

# **Hisamitsu Pharmaceutical Co., Inc.**

## **Q1 FY02/2020 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. 10<sup>th</sup>, 2019**

# Agenda

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- 1. Looking back on the Q1 FY02/2020**
- 2. Consolidated PL**
- 3. Sales results by region**
- 4. Sales results by product**
- 5. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan**
- 6. R&D Pipeline**
- 7. Repurchase and Cancellation of Own Shares**

# 1. Looking back on the Q1 FY02/2020 (1)

<p>Rx Business</p>	<ul style="list-style-type: none"> <li>•HP-3150 (an analgesic transdermal drug containing NSAIDs) Completion of the Phase III clinical study in Japan for “carcinomatous pain”.</li> <li>•HP-5070 (a transdermal drug for the treatment of primary local hyperhidrosis) Completion of Phase II clinical study in Japan.</li> </ul>
<p>OTC Business</p>	<ul style="list-style-type: none"> <li>•Launch of Feitas® Shippu, Feitas® Shippu(Hot) new package.</li> <li>•Launch of Kodomo Robinai plus new package.</li> </ul>
<p>Others</p>	<ul style="list-style-type: none"> <li>•“Hisamitsu Springs” 2018-19 V. LEAGUE DIVISION 1 (for women) ranked at 1<sup>st</sup> (2nd consecutive years 7 round)</li> <li>• Launch of Air® Salonpas® Ice-ing Spray 490mL</li> </ul>

※Jun 3, 2019 : Transfer of Marketing and Manufacturing Approval and Distribution Rights for the transdermal follicle and luteinizing hormone product “Menoaid® Combipatch”.



# 1. Looking back on the Q1 FY02/2020 (2)

OTC  
Business

- Salonpas® Named the World's No. 1 OTC Topical Analgesic Patch Brand\*1 for the 3rd consecutive years.
- Naming Hisamitsu Pharmaceutical as the holder of the world's largest share in the corresponding market category for the 2nd consecutive years.



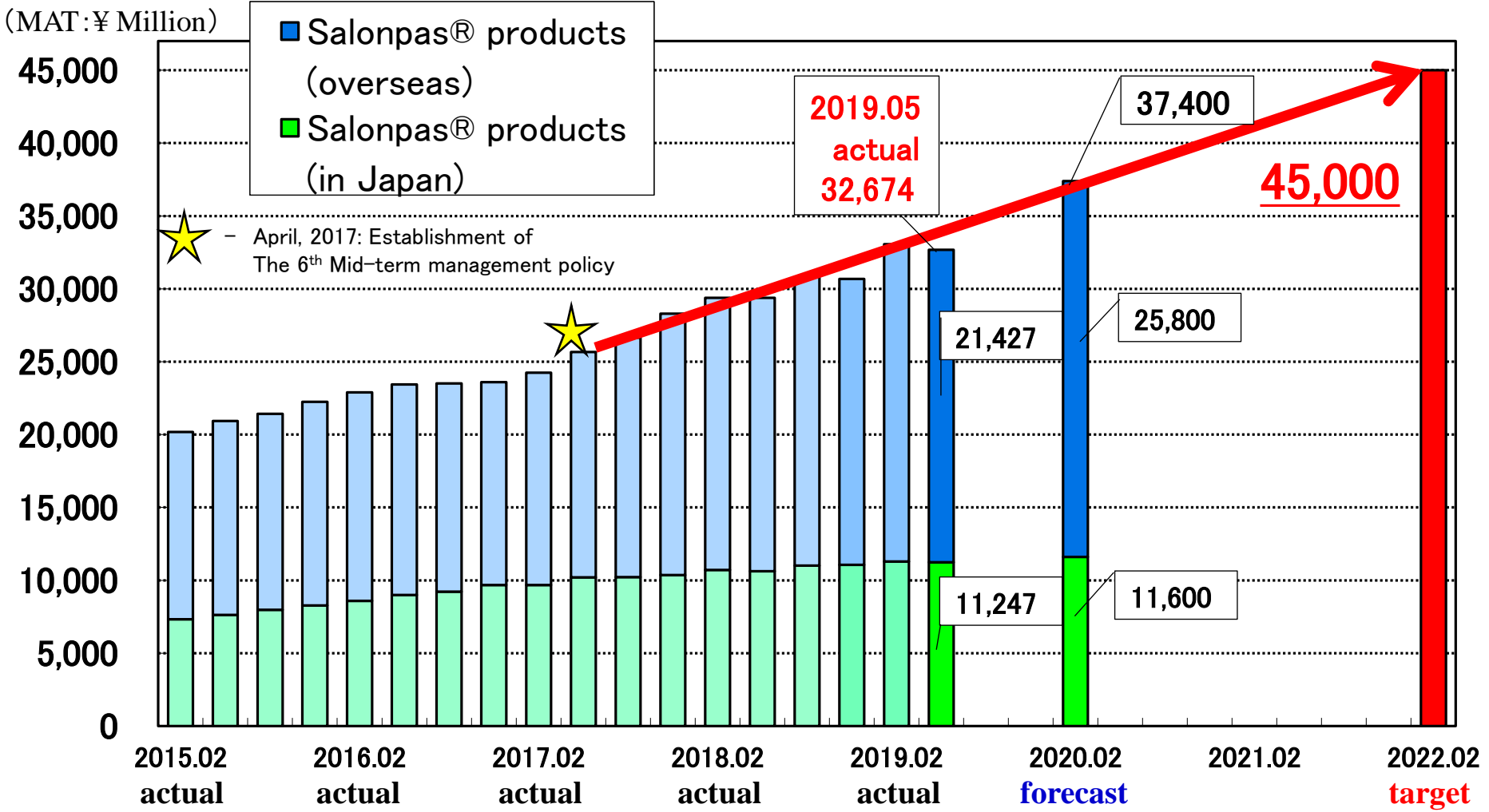
By Euromonitor International

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

# 1. Looking back on the Q1 FY02/2020 (3)

## <Sales transition of Salonpas® products>

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





# 1. Looking back on the Q1 FY02/2020 (4)

## <OTC Medicine Marketing Flow>

### Thailand

1. Distribution to retailer



2. Strengthen Advertising & promotion activity



Ms. Bright  
(Anchorperson)

### Vietnam



Mr. Nguyễn Công Phượng  
(Soccer player)

### Indonesia



Ms. NADINE  
(Actress, Model)

Increased distribution and instore product visibility.  
Assigned celebrities for commercials in each countries.

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

Unit:¥ million

	Actual performance for FY02/19 (Q1)	Actual performance for FY02/20 (Q1)	Change	Percentage Change
<b>Net sales</b>	<b>33,507</b>	<b>29,233</b>	<b>-4,274</b>	<b>-12.8%</b>
CoGS	13,600	10,901	-2,699	-19.8%
as a % of sales	40.6%	37.3%		
SG&A costs	15,543	15,552	+8	+0.1%
Sales promotion costs	3,019	2,987	-32	-1.1%
Advertising costs	2,857	3,309	+452	+15.8%
R&D spending	3,012	2,978	-33	-1.1%
Others	6,653	6,276	-377	-5.7%
<b>Operating profits</b>	<b>4,362</b>	<b>2,778</b>	<b>-1,584</b>	<b>-36.3%</b>
<b>Recurring profits</b>	<b>4,449</b>	<b>2,863</b>	<b>-1,585</b>	<b>-35.6%</b>
<b>Net profits</b>	<b>3,452</b>	<b>1,913</b>	<b>-1,538</b>	<b>-44.6%</b>

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

Unit:¥ million

	Actual performance for FY02/19 (Q1)	Actual performance for FY02/20 (Q1)	Change	Main factor
<b>Net sales</b>	<b>33,507</b>	<b>29,233</b>	<b>-4,274</b>	
CoGS	13,600	10,901	-2,699	▪ Change of sales mix.
as a % of sales	40.6%	37.3%		
SG&A costs	15,543	15,552	+8	
Sales promotion costs	3,019	2,987	-32	▪ Japan: Influence of decrease in sales. ▪ Overseas: Engaging in active sales promotion.
Advertising costs	2,857	3,309	+452	▪ Aggressive advertising both in Japan and Overseas.
R&D spending	3,012	2,978	-33	
Others	6,653	6,276	-377	▪ Decrease in amortization cost of goodwill.
<b>Operating profits</b>	<b>4,362</b>	<b>2,778</b>	<b>-1,584</b>	
Nonoperating balance	86	85	-1	
<b>Recurring profits</b>	<b>4,449</b>	<b>2,863</b>	<b>-1,585</b>	
Extraordinary balance	-0	-1	-0	
<b>Net profits</b>	<b>3,452</b>	<b>1,913</b>	<b>-1,538</b>	



### 3. Sales results by region

Unit:¥ million

		Actual performance for FY02/19 (Q1)	Actual performance for FY02/20 (Q1)	change	percentage Change
<b>Net sales</b>		<b>33,507</b>	<b>29,233</b>	<b>-4,274</b>	<b>-12.8%</b>
Rx Business	Japan	15,726	13,792	-1,934	-12.3%
	USA	3,624	3,177	-446	-12.3%
	Other regions	511	759	+248	+48.6%
OTC Business	Japan	8,077	6,574	-1,503	-18.6%
	USA	2,181	2,897	+716	+32.8%
	Other regions	2,531	1,371	-1,160	-45.8%
Others	Japan	856	661	-194	-22.8%

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

Unit:¥ million

	Actual performance for FY02/20 Q1			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>Rx Business</b>	<b>17,729</b>	<b>13,792</b>	<b>3,936</b>	<b>-2,132</b>	<b>-1,934</b>	<b>-198</b>	<b>-10.7%</b>	<b>-12.3%</b>	<b>-4.8%</b>
Fentos® Tape	1,090	1,090	-	-243	-243	-	-18.2%	-18.2%	-
Neoxy® Tape	159	159	-	-22	-22	-	-12.5%	-12.5%	-
Abstral®	53	53	-	+2	+2	-	+4.9%	+4.9%	-
Allesaga® Tape	75	75	-	-23	-23	-	-23.8%	-23.8%	-
Mohrus® Tape	8,950	8,950	-	-1,023	-1,023	-	-10.3%	-10.3%	-
Mohrus® Pap	1,509	1,509	-	-236	-236	-	-13.5%	-13.5%	-
(Mohrus® Pap XR)	1,095	1,095	-	-147	-147	-	-11.9%	-11.9%	-
Others	2,087	1,804	282	-374	-537	+162	-15.2%	-22.9%	+136.0%
Minivelle® products	818	-	818	-614	-	-614	-42.9%	-	-42.9%
Vivelle-Dot® products	1,324	-	1,324	+440	-	+440	+49.8%	-	+49.8%
CombiPatch® products	1,003	149	854	-78	+149	-227	-7.3%	-	-21.1%
Daytrana®	661	-	661	+46	-	+46	+7.5%	-	+7.5%
Others of Noven products	-4	-	-4	-4	-	-4	-	-	-

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

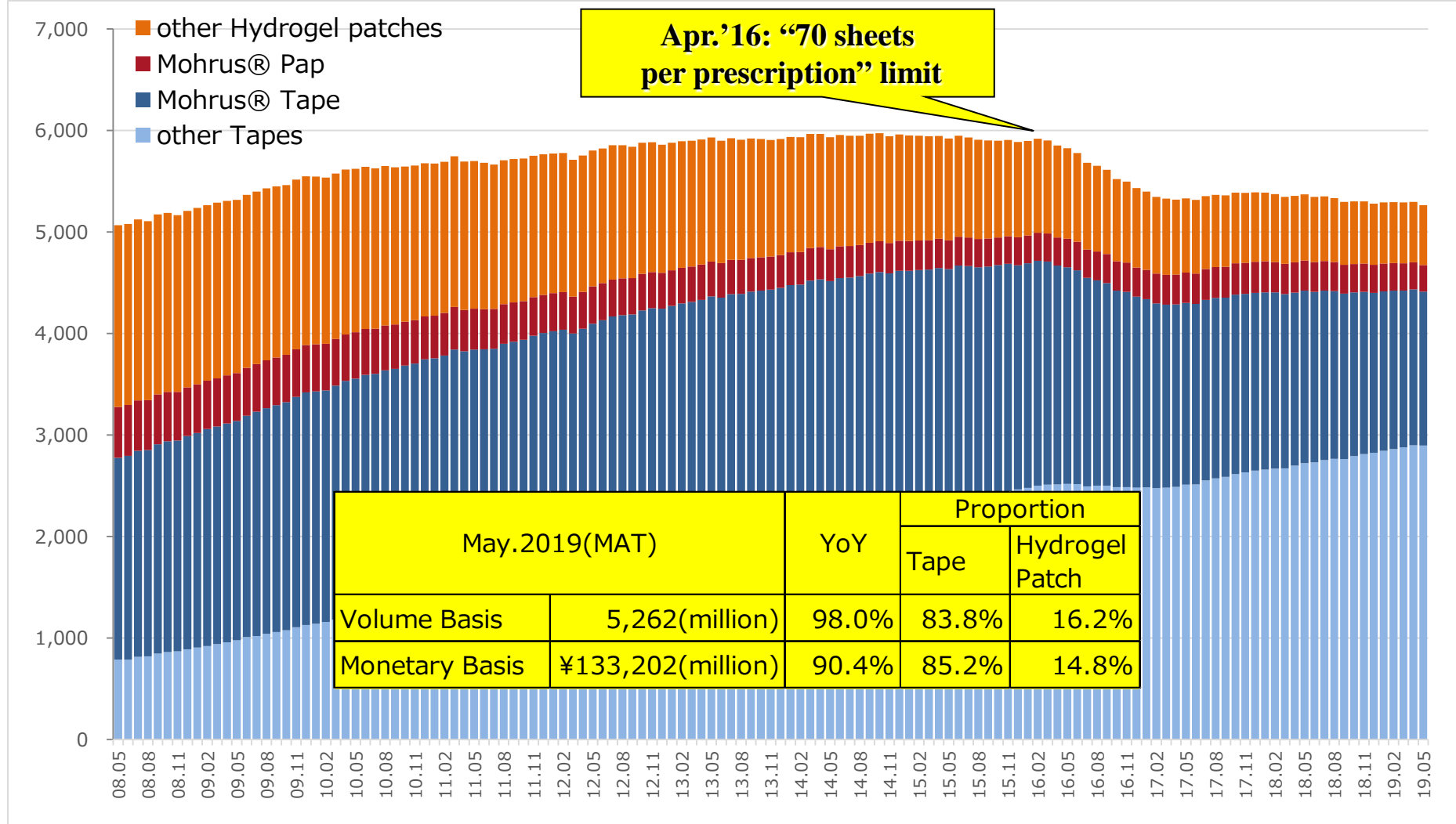
Unit:¥ million

	Actual performance for FY02/20 Q1			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>OTC Business</b>	<b>10,842</b>	<b>6,574</b>	<b>4,268</b>	<b>-1,947</b>	<b>-1,503</b>	<b>-444</b>	<b>-15.2%</b>	<b>-18.6%</b>	<b>-9.4%</b>
Salonpas® products	6,636	2,840	3,796	-387	-42	-345	-5.5%	-1.5%	-8.3%
Salonsip® products	575	444	131	-246	-170	-76	-30.0%	-27.7%	-36.7%
Air® Salonpas® products	370	268	101	-51	-33	-17	-12.3%	-11.2%	-14.9%
Feitas® products	1,384	1,384	-	-43	-43	-	-3.0%	-3.0%	-
Butenalock® products	818	818	-	-130	-130	-	-13.7%	-13.7%	-
Allegra® FX	413	413	-	-979	-979	-	-70.3%	-70.3%	-
Others	644	404	239	-108	-103	-5	-14.4%	-20.4%	-2.1%

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

Number of patches  
(Million)

Market trends on volume basis



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# 6. R&D Pipeline (1)

	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	Filed being prepared	HP-3150	JPN	Patch	Cancer pain	To be filed in FY19
6	Phase3*	ATS	USA	Patch	Attention Deficit Hyperactivity Disorder (ADHD)	To be filed in FY20
7	Phase3 being prepared	HP-3150	JPN	Patch	Low back pain	Phase3 start in FY19
8	Phase3 being prepared	HP-5070	JPN	Transdermal	Primary local hyperhidrosis	Phase3 start in FY20
9	Phase3 being prepared	HP-3000	JPN	Patch	Idiopathic restless legs syndrome	Under consideration
10	Phase2	HP-5000	USA	Patch	Osteoarthritis of the knee	Phase3 start in FY20

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

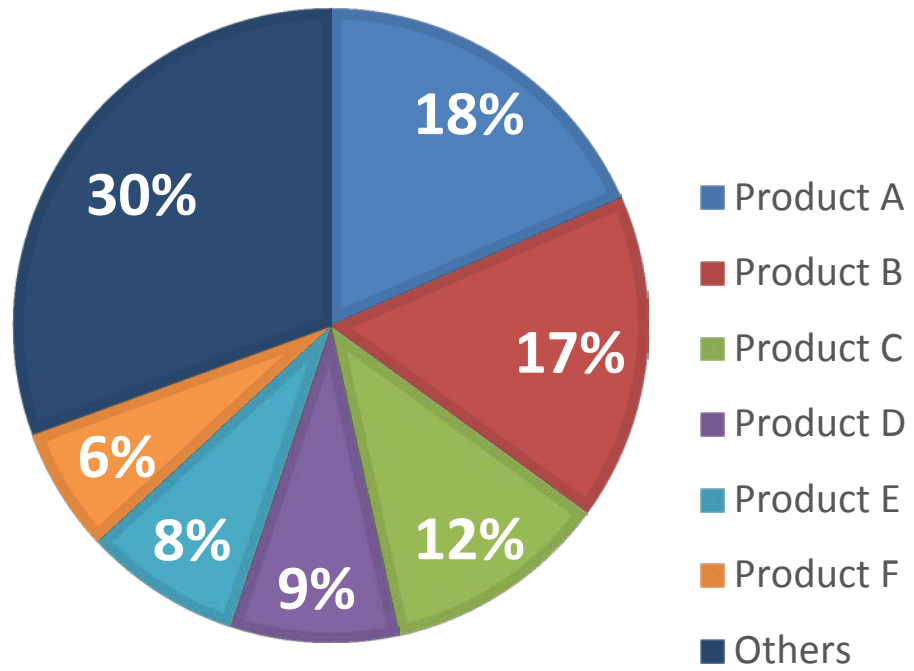
※Yellow-highlighted parts are changes from the previous announcement made on Apr. 10<sup>th</sup>, 2019

# 6. R&D Pipeline (2)

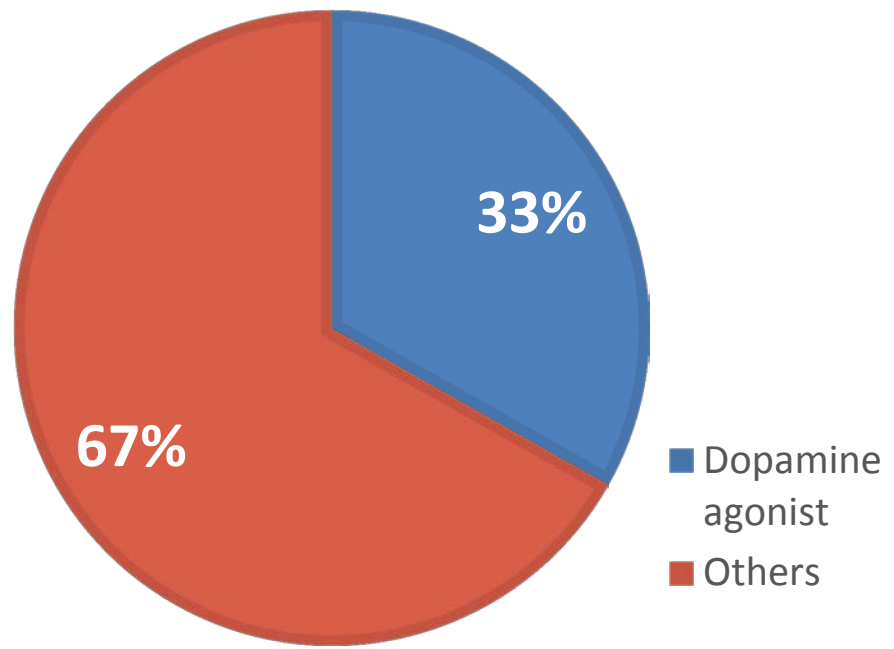
【HP-3000 (a transdermal drug for the treatment of Parkinson's disease)】

Japanese Market : approx. ¥93,000million (May.2019(MAT))

<By Product>



<By Therapeutic Category>



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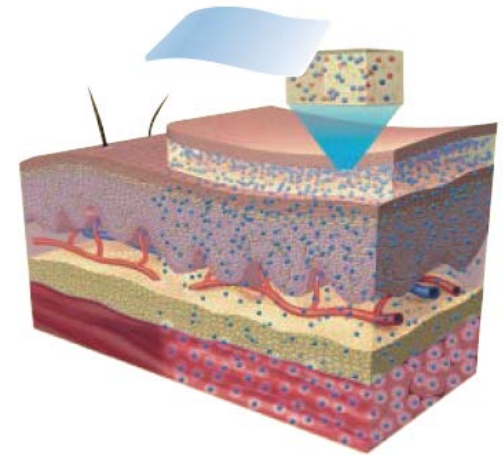
## 6. R&D Pipeline (3)

### 【HP-3150 (Analgesic Transdermal Drug containing NSAIDs)】

- Phase III placebo controlled clinical study for cancer pain has been completed in May, 2019

<Feature of the product>

- The first NSAIDs transdermal patch in the world which shows efficacy for relief of cancer pain
  - \* Currently available main non-opioid products which have indication for relief of cancer pain
    - Injectable NSAIDs, Aspirin oral tablet
- No pain like injection pain by inserting needle
- The product can be administered to patients who have difficulties in swallowing oral tablet



Trans DermaSal® Technology

- Technology to make it possible to transdermally administer water-soluble drugs that are commonly difficult to develop as transdermal formulations

# 7. Purchase and Retirement of Treasury Shares

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The Board of Directors has resolved to purchase and dispose of treasury shares in order to improve capital efficiency and to enhance shareholder returns

## 1. Outline of Purchase

- (1) Aggregate number of shares to be purchased : Up to 1,000,000 shares
- (2) Aggregate amount of purchase price : Up to JPY 6,000,000,000
- (3) Purchase period : From July 11, 2019 to October 31, 2019

## 2. Outline of Disposal

- (1) Type of shares to be retired : 10,000,000 shares
- (2) Scheduled retirement date : November 29, 2019
- (3) Number of shares after the retirement : 85,164,895 shares

For reference

Treasury shares held as of February 28, 2019

- Number of shares outstanding (excluding treasury shares) : 82,664,225 shares
- Number of treasury shares : 12,500,670 shares

# Patch, moving into the future.



**Nisamitsu®**



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