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TAIKO

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2026 (FY2026)

August 2026

Taiko Pharmaceutical Co., Ltd.
Securities code: 4574

Table of Contents

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1. Consolidated Financial Results for 1H FY2026

Consolidated Financial Results

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- Although sales increased 9.3% YoY, operating profit declined slightly due to a decrease in the gross profit margin and an increase in SG&A expenses
- Operating profit decreased YoY, but results were largely in line with the plan. No changes have been made to the full-year earnings forecast

(Millions of yen)

	FY2025		FY2026		YoY change (Amount)	YoY change (%)
	1H results	Comparison with sales	1H results	Comparison with sales		
Net sales	2,412	-	2,636	-	+224	+9.3%
Gross profit	1,320	54.7%	1,339	50.8%	+18	+1.4%
SG&A expenses	1,273	52.8%	1,321	50.1%	+47	+3.8%
Operating profit (loss)	46	1.9%	17	0.6%	(29)	(63.4)%
Ordinary profit (loss)	20	0.9%	41	1.6%	+20	+101.4%
Profit (loss) attributable to owners of parent	279	11.6%	44	1.7%	(235)	(84.1)%

Consolidated Net Sales by Quarter

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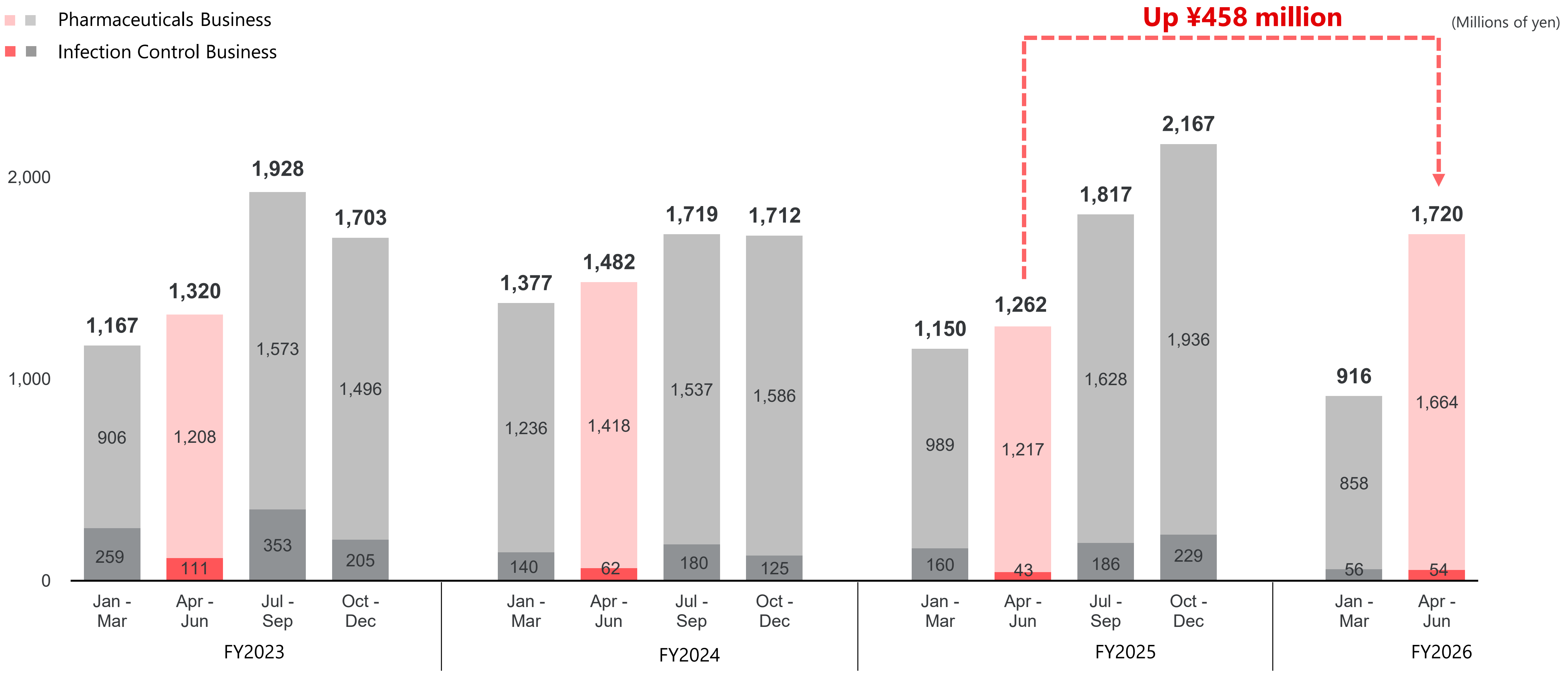
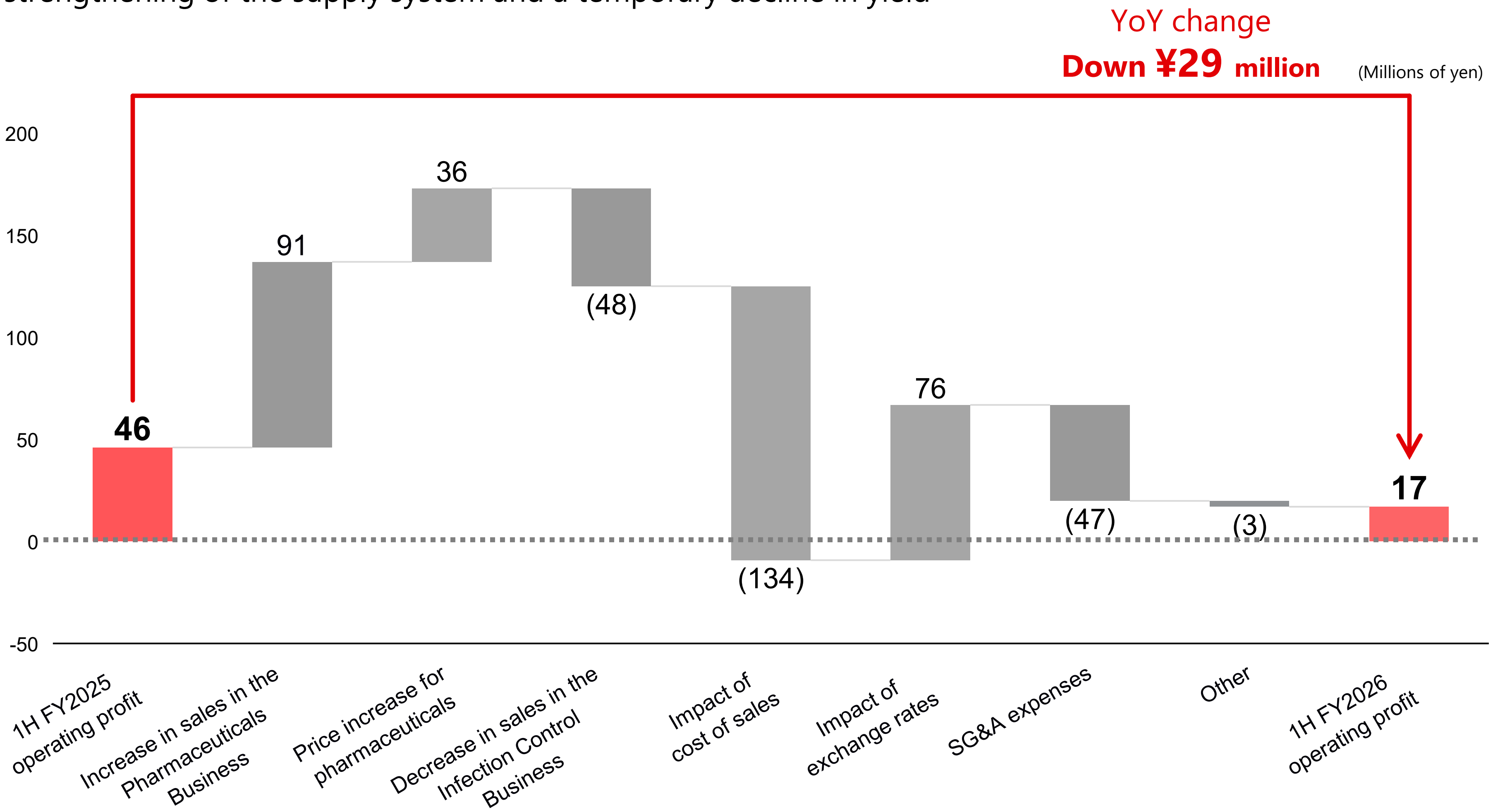
- The Pharmaceuticals Business saw a significant YoY increase, driven by shipments to overseas
- The Infection Control Business saw a slight YoY increase, despite it not being the demand season



Factors Affecting Changes in Operating Profit

- Increase in sales in the Pharmaceutical Business overseas and the price increase for pharmaceuticals contributed to the results
- The impact of cost of sales includes an increase in cost of sales due to higher raw material and supply costs, as well as increased costs related to the strengthening of the supply system and a temporary decline in yield



SG&A Expenses

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- Advertising expenses increased due to marketing initiatives aimed at expanding sales in overseas markets
- Personnel expenses increased alongside a salary increase and other factors

(Millions of yen)

	FY2025		FY2026		YoY change (Amount)	YoY change (%)
	1H results	% of total	1H results	% of total		
Total SG&A expenses	1,273	-	1,321	-	+47	+3.8%
Selling expenses	282	22.2%	279	21.1%	(3)	(1.1)%
Advertising expenses	183	14.4%	190	14.4%	+7	+3.9%
Promotion expenses	48	3.8%	46	3.5%	(2)	(5.9)%
Transportation costs	49	3.9%	42	3.2%	(7)	(14.9)%
Personnel expenses	551	43.3%	613	46.4%	+61	+11.2%
Other expenses	439	34.5%	428	32.4%	(10)	(2.5)%
Research and development expenses	96	7.6%	80	6.1%	(15)	(16.2)%
Commission expenses	152	12.0%	152	11.5%	(0)	(0.0)%

Ordinary Profit (Loss) / Profit (Loss)

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- Ordinary profit increased YoY, primarily due to foreign exchange losses turning into gains
- Profit for 1H decreased YoY due to the absence of the gain on sale of investment securities recorded in Q2 FY2025

(Millions of yen)

	FY2025 1H results	FY2026 1H results	YoY change	Major factors for change
Operating profit (loss)	46	17	(29)	
Non-operating income	12	27	+14	Mainly increase in interest income and the recording of foreign exchange gains in FY2026
Non-operating expenses	39	2	(36)	Mainly decrease in foreign exchange losses in FY2026
Ordinary profit (loss)	20	41	+20	
Extraordinary income	361	-	(361)	FY25: Gain on sale of investment securities of ¥347 million
Extraordinary losses	0	0	+0	
Profit (loss) before income taxes	382	40	(341)	
Income taxes – current/deferred	102	(4)	(106)	
Profit (loss) attributable to owners of parent	279	44	(235)	

Consolidated Financial Position

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- Assets decreased from the end of FY2025 partly due to decreases in cash and deposits and trade receivables, despite increases in inventories and securities
- Liabilities decreased from the end of FY2025 partly due to the repayment of the current portion of long-term borrowings and a decrease in accounts payable - other

(Millions of yen)

	End of FY2025	End of 1H FY2026	YoY change	Major factors for change
Current assets	8,433	7,198	(1,234)	
Cash and deposits	4,256	2,666	(1,589)	
Trade receivables	2,450	1,934	(516)	
Inventories	1,619	1,906	+286	Pharmaceutical inventory of ¥1,720 million Infection control inventory of ¥175 million
Other	106	690	+584	Increase in securities
Non-current assets	3,837	3,893	+55	
Total assets	12,270	11,091	(1,178)	
Total liabilities	3,752	2,666	(1,086)	Repayment of current portion of long-term borrowings Decrease in accounts payable - other
Total net assets	8,518	8,425	(92)	Payment of dividends and other factors
Total liabilities and net assets	12,270	11,091	(1,178)	
Equity-to asset ratio	69.4%	76.0%		

Consolidated Cash Flows

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■ Operating cash flow for 1H saw an outflow of ¥66 million, mainly due to inventory buildup to prepare for expanded supply in the Pharmaceuticals Business during 2H

(Millions of yen)

	1H FY2025 results	1H FY2026 results	Major factors (FY2026)
Net cash provided by (used in) operating activities	**61**	**(66)**	Profit before income taxes 40 Depreciation 148 Decrease in provision for bonuses (132) Decrease in trade receivables 534 Increase in inventories (286) Increase in trade payables 41 Decrease in accounts payable - other (296) Decrease in accrued expenses (120)
Net cash provided by (used in) investing activities	**295**	**(685)**	Payments into time deposits (500) Payments for capital investment (185)
Net cash provided by (used in) financing activities	**(684)**	**(853)**	Repayments of long-term borrowings (673) Payments for dividends (165)
Effect of exchange rate change on cash and cash equivalents	**(65)**	**15**	
Increase (decrease) in cash[*1]	**(392)**	**(1,589)**	
Cash at end of period	**4,139**	**2,666**	

*1 Calculated by reflecting the effect of exchange rate change on cash and cash equivalents to the sum of net cash provided by (used in) operating activities, investing activities, and financing activities.

2. Overview of Performance by Segment for 1H FY2026

Overview of Performance by Segment

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- Pharmaceuticals Business : Profit decreased partly due to higher costs of sales and marketing expenses, despite increased sales driven by growth in overseas sales
- Infection Control Business : Segment profit improved through cost control such as reductions in advertising expenses, despite a sales decline

(Millions of yen)

		FY2025 1H results	FY2026 1H results	YoY change (Amount)	YoY change (%)
Pharmaceuticals Business	Net sales	2,206	2,523	+316	+14.3%
	Segment profit	601	557	(44)	(7.3)%
	Profit margin	27.2%	22.1%	-	-
Infection Control Business	Net sales	203	111	(92)	(45.4)%
	Segment profit	(151)	(92)	+59	-
	Profit margin	(74.2)%	(82.8)%	-	-
Other	Net sales	2	2	+0	+4.6%
	Segment profit	(7)	(14)	(7)	-
	Profit margin	(284.0)%	(540.4)%	-	-

Performance of the Pharmaceuticals Business in Japan

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- Sales declined partly due to Seirogan supply shortages, resumption of other peer companies' product supply, and weaker inbound demand
- We intend to reinforce promotion of Seirogan brand in the summer demand season, while aiming to increase the supply of Seirogan from 2H onwards

(Millions of yen)

Sales by product category

	FY2025 1H results	FY2026 1H results	YoY change (Amount)	YoY change (%)
Sales of the Pharmaceuticals Business in Japan	1,697	1,410	(287)	(16.9)%
Seirogan	867	634	(232)	(26.8)%
Seirogan Toi-A	921	850	(70)	(7.7)%
Seirogan Quick C	134	115	(18)	(13.9)%
Other*1	54	57	+2	+4.6%
Returns, discounts, sponsorship, etc.	(280)	(248)	+31	-

*1 *Rappa* Intestinal Regulator BF and *Pishat* Antidiarrheal OD Tablet

Seirogan

Seirogan Toi-A

SEIROGAN TOI A 24Tablets Portable type

Seirogan Quick C

Rappa Intestinal Regulator BF

Pishat Antidiarrheal OD Tablet

Performance of the Pharmaceuticals Business Overseas

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- Sales increased YoY due to the steady increase in shipment volumes in the major markets of China, Hong Kong, and Taiwan
- We are actively implementing marketing initiatives to expand sales in overseas markets

(Millions of yen)

Sales by region

	FY2025 1H results	FY2026 1H results	YoY change (Amount)	YoY change (%)
Sales of the Pharmaceuticals Business overseas	508	1,112	+603	+118.7%
China	226	507	+281	+124.3%
Hong Kong	195	446	+251	+128.7%
Taiwan	65	140	+74	+113.2%
Other regions*1	22	18	(3)	(16.3)%

*1 U.S., Canada, Thailand, Malaysia, Mongolia and other regions

SEIROGAN®

Seirogan

Seirogan Toi-A

Performance of the Infection Control Business

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- Sales for general use in Japan decreased YoY as the market contracted partly as a reaction to the end of the flu season during the same period of the previous fiscal year
- We will strengthen the development of new businesses toward full-year sales growth for commercial use in Japan

(Millions of yen)

Sales by customer type

	FY2025 1H results	FY2026 1H results	YoY change (Amount)	YoY change (%)
Sales of the Infection Control Business	203	111	(92)	(45.4)%
Japan (for general use)	164	55	(109)	(66.4)%
Japan (for commercial use)	89	81	(8)	(9.2)%
Overseas	21	17	(3)	(18.0)%
Returns, discounts, sponsorship, etc.	(71)	(42)	+28	-

cleverin

For general use


Cleverin Gel for Two Months


Cleverin Spray 250 ml

For commercial use


Cleverin pouch type


Cleverin Pro Stick Case type


Cleverin Pro Gel 10m²

3. Full-year Consolidated Earnings Forecast and Initiatives for 2H

FY2026 Full-Year Consolidated Earnings Forecast

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- Full-year earnings and dividend forecasts remain **"unchanged"** from the initial plan set at the beginning of the fiscal year
- Sales increased in 1H due to a significant rise in sales of the Pharmaceuticals Business overseas. While profit progress remained at a low level, performance was generally in line with the plan
- In 2H, we aim to achieve our targets primarily through improvements in the supply system and the effects of price revisions for the Pharmaceuticals Business overseas.

(Millions of yen)

	FY2025 results	FY2026 1H results	FY2026 2H forecast	FY2026 forecast	YoY change (Amount)	YoY change (%)
Net sales	6,397	2,636	4,564	7,200	+802	+12.5%
Pharmaceuticals Business	5,771	2,523	4,172	6,695	+923	+16.0%
Infection Control Business	619	111	389	500	(119)	(19.3)%
Other	5	2	3	5	(0)	(14.8)%
Operating profit	459	17	483	500	+40	+8.9%
Ordinary profit	482	41	479	520	+37	+7.7%
Profit	923	44	506	550	(373)	(40.4)%

Market Size of Antidiarrheal Drugs in Japan and Our Share

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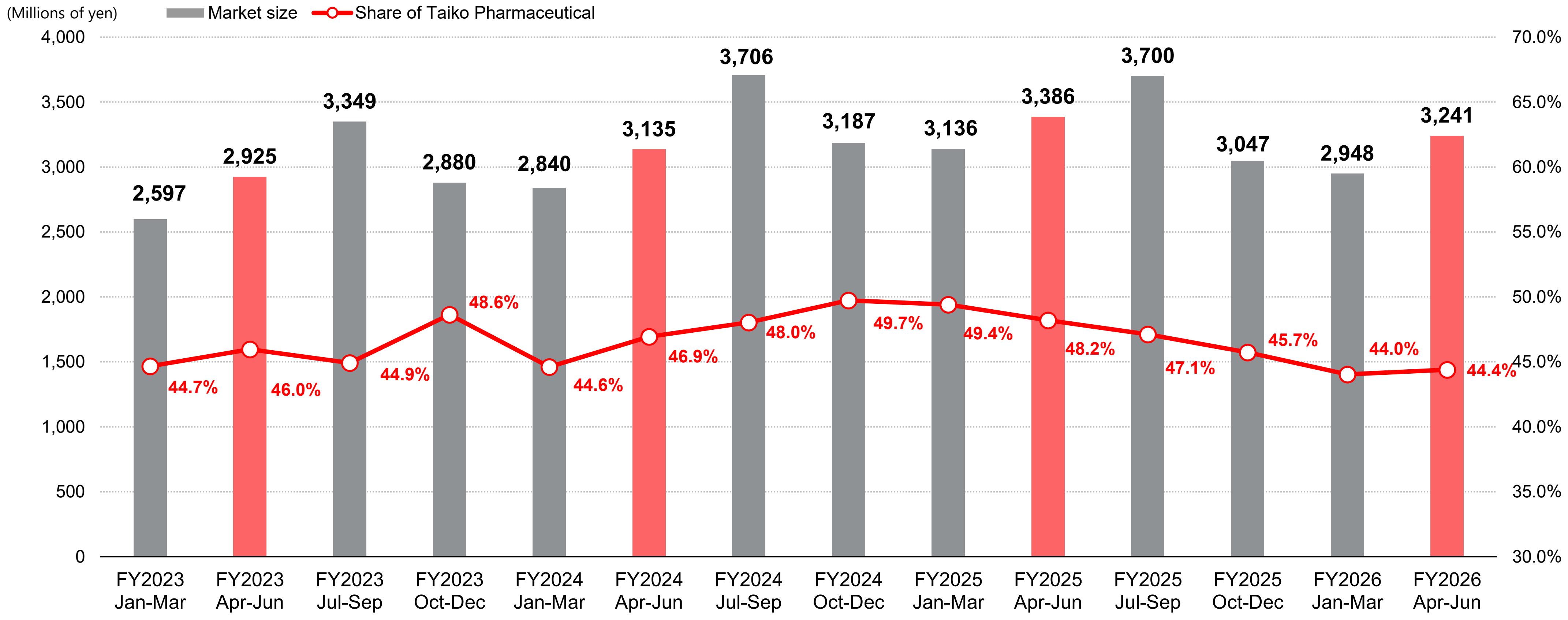
- The antidiarrheal drug market in Japan remained weak and contracted to 94.9% YoY (January-June)
- Our market share rose slightly to 44.4% (up 0.4 percentage points from Q1 FY2026), despite the impact of factors such as a supply shortage of Seirogan

Antidiarrheal drug market in Japan



* Source: SRI+ based on retail selling price, by INTAGE Inc.

Initiatives to Strengthen the Supply System for Seirogan

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- The "Initiatives to Improve Production Capacity" are **making steady progress**
- By increasing production capacity in H2 and beyond, we plan to release additional SKUs that have been out of stock at retail stores. In conjunction with promotional measures, we will continue to promote initiatives to increase our market share in Japan
- Although material prices are rising due to the situation in the Middle East, we have **largely completed** securing the materials and raw materials necessary for production this fiscal year

1H FY2026

➢ **Implementation of equipment upgrades**

○ **Completed**

Implementation of equipment upgrades necessary for increased production

➢ **Establishment of a production system to support increased output**

○ **Completed**

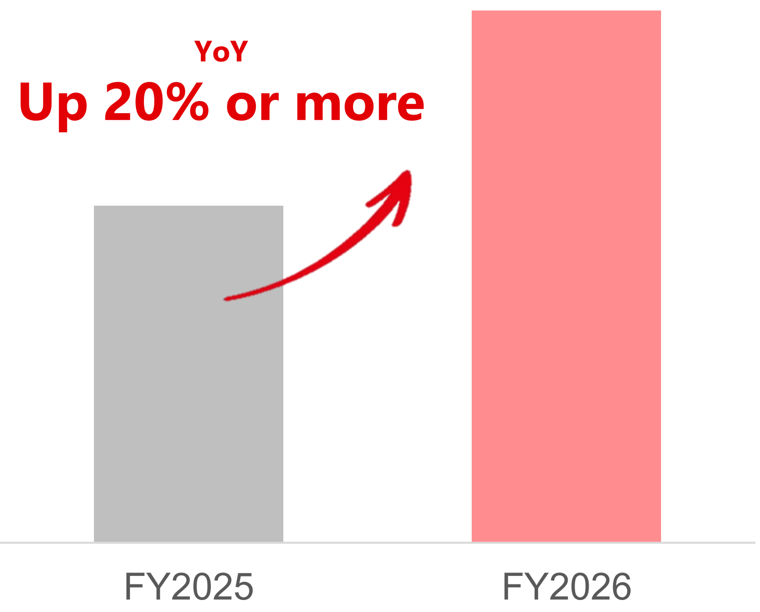
Expanded the pill-making machine capacity from 4 to 6 units, enabling increased production of certain products

Initiatives for 2H FY2026

- We will gradually improve production capacity starting in 2H, as planned
- As supply constraints ease, we will work to resolve out-of-stock issues at retail stores and restore store shelves
- We will implement well-planned production and inventory allocation based on demand trends in Japan and overseas

Production volume of Seirogan

*Total of domestic and overseas figures



Product Supply Lineup

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The product supply lineup for the Seirogan series is generally expected to return to normal

Brand	Seirogan			Seirogan Toi-A				Seirogan Quick C
Product name	100 Tablets	200 Tablets	400 Tablets	36 Tablets	84 Tablets	48 Tablets PTP	24Tablets Portable type	16 Capsules
Image								
Supply status	○	-	-	○	○	-	○	○
Future shipment outlook	○	★	Next spring	○	○	※	○	○

○・・・ Currently shipping as usual ★・・・ To be shipped sequentially from 2H onwards
※・・・ Scheduled to resume supply after some specification changes

Pharmaceuticals Business in Japan:
Initiatives for 2H (1) (Advertising Promotion x In-Store and Inbound Integration)

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- Based on the Medium-Term Management Plan, we will reinvest in our "Trumpet (Rappa) trademark" brand to expand our customer base among younger generations (those in their 20s and 30s)
- Starting with the new "We are Rappers!" promotion, we will integrate in-store POP and inbound merchandising to regain market share in retail stores, aligned with the recovery in supply

New Promotion Launch

New video 'We are Rappers!' x In-store and inbound merchandising, linking all the way to "where to buy"

(1) Advertising Promotion (Digital Video) Starting July 17, 2026

Creative

Produced an animated video (the first in the series) featuring the characters from Seirogan Toi-A and Seirogan Quick C appearing as "rappers."

(2) In-Store and Inbound Integration (2H)

In-Store POP and Inbound Merchandising

Strengthen off-shelf displays in stores and launch merchandising for inbound tourists to attract targeted purchases by visitors to Japan

Pharmaceuticals Business in Japan:
Initiatives for 2H (2) (IP Merchandise and Building a Fan Base)

- By rolling out merchandise that leverages the "Trumpet trademark" IP, we foster brand affinity through touchpoints beyond purchasing
- Reinvesting in the younger generation through a dual approach of advertising promotion/in-store integration and IP merchandise to build a future customer base

Expanding Touchpoints and Building a Fan Base

Launching IP Merchandise and Apparel
Transforming the "Trumpet trademark" from a "medicine I take" to a "brand I love"

October 2025: Original Merchandise


- Launch of "Seirogan-kun" plush toy and two types of liquid-filled keychains
- Collaboration with accessory designer "Rebecca." As the company's first-ever merchandise, they generated buzz on social media

May 2026: Official Apparel Line


- Three types of original T-shirts featuring the Seirogan motif
- The first official apparel. Expands opportunities for brand exposure through everyday wear

July 2026: Rappers Merchandise

- Four types of "We are Rappers!" acrylic keychains
- Launched simultaneously with video ads to build a pathway from ad views to merchandise purchases

Advertising Promotion × In-Store and Inbound × IP Merchandise =
Reinvestment in the "Trumpet trademark" brand targeting younger generations

Sales Channels: TAIKO DIRECT / Rakuten Ichiba / Amazon

Pharmaceuticals Business Overseas: 1H Results

- During 1H, shipment volumes increased steadily in the key markets of China, Hong Kong, and Taiwan
- Seirogan Toi-A for the Chinese market was launched as planned (Local launch is scheduled for August)
- By implementing price revisions (increases) for certain products starting in June, mainly due to soaring raw material costs, we secured an appropriate level of profit

Established Markets in Greater China

- Other markets
- Expansion markets
- Core markets

Launch of Seirogan Toi-A for the Chinese Market

Seirogan Toi-A (for the Chinese market)

Seirogan Toi-A (for the Japanese market)

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Initiatives for Sustainable Growth

01 Expanding the number of stores distributed in the Chinese market

- Aim to expand the number of stores distributed, starting with Seirogan, for which a recovery in supply is expected, and the new product Seirogan Toi-A

[Number of stores where Seirogan is distributed]

Currently 45,000 stores

Target for 2028 80,000 stores

02 Expanding promotional investment

- Enhance brand awareness and strengthen sales promotion activities (such as TV commercials and transit advertising) through the expansion of promotional investment

Advertising expenses for the Pharmaceuticals Business overseas will increase from ¥370 million to over ¥600 million

Infection Control Business: Medium-Term Initiatives

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Steady efforts to achieve profitability in Infection Control Business

Improve Profitability

- ➢ Review of unprofitable business channels and reduction of selling expenses
- ➢ Continued review of other fixed costs

Cleverin stand type

BtoC Sector (General Use)

- ➢ Continue measures to enhance product reliability following compliance with the JSA standard for measuring the effectiveness of airborne virus reduction

Cleverin Pro Stick Type

BtoB Sector (Commercial Use)

Aim to build a revenue base to support profitability in the Infection Control Business

- ➢ Increases in orders in the funeral industry through the Cleverin pouch type in addition to the cleaning industry

Cleverin pouch type

Infection Control Business: Initiatives for 2H

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- The sales required for 2H to meet the full-year sales forecast of ¥500 million is ¥389 million (Results for Q2 FY2025 were ¥416 million)
- We aim to achieve our targets through sales promotions during demand seasons in B2C and by building up new projects in B2B, and to establish a revenue base that will lead to a steady return to profitability

Infection Control Business: Required Sales for 2H	1H Sales (Progress rate: 22.2%)	1H segment profit (loss)
¥389 million	**¥111 million**	**¥(92) million**
Results for Q2 FY2025: ¥416 million	**Sales concentrated in the winter demand season**	**Improved by ¥59 million YoY**

Expanding sales during demand seasons (B2C)

- Reliably capture demand by strengthening advertising, primarily on the web, targeted at the winter flu season
- Although expanding our market presence during demand seasons is challenging due to the need to review unprofitable business channels and reduce selling expenses, we will improve profitability and closely monitor market trends to implement flexible sales promotions

Expanding the revenue base (B2B)

- Continue to secure orders in the funeral industry through the Cleverin pouch type in addition to the cleaning industry

"The Truth About Cleverin" Full version

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Promoting key initiatives to achieve the Medium-Term Management Plan (2026–2028)

Current business environment and management challenges

- While the Pharmaceuticals Business overseas performs steadily, the Pharmaceuticals Business in Japan struggles due to supply shortages and the rise of competitors (PBs and SBs)
- Soaring raw material and supply costs due to the situation in the Middle East

Future approach

- Pursue “Defense and a counteroffensive in the market in Japan” and “Profit maximization in overseas markets”
- Address rising costs by promoting activities to improve cost of sales and enhancing company-wide productivity through the use of AI and other measures

FY2028 Targets

< Net Sales>	<Operating Profit>	<ROE>	<Shareholder Returns>
¥8.5 billion	¥1.0 billion	10-11% or more	DOE 3.0% or more

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Notes on forward-looking information

The forward-looking information in this document is based on various assumptions and does not constitute a guarantee or assurance that planned figures or measures will be realized.