



April 24, 2026

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Notice Regarding Execution of a Memorandum of Understanding (MOU) for the Transfer of Generic Drug Business

KYORIN Pharmaceutical Co., Ltd. (the “Company”) hereby announces that it has entered into a MOU with Daito Pharmaceutical Co., Ltd. (Head office: Toyama-shi, Toyama; President and CEO: Hiroshi Matsumori; “Daito”) and two other co-investors (the “Co-investors,” and collectively with Daito, “Daito et al.”) to proceed with specific discussions regarding the succession (the “Succession”) to Pharmatech Co-creation Platform, Inc. (tentative name, the “PCPI”)—which is scheduled to be jointly established by Daito et al.—of the business (the “Target Business”) consisting of the Company’s consolidated subsidiary KYORIN Remedio Co., Ltd. (the “Target Company”), which operates the generic drug business (excluding, however, the authorized generic business operated by the Target Company), and the Takaoka and Inami Plants (the “Target Plants”) owned by the Company’s consolidated subsidiary KYORIN Pharmaceutical Group Facilities Co., Ltd., which is responsible for the production functions of the Kyorin Group (referring to the Company and its affiliated companies).

1. Proposed of Transfer

In its long-term vision, “Vision 110” (FY2023–FY2032), announced in May 2023, the Kyorin Group set its ideal image as “a company that contributes broadly to people’s health by comprehensively developing healthcare-related businesses, which continuously provides high-value new drugs that meet medical needs”. In its medium-term business plan, “Vision 110 –Stage1–” (FY2023–FY2025), the Kyorin Group established the statement “Transforming the business structure to realize Vision 110.” Regarding the new drug business, we have promoted strategies such as strengthening drug discovery capability to create high-value new drugs that meet medical needs, expansion of development pipeline through in-licensing, and maximization the ratio of new drugs, aiming to achieve performance targets and improve support and evaluation from stakeholders.

Meanwhile, the generic drug industry in Japan has been facing a state of supply instability triggered by quality misconduct issues. The fundamental causes are believed to include deteriorating profitability due to annual NHI drug price revisions and rising raw material costs, excessive competition caused by an influx of small- to medium-sized companies, and structural inefficiencies resulting from high-mix low-volume production. Addressing these issues to resolve supply instability has become an urgent task.

Against this background of the external environment, the Company has considered measures to balance the sustainable growth of the Kyorin Group through the concentration of management resources on the new drug business with a contribution to the stable supply of generic drugs in Japan. As a result, the Company has determined that transferring the Kyorin Group's generic drug business to the Co-Creation Organization is the best course of action.

Moving forward, based on this MOU, the Company will proceed with specific discussions with Daito et al., with the fundamental policy of achieving a smooth business succession while maintaining the employment and working conditions of the employees of the Target Business and ensuring the stable supply of generic drugs.

Note: Daito is a research and development-oriented contract manufacturing organization (CMO) that widely conducts manufacturing, sales, and purchasing of products ranging from active pharmaceutical ingredients (APIs) to finished pharmaceutical products (formulations) both domestically and internationally. It is reportedly working toward the realization of a “New Consortium Concept” aimed at building a sustainable pharmaceutical supply system.

2. Overview of the Target Business

(1) Target Company

(1)	Name	KYORIN Rimedio Co., Ltd.	
(2)	Location	287-1, Shimocho, Moroe-cho, Kanazawa-shi, Ishikawa	
(3)	Title and name of representative	Hiroshi Hashizume, President and Representative Director:	
(4)	Business	Manufacture and sale of pharmaceuticals, etc.	
(5)	Capital	100 million yen	
(6)	Date of establishment	October 15, 1947	
(7)	Major shareholder and shareholding ratio	KYORIN Pharmaceutical Co., Ltd. (100.0%)	
(8)	Relationship between the Company and the	Capital relationship	The Company owns 100% of the issued shares of the Target Company.

Target Company	Personnel relationship	Among the four directors of the Target Company, one is a Corporate Officer of the Company, one is a former Corporate Officer of the Company, and one is an employee of the Company. In addition, among the two corporate auditors of the Target Company, one is a Corporate Auditor of the Company and one is a former Corporate Officer of the Company.		
	Business relationship	The Company has relationships with the Target company regarding the outsourcing of operations and the lending of funds.		
	Status as a related party	The Target Company is a consolidated subsidiary of the Company and falls under the category of a related party.		
(9) Recent financial results and financial position of the Target Company for the last three years (Unit: JPY million)				
Fiscal period		March 31, 2023	March 31, 2024	March 31, 2025
Net assets		6,538	6,010	5,490
Total assets		22,820	21,284	23,710
Net sales		32,919	31,622	34,285
Ordinary profit (loss)		719	(501)	(784)
Profit (loss)		528	(398)	(519)

Note: Prior to the Succession, the Target Company plans to conduct adjustment transactions for certain assets and other items with KYORIN Pharmaceutical Group Facilities Co., Ltd. to adjust the scope of the Target Business (including transactions to exclude the Target Company's Authorized Generic (AG) business from the Target Business). The details of these transactions will be discussed with Daito et al. in the future. Furthermore, in section "(9) Recent financial results and financial position of the Target Company for the last three years," the figures represent the Target Company prior to the said adjustment transactions.

(2) Target Plants

Takaoka Plant, KYORIN Pharmaceutical Group Facilities Co., Ltd.	
(1) Location	8 IC Park, Takaoka-shi, Toyama
(2) Land area	42,457 m ²
(3) Plant established	2024
(4) Number of employees (As of	37

March 2025)	
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Inami Plant, KYORIN Pharmaceutical Group Facilities Co., Ltd.	
(1) Location	885, Inami, Nanto-shi, Toyama
(2) Land area	18,296 m ²
(3) Plant established	1975
(4) Number of employees (As of March 2025)	169

(Reference)

(1) Name	KYORIN Pharmaceutical Group Facilities Co., Ltd.
(2) Location	1-3-7, Otemachi, Chiyoda-ku, Tokyo
(3) Title and name of representative	Kenichi Nakamura, Representative Director, President
(4) Business	Manufacturing and testing of drugs
(5) Capital	350 million yen
(6) Date of establishment	October 2, 2017
(7) Major shareholder and shareholding ratio	KYORIN Pharmaceutical Co., Ltd. (100.0%)

3. Overview of the Transferee

The Target Business is scheduled to be succeeded by the PCPI. The PCPI is expected to be established by the execution date of the Succession, with Daito as the lead shareholder (the Co-investors are also expected to invest in the organization). Its objectives are the "early resolution of supply instability" and the "establishment of a sustainable business foundation" in the generic drug industry. The PCPI is a platform aiming to sophisticate the stable supply system and, in line with government support, intends to pursue the integration of manufacturing and sales approvals as well as trade names.

4. Overview of the MOU

The overview of the MOU executed today between the Company and Daito et al. is as follows:

(1) Date of execution: April 24, 2026

(2) Parties to the Succession: (Transferor) The Company; (Transferee) PCPI

(3) Subject of succession: The Target Business

5. Schedule

(1)	Execution of the MOU	April 24, 2026
(2)	Execution of the Definitive Agreement	End of September 2026 (Scheduled)
(3)	Execution date of the Succession	April 1, 2027 (Scheduled)

(Note) The above schedule may be subject to change upon discussion between the Company and Daito et al., should it be necessary due to the progress of procedures related to the Succession or other reasons.

6. Future Outlook

The Company will proceed with discussions toward the execution of a definitive agreement by the end of September 2026.

The impact of the Succession on the Kyorin group's consolidated financial results is currently under close examination. Should any matters arise that require public announcement, the Company will disclose them promptly.

(Reference) The Company's Consolidated Financial Forecasts for the Previous Fiscal Year (announced on May 12, 2025) and Consolidated Financial Results for the Fiscal Year Before Last

	Net sales (Consolidated)	Operating profit (Consolidated)	Ordinary profit (Consolidated)	Net income attributable to owners of parent
Consolidated financial forecasts for the previous fiscal year (Ended March 2026)	127,000	6,100	6,300	4,800
Consolidated financial results for the fiscal year before last (Ended March 2025)	130,087	12,567	13,219	9,086

(JPY million)

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