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Notice Concerning the Formulation of the Medium-Term Management Plan FUSO VISION 2030 Next Stage

Fuso Pharmaceutical Industries, Ltd. (the “Company”) hereby announces that it has formulated its medium-term management plan FUSO VISION 2030 Next Stage. The details are described below. On the basis of this plan, the Company also discloses the “actions to achieve management conscious of cost of capital and stock prices” requested by the Tokyo Stock Exchange.

1. Background of the formulation of the medium-term management plan

Under the management principles / mottoes that prioritize “making a contribution to society,” the Company has, as a manufacturer of basic pharmaceutical products, regarded the stable supply of medicines indispensable for health care as its most important mission, and has used the medium- to long-term plan, which includes profit targets, as internal management indicators.

Recently, however, the pharmaceutical industry has been facing the issue of concerns about supplies of generic products in particular; there has been growing societal demand for the stable supply of pharmaceutical products; and the business environment surrounding the Company has significantly changed, including the annual revision of drug prices, increases in the costs of raw materials and energy, and changes in the market structure due to declining birthrates and aging population. Against this backdrop, the Company has decided that presenting its strategies for sustainable growth, which capitalize on the Company’s strengths, to the stakeholders is essential, and decided to formulate and disclose the medium-term management plan for the first time.

Viewing the period of this plan as “the investment phase for transformation toward the next generation,” the Company will build a more solid stable supply system by making active investments largely in production facilities, research and development, human capital, and digital transformation, and strive to expand the business and enhance the corporate value by making a contribution to patients through measures such as eliminating unmet medical needs.

2. Outline of the medium-term management plan FUSO VISION 2030 Next Stage

(1) The Company's vision under the FUSO VISION 2030 Next Stage

To become an essential company that sustains society through health care as a manufacturer of basic pharmaceutical products that conducts thorough quality control and provides sustained supply, and as a specialty pharma that addresses unmet medical needs in the field of kidney/urinary system

(2) Period of the plan

Fiscal year 2025 to 2030 (six years)

(3) Basic policies

To achieve the vision, implement various measures in accordance with the six basic policies below.

- **Research and development**: In addition to further developing dialysis supplies, promote the development of new drugs that meet unmet medical needs, including DMX-200 and an embryo culture solution with a new concept, with a focus on the fields of kidney, urinary system, and products related to infertility treatment. In addition, to further strengthen the research and development function, advance the relocation to the new Research & Development Center.
- **Production**: To further strengthen quality control and the stable supply system, reorganize production bases and expand facilities. Move the function of Daito Factory to Okayama Factory for consolidation, and make active capital investments such as constructing a new preparation building within the premises of Okayama Factory. Furthermore, establish a “QC Center (tentative name)” aimed at raising the quality control level.
- **Sales/Marketing**: Build a firm presence in the priority fields, namely, Kidney/Dialysis, Urinary System, and Assisted reproductive technology (ART), capitalizing on the Company's strengths cultivated through many years of experience. Maintain the top share in the market for dialysis supplies, and expand the items of basic pharmaceutical products.
- **Business management system**: Accelerate company-wide digital transformation with the introduction of the new Enterprise Resource Planning (EPR) system at its core to make data-based prompt decisions and improve operational efficiency.
- **Human capital**: Strengthen the employment and development of personnel who support future growth, and take measures for enhancing employee engagement. As part of those measures, move the head-office functions to Doshomachi for consolidation to invigorate communication and improve productivity.
- **Sustainability**: Specify “Making a contribution to health care,” “Reducing environmental burden and achieving harmony,” “Building a sustainable supply chain,” “Diverse human resources working with enthusiasm,” and “Strengthening the business foundation” as materiality (material issues), and implement initiatives for solving those issues.

(4) Management goals

By implementing this plan, aim to achieve the goals below.

- ✧ **Sales**: Over 70 billion yen
- ✧ **ROE**: Over 8.0%

* Since the period of this plan is “the investment phase for transformation toward the next generation,” profit levels are expected to decrease until around 2028 due to prior investment. However, the Company aims to put them on a recovery track in fiscal year 2029 through the outcomes of investments and achieve the goals in fiscal year 2030.

3. Actions to achieve management conscious of cost of capital and stock prices

(1) Improvement of profitability and capital efficiency

Aim to achieve capital profitability that exceeds the cost of capital, the sustainable improvement of corporate value, and a PBR of over 1.0 in the medium- and long-term by steadily implementing the basic policies and advancing the improvement of profitability and the efficient utilization of assets.

(2) Capital allocation

Using mainly operating cash flow as funds, the investments for growth and shareholder returns below are expected during the period of this plan.

[Investments for growth]: 45 billion yen or more

- **Increasing production efficiency (e.g., new building in Okayama, replacement of facilities):** 24 billion yen or more
- **Research and development (e.g., in-house development, licensing-in):** 16 billion yen or more
- **Investments related to human capital / digital transformation:** 5 billion yen

[Shareholder returns]: 6 billion yen

(3) Policy for shareholder returns

The Company views the returning of profits to shareholders as an important issue and enhances shareholder returns as described below by taking into account the balance with investments for growth.

- **Dividend policy:** Aim for progressive dividends until fiscal year 2030 by setting the lower limit of dividend on equity ratio (DOE) at 2.0%.
- **Acquisition of treasury stock:** In addition to the dividends above, the Company will consider the flexible acquisition of treasury stock worth about 1 billion yen by taking into account cash flow trends and other factors.

Notes on forward-looking statements

Results forecast and other forward-looking statements in this document are judgments made by the Company based on information available as of the date of announcement and contain risks and uncertain factors, and are not a guarantee that they will be achieved. Accordingly, please understand that actual results may differ significantly from the results forecasts and other data provided herein due to various factors.

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