

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended March 31, 2020 (Based on Japanese GAAP)

May 8, 2020

Company name: Fuji Pharma Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4554 URL <http://www.fujipharma.jp>
 Representative: President & CEO Takayuki Iwai
 Director, Executive Corporate
 Inquiries: Officer, General Manager, Corporate Toyoyuki Kamide TEL 03-3556-3344
 Business Management Department
 Scheduled date to file Quarterly Securities Report: May 11, 2020
 Scheduled date to commence dividend payments: June 1, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2020 (from October 1, 2019 to March 31, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|---------------------------------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended March 31, 2020 | 16,905 | (8.5) | 1,735 | (29.7) | 1,610 | (35.6) | 310 | (81.7) |
| Six months ended March 31, 2019 | 18,483 | 2.9 | 2,467 | 8.4 | 2,501 | 6.0 | 1,695 | (2.7) |

| | Earnings per share | | Diluted earnings per share | |
|---------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Six months ended March 31, 2020 | 9.98 | | - | |
| Six months ended March 31, 2019 | 56.66 | | - | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|--------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of March 31, 2020 | 58,162 | 39,262 | 67.5 |
| As of September 30, 2019 | 60,737 | 39,363 | 64.8 |

2. Cash dividends

| | Annual dividends per share | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | | | | |
| Year ended September 30, 2019 | - | 14.00 | - | 15.00 | 29.00 |
| Year ending September 30, 2020 | - | 14.00 | - | - | - |
| Year ending September 30, 2020 (Forecast) | - | - | - | 15.00 | 29.00 |

3. Forecast of consolidated financial results for the year ending September 30, 2020 (from October 1, 2019 to September 30, 2020)

Percentages indicate year-on-year changes

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|-------|------------------|--------|-----------------|--------|---|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 33,830 | (6.8) | 2,571 | (38.4) | 2,501 | (40.0) | 492 | (83.3) | 15.78 |

4. Notes

- (1) Changes in significant subsidiaries during the six months ended March 31, 2020
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

| | | | |
|----------------------|-------------------|--------------------------|-------------------|
| As of March 31, 2020 | 31,253,800 shares | As of September 30, 2019 | 31,253,800 shares |
|----------------------|-------------------|--------------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|---------------|--------------------------|----------------|
| As of March 31, 2020 | 95,260 shares | As of September 30, 2019 | 101,726 shares |
|----------------------|---------------|--------------------------|----------------|

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

| | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended March 31, 2020 | 31,156,216 shares | Six months ended March 31, 2019 | 29,928,566 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

| | As of September 30, 2019 | As of March 31, 2020 |
|--|--------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 8,494 | 6,046 |
| Notes and accounts receivable - trade | 12,944 | 12,870 |
| Merchandise and finished goods | 3,437 | 3,620 |
| Work in process | 2,539 | 2,622 |
| Raw materials and supplies | 4,735 | 5,650 |
| Accounts receivable - other | 43 | 58 |
| Other | 1,724 | 874 |
| Allowance for doubtful accounts | (0) | (0) |
| Total current assets | 33,919 | 31,742 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 5,117 | 4,907 |
| Machinery, equipment and vehicles, net | 1,646 | 1,688 |
| Land | 919 | 897 |
| Leased assets, net | 2,318 | 2,008 |
| Construction in progress | 1,484 | 2,575 |
| Other, net | 232 | 221 |
| Total property, plant and equipment | 11,718 | 12,298 |
| Intangible assets | | |
| Goodwill | 1,494 | 1,279 |
| Other | 1,805 | 1,767 |
| Total intangible assets | 3,300 | 3,046 |
| Investments and other assets | | |
| Investment securities | 7,342 | 6,631 |
| Long-term advance payments | 2,308 | 2,308 |
| Deferred tax assets | 1,288 | 1,306 |
| Other | 858 | 828 |
| Total investments and other assets | 11,798 | 11,075 |
| Total non-current assets | 26,817 | 26,420 |
| Total assets | 60,737 | 58,162 |

(Millions of yen)

| | As of September 30, 2019 | As of March 31, 2020 |
|--|--------------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 4,813 | 6,000 |
| Current portion of long-term borrowings | 2,840 | 840 |
| Lease obligations | 530 | 502 |
| Income taxes payable | 492 | 270 |
| Provision for bonuses | 856 | 417 |
| Provision for bonuses for directors (and other officers) | 7 | 2 |
| Provision for sales returns | 22 | 25 |
| Other | 2,448 | 2,177 |
| Total current liabilities | 12,012 | 10,237 |
| Non-current liabilities | | |
| Long-term borrowings | 5,530 | 5,110 |
| Lease obligations | 2,014 | 1,721 |
| Retirement benefit liability | 1,396 | 1,432 |
| Other | 418 | 399 |
| Total non-current liabilities | 9,360 | 8,663 |
| Total liabilities | 21,373 | 18,900 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 3,799 | 3,799 |
| Capital surplus | 5,841 | 5,841 |
| Retained earnings | 29,243 | 29,086 |
| Treasury shares | (78) | (68) |
| Total shareholders' equity | 38,804 | 38,657 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (340) | (20) |
| Foreign currency translation adjustment | 896 | 608 |
| Remeasurements of defined benefit plans | (0) | 13 |
| Total accumulated other comprehensive income | 556 | 601 |
| Non-controlling interests | 2 | 2 |
| Total net assets | 39,363 | 39,262 |
| Total liabilities and net assets | 60,737 | 58,162 |

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

Consolidated statements of income (cumulative)

(Millions of yen)

| | Six months ended March 31, 2019 | Six months ended March 31, 2020 |
|--|------------------------------------|------------------------------------|
| Net sales | 18,483 | 16,905 |
| Cost of sales | 10,561 | 9,255 |
| Gross profit | 7,921 | 7,650 |
| Selling, general and administrative expenses | 5,454 | 5,914 |
| Operating profit | 2,467 | 1,735 |
| Non-operating income | | |
| Interest income | 2 | 0 |
| Commission income | 0 | 0 |
| Compensation income | 3 | 5 |
| Subsidy income | 0 | 3 |
| Insurance claim income | 116 | 0 |
| Other | 13 | 4 |
| Total non-operating income | 136 | 15 |
| Non-operating expenses | | |
| Interest expenses | 19 | 18 |
| Sales discounts | 5 | 3 |
| Foreign exchange losses | 76 | 116 |
| Other | 0 | 0 |
| Total non-operating expenses | 101 | 140 |
| Ordinary profit | 2,501 | 1,610 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 1 | 0 |
| Total extraordinary income | 1 | 0 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 0 | 0 |
| Loss on retirement of non-current assets | 2 | 15 |
| Loss on valuation of investment securities | – | 1,172 |
| Total extraordinary losses | 2 | 1,187 |
| Profit before income taxes | 2,499 | 423 |
| Income taxes - current | 653 | 279 |
| Income taxes - deferred | 150 | (167) |
| Total income taxes | 803 | 112 |
| Profit | 1,695 | 311 |
| Profit attributable to non-controlling interests | 0 | 0 |
| Profit attributable to owners of parent | 1,695 | 310 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Six months ended March 31, 2019 | Six months ended March 31, 2020 |
|--|------------------------------------|------------------------------------|
| Profit | 1,695 | 311 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 135 | 319 |
| Deferred gains or losses on hedges | (23) | – |
| Foreign currency translation adjustment | (14) | (288) |
| Remeasurements of defined benefit plans, net of tax | (3) | 13 |
| Total other comprehensive income | 94 | 44 |
| Comprehensive income | 1,790 | 355 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,790 | 355 |
| Comprehensive income attributable to non-controlling interests | 0 | 0 |

Consolidated statements of cash flows

(Millions of yen)

| | Six months ended March 31, 2019 | Six months ended March 31, 2020 |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,499 | 423 |
| Depreciation | 930 | 866 |
| Amortization of goodwill | 139 | 143 |
| Increase (decrease) in allowance for doubtful accounts | (0) | (0) |
| Increase (decrease) in provision for bonuses | (482) | (438) |
| Increase (decrease) in provision for bonuses for directors (and other officers) | (9) | (4) |
| Increase (decrease) in retirement benefit liability | 31 | 63 |
| Interest and dividend income | (2) | (1) |
| Insurance claim income | (116) | (0) |
| Interest expenses | 19 | 18 |
| Foreign exchange losses (gains) | 76 | 100 |
| Loss on retirement of non-current assets | 2 | 15 |
| Loss (gain) on valuation of investment securities | – | 1,172 |
| Decrease (increase) in trade receivables | 1,207 | 28 |
| Decrease (increase) in inventories | 105 | (1,246) |
| Increase (decrease) in trade payables | (1,178) | 1,224 |
| Decrease (increase) in long-term advance payments | (64) | – |
| Other, net | (663) | 541 |
| Subtotal | 2,495 | 2,908 |
| Interest and dividends received | 2 | 1 |
| Proceeds from insurance income | 116 | 0 |
| Interest paid | (23) | (19) |
| Income taxes paid | (308) | (447) |
| Net cash provided by (used in) operating activities | 2,281 | 2,442 |
| Cash flows from investing activities | | |
| Purchase of investment securities | (5,548) | – |
| Purchase of property, plant and equipment | (783) | (1,592) |
| Proceeds from sales of property, plant and equipment | 1 | 23 |
| Purchase of intangible assets | (1,499) | (138) |
| Decrease (increase) in long-term advance payments | (318) | – |
| Other, net | (0) | (15) |
| Net cash provided by (used in) investing activities | (8,150) | (1,724) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | – | (0) |
| Proceeds from long-term borrowings | 7,000 | – |
| Repayments of long-term borrowings | (210) | (2,420) |
| Dividends paid | (419) | (467) |
| Repayments of lease obligations | (302) | (245) |
| Net cash provided by (used in) financing activities | 6,068 | (3,133) |
| Effect of exchange rate change on cash and cash equivalents | (15) | (33) |
| Net increase (decrease) in cash and cash equivalents | 183 | (2,448) |
| Cash and cash equivalents at beginning of period | 6,251 | 8,494 |
| Cash and cash equivalents at end of period | 6,435 | 6,046 |