

Hisamitsu Pharmaceutical Co., Inc.

Q1 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.
Jul. 6th, 2018

Promoting Patch Treatment Culture Worldwide

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Agenda

- 1. Looking back on the Q1 FY02/2019**
 - 2. Consolidated PL**
 - 3. Non Consolidated PL**
 - 4. Noven PL**
 - 5. Sales results by product**
 - 6. Trends of 2nd-generation non-steroidal anti-inflammatory patch in Japan**
 - 7. R&D Pipeline**
- Additional data**

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1. Looking back on the Q1 FY02/2019 (1)

OTC products	<ul style="list-style-type: none"> • Launch of Butenolock® 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
Ethical products	<ul style="list-style-type: none"> • Launch of Allesaga® Tape 4mg, 8mg (Transdermal, Allergic rhinitis treatment patch) • Noven announces successful resolution of FDA warning letter
Others	<ul style="list-style-type: none"> • “Hisamitsu Springs” 2017-18 season V・Premier League (for women) ranked at 1st (for the 6th time in 2 years.) • Launch of Butenolock® antiseptic and antibacterial hand spray

※July 2, 2018: 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)



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1. Looking back on the Q1 FY02/2019 (2)

OTC products	<ul style="list-style-type: none"> • Salonpas named the world’s No.1 OTC topical analgesics patch brand for the second consecutive year • Naming Hisamitsu Pharmaceutical as the holder of the world's largest share in the corresponding market category.
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By Euromonitor International

※Hisamitsu Pharmaceutical Co., Inc. is an Official Partner (External Pain Relief Products) for Tokyo 2020.

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1. Looking back on the Q1 FY02/2019 (3)

- Introduce new Salonpas® packaging design with world No.1 logo.



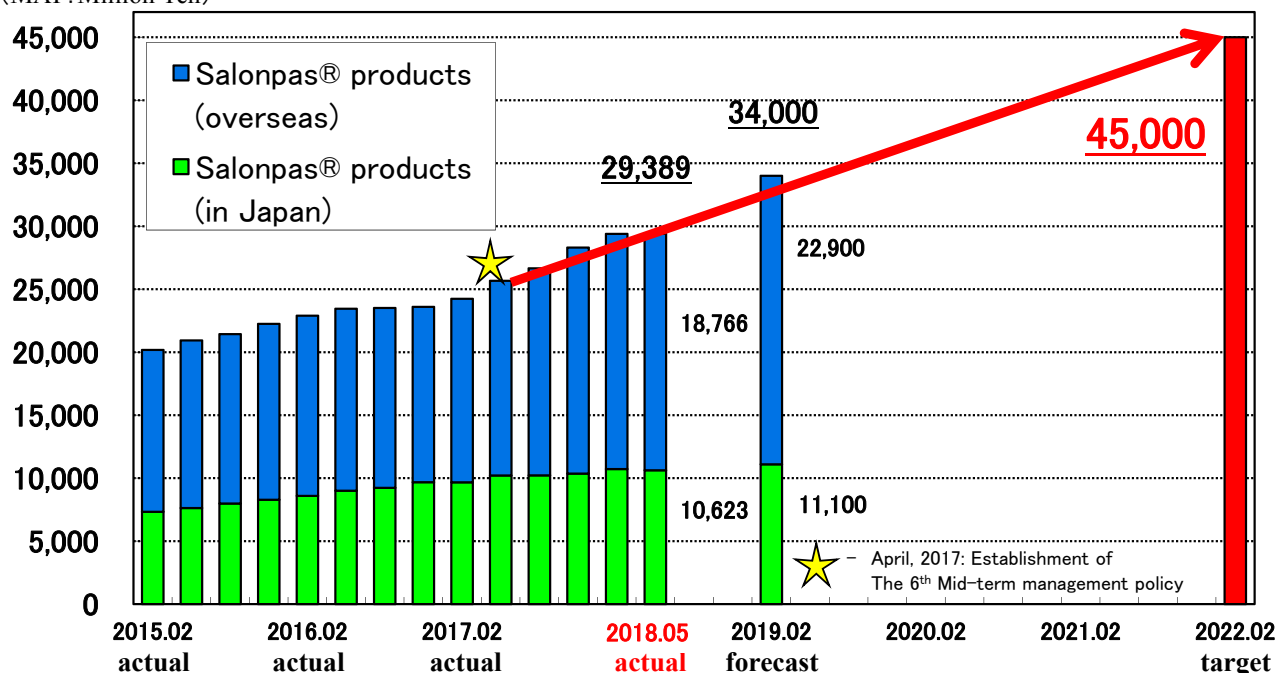
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1. Looking back on the Q1 FY02/2019 (4)

<Sales transition of Salonpas® products>

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

(MAT: Million Yen)



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

Unit:¥ million

	Actual performance for FY02/18 (Q1)	Actual performance for FY02/19 (Q1)	Change	Percentage Change
Net sales	36,081	33,499	-2,582	-7.2%
CoGS	14,004	13,600	-403	-2.9%
as a % of sales	38.8%	40.6%		
SG&A costs	16,987	15,543	-1,443	-8.5%
Sales promotion costs	3,068	3,019	-49	-1.6%
Advertising costs	2,861	2,857	-4	-0.2%
R&D spending	4,436	3,012	-1,423	-32.1%
Others	6,619	6,653	+34	+0.5%
Operating profits	5,090	4,354	-735	-14.4%
Recurring profits	4,941	4,449	-491	-10.0%
Net profits	3,674	3,452	-221	-6.0%

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

Unit:¥ million

	Actual performance for FY02/18 (Q1)	Actual performance for FY02/19 (Q1)	Change	Main factor
Net sales	36,081	33,499	-2,582	
Hisamitsu (Non consolidated)	25,997	26,538	+541	•Decrease in sales of Rx Business. •Increase in sales of OTC/Intl Business.
Noven	5,900	4,145	-1,755	•Decrease in sales of major products.
Others *	4,183	2,815	-1,368	•Increase in consolidated adjustment.
CoGS	14,004	13,600	-403	
as a % of sales	38.8%	40.6%		•Change of sales mix.
SG&A costs	16,987	15,543	-1,443	•Decrease in R&D spending of Hisamitsu.
Operating profits	5,090	4,354	-735	
Non-operating balance	-149	95	+243	
Recurring profits	4,941	4,449	-491	
Extraordinary balance	486	0	-486	
Net profits	3,674	3,452	-221	

* "Others" includes consolidated adjustment.

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

Unit:¥ million

	Actual performance for FY02/18 (Q1)	Actual performance for FY02/19 (Q1)	Change	Percentage Change
Net sales	25,997	26,538	+541	+2.1%
Rx Business	16,863	15,718	-1,145	-6.8%
OTC Business	7,477	8,077	+599	+8.0%
Intl Business	1,656	2,743	+1,087	+65.6%
CoGS	9,478	10,304	+826	+8.7%
as a % of sales	36.5%	38.8%		
SG&A costs	13,671	12,371	-1,300	-9.5%
Sales promotion costs	2,467	2,529	+62	+2.5%
Advertising costs	2,178	2,223	+45	+2.1%
R&D spending	3,768	2,423	-1,344	-35.7%
Others	5,257	5,193	-63	-1.2%
Operating profits	2,847	3,863	+1,015	+35.6%
Recurring profits	3,168	4,215	+1,046	+33.0%
Net profits	2,699	3,203	+503	+18.6%

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

Unit:¥ million

	Actual performance for FY02/18 (Q1)	Actual performance for FY02/19 (Q1)	Change	Percentage Change
Net sales *	5,900	4,145	-1,755	-29.7%
CoGS	2,959	2,359	-599	-20.3%
as a % of sales	50.2%	56.9%		
SG&A costs	1,678	1,546	-131	-7.8%
Sales promotion costs	79	60	-19	-24.3%
Advertising costs	1	13	+12	+666.4%
R&D spending	669	591	-78	-11.6%
Others	927	880	-46	-5.0%
Operating profits	1,262	238	-1,023	-81.1%
Nonoperating balance	57	47	-9	-16.9%
Pretax profits	1,319	286	-1,033	-78.3%
Net profits	857	303	-554	-64.6%

Exchange rate (¥/USD)	¥112.85	¥107.47
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* Results before consolidated adjustment.

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

Unit:¥ million

	Actual performance for FY02/19 (Q1)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	19,853	15,718	4,134	-2,998	-1,145	-1,853	-13.1%	-6.8%	-31.0%
Fentos [®] Tape	1,333	1,333	-	+319	+319	-	+31.5%	+31.5%	-
Norspan [®] Tape	488	488	-	-12	-12	-	-2.4%	-2.4%	-
Neoxy [®] Tape	181	181	-	-46	-46	-	-20.3%	-20.3%	-
Abstral [®]	50	50	-	-5	-5	-	-9.1%	-9.1%	-
Allesaga [®] Tape	99	99	-	+99	+99	-	-	-	-
Mohrus [®] Tape	9,973	9,973	-	-1,563	-1,542	-20	-13.5%	-13.4%	-100.0%
Mohrus [®] Pap	1,745	1,745	-	-55	-55	-	-3.1%	-3.1%	-
(Mohrus [®] Pap XR)	1,243	1,243	-	+130	+130	-	+11.7%	+11.7%	-
Others	1,964	1,845	119	+57	+97	-40	+3.0%	+5.5%	-25.2%
Minivelle [®]	1,433	-	1,433	-1,215	-	-1,215	-45.9%	-	-45.9%
Vivelle-Dot [®] products	883	-	883	-370	-	-370	-29.5%	-	-29.5%
CombiPatch [®] products	1,082	-	1,082	-50	-	-50	-4.4%	-	-4.4%
Brisdelle [®]	-	-	-	+10	-	+10	-	-	-
Daytrana [®]	615	-	615	-169	-	-169	-21.6%	-	-21.6%

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

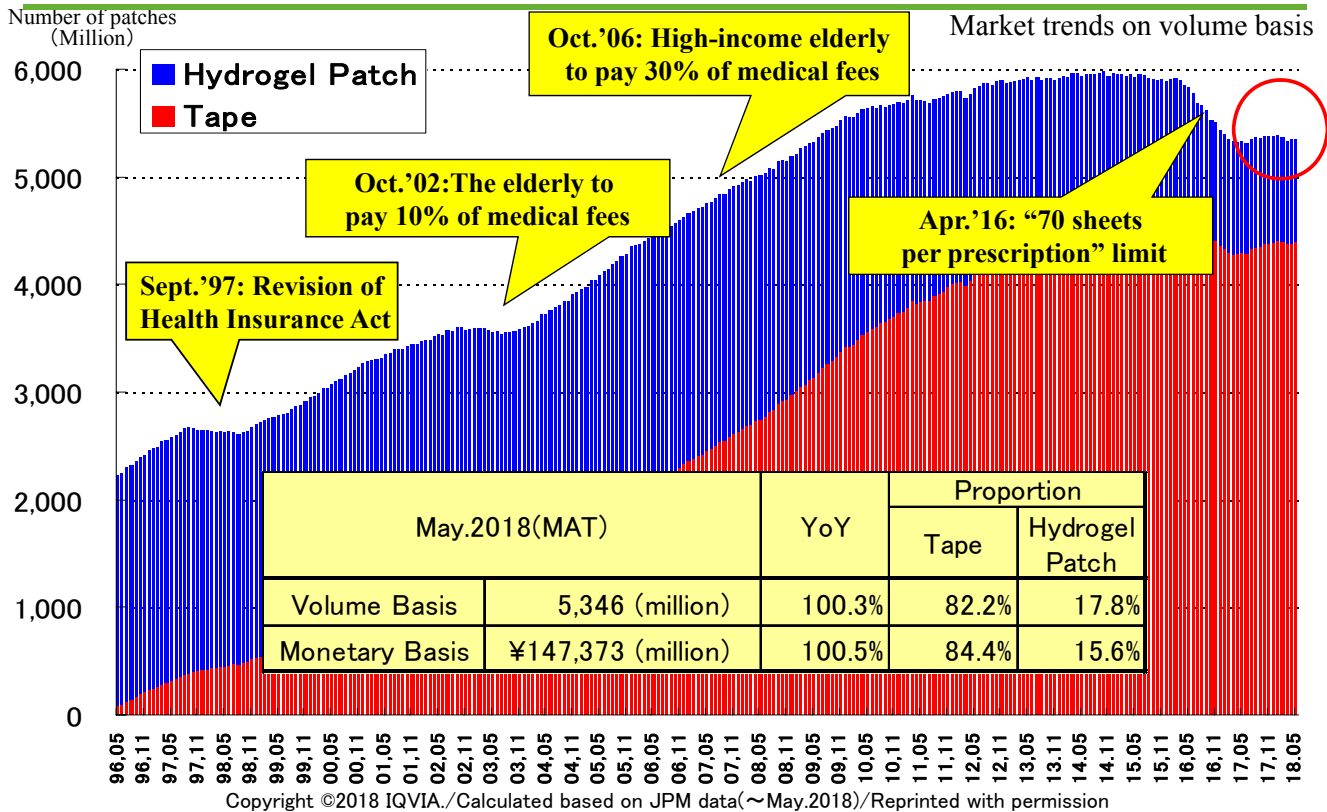
Unit:¥ million

	Actual performance for FY02/19 (Q1)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	12,790	8,077	4,712	+439	+600	-162	+3.6%	+8.0%	-3.3%
Salonpas [®] products	7,024	2,882	4,141	-188	-96	-93	-2.6%	-3.2%	-2.2%
Salonsip [®] products	822	615	207	-153	-136	-17	-15.7%	-18.1%	-7.6%
Air [®] Salonpas [®] products	421	301	119	+33	+26	+8	+8.5%	+9.5%	+7.2%
Feitas [®] products	1,427	1,427	-	+175	+175	-	+14.0%	+14.0%	-
Butenalock [®] products	948	948	-	+131	+131	-	+16.0%	+16.0%	-
Allegra [®] FX	1,393	1,393	-	+452	+452	-	+48.0%	+48.0%	-
Others	752	508	244	-10	+49	-59	-1.3%	+10.7%	-19.5%

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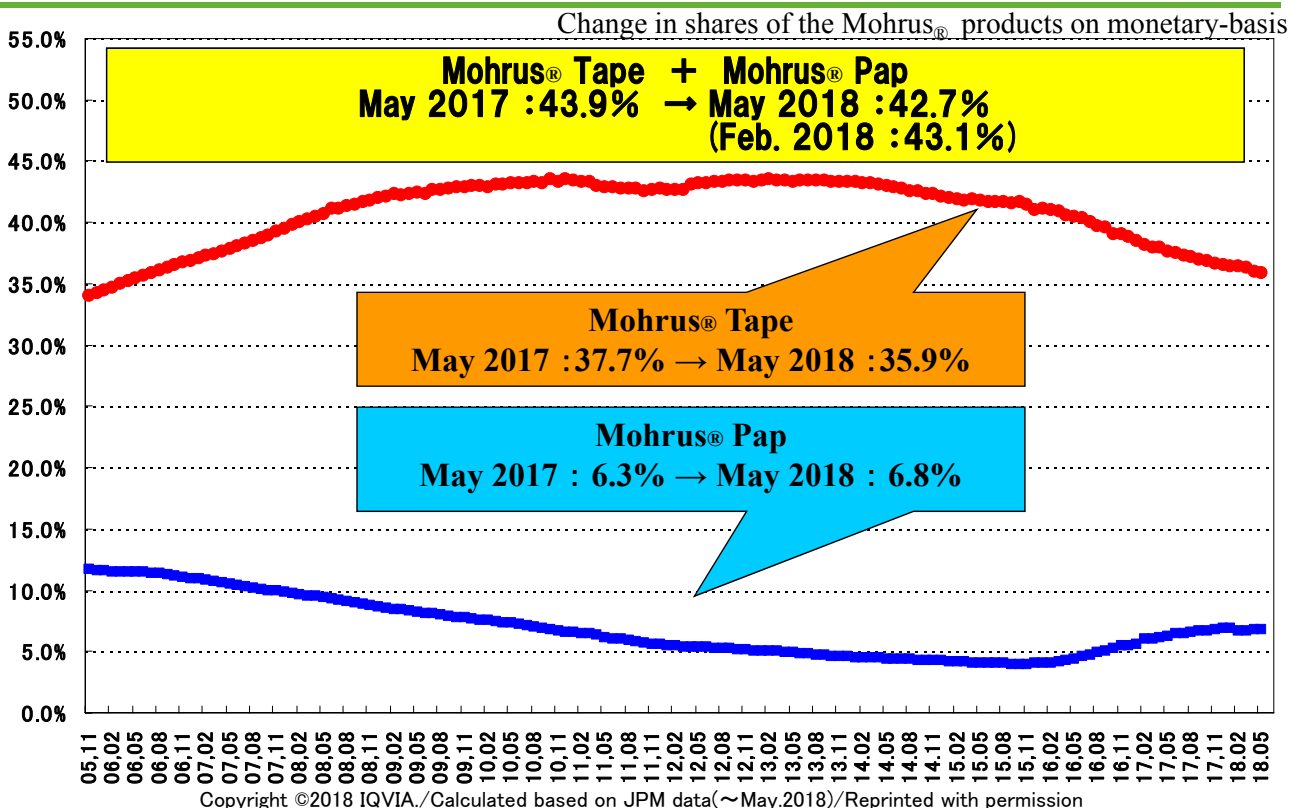
6. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (1)



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



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7. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Approval	HFT-290 (New dose addition)	JPN	Patch	Cancer pain, Chronic pain	To be launched in FY18
2	Filed (ANDA)	HP-1010	USA	Patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
3	Filed being prepared	HP-3000	JPN	Patch	Parkinson's disease	To be filed in FY18
4	Filed being prepared	HP-3070	USA	Patch	Schizophrenia	To be filed in FY18
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 FY19

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

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Delivering a Better QOL to the World

Q1 FY02/2019 Results

Jul. 6th, 2018

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Additional data

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Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/18 (Q1)	Actual performance for FY02/19 (Q1)	Change	Percentage Change
Net sales *	52,286	38,570	-13,715	-26.2%
CoGS	26,226	21,958	-4,268	-16.3%
as a % of sales	50.2%	56.9%		
SG&A costs	14,871	14,390	-480	-3.2%
Sales promotion costs	702	558	-144	-20.5%
Advertising costs	15	128	+112	+704.7%
R&D spending	5,935	5,507	-428	-7.2%
Others	8,216	8,196	-20	-0.2%
Operating profits	11,188	2,220	-8,967	-80.2%
Nonoperating balance	506	441	-64	-12.8%
Pretax profits	11,694	2,662	-9,031	-77.2%
Net profits	7,601	2,822	-4,778	-62.9%

* Results before consolidated adjustment.

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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