

Hisamitsu Pharmaceutical Co., Inc.

Q2 FY02/2021 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. 8th, 2020

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Agenda

- 1. Actions against COVID-19**
- 2. Looking back on the Q2 FY02/2021**
- 3. Summary of Financial Results for Q2 FY02/2021**
- 4. Consolidated PL**
- 5. Sales results by region**
- 6. Sales results by product**
- 7. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan**
- 8. R&D Pipeline**

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1. Actions against COVID-19

Corporate Philosophy: Delivering a Better QOL to the World
Company Mission: Promoting Patch Treatment Culture Worldwide



Adopt a new work style that
prevents infection and facilitates economic activities.

Sales

« Rx Business »
 Promote marketing activities by using digital transformation.
 « OTC Business »
 Develop sales, finding a new market.
 « Overseas »
 Contribute activities for health care workers and drugstores.

Production

- Ensure the stable procurement of raw materials and stable supply.
- Continue product activities by taking care of employee's health and infectious disease control.

R&D

- Introduce the systems of staggered work hours and working from home.
- Proceed clinical trials as schedules.

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.

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2. Looking back on the Q2 FY02/2021 (1)

Rx Business	Mar.	• Launch of transdermal, schizophrenia treatment patch “SECUADO® (Development code: HP-3070) in the U.S.
	Jun.	• Approval for manufacturing and marketing approval of the additional indications of cancer pain relief for opioid analgesic naïve patients of Fentos® Tape (Transdermal, pain management patch, Development code: HFT-290) in Japan.
	Jul.	• Application for partial change of manufacturing and marketing approval of Mohrus® Pap XR 120mg, 240mg (Topical analgesic and anti-inflammatory products) in Japan.
	Jul.	• Approval for manufacturing and marketing approval of OABLOK® PATCH (Transdermal, Overactive bladder treatment patch) in Thailand.

※Sep. 10, 2020: Application for manufacturing and marketing approval of the additional indications of cancer pain relief for pediatric patients of Fentos® Tape (Transdermal, pain management patch, Development code: HFT-290) in Japan.

※Oct. 7, 2020: Commencement of the Phase III clinical study of HP-5070 (a primary palmar hyperhidrosis treatment drug) in Japan.

OTC Business	Apr.	• Renovation of Butenalock® L powder gel.	 
	Jun.	• Launch of Air® Salonpas® Z.	
	Aug.	• Launch of Salonpas® Tsubokori® Patch.	

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2. Looking back on the Q2 FY02/2021 (2)

Others	<p>Mar. • Establishment of “SAGA HISAMITSU SPRINGS Co., Ltd” managing Hisamitsu Springs.</p> <p>Mar. • Launch of Butenalock[®] medicated soap 150g new package.</p> <p>Apr. • Certification acquisition of the cooperative energy saving plan in the Smart Energy Networks Project in the Kiyohara Industrial Complex</p> <p>May. • The “MAKE IT BLUE Campaign” to express gratitude to the healthcare workers by lighting up in blue.</p> <p>May. • Salompas[®] named the World’s No. 1 OTC Topical Analgesic Patch Brand for the 4th consecutive years.</p> <p>Aug. • Launch of Heating device Jikabari[®] Onkan Plus.</p> <p>Aug. • Providing relief supplies in response to 2020 Kyushu floods.</p> <p>Aug. • Concluded a partnership agreement with Tosu City.</p>
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※ Sep. 4, 2020: Launch of Hisamitsu[®] BODYCARE series.



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2. Looking back on the Q2 FY02/2021 (3)

Promotion of ESG

Support for the 2020 Kyushu floods

- Based on the "Agreement on Support and Cooperation in the Event of a Disaster" with the Japanese Red Cross Society, we provided our products (Hisamitsu[®] ice towel 4,080 pieces, air[®] Salompas[®] icing spray 2,400 bottles) free of charge.
- Through the Japanese Red Cross Society Saga Branch, we donated relief money, total 5 million yen. (Including 2 million yen, donated through the matching gift program, “Hisamitsu Pharmaceutical Co., Inc. Hot Heart Club”.)



[Photo: left, middle] Relief supplies being provided at the disaster volunteer center in Yatsushiro City, Kumamoto Prefecture.
 [Photo: right] Donation to the Japanese Red Cross Society Saga Branch.

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2. Looking back on the Q2 FY02/2021 (4)

Promotion of ESG

Concluded a partnership agreement with the local community

We have signed a partnership agreement with Tosu City with the aim of further revitalizing the region and economy through the volleyball business.



[Photo] From left, Representative of SAGA Hisamitsu Springs Co., Ltd. KAYASHIMA Akira, Mayor of Tosu City HASHIMOTO Yasushi, President of Hisamitsu Pharmaceutical Co., Inc. NAKATOMI Kazuhide

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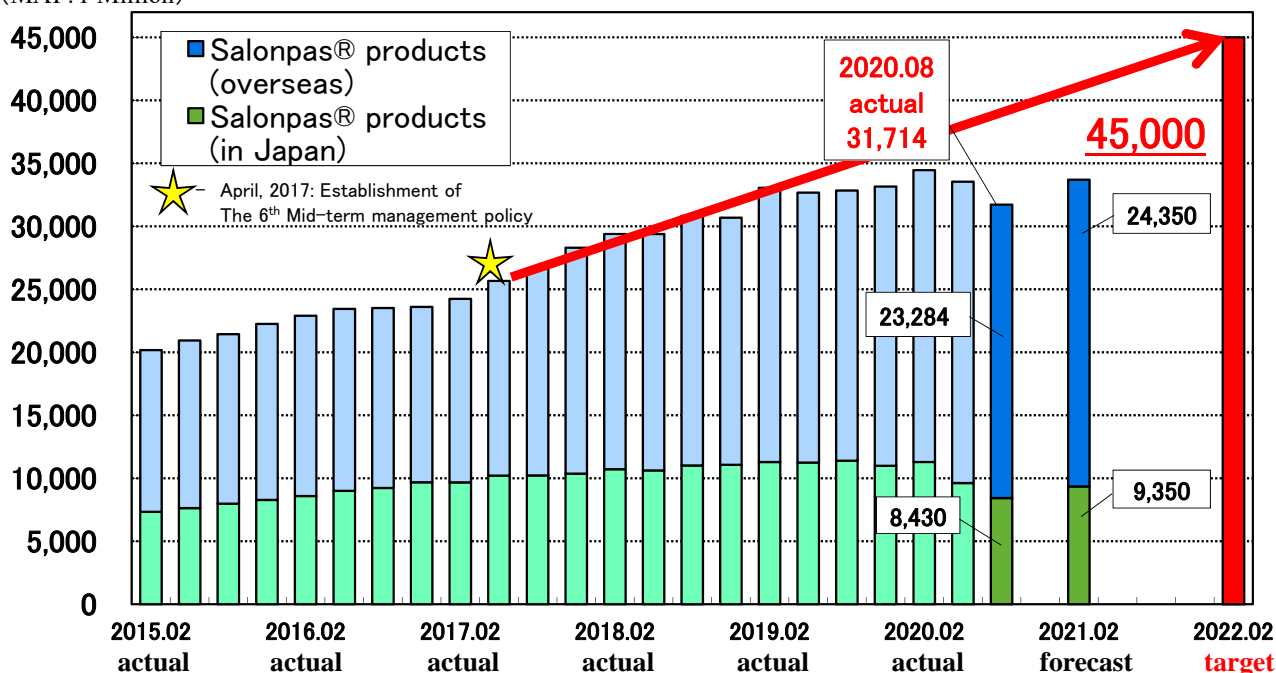
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2. Looking back on the Q2 FY02/2021 (5)

<Sales transition of Salonpas® products>

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

(MAT:¥ Million)



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3. Summary of Financial Results for Q2 FY02/2021

Consolidated

Unit:¥ million

	Q2 FY02/2021	FY02/2021	
	Actual	forecast	Progress rate
Net sales	52,926	127,000	41.7%
Operating profits	5,516	12,900	42.8%
Recurring profits	5,519	14,800	37.3%
Net profits	3,693	10,600	34.8%

※No change is made on forecast.

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

Unit:¥ million

	Actual performance for FY02/20 (Q2)	Actual performance for FY02/21 (Q2)	Change	Percentage Change
Net sales	63,401	52,926	-10,475	-16.5%
CoGS	22,892	19,577	-3,315	-14.5%
as a % of sales	36.1%	37.0%		
SG&A costs	30,319	27,833	-2,486	-8.2%
Sales promotion costs	6,131	5,882	-249	-4.1%
Advertising costs	6,551	5,527	-1,024	-15.6%
R&D spending	5,330	5,240	-90	-1.7%
Others	12,305	11,183	-1,121	-9.1%
Operating profits	10,190	5,516	-4,674	-45.9%
Recurring profits	10,641	5,519	-5,122	-48.1%
Net profits	7,548	3,693	-3,855	-51.1%

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4. Consolidated PL (2) - Comparison with the first quarter performance -

Unit:¥ million

	Quarterly Actual performance for FY02/21 (Q1)	Quarterly Actual performance for FY02/21 (Q2)	Change	Percentage Change
Net sales	24,882	28,043	+3,160	+12.7%
CoGS	9,672	9,904	+232	+2.4%
as a % of sales	38.9%	35.3%		
SG&A costs	14,132	13,701	-430	-3.0%
Sales promotion costs	3,032	2,850	-181	-6.0%
Advertising costs	2,661	2,865	+204	+7.7%
R&D spending	2,676	2,563	-112	-4.2%
Others	5,761	5,421	-340	-5.9%
Operating profits	1,078	4,437	+3,359	+311.5%
Recurring profits	418	5,101	+4,683	+1120.0%
Net profits	113	3,579	+3,466	+3051.4%

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

Unit:¥ million

	Actual performance for FY02/20 (Q2)	Actual performance for FY02/21 (Q2)	Change	Main factor
Net sales	63,401	52,926	-10,475	
CoGS	22,892	19,577	-3,315	
as a % of sales	36.1%	37.0%		•Affected by the drug price revision. •Change of sales composition.
SG&A costs	30,319	27,833	-2,486	
Sales promotion costs	6,131	5,882	-249	•The cost with launch of SECUADO. •Stagnation of sales promotion because of COVID-19.
Advertising costs	6,551	5,527	-1,024	•Cancellations of the events such as World Ladies Champion Ship Salonpas Cup.
R&D spending	5,330	5,240	-90	•Completion of Phase III clinical study of HP-3150. (Cancer pain) •R&D expenses related to Phase III clinical study of HP-3150. (Low back pain)
Others	12,305	11,183	-1,121	•Refrain from several activities to prevent COVID-19. •Cost reduction through streamlining the business operation.
Operating profits	10,190	5,516	-4,674	
Nonoperating balance	451	3	-448	
Recurring profits	10,641	5,519	-5,122	
Extraordinary balance	-4	-3	+0	
Net profits	7,548	3,693	-3,855	

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5. Sales results by region

Unit:¥ million

		Actual performance for FY02/20 (Q2)	Actual performance for FY02/21 (Q2)	Change	Percentage Change (Q2)	Percentage Change (Q1)
Net sales		63,401	52,926	-10,475	-16.5%	-14.9%
Rx Business	Japan	29,467	25,377	-4,090	-13.9%	-12.4%
	USA	6,577	5,066	-1,511	-23.0%	-19.0%
	Other regions	1,683	1,675	-8	-0.5%	+17.5%
OTC Business	Japan	13,659	8,856	-4,802	-35.2%	-43.9%
	USA	5,972	5,966	-5	-0.1%	+12.3%
	Other regions	4,727	4,656	-71	-1.5%	+26.7%
Others	Japan	1,313	1,328	+15	+1.1%	-0.8%

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

Unit:¥ million

	Actual performance for FY02/21 (Q2)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	32,118	25,377	6,741	-5,610	-4,090	-1,519	-14.9%	-13.9%	-18.4%
Fentos [®] Tape	1,713	1,713	-	-463	-463	-	-21.3%	-21.3%	-
Neoxy [®] Tape	233	233	-	-79	-79	-	-25.4%	-25.4%	-
Abstral [®]	101	101	-	-1	-1	-	-1.2%	-1.2%	-
Allesaga [®] Tape	86	86	-	-11	-11	-	-11.9%	-11.9%	-
Haruropi [®] Tape	630	630	-	+630	+630	-	-	-	-
Mohrus [®] Tape	16,313	16,295	17	-3,141	-3,129	-12	-16.1%	-16.1%	-41.0%
Mohrus [®] Pap	2,543	2,543	-	-771	-771	-	-23.3%	-23.3%	-
(Mohrus [®] Pap XR)	1,863	1,863	-	-540	-540	-	-22.5%	-22.5%	-
Others	3,886	3,270	616	-513	-618	+104	-11.7%	-15.9%	+20.4%
Minivelle [®] products	1,167	-	1,167	-488	-	-488	-29.5%	-	-29.5%
Vivelle-Dot [®] products	1,708	-	1,708	-1,342	-	-1,342	-44.0%	-	-44.0%
CombiPatch [®] products	2,367	501	1,865	+442	+352	+89	+23.0%	+237.6%	+5.0%
Daytrana [®]	1,285	-	1,285	+128	-	+128	+11.1%	-	+11.1%
Secuado [®]	75	-	75	+75	-	+75	-	-	-

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

Unit:¥ million

	Actual performance for FY02/21 (Q2)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	19,479	8,856	10,622	-4,879	-4,802	-77	-20.0%	-35.2%	-0.7%
Salonpas [®] products	12,639	3,112	9,527	-2,742	-2,860	+117	-17.8%	-47.9%	+1.3%
Salonsip [®] products	1,370	1,025	345	-265	-182	-83	-16.2%	-15.1%	-19.4%
Air [®] Salonpas [®] products	796	561	234	-110	-110	-0	-12.2%	-16.4%	-0.1%
Feitas [®] products	2,173	2,173	-	-996	-996	-	-31.4%	-31.4%	-
Butenalock [®] products	884	884	-	-240	-240	-	-21.4%	-21.4%	-
Allegra [®] FX	69	69	-	-574	-574	-	-89.3%	-89.3%	-
Others	1,545	1,030	515	+50	+161	-111	+3.3%	+18.6%	-17.8%

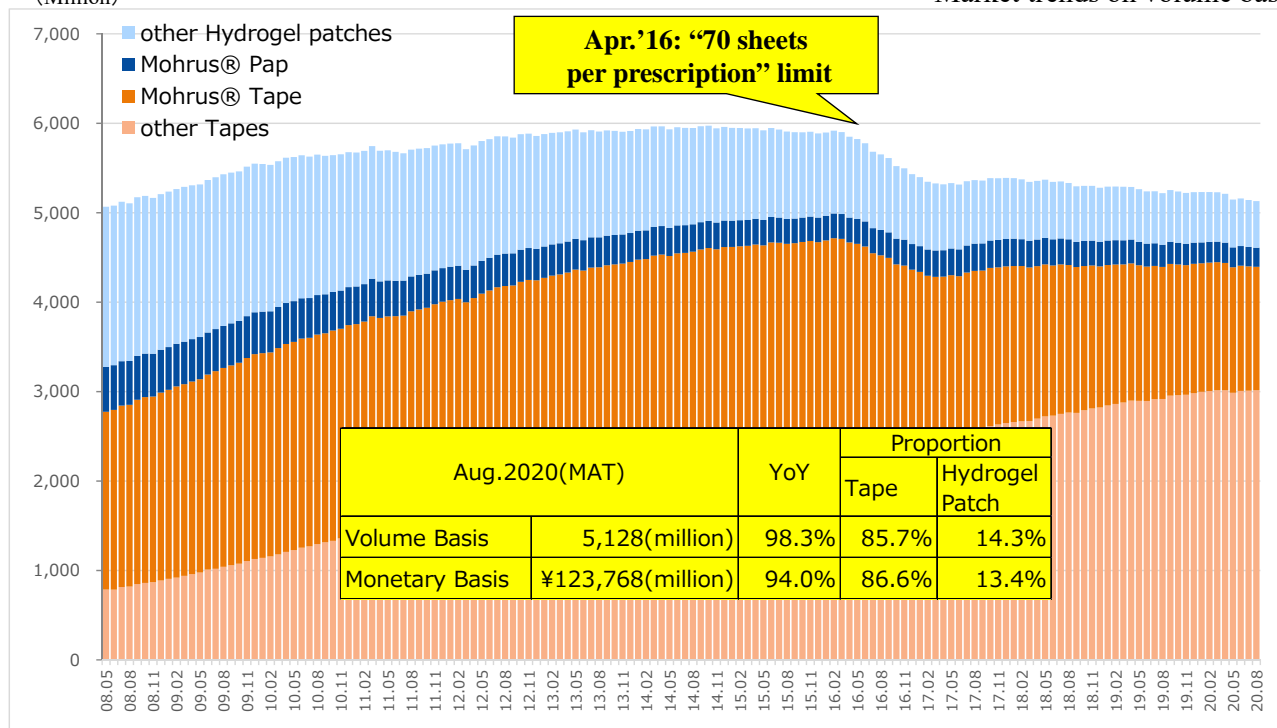
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7. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan

Number of patches (Million)

Market trends on volume basis



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8. R&D Pipeline

	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-3150	JPN	Patch	Cancer pain	To be approved in FY20
3	Filed	HFT-290 (pediatric patients)	JPN	Patch	Cancer pain	To be approved in FY21
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 peri-arthritis Cervico-omo-brachial syndrome Tenosynovitis	To be filed in FY21
6	Phase3	HP-5070	JPN	Topical	Primary palmar hyperhidrosis	To be filed in FY22
7	Phase3 being prepared	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 Jul.9,2020

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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