

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 8, 2025

Non-consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)



Company name: Fuso Pharmaceutical Industries, Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4538
 URL: <https://www.fuso-pharm.co.jp/en/>
 Representative: Mikio Toda, President and Representative Director
 Inquiries: Haruhiko Furuichi, Senior Executive Officer, General Manager, General Affairs Div., Head of General Affairs Dept. and Head of Accounting Dept.
 Telephone: +81-6-6969-1131
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	15,503	6.0	596	(48.1)	647	(28.8)	462	(26.9)
June 30, 2024	14,622	8.3	1,150	95.1	909	38.2	632	31.9

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	54.14	-
June 30, 2024	74.05	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	86,994	33,178	38.1
March 31, 2025	81,729	33,043	40.4

Reference: Equity

As of June 30, 2025: ¥33,178 million
 As of March 31, 2025: ¥33,043 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	40.00	-	42.00	82.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		45.00	-	45.00	90.00

Note: Revisions to the dividend forecasts most recently announced: None

3. Non-consolidated financial results forecast for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	30,600	2.9	1,600	(34.3)	1,600	(25.4)	1,100	(28.4)	128.77
Full year	61,500	1.5	3,400	(17.7)	3,300	(12.7)	2,300	-	269.24

Note: Revisions to the financial results forecast most recently announced: None

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies other than (i): Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	9,451,169 shares
As of March 31, 2025	9,451,169 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	911,691 shares
As of March 31, 2025	910,805 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	8,539,884 shares
Three months ended June 30, 2024	8,544,093 shares

* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or audit firms: None

* Proper use of results forecast and other special notes

Results forecast and other forward-looking statements in this document are based on information currently available to the Company as of the date of announcement and certain assumptions that are deemed reasonable, and are not a guarantee that they will be achieved. Actual results may differ significantly from the forecasts due to various factors. For more information on the assumptions used in the forecasts and notes on its use, please see “1. Overview of Operating Results, etc. (3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information” on page 2 of the attachments.

Table of Contents - Attachments

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Three Months under Review	2
(2) Overview of Financial Position for the Three Months under Review	2
(3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information	2
2. Quarterly Non-consolidated Financial Statements and Principal Notes	3
(1) Quarterly Non-consolidated Balance Sheets	3
(2) Quarterly Non-consolidated Statements of Income	5
(3) Notes to Quarterly Non-consolidated Financial Statements	6
Notes on going concern assumption	6
Notes in case of significant changes in shareholders' equity	6
Changes in accounting policies	6
Additional information	6
Notes on segment information, etc.	6
Notes on statements of cash flows	7

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Three Months under Review

During the three months ended June 30, 2025, the Japanese economy continued to see a moderate recovery with improvement in employment and income situations and increased demand from inbound tourists. However, due to the prolonged situation in Ukraine and in the Middle East, the surge in resource and raw material prices, rises in commodity prices, trade policies in the United States, and fluctuations in financial and capital markets, the economic outlook remains uncertain.

In the pharmaceutical industry, policies to control medical expenses continue to be promoted through measures such as reforming the NHI drug price system and promoting the use of generic drugs. While all these trends call for companies in the industry to strengthen their management capabilities, the earnings environment has become increasingly harsh as R&D expenses rise and development risks expand.

Under such circumstances, Fuso Pharmaceutical Industries, Ltd. (the “Company”) strived to promote stronger penetration of dialysis-related products and infusions such as its mainstay Kindaly, a dialysate for hemodialysis, while also focusing on promoting sales of generic drugs.

As a result, for the three months ended June 30, 2025, net sales increased by 6.0%, or ¥880 million year on year to ¥15,503 million. This was mainly due to sales promotion of kidney and dialysis-related generic drugs. As for profit, due in part to an increase in R&D expenses resulting from progress of R&D activities, operating profit decreased by 48.1%, or ¥554 million year on year to ¥596 million, ordinary profit decreased by 28.8%, or ¥262 million year on year to ¥647 million, and profit decreased by 26.9%, or ¥170 million year on year to ¥462 million.

(2) Overview of Financial Position for the Three Months under Review

Total assets at the end of the three months ended June 30, 2025 amounted to ¥86,994 million, an increase of 6.4%, or ¥5,264 million from the end of the previous fiscal year. This was mainly due to an increase in suspense payments, which offset factors such as decreases in cash and deposits, and merchandise and finished goods.

Liabilities amounted to ¥53,815 million, an increase of 10.5%, or ¥5,129 million from the end of the previous fiscal year. This was mainly due to an increase in short-term borrowings, which offset factors such as decreases in electronically recorded obligations - operating, and income taxes payable.

Net assets amounted to ¥33,178 million, an increase of 0.4%, or ¥135 million from the end of the previous fiscal year. This was due to the increased retained earnings and valuation difference on available-for-sale securities. The equity ratio was 38.1%.

As announced in the “Notice regarding the Appeal Court Decision in the Patent Infringement Lawsuit Against Us” dated May 27, 2025, the judgment was issued ordering the Company to pay a total of 7,472,878,838 yen, plus late payment damages thereon to Toray Industries, Inc. In light of this fact, the Company entered into a special overdraft agreement with Sumitomo Mitsui Banking Corporation on June 2, 2025 in order to secure mid- to long-term liquidity.

(3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information

At present, the non-consolidated financial results forecast for the fiscal year ending March 31, 2026 remains unchanged from those disclosed when the non-consolidated financial results for the fiscal year ended March 31, 2025 were announced on May 9, 2025.

2. Quarterly Non-consolidated Financial Statements and Principal Notes

(1) Quarterly Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	6,264	3,157
Notes and accounts receivable - trade	26,491	26,462
Merchandise and finished goods	12,642	12,240
Work in process	43	105
Raw materials and supplies	2,256	2,495
Suspense payments	-	8,744
Other	644	726
Total current assets	48,342	53,932
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,660	9,516
Land	8,818	8,818
Other, net	4,632	4,474
Total property, plant and equipment	23,111	22,809
Intangible assets	1,514	1,493
Investments and other assets	8,760	8,758
Total non-current assets	33,386	33,061
Total assets	81,729	86,994
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	4,630	3,730
Accounts payable - trade	3,998	3,812
Short-term borrowings	18,827	25,816
Income taxes payable	949	124
Provision for bonuses	980	494
Provision for litigation loss	8,744	8,744
Other provisions	35	-
Other	5,965	6,710
Total current liabilities	44,131	49,433
Non-current liabilities		
Long-term borrowings	2,462	2,412
Provision for retirement benefits	344	222
Other provisions	162	164
Other	1,585	1,582
Total non-current liabilities	4,554	4,381
Total liabilities	48,685	53,815

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Net assets		
Shareholders' equity		
Share capital	10,758	10,758
Capital surplus	14,951	14,951
Retained earnings	12,612	12,715
Treasury shares	(2,593)	(2,593)
Total shareholders' equity	35,728	35,831
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,950	2,021
Revaluation reserve for land	(4,635)	(4,674)
Total valuation and translation adjustments	(2,685)	(2,652)
Total net assets	33,043	33,178
Total liabilities and net assets	81,729	86,994

(2) Quarterly Non-consolidated Statements of Income
Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	14,622	15,503
Cost of sales	10,449	11,424
Gross profit	4,172	4,078
Selling, general and administrative expenses	3,022	3,482
Operating profit	1,150	596
Non-operating income		
Interest and dividend income	52	60
Insurance claim income	80	77
Other	8	11
Total non-operating income	141	149
Non-operating expenses		
Interest expenses	38	70
Commission expenses	301	-
Life insurance expenses	23	25
Other	19	3
Total non-operating expenses	382	99
Ordinary profit	909	647
Extraordinary losses		
Loss on retirement of non-current assets	7	-
Total extraordinary losses	7	-
Profit before income taxes	901	647
Income taxes - current	62	74
Income taxes - deferred	207	110
Total income taxes	269	184
Profit	632	462

(3) Notes to Quarterly Non-consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Notes in case of significant changes in shareholders' equity

Not applicable.

Changes in accounting policies

(Changes in method for valuation of inventories)

As a method for valuation of inventories, the Company had previously adopted a first-in first-out cost method for merchandise, finished goods, raw materials, and supplies (balance sheet values are calculated using a method of write-down based on declining profitability), and a moving-average cost method for work in process (balance sheet values are calculated using a method of write-down based on declining profitability). However, the Company has changed the methods to a weighted-average cost method (balance sheet values are calculated using a method of write-down based on declining profitability) from the three months ended June 30, 2025.

This change in the valuation methods was implemented with the aim of making valuation of inventories associated with the fluctuations in procurement costs and periodic accounting of profit and loss quicker and more appropriate, in the wake of introduction of ERP from the fiscal year ending March 31, 2026.

This change in accounting policies has just an immaterial impact.

Additional information

On December 13, 2018, Toray Industries, Inc. filed a patent infringement lawsuit against us for the oral antipruritic agent Nalfurafine Hydrochloride OD Tablets 2.5μg “Fuso” [representative original product: Remitch OD Tablets 2.5μg] in the Tokyo District Court seeking injunctive relief.

The Tokyo District Court subsequently ruled to dismiss Toray Industries, Inc.'s claim, and on March 30, 2021, Toray Industries, Inc. was dissatisfied with this decision and appealed to the Intellectual Property High Court.

On May 27, 2025, the Intellectual Property High Court partially granted Toray Industries, Inc.'s claim and issued a judgment ordering the Company to pay a total of 7,472,878,838 yen plus late payment damages on the said amount.

In conjunction with this judgment, the Company has recorded provision for litigation losses of 8,744 million yen as an extraordinary loss for the fiscal year ended March 31, 2025.

We have maintained that this product does not infringe on any patent rights held by Toray Industries, Inc., but we deeply regret that our arguments were not accepted in the appeal court. On June 6, 2025, we appealed this decision to the Supreme Court, and filed a petition for acceptance of the appeal.

Notes on segment information, etc.

The Company engages in real estate leasing in addition to the pharmaceutical business, but segment information is omitted because it is immaterial.

Notes on statements of cash flows

Quarterly non-consolidated statements of cash flows for the three months ended June 30, 2025 are not prepared.

Depreciation (including amortization relating to intangible assets) for the three months ended June 30 was as follows.

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Depreciation	¥577 million	¥641 million