

# **Hisamitsu Pharmaceutical Co., Inc. Q1 FY02/2021 Results and Outlook for the FY02/2021**

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. 9<sup>th</sup>, 2020

# Agenda

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## Q1 FY02/2021 Results

- 1 . Response and impact of COVID-19**
- 2 . Looking back on the Q1 FY02/2021**
- 3 . Consolidated PL**
- 4 . Sales results by region**
- 5 . Sales results by product**
- 6 . Trends of Second-generation non-steroidal anti-inflammatory patch in Japan**
- 7 . R&D Pipeline**

## Outlook for the FY02/2021

- 8 . Forecast of Consolidated PL**
- 9 . Forecast of Sales by region**
- 10 . Forecast of Sales by product**
- 11 . Forecast of dividends**

# 1. Response and impact of COVID-19(1)

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Corporate Philosophy: Delivering a Better QOL to the World

Company Mission: Promoting Patch Treatment Culture Worldwide

【Establishment of Countermeasures Office against COVID-19 under the directions of President & CEO】

<Details of the implementation>

The countermeasures such as promotion of staggered working hours and working from home, and prohibition of business trips are implemented to secure the health and safety of employees in and out of Japan and customers.

- Measurement of the body temperature before commuting.
- Promotion of the wearing of masks, hand-washing, gargling, disinfection with alcohol.

The Company does not return to the practices that were in place before the spread of COVID-19 but active to adopt a work style that is not bound up by time and location utilizing experiences at the Declaration of a State of Emergency such as working from home and ICT. And the Company realizes a new work style allowing employees to make full use of their abilities to maximum.



Delivering a Better QOL to the World



# 1. Response and impact of COVID-19(2)

## Sales

### 《 Rx Business 》

Decrease in operating profits, etc.

- Restraint of visits to medical facilities.
- Restraint of having a medical examination.

### 《 OTC Business 》

Decrease in operating profits, etc.

- Significant decrease in foreign visitors to Japan by restrictions on travel
- Restraint of sales activity by the stay-at-home request
- Cancellation of events

### 《 Overseas 》

The impact on profits at the first quarter of the FY2021 by COVID-19 is limited.

## Production

### 《 Procurement of raw materials 》

The stocks are secured by construction of stable supply.

### 《 Products 》

Continuation of production by thorough taking care of employee's health and infectious disease control.

Securement of sufficient stocks for maintenance of stable supply.

## R&D

### 《 In part of R&D 》

- Additional expenses were required by temporary discontinuation of trial subjects registration.
- Remarkable schedule delay didn't occur.

※ If the spread of COVID-19 continues during long time and gets serious, there is a possibility it has further impact on the company.

## 2. Looking back on the Q1 FY02/2021 (1)

Rx Business	Mar. · Launch of transdermal, schizophrenia treatment patch “SECUADO <sup>®</sup> (Development code: HP-3070) in the U.S.
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※Jun. 29, 2020: Approval for manufacturing and marketing approval of the additional indications of cancer pain relief for opioid analgesic naïve patients of Fentos<sup>®</sup> Tape (Transdermal, pain management patch, Development code: HFT-290) in Japan.

OTC Business	Apr. · Renovation of Butenalock <sup>®</sup> L powder gel.
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※Jun. 30, 2020: Launch of Air<sup>®</sup> Salonpas<sup>®</sup> Z

Others	Mar. · Establishment of “SAGA HISAMITSU SPRINGS Co., Ltd” managing Hisamitsu Springs.
	Mar. · Launch of Butenalock <sup>®</sup> medicated soap 150g new package.
	Apr. · Certification acquisition of the cooperative energy saving plan in the Smart Energy Networks Project in the Kiyohara Industrial Complex
	May. · The “MAKE IT BLUE Campaign” to express gratitude to the healthcare workers by lighting up in blue.
	May. · Salonpas <sup>®</sup> named the World’s No. 1 OTC Topical Analgesic Patch Brand*1 for the 4th consecutive years.



## 2. Looking back on the Q1 FY02/2021 (2)

- Salonpas® named the World's No. 1 OTC Topical Analgesic Patch Brand for the 4th consecutive years.
- Naming Hisamitsu Pharmaceutical as the holder of the world's largest share in the corresponding market category for the 3rd consecutive years.



By Euromonitor International

## 2. Looking back on the Q1 FY02/2021 (3)

Promotion of ESG

Social contribution activity to express gratitude to the healthcare workers

In Japan, the Salonpas® signboard at Shibuya Scramble Crossing and Hisamitsu Pharmaceutical Museum will be lighted up in blue to express gratitude to the frontline healthcare workers who are working to treat patients infected by the COVID-19. In overseas countries, the company is engaging in activities such as donation our products to support healthcare workers and the people who protect people's daily lives like a government official, a police officer and a supermarket worker.

### Japan: MAKE IT BLUE Campaign



■ Shibuya Scramble Crossing  
(Shibuya-Ward, Tokyo)



■ Hisamitsu Pharmaceutical Museum  
(Tosu-City, Saga)

### Overseas: Donation our Products



■ overseas bases(Asian region)

## 2. Looking back on the Q1 FY02/2021 (4)

Activities in preparation for the Olympic and Paralympic games Tokyo 2020.

\* It was held at 1<sup>st</sup> quarter

### Holding of consumer campaign

Hisamitsu HELLO! TOKYO 2020 “Patch, moving into the future” Campaign Part 4



Picture in store



### Launch of limited items

Limited item comes with a Hisamitsu original poncho



Hisamitsu original poncho

Hisamitsu Pharmaceutical supports the Olympic and Paralympic Games Tokyo 2020 as an official partner (external pain relief products).

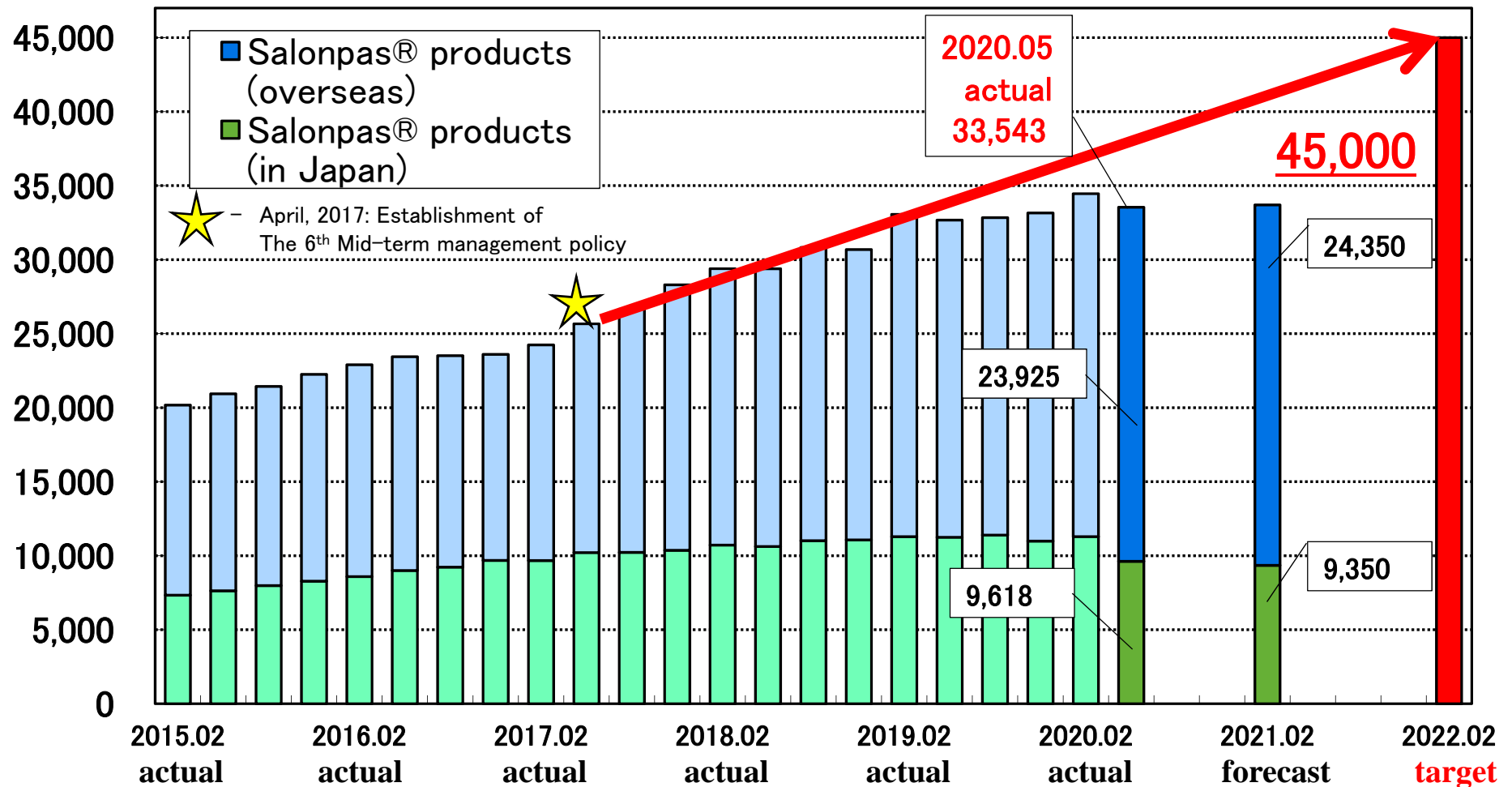


## 2. Looking back on the Q1 FY02/2021 (5)

<Sales transition of Salonpas® products>

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

(MAT:¥ Million)



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

Unit:¥ million

	Actual performance for FY02/20 (Q1)	Actual performance for FY02/21 (Q1)	Change	Percentage Change
<b>Net sales</b>	<b>29,233</b>	<b>24,882</b>	<b>-4,350</b>	<b>-14.9%</b>
CoGS	10,901	9,672	-1,229	-11.3%
as a % of sales	37.3%	38.9%		
SG&A costs	15,552	14,132	-1,420	-9.1%
Sales promotion costs	2,987	3,032	+44	+1.5%
Advertising costs	3,309	2,661	-648	-19.6%
R&D spending	2,978	2,676	-302	-10.1%
Others	6,276	5,761	-514	-8.2%
<b>Operating profits</b>	<b>2,778</b>	<b>1,078</b>	<b>-1,700</b>	<b>-61.2%</b>
<b>Recurring profits</b>	<b>2,863</b>	<b>418</b>	<b>-2,445</b>	<b>-85.4%</b>
<b>Net profits</b>	<b>1,913</b>	<b>113</b>	<b>-1,800</b>	<b>-94.1%</b>

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

Unit:¥ million

	Actual performance for FY02/20 (Q1)	Actual performance for FY02/21 (Q1)	Change	Main factor
<b>Net sales</b>	<b>29,233</b>	<b>24,882</b>	<b>-4,350</b>	
CoGS	10,901	9,672	-1,229	
as a % of sales	37.3%	38.9%		<ul style="list-style-type: none"> <li>▪ Affected by the drug price revision.</li> <li>▪ Change of sales composition.</li> </ul>
SG&A costs	15,552	14,132	-1,420	
Sales promotion costs	2,987	3,032	+44	<ul style="list-style-type: none"> <li>▪ The cost with launch of SECUADO.</li> <li>▪ Stagnation of sales promotion because of COVID-19.</li> </ul>
Advertising costs	3,309	2,661	-648	<ul style="list-style-type: none"> <li>▪ Cancellations of the events such as World Ladies Champion Ship Salonpas Cup.</li> </ul>
R&D spending	2,978	2,676	-302	<ul style="list-style-type: none"> <li>▪ 【FY02/20】Expenses of Phase III clinical study of HP-3150. (Cancer pain)</li> <li>▪ 【FY02/20】R&amp;D expenses related to Phase III clinical study of HP-3000. (Haruropi Tape)</li> </ul>
Others	6,276	5,761	-514	<ul style="list-style-type: none"> <li>▪ Decrease in Travel, transportation expenses.</li> </ul>
<b>Operating profits</b>	<b>2,778</b>	<b>1,078</b>	<b>-1,700</b>	
Nonoperating balance	85	-660	-745	<ul style="list-style-type: none"> <li>▪ Foreign exchange losses. (Indonesia, Brazil)</li> </ul>
<b>Recurring profits</b>	<b>2,863</b>	<b>418</b>	<b>-2,445</b>	
Extraordinary balance	-1	0	+2	
<b>Net profits</b>	<b>1,913</b>	<b>113</b>	<b>-1,800</b>	

## 4. Sales results by region

Unit:¥ million

		Actual performance for FY02/20 (Q1)	Actual performance for FY02/21 (Q1)	change	percentage Change
<b>Net sales</b>		<b>29,233</b>	<b>24,882</b>	<b>-4,350</b>	<b>-14.9%</b>
Rx Business	Japan	13,792	12,079	-1,712	-12.4%
	USA	3,177	2,574	-603	-19.0%
	Other regions	759	892	+132	+17.5%
OTC Business	Japan	6,574	3,688	-2,885	-43.9%
	USA	2,897	3,254	+357	+12.3%
	Other regions	1,371	1,737	+366	+26.7%
Others	Japan	661	656	-4	-0.8%

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

Unit:¥ million

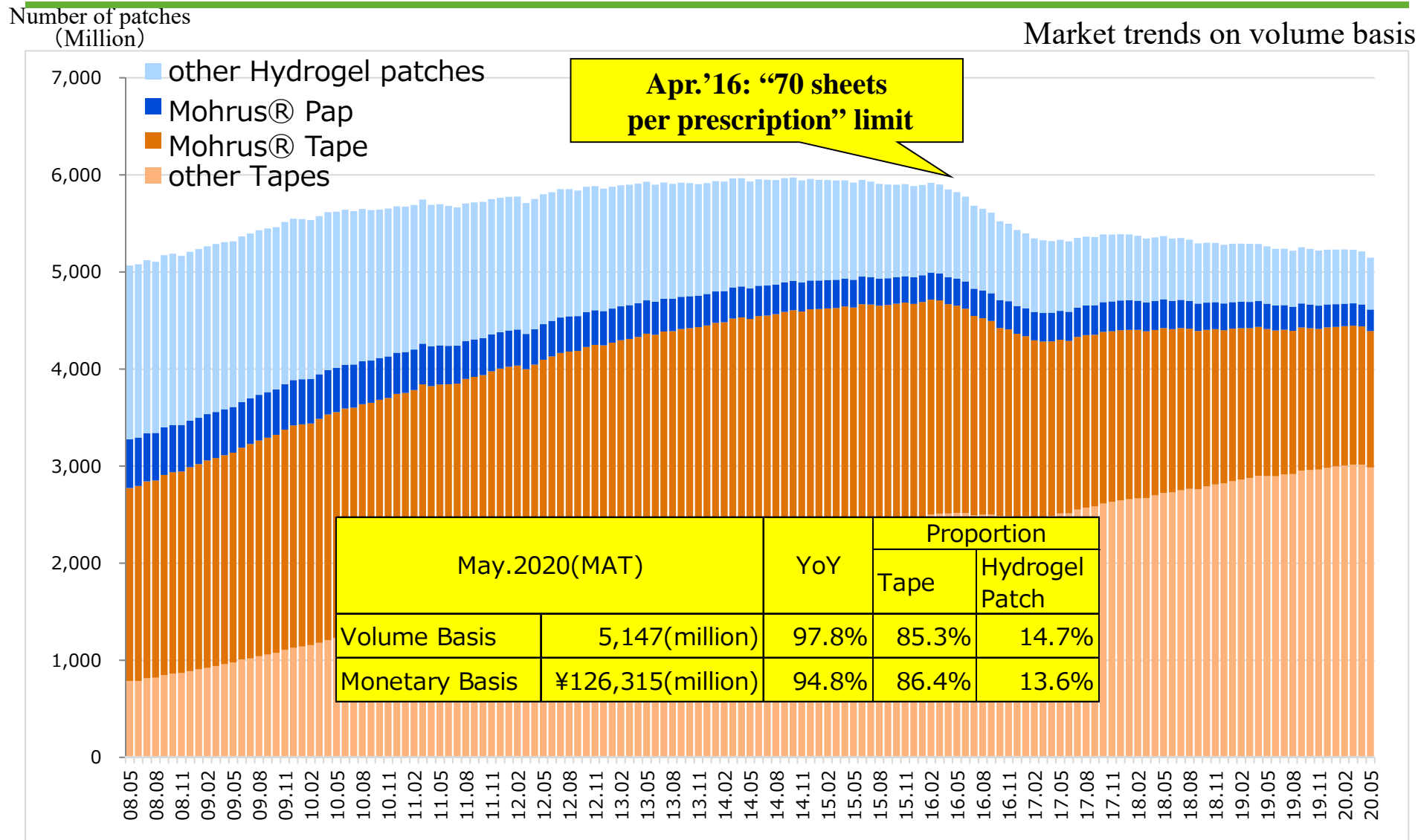
	Actual performance for FY02/21 Q1			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>Rx Business</b>	<b>15,545</b>	<b>12,079</b>	<b>3,466</b>	<b>-2,183</b>	<b>-1,712</b>	<b>-470</b>	<b>-12.3%</b>	<b>-12.4%</b>	<b>-11.9%</b>
Fentos <sup>®</sup> Tape	1,031	1,031	-	-59	-59	-	-5.4%	-5.4%	-
Neoxy <sup>®</sup> Tape	115	115	-	-43	-43	-	-27.1%	-27.1%	-
Abstral <sup>®</sup>	48	48	-	-4	-4	-	-8.9%	-8.9%	-
Allesaga <sup>®</sup> Tape	55	55	-	-20	-20	-	-26.7%	-26.7%	-
Haruropi <sup>®</sup> Tape	441	441	-	+441	+441	-	-	-	-
Mohrus <sup>®</sup> Tape	7,545	7,528	17	-1,404	-1,421	+17	-15.7%	-15.9%	-
Mohrus <sup>®</sup> Pap	1,129	1,129	-	-379	-379	-	-25.2%	-25.2%	-
(Mohrus <sup>®</sup> Pap XR)	820	820	-	-274	-274	-	-25.1%	-25.1%	-
Others	1,812	1,503	308	-274	-300	+26	-13.2%	-16.7%	+9.4%
Minivelle <sup>®</sup> products	617	-	617	-201	-	-201	-24.6%	-	-24.6%
Vivelle-Dot <sup>®</sup> products	891	-	891	-432	-	-432	-32.7%	-	-32.7%
CombiPatch <sup>®</sup> products	1,159	225	934	+156	+75	+80	+15.5%	+50.8%	+9.4%
Daytrana <sup>®</sup>	631	-	631	-29	-	-29	-4.5%	-	-4.5%
Secuado <sup>®</sup>	61	-	61	+61	-	+61	-	-	-

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

Unit:¥ million

	Actual performance for FY02/21 Q1			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>OTC Business</b>	<b>8,680</b>	<b>3,688</b>	<b>4,992</b>	<b>-2,162</b>	<b>-2,885</b>	<b>+723</b>	<b>-19.9%</b>	<b>-43.9%</b>	<b>+16.9%</b>
Salonpas <sup>®</sup> products	5,724	1,168	4,555	-912	-1,671	+758	-13.8%	-58.9%	+20.0%
Salonsip <sup>®</sup> products	422	336	85	-153	-108	-45	-26.7%	-24.4%	-34.5%
Air <sup>®</sup> Salonpas <sup>®</sup> products	268	153	115	-101	-114	+13	-27.4%	-42.8%	+13.1%
Feitas <sup>®</sup> products	903	903	-	-480	-480	-	-34.7%	-34.7%	-
Butenalock <sup>®</sup> products	476	476	-	-341	-341	-	-41.8%	-41.8%	-
Allegra <sup>®</sup> FX	95	95	-	-317	-317	-	-76.9%	-76.9%	-
Others	789	554	235	+145	+149	-3	+22.6%	+36.9%	-1.5%

# 6. Trends of second-generation non-steroidal anti-inflammatory patch in Japan



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## 7. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Approval	HFT-290 (opioid analgesic naive patients)	JPN	Patch	Cancer pain	approved on Jun. 29
2	Filed (ANDA)	HP-1010	USA	Patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
3	Filed	HP-3150	JPN	Patch	Cancer pain	To be approved in FY20
4	Phase3*	ATS	USA	Patch	Attention Deficit Hyperactivity Disorder (ADHD)	To be filed in FY20
5	Phase3	HP-3150	JPN	Patch	Low back pain Humeroscapular periarthrits Cervico-omo-brachial syndrome Tenosynovitis	To be filed in FY21
6	Phase3 being prepared	HP-5070	JPN	Transdermal	Primary local hyperhidrosis	Phase3 start in FY20
7	Phase3 being prepared	HP-5000	USA	Patch	Osteoarthritis of the knee	Phase3 start in FY20
8	Discontinued	HP-3000	JPN	Patch	Idiopathic restless legs syndrome	-

\*Conduct of 4 studies including not large efficacy and safety trial, but usability test.

※Yellow-highlighted parts are changes from the previous announcement made on Apr.10,2020



# Outlook for the FY02/2021

## The main premise for outlook

- Domestic demand in each country will recover gradually toward the end of the current period.
- There are far fewer foreign visitors to Japan in FY02/2021 compared to the number of foreign visitors to Japan in the past years.

## 8. Forecast of Consolidated PL

Unit:¥ million

	Actual performance for FY02/20 (Q1-Q4)	Full-year earnings forecast for FY02/21 (Q1-Q4)	Change	Percentage Change
<b>Net sales</b>	<b>140,992</b>	<b>127,000</b>	<b>-13,992</b>	<b>-9.9%</b>
CoGS	53,388	49,700	-3,688	-6.9%
as a % of sales	37.9%	39.1%		
SG&A costs	64,875	64,400	-475	-0.7%
Sales promotion costs	13,873	14,700	+827	+6.0%
Advertising costs	14,758	13,150	-1,608	-10.9%
R&D spending	10,504	11,100	+596	+5.7%
Others	25,739	25,450	-289	-1.1%
<b>Operating profits</b>	<b>22,727</b>	<b>12,900</b>	<b>-9,827</b>	<b>-43.2%</b>
<b>Recurring profits</b>	<b>25,628</b>	<b>14,800</b>	<b>-10,828</b>	<b>-42.3%</b>
<b>Net profits</b>	<b>18,694</b>	<b>10,600</b>	<b>-8,094</b>	<b>-43.3%</b>
Exchange rate (¥/USD)	109.24	109.00		

## 9. Forecast of Sales by region

Unit:¥ million

		Actual performance for FY02/20 (Q1-Q4)	Forecast for FY02/21 (Q1-Q4)	change	percentage Change
<b>Net sales</b>		<b>140,992</b>	<b>127,000</b>	<b>-13,992</b>	<b>-9.9%</b>
Rx Business	Japan	65,080	52,900	-12,180	-18.7%
	USA	12,262	9,200	-3,062	-25.0%
	Other regions	4,036	4,300	+264	+6.5%
OTC Business	Japan	29,682	28,400	-1,282	-4.3%
	USA	12,103	12,200	+97	+0.8%
	Other regions	15,168	17,100	+1,932	+12.7%
Others	Japan	2,640	2,900	+260	+9.8%

## 10. Forecast of Sales by product (1) - Rx Business -

Unit:¥ million

	Earnings forecast for FY02/21 (Q1-Q4)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>Rx Business</b>	<b>66,400</b>	<b>52,900</b>	<b>13,500</b>	<b>-14,979</b>	<b>-12,180</b>	<b>-2,799</b>	<b>-18.4%</b>	<b>-18.7%</b>	<b>-17.2%</b>
Fentos <sup>®</sup> Tape	3,500	3,500	-	-655	-655	-	-15.8%	-15.8%	-
Neoxy <sup>®</sup> Tape	550	550	-	-55	-55	-	-9.1%	-9.1%	-
Abstral <sup>®</sup>	200	200	-	+2	+2	-	+1.0%	+1.0%	-
Allesaga <sup>®</sup> Tape	900	900	-	+544	+544	-	+152.8%	+152.8%	-
Haruropi <sup>®</sup> Tape	1,400	1,400	-	+726	+726	-	+107.7%	+107.7%	-
Mohrus <sup>®</sup> Tape	32,900	32,700	200	-6,191	-5,785	-405	-15.8%	-15.0%	-66.9%
Mohrus <sup>®</sup> Pap	5,000	5,000	-	-1,407	-1,407	-	-22.0%	-22.0%	-
(Mohrus <sup>®</sup> Pap XR)	3,500	3,500	-	-1,159	-1,159	-	-24.9%	-24.9%	-
Others	9,050	7,550	1,500	-5,739	-6,098	+359	-38.8%	-44.7%	+31.5%
Minivelle <sup>®</sup>	2,000	-	2,000	-1,249	-	-1,249	-38.4%	-	-38.4%
Vivelle-Dot <sup>®</sup> products	3,600	-	3,600	-1,317	-	-1,317	-26.8%	-	-26.8%
CombiPatch <sup>®</sup> products	5,100	1,100	4,000	+765	+552	+213	+17.6%	+100.7%	+5.6%
Daytrana <sup>®</sup>	2,000	-	2,000	-490	-	-490	-19.7%	-	-19.7%
Secuado <sup>®</sup>	200	-	200	+200	-	+200	-	-	-

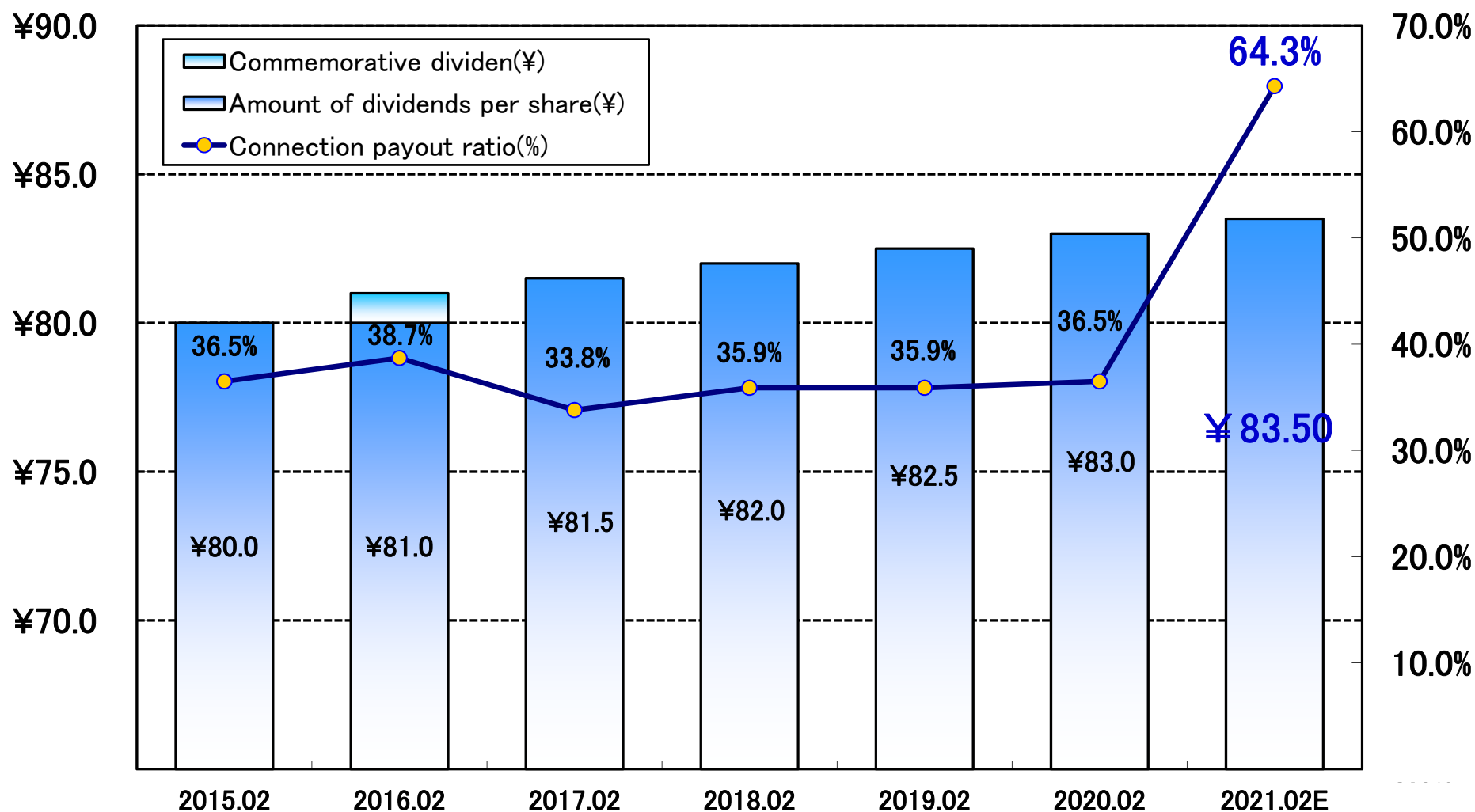
## 10. Forecast of Sales by product (2) - OTC Business -

Unit:¥ million

	Earnings forecast for FY02/21 (Q1-Q4)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>OTC Business</b>	<b>57,700</b>	<b>28,400</b>	<b>29,300</b>	<b>+729</b>	<b>-1,282</b>	<b>+2,011</b>	<b>+1.3%</b>	<b>-4.3%</b>	<b>+7.4%</b>
Salonpas® products	33,700	9,350	24,350	-756	-1,940	+1,184	-2.2%	-17.2%	+5.1%
Salonsip® products	3,900	2,600	1,300	-88	+234	-321	-2.2%	+9.9%	-19.8%
Air® Salonpas® products	1,950	1,150	800	+249	+124	+125	+14.6%	+12.1%	+18.5%
Feitas® products	5,950	5,950	-	+36	+36	-	+0.6%	+0.6%	-
Butenolock® products	1,600	1,600	-	-83	-83	-	-4.9%	-4.9%	-
Allegra® FX	4,750	4,750	-	-553	-553	-	-10.4%	-10.4%	-
Others	5,850	3,000	2,850	+1,927	+903	+1,024	+49.1%	+43.1%	+56.1%

# 11. Forecast of dividends

➤ For the term ending February 2021, the consolidated dividend payout ratio is predicted to be 64.3% and the payout is expected to be ¥83.5. (\* Midterm dividend ¥41.75 predicted.)



# Patch, moving into the future.



**Hisamitsu**<sup>®</sup>



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