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.

November 11, 2026

To whom it may concern:

Notice of Recognition of a Non-Operating Expense (Loss on Valuation of Derivatives)

Towa Pharmaceutical Co., Ltd. (hereinafter, the "Company") announces that it has recognized a non-operating expense (loss on valuation of derivatives) for the six months from April 1, 2026 to September 30, 2026 (interim period) of the fiscal year ending March 31, 2027 as follows:

1. Recognition of a non-operating expense (loss on valuation of derivatives)

Due to the appreciation of the yen and widening of the long-term interest rate differential between Japan and the U.S. compared to the end of March 2026, the Company has recognized a loss on valuation of derivatives of 2,355 million yen in non-operating expenses for the six months ended September 30, 2026 (interim period) of the fiscal year ending March 31, 2027.

2. Impact on financial results

The non-operation expense stated above has been reflected in the "Consolidated Financial Results for the Six Months Ended September 30, 2026 (Based on Japanese GAAP)" announced today.

Regarding our consolidated financial forecast for the fiscal year ending March 2027, we have not revised the forecast announced on May 14, 2026. However, if any revisions become necessary in the future, we will promptly disclose them. The plan does not reflect any gains or losses on the valuation of derivatives as the outlook of the foreign exchange markets is uncertain.

End of Notice