



Promoting “TE-A-TE” Culture Worldwide
Hisamitsu Pharmaceutical Group
Integrated Report 2025

Hisamitsu®

Our Philosophy and Mission

Delivering a Better QOL to the World

Since the launch of “Asahi Mankinko®” in 1907, transdermal analgesics and anti-inflammatory drugs such as “Salonpas®” have been used by many customers to treat pain and stiffness by “patching” care.

We strive to create and develop new drugs and improve formulation technologies for transdermal patches based on our world-class Transdermal Drug Delivery System (TDDS). Through manufacturing and sales, we shall contribute to the formation of a healthy society based on our Corporate Philosophy, “Delivering a Better QOL to the World.”

The culture that we will uphold is the culture of “TE-A-TE.”

We place our hands (TE-A-TE) on our loved ones to cheer, encourage, and heal with compassion.

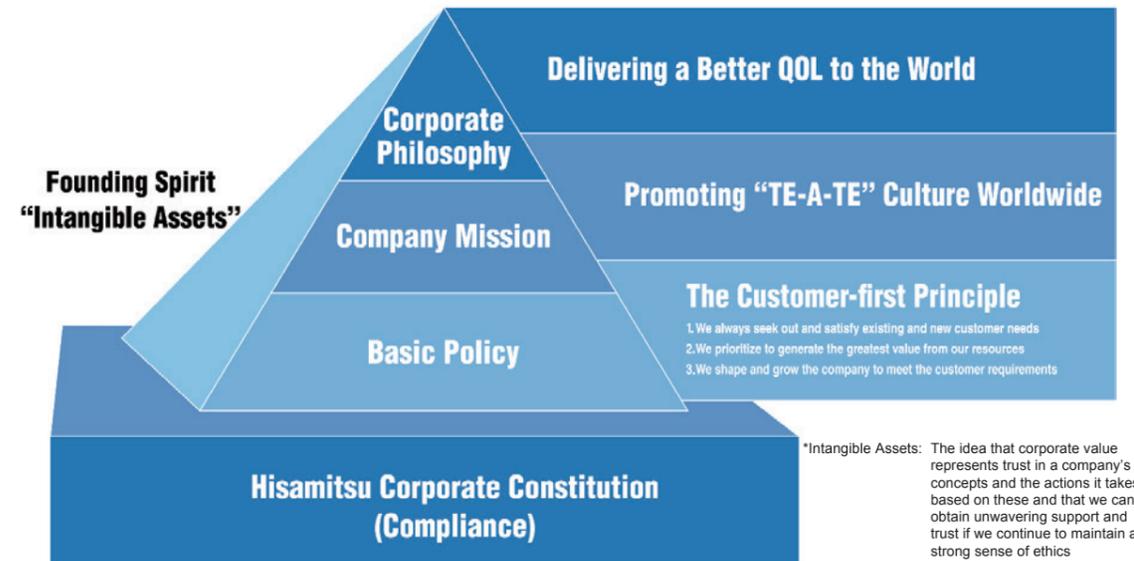
“TE-A-TE” is about caring for others.

Such compassion is the starting point of our “patch treatment culture,” which we have emphasized since our establishment.

With our Corporate Mission “Promoting ‘TE-A-TE’ Culture Worldwide,” we will actively develop our business to communicate with people around the world the “TE-A-TE” culture of caring for others and providing comfort and inspiration. We have set this as our corporate mission and will continue to actively develop our business.



Hisamitsu Pharmaceutical Management Guidelines



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Editorial Policy

To facilitate understanding of a wide range of stakeholders, including shareholders and investors, we have created this Integrated Report since FY2022, which comprehensively incorporates our E (Environment), S (Social), and G (Governance) initiatives, besides financial information such as growth strategies and business overviews. The report also includes information in an easy-to-understand manner on the Hisamitsu Pharmaceutical Group's history and approach to value creation with reference to the “International Integrated Reporting Framework” of the International Integrated Reporting Council (IIRC) and other related guidelines. Additionally, information not included in this report and related information, and the latest information, including financial results announcements, are available on our website.

<https://global.hisamitsu/>

Scope of Reporting

Hisamitsu Pharmaceutical Co., Inc. and its domestic and overseas subsidiaries

Reporting Period

FY2024 (March 1, 2024, to February 28, 2025)

*Some information is covered even for outside the period.

Report Release: September 2025 Issued once a year

Cautions Concerning Forecasts, etc.

This Report contains forward-looking statements regarding the Company's medium-term policies and performance. These forward-looking statements are based on information currently available to us; nevertheless, they involve risks and uncertainties. Please note that the actual results may differ from these forecasts due to changes in various factors. Although the Report contains information on drugs (including development items), such information is not intended for the purpose of promotion, advertisement, or medical advice.

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History of Value Creation

Since our founding in 1847, we have been committed to improving people's health through the provision of pharmaceuticals,

especially transdermal analgesics and anti-inflammatory drugs, and have grown to become a leading company in Japan.

Our Company Mission is to promote "TE-A-TE" culture, which we have valued since our foundation, throughout the world. To accomplish this mission, we intend to not only operate in the

field of treatment, but also proceed with an extensive range of business development, including offering a wide variety of services and engaging in preventive care.

Management Milestones

1847
Komatsuya founded (Nihei Hisamitsu)



1871
Company name, Komatsuya, changed to Hisamitsu Joeido (Yoichi Hisamitsu)

1903
Hisamitsu & Co. established (Saburo Nakatomi; former name: Saburo Hisamitsu)

1944
Hisamitsu & Co. plays a leading role in the incorporation of Miyaki Seiyaku Co.

1951
Hisamitsu & Co. Incorporated established (Masayoshi Nakatomi)

1962
Company listed on the Second Section of the Tokyo Stock Exchange and on the Fukuoka Stock Exchange

1965
Company name changed to Hisamitsu Pharmaceutical Co., Inc.

1971
Tosu Laboratories completed

1987
Utsunomiya Factory completed

1990
Tsukuba Laboratories completed

2005
Hisamitsu acquires all issued shares of Bio Medics Co., Ltd., to which SSP Co., Ltd. had transferred its split prescription (Rx) drug business, and changes the trade name to Hisamitsu Medical Co., Ltd. (consolidated company)

2007
Hisamitsu absorbs Hisamitsu Medical Co., Ltd. (consolidated company)

2009
Hisamitsu acquires all issued shares of the U.S. pharmaceutical company Noven Pharmaceuticals, Inc. through TOB, and makes it a 100% owned subsidiary



2020
SAGA HISAMITSU SPRINGS Co., Ltd. (consolidated company) established



2023
Hisamitsu Wellness Co. Ltd. (consolidated company) established Assets, etc. related to both "S-CUP" and "LACALUT" brands partially transferred from SSP Co., Ltd.

2024
SAGA Global Research Center completed



1847 Company established as a pharmaceutical company

1980- Overseas expansion accelerated

2000- Business foundation consolidated

2010- Toward sustainable growth

Overseas Expansion

1960
Taiwan Hisamitsu Pharmaceutical Co., Ltd. established

1975
P.T. Salonpas Indonesia established

1986
Hisamitsu Farmaceutica do Brasil Ltda. established

1987
Hisamitsu America, Inc. established

1994
Hisamitsu Vietnam Pharmaceutical Co., Ltd. established

2002
Hisamitsu UK Limited established

2009
Hisamitsu U.S., Inc. established
Noven Pharmaceuticals, Inc. acquired

2011
Hisamitsu Pharmaceutical Technology Consulting (Beijing) Co., Ltd. established

2017
Hisamitsu Pharmaceutical (China) Co., Ltd. established

2018
Hisamitsu Pharmaceutical (Hong Kong) Co., Ltd. established

2019
Hisamitsu Italy S.r.l. established

2020
Hisamitsu Pharmaceutical Malaysia Sdn. Bhd. established

Major Products

1907
Asahi Mankinko launched



1934
Salonpas launched



1963
Air Salonpas launched



1971
Salonsip launched



1988
MOHRUS launched



1995
MOHRUS Tapes launched



1997
Lifecella launched

2000
ESTRANA Tapes launched



2003
BUTENALOCK launched
FEITAS launched



2005
KEPLAT launched (Italy)

2008
Salonpas Pain Relief Patch FDA approved (U.S.)



2010
FENTOS Tapes launched

2012
Allegra FX launched

2013
MINIVELLE launched (U.S.)
NEOXY Tapes I launched



2015
MOHRUS Paps XR launched



2018
ALLESAGA Tapes launched

2019
HARUROPI Tapes launched

2020
SECUADO launched (U.S.)



2021
ZICHTORU Tapes launched
Nobinobie Salonsip Fit (Poke-Sip) launched



2023
APOHIDE Lotion launched



2024
S-CUP, LACALUT launched



Salonpas launched (Nigeria)



CSR Activities

As part of our contribution to local communities, we donate money and supplies to disaster-stricken areas.

1990s
Donation/relief money

Jan. 1995 Donated 30,000 sheets of fomentation and 70,000 heating pads to the city of Kobe to alleviate the damage caused by the Great Hanshin-Awaji Earthquake
Jan. 1995 Donated 5 million yen to the Japanese Red Cross Society as relief funds for the Great Hanshin-Awaji Earthquake
Dec. 1997 Started "Overseas Relief Volunteer Activities" sponsored by the Japanese Red Cross Society

Contribution to local communities
1999 Started co-sponsorship of Hisamitsu Culture Special

2000s
Donation/relief money

Nov. 2005 Donated 610,000 yen to the Japanese Red Cross Society for earthquake relief in Pakistan
Aug. 2006 Rented the first and second floors of Ryuseikan (training facility) as a dormitory for Sagan Tosu players
Dec. 2007 Hisamitsu Vietnam donates 50 wheelchairs to the Vietnam Red Cross Society

Contribution to local communities
May 2005 Started co-sponsorship to the SALONPAS World Ladies' Golf Tournament
Aug. 2006 First Tosu Public Lecture held (28 lectures held by 2024)
Feb. 2007 First Hisamitsu Spring Tea Party (held 28 times by 2024)

2010s
Donation/relief money

Sept. 2017 Donated relief funds to the Japanese Red Cross Society to support those affected by the major U.S. hurricane Irma
Oct. 2019 Donated relief funds to the Japanese Red Cross Society to support those affected by the August 2019 Torrential Rain Disaster

Contribution to local communities
Nov. 2014 Started co-sponsorship of the Fukuoka Marathon
Feb. 2016 Started co-sponsorship of the Saga International Balloon Festa
Aug. 2018 Started co-sponsorship of the Saga Sakura Marathon

Since 2020s
Donation/relief money

Aug. 2021 Donated relief funds to the Japanese Red Cross Society to support those affected by the August 2021 Heavy Rain Disaster
Apr. 2022 Donated aid to Ukraine
Aug. 2022 Donated relief funds to Public Interest Incorporated Foundation, Saga International Heavy Ion Cancer Treatment, which operates the SAGA Heavy Ion Medical Accelerator in Tosu (SAGA HIMAT; Tosu City, Saga Prefecture)
Feb. 2023 Donated post-earthquake aid to Turkey and Syria
Jul. 2023 Donated aid following the disaster caused by heavy rainfall in July 2023
Jan. 2024 Donated post-earthquake aid to Noto Peninsula in 2024
May 2025 Donated relief funds to the SAGA Sports Pyramid Initiative: "High-Five Project"—Delivering the power of "TE-A-TE" for Saga's future depending on the number of high-fives

Contribution to local communities
Oct. 2023 Started co-hosting the JLPGA Step Up Tour Salonpas Ladies Open

Message from President and CEO

We want to be a company that accelerates global expansion and supports every individual.



Kazuhide Nakatomi

President and CEO

Entering the Final Year of HX2025

We are now entering the final year of the Seventh Medium-term Management Policy “HX2025 (Hisamitsu Transformation 2025),” which began in FY2021.

Over the past five years, we have faced unprecedented waves of change, including social transformation brought about by the COVID-19 pandemic, frequent natural disasters, geopolitical tensions, and political uncertainties.

Amid these changes in society and the market, we are making steady progress toward achieving the management goals set out in the Seventh Medium-term Management Policy.

This is solely due to the united efforts of all our employees, guided by our Corporate Philosophy of “Delivering a Better QOL to the World.” We would also like to express our sincere gratitude to all our stakeholders, including our suppliers and business partners, who continue to provide us with tremendous support, and above all, to our customers who choose our products.

As expectations for sustainability continue to rise, including evolving disclosure standards and regulatory trends, we approach this final year of HX2025 with renewed determination and focus.

Progress of the Medium-term Management Policy

As part of the new mission set forth in the Seventh Medium-term Management Policy “HX2025 (Hisamitsu Transformation 2025),” the compound annual growth rate (CAGR) for the fiscal year ended February 2025 reached 8.0%, outperforming our target of 5.0% or higher. It exceeded 5.0% in the fiscal year ended February 2023, and has continued to improve steadily since then. The overseas sales ratio was 47.2%, which is below the target of 50% or higher, but it has been steadily increasing during this period. We also launched Salonpas® in Nigeria, Africa, and will continue working toward our targets by expanding into new markets, diversifying product lineups in the over-the-counter (OTC) business, and promoting the development of Rx drugs in the U.S. and other regions. Regarding the ROE target of 8.0% or higher, we achieved our target of 8.0% one year ahead of schedule. We will continue to make further efforts by improving our operations and fully operating our new R&D organization.

In addition, to demonstrate our commitment to value-conscious management that reflects capital costs and stock prices—as required by the Tokyo Stock Exchange—we formulated the Basic Policy on Cash Allocation in March 2025. We remain committed to managing our investment strategies in a manner that earns the trust and understanding of our stakeholders.

Message from President and CEO



Expand—“Pillars of Growth”

Regarding the global growth of Salonpas®, sales overseas increased 17.4% year on year, demonstrating steady progress, thanks to proactive sales promotion activities. Furthermore, FEITAS® and ByeBye-FEVER® also showed steady growth, increasing overseas sales by 346.1% and 17.3%, respectively.

Sales of OTC drugs also increased both domestically and overseas, including higher domestic sales of S-CUP®, which was acquired in 2023, demonstrating the effectiveness of inbound demand and sales activities.

While growth in Rx drugs was somewhat sluggish overall in Japan, domestic sales of ZICHTORU® Tapes, a transdermal analgesic for persistent pain, steadily increased, and sales of APOHIDE® Lotion, a treatment drug for primary palmar

hyperhidrosis, also increased due to rising awareness of the disease. Overseas, product groups such as XELSTRYM® are showing steady growth.

Exceed—“Overcome Challenges”

With regard to overseas expansion, we are strengthening our operations in both existing and newly entered markets. Furthermore, in untapped markets, we will consider expansion strategies that take into account differences in laws and regulations, culture, and lifestyles in each country and region, and through detailed responses, we will strive to achieve our target ratio of overseas sales.

Additionally, we anticipate further growth, including the introduction of new products in both Rx drugs and OTC drugs, such as further expansion of XELSTRYM®, leveraging Noven’s capabilities, primarily in the U.S.

Progress of the Medium-term Management Policy, HX2025

	(Year 1)	(Year 2)	(Year 3)	(Year 4)	Targets	
	FYE 2021/2	FYE 2022/2	FYE 2023/2	FYE 2024/2	FYE 2025/2	
Net sales	JPY 114.5 billion	JPY 120.1 billion	JPY 128.3 billion (CAGR 5.9%)	JPY 141.7 billion (CAGR 7.4%)	JPY 156.0 billion (CAGR 8.0%)	≥ 5.0% (CAGR)
Overseas Sales Ratio (Overseas Net Sales)	34.4% (JPY 39.3 billion)	34.5% (JPY 41.4 billion)	41.8% (JPY 53.6 billion)	42.8% (JPY 60.6 billion)	47.2% (JPY 73.6 billion)	≥ 50.0%
ROE	3.7%	3.8%	4.7%	5.4%	8.0%	≥ 8.0%
Growth Investment		<ul style="list-style-type: none"> Investment in GAIA BioMedicine Inc. Signing of licensing agreement with RaQualia Pharma Inc. 	<ul style="list-style-type: none"> Acquisition of shares of AYM HD Corporation Construction of a new research institute and restructuring of research sites 	<ul style="list-style-type: none"> Partial transfer of assets related to both the S-CUP® and LACALUT® brands to our company 	<ul style="list-style-type: none"> Investment in ReEir Co., Ltd., a bio-venture that develops regenerative medicine and cell therapy 	Growth investment JPY 150 billion

Enhance—“Strengthen Functions”

Regarding strengthening our research and development capabilities, our new research lab, the SAGA Global Research Center, is now fully operational, laying a solid foundation for the next step. Aiming to expand our global pipeline, we will promote innovation through engagement with diverse stakeholders.

Regarding our production structure, we are building a system aimed at enhancing the functions of the Tosu Factory, our mother factory, and improving our global supply capacity, including measures to encourage spontaneous improvements on-site, such as the digitalization of manufacturing processes and personnel exchanges.

Regarding our sales and marketing structure, we have converted our accumulated know-how into data and knowledge through digital transformation, and have built a system that can simultaneously establish a global system and provide more attentive local support.

We believe that these fundamental functional enhancements will ensure the achievement of the targets of HX2025.

Toward Solving Social Issues

The HX2025 period was also a time when a variety of social issues became apparent. These issues include the COVID-19 pandemic, health care system issues, intensifying weather disasters caused by climate change, and human rights issues such as inequality and discrimination. They are closely related to corporate operations, and efforts to solve these issues are becoming increasingly important.

In terms of our response to climate change, we are promoting energy management across the Group and are working to reduce greenhouse gas (GHG) emissions. For issues that are difficult to solve on our own, we are taking steps to achieve tangible results, such as participating in the Smart Energy Project at Kiyohara Industry Park, where our Utsunomiya Factory is located, and are actively joining projects in collaboration with communities and multiple other companies. In addition to addressing Scope 1 and 2 GHG emissions internally, we are also working to reduce Scope 3 emissions throughout the entire lifecycles of our products and services, from the collection of raw materials to the use and disposal of products and services, as these processes account for a large portion of our overall GHG emissions.

Furthermore, we work to understand the situation at our manufacturing sites in each country and implement more

specific measures to address issues concerning risks to water resources and the conservation of biodiversity and ecosystems, which may also affect our business. For issues related to products and services, we believe it is important to take more concrete measures, such as a “HELLO! eco!” mark,* based on detailed perspectives, including packages, containers and wrappers, logistics, and disposal. Regarding plastic issues, which have been attracting attention in recent years, we will fulfill our corporate responsibility by expanding our use of recycled PET.

Not only environmental issues, but social issues are also important. In conducting business globally, we will promote initiatives that emphasize diversity, taking into account issues that may not be apparent from a domestic perspective, such as human rights issues, harmony between living and natural environments, and cultural differences. At the same time, we recognize that it is essential to build a transparent system for personnel affairs and formulate and promote a global personnel strategy.

Considering that stricter systems are being required for various issues of sustainability, we will strive to earn the trust of everyone as a corporate group that takes charge of delivering a better QOL to the world.

To Our Stakeholders

In times of social uncertainty, the Hisamitsu Pharmaceutical Group’s Corporate Philosophy of “Delivering a Better QOL to the World” is becoming increasingly important. To realize this philosophy, it is essential that we sincerely engage with many stakeholders involved in our business, and above all, with each and every patient and customer who uses our products.

As a company headquartered in Tosu City, Saga Prefecture, a location rich in nature unlike large cities, we believe that there are many initiatives that Hisamitsu Pharmaceutical is uniquely able to recognize and implement. To do this, it is essential that we deepen our engagement with our stakeholders while disclosing and sharing appropriate information, thoroughly understanding the situation in various regions and from each individual’s perspective, and work together to advance our efforts.

We will continue to work hard to become a trusted partner to our stakeholders, and we appreciate your continued support and encouragement.

*A logo displayed on products that meet the eco-standards of our company. For more information, please visit: <https://global.hisamitsu/sustainability/hello-eco.html>.

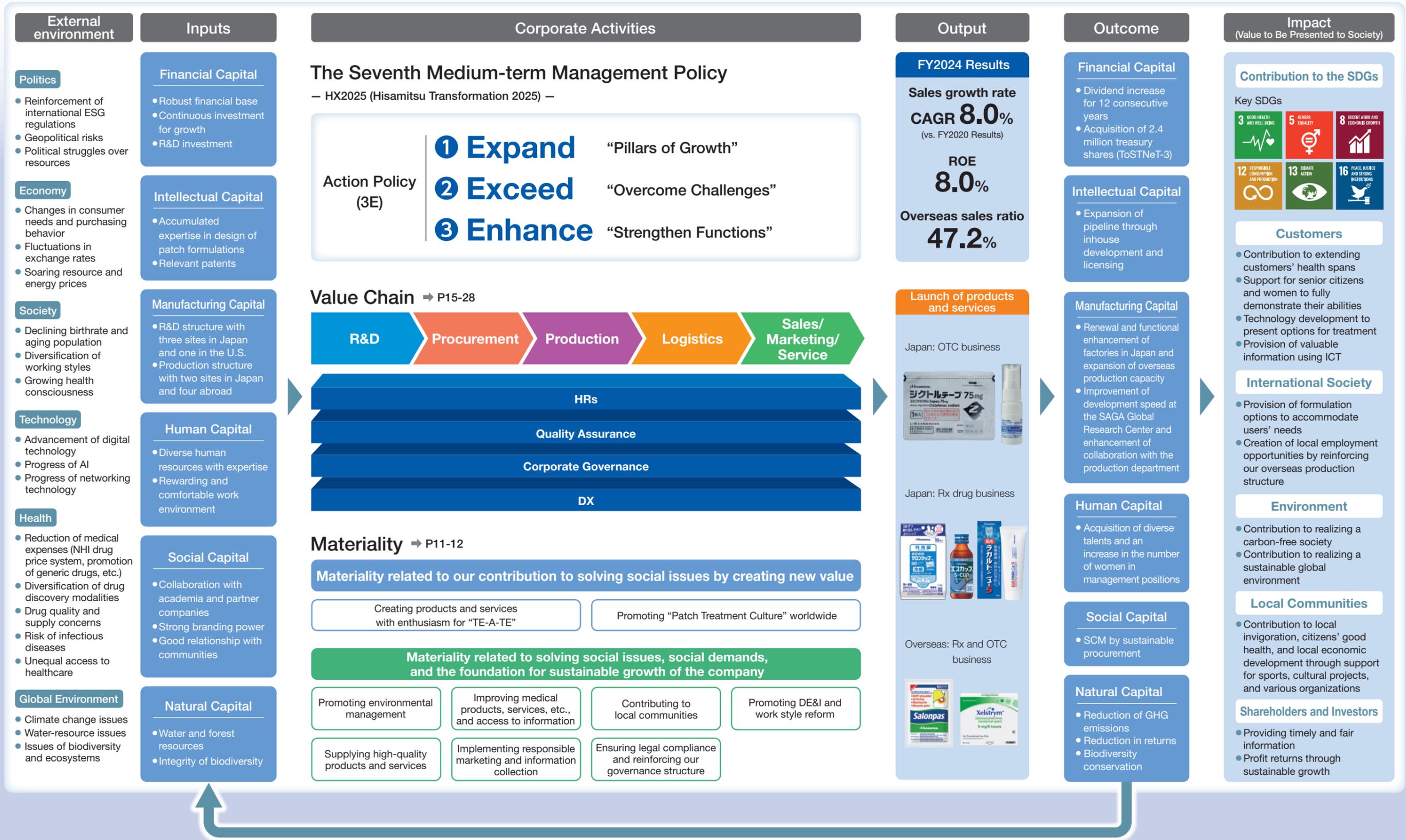
Value Creation Model

The Hisamitsu Pharmaceutical Group has established "Delivering a Better QOL to the World" as its Corporate Philosophy and strives to create value for all stakeholders, including customers and society,

through its business activities. To adapt to the recent rapid changes in the external environment and to meet the diversifying needs of our customers, we have established the Seventh Medium-term

Management Policy and Materiality (priority issues) under our Company Mission "Promoting 'TE-A-TE' Culture Worldwide," and have worked on our business activities accordingly. While focusing on ESG and the

Sustainable Development Goals (SDGs), we will proactively take on the challenge of unprecedented initiatives and realize change, with the aim of increasing corporate value and realizing a sustainable society.



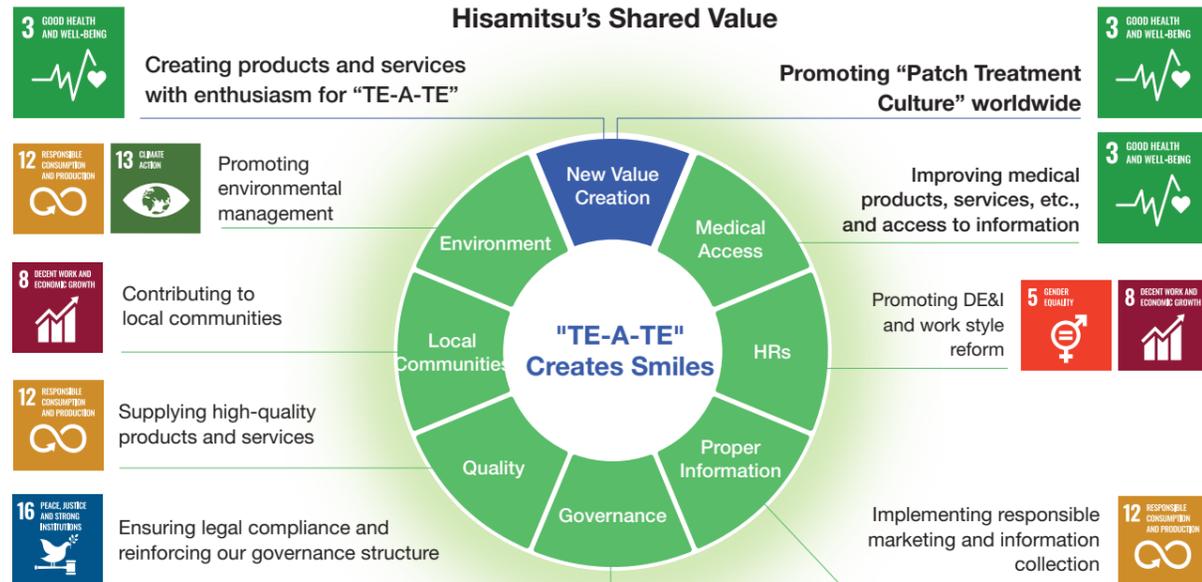
Materiality

Materiality for Hisamitsu Pharmaceutical Sustainability Promotion

To adapt to the recent rapid changes in the external environment and to meet the diversifying needs of our customers, the Hisamitsu Pharmaceutical Group has established the Seventh Medium-term Management Policy and Materiality (priority issues) under our Company Mission "Promoting 'TE-A-TE' Culture Worldwide," and

has worked on our business activities accordingly. While focusing on ESG and the Sustainable Development Goals (SDGs), we will proactively take on the challenge of unprecedented initiatives and realize change, with the aim of increasing corporate value and realizing a sustainable society.

Hisamitsu Pharmaceutical Group's Materiality (Priority Issues)



SDGs related to our materiality

Classification of materiality and specific contents are posted on our website. <https://global.hisamitsu/sustainability/index.html>

Materiality related to our contribution to solving social issues by creating new value			
Creating products and services with enthusiasm for "TE-A-TE" <ul style="list-style-type: none"> Development and delivery of products that meet needs other than transdermal patches Delivery of products and services that contribute to extending healthy life expectancy 	Promoting "Patch Treatment Culture" worldwide <ul style="list-style-type: none"> Diffusion of positive effects of "TE-A-TE" through transdermal patches Development of valuable transdermal patches 		
Materiality related to solving social issues, social demands, and the foundation for sustainable growth of the company			
Promoting environmental management <ul style="list-style-type: none"> Reduction of CO₂ emissions from our business activities Reduction of plastic usage and waste Promotion of sustainable procurement in supply chains 	Improving medical products, services, etc., and access to information <ul style="list-style-type: none"> Delivery of products and services worldwide Provision of means of purchasing that meet the needs Improvement in the delivery of health-related information 		
Contributing to local communities <ul style="list-style-type: none"> Activities for supporting culture, sports and groups Development of products that are produced and consumed locally 	Promoting DE&I and work style reform <ul style="list-style-type: none"> Utilization of diverse human resources Development of a satisfying work environment 		
Supplying high-quality products and services <ul style="list-style-type: none"> Securement of the quality and safety of products and services Product improvement reflecting the feedback from customers 	Implementing responsible marketing and information collection <ul style="list-style-type: none"> Marketing activities that comply with the guidelines of each country Collection of information on the proper use of drugs 		
Ensuring legal compliance and reinforcing our governance structure <ul style="list-style-type: none"> Improvement in the effectiveness of the Board of Directors Elimination of various kinds of harassment 	<ul style="list-style-type: none"> Penetration of compliance consciousness Response to various risks 		

Identification Process of Materiality



KPI Setting and FY2024 Progress

For Materiality, which is particularly important for solving social issues and for the sustainable growth of our Company Group, we have established Key Performance Indicators (KPIs) to evaluate our progress over the medium to long term. Progress in FY2024 was as follows: The targets for the ratio of women in management positions

and the continuous employment rate of women employees in their 9th to 11th years of employment, which were due to expire at the end of March 2024, have been revised to higher targets, with a deadline of the end of March 2029.

Materiality (Priority issues)	KPI	FY2023 Results	FY2024 Results	Scope																								
<ul style="list-style-type: none"> Creating Products and Services with Enthusiasm for "TE-A-TE" Promoting "Patch Treatment Culture" Worldwide 	Creating Products and Services That Embody the Spirit of "TE-A-TE" (Transdermal patches and products and services that embody the spirit of "TE-A-TE")	Rx: APOHIDE [®] Lotion 20% (Japan), XELSTRYM [®] (U.S.) OTC: 12 items (Japan: 5 items, Overseas: 7 items) Others: 28 items (Japan: 23 items, Overseas: 5 items)	Rx: OABLOK [®] Ex PATCH 73.5 mg (Thailand), ALLESAGA [®] PATCH 4 mg (Thailand) OTC: 12 items (Japan: 5 items, Overseas: 7 items) Others: 5 items (Japan: 3 items, Overseas: 2 items)	Hisamitsu Non-consolidated, overseas subsidiaries																								
	Expanding the Number of Countries and Regions Where Our Products Are Sold	OTC/Others: 33 countries and regions including Japan Rx: 9 countries and regions including Japan	OTC/Others: 34 countries and regions including Japan Rx: 10 countries and regions including Japan	Hisamitsu Non-consolidated, overseas subsidiaries																								
	Environment- and User-friendly Drug Development (Drug development: product improvement, additional indications, etc.)	<Indication added> None <Product improvements and others> Rx: 21 products (Japan: 21 products, Overseas: none) OTC/Others: 8 items (Japan: 7 items, Overseas: 1 item)	<Indication added> None <Product improvements and others> Rx: 13 products (Japan: 13 products, Overseas: none) OTC/Others: 17 items (Japan: 16 items, Overseas: 1 item)	Hisamitsu Non-consolidated, overseas subsidiaries																								
Promoting Environmental Management	Reduction of CO₂ Emissions (Scopes 1 and 2) Reduce by 46% compared to FY2013 by FY2030. Target: All sites of the Hisamitsu Pharmaceutical Group. However, sites with little impact on the calculation of CO ₂ emissions are excluded.	Progress toward the standard: Reduced by 27.1% Hisamitsu Pharmaceutical Group Reduced by 17.1% (compared to FY2013) Hisamitsu Non-consolidated Reduced by 29.5% (compared to FY2013)	Progress toward the standard: Reduced by 29.8% Hisamitsu Pharmaceutical Group Reduced by 18.1% (compared to FY2013) Hisamitsu Non-consolidated Reduced by 31.6% (compared to FY2013)	Hisamitsu Pharmaceutical Group																								
	Reduction of Waste 1) Reduction of Industrial Waste Generated from Factories Reduce industrial waste rate by 1.5% compared to FY2020 by FY2025. *Waste rate = Industrial waste volume/Total production volume	Waste rate: Increased by 1.4% (compared to FY2020)	Waste rate: Increased by 0.5% (compared to FY2020)	Hisamitsu Non-consolidated																								
	2) Reduction of "Household Waste" Related to the Containers/Packaging Recycling Act Reduce household waste by 10% compared to FY2020 by FY2030. *Not including impact of increase/decrease in sales volume	Increased by 15.9% (compared to FY2020) *Reduced by 18.7% (compared to FY2020) if S-CUP, whose sales started in FY2023, is excluded	Increased by 30.1% (compared to FY2020) *Reduced by 23.1% (compared to FY2020) if S-CUP, whose sales started in FY2023, is excluded	Hisamitsu Non-consolidated																								
	Reduction in the Use of Plastics Offer 29 RX drugs, 35 OTC drugs, and 2 other items (quasi-drugs) that use less plastic* by 2030. *Plastic reduction: Refers to the reduction of petroleum-derived plastics themselves and their replacement with recycled materials, biomass-derived materials, and paper materials.	Rx drugs: 6 products OTC drugs: 2 items Quasi-drugs: 2 items	Rx drugs: 12 products OTC drugs: 18 items Quasi-drugs: 2 items	Hisamitsu Non-consolidated, overseas subsidiaries																								
	Waste Plastic Recycling Rate Achieve a waste plastic recycling rate of 65% or higher by FY2030.	Waste plastic recycling rate: 99.8%	Waste plastic recycling rate: 100%	Hisamitsu Non-consolidated																								
	Sustainability Procurement Survey Response Rate Achieve 100% response rate to the Sustainability Procurement Survey by FY2025. Scope: (1) Primary and secondary suppliers for products manufactured in domestic factories (2) Primary and secondary suppliers for products manufactured in overseas factories	<table border="1"> <tr> <td></td> <td>Response rate</td> </tr> <tr> <td>Hisamitsu Non-consolidated</td> <td>100.0%</td> </tr> <tr> <td>Hisamitsu Indonesia</td> <td>100.0%</td> </tr> <tr> <td>Hisamitsu Vietnam</td> <td>100.0%</td> </tr> <tr> <td>Noven</td> <td>74.1%</td> </tr> <tr> <td>Hisamitsu Brazil</td> <td>93.8%</td> </tr> </table>		Response rate	Hisamitsu Non-consolidated	100.0%	Hisamitsu Indonesia	100.0%	Hisamitsu Vietnam	100.0%	Noven	74.1%	Hisamitsu Brazil	93.8%	<table border="1"> <tr> <td></td> <td>Response rate</td> </tr> <tr> <td>Hisamitsu Non-consolidated</td> <td>100.0%</td> </tr> <tr> <td>Hisamitsu Indonesia</td> <td>100.0%</td> </tr> <tr> <td>Hisamitsu Vietnam</td> <td>100.0%</td> </tr> <tr> <td>Noven</td> <td>100.0%</td> </tr> <tr> <td>Hisamitsu Brazil</td> <td>100.0%</td> </tr> </table>		Response rate	Hisamitsu Non-consolidated	100.0%	Hisamitsu Indonesia	100.0%	Hisamitsu Vietnam	100.0%	Noven	100.0%	Hisamitsu Brazil	100.0%	Hisamitsu Non-consolidated, overseas subsidiaries with production sites
	Response rate																											
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Supplying High-quality Products and Services	Zero Product Recalls Achieve zero product recalls each year.	Products recalled: 0	Products recalled: 1 May 2024 "Heating device Jkbarie Onkan Plus"	Hisamitsu Non-consolidated																								
	Product Complaint Incidence Reduce product complaint incidence to 0.001% or less by FY2025.	Product complaint incidence: 0.0015%	Product complaint incidence: 0.0011%	Hisamitsu Non-consolidated																								
Promoting DE&I and Work Style Reform	Job Satisfaction Score Raise the average score for 8 items to 5.0 points or higher by FY2025.	Average for 8 items: 4.69 points	Average for 8 items: 4.90 points	Hisamitsu Non-consolidated																								
	Ratio of Women in Management Positions Increase the ratio to 15% by March 31, 2029.	As of March 31, 2024 Ratio of women in management positions: 7.8%	As of March 31, 2025 Ratio of women in management positions: 9.4%	Hisamitsu Non-consolidated																								
	Continuous Employment Rate of Women Employees in Their 9th to 11th Years of Employment Increase the rate to 50% or higher by March 31, 2029.	As of March 31, 2024 Continuous employment rate: 51.4%	As of March 31, 2025 Continuous employment rate: 47.9%	Hisamitsu Non-consolidated																								

Financial Strategy



We will pursue a sound financial strategy to achieve global expansion and drive further growth.

Sakae Yano Senior Executive Officer
Head of BU Division

Three Action Policies

- ① **Expand** – “Pillars of Growth”
- ② **Exceed** – “Overcome Challenges”
- ③ **Enhance** – “Strengthen Functions”

Results and Challenges of the Medium-term Management Policy

The fiscal year ended February 2025 marks the fourth year of the Seventh Medium-term Management Policy “HX2025 (Hisamitsu Transformation 2025),” which was formulated in 2021 to redefine Hisamitsu Pharmaceutical’s Mission as “Promoting ‘TE-A-TE’ Culture Worldwide.” In line with this Policy, we have steadily executed our financial strategy and implemented appropriate measures to achieve the targets.

In the area of Rx drugs, ZICTHORU® Tapes steadily increased its market share, and the cumulative number of patients treated with APOHIDE® Lotion, a treatment drug for primary palmar hyperhidrosis, reached approximately 190,000, making a significant contribution to raising public awareness of the disease. Overseas, sales for the fiscal year ended February 2025 reached 616 million yen, thanks to measures to increase awareness of XELSTRYM®, a treatment drug for attention deficit hyperactivity disorder (ADHD), which was launched in June 2023.

In OTC drugs, sales of OTC drugs and other products, both domestic and overseas, increased 16.2% year on year, due in part to proactive sales promotion activities for the Salonpas® brand in overseas markets. Going forward, we will continue to leverage our accumulated management resources to conduct business activities.

As for the growth investments planned for the five-year period under the Seventh Medium-term Management Policy, totaling 150 billion yen, we promote investments to build a foundation for sustainable growth, including the completion of the SAGA Global

Research Center, a new research lab that consolidates all domestic research sites into one location; investment in ReEir Co., Ltd., a bio-venture developing regenerative medicine and cell therapy; and the expansion of production facilities at our overseas factories to ensure a stable global supply and production system.

Regarding progress toward the Seventh Medium-term Management Policy, we have largely achieved our targets of a sales growth rate (CAGR) of 5.0% or higher (8.0% in the fiscal year ended February 2025), an overseas sales ratio of 50.0% or higher (47.2% in the fiscal year ended February 2025), and an ROE (return on equity) of 8.0% or higher (8.0% in the fiscal year ended February 2025). In the final year of the Policy, we will implement a financial strategy that will create a solid foundation for growth toward the next Medium-term Management Policy.

	(Year 1)	(Year 2)	(Year 3)	(Year 4)	Targets	
	FYE 2021/2	FYE 2022/2	FYE 2023/2	FYE 2024/2	FYE 2025/2	
Net Sales	JPY 114.5 billion	JPY 120.1 billion	JPY 128.3 billion (CAGR 5.9%)	JPY 141.7 billion (CAGR 7.4%)	JPY 156.0 billion (CAGR 8.0%)	CAGR: ≥ 5.0%
Overseas Sales Ratio (Overseas Net Sales)	34.4% (JPY 39.3 billion)	34.5% (JPY 41.4 billion)	41.8% (JPY 53.6 billion)	42.8% (JPY 60.6 billion)	47.2% (JPY 73.6 billion)	≥ 50.0%
ROE	3.7%	3.8% ✓ Acquisition of 2 million treasury shares	4.7% ✓ Dividend increase for 10 consecutive years ✓ Acquisition of 2 million treasury shares	5.4% ✓ Physical transfer of assets related to both the S-CLP and S-CALiLs brands to our company	8.0% ✓ Dividend increase for 12 consecutive years ✓ Acquisition of 2.5 million treasury shares (Total 7.3) ✓ Investment in ReEir Co., Ltd., a bio-venture that develops regenerative medicine and cell therapy	≥ 8.0%
Growth Investment	✓ Investment in GABA Biomedicine Inc. ✓ Signing of licensing agreement with Rikunishi Pharma Inc.	✓ Construction of a new research institute and restructuring of research sites	✓ Construction of a new research institute and restructuring of research sites	✓ Physical transfer of assets related to both the S-CLP and S-CALiLs brands to our company	✓ Investment in ReEir Co., Ltd., a bio-venture that develops regenerative medicine and cell therapy	Growth investment JPY 150 billion

Current Issues and Measures to Achieve Target ROE

We set a management goal of ROE of 8.0% or higher for FY2024 and implemented various measures. As a result, we achieved 8.0% in the fiscal year ended February 2025.

To continue to achieve an ROE of 8.0% in FY2025, the final year

of the Seventh Medium-term Management Policy, and maintain high profitability, we recognize that further improvement of our operating profit ratio is a challenge. To achieve this, we must continue to work to lower the cost-to-sales ratio and reduce the SG&A expense ratio.

	ROA (%)	ROE (%)	Operating profit ratio (%)	Shareholders' equity ratio (%)
FYE 2025/2	6.5	8.0	12.1	80.6
Mean value over the past five years	4.1	5.1	9.5	82.0

Return on Assets (ROA)

Ratio of net profit to total assets
Index used for judging a company's entire management performance from a comprehensive perspective

Operating Profit Ratio (Operating Profit to Net Sales)

Ratio of operating profit to net sales
Index used for measuring a company's profitability

Return on Equity (ROE)

Ratio of net profit to shareholders' equity
Index used for measuring a company's equity efficiency from the perspective of the owners of the parent

Shareholders' Equity Ratio (Shareholders' Equity to Total Assets)

Ratio of shareholders' equity to total assets
Index used for checking a company's financial safety

Policy for the Distribution of Dividends

Hisamitsu Pharmaceutical considers the continuation of stable dividends to shareholders as the basis. In addition, we aim to return profits to shareholders by adding special or commemorative dividends in consideration of business performance, etc.

The basic policy of the Company is to pay dividends of surplus twice a year, consisting of interim dividends and year-end dividends. The organization that determines these dividends is the Annual General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends. For the fiscal year ended February 2025, the year-end dividend is 45.0 yen, which includes a commemorative dividend of 4.0 yen for the 90th anniversary of Salonpas® in addition to a regular annual dividend increase of 1.0 yen. This, combined with an interim dividend of 45.0 yen, brings the annual dividend to 90.0 yen. This resulted in an increase in the dividend per share for the twelfth straight

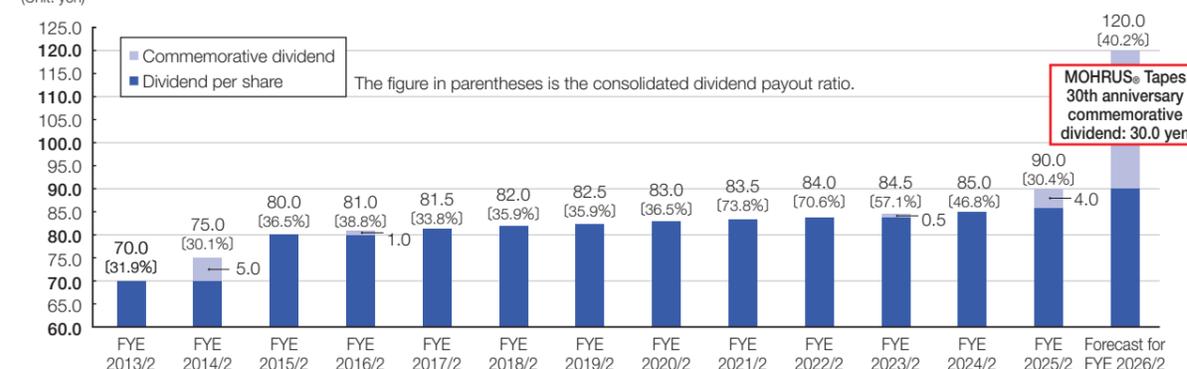
fiscal year.

For the fiscal year ending February 2026, we plan to pay a year-end dividend of 120.0 yen, including a commemorative dividend of 30.0 yen to celebrate the 30th anniversary of MOHRUS® Tapes, for a consolidated dividend payout ratio of 40.2%.

In addition, as an effective measure to return profits to shareholders, we acquired 2.4 million treasury shares in FY2024 to improve capital efficiency and return more profits to shareholders, while also implementing flexible capital policies that meet changes in the business environment. Going forward, we will continue to enhance the efficiency of shareholders' equity and return our profits to shareholders on a medium-to-long-term basis, while taking into consideration the balance between the business environment, business results, strategic investments, growth investments, and other factors.

Dividends per Share

(Unit: yen)



Reduction of Cross-shareholdings

We had set a target of reducing our cross-shareholdings to less than 20% of consolidated net assets by the end of February 2025, and as of the end of February 2025, we achieved a ratio of 18.5% of consolidated net assets. At a meeting of the Board of Directors held in May of each year, we verify the reasonableness of our shareholdings by comprehensively considering the results of qualitative verification based on the status of transactions for each

issue and quantitative verification based on economic rationality through benefits and dividends associated with transactions. Based on the results of the verification, we will hold dialogue with investee companies and consider reducing holdings in those with issues that are determined to be unreasonable. We plan to use the generated cash to fund future growth investment.

Basic Policy on Cash Allocation

Hisamitsu Pharmaceutical works to achieve the management goals set out in its Seventh Medium-term Management Policy, which was formulated in 2021, in order to sustainably increase its corporate value and shareholder value. To further enhance corporate and shareholder value by accelerating business growth and increasing return on capital, we have now formulated the Basic Policy on Cash Allocation ahead of its Eighth Medium-term Management Policy, which begins in the fiscal year ending February 2027. Specifically,

over the five-year period from the fiscal year ending February 2027 to the fiscal year ending February 2031, we aim to generate more than 250 billion yen through the use of operating cash flow and financial assets, invest more than 200 billion yen in growth (capital investment, strategic investment, and R&D investment), and return more than 50 billion yen to shareholders (dividends and share buybacks).



¹ Including cash obtained from the sale of cross-shareholdings, and considering the use of interest-bearing debt depending on the situation

² Before deduction of R&D expenses

Business Strategies

Japan—Rx drug business



We will deliver a better QOL for patients by striving to provide new products, promote drug development, and expand the use of medicines that meet their needs.

Mitsutoshi Tsuruta

Senior Executive Officer
Head of Sales & Marketing Division, RX

Japan: Rx Drug Business Strategy

The environment surrounding the Rx drug business is expected to continue with strict measures to contain medical costs, such as promoting the use of generic drugs and lowering the prices of long-term marketed products. Even under these circumstances, Hisamitsu Pharmaceutical's Rx drug business in Japan aims for sustainable growth by pursuing the development of new formulations that meet the needs of healthcare professionals and patients.

To overcome this challenging business environment, we work to improve the efficiency of our sales promotion activities through digital marketing. For example, in light of advances in digital technologies such as AI, we have established a solid foundation that enables rapid information sharing among stakeholders, including healthcare professionals, patients, medical representatives, and production and development departments. This enables us to develop strategies and respond quickly based on detailed data for each product, medical institution, and region, building a system that can flexibly respond to market changes.

Business growth is supported by human resource development and strengthened partnerships. To build a business structure that can respond to changing social trends, we focus on improving the capabilities of each employee and deepening collaboration

Future Actions

Through the promotion of HX2025 (Seventh Medium-term Management Policy), Hisamitsu Pharmaceutical has strengthened its foundation for strategic planning and execution across the entire value chain. Specifically, we focus on promoting digital transformation, developing human resources, deepening partnerships, and increasing collaboration with related internal departments.

These efforts have enabled us to acquire more detailed

with external partners. Furthermore, by working closely with the public relations department, we accurately grasp social changes and reflect them in our business strategies, thereby striving to sustainably enhance our corporate value.

APOHIDE[®] Lotion, Japan's first treatment drug for primary palmar hyperhidrosis, launched in 2023, is making a major contribution to improving patients' QOL. We promote increased social awareness of palmar hyperhidrosis through initiatives such as the launch of the dedicated information website, "Hand Sweat Site for Everyone." This has deepened understanding not only among patients themselves, but also among healthcare professionals, family members, and those around them, and is steadily improving the treatment environment.

In addition, through activities to promote the proper use of transdermal patches (transdermal drug delivery system [TDDS] formulations), such as ZICTHORU[®] Tapes, we will deepen understanding of the characteristics of our product lineup that maximizes the effectiveness of TDDS formulations, thereby providing better treatment options for patients. We will further strengthen our sales, production, and R&D functions, and work as a company to achieve HX2025 (Seventh Medium-term Management Policy).

information and new insights that grasp the essence of issues, making it possible to develop more precise strategies that take into account not only individual products but also the circumstances of medical institutions and regional characteristics.

Going forward, we will continue to make the most of this strategic management structure and promote business activities that take into account the overall business environment, in order to deliver existing and new products to patients appropriately.

Status Quo in FY2024	Challenges to Be Addressed	Major Stakeholders	Actions in FY2025
Expanded sales of ZICTHORU [®] Tapes	Improving awareness of new transdermal patches	Patients/healthcare professionals, MRs	Delivering information on differences from existing products, as well as developing human resources to support this
	Responding to policy trends including the revision of drug prices	Patients/healthcare professionals, those who are engaged in the pharmaceutical industry	Collecting information, and promoting collaboration with relevant parties
Increased awareness of APOHIDE [®] Lotion	Increasing sales of new products	Patients/healthcare professionals	Delivering a better QOL of patients through appropriate treatment
	Raising awareness of treatment	Patients/healthcare professionals	Improving awareness of treatment possibilities through educational activities

Continued Provision of Information related to Primary Palmar Hyperhidrosis

While primary palmar hyperhidrosis was often dismissed as an untreatable condition, awareness that it is a treatable disease is now steadily spreading not only among patients themselves but also among healthcare professionals and those around them. We feel that this has made a significant contribution to improving the quality of life (QOL) of many patients.

However, awareness of the disease in society as a whole is still insufficient. It is necessary for more patients and healthcare professionals to deeply understand that this disease is treatable and that such treatment contributes greatly to improving patients' QOL.

For this reason, Hisamitsu Pharmaceutical continues to provide information from various angles. We aim to raise awareness not only among patients but also among society as a whole through disease awareness activities using TV commercials, web commercials, and online public lectures.

We also strive to provide high-quality information to healthcare professionals by establishing an educational system for medical representatives (MRs) so that they can provide more appropriate

information. Furthermore, we work to deepen awareness and understanding of the disease by holding study sessions in which healthcare professionals can experience the symptoms of primary palmar hyperhidrosis.



Initiative to support continued treatment for patients suffering from sweaty hands

Promoting appropriate use

Dosage and Administration
The recommended amount for each hand is 5 pushes.

Medicine usage booklet

Disease awareness

Disease awareness website

Drug development tailored to needs

New volume of 18 mL (17.28 g) added
Approval for partial changes to approved matters obtained

4.5 mL (4.32 g) formulation 18 mL (17.28 g) formulation
Approximately 7 days' worth Approximately 28 days' worth

Consideration for the Packaging of Rx Drugs

We recognize that environmental consideration is an important management issue for drugs in general, especially for Rx drugs. Hisamitsu Pharmaceutical is continuously developing and improving drug packaging with environmental impact in mind.

As one of our achievements, in 2023, the packing pouch for MOHRUS[®] Tapes 20 mg and MOHRUS[®] Tapes L 40 mg won the Optimum Packaging Award of Japan Packaging Contest hosted by the Japan Packaging Institute and the Packaging Technology Award of the Kinoshita Award. This was in recognition of our achievement in reducing environmental impact while maintaining the same quality as conventional products.

Going forward, we will continue to contribute to the realization of a sustainable society by striving to balance stable drug supply with

environmental protection through the following initiatives.

- Promoting the use of recycled PET
- Reducing resource consumption by thinning packing pouches through changes in material composition
- Reducing energy consumption in production processes
- Reducing plastic usage and waste

Kinoshita Award: This is an award program established to commemorate the achievements that the late Mr. Matasaburo Kinoshita, the second chairman of the Japan Packaging Institute, who has been accomplished in the packaging industry for many years.

Japan Packaging Contest: This competition selects the best products (Good Packaging Award) of the year based on all aspects including materials, specification, technology, appropriate packaging, environmental friendliness, design, transport packaging, logistics, sales promotion, and ideas.



MOHRUS[®] Tapes L 40 mg



MOHRUS[®] Tapes 20 mg



Received the "Packaging Technology Award" of the 47th Kinoshita Award



Received the "Optimum Packaging Award" at the Japan Packaging Contest

Business Strategies

Japan—OTC Business



We aim to build a strong business management structure that can flexibly respond to changes in social conditions and take on new challenges in new fields.

Masaya Okuno

Senior Executive Officer
Head of Sales & Marketing Division, OTC

Japan: OTC Business Strategy

Hisamitsu Pharmaceutical's OTC business in Japan faces a challenging business environment, including rising prices, a prolonged market slump, intensifying competition, and forced price increases. However, our culture of "TE-A-TE," exemplified by Salonpas®, which is celebrating its 90th anniversary since its launch, is deeply rooted among our customers and serves as a major strength in driving our business forward.

In FY2024, in addition to developing brands such as "S-CUP®" and "LACALUT®," we engaged in sales promotion activities using distribution channels such as drugstores, digital channels including the web, and retail media. As a result, we were able to consistently achieve our target of a compound annual growth rate (CAGR) of 5.0% or higher as set out in our Medium-term Management Policy, HX2025.

Future Actions

In addition to domestic sales, we will focus on capturing inbound demand, responding to changes in consumer attitudes, and creating new demand. We will diversify our distribution channels by building relationships of trust with retailers and wholesalers. We will also actively expand our business by further accelerating collaboration between our internal R&D, production, and quality departments.

To respond to uncertainty in the domestic market and future changes in the inbound market, it is essential to strengthen collaboration with partner companies, develop a thorough marketing strategy, and foster relevant human resources. Furthermore, in

our direct sales channel, where we are gradually establishing a foundation, we will promote our efforts through meticulous strategic planning based on product categories, regional characteristics, and marketing.

By promoting these strategies, we will solidify the rebranding of the entire Hisamitsu Pharmaceutical Group, not just the Salonpas® brand. By continuing to provide products that continue to be chosen by customers, we will build a solid foundation for achieving the targets of HX2025 and sustainable growth beyond.

Status Quo in FY2024	Challenges to Be Addressed	Major Stakeholders	Actions in FY2025
Change in consumer trend	Trend of ethical consumption	Ethical consumers, new young adults	Promoting marketing measures that are highly effective in appealing to Generation Z consumers
	Marketing in line with consumers' information sources	Consumers, various media	Establishing and implementing effective global strategies for digital marketing through SNS and other channels
	Providing valuable information with an optimal balance between digital and real services	Consumers, distributors	Delivering information and developing human resources to support this
Offering of new products	Offering new products in existing areas as well as products in new areas	Consumers	Deepening the branding of S-CUP® and LACALUT® Launching new products appropriately

Promotion of Ethical Measures such as Zero Returns

Ethical consumption, which emphasizes consideration of ethical aspects such as environmental issues and human rights, has gained momentum in recent years, and its importance and ripple effects are spreading through media and social media. Amid this social trend, Hisamitsu Pharmaceutical has proactively addressed the issue of product returns, which has long been a major issue in the OTC business.

Returns in the pharmaceutical industry are a complex issue stemming from business practices not only at pharmaceutical companies but also across the entire market, including retailers and wholesalers. However, in FY2024, we achieved the milestone

of zero returns by promoting collaboration across the entire value chain, building on our strong partnerships with wholesalers and retail distributors.

This demonstrates our contribution to a sustainable society by eliminating resource waste and improving efficiency throughout the supply chain. Going forward, we will further develop our existing "HELLO! eco!" mark initiatives and further strengthen our ethical business activities. We will also proactively disclose information about these achievements and deepen our communication with society.



Drugstore staff's visit to a returns warehouse at the Kyushu Head Office



The Importance of Human Resource Development in Light of Future Developments

To quickly grasp market changes and implement appropriate countermeasures from a global perspective, it is essential to develop the necessary human resources to support this effort. Hisamitsu Pharmaceutical believes that it is important to foster a balance of digital talent who are responsible for disseminating information and using big data, specialists who build strategies based on logistics and information analysis, and generalists who function as a team.

In human resource development, it is essential to implement a comprehensive training program that not only enables employees

to acquire various skills, but also fosters greater awareness of embodying the Corporate Philosophy of "Delivering a Better QOL to the World." It is also important to increase employees' experience through appropriate job rotation.

At the same time, we must address regional differences, such as urban concentration, and improve our work environment, focusing on work-life balance and diversity. Through these measures, we will promote human resource development that balances individual growth with the growth of the organization as a whole.



Online study session to respond to wide-area drugstores



New employee training



Sales skills training



Development of S-CUP®, a new category

Business Strategies

Overseas—Rx Drug and OTC Business



In collaboration with Hisamitsu Pharmaceutical Group companies, we will seek to understand changes in the market of each country, disseminate the culture of “TE-A-TE,” and pursue growth that is appropriate for the region.

Taro Hiramatsu

Senior Executive Officer
Head of International Division

Overseas: RX Drug and OTC Business Strategy

Hisamitsu Pharmaceutical has focused on strengthening its global presence to achieve an overseas sales ratio of 50%, one of the targets of HX2025. Having overcome the challenges of COVID-19 and anticipating changes in customer needs and consumer behavior in the new-normal era, we have engaged in accurate and proactive marketing activities tailored to each country's market. As a result, we have achieved significant growth in both Rx drugs and OTC drugs.

Euromonitor International Ltd. has recognized our Salonpas® as the world's No. 1 in sales share in the OTC analgesic and anti-

inflammatory category for nine consecutive years since 2016. We will continue to make the most of this strong asset as a global brand to further expand our business.

In the Rx drug business, we are accelerating the pace of business expansion in each country, building on the track record we have cultivated in Japan.

In Nigeria, where Salonpas® was launched in April 2024, the patch culture of “TE-A-TE” is beginning to take root, serving as an important stepping stone for future expansion.

Future Actions

To solidify its position as a global pharmaceutical company, Hisamitsu Pharmaceutical will further accelerate its overseas expansion.

In the OTC business, we will strengthen our market position in existing countries and regions, primarily in the U.S. and Asia. At the same time, we will also target rapidly growing countries in the Global South as new markets to develop, meticulously implementing strategies tailored to each country's health culture. In the Rx drug business, we will ensure smooth business expansion through thorough preparations to comply with the laws and regulations of each country and region, as well as through appropriate

communication with healthcare professionals and support for collaboration among healthcare professionals in each country.

To support these strategies, we must further accelerate the globalization of our organizational and management systems, including systems across the entire value chain, such as R&D, production, and sales, as well as human resource development.

Through these efforts, we aim to deliver our products to more people around the world and continue to contribute to improving their QOL.

Status Quo in FY2024	Challenges to Be Addressed	Major Stakeholders	Actions in FY2025
Progress in overseas expansion	Developing business in line with the market environment	Consumers, healthcare professionals, employees in overseas markets	Implementing proactive sales and marketing activities with a view to changes in the market of each country where we have a presence Disseminating the culture of “TE-A-TE”
	Launching our products in countries where we do not yet have a presence	Relevant administrative authorities, healthcare professionals	Conducting research into overseas pharmaceutical regulations and related social environments and situations Securing human resources
	Accelerating the speed of our overseas expansion for Rx drugs	Partners, employees	Reinforcing alliances and strengthening the development of human resources who can support growth as well as measures for digital transformation

Building Global Partnerships

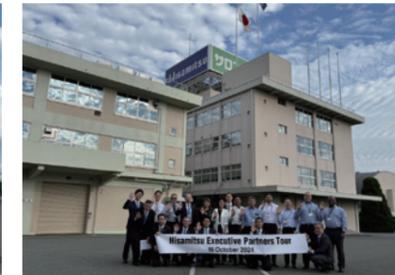
As we expand our business overseas, we recognize that building partnerships in each country is even more important than in Japan. To date, we have invited distributors from around the world to Japan to deepen their understanding of the “TE-A-TE” culture, which Hisamitsu Pharmaceutical has cultivated over the years. We have also built strong relationships of trust through tours of our factories, which ensure the quality of our products, and through

mutual exchanges. In addition to these efforts, starting in 2023, we have held an annual event for distributors from around the world to share and gain understanding of the current status and direction of our OTC and RX drugs. This has also enabled lively and fruitful exchanges of views about future business development in each country, helping to promote our global business expansion.

We will continue to strengthen these global partnerships.



Visit to the SAGA Global Research Center with distributors from around the world



Factory tour with distributors from around the world



Group photo at an event attended by distributors from around the world

Strengthening Our Global Network

For Hisamitsu Pharmaceutical to make further strides overseas, it is essential to establish a stable supply system and a solid sales system.

In North America, where steady progress is expected, further strengthening the sales system at Hisamitsu America and Noven and enhancing cooperation on the supply side will be key.

In addition, we will strengthen the supply capacity of our three overseas subsidiaries with production sites: Hisamitsu Vietnam, Hisamitsu Indonesia, and Hisamitsu Brazil. At the same time, we will

enhance our expansion into Asia and the Global South by improving our sales infrastructure in existing countries and newly developed countries in the Asia-EMEA region.*

We will continue to strengthen our existing sites and build a global network of supply and sales systems with clear positioning according to the characteristics of each area, thereby contributing to improving the QOL of people around the world.

*Three regions: Europe, the Middle East, and Africa



PR activities at “Japan Parade & Street Fair 2025!” (New York, U.S.)



PR activities at a new product launch event (Ho Chi Minh City, Vietnam)



Sampling event (Lagos, Nigeria)

Production Environment



We will establish a consistent production structure globally and strengthen our production infrastructure to support stable supply, thereby helping to achieve HX2025.

Taro Ozaki

Executive Officer
Head of Production Division

Strengthening the Production Environment as the Foundation for Achieving the Medium-term Management Policy

The Production Division oversees the entire supply chain, from raw material procurement to production and logistics, and promotes our mission of consistently delivering safe, reliable, high-quality products throughout our factories.

We work with our overseas subsidiary factories to achieve our Medium-term Management Policy, HX2025.

With top priority on customer safety and security, the Production Division is further strengthening its quality control system. We promote education to further raise GMP^{*1} awareness among factory employees and systematization to strengthen data integrity. We also work to improve quality by discussing solutions to various issues related to GMP compliance with three GMP leaders at the Tosu and Utsunomiya Factories, as well as the factory managers of our overseas subsidiary factories. In addition, as the ratio of overseas sales expands, we have established the Production Reform Promotion Office within the Production Division to promote

production based on the policy of conducting production activities at domestic and overseas production sites close to the areas of consumption. We are taking on the challenge of reorganizing the Hisamitsu Pharmaceutical Group's production sites to improve productivity and reduce the cost-to-sales ratio. Furthermore, we recognize daily KAIZEN (improvement) activities at each factory through the Hisamitsu KAIZEN Awards, sharing outstanding examples globally and deepening communication with our overseas subsidiary factories.

Regarding raw material procurement and logistics, prices have been rising significantly since around 2022 due to conflicts and the weak yen, and raw material and energy costs are still rising due to geopolitical uncertainty. To combat these market changes, we strengthen risk management throughout our supply chain and promote the creation of a resilient system.

*1 Good Manufacturing Practice

Future Actions

These initiatives led by the Production Division are steadily advancing GMP compliance and expanding our overseas production capacity to meet the global market. We are confident that this will not only help us achieve HX2025, but will also lay a strong foundation for further global expansion.

Future challenges include restructuring our factories to accommodate our global sales network, revamping our facilities and equipment, and further promoting the digitalization of our quality control and production management systems. By using the detailed

data we have accumulated, we will improve quality control, increase operational efficiency, and reduce production loss to create a more optimal production system.

The growth of our people is also essential. We will strengthen our wide-ranging human resource development programs, not only to improve GMP compliance, but also to enhance digital skills and environmental awareness. Through interaction and information sharing within the Group, we aim to raise the overall level of our human capital.

Status Quo in FY2024	Challenges to Be Addressed	Major Stakeholders	Actions in FY2025
Progress in the expansion of overseas business	Globally standardizing production systems Fully complying with GMP standards	Employees	Expanding the functions of the Tosu Factory as a mother factory Reorganizing of production sites by the Production Reform Promotion Office Hosting the Hisamitsu KAIZEN Awards
Unstable international relations	Securing the stability and flexibility of raw materials procurement	Partners, employees	Considering global allocation in SCM ^{*2} Building a strong relationship with partners in line with the procurement policy

*2 Supply chain management

EHS Management Commitments

Our responsibility to provide our customers with a stable supply of safe, reliable, and high-quality products also includes consideration for employee occupational health and safety and the global environment. To comprehensively manage the environment and occupational health and safety, we have established an EHS management system and have introduced GMP, ISO14001 (environmental management system), and ISO45001 (occupational health and safety management system). We supply products worldwide while complying with laws and regulations.

Regarding the environment, we are required to address a wide range of issues, including climate change, resource recycling, water resources, biodiversity, and chemical substance management. Among these, reducing CO₂ emissions is a key theme. We have set a target of reducing CO₂ emissions by more than 46% by 2030 compared to FY2013, and are steadily working toward this target. In FY2024, in anticipation of increased production volume, we implemented equipment upgrades, such as the introduction of high-efficiency air conditioning facilities, and implemented on-site KAIZEN activities to reduce losses and improve production energy

efficiency. We have also increased our use of renewable energy, such as by installing additional solar panels. In logistics, we have implemented a modal shift from trucks to ferries and trains and promoted efficient delivery by establishing logistics bases, resulting in a 31.6% reduction in CO₂ emissions (compared to FY2013) for Hisamitsu Pharmaceutical alone.

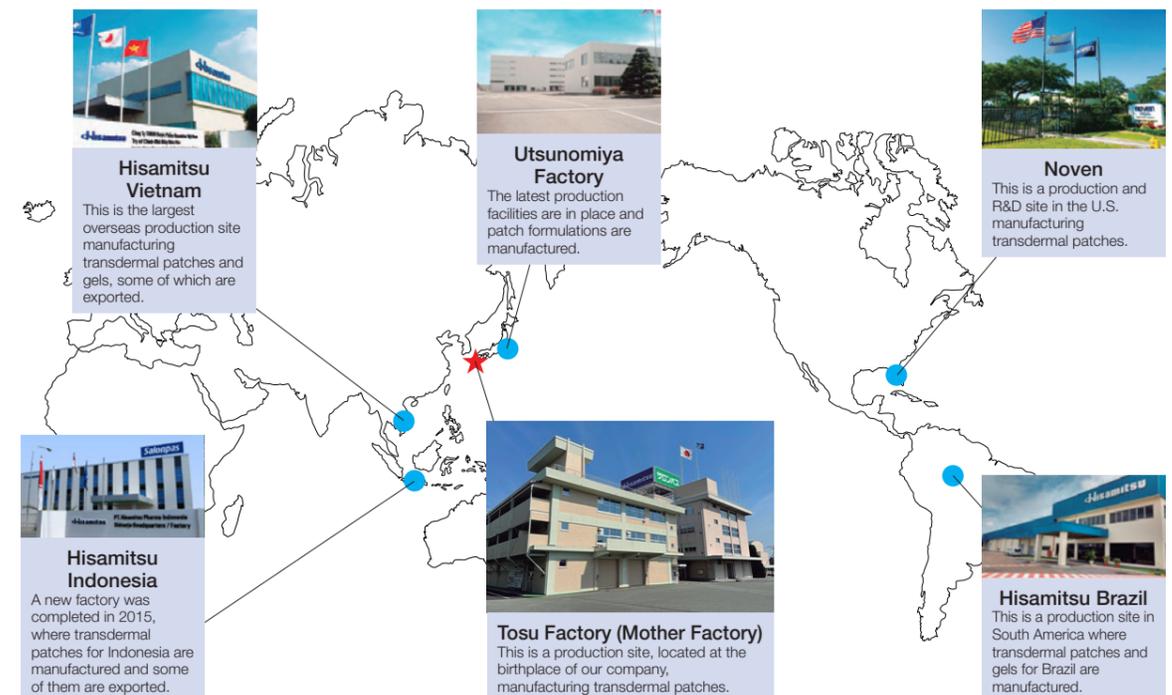
We have also incorporated environmental considerations into our products themselves. Under the slogan "HELLO! eco!," we are working to incorporate environmental considerations into product specifications, such as compact packaging, innovative packaging like that of Poke-Sip®, and packing pouches made from recycled PET.

Regarding occupational safety, the Occupational Safety and Health Committee continues to conduct on-site checks every month. We also thoroughly implement education, training, and awareness-raising measures to maintain our record of zero occupational accidents. We will continue to strive to create a work environment where employees can work comfortably and feel rewarded.

Production

With our two GMP-compliant factories, Tosu Factory (Saga Prefecture) and Utsunomiya Factory (Tochigi Prefecture), positioned as the base of domestic production, we have built a stable product supply system that also includes our overseas factories, working to improve productivity every day. Within the Production Division, we have created a cross-sectional team to continuously carry out KAIZEN activities aimed at improving quality and productivity.

Furthermore, to promote the global horizontal expansion of KAIZEN activities, we hold the Hisamitsu KAIZEN Awards, with the aim of raising awareness of KAIZEN activities among employees, including those at overseas subsidiary factories. We hope that these activities will inspire factories in each country and create technological competition, further developing the Hisamitsu Pharmaceutical Group.



Production Environment

Procurement

The procurement department not only ensures the quality and stable procurement of raw materials, reduces costs, and adheres to delivery deadlines, but also strives to improve our supply chain and collect and share information from suppliers internally. At Hisamitsu Pharmaceutical, the procurement department and related departments work together from the product planning and research stages to discuss raw materials, thereby building a stable supply system and enabling product development that quickly meets customer needs.

We are advancing initiatives in accordance with the Sustainability

Procurement Basic Policy and Sustainability Procurement Standards for Suppliers, which we established as our Sustainability Procurement Guidelines in 2021. Furthermore, in 2023, we published the Declaration of Partnership Building. We aim to build new partnerships by promoting collaboration, coexistence, and mutual prosperity with supply chain partners and businesses seeking to create value. We not only comply with the laws and regulations of each country and region, but also address human rights risks and halal issues in the supply chain, and select appropriate raw materials allowing people in many countries can use our products with peace of mind.

Portal site for the Declaration of Partnership Building <https://www.biz-partnership.jp/index.html>

Sustainability Procurement Guidelines https://global.hisamitsu/sustainability/pdf/supplychain_E.pdf



*See page 44 for more information on Sustainability Procurement.

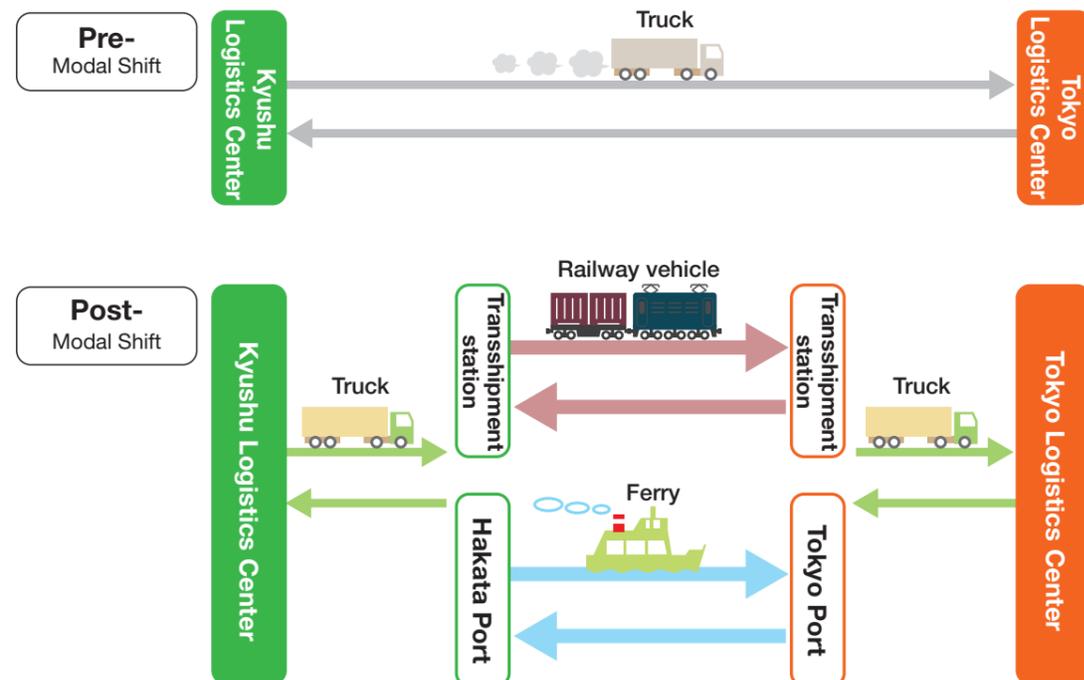
Logistics

In addition to our domestic logistics centers in eastern Japan (Kuki City, Saitama Prefecture) and western Japan (Tosu City, Saga Prefecture), we established the Kansai Logistics Center (Kumiyama Town, Kuze County, Kyoto Prefecture) in April 2024, creating a logistics system that can ensure a more stable supply of pharmaceuticals.

Each center has supervising pharmacists assigned to ensure pharmaceutical quality control, and information on shipping volume

is shared with factories. This allows us to properly store and manage a wide variety of pharmaceutical products and ensure a stable supply to our customers. We also actively work to improve transportation efficiency and reduce our environmental impact. In addition to our current truck transport, we are implementing a modal shift to rail and sea transport, which have a lower environmental impact. We will strive to further improve transportation efficiency by expanding modal shifts and improving loading efficiency on a continual basis.

Modal Shift to Rolling Stock and Sea Transportation as the Main Transportation Channel



R&D



Based on the new R&D organization, we will promote the development of formulations for the Transdermal Drug Delivery System (TDDS) and drug development in line with consideration for the environment.

Takaaki Terahara

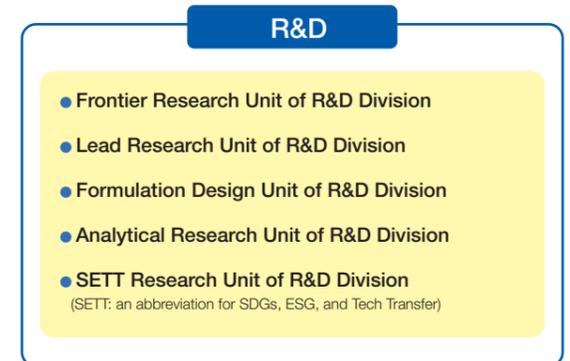
Executive Officer
Head of R&D Division

Strengthening Our R&D Organization

The R&D Division's primary mission is to launch new products and enhance the value of existing products (through additional indications, product improvements, etc.) To achieve the Seventh Medium-term Management Policy and ensure the sustainable growth of the Hisamitsu Pharmaceutical Group, we have restructured our existing R&D organization into a Group R&D organization centered around the SAGA Global Research Center. We also work closely with the pharmaceutical affairs department to ensure the smooth development of Rx drugs overseas.

In addition to reorganizing the research department into five units, we have made progress in establishing a comprehensive R&D infrastructure, including actively promoting open innovation at the SAGA Global Research Center, collecting the latest information at Shonan Health Innovation Park, and collaborating with Noven Pharmaceuticals in responding to FDA (U.S. Food and Drug Administration) inquiries.

Five Units for Enhancing R&D



SAGA Global Research Center



Shonan Health Innovation Park

Status Quo in FY2024	Challenges to Be Addressed	Major Stakeholders	Actions in FY2025
Progress in overseas expansion	Taking measures to comply with relevant systems in overseas countries where we operate	Relevant administrative authorities, healthcare professionals	Building relationships with related organizations Collaborating with related departments within the Company
	Strengthening cooperation among group personnel	Employees	Enhancing communication among group researchers
Enhancement of pipelines	Advancing open innovation	Partners, employees	Revitalizing the SAGA Global Research Center Searching for and strengthening collaboration with research institutions and ventures

R&D

“Promoting ‘TE-A-TE’ Culture Worldwide” with TDDS Technology

Microneedles are attracting attention as a new technology in TDDS (transdermal drug delivery system). They are a groundbreaking drug delivery system with an immediate effect and reduced invasiveness at the time of administration, something that has been difficult to achieve with conventional dosage forms. In addition to using the properties of microneedles to expand into new therapeutic areas, we are also working to expand into the cosmetics field by applying a pleasant skin stimulation sensation. We are currently preparing to commercialize new products, with a view to partnering with other companies.

We are also continuing to offer traditional patches to address a variety of illnesses. Specifically, we aim to offer a new lineup following products such as APOHIDE® Lotion, a treatment drug for primary palmar hyperhidrosis; ZICTHORU® Tapes, a transdermal analgesic for persistent pain; and HARUROPI® Tapes, a transdermal dopaminergic Parkinson's disease treatment.

At the same time, we value the spirit of “TE-A-TE” and are

exploring the development of a variety of products and services that contribute to improving people's quality of life (QOL). As part of this, we have begun venturing into new areas, such as health foods and therapeutic apps.

In the development of Rx drugs in the U.S., to accelerate the overseas expansion of ZICTHORU® Tapes, we are advancing the clinical development of HP-3150 (generic name: diclofenac sodium), an analgesic to meet the indications of chronic lower back pain, replacing HP-5000 (generic name: diclofenac sodium), a transdermal analgesic and anti-inflammatory drug for the indications of knee osteoarthritis.

In addition, sales of XELSTRYM® (development code: d-ATS, generic name: d-amphetamine), a transdermal treatment drug for attention-deficit hyperactivity disorder, have steadily increased since its launch in the U.S. in 2023, achieving a significant increase in FY2025 compared to the previous fiscal year.

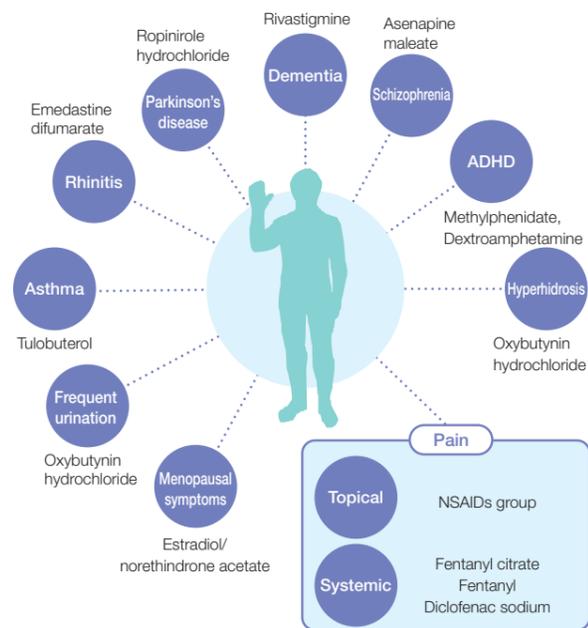
Research & Development Pipelines

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Approved	HARUROPI® PATCH (HARUROPI® Tapes)	Asia	Patch	Parkinson's disease	To be launched in FY2025
2	Approved	APOHIDE® LOTION 20%	Asia	Gel, spray	Primary palmar hyperhidrosis	To be launched in the second half of FY2025
3	Phase 3	TH-004	Japan	Gel, spray	Postherpetic neuralgia	Phase 3 trial results expected in FY2026
4	Preparing for Phase 3	HP-3150US	U.S.	Patch	Chronic lower back pain	Scheduled to start Phase 3 in FY2026
5	Preparing for Phase 3	HP-6050	Japan	Microneedle	Delirium, psychomotor excitement, irritability	Scheduled to start Phase 3 in FY2025

as of July 2025

Expansion of Target Diseases for Hisamitsu TDDS

HP-6050 (microneedle formulation)



Microneedle Formulation

Image of a cross section of the skin and microneedle application

- Consisting of a substrate on which minute protrusions several hundred micrometers in length are arranged
- Able to penetrate the stratum corneum layer
- Painless and bleeding-free drug administration possible

HalDisc® Technology

An easy-to-use device that combines microneedles and applicators

Using the benefits of HalDisc® Technology, which allows for safer and easier transdermal drug administration compared to conventional injections, this drug is currently being developed as a treatment for sedation procedures for patients with delirium, psychomotor excitement, and irritability. It is expected to contribute to reducing the burden on both healthcare professionals and patients by reducing the need for restraints to ensure safety during procedures. If approved, this drug will be the world's first microneedle formulation as an Rx drug.

Drug Development and Improvement

Development

The Hisamitsu Pharmaceutical Group is committed to the research and development of TDDS formulations to fulfill the fundamental desire for “health, safety, and comfort for people around the world.” Topical formulations, such as patches, gels, and sprays, not only maintain stable drug blood concentrations over extended periods, but also have the advantage of being suitable for administration to patients with swallowing difficulties, such as children and the elderly, and allowing easy discontinuation if side effects occur. This allows us to meet a wide range of medical needs, regardless of clinical specialty.

In our research and development, we strive to develop highly useful TDDS formulations through exhaustive searches for candidate drugs and active promotion of alliances. Furthermore, we actively use new fundamental technologies such as microneedles to develop TDDS for a wider range of drugs, including macromolecular drugs and vaccines, in order to develop drugs that meet the needs of the medical field.

Improvement

When improving our drugs, we focus primarily on customer feedback (needs), the latest manufacturing technologies, and the results of research and development. Aiming to improve our customers' QOL, we are continually working to select the size and shape of formulations and reduce the number of times they are used.

Until now, we have focused on the perspectives of the manufacturer and the user. However, as the Hisamitsu Pharmaceutical Group works to promote ESG and achieve the SDGs, we believe it is important to actively incorporate new perspectives. Specifically, we will actively work to improve our products to make them eco-friendly, with the aim of reducing CO₂ emissions and the impact on resource recycling. As one measure to reduce environmental impact, we have established a subcommittee within the Sustainability Promotion Committee to focus on reducing the amount of plastic used in our products, with the R&D and production departments playing a central role in promoting this initiative. Furthermore, from the perspective of open innovation, we promote collaboration with suppliers and use a wide range of technical information.

Development cases

APOHIDE® Lotion

The first therapeutic drug for primary palmar hyperhidrosis in Japan, designed to be applied once daily before bedtime. The active ingredient of this product, oxybutynin hydrochloride, exerts an anticholinergic effect by binding oxybutynin to muscarinic receptors expressed in eccrine sweat glands, thereby inhibiting sweating.



ZICTHORU® Tapes

A systemic transdermal analgesic for persistent pain (patch formulation) with diclofenac sodium (NSAID) as the active ingredient



HARUROPI® Tapes

A systemic transdermal dopaminergic Parkinson's disease treatment (patch formulation) with ropinirole hydrochloride as the active ingredient

(Marketed by Kyowa Kirin Co., Ltd.)



Ethical Drug Development

Ethical and Scientific Clinical Studies

The Hisamitsu Pharmaceutical Group places the highest priority on ensuring the human rights and safety of patients participating in clinical trials. To that end, we prepare clinical trial protocols in strict compliance with the Act on Pharmaceuticals and Medical Devices and Good Clinical Practice (GCP), and always obtain informed consent from patients.

We have also established the Internal Institutional Review Board, which includes outside medical experts, to rigorously assess the ethical and scientific validity of clinical trials. In overseas clinical trials,

we comply with ICH-GCP (guidelines of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use),* and conduct them in accordance with the regulatory requirements and guidelines of each country and region.

We recognize that ethical societal demands in drug development will continue to grow in the future, and we believe it is important to constantly keep global trends and public awareness in mind and respond appropriately.

* ICH-GCP: International GCP Guidelines on the practice of clinical trials and clinical studies agreed at the Japan-U.S.-EU ICH (International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use)

Hisamitsu Pharmaceutical Group's Digital Transformation Promotion

Establishment of Basic Policy for Digital Transformation

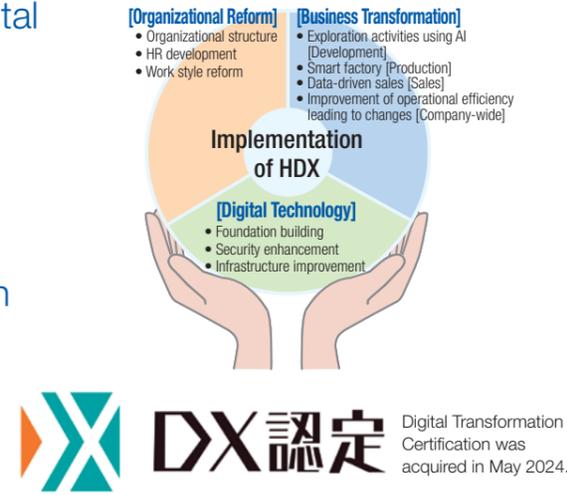
Hisamitsu Pharmaceutical formulated the basic policy for digital transformation in September 2022 to promote the digital transformation of the entire group.

The concept of the basic policy is to combine our Company Mission "Promoting 'TE-A-TE' Culture Worldwide" with digital technologies and to reform Hisamitsu for our stakeholders.

Basic Policy for Digital Transformation

HDX for customer
(Hisamitsu Digital Transformation for customer)

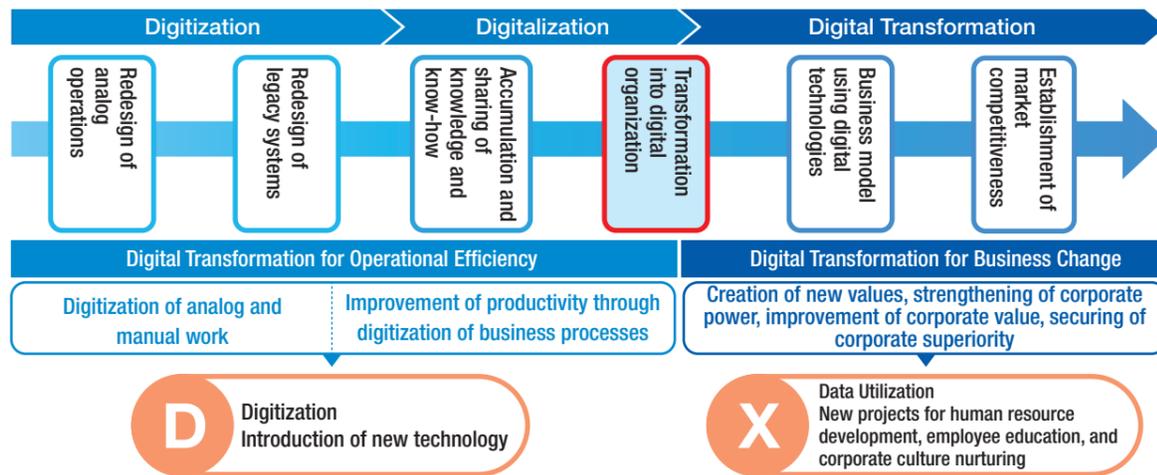
Deliver innovative products and services to customers around the world and contribute to the realization of a sustainable society by combining "TE-A-TE" Culture with digital technologies.



Next Step of Digital Transformation Promotion

Since the Digital Transformation Promotion Department was established in 2022, as a result of efforts in digital transformation projects and the development of digital transformation human resources, we have taken a step forward in promoting digital

transformation, thereby transforming into a digital organization. We will continue to further establish this digital transformation culture and use it to transform our business.



Development of Digital Transformation Human Resources

We work on the development of digital transformation human resources with two core pillars: (1) Raising the level of digital literacy of all employees and (2) Developing digital transformation leaders in each department. To raise the digital literacy of all employees, we have launched a campaign to encourage employees to obtain IT Passport certification, and more than 200 employees have passed, exceeding our initial plan. To improve productivity, we have implemented the Hisamitsu DX Channel, where participants learn how to use generative AI to improve their work and convenient PC functions.

We also hold the HDX Human Resource Development School to foster digital transformation leaders, which more than 80 employees have completed. To further hone their skills, we encourage those who have completed it to take the Manabi DX Quest* sponsored by the Ministry of Economy, Trade and Industry, and those who wish to do so actively participate.

* Manabi DX Quest: A digital human resource development program aimed at students and working adults to hone their skills through practical problem-solving in the business world, with the aim of further realizing digital transformation in local companies and industries

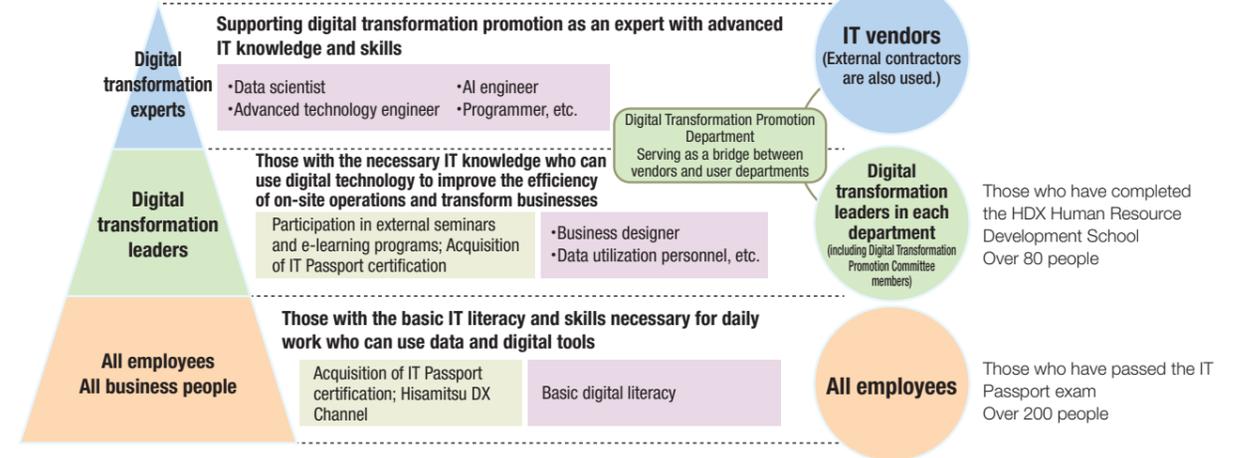
Initiatives to develop digital transformation human resources

- (1) Raising the level of digital literacy of all employees
- (2) Developing digital transformation leaders in each department



A scene of holding the HDX Human Resource Development School

Digital Transformation Human Resources



Progress in Initiatives for Digital Transformation Promotion

In 2022, we established the Digital Transformation Promotion Department and the Digital Transformation Promotion Committee to scrutinize internal and external situations and internal issues, collecting information on and exploring various technologies. Digital transformation at Hisamitsu Pharmaceutical is taking shape and becoming more concrete. Progress is being made on digital transformation projects such as the expansion of AI use in R&D activities, the use of electronic lab notebooks to improve the efficiency of data analysis, the automation of inspections using AI cameras at production sites, the automation of manufacturing equipment data calculations, and data-based activities in sales. We deploy generative AI and RAG*1 as a company-wide platform to improve the productivity of all employees and promote their use in business. We also invest in digital transformation startups in the

medical and healthcare fields.

We believe it will be important to constantly review our digital transformation initiatives. We will keep up with the latest trends and examples and explore new initiatives. To achieve this, human resource development is crucial. We are working to improve the digital literacy of all employees and develop key digital transformation leaders. As a result of our efforts to date, information sharing and exchange of views across departments has become more active than ever before.

As FY2025 marks the final year of the Seventh Medium-term Management Policy, we will strengthen our digital transformation efforts across the Company as we move toward our new policy from next fiscal year.

Progress of major measures

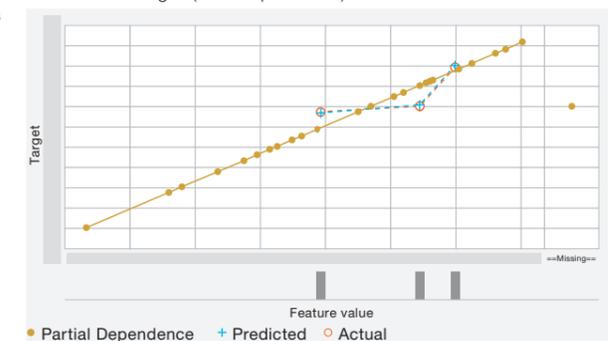
R&D	<ul style="list-style-type: none"> Reducing time and man-hour through AI-based simulations*2 Using electronic lab notebooks to improve the efficiency of data analysis
Manufacturing	<ul style="list-style-type: none"> Considering the automation of inspections using AI cameras (PoC) Automating the calculation of manufacturing equipment data
Sales	<ul style="list-style-type: none"> Achieving data-based efficiency in activities
Company-wide	<ul style="list-style-type: none"> Currently working to improve the productivity of all employees by deploying generative AI and RAG as a company-wide platform

*1 RAG: Retrieval-Augmented Generation Technology that uses in-house data to gain more accurate and reliable answers

*2 Simulation using AI (an example of R&D)

(Image)

In-house data × Generative AI



Hisamitsu Pharmaceutical Group's Commitment to Sustainability

The Hisamitsu Pharmaceutical Group has established "Delivering a Better QOL to the World" as its Corporate Philosophy and strives to create value for all stakeholders, including customers and society,

through its business activities. We think that value creation will enable us to realize sustainability for all our stakeholders.

Hisamitsu Pharmaceutical Group's Sustainability Policy

"TE-A-TE" Creates Smiles

Hisamitsu cherishes the "TE-A-TE" culture. What lies beneath "TE-A-TE" is your compassion for your loved ones. "TE-A-TE" is about caring for others. Such compassion is the starting point of our "patch treatment culture," which we have emphasized since our establishment.

One way to spread "TE-A-TE" culture throughout the world is to promote "Patch Treatment Culture," but our corporate responsibilities are not limited to that. It is our mission and responsibility as long as it is filled with enthusiasm for "TE-A-TE" and concerned with customer satisfaction, even if it is in the realm of service operations or disease/injury prevention.

By contributing to creating happy smiles through a compassionate "TE-A-TE" culture, we will strive to achieve a favorable cycle of solving social problems and realizing our corporate group's growth.



Sustainability Promotion Structure

In January 2021, we upgraded the CSR Promotion Committee and renamed it the Sustainability Promotion Committee. Chaired by the Director in charge of sustainability promotion, the new committee consists of each department's sustainability promotion members. In light of the social challenges surrounding Hisamitsu, environmental problems, and requests from a wide variety of stakeholders, the committee endeavors to promote sustainability at the Hisamitsu Pharmaceutical Group.

Sustainability Promotion Committee

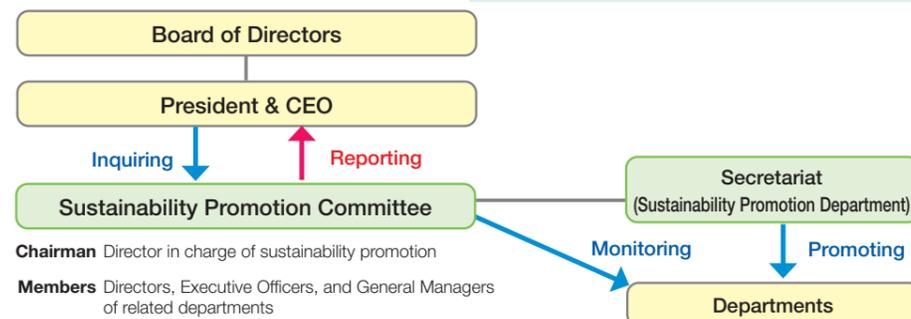
Role: Deliberating on basic policies on sustainability and important issues as an advisory body to the President & CEO

Chairman: Director in charge of sustainability promotion

Sustainability Promotion Members: Directors, Executive Officers, and General Managers of related departments

Schedule: Held every quarter in principle, reporting deliberations to the Board of Directors on a regular basis

Sustainability Promotion Structure



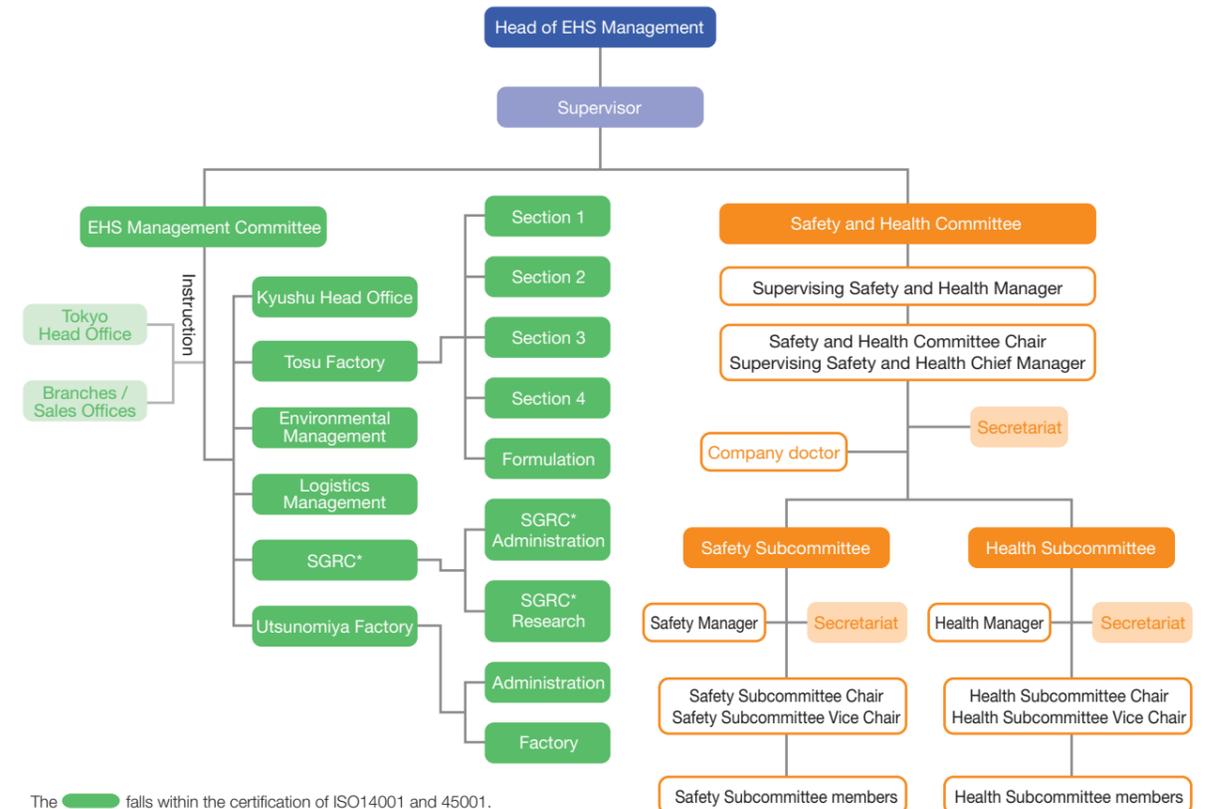
EHS Management

EHS Management

Hisamitsu Pharmaceutical has established the EHS Management Committee and the Safety and Health Committee to manage environmental matters/occupational safety and health, and has set up the Supervisor position to oversee and manage these committees.

The committees meet regularly to set medium-term targets, report on performance, identify risks and opportunities, and discuss management system operations, among other issues, in order to ensure the efficient operation of the EHS.

EHS Management Structure



The falls within the certification of ISO14001 and 45001.
*SGRC: SAGA Global Research Center

EHS Commitments

Environmental Commitments

In response to societal environmental challenges such as climate change mitigation and the promotion of a circular economy, Hisamitsu Pharmaceutical has set single-year and medium-term goals for resource conservation, energy conservation, and waste reduction to conserve the environment.

Occupational Safety and Health Commitments

- To prevent occupational accidents, risk management is promoted through identification of hazard sources and risk assessment in the workplace. In addition, education is continuously provided to employees to enhance awareness and understanding.
- Similar to those for the environment, single-year and medium-term goals have been set to improve the work environment through workplace patrols and to encourage employees to take paid leave, to create a healthy and comfortable working environment for our employees.

EHS Management

EHS Targets and FY2024 Results

EHS Policy	Objective (Mid-term Target) (FY2024)	FY2024 Annual Target	FY2024 Major Results
Reduce Resource Use	(1) Promote resource conservation in accordance with the themes of KAIZEN activities. (2) Promote efficient use of water resources.	(1) Proceed with at least one theme that will lead to resource conservation (with at least 80% of the theme[s] achieving the targets). (2) Promote efficient use of water resources.	(1) Activities were carried out in accordance with 20 themes that led to resource conservation, such as reduction of product loss. (2) The usage of water resources was surveyed, and it was confirmed that there was no wasteful use.
Reduce Energy Use	(1) Reduce specific energy consumption at the Kyushu Head Office and the Utsunomiya Factory by at least 3% from the FY2021 results. (2) Reduce CO ₂ emissions by 35% from the FY2013 results. (3) Promote enhancement of energy efficiency.	(1) Reduce specific energy consumption at the Kyushu Head Office and the Utsunomiya Factory by at least 1% from the FY2023 results. (2) Reduce CO ₂ emissions by 275.5 t-CO ₂ . (3) Promote enhancement of energy efficiency.	(1) The specific energy consumption at the Kyushu Head Office and the Utsunomiya Factory was reduced by 2.8% compared to the FY2023 results. (2) CO ₂ emissions were reduced by 1,038 t-CO ₂ . (3) The renewal of chillers in the M-7 building, replacement with highly efficient air-conditioners, and the installation of LED lighting were carried out.
Reduce Waste Generation	Reduce waste in accordance with the loss reduction theme of KAIZEN activities.	Carry out activities in accordance with this fiscal year's loss reduction theme of KAIZEN activities.	Activities were carried out in accordance with 24 themes that lead to waste reduction, including loss reduction in factories.
Green Procurement	Use raw materials, building materials, equipment, and transportation services with less environmental impact.	(1) Use raw materials, building materials, and equipment with less environmental impact. (2) Use transportation services with less CO ₂ emissions. (3) Select environmentally friendly raw material suppliers.	(1) Achieved at least 90% of the green procurement rate for office supplies. (2) Continued to implement a modal shift. (3) Conducted a sustainability survey of raw material suppliers and received a 100% response.
Compliance with Laws and Regulations related to the Environment/Occupational Safety and Health and Prevention of Environmental Pollution	Comply with laws and regulations related to environment/occupational safety and health, and maintain zero violation of voluntary criteria in environmental assessment data.	Comply with laws and regulations related to environment/occupational safety and health, and maintain zero violation of voluntary criteria in environmental assessment data.	There were no violations of voluntary criteria in environmental assessment data.
Development of Environmentally Friendly Products	(1) Assess environmental impact in the process of product R&D, and promote the development of environmentally friendly products. (2) Promote environmentally friendly product specifications (HELLO! ecol)	(1) Assess environmental impact in the process of product R&D (resource conservation, waste separation, non-use of hazardous materials, etc.), and promote the development of environmentally friendly products. (2) Promote environmentally friendly product specifications (HELLO! ecol)	(1) Assessed the environmental impact in the process of product R&D, which led to a reduction in environmental impact. (2) Changed PET used for drug packaging PET to recycled PET for two items.
Conserve Environment in Local Communities	Promote environmental conservation activities in local communities and biodiversity conservation.	(1) Carry out environmental conservation activities in local communities. (2) Continue to conserve biodiversity. (3) Donate to environmental organizations through the Hisamitsu-Hot-Heart Club (for at least five cases).	(1) Organized clean-up campaigns in the areas around our business sites and participated in clean-up campaigns by local governments. (2) Participated in activities to conserve biodiversity twice. (3) Donated to environmental organizations through the Hisamitsu-Hot-Heart Club.
Continuously Improve Environment, Safety and Health (EHS) Management Systems	Improve the operations and efficiency of the EHS management system.	(1) Continue to improve the EHS management system and increase its efficiency. (2) Improve the operations of the EHS management system through EHS audits.	(1) Implemented a management cycle of Goal setting → Implementation → Management review → Correction, and promoted continuous improvement and efficiency. (2) Conducted EHS audits.
Prevent Occupational Accidents	To prevent occupational accidents, promote risk management through identification of hazard sources and risk assessment (reduce accidents requiring absence from work for four days or more to zero).	(1) Continue to identify hazard sources and conduct risk assessment, thereby reducing risks (reduce Level IV risks in risk assessment to zero). (2) Conduct regular patrols based on unified safety rules, and promote activities to reduce occupational accidents.	(1) Conducted risk assessment once a year and identified new hazard sources. The Safety and Health Committee and the Safety Subcommittee carried out safety patrols. Promoted risk mitigation activities. (2) Conducted weekly workplace patrols in rotation to reduce occupational accidents.
Ensure Employees' Good Health and Establish a Safe Workplace Environment	Promote employees' good mental and physical health and the establishment of a safe workplace environment.	(1) Improve the workplace and work environment. (2) Reduce overtime work and promote the use of paid leave.	(1) Broadcasted "No Overtime Day" every Wednesday. (2) Ensured three consecutive days of holidays and encouraged those who had not taken them to do so.
Promote Education and Training on Environment and Health and Safety	Conduct education and enlightenment activities on the environment and health and safety in a proactive and systematic manner in order to raise employee's awareness.	(1) Conduct training on safety and health management in a systematic manner. (2) Conduct environmental education in a systematic manner	Conducted training on 10 themes related to safety and health management. Conducted disaster prevention drills twice a year for evacuation and emergency response in the event of a disaster, and conducted work-related emergency response drills at each workplace.

Auditing

Audits focus on confirmation that the EHS management system is properly prepared and operates in conformity with the ISO requirements, related laws and regulations are observed, and the management system performs effectively for operations.

External audit

To ensure proper operation of the management system in conformity with ISO14001 and 45001, we receive a review by an external certification organization (once a year).

Internal audit

Self-inspections are conducted to see if our performance is in accordance with the internal regulations set based on ISO14001 and 45001, to confirm the system's conformity and compliance with the regulations (twice a year).

Environment

At the Hisamitsu Pharmaceutical Group, all workers recognize the importance of environmental conservation and address social issues related to the environment. Assessing the environmental impact of the processes of R&D, production, and sales, we strive to

reduce such impact in our value chain (e.g. modal shift in product transportation) and help realize a rich global environment. We will continue to actively promote environmentally friendly initiatives through our products and business operations.

Hisamitsu Pharmaceutical Group's Environmental Policy

We established the "Hisamitsu Pharmaceutical Group's Environmental Policy" in August 2023. As a member of the global society, we, the Hisamitsu Pharmaceutical Group, will promote environmental management by positioning the preservation of

the global environment, which is the foundation for realizing our Corporate Philosophy "Delivering a Better QOL to the World," as an important management issue.

Hisamitsu Pharmaceutical Group's Environmental Policy

1. We will build an environmental management system and set medium and long-term environmental goals to promote environmental conservation activities.
2. We will promote environmental conservation activities that comply with environmental laws, regulations, agreements, and voluntary standards of the countries and regions where we operate.
3. We will promote resource and energy conservation and work to reduce greenhouse gas emissions in order to contribute to the prevention of global warming.
4. In addition to working to create environmentally friendly products, we will also engage in environmentally friendly activities in all of our business activities, including research, development, procurement, production, distribution, and marketing.
5. We will strive to effectively use limited resources, prevent pollution, reduce waste, and recycle resources, thereby contributing to the conservation of biodiversity and the creation of a recycling-oriented society.
6. We will require our suppliers to understand and comply with our Sustainability Procurement Standards for Suppliers to promote environmental conservation activities throughout the supply chain.
7. We aim to raise the awareness of environmental conservation among all employees through environmental education, training, and awareness activities.
8. In addition to proactively disclosing environmental information, we will strive to communicate and build relationships of trust with stakeholders through participation in and support for environmental conservation activities in local communities.

Environment

Governance

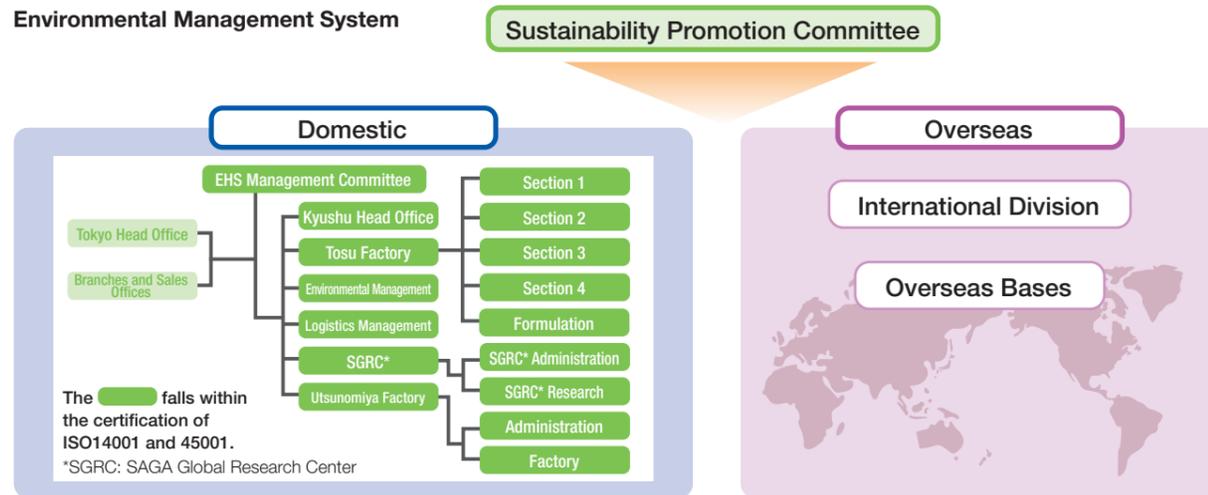
In order to supervise environmental issues appropriately in the Board of Directors, the Sustainability Promotion Committee, which is an advisory body to the President & CEO, deliberates on environmental issues, including climate change, and makes a report to the Board of Directors.

Environmental Management

Domestically, the EHS Management Committee plays a main role in implementing assessment and evaluation at each base to identify risks and opportunities. An action plan that sets a target for each fiscal year is established to promote related measures.

For overseas sites, under the management of the International Division, appropriate actions are promoted at each site in accordance with the laws and regulations of each country.

Environmental Management System



Environmental Strategies

For environmental risks and opportunities, the Sustainability Promotion Committee took the lead in conducting scenario analysis, as well as in discussing short, medium, and long-term business impact (transition risk, physical risk, and financial impact of the opportunities), and policies and strategies for addressing these

business impacts, in line with the TCFD disclosure framework.

Regarding climate change, although there are risks associated with the carbon tax and natural disasters, opportunities were identified in terms of increased demand for environmentally friendly products.

Risk / Opportunity	Importance Evaluation		Targets	Measures	
	Business Impact	Time Axis			
Risk	Impact of the Introduction of a Carbon Tax	To reduce CO ₂ emissions in Scopes 1 and 2 by 46% by FY2030 compared to FY2013 and achieve net zero CO ₂ emissions by FY2050, it is necessary to switch to renewable energy sources and renew air conditioning equipment, resulting in an increase in costs.	Long-term	Improved resilience through stable energy procurement	To reduce CO ₂ emissions in Scopes 1 and 2 by 46% by FY2030 compared to FY2013 and achieve net zero CO ₂ emissions by FY2050, we will improve resilience through stable energy procurement in collaboration with several suppliers in different industries.
		A carbon tax is imposed on the main raw materials (derived from petroleum), resulting in an increase in procurement costs.	Long-term	Control of procurement costs	We will strengthen supply chain management to control procurement costs.
	Impact on Raw Materials in Association with a Rise in Temperature	Raw material prices rise due to shortage of raw materials and poor plant growth.	Long-term	Establishment of supply chain not affected by raw materials prices	From the research and development stage, we will promote stable procurement through cross-sectional communication in anticipation of raw materials procurement.
	Natural Disasters (Impact on the Supply Chain)	An increase in the number and severity of natural disasters causes damage to suppliers of raw materials for our main products and disrupts the transportation network. Consequently, we are unable to manufacture our main products, leading to a decrease in sales.	Medium-term	Promotion of stable procurement of raw materials	We will promote stable procurement of raw materials and good engagement with suppliers.
Opportunities	Response to Decarbonization Technology	The lack of progress in environmentally friendly product development makes us unable to respond to changes in consumer needs. As a result, the market share declines with a decrease in our sales.	Medium-term	Promotion of development of environmentally friendly products	We will promote the development and introduction of environmentally friendly products.
	Expansion of Demand for Environmentally Friendly Products	The development of new environmentally friendly products increases demand for our products, leading to an increase in sales.	Long-term	Promotion of development of environmentally friendly products	We will promote the development and introduction of environmentally friendly products.
	Resilience	By switching from fossil fuels to renewable energy sources, we can avoid the impact of rising fossil fuel prices on costs.	Long-term	Cost reduction in the face of rising fossil fuels prices	We will introduce renewable energy.
We can increase our resilience by working to develop energy-saving equipment in cooperation with production equipment manufacturers, thereby reducing energy costs.		Long-term	Improvement of efficiency of existing manufacturing equipment	We will introduce energy-saving type equipment.	

Risk Management

The Hisamitsu Pharmaceutical Group recognizes environmental issues, including climate change, as important management issues, and the Sustainability Promotion Committee examines them in more detail. Specifically, after identifying and evaluating risks and prioritizing them, each department that works on the promotion incorporates sustainability initiatives into action plans. In addition,

the Sustainability Promotion Committee monitors the action plans. The impact of identified sustainability-related issues is reported and proposed by the Sustainability Promotion Committee at a Board of Directors meeting, and the impact of sustainability-related issues is integrated into the company-wide risk management system.

Action to Climate Change

Contribution to Decarbonized Society

By participating in the Low Carbon Society Action Plan of the Federation of Pharmaceutical Manufacturers' Associations of Japan for the realization of a decarbonized society, the Hisamitsu Pharmaceutical Group reviewed its CO₂ emission reduction target in December 2021, and aims to reduce it by 46% compared to FY2013 by FY2030 (Scopes 1 and 2; target: Hisamitsu Pharmaceutical Group) and to achieve net zero emissions by FY2050. In order to ensure consistency with the position of industry associations in our Climate Change Strategy, we participate in government-sponsored seminars on climate change, including those organized by the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and the Ministry of Health, Labor and Welfare, as well as those organized by industry associations, to gather information

and share it with our employees. Furthermore, the contents are checked to ensure that they are in line with the Company's position and approach, and in the case of any discrepancies, the environmental management division of the Company discusses them and then coordinates them through the Sustainability Promotion Committee, which is chaired by the Director in charge of sustainability promotion. Through this process, the Company aligns its Climate Change Strategy with activities carried out by industry associations.

Our FY2024 performance was a 18.1% reduction compared to FY2013, and we will continue activities to steadily reduce our environmental impact toward the FY2030 target through further measures and efficient operations.

Indicator	Targets	Results
CO ₂ emissions (Scopes 1 & 2)	FY2030: Reduce CO ₂ emissions by 46% (compared to FY2013) FY2050: Achieve net zero CO ₂ emissions	Hisamitsu Pharmaceutical Group: 34,017 t Reduced by 18.1% (compared to FY2013) Hisamitsu Non-consolidated: 21,814 t Reduced by 31.6% (compared to FY2013)

Actions Related to Climate Change in FY2024

Social issues related to climate change is increasingly becoming important every year. The Hisamitsu Pharmaceutical Group assesses the environmental impact of the processes of R&D, production, and sales, and takes appropriate actions in all the areas of Scope 1, 2, and 3, including the reduction of such impact in our value chain, to help realize a rich global environment.

For Scopes 1 and 2 to be managed within our Group, we develop a specific plan from a mid-term perspective and introduce measures for it, as well as reviewing the progress every fiscal year and exploring new risks and opportunities to update the plan on an ongoing basis.

Examples of specific activities in FY2024

In FY2024, at our domestic factories, we optimized energy consumption by segmenting air conditioning systems and managing temperature and humidity in each area. We also implemented measures such as converting some air conditioning equipment to steam-free systems, upgrading to high-efficiency packaged air conditioners, installing more solar panels, and switching to LED lighting. At our overseas factories, we also work to combat climate change by updating our boiler fuel from heavy oil to liquefied natural gas, which produces lower greenhouse gas emissions.

Furthermore, with regard to fluorocarbons, which have the greatest environmental impact among greenhouse gases, we are compliant with the Act on the Rational Use and Proper Management of Fluorocarbons (abbreviated as the "Fluorocarbon Emissions Control Act"), and manage the relevant facilities by keeping ledgers,

carrying out simple and regular inspections, creating records, and calculating the amount of leakage.

When updating equipment, we promote the introduction of highly energy-efficient equipment that uses refrigerants with low global warming potential.

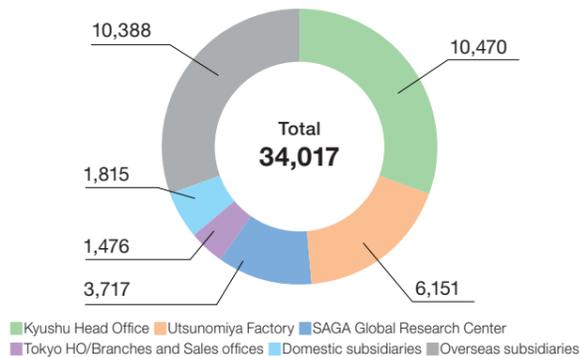


Efforts to Go Paperless within the Company

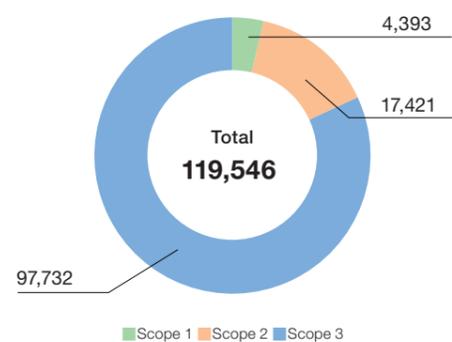
We are making efforts to go paperless across the Company by minimizing paper use for the reduction of environmental burden and using IT (digitization). As a result, in FY2024, we reduced the amount of paper purchased by around 54% in value terms and around 56% in terms of the number of sheets compared to FY2019. We will continue to promote paperless operations in the future.

Environment

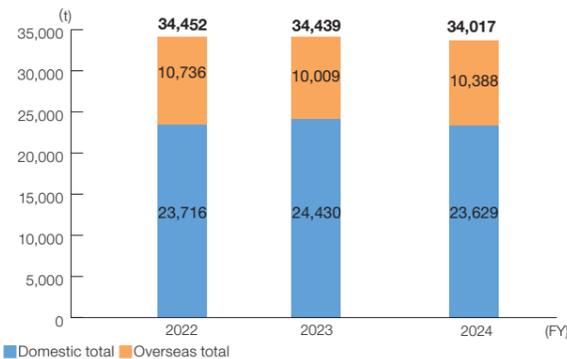
CO₂ Emissions from the Hisamitsu Pharmaceutical Group in FY2024 (Scopes 1 & 2)
(t-CO₂)



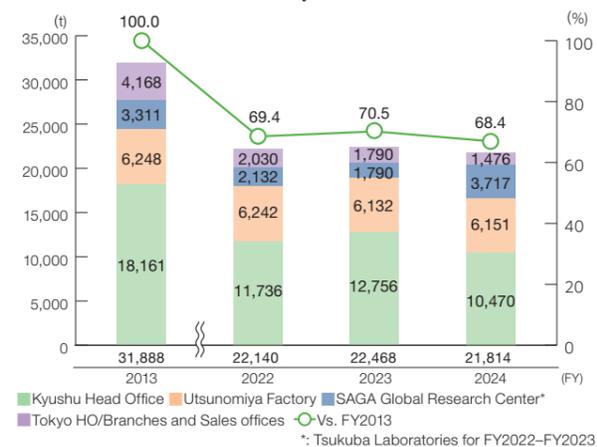
CO₂ Emissions from Hisamitsu Pharmaceutical (Non-consolidated) in FY2024 by Scope
(t-CO₂)



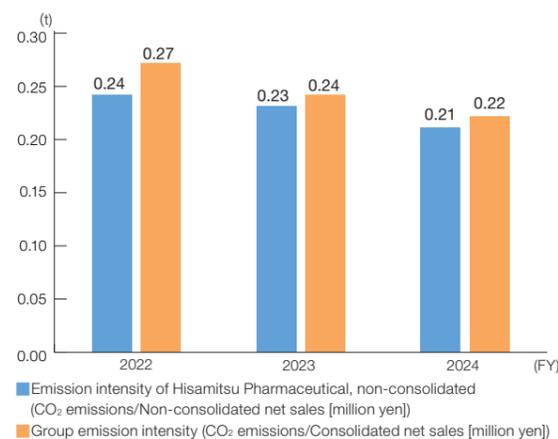
Change in CO₂ Emissions from the Hisamitsu Pharmaceutical Group



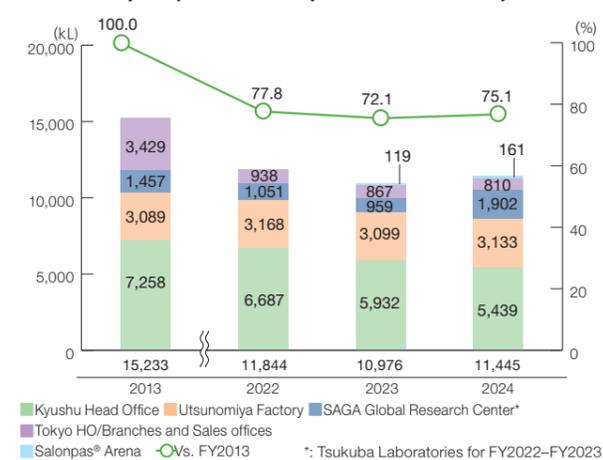
Change in CO₂ Emissions from Hisamitsu Pharmaceutical (Non-consolidated) by Business Site in Japan



Change in CO₂ Emission Intensity per Unit of Sales in the Hisamitsu Pharmaceutical Group



Change in the Energy Usage of Hisamitsu Pharmaceutical (Non-consolidated) by Business Site in Japan (Crude Oil Equivalent Value: kL)



Water Resources Management

Water resources are essential to business operations. We believe that it is integral to use finite water resources more effectively and reduce our environmental impact. We conserve water resources by properly managing both water consumption and drainage volumes.

Response to water risks

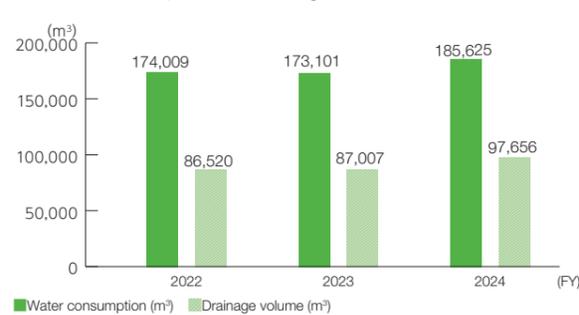
In the Hisamitsu Pharmaceutical Group, an assessment of water stress, which is an indicator of water scarcity, was conducted on domestic and overseas production sites and R&D sites using WRI Aqueduct,* which is a tool for assessing the water risks around the world. As a result, we verified that there were no sites that were evaluated as "High" or "Extremely High" in water stress. (As of June 2025).

There were also no sites where water restrictions or problem caused by water scarcity occurred, so we recognize that there is no urgent water shortage risk.

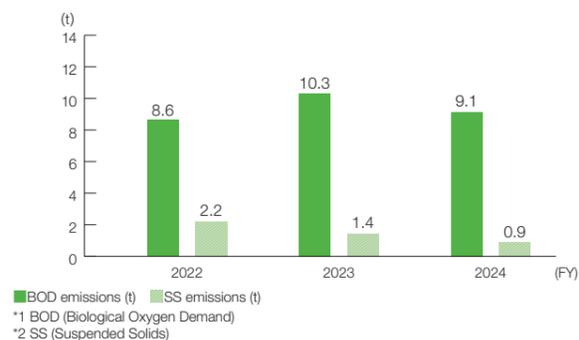
We will continue to assess water risks and work on the efficient use of water resources and the reduction of water usage.

*A tool for assessing water risks provided by the World Resources Institute (WRI)
[Aqueduct | World Resources Institute \(wri.org\)](https://www.wri.org/aqueduct) (External link)

Water Consumption and Drainage Volumes



Discharge Volume of Water Pollutants (BOD¹ and SS²)



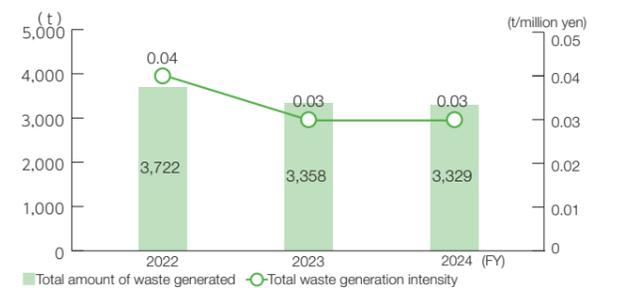
Evaluation of Water Stress Using WRI Aqueduct

Water stress level	Base
Low (<10%)	Hisamitsu Brazil
Low - medium (10 - 20%)	Tosu Factory, SAGA Global Research Center, Noven, Hisamitsu Vietnam, Hisamitsu Indonesia
Medium - high (20 - 40%)	Utsunomiya Factory
High (40 - 80%)	N/A
Extremely high (>80%)	N/A

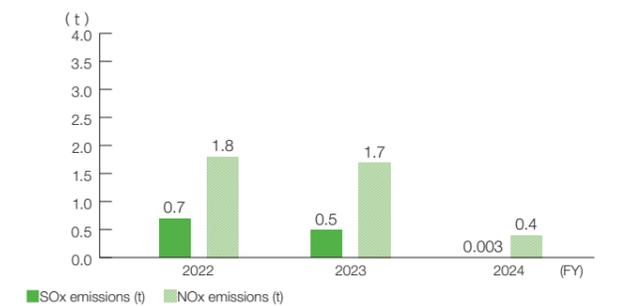
Resource Recycling

We think that we should fully consider the effective use of limited resources in business management. We promote the reduction of resource input, waste recycling, and the use of renewable raw materials as well as striving for pollution alleviation and the proper management of chemicals.

Total Amount of Waste Generated and Total Waste Generation Intensity



Emissions of Air Pollutants (SOx and NOx)



Biodiversity

Some of the raw materials used in Hisamitsu Pharmaceutical products are derived from natural resources. In terms of sustainable procurement of raw materials, we think the conservation of ecosystems, including biodiversity is important.

Society

Bonds with Customers

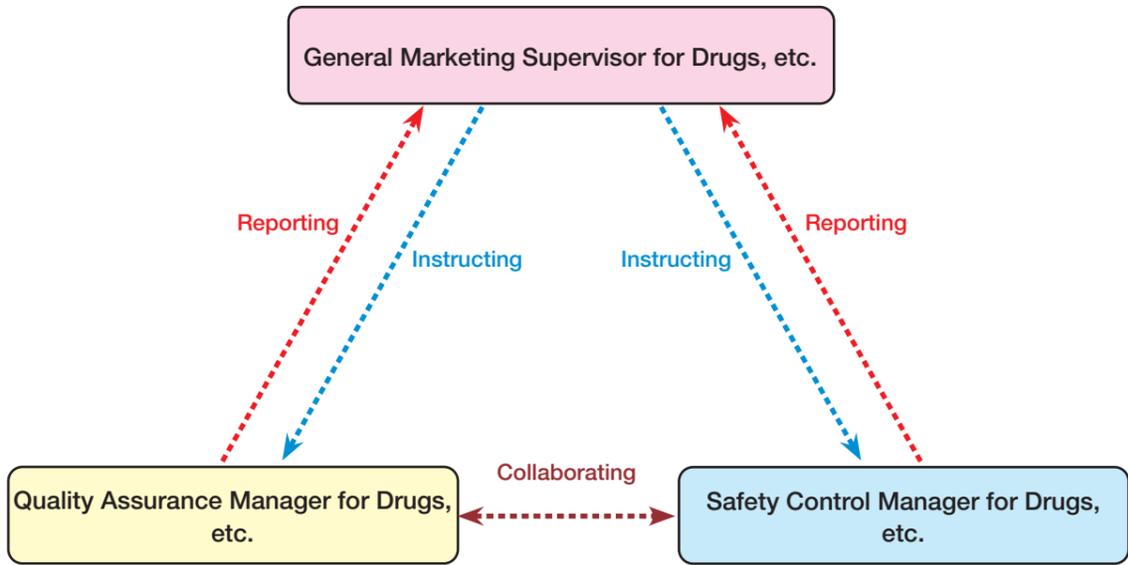
Since the development of Salonpas®, the Hisamitsu Pharmaceutical Group has continued to develop and improve its products by promptly responding to customer needs. At the same time, we have refined our TDDS technology (including transdermal patch technology), to create a variety of products such as Rx drugs, OTC drugs, and skincare products. Going forward, we will not only promote the "Patch Treatment Culture" of our transdermal patches

Commitment to Product Reliability Assurance

Since pharmaceuticals are life-related products, strict management standards are established to ensure their reliability, including GLP^{*1} and GCP^{*2} at the research and development stage, GMP^{*3} at the manufacturing stage, and GPSP^{*4} and GVP^{*5} at the post-marketing stage. Hisamitsu Pharmaceutical's Quality Assurance & Pharmacovigilance Division conducts rigorous audits focusing on control standards at each stage of product development, ultimately

but will also promote the "TE-A-TE" culture worldwide and conduct research and development on a global platform to deliver products that meet the needs of our customers in a timely manner. Constantly thinking about "Delivering a Better QOL to the World" with products that embody the spirit of "TE-A-TE," we shall provide more effective and safer products and services to the world.

ensuring product reliability through a system of reliability assurance covering the entire product lifecycle. Furthermore, in line with the globalization of the Company, we are working to strengthen our auditing system by expanding the scope of risk assessment as well as complying with the latest regulations and guidelines in each country.



*1 GLP: Good Laboratory Practice Standards for the practice of nonclinical studies for the safety of drugs
 *2 GCP: Good Clinical Practice Standards for the practice of clinical studies of drugs
 *3 GMP: Good Manufacturing Practice Standards for production management and quality control of drugs and quasi-drugs
 *4 GPSP: Good Post-marketing Study Practice Standards for post-marketing research and practice of study on drugs
 *5 GVP: Good Vigilance Practice Standards for post-marketing safety management of drugs, quasi-drugs, cosmetics, medical devices, and regenerative medicine

Ethical Accommodation for Animal Welfare

Hisamitsu Pharmaceutical has formulated the Animal Testing Guiding Principle in line with the Act on Welfare and Management of Animals to ensure that respect for animal welfare is completely shared and that animal testing is performed properly with accommodation for animal welfare. For animal testing to inspect drug efficacy and safety, we have a system requiring all such testing to be reviewed by the Animal Testing Committee, and research is conducted under the 3R Principles: Replacement, Reduction, and Refinement. In addition to regular self-inspections, our animal testing operations underwent third-party review, and in July 2025, the SAGA Global Research Center gained accreditation as an animal testing facility.

Activities at Sales/Marketing/Service

At sales/marketing/service, we provide and collect information on the effectiveness and safety of our products to enable medical workers and patients to use them with peace of mind and also to ensure appropriate use of the products. Additionally, requests from healthcare professionals collected by MRs are shared with related

Halal* Certification

Hisamitsu Pharmaceutical operates businesses in Indonesia, Malaysia, and other countries and regions where many Muslims live.

In our subsidiary Hisamitsu Indonesia, in order to ensure that the halal guidelines in Indonesia are followed, and Muslims can use our products with peace of mind, we have established a Halal team within the Company and are promoting the creation of products that consider religion and the lifestyle of region.

*Halal: What is legal under Islamic law



Sales activities at a drugstore



Activities for delivering information for promoting appropriate use



Distribution of samples at SC Marathon (Hong Kong)

Society

Bonds with Employees

To realize our Company Mission "Promoting 'TE-A-TE' Culture Worldwide," we believe it necessary for all employees to think about what they can do through work and what they want to achieve through work, and take action (= making the work their own affair).

For this purpose, based on the recognition that it is important for each employee to balance work and private life and build a rich life,

Strategies for Human Resources

Securing Human Resources

We will conduct recruitment activities for both new graduates and mid-career workers with the keywords "diversity," "global," and "job" as our challenge to respond to the changing environment within the Company and the increasing mobility resulting from the development of diverse workstyles. We will continue to review our working environment within the Company on an ongoing basis.

Policy for HR Development

Important keys to realizing our management strategy are how we can promote the culture of "TE-A-TE" to people around the world and how many ideas we can generate. In order to do so, we need human resources who are able to listen to customers' voices, see issues as their own, and present and try specific solutions. Therefore, the basis of our human resource strategy is the development of human resources who can care about others and the development of human resources who see our duties as their own. In addition, considering the business expansion and the globalization of the supply chain, we will work on developing the organization into one that accumulates knowledge, experience, and skills in the global field to overcome hurdles that were previously insurmountable.

we will increase job satisfaction through the creation of employee growth opportunities and a comfortable work environment, realizing a virtuous cycle of self-reliant career development by employees, resolution of social issues, and growth of the Hisamitsu Pharmaceutical Group.

Challenges and Direction of Human Resource Development

Based on the policy for human resource development under our management strategies and our current situation, we recognize the following points as important issues.

(1) Expand

Discovering and training human resources for next-generation leaders who want to play an active role globally for the overseas expansion of our products, including Salompas®

(2) Exceed

Establishing a basis for improving each employee's job satisfaction because it is indispensable to attract and engage diverse human resources and move them to solve challenges on their own so that we can grow sustainably

(3) Enhance

Fostering an organizational culture that embodies the spirit of "TEA-TE" in all of our business activities, and securing and developing human resources with specialized skills (R&D, manufacturing, sales) and human resources who plan and promote value maximization through digital application and utilization

Major Efforts for HR Development

We are providing various opportunities for HR development from the perspectives of the organizational culture to be fostered, the personality of each employee, and the organization structure.

《Activities for Fostering an Organizational Culture》

As a symbolic activity for promoting "TE-A-TE" culture worldwide, we are working on the company-wide activity in which our employees hand our products (samples) directly to customers in the presence of a pharmacist at various sports events for the purpose of getting people to experience of our products. We will continue this activity in the future as an important opportunity for HR development where employees can come in contact with customers directly and listen to their voices.

《Self-reporting System and Internal Job Posting System》

Employees are to report on their intentions such as future career plans, relocation, and things they want us to understand every year. In addition, in order to realize employees' motivation and enthusiasm and lead them to solving issues we should address, we implement an internal job posting system for the overseas business departments on a regular basis.

《Internal Venture System》

Employees themselves plan and try a new business venture to embody the spirit of "TE-A-TE" for realizing commercialization and fostering an organizational culture. We respect free ideas that are not constrained by existing businesses, and work to create growth opportunities for both employees and the Company.

《Creation of Opportunities for the Acquisition of Expertise》

To establishing a basis on which employees can acquire expertise by themselves to solve social and management issues, we cover the costs of taking exams for IT passport and language proficiency, increase the payment amount of duty allowance to employees who take charge of duties necessary for business management, and enhance the system for supporting employees' self-learning further.

《Development of Global Human Resources》

If we try to enter a new market or want to secure an advantage in the existing market by strengthening competitiveness, it is important to accumulate knowledge, experience, and skills in the global field. Therefore, besides training opportunities to acquire and improve English proficiency, cross-cultural communication, and management skills, we provide motivated employees selected from domestic and overseas group companies with opportunities to learn how to solve various problems.

《Level-specific Training》

■ General Management Training

In order to establish a good workplace and further realize employees' growth, we conduct training on harassment and training for evaluators on a regular basis.

《Training for Selected Employees》

■ Step-up Training

The step-up training targets future management candidates nominated by each workplace. Through demonstrating leadership, they experience team building and understand the importance of commitment to team goals, which helps them become more aware of themselves as next-generation leaders.

■ Study Abroad Program

We expect employees to foster global and multilateral perspectives through domestic business schools and studying-abroad programs so that the employees can solve challenges based on their flexible thinking about environmental change.

Ideal Character		Expected Actions	Effect of Actions
<ul style="list-style-type: none"> Love to take on new challenges Empathize with the thoughts of the Company and accomplish them Want to play an active role globally 	Value Creation	Always seeking for products and services overflowing with the spirit of "TE-A-TE" that are demanded by people across the world.	Necessary knowledge, experience, and skills are proactively mastered.
	Career Autonomy	Thinking about what to do and what to achieve through work and taking actions for all employees.	Challenges taken on for self-fulfillment realize exponential growth.
	Organizational Co-creation	Uniting human resources of high motivation into one team to solve social issues.	Fruitful results are reaped by people across the world, our employees and our company.

Training Programs

Position	Managerial Level					
	Newcomers	Junior	Mid-level	Section Manager	General Manager	Head of Division
By Job Position	New Employee Follow-up Training Orientation Training	Third-year Training	Fifth-year Training	Section Manager Training New Section Manager Training	General Manager Training	Assessment Training
Business Skill	Training of Human Resources for Digital Transformation		Executive Development Training		Business Administration Training	
	Business School Enrollment (MBA)					
	Management Game Training					
	Logical Thinking Training					
Self-development	Human Communication Training					
	Women Manager Development Training					
By Job Type	Step-up Training					
	Correspondence Courses, External Seminars, e-Learning, English Conversation Training, and Support for Qualification Acquisition					
Other	On-the-job Training					
	Theme-based Training for each Division/HQ, e.g., Marketing					
Other	Life Plan Training					
	Mid-career Employee Training					

Society

Evaluation System

《Evaluation System Linked to Business Results》

We introduce a bonus for evaluated performance that reflects the business results of the whole group as well as each department to make the work of each employee their own affair, enhance motivation to achieve their goals, rewarding growth and increasing organizational unity.

《Evaluation for Rewarding the Behavior and Performance Results of Individuals》

The growth of our company is the result of accumulated individual efforts; therefore, we evaluate individual work in terms of both individual growth (behavioral management) and contribution to the Company (target management), in order to enhance individual motivation for everyday duties and promote self-growth.

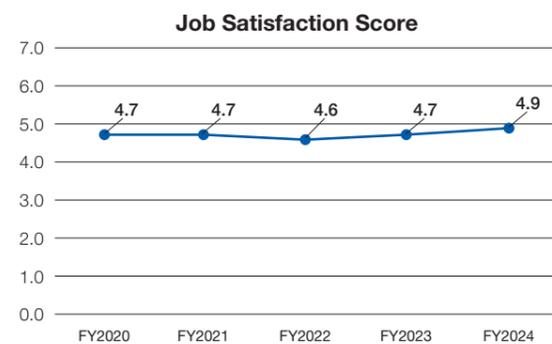
Behavioral management assesses whether the behavior for demonstrating high performance is shown consistently, and is reviewed through an annual interview with a superior.

For target management, a target is set based on an interview with a superior at the beginning of each term for evaluation. After the term ends, a self-assessment is made first of all, followed by an interview with a superior held to discuss the degree of target achievement and future endeavors for further performance improvement.

This evaluation is reflected in the treatment of each employee and leads them to have a sense of fulfillment in their work by giving feedback on the final result.

To Enhance Job Satisfaction

We conduct a morale survey annually for the purpose of identifying the strengths and issues of the organization so that employees' voices can lead to improvement in management, training, and the work environment in order to promote the development of a better work environment where employees can continue working.



*The Job Satisfaction Score is the average score of items related to job satisfaction in the annual survey. The upper limit for positive answers is 7.0.

Internal Environment Improvement Policy

For enabling each individual to demonstrate their potential and achieve self-fulfillment through business activities, we think that respect for personality and promotion of using diverse human resources will lead to the development of an organization that can adapt to environmental changes promptly. Therefore, we are working on establishing a basis for enhancing job satisfaction through improvement in workplace comfort, effort for performing tasks within a limited amount of time, and instillation of DE&I.

Promotion of Diversity

We educate employees on the importance of supporting a work-life balance and using diverse human resources through training for managerial positions and training at each level to deepen the understanding of diversity.

《Promotion of Women's Empowerment》

The percentage of female employees in management positions at Hisamitsu Pharmaceutical is 9.4% (as of the end of March 2025); the causes include the absence of role models around them and concerns about balancing work and family life. We regard the promotion of women's empowerment as one of our important issues to be tackled, and encourage women employees to take another look at themselves by offering the HWL (Hisamitsu Women's Leadership) training to future management candidates and young employees who wish to participate, in order to encourage them to change their behavior in the workplace.

《Empowerment of Senior Human Resources》

An increasing number of employees are actively using their accumulated experience and skills to train young employees and solve management issues even after reaching the mandatory retirement age. Among them, post-retirement employees who meet certain requirements, such as having advanced expertise and skills, are appointed as Senior Meisters or Meisters, thus broadening their scope of activity.

《Career Return System》

We established the Career Return System in August 2023 so that employees who left our company due to life events, such as child-rearing and caregiving or their own career development, can join us again after accumulating experience outside of our company. The system provides an opportunity for empowering diverse human resources and deepening the understanding of diversity.

Telework System/Staggered Work Hours System

We introduced telework in March 2021 as one of the work-style options, and employees think and practice the best mix of effective work styles by themselves to fulfill their own roles. In addition, we also allow employees to use a staggered work hours system (starting and ending work earlier/later) depending on their work schedule.

Promotion of Taking Leave

As part of creating a culture where employees can easily take annual paid leave, we have set 'Family Bonding Day' to allow employees to take leave on their birthdays and six months after the birthdays for the purpose of thanking their families and parents who support them, as well as 'WAKUWAKU' consecutive leave that encourages employees to take leave for at least three consecutive working days in order to refresh the body and mind.

In addition, we have also established an accumulation system for annual paid leave and an hourly basis paid leave system so that employees can work with peace of mind even in cases that any other unexpected events occur, such as medical care and caregiving for employees and their family members, to respond to individual situations.

Employee Data (Hisamitsu Pharmaceutical [Non-consolidated]; As of the end of February each fiscal year)

Program	FY2021	FY2022	FY2023	FY2024
Employees	Male	1,119	1,070	1,042
	Female	468	451	464
	Total	1,587	1,521	1,506
Ratio of women in management positions (as of March 31 for each fiscal year)	7.1%	7.9%	7.8%	9.4%
Number of employees taking childcare leave	39	66	48	47
Rate of male employees taking childcare leave	24%	50%	42%	54%
Elderly employment rate	3.18%	3.29%	4.56%	5.26%
Employment rate of persons with disabilities	1.99%	1.95%	2.31%	2.55%
Rate of annual paid leave taken	60.6%	72.1%	71.7%	69.3%
Gender wage difference	Regular employees	-	76.1%	74.3%
	Part-time/fixed-term employees	-	92.6%	90.0%
	All employees	-	75.7%	74.5%

Life Event Programs

Program	Details
Marriage	Work place application system accompanying marriage A system that allows employees to apply for a place of work that will enable them to live with their spouse when they get married
Childbirth and childcare	Childcare leave After maternity leave, employees can take leave until the child reaches the age of 1 year and 6 months or until the end of April after the child reaches the age of 1, whichever is longer, provided, however, that circumstances allow a maximum of 2 years of age
	Maternity Leave System A system that allows employees to take leave to care for their health before entering the maternity leave
	Childcare Fee Support System A system that subsidizes a portion of daycare fees for children enrolled in non-registered daycare facilities until they reach the age of 3
	Shortened Working Hour System A system that allows employees to shorten their working hours by up to 2 h per day until the child finishes the third grade of elementary school
Long-term care	Child nursing leave A system that allows employees to take leave to care for sick children or for class closures until the child finishes the third grade of elementary school
	Long-term care leave A system that allows employees to take leave for a total of 93 days with no limit on the number of times the leave is taken
	Shortened Working Hour System for Long-term Care A system that allows employees to shorten their working hours by up to 2 h per day for a period of 3 years from the start of use
Employment	Short-term care leave A system that allows employees who are caring for a family member in need of care to care for or accompany the family member to visit medical institutions
	Post-retirement Reemployment System A system to rehire employees who have reached the mandatory retirement age, up to 65 years old
Livelihood	Career Return System A system established so that employees who left our company due to life events, such as child-rearing and caregiving, or their own career development, can join us again after accumulating experience outside of our company
	Disaster Recovery Funds and Medical Treatment Loan Program A program for if an employee's house or household goods are damaged or if a member of the employee's family, including the employee, is injured or becomes ill, the Company loans funds for restoration or medical treatment
	Volunteer leave Leave program for volunteer activities
Asset formation	Homeownership Assistance Program A program for financial assistance to employees who are acquiring a new home
	Employee Shareholding Association A system to purchase the Company's shares from monthly payroll to support employees' asset building (with incentive support for the purchase funds)
Social contribution	Life Plan Support System A corporate-type defined contribution pension (DC) plan that promotes asset management at employees' own discretion for asset building for the future
	Hisamitsu-Hot-Heart Club The Club supports social contribution organizations with funds contributed by member employees and the Company

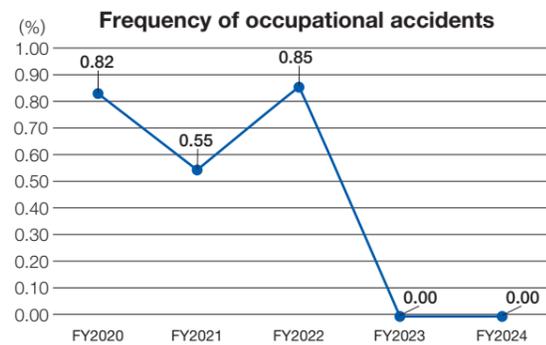
Society

Occupational Safety and Health

《Occupational Safety and Health Commitments》

To prevent occupational accidents, we manage risks by identifying hazard sources and conducting risk assessment in the workplace. We also provide ongoing education to raise awareness and understanding among employees.

Similar to environmental goals, single-year and midterm goals have been set to improve the work environment through workplace patrols and to encourage employees to take leave and to create a healthy and comfortable working environment for our employees.



《Encouragement to Receive Comprehensive Medical Examinations》

In addition to regular health examination, we pay a portion of the cost of medical examination for employees who wish to undergo comprehensive medical examination, brain examination, or gynecological examination, supporting the early detection and prevention of illness.

《Hisamitsu Club》

As part of our welfare activities, "Hisamitsu Club" offers facilities and financial support. The Club has more than 100 sports and cultural clubs throughout Japan, where employees can deepen relations regardless of age or division through common hobbies. The club also conducts annual sports events and company retreats to promote employee health and communication.



Major Employee-related Indicators

Indicator	Targets (FY2025) *FY2028 for (5) and (6)	Results (FY2024)
(1) Rate of annual paid leave taken	80.0%	69.3%
(2) Self-report submission rate ¹	100.0%	99.2%
(3) Job satisfaction score	5.0	4.9
(4) Self-study implementation rate ²	50.0%	38.8%
(5) Ratio of women in management positions	15.0%	9.4%
(6) Continuous employment rate of women employees in their 9th to 11th years of employment ³	50.0%	47.9%

¹ The self-report submission rate is the percentage of employees who report their intentions such as future career plans, relocations, and things they want us to understand.

² The self-study implementation rate is the percentage of employees who work on reskilling, which covers the number of employees who used our self-education support system, the number of employees who have taken the exam for IT Passport, and the number of employees who have taken a TOEIC test.

³ With the fluctuations in the number of employees every year in mind, the continuous employment ratio is set as a target for building a stable organization where diverse human resources, including employees who balance work and family life, can continue working.

Human Rights

At Hisamitsu Pharmaceutical, not only do we comply with the laws and regulations of various countries and regions, but we also respect human rights and recognize our responsibilities to conduct business operations that will contribute to society. We perform human rights

Hisamitsu Pharmaceutical Group Human Rights Policy

Hisamitsu Pharmaceutical established the Hisamitsu Pharmaceutical Human Rights Policy in March 2018, based on the United Nations Guiding Principles on Business and Human Rights, and revised it to the Hisamitsu Pharmaceutical Group Human Rights Policy in June 2024.

In revising it, we once again strived to enhance our understanding of and respect for human rights declared in the International Bill of Human Rights established by the United Nations (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and International Covenant on Economic, Social and Cultural Rights), the core labor standards in the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work that specifies basic rights at work, and the Declaration of Helsinki by the World Medical Association (hereinafter collectively referred to as "International Principles of Human Rights").

The Corporate Philosophy of the Hisamitsu Pharmaceutical Group is "Delivering a Better QOL to the World" through the creation, development, manufacture, and sales of pharmaceuticals and other products. The Hisamitsu Group has also established its Company Mission as "Promoting 'TE-A-TE' Culture Worldwide." Based on this philosophy and mission, the Hisamitsu Group will actively expand its activities to promote the "TE-A-TE" culture of compassion for people all over the world through not only transdermal patches but also various other products and services.

Respecting the human rights in our value chain across the Hisamitsu Group's business activities is consistent with our Corporate Philosophy, and thus we will push ahead together with our group companies and

due diligence on a continual basis and respect the human rights of people all over the world, thereby contributing to the development of a sustainable society and the sustainability of the entire globe.

stakeholders, including our business partners.

■ Hisamitsu Pharmaceutical Group Human Rights Policy
https://global.hisamitsu.company/pdf/Human_rights_Policy_E.pdf

Compliance with UK Modern Slavery Act

Statement on the UK Modern Slavery Act is available on our website.

Hisamitsu Pharmaceutical is committed to respecting internationally recognized human rights, including the prevention of slavery and human trafficking in our business and supply chain.

■ Statement on the UK Modern Slavery Act
https://global.hisamitsu/sustainability/pdf/Statement_E.pdf

Sustainability Procurement

From FY2021, we conduct the web-based Self-Assessment Questionnaire (SAQ) every year with our primary and secondary suppliers of our products manufactured at factories in Japan to confirm the current status and assess risks with regard to human rights and labor, safety and health, environment, and compliance. We also started SAQ for primary and secondary suppliers of products manufactured at the factories of Hisamitsu Indonesia in FY2022 and those of Hisamitsu Vietnam, Noven, and Hisamitsu Brazil in FY2023. In FY2024, we conducted SAQ for primary and secondary suppliers of products manufactured at all domestic and overseas factories.

We use the SAQ to understand the current situation and assess risks at our suppliers, and we request that primary and secondary suppliers make corrections if we deem it necessary.

We will continue to prevent and mitigate human rights risks in our supply chain through these efforts.

Hisamitsu Pharmaceutical Group Human Rights Policy (excerpt)

Human Rights Due Diligence	The Hisamitsu Group conducts human rights due diligence on an ongoing basis in order to identify negative human rights impacts related to our business activities and prevent or reduce them.
Dialog and Consultation with Stakeholders	The Hisamitsu Group promotes commitment to identifying issues of human rights and respecting human rights through dialogues and talks with related stakeholders.
Education and Training	The Hisamitsu Group provides all executives and employees with appropriate education and training so that this policy can be understood and implemented effectively.
Relief	The Hisamitsu Group shall, if it becomes clear that we have caused or encouraged negative impacts on human rights, work to offer relief from that through appropriate procedures.
Information Disclosure	The Hisamitsu Group discloses information on our commitment to respecting human rights through our website.
Applicable Laws and Ordinances	Hisamitsu Group complies with applicable laws and ordinances in each country and region where it operates. However, if there is any inconsistency between the laws and regulations of a country/region and the internationally recognized principles of human rights, we shall pursue methods that fully respect the internationally recognized principles of human rights.

Society

Bonds with Society

In addition to its business activities, Hisamitsu Pharmaceutical has also been involved in a variety of social contribution activities. For example, with the aim of solving various social issues, we provide

Bonds with Tosu City, Saga Prefecture

Since its founding in Tosu City, Saga Prefecture in 1847, Hisamitsu Pharmaceutical has delivered products throughout Japan and around the world from its base here. As the site of our foundation and an important area for our business strategy, we consider Tosu City, Saga Prefecture to be a key area and will continue to work to revitalize the region.

Promoting the SAGA Sports Pyramid Initiative (hereinafter, 'SSP Initiative')

In May 2021, we signed a collaboration agreement with Saga Prefecture and the Saga Sports Association in support of the SSP Initiative, which aims to promote human resource and community development through the power of sports by nurturing top athletes who will take on the world from Saga Prefecture. Based on this agreement, we allow junior high/high school athletes attending schools in Tosu City to use the dormitories owned by us.

High Five Project

—Delivering the power of "TE-A-TE" for Saga's future depending on the number of high fives

As part of our efforts to contribute to the promotion of the SSP Initiative, the "High Five Project—Delivering the power of 'TE-A-TE' for Saga's future through the number of high fives" was implemented from April 2024 to February 2025. This project involved donating 9 yen to the SSP Initiative for every high five given by event participants, resulting in a total of 1,015,605 yen being donated to the Initiative.

It was held in conjunction with Salonpas® sampling events to commemorate the 90th anniversary of the launch of the analgesic and anti-inflammatory plaster "Salonpas®," and was carried out at 11 venues across the country. A total of 112,845 people gave high fives at the venues.

The donations will be used to promote the SSP initiative.

Certified as a Tosu City Zero Carbon Promotion Partner

Tosu City, Saga Prefecture, where our company was founded, announced the Tosu City's Zero Carbon City Declaration in December 2023, aiming to achieve net zero CO₂ emissions by FY2050.

Businesses or organizations that implement initiatives that contribute to the realization of a decarbonized society in accordance with the purpose of this declaration are certified as Tosu City Zero Carbon Promotion Partners. As our company considers "promoting environmental management" to be one



human and tangible resources to community-based NPOs and civic organizations. Furthermore, we promote and raise awareness of medicine and pharmacy through support from our foundations.

of our material issues, we support this purpose and were certified as a Tosu City Zero Carbon Promotion Partner in October 2024.

We will continue to work with Tosu City and the local community to realize a zero-carbon city.



Examples of Bonds with Tosu City, Saga Prefecture

Activity	Details
Co-sponsorship of Saga Sakura Marathon	Co-sponsored the marathon and provided samples of Air® Salonpas® to participating runners on the day
Hisamitsu Tosu Public Lecture held	Held lecture sessions in Tosu City, Saga Prefecture, inviting celebrities from a wide range of fields as lecturers, to provide the community with opportunities for lifelong learning and cultural education
Autumn Tea Party held	Co-hosted a tea party with the Saga Branch of Urasenke Tankokai for the purpose of developing and promoting the culture of Chado (the Way of Tea)
Collaboration for Saga International Balloon Festa	Co-sponsored the Festa and handed out samples at the venue
Delivery of Lectures on Demand	Introduced children in the community to the history of transdermal patches and the SDGs at elementary schools within Tosu City and Tosu City Library

Sports Support

Through sponsorship of various sporting events, we support the promotion of various sports and people's health. We have been a special sponsor of the World Ladies Championship Salonpas Cup, a domestic official golf tournament, and have hosted the Salonpas® Ladies Open, a JLPGA Step Up Tour, in Saga Prefecture, where our company was founded. We have also sponsored the Volleyball Nations League and the Tohoku Rakuten Golden Eagles Salonpas® Night Game 2025. At marathons and events such as the Saga Sakura Marathon and the Tokyo Marathon, we provide participating runners with samples of Air® Salonpas® to help them manage muscle fatigue.

Hisamitsu Pharmaceutical will continue to support athletes, sports enthusiasts, and everyone else with the power of "TE-A-TE."



Hisamitsu-Hot-Heart Club

Hisamitsu Pharmaceutical has established the charity organization "Hisamitsu-Hot-Heart Club" as part of a project commemorating the 160th anniversary of its founding. The club operates funds based on contributions from our officers and employees who opt-in to the club and supports NPOs and civic organizations both in Japan and abroad with matching contributions from the Company. In FY2024, we made donations to 39 organizations nationwide that are engaged in various activities such as conservation of the natural environment, childcare support, and international cooperation. We have donated a total of 64.3 million yen to a total of 643 organizations for support since our establishment in 2007.



FY2024 Donation Recipients (example)

Recipient	Main Activity
General Incorporated Association Saitama Prefecture Foster Parents Association	Support for registered foster parents and children in need of social care
Specified Nonprofit Organization koko	Creation of a place for young people
Specified Nonprofit Organization Creative Club Grian	Promotion of urban development and healthy child development
Specified Nonprofit Organization Kusenbu Club	Conservation and management of degraded forests and farmlands, and environmental education
Specified Nonprofit Organization Victim Support Network Saga VOISS	Crime victim support

Collaboration with the Japanese Red Cross Society

We work with the Japanese Red Cross Society to engage in a variety of social contribution activities.

We hold blood drives twice a year, inviting a blood donation bus from a blood center. Many employees participate every year (Locations: Kyushu Head Office, Utsunomiya Factory).

In addition, at the end of each year, we hold an on-the-street international charity drive at 16 locations nationwide. In FY2024, a total of 297 employees participated, and all collected funds were donated to the Japanese Red Cross Society.

In January 2020, we signed the Agreement on Support and Cooperation in Disaster. This agreement enables us to provide supplies and monetary donations more quickly in the event of disasters both at home and abroad.

Support from Foundations

The Nakatomi Foundation

The foundation was established with private funds of the late former Chairman Masayoshi Nakatomi of Hisamitsu Pharmaceutical and funds from Hisamitsu Pharmaceutical Co., Inc. commemorating the 140th anniversary of the Company. By providing financial support for scientific research related to health promotion, the foundation aims to maintain and promote the health of the people and contribute to achieving a vibrant, affluent economy and society. In FY2024, 83 people were selected for grants, and two were selected for promotion awards, being awarded a total of 125.5 million yen.

Nakatomi Memorial Foundation

Since 2010, this foundation has operated the Nakatomi Memorial Museum of Pharmaceutical Science and Industry (Tosu City, Saga Prefecture), established in 1995 as part of the projects commemorating the 145th anniversary of Hisamitsu Pharmaceutical. The museum is popular as a facility that passes down to the next generation the industrial culture of drugs underpinning the evolution of the pharmaceutical industry of Saga Prefecture, as well as a place to know more about drugs and learn about their history and culture. It also regularly holds hands-on classes using *yagen* (a crushing tool used in grinding plant medicines), including spice making.

Nakatomi Sports Promotion Foundation

This foundation provides financial support for various efforts by sports organizations in Saga Prefecture, sports tournaments, and the development of athletes and coaches. The foundation aims to contribute to the sound growth of athletes' mental and physical health, and the cultivation of rich humanity through the popularization and promotion of sports and the improvement of athletic performance. The foundation was established in July 2019 as a general incorporated association and then certified in March 2020 as a public interest incorporated association. In FY2024, the foundation provided financial support totaling 10,737,000 yen to 26 organizations for 26 projects.

Initiatives for Safe Driving

Hisamitsu Pharmaceutical promotes and practices 10 eco-driving practices that are environmentally friendly and lead to safe driving. We are also working to raise employee awareness of safe driving and prevent traffic accidents by installing telematics dashboard cameras in company vehicles and conducting driving training in collaboration with driving schools.

Regular Welfare Marche

Hisamitsu Pharmaceutical regularly hosts a Welfare Marche with the aim of promoting understanding of DE&I and contributing to the independent living of people with disabilities.

At this event, we collaborate with welfare facilities, including Type B employment support facilities, and have them directly sell processed products such as sweets and bread, as well as agricultural produce such as vegetables and fruits, produced at their facilities. The event also serves as a sales platform for the facilities.

Corporate Governance

Hisamitsu Pharmaceutical considers the enhancement of corporate governance to be a material issue as a mechanism for transparent, fair, prompt, and bold decision-making, considering the perspectives of shareholders, customers, employees, and local communities. Positioning the establishment of an agile organizational structure capable of adapting to changes in the management environment as an important measure, the Company carries out the structural reform.

Based on this belief, we have optimized the number of Directors for

Corporate Governance Structure

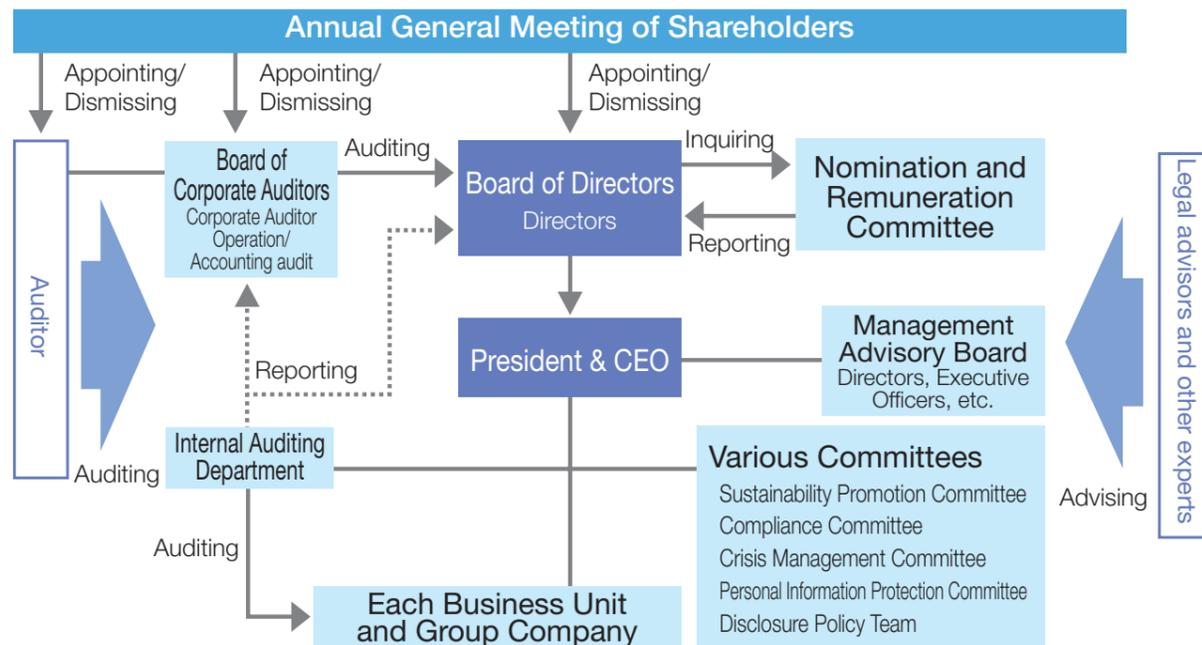
At Hisamitsu Pharmaceutical, we are striving to further improve our corporate governance structure as a mechanism for making transparent, fair, prompt, and decisive decisions. As a company with a Board of Corporate Auditors, we have 10 Directors (including four Outside Directors) and four Corporate Auditors (including two Outside Corporate Auditors), who constitute the Board of Directors and the Board of Corporate Auditors, respectively. The Board of Directors is composed in consideration of diversity and each member's ability, experience, and insight. Each term is set as one year for the purpose of further clarifying directorial management responsibility and creating a management structure that enables appropriate responses to changes in the business environment. Management decisions are made based on discussions by the Management Advisory Board, comprising the main Directors, Executive Officers,

the purpose of strengthening the functions of the Board of Directors and expediting decision-making, and introduced the executive officer system for the purpose of clarifying roles and responsibilities in the execution of business operations.

We will continue to enhance the relationship of trust with our stakeholders as a good corporate citizen by improving transparency, observing compliance, and upholding corporate ethics in our activities.

etc. as needed, whereas particularly important agendas are deliberated and decided by the Board of Directors. Additionally, the Executive Officer system is introduced in order to enhance the speed, transparency, and strategic quality of management decisions. Moreover, the Nomination and Remuneration Committee has been established as an advisory body to the Board of Directors. With Independent Outside Directors accounting for the majority of members, the committee has been designed to render management even more transparent and objective. To perform even fairer audits, our Corporate Auditors attend board meetings, hold meetings of the Board of Corporate Auditors on a regular basis, and conduct audits in cooperation with the Internal Auditing Department and an accounting auditor, thereby striving to reinforce the entire corporate group's audit structure.

Corporate Governance Structure System



Management Advisory Board

Management decisions are made based on discussions by the Management Advisory Board, comprising the main Directors,

Executive Officers, etc. as needed, whereas particularly important agendas are deliberated and decided by the Board of Directors.

Skill Matrix

	Name	Corporate Management	Sales/Marketing	Global Business	Production/R&D	IT/Digital Transformation (DX)	HR/HR Development	Sustainability/ESG	Law/Compliance/Risk Management	Finance/Accounting
Directors	Kazuhide Nakatomi	●	●	●	●					
	Kyu Saito	●	●	●						
	Nobuo Tsutsumi				●			●	●	
	Shinichi Murayama	●		●					●	
	Koji Takiyama	●				●		●	●	
	Yuichi Isobe	●		●				●		
	Yuichiro Anzai	●			●	●	●			
	Tetsugo Matsuo	●	●							
	Tamako Watanabe	●								●
Corporate Auditor	Midori Noguchi	●					●		●	●
	Nobuyuki Nakatomi	●								
	Munehiko Hirano				●					
	Kentaro Watanabe	●							●	
	Ryusuke Itakura	●						●	●	

Decision Policy on Remuneration, etc. of Individual Directors

Hisamitsu Pharmaceutical's Board of Directors established the following policy for determining the content of remuneration, etc. of individual directors at its meeting held on February 18, 2021.

The Company's Basic Policy for the remuneration of Directors shall be that the remuneration system is linked to shareholder returns in order to function as a sufficient incentive to continuously increase corporate value, and when determining the remuneration of individual Directors, the level of remuneration is appropriate considering the responsibilities of each position.

Specifically, the remuneration for the Executive Director consists of a basic remuneration as a fixed remuneration, a performance-

linked remuneration, and stock remuneration; the Outside Director, who is responsible for the supervisory function, is paid only the basic remuneration in consideration of their duties.

The Nomination and Remuneration Committee shall consider the proportion of remuneration for each type of Executive Director based on the remuneration levels of companies of similar business and employee sizes to the Company and enterprises in relevant industries.

The standard ratio for each type of remuneration, etc. shall be 50%:30%:20% for Basic remuneration: Performance-linked remuneration, etc.: Non-monetary remuneration, etc. (when 100% is achieved for the performance indicators).

Total amount of remuneration, etc. for Directors and Corporate Auditors

Category	Total Remunerations, etc. (Unit: 1 million yen)	Total Remuneration, etc. by Type (Unit: 1 million yen)			No. of Officers Applicable (Persons)
		Basic Remuneration	Performance-linked Remuneration, etc.	Non-monetary Remuneration, etc.	
Directors (Outside Directors)	258 (19)	131 (19)	54 (-)	73 (-)	9 (3)
Corporate Auditor (Outside Corporate Auditors)	60 (14)	60 (14)	- (-)	- (-)	5 (3)
Total (Outside Officers)	319 (34)	192 (34)	54 (-)	73 (-)	14 (6)

Note 1. As of the end of the current fiscal year, there were nine (9) Directors and four (4) Corporate Auditors.
 2. Performance-linked remuneration, etc. is cash remuneration reflecting performance indicators to raise awareness of the need to improve performance for each fiscal year, and is paid as a bonus at a certain time each year in an amount calculated based on the degree of annual achievement, etc. of performance targets. Target performance indicators and their values are set at the time of formulating the plan to be consistent with the Medium-term Management Plan, and shall be reviewed as appropriate in consideration of the Nomination and Remuneration Committee's report in response to changes in the business environment.
 3. Non-monetary remuneration, etc. is allocated in the form of stock acquisition rights as a stock option, for the purpose of sharing the benefits and risks of stock price fluctuations with shareholders and further motivating them to contribute to the increase in stock price and corporate value. The details of the stock options and the status of issuance thereof are as described in the "Matters Concerning Stock Acquisition Rights, etc. of the Company," provided electronically.

Effectiveness Assessment of the Board of Directors

With the aim of improving the Board of Directors functions, through an ongoing process of correcting problems and building upon

strengths, Hisamitsu Pharmaceutical regularly verifies and assesses the Board of Directors as a whole.

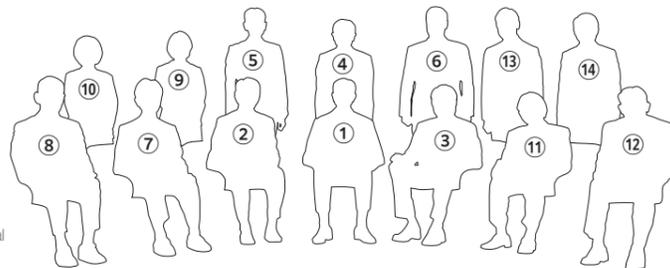
Purpose and Method of Effectiveness Assessment	Items to Be Considered	Assessment Results
For the purpose of conducting a substantive assessment of the Board of Directors' structure and operations in order to enhance its effectiveness, the Board Secretariat conducts a questionnaire survey, the results of which are reported and discussed at the Board meetings every year.	<ul style="list-style-type: none"> Structure and operation of the Board of Directors Management and business strategies Corporate ethics and risk management Performance monitoring and remunerations of the management team Dialog with shareholders and other stakeholders Appropriate collaboration with stakeholders Appropriate information disclosure and ensured transparency 	<p>As a result of discussions held by the Board of Directors regarding the questionnaire survey results, we believe that the effectiveness of the Board of Directors is sufficiently ensured. Based on the survey results, the following discussions were held to further improve its effectiveness:</p> <ul style="list-style-type: none"> Further enhancing discussions regarding the progress of the Medium-term Management Policy and business development Strengthening our HR policy, including the ratio of women in management positions Strengthening risk management <p>Based on these considerations, we will strive to further ensure and improve the functionality and effectiveness of the Board of Directors by further enhancing discussions regarding the progress of the Medium-term Management Policy and business development, HR policy, sustainability management, risk management, etc.</p>

Corporate Governance

Board Members (as of September 1, 2025)



- ① Kazuhide Nakatomi
President and CEO
- ② Kyu Saito
Managing Director, Executive Officer,
Management of Domestic Sales & Marketing
- ③ Nobuo Tsutsumi
Director, Executive Officer, Management of Legal
Department And Management of Production,
And Management of Quality Assurance & Pharmacovigilance
And Management of Compliance
- ④ Shinichi Murayama
Director, Executive Officer, Management of Internal Audit Division
And Management of Domestic Subsidiary Division
- ⑤ Koji Takiyama
Director, Executive Officer, Executive Secretary of President's
Office, And Management of Human Resources, R&D,
Digital Transformation, and Sustainability Promotion
- ⑥ Yuichi Isobe
Director, Executive Officer, Head of Corporate Strategy Planning
Division



- ⑦ Yuichiro Anzai
Outside Director (part-time)
- ⑧ Tetsugo Matsuo
Outside Director (part-time)
- ⑨ Tamako Watanabe
Outside Director (part-time)
- ⑩ Midori Noguchi
Outside Director (part-time)
- ⑪ Nobuyuki Nakatomi
Corporate Auditor
- ⑫ Munehiko Hirano
Corporate Auditor
- ⑬ Kentaro Watanabe
Outside Corporate Auditor (part-time)
- ⑭ Ryusuke Itakura
Outside Corporate Auditor (part-time)

Name	Date of birth	Brief history
Kazuhide Nakatomi	Born on June 30, 1972	April 1999 Feb 2007 May 2007 May 2009 May 2011 May 2014 May 2015 Joined Hisamitsu Head of Corporate Planning Division Appointed Director, Executive Officer Appointed Managing Director, Executive Officer Appointed Senior Managing Director, Executive Officer Appointed Vice President, Executive Officer Appointed President and CEO (current position)
Kyu Saito	Born on June 10, 1963	April 1987 April 2009 May 2013 May 2025 Joined Hisamitsu Appointed Executive Officer Appointed Director, Executive Officer Managing Director, Executive Officer, Management of Domestic Sales & Marketing, And President of Hisamitsu U.S. Inc. (current position)
Nobuo Tsutsumi	Born on March 11, 1964	April 1988 March 2010 May 2014 May 2025 Joined Hisamitsu Appointed Executive Officer Appointed Director, Executive Officer Director, Executive Officer, Management of Legal Department, And Management of Production, And Management of Quality Assurance & Pharmacovigilance, And Management of Compliance, And Director of Hisamitsu Wellness Co. Ltd. (current position)
Shinichi Murayama	Born on October 16, 1967	March 1991 March 2012 May 2014 May 2025 Joined Hisamitsu Appointed Executive Officer Appointed Director, Executive Officer Director, Executive Officer, Management of Internal Audit Division, And Management of Domestic Subsidiary Division, And Outside Corporate Auditor (part-time) of SANOFI-HISAMITSU K.K. (current position)
Koji Takiyama	Born on October 31, 1971	April 1994 May 2017 May 2025 Joined Hisamitsu Appointed Executive Officer Director, Executive Officer, Executive Secretary of President's Office, And Management of Human Resources, R&D, Digital Transformation, and Sustainability Promotion (current position)
Yuichi Isobe	Born on August 11, 1971	April 1994 May 2023 May 2025 Joined Hisamitsu Appointed Executive Officer Appointed Director, Executive Officer, Head of Corporate Strategy Planning Division, And Outside Director (part-time) of SANOFI-HISAMITSU K.K. (current position)
Yuichiro Anzai	Born on August 29, 1946	April 1988 Oct 1993 May 2001 May 2009 April 2010 June 2011 Oct 2011 April 2012 Feb 2018 April 2018 April 2018 May 2020 Professor, Faculty of Science and Technology, Keio University and Graduate School of Science and Technology Chair, Faculty of Science and Technology, Keio University and Graduate School of Science and Technology President of Keio Gijuku (Chancellor and President of Keio Gijuku Educational Corporation) Academic Adviser to Keio Gijuku (current position) Director of Nakatomi Foundation (current position) President of Japanese Association of University Physical Education and Sports President of Japan Society for the Promotion of Science Professor Emeritus, Keio University (current position) President of Kojunsha (current position) Advisor to Japan Society for the Promotion of Science (current position) Director of Academic Information Analysis Center, Japan Society for the Promotion of Science Appointed Director (current position)
Tetsugo Matsuo	Born on January 1, 1972	April 2001 June 2005 June 2006 June 2012 June 2013 May 2016 May 2020 June 2023 Joined Matsuo Construction Co., Ltd. Managing Director of Matsuo Construction Co., Ltd. President of Matsuo Construction Co., Ltd. (current position) Outside Director of FM Saga Co., Ltd. (current position) Outside Director of Saga Ube Concrete Industry (current position) President of Saga General Constructors Association (current position) Appointed Director (current position) Outside Director of New Otani Kyushu Co., Ltd. (current position)
Tamako Watanabe	Born on January 26, 1982	April 2004 May 2006 April 2008 Aug 2010 July 2011 Sep 2011 July 2019 May 2023 Dec 2023 Joined KPMG AZSA LLC Registered as certified public accountant Joined ASG Tax Corporation Registered as tax accountant Joined Odaki Accounting, Tax & Consulting Director of Tateyama Office Registered as social insurance labor consultant Opened Itsuki Accounting Firm, Representative (current position) Appointed Director (current position) Outside Corporate Auditor of SHOEI Co., Ltd. (current position)
Midori Noguchi	Born on June 8, 1960	April 1983 July 2000 Feb 2008 April 2008 June 2008 March 2011 July 2011 May 2025 Joined Kokusai Denshin Denwa Co., Ltd. (currently KDDI CORPORATION) Joined Hiroshi Noguchi Tax Accounting Office Joined Tigre Partners Tax Accountant Corporation Joined Office Noguchi Co., Ltd. Registered as tax accountant Representative Director and President of Office Noguchi Co., Ltd. (current position) Representative Partner of Tigre Partners Tax Accountant Corporation (current position) Appointed Director (current position)
Nobuyuki Nakatomi	Born on September 7, 1940	Sep 1988 April 1990 May 1999 May 2008 Joined Cable Television Kurume (former company name of CRCC Media Co., Ltd.) President and CEO of CRCC Media Co., Ltd. Appointed Director Appointed Corporate Auditor (current position)
Munehiko Hirano	Born on September 20, 1947	April 1974 April 1997 Feb 2005 May 2006 Joined Hisamitsu Director of Formulation Research Center, R&D Division Full-time Manager of Formulation Technology, R&D Division Appointed Corporate Auditor (current position)
Kentaro Watanabe	Born on July 26, 1969	April 1993 Sep 2007 Dec 2008 April 2016 July 2020 May 2023 Joined Hitachi, Ltd. Passed the bar exam Joined Sato Sogo Law Office, registered as attorney Joined Hokuetsu Corporation, Head of Legal and Compliance Office Opened Kentaro Watanabe Law Firm, Representative (current position) Appointed Corporate Auditor (current position)
Ryusuke Itakura	Born on November 17, 1955	March 1979 April 2006 April 2007 June 2009 June 2013 May 2019 June 2019 May 2024 Joined The Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) Executive Officer and General Manager, Consumer Loan Dept. of Sumitomo Mitsui Banking Corporation Executive Officer and Deputy Head of Consumer Banking Unit (in charge of West Japan) of Sumitomo Mitsui Banking Corporation President and Representative Director of SMBC Guarantee Co., Ltd. President and Representative Director of Muromachi Building Service Co., Ltd. Director of Tanioka Gakuen Education Foundation (current position) Outside Corporate Auditor of Futaba Industrial Co., Ltd. Appointed Corporate Auditor (current position)

Corporate Governance

Promotion of Compliance

Corporate Charter

Hisamitsu Pharmaceutical sells "Salonpas®" and other drugs to the world and promotes "TE-A-TE" culture to customers worldwide. In order to ensure compliance with national and international laws and regulations and corporate ethics in international society, we have established the Hisamitsu Corporate Charter, which sets

forth our basic stance as a company. Furthermore, to put the Hisamitsu Corporate Charter into practice, we have established the Compliance Program as a code of conduct to be observed by the Company and its employees.

Hisamitsu Corporate Charter

To continue to deliver a better QOL to the world, we shall respect human rights in and outside Japan in accordance with the following provisions, comply with all applicable laws, regulations and standards, and act in accordance with high ethical standards.

1 Corporate behavior as a pharmaceutical company

- (1) We will actively conduct research and development of medical products that will help promote human health and provide a stable supply of effective, safe, and high-quality medical products. We will also endeavor to improve the efficiency of medical costs by developing medical products with high medical-economic efficiency.
- (2) In the performance of our clinical studies, we will gain the cooperation of the medical institutions, respect the study subjects' human rights, give consideration to safety, and ensure scientific accuracy. In the performance of our animal experiments necessary as nonclinical studies, we will give full consideration to animal welfare.
- (3) To ensure the proper use of medical products, we will provide scientifically based accurate information, from domestic and overseas sources, on quality, efficacy, and safety of medical products and will promptly collect, analyze, evaluate, and convey post-marketing information.
- (4) We will engage in fair, transparent and free competition that is appropriate for a pharmaceutical company and strive to improve the ethical standards of our employees in order to maintain sound, normal relationships with political and administrative officials, healthcare professionals, and other parties concerned.

2 Corporate behavior as a corporate citizen

- (5) In light of the development of advanced IT technologies, we will give full consideration to and take every possible measure for the proper protection of personal and customer information.
- (6) We will control internal corporate information in an appropriate manner, communicate generally with stakeholders surrounding us, and disclose our corporate information in a timely and appropriate manner through PR and other activities.
- (7) We will respect and acknowledge the value of intellectual property rights, including patents and copyrights. We will not obtain or use any intellectual property in an unauthorized manner.
- (8) We will respect the diversity, personality and individuality of our employees, provide them with comfort and welfare, and secure a safe, positive working environment for them. We will also strive to improve the sense of ethics and the qualities of our employees.
- (9) We will stand firm against antisocial forces and organizations, such as corporate racketeers and crime syndicates, which pose a threat to the order and safety of civil society.
- (10) Based on the understanding that coping with environmental issues is a common challenge to the human race, we will spontaneously and actively work on environmental protection by making efficient use of natural resources and energy.
- (11) Whether in or outside of Japan, we will manage our business in a manner that will contribute to the development of the local community not only by complying with local laws and codes of conduct but also by respecting local culture and custom.
- (12) As a good corporate citizen, we will actively work on activities that contribute to the community.

3 Behavior of Top Management

- (13) Our top management shall take the lead by setting a good example in realizing the spirit of this Charter and shall ensure that this Charter is known to all persons concerned. The top management shall also monitor opinions in and outside the Company, shall develop effective internal systems, and shall ensure compliance with corporate ethics.
- (14) In the event of a violation of the spirit of this Charter, the top management shall be responsible for solving the problem and shall strive to determine the cause and prevent the same problem from recurring.
- (15) In the event of a violation of the spirit of this Charter, the top management shall disclose relevant information and provide an explanation to the community in a prompt, appropriate manner.

Compliance Committee and Compliance Office

To ensure thorough compliance and ethics, in June 2002, we established the Hisamitsu Corporate Charter, which defines our basic stance as a company, and the Compliance Program as a code of conduct to be observed. To promote the initiative, the Compliance Committee and the Compliance Office as the secretariat were established, chaired by Director in charge of compliance. The Compliance Program clearly states that the Company shall comply with laws and ordinances, act with high ethical standards, and prohibit any and all improper and corrupt acts such as bribery, illegal payoff, and conflicts of interest. To practice compliance, the Hisamitsu Corporate Charter and the Compliance Program are distributed as a handbook to all officers and employees and are read at each workplace, and education and training for all managers is conducted on an annual basis. In addition, the Internal Audit Office inspects the practice of compliance from an objective standpoint.

Internal Control System

Hisamitsu Pharmaceutical is working to build an organizational structure that enables prompt response to changes in the management environment while enhancing corporate governance based on the Internal Control Regulations (Basic Policy for Internal Control) resolved by the Board of Directors. We are working on the compliance with laws with regard to our activities, spread of corporate ethics, thorough observation of compliance, and improvement of management transparency.

Internal Control Regulations

According to the Companies Act and the Ordinance for Enforcement of the Companies Act, Hisamitsu Pharmaceutical Co., Inc. shall establish a system to ensure the appropriateness of our operations as follows.

1. System for retention and management of information on the execution of duties of Directors
2. Regulations and other systems for management of risk of loss
3. System to ensure that duties of Directors are executed efficiently
4. System to ensure that the execution of duties of Directors and employees conforms to laws and regulations and the Articles of Incorporation
5. System to ensure the appropriateness of operations in the corporate group composed of the Company, its parent company, and subsidiaries
6. Matters related to the employee in the case where a Corporate Auditor has requested that an employee be appointed to assist with the duties of the Auditor
7. Matters related to independence from Directors of the employee as stipulated in Paragraph 6 above
8. Matters related to ensuring the effectiveness of instructions given by a Corporate Auditor to the employee as stipulated in Paragraph 6 above
9. System for reporting to Corporate Auditors
10. System to ensure that the person who made the report described in Paragraph 9 above does not receive any disadvantageous treatment on the grounds that the person made the report
11. Matters related to prepayment or reimbursement procedures for expenses incurred for the execution of duties of Corporate Auditors and other matters related to the policy for handling of expenses or debts incurred for the execution of such duties
12. Other systems to ensure that audits by Corporate Auditors are carried out effectively

Whistle-Blowing System and Whistleblower Protection

Hisamitsu Pharmaceutical has established the "Hisamitsu Hotline" in the Compliance Office as a contact point for whistle-blowing, which ensures confidentiality and anonymity, and accepts information (including consultation, suggestions, and questions) regarding acts that are or may be in violation of laws and ordinances and corporate ethics, including acts of corruption, such as bribery. In addition, we have also set up a contact point for consultation regarding harassment. Information reported is strictly investigated and handled accordingly. Whistleblowers are protected under the Whistleblower Protection Act.

Business Operations with Transparency

In line with the tenor of the JPMA Code of Practice established by the Japan Pharmaceutical Manufacturers Association (JPMA) in 2013, we have formulated the Hisamitsu Pharmaceutical Code of Practice (Hisamitsu Code) in order not only to ensure legal compliance but also to maintain even higher ethical standards in all our conduct. Applying not only to our promotional activities, but also to Hisamitsu Pharmaceutical's interactions with researchers, medical workers, medical institutions, patient organizations, wholesalers, etc., this set of selfregulations requires us to secure high ethical standards and transparency in our corporate activities. In addition, we also have our own Rx Drug Promotion Code to be observed when promoting Rx drugs. We ensure that all our officers and employees abide by the code to carry out promotional efforts appropriately. In order to conduct activities that ensure compliance, we use a system for supervision of activities for providing sales information, which was set within the Company, for monitoring and MR education. In addition, all advertisements and materials for promotion are used only after being judged internally as appropriate ones. In addition to respecting the Hisamitsu Code, we comply with the relevant laws and regulations of the country concerned and with the Code of Practice of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) if no such code exists. In addition, Hisamitsu Pharmaceutical is committed to high ethical standards and transparency in its relationships with medical institutions and patient groups. To extensively publicize that our operations contribute to developing life science based on high ethical standards, we have established the Guiding Principle for Transparency of Relationships between Corporate Activities and Medical Institutions, etc. and the Guiding Principle for Transparency of Relationships between Corporate Activities and Patient Organizations in line with the guidelines set by the Japan Pharmaceutical Manufacturers Association. Information on any funding that Hisamitsu Pharmaceutical provides and other topics is annually released through the website of Hisamitsu Pharmaceutical.

Regulations on Prevention of Bribery and Corruption

Sound corporate activities based on corporate ethics, including the prevention of bribery and corruption, are the foundation for the realization of Corporate Philosophy of Hisamitsu Pharmaceutical. For the purpose of strengthening our commitment to the prevention of bribery and corruption, Hisamitsu Pharmaceutical has established provisions for the prevention of bribery and corrupt acts in our Compliance Program. We believe that these efforts cannot be completed by our Company Group alone but require the cooperation of all partners involved in our group business.

Corporate Governance

Risk Management and Information Disclosure

Business Risk Management

Hisamitsu Pharmaceutical addresses various business risks in a proper and effective manner, and has formulated the Business Risk Management Policy to minimize the impact if any business risk arises. We have established a company-wide risk management structure requiring each department head to report on the department's response to business risks, strategic planning, decision making, etc. at the Management Advisory Board every quarter.

Information Security

We have formulated the Information Security Management Regulations to properly manage our information assets, such as personal information and trade secrets, and established an appropriate information system management structure, thereby striving to prevent information leakage and reinforcing information security. In addition, we take measures to keep pace with changes in the social environment and technological advances, such as countermeasures against cyberattacks, which have become a threat in recent years. In addition, information security awareness is raised by continuously alerting and educating relevant employees.

Business Continuity Plan (BCP*)

Leveraging our experience of the Great East Japan Earthquake, Hisamitsu Pharmaceutical will restore business operations promptly in the event of a disaster and sustain the medical care structure by maintaining quality of pharmaceutical products and ensuring their stable supply. To secure a stable supply of pharmaceutical products, we have decentralized our production and logistics bases and concluded purchase contracts with different suppliers. We have also installed in-house power generators, established an emergency contact system, and taken various measures to minimize disaster risks in accordance with the Disaster Preparedness Manual.

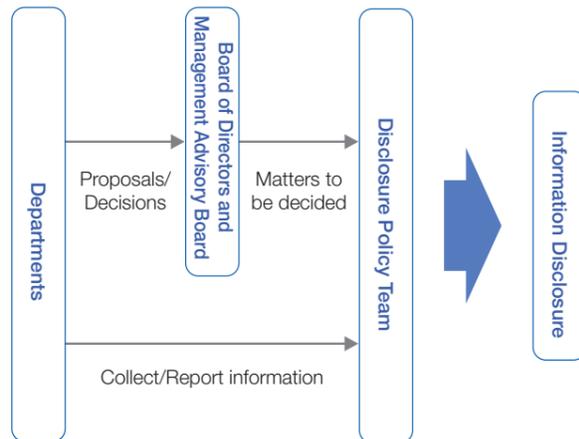
*BCP: Business Continuity Plan

Information Disclosure

Hisamitsu Pharmaceutical has established the Disclosure Policy Regulations to ensure timely and appropriate disclosure of corporate information. In addition to corporate information required to be disclosed in a timely manner by the Financial Instruments and Exchange Act and the Timely Disclosure Rules stipulated by the Tokyo Stock Exchange, the Company deems information that does not fall under the scope of the Timely Disclosure Rules, but may have an impact on investment decisions, as Material Disclosure Information, and strives to disclose such information in a timely manner in accordance with these rules.

As an internal structure, the Disclosure Policy Team, chaired by the President and CEO, has been established to determine, manage, review and supervise the content of Disclosure Policy Regulations, determine Material Disclosure Information, confirm the announcement of such information, and control risks.

The Disclosure Policy Regulations are applicable to all officers and employees, who are required to report necessary information to the Disclosure Policy Team as needed according to the scope of their duties based on the segregation of duties. Members of the Disclosure Policy Team are designated as information disclosure staff, and material disclosure information shall, in principle, be made through the information disclosure staff.



Examples of Disaster and Information Security Measures

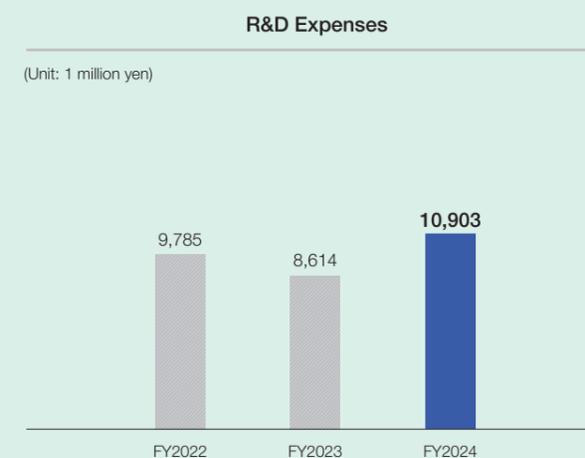
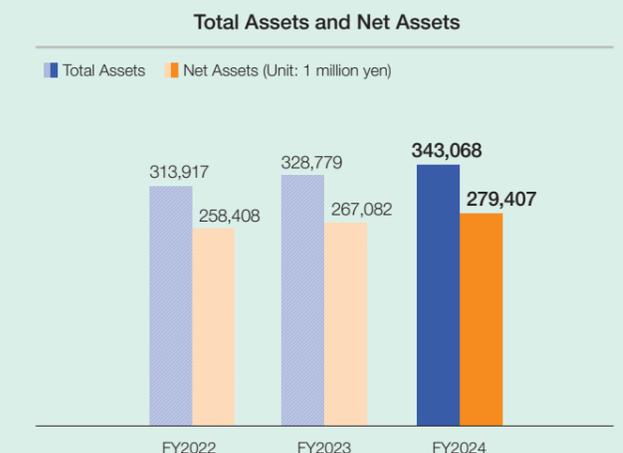
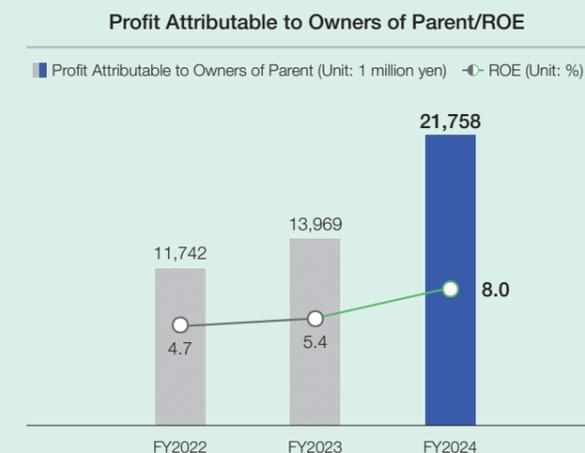
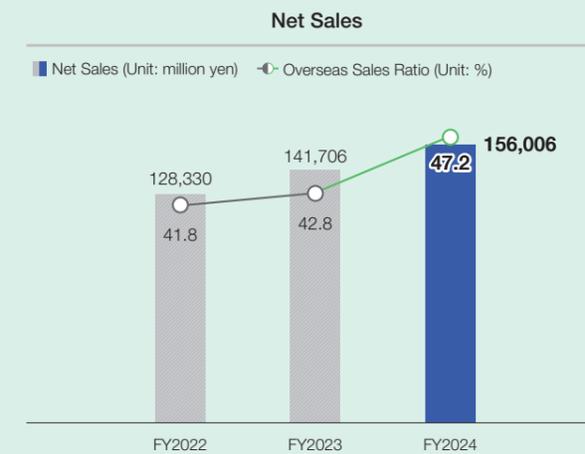
Disaster Simulation Drill	Each business site has established own response team, and conducts drills in preparation for disasters by establishing an action plan in cooperation with the Disaster Response Task Force, which oversees these teams.
Regular Drills for an Emergency Contact System for Safety Confirmation	In order to promptly confirm the safety of employees and provide accurate information to their families in the event of a disaster, regular drills are conducted for all employees to report the situation simultaneously using a cell phone e-mail service.
Wireless and Satellite Phone Communication Testing	Wireless and satellite telephones are installed at our main bases in Japan (Kyushu Head Office, Tokyo Head Office, Utsunomiya Factory, and Tsukuba Laboratory), and drills are conducted to prepare for disasters.
Voluntary Fire Brigade	Each business site has organized a voluntary fire brigade and regularly conducts evacuation and fire drills. For factories in Japan, the fire brigades regularly engage in fire drills and a water-discharge drills using outdoor hydrants in line with our fire defense plan and receive instructions and feedbacks from their local fire station.
Emergency Kits and Food Stockpiles	We have distributed emergency kits to all employees to prepare for an emergency. Each business site keeps a stockpile of water and food in case employees are stranded due to disruption of the transportation system in the event of an emergency.
Securing Logistics Routes	Land transportation using trucks is shifted to sea transportation, thereby aiming to ensure a logistics channel in the event of an emergency.
Information Security	As cyber-attacks are spreading around the world, exercise drills are conducted for all employees on how to respond when they receive suspicious e-mails (including distribution of pseudo-targeted attack e-mails that are actually disguised as normal e-mails).

Risk List

Risk	Details of Risk	Countermeasures for Risk
Risks related to legal regulations and medical policies	• Change in regulations of the drug price system and the healthcare insurance system may affect the performance of the Hisamitsu Group.	• We prepare against any revision in advance, such as examining whether extra measures are needed or not, by seizing the trend to the revision of regulations related to pharmaceutical affairs promptly.
Risks related to quality and side effects	• Occurrence of quality problems and unexpected side effects may lead to cases, such as cancellation of release and product recalls.	• We comply with related laws and regulations including the Pharmaceutical and Medical Device Act and GxP Ministerial Ordinances, as well as internal regulations, to ensure thorough quality management of products. • We are prepared to minimize the impact by paying attention to adverse events related to our products and implementing measures promptly including product recall.
Risks related to R&D activities	• In R&D activities for new products and technologies, discontinuation of those activities due to various causes, such as the failure to achieve expected effects, may prevent us from recovering the investment in the R&D.	• We practice portfolio management properly by expanding development pipelines and diversifying resources and risks. • We examine the business feasibility of the pipeline at the time of a transitional stage.
Risks related to supply chains	• Interruption of manufacturing or purchase due to some reason may affect the performance of the Hisamitsu Group.	• We develop a BCP (Business Continuity Plan) and conduct drills at our manufacturing sites and work to secure safety inventory in order to maintain stable supply.
Risks related to environmental issues	• If chemicals used in the R&D activities or manufacturing processes are judged to have a negative impact on the surrounding environment, it may affect the performance of the Hisamitsu Group.	• We conduct periodic inspections of storage areas in our work to protect environment, as well as drills to handle an emergency.
Risks related to intellectual property rights	• If business activities of the Hisamitsu Group infringe on patents or other intellectual property rights of other companies, business may be suspended, or a patent dispute may arise. • If other companies infringe on the intellectual property rights of the Hisamitsu Group, we may file suit.	• We have established a system to implement the best strategy in collaboration with outside experts including lawyers as needed.
Risks related to lawsuits	• With regard to our business activities, we may be sued for side effects of pharmaceutical products, product liability, and other reasons.	• We have established a system to implement the best strategy in collaboration with outside experts including lawyers as needed.
Risks related to natural disasters (climate change)	• If our business activities or those of our business partners are damaged due to critical natural phenomena (weather, volcano eruptions, earthquakes, landslides, etc.) , it may affect the performance of the Hisamitsu Group.	• For measures to minimize risks of disasters, we have developed a BCP (Business Continuity Plan), such as developing the Disaster Countermeasures Manual, and improve the Plan on an ongoing basis.
Risks related to IT security and information management	• The Hisamitsu Group has a lot of in-house information (trade secrets) including personal information, and if any of the information leaks outside of the Company due to unauthorized entry into the system, system failure, accidents, etc., it may affect the performance of the Hisamitsu Group.	• We have formulated the Information Security Management Regulations and established an information system management structure to strive to prevent information leakage and reinforce information security. • We take measures to keep pace with changes in the social environment and technological advances, such as countermeasures against cyberattacks. In addition, information security awareness is raised by continuously alerting and educating relevant employees.
Risks related to the securement and development of human resources and work environment	• If sufficient human resources cannot be secured or an environment where employees can continue working safely, securely, and healthily is impaired, our business may be difficult to continue or may stagnate, which may affect the performance of the Hisamitsu Group.	• We will increase job satisfaction through the creation of employee growth opportunities and a comfortable work environment to realize the self-reliant career development of employees.
Sovereign risks in countries or regions to which we expand our business	• In overseas business, we may lose initially expected revenues or may suffer unexpected losses from environmental changes in political, social or economic terms in countries or regions to which we expand our business, which may affect the performance of the Hisamitsu Group.	• We collect and recognize information on risks related to countries or regions to which we expand our business, and develop a BCP (Business Continuity Plan), as well as improving it on an ongoing basis.
Risks related to changes in market environments	• If the environment surrounding our products changes because of the launch of competitors' products or generic products, it may affect the performance of the Hisamitsu Group.	• We collect information on the launch or other matters of competitors' products and generic products as well as working on the creation and development of drugs to reduce the impact.

Financial Highlights

		FY2022	FY2023	FY2024
Financial Results				
Net Sales	(Unit: 1 million yen)	128,330	141,706	156,006
Sales Growth Rate	(%)	106.8	110.4	110.1
Overseas Net Sales	(Unit: 1 million yen)	53,693	60,679	73,642
Overseas Sales Ratio	(%)	41.8	42.8	47.2
Cost of Sales	(Unit: 1 million yen)	55,630	62,735	64,810
Gross Profit	(Unit: 1 million yen)	72,699	78,970	91,196
Selling, General and Administrative Expenses	(Unit: 1 million yen)	61,099	65,803	72,300
SG&A to Sales Ratio	(%)	47.7	46.4	46.3
Operating Profit	(Unit: 1 million yen)	11,599	13,167	18,895
Operating Profit Ratio	(%)	9.0	9.3	12.1
Ordinary Profit	(Unit: 1 million yen)	16,051	19,649	24,010
Profit Attributable to Owners of Parent	(Unit: 1 million yen)	11,742	13,969	21,758
R&D Expenses	(Unit: 1 million yen)	9,785	8,614	10,903
Depreciation	(Unit: 1 million yen)	4,952	5,110	6,185
Capital Investment Amount	(Unit: 1 million yen)	7,875	12,065	14,663
Financial Position				
Total Assets	(Unit: 1 million yen)	313,917	328,779	343,068
Net Assets	(Unit: 1 million yen)	258,408	267,082	279,407
Statements of Cash Flows				
Net Cash Provided by (Used in) Operating Activities	(Unit: 1 million yen)	12,727	18,188	18,765
Net Cash Provided by (Used in) Investing Activities	(Unit: 1 million yen)	-23,868	-2,512	17,563
Net Cash Provided by (Used in) Financing Activities	(Unit: 1 million yen)	-14,687	-16,691	-15,850
Net Increase (Decrease) in Cash and Cash Equivalents	(Unit: 1 million yen)	-20,822	941	23,414
Free Cash Flow	(Unit: 1 million yen)	-11,141	15,675	36,329
Index, etc. Per Share				
Earning Per Share (EPS)	(Yen)	148.01	181.62	295.57
Book Value Per Share (BPS)	(Yen)	3,294.20	3,492.62	3,788.47
Dividend Per Share	(Yen)	84.50	85.00	90.00
Major Financial Indexes				
Return on Equity (ROE)	(%)	4.7	5.4	8.0
Shareholders' Equity Ratio	(%)	81.6	80.5	80.6
Payout Ratio	(%)	57.1	46.8	30.4



Non-Financial Data Highlights

Environmental Data

Change in Hisamitsu Group CO₂ Emissions (t-CO₂)

	FY2013	FY2022	FY2023	FY2024
Kyushu Head Office	18,161	11,736	12,756	10,470
Utsunomiya Factory	6,248	6,242	6,132	6,151
SAGA Global Research Center*	3,311	2,132	1,790	3,717
Tokyo HO/Branches and Sales offices	4,168	2,030	1,790	1,476
Non-consolidated total	31,888	22,140	22,468	21,814
Vs. FY2013 (%)	100	69.4	70.5	68.4
Emission intensity of Hisamitsu Pharmaceutical, non-consolidated (CO ₂ emissions [t-CO ₂]/Non-consolidated net sales [Unit: million yen])	0.27	0.24	0.23	0.21
Domestic subsidiaries ¹	—	1,576	1,962	1,815
Overseas subsidiaries ²	—	10,736	10,009	10,388
Group total ³	—	34,452	34,439	34,017
Group emission intensity (CO ₂ emissions [t-CO ₂]/Consolidated net sales [Unit: million yen])	—	0.27	0.24	0.22

*1 Four companies with a manufacturing site: Noven, Hisamitsu Vietnam, Hisamitsu Indonesia, and Hisamitsu Brazil

*: Tsukuba Laboratories for FY2022-FY2023

*2 Four companies: CRCC Media Co., Ltd., Saga City-Vision Co., Ltd., SAGA HISAMITSU SPRINGS Co., Ltd., and Taiyo Co., Ltd.

*3 Domestic and overseas subsidiaries and sales sites with little impact on the calculation of CO₂ emissions are excluded.

CO₂ Emissions by Scope (Scopes 1, 2, and 3) *Non-consolidated

	FY2022	FY2023	FY2024
Scope 1 (Direct emissions)	7,862	7,186	4,393
Scope 2 (Indirect emissions)	14,278	15,282	17,421
Scope 1 & 2	22,140	22,468	21,814
Scope 3	98,488	111,566	97,732
Purchased goods and services	49,823	46,290	41,246
Capital goods	11,651	31,891	36,669
Fuel- and energy-related activities not included in Scope 1 or 2	4,885	4,763	4,775
Transportation, delivery (upstream)	2,234	2,197	1,340
Waste from business	2,433	2,196	2,061
Business travel	340	610	691
Employee commuting	271	286	297
Leased assets (upstream)	—	—	—
Transportation and delivery (downstream)	33	35	22
Processing of sold products	—	—	—
Use of sold products	—	—	—
End-of-life treatment of sold products	26,818	23,298	10,632
Leased assets (downstream)	—	—	—
Franchises	—	—	—
Investments	—	—	—

*Until FY2023, all calculations were based on incineration disposal, but from FY2024, we will use the emission intensity provided by the Ministry of the Environment, which is based on the actual state of waste disposal (incineration, landfill, recycling).

Energy Consumption at Each Domestic Business Site

	FY2022	FY2023	FY2024
Kyushu Head Office			
Electricity (MWh)	20,871	20,367	19,148
Gas (m ³): LNG	291,363	690,506	747,613
Heavy oil (kL)	1,093	562	336
Utsunomiya Factory			
Electricity (MWh)	10,679	10,366	10,593
Steam (t)	15,627	16,209	17,098
SAGA Global Research Center*			
Electricity (MWh)	3,188	3,198	7,528
Gas (m ³): LNG	—	—	78,927
Kerosene (kL)	272	262	21
Tokyo HO/Branches and Sales offices			
Electricity (MWh)	480	414	429
Gas (m ³): LNG	1,298	1,301	1,400
Gasoline (kL)	674	640	583
Domestic total (Crude oil volume conversion: kL)	11,844	10,976	11,445
Vs. FY2013 (%)	77.8	72.1	75.1
Specific energy consumption (Energy consumption [kL]/Non-consolidated net sales [Unit: million yen])	0.13	0.11	0.11

*: Tsukuba Laboratories for FY2022-FY2023

Total Amount of Waste Generated, Waste Plastic Recycling Rate *Non-consolidated

	FY2022	FY2023	FY2024
Total amount of waste generated (t)	3,722	3,358	3,329
Waste plastic recycling rate ¹	99.8	99.8	100.0
Total waste generation intensity (Total amount of waste generated [t]/Non-consolidated net sales [Unit: million yen])	0.04	0.03	0.03

*1 The waste plastic recycling rates show only the figures for waste plastic resulting from industrial waste.

Change in Water Consumption and Drainage Volume *Non-consolidated

	FY2022	FY2023	FY2024
Water consumption (m ³)	174,009	173,101	185,625
Water consumption intensity (Water consumption [m ³]/Non-consolidated net sales [Unit: million yen])	1.87	1.79	1.81
Drainage volume (m ³)	86,520	87,007	97,656

Change in Water Pollutant *Non-consolidated

	FY2022	FY2023	FY2024
BOD ¹ (t)	8.6	10.3	9.1
SS ² (t)	2.2	1.4	0.9

*1 BOD (Biological Oxygen Demand)

*2 SS (Suspended Solids)

Change in Air Pollutant *Non-consolidated

	FY2022	FY2023	FY2024
SOx (t)	0.7	0.5	0.003
NOx (t)	1.8	1.7	0.4

Management of Specified Chemical Substances *Non-consolidated

	FY2022	FY2023	FY2024
Toluene (PRTR Substances)			
Handling volume (t)	3.7	3.4	1.3
Emission into the air (t)	0.2	0.2	0.1
Waste disposal (t)	3.5	3.2	0.2

Compliance with Environmental Laws and Regulations *Non-consolidated

	FY2022	FY2023	FY2024
Number of violations of environmental laws and regulations	0	0	0

Non-Financial Data Highlights

Social Data

Employee Data (Consolidated; As of the end of February each fiscal year)

	FY2022	FY2023	FY2024
Consolidated Number of Employees (persons)	2,769	2,759	2,799
Number of Domestic Employees (persons)	1,579	1,568	1,553
Number of Overseas Employees (persons)	1,190	1,191	1,246
Number of Male Employees (persons)	1,654	1,640	1,649
Number of Female Employees (persons)	1,115	1,119	1,150
Ratio of Female Employees (%)	40.3	40.6	41.1

Employee Data (Hisamitsu Pharmaceutical [Non-consolidated]; As of the end of February each fiscal year)

	FY2022	FY2023	FY2024
Number of Employees (persons)	1,521	1,506	1,488
Number of Male Employees (persons)	1,070	1,042	1,012
Number of Female Employees (persons)	451	464	476
Ratio of Female Employees (%)	29.7	30.8	32.0
Ratio of Women in Management Positions (as of March 31 for each Fiscal Year) (%)	7.9	7.8	9.4
Average Age (years old)	38.9	39.4	39.2
Average Service Years (years)	15.3	15.8	15.7
Elderly Employment Rate (%)	3.29	4.56	5.26
Employment Rate of Persons with Disabilities (%)	1.95	2.31	2.55
Number of New Employees (persons)	10	54	68
Number of New Male Employees (persons)	4	26	31
Number of New Female Employees (persons)	6	28	37
Ratio of New Female Employees (%)	60.0	51.9	54.4
Mid-career Hiring Rate (%)	55	16	14
Voluntary Turnover Rate (%)	3.7	4.0	3.6

Gender Wage Difference ((Ratio of women's wages to men's wages; Hisamitsu Pharmaceutical [Non-consolidated])

	FY2022	FY2023	FY2024
Regular Employees (%)	76.1	74.3	73.8
Part-time/Fixed-term Employees (%)	92.6	90.0	89.5
All Employees (%)	75.7	74.5	74.1

Data Related to Work-life Management (Hisamitsu Pharmaceutical [Non-consolidated])

	FY2022	FY2023	FY2024
Number of Paid Leave Days Taken (days)	13.3	13.4	13.0
Rate of Annual Paid Leave Taken (%)	72.1	71.7	69.3
Number of Employees Taking Maternity Leave (persons)	31	24	24
Number of Employees Taking Childcare Leave (persons)	66	48	47
Number of Male Employees Taking Childcare Leave (persons)	29	24	25
Number of Female Employees Taking Childcare Leave (persons)	37	24	22
Rate of Employees Taking Childcare Leave (%)	72	61	67
Rate of Male Employees Taking Childcare Leave (%)	50	42	54
Rate of Female Employees Taking Childcare Leave (%)	108	109	91
Rate of Return to Work After Childcare Leave (%)	98.4	100	98.2

Data Related to Occupational Safety and Health (Hisamitsu Pharmaceutical [Non-consolidated])

	FY2022	FY2023	FY2024
Number of Occupational Accidents (cases)	8	8	8
Number of Occupational Accidents Requiring Absence From Work (cases)	3	0	0
Occupational Accident Frequency Rate* (-)	0.85	0.00	0.00

*Number of casualties of occupational accidents/Total hours worked x 1,000,000

Job Satisfaction Score (Hisamitsu Pharmaceutical [Non-consolidated])

	FY2022	FY2023	FY2024
Job Satisfaction Score (points)	4.6	4.7	4.9

*The Job Satisfaction Score is the average score of items related to job satisfaction in the annual survey. The upper limit for positive answers is 7.0.

Self-report Submission Rate (Hisamitsu Pharmaceutical [Non-consolidated])

	FY2022	FY2023	FY2024
Self-report Submission Rate (%)	—	98.3	99.2

*The self-report submission rate is the percentage of employees who report their intentions, such as future career plans, relocations, and things they want us to understand.

Self-study Implementation Rate (Hisamitsu Pharmaceutical [Non-consolidated])

	FY2022	FY2023	FY2024
Self-study Implementation Rate (%)	—	20.0	38.8

*The self-study implementation rate is the percentage of employees who work on reskilling, etc., which covers the number of employees who used our self-education support system, the number of employees who took the exam for IT Passport, the number of employees who took a TOEIC test, etc.

Consolidated Financial Statements

Consolidated Balance Sheets

	Prior Fiscal Year (As of Feb. 29, 2024)	Current Fiscal Year (As of February 28, 2025)
Assets		
Current assets		
Cash and deposits	112,459	114,518
Notes and accounts receivable - trade, and contract assets	43,237	47,223
Securities	12,862	14,598
Merchandise and finished goods	11,501	12,044
Work in process	842	794
Raw materials and supplies	8,833	9,553
Other	4,542	5,400
Allowance for doubtful accounts	-254	-344
Total current assets	194,022	203,788
Non-current assets		
Property, plant and equipment		
Buildings and structures	51,783	67,659
Accumulated depreciation	-35,932	-38,614
Buildings and structures, net	15,851	29,045
Machinery, equipment and vehicles	47,279	49,577
Accumulated depreciation	-40,099	-41,234
Machinery, equipment and vehicles, net	7,180	8,342
Tools, furniture and fixtures	13,357	13,391
Accumulated depreciation	-10,606	-9,461
Tools, furniture and fixtures, net	2,750	3,930
Land	11,424	11,703
Leased assets	1,564	1,776
Accumulated depreciation	-669	-684
Leased assets, net	895	1,092
Construction in progress	11,360	5,786
Total property, plant and equipment	49,462	59,899
Intangible assets		
Sales rights	347	300
Software	228	204
Goodwill	1,444	1,294
Other	4,811	4,175
Total intangible assets	6,831	5,974
Investments and other assets		
Investment securities	67,121	60,222
Net defined benefit asset	6,099	7,439
Deferred tax assets	1,649	1,911
Other	3,798	4,038
Allowance for doubtful accounts	-207	-207
Total investments and other assets	78,462	73,405
Total non-current assets	134,756	139,280
Total assets	328,779	343,068

(Unit: 1 million yen)

	Prior Fiscal Year (As of Feb. 29, 2024)	Current Fiscal Year (As of February 28, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,612	9,910
Electronically recorded obligations - operating	6,651	4,205
Short-term loans payable	1,071	1,065
Lease obligations	350	409
Accounts payable - other	7,972	8,152
Income taxes payable	1,889	3,627
Provision for bonuses	1,831	2,213
Contract liabilities	4,539	2,864
Other	12,019	14,776
Total current liabilities	45,938	47,226
Non-current liabilities		
Long-term loans payable	76	1,694
Lease obligations	603	688
Deferred tax liabilities for land revaluation	1,697	1,646
Deferred tax liabilities	2,821	2,658
Net defined benefit liability	8,598	7,819
Other	1,961	1,926
Total non-current liabilities	15,758	16,434
Total liabilities	61,696	63,661
Net Assets		
Shareholders' equity		
Capital stock	8,473	8,473
Capital surplus	2,361	2,361
Retained earnings	242,578	257,881
Treasury shares	-36,993	-47,550
Total shareholders' equity	216,420	221,166
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,052	18,485
Revaluation reserve for land	3,403	3,337
Foreign currency translation adjustment	21,621	31,334
Remeasurements of defined benefit plans	1,042	2,093
Total accumulated other comprehensive income	48,120	55,250
Share acquisition rights	334	408
Non-controlling interests	2,205	2,581
Total net assets	267,082	279,407
Total liabilities and net assets	328,779	343,068

Consolidated Statements of Income

	Prior Fiscal Year (Mar. 1, 2023 - Feb. 29, 2024)	Current Fiscal Year (Mar. 1, 2024 - Feb. 28, 2025)
Net sales	141,706	156,006
Cost of sales	62,735	64,810
Gross profit	78,970	91,196
Selling, general and administrative expenses	65,803	72,300
Operating profit	13,167	18,895
Non-operating income		
Interest income	2,564	2,748
Dividend income	1,120	1,245
Foreign exchange gains	1,778	—
Share of profit of entities accounted for using equity method	585	590
Other	556	782
Total non-operating income	6,605	5,365
Non-operating expenses		
Interest expenses	18	23
Foreign exchange losses	—	176
Loss on cancellation of insurance policies	47	—
Other	58	51
Total non-operating expenses	123	251
Ordinary profit	19,649	24,010
Extraordinary income		
Gain on disposal of non-current assets	1	24
Gain on sale of investment securities	389	5,019
Total extraordinary income	391	5,044
Extraordinary losses		
Loss on disposal of non-current assets	7	23
Impairment losses	847	343
Total extraordinary losses	854	367
Profit before income taxes	19,186	28,687
Income taxes - current	3,903	5,624
Income taxes - deferred	851	760
Total income taxes	4,754	6,385
Profit	14,431	22,301
Profit attributable to non-controlling interests	461	543
Profit Attributable to owners of parent	13,969	21,758

Consolidated Statement of Comprehensive Income

	Prior Fiscal Year (Mar. 1, 2023 - Feb. 29, 2024)	Current Fiscal Year (Mar. 1, 2024 - Feb. 28, 2025)
Profit	14,431	22,301
Other comprehensive income		
Valuation difference on available-for-sale securities	4,887	-3,580
Foreign currency translation adjustment	5,874	9,764
Remeasurements of defined benefit plans, net of tax	428	1,039
Share of other comprehensive income of entities accounted for using equity method	104	21
Total other comprehensive income	11,295	7,244
Comprehensive income	25,727	29,546
(Breakdown)		
Comprehensive income attributable to owners of parent	25,193	28,954
Comprehensive income attributable to non-controlling shareholders	533	592

(Unit: 1 million yen)

(Unit: 1 million yen)

Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Equity

Prior Fiscal Year (Mar. 1, 2023 – Feb. 29, 2024)	Shareholders' equity					(Unit: 1 million yen)	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at March 1, 2023	8,473	2,361	235,569	-27,196	219,208		
Changes in items during period							
Dividends of surplus			-6,579		-6,579		
Profit attributable to owners of parent			13,969		13,969		
Reversal of revaluation reserve for land			-0		-0		
Purchase of treasury shares				-9,796	-9,796		
Change in scope of consolidation			-380		-380		
Net changes in items other than shareholders' equity							
Total changes of items during period	—	—	7,009	-9,796	-2,787		
Balance at February 29, 2024	8,473	2,361	242,578	-36,993	216,420		

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 1, 2023	17,042	3,403	15,819	631	36,896	260	2,042	258,408
Changes in items during period								
Dividends of surplus								-6,579
Profit attributable to owners of parent								13,969
Reversal of revaluation reserve for land								-0
Purchase of treasury shares								-9,796
Change in scope of consolidation								-380
Net changes in items other than shareholders' equity	5,010	0	5,802	411	11,224	74	163	11,461
Total changes of items during period	5,010	0	5,802	411	11,224	74	163	8,674
Balance at February 29, 2024	22,052	3,403	21,621	1,042	48,120	334	2,205	267,082

Current Fiscal Year (Mar. 1, 2024–Feb. 28, 2025)	Shareholders' equity					(Unit: 1 million yen)	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity		
Balance at March 1, 2024	8,473	2,361	242,578	-36,993	216,420		
Changes in items during period							
Dividends of surplus			-6,522		-6,522		
Profit attributable to owners of parent			21,758		21,758		
Reversal of revaluation reserve for land			66		66		
Purchase of treasury shares				-10,556	-10,556		
Net changes in items other than shareholders' equity							
Total changes of items during period	—	—	15,302	-10,556	4,745		
Balance at February 28, 2025	8,473	2,361	257,881	-47,550	221,166		

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 1, 2024	22,052	3,403	21,621	1,042	48,120	334	2,205	267,082
Changes in items during period								
Dividends of surplus								-6,522
Profit attributable to owners of parent								21,758
Reversal of revaluation reserve for land								66
Purchase of treasury shares								-10,556
Net changes in items other than shareholders' equity	-3,566	-66	9,713	1,050	7,129	73	375	7,579
Total changes of items during period	-3,566	-66	9,713	1,050	7,129	73	375	12,324
Balance at February 28, 2025	18,485	3,337	31,334	2,093	55,250	408	2,581	279,407

Consolidated Statements of Cash Flows

(Unit: 1 million yen)

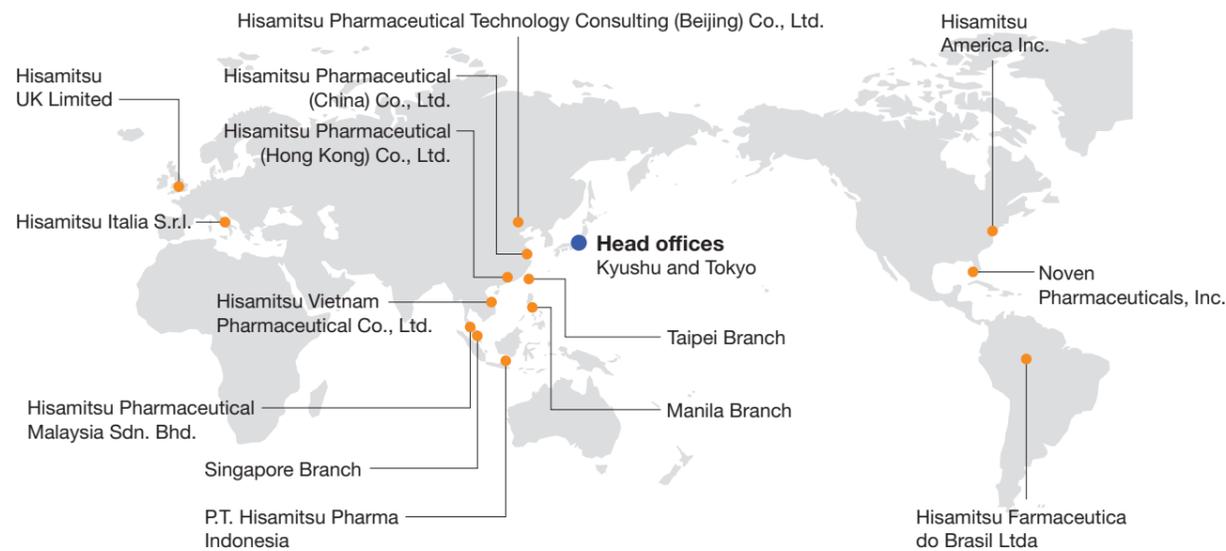
	Prior Fiscal Year (Mar. 1, 2023– Feb. 29, 2024)	Current Fiscal Year (Mar. 1, 2024– Feb. 28, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	19,186	28,687
Depreciation	5,110	6,185
Impairment losses	847	343
Amortization of goodwill	62	150
Increase (decrease) in net defined benefit liability	193	-9
Increase (decrease) in provision for bonuses	468	325
Increase (decrease) in allowance for doubtful accounts	-14	83
Interest and dividend income	-3,684	-3,993
Interest expenses	18	23
Foreign exchange losses (gains)	-780	-109
Share of loss (profit) of entities accounted for using equity method	-585	-590
Loss (gain) on sales of investment securities	-389	-5,019
Loss (gain) on disposal of non-current assets	5	-1
Decrease (increase) in notes and accounts receivable - trade	-2,082	-2,525
Decrease (increase) in inventories	-1,628	-347
Decrease (increase) in other current assets	-1,047	-572
Increase (decrease) in notes and accounts payable - trade	686	-2,642
Increase (decrease) in contract liabilities	-1,380	-1,675
Increase (decrease) in other current liabilities	3,577	1,032
Other	-87	-736
Subtotal	18,474	18,610
Interest and dividend income received	3,757	4,467
Interest expenses paid	-18	-25
Income taxes paid	-4,017	-4,279
Payments of retirement benefits for directors (and other officers)	-7	-7
Net cash provided by (used in) operating activities	18,188	18,765
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	15,572	23,557
Purchase of property, plant and equipment	-12,924	-13,627
Proceeds from sales of property, plant and equipment	186	154
Purchase of intangible assets	-112	-147
Decrease (increase) in short-term investment securities	155	24
Purchase of investment securities	-15	-511
Proceeds from sales and redemption of investment securities	1,397	8,111
Payments for acquisition of businesses	-6,800	—
Collection of loans receivable	2	1
Other	25	—
Net cash provided by (used in) investing activities	-2,512	17,563
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	—	1,830
Increase (decrease) in short-term loans payable	-4	—
Repayments of long-term loans payable	-66	-217
Dividends paid to non-controlling interests	-111	-216
Purchase of treasury shares	-9,796	-10,554
Cash dividends paid	-6,578	-6,519
Other	-133	-172
Net cash provided by (used in) financing activities	-16,691	-15,850
Effect of exchange rate change on cash and cash equivalents	1,957	2,936
Net increase (decrease) in cash and cash equivalents	941	23,414
Cash and cash equivalents at beginning of period	65,424	66,366
Cash and cash equivalents at end of period	66,366	89,780

Corporate Profile (as of February 28, 2025)

Corporate Information

Company Name	HISAMITSU PHARMACEUTICAL CO., INC.	
Founded	1847	
Incorporated	May 22, 1944	
Capital	8,473 million yen	
Employees	2,799 (Consolidated); 1,488 (Non-consolidated)	
Representative	NAKATOMI, Kazuhide, President & CEO	
Head Offices	Kyushu Head Office (main), Tokyo Head Office	
Branches	Sapporo Branch, Sendai Branch, Tokyo Branch, Nagoya Branch, Osaka Branch, Hiroshima Branch, Fukuoka Branch, Taipei Branch, Singapore Branch, Manila Branch	
Sales Offices	Kanazawa Sales Office, Takamatsu Sales Office	
Factories	Utsunomiya Factory, Tosu Factory	
Laboratories	SAGA Global Research Center	
Domestic Subsidiaries	Hisamitsu Wellness Co. Ltd. (Tokyo)	Taiyo Co., Ltd (Saga)
	CRCC Media Co., Ltd. (Fukuoka)	SAGA HISAMITSU SPRINGS Co., Ltd. (Saga)
	Saga City-Vision Co., Ltd. (Saga)	Hisamitsu Agency Co., Ltd. (Fukuoka)
Overseas Subsidiaries	Hisamitsu U.S., Inc. (U.S.)	Hisamitsu Pharmaceutical Technology Consulting (Beijing) Co., Ltd. (China)
	Hisamitsu America Inc. (U.S.)	Hisamitsu Pharmaceutical (China) Co., Ltd. (China)
	Noven Pharmaceuticals, Inc. (U.S.)	Hisamitsu Pharmaceutical (Hong Kong) Co., Ltd. (Hong Kong)
	Hisamitsu Farmaceutica do Brasil Ltda. (Brazil)	Hisamitsu Pharmaceutical Malaysia Sdn. Bhd. (Malaysia)
	Hisamitsu UK Limited (UK)	P.T. Hisamitsu Pharma Indonesia (Indonesia)
	Hisamitsu Italia S.r.l. (Italy)	And one other company
	Hisamitsu Vietnam Pharmaceutical Co., Ltd. (Vietnam)	

Hisamitsu Pharmaceutical Group's Operating Bases

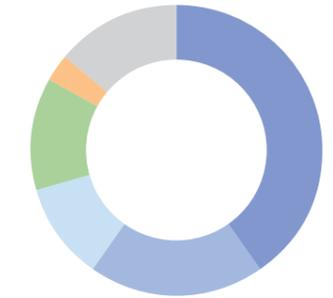


Shares (as of February 28, 2025)

Stock Profile

Total Number of Authorized Shares	380,000,000 shares
Total Number of Shares Outstanding	85,164,895 shares
Total Number of Shareholders	8,444 shareholders
Fiscal Year	March 1 – end of February of the following year
Regular Shareholders' Meeting	Called every May
Record Dates	Year-end dividend: Last day of February Mid-year dividend: Last day of August
Shareholder Registry Administrator Account Administration Authority for Special Accounts	Mitsubishi UFJ Trust and Banking Corporation
Stock Exchange	Tokyo Stock Exchange Prime Market, Nagoya Stock Exchanges Premier Market, and Fukuoka Stock Exchange
Security Code	4530

Distribution by Owner



Financial Institutions	40.44%
Other Corporations	19.36%
Individuals	10.79%
Foreign Institutions and Individuals	12.48%
Securities Companies	3.08%
Held in own name	13.85%

Principal Shareholders

Shareholders	Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,783	9.25
Custody Bank of Japan, Ltd. (as trustee for retirement benefit trust of The Nishi-Nippon City Bank, Ltd. re-entrusted by Resona Bank, Limited)	4,370	5.96
Nippon Life Insurance Company	3,910	5.33
Custody Bank of Japan, Ltd. (trust account)	3,599	4.91
The Nomura Trust and Banking Co., Ltd. (retirement benefit trust account for MUFG Bank, Ltd.)	3,452	4.71
The Bank of Fukuoka, Ltd.	3,371	4.60
Hisamitsu Pharmaceutical Partner Companies' Shareholding Association	2,711	3.70
THE BANK OF SAGA Ltd.	2,356	3.21
SMBC Trust Bank Ltd. (Retirement Benefit Trust Account of Sumitomo Mitsui Banking Corporation)	2,064	2.81
TKY Co., Ltd.	1,844	2.51

Note: The shareholding ratios were calculated after the treasury shares (11,792,525 shares) were excluded.

Website

Our latest information is available on our website. We will continue to demonstrate ingenuity and provide a wider range of information so that the website will be even more useful for stakeholders.

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Sustainability

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