

Translation

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August 8, 2025

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2025 (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
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 Scheduled date to file interim securities report: August 8, 2025
 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, 2025 (from January 1, 2025 to June 30, 2025)

(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, 2025	2,412	(15.7)	46	(90.3)	20	(96.1)	279	(63.4)
June 30, 2024	2,860	14.9	482	—	528	—	764	—

Note: Comprehensive income For the six months ended June 30, 2025: ¥(32) million [—%]
 For the six months ended June 30, 2024: ¥1,257 million [—%]

	Basic earnings (loss) per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	5.57	—
June 30, 2024	15.24	—

Notes: 1. Diluted earnings per share for the six months ended June 30, 2024 is not presented as the Company had no potential shares.
 2. Diluted earnings per share for the six months ended June 30, 2025 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, 2025	11,680	7,948	68.1
December 31, 2024	12,914	7,964	61.7

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income)

As of June 30, 2025: ¥7,948 million
 As of December 31, 2024: ¥7,964 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, 2024	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2025	—	0.00			
Fiscal year ending December 31, 2025 (Forecast)		—	—	—	—

Notes: 1. Revisions to the forecast of cash dividends most recently announced: None

2. The forecast for cash dividends for the fiscal year ending December 31, 2025 is yet to be determined at this moment.

3. Consolidated earnings forecasts for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(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	6,300	0.1	215	(65.9)	200	(70.9)	300	(66.6)	5.98

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

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: –

Excluded: 1 company (Taiko Pharmaceutical International Co., Ltd.)

Note: For details, please refer to [Appendix] P. 12 “2. Interim Consolidated Financial Statements and Principal Notes (4) Notes to Interim Consolidated Financial Statements (Significant changes in the scope of consolidation during the period.)

(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, 2025	50,636,900 shares
As of December 31, 2024	50,636,900 shares

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

As of June 30, 2025	385,713 shares
As of December 31, 2024	443,189 shares

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

Six months ended June 30, 2025	50,222,449 shares
Six months ended June 30, 2024	50,171,896 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.

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1. Overview of Operating Results etc.

(1) Overview of operating results for the six months ended June 30, 2025

During the six months ended June 30, 2025 (“the period under review”), the Japanese economy trended to recover moderately backed mainly by improved employment and income environment and an increase in inbound tourists. Nevertheless, the economic outlook has remained uncertain due in part to geopolitical risks, such as the situation in Ukraine and the Middle East, trends in U.S. trade policies, and concerns over decelerating consumption amid the continued rise in prices.

Under these circumstances, the Pharmaceuticals Business has made efforts to strengthen the supply system to fulfill our mission of ensuring a stable supply to markets. These efforts include reinforcing the manufacturing workforce and preparing for the reorganization of manufacturing structure announced on August 9, 2024. Further, the Infection Control Business has worked on fostering trust among our consumers through research and development for strengthening the evidence associated with chlorine dioxide as well as improving profitability primarily by controlling costs in a manner commensurate with the scale of sales.

As the result, for the period under review, net sales decreased 15.7% year on year to ¥2,412 million, due to decreased revenue from the Pharmaceutical Business, while gross profit decreased 21.3% year on year to ¥1,320 million, mainly due to the effect of the lower revenue from the Pharmaceutical Business.

Selling, general and administrative expenses increased 6.5% year on year to ¥1,273 million on the back of increased advertising expenses for the Infection Control Business.

As the result, for the period under review, operating profit decreased 90.3% year on year to ¥46 million and ordinary profit decreased 96.1% year on year to ¥20 million. As extraordinary income, we recorded gain on sale of investment securities of ¥347 million, and compensation income of ¥14 million, which we received from a supplier in connection with purchasing transactions and product shipping operations in the Pharmaceuticals Business. As a result, profit attributable to owners of the parent decreased 63.4% year on year to ¥279 million.

Operating results by segment are as follows.

Pharmaceuticals Business

In this business segment, the size of the Japanese market grew to 109.2% of the size year on year. To meet strong demand in this segment, we have been preparing to upgrade the production facilities of Seirogan as part of the efforts to strengthen our supply system over the medium term. As for Seirogan Toi A and Seirogan Quick C, of which supply is stabilized as the production lines have been put into full operation at Kyoto Plant, we worked to add new customers by strengthening sales and marketing activities and carried out web promotions from April to June 2025 in line with the launch of Seirogan Toi A Portable Type. However, the challenge of short supply for Seirogan remained unresolved, with insufficient supplies continuing, particularly for overseas markets.

As a result of these measures, net sales of pharmaceuticals for the Japanese market decreased 7.5% year on year to ¥1,697 million. Meanwhile, net sales of pharmaceuticals for the overseas market decreased 37.9% year on year to ¥508 million.

As a result, the segment reported net sales of ¥2,206 million, down 16.9% year on year with segment profit down 44.6% year on year to ¥601 million due mainly to decreased revenue.

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

(Millions of yen)

	Six months ended June 30, 2024 (January 1, 2024 to June 30, 2024)	Six months ended June 30, 2025 (January 1, 2025 to June 30, 2025)
Japan	1,835	1,697
Overseas	819	508
Total	2,654	2,206

Infection Control Business

In this business segment, the Group has been striving to improve profitability by striving to cost control, including effective spending on marketing, such as strengthening online advertising in line with the domestic influenza season.

As a result, the segment reported net sales of ¥203 million, which remained nearly unchanged year on year, with segment loss of ¥151 million, an improvement of ¥44 million year on year, mainly due to the effect of decreased selling, general and administrative expenses.

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

(Millions of yen)

	Six months ended June 30, 2024 (January 1, 2024 to June 30, 2024)	Six months ended June 30, 2025 (January 1, 2025 to June 30, 2025)
Japan (for general use)	95	96
Japan (for commercial use)	92	85
Overseas	15	21
Total	203	203

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 ¥7 million.

(2) Overview of financial position for the six months ended June 30, 2025

(i) Financial position

As of the end of the period under review, total assets were ¥11,680 million (down ¥1,234 million), total liabilities were ¥3,731 million (down ¥1,218 million), and net assets were ¥7,948 million (down ¥15 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 ¥769 million due in part to a decrease in notes and accounts receivable - trade from the collection of receivables, a decrease in non-current assets of ¥464 million due in part to sale of investment securities, a decrease in current liabilities of ¥564 million due in part to a decrease in accounts payable - other and provision for bonuses, a decrease in non-current liabilities of ¥653 million due in part to the repayment of long-term borrowings, and an decrease in net assets of ¥15 million mainly due in part to decreased valuation difference on available-for-sale securities.

(ii) Cash flows

As for the status of cash flows during the period under review, cash and cash equivalents (“net cash”) decreased ¥392 million from 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 ¥4,139 million.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥61 million (compared with ¥256 million provided for the same period of the previous fiscal year). This is attributable primarily to cash inflow factors including the recording of profit before income taxes of ¥382 million and a decrease in trade receivables of ¥665 million, partially offset by cash outflow factors including gain on sale of investment securities of ¥347 million, a decrease in accounts payable - other of ¥319 million, an increase in inventories of ¥299 million.

Cash flows from investment activities

Net cash provided by investing activities totaled 295 million yen (compared with 135 million used for the same period of the previous fiscal year). This is attributable primarily to cash inflow factors including proceeds from sale of investment securities of ¥447 million, partially offset by cash outflow factors including purchase of intangible assets of ¥148 million.

Cash flows from financing activities

Net cash used in financing activities totaled 684 million yen (compared with 562 million yen used for the same period of the previous fiscal year). This is attributable primarily to cash outflow factors including repayments of long-term borrowings of 673 million yen.

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

There are no changes to the full-year consolidated financial results forecast for the fiscal year ending December 2025 from the forecast announced on February 13, 2025.

2. Interim Consolidated Financial Statements and Principal Notes

(1) Interim consolidated balance sheets

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	4,532	4,139
Notes and accounts receivable - trade	2,428	1,719
Merchandise and finished goods	452	610
Work in process	652	800
Raw materials and supplies	571	564
Other	124	157
Total current assets	8,761	7,992
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	953	912
Machinery, equipment and vehicles, net	536	546
Land	1,675	1,675
Construction in progress	11	7
Other, net	95	109
Total property, plant and equipment	3,271	3,251
Intangible assets	27	26
Investments and other assets		
Investment securities	461	0
Other	391	409
Total investments and other assets	852	409
Total non-current assets	4,152	3,687
Total assets	12,914	11,680

(Millions of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	338	347
Current portion of long-term borrowings	1,206	1,206
Accounts payable - other	716	341
Income taxes payable	12	8
Refund liabilities	69	67
Provision for bonuses	176	51
Provision for loss on subleases	11	11
Provision for transfer and removal expenses	88	68
Other	236	188
Total current liabilities	2,855	2,290
Non-current liabilities		
Long-term borrowings	792	119
Long-term accounts payable - other	549	549
Provision for loss on subleases	15	10
Retirement benefit liability	655	669
Asset retirement obligations	20	20
Other	60	71
Total non-current liabilities	2,094	1,440
Total liabilities	4,949	3,731
Net assets		
Shareholders' equity		
Share capital	10	10
Capital surplus	4,997	4,978
Retained earnings	2,526	2,806
Treasury shares	(273)	(237)
Total shareholders' equity	7,260	7,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	234	—
Foreign currency translation adjustment	468	391
Total accumulated other comprehensive income	703	391
Total net assets	7,964	7,948
Total liabilities and net assets	12,914	11,680

(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, 2024	Six months ended June 30, 2025
Net sales	2,860	2,412
Cost of sales	1,181	1,091
Gross profit	1,678	1,320
Selling, general and administrative expenses	1,196	1,273
Operating profit	482	46
Non-operating income		
Interest income	15	7
Foreign exchange gains	38	—
Insurance claim income	1	1
Subsidy income	—	3
Other	8	0
Total non-operating income	63	12
Non-operating expenses		
Interest expenses	4	3
Rental expenses	4	0
Foreign exchange losses	—	30
Commission expenses	6	1
Other	2	3
Total non-operating expenses	18	39
Ordinary profit	528	20
Extraordinary income		
Gain on sale of investment securities	—	347
Compensation income	200	14
Total extraordinary income	200	361
Extraordinary losses		
Impairment losses	—	0
Loss on valuation of investment securities	4	—
Total extraordinary losses	4	0
Profit before income taxes	724	382
Income taxes - current	27	10
Income taxes - deferred	(68)	92
Total income taxes	(40)	102
Profit	764	279
Profit attributable to owners of parent	764	279

Interim consolidated statements of comprehensive income
Six months ended June 30

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Profit	764	279
Other comprehensive income		
Valuation difference on available-for-sale securities	378	(234)
Foreign currency translation adjustment	113	(77)
Total other comprehensive income	492	(312)
Comprehensive income	1,257	(32)
Comprehensive income attributable to:		
Owners of parent	1,257	(32)

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

(Millions of yen)

	Six months ended June 30, 2024	Six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	724	382
Depreciation	128	125
Impairment losses	—	0
Loss (gain) on sale of investment securities	—	(347)
Compensation income	(200)	(14)
Increase (decrease) in refund liabilities	(9)	(2)
Increase (decrease) in provision for bonuses	(26)	(125)
Increase (decrease) in retirement benefit liability	(3)	14
Increase (decrease) in provision for loss on subleases	(44)	(5)
Increase (decrease) in provision for transfer and removal expenses	—	(19)
Interest and dividend income	(15)	(7)
Subsidy income	—	(3)
Insurance claim income	(1)	(1)
Interest expenses	4	3
Loss (gain) on valuation of investment securities	4	—
Foreign exchange losses (gains)	(0)	0
Decrease (increase) in trade receivables	191	665
Decrease (increase) in inventories	(233)	(299)
Increase (decrease) in trade payables	(25)	52
Increase (decrease) in accrued expenses	(121)	(122)
Increase (decrease) in accounts payable - other	(363)	(319)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(11)	23
Other, net	57	56
Subtotal	53	55
Interest and dividends received	13	8
Interest paid	(4)	(3)
Proceeds from compensation	200	14
Subsidies received	—	3
Proceeds from insurance income	1	1
Income taxes paid	(7)	(17)
Net cash provided by (used in) operating activities	256	61
Cash flows from investing activities		
Payments into time deposits	(1)	—
Proceeds from withdrawal of time deposits	30	—
Purchase of property, plant and equipment	(72)	(148)
Proceeds from sale of property, plant and equipment	0	—
Purchase of intangible assets	(24)	(2)
Proceeds from sale of investment securities	—	447
Payments for asset retirement obligations	(68)	—
Net cash provided by (used in) investing activities	(135)	295
Cash flows from financing activities		
Repayments of long-term borrowings	(603)	(673)
Repayments of lease liabilities	(14)	(11)
Dividends paid	(1)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	59	—
Other, net	(2)	—
Net cash provided by (used in) financing activities	(562)	(684)
Effect of exchange rate change on cash and cash equivalents	113	(65)
Net increase (decrease) in cash and cash equivalents	(327)	(392)
Cash and cash equivalents at beginning of period	5,244	4,532

Cash and cash equivalents at end of period

4,916

4,139

(4) Notes to interim consolidated financial statements

Segment information etc.

I. Information on net sales, profit or loss

Six months ended June 30, 2024 (From January 1, 2024 to June 30, 2024)

(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	2,654	203	2	2,860	—	2,860
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	2,654	203	2	2,860	—	2,860
Segment profit (loss)	1,086	(195)	(6)	884	(401)	482

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.

II. Information on net sales, profit or loss

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

(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.

Changes in presentation

Interim consolidated statement of income

“Insurance claim income” which was included in “Other” under “Non-operating income” in the six months ended June 30, 2024, is separately presented in the six months ended June 30, 2025, as the amount became material. To reflect this change in presentation, the Company reclassified the interim consolidated financial statements for the six months ended June 30, 2024.

As a result, “Other” in “Non-operating income” of ¥1 million presented in the interim consolidated statement of income for the six months ended June 30, 2024 has been reclassified to “Insurance claim income” of ¥1 million.

Interim Consolidated Statements of Cash Flows

“Insurance claim income” and “Proceeds from insurance income,” which were included in “Other” under “Cash flows from operating activities” in the six months ended June 30, 2024, are separately presented in the six months ended June 30, 2025, as the amounts became material. To reflect this change in presentation, the Company reclassified the interim consolidated financial statements for the six months ended June 30, 2024.

As a result, “Other” in “Cash flows from operating activities” of minus ¥1 million and ¥1 million presented in the interim consolidated statement of cash flows for the six months ended June 30, 2024, have been reclassified to “Insurance claim income” of minus ¥1 million and “Proceeds from insurance income” of ¥1 million, respectively. Accordingly, the “Subtotal” was restated from ¥55 million to ¥53 million.

Significant changes in shareholders' equity

Not applicable.

Going concern assumption

Not applicable.

Significant changes in the scope of consolidation during the period

For the period under review, Taiko Pharmaceutical International Co., Ltd. has been excluded from the scope of consolidation due to the completion of liquidation.