

FY2023 Financial Results Presentation

May 16, 2024

Mochida Pharmaceutical Co., Ltd.

Disclaimer (1/2)

- This material is an English translation of the Financial Results Presentation for the Fiscal Year 2023 to be issued on May 16, 2024 in Japanese, and the Japanese presentation is given priority regarding content and interpretation.
- The information provided in this material 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.

Disclaimer (2/2)

- 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 material regarding pharmaceutical products (including those which are being developed) is not intended to act as a promotion or advertisement, or to provide medical advice.

Agenda

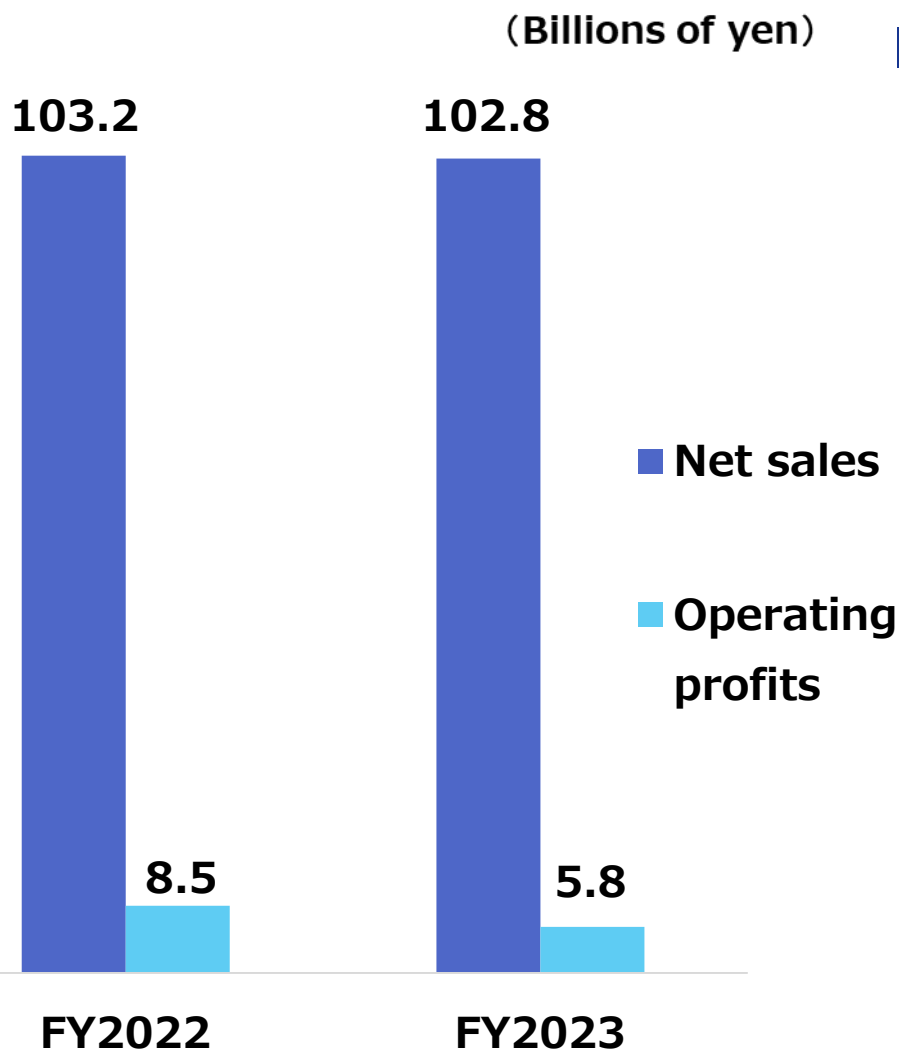
- **FY2023 Overview**
- **FY2024 Forecast**
- **Progress on the 22-24 Medium-Term Management Plan**

FY2023 Overview

Business environment

- **The ever off-year NHI drug price list revision in April 2023.**
 - **Decrease in drug prices**
(The drug price revision rate for all listed products was in the -8% range.)
- **Increase in import prices of active pharmaceutical ingredients and pharmaceutical formulations due to depreciation of the yen.**

Summary of FY2023 (1/2)



■ Consolidated Financial Results

Net sales declined

Net sales declined due to NHI drug price revisions and declining sales of long-listed products such as Lexapro[®], which offset the growth in sales of new drugs and new products.

【New products】

- Treprost[®] Inhalation Solution
- Omvoh[®]
- Cortiment[®]
- Pegfilgrastim BS MOCHIDA

Operating profits declined

Operating profit declined due to a decrease in sales in the pharmaceutical business, decrease in gross profit due to higher import prices of active pharmaceutical ingredients and pharmaceutical formulations due to depreciation of the yen, and an increase in selling expenses due to the launch of new products.

Summary of FY2023 (2/2)

■ Progress in development pipeline

Ethical drug

- Filed: ACT-541468 (daridorexant)
- Filed (Additional indication): Treprost[®] Inhalation Solution

Medical device

- Filed: dMD-001
- Initiation of therapeutic confirmatory study: dMD-003
- Filed (510(k)): Nerve Cuff

■ Business alliances

- The sales partnership agreement in Japan regarding ACT-541468 (daridorexant)
- The sales partnership agreement in China regarding MND-21 (Epadel)

Consolidated operating results

	(Millions of yen)			
	FY2022 (Y o Y changes)	FY2023 (Y o Y changes)	Y o Y value	FY2023 Forecasts (announced on May 15, 2023) (Y o Y changes)
Net sales	103,261 (-6.3%)	102,885 (-0.4%)	-375	104,000 (0.7%)
Operating profit	8,507 (-40.9%)	5,802 (-31.8%)	-2,705	8,500 (-0.1%)
Ratio of operating profit to net sales	8.2%	5.6%	-2.6 point	8.2%
Ordinary profit	9,085 (-38.6%)	6,037 (-33.5%)	-3,047	8,700 (-4.2%)
Profit attributable to owners of parent	6,649 (-37.1%)	4,547 (-31.6%)	-2,101	6,300 (-5.3%)
Research and development expenses	13,283	12,554	-728	13,800

Net sales by business

	(Millions of yen)			
	FY2022 (Y o Y changes)	FY2023 (Y o Y changes)	Y o Y value	FY2023 Forecasts (announced on May 15, 2023) (Y o Y changes)
Net sales	103,261 (-6.3%)	102,885 (-0.4%)	-375	104,000 (0.7%)
Pharmaceuticals business	97,340 (-6.8%)	96,455 (-0.9%)	-885	97,700 (0.3%)
Healthcare business	5,920 (3.3%)	6,430 (8.6%)	509	6,300 (7.1%)

Sales of major products (1/2)

(Billions of yen)

Products	FY2022	FY2023			
		Sales	Y o Y		
			Value	Ratio	
Treatment of ulcerative colitis	Lialda [®]	13.5	14.5	0.9	7%
Treatment for chronic constipation	Goofice [®]	6.9	7.7	0.8	12%
Treatment for chronic constipation	Movicol [®]	5.4	5.9	0.4	8%
Gout and hyperuricemia	Urece [®]	2.2	3.3	1.0	47%
Treatment for pulmonary arterial hypertension	Treprost [®]	1.6	2.3	0.7	45%
Therapeutic agent for condyloma acuminatum and actinic keratosis	Beselna	1.1	1.1	-0.0	-2%
Treatment of ulcerative colitis	OmvoH [®] (NHI price)	-	1.4	1.4	-
Treatment of ulcerative colitis	Cortiment [®]	-	0.2	0.2	-

■ New drugs

Sales of major products (2/2)

(Billions of yen)

Products	FY2022	FY2023			
		Sales	Y o Y		
			Value	Ratio	
■ Long-listed products					
Drug for hyperlipidemia and arteriosclerosis obliterans	Epadel	7.1	7.4	0.2	4%
Antidepressant	Lexapro [®]	11.0	5.2	-5.8	-53%
Calcium channel blocker with a long-acting hypotensive effect	Atelec [®]	2.6	2.3	-0.3	-13%
Analgesic for chronic pain and pain after tooth extraction	Tramcet [®]	2.9	2.2	-0.6	-23%
Anticoagulant agent	Heparin Sodium MOCHIDA	1.2	1.3	0.0	4%
Therapeutic agent for endometriosis, adenomyosis and dysmenorrhea	Dinagest	1.8	1.1	-0.7	-39%
■ Generic drugs		29.5	32.6	3.1	11%

*Sales of Lexapro[®] in FY2022 are the sum of Mochida's own sales and sales to Mitsubishi Tanabe Pharma Corporation.

*Sales of Atelec[®] are the sum of Atelec[®] and Atedio[®].

Consolidated financial statements

(Millions of yen)

Major fluctuation factors (Millions of yen)

	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)	Y o Y value		Y o Y value
Total assets	158,831	158,800	-31		
Total current assets	117,379	116,662	-717	Cash and time deposits	-13,720
				Accounts receivable	7,032
				Inventories	5,873
Total non-current assets	41,452	42,138	685	Property, plant and equipment	825
Total liabilities and net assets	158,831	158,800	-31		
Total current liabilities	27,258	26,073	-1,184	Notes and accounts payable	2,225
				Other current liabilities	-3,273
Total non-current liabilities	4,798	4,759	-38		
Total net assets	126,775	127,967	1,192	Profit attributable to owners of parent	4,547
				Purchase of treasury shares	-3,489
				Dividends paid	-2,886
				Unrealized gain on available-for-sale securities	2,929

FY2024 Forecast

Plan for FY2024

■ Pharmaceuticals

- Focusing on targeted areas with a focus on new drugs
 - ✓ Further growth of Goofice[®] and Urece[®] etc.
 - ✓ Expanding Omvoh[®] and Cortiment[®] by focus on the gastroenterology
 - ✓ Aiming to launch ACT-541468 (daridorexant)
- Promoting enhancement of development pipeline
- Focusing on new drug discovery modalities
 - ✓ Regenerative medicine products
 - ✓ Nucleic acids

■ Biomaterials

- Promoting each project based on alginate
 - ✓ Aiming to launch dMD-001 and Nerve Cuff

■ Healthcare

- Aiming for the continuous growth of the Collage Repair series and the Collage Furfur series

Consolidated financial result forecasts

(Millions of yen)

	FY2022 (Y o Y changes)	FY2023 (Y o Y changes)	FY2024 Forecasts (Y o Y changes)
Net sales	103,261 (-6.3%)	102,885 (-0.4%)	106,000 (3.0%)
Operating profit	8,507 (-40.9%)	5,802 (-31.8%)	7,500 (29.3%)
Ratio of operating profit to net sales	8.2%	5.6%	7.1%
Ordinary profit	9,085 (-38.6%)	6,037 (-33.5%)	7,700 (27.5%)
Profit attributable to owners of parent	6,649 (-37.1%)	4,547 (-31.6%)	5,600 (23.1%)
Research and development expenses	13,283	12,554	13,200

Forecasts by business

(Millions of yen)

	FY2022 (Y o Y changes)	FY2023 (Y o Y changes)	FY2024 Forecasts (Y o Y changes)
Net sales	103,261 (-6.3%)	102,885 (-0.4%)	106,000 (3.0%)
Pharmaceuticals business	97,340 (-6.8%)	96,455 (-0.9%)	99,180 (2.8%)
Healthcare business	5,920 (3.3%)	6,430 (8.6%)	6,820 (6.1%)

Forecasts of major products (1/2)

(Billions of yen)

Products	FY2023	FY2024 Forecasts			
		Sales	Y o Y		
			Value	Ratio	
Treatment of ulcerative colitis	Lialda [®]	14.5	14.6	0.1	1%
Treatment for chronic constipation	Goofice [®]	7.7	9.0	1.2	16%
Treatment for chronic constipation	Movicol [®]	5.9	6.0	0.0	1%
Gout and hyperuricemia	Urece [®]	3.3	5.4	2.0	61%
Treatment for pulmonary arterial hypertension	Treprost [®]	2.3	2.8	0.4	18%
Therapeutic agent for condyloma acuminatum and actinic keratosis	Beselna	1.1	0.6	-0.4	-38%
Treatment of ulcerative colitis	Cortiment [®]	0.2	1.4	1.2	619%
Treatment of ulcerative colitis	Omvo [®] (NHI price)	1.4	-	-	-

*Due to discussions with partners, Omvo[®] forecast is not disclosed.

Forecasts of major products (2/2)

(Billions of yen)

Products	FY2023	FY2024 Forecasts			
		Sales	Y o Y		Ratio
			Value		
■ Long-listed products					
Drug for hyperlipidemia and arteriosclerosis obliterans	Epadel	7.4	6.5	-0.8	-12%
Antidepressant	Lexapro [®]	5.2	3.7	-1.5	-29%
Calcium channel blocker with a long-acting hypotensive effect	Atelec [®]	2.3	1.8	-0.4	-19%
Analgesic for chronic pain and pain after tooth extraction	Tramcet [®]	2.2	2.0	-0.2	-10%
Anticoagulant agent	Heparin Sodium MOCHIDA	1.3	1.2	-0.0	-5%
Therapeutic agent for endometriosis, adenomyosis and dysmenorrhea	Dinagest	1.1	0.7	-0.3	-32%
■ Generic drugs		32.6	28.5	-4.1	-13%





*Sales of Atelec[®] are the sum of Atelec[®] and Atedio[®].

Development Pipeline: Ethical drugs

Development code	Indications	Stage				Remarks <Development country>
		Phase II	Phase III	Filed	Approved	
ACT-541468	Insomnia					Co-development with Nxera Pharma Japan Co., Ltd. <Japan>
MD-711*	Pulmonary hypertension associated with interstitial lung disease or combined pulmonary fibrosis and emphysema					Licensed-in from United Therapeutics Corporation In-house development <Japan>
MD-0901	Ulcerative colitis (pediatric indication)					Licensed-in from Takeda Pharmaceuticals U.S.A., Inc. In-house development <Japan>
FYU-981	Gout and hyperuricemia (pediatric indication)					Co-development with FUJI YAKUHIN Co., Ltd. <Japan>
MND-21	Hypertriglyceridemia					Collaboration with Sumitomo Pharma (Suzhou) Co., Ltd. <China>

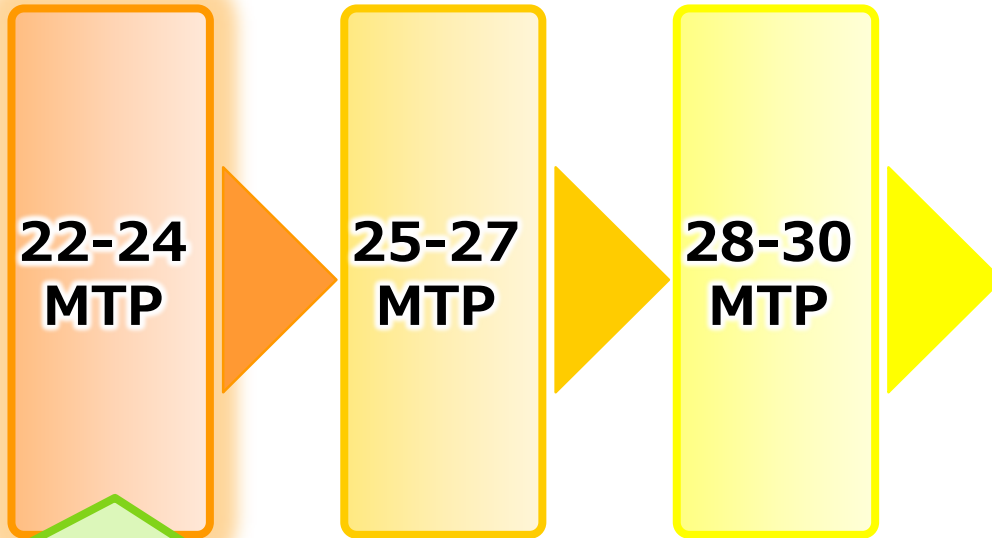
*Updates from November 2, 2023

Development Pipeline: Medical devices

Development code or Common name	Intended use or indications	Stage				Remarks <Development country>
		Therapeutic exploratory study	Therapeutic confirmatory study	Filed	Approved	
dMD-001	Articular cartilage lesion					In-house development <Japan>
dMD-002	Cavernous nerve injury					In-house development <Japan>
dMD-003	Post-operative adhesion					In-house development <Japan>
Nerve Cuff	Peripheral nerve injury					In-house development <USA>

Progress on the 22-24 Medium-Term Management Plan

Vision for 2031 and 22-24 Medium-Term Management Plan (MTP)



Laying the foundation for “Vision for 2031”

Key issues to be addressed

1. Maximization of profits in targeted areas with a focus on new drugs
2. Continuous investment in growth to realize the “Vision for 2031”
3. Strengthening of the corporate organization to create innovation and improve productivity

To create innovation and improve productivity

Vision for 2031

As a life and healthcare group, take on the challenge of addressing unmet medical and health needs by incorporating new drug discovery modalities that are expected to grow in the future.

Pharmaceuticals

Expand business domains by incorporating new drug discovery modalities (e.g., regenerative medicine products)

Maintain the position as our core business

Biomaterials

To promote each project based on alginate and expand business

Healthcare

To pursue further growth by investing sales resources

To lineup distinctive products and lead them to global markets

[Scale of business targeted for 2031]

· Net Sales: 140 billion yen, operating margin: 15%

(Biomaterials business and regenerative medicine products: 40 billion yen)

Maximization of profits in targeted areas with a focus on new drugs

FY2023

FY2024

Pharma
ceuticals
business

- **New products**
 - Omvoh[®]
 - Cortiment[®]
 - Treprost[®] Inhalation Solution
 - Pegfilgrastim BS MOCHIDA
 - **Focused on the gastroenterology**
Assembled a comprehensive product lineup of ulcerative colitis treatments, spanning from mild to severe cases, and offered prescribing options based on patient symptoms and disease severity
- **Maximizing the sales of new drugs**
 - Continuous growth of Goofice[®] and Urece[®]
 - Expanding the sales of Omvoh[®] and Cortiment[®] by focusing on the gastroenterology
 - **Aiming to launch ACT-541468 (daridorexant)**
 - **Continuing to focus on business-oriented items such as authorized generics and biosimilar in the area of generic drugs**

Continuous investment in growth to realize the “Vision for 2031” (1/3)

	FY2023	FY2024
Pharmaceuticals business	<ul style="list-style-type: none">■ Consideration and negotiations to strengthen the development pipeline	<ul style="list-style-type: none">■ Promoting enhancement of development pipeline
Biomaterials business	<ul style="list-style-type: none">■ Filed: dMD-001■ Filed (510(k)): Nerve Cuff■ Initiation of therapeutic confirmatory study: dMD-003■ Promotion of out-licensing activities for alginate-based pharmaceutical materials■ Establishment of Medical Device Sales Department	<ul style="list-style-type: none">■ Aiming to launch dMD-001■ Aiming to launch Nerve Cuff■ Promoting the development of dMD-002 and dMD-003■ Promoting out-licensing activities for alginate-based pharmaceutical materials

■ A medical device primarily composed of sodium alginate solution

➤ Properties of alginate

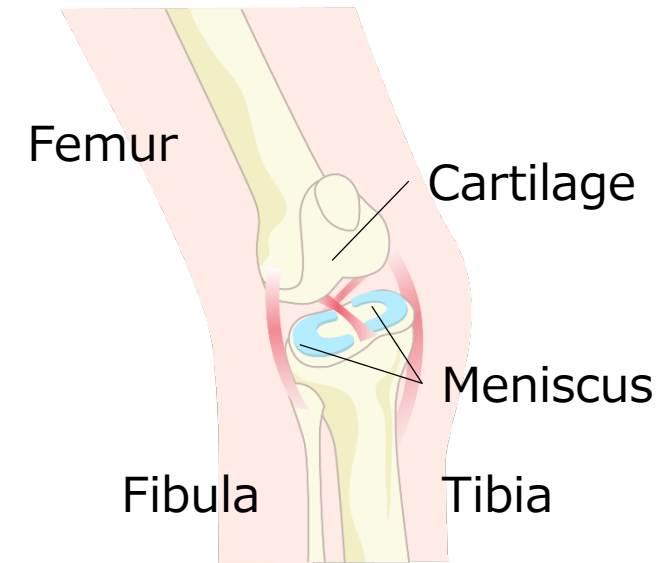
- A naturally occurring polysaccharide unique to seaweed
- When dissolved in water, it forms a highly viscous solution that gels when calcium ions are added

■ Clinical trial

- ### ➤ Targets patients with Traumatic articular cartilage defects or Osteochondritis dissecans of the knee or elbow

■ An application for manufacturing and sales approval was filed in May, 2023

■ Aiming to launch in FY2024



Articular cartilage covers the surfaces of bones within joints such as the knee or elbow, providing cushioning and facilitating smooth joint movement.

Continuous investment in growth to realize the “Vision for 2031” (2/3)

	FY2023	FY2024
Healthcare business	<ul style="list-style-type: none">■ Continuous growth of the Collage Repair series and the Collage Furfur series■ New products<ul style="list-style-type: none">• Collage Repair Bright Essence DR• Collage Furfur Whip Soap	<ul style="list-style-type: none">■ Aiming to improve brand image and expanding business scale by reviewing product lineup and more
New drug discovery modalities	<ul style="list-style-type: none">■ Promoted development in regenerative medicine products<ul style="list-style-type: none">• High purity mesenchymal stem cells (RECs)• Stem cells from human exfoliated deciduous teeth (SHED)• Umbilical cord derived mesenchymal stromal cells (HLC-001)■ Promoted new pharmaceutical research using nucleic acid pharmaceuticals	<ul style="list-style-type: none">■ Promoting development in regenerative medicine products<ul style="list-style-type: none">• Aiming for early commercialization■ Focusing on pharmaceutical research using nucleic acid pharmaceuticals<ul style="list-style-type: none">• Promoting the acquisition of highly specialized human resources and drug discovery technologies

Continuous investment in growth to realize the “Vision for 2031” (3/3)

FY2023

FY2024

**Global
expansion**

- Promoted highly purified EPA drugs mainly in Asia
 - Thailand: Achieved favorable sales
 - Vietnam: Filed
 - China: Conducted Phase III trial and concluded a sales contracts
 - USA: Advanced joint development partnership operation
- Promoted the expansion of Nerve Cuff in USA

- Establishing International Business Development Department in April, 2024
- Promoting Highly purified EPA projects
 - Vietnam: Promoting launch preparations
 - China: Pushing forward with Phase III trial and preparing for approval
 - USA: Advancing joint development partnership operation
- Aiming to launch Nerve Cuff

Strengthening of the corporate organization to create innovation and improve productivity

FY2023

FY2024

Institutional and system

- **Initiation of operation of personnel and wage systems that allows diverse human resources can participate**
- **Implementation of new customer management system and other systems**
- **Investigation of compliance monitoring methods related to overseas sales**

- **Full utilization of the systems and institutions that have established**

Shareholder returns

Policy

- Maintaining a stable dividends while enhancing internal reserves for future business development
- Maintaining the dividend of at least 80 yen per share during the 22-24 MTP period

	FY2022	FY2023	FY2024 Forecasts
Annual dividends per share	80.00 (Interim 40.00)	80.00 (Interim 40.00)	80.00 (Interim 40.00)

(yen)

- Purchase of treasury shares: About 3.5 billion yen
- Cancellation of treasury shares: 1.03 million shares
(2.68% of the total number of outstanding shares before cancellation)
- Operating margin: 63.1%, Total return ratio: 139.7%

