



 **Fuji Pharma Co., Ltd.**

CORPORATE REPORT
2022

Year ended
September 30, 2021

Contribute to the improvement of women's well-being and achieve sustainable growth

Since its foundation in 1965, Fuji Pharma has valued pride in being involved in people's lives, joy and happiness in serving people, and gratitude to the people, and placed our top priority on contributing to the people's lives around the world. Aspiring to contribute to the healthy lives of people around the world, Fuji Pharma will work together to continuously address challenges and achieve "happiness for all."



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.

For further details on the Virtues, refer to page 15.



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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 drugs, including those under development. However, this information is not intended for advertising or medical advisory purposes.

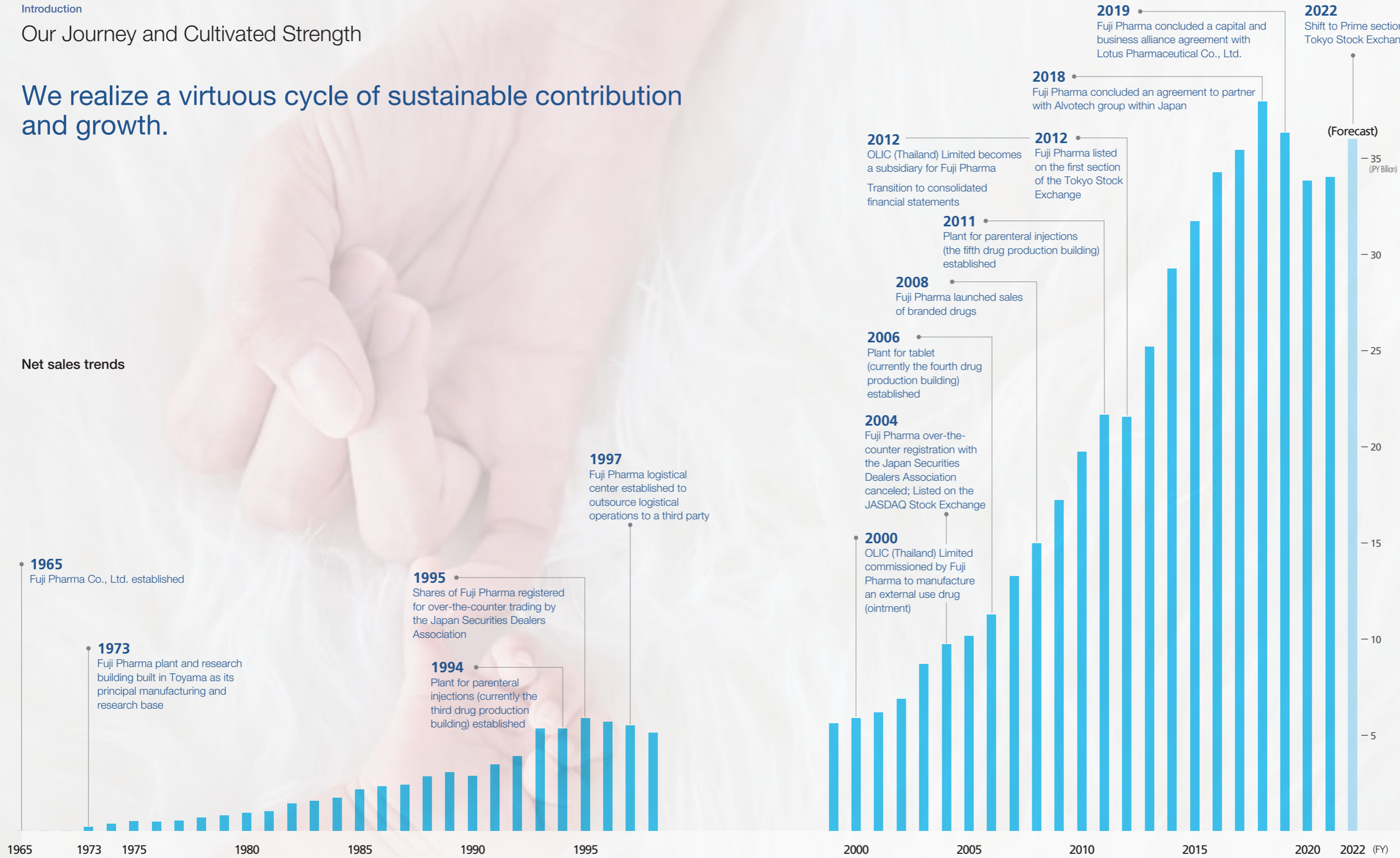
Reporting Period

In based on the fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021). (However, it contains some information from after October 2021 and later.)

Our Journey and Cultivated Strength

We realize a virtuous cycle of sustainable contribution and growth.

Net sales trends



Cultivated Strength

- Contribution to women's health issues
- Top share in domestic contrast media market (by volume)
- Diverse experience in research and development and production
- Management which values people first and foremost

History of Change

<p>1954 Foundation Attempt to identify specific fields of strength for Fuji Pharma</p>	<p>1974 Fuji Pharma launched women's healthcare pharmaceuticals Laid the foundation for Fuji Pharma in women's healthcare</p>	<p>1996 Fuji Pharma launched generic contrast media Laid the foundation for the contrast media business</p>	<p>2008 Launched brand drugs Transformed into a specialty pharmaceutical company</p>	<p>2012 Accelerated overseas expansion Steady launch of new products including new drugs and biosimilars</p>
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Social Background

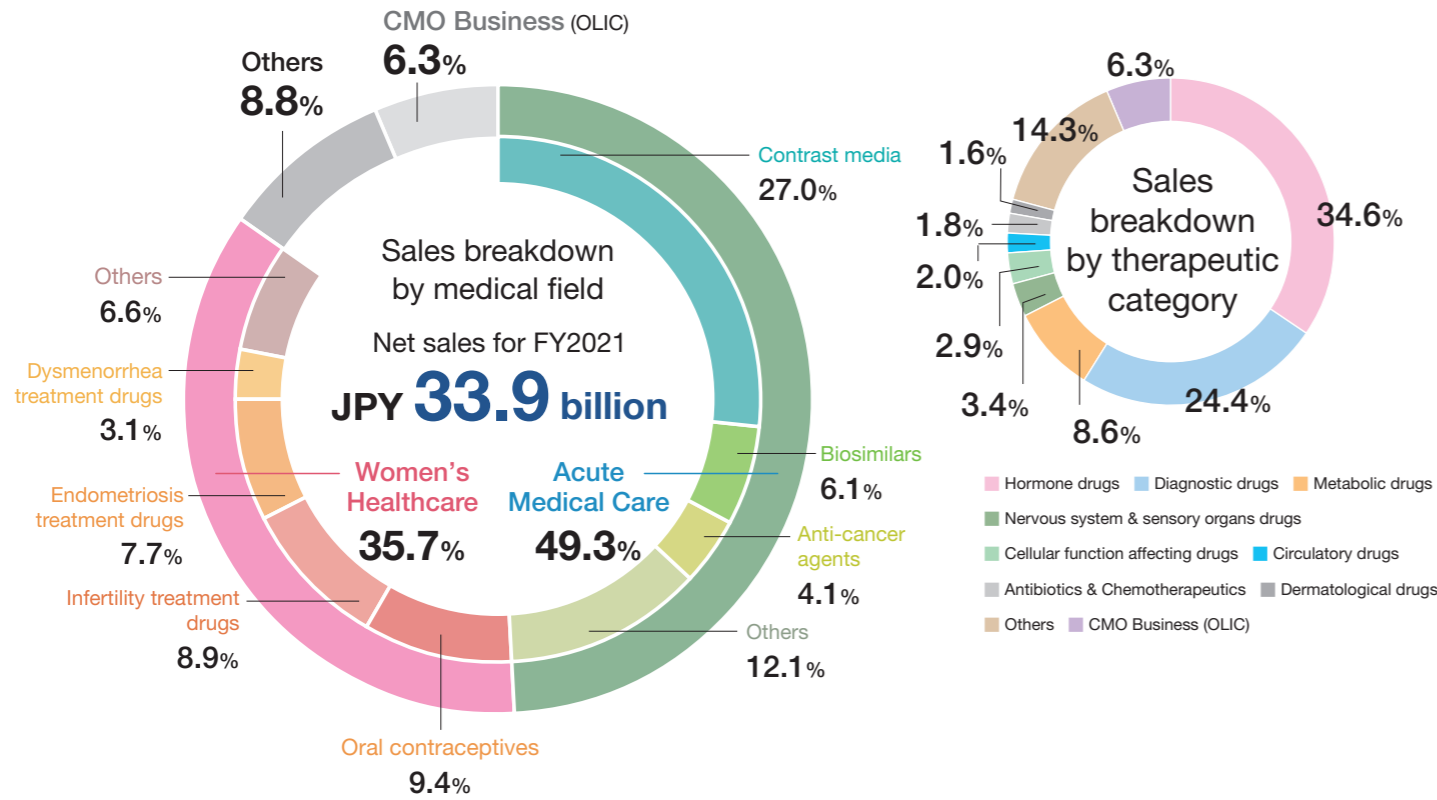
<p>1948 The Pharmaceutical Affairs Act* was enacted and demand for high-quality pharmaceuticals increased along with postwar reconstruction</p>	<p>2007 Cabinet approved numerical quantity-based targets for generic drugs</p>	<p>2015 The United Nations adopting SDGs, increasing the momentum towards realization of the society which women can play an active role</p>	<p>2022 Increase on insurance coverage for infertility treatment</p>
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*Currently "Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices"

At a glance

Fuji Pharma is a specialty pharmaceutical company dealing with new drugs, biosimilars and generic drugs mainly in the fields of women's healthcare and acute medical care.

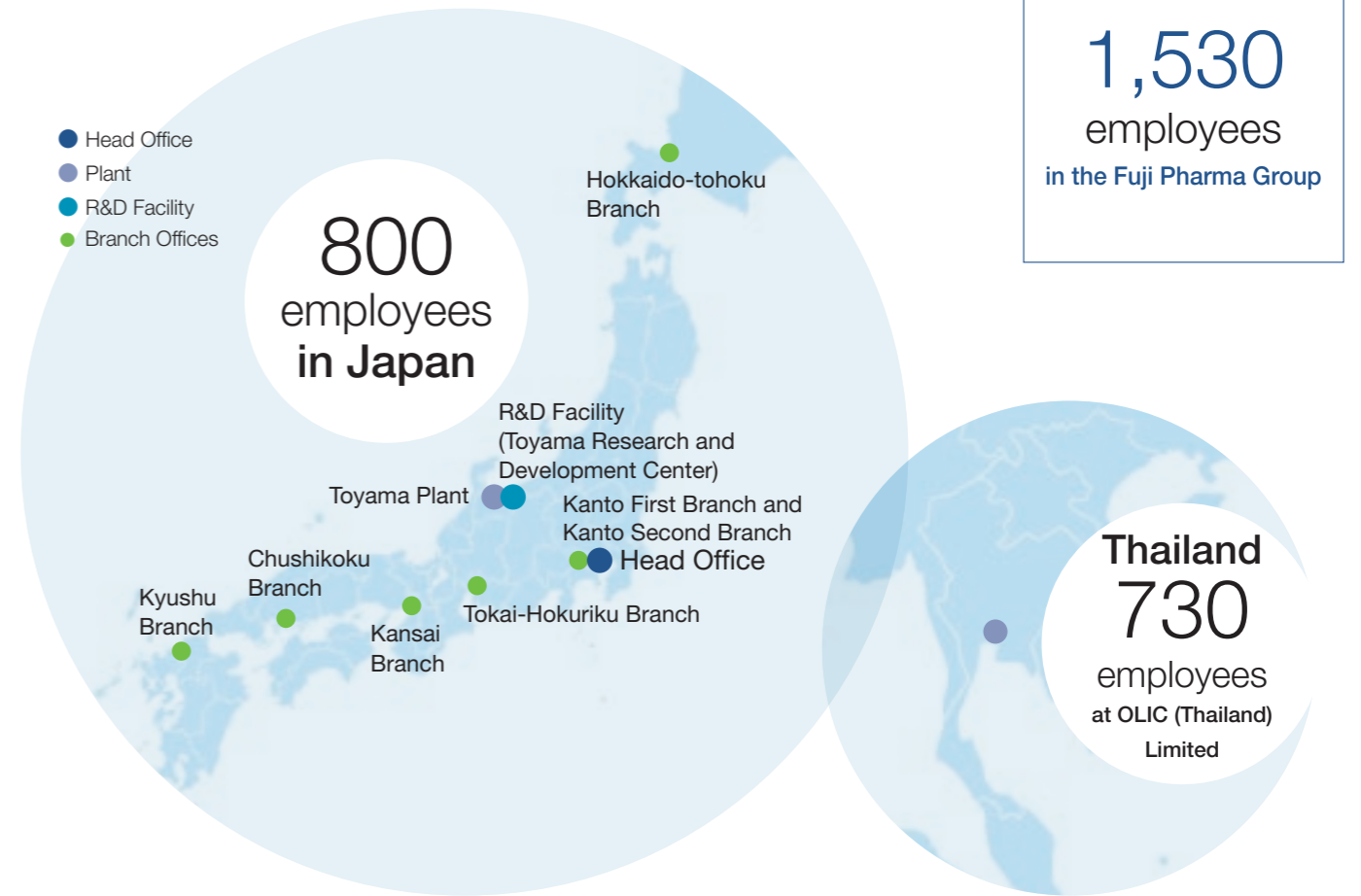
We have built a broad portfolio of new drugs, biosimilars and generic drugs with a focus on women's healthcare and acute medical care, and have responded flexibly to the ever diversifying and evolving medical needs. Aspiring to contribute to the healthy lives of people around the world, Fuji Pharma will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



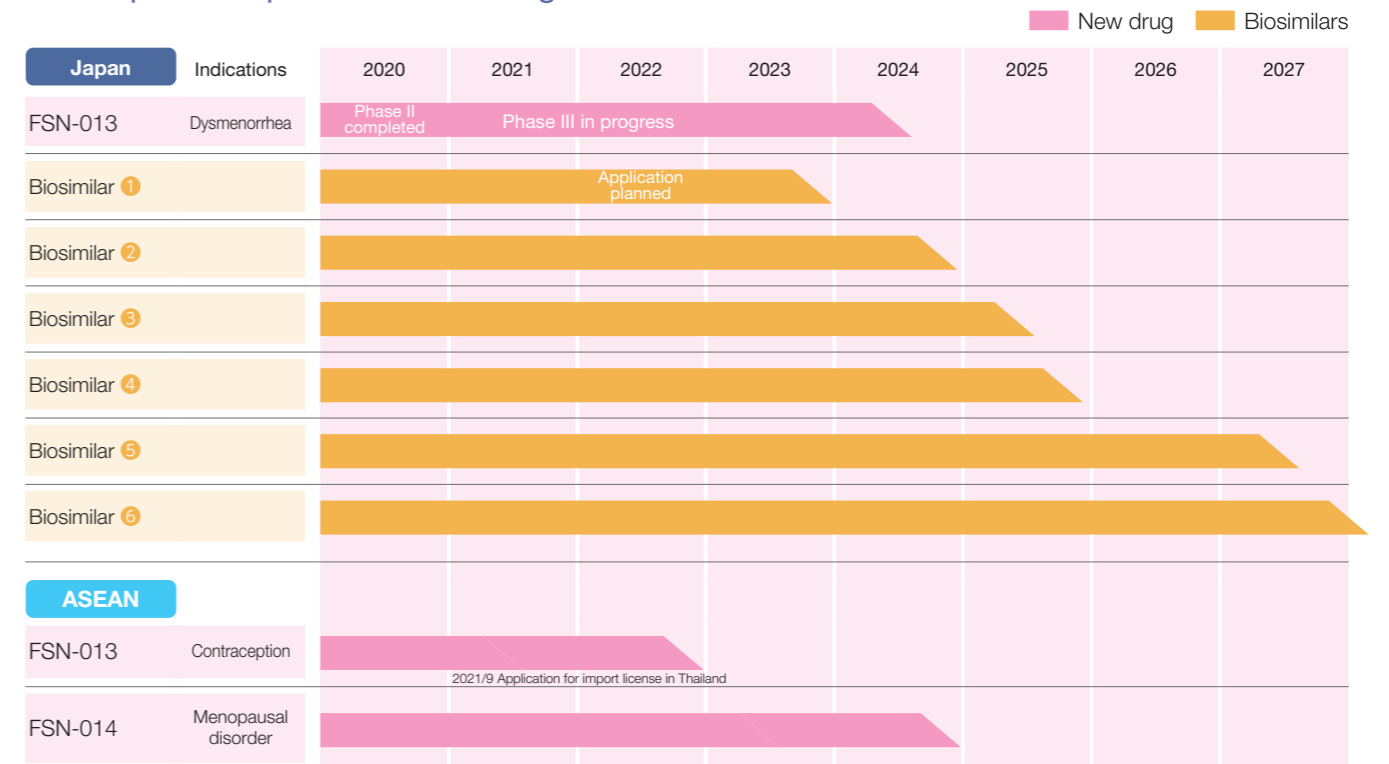
Major Products



Office Locations (as of March 31, 2022)



Development Pipeline of New Drugs and Biosimilars



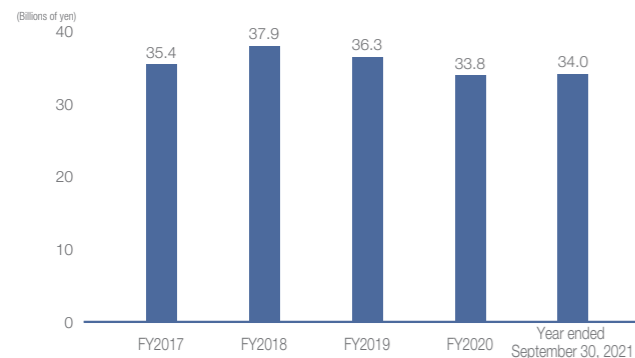
*The time axis is based on our target timing.

Financial and Non-Financial Highlights

Consolidated Financial Highlights

Net sales

JPY **34** billion

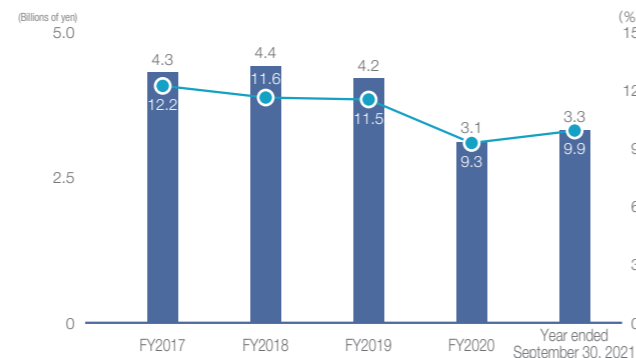


Operating profit

JPY **3.3** billion

Operating margin

9.9%

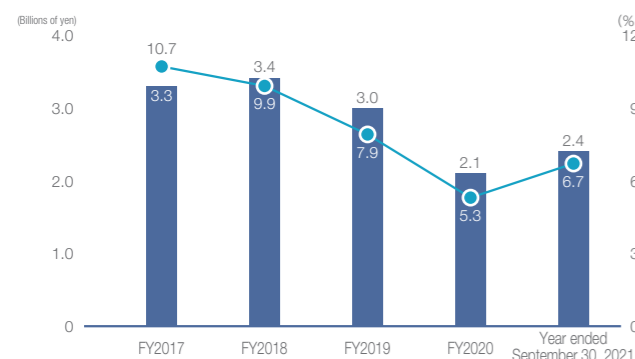


Profit attributable to owners of parent

JPY **2.4** billion

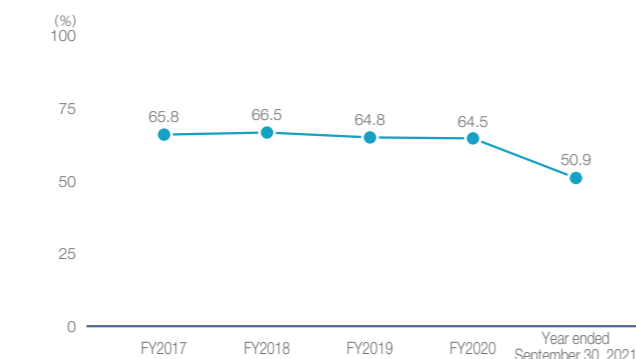
ROE

6.7%



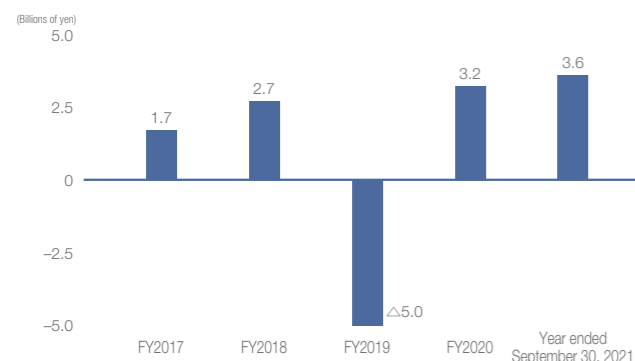
Equity ratio

50.9%



Free cash flows

JPY **3.6** billion

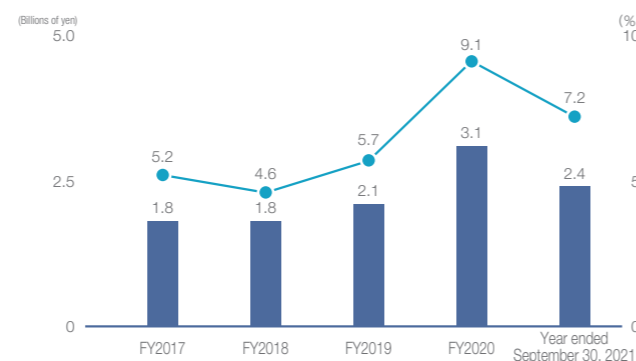


R&D expenses

JPY **2.4** billion

R&D expenses ratio

7.2%



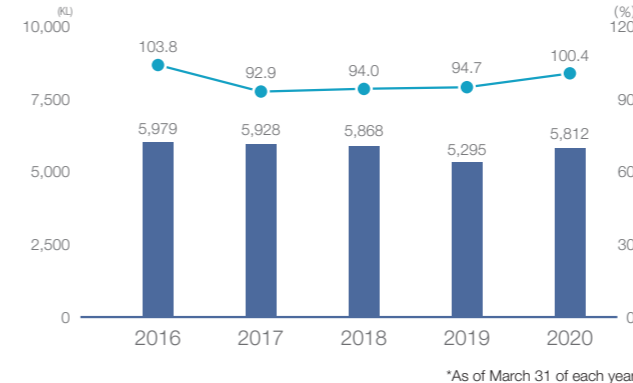
Non-Financial Highlights

Energy consumption (kL crude oil equivalent)

5,812 kL

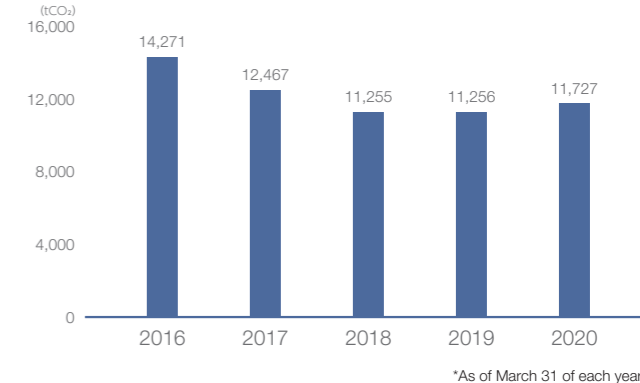
Changes in specific energy consumption (5-year average)

100.4%



CO₂ emissions (tCO₂)

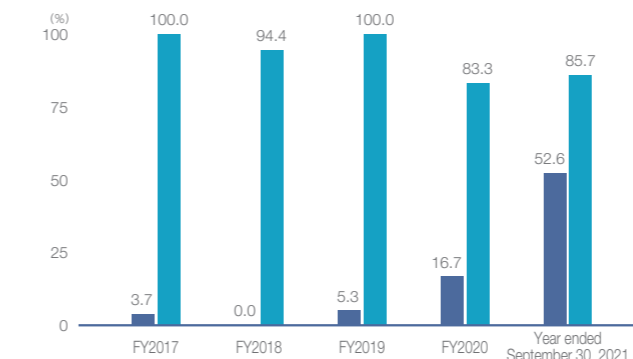
11,727 tCO₂



Percentage of parental leaves taken

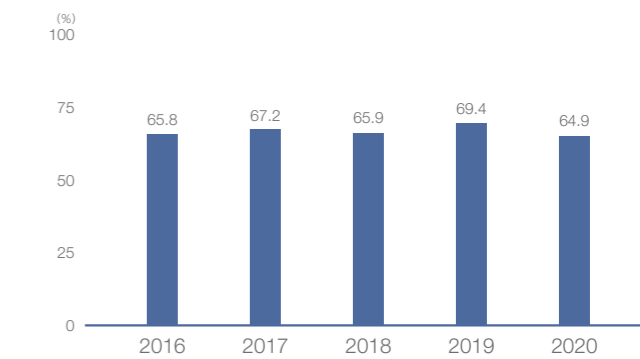
52.6% (Male)

85.7% (Female)



Percentage of paid vacations taken

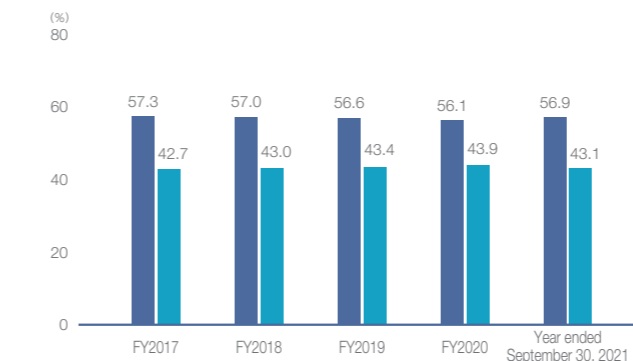
64.9%



Male/female ratio of employees

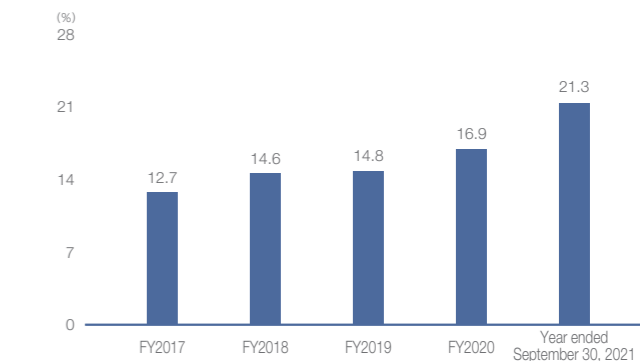
56.9% (Male)

43.1% (Female)



Percentage of females in management positions

21.3%



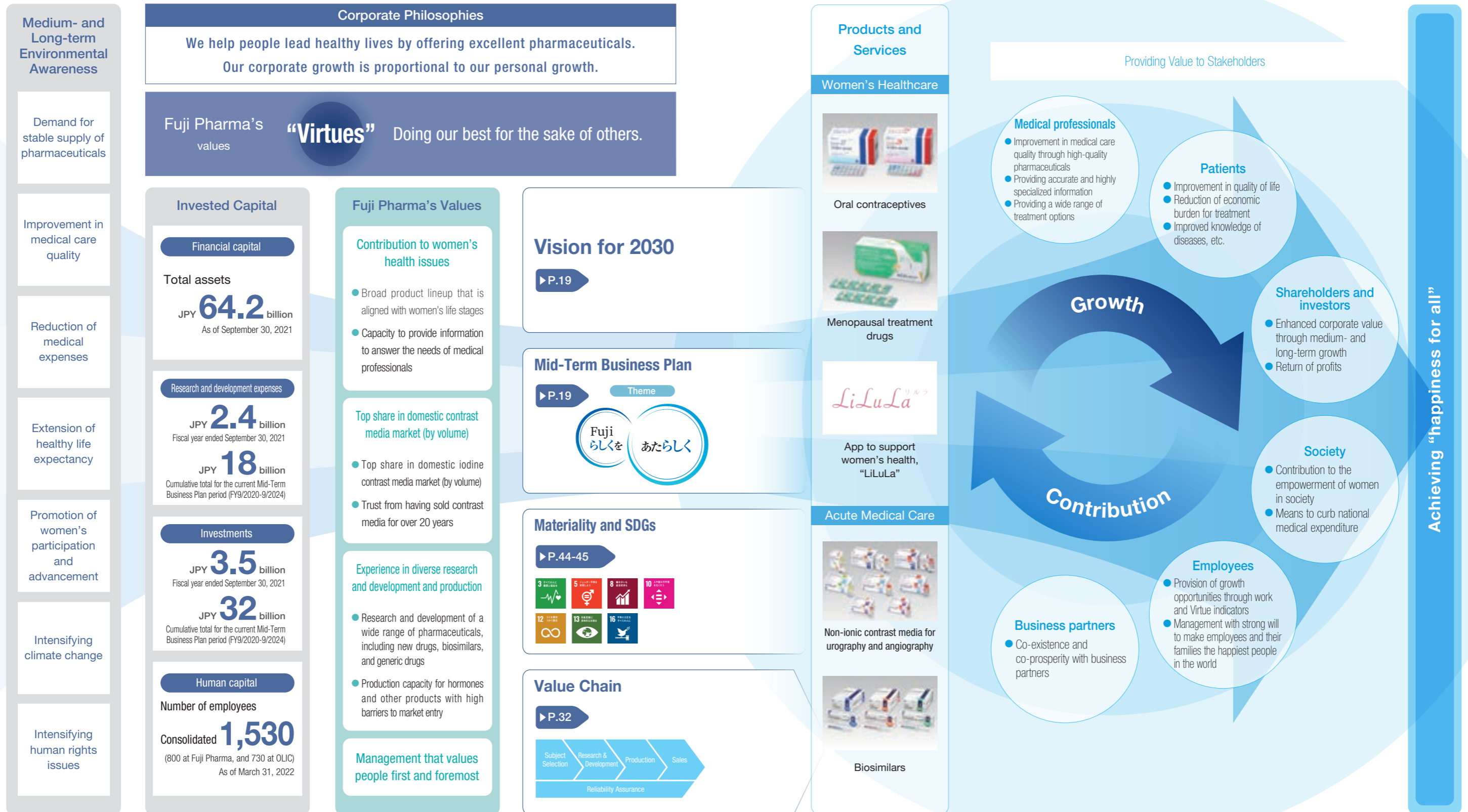
Fuji Pharma's Value Creation Process

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 strive for personal growth under this concept, directly leading to our further growth as a company.

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



We strive to be a company that will prosper together with all stakeholders and achieve “happiness for all” by implementing our corporate philosophy.

Takayuki Iwai, President & CEO



Responding to changes in the business environment and addressing social issues

The business environment surrounding the pharmaceutical industry in Japan has changed significantly in recent years due to the tightening of restrictions and revision of drug prices and other policies intended to reduce social welfare costs. In effect, drug prices are now being revised every year since April 2021. To respond to these changes in the business environment, Fuji Pharma is working to continuously develop new products and to enhance the value of those products. With the enforcement of the revised Pharmaceutical and Medical Device Act¹ in August 2021, our responsibilities as a pharmaceutical company in providing pharmaceuticals have become more demanding. Ensuring product quality, efficacy, and safety has become more important than ever, and we will take on this challenge head-on.

On the other hand, the progression of the decreasing birth rate and aging population is a significant social problem in Japan. As part of the countermeasures against this problem, the government has committed to supporting infertility

treatments and announced their inclusion in insurance coverage starting from April 2022. In response, we have obtained approval for an additional indication of infertility for many of our existing pharmaceutical products.

Amid the increasing momentum for women's empowerment, solving health problems specific to women has become recognized as a requirement to support future social development. Women's health is attracting wider interest, and expectations for pharmaceutical companies are growing.

In this environment, opportunities for us to contribute to society is expanding, given our strengths in women's healthcare and our broad product portfolio of pharmaceuticals for treating female disorders such as infertility, dysmenorrhea, endometriosis, and menopausal disorders.

Release of our second self-developed new drug

As the impact of the COVID-19 pandemic prolongs and marketing activities such as sales visits to medical clients continue to be restrained, we have introduced an online conference system for use in

providing information to medical institutions through online meetings. In November 2020, we concluded a joint development and sales agreement with M3, Inc., a digital promotion service provider, for FSN-013 a new drug under development as a next-generation treatment for dysmenorrhea. We are now using their digital promotion services. We will build a new operational structure by responding swiftly to changes in sales and marketing activities in anticipation of the progress of digitization.

During the fiscal year ended September 30, 2021, in addition to the impact of drug price cuts (by 6.2%), the number of tests using contrast media performed in hospitals decreased and the CMO business at our Thai subsidiary was also partially affected due to the influence of the pandemic, but net sales increased from the previous year due to strong sales in the women's healthcare, one of our strongest fields. In terms of profit, we achieved an increase due to a growth in sales of our key products in the profitable field of women's healthcare, a decrease in R&D expenses compared with the previous year in which Phase III trials for multiple new drugs were concentrated;

and a decrease in sales and marketing expenses due to the pandemic.

As for progress in the development pipeline, natural progestational hormone agent F-meno[®] capsules 100 mg were approved for manufacture and sales in Japan in September 2021 and released in November of that year. This 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, and medical professionals expect it to be a new treatment option. This is our second self-developed new drug following UTROGESTAN[®] vaginal capsules released in 2016, and holds an important place in our product portfolio for menopause in the field of women's healthcare.

FSN-013 entered Phase III clinical trials in August 2021 to gain approval in Japan for the indication of treatment of pain accompanying dysmenorrhea and endometriosis. In ASEAN, we filed an application in September the same year for the approval of its import to Thailand as an oral contraceptive.

¹ The Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices

Message from President

Initiatives regarding quality

Fuji Pharma is renewing its commitment to improve quality and credibility as a company-wide initiative. Adherence to the Pharmaceutical and Medical Device Act and other laws and regulations is essential for a pharmaceutical company dealing in pharmaceuticals directly related to people's health and lives, and high quality and credibility are required of the pharmaceutical products we provide. In order to meet this mission of quality and credibility, we defined and established a quality policy in July 2021. The policy was formulated based on our corporate philosophy of "We help people lead healthy lives by offering excellent pharmaceuticals." We will work harder than ever to provide pharmaceuticals that patients and healthcare workers can use safely and securely through thorough enforcement of this quality policy.

Progress and future development of the Mid-Term Business Plan (FY9/2020-9/2024)

Fuji Pharma upholds Vision for 2030, which outlines the three targets of "Contributing to 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," as an indication of where we want to be standing in 2030. When we achieve these targets, which is planned to be in the fiscal year ending September 30, 2029, we project to reach a business size of JPY 100 billion in consolidated net sales and an operating profit margin of 20%.

The ongoing Mid-Term Business Plan describes the four growth scenarios of "No.1 in Women's Healthcare," "Evolving into sustainable Contrast Media business," "Establish Biosimilar business," and "Strengthen overseas business" as the halfway point of the Vision for 2030. By ensuring the delivery of these growth scenarios, we are planning to achieve the financial targets of consolidated net sales JPY 50 billion and operating profit JPY 5 billion in the fiscal year ending September 30,



2024, the final term of the Mid-Term Business Plan.

Regarding our efforts to become No. 1 in women's healthcare, our new drug pipeline has been steadily progressing and achieving good results in the past two years, as represented by the approval for F-meno[®] capsules in Japan and the start of Phase III clinical trials for FSN-013. In addition, we concluded a business collaboration agreement with Ferring Pharmaceuticals Co., Ltd. in November 2021, for marketing PROPESS[®] vaginal delivery system 10 mg, a pharmacological treatment for cervical ripening in Japan, enhancing our product lineup.

Regarding biosimilar business, we have secured several product candidates in cooperation with Iceland's biosimilar development company Alvotech. In the most immediate future, we are planning to file an application for approval of one of the six products agreed upon with Alvotech, and accelerating preparations to introduce a multi-syringe production line to manufacture these formulations with high pharmacological activity. In addition, we concluded an asset transfer agreement in December 2021 to acquire approval for the manufacture and sales of a total of four products from Nihon Pharmaceutical Co., Ltd.: FOLIAMIN[®] (injection, tablets, powder 100 mg/g), SULPREP[®] combination liquid for internal use, MINCLEA[®] spray for internal use 0.8%, and OSVAN[®] disinfectant solution (0.025%, 0.05%, 0.1%, 10%, OSVAN RUBBING[®]). This was also meant to lay the groundwork for future sales of biosimilars and to expand the business fields in which we can contribute.

Regarding overseas business, we are striving to strengthen overseas business with a focus on business expansion in the ASEAN countries, by enhancing the manufacturing capabilities of Toyama Plant to expand product exports to overseas markets and through the transition of OLIC, our subsidiary, from a contract manufacturer to a pharmaceutical company with a full lineup of products.

The fiscal year ending September 30, 2022, the third year of the Mid-Term Business Plan, is expected to continue to see steady sales of our key products in the women's healthcare field. In

addition to this, the commencement of sales of F-meno[®] capsules and the newly introduced PROPESS[®] are also expected to contribute to increased revenue. As for contrast media, a significant revenue increase cannot be expected, but we will compensate for this by increasing contracted business at Toyama Plant and OLIC.

Regarding expenses, in addition to an expected increase in research and development expenses, depreciation costs will increase due to the commencement of operations at the new production lines in Toyama Plant, but we will maintain revenue growth by accelerating growth scenarios and ensure achievement of the Mid-Term Business Plan.

Aiming for sustainable growth together with society

Our business will not grow without the sustainable growth of society as a whole. We believe our reason for being is to solve social issues and create social value through implementation of our corporate philosophy of "We help people lead healthy lives by offering excellent pharmaceuticals."

We are committed to promoting environmental conservation in our business activities, work-life balance, health and productivity management, diversity, including women's participation and advancement, and strengthening corporate governance in an effort to build a business that can be trusted by all stakeholders.

Under the leadership of the Sustainability Committee, of which I am the chair, we will establish KPIs on materiality issues to concentrate our efforts on that have been identified from the perspective of ESG management.

When Tokyo Stock Exchange restructured its stock market in April 2022, Fuji Pharma selected the "Prime Market" and moved to that segment. We will establish the corporate structure required of a company listed on the Prime Market to meet the trust and expectations of our shareholders and investors.

To become a company that prospers together with all stakeholders, we will take on new challenges and continue to make progress.

Fuji Pharma's corporate philosophy based on "Happiness for all" as found in "Rongo to Soroban (Analects and Abacus)"

Chairman and Representative Director,
Fuji Pharma Co., Ltd.

Hirofumi Imai

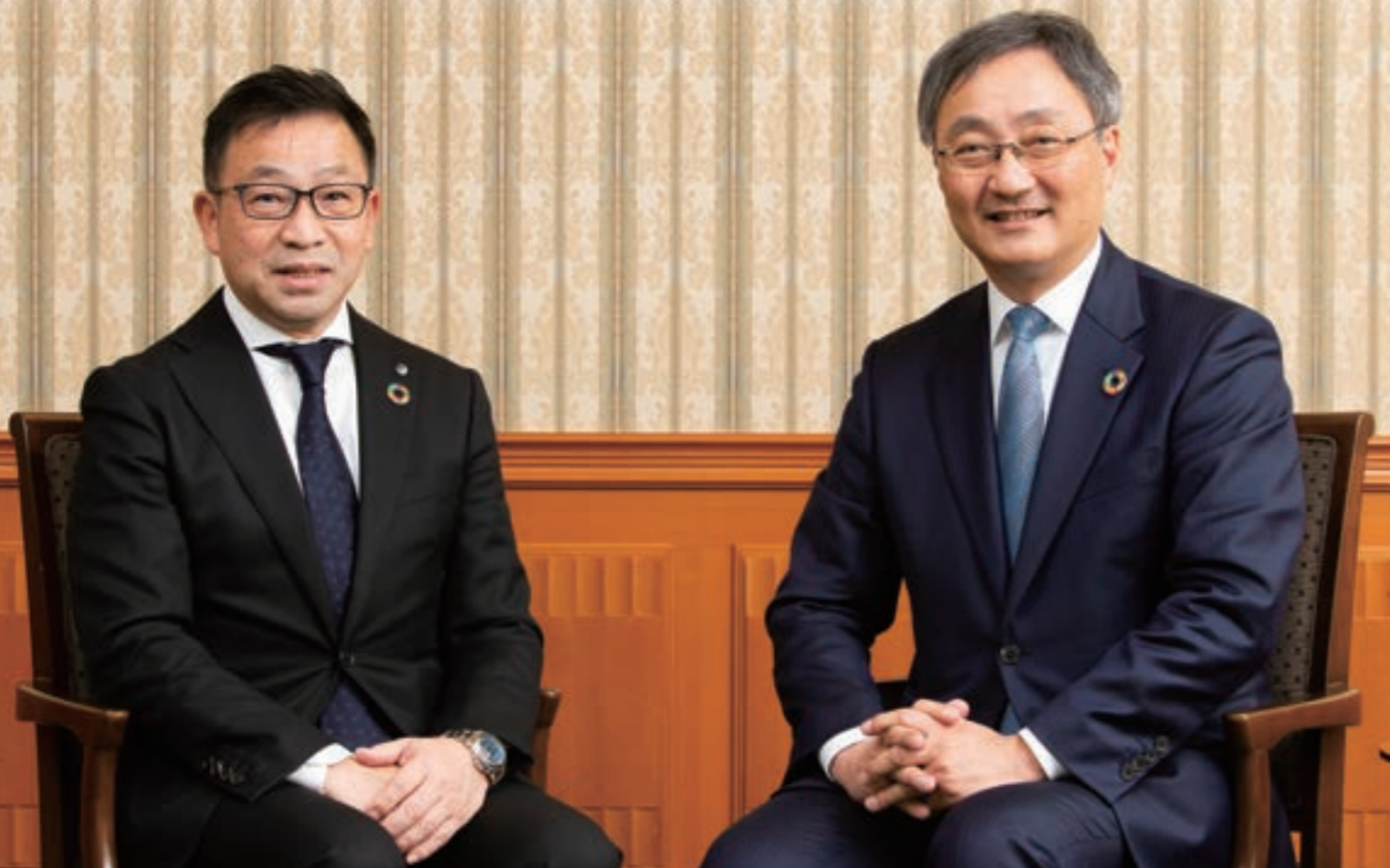
Chairman of the Board of Directors and
Chief ESG Officer, Commons Asset Management, Inc.

Ken Shibusawa

Based on the principle of "contribution" and "growth," Fuji Pharma believes that it is important for its employees to grow as "persons with Virtue" in order to contribute to society as a company. Therefore, we have adopted a unique personnel evaluation scheme based on "Virtues" inspired by oriental thoughts, and we have also placed great importance on this concept of Virtues in our management.

On the other hand, Eiichi Shibusawa, the author of "Rongo to Soroban (Analects and Abacus)" and known as the "father of capitalism in modern Japan," was involved in the establishment and management of approximately 500 companies and 600 social and public projects. Mr. Ken Shibusawa, the Chief Executive Officer of Shibusawa and Company, Inc. and the founder of Commons Asset Management, Inc. is the great-great-grandson of Eiichi Shibusawa.

Fuji Pharma's concept of "Virtues" and Eiichi Shibusawa's "Rongo to Soroban." Chairman and Representative Director of Fuji Pharma Imai and Mr. Ken Shibusawa talked about the ideas that are common to both of them.



Imai It has been about 10 years since I met you through an investor. Today, I would be grateful if you could give me your opinion on our corporate philosophy, etc. from the perspective of Eiichi Shibusawa's great-great-grandson and founder/manager of Commons Asset Management, Inc.

Fuji Pharma was established by my father, Seiichi Imai, in 1959, as a limited liability company. Upon graduating from a pharmaceutical college, my father couldn't make up his mind whether he should build a pharmacy school or a pharmaceutical manufacturer, using the funds he had inherited from my grandfather who was a town doctor, and finally decided to build a company where he could do both, foster people and create pharmaceuticals at the same time. When he founded the company, his dream was that "through the medical drugs business, not only himself but also each and every one of his colleagues would gain more experience, increase their contribution to medical care, develop together with their colleagues, customers as doctors, and business partners, and expand the circle of happiness for everyone." We have carried on his thoughts and aspirations to the present day. Our corporate philosophy of "We help people lead healthy lives by offering excellent pharmaceuticals" and "Our corporate growth is proportional to our personal growth" are placed at the center of our management.

Shibusawa Last year, the life of Eiichi Shibusawa was featured in the NHK historical drama "Seiten wo Tsuke (Reach for the Blue Sky)," in which Eiichi's mother tells him as a young boy, "It's not just your happiness, but everyone's happiness is what matters the most." Eiichi created many companies, but he advocated that companies, educational institutions, and hospitals are the means to realize a prosperous and fair society. I see that the founder of your company had the same thoughts as Eiichi's, that "happiness for all" was the starting point of the company's foundation.

Imai The very foundation of our culture is our commitment to "for the sake of our colleagues." We have a strong will to make our colleagues, in other words, our employees, the happiest people in the world in order to achieve "happiness for all." To this end, we strive to foster a workplace culture that is open, frank, considerate, and attentive, and that encourages employees to speak up, in other words, to take a stand and speak out freely. We place importance on increasing transparency, sharing information with everyone, and making people aware of the importance of taking a sense of ownership.

The keywords "contribution" and "growth" synchronize with "Rongo to Soroban"

Shibusawa Your company's corporate philosophy has the keywords "contribution" and "growth," which I believe is also a concept consistent with Eiichi Shibusawa's "Rongo to Soroban." In order to realize social impact (contribution), so to speak, the Analects, it won't be sustainable without the resources, in other words, abacus (growth). And for the

sustainability of the abacus, the Analects, which enhances trust in society, is necessary. This mutually complementary relationship between the two is something that applies to various fields.

Imai Your words are so encouraging and empowering to me, as they are very much in synchronization with our thoughts. Our corporate philosophy is based on the following structure: We need to grow as a company and our employees also need to grow to achieve the purpose of "helping people lead healthy lives by offering excellent pharmaceuticals," and that experience of helping people helps us grow further, expanding the breadth of our contribution. This cycle leads to the expansion of "happiness for all."

Shibusawa It is important that the purposes of what we do are clear. I first became aware of the importance of "purpose-based management" about five years ago when an employee who had joined Commons Asset Management, Inc. in mid-career asked me to verbalize the founding philosophy. Certainly, the founding members founded the company for a purpose and shared a common sense of it, but although we had a mission of "what we do," we had not clearly articulated a purpose (significance of existence) of "why we do." The mission is important, but the mission alone may not be enough to have employees see it as something they have to tackle themselves. I felt the need to have a clear answer to the question, "Why does our company exist?" so that employees can see it as their own issue. I believe that a company with a clear purpose can create value in the future and will be able to grow sustainably in the future.

Incorporating unique "Virtue" evaluation indicators into personnel evaluations

Shibusawa By the way, the term "three way satisfaction" is often used these days. It is the spirit of the Omi merchants, who advocated three way satisfaction: the seller is satisfied, the buyer is satisfied, and the society is satisfied. It is easy to understand that the seller and the buyer are both satisfied, but the social contribution aspect, "the society is satisfied," is often vague. I feel that there is a need for an indicator that everyone can understand. Does your company have any indicators?

Imai We have introduced the concept of "Virtues" and established indicators of Virtues. Virtue is a word that is commonly heard, but at our company, Virtues are based on a concept that I learned from an expert in oriental thoughts whom I have been asking for guidance for more than 20 years. We have defined and valued "Virtue" as "doing one's best for the sake of others" and "a person with Virtue" as "a person with momentum to do their best for others and grow as a person".

With the aim of having this concept take root within the company, we have established 19 indicators to evaluate Virtues and incorporated them into our education and training and personnel evaluation scheme.

Shibusawa I have read the 19 Virtue evaluation indicators, and found them very interesting. I think Virtues are, simply put, common sense. Eiichi Shibusawa, in his book “Rongo to Soroban,” states that the state in which intellect, affection, and will are balanced and equally developed is perfect common sense. What I found interesting is that common sense is not about the level you achieve, but about balance. Even though people may be at different levels, if intellect, affection, and will are balanced at each level, it is considered common sense. Contemporary American management scholars have also stated that intellect, affection, and will are important for company management. In other words, it is a shared awareness that common sense (i.e., Virtues) is important for a good manager. And in “Rongo to Soroban,” we find the concept of “moderation,” which is also found in the Virtue evaluation indicators. One interpretation of the concept is that “moderation” is not just being unbiased or in the middle, but rather in the best position, which is at the top of the pyramid of intellect, affection, and will, where one can look down from above and also dynamically move like a bird’s eye. If intellect, affection, and will are the practice of day-to-day execution, management should look at them from a bird’s eye view and value moderation, that is, the place where it is easy to see where the best is, and where a balance can be achieved. I think this concept is interesting as a management perspective. By the way, wasn’t it difficult to get your employees to understand these “Virtues”?



Imai When we first introduced them in 2011, they were presented to the employees as a philosophy or action guideline, and many were perplexed, wondering what it was. After that, we started recommending books on Virtues and communicated the concept to employees through educational training and other means. We then discussed what specific actions were desirable and enriched the content to reflect the opinions of employees. In the process, the numbers of Virtues and indicators once grew to twice as many as they are now. We have since worked to further clarify the matters that we should keep in mind in our daily work, and have reviewed and revised them every year. For

each of the 19 evaluation indicators currently in use, we have established more specific “examples of standard actions” and “examples of actions contrary to the demonstration of Virtues.” Your description of moderation seems to have something in common with the way we interpret it. We have included “fairness and balance” as an indicator of the Virtue of “moderation” and gave examples of standard actions such as “to gather information from multiple perspectives when making decisions” and “to make decisions based on early detection of signs of future change” to explain the indicator. I was convinced that this means “taking a bird’s eye view.” By the way, in 2021, “Rongo to Soroban” was used as an assigned reading, and all employees in management positions have read it.

Continuing to convey our thoughts “Repeat, repeat, and repeat”

Shibusawa I feel that it is really important for managers to keep conveying their thoughts. Once, after a chairperson of a huge global company gave a lecture, I asked him how he communicates his thoughts and ideas to employees of all levels, and his answer was to “repeat, repeat, and repeat.” It sounds very basic, but the only way is to keep repeating and communicating over and over again.

Imai I see. My father’s and my foremost desire and strong will to “make all of us happy, and especially to make our colleagues the happiest people in the world” are the root of Fuji Pharma. Hearing what you have just said has renewed my determination to continue to convey our thoughts. Our employees, to whom we communicate our thoughts and ideas, are our “human assets” who put them into practice. Our company was originally started with the idea of “for the sake of our colleagues,” and we place human assets at the center of our management. It is very important to keep conveying our thoughts to our employees, who are the core of our management.

Strong persistence to achieve sustainable business operations by generating revenue and securing the necessary resources

Shibusawa Eiichi Shibusawa was involved in the establishment and management of approximately 500 companies and 600 social and public projects, but I heard that he left no property to his descendants. However, 20 years ago, when I turned 40 years old, I realized that he had actually left me a wonderful and important asset, which was tax-free as a matter of fact. It was his “words.” While expressing the anger and dissatisfaction he felt about the status quo, his words eloquently portray his persistently future oriented thinking, which inspires and encourages people to “make a better society, be a better manager, and

be a better citizen.” This is exactly in line with the trend for sustainability, which is to “pursue a safe, secure, and sustainable society for everyone” by harmonizing economy, society, and the environment and leaving no one behind. I believe that technological evolution underlies the recent rise in the momentum for sustainability. With the widespread use of social networking services and smartphones, social issues have become more familiar to everyone leading to wider recognition of the importance of sustainability, and companies are now required to address ESG (Environment, Social, and Governance) issues and visualize their efforts.

Imai In order to realize our corporate philosophy of “contribution” and “growth,” we are committed to generating revenue first to secure the necessary resources for growth and contribution. This is because sustainable business activities and employee growth can only be achieved when the company is profitable and feasible, and thus capable of making further contributions to society, which is our goal. As a listed company, we communicate with shareholders and investors on a daily basis. In the past, their main demand was to realize short-term profits, but recently more attention is being focused on human assets and other intangible assets, as well as sustainability aspects such as ESG and SDGs initiatives. We hope that this trend will deepen the capital market’s understanding of our corporate philosophy and Virtue indicators.

Shibusawa I was a day trader when I was younger, so at the time I was pursuing short-term, even daily results. Then, in 2000, I had a son. When I thought about his future, I was awakened to the importance of long-term investing. On September 11, 2001, while on a business trip to the U.S., the 9/11 terrorist attack occurred and I was stranded for a week, which also made me keenly aware of the need for long-term investment in which I could interact with and invest in companies with long-term growth potential and profit together from their growth. Nevertheless, the capital markets are home to a diverse range of investors. Disclosure of information must be fair, but I think it would be effective for companies to consciously and intentionally communicate a narrative of what kind of investors they would like to see become shareholders of their companies.

“Vision for 2030” which emphasizes women’s participation and advancement, globalization, and social contribution

Imai In 2019, we set Vision for 2030, which outlines “What we want to achieve” and “Where we want to be” in the next 10 years, by the end of the fiscal year ending September 30, 2029, through implementation of our corporate philosophy. Vision for 2030 is comprised of three pillars: (1) contributing to the well-being of women in the world, (2) expanding our business to Global Market from Toyama, and (3) integrating the world’s happiest company and social contribution. As we

focus on women’s healthcare, we will actively contribute to make every woman around the world fulfilled physically, mentally, and socially, and we will also strengthen our communication to women.

Shibusawa The 10 years up to 2030 will be a critical period for Japanese companies. With the changing demographics, Japan’s population pyramid has rapidly shifted its shape from an expansive pyramid shape in the Showa era, to a gourd shape in the Heisei era, and then all at once to an inverted pyramid shape in the Reiwa era after 2020. In this transition, it is essential that women play an active role. In order to create a society where women can continue to be healthy and active, I believe that businesses like yours that address the well-being of women will be very important for the next 10 to 20 years. In addition, companies that stick to the seniority system, lifetime employment, and hiring fresh graduates en masse that were the basis of the Showa era success story will not be able to keep up with the mindset of young people, while companies that accurately grasp and respond to the changing times will make great strides, and the gap between the two will widen. Your company has foresight and has a clear vision of what is required of companies today: women, globalization, and social contribution.



Ken Shibusawa

Born in Zushi City in 1961. Moved to the U.S. when he was a child due to his father’s job transfer. Graduated from the University of Texas with a BSc in chemical engineering in 1983. Received an MBA in Finance from the University of California, Los Angeles in 1987. After engaging in market operations of foreign bonds, government bonds, foreign exchange, stocks, and derivatives in a U.S. investment bank, he joined a major U.S. hedge fund in 1996. Became independent in 2001 and founded Shibusawa and Company, Inc., where he serves as Chief Executive Officer. Founded Commons Co., Ltd. in 2007 and became Chairman of the Board of Directors of Commons Asset Management, Inc. the following year.

Imai We hope to continue to strive to put our corporate philosophy into practice and become a company that leaps forward in the years to come. Thank you very much today.

Vision for 2030 and Mid-Term Business Plan

We will improve our corporate value while maintaining a sound financial base and delivering returns to shareholders to achieve “Where we want to be” in the Vision for 2030.

Corporate Officer
General Manager,
Corporate
Planning
Department
Takeshi Sato



Vision for 2030 ~Where you want to be in 10 years~

Vision 2030 is the roadmap, that through our management philosophy, explain “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.

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 a concrete embodiment of its strategy for the first 5 years of the Vision for 2030, “where we are in the next 10 Years from 2020.”



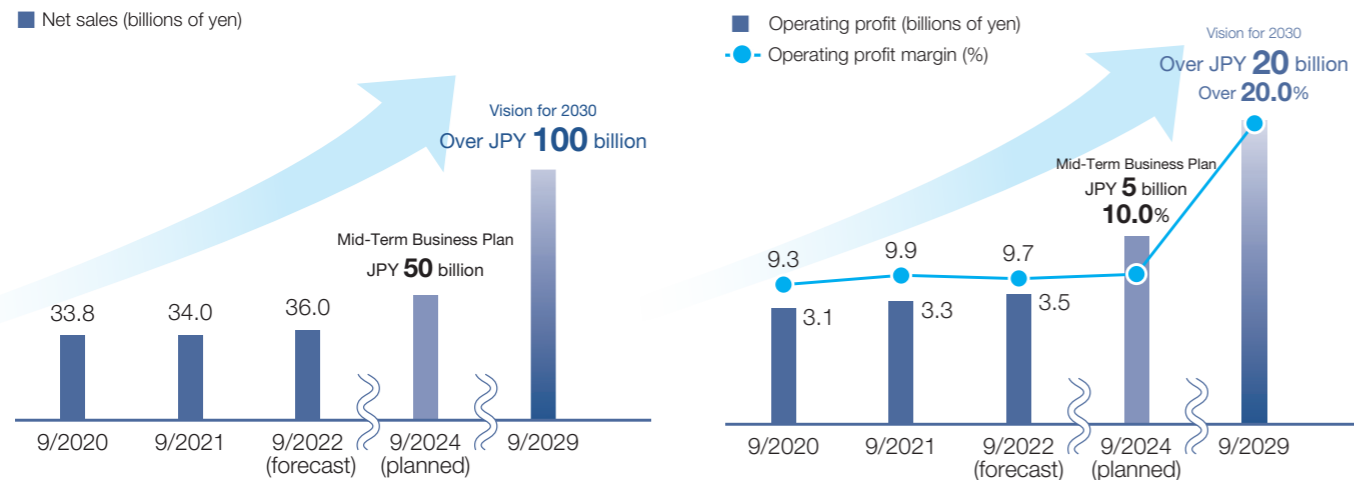
Four growth scenarios

- No.1 in Women’s Healthcare
- Establish Biosimilars business
- Strengthen Overseas business
- Evolving into sustainable Contrast Media business

To Achieve

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

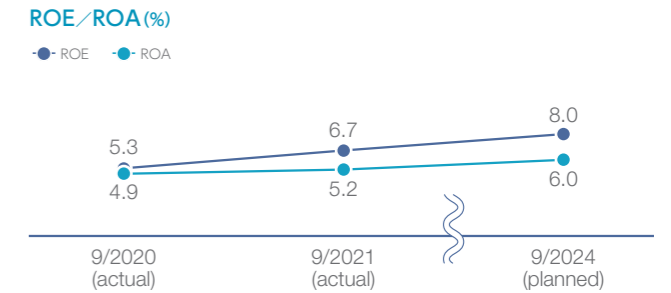
Business scale when we achieve “Where we want to be”



Financial report

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, 2021 was 6.7% (up 1.4 points YoY), and ROA was 5.2% (up 0.3 points YoY). The asset/liability structure has changed due to the purchase of treasury shares in February 2021, but we continue to maintain a sound financial position, with an equity ratio of 50.9% and net interest-bearing liabilities 1.9 times the forecasted EBITDA for the fiscal year.



Strategic investments for growth

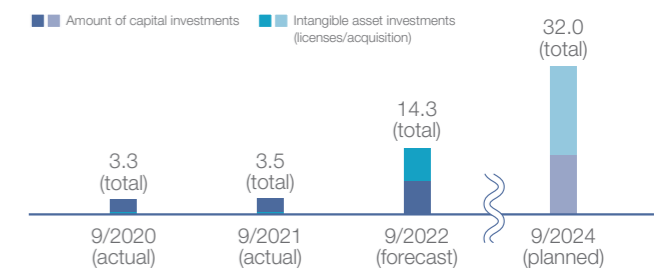
Implementing strategic investments to achieve the Mid-Term Business Plan

We have established an investment framework of JPY 32 billion over the five-year period to achieve the Mid-Term Business Plan. Of this, approximately 60% will be used to fund the acquisition of products and businesses, and approximately 40% for capital investments. The amount of investments made over the past two fiscal years have added up to JPY 6.8 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 for tablets and parenteral injections, a core technical feature of the Toyama Plant; and to carry out digital transformation in the Toyama area.

Hereafter, we will utilize the remaining investment framework by investing in the strategic areas of the Mid-Term Business Plan such as further strengthening of

women’s healthcare portfolio, further improvement of manufacturing capability and productivity, and expansion of overseas business.

Investments (billions of yen)



Shareholder return policy

Toward increased dividends for the first time in three fiscal years

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.

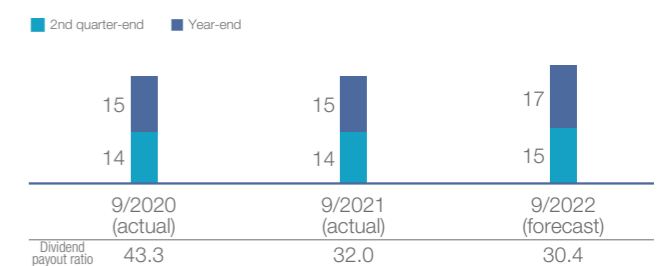
Contribution and growth for shareholders can be translated as improvement in total shareholder return, in other words, an increase in the share price and returns to shareholders. Our share price was weak, marking JPY 1,170 at the end of the fiscal year ended September 30, 2021 compared to JPY 1,249 at 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, based on a dividend payout ratio of 30%, we are forecasting a dividend increase for the first time in three years to JPY 32 for the fiscal year ending September 30, 2022 (compared to JPY 29 the previous fiscal year).

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.

Dividend per share (JPY)/Dividend payout ratio (%)





Supporting women's health is a social issue.

In today's society, women play an active role not only through household chores and childcare, but also by supporting the local community and working as professionals. The active participation of women in all such aspects of society is predicated on their physical and mental well-being which allows them to be themselves and their abilities to flourish.

In the Fact-Finding Survey on the Promotion of Working Women's Health¹ 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 or the like.

Besides life events such as marriage, pregnancy, and childcare, women experience significant changes in their physical and mental state as well as in their lifestyle and environment, as they go through hormonal fluctuations associated with menstrual cycles and also depending on their life stage: i.e. puberty, reproductive period, menopause, and senium. Modern-day women, who, with economic development and changes in women's lifestyles, are having fewer children, now are said to experience almost 10 times as many periods as in the past. Women's monthly ovulation and menstruation cause significant hormonal fluctuations. As a result, we are seeing an increase in number of patients suffering from conditions such as dysmenorrhea and endometriosis that are often induced by hormonal changes¹.

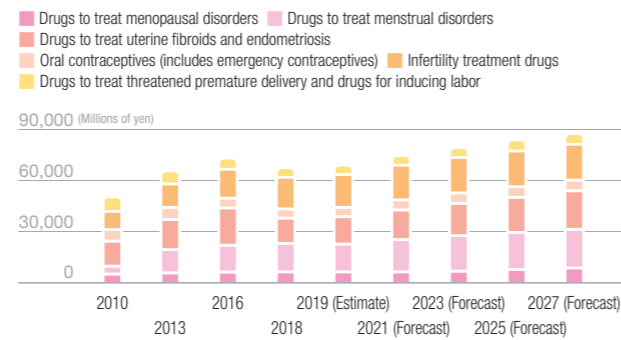
There are many challenges that a woman faces in order to maintain a healthy mind and body and be herself, but our society

has found solutions by confronting social issues and making steady efforts to overcome them.

More than ever, women are expected to play an active role in a variety fields, and further contributions to women's healthcare will be essential for the future development of our society.

As a pioneer in the field of hormone agents, we have built a solid presence in the field of obstetrics and gynecology. Defining our value proposition as "support to improve well-being of women," we will continue to fulfill our mission of addressing women's health issues while enhancing our presence as a specialty pharmaceutical company.

Obstetrics and gynecology market trends by therapeutic category²



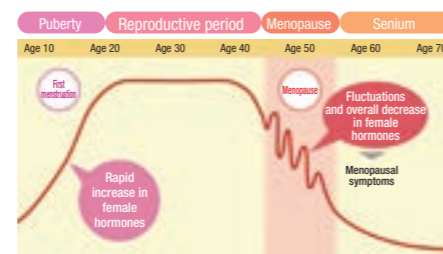
¹ Initiatives for Women's Health in Health and Productivity Management published by the Ministry of Trade, Economy and Industry in March 2019
² 2018-2019 Ethical Drugs Data Book No. 4 compiled by Fuji Keizai

column 01 Menopausal Disorder

Menopause refers to the period including five years before and after the final menstrual period of a woman. Specifically, it is typically the period between ages 45 and 55. During this period, women are placed under a great deal of physical and mental strain as they take on management positions at work and engage in child-rearing and caregiving at home. In addition, many women suffer from various conditions including hot flashes, sweating, and rush of blood to head, which are the typical symptoms of menopausal disorder, as well as poor circulation, stiff shoulders, headaches, joint pain, insomnia, fatigue, and depression. Recently, the economic loss and other impacts of menopausal disorder on women have been featured in the media as a social issue.

Menopausal disorder is caused by the weakening of ovarian function during menopause, resulting in a rapid decrease in female hormones. With our lineup of products such as l'estrogel[®] and F-meno[®] capsules, which are used in hormone therapy for menopausal disorder, we are committed to contributing to the healthy lives of as many women as possible, while also contributing to solving social issues.

Age trends in female hormone (estrogen) levels

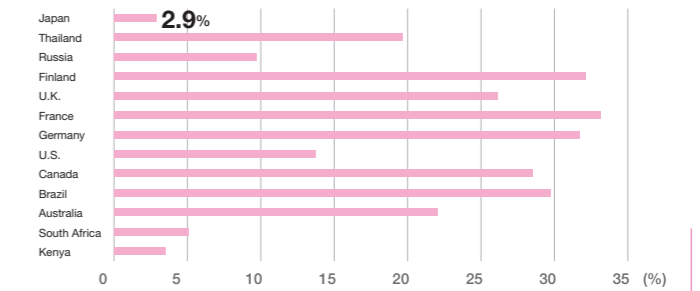


column 02 SRHR and Oral Contraceptives

The rate of women taking oral contraceptives in Japan is said to be approximately 3%, which is very low compared to other countries (refer to graph). In recent years, the concept of Sexual and Reproductive Health and Rights (SRHR) is receiving renewed attention. SRHR refers to the right of women to make their own decisions regarding sex, pregnancy, and childbirth. As women's empowerment in society continues to advance, it is natural to have such rights, but there is renewed attention to the fact that women should be able to choose and make their own decisions about how they work and live their lives.

Taking oral contraceptives to avoid unexpected pregnancy and choose when you want to get pregnant while working is a very important part of exercising one's rights. As the market leader in oral contraceptives, we hope that more women will choose oral contraceptives as a tool to live their lives by their own values.

Use rate of oral contraceptives by country



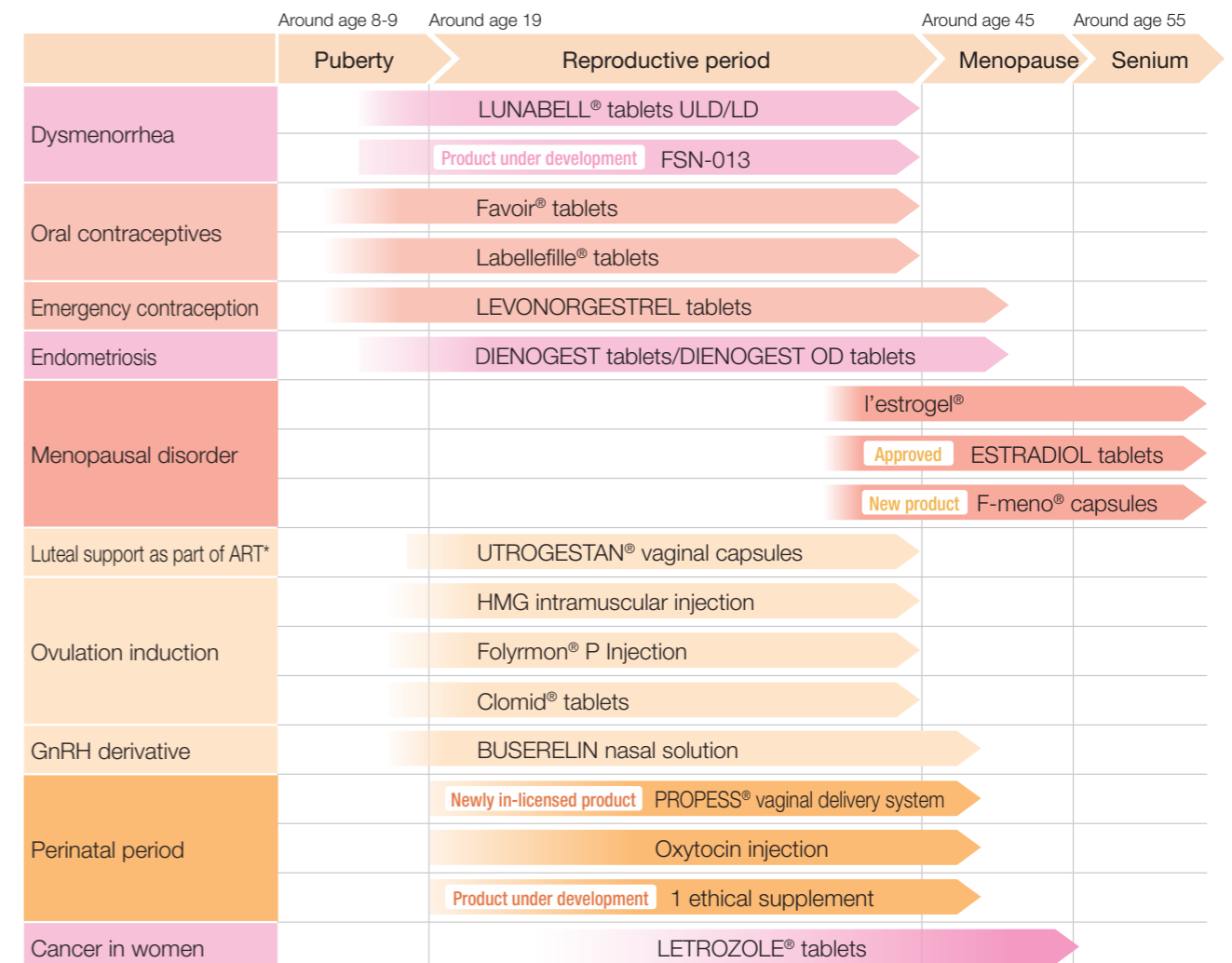
Source: Adapted from United Nations: Contraceptive Use by Method 2019 (From estimated prevalence of individual contraceptive methods among married/in-union women of reproductive age (15-49 years))

We have a broad product lineup that is aligned with women's life stages.

In order to support the health of modern women, Fuji Pharma offers a product lineup for each stage of life.

From April 2022, pharmaceuticals related to infertility treatment will be covered by insurance, and we expect

that couples who were previously unable to access infertility treatment due to financial reasons will be able to opt for treatment.



*ART: Assisted Reproductive Technology

Corporate Governance

Basic Perspective on Corporate Governance

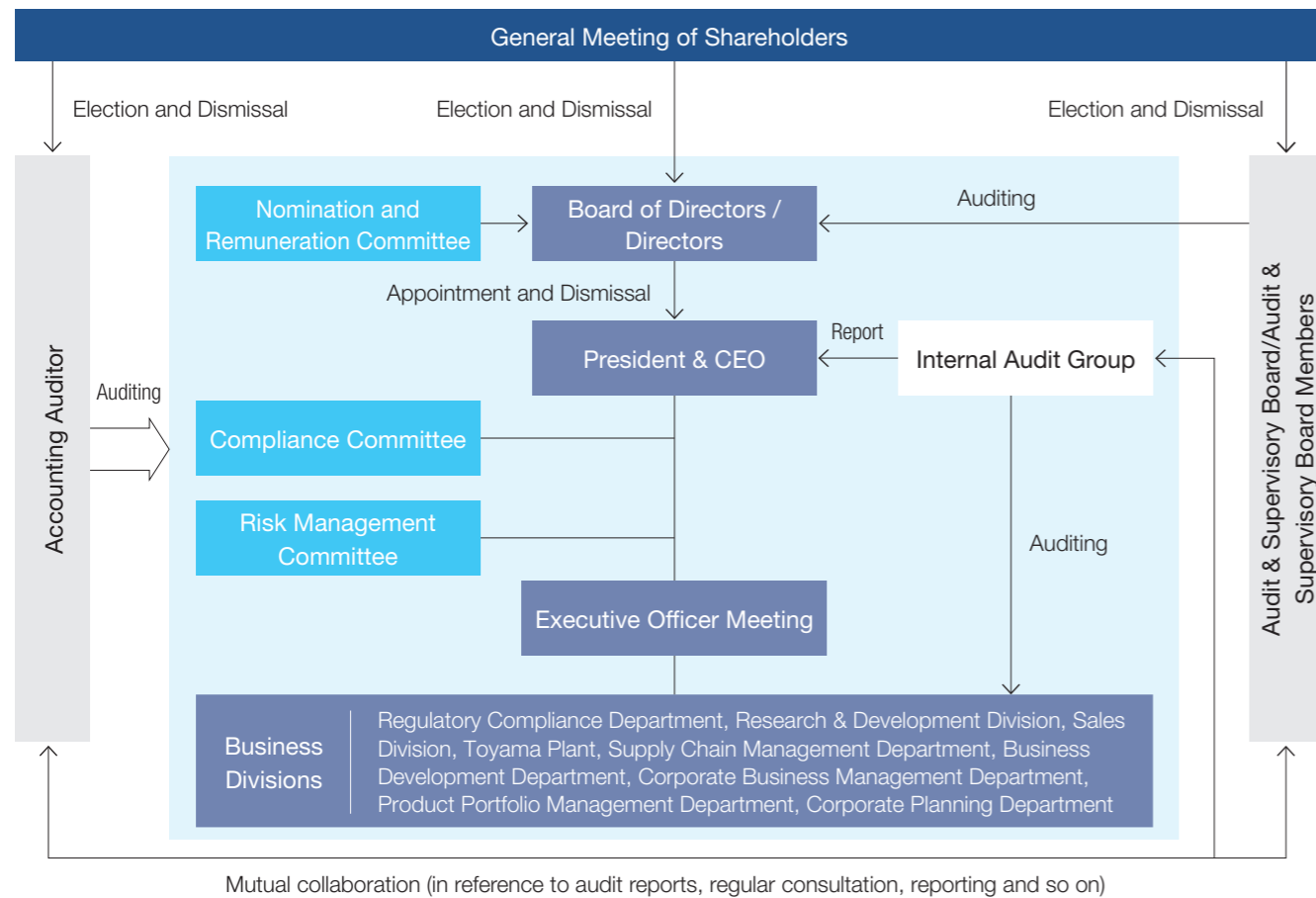
Our corporate philosophy is “We help people lead healthy lives by offering excellent pharmaceuticals.” and “Our corporate growth is proportional to our personal growth.”

In accordance with the corporate philosophy, we will continue to develop, manufacture and sell high-quality pharmaceuticals to meet our responsibilities to shareholders, employees, medical professionals and other stakeholders. We will make swift and flexible decisions with transparency and independence to achieve continuous growth and medium- and long-term improvement in corporate value.

Outline of Corporate Governance

As a company with an audit & supervisory board, we have built an appropriate audit structure through cooperation among the Audit & Supervisory Board, the Internal Audit Group, and the Accounting Auditor. We adopted the current

structure, believing that it would allow us to ensure the objectivity and neutrality of the management oversight function.



Institutional Design

Board of Directors

Composed of a total of nine Directors (of which, six are Outside Directors) the Board of Directors 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. We also made the term of

office for Directors one year, to swiftly adapt to changes in the management environment and further clarify the responsibility of Directors. In addition, we have adopted a structure under which meetings of the Board of Directors are attended by all Audit & Supervisory Board Members, allowing them to 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): the chairman and 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. This committee is composed of three Directors in total, two of which are Outside Directors and the remaining one is an Inside Director, and is chaired by

an Outside Director. The Board of Directors seeks advice from this committee before making decisions on the election or dismissal of Directors and Corporate Officers, matters concerning remuneration for, or the election or dismissal of the President & CEO and policies regarding the remuneration system and remuneration levels.

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. At this meeting, the independent officers discuss matters that they see as challenges, including the Mid-Term Business Plan.

Executive Officer Meeting

We adopted the executive officer system to speed up information sharing for business execution and initiatives to address management issues and an Executive Officer Meeting is convened twice a month, in principle. As an advisory body to the President, the Executive Officer Meeting

is composed of the President and Corporate Officers and assesses business execution in each department and the status of execution is reported 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			●	●		●			
	Tadahiro Kozawa	●	●	●	●					
	Keiji Hirai	●	●	●	●				●	
	Minesaburo Miyake	●	●	●					●	●
	Robert Wessman	●		●	●				●	
	Keiko Kiyama	●	●	●	●					●
Yukiko Araki	●	●	●	●				●	●	
Audit & Supervisory Board Members	Seiichi Inoue			●			●			
	Fujiaki Mimura	●	●		●			●		
	Miori Sagara	●	●	●		●	●			●

Corporate Governance

Remuneration for Officers

Policy for Determining Remuneration for Officers

Remuneration for Directors is linked to business performance and 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 Director's position and responsibility.

In 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.

In addition, with in the scope of the resolution of the General Meeting of Shareholders, remuneration for Audit & Supervisory Board Members is determined through discussions among the Audit & Supervisory Board Members 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.

Composition of Remuneration for Officers

The ratio of remuneration by type to the amount of remuneration by individual is not specified. In determination of remuneration, the Nomination and Remuneration Committee prepares a proposed amount of remuneration for each type of remuneration, taking into consideration objective remuneration survey data from a considerable number of companies of the same size as us and our financial situation.

1 Composition of Remuneration

Remuneration for Directors (excluding outside 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.

ROA (Return on Assets) has been selected as the evaluation indicator for performance-based remuneration, because the management places emphasis on increasing profitability through efficient use of assets.

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.

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	69	61	2	6	4
Audit & Supervisory Board Members	16	16	–	–	1
Outside Directors	21	21	–	–	5
Outside Audit & Supervisory Board Members	9	9	–	–	2

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

The Board of Directors delegates Representative Director Takayuki Iwai to determine the amount of base remuneration for each Director and the evaluation and allocation of bonus 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 has determined that the Representative Director is best suited to evaluate each Director's responsible division while taking into consideration 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 conducted in 2021 identified management issues, such as how to ensure discussions on

the development of the next-generation of management, how to secure time for discussions of important matters, and how to manage online meetings of the Board of Directors. 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 the effectiveness of the Board of Directors, focusing on the issues raised in the questionnaire results.

Message from Outside Director

To be a company that contributes to women's health through growth driven by Virtues and innovation

The demands and expectations of society for pharmaceutical companies are becoming increasingly diverse, including not only changes in the situations surrounding healthcare, such as the prolonged COVID-19 pandemic and the sophistication and innovation of medical needs and technologies, but also responses to environmental issues such as climate change and ecosystem conservation, business and human rights, and the deepening demand for the safety and security of products and services. With the adoption of the SDGs by the United Nations in 2015, companies are increasingly expected to contribute to solving social issues facing the world through their corporate activities.

However, this does not mean that companies must do something completely new. "Virtues," a management philosophy that Fuji Pharma has valued over the years, are the basis to which not only employees but also all stakeholders in society at large, including customers and investors, always return. Not to mention compliance in drug manufacturing, but also the amount of value we provide to the patients, our end customers, can all be ascribed to the "Virtues" for us to demonstrate as a pharmaceutical company.

In the Mid-Term Business Plan (FY9/2020-9/2024) and the Vision for 2030, Fuji Pharma has set the goals of becoming the No. 1 company in Japan's women's healthcare and biosimilar markets, and through achieving these goals, Fuji Pharma will grow and contribute to society. To this end, it is essential that each and every one of us, from top management to frontline employees, address the Basic Policy on Sustainability with a strong sense of ownership and steadily implement the five principles of contribution, growth, compliance, respect for human rights, and environmental conservation and protection. It is also essential to realize growth through innovation, without being over-defensive. As an Outside Director, I too will do my best to contribute to those efforts.



Outside Director Yukiko Araki

Directors



Chairman and Representative Director
Hirofumi Imai

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

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

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).

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

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).



Outside Director
Tadahiro Kozawa

He established Inter-Business Associates Corporation in 1986 and became its President (current position). He has served Fuji Pharma as an Outside Director since December 2003 (current position).

Outside Director
Keiji Hirai

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).

Outside Director
Minesaburo Miyake

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).

Audit & Supervisory Board Members



Outside Director
Robert Wessman

He became Chairman of the Board of Alvotech Holdings hf. in 2012 (current position). He has served Fuji Pharma as an Outside Director since July 2019 (current position).

Outside Director
Keiko Kiyama

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).

Outside Director
Yukiko Araki

Joined Hitachi, Ltd. in 2012. She has served as Advisor in Government & External Relations Group, Hitachi, Ltd. since 2022 (current position). She has served Fuji Pharma as an Outside Director since December 2020 (current position).



Full-Time Audit & Supervisory Board Member
Seiichi Inoue

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).

Outside Audit & Supervisory Board Member
Fujjaki Mimura

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).

Outside Audit & Supervisory Board Member
Miori Sagara

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, for the purpose of raising awareness for compliance and thorough compliance infiltration among all officers and employees, we have established a Code of Conduct on Compliance, Standards of Conduct on Compliance and Compliance Management Regulations under the initiative of the Compliance Committee.

The goal of the Compliance Committee, composed of the heads of divisions and managers, is to implement and improve compliance structures and instill corporate ethics and legal compliance in employees thoroughly. In addition, the Legal & Compliance Section was newly established in 2022 as a section dedicated to compliance. We regularly publish the Compliance Newsletter for all employees, and also provide separate departments with opportunities 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, and from 2022, compliance training by an outside attorney will be provided to all management level employees. We will ensure that all employees are constantly aware of compliance in their corporate activities.

We have also established internal and external contact points for whistleblowers so that they have options available to consult and notify us of any internal conduct actually or possibly constituting a compliance violation. Under the system, all employees can use the contact points to seek advice or make a consultation / 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 whistleblowing system and makes improvements in an effort 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

Managerial Crisis Management

We have prepared the "Crisis Response Procedures Sheet" to clarify our response and guidelines in advance in the event of any crisis. We use this Crisis Response Procedures Sheet to conduct disaster drills and rehearsals and to formulate the standards for establishment of a task force, the initial response and other procedures to be followed in the event of various managerial crisis scenarios such as the sudden outbreak of an infectious disease like COVID-19 pandemic,

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.

In addition, we have also established a project team to make disclosures on climate change, including global warming, in accordance with the TCFD. We are taking steps to disclose by the end of 2022.

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 introduced a "safety confirmation system" as a means of ensuring that employees and the company can make contact with each other in the event of a disaster and established procedures for quickly verifying whether employees are safe.

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 loperamide, which accounted for approximately 20% of net sales in the fiscal year ended September 30, 2021, 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 NH 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 Possibility of being taken to court over such issues as product liability, harm to the environment, and labor issues after product goes to market 	<ul style="list-style-type: none"> 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
10	Offset (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, cyber attacks 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 Upfront Payments for Exclusive Distribution Rights	<ul style="list-style-type: none"> Possibility of recognition of an impairment loss when impairment is judged to have arisen on upfront payments for exclusive distribution rights under contracts recorded under "long-term advance payments" 	<ul style="list-style-type: none"> Implementation of appropriate evaluation by an outside specialist, where necessary, on the recording of 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 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 20, 2021. For more details on these risks, please refer to the annual securities report. https://www.fujipharma.jp/_upload/S100N2LZ.pdf

For Stable Supply of High Quality Pharmaceutical Products

Basic Perspective

Based on our corporate philosophy, "We help people lead healthy lives by offering excellent pharmaceuticals," Fuji Pharma has established a quality policy and supply chain management system to supply pharmaceutical products that patients and medical professionals can use safely and with peace of mind.

In recent years, we have experienced product recalls and problems related to raw material procurement that have prevented us from maintaining a stable supply of products. Ensuring the stable supply of pharmaceuticals is an extremely important responsibility for pharmaceutical companies. We are committed to further ensuring quality, efficacy, safety, and a stable supply of our products by strengthening our governance system so that medical professionals and patients can use our products without any concerns.

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."

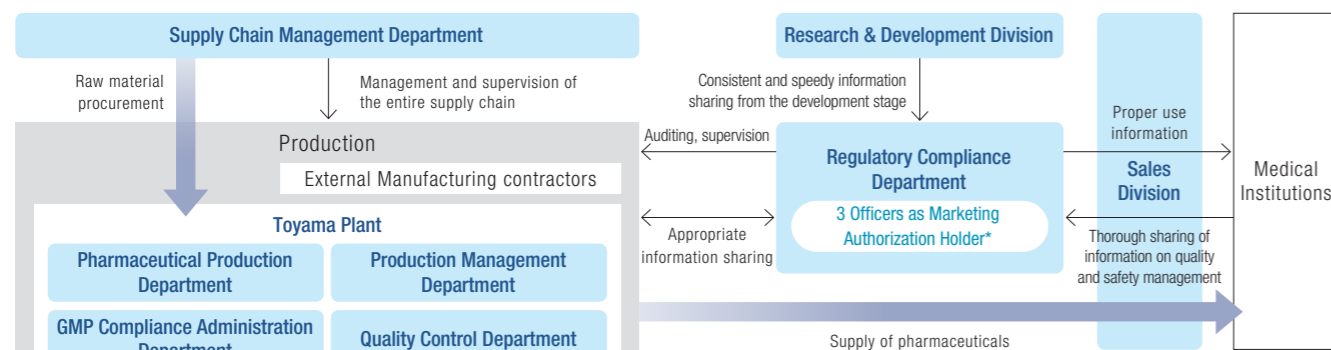
- | | | |
|---|--|--|
| 1 | We thoroughly comply with laws and regulations. | We are always aware of the high ethical standards based on the Corporate Philosophy and thoroughly comply with not only the laws and regulations of each country applicable to our products but also the contracts concluded with 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. |

Supply Chain Management System

The Regulatory Compliance Department, which is in charge of important business processes for managing the safety of pharmaceuticals, including good vigilance practice (GVP), reports directly to the President and audits and supervises production activities both internal and external of the company. The Chief Pharmaceutical Officer, who is also a Corporate Officer and General Manager of the Regulatory Compliance Department, provides reports, opinions and other information related to pharmaceutical

safety management at the Executive Officer Meetings and other meetings in a timely and appropriate manner. We also provide employees with training on a regular basis to instill a culture of compliance and ensure every employee performs his or her duties with a high level of awareness.

Meanwhile, the Supply Chain Management Department is in charge of managing the entire supply chain and ensuring a stable supply.



* 3 Officers as Marketing Authorization Holder denotes the Chief Pharmaceutical Officer, Quality Assurance Manager and Safety Control Manager who are required by law to be appointed to ensure the product quality and patient safety.

Fuji Pharma's Value Chain



Subject Selection



Maximizing our contribution to healthy lives by enhancing and optimizing our product portfolio.

Executive Corporate Officer
General Manager of Product Portfolio Management Department
Atsuya Mitsuhashi

The Product Portfolio Management Department consistently manages everything from the selection of products to develop or in-license to the product life cycle, including selecting products best suited to our corporate philosophies and the Vision for 2030, evaluating and reviewing the priority order of development projects, and deciding on drug promotion policies to maximize product value after launch.

We will build our product portfolio strategies in line with our corporate philosophies and Vision for 2030 and collaborate with relevant departments to maximize the business value of each product.

Achievements in the fiscal year ended September 30, 2021

Expanded our product lineup, including the launch of the second new drug we developed.

In November 2021, we launched F-meno[®] capsules 100mg which we in-licensed from Besins Healthcare (Head office in Monaco). This was the second in-house developed new drug. The Medical and Marketing Strategy Office (formerly the E4-MP Planning Office) took charge of the marketing plan for this product.

In December 2021, we further strengthened our product portfolio by acquiring SULPREP[®] Combination Solution, an oral bowel-cleansing agent, MINCLEA[®] Spraying Solution 0.8% for Endoscopy, a gastric peristalsis inhibitor, FOLIAMIN[®] (injection, tablets, and powders 100mg/g), a folic acid supplement, and OSVAN[®] Disinfectant Solution, an antiseptic and disinfectant, from Nihon Pharmaceutical Co., Ltd. These products, in particular SULPREP[®] Combination Solution, which was just recently launched in May 2021, plays an important

role in meeting the needs of the wide population of patients, and most of these products are also expected to have synergistic effects with our Biosimilar business in the future.

We are also making progress on efforts to broaden our contributions in women's healthcare. In November 2021, Fuji Pharma and Ferring Pharmaceuticals agreed to collaborate in Japan for PROPESS[®] 10mg vaginal inserts, a product indicated for cervical ripening, and we have been in charge of the sales and distribution of this product since December 2021. PROPESS[®] 10mg vaginal inserts has been approved as an agent for stimulating cervical ripening in more than 70 countries and regions since first approved by the US Food and Drug Administration (FDA) in 1995, but in Japan it was not launched until May 2020. We hope to make a greater contribution to perinatal medical care through this product.

Our strengths in this domain and where we want to be in 10 years

Where we want to be in 10 years

Strengths	Organizational structure that enables us to perform across department product management and further optimize the product portfolio Manage and optimize product life cycles and strengthen our product portfolio by identifying needs and seeds	No.1 in WH platform
	Product lineup and development pipeline built around our manufacturing technologies and production capacity for hormone agents Promote collaboration with other companies and new drug development based on our manufacturing technologies and production capacity for highly bioactive hormone drugs	Men's hormones, anti-cancer, and other products
	Close cooperation with overseas partners in biosimilars which is highly difficult to develop Launch multiple products through partnership with Alvotech with strengths in biosimilars development	No.1 in Japan BS market

Strategy for the future (business development)

Make steady progress on strengthening our product portfolio

We believe that expanding our new product portfolio is important to the future growth of Fuji Pharma. In addition to our in-house development, we will actively engage in the acquisition of rights and licenses, including rights from overseas companies to develop and market in Japan drugs under development or already marketed overseas, rights to market drugs being developed by other companies in Japan, and rights to co-promote, co-market or acquire the manufacturing and marketing approval of pharmaceuticals already sold by other companies in Japan.

In addition, we are implementing product portfolio strategies targeting not only Japan but also ASEAN countries,

with a focus on women's healthcare, biosimilars, injections, hormone drugs and new generation technologies, which we defined as strategic areas for growth in the current Mid-Term Business Plan. Our product portfolio will be built around pharmaceuticals that are essential to meet the needs of women at each life stage, including not only the development of new drugs, biosimilars and generic drugs but also diagnostic drugs, medical equipment and supplies, ethical supplements and Femtech. It will be broader in scope, unbound by the limitations of our existing businesses, to help people lead healthier lives.

TOPICS Striving to maximize the value of each new drug, biosimilar, and generic product under development

FSN-013 (E4), a novel and safe product in-licensed from Mithra pharmaceuticals (Belgium), is currently under development as a dysmenorrhea treatment drug in Japan and as an oral contraceptive in ASEAN countries. The Medical and Marketing Strategy Office plays a central role in maximizing the value of this drug in Japan and the ASEAN region. FSN-013 (E4) is also being developed in other parts of the world by other licensed partners of Mithra. It has been approved for manufacture and sale and has already been put on the market as a new oral contraceptive in the EU, US, and several other countries and regions. We plan to file an application for manufacturing and marketing approval in Japan in the fiscal year ending September 30, 2023 and expect the product to contribute significantly to the well-being of women.

The Product Portfolio Management Office is also in charge of developing marketing plans for new drugs, and biosimilar products for which we aim to become No. 1 in Japan in the long term. Our aim is to maximize the value of each product by considering marketing strategies for the overall product pipeline, including the decision of whether to market the products by ourselves or to market them in partnership with other companies.

Japan	Indications	2020	2021	2022	2023	2024
FSN-013	Dysmenorrhea		Phase II completed	Phase III in progress		
ASEAN	Indications	2020	2021	2022	2023	2024
FSN-013	Contraception			2021/9 Application for import license in Thailand		
FSN-014	Menopausal disorder					

*The time axis is based on our target timing.



The Product Portfolio Management Office of the Product Portfolio Management Department which I belong to is a new department set up in October 2018.

We are dedicated to building a product portfolio that covers new drugs, biosimilars, and generic drugs to realize our Vision for 2030.

My main responsibility is to maximize the value of biosimilar products. All relevant departments in Fuji Pharma are working together to develop products in collaboration with Alvotech based in Iceland. We plan to file an application for our first product developed in partnership with Alvotech by the end of 2022. We are drawing up strategies to maximize the value of each product and making every effort we can to become No.1 in the Japanese biosimilar market.

I am determined to take on the challenge of making Fuji Pharma stand out in each of these areas.

Product Portfolio Management Office, Product Portfolio Management Department
Takefumi Sagara

Research & Development



Grasping the wide-ranging pharmaceutical needs to create high-quality and high value-added pharmaceutical products, the Research & Development Division executes the core functions of a pharmaceutical company.

Corporate Officer
Vice General Manager of Research & Development Division

Masayuki Naganawa

In addition to the development of generic drugs, we will contribute to the frontlines of medical care through the development of new drugs and biosimilars. Especially in the domain of women's healthcare, we support women's health throughout their life stages, from birth through puberty, and to menopause and senium, and will contribute to helping improve the well-being of women.

Achievements in the fiscal year ended September 30, 2021

Developed pharmaceuticals that expand options and contribute to helping people lead healthy lives.

In the development of generic drugs, we filed an application for the approval of a product for osteoporosis treatment, filed an application and underwent review for the approval of a product of a 5 α -reductase type 1 and type 2 inhibitor jointly developed with a partner, and underwent review for a product of a generic hormone drug. We are also promoting the development of other generic drugs such as hormone drugs and anti-cancer agents, which will lead to strengthening our product lineup in the near future.

In new drug development, we made progress in the development of drugs for women's health. First, in December 2020, we filed an application for manufacturing and sales of F-meno[®] capsules (FSN-011-01, progesterone), a natural progestogen drug for indications related to menopause, underwent approval review, and approved for manufacturing and sales in September 2021. This product is the first drug in Japan approved for the oral administration of natural progesterone as a hormone replacement therapy, and we

believe that this provides a new therapeutic opportunity for the frontlines of medical care. FSN-013, which is under development as a treatment for dysmenorrhea in Japan, achieved the expected results in Phase II clinical trials (clinical pharmacology testing) and began Phase III clinical trials in August 2021.

In biosimilars, we are making progress on the joint development of six agents, including treatment agents for autoimmune diseases and malignant neoplastic diseases, for which we have acquired development and marketing rights in Japan from Alvotech.

In addition, with the expansion of NHI coverage for infertility treatments from April 2022, we are in the process of applying for additional indications for several products and dealing with the regulatory authorities, and as of April 1, 2022, some products have already been approved for additional indications and newly included in the NHI drug price list.

Our strengths in this domain and where we want to be in 10 years

Strengths

- Research and development to support an extensive product lineup in the domain of women's healthcare**
Have research and development capabilities to meet wide-ranging pharmaceutical needs on the frontlines of medical care
- Development structure that works in close cooperation with overseas partners**
Achieve approval and launch of each product under development by promoting development in close cooperation with partners
- Extensive experience in the development of new drugs, biosimilars, and generic drugs**
Have experience, structures and facilities that have engaged in the development of distinctive and wide-ranging drugs

Where we want to be in 10 years

- No.1 in WH platform
- New product launches (mainly hormone)
- Difficult-to-make technology is established

Strategy for the future (business development)

Promote continued research and development in collaboration with global partners

In the area of women's healthcare, we will continue to promote Phase III clinical trials of FSN-013 in addition to working on the development of generic drugs which will widen treatment options for patients.

In biosimilars, we will file an application for one product during 2022 and will proceed with development activities to acquire approval for other products under joint development.

The products mentioned above are being developed in collaboration with overseas partners, specifically, FSN-013 is developed with Mithra, a Belgian biotech company and the biosimilars are developed with Alvotech, an Icelandic biosimilar company. We will continue our research and development also in collaboration with other companies including Besins, the company from which we in-licensed

F-meno[®] and other products, and Lotus Pharmaceutical, an oncology and specialty generics partner.

Pharmaceutical formulation research offers solutions to precisely meet the needs of both patients and medical professionals, by improving dosage forms and developing new formulation technologies to help make it easier to take in and administer drugs. We also believe that such advancements will help in the development of value-added products. As mentioned in Vision for 2030, we will search for new drug candidates in the domain of women's healthcare and actively step into areas that we have not addressed in the past, such as men's healthcare, new generation formulation technologies and drug administration devices.

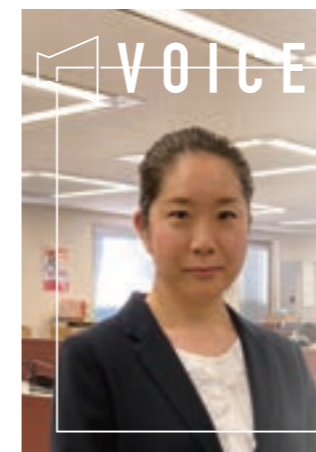
TOPICS

Steady progress in the development of FSN-013 as a next-generation treatment for dysmenorrhea

FSN-013 is a drug containing estetrol, a natural estrogen and novel ingredient. Estetrol has been shown to act selectively on estrogen receptors, and this selectivity is expected to provide a variety of benefits. Fuji Pharma has acquired the rights to develop and market FSN-013 in Japan and ASEAN from Mithra, and is developing it as a new treatment for dysmenorrhea in Japan. We have been conducting Phase III clinical trials on FSN-013 since August 2021 and are making steady progress toward releasing this drug in 2024. In the ASEAN market, OLIC completed an application in Thailand in November 2021 for import approval in the indication of contraception.

The drug is already marketed in the US and in Europe following approval as a contraceptive in April 2021 and May 2021, respectively. These approvals were obtained by partner companies of Mithra.

Fuji Pharma has been a pioneer in the dysmenorrhea treatment market in Japan since 2008 when it launched LUNABELL[®] Tablets, the first product in Japan to be approved for dysmenorrhea. We position FSN-013 as a new-generation dysmenorrhea treatment drug and expect it to take Fuji Pharma into a new stage.



The Clinical Planning & Development Department is responsible for clinical development, the final stage of drug development. Fuji Pharma's Clinical Planning & Development Department is comprised of members with diverse expertise and is responsible for various processes, from clinical development planning including assessment of in-licensing opportunities, to the formulation of individual clinical trials, management of the trials, and responding to inquiries during the approval application process.

Since joining Fuji Pharma, I have been involved in the clinical development of a wide range of new drugs, biosimilars, and generics. In clinical development, we have many opportunities to hear opinions from experts working on the frontlines of medical care, and to be the first ones to learn about the users' impression of the drug, which boosts my motivation. I will continue to work hard so that we will be able to deliver better products to patients as soon as possible.

Clinical Planning & Development Third Section, Clinical Planning & Development Group, Clinical Planning & Development Department, Research & Development Division

Fumiko Arai

Production



Pursuing the latest manufacturing technologies to supply high-quality pharmaceuticals to the frontlines of medical care.

Director, Vice President
Manager of the Toyama Plant
Toyoyuki Kamide

By manufacturing products at two sites, the Toyama Plant and OLIC in Thailand, we supply markets with a wide variety of technically demanding products, including hormones and parenteral injections.

In order to contribute to helping people lead healthy lives, we are actively investing in facilities to expand our production capacity and are also building a structure for establishing GMP compliance worldwide to achieve one of our goals under Vision for 2030 of “Expanding our business to Global Market from Toyama.”

We will build a pharmaceutical manufacturing structure that is trusted by all stakeholders by fostering a quality-focused culture distinctive to Fuji Pharma.

Achievements in the fiscal year ended September 30, 2021

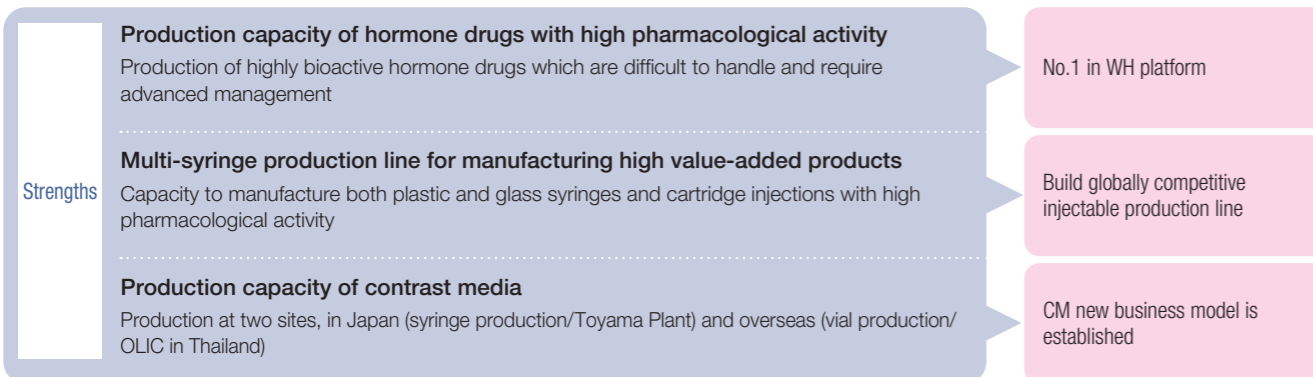
Steady progress made in the construction of a facility equipped with the latest manufacturing technologies.

In the fiscal year ended September 30, 2021, we made steady progress on the construction of the new hormone tablet production building (the sixth drug production building) being built on the Toyama Plant site as a step toward realizing our goal of becoming No.1 in women’s healthcare. We are currently in the process of verifying air conditioning and other various manufacturing equipment in preparation to start production after January 2023. In addition, to lay the foundations for future development, we have begun preparations for the introduction of a multi-syringe production line that will enable us to manufacture high value-added products, which include both plastic and glass syringes and cartridge injections with high pharmacological activity, in the existing fifth drug production building (injection production building). In addition to this, we completed the introduction of an ampoule and vial production line with advanced

containment technology in the fifth drug production building. The construction of both a new packaging building and a new warehouse building has also been progressing outside the current Toyama Plant site.

On the other hand, we announced three product recalls between July and August 2021. This was a result of inconsistencies between the actual products and the information in the relevant approval documents that had gone undetected during previous inspections. Subsequently, we conducted a detailed re-examination of all of our approved products by the end of 2021, and did not discover any further cases requiring product recalls. We deeply regret the concern and inconvenience caused to stakeholders. We are taking serious steps toward improving our business and are committed to securing a reliable system.

Our strengths in this domain and where we want to be in 10 years



Strategy for the future (business development)

Foster a quality-focused culture to become a trusted pharmaceutical plant

Learning from the problems we experienced in 2021, we will return to the basics of fulfilling our responsibilities as a pharmaceutical manufacturer and distributor and foster a quality-focused culture to win trust and the peace of mind of patients who use our products as well as medical professionals and business partners at large. To this end, we will reaffirm the importance of the actions taken by individual employees and promote DX projects such as systemization and automation to ensure data integrity.

In addition to above efforts, we will make steady progress on the ongoing construction of the new hormone tablet production building and the introduction of the multi-syringe

production line to build a unique competitive advantage in pharmaceutical manufacturing. Furthermore, in preparation to expand our market from Japan and export to the US, we will build internal structures for global GMP compliance, develop technology to world-class levels, and achieve our Vision for 2030.

To achieve sustainable growth that will continue beyond 2030, we will renew the existing production lines and strengthen partnership with OLIC, Fuji Pharma’s subsidiary in Thailand, and furthermore, will seriously promote environmental initiatives.



Successfully execute the SUGAR Project and strengthen capacity for supplying hormone tablets

One of our goals under the Mid-Term Business Plan is to become the No.1 women’s health platform, and we believe that the new hormone tablet production building (the sixth drug production building) mentioned earlier will be a major pillar to achieve this. Currently, the existing fourth drug production building is producing hormone tablets which are defined as highly pharmacologically active drugs, but the facility’s production capacity is limited, and we are making steady progress toward constructing a plant building with three times the current production capacity, which is expected to begin operations from January 2023. We call this project the “SUGAR” Project, an acronym that stands for Sustainable, Sixth, Update, Growth, Auto and Reiwa. In the new building, we plan to manufacture two oral contraceptives that we are currently marketing, hoping to make these products available to all those who have been looking forward to an increased supply. Furthermore, in the future, we are hoping to start domestic production of FSN-013 (E4, estetrol & drospirenone), a new compound drug currently under development. This project is essential for Fuji Pharma to become the No.1 in women’s healthcare platform in Japan.



The Quality Control Department is responsible for a diverse range of operations related to the quality of products to ensure that safe and secure pharmaceuticals are delivered to patients. My main responsibility is to control the quality of water used at production sites. Water is used for a variety of purposes, including the preparation of drugs and cleaning the equipment. Water is used in one way or another in the production of all drugs, so I believe that maintaining appropriate water quality is one of the foundations for maintaining the high quality of our products. I always keep in mind that water quality control is an important task that impacts the quality of all the drugs we produce and maintain alertness not to miss even the slightest sign of abnormality to ensure we can provide a stable supply of high quality pharmaceutical products.

Seventh Section, Second Quality Control Group, Quality Control Department, Toyama Plant
Miko Watanabe

Reliability Assurance



Strengthening our reliability assurance system based on our Quality Policy to provide safe and secure drugs to patients and medical professionals.

Corporate Officer
General Manager of the Regulatory Compliance Department

Kazuhisa Sakurai

Fuji Pharma's reliability assurance operations are based in Toyama and Tokyo. The teams in Toyama and in Tokyo work together to rigorously monitor and ensure an appropriate level of quality, safety and efficacy of the pharmaceutical products supplied to the market in order to minimize the risks involved in their use.

We strive to maintain a stable supply system to ensure patients and healthcare professionals can use the pharmaceuticals with peace of mind, and provide information on proper use in a timely and appropriate manner to support the appropriate and safe use of pharmaceutical products.

Achievements in the fiscal year ended September 30, 2021

Continuous implementation of safety audits to supply safe and secure pharmaceuticals.

We have introduced strict internal quality and safety standards, in addition to establishing quality guidelines that reiterate the importance of ensuring quality, to provide safe pharmaceuticals that patients and medical professionals can use with peace of mind. In accordance with these standards, we monitor quality, efficacy and safety to minimize risk.

To monitor safety, the Regulatory Compliance Department cooperates with other departments in Fuji Pharma to collect information widely from medical institutions, business partners and regulatory authorities in many countries, consistently throughout all the phases from product development to the discontinuation of sales. In the fiscal year ended September 30, 2021, we collected more than 10,000 safety information, which were accumulated and centrally managed by the Safety Management Group, and used to inform the formulation and implementation of measures necessary to ensure safety and proper use. The information

collected was also used to convey information on proper use as necessary.

We also receive more than 500 quality-related reports each year from internal and external sources. In response to these reports, we closely examined the manufacturing and quality test records of the product in question as well as the reference samples from the same lot, to determine the cause of the reported problems and devised improvement measures or countermeasures as necessary to prevent recurrence. We see quality-related reports and information as an opportunity to improve products, using it to modify products for the better.

The Regulatory Compliance Department played a significant role in obtaining approval for a new drug application for F-meno® capsules 100mg, which was launched in November 2021, by coordinating closely with relevant divisions in dealing with the regulatory authorities.

Our strengths in this domain and where we want to be in 10 years



Strategy for the future (business development)

Strive to further ensure quality, efficacy, and safety through thorough management of manufacturing sites, etc.

To make quality assurance more reliable, we assess risks at all plants we deal with, and depending on the risk level, draw up an annual audit plan and carry out audits to provide guidance and exercise management and supervision. In the fiscal year ended September 30, 2021, continuing from the previous fiscal year, audit activities were in some cases impacted by the COVID-19 pandemic. However, we are revising our audit plan, by taking this and other factors into consideration and exercised appropriate management at manufacturing sites.

Pharmaceuticals cannot be supplied to markets without obtaining approval for pharmaceutical production and sales for each individual product in accordance with the Pharmaceutical and Medical Device Act and other laws and regulations. In 2021, we conducted inspections at all manufacturing sites, etc. that Fuji Pharma deals with to verify

that the actual production situation and other conditions are consistent with the relevant approval documents. In recent years, Fuji Pharma has had to recall products due to the verification results of the actual production situation. We take it seriously, and will continue to place the highest priority on respecting the relevant laws and regulations, reliably ensure that actual production situations are consistent with the relevant approval documents, and implement thorough and consistent management of manufacturing sites from the development stage to maintain a stable supply.

Information on our efforts related to quality is also available on Fuji Pharma's website.
<https://www.fujipharma.jp/company/quality/>

TOPICS

Introducing new systems to strengthen cooperation between divisions and promote more efficient management

As part of our initiatives to improve operations, we are promoting efforts to increase outsourcing and introduce new systems. In response to Ministerial Ordinances on Good Vigilance Practice (GVP) and Good Quality Practice (GQP), 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, both of which went into full operation in the fiscal year ended September 30, 2021. These systems have been instrumental in streamlining work collaboration and visualization of work progress management. To further improve efficiency of GQP management, we plan to promote the introduction of systems for managing quality-related information, progress of process improvements and troubleshooting, and completion status of training without omission. We will work closely with the Toyama Plant and other manufacturing sites to improve product quality. In addition, the Pharmaceutical Regulatory Affairs Group has begun to file applications via online systems as the first step in adjusting to the online shift for the submission of notifications and approval applications. We will continue to further improve the efficiency of notification and application submissions by building experience with these systems.

We have also commenced work on the digitization of package inserts for ethical pharmaceuticals to comply with the revised Pharmaceutical and Medical Device Act. We will coordinate with the relevant divisions to ensure a smooth transition to digitization.



The Quality Assurance Group is responsible for ensuring the quality of Fuji Pharma's pharmaceutical products after product launch.

I am mainly in charge of auditing the manufacturing sites that manufacture drug ingredients and final drug products. I verify whether the manufacture, testing, storage, and other processes are being properly managed at those facilities. I maintain a constant awareness that pharmaceutical products must be manufactured in compliance with the Pharmaceutical and Medical Device Act and other regulations and undertake my duties with faith to continuously provide a stable supply of pharmaceutical products that patients and medical professionals can use with peace of mind.

I will continue to fulfill my responsibilities and strive not only for my own personal growth, but to ensure a stable supply of high-quality pharmaceutical products.

Quality Assurance First Section, Quality Assurance Group, Regulatory Compliance Department

Kyoko Kimura

Sales



Acquiring accurate knowledge and introducing new systems to provide information that meets the needs of medical professionals.

Corporate Officer
General Manager of the Sales Division

Takanori Matsuo

The Sales Division is composed of the Strategic Marketing Planning Department in charge of planning sales activities and the Sales Department responsible for executing those activities. It provides information on the pharmaceuticals we market chiefly to medical professionals in obstetrics, gynecology and radiology.

In September 2021, we established an internal system to certify medical representatives with expertise in menopause as “Menopause Expert.” Each one of us strives to acquire accurate knowledge about products and diseases to meet the needs of medical professionals.

Achievements in the fiscal year ended September 30, 2021

Focused resources in priority areas and achieved steady sales growth.

To efficiently provide high quality information, Fuji Pharma selects priority products each fiscal year and focuses sales resources on them. For the fiscal year ended September 30, 2021 (the 57th term), we specified eleven priority products. Each priority product is unique product group. Together they account for more than 50% of our total sales. We drew up a sales strategy for each of the priority products and executed those strategies in our sales activities to medical professionals to efficiently provide high-quality information and improve sales.

As a result, despite the continued impact of the COVID-19 pandemic such as reluctance to seek medical care and restrictions on medical treatment, as well as discontinued products and multiple incidents of product recall, sales of our top 15 products, including the priority products mentioned

above, rose 4.6% year on year. We think the result shows that we were able to achieve a certain level of success. In the area of women’s healthcare in particular, we were able to effectively provide information on a variety of products using a combination of tools, in addition to establishing the “Menopause Expert” certification system in an effort to improve the abilities of our medical representatives. In the radiology field, taking advantage of our market position as the largest supplier of iodine in the domestic market and a trusted manufacturer with a dominant market share of approx. 75% or more in the generic drug market, we engaged in information provision activities at academic conferences and provided precise information to ensure safe contrast radiography, which we believe to have been highly appreciated.

Our strengths in this domain and where we want to be in 10 years

Strengths

- No.1 product lineup in obstetrics and gynecology**
Extensive selection of new and generic drugs in gynecology, menopause, perinatal period, infertility, and other areas
- Top share (by volume) among domestic manufacturers in the contrast media market**
Trusted brand that has been supplying contrast media for over 20 years
- Marketing rights in Japan for several biosimilars**
Already has experience selling G-CSF and agreed on the conditions of marketing rights for 6 products in Japan

Where we want to be in 10 years

- No.1 in WH platform
- CM new business model is established
- No.1 in Japan BS market

Strategy for the future (business development)

Promote information provision activities by introducing new systems and strengthening e-promotion

In 2021, we introduced a new system to analyze various KPIs and derive an appropriate promotion plan to improve the efficiency of our information provision activities. Building on various data resources, we will thoroughly analyze and think through to formulate viable strategies, plan efficient information provision activities, and prepare information materials that precisely capture the needs of medical professionals. Furthermore, in addition to creating an environment for interactive communication with medical professionals, we will also strengthen our e-promotion, including online lectures, launching websites, and e-detailing.

In 2021, we started selling three new drugs: one in the area of menopause, one in the area of perinatal period, and one in the area of digestive organs. These are drugs for which we will need to develop a market by ourselves. In addition to our contributions in the area of obstetrics and gynecology thus far, we will increase our level of contribution to treatment relating to menopause and perinatal periods through the two new drugs in this domain and promote overall women’s healthcare. In addition, taking the upcoming development of the biosimilars business into consideration, we aim to enhance our presence by strengthening activities in new areas in which we have not been able to contribute thus far.

TOPICS

Maximizing the value of the three new drugs and making contributions in various areas

Our greatest mission for the fiscal year ending September 30, 2022, is to set these three new drugs on the right track to maximize their value.

F-meno[®] capsules launched in November 2021 is a product for “prevention of endometrial hyperplasia upon administration of estrogen drug for menopausal disorders and ovarian deficiency symptoms.” In menopausal disorders, the use of medications to relieve symptoms has yet to be widely recognized, so we will continue awareness raising about the disorder.

We will endeavor to gain market recognition for the cervical ripening agent PROPESS[®] which was launched in December 2021 to contribute to the provision of safe and secure childbirth. With the oral bowel-cleansing agent SULPREP[®], we will strive to enhance our presence in new areas by marketing this product to provide unprecedented value.

In either case, we believe that enhancing communication with medical professionals is the most significant key to success. In addition to strengthening our internal training system and improving detailing skills and knowledge levels, as restrictions on visits to medical institutions by medical representatives remain due to the prolonged COVID-19 pandemic, we will also strengthen our e-promotion initiatives, including online lectures, launching websites, online video distribution, and e-detailing.



The Sales Promotion Section is responsible for operating Fuji Pharma’s sales support system and creating structures to enable our medical representatives to deliver the necessary information to the necessary place. We also formulate sales forecasts and calculate sales performance which form the basis for production and purchasing plans by the Production and Supply Chain Management Departments.

Although our responsibilities are not directly related to our products or patients, the proper functioning of our section facilitates the stable supply of products and high-quality information provision by our medical representatives, which in turn enhances our ability to deliver Fuji Pharma’s products to patients.

I believe that our role is to increase the chance of patients to access to our products.

I work every day hoping that Fuji Pharma’s products will bring good health and smiles to as many patients as possible.

Sales Promotion Section, Planning Promotion Group, Strategic Marketing Planning Department, Sales Division

Amina Kimoto

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.

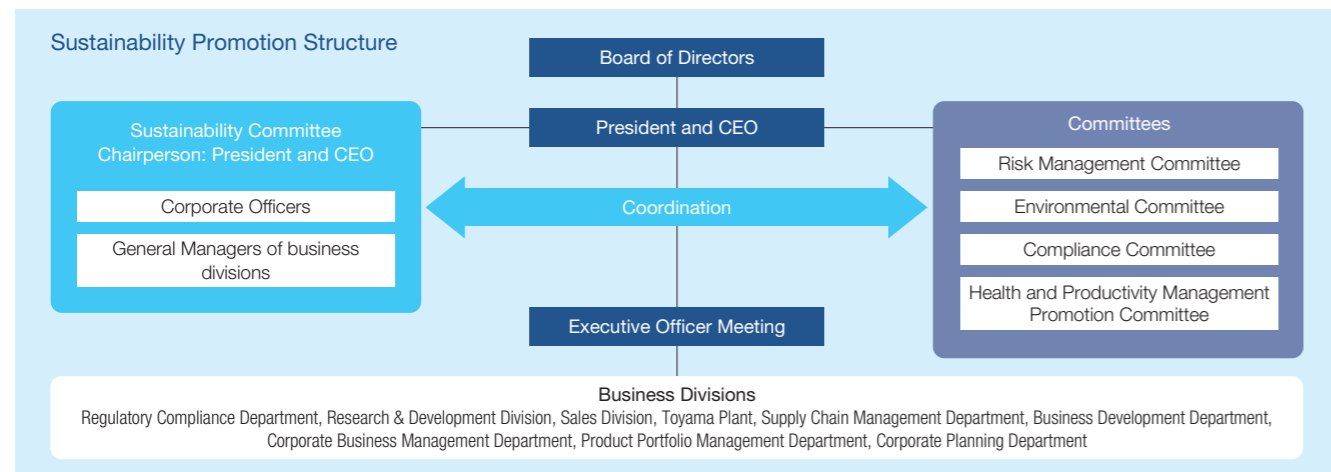
We are committed to fulfilling our social responsibilities and helping solve social issues, including the improvement of people’s lives through our business activities while considering protection of the environment, the economy and other social sustainability issues.

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.

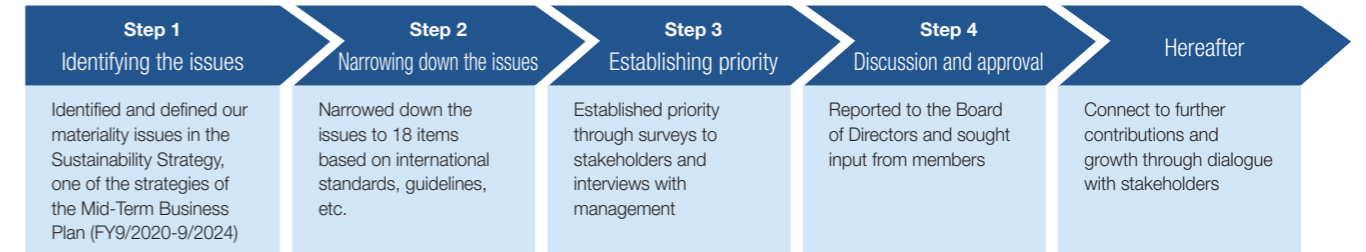
In consideration of the impacts of our business activities on the environment, society, and economy, and to solve challenges for achieving a sustainable society, we have established the “Sustainability Committee” chaired by the President and CEO and the “Sustainability Section,” a unit devoted to the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



Materiality

Identifying Materiality

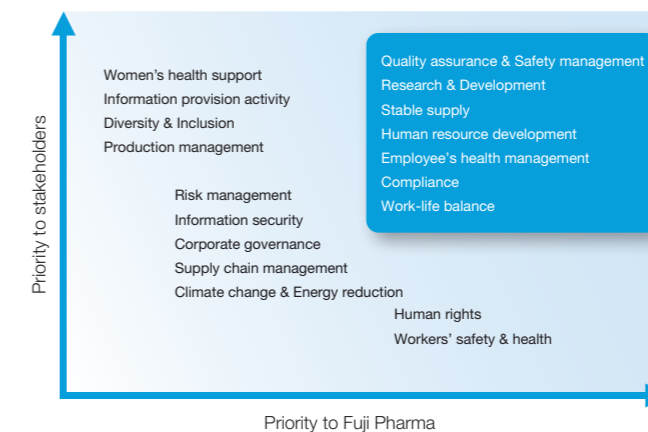
To ensure that all officers and employees recognize the social roles of Fuji Pharma, actively engage in solving social issues and enhancing corporate value, and steadily put into practice the corporate philosophy of “We help people lead healthy lives by offering excellent pharmaceuticals” and “Our corporate 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.



Identification Process

- Step 1 Identifying the issues** In the process of identifying materiality issues, through the project for formulating “Fuji-rashiku wo Atarashiku (Evolving Fuji)” Mid-Term Business Plan, the Sustainability Strategy established as one of the strategies in the Mid-Term Business Plan was positioned as the starting point in view of our corporate philosophy and Vision for 2030.
- Step 2 Narrowing down the issues** The 18 sustainability issues listed in the Sustainability Strategy were identified and compiled by the Sustainability Committee in light of international standards, guidelines, etc. (ISO26000, SDGs, and the SASB Standards Materiality Map for the Healthcare Industry).
 - *ISO26000: An international standard issued by the International Organization for Standardization (ISO) providing guidelines for social responsibility of organizations
 - *SDGs: 17 Sustainable Development Goals adopted by the United Nations for achievement by 2030
 - *SASB Standard: Sustainability Accounting Standards Board. A nonprofit organization in the United States that develops and publishes industry-specific sustainability disclosure standards. Merged with IIRC in June 2021 and established Value Reporting Foundation (VRF).
- Step 3 Establishing priority** The Sustainability Committee conducted a questionnaire survey regarding the 18 issues with the stakeholders of Fuji Pharma, including employees, institutional investors, individual investors, and trade partners. In addition, the management was interviewed about opportunities and risks from the viewpoint of Fuji Pharma’s management. Through these surveys and interviews, the issues were prioritized based on the two standards of “priority to stakeholders” and “priority to Fuji Pharma.”
- Step 4 Discussion and approval** The aims and process of identification of materiality were reported to the Board of Directors for opinions.
- Hereafter** Using materiality as a basis for discussion, we will actively engage in dialogue with stakeholders to exchange opinions between stakeholders and Fuji Pharma on the significance of the issues. 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.

Materiality Map



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) 	15
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

In addition to conducting corporate activities in compliance with laws and regulations including the Act on Rationalizing Energy Use and Air Pollution Control Act, Fuji Pharma formulated its "Environmental Policy" in April 2021. Based on this Environmental Policy, we implement sustainability activities.

Environmental Policy

Fuji Pharma's philosophy consists of "We help people lead healthy lives by offering excellent pharmaceuticals." and "Our corporate growth is proportional to our personal growth." As part of this, we see passing the environment, which is the foundation for human existence, on to the next generation in a better state than we found it as an important management issue and we are committed to conducting business activities that are considerate of the environment with the aim of realizing a sustainable society.

1 Consideration for the environment	We will permanently integrate environmental activities into all our business activities, including research and development, procurement, production, logistics, sales and marketing, to save resources, reduce waste and limit the emission of environmentally hazardous substances.
2 Compliance	We will comply with environmental legislation and agreements as well as regional and industrial codes of practice.
3 Establishment of environmental management system	We will establish an environmental management system (EMS) and review the system regularly to ensure it remains appropriate and valid. We will also build an appropriate structure for operation of the EMS, establishing targets and actions plans, performing monitoring on a regular basis, actively disclosing information and fulfilling our responsibility of explaining our EMS to stakeholders.
4 Mitigation of environmental risk	We will focus on the following aspects. (1) Efficient use of energy and resources (2) Limitation of waste generation, appropriate waste disposal, and promotion of recycling (3) Reduction of air and water pollutant emissions
5 Employee education	To instill a constant awareness of our impact on the environment and local communities as a pharmaceutical company which helps people lead healthy lives, we will provide employees with ongoing education, teaching them to preserve and protect the environment and raising their environmental awareness.
6 Contribution to local communities	We will strive to improve communication with local communities and actively participate in local environmental preservation and protection activities.

Formulating the EHS Management System

To ensure consistent Environment, Health, and Safety (EHS) management and operation of Toyama Plant and Toyama Research and Development Center, we 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.

Reducing the burden on the global environment to its minimum is a priority in corporate management for us, 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 social issues.

Combating Climate Change

Fuji Pharma has launched and has been implementing internal projects to combat climate change.

The corporate governance code was revised in June 2021 to require disclosure of information on climate change as part of sustainability disclosure, based on Task Force on Climate-

related Financial Disclosures (TCFD) recommendations or equivalent international frameworks. Fuji Pharma plans to disclose information in accordance with this framework in the Corporate Governance Report to be published in December 2022.

Human Resources Initiatives - Putting People First and Foremost

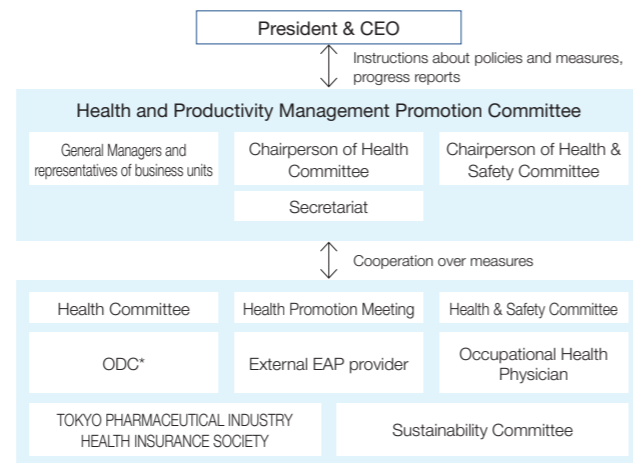
Based on our corporate philosophy and “Virtue Indicators,” creating opportunities and a workplace that allow employees to fulfill their potential for the better is considered an important role of the top management and management level employees at Fuji Pharma. By promoting human resources development, health and productivity management, women’s participation and advancement, implementing diversity and other goals, we endeavor to create a safe and healthy work environment where everyone respects each other.

Health and Productivity Management Initiatives - Certified as “2022 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. Health and productivity management is positioned as an important factor in the Mid-Term Business Plan. In October 2020, we established the Health and Productivity Management Promotion Committee and developed the Declaration of Health and Productivity Management and Basic Policy on Health and Productivity Management. In March 2022, we were certified as “2022 Health & Productivity Management Outstanding Organization (Large Organizations)” by the Ministry of Economy, Trade and Industry and NIPPON KENKO KAIGI in recognition of our good health and productivity management practices.

In line with our belief that people valued management is Fuji Pharma’s foundation, we are committed to maintaining and promoting employee mental health as well.

Health and Productivity Management Implementation Structure



*Organization Development Committee

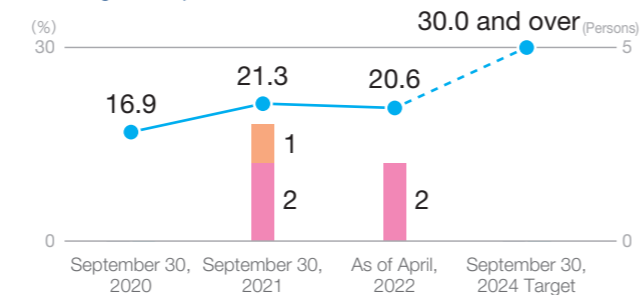


Promoting Women’s Participation and Advancement

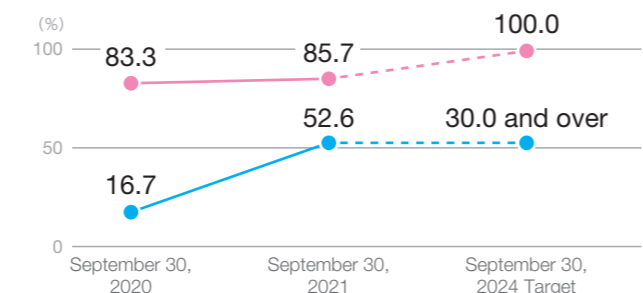
Fuji Pharma aims for a comfortable working environment for women and supports a work style which matches life events and career plans. In December 2020, two female Outside Directors were appointed. The percentage of women in managerial positions stood at 20.6% as of April 2022. Our goal is to increase this ratio to over 30% by March 2024.

As part of an initiative related to women’s health issues, we provided training to increase management level employees’ understanding of women’s health issues and improving communication with female employees. By creating a workplace accommodating to women, we aim to improve productivity as a company and increase the well-being not only of female employees but throughout the company. In addition, as a pharmaceutical company specializing in the women’s healthcare domain and aiming to improve the well-being of women around the world, we will continue working to promote women’s participation and advancement in the workplace by focusing on the development of systems and a culture which help female employees balance work and child care/nursing care and make it easier for women to continue working.

Number of female Officers and percentage of females in management positions



Percentage of employees taking childcare leave



Human rights

Fuji Pharma will build a better society and workplace free of unjust discrimination and harassment and where 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 service to develop a workplace environment where diverse employees can fulfill their potential.

In consideration of the human rights of the entire supply chain, we have formulated a Procurement Policy and Procurement Guidelines for appropriate procurement activities, and are implementing initiatives to address risks of human rights violations toward achieving a society and workplace free of discrimination.

Initiatives for Diversity

Fuji Pharma has outlined our approaches to diversity in the “Basic Philosophy on Diversity,” and is carrying out six initiatives to promote diversity management.

Basic Philosophy on Diversity

With decreasing birthrate and aging population, globalization, diversification of stakeholders, and changes in the competitive environment due to digital transformations using IT and AI, the market environment that surrounds us has become increasingly uncertain. For Fuji Pharma to achieve Vision for 2030 amid this changing environment, it must:

- Flexibly and proactively respond to such environmental changes by turning risks into business opportunities in an agile manner.
- Create innovations to generate new revenue streams by accurately capturing diversifying customer needs.
- Win trust from domestic and foreign stakeholders as a corporation that is highly sustainable.

All of which cannot be achieved without a solid human resources strategy as a foundation.

We promote diversity management in a continuous and systematic manner by securing diverse human resources and establishing a working environment with mechanisms that allow for flexible workstyles so that all employees can work with enthusiasm and fulfill their maximum potential.

Six Initiatives to Promote Diversity

- Diversity as a management strategy**
Fuji Pharma has articulated its Basic Philosophy on Diversity, developed KPIs and a road map, and reflected them in the Mid-Term Business Plan, to share the significance diversity has in our management strategy with stakeholders within and outside of Fuji Pharma. Top management will lead and be responsible for company-wide diversity initiatives.
- Building promotion structures**
The Corporate Business Management Department, as the department responsible for diversity promotion, coordinates with respective divisions and encourages them to actively implement diversity initiatives. In addition, a Corporate Officer in charge bears the responsibility of promoting diversity, including promotion of women’s participation and advancement. The Corporate Officer in charge will coordinate related departments and committees, periodically monitor the progress of specified action plans, and periodically report to the Board of Directors.
- Establishing environment and rules for Fuji Pharma as a whole**
Establish a work from home system, staggered working hours system, and diverse ways of working in consideration of life events such as childbirth, parenting, and caregiving to ensure that everyone can participate and fulfill their potential regardless of gender, nationality, age, disability, etc. We will also promote improvement of personnel systems including personnel assessment and remuneration systems.
- Awareness raising and engagement of the management level**
Develop managers who can draw out the best from a diverse workforce. Implement training to understand the significance of diversity in management strategy and acquire management skills to draw out the potential of diverse human resources.
- Awareness raising and engagement of employees**
Promote career ownership* by developing diverse career paths so that people with differing lifestyles and values can all pursue a suitable career for themselves, and by supporting each employee form their own career.
*Career ownership: “To think and act independently and proactively to form one’s career”
- Information communication**
To promote diversity management, communication within and outside Fuji Pharma is important. We hope to acquire diverse and desirable human resources and improve employee retention rates by communicating our diversity initiatives to the labor market. Communicating information will also lead to further enhancement of corporate value and innovation creation.

Social Initiatives

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

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

Educational Activities Related to Women's Health

We offer education to help women gain accurate knowledge about their bodies and diseases peculiar to women before they consult medical institutions and address symptoms, so that they can live independently amid the recent changes and

diversification of workstyles and lifestyle. We feel these are important missions for Fuji Pharma as a champion of the well-being of women. Based on these views, Fuji Pharma has been implementing the following initiatives.

Initiative 1 App to support women's health, "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 for women on menstruation and other related themes (such as menstruation, contraception, infertility, gynecological examinations, and menopause).

There is quite a lot of information available on the

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

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.



Initiative 2 Activities to raise disease awareness

Recently, we have supported women's health-related seminars and events for the general public. 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 online articles on menstruation and organizes online seminars featuring obstetrician-gynecologists, athletes, and celebrities, which have been drawing huge response from readers and viewers.

In addition, we supported a number of seminars for the general 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 2022. Organized a special seminar entitled, "Now is the Time to Learn About Reproductive Health and Rights" in March 2022, 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.

Educational support for students at School of Pharmacy and Pharmaceutical Sciences, University of Toyama

Two employees who are graduates of School of Pharmacy and Pharmaceutical Sciences, University of Toyama, as lecturers, conducted a pre-lecture aimed at students, "Corporate Pharmacist Training."

School of Pharmacy and Pharmaceutical Sciences, University of Toyama, as a part of changes to the curriculum, strengthening cooperation between corporations within Toyama Prefecture, held a pre-lecture to consider establishing "Corporate Pharmacist Training" as a course to experience the work of pharmacists who work in the pharmaceutical industry. Fuji Pharma, from "Medicine of Toyama," continues to support initiatives to develop personnel active in diverse fields.



Developing Students at University of Toyama

Support Paralymp Art

Paralymp Art is a social contribution project operated by SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION. It aims to bring artists with disabilities and supporters together as a team and to support the lives of the disabled through continued support from private corporations and individuals without relying on social security expenses.

Empathizing with the philosophy of Paralymp Art, Fuji Pharma supports this initiative and displays the works of artists with disabilities to support the promotion of social participation and financial independence of those with disabilities.

OLIC's contribution to the local community

OLIC conducts social contribution activities in Thailand in cooperation with the local authorities, working with an organization in the Ayutthaya District to release fish into the river and donating computers which is no longer uses to schools after taking necessary security measures such as deleting all data. From around March 2020, OLIC began manufacturing alcohol gel and sprays, which were in short

supply due to COVID-19 pandemic, and provided them free of charge to hospitals, government agencies, schools and temples in the Ayutthaya District.

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.

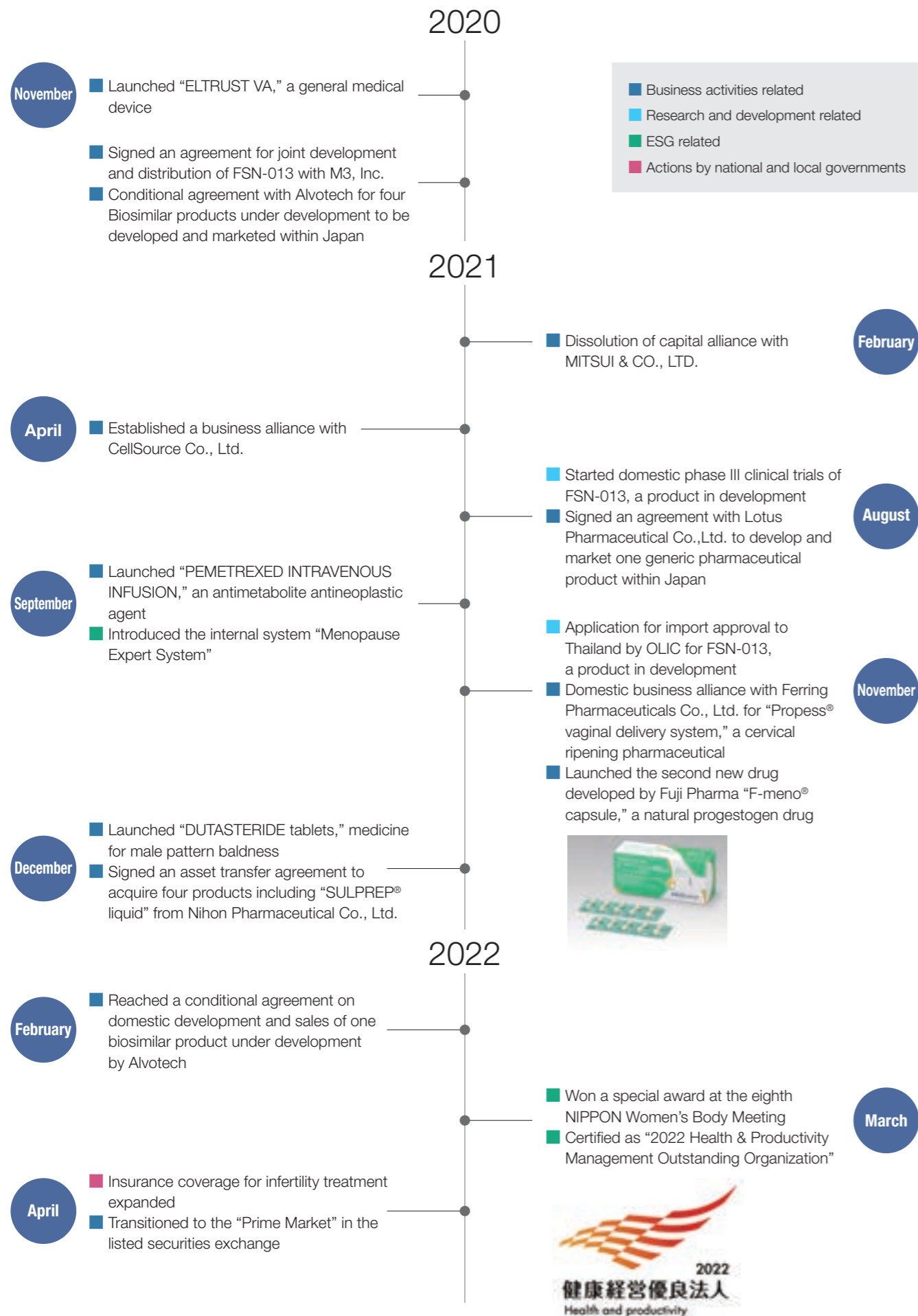
Principal Financial Data for the Past 11 Years

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
	Non-consolidated		Consolidated		Consolidated						
Net sales (Millions of yen)	21,623	21,520	25,174	29,215	31,680	34,229	35,387	37,909	36,279	33,793	33,990
Operating profit (Millions of yen)	3,565	2,746	3,261	3,173	3,251	3,568	4,314	4,391	4,173	3,139	3,349
Ordinary profit (Millions of yen)	3,545	2,698	3,376	3,198	3,099	3,251	4,628	4,472	4,169	2,983	3,250
Profit attributable to owners of parent (Millions of yen)	2,204	1,370	2,068	2,078	2,092	2,118	3,301	3,372	2,962	2,085	2,432
Capital expenditure (Millions of yen)	3,414	1,693	3,167	1,073	1,694	2,427	1,261	1,109	1,965	2,965	3,392
Depreciation (Millions of yen)	1,021	1,211	1,206	1,376	1,768	1,667	1,769	1,976	1,850	1,774	1,828
R&D expenses (Millions of yen)	1,516	1,303	1,280	1,769	1,729	1,840	1,825	1,760	2,052	3,060	2,446
Net cash provided by (used in) operating activities (Millions of yen)	1,954	1,171	3,630	2,757	589	4,509	3,238	3,773	7,035	5,770	5,993
Net cash provided by (used in) investing activities (Millions of yen)	(2,288)	80	(6,601)	(1,975)	999	(3,319)	(1,534)	(1,073)	(12,024)	(2,616)	(2,345)
Net cash provided by (used in) financing activities (Millions of yen)	2,497	(835)	3,743	1,293	(4,635)	78	(3,042)	(2,001)	7,265	450	(5,435)
Net assets (Millions of yen)	21,264	22,098	24,066	28,544	28,593	29,226	32,601	35,350	39,363	39,961	32,681
Total assets (Millions of yen)	29,757	31,471	39,138	49,027	45,773	48,147	49,551	53,117	60,737	61,962	64,239
Earnings per share (Yen)	167.63	97.09	146.48	140.53	137.55	141.64	220.63	112.68	97.04	66.94	90.54
Book value per share (Yen)	1,506.00	1,565.03	1,704.06	1,826.54	1,912.27	1,953.65	2,178.46	1,181.37	1,263.51	1,282.43	1,345.56
Operating margin (%)	16.5	12.8	13.0	10.9	10.3	10.4	12.2	11.6	11.5	9.3	9.9
Return on equity (%)	11.3	6.3	8.6	7.3	7.3	7.3	10.7	9.9	7.9	5.3	6.7
Return on assets (%)	13.0	8.8	8.6	6.5	6.5	6.9	9.5	8.7	7.3	4.9	5.2
Equity ratio (%)	71.5	70.2	61.5	58.2	62.5	60.7	65.8	66.5	64.8	64.5	50.9
Dividend per share (Yen)	37.00	37.00	40.00	44.00	44.00	45.00	48.00	28.00	29.00	29.00	29.00
Number of employees	543	574	1,450	1,469	1,469	1,455	1,480	1,511	1,527	1,550	1,532

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

* O.L.I.C. became a subsidiary in October 2012.

Topics for the Year



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: 1,530 (800 at Fuji Pharma and 730 at OLIC) (as of March 31, 2022)

Officers (as of April 1, 2022)

Chairman and Representative Director	Hirofumi Imai
President & CEO	Takayuki Iwai
Director, Vice President	Toyoyuki Kamide
Outside Director	Tadahiro Kozawa
Outside Director	Keiji Hirai
Outside Director	Minesaburo Miyake
Outside Director	Robert Wessman
Outside Director	Keiko Kiyama
Outside Director	Yukiko Araki
Full-Time Audit & Supervisory Board Member	Seichi Inoue
Outside Audit & Supervisory Board Member	Fujiaki Mimura
Outside Audit & Supervisory Board Member	Miori Sagara

Share Information (as of March 31, 2022)

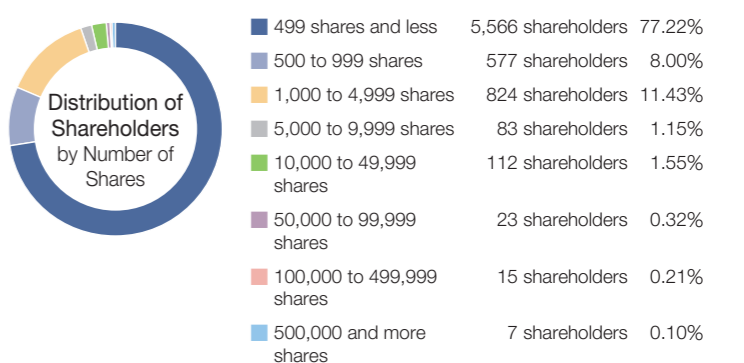
Total number of issuable shares	56,440,000
Total number of issued shares	24,753,800
Number of shareholders	7,208

Major Shareholders (as of March 31, 2022)

Name	Number of shares held (shares)	Shareholding ratio (%)
FJP Ltd.	4,332,200	17.81
Hirofumi Imai	4,052,750	16.66
The Master Trust Bank of Japan, Ltd. (trust account)	2,203,700	9.06
Noriko Arai	1,240,000	5.10
Lotus Japan Holdings G.K.	1,219,300	5.01
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	629,782	2.59
Custody Bank of Japan, Ltd. (trust account)	618,757	2.54
Michiko Imai	446,000	1.83
The Seichi Imai Memorial Foundation	400,000	1.64
Fuji Pharma Employee Share Holding Company	311,080	1.28

(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 25,857 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, 2022)





FujiPharma

Fuji Pharma Co., Ltd.

■ For IR inquiries, please contact

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<https://www.fujipharma.jp/>

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