



**FujiPharma**

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 **Fuji Pharma Co., Ltd.**

# CORPORATE REPORT 2019

**Fuji Pharma Co., Ltd.**

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### Fuji Pharma's Two Business Principles

## We help people lead healthy lives by offering excellent pharmaceuticals

Aspiring to offer significant value in medical care, our key mission is to work together to continuously address challenges and achieve what only we can do in order to gain strong trust and support from medical professionals, and to make greater contributions.

## Our corporate growth is proportional to our personal growth.

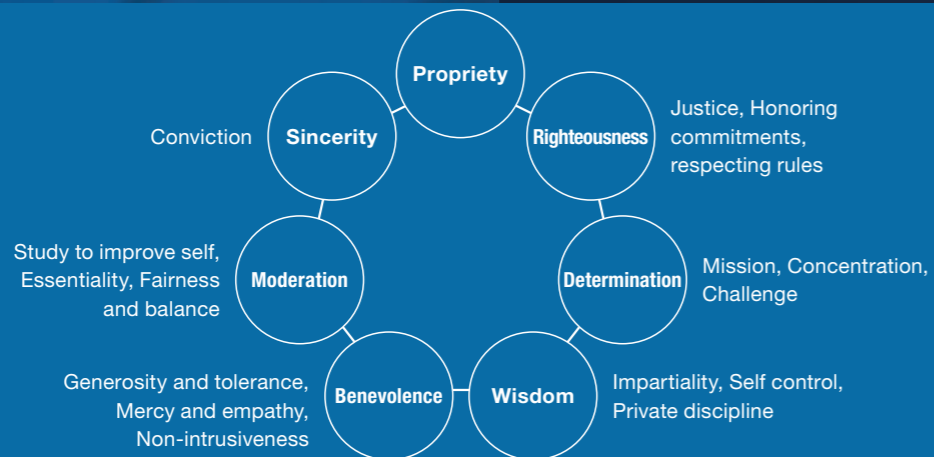
We value bringing happiness to society. The top priority in our corporate management is to continue creating opportunities and situations for further growth by working together to make drugs for medical care.

### Virtues as Fuji Pharma's values

We value the concept of virtues, which originates from the Chinese classics, in our corporate management. We have defined seven virtues and 19 associated qualities adopted for personnel evaluation.

For further details, see page 24

Respectful communication, Listening, Respect, The Five S's and Posture



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### Editorial Policy

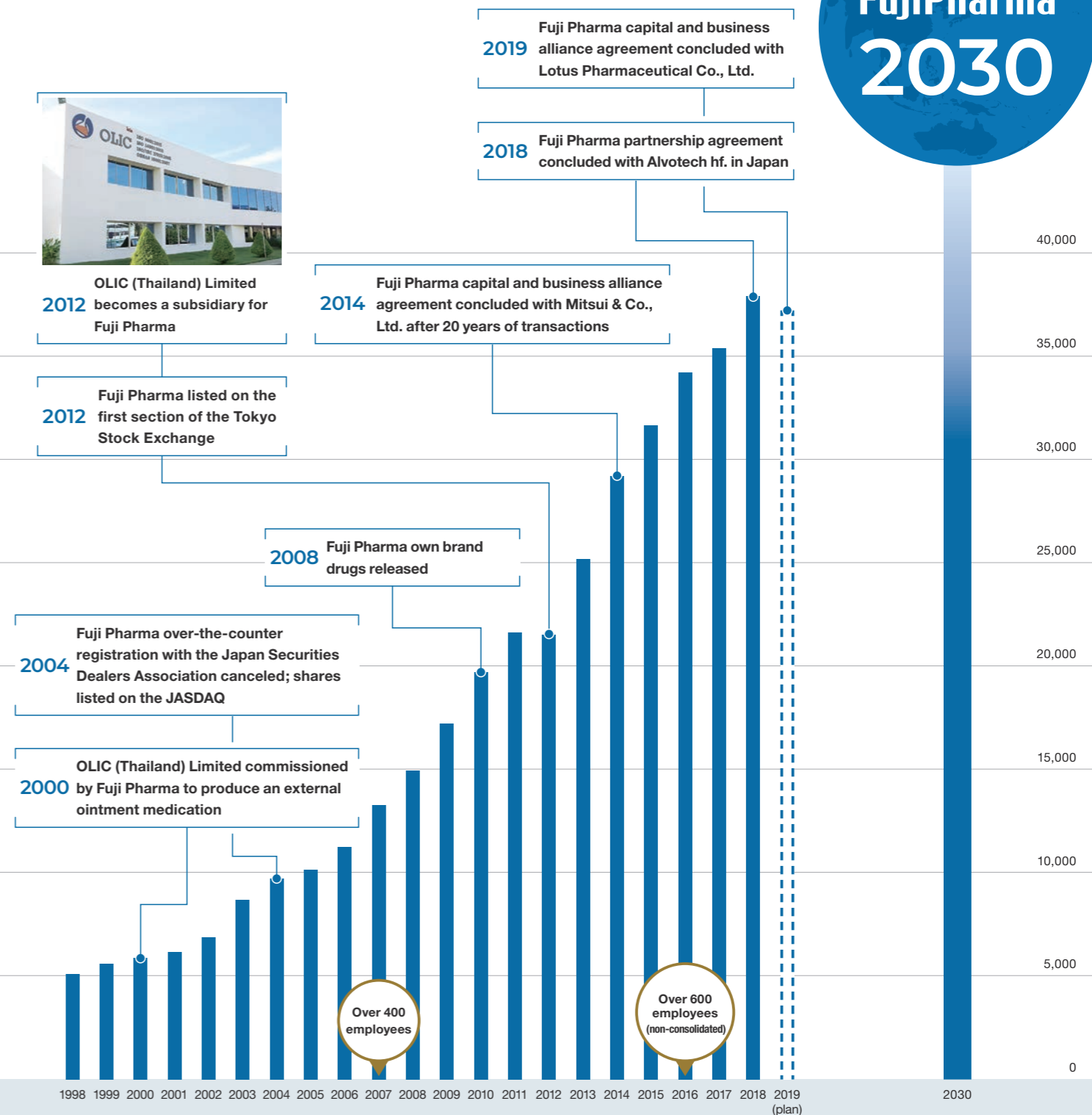
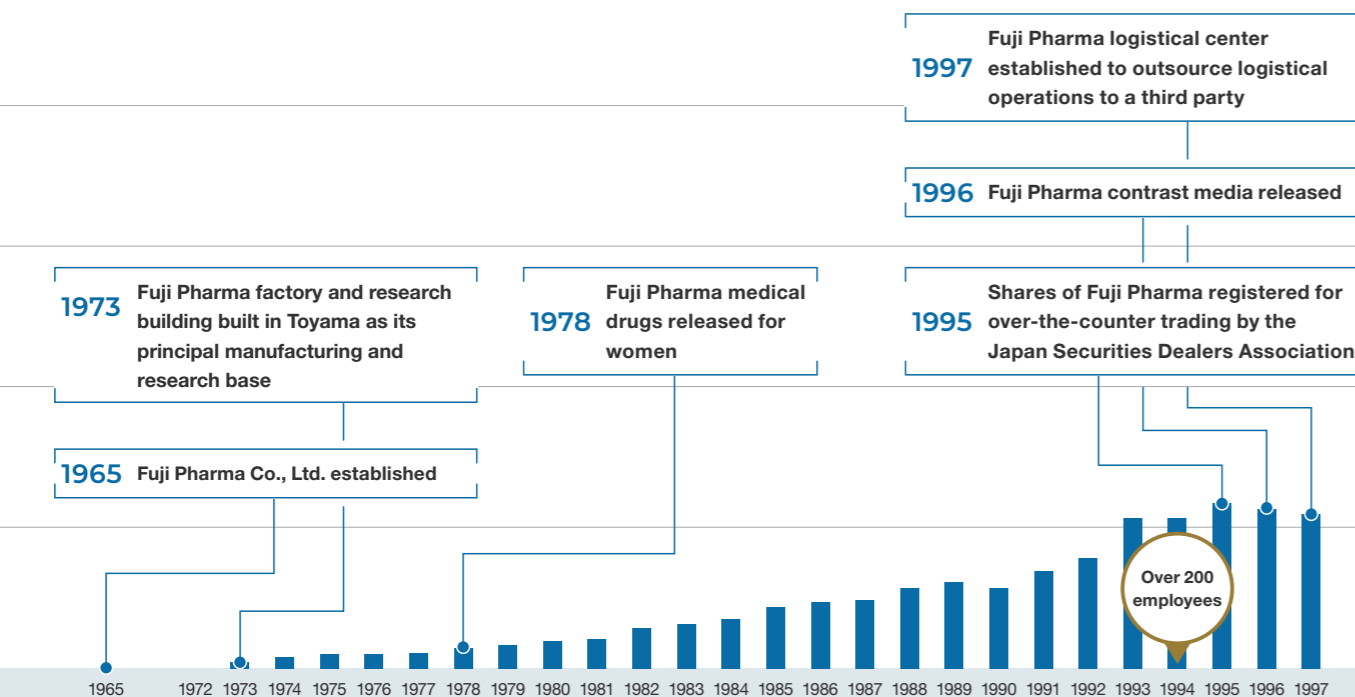
This Corporate Report is published to make Fuji Pharma's business activities, management and values for the contribution to society and the environment better and more plainly understood by all stakeholders. This publication pertains to the fiscal year ended September 30, 2018 (from October 1, 2017 to September 30, 2018). (However, it contains some information from during and after October 2018.) This Corporate Report includes information on drugs, including those under development. However, this information is not intended for advertising or medical advisory purposes.

# Our corporate growth is proportional to our personal growth.

Since the foundation in 1965, Fuji Pharma has been evolving by constantly addressing challenges to help people lead healthy lives. We will continue to contribute in a bid towards continued growth.



■ Net sales (Millions of yen)



## Principal Products

GE Generic Drug ND New Drug BS Biosimilar



OYPALOMIN® Injection non-ionic contrast medium for urography and angiography



IOPAQUE® Injection non-ionic contrast medium



LUNABELL® Tablets LD for dysmenorrhea



Filgrastim BS Injection G-CSF



LUNABELL® Tablets ULD for dysmenorrhea



UTROGESTAN® Vaginal Capsules natural progestational hormone agent



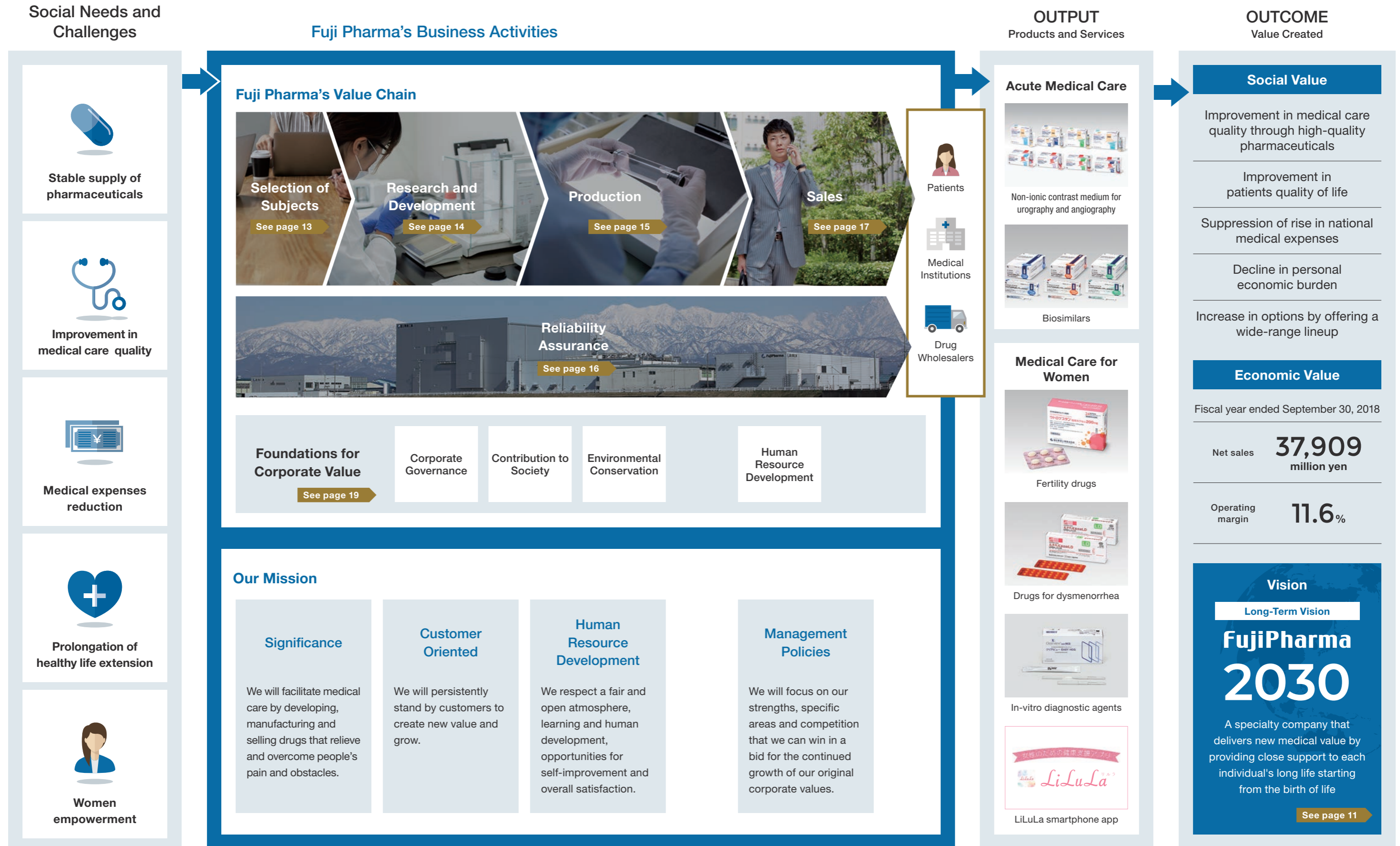
Dienogest Tablets for endometriosis



Levonorgestrel Tablets for emergency contraception

# Fuji Pharma's Value Creation Process

Fuji Pharma has constructed a one-stop system from research and development to sales in order to answer the needs of as many patients and medical professionals as possible. We will continue our constant growth and expansion to realize our principle of helping people around the world by offering excellent pharmaceuticals.



# We will continue as a specialty company delivering new medical values to serve patients.

## Continuing the pursuit of specialization in accordance with business principles to create unique value

Fuji Pharma, founded in 1954, has been running its business in accordance with the principle of helping people lead healthy lives by offering excellent pharmaceuticals. All of our employees work together to meet our aspiration to offer significant value to medical care. I am convinced that they are behind our long-standing business operation.

We have anticipated what will be needed in society to build our business foundations. X-ray contrast media, which is now among our mainstay products, was the result of our actions ahead of the introduction of a system of fixed payment for hospital treatment devised to curb soaring medical expenses. We ventured into an area where we had no footing to eventually succeed in spreading high-quality generic contrast media at low prices. We also worked to develop generic hormone drugs and generic anti-cancer drugs which entailed difficult development, manufacturing and management. With respect to biosimilars, which require more research and development capabilities than synthetics, we became the first company in Japan to obtain approval for a granulocyte colony stimulating factor (G-CSF) drug and commercially release it. We made these efforts before our competition in a bid to serve more patients while suppressing the rise in medical expenses.

Because we have sought to secure specialty in the areas of acute medical care and medical care for women with a focus on these drugs, we have attained differentiation from the competition, steadily carrying out our mission in significance, customer orientation, human resource development and management policies. **For further details, see pages 5 and 6.**

In addition, we have defined 19 virtues under our original personnel evaluation system.

These items are based on our aspiration to offer our very best to others. Medical care, in which pharmaceutical manufacturers are involved, is at the heart of the social security system and has great social significance as it allows patients to enjoy medical benefits especially under the universal health insurance system.

It is also of great ethical significance given that doctors and other medical professionals are deeply dedicated to saving the lives of patients and to contributing to their health. The social and ethical aspects of medical care are linked with our personnel evaluation system. When all of our employees carry out their duties while improving in the 19 virtues, we think they and the company will develop and we will be able to better serve society.

## Net sales and operating profit hit record high for fiscal year 2018

For the fiscal year ended September 2018, we marked the highest figures ever in both net sales and operating profit and achieved an increase in sales and profit. Operating profit and ordinary profit were slightly below the target levels due to the revision of alliance partners in the contrast media business. We focused our efforts on sales of highly profitable branded drugs and new products and made appropriate investments to secure growth in profit.

## Corporate value established by combining brand drugs, generic drugs and contract manufacturing

Fiscal year 2019 (ending September 30, 2019) is the final fiscal year of the five-year medium-term management plan, which we worked on Fuji Pharma branding. During the period of the plan, we took steady actions to build a unique model of development that produces synergy in strategic fields by combining brands, generic drugs and contract manufacturing. We are the first pharmaceutical manufacturer in Japan to release generic X-ray contrast media. We independently carry out all processes from manufacturing, to sales and supply these products to joint sales partners. Meanwhile, we formed a tie-up with an overseas brand contrast media manufacturer to capitalize on X-ray and MRI contrast media under its brand name. In the domain of medical care for women, we produce and market LUNABELL® Tablets, our branded mainstay drug for dysmenorrhea, and we also manufacture and supply the same drug to be distributed by other companies in the contrast

Eiji Takemasa  
President & CEO



**Medium-Term Management Plan from October 2014 to September 2019**

- Emphatically implement branding strategies for individuals, the company and products
- Construct a new stage and system with a focus mainly on brand drugs
- Achieve the global business expansion of the Fuji Pharma Group

**Medium-Term Growth Strategy** Construct a unique model of development that produces synergy in strategic fields by combining brands\* (new drugs), generic drugs and contract manufacturing (CMO)

	Brands (new drugs)	Generic drugs	CMO
Medical care for women	• Female hormonal drugs/drugs with new administration routes	• Female hormonal drugs • Anti-hormonal drugs	[Toyama Plant/OLIC] Dedicated plant building for female hormonal drugs
Acute medical care	• Diagnostic drugs and distributorship • Diagnostic drugs and drugs with new efficacies and doses	• Drug delivery systems (DDS)/liposomes • Diagnostic drugs • Anticancer drugs • Injections	[OLIC] Plant building for new injections [Toyama] Production line for new multiple injections
New strategic domains			[Toyama] Production lines for biosimilars

manufacturing business. Through these actions, we have increased our corporate value in the areas of radiology, obstetrics and gynecology, and attained increased use of existing generic X-ray contrast media and widespread use of Dienogest Tablets for endometriosis. We have thus steadily constructed business models based on a combination of brands, generic drugs and contract manufacturing.

### Accelerating global expansion

We will positively push ahead with overseas expansion while maintaining our business scale in Japan. Thailand has a mounting presence among the ASEAN member countries. Our subsidiary OLIC (Thailand) Limited (hereinafter "OLIC") commenced manufacturing of Japan-quality X-ray contrast media at its new injection plant completed in January 2017 and shipping the products to Japan. It also acquired authorization to sell contrast media of the same quality in Thailand and is planning to release our contrast media in the country within the fiscal year ending September 2019. We will make preparations for sales in other ASEAN countries in the future. [For further details, see pages 12.](#)

We transferred our technology for producing high-quality terminally sterilized injections to Thailand so that they could be produced there and export to Japan. We will thereby contribute

to the local pharmaceutical industry and make it widely used in Thailand and other ASEAN countries with a view to make medical contributions to patients in emerging countries. In addition, we acquired an exclusive license for the development and distribution of a female hormonal drug that relieves dysmenorrhea and menopausal symptoms from Mithra Pharmaceuticals (hereinafter "Mithra"), a pharmaceutical company based in Belgium. The license allows us to develop and distribute the product not only in Japan but in the 10 ASEAN countries. Our preparations are underway for selling this drug in these countries. We also concluded an agreement with Alvotech hf. (hereinafter "Alvotech"), a pharmaceutical firm headquartered in Iceland, for an exclusive partnership on the commercialization of multiple biosimilars in Japan and acquired its shares. In March 2019, we executed a capital and business alliance agreement with Lotus Pharmaceuticals Co., Ltd. (hereinafter "Lotus"), a Taiwanese company affiliated with the Alvogen Group, which includes Alvotech, for introducing Lotus' anticancer drug (molecular target drug) and others, and marketing our products in the field of medical care for women in Lotus' Asia-Pacific sales network, among others. Biopharmaceuticals and anticancer drugs are increasing their shares in the pharmaceutical market yearly, but due to the high cost, which is creating a heavy financial burden on the national health budget and on individuals. We will make high-quality, low-cost biosimilars and generic anticancer drugs more widely used to help solve these issues while accumulating technologies and expertise in related areas.

### FujiPharma 2030: The long-term vision on how the Company should be in the next 10 or 20 years

Prior to the next medium-term management plan for the five-year period that will commence in the fiscal year ending September 2020, we created a long-term vision titled FujiPharma 2030. [For further details, see pages 11.](#)

It is difficult to predict the business circumstances in 10 years, therefore we decided to forecast long-term trends in the industry and study what we should do now. As a result of lengthy



The signing ceremony for the partnership agreement with Alvotech in Iceland in November 2018  
Top right: Mr. Robert Wessman, founder of Alvotech  
Bottom right: Mr. Rasmus Rojkaer, CEO of Alvotech

discussions on a variety of possibilities, we reached the conclusion that we would need to enhance our specialty in medical care for women and other areas, to flexibly enlarge these areas and accomplish our actions in progress. On that basis, we have defined three core business missions. The first is "Contribute widely to the birth of life and Women's and Men's healthcare". Using our hormonal drugs which field we are strong in for as an example, while they are mainly used in medical care for women, they are also used to cure climacteric disorders for men. They have been helpful as gender-specific medicine. From now on, we will explore a broad range of business possibilities by keeping in mind on providing over-the-counter drugs, nutritional supplements, medical information and equipment in addition to pharmaceuticals used with prescriptions or guidance. The second is "Make people around the world healthy with high quality medicines". In many Asian countries, the economy is expected to grow amid the population increase. In these regions, we will offer drugs for medical care for women and contrast media, in which we excel in, to support the people's health. In the future, we will build a system to offer pharmaceuticals that matches the economic conditions in different countries. The third is "Deliver hope-inspiring treatment options for medically vulnerable populations". We will conduct activities to raise awareness about medical care options for children with rare diseases and for patients who are unable to receive suitable medical treatment due to the information gap. We will work to solve the gap in medical information and diffuse high-quality, low-cost biosimilars and generic anticancer drugs. We will help construct a society where proper treatment is offered to medically vulnerable populations. With these pillars as our long-term vision, we have set goals on becoming a leader in Japan and Asia in the field of medical care for women, achieving the brand drug sales ratio at 50% and attaining an overseas sales ratio of 30% to be a specialty company closely serving the long lives of all people beginning at birth and delivering new medical value. Towards 2030, when medical needs will be more diverse, we will seek innovations to globally offer extensive solutions mainly in medical care for women and for men and treatment of rare diseases, and contribute to medical care not only in these areas, but also in our current focused areas.

### Continuously strengthen corporate governance

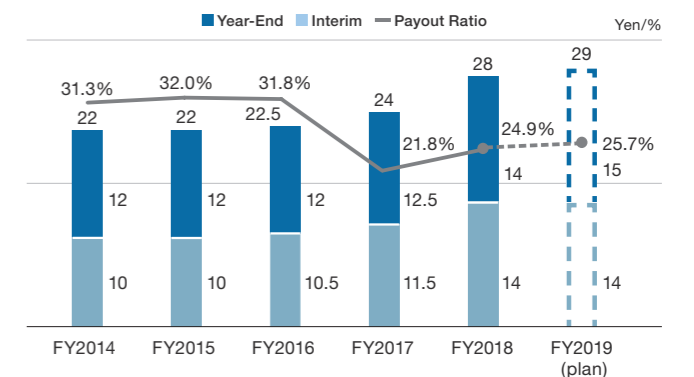
The core of corporate governance are the management team members' faithfulness and caution. Outside officers have the significant role of overseeing compliance and efficient implementation of duties and timely providing advice based on their knowledge. Of the eight directors, we have four outside directors, and three auditors, we have two outside audit & supervisory board members. This means that we have more outside officers than inside officers. We ask them to monitor from a variety of viewpoints. With this, we maintain a balance between aggressive and conservative actions and manage to minimize business risks

in many cases. In the company, the General manager of the Corporate Planning Department serves as an internal control representative to ensure the functions of the Internal Audit Group, the Risk Management Committee and the Compliance Committee. As a company with an audit & supervisory board, our audit & supervisory board assesses internal control. In addition, we established a Nomination and Remuneration Committee in 2018. We will develop a succession plan and conduct inspections on the appropriateness of remuneration for officers to ensure the operation of the committee.

### Aiming towards stable and continuous returns to shareholders while investing to offer unique value

Before 2025, Japan's baby boom generation is set to reach the age of 75 and their medical expense will be even higher. It is anticipated that drug prices will be revised to suppress medical expenses. Without a doubt, it will be subject to more difficult business circumstances for pharmaceutical manufacturers. We will make investments aimed at offering significant and unique value that lines with our business principles. Not confined to investments for expansion or higher productivity, they also include capital investment in areas where development and manufacturing are challenging. As a pharmaceutical manufacturer, we must constantly release new products in order to achieve continued growth. Research and development expenses act as an investment in the future. While paying attention to the balance with operating profit, we will prudently but positively invest in the research and development of generic drugs, biosimilars and new drugs to be introduced. Regarding the return of profits to shareholders, we believe it is significant to stably and continuously increase dividends. We feel that we should spend money supplied from shareholders on positive investments that leads to future returns. Therefore, we will evaluate investments with reference to ROE, ROA, ROIC and many other indicators. We will continue to address challenges in an effort to meet the expectations of our shareholders and stakeholders. We look forward to your continued support.

### Dividends per Share/Payout Ratio



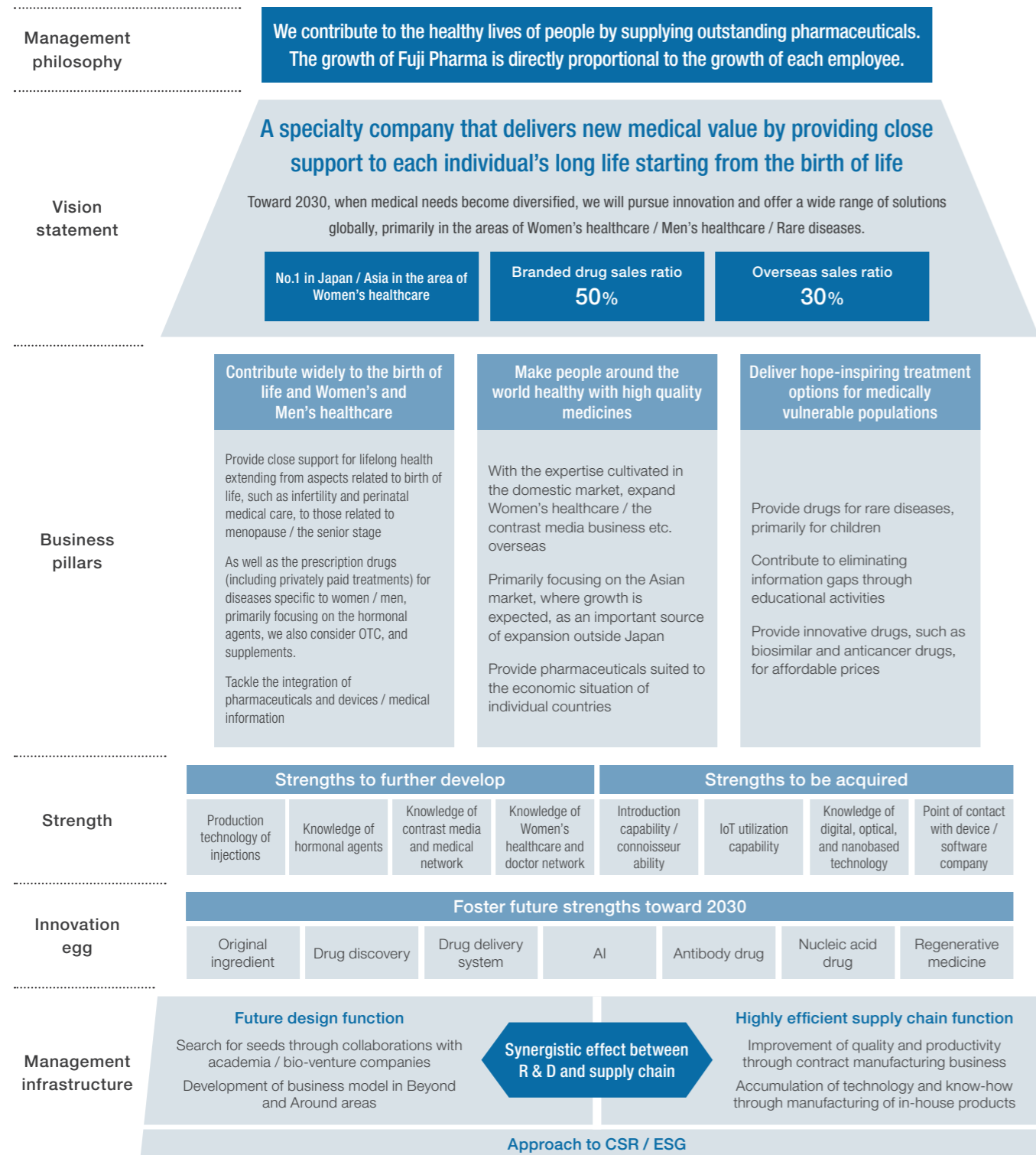
\* Fuji Pharma carried out a two-for-one split of its common shares on July 1, 2018. The figures of dividends per share for the interim dividends in FY 2018 and earlier dividends have been calculated on the assumption that the stock split was completed before each record date.

**Long-Term Vision**

FujiPharma 2030 long-term vision developed

**Endeavoring to become what Fuji Pharma aspires to be in 2030**

In fiscal year 2018, Fuji Pharma developed a long-term vision for the company in 2030, which it called FujiPharma 2030. The diagram below describes the details of this vision. Three core business missions stand as business pillars with the aim of achieving the vision statement. They are supported by strengths, seeds of innovation and business foundations.



**Overseas Business**

Stepping towards worldwide operation

**In 2019, sales of Fuji Pharma brand drugs will begin in Thailand.**

**Pushing ahead with global expansion**

In October 2018, Fuji Pharma established an organization for sales of its brand products in OLIC, a specialized contract manufacturing organization (CMO), and formed an alliance with a local contract sales organization (CSO). Some of our staff are stationed at this sales unit to make preparations for selling our products in the Thai market. In addition, with a view toward sales in other Southeast Asian countries, we have commenced talks with a local business that holds sales bases in these countries for a sales partnership. In Thailand, we acquired authorization for manufacturing of the IOPAQUE® Injection in February 2019 and are working to gain

authorization for other drugs. We will be working to gain authorization in other Southeast Asian countries as soon as we become ready. We are also considering spinning off the sales unit from OLIC into a new sales company after global sales of our products are on the right track. Under the FujiPharma 2030 long-term vision, we have set goals of becoming a leader in Japan and Asia in the area of medical care for women, and attaining an overseas sales ratio of 30% by 2030. In cooperation with OLIC and with capital and business alliance partners including Lotus and Alvotech, we will establish our marketing functions to accelerate our Group's global expansion.

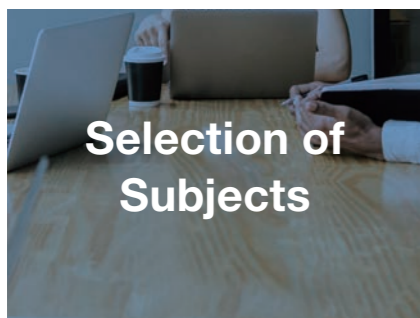
**OLIC: Thailand's largest CMO**

OLIC is the largest contract manufacturing firm in Thailand that produces pharmaceuticals for globally operating pharmaceutical brands. While our Toyama Plant mainly produces tablets and injections under our brands, OLIC has a system for high-mix, low-volume production and is capable of producing not only tablets and injections, but also drugs in a wide variety of forms, such as liquid, semi-solid and sprays. It is commissioned by about 30 companies to manufacture as many as 600 different pharmaceutical and other products chiefly for Southeast Asian markets. It enjoys the advantage of its excellence in production management to meet stringent requests and inspections for manufacturing and quality control from customers running pharmaceutical businesses in markets worldwide and from the Thai Food and Drug Administration, Japan's Pharmaceuticals and Medical Devices Agency (PMDA), the U.S. Food and Drug Administration (FDA) as well as other regulatory authorities. In January 2017, construction of a new injection plant building was completed. With a strict manufacturing system and facilities equivalent to those of the Toyama Plant, it is ready to produce and

supply sterile pharmaceutical products to the Japanese market, which requires the highest quality level in the world. It has already been shipping to Japan our mainstay OYPALOMIN® Injection non-ionic contrast medium, the IOPAQUE® Injection and other vial drugs since August 2017. The building has already undergone an on-site inspection by Japan's PMDA. Prescription drugs for the Japanese market are subject to so strict quality requirements from the market including those on foreign matters, packaging and labels that there are very few generic sterile injection products manufactured, finished and packaged outside Japan and marketed in Japan. The recent transfer of manufacturing from the Toyama Plant to OLIC was a historic step for the Fuji Pharma Group. In the future, some of our contrast media and other mainstay drugs will be manufactured by OLIC and shipped and marketed not only in Japan but in the rest of the world. The transfer to OLIC is expected to help increase our cost competitiveness and supply capacity. We are planning to use the resources at the Toyama Plant for new independently developed products and for expanding commissioned production of high value-added drugs.



## Fuji Pharma's Business Activities



### Selection of Subjects

We erected a Portfolio Management Department in October 2018 as a key organization to Fuji Pharma, a pharmaceutical manufacturer.

In collaboration with relevant departments, it will select and manage products in line with our long-term vision.



### Research and Development

Fuji Pharma is working to develop generic drugs, new drugs and biosimilars mainly in radiology and in medical care for women.

We will investigate which pharmaceuticals are needed by medical professionals to create excellent drugs with high quality and high added value.

### Enhancing inter-departmental collaboration by setting up a new organization

In October 2018, we launched a Portfolio Management Department. It is responsible for the development of new products, the promotion of commercialized drugs and the management of an optimal product portfolio. This department implements product lifecycle management, which covers all processes related to the supply of pharmaceuticals, from start to finish, including the selection of subjects that are best suited to the future of the company, evaluation and revision of priority for development projects, and the determination of drug promotion policies for maximizing the value of new drug products after their releases. Traditionally, our selection and management of new products were separately conducted by the Business

Development Division, the Business Planning Department, the Research and Development Division, and the Sales Division, which were not efficiently done. Now, the Portfolio Management Department responsibly discusses and manages activities including the selection of new products, market releases and promotion after the releases in a cross-departmental manner to pave the way for more appropriate and quick decision-making and management.

This division is involved in studies for joint development of new drugs with Mithra and for joint development of biosimilars with Alvotech and Lotus. It plays a central role in the selection of subjects decisive to our future.

### Introducing products from Japanese and non-Japanese businesses

Apart from our independent product development, it is significant in the sense of our release of new products to acquire the rights to develop and distribute in Japan pharmaceuticals being developed or sold outside Japan by overseas companies and to take over the authorization for manufacturing and sales of pharmaceuticals sold by other companies in Japan. These two actions are hereinafter referred to as the introduction.

The Business Development Division takes charge of searching for products to be possibly introduced and conducting negotiations for agreements. Our recent cases of introduction include Mithra's new estetrol and other drugs for which an agreement was reached in 2016, the VESANOID<sup>®</sup> Capsule 10 mg for acute promyelocytic leukemia and the GABAPEN<sup>®</sup> Tablets 200 mg, 300 mg and 400 mg and Syrup 5% anti-epilepsy drugs. We introduced the

VESANOID<sup>®</sup> from Chugai Pharmaceutical Co., Ltd., based in Chuo-ku, Tokyo, in November 2016, and as regards the GABAPEN<sup>®</sup>, we signed an agreement on the takeover with Pfizer Japan Inc. headquartered in Shibuya-ku, Tokyo in December 2018, according to which the actual transfer of the approval for manufacturing and sales and the transfer of sales are scheduled to take effect within fiscal year 2019.

During the execution of the exclusive partnership deal with Alvotech in November 2018 on development and commercialization of biosimilars in Japan and that of the capital and business alliance pact with Lotus in March 2019, this division played a central role in the negotiation process. In these two tie-ups, we will hold specific discussions to introduce products in the Japanese market from the pipeline of the companies.

### Future prospect

New product releases are indispensable to the growth of pharmaceutical companies.

As stated in our FujiPharma 2030 long-term vision, we aspire to serve the fields of medical care for men and rare diseases mainly affecting children in addition to those in our conventional focus, namely acute medical care and medical care for women. In 2019, the supply of our products to global markets will begin. We will strive to increase the ratio of overseas sales to

30% and to become a leading specialty pharmaceutical company in the field of medical care for women in Asia.

To meet these targets by 2030, we will essentially need to boost management efficiency by concentrating management resources on priority areas and implement company-wide unified business activities. In a bid to offer more significant value to medical care, we will work to supply high-quality pharmaceuticals through our new organizational structure.

### Striving to develop higher value-added products in response to requests from medical professionals

The Research and Development Division is taking on the challenges of developing the pharmaceuticals needed for medical practices and addressing sophisticated technologies. For pharmaceutical research and development activities, it consists of the Development Planning Department, the Clinical Development Department and the Research Department. The first two are mainly based in the Tokyo Head Office, while the Research Division is located in the Toyama Research and Development Center. This center is capable of handling anticancer drugs and other substances with high toxicity and contains facilities for prototyping and analysis of injections in consideration of the outside environment. In July 2018, a new building for prototyping solid drugs was completed. Solid drug production facilities for prototyping purposes had been scattered at the Toyama Plant and elsewhere. Now they are concentrated in the center for carrying out pharmaceutical development activities mainly for high value-added drugs. In 2017, we took part in the FY2017 Toyama Drug Development Support Project run by the Toyama Prefectural Government. With financial support from the prefectural government, we are moving forward with new drug development efforts. In the field of medical care for women, we are working to develop pharmaceuticals with a view to closely serving women's health care needs in different life stages from birth through fertility and young age to menopause and old age. For example, we released the Dienogest OD Tablet for endometriosis in June 2018. This drug is easy for patients to take, because it disintegrates with saliva or a small amount of water. In addition, we designed it to maintain hardness without compromising its excellent disintegration property, which eventually led to the simplification of packages, contributing

to the reduction of waste and lessening the environmental impact and drug preparation workload. In February 2019, we obtained authorization for production and sales of the Levonorgestrel Tablet emergency contraceptive pill as Japan's first generic drug containing levonorgestrel, which was released in March. In Japan, public awareness of emergency contraceptives has yet to reach 50%. In addition to offering information on pharmaceuticals, we will pursue a number of initiatives to increase their recognition. Capitalizing on our experience in developing new fertility drugs and contrast media as well as biosimilars and generic drugs, we are working to create new oral progesterone drugs and generic drugs for menopausal disorders, drugs for dysmenorrhea containing estetrol as a new estrogen and generic contraceptive drugs.



Toyama Research and Development Center  
(Mizuhashi, Toyama)

### Future prospect

In collaboration with Mithra, Alvotech, Lotus and other overseas companies, we will continue our ongoing project to develop new drugs, including those containing estetrol as a new estrogen, and development efforts for generic drugs and biosimilars that will increase remedial options for patients. In addition, as stated in the FujiPharma 2030 long-term vision, we will work actively in the field of medical care for men and on pharmaceuticals for rare diseases. As for biosimilars, we will take advantage of our experience in developing

biosimilars for Filgrastim. We will work together with Alvotech, a pharmaceutical manufacturer specializing in the development and manufacturing of biosimilars, towards the early releases of new biosimilars in the Japanese market.

We will also collaborate with national and local governments, academic and corporate partners to improve our capabilities in research and development as well as in drug preparation technologies.





Fuji Pharma conducts production at two sites: Toyama Plant and OLIC in Thailand. Strictly following the basics of manufacturing known as SQDC, we will supply high-quality pharmaceuticals to serve as many patients as possible.

### Towards production at two sites in name and in reality

The Production Headquarters has an unwavering principle or a basic ethos for activities similar to our corporate principle. Which is referred to as SQDC, which stands for Safety, Quality, Delivery and Cost. Our Toyama Plant and OLIC's plant have been conducting activities based on the priority of S-Q-D-C. Consequently, both attained the target of zero accidents with lost worktime. Since 2018, The Toyama Plant embarked on the long-awaited contract manufacturing of a new anticancer drug at the cutting-edge injection manufacturing building. This operation allowed us to acquire challenging pharmaceutical manufacturing technologies with assured sterility for freeze dried drugs and the containment of hyperactive drugs at a level at which they are applicable for practical production. This production line has adopted system compliance with Japan's PMDA standards and the good manufacturing practice (GMP) standards of Western countries. We aspire to ship the products manufactured on this line to global markets in the near future. In addition, we have decided to introduce a line for vials and ampoules in the future space of the injection building with a view to replacing the existing aged ampoule manufacturing line, increasing the production capacity and expanding contract manufacturing for injections. This project, called Falcon, aims to construct a production structure for our mainstay hormone injections with higher

efficiency and superior quality assurance capabilities. It is making steady progress towards completion. Our employees are actively conducting cost-cutting activities that they independently devised to make considerable results.

Meanwhile, OLIC constructed a system for the full-scale commercial production of vial contrast media after the completion of a new plant in January 2017 in the CHIYO Project, which commenced in March 2014, for the transfer of technologies on vial contrast media from the Toyama Plant. It has already engaged in production for more than a year. In May 2018, the plant passed the strict on-site inspection performed by the PMDA. It means that our mainstay contrast media is produced in two locations, in Toyama and Thailand.



OLIC's vial contrast media line in Thailand

### Future prospect

We have formulated our next medium-term management plan based on the FujiPharma 2030 long-term vision. Regarding personnel as the most important management resources, we will continue to take many different measures to ensure that all of our employees grow through their duties to fulfill our new, major corporate goal. The key concepts behind this plan are team building and global operation. The first step towards meeting a challenging goal is to overcome the current challenges one by one. Challenges in manufacturing activities must be addressed by teams, not by individuals. If an employee finds any issue, it will be shared with the

team, and the team will take action to resolve it. We will carry out these simple actions without any sophisticated tactics. In the fiscal year ending September 30, 2019, the Fuji Pharma Group will embark on its overseas operation in earnest with the sales team organized at OLIC. With two production sites at Toyama and in Thailand, the Production Headquarters is strongly aware of its significant role in supplying products worldwide. It will transfer and improve its manufacturing technologies and work to bolster quality assurance capabilities to a sufficient level for competing in the global market.



Dedicated staff are stationed in Toyama and Tokyo. They strictly check the quality, safety and effectiveness of the pharmaceuticals supplied to markets in a bid to minimize the risks involved in their use.

### Striving to ensure safety and reassurance in pharmaceutical products

Fuji Pharma has introduced strict internal quality and safety standards to ensure the safety of the pharmaceuticals we supply are sufficient so patients and medical professionals use. In accordance with the standards, we monitor the quality, effectiveness and safety to minimize their risks. We also swiftly offer information on proper use to medical professionals to ensure that our pharmaceuticals are properly and safely used. When we receive information on quality from internal and external sources, we closely examine the manufacturing records of the product in question, causes of quality and other incidents, other products in the same lot and the preceding and subsequent lots as a reference. Then we will devise response actions to the incident as well as remedial, preventive and other measures. If necessary, we will consider modifying the product. For the purpose of quality assurance, we engage in the guidance, management and supervision of all production bases. For the purpose of safety monitoring, various sections including the Research and Development Division and the Production Headquarters work together to collect information from medical institutions, business partners and regulatory authorities of different countries in different phases from development to post-release marketing. Safety information collected is under centralized control and utilized for the formulation and implementation of measures necessary to ensure safety and proper utilization. Pharmaceuticals cannot be supplied to markets without

authorization for pharmaceutical production and sales of individual items. For newly developed products, the Regulatory Compliance Department works with the Research and Development Division to provide support for chemistry, manufacturing and control (CMC) activities and for clinical and non-clinical pharmaceutical affairs and takes action towards the application and acquisition of such authorizations. With respect to the variety of changes after obtaining authorization, we work with relevant plants to carry out actions to maintain the authorization for a long period of time.

#### Fuji Pharma's Actions for Ensuring Safety



### Future prospect

Fuji Pharma will commence sales of its branded products in Thailand and other ASEAN countries in a bid to expand its markets worldwide, so that our products can be used by patients and medical professionals in different countries around the world safely, and have created a global policy on quality and safety so that our entire group is prepared to provide reassurance on reliability. Outside Japan, as our collaboration with overseas companies increases, we will share information on what is required for the acquisition

and retention of authorization in Japan to enhance collaboration. In Japan, we will work to streamline operations in accordance with the level of regulations currently imposed to increase outsourcing and introduce systems for reporting from pharmaceutical sales representatives, communication management and others. We will swiftly understand the trends of regulations, take active part in activities for industry associations and closely share and exchange information in the industry to prepare for new circumstances.



Fuji Pharma has approximately 230 pharmaceutical sales representatives mainly working in the fields of obstetrics, gynecology and radiology. All of them aim to acquire thorough knowledge about products and diseases to respond to needs in the medical practice.

### Focusing resources in priority areas

Every fiscal year, we define priority areas in which we will focus our sales resources to conduct more efficient activities with higher quality. We selected eight items for the fiscal year ended September 30, 2018. The ratio of their sales to total sales in the plan is not very high, at about 30%. However, each one is a distinctive product family. We concentrated our sales resources on them to boost sales and ultimately increase total sales. Sales

in these priority areas rose 122.7% year on year and grew significantly faster than total sales, which rose 107.0% year on year. They helped to greatly improve total sales results. This indicates good progress on Fuji Pharma branding in the priority areas of acute medical care and medical care for women. Fuji Pharma branding is one of the key challenges under the current medium-term management plan.

### Activities in separate medical fields

With respect to acute medical care, we launched the section for advanced acute medical care hospitals in four locations in Japan in the fiscal year ended September 30, 2017, to enhance the quality of activities. In other locations, the functions of these sections are performed by personnel in the sections for their respective regions. We conduct two workshops annually for representatives serving these hospitals to enhance their detail skills and knowledge and share the quickly changing hospital information.

Especially in the field of radiology, our information service for safe contrast radiography exams was highly rated in addition to the characteristics of the preparations for our products, which led to a considerable sales increase. In February 2018, our generic contrast media underwent centralized distribution,

although it had several distributors. In this event our activities were so highly rated that we observed synergetic sales growth despite our expectation of sales shrinkage due to the transfer of distribution.

In medical care for women, we worked diligently not only on offering product information, but also on education about peripheral information related to women's health. By providing a broad range of information, we boosted sales of LUNABELL® Tablets for dysmenorrhea and UTROGESTAN® Vaginal Capsules for fertility treatment and attained strong sales of the newly released Dienogest Tablets for endometriosis. As a result, sales rose substantially in the domain of obstetrics and gynecology, where we now have a greater presence.

### Future prospect

With soaring social security and medical expenses in line with aging population, the pharmaceutical industry will be subject to increasingly harsh conditions. In January 2019, the JPMA Promotion Code was revised. In April, the Guidelines for Activities of Offering Sales Information on Prescription Drugs took effect, and in October, drug prices will be revised following the consumption tax increase. Our surrounding circumstances will be changing from moment to moment. In this situation, we need to break free from conventional perception and make new

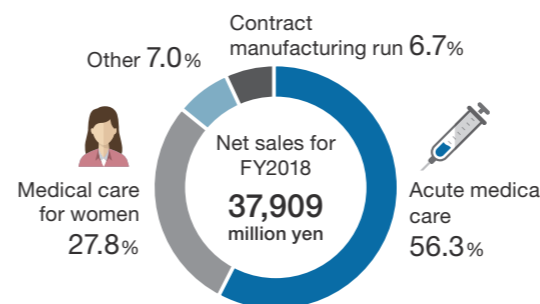
attempts without sticking to our sales foundations that were developed to accomplish our FujiPharma 2030 long-term vision. Capitalizing on our extensive experience in supplying pharmaceuticals in different categories of generic drugs, biosimilars and new drugs, we will aim to develop personnel and organizations that will respond to all circumstances in a bid to serve more patients in the wide-ranging domains in the long-term vision, namely medical care for women, for men and for rare diseases.

## Principal Sales Data

We are a specialty pharmaceutical company focusing on the two medical fields of acute medical care and medical care for women, as well as contract manufacturing. For the fiscal year ended September 30, 2018, net sales in acute medical care stood at 21,895 million yen, accounting for 56.3% of total net sales, those in medical care for women at 10,802 million

yen, accounting for 27.8%, and those in contract manufacturing run by OLIC at 3,452 million yen, accounting for 6.7%. Massive sales growth of the priority areas for the fiscal year under review, mentioned on the left, resulted in higher net sales figures in all medical domains compared to the previous fiscal year.

### Sales share by medical field



### Net sales by medical field

Medical field (millions of yen)	FY2014	FY2015	FY2016	FY2017	FY2018	YoY Change Value	%
Acute medical care	15,663	17,082	19,997	20,264	<b>21,895</b>	1,631	8.0%
Medical care for women	9,400	9,943	9,582	10,212	<b>10,802</b>	590	5.8%
Other	2,333	2,463	2,413	2,509	<b>2,734</b>	225	9.0%
Contract manufacturing run by OLIC	1,864	2,255	2,309	2,576	<b>3,452</b>	876	34.0%
Total	29,215	31,680	34,229	35,387	<b>37,909</b>	2,522	7.1%

Acute Medical Care

Contrast media sales amounted to 14,062 million yen, 64.2% of sales in the field of acute medical care. Among our contrast media, sales of some products fell temporarily due to the integration of sales channels. However, a substantial expansion in sales of those defined as priority areas and other factors resulted in a rise in total sales by 1,631 million yen year on year.

Contrast media

Biosimilars

Medical Care for Women

Total sales in the field of medical care for women surged 590 million yen year on year mainly due to UTROGESTAN® Vaginal Capsules, natural progesterone for fertility treatment, released in the fiscal year ended September 30, 2016, and Dienogest Tablets for endometriosis released in the preceding fiscal year ended September 30, 2017.

Fertility drugs

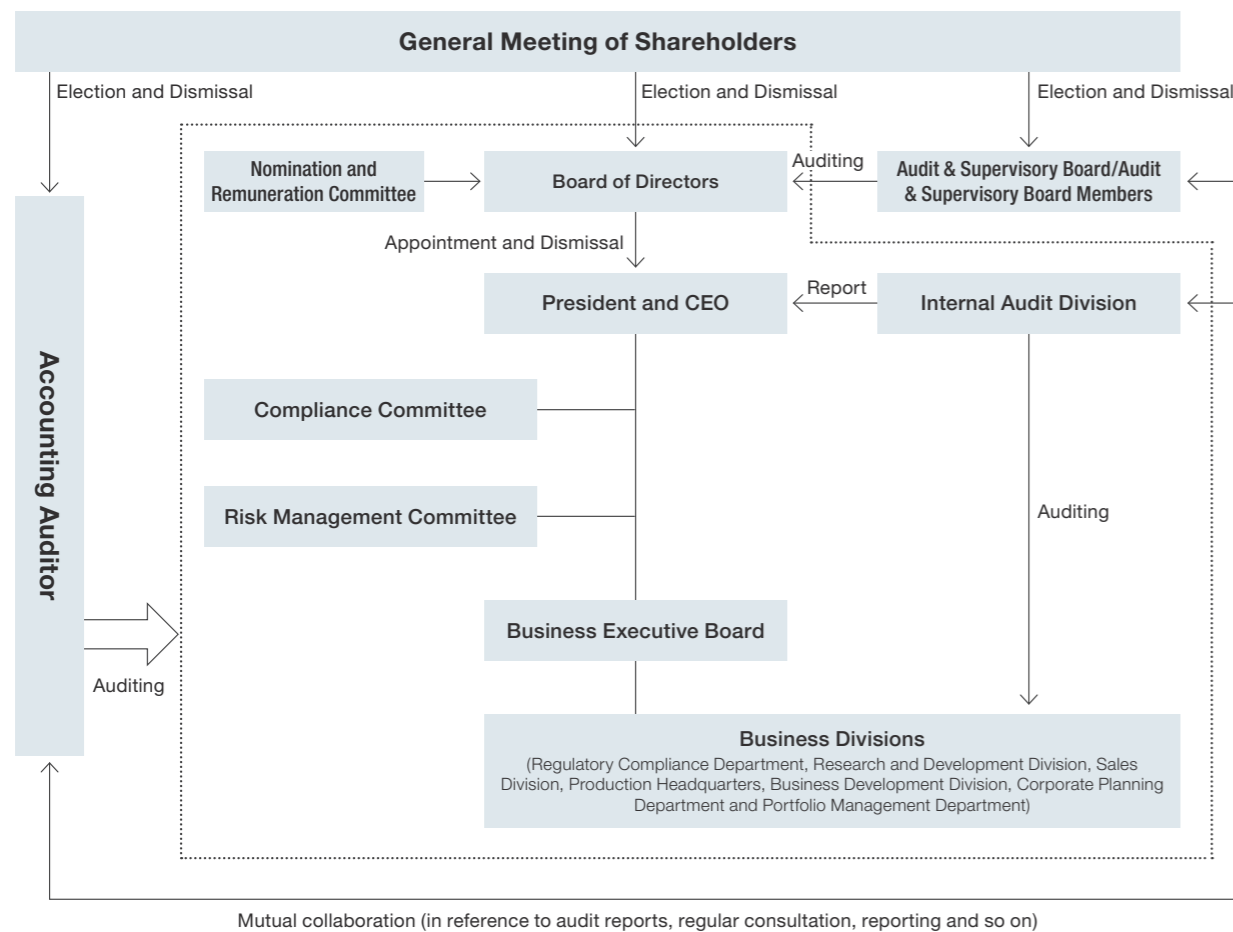
Drugs for dysmenorrhea

# Corporate Governance

## Basic Perspective

Fuji Pharma has the business principles of helping people lead healthy lives by offering excellent pharmaceuticals and our corporate growth being proportional to our personal growth. In accordance, we will continue to develop, manufacture and sell high-quality pharmaceuticals to meet our responsibilities to shareholders, employees, medical professionals and other stakeholders. We will make swift and flexible decisions with transparency and independence to achieve continuous growth and medium- and long-term improvement in corporate value.

## Corporate Governance Structure



Fuji Pharma has been running its business with a view to serving medical care and society by developing, manufacturing and selling drugs that help relieve and overcome the pain of people and other disorders. As a company engaged in the business of producing and selling pharmaceuticals that is directly related to the lives of people, we understand that it is vital to establish a business administration with a focus on compliance with the Act on Securing Quality, Efficacy and

Safety of Products Including Pharmaceuticals and Medical Devices and other related statutes as well as a corporate governance system for practicing it. We have chosen to have an audit & supervisory board for the purpose of corporate governance. In 2018, we established a Nomination and Remuneration Committee as an advisory body and took other positive actions to construct a transparent and fair governance system aimed at boosting corporate value.

## Evaluation of the effectiveness of the Board of Directors

We conduct an annual survey of all the directors and audit & supervisory board members for analysis and self-evaluation to ensure and improve the effectiveness of the Board of Directors. The survey is distributed to each director and audit & supervisory board member in October, at the beginning of fiscal year, and their responses are collected in November. The results and response measures are reported to the Board of Directors meeting in December, although this reporting may depend on the details of the measures. On the occasion of the survey distribution in the following October, the status of implementation of the measures in the 12 previous months is reported. While the self-evaluation is estimated to ensure effectiveness of the Board of Directors, we will strive to make sure that the Board will spend more time discussing significant managerial issues and projects and information sharing in preparation for the discussion will be enhanced to further increase its effectiveness.

<b>Subject</b>	All the directors and audit & supervisory board members
<b>Method</b>	Questionnaire
<b>Evaluation</b>	Fundamental five-grade rating with free comments
<b>Implementation</b>	Assessing the full-year status for the previous fiscal year at the beginning of each new fiscal year
<b>Principal survey items</b>	Operation of the Board of Directors Supervision of development of prospective management team members Appropriateness of the standards in reference to the Board of Directors (in terms of the number of matters subject to resolution and reporting) Appropriateness of information offered to outside officers

## Compliance

Our business of manufacturing and selling pharmaceuticals is directly linked to the lives of people. We are therefore aware that we must always act with a high sense of ethics. Based on this idea, we have established a Code of Conduct on Compliance, Standards of Conduct on Compliance and Compliance Management Regulations. The Compliance Committee plays a central role in raising and spreading compliance awareness among all of our officers and employees. This committee is composed of the heads of department and managers to plan, implement and improve the compliance structure and to make corporate ethics and compliance well-known and

followed by the employees. Its activities are regularly reported to the Board of Directors and to the Business Executive Board. We have established internal and external contact points for whistleblowers to consult and report on any internal conduct actually or possibly constituting a compliance violation. A lawyer who is not our corporate legal advisor serves as external whistleblowing contact. In addition, we require all of our employees to attend compliance training at least once a year to continuously widen their compliance awareness.

## Risk management

We have formulated the Companywide Risk Management Regulations for the purpose of identifying, analyzing and evaluating in advance any event that may negatively impact our business activities and taking appropriate action against it to meet the objective of internal control. In accordance with these regulations, the Risk Management Committee, composed mainly of heads of department and managers, performs risk assessments to develop a

companywide risk management system and to identify risk management issues. Risk assessments are conducted based on the objective evaluation items. To address any event that the assessment finds to have a high level of risk, a risk response plan is formulated, and related organizations are to take action in accordance with the plan. This committee's activities are reported on a regular basis to the Board of Directors and to the Business Executive Board.

# Officers(as of April 1, 2019)

## Directors



Chairman and Representative Director  
**Hirofumi Imai**

Joined Fuji Pharma in 1987. After serving as President & CEO, he was appointed as chairman and representative director in April 2016.



President & CEO and Chief Executive of the Research and Development Division  
**Eiji Takemasa**

Joined Mitsui & Co., Ltd. in 1983 before joining Fuji Pharma in 2014. After serving as Manager of the Business Development Division and other posts, he was appointed as President & CEO in April 2016.



Director, Vice President, Chief Executive of the Production Headquarters and Managing Director of OLIC (Thailand) Limited  
**Takayuki Kasai**

Joined Shionogi & Co., Ltd. in 1985. After serving Shionogi as manager of the CMC Office and manager of the Trial Drug Manufacturing Office in the Production Technology Laboratory and Bushu Pharmaceuticals Ltd. as president and CEO, he joined Fuji Pharma in 2016 and was appointed as director and vice president in December 2016.



Director, Executive Corporate Officer and Manager of the Corporate Planning Division  
**Toyoyuki Kamide**

Joined Nomura Trading Co., Ltd. in 1987 before joining Fuji Pharma in 2000. After serving as general manager of the Corporate Headquarters and as managing director of OLIC (Thailand) Limited, he was appointed as director in December 2017.

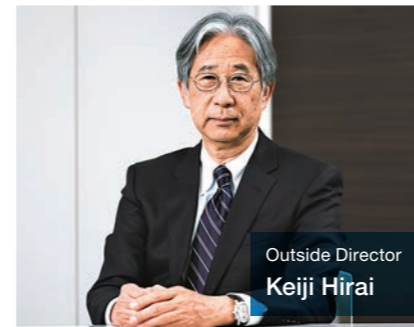


Outside Director  
**Tadahiro Kozawa**

- President, Inter-Business Associates Corporation
- Outside auditor, Naigai Yakuhin Co., Ltd.
- Outside director, Kokando Co., Ltd.

### Brief Biography

He established Inter-Business Associates in 1986 and became its president (to present). He has served Fuji Pharma as an outside director since December 2003.



Outside Director  
**Keiji Hirai**

- Corporate Advisor, Kyorin Pharmaceutical Co., Ltd.
- Outside director, Trans Chromosomics, Inc.

### Brief Biography

He served Kyorin Pharmaceutical as president, representative director and CEO and is currently a corporate advisor. He has served Fuji Pharma as an outside director since December 2016.



Outside Director  
**Minesaburo Miyake**

- Chairman and director, Nakashimato Co., Ltd.
- President, Kewpie Mirai Tamago Foundation
- Outside director, Kameda Seika Co., Ltd.
- Outside director, Autobacs Seven Co., Ltd.

### Brief Biography

After serving Kewpie Corporation as representative director, president and chief executive corporate officer and other posts, he has been serving Nakashimato as chairman and director (to present). He has served Fuji Pharma as an outside director since December 2017.



Outside Director  
**Masanobu Suzuki**

- Associate Officer; Operating Officer of Healthcare & Service Business Unit, Mitsui & Co., Ltd.

### Brief Biography

After serving MicroBiopharm Japan Co., Ltd. as president and CEO and other posts, he currently serves Mitsui & Co., Ltd. as Associate Officer; Operating Officer of Healthcare & Service Business Unit. He has also served Fuji Pharma as an outside director since December 2017.

## Audit & Supervisory Board Members



Full-Time Audit & Supervisory Board Member  
**Seiichi Inoue**

Joined The Industrial Bank of Japan, Limited in 1983 before joining Fuji Pharma in 2014. After serving as director, Executive Corporate Officer and in other posts, he has been a full-time audit & supervisory board member since December 2017.



Outside Audit & Supervisory Board Member  
**Fujiaki Mimura**

- Partner, Anderson, Mori & Tomotsune (law firm)
- Outside member of the Audit and Supervisory Board, Macnica Fuji Electronics Holdings, Inc.
- Outside auditor, Sanko Marketing Foods Co., Ltd.

### Brief Biography

Registered with the Tokyo Bar Association in 1987, he is currently a partner of Anderson, Mori & Tomotsune. He has served Fuji Pharma as an outside audit & supervisory board member since December 2003.



Outside Audit & Supervisory Board Member  
**Akira Sato**

- Representative director, Value Create Inc.
- Outside director, Sockets Inc.

### Brief Biography

After serving Nomura Securities Co., Ltd, he established Value Create in 2001 and became representative director (to present). He has served Fuji Pharma as an outside audit & supervisory board member since December 2005.

## Executive Officers

Chief Executive Officer	Chief Executive of the Research and Development Division	<b>Eiji Takemasa</b>
Vice President	Chief Executive of the Production Headquarters and Managing Director of OLIC (Thailand) Limited	<b>Takayuki Kasai</b>
Executive Corporate Officer	General Manager of the Corporate Planning Department	<b>Toyoyuki Kamide</b>
	General Manager of the Portfolio Management Department	<b>Atsuya Mitsuhashi</b>
Executive Officer	Factory Director and General Manager of the Pharmaceutical Production Department	<b>Takanori Yoshisue</b>
	Chief Executive of the Sales Division	<b>Shuhei Morita</b>
	General Manager of the Quality Control Department	<b>Yumiko Yamazaki</b>
	General Manager of the Development Planning Department	<b>Masayuki Naganawa</b>
	OLIC(Thailand) Limited. Business Unit Sales General Manager	<b>Takahiro Nozaki</b>
	General Manager of the Regulatory Compliance Department	<b>Kazuhiisa Sakurai</b>
	General Manager of the Research Department	<b>Ryousei Kanayama</b>
	General Manager of the Strategic Marketing Planning Department	<b>Hiroshi Kaihori</b>
	General Manager of the Business Development Division	<b>Yoshihiro Takada</b>
	General Manager of the Sales Department	<b>Takanori Matsuo</b>

# Sustainability

## Contribution to Society

### Helping women lead healthy lives

Fuji Pharma defines medical care for women as one of its key strategic domains and offers different type of pharmaceuticals for diseases at different life stages to closely serve users life and help them overcome diseases. We have a wide variety of products intended for women's health, including LUNABELL® Tablets for dysmenorrhea, UTROGESTAN® Vaginal Capsules, natural progesterone for fertility treatment and Levonorgestrel Tablets for emergency contraception. In addition, we are currently striving to develop a drug containing estetrol, a natural estrogenic hormone, for dysmenorrhea and menopausal disorders. We will continue to expand the array of products.

In addition to offering pharmaceuticals, we distribute information through the supply of pharmaceuticals. We are thus making intensive efforts to support the health and lives of women of different generations. For example, when LUNABELL® Tablets were released in 2008, it was generally believed that women with menstrual pain should simply endure it and manage it with painkillers. However, we communicated that severe menstrual pain that hampers every aspect of life may be a symptom of dysmenorrhea, which can be remedied by taking medicine. If such symptoms remain untreated, it can develop into endometriosis and other diseases; and endometriosis may increase the risk of infertility and cancer. We stress the need to consult with medical specialists instead of merely enduring symptoms, because it may lead to the early discovery of other diseases specific to women.

In July 2018, we released the Lilula smartphone app aimed at supporting the health of a broad range of women, from those undergoing puberty to those with menopause. This app has a function that allows users to manage their menstrual dates and other data and offers information about menstruation, which is vital to women, as well as related subjects including contraception, infertility, gynecological exams and menopause.


**\* Lilula smartphone app**

女性のための健康支援アプリ

**Lilula** リルラ

In today's society, health-related information is easily available on the Internet, although a lot of false information is circulated. With the help of experts, this app aims to offer accurate information and help as many women as possible lead their lives without problems or worries.

The Lilula app can be downloaded here.



\* Design may be subject to change.

The functions and information in the app are supervised by a number of gynecologists and the production process included the participation of many medical professionals serving actively as gynecological experts to ensure that the app provides accurate information to users.

In Japanese society today, the promotion of women's empowerment is a priority issue. We understand that it is essential to create an environment that facilitates women's health and activities. We supply a wide variety of high-quality pharmaceuticals and conduct activities based on our experience cultivated in the area of medical care for women. We will continue to strive to help women lead healthy lives.

## Environmental Conservation

### Companywide consideration for the environment

Fuji Pharma complies with the Act on Rationalizing Energy Use, the Air Pollution Control Act, the Water Pollution Prevention Act, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and the standards for emissions of environmentally hazardous substances subject to voluntary control in accordance with agreements with local governments.

Our Code of Conduct on Compliance prescribes our basic stance on the environment as being aware of the deterioration of the global environment and that each employee should think firmly about and carry out activities

for reducing the environmental impact. In accordance, we study how to lower the environmental impact at the development stage and later to take appropriate action. We have established an Energy Conservation Committee composed of representatives from individual divisions to monitor electricity, gas and other energy consumption, to devise measures for cutting the consumption, and to raise awareness of and encourage energy conservation activities mainly at the Toyama Plant, which is the largest energy consumer, and among all employees, including those at other branches and sales offices.

## Personnel Development

### Virtue evaluation scheme

Fuji Pharma's personnel evaluation is based on an original method of virtue evaluation and the common performance evaluation.

The virtue evaluation scheme was introduced in 2011 to replace the evaluation of behavioral characteristics or competence evaluation. We focus on the concept of virtue in the discussion on leadership in Chinese classics. We have defined 19 benchmarks in seven items of virtue that consist of Propriety, Righteousness, Determination, Wisdom, Benevolence, Moderation and Sincerity. In addition, we have formulated specific standards for the behavior of individual employees. We have two business principles. The first is helping people lead healthy lives by offering excellent pharmaceuticals, and the second is that our corporate growth is proportional to our personal growth. They are close to the concept of virtue, according to which we should do our best to serve others. To achieve our business principles, we attach importance to virtue and we have incorporated this idea and behavior into the personnel evaluation system. In so doing, we hope that all employees will behave with awareness of their

own development and will thus make broader contributions. We will value our uniqueness reflected in this virtue evaluation scheme and continuously improve during our operations.

#### Nineteen index of virtue

<b>Propriety</b>	Respectful communication, Listening, Respect, The Five S's and Posture
<b>Righteousness</b>	Justice, Honoring commitments, respecting rules
<b>Determination</b>	Mission, Concentration, Challenge
<b>Wisdom</b>	Impartiality, Self control, Private discipline
<b>Benevolence</b>	Generosity and tolerance, Mercy and empathy, Non-intrusiveness
<b>Moderation</b>	Study to improve self, Essentiality, Fairness and balance
<b>Sincerity</b>	Conviction

### Message from Chairman

#### Management that values people is Fuji Pharma's foundation. We will make the most of its advantage to achieve continued growth.

Our business principles are distinctive particularly because they define the company as a place where the employees' development is supported. We hope that each employee will learn and experience many different things through corporate activities and grow. It was an objective of the corporate foundation by my father, Seiichi Imai and remains as a key concept in our current corporate management. The creation of opportunities and environments that allow employees to display their full strengths is defined as a significant task of the management team and personnel at managerial posts.

Our business principles are very close to the idea of virtue in the Chinese classics. We define virtuous people as those who do their best for the sake of others and who are sincerely pleased with others' happiness and success. We have also introduced to our personnel evaluation system the idea of emphasizing an attitude of identifying one's tasks to enhance individual capabilities for fulfilling them, respecting others and continuing their efforts humbly, seriously and earnestly with the determination to finish until the end. I hope that our staff will be always aware of what they are working for while implementing practical duties to grow as individuals.

In 2011, we reorganized the Thailand-based OLIC into a subsidiary. In 2018, we formed a partnership with Alvotech, and in 2019, we concluded a capital and business alliance agreement with Lotus. Our collaboration with the globally operating Alvogen Group will start. I hope that our staff members will venture into overseas markets for developing and marketing new products and thereby drive our continued growth.

**Hirofumi Imai**  
Chairman and Representative Director



## Principal Financial Data for the Past 11 Years

	FY9/2008	FY9/2009	FY9/2010	FY9/2011	FY9/2012	FY9/2013	FY9/2014	FY9/2015	FY9/2016	FY9/2017	FY9/2018
	Non-consolidated				Consolidated						
Net sales (Millions of yen)	14,937	17,198	19,698	21,623	21,520	25,174	29,215	31,680	34,229	35,387	37,909
Operating profit (Millions of yen)	2,066	2,462	3,232	3,565	2,746	3,261	3,173	3,251	3,568	4,314	4,391
Ordinary profit (Millions of yen)	2,086	2,477	3,243	3,545	2,698	3,376	3,198	3,099	3,251	4,628	4,472
Profit attributable to owners of parent (Millions of yen)	1,251	1,525	1,944	2,204	1,370	2,068	2,078	2,092	2,118	3,301	3,372
Capital expenditure (Millions of yen)	1,087	1,372	1,759	3,414	1,693	3,167	1,073	1,694	2,427	1,261	1,109
Depreciation (Millions of yen)	803	952	1,026	1,021	1,211	1,206	1,376	1,768	1,667	1,769	1,976
R&D expenses (Millions of yen)	625	918	1,114	1,516	1,303	1,280	1,769	1,729	1,840	1,825	1,760
Cash flows from operating activities (Millions of yen)	952	1,816	2,168	1,954	1,171	3,630	2,757	589	4,509	3,238	3,773
Cash flows from investing activities (Millions of yen)	(1,331)	(1,859)	(1,404)	(2,288)	80	(6,601)	(1,975)	999	(3,319)	(1,534)	(1,073)
Cash flows from financing activities (Millions of yen)	(283)	(270)	(334)	2,497	(835)	3,743	1,293	(4,635)	78	(3,042)	(2,001)
Net assets (Millions of yen)	14,971	16,221	17,833	21,264	22,098	24,066	28,544	28,593	29,226	32,601	35,350
Total assets (Millions of yen)	20,355	22,862	24,723	29,757	31,471	39,138	49,027	45,773	48,147	49,551	53,117
Earnings per share (Yen)	97.26	118.57	151.05	167.63	97.09	146.48	140.53	137.55	141.64	220.63	112.68
Book value per share (Yen)	1,163.31	1,260.42	1,385.65	1,506.00	1,565.03	1,704.06	1,826.54	1,912.27	1,953.65	2,178.46	1,181.37
Operating margin (%)	13.8	14.3	16.4	16.5	12.8	13.0	10.9	10.3	10.4	12.2	11.6
Return on equity (%)	8.6	9.8	11.4	11.3	6.3	8.6	7.3	7.3	7.3	10.7	9.9
Return on assets (%)	10.5	11.5	13.6	13.0	8.8	8.6	6.5	6.5	6.9	9.5	8.7
Equity ratio (%)	73.6	71.0	72.1	71.5	70.2	61.5	58.2	62.5	60.7	65.8	66.5
Dividend per share (Yen)	20.00	24.00	30.00	37.00	37.00	40.00	44.00	44.00	45.00	48.00	28.00
Number of employees	443	465	501	543	574	1,450	1,469	1,469	1,455	1,480	1,511

\* A two-for-one split of common shares took place on July 1, 2018.

\* OLIC became a subsidiary in October 2012.

# Consolidated financial statements

## Consolidated balance sheets (Millions of yen)

Assets	Previous fiscal year As of September 30, 2017	Fiscal year under review As of September 30, 2018
<b>Current assets</b>		
Cash and deposits	5,503	6,251
Notes and accounts receivable - trade	15,142	16,903
Merchandise and finished goods	3,667	3,169
Work in process	2,130	2,812
Raw materials and supplies	5,688	5,303
Accounts receivable - other	20	39
Deferred tax assets	543	579
Other	519	453
Allowance for doubtful accounts	(6)	(6)
Total current assets	33,208	35,507
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	10,643	11,023
Accumulated depreciation	(4,975)	(5,449)
Buildings and structures, net	5,667	5,573
Machinery, equipment and vehicles	9,687	9,078
Accumulated depreciation	(6,939)	(7,263)
Machinery, equipment and vehicles, net	2,747	1,814
Land	872	915
Leased assets	3,096	4,434
Accumulated depreciation	(1,053)	(1,573)
Leased assets, net	2,043	2,860
Construction in progress	210	315
Other	1,142	1,273
Accumulated depreciation	(981)	(1,052)
Other, net	161	220
Total property, plant and equipment	11,703	11,700
<b>Intangible assets</b>		
Goodwill	1,976	1,764
Other	732	455
Total intangible assets	2,709	2,220
<b>Investments and other assets</b>		
Investment securities	58	60
Long-term advance payments	1,285	2,320
Deferred tax assets	477	447
Other	108	861
Total investments and other assets	1,930	3,689
Total non-current assets	16,342	17,610
<b>Total assets</b>	49,551	53,117

Liabilities	Previous fiscal year As of September 30, 2017	Fiscal year under review As of September 30, 2018
<b>Current liabilities</b>		
Notes and accounts payable - trade	5,721	6,746
Current portion of long-term loans payable	653	-
Lease obligations	432	537
Income taxes payable	1,064	373
Provision for bonuses	874	1,161
Provision for directors' bonuses	9	14
Provision for sales returns	10	17
Other	2,746	2,695
Total current liabilities	11,513	11,546
<b>Non-current liabilities</b>		
Long-term loans payable	2,000	2,000
Lease obligations	1,780	2,534
Net defined benefit liability	1,108	1,210
Other	547	475
Total non-current liabilities	5,436	6,220
Total liabilities	16,949	17,767
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	3,799	3,799
Capital surplus	5,023	5,023
Retained earnings	24,541	27,119
Treasury shares	(1,476)	(1,504)
Total shareholders' equity	31,887	34,438
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	8	9
Deferred gains or losses on hedges	8	23
Foreign currency translation adjustment	678	850
Remeasurements of defined benefit plans	16	27
Total accumulated other comprehensive income	711	909
Non-controlling interests	2	2
Total net assets	32,601	35,350
<b>Total liabilities and net assets</b>	49,551	53,117

# Consolidated financial statements

Consolidated statements of income (cumulative) (Millions of yen)	Previous fiscal year From October 1, 2016 to September 30, 2017	Fiscal year under review From October 1, 2017 to September 30, 2018
Net sales	35,387	<b>37,909</b>
Cost of sales	20,671	<b>21,959</b>
Gross profit	14,715	<b>15,950</b>
Selling, general and administrative expenses	10,401	<b>11,559</b>
Operating profit	4,314	<b>4,391</b>
Non-operating income	359	<b>137</b>
Non-operating expenses	45	<b>55</b>
Ordinary profit	4,628	<b>4,472</b>
Extraordinary income	0	<b>5</b>
Extraordinary losses	98	<b>5</b>
Profit before income taxes	4,530	<b>4,472</b>
Income taxes - current	1,425	<b>1,124</b>
Income taxes - deferred	(196)	<b>(25)</b>
Total income taxes	1,228	<b>1,099</b>
Profit	3,301	<b>3,372</b>
Profit attributable to non-controlling interests	0	<b>0</b>
Profit attributable to owners of parent	3,301	<b>3,372</b>

Statement of cash flows (Millions of yen)	Previous fiscal year From October 1, 2016 to September 30, 2017	Fiscal year under review From October 1, 2017 to September 30, 2018
Cash flows from operating activities	3,238	<b>3,773</b>
Cash flows from investing activities	(1,534)	<b>(1,073)</b>
Cash flows from financing activities	(3,042)	<b>(2,001)</b>
Net increase (decrease) in cash and cash equivalents	(1,311)	<b>747</b>
Cash and cash equivalents at beginning of period	6,815	<b>5,503</b>
Cash and cash equivalents at end of period	5,503	<b>6,251</b>

## Corporate Profile

Company Name	Fuji Pharma Co., Ltd.
Main Businesses	Development, manufacturing and sales of pharmaceuticals used with prescriptions or guidance (injections, medicines for internal use and for external use and diagnostic drugs)
Head Office	6th Floor, Seitoh Kaikan, 5-7 Sambancho, Chiyoda-ku, Tokyo 102-0075 Japan
Date of Establishment	April 1965
Capital	3,799.1 million yen
Number of Employees	1,511 (consolidated: 740 at Fuji Pharma and 771 at OLIC) (as of September 30, 2018)

## Officers (as of April 1, 2019)

Chairman and Representative Director	Hirofumi Imai
President & CEO	Eiji Takemasa
Director, Vice President	Takayuki Kasai
Director, Executive Corporate Officer	Toyoyuki Kamide
Outside Director	Tadahiro Kozawa
Outside Director	Keiji Hirai
Outside Director	Minesaburo Miyake
Outside Director	Masanobu Suzuki
Full-Time Audit & Supervisory Board Member	Seiichi Inoue
Outside Audit & Supervisory Board Member	Fujiaki Mimura
Outside Audit & Supervisory Board Member	Akira Sato

## Share Information (as of September 30, 2018)

Total number of issuable shares	56,440,000
Total number of issued shares	31,253,800
Number of shareholders	3,252

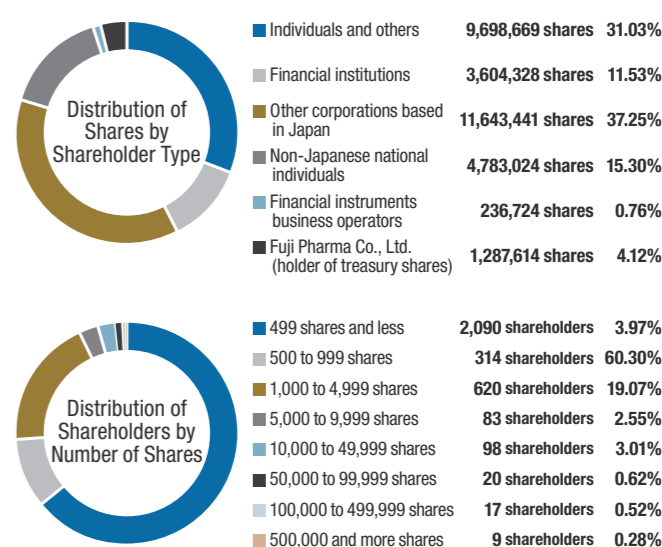
## Major Shareholders (as of September 30, 2018)

Name	Number of shares held	Shareholding ratio (%)
Mitsui & Co., Ltd.	6,875,000	22.94
FJP Ltd.	4,332,200	14.45
Hirofumi Imai	4,052,750	13.52
Noriko Arai	1,240,000	4.13
Japan Trustee Services Bank, Ltd. (trust account)	1,069,328	3.56
NORTHERN TRUST CO. (AVFC) RE-HCROO	925,300	3.08
Michiko Imai	846,000	2.82
The Master Trust Bank of Japan, Ltd. (trust account)	846,000	2.82
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	648,700	2.16
Japan Trustee Services Bank, Ltd. (trust account 9)	461,700	1.54

### Notes:

1. Fuji Pharma Co., Ltd. holds 1,287,000 treasury shares, which account for 4.11% of the total issued shares. However, Fuji Pharma is excluded from the above major shareholders. The treasury shares are excluded in the above calculation of shareholding ratios.
2. Apart from the shareholders mentioned above, Sumitomo Mitsui Trust Bank, Ltd. holds 44,828 shares as trust assets in the officer share ownership plan. These shares are treated as treasury shares on the consolidated balance sheets.

## Distribution (as of September 30, 2018)



\* The treasury shares are excluded in the calculation.