

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending September 30, 2018
(Nine Months Ended June 30, 2018)

[Japanese GAAP]
August 9, 2018

Company name: Fuji Pharma Co., Ltd. Stock Exchange Listing: TSE (1st section)
Stock code: 4554 (URL: <http://www.fujipharma.jp>)
Representative: Eiji Takemasa, President & CEO
Contact: Toyoyuki Kamide,
Director, Executive Corporate Officer, Chief Executive, Corporate Planning Division
TEL: +81-(0)3-3556-3344

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Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 9, 2018 at 16:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter (October 1, 2017 to June 30, 2018)
of the Fiscal Year Ending September 30, 2018

(1) Consolidated results of operations (Percentages represent 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	%
Nine months ended Jun. 30, 2018	27,872	7.1	3,547	(0.4)	3,558	(6.9)	2,606	(3.0)
Nine months ended Jun. 30, 2017	26,016	3.9	3,561	24.8	3,822	49.3	2,688	61.4

Note: Comprehensive income (millions of yen) Nine months ended Jun. 30, 2018: 2,537 (down 23.6%)
Nine months ended Jun. 30, 2017: 3,322 (up 226.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jun. 30, 2018	87.10	-
Nine months ended Jun. 30, 2017	89.84	-

Note: The Company conducted a 2-for-1 stock split on July 1, 2018. Net income per share is calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2018	50,933	34,317	67.4
As of Sep. 30, 2017	49,551	32,601	65.8

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2018: 34,315 As of Sep. 30, 2017: 32,599

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Sep. 30, 2017	-	23.00	-	25.00	48.00
Fiscal year ending Sep. 30, 2018	-	28.00	-		
Fiscal year ending Sep. 30, 2018 (Estimated)				14.00	-

Note: Revision to the most recently announced dividend forecast: None

The Company conducted a 2-for-1 stock split on July 1, 2018. The year-end dividend per share forecast for the fiscal year ending September 30, 2018 is adjusted to reflect the stock split. Prior to this adjustment, the dividend forecast was 28.00 yen per share and there are no effective change in amount before the stock split.

In addition, the total dividend per share forecast is not presented since quarterly dividends cannot be simply aggregated because of the stock split.

3. Consolidated Forecast for the Fiscal Year Ending September 30, 2018 (October 1, 2017 to September 30, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,139	7.8	4,850	12.4	4,710	1.8	3,345	1.3	111.76

Note: Revision to the most recently announced consolidated forecast: None

The Company conducted a 2-for-1 stock split effective on July 1, 2018. The net income per share forecast for the fiscal year ending September 30, 2018 is adjusted to reflect the stock split. Prior to this adjustment, the forecast was a net income per share of 223.53 yen for the full year.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding as of the end of period (including treasury shares)

As of Jun. 30, 2018:	31,253,800 shares	As of Sep. 30, 2017:	31,253,800 shares
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2) Number of treasury shares as of the end of period

As of Jun. 30, 2018:	1,332,442 shares	As of Sep. 30, 2017:	1,324,772 shares
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3) Average number of shares outstanding during the period

Nine months ended Jun. 30, 2018:	29,931,134 shares	Nine months ended Jun. 30, 2017:	29,926,536 shares
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Note: The Company conducted a 2-for-1 stock split on July 1, 2018. The number of shares issued and outstanding has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to the Company's management at the time these materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to the section "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attachments for details on the above forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first nine months of the current fiscal year, healthy corporate earnings at companies in Japan due in part to a relatively strong global economy supported a slow recovery of the Japanese economy. However, the outlook remains uncertain because of the unclear political outlook in other countries and geopolitical risk involving North Korea and other countries and regions.

In Japan's ethical drug industry, there are challenges due to annual National Health Insurance drug price revisions as well as a big reduction in the number of drugs subject to the new drug creation price premium and the cut in prices of some drugs listed for a long time to match the prices of their generic versions. As a result, the operating environment for the industry is becoming increasingly difficult. In April 2018, there were revisions to the National Health Insurance drug prices and there was an average drug price reduction of 7.5% in the industry. These price reductions caused the prices of Fuji Pharma products to fall by 6.7%.

The Fuji Pharma Group has established the central theme of "Fuji Pharma Branding." Our goal is to operate a pharmaceutical business with innovative added value from a global perspective. We want to earn the trust, understanding and support of healthcare professionals as well as people who want to lead healthy lives. By reinforcing our commitment to our management philosophy of "growth" and "contribution," we have been building a unique business model that produces synergies in strategic fields by combining brands, generic drugs and contract manufacturing. The volume of generic drugs supplied is expected to continue to grow because these drugs are an important element of measures in Japan to hold down the cost of health care. At the same time, it is assumed that this growth will be accompanied by measures to ensure a stable supply of drugs and further cut the prices of drugs. The Fuji Pharma Group's goal is to become a specialty pharmaceutical company in its strategic market sectors. Accomplishing this goal will require becoming more cost competitive in order to compete with global pharmaceutical companies, establishing highly profitable drug brands, shifting emphasis to biosimilars and other types of drugs, and building an infrastructure for growth outside Japan.

In our core field of obstetrics and gynecology, we are concentrating on sales activities for UTROGESTAN Vaginal Capsules 200mg, a natural luteinizing hormone used for corpus luteum supplements in assisted reproductive technologies. We received regulatory approval to manufacture and sell this product in 2016. In addition, we are implementing measures for increasing market share, primarily for major products such as Dienogest Tablets, a generic drug as a treatment for endometriosis, Dienogest OD Tablets, a generic drug for treating endometriosis that is our first orally disintegrating tablet, and LUNABELL® tablets ULD, a new drug for treating dysmenorrhea. In June 2018, Fuji Pharma started sales of Dienogest OD Tablets with the goal of making a further contribution to the treatment of endometriosis.

In the field of radiology, we are concentrating on sales of the generic x-ray contrast agents OYPALOMIN® injection and IOPAQUE® injection. In addition to these products, we are focusing on sales of OPTIRAY® injection, for which we received regulatory approval for an additional efficacy, and the MRI contrast agent MAGNESCOPE® intravenous injection. There are extensive sales activities to develop new businesses and expand transactions with the goal of establishing more relationships with hospitals throughout Japan that are subject to DPC (Diagnosis Procedure Combination). These activities involve Filgrastim BS injection Syringe and other products.

Measures have been completed as planned to make Fuji Pharma the sole distributor of the non-ionic urinary tract and blood vessel contrast agents OYPALOMIN® injection and non-ionic contrast media IOPAQUE® injection that were previously sold jointly with KONICA MINOLTA JAPAN, INC. In addition, as described in the press release "Alliance Ends for the Sale of OPTIRAY® Injection, MAGNESCOPE® Intravenous Injection and LIPIODOL® Injection" dated February 2, 2018, we reached an agreement concerning the end of a licensing agreement with Guerbet Japan KK. These activities have helped Fuji Pharma build relationships rooted in trust with medical institutions. Fuji Pharma is determined use these relationships in order to play an even greater role in Japan's health care sector by continuing to provide a reliable supply of generic contrast agents and other high-quality pharmaceuticals. As a result, net sales increased 7.1% year on year to 27,872 million yen. Operating profit

decreased 0.4% to 3,547 million yen, ordinary profit decreased 6.9% to 3,558 million yen and profit attributable to owners of parent was down 3.0% to 2,606 million yen.

The Group does not provide segment information because it has only a single business segment, which is the pharmaceutical business.

(2) Explanation of Financial Position

Total assets increased 1,382 million yen from the end of the previous fiscal year to 50,933 million yen, net assets increased 1,715 million yen to 34,317 million yen, and the equity ratio was 67.4% as of the end of the third quarter of the current fiscal year.

Assets

Current assets increased 881 million yen mainly because of an increase in notes and accounts receivable-trade. Non-current assets increased 500 million yen mainly due to an increase in leased assets.

Liabilities

Current liabilities decreased 1,166 million yen mainly due to a decrease in income taxes payable. Non-current liabilities increased 832 million yen mainly due to an increase in lease obligations.

Net Assets

Net assets increased 1,715 million yen mainly because of an increase in retained earnings.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The Company maintains its consolidated forecasts for the fiscal year ending in September 2018 that was announced on November 10, 2017.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Additional Information

Executive Compensation Stock Trust Plan

The Company has adopted an “Executive Compensation Stock Trust Plan,” a system of job performance linked stock compensation for its directors (excluding outside directors) and corporate officers who meet the beneficiary requirements prescribed by stock compensation distribution regulations. The purpose of this plan is to increase the motivation of these directors and corporate officers to improve the Group’s medium to long-term performance and achieve growth in corporate value. For the accounting treatment of this trust contract, the Company uses the gross method in accordance with the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Accounting Standards Board of Japan (ASBJ) PITF No. 30, March 26, 2015).

1) Structure of the trust

The Executive Compensation Stock Trust Plan uses a trust funded by monetary contribution from the Company to purchase the Company’s stock (common stock) for use as a stock compensation program. Every year, through the trust, directors and others receive the Company’s stock or cash based on points granted in accordance with executive positions and performance as stipulated in stock compensation distribution regulations established by the Company’s Board of Directors. The Board of Directors, based on these rules, will determine in December the amount of compensation used for calculating points. Stock will then be distributed in the following November accordingly.

2) The Company’s stock held by the trust

The Company’s stock held by the trust is included in net assets as treasury shares at book value (excluding associated expenses). There were 18,579 shares with a book value of 41 million yen at the end of the previous fiscal year and 22,414 shares with a book value of 69 million yen at the end of the third quarter of the current fiscal year.

3. Quarterly Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Millions of yen)

	FY9/17 (As of Sep. 30, 2017)	Third quarter of FY9/18 (As of Jun. 30, 2018)
Assets		
Current assets		
Cash and deposits	5,503	5,601
Notes and accounts receivable-trade	15,142	15,843
Merchandise and finished goods	3,667	3,511
Work in process	2,130	2,536
Raw materials and supplies	5,688	5,753
Accounts receivable-other	20	32
Deferred tax assets	543	437
Other	519	380
Allowance for doubtful accounts	(6)	(6)
Total current assets	33,208	34,090
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,667	5,434
Machinery, equipment and vehicles, net	2,747	1,843
Land	872	896
Leased assets, net	2,043	2,777
Construction in progress	210	165
Other, net	161	202
Total property, plant and equipment	11,703	11,318
Intangible assets		
Goodwill	1,976	1,745
Other	732	517
Total intangible assets	2,709	2,262
Investments and other assets		
Investment securities	58	56
Long-term advance payments-trade	1,285	1,926
Deferred tax assets	477	453
Other	108	824
Total investments and other assets	1,930	3,261
Total non-current assets	16,342	16,843
Total assets	49,551	50,933

	(Millions of yen)	
	FY9/17 (As of Sep. 30, 2017)	Third quarter of FY9/18 (As of Jun. 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,721	6,289
Current portion of long-term loans payable	653	-
Lease obligations	432	504
Income taxes payable	1,064	77
Provision for bonuses	874	821
Provision for directors' bonuses	9	6
Provision for sales returns	10	12
Other	2,746	2,634
Total current liabilities	11,513	10,347
Non-current liabilities		
Long-term loans payable	2,000	2,000
Lease obligations	1,780	2,621
Net defined benefit liability	1,108	1,191
Other	547	456
Total non-current liabilities	5,436	6,268
Total liabilities	16,949	16,616
Net assets		
Shareholders' equity		
Capital stock	3,799	3,799
Capital surplus	5,023	5,023
Retained earnings	24,541	26,354
Treasury shares	(1,476)	(1,504)
Total shareholders' equity	31,887	33,672
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	6
Deferred gains or losses on hedges	8	15
Foreign currency translation adjustment	678	606
Remeasurements of defined benefit plans	16	13
Total accumulated other comprehensive income	711	642
Non-controlling interests	2	2
Total net assets	32,601	34,317
Total liabilities and net assets	49,551	50,933

(2) Consolidated Statements of Income and Comprehensive Income**(Consolidated Statement of Income)****(For the Nine-month Period)**

(Millions of yen)

	First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)	First nine months of FY9/18 (Oct. 1, 2017 – Jun. 30, 2018)
Net sales	26,016	27,872
Cost of sales	15,188	15,982
Gross profit	10,827	11,890
Selling, general and administrative expenses	7,266	8,342
Operating profit	3,561	3,547
Non-operating income		
Interest income	0	0
Dividend income of life insurance	1	1
Foreign exchange gains	273	-
Commission fee	0	2
Compensation income	5	8
Fiduciary obligation fee	0	-
Subsidy income	-	39
Other	13	39
Total non-operating income	294	93
Non-operating expenses		
Interest expenses	25	29
Sales discounts	5	7
Foreign exchange losses	-	40
Other	1	4
Total non-operating expenses	33	81
Ordinary profit	3,822	3,558
Extraordinary income		
Gain on sales of non-current assets	0	3
Total extraordinary income	0	3
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	1	3
Total extraordinary losses	1	3
Profit before income taxes	3,821	3,558
Income taxes-current	1,040	827
Income taxes-deferred	92	123
Total income taxes	1,132	951
Profit	2,688	2,607
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	2,688	2,606

(Consolidated Statement of Comprehensive Income)
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)	First nine months of FY9/18 (Oct. 1, 2017 – Jun. 30, 2018)
Profit	2,688	2,607
Other comprehensive income		
Valuation difference on available-for-sale securities	5	(1)
Deferred gains or losses on hedges	101	7
Foreign currency translation adjustment	524	(71)
Remeasurements of defined benefit plans, net of tax	1	(3)
Total other comprehensive income	633	(69)
Comprehensive income	3,322	2,537
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,321	2,537
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes to Quarterly Consolidated Financial Statements**Notes Regarding Assumptions for Company as Ongoing Concern**

Not applicable.

Notes Regarding Material Change in Shareholders' Equity

Not applicable.

Segment and Other Information

Omitted since the Group (Fuji Pharma and its consolidated subsidiaries) has only a single business segment, which is the pharmaceutical business.

Material Subsequent Events

Stock split

On May 10, 2018, the Company's Board of Directors approved a resolution for a stock split, which became effective on July 1, 2018:

(1) Purpose of the stock split

Using this split to lower the cost of an investment unit of Fuji Pharma stock will increase the stock's liquidity and expand stock ownership to more investor segments.

(2) Summary of the stock split

Shareholders listed in the final shareholder register on the record date of Saturday, June 30, 2018 (effectively Friday, June 29, 2018) received two shares of common stock for each share held on the record date.

(3) Schedule

Announcement date: Friday, June 15, 2018
 Record date: Saturday, June 30, 2018 (effectively Friday, June 29, 2018)
 Effective date: Sunday, July 1, 2018

(4) Increase in the number of shares due to the stock split

Total number of shares outstanding before the stock split: 15,626,900 shares
 Increase in the number of shares due to the stock split: 15,626,900 shares
 Total number of shares outstanding after the stock split: 31,253,800 shares
 Total number of shares authorized after the stock split: 56,440,000 shares

(5) Effect of these changes on per share information

Per-share information calculated as if this stock split had taken place at the beginning of previous fiscal year is as follows:

	First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)	First nine months of FY9/18 (Oct. 1, 2017 – Jun. 30, 2018)
Net income per share	89.84	87.10

(Yen)

(6) Partial revision to the Articles of Incorporation following the stock split**1) Reason for the revision**

In association with this stock split, Article 6 of the Company's Articles of Incorporation were amended on July 1, 2018 to revise the total number of shares authorized in accordance with Article 184, Paragraph 2 of the Companies Act.

2) Details of the revision

Underlined parts are revised.

Current	After revision
Total Number of Shares Authorized	Total Number of Shares Authorized
Article 6. The total number of shares authorized to be issued by the Company shall be <u>28,220,000 shares</u> .	Article 6. The total number of shares authorized to be issued by the Company shall be <u>56,440,000 shares</u> .

3) Schedule

Effective date: July 1, 2018

(7) Others

Change in capital stock

The stock split will have no effect on the capital stock.

4. Supplementary Information

(1) Breakdown of Sales

(Millions of yen)

Efficacy	First nine months of FY9/17 (Oct. 1, 2016 – Jun. 30, 2017)		First nine months of FY9/18 (Oct. 1, 2017 – Jun. 30, 2018)		YoY change (%)
	Amount	%	Amount	%	
(Finished goods)					
Diagnostic drugs	8,480	32.6	8,257	29.6	(2.6)
Hormone drugs	5,211	20.0	5,823	20.9	11.7
Metabolic drugs	1,187	4.6	1,218	4.4	2.7
Circulatory drugs	717	2.8	726	2.6	1.3
Antibiotics and chemotherapeutics	657	2.5	613	2.2	(6.7)
Urogenital and genital organ drugs	361	1.4	388	1.4	7.7
Dermatological preparations	291	1.1	364	1.3	24.9
Others	4,575	17.6	5,389	19.3	17.8
Subtotal	21,482	82.6	22,782	81.7	6.1
(Merchandise)					
Hormone drugs	2,192	8.4	2,185	7.8	(0.3)
Diagnostic drugs	1,570	6.0	2,137	7.7	36.1
In vitro diagnostics	606	2.3	610	2.2	0.7
Others	165	0.6	157	0.6	(4.8)
Subtotal	4,534	17.4	5,090	18.3	12.3
Total	26,016	100.0	27,872	100.0	7.1

Notes: 1. Sales are categorized by the efficacy of drugs rather than business segments because the Group has only a single business segment, which is the pharmaceutical business.

2. The above amounts are based on selling prices and do not include consumption taxes.

3. Fractions less than one million yen are omitted.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.