



Maruho Report 2024

Employees come together as one team to help with skin concerns and bring smiles to people.

As a pharmaceutical company specializing in dermatology, Maruho strives to provide pharmaceutical products and information that meet unmet needs.

More smiles,
brighter life for you.

R&D and Business
Development

Creating
products that meet unmet
needs in dermatology and
expanding treatment options



Sales, Marketing, and Medical

Addressing the concerns of each patient and the challenges faced by medical professionals, and providing accurate, valuable information in a timely manner



Production and Reliability Assurance

Ensuring a stable supply of reliable products by strengthening the production system and promoting reliability awareness



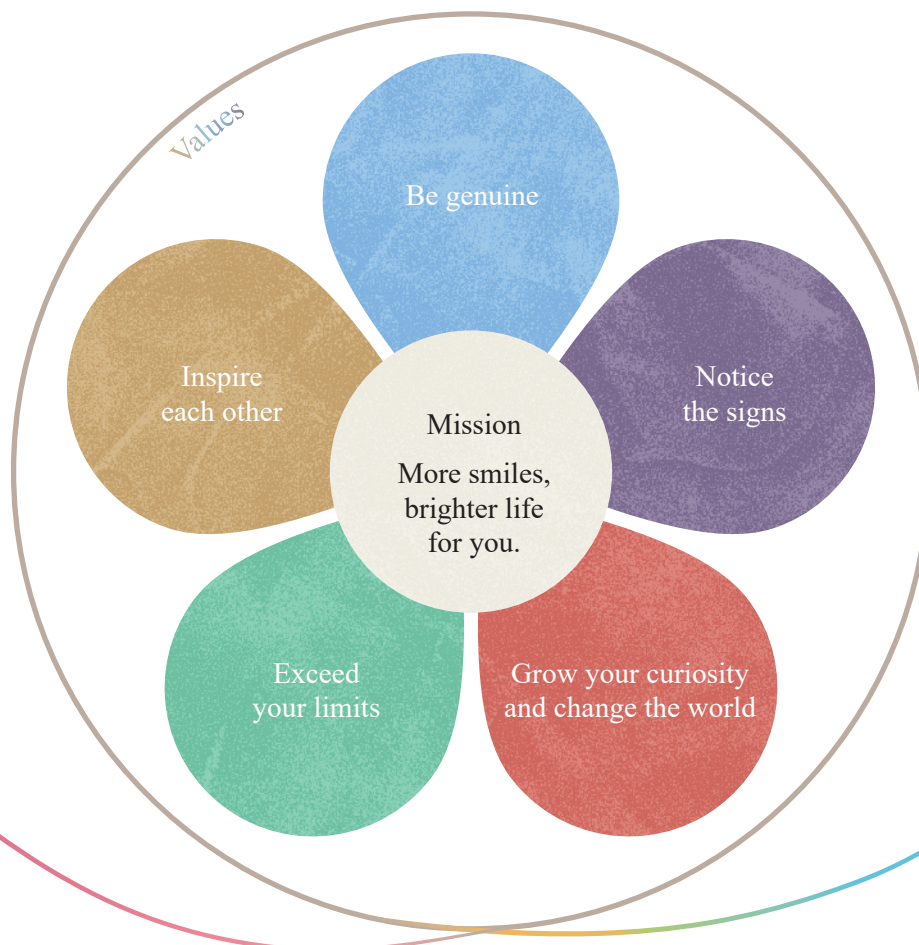
Management Base

Promoting a work environment where each employee can take on new challenges and create new value





Corporate Philosophy



Mission

More smiles, brighter life for you.

Maruho is always searching for what brings your personal happiness.
By listening to you and appreciating every moment of life,
we will seek the truth that makes you smile.

Values

Be genuine	Notice the signs	Grow your curiosity and change the world	Exceed your limits	Inspire each other
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These five Values are the standards of behavior that each one of us
should uphold in order to realize our Mission.



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Editorial policy

Publication of Maruho Report 2024

Maruho Report 2024 is published by Maruho Co., Ltd. (hereinafter, "Maruho") to report its activities. The objective of this report is to promote stakeholder understanding about the activities conducted by Maruho, as well as its value creation, financial and non-financial information, business overview, and contributions to society. This report was prepared through cross-departmental cooperation among the Corporate Planning Dept. and other departments.

Report period

From October 1, 2023 to September 30, 2024

This report includes some activities not conducted during this period.

About the Cover

We want everyone, from infants to adults, to smile throughout their lives. Our goal is to contribute through our various activities to a society where everyone can smile. We designed the cover of this report with the hope of conveying to readers this goal, which forms the foundation for everything that Maruho does. It depicts Maruho employees working with and supporting a diverse range of consumers, including patients.



Using dialogue between employees and management to accelerate the cycle of sharing and implementation of our Corporate Philosophy

In order to realize our Mission, it is important that all of our people are on the same page. Maruho scores awareness through the annual employee engagement survey called "More Smiles" and continues to hold Town Hall Meetings (THMs) to dive deeper into the results. In the first year, the fiscal year ended September 2023, 10 in-person THMs were held, and in the fiscal year ended September 2024, 20 in-person meetings and one online meeting were held. Discussions focused on our Mission and Values, the company's prospects, and employee career autonomy, motivation, and goal setting.

At THMs, employees and management communicate directly and share their understanding of the current situation and issues through frank discussions. The idea is to increase Maruho's unifying force by reflecting the insights gained from discussions in corporate activities as they occur, and to establish our Corporate Philosophy as the foundation of the corporate culture. This will enable everyone at Maruho to have an equal understanding of the Corporate Philosophy and use it as a driving force in their daily activities. We aim to link this accumulation to the growth of each individual and the sustainable development of the company.

Voice of participating employees: keywords



Reliability Awareness Resonate
Smile **Together** Serve
Curiosity Key
Recognition Career-minded **Will** Share

Voices of participating management

I would like employees to be excited and **challenge their own limits**, for example by proactively proposing ideas to business partners.



Atsushi Sugita
Representative Director,
President & CEO

I was reminded that being conscious of patients, not being satisfied with the status quo, and **wanting "more"** is a sign of humility that leads to sincerity.



Yasuyuki Ishimaru
Director of the Board

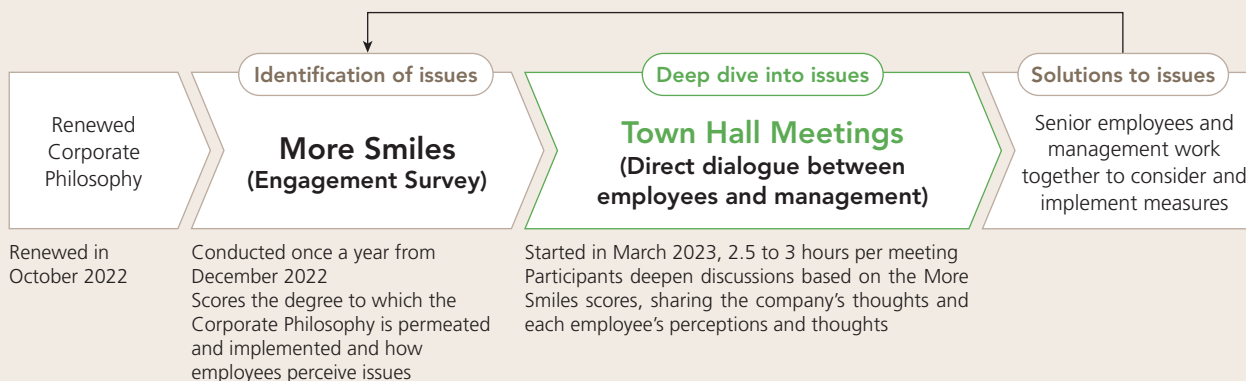
I hope that by **opening up to each other** and exchanging opinions, we can turn our worries into a moderate sense of urgency and excitement for the future.



Yasuhiko Kito
Director of the Board



Initiatives to build Corporate Philosophy



Connection
Collaboration
Convey



Create Overcome
Tomorrow
Communicate

Understand Future **Ambition**
Unity Effort Sincerity
Engage



I would like everyone to move from "unspoken understanding" to "clarifying each other's stance by **putting it into words.**"



Masahiro Takeda
Director of the Board

Almost everyone had the same image of **Maruho's uniqueness**, such as our honesty. At that moment, I felt that we could overcome any high hurdles together.



Katsunori Hiratsuka
Director of the Board

With regard to **career autonomy**, I felt it was necessary to clearly show the companywide job descriptions and successful inter-departmental transfer models so that they could be understood.

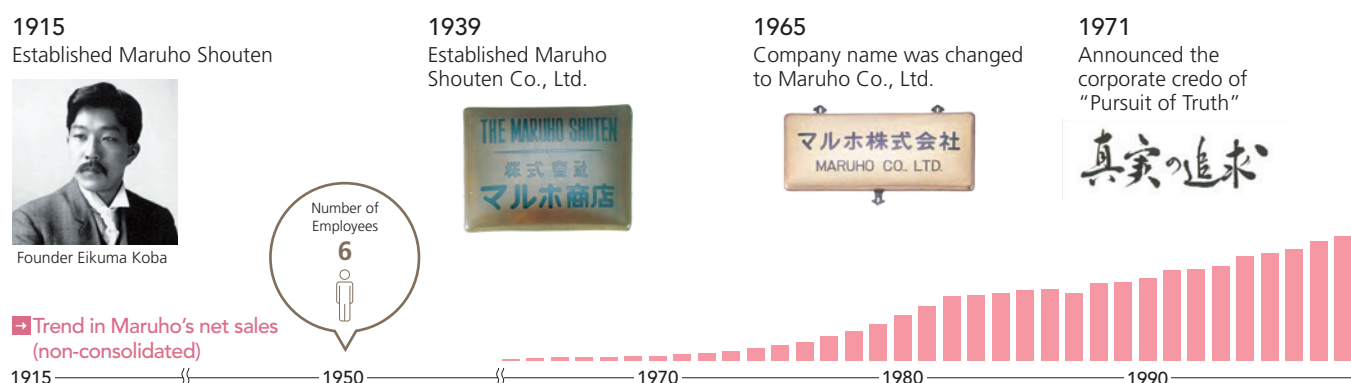


Yutaka Tomita
Director of the Board

Contributing to people's lives and bringing smiles to their faces

— Achieving sustainable value creation and growth

For more than 100 years, Maruho has been providing medicines that help patients improve their health and quality of life. Today, as a leader in the field of dermatology, we are taking on the challenge of creating even more value.



Since 1915

Bringing first-rate medicines to Japan from overseas

Maruho's history began with a commitment to "contribute to society through medicine" by Maruho founder Eikuma Koba. Initially, Maruho worked with pharmaceutical companies in Europe and the United States to deliver high-quality medicines to Japan, thereby supporting people's health.

Main products released

- 1917 • Mosquito repellent cream *Moskiton*
- Oxygen tooth powder *Calox*
- Complete nutritional additive *Ovaltine*
- 1922 • Asthma treatment *Asthmolysin Injection*
- 1924 • Hemostatic agent *Fibronin*



Since 1930

Realizing a stable supply of pharmaceuticals through domestic production

After World War I, the full-scale production of pharmaceuticals finally began in Japan. Maruho, too, began researching and manufacturing domestically produced products in place of imported ones, and, from 1931, succeeded in producing cough syrups, mosquito repellent creams, and a number of other products. Maruho was able to provide a stable supply of pharmaceuticals to patients who required them.

Main products released

- 1931 • Domestic production of antitussive expectorant *Co-fu*
- Cough syrup *Co-fu Syrup*
- 1932 • Domestic production of mosquito repellent cream *Moskiton*
- 1941 • Tubercular disease treatment *Scuna*
- Strong cardiotonic diuretic *Strophanthin Injection*



Since 1950

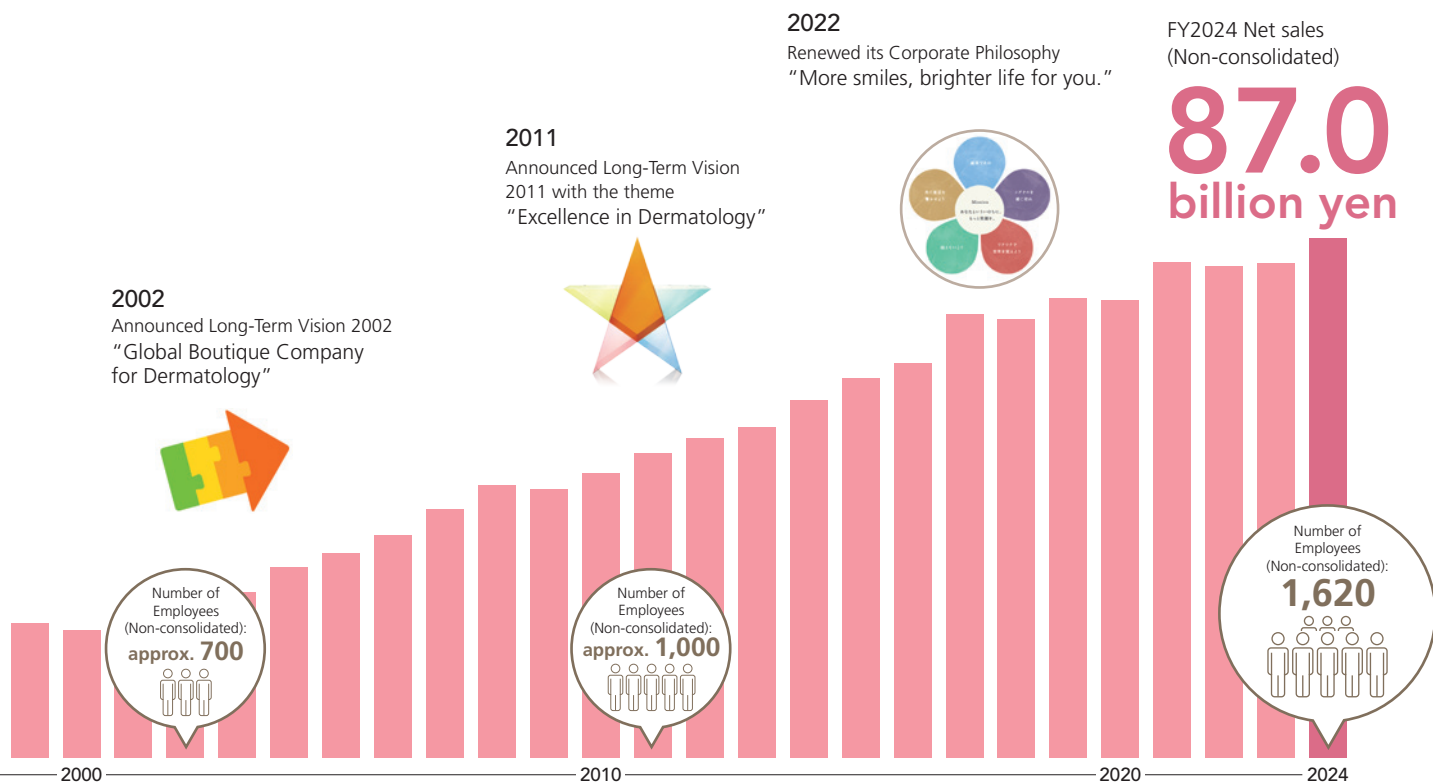
Achieving steady growth in orthopedics, surgery, and dermatology

Maruho launched a series of drugs that contribute to the treatment of such ailments as asthma, hemorrhoids, arthritis, and promoted their use through appropriate information provision activities. Maruho resumed imports of pharmaceuticals from Germany and helped patients in Japan. Maruho made efforts to provide information by placing television advertisements, which were rare at the time, and distributing booklets for medical institutions. In 1972, construction was completed on the Hikone Plant, a cornerstone of Maruho's manufacturing today.

Main products released

- 1954 • Anticoagulant and blood circulation promotion agent *Hirudoid* (currently *Hirudoid Cream*)
- 1962 • Eczematous and bacterial dermal disease treatment agent *Eksalb Ointment* (current *Eksalb*)
- 1965 • Hemorrhoids treatment agent *Posterisan Forte (Ointment)*
- 1968 • Transdermal multiple anti-inflammatory *Mobilat Ointment*
- 1984 • Articular cartilage protective agent *Arteparon*
- 1986 • Topical cortical hormone agent *Voalla Ointment, Voalla Cream*





Since 1990

Specializing in the field of dermatology and topical drugs

Maruho added the additional indication of asteatosis to its *Hirudoid*, relaunching the product as a skin moisturizer. With the growing importance of skin care, Maruho contributed to the establishment of treatments for dry skin diseases. Maruho concentrates its management resources on R&D, production, and sales activities in the field of dermatology. Maruho launched products such as a treatment for psoriasis and other keratoses and a local anesthetic patch.

Main products released

- 1996 • Blood-flow accelerative / skin-moisturizing agent *Hirudoid Soft cream* (currently *Hirudoid Soft Ointment*)
- 2001 • Blood-flow accelerative / skin-moisturizing agent *Hirudoid Lotion*
- Treatment agent for keratosis including psoriasis vulgaris *Oxazol Ointment*
- 2005 • Oral penem antibiotic *Farom Tablets*, *Farom Dry Syrup for Pediatric*
- 2006 • Anthelmintic (anti-parasitic) agent *STROMEKTOL Tablets*
- 2007 • Treatment agent for keratosis including psoriasis vulgaris *Oxazol Lotion*
- Local anesthetic patch *Penles Tape*
- 2008 • Anti-herpes virus agent *Famvir Tablets*
- 2009 • Antifungal agent *Astat*



Hirudoid Soft Ointment



Oxazol Lotion

Since 2010

Establishing position as a pharmaceutical company specializing in dermatology

In addition to establishing a wide product lineup for a variety of skin diseases such as atopic dermatitis, acne, psoriasis, and various infectious diseases, Maruho has expanded treatment options through additional indications and dosage forms of existing products to expand treatment options, thereby greatly contributing to improving patients' quality of life.

Main products released

- 2014 • Atopic dermatitis treatment agent *Protopic Ointment*
- Skin care product *iniks*
- 2015 • Human anti-human IL-17A monoclonal antibody *Cosentyx*
- Acne vulgaris treatment agent *BEPIO Gel*
- 2016 • Infantile hemangioma treatment agent *Hemangioli Syrup for Pediatric*
- Psoriasis vulgaris treatment agent *Marduox Ointment*
- 2017 • Anti-herpes virus agent *Amenalief Tablets*
- 2018 • Varicella-zoster virus antigen kit *DermaQuick VZV*
- Reduction of malodor generated in cancerous cutaneous ulcers *Rozex Gel*



Cosentyx for s.c. injection pen



Marduox Ointment



Amenalief Tablets



Hemangioli Syrup for Pediatric

Since 2020

Bring more smiles to more people

Aiming to provide medicines that are closely in tune with individual patients, Maruho has launched antibody drugs targeting the itchiness of atopic dermatitis, acne treatments, and products for the treatment of pincer nails, among others. Aiming to realize a society where everyone can live with a smile, Maruho will continue to help patients improve their health and quality of life.

Main products released

- 2020 • Device for pincer nails *MAKIZUME MEISTER*
- 2022 • Primary axillary hyperhidrosis treatment agent *Rapifort Wipes*
- Human anti-human IL-31 receptor A monoclonal antibody *Mitchga Syringes*
- 2023 • Treatment agent for pincer nails *Renail Gel*
- Acne vulgaris treatment agent *BEPIO Lotion*
- 2024 • Human anti-human IL-31 receptor A monoclonal antibody *Mitchga Vials*



Mitchga Syringes



BEPIO Lotion



Rapifort Wipes



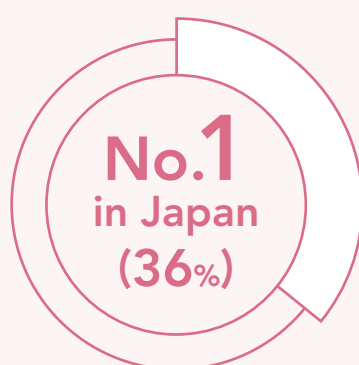
Renail Gel

Bringing smiles to more people with the strengths we have cultivated since our founding

Over the years, we have grown as a pharmaceutical company specializing in dermatology. Harnessing the strengths developed since our founding, we are addressing the unmet needs of many people and contributing to their quality of life.

Solid presence in dermatology

Market share of prescription topical drugs



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In-house analysis based on IQVIA JPM 2023 Apr.–2024 Mar. (drug price base) /
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Topical drugs: ointments, liquids, creams, lotions, gels, sprays,
and topical foam agents

Annual topical drug production volume



For a wide range of skin diseases



Atopic dermatitis



Scabies



Psoriasis



Dry skin (asteatosis)



Prurigo nodularis



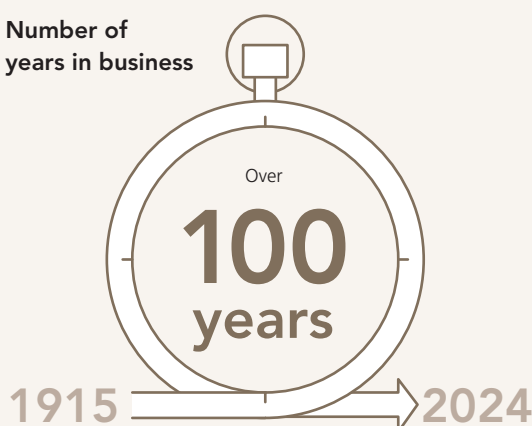
Rosacea



Pressure ulcers

Foundation for supporting sustainable growth

Number of years in business



Equity-to-asset ratio (Consolidated)

September 2024

89.1%



R&I rating

As of September 2024

A-



Maruho medical representatives ranked among dermatologists

20 consecutive times (10 years)*¹

No.1 in Japan
(61.5% ^{*2})



Percentage of dermatologists who answered "No. 1 / High" in survey Rep-I web survey for dermatologists in Japan (August 2024) by INTAGE Healthcare Inc. Aug. 2024 survey: 508 respondents

*1 The survey has been conducted semiannually (20 times in total) during the period from 2015 to 2024.

*2 Since the August 2024 survey

Number of new products

Fiscal year ended September 2014 to 2024

18



Phase III clinical trial success rate*

88% (22 out of 25 trials)



* Percentage of Phase III trials conducted since Long-Term Vision 2002 that have progressed to approval application

Inquiries made to the Medical Information Center

About 35,000



Herpes zoster (shingles)



Primary axillary hyperhidrosis



Herpes simplex



Impetigo contagiosa



Acne (Acne vulgaris)



Infantile hemangioma



Pincer nails



Tinea unguium

Business alliances

September 2024

With more than
20 companies



Ratio of R&D expenses to net sales

Fiscal year ended September 2024

16%



Respecting autonomous human resources

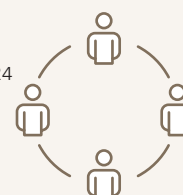
Fiscal year ended September 2021 when the internal job posting system was renewed (Number of positions under internal job posting system)

19 positions



Fiscal year ended September 2024

42 positions





Atsushi Sugita

Representative Director, President & CEO

“ A pharmaceutical company specializing in dermatology dedicated to bringing smiles to people ”

Corporate Philosophy and culture, and our future vision

Employees with wide-ranging knowledge and perspectives united behind our Mission and Values

We have been implementing measures to instill our Corporate Philosophy in all employees since updating the philosophy in October 2022. One of the key measures is the “More Smiles” employee engagement survey to gauge the philosophy’s degree of penetration and activation. When a survey reveals areas that need improvement, Town Hall Meetings are held for management and employees to explore solutions, with ideas that come out of the meetings then incorporated into our systems and activities. That cycle of survey and discussion steadily turns so we can continue deepening and improving our activities for implementing our philosophy.

I believe the Mission and Values set forth in the Corporate Philosophy are gradually permeating throughout the Company. One indication of this is that internally we used to be uncomfortable engaging in healthy conflict while sharing differing opinions. I am seeing a culture starting to emerge in which people are more open about expressing their opinions when they view something differently. I believe bringing together the knowledge and opinions of many, our collective wisdom, will only make our organization better.

This Corporate Philosophy led to the introduction in June 2024 of the antibody drug *Mitchga Vials*, the injectable solution to alleviate pediatric pruritis associated with atopic dermatitis. Since its launch, we have received numerous comments from patients in dermatology clinics as well as from many pediatric and other medical facilities. People left messages saying things like “The relief from itching allowed me to concentrate on my studies, and I was accepted to my top school choice,” “I used to dislike swimming class, but now I’m enjoying it,” “I’m putting more effort into school club activities,” and “I stopped scratching at night, and my parents and I both sleep better.” Happy comments like these really make our employees feel the satisfaction in knowing that their work is helping people overcome skin afflictions so they can smile, and that we are fulfilling our mission of “More smiles, brighter life for you.” Guided by our Mission and Values as our guidelines, we will continue advancing initiatives that provide real contributions enabling each person to live a better life.



Business results for the fiscal year ended September 2024

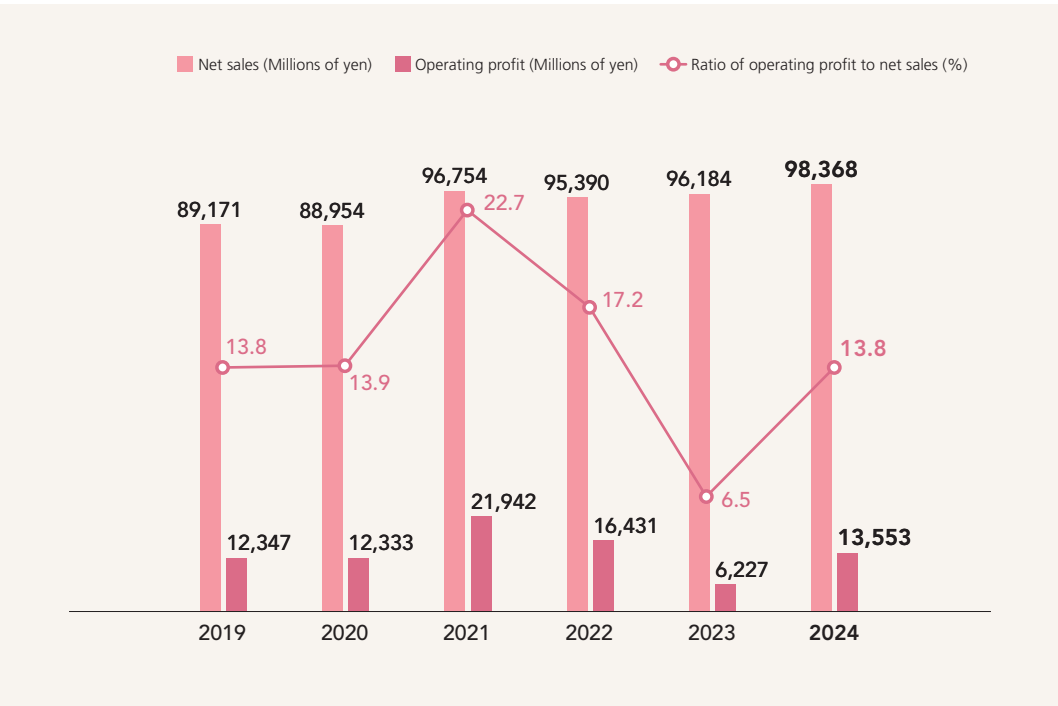
Record consolidated net sales in a challenging environment

In the fiscal year ended September 2024 (October 2023 to September 2024), the Company recorded consolidated net sales of 98,368 million yen (up 2.3% year on year), operating profit of 13,553 million yen (up 117.6%), ordinary profit of 12,990 million yen (up 86.4%), and profit attributable to owners of the parent of 10,443 million yen (up 170.1%).

We achieved record-high consolidated net sales even amid significant changes in our business environment, including aggressive government action to control medical and drug prices. New product lines were major drivers of our growth, including the *Mitchga* series of antibody drugs for atopic dermatitis, the *Rapifort Wipes* primary axillary hyperhidrosis treatment, the *BEPIO* series for treatment of acne vulgaris, and the *Amenalief Tablets* anti-herpes virus

agent. We have additionally indicated or updated 11 new products since the start of the Fourth Medium-Term Plan in October 2020. New products have been key to our overall growth during the plan's four years and have grown to contribute roughly 25% of total net sales. Maruho Hatsujyo Kogyo's business has also been steadily growing. For the fiscal year ended September 2024, the company reported consolidated net sales of 11,178 million yen, an increase of 11.1% from the previous fiscal year. Our overall strong performance in the first year of the Fifth Medium-Term Plan has brought us within striking distance of our target for 100 billion yen in consolidated net sales. We also increased operating profit while continuing to actively invest in R&D and personnel for the future.

Net sales / Operating profit / Ratio of operating profit to net sales



Progress of the Fifth Medium-Term Plan

Major R&D achievements and a new step in global expansion

The Fifth Medium-Term Plan contains initiatives to complete within the plan's three years from October 2023 to September 2026 as well as steps to lay the foundation for the company's future. As always, the entire company remains fully dedicated to our mission to bring smiles to people.

Progress in the drug development pipeline in the fiscal year ended September 2024 included obtaining approval for subcutaneous use of the antibody drug *Mitchga Vials* for pruritus (pediatric) and prurigo nodularis associated with atopic dermatitis for pediatric use. We also applied for approval for the M6050C acne vulgaris treatment that is tailored to patient lifestyles.

We also took steps toward the global expansion of our business by strategically approaching venture companies. We have recently completed licensing agreements with venture companies that have originated drugs (see "R&D and Business Development: In Focus" on page 24). The agreements represent a different approach from the standard process of acquiring drug development rights from

mega pharma to be the exclusive developer in Japan. We will continue taking this approach with the aim of developing drugs to market in Japan as well as across Asia. The market in Asia is rapidly expanding, and the market for skin condition treatments is not as developed as in Japan, Europe, and the United States. The dermatology market in Asia still has many unmet needs, and we believe providing the knowledge and value from our business in Japan will further our mission of "More smiles, brighter life for you." while being an essential first step in our global expansion. In the past year, we took the first step toward the Asia Dermatology Hub Concept (see "Asia is our first step to delivering value around the world." on page 33) by instituting a concrete business strategy for China and establishing the subsidiary Maruho Pharmaceutical Technology (Beijing) Co., Ltd. in December 2023. We are conducting market research and planning business strategy with the aim of constructing a dedicated Maruho Group sales organization.

Progress of the Fifth Medium-Term Plan

Laying the groundwork for sustainable growth

In recent years, there have been reports of transparency and ethics issues at several companies, and trust in companies and their products has been shaken. The widespread attention given to such incidents has made trustworthiness even more critical to a company's ability to generate sustainable business growth. At Maruho, our business scope is expanding as we work with an increasing number of global partners and increase our products and information. We created our Reliability Assurance Policy (see "Reliability Assurance Policy for quality and supply." on page 31) to further substantiate the integrity we have always put into our business activities and to further solidify the trust society has in us. We hold many meetings to discuss our Corporate

Philosophy and instill it in our employees so they can make it their own. Our corporate value will grow when employees internalize our philosophy and make their top priority to always put patients first and to proactively provide and improve our products and the information we share.

The Town Hall Meetings are one of the most effective opportunities to deepen understanding of the Corporate Philosophy. We doubled the number of Town Hall Meetings to 21 in the fiscal year ended September 2024 (see "Encouraging Understanding and Implementation of our Corporate Philosophy" on page 5). The insights we gain from dialogue with employees will continue to be incorporated into our corporate activities.

Outlook for the fiscal year ending September 2025

Taking action now for growth in the future

In the fiscal year ending September 2025, we are focusing on initiatives in four specific areas to develop our business and prepare for the future.

Our primary focus is on further spreading the message about the importance of topical treatments and the special characteristics of topical drugs while continuing to deliver products and information to all patients suffering from skin conditions. The number and variety of injections and oral preparations for treatment of skin diseases are increasing, but numerous guidelines stress that topical treatments are fundamental to managing skin conditions. Research has also shown that dosage form and additives can affect the absorption of treatments, even of treatments using the same active ingredient.* As a pharmaceutical company specializing in dermatology, we are creating a structure to ensure the delivery of effective products and information.

The second focus is to accelerate our business growth by ensuring we offer a selective and focused lineup of new products. We are particularly excited about the potential for core growth drivers of the *Mitchga* series and *BEPIO* series as well as the *Cosentyx* series of antibody treatments for psoriasis vulgaris.

The third is to strengthen our product creation model. As mentioned, we are increasing collaborations with partner venture companies, such as AOBiome, LLC. and Nielsen BioSciences, Inc., with which we have licensing agreements. We are also

fortifying our development organization, pharmaceuticals business, and chemistry, manufacturing, and controls (CMC) activities to support our global expansion. We are also stepping up our efforts to communicate information about our company and products on the belief that such communication is essential to maintaining and enhancing our commanding presence in the Japan market and will highlight our company for selection as a partner by leading overseas venture firms. To establish a business model that is not overly reliant on individual products, one of the initiatives we are advancing for the future is steadily investing to fortify our development pipeline and to prepare the entire company for global operations.

The fourth focus is to construct a dermatology platform for the future (see “Sales, Marketing, and Medical: In Focus” on page 28). Our grand objective for the future is to connect with healthcare professionals but to also make direct connections between our company and patients, by which we mean not patients as a general group, but individual patients, what we call “N=1.” Maruho highly values our connections with patients and consumers, and we will continue fortifying those ties to realize our vision.

* October 4, 2022, Ministry of Health, Labor and Welfare, Office Communication, Appendix, “Basic Policy on Conducting Bioequivalence Studies of Generic Drugs for Topical Skin Application Formulations (Semisolid Formulations).”





Social, Environmental, and Governance

Creating sustainability for our Company and society



We are focusing on developing autonomous human resources. We have several measures underway to achieve this, but we also recognize that more are needed. I sense that employees need a fuller awareness and understanding of what we mean by “career autonomy.” We have made it a management issue to help employees take a broader view on “career autonomy” by thinking clearly about what kinds of company we want to be, what type of human resources we need, and what kind of life we want our employees to lead. The answers to those questions are providing the foundation for our plan to build a new personnel system.

We are also stepping up our health management support and in the fiscal year ended September 2024 issued a declaration on employee health. The “you” in “More smiles, brighter life for you.” includes our employees. We are making Maruho a company with employees living active lifestyles with plenty of smiles.

In March 2023, we announced on our corporate website our declaration that we will be carbon neutral by 2050 and that we set a target to reduce CO₂ emissions 46% from the fiscal 2013 level by fiscal 2030. Our efforts to achieve these targets are centering on climate change countermeasures, conserving water resources and natural resources, and supporting a recycling-oriented society.

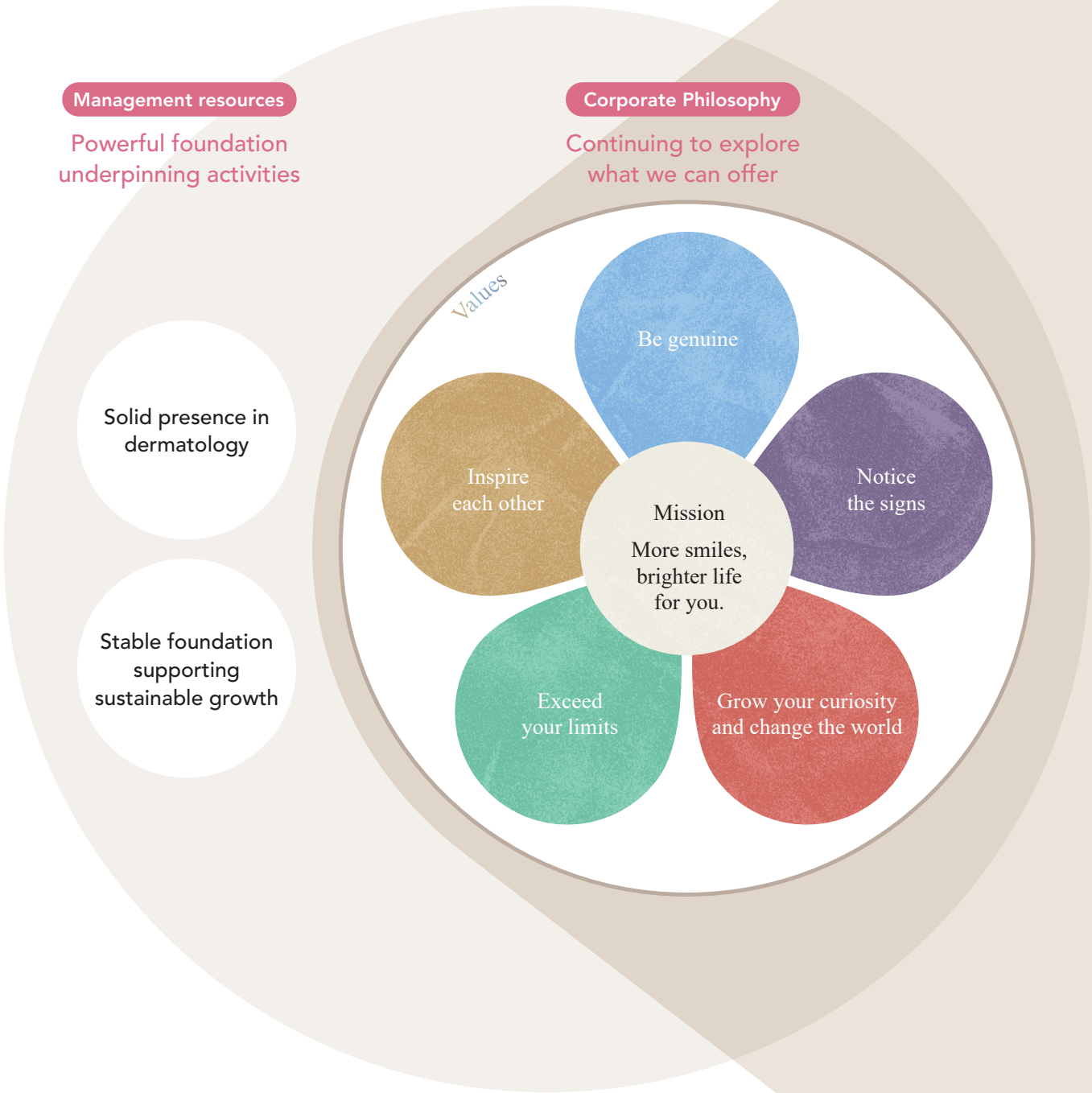
We are also enhancing our governance function. In the fiscal year ended September 2024, we welcomed two new outside directors. We look forward to drawing on the wealth of knowledge of our three fully independent outside directors to build a highly effective management oversight structure.

We will continue to act with sincerity and integrity in all our business activities, including in non-financial areas. We look forward to the ongoing support and guidance we receive from our stakeholders.

Atsushi Sugita Representative Director, President & CEO

Creating value to bring smiles to the lives of people around the world

Throughout its more than 100-year history, Maruho has contributed to society and people's smiles. We aim to enhance corporate value by addressing often overlooked needs in dermatology, the global environment, and local communities.



Long-Term Vision

Making outstanding
contributions to
dermatology

Long-Term Vision 2011 Excellence in Dermatology

Create value centered on
prescription drugs as a
pharmaceutical company
specializing in dermatology

Fifth Medium-Term Plan

Aim to establish
growth trends

Strengthen our R&D
capabilities and
acquire development
pipeline products for
future growth

Execute production
strategies aptly reflecting
our product
characteristics and
continuously enhance our
product value by
cultivating a culture of
ensuring reliability

Develop a system for
collecting and
distributing information
related to dermatological
conditions

Reform our human
resources and
workplaces to facilitate
our Mission

ESG activities

Value Proposition

Achieving a society
where everyone
can live happily

Patients

- Improve the quality of life for patients
- Ensure a stable supply of
reliable products

Medical professionals

- Improve the quality of health care

Employees

- Provide a work environment
where all employees can thrive

Environment

- Conserve the global environment

Local communities

- Energize communication
with local communities



Listening to what each person has to say

Having a skin disease affects a person's everyday life.

How can we contribute to the lives of each patient who has a skin problem?

Every day, Maruho is asking people questions and identifying their needs so we can bring back the smiles that are so essential to people's everyday lives.

Red : Patient comments

Black : Maruho employee comments



Pediatric psoriasis patient

I could only wear certain kinds of clothes,
**so I couldn't join in
when my friends were
talking about fashion.**



Rosacea patient

At first, I didn't know what kind of disease it was or even if a dermatologist could cure it.

**I felt like I was always
walking in a fog.**



Maruho product developer

We are always thinking about how we can
incorporate patient feedback
into the development stage.



Maruho Sales staff

Our hope is to do whatever we can to
enrich people's lives by
listening closely to them and providing
them with options that truly help.



Oral herpes patient

**I like using lipstick
and really hated that
I couldn't apply it.**



Maruho Self care staff

I want to offer total support not only for medicines
but also with information about cosmetics and skin
care, and **be part of the daily lives of
people with skin conditions.**



Hyperhidrosis patient

Because of my condition, I could only do certain types of work. So choosing a job wasn't as much about what I wanted to do, as **what I could do with my condition.**



Maruho Production and CMC staff

When I was a child, I had a rare disease and participated in a clinical trial. But the drug didn't work.

That experience made me want to focus on providing effective drugs.

Pediatric allergy, atopic dermatitis patients' family

What I wanted was information that would reassure people.

I would like a society where people protect and support each other wherever we go.



Maruho Science staff

I want to **provide information to healthcare facilities and patients** to help them use medicines safely.



Atopic dermatitis patient

My skin was so itchy that it affected my sleep and **I would scratch it when I was feeling psychologically irritated.**



Maruho researcher

I always try to remember that everything I do in my job leads to creating new medicines and **helps bring smiles to patients' faces.**



Progress of the Fifth Medium-Term Plan and looking ahead

In our Fifth Medium-Term Plan, which kicked off in the fiscal year ended September 2024, Maruho continues to take on challenges with an eye to the future under the corporate mission of “More smiles, brighter life for you.” to establish a growth trend.

Fifth Medium-Term Plan (October 2023 to September 2026)

Strategy and priority theme

R&D and Business Development

→ p. 23

Strengthen our R&D capabilities and acquire development pipeline products for future growth

Priority theme

- ① Enhancing research and development portfolio management
- ② Improving development planning and management abilities
- ③ Strategic, active licensing activity
- ④ Enhance creation and acquisition of candidate phase projects
- ⑤ Taking a new step in global expansion

Production and Reliability Assurance

→ p. 25

Execute production strategies aptly reflecting our product characteristics and continuously enhance our product value by cultivating a culture of ensuring reliability

Priority theme

- ① Production system operation that supports the management base
- ② Pursue versatile measures and innovative technology to meet diverse needs
- ③ Fostering a culture of reliability assurance

Sales, Marketing, and Medical

→ p. 27

Develop a system for collecting and distributing information related to dermatological conditions

Priority theme

- ① Creating new marketing approaches unique to Maruho
- ② Creating added values that correspond to individual patient needs and regional characteristics
- ③ Provide new values through building a dermatology platform

Management base

Reform our human resources and workplaces to facilitate our Mission

Achieve the mission through companywide initiatives at all departments

Priority theme

- ① Respecting and cultivating autonomous human resources
- ② Cultivating a workplace culture that creates new values
- ③ Improving the corporate brand that is trusted and respected by society

Fiscal year ended September 2024 results

Challenges and future initiatives

- Formulated the desired R&D portfolio (list of products to have in the future) and a plan to achieve it
- Planned and promoted high-quality projects according to priority ranking
- Licensed in multiple products following advanced exploration and assessment of in-licensing candidates
- Established Maruho Pharmaceutical Technology (Beijing) Co., Ltd. in China as a business base for global markets

We will execute licensing and R&D action plans based on the target product positioning and build an appropriate R&D portfolio. We will promote development activities according to priority and aim to continuously launch new products. At the same time, we will continue to explore and acquire new products while strengthening our network with domestic and overseas pharmaceutical companies, venture companies, and academia. In global markets, we will strengthen functions to advance our businesses overseas, while speeding up our expansion in Asia.

- Built a system to optimize production strategies based on the long-term development of each product
- Strengthened the approach and structure for stable supply by establishing a system to evaluate the supply risks of all items, including raw materials, and creating a stable supply manual
- Formulated Reliability Assurance Policy
- Prepared an annual report covering the reliability assurance departments to confirm compliance with laws and regulations and understand the operation and management status

To optimize our production strategy, we will consider the division of roles and measures for our four-plant system while keeping a keen eye on the external environment, and verify its effectiveness. In addition, in order to further pursue stable supply and reduced quality risks, we will invest in the acquisition of advanced production technologies and improvements in production efficiency. We will raise awareness internally about the Reliability Assurance Policy formulated in the fiscal year ended September 2024 with the aim of having all employees continue implementing it as a matter of course and promoting its greater evolution.

- Obtained and shared evidence regarding the inhibition of scar formation by *BEPIO Gel* and *Epiduo Gel*
- Fostered an optimal medical environment by supporting collaboration among medical professionals in areas nationwide, starting with skin diseases
- Planned and prepared to launch an informative site that comprehensively addresses skin concerns, including information on Maruho's prescription drugs and skin care products.

To help new products grow, we will use digital technology to provide information tailored to individual circumstances. In addition, in light of the start of Japan's selective treatment system for long-listed drugs, we will accelerate the provision of valuable information to consumers, including patients, in addition to medical professionals. In the future, to address a wider range of skin concerns, we will build and expand our skin science platform, with a view to creating synergies with our individual businesses, such as diagnostics, medical devices, and cosmetics.

- Implemented measures such as internal job postings and voluntary training
- Instilled Corporate Philosophy within the company through Town Hall Meetings (THMs) and other occasions and promoted inter-departmental collaboration through workshops and other means
- Established an employee FAQ site to improve work efficiency and productivity
- Communicated the company's stance and initiatives, such as Environmental Policy and Reliability Assurance Policy, aiming to be a company trusted and respected by society

To respect and develop autonomous human resources, we will support more employees to create their own career plans based on the results of the engagement survey "More Smiles" and THMs. While promoting employee autonomy, we will foster a workplace culture with the same mentality that encourages all employees to participate in training. We will promote the operation of the introduced system to improve work efficiency and productivity and enable employees to focus on their core duties.



R&D and Business Development

Strengthen our R&D capabilities and acquire development pipeline products for future growth

Maruho researches and develops prescription drugs mainly used in dermatology using an approach that is closely in tune with unmet needs.

With the aim of creating novel drugs suited to global markets, we pursue optimal portfolio management that considers everything from development pipeline and R&D resources to market environment and unmet needs. We plan and execute a testing program with an eye toward promptness

and enhanced value, focusing on the identification biomarkers linked to the appropriate use of drugs and acquisition of clinical and non-clinical data that contributes to appropriate use.

Additionally, we are working on creating proprietary topical drug formulation technology. In addition to product development, we continue to plan and implement business strategies based on medical needs in new business fields and alliance strategies with an eye toward maximizing the value of projects.

Product creation value chain ★: Points of focus



Initiatives in the fiscal year ended September 2024

Priority theme of strategy	Main results
Enhancing research and development portfolio management	<ul style="list-style-type: none"> Formulated Maruho's future product positioning in dermatology and promoted development and in-licensing as well as R&D while conducting gap analysis with the current product positioning Set focus domains for research activities
Improving development planning and management abilities	<ul style="list-style-type: none"> Launched antibody drug <i>Mitchga Vials</i> for the treatment for pruritus (pediatric) and prurigo nodularis associated with atopic dermatitis Promoted global projects in collaboration with partners Promoted translational research for improving product value
Strategic, active licensing activity	<ul style="list-style-type: none"> Signed exclusive license agreement with AOBiome, LLC for a new therapeutic drug for atopic dermatitis Stepped up search for new in-licensing candidates through collaboration with overseas business sites (United States and Germany) Strengthened alliance management system in response to diversification of alliances
Enhance creation and acquisition of candidate phase projects	<ul style="list-style-type: none"> Established the Strategic Research Planning & Management Dept. to enhance activities for expansion and advancement of the early development pipeline Established a system for formulating strategies and making decisions with an eye toward the social implementation of developed products
Taking a new step in global expansion	<ul style="list-style-type: none"> Established Chinese subsidiary Maruho Pharmaceutical Technology (Beijing) Co., Ltd. and launched a China business strategy Licensed out the commercialization rights for the anti-herpes virus agent <i>Amenamevir</i> (generic name) in 10 ASEAN countries to Hyphens Pharma Pte. Ltd. of Singapore and began preparations for commercialization

*1 Prior to early phase II studies in clinical development

In Focus

Maruho HARMOWELL Moisture Technology

Consistent quality with stable active pharmaceutical ingredients

HARMOWELL Technology is not just an effective treatment for diseases, but also a technology that supports patients and helps improve their quality of life.

Just as each note in an orchestra resonates to create a beautiful harmony, the name HARMOWELL combines “Harmony” and “Well” to symbolize our desire to create a product by harmonizing the stability of the active ingredients with the properties of the formulation to meet patient needs.

Active pharmaceutical ingredients can break down when mixed with additives. Therefore, when additives (such as oils) are added to enhance moisturizing

retention*² in order to make them easier for patients to use, the active ingredients may break down and fail to produce the expected effect. To resolve this problem, we used our proprietary HARMOWELL Moisture Technology to succeed in stabilizing the active ingredients while enhancing moisturizing retention.*²

Active ingredients that are unstable in oil may break down when dissolved in oil and not be effective. Formulations using HARMOWELL Moisture Technology optimize the oil blend and maintain stability.

*² The ability to inhibit water evaporation and retain moisture in a formulation as a pharmaceutical property

In Focus

Expanding business value through proactive alliances

Acquired commercialization rights in Japan for new topical biologic drug for atopic dermatitis

In January 2024, Maruho signed an exclusive license agreement with AOBiome, LLC for a new therapeutic drug (development code: B244) for atopic dermatitis. B244, which is currently under development by AOBiome, LLC, is unlike existing treatments. It is a topical biologic agent that is designed to act on the skin's bacterial flora.

Alliance for commercialization of anti-herpes virus agent in 10 ASEAN countries

In June 2024, Maruho granted Hyphens Pharma Pte. Ltd. an exclusive license to develop and sell the anti-herpes virus agent *Amenamevir* (generic name) in 10 ASEAN countries. In Japan, Maruho markets this drug under the product name *Amenalief Tablets*, which demonstrates a high antiviral activity against varicella-zoster and herpes simplex viruses. Through this partnership, Maruho will contribute to resolving medical issues in ASEAN countries and greater business expansion in Asia.

Development Pipelines (Includes late-stage development products from Phase II in Japan) (As of September 2024)

Product Code	Target Indication Dosage	Form	Development Phase
M5250	Pruritus with atopic dermatitis (pediatric)	Injection	Obtained approval
M5250B	Prurigo nodularis	Injection	Obtained approval
M6050C	Acne vulgaris	Topical	Filed for approval
M5250E	Pruritus with atopic dermatitis (infants)	Injection	P.III
M6100	Atopic dermatitis	Topical	P.III
M6050F	Axillary osmidrosis	Topical	P.II

* Please visit our corporate website for the latest information. (<https://www.maruho.co.jp/english/about/activities/pipeline/>)



Production and Reliability Assurance

Execute production strategies aptly reflecting our product characteristics and continuously enhance our product value by cultivating a culture of ensuring reliability

Maruho has established a production system consisting of four plants: the main Hikone Plant, Nagahama Plant, Tateyama Pharmaceutical Factory Co., Ltd., and Roman Industries Co., Ltd. We offer a stable supply of reliable pharmaceuticals with one of the highest production capacities of topical formulations in Japan, and we are actively investing management resources to strengthen our bases and systems. We are also focusing on improving the containers and packaging of our products to increase usability and reduce environmental impacts.

We are focused on fostering a culture of reliability assurance. We ensure an honest and open regulatory process from development to application for approval, as well as a reliable supply of products post approval. In addition to preventing quality risks, including in our processes, we guarantee reliability in all of our business activities, including production, and aim to continue contributing to patients through the supply of products and the provision of relevant information.

Capital supporting stable supply ★: Points of focus



Initiatives in the fiscal year ended September 2024

Priority theme of strategy	Main results
Production system operation that supports the management base	<ul style="list-style-type: none"> • Built a system to optimize production strategies based on the long-term development of each product • Strengthened the approach to and system for stable supply, including building a system for assessing supply risks including raw materials for all items and establishing a stable supply manual • Promoted the assessment and launch of new suppliers of active pharmaceutical ingredients and raw materials, and strengthened supplier management
Pursue versatile measures and innovative technology to meet diverse needs	<ul style="list-style-type: none"> • Explored the introduction of a production system with the goal of improving reliability assurance and work efficiency • Collaborated with medical representatives, etc., to visit pharmacies and identify customer needs
Fostering a culture of reliability assurance	<ul style="list-style-type: none"> • Formulated a policy that outlines Maruho's approach to reliability assurance • Created the "2023 Reliability Assurance Department Annual Report" to confirm compliance with laws and regulations and understand operation and management status

In Focus Four Areas of Product Focus

1. Carefully selected raw materials

Maruho's topical drugs are made of the finest ingredients.

We carefully select not only the main effective ingredient, but also other raw materials necessary to ensure that the topical drug offers optimal quality. We are so particular that we may even check the quality control systems of suppliers occasionally. Because different ingredients can significantly impact a product's stability and feel, we select raw materials carefully after repeated consideration.

2. Commitment to quality

To prevent any unforeseen accidents that could affect patients, we ensure quality at every stage, from purchasing raw materials to completed products.

For example, we have established an in-house qualification system for over 600 processes related to our products. Staff who have acquired each qualification carry out relevant work fastidiously. We also constantly make improvements, even in small details, and have put into place a system to prevent mistakes from occurring.

3. Greater usability

Maruho's topical drugs are designed to be easy to use.

Treatments using topical drugs can sometimes be prolonged. In order to reduce the burden on patients, even if only a little, we conduct in-house assessments from the patient's perspective, even down to the comfort of product application.

We also repeatedly refine prototype containers, taking into account the various patients who use Maruho's medicines and asking ourselves whether it is difficult for small hands to hold or is there any risk of losing the lid.

4. Initiatives for stable supply

Maruho is committed to delivering topical drugs to patients in a stable manner. We ensure that we have sufficient manufacturing lead time and raw materials so that patients who need the medicine never have to wait, and we continue to produce medicines stably. For products that are manufactured in large quantities, we take multiple measures to ensure that supply is not interrupted even in the unlikely event of a natural disaster or other contingency, which includes collaboration between the four plants operating within the Group.



Website: Maruho's Four Areas of Product Focus as the Top Topical Drug Manufacturer

Plants supporting production activities



Hikone Plant



Nagahama Plant



Roman Industries Co., Ltd.



Tateyama Pharmaceutical Factory Co., Ltd.

* Tateyama Pharmaceutical Factory Co., Ltd. opened a new plant in October 2024.

Sales, Marketing, and Medical

Develop a system for collecting and distributing information related to dermatological conditions

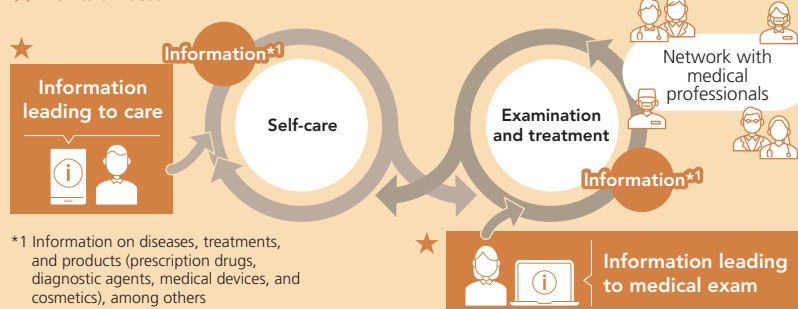
Maruho provides and communicates appropriate information about products and diseases in a variety of ways, depending on the characteristics of each region. We use the opinions of people with skin problems and the information obtained through communication with medical professionals not only for product development, but also for the provision of tools and mechanisms that lead to optimal treatment for each patient. Additionally, we identify in-demand information and unmet

needs, and based on evidence such as clinical trials, we identify medical issues and create new knowledge and value regarding the efficacy and safety of treatments and products.

With extensive systems in the field of dermatology, we always aim to contribute to medical care and improve the Quality of Life of patients by promoting proper use of our products and disseminating correct knowledge about diseases.

Expanding the scope of contributions in the field of dermatology

★: Points of focus



Number of dermatologists in Japan to whom Maruho provides information through medical representatives (MRs)

Approx. **10,000**

Number of medical professionals registered as Maruho Web members*2

Approx. **46,000**

*2 Knowledge service for reading, knowing, and learning about dermatology

Number of visits to websites for patients and the general public operated by Maruho (Fiscal year ended September 2024)

Approx. **15,000,000**

Initiatives in the fiscal year ended September 2024

Priority theme of strategy	Main results
Creating new marketing approaches unique to Maruho	<ul style="list-style-type: none"> Improved Life Cycle Management promotion function by adding indications and creating evidence, focusing on expanding contributions and creating markets, solving clinical issues and improving usability, and promoting appropriate use and establishing safety in the fields of prurigo and pruritus associated with atopic dermatitis Published a paper on the inhibition of acne scar formation by <i>BEPIO Gel</i> and <i>Epiduo Gel</i> to contribute to acne treatment without acne scarring.
Creating added values that correspond to individual patient needs and regional characteristics	<ul style="list-style-type: none"> Fostering an appropriate treatment environment that accommodates the needs of patients with skin problems by supporting collaboration with medical professionals nationwide focused on issues closely related to skin diseases Expanded the expert in-house certification test for Skin Disease Regional Leaders,*3 aiming to strengthen proposal capabilities that take into account the regional characteristics
Provide new values through developing a dermatology platform	<ul style="list-style-type: none"> Planning to release an informative site that will comprehensively address skin concerns, including Maruho's prescription drugs, treatment support apps, and skin-related information Developed a system that provides personalized content on skin issues including for patients, and released it on a trial basis

*3 MRs specializing in localized information provision

In Focus Expanding contributions in the dermatology

Contributing to solutions to issues tending to be overlooked

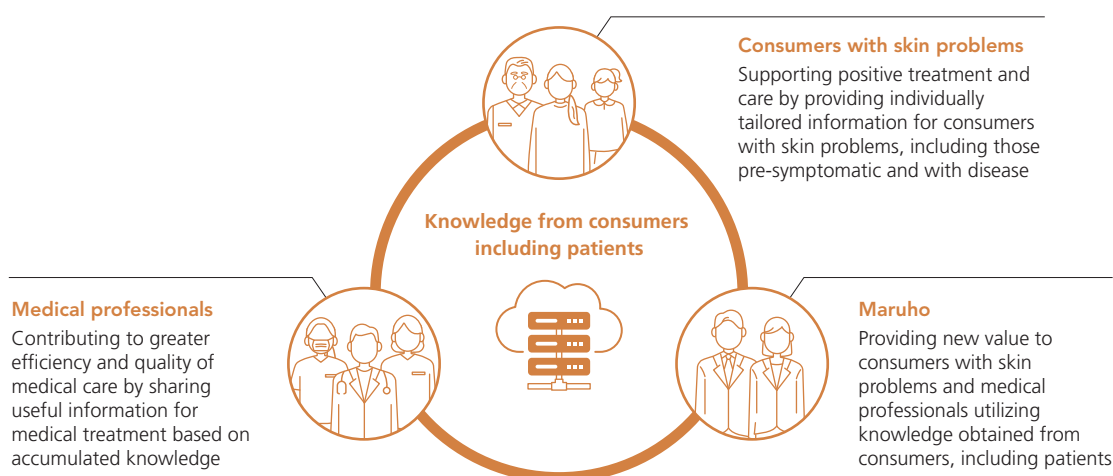
In its Fifth Medium-Term Plan, Maruho has set building a dermatology platform as one of its priority themes underpinning its strategy. This platform is a data infrastructure that brings together consumers with skin problems, medical professionals, and Maruho in a highly integrated way, both real and digital. Behind this initiative are the following three reasons for the current state of skin disease treatment: (1) insufficient access to medical care by those who are recommended to receive it; (2) patients discontinue treatment and self-care based on their own judgment because they cannot obtain correct information; and (3) patients delay the timing of consultation and self-care by self-medicating based on incorrect knowledge. This led to the concept for this platform, which will help patients resolve their often-overlooked skin problems by keeping open channels with people who are looking for information not only on treatment but also on prevention and aftercare of skin diseases to maintain skin health.

From the fiscal year ending September 2025, we plan to make enhancements as an informative site that comprehensively addresses skin concerns and to provide more personalized content first in the area of acne.

In addition, we have positioned diagnostic drugs, medical devices, and self-care businesses as important elements in expanding the scope of our contributions and reorganized our systems in October 2024. We will provide appropriate products and information for each stage of the health care cycle, i.e., treatment at medical institutions and daily self-care. In the future, we will integrate this with the concept of the dermatology platform and support treatment and care while always being close to those with skin problems.

In addition to building data infrastructure, we have signed partnership agreements with local governments to promote the creation of an environment where appropriate skin disease treatment can be provided in various medical settings. We hold information sharing events and in-person lectures to encourage collaboration between dermatologists and home care physicians.

About Maruho's dermatology platform





Working together to create a new brand of topical products. Living together.

Helping patients and contributing to society through medicine, information, and participation in society

As Japan's top manufacturer of topical agents, Maruho advances drug discovery and shares information about skin conditions, various afflictions, and medications. People are very familiar with topical agents, like creams and lotions, but there are also many other types of medications. A topical agent is any kind of medicinal patch, eye drop, nasal spray, suppository, or inhalant applied directly to the skin or mucous membranes. In addition, the types of skin conditions range from common afflictions like atopic dermatitis, acne, psoriasis, and

hyperhidrosis to diseases that are still unidentified or unknown. Maruho is dedicated to pursuing innovative ideas that will create a new future for medicine. We are collaborating with academia and industry to advance a wide range of initiatives with a strong focus on university partnerships in research of formulation technologies. Looking ahead to the future, we also promote understanding of medical science and technology among the younger generations through educational support and activities highlighting the appeal and

joy of science among school children. Everyone seeks medical care at some point in their life. We believe that by creating interest in medicine and medical care among patients and others, and by sharing correct information about medicine will increase general understanding about skin diseases and increase health awareness in society. Maruho will continue to gather information to better fulfill our Mission of "More smiles, brighter life for you."

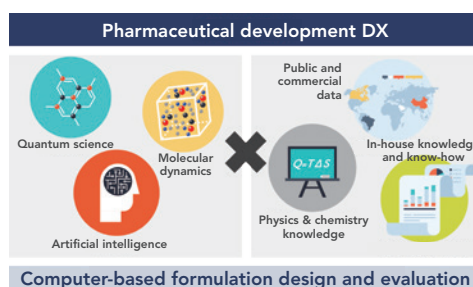


Collaboration with academia

Using digital technology to deliver medicines that are easy for everyone to use

Maruho has been conducting research aimed at building a drug formulation design platform that will harness the power of AI and molecular simulation to enhance the efficiency and quality of drug formulation design. To accelerate our advances, we established the "Theoretical Formulation Design (Maruho) Joint Research Course" within Osaka University. This adds to our list of joint research underway at Hokkaido University, Okayama University, Yokohama City University, and Fukuoka University. These collaborations create exponential potential by combining our strengths in formulation design and digital technology with the knowledge of the world's most advanced academic and technological universities.

The Maruho digital platform for formulation design uses AI and molecular simulations to quickly identify optimal combinations of active ingredients and additives, which would be virtually unattainable through trial and error by researchers, and enables computerized evaluation of a formulation's properties and effects. The platform serves as a close digital partner for researchers to evaluate and validate their ideas, creating a synergy of researchers and computers that facilitates and deepens our advanced formulation development.



The Maruho Vision

Touching people's hearts in a way that only Maruho can

Maruho has long been a leader in the market for dermatological treatments. Maruho's specialization in creating medicines and products to treat skin conditions positions us to conduct unique initiatives ranging from collaborating with academia to advance pharmaceutical science, to teaching schoolchildren about the interesting challenges in creating skin creams and how the skin works.

I even enjoyed participating in making a skin cream at one of our events. The nervousness I felt while preparing for the event vanished when I saw the smiles of the children and parents as they concocted their creams. The researchers who plan and put on these events come away with renewed motivation from going outside their labs and directly interacting with patients and others.

Kazutaka Kawashima

Director of the Board,
Senior Corporate Officer,
Research &
Development



Producing educational materials

Using manga to teach about skin diseases and treatments

We believe that understanding from an early age what skin is and how it functions as well as skin conditions and their treatments will benefit people's lifelong health. Many dermatologists have also said that they believe it is important for people to take an interest in skin health from an early age. With that in mind, Maruho collaborated with the Gakken, Inc. publishing company to create a manga for elementary school students entitled "The Secrets of Skin and Topical Medications," which has received the recommendation of the National Congress of Parents and Teachers Association of Japan. In October 2024, we started donating copies to elementary schools, public libraries, children's centers, and special needs schools throughout the country. We hope that the book's easy-to-understand illustrations of how we improve the quality of our topical medicines and ensure a stable supply will spark children's interest and increase their knowledge.



Work experience opportunities

Showing children the fascination of science

Maruho operates the Kyoto R&D Center in Kyoto Research Park (KRP) and the Maruho Shonan Innovation Lab (MSiL) at Shonan Health Innovation Park (Shonan iPark). In 2024, we participated in the annual KRP Festival at KRP in which children were invited into the companies at the park to see and learn about their work. At the annual Shonan iPark festivals in 2023 and 2024, we have presented "skin observation" experiences for visitors to try their hand at making skin creams. Maruho shared the fascinating science of skin creams by providing the experience of making a cream and then observing through a microscope what the cream does on the skin.





Reliability Assurance Policy for quality and stable supply.



Maruho's promise to the public and its employees to provide safe and reliable products

"Reliability assurance" at Maruho means we think about what we need to do to make people smile, and we constantly seek to improve the quality of the products and information we provide. We believe that this assurance is the foundation that will enable us to continue actively seeking to do our very best to meet people's needs even in the changing society and business environment. At Maruho, we have always conducted our business with sincerity and care, and assuring reliability

has always been front and center. In September 2024, we adopted the Reliability Assurance Policy to clarify and deepen this commitment in all of our activities. To ensure the policy is implemented throughout the Company, our first step was to increase opportunities for employees to deepen their understanding of what reliability assurance means and to make it their own personal priority.

We are focusing on two specific areas to make the policy and our concept

of reliability assurance an integral part of our corporate culture. The first is to instill the awareness that each employee's job is connected to our customers. The second is to be proud that Maruho's strength is that we act with integrity, self-awareness, and responsibility. We are deepening our commitment to reliability assurance in all corners of the company so we will continue to be a company contributing to society and to people's lives and quality of life.

The Maruho Vision

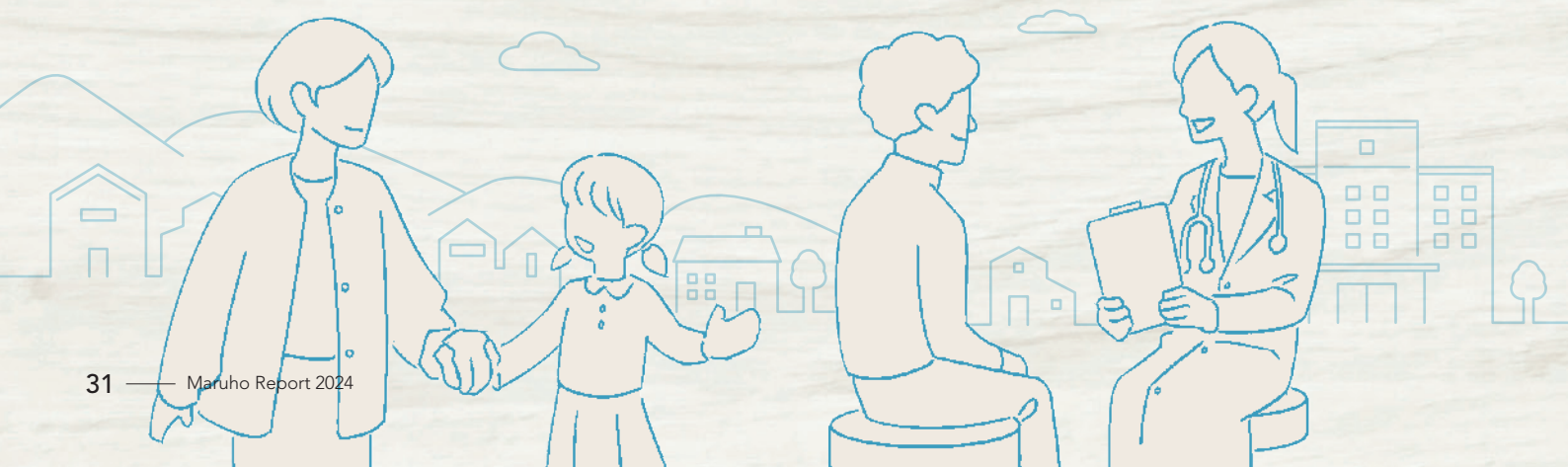
Reliability assurance culture is key to our ongoing evolution

Maruho puts smiles on people's faces by providing better products and information. However, the social and business environment both inside and outside the company is changing, and we need to handle an increasing number and variety of products and dosage forms and to partner with more production contractors and suppliers in Japan and overseas. We will also need to broaden the prescription drug business, reorganize the medical devices, diagnostics, and healthcare businesses to keep them competitive, and engage in collaborations with overseas companies in the new business conditions created by the Asia Dermatology Hub Concept. All of these initiatives will require continuously widening and improving our reliability assurance.

We will apply our Corporate Philosophy of bringing smiles to as many people as possible by ensuring every Maruho employee understands their role in creating reliability assurance and carries out their duties with integrity and pride.

We are instilling the Reliability Assurance Policy deeply into the company so reliability assurance remains inherent in our culture and reliability is in our blood.

Yoshimi Kakiuchi
Corporate Officer,
Reliability Assurance &
Medical Affairs



Reliability Assurance Policy

Maruho is pursuing its mission of "More smiles, brighter life for you."

to "provide a stable supply of products with reliable quality"¹ and

"ensure objective and accurate information is available

when it is needed"²

through a companywide³ initiative.



Explanation of key points



How do we know what are the best products to recommend to someone we care about? Maruho believes the most important factors are the reliability of a product's quality and stable supply.

Maruho conforms with all laws and regulations as it constantly works to further improve the quality of its products and to ensure the stable and long-term provision of products of consistent quality. Maruho products will always be available when they are needed and in the amount needed. We believe that is the norm and must remain the norm, and we also believe that our efforts to constantly raise the standard of what is normal are what make people put their trust in Maruho.



Accurate information is essential for products to be used properly and effectively. Maruho provides information and open disclosure because putting smiles on faces is our highest priority.

All Maruho employees collect and share information that helps us remain close to our customers' needs and concerns. Information is objectively evaluated and analyzed based on scientific evidence, and we share and distribute our findings and insights. We use this information to develop needs-based and evidence-based products offering maximum benefit and minimum risk for customers.



Every part of every employee's job connects to someone or something. Our efforts to "assure" the "reliability" of our products are achievable when each department is fulfilling their specific role.

All departments throughout our company know who their activities are contributing to and conduct their activities with responsibility and pride in their specific roles. Every employee conducts their work conscientiously knowing who they are helping and what their role is. We promise that every employee puts reliability assurance into their work so all of our customers receive high-quality products.



Asia is our first step to delivering value around the world.



A world where everyone has access to quality medical care

The healthcare systems and medical supplies are still not fully developed in many areas around the world, and many patients are unable to receive the treatment they need. Maruho is expanding its business worldwide to help improve medical services and bring a smile to every “you” around the world.

The first step in our global expansion is broadening our business in Asia. We are beginning by acquiring rights to new drug technologies and expertise (licensing) covering both Japan and Asia. We are stepping up development and commercialization activities in Asia with the aim of establishing a hub in Asia for

developing and selling pharmaceuticals to help increase the availability of medical products throughout the region. We are advancing our Asia Dermatology Hub Concept to put in place the structure to deliver quality dermatological care to all patients.

Recent efforts to put in place businesses that will create synergies with this concept include the license received in July 2024 to use our new digital diagnostic and therapeutic device, which we developed with Sibel Health, Inc. The license gives us exclusive rights to market the device not just in Asia, but in the United States and Europe as well.

As we continue developing our businesses, we will need to establish a solid presence in each market in Asia so we can use our full powers to address each country’s specific medical issues. China is currently Asia’s biggest pharmaceutical market, and our first target is to establish Maruho as a leader in the field of dermatology there. We are examining specific characteristics of South Korea, Taiwan, and the ASEAN region and will form strategies to ensure effective entry into those markets. The strategies will incorporate various approaches, including dispatching key personnel and hiring locally.

The Maruho Vision

Becoming a company with a global presence

When we were formulating the Asia Dermatology Hub Concept, I visited hospitals and dermatologists in several countries in Asia to learn about medical issues in each area and also to assess the business opportunities and risks for Maruho. I saw many unmet patient needs and a lot of potential for market growth. We created the hub concept because we believe we can apply the strengths we have built in dermatology in Japan to help address medical issues in Asia.

Major steps we have taken to execute the concept include establishing our first Asian subsidiary, Maruho Pharmaceutical Technology (Beijing) Co., Ltd., for business in China and out-licensing development and marketing rights in ASEAN for the anti-herpes virus agent *Amenamevir* (generic name) to Hyphens Pharma Pte. Ltd., of Singapore. We continue to consider ways to advance our business in China, ASEAN, South Korea, Taiwan, and countries across the region.

Establishing operations overseas is essential for our company to continue to grow as a pharmaceutical company with a global presence. To build our foundation for this, we first aim to become the leading dermatology company in Asia, and we will work as one to promote the Asia Dermatology Hub Concept as we advance our mission to provide solutions for patients and doctors throughout Asia.



Yutaka Tomita

Director of the Board,
Corporate Officer,
Global Strategy &
Business
Development

Asia Dermatology Hub Concept

Maruho's Function

- Lead the dermatology business in Asia
 - Advance product development in Asia
 - Develop marketing and sales expertise
 - Manufacture reliable-quality products and provide stable supply



Target countries and development policies

China

In-house deployment

Partner collaboration

China is vital to the Asia Dermatology Hub Concept. The objective of the subsidiary established in February 2024 is to be widely recognized as a pharmaceutical company specializing in dermatology that is the most trusted by local patients and doctors.

South Korea and Taiwan

In-house deployment

Partner collaboration

South Korea and Taiwan are being considered as the next subsidiary locations because of their similar market structures to Japan. We are assessing the local market characteristics, competitive environments, and conditions for acquiring rights of candidate products to determine the most suitable ways to introduce our business.

China

South Korea

Japan

Taiwan

ASEAN

ASEAN

Partner collaboration

Since the ASEAN market comprises various countries with different characteristics, our basic approach is to engage partner companies to conduct our product business in the region. We believe working with partner companies familiar with the local markets is the most efficient approach to developing our business in ASEAN.



Signing ceremony for the out-licensing agreement of the anti-herpes virus agent *Amenamevir* (generic name) to 10 ASEAN countries
 Left) Lim See Wah, Chairman, Executive Director and CEO of Hyphens Pharma Pte, Ltd.
 Right) Atsushi Sugita, Representative Director, President & CEO of Maruho Co., Ltd.



Social

Working with employees

Respect & cultivate autonomous human resources

In an environment of fast-paced changes, uncertainty, and lack of answers, the growth of each and every employee is essential for Maruho to realize its mission, sustainable growth, and enhancement of corporate value. We place great importance on employees who share our Corporate Philosophy and vision, and who are able to pursue social value as a member of Maruho.

Maruho focuses on respecting and cultivating autonomous human resources, where each individual has a high sense of ownership, significance, and fulfillment in their own work, role, and career, and produces efficient and high results through independent thought and ingenuity.

Maruho will promote the creation of a system that encourages the development of autonomous human resources, aiming not only for individual growth, but also for organizational revitalization, improved productivity, and stronger engagement between the company and its employees.

Respecting diversity & inclusion

We are working to create an environment where diverse and unique human resources can work with enthusiasm.

Promoting the active participation of women

Maruho Group has set a target of having women account for at least 15% of all managerial positions to be achieved by September 30, 2027. In the fiscal year ended September 2024, this percentage stood at 12.3%, largely on par with the previous year.

Supporting next-generation development

We strive to reduce regular overtime work so that employees can easily balance work and childcare. By September 30, 2027, our goals are for (1) zero departments to accumulate over 30 hours

in overtime for three consecutive months or more and (2) zero individuals that accumulate 540 hours in overtime per year. In the fiscal year ended September 2024, there were zero departments falling under (1) and one individual under (2).

The new system of newborn leave (post-partum parental leave) that encourages male employees to take childcare leave was launched at the same time as the Child Care and Family Care Leave Law in October 2022. Among male employees whose spouses gave birth, 33 (68.9%) took the benefit in the fiscal year ended September 2024. We share articles internally about interviews with male employees who have taken parental leave as part of our efforts to encourage eligible employees to utilize this leave.

Supporting employee career development

We are expanding on programs and opportunities that enable each employee to choose their own career path, leading to greater motivation.

In the fiscal year ended September 2023, we launched an in-house internship program, *Job Challenge*, and a mutual learning platform among employees, *Mana Musubi* on our internal portal site. In addition, new long-term vision planning members were recruited internally and they began full-scale deliberations with a strong commitment to get involved in the company's management. As for internal job postings, the number of open positions and applicants has increased each year, and the number of successful employees who seize the opportunity has also increased.

Main career development support systems

Name	Detail
Job Challenge	An in-house internship system that allows employees to try working in a department of interest while still working for their current department at the same time. ▶ Trial results for 2023 and 2024: 16 employees applied for four positions and 13 employees were already assigned
One-on-one Interviews	One-on-one interviews are conducted for employees to engage in direct dialogue with their supervisor which improves awareness of one's autonomy and results in improved performance
Career Training	A training program administered by age that allows participants to consider their career path. * Individual career consulting was provided in the fiscal year ended September 2024. ▶ Results in the fiscal year ended September 2024: 30 employees participated
Internal Job Posting	A system that allows employees to transfer to a different position or project that is openly recruited by going through an application and interview process. Results in the fiscal year ended September 2024: 38 employees applied for 42 openly recruited positions, of whom 19 were transfers

Encouraging diverse working styles

Maruho believes it is desirable to have a workplace environment that enables diverse and flexible work styles for employees to achieve a better work-life balance as well as high productivity and creativity. We encourage our employees to strike a balance with their private life and ensure that they stay healthy and motivated at work. Therefore, in addition to diversifying the everyday workplace, the Group also offers a support system that corresponds to different stages in life. In addition, each department defines their particular working style for creating results, including work-life balance, in the "Working Style Guide."

Diversification of work locations

We promote optimal working styles based on the operations and organizational situation of each department. In the fiscal year ended September 2024, we established a remote home office system that allows eligible employees to work from home

by utilizing full remote work and relaxed the system to allow employees to choose between coming into work and working remotely, allowing for the use of both.

Additionally, we operate a paperless system that enables employees to submit expenses and approval documents, among others, from their company laptop or smartphone. Moreover, some offices have adopted free address office seating in order to encourage communication between employees.



Office at the Kyoto R&D Center



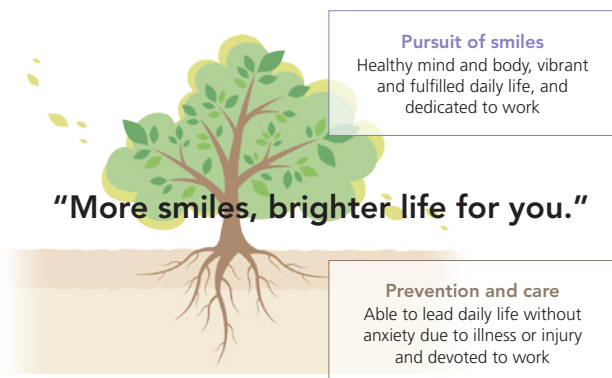
Sales office

Promoting health management support

For Maruho to realize our Mission of "More smiles, brighter life for you." it is essential that our approach to health management focuses on empowering our employees and their families to live a healthy and fulfilled life.

By implementing six measures (see "Numerical targets and measures to be implemented for health management" on page 37) based on the two approaches of pursuit of smiles and prevention and care, we aim to promote health management, and in the process realize our Corporate Philosophy.

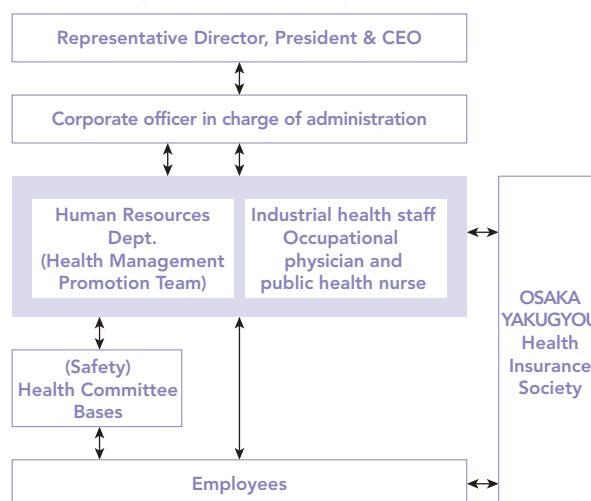
Maruho's health management



Health management promotion system

The Representative Director, President & CEO heads up health management at Maruho, while the Human Resources Dept., including the industrial health staff, and the health insurance association work together to plan and operate the system.

Health management promotion system



5. Foundation for Sustainable Growth | Social

Targets and measures

We have set medium-term KPIs for six measures (items) to be achieved by September 2027 and plan to implement measures for the six items as shown in the table below. We intend to refine these measures using assessments of these measures and their outcomes.

Numerical targets and measures to be implemented for health management

Six measures (items)	KPI	FY2023	Target	Measures to be implemented
1 Improvements in lifestyle and exercise habits	Smoking rate (Currently smoke habitually)	13.2%	12%	Smoking-cessation program, walking events, and exercise seminars
	Increase in physical activity in daily life (Walking or equivalent physical activity in daily life for at least 1 hour per day)	42.2%	50%	
	Sleep restfulness (State of being well rested after sleeping)	58.3%	65%	
2 Promotion of work-life balance	Percentage of employees taking 10 days or less of paid leave	22.0%	17%	Encourage employees to take 5 days of paid leave, directly engage with those who take less than 10 days of paid leave, and educate managers
	<Stress check score> Interference with personal life due to work (deviation)	48.8	50	
3 Creation of a harassment-free workplace	<Stress check score> Harassment score (overall)	2.6%	2% or less	Harassment prevention awareness e-learning/training
4 Prevention of mental illness	<Stress check score> Percentage of high-stress employees + those requiring attention	17.1%	15% or less	Raise awareness of public health nurse interviews, webinars on women's health, increased interviews for female employees (including identification of issues and discussion of countermeasures)
5 Reduction in the number of persons with findings in the health checkup results	Percentage of those with findings (Findings in any of the three items, blood pressure, lipids, and blood glucose)	37.0%	33% or less	Recommendation for medical examination to those with findings, individual interviews with high-risk employees, delivery of short diet-related videos, implementation of specific health guidance at sites, and direct engagement with middle-risk employees
6 Balancing medical treatment and work	Establishment and maintenance of support systems for balancing medical treatment and work (including revision of rules)			Measures for consideration of hospital visits during working hours, expanded use of accumulated leave for cancer treatment, and formulation of a guidebook for leave and return to work (support for balancing medical treatment and work)

Note: The calculation period for 1 and 2 is April 2023 to March 2024, and for 3 to 5 is October 2023 to September 30, 2024.

• Walking events

Since 2021, we have regularly held walking events for employees. In the fiscal year ended September 2024, we changed to a team competition. By organizing cross-departmental teams, the walking event helped to energize communication within the company.

• Work considerations for re-examinations

When an employee undergoes a health checkup or comprehensive physical examination and is prompted to undergo a re-examination, the employee is allowed to undergo the examination during working hours.

• In-house sharing of recipes

In the fiscal year ended September 2024, cooking videos for side dishes supervised by a registered dietitian were posted on our internal portal site. A total of 13 recipes were introduced in response to requests and questions solicited from employees, conveying ideas for easy nutrition and knowledge about nutrients.



Social contribution

Social contribution

Maruho continues to take part in activities that are closely related to its business characteristics in an effort to raise awareness of Maruho's social value through interactions outside of work and to provide greater motivation at daily work. We also promote activities that employees can participate in voluntarily.

"Maru-hotto Gift" matching gift program

Maruho's matching gift program "Maru-hotto Gift," a system for employees to donate money, has been running since 2015. The total number of participants since the start of the program reached 4,000 in the fiscal year ended September 2024.

In the fiscal year ended September 2024, the company and 509 employees (participation rate of 24.1%) contributed a total of approximately 4 million yen to four organizations: Guide Dog & Service Dog & Hearing Dog Association of Japan, Special Olympics Nippon Osaka, NPO CliniClowns Japan, and Children's Cancer Association of Japan. In addition to the "Maru-hotto Gift" matching gift program, we held a special donation drive in January 2024 following the Noto Peninsula Earthquake, with 635 participants (participation rate 37.3%) raising approximately 4.8 million yen for Save the Children Japan.

Volunteering at organizations Maruho donates to

In the fiscal year ended September, 2024, with the cooperation of "Maru-hotto Gift" matching gift program donation recipient organizations, we provided employees with opportunities to engage in volunteer activities. Volunteer activities included cleaning up at Parents House run by the Children's Cancer Association of Japan (once each in Osaka and Tokyo), volunteering to run competitions of Special Olympics Nippon Osaka (twice in Osaka), and volunteering for Save the Children Japan to pack "Children's Food Support Boxes" (once in Chiba Prefecture).

Participation in charity at the Osaka Marathon 2024

President & CEO Sugita and four employees participated in the Osaka Marathon as charity runners. This initiative supports NPO CliniClowns Japan, an authorized NPO that serves as a charity partner of the marathon. A walking event was held on the day, and an amount corresponding to the number of employees who completed the prescribed number of steps was donated to NPO CliniClowns Japan, as in the previous year.

Participation in adolescent health education promotion project

Maruho supports the Kagayaki School, an adolescent health education promotion project for junior high and high school students. In the Maruho-led Dermatology Class, there is a program of outreach classes by dermatologists for junior high and high school students who are troubled with adolescent skin issues. By the fiscal year ended September 2024, the program had been implemented in eight schools nationwide, reaching 470 participants.



Volunteers running Special Olympics Nippon Osaka competitions



Charity runners in Osaka Marathon 2024 and cheering party

Contributions to the field of dermatology

Maruho Research Award supporting upcoming researchers

The Maruho Research Award is given to outstanding research papers to help foster young researchers. The award is granted to research papers selected through a strict screening process by the selection committee comprised of university professors from among basic and clinical research papers on dermatology.

Award honoring dermatologists, Master of Dermatology (Maruho)

Maruho and the Japanese Dermatological Association jointly administer Master of Dermatology (Maruho), an award that recognizes dermatologists who have contributed to the development of the field of clinical dermatology. It was first established in 2010 to recognize those with outstanding achievements in clinical dermatology. The prize has since been renamed in 2017 to follow its current structure.

Related information Master of Dermatology (Maruho)

https://www.dermatol.or.jp/modules/biologics/index.php?content_id=21/ (Japanese)

Environment

Basic approach to the environment

As a member of society, Maruho actively promotes activities to protect the regional and global environments, such as reducing environmental impact of its R&D, sales, and production activities. At the same time, Maruho pursues business activities in harmony with the global environment by raising the environmental awareness of its employees.

The Hikone and Nagahama plants have obtained international standard ISO 14001 certification for their environmental management systems. The Hikone and Nagahama plants and the

Kyoto R&D Center, each had their own basic principles and policies regarding the environment. However, in May 2024, we established a companywide Environmental Policy, Environmental Action Guidelines, and catchphrase, which reaffirm Maruho's common philosophy that our activities are rooted in our Corporate Philosophy. We also clarify the guidelines for our business activities and have set a CO₂ emission reduction target in order to achieve carbon neutrality.



Environmental Policy and Catchphrase

Environmental Policy

Maruho is committed to protecting, preserving, and improving the global environment through environmentally friendly business activities based on our mission "More smiles, brighter life for you."

Environmental Action Guidelines

1. We will promote corporate activities with consideration for the protection of the global environment and continuously work to resolve environmental issues.
2. We will set clear goals for our environmental promotion activities and maintain and improve an effective promotion system to achieve these goals.
3. We will comply with the environmental laws and regulations of each country and region in which we operate.
4. We will conduct systematic education and awareness activities to promote environmental awareness among all employees.
5. We will proactively disclose information about our activities to promote environmental measures and deepen our relationship of trust with society.

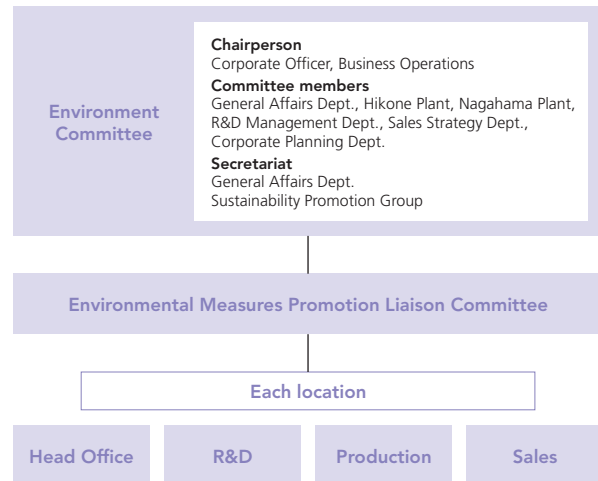
Environmental promotion framework

We established the Environment Committee to appropriately and effectively promote initiatives related to environmental issues. Through the Environmental Measures Promotion Liaison Committee, we collect information on environmental issues, identify issues in promotion activities, and finally report to the chairperson as necessary, and promote understanding of promotion activities and within the company.

Maruho holds meetings of its Environment Committee twice a year to ensure that the environmental management systems at each site are functioning properly. In addition, the Environment Committee identified environmental materiality in August 2024. We are currently working on formulating targets and action plans for each materiality. We plan to announce our environmental materiality in fiscal 2025.

Based on the guidelines of the Environment Committee, each site sets its own focus themes and carries out activities accordingly.

Environment Committee framework



Climate change countermeasures

Initiatives to reduce greenhouse gases (CO₂)

In March 2023, Maruho established the goal of achieving net-zero CO₂ emission by the fiscal year ending September 2050. To achieve this, we will make efforts to bring in innovative technology and gather information. We have set an intermediate goal of reducing CO₂ emissions to 6,534 tons or less by the fiscal year ending September 2030, or a 46% reduction compared to the fiscal year ended September 2013.

Thanks to continued energy conservation activities at each business site, Maruho's total CO₂ emissions for the fiscal year ended September 2023 declined 2.3% year on year to 13,974 tons. This marks the fifth consecutive year of reduction since 2019.

Additionally, until now, the focus of our CO₂ reduction activities had been energy conservation, but from fiscal 2024, we will accelerate our efforts to achieve our interim target for fiscal 2030 by utilizing off-site PPA* and purchasing electricity derived from renewable energy sources.

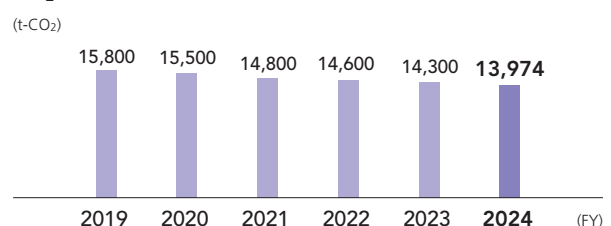
* A type of power purchase agreement (PPA) in which consumers enter into a contract with a PPA business to receive electricity from off-site solar power generation facilities.

In addition to companywide efforts toward carbon neutrality, the Kyoto R&D Center has set a goal of reducing its CO₂ emissions by 17.4% on average over the three-year period from April 2023 to March 2026, compared to the three-year average from April 2020 to March 2023, as outlined in its business emissions reduction plan in accordance with Kyoto City ordinances.



Upgraded to high-efficiency boiler

CO₂ emissions



5. Foundation for Sustainable Growth | Environment

Energy conservation initiatives

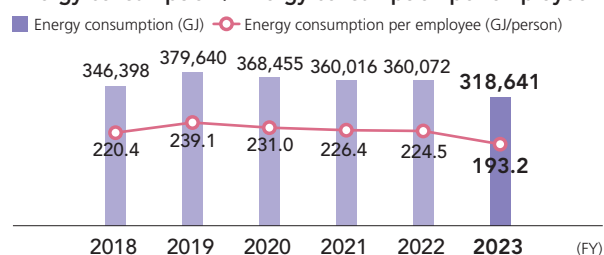
We were able to reduce energy consumption in the fiscal year ended September 2023 compared to the previous fiscal year. As part of common facility initiatives, we implemented the following measures: introduced LED lighting, adjusted air conditioning temperature settings, utilized energy-saving air conditioning modes, and reduced air conditioning operating times. Driven by these efforts, employees' awareness of energy conservation has also improved.

Each business site is also implementing its own unique initiatives. At the Hikone Plant, energy usage was reduced by 1.1% (2,442 GJ) compared to the previous fiscal year through measures such as upgrades to high-efficiency boilers and changing from steam heat exchangers to hot water chillers. Going forward, the plant will work on visualizing energy usage by enhancing electrical equipment monitoring functions and considering shutting down 24-hour air conditioning at night and on holidays.

At the Nagahama Plant, we reduced energy consumption by 0.6% (349 GJ) compared to the previous fiscal year by narrowing down the number of production buildings in operation and promoting efficiency through effective production allocation with

Group companies. The plant will strictly select the production facilities in operation and pursue efficient production allocation among Group companies to improve production efficiency while minimizing energy consumption. At the Kyoto R&D Center, we reduced energy consumption by 8.3% (7,054 GJ) compared to the previous fiscal year by introducing an automatic air conditioning setting change system, which is expected to have an energy-saving effect during long holidays, and transferring equipment. The center will continue to consider ways to reduce air conditioning operation time. At sales offices, we are gradually switching sales vehicles to hybrid cars, and as of March 2024, the adoption rate was 92.0%.

Energy consumption / Energy consumption per employee



Recycling-oriented society and resource conservation

At Maruho, we are implementing the three R's (Reduce, Reuse, and Recycle) to contribute to a recycling-oriented society. At each business site, we are reducing the amount of final disposal by recycling waste, reducing the amount of paper resources used by digitizing various documents, and ensuring proper sorting of waste. At the same time, we are switching to environmentally friendly products mainly for the fixtures and furnishes we use internally. In addition, in order to work on increasing the waste recycling rate, we reanalyzed the types, amounts, and disposal methods of waste generated at each business site and set targets for considering new measures.

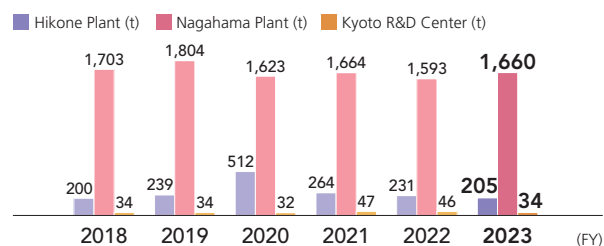
At the Hikone and Nagahama plants, we continue to work on optimizing our production system and promoting the three R's to reduce the total amount of industrial waste generated and improve recycling rates. In addition, within the environmental management system, each group continues to set and work on environmental targets, aiming to contribute to a recycling-oriented society and resource conservation.

At the Kyoto R&D Center, we are reducing emissions of industrial waste generated during research and development activities as well as thoroughly implementing waste separation to increase the recycling rate. We are making efforts to resell machines that are scheduled for disposal for their reuse and to support scientific research in Japan. Additionally, in order to reduce paper usage, we implemented a system to track and display the amount of copy paper being used.



Clean campaign to beautify the environment by picking up trash around the plant

Industrial waste generated



Water resource conservation

Water usage

At the Hikone Plant, we appropriately manage our industrial water and tap water usage by comparing it with previous years' results and analyzing the impact of operational changes. We also manage water quality to standards that are stricter than legal requirements and contribute to the conservation of water resources by discharging water into rivers in a cleaner state than when it was withdrawn. The Hikone Plant's water usage in the fiscal year ended September 2023 was on par with the previous fiscal year. At the Nagahama Plant, tap water usage was 34,988 m³, a decrease of approximately 8.5% (3,523m³) compared to the previous fiscal year driven by the use of equipment with high production efficiency and the shutting down of heat sources when not in operation.

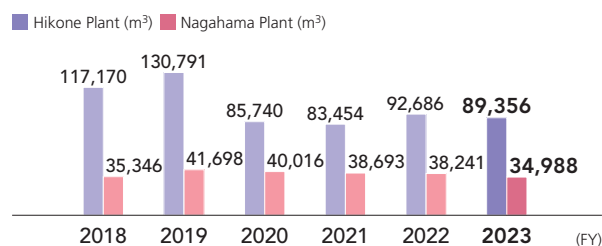
Initiatives to reduce water risk associated with plant operations

At the Hikone Plant, we have installed a system that allows us to switch from discharging wastewater into the river to the sewer system in the unlikely event that an abnormality occurs in the

wastewater treatment equipment. This reduces the risk of non-compliant wastewater leaking off site, and allows the plant to continue operating.

As one of the measures to prevent the risk of chemical leakage off site, the Nagahama Plant changed the waterproof boards of the rainwater gutters near the tank yard, which is expected to have the greatest impact if leakage were to occur, to water gates. The plant will continue to change other waterproof boards to water gates in the future to prevent and reduce the risk of leakage.

Water usage



SPOGOMI in Kyoto

On June 5, 2024, we held SPOGOMI* in Kyoto with the aim of fostering a sense of social contribution among employees. A total of 65 participated in this event, including employees from the Kyoto R&D Center, Head Office staff including sales staff, employees from Kyoto Sales Office No. 1, and the officers in charge of R&D. Participants were divided into 17 teams of 4 to 5 people and picked up litter following the rules set by the Japan Spogomi Federation. At the opening ceremony, each team expressed their enthusiasm and the game started. Teams worked together in a friendly atmosphere. The weight of the trash collected was more than 1 kg per person, for a total of 72 kg. Employees from departments and locations who usually have little interaction were also able to demonstrate teamwork and collect a large amount of litter.

We plan to hold the event in other regions in the future. We will continue to expand our environmental initiatives throughout the company and contribute to creating communities filled with smiles and that offer a comfortable place to live.

* This event, which originated in Japan, incorporates a sports element into picking up litter, making it a fun way to clean up the environment. Participants form teams and compete for points based on the type and amount of litter they pick up.



Corporate Governance

Basic philosophy

In order for Maruho to continue to contribute to the development of society, the company must be managed from a medium- to long-term perspective based on the long-term vision and the medium-term plan under Maruho's Corporate Philosophy. At the same time, Maruho must also further evolve its corporate governance. The key to this is the effective operation of the Board of Directors. In order to improve its effectiveness, the company will need to access external perspectives by having directors fulfill

their roles and responsibilities. In addition, the objective monitoring, supervision, and advice of outside directors on management, together with audits by the Audit & Supervisory Board Members, the Accounting Auditor, and the Internal Audit Dept., ensures the proper execution of duties by management and enables prompt and bold decision-making. Through the promotion of effective corporate governance, we aim to achieve Maruho's sustainable growth and enhance its corporate value.

Board of Directors

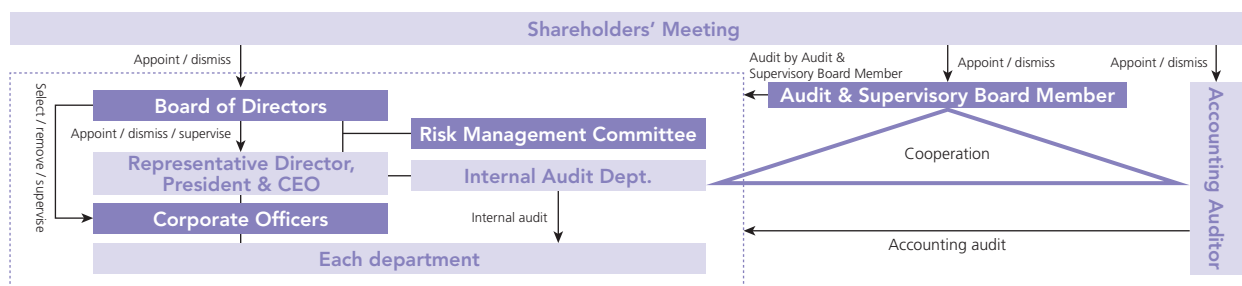
The Board of Directors endeavors to increase management transparency and fairness, speed up decision making concerning important managerial issues, receive reports on the business execution of Maruho and its Group companies, and supervise the execution of duties by directors and corporate officers. In addition, outside directors equipped with diverse knowledge and specializations related to finance, accounting, and/or risk management play a role in supervising management and providing advice for enhancing corporate value over the medium- to long-term through discussions during board meetings. As a result, we seek to create a highly effective Board of Directors by ensuring directors' sharing and understanding of the Company's basic management policies and important managerial matters, and by reaching consensus and making policy decisions based on consultations and discussions from a multilateral perspective. The attendance of outside directors in the fiscal year ended September 2024 was 100%.

Overview of the Board of Directors (As of September 2024)

Structure	8 directors, 4 outside directors, and 1 auditor
Board meeting	Oct., Nov., Dec., Jan., Apr., May, Jul., Aug., and Sept.
Major agenda	<p>Business plans</p> <ul style="list-style-type: none"> Group management, business plan achievement, basic policy for the following fiscal year's business plan, a scheme for evaluation of achievements Overview of account settlement, internal audit findings, results of whistleblowing, internal and external trends <p>Shareholders' meeting</p> <ul style="list-style-type: none"> Proposals for the ordinary general meeting of shareholders <p>Officers</p> <ul style="list-style-type: none"> Election of officers, appointment of the Representative Director, appointment of directors with special titles <p>Stock</p> <ul style="list-style-type: none"> Stock transfer

Corporate governance system

The relationships between the Company's organizations and internal control are as shown below.



Information about our internal control systems can be found on our website. <https://www.maruho.co.jp/english/>

Note: The Company has commissioned Deloitte Touche Tohmatsu LLC, an auditing firm, to conduct its accounting audits in accordance with the Companies Act of Japan. The auditing firm has confirmed that the financial statements present fairly, in all material respects, the financial position and the financial performance in accordance with Japanese generally accepted accounting principles. The contents of the financial statements included in this report are completely the same as those of the consolidated financial statements disclosed under the Companies Act. Results of the previous fiscal year and the consolidated statement of cash flows are not included in the target of the accounting audit of this year but presented as reference information.

Risk management

In order to maximize its corporate value, Maruho works to avoid or reduce risks by identifying the risks that the Company is facing or is likely to face in the future, and establishing and operating an appropriate risk management cycle (PDCA cycle). The Risk Management Regulations established by the Company defines that a risk is an uncertain event that may affect the Company's profit or loss and that requires Companywide management using the PDCA cycle framework and is designated by the Risk Management Committee.

Code of Practice, etc.

Risks related to compliance with laws and social norms, corporate social responsibilities, and compliance with voluntary rules such as the JPMA Code of Practice established by the Japan Pharmaceutical Manufacturers Association (JPMA) and the Fair Competition Code concerning Restriction on Premium Offers in the Ethical Pharmaceutical Drugs Marketing Industry

Other risks

Risks that are significant for the Company or occur frequently, and that require Companywide management using the PDCA cycle approach, such as information management risk,

personnel risk, reputation risk, and disaster risk

Initiatives to promote risk management include planning, implementation, and reporting of educational programs and self-inspections concerning risk management. Also, the Internal Audit Dept. conducts monitoring according to the internal audit regulations to objectively evaluate whether the PDCA cycle concerning risk management is working effectively. In addition, we manage potential risks by categorizing them into two groups: "Companywide risk (risks requiring Companywide management)" and "business risk (risks entailed in implementing/promoting strategies and business plans)." The initiatives by the Risk Management Committee to increase directors' and employees' awareness of "potential Companywide risks" include posting awareness-raising articles by the department responsible for each type of risk on the internal portal site, and conducting e-learning tests.

List of potential Companywide risks

Labor management / Disasters, infections / Information security / Patent/trademark infringement / Code of Practice, etc. / Management of a conflict of interest / Clinical Trials Act / Rumors/reputation by the mass media / Company vehicle operation management / Harassment

Compliance

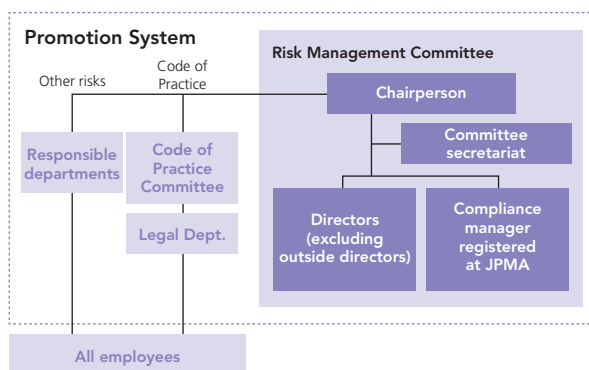
All officers and employees shall comply with the Maruho Code of Compliance Standards in their own conduct and their business activities. In carrying out our business activities, we shall comply with general laws and regulations such as civil codes, corporate laws, and antimonopoly laws, as well as the various business-related laws and regulations such as pharmaceutical laws and will have no relationships with antisocial forces and groups and adamantly refuse and oppose their unreasonable demands. We shall act with high ethical standards, including bioethics, and good sense, and each individual shall conduct themselves with self-awareness and an understanding of one's own mission.

When we commission work to Group companies or outside vendors in regard to various processes, such as product research, development, manufacture, and sales, we shall be aware that we are the ones that bear the ultimate responsibility, and shall handle situations with a sense of unity with the Group company or outside vendor.

Promotion systems

At Maruho, the Risk Management Committee plays the central role in activities to promote compliance.

The Risk Management Committee designates risks that require Companywide control and instructs the Code of Practice Committee and responsible departments to control such risks by the PDCA cycle approach, with the aim of promoting compliance in an integrated manner throughout the Company.



Internal reporting system (Maruho Hotline)

To ensure the implementation of compliance management, we have established the Maruho Hotline as the contact point for internal reporting to accept direct consultation and reporting both from within and outside the Company on suspicious activities concerning compliance. We disseminate information on the importance of the internal reporting system, confidentiality, and the protection of whistleblowers, provide e-learning programs to promote an understanding of the system, and continually make all employees aware of the contact point for internal reporting. In the fiscal year ended September 2024, there were a total of 14 whistleblowing reports (12 from within the Company and 2 from outside the Company).

Board of Directors and Auditors (As of December 2024)



Atsushi Sugita

Representative Director,
President & CEO

April 1997 Joined Sumitomo Corporation
March 2012 Joined Maruho Co., Ltd.
December 2014 Director of the Board, Corporate
Officer, North American Region
December 2020 Representative Director, President
& CEO (Current position)



Yasuyuki Ishimaru

Director of the Board,
Executive Corporate Officer

April 1984 Joined Maruho Co., Ltd.
December 2012 Director of the Board, Corporate
Officer, Japan Business Operations
December 2020 Director of the Board, Executive
Corporate Officer (Current position)



Yasuhiko Kito

Director of the Board, Senior Corporate Officer,
Reliability Assurance & Medical Affairs,
Dermatological Healthcare Business

April 1986 Joined Maruho Co., Ltd.
December 2014 Director of the Board, Senior
Corporate Officer, Business Operations
October 2024 Director of the Board, Senior
Corporate Officer, Reliability
Assurance & Medical Affairs,
Dermatological Healthcare Business
(Current position)



Kazuhiko Aita

Director of the Board, Corporate Officer,
Sales & Marketing

April 1992 Joined Maruho Co., Ltd.
December 2024 Director of the Board, Corporate
Officer, Sales & Marketing
(Current position)



Kazutaka Kawashima

Director of the Board, Senior Corporate Officer,
Research & Development

April 1984 Joined Tanabe Seiyaku Co., Ltd.
(now Mitsubishi Tanabe Pharma
Corporation)
April 2024 Joined Maruho Co., Ltd.
December 2024 Director of the Board, Senior
Corporate Officer, Research
& Development (Current position)



Akihiro Watanabe

Director of the Board (Outside)

July 1990 Peat Marwick Mitchell & Co.
(now KPMG LLP),
New York Office Partner
December 2015 Director of the Board,
Maruho Co., Ltd. (Current position)
February 2022 Chairman, Houlihan Lokey K.K.
(Current position)
June 2024 Outside Director,
JERA Co., Inc. (Current position)

Corporate Officers (As of December 2024)

Kazumasa Hirata

Corporate Officer, Research

Yutaka Ishihama

Corporate Officer,
Clinical Development

Satoko Sugawara

Corporate Officer,
Regulatory Science

Yoshimi Kakiuchi

Corporate Officer,
Reliability Assurance &
Medical Affairs



Masahiro Takeda

Director of the Board, Senior Corporate Officer, Corporate Strategy, Business Operations

April 1992 Joined the Health and Welfare Ministry (now the Ministry of Health, Labour and Welfare)
May 2014 Joined Maruho Co., Ltd., General Manager, Corporate Planning Dept.
December 2016 Director of the Board, Corporate Officer, Corporate Planning and Legal, General Affairs
October 2024 Director of the Board, Senior Corporate Officer, Corporate Strategy, Business Operations (Current position)



Katsunori Hiratsuka

Director of the Board, Corporate Officer, CMC Planning & Production

April 1990 Joined Maruho Co., Ltd.
December 2022 Director of the Board, Corporate Officer, Production
October 2024 Director of the Board, Corporate Officer, CMC Planning & Production (Current position)



Yutaka Tomita

Director of the Board, Corporate Officer, Global Strategy & Business Development

June 2005 Joined Sysmex Corporation
June 2021 Joined Maruho Co., Ltd.
December 2022 Director of the Board, Corporate Officer, Global Business Development
October 2024 Director of the Board, Corporate Officer, Global Strategy & Business Development (Current position)



Yutaka Tsuchiya

Director of the Board (Outside)

April 1975 Joined Eisai Co., Ltd.
June 2017 Director, Eisai Co., Ltd.
April 2024 Director of the Board, Maruho Co., Ltd. (Current position)



Kanoko Oishi

Director of the Board (Outside)

April 1983 Joined Nippon Life Insurance Company
June 2000 Established MEDIVA Inc.
July 2000 Representative Director (Current position)
Representative Director (Current position)
Established Seinan MEDIVA Co., Ltd. (now Seeds 1 Co., Ltd.);
June 2015 Representative Director (Current position)
Outside Director, Ezaki Glico Co., Ltd. (Current position)
March 2016 External Director, Shiseido Company, Limited (Current position)
April 2021 Outside Director, Alpha Fusion Inc. (Current position)
August 2024 Director of the Board, Maruho Co., Ltd. (Current position)



Koichi Nishioka

Audit & Supervisory Board Member

April 1991 Joined Kurimoto, Ltd.
November 2001 Joined Maruho Co., Ltd.
June 2020 Corporate Officer, Business Operations, Maruho Co., Ltd.
December 2024 Audit & Supervisory Board Member, Maruho Co., Ltd. (Current position)

Yasuhiro Kawasaki

Corporate Officer, General Manager, Diagnostics & Medical Devices Department

Yoshihiko Sato

Corporate Officer, Sales

Makoto Kitagawa

Corporate Officer, Business Operations

11-year Financial Summary

	2014.9	2015.9	2016.9	2017.9
Fiscal year				
Net sales	69,367	73,538	76,722	86,902
Operating profit	6,256	7,682	7,424	14,731
Ordinary profit	6,202	7,151	7,483	14,577
Profit attributable to owners of parent	3,639	3,288	2,272	8,463
As of fiscal year-end				
Total net assets	93,878	96,592	99,984	108,985
Total assets	124,750	134,484	137,554	145,096
Amount per share (Yen)				
Net assets per share	11,533.32	12,117.75	12,531.01	13,675.28
Basic earnings per share	476.44	429.85	297.00	1,106.30
Cash flows				
Cash flows from operating activities	4,641	10,117	10,433	11,923
Cash flows from investing activities	(8,980)	(7,906)	(15,554)	(10,824)
Cash flows from financing activities	10,687	2,600	(3,024)	(583)
Financial indicators				
Equity-to-asset ratio (%)	70.7	68.9	69.7	72.1
Return on equity (%)	4.1	3.6	2.4	8.4
Number of employees	1,526	1,588	1,716	1,838

(Notes)

1. For accounting audits, please refer to the note for internal control systems in "Corporate Governance" section. (p. 43)

2. The "Partial Amendments to the Accounting Standards for Tax Effect Accounting" have been applied since the beginning of the fiscal year ended September 2019. For the fiscal year ended September 2018, the amended accounting standard has been applied retrospectively.

(Millions of yen)

2018.9	2019.9	2020.9	2021.9	2022.9	2023.9	2024.9
85,209	89,171	88,954	96,754	95,390	96,184	98,368
10,631	12,347	12,333	21,942	16,431	6,227	13,553
10,284	12,433	10,721	21,112	15,035	6,967	12,990
2,976	12,737	6,318	14,902	7,972	3,866	10,443
110,478	120,217	127,825	142,857	152,495	156,720	166,408
143,286	142,908	151,394	164,257	177,219	181,451	185,515
14,440.31	15,713.18	16,569.98	18,531.20	19,794.54	20,348.96	21,612.82
389.09	1,664.83	825.81	1,947.92	1,042.12	505.43	1,365.00
11,385	11,573	20,042	18,063	16,651	(1,732)	14,504
(13,595)	(11,706)	(4,817)	(4,591)	(7,597)	(8,029)	(4,815)
(681)	(10,245)	(686)	(570)	(589)	(617)	(217)
77.1	84.1	83.7	86.3	85.5	85.8	89.1
2.8	11.0	5.1	11.1	5.4	2.5	6.5
1,930	2,093	2,150	2,181	2,213	2,241	2,244

Consolidated Balance Sheet

(Millions of yen)

	2023.9	2024.9
Assets		
Current assets	123,348	128,221
Cash and deposits	59,063	68,095
Notes and accounts receivable-trade	31,524	30,143
Merchandise and finished goods	17,092	14,146
Work in progress	6,301	5,867
Raw materials and supplies	6,370	7,801
Income taxes refund receivable	403	58
Other	2,592	2,107
Non-current assets	58,103	57,293
Property, plant and equipment	28,148	28,600
Buildings and structures	16,558	19,687
Machinery, equipment and vehicles	4,125	4,778
Tools, furniture and fixtures	1,337	1,647
Land	2,145	2,194
Construction in progress	3,982	293
Intangible assets	6,366	4,940
Software	2,279	1,886
Goodwill	10	—
Sales rights	3,116	2,377
Other	960	677
Investments and other assets	23,588	23,752
Investment securities	9,899	8,886
Long-term loans receivable from subsidiaries and associates	98	—
Retirement benefit asset	6,857	8,532
Deferred tax assets	5,185	5,141
Other	1,547	1,192
Total assets	181,451	185,515
Liabilities		
Current liabilities	23,268	18,310
Notes and accounts payable-trade	7,184	4,057
Short-term borrowings	200	200
Accounts payable-other	9,552	6,975
Income taxes payable	456	281
Provision for bonuses	3,710	3,646
Provision for loss on disaster	—	31
Other	2,165	3,118
Non-current liabilities	1,461	796
Deferred tax liabilities	63	61
Provision for retirement benefits for directors (and other officers)	1,019	270
Asset retirement obligations	198	254
Other	180	209
Total liabilities	24,730	19,106
Net assets		
Shareholders' equity	152,830	163,139
Share capital	382	382
Capital surplus	4,251	4,251
Retained earnings	148,196	158,505
Accumulated other comprehensive income	2,853	2,213
Valuation difference on available-for-sale securities	298	261
Deferred gains or losses on hedges	95	55
Foreign currency translation adjustment	2,459	1,896
Non-controlling interests	1,036	1,054
Total net assets	156,720	166,408
Total liabilities and net assets	181,451	185,515

Note: 2023.9 is not subject to audit.

Consolidated Statement of Income

(Millions of yen)

	2023.9	2024.9
Net sales	96,184	98,368
Cost of sales	35,614	38,501
Gross profit	60,570	59,867
Selling, general and administrative expenses	54,342	46,314
Operating profit	6,227	13,553
Non-operating income	2,971	346
Interest income	15	13
Dividend income	17	20
Compensation income	1	2
Rental income	27	28
Insurance claim income	59	41
Outsourcing service income	89	78
Gain on valuation of investment securities	2,626	—
Foreign exchange gains	—	69
Other	134	90
Non-operating expenses	2,231	909
Interest expenses	10	6
Commission expenses	8	8
Share of loss of entities accounted for using equity method	1,994	523
Loss on valuation of investment securities	—	351
Foreign exchange losses	205	—
Other	12	18
Ordinary profit	6,967	12,990
Extraordinary income	15	394
Gain on change in equity	15	—
Gain on sales of investment securities	0	—
Gain on donation of investment securities	—	394
Extraordinary losses	763	1,441
Loss on sales and retirement of non-current assets	58	29
Retirement benefits for directors (and other officers)	—	238
Loss on valuation of investment securities	459	15
Loss on liquidation of subsidiaries and associates	—	581
Impairment loss	244	311
Loss on disaster	—	264
Other	—	0
Profit before income taxes	6,219	11,942
Income taxes-current	2,631	1,445
Income taxes-deferred	(254)	37
Total income taxes	2,377	1,483
Profit	3,841	10,459
Profit (loss) attributable to non-controlling interests	(25)	16
Profit attributable to owners of parent	3,866	10,443

Note: 2023.9 is not subject to audit.

Consolidated Statement of Changes in Equity

2023.9

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	382	4,251	144,463	149,097
Changes during period				
Dividends of surplus			(133)	(133)
Profit attributable to owners of parent			3,866	3,866
Net changes in items other than shareholders' equity				—
Total changes during period	—	—	3,732	3,732
Balance at end of period	382	4,251	148,196	152,830

	Accumulated other comprehensive income				Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	623	67	1,653	2,344	1,053	152,495
Changes during period						
Dividends of surplus				—		(133)
Profit attributable to owners of parent				—		3,866
Net changes in items other than shareholders' equity	(325)	27	806	508	(16)	491
Total changes during period	(325)	27	806	508	(16)	4,224
Balance at end of period	298	95	2,459	2,853	1,036	156,720

2024.9

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	382	4,251	148,196	152,830
Changes during period				
Dividends of surplus			(133)	(133)
Profit attributable to owners of parent			10,443	10,443
Net changes in items other than shareholders' equity				—
Total changes during period	—	—	10,309	10,309
Balance at end of period	382	4,251	158,505	163,139

	Accumulated other comprehensive income				Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	298	95	2,459	2,853	1,036	156,720
Changes during period						
Dividends of surplus				—		(133)
Profit attributable to owners of parent				—		10,443
Net changes in items other than shareholders' equity	(36)	(40)	(562)	(639)	18	(621)
Total changes during period	(36)	(40)	(562)	(639)	18	9,687
Balance at end of period	261	55	1,896	2,213	1,054	166,408

Note: 2023.9 is not subject to audit.

Consolidated Statement of Cash Flows

(Millions of yen)

	2023.9	2024.9
Cash flows from operating activities		
Profit before income taxes	6,219	11,942
Depreciation	5,068	5,253
Impairment loss	244	311
Amortization of goodwill	65	10
Gain on change in equity	(15)	—
Increase (decrease) in provision for bonuses	(33)	(63)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(56)	(748)
Interest and dividend income	(32)	(34)
Interest expenses	10	6
Share of loss (profit) of entities accounted for using equity method	1,994	523
Loss (gain) on valuation of investment securities	(2,166)	367
Loss (gain) on sales and retirement of non-current assets	1	24
Loss on liquidation of subsidiaries and associates	—	60
Gain on donation of investment securities	—	(394)
Decrease (increase) in trade receivables	(1,335)	1,381
Decrease (increase) in inventories	(5,578)	1,943
Increase (decrease) in trade payables	2,024	(3,119)
Decrease (increase) in other current assets	(478)	411
Increase (decrease) in other current liabilities	1,828	(481)
Other, net	(2,897)	(1,656)
Subtotal	4,864	15,739
Interest and dividends received	31	26
Interest paid	(11)	(5)
Income taxes (paid) refund	(6,617)	(1,255)
Net cash provided by (used in) operating activities	(1,732)	14,504
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,717)	(4,957)
Purchase of intangible assets	(1,044)	(445)
Decrease (increase) in time deposits	164	554
Purchase of investment securities	(1,584)	(22)
Purchase of shares of subsidiaries and associates	(346)	(74)
Other, net	500	129
Net cash provided by (used in) investing activities	(8,029)	(4,815)
Cash flows from financing activities		
Repayments of long-term borrowings	(392)	—
Dividends paid	(133)	(133)
Other, net	(90)	(83)
Net cash provided by (used in) financing activities	(617)	(217)
Effect of exchange rate change on cash and cash equivalents	51	109
Net increase (decrease) in cash and cash equivalents	(10,327)	9,580
Cash and cash equivalents at beginning of period	68,741	58,414
Cash and cash equivalents at end of period	58,414	67,995

Note: Not subject to audit.

Business performance

Results in the fiscal year ended September 2024

Japan's prescription drug market, the main business domain of the Maruho Group, showed a gradual recovery trend due mainly to increases in sales of anticancer drugs. In addition, the springs, medical devices and components, and machinery industries, which correspond to our other businesses, were affected by soaring prices of materials and parts. As a result, net sales for the fiscal year increased by 2.3% year on year to 98,368 million yen. We recorded operating profit of 13,553 million yen (up 117.6% year on year), ordinary profit of 12,990 million yen (up 86.4%), and profit attributable to owners of parent of 10,443 million yen (up 170.1%).

Outlook for the fiscal year ending September 2025

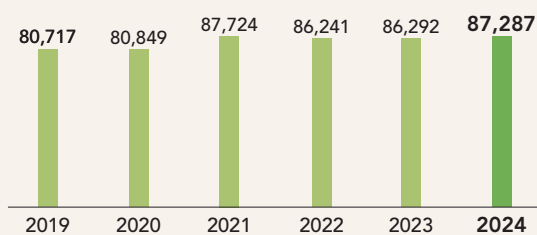
With atopic dermatitis, acne, psoriasis, herpes, and hyperhidrosis as our core fields, we aim to minimize the decline in sales caused by drug price revisions and selected medical treatments for long-listed drugs, and build a foundation for future growth by allocating resources efficiently and carefully addressing the unmet needs of individual patients.

We expect net sales to reach 94,158 million yen, down 4.3% from the previous fiscal year, as we work to quickly penetrate the market with new products, including *Mitchga*, an antibody drug for the treatment of itchiness caused by atopic dermatitis.

Analysis of pharmaceutical business (mainly the manufacture and marketing of prescription drugs)

Product name	Reason	Change in sales
Blood-flow accelerative/skin moisturizing agent <i>Hirudoid</i>	Drug price revisions	Down
Human anti-human IL-31 receptor A monoclonal antibody <i>Mitchga</i>	Provision of new treatment methods	Up
Acne vulgaris treatment agent <i>BEPIO</i>	Provision of new emulsion lotion formulation	Up

Net sales (Millions of yen)



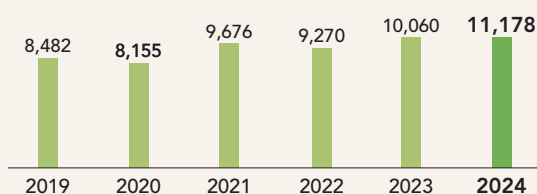
Net sales **87,287 million yen** (up 1.2% year on year)
 Operating profit **13,524 million yen** (up 112.2% year on year)

Analysis of other businesses

The springs, medical devices and components, and machinery businesses of Maruho Hatsujyo Kogyo Co., Ltd. and other companies helped increase net sales by 11.1% year on year to 11,178 million yen, while operating profit was 5 million yen, reversing the segment loss of 167 million yen in the previous fiscal year.

For the fiscal year ending September 2025, we expect net sales of 11,087 million yen and operating profit of 496 million yen. This is because we will strengthen the foundation and improve costs of Asian bases in the springs business, launch assembly projects in the medical devices and components business, establish mass production technology for stents, and expand sales of key products in the machinery business.

Net sales (Millions of yen)



Net sales **11,178 million yen** (up 11.1% year on year)
 Operating profit **5 million yen** (compared to an operating loss of 167 million yen in the previous fiscal year)

Financial position

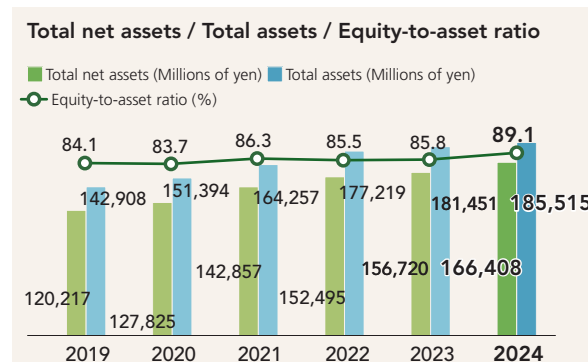
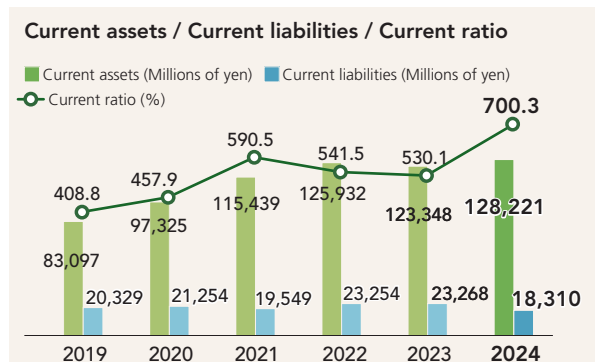
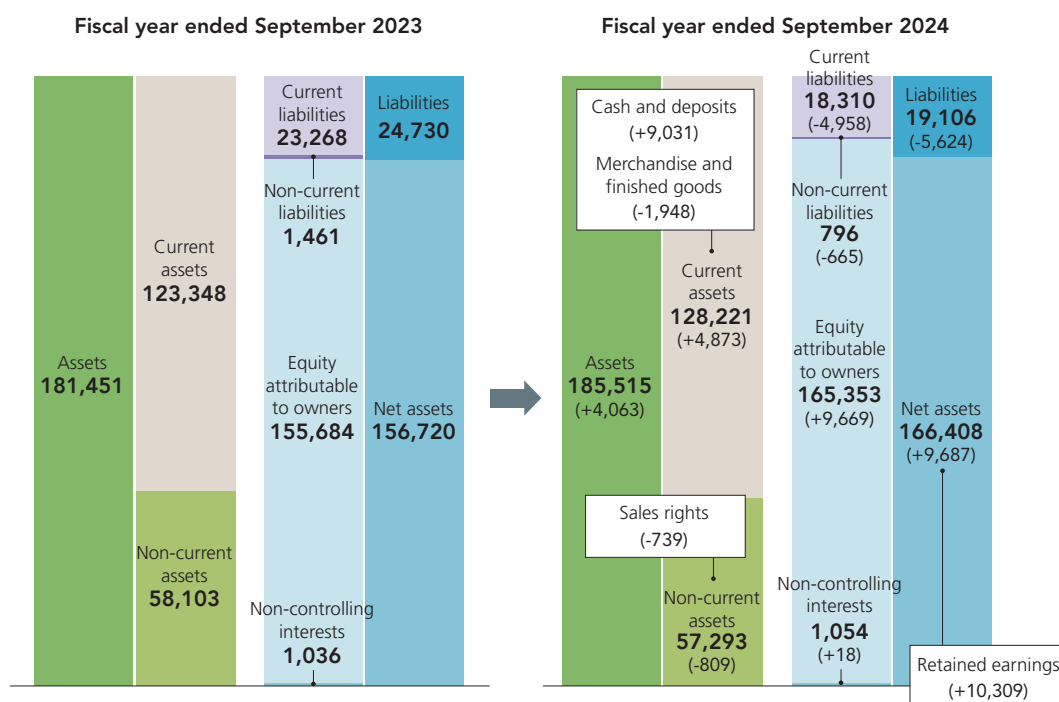
Total assets as of the fiscal year ended September 30, 2024 increased by 4,063 million yen from September 30, 2023 to 185,515 million yen. Current assets increased by 4,873 million yen, mainly due to an increase in cash and deposits of 9,031 million yen and a decrease in merchandise and finished goods of 1,948 million yen.

Fixed assets decreased by 809 million yen, mainly due to a decrease in sales rights of 739 million yen. Total liabilities decreased by 5,624 million yen year on year to 19,106 million yen. This was

due to a decrease in current liabilities of 4,958 million yen and a decrease in non-current liabilities of 665 million yen. Total net assets increased by 9,687 million yen compared to September 30, 2023 to 166,408 million yen, mainly due to an increase in retained earnings of 10,309 million yen.

With both the current ratio and the equity-to-asset ratio at a high level of 700.3% and 89.1%, respectively, we maintain sufficient health in terms of both short-term and long-term solvency.

Overview of Consolidated Balance Sheet (Millions of yen)



Cash flows

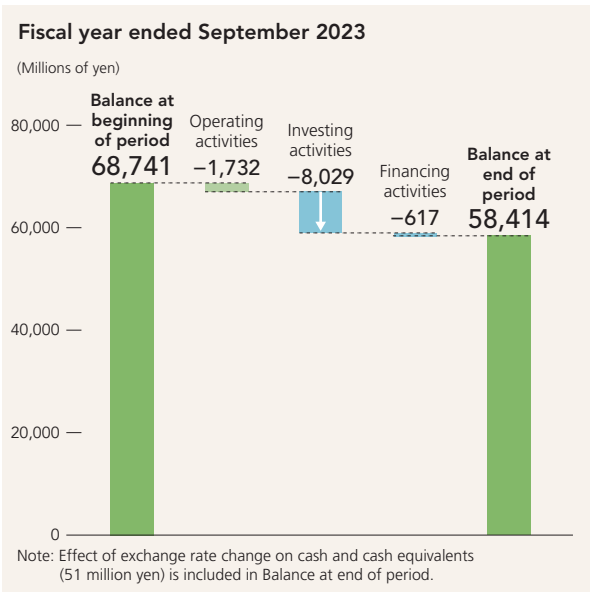
The balance of cash and cash equivalents as of September 30, 2024 was 67,995 million yen (up 16.4% from September 30, 2023). Detailed changes in each cash flow are presented in the graph below.

The Maruho Group's demand for funds is mainly for the purpose of investment in research and development, as well as investments in tangible and intangible fixed assets, such as construction of new manufacturing facilities, enhancement of

R&D functions, and acquisition of sales rights. In addition to these investments, the Maruho Group maintains a level of cash and deposits that can be used for certain strategic investment opportunities.

Incidentally, the Maruho Group has been rated "A-" by Rating and Investment Information, Inc. (R&I), and the Rating Outlook was changed from "Positive" to "Stable" in September 2024.

Overview of Consolidated Statement of Cash Flows



① Cash flows obtained from operating activities

Cash flows obtained from operating activities totaled 14,504 million yen, (net cash outflow of 1,732 million yen in the previous fiscal year). This was due to profit before income taxes of 11,942 million yen, depreciation of 5,253 million yen.

② Cash flows used in investing activities

Cash flows used in investing activities decreased 40% from the previous fiscal year to 4,815 million yen, mainly due to payment of 5,402 million yen for active capital investment to purchase tangible and intangible fixed assets.

③ Cash flows used in financing activities

Cash flows used in financing activities decreased 64.8% from the previous fiscal year to 217 million yen.

Investments

Investment decisions

We will promote a well-balanced investment strategy with the aim of maximizing net sales and sustainable growth. We aim to secure future investment capital through regular monitoring of financial status and streamlining of operations.

By continuing to invest in venture companies and pursue technological innovation, we are seeing results such as expansion of our development pipeline, cost reduction and acceleration of development, and acquisition of experience in R&D. When making these investment decisions, we will consider whether the investment will stably generate cash before deciding whether to move ahead with it or not. At the same time, we will continue to invest, positioning our corporate responsibility as building a system that can provide a stable supply of reliable products under any circumstances and fulfilling our social responsibilities, such as working toward sustainability.

Capital expenditure

The Group is continuously carrying out capital investments, focusing on the expansion of pharmaceutical manufacturing facilities and the enhancement and strengthening of R&D functions.

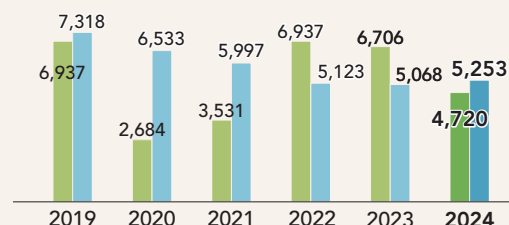
Total capital expenditures for the fiscal year ended September 30, 2024 amounted to 4,720 million yen. In the pharmaceutical business, capital expenditures totaled 4,125 million yen.

The main investments were the acquisition of manufacturing facilities at the Hikone Plant, the acquisition of laboratory equipment at the Kyoto R&D Center, the introduction and modification of software for the purpose of improving internal work efficiency, and the construction of a new building for Tateyama Pharmaceutical Factory Co., Ltd.

In other businesses, capital expenditures totaled 595 million yen. The main investments were the construction of new buildings including by the Maruho Hatsujyo Kogyo Group.

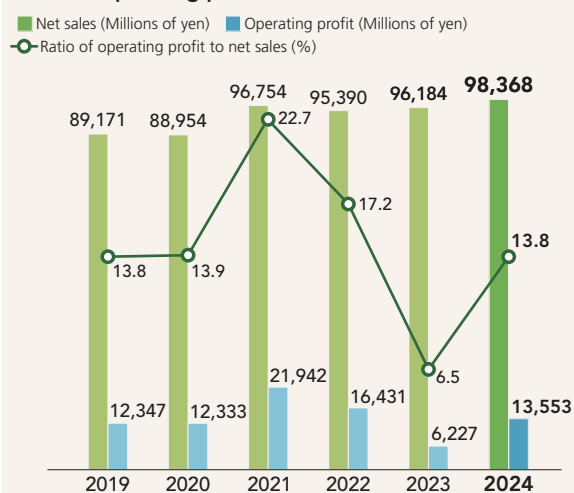
Capital expenditure / Depreciation

■ Capital expenditure (Millions of yen) ■ Depreciation (Millions of yen)



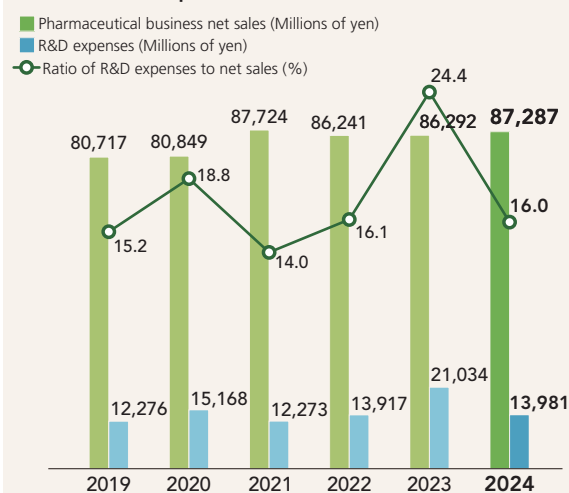
Financial Highlights (Consolidated) Fiscal year ended September 2024

Net sales / Operating profit / Ratio of operating profit to net sales



Net sales for the fiscal year ended September 2024 totaled 98,368 million yen (up 2.3% year on year), while operating profit came in at 13,553 million yen (up 117.6% year on year), as both sales and profits rose compared to the previous fiscal year. Despite negative factors such as drug price revisions, net sales increased owing to the growth of new product groups and repricing of unprofitable products, among other factors, while profits rose because of the absence of large-scale investments.

Pharmaceutical business* net sales / R&D expenses / Ratio of R&D expenses to net sales

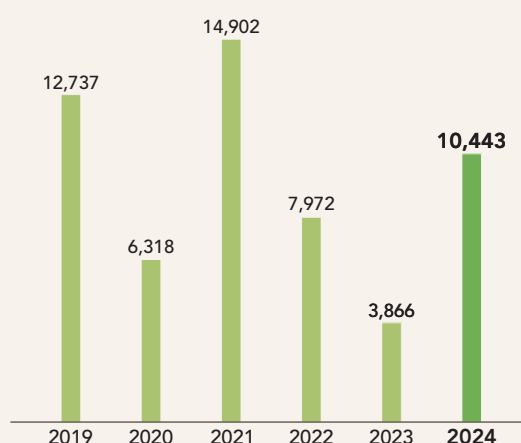


In our R&D activities, we launched the Human anti-human receptor A monoclonal antibody *Mitchga Vials* and licensed out *Amenamevir* (generic name) to 10 ASEAN countries in the fiscal year ended September 2024. We will further strengthen collaboration with companies and universities in Japan and overseas to create and introduce new products. In addition, we will clarify priorities and then actively invest resources to increase value while advancing our development plans.

*Includes Maruho's medical devices and self-care businesses, etc.

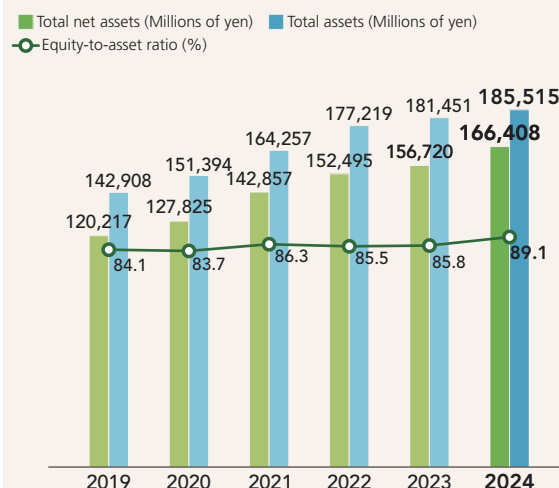
Profit attributable to owners of parent

(Millions of yen)



Profit attributable to owners of parent for the fiscal year ended September 2024 amounted to 10,443 million yen (up 170.1% year on year) amid sales growth and efforts to control selling, general and administrative expenses, despite our aggressive investment activities aimed at returning to a growth trajectory.

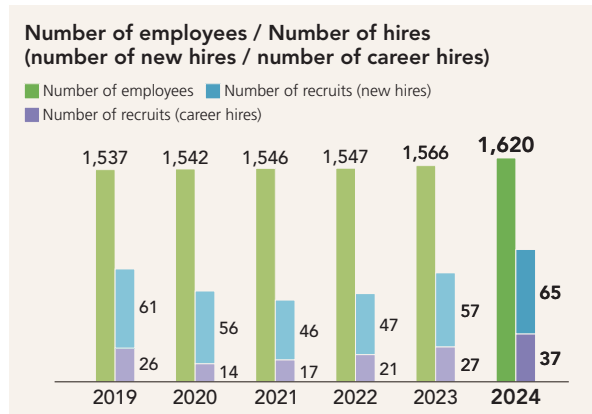
Total net assets / Total assets / Equity-to-asset ratio



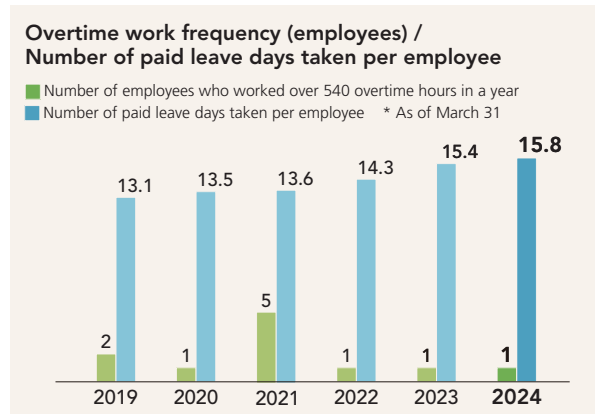
Total assets as of the end of the fiscal year ended September 2024 increased by 4,063 million yen from the end of the previous fiscal year to 185,515 million yen. Current assets increased by 4,873 million yen, mainly owing to an increase in cash and deposits of 9,031 million yen and a decrease, etc., in merchandise and finished goods of 1,948 million yen. Fixed assets decreased by 809 million yen, mainly due to a decrease in sales rights of 739 million yen. Liabilities decreased by 5,624 million yen from the end of the previous fiscal year to 19,106 million yen. This was due to a decrease in current liabilities of 4,958 million yen and a decrease in non-current liabilities of 665 million yen. Net assets increased by 9,687 million yen from the end of the previous fiscal year to 166,408 million yen, mainly due to an increase in retained earnings of 10,309 million yen.

Non-financial Highlights (Non-consolidated) Fiscal year ended September 2024

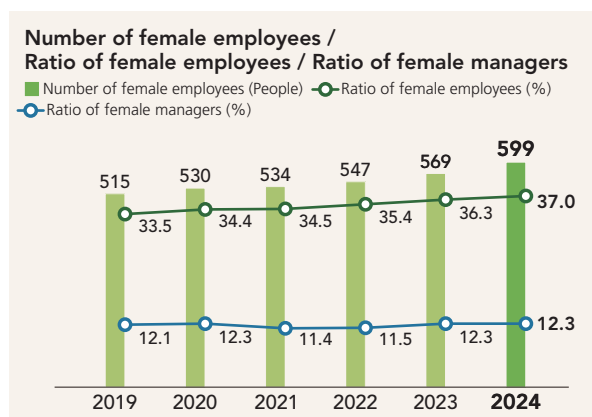
Human resources



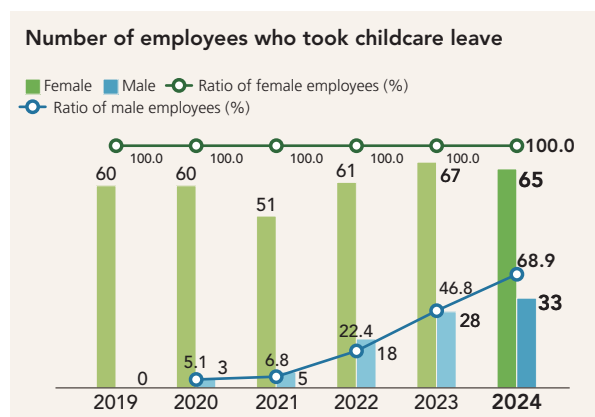
Both the number of employees and the number of new hires are increasing. In terms of recruitment, we are actively seeking human resources to take on the various challenges necessary to realize our Mission.



In order to enhance the work-life balance of employees, we are working to encourage employees to take paid leave and reduce overtime work.

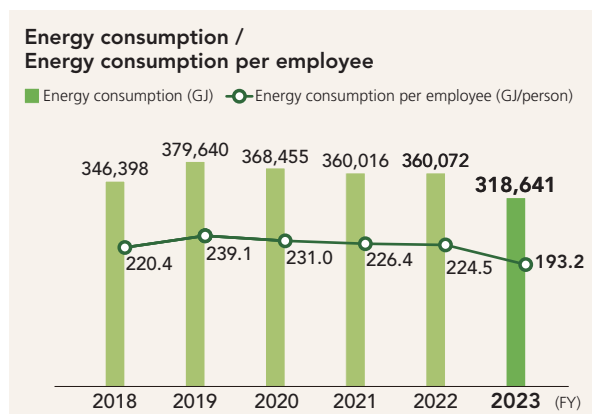


The number of female employees has increased year by year, reaching 37.0% of our total workforce in the fiscal year ended September 2024. We have set a goal to increase the ratio of female managers to at least 15% by September 2027.



The number of male employees taking childcare leave is increasing. There is an understanding and culture within our workforce that encourages men to participate in childcare.

Environment



In the fiscal year ended September 2023, we significantly reduced energy consumption at each facility by improving the efficiency of air conditioning and lighting equipment and raising employee awareness of energy conservation.



We have set a target of zero CO₂ emissions by fiscal 2050. In fiscal 2023, our CO₂ emissions totaled 13,974 tons (down 2.3% from fiscal 2022).

Addressing skin concerns through multifaceted activities

In addition to supplying pharmaceuticals, Maruho also provides information on skin diseases to patients troubled by skin conditions. It is also involved in activities to deepen understanding of skin health among patients with skin diseases, as well as elementary, junior high, and high school students, and university students.

October

Product

Launched **Sensitive Sealed Barrier Oil Cream**, a new balm-type cream for sensitive skin and lips, under the skin care cosmetics brand **iniks**



March

Product

Addressed acne prevention and blackheads using skin care cosmetics brand **iniks**
Launched **enzyme facial cleansing powder AC Moist Wash Powder** and **all-in-one moisturizer AC Moist C Conditioner**



November

Relationship with society

Received stories about customers' smiles
Announced the results of the **"Moments that Make You Smile"** survey



Relationship with society

Launched website introducing the workflow of clinical trials called **"About Clinical Trials"**

Relationship with society

Sponsored the **61st Sendenkaigi Award Junior and Senior High School Category**
Selected corporate sponsorship award from around 2,000 applications

January

Alliances

Concluded **licensing agreement with AOBiome, LLC** for its new therapeutic drug for the treatment of atopic dermatitis in Japan

February

Established

Established **Maruho Pharmaceutical Technology (Beijing) Co., Ltd.**, a local subsidiary in China



June

Product

Launched **Mitchga Vials**, an antibody treatment for pruritus associated with atopic dermatitis (pediatric) and prurigo nodularis



Alliances

Concluded **out-licensing agreement** for **Amenamevir**, an anti-herpes virus agent, **covering 10 ASEAN countries**

Relationship with society

Launched search engine for Maruho's clinical trials called **"Search My Trial for Maruho"**



Relationship with society

Launched a comprehensive informative site on prurigo nodularis called **"About Prurigo Nodularis"**



Relationship with society

Launched **"My Herpes,"** a management app for patients suffering from oral herpes



July

Alliances

Concluded **global licensing agreement** for a new digital diagnostic and treatment device for itch developed by Sibel Health, Inc.

September

Relationship with society

Established the **"Theoretical Formulation Design (Maruho) Joint Research Course"** as a collaborative research system aimed at developing a digital platform for drug formulation design



Relationship with society

Sponsored the 62nd Sendenkaigi Award Junior and Senior High School Category
Received catchphrases for emphasizing the importance of skin care

Relationship with society

Cooperated with the Yomiuri Shimibun Osaka Headquarters *Shimibun No Chikara* Secretariat
Implemented the **"Doshisha University Science Communicator Training Minor educational program"**

Maruho Hatsujyo Kogyo Co., Ltd.

Honing technologies and creating business opportunities to grow further into a value-creating company

We will continue to meet our customers' needs as a company growing through precision processing technology.

At Maruho Hatsujyo Kogyo, we constantly consider better methods, incorporating the skills of our artisans, and doing our best to deliver safe, secure, and reliable products to meet the needs of our customers.

We believe that the workplace is where each and every employee can boost their efforts and achievements and feel a sense of job satisfaction and growth. We will continue to provide products with a sense of speed by making the most of the technology we have, from traditional manual labor to the use of the latest equipment, while maintaining reliable technology and a mindset unafraid of change.

Kunihiro Iwase President Maruho Hatsujyo Kogyo Co., Ltd.



Maruho Hatsujyo Kogyo and Maruho

Maruho Hatsujyo Kogyo Co., Ltd. (below, "Maruho Hatsujyo Kogyo") started in 1952 as the springs division of Maruho Shouten, the predecessor of Maruho Co., Ltd. In Japan's unstable postwar economic environment, the company played a role in generating funds to sustain Maruho's pharmaceutical business. Since it was spun off in 1954 in Kyoto as an independent company, Maruho Hatsujyo Kogyo has grown as a local company with its strengths in precision metal processing technologies, centering on the businesses of springs, machinery, and medical devices and components. Today, with its head office in Kyoto City, the company is challenging itself globally using one domestic and seven overseas subsidiaries.

Maruho Hatsujyo Kogyo has played a key role in management enabling the sustainable growth of the Maruho Group by developing its own business in unique domains different from that of Maruho, based on a close collaborative relationship with Maruho that has existed for more than 70 years since its establishment. In November 2017, the company became a wholly owned subsidiary of Maruho, and with a fundamental commitment to the development of the entire Group, the two companies have been collaborating mainly in the field of medical devices, while maintaining their independence and actively exchanging personnel.

Maruho Hatsujyo Kogyo Co., Ltd.

(As of September 2024)

Establishment	1954
Number of employees	480 (Consolidated) / 291 (Non-consolidated)
Capital	93.6 million yen
Business	<ol style="list-style-type: none"> 1. Manufacture and sales of various precision springs 2. Design, manufacture, and sales of various automatic packaging machinery and labor-saving machinery 3. Development, manufacture, and sales of various medical devices

Group companies

Japan	Kameoka Spring Co., Ltd. (Springs business)
Asia	<p>Maruho Hatsujyo (Thailand) Co. Ltd. (Springs business, Thailand)</p> <p>Maruho Hatsujyo Asia Pte. Ltd. (Springs business, Singapore)</p> <p>Pt. Maruho Hatsujyo Batam (Springs business, Indonesia)</p>
U.S.	<p>Maruho Hatsujyo Innovations, Inc. (North American regional headquarters)</p> <p>Maruho Machinery Solutions, Inc. (Machinery business)</p> <p>Relucent Metals Solutions, Inc. (Medical devices and components business, metal components)</p> <p>Relucent Plastics Solutions, Inc. (Medical devices and components business, resin components)</p>

Initiatives in each business in the fiscal year ended September 2024

Business	Specific initiatives
Springs business	<ul style="list-style-type: none"> • Expanded sales of domestic business: Created high added value businesses and expanded sales into growth markets • Grew businesses in Asia: Pursued sales and marketing localized for Asia, conducted production at an optimum location, and expanded sales in ASEAN
Machinery business	<ul style="list-style-type: none"> • Strengthened core business: In addition to the pharmaceutical business, expanded sales to food, cosmetics, and medical devices, etc. • New businesses: Developed and marketed liquid filling machine • North American Region: Expanded business centered on the Eagle LP (standard model) blister machine
Medical devices and components business	<ul style="list-style-type: none"> • Strengthened core business: Expanded business dealings with new major customers centered on torque coils • New businesses: Expanded the stents business • North American Region: Strengthened collaboration between operations in Japan and North America



Assessment of the fiscal year ended September 2024

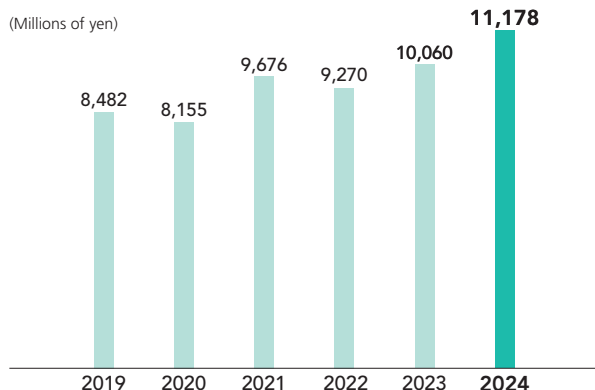
The fiscal year ended September 2024 was the first fiscal year under the Fourth Medium-Term Plan that Maruho Hatsujyo Kogyo take on the challenge to better understanding customer needs through enhanced collaboration within the Hatsujyo Group, product development backed by technology, and reaching global net sales of 12.5 billion yen. In this manner, the company honed technology and created businesses.

By promoting new product development, deployment of core technologies, and improved productivity through standardization in Japan, Maruho Hatsujyo Kogyo has increased the added value nature of its products, while providing sales and technical support from Japan and encouraging expansion of the overseas business in order to roll out initiatives from Japan to overseas subsidiaries.

In addition, to further expand our machinery business, the company constructed a new building on the Kameoka Plant site, which began full-scale operations in September 2024.

In terms of business performance, the Maruho Hatsujyo Kogyo Group recorded net sales of 11,178 million yen (up 111% year on year).

Net sales of the Maruho Hatsujyo Kogyo Group



Initiatives for the fiscal year ending September 2025 and beyond

In the fiscal year ending September 2025, Maruho Hatsujyo Kogyo will further advance the various efforts undertook in the fiscal year ended September 2024 by means of mobilization of the Group's strengths, with all employees taking ownership as it proceeds with various measures toward the next step in each business.

With the basic policy for the fiscal year ending September 2025 as "share processes, gather collective wisdom, and exercise originality and ingenuity," Maruho Hatsujyo Kogyo will manage the progress of the plan in real time through rapid information sharing, promote visualization of issues, and pursue a more energetic work environment through upward communication, where supervisors take action based on the views of their team members. Additionally, Maruho Hatsujyo Kogyo will strengthen communication between employees or departments by promoting the ability to express and listen to what employees notice, gather collective wisdom from inside and outside the company, and aim to achieve global net sales of 12.5 billion yen in the fiscal year ending September 2026, the final fiscal year of its Fourth Medium-Term Plan.

Diversity initiatives

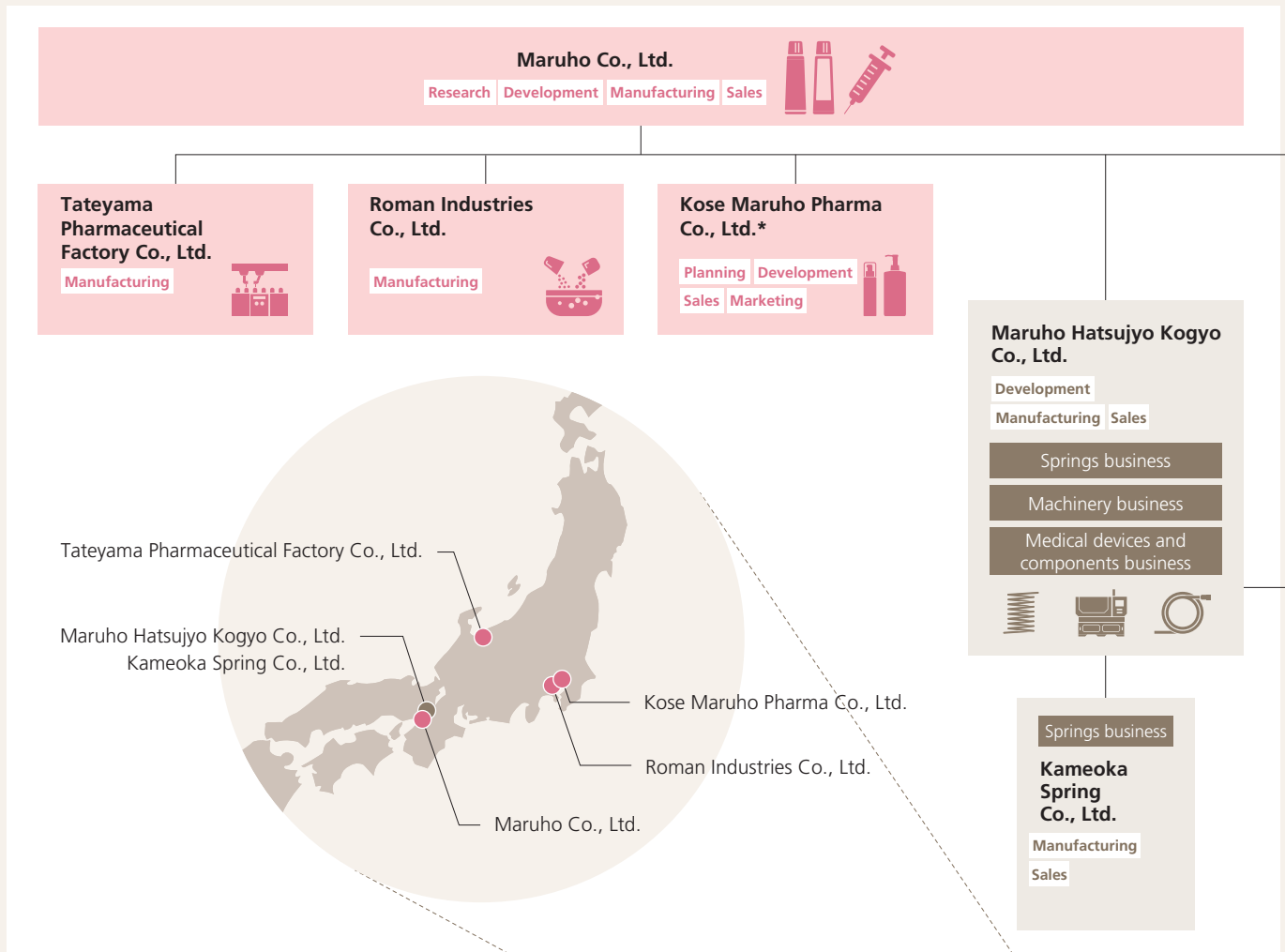
Maruho Hatsujyo Kogyo embraces the idea of an inclusive society where everyone can participate in society through work based on their desire and skills, and promotes diversity, equity, and inclusion.

One such initiative is the infertility treatment leave system introduced in January 2024 to support employees in balancing work and fertility treatment. In recognition of these efforts, Maruho Hatsujyo Kogyo became the first manufacturing company in Kyoto Prefecture to receive Platinum Kurumin Plus certification in October 2024. As it also contributes to solutions that address Japan's declining birthrate and aging population, the company has appointed a person in charge to promote awareness and get the message out about its measures. As a result, the company's project for women's empowerment launched in May 2021, Maruho Hatsujyo Kogyo received Eruboshi Three Stars certification in November 2024. In April 2024, the company kicked off a human resources development project focusing on developing managers who will lead the company with an emphasis on diversity.

Major Maruho Group Companies

Red : Pharmaceutical business **Brown** : Other businesses (springs, medical devices and components, and machinery)

Japan



* Equity method affiliates

(Israel)
Maruho Israel Innovation Labs Ltd.

(Germany)
Maruho Deutschland GmbH
Maruho Israel Innovation Fund GmbH & Co. KG

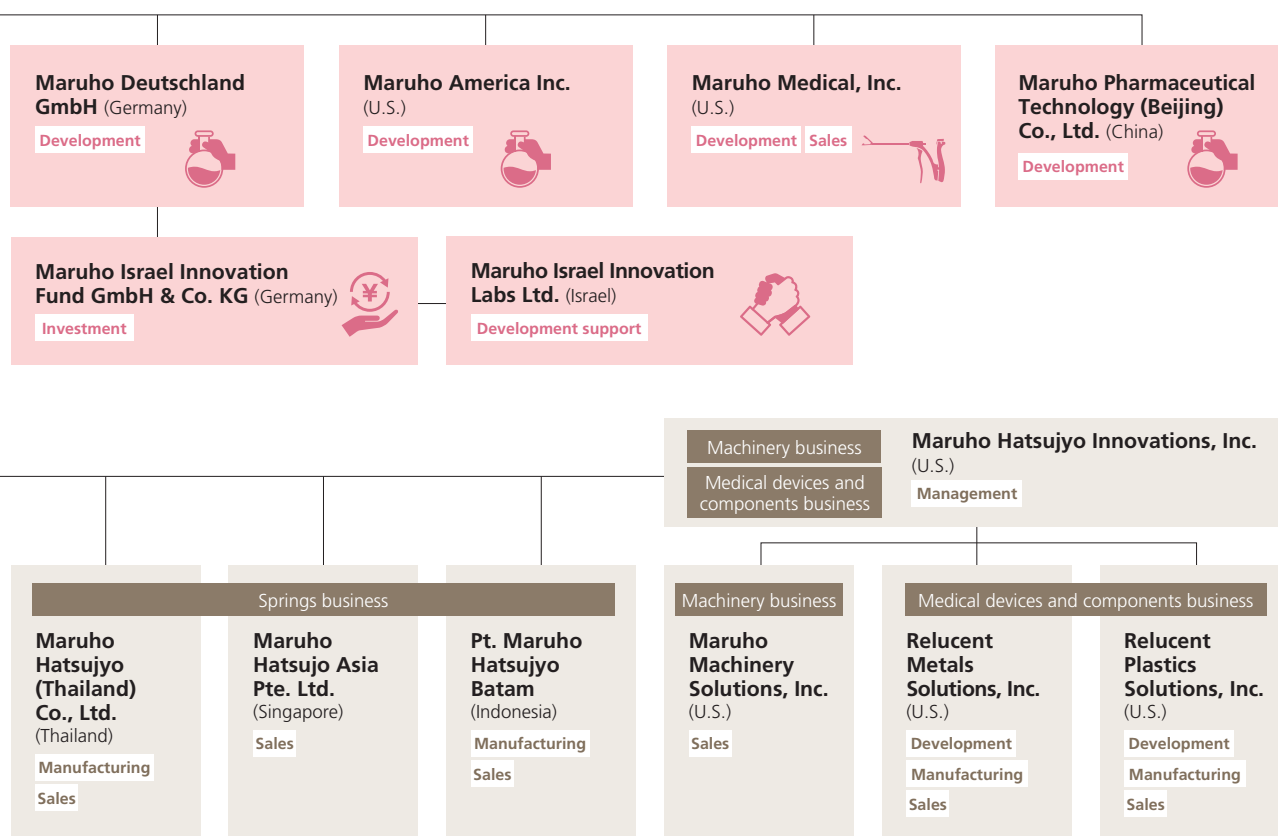
(China)
Maruho Pharmaceutical Technology (Beijing) Co., Ltd.

(Thailand)
Maruho Hatsujyo (Thailand) Co., Ltd.

(Singapore)
Maruho Hatsujyo Asia Pte. Ltd.

(Indonesia)
Pt. Maruho Hatsujyo Batam

Overseas



(U.S.)

Maruho America Inc.
Maruho Medical, Inc.

Maruho Hatsujyo Innovations, Inc.
Maruho Machinery Solutions, Inc.
Relucent Metals Solutions, Inc.
Relucent Plastics Solutions, Inc.

Corporate Profile (As of September 2024)

Company name	Maruho Co., Ltd.
Founded	July 1915
Incorporated	October 1949
Capital	382.53 million yen (unlisted)
Fiscal year	Ends September
Number of employees	2,244 (Consolidated* ¹) / 1,620 (Non-consolidated* ²)
	<small>*1 The number of employees (excluding those assigned outside of the Group, including those assigned within the Group), excluding part-time staff and temporary employees</small>
	<small>*2 The number of employees (excluding those assigned from outside the Company), excluding part-time staff and temporary employees</small>
Accounting auditor	Deloitte Touche Tohmatsu LLC

Status of shares (As of September 2024)

Number of authorized shares	20,000,000 shares
Number of outstanding shares	7,650,720 shares
Number of shareholders	18
Major shareholders	Maruho Group employee shareholding association (2,372 thousand shares / 31.01%) Maruho Takagi Dermatology Foundation (2,296 thousand shares / 30.01%) Maruho Group directors and corporate officers shareholding association (1,376 thousand shares / 17.99%)

Our Websites

Information on Maruho's business activities and various initiatives is provided for our wide range of stakeholders.



Corporate website

<https://www.maruho.co.jp/english/>



Website for medical professionals (Japanese)

<https://www.maruho.co.jp/medical/>



Website for patients and general customers (Japanese)

<https://www.maruho.co.jp/kanja/>



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