

Hisamitsu Pharmaceutical Co., Inc.

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.
Apr. 10th, 2020

Promoting Patch Treatment Culture Worldwide

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Agenda

- 1. Looking back on the FY02/2020**
- 2. Consolidated PL**
- 3. Sales results by region**
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- 5. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan**
- 6. R&D Pipeline**
- 7. The present situation and countermeasures of Coronavirus Disease**
- 8. Earnings & Dividends Forecast in the FY02/2021**

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

Rx Business	May	<ul style="list-style-type: none"> •HP-3150 (an analgesic transdermal drug containing NSAIDs) Completion of the Phase III clinical study in Japan for “carcinomatous pain”. •HP-5070 (a transdermal drug for the treatment of primary local hyperhidrosis) Completion of Phase II clinical study in Japan.
	Jun.	<ul style="list-style-type: none"> •Transfer of marketing and manufacturing approval and distribution rights for the transdermal follicle and luteinizing hormone product “Menoaid® Combipatch”.
	Aug.	<ul style="list-style-type: none"> •Application for manufacturing and marketing approval of the additional indications of opioid analgesic naïve cancer pain relief of FENTOS® TAPE (Transdermal, pain management patch, Development code: HFT-290) in Japan.
	Sep.	<ul style="list-style-type: none"> •Launch of the transdermal follicle and luteinizing hormone product “Menoaid® Combipatch” •Approval for manufacturing and marketing approval of HARUROPI® TAPE in Japan (Transdermal, Parkinson’s disease treatment patch, development code: HP-3000)
	Oct.	<ul style="list-style-type: none"> •FDA approval for SECUADO® in the U.S.(Transdermal, schizophrenia treatment patch, development code: HP-3070)
	Nov.	<ul style="list-style-type: none"> •HP-5000 (Transdermal, pain relief and anti-inflammatory patch) Completion of Phase II clinical study in the U.S.
	Dec.	<ul style="list-style-type: none"> •Launch of HARUROPI® TAPE (Transdermal, Parkinson’s disease treatment patch.)
	Jan.	<ul style="list-style-type: none"> •HP-3150 (an analgesic transdermal drug containing NSAIDs) Commencement of Phase III Clinical Study for low back pain, humeroscapular periarthritits, cervico-omo-brachial syndrome and tenosynovitis in Japan.
	Feb.	<ul style="list-style-type: none"> •Application for manufacturing and marketing approval of HP-3150 for “cancer pain” in Japan (Transdermal, pain treatment NSAID patch)

※Mar. 2, 2020 : Launch of Secuado®, Transdermal, Schizophrenia treatment patch (Development code: HP-3070) in the U.S.

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

OTC Business	Mar.	<ul style="list-style-type: none"> •Launch of Feitas® Shippu, Feitas® Shippu(Hot) new package.
	Apr.	<ul style="list-style-type: none"> •Launch of Kodomo Robinai plus new package.
	Jun.	<ul style="list-style-type: none"> •Launch of Air® Salonpas® Jet α 25ml new package.
	Jul.	<ul style="list-style-type: none"> •Launch of Nobinobi® Salonsip® F new package, 10 patches.
	Aug.	<ul style="list-style-type: none"> •Launch of Feitas® Za DICSAS® Gel.
Others	Mar.	<ul style="list-style-type: none"> • Launch of Air® Salonpas® Ice-ing Spray 490mL.
	Apr.	<ul style="list-style-type: none"> •“Hisamitsu Springs” 2018-19 V. LEAGUE DIVISION 1 (for women) ranked at 1st .(2nd consecutive years 7 round)
	May	<ul style="list-style-type: none"> •Salonpas® Named the World’s No. 1 OTC Topical AnalgesicPatch Brand 1 for the 3rd consecutive years.
	Jul.	<ul style="list-style-type: none"> •Purchase and retirement of treasury shares.
	Sep.	<ul style="list-style-type: none"> •Completion of purchase of treasury shares.
	Nov.	<ul style="list-style-type: none"> •Completion of cancellation of treasury shares.
	Jan.	<ul style="list-style-type: none"> •Establishment of new company in Malaysia. •Conclusion of agreement about support cooperation at the time of disaster with Japan Red Cross Society.
	Feb.	<ul style="list-style-type: none"> •Launch of Smart Energy Networks Project in the Kiyohara Industrial Complex for saving energy by cooperation between plants.

※Mar. 2, 2020 : Establishment of “SAGA HISAMITSU SPRINGS Co., Ltd” managing Hisamitsu Springs.

※Mar. 4, 2020 : Launch of Butenalock® medicated soap 150g new package.

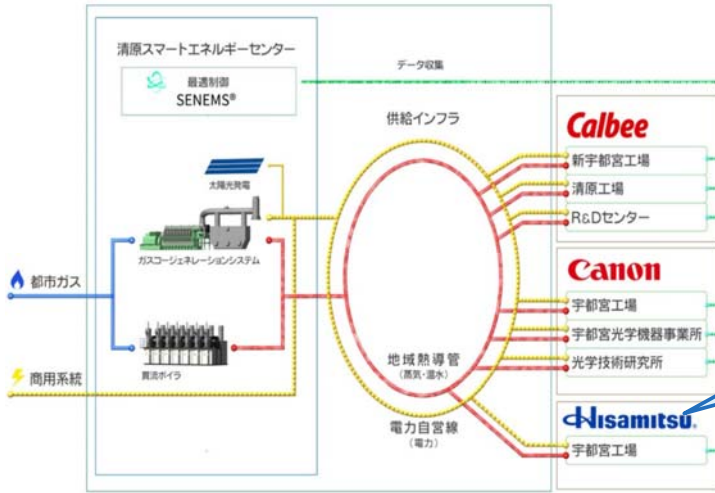
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1. Looking back on the FY02/2020 (3)

Promotion of ESG

Smart Energy Networks Project in the Kiyohara Industrial Complex by cooperation between plants



It will supply electricity and heat in the form of steam and hot water from Energy Center to Utsunomiya Factory



Utsunomiya Factory buildings

reduction in energy consumption
Approximately
20%

reduction in CO2 emissions
Approximately
20%

* Apr. 3, 2020 : Hisamitsu announced certification acquisition of the cooperative energy saving plan

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

Activities in preparation

for the 2020 Tokyo Olympic and Paralympic games

* It was held at 4th quarter

Activities for improvement of corporate brand

The events held by Hisamitsu to support Tokyo2020



Activities for customer

The Tokyo2020 original goods from Hisamitsu is sold for a limited time



*Original eco bag from Hisamitsu attached to the products



Hisamitsu supports the Tokyo 2020 Olympic and Paralympic games as Tokyo 2020 Official Partner (External Pain Relief Products)

1. Looking back on the FY02/2020 (5)

Tokyo 2020 authorized program

Local revitalization

Hisamitsu Art Project

The number of arts participated was above 2020



Hisamitsu Salonpas® Theater

The project by invitation local elementary school students

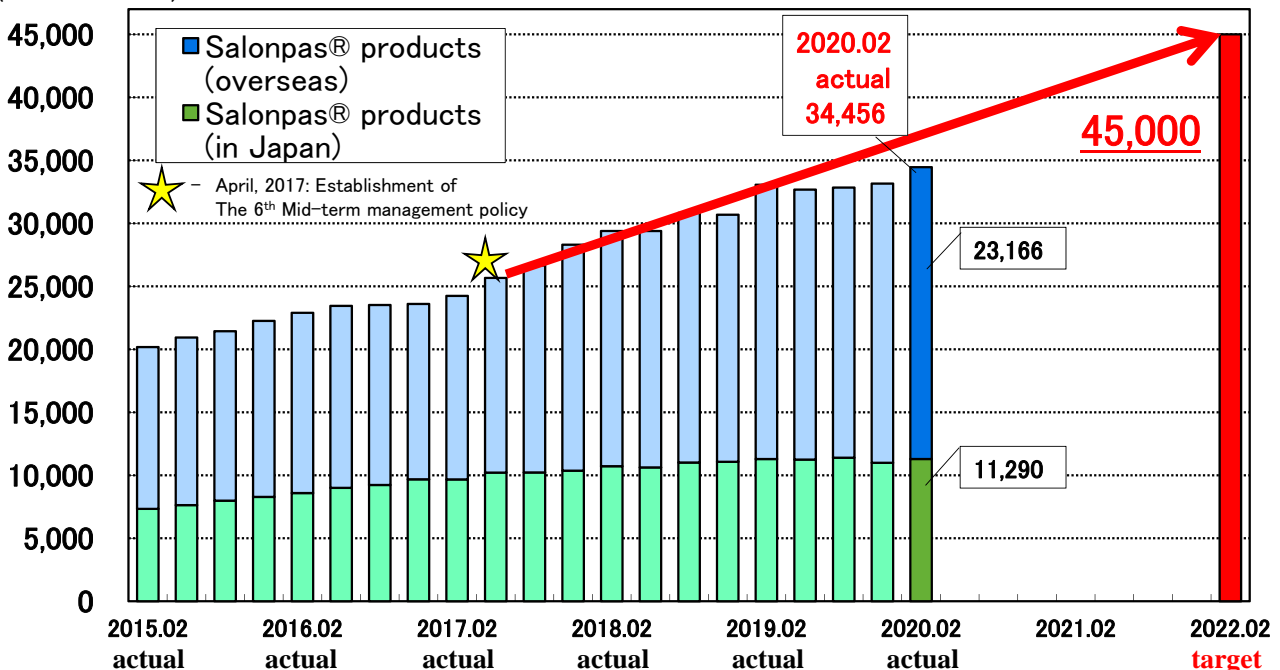


1. Looking back on the FY02/2020 (6)

<Sales transition of Salonpas® products>

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

(MAT: ¥ Million)



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

Unit:¥ million

	Actual performance for FY02/19	Actual performance for FY02/20	Change	Percentage Change	Earnings forecast for FY02/20 (Q1-Q4) *
Net sales	143,408	140,992	-2,416	-1.7%	143,500
CoGS	54,727	53,388	-1,339	-2.4%	52,600
as a % of sales	38.2%	37.9%			36.7%
SG&A costs	66,401	64,875	-1,525	-2.3%	68,000
Sales promotion costs	13,283	13,873	+589	+4.4%	13,500
Advertising costs	13,089	14,758	+1,668	+12.7%	14,800
R&D spending	13,032	10,504	-2,528	-19.4%	13,000
Others	26,995	25,739	-1,255	-4.7%	26,700
Operating profits	22,278	22,727	+448	+2.0%	22,900
Recurring profits	24,647	25,628	+981	+4.0%	25,500
Net profits	19,204	18,694	-510	-2.7%	19,400
Exchange rate (¥/USD)	¥110.39	¥109.24			¥110.00

* As of Apr 10, 2019

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

Unit:¥ million

	Actual performance for FY02/19	Actual performance for FY02/20	Change	Main factor
Net sales	143,408	140,992	-2,416	
CoGS	54,727	53,388	-1,339	
as a % of sales	38.2%	37.9%		<ul style="list-style-type: none"> • Production efficiency, and cost reduction. • Sales recognition of the milestone payment on approval. • Change of sales composition.
SG&A costs	66,401	64,875	-1,525	
Sales promotion costs	13,283	13,873	+589	<ul style="list-style-type: none"> • Japan: Influence of decrease in sales. • Overseas: Engaging in active sales promotion.
Advertising costs	13,089	14,758	+1,668	• Aggressive advertising in Japan and Overseas.
R&D spending	13,032	10,504	-2,528	• Completion of Phase III clinical study.
Others	26,995	25,739	-1,255	• Decrease in amortization cost of goodwill.
Operating profits	22,278	22,727	+448	
Nonoperating balance	2,368	2,901	+532	
Recurring profits	24,647	25,628	+981	
Extraordinary balance	1,026	526	-499	<ul style="list-style-type: none"> • Appropriation of the settlement received. • Appropriation of the impairment loss. • Appropriation of the loss on valuation of investment securities.
Net profits	19,204	18,694	-510	

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3. Sales results by region

Unit:¥ million

		Actual performance for FY02/19	Actual performance for FY02/20	change	percentage Change
Net sales		143,408	140,992	-2,416	-1.7%
Rx Business	Japan	67,384	65,080	-2,303	-3.4%
	USA	15,628	12,262	-3,365	-21.5%
	Other regions	2,869	4,036	+1,167	+40.7%
OTC Business	Japan	28,529	29,682	+1,153	+4.0%
	USA	11,137	12,103	+966	+8.7%
	Other regions	14,413	15,186	+772	+5.4%
Others	Japan	3,447	2,640	-807	-23.4%

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

Unit:¥ million

	Actual performance for FY02/20			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	81,379	65,080	16,299	-4,501	-2,303	-2,197	-5.2%	-3.4%	-11.9%
Fentos [®] Tape	4,155	4,155	-	-696	-696	-	-14.4%	-14.4%	-
Neoxy [®] Tape	605	605	-	-90	-90	-	-13.1%	-13.1%	-
Abstral [®]	198	198	-	-10	-10	-	-5.2%	-5.2%	-
Allesaga [®] Tape	356	356	-	+126	+126	-	+54.6%	+54.6%	-
Haruropi [®] Tape	674	674	-	+674	+674	-	-	-	-
Mohrus [®] Tape	39,091	38,485	605	-3,023	-3,443	+419	-7.2%	-8.2%	+225.0%
Mohrus [®] Pap	6,407	6,407	-	-1,039	-1,039	-	-14.0%	-14.0%	-
(Mohrus [®] Pap XR)	4,659	4,659	-	-706	-706	-	-13.2%	-13.2%	-
Others	14,789	13,648	1,141	+1,741	+1,629	+111	+13.3%	+13.6%	+10.8%
Minivelle [®] products	3,249	-	3,249	-2,848	-	-2,848	-46.7%	-	-46.7%
Vivelle-Dot [®] products	4,917	-	4,917	+726	-	+726	+17.3%	-	+17.3%
CombiPatch [®] products	4,335	548	3,787	-92	+548	-640	-2.1%	-	-14.5%
Daytrana [®]	2,490	-	2,490	-30	-	-30	-1.2%	-	-1.2%
Others of Noven products	107	-	107	+63	-	+63	+148.2%	-	+148.2%

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

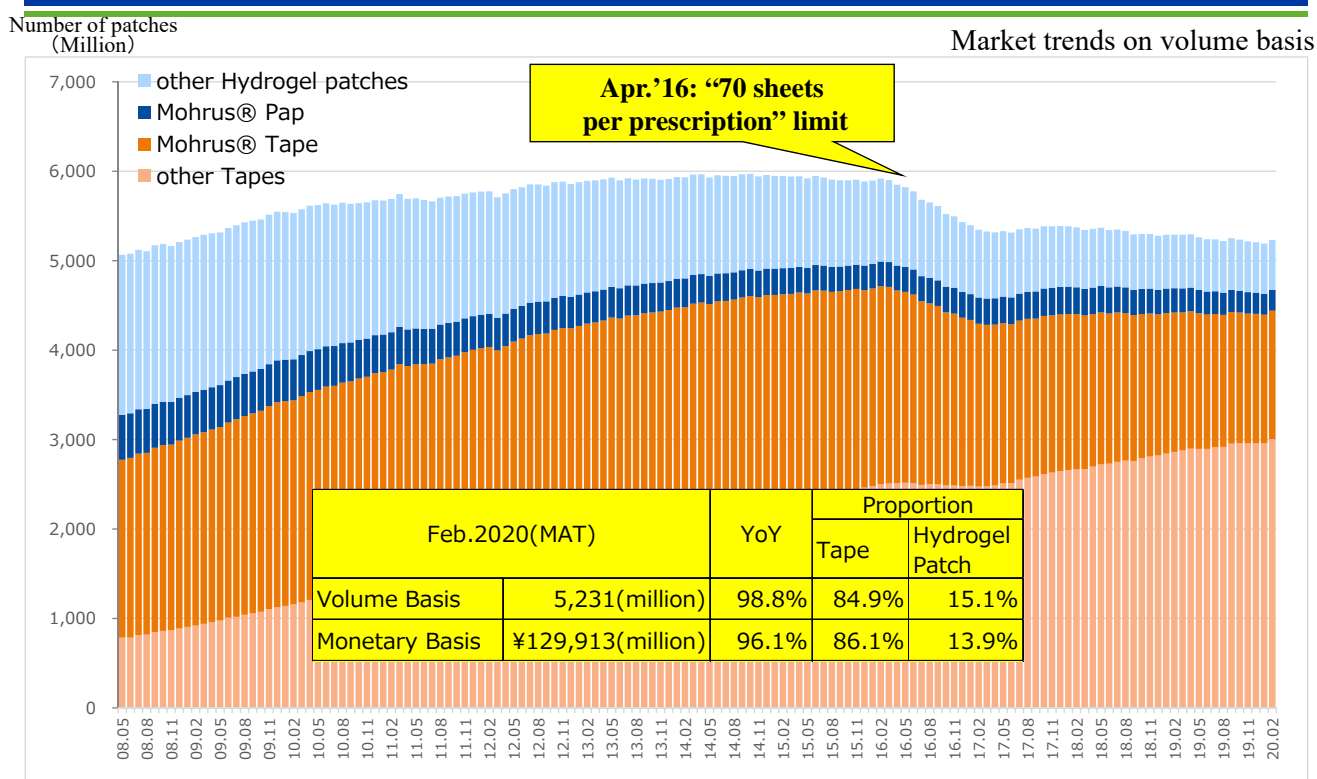
Unit:¥ million

	Actual performance for FY02/20			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	56,971	29,682	27,289	+2,892	+1,153	+1,738	+5.3%	+4.0%	+6.8%
Salonpas® products	34,456	11,290	23,166	+1,394	+0	+1,393	+4.2%	+0.0%	+6.4%
Salonsip® products	3,988	2,366	1,621	+574	+126	+448	+16.8%	+5.6%	+38.2%
Air® Salonpas® products	1,701	1,026	675	-87	-30	-56	-4.9%	-2.9%	-7.8%
Feitas® products	5,914	5,914	-	+103	+103	-	+1.8%	+1.8%	-
Butenolock® products	1,683	1,683	-	+10	+10	-	+0.6%	+0.6%	-
Allegra® FX	5,303	5,303	-	+794	+794	-	+17.6%	+17.6%	-
Others	3,923	2,097	1,826	+102	+148	-46	+2.7%	+7.6%	-2.5%

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



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6. R&D Pipeline (1)

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Approval	HP-3070 (SECUADO [®])	USA	Patch	Schizophrenia	Launched on Mar. 2nd, FY20
2	Filed (ANDA)	HP-1010	USA	Patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
3	Filed	HFT-290 (opioid analgesic naive patients)	JPN	Patch	Cancer pain	To be approved in FY20
4	Filed	HP-3150	JPN	Patch	Cancer pain	To be approved in FY20
5	Phase3*	ATS	USA	Patch	Attention Deficit Hyperactivity Disorder (ADHD)	To be filed in FY20
6	Phase3	HP-3150	JPN	Patch	Low back pain Humeroscapular peri-arthritis Cervico-omo-brachial syndrome Tenosynovitis	To be filed in FY21
7	Phase3 being prepared	HP-5070	JPN	Transdermal	Primary local hyperhidrosis	Phase3 start in FY20
8	Phase3 being prepared	HP-5000	USA	Patch	Osteoarthritis of the knee	Phase3 start in FY20
9	Phase3 being prepared	HP-3000	JPN	Patch	Idiopathic restless legs syndrome	Under consideration

*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 Jan. 10th, 2020

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7. The present situation and countermeasures of Coronavirus Disease (1)

The present situation and countermeasures in Japan (As of Apr. 8, 2020)

Establishment of Countermeasures Office against Coronavirus Disease

【For our employees】

- Recommendation for staggered working hours
- Restraint of business trips whether domestic or foreign
- Restraint of conferences by many people, and use of TV conference system
- Prohibition of participation in external conferences, meetings and other activity in principle
- Promotion of working from home
 - ※Hisamitsu employees working or living in the applicable area of the Declaration of a State of Emergency (Tokyo, Kanagawa, Chiba, Saitama, Osaka, Hyogo and Fukuoka) work from home in principle
- Measurement of the body temperature before commuting
- Promotion of the wearing of masks, hand-washing, gargling, disinfection with alcohol

【Business activity】

- Restraint of visits to medical facilities and other customer

【Products, Raw materials, Production system】

- Securement of the necessary stocks for the stable supply
- Avoidance that shipping product is canceled by minimizing the stop period of a manufacturing line, if we have a case of infection in Company

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7. The present situation and countermeasures of Coronavirus Disease (2)

The present situation and countermeasures overseas (As of Apr. 8, 2020)

Appropriate measures in accordance with the laws and regulations and policy of each country

【For our employees work as an office worker】

- Work from home (Singapore, Malaysia, USA, Brazil, Europe, Indonesia etc.)
- Staggered working hours (Thailand, China etc.)

【Sales】

- No restriction of distribution in most countries because of medicines
- However, it is partially restricted on sales activities
 - In principle, sales activities by email and telephone (USA, Europe)
 - Limited sales activities (Taiwan, Thailand, China, Indonesia etc.)

【Products, Raw materials, Production system】

- Securement of the stocks of about two or three months for stable supply
- The plant is in operation and employees are working as usual
(Promotion of the wearing of masks, hand-washing, gargling, disinfection with alcohol)
- Measurement of the body temperature before commuting

Hisamitsu is committed taking any necessary precautions appropriately

8. Earnings & Dividends Forecast in the FY02/2021

- Earnings forecast in the fiscal year ending February 2021 is yet to be determined as it is difficult to predict due to the effect of the Coronavirus disease. This will be announced later when the effect on business performance by the infectious disease is made clear.
- Dividends forecast in the fiscal year ending February 2021 is not also to be determined. This as well will be announced later when the effect on business performance by the infectious disease is made clear.

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