



FujiPharma

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Fuji Pharma Co., Ltd.

CORPORATE REPORT 2020

Fuji Pharma Co., Ltd.

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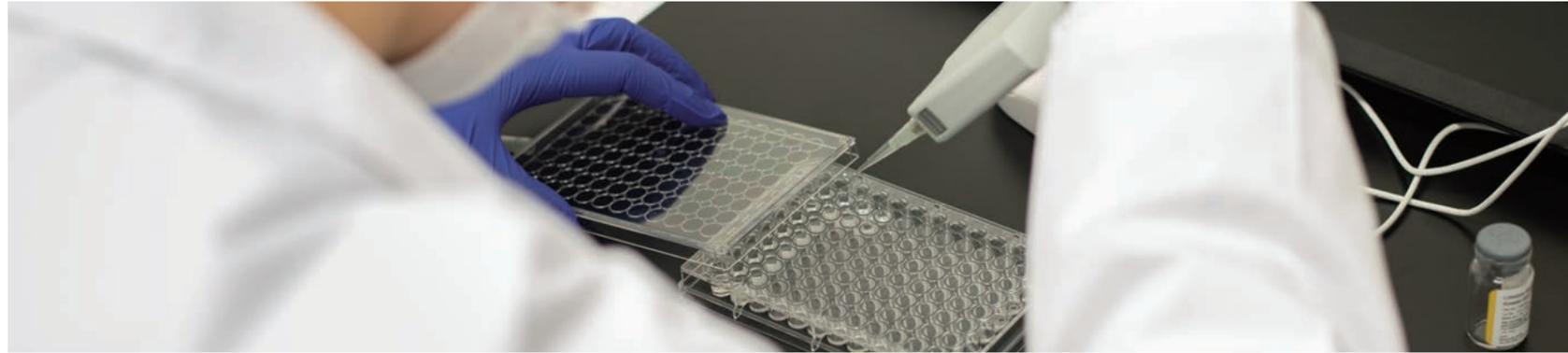
Fuji Pharma's 2 Corporate Philosophies

We help people lead healthy lives by offering excellent pharmaceuticals

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

Our corporate growth is proportional to our personal growth

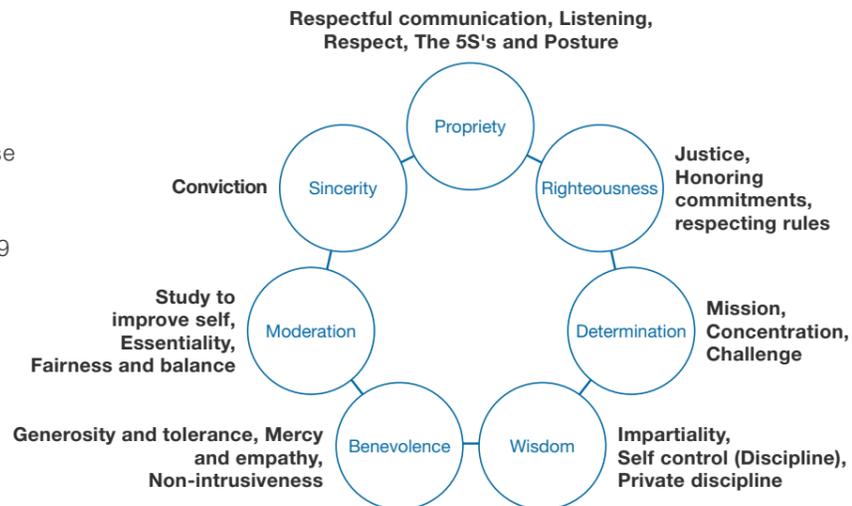
We value bringing happiness to society. The top priority in our corporate management is to continue creating opportunities and situations for further growth by working together to make drugs for medical care.



Virtues as Fuji Pharma's values

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

We have defined 7 virtues and 19 associated qualities adopted for personnel evaluation.



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Editorial Policy

This Corporate Report is published to make Fuji Pharma's business activities, management and values for the contribution to society and the environment better and more easily understood by all stakeholders.

This publication pertains basically to the fiscal year ended September 30, 2019 (from October 1, 2018 to September 30, 2019). (However, it contains some information after October 2019.) This Corporate Report includes information on drugs, including those under development. However, this information is not intended for advertising or medical advisory purposes.

03

Traces of Growth

04

Our corporate growth is proportional to our personal growth.

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

Vision for 2030

Net sales trends

1965 Fuji Pharma Co., Ltd. established

1973 Fuji Pharma factory and research building built in Toyama as its principal manufacturing and research base

1974 Fuji Pharma medical drugs released for women

1995 Shares of Fuji Pharma registered for over-the-counter trading by the Japan Securities Dealers Association

1996 Fuji Pharma contrast media released

1997 Fuji Pharma logistical center established to outsource logistical operations to a third party

2000 OLIC (Thailand) Limited commissioned by Fuji Pharma to produce an external ointment medication

2003 Fuji Pharma own brand drugs released

2004 Fuji Pharma over-the-counter registration with the Japan Securities Dealers Association canceled; Listed on the JASDAQ Stock Exchange

2012 OLIC (Thailand) Limited becomes a subsidiary for Fuji Pharma

2014 Fuji Pharma capital and business alliance agreement concluded with Mitsui & Co., Ltd. after 20 years of transactions

2018 Fuji Pharma partnership agreement concluded with Alvotech hf. in Japan

2019 Fuji Pharma capital and business alliance agreement concluded with Lotus Pharmaceutical Co., Ltd.

(JPY Million)

40,000

35,000

30,000

25,000

20,000

15,000

10,000

5,000

0

1965 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 (plan) 2030

Principal Products

GE Generic Drug NewDrug New Drug BS Biosimilar

1996 GE

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

2001 GE

IOPAQUE® Injection non-ionic contrast medium

2008 New Drug

LUNABELL® Tablets LD for dysmenorrhea

2013 BS

Filgrastim BS Injection G-CSF

2013 New Drug

LUNABELL® Tablets ULD for dysmenorrhea

2016 New Drug

UTROGESTAN® Vaginal Capsules natural progestational hormone agent

2017 GE

Dienogest Tablets for endometriosis

2019 GE

Levonorgestrel Tablets for emergency contraception

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Fuji Pharma's Value Creation Process

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

Fuji Pharma's Business Activities

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.

Fuji Pharma's Value Chain



Sustainability Human Resources

Foundations for Corporate Value



Patients



Medical Institutions



Drug Wholesalers

PRODUCT Products and Services

Acute Medical Care



Non-ionic contrast medium for urography and angiography



Biosimilars

Women's Healthcare



Fertility drugs



Drugs for dysmenorrhea



In-vitro diagnostic agents



LiLuLa – a website supporting women in health

VALUE Value Created

Social Value

- Contribution to the continued growth of society through medical care
- Improvement in medical care quality through high-quality pharmaceuticals
- Improvement in patients quality of life
- Suppression of rise in national medical expenses
- Decline in personal economic burden

Economic Value

Fiscal year ended September 30, 2019



Vision

Theme of the Mid-Term Business Plan



Financial Targets for FY 9/2024		Financial Targets for FY 9/2029	
Net sales	JPY 50 Billion	Net sales	JPY 100 Billion
Operating margin	10%	Operating margin	20%

Social Needs and Challenges



Stable supply of pharmaceuticals



Improvement in medical care quality



Medical expenses reduction



Prolongation of healthy life extension



Women empowerment



Evolving Fuji Aiming to move to a new stage towards 2030.

Takayuki Iwai
President & CEO

Half a year has passed since I became President. During the last six months, it has become clear what we need to do to put the Company on track towards our new growth.

I am Takayuki Iwai, President & CEO. Time really flies. Six months has passed since I assumed this post.

When I previously worked for a trading company, I was consistently working in the pharmaceutical areas. Now I am actually working as a manufacturer for the first time, and also, for the first time, I am involved in corporate management as the President. Everything in the last six months has been new to me. During this period, I have learned a lot.

The biggest thing I learnt was that Fuji Pharma has really instilled throughout the company and its corporate philosophies.

We have 2 corporate philosophies. The first is "We help people lead healthy lives by offering excellent pharmaceuticals", and the second is "Our corporate growth is proportional to our personal growth". While their wording may have altered slightly, their focus has been passed down to our generation unchanged. We conducted a survey at the end of 2019 to see the percentage of our employees who were aware of our corporate philosophies, and it revealed that 99.5% of them were aware.

I suppose this is due largely to the fact that founder and former chairman Seiichi Imai and his successor and current chairman Hirofumi Imai has taken every opportunity to explain the meaning of the business principles in their own words. These talks has helped every single employee understand the essence of the philosophies, and set the course to be taken.

As a result, employees feel they are helpful to others through their work, and this feeling motivates them to work on that next project, with their new endeavors further appreciated by society. This cycle truly reflects the corporate philosophies that have come into being within the company.

The Company has 60 years of history, from its founding as a limited liability company that came before it was incorporated as a joint-stock company. We defined the current fiscal year ending September 30, 2020 as the period of our second foundation.

The duties that I must fulfill are to create opportunities for employees to take on bold new initiatives and to consistently practice the business principles while building up the strengths that we have nurtured.

For this purpose, I must first make the Vision for 2030, which is based on our corporate philosophies, understood clearly within the Company. Then, I must make the roadmap to achieving the Vision for 2030 clear in our mid-term business plan. I am determined to put the Company on the path toward new growth.

Successfully building a foothold for the future in the fiscal year ended September 30, 2019, despite a failure to meet the target

This fiscal year was the final fiscal year of the previous mid-term business plan on the theme of Fuji Pharma Branding. Unfortunately, the results for the period were poorer than initially projected.

Net sales were around 1.5% short of the target. Operating profit was 8% below the target and down 5% year on year.

The causes of these poor financial results are clear.

We signed a sales license agreement with a European firm for its contrast medium in 2014 and had since sold it in Japan. On January 1, 2019, sales of this product were transferred to this European company's subsidiary in Japan. This led to an approximately 4 billion yen decline in net sales. Another reason for the revenue decline was the release in 2018 of a generic version of Lunabell, which had been one of our mainstay products.

However, we took several actions in preparation for the future. They include new drug development in the Women's Healthcare area and progress in biosimilars and anticancer drugs in the field of generic drugs.

It will take several years until these initiatives produce effects visible in the financial figures. However, we expect to constantly launch new products and I think that they will help us achieve sustained growth.

Expecting an increasingly adverse business environment.

In Japan, the government has been encouraging the use of generic drugs to curb the rise in medical expenses. It set a target of replacing 80% of proprietary drugs (new drugs) with generic ones.

This goal is expected to be met in 2020. If the government discontinues its measures encouraging the use of generic drugs, pharmaceutical companies mainly dealing in generics may lose the positive benefits they have been working on.

There are other possible actions that may be taken to reduce government medical expenses. For example, drug prices may be revised annually starting in 2020, where previously they had been revised every two years. A decision was made on a drug price standard system that lowers the prices of long-listed drugs to levels equal to generic drugs. Thus, the business environment is expected to become more adverse.

Under these circumstances, pharmaceutical companies must make very difficult decisions, as to establishing positions in which domains.

Announcing the Vision for 2030 to become a more development-based pharmaceutical company in ten years

We announced the Vision for 2030 in November 2019.

It pictures the Company ten years from now. It will be more of a hybrid, development-based pharmaceutical company after releasing biosimilars and new drugs while firmly retaining its market share in the area of generic drugs.

First, we will contribute globally to the enhancement of the well-being* of women on the basis of the qualitative and quantitative improvement of our strengths.

We will solidify our product portfolio centered on new drugs in the domain that is our strength, medical care for women, and combine it with existing generic drugs to create a new market for this area to

expand business in this domain.

Second, we will expand our business from Toyama, the cradle of medicine in Japan, to the global market.

Our Toyama R&D Center will take the initiative to build up our capabilities and develop new pharmaceutical technologies. On the basis of our own pharmaceutical technologies, we will develop more challenging manufacturing for generic drugs, improve existing drugs and create new drugs in a bid to expand into North American and other regions.

And third, we will combine being “the world’s happiest company” with “contributing to society.”

For example, we worked on biosimilars before our competition. This is a demanding category that requires more advanced research and development capabilities than chemically synthesized substances.

In this domain of biosimilars, we have secured an exclusive distributorship in Japan for multiple biosimilars from Alvotech hf., a pharmaceutical company based in Iceland. We are currently working to release them in the Japanese market.

We are steadily making progress in drug approval process. While helping to reduce medical expenses, we will contribute to the health of many.

As described above, we aspire to create a virtuous circle in which our individual employees contribute to society when motivated by job satisfaction and fulfillment, and in which they make even greater contributions to society after experiencing their own growth and the joy they gain from society’s appreciation of their contributions.

* “Well-being” is a term used by the World Health Organization (WHO) in defining health in its Constitution: *Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.*

Creating a five-year Mid-Term Business Plan that starts in the fiscal year ending September 30, 2019, under the theme, Evolving Fuji.

The Mid-Term Business Plan presents a schedule towards the fiscal year ending September 30, 2024, the halfway point of the roadmap towards attaining the form that Company hopes for ten years from now, that is envisioned in the Vision for 2030.

Its theme is “Fuji-rashiku wo Atarashiku (Evolving Fuji)”. We will develop capabilities in the areas of our strengths, and swiftly and actively step into new areas. In the subsequent five years, we will

develop the pipeline in preparation for further growth and also explore new marketing approaches.

First, we devised five strategies for *Contributing to the well-being of women in the world*. They are women’s healthcare, injectables, hormones, next generation technology and biosimilars. To *expand our business to the global market from Toyama*, we will focus on Asia and North America. To *integrate the world’s happiest company and social contribution*, we will focus on human resources and sustainability. With these strategies, we will work towards the halfway point of the Vision for 2030.

Refining our pipeline with an eye towards the future while capitalizing on our strengths to increase the profit ratio

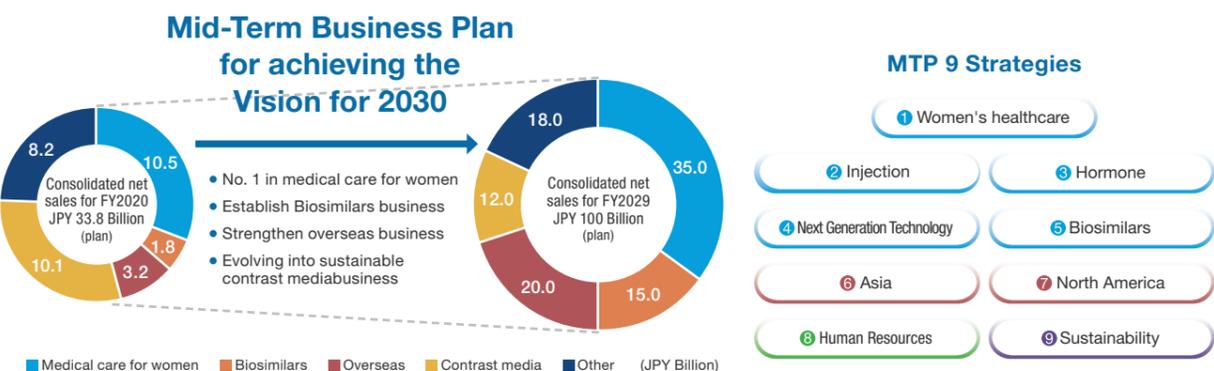
We are a hybrid pharmaceutical company dealing in both generic and new drugs. In addition, we do business in areas where we have an advantage.

One of them is women’s healthcare. We are manufacturing and selling pharmaceutical products that help women of all age groups to address infertility, dysmenorrhea, climacteric disorders and other problems. In addition, we produce bioactive hormone drugs. The manufacturing process of these drugs is difficult to handle and they require advanced management. We display our strengths in areas with high barriers to entry. In the domain of medical care for women, most of our products are being used at almost all practitioners and doctors in clinics. We develop and offer pharmaceutical products that meet real needs to earn the trust of patients, doctors and other medical professionals.

In the area of acute medical care, we have largest share of the generic contrast media market in Japan. Leveraging the significant capacity of our Toyama Plant to produce injectables that comply with Japanese and Western Good Manufacturing Practice (GMP) standards, we also engage in the commissioned manufacturing of anticancer drugs.

It takes a long time to go from development to the commercialization of a pharmaceutical. In the future, we will look further ahead to enrich our new and generic drug pipelines. While controlling the ratio between these two domains, we will aim to improve profits. In addition, we have put a policy in place to shift from generic drugs to new drugs and biosimilars, among others, to build up our strengths.

Roadmap to achieving the Vision for 2030



Positively cultivating ASEAN, North America and other promising overseas markets

In ASEAN, we set up an organization to launch sales operations inside OLIC (Thailand) Limited (hereinafter “OLIC”) in October 2018 and it is now preparing to sell our products in the Thai market. OLIC is Thailand’s largest contract manufacturing organization (CMO), which we made into a subsidiary in 2012 as a foothold for future overseas business expansion.

We are studying ways of selling new drugs for women’s healthcare currently in the course of development and for which we own the ASEAN sales rights.

North America is the world’s largest market that will continue to grow. It is a market where technology is highly regarded.

We have launched an M&A task force to take specific actions to enter North America on the basis of our drug manufacturing technologies. In collaboration with the Toyama R&D Center, the M&A task force will carry out our strategies. It is planning to take advantage of the network of Mitsui & Co., Ltd. with which we are in a capital and business alliance.

Seek transparency and fairness in a diverse corporate governance system

At the moment, of the nine Directors and three Audit And Supervisory Board Members, five are Outside Directors and two are Outside Audit & Supervisory Board Members. We have more outside Directors and Audit & Supervisory Board Members than inside ones.

Since 2019, one non-Japanese national Director has been in office. We will step up the diversity of our directors as required by Japan’s Corporate Governance Code. In addition, we have appointed a female Outside Audit & Supervisory Board Member for the current fiscal year. We will continue our efforts to seek transparency and fairness as we construct a governance system with a view toward increasing corporate value.

Carrying out unique social contribution based on our strengths

In the previous fiscal year, we carried out full-scale activities, launching a Sustainability Committee, which was renamed the CSR Committee in March 2020 and assigning dedicated staff to the Corporate Planning Department.

To aid the cause of environmental conservation, we observe the Act on the Rational Use of Energy, the Air Pollution Control Act, the Water Pollution Prevention Act and other laws. Constituted of representatives from departments, the Energy Conservation Promotion Committee monitors electricity, gas and other energy consumption to develop measures to reduce consumption, raise employee awareness and implement these measures.

We are also working to assist women’s healthy lives. One example is the LiLuLa app supporting women’s health from adolescence to menopause. It helps users manage their menstrual periods and other data and provides information about them. If it is recognized by more people as a tool that properly offers

accurate information under the supervision of medical specialists, it will provide options for using medication to ease menstrual pain and menopausal symptoms, instead of merely enduring them, and it helps increase our corporate value.

In addition, we provide education to teams of female athletes representing Japan for to help them maintain their health and improve their competitive strengths to provide support for the health of female athletes. These programs provide accurate knowledge about the management of menstrual cycles and the impact of hormone balance on physical condition.

Strategically investing to continue paying stable dividends to return profits to shareholders

To achieve the Vision for 2030, we have a policy of making strategic investments in accordance with the Mid-Term Business Plan.

In the area of medical care for women, we will look positively at securing the rights to new drugs, introducing biosimilars, executing mergers and acquisitions, and also the forming of partnerships in preparation for entry into the North American market.

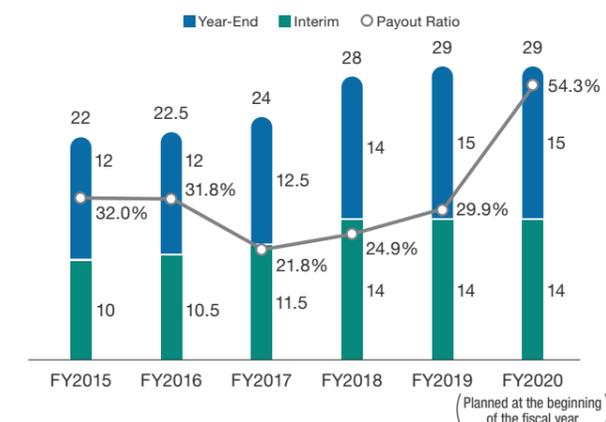
We will increase the ratio of research and development expenses from its conventional level around 5 or 6% to approximately 10% for the medium- to long-term future to step up efforts to develop new drugs that support our future growth.

For the fiscal year ending September 30, 2020, we are expecting to pay almost the dividends as in the previous fiscal year, an annual dividend of 29 yen per share, comprising a 14 yen dividend for the first half and 15 yen for the second.

Regarding our future return to shareholders, we will aim to pay stable dividends with a payout ratio of 30% while appropriately investing in opportunities that provide value to us in consideration of overall business performance in individual fiscal years and also medium- and long-term payout ratios.

We look forward to the continued support of our shareholders and stakeholders.

Dividends per Share (yen) & Payout Ratio (%)



* Fuji Pharma carried out a two-for-one split of its common shares on July 1, 2018. The figures of dividends per share for the interim dividends in the fiscal year ended September 30, 2018 and earlier dividends have been calculated on the assumption that the stock split was completed before each record date.

* The payout ratio for FY2020 represent the value planned at the beginning of fiscal year.

Steadily carrying out the Mid-Term Business Plan *Evolving Fuji* to achieve the Vision for 2030



General Manager of Corporate Planning Department
Takeshi Sato

{ Growth strategy }

Mid-Term Business Plan: Fuji-rashiku wo Atarashiku (Evolving Fuji)

We have determined Vision for 2030, which has three aspects to what the Company aspires to be in September 30, 2029 in a bid to realize our business principles.

We have also drawn up three growth strategies comprising nine strategies for achieving the Vision for 2030.

Commenced in the fiscal year ending in September 30, 2020, the Mid-Term Business Plan Evolving Fuji is a specific plan for the implementation of growth strategies over a five-year period, the final year of which is the fiscal year ending September 30, 2024, that is the first half of the period for the achievement of the Vision for 2030.

In the process of formulating this plan, a project team of next-generation mid-level managers who will play central roles in their divisions and departments was formed to intensively discuss the plan over three months. This initiative also helped develop future management team members.

In the Mid-Term Business Plan, the nine strategies to be attained within the period of the plan are divided into master plans to be executed over three to five years and action plans to be executed within a year. Thus, it is a specific plan of comprehensive actions necessary for achieving the strategies.

In addition to the individual strategies, we have developed organizational plans to be executed by the divisions and departments actually carrying out the strategies. We have thus clarified the organizations that are responsible for specific actions and the deadlines for action.

However, merely drawing up a plan does not lead to its achievement. We have also created a system for closely monitoring the execution of the plans and for continuing the PDCA cycle efficiently and effectively with a view toward steadily carrying out the Mid-Term Business Plan.

Growth strategy	Strategy	Target in 9/2029
Category X Modality	Women's Healthcare	<ul style="list-style-type: none"> No.1 in Women's Healthcare platform New product launches (mainly hormone) Contribute to women's well-being not only by drugs Digitalization
	Injection	<ul style="list-style-type: none"> CM new business model is established Build globally competitive injectable production line
	Hormones	<ul style="list-style-type: none"> Large quantity multi-product manufacturing system is built Men's hormones, anti-cancer, and other products
	Next Generation Technology	<ul style="list-style-type: none"> Difficult-to-make technology is established
	Biosimilars	<ul style="list-style-type: none"> No.1 in Japan Biosimilars market Multiple Alvotech products launched
Area	Asia	<ul style="list-style-type: none"> Sustainable CMO growth in OLIC S&M launched in China and ASEAN
	North America	<ul style="list-style-type: none"> 505(b)(2) launched by Fuji Pharma USA
Human Resources	Human Resources	<ul style="list-style-type: none"> Diversified executive officer team Training programs successfully operated Language skills improved
Sustainability	Sustainability	<ul style="list-style-type: none"> "Integrating the world happiest company and social contribution"

*OLIC: Fuji's subsidiary CMO company (Head office and plant in Thailand)

{ Financial Strategy }

A good balance with the growth strategy

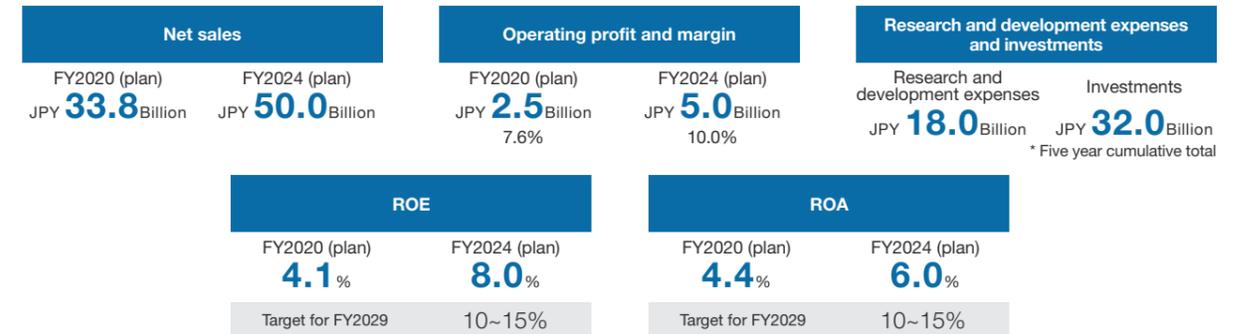
The Mid-Term Business Plan has determined the financial targets to be attained to ensure a good balance between the growth strategy and financial efficiency.

The operating profit margin has been chosen to be the benchmark for profitability. Also, ROE and ROA have been chosen to be the benchmarks for financial efficiency, and

targets for these indicators have been set.

Towards the achievement of the Vision for 2030, we anticipate that 32 billion yen will be invested during the period of the Mid-Term Business Plan.

If procurement from outside sources is needed, we will pay attention to capital costs when making the procurement.



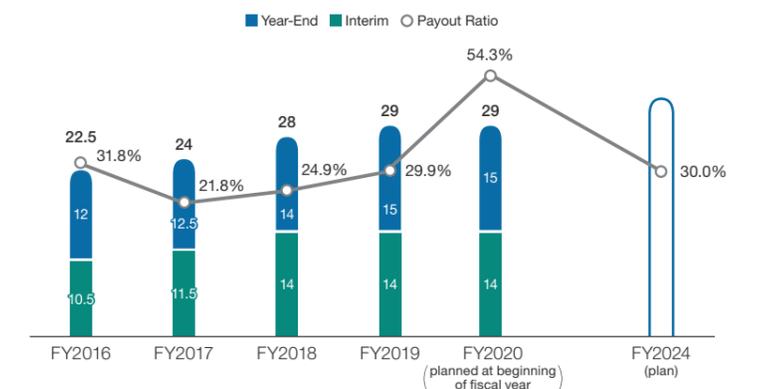
{ Shareholder Return Policy }

Maintaining stable dividends and increasing dividends

We understand that maintaining stable dividend payments to shareholders and increasing them is a key management issue. We will make decisions on the distribution of profit in overall consideration of net profit, future performance trends and retained earnings for future business expansion. While making investments to provide value unique to us, we will aim to secure a payout ratio of 30% with an emphasis on stable dividend payments. Acquisition of treasury shares is another way of returning profit to shareholders, aside from dividends. We will consider it in view of our performance trends and financial position. In the foreseeable future, we will appropriate funds to strategic investments in line with the implementation of the growth strategy.

Aiming to secure a payout ratio of 30% on the basis of stable dividend payments while making investments aimed at offering value unique to us

Dividends per share (yen) & payout ratio (%)



{ IR Policy }

Delivering our management philosophy of *Contribution and Growth* to the shareholders

Our management 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 our shareholders who support us.

Contribution and Growth to shareholders means an improvement in total shareholder returns, or in other words, an increase in the share price and returns to shareholders. Increases in share price arise from the growth of our profits

and improvements in the evaluation of our growth potential in the stock market. The rise in returns to shareholders is achieved through our policy on shareholder returns.

We will be increasing the number of opportunities to provide explanations to individual and institutional investors and for speaking with analysts in Japan and overseas for the purpose of clearly communicating our growth strategy and IR policy to our shareholders and increasing our corporate value through dialogue.



Selection of Subjects

The Portfolio Management Department takes the initiative in selecting new products that support the future of the Company and in managing existing products.

In collaboration with relevant departments, it strives to select and manage products in line with our Corporate Philosophy and the Vision for 2030.

Enhancing inter-departmental collaboration by setting up a new organization

In October 2018, we launched the Portfolio Management Department. It is responsible for developing new products, promoting commercialized drugs and managing an optimal product portfolio.

This department implements product life cycle management, which covers all processes related to the supply of pharmaceuticals from start to finish, including the selection of the new products best suited to our business principles and the Vision for 2030, evaluation and revision of development project priorities, and the determination of drug promotion policies to maximize the value of new drug products after their release.

Traditionally, the selection and management of new products were conducted separately by the Business Development Department, the Corporate Planning Office (currently, the Corporate Planning Department), the Research and Development Division, the Sales Division and others. This resulted in periods without new products and in the selection of products to be developed or introduced that failed to fully take advantage of the synergy between products. Now, the Portfolio Management Department responsibly and cross-departmentally discusses and manages activities including the selection of new products, market releases and promotion after the release to pave the way for quicker, more appropriate decision-making. That has prepared us to construct an optimal product portfolio.

Eighteen months after launch, we established an E4 and MP Planning Office under the Portfolio Management Department in April 2020. It is aimed at smoothly releasing two new products in the medical care for women category currently in the course of development, FSN-011 (E4) and FSN-013 (MP), and maximizing their value.

With this move, we strive to maximize the value of these drugs through close ties with Mithra and Besins Healthcare as their out-licensors. We will thus endeavor to help more patients around the world.

In particular, estetrol (E4), introduced from Mithra, is under development as a dysmenorrhea drug in Japan and as a contraceptive drug in ASEAN countries. The E4 and MP Planning Office will play a central role in actions for maximizing the value of this medication in Japan and in ASEAN.

In the future, we will broaden our product portfolio without being constrained by our conventional business domains, the development of new drugs, the takeover of approval for the production of new drugs, the acquisition of sales rights, the development of biosimilars and generic drugs, to include diagnostic drugs, medical equipment and supplies, ethical supplements and other products to contribute to people's healthy lives.

Also, the Portfolio Management Department, in addition to the new drug development with Mithra and Besins mentioned above, have signed an exclusive partnership for multiple biosimilars in Japan in November 2018 with Alvotech, a pharmaceutical manufacturer based in Iceland. Lotus, which is an Alvogen group company as

other new drugs on which an agreement was reached in 2016, the VESANOID® 10 mg capsule for treating acute promyelocytic leukemia taken over from Chugai Pharmaceutical Co., Ltd. (Head Office: Chuo-ku, Tokyo) in November 2016, and the GABAPEN® 200 mg, 300 mg and 400 mg tablets and 5% syrup, which are anti-epilepsy drugs taken over from Pfizer Japan Inc. (Head Office: Shibuya-ku, Tokyo) in October 2019.

For example, after the approval of VESANOID®, we gained new access to hematology. That helped increase the market share of Filgrastim BS Injections, a granulocyte colony stimulating factor (G-CSF) agent we have been manufacturing and selling since 2013. When selecting new products that we will take over, we consider factors from a broad perspective, including potential synergies with existing products.

In the process of negotiating the exclusive partnership agreement with Alvotech for the development and commercialization of biosimilars in Japan and the business and capital alliance agreement with Lotus, the Business Development Department played a central role.

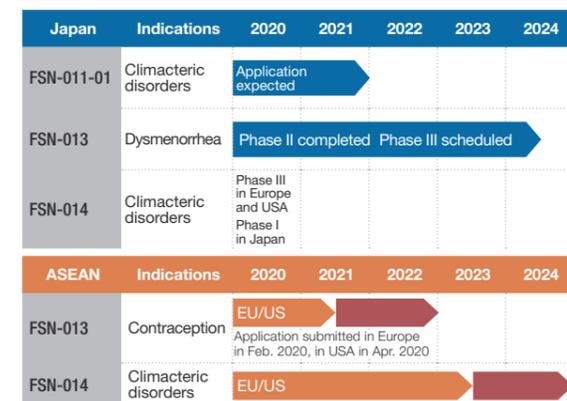
We are discussing details with these two companies to introduce new products to the Japanese market in a tie-up with them.

Future prospect

Our growth strategy towards 2030, or the Vision for 2030, defines the form we desire to take as *Contributing to well-being of women in the world, as Expanding our business to Global Market from Toyama* and as *Integrating the world's happiest company and social contribution*. To meet these targets by 2030, we need to boost the efficiency of product portfolio management by concentrating management resources on priority areas.

We will make greater contributions to patients and medical practice through our products. In so doing, we will further develop and continue to offer significant value to medical care.

New drug development pipeline in Women's Healthcare



* The time axis is based on our target timing.

Alvotech, which a capital and business alliance agreement was made in March, 2019, towards biosimilars, anti-cancer agents, generics development, and product selection will be playing a decisive role in our future.

Introducing products from Japanese and non-Japanese companies

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

The Business Development Department takes charge of searching for products to be possibly introduced and conducting negotiations for agreements.

Recent examples of introduction include Mithra's estetrol (E4) and



Manager, E4 and MP Planning Office, Portfolio Management Department

Masaki Obayashi

Steadily expanding in Japan and beyond to swiftly maximize product value

I am in charge of the E4 and MP Planning Office created in April 2020. We are working with internal and external stakeholders to deliver estetrol (E4), which is expected to be approved for dysmenorrhea and other uses and in-licensed from Mithra, and micronized progesterone (MP), which is expected to be approved for menopausal disorders and in-licensed from Besins to as many patients as possible after their release, thereby swiftly maximizing their value.

Both of them are global products for which sales and development are in progress in different countries around the world. We are preparing to release E4 in ASEAN as our first product marketed outside Japan. It

will be the foundation of our global business. Fuji Pharma has long focused on medical care for women. We aspire to offer greater help to improve women's well-being by providing the new drugs, E4 and MP, as well as accurate information to society.





Research & Development Division

Grasping the wide-ranging pharmaceutical needs of medical practices to create high-quality and high value-added pharmaceutical products with excellence based on the unique characteristics of our company, the Research and Development Division executes the core functions of a pharmaceutical company.

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

In charge of our research and development, the Research & Development Division consists of three organizations. The Planning & Development Department and the Clinical Planning & Development Department are based in the Tokyo Head Office while the Research Department is based in the Toyama Research and Development Center. They are working on the research and development of pharmaceuticals in a bid to respond to the wide-ranging needs for pharmaceuticals from those engaged in providing health care services. In the domain of Women's Healthcare, we serve the health of women in the many phases throughout their lifetimes, from childbirth and childhood, through adolescence, and to menopause and old age. Aiming to help improve the well-being of women, we work to develop new drugs and generic drugs.

Among the new drugs, FSN-013 (estetrol & drospirenone) is a compound drug containing Estetrol, a new estrogen. It is in Phase II testing as a treatment for dysmenorrhea. FSN-014 (estetrol), which consists only of Estetrol, Phase I testing has been completed for its use to treat menopausal disorders.

As a treatment for menopausal disorders with reduced side effects in hormone replacement therapy, FNS-011-01 (progesterone) is undergoing Phase III testing. We are endeavoring to release it at an early date.

Regarding biosimilars, we are discussing seven agents to treat autoimmune diseases and malignant neoplastic diseases from Alvotech. An agreement was reached on one of them and development is in progress.

In the domain of drug creation research, our research on an improved dosage form for anesthesiology was adopted by the Toyama Prefectural Government as a research subject to be subsidized in the 2019 Program for Supporting New Drug Development and Discovery. In solid drugs, we are working on research into technologies to make poorly soluble drugs soluble.

We believe that the improved dosage form and the development of new drug creation technologies mentioned above will help develop value-added products capable of properly responding to the needs of patients and medical professionals.

Capitalizing on our extensive experience in pharmaceutical development, such as the development of fertility treatment drugs, new contrast media, biosimilars and generic drugs, we work intensively to continuously develop our technological strengths and actively on drug development to respond to the diverse needs for pharmaceuticals in the practice of medicine.

Equipped with an environment indispensable to research and development activities for greater contributions to healthy living

The Toyama Research and Development Center is capable of handling anticancer drugs and other highly toxic, hard-to-handle substances. In addition, it is equipped with injection prototyping facilities and solid drug prototyping facilities with consideration given to the external environment. It conducts drug development with a focus on high



Toyama Research and Development Center (Mizuhashi, Toyama)

value-added drugs.

The solid drug prototyping building was constructed for the purpose of concentrating prototyping facilities formerly scattered across the research and development center and

the Toyama Plant into the research and development center. Construction was completed in 2018.

After its completion an organization was created specializing in the exploration of testing methods for active pharmaceutical ingredients and drug creation and analysis. Especially in the field of Women's Healthcare, it has established a highly sensitive world-class analytical method for the analysis of hormones in very low concentrations, the testing of which is difficult in instrumental analysis. It serves as a major driving force of our pharmaceutical development.

In terms of equipment, we introduced a product decomposition prediction system and a high resolution mass spectrometer for swiftly complying with the Assessment and Control of DNA Reactive (Mutagenic) Impurities in Pharmaceuticals to Limit Potential Carcinogenic Risk (ICH M7), which applies to applications for the approval of the production and sale of new drugs. The prediction system is a software program that predicts impurities from the structure of compounds. The spectrometer is capable of performing high precision quantitative analyses of trace impurities and identifying the molecular formulas of unknown substances.

Using these tools, we perform more in-depth structural analyses of the active pharmaceutical ingredients of developed drugs and related substances derived from the drugs than was previously possible in an effort to improve the safety of developed drugs.

They have also paved the way for more detailed analyses to predict not only latent cancer risks but also the decomposition pathways of

active drug ingredients than was possible in the past. Using other physical property analyzers, we can now identify points that must be noted during drug design.

We proactively introduce the latest prediction software and analytical devices and formulate proper strategies for managing active ingredients and drugs from the development stage. Thus, we work every day to develop enhanced pharmaceuticals.

Future prospect

We will continue our actions to develop FSN-013, FSN-014 and FSN-011-01 in the category of new drugs for medical care for women as well as generic drugs and biosimilars to widen the treatment options for patients in collaboration with our partners, including Mithra, Besins, Alvotech, Lotus and other overseas companies. As mentioned in our long-term vision, the Vision for 2030, we will actively step into areas that we have not addressed, such as medical care for men, next-generation drug preparation technologies and the drug administration devices business. In addition, we participate in the Toyama Pharmaceutical Development Consortium project set up for the development of Toyama into a world-famous city of medicine as a member of the promotion committee for the development of the city of medicine and we have embarked on joint research into bio-pharmaceuticals with universities in Toyama Prefecture. The project is aimed at being a collaboration between business, government and academic institutions in the prefecture. We will press ahead in the collaborations with universities and other research institutions and with governmental offices through these activities.

In attaining the commercialization of cutting-edge technologies and satisfying the needs of medical professionals, we will continuously collaborate with national and local governments, universities and business partners and strive to improve our research and development capabilities, as well as our drug preparation technologies.



Manager, Second Research Group, Research Department, Research & Development Division

Hideaki Nojima

Developing pharmaceuticals trusted for their high quality to contribute to people's healthy lives

After joining Fuji Pharma, I engaged in the development of new drugs, particularly generic injections. To develop safe, high-quality drugs, I studied formulations and manufacturing methods for the constant supply of new products that had the quality expected of them.

My current duties are to provide overall support for progress in development, including the development of new drugs and generic tablets.

My duties are changing little by little each year. Of course, since joining the company, I have been taking care to develop drugs that my family or I might use without worries in our efforts to create reliable drugs.

The Research Department proactively

introduces the latest analytical systems and software for predicting decomposition pathways. In the future, we will continue to develop strategies for the sound management of active ingredients and drugs that begins in the development stage and to develop superior pharmaceuticals.





Production

Based on the grand design developed to achieve the Vision for 2030 and the targets set in the Mid-Term Business Plan, the Toyama Plant increases its capacity to produce technically challenging hormones and injections and carries out continued cost reduction efforts to develop into a truly competitive plant.

From the Toyama Plant to global markets

In October 2019, the current president and CEO was appointed, the Vision for 2030 was formulated and we began the current Mid-Term Business Plan.

In charge of our production operations, the Toyama Plant vigorously carries out the three projects below with a view toward evolving into a more competitive plant, on the basis of its production activities with safety as its top priority, followed by quality, delivery and cost. The first project is Project Falcon. To address tightening production capacity due to the growing demand and the renewal of ampoule formulation production line in the second drug production building, the project is to introduce a new production line in the fifth drug production building.

This new line introduction is not a mere renewal of an existing production line. Its greatest features are that it will be a single production line capable of producing both ampoule and vial formulations and that it will be capable of sterility assurance and hazard control*¹ in accordance with the latest global regulations. In Japan, only Fuji Pharma has a production line like this one. The introduction of this line leads to a production system with high quality assurance capabilities capable of manufacturing our mainstay hormone injections with enhanced efficiency. Construction is making steady progress towards trial operation in line with the schedule, according to which validation**² will be completed within the current fiscal year.

The second is the SAKURA project. This is the construction of a management and welfare building next to the existing administration building to expanding the scale and capacity of the Quality Control Department and improving the working environment.

Construction commenced at the end of last year and is scheduled to finish this summer. After completion of the building, the quality control will be upgraded and workstyle reforms will be enabled by the securing of work space and improving of flow lines.

The third project addresses the eternal challenge faced by factories: cost reduction.

The project is named FSIP. It stands for First Step in Improving Productivity. It is also a play on words, suggesting the "F" in Fuji Pharma going out to sea on a ship, with "SIP" being close to the spelling of ship.

From this fiscal year, the plant has been integrated with the Corporate Business Management Department. On a monthly basis, it visualizes data on production costs in detail. Using a common yardstick, or key performance indicator (KPI), it discusses issues on its production activities as well as response measures.

In addition, it monitors the progress of the cost reduction activities laid out in the Mid-Term Business Plan and activities searching for new measures to improve profitability.

Operating these three projects in parallel, we aim to expand the markets to which we supply products, from Japan to Asia and then to Europe and the United States. Together with OLIC, our group company in Thailand, we will strive to develop into a highly efficient pharmaceutical plant that ensures high quality and is truly global.

OLIC, Thailand's largest CMO, is a key part of our two-plant production system

OLIC is a subsidiary of Fuji Pharma and the largest contract manufacturing organization (CMO) manufacturing pharmaceuticals for global pharmaceutical brands in Thailand.

While the Toyama Plant mainly produces tablets and injections under our own brands, OLIC is capable of manufacturing a wide variety of drug forms, including not only tablets and injections, but also liquids, semi-solids and sprays, to establish a high-mix, low-volume production system. It is also capable of performing production management that satisfies strict requirements and passing production and quality management inspections by clients operating pharmaceutical businesses in the global market, the Pharmaceuticals and Medical Devices Agency (PMDA), the U.S. Food and Drug Administration (FDA) and other bodies. Completed in 2017, the new injection plant building adopts a strict manufacturing system and facilities that are the equal of those in the Toyama Plant, making it ready to produce and supply sterile pharmaceutical products to the Japanese market. Vial and other formulations of our mainstay OYPALOMIN[®] and IOPAQUE[®] injections have already been shipped to and sold in Japan. In the future, OLIC will continue to produce a number of our mainstay products, chiefly contrast media, and ship them for sale in Japan. The transfer of production to OLIC is expected to help increase our cost competitiveness and supply capacity. We are planning to use the resources at the Toyama Plant for new independently developed products and for the expansion of the commissioned production of high value-added drugs.

Future prospect

Last year (2019), the capital and business alliance with the Alvogen Group's Lotus became official. Our exchange gained momentum

while learning about each other's operations, production processes and underlying philosophies in the due diligence process.

We invited Alvogen Group personnel to inspect our Toyama Plant and OLIC, and we visited Lotus plants in Taiwan and in South Korea.

The goal of these visits was to study the ways that Lotus and Fuji Pharma can complement each other and produce greater synergy. As a starter, at the Toyama Plant, we introduced a quality management review system that had been implemented at Alvogen. As its name suggests, this system is designed to organize and analyze plant performance with a focus on quality events in our production activities, including those of our contractors, to report findings to the management team to ensure that the necessary actions for ensuring quality are promptly taken. Quality events include anything classified as a deviation, corrective action or preventive action (CAPA), anything out of specifications or out of trend (OOS/OOT), audit remarks, and stability tests. These activities pave the way for the stable assurance of quality of our products.

In the future, we will expand our commercial operations from Japan to ASEAN and other global markets.

To continually develop a production system appropriate to our global operations as a plant responsible for product supply, we will thoroughly analyze current statuses to identify gaps and clearly determine how to fill them with a view towards achieving the targets set out in the Mid-Term Business Plan.

*1 The containment facilities, procedures and system readiness for the stringent control necessary for the production of drugs with particularly high pharmacological activity, such as anticancer drugs and hormones, including the control of worker exposure and control to prevent environmental and cross-contamination

**2 The process of verifying and documenting that the structure and equipment of the plant and the methods of production management including all procedures and processes, and the quality management produce the expected results



Seventh Section, Third Production Group, Pharmaceutical Production Department

Marie Omori

Contributing to patients' healthy lives through the stable supply of high quality pharmaceuticals

For the three years since I joined the company, I have mainly been engaged in the preparation of injections. In comparison with other drug forms, injections are subject to strict sterility control. My work requires me to have a certain level of caution. Manufacturing work may sound monotonous and mundane. However, I go about my duties with the belief that monotony is essential to high quality and stable supply.

Instead of merely maintaining the status quo, we are endeavoring to improve the hygiene environment and safety conditions on the shop floor to ensure smooth manufacturing operations.

We are very proud of manufacturing pharmaceutical products that help patients' lives and health. With this as a source of motivation, I will continue my efforts.



Preparation of a glass syringe formulation



Reliability Assurance

The teams in Toyama and in Tokyo work together to closely check the quality, safety and effectiveness of pharmaceuticals supplied to markets in a bid to minimize the risks involved in their use.

Ensuring safety and peace of mind in pharmaceutical products

Fuji Pharma has introduced strict internal quality and safety standards to ensure the safety of the pharmaceuticals we supply and the peace of mind of patients and medical professionals. In accordance with these standards, we monitor quality, efficacy and safety to minimize risk. We also provide data on at least 20 examples of proper use annually in a timely and appropriate way to medical professionals to ensure that pharmaceuticals are properly and safely used.

We receive at least 200 cases of quality-related information each year from internal and external sources.

When we receive quality information, we closely examine the manufacturing and quality inspection records of the product in question to investigate the causes, as well as the reference samples from the same lot and preceding and subsequent lots for detailed investigation. We then devise actions to respond to the incident, including any remedial, preventive or other measures.

If necessary, we will modify products to better provide patients and medical professionals peace of mind in their use of them.

In addition, to make quality assurance more reliable, we guide, manage and supervise all production bases.

We have more than 200 production bases manufacturing drugs and their active ingredients in Japan and abroad. We therefore develop an annual plan to ensure they are properly audited.

We assess risks at the individual plants and carry out on-site audits at the locations deemed to be high risk. Audits that are largely written are conducted at plants where low and medium risks have been identified. Annually, we conduct 20 to 30 on-site audits and the same number of written audits. In recent years, we have voluntarily recalled several products on the basis of long-term stability test results.

To prevent any possible incidents in the future, we rigidly and consistently manage and supervise plants from the development stage.

Close collaboration from the product development stage

To monitor safety, the Research & Development Division, the Toyama Plant and other departments in the company work together to collect information broadly from medical institutions, business partners and regulatory authorities in many countries consistently across phases from product development to the discontinuation of sales.

At least 1,500 pieces of information regarding safety are acquired every year.

This accumulated information is centrally managed so that it can be used to devise and implement the measures necessary to ensure safety and proper use.

Staff involved in the process evaluate information within days of its acquisition.

When it is necessary to report to the Ministry of Health, Labour and Welfare, revise attached documents, communicate information regarding proper use, or take any other action, we swiftly do so in accordance with the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, the Ministerial Ordinance on

good vigilance practice (GVP) and other regulations.

Pharmaceuticals cannot be supplied to markets without authorization for pharmaceutical production and sales of individual items.

For newly developed products, the Regulatory Compliance Department works with the Research & Development Division to provide support for chemistry, manufacturing and control (CMC) activities and for clinical and non-clinical pharmaceutical affairs and takes action towards the application and acquisition of such authorizations.

There are around 50 post-authorization changes per year. We work with plants to carry out actions that involve pharmaceutical regulations, such as applications to partially revise documentation or notify regulators of minor changes, which are necessary for maintaining authorization over the long term.

Future prospect

Aspiring to expand its business from Toyama to the global market, Fuji Pharma adopted the Vision for 2030. In the future, we will begin selling Fuji-branded products in Thailand and other ASEAN countries, and then expand our markets globally.

For global business operations, we have created a global policy on quality and safety to ensure the safety of our products and the peace of mind of patients and medical professionals around the world. We will construct a reliability assurance system capable of globally supporting the entirety of Fuji Pharma Group.

We also introduced a system that enables us to search for information about the regulations in many different countries with an eye toward global operations.

Fully leveraging this system, we quickly study what actions are necessary to comply with pharmaceutical and other regulations in the areas we are preparing to enter.

In Japan, we collaborate with overseas business partners, sharing information about the things that are necessary to obtain and maintain authorization in Japan and building closer ties with these companies.

Fuji Pharma's Actions for Ensuring Safety



Since acting globally is essential to strengthen partnerships, we work hard to develop the fundamental skills of our workforce, including their English language skills.

In addition, we will work to streamline operations in accordance with the regulations currently imposed, proactively considering increasing outsourcing and the introduction of new systems.

Just recently, we have pressed ahead with introduction of systems enabling pharmaceutical sales representatives to report hazard incidents and quality information and systems that enable the communication of safety information to comply with Ministerial Ordinances on GVP and good quality practices (GQP), to simplify business collaboration and to visualize work progress management.

These systems will begin full operation in October 2020.

With the online submission of notifications and authorization applications expected to begin, we will collect information on these processes and prepare to ensure that we can use the new systems without problem as they come on line.

We closely follow regulatory trends, and actively participate in industry association activities to closely share information across the the industry and quickly respond to change.



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

Yuta Okamoto

Collecting quality information so that it can be incorporated into the development and production of pharmaceuticals with higher quality and greater reliability

I engage mainly in tasks related to the quality information of pharmaceutical products. We study feedback and requests regarding product quality from customers to improve products in collaboration with other departments.

Product defects can cause serious problems for customers. We have resolved not to produce defective products, so identifying the cause of problems and preventing their recurrence is our top priority. We carefully check to ensure there are no inadequacies in our remediation. We also collect quality information in a database to be capable of appropriately answering inquiries from customers through the sales team.

The quality of pharmaceuticals cannot be examined by external appearance only. We work every day to develop our ability to ensure quality and that patients are able to use our pharmaceutical products with peace of mind.





Sales

The Sales Division comprises the Strategic Marketing Planning Department, in charge of planning sales activities, and the Sales Department, which has eight branches, 31 sales offices and approximately 220 pharmaceutical sales representatives across the country. It provides information on the pharmaceuticals we deal in chiefly to medical professionals in obstetrics, gynecology and radiology. Every one of us endeavors to acquire acute knowledge of products and diseases to respond to the needs of medical professionals.

Focusing resources in priority areas

To efficiently provide high quality information, we select priority products each fiscal year and focus our sales resources on them. For the fiscal year ended September 30, 2019 (the 55th term), we defined nine priority products, including the Levonorgestrel 1.5 mg tablet F emergency contraceptive pill released in March 2019. Each priority product is a distinctive group of products. Together they are a majority, specifically around 56%, of our total sales. The Strategic Marketing Planning Department, in charge of planning sales activities, drew up sales strategies for the individual priority products. The Sales Department implemented these strategies by developing them on the medical frontlines to efficiently provide high quality information and to boost sales figures.

As a result, sales of priority products in the fiscal year ended September 30, 2019 rose 13.7% year on year, supporting our financial results.

As a result of our sales strategies, our presence improved in the domains of acute medical care and Women's Healthcare, under which most of the priority products fall. We understand that they helped achieve the theme of the Mid-Term Business Plan for the 51st to 55th Terms, Fuji Pharma branding.

Activities in separate medical fields

Fuji Pharma is a pharmaceutical company with strength in manufacturing and selling pharmaceuticals, chiefly in the fields of acute medical care and Women's Healthcare. The following discusses our activities in each of these two domains.

Regarding acute medical care, we launched a section for advanced acute medical care hospitals across the country in the fiscal year ended September 30, 2017. As of April 2020, this section has been established at two locations, while in other areas their functions are performed by the regional sections. We studied the best way to communicate information in large hospitals that have changed markedly over the past few years, endeavoring to develop detailing skills and knowledge levels.

Especially in the radiology sector, we are the largest supplier of iodine in the domestic market, holding a market share of 80%, and enjoying unrivaled support in the generic drug market. From this vantage point in the industry, we engaged in activities at academic conferences and provided precise information to ensure safe contrast radiography examinations. Earning high marks for these activities, we achieved continued sales growth.

In Women's Healthcare, we released the Levonorgestrel 1.5 mg tablet F emergency contraceptive pill in March 2019. It is the first generic emergency contraceptive drug containing Levonorgestrel to acquire authorization in Japan for manufacturing and sales. Just two months after its release, it secured a market share of 80%.

Since its release, we have provided a more affordable authorized drug to women who had previously been forced to use drugs off-label as an emergency method of contraception. This resulted in a massive fall in the use of drugs for off-label purposes.

It also expanded the market of authorized emergency contraceptive

drugs to 1.5 times what it was before the release.

We think that it was a great help to women's ability to use appropriate drugs, and to the reduction of the burden on women's bodies arising from unexpected pregnancies.

As a company dealing in a wide variety of pharmaceuticals in the field of Women's Healthcare, we are working hard to educate employees about peripheral information related to women's health in an effort to improve the abilities of our pharmaceutical sales representatives. We also provide accurate health care information to the general public through the LiLuLa health support app and work to identify presymptomatic diseases. We understand that our extensive activities have increased our presence in obstetrics and gynecology.

Future prospect

With soaring social security and medical expenses in line with the aging population, pharmaceutical businesses are experiencing increasingly harsh conditions. In October 2019, drug prices were revised along with the consumption tax hike. We need to be prepared for annual revisions of drug prices in and after 2020. In January 2019, the JPMA Promotion Code*1 was revised. In October 2019, the Guidelines for Activities of Offering Sales Information on Prescription Drugs*2 took effect. This has meant that regulations on information-providing activities regarding pharmaceuticals are being toughened. While the circumstances surrounding us changing day by day, we need to carefully understand the needs of medical professionals and take flexible action to achieve our Vision for 2030 and the Mid-Term Business Plan, in view of the changes that have been made to statutes, regulations and systems regarding pharmaceutical products. The Vision for 2030 defines the form we wish to attain as contributing to the well-being of women in the world, expanding our business to Global Market from Toyama and to integrating the world's happiest company and social contribution.

To significantly contribute in the future to more patients than we have in the past, we need to comprehensively work from the foundation of



The Levonorgestrel 1.5 mg tablet F emergency contraceptive pill released in March 2019

our extensive experience selling pharmaceuticals in many categories, including generic drugs, biosimilars and new drugs. These efforts include the strengthening of collaborations with wholesalers and other business partners and the utilization of digital technologies to increase productivity and efficiency, the acceleration of the PDCA cycle in our departments to develop sales plans and the intensification of staff education to ensure their information providing activities are in compliance with laws, ordinances and regulations. With this cycle of comprehensive action, we will strive to construct a world-class organization in the industry that is capable of responding to any circumstances it may face. The Sales Division is composed of the Strategic Marketing Planning Department in charge of planning sales activities and the Sales Department with eight branches, 31 sales offices and approximately 220 pharmaceutical sales representatives across the country. It provides information on the pharmaceuticals we deal in chiefly to medical professionals in obstetrics, gynecology and radiology. Each one of us endeavors to acquire accurate knowledge about products and diseases to respond to the needs of medical professionals.

*1 Regulations established by the Japan Pharmaceutical Manufacturers Association (JPMA) to stipulate provisions to be followed by pharmaceutical manufacturers in promoting their pharmaceutical products

*2 Guidelines established by the Ministry of Health, Labour and Welfare that ensure the appropriateness of advertising activities providing sales information regarding prescription drugs



Women's Health Team,
Women's Health Group, Strategic
Marketing Planning Department

Yuta Takahashi

Devising and carrying out measures to be a leading company in medical care for women

My principal duties are the planning and implementation of marketing to maximize the potential of products in the field of gynecology with a view toward being a leading company in Women's Healthcare in Japan. To serve customers we prepare materials that act as tools for pharmaceutical sales representatives as they visit customers and plan and conduct academic conferences, study meetings and online lectures. We also support women's health by providing information and raising awareness of diseases to help improve their quality of life (QOL). As part of these activities, we operate

the LiLuLa app that supports women's health. It provides accurate information to a large number of women to encourage them to visit obstetricians and gynecologists to identify diseases at an early stage.



Principal Sales Data

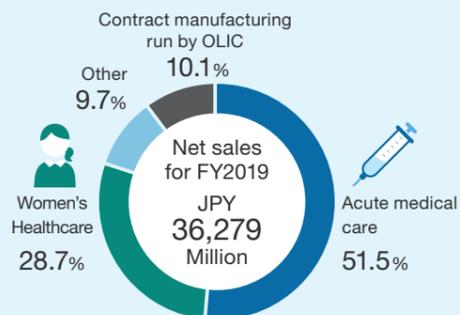
We are a pharmaceutical company focusing on the two medical fields of acute medical care and Women's Healthcare, as well as contract manufacturing.

For the fiscal year ended September 30, 2019, net sales in acute medical care stood at 19,340 million yen, accounting for 51.5% of the total net sales. Net sales in Women's Healthcare

at 10,756 million yen, accounting for 28.7%, and net sales in contract manufacturing run by OLIC were 3,809 million yen, accounting for 10.1%.

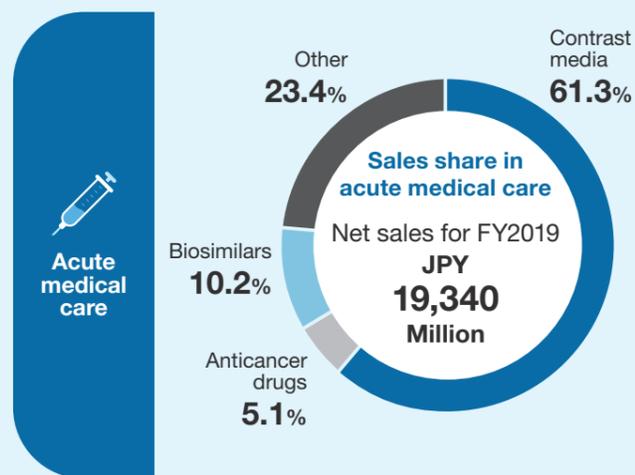
Despite the growth of the priority products above, the termination of a license agreement for contrast media and other factors led to a net sales decline from the previous fiscal year.

Sales share by medical field

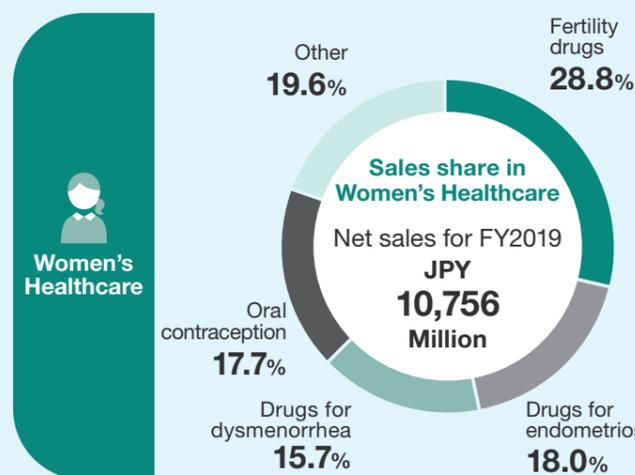


Net sales by medical field

Medical field (JPY Million)	FY2015	FY2016	FY2017	FY2018	FY2019	YoY Change Value	YoY Change %
Acute medical care	17,082	19,997	20,264	21,895	19,340	(2,555)	(11.7%)
Women's Healthcare	9,943	9,582	10,212	10,802	10,756	(46)	(0.4%)
Other	2,463	2,413	2,509	2,734	3,643	909	33.2%
Contract manufacturing run by OLIC	2,255	2,309	2,576	3,452	3,809	357	10.3%
Total	31,680	34,229	35,387	37,909	36,279	(1,630)	(4.3%)



Contrast media sales amounted to JPY 11,852 Million, 61.3% of sales in the field of acute medical care. We signed a sales license agreement with a European firm for its contrast medium in 2014 and had sold it since then. The contract came to an end and sales of this product were transferred to this European company's subsidiary in Japan on January 1, 2019. That became a main reason for the JPY 2,555 Million yen year-on-year slide in net sales.



In Women's Healthcare, sales of LUNABELL® tablets for dysmenorrhea dropped sharply after authorized generic drugs were released. However, UTROGESTAN® Vaginal capsules introduced in the fiscal year ended September 30, 2016 and Dienogest Tablets for endometriosis in the fiscal year ended September 30, 2017 supported sales figures. Overall, net sales declined 46 million yen year on year.



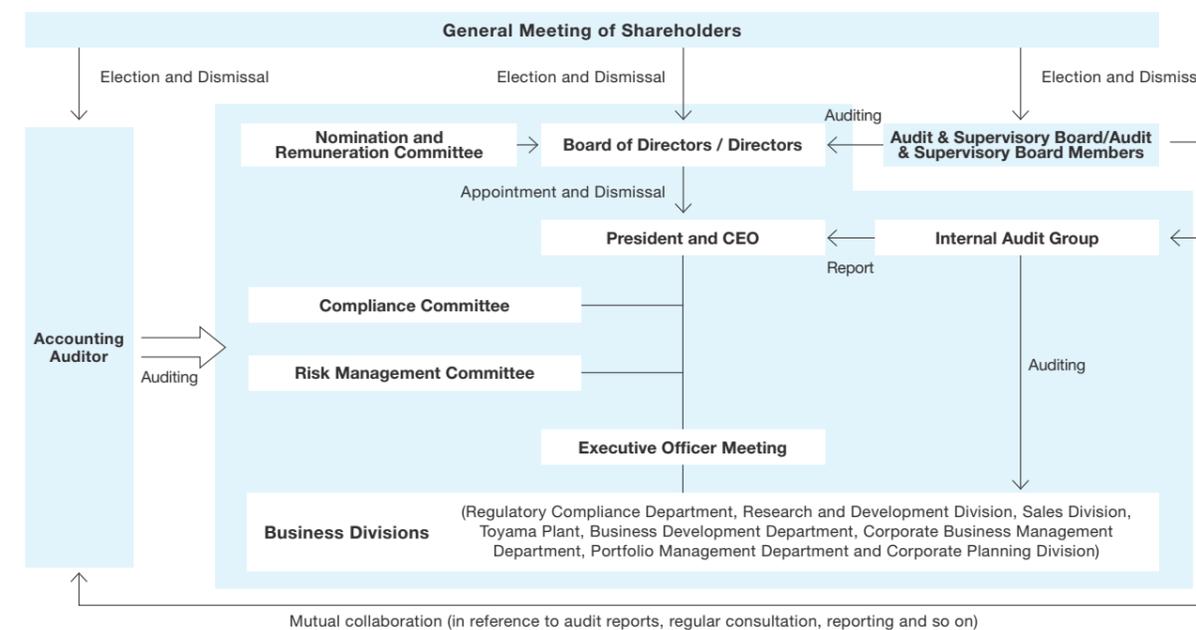
Corporate Governance

Basic Perspective

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

We have chosen to have an audit & supervisory board for the purpose of corporate governance. In 2018, we established a Nomination and Remuneration Committee as an advisory body and took other positive actions to construct a transparent and fair governance system aimed at boosting corporate value.

Corporate Governance Structure



Evaluation of the effectiveness of the Board of Directors

We conduct an annual survey of all the directors and audit & supervisory board members for analysis and self-evaluation to ensure and improve the effectiveness of the Board of Directors. The survey is distributed to each director and audit & supervisory board member in October, at the beginning of fiscal year, and their responses are collected in November. The results and response measures are reported to the Board of Directors meeting in December, although this reporting may depend on the details of the measures. On the occasion of the survey distribution in the following October, the status of implementation of the measures in the 12 previous months is reported. We provide the Board of Directors with the information necessary to ensure sound corporate governance and increase the effectiveness of the Board of Directors. Such information includes dialogues with

shareholders through IR activities and the status of exercise of voting rights at general meetings of shareholders.

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

Nomination and Remuneration Committee

We have a Nomination and Remuneration Committee as an advisory body to the Board of Directors. Its goal is ensuring the transparency and fairness of the decision-making processes for the nomination of directors and the determination of remuneration. This committee is composed of two independent Outside Directors and one Inside Director and is chaired by an independent Outside Director.

The Board of Directors seeks advice from this committee before making decisions on the election or dismissal of Directors and Executive Officers, matters concerning remuneration for, or the election or dismissal of the President and Chief Executive Officer (CEO) and policies regarding the remuneration system and remuneration levels.

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 and managers, assesses risk and develops a company-wide risk management system

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

Response to COVID-19

To respond to the COVID-19 coronavirus, we established an information liaison committee consisting of the President and CEO and those responsible for individual organizations. It gathers necessary information about changes in the situations surrounding the pandemic and the measures taken by different national and local governments. We have thus constructed a system to ensure we are capable of taking timely and appropriate action to respond to events inside and outside the company. Primarily guided by this committee, we have quickly determined and announced our action policy to prevent infection among those visiting medical institutions, those working at them, our business partners, employees, their family members and all other stakeholders and to ensure the stable supply of the pharmaceuticals we manufacture, without disruption. In line with this action policy, we have prohibited any employee with a body temperature of 37 degrees Celsius or higher from coming to our office. We voluntarily suspended our pharmaceutical sales representatives' visits to medical institutions. (Visits were resumed

following a change in the action policy on May 26.) We also have prohibited domestic and overseas business trips and have instructed employees to work from home or to commute outside rush hours, and, in principle, to participate in internal and external meetings, training sessions, seminars and equivalents via the internet. We have thus been taking actions in accordance with requests from local governments. In addition, the Thailand-based OLIC has revised its BCP in a move to manage risk. It carried out drills assuming that infection had occurred and on the imposition of restrictions on the movement of inhabitants in specific regions in an effort to prevent any disturbances of the stable supply system. (Our actions in response to COVID-19 will be updated as appropriate, closely following the state of the pandemic, governmental decisions and other factors. For the latest information, please visit our website at the following link: <https://www.fujipharma.jp/news/index.html>) We will keep a close eye on the circumstances surrounding the COVID-19 pandemic and continue to take action to fulfill our mission of stably supplying high quality pharmaceutical products.

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 the 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 plan, implement and improve compliance structures and raise employee awareness of corporate ethics and compliance rules, ensuring they are followed. In 2020, we launched the Compliance Newsletter. It has since been regularly published and viewed by all employees. We also provide separate departments with

opportunities to learn about compliance using the newsletter. We carry out measures to further raise compliance awareness among individual staff members.

We require that all employees receive e-learning compliance training at least once a year in an effort to make sure that they conduct corporate activities while always considering compliance.

We have 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. A lawyer who is not our corporate legal advisor serves as an external whistleblowing contact.

Its activities are regularly reported to the Board of Directors and to the Executive Officer Meeting.

Message from Outside Director

Using the role of director to boost corporate value in the medium- to long-term future

Outside Director Keiji Hirai



The circumstances surrounding the pharmaceutical industry have become increasingly adverse year after year, as it has become national governmental policy to reduce medical expenses as the population ages, expenses soar for the research and development of new pharmaceutical products and the impact of the enforcement of the Guidelines for Activities of Offering Sales Information on Prescription Drugs on sales activities is felt. Corporate governance is of growing significance in the attainment of continued growth as a pharmaceutical company and the medium- and long-term growth of corporate value, even in this situation. Fuji Pharma's Board of Directors have dedicated significant time to discussing the creation of the long-term vision and the Mid-Term Business Plan, the agreement with Alvotech for an exclusive partnership concerning its biosimilars in Japan, and other key management issues in the past several years. We also deliberated carefully from the perspective of corporate governance.

When drawing up the Mid-Term Business Plan commencing in the fiscal year ending September 30, 2020 with a view towards the attainment of the Vision for 2030, we deliberated the plan on the

basis of the company's corporate philosophy, that we help people lead healthy lives by offering excellent pharmaceuticals and that our corporate growth is proportional to our personal growth. In this process, the Outside Directors participated provided opinions based on their own experience and knowledge, energizing the deliberations.

This is the process that created Fuji Pharma's Mid-Term Business Plan, aimed at increasing its corporate value.

In the future, I hope that every staff member of Fuji Pharma will unit with a sense of ownership, to achieve the Vision for 2030 and address the key growth strategies of further strengthening the field of women's healthcare, expanding the product portfolio, especially new hormones and biosimilars, expanding business in the Asian and North American markets and motivating organizations and human resources to play significant roles in the implementation of the Vision for 2030. I think that the Board of Directors has a key role to play in properly monitoring the PDCA cycle to achieving the Vision for 2030 and the Mid-Term Business Plan.

Officers (as of April 1, 2020)

Directors



Chairman and Representative Director
Hirofumi Imai

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



President & CEO
General Manager of the Research and 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 and CEO in December 2019.



Director, Vice President
Manager of the Toyama Plant
Takayuki Kasai

Joined Shionogi & Co., Ltd. in 1985. After serving as Manager of the CMC Office and the Investigational Drug Production Department in the Production Research Laboratory of Shionogi & Co., Ltd. and as Chairman of the Board and President of Bushu Pharmaceuticals Co., Ltd., joined Fuji Pharma in 2016. Appointed as Director and Vice President in December 2016.



Director, Executive Corporate Officer
General Manager of the Corporate Business Management Department
Toyoyuki Kamide

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



Outside Director
Tadahiro Kozawa

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

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



Outside Director
Keiji Hirai

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

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



Outside Director
Minesaburo Miyake

- Chairman and director, Nakashimato Co., Ltd.
- President, Kewpie Mirai Tamago Foundation
- Outside director, Kameda Seika Co., Ltd.
- Outside director, Autobacs Seven Co., Ltd. (An Audit and Supervisory Committee Member)
- Chief Associated Member, Council for Utilization of Dormant Deposits, Cabinet Office

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



Outside Director
Robert Wessman

- Alvotech hf. Chairman of the board
- Alvogen Aztiq AB Director
- Lotus Pharmaceutical Co., Ltd. Chairman
- Alvotech Holdings S.A. Chairman of the board
- Aztiq Pharma Partners S.a.r.l. Director

Brief Biography He became Chairman of the Board of Alvotech hf. in 2012. He has served Fuji Pharma as an outside director since July 2019.



Outside Director
Naoki Aoyama

- Manager, Sales & Marketing Department, Pharmaceuticals Division, Healthcare & Service Business Unit, Mitsui & Co., Ltd.

Brief Biography He is currently Manager of the Sales & Marketing Department in the Pharmaceuticals Division in the Healthcare & Service Business Unit of Mitsui & Co., Ltd., after serving as Director for MBK Healthcare Management Pte. Ltd. and others. He has served Fuji Pharma as an outside director since December 2019.

Audit & Supervisory Board Members



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, managing executive officer and in other posts, he has been a full-time audit & supervisory board member since December 2017 (to present).



Outside Audit & Supervisory Board Member
Fujiaki Mimura

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

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



Outside Audit & Supervisory Board Member
Miori Sagara

- President and CEO, BAOBAB Inc.

Brief Biography Founded BAOBAB Inc. in 2009 and has since served as its President and CEO, after working for Sumitomo Corporation and others. She has served Fuji Pharma as an outside audit & supervisory board member since December 2019.

Specialties of Outside Officers

Name	Management	Global	Technology	Finance	Legal	Healthcare	Sustainability
Outside Director Tadahiro Kozawa	●	●					
Outside Director Keiji Hirai	●	●				●	
Outside Director Minesaburo Miyake	●					●	●
Outside Director Robert Wessman	●	●				●	
Outside Director Naoki Aoyama		●				●	
Outside Audit & Supervisory Board Member Fujiaki Mimura		●			●		
Outside Audit & Supervisory Board Member Miori Sagara	●		●	●			●

Sustainability

Addressing social responsibility and social issues

Sustainability activities through the practice of corporate philosophy

We understand that the social responsibility we bear as a company that manufactures and sells pharmaceuticals is to contribute to people's health through the management of our business while valuing humans in accordance with our corporate philosophy. To fulfill this responsibility, we have set up a Sustainability Committee chaired by our President and CEO. The long-term vision we created last year set out the goal of integrating the world's happiest company and social contribution. We are working to resolve issues to realize a sustainable society through our business activities.

The Sustainability Committee determined the Basic Perspective on

Sustainability Activities to make our position on sustainability clear. It also drew up a Basic Policy on Sustainability to be the guidelines our officers and employees would follow to put the perspective into practice. Prior to our specific actions on sustainability in accordance with this basic policy, we sorted issues by each of the seven core subjects of the ISO 26000 international standards for organizational social responsibility. These specific actions are defined as part of the strategy in the Mid-Term Business Plan. We are making companywide efforts to encourage all our officers and employees to carry out their duties with a spirit of contributing to continued growth and the resolution of social issues.

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 the environment, the economy and other social sustainability issues.

Basic Policy on Sustainability

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.
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.
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.
Respect for Human Rights	We dignify and respect human rights and individualities of all people.
Environmental Conservation and Protection	We always keep in mind that environmental resources are limited and proactively work to conserve the global environment.

Support for women's well-being

We established contributing to the well-being of women in the world as one of the goals of the Vision for 2030. We aim to actively contribute to the physical, mental and social fulfillment of women around the world. To date, we have provided a wide variety of pharmaceutical products to aid women in every stage of their lives. This is one of our primary strategic fields.

In the future, we will not merely offer pharmaceuticals but strive to improve health literacy to help women independently plan their lives, including planning for recently diversifying work styles and changing lifestyles, to obtain accurate information about their bodies and about diseases that specifically affect women so that they are able to consult medical institutions and respond to symptoms unique to women. We believe this is one of the actions we must take to resolve social issues and a mission we must fulfill as a company involved in medical care for women.

On the basis of this idea, we released the LiLuLa smartphone app

aimed at supporting the health of women of all generations, including adolescents, adults, menopausal and post-menopausal women. We also embarked on educational activities with a view towards improving health literacy.

In addition, we launched a website in February 2020 to make the information distributed through LiLuLa more widely available on the Internet. Quite a lot of information available on the Internet is not reliable. LiLuLa, by publishing articles under the supervision of obstetricians and gynecologists, with the participation of medical professionals specializing in gynecology, is able to provide accurate information. It provides information about menstruation, contraception, pregnancy, menopause, gynecological exams and more. All this information is available completely free, without fees or advertising. LiLuLa is a service purely aimed at supporting women's health. As part of our health-focused management, we encourage other companies and organizations to use LiLuLa to step up educational activities.

Educational activities for female athletes

Especially in recent years, we have been conducting educational activities to provide basic knowledge about menstruation and the impact of changes in hormone balance on the physical condition of athletes to help female athletes to perform at their highest level. We have been supporting the Committee for Supporting the Health of Female Athletes since 2014. Before the Olympic and Paralympic Games in Tokyo, we carried out educational activities on the maintenance of physical condition and cycle management unique to women for the Japan women's field hockey team, Sakura Japan, in November 2019 and for the Japan women's under-21 field hockey team in February 2020.

Female athletes' conditions are susceptible to variations in hormonal balance that occur during the menstrual cycle. It is not surprising that this can affect their performance. This issue should be discussed not only

from the perspective of performance but also from the viewpoint of the life plans of women. For example, menstrual pain that is so severe that it disturbs daily life may possibly be a symptom of dysmenorrhea. If this disease is left untreated, it may result in sterility or develop into another disease in the future.

We will continue our educational activities through LiLuLa and opportunities like these to help female athletes to obtain accurate information about health risks and to create an environment for better performance.



Community contribution

We will proactively communicate with all stakeholders to extensively contribute to communities.

For instance, since our foundation, we have had a plant and our research and development facility in Toyama Prefecture. To helping vitalize the local sporting culture of Toyama, we signed a official sponsorship agreement** with the Toyama Grouses professional basketball team. With the city of

Toyama as its home town, it operates in a way that is closely linked to the local community.

In addition, we have a program providing internships and enabling junior and senior high school students to visit the company. We conduct a wide range of social contribution activities in an effort to be a company that continues to grow together with local communities.

** Since 2017, during the 2016-2017 season.

The Environment

Environmental actions

To make effective use of resources and to stop global warming, We have established an Energy Conservation Committee with the goal of working to conserve the global environment in accordance with the Act on the Rational Use of Energy.

In parallel with the observance of the Air Pollution Control, the Water Pollution Prevention Act, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof and the standards for emissions of environmentally hazardous substances subject to voluntary control in accordance with agreements with local governments and other related laws and regulations, we are making company-wide efforts to enhance our energy management system under the guidance of the Energy Conservation Committee.

Of all of our business activities, the Toyama Plant consumes the most energy. It strives to develop the expertise of its personnel to better operate its facilities and equipment to increasing the energy efficiency of its production equipment.

Integrating the world's happiest company and social contribution



The Vision for 2030 and the Mid-Term Business Plan define sustainability as a significant element.

Actions for safety and health

Actions for health-focused management

Based on our core stance of valuing our workforce, we endeavor to reduce overtime and encourage employees to take their annual paid leave in an effort to improve their work-life balance, in consideration of their health and wellness. Related actions that we take include the construction of work environments that are more friendly to workers, efforts to increase the flexibility of work styles, raise employees' awareness of childcare and nursing care leave programs, the development of an environment friendly to workers with

disabilities, the encouragement regular health checkups, and other efforts to improve employee health, including stop smoking programs and the promotion of mental health. In addition to complying with the Industrial Safety and Health Act and other laws and ordinances and working to prevent industrial accidents, we will push ahead with creation of work environments with leeway to protect the safety, hygiene and health of employees.

OLIC's actions to achieve 1,800 days without accidents

OLIC has been encouraging the monthly reporting of near misses since it launched the project in June 2015. This project proactively encourages employees to report near misses by offering awards to reporters and addresses the improvement for at least 50% cases reported each month. It is of great help in making clear the risks in workplaces and in preventing industrial accidents through strict implementation of the five-S (Sorting, Setting-in-Order, Shining, Standardizing, and Sustaining the Discipline) practices, facility improvements and other initiatives. Apart from these efforts, OLIC engages in educational activities in its morning meetings led by the safety management team, quarterly risk prediction training, pre-work safety inspection training and other programs to develop employee's awareness of safety.

It offers awards to departments achieving zero accidents every year. As a result of the company-wide safety efforts above, it achieved 1,800 days without accidents involving lost worktime on April 27, 2020.



A safety awareness poster and a signboard displaying the number of consecutive days without an accident

Personnel development

Personnel development and virtue evaluation scheme

We have introduced a Career Development Plan (CDP) program to develop employees with extensive knowledge and diverse perspectives. Under this program supporting their development, each employee determines their own career goals and shares them with the company and their superiors. In addition, we rotate employees through jobs to provide our staff with opportunities to experience different assignments. This helps employees develop experience and a broad perspective. We have a wide variety of training programs, ranging from programs for new employees to management executives. We also support career development by regularly providing e-Learning so employees can focus on their own self-development.

One of our corporate philosophy is that our corporate growth is proportional to personal growth. As a company emphasizing management that values people, we take measures to enhance human resource development under the leadership of the Personnel Development Section. The Mid-Term Business Plan also defines the development of the management team and the next generation of global leaders as a key business strategy. We will focus our energy on the development of the next generation of employees.

Our personnel evaluations are based on an original method of evaluating virtues in addition to common performance evaluations.

We first introduced this unique method in 2011. We focus on the concept of virtue in the discussion of leadership in Chinese classics. We have defined 19 benchmarks for seven virtues, propriety, righteousness, determination, wisdom, benevolence, moderation and sincerity. In

addition, we have formulated specific standards for employee behaviors. We have 2 corporate philosophies. The first is "we help people lead healthy lives by offering excellent pharmaceuticals", and the second is that "our corporate growth is proportional to personal growth". They are close to the concept of virtue, according to which we should do our best to serve others. To achieve our corporate philosophies, we attach importance to virtue and we have incorporated this idea and behavior into the personnel evaluation system. In so doing, we hope that all employees will behave with awareness of their own development and will thus make broader contributions. We will value the uniqueness of our company, which is reflected in this virtue evaluation scheme, and strive to develop employees that excel.

Nineteen index of virtue

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

Message from Chairman

Management that values people is the foundation of Fuji Pharma. We will make the most of our advantages to achieve continued growth.

Our corporate philosophies are distinctive particularly because they define the company as a place where the employees' development is supported. We hope that each employee will learn and experience many different things through corporate activities and grow. It was an objective of the corporate foundation by my father, Seiichi Imai and remains as a key concept in our current corporate management. This concept remains a key factor in the business decisions made by corporate management. When we are urged to make a decision on embarking on a new business, we study the business's ability to provide our employees with opportunities to do new things before making a decision. We believe that continuously providing opportunities and places where employees can display their strengths is an important duty of the management team.

Another characteristic of our corporate philosophy is that they are close to the idea of virtue in the study of Chinese classics. In general, the word virtue is often connected to morality. However, we believe that it means to do your best, thoroughly, for the sake of others. We define virtuous people as those who do their best for the sake of others and who are sincerely pleased with others' happiness and success. We have also introduced to our personnel evaluation system the idea of emphasizing an attitude of knowing one's mission to enhance individual capabilities for fulfilling them, respecting others and continuing their efforts humbly, seriously and earnestly with the determination to finish until the end. I hope that our staff will be always aware of what they are working for while implementing practical duties to grow as individuals.

The Vision for 2030 and the Mid-Term Business Plan clearly state that we will aim for full-scale global expansion. We will be embarking on this new venture. I hope that our staff members will venture into overseas markets for developing and marketing new products and thereby drive our continued growth.



Chairman and Representative Director
Hirofumi Imai

Principal Financial Data for the Past 11 Years

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	Non-consolidated				Consolidated						
Net sales (Millions of yen)	17,198	19,698	21,623	21,520	25,174	29,215	31,680	34,229	35,387	37,909	36,279
Operating profit (Millions of yen)	2,462	3,232	3,565	2,746	3,261	3,173	3,251	3,568	4,314	4,391	4,173
Ordinary profit (Millions of yen)	2,477	3,243	3,545	2,698	3,376	3,198	3,099	3,251	4,628	4,472	4,169
Profit attributable to owners of parent (Millions of yen)	1,525	1,944	2,204	1,370	2,068	2,078	2,092	2,118	3,301	3,372	2,962
Capital expenditure (Millions of yen)	1,372	1,759	3,414	1,693	3,167	1,073	1,694	2,427	1,261	1,109	1,965
Depreciation (Millions of yen)	952	1,026	1,021	1,211	1,206	1,376	1,768	1,667	1,769	1,976	1,850
R&D expenses (Millions of yen)	918	1,114	1,516	1,303	1,280	1,769	1,729	1,840	1,825	1,760	2,052
Net cash provided by (used in) operating activities (Millions of yen)	1,816	2,168	1,954	1,171	3,630	2,757	589	4,509	3,238	3,773	7,035
Net cash provided by (used in) investing activities (Millions of yen)	(1,859)	(1,404)	(2,288)	80	(6,601)	(1,975)	999	(3,319)	(1,534)	(1,073)	(12,024)
Net cash provided by (used in) financing activities (Millions of yen)	(270)	(334)	2,497	(835)	3,743	1,293	(4,635)	78	(3,042)	(2,001)	7,265
Net assets (Millions of yen)	16,221	17,833	21,264	22,098	24,066	28,544	28,593	29,226	32,601	35,350	39,363
Total assets (Millions of yen)	22,862	24,723	29,757	31,471	39,138	49,027	45,773	48,147	49,551	53,117	60,737
Earnings per share (Yen)	118.57	151.05	167.63	97.09	146.48	140.53	137.55	141.64	220.63	112.68	97.04
Book value per share (Yen)	1,260.42	1,385.65	1,506.00	1,565.03	1,704.06	1,826.54	1,912.27	1,953.65	2,178.46	1,181.37	1,263.51
Operating margin (%)	14.3	16.4	16.5	12.8	13.0	10.9	10.3	10.4	12.2	11.6	11.5
Return on equity (%)	9.8	11.4	11.3	6.3	8.6	7.3	7.3	7.3	10.7	9.9	7.9
Return on assets (%)	11.5	13.6	13.0	8.8	8.6	6.5	6.5	6.9	9.5	8.7	7.3
Equity ratio (%)	71.0	72.1	71.5	70.2	61.5	58.2	62.5	60.7	65.8	66.5	64.8
Dividend per share (Yen)	24.00	30.00	37.00	37.00	40.00	44.00	44.00	45.00	48.00	28.00	29.00
Number of employees	465	501	543	574	1,450	1,469	1,469	1,455	1,480	1,511	1,527

* A two-for-one split of common shares took place on July 1, 2018.
* OLIC became a subsidiary in October 2012.

Consolidated financial statements

Consolidated balance sheets (Millions of yen)

Assets	Previous fiscal year As of September 30, 2018	Fiscal year under review As of September 30, 2019
Current assets		
Cash and deposits	6,251	8,494
Notes and accounts receivable - trade	16,903	12,944
Merchandise and finished goods	3,169	3,437
Work in process	2,812	2,539
Raw materials and supplies	5,303	4,735
Accounts receivable - other	39	43
Other	453	1,724
Allowance for doubtful accounts	(6)	(0)
Total current assets	34,927	33,919
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,023	10,888
Accumulated depreciation	(5,449)	(5,770)
Buildings and structures, net	5,573	5,117
Machinery, equipment and vehicles	9,078	8,596
Accumulated depreciation	(7,263)	(6,950)
Machinery, equipment and vehicles, net	1,814	1,646
Land	915	919
Leased assets	4,434	4,389
Accumulated depreciation	(1,573)	(2,070)
Leased assets, net	2,860	2,318
Construction in progress	315	1,484
Other	1,273	1,358
Accumulated depreciation	(1,052)	(1,126)
Other, net	220	232
Total property, plant and equipment	11,700	11,718
Intangible assets		
Goodwill	1,764	1,494
Other	455	1,805
Total intangible assets	2,220	3,300
Investments and other assets		
Investment securities	60	7,342
Long-term advance payments	2,320	2,308
Deferred tax assets	1,027	1,288
Other	861	858
Total investments and other assets	4,269	11,798
Total non-current assets	18,189	26,817
Total assets	53,117	60,737

Liabilities	Previous fiscal year As of September 30, 2018	Fiscal year under review As of September 30, 2019
Current liabilities		
Notes and accounts payable - trade	6,746	4,813
Current portion of long-term loans payable	-	2,840
Lease obligations	537	530
Income taxes payable	373	492
Provision for bonuses	1,161	856
Provision for directors' bonuses	14	7
Provision for sales returns	17	22
Other	2,695	2,448
Total current liabilities	11,546	12,012
Non-current liabilities		
Long-term loans payable	2,000	5,530
Lease obligations	2,534	2,014
Net defined benefit liability	1,210	1,396
Other	475	418
Total non-current liabilities	6,220	9,360
Total liabilities	17,767	21,373
Net assets		
Shareholders' equity		
Capital stock	3,799	3,799
Capital surplus	5,023	5,841
Retained earnings	27,119	29,243
Treasury shares	(1,504)	(78)
Total shareholders' equity	34,438	38,804
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	(340)
Deferred gains or losses on hedges	23	-
Foreign currency translation adjustment	850	896
Remeasurements of defined benefit plans	27	(0)
Total accumulated other comprehensive income	909	556
Non-controlling interests	2	2
Total net assets	35,350	39,363
Total liabilities and net assets	53,117	60,737

Consolidated financial statements

Consolidated statements of income (Millions of yen)

	Previous fiscal year From October 1, 2017 to September 30, 2018	Fiscal year under review From October 1, 2018 to September 30, 2019
Net sales	37,909	36,279
Cost of sales	21,959	20,483
Gross profit	15,950	15,796
Selling, general and administrative expenses	11,559	11,622
Operating profit	4,391	4,173
Non-operating income	137	156
Non-operating expenses	55	160
Ordinary profit	4,472	4,169
Extraordinary income	5	4
Extraordinary losses	5	212
Profit before income taxes	4,472	3,961
Income taxes - current	1,124	1,083
Income taxes - deferred	(25)	(85)
Total income taxes	1,099	998
Profit	3,372	2,962
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	3,372	2,962

Consolidated statements of cash flows (Millions of yen)

	Previous fiscal year From October 1, 2017 to September 30, 2018	Fiscal year under review From October 1, 2018 to September 30, 2019
Net cash provided by (used in) operating activities	3,773	7,035
Net cash provided by (used in) investing activities	(1,073)	(12,024)
Net cash provided by (used in) financing activities	(2,001)	7,265
Net increase (decrease) in cash and cash equivalents	747	2,243
Cash and cash equivalents at beginning of period	5,503	6,251
Cash and cash equivalents at end of period	6,251	8,494

Corporate Profile

Company Name	Fuji Pharma Co., Ltd.
Main Businesses	Development, manufacturing and sales of pharmaceuticals used with prescriptions or guidance (injections, medicines for internal use and for external use and diagnostic drugs)
Head Office	6th Floor, Seitoh Kaikan, 5-7 Sambancho, Chiyoda-ku, Tokyo 102-0075 Japan
Date of Establishment	April 1965
Capital	3,799.1 million yen
Number of Employees	Consolidated: 1,557 (759 at Fuji Pharma and 798 at OLIC) (as of March 31, 2020)

Officers (as of March 31, 2020)

Chairman and Representative Director	Hirofumi Imai
President & CEO	Takayuki Iwai
Director, Vice President	Takayuki Kasai
Director, Executive Corporate Officer	Toyoyuki Kamide
Outside Director	Tadahiro Kozawa
Outside Director	Keiji Hirai
Outside Director	Minesaburo Miyake
Outside Director	Robert Wessman
Outside Director	Naoki Aoyama
Full-Time Audit & Supervisory Board Member	Seiichi Inoue
Outside Audit & Supervisory Board Member	Fujiaki Mimura
Outside Audit & Supervisory Board Member	Miori Sagara

Share Information (as of March 31, 2020)

Total number of issuable shares	56,440,000
Total number of issued shares	31,253,800
Number of shareholders	4,572

Major Shareholders (as of March 31, 2020)

Name	Number of shares held	Shareholding ratio (%)
Mitsui & Co., Ltd.	6,875,000	22.05
FJP Ltd.	4,332,200	13.89
Hirofumi Imai	4,052,750	13.00
Noriko Arai	1,240,000	3.98
Lotus Japan Holdings G.K.	1,219,300	3.91
The Master Trust Bank of Japan, Ltd. (trust account)	1,216,700	3.90
Japan Trustee Services Bank, Ltd. (trust account)	1,097,281	3.52
NOTHERN TRUST CO. (AVFC)RE-HCR00	904,100	2.90
Michiko Imai	846,000	2.71
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	637,500	2.04

Notes:

- Fuji Pharma holds 68,379 treasury shares, which account for 0.22% of the total issued shares. The treasury shares are excluded in the above calculation of shareholding ratios.
- Apart from the shareholders mentioned above, Sumitomo Mitsui Trust Bank, Ltd. holds 26,881 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, 2020)

