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To whom it may concern

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The Mochida Pharmaceutical Group's "25-27 Medium-term Management Plan" Notice

Mochida Pharmaceutical Group (Head office: Shinjuku-ku, Tokyo, President: Naoyuki Mochida) pleased to announce that it has developed the three-year "25-27 Medium-term Management Plan," hereinafter 25-27 MTP, which begins in FY 2025.

In May 2022, to achieve sustainable growth by overcoming a business environment that is expected to become increasingly severe in the future, we materialized our long-term vision, "Grow as a unique life and healthcare group whose raison d'être is recognized internationally and which meets medical and healthcare needs," and developed the "Vision for 2031" that we aim to realize in 2031. We are promoting our business activities accordingly.

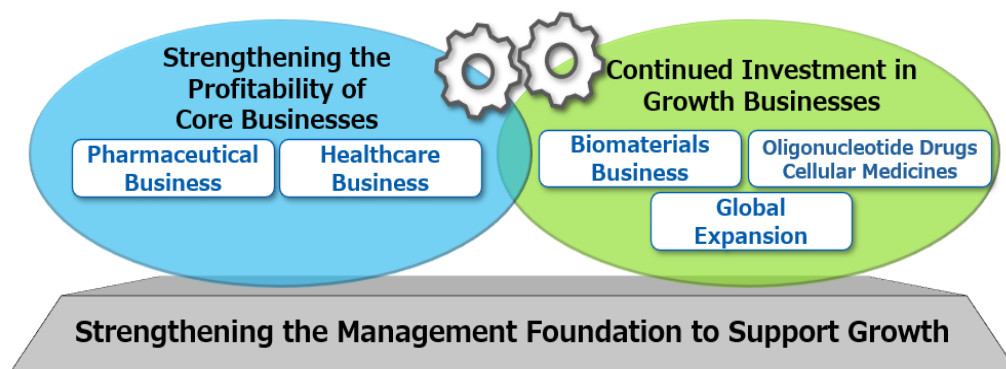
"22-24 Medium-term Management Plan," hereinafter 22-24 MTP, that started in FY2022 was positioned as "three years of laying the foundation," and we focused on themes of creating innovation and improving productivity. In the pharmaceutical business, we made progress in launching new drugs and improving our cost structure; however, profit levels have decreased compared to before 22-24 MTP, and revenue maximization was not achieved. On the other hand, the healthcare business and investments in growth progressed smoothly.

The environment surrounding our group has become extremely challenging due to factors such as rising prices against the backdrop of weak yen and promotion of policies to curb healthcare costs such as annual NHI drug price revisions and encouragement of generic drug use. Therefore, it is urgent to accelerate measures for business continuity.

In such an environment, to realize the "Vision for 2031," we have developed 25-27 MTP as an action plan for the issues to be addressed over the next three years from the perspective of the sustainable enhancement of corporate value.

1. 25-27 Medium-term Management Plan (FY2025-2027)

To realize the “Vision for 2031,” 25-27 MTP is positioned as “three years to accelerate growth strategy.” We will focus on three key themes: strengthening the profitability of core businesses, continued investment in growth businesses, and strengthening the management foundation to support growth. Since profit contributions from growth businesses are expected after FY2028, the core businesses will support growth during the 25-27 MTP period.



2. Three Key Themes

1) Strengthening the Profitability of Core Businesses

- **Pharmaceutical Business**
We will strengthen profitability by maximizing the product value of five major new drugs^{*1} and expanding the pipeline through in-licensing. Additionally, we will aim to increase our net sales by striving for further value enhancement of flagship drugs^{*2} and expansion of biosimilars.
^{*1} Urece, Omvoh, Cortiment, Goofice, Treprost
^{*2} High Purity EPA formulation, Dienogest formulation
- **Healthcare Business**
We will establish two major brands, Collage Furfur and Collage Repair, and strengthen profitability through the expansion of our product lineup and optimization of the sales network.

2) Continued Investment in Growth Businesses

- **Biomaterials Business**
We will secure revenue through early market launch while simultaneously working on developing our business foundation and improving productivity.
- **Oligonucleotide drugs**
We aim to become a leading company in siRNA drugs with the ability to continuously develop siRNA drugs of high medical value.
- **Cellular Medicines**
Aiming for early commercialization, we will collaborate with companies that possess knowledge and technology related to regenerative medicines for each type of cells, and advance research and development and the establishment of manufacturing systems.
- **Global Expansion**
We will enhance cross-organizational collaboration centered around International Business Development Department and advance overseas development focusing on Epadel, Dienogest formulation and the biomaterials business.

3) Strengthening the Management Foundation to Support Growth

- Financial Strategy

We aim to balance the improvement of profit levels with future investments, targeting enhancements in ROE and PBR. Regarding cash allocation, we plan a cumulative total of 36 billion yen for research and development expenses in the pharmaceuticals, biomaterials and healthcare businesses, and 5 to 10 billion yen for capital investments to rationalize and automate pharmaceutical production and research facilities during the 25-27 MTP period.

- Efficient Use of Human Resources and Infrastructure

We will promote organizational culture transformation, strengthening our human resource management system and facilitating the active participation of diverse human resources. Additionally, we will also work on improving the infrastructure that supports our management foundation.

- Stable Supply of Appropriate Quality Products

We will properly implement product quality management and also work to strengthen manufacturing capabilities.

3. Management Goals

Through a growth strategy that utilizes both core businesses and growth businesses as two key components, we aim to achieve total net sales of 120 billion yen and an operating profit of 12 billion yen in FY2027. Furthermore, as a management indicator, we will use “EBITDA + Research and Development expenses,” which is a resource for future growth, aiming for 26.5 billion yen for FY2027.

KGI	FY2024 Results	FY2027	FY2031
Net Sales	105.1 billion yen	120 billion yen	140 billion yen
Operating Profit	8.1 billion yen	12 billion yen	21 billion yen
Research and Development Expenses	11.6 billion yen	12 billion yen	12 billion yen
EBITDA* ³ + Research and Development Expenses	22.7 billion yen	26.5 billion yen	35.5 billion yen

*³ EBITDA : Earnings Before Interest, Taxes, Depreciation and Amortization

4. Shareholder Returns

Mochida Pharmaceutical Group considers it an important management issue to continuously strive to increase corporate value by developing business performance and to return appropriate profits to shareholders. Our basic policy is to maintain stable dividends while enhancing internal reserves for future business development, and we will determine dividends based on an awareness of the importance of returning profits to shareholders according to revenues.

We intend to maintain a dividend of at least 80 yen per share during the 25-27 MTP period.

In addition, we will flexibly respond to changes in the business environment with respect to the acquisition of treasury stock.

Disclaimer

- The information provided in this document contains some “forward-looking statements.” These forward-looking statements are based on the judgments of the Company derived from the information available to us at this time and include known and unknown risks and uncertain elements. Accordingly, the actual results may differ materially from these statements due to a variety of factors.
- These risks and uncertainties include general economic conditions in Japan and worldwide, such as the general situation in the industry and markets, interest rates and currency exchange rate fluctuations. The risks and uncertainties exist in forward-looking statements relating to products in particular. These product-related risks and uncertainties include, but are not limited to, technological advancements, granting of patents to our competitors, completion of clinical trials, claims or concerns relating to safety or efficacy of products, acquisition of approval from regulatory authorities, reform of health insurance systems inside and outside Japan, trends toward the containment of health care cost, government law and regulations that affect the Company’s business inside and outside Japan, and issues pertaining to development of new products.
- Approved products contain risks relating to manufacturing and marketing which include, but not are limited to, situations in which the Company may face deficiencies in manufacturing capacity needed to meet demand, difficulties in securing the supplies of raw materials, and demand not created in markets.
- We do not intend to, and assume no obligation to, update or modify any forward-looking statements even if such updating or modification is desirable due to the emergence of new information, future events or other reasons.
- The information contained in this document regarding pharmaceutical products (including those which are being developed) is not intended to act as a promotion or advertisement, or to provide medical advice.

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