
# Mochida Pharmaceutical Group

# Integrated Report 2022

# By meeting medical and healthcare needs, we aim to make an even greater contribution to the improvement of human health.

There are definitely things that we can do for patients.

We will continue developing innovative medicines by grasping medical and healthcare needs.

## Motto

**Farsighted, Innovative Research**

## Corporate Philosophy

**Actively contributing to human health and well-being in the field of medicine, totally committed to the development of innovative products.**



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**Editorial Policy** To increase stakeholders' understanding of the Mochida Pharmaceutical Group, we have published this report as an integrated report integrating non-financial information, such as our value creation story, business activities and ESG information, and financial information. When preparing this report, we referred to the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC).

**Organizations covered** Mochida Pharmaceutical Group (Mochida Pharmaceutical Co., Ltd. and its consolidated subsidiaries)

**Period covered** Centered on activities from April 1, 2021 through March 31, 2022, but also refers to more recent news

**Published:** September 2022



The stained-glass window expresses a prayer for health and depicts St. Luke, the patron saint of the medical profession, administering medicine to people who are suffering.

This stained-glass window is displayed in the lobby of Mochida's Head Office Building.

# Basic Management Policies

## Motto and Corporate Philosophy

Mochida Pharmaceutical Group has adopted "**farsighted, innovative research**" as its motto. Meanwhile, our corporate philosophy "**Actively contributing to human health and well-being in the field of medicine, totally committed to the development of innovative products**" is our fundamental mission. We believe that our raison d'être is to create and provide valuable products to patients and customers by capturing potential medical and healthcare needs to help people suffering from illness or health problems.

## Long-term Vision/Vision for 2031

Mochida Pharmaceutical Group's long-term vision is to "**Grow as a unique life and healthcare group whose raison d'être is recognized internationally and which meets medical and healthcare needs.**"

In May 2022, to achieve sustainable growth by overcoming a business environment that is expected to become increasingly severe in the future, we have given shape to our long-term vision and developed the "Vision for 2031" that the Group aims to realize in 2031, a milestone year 10 years from now.

Amid the diversification and sophistication of medical care, such as addressing intractable and rare diseases that have been difficult to treat with conventional small molecules and antibody drugs alone, to 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.

In addition to the current mainstay pharmaceutical and healthcare businesses, to work to position the biomaterials business as one of the pillars of the next generation.

### Efforts toward 2031

#### Pharmaceutical business

- To incorporate new drug discovery modalities, such as cells, nucleic acids, and genes, to enhance our drug discovery pipeline and maintain the position as a core business;
- Among them, to position regenerative medicine products as one of our focus areas and give priority to projects using mesenchymal stem cells;
- To launch products from our pipeline that incorporate new drug discovery modalities, including regenerative medicine products, by FY2031.

#### Biomaterials business

- To promote each project based on alginate, which is expected to have various medical applications, and work for an early launch and business expansion. Also, to promote development with a view to global expansion.

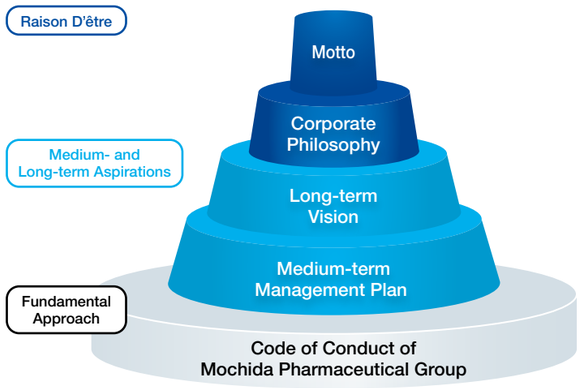
#### Healthcare business

- To focus on developing high-performance, value-added dermatological skin care products through communications with physicians, pharmacists, and nurses etc.
- To steadily expand the scale of our business by improving our business structure via the investment of sales resources, etc., focusing on new areas, and introducing new and renewed products.

#### Global expansion

- To expand into overseas markets by offering a lineup of distinctive products that meet the needs in each business segment;
- To launch highly purified EPA drugs in Vietnam, China, the U.S., and other countries, subsequently to Thailand;
- Also, to promote the development of medical devices in our biomaterials business and regenerative medicine products in our pharmaceuticals business, which we aim to launch in the future, with a view to global expansion.

## Basic Management Policies




Mochida Pharmaceutical Group expresses its raison d'être in its motto and corporate philosophy. It then indicates its medium- and long-term aspirations in its long-term vision and three-year management plan.
We set out our fundamental approach for conducting corporate activities in an appropriate manner, striving for compliance, and contributing to the realization of a sustainable society in our Code of Conduct.

## Vision for 2031

**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.

Materialize

### 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

We aim to achieve sales of approximately 40 billion yen, including product fields such as the biomaterials business products and regenerative medicine products in the pharmaceutical business, which are positioned as one of the pillars of the next generation.

With these new businesses as growth drivers, we aim to develop our business to achieve total net sales of 140 billion yen and an operating margin of 15%.

## Medium-term Management Plan

To realize its “Vision for 2031,” Mochida Pharmaceutical Group has adopted the 22-24 Medium-term Management Plan as an action plan for issues to be addressed over the next three years from the perspective of the sustainable enhancement of corporate value and in alignment with its Group’s Basic Sustainability Policy.

The business environment surrounding the pharmaceutical industry is expected to become even more challenging going forward, given the continued promotion of policies to curb drug costs against the backdrop of the problem of securing financial resources for social security expenses. The Group will continue to invest in growth to realize its “Vision for 2031,” in spite of the expectation of a temporary deterioration in earnings during the 22-24 Medium-term Management Plan period.

### Medium-term Management Plan
### Policy for the fiscal years 2022 through 2024

We will respond to medical and healthcare needs with concentration of the total power of the Group covering research and development, manufacturing and marketing, pursue sustainable growth by promoting selection and focusing processes, and restructure the earnings structure to respond to further environmental changes.

### Key issues to be addressed

We will focus on the following issues under the theme of innovation creation and productivity improvement.

1. Maximization of profits in targeted areas with a focus on new drugs
   - To concentrate our resources on the targeted areas (cardiovascular medicine, obstetrics and gynecology, psychiatry, and gastroenterology) to maintain our prominence and maximize earnings from new drugs in our core pharmaceutical business;
   - To continually work to maintain a stable supply and proper quality of our products, while promoting improvements in our cost structure by reducing procurement costs and reviewing our product lineup.

2. Continuous investment in growth to realize the “Vision for 2031”
   To pursue investments in business activities that will lead to future competitiveness;
   - To work to expand and promote the biomaterials business and aim for an early launch;
   - To incorporate new drug discovery modalities, such as cells, nucleic acids, and genes. To give priority to development especially in the field of regenerative medicine products.

3. Strengthening of the corporate organization to create innovation and improve productivity
   - To harmonize and coordinate four approaches: optimization of business processes and business quality level, promotion of digital transformation, institutional reform, and the promotion of facility management, in order to achieve efficient organizational operations and increase corporate value;
   - To continue to support capacity development to improve performance and promote the development of human resources that will drive innovation;
   - To focus on strengthening our human resource management system to ensure development and vitalization of human resources;
   - To work to improve our organizational capabilities by optimizing our personnel strategy and allocation, while strengthening interdepartmental cooperation.

## Code of Conduct

Mochida Pharmaceutical Group sets forth its fundamental approach not only for conducting corporate activities appropriately from the ethical perspective as a life and healthcare business, but also for striving for compliance (i.e. sincerely responding to the needs of society including legal compliance), which is an absolute precondition for going concern as a social existence and for contributing to realization of a sustainable society, as follows.

### Code of Conduct of Mochida Pharmaceutical Group

#### 1. Fundamental Approach to Business Activities

(1) We contribute to human health/well-being through stable supply of highly effective and safe products as a life/healthcare business.

(2) Through appropriate business activities, we aim to gain the support of internal and external stakeholders.

(3) In all our corporate activities, we ensure fairness and transparency, and if ever our commercial interests are at odds with our ethical principles, we choose the ethical course of action.

(4) We always take environmental impacts into consideration in our business activities.

#### 2. Fundamental Approach towards Social Demands

(1) We comply with laws, regulations and our rules established by each internal department, respond sincerely to the various demands of society, and conduct corporate activities with high ethical standards. We also pursue activities on an ongoing basis to nurture ethical awareness of all employees.

(2) We appropriately manage company information and disclose accurate information quickly and fairly to communicate openly with society.

(3) We respect the personality and individuality of all employees and aim to realize diverse work styles and to improve the skills of each employee. We also strive to maintain and improve safe and healthy environment at workplace.

(4) We make sure that risks which might affect our business activities are managed as an enterprise.

(5) We maintain a resolute attitude against anti-social forces.

#### 3. Fundamental Approach of Senior Management (Led by Representative Director)

(1) Senior management will serve as a leading model to instill this Code of Conduct in the employees of Mochida Pharmaceutical Group, recognizing its responsibility to materialize the spirit of this Code of Conduct.

(2) Senior management will develop effective internal systems with comprehension of internal and external feedback and seek to materialize corporate ethics.

(3) Senior management will provide a whistleblowing hotline as one such effective internal system by which anyone who notices a violation or potential violation of this Code of Conduct may report quickly and easily. Further, we manage the facts and details known by whistleblowing in the strictest confidence and strictly preserve the interests of whistleblowers, prohibiting any retaliatory action or disadvantageous treatment against whistleblowers.

(4) In the event of violation of this Code of Conduct, senior management will take responsibility for resolving the issue and strive to investigate the cause and to prevent its recurrence.

# Corporate Development

Since its foundation, Mochida Pharmaceutical Group has consistently grown by contributing to medical advances in Japan as the first company in Japan to manufacture injections and a developer of “unique products” encompassing hormones, enzymes and immunology, in line with its motto “farsighted, innovative research.”

The Group will constantly pursue “unique value” and, as a group in the life and healthcare business, will strive to meet unmet medical and healthcare needs.

## History

Mochida Pharmaceutical Group traces its origins back to 1913 when founder Ryokichi Mochida opened a pharmacy in Hongo, Tokyo and began manufacturing pharmaceuticals.

Starting with *Ogoko*, the first ophthalmic ointment developed in Japan, Mochida provided unique products, whilst branching out into new areas such as hormones, enzymes, immunology, biopharmaceuticals and in-vitro diagnostic agents.

We subsequently became a joint-stock company in 1945 and, with the launch of sales and marketing activities in 1949, we became a fully integrated pharmaceutical company covering everything from R&D through to sales and marketing.

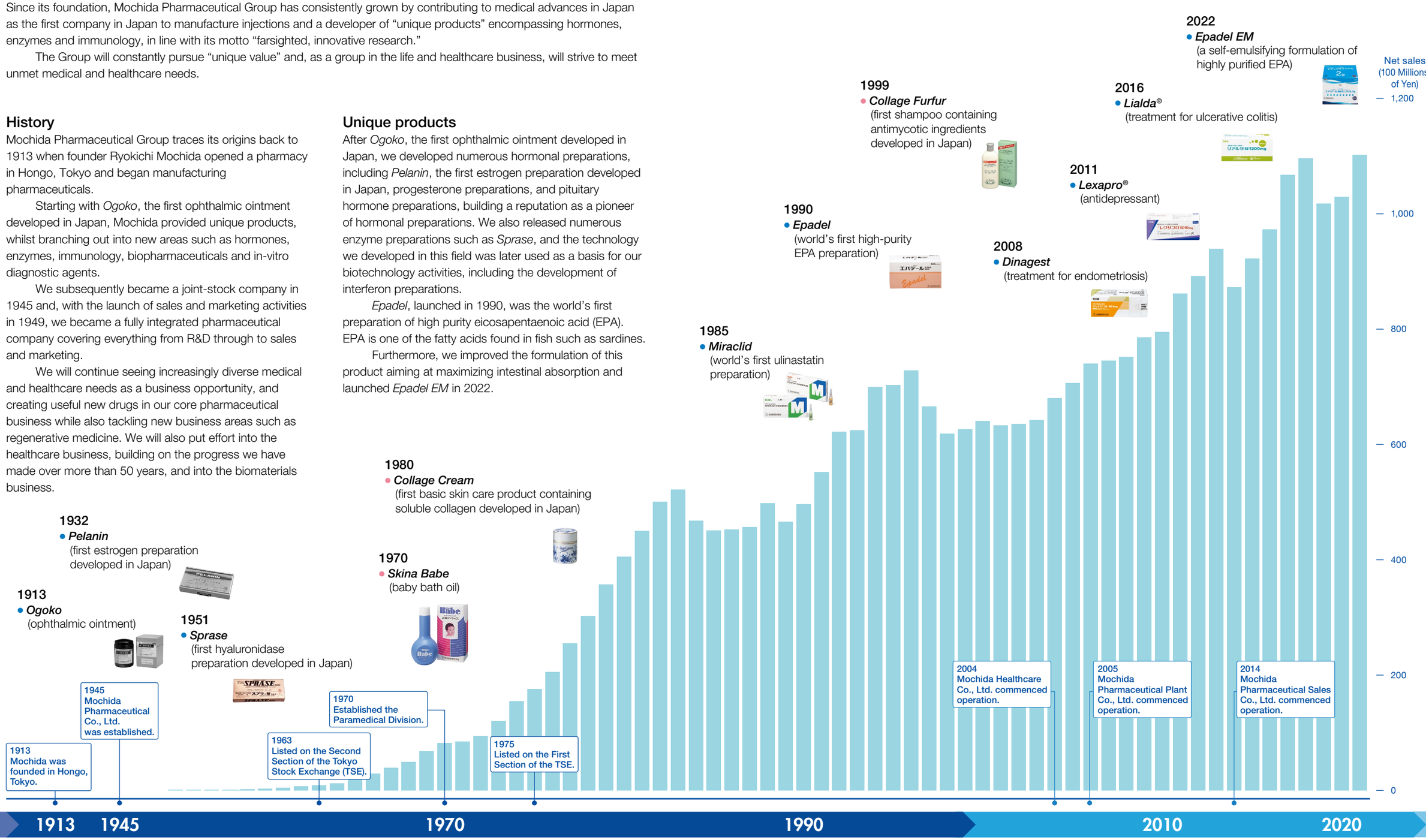
We will continue seeing increasingly diverse medical and healthcare needs as a business opportunity, and creating useful new drugs in our core pharmaceutical business while also tackling new business areas such as regenerative medicine. We will also put effort into the healthcare business, building on the progress we have made over more than 50 years, and into the biomaterials business.

## Unique products

After *Ogoko*, the first ophthalmic ointment developed in Japan, we developed numerous hormonal preparations, including *Pelanin*, the first estrogen preparation developed in Japan, progesterone preparations, and pituitary hormone preparations, building a reputation as a pioneer of hormonal preparations. We also released numerous enzyme preparations such as *Sprase*, and the technology we developed in this field was later used as a basis for our biotechnology activities, including the development of interferon preparations.

*Epadel*, launched in 1990, was the world’s first preparation of high purity eicosapentaenoic acid (EPA). EPA is one of the fatty acids found in fish such as sardines.

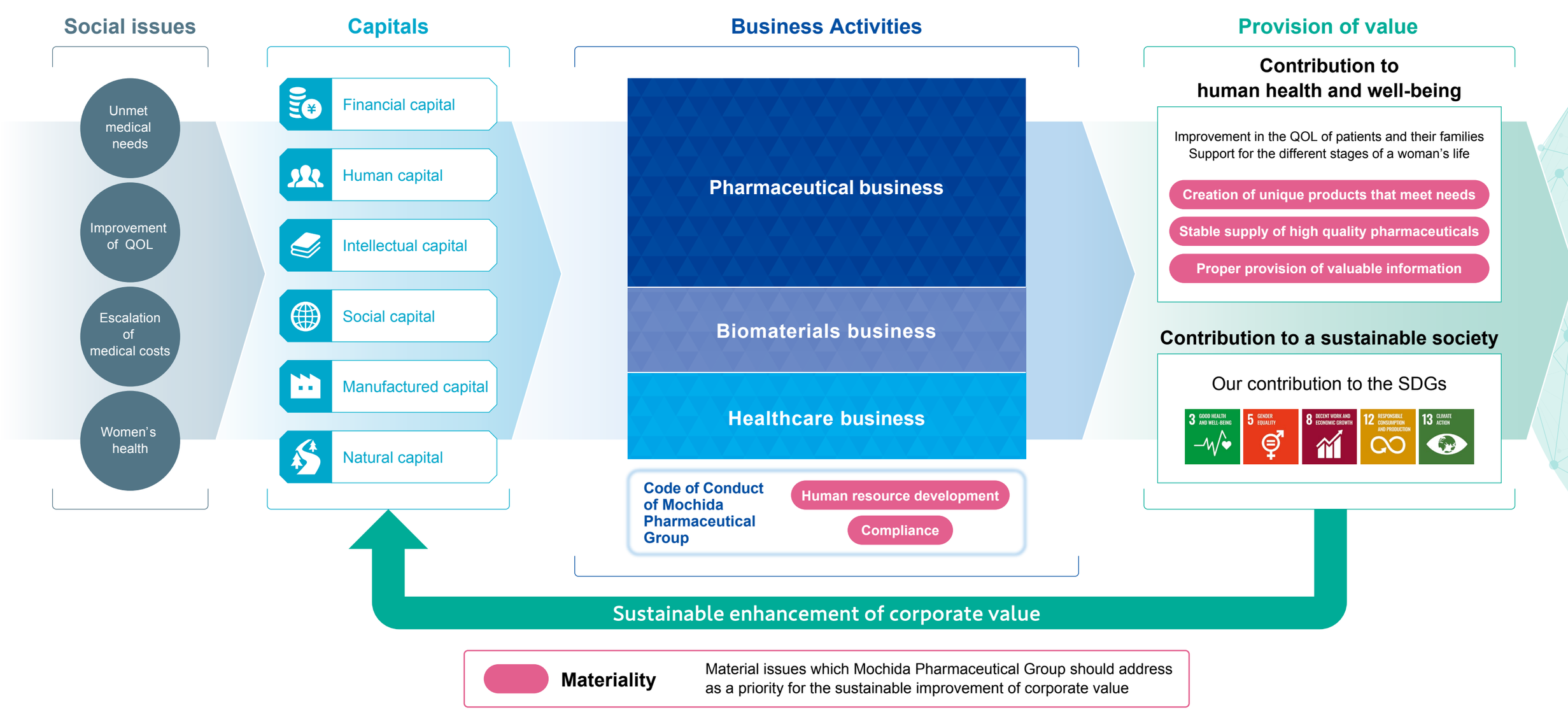
Furthermore, we improved the formulation of this product aiming at maximizing intestinal absorption and launched *Epadel EM* in 2022.




(For some products, the year of launch is given)

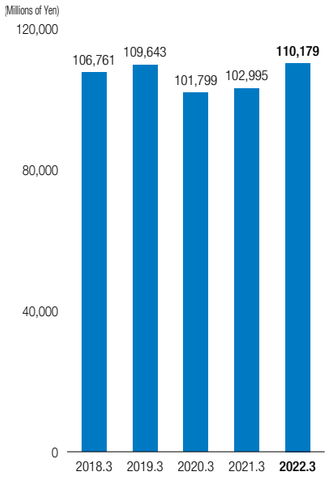
# Value Creation Process

Mochida Pharmaceutical Group aims to grow as a unique life and healthcare group which meets medical and healthcare needs, gaining global recognition for its raison d'être, in accordance with its corporate philosophy "Actively contributing to human health and well-being in the field of medicine, totally committed to the development of innovative products." We are committed to the "creation of unique products to meet needs," the "stable supply of high quality pharmaceuticals" and the "proper provision of valuable information" through our activities in the pharmaceutical, biomaterials and healthcare businesses. Through the above activities, we aim to provide value as a pharmaceutical company in the form of "improvement in the QOL of patients and their families," "support for the different stages of a woman's life" and "contribution to human health and well-being." We are also committed to contributing to the realization of a sustainable society, which will, in turn, lead to achievement of the SDGs, and we will strive for sustainable enhancement of corporate value through continuous growth as a company needed by society.

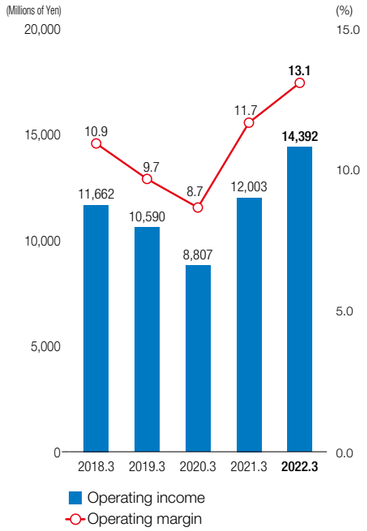


# Consolidated Financial Highlights

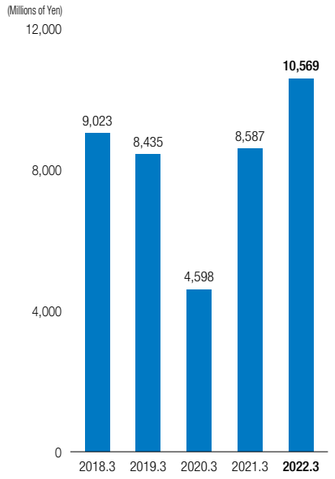
### Net sales



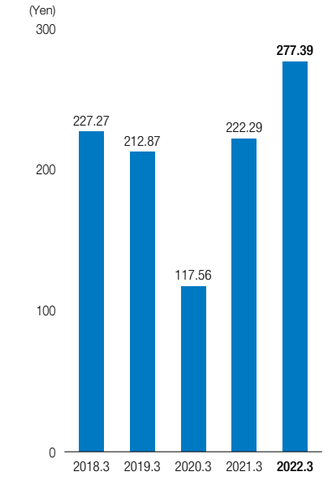

### Operating income and operating margin



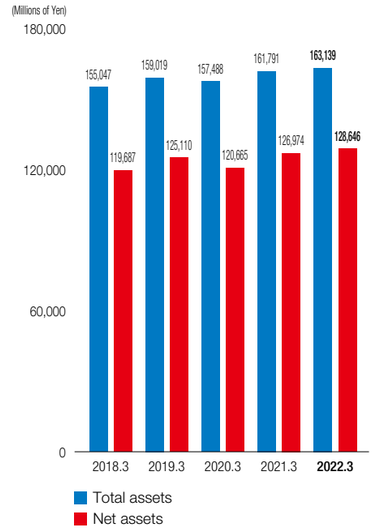

### Profit attributable to owners of parent



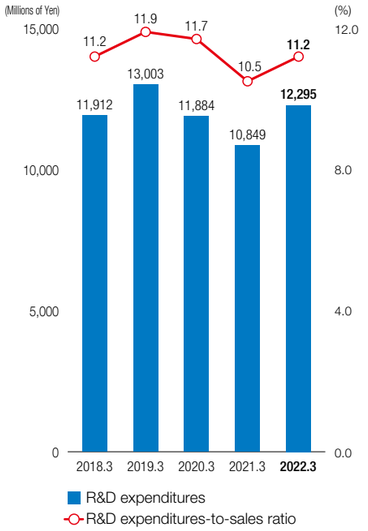

### Net income per share




### Total assets and net assets




### R&D expenditures and R&D expenditures-to-sales ratio




# Changes in Major Consolidated Management Indicators

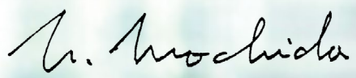
(Millions of Yen)

| | 2013.3 | 2014.3 | 2015.3 | 2016.3 | 2017.3 | 2018.3 | 2019.3 | 2020.3 | 2021.3 | **2022.3** |
|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | 89,210 | 93,947 | 87,252 | 92,272 | 97,349 | 106,761 | 109,643 | 101,799 | 102,995 | **110,179** |
| R&D expenditures | 12,519 | 11,961 | 11,777 | 13,454 | 15,226 | 11,912 | 13,003 | 11,884 | 10,849 | **12,295** |
| Operating income | 14,017 | 16,600 | 11,689 | 12,154 | 11,374 | 11,662 | 10,590 | 8,807 | 12,003 | **14,392** |
| Recurring income | 14,188 | 16,799 | 11,909 | 12,392 | 11,648 | 12,008 | 10,928 | 9,154 | 12,260 | **14,799** |
| Profit attributable to owners of parent | 9,152 | 9,892 | 7,544 | 8,150 | 8,526 | 9,023 | 8,435 | 4,598 | 8,587 | **10,569** |
| Comprehensive income | 10,227 | 11,514 | 8,860 | 9,121 | 9,686 | 11,257 | 11,467 | 873 | 11,412 | **7,619** |
| Total assets | 120,828 | 130,669 | 127,557 | 137,713 | 148,372 | 155,047 | 159,019 | 157,488 | 161,791 | **163,139** |
| Net assets | 88,542 | 93,688 | 98,670 | 104,929 | 111,869 | 119,687 | 125,110 | 120,665 | 126,974 | **128,646** |
| Net cash provided by (used in) operating activities | 11,909 | 12,478 | 5,122 | 15,211 | 5,583 | 3,283 | 12,565 | 9,347 | 9,198 | **7,459** |
| Net cash provided by (used in) investing activities | △ 1,964 | △ 4,359 | △ 1,953 | △15,576 | △ 1,835 | △ 426 | △ 1,121 | △ 1,760 | △ 880 | **△ 2,007** |
| Net cash provided by (used in) financing activities | △ 4,122 | △ 6,089 | △ 5,288 | △ 2,917 | △ 3,291 | △ 3,483 | △ 6,094 | △ 5,328 | △ 5,112 | **△ 5,956** |
| Cash and cash equivalents at end of year | 33,723 | 35,753 | 33,635 | 30,351 | 30,808 | 30,182 | 35,532 | 37,791 | 40,987 | **40,515** |
| Per-Share Information* | | | | | | | | | | |
| Net income (EPS) (yen) | 221.13 | 244.33 | 188.63 | 205.23 | 214.73 | 227.27 | 212.87 | 117.56 | 222.29 | **277.39** |
| Net assets (BPS) (yen) | 2,153.67 | 2,332.58 | 2,484.20 | 2,642.32 | 2,817.36 | 3,014.53 | 3,189.15 | 3,113.69 | 3,317.92 | **3,424.21** |
| Financial Indicators | | | | | | | | | | |
| Shareholders' equity ratio (%) | 73.3 | 71.7 | 77.4 | 76.2 | 75.4 | 77.2 | 78.7 | 76.6 | 78.5 | **78.9** |
| Return on equity (ROE) (%) | 10.7 | 10.9 | 7.8 | 8.0 | 7.9 | 7.8 | 6.9 | 3.7 | 6.9 | **8.3** |
| Price to earnings ratio (PER) (times) | 13.7 | 15.1 | 20.9 | 20.4 | 19.2 | 16.5 | 26.7 | 35.5 | 19.3 | **13.5** |
| Number of employees (Average number of part-time employees) | 1,753 (398) | 1,726 (402) | 1,746 (417) | 1,726 (420) | 1,713 (418) | 1,666 (420) | 1,617 (448) | 1,581 (482) | 1,558 (504) | **1,544 (503)** |

* The Company conducted the consolidation of shares of its common shares at a rate of one share for every five shares on October 1, 2013. The Company also conducted a two-for-one share split of its common shares on April 1, 2019. Per-share information is calculated on the assumption that the share consolidation and share split were conducted at the beginning of the fiscal year ended March 31, 2013.

# Interview with the President

**Through our business activities, I am committed to fulfilling our social responsibility of contributing to human health and well-being and strive for sustainable growth and improvement in corporate value.**



**Naoyuki Mochida,**
Representative Director, President

## Q Tell us about the business results and achievements in fiscal year 2021.

### A Thanks mainly to sales growth in the pharmaceutical business, we achieved gains in sales and income, with our sales and net income jumping to the highest levels in our history.

In the pharmaceutical industry, there was the first-ever off-year NHI drug price list revision in April 2021, in order for the government to maintain the policy of pharmaceutical cost reductions in the context of the need to secure stable financial resources for the social security system. Competition between companies is also intensifying, and the business environment remains harsh.

In this environment, we started FY2021 expecting declines in sales and income, however, thanks mainly to sales growth in the pharmaceutical business, we ended up posting gains in sales and income, with our sales and net income jumping to the highest levels in our history.

The pharmaceutical business reported increased sales, mainly reflecting sales growth driven by new drugs, as well as royalties received. The healthcare business posted higher sales on the back of growth in sales of the *Collage Furfur* series of shampoo, rinse and soap products containing an antimycotics, the *Collage Furfur Hair Growth* series, and the *Collage Repair* series of basic skin care products.

Operating income rose, reflecting an increase in gross profit, despite higher selling, general and administrative expenses primarily attributable to higher research and development expenses.



Looking at our development pipelines, we filed for NDA of *MND-2119** for the treatment of hyperlipidemia and *MD-711*, inhaled treprostinil, for the treatment of pulmonary arterial hypertension. Furthermore, as a second project in the biomaterials business, we also began an exploratory clinical trial for *dMD-002*, a treatment for cavernous nerve injury.

We launched several new products, the adalimumab biosimilar *Adalimumab BS MA*. Mochida Healthcare released *Collage Furfur Hair Growth Foam*, a medicated hair growth agent for women and *Collage Furfur Scalp Shampoo*, a medicated shampoo.

*Launched as *Epadel EM* in September 2022

## Q Tell us about "Vision for 2031," announced in May 2022.

### A We aim to meet medical and healthcare needs through new drug discovery modalities. We will also position the biomaterials business as one of the pillars of the next generation.

The Group has always conducted business activities with "Grow as a unique life and healthcare group whose raison d'être is recognized internationally and which meets medical and healthcare needs" as its long-term vision. To expand on our past efforts and achieve sustainable growth by overcoming a business environment that is expected to become increasingly severe in the future, we have given shape to our existing long-term vision and developed the "Vision for 2031" that the Group aims to realize in 2031, a milestone year 10 years from now. We will aim to offer new therapies for intractable and rare diseases that have been difficult to treat with conventional small molecules and antibody drugs alone, and we will strive to address unmet medical and healthcare needs by incorporating new drug discovery modalities that are expected to grow in the future, such as cells, nucleic acids, and genes. In particular, we will position regenerative medicine products as one of our focus areas and give priority to projects using mesenchymal stem cells.

We will also work to position the biomaterials business as one of the pillars of the next generation, alongside the current mainstay pharmaceutical and healthcare businesses. In the biomaterials business, we will promote various projects based on alginate, which is expected to have a wide range of applications in the medical and biotechnological fields, and work for an early market launch and business expansion.

We will also look to expand into overseas markets by offering a lineup of distinctive products that meet the needs in each business segment. Our current aim is to launch highly purified EPA drugs in Vietnam, China, the U.S., and other countries, following their launch in Thailand, however, we will also push ahead with the development of other products such as biomaterials and regenerative medicines with an eye to global expansion.

In terms of the scale of business targeted for 2031, we aim to achieve sales of approximately 40 billion yen, including product fields such as the biomaterials business products and regenerative medicine products in the pharmaceutical business, and aim to develop our business to achieve total net sales of 140 billion yen and an operating margin of 15%.

We will establish and steadily implement a plan of action for the achievement of "Vision for 2031."

## Q Tell us about the main points of the Medium-term Management Plan (FY2022-2024).

### A We will focus on three issues under the theme of innovation creation and productivity improvement.

To realize "Vision for 2031," we have adopted the 22-24 Medium-term Management Plan as an action plan for issues to be addressed over the three-year period from 2022 to 2024 from the perspective of the sustainable enhancement of corporate value and in alignment with the Basic Sustainability Policy.

The 22-24 Medium-term Management Plan focuses on three issues under the theme of innovation creation and productivity improvement. The first issue is "maximization of profits in targeted areas with a focus on new drugs." We will concentrate our resources on the targeted areas (cardiovascular medicine, obstetrics and gynecology, psychiatry, and gastroenterology) to maximize earnings from new drugs in our core pharmaceutical business. In particular, we will raise

awareness about the value of *Lialda*, a treatment for ulcerative colitis, *Goofice*, a treatment for chronic constipation, and *Urece*, a treatment for gout and hyperuricemia, in a bid to maximize sales. In addition, we will strive to leverage our experience as a leading manufacturer of highly purified EPA drug in marketing activities for *Epadel EM*, a self-emulsifying formulation of highly purified EPA launched in September 2022. Meanwhile, we will continually work to maintain a stable supply and proper quality of our products based on an end-to-end view of the supply chain, while promoting improvements in our cost structure by reducing procurement costs and reviewing our product lineup.

The second issue we will focus on is “continuous investment in growth to realize the ‘Vision for 2031’.” In addition to continuous investment in existing research and development projects, we will pursue investments in business activities that will lead to future competitiveness in areas such as the biomaterials business and regenerative medicine.

The third issue is “strengthening of the corporate organization to create innovation and improve productivity.” We will harmonize and coordinate four approaches: optimization of business processes and business quality level, promotion of digital transformation, institutional reform, and the promotion of facility management, in order to achieve efficient organizational operations and increase corporate value. Furthermore, we will focus on developing human resources to drive innovation, reinforcing the human resource management structure, and increasing our organizational strength. In September 2022, we commenced operations at our new head office building. We intend to create an environment conducive to the generation of new ideas and innovation, which will lead to improvement in productivity. The business environment surrounding the pharmaceutical industry is expected to become increasingly severe in the future. The Group will continue to invest in growth to realize its “Vision for 2031,” in spite of the expectation of a temporary deterioration in earnings during the 22-24 Medium-term Management Plan period. We are determined to steadily implement the 22-24 Medium-term Management Plan and lay the groundwork for the next three-year plan.

## Q What are your views on the provision of value to society?

### A Mochida Pharmaceutical Group will continue to grow sustainably as a company playing a necessary role in society, by providing value as a pharmaceutical company; in other words, by “contributing to human health and well-being.”

Contributing to human health and well-being through our business activities is our mission. We are committed to the “creation of unique products to meet needs,” the “stable supply of high quality pharmaceuticals” and the “proper provision of valuable information” through our activities in the pharmaceutical, biomaterials and healthcare businesses. Through this, we will provide value as a pharmaceutical company in the form of “improvement in the QOL of patients and their families,” “support for the different stages of a woman’s life” and ultimately “contribution to human health and well-being.”
In terms of “improvement in the QOL of patients and their families,” we intend to focus on the development of regenerative medicines as advanced therapies for intractable and rare diseases to help improve the QOL of patients. As regards “support for the different stages of a woman’s life,” we are committed to contributing to a society in which women enjoy good health and can actively participate by continuing to put effort into the obstetrics and gynecology field through drugs such as Dienogest.

We also committed to the realization of a sustainable society, integrating ESG (environmental, social and governance considerations) into our business activities, including operating under appropriate corporate governance, giving consideration to environmental issues such as climate change, respecting human rights, and working to develop workplaces where diverse human resources can participate.

Under our Basic Sustainability Policy, we will continue to grow sustainably as a company playing a necessary role in society, by providing value as a pharmaceutical company; in other words, by “contributing to human health and well-being.” In doing so, we will contribute to the realization of a sustainable society that will also help achieve the SDGs. We recognize that action of sustainability issues is an important management issue and will continue to focus on sustainability in the future based on our basic policy.

## Q Tell us about your materiality.

### A We identified five material issues that matter most to us and most to society.

We screened many possible material issues in a wide range and, through internal discussion, primarily at meetings of the Board of Directors and Sustainability Committee, we identified material matters which should be addressed as a priority for the sustainable improvement of corporate value.

Based on an assessment of the issues that matter most to us and those that matter most to society, we identified five material issues: “development of human resources,” “compliance,” “creation of unique products to meet needs,” “stable supply of high quality pharmaceuticals” and “proper provision of valuable information.”

We will focus on the “development of human resources” and “compliance” as material issues underpinning the management foundations. “Compliance” is an absolute condition for corporate survival. Furthermore, we believe that a major driver underpinning corporate value creation is “human resources” and we will, therefore, strive to create companies and workplaces where every employee can demonstrate their full potential and grow.

At the same time, we will focus on “creation of unique products to meet needs,” “stable supply of high quality pharmaceuticals” and “proper provision of valuable information” as material issues in relation to our businesses.
We will continue working on the “creation of unique products to meet needs,” perceiving increasingly diverse medical and healthcare needs as a business opportunity and adapting to changes in the business environment.

Additionally, through the “stable supply of high quality pharmaceuticals” and “proper provision of valuable information,” we will contribute to human health and well-being and seek enhancement in our corporate value.

Our material issues as appropriate, adapting flexibly to future changes in society.

## Q Tell us about your shareholder returns policy.

### A We will continue working to pay stable dividends.

The Group considers it important to continuously strive to increase corporate value by developing business performance and 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.

The business environment is expected to become more severe, but we intend to maintain a dividend of at least 80 JPY per share during the 22-24 Medium-term Management Plan period. We also intend to acquire treasury shares in a flexible manner in response to changes in the business environment.

# Pharmaceutical Business

## Research & Development and Licensing Activities

### Research

In our research, we maximize foresight and originality in all processes, based on our unique research and development capabilities and diverse technological know-how cultivated over many years. We are also taking on the challenge of addressing unmet medical and health needs, including addressing intractable and rare diseases that have been difficult to treat with conventional small molecules and antibody drugs alone.

Through open innovation and drug discovery utilizing external resources to incorporate new modalities that are expected to grow in the future such as cells, nucleic acids, and genes, we aim to enhance our drug discovery pipeline. Especially in the field of regenerative medicine products, we are giving priority to projects using mesenchymal stem cells, and are currently in the process of developing therapies using human dental pulp-derived stem cells and high purity mesenchymal stem cells (RECs: Rapidly Expanding Cells). We are also focusing on the in-licensing of early-stage drug candidates, and since 2019, we have implemented MOIRe (Mochida Open Innovation Research), our open innovation program for drug discovery research based on proposals from academic researchers.

Research Center (Gotemba, Shizuoka)

### Development

By promoting in-licensing of drug candidates, we are working to enhance the pipeline in targeted areas and the fields in which we specialize and also promoting the in-licensing and development of biosimilars. At the same time, we are working to maximize values of current products through initiatives such as new indications and new formulations, and the discovery of evidence through post-marketing studies. We are optimizing organization and resource allocation to accelerate developmental activities with improved accuracy and pushing ahead with drug development in close cooperation with outside partners and contract research organizations (CROs).

Looking at our development pipelines, we obtained manufacturing and marketing approval for *Epadel EM* (development code: MND-2119), for the treatment of hyperlipidemia. We are in the process of applying for manufacturing and marketing approval for MD-711, an inhaled treprostinil, for the treatment of pulmonary arterial hypertension. A pediatric indication of *Lialda*®, a pediatric indication of *Lexapro*®, MD-120, an antidepressant, being developed in collaboration with Pfizer Japan Inc., MND-21, a therapeutic agent for hypertriglyceridemia, being developed in collaboration with Sumitomo Pharmaceuticals (Suzhou) Co., Ltd. in China, ACT-541468, a therapeutic agent for insomnia, being developed in collaboration with Idorsia Pharmaceuticals Japan Ltd., and a pediatric indication of *Urece*® are all in the Phase Ⅲ clinical trial stage. Development of MD-711 for the indication of pulmonary hypertension in interstitial lung disease is in the Phase Ⅱ/Ⅲ clinical trial stage.

(As of August 1, 2022)

**[ Pipeline ]**

As of August 1, 2022

| Code | Name | Stage | Indications | Formulation | Remarks |
|---|---|---|---|---|---|
| **MND-2119** | ethyl icosapentate | Approved | Hyperlipidemia | Oral | In-house development <Japan> |
| **MD-711** | treprostinil | Filed | Pulmonary arterial hypertension | Inhalant | Licensed-in from United Therapeutics |
| **MD-0901** | mesalazine | Phase Ⅲ | Ulcerative colitis (pediatric indication) | Oral | Licensed-in from Shire Pharmaceuticals Group (now part of Takeda)<br>In-house development <Japan> |
| **MLD-55** | escitalopram | Phase Ⅲ | Depression (pediatric indication) | Oral | Licensed-in from Lundbeck<br>In-house development <Japan> |
| **MD-120** | desvenlafaxine | Phase Ⅲ | Depression | Oral | Co-development with Pfizer <Japan> |
| **MND-21** | ethyl icosapentate | Phase Ⅲ | Hypertriglyceridemia | Oral | Collaboration with Sumitomo Pharmaceuticals (Suzhou) <China> |
| **ACT-541468** | daridorexant | Phase Ⅲ | Insomnia | Oral | Co-development with Idorsia Pharmaceuticals Japan <Japan> |
| **FYU-981** | dotinurad | Phase Ⅲ | Gout and hyperuricemia (pediatric indication) | Oral | Co-development with Fujiyakuhin <Japan> |
| **MD-711** | treprostinil | Phase Ⅱ / Ⅲ | Pulmonary hypertension associated with interstitial lung disease | Inhalant | Licensed-in from United Therapeutics<br>In-house development <Japan> |

## New drug-discovery modalities

### - Initiatives for the realization of “Vision for 2031” -

#### Dental pulp stem cells

Dental pulp stem cells are stem cells taken from the pulp cavity inside the tooth and are a type of mesenchymal stem cell. Stem cells collected from deciduous teeth are particularly active and have a high capacity for tissue repair and regeneration. As they can be collected from deciduous teeth, collection can be performed at any time, reducing the invasiveness on the donor. Therefore, it is expected to be utilized in the future source of cells for regenerative medicine products that can be stably supplied domestically.

We are working on the commercialization of regenerative medicine products with Kidswell Bio Corporation, which is an expert in human dental pulp-derived stem cells.

#### RECs

High purity mesenchymal stem cells or RECs (Rapidly Expanding Cells) are isolated from bone marrow aspirate and purified by a unique method established by PuREC Co., Ltd. (hereinafter “PuREC”). These cells have superior proliferative, differentiation, and migratory capacities compared to mesenchymal stem cells isolated by conventional methods.

Mochida Pharmaceutical and PuREC are conducting collaborative research into new therapies for spinal diseases with Hokkaido University.

An investigator-initiated clinical trial in patients undergoing surgery for lumbar spinal stenosis began at Hokkaido University in April 2022. The therapy being studied targets lumbar intervertebral disc herniation in patients with lumbar spinal stenosis, and involves filling the cavity created after discectomy with RECs and alginate gel.

We are also involved in collaborative research with PuREC and Shimane University into new therapies for arthritic disorders utilizing RECs.

## Licensing Activities

Most of our activities are being conducted in alliance with partners including academia-industry cooperation and industry collaboration in Japan and overseas. We promote the in-licensing activity of development programs and developed products in our strong areas and  focused fields, the in-licensing and out-licensing of useful products which contribute to the society, including unique drug formulations with additional value which meet customer needs as well as medical needs.

We are also leveraging our alliances to globally expand our EPA drug with high purity in China, Thailand, Vietnam and the United States. In Thailand, the subsidiary of Meiji Seika Pharma Co., Ltd. obtained approval to import and market our EPA drug for the treatment of hypertriglyceridemia in October 2020 and commenced sales in April 2021. In Vietnam, an alliance partner of Meiji Seika Pharma is in the process of applying for approval to import and market our EPA drug.

## Intellectual Property (IP) Management

In our business activities, we endeavor to obtain, protect and utilize IP rights, including patents, in anticipation of global commercialization, licensing, collaborative research and other technical alliances. We also regularly conduct searching and evaluation of third-party's IP rights from the viewpoint of respecting their rights, and work to prevent IP risks in our businesses. We also carry out various IP-related assessments, especially when making important decisions, for example when deciding whether to move to the next stage of drug development.

### [ Major Alliances ]

| Alliance Partner | Country | Subjects | Year of Conclusion |
|---|---|---|---|
| **Bayer AG** | Germany | *Dinagest*, a therapeutic agent for endometriosis | 1992 |
| **Lundbeck A/S** | Denmark | *Lexapro*®, an antidepressant | 2001 |
| **United Therapeutics Corporation** | U.S. | *Treprost*®, a therapeutic agent for pulmonary arterial hypertension | 2007 |
| **Shire Pharmaceuticals Group (now part of Takeda)** | U.K. | *Lialda*®, a therapeutic agent for ulcerative colitis | 2009 |
| **Gedeon Richter Plc.** | Hungary | Gedeon Richter's biosimilars, including *Teriparatide BS MOCHIDA* | 2010 |
| **LG Chem Ltd.** | South Korea | Biosimilar *Etanercept BS MA* | 2012 |
| **LG Chem Ltd.** | South Korea | Biosimilar *Adalimumab BS MA* | 2014 |
| **EA Pharma Co., Ltd.** | Japan | *Goofice*®, a treatment for chronic constipation | 2016 |
| **FUJI YAKUHIN Co., Ltd.** | Japan | *Urece*®, a treatment of gout and hyperuricaemia | 2017 |
| **United Therapeutics Corporation** | U.S. | MD-711, a therapeutic agent for pulmonary arterial hypertension | 2017 |
| **EA Pharma Co., Ltd.** | Japan | *Movicol*®, a treatment for chronic constipation | 2017 |
| **Pfizer Japan Inc.** | Japan | MD-120, an antidepressant | 2019 |
| **Idorsia Pharmaceuticals Ltd.** | Switzerland | ACT-541468, a treatment for insomnia | 2019 |
| **Kidswell Bio Corporation** | Japan | Regenerative medicines for the treatment of rare and intractable diseases in the gastrointestinal area such as isolated hypoganglionosis | 2020 |
| **PuREC Co., Ltd.** | Japan | Tripartite collaborative research, bringing industry and academia together, into the use of high-purity mesenchymal stem cells (RECs - Rapidly Expanding Cells) and ultra-purified alginate | 2020<br>2021 |

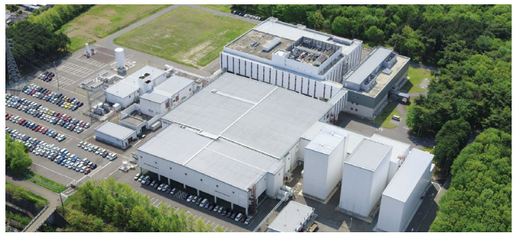
# Production

Mochida Pharmaceutical Group's medical products are mainly manufactured by Mochida Pharmaceutical Plant Co., Ltd. ("MPP"). The Head Office Plant in Ohtawara, Tochigi Prefecture manufactures injectable, solid (tablets, capsules, etc.) and semi-solid (creams, ointments, gels, etc.) medicines.

Whilst paying attention to safety, we continuously strive to maintain stable operation, stable supply and appropriate quality. We also pursue reliable and efficient drug manufacturing, meeting diverse needs through state-of-the-art manufacturing facilities and cutting-edge technologies, all of which are compliant with global standards.

## Production of High Quality Pharmaceuticals

MPP's production facilities meet requirements under Japanese Good Manufacturing Practice (JGMP) and international guidelines such as the pharmaceuticals Good Manufacturing Practice guidelines provided by the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S GMP). In addition, computer-integrated systems control all the processing stages, from the receipt of raw materials to final shipping, to ensure that all products are manufactured to the highest standards of quality.



Mochida Pharmaceutical Plant Co.,Ltd. (Ohtawara, Tochigi)

## State-of-the-art Drug Manufacturing Technologies

Like research & development, pharmaceutical manufacturing processes demand a high level of technological capability. We utilize decades of manufacturing know-how to provide technologically high value products such as the enzyme/protein preparations and biological products at which we excel and products which are considered difficult to manufacture such as freeze-dried injectables.

Freeze dryers and automatic guided vehicles (AGV)

## Packaging to Meet Healthcare Needs

In our production activities, we constantly strive to meet healthcare needs, and have introduced a definitive total-quantity confirmation system with material code displays and a unified bar code system, to increase the efficiency of drug management. We also consider the healthcare settings in which our products are used and are focusing on initiatives such as the use of plastic bottles made from one type of material to facilitate sorting and disposal and the development of container designs with different shapes to prevent medical errors.

Tablet press for the production of solid dosage forms

## Contracted Manufacturing

Besides manufacturing Mochida Pharmaceutical Group's products, MPP is also actively involved in contracted manufacturing for other companies. Leveraging the experience built up as the manufacturing subsidiary of a pharmaceutical company, MPP reliably manufactures and supplies high quality products at reasonable prices, accommodating a wide variety of product specifications and scale requirements.

Sterility test

## Quality Control and Safety Management

Drugs affect human life and health. Accordingly, in the various processes from drug manufacturing to their distribution and use, pharmaceutical companies are required to exercise quality control and post-marketing safety management by methods in compliance with the Ministerial Ordinance on Standards of Quality Assurance for Drugs, Quasi-drugs, Cosmetics and Medical Devices (GQP Ministerial Ordinance) and the Ministerial Ordinance on Standards for Post-Marketing Safety Control of Drugs, Quasi-drugs, Cosmetics, Medical Devices, and Regenerative Medicine Products (GVP Ministerial Ordinance) issued by the Ministry of Health, Labour and Welfare.

In Mochida Pharmaceutical Group, the RA, QA and PV divisions strive to ensure reliability through management and evaluation of the quality of products handled, collection, analysis and evaluation of safety information, and other necessary measures. These divisions also support business activities related to the stable supply of drugs by, for example, working to ensure appropriate manufacturing control and quality control and working to manage market shipments.

## Sales and Information Provision Activities

### Appropriate Information Provision Activities

Pharmaceuticals achieve the desired effects only when used correctly. Pharmaceutical companies are required to provide healthcare professionals with accurate information about pharmaceuticals quickly, to collect and evaluate information about efficacy, safety and adverse drug reactions from doctors who have prescribed them and relay this information back to healthcare professionals. Mochida Pharmaceutical contributes to the treatment of patients by providing healthcare professionals with information through information provision activities by medical representatives, medical and pharma seminars, dissemination of information about prescription drugs online, and active use of webinars and other digital marketing tools.

### Four Targeted Areas

Above all, we are currently putting effort into new drugs, concentrating our resources on four targeted areas: cardiovascular medicine, especially treatments for lifestyle diseases such as hyperlipidemia, hypertension, and hyperuricemia; obstetrics and gynecology, including treatments for endometriosis and dysmenorrhea, and pregnancy test kits; psychiatry, with emphasis on antidepressants; and gastroenterology, including treatments for ulcerative colitis and chronic constipation.

#### Cardiovascular medicine

*Urece*®, a selective urate reabsorption inhibitor (SURI) released in 2020, is a therapeutic agent for gout and hyperuricemia. *Urece*® is expected to be more efficient at lowering serum uric acid levels than existing uricosuric agents because it selectively inhibits URAT1, a transporter presents in the proximal tubules of the human kidney which promotes the reabsorption of uric acid, whilst having a small effect on other transporters.

We are also making our presence felt in the cardiovascular field as a leading manufacturer of highly purified EPA drugs. In addition to *Epadel*, a high-purity EPA drug, which, through various mechanisms, slows atherosclerotic plaque progression, we launched *Epadel EM*, a new self-emulsifying formulation of *Epadel*, in September 2022. *Epadel EM* is a new formulation of *Epadel* for the treatment of hyperlipidemia. It uses self-emulsifying formulation technology in order to improve gastrointestinal absorption. As the world's first high-purity EPA drug that can be given in a single daily dose, we expect *Epadel EM* to be able to help improve the QOL of patients.

With these high-purity EPA drugs and other products such as *Atelec*®, a calcium channel blocker with a long-acting hypotensive effect, and *Treprost*®, a therapeutic product for pulmonary arterial hypertension, we are taking on the cardiovascular field.

#### Gastroenterology

In the gastroenterology field, we are focusing on *Lialda*®, a treatment for ulcerative colitis, launched in 2016 and *Goofice*® and *Movicol*®, both treatments for chronic constipation released in 2018. *Lialda*® is a drug delivery system (DDS) formulation of mesalazine for oral administration. It is designed to continuously release the active ingredient mesalazine to and throughout the colon. Approved as a once-daily oral therapeutic agent in both active and remission phases of ulcerative colitis and efficacious, *Lialda*® improves patient adherence and has been well received by gastroenterologists who treat ulcerative colitis.

*Goofice*® is the world's first bile acid transporter inhibitor, indicated for the treatment of chronic constipation. *Goofice*® inhibits the bile acid transporter that regulates reabsorption of bile acids thereby increasing the flow of bile acids to the colon. The dual action of moisture secretion and bowel movement promotion enhances natural defecation. Other advantages include that *Goofice*® is administered once daily and the dosage may be adjusted according to patient symptoms.

*Movicol*® is a polyethylene glycol preparation. The drug increases the moisture in the stool thereby raising the volume of stool to promote defecation. Overseas, *Movicol*® has been widely used in both children and adults.

### Cardiovascular medicine

Product Name
International Nonproprietary Name (INN)
Main Indications


*Epadel EM*
**icosapent**
Hyperlipidemia

*Urece*®
**dotinurad**
Gout and hyperuricemia

*Epadel*
**icosapent**
Arteriosclerosis obliterans, Hyperlipidemia
(World's first high purity EPA drug)

*Atelec*®
**cilnidipine**

*Atedio*®
**valsartan/cilnidipine**

Hypertention

*Treprost*®
**treprostinil**
Pulmonary arterial hypertension (PAH)

### Gastroenterology


*Lialda*®
**mesalazine**
Ulcerative colitis

*Goofice*®
**elobixibat**
Chronic constipation

*Movicol*®*LD* *Movicol*®*HD*
**macrogol 4000, sodium chloride, sodium bicarbonate, potassium chloride**
Chronic constipation

### Psychiatry

Our core product in the psychiatry field is *Lexapro®*, a selective serotonin reuptake inhibitor (SSRI). We launched *Lexapro®* as an antidepressant in 2011, and obtained approval for an additional indication of social anxiety disorder in 2015. Low levels of neurotransmitters (specifically serotonin) are thought to be one of the causes of depression. *Lexapro®* increases levels of serotonin in the brain by selectively inhibiting the reuptake of serotonin. This improves the transmission of messages between neurons, alleviating depression and reducing anxiety. With *Lexapro®* and other products such as *Tecipul*, a tetracyclic antidepressant, and *Grandaxin*, an autonomic nerve regulator, we are working to improve the QOL of patients in the psychiatric field.

### Obstetrics and Gynecology - Supporting women's health throughout every stage of their lives -

In the obstetrics and gynecology field, which is one of our targeted areas, we are focusing on *Dinagest*, indicated for endometriosis, the reduction of pain caused by adenomyosis and the treatment of dysmenorrhea, and we conduct information provision activities, including about pregnancy test kits. Additionally, we are working to provide women with comprehensive health support at every stage of their lives by proposing use of our products to treat constipation and depression which negatively affect women's QOL.

*Dinagest* was launched as treatment for endometriosis in 2008. In 2016, we obtained approval for the additional indication of reduction of pain caused by adenomyosis, offering a treatment option for adenomyosis for the first time.

In 2020, we launched *Dinagest Tablets 0.5mg* specifically for dysmenorrhea, helping improve the QOL of patients suffering from dysmenorrhea.

Also, at the request of the Japan Society of Obstetrics and Gynecology, we also offer the *Heparin Calcium Subcutaneous Injection MOCHIDA*, enabling patients undergoing fertility treatment to administer injections themselves at home. We will continue making our presence felt in the obstetrics and gynecology field by contributing more widely to women's health.

Psychiatry

*Lexapro®*
**escitalopram**
Depression and depressive symptoms, Social anxiety disorder

Obstetrics and Gynecology

*Dinagest*
**dienogest**
Endometriosis, Pain caused by adenomyosis, Dysmenorrhea

*Gonacard W*
**hCG**
Pregnancy test kit

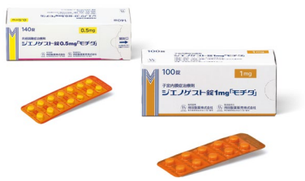
*Heparin Calcium Subcutaneous Injection MOCHIDA*
**heparin calcium**
Thromboembolism, infertility

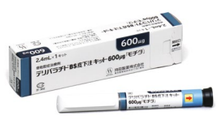
## Generic Drugs

Mochida Pharmaceutical Group is working on the generic drug business, focusing on lines with strong business potential such as authorized generic drugs and biosimilars in cooperation with Mochida Pharmaceutical Sales Co., Ltd. and other business partners.

Mochida Pharmaceutical Sales Co., Ltd. ("MPS") is the company which handles generic drugs within Mochida Pharmaceutical Group. In its activities associated with generics, MPS focuses on quality assurance, the provision of information and reliable supply and also gives consideration to the prevention of medical errors, the safety of healthcare professionals, and improvement of patient adherence. Going forward, MPS will continue to play a central role in developing and providing generic drugs which meet the needs of patients and healthcare professionals.

Authorized generic in the obstetrics and gynecology field





*Teriparatide BS MOCHIDA*

# Biomaterials Business

In addition to the current mainstay pharmaceutical and healthcare businesses, we are focusing on the biomaterials business, which is positioned as one of the pillars of the next generation. In particular, we are promoting and developing various projects in the biomaterials business based on alginate, which has numerous potential applications in the medical and biotechnological field.

Looking at the development pipeline, *dMD-001*, a treatment for articular cartilage lesions developed as a medical device, is in the therapeutic confirmatory study stage. In addition, *dMD-002*, a treatment for cavernous nerve injury, is in the therapeutic exploratory study stage. (As of August 1, 2022)

Furthermore, we are also examining the feasibility of alginate as a pharmaceutical material, for example, as a scaffold for intervertebral disc (IVD) repair using alginate gelation technology and as a tissue adhesion preventive device using an alginate sheet.

**[ Medical device ]**

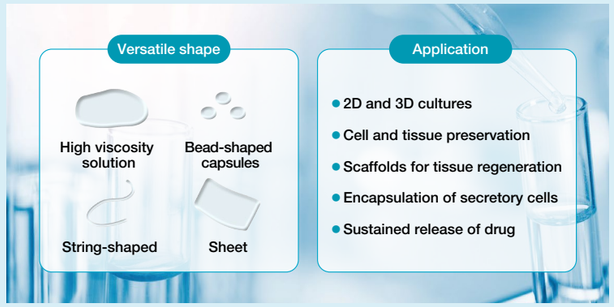
As of August 1, 2022

| Code | Name | Stage | Indications | Formulation | Remarks |
|---|---|---|---|---|---|
| **dMD-001** | sodium alginate | Therapeutic confirmatory study | Articular cartilage lesion | — | In-house development <Japan> |
| **dMD-002** | sodium alginate | Therapeutic exploratory study | Cavernous nerve injury | — | In-house development <Japan> |

## Properties and potential applications of alginate

### - Initiatives for the realization of "Vision for 2031" -

- Sodium alginate is a high polymeric substance derived from brown algae. It becomes a highly viscous aqueous solution, and it becomes a gel with calcium ions, which are divalent cations, being added. This property can be used to process the material into various forms and hardness during gelation.
- Possible applications of alginate in the biotechnological and medical fields include 2D and 3D culture, cell and tissue preservation, scaffolds for tissue regeneration, encapsulation of secretory cells, and sustained release of drugs.
- We are working on various applications of endotoxin-free sodium alginate that can be used in living organisms. Alginate, which is a polysaccharide, can be a nutrient source for cells. It has also been shown that when a gel is formed on the affected area, the alginate gel remains in the area for a certain period of time because no enzymes exist in the body to break it down and it has little impact on cells due to its similarity to biological components. The relationship of alginate to native cells when implanted in a wound or other sites is also currently being studied: we expect further potential applications.



# Healthcare Business

As a member of Mochida Pharmaceutical Group, Mochida Healthcare Co., Ltd. (MHC) has developed high value-added skin care products under the motto “farsighted, innovative research.” We will continue developing innovative products using the capabilities we have fostered through the development of pharmaceuticals.

## Major Product lines

Major product lines include the *Collage* series, which provides total skin care for sensitive skin, the *Collage Furfur* series developed from skin research, which are the first haircare and bodycare products in Japan to contain an antimycotic (antifungal) agent, *Skina Babe*, which is the first skin care product that babies experience, and the *Skina* series of easy hygiene products for the bedridden.

### Total skin care for sensitive skin

## *Collage* series

In 1980, before the expression “sensitive skin” was in common use, we succeeded in developing *Collage Cream*, Japan’s first basic skin care product containing natural soluble collagen (S-Collagen), through repeated testing in cooperation with dermatologists. Focusing on low-irritating, fragrance-free, color-free products for delicate skin, we continued to launch dermatological skin care products one after another as a pioneer of skin care products for sensitive skin.

Focusing on sensitive skin for half a century, MHC now offers gentle, high-performance basic skin care products such as the *Collage Repair* series, which, through “far-sighted care*1” and “routine care*2,” achieves “sensitive skin management*3,” and the *Collage B.K. Age* series for those with “sensitive, dry aging skin*4,” which provides “anti-aging skincare*5.”

MHC also has an extensive line-up of products to cater for different customer lifestyles and needs, including the *Collage Soap* series of nonirritating soap formulated for each specific skin type and use, and *Collage D Medi Power* series of moisturizing products for dry skin (including people with atopic eczema).

### Haircare and bodycare products containing antimycotic (antifungal) agent

## *Collage Furfur* series

*Collage Furfur*, Japan’s first medicated shampoo containing an antimycotic (antifungal) agent (miconazole nitrate), was developed based on the novel concept of caring for the scalp, given that dandruff is triggered by the growth of fungus on the scalp.

MHC currently offers a lineup of hair care products containing an antimycotics for different scalp problems, offering *Collage Furfur Next Shampoo* and *Rinse* for dandruff or an itchy scalp, *Collage Furfur Premium Shampoo* for scalp odor, and *Collage Furfur Scalp Shampoo* for excess sebum. MHC’s products have been welcomed by people worried about scalp issues such as dandruff, an itchy scalp, scalp odor and excess sebum.

Meanwhile, MHC provides *Collage Furfur Soap*, a bodywash containing an antimycotics, for those suffering from skin problems, and *Collage Furfur Hair Growth* series*6 containing a female hormone*7 for women worried about hair thinning and hair loss.

*1 A daily skin care regimen to prevent skin roughness and dryness (applies to quasi-drugs only)
*2 Routine skin care, usually morning and night
*3 A consistent skincare regimen for sensitive, dry skin
*4 Aging skin with a tendency to become dry and sensitive
*5 Age-appropriate moisturizing and skin care regimen
*6 Does not contain an antimycotics
*7 Ethinylestradiol


*Collage Repair* series


*Collage B.K. Age* series


*Collage Soap* series


*Collage D Medi Power* series

## Activities in the Healthcare Business

### Development

To deliver high-performance, value-added dermatological skin care products, MHC gains an understanding of needs through communication with physicians, pharmacists, and nurses and conducts product development based on dermatology clinical trials.

MHC is committed to developing products that make an impression on customers, striving for “Japan-first” products, unique products in Japan, and “No.1” products, rather than run-of-the-mill products that can be found anywhere.

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### Production

To deliver high quality products, MHC manufactures its products based on a strict quality control system, mainly at the Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.

When manufacturing products, MHC is constantly aware of the need to maintain a stable supply of products and the need to reassess manufacturing practices, including raw materials and containers, in light of environmental concerns.

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### Distribution and Sales

Precisely because MHC’s products have been developed through close collaboration with dermatologists, MHC wants its products to be recommended by experts at the point of sale. With this in mind, MHC gives top priority to pharmacies and drug stores which have pharmacists and beauty advisors working at them. MHC puts effort not only into store sales but also into mail order sales, aiming to make its products widely available to customers with sensitive skin and other skin problems.

Going forward, MHC aims to raise awareness of its skincare products among care facilities, etc. in the hope of being able to contribute to skincare in the care domain.

▼

### Scientific Information

MHC has established a free call and email based counselling service, which customers can use to make inquiries about products and skincare regimes or give feedback directly. MHC also actively participates in relevant academic societies and seminars to gather the latest information about skincare and also provides scientific information about products to hospitals, pharmacies, and drug stores.

▼

### Marketing

MHC strives to gain an understanding of skincare-related consumer trends and market conditions through paper-based and online surveys, and other means. Taking the feedback and requests of people suffering with skin problems and sensitive skin seriously, MHC also engages in information provision and promotional activities to ensure that information about its products and skincare is readily available.

MHC’s website features not only product data but also skincare tutorials in which medical professionals explain how people can care for their skin properly.

### The first skincare babies experience

## *Skina Babe* series

Special care is needed when bathing a baby with soap as soapy hands are slippery. *Skina Babe* bath lotion for babies was developed in response to calls from obstetricians and gynacologists for a less slippery, safer bath lotion for washing babies without using soap. Today, more than 50 years after its launch, *Skina Babe* still enjoys wide popularity.

Furthermore, in 2018, we launched *Skina Babe Milky Lotion*, which protects the skin from birth by providing very rich moisture.

### Easy hygiene products for the bedridden

## *Skina* series

The *Skina* series is a series of hygiene products for those who are bedridden either in hospital or at home. We developed hygiene products for washing the skin without water in 1970, after listening to nurses working on hospital wards and striving to develop products only a pharmaceutical company could develop. Wanting to put smiles on the faces of carers and patients alike, MHC has continued providing these popular products for many years.

Today, MHC offers an extensive line-up of products for different scenarios, including dilution type products and dry shampoo.


*Collage Furfur* series


*Skina Babe* series


*Skina* series

# Corporate Governance

## Basic Policy on Corporate Governance

As part of Mochida Pharmaceutical Group policy on reinforcing corporate governance, important management decisions are discussed thoroughly by the Management Policy Meeting, if necessary, and are then made through discussion by the Board of Executive Managing Officers and the Board of Group Management, both of which meet on a weekly basis.

Mochida Pharmaceutical's Board of Directors includes Outside Directors, and the executive officer system has also been introduced to clearly separate the functions of the Board of Directors into management decision-making and the supervision of business operations so as to expedite management decision-making and business operations.

For the purpose of strengthening objectivity and accountability for the nomination of Members of the Board, Executive Officers and Audit & Supervisory Board Members and for the determination of remuneration for Members of the Board and Executive Officers, Mochida Pharmaceutical has established the Nomination and Compensation Advisory Committee, a majority of which comprises Outside Directors, as a voluntary advisory body to Representative Directors, and our corporate decisions on such nomination and compensation are made in light of the opinions of said Committee.

Mochida Pharmaceutical maintains, operates and evaluates its internal control system based on resolutions by the Board of Directors under the Companies Act and on the Financial Instruments and Exchange Act. Specifically, we maintain a companywide risk management system based on the "Mochida Pharmaceutical Group Risk Management Rules" to manage major risks affecting our overall business, as part of our internal control system based on the Companies Act.

As measures for reinforcing compliance, we maintain our compliance system by establishing the "Code of Conduct of Mochida Pharmaceutical Group" and seeking to embody the spirit of the code through regular meetings of the Ethics and Compliance Committee, which includes outside experts, and the performance of internal checks and awareness-raising activities, and also by establishing the Corporate Ethics & Compliance. Regular training programs on compliance for our group officers and employees are regularly provided.

Mochida Pharmaceutical Group will continuously strive to ensure thorough compliance, and to respond rapidly to various changes in the business environment, while incorporating appropriate advice from our attorneys, certified public accountants and other experts.

In addition, we will further examine our actions to address sustainability issues at the Sustainability Committee established in March 2022 as an advisory body to the Representative Directors so as to promote sustainability activities across Mochida Pharmaceutical Group.

### Basic Sustainability Policy

Mochida Pharmaceutical Group aims to grow as a unique and globally recognized life and healthcare group via meeting medical and healthcare needs in accordance with its corporate philosophy; "Actively contributing to human health and well-being in the field of medicine, continuously committed to the development of innovative products."

For enhancing the value of corporate sustainability, we will strive to provide value as a pharmaceutical company "contributing to human health and well-being" under appropriate corporate governance in accordance with the Code of Conduct of Mochida Pharmaceutical Group. We will also contribute to realize a sustainable society while making efforts to lessen our impact on the global environment.

Mochida Pharmaceutical has established the Internal Audit Department as an internal audit organization. The Internal Audit Department implements internal audits of the business operations of Mochida Pharmaceutical Group in its entirety from the viewpoint of compliance and risk management, reports the results of such audits and provides advice to the Board of Executive Managing Officers and the Board of Directors and reports such results to the Audit & Supervisory Board Members. The Audit & Supervisory Board comprises two Full-Time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members, making a total of five members. To secure lawfulness and transparency of management decision-making and business operations, in accordance with fiscal year auditing policy and plans, each Audit & Supervisory Board Member strives to smoothly communicate with Members of the Board, including Outside Directors, the Internal Audit Department and others, collect the relevant information and improve the auditing environments. Each Audit & Supervisory Board Member also attends meetings of the Board of Directors and other pivotal meetings, and examines business operations and assets at the headquarters, main business offices and subsidiaries of Mochida Pharmaceutical, including supervision and verification of the internal control system, the independence of the Accounting Auditor, and the appropriateness of audits performed by the Accounting Auditor.

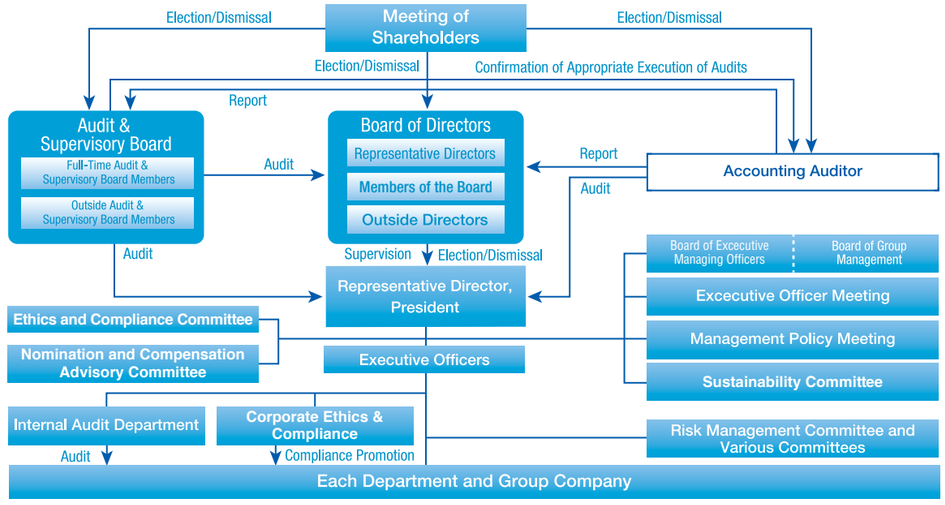
The Internal Audit Department, Audit & Supervisory Board Members, and Accounting Auditor work closely to ensure the effectiveness of the audits.

## Overview of the corporate governance system and reasons for adopting such system

Mochida Pharmaceutical Group has the Board of Directors and the Audit & Supervisory Board as corporate organizations under the Companies Act. The Board of Directors is composed of 10 Members of the Board, including three Outside Directors. The Audit & Supervisory Board is composed of five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members.

As reasons for adopting the current corporate governance structure, considering Mochida Pharmaceutical's size and business nature, we judge that at this point in time, the most suitable governance structure to pursue management efficiency and to ensure the appropriate function of checking the management simultaneously requires: (1) management decision-making by the Board of Directors with a reasonable number of members, comprising inside Members of the Board with thorough knowledge of Mochida Pharmaceutical and its business and Outside Directors with abundant knowledge and experience in specialized fields, and (2) a system for checking the management by Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members.

**Corporate Governance Structure**




**[ Main Expertise and Careers of Members of the Board and Audit & Supervisory Board Members ]**

| | Name | Corporate Management | Research and Development | Business Strategy, Marketing | International Experience | IT | Finance, Accounting | Legal Affairs, Compliance | Certification |
|---|---|---|---|---|---|---|---|---|---|
| Members of the Board | Naoyuki Mochida | ○ | | ○ | ○ | | ○ | | |
| | Chu Sakata | ○ | | ○ | ○ | ○ | ○ | ○ | |
| | Keiichi Sagisaka | | | ○ | | | | | Pharmacist |
| | Junichi Sakaki | | ○ | ○ | ○ | | | | Pharmacist |
| | Kiyoshi Mizuguchi | | ○ | | | | | | Pharmacist |
| | Yutaka Kawakami | | ○ | | | | | | Pharmacist |
| | Yoshiharu Hashimoto | | | ○ | ○ | ○ | ○ | ○ | |
| | Tomoo Kugisawa | | | | ○ | | | ○ | Attorney-at-law |
| | Nana Otsuki | ○ | | | ○ | | ○ | | |
| | Tomoaki Sonoda | ○ | | | ○ | | ○ | | Certified public accountant |
| Audit & Supervisory Board Members | Ichiro Takahashi | | | ○ | | | | ○ | |
| | Masayoshi Takeda | | | | | | ○ | | |
| | Kyosuke Wagai | | | | | ○ | ○ | | Certified public accountant |
| | Akiko Suzuki | | | | ○ | | | ○ | Attorney-at-law |
| | Yoshifumi Miyata | ○ | | | | | ○ | | |

(Note) The list above does not cover all the experience, Knowledge, and capability, etc., of each Member of the Board of the Company and each Audit & Supervisory Board Member / candidate.

**[ Details of Main Meetings Held ]**

| Meeting | Composition | Details |
|---|---|---|
| **Board of Directors** | 10 Members of the Board (including 2 Outside Directors) | 13 meetings held<br>Attendance rate of Members of the Board including Outside Directors was 96%. |
| **Audit & Supervisory Board** | 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members) | 16 meetings held<br>The attendance rate of Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members was 100%. |
| **Board of Executive Managing Officers** | Executive Managing Officers and higher ranking positions at Mochida Pharmaceutical | 53 meetings held |
| **Board of Group Management** | Executive Managing Officers and higher ranking positions at Mochida Pharmaceutical, and presidents of subsidiaries | 41 meetings held |
| **Ethics and Compliance Committee** | 4 Members of the Board (including 1 Outside Director), 2 Audit & Supervisory Board Members (including 1 Outside Audit & Supervisory Board Member and 1 advisor) and 1 outside expert | 1 meeting held |
| **Nomination and Compensation Advisory Committee** | 3 Members of the Board (including 2 Outside Directors) | 4 meetings held<br>Attendance rate of Members of the Board including Outside Directors was 100%. |
| **Management Policy Meetings** | Executive Managing Officers and higher ranking positions at Mochida Pharmaceutical | 104 meetings held |
| **Executive Officer Meeting** | Executive Officers and higher ranking positions | 12 meetings held |

## Functions, Role, etc. of Outside Directors and Outside Audit & Supervisory Board Members

In Mochida Pharmaceutical's standards and policies on independence of Outside Directors, we appoint individuals who have no special interests in the company, who have extensive knowledge and experience in management, legal affairs or another specialist area, and who can be expected to incorporate deep management insights into Mochida Pharmaceutical's management and operations. In Mochida Pharmaceutical's independence standards and policies on independence for Outside Audit & Supervisory Board Members, we appoint individuals who have no special interests in the company, who have a considerable degree of knowledge and experience of finance and accounting or extensive knowledge and experience of corporate management, legal affairs or another specialist area, and who can be expected to incorporate deep management insights into the audits on Mochida Pharmaceutical.

**[ Reasons for the Appointment of Outside Directors and Outside Audit & Supervisory Board Members and Expected Role, and Details of Major Activities ]**

| Name | Reasons for Appointment and Expected Role | Attendance at meetings of the Board of Directors (13 times in total) | Attendance at meetings of the Audit & Supervisory Board (16 times in total) |
|---|---|---|---|
| **Tomoo Kugisawa** | As an attorney-at-law, Tomoo Kugisawa is an expert in corporate legal affairs and incorporates deep management insights into Mochida Pharmaceutical's management and operations. He is expected to fulfil the management supervisory function by using such deep insights to make appropriate remarks and comments at meetings of the Board of Directors.<br>Tomoo Kugisawa is a member of the Nomination and Compensation Advisory Committee, which is an advisory body to the Representative Directors. | 13 | – |
| **Nana Otsuki** | Nana Otsuki worked for many years as an analyst at financial institutions, has extensive specialist knowledge and experience gained as a university professor and has also held many public offices. She is expected to fulfill the management supervisory function by using such deep insights to make appropriate remarks and comments at meetings of the Board of Directors. | 11* | – |
| **Tomoaki Sonoda** | Tomoaki Sonoda has extensive specialist knowledge and experience gained as a university professor in accounting. He is expected to fulfill the management supervisory function by using deep management insights to make appropriate remarks and comments at meetings of the Board of Directors.<br>Tomoaki Sonoda is a member of the Nomination and Compensation Advisory Committee, which is an advisory body to the Representative Directors. | (New appointment) | – |
| **Kyosuke Wagai** | As a certified public accountant, Kyosuke Wagai has extensive specialist knowledge and experiences of audits, etc. and incorporates deep management and audit insights into Mochida Pharmaceutical's audits. He is expected to fulfil the management supervisory function by using such deep insights to make appropriate remarks and comments at meetings of the Board of Directors. | 13 | 16 |
| **Akiko Suzuki** | As an attorney-at-law, Suzuki Akiko is an expert in corporate legal affairs, and incorporates deep management insights into Mochida Pharmaceutical's audits. She is expected to fulfill the management supervisory function by using such deep insights to make appropriate remarks and comments at meetings of the Board of Directors. | 13 | 16 |
| **Yoshifumi Miyata** | Yoshifumi Miyata has gained extensive experience (including management experience) working at financial institutions, etc. and has also served as an Outside Audit & Supervisory Board Member at another company (manufacturing industry). He is expected to fulfil the management supervisory function by using such deep insights to make appropriate remarks and comments at meetings of the Board of Directors. | 11* | 11* |

* Nana Otsuki and Yoshifumi Miyata attended all 11 meetings of the Board of Directors and the Audit & Supervisory Board which have been held since June 29, 2021, when they assumed office.

## Analysis and evaluation of the effectiveness of the Board of Directors

Every year, Mochida Pharmaceutical conducts a survey targeting all Members of the Board and all Audit & Supervisory Board Members including Outside Directors and Outside Audit & Supervisory Board Members and the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole based on the survey results.

The results of the surveys targeting Audit & Supervisory Board Members are used as reference.

Results of analysis and evaluation in FY2021 confirmed that the Board of Directors functioned effectively.

We will continue making improvements to maintain and increase the effectiveness of the Board of Directors in light of the analysis and evaluation results, such as continuing to hold more substantive discussions on the direction of management including corporate strategy.

## Directors & Officers' Compensation

### Members of the Board

Mochida Pharmaceutical has set a total amount of compensation, etc. for Members of the Board approved at a General Meeting of Shareholders, and the decision (approved by the meeting of the Board of Directors on June 29, 2021) on the policy for determining the details of compensation, etc. of individual Members of the Board (hereinafter, the "determination policy") was made based on the opinion of the Nomination and Compensation Advisory Committee, which is made up of a majority of independent Outside Directors, in order to ensure fairness and transparency. Mochida Pharmaceutical has decided (by resolution of the Board of Directors) to delegate matters such as the monthly compensation of individual Members of the Board, and the payment timing, payment method and individual amounts of bonuses, etc. to the Representative Directors (President and Vice President) to decide through discussion, taking the determination policy and opinion of the Nomination and Compensation Advisory Committee into consideration. These matters were delegated to the Representative Directors based on the judgment that the Representative Directors are the right people to determine the details of individual compensation, etc. by evaluating contribution of Members of the Board and wider performance, while taking into account the performance of the Group as a whole.

Compensation for Members of the Board consists of fixed monthly compensation and bonuses, which are performance-based. The percentages of fixed compensation (monthly compensation) and performance-based compensation (bonus) have been set at a level the company deems appropriate in order to incentivize Members of the Board to strive for improvement in corporate value.

Fixed compensation (monthly compensation) is a predetermined amount of base compensation plus an additional amount based on the position or skills etc. of Members of the Board and it is paid on a monthly basis.

Performance-based compensation (bonus) is an amount based on monthly compensation adjusted to reflect a comprehensive evaluation of the company's key performance indicators (consolidated net income and consolidated operating income; hereinafter "consolidated results") as well as the contribution of each Members of the Board. More specifically, two separate bonuses are paid: the winter bonus, which is calculated based on the monthly compensation, and the summer bonus, which is the amount calculated based on monthly compensation adjusted to reflect the consolidated results and individual performance.

Such consolidated results is evaluated by the consolidated results for the relevant fiscal year in comparison with past consolidated results including the consolidated results for the previous fiscal year.

The compensation of Outside Directors consists of fixed monthly compensation.

In addition, a fixed amount of the monthly compensation determined according to each position of Members of the Board is paid as stock-based compensation through contribution to a shareholders' association for Members of the Board and Audit & Supervisory Board Members and continuous acquisition of the Company's shares. Members of the Board are generally required to hold such acquired shares throughout their term of office.

### Audit & Supervisory Board Members

Mochida Pharmaceutical has set a total amount of compensation, etc. for Audit & Supervisory Board Members approved at a General Meeting of Shareholders and allocations to each Audit & Supervisory Board Member are determined through consultation between the Audit & Supervisory Board Members.

Compensation for Audit & Supervisory Board Members consists of fixed monthly compensation and bonuses, which are performance-based. The performance-based compensation (bonus) is determined based on the duties each Audit & Supervisory Board Member is expected to perform, considering the consolidated results and reflecting on the contribution of the particular Audit & Supervisory Board Member.

The compensation of Outside Audit & Supervisory Board Members consists of fixed monthly compensation.

In addition, a fixed amount of the monthly compensation is paid as stock-based compensation through contribution to a shareholders' association for Members of the Board and Audit & Supervisory Board Members Officers and continuous acquisition of the Company's shares. Audit & Supervisory Board Members are generally required to hold such acquired shares throughout their term of office.

**[ Total amount of compensation, total amount of compensation for eligible Members of the Board and Audit & Supervisory Board Members by type and number ]**

| Classification of Members of the Board/Audit & Supervisory Board Members | Total amount of compensation (millions of yen) | Total amount of compensation by type (millions of yen) | | | Number of eligible officers (persons) |
|---|---|---|---|---|---|
| | | Fixed compensation | Performance-based compensation | Non-monetary compensation of the Performance-based compensation | |
| **Members of the Board (excluding Outside Directors)** | 287 | 176 | 111 | – | 8 |
| **Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)** | 44 | 29 | 15 | – | 2 |
| **Outside Officers** | 43 | 43 | – | – | 7 |

# Business Risks

Mochida Pharmaceutical Group enacted Risk Management Rules applicable to Mochida Pharmaceutical Group and also established the Risk Management Committee composed of the Heads of Divisions, the presidents of subsidiaries and other relevant members, putting in place a structure for recognizing risks which might have a considerable adverse impact on Mochida Pharmaceutical Group's business and management (major risks) and for considering, assessing and discussing measures and policies for addressing such risks.

**[ Major Risks and Risk Description ]**

| Major Risks | Risk Description |
|---|---|
| **Risks associated with research and development** | Researching and developing pharmaceuticals and other products requires a huge amount of capital and time. However, development may be suspended or delayed due to reasons such as a failure to prove the initially anticipated efficacy or the emergence of unforeseen adverse drug reactions in the process. This may necessitate further development attempts or additional trials or lead to the loss of future revenue opportunities or other consequences and earnings may be lower than initially anticipated as a result. |
| **Risks associated with production and procurement** | Mochida Pharmaceutical Group does its best to ensure the quality of its products, including in its supply chain requirements, in accordance with regulations based on applicable laws. However, the quality issues such as defects of products produced at Mochida Pharmaceutical Group plants or the delay or suspension of supply of products or raw materials by a specific supplier on which the Group depends due to some factor, despite the procurement management divisions and the implementation of procurement management, could lead to the recall of products, the delay or suspension of shipments or supply shortages, the revocation of a license, the suspension of operations or other administrative disposition, decreased revenue or other consequences, and the Group's operating results and financial position may be severely impacted as a result. |
| **Risks associated with business alliances** | Mochida Pharmaceutical Group forms business alliances with other companies across all its operations, including joint research, development and marketing and the in-licensing and out-licensing of products. Future circumstances may put an end to such alliances, affecting the revenue outlook and resulting in lost opportunities and causing earnings to be lower than initially forecast or expected. |
| **Risks associated with laws and regulations and system reforms** | The research and development, manufacture and marketing of pharmaceuticals is subject to pharmaceutical-related laws and regulations and other regulations (including measures to reduce healthcare costs such as healthcare system reforms, encouragement of the use of generics and NHI drug price reductions) and any changes such as tighter regulation could severely impact the Group's operating results and financial position. Failure to comply with such regulations could lead to the recall of our products, revocation of our license, the suspension of our business operations or other administrative disposition or a claim for compensation against us and decreased revenue due to a loss of trust, and our operating results and financial position could be severely impacted. |
| **Risks associated with adverse drug reactions** | Mochida Pharmaceutical Group does its best to ensure the reliability of clinical trials and the quality of products, in accordance with strict regulations based on pharmaceutical-related laws and regulations concerning the quality and safety of pharmaceuticals, and endeavors to mitigate associated risks by taking out insurance to cover damage compensation claims. However, the unforeseen adverse drug reactions could lead to the recall of products, the suspension of sales and marketing, litigation and compensation for damages, decreased revenue due to a loss of trust and other consequences, and our operating results and financial position could be severely impacted. |
| **Risks associated with business continuity** | In case major natural disasters or accidents could seriously affect or damage Mochida Pharmaceutical Group's plants, laboratories, branches, offices and other sites (including the shutdown or failure of information systems) or events such as epidemic could lead to the stagnation of business activities and/or supply shortages caused by the suspension of operations at plants, the Group's operating results and financial position could be seriously impacted as a result. |

# Compliance

Mochida Pharmaceutical Group is working to promote compliance through the structure and activities described below.
In addition, the Group provides training to those in Pharmaceutical Business Division on a regular basis to encourage fair competition.

## Ethics and Compliance Committee

The Ethics and Compliance Committee is composed of the President of Mochida Pharmaceutical, the officer in charge of corporate ethics and compliance, and outside experts and is chaired by the President. The Ethics and Compliance Committee carries out internal checks and awareness-raising activities striving to materialize the spirit of the Code of Conduct of Mochida Pharmaceutical Group into Group activities.

## Ethics and Compliance Committee Working Group

The Committee is composed of general managers of operations, presidents of subsidiaries and other relevant members and chaired by the officer in charge of corporate ethics and compliance, and it is responsible for the review of internal rules and systems for preventing fraud and improper conduct, and for raising issues with and reporting to the Ethics and Compliance Committee. Each member is responsible for ethics and compliance within their area of operations, including compliance with the Code of Conduct (including compliance training) and prevention of improper conduct.

## Establishment of compliance-related units

We have established the Internal Audit Department and the Corporate Ethics & Compliance independent from our business units and business subsidiaries, to promote the observation of compliance.

## Communication of message from the President

We distribute a message from the President to employees in the form of video news. The video news distributed in autumn each year always focus on latest incidents of non-compliance such as corporate misconducts of other companies and the President himself always stresses the importance of compliance.

## Compliance training and awareness-raising activities

The Group provides compliance training to meet all training needs, for example, the Corporate Ethics & Compliance provides ethics and compliance training to employees upon entry to our company and upon appointment to a managerial post as well as rank-based, companywide and officers-oriented training, all related to ethics and compliance, and the staff in charge of ethics and compliance within each business unit provide ethics and compliance training in consistency with the operational characteristics of such business unit. We also endeavor to raise awareness of compliance, by, for example, disseminating information about compliance through the intranet on a regular basis.

## Corporate ethics and compliance helpline

We install a hotline via which any officer or employee (including who has left the company within one year) who has discovered an actual or potential non-compliance incident or issue may make whistleblowing reports or seek advice. Through the hotline, any officer and employee may either report to or consult with the staff or the officer in charge of corporate ethics and compliance within the company or directly report to or consult with an outside lawyer or other expert. We have also established standards for handling whistleblowing reports within Mochida Pharmaceutical Group and take appropriate measures to ensure that anyone making a whistleblowing report or seeking advice does not suffer disadvantageous treatment.

## Initiatives concerning medical and health research involving human subjects

We have enacted "Ethical rules on life science and medical research involving human subjects" to ensure that life science and medical research involving human subjects respects human dignity and human rights and is conducted appropriately with understanding and cooperation of society. In accordance with these rules, we established the Research Ethics Committee.

## Ethical response to the treatment of laboratory animals

Mochida Pharmaceutical has established guidelines in accordance with the "Basic guidelines for the conduct of animal experiments in implementing agencies under the jurisdiction of the Ministry of Health, Labour and Welfare" and gives due consideration to animal dignity and the principles of the 3Rs*. In terms of inspection and evaluation by an independent third party, we undergo onsite inspections by the Center for Accreditation of Laboratory Animal Care and Use in Japan Health Science Foundation and have obtained accreditation.

*Replacement: methods which avoid or replace the use of animals; Reduction: methods which minimize the number of animals used for experiment; and Refinement: methods which minimize suffering and improve welfare of animals

# Officers

## Members of the Board

Representative Director, President
**Naoyuki Mochida**

Apr. 1981 Joined the Company
May 1986 Earned an MBA from Indiana University in the U.S.
Apr. 1988 Joined Ajinomoto Co., Inc.
Apr. 1991 Joined the Company
Apr. 1996 General Manager, Head of the Clinical Development Planning Department
Apr. 1997 General Manager, Head of the Finance Department
Jun. 1997 Member of the Board
Jan. 1998 Senior Executive Managing Officer, Head of the Corporate Planning Department
Jan. 1999 Representative Director, President (to the present)
Apr. 2010 Vice-Chairman of Mochida Memorial Foundation for Medical and Pharmaceutical Research
Jun. 2016 Chairman of Mochida Memorial Foundation for Medical and Pharmaceutical Research (to the present)

Representative Director,
Senior Executive Vice President
**Chu Sakata**

Apr. 1982 Joined the Mitsubishi Bank, Ltd.
May 2007 General Manager of Syndicated Finance Division and the Global Head of Syndication at the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
Feb. 2009 Regional Head for the Middle East at BTMU
Jun. 2011 Advisor of the Company
Jun. 2011 Member of the Board, Executive Officer and Assistant Officer, Planning & Administration
Apr. 2012 Head of Planning & Administration Division
Jun. 2012 Executive Officer, Planning & Administration, Head of Planning & Administration Division
Jun. 2013 Member of the Board, Executive Managing Officer
Jun. 2016 Representative Director, Senior Executive Managing Officer, Supervisor for Planning & Administration, Audits and Corporate Ethics
Jun. 2017 Assistant to President, Senior Executive Managing Officer, Operations in general (to the present)
Jun. 2021 Representative Director, Senior Executive Vice President (to the present)

Member of the Board,
Senior Executive Managing Officer
**Keiichi Sagisaka**

Apr. 1980 Joined the Company
Apr. 2003 Head of Metropolitan Branch Office
Apr. 2005 Head of Tokyo Branch Office
Jun. 2007 Executive Officer
Apr. 2008 Deputy Head of Pharmaceutical Business Division
Jun. 2009 Head of Pharmaceutical Business Division
Jun. 2010 Member of the Board, Executive Officer
Jun. 2013 Member of the Board, Executive Managing Officer, Pharmaceutical Business, Head of Pharmaceutical Business Division
Apr. 2015 Executive Managing Officer, Pharmaceutical Business
Jun. 2016 Member of the Board, Senior Executive Managing Officer (to the present)
Jun. 2021 Senior Executive Managing Officer, Pharmaceutical Business and Mochida Healthcare (to the present)

Member of the Board,
Senior Executive Managing Officer
**Junichi Sakaki, Ph.D.**

Mar. 1993 Joined Ciba-Geigy AG
Jul. 2005 General Manager, Research Strategy and Alliances at Novartis Pharma K.K.
Dec. 2006 Joined Banyu Pharmaceutical Co., Ltd.
Director, Chemistry Department, Tsukuba Research Laboratories
Jul. 2009 Joined the Company General Manager, Head of Research Planning and Management Department
Apr. 2010 Head of Discovery Research
Jun. 2012 Executive Officer, Deputy Head of Business Development Division
Jun. 2014 Member of the Board, Executive Officer, Business Development
Jun. 2016 Member of the Board, Executive Managing Officer
Oct. 2018 Executive Managing Officer, Business Development and Biomaterials Business (to the present)
Jun. 2021 Member of the Board, Senior Executive Managing Officer (to the present)
Jun. 2022 Senior Executive Managing Officer, Business Development and Supervisor for Biomaterials Business (to the present)

Member of the Board,
Executive Managing Officer
**Kiyoshi Mizuguchi, Ph.D.**

Apr. 1982 Joined the Company
Apr. 2003 Head of Development Research
Apr. 2010 General Manager, Head of Clinical Research Department
Jun. 2012 Executive Officer, Head of Clinical Research and Development Division
Jun. 2015 Member of the Board, Executive Officer
Jun. 2017 Member of the Board, Executive Managing Officer, Research and Development (to the present)
Jun. 2021 Executive Managing Officer, Supervisor for Mochida Pharmaceutical Plant (to the present)

Member of the Board,
Executive Managing Officer
**Yutaka Kawakami, Ph.D.**

Apr. 1985 Joined Eisai Co., Ltd.
Apr. 1998 Joined Pfizer Japan, Inc.
Oct. 2003 Transferred to the Office of Pharmaceutical Industry Research of the Japan Pharmaceutical Manufacturers Association
Oct. 2005 Director of Clinical Submissions Department at Pfizer Japan Inc.
Dec. 2012 Joined the Company Deputy Head of Clinical Research and Development Division
Jun. 2015 Executive Officer
Jun. 2017 Head of Clinical Research and Development Division
Apr. 2019 Head of RA, QA and PV Division (to the present)
Jun. 2019 Member of the Board, Executive Officer, RA, QA and PV (to the present)
Jun. 2022 Member of the Board, Executive Managing Officer (to the present)

Member of the Board,
Executive Managing Officer
**Yoshiharu Hashimoto**

Apr. 1985 Joined the Mitsubishi Bank, Ltd.
Jan. 2009 General Manager of Yotsuya Commercial Banking Office at the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
May 2011 General Manager of Osaka Corporate Banking Division No. 2 of Osaka Corporate Banking Group at BTMU
Jun. 2013 Vice President, Head of Business Development Unit at Sharp Corporation
Jun. 2016 Full - time Corporate Auditor at Mitsubishi UFJ Capital Co., Ltd.
Jun. 2017 Joined the Company
Jun. 2017 Full -Time Audit & Supervisory Board Member
Jun. 2019 Member of the Board, Executive Officer, Planning & Administration and Technonet, Head of Planning & Administration Division (to the present)
Jun. 2022 Member of the Board, Executive Managing Officer(to the present)

Outside Director
**Tomoo Kugisawa**

Apr. 1987 Registered as an attorney -at - law (to the present) and joined Tokyo Fuji Law Office
Apr. 1995 Partner at Tokyo Fuji Law Office (to the present)
Apr. 2005 Professor at Omiya Law School
Jun. 2006 Outside Corporate Auditor at OG Corporation
Jun. 2012 Outside Director of the Company (to the present)
Apr. 2019 Visiting professor at Chuo University Law School (to the present)

Outside Director
**Nana Otsuki, Ph.D.**

Dec. 2005 Managing Director at UBS Securities Japan Co., Ltd.
Jun. 2011 Managing Director at Merrill Lynch Japan Securities Co., Ltd.
Sep. 2015 Professor in Division of Management at Graduate School of Management, Nagoya University of Commerce & Business (to the present)
Jan. 2016 Executive Officer at Monex, Inc.
Sep. 2016 Member of Operating Committee of Agricultural and Fishery Co-operative Savings Insurance Corporation
Apr. 2017 Member of Fiscal System Council of Ministry of Finance (to the present)
Jun. 2017 Outside Director of Credit Saison Co., Ltd. (to the present)
Jun. 2018 Outside Audit & Supervisory Board Member of Tokio Marine Holdings, Inc. (to the present)
Sep. 2019 Outside Director of Nishogakusha (to the present)
Oct. 2019 Member of Regulatory Reform Promotion Council (to the present)
Apr. 2021 Expert Director at Monex, Inc.
Jun. 2021 Outside Director of the Company (to the present)
Sep. 2022 Senior Fellow of Pictet Asset Management (Japan) Ltd. (to the present)

Outside Director
**Tomoaki Sonoda, Ph.D.**

Apr. 2004 Certified public accountant (to the present)
Apr. 2006 Professor at Keio University Faculty of Business and Commerce (to the present)
Oct. 2009 Member of Contract Surveillance Committee, Ministry of Internal Affairs and Communications (to the present)
Apr. 2018 Visiting Professor at Musashino University (to the present)
Jan. 2020 Member of Third Bidding Surveillance Commission, Ministry of Finance (to the present)
Jun. 2022 Outside Director of the Company (to the present)

## Audit & Supervisory Board Members

Full-Time Audit &
Supervisory Board Member
**Ichiro Takahashi**

Apr. 1980 Joined the Company
Apr. 2009 General Manager, Head of Marketing and Sales Administration Department
Jun. 2010 General Manager, Head of Legal Department
Apr. 2013 General Manager, Head of General Affairs Department
Jun. 2013 Executive Officer
Jun. 2014 Head of Planning & Administration Division and General Manager, Head of General Affairs Department
Apr. 2015 Head of Planning & Administration Division and General Manager, Head of Human Resources Department
Jun. 2016 Executive Officer, Planning & Administration, Head of Planning & Administration Division and General Manager, Head of Human Resources Department
Apr. 2017 Executive Officer, Planning & Administration, Head of Planning & Administration Division
Jun. 2017 Member of the Board, Executive Officer
Apr. 2019 Executive Officer, Planning & Administration and Technonet, Head of Planning & Administration Division
Jun. 2019 Full - time Audit & Supervisory Board Member (to the present)

Full-Time Audit &
Supervisory Board Member
**Masayoshi Takeda**

Apr. 1985 Joined Nippon Sheet Glass Co., Ltd.
Jun. 2008 Joined the Company
Apr. 2015 Head of Finance & Accounting Department
Jun. 2016 Executive Officer
Jun. 2022 Full - time Audit & Supervisory Board Member (to the present)

Outside Audit &
Supervisory Board Member
**Kyosuke Wagai**

Oct. 1977 Joined Tohmatsu Awoki & Co
Sep. 1982 Registered as a certified public accountant (to the present)
Jul. 1991 Partner at Deloitte Touche Tohmatsu LLC
Jul. 2010 Executive Board Member of the Japanese Institute of Certified Public Accountants (JICPA)
Jun. 2016 Outside Audit & Supervisory Board Member of the Company (to the present)
Jul. 2016 Audit & Supervisory Board Member of JICPA
Jun. 2017 Outside Audit & Supervisory Board Member at Tokyo Electron Limited (to the present)
Jun. 2017 Representative Director and Chairman at XBRL Japan Inc. (to the present)

Outside Audit &
Supervisory Board Member
**Akiko Suzuki**

Apr. 1974 Registered as an attorney -at - law (to the present)
Joined Anderson Mōri & Rabinowitz
Sep. 1990 Joined the Company
Sep. 1998 Joined Tokyo Eiwa Law Office
Sep. 2002 Joined Tokyo Office of Oh-Ebashi LPC & Partners
Partner (Member of the LPC)
Jun. 2019 Outside Audit & Supervisory Board Member of the Company (to the present)

Outside Audit &
Supervisory Board Member
**Yoshifumi Miyata**

Apr. 2006 Executive Officer and General Manager of Financial Institution Relations Department at the Dai - ichi Mutual Life Insurance Company.
Apr. 2009 Managing Executive Officer of the Dai - ichi Mutual Life Insurance Company
Jun. 2010 Outside Audit & Supervisory Board Member of Tsugami Corporation
Jun. 2012 Representative Director and Vice-President of Trust & Custody Services Bank, Ltd.
Oct. 2018 Outside Director at Wellness Communications Corporation (to the present)
Jun. 2021 Outside Audit & Supervisory Board Member of the Company (to the present)

## Executive Officers

**Hitoshi Mizuno**
Executive Managing Officer
Officer in charge of Biomaterials Business and Head of Biomaterials Business Division

**Masaaki Naotsuka**
Executive Managing Officer
Officer in charge of Mochida Pharmaceutical Plant

**Tomokazu Matsusue**
Executive Officer
Head of Business Development Division

**Taiji Hayano**
Executive Officer
Head of Clinical Research and Development Division

**Kazunari Nakao**
Executive Officer
Head of Research Division

**Kenji Miyajima**
Executive Officer
Head of Pharmaceutical Business Division

**Takeshi Mochida**
Executive Officer
Deputy Head of Clinical Research and Development Division and General Manager, Head of Clinical Development Planning and Management Department

**Reiko Nakano**
Executive Officer
Deputy Head of Business Development Division

**Yoshitaka Hosaka, Ph.D.**
Executive Officer
Deputy Head of Pharmaceutical Business Division

**Shinji Ninomiya**
Executive Officer
Deputy Head of Pharmaceutical Business Division

**Junichi Makino**
Executive Officer
General Manager, Head of Human Resources Department

**Masaaki Yokosuka**
Executive Officer
General Manager, Head of Legal & Compliance Department

# Environment

## Consideration for the Environment

Mochida Pharmaceutical Group stipulates “always taking environmental impacts into consideration when conducting business activities” as a basic stance in the Code of Conduct of Mochida Pharmaceutical Group and we are focusing on what we can do to contribute to the realization of a sustainable society.

## Environmental Management

Mochida Pharmaceutical Group has established the Environmental Measures Committee as an organization which examines important matters related to the environment. The Committee formulates a medium- and long-term environmental action plan for Mochida Pharmaceutical Group, examines measures to address environmental issues which affect the Group, makes recommendations to management, and promotes environmental activities at each business site. The committee also formulates a training schedule and conducts environmental training and awareness-raising activities for the further promotion and integration of environmental activities.

The Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., which is the Mochida Pharmaceutical Group’s production center, was awarded ISO 14001 certification by the International Standards Organization for its environmental management system and implements activities to protect the environment on an ongoing basis.


ISO14001 renewal audit certificate

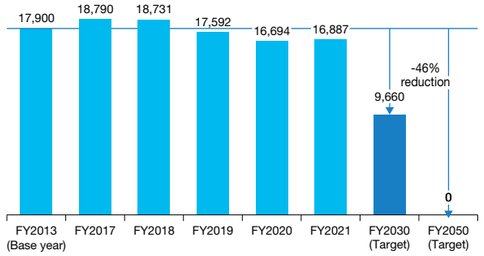
## Environmental Initiatives

### Climate Change Countermeasures

Mochida Pharmaceutical Group has set a target of reducing carbon emissions by 46% from FY2013 levels by FY2030, and reaching carbon neutrality by 2050. We are working to reduce $CO_2$ emissions and improve energy efficiency across Mochida Pharmaceutical Group as a whole, to fulfil our social responsibility and help realize a low-carbon society. In FY2021, we continued our efforts to replace our commercial fleet with hybrid vehicles and installed LED lighting and more efficient air conditioning systems at all sites.

In addition, the Sustainability Committee considered, in collaboration with the Environmental Measures Committee and Risk Management Committee, the need for Mochida Pharmaceutical Group to disclose information about the impact of risks and opportunities associated with climate change on its business activities and earnings, etc. in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). We plan to assess the risks and opportunities associated with climate change and reflect the results of this assessment in our management strategies and risk management, and we will work to gain an understanding of the financial impact of climate change and disclose climate change-related information.

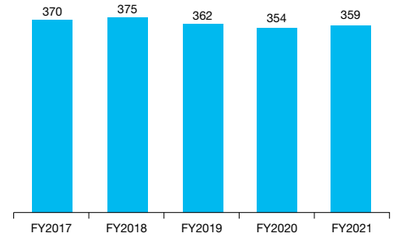
**[ Trend of $CO_2$ Emissions ]** (tons)




Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.

$CO_2$ emissions: Total amount of energy-related $CO_2$ emissions from fuel and electricity consumption

**[ Trend of Energy Consumption ]** (terajoules)




Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.

Energy consumption: Total consumption of all types of energy including electricity, fuel oil (until FY2019), gasoline, LNG and city gas

Gas-fired once-through boilers
(Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd.)

Heat pumps
(Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd.)

### Opening of New Head Office Building


The new Head Office building, which went into operation in September 2022, is an environmentally sustainable building, which uses the site conditions to reduce the environmental impact of air conditioning and deploys energy efficient lighting and air-conditioning systems.

Accordingly, in the “Building-Housing Energy-efficiency Labeling System (BELS)” evaluation, the building received a top-level BELS 5-star rating and was certified as “ZEB Ready” on the grounds that it is a building that achieves energy savings of greater than 50%.

We are making progress with our energy saving activities through the operation of this office.

## Reduction and recycling of waste

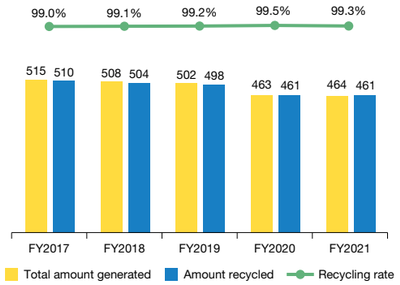
Mochida Pharmaceutical Group is working on the reduction and recycling of waste generated in its business activities. We promote the 3Rs (Reduce, Reuse, Recycle) and are committed to reducing the amount of waste we generate to 582 tons or lower by FY2030, increasing our waste recycling rate to 98% or higher, and maintaining a plastic waste recycling rate of 65% or higher.

## Water resources and water quality

Mochida Pharmaceutical Group strives to comply with laws and regulations and water standards agreed with each local government and is working to use water resources efficiently and to manage wastewater properly. In addition, Mochida Pharmaceutical Plant Co., Ltd. has completely replaced the below ground drainage system with an above ground drainage system at its Head Office Plant to prevent soil contamination due to leakages.

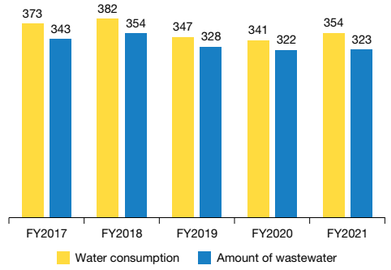
**[ Trends of Amount of Waste Generated and Recycling Rate ]**

(tons)




**[ Trends of Water Consumption and Amount of Wastewater ]**

(thousand m³)




Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.
However, data for FY2020 and FY2021 excludes Head Office of Mochida Pharmaceutical Co., Ltd.
Amount recycled: Total amount of waste generated which was the subject of reuse, material recycling or thermal recycling (heat recovery and residue use)

Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.
However, data for FY2020 and FY2021 excludes Head Office of Mochida Pharmaceutical Co., Ltd.
Water consumption: Total of extraction of groundwater and water purchased from public water supply

Waste training (Fujieda site)

## Prevention of air pollution

In efforts to prevent air pollution, Mochida Pharmaceutical Group completed the switch from fuel oil to LNG and city gas in FY2019. This move reduced the Group's particulate matter, oxides of nitrogen and sulfur (NOx and SOx) emissions to zero. We will continue striving to comply with laws and regulations and the standards agreed with each local government.

## Proper management of chemical substances

The Gotemba and Fujieda sites, the Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and the Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd. fully recognize the impact that the chemical substances needed to develop and manufacture pharmaceuticals and healthcare products have on human health and the ecosystem, and they use and manage chemical substances properly.

## Environment Action Plan (Targets and results)

Mochida Pharmaceutical Group conducts environment activities in line with environmental targets for each fiscal year set based on a medium-term plan. In FY2021, we continued working to protect the environment in line with the fiscal-year targets we had set.

**[Environmental Action Plan]**

| Environmental Policy | | FY2021 Target | FY2021 Result | FY2022 Target | FY2030 Target |
|---|---|---|---|---|---|
| Reduction of $CO_2$ emissions | | 16,880t-$CO_2$ or less | 16,887t-$CO_2$ | 16,690t-$CO_2$ or less | 9,660t-$CO_2$ or less |
| Reduction and recycling of waste | Waste generated | 582t or less | 464t | 498t or less | 582t or less |
| | Waste recycling ratio | 98% or more | 99.3% | 98% or more | 98% or more |
| | Plastic waste recycling ratio | 65% or more | 73.8% | 65% or more | 65% or more |

Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.
However, rented buildings including Head Office and every other business site of Mochida Pharmaceutical Co., Ltd. are not included in the waste data.

### Activities to revitalize forests

In 2013, to commemorate the 100th anniversary of its founding, Mochida Pharmaceutical Group joined a partner program implemented by Kanagawa Prefecture to revitalize forests. Under the program, we lease an area of forest in Kanagawa Prefecture, which we named Mochida Memorial Forest, and employees volunteer to take part in activities to develop the forest such as tree thinning, pruning and clearing underbrush. We will continue focusing on the revitalization of forests and are committed to passing on the blessings of the forest to the next generation.

# Society

## Relationship with Employees

Mochida Pharmaceutical Group respects the personality and individuality of employees and aims to realize diverse work styles and improve the skills of individual employees. We also strive to maintain and improve workplace safety and health. In order to grow as a life and healthcare group, we will develop the human resources to drive innovation.

### Human resource development

#### Strengthening our human resource management system

We are strengthening our human management system and working on changes to the personnel programs that underpin it. We have considered a framework for reflecting the role and contribution of individuals in their treatment and new programs for encouraging diverse human resources to actively participate and plan to put the new system into operation from FY2023. The Group will also clarify the role of each position as part of wider reorganization and this clarification will also help speed up the appointment process. We will also conduct a review of our treatment of elderly persons with expertise. At the same time, we will focus on securing the human resources required to expand our operations overseas.

#### Training and developing employees

Mochida Pharmaceutical Group sees the development of human resources as an important issue, and provides training by rank and by job and focuses on enhancing employees' skills and cultivating leaders. In addition, we have introduced and operate a self-development support system aimed at encouraging employees to use their initiative and nurturing a challenging spirit, and training programs in Japan and study abroad programs for core human resources.

**[ Groupwide Training Structure ]**

| | Tiered program | Job-specific program | Open application basis | Self-development |
|---|---|---|---|---|
| For managers | Manager training<br>New manager training, deputy general manager training, general manager training, etc. | Business unit-specific training | Domestic training and overseas study program | Support for self-development and acquisition of qualifications |
| For general employees | Assessment training | | | |
| | Leadership training | | | |
| | Mid-level employee training | | | |
| | New employee training | | | |

### Use of diverse human resources

#### Female participation and career advancement in the workplace

We believe that the participation and advancement of women in the workplace is an issue we should especially focus on and we are working to hire and train women and increase the ratio of female managers. We are also developing programs to support women in their various life stages. In addition, we have established a working group to support women's health consisting mainly of female employees. The group identifies issues and considers measures to help women to stay in good health and actively participate. Under an action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, Mochida Pharmaceutical has set a target ratio of female managers of 12% or higher (FY2021-FY2025). Aiming to be a company that empowers women in the workforce, we are working to develop female employees and to change mindsets, including preparing career plans for female candidates and increasing the number of female candidates attending training.

#### Child care and nursing care

Mochida Pharmaceutical Group has been working to realize workplaces which make it easier for employees to balance child care and nursing care with work. We have increased support for child care and nursing care, having thus far implemented initiatives such as longer child care leave, introducing some paid childcare leave, introducing nursing care leave that exceeds the statutory requirements, introducing a reduced working hour system, establishing leave for maternity hospitalization, more widespread use of accumulated paid leave for child care and nursing care, expanding flextime to those working shorter working hours due to child care, introducing telework, and revising child care leave regulations as a measure to prevent maternity harassment.

We are also focusing on encouraging employees to take child care leave, setting target percentages for those taking child care leave of 90% or higher for women and 30% or higher for men (FY2021-FY2025).

In recognition of our efforts to support childcare at the workplaces of Mochida Pharmaceutical, Mochida Healthcare and Mochida Pharmaceutical Plant, we received the Minister of Health, Labour and Welfare's "Kurumin" certification, which is awarded to companies that meet the standards of the Act on Advancement of Measures to Support Raising Next-Generation Children.


#### Employment of persons with disabilities

Mochida Pharmaceutical Group is working to expand employment of persons with disabilities. Mochida Pharmaceutical's employment ratio of persons with disabilities stood at 2.6% in FY2021 (the legal employment quota for persons with disabilities is 2.3%), and all such employees play an active part in various departments.

#### Promotion of mid-career recruitment

Mochida Pharmaceutical Group believes that the recruitment of mid-career professionals with the skills, knowledge and experience it needs will help to increase its corporate value. The ratio of mid-career hires increases year by year and many mid-career hires play an active part in a wide variety of departments.

#### Employment of elderly persons

With the regular retirement age set at 60, we have introduced a system under which all employees who have reached mandatory retirement age and wish to continue working are reemployed until the age of 65. Through initiatives such as changing the treatment of elderly employees in FY2013 to increase their motivation to work and changing their treatment in FY2020 in response to enactment of the Act on Improvement of Personnel Management and Conversion of Employment Status for Part-Time Workers and Fixed-Term Workers, we have put in place a system which gives elderly persons even more motivation to work. Mochida Pharmaceutical Group also gives 55-year-old employees the opportunity to reassess their future plans including their professional lives and management of their assets through the provision of life plan seminars and support for diverse work styles.

**[ Diversity of human resources ]**

| | FY2019 | FY2020 | FY2021 |
|---|---|---|---|
| Ratio of new female recruits (%) | 54.8 | 64.3 | 63.2 |
| Ratio of female managers (%) | 11.0 | 9.8 | 10.8 |
| Ratio of female employees who took childcare Leave (%) | 100.0 | 100.0 | 100.0 |
| Ratio of male employees who took childcare leave (%) | 30.6 | 14.0 | 65.4 |
| Ratio of disabled employees (%) | 2.2 | 2.4 | 2.6 |
| Ratio of mid-career hires* (%) | 25.0 | 32.3 | 35.6 |

*Percentage of people employed as mid-career employees that became permanent employees in accordance with the Comprehensive Promotion of Labor Measures Act
Announced: March 31, 2022.

### Aiming to be a great place to work

#### Promoting work style reform

Mochida Pharmaceutical Group is constantly working to achieve work-life balance and diverse, flexible working styles. We have also put in place an environment which increases employee motivation and enables more efficient work styles, taking action in response to the Act on the Arrangement of Related Acts to Promote Work Style Reform (including limiting overtime working hours and gaining an understanding of working hours for health management of managers and supervisors), encouraging employees to use flextime, introducing a discretionary working system, expanding the scope of telework, and developing and enhancing communication tools. In FY2021, we extended the flextime system to those who work outside the office.

We also developed more comfortable office environments in a bid to further improve productivity through initiatives such as the reconstruction of the Head Office building (operations at the new Head Office building began in September 2022) and the introduction of digital technologies.

#### Creating a rewarding workplace

Personnel staff conduct interviews with employees in an attempt to obtain feedback about their work and workplace, listen to their requirements and give advice on any concerns or issues raised. We are also implementing initiatives to increase job satisfaction and become an even better place to work, including conducting an employee survey to assess employee engagement and use the findings in various measures to strengthen engagement.

#### Creating a workplace free of discrimination and harassment

We work to maintain a healthy work environment through human rights training designed to prevent any harassment including sexual harassment, power harassment and maternity harassment.

We are also implementing initiatives to increase job satisfaction and become an even better place to work, including conducting an employee survey to assess employee engagement and use the findings in various measures to strengthen engagement.

## Respect for human rights

Mochida Pharmaceutical Group sets out rules such as that officers and employees will respect each others' human rights and will not engage in behavior such as unfair discrimination, sexual harassment or power harassment in its code of conduct. We work continuously and assiduously to raise awareness about human rights, including appointing persons in charge of raising awareness about human rights in all our operations and providing all employees with training to raise awareness about human rights once a year. In addition, every year, we issue a call to employees and their families for slogans to raise awareness about human rights, providing them with the opportunity to reflect on human rights issues as something which concerns them.

**One of our entries was selected as a human rights slogan award winner**

Every year, the Industrial Federation for Human Rights, Tokyo issues a call for human rights slogans to help raise awareness about human rights from its member companies. In FY2021, the entry of an employee from Mochida Healthcare was selected as award winner from a total of 360,000 entries in the workplace category.

A single breath
The time to hear someone out
The time to have room in your heart

## Occupational health and safety

### Health and safety

Aiming to create a workplace where employees can work with peace of mind, we have built a structure for managing and promoting health and safety across Mochida Pharmaceutical Group and, as well as holding health and safety committee meetings at each site, we are working to prevent occupational accidents and ensure workplace health and safety.

### Mental health and health consultations

Based on the "Guidelines for Maintaining and Improving Worker's Mental Health" issued by the Ministry of Health, Labour and Welfare, Mochida Pharmaceutical Group strives to enhance the structure and systems for supporting employees from four standpoints: selfcare, care provided by Human Resources Department, care provided by onsite occupational health professionals, and care utilizing outside resources.

1. Selfcare
   - Mental health training (for all employees)
   - Stress checks to assess mental health (carried out annually)
   - Establishment of internal and external consultation service
2. Care provided by Human Resources Department
   - Mental health training (training for newly appointed managers and manager training, etc.)
   - Personnel interviews
3. Care provided by onsite occupational health professionals
   - Health consultations provided by occupational health physicians
   - Mental and physical health consultations provided by public health nurses
   - Support for employees returning to work from leave provided by personnel staff and introduction of a provisional return-to-work system
4. Care utilizing outside resources
   - Referral to outside consultation service, counselling facility or specialist

# Relationship with Society

## Information about diseases

Mochida Pharmaceutical provides a wide range of information to increase patient understanding of illness. We produce guides for patients explaining diseases and giving them lifestyle tips, and we distribute them through medical institutions. We also established an information site about diseases on our website for patients and the general public as part of our commitment to activities that will contribute to "improvement in the QOL of patients and their families" and "support for the different stages of a woman's life."

■ Information page about diseases
https://www.mochida.co.jp/patient/




## Provision of supplies to healthcare professionals

To support healthcare professionals dealing with COVID-19 patients, Mochida Healthcare donated 3,000 units of its *Collage D Medi Power Moisturizing Handcream* to the Japan Visiting Nurse Foundation in November 2021.

## Humanitarian support for Ukraine

In March 2022, Mochida Pharmaceutical donated 5 million yen through the Japanese Red Cross Society in response to the humanitarian crisis in Ukraine and to support relief activities in neighboring and other countries which are welcoming refugees from Ukraine.

# Relationship with Local Community

## Gotemba site (Gotemba, Shizuoka Prefecture)

### Participation in activities of Gotemba City Water Quality Preservation Council

Every year in June, which is Environment Month, the Gotemba site takes part in the cleaning activities organized by Gotemba City Water Quality Preservation Council, cleaning up the surrounding roads. The Gotemba site also takes part in the "amago salmon release party" organized by the Gotemba City Water Quality Preservation Council every October.

### Blood donation activities

Every year, the Gotemba site cooperates with the blood donation activities organized by the Japanese Red Cross Society.

In FY2020, the blood donation campaign took place in June and September. At the Shizuoka Prefecture Blood Donation Promotion Convention in 2022, the Gotemba site received a letter of appreciation from the Minister of Health, Labour and Welfare in recognition of its steadfast cooperation with blood donations for many years.

## Fujieda site (Fujieda, Shizuoka Prefecture)

### Activities to clean up around Fujieda site and the banks of Oi River

Adjacent to the Oi River, which is officially classified as a Class 1 river, the Fujieda site takes part in Oi River Cleanup Activities, including weeding and picking up litter on the banks near the site, to coincide with Environment Month in June and River Conservation Month in July.

### Blood donation activities

Every year, the Fujieda site cooperates with the blood donation activities organized by the Japanese Red Cross Society.

In FY2021, the blood donation campaign took place in June.

## Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd.

(Ohtawara, Tochigi Prefecture)

### Communication with the local community to protect the environment

The Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd. sees communication with the local community as important for protecting the environment and reports any changes in the water quality of rivers and groundwater around the plant and the plant's initiative to protect the environment to the local government (Ohtawara City) and to representatives of local residents. In FY2021, the plant distributed hard copies of its reports.

### Clean-up activities around the plant

Once a month, plant employees pick up litter around the plant, especially in the adjacent area and the area bordering the city road, inspect plants and take measures as necessary and maintain good communication with the local residents.

### Hosting plant visits

The Head Office Plant welcomes pharmacy students on visits to give them an insight into the special feature of a pharmaceuticals plant so that they can use this knowledge when making career choices in the future. In FY2021, the COVID-19 pandemic prevented any visits.

### Blood donation activities

Every year, the Head Office Plant cooperates with the blood donation activities organized by the Japanese Red Cross Society.

In FY2021, the blood donation campaign took place in July.

# Consolidated Financial Statements

## Consolidated balance sheets

(Millions of Yen)

| | FY2020 (As of March 31, 2021) | FY2021 (As of March 31, 2022) |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and time deposits | 54,487 | **48,415** |
| Notes and accounts receivable | 28,766 | **—** |
| Accounts receivable | — | **31,676** |
| Electronically recorded monetary claims - operating | 423 | **—** |
| Marketable securities | 8,999 | **13,499** |
| Merchandise and finished goods | 14,404 | **15,110** |
| Work in process | 1,759 | **1,355** |
| Raw materials and supplies | 6,442 | **6,662** |
| Other current assets | 3,508 | **4,727** |
| Total current assets | 118,793 | **121,448** |
| **Fixed assets** | | |
| **Property, plant and equipment** | | |
| Buildings and other structures, net | 4,939 | **4,769** |
| Machinery and equipment and transportation equipment, net | 2,047 | **1,759** |
| Land | 5,092 | **4,990** |
| Construction in progress | 472 | **2,302** |
| Others, net | 748 | **707** |
| Total property, plant and equipment | 13,299 | **14,528** |
| **Intangible fixed assets** | 646 | **713** |
| **Investments and other assets** | | |
| Investments in securities | 20,272 | **16,474** |
| Deferred income taxes | 3,198 | **3,691** |
| Others | 5,580 | **6,283** |
| Total investments and other assets | 29,051 | **26,449** |
| Total fixed assets | 42,998 | **41,691** |
| **Total assets** | 161,791 | **163,139** |

(Millions of Yen)

| | FY2020 (As of March 31, 2021) | FY2021 (As of March 31, 2022) |
|---|---|---|
| **Liabilities** | | |
| **Current liabilities** | | |
| Notes and accounts payable | 8,477 | **10,656** |
| Electronically recorded obligations - operating | 1,245 | **1,243** |
| Income taxes payable | 2,061 | **1,652** |
| Provision for bonuses | 2,496 | **2,663** |
| Other provisions | 787 | **171** |
| Other current liabilities | 13,641 | **13,470** |
| Total current liabilities | 28,710 | **29,856** |
| **Long-term liabilities** | | |
| Retirement benefits liability | 4,652 | **4,270** |
| Other long-term liabilities | 1,453 | **365** |
| Total long-term liabilities | 6,106 | **4,636** |
| **Total liabilities** | 34,816 | **34,493** |
| **Net assets** | | |
| **Shareholders' equity** | | |
| Paid-in capital | 7,229 | **7,229** |
| Capital surplus | 1,871 | **1,871** |
| Retained earnings | 116,288 | **121,668** |
| Treasury shares | △8,857 | **△9,617** |
| Total shareholders' equity | 116,532 | **121,153** |
| **Accumulated other comprehensive income** | | |
| Unrealized gain on available-for-sale securities | 10,311 | **7,308** |
| Remeasurements of defined benefit plans | 131 | **184** |
| Total accumulated other comprehensive income | 10,442 | **7,493** |
| **Total net assets** | 126,974 | **128,646** |
| **Total liabilities and net assets** | 161,791 | **163,139** |

## Consolidated statements of income

(Millions of Yen)

| | FY2020 (From April 1, 2020 to March 31, 2021) | FY2021 (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| **Net sales** | 102,995 | **110,179** |
| **Cost of sales** | 48,203 | **50,626** |
| **Gross profit** | 54,791 | **59,553** |
| **Selling, general and administrative expenses** | 42,788 | **45,161** |
| **Operating income** | 12,003 | **14,392** |
| **Other income** | | |
| Interest income | 3 | **2** |
| Dividend income | 254 | **284** |
| Real estate rent | 77 | **82** |
| Others | 71 | **85** |
| Total other income | 405 | **455** |
| **Other expenses** | | |
| Interest and charge (commission) expense | 41 | **43** |
| Foreign exchange losses | 102 | **—** |
| Others | 3 | **5** |
| Total other expenses | 148 | **48** |
| **Recurring income** | 12,260 | **14,799** |
| **Extraordinary gains** | | |
| Gain on sales of fixed assets | 5 | **—** |
| Settlement received | 27 | **—** |
| Compensation income | 2 | **—** |
| Gain on sales of investment securities | — | **526** |
| Insurance claim income | — | **38** |
| Total extraordinary gains | 35 | **564** |
| **Extraordinary losses** | | |
| Loss on sales and disposal of fixed assets | 113 | **5** |
| Impairment losses | — | **107** |
| Loss on disaster | 142 | **22** |
| Removal expenses for fixed assets | 139 | **535** |
| Settlement expenses | — | **100** |
| Total extraordinary losses | 395 | **771** |
| **Income before income taxes** | 11,900 | **14,591** |
| **Income taxes - current** | 3,144 | **3,215** |
| **Income taxes - deferred** | 168 | **807** |
| **Total income taxes** | 3,312 | **4,022** |
| **Net income** | 8,587 | **10,569** |
| **Profit attributable to owners of parent** | 8,587 | **10,569** |

## Consolidated statements of comprehensive income

(Millions of Yen)

| | FY2020 (From April 1, 2020 to March 31, 2021) | FY2021 (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| **Net income** | 8,587 | **10,569** |
| **Other comprehensive income, net of tax** | | |
| Unrealized gain on available-for-sale securities | 2,787 | **△3,002** |
| Remeasurements of defined benefit plans, net of tax | 37 | **53** |
| Total other comprehensive income, net of tax | 2,824 | **△2,949** |
| **Total comprehensive income** | 11,412 | **7,619** |
| Total comprehensive income attributable to: | | |
| Owners of parent | 11,412 | **7,619** |

## Consolidated statements of changes in net assets

**FY2020** (From April 1, 2020 to March 31, 2021)

(Millions of Yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | Total net assets |
|---|---|---|---|---|---|---|---|---|---|
| | Paid-in capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Unrealized gain on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| **Balance at beginning of year** | 7,229 | 1,871 | 110,800 | △6,854 | 113,047 | 7,524 | 93 | 7,617 | 120,665 |
| **Changes in the fiscal year:** | | | | | | | | | |
| Dividends from surplus | | | △3,100 | | △3,100 | | | | △3,100 |
| Profit attributable to owners of parent | | | 8,587 | | 8,587 | | | | 8,587 |
| Purchase of treasury shares | | | | △2,003 | △2,003 | | | | △2,003 |
| Cancellation of treasury shares | | | | | — | | | | — |
| Net changes of items other than shareholders' equity | | | | | | 2,787 | 37 | 2,824 | 2,824 |
| **Total** | — | — | 5,487 | △2,003 | 3,484 | 2,787 | 37 | 2,824 | 6,308 |
| **Balance at end of year** | 7,229 | 1,871 | 116,288 | △8,857 | 116,532 | 10,311 | 131 | 10,442 | 126,974 |

**FY2021** (From April 1, 2021 to March 31, 2022)

(Millions of Yen)

| | Shareholders' equity | | | | | Accumulated other comprehensive income | | | Total net assets |
|---|---|---|---|---|---|---|---|---|---|
| | Paid-in capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Unrealized gain on available-for-sale securities | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| **Balance at beginning of year** | **7,229** | **1,871** | **116,288** | **△8,857** | **116,532** | **10,311** | **131** | **10,442** | **126,974** |
| **Changes in the fiscal year:** | | | | | | | | | |
| Dividends from surplus | | | **△3,444** | | **△3,444** | | | | **△3,444** |
| Profit attributable to owners of parent | | | **10,569** | | **10,569** | | | | **10,569** |
| Purchase of treasury shares | | | | **△2,504** | **△2,504** | | | | **△2,504** |
| Cancellation of treasury shares | | **△0** | **△1,744** | **1,744** | — | | | | — |
| Net changes of items other than shareholders' equity | | | | | | **△3,002** | **53** | **△2,949** | **△2,949** |
| **Total** | — | **△0** | **5,380** | **△759** | **4,620** | **△3,002** | **53** | **△2,949** | **1,671** |
| **Balance at end of year** | **7,229** | **1,871** | **121,668** | **△9,617** | **121,153** | **7,308** | **184** | **7,493** | **128,646** |

## Consolidated statements of cash flows

(Millions of Yen)

| | FY2020 (From April 1, 2020 to March 31, 2021) | FY2021 (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Income before income taxes | 11,900 | **14,591** |
| Depreciation and amortization | 2,742 | **2,689** |
| Settlement received | △27 | — |
| Loss (gain) on sales of investment securities | — | **△526** |
| Insurance claim income | — | **△38** |
| Loss (gain) on sale and disposal of fixed assets | 107 | **5** |
| Impairment losses | — | **107** |
| Loss on disaster | 142 | **22** |
| Removal expenses for fixed assets | 139 | **535** |
| Settlement expenses | — | **100** |
| Increase (decrease) in provision for bonuses | 160 | **166** |
| Increase (decrease) in retirement benefits liability | △92 | **△305** |
| Interest and dividend income | △257 | **△287** |
| Interest and charge (commission) expense | 41 | **43** |
| Decrease (increase) in notes and accounts receivable-trade | △740 | **△2,486** |
| Decrease (increase) in inventories | 2,466 | **△521** |
| Decrease (increase) in other current assets | △1,342 | **△899** |
| Increase (decrease) in notes and accounts payable-trade | △3,934 | **2,176** |
| Increase (decrease) in other current liabilities | 1,176 | **△1,658** |
| Other | △1,378 | **△790** |
| Subtotal | 11,104 | **12,925** |
| Interest and dividends received | 257 | **286** |
| Interest and commission paid | △36 | **△36** |
| Settlement package received | 27 | — |
| Settlement paid | — | **△100** |
| Payments for contract loss | — | **△2,000** |
| Income taxes paid | △2,154 | **△3,616** |
| Net cash provided by operating activities | 9,198 | **7,459** |

(Millions of Yen)

| | FY2020 (From April 1, 2020 to March 31, 2021) | FY2021 (From April 1, 2021 to March 31, 2022) |
|---|---|---|
| **Cash flows from investing activities:** | | |
| Payments into time deposits | △16,500 | **△10,900** |
| Proceeds from withdrawal of time deposits | 18,500 | **16,500** |
| Purchase of short-term investment securities | △6,000 | **△10,500** |
| Proceeds from sales of short-term investment securities | 5,000 | **6,000** |
| Payment for purchases of tangible and intangible fixed assets | △1,935 | **△2,988** |
| Proceeds from sales of property, plant and equipment | 204 | **0** |
| Payment for removal of fixed assets | △153 | **△108** |
| Proceeds from sales of investment securities | — | **538** |
| Purchase of investment securities | — | **△540** |
| Other | 5 | **△8** |
| Net cash used in investing activities | △880 | **△2,007** |
| **Cash flows from financing activities:** | | |
| Dividends paid | △3,103 | **△3,445** |
| Purchase of treasury shares | △2,008 | **△2,511** |
| Other | △0 | **△0** |
| Net cash used in financing activities | △5,112 | **△5,956** |
| **Effect of exchange rate changes on cash and cash equivalents** | △9 | **31** |
| **Net increase (decrease) in cash and cash equivalents** | 3,195 | **△472** |
| **Cash and cash equivalents at beginning of year** | 37,791 | **40,987** |
| **Cash and cash equivalents at end of year** | 40,987 | **40,515** |

# Share Information (As of March 31, 2022)

Current Share Status

○ Number of shares

(i) Total number of authorized share
120,000,000 shares

(ii) Total number of shares issued and outstanding
40,160,000 shares

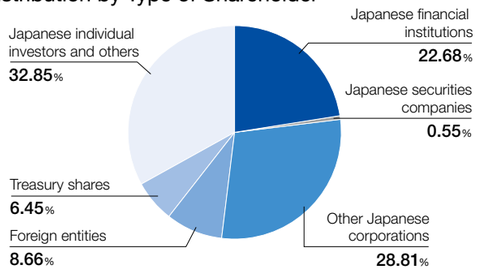
○ Number of shareholders 6,745

Major Shareholders (top 10)

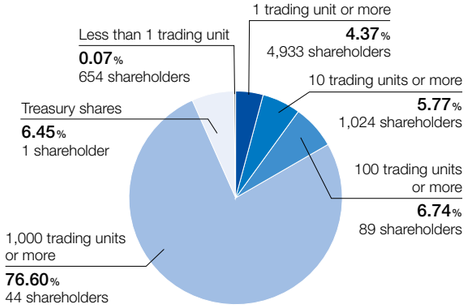
| Name of Shareholder | Number of Shares Held (thousand) | Percentage of Shares Held (excluding treasury shares) |
|---|---|---|
| Mochida Memorial Foundation for Medical and Pharmaceutical Research | 5,688 | 15.14 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 3,671 | 9.77 |
| MUFG Bank, Ltd. | 1,786 | 4.76 |
| Princess Takamatsu Cancer Research Fund | 1,683 | 4.48 |
| Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Mizuho Bank Account) Re-trust Trustee: Custody Bank of Japan, Ltd. | 1,614 | 4.30 |
| Nippon Suisan Kaisha Ltd. | 1,200 | 3.19 |
| Naoyuki Mochida | 1,164 | 3.10 |
| Kazue Mochida | 987 | 2.63 |
| Custody Bank of Japan, Ltd. (Trust Account) | 963 | 2.56 |
| Takeshi Mochida | 949 | 2.53 |

(Note) The Company holds 2,590 thousand shares of treasury stock, not included in the above.

Distribution by Type of Shareholder




Distribution by Number of Shares Held




The new Head Office building that was being reconstructed was completed and began operating on September 26, 2022.

Based on the concept of a “connecting office,” the new Head Office building was designed as an office which will create various connections, leading to innovation. We will strengthen cooperation between operations and increase business efficiency through integration of head office functions that were temporarily relocated to Ichigaya, Shinjuku and surrounding sites into the new building.

The new building also boasts an environmentally sustainable design.*

*See page 36 for more details.

# Corporate Data (As of June 29, 2022)

**Mochida Pharmaceutical Co., Ltd.**

**Founded:** April 16, 1913
**Incorporated:** April 28, 1945
**Representative:** Naoyuki Mochida, President
**Main Business:** Sale, import and export of pharmaceuticals, etc.
**Paid-in Capital:** ¥7,229 million
**Head Office:** 7, Yotsuya 1-chome, Shinjuku-ku, Tokyo 160-8515, Japan*
**TEL** +81-3-3358-7211
**Number of Employees:** 1,280 (Consolidated: 1,544)
(As of March 31, 2022)

## Sites and Research Laboratories

Branche Offices
Sapporo, Sendai, Kanto Koshinetsu, Metropolitan, Chubu, Kansai, Hiroshima, Fukuoka

Other Operating Sites
Asahikawa, Hakodate, Aomori, Morioka, Akita, Koriyama, Kawagoe, Takasaki, Utsunomiya, Mito, Tsuchiura, Niigata, Matsumoto, Kofu, Tama, Chiba, Matsudo, Yokohama, Atsugi, Shizuoka, Hamamatsu, Hokuriku, Kyoto, Osaka-kita, Sakai, Kobe, Yonago, Okayama, Yamaguchi, Takamatsu, Matsuyama, Tokushima, Kochi, Kitakyushu, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa

Research Laboratories
Research Center (Gotemba), Pharmaceutical Laboratory (Fujieda)

## Group Companies

**Mochida Pharmaceutical Plant Co., Ltd.**

**Operations Commenced:** April 1, 2005
**Representative:** Tadashi Morikawa, President
**Main Business:** Manufacture of pharmaceuticals and healthcare products
**Paid-in Capital:** ¥500 million (wholly owned by Mochida Pharmaceutical)
**Head Office Plant:** 431, Nakadawara, Ohtawara, Tochigi 324-0062, Japan
**TEL** +81-287-24-1111
**Sites:** Saitama Plant / Tokyo Site

**Mochida Pharmaceutical Sales Co., Ltd.**

**Operations Commenced:** June 2, 2014
**Representative:** Kazumasa Fukuchi, President
**Main Business:** Sale of pharmaceuticals
**Paid-in Capital:** ¥10 million (wholly owned by Mochida Pharmaceutical)
**Head Office:** PAXXS Bldg., 2-12 Ichigayahonmuracho, Shinjuku-ku, Tokyo 162-8451, Japan
**TEL** +81-3-5229-3929

*We began operating at this address on September 26, 2022.

**Mochida Healthcare Co., Ltd.**

**Operations Commenced:** April 1, 2004
**Representative:** Shinji Akita, President
**Main Business:** Manufacture and sale of healthcare products
**Paid-in Capital:** ¥100 million (wholly owned by Mochida Pharmaceutical)
**Head Office:** PAXXS Bldg., 2-12 Ichigayahonmuracho, Shinjuku-ku, Tokyo 162-8451, Japan
**TEL** +81-3-5229-3940
**Sites:** Sapporo Sales Office, Sendai Sales Office, Higashi Nihon Branch Office, Yokohama Sales Office, Nagoya Sales Office, Nishi Nihon Branch Office, Hiroshima Sales Office, Fukuoka Sales Office, Saitama Plant

**Technonet Co., Ltd.**

**Head Office:** 7, Yotsuya 1-chome, Shinjuku-ku, Tokyo 160-8515, Japan*
**TEL** +81-3-3353-7511

**Technofine Co., Ltd.**

**Head Office:** 342, Gensuke, Fujieda, Shizuoka 426-8640, Japan
**TEL** +81-54-636-7032

# Our History

## 1900

**1913**
- Mochida was established by Ryokichi Mochida in Hongo, Bunkyo-ku, Tokyo.

- Started producing pharmaceuticals.
- Started producing and marketing *Ogoko*, an ophthalmic ointment.
- Started producing and marketing *Luestin*, an injectable antiluetic.

**1929**
- Developed *Thrombrin*, Japan's first organ-derived hemostatic agent.

**1932**
- Completed and launched *Pelanin*, the first estrogen preparation developed in Japan.


**1935**
- Launched *Testinon*, a male hormone preparation.

**1945**
- Mochida Pharmaceutical Co., Ltd. was incorporated.

**1951**
- Launched *Sprase*, the first hyaluronidase preparation developed in Japan.


**1952**
- Launched *Estropan*, a complex natural female functional hormone.

**1956**
- Succeeded in producing *Thrombin*, a hemostatic enzyme, in Japan.

**1960**
- Launched *Partan*, a hemostatic drug that contributes to uterine contraction.

**1963**
- Listed on the Second Section of the Tokyo Stock Exchange (TSE).

**1964**
- Nobuo Mochida was appointed president.
- Launched *Gonavis*, Japan's first immunological pregnancy test kit.
- Launched *Kimotab*, an anti-inflammatory enzyme preparation.


**1970**
- Launched *Gonavislide*, a pregnancy test kit.
- Took part in "Life" Theme Pavilion at Japan World Exposition and exhibited DNA structure model.
- Established the Paramedical Division and entered the quasi-drugs business.
- Launched *Uronase*, a fibrinolytic enzyme preparation.
- Launched *Skina Babe*, baby bath oil.


**1972**
- Established the Medical Electronics and Equipment Division.
- Completed and started operating the Shizuoka Plant.


**1975**
- Launched *Neutrogena*, soap for sensitive skin.
- Completed and started operating the Saitama Plant.
- Listed on the First Section of the TSE.

**1976**
- Completed and relocated to the new headquarters office building in Yotsuya.

**1977**
- Launched, *SONOVISTA*, the first ultrasonic diagnostic scanner developed in Japan.

**1979**
- Launched *Rocornal*, a circulatory function activator.


**1980**
- Launched *Collage Cream*, the first basic skin care product containing soluble collagen developed in Japan.
- Launched *Medilaser-S*, the first carbon dioxide laser surgical unit produced in Japan.

**1981**
- Signed an agreement with Hayashibara Biochemical Laboratory, Inc. for joint research of interferon.

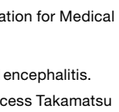
**1982**
- Completed and opened the Fuji Central Research Laboratory (Gotemba).

**1983**
- Established the Mochida Memorial Foundation for Medical and Pharmaceutical Research.

**1984**
- Launched *Arasena-A*, a treatment for viral encephalitis.
- Their Imperial Highnesses Prince and Princess Takamatsu visited Fuji Central Research Laboratory.

**1985**
- Ei Mochida was appointed president.
- Launched *Miraclid*, the world's first ulinastatin preparation.

**1986**
- Launched *Florid®-F* injection for the treatment of deep-seated mycoses.
- Launched *Grandaxin*, an autonomic nerve regulator.




**1988**
- Launched the *Collage Soap* series of low-irritating soap formulated for each specific skin type.
- Launched *Isoprinosine®*, a chemotherapeutic agent.
- Launched natural-type interferon preparations *IFN α MOCHIDA 500* and *IFN β MOCHIDA*.

**1989**
- Launched *Tecipul*, a tetracyclic antidepressant.

**1990**
- Susumu Watanabe appointed president.
- Launched *Epadel Capsule 300*, the world's first high-purity EPA preparation.


**1991**
- Completed Ohtawara Plant.

**1992**
- Launched *Arasena-A Ointment*, the first topical antiviral agent developed in Japan.


**1996**
- Commenced JELIS (EBM study for *Epadel*).

**1997**
- Launched *Atelec®*, a calcium channel blocker.

**1999**
- Naoyuki Mochida appointed president.
- Launched EPA preparations *Epadel S 300* and *600*.
- Launched low-dose oral contraceptives *Ortho 777-28* and *Ortho M-21*.
- Launched *Collage Furfur*, the first shampoo containing antimycotic ingredients developed in Japan.

## 2000

**2001**
- Launched *Gonastick 25*, a pregnancy test kit.
- Launched *Arasena-A Cream*, an antiviral agent.

**2002**
- Obtained the certification of ISO 14001 for Ohtawara Plant.
- Launched the *Vitacollage* series of health supplements.
- Launched *Spurecur®*, a GnRH derivative preparation.

**2003**
- Launched *Liquid Thrombin Mochida Soft Bottle*, a hemostatic agent.
- Launched the *Collage S* series of basic skin products.
- Mochida Medical Systems Co., Ltd. commenced operations.

**2004**
- Mochida Healthcare Co., Ltd. commenced operations.
- Launched *Epadel S 900*, a stick-type EPA preparation.
- Mochida Medical Systems Co., Ltd. commenced operations as Mochida Siemens Medical Systems Co., Ltd. (Excluded from affiliated companies accounted for by the equity method in 2009.)


**2005**
- Mochida Pharmaceutical Plant Co., Ltd. commenced operations.
- Launched the *Collage Whitening* series, the first whitening skincare products for sensitive skin developed in Japan.
- Results of JELIS (EBM study for *Epadel*) announced by American Heart Association (AHA).

**2006**
- Launched *Collage Furfur Liquid Soap*.


**2007**
- Commenced co-promotion of *Diovan®*, an antihypertensive. (Agreement terminated end of 2008.)
- Launched *Beselna*, the first treatment for condyloma acuminatum developed in Japan.

**2008**
- Launched *Dinagest*, a treatment for endometriosis.
- Launched *Collage White Peel*, an enzyme powder face wash.
- Launched *Divigel®* transdermal estrogen gel.

**2009**
- Launched *Gonastick W*, a pregnancy test kit.
- Launched *Collage Furfur Next Shampoo* and *Rinse* which contain antimycotic ingredients.

**2011**
- Launched *Lexapro®*, an anti-depressant.

**2012**
- Launched *Fastic®*, a fast-acting postprandial antihyperglycemic agent.
- Launched *glucoriina*, a food for specified health uses (FOSHU).

**2013**
- Launched a switch-OTC version of *Epadel*.
- Launched the *Collage B.K.AGE* series.
- Launched biosimilar *Filgrastim BS MOCHIDA*.
- Launched *Tramcet®* tablets, an analgesic.

**2014**
- Launched *Atedio®* tablets for treatment of hypertension.
- Mochida Pharmaceutical Sales Co., Ltd. commenced operations.
- Renewed and relaunched the *Collage Skincare* series.
- Launched *Treprost®*, a therapeutic agent for pulmonary arterial hypertension.

**2016**
- Launched *Lialda®*, a treatment for ulcerative colitis.

**2017**
- Launched *Calprotectin MOCHIDA*, an in-vitro diagnostic agent for ulcerative colitis.


**2018**
- Launched *Doxil®*, an anticancer agent.
- Launched *Goofice®*, a treatment for chronic constipation.
- Launched biosimilar *Etanercept BS MA*.
- Launched *Collage Furfur Premium Shampoo*.
- Launched *Movicol®*, a treatment for chronic constipation.



**2019**
- Launched the *Collage Repair* series.
- Launched *biosimilar Teriparatide BS MOCHIDA*.

**2020**
- Launched *Gonacard W*, a pregnancy test kit.
- Launched *Urece®*, a treatment of gout and hyperuricemia.

**2021**
- Launched biosimilar *Adalimumab BS MA*.

**2022**
- Launched *Epadel EM*, a self-emulsifying formulation of highly purified EPA

MOCHIDA PHARMACEUTICAL GROUP

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