Consolidated Financial Results for the Six Months Ended September 30, 2026 (Based on Japanese GAAP)

November 11, 2026

Company name: TOWA PHARMACEUTICAL CO., LTD.
Stock exchange listing: Tokyo
Stock code: 4553 URL https://www.towayakuhin.co.jp/
Representative: President and Representative Director Itsuro Yoshida
Inquiries: Director Toshikazu Kokubun TEL 06-7175-8570
Scheduled date to file Semi-annual Securities Report: November 12, 2026
Scheduled date to commence dividend payments: December 1, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2026	142,254	9.0	12,745	22.0	10,093	(15.7)	6,866	(16.4)
Six months ended September 30, 2025	130,476	5.7	10,443	(0.7)	11,979	15.9	8,214	25.3

Note : Comprehensive income For the six months ended September 30, 2026 : ¥5,795 million [(43.2)%]
For the six months ended September 30, 2025 : ¥10,204million [119.2%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2026	137.96	―
Six months ended September 30, 2025	166.86	―

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	484,401	191,925	39.6
As of March 31, 2026	475,290	178,103	37.5

Reference : Equity As of September 30, 2026 : ¥191,925 million
As of March 31, 2026 : ¥178,103million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2026	―	40.00	―	40.00	80.00
Year ending March 31, 2027	―	40.00			
Year ending March 31, 2027 (Forecast)			―	45.00	85.00

Note : Revisions to the forecasts of cash dividends most recently announced : None
The above “Cash dividends” section relates to dividends on the Company’s common shares. Please refer to “Dividends of Class Shares” below for dividends for unlisted class shares with rights different from those of the common shares issued by the Company.

3. Forecast of consolidated financial results for the year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	304,000	11.1	32,000	38.5	30,000	6.8	21,500	309.5	430.76

Note : Revisions to the forecasts of consolidated financial results most recently announced : None

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2026 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: None
Changes in accounting policies due to other reasons: None
Changes in accounting estimates: None
Restatement of prior period financial statements: None

(4) Number of issued shares (common shares)

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

As of September 30, 2026	51,516,000 shares	As of March 31, 2026	51,516,000 shares

Number of treasury shares at the end of the period

As of September 30, 2026	2,286,945 shares	As of March 31, 2026	2,288,133 shares

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

Six months ended September 30, 2026	49,228,376 shares	Six months ended September 30, 2025	49,227,440 shares

* This report of financial results is unaudited.

*Explanation Concerning the Appropriate Use of Financial Results Forecasts and Other Special Instructions

(Caution regarding forward-looking statements)

The forecast of financial results and forward-looking statements contained in this report are based on information currently available to the Company as well as certain assumptions that it judges to be reasonable. Actual results may differ materially due to a variety of factors. For the assumptions used in forecasts and precautionary statements regarding the use of the forecasts, please refer to “1. Overview of Operating Results and Financial Position (3) Explanation of consolidated financial forecasts and other forward-looking information” on page 6 of the accompanying materials.

(Method of Obtaining Financial Results Supplementary Materials)

Financial results supplementary materials are posted via TDnet on the date of disclosure.

Dividends of Class Shares

The breakdown of dividends per share on class shares with rights different from those of the common shares is as follows.

(Series 1, Class A Preferred Stock)

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ending March 31, 2027	-	7,474.00			
Year ending March 31, 2027 (forecast)			-	21,939.70	29,413.70

Note : The Series 1, Class A Preferred Stock was issued on July 31, 2026.

(Series 2, Class A Preferred Stock)

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ending March 31, 2027	-	-			
Year ending March 31, 2027 (Forecast)			-	-	-

Note : The dividend forecast for the Series 2, Class A Preferred Stock for the fiscal year ending March 2027 has not been determined at this point as it has not yet been issued.

Contents

1. Overview of Operating Results and Financial Position 2
(1) Overview of operating results during the period 2
(2) Overview of financial position during the period 6
(3) Explanation of consolidated financial forecasts and other forward-looking information 6
2. Semi-annual consolidated Financial Statements and Key Notes 7
(1) Consolidated balance sheets 7
(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative) 9
Consolidated statements of income (cumulative) 9
Consolidated statements of comprehensive income (cumulative) 10
(3) Consolidated statements of cash flows 11
(4) Notes to consolidated financial statements 12
(Notes on segment information) 12
(Notes on significant changes in the amount of shareholders' equity) 12
(Notes on going concern assumption) 12

1. Overview of Operating Results and Financial Position

The forward-looking statements in this document are based on judgments made as of the end of the period under review.

(1) Overview of operating results during the period

With the corporate philosophy of "Contribute to people's health and dedicate ourselves to people's genuine smiles," the Group has been working on various issues. The aim is to establish a foundation in new markets and new businesses and realize group synergies with each subsidiary while making the domestic generic drug business its core business in accordance with the "6th Medium-term Business Plan 2024–2026 PROACTIVE III" announced in June 2024.

As a result, operating results in the consolidated six months under review are as follows.

Consolidated earnings (Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026	Change	Change (%)
Net sales	130,476	142,254	11,778	9.0%
Cost of sales	83,270	90,809	7,538	9.1%
Gross profit	47,206	51,445	4,239	9.0%
Selling, general and administrative expenses	36,762	38,699	1,937	5.3%
Operating profit	10,443	12,745	2,302	22.0%
Ordinary profit	11,979	10,093	(1,885)	(15.7)%
Profit attributable to owners of parent	8,214	6,866	(1,347)	(16.4)%

Both net sales and operating profit were up due to an increase in sales volume as well as unit price at Towa Pharmaceutical and growth in sales in the European B2C and B2B businesses at Towa Pharma International Holdings, S.L. (hereinafter referred to as "Towa INT"), which offset the weaker performance of Sunsho Pharmaceutical Co., Ltd (hereinafter referred to as "Sunsho Pharmaceutical").

Net sales were 142,254 million yen (up 9.0% year on year), operating profit came to 12,745 million yen (up 22.0% year on year), ordinary profit was 10,093 million yen (down 15.7% year on year) due to a loss on valuation of derivatives of 2,355 million yen, and profit attributable to owners of parent totaled 6,866 million yen (down 16.4% year on year).

Results by segment are as follows. Segment profit (loss) of the reporting segments is the figure before amortization of goodwill.

Results by segment (Millions of yen)

	Domestic segment				Overseas segment			
	Six months ended September 30, 2025	Six months ended September 30, 2026	Change	Change (%)	Six months ended September 30, 2025	Six months ended September 30, 2026	Change	Change (%)
Net sales	104,915	111,477	6,562	6.3%	25,851	31,134	5,282	20.4%
Segment profit (loss)	13,257	13,126	(130)	(1.0)%	(590)	632	1,223	—

(Note) Segment profit (loss) is based on operating profit.

(Domestic segment)

In the generic drug industry in Japan, in March 2024, the Medical Insurance Subcommittee of the Social Security Council set the main goal of increasing the volume share of generic drugs to 80% or more in all prefectures by the end of FY2029 while maintaining a stable supply of drugs. It also set a new secondary goal of increasing the value share of generic drugs to 65% or more by the end of FY2029. In addition, the introduction of the selective treatment system for long-listed drugs began in October 2024. Choosing this option requires an additional co-payment for some brand-name drugs for which generic drugs are available. As a result, the volume share of generic drugs in April-June 2026 reached 90.4% (according to the Japan Generic Medicines Association).

In the meantime, annual drug price revisions since FY2021 have been making the situation extremely severe for the pharmaceutical industry. Furthermore, due to a series of supply concerns stemming from quality problems at multiple generic drug companies that came to light in 2020, confidence in generic drugs has declined and the environment facing the generic drug industry has become increasingly tough.

Under these circumstances, the "Report of the Study Group on Industrial Structure for Achieving Stable Supply of Generic Drugs" published by the Ministry of Health, Labour and Welfare in May 2024 showed that the government will "establish an intensive reform period of about five years to ensure a manufacturing management and quality control system, secure stable supply capacity, and realize a sustainable industrial structure." Under the 2026 drug price revision, ratings of individual companies based on corporate indicators for evaluating their stable supply systems will be published, and qualifying products will be exempted from price-range consolidation. In addition, the minimum drug prices for products meeting the deviation rate requirements were raised again, as in the previous year. To create and maintain an appropriate competitive environment for generics, authorized generics (AGs) newly listed from October 2026 onward are assigned the same drug prices as their corresponding brand-name drugs. With regard to the co-payment system for drugs, the co-payment amount for elective care using long-listed drugs (products listed on the NHI drug price list for an extended period) has been increased from one-fourth to one-half of the price difference. It was also decided that one-fourth of the drug cost for some OTC-like drugs will not be covered by insurance. In addition, the "Basic Policy on Economic and Fiscal Management and Reform 2026 (Basic Policy 2026)" approved by the Cabinet in July 2026 states that the government will maintain the stable supply of generic drugs, etc. by promoting industrial structural reform.

Under these circumstances, in order to fulfill our responsibility for stable supply, we are working to further increase production capacity in the domestic generics business. As the third solid formulation building at the Yamagata Plant began full-scale operation in October 2025, the annual production capacity of the three plants increased to 17.5 billion tablets in FY2026. To help alleviate pharmaceutical supply instability, which has become a social concern, in January 2026, we concluded a basic agreement with Otsuka Pharmaceutical Co., Ltd. to establish a strategic cooperative framework for drug manufacturing. Furthermore, in April 2026, we agreed with Adragos Pharma Kawagoe K.K. and SANWA KAGAKU KENKYUSHO CO., LTD. to collaborate on the stable supply of off-patent drugs. In addition, in July 2026, we announced the acquisition of shares of Tanabe Pharma Factory Ltd. (hereinafter referred to as "Tanabe Pharma Factory") from Tanabe Pharma Corporation, as well as the transfer of manufacturing and marketing approvals. In the future, Tanabe Pharma Factory will make capital investments to increase production and aim for a production capacity of 4 to 5 billion tablets in FY2036. By combining the production capacity of Tanabe Pharma Factory with increased production through larger facilities and improved production efficiency at our three plants, as well as contract manufacturing volumes through collaboration, we plan to achieve production capacity of 24 billion tablets in FY2030 and 30 billion or more tablets in FY2036. In response to challenges facing the pharmaceutical industry, we are working to build a collaborative framework among brand-name drug companies, generic drug companies, and pharmaceutical contract manufacturing companies. We view brand-name drugs and generic drugs whose patent periods have expired as a single off-patent drug market. Through this approach, we aim to create an ecosystem that ensures the sustainable and stable supply of therapeutically necessary drugs and supports a sound cyclical model for society as a whole. In order to bring this

concept to life, we will work to secure manufacturing capacity and build a mutual backup system for a stable supply of drugs through collaboration with these companies.

In terms of manufacturing control and quality control, we not only comply with the GMP Ordinance, which is the standard for manufacturing control and quality control of pharmaceuticals, and other related laws and regulations, but also actively adopt international standards such as PIC/S GMP and ICH Guidelines, and work to ensure appropriate quality and safety of pharmaceuticals through our own systems and education and training. We have introduced the MES (Manufacturing Execution System), LIMS (Laboratory Information Management System), and QMS (Quality Management System) to further improve quality control. We will continue our efforts to improve manufacturing control and quality control in order to prevent human errors. Furthermore, in order to maintain and strengthen our stable supply system, we are promoting multiple sourcing of APIs and audits of manufacturing sites, and are continuing to strengthen governance and ensure thorough compliance throughout the entire Group, from API manufacturing to formulation manufacturing, distribution and sales. In addition, in 2018, N-Nitrosodimethylamine (NDMA), a suspected carcinogen, was detected in sartan-containing drugs (blood pressure-lowering drugs). This triggered worldwide concerns about nitrosamine contamination in pharmaceuticals, leading to a series of investigations and voluntary recalls in various countries. We have also been working to identify the cause and, in 2023, became the first in the world to announce that nitrogen oxides (hereinafter referred to as “NOx”) in APIs and in the air during manufacturing processes are one of the causes of nitrosamine formation and contamination. Furthermore, by developing a chemical filter that removes NOx and introducing it into the manufacturing process, we have succeeded in manufacturing atomoxetine tablets with nitrosamine levels below the permissible limit. We are proactively sharing the knowledge we have gained both in Japan and overseas, and will continue to play a role as a platform for gathering knowledge and technology related to nitrosamine countermeasures, thereby contributing to the improvement of quality and stable supply of pharmaceuticals around the world.

We have developed a new PTP sheet, “MEKUREL,” jointly with Toyo Aluminum K.K., as an effort to solve issues in healthcare settings and reduce environmental impact. "MEKUREL" is a new PTP sheet that allows tablets and capsules to be removed by "peeling back" a sheet, in addition to the conventional method of removing tablets and capsules by pushing them out. In 2026, the product was awarded the Good Design Award and the Technical Packaging Award for both convenience and environmental consideration.

On the sales front, in March 2026, we launched “PRASUGREL TABLETS 2.5mg/3.75mg/5mg ‘TOWA’ ” and “PRASUGREL OD TABLETS 20mg ‘TOWA’,” representing our second authorized-generic ingredient. In June 2026, 13 new products with eight ingredients were added to the National Health Insurance drug price list, bringing the total number of our generic drugs to 741 products with 317 ingredients (as of June 2026). 20 new products with eight ingredients are scheduled to be added to the list in December 2026.

As for the development of health-related businesses, in order to respond to new medical systems such as the community-based integrated care system, we focus on the “Healthcare Passport” (that enables local medical professionals and residents to share health and medical information in both directions). We are working to realize the diversified development of health-related businesses by forming synergies between each subsidiary and existing businesses from the viewpoint of treatment, prevention and nursing care support, and increasing products and services for maintaining and promoting health.

In the consolidated results for the six-month period ended September 30, 2026, the domestic segment posted net sales of 111,477 million yen (up 6.3% year on year), due to an increase in the volume of products supplied to the market and an increase in unit prices due to an improved sales mix. On the other hand, segment profit came to 13,126 million yen (down 1.0% year on year), as the deterioration in performance at Sunsho Pharmaceutical could not be fully offset, with sales expansion to existing customers and acquisition of new customers in its new application business, etc., falling short of expectations.

(Overseas segment)

In the overseas segment, the Group operates a generic drug business in the European and U.S. markets through Towa INT in order to strengthen and expand its overseas pharmaceutical business. We aim to secure sales and segment profits by maintaining and strengthening existing businesses and further expanding markets and regions, while stepping up investments in R&D and facilities necessary for future growth.

Nitrosamines were detected in duloxetine-containing drugs, Towa INT's main product. In Europe, we are working to obtain approval for improved products with nitrosamine levels at or below the permissible limit. We are obtaining approval in countries one by one, and in some countries, we have already started to supply improved products. Sales in the United States have been suspended, but we are working to obtain approval for improved products with nitrosamine levels at or below the permissible limit.

Furthermore, one instance of our production synergies paying off can be seen at Towa INT’s Martorelles plant where we manufacture ESOMEPRAZOLE CAPSULES for the Japanese market. We also started joint development as part of efforts to create R&D synergies. We will continue to interact and share information with all our divisions to foster group synergies in development and manufacturing technology. By leveraging Towa INT’s sales network in multiple countries in Europe and the U.S. and its manufacturing bases in Europe that comply with standards in Europe and the U.S., we are working to establish a global business foundation that can provide high-quality, value-added generic drugs to patients worldwide from three regions: Japan, the U.S. and Europe.

For the consolidated results for the six-month period ended September 30, 2026, the overseas segment posted net sales of 31,134 million yen (up 20.4% year on year) and a segment profit of 632 million yen (compared with a segment loss of 590 million yen in the same period of the previous fiscal year). This was due to the posting of revenue from licensing of certain products, in addition to growth in sales of mainstay products in the European B2C business as a result of adding new customers, an increase in contract manufacturing and contract development service revenue in the European B2B business, and the impact of foreign exchange rates, although the impact of the suspension of sales of mainstay products due to the nitrosamine problem in the U.S. continued.

(2) Overview of financial position during the period

(i) Assets, Liabilities and Net Assets

Total assets at the end of the period under review were 484,401 million yen, an increase of 9,110 million yen from the end of the previous fiscal year. The main factors were an increase of 14,761 million yen in cash and deposits, despite a decrease of 2,813 million yen in property, plant and equipment and a decrease of 2,301 million yen in intangible assets.

Liabilities were 292,475 million yen, a decrease of 4,710 million yen from the end of the previous fiscal year. The main factors were a decrease of 10,280 million yen in long-term borrowings and a decrease of 3,476 million yen in notes and accounts payable - trade, despite an increase of 9,454 million yen in lease liabilities.

Net assets were 191,925 million yen, an increase of 13,821 million yen from the end of the previous fiscal year. The main factors included an increase of 10,001 million yen in capital surplus and an increase of 4,888 million yen in retained earnings.

As a result, the equity ratio came to 39.6%.

(ii) Cash Flows

The balance of cash and cash equivalents at the end of the period under review was 59,581 million yen, an increase of 14,769 million yen from the end of the previous fiscal year.

The status of each cash flow in the period under review is as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 10,372 million yen (down 3,719 million yen year on year). This was mainly due to profit before income taxes of 9,918 million yen (down 2,036 million yen year on year) and depreciation of 9,341 million yen (up 658 million yen year on year), despite a decrease of 4,200 million yen in trade payables (compared with an increase of 78 million yen in trade payables in the same period of the previous fiscal year) and income taxes paid of 4,212 million yen (down 587 million yen year on year).

(Cash flows from investing activities)

Net cash used in investing activities was 7,087 million yen (down 7,882 million yen year on year). This was mainly due to purchases of property, plant and equipment of 6,366 million yen (down 6,437 million yen year on year).

(Cash flows from financing activities)

Net cash provided by financing activities was 10,686 million yen (up 6,426 million yen year on year). This was mainly due to proceeds from issuance of shares of 9,871 million yen (up 9,871 million yen year on year) and proceeds from sales and leaseback transactions of 10,153 million yen (up 6,600 million yen year on year), despite repayments of long-term borrowings of 11,765 million yen (up 4,796 million yen year on year).

(3) Explanation of consolidated financial forecasts and other forward-looking information

The consolidated earnings forecast for the fiscal year ending March 31, 2027, announced on May 14, 2026, has not been revised.

2. Semi-annual consolidated Financial Statements and Key Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	45,306	60,068
Notes and accounts receivable - trade	63,283	61,283
Electronically recorded monetary claims - operating	10,898	10,813
Merchandise and finished goods	54,255	54,794
Work in process	20,038	23,090
Raw materials and supplies	49,132	47,705
Other	24,608	23,951
Allowance for doubtful accounts	(179)	(4)
Total current assets	267,343	281,703
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	86,575	86,995
Machinery, equipment and vehicles, net	20,458	19,107
Land	18,586	18,526
Leased assets, net	12,921	21,264
Construction in progress	27,387	17,406
Other, net	4,715	4,529
Total property, plant and equipment	170,643	167,830
Intangible assets		
Goodwill	9,468	8,354
Other	17,211	16,024
Total intangible assets	26,680	24,378
Investments and other assets		
Investment securities	957	1,142
Other	10,538	10,201
Allowance for doubtful accounts	(873)	(854)
Total investments and other assets	10,622	10,488
Total non-current assets	207,946	202,697
Total assets	475,290	484,401

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,309	17,833
Electronically recorded obligations - operating	12,034	11,227
Short-term borrowings	7,100	9,502
Current portion of long-term borrowings	21,772	23,195
Lease liabilities	1,699	2,551
Income taxes payable	4,766	3,465
Provisions	97	66
Other	28,086	26,289
Total current liabilities	96,867	94,131
Non-current liabilities		
Long-term borrowings	183,335	173,055
Lease liabilities	12,829	21,432
Retirement benefit liability	132	128
Other	4,019	3,727
Total non-current liabilities	200,318	198,343
Total liabilities	297,186	292,475
Net assets		
Shareholders' equity		
Share capital	4,717	4,717
Capital surplus	7,842	17,843
Retained earnings	151,815	156,703
Treasury shares	(5,584)	(5,582)
Total shareholders' equity	158,790	173,683
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	323	430
Foreign currency translation adjustment	18,989	17,811
Total accumulated other comprehensive income	19,313	18,242
Total net assets	178,103	191,925
Total liabilities and net assets	475,290	484,401

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	130,476	142,254
Cost of sales	83,270	90,809
Gross profit	47,206	51,445
Selling, general and administrative expenses	36,762	38,699
Operating profit	10,443	12,745
Non-operating income		
Interest income	152	159
Dividend income	8	10
Foreign exchange gains	622	697
Gain on valuation of derivatives	1,555	―
Other	426	591
Total non-operating income	2,765	1,458
Non-operating expenses		
Interest expenses	1,149	1,336
Loss on valuation of derivatives	―	2,355
Other	79	417
Total non-operating expenses	1,229	4,109
Ordinary profit	11,979	10,093
Extraordinary income		
Gain on sale of non-current assets	9	2
Other	0	―
Total extraordinary income	9	2
Extraordinary losses		
Loss on disposal of non-current assets	33	177
Total extraordinary losses	33	177
Profit before income taxes	11,955	9,918
Income taxes	3,741	3,052
Profit	8,214	6,866
Profit attributable to owners of parent	8,214	6,866

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	8,214	6,866
Other comprehensive income		
Valuation difference on available-for-sale securities	52	106
Foreign currency translation adjustment	1,937	(1,178)
Total other comprehensive income	1,990	(1,071)
Comprehensive income	10,204	5,795
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,204	5,795
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	11,955	9,918
Depreciation	8,682	9,341
Amortization of goodwill	2,224	1,015
Increase (decrease) in allowance for doubtful accounts	(141)	(188)
Increase (decrease) in other provisions	(50)	(31)
Loss (gain) on sale of non-current assets	(9)	(2)
Loss (gain) on disposal of non-current assets	33	177
Interest and dividend income	(160)	(169)
Interest expenses	1,149	1,336
Loss (gain) on valuation of derivatives	(1,555)	2,355
Decrease (increase) in trade receivables	5,036	1,786
Decrease (increase) in inventories	(9,561)	(2,486)
Increase (decrease) in trade payables	78	(4,200)
Other, net	2,109	(3,458)
Subtotal	19,790	15,393
Interest and dividends received	165	147
Interest paid	(1,094)	(1,165)
Compensation received	1	26
Subsidies received	29	182
Income taxes refund (paid)	(4,800)	(4,212)
Net cash provided by (used in) operating activities	14,092	10,372
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,803)	(6,366)
Purchase of intangible assets	(776)	(747)
Other, net	(1,389)	25
Net cash provided by (used in) investing activities	(14,970)	(7,087)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	923	2,482
Proceeds from long-term borrowings	9,508	3,000
Repayments of long-term borrowings	(6,968)	(11,765)
Redemption of straight bonds	(39)	―
Proceeds from issuance of shares	―	9,871
Dividends paid	(1,967)	(1,969)
Repayments of lease liabilities	(742)	(1,082)
Proceeds from sales and leaseback transactions	3,553	10,153
Other, net	(6)	(4)
Net cash provided by (used in) financing activities	4,260	10,686
Effect of exchange rate change on cash and cash equivalents	481	798
Net increase (decrease) in cash and cash equivalents	3,863	14,769
Cash and cash equivalents at beginning of period	45,460	44,811
Cash and cash equivalents at end of period	49,323	59,581

(4) Notes to consolidated financial statements

(Notes on segment information)

Information concerning net sales and profit (loss) by reportable segment

For six months ended September 30, 2025

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	104,915	25,561	130,476	—	130,476
Sales or transfers between segments	—	289	289	(289)	—
Total	104,915	25,851	130,766	(289)	130,476
Segment profit (loss)	13,257	(590)	12,666	(2,222)	10,443

Notes: 1. Adjustment in segment profit (loss) represents goodwill amortization of (2,224) million yen, and elimination of internal transactions between segments of 1 million yen.

2. Segment profit (loss) matches operating profit on the consolidated statements of income.

For six months ended September 30, 2026

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Total (Note 2)
	Domestic	Overseas	Subtotal		
Sales					
Sales to outside customers	111,477	30,777	142,254	—	142,254
Sales or transfers between segments	—	356	356	(356)	—
Total	111,477	31,134	142,611	(356)	142,254
Segment profit	13,126	632	13,759	(1,014)	12,745

Notes: 1. Adjustment in segment profit represents goodwill amortization of (1,015) million yen, and elimination of internal transactions between segments of 1 million yen.

2. Segment profit matches operating profit on the consolidated statements of income.

(Notes on significant changes in the amount of shareholders' equity)

(Issuance of class shares through third party allotment)

Pursuant to a resolution adopted at the 70th Annual General Meeting of Shareholders held on June 24, 2026, we issued 10,000 shares of Series 1, Class A Preferred Stock to Development Bank of Japan Inc. through a third-party allotment on July 31, 2026.

As a result, share capital and legal capital surplus increased by 5,000 million yen each in the period under review.

(Reduction of share capital and legal capital surplus, and increase of other capital surplus)

Pursuant to a resolution of the Board of Directors held on May 21, 2026, we reduced the amount of share capital and legal capital surplus by 5,000 million yen each and transferred the entire amount of the reductions to other capital surplus, effective July 31, 2026, in accordance with the provisions of Article 447, Paragraph 3 and Article 448, Paragraph 3 of the Companies Act.

As a result, share capital was 4,717 million yen and capital surplus was 17,843 million yen in the period under review.

(Notes on going concern assumption)

Not applicable.