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To whom it may concern

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Execution of a Memorandum of Understanding (MOU) for the Transfer of KYORIN Pharmaceutical Co., Ltd.'s Generic Drug Businesses to a Newly Established Joint Venture by Daito and Two Other Companies

Daito Pharmaceutical Co., Ltd. (Head Office: Toyama City, Toyama; President and CEO: Hiroshi Matsumori; hereinafter "Daito") hereby announces that it has entered into a MOU with KYORIN Pharmaceutical Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; Representative Director, President: Yutaka Ogihara; hereinafter "KYORIN") to proceed with specific discussions regarding the succession of KYORIN's generic drug business by Pharmatech Co-creation Platform, Inc. (tentative name; hereinafter "PCPI"), which Daito plans to newly establish with two other companies. The business to be succeeded (hereinafter "the Target Business") includes KYORIN Rimedio Co., Ltd. (Head Office: Kanazawa City, Ishikawa; President and Representative Director: Hiroshi Hashizume; hereinafter "the Target Company"), a consolidated subsidiary of KYORIN engaged in the generic drug business, as well as the Takaoka Plant and Inami Plant (hereinafter "the Target Plants") of KYORIN Pharmaceutical Group Facilities Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; Representative Director, President: Kenichi Nakamura), a consolidated subsidiary responsible for production functions.

Strategic Rationale

In its medium-term management plan "DTP2027" announced in July 2024, Daito identified "streamlining the existing businesses" as one of the five pillars of its business strategy. To this end, Daito has implemented a series of structural initiatives, including the launch of the Portfolio Management Group under the direct CEO oversight, disciplined lifecycle management to enhance the value of existing products, and bilateral discussions regarding the consolidation of manufacturing sites and integration of overlapped products with other industry peers.

In addition, Daito has been advancing the "Novel Consortium Initiative," designed to coordinate these efforts across multiple companies and address structural challenges facing the Japanese generic drug market. Consistent with the capital allocation framework under DTP2027, Daito has positioned strategic alliances—aimed at strengthening supply stability in generics—as a priority area for investment, while maintaining financial discipline with an assumed D/E ratio of approximately 0.4x.

To achieve an early resolution to the prolonged supply instability issue and to strengthen Daito's business foundation as a "R&D-driven Contract Manufacturing Organization (CMO)" Daito has been exploring various forms of partnering, including with companies in different industries.

Within this strategic context, Daito has reached the MOU to proceed with specific discussions for PCPI—to be established primarily by the Company along with two other companies—to succeed KYORIN's Target Business, which possesses strong R&D capabilities, a robust quality assurance system, and highly efficient manufacturing capacity suitable for high-volume production. The contemplated transaction is expected to accelerate Daito's DTP2027 strategy even more powerfully.

Overview of the Joint Venture

Pharmatech Co-creation Platform, Inc. (tentative name, "PCPI") is a platform that aims to upgrade the stable supply system centered on the upstream of the value chain (R&D, supply chain, manufacturing, and quality assurance), with the goals of "early resolution of supply instability" and "establishment of a resilient business foundation" in the generic drug industry. The JV will be formed through joint investment by Daito and two partner companies, with Daito expected to be the largest shareholder but not exceeding a majority stake. In line with government policy, PCPI also intends to pursue the integration of manufacturing and marketing authorization approvals and product brands. Daito will add value to PCPI through its industry-leading API R&D and supply capabilities in Japan, for which the domestic self-sufficiency rate continues to decline, as well as its high quality standards maintained through FDA certification for over 30 years. Together with its partners and the employees engaging with the Target Business, Daito aims to address critical social issues related to stable drug supply while enhancing its competitiveness of pharmaceutical manufacturing infrastructure.

Overview of the Target Business

1. Target Company

(1)	Name	KYORIN Rimedio Co., Ltd.		
(2)	Location	287-1 Moroemachi Shimomachi, Kanazawa-shi, Ishikawa		
(3)	Representative's title and name	Hiroshi Hashizume, President and Representative Director		
(4)	Businesses	Manufacture and sale of pharmaceutical products, etc.		
(5)	Share capital	100 million yen		
(6)	Date of establishment	October 15, 1947		
(7)	Major shareholders and ownership ratio	KYORIN Pharmaceutical Co., Ltd. (100.0%)		
(8)	Relationship between the Company and the Target company	Capital relationship	Not applicable.	
		Personnel relationship	Not applicable.	
		Business relationship	The Company has a relationship with the Target company involving the supply of APIs and the contract manufacturing of drug products.	
		Status as a related party	The Target company does not fall under the category of a related party.	
(9)	Operating results and financial position of the said company for the past three years			
	Fiscal year	March 31, 2023	March 31, 2024	March 31, 2025
	Net assets	6,538 million yen	6,010 million yen	5,490 million yen
	Total assets	22,820 million yen	21,284 million yen	23,710 million yen
	Net sales	32,919 million yen	31,622 million yen	34,285 million yen
	Ordinary profit or ordinary loss (parentheses)	719 million yen	(501 million yen)	(784 million yen)
	Profit or loss (parentheses)	528 million yen	(398 million yen)	(519 million yen)

(Note) Prior to the Succession, KYORIN Rimedio Co., Ltd. plans to conduct adjustment transactions for some assets, etc. with KYORIN Pharmaceutical Group Facilities Co., Ltd. to adjust the scope of succession, but details will be discussed with KYORIN in the future. Regarding (9) Operating results and financial position of the company for the last three years, the figures for KYORIN Rimedio Co., Ltd. before the said adjustment transactions are stated.

2. Target Plants

KYORIN Pharmaceutical Group Facilities Co., Ltd. Takaoka Plant		
(1)	Location	8 IC Park, Takaoka-shi, Toyama
(2)	Area	42,457 m ²
(3)	Plant establishment	2024
(4)	Number of employees (March 2025)	37

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

(Reference)

(1)	Name	KYORIN Pharmaceutical Group Facilities Co., Ltd.
(2)	Location	1-3-7 Otemachi, Chiyoda-ku, Tokyo
(3)	Representative's title and name	Kenichi Nakamura, Representative Director, President
(4)	Businesses	Manufacture and testing of pharmaceutical products, etc.
(5)	Share capital	350 million yen
(6)	Date of establishment	October 2, 2017
(7)	Major shareholders and ownership ratio	KYORIN Pharmaceutical Co., Ltd. (100.0%)

Expected Timeline

(1)	Date of resolution by the Board of Directors	April 24, 2026
(2)	Date of execution of Memorandum of Understanding	April 24, 2026
(3)	Date of Execution of Definitive Agreement	Late September 2026 (scheduled)
(4)	Effective date of succession	April 1, 2027 (scheduled)

Future Outlook

At this time, no impact on Daito's consolidated financial results for the current fiscal year has been identified. Any potential impact on performance over the medium to long term will be disclosed after the execution of the definitive agreement.

End

Inquiries
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About Daito Pharmaceutical Co., Ltd.

Daito (Head Office: Toyama Prefecture) is a pharmaceutical company that consistently engages in the two pillars of active pharmaceutical ingredients (APIs), which are raw materials for pharmaceuticals, and drug products, from research and development to manufacturing on a global scale. Since its founding in 1942, it has manufactured and sold APIs and drug products for ethical and OTC pharmaceuticals, and has a track record of transactions with more than 90% of pharmaceutical companies in Japan.

For details, please refer to the website (www.daitonet.co.jp).



About KYORIN Pharmaceutical Co., Ltd.

KYORIN Pharmaceutical (Head Office: Tokyo) fulfills its social mission of contributing to people's health by maintaining a spirit of compassion for life. Based on this corporate philosophy, it aims to be a company that contributes broadly to people's health by continuously providing high-value new drugs that meet medical needs. It focuses on pain, autoimmune diseases, and neuromuscular diseases as drug discovery research areas, and in terms of sales, it develops an FC (Franchise Customer) strategy that concentrates resources on specific areas centered on respiratory, otolaryngology, and urology.

For details, please refer to the website (<https://www.kyorin-pharm.co.jp/>).

