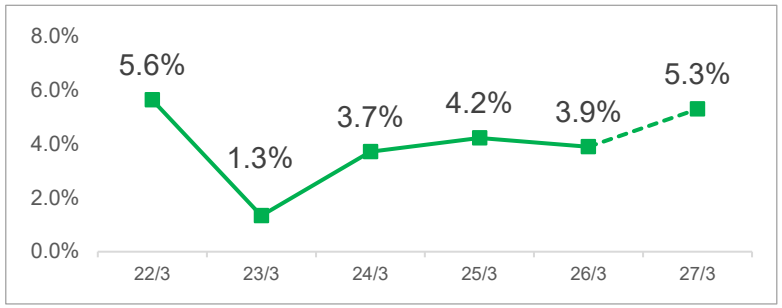
Net sales are expected to be achieved.
Operating income is expected to fall slightly below the target.
Capital expenditure exceeded the target to support further production expansion, and inventories increased to secure stable supply, leading to higher-than-expected interest-bearing debt. As a result, ROIC is expected to fall below the target.

	Financial targets	Progress and forecast
Net sales (Final year)	[Consolidated] 300 billion yen achieved [Non-consolidated] 200 billion yen achieved	[Consolidated] 304 billion yen [Non-consolidated] 208 billion yen
Operating profit (cumulative total)	[Consolidated] 80 billion yen or more	[Consolidated] 78.3 billion yen
ROIC (Final year)	[Consolidated] 6% or more (with the impact of goodwill) 7% or more (without the impact of goodwill)	[Consolidated] 5.3% (with the impact of goodwill) 5.9% (without the impact of goodwill)
R&D expenses (cumulative total)	[Consolidated] 55 billion yen or more	[Consolidated] 55.4 billion yen
Capital expenditure (cumulative total)	[Consolidated] 60 billion yen or more	[Consolidated] 79.3 billion yen

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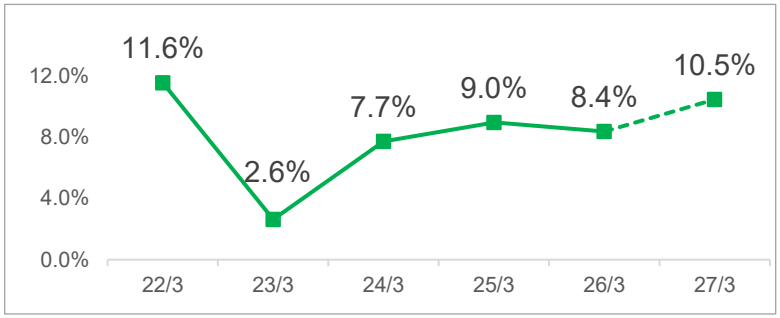
Initiatives to increase corporate value
- Analysis of the current situation and future policy

ROIC



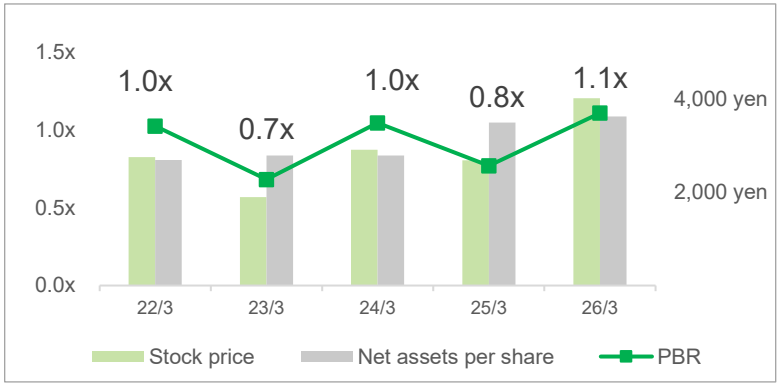
- While operating profit has increased compared with the assumptions at the time of the medium-term business plan, interest-bearing debt has also risen above the initial outlook, due to increased capital expenditures to support further production expansion and higher inventories to ensure stable supply. As a result, achieving the 6% ROIC target* has become challenging.
- We recognize it is important to optimize our interest-bearing debt by improving operating profit and managing investment projects with an awareness of the cost of capital.
  * We consider WACC to be around 5.5% and the cost of equity to be around 8.5% (2026/3).

Operating margin



- While the operating profit margins have been on an improving trend since 2024/3, for 2026/3 dropped due to a rise in the cost of sales ratio caused by a worsening business mix at Sunsho Pharmaceutical, etc..
- For 2027/3, we plan to improve the cost of sales ratio and the operating profit margin by working to improve the sales mix at Towa Pharmaceutical, etc. and the business mix at Sunsho Pharmaceutical, etc..

PBR



- Our stock price has risen due to increased expectations for the generic drug industry following reforms to the pharmaceutical pricing system, growing demand for our products, and strengthened dialogue with stakeholders, and our PBR exceeded 1x at the end of 2026/3.
  Our stock price reached 4,410 yen in February, setting a new all-time high since listing (and reached a new high of 4,490 yen in April).
  New sell-side analysts from two companies started covering our stock.
- We will continue to work on corporate value enhancement by strengthening dialogue with stakeholders and reporting any opinions or suggestions received to management.
  Number of one-on-one IR interviews: 108 (2026/3 results)

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Collaborations with Adragos Pharma Kawagoe and Sanwa Kagaku Kenkyusho

- **Adragos Pharma Kawagoe**
  We entered into a basic agreement to establish a collaborative framework to ensure stable supply of Off-Patent Medicinal Products.
  We plan to outsource production of approx. 500 million tablets by 2029 and approx. 1.5 billion tablets by 2033.

Objective	To secure manufacturing capacity and establish a mutual backup system to ensure a stable supply of Off-Patent Medicinal Products
Framework	We will secure manufacturing capacity by outsourcing production to Adragos Pharma Kawagoe. Both companies will build efficient production systems while establishing a framework that allows mutual backup production.
Schedule	From April 2026 onward, production will commence sequentially for products agreed upon by both companies, once the necessary production preparations have been completed.

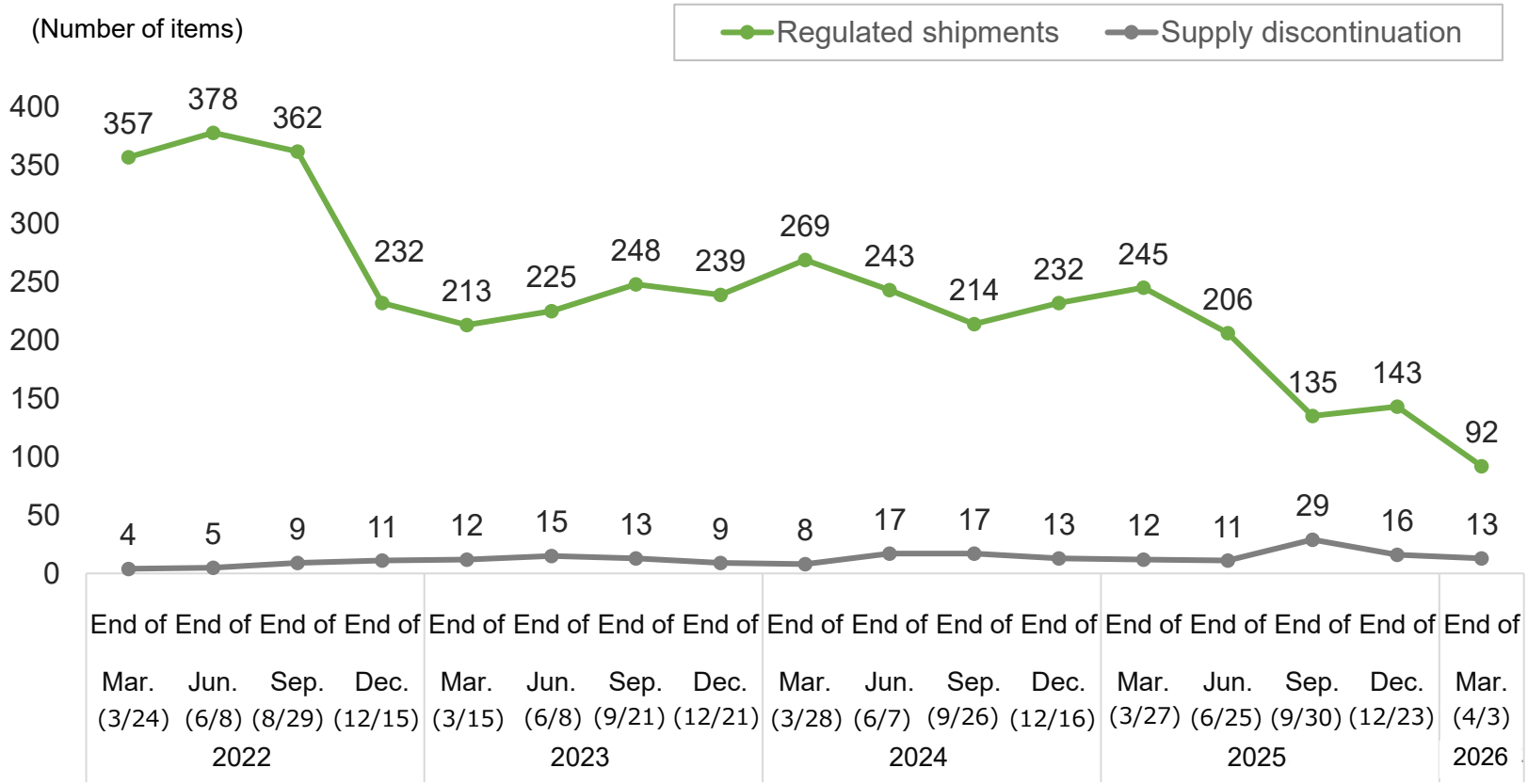
- **Sanwa Kagaku Kenkyusho**
  We reached an agreement on collaboration to establish a backup production system to ensure stable supply of Off-Patent Medicinal Products.
  We plan to outsource production of approx. 700 million tablets by FY2028 (one product has already been outsourced by FY2025).

Objective	To secure manufacturing capacity and establish a mutual backup system to ensure a stable supply of Off-Patent Medicinal Products
Framework	We will secure manufacturing capacity by outsourcing production to Sanwa Kagaku Kenkyusho. Both companies will build efficient production systems while establishing a framework that allows mutual backup production.
Schedule	Production will commence sequentially for products agreed upon by both companies once the necessary production preparations have been completed.

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Trends in the number of items with regulated shipments

- **As of April 2026, the number of item with regulated shipments was 92, a decrease of 153 items from the end of March 2025.**
- Regarding the 16 injection ampoules for which a voluntary recall was announced in August 2025, 15 products in total (excluding one product whose sales have been discontinued) are being shipped normally as of April 2026.



Note: From December 2025 onward, the number of items with restricted shipments and those with suspended supply will include those scheduled for removal from the official drug price list.

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Outline of financial results for 2026/3 (Consolidated)

(JPY million, %)

	26/3 results			25/3 results		26/3 full-year plan (announced on May 15, 2025)		
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Net sales	**273,710**	**100.0**	**+ 5.4**	**259,594**	**100.0**	**280,000**	**100.0**	**97.8**
Cost of sales	174,606	63.8	+ 5.9	164,865	63.5	176,000	62.9	99.2
Gross profit	99,104	36.2	+ 4.6	94,729	36.5	104,000	37.1	95.3
SGA	76,001	27.8	+ 6.3	71,486	27.5	77,000	27.5	98.7
Operating profit	**23,102**	**8.4**	**- 0.6**	**23,242**	**9.0**	**27,000**	**9.6**	**85.6**
Ordinary profit	28,079	10.3	+ 7.4	26,152	10.1	25,300	9.0	111.0
Profit before income taxes	13,165	4.8	- 50.0	26,330	10.1	25,300	9.0	52.0
Profit attributable to owners of parent	5,250	1.9	- 72.3	18,986	7.3	17,700	6.3	29.7

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Outline of financial results for 2026/3 (Domestic segment)

(JPY million, %)

		26/3 results			25/3 results		26/3 full-year plan		
		(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Domestic segment	**Net sales**	**216,976**	**100.0**	**+ 5.3**	**206,103**	**100.0**	**226,700**	**100.0**	**95.7**
	Cost of sales	137,689	63.5	+ 6.5	129,323	62.7	141,700	62.5	97.2
	SGA	52,188	24.1	+ 5.3	49,563	24.0	54,400	24.0	95.9
	Segment profit	**27,097**	**12.5**	**- 0.4**	**27,216**	**13.2**	**30,600**	**13.5**	**88.6**
Towa Pharmaceutical, etc.	**Net sales**	**188,102**	**100.0**	**+ 6.0**	**177,481**	**100.0**	**196,500**	**100.0**	**95.7**
	Cost of sales	113,962	60.6	+ 6.4	107,114	60.4	118,500	60.3	96.2
	SGA	47,903	25.5	+ 6.0	45,197	25.5	49,800	25.3	96.2
	Segment profit	**26,236**	**13.9**	**+ 4.2**	**25,169**	**14.2**	**28,200**	**14.4**	**93.0**
Sunsho Pharmaceutical, etc.	**Net sales**	**28,873**	**100.0**	**+ 0.9**	**28,621**	**100.0**	**30,200**	**100.0**	**95.6**
	Cost of sales	23,727	82.2	+ 6.8	22,208	77.6	23,200	76.8	102.3
	SGA	4,285	14.8	- 1.9	4,366	15.3	4,600	15.2	93.2
	Segment profit	**861**	**3.0**	**- 57.9**	**2,046**	**7.2**	**2,400**	**7.9**	**35.9**

Note: Goodwill amortization is not included.

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Outline of financial results for 2026/3 (Overseas segment)

(JPY million, %)

		26/3 results			25/3 results		26/3 full-year plan		
		(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)	Achievement rate (%)
Overseas segment	**Net sales**	**57,630**	**100.0**	**+ 7.0**	**53,865**	**100.0**	**54,600**	**100.0**	**105.5**
	Cost of sales	37,237	64.6	+ 4.1	35,767	66.4	34,600	63.4	107.6
	SGA	19,933	34.6	+ 12.9	17,647	32.8	19,300	35.3	103.3
	Segment profit	**458**	**0.8**	**+ 2.0**	**449**	**0.8**	**700**	**1.3**	**65.6**
Europe	**Net sales**	**38,432**	**100.0**	**+ 15.4**	**33,296**	**100.0**	**34,200**	**100.0**	**112.4**
	Cost of sales	24,746	64.4	+ 14.3	21,646	65.0	21,200	62.0	116.7
	SGA	14,385	37.4	+ 12.5	12,790	38.4	13,300	38.9	108.2
	Segment loss	**- 700**	**- 1.8**	**—**	**- 1,141**	**- 3.4**	**- 300**	**- 0.9**	**—**
U.S.	**Net sales**	**19,197**	**100.0**	**- 6.7**	**20,569**	**100.0**	**20,400**	**100.0**	**94.1**
	Cost of sales	12,491	65.1	- 11.5	14,121	68.7	13,400	65.7	93.2
	SGA	5,547	28.9	+ 14.2	4,856	23.6	6,000	29.4	92.5
	Segment profit	**1,159**	**6.0**	**- 27.2**	**1,591**	**7.7**	**1,000**	**4.9**	**115.9**

Note: Goodwill amortization is not included.

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Outline of financial results for 2026/3 (Segment information)

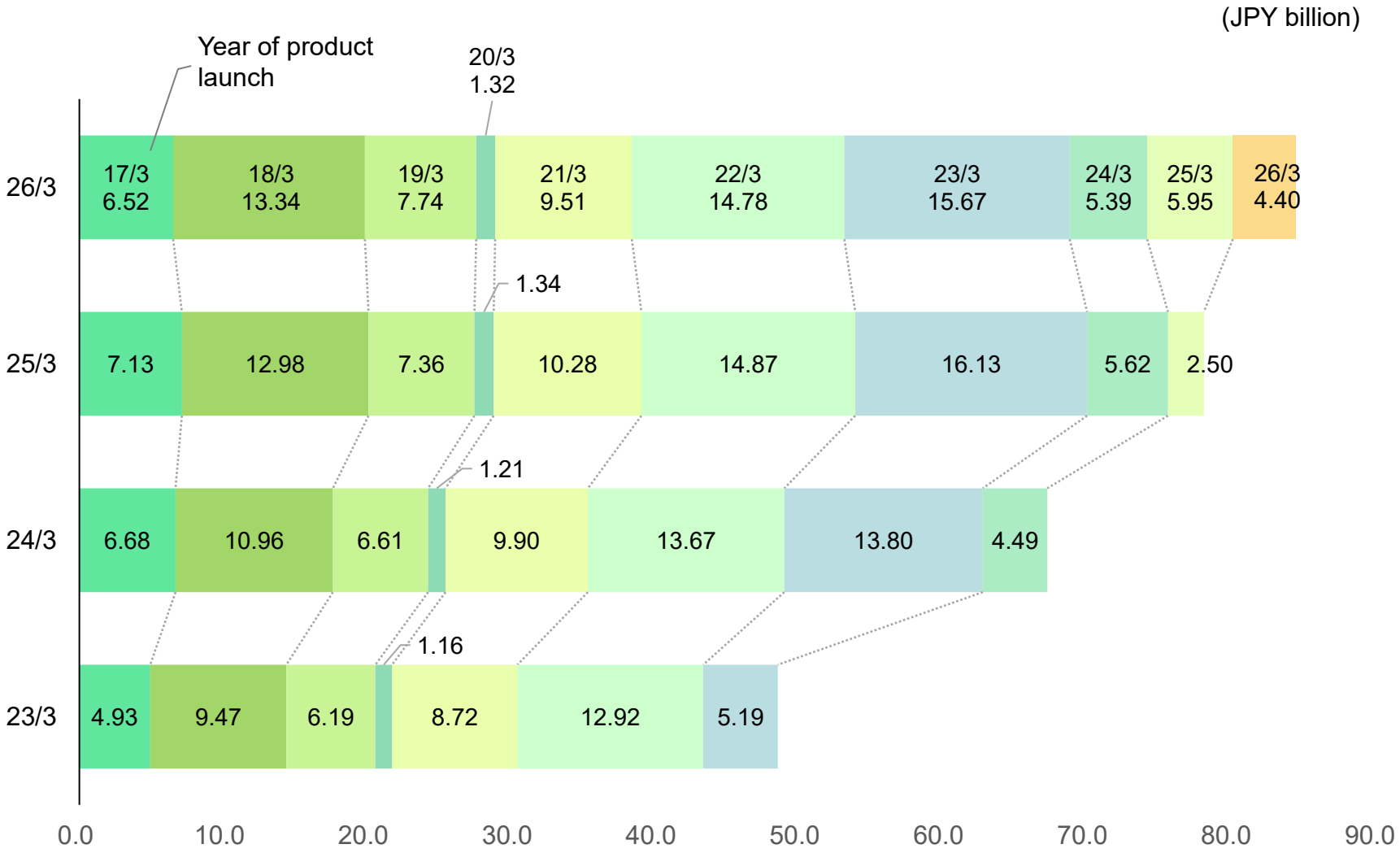
(JPY million)

	Reportable segment		Total	Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas			
	Towa Pharmaceutical, etc. Sunsho Pharmaceutical, etc.	Towa INT			
Net sales	216,976	57,630	274,606	- 895	273,710
Cost of sales	137,689	37,237	174,927	- 321	174,606
SGA	52,188	19,933	72,122	+ 3,879	76,001
Segment profit	27,097	458	27,556	- 4,453	23,102

Notes: 1. Since SGA adjustments include goodwill amortization and internal transactions between Towa Pharmaceutical and Towa INT, they do not equal the sum of the following goodwill amortization.
2. Goodwill amortization: Towa INT JPY 1,078 million; Sunsho Pharmaceutical, etc. JPY 3,411 million

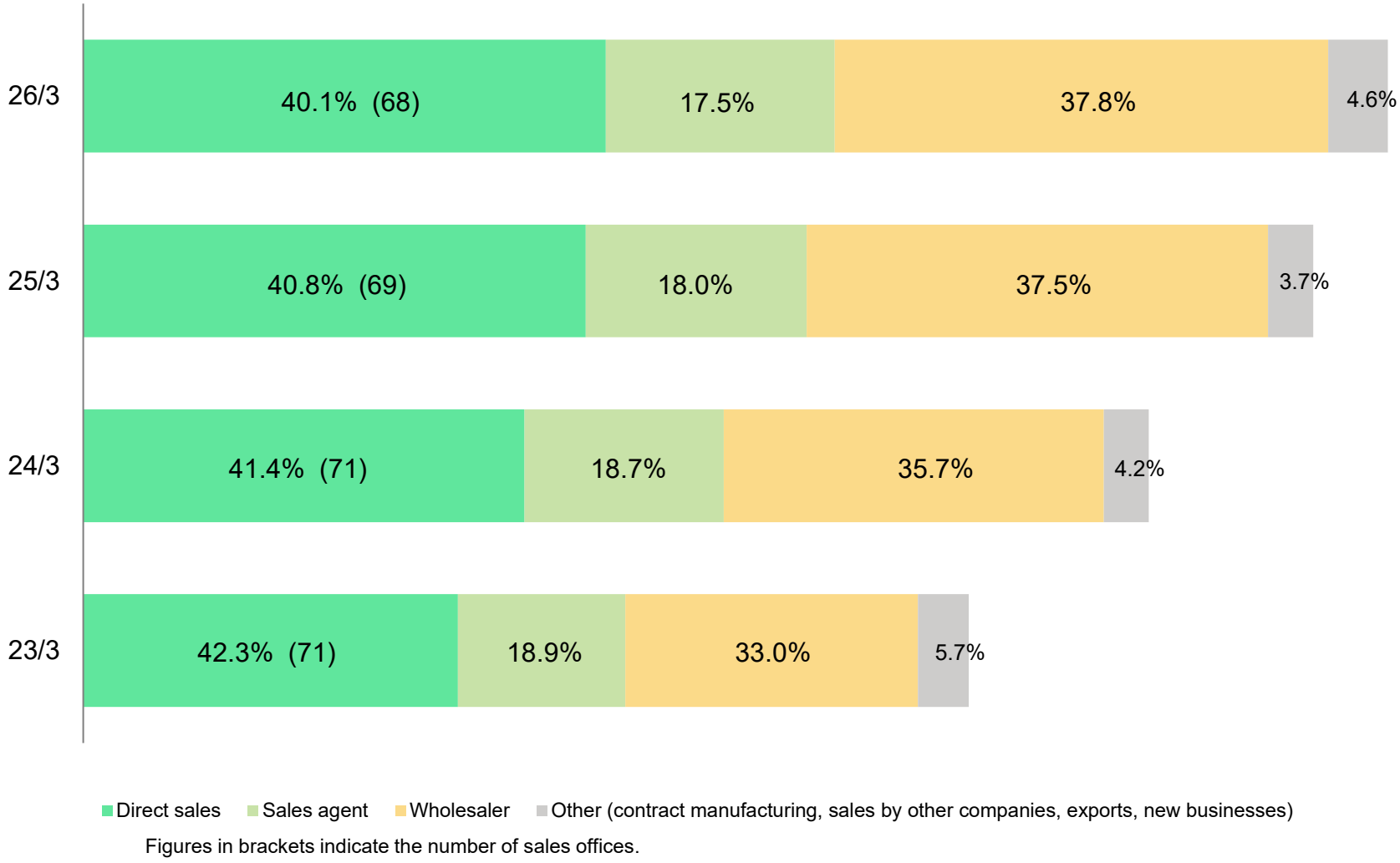
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Net sales by supplement year (Non-consolidated)



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Net sales by distribution channel (Non-consolidated)



Figures in brackets indicate the number of sales offices.

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Selling, general and administrative expenses
(Domestic segment)

(JPY million, %)

	26/3			25/3	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Personnel	18,641	8.6	+ 2.9	18,118	8.8
Advertising	977	0.5	+ 11.3	878	0.4
Packing & freight	2,985	1.4	- 0.0	2,985	1.4
Commissions paid	6,162	2.8	- 6.7	6,608	3.2
R&D expenses	14,814	6.8	+ 13.9	13,011	6.3
Depreciation	1,900	0.9	+ 28.7	1,476	0.7
Other	6,707	3.1	+ 3.4	6,485	3.1
SGA	52,188	24.1	+ 5.3	49,563	24.0

Notes 1. Goodwill amortization is not included.
2. Expenses arising in the R&D Division have been reclassified as R&D expenses.

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Balance sheets (Consolidated)

(JPY million)

Item	26/3	25/3	Change
Cash and deposits	45,306	45,471	- 164
Notes and accounts receivable–trade	63,283	61,449	+ 1,833
Electronically recorded monetary claims–operating	10,898	10,496	+ 401
Merchandise and finished goods	54,255	44,770	+ 9,485
Other inventories	69,171	63,517	+ 5,653
Other current assets	24,428	21,600	+ 2,828
Total current assets	267,343	247,306	+ 20,037
Buildings and structures, net	86,575	76,073	+ 10,501
Machinery, equipment and vehicles, net	20,458	18,367	+ 2,091
Lease assets	12,921	11,802	+ 1,118
Construction in progress	27,387	40,089	- 12,702
Goodwill	9,468	28,115	-18,647
Other non-current assets	51,135	49,068	+ 2,067
Total non-current assets	207,946	223,517	- 15,570
Total assets	475,290	470,823	+ 4,466

Item	26/3	25/3	Change
Notes and accounts payable–trade	21,309	17,918	+ 3,391
Electronically recorded obligations–operating	12,034	12,123	- 88
Short-term borrowings	7,100	4,699	+ 2,401
Current portion of long-term borrowings	21,772	18,023	+ 3,748
Lease obligations	1,699	1,383	+ 316
Notes and accounts payable–equipment	3,518	9,073	- 5,554
Other current liabilities	29,431	24,717	+ 4,714
Total current liabilities	96,867	87,939	+ 8,928
Long-term borrowings	183,335	195,077	- 11,741
Lease obligations	12,829	11,801	+ 1,028
Other non-current liabilities	4,152	4,379	- 226
Total non-current liabilities	200,318	211,259	- 10,940
Total liabilities	297,186	299,198	- 2,012
Foreign currency translation adjustment	18,989	13,921	+ 5,068
Other net assets	159,114	157,703	+ 1,410
Total net assets	178,103	171,625	+ 6,478
Total liabilities and net assets	475,290	470,823	+ 4,466

Exchange rate at end of period (TTM) EUR 1	26/3	25/3
	JPY 183.41	JPY 162.08

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Statement of cash flows (Consolidated)

(JPY million)

	26/3	25/3	Change	26/3 main items
Cash flows from operating activities	30,429	23,401	+ 7,028	• Depreciation: + 18,347 • Impairment loss: + 14,729 • Profit before income taxes: + 13,165 • Increase in inventories: - 13,790
Cash flows from investing activities	- 25,660	- 31,287	+ 5,627	• Purchase of property, plant and equipment: - 22,277
Cash flows from financing activities	- 6,828	21,567	- 28,395	• Repayments of long-term borrowings: - 19,343 • Proceeds from long-term borrowings: + 10,898
Ending balance of cash and cash equivalents	44,811	45,460	- 648	

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Full-year earnings plan for 2027/3 (Consolidated)

(JPY million, %)

	27/3 full-year plan			26/3 results	
	(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Net sales	**304,000**	**100.0**	**+ 11.1**	**273,710**	**100.0**
Cost of sales	190,000	62.5	+ 8.8	174,606	63.8
Gross profit	114,000	37.5	+ 15.0	99,104	36.2
SGA	82,000	27.0	+ 7.9	76,001	27.8
Operating profit	**32,000**	**10.5**	**+ 38.5**	**23,102**	**8.4**
Ordinary profit	30,000	9.9	+ 6.8	28,079	10.3
Profit before income taxes	30,000	9.9	+ 127.9	13,165	4.8
Profit attributable to owners of parent	21,500	7.1	+ 309.5	5,250	1.9

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Full-year earnings plan for 2027/3 (Domestic segment)

(JPY million, %)

		27/3 full-year plan			26/3 results	
		(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Domestic segment	**Net sales**	**244,800**	**100.0**	**+ 12.8**	**216,976**	**100.0**
	Cost of sales	152,100	62.1	+ 10.5	137,689	63.5
	SGA	59,200	24.2	+ 13.4	52,188	24.1
	Segment profit	**33,500**	**13.7**	**+ 23.6**	**27,097**	**12.5**
Towa Pharmaceutical , etc.	**Net sales**	**213,200**	**100.0**	**+ 13.3**	**188,102**	**100.0**
	Cost of sales	127,300	59.7	+ 11.7	113,962	60.6
	SGA	54,400	25.5	+ 13.6	47,903	25.5
	Segment profit	**31,500**	**14.8**	**+ 20.1**	**26,236**	**13.9**
Sunsho Pharmaceutical , etc.	**Net sales**	**31,600**	**100.0**	**+ 9.4**	**28,873**	**100.0**
	Cost of sales	24,800	78.5	+ 4.5	23,727	82.2
	SGA	4,800	15.2	+ 12.0	4,285	14.8
	Segment profit	**2,000**	**6.3**	**+ 132.2**	**861**	**3.0**

Note: Goodwill amortization is not included.

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Full-year earnings plan for 2027/3 (Overseas segment)

(JPY million, %)

		27/3 full-year plan			26/3 results	
		(JPY million)	Percentage of net sales (%)	YOY change (%)	(JPY million)	Percentage of net sales (%)
Overseas segment	**Net sales**	**60,000**	**100.0**	**+ 4.1**	**57,630**	**100.0**
	Cost of sales	38,400	64.0	+ 3.1	37,237	64.6
	SGA	21,100	35.2	+ 5.9	19,933	34.6
	Segment profit	**500**	**0.8**	**+ 8.9**	**458**	**0.8**
Europe	**Net sales**	**38,600**	**100.0**	**+ 0.4**	**38,432**	**100.0**
	Cost of sales	23,900	61.9	- 3.4	24,746	64.4
	SGA	15,100	39.1	+ 5.0	14,385	37.4
	Segment loss	**- 400**	**- 1.0**	**—**	**- 700**	**- 1.8**
U.S.	**Net sales**	**21,400**	**100.0**	**+ 11.5**	**19,197**	**100.0**
	Cost of sales	14,500	67.8	+ 16.1	12,491	65.1
	SGA	6,000	28.0	+ 8.2	5,547	28.9
	Segment profit	**900**	**4.2**	**- 22.3**	**1,159**	**6.0**

Note: Goodwill amortization is not included.

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Full-year earnings plan for 2027/3 (Segment information)

(JPY million)

	Reportable segment		Total	Adjustment (Goodwill amortization, etc.)	Consolidated
	Domestic	Overseas			
	Towa Pharmaceutical, etc. Sunsho Pharmaceutical, etc.	Towa INT			
Net sales	244,800	60,000	304,800	- 800	304,000
Cost of sales	152,100	38,400	190,500	- 500	190,000
SGA	59,200	21,100	80,300	+ 1,700	82,000
Segment profit	33,500	500	34,000	- 2,000	32,000

Notes: 1. Since SGA adjustments include goodwill amortization and internal transactions between Towa Pharmaceutical and Towa INT, they do not equal the sum of the following goodwill amortization.
2. Goodwill amortization: Towa INT JPY 1,100 million; Sunsho Pharmaceutical, etc. JPY 900 million

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Interim earnings plan for 2027/3 (Consolidated)

(JPY million, %)

	27/3 first half plan		27/3 second half plan	
	(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Net sales	**145,700**	**100.0**	**158,300**	**100.0**
Cost of sales	92,000	63.1	98,000	61.9
Gross profit	53,700	36.9	60,300	38.1
SGA	41,000	28.1	41,000	25.9
Operating profit	**12,700**	**8.7**	**19,300**	**12.2**
Ordinary profit	11,700	8.0	18,300	11.6
Profit before income taxes	11,700	8.0	18,300	11.6
Profit attributable to owners of parent	8,100	5.6	13,400	8.5

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Interim earnings plan for 2027/3 (Domestic segment)

(JPY million, %)

		27/3 first half plan		27/3 second half plan	
		(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Domestic segment	**Net sales**	**116,700**	**100.0**	**128,100**	**100.0**
	Cost of sales	72,900	62.5	79,200	61.8
	SGA	29,500	25.3	29,700	23.2
	Segment profit	**14,300**	**12.3**	**19,200**	**15.0**
Towa Pharmaceutical, etc.	**Net sales**	**102,000**	**100.0**	**111,200**	**100.0**
	Cost of sales	61,100	59.9	66,200	59.5
	SGA	27,200	26.7	27,200	24.5
	Segment profit	**13,700**	**13.4**	**17,800**	**16.0**
Sunsho Pharmaceutical, etc.	**Net sales**	**14,700**	**100.0**	**16,900**	**100.0**
	Cost of sales	11,800	80.3	13,000	76.9
	SGA	2,300	15.6	2,500	14.8
	Segment profit	**600**	**4.1**	**1,400**	**8.3**

Note: Goodwill amortization is not included.

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Interim earnings plan for 2027/3 (Overseas segment)

(JPY million, %)

		27/3 first half plan		27/3 second half plan	
		(JPY million)	Percentage of net sales (%)	(JPY million)	Percentage of net sales (%)
Overseas segment	**Net sales**	**29,500**	**100.0**	**30,500**	**100.0**
	Cost of sales	19,400	65.8	19,000	62.3
	SGA	10,700	36.3	10,400	34.1
	Segment profit (loss)	**- 600**	**- 2.0**	**1,100**	**3.6**
Europe	**Net sales**	**18,800**	**100.0**	**19,800**	**100.0**
	Cost of sales	12,100	64.4	11,800	59.6
	SGA	7,700	41.0	7,400	37.4
	Segment profit (loss)	**- 1,000**	**- 5.3**	**600**	**3.0**
U.S.	**Net sales**	**10,700**	**100.0**	**10,700**	**100.0**
	Cost of sales	7,300	68.2	7,200	67.3
	SGA	3,000	28.0	3,000	28.0
	Segment profit	**400**	**3.7**	**500**	**4.7**

Note: Goodwill amortization is not included.

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Impact of the situation in the Middle East on business and performance

- **The Towa Pharmaceutical Group does not anticipate any significant impacts, such as stock shortages or delivery delays, at this time.**
  We anticipate the impact on our first-quarter results to be minor, and we will disclose any further specific impacts in our quarterly financial statements.

	Affected products	Scope of impact
Active pharmaceutical ingredients and excipients	• Some active pharmaceutical ingredients • Solvents such as toluene, acetone, and hexane used during synthesis and manufacturing	• Supply restrictions, delivery delays • Price increase • Pharmaceutical procedures for using substitute products (evaluation, application for major change, notification of minor change)
Materials	• Containers, such as plastic bottles, PE tubes, and caps • Plastic packaging materials, such as PTP films and pillow packaging materials • Aluminum packaging materials	• Supply restrictions, delivery delays • Price increase • Pharmaceutical procedures for using substitute products (stability check, machine suitability check)
consumables	• Gloves, plastic bags, etc., used in plants	• Supply restrictions, delivery delays • Price increase
Energy	• Fuel for transportation	• Rising transportation costs • Rising utilities costs

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Forward-looking statements are based on targets and projections, and do not offer commitments or guarantees.

Please be aware that results may differ from the forecasts.

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