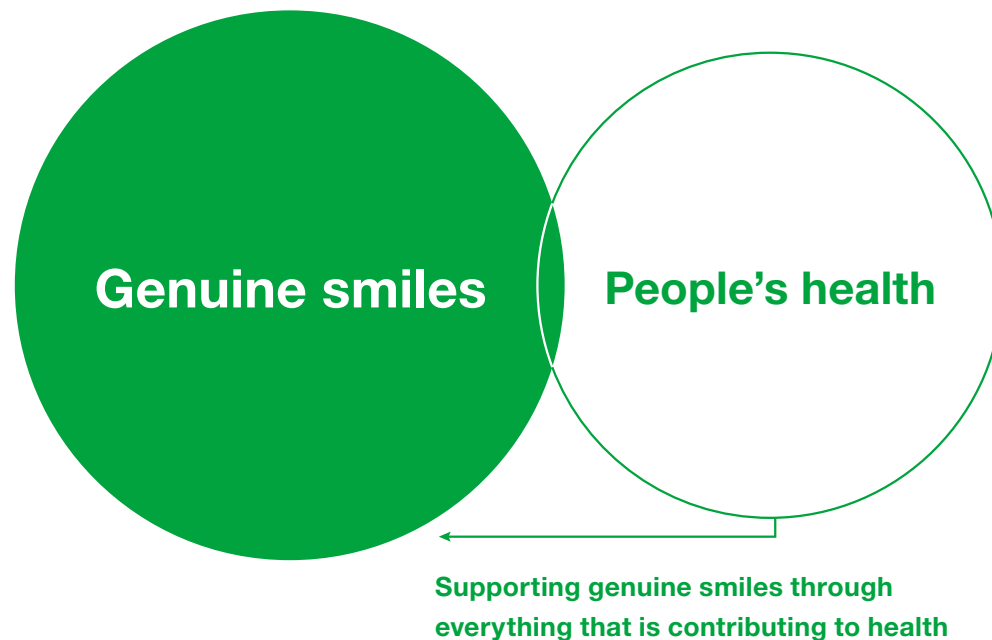


We contribute to people's health

We are dedicated to people's genuine smiles



Towa Group contributes to people's health by creating superior products and services.
Through our corporate activities, we aim to be a company that is valued and needed by patients,
healthcare professionals, local communities, and others.

Our Commitments (T-SMILE)

We are committed to the following to bring our philosophy to fruition through our corporate activities.



T (Truthful)

Truthful that means sincerity, honesty and fairness.

S (Speed)

Speed that represents swift decision-making, action and information sharing.

M (Mission)

Mission that expresses missions and passion to be of service to help people maintain their good health in communities around the world.

I (Idea)

Idea that represents creativity and imagination to challenge for unprecedented transformation.

L (Linkage)

Linkage that gives the impressions of connections between people and information, coexistence, and co-prosperity.

E (Excellence)

Excellence that represents the mind to choose the most appropriate technologies that fit with the times and highest quality.

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Towa Group Brings Genuine Smiles

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[Editorial Policy]

We issue Towa Pharmaceutical Integrated Report to communicate to shareholders, investors, and other stakeholders Towa Group’s efforts to enhance our corporate value. In the Integrated Report 2025, we have newly included messages from Director and Operating Officer in order to enrich the content of financial strategies for the 6th Medium-term Business Plan aimed at improving corporate value. We will keep striving to improve the content of our report to respond to various opinions and interests of our stakeholders. We look forward to your candid feedback.

[Scope Covered]

Towa Group’s consolidated accounts including some consolidated and non-consolidated figures in Japan.

[Period Covered]

FY2024 (From April 1, 2024 to March 31, 2025)

Note: The financial information is as of March 31, 2025.

The report also covers some initiatives that were taken before April 1, 2024 or after March 31, 2025.

[Guidelines for Reference]

IFRS Foundation’s International Integrated Reporting Framework
Japanese Ministry of Economy, Trade and Industry’s Guidance for
Collaborative Value Creation 2.0

[Forward-looking Statements]

In this report, statements other than historical facts are forward-looking statements that reflect our plans and expectations. Because these statements contain risks and uncertainties, actual results and performance may differ from the expectations expressed herein.



Message from the President

To Become a Company That Creates the Future beyond People's Health and Is Needed in Any Age

Itsuro Yoshida

President



**Building a production system that
fulfills our societal mission**

**Achieve annual production of 17.5
billion tablets by FY2026**

The government's Study Group on Industry Structure to Achieve Stable Supply of Generic Pharmaceuticals held deliberations on the ideal state of Japan's

generic drug industry. In May 2024, it outlined policies aimed at ensuring stable supply of quality-assured pharmaceuticals, including: (1) Ensure manufacturing control/quality control systems; (2) secure stable supply capacity; (3) realize a sustainable industrial structure; and (4) promote intercompany collaboration and cooperation.

As a result of the government's efforts since the early 2000s to promote generic drug use, the share

has already surpassed the target of 80%. Meanwhile, the supply disruptions stemming from generic drug manufacturers' quality issues that surfaced in 2020 have yet to be resolved. The government is working to introduce a system for evaluating companies that strive for manufacturing control, quality management, and stable supply, while promoting the restructuring of the generic drug industry to deal with its low-volume, high-product-variety structure.

In its generics business in Japan, in response to the extraordinary situation in which Japan's generic drug industry failed to ensure a stable supply, the Group accelerated the planned additional capital investment in the 2nd solid formulation building at the Yamagata Plant, which had been planned for the future. We established an annual production capacity of 14 billion tablets—an increase of two billion tablets—and further constructed the 3rd solid formulation building at the same plant in November 2023, launching operations in April 2024. Toward achieving an annual production capacity of 17.5 billion tablets across our three plants by FY2026, we plan for Towa Pharmaceutical alone to produce 16.2 billion tablets per year in FY2025 as an intermediate step. Moreover, with the completion of the Yamagata Plant's 2nd sterile formulation building, the production capacity of the vial manufacturing lines (liquid and freeze-dried products) is expected to increase from 4.5 million vials per year to 10 million. Even after the building is completed, however, stable manufacturing, quality control, and supply systems will require verification at various stages of the process. We have mobilized veteran employees from our Osaka and Okayama Plants, and every department is working together to establish a cooperative framework. We are working together as a company to contribute to stable supply as quickly as possible.

To satisfy societal demands, we must aim for an annual production capacity of 17.5 billion tablets while also pursuing heightened production efficiency and further manufacturing and quality control advancements. Smart factory development is already progressing. This includes introducing automation and

labor-saving systems to reduce the burden of plant operations. Looking at our manufacturing control and quality assurance systems, we have enhanced manufacturing and quality management precision through the Manufacturing Execution System (MES), Laboratory Information Management System (LIMS), and MasterControl K.K.'s Quality Management System (QMS) that we have previously implemented. We are now advancing digital transformation (DX) initiatives to evolve all of these into a framework that makes possible integrated data management. We aim to thoroughly eliminate manual data entry and other inefficient tasks prone to errors. We will further elevate manufacturing management and quality control standards through enhanced productivity, the establishment of reliable data, and their integrated management.

The role of people also changes when operating with reliable data. Tasks requiring precision must be entrusted to machines and systems, while it becomes essential for people to take on data management, analysis, and other more advanced tasks involving judgment. At Towa Pharmaceutical, each manufacturing facility has established procedures that are in compliance with the three GMP principles. Each employee works with a high level of quality awareness thanks to ongoing education and training. To build a stricter quality assurance system, we are also proactively incorporating international standards such as PIC/S GMP and ICH Guidelines into the structure. Moreover, to maintain and strengthen the system for stable product supply, we will push forward with efforts such as purchasing APIs from multiple suppliers and audits of manufacturing sites. We are

also engaging in initiatives aimed at the strengthening of governance and penetration of compliance across the Group, from the manufacturing of APIs to the manufacturing of formulations, logistics, and distribution. It is crucial for each individual to have a deep understanding of these mechanisms and to operate them at an even higher level, so we will also upgrade our educational structure, including reskilling.

As one path toward stable supply, we are also exploring new collaborative structures. It is very important, however, that we entrust production to companies that share our manufacturing and quality control philosophy and systems. It will still take five to 10 years to increase production volumes under mutually satisfactory arrangements. First and foremost, we will continually share the latest market trends and future outlooks across the Group. To fulfill our social infrastructure role, we believe that our top priority is to approach our work with a sense of mission, taking the lead in promoting stable supply and quality control.

Showing “Towa Quality” to the world through innovation

Towa Pharmaceutical Europe, S.L., a subsidiary of Towa Pharma International Holdings, S.L. (hereinafter, “Towa INT”), is entering its fifth year as part of the Group, and is demonstrating new synergies in production and quality. The company's Martorelles Plant in Spain complies with the standards of the European Medicines Agency (EMA) and the U.S. Food

Our constant pursuit of “Towa Quality” contributes to the resolution of societal issues

and Drug Administration (FDA). Its strength lies in superior production technology from the perspective of quality. In February 2024, we received certification to begin manufacturing specifically for the Japanese market and launched production of Esomeprazole Capsules 10 mg/20 mg “Towa” for sale in Japan, thereby contributing to the stable domestic supply of this product. The plant possesses various know-how to utilize manufacturing equipment and facilities that boost production efficiency, while Towa Pharmaceutical has knowledge not found in Europe in



Scene from Towa INT commemorative event

adding value to formulations. We plan to drive our overseas generics business forward and deepen our globalization by fostering collaboration across all departments, including these production technologies and R&D.

In our overseas generic business, we currently offer over 300 generic drug products in more than 30 countries worldwide, including Europe and the U.S. We believe, however, that pursuing “Towa Quality”—aiming for the creation of products with No. 1 total product performance—is vital to establishing a significant global presence. Examples include orally disintegrating (OD) tablets, which disintegrate in the mouth without water and are thus easy to take, techniques for masking bitter taste, and drug imprinting that makes it easy for healthcare professionals to distinguish tablets. A representative example of the Towa Group’s value-added formulation technology is RACTAB, our proprietary technology combining the disintegrating feature that makes a tablet easy to take, and the hardness that enables a tablet to be handled like an ordinary tablet. By continuously refining and improving our products with the latest technologies we possess to meet the needs of society—including making drugs easy for patients to take and easier to distinguish for healthcare professionals—we create products that are

updated to be the latest and best of the era. This approach underpins “Towa Quality.”

As part of our efforts toward technological innovation and product value creation, we have set “Tackling nitrosamine issues” as our challenge. The issue of pharmaceutical contamination with nitrosamines, which are suspected carcinogens, is a serious challenge facing the global pharmaceutical industry. Our chemists responsible for the synthesis of APIs spearheaded the development of the “Towa Amine Approach,” an analytical method that makes possible the reliable assessment of contamination risk by evaluating the API itself. Research findings on a simultaneous analytical method for controlling nitrosamine contamination in pharmaceuticals were published in the *ACS Omega*, the journal of the American Chemical Society, in December 2024. Additionally, in August 2025, research results demonstrating the reduction of nitroso-atomoxetine contamination levels below permissible limits in a NOx-free environment were published in the American Chemical Society journal *Organic Process Research & Development*. We are currently forming a specialized team to implement this into our manufacturing processes, and we expect it to contribute significantly to showcasing “Towa Quality” to the world.



We are also focusing our efforts on initiatives that, from the perspective of innovation, expand generic drug potential. As part of our efforts to improve pharmaceutical administration and dosage, for instance, in May 2025 we launched Rivaluen® LA Patch 25.92 mg/51.84 mg, a twice-weekly sustained-release rivastigmine adhesive patch preparation released in Japan for the first time. This product was the first new drug for which we acquired manufacturing and marketing approval. Through the visualization of medication status, the patch is seen mitigating the burden on caregivers and others managing medication adherence. Existing medications must be administered once a day, whereas our preparation requires only twice-weekly application. We expect this to contribute to realizing

sustained dementia care and improve the quality of life for patients, their families, and caregivers.

We are also working on drug repurposing. Drug repurposing refers to the repurposing of existing drugs to develop them as treatments for new diseases. Since sufficient clinical data on the safety of existing drugs has been accumulated, utilizing this data may reduce R&D time and costs compared with the conventional development of new drugs. As of June 2025, we possessed 732 products comprising 314 ingredients. We believe it is our mission to delve into the potential applications of these ingredients toward developing treatments for conditions such as rare diseases. Starting in June 2025, we initiated a corporate clinical trial of bromocriptine, revealed through iPS-based drug discovery, targeting familial Alzheimer's disease in collaboration with the Kyoto University Center for iPS Cell Research and Application (CiRA) and others.



In-house technological presentation

Embracing “Challenges toward a new phase,” we contribute to realizing a society with a long and healthy life expectancy

Our Group launched the 6th Medium-term Business Plan 2024–2026 PROACTIVE III in FY2024 and is implementing the following basic policies: (1) Evolution of generics business in Japan toward a new phase; (2) Establishing foundation for new markets/new businesses and realizing Group synergies, and (3) Strengthening sustainability management and building fundamentals for sustainable growth. The sub-title of the 6th Medium-term Business Plan is “Challenges toward a new phase.” One of our key challenges will be for all companies in the Group to work proactively to create health-related businesses that are adapted to the medical system of the future and undertaking various initiatives toward realizing a future that provides full coverage, from medical care to the care and prevention of pre-symptomatic diseases, catering to a society with a long and healthy life expectancy.

In our new health-related businesses, we are selling the Healthcare Passport, a cloud-based regional healthcare information coordination service, in partnership with TIS Inc. Ltd. We are working to promote its adoption to contribute to the realization of the Comprehensive Community Care System that the government aims to establish. Healthcare Passport facilitates the collaboration and sharing of information about individual patients among primary care physicians, pharmacies, and hospitals, thereby

Achieving sustainable growth by combining DX with the creation of a work environment with job satisfactions and fostering talented human resources

ensuring the provision of appropriate medical care. It is an effective tool for multi-disciplinary collaboration with home healthcare providers and nursing facilities. We also announced case studies at Toho University Medical Center Sakura Hospital (Sakura City, Chiba Prefecture) in February 2025 and Chiba Neurosurgical Clinic (Chiba City, Chiba Prefecture) in September 2025. To this end, we will work on the realization of the “Exa Port” concept, which will make use of personal health records (PHR) and electronic health records (EHR), with the Healthcare Passport as the hub of this system. This concept involves analyzing data on individuals’ condition before they become ill (pre-symptomatic) and providing information on support such as diet and exercise. We will also provide products and services for the maintenance and improvement of health. Additionally, we are collaborating with Group company Sunsho Pharmaceutical Co., Ltd., which specializes in the development of supplements and health foods using soft capsule technology, in the joint development of original products for Towa Pharmaceutical. In a society that has entered an era of hyper-aging, providing health support that caters to each individual has become a major challenge. We hope to make a major contribution to the

realization of the Comprehensive Community Care System, which will help the elderly to continue living in their own fashion, as much as possible, in communities that are familiar to them.

Creating a rewarding workplace through DX Promoting growth through the visualization of work

Creating work environment with job satisfactions and fostering talented human resources will be key themes of “Strengthening sustainability management and building foundation for sustainable growth,” one of the basic policies of the 6th Medium-term Business Plan. As DX and AI further penetrate our work, many tasks will be replaced by digital technologies. A person’s role involves understanding the big picture of the company and work and envisioned future, interpreting data, and making judgments.

We have long stressed to our employees the importance of regarding their jobs as work rather than as mere individual tasks. Beyond that, I feel it is

just as important to comprehend the meaning underlying one’s duties while performing them, and to consider what skills one wants to develop and the type of career path one wants to pursue. With that in mind, we established the Human Resource Development Center to promote reskilling, but we recognize that we need to develop further concrete measures going forward.

DX through system implementation in manufacturing processes is also advancing. A good portion of the work will be replaced by machinery, so the role of people will be to understand Good Manufacturing Practice (GMP) and international standards, interpret data, and determine what needs to be done to more efficiently produce high-quality products. We are currently educating employees working at plants to be cost-conscious. By thinking about their own productivity in terms of costs in their work, their motivation will become clear, and the Company will be able to evaluate that productivity fairly. This “visualization of one’s own work” makes it possible for employees to constantly keep their immediate goals and future career path in sight, allowing them to take proactive, planned action toward realizing them. This leads to greater job satisfaction.

Passing on “genuine smiles” to the next generation

The 100-Year Plan, a challenge for the creation of a local industry

Towa Pharmaceutical was a Bronze Partner supporting the Better Co-Being Pavilion at the Expo 2025 Osaka, Kansai, Japan. We hosted the “Business Model Competition featuring high school students for the Future and Health supported by Towa Pharmaceutical,” organized by the same pavilion. The basis of the Towa Group’s fundamental thinking and vision is the Towa Corporate Vision of “We are dedicated to people’s genuine smiles.” “Genuine smiles” refers to a state in which happiness wells up from within when the body is healthy and the spirit is fulfilled, bringing a smile to a person’s face. What we should be like in the future represents a company that continues to be needed by people living in the region and to deliver the products and services that they need, at any age and in any region.

We solicited fresh ideas for the business contest from high school students who will shape Japan’s future, centered on the theme, “Building Communities to Realize Better Co-Being and Genuine Smiles.” We didn’t make it a business contest to seek ideas that would actually work as businesses; rather, the purpose was to encourage participants to consider how to revitalize the communities they live in and what actions they themselves should take to bring that to fruition. The national Comprehensive Community Care System

will become deeply embedded in local communities when paired with mechanisms that revitalize those communities. I hope this opportunity serves as a catalyst for high school students nationwide to take action toward realizing their “genuine smiles” 10 or 20 years from now.

Moreover, as part of the Towa Pharmaceutical Group 100-Year Plan—a symbolic initiative that embodies our corporate philosophy—in 2014, we launched our challenge to cultivate licorice in Mongolia. In Mongolia, the extraction of finite underground resources is the core industry supporting the nation’s economy. Land desertification and the climate change that resulted from it pose significant challenges. We have launched initiatives to cultivate licorice, a plant native to Mongolia used not only in food products and cosmetics but as a raw material for pharmaceuticals, into a new industry. We have secured approximately 1,000 hectares of land in Kherlen District, Khentii Province, eastern Mongolia. With the cooperation of local residents, preparations for planned licorice cultivation are gradually progressing. Eventually, by utilizing this infinite green resource—selling the harvest and cultivating new licorice from its seeds—an industry could develop as a form of sustainable development. This would help raise the standard of living of the Mongolian people and bring more genuine smiles to their faces. We want to continue this project as a symbol of our determination to be a company that continues to be needed by people living in the region and to deliver products and services that they need, at any age and in any region.



The Towa Group will continue to roll out these businesses in Japan and around the world, focusing on our generic business and diverse health-related businesses, striving to increase the number of people with genuine smiles. We would like to ask for your continued support in these endeavors.

Our History

Since our establishment in 1951, we have strived to research, develop, manufacture, and sell generics for more than 70 years. While promoting stable supply, quality assurance, and information provision, we will continue to focus on research and development of ingenious pharmaceutical products that are “easier to take” and “easier to handle.” At the same time, we work to construct a structure that can provide the Group’s value-added products to patients around the world and to create new health-related businesses in response to the new medical system.

History of Towa

*The years shown are fiscal years.

1951 Established

1957 Started selling OTC drugs

1965 Shifted to manufacturing and selling ethical drugs from OTC drugs



Itsuro YOSHIDA was appointed President and Representative Director

1998



Constructed Osaka Research Center

2000

Launched value-added products

2003

Acquired J-DOLPH Pharmaceutical CO., LTD. as a subsidiary

2004

Established RACTAB Technology



2004

Listed on the first section of the Tokyo Stock Exchange

2010



Acquired Daichi Kasei Co., Ltd. as a subsidiary

2016



Established Greencaps Pharmaceutical Co., Ltd.

2019



Acquired Towa Pharma International Holdings, S.L. (Spain) as a subsidiary

2021



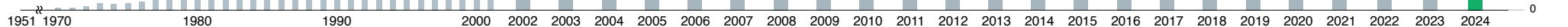
Acquired Sunsho Pharmaceutical Co., Ltd. as a subsidiary

2022

Transitioned to the Prime Market of the Tokyo Stock Exchange

Consolidated Sales for FY2024
JPY **259.5** billion

[Trends in consolidated sales]



1st Growth Period from our establishment to FY2001

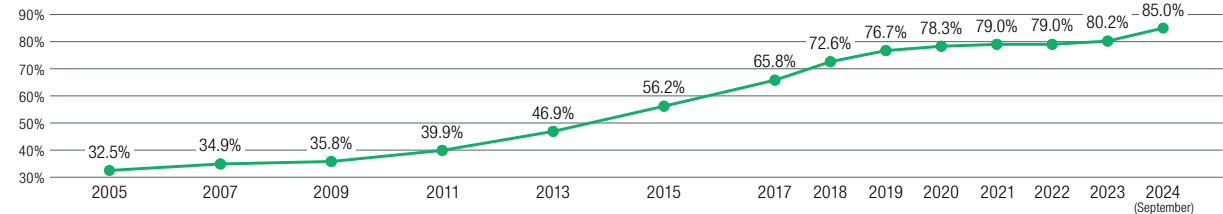
2nd Growth Period from FY2002 to FY2020

3rd Growth Period from FY2021

Our History

Since our establishment in 1951, we have aimed to contribute to the spread of generics through the enhancement of production systems at three plants nationwide in Osaka, Okayama, and Yamagata under the national government's measures to promote the use of generics. We remain committed to further strengthening our efforts going forward.

Trends in the proportion of generic drug use (by volume, for September) in drug price surveys



Source: Ministry of Health, Labour and Welfare, "Promotion of the Use of Generics and Biosimilars"

















History of initiatives based on measures to promote the use of generics

1961 Start of National Health Insurance System in Japan	1993 Final Report of Advisory Panel on the Ideal Way of Pharmaceuticals in the 21st Century articulating the definition and significance of generics for the first time	2007 30% or more by FY2012	2013 60% or more by the end of FY2018	2017 80% or more by September 2020	2024 80% or more in all prefectures by the end of FY2029	Actual volume share in FY2021 79.5%	Actual volume share in FY2022 80.7%	Actual volume share in FY2023 82.7%	Actual volume share in FY2024 86.5%
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Generics volume share targets set by the government

Source: Japan Generic Medicines Association, "Analysis Results of Generic Drug Share by Volume" (by volume, for one year)

[Production system]

Osaka	<div>1977</div> <div>Constructed Osaka Plant</div> <div></div>	<div>1981</div> <div>Constructed Osaka 2nd Plant</div> <div></div>	<div>2005</div> <div>Constructed New Osaka Plant (current Osaka Plant)</div> <div>(Production capacity: 2.5 billion tablets)</div> <div></div>	<div>2013</div> <div>Expanded the warehouse and testing area in the Osaka Plant</div> <div></div>			
Okayama	<div>1983</div> <div>Constructed Okayama Plant</div> <div></div>	<div>1995</div> <div>Constructed the packaging building</div> <div></div>	<div>1996</div> <div>Expanded the formulation building</div> <div></div>	<div>2012</div> <div>Started operations of the 2nd solid formulation building in West Japan Distribution Center</div> <div></div>	<div>2016</div> <div>Expanded the 2nd solid formulation building</div> <div>(Production capacity: 2.5 billion tablets → 3.5 billion tablets)</div> <div></div>	<div>2017</div> <div>Rebuilt the solid formulation building</div> <div>(Production capacity: 3.5 billion tablets → 5.0 billion tablets)</div> <div></div>	
Yamagata		<div>1998</div> <div>Purchased Mect Co., Ltd.'s Tohoku Plant</div> <div></div>	<div>2008</div> <div>Started the plan to construct Yamagata Plant</div> <div></div>	<div>2012</div> <div>Completed Yamagata Plant and East Japan Distribution Center</div> <div>(Production capacity: 2.5 billion tablets)</div> <div></div>	<div>2017</div> <div>Completed the relocation of East Japan Distribution Center Renovated the solid formulation building and started operations of the 2nd solid formulation building</div> <div>Rebuilt the solid formulation building (Production capacity: 2.5 billion tablets → 3.0 billion tablets)</div> <div></div>	<div>2018 ~ 2022</div> <div>The 2nd solid formulation building was equipped with facilities. (Production capacity: 3.0 billion tablets → 6.5 billion tablets)</div> <div></div>	<div>2024</div> <div>The 3rd solid formulation building started operations and was sequentially equipped with facilities. (Production capacity: 6.5 billion tablets → 10.0 billion tablets in FY2026)</div> <div></div>

Sales system

[Sales system]

2011 Towa Direct Sales System	Sales offices (as of April 2025): 69 offices Agents (as of April 2025): 26 agents at 55 sites	Shifted to Towa-style Sales System
	Started collaboration with two wide-area wholesalers in 2017	

Helping Cut Medical Costs through Generics

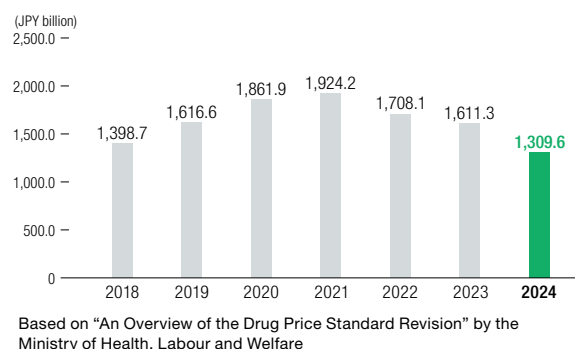
Japan's medical cost problem and the importance of generics

In Japan, medical costs continue to increase each year due to factors such as an aging population, reaching approximately JPY 47.3 trillion in FY2023.*¹ According to a trial calculation by the Ministry of Health, Labour and Welfare, national medical costs for FY2040 are estimated to reach approximately 79 trillion yen.*² Rising medical costs threaten the sustainability of the National Health Insurance System, making it imperative to find a solution.

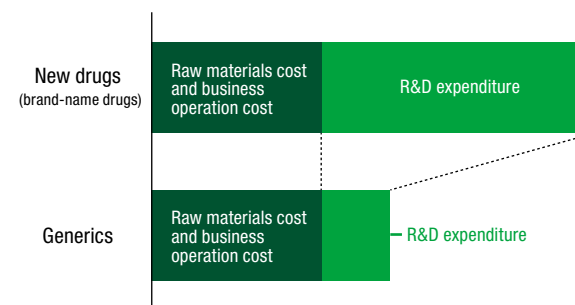
Meanwhile, as the workforce supporting insurance premiums and taxes decreases, the prerequisites for the National Health Insurance System are likely to collapse. If medical costs continue to swell as estimated, some undesirable events may happen: an increase in patients' burden of medical costs and the taxes, and a loss of access to medical care that we naturally have had up to now. Stemming the increase in medical costs is essential to keep the National Health Insurance System in the future.

In this situation, generics have come to play an increasingly vital role. Generics are just as effective as brand-name drugs, but they are less expensive. By replacing brand-name drugs with generics, medical costs can be reduced by approximately JPY 1.6 trillion per year.*³ They also help lower out-of-pocket drug costs for patients. Furthermore, the wider use of generics will reduce costs for medical institutions and pharmacies, thereby improving the efficiency of the entire healthcare system.

Reduction in medical costs from switching to generics (annual estimate)



Comparison of drug prices (conceptual chart)



*1 Source: "Trends in Medical Costs 2023" by Ministry of Health, Labour and Welfare

*2 Source: "Future Outlook of Medical Costs" by Ministry of Health, Labour and Welfare

*3 Source: "An Overview of Drug Price Standard Revision in FY2024" by the Ministry of Health, Labour and Welfare

Restoring confidence in generics and the sustainability of the healthcare system

Given the increasing importance of generics, we consider it highly deplorable that some pharmaceutical companies significantly undermined confidence in pharmaceutical products, especially generics, by engaging in misconduct. Restoring confidence in generics is crucial for creating an environment where patients can receive treatment with peace of mind. With ongoing concerns about the quality and reliability of generics, strict control of the manufacturing process and the provision of highly transparent information are essential to dispel these concerns. Creating an environment where patients can confidently choose generics is key to achieving a sustainable healthcare system. As the Company has emphasized the quality of generics, it will work to further improve their quality and reliability.

- I. Strengthen compliance, governance, and risk management
- II. Strengthen the system that gives utmost priority to quality
- III. Take action to ensure stable supplies
- IV. Provide and disclose information actively
- V. Enhance association activities, cooperate with the government, etc., and take other measures

Social Issues Addressed by Towa Group

Further improving the quality of generics and strengthening the stable supply system

Towa is committed to developing and providing generics to help reduce medical costs in Japan and contribute to realizing a sustainable healthcare system. We currently have the lineup consisting of more than 700 products to cover various therapeutic areas.

In developing products, we conduct research to enhance the value of our products using the latest technology and equipment, while ensuring the same efficacy and safety as new drugs. We also work to improve product quality and create added value to provide Towa Quality products that are continuously improved and modified.

To ensure a stable supply of generics, we have established a comprehensive supply system encompassing raw material procurement, manufacturing, and inventory management. Currently, we have production sites in Osaka, Okayama, and Yamagata. We are expanding our production system to increase the annual production capacity of our three plants from 14.0 billion tablets at the end of FY2023 to 17.5 billion tablets in FY2026.

Under this production system, we will strengthen our efforts to ensure continuous supply in order to provide medical institutions and patients with the necessary pharmaceutical products at all times. This enhanced supply system is the foundation for building trust with medical professionals and supporting patient treatment.

Products
More than **700**

Production volume
14.3 billion tablets
(up 5.6% year on year)
FY2024

R&D expenditure
JPY **16.2** billion
FY2024

Capital investment
JPY **33.3** billion
FY2024

Towa Group's technological innovations

In addition to manufacturing generics that are as effective and safe as new drugs, the Company is working to develop pharmaceutical products through technological innovation in drug discovery from the perspective of the patients who will take them.

List of Towa's technologies

RACTAB® Technology

FINEST-Pow®
FINEST-Gran®
FINEST-Core®

ARTICRE® Technology

We continue to take on the challenge of innovation in areas such as “high-value (high-performance) formulation technology,” “high-efficiency manufacturing technology,” and “development capabilities that respond to diverse needs.” One example is our RACTAB® Technology, which enables the creation of orally disintegrating (OD) tablets that can be taken without water. This technology aims to achieve a high level of compatibility between the seemingly contradictory qualities of “ease of disintegration” and “hardness.”

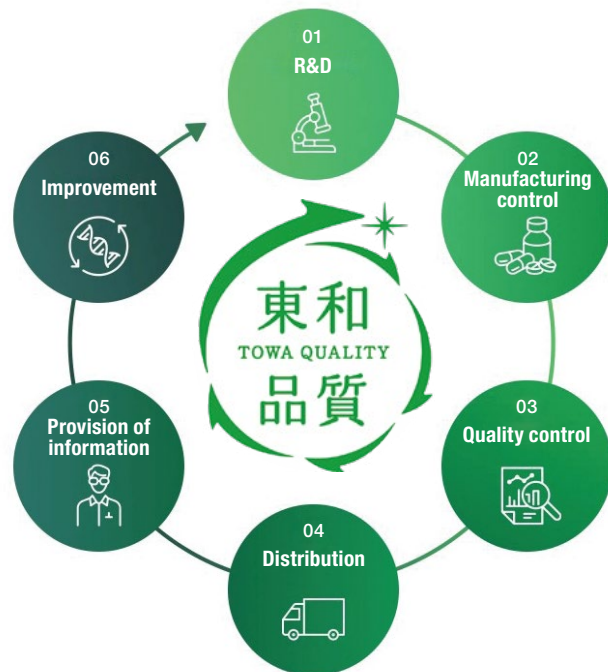
Nox Think Tank Project

The Company has launched the Nox Think Tank Project to tackle nitrosamine issues and is proactively working to solve the social problem of nitrosamine contamination in pharmaceutical products. As an analytical method that enables more accurate assessment of contamination risk, the Company developed the Towa Amine Approach, which adds the “assessment of causative amines in APIs” to the “assessment of nitrosamines in pharmaceutical products.” In December 2024, the Company published research results on a universal analytical method for controlling nitrosamine contamination in pharmaceutical products in the *ACS Omega*, a journal of the American Chemical Society. A series of studies led to the successful manufacture of atomoxetine tablets under conditions where NOx was reduced to 1 part per billion (ppb)—the first achievement of its kind worldwide—and of a formulation in which the nitroso-atomoxetine content was below the allowable limit. The results of this research were published in the *Organic Process Research & Development*, a journal of the American Chemical Society, in August 2025.

Social Issues Addressed by Towa Group

Towa Quality

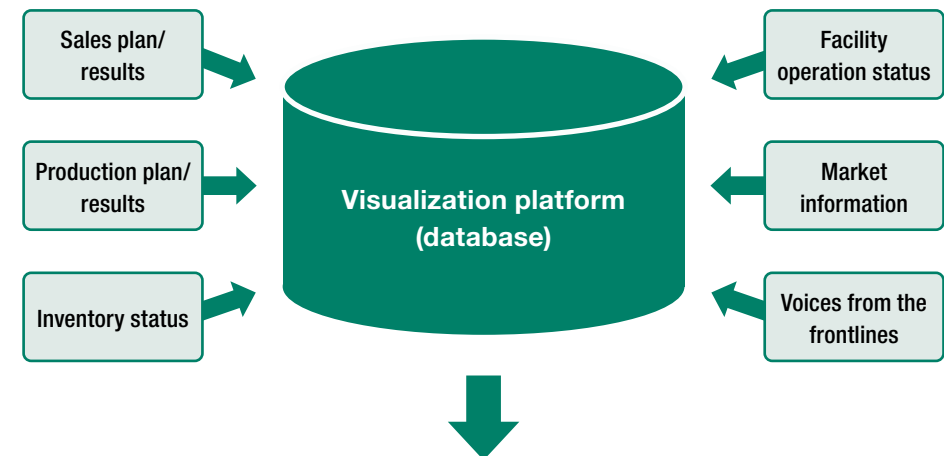
Towa Quality represents the Company's commitment to consistently pursuing quality throughout all stages—from manufacturing to supply—so that patients can use its pharmaceutical products with peace of mind. Rigorous controls are applied throughout all stages, including the selection of APIs, facilities, and manufacturing processes, as well as quality testing. We are also focusing on developing our own supply chain and building a stable supply system that ensures the reliable delivery of pharmaceutical products at all times. Because the quality of pharmaceutical products cannot be judged by appearance, we strive to further improve quality by sincerely addressing not only ease of use but also safety and supply responsibility.



Initiatives to ensure quality and stable supply

The Company is collaborating with T Square Solutions Co., Ltd. to further enhance the efficiency of the pharmaceutical supply process, in light of recent concerns regarding the supply of pharmaceutical products and the ongoing need to respond to market demands. We have developed a system that consolidates and visualizes information such as sales and production plans, results, inventory status, and facility operation status, with the aim of streamlining the pharmaceutical supply process and accelerating decision-making.

Going forward, the Company will strive to respond more flexibly to market changes by strengthening internal information sharing, improve planning accuracy through expanded simulation functions, and advance the supply process by leveraging both market and external information, as well as collaborating with other systems.



Social Issues Addressed by Towa Group

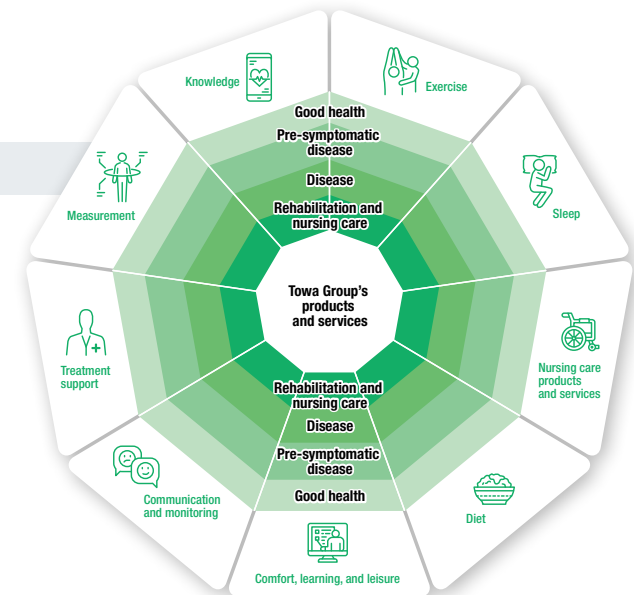
Health-Related Businesses

Extension of healthy life expectancy and disease prevention

Japan is facing a super-aging society where extension of the healthy life expectancy toward the era of the 100-year life is a major issue. The healthy life expectancy is a concept proposed by the World Health Organization (WHO) in 2000, and refers to the period during which a person can live in good health. In the past, emphasis was placed on life expectancy, but in recent years, greater importance has been given to disease prevention and to leading healthy, active lives. Moreover, extending the healthy life expectancy is essential from the viewpoint of curbing medical costs.

In light of this social situation, we, as a

comprehensive healthcare company for the era of the 100-year life, will not only manufacture and sell generics but also strive to provide optimal solutions through all types of products and services related to healthcare. In our health-related businesses, we classify health conditions into four categories—good health, pre-symptomatic disease, disease, and rehabilitation and nursing care—and develop initiatives in combination with the Company's nine priority areas. Furthermore, by addressing regional issues, we are engaged in health co-creation initiatives, acting as a coordinator connecting people and communities.



Cognitive Function Self Checker

The service tests users' cognitive functions by combining virtual reality with eye-tracking technology. It presents questions in five areas: memory, attention, language, arithmetic, and spatial recognition, based on a neuropsychological test. Cognitive function is assessed in five minutes by simply having users look at the correct answers.



Sabrosa Curry

Sabrosa Curry contains Maekawajiro persimmon, a specialty of Taki Town, Mie Prefecture, allowing customers to enjoy a touch of mildness and sweetness along with the spicy flavor. Each serving contains 1.2 g of salt and a total of 320 mg of DHA and EPA, which are derived from the mackerel used as an ingredient.

*According to the survey by the Japan Food Research Laboratories



Mino Plus

This is a hair growth treatment classified as Category 1 pharmaceutical. We have thoughtfully designed it to fit naturally into user's daily routine and ensure it is comfortable to use even for those who have only recently become concerned about their hair. The formula contains the hair growth ingredient minoxidil and four additional active ingredients*.

*Pantothenyl ethyl ether, pyridoxine hydrochloride, tocopherol acetate, and l-menthol



Healthcare Passport

This is a cloud-based personal health record (PHR) platform service. It manages health and medical information linked to ordinary citizens and shares it with both medical professionals and family members to enable the provision of appropriate medical care and health promotion.

Financial Highlights

Realize Genuine
Smiles

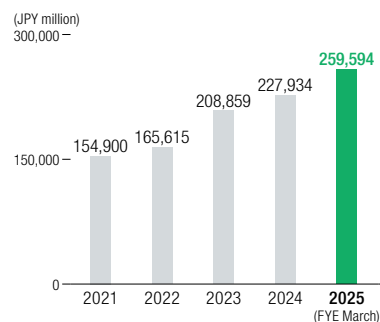
Towa Group's
Value Creation

Foundation
Supporting Business

Financial and
Corporate Data

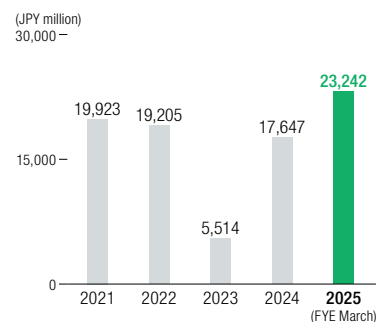
Net sales

JPY **259,594** million



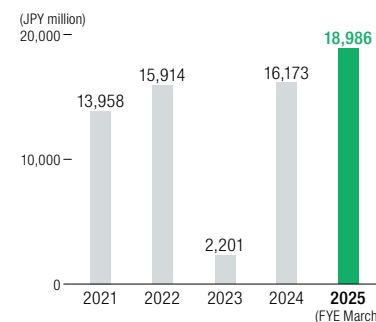
Operating profit

JPY **23,242** million



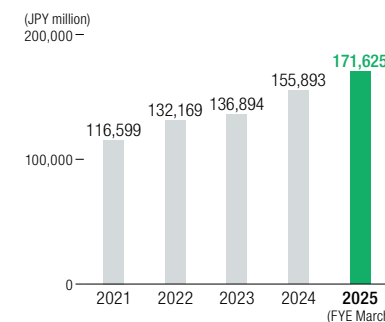
Profit attributable to owners of parent

JPY **18,986** million



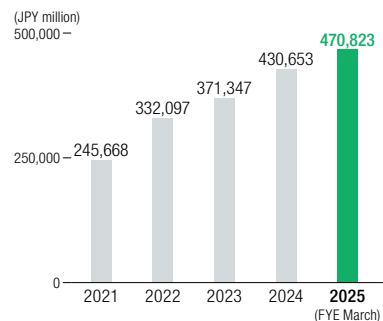
Net assets

JPY **171,625** million



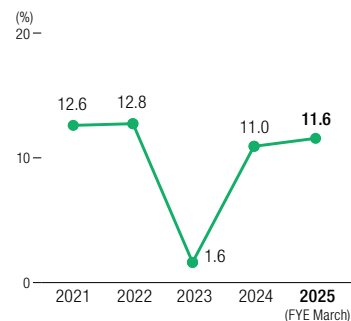
Total assets

JPY **470,823** million



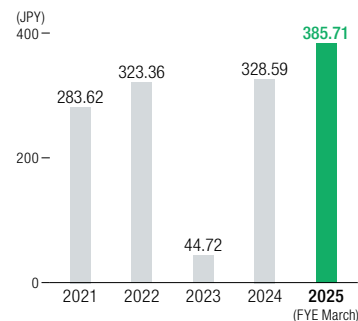
ROE

11.6 %



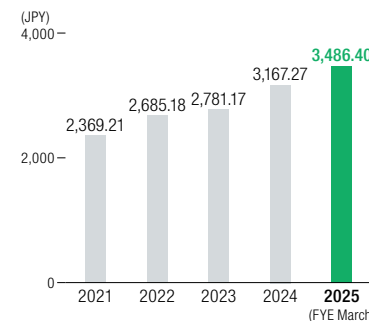
Earnings per share

JPY **385.71**



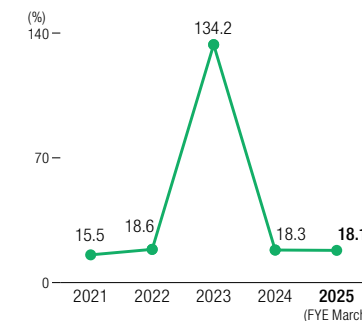
Net assets per share

JPY **3,486.40**



Dividend payout ratio

18.1 %



Note: The fiscal year ended March 31, 2023 was a transitional period for the change in the fiscal period for nine consolidated subsidiaries. The consolidated subsidiaries had an irregular accounting period of 15 months from January 1, 2022 to March 31, 2023. During the fiscal year ended March 31, 2023, the Company finalized provisional accounting treatments for the business combination. Accordingly, the figures for the fiscal year ended March 31, 2022 reflect contents of the finalization of provisional accounting treatments.

Non-Financial Highlights

Realize Genuine
Smiles

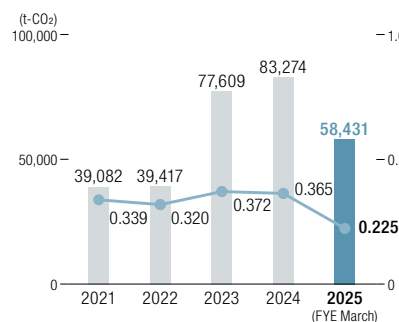
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CO₂ emissions

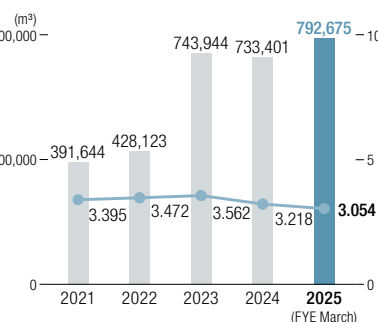
58,431 t-CO₂



■ CO₂ emissions ● CO₂ emissions intensity
- Three Towa plants for 2021 to 2022
- Per sales of JPY 1 million (non-consolidated)

Water usage

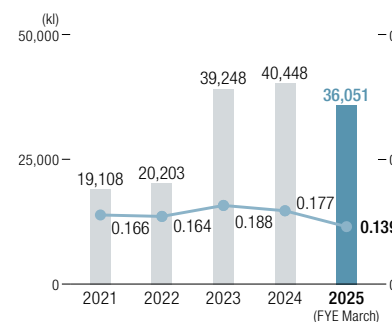
792,675 m³



■ Water usage ● Water use intensity
- Three Towa plants for 2021 to 2022
- Per sales of JPY 1 million (non-consolidated)

Energy usage

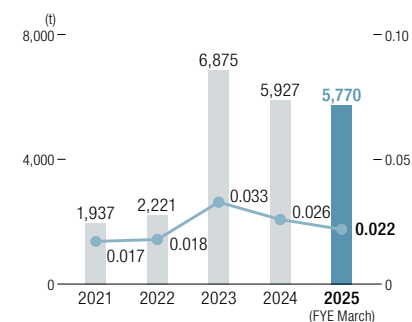
36,051 kl



■ Energy usage ● Energy use intensity
- Three Towa plants for 2021 to 2022
- Per sales of JPY 1 million (non-consolidated)

Waste generated

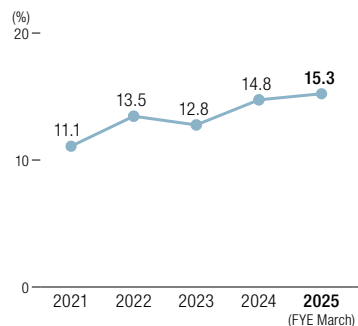
5,770 t



■ Waste generated ● Waste generation intensity
- Three Towa plants for 2021 to 2022
- Per sales of JPY 1 million (non-consolidated)

Ratio of women in management positions

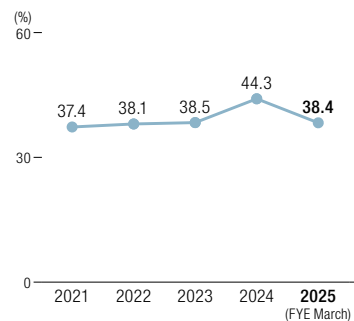
15.3 %



- Towa (non-consolidated)
- As of April 1 for 2021

Ratio of women in new graduate hires

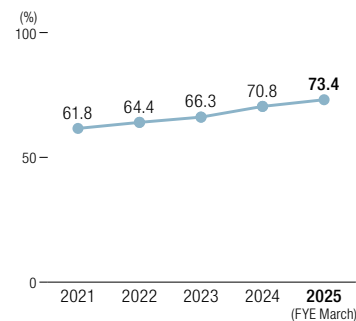
38.4 %



- Towa (non-consolidated)

Ratio of paid leave taken

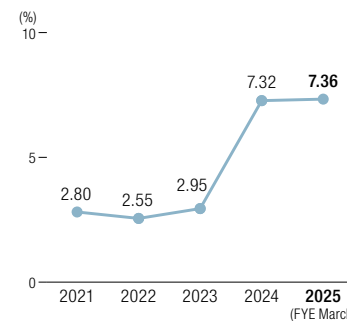
73.4 %



- Towa (non-consolidated)

Employee turnover rate within the first three years

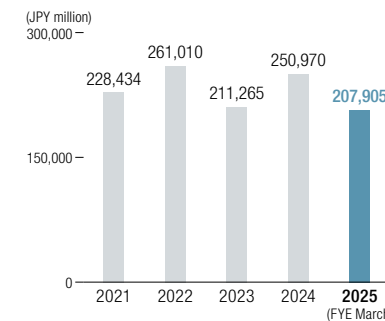
7.36 %



- Towa (non-consolidated), new graduates only

Medical expense reduced

JPY 207,905 million



- Towa (non-consolidated)