

November 10, 2025

Non-consolidated Financial Results for the Six Months Ended September 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/>
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 Scheduled date to file semi-annual securities report: November 12, 2025
 Scheduled date to commence dividend payments: December 2, 2025
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for the press)

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

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

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2025	31,229	5.0	1,247	(48.8)	1,131	(47.2)	831	(45.8)
September 30, 2024	29,739	8.4	2,434	121.4	2,143	95.2	1,535	114.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2025	97.40	-
September 30, 2024	179.75	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2025	85,433	34,008	39.8
March 31, 2025	81,729	33,043	40.4

Reference: Equity

As of September 30, 2025:	¥	34,008 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	-	45.00			
Fiscal year ending March 31, 2026 (Forecast)			-	45.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Non-consolidated financial result forecasts 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
Full year	61,500	1.5	3,400	(17.7)	3,300	(12.7)	2,300	-	269.24

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

* Notes

(1) Adoption of accounting treatment specific to the preparation of semi-annual 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 due to other reasons: 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 September 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 September 30, 2025	912,501 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)

Six months ended September 30, 2025	8,539,498 shares
Six months ended September 30, 2024	8,543,677 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, 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 3 of the attachments.

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1. Overview of Operating Results, etc.

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

During the six months ended September 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 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 six months ended September 30, 2025, net sales increased by 5.0%, or ¥1,490 million year on year to ¥31,229 million. This was mainly due to sales promotion of kidney and dialysis-related generic drugs. As for profit, due in part to a higher-than-expected cost of sales ratio driven by rising raw material and personnel costs, and an increase in R&D expenses resulting from progress of R&D activities related to DMX-200, operating profit decreased by 48.8%, or ¥1,186 million year on year to ¥1,247 million, ordinary profit decreased by 47.2%, or ¥1,012 million year on year to ¥1,131 million, and profit decreased by 45.8%, or ¥703 million year on year to ¥831 million.

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

1) Assets, liabilities, and net assets

Total assets at the end of the six months ended September 30, 2025 amounted to ¥85,433 million, an increase of 4.5%, or ¥3,703 million from the end of the previous fiscal year. This was due to the impact of suspense payments of ¥8,744 million paid resulting from litigation, which offset factors such as a decrease in notes and accounts receivable - trade.

Liabilities amounted to ¥51,424 million, an increase of 5.6%, or ¥2,738 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, income taxes payable, and long-term borrowings.

Net assets amounted to ¥34,008 million, an increase of 2.9%, or ¥965 million from the end of the previous fiscal year. This was due to increases in retained earnings and valuation difference on available-for-sale securities. The equity ratio was 39.8%.

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 and secured mid- to long-term liquidity.

2) Cash flows

The balance of cash and cash equivalents at the end of the six months ended September 30, 2025 was ¥4,638 million, a decrease of ¥1,625 million from the end of the previous fiscal year.

Cash flows from operating activities

Net cash used in operating activities amounted to ¥5,367 million (compared to an inflow of ¥769 million in the same period of the previous fiscal year) due to the impact of suspense payments of ¥8,744 million paid resulting from the above-mentioned litigation, which offset factors such as the recording of profit before income taxes and a decrease in trade receivables.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥803 million (compared to an outflow of ¥1,749 million in the same period of the previous fiscal year) due to purchase of property, plant and equipment and intangible assets, which offset factors such as proceeds from sale of investment securities.

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥4,544 million (compared to an inflow of ¥477 million in the same period of the previous fiscal year) due to an increase in short-term borrowings resulting from the above-mentioned litigation, which offset factors such as repayments of long-term borrowings and dividends paid.

(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. Semi-annual Non-consolidated Financial Statements and Principal Notes

(1) Semi-annual Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	6,264	4,638
Notes and accounts receivable - trade	26,491	22,836
Merchandise and finished goods	12,642	12,448
Work in process	43	87
Raw materials and supplies	2,256	2,311
Suspense payments	-	8,744
Other	644	1,097
Total current assets	48,342	52,164
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,660	9,368
Land	8,818	8,818
Other, net	4,632	4,433
Total property, plant and equipment	23,111	22,620
Intangible assets	1,514	1,449
Investments and other assets	8,760	9,198
Total non-current assets	33,386	33,268
Total assets	81,729	85,433
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	4,630	3,500
Accounts payable - trade	3,998	4,155
Short-term borrowings	18,827	24,133
Income taxes payable	949	389
Provision for bonuses	980	960
Provision for litigation loss	8,744	8,744
Other provisions	35	-
Other	5,965	5,544
Total current liabilities	44,131	47,428
Non-current liabilities		
Long-term borrowings	2,462	2,144
Provision for retirement benefits	344	103
Other provisions	162	167
Other	1,585	1,581
Total non-current liabilities	4,554	3,996
Total liabilities	48,685	51,424

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Net assets		
Shareholders' equity		
Share capital	10,758	10,758
Capital surplus	14,951	14,951
Retained earnings	12,612	13,085
Treasury shares	(2,593)	(2,594)
Total shareholders' equity	35,728	36,200
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,950	2,482
Revaluation reserve for land	(4,635)	(4,674)
Total valuation and translation adjustments	(2,685)	(2,191)
Total net assets	33,043	34,008
Total liabilities and net assets	81,729	85,433

(2) Semi-annual Non-consolidated Statements of Income

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	29,739	31,229
Cost of sales	21,356	23,125
Gross profit	8,382	8,104
Selling, general and administrative expenses	5,947	6,857
Operating profit	2,434	1,247
Non-operating income		
Interest and dividend income	53	74
Insurance claim income	81	82
Other	21	24
Total non-operating income	156	181
Non-operating expenses		
Interest expenses	72	146
Commission expenses	302	81
Life insurance expenses	48	50
Other	24	19
Total non-operating expenses	447	298
Ordinary profit	2,143	1,131
Extraordinary losses		
Loss on retirement of non-current assets	7	-
Loss on sale of investment securities	-	26
Loss on valuation of investment securities	-	1
Total extraordinary losses	7	28
Profit before income taxes	2,136	1,102
Income taxes - current	576	280
Income taxes - deferred	24	(9)
Total income taxes	600	270
Profit	1,535	831

(3) Semi-annual Non-consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	2,136	1,102
Depreciation	1,161	1,296
Loss on retirement of non-current assets	7	-
Loss (gain) on sale of investment securities	-	26
Loss on valuation of investment securities	-	1
Increase (decrease) in provision for bonuses	10	(20)
Increase (decrease) in provision for retirement benefits	(198)	(240)
Interest and dividend income	(53)	(74)
Interest expenses	72	146
Commission expenses	302	81
Decrease (increase) in trade receivables	(1,406)	3,655
Decrease (increase) in inventories	(59)	95
Decrease (increase) in temporary payments	-	(8,744)
Increase (decrease) in trade payables	(1,674)	(972)
Other, net	634	(823)
Subtotal	934	(4,469)
Interest and dividends received	53	74
Interest paid	(55)	(147)
Income taxes paid	(162)	(824)
Net cash provided by (used in) operating activities	769	(5,367)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,391)	(701)
Purchase of intangible assets	(295)	(208)
Proceeds from sale of investment securities	-	88
Other, net	(62)	18
Net cash provided by (used in) investing activities	(1,749)	(803)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,650	5,500
Proceeds from long-term borrowings	1,300	-
Repayments of long-term borrowings	(7,868)	(513)
Commission fee paid	(302)	(81)
Purchase of treasury shares	(2)	(1)
Dividends paid	(298)	(357)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	477	4,544
Net increase (decrease) in cash and cash equivalents	(502)	(1,625)
Cash and cash equivalents at beginning of period	5,120	6,264
Cash and cash equivalents at end of period	4,617	4,638

(4) Notes to Semi-annual 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 six months ended September 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.