

Translation

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February 13, 2026

Consolidated Financial Results for the Fiscal Year Ended 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 of annual general meeting of shareholders:	March 27, 2026	
Scheduled date to commence dividend payments:	March 30, 2026	
Scheduled date to file annual securities report:	March 24, 2026	
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 fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2025	6,397	1.7	459	(27.1)	482	(29.8)	923	2.8
December 31, 2024	6,292	2.8	629	—	688	—	898	—

Note: Comprehensive income For the fiscal year ended December 31, 2025: ¥536 million [(53.2)%]
For the fiscal year ended December 31, 2024: ¥1,147 million [—%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2025	18.38	—	11.2	3.8	7.2
December 31, 2024	17.90	—	12.2	5.3	10.0

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended December 31, 2025: ¥— million

For the fiscal year ended December 31, 2024: ¥— million

Notes: 1. Diluted earnings per share for the previous fiscal year is not presented as the Company had no potential shares.

2. Diluted earnings per share for the fiscal year under review is not presented as the Company had no potential shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2025	12,270	8,518	69.4	169.51
December 31, 2024	12,914	7,964	61.7	158.67

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

As of December 31, 2025: ¥8,518 million

As of December 31, 2024: ¥7,964 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended December 31, 2025	Millions of yen 814	Millions of yen 142	Millions of yen (1,227)	Millions of yen 4,256
December 31, 2024	362	(5)	(1,181)	4,532

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2024	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00	Millions of yen –	% –	% –
Fiscal year ended December 31, 2025	–	0.00	–	3.30	3.30	165	18.0	2.0
Fiscal year ending December 31, 2026 (Forecast)	–	0.00	–	3.50	3.50		32.0	

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	%
Full year	7,200	12.5	500	8.9	520	7.7	550	(40.4) Yen 10.95

* Notes

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

Newly included: —

Excluded: 2 companies (Taiko Pharmaceutical International Co., Ltd. and Taiko Environmental Technologies (Shanghai) Co., Ltd.)

Note: For details, please refer to “3. Consolidated Financial Statements and Principal Notes (5) Notes to consolidated financial statements (*Significant changes in the scope of consolidation*)” on page 15 of the Attachments.

(2) 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

(3) Number of issued shares (common shares)

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

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

(iii) Average number of shares outstanding during the period

Fiscal year ended December 31, 2025	50,236,818 shares
Fiscal year ended December 31, 2024	50,182,804 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2025	5,607	1.1	282	(43.7)	332	(64.9)	781	(33.3)
December 31, 2024	5,546	2.1	501	—	947	—	1,171	—

	Basic earnings per share		Diluted earnings per share	
	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2025	15.56	—	—	—
December 31, 2024	23.34	—	—	—

Notes: 1. Diluted earnings per share for the previous fiscal year is not presented as the Company had no potential shares.

2. Diluted earnings per share for the fiscal year under review is not presented as the Company had no potential shares.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity-to asset ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of December 31, 2025	11,461		7,976		69.6		158.72	
December 31, 2024	12,125		7,412		61.1		147.67	

Reference: Equity (Shareholders' equity) + Valuation and translation adjustments)

As of December 31, 2025: ¥7,976 million

As of December 31, 2024: ¥7,412 million

* 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. (4) Future outlook” 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 fiscal year ended December 31, 2025

The Group announced the Medium-Term Management Plan on November 11, 2025, which covers the three-year period from fiscal year 2026 to fiscal year 2028. Under the Medium-Term Management Plan, the Group sets out a strategic shift from structural reform to aiming for global growth, striving to expand overseas sales and strengthen the development system for new products and new businesses. For the final fiscal year 2028, the Group has set targets of net sale of ¥8,500 million, operating profit of ¥1,000 million, and ROE of 10% to 11% or more, and will strive to achieve these management targets.

During the fiscal year ended December 31, 2025 (the “fiscal year under review”), the Japanese economy trended to recover moderately backed mainly by improved employment and income environment. Nevertheless, the economic outlook has remained uncertain due in part to trends in U.S. trade policies and concerns over decelerating consumption amid the continued rise in prices.

Under these circumstances, the Pharmaceuticals Business advanced initiatives to strengthen the supply system to fulfill our mission of ensuring a stable supply to markets. These initiatives included reinforcing the manufacturing workforce and transitioning to a two-plant system, which was announced on August 9, 2024. The relocation of production facilities and related functions to the Suita Plant, scheduled within the fiscal year under review, was completed as planned. 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 fiscal year under review, net sales increased 1.7% year on year to ¥6,397 million, due to increased revenue from the Infection Control Business, while gross profit decreased 5.1% year on year to ¥3,481 million, mainly due to the effect of increased costs from the Pharmaceuticals Business.

Selling, general and administrative expenses decreased 0.5% year on year to ¥3,022 million mainly on the back of continuous cost-cutting and decreased retirement benefit expenses following the revision of the discount rate in response to higher interest rates, despite increased advertising expenses for the Pharmaceuticals Business and increased research and development expenses.

As the result, for the fiscal year under review, operating profit decreased 27.1% year on year to ¥459 million and ordinary profit decreased 29.8% year on year to ¥482 million. As extraordinary income, we recorded gain on sale of investment securities of ¥347 million, compensation income of ¥14 million, which we received from a supplier in connection with purchasing transactions and product shipping operations in the Pharmaceuticals Business, and gain on reversal of foreign currency translation adjustment of ¥140 million associated with the completion of liquidation of an overseas consolidated subsidiary. As a result, profit attributable to owners of parent increased 2.8% year on year to ¥923 million.

The Company has suspended dividend payments since the year-end dividend for the fiscal year ended December 31, 2020. In the Medium-Term Management Plan announced in November 2025, the Company explained its policy to resume the dividend payments from the fiscal year ending December 31, 2026. However, after comprehensively considering the steady progress in strengthening profitability and the financial base, the Company has determined that the conditions for resuming dividend payments are now in place. Accordingly, the Company has decided to bring forward the timing of the dividend resumption and plans to pay a year-end dividend of ¥3.30 per share.

Operating results by segment are as follows.

Pharmaceuticals Business

In this business segment, the size of the Japanese market grew to 103.1% 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-based promotions from April 2025 in line with the launch of Seirogan Toi A Portable Type. For overseas markets, shipment timing had been delayed due to adjustments to the production schedule; however, the Company shipped products as planned during the fourth quarter of the fiscal year under review and recorded sales that were largely in line with the plan.

As a result of these measures, net sales of pharmaceuticals for the Japanese market decreased 1.4% year on year to ¥3,505 million. Meanwhile, net sales of pharmaceuticals for the overseas market increased 2.0% year on year to ¥2,266 million.

As a result, the segment reported net sales of ¥5,771 million, down 0.1% year on year with segment profit down 19.2% year on year to ¥1,573 million due mainly to increased costs.

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

(Millions of yen)

	Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)	Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)
Japan	3,556	3,505
Overseas	2,222	2,266
Total	5,778	5,771

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. Additionally, following the confirmation that Cleverin Gel and Cleverin pro Gel comply with the new Japanese Standards Association (JSA) standard, JSA-S1021, established on September 1, 2025, for evaluating airborne virus reduction performance, shipments have commenced for products bearing the POP sticker displaying the “JSA Standard (JSA-S1021) Compliance Mark.” During the fiscal year under review, sales increased year on year, partly because the influenza season started earlier than usual, beginning in early November.

As a result, of these measures, net sales increased 21.8% to ¥619 million with segment loss of ¥254 million, an improvement of ¥213 million year on year, mainly due to the effect of increased sales and decreased selling, general and administrative expenses.

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

(Millions of yen)

	Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)	Fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)
Japan (for general use)	280	390
Japan (for commercial use)	192	178
Overseas	36	50
Total	508	619

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 ¥5 million with segment loss of ¥22 million.

(2) Overview of financial position for the fiscal year ended December 31, 2025

As of the end of the fiscal year under review, total assets were ¥12,270 million (down by ¥643 million), total liabilities were ¥3,752 million (down by ¥1,197 million), and net assets were ¥8,518 million (up by ¥553 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 ¥328 million due in part to a decrease in cash and deposits, a decrease in non-current assets of ¥314 million due in part to sale of investment securities, a decrease in current liabilities of ¥345 million due in part to the repayments of current portion of long-term borrowings, a decrease in non-current liabilities of ¥851 million due in part to the repayments of long-term borrowings, and an increase in net assets of ¥553 million due in part to the recording of profit attributable to owners of parent.

The equity-to-asset ratio rose 7.7 percentage points from the end of the previous fiscal year to 69.4%.

(3) Overview of cash flows for the fiscal year ended December 31, 2025

As for the status of cash flows during the fiscal year under review, cash and cash equivalents (“net cash”) decreased by ¥275 million year on year. As a result, the balance of cash and cash equivalents as of the end of the fiscal year under review came in at ¥4,256 million.

Cash flows from operating activities

Net cash provided by operating activities totaled ¥814 million (compared with ¥362 million provided for the previous fiscal year). This is attributable primarily to cash inflow factors including the recording of profit before income taxes of ¥958 million and depreciation of ¥265 million, partially offset by cash outflow factors including a decrease in provision for transfer and removal expenses of ¥88 million and a decrease in accounts payable - other of ¥69 million.

Cash flows from investing activities

Net cash provided by investing activities totaled ¥142 million (compared with ¥5 million used for 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 property, plant and equipment of ¥291 million.

Cash flows from financing activities

Net cash used in financing activities totaled ¥1,227 million (compared with ¥1,181 million used for the previous fiscal year). This is attributable primarily to cash outflow factors including the repayments of long-term borrowings of ¥1,206 million.

(4) Future outlook

In the fiscal year ending December 31, 2026, we will face a harsh business environment as we expect the economic outlook to remain uncertain in the wake of ever-rising costs of living, fluctuations in exchange rates, and other factors.

In such an environment, the Group announced its Medium-Term Management Plan (FY2026–FY2028), setting out a strategy shift aimed at transitioning from structural reform to acceleration of global growth. We will work on “focused investment in the Pharmaceuticals Business,” “strategic investment in new products and businesses,” “capital cost-conscious business portfolio management,” and “organizational culture transformation and advancement of human capital management.”

In the Pharmaceuticals Business, with the continuing supply issues of Seirogan, we will strengthen the supply system through initiatives such as shortening lead times and upgrading equipment to improve productivity. We will strengthen our operations in Greater China in line with the expansion of supply, as well as expand our customer base by investing in enhancing the brand equity of Seirogan in both Japan and overseas.

In the Infection Control Business, we will make efforts to improve profitability to achieve steady profitability and also continue efforts to increase revenue from the Cleverin pouch type in the area of commercial use.

Based on the above initiatives, the consolidated earnings forecasts for the next fiscal year are as shown below.

Consolidated earnings forecasts (full year)

(Millions of yen)

	Results for the fiscal year ended December 31, 2025	Forecasts for the fiscal year ending December 31, 2026
Net sales	6,397	7,200
Operating profit	459	500
Ordinary profit	482	520
Profit attributable to owners of parent	923	550

Net sales forecasts by segment (full year)

(Millions of yen)

	Results for the fiscal year ended December 31, 2025	Forecasts for the fiscal year ending December 31, 2026
Pharmaceuticals Business	5,771	6,695
Infection Control Business	619	500
Other Business	5	5
Total net sales	6,397	7,200

(5) Basic policy for distribution of profit and dividends for the current and next fiscal years

The Group adheres to a basic dividend policy to continue stable distribution of dividends while maintaining sufficient retained earnings necessary to achieve solid growth through business development and to maintain unwavering management strength. In addition, under its Medium-Term Management Plan, we aim to implement dividends with a dividend on equity ratio (DOE) of 2.0% or more starting with the fiscal year ending December 2026 and 3.0% or more starting with the fiscal year ending December 2028.

Under the Medium-Term Management Plan, we explained the policy of resuming dividends starting with the next fiscal year ending December 2026. However, as we have determined that the conditions to resume dividends have been put in place, comprehensively considering situations such as the steady progress of strengthening profitability and financial foundation, we plan to resume dividends starting with the current fiscal year ended December 2025.

For the current fiscal year, we plan to implement a dividend of 3.30 yen per share.

For the next fiscal year, we plan to implement a dividend of 3.50 yen per share (a year-end dividend of 3.50 yen per share) based on the above policy.

2. Basic Approach to Selection of Accounting Standards

In consideration of the comparability with other companies and their reporting periods of financial statements, the Group has prepared consolidated financial statements based on generally accepted accounting principles in Japan.

In the future, we may apply International Financial Reporting Standards as appropriate in consideration of situations in both Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	4,532	4,256
Electronically recorded monetary claims – operating	1	1
Accounts receivable – trade	2,427	2,449
Merchandise and finished goods	452	309
Work in process	652	801
Raw materials and supplies	571	508
Other	124	106
Total current assets	8,761	8,433
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	953	898
Machinery, equipment and vehicles, net	536	545
Land	1,675	1,675
Leased assets, net	23	22
Construction in progress	11	45
Other, net	71	122
Total property, plant and equipment	3,271	3,312
Intangible assets	27	34
Investments and other assets		
Investment securities	461	0
Deferred tax assets	105	221
Other	286	268
Total investments and other assets	852	490
Total non-current assets	4,152	3,837
Total assets	12,914	12,270

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Electronically recorded obligations – operating	184	154
Accounts payable – trade	154	268
Current portion of long-term borrowings	1,206	792
Lease liabilities	18	14
Accounts payable – other	716	668
Income taxes payable	12	15
Refund liabilities	69	60
Provision for bonuses	176	247
Provision for loss on subleases	11	11
Provision for transfer and removal expenses	88	–
Other	218	276
Total current liabilities	2,855	2,509
Non-current liabilities		
Long-term borrowings	792	–
Lease liabilities	11	10
Long-term accounts payable – other	549	549
Provision for loss on subleases	15	4
Retirement benefit liability	655	623
Asset retirement obligations	20	20
Deferred tax liabilities	20	6
Other	27	27
Total non-current liabilities	2,094	1,242
Total liabilities	4,949	3,752
Net assets		
Shareholders' equity		
Share capital	10	10
Capital surplus	4,997	4,978
Retained earnings	2,526	3,450
Treasury shares	(273)	(237)
Total shareholders' equity	7,260	8,200
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	234	–
Foreign currency translation adjustment	468	317
Total accumulated other comprehensive income	703	317
Total net assets	7,964	8,518
Total liabilities and net assets	12,914	12,270

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	6,292	6,397
Cost of sales	2,626	2,916
Gross profit	3,666	3,481
Selling, general and administrative expenses	3,036	3,022
Operating profit	629	459
Non-operating income		
Interest income	30	16
Foreign exchange gains	39	–
Insurance claim income	3	12
Subsidy income	–	5
Other	13	3
Total non-operating income	86	37
Non-operating expenses		
Interest expenses	8	5
Foreign exchange losses	–	2
Commission expenses	12	1
Other	7	4
Total non-operating expenses	28	14
Ordinary profit	688	482
Extraordinary income		
Gain on sale of investment securities	10	347
Compensation income	200	14
Gain on reversal of foreign currency translation adjustment	–	140
Total extraordinary income	210	502
Extraordinary losses		
Loss on retirement of non-current assets	1	6
Impairment losses	239	20
Provision for transfer and removal expenses	88	–
Loss on valuation of investment securities	4	–
Total extraordinary losses	333	27
Profit before income taxes	565	958
Income taxes – current	24	38
Income taxes – deferred	(357)	(3)
Total income taxes	(332)	34
Profit	898	923
Profit attributable to owners of parent	898	923

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit	898	923
Other comprehensive income		
Valuation difference on available-for-sale securities	143	(234)
Foreign currency translation adjustment	105	(151)
Total other comprehensive income	248	(386)
Comprehensive income	1,147	536
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,147	536

(3) Consolidated statements of changes in equity

Fiscal year ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,267	2,689	1,628	(300)	6,284
Changes during period					
Issuance of new shares	30	30			60
Capital reduction	(2,287)	2,287			—
Profit (loss) attributable to owners of parent			898		898
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(10)		27	17
Net changes in items other than shareholders' equity					—
Total changes during period	(2,257)	2,307	898	27	975
Balance at end of period	10	4,997	2,526	(273)	7,260

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	91	363	454	0	6,739
Changes during period					
Issuance of new shares					60
Capital reduction					—
Profit (loss) attributable to owners of parent					898
Purchase of treasury shares					(0)
Disposal of treasury shares					17
Net changes in items other than shareholders' equity	143	105	248	(0)	248
Total changes during period	143	105	248	(0)	1,224
Balance at end of period	234	468	703	—	7,964

Fiscal year ended December 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10	4,997	2,526	(273)	7,260
Changes during period					
Profit (loss) attributable to owners of parent			923		923
Disposal of treasury shares		(18)		35	16
Net changes in items other than shareholders' equity					–
Total changes during period	–	(18)	923	35	940
Balance at end of period	10	4,978	3,450	(237)	8,200

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	234	468	703	7,964
Changes during period				
Profit (loss) attributable to owners of parent				923
Disposal of treasury shares				16
Net changes in items other than shareholders' equity	(234)	(151)	(386)	(386)
Total changes during period	(234)	(151)	(386)	553
Balance at end of period	–	317	317	8,518

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	565	958
Depreciation	256	265
Impairment losses	239	20
Subsidy income	–	(5)
Loss on retirement of non-current assets	1	6
Compensation income	(200)	(14)
Insurance claim income	–	(12)
Increase (decrease) in refund liabilities	(3)	(9)
Increase (decrease) in provision for bonuses	100	71
Increase (decrease) in retirement benefit liability	31	(31)
Increase (decrease) in provision for loss on subleases	(50)	(11)
Increase (decrease) in provision for transfer and removal expenses	88	(88)
Interest and dividend income	(30)	(17)
Interest expenses	8	5
Loss (gain) on sale of investment securities	(10)	(347)
Loss (gain) on valuation of investment securities	4	–
Gain on reversal of foreign currency translation adjustment	–	(140)
Foreign exchange losses (gains)	(0)	0
Decrease (increase) in trade receivables	(411)	(23)
Decrease (increase) in inventories	(301)	57
Increase (decrease) in trade payables	(76)	77
Increase (decrease) in accrued expenses	(35)	23
Increase (decrease) in accounts payable - other	(39)	(69)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(15)	26
Other, net	47	62
Subtotal	168	805
Interest and dividends received	32	17
Proceeds from compensation	200	14
Interest paid	(8)	(5)
Subsidies received	–	5
Proceeds from insurance income	–	12
Income taxes paid	(30)	(34)
Net cash provided by (used in) operating activities	362	814

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from investing activities		
Payments into time deposits	(49)	—
Proceeds from withdrawal of time deposits	304	—
Purchase of property, plant and equipment	(157)	(291)
Purchase of intangible assets	(30)	(13)
Proceeds from sale of investment securities	11	447
Payments for asset retirement obligations	(83)	—
Other, net	0	—
Net cash provided by (used in) investing activities	(5)	142
Cash flows from financing activities		
Repayments of long-term borrowings	(1,206)	(1,206)
Repayments of lease liabilities	(28)	(20)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	59	—
Purchase of treasury shares	(0)	—
Dividends paid	(1)	—
Other, net	(4)	—
Net cash provided by (used in) financing activities	(1,181)	(1,227)
Effect of exchange rate change on cash and cash equivalents	112	(5)
Net increase (decrease) in cash and cash equivalents	(712)	(275)
Cash and cash equivalents at beginning of period	5,244	4,532
Cash and cash equivalents at end of period	4,532	4,256

(5) Notes to consolidated financial statements

Segment information, etc.

I. Overview of reportable segments

The Company's reportable segments are components of the Company for which discrete financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Company's reportable segments classified based on the product lines and market characteristics are the Pharmaceuticals Business, the Infection Control Business, and the Other Business.

The Pharmaceuticals Business mainly sells gastrointestinal medications, Seirogan, Seirogan Toi-A and Seirogan Quick C. The Infection Control Business sells sanitation control products under Cleverin brand. The Other Business sells wood vinegar-based products.

II. Calculation of net sales, profit or loss, assets, and other items by reportable segment

The method to account for the reported business segments is generally the same as the accounting policies adopted for the preparation of the consolidated financial statements.

Profits (loss) of reportable segments are consistent with operating income (loss).

III. Information on revenues from operations, income, loss, assets, and other items for each reportable segment

Fiscal year ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segment			Total	Adjustment (Notes 1, 2, 3)	Amount recorded in consolidated financial statements (Note 4)
	Pharmaceuticals	Infection Control	Other			
Sales						
Japan	3,556	472	5	4,033	–	4,033
China/Hong Kong	1,920	14	–	1,935	–	1,935
Taiwan	239	21	–	260	–	260
Other	62	–	–	62	–	62
Revenue from contracts with customers	5,778	508	5	6,292	–	6,292
Other revenue	–	–	–	–	–	–
Net sales to outside customers	5,778	508	5	6,292	–	6,292
Intersegment sales or transfers	–	–	–	–	–	–
Total	5,778	508	5	6,292	–	6,292
Segment profit (loss)	1,947	(467)	(12)	1,467	(837)	629
Segment assets	6,347	710	13	7,072	5,841	12,914
Other items						
Depreciation	220	12	–	232	24	256
Impairment losses	239	0	–	239	–	239
Increase in property, plant and equipment and intangible assets	137	4	–	142	67	209

Notes 1. The adjustment for segment profit (loss) represents corporate expenses not allocated to any reportable segment, the principal components of which are expenses related to the Company's administrative departments.

2. The adjustment for segment assets represents corporate assets, which consist mainly of cash and deposits, long-term investment funds (investment securities), and assets related to the Company's administrative departments.

3. The adjustments for depreciation and increase in property, plant and equipment and intangible assets represent the amount of depreciation of and an increase in corporate assets that are not allocated to any reportable segment.

4. Segment profit (loss) is reconciled with operating profit in the consolidated statements of income.

Fiscal year ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

(Millions of yen)

	Reportable segment			Total	Adjustment (Notes 1, 2, 3)	Amount recorded in consolidated financial statements (Note 4)
	Pharmaceuticals	Infection Control	Other			
Sales						
Japan	3,505	569	5	4,080	–	4,080
China/Hong Kong	1,869	5	–	1,874	–	1,874
Taiwan	292	44	–	337	–	337
Other	104	0	–	105	–	105
Revenue from contracts with customers	5,771	619	5	6,397	–	6,397
Other revenue	–	–	–	–	–	–
Net sales to outside customers	5,771	619	5	6,397	–	6,397
Intersegment sales or transfers	–	–	–	–	–	–
Total	5,771	619	5	6,397	–	6,397
Segment profit (loss)	1,573	(254)	(22)	1,296	(837)	459
Segment assets	6,293	748	13	7,055	5,215	12,270
Other items						
Depreciation	217	12	–	230	34	265
Impairment losses	–	20	–	20	–	20
Increase in property, plant and equipment and intangible assets	253	23	–	276	63	339

- Notes
1. The adjustment for segment profit (loss) represents corporate expenses not allocated to any reportable segment, the principal components of which are expenses related to the Company's administrative departments.
 2. The adjustment for segment assets represents corporate assets, which consist mainly of cash and deposits, long-term investment funds (investment securities), and assets related to the Company's administrative departments.
 3. The adjustments for depreciation and increase in property, plant and equipment and intangible assets represent the amount of depreciation of and an increase in corporate assets that are not allocated to any reportable segment.
 4. Segment profit (loss) is reconciled with operating profit in the consolidated statements of income.

Going concern assumption

Not applicable

Significant changes in the scope of consolidation

For the fiscal year under review, Taiko Pharmaceutical International Co., Ltd. and Taiko Environmental Technologies (Shanghai) Co., Ltd. have been excluded from the scope of consolidation due to the completion of liquidation.

Per share information

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net assets per share (yen)	158.67	169.51
Basic earnings per share	17.90	18.38

Notes: 1. Diluted earnings per share for the previous fiscal year is not presented as the Company had no potential shares.
 2. Diluted earnings per share for the fiscal year under review is not presented as the Company had no potential shares.
 3. Basis for calculation of basic earnings per share is as follows:

(Millions of yen, unless otherwise stated)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Basic earnings per share		
Profit attributable to owners of parent	898	923
Amount not attributable to common shareholders	—	—
Profit attributable to common shareholders of parent	898	923
Average number of common shares outstanding during the period (thousand shares)	50,182	50,236

Significant subsequent events

Reversal of general reserve

At a meeting of the Board of Directors held on February 13, 2026, the Company resolved to propose a reversal of general reserve to its annual general meeting of shareholders scheduled to be held on March 27, 2026. The reversal of general reserve is subject to the approval and resolution at the annual general meeting of shareholders scheduled to be held on March 27, 2026.

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| (1) Surplus item to be decreased, and its amount | General reserve: 7,860 million yen |
| (2) Surplus item to be increased, and its amount | Retained earnings brought forward: 7,860 million yen |
| (3) Purpose for reversal of general reserve | To enable the implementation of a sustained dividend policy, as well as secure flexibility and agility in our capital policy in the future |