Translation

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FASF MEMBERSHIP

August 13, 2026

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2026 (Under Japanese GAAP)

Company name:	Taiko Pharmaceutical Co., Ltd.
Listing:	Tokyo Stock Exchange
Securities code:	4574
URL	https://www.seirogan.co.jp/en/corporate/
Representative:	Takashi Shibata, President and CEO
Inquiries:	Toru Nakajo, VP, Corporate Division, Accounting Department Email: ir@seirogan.co.jp

Scheduled date to file interim securities report: August 13, 2026
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise stated.)

1. Consolidated financial results for the six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	2,636	9.3	17	(63.4)	41	101.4	44	(84.1)
June 30, 2025	2,412	(15.7)	46	(90.3)	20	(96.1)	279	(63.4)

Note: Comprehensive income For the six months ended June 30, 2026: ¥56 million [–%]
For the six months ended June 30, 2025: ¥(32) million [–%]

	Basic earnings (loss) per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2026	0.89	–
June 30, 2025	5.57	–

Notes: 1. Diluted earnings per share for the six months ended June 30, 2025 is not presented as the Company had no potential shares.
2. Diluted earnings per share for the six months ended June 30, 2026 is not presented as the Company had no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	11,091	8,425	76.0
December 31, 2025	12,270	8,518	69.4

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)
As of June 30, 2026: ¥8,425 million
As of December 31, 2025: ¥8,518 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	–	0.00	–	3.30	3.30
Fiscal year ending December 31, 2026	–	0.00			
Fiscal year ending December 31, 2026 (Forecast)			–	3.50	3.50

Notes: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	7,200	12.5	500	8.9	520	7.7	550	(40.4)	10.95

Notes: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2026	50,636,900 shares
As of December 31, 2025	50,636,900 shares

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

As of June 30, 2026	328,819 shares
As of December 31, 2025	385,713 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2026	50,279,634 shares
Six months ended June 30, 2025	50,222,449 shares

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements, etc.)

Forward-looking statements, including the earnings forecasts stated in this material, are based on information currently available to the Company and certain assumptions deemed reasonable. The Company does not intend to guarantee that the said forecasts will be achieved. Actual results may vary significantly due to various factors. For more information on the assumptions on which the forecasts are based and cautionary notes, etc. to their use, please see “1. Overview of Operating Results, etc. (3) Forward-looking information including the consolidated financial results forecast” on page 4 of the Attachments.

(Where to obtain supplementary materials)

The supplementary material on financial results will be disclosed on the Timely Disclosure Network (TDnet) and posted on the Company’s website.

Table of Contents: Attachments

1. Overview of Operating Results, etc.

(1) Overview of operating results for the six months ended June 30, 2026

During the six months ended June 30, 2026 ("the period under review"), the Japanese economy trended to recover moderately backed mainly by improved employment and income environment along with signs of a recovery in personal consumption. Nevertheless, the economic outlook has remained uncertain due in part to the impact of the situation in the Middle East, the continued rise in prices, and the impacts of fluctuations in the financial and capital markets.

Under these circumstances, the Group has implemented key initiatives, including "focused investment in the Pharmaceuticals Business," in the first year of its Medium-Term Management Plan (FY2026–FY2028). In the Pharmaceuticals Business, to address the continuing supply issues of Seirogan, we reduced lead times for certain products as a result of upgrading equipment and other initiatives to improve productivity. Although we need to continue working to resolve supply issues, our initiatives to improve productivity from the second half of the year onwards are progressing largely in line with plan. In sales, overseas sales, particularly to China, Hong Kong, and Taiwan, grew, while we increased advertising expenses and rolled out marketing activities to expand sales in overseas markets. Although sales in the Pharmaceuticals Business in Japan remain sluggish, we plan to implement marketing activities timed for the peak summer season. In the Infection Control Business, we have continued making efforts to improve revenue to achieve steady profitability, while conducting sales activities aimed at increasing revenue in the area of commercial use.

As the result, for the period under review, net sales increased 9.3% year on year to ¥2,636 million, while gross profit increased 1.4% year on year to ¥1,339 million.

Selling, general and administrative expenses increased 3.8% year on year to ¥1,321 million on the back of increased advertising expenses associated with the implementation of marketing activities in overseas markets mainly for the Pharmaceuticals Business. Although gross profit increased, this was more than offset by the increase in selling, general and administrative expenses, resulting in operating profit decreasing 63.4% year on year to ¥17 million.

Ordinary profit increased 101.4% year on year to ¥41 million because the foreign exchange losses recorded in the same period of the previous fiscal year did not arise during the period under review, and interest income and foreign exchange gains were recorded, among other factors. Profit attributable to owners of parent decreased 84.1% year on year to ¥44 million mainly due to the absence of a gain on sale of investment securities of ¥347 million and a compensation income of ¥14 million recorded as extraordinary income in the same period of the previous fiscal year.

Operating results by segment are as follows.

Pharmaceuticals Business

In this business segment, the Japanese market growth remained sluggish to 94.9% of the size year on year. Overall sales growth was weak due to multiple factors, including a supply shortage of Seirogan, the resumption of supply of competing products, and a decline in inbound demand. As a result of these situations, net sales of pharmaceuticals for the Japanese market decreased 16.9% year on year to ¥1,410 million.

Meanwhile, net sales of pharmaceuticals for the overseas market increased 118.7% year on year to ¥1,112 million, driven by increased shipments to the China and Hong Kong markets and the Taiwan market.

As a result, the segment reported net sales of ¥2,523 million, up 14.3% year on year, with segment profit down 7.3% year on year to ¥557 million due to an increase in advertising expenses aimed at expanding sales in overseas markets.

Breakdown of sales to external customers by region (Pharmaceuticals Business)

(Millions of yen)

	Six months ended June 30, 2025 (January 1, 2025 to June 30, 2025)	Six months ended June 30, 2026 (January 1, 2026 to June 30, 2026)
Japan	1,697	1,410
Overseas	508	1,112
Total	2,206	2,523

Infection Control Business

In this business segment, net sales decreased year on year due to less demand for infection control in the period under review as there was no impact of spread of infectious diseases, while there were such impacts in the same period of the previous fiscal year. However, the Group has been striving to improve profitability by focusing on cost control measures, including effective spending on marketing.

As a result, the segment reported net sales of ¥111 million, down 45.4% year on year, while the segment loss improved by ¥59 million year on year to ¥92 million, mainly due to reduced advertising expenses.

Breakdown of sales to external customers by region (Infection Control Business)

(Millions of yen)

	Six months ended June 30, 2025 (January 1, 2025 to June 30, 2025)	Six months ended June 30, 2026 (January 1, 2026 to June 30, 2026)
Japan (for general use)	96	16
Japan (for commercial use)	85	77
Overseas	21	17
Total	203	111

Other Business

In this business segment, we manufacture and sell primarily bath and gardening agents containing pyroligneous acid as an ingredient. The segment reported net sales of ¥2 million with segment loss of ¥14 million.

(2) Overview of financial position for the six months ended June 30, 2026

(i) Financial position

As of the end of the period under review, total assets were ¥11,091 million (down by ¥1,178 million), total liabilities were ¥2,666 million (down by ¥1,086 million), and total net assets were ¥8,425 million (down by ¥92 million) compared to the end of the previous fiscal year. Major factors for changes from the end of the previous fiscal year include a decrease in current assets of ¥1,234 million due in part to decreases in cash and deposits as well as accounts receivable - trade, a decrease in current liabilities of ¥1,105 million due in part to decreases in current portion of long-term borrowings, accounts payable – other, and provision for bonuses, and a decrease in net assets of ¥92 million due in part to a decrease in retained earnings resulting from payment of dividends and other factors.

(ii) Cash flows

As for the status of cash flows during the period under review, cash and cash equivalents (“net cash”) decreased by ¥1,589 million compared to the end of the previous fiscal year. As a result, the balance of cash and cash equivalents as of the end of the period under review came in at ¥2,666 million.

Cash flows from operating activities

Net cash used by operating activities totaled ¥66 million (compared with ¥61 million provided for the same period of the previous fiscal year). This is attributable primarily to cash outflow factors including an increase in inventories of ¥286 million, a decrease in accounts payable - other of ¥296 million, a decrease in provision for bonuses of ¥132 million, and a decrease in accrued expenses of ¥120 million, partially offset by cash inflow factors including a decrease in trade receivables of ¥534 million and depreciation of ¥148 million.

Cash flows from investing activities

Net cash used by investing activities totaled ¥685 million (compared with ¥295 million provided for the same period of the previous fiscal year). This is attributable primarily to payments into time deposits of ¥500 million and purchase of property, plant and equipment of ¥184 million.

Cash flows from financing activities

Net cash used in financing activities totaled ¥853 million (compared with ¥684 million used for the same period of the previous fiscal year). This is attributable primarily to repayments of long-term borrowings of ¥673 million, dividends paid of ¥165 million, and repayments of lease liabilities of ¥16 million.

(3) Forward-looking information including the consolidated financial results forecast

The situation in the Middle East remains fluid, and rising material prices, procurement delays, and other factors could affect future production and results. Meanwhile, based on the results through the period under review and the current status of material procurement and production, we do not currently expect any material impact that would require a revision to its full-year financial results forecast. Accordingly, there are no changes to the consolidated financial results forecast from the forecast announced on February 13, 2026. Should it become necessary to revise the forecast, the Company will promptly make an announcement.

2. Interim Consolidated Financial Statements and Principal Notes

(1) Interim consolidated balance sheets

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	4,256	2,666
Electronically recorded monetary claims - operating	1	0
Accounts receivable - trade	2,449	1,934
Securities	–	500
Merchandise and finished goods	309	459
Work in process	801	868
Raw materials and supplies	508	577
Other	106	190
Total current assets	8,433	7,198
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	898	866
Machinery, equipment and vehicles, net	545	533
Land	1,675	1,675
Construction in progress	45	89
Other, net	145	190
Total property, plant and equipment	3,312	3,354
Intangible assets	34	36
Investments and other assets		
Investment securities	0	0
Other	490	501
Total investments and other assets	490	502
Total non-current assets	3,837	3,893
Total assets	12,270	11,091

(Millions of yen)

	As of December 31, 2025	As of June 30, 2026
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	154	116
Accounts payable - trade	268	365
Current portion of long-term borrowings	792	119
Accounts payable - other	668	353
Income taxes payable	15	28
Refund liabilities	60	52
Provision for bonuses	247	115
Provision for loss on subleases	11	10
Other	290	241
Total current liabilities	2,509	1,404
Non-current liabilities		
Long-term accounts payable - other	549	549
Provision for loss on subleases	4	–
Retirement benefit liability	623	638
Asset retirement obligations	20	20
Other	43	53
Total non-current liabilities	1,242	1,261
Total liabilities	3,752	2,666
Net assets		
Shareholders' equity		
Share capital	10	10
Capital surplus	4,978	4,960
Retained earnings	3,450	3,328
Treasury shares	(237)	(202)
Total shareholders' equity	8,200	8,096
Accumulated other comprehensive income		
Foreign currency translation adjustment	317	329
Total accumulated other comprehensive income	317	329
Total net assets	8,518	8,425
Total liabilities and net assets	12,270	11,091

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

Interim consolidated statements of income
Six months ended June 30

(Millions of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Net sales	2,412	2,636
Cost of sales	1,091	1,297
Gross profit	1,320	1,339
Selling, general and administrative expenses	1,273	1,321
Operating profit	46	17
Non-operating income		
Interest income	7	12
Foreign exchange gains	–	10
Other	5	3
Total non-operating income	12	27
Non-operating expenses		
Interest expenses	3	1
Foreign exchange losses	30	–
Other	5	1
Total non-operating expenses	39	2
Ordinary profit	20	41
Extraordinary income		
Gain on sale of investment securities	347	–
Compensation income	14	–
Total extraordinary income	361	–
Extraordinary losses		
Impairment losses	0	–
Loss on retirement of non-current assets	–	0
Total extraordinary losses	0	0
Profit before income taxes	382	40
Income taxes - current	10	14
Income taxes - deferred	92	(18)
Total income taxes	102	(4)
Profit	279	44
Profit attributable to owners of parent	279	44

Interim consolidated statements of comprehensive income
Six months ended June 30

(Millions of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Profit	279	44
Other comprehensive income		
Valuation difference on available-for-sale securities	(234)	–
Foreign currency translation adjustment	(77)	12
Total other comprehensive income	(312)	12
Comprehensive income	(32)	56
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(32)	56

(3) *Interim Consolidated Statements of Cash Flows*
Six months ended June 30

(Millions of yen)

	Six months ended June 30, 2025	Six months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	382	40
Depreciation	125	148
Impairment losses	0	–
Loss (gain) on sale of investment securities	(347)	–
Compensation income	(14)	–
Increase (decrease) in refund liabilities	(2)	(8)
Increase (decrease) in provision for bonuses	(125)	(132)
Increase (decrease) in retirement benefit liability	14	14
Increase (decrease) in provision for loss on subleases	(5)	(5)
Increase (decrease) in provision for transfer and removal expenses	(19)	–
Interest and dividend income	(7)	(13)
Subsidy income	(3)	(1)
Insurance claim income	(1)	–
Interest expenses	3	1
Foreign exchange losses (gains)	0	(0)
Decrease (increase) in trade receivables	665	534
Decrease (increase) in inventories	(299)	(286)
Increase (decrease) in trade payables	52	41
Increase (decrease) in accrued expenses	(122)	(120)
Increase (decrease) in accounts payable - other	(319)	(296)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	23	(85)
Other, net	56	106
Subtotal	55	(61)
Interest and dividends received	8	14
Interest paid	(3)	(1)
Proceeds from compensation	14	–
Subsidies received	3	1
Proceeds from insurance income	1	–
Income taxes paid	(17)	(18)
Net cash provided by (used in) operating activities	61	(66)
Cash flows from investing activities		
Payments into time deposits	–	(500)
Purchase of property, plant and equipment	(148)	(184)
Purchase of intangible assets	(2)	(1)
Proceeds from sale of investment securities	447	–
Net cash provided by (used in) investing activities	295	(685)
Cash flows from financing activities		
Repayments of long-term borrowings	(673)	(673)
Repayments of lease liabilities	(11)	(16)
Dividends paid	–	(165)
Other, net	–	0
Net cash provided by (used in) financing activities	(684)	(853)
Effect of exchange rate change on cash and cash equivalents	(65)	15
Net increase (decrease) in cash and cash equivalents	(392)	(1,589)
Cash and cash equivalents at beginning of period	4,532	4,256
Cash and cash equivalents at end of period	4,139	2,666

(4) Notes to interim consolidated financial statements

Segment information, etc.

I. Six months ended June 30, 2025 (From January 1, 2025 to June 30, 2025)

1. Information on net sales, profit or loss

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded in interim consolidated statements of income (Note 2)
	Pharmaceuticals	Infection Control	Other			
Sales						
Net sales to outside customers	2,206	203	2	2,412	–	2,412
Inter-segment net sales or transfers	–	–	–	–	–	–
Total	2,206	203	2	2,412	–	2,412
Segment profit (loss)	601	(151)	(7)	443	(396)	46

Notes 1. Adjustment of Segment profit (loss) is corporate expenses not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating profit in the interim consolidated statements of income.

2. Impairment loss on non-current assets or goodwill by reportable segment

Significant impairment loss in non-current assets

In the Infection Control Business segment, non-current assets considered unrecoverable have been recognized as impairment losses. The amount of impairment loss recorded for the period under review is ¥0 million.

II. Six months ended June 30, 2026 (From January 1, 2026 to June 30, 2026)

Information on net sales, profit or loss

(Millions of yen)

	Reportable segment			Total	Adjustments (Note 1)	Amount recorded in interim consolidated statements of income (Note 2)
	Pharmaceuticals	Infection Control	Other			
Sales						
Net sales to outside customers	2,523	111	2	2,636	–	2,636
Inter-segment net sales or transfers	–	–	–	–	–	–
Total	2,523	111	2	2,636	–	2,636
Segment profit (loss)	557	(92)	(14)	450	(433)	17

Notes 1. Adjustment of Segment profit (loss) is corporate expenses not allocated to each reportable segment.
2. Segment profit (loss) is adjusted with operating profit in the interim consolidated statements of income.

Significant changes in shareholders' equity

The Company reversed ¥7,860 million from the general reserve and transferred it to retained earnings brought forward as of March 30, 2026, pursuant to a resolution adopted at the 80th Annual General Meeting of Shareholders held on March 27, 2026.

There have been no significant changes in the total amount of shareholders' equity.

Going concern assumption

Not applicable.