

Acquisition of Shares of Tanabe Pharma Factory Co., Ltd. and Transfer of Manufacturing and Marketing Approvals

TOWA PHARMACEUTICAL CO., LTD.

Agenda

- ◆ Outline of the Project
- ◆ Overview of Tanabe Pharma Factory's Business
- ◆ Overview of Transferred Items
- ◆ Strategic Significance

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◆ Outline of the Project

◆ Overview of Tanabe Pharma Factory's Business

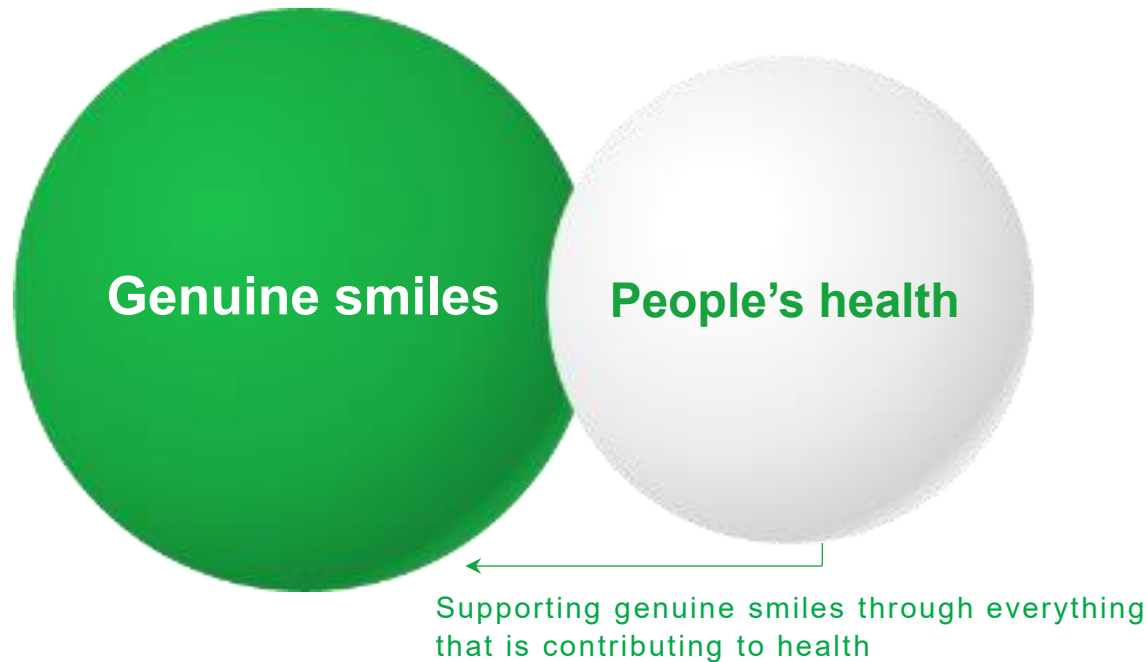
◆ Overview of Transferred Items

◆ Strategic Significance

Towa Corporate Vision

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

Basic Policy of Medium-term Business Plan 2024-2026

6th Medium-term Business Plan 2024-2026

- Policy 1** Evolution of generics business in Japan toward a new phase
- Policy 2** Establishing foundation for new markets / new businesses and realizing group synergies
- Policy 3** Strengthening sustainability management and building fundamentals for sustainable growth



Outline of the Project

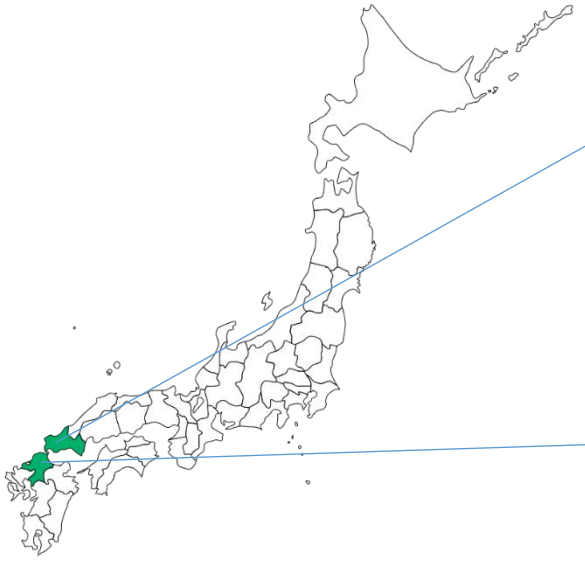
	Acquisition of Shares of Tanabe Pharma Factory Co., Ltd. and Transfer of Manufacturing and Marketing Approvals	
Shares and assets to be acquired	①Acquisition of Shares of Tanabe Pharma Factory Co., Ltd. (Making it a Wholly Owned Subsidiary)	②Transfer of Manufacturing and Marketing Approvals
Number of shares to be acquired and transferred items	22,602 shares (Number of voting rights after acquisition: 22,602) (Percentage of voting rights held after acquisition: 100%)	17 ingredients and 35 items
Acquisition cost	Not disclosed	Not disclosed
Date of conclusion of the agreement	July 3, 2026	July 3, 2026
Date of execution of transfer	End of November 2026 (planned)	In or after April 2027 (planned)
Other notes	We are currently assessing the impact of this transaction on the Company's consolidated financial results for the fiscal year ending March 2027. We will promptly disclose any matters that should be disclosed in the future as soon as they are finalized.	

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Overview of Tanabe Pharma Factory

Item	Information
Company name	Tanabe Pharma Factory Co., Ltd.
Date of establishment	October 2008
Representative	President and Representative Director Yusuke Furuse
Main business	Manufacture of pharmaceuticals, and sale, purchase, import, and export of pharmaceuticals
Plants	Onoda plant (Yamaguchi) Yoshitomi plant (Fukuoka)
Capital	100 million yen (as of March 31, 2026)
Number of employees	538 (as of April 1, 2026)



Condensed Statements of Income

(Millions of yen)	24/3	25/3	26/3
Net sales	16,990	18,532	15,784
Operating profit	1,311	1,623	1,144
Profit	571	948	545
Operating margin	7.7%	8.8%	7.2%
Net profit margin	3.4%	5.1%	3.5%

Condensed Balance Sheets

(Millions of yen)	24/3	25/3	26/3
Assets	47,356	52,286	39,868
Current assets	29,821	35,273	23,635
Non-current assets	17,535	17,013	16,233
Liabilities	6,289	10,765	8,210
Current liabilities	5,866	10,335	7,676
Non-current liabilities	423	430	534
Net assets	41,066	41,520	31,658



Onoda plant

- The plant has over 100 years of experience in pharmaceutical manufacturing.
- Its solid dosage form production line is equipped with state-of-the-art systems, such as air control and zoning, as well as a variety of granulators, to accommodate products in various dosage forms, including tablets and granular powders.
- The plant exports active pharmaceutical ingredients (APIs) to over 100 countries and has earned a high level of trust from overseas, including the U.S. FDA.



Yoshitomi plant

- As a mass production base for solid dosage forms, the plant boasts one of the leading production facilities in Japan.
- A3 plant: Automated equipment has been introduced to reduce labor costs.
- A5 plant: State-of-the-art, highly systematized equipment has been introduced with the aim of supplying pharmaceuticals conforming to world standards. The plant has achieved high productivity that can flexibly adapt to various applications and also excels in business continuity planning (BCP) performance and energy efficiency.
- S1 building: Conducting technical review and quality testing.

Overview of Onoda plant

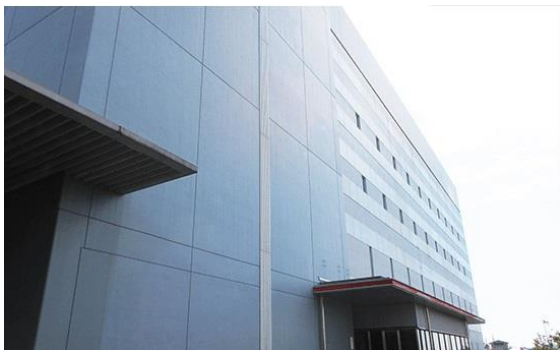
The 7 API building, which is compliant with the latest GMP standards, is a manufacturing base for investigational APIs and APIs.

In addition to prioritizing occupational safety and health, and the environment, as a multi-purpose plant, it is capable of handling a wide variety of APIs, from small-scale production of investigational APIs to commercial production of APIs.



The 3 formulation building is a manufacturing facility for the stable production of solid dosage forms.

It manufactures tablets and granules that patients can take with confidence in a clean environment that complies with GMP standards, using closed and automated equipment.

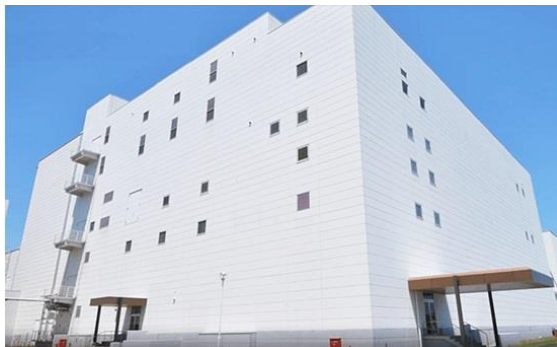


Item		Information
Address		7423-2, Onoda, Sanyo-Onoda, Yamaguchi
Date of establishment		1925
Site area		307,000m ²
Acquired certifications		GMP (JP), FDA (US), EMA (EU), KFDA (KR), FDA (TW), BPOM (IDN), NPRA (MYS), etc.
Manufacturing buildings		[The 1, 2, 3 formulation building] Tablets, capsules, powders, granules, injections
		[The 6, 7 API building] APIs, intermediates, investigational drugs
Other facilities		Welfare building, EHS Center, CIL
Actual production (FY2025)	Tablets	0.36 billion tablets
	Powders and granules	4.34 ton
	Injections	463 thousand ampules
	APIs	45 ton

Overview of Yoshitomi plant

A5 plant: State-of-the-art equipment capable of handling high-mix production

A5 plant has equipment and systems that comply with the latest global GMP standards. It also supports flexible production by employing equipment that allows for easy item changeovers. Furthermore, the plant has adopted a seismic isolation structure, raised floors as a tsunami countermeasure, and secured emergency power supplies, making it a business continuity plan (BCP)-compliant facility capable of responding to various situations.



A3 plant: With reduced manpower using internally developed control programs and robot technology

A3 plant utilizes its proprietary automation technology to reduce manpower, from weighing to shipping.

Item		Information
Address		955, Koimai, Yoshitomi-machi, Chikugo County, Fukuoka
Date of establishment		1942
Site area		382,000m ²
Acquired certifications		GMP (JP), FDA (US), EMA (EU), KFDA (KR), FDA (TW), BPOM (IDN), NPRA (MYS), etc.
Manufacturing buildings		[A3 plant] Tablets
		[A5 plant] Tablets, powders
		[S1 building] Technology, quality control
Other facilities		Administration building, warehouse building
Actual production (FY2025)	Tablets	1.2 billion tablets
	Powders and granules	1.7 ton
	Injections	-
	APIs	-

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Overview of Transferred Items (17 ingredients and 35 items)

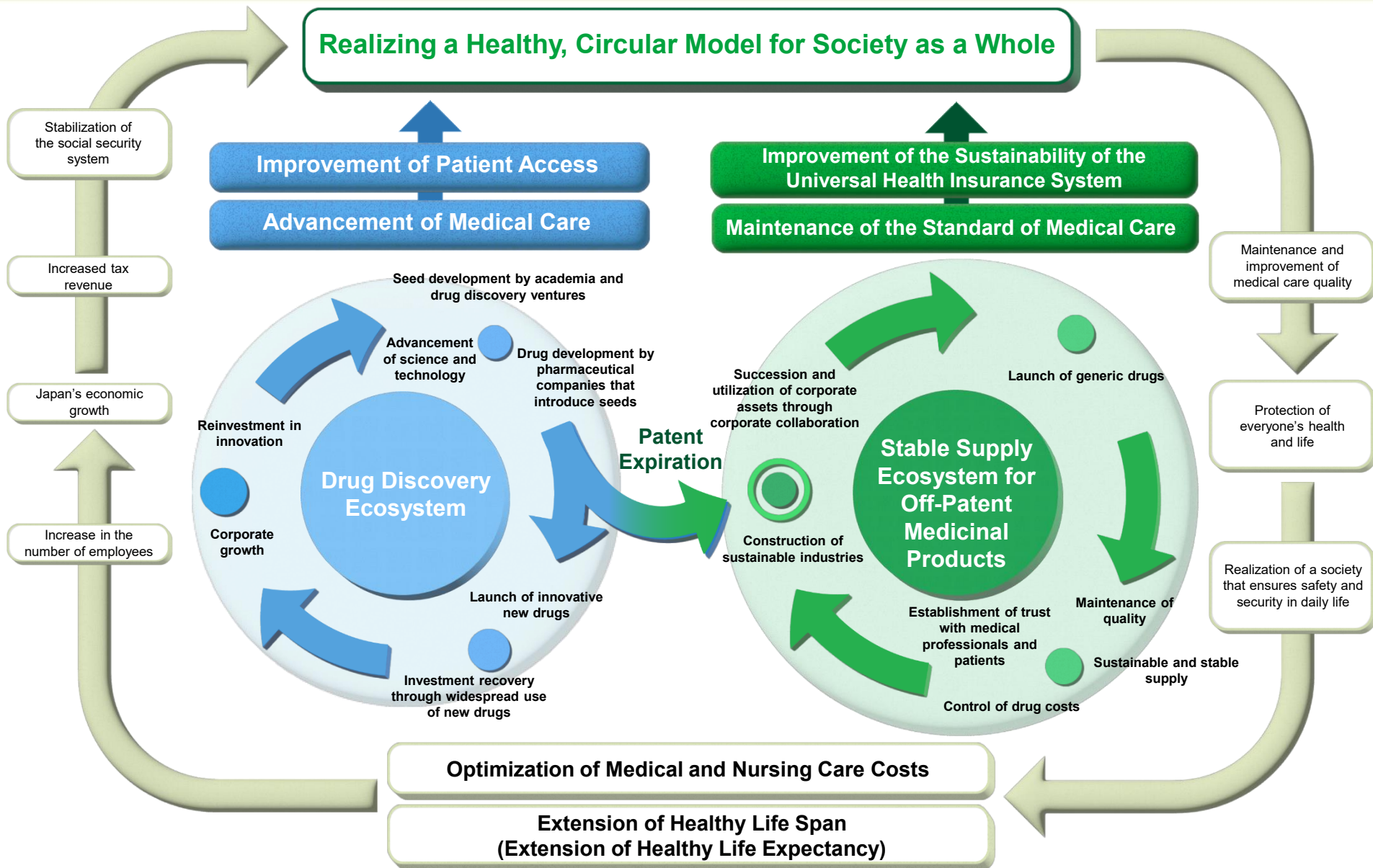
Product name
ANPLAG Tablets 50mg, ANPLAG Tablets 100mg
URSO tablets 50mg, URSO tablets 100mg, URSO granules 5%
KALGUT Tablets 10
Cleanal TABLETS 200mg
CONTOMIN INTRAMUSCULAR INJECTION 10mg, CONTOMIN INTRAMUSCULAR INJECTION 25mg, CONTOMIN INTRAMUSCULAR INJECTION 50mg
TANATRIL Tablets 2.5, TANATRIL Tablets 5
DEPAS TABLETS 0.25mg, DEPAS TABLETS 0.5mg, DEPAS TABLETS 1mg, DEPAS FINE GRANULES 1%
NIPPAS CALCIUM Granules 100%
Novastan HI Injection 10mg/2ml
Haloperidol TABLETS 0.75mg "YOSHITOMI", Haloperidol TABLETS 1.5mg "YOSHITOMI", Haloperidol TABLETS 2mg "YOSHITOMI", Haloperidol TABLETS 3mg "YOSHITOMI", Haloperidol INJECTION 5mg "YOSHITOMI"
PZC INTRAMUSCULAR INJECTION 2mg
HIBERNA SUGAR-COATED TABLETS 5mg, HIBERNA SUGAR-COATED TABLETS 25mg, HIBERNA POWDER 10%, HIBERNA INJECTION 25mg
Fludecasin INTRAMUSCULAR INJECTION 25mg
Brotizolam TABLETS 0.25mg "YOSHITOMI"
RAVONA Tablets 50mg
RIZE TABLETS 5mg, RIZE TABLETS 10mg, RIZE GRANULES 10%
Lectisol TABLETS 25mg

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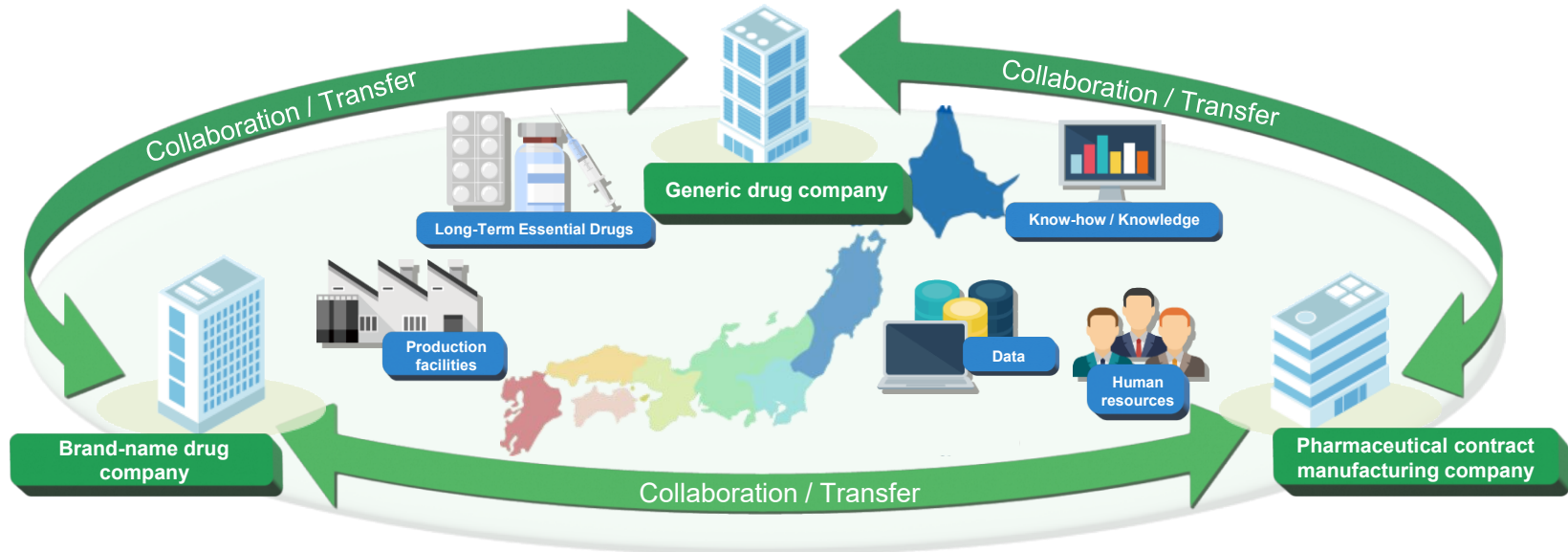
Towa Pharmaceutical Vision

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



Stable Supply of Off-patent Medicinal Products through Collaboration Among Pharmaceutical Companies

- Toward Realizing a Sustainable Industrial Structure -



Collaboration toward building a sustainable industrial structure

- Proposing a vision for the pharmaceutical industry in the Off-Patent Medicinal Products market
- Establishing a stable supply system for Long-Term Essential Drugs
- Eliminating the small-volume, high-mix structure by promoting formulation and product integration
- Promoting corporate collaboration for the succession of essential drugs throughout their product lifecycle

Sustainable development of the pharmaceutical industry

- Maintaining domestic manufacturing facilities
- Revitalizing the regional economy
- Transfer of know-how and knowledge
- Utilization of tangible and intangible assets

Establishing a reliable quality control and manufacturing management system

- Promoting the integration and sharing of quality event management systems

Restructuring supply chains with a view to economic security

- Establishing a backup production system in preparation for emergencies
- Measures to secure APIs in preparation for geopolitical risks
- Achieving domestic production of antibiotic preparations designated as specified critical materials
- Securing domestic biopharmaceutical manufacturing facilities

A system for properly evaluating the value of pharmaceuticals

- Appropriate disclosure of corporate and pharmaceutical information
- Ensuring access to drug safety information
- Collaboration with government agencies and industry associations
- Providing support for a sustainable and stable supply through drug prices

Strategic Significance

Strengthening the stable supply system of Towa Group through expansion of manufacturing capacity and improving production efficiency

Strengthening quality control, manufacturing management, and quality assurance system with international standards

Acquiring human resources to support high quality control standards

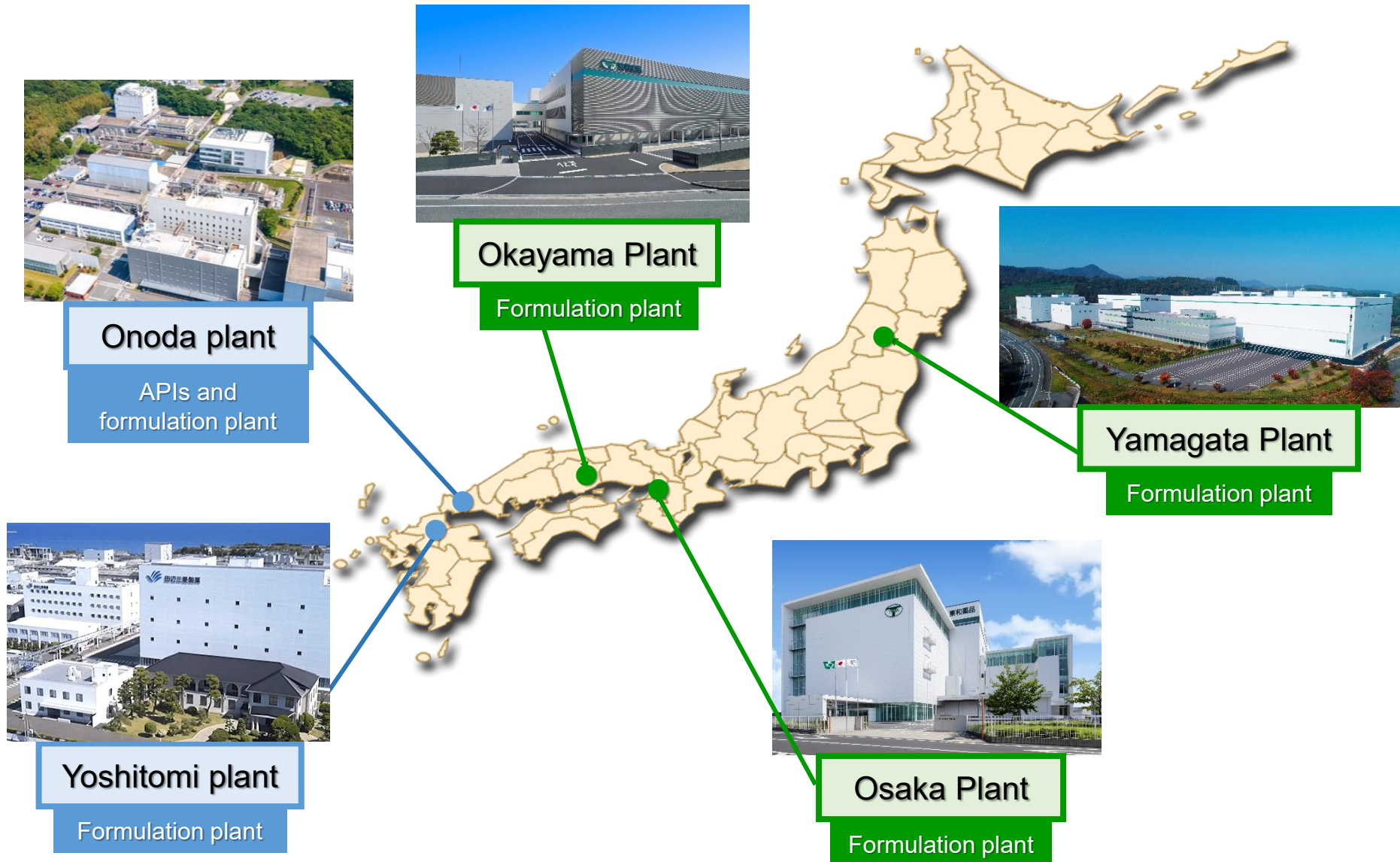
Strengthening the supply system for emergencies through the expansion of its backup production system

Expanding export channels for Towa products through the use of overseas certified plants

Strengthening a system that enables the integrated manufacturing from APIs to finished products

Transfer of knowledge regarding long-listed products, such as safety information, that the original drug manufacturers accumulated over many years

Domestic manufacturing facilities of Towa Pharmaceutical and Tanabe Pharma Factory



Increasing Production Capacity/Supply Capacity

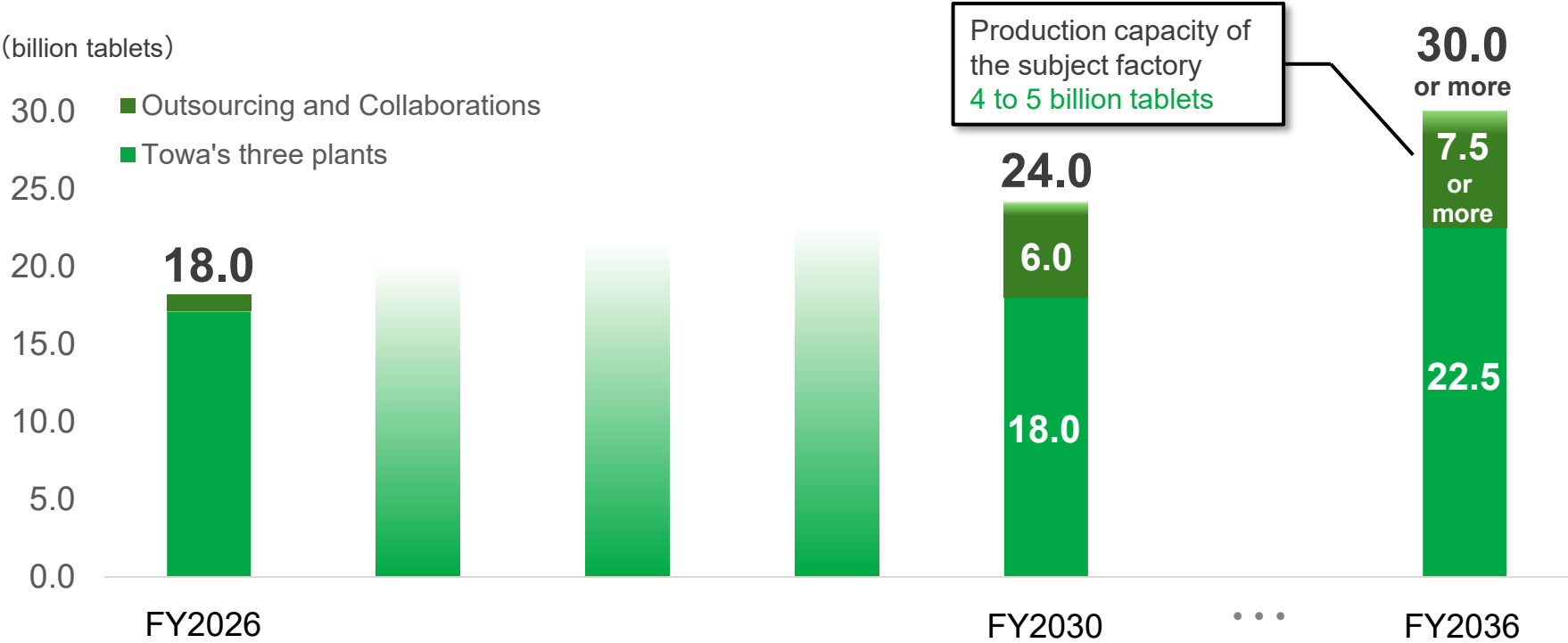
In order to ensure a stable supply of pharmaceuticals, we aim to increase production capacity through our own production efficiency improvements and collaborations.

Towa Pharmaceutical's three plants: A production capacity of over 22.5 billion tablets/capsules

Outsourcing and Collaborations: A production capacity of over 7.5 billion tablets/capsules

* Based on the capacity to supply pharmaceuticals in Japan.

* Production capacity is the theoretical production capacity calculated from the area of plant buildings.



**Forward-looking statements contained in this material are based on targets and projections and do not offer commitments or guarantees.
Please be aware that results may differ from the forecasts.**

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