

Hisamitsu Pharmaceutical Co., Inc.

Q3 FY02/2019 Results

This presentation material contains information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors including changes in material circumstances.

Hisamitsu Pharmaceutical Co., Inc.
Jan. 11th, 2019

Promoting Patch Treatment Culture Worldwide

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Agenda

- 1. Looking back on the Q3 FY02/2019**
 - 2. Summary of Financial Results for Q3 FY02/2019**
 - 3. Consolidated PL**
 - 4. Non Consolidated PL**
 - 5. Noven PL**
 - 6. Sales results by product**
 - 7. Trends of 2nd-generation non-steroidal anti-inflammatory patch in Japan**
 - 8. R&D Pipeline**
- Additional data**

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1. Looking back on the Q3 FY02/2019 (1)

Ethical products

- Launch of Allesaga® Tape 4mg, 8mg (Transdermal, Allergic rhinitis treatment patch)
- Noven announces successful resolution of FDA warning letter
- Approval of supplemental new drug application (NDA) for the addition of a new 0.5 mg dose of the transdermal, pain management patch FENTOS® TAPE (development code: HFT-290)
- HP-3000 (a transdermal drug for treating Parkinson's disease)
Application for manufacturing and marketing approval
- HP-5070 (a transdermal drug for the treatment of primary local hyperhidrosis)
Commencement of Phase II Clinical Study in Japan
- Approval for manufacturing and marketing approval of OABLOK® PATCH in Taiwan (Transdermal, Overactive bladder treatment patch)
- Listing on the NHI drug price standard and marketing of a new dose 0.5 mg of Fentos® Tape (Development code: HFT-290), Transdermal, Pain management patch

※Dec. 11, 2018: The Sales transfer of the transdermal, pain management patch NORSPAN® TAPE

※Dec. 14, 2018: Completion of Phase III clinical study in opioid analgesic naïve patients of the transdermal, pain management patch FENTOS® TAPE (development code: HFT-290)

※Dec. 17, 2018: A new drug application for HP-3070 (Transdermal Patch for the Treatment of Schizophrenia) in the U.S.

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1. Looking back on the Q3 FY02/2019 (2)

OTC products

- Launch of Butenlock® Vα cream 18g , liquid 18ml
- Launch of Salonpas® 120 patches
- Launch of Nobinobi® Salonsip® Fα
- Launch of Nobinobi® Salonsip® F new package, 20 patches, 40 patches
- Launch of Feitas® Zα DICSAS® Hot



Others

- “Hisamitsu Springs” 2017-18 season V•Premier League (for women) ranked at 1st (for the 6th time in 2 years.)
- Salonpas Named the World's No. 1 OTC Topical Analgesic Patch Brand*1 for the second Consecutive Year
- Launch of Butenlock® antiseptic and antibacterial hand spray
- “Hisamitsu Springs” became champion at the 73rd National Sports Festival held in Fukui prefecture (2 consecutive years 8 round)
- The acquisition company's own shares (1,000,000 stocks)

※Dec. 23, 2018: “Hisamitsu Springs” The Empress cup all-Japan volleyball championship ranked at 1st (for the 8th time in 2 years)

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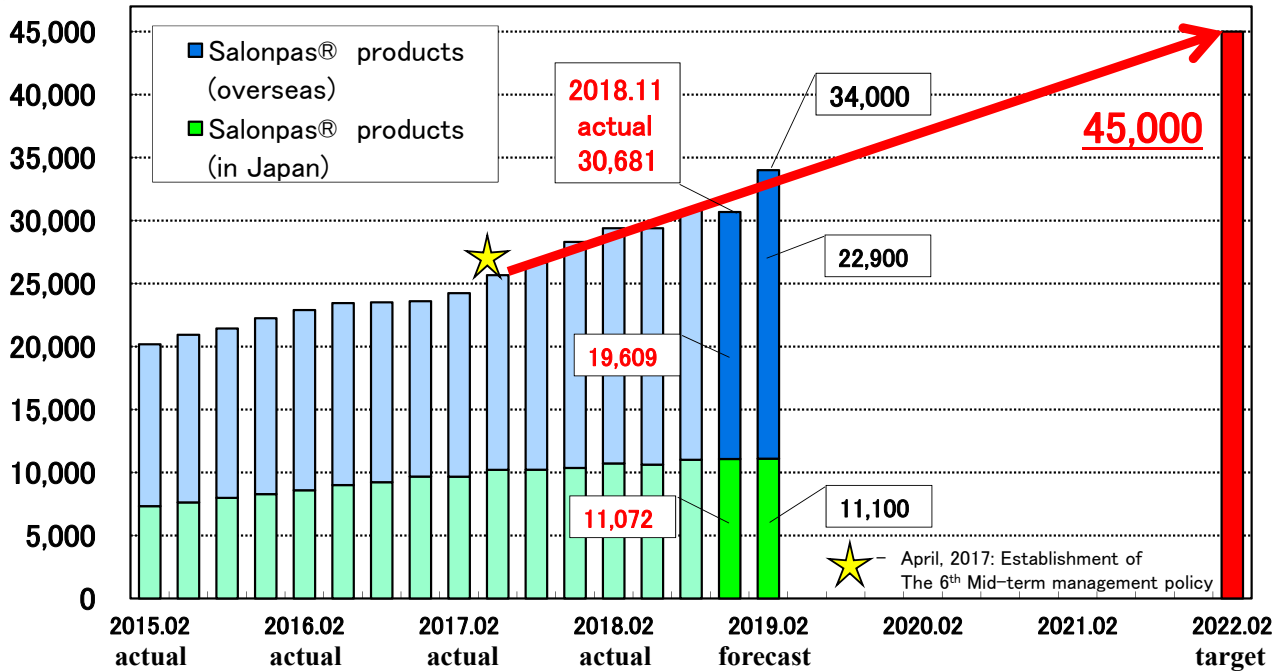
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1. Looking back on the Q3 FY02/2019 (3)

<Sales transition of Salonpas® products>

Target: annual sales of 45 billion yen(at FY02/22)

(MAT: Million Yen)



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1. Looking back on the Q3 FY02/2019 (4)

About the Sales of Salonpas®

- Salonpas® has been acknowledged as World's No.1 OTC Topical Analgesics Patch Brand for the second consecutive year on May 18, 2018.

⇒ Along with this, we needed to change the packages of Salonpas® in US, because the "WORLD'S BRAND No.1" logos were inserted in the Salonpas® packages.

⇒ We stopped the exportation temporarily and changed the packages.



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2. Summary of Financial Results for Q3 FY02/2019

Consolidated

Unit:¥ million

	Q3 FY02/2019	FY02/2019	
	Actual	Forecast	Progress rate
Net sales	102,574	148,500	69.1%
Operating profits	15,941	24,000	66.4%
Recurring profits	17,412	26,300	66.2%
Net profits	13,329	19,200	69.4%

※No change is made on forecast.

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3. Consolidated PL (1) - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/18 (Q3)	Actual performance for FY02/19 (Q3)	Change	Percentage Change
Net sales	109,553	102,574	-6,978	-6.4%
CoGS	40,267	38,175	-2,092	-5.2%
as a % of sales	36.8%	37.2%		
SG&A costs	48,598	48,458	-140	-0.3%
Sales promotion costs	9,364	10,155	+790	+8.4%
Advertising costs	8,162	9,399	+1,237	+15.2%
R&D spending	11,561	9,369	-2,192	-19.0%
Others	19,510	19,533	+23	+0.1%
Operating profits	20,687	15,941	-4,746	-22.9%
Recurring profits	22,043	17,412	-4,631	-21.0%
Net profits	15,840	13,329	-2,510	-15.8%

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3. Consolidated PL (2) - Summary of Profit and Loss -

Unit:¥ million

	Actual performance for FY02/18 (Q3)	Actual performance for FY02/19 (Q3)	Change	Main factor
Net sales	109,553	102,574	-6,978	
Hisamitsu (Non consolidated)	83,540	78,519	-5,021	•Decrease in sales of Rx Business. •Increase in sales of OTC/Intl Business.
Noven	15,193	13,675	-1,518	•Decrease in sales of major products.
Others *	10,820	10,380	-440	
CoGS	40,267	38,175	-2,092	•Decrease in sales
as a % of sales	36.8%	37.2%		
SG&A costs	48,598	48,458	-140	
Operating profits	20,687	15,941	-4,746	
Non-operating balance	1,356	1,470	+114	
Recurring profits	22,043	17,412	-4,631	
Extraordinary balance	481	209	-271	
Net profits	15,840	13,329	-2,510	

* "Others" includes consolidated adjustment.

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4. Non Consolidated PL - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/18 (Q3)	Actual performance for FY02/19 (Q3)	Change	Percentage Change
Net sales	83,540	78,519	-5,021	-6.0%
Rx Business	55,581	49,345	-6,236	-11.2%
OTC Business	19,875	20,579	+704	+3.5%
Intl Business	8,083	8,594	+511	+6.3%
CoGS	29,040	28,536	-504	-1.7%
as a % of sales	34.8%	36.3%		
SG&A costs	38,561	37,298	-1,263	-3.3%
Sales promotion costs	7,691	7,937	+246	+3.2%
Advertising costs	6,138	6,889	+750	+12.2%
R&D spending	9,355	7,429	-1,926	-20.6%
Others	15,375	15,041	-334	-2.2%
Operating profits	15,937	12,683	-3,253	-20.4%
Recurring profits	16,863	13,979	-2,883	-17.1%
Net profits	12,377	10,816	-1,561	-12.6%

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5. Noven PL - Comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/18 (Q3)	Actual performance for FY02/19 (Q3)	Change	Percentage Change
Net sales *	15,193	13,675	-1,518	-10.0%
CoGS	7,933	6,784	-1,148	-14.5%
as a % of sales	52.2%	49.6%		
SG&A costs	4,943	5,054	+110	+2.2%
Sales promotion costs	223	278	+54	+24.3%
Advertising costs	58	195	+137	+234.9%
R&D spending	2,163	1,950	-212	-9.8%
Others	2,497	2,629	+132	+5.3%
Operating profits	2,316	1,835	-480	-20.7%
Nonoperating balance	773	199	-573	
Pretax profits	3,089	2,030	-1,058	-34.3%
Net profits	2,316	1,644	-671	-29.0%

Exchange rate (¥/USD)	¥111.81	¥109.66
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* Results before consolidated adjustment.

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6. Sales results by product (1) - Rx Business -

Unit:¥ million

	Actual performance for FY02/19 (Q3)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	63,285	49,345	13,939	-7,960	-6,236	-1,724	-11.2%	-11.2%	-11.0%
Fentos [®] Tape	3,897	3,897	-	+191	+191	-	+5.2%	+5.2%	-
Norspan [®] Tape	1,496	1,496	-	-64	-64	-	-4.1%	-4.1%	-
Neoxy [®] Tape	514	514	-	-103	-103	-	-16.7%	-16.7%	-
Abstral [®]	156	156	-	-8	-8	-	-4.9%	-4.9%	-
Allesaga [®] Tape	109	109	-	+109	+109	-	-	-	-
Mohrus [®] Tape	31,586	31,548	37	-5,997	-5,937	-60	-16.0%	-15.8%	-61.9%
Mohrus [®] Pap	5,674	5,674	-	-714	-714	-	-11.2%	-11.2%	-
(Mohrus [®] Pap XR)	4,063	4,063	-	-134	-134	-	-3.2%	-3.2%	-
Others	6,581	5,949	631	+235	+291	-57	+3.7%	+5.1%	-8.3%
Minivelle [®]	4,851	-	4,851	-986	-	-986	-16.9%	-	-16.9%
Vivelle-Dot [®] products	3,298	-	3,298	-193	-	-193	-5.5%	-	-5.5%
CombiPatch [®] products	3,289	-	3,289	+291	-	+291	+9.7%	-	+9.7%
Brisdelle [®]	0	-	0	+10	-	+10	-	-	-
Daytrana [®]	1,830	-	1,830	-617	-	-617	-25.2%	-	-25.2%
Others of Noven products	0	-	0	-112	-	-112	-	-	-

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6. Sales results by product (2) - OTC Business -

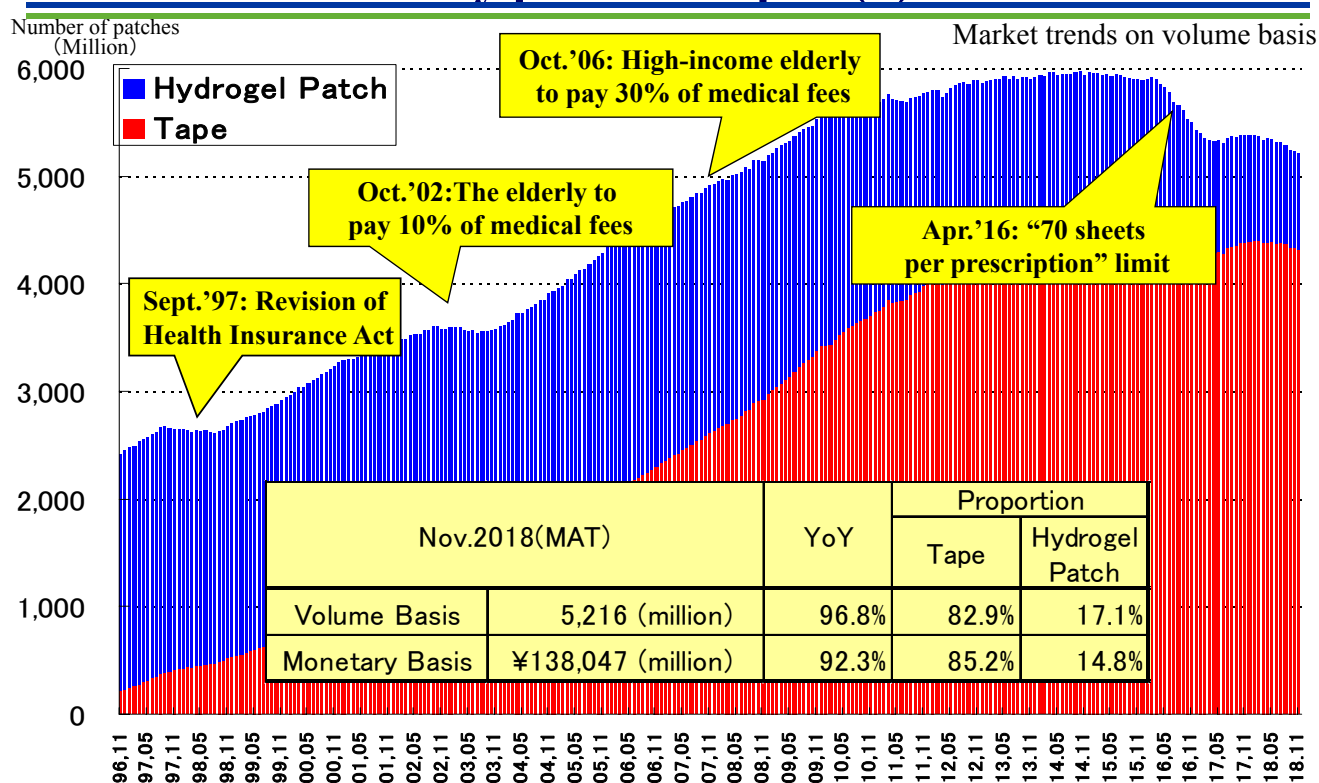
Unit: ¥ million

	Actual performance for FY02/19 (Q3)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	36,707	20,579	16,127	+940	+704	+236	+2.6%	+3.5%	+1.5%
Salonpas® products	22,737	8,738	13,999	+1,290	+353	+938	+6.0%	+4.2%	+7.2%
Salonprip® products	2,568	1,762	805	-934	-795	-139	-26.7%	-31.1%	-14.7%
Air® Salonpas® products	1,411	912	498	+31	+34	-3	+2.2%	+3.9%	-0.6%
Feitas® products	4,526	4,526	-	+471	+471	-	+11.6%	+11.6%	-
Butenalock® products	1,401	1,401	-	+35	+35	-	+2.6%	+2.6%	-
Allegra® FX	1,681	1,681	-	+389	+389	-	+30.1%	+30.1%	-
Others	2,379	1,555	824	-343	+217	-559	-12.6%	+16.2%	-40.4%

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7. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (1)

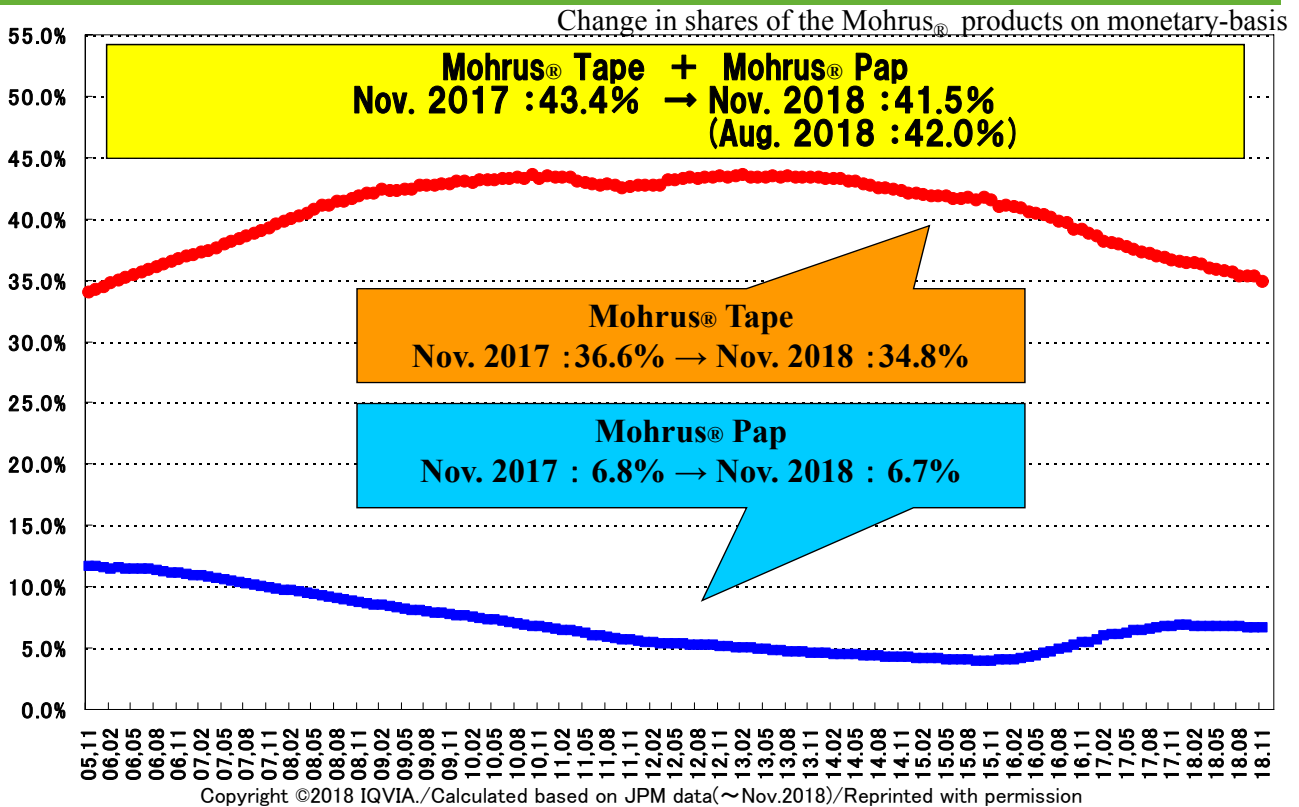


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7. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)



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8. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Filed (ANDA)	HP-1010	USA	Patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
2	Filed	HP-3000	JPN	Patch	Parkinson's disease	To be approved in FY19
3	Filed	HP-3070	USA	Patch	Schizophrenia	To be approved in FY19
4	Filed being prepared	HFT-290 (opioid analgesic naive patients)	JPN	Patch	Cancer pain	To be filed in FY19
5	Phase3	HP-3150	JPN	Patch	Cancer pain	To be filed in FY20
6	Phase3 being prepared	ATS	USA	Patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 start in FY18
7	Phase3 being prepared	HP-3150	JPN	Patch	Low back pain	Phase3 start in FY19
8	Phase3 being prepared	HP-3000	JPN	Patch	Idiopathic restless legs syndrome	Under consideration
9	Phase2	HP-5000	USA	Patch	Osteoarthritis of the knee	Phase3 start in FY20
10	Phase2	HP-5070	JPN	Transdermal	Primary local hyperhidrosis	Phase3 start in FY20

※Yellow-highlighted parts are changes from the previous announcement made on Oct. 10th, 2018

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Patch, moving into the future.



Hisamitsu



Tokyo 2020 Official Partner (External Pain Relief Products)



For muscle ache, muscle fatigue
Third-class OTC drugs



For stiff shoulders, backache, muscle ache
Third-class OTC drugs



For stiff shoulders, shoulderache, backache
Second-class OTC drugs



For muscle ache, muscle fatigue
Third-class OTC drugs

Hisamitsu
貼るを、未来へ。
Patch, moving into the future.

Additional data

Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/18 (Q3)	Actual performance for FY02/19 (Q3)	Change	Percentage Change
Net sales *	135,886	124,706	-11,179	-8.2%
CoGS	70,956	61,871	-9,084	-12.8%
as a % of sales	52.2%	49.6%		
SG&A costs	44,215	46,138	+1,923	+4.3%
Sales promotion costs	2,001	2,536	+534	+26.7%
Advertising costs	522	1,784	+1,261	+241.4%
R&D spending	19,353	17,790	-1,562	-8.1%
Others	22,337	24,027	+1,689	+7.6%
Operating profits	20,714	16,695	-4,018	-19.4%
Nonoperating balance	6,913	1,822	-5,090	-73.6%
Pretax profits	27,627	18,518	-9,109	-33.0%
Net profits	20,720	14,999	-5,720	-27.6%

* Results before consolidated adjustment.

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