



FujiPharma

Fuji Pharma Co., Ltd.

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 **Fuji Pharma Co., Ltd.**

CORPORATE REPORT

2023

Year ended
September 30, 2022



Corporate Philosophy

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.

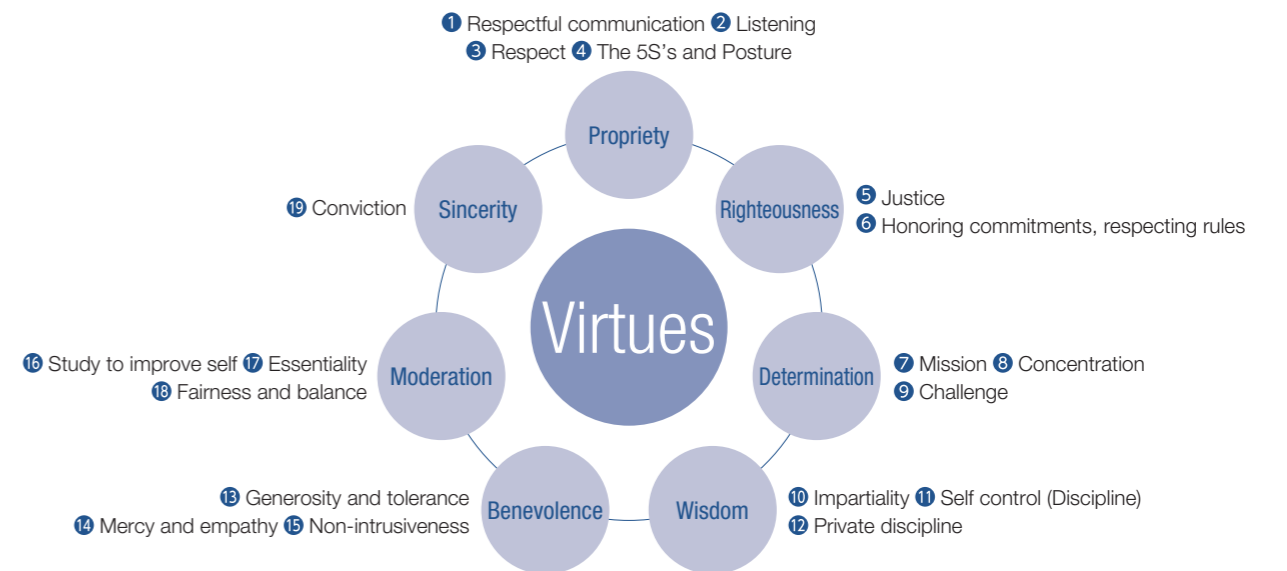


Fostering Human Resources with "Virtues"

We value the concept of Virtues, which originates from the Chinese classics, in our corporate management.

We believe that Virtues mean to do one's best for the sake of others.

To foster a person of Virtue, we have defined seven Virtues and 19 indicators of Virtues and adopted them for personnel evaluation.



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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 understandable by all stakeholders.

Scope of report

Fuji pharma co., ltd. And one subsidiary

Disclaimer

This corporate report includes information on pharmaceuticals, including those under development. However, this information is not intended for advertising or medical advisory purposes.

The financial forecasts and other projections provided in this Report are based on information available at the time of its compilation and it therefore contains an element of uncertainty and potential risks.

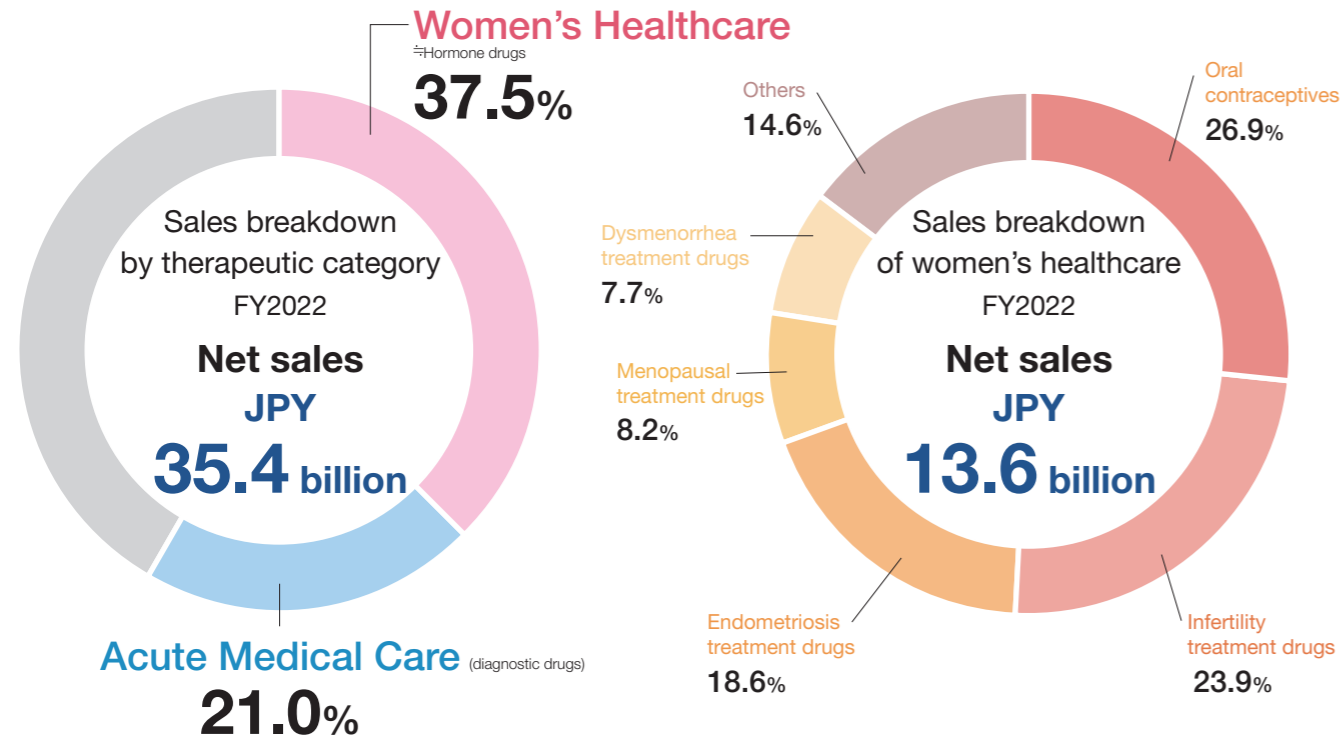
Reporting period

The information herein is based on the fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022). (however, it contains some information after October 2022.)

At a glance

Fuji Pharma is a specialty pharmaceutical company continuing to grow mainly in the fields of women's healthcare and acute medical care.

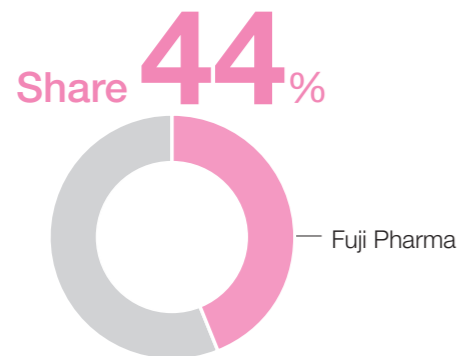
We have built a broad portfolio of new drugs, biosimilars and generic drugs with a focus on women's healthcare and acute medical care, and have responded flexibly to the ever diversifying and evolving medical needs. Aspiring to contribute to the healthy lives of people around the world, Fuji Pharma will work together to continuously address challenges and achieve what only we can do.



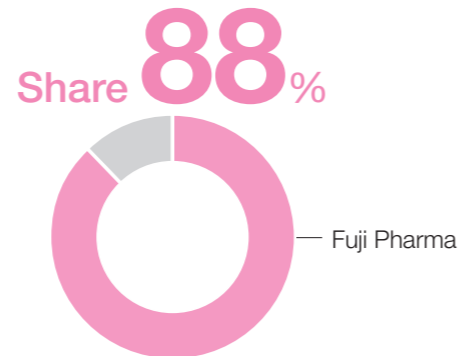
Most number of products that obtained approval for additional indication due to of insurance coverage expansion for infertility treatment



Top share in the oral contraceptives market in Japan

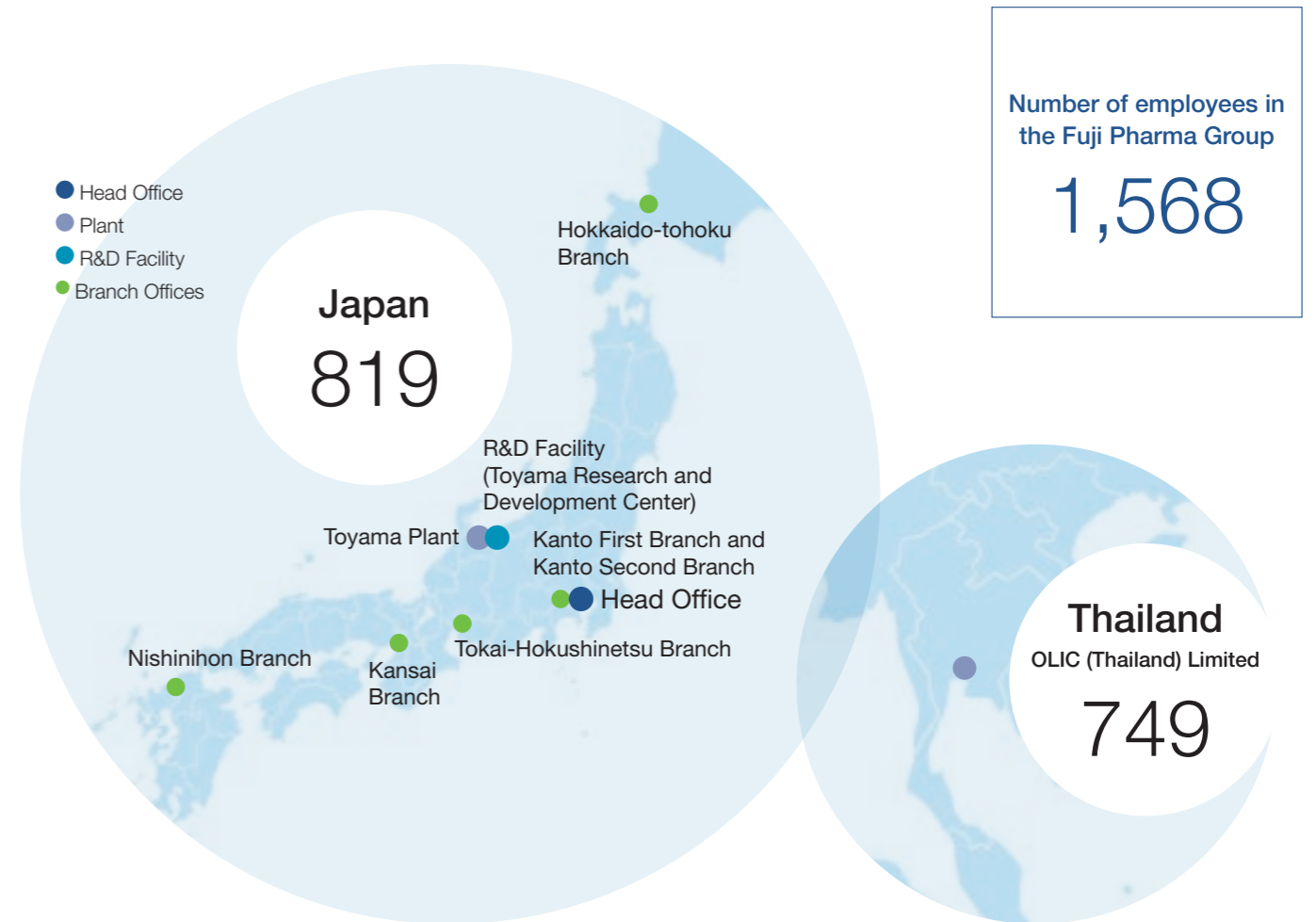


Top share in the emergency contraceptives market in Japan



*Aggregated by Fuji Pharma based on external data (as of March 2023)

Office Locations (as of March 31, 2023)



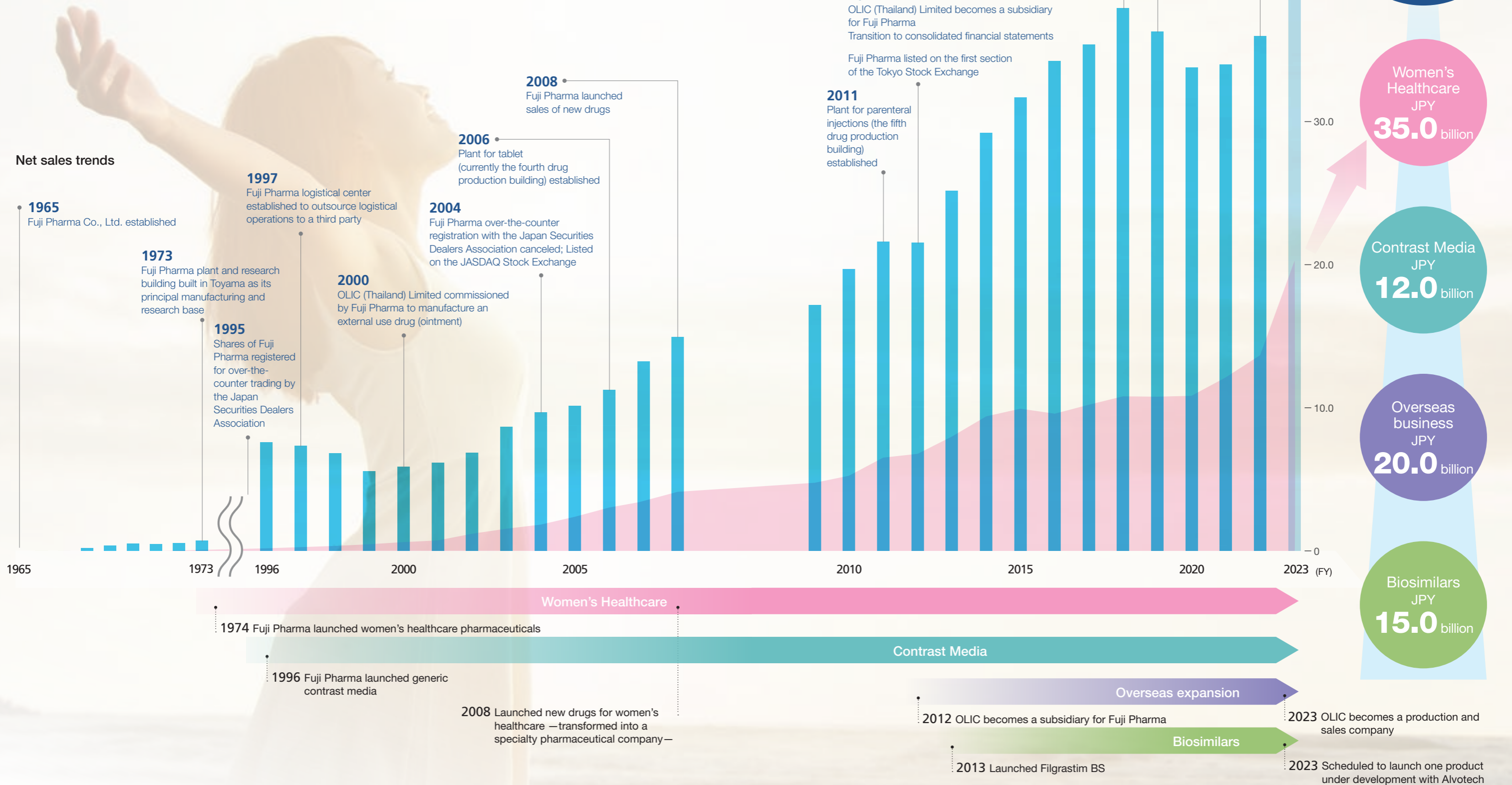
Major Products



Our Journey and Cultivated Strength

For half a century, for women's smiles

Since our foundation in 1965, Fuji Pharma has been actively engaged in fields that are said to have high entry barriers such as production of hormone drugs with difficult manufacturing control and injections with strict quality control standards. These challenges have formed our foundation and we have grown as a specialty pharmaceutical company pursuing in the fields of women's healthcare and acute medical care. Fuji Pharma will continue to expand the range of our contribution beyond the conventional frameworks.



Health Issues Surrounding Women



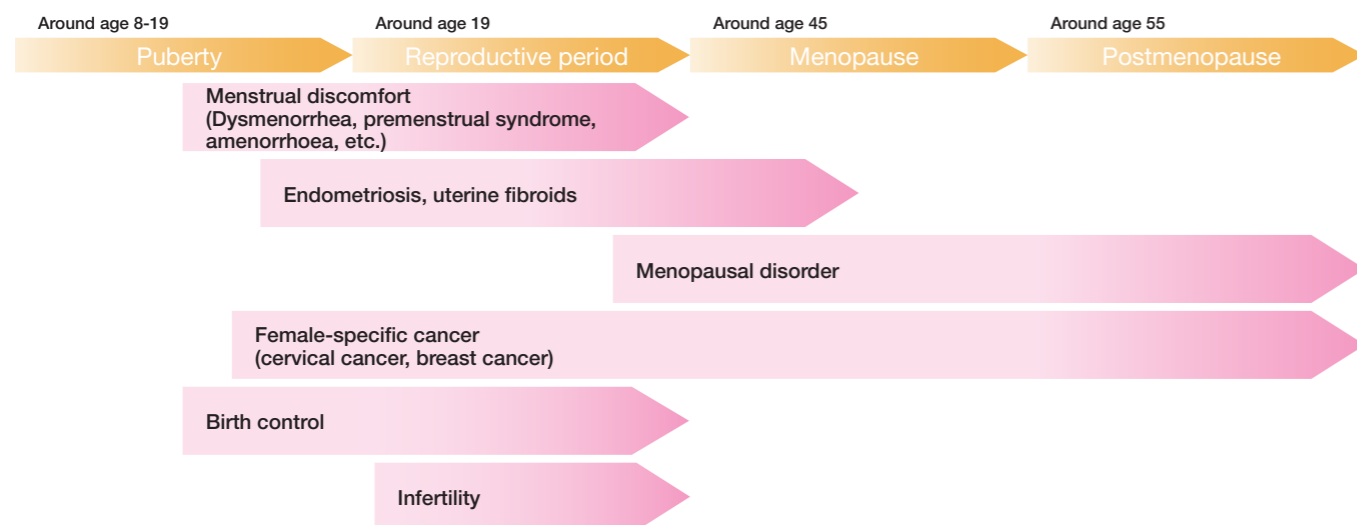
Our mission is to deliver excellent pharmaceuticals in order for all women to thrive and to be themselves.

Health Issues Surrounding Women 1

Women always face female-specific health issues during their life stages.

Women experience significant changes in their physical and mental state as well as in their lifestyle and environment as they go through life events such as menstruation, marriage, pregnancy, and childcare, and hormonal fluctuations depending on their life stage: i.e. puberty, reproductive period, menopause, and postmenopause.

In today's Japan, where promoting women's participation and advancement is a major social challenge and women are expected to play more active roles in various fields than ever before, it is essential to solve female-specific health issues for them to be themselves, healthy both physically and mentally.

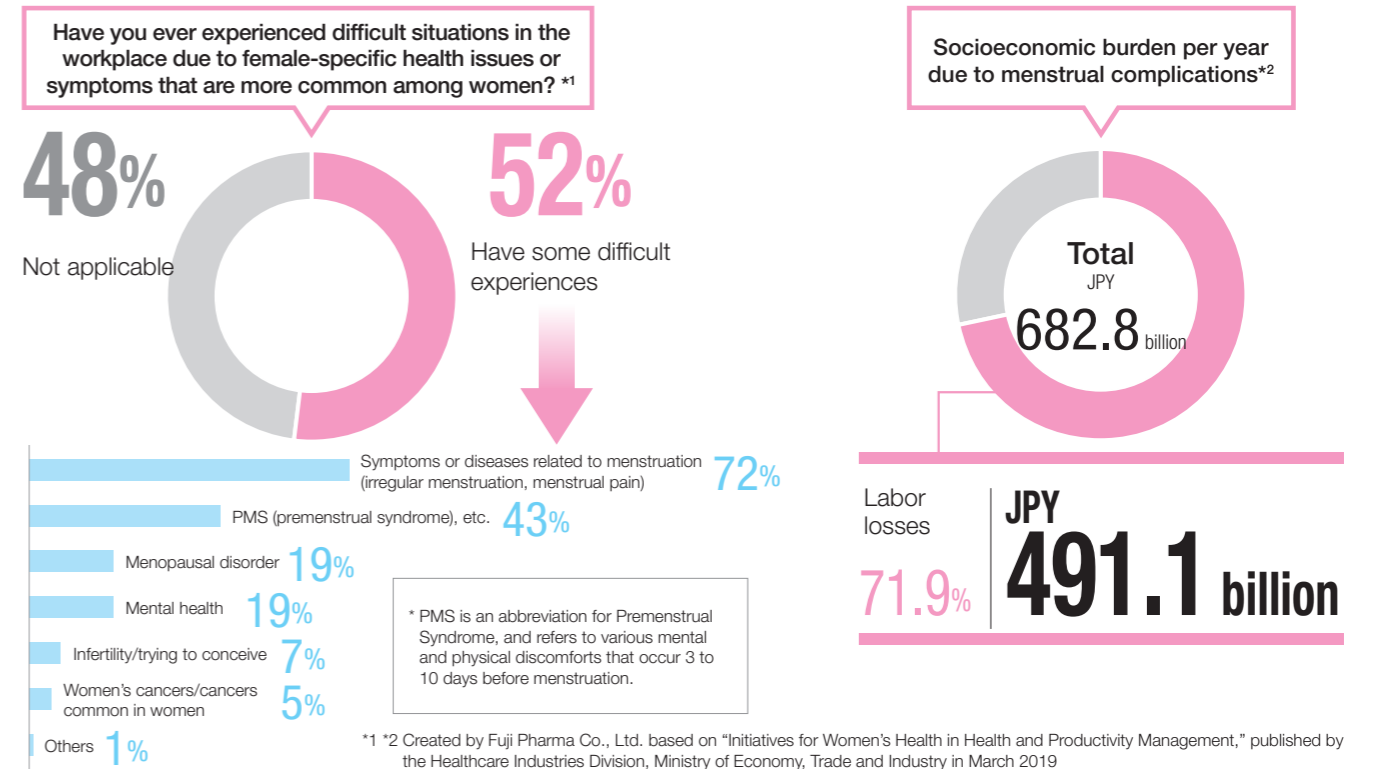


Health Issues Surrounding Women 2

More than half of working women have experienced difficult situations in their workplace due to female-specific health issues.

In the Fact-Finding Survey on the Promotion of Working Women's Health conducted by the Ministry of Economy, Trade and Industry in 2018, approximately 50% of female company workers answered that they had experienced difficult situations in the workplace due to female-specific health issues.

In addition, the survey estimated that even for symptoms related to menstruation alone, there are approximately JPY 500.0 billion labor losses per year.



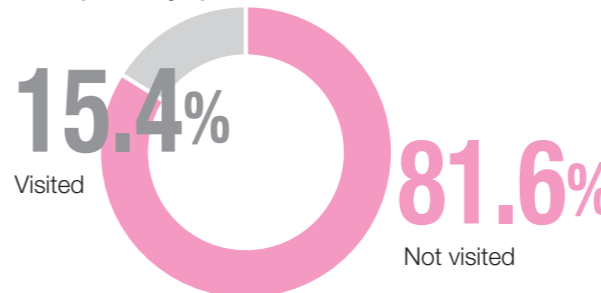
Health Issues Surrounding Women 3

The reality regarding female-specific health issues is that both the rate of medical institution visit rate and use of oral contraceptives are low.

As stated above, despite the fact that women's health is constantly affected by hormonal fluctuations, not many people have enough knowledge about that.

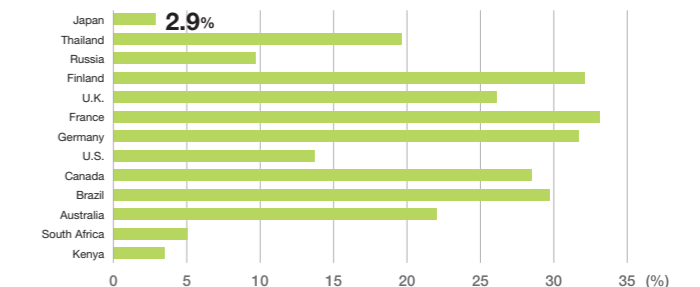
For example, as many as approximately 85% of women who are aware of some menopausal symptoms have never visited medical institutions. Also, the use rate of oral contraceptives is significantly lower than that in other countries. Currently, it is still not common for women to consult medical institutions for female-specific health issues in Japan.

Percentage of medical institutions visit after noticing menopausal symptoms*3



*3 Created by Fuji Pharma Co., Ltd. based on the basic tabulation results of "Survey on Awareness of Menopausal Symptoms and Disorders," by the Ministry of Health, Labour and Welfare published on July 26, 2022.

Use rate of oral contraceptives by country*4



*4 Source: Adapted from United Nations: Contraceptive Use by Method 2019 (From estimated prevalence of individual contraceptive methods among married/in-union women of reproductive age (15-49 years))

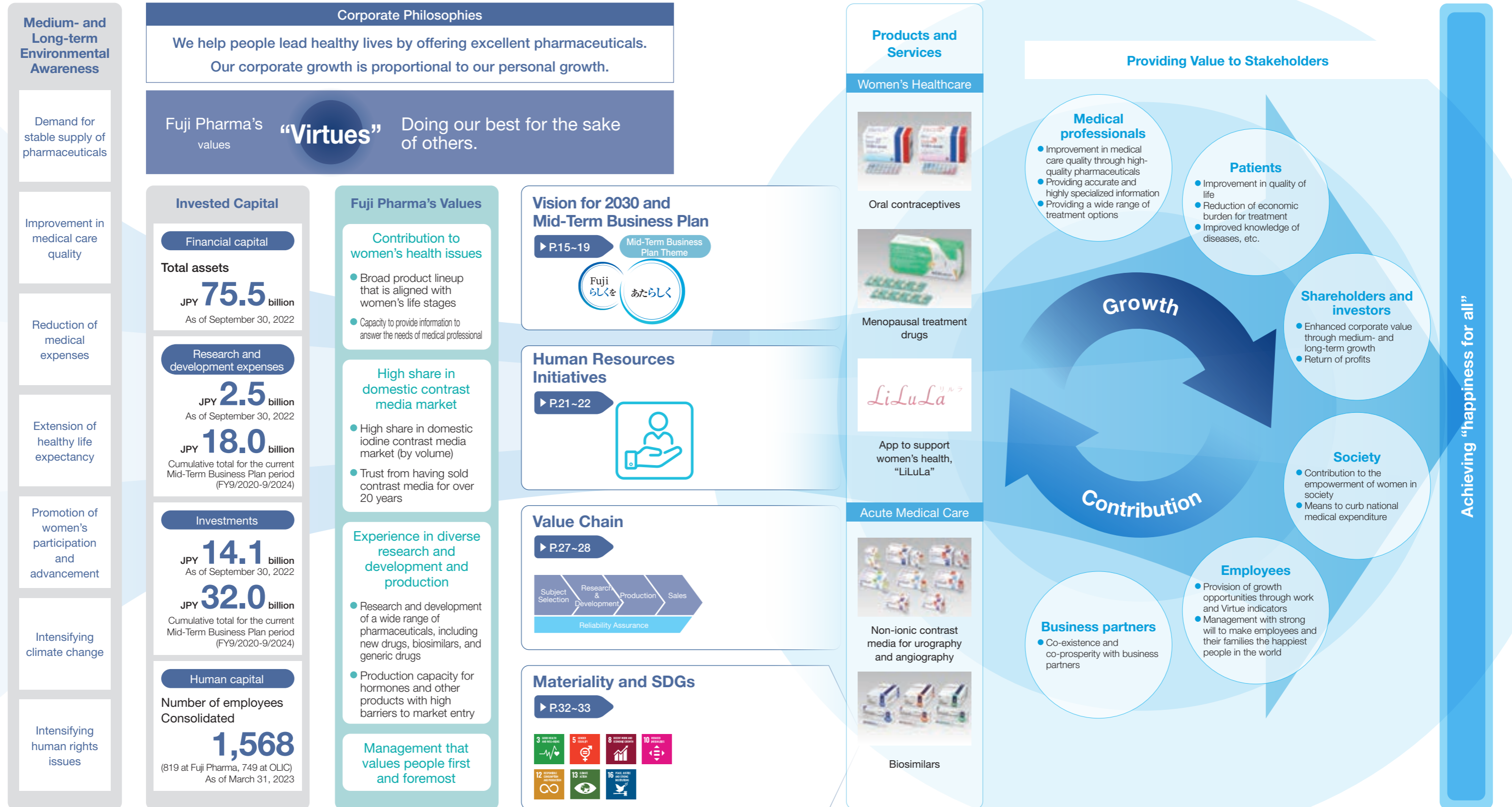
Fuji Pharma's Value Creation Process

Value creation at Fuji Pharma is based on the cycle of "contribution" and "growth." Our two corporate philosophies, "We help people lead healthy lives by offering excellent pharmaceuticals" and "Our corporate growth is proportional to our personal growth," are the foundation of Fuji Pharma's value creation, expressing our belief that "Contribution leads to further growth, and further growth leads to greater contribution."

Our philosophy, "Our corporate growth is proportional to our personal growth," represents the positive and mutual interaction that exists between the company's growth and the growth of individual employees. At Fuji Pharma, we place great

value on the concept of "Virtues" in our corporate management. Each of our employees strives for personal growth under this concept, directly leading to our further growth as a company.

We will repeat this cycle in perpetuity, providing greater value to all our patients, medical professionals, and other stakeholders in a way that only we can, and expanding the circle of happiness for all.





We will strengthen our presence as a specialty pharmaceutical company and accelerate growth to help achieve our goals.

President & CEO Takayuki Iwai

A company that can overcome changes in the business environment and achieve consistent growth

The business environment surrounding the Japanese ethical pharmaceutical industry is growing increasingly severe each year due to ongoing revisions of NHI drug prices and other policies intended to reduce social welfare costs, and the strengthening of various regulations. Since April 2021, drug prices are being reviewed and revised each year and the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices was also revised in August 2021. That has placed a much heavier burden of responsibility on pharmaceutical companies when providing pharmaceuticals to the market. Furthermore, future conditions in both Japan and overseas remain unclear and unpredictable since the Russian invasion of Ukraine and other events prompted a rise in raw materials and energy prices and the sharp depreciation in the Japanese yen put upward pressure on prices. Pharmaceutical companies are striving to secure potential new growth opportunities and respond effectively to the changes in their business environment to ensure their survival.

Fuji Pharma started selling women's healthcare pharmaceuticals in 1974 and built the foundations required to develop Fuji Pharma's current business structure. In 1996, we began selling generic contrast media and have developed into a cornerstone manufacturer in the generic drug market. With the launch of LUNABELL® in 2008 for dysmenorrhea, we decided to shift our focus to becoming a specialty pharmaceutical company focused on women's healthcare, and we have achieved success in this field by introducing new drugs. In Japan, which is currently dealing with the increasingly serious social problem of a declining birthrate and aging population, the government has begun supporting infertility treatments nationwide and expanded insurance coverage for

infertility treatment from April 2022. The nation's drive to promote the active participation of women in the workplace has unearthed greater medical needs regarding menstrual and menopausal disorders as the number of working women increases and employee life plans diversify. Solving these female health problems is vital to the future development of our society and people are looking to pharmaceutical companies to help achieve that aim.

Fuji Pharma has focused on developing expertise in the field of women's healthcare and boasts a powerful and broad range of medical offerings as a specialty pharmaceutical company. We will continue to grasp relevant medical needs and respond to social demands as we implement our management philosophy of "helping people lead healthy lives by offering excellent pharmaceuticals."

Favorable women's healthcare business generates higher revenue and profit

In the fiscal year ended September 30, 2022, the revision of NHI drug prices introduced in April 2022 resulted in an average decline of 6.7% in drug prices for the industry as a whole and a 6.5% decrease in Fuji Pharma product prices. In women's healthcare, the aforementioned expansion of insurance coverage for infertility treatment has spurred an increase in the number of people seeking medical advice, especially among young people, and the market for relevant prescription drugs has also been expanding. Fuji Pharma's existing UTROGESTAN® vaginal capsules have been newly included in the NHI drug price standards and we have obtained approval for additional indications on a total of 13 components and 19 products* relating to infertility treatment (advanced reproductive medicine).

In November 2021, we released our F-meno® capsules, the first progestogen drug in Japan indicated to help prevent the development of

*As of March, 2023

endometrial hyperplasia without atypia when taking estrogen drugs for menopausal disorders or ovarian deficiency symptoms. This is our second in-house developed new drug following UTROGESTAN® vaginal capsules released in 2016, and is considered an important driver of growth for our women's healthcare business.

We have sought to actively develop sales utilizing the digital promotion services of M3, Inc. in order to convey information and promote sales of our F-meno® capsules.

We also acquired manufacturing and distribution rights for four products from Nihon Pharmaceutical Co., Ltd., which we began selling in March 2022. This illustrates how we are expanding our lineup of products with potential future synergies as a stepping stone towards developing a biosimilar business.

Meanwhile, with regards to our production systems, in June 2022, we successfully completed the construction of our sixth drug production building (to manufacture high-activity solid formulation products) at the Toyama Plant to help increase our hormone tablet production. The plant should be fully operational in 2023, when we expect annual hormone tablet production capacity to triple to approximately 450 million tablets. In July 2022, we also began constructing a multi-syringe production line to produce high-activity biosimilar products and, in September of the same year, we started operating our newly constructed packaging and warehouse buildings.

As a result of the above activities, we generated increases in both sales and profit in the fiscal year ended September 30, 2022, with consolidated net sales rising to 35,426 million yen (+4.2% year on year), operating profit of 3,777 million yen (+12.8%), ordinary profit of 3,725 million yen (+14.6%), and profit attributable to owners of the parent of 2,696 million yen (+10.9%). This performance was supported by steady progress in women's healthcare, including new products, and a recovery in CMO business at OLIC (Thailand) Limited (hereafter "OLIC"), following the COVID-19 pandemic.

Steady progress of our Mid-Term Business Plan growth scenarios

Our Vision for 2030 describes "What we want to achieve" and "Where we want to be" in the next 10 years from now at the end of the fiscal year ending September 30, 2029. The current five-year Mid-Term Business Plan (FY9/2020 - 9/2024) takes us up to the halfway point for Vision for 2030. It describes our four growth scenarios: Becoming No.1 in women's healthcare; Evolving into sustainable contrast media business; Establish biosimilar business; and Strengthen overseas business. By realizing these

growth scenarios, we aim to achieve consolidated net sales of 50 billion yen and operating income of 5 billion yen in the final year of the medium-term plan.

Three years into the plan, we are making steady progress on each of the four growth scenarios.

We have been strengthening our presence as a specialty pharmaceutical company with the launch of our F-meno® capsules as part of our effort to become No.1 in women's healthcare. Menopausal treatment drugs, which have not yet been fully recognized by the market, are an important future target for us, and we expect our F-meno® capsules will contribute greatly to the development of the menopausal treatment market and the securing of market share. We have successfully expanded our target age range and treatment areas by starting to market PROPESS®, a product indicated for cervical ripening, in December 2021 as a result of our business alliance with Ferring Pharmaceuticals Co., Ltd., and adding the antineoplastic agent DOXIL® to our product lineup through an exclusive domestic sales agreement with Baxter Limited in December 2022. FSN-013 is an innovative dysmenorrhea treatment drug in-licensed from Mithra Pharmaceuticals (Belgium) that is currently under development. Development is progressing smoothly and we plan to submit an application for manufacturing and marketing approval in Japan in the fiscal year ending September 30, 2023.

Our scenario relating to the establishment of a biosimilar business is designed to lay the groundwork for further development of biosimilar operations, which will become a key pillar of the next Mid-Term Management Plan (FY9/2025-9/2029). We have secured seven biosimilar products through our partnership with Alvotech that was concluded in 2018, one of which was submitted for approval in October 2022. We will submit for approval of the remaining products over the next few years. Also, as I mentioned earlier, we acquired products from Nihon Pharmaceutical Co., Ltd and we intend to introduce a multi-syringe line for producing high-activity products at the Toyama Plant. These moves will likely generate synergies with our future biosimilar business.

Regarding the strengthening of our overseas business, we are looking to enhance our business by expanding OLIC's CMO business and by transforming OLIC into a pharmaceutical company that manufactures and sells a full lineup of pharmaceutical products in Asia. OLIC provides contract manufacturing services in a wide range of fields, which are not confined to ethical drugs, but also includes B-to-C products, and we aim to acquire future contracts by leveraging its manufacturing capabilities. In 2021, we signed a contract for the US market, which demands adherence to strict manufacturing standards. To help expand our business in Asia, we plan to manufacture and sell a range of women's

healthcare products through OLIC. In April 2023, OLIC began selling Nextstellis™ in Thailand, marking a major step forward in our efforts to strengthen our overseas operations. In the future, we plan to extend its reach by launching in other ASEAN countries with the help of ASEAN partner companies.

Regarding the development of a sustainable contrast media business, we are looking to reduce costs and stabilize supply to counteract the greater burden imposed by annual reductions in the price of drugs, the longer they have been on the market. As part of this drive, we decided to switch drug ingredient suppliers in the fiscal year ended September 30, 2022.

Accelerate growth over the next two years and ensure solid results

Over the next two years, we will be looking to realize the benefits of the growth scenarios in the current Mid-Term Business Plan and ensure they generate solid results. We also need to accelerate the expansion of our business performance in order to achieve our targets for net sales of 50 billion yen and operating profit of 5 billion yen in two years' time.

Three new products in women's healthcare are expected to help drive growth, namely our newly developed F-meno® capsules and newly in-licensed PROPESS® and DOXIL® products. The oral bowel-cleansing agent SULPREP® and other items acquired from Nihon Pharmaceutical Co., Ltd. are also expected to generate growth as new products. Regarding our existing women's healthcare products, we will strive to ensure a stable supply of Favoir® tablets, Labellefile® tablets, DIENOGEST tablets, and other products to secure higher profits through increased sales. In terms of research and development, we will start to build new development pipelines to follow on from FSN-013.

For the fiscal year ending September 30, 2023, the fourth year of the current Mid-Term Business Plan, we forecast consolidated net sales of 43,311 million yen (+22.3% year on year), operating profit of 4,048 million yen (+7.2%), ordinary profit of 4,088 million yen (+9.7%), and profit attributable to owners of the parent of 2,974 million yen (+10.3%).

Building companywide sustainability awareness

Our corporate philosophy of "helping people lead healthy lives by offering excellent pharmaceuticals" illustrates how our very business activities as a pharmaceutical company help inspire sustainable growth in society at large. To ensure everyone in the company recognizes this philosophy and pursues



appropriate initiatives, we have identified several materiality issues that we should focus on from an ESG/CSR management perspective primarily under the leadership of the Sustainability Committee, of which I am the chair. We identified these materiality around two axes, namely their importance to stakeholders and their importance to the company, and we identified the particular importance of issues such as Quality assurance & Safety management, Research & Development, Stable supply, HR development, and Employee's health management.

One new development in our materiality initiatives was our decision to endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on climate change and energy in December 2022 and to start disclosing information based on those recommendations. In November 2022, we introduced an offsite power purchasing agreement (PPA) for solar power that would enable us to procure electricity generated from renewable energy sources from the Hokuriku Electric Power Group and reduce CO₂ emissions across the company. With regard to human capital management strategy, which has been attracting attention recently, we are aware of the need to create workplaces and company environments that allow individual employees to respect each other and grow through their work as part of our efforts for HR development and Human rights as declared on our materiality map.

Fuji Pharma is committed to providing significant value in the field of healthcare. To that aim, we are eager to challenge new avenues and methods and contribute even more to society. I hope all our stakeholders are enthusiastic about the kind of future that Fuji Pharma is working to realize and will continue to support our company for many years to come.

Vision for 2030 and Mid-Term Business Plan

Vision for 2030

Vision for 2030 is the roadmap that, through our management philosophy, explain “What we want to achieve” and “Where we want to be” by the end of the fiscal year ending September 30, 2029.

Contributing to well-being of women in the world

Will further deepen the management philosophy, “We help people lead healthy lives by offering excellent pharmaceuticals.” While still focusing on pharmaceuticals, we plan to move beyond the boundaries to proactively contribute so that women across the world, are physically, mentally and socially fulfilled. And we are committed to make this happen.

Expanding our business to Global Market from Toyama

With our roots in Toyama, known as the cradle of medicines in Japan, we are committed to contributing to the healthy lives of people across the world, by researching and developing better drugs, and leverage our manufacturing technology to supply high quality pharmaceuticals.

Integrating the world’s happiest company and social contribution

“The world’s happiest company,” in which every employee of the Fuji Pharma Group feels a sense of fulfillment in their work, which leads to contributions to the society, and the appreciation from the society leads to the growth and joy of each employee, creating a virtuous circle that further contributes to the society.

Mid-Term Business Plan

The Mid-Term Business Plan is the concrete embodiment of its strategy for the first 5 years of the Vision for 2030, “where we are in 10 Years from Now.”

Theme



Goal

Business Plan based on Vision for 2030

Positioning

Roadmap to achieve Vision for 2030

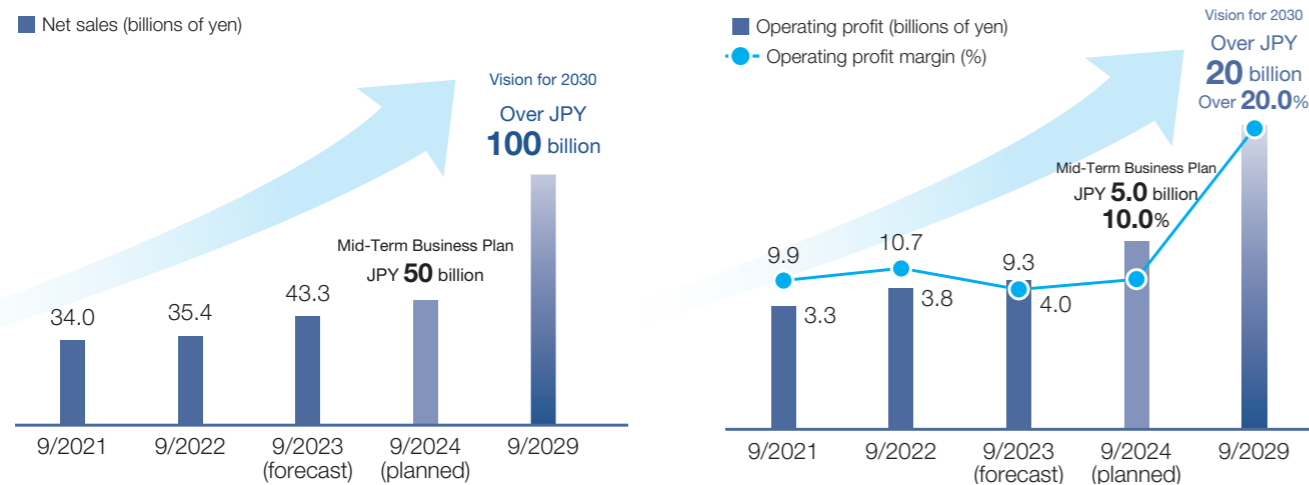
Four growth scenarios

1. No.1 in women’s Healthcare
2. Establish Biosimilars business
3. Evolving into sustainable Contrast Media business
4. Strengthen Overseas business

To Achieve

- Execution through strategic and functional initiatives
- Continuous monitoring review semi annually
- Rolled over every year

Business scale when we achieve “Where we want to be”



Progress of Mid-Term Business Plan (FY9/2020-9/2024)

No.1 in Women’s Healthcare

Executive Message



Executive Corporate Officer
Shuhei Morita

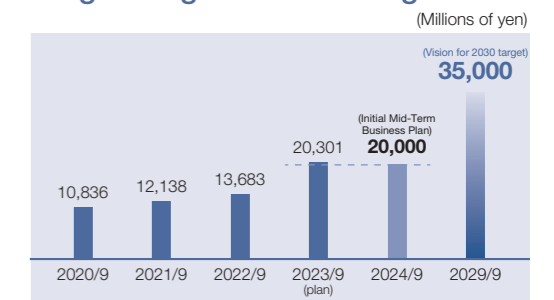
Fuji Pharma is a specialty pharmaceutical company in women’s healthcare, and we aim to become No.1 in women’s healthcare within the current Mid-Term Business Plan.

Over the past three years, we have made steady progress on our quest to become a leading player in women’s healthcare by launching new drugs, acquiring products from other companies, and investing in the construction of new drug production buildings. When we formulated the Mid-Term Management Plan, we set an initial sales target of 20 billion yen for women’s healthcare. We now expect to achieve that target ahead of schedule in the year ending September 30, 2023, thanks to growing sales of our new F-meno® capsules and the steady expansion of markets for our existing products.

The expansion of insurance coverage for infertility treatment in April 2022 added new indications and dosages to 13 ingredients and 19 product items by March 2023, of which we have the largest lineup of additionally approved products in Japan. The wider insurance coverage is fueling an overall expansion in the infertility treatment market, and shipments of Fuji Pharma products are also increasing.

We are determined to continue our mission as a specialty pharmaceutical company to help solve women’s health issues and achieve greater well-being, so that all women can feel fulfilled physically, mentally, and socially.

Progress against Sales Targets



Specific Initiatives

Increasingly strong product lineup

New drugs

In November 2021, we launched our second in-house developed new product F-meno® capsules 100mg. This product, in-licensed from Besins Healthcare, is the first progestogen drug in Japan with an indication for preventing the development of endometrial hyperplasia without atypia when taking estrogen drugs for menopausal disorders or ovarian deficiency symptoms. Natural progesterone is usually hard to absorb through oral administration, but it can be easily absorbed orally if it is micronized. In the fiscal year ended September 30, 2022, we achieved F-meno® capsules sales of approximately 700 million yen. One year on from the product’s launch, restrictions on the number of days the drug can be prescribed have been lifted, so it can now be prescribed to patients who cannot visit the hospital frequently. These factors are expected to help boost sales to 3.5 billion yen in the fiscal year ending September 30, 2023 and the drug is contributing greatly to the growth of our women’s healthcare business.



F-meno® capsules 100mg

Sales Alliances and Acquired Products

In November 2021, Fuji Pharma and Ferring Pharmaceuticals Co., Ltd. agreed to collaborate in Japan for PROPESS® 10mg vaginal inserts, a product indicated for cervical ripening. Fuji Pharma has been selling and distributing this product since December 2021 and started providing medicinal information together with Ferring. Since July 2022, we have taken over all activities related to the provision of medical information on the product. PROPESS® 10mg vaginal inserts have been approved as an agent for stimulating cervical ripening during labor and has been marketed worldwide since it was first approved in the US in 1995, but it was not launched in Japan until May 2020.

In July 2022, we agreed an exclusive domestic sales agreement with Baxter Limited to sell the antineoplastic agent DOXIL® injection 20mg, and we started selling the agent in January 2023. DOXIL® is indicated for ovarian cancer that has exacerbated after chemotherapy treatment and for AIDS-related Kaposi’s sarcoma. It has been approved and marketed for ovarian cancer treatment in over 70 countries.



DOXIL® injection 20mg

Products Under Development

We are currently developing FSN-013 as a new dysmenorrhea treatment drug containing a novel active ingredient, Estetrol (E4). FSN-013 was in-licensed from Mithra Pharmaceuticals (Belgium), and Fuji Pharma has the development and marketing rights for Japan and ASEAN countries. The drug has already been approved and is being marketed as a contraceptive in the United States and Europe by Mithra and its other licensed partners, and Fuji Pharma subsidiary, OLIC, has now obtained approval in Thailand as detailed below.

Estetrol (E4) is a type of estrogen that has been shown to act selectively on estrogen receptors, and this selectivity is expected to provide a variety of benefits. We have been conducting Phase III clinical trials in Japan since August 2021, which have been progressing smoothly. We plan to submit an application for manufacturing and marketing approval in Japan in the fiscal year ending September 30, 2023 and are steadily progressing development ready to launch the product in 2024.

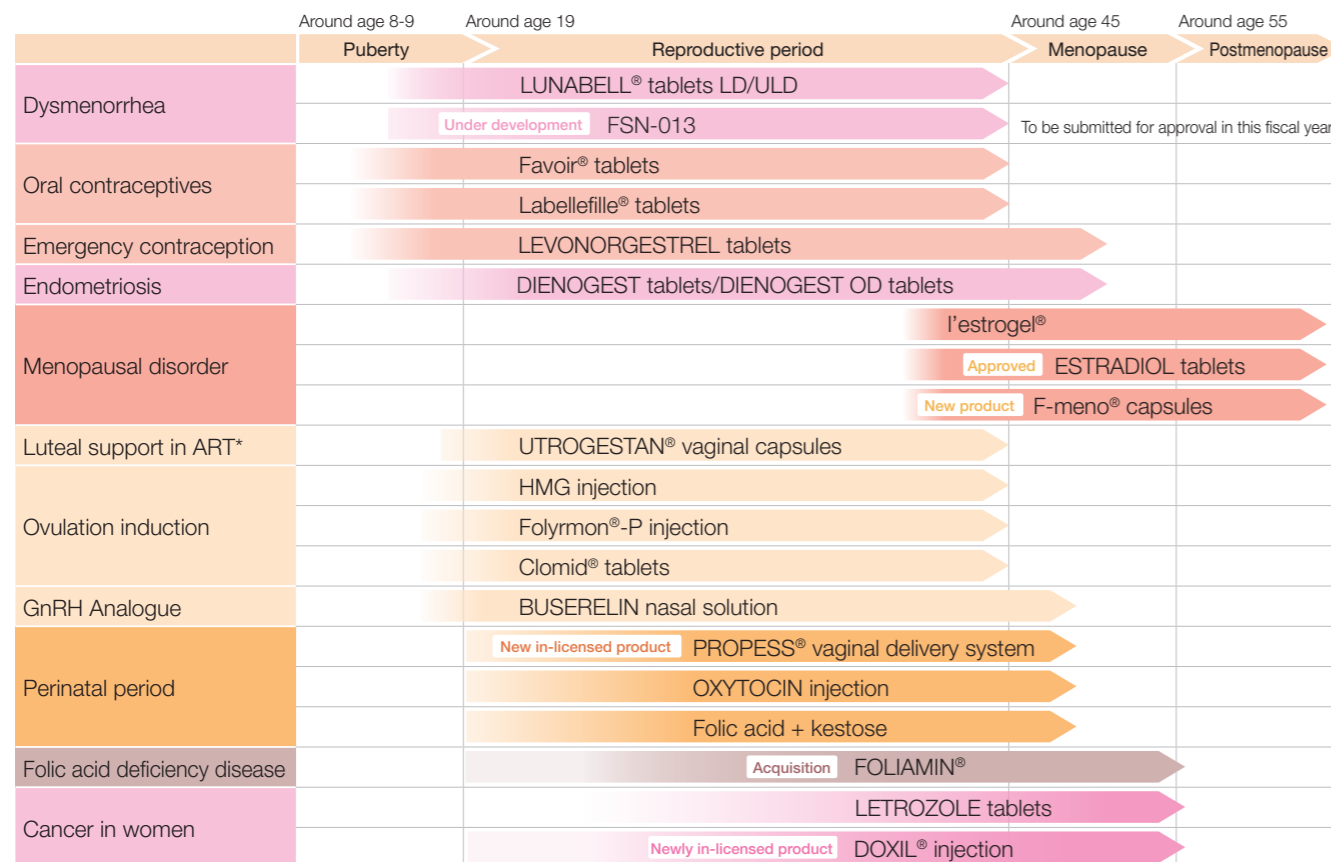
Capital Investment

In June 2022, we completed construction of our sixth drug production building (to manufacture high-activity solid formulation products), which will be dedicated primarily to manufacture of oral contraceptives and other hormone tablets. To date, we have produced hormone tablets in our existing fourth drug production building with an annual production capacity of 150 million tablets, so our production capacity was limited. Operating the new building will enable us to produce 450 million tablets a year, thus tripling our previous hormone tablet production capacity. As of March 2023, we have been conducting process validation* and we plan to start supplying tablets in 2023. We will manufacture two oral contraceptives that are currently on the market in the new hormone tablet production building and develop new systems to ensure we meet growing demand. At some point, we also hope to produce the above-mentioned product FSN-013 under development in the same building.



Newly constructed sixth drug production building

*A requisite procedure for the manufacturing of pharmaceuticals that requires manufacturers to prove they can constantly produce products to the desired standard of quality.



*ART: Assisted Reproductive Technology

2. Establish Biosimilar Business

Executive Message



Executive Corporate Officer

Atsuya Mitsuhashi

In 2012, Fuji Pharma obtained manufacturing and marketing approval of the biosimilar agent Filgrastim BS Injection Syringe [F]. This product was the first Filgrastim biosimilar to be approved in Japan and we have now amassed over a decade of experience in manufacturing and selling biosimilars.

We have labeled the current Mid-Term Business Plan as a preparatory period for our quest to become the No.1 biosimilar manufacturer in Japan by the end of the fiscal year ending September 30, 2029 and, over the past three years, we have been strengthening our cooperation with overseas partners and acquiring manufacturing and marketing approval that harbor potential future synergies. Sales of Fuji Pharma biosimilars have declined in recent years, but we aim to generate net sales of 15 billion yen by the fiscal year ending September 30, 2029 by bringing new biosimilars to the market.

Easier access to biosimilars will help expand the range of treatment options available to patients and cap the nation's rising medical expenditure. The level of difficulty and cost of development constitute strong barriers to entry into the biosimilar market, but we believe we can become Japan's No.1 biosimilar manufacturer by exploiting our excellent manufacturing equipment and technology and our and experience in parenteral injections, and by working together with overseas partners.

Specific Initiatives

Business Alliance with Alvotech

Our exclusive partnership with Iceland's Alvotech is central to our biosimilar development strategy. Alvotech specializes in the development and manufacture of biosimilars. Fuji Pharma and Alvotech formed an exclusive partnership in November 2018 for the development and commercialization of biosimilars in Japan. We have reached conditional agreement on the development and sale of seven biosimilar products (as of March 2023) with a total market size in Japan of 290 billion yen. In October 2022, we successfully completed application for approval of the first biosimilar product based on the partnership and we intend to bring that product to market in 2023.

To Become Japan's No.1 Biosimilar Provider

In December 2021, we concluded an asset transfer agreement to acquire approval for the manufacture and sales of a total of four products from Nihon Pharmaceutical

Co., Ltd.: SULPREP® combination liquid for internal use, MINCLEA® spray for internal use 0.8%, FOLIAMIN® (injection, tablets, powder 100 mg/g), and OSVAN® disinfectant solution (0.025%, 0.05%, 0.1%, 10%, OSVANRUBBING®), and acquired approval for these four products in October 2022. The four products include products that correspond to our focus areas for our biosimilar business development, so we expect them to generate synergies with our future biosimilar business.

We are also introducing a multi-syringe production line that will enable us to manufacture plastic and glass syringes and cartridge injections with high pharmacological activity in the existing fifth drug production building (injection production building). We expect to use this multi-syringe line to manufacture future biosimilar formulations and are planning to start process validation in October 2023.

3. Evolving into Sustainable Contrast Media Business

Specific Initiatives

Sales generated by our contrast media business have been declining in the face of annual drug price revisions and a generally severe business environment. In order to develop a sustainable contrast media business and ensure stable supply, we are introducing a dual-base system that provides syringe formulations from the Toyama Plant in Japan and vial formulations from OLIC overseas. We are also currently implementing various measures to help maintain sales and reduce costs for example by switching to or adding new suppliers of drug ingredients and raw

materials, raising operation rates of our production lines including through contract manufacturing, and using digital technology to help reduce sales costs. We switched our drug ingredient suppliers to Europe in the year ended September 30, 2022. This has enabled us to reduce costs and build an even more stable supply system. We intend to steadily progress new contract manufacturing projects currently under negotiation and to establish a sustainable contrast media business.

4. Strengthen Overseas Business

Executive Message



Corporate Officer
Managing Director of OLIC
(Thailand) Limited
Yoshihiro Takada

Our OLIC subsidiary in Thailand is central to our efforts to strengthen our overseas business, especially in Asia. Sales declined in the fiscal year ended September 30, 2021 due to a considerable decrease in orders in the wake of COVID-19, but performance recovered in the fiscal year ended September 30, 2022 thanks to an increase in new contracts.

In April 2023, OLIC launched Nextstellis™ in Thailand as detailed below. OLIC has been operating as one of the largest contract manufacturing organizations (CMO) for pharmaceuticals in Southeast Asia. However, we are currently transforming OLIC from a pure contract manufacturing company into a hybrid company that combines CMO business with its own brands. The launch of Nextstellis™ represents the first step on this transformative journey.

Nextstellis™ will be the first product for Fuji Pharma Group to launch overseas under its own brand, and the whole Group has come together to prepare for the drug's launch, from approval through to the building of sales frameworks. OLIC is committed to producing quality pharmaceutical products, as evidenced by the "Quality Award" given by the Thai FDA in 2021 to companies that manufacture health-related products with outstanding business ethics and social responsibility. We are determined to strengthen our efforts to deliver high-quality products to patients around the world.

Specific Initiatives

The launch of Nextstellis™

Nextstellis™ is the product name in Thailand of a combination drug of Estetrol (E4) and Drospirenone (DRSP) (see previous section on becoming No.1 in women's healthcare). FSN-013 is currently under development as a dysmenorrhea treatment drug in Japan. However, in Thailand, OLIC already obtained approval from the Thai FDA in September 2022 as an oral contraceptive, and launched the drug in Thailand in April 2023. Once the drug has been launched in Thailand, we plan to extend its reach by launching in other ASEAN countries with the help of ASEAN partner companies.

Export to Europe and the United States

To help realize one of our Vision for 2030 goals of expanding our business to the global market from Toyama, we are working at our Toyama Plant to build internal structures that comply with global Good Manufacturing (GMP) standards. This will enable us to provide products not only within Japan, but also to export products to the United States. As part of the current Mid-Term Business Plan, we are investing capital to build production lines for globally competitive injectable drugs, including the aforementioned multi-syringe line and an ampule/vial line that meets the international PIC/S standard for good manufacturing practice. We aim to become an even more reliable pharmaceutical manufacturing company by bringing our Toyama Plant and OLIC up to world-class technical standards and fostering a quality-focused culture.

Commemorative Symposium for the launch of Nextstellis™ was held

OLIC held a commemorative symposium titled "Take-off The 1st NE4ST with DRSP to the next era" in April 2023 in Bangkok to celebrate the launch of Nextstellis™. The title "NE4ST" is a word that is a cross between "NEST (Native Estrogen with Selective Actions in Tissues)" and "E4 (Estetrol)". More than 170 Thai obstetricians and gynecologists attended this symposium and reported clinical data on unmet medical needs in contraception and estetrol.

As mentioned above, we are currently transforming OLIC from a pure contract manufacturing company into a hybrid company that combines CMO business with its own brands. The launch of Nextstellis™ and holding of the symposium are major steps toward "Strengthen Overseas business," which is one of the growth scenarios of the current Mid-Term Business Plan and "Expanding our business to Global Market from Toyama" which is one of the "What we want to be" of vision for 2030.



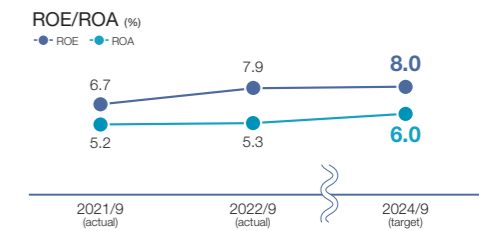
Commemorative Symposium for the launch of Nextstellis™

Financial Report

Our View of Financial Indicators

An Appropriate Balance with Our Growth Strategy

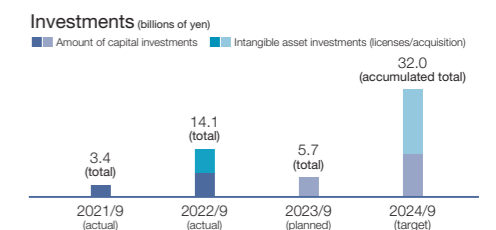
Fuji Pharma has set the financial targets of ROE 8.0% and ROA 6.0% as indicators of financial efficiency in the Mid-Term Business Plan. ROE for the fiscal year ended September 30, 2022 was 7.9% (up 1.2 points YoY), and ROA was 5.3% (up 0.1 points YoY). Equity ratio was 47.4% (down 3.5 points YoY) due to a decrease in cash and deposits and an increase in non-current assets, as well as an increase in borrowings, in connection with capital investments in the Toyama Plant and payments of the consideration for acquisition. However, we do not consider the equity ratio to be at a level of concern over the financial stability.



Strategic Investments for Growth

Implementing Strategic Investments to Achieve the Mid-Term Business Plan

We have established an investment framework of JPY 32.0 billion over the five-year period to achieve the Mid-Term Business Plan. Of this, approximately 60% is used to fund the acquisition of products and businesses, and approximately 40% for capital investments. The amount of capital investments for the fiscal year ended September 30, 2022 was approximately JPY 7.2 billion as we have made a progress in capital investments in the Toyama Plant, including those in the sixth drug production building (for manufacturing highly active solid formulation). The amount of investments made over the past three fiscal years has added up to approximately JPY 20.5 billion, which were invested mainly for the following three purposes: to acquire the manufacture and marketing rights of women's healthcare pharmaceuticals, biosimilars and other pharmaceuticals; projects to improve the manufacturing capability with technical features; and to invest in digital transformation in the Toyama area.



We will continue to make investments for the purposes such as further strengthening of women's healthcare, and further improvement of manufacturing capability and productivity.

Shareholder Return Policy

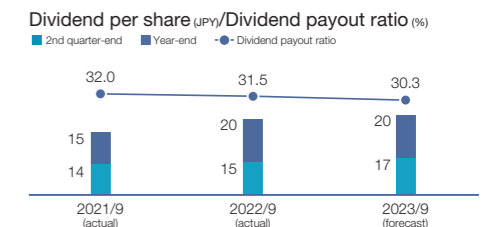
Toward Increased Dividends for the Second Consecutive Fiscal Year

Our corporate philosophy says "We help people lead healthy lives by offering excellent pharmaceuticals" and "Our corporate growth is proportional to our personal growth." We aspire to deliver contribution and growth to the shareholders who support us.

Contribution and growth for shareholders can be translated as improvement in total shareholder return, in other words, an increase in the share price and returns to shareholders. The total shareholder return was approximately 91% for the fiscal year ended September 30, 2022 (calculated only for the fiscal year ended September 30, 2022). Our share price was weak, marking JPY 1,034 at the end of the fiscal year ended September 30, 2022 compared to JPY 1,170 at the end of the previous fiscal year. We will take the market evaluation seriously and work to improve our share price by steadily progressing toward achievement of the Mid-Term Business Plan while communicating with our shareholders. As for shareholder returns, considering a dividend payout ratio of 30%, we determined a dividend of JPY 35 for the fiscal year ended September 30, 2022 (compared to JPY 29 for the previous fiscal year), an increase of JPY 3 from the dividend forecast of JPY 32 as of the beginning of the fiscal year, based on our financial results. For the fiscal year ending September 30, 2023, we are planning an annual dividend of JPY 37.

Fuji Pharma considers it essential to maintain and further enhance shareholder returns. Profit allocation is decided based on the profit of the current term, but also comprehensively taking into future business outlook and internal reserves for future business development, among other things. While continuing to invest to provide values unique to Fuji Pharma, we will aim at achieving 30% payout ratio to maintain a stable dividend level.

In addition to dividends, we will consider purchasing treasury shares as another shareholder return option, in light of our business performance and financial status. However, we intend to allocate funds for strategic investments necessary to execute our growth strategy, for the time being.



Strengthening Human Resource Initiatives

Valuing Growth Through Work

Executive Message



Corporate Officer and General Manager of Corporate Business Management Department

Hiroshi Uji

Fuji Pharma advocates the two qualities of contribution and growth in its corporate philosophy. We believe it is important for each employee to pursue autonomous growth by implementing this philosophy in practice and to make greater contribution to society by engaging in higher quality work.

Employee growth is not only about the acquisition of skills but also about personal growth. We hope that our employees will enhance their individual personal appeal by practicing the “virtues” that we have incorporated into our human resources systems. This approach to personal growth applies to all people regardless of differences in nationality, gender, and individual characteristics. I would like all our employees to gain a keen sense of how they can grow as an individual by capitalizing on their uniqueness, sharing opinions, and learning to act autonomously, and how their own personal growth then contributes to the growth of the company.

Mutual trust in particular is nurtured through human relationships of gratitude. Fuji Pharma uses a service called Unipos to visualize grateful relationships, encouraging people to notice the good in others and express praise. We expect our employees to develop as people who always take their work seriously, see things through until the end, and take vigorous autonomous action. Fuji Pharma values people and we have always pursued people-centric management. We want our employees to really sense the growth they achieve through their work at the company and how that helps create the most wonderful life for themselves.

Multiple Training Frameworks to Promote Employee Growth

Fueled by our two corporate philosophy parameters of contribution and growth, we task senior management and managers with the vital job of creating opportunities and venues for employees to play an active role in the company. We have created various training programs for all employees from new hires through to corporate executives to help support employee growth.

Main Training Opportunities

Developing Next-generation Leaders

As part of the succession planning incorporated into the current Mid-Term Business Plan, we have introduced various training programs to help nurture future candidates for management and executive positions. These initiatives include next-generation management training directed primarily at relatively young employees to enable them to assume managerial positions within a period of five years, as well as next-generation senior management training

directed primarily at the company’s current managers and team leaders to help ensure candidates for future executive positions are able to meet the company’s evaluation criteria for corporate officers. We are always looking to provide employees with opportunities to grow, not only so that we can put our management philosophy into practice, but also to develop human resources with a high degree of personal human appeal.

Manager Training Opportunities

We regularly survey our managers and devise management training programs based on the survey results. We have provided different selective training sessions based on individual requests, including unconscious bias training sessions designed to help people recognize incidents of unconscious bias and deepen their self-awareness in order to reduce preconceptions, groundless assumptions, and obtuseness and facilitate smooth communication, as well as training sessions designed to encourage greater critical thinking.

Subsidies for Learning Foreign Languages

One of the action plans in the Mid-Term Business Plan focuses on internal reforms to encourage the acquisition of foreign language skills. We are looking to strengthen basic English skills and create environments that enable employees to study English by offering subsidies for TOEIC examination fees entering into corporate contracts for StudySapuri and other language-learning tools as well as English conversation classes.

Health and Productivity Management Initiatives: Certified as a 2023 Health & Productivity Management Outstanding Organization

We are committed to health and productivity management because we believe that creating a workplace environment in which every employee is physically and mentally fit and can work energetically is essential to realizing our corporate philosophy. In October 2020, we set up the Health & Productivity Management Promotion Committee, and, since 2022, we have been certified as a Health & Productivity Management Outstanding Organization (Large Enterprise Category) by the Ministry of Economy, Trade and Industry in recognition of our good health and productivity management practices.

Health and Productivity Management Implementation Structure



*Organization Development Committee



Promoting the Advancement of Women

As a specialty pharmaceutical company with a focus on women’s healthcare, we engage in initiatives designed to promote women’s health within the company, starting with the Fuji Well-being Project described later in the report.

Special paid leave system for infertility treatment (update: used by seven female and one male employees)

We want colleagues who want children to be equally blessed with the joy of raising children. That is why we introduced a special paid leave system for employees

undergoing fertility treatment. We are striving to improve in-house well-being as a company that supports the birth of life and women’s healthcare.

Women’s healthcare service for companies (FEMCLE)

Fuji Pharma has introduced FEMCLE, a comprehensive support service for female employee health issues provided by Linkage, Inc. FEMCLE helps alleviate women’s health issues, such as menstrual symptoms and menopausal disorders, and helps create environments in which women can work without undue stress. We seek to prevent disease

and infertility, promote women’s health, and encourage the active participation of women in the workplace by facilitating online medical interviews, conveying pertinent information through videos and seminars, and helping women access online specialist consultations and gynecological examinations.

Respecting Human Rights

We formulated the Fuji Pharma Group Human Rights Principles based on our commitment to management that values people first and foremost. We strive to build a better society and workplaces that are free of unjust discrimination and harassment and where the human rights, personality, and individuality of others are respected. Based on our Basic Philosophy on Diversity, we respect each and every employee and provide harassment consultation and other services to help develop workplace environments that enable diverse employees to fulfill their potential.

In addition, we address the risk of human rights violations in order to build a society and workplaces that are free of discrimination. To that aim, we have formulated our Procurement Policy and Procurement Guidelines to ensure appropriate procurement activities with a view to upholding human rights across our entire supply chain. Going forward, we intend to steadily advance initiatives relating to business and human rights, such as the implementation of human rights due diligence and the development of relief mechanisms, based on the Guidelines on Respecting Human Rights in Responsible Supply Chains formulated by Japan’s Ministry of Economy, Trade and Industry (METI), and other documents.

Special Feature Roundtable Discussion on Fuji Well-being Project



We are keen to realize a corporate model that enables women to work comfortably as the first step towards our 2030 goal of becoming the world's happiest company!

Fuji Pharma has been contributing to the field of women's healthcare through the supply of ethical drugs for roughly 50 years, ever since our foundation in 1974.

In 2020, we announced our Vision for 2030 which illustrates "where we want to be" in 2030 by outlining three targets: "Contributing to the well-being of women in the world," "Expanding our business to Global Market from Toyama," and "Integrating the world's happiest company and social contribution."

Fuji Pharma employees conceived and launched the Fuji Well-being Project in October 2022 as one of the initiatives designed to help realize our Vision for 2030. In this roundtable discussion, project members share their thoughts and goals for the project, which has now begun in earnest.

Participants* (from left)

Hirohumi Iwakaji, Leader of Fourth Section, Second Quality Control Group, Quality Control Department, Toyama Factory; Kei Yamaguchi, Leader of Human Development Section, HR Group, Corporate Business Management Department; Rena Kubota, (Executive Director of the Project) Accounting Section, Business Administration Group, Corporate Business Management Department; Rie Kataoka, Drug Safety Management Second Section, Safety Management Group, Regulatory Compliance Department

*Affiliations and titles as of January 2023

Building a company-wide project launched autonomously by employees

Yamaguchi Fuji Pharma has been contributing to women's health for roughly half a century by building a broad portfolio combination of new drugs and other pharmaceuticals with a focus on women's healthcare and acute care. This project originated in October 2022 when six employees gathered in the Corporate Business Management Department where I work to discuss what we could do to promote activities around the key phrase of "creating a company where women can work comfortably." From our concrete discussions, we came to the conclusion that, in order to make any progress,



Leader of Human Development Section, HR Group, Corporate Business Management Department

Kei Yamaguchi

Joined Fuji Pharma as a mid-career hire in 2018. After working in the HR Affairs Section of the HR Group in the Corporate Business Management Department, she is currently in charge of HR development in the Human Development Section in the same department. She had her first child in 2023. She is the initiator and first executive director of the project.

we need to create a companywide effort rather than limit any initiative to members of the Corporate Business Management Department and that we should all work together. When we started recruiting across the company, many people, both men and women, from each department and base raised their hands. In the end, we had 29 members participating in the first phase of the project. I had hoped we would attract roughly one person from each department, but when we opened the lid, there were many more willing to participate and I was really happy that everyone had been thinking the same thing as us.

Iwakaji There are many women working in our company, all at different stages in their lives. Against that backdrop, I decided to raise my hand because I thought creating an environment in which women could work comfortably would eventually help create an environment in which all people, including myself, could work comfortably, irrespective of their gender. There are many women working in the Quality Control Department to which I belong, but I am sure that the type of workplace I might consider comfortable as a man would not necessarily be the same as the workplace women might consider comfortable. This project allows me to listen directly to the opinions of people in different positions. Also, I think it is capable of achieving what it set out to do, so I stepped forward.

Kataoka My 4-year old and 2-year old children currently attend kindergarten. I have taken maternity leave and childcare leave twice and I currently work shorter hours. Before I experienced pregnancy and parenting, I thought I would get used to things within a few years of the birth and that I would immediately go back to working full time as soon as things settled down. However, in reality, many people around me have helped cover my maternity and childcare leave and, even now, I sometimes have to go pick up my kids or take time off when they suddenly get sick or something urgent occurs. I was concerned about how I could be of use to the company. People with older children than mine seemed to be still having a hard time and I started to worry even more. That's when I heard about this project. I wanted to help myself and also do something to help future employees when they get pregnant, have children,

or are parenting. That's why I decided to take part.

Iwakaji The women in my department look apologetic when they come to me to discuss taking time off for childcare reasons, so I imagine it is not a comfortable working environment in that sense. Even as a man, I can see that society as a whole is still very much stuck in that environment. I have three children aged 9, 7, and 0 years. If something happens to the children, the childcare service contacts my wife and she goes and picks them up. We need to create an environment that enables men to respond to any childcare emergencies so that the women responding flexibly to different situations don't need to feel sorry for doing so. It can also be difficult for a woman to tell her male boss if she is feeling unwell. We have to come up with systems that enables women to take time off without feeling unduly burdened.

Kubota I am still in my second year of working. The



Leader of Fourth Section, Second Quality Control Group, Quality Control Department, Toyama Factory

Hirohumi Iwakaji

Joined the company as a new graduate in 2011. Spent eight years in the Research Department before becoming leader of the Fourth Section of the Second Quality Control Group at the Quality Control Department. A father of three children.

COVID-19 pandemic struck when I was job hunting and I started looking to do something in the medical field even though I was not a nurse or a doctor. I decided to join Fuji Pharma partly because it specialized in women's healthcare, so I want to help promote women's health both inside and outside the company. Listening to everyone else, I felt that any company that people want to stay with, regardless of their gender or life stage, is a company where women can work comfortably. That's what I want to aim for.



Drug Safety Management Second Section, Safety Management Group, Regulatory Compliance Department

Rie Kataoka

Joined the company as a mid-career hire in 2014. After working at the Toyama Plant, she is currently in charge of safety information at the Drug Safety Management Second Section of the Safety Management Group in the Regulatory Compliance Department. Mother of two children.

Yamaguchi Fuji Pharma has always sought to alleviate the suffering of those struggling with women's health issues and infertility and to contribute to the women's well-being by supplying drugs for dysmenorrhea and infertility. It is only natural that we want to become a company where women would want to continue working. I am currently nine months pregnant and will be going on maternity and childcare leave, so I asked Kubota-san to take executive director role for the project going forward. As Kubota-san said, I think we should aim to create an environment where employees at different stages of their life can continue to grow through their work and to play an active role. This project focuses on women, but it is just one of the necessary initiatives. Most companies, not just ours, are based on systems created in a male-dominated society. To bring the male/female influence into balance, we believe it is necessary to first focus on women and take action to support their active participation.

Submit 80 back-casting proposals to create a company model that is comfortable for women to work

Yamaguchi As we progress the project, I would like to ask everyone how they feel about the current situation and future challenges with respect to creating a company where women can work comfortably.

Kataoka Most of the people working in our company are kind and cooperative and we also have a strong compliance education system, so I have never experienced sexual or power harassment or pregnancy discrimination. There are times when I have to rely on those around me due to my childcare responsibilities. That does distress me because I never meant to increase their burden. However, thanks to the recently introduced hourly leave system, I can now leave temporarily to pick up my children or go to the hospital and then come back to work. I also feel that I am more efficient in my work after combining this system with remote working during the COVID-19 pandemic. I feel that this kind of flexibility is good and it has gotten much better. Having said that, I did feel a little jealous of my friends when they talked about companies that subsidize the cost of home service and babysitting or operate in-house childcare and after-school facilities. On another point, I think systems that offer flexible hours with no core time requirements enable you to balance your work better. Also, if you can coordinate with other family members you can improve efficiency not only at work, but also at home. I am currently working shorter hours, but there is no reason why women shouldn't work full time and men work shorter hours. I think it is okay for women to work and men to take childcare leave.

Iwakaji As you say, it was very rare for men to take childcare leave until a few years ago. I think if men are willing to change, more people will take childcare leave. The number of male employees taking childcare leave in my department is increasing, so we are gradually moving in the right direction. When my third child was born, I took childcare leave on a pinpoint basis. I wished I could have taken longer but, even so, if my taking childcare leave as a male manager helps change our company's mindset even a little, then I would be happy. Also, this project has created a venue for members to voice their feelings and opinions in their own words and to encourage discussion, so I think it could invoke great change going forward.

Yamaguchi Listening to Mr. Iwakaji speak reminds me that even just having people in management positions who think this way is a key strength for Fuji Pharma. When I talked to our company chairman, Hirofumi Imai,

he encouraged me to keep doing what we are doing, and I feel the fact that everyone in our company, from top management to general employees, can work together and move in the same direction is a key and unique strength. When we launched this project, I felt that many employees wanted to create a better and more comfortable working environment, but they were looking for the right way to demonstrate that desire. I want to offer a place for them to do what they want through this project.

Kubota The fact that I have been entrusted with the role of executive director for the project says volumes about our company. I joined the company after the COVID-19 pandemic had begun and I couldn't even match some of the faces and names of those working in the same head office as me. I am glad I participated in this project because it has enabled me to connect with people across the entire company.

Right now, all project members are analyzing any missing elements as we seek to become the world's happiest company as part of our Vision for 2030. At this point in time, there is a large consensus within the project for creating a company where people can continue to work at any stage of their lives, be promoted and evaluated equally regardless of gender, and enjoy strong human relations and psychological safety. Our members exhibit diverse attributes in terms of job type,



(Project Executive Director) Accounting Section, Business Administration Group, Corporate Business Management Department

Rena Kubota

Joined the company as a new graduate in 2021. In charge of accounting in the Accounting Section of the Corporate Business Management Department. Appointed executive director of the Fuji Well-being Project in January 2023.

age, and life stage, so we want to start by clearly identifying ourselves and voicing honest opinions. We also want to submit at least 80 proposals to management during the current fiscal year. I am excited to clarify our goals and work together to discover the company's strengths and tackle new challenges.



My favorite systems



I really like two of the systems that have been recently introduced. One is the Unipos system that allows you to convey your gratitude online for any elements of your daily work. The recipient of the gratitude is awarded points as a sign of appreciation and those points are then converted into bonus payments. People are always helping me, so I use Unipos to express my gratitude to those around me. The other system is the 1-on-1 system that allows you to talk one-on-one with your boss once a month. Our managers are very busy people, so I thought I couldn't meet with them unless I had something really important to say. However, I use that time to talk about things that I would usually not bother them with, which I think boosts psychological safety.

Drug Safety Management Second Section, Safety Management Group, Regulatory Compliance Department

Rie Kataoka

Fuji Pharma's Value Chain

We help people lead healthy lives by offering excellent pharmaceuticals.

To meet the needs of as many patients and medical professionals as possible, Fuji Pharma has established a seamless system that extends from subject selection and research and development to sales. Aspiring to provide significant value in the field of medical care, we will help people lead healthy lives by offering excellent pharmaceuticals.

Subject Selection

We are building a product portfolio strategy that maximizes our business activities. We make and manage timely and appropriate decisions from the selection of what to develop in-house and what products to in-license from domestic and overseas companies to the lifecycle of our products.

Challenges

- Strengthening of product portfolio that leads to greater contribution
- Product management to maximize the value of each product

Initiatives

- Product portfolio established through diverse approaches, including in-house development, acquisition from other companies, and sales transfer
- Organizational structure that enables us to perform across department product management and further optimize the product portfolio
- Management of product life cycles throughout the supply of pharmaceuticals



Production

Our pharmaceutical products are manufactured at two sites: Toyama Plant and OLIC. We provide a stable supply of high-quality pharmaceuticals leveraging our advanced production capabilities for manufacturing pharmaceuticals that are difficult to handle.

Challenges

- Establishment of a manufacturing structure that meets patients' needs
- Fostering of a quality-focused culture trusted by patients and medical professionals
- Establishment of a worldwide GMP compliance structure to supply products for the United States and Europe

Initiatives

- Commencement of commercial production at the newly built sixth drug production building (for manufacturing highly active solid formulation) and maintain stable operation
- Acceleration of the launching of the multi-syringe (injections) production line that is now under construction
- Establishment of an organizational structure that manages the process from the procurement of drug ingredients, etc. to product sales
- Promotion of digital transformation projects to ensure data integrity and improve operational efficiency



Sales

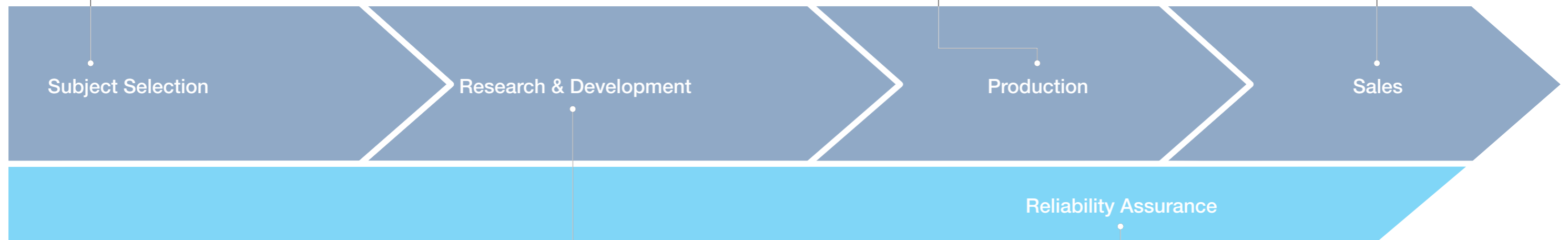
Through information provision activities by medical representatives (MRs), we deliver our pharmaceuticals to medical facilities nationwide. We conduct high-quality and efficient information activities by concentrating our sales resources.

Challenges

- Further improvement of MRs' level of knowledge on products and diseases and their acquisition of relevant knowledge to meet highly diverse needs
- Establishment of a new system to provide information in response to the spread of infectious diseases

Initiatives

- Establishment of the internal "Menopause Expert" system to increase the overall level of knowledge
- Information provision activities where online meeting platforms and digital promotion tools are utilized in MRs' activities



Research & Development

Toyama Research & Development Center and Head Office in Tokyo are our bases for research and development of pharmaceutical products. In pursuit of pharmaceuticals that are required in the medical field, we produce high-quality and high value-added pharmaceuticals.



Challenges

- Steady progress in research and development of new drugs, biosimilars, and generic drugs
- Drug development to meet the needs of patients and medical professionals

Initiatives

- Research and development in close cooperation with domestic and overseas partners
- Understanding of diverse needs to improve dosage forms and develop new formulation technologies

Reliability Assurance

We monitor the quality, safety, and efficacy of the pharmaceuticals we supply to the market so that patients and medical professionals can use our pharmaceuticals with more confidence.

Challenges

- Strengthening of the structure for manufacturing site management
- Streamlining of work collaboration and visualization of work progress management
- Response to rapidly changing regulations

Initiatives

- Increased outsourcing and introduction of new systems to improve operational efficiency
- Adaptation to the online shift for the submission of notifications and approval applications



For Stable Supply of High-Quality Pharmaceutical

Quality Policy

We establish the quality policy and provides high-quality drugs that can be used safely and meet the expectations of patients, healthcare professionals, and stakeholders through the implementation of Fuji Pharma's Corporate Philosophy: "We help people lead healthy lives by offering excellent pharmaceuticals." and "Our corporate growth is proportional to our personal growth."

- 1 **We thoroughly comply with laws and regulations.** We are always aware of the high ethical standards based on the Corporate Philosophy and thoroughly comply with not only the laws and regulations of each country applicable to our products but also the contracts concluded with all parties concerned.
- 2 **We ensure high quality and reliability.** At all manufacturing sites associated with our products, we ensure high quality and reliability by establishing the robust quality assurance system based on the Management Standards according to risks.
- 3 **We pursue the latest manufacturing technology.** Based on the technologies for sterile products, clean hormone preparations and hazard products, we pursue the latest manufacturing technology that becomes a model of sophisticated GMP further changing over time.
- 4 **We focus on improving the quality of drugs.** We sincerely face opinions, proposals, and requests of patients, healthcare professionals, and stakeholders and focus on improving the quality of drugs so that people can always use them safely.
- 5 **We develop human resources.** We are always aware of high ethical standards based on the Corporate Philosophy and develop global human resources whose mission is to contribute to the healthy life of people around the world.

Reliability Assurance System

Based on our corporate philosophy, "We help people lead healthy lives by offering excellent pharmaceuticals," Fuji Pharma has established a reliability assurance system to supply pharmaceutical products that patients and medical professionals can use safely and reliably.

Ensuring the quality, efficacy, and safety of pharmaceuticals is an extremely important responsibility for pharmaceutical companies. We are committed to further ensuring the quality, efficacy, and safety of our products by strengthening our governance system through legal compliance, as well as strengthening the manufacturing and sales structure including the 3 Officers as Marketing Authorization Holder and the three lines of defense for risk management, so that medical professionals and patients can use our products without any concerns.

3 Officers as Marketing Authorization Holder

The 3 Officers as Marketing Authorization Holder denotes the Chief Pharmaceutical Officer, Quality Assurance Manager, and Safety Control Manager who are required to be appointed by law*. The Quality Assurance Manager engages in management and supervision to ensure legal compliance in the manufacturing of marketed

pharmaceuticals. The Safety Control Manager collects information on safety control, including the occurrence of unexpected adverse drug reactions, after pharmaceuticals are sold. The Chief Pharmaceutical Officer supervises the overall structure.

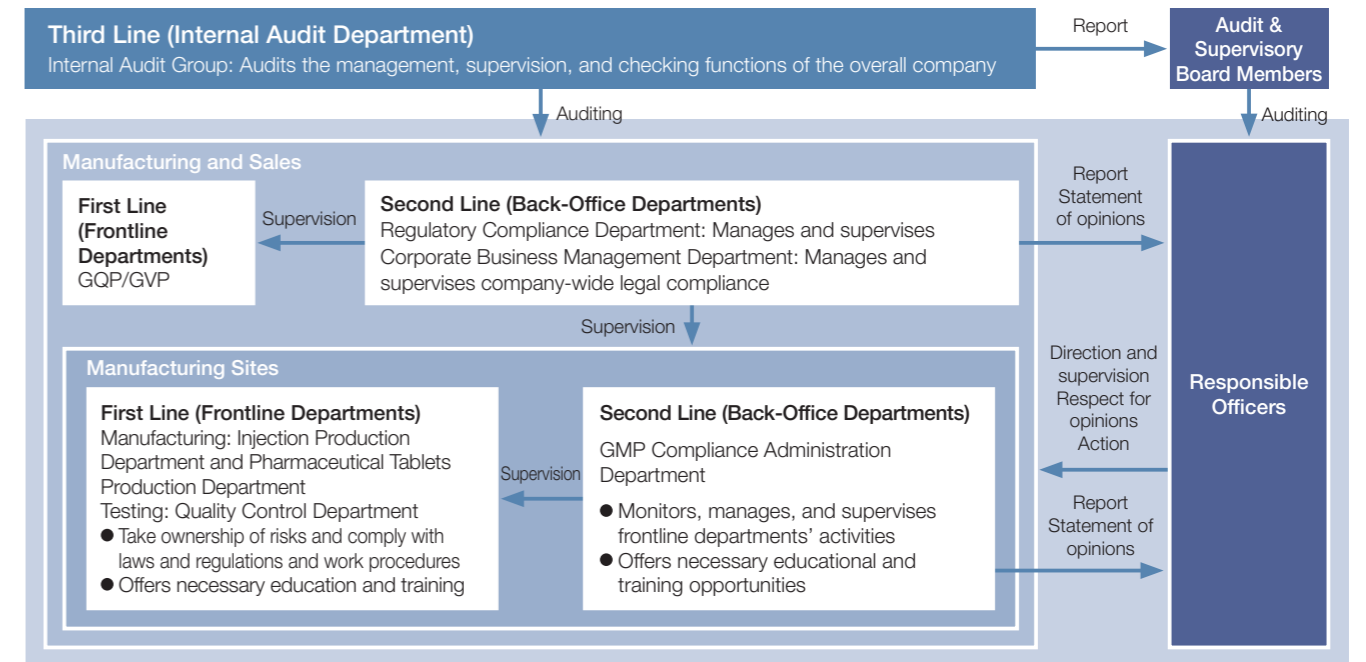


*Act Partially Amending the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Act No. 63 of 2019)


Three Lines of Defense for Risk Management

We have three lines of defense in place for risk management. The first line is comprised of frontline departments, which consist of the Pharmaceutical Tablets Production Department and Injection Production Department responsible for manufacturing and the Quality Control Department responsible for quality tests and other matters. The second line is comprised of back-office departments, including the GMP Compliance Administration

Department and Regulatory Compliance Department responsible for management and supervision of frontline departments and the Corporate Business Management Department responsible for management and supervision of legal compliance. The Internal Auditing Group responsible for auditing the overall company serves as the third line. With the triple check system in place and functioning, we strive not to overlook any human errors.



Specific Initiatives



Corporate Officer General Manager of the Regulatory Compliance Department
Kazuhisa Sakurai

Timely and appropriate information management

We collect safety-related information widely from medical institutions, business partners, regulatory authorities in many countries, domestic and overseas pharmaceutical literature, and other sources. We collect more than 10,000 pieces of safety information each year, which are centrally managed by the Safety Management Group. The Group has formulated policies necessary for ensuring safety and proper use, based on which information on proper use has been conveyed to medical institutions, package inserts have been revised, and other relevant actions have been taken.

We also receive more than 500 quality-related reports each year from internal and external sources. In response to these reports, we not only examined the manufacturing and quality test records of the product in question to determine the cause of the reported problems but also devised and implemented measures to respond to and improve the situations and prevent recurrence.

Introduction of new systems

We have been promoting further outsourcing and system introduction. In 2021, we introduced two systems: a system to manage reports from medical representatives on adverse events and quality related information and a system for communication management of safety information. In 2022, a system to manage surveys conducted immediately after the launch went into full operation. These systems have been instrumental in improving efficiency of work collaboration and visualizing work progress management.

To further improve efficiency of GQP management, we will consider introducing systems for comprehensively managing quality-related information, progress of process improvements and troubleshooting, and status of training. We will work closely with manufacturing sites to improve product quality. In addition, the Pharmaceutical Regulatory Affairs Group has made it possible to submit minor change notifications via online systems as the first step in adapting to the online shift for the submission of notifications and approval applications. Going forward, we plan to make new and partial change approval applications available via the same systems.

Sustainability Management

Fuji Pharma aims to achieve its goal, “Integrating the world’s happiest company with social contribution” by implementing company-wide sustainability activities.

Basic Perspective on Sustainability Activities

Fuji Pharma has the corporate philosophy: “We help people lead healthy lives by offering excellent pharmaceuticals.” and “Our corporate growth is proportional to our personal growth.” We believe that the core of our sustainability activities lies in serving society by practicing our corporate philosophy and, in doing so, attaining continued growth.

We are committed to fulfilling our social responsibilities and helping solve social issues, including the improvement of people’s lives through our business activities while considering protection of the environment, the economy and other social sustainability issues.

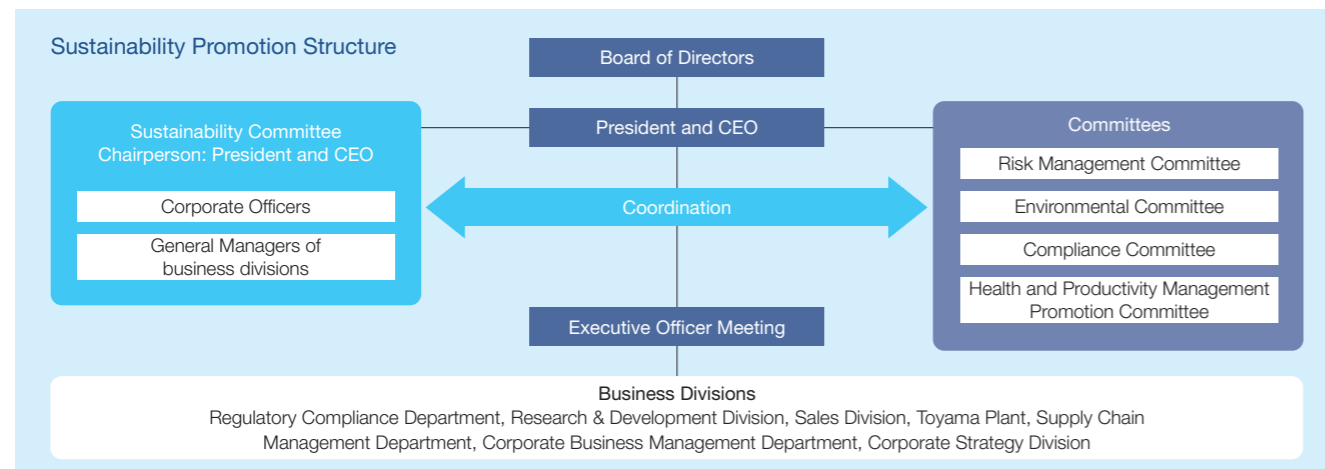
Basic Policy on Sustainability

1	Contribution	Every one of us will practice our corporate philosophy by providing the value unique to Fuji Pharma and behaving with constant awareness of contributing to continued development of society.
2	Growth	We will keep in mind that growth of individual employees leads to the growth of Fuji Pharma and that striving for constant growth helps make greater contribution possible.
3	Compliance	We will each observe the Code of Conduct regarding Compliance and always think about the right action to take, with the awareness that we are part of society in all aspects of our business activities.
4	Respect for Human Rights	We dignify and respect human rights and individualities of all people.
5	Environmental Conservation and Protection	We always keep in mind that environmental resources are limited and proactively work to conserve the global environment.

Sustainability Promotion Structure

Under the corporate philosophy, “We help people lead healthy lives by offering excellent pharmaceuticals” and “Our corporate growth is proportional to our personal growth,” Fuji Pharma believes that contributing to people’s health through people-centered management is our social responsibility as a pharmaceutical manufacturer and distributor.

In consideration of the impacts of our business activities on the environment, society, and economy, and to solve challenges for achieving a sustainable society, we have established the “Sustainability Committee” chaired by the President and CEO and the “Sustainability Section,” a unit devoted to the theme to promote our sustainability initiatives across the company.

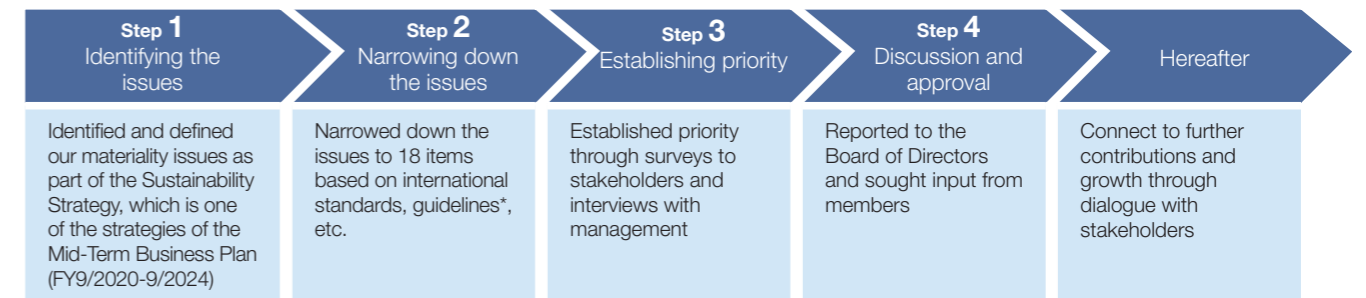


Materiality

Identifying Materiality

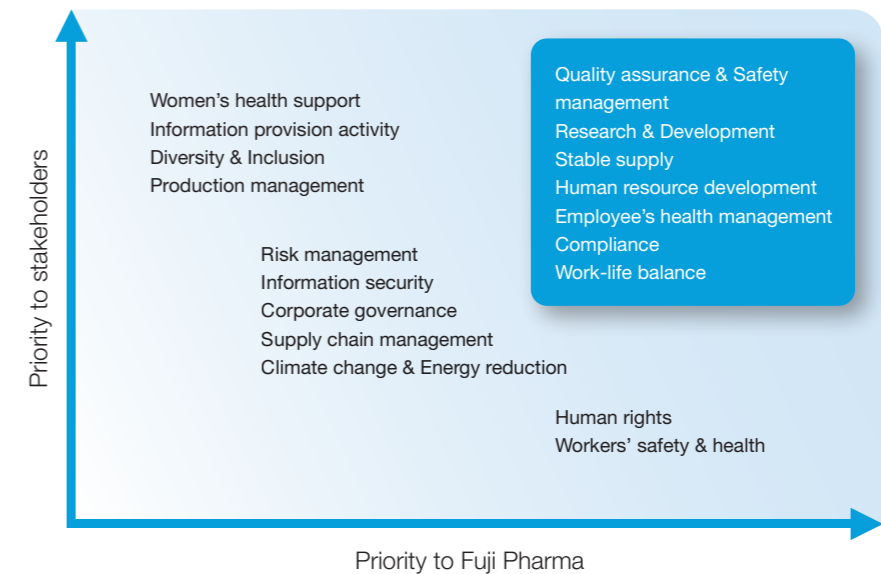
To ensure that all officers and employees recognize the social roles of Fuji Pharma, actively engage in solving social issues and enhancing corporate value, and steadily put into practice the corporate philosophy of “We help people lead healthy lives by offering excellent pharmaceuticals” and “Our corporate growth is proportional to our personal growth,” we have identified our materiality, which are important issues that need to be addressed in order to sustain our business model toward achieving sustainable growth and enhancing corporate value in the medium and long term.

Going forward, we would like to actively engage in dialog with the stakeholders using materiality as a basis for discussion and exchange opinions on the significance of the issues as each of us understand. Through active dialogue regarding issues recognized by stakeholders but Fuji Pharma has yet to perceive, or conversely issues that Fuji Pharma is strongly aware of but has not been shared with stakeholders, we will be able to further contribute to resolving social issues and further enhance our corporate value.



*ISO26000, SDGs, the SASB Standards Materiality Map for the Healthcare Industry, etc.

Materiality Map



Earned a Silver Medal in the EcoVadis Sustainability Assessment



EcoVadis in France provides assessment data on sustainability and supply chain initiatives of more than 100 thousand companies worldwide, available via a global cloud-based platform. EcoVadis’s comprehensive sustainability assessment covers four themes: environment, labor & human rights, ethics, and sustainable procurement. In fiscal year 2022, we earned a Silver Medal, which means we were among the top 25% of the assessed companies.

(Based on the 2022 score card criteria)

Materiality and SDGs

Fuji Pharma's materiality has been established with a view to contributing to the achievement of the Sustainable Development Goals (SDGs). Through the materiality initiative, we will contribute to the sustainable development of society and generate a virtuous cycle of growth and contribution.



Materiality	Specific Initiatives	Related SDGs
1 Quality assurance & Safety management	<ul style="list-style-type: none"> Thorough quality and safety management based on Quality Policy Establishment of a culture of product quality and a system of legal/regulatory compliance based on Quality Policy Securement of high-quality standards through consistency inspection meetings and quality management review meetings Audit and verification by a specialized unit within the Regulatory Compliance Department regarding potential quality problems 	3, 12
2 Research & Development	<ul style="list-style-type: none"> Research and development of pharmaceuticals such as hormone agents, anti-cancer agents, and biosimilars and new generation technologies that meet the needs of society Suppression of the rising national medical expenses and reduction of personal economic burden through the development of pharmaceuticals affordable to patients Improvement of productivity and effectiveness of research and development by securing and developing R&D human resources Enhancement of R&D capability and manufacturing technologies through partnership with other companies, as well as improvement of productivity and increasing of success accuracy 	3, 8, 12
3 Stable supply	<ul style="list-style-type: none"> Stable supply of excellent pharmaceuticals Productivity improvement through enhancement of manufacturing capability and digital transformation Enhancement of logistics function to ensure appropriate inventory 	3, 12
4 Human resource development	<ul style="list-style-type: none"> Development of the next generation of management and female management level employees Development of virtuous human resources through a "Virtues system" with a corporate culture that values people at the core Development of diverse human resources who can actively participate globally 	5, 8
5 Employee's health management	<ul style="list-style-type: none"> Initiatives to promote employee health led by the Health and Productivity Management Promotion Committee Efforts to encourage employees to take appropriate leaves and reduce long working hours Establishment of a comfortable work environment and employee-friendly system 	3, 8
6 Compliance	<ul style="list-style-type: none"> Ensuring thorough compliance with the Code of Conduct on Compliance and implementation of training programs to ensure compliance with laws and regulations Ensuring appropriateness of corporate management and business execution based on compliance with domestic and foreign laws and regulations, internal rules, etc. Ensuring thorough compliance with the Code of Conduct on Compliance and implementation of training programs to prevent misconduct 	10, 16
7 Work-life balance	<ul style="list-style-type: none"> Strengthening of initiatives to promote women's participation and advancement and to support the balance of work and childcare Establishment of a comfortable work environment and employee-friendly system Efforts to encourage employees to take appropriate leaves and reduce long working hours 	5, 8
8 Human rights	<ul style="list-style-type: none"> Elimination of discrimination and inequality through compliance with the human rights-related laws and regulations Visualization of the concept of human rights and our policy to respect them to raise awareness among officers and employees Development of effective harassment prevention measures, consultation service, and a report system 	10
9 Workers' safety & health	<ul style="list-style-type: none"> Enhancement and thorough implementation of an workers' safety and health management structure based on our Workers' Safety and Health Policy 	8
10 Women's health support	<ul style="list-style-type: none"> Provision of women's healthcare pharmaceuticals that contribute to the enhancement of women's well-being Educational activities to support women's health and to promote their participation and advancement 	3, 5, 8
11 Information provision activity	<ul style="list-style-type: none"> Establishment of an appropriate system for gathering safety management information and responding to such information to supply appropriate information to medical institutions 	12
12 Diversity & Inclusion	<ul style="list-style-type: none"> Development and promotion of diverse human resources to build a workplace comfortable for all employees 	5, 8
13 Production management	<ul style="list-style-type: none"> Stable supply of excellent pharmaceuticals Establishment of a production management structure through appropriate capital investment 	3, 12
14 Risk management	<ul style="list-style-type: none"> Securement of a business continuity management (BCM) structure through the Risk Management Committee and periodical review of the Business Continuity Plan (BCP) 	16
15 Information security	<ul style="list-style-type: none"> Strengthening of the information management structure and enhancement of literacy on information security based on our Basic Policy on Information Security 	16
16 Corporate governance	<ul style="list-style-type: none"> Continuous improvement of the management foundation through periodical review of the corporate governance structure 	16
17 Supply chain management	<ul style="list-style-type: none"> Implementation of CSR procurement based on our Supply Chain Procurement Policy Continuous implementation of cost reduction measures by improving procurement and productivity through appropriate management of the supply chain 	10, 12
18 Climate change and Energy reduction	<ul style="list-style-type: none"> Establishment of the Environmental Committee and an environmental management promotion system Planning and execution of measures for utilizing environment friendly energy and resources Launch of internal projects for responding to climate change 	13

Environmental Initiatives

Sustainability constitutes one of the strategies of our current Mid-Term Business Plan. Under our Environmental Policy, we conduct business activities that are considerate of the environment.

EHS Management System

To ensure consistent Environment, Health, and Safety (EHS) management and operation of Toyama Plant and Toyama Research and Development Center, we have developed an EHS management system and obtained certification of "ISO14001" and "ISO45001," which are respectively international standards for environmental management systems and occupational health and safety management systems, for Toyama Plant, Toyama Research and Development Center, and Toyama Distribution Center as a part of our efforts to develop EHS management structures.

We consider reducing the burden on the global environment to its minimum as an important management issue and we will consistently pursue environmentally friendly business activities under unified environmental targets and management systems. We will continue to strengthen initiatives for environmental conservation and industrial health and safety, and contribute to resolving these social issues.

Fuji Pharma's Initiatives to Achieve Carbon Neutrality

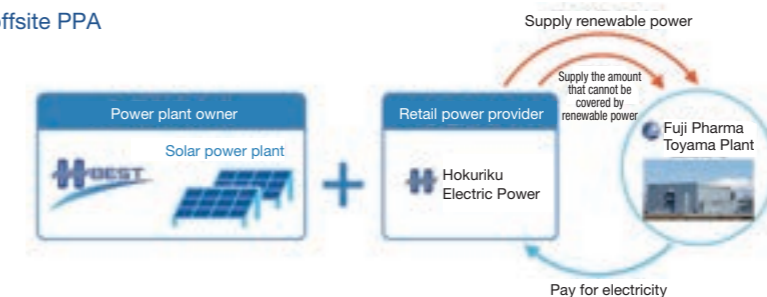
Fuji Pharma aims to shift 50% of the electricity used in Toyama Plant to renewable energy by 2030. We will continue with our efforts to achieve carbon neutrality by 2050.

Introduction of Offsite Solar PPA

In November 2022, we signed an offsite solar power purchase agreement (PPA) with the Hokuriku Electric Power Group, with an eye to move toward carbon neutrality. An offsite PPA allows us to purchase power generated at remote (offsite) power generation facilities outside our premises. Based on the agreement, a new

solar power generation facility will be set up, and, for 20 years, part of electricity supplied to Toyama Plant will be replaced with renewable energy generated by solar power. The solar power plant will be constructed in Sakai City, Fukui Prefecture. The construction is expected to be completed in spring 2024.

Power supply based on offsite PPA



Introduction of Solar Power Generation Facility at OLIC

As part of initiatives to move toward carbon neutrality as the entire Fuji Pharma Group, we will set up a solar power generation facility on the roof of OLIC's plant in Ayutthaya,

Thailand. It is expected to generate 1,200 MWh annually, which reduces not only CO₂ emissions but also rising local electricity costs.

Environmental Initiatives at Toyama Research and Development Center

Toyama Research and Development Center took a CO₂ reduction potential assessment and, based on the results, introduced an energy management system in March 2021. Visualizing power use to save energy and shifting to LED lights serve as constant driving forces for CO₂ reduction.

In addition, we encourage the reuse of physical and chemical equipment. When replacing analytical instruments or other equipment, we try to reduce waste by reusing the old equipment.

Information Disclosure Based on TCFD Recommendations

We have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*. We will take climate change seriously, deepen our understanding on business risks and opportunities, and strive to proactively disclose climate-related information based on the TCFD recommendations.

For details of information disclosure related to TCFD, please visit our website (https://www.fujipharma.jp/sustainability/core_subject/04-tcdf.php (in Japanese only)).



*Task Force on Climate-related Financial Disclosures: An international initiative established in 2015 by the Financial Stability Board (FSB). Corporations are encouraged to disclose information about the financial impact of risks and opportunities caused by climate change.

1 Governance

We position sustainability as one of the strategies of the Mid-Term Business Plan and consider addressing climate change and the environment as an important issue in management. The TCFD Promotion Secretariat collaborate with the Risk Management Committee, the Sustainability Committee, and the Environmental Committee to work on relevant issues. Climate-related risks and opportunities and how they affect business execution are discussed in accordance with each Committee's scope of duties and reported to the President & CEO. In principle, the Board of Directors receives reports from the President & CEO on how climate risks are managed and addressed, and resolves and supervises company-wide managerial policies.

2 Strategy

In accordance with the TCFD recommendations, we started a scenario analysis based on scientific evidence, etc. presented by the International Energy Agency, in order to understand climate-related risks and opportunities. In the scenario analysis, we assessed the significance of climate-related risks and opportunities that may affect our business as of 2030. We made a list of such risks and opportunities with the cooperation of relevant departments. Items with an expected impact of "medium" or larger are disclosed on our website. In addition, we have already started to address the risks considered especially significant in the impact assessment. We will deepen internal discussion and disclose relevant information in a timely and appropriate manner.

*Scope of analysis: Major businesses in Japan (women's healthcare, biosimilars, and contrast media)

3 Risk management

The TCFD Promotion Secretariat identifies climate-related risks in collaboration with relevant committees and business divisions. The Risk Management Committee assesses the risks and discusses countermeasures before relevant departments and affiliated companies address the risks. How climate risks are addressed is collated in a timely manner and reported to the President & CEO. The Board of Directors receives reports from the President & CEO and supervises the risk management operations.

4 Indicators and targets

We calculate greenhouse gas emissions as an indicator for assessing climate-related risks and opportunities. In fiscal year 2021, we calculated CO₂ emissions from fuel use, or Scope 1 emissions, and CO₂ emissions from the use of electricity supplied by other companies, or Scope 2 emissions. With the aim of switching 50% of electricity used in Toyama Plant to renewable energy by 2030 and achieving carbon neutrality by 2050, we will keep track of greenhouse gas emissions, introduce energy saving and solar power generation systems in Toyama Plant, and take other measures to reduce emissions.

Greenhouse gas emissions (FY2021)

	Market-based emissions (t-CO ₂)	Location-based emissions (t-CO ₂)
Scope 1*1	5,261	5,261
Scope 2*2	7,253	6,553
Scopes 1 and 2 total	12,514	11,814

*1 Emissions from LP gas and gasoline use *2 Emissions from electricity use

Calculation period: October 2020 to September 2021
 Scope of disclosure: All businesses in Japan
 Emission coefficient used for Scope 2: (Market-based emissions) FY2020 emission coefficient by electricity provider, emission coefficient for each provider after adjustment (Location-based emissions) FY2020 emission coefficient by electricity provider, national average coefficient based on the Act on Promotion of Global Warming Countermeasures

5 Future initiatives

Going forward, we intend to discuss more specific measures to address climate-related risks and opportunities and matters that are not on the list at the moment. The progress of such activities will be disclosed in a timely and appropriate manner. By engaging in such activities and dialogue with our stakeholders through the disclosure, we will strive to reduce climate-related risks and seize business opportunities in accordance with changes in the market, and achieve sustainable growth as a company.

Social Initiatives

We aim to extensively contribute to each community by promoting communication with all stakeholders.

To ensure that we will continue to grow alongside local communities, we will carry out various social contribution activities such as educational activities related to women's health and actively engage with Toyama and other local communities.

Won a special award at the NIPPON Women's Body Meeting® 2022

NIPPON Women's Body Meeting® is a symposium organized by Think Pearl, a general incorporated association, which promotes women's health education and preventive medicine, and has been held approximately once a year since 2014. In addition to lectures for the year's theme, awards are given to organizations nominated for the awards. The theme for FY2022 was "Think about health (well-being) from an ESG perspective," and Fuji Pharma won a special award.



Educational Activities Related to Women's Health

We offer education to help women independently choose their life plans and gain accurate knowledge about their bodies and diseases peculiar to women before they consult medical institutions and address symptoms, amid the recent changes and diversification of workstyles and lifestyle. We feel this an important mission for Fuji Pharma as a champion of the well-being of women. Based on this view, Fuji Pharma has been implementing the following initiatives.

Initiatives 1 "LiLuLa"

Since July 2018, we have been operating a smartphone app, "LiLuLa," aiming to support the health of women of all generations. In addition, to broaden our audience, the LiLuLa website was created in February 2020 so information delivered to the app could also be seen on the internet. LiLuLa provides valuable information on women's health for a wide range of ages from puberty to menopause (such as menstrual tidbits, contraception, infertility, gynecological examinations and menopause) to contribute to a society where women can play an active role as themselves.

There is quite a lot of information available on the internet which is not supported by evidence. LiLuLa, is able to provide accurate information by publishing articles under the supervision of obstetricians and gynecologists and participation of medical professionals specializing in obstetrics and gynecology.

As part of our health and productivity management, we will share LiLuLa's educational materials with other companies and organizations to further expand our awareness raising activities.



Website version of LiLuLa



LiLuLa app screen

URL:<https://www.lilula-web.jp/>



Initiatives **2** Activities to raise disease awareness

Recently, we have supported women's health-related seminars and events for the general public, which are organized by other companies and organizations. We believe that supporting high-impact media and events will enable provision of accurate knowledge and understanding to a wider audience and help improve the literacy of society as a whole.

For example, since the end of 2020 we have supported the "Workstyle Reform for Women! 'Seiri Kaiteki Project,'" established by a consortium of companies led by NIKKEI BP INTELLIGENCE GROUP. To support the realization of a society where women can work comfortably by encouraging accurate

understanding of women's bodies and menstruation as well as enhancing public literacy, the Seiri Kaiteki Project publishes a series of articles on menstruation and organizes online seminars featuring obstetrician-gynecologists and celebrities, which have been drawing huge response from readers and viewers.

In addition, we supported a number of seminars for the public such as an online seminar on "Reproductive Health and Rights" organized by Nikkei Inc. We plan to continue to raise awareness about women's health issues by supporting such activities in the future.



Seminars for the general public supported in recent years

Date	Organizer	Theme	Outline
From April 2020	NIKKEI BP INTELLIGENCE GROUP	Support for women's health and promotion of women's participation and advancement in the workplace, focusing on menstruation	The project entitled "Workstyle Reform for Women! 'Seiri Kaiteki Project'" supports the realization of a society where women can work comfortably by promoting correct understanding of women's bodies and menstruation. Talk seminars were held with gynecologists, athletes, and celebrities in October 2021.
From March 2021	Nikkei Inc.	Reproductive Health and Rights	Supported "Marunouchi Career Academy" in 2023. Organized a special seminar entitled, "Think About Your Reproductive Health and Rights! Be Yourself Body, Mind, Gender" in March 2023, about efforts to trying to conceive and infertility treatment, endometriosis, menopausal disorder, and women's career development.
March 2021	Spolink Japan	Gynecologists supporting female athletes	Specialists provided accurate information about health issues faced by female athletes and ways to manage their condition.
From April 2021 to August 2021	Japanese Organization for International Cooperation in Family Planning (JOICFP)	Dissemination of correct information about women's bodies and promotion of consultations with gynecologists	Lectures by gynecologists and online seminars in a dialogue format between specialists and athletes.
From February 2022	Women's Health Action, CINRA, Inc.	Women's minds and bodies	An event where diverse speakers such as celebrities and physicians speak about diverse topics related to health issues specifically on women such as menstrual pain, PMS, the genital area care, trying to conceive, contraception, SRHR, and Femtech.
October 2022	SANKEI SHIMBUN CO., LTD.	Minds and bodies in menopause	An online event where celebrities and physicians speak on the theme of "Understanding the minds and bodies in menopause," as part of "Fem Care Project" by "metropolitana," a free magazine published by Sankei Shimbun.
January 2023	Never Stop Playing Sports	Athletes and menstruation	Support for "1252 Project," an educational program that addresses various menstrual issues faced by female athletes, which aims to help students to gain the right information, advisory, and guidance about menstrual problems by partnering with top athletes, medical facilities, and educational fields.
February 2023	Japan Women Foundation	Support for women in need	Support for activities that encourage society to move toward the realization of women's well-being by helping women in need (such as unexpected pregnancy, abortion, domestic violence, unemployment, poverty, dysmenorrhea) in a comprehensive manner.

Certified as Toyama Women's Participation and Advancement Corporation



In September 2022, we were certified as "Toyama Women's Participation and Advancement Corporation" by Toyama Prefecture where our plant is located. "Toyama Women's Participation and Advancement Corporation" is a program in which Toyama Prefecture certifies companies in the prefecture where women are actively participating, toward the achievement of corporate growth and well-being (true happiness). This program was in operation in 2022, and we are one of the first companies that were certified under the program.

We will continue to promote women's participation and advancement to achieve corporate growth and well-being.

Main certification criteria	Criteria
	The ratio of female managers is above the national industry average for the most recent fiscal year.
	The average number of succeeding legal overtime and legal holiday working hours is less than 45 hours for each month.
	Companies have specific initiatives for women's active participation and advancement.
	Companies have formulated, notified, and announced their general employer action plan as stipulated by the Act on the Promotion of Women's Active Engagement in Professional Life
	Companies have a chief gender-equal officer.

The Seiichi Imai Memorial Foundation

Seiichi Imai, founder of Fuji Pharma, was especially committed to supporting the health of women and children, with a basic philosophy of helping people lead healthy lives by offering excellent pharmaceuticals. The Seiichi Imai Memorial Foundation was established with an endowment fund from the founding family, which inherited the will of the founder. It supports women suffering from female-specific diseases, pregnancy, childbirth, childcare, etc., and health of women and children to be born through grants for research in women's and pediatric medicine. Fuji Pharma support its activities.

Sponsorship of TOYAMA GROUSES

As a company whose plant and research & development center are located in Toyama City, Toyama Prefecture, we have been an official clothing partner of TOYAMA GROUSES, a professional basketball team conducting community-based operations with Toyama City as its hometown since 2017, to contribute to the revitalization of local sports culture.



OLIC's social contribution activities

OLIC has conducted social contribution activities in cooperation with the local communities. Its activities include manufacturing alcohol gel and sprays, which were in short supply due to COVID-19 pandemic from around March 2020, and providing them free of charge to hospitals, government agencies, schools and temples in the Ayutthaya District, and donating computers which are no longer used in companies to schools. In 2022, OLIC made donations to Operation Smile, an organization that supports children with facial disabilities such as cleft lip and cleft palate, and donated sports equipment to local schools.

Both in Japan and overseas, we see a connection with local communities as important for our operating activities and we are committed to social contribution activities to ensure that we continue to grow alongside local communities.

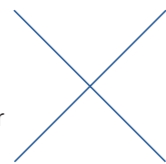
Governance Dialogue: Chairman Imai And Outside Director Miyake

We will continue to strengthen our corporate governance systems and further improve the effectiveness of the Board of Directors



Hirofumi Imai

Chairman and Representative Director



Minesaburo Miyake

Outside Director

Fuji Pharma has been working hard to strengthen the effectiveness of its corporate governance systems.

Chairman Hirofumi Imai and Outside Director, Minesaburo Miyake, discussed the company's current governance structure as well as potential future initiatives.

Evaluating our corporate governance systems

Imai The Fuji Pharma Board of Directors has eight members, four inside and four outside directors, and two of our outside directors are women. We consider the diversity of our Board membership to be an important factor and we judge that the Fuji Pharma Board makeup is well balanced.

Miyake I have been taking part in Board meetings since I was appointed as an outside director in 2017. Board members, with their varied experience, expertise, and perspective, voice various opinions from different angles, and I feel that the range of free and vigorous discussion grows every year. Having said that, while diversity is important, you can never forcibly create balance well, no matter how many people you include. So, it is also important not to get too caught up in shaping the Board that we lose sight of its original purpose and significance. I believe the most important thing is to have an effective system that enables the company to firmly face and address medium-term issues.

Imai I feel the same way. We know that the most important function of the Board of Directors is to make swift and bold decisions on important management issues. I think that Fuji Pharma's current Board ensures transparency and fairness and is able to conduct substantive discussions without being too swayed by latest trends and formula regarding Board systems. Our outside directors, with their varied backgrounds and expertise, provide broad insight and perspectives that deepen the debate. We appreciate their valuable advice, which helps improve our corporate value.

Miyake If you look at the directors' skill matrix, you can see that the Board is composed of people with a diverse range of expertise and experience in management, global business, healthcare, and other fields. At the same time, few executive officers have expertise in technology and legal affairs, so the company contracts experts to cover those fields when required for individual themes. For instance, most companies are currently pursuing some form of digital transformation, but you can solve any issues there by skillfully utilizing external experts and internal human resources in the IT field.

Imai One issue regarding the composition of the Board is that we currently have no foreign director following the retirement of our outside director from Iceland last year. If we find an appropriate candidate, we would be keen to consider them.

Miyake No company has fully achieved this yet, but, ideally, I would like to see the appointment of female internal directors over the medium to long term.

How effective is the Board?

Imai We analyze and self-evaluate the effectiveness of the Board through an annual survey of all executives. The

self-evaluation conducted at the end of 2021 revealed issues with how we discuss the development of next-generation managers and how we manage online Board meetings, both of which we sought to improve in fiscal 2022.

Miyake Regarding the development of future managers, I understand that there are training systems in place and management candidates are given various opportunities to pursue further growth. In fact, a report was submitted to the Board at the end of 2022 regarding the achievements of the two teams tackling this very training and I was very happy to see how much the candidates were developing.

Imai In terms of Board operations, the majority of Board meetings were held online in fiscal 2022 and we held a meeting roughly once a month. The only in-person meetings were the General Meeting of Shareholders and the two Board meetings held in Toyama. The benefit of online discussions is that they tend to focus more on the main points, which facilitates intensive discussion in a relatively short period of time. However, to facilitate a substantive discussion, you need a diligently prepared agenda and a good communications environment.

Miyake Having said that, it can be easier to communicate your ideas, including detailed nuances, in offline meetings, where people are sitting opposite each other. We also gain new insights and uncover new issues when discussing or chatting together.

Imai In the post-Covid era, we would like to utilize both in-person and online Board meetings when appropriate to promote meaningful discussion. We will continue to scrupulously prepare for these meetings together with the relevant departments and executive officers. Furthermore, the 2022 evaluation of Board effectiveness mentioned the need to deepen our debate about sustainability-related material issues in Board of Directors' meetings.



Minesaburo Miyake

Born in Okayama Prefecture in 1952. Joined Kewpie Corporation in 1976. After serving as General Manager of the Division of Household Sales, Director and Executive Managing Director, he was appointed President and Representative in 2011. After serving as an advisor to Kewpie Corporation, he was appointed Outside Director of Fuji Pharma in 2017. He concurrently serves as Outside Director at Kameda Seika Co., Ltd., Outside Director (Audit and Supervisory Committee Member) at AUTOBACS SEVEN CO., LTD., External Director at FOOD & LIFE COMPANIES Ltd., and Expert Member of the Council for Utilization of Dormant Deposits, Japanese Cabinet Office.



Sustainability is one of the important strategies we are pursuing in our current Mid-Term Business Plan and I want us to explore this area more deeply.

Miyake The Board of Directors is judged to be fully demonstrating its supervisory and executive functions. Going forward, I want to have deep debates on a whole range of issues, from how to develop the future business portfolio and enhance the product lineup with new medicines and biosimilars, etc., how to improve the value of future assets, utilize management resources, and appeal to the general consumers.

How the Mid-Term Business Plan and Vision for 2030 debate is progressing

Imai The Board of Directors monitors progress of the Mid-Term Business Plan every six months and conducts a rolling review of the plan once a year. We conducted the most recent monitoring in October 2022 and the most recent rolling review in January 2023. Our monitoring debates follow a certain pattern. We receive reports from each chief officer regarding any issues relating to the nine strategies and 18 strategic items in the Mid-Term Plan and how those issues are being addressed, and then we have a discussion within the Board. Recent debates have focused on various topics, including sales strategies for recently launched products and other key products, exploring drug candidates, and the impact that higher costs caused by rising geopolitical risks is having on our gross profit margin. We also discuss individual matters that are key to achieving our Mid-Term Plan targets, such as confirming the state of progress on contracts and approval applications for individual biosimilars.

Miyake The current Mid-Term Plan marks the halfway point for our Vision for 2030, so we also engage in vigorous debate with the Vision for 2030 and the next Mid-Term Business Plan in mind.

Imai Of the four growth scenarios announced in the current Mid-Term Plan, we are making favorable progress on our aim to become “No.1 in women’s healthcare,” and we feel like we have a strong presence as a specialty pharmaceutical company in women’s healthcare. Regarding the “Evolving into sustainable contrast media business,” we are capable of providing a stable and mass-

volume supply of products, as illustrated by OLIC in Thailand manufacturing of contrast media for sale in the Japanese market. We discuss how we can use this production capacity to secure contract manufacturing of other companies’ products on a global basis. Regarding the “Establish the biosimilars business,” the market itself is shifting from chemical to biotechnology and, in contrast to generic drugs, few companies are entering the biosimilars market. Furthermore, biosimilar antibody drugs have not yet fully penetrated the market, so we will continue to carefully follow developments in government policy and direction, which has still not been clearly defined.

Miyake Regarding the “Strengthen overseas business,” the drug which was approved by our subsidiary OLIC in Thailand in October 2022 is the first product that Fuji Pharma has marketed by itself outside Japan. Overseas development has fallen behind in some areas over the past three years due to COVID-19, but I believe it is necessary to strengthen the overseas business given the long-term decline in the Japanese population. I expect the company to pursue initiatives for developing a presence not only in Thailand, but across the ASEAN region and in the United States as well. Having said that, it is encouraging to see that the business in Japan is performing favorably and that the business in the field of women’s healthcare is developing because this is an area in which the company excels. The LiLuLa app, which is designed to support women’s health, offers a wealth of health-related and gynecological information for women and is proving popular as a means of obtaining useful information before visiting a medical institution.

The vital importance of sustainability and human capital in company management

Imai I think that sustainability is what company management is all about. Fuji Pharma wants to help realize a sustainable society by ensuring sustainable corporate growth, improving medium- to long-term corporate value, and helping solve social issues. This keen desire is also embodied in our commitments to “Contributing to the well-being of women in the world” and to “Integrating the world’s happiest company and social contribution” that are expressed in the “Where we want to be” section of Vision for 2030. To put it another way, our management commitment involves the tandem pursuit of three goals, namely (1) developing our company, (2) helping construct a healthy society by conducting business in the medical field, and (3) protecting and conserving the natural environment. Ever since its founding, Fuji Pharma management has always valued people first and foremost and placed human capital at the center of all that we do.

Miyake I think we can say that valuing and nurturing people is the fount of sustainable management. I have witnessed Fuji Pharma’s determination to actively engage not only women, but also men, foreign nationals, and seniors in the company on multiple occasions, and I have

confidence in how the company’s employees are growing.

Imai Given the inherent strengths of our company in the field of women’s healthcare, we are also pursuing initiatives to develop Fuji Pharma as a company that exhibits the highest level of female employee well-being. I want to create a richly creative company based on diversity by focusing first on women, because I feel this will increase the opportunities for male and foreign employees as well. The founder and former chairman of our company often used the word “pleasant”, but I hope we can further expand our development together with our colleagues and business partners and widen the circle of happiness for all by encouraging employees to work together with a diverse range of human resources and colleagues with greater excitement and drive. Ever since our founding, we have also striven to ensure employees get to experience different landscapes and we believe, as managers, that it is important to continue to create concrete opportunities for doing that. When we make decisions on new drug development and other major investments, one of the factors we consider is whether the investment would provide a new landscape to the employees where they can feel it was worth all the struggles and excitement, they needed to go through to achieve it.

Miyake Responding positively to these management intentions will no doubt also increase employee motivation. I would like to help the company foster a culture that encourages employees to take the initiative and make proposals rather than wait to be asked. However, managers must also resolve to let employees try new things. They need to be patient and watch from the sidelines. Fuji Pharma has introduced its own concept of “Virtues” and determined 19 indicators for evaluating these virtues, which it has incorporated into its education and training and its human resources evaluation systems. I think Fuji Pharma’s definition of Virtues as doing one’s best for the sake of others is a wonderful approach and I think the company’s decision to organize and announce specific Virtues is extremely unique. During my long career at Kewpie Corporation, I would operate according to the company’s principle of “looking after parent’s well being,” so I fully support this approach. Being filial to your parents means appreciating those who have taken care of you, feeling grateful to others, and wanting to reward them for their kindness. The idea being that any company capable of attracting such a group of people will surely develop of its own accord.

Imai Kewpie Corporation is one of my ideal companies. When I visited the head office and the research institute, I could feel just how firmly entrenched the company’s “looking after your parent’s well being” and other corporate principles were in the corporate culture. At Fuji Pharma, we feel that the Virtues concept we introduced in 2011 is at last being firmly established part of our corporate culture. The main theme here is showing consideration for others. There is a limit to what you can do on your own and you can expand your network by treating others with consideration and kindness. Those links help foster mutual

benefits and improve mutual value. We adhere to this concept in our current alliances and other business relationships as well.

Miyake Yes, I would like to see you employing these corporate philosophy and Virtues in your actual corporate activities and daily operations. I believe that these Virtues can also serve as a form of internal self-purification mechanism, and employing the Virtues will help shape the true essence of governance. I feel that the ownership shown by Chairman Imai, who is also a major shareholder, works well at Fuji Pharma in the sense that the company is not overly focused on immediate concerns, but is able to judge what is right for the long term and put that firmly into practice. Of course, the company has to comply with various systems, but I feel it is also able to firmly grasp the true essence of its corporate activities and to apply that essence in its daily operation.

What we want to say to our shareholders

Miyake I hope to see more shareholders sympathize with Fuji Pharma’s philosophy and future vision, become more familiar with the company, and make long-term investments. Fuji Pharma produces prescription drugs which require a doctor’s prescription, so it can be difficult for general shareholders to fully understand them. The company recognizes the importance of enhancing its communication so people can gain a deeper understanding of its activities in the field of women’s healthcare.

Imai The topic of human capital is very much in focus in today’s world, but, starting with our Virtues concept, Fuji Pharma has always put people first and foremost in our management considerations. Going forward, I intend to work even harder to clearly convey the values we have held in the past and what we consider to be important today in terms of corporate management. We will strive to share information about the things we are most committed to and encourage even deeper understanding and support for Fuji Pharma among all our shareholders.



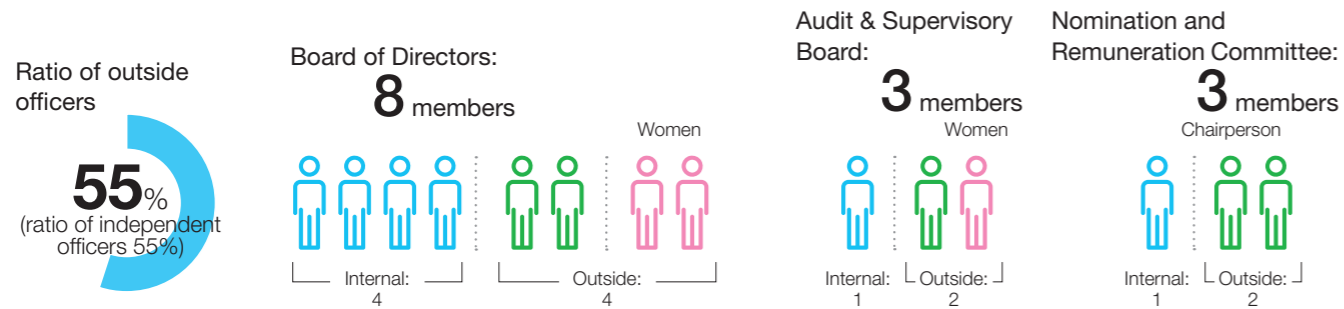
Corporate Governance

Corporate Governance That Helps Achieve Our Corporate Philosophy

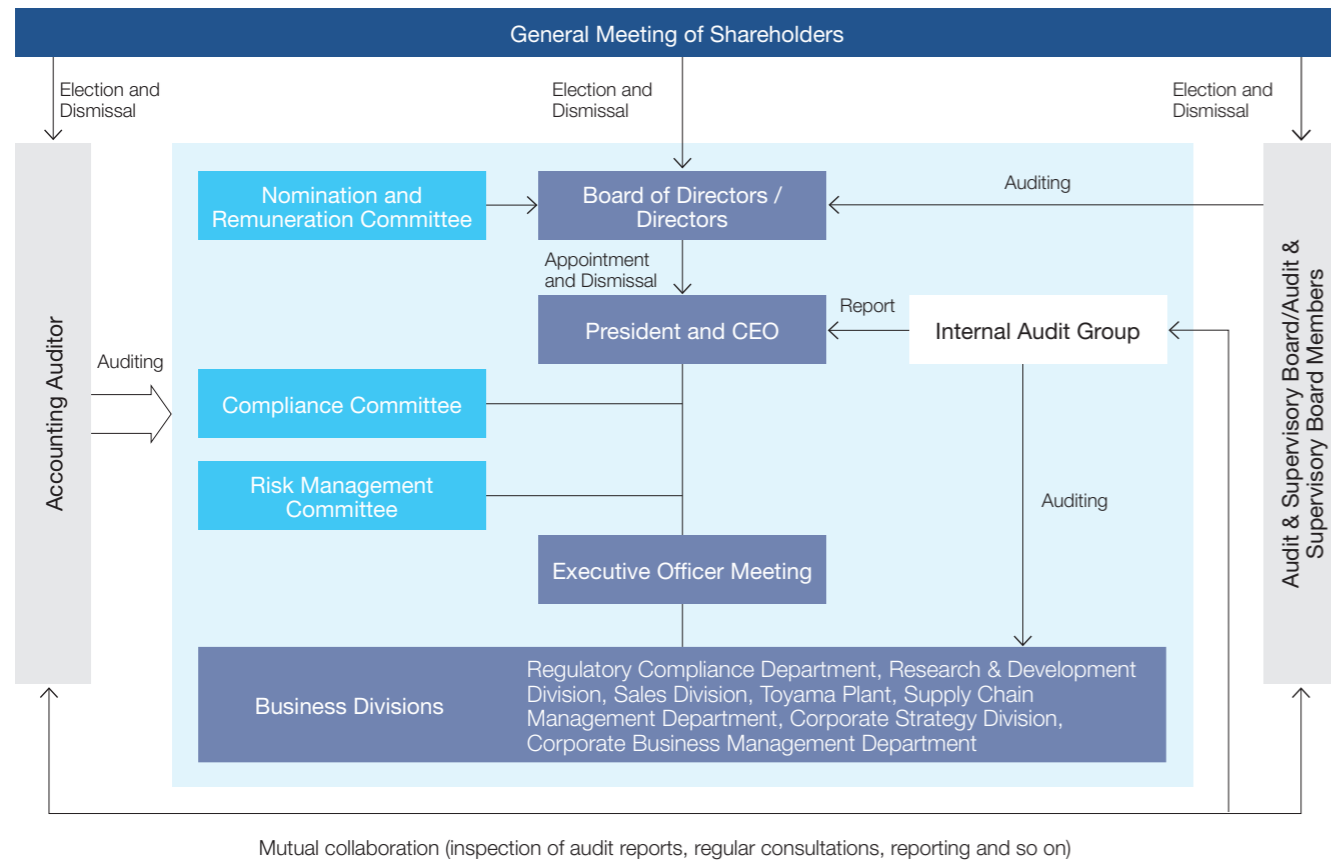
Fuji Pharma's corporate philosophy focuses on "helping people lead healthy lives by offering excellent pharmaceuticals" and "Our corporate growth is proportional to our personal growth." In other words, we believe it is those very commitments to contribution and growth that generate happiness for all of stakeholders.

The field of corporate governance is no different. Here too, we aim to realize the same contribution and growth. Indeed, we seek to ensure sustainable growth and enhance our corporate value over the medium to long term by building corporate governance frameworks and promoting flexible decision-making that ensures transparency and autonomy.

Governance Highlights



Corporate Governance Framework



Institutional Design

Board of Directors

The Board of Directors is composed of a total of eight Directors (of which four are outside Directors). The Board assesses and determines matters stipulated in management policies and laws and regulations as well as other important matters related to business execution as appropriate and also supervises business execution. The

term of office for Directors is set at one year to help us swiftly adapt to changes in the management environment and further clarify the responsibility of Directors. Meetings of the Board of Directors are attended by all Audit & Supervisory Board Members so they can audit business execution by Directors.

Audit & Supervisory Board

The Audit & Supervisory Board is composed of a total of three members (two of which are Outside Audit & Supervisory Board Members) Each Audit & Supervisory Board Member carries out audits of business execution by Directors by attending meetings of the Board of Directors

and inspecting the overall business and financial situation in collaboration with the Accounting Auditor and the Internal Audit Group, in accordance with the audit policies, division of duties and other procedures established by the Audit & Supervisory Board.

Nomination and Remuneration Committee

We established the Nomination and Remuneration Committee as an advisory body to the Board of Directors to ensure the transparency and fairness of the decision-making processes for the nomination of Directors and the determination of remuneration. The committee consists of three members: Outside Directors Keiji Hirai (chairperson) and Minesaburo Miyake and President & CEO Takayuki

Iwai. The Board of Directors seeks advice from this committee before making decisions on the election or dismissal of Directors and Corporate Officers and their remuneration as well as matters concerning the election or dismissal of the company's President & CEO and policies regarding the remuneration system and remuneration levels of the senior management.

Independent Officers Meeting

We hold a meeting of the Independent Officers Meeting, consisting solely of independent officers, once every six months for the purpose of further improving the

effectiveness of the Board of Directors through the exchange of information and sharing of perception between independent officers.

Executive Officer Meeting

We adopted the executive officer system to speed up information sharing for business execution and efforts to address management issues. All the executive officers get together at the Executive Officer Meeting convened on a twice a month basis to discuss business strategies and

other matters. This meeting serves as an advisory body to the President, and is composed of the President and the Corporate Officers from each department. It assesses business execution in each department and reports the status of execution to the Board of Directors as necessary.

Specialties and Experiences of Officers (Skills Matrix)

	Name	Outside Officer	Independent Officer	Management	Global	Technology	Finance	Legal	Healthcare	Sustainability
Directors	Hirofumi Imai			●	●				●	●
	Takayuki Iwai			●	●				●	●
	Toyoyuki Kamide			●	●		●			
	Satoshi Suzuki			●	●				●	
	Keiji Hirai	●	●	●	●				●	
	Minesaburo Miyake	●	●	●					●	●
	Keiko Kiyama	●	●	●	●					●
Yukiko Araki	●	●	●	●				●	●	
Audit & Supervisory Board Members	Seiichi Inoue			●			●			
	Fujjaki Mimura	●	●		●			●		
	Miori Sagara	●	●	●		●	●			●

Remuneration for Officers

Policy for Determining Remuneration for Officers

Remuneration for Directors is linked to business performance and the company's stock price in order to function as an incentive to sustainably increase corporate value. In determining the level of remuneration, we examine the validity of the amount and review it as necessary, taking into consideration objective remuneration survey data from a considerable number of companies of the same size as us and our financial situation, in order to ensure that the level is appropriate for each Officer's position and responsibility.

When determining the amount of individual remuneration, the Nomination and Remuneration Committee deliberates on remuneration for the fiscal year under review and reports to the Board of Directors. The Board of Directors deliberates and resolves the amount of remuneration, etc. based on the contents of the report.

Regarding the content of reports from the Nomination and Remuneration Committee, the Board of Directors

examines whether the method of determining the content of remuneration, etc. and the content of the determined remuneration are consistent with the decision-making policy resolved by the Board of Directors, and judges whether that content corresponds with the said decision-making policy.

In addition, remuneration for Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members within the scope of the resolution of the General Meeting of Shareholders and based on internal regulations resolved by the Audit & Supervisory Board, taking into consideration the difference between full-time Audit & Supervisory Board Members and outside Audit & Supervisory Board Members, the division of duties, and other relevant factors.

Stock-based remuneration has been introduced to provide incentives for medium- and long-term improvements in corporate value and to align the economic value of Directors with that of shareholders, and the officer share ownership plan is utilized.

Remuneration for full-time Audit & Supervisory Board Member and outside officers (outside Directors and outside

Audit & Supervisory Board Members) is paid as fixed remuneration in cash and determined in advance by the Board of Directors and the Audit & Supervisory Board, and no bonus or stock-based remuneration is paid.

Composition of Remuneration for Officers

The ratio of remuneration by type to the amount of remuneration by individual is not specified. When determining remuneration, the Nomination and Remuneration Committee prepares a proposed remuneration amount for each type of remuneration after considering objective remuneration survey data from a considerable number of companies of a similar size to us as well as our financial situation. The Board of Directors upholds the percentage of remuneration, etc. by type included in the report from the Nomination and Remuneration Committee.

1 Composition of Remuneration

Remuneration for Directors (not including the employee portion of salaries for Directors who concurrently serve as employees) consists of base remuneration, bonuses (cash), and stock-based remuneration.

Base remuneration consists of remuneration based on the size of the role and scope of responsibility for each position predetermined by the Board of Directors and

remuneration calculated using the same salary table as employees, and is paid as a fixed remuneration.

Bonuses are calculated using the same calculation method as employees and are paid partly as fixed remuneration and partly as performance-based remuneration. We use return on assets (ROA) as the indicator for evaluating performance-based remuneration because we place great emphasis in our company management on using assets efficiently and maximizing profitability. Performance-based remuneration for all employees, including Directors (with the exception of the Chairman of the Board and outside Directors) is calculated based on either 10% or 15% of operating profit depending on the ROA result, and the total amount of payment is approved by the Board of Directors. The ROA target for the fiscal year under review was 7.0% and the actual ROA result was 7.1%. This measure of ROA is calculated based on operating profit prior to any deductions for performance-based remuneration, so it differs from the ROA figure based on operating profit in the income statement.

2 Matters Concerning Delegation of Authority to Determine Remuneration of Individual Director, Etc.

The Board of Directors delegates President & CEO Takayuki Iwai to determine the amount of base remuneration for each Director and the evaluation and allocation of bonuses based on the performance of the division for which each Director, excluding outside Directors, is responsible. The reason for this delegation is

that the Board of Directors determined that President & CEO is best suited to evaluate each Director's responsible division, while also considering the company's overall performance and other factors. The Nomination and Remuneration Committee confirms the appropriateness of the delegated decisions in advance.

Evaluation of the Effectiveness of the Board of Directors

We conduct an analysis and self-evaluation of the effectiveness of the Board of Directors once a year through a questionnaire for all Directors and all Audit & Supervisory Board Members to ensure and improve the effectiveness of Board of Directors. The questionnaire is distributed to each officer at the beginning of each fiscal year in October, and the results and, depending on the content, possible countermeasures are reported at the Board of Directors meeting in December. The self-evaluation does not rely too much on multiple choice questions, but instead specific proposals are made through the active use of free-comment fields. We did consider using an external organization, but after some external organizations judged our self-evaluation to be a superior method, we decided to continue using our own self-evaluation method.

The self-evaluation questionnaire conducted in 2022 raised various management issues requiring attention,

including: lack of clear plans and methods for training and selecting next-generation management candidates and opportunities for assessing their capabilities; deeper discussion required on the Mid-Term Business Plan and other management strategies; and insufficient discussion on sustainability and materiality. The status of implementation of countermeasures is reported in the questionnaire distributed in October the following year, as part of the year's efforts to address these issues.

Based on the results of the self-evaluation, we consider that the effectiveness of the Board of Directors has been ensured, but we will work to further improve its effectiveness by focusing on the issues raised in the questionnaire.

Total amount of remuneration for FY9/2022 (Oct. 2021-Sep. 2022)

Classification of officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)			Number of eligible officers (persons)
		Fixed remuneration	Performance-based remuneration	Stock-based remuneration	
Directors	84	76	2	5	4
Audit & Supervisory Board Members	16	16	–	–	1
Outside Directors	24	24	–	–	5
Outside Audit & Supervisory Board Members	9	9	–	–	2

Main Board of Directors' Agenda for FY9/2022 (Oct. 2021-Sep. 2022)

Main Board of Directors' Agenda for FY9/2022	
Mid-Term Business Plan	Progress Monitoring (Twice a Year)
	Expanding Our Product Portfolio, etc. to Help Achieve Our Goals
	Rolling Report
Corporate Governance	Evaluation of the Effectiveness of the Board of Directors
	Establishing Group Policy
	Quality Assurance Initiatives
Others	Identifying Materiality
	Introduction of Renewable Energy
	Acquisition of Four New Drugs from Nihon Pharmaceutical Co., Ltd.
	Agreement of Terms and Conditions with Alvotech Regarding Biosimilars
	Contract Manufacturing Projects
Report on Activities by the Compliance Committee, the Risk Management Committee and All Other Committees	
Report on IR Activities	

Directors



Hirofumi Imai
Chairman & Representative Director

Joined Fuji Pharma in 1987. After serving as President & CEO, he was appointed as Chairman & Representative Director in April 2016 (current position).



Takayuki Iwai
President & CEO, General Manager of the Research & Development Division

Joined Mitsui & Co., Ltd. in 1986. Assigned on loan to Fuji Pharma in 2006. After serving as Senior Vice President of Mitsui & Co. (USA), Inc. and General Manager of the Americans Business Unit of the Consumer Service Business Goods Division, joined Fuji Pharma in 2019. Appointed as President & CEO in December 2019 (current position).



Toyoyuki Kamide
Director, Vice President, Manager of the Toyama Plant

Joined Nomura Trading Co., Ltd. in 1987. Joined Fuji Pharma in 2000. After serving as General Manager of the Corporate Headquarters Division and as Managing Director of OLIC (Thailand) Limited, he was appointed as Director in December 2017 (current position). Appointed as Vice President in October 2021 (current position).



Keiko Kiyama
Outside Director

She co-founded Japan Emergency NGO (JEN) in 1994 and became Trustee and Secretary General of JEN in 2018 (current position). She has served Fuji Pharma as an Outside Director since December 2020 (current position).



Yukiko Araki
Outside Director

She served as Director of the Bio-Industry Division in the Manufacturing Industries Bureau of the Ministry of Economy, Trade and Industry, as well as a Board Member of Hitachi, Ltd. and in other positions. She has served Fuji Pharma as an Outside Director since December 2020 (current position).

Audit & Supervisory Board Members



Satoshi Suzuki
Director, Vice President, General Manager of the Corporate Strategy Division

Joined Eisai Co., Ltd. in 1989. After serving as Senior Corporate Officer and Head of Corporate Development Division at Santen Pharmaceutical Co., Ltd., he joined Fuji Pharma in 2022. Appointed as Director, Vice President in December 2022 (current position).



Keiji Hirai
Outside Director

He served Kyorin Pharmaceutical as Representative director, President and Chief Executive Officer, and other posts. He has served Fuji Pharma as an Outside Director since December 2016 (current position).



Minesaburo Miyake
Outside Director

After serving Kewpie Corporation as President and Representative Director, president and other posts, he has been serving Nakashimoto as Chairman and Director. He has served Fuji Pharma as an Outside Director since December 2017 (current position).



Seiichi Inoue
Full-Time Audit & Supervisory Board Member

Joined the Industrial Bank of Japan, Ltd. in 1983. Joined 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 (current position).



Fujiaki Mimura
Outside Audit & Supervisory Board Member

Registered with the Tokyo Bar Association in 1987. He is a partner of Anderson, Mori & Tomotsune (current position). He has served Fuji Pharma as an Outside Audit & Supervisory Board Member since December 2003 (current position).



Miori Sagara
Outside Audit & Supervisory Board Member

After working for Sumitomo Corporation and others, she founded BAOBAB Inc. in 2010 and has served as its President and CEO (current position) since then. She has served Fuji Pharma as an Outside Audit & Supervisory Board Member since December 2019 (current position).

Compliance/Risk Management

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, the Compliance Policy has been established as a Fuji Pharma Group policy. For the purpose of raising awareness for compliance and thorough compliance infiltration among all officers and employees, Fuji Pharma has established the Code of Conduct on Compliance, Standards of Conduct on Compliance and Compliance Management Regulations.

The Compliance Committee consists of members elected from management level employees in each department. The Committee formulates and implements compliance education plans, checks the operational status of the internal whistleblowing system, and keeps track of the departmental status of compliance with laws and regulations, internal rules, etc. through reports from each Committee member. When a questionable act is found or is likely to be found in terms of legal compliance, the Committee will conduct a thorough investigation and implement measures to make improvements and prevent recurrence. In addition, we regularly publish the Compliance Newsletter for all employees, and provide opportunities to all departments to learn about compliance using the newsletter and carry out a range of other measures to further raise compliance awareness among individual staff members. All employees receive e-learning compliance training at least once a year. We will ensure that we conduct our corporate activities keeping legal compliance constantly in mind.

We have also established internal and external contact points to consult and notify us of any conduct that is or may be constituting a compliance violation. Under the system, all employees can use the contact points to seek advice, make a consultation or report on violations of laws and regulations, fraud or unethical behavior committed at an organizational or individual level in the course of business activities or at a workplace. The Compliance Committee reviews the internal whistleblowing system and makes improvements to improve the system's effectiveness.



Poster encouraging employees to consult with the contact point

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 divisions, performs risk assessments to develop a company-wide

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.

Managerial Crisis Management

We have prepared the "Crisis Response Procedures Sheet" to clarify in advance the guidelines on how to respond to a crisis. In this Crisis Response Procedures Sheet, we drew up plans for disaster drills, standards for establishing a task force, initial response and other procedures to be followed in the event of various managerial crisis scenarios such as a sudden outbreak of an infectious disease like the COVID-19 pandemic, an

earthquake in a given region of Japan, or other wide-area disaster or conceivable incident, and we ensure that all officers and employees are familiar with these procedures. We have also established procedures for quickly confirming the safety of the employees by introducing a "safety confirmation system" as a means of ensuring communication between the employees and the company in the event of a disaster.

Business Risks, Etc. and Response

Items	Outline	Response
1 Statutory Regulations	<ul style="list-style-type: none"> • Possibility of recall of regulated products in case of revocation of licenses or approvals due to violation of laws • Possibility that amendments to laws and regulations will impact the Group's financial position and its business results 	<ul style="list-style-type: none"> • Compliance with Pharmaceutical and Medical Device Act and associated laws and regulations as well as various terms and conditions necessary to acquire the licenses and approvals
2 Pharmaceutical Product R&D	<ul style="list-style-type: none"> • Possibility that problems with our own clinical development or issues faced by collaborative research or business alliance partners or contractors prevent R&D activities from proceeding as planned, causing costs to rise or leading to development being delayed, suspended or abandoned 	<ul style="list-style-type: none"> • Minimization of risk damage through the incorporation of solutions to issues in contracts with external partners
3 Industry Competition	<ul style="list-style-type: none"> • Significant decline in market prices due to competition from numerous rival manufacturers • Decline in our sales due to strategies by original drug manufacturers in Japan to preserve market share 	<ul style="list-style-type: none"> • Implementation of cross-departmental measures to ensure accumulation of sales, such as reducing costs by lowering raw material procurement costs and reviewing production methods
4 Raw Material Procurement	<ul style="list-style-type: none"> • Possibility that product prices rise due to soaring prices of raw materials or that it is difficult to obtain raw materials over an extended period of time due to fluctuation in the raw material demand-supply balance, domestic or international restrictions on raw materials or quality concerns originating from the makers of such raw materials 	<ul style="list-style-type: none"> • Establishment of Stable Supply Committee to regularly check the procurement status of raw materials and to promptly take groupwide measures when risks arise • Gradual development of multiple supply chains for important products
5 Adverse Drug Reactions and Product Quality	<ul style="list-style-type: none"> • Recall of products or other impacts due to unexpected adverse drug reactions after a product goes to market, the presence of impurities in products, quality changes associated with changes in raw materials or production methods or changes in restrictions imposed by regulatory authorities 	<ul style="list-style-type: none"> • Introduction of "Quality Management Review" for quality control • Supervision and confirmation of the possibility of foreseeable quality problems arising by a dedicated section within the Regulatory Compliance Department
6 Delayed or Suspended Product Supply	<ul style="list-style-type: none"> • Possibility of disruption in the supply of products due to the suspension of operations at production facilities owing to technical or regulatory issues or natural disasters 	<ul style="list-style-type: none"> • Establishment of Risk Management Committee and formulation of alternative supply plans and supply recovery procedures in the event of disaster
7 Reliance on Specific Product	<ul style="list-style-type: none"> • Possibility that sales of Iopamidol, which accounted for approximately 20% of net sales in the fiscal year ended September 30, 2022, stopped or decreased significantly, impacting the Group's business results 	<ul style="list-style-type: none"> • Having the Supply Chain Management Department report directly to the President to strengthen supply chain management • Introduction of "Quality Management Review" for quality control • Reduction of reliance on a specific product by launching new products to expand the portfolio
8 Revisions to National Health Insurance Drug Price List	<ul style="list-style-type: none"> • Lower drug prices due to annual NHI drug price revisions 	<ul style="list-style-type: none"> • Sale at reasonable prices taking profitability into consideration • Continuous cost reductions
9 Litigation	<ul style="list-style-type: none"> • Possibility that makers of original drugs initiate legal action for infringement of process patents or other intellectual property rights on the approval of generics • Checking of litigation risks by intellectual property department in relation to patents and legal department in relation to laws and regulations to lower the possibility of risks materializing 	<ul style="list-style-type: none"> • Possibility of being taken to court over such issues as product liability, harm to the environment, and labor issues after product goes to market
10 Elimination of Carrying Amount of the Parent's Investment in Each Subsidiary and the Parent's Portion of Equity of Each Subsidiary (Goodwill)	<ul style="list-style-type: none"> • Possibility that impairment of goodwill is recognized when the profitability of OLIC declines due to a significant change in the operating environment or business, impacting the Group's business results and financial position 	<ul style="list-style-type: none"> • Efforts to maintain and improve the profitability of OLIC including putting the Corporate Planning Department in charge of affiliated companies and creating opportunities for discussion based on regular reports
11 COVID-19 Pandemic	<ul style="list-style-type: none"> • Possibility that cases of COVID-19 are found among Group employees, affecting research and production activities 	<ul style="list-style-type: none"> • Formulation and implementation of Company policy for dealing with COVID-19 as disclosed from February 2020
12 Risks Related to IT Security and Information Management	<ul style="list-style-type: none"> • Possibility of disruption to business caused by system failure, computer viruses, cyberattacks and other security threats • Possibility of damages, administrative disposition and loss of public trust as a result of the leakage of personal information or other sensitive data 	<ul style="list-style-type: none"> • Delivery of regular information security training for all employees of the Company
13 Risks Relating to Attracting and Retaining Human Resources	<ul style="list-style-type: none"> • Possibility that difficulties in attracting and retaining human resources and problems with the development of human resources will affect the Company's business results and financial position 	<ul style="list-style-type: none"> • Focus on attracting, retaining and developing human resources in line with a corporate culture which has always attached importance to human resources
14 Risks Related to Digitalization	<ul style="list-style-type: none"> • Possibility of being slow to respond to digitalization, incurring more costs than competitors and lagging behind with information security measures 	<ul style="list-style-type: none"> • Launch of specific initiatives in three areas Sales Division, Toyama Plant/ Toyama Research and Development Center, and Head Office corporate functions, in line with goal of digitalization under the current Mid-Term Business Plan
15 Risks Related to Exclusive Distribution Rights and Upfront Payments for Such Rights	<ul style="list-style-type: none"> • Possibility of recognition of an impairment loss when impairment is judged to have arisen on exclusive distribution rights under contracts and upfront payments for such rights • Implementation of appropriate evaluation by an outside specialist, where necessary, on the recording of long-term advance payments 	<ul style="list-style-type: none"> • Recording of upfront payments for exclusive distribution rights under contracts under "long-term advance payments" • Continued evaluation in an appropriate manner every period thereafter • Implementation of evaluation and verification of development progress and distribution plans, including putting the Business Development Department in charge of such business creating opportunities for discussion based on regular reports
16 Risks Related to Investment in Partners	<ul style="list-style-type: none"> • Possibility of recording a loss on the valuation of investment securities due to a fall in the reference price in the case of listed shares and derivatives or due to impairment of the corporate value assumed at the time of acquisition resulting from changes in the business environment or other factors in the case of unlisted shares 	<ul style="list-style-type: none"> • Implementation of appropriate evaluation by an outside specialist where necessary on the recording of unlisted shares • Continued evaluation in an appropriate manner every period thereafter • Efforts to help the share issuer maintain and improve profitability, including putting the Corporate Planning Department in charge of such business and creating opportunities for discussion based on regular reports

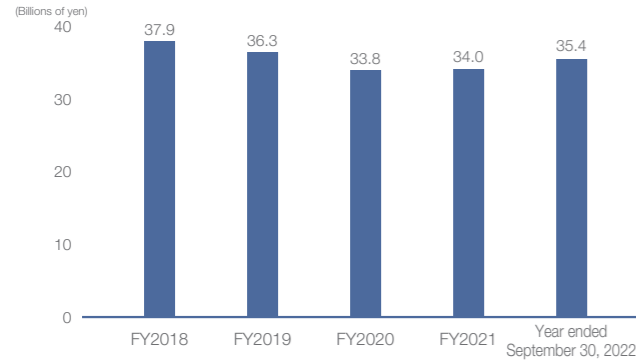
*Forward-looking statements contained in this report reflect the Group's judgment as of December 21, 2022. For more details on these risks, please refer to the annual securities report (in Japanese only). https://www.fujipharma.jp/_upload/S100PTQF.pdf

Financial and Non-Financial Highlights

Consolidated Financial Highlights

Net sales

JPY **35.4** billion



Operating profit

JPY **3.8** billion

Operating margin

10.7%

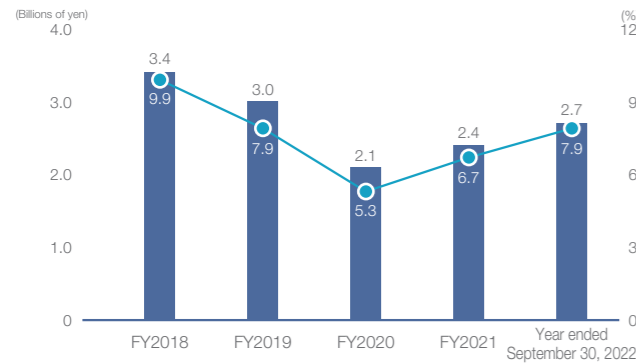


Profit attributable to owners of parent

JPY **2.7** billion

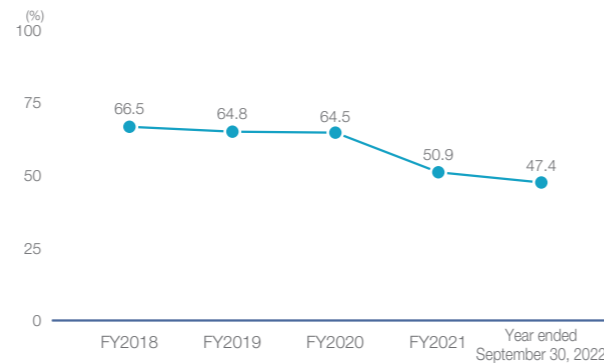
ROE

7.9%



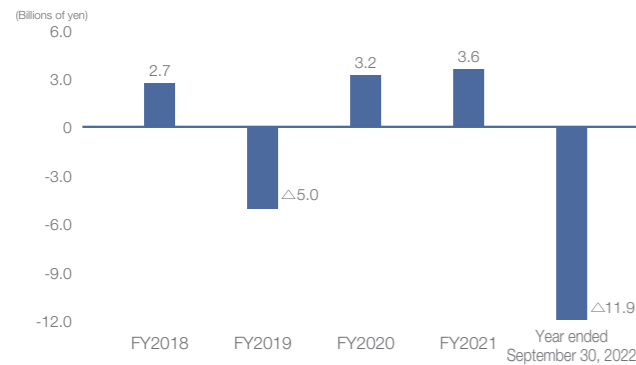
Equity ratio

47.4%



Free cash flows

JPY **△11.9** billion

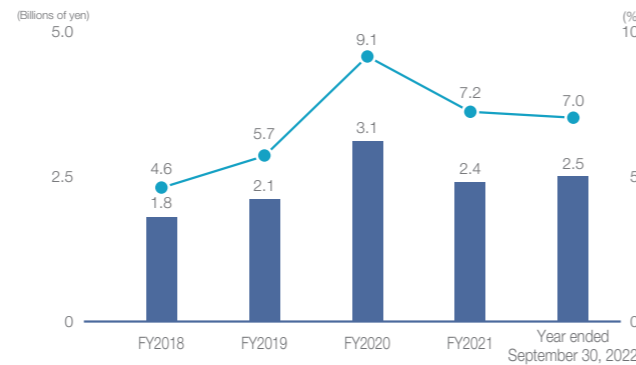


R&D expenses

JPY **2.5** billion

R&D expenses ratio

7.0%



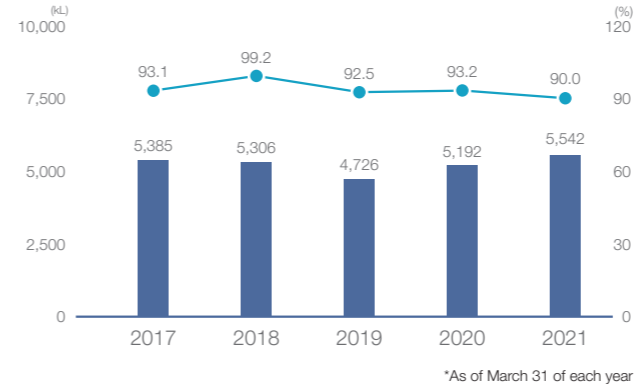
Non-Financial Highlights

Energy consumption (kL crude oil equivalent)

5,542 kL

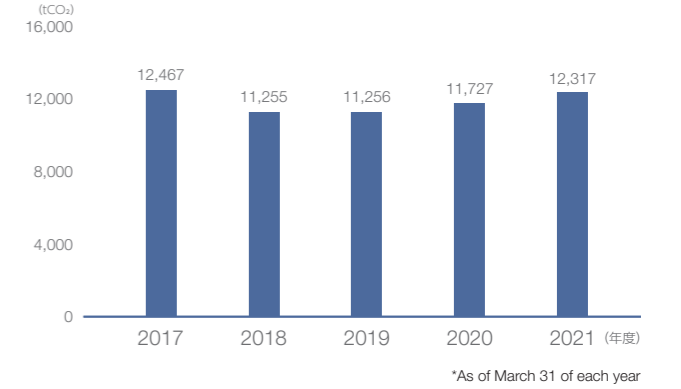
Changes in specific energy consumption (5-year average)

90.0%



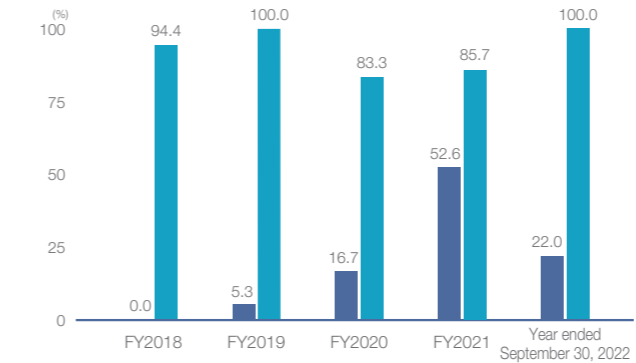
CO₂ emissions (tCO₂)

12,317 tCO₂



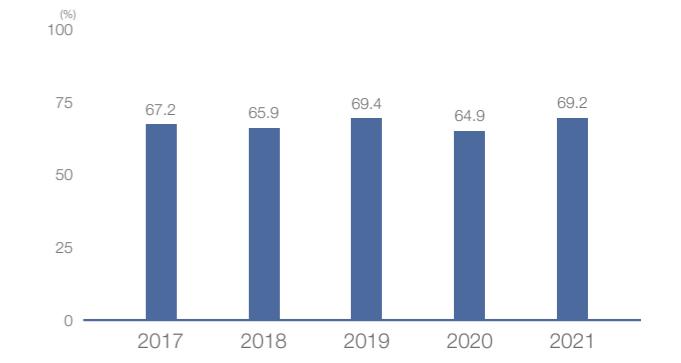
Percentage of parental leaves taken

22.0% (Male) **100.0%** (Female)



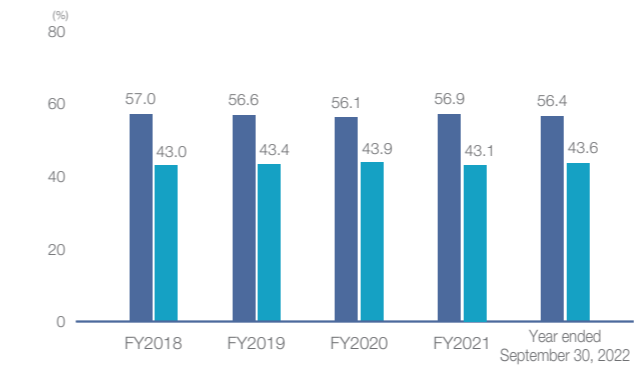
Percentage of paid vacations taken

69.2%



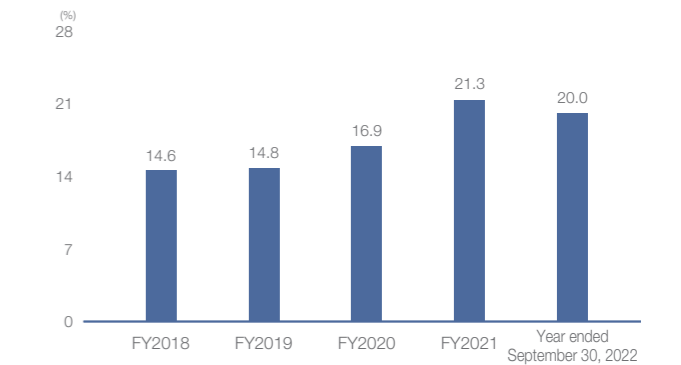
Male/female ratio of employees

56.4% (Male) **43.6%** (Female)



Percentage of females in management positions

20.0%



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

Principal Financial Data for the Past 11 Years

	FY2012	FY2013	FY2014	FY2015
	Non-consolidated	Consolidated		
Net sales (Millions of yen)	21,520	25,174	29,215	31,680
Operating profit (Millions of yen)	2,746	3,261	3,173	3,251
Ordinary profit (Millions of yen)	2,698	3,376	3,198	3,099
Profit attributable to owners of parent (Millions of yen)	1,370	2,068	2,078	2,092
Capital expenditure (Millions of yen)	1,693	3,167	1,073	1,694
Depreciation (Millions of yen)	1,211	1,206	1,376	1,768
R&D expenses (Millions of yen)	1,303	1,280	1,769	1,729
Net cash provided by (used in) operating activities (Millions of yen)	1,171	3,630	2,757	589
Net cash provided by (used in) investing activities (Millions of yen)	80	(6,601)	(1,975)	999
Net cash provided by (used in) financing activities (Millions of yen)	(835)	3,743	1,293	(4,635)
Net assets (Millions of yen)	22,098	24,066	28,544	28,593
Total assets (Millions of yen)	31,471	39,138	49,027	45,773
Earnings per share (Yen)	97.09	146.48	140.53	137.55
Book value per share (Yen)	1,565.03	1,704.06	1,826.54	1,912.27
Operating margin (%)	12.8	13.0	10.9	10.3
Return on equity (%)	6.3	8.6	7.3	7.3
Return on assets (%)	8.8	8.6	6.5	6.5
Equity ratio (%)	70.2	61.5	58.2	62.5
Dividend per share (Yen)	37.00	40.00	44.00	44.00
Number of employees	574	1,450	1,469	1,469

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	Consolidated						
Net sales (Millions of yen)	34,229	35,387	37,909	36,279	33,793	33,990	35,426
Operating profit (Millions of yen)	3,568	4,314	4,391	4,173	3,139	3,349	3,777
Ordinary profit (Millions of yen)	3,251	4,628	4,472	4,169	2,983	3,250	3,725
Profit attributable to owners of parent (Millions of yen)	2,118	3,301	3,372	2,962	2,085	2,432	2,696
Capital expenditure (Millions of yen)	2,427	1,261	1,109	1,965	2,965	3,392	7,150
Depreciation (Millions of yen)	1,667	1,769	1,976	1,850	1,774	1,828	2,462
R&D expenses (Millions of yen)	1,840	1,825	1,760	2,052	3,060	2,446	2,485
Net cash provided by (used in) operating activities (Millions of yen)	4,509	3,238	3,773	7,035	5,770	5,993	(658)
Net cash provided by (used in) investing activities (Millions of yen)	(3,319)	(1,534)	(1,073)	(12,024)	(2,616)	(2,345)	(11,271)
Net cash provided by (used in) financing activities (Millions of yen)	78	(3,042)	(2,001)	7,265	450	(5,435)	5,094
Net assets (Millions of yen)	29,226	32,601	35,350	39,363	39,961	32,681	35,806
Total assets (Millions of yen)	48,147	49,551	53,117	60,737	61,962	64,239	75,538
Earnings per share (Yen)	141.64	220.63	112.68	97.04	66.94	90.54	111.01
Book value per share (Yen)	1,953.65	2,178.46	1,181.37	1,263.51	1,282.43	1,345.56	1,473.73
Operating margin (%)	10.4	12.2	11.6	11.5	9.3	9.9	10.7
Return on equity (%)	7.3	10.7	9.9	7.9	5.3	6.7	7.9
Return on assets (%)	6.9	9.5	8.7	7.3	4.9	5.2	5.3
Equity ratio (%)	60.7	65.8	66.5	64.8	64.5	50.9	47.4
Dividend per share (Yen)	45.00	48.00	28.00	29.00	29.00	29.00	35.00
Number of employees	1,455	1,480	1,511	1,527	1,550	1,532	1,560

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

*OLIC became a subsidiary in October 2012.

* The "Accounting Standard for Revenue Recognition," etc. have been applied from the fiscal year ended September 30, 2022.

Topics for the Year

■ Business activities related ■ Research and development related ■ ESG related

2021

November

- Application for import approval to Thailand by OLIC for FSN-013, a product in development
- Domestic business alliance with Ferring Pharmaceuticals Co., Ltd. for “PROPESS® vaginal inserts,” a product indicated for cervical ripening
- Launched the second new drug developed by Fuji Pharma “F-meno® capsules,” a natural progestogen drug



December

- Launched “DUTASTERIDE tablets,” medicine for male pattern baldness
- Signed an asset transfer agreement to acquire four products including “SULPREP® liquid” from Nihon Pharmaceutical Co., Ltd.

2022

February

- Reached a conditional agreement on domestic development and sales of one biosimilar product under development by Alvotech (in total, six products)

March

- Won a special award at the eighth NIPPON Women’s Body Meeting
- Certified as “2022 Health & Productivity Management Outstanding Organization”

April

- Insurance coverage for infertility treatment expanded
- With the expansion of insurance coverage, our related products newly included in the NHI drug price list and approved for additional indications (* Obtained additional approval for 13 ingredients and 19 products as of the end of March 2023)
- Transitioned to the “Prime Market” in the listed securities exchange

May

- Obtained certification for the “Business adaptation plan for environmental load reduction of energy utilization (Investment Promotion Tax Systems toward Carbon Neutrality)” in connection with investments in manufacturing facilities of the Toyama Plant

June

- Completed construction of the sixth drug production building (to manufacture high-activity solid formulation products) at the Toyama Plant



July

- Signed an agreement with Baxter Limited to exclusively market “DOXIL® Injection 20mg,” an antineoplastic agent, within Japan

August

- Applied for approval of the first generic pharmaceutical product under joint development with Lotus Pharmaceutical Co.,Ltd.

September

- Certified as “Toyama Women’s Participation and Advancement Corporation”
- Obtained import approval for NEXTSTELLIS™ by OLIC



October

- Acquire four products including “SULPREP® liquid” from Nihon Pharmaceutical Co., Ltd.
- Applied for approval of the first biosimilar product under a conditional agreement with Alvotech



November

- Introduced the solar power generation off-site PPA with the Hokuriku Electric Power Group
- Introduced the solar power generation facility at OLIC

2023

January

- Reached a conditional agreement on domestic development and sales of one biosimilar product under development by Alvotech (in total, seven products)

March

- Certified as “2023 Health & Productivity Management Outstanding Organization”

Company Information/Share Information

Corporate Profile

Company Name	Fuji Pharma Co., Ltd.
Main Businesses	Development, manufacturing, and sales of pharmaceuticals used with prescriptions or guidance (parenteral injections, medicines for internal use, external preparation, and diagnostic drugs)
Head Office	5-7 Sanbancho, Chiyoda-ku, Tokyo 102-0075 Japan
Date of Establishment	April 1965
Capital Stock	3,799.10 million yen
Number of Employees	Consolidated: 1,568 (819 at Fuji Pharma and 749 at OLIC) (as of March 31, 2023)

Officers (as of May 1, 2023)

Chairman & Representative Director	Hirofumi Imai
President & CEO	Takayuki Iwai
Director, Vice President	Toyoyuki Kamide
Director, Vice President	Satoshi Suzuki
Outside Director	Keiji Hirai
Outside Director	Minesaburo Miyake
Outside Director	Keiko Kiyama
Outside Director	Yukiko Araki
Full-Time Audit & Supervisory Board Member	Seiichi Inoue
Outside Audit & Supervisory Board Member	Fujiaki Mimura
Outside Audit & Supervisory Board Member	Miori Sagara

Share Information (as of March 31, 2023)

Total number of issuable shares	56,440,000
Total number of issued shares	24,753,800
Number of shareholders	8,504

Major Shareholders (as of March 31, 2023)

Name	Number of shares held (shares)	Shareholding ratio (%)
FJP Ltd.	4,332,200	17.81
Hirofumi Imai	3,052,750	12.55
The Master Trust Bank of Japan, Ltd. (trust account)	1,657,800	6.82
Noriko Arai	1,240,000	5.10
Lotus Japan Holdings G.K.	1,219,300	5.01
Yamhill Sciences Co.,Ltd.	1,000,000	4.11
Custody Bank of Japan, Ltd. (trust account)	838,941	3.45
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	623,089	2.56
Michiko Imai	446,000	1.83
The Seiichi Imai Memorial Foundation	400,000	1.64

(Notes)

1. Fuji Pharma holds 433,372 treasury shares (1.75% of the total issued shares). 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 17,541 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 March 31, 2023)

