

# Hisamitsu Pharmaceutical Co., Inc.

## Q2 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.  
Oct. 10<sup>th</sup>, 2018

Promoting Patch Treatment Culture Worldwide

1

## Agenda

- 1. Looking back on the Q2 FY02/2019**
  - 2. Summary of Financial Results for Q2 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**

Promoting Patch Treatment Culture Worldwide

2

# 1. Looking back on the Q2 FY02/2019 (1)

OTC products	<ul style="list-style-type: none"> <li>• Launch of Butenlock® Vα cream 18g , liquid 18ml</li> <li>• Launch of Salonpas® 120 patches</li> <li>• Launch of Nobinobi® Salonsip® Fα</li> <li>• Launch of Nobinobi® Salonsip® F new package, 20 patches, 40 patches</li> </ul>
Ethical products	<ul style="list-style-type: none"> <li>▪ Launch of Allesaga® Tape 4mg, 8mg (Transdermal, Allergic rhinitis treatment patch)</li> <li>• Noven announces successful resolution of FDA warning letter</li> <li>• 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)</li> </ul>
Others	<ul style="list-style-type: none"> <li>• “Hisamitsu Springs” 2017-18 season V•Premier League (for women) ranked at 1<sup>st</sup> (for the 6th time in 2 years.)</li> <li>• Launch of Butenlock® antiseptic and antibacterial hand spray</li> </ul>

※Sep. 28, 2018: Application for manufacturing and marketing approval of HP-3000 (Transdermal, Parkinson’s disease treatment patch) in Japan

※Oct. 8, 2018: Became champion at the 73rd National Sports Festival held in Fukui prefecture !  
(2 consecutive years 8 round)  
Thank you for all your support !



Promoting Patch Treatment Culture Worldwide

# 1. Looking back on the Q2 FY02/2019 (2)

The overseas subsidiaries celebrated the Salonpas Day (May 18<sup>th</sup>) by executing promotion activities.

\*Q2 period for overseas subsidiaries are Apr - Jun



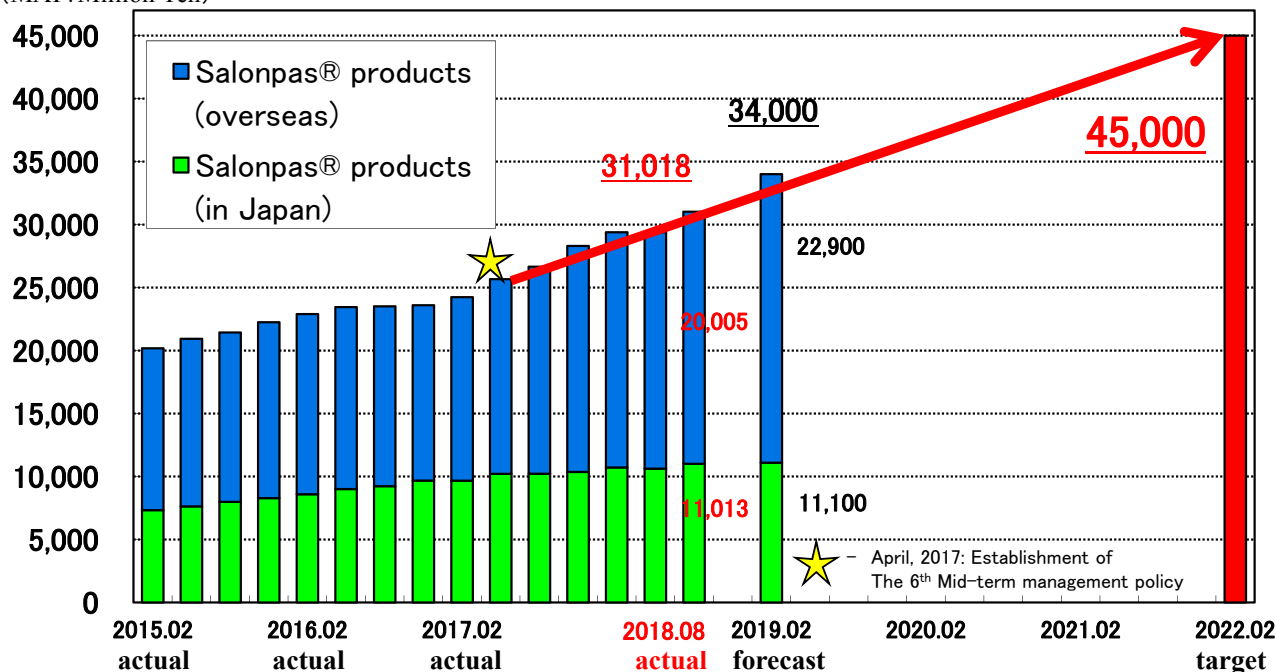
Promoting Patch Treatment Culture Worldwide

# 1. Looking back on the Q2 FY02/2019 (3)

## <Sales transition of Salonpas® products>

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

(MAT: Million Yen)



Promoting Patch Treatment Culture Worldwide

5

# 2. Summary of Financial Results for Q2 FY02/2019

## Consolidated

Unit: ¥ million

	Q2 FY02/2019	FY02/2019	
	Actual	Forecast	Progress rate
Net sales	69,384	148,500	46.7%
Operating profits	11,229	24,000	46.8%
Recurring profits	12,012	26,300	45.7%
Net profits	9,158	19,200	47.7%

※No change is made on forecast.

Promoting Patch Treatment Culture Worldwide

6

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

Unit:¥ million

	Actual performance for FY02/18 (Q2)	Actual performance for FY02/19 (Q2)	Change	Percentage Change
<b>Net sales</b>	<b>73,463</b>	<b>69,384</b>	<b>-4,079</b>	<b>-5.6%</b>
CoGS	27,584	26,130	-1,454	-5.3%
as a % of sales	37.5%	37.7%		
SG&A costs	33,249	32,024	-1,224	-3.7%
Sales promotion costs	6,335	6,439	+104	+1.6%
Advertising costs	5,774	6,229	+454	+7.9%
R&D spending	7,935	6,329	-1,605	-20.2%
Others	13,204	13,027	-177	-1.3%
<b>Operating profits</b>	<b>12,629</b>	<b>11,229</b>	<b>-1,400</b>	<b>-11.1%</b>
<b>Recurring profits</b>	<b>12,869</b>	<b>12,012</b>	<b>-857</b>	<b>-6.7%</b>
<b>Net profits</b>	<b>9,386</b>	<b>9,158</b>	<b>-228</b>	<b>-2.4%</b>

Promoting Patch Treatment Culture Worldwide

7

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

Unit:¥ million

	Actual performance for FY02/18 (Q2)	Actual performance for FY02/19 (Q2)	Change	Main factor
<b>Net sales</b>	<b>73,463</b>	<b>69,384</b>	<b>-4,079</b>	
Hisamitsu (Non consolidated)	55,871	52,473	-3,397	•Decrease in sales of Rx Business. •Increase in sales of OTC/Intl Business.
Noven	10,326	9,322	-1,004	•Decrease in sales of major products.
Others *	7,266	7,589	+323	•Increase in sales of overseas subsidiaries.
CoGS	27,584	26,130	-1,454	
as a % of sales	37.5%	37.7%		
SG&A costs	33,249	32,024	-1,224	•Decrease in R&D spending of Hisamitsu.
<b>Operating profits</b>	<b>12,629</b>	<b>11,229</b>	<b>-1,400</b>	
Non-operating balance	240	783	+543	
<b>Recurring profits</b>	<b>12,869</b>	<b>12,012</b>	<b>-857</b>	
Extraordinary balance	485	208	-276	
<b>Net profits</b>	<b>9,386</b>	<b>9,158</b>	<b>-228</b>	

\* "Others" includes consolidated adjustment.

Promoting Patch Treatment Culture Worldwide

8

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

Unit:¥ million

	Actual performance for FY02/18 (Q2)	Actual performance for FY02/19 (Q2)	Change	Percentage Change
<b>Net sales</b>	<b>55,871</b>	<b>52,473</b>	<b>-3,397</b>	<b>-6.1%</b>
Rx Business	36,804	32,562	-4,242	-11.5%
OTC Business	13,899	14,619	+719	+5.2%
Intl Business	5,167	5,291	+124	+2.4%
CoGS	19,855	19,177	-677	-3.4%
as a % of sales	35.5%	36.5%		
SG&A costs	26,435	25,149	-1,286	-4.9%
Sales promotion costs	5,111	5,090	-21	-0.4%
Advertising costs	4,399	4,775	+375	+8.5%
R&D spending	6,553	5,140	-1,413	-21.6%
Others	10,370	10,143	-227	-2.2%
<b>Operating profits</b>	<b>9,580</b>	<b>8,146</b>	<b>-1,433</b>	<b>-15.0%</b>
<b>Recurring profits</b>	<b>10,213</b>	<b>9,026</b>	<b>-1,186</b>	<b>-11.6%</b>
<b>Net profits</b>	<b>7,921</b>	<b>7,038</b>	<b>-882</b>	<b>-11.1%</b>

Promoting Patch Treatment Culture Worldwide

9

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

Unit:¥ million

	Actual performance for FY02/18 (Q2)	Actual performance for FY02/19 (Q2)	Change	Percentage Change
<b>Net sales *</b>	<b>10,326</b>	<b>9,322</b>	<b>-1,004</b>	<b>-9.7%</b>
CoGS	5,536	4,782	-753	-13.6%
as a % of sales	53.6%	51.3%		
SG&A costs	3,396	3,058	-338	-10.0%
Sales promotion costs	151	162	+11	+7.6%
Advertising costs	1	44	+42	+2240.0%
R&D spending	1,383	1,196	-187	-13.6%
Others	1,859	1,655	-204	-10.9%
<b>Operating profits</b>	<b>1,392</b>	<b>1,480</b>	<b>+88</b>	<b>+6.3%</b>
Nonoperating balance	127	117	-10	-7.9%
<b>Pretax profits</b>	<b>1,520</b>	<b>1,598</b>	<b>+77</b>	<b>+5.1%</b>
<b>Net profits</b>	<b>988</b>	<b>1,310</b>	<b>+322</b>	<b>+32.6%</b>

Exchange rate (¥/USD)	¥112.14	¥108.50
-----------------------	---------	---------

\* Results before consolidated adjustment.

Promoting Patch Treatment Culture Worldwide

10



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

Unit:¥ million

	Actual performance for FY02/19 (Q2)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>Rx Business</b>	<b>42,069</b>	<b>32,562</b>	<b>9,506</b>	<b>-5,405</b>	<b>-4,242</b>	<b>-1,163</b>	<b>-11.4%</b>	<b>-11.5%</b>	<b>-10.9%</b>
Fentos <sup>®</sup> Tape	2,652	2,652	-	+301	+301	-	+12.8%	+12.8%	-
Norspan <sup>®</sup> Tape	999	999	-	-60	-60	-	-5.7%	-5.7%	-
Neoxy <sup>®</sup> Tape	345	345	-	-82	-82	-	-19.2%	-19.2%	-
Abstral <sup>®</sup>	104	104	-	-11	-11	-	-9.6%	-9.6%	-
Allesaga <sup>®</sup> Tape	102	102	-	+102	+102	-	-	-	-
Mohrus <sup>®</sup> Tape	20,805	20,768	37	-4,142	-4,119	-23	-16.6%	-16.6%	-38.3%
Mohrus <sup>®</sup> Pap	3,727	3,727	-	-478	-478	-	-11.4%	-11.4%	-
(Mohrus <sup>®</sup> Pap XR)	2,662	2,662	-	-49	-49	-	-1.8%	-1.8%	-
Others	4,264	3,861	402	+44	+104	-60	+1.0%	+2.8%	-13.0%
Minivelle <sup>®</sup>	3,441	-	3,441	-414	-	-414	-10.7%	-	-10.7%
Vivelle-Dot <sup>®</sup> products	2,343	-	2,343	+59	-	+59	+2.6%	-	+2.6%
CombiPatch <sup>®</sup> products	2,172	-	2,172	+16	-	+16	+0.7%	-	+0.7%
Brisdelle <sup>®</sup>	0	-	0	+10	-	+10	-	-	-
Daytrana <sup>®</sup>	1,108	-	1,108	-639	-	-639	-36.6%	-	-36.6%
Others of Noven products	0	-	0	-113	-	-113	-	-	-

Promoting Patch Treatment Culture Worldwide

11

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

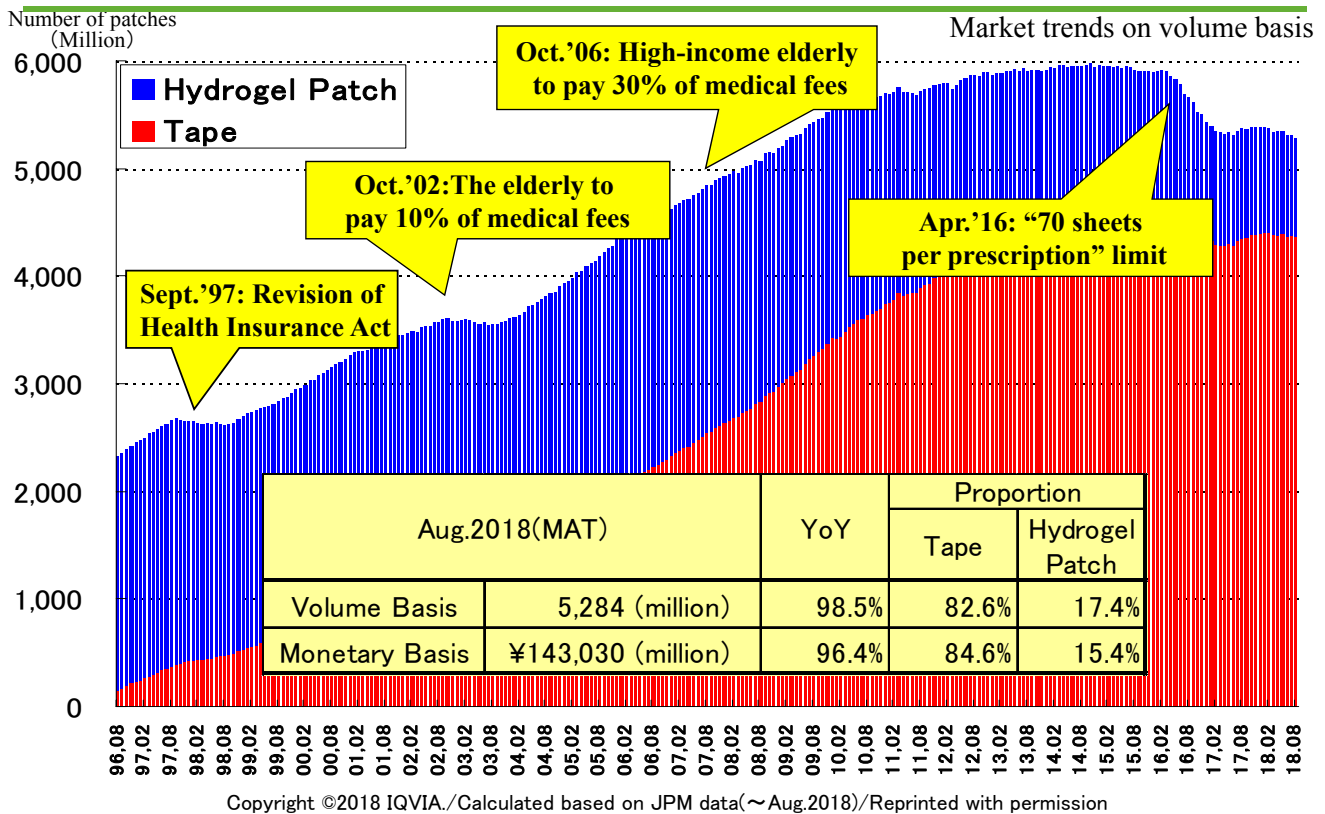
Unit:¥ million

	Actual performance for FY02/19 (Q2)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>OTC Business</b>	<b>25,594</b>	<b>14,619</b>	<b>10,975</b>	<b>+1,306</b>	<b>+720</b>	<b>+587</b>	<b>+5.4%</b>	<b>+5.2%</b>	<b>+5.6%</b>
Salonpas <sup>®</sup> products	15,606	5,866	9,740	+1,434	+294	+1,141	+10.1%	+5.3%	+13.3%
Salonsip <sup>®</sup> products	1,814	1,349	465	-792	-540	-251	-30.4%	-28.6%	-35.1%
Air <sup>®</sup> Salonpas <sup>®</sup> products	1,017	720	297	-15	+42	-56	-1.5%	+6.2%	-15.9%
Feitas <sup>®</sup> products	2,925	2,925	-	+300	+300	-	+11.4%	+11.4%	-
Butenalock <sup>®</sup> products	1,228	1,228	-	+29	+29	-	+2.4%	+2.4%	-
Allegra <sup>®</sup> FX	1,420	1,420	-	+415	+415	-	+41.3%	+41.3%	-
Others	1,580	1,108	471	-67	+180	-247	-4.1%	+19.4%	-34.4%

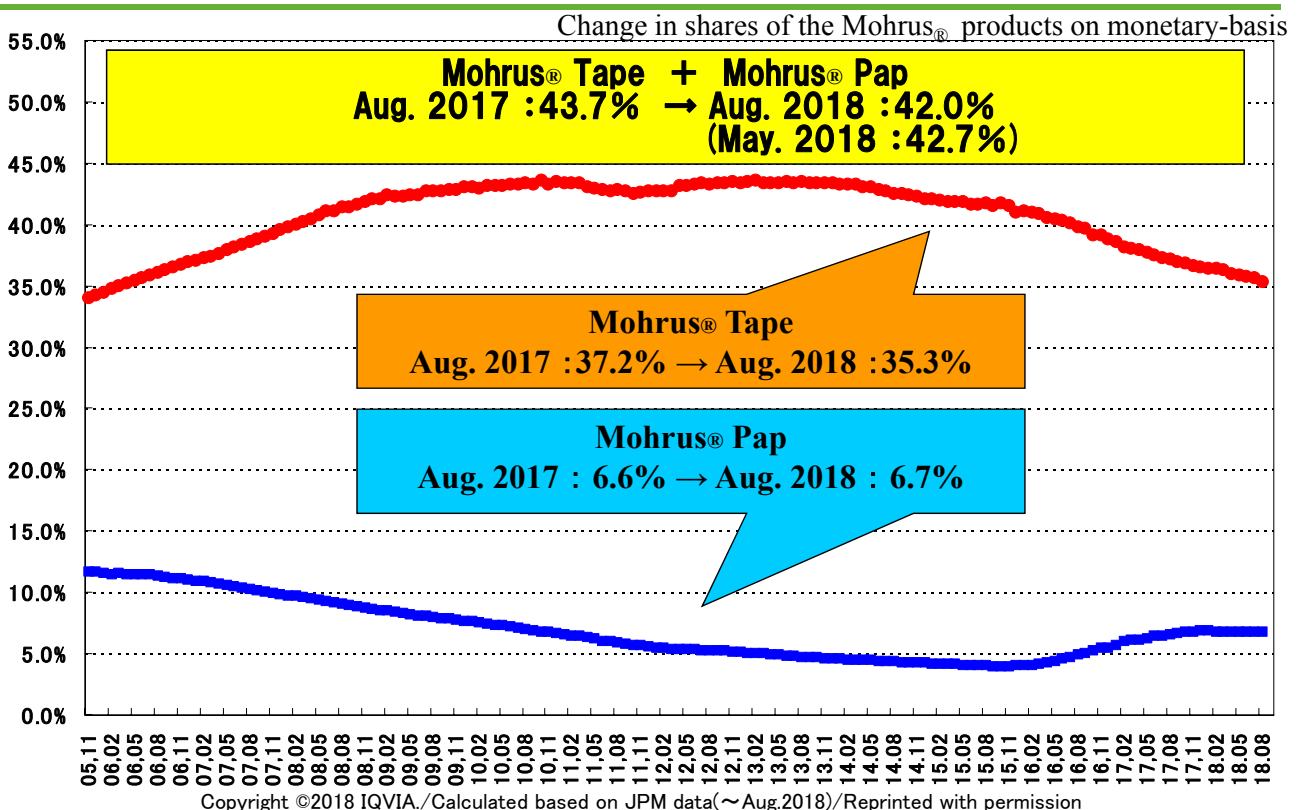
Promoting Patch Treatment Culture Worldwide

12

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



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



## 8. 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	HP-3000	JPN	Patch	Parkinson's disease	To be approved in FY19
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 Jul. 6<sup>th</sup>, 2018

Promoting Patch Treatment Culture Worldwide

15

# Delivering a Better QOL to the World

Q2 FY02/2019 Results

Oct. 10th, 2018

Hisamitsu Pharmaceutical Co., Inc.

Promoting Patch Treatment Culture Worldwide

16



# Additional data

Promoting Patch Treatment Culture Worldwide

17

## Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/18 (Q2)	Actual performance for FY02/19 (Q2)	Change	Percentage Change
<b>Net sales *</b>	<b>92,082</b>	<b>85,917</b>	<b>-6,164</b>	<b>-6.7%</b>
CoGS	49,371	44,081	-5,289	-10.7%
as a % of sales	53.6%	51.3%		
SG&A costs	30,289	28,188	-2,100	-6.9%
Sales promotion costs	1,349	1,501	+151	+11.3%
Advertising costs	16	407	+390	+2318.5%
R&D spending	12,338	11,024	-1,314	-10.7%
Others	16,584	15,255	-1,328	-8.0%
<b>Operating profits</b>	<b>12,421</b>	<b>13,646</b>	<b>+1,225</b>	<b>+9.9%</b>
Nonoperating balance	1,138	1,083	-54	-4.8%
<b>Pretax profits</b>	<b>13,559</b>	<b>14,730</b>	<b>+1,170</b>	<b>+8.6%</b>
<b>Net profits</b>	<b>8,813</b>	<b>12,078</b>	<b>+3,265</b>	<b>+37.0%</b>

\* Results before consolidated adjustment.

Promoting Patch Treatment Culture Worldwide

18

# 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