

January 21, 2026

To whom it may concern:

TOWA PHARMACEUTICAL CO., LTD.

## Notice of Conclusion of a Basic Agreement with Otsuka Pharmaceutical to Establish a Collaborative Framework for Pharmaceutical Manufacturing

Towa Pharmaceutical Co., Ltd. (hereinafter, the “Company”) announces that a resolution was passed by the Board of Directors on January 21, 2026 regarding to enter into a basic agreement to establish a strategic collaborative framework for pharmaceutical manufacturing with Otsuka Pharmaceutical Co., Ltd. (Head office: Tokyo; President and Representative Director: Makoto Inoue; hereinafter, “Otsuka Pharmaceutical”).

Through this agreement, the Company and Otsuka Pharmaceutical aim to ensure a stable supply of pharmaceutical products by means of the transfer and contract manufacturing of certain pharmaceutical products owned by Otsuka Pharmaceutical as well as the strategic use of licenses for collaborative products. This basic agreement is intended to address the issue of unstable pharmaceutical supply, which has become a social issue in recent years, and represents a collaborative initiative that transcends the traditional boundaries between brand-name and generic drug companies.

The impact of this basic agreement on the Company’s consolidated financial results for the fiscal year ending March 2026 is expected to be minimal. However, by leveraging the respective strengths of both companies, the collaboration will contribute to enhancing our business performance over the medium to long term.

For further details, please refer to the attached press release.

End of Notice

January 21, 2026

Press Release

TOWA PHARMACEUTICAL CO., LTD.

**Strategic collaboration between brand-name and generic drug companies**  
**Toward Ensuring a Stable Supply of Off-Patent Medicinal**  
**Products**

**Towa Pharmaceutical Concludes a Basic Agreement with Otsuka  
Pharmaceutical to Establish a Collaborative Framework for Pharmaceutical  
Manufacturing**

Towa Pharmaceutical Co., Ltd. (Head office: Kadoma, Osaka; President and Representative Director: Itsuro Yoshida; hereinafter, “Towa Pharmaceutical”) and Otsuka Pharmaceutical Co., Ltd. (Head office: Tokyo; President and Representative Director: Makoto Inoue; hereinafter, “Otsuka Pharmaceutical”) are pleased to announce that they have entered into a basic agreement to establish a strategic collaborative framework for pharmaceutical manufacturing.

Through this agreement, Towa Pharmaceutical and Otsuka Pharmaceutical aim to ensure a stable supply of pharmaceutical products by means of the transfer and contract manufacturing of certain pharmaceutical products owned by Otsuka Pharmaceutical as well as the strategic use of licenses for collaborative products. This basic agreement is intended to address the issue of unstable pharmaceutical supply, which has become a social issue in recent years, and represents a collaborative initiative that transcends the traditional boundaries between brand-name and generic drug companies.

**[Overview of the Collaboration Between Towa Pharmaceutical and Otsuka  
Pharmaceutical]**

1. Objective: To ensure the stable supply of long-listed pharmaceutical products through the transfer and contract manufacturing of selected products owned by Otsuka Pharmaceutical and to establish a strategic mutual backup system for manufacturing brand-name drugs.
2. Framework: Priority will be given to long-listed and essential pharmaceutical products, with the range of products to be expanded progressively. For certain pharmaceutical products owned by Otsuka Pharmaceutical, Towa Pharmaceutical will undertake contract manufacturing based on the premise of product transfer. Towa Pharmaceutical will use Otsuka Pharmaceutical’s licenses to develop generic drugs and build a mutual backup production

- system.
3. Schedule: From March 2026 onward, production will commence sequentially for products agreed upon by both companies, once the necessary production preparations have been completed.

**[Background to This Initiative]**

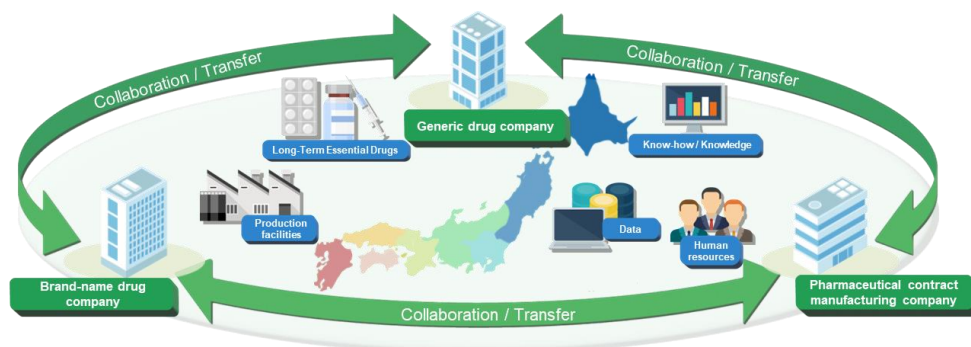
In its report titled “Meeting on Industrial Structure to Achieve Stable Supply of Generic Drugs,” the Japanese government has called on the generic pharmaceutical industry to recognize its social responsibility as an industry that underpins national healthcare by ensuring the stable supply of high-quality 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<sup>\*1</sup> (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

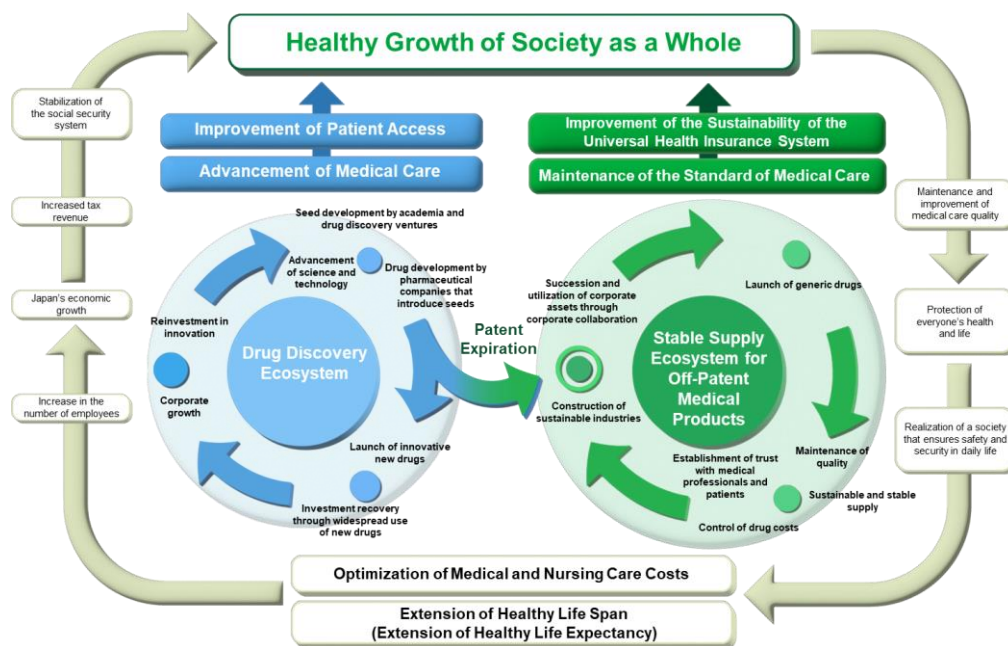


### [Towa Pharmaceutical's Vision]

In response to these industry-wide challenges, Towa Pharmaceutical is working to build 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 the 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 Otsuka Pharmaceutical marks the first phase of this vision. As an initiative that will contribute significantly to the sustainable growth and development of the off-patent medicinal product market, this collaboration is positioned as a critical first step toward the realization of our “Stable Supply Ecosystem for Long-Term Essential Drugs.”<sup>\*2</sup>

This basic agreement, grounded in the corporate philosophies of both companies, involves discussions on technology transfer, contract manufacturing, succession, and licensing for long-listed products manufactured and marketed by Otsuka Pharmaceutical, with the aim of establishing a strategic collaborative framework. Through this partnership, we will build a system that enables mutual backup production between the two companies, ensuring the stable supply of off-patent medicinal products and long-term essential drugs, thereby contributing to patient treatment.

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



## About Otsuka Pharmaceutical

Otsuka Pharmaceutical Co., Ltd. is a total healthcare company that focuses on each individual's potential to enhance their well-being. Our medical-related business provides treatments and diagnostics for both physical and mental health. Our nutraceutical business supports daily health maintenance and improvement. Otsuka's unique products and services are based on scientific evidence, under the guidance of our corporate philosophy: *Otsuka-people creating new products for better health worldwide.*

For further information, please visit [www.otsuka.co.jp/en/](http://www.otsuka.co.jp/en/)

## 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>

## \*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.

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## [Inquiries]

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