

This is the English translation of a Japanese press release published on March 10, 2025. If there are any differences in content or interpretation, the Japanese version shall prevail.

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March 10, 2025

## Notification Regarding Basic Policy on Cash Allocation

Hisamitsu Pharmaceutical Co., Inc. (Head Office: Tosu, Saga; President and CEO: NAKATOMI, Kazuhide (hereinafter referred to as the “Company”)) is pleased to announce that its Basic Policy on Cash Allocation was resolved at its Board of Directors meeting held today.

In order to enhance sustainable corporate value and shareholder value, the company has been working toward achieving the management goals set forth in its 7th Medium-Term Management Policy formulated in 2021. In addition, in order to accelerate business growth, improve capital profitability, and further enhance corporate value and shareholder value, the company has formulated a Basic Policy on Cash Allocation ahead of its 8th Medium-Term Management Policy, which will commence in the fiscal year ending February 2027.

Specifically, over the five-year period from the fiscal year ending February 2027 to the fiscal year ending February 2031, the company will utilize over 250 billion yen from its operating cash flow and financial assets, of which 200 billion yen will be allocated for growth investments (capital investments, strategic investments, and R&D investments) and over 50 billion yen for shareholder returns (including dividends and purchasing treasury shares).

Please refer to the attached document for more details.



# Basic Policy on Cash Allocation

Fiscal Year Ending February 2027 to Fiscal Year Ending February 2031



By utilizing operating cash flow and financial assets, we will execute growth investments of approx. 200 billion yen and shareholder returns of over 50 billion yen.

To further enhance corporate and shareholder value, we aim to accelerate business growth and improve capital profitability.

Cash inflow <sup>*1</sup>	Cash outflow	
Operating CF + Financial assets  Approx. 250 billion yen <sup>*2</sup>	<b>Prioritize growth investments to accelerate business growth and significantly enhance shareholder returns.</b>	
	Growth investment	<b>Salonpas®: Accelerating global growth, adapting to new TDDS technology</b> • Establishing a stable global supply and production system • Mass production of microneedle formulations, etc.
		<b>Expanding the pipeline</b> • Advancing the development of HP-3150US and HP-6050 • Active investment in the early development pipeline
		<b>Achieving sustainable growth</b> • Introduction of the late-stage development pipeline and acquisition of OTC brands • Expansion of new businesses through M&A
		<b>Significantly enhancing the steadily increasing shareholder returns</b> • Dividends of approx. 45 billion yen (over 5 years) • Flexibility in purchasing treasury shares
		<b>Shareholder returns</b> Over 50 billion yen

\*1 We will also consider utilizing interest-bearing debt as appropriate while ensuring financial soundness.

\*2 Before deducting R&D expenses.