

April 23, 2026

Press Release

TOWA PHARMACEUTICAL CO., LTD.

Toward Ensuring a Stable Supply of Off-Patent Medical Products^{*1}

Towa Pharmaceutical Agrees to Collaborate with Sanwa Kagaku Kenkyusho Co., Ltd., with the Aim of Establishing a Backup Production System

Towa Pharmaceutical Co., Ltd. (Head office: Kadoma, Osaka; President and Representative Director: Itsuro Yoshida; hereinafter, “Towa Pharmaceutical”) is pleased to announce that it has reached an agreement with Sanwa Kagaku Kenkyusho Co., Ltd., (Head office: Nagoya, Aichi; President and Representative Director: Shusaku Isono; hereinafter, “Sanwa Kagaku Kenkyusho”), a group company of SUZUKEN CO.,LTD., to collaborate on establishing a backup production system at multiple locations to ensure a stable supply of off-patent medical products.

Outline of the Collaboration

- Objective: To secure manufacturing capacity and establish a mutual backup system to ensure a stable supply of off-patent medicine products.
- Framework: Sanwa Kagaku Kenkyusho will expand its production lines at Kumamoto plant while increasing the proportion of contract manufacturing from Towa Pharmaceutical, thereby leveling out and improving the efficiency of its manufacturing process.
Meanwhile, Towa Pharmaceutical will secure its own manufacturing capacity by increasing its contract manufacturing proportion.
Both companies will build efficient production systems while establishing a framework that allows mutual backup production.
- Schedule: Production will commence sequentially for products agreed upon by both companies once the necessary production preparations have been completed.

Towa Pharmaceutical is working to address industry-wide challenges by building a collaborative framework in which brand-name drug companies, generic drug companies, and pharmaceutical contract manufacturing companies work closely together. Through this collaboration, we aim to establish an ecosystem that ensures a sustainable and stable supply of drugs that are therapeutically essential over the long term, thereby realizing a healthy, circular model for society as a whole.

Our collaboration with Sanwa Kagaku Kenkyusho is part of our efforts to realize our vision, and this collaboration is positioned as a critical initiative toward the realization of our “Stable Supply Ecosystem for Long-Term Essential Drugs.”^{*2}

Based on this agreement and in accordance with the corporate philosophies of both companies, Sanwa Kagaku Kenkyusho will proceed with expanding its production lines at Kumamoto plant, and Towa Pharmaceutical plans to outsource the manufacturing of approximately 700 million tablets by FY2028. In addition, Towa Pharmaceutical will optimize its own manufacturing lines and increase production of pharmaceuticals that are in high demand, thereby contributing to resolving the shortage of pharmaceuticals.

Furthermore, in the event of an emergency, we will also conduct parallel production of products outsourced to Sanwa Kagaku Kenkyusho at the Towa Pharmaceutical plant,

thereby strengthening stable supply through a backup production system at multiple locations.

Towa Pharmaceutical and Sanwa Kagaku Kenkyusho will continue to maintain a good relationship, deepen cooperation through this collaboration, and contribute to the realization of a stable supply of off-patent medical products.

[Background to This Initiative]

In its report titled “Meeting on Industrial Structure to Achieve Stable Supply of Generic Drugs,” the Japanese government has called on the generic pharmaceutical industry to recognize its social responsibility as an industry that underpins national healthcare by ensuring the stable supply of high-quality drugs. The report further urges the industry to proactively undertake structural reforms so that companies and the industry as a whole can remain sustainable over the long term.

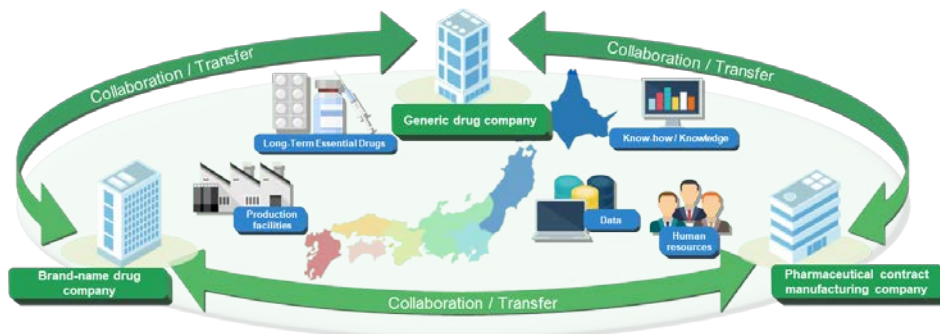
Meanwhile, the pharmaceutical shortage triggered by instability in the supply of generic drugs continues to persist. According to an announcement by the Ministry of Health, Labour and Welfare, as of October 2025, 14% of all ethical drugs (2,208 items) were subject to regulated shipments or supply discontinuation.

In addition, with the rapid shift from long-listed products to generic drugs, there is a significant risk that valuable assets of the domestic pharmaceutical industry, such as manufacturing technologies and know-how accumulated over many years by brand-name drug companies manufacturing long-listed products, may not be properly transferred and could be lost. Towa Pharmaceutical recognizes this as a major challenge to the sustainability of Japan’s pharmaceutical industry.

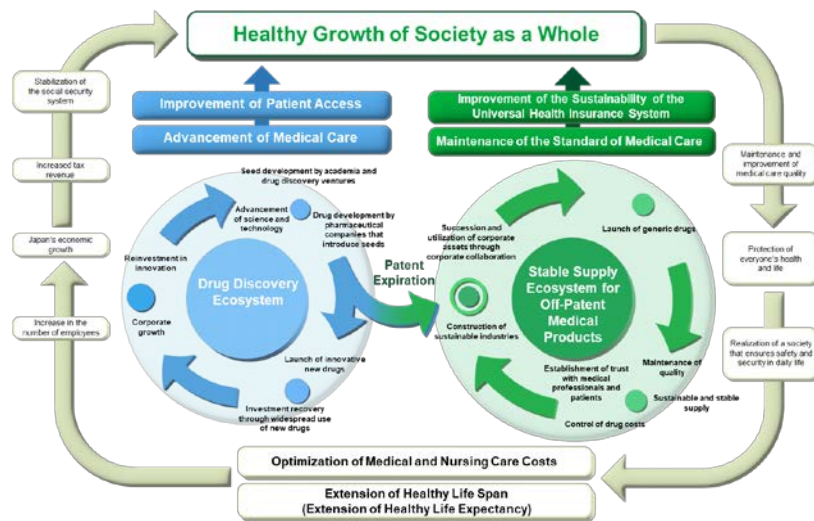
Under these circumstances, the pharmaceutical industry is required to move beyond conventional collaboration that is limited to the generic drug sector and adopt a more comprehensive approach.

There is an increasing need to view Off-Patent Medicinal Products (brand-name drugs whose patents have expired + generic drugs) as a single, unified market, and for all stakeholders involved in this market to collaborate with one another to reform the industrial structure toward long-term sustainability.

[Figure 1] Conceptual diagram of collaboration among a brand-name drug company, a generic drug company, and a pharmaceutical contract manufacturing company



[Figure 2] Conceptual diagram of a stable pharmaceutical supply ecosystem focused on the patent expiration of brand-name drugs



¹ Off-Patent Medicinal Products

Generally, after the patent for the active ingredient of a brand-name drug has expired, generic drugs containing the same active ingredient are launched on the market. "Off-Patent Medicinal Products" is a collective term that encompasses brand-name drugs whose patents have expired (including quasi-original drugs) and generic drugs, etc.

² Long-Term Essential Drugs

Among off-patent medicinal products, this term refers to drugs that are expected to be therapeutically necessary over the long term and that demonstrate superior efficacy, safety, and cost-effectiveness and play an important role in the treatment of the relevant diseases.

About Sanwa Kagaku Kenkyusho

Sanwa Kagaku Kenkyusho Co., Ltd., a pharmaceutical company of the SUZUKEN Group, is engaged in integrated operations ranging from R&D to manufacturing and sales. We provide ethical pharmaceuticals and diagnostic products, focusing primarily on the fields of diabetes and renal diseases. Under our corporate philosophy, "Patient-friendly 'medicines' for people around the world," we are committed to our mission of developing and providing pharmaceuticals that improve patients' Quality of Life (QOL). For more details, please visit our corporate website: <https://www.skk-net.com/>

About Towa Pharmaceutical

Guided by its corporate philosophy, "We contribute to people's health. We are dedicated to people's genuine smiles," Towa Pharmaceutical is engaged not only in its core generic drug business, but also in a wide range of health-related initiatives. These include efforts to support the maintenance of health and to restore pre-symptomatic conditions to a healthy state or prevent their progression. Through these initiatives, we aim to contribute to the extension of healthy life expectancy and to remain a company that is needed by society and local communities in every era.

For more information, please visit our corporate website:

<https://www.towayakuhin.co.jp/english>

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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