

Hisamitsu Pharmaceutical Co., Inc.

Q3 FY02/2017 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.

Jan. 13th, 2017

Care of People Around the World with Patch

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Agenda

1. Looking back on the Q3 FY02/2017
2. Hisamitsu Springs
3. Consolidated PL
4. Non Consolidated PL
5. Noven PL
6. Sales results by product
7. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan
8. R&D Pipeline

Additional data

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1. Looking back on the Q3 FY02/2017

Japan/ OTC products	<ul style="list-style-type: none"> “Allegra® FX”(allergic rhinitis therapeutic drug) classification changed to category 2 drugs 	
US/ Hisamitsu America	<ul style="list-style-type: none"> Launch of “Salonpas® LIDOCAINE 4% Pain Relieving Gel-Patch” 	
Others	<ul style="list-style-type: none"> The acquisition company’s own shares “Hisamitsu Springs” The 71th National Sports Festival FIVB Women’s Club World Championship 2016 	<ul style="list-style-type: none"> ranked at 2nd ranked at 6th



Allegra® FX



Salonpas® LIDOCAINE
Pain Relieving Gel-Patch

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2. Hisamitsu Springs

- Emperor · Empress’s Cup All Japan Volleyball Championship
 - The first-ever held the championship of Empress’s Cup for five years running



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

Unit:¥ million

	Actual performance for FY02/16 (Q3)	Actual performance for FY02/17 (Q3)	Change	Percentage Change
Net sales	122,283	109,729	-12,553	-10.3%
CoGS	42,431	38,778	-3,653	-8.6%
as a % of sales	34.7%	35.3%	-	-
SG&A costs	56,527	48,955	-7,571	-13.4%
Sales promotion costs	12,582	9,643	-2,939	-23.4%
Advertising costs	8,289	7,224	-1,065	-12.9%
R&D spending	10,915	10,224	-691	-6.3%
Others	24,738	21,863	-2,875	-11.6%
Operating profits	23,324	21,995	-1,328	-5.7%
Recurring profits	23,467	22,885	-582	-2.5%
Net profits	15,318	18,340	+3,022	+19.7%

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

Unit:¥ million

	Actual performance for FY02/16 (Q3)	Actual performance for FY02/17 (Q3)	Change	Main factor
Net sales	122,283	109,729	-12,553	
Hisamitsu (Non consolidated)	90,287	83,187	-7,099	•Decrease in sales of Rx Business. •Increase in sales of OTC Business.
Noven	23,163	18,062	-5,101	•Decrease in sales of major products. •Influence of the currency exchange.
Others *	8,833	8,480	-353	
CoGS	42,431	38,778	-3,653	•Decrease in Net sales. •Increase in CoGS ratio of National Health, Insurance price reduction.
as a % of sales	34.7%	35.3%		
SG&A costs	56,527	48,955	-7,571	•Decrease in Sales promotion costs of Hisamitsu/Noven. •Decrease in Advertising costs of Hisamitsu/Noven.
Operating profits	23,324	21,995	-1,328	
Non-operating balance	143	890	+746	•Decrease in foreign exchange losses.
Recurring profits	23,467	22,885	-582	
Extraordinary balance	-28	4,146	+4,174	•Assignment of rights for Brisdelle® and Pexeva®. •Termination of joint marketing contract .
Net profits	15,318	18,340	+3,022	

* "Others" includes consolidated adjustment. 6

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

Unit:¥ million

	Actual performance for FY02/16 (Q3)	Actual performance for FY02/17 (Q3)	Change	Percentage Change
Net sales	90,287	83,187	-7,099	-7.9%
Rx Business	66,578	57,055	-9,523	-14.3%
OTC Business	17,235	19,608	+2,373	+13.8%
Intl Business	6,473	6,523	+50	+0.8%
CoGS	29,342	28,653	-689	-2.3%
as a % of sales	32.5%	34.4%	-	-
SG&A costs	39,757	36,647	-3,110	-7.8%
Sales promotion costs	8,233	7,462	-770	-9.4%
Advertising costs	6,552	6,004	-548	-8.4%
R&D spending	8,101	7,317	-784	-9.7%
Others	16,870	15,862	-1,007	-6.0%
Operating profits	21,187	17,887	-3,300	-15.6%
Recurring profits	22,034	18,800	-3,234	-14.7%
Net profits	14,605	14,145	-460	-3.2%

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

Unit:¥ million

	Actual performance for FY02/16 (Q3)	Actual performance for FY02/17 (Q3)	Change	Percentage Change
Net sales *	23,163	18,062	-5,101	-22.0%
Noven Women's Health	17,571	14,705	-2,865	-16.3%
Noven Others	5,591	3,356	-2,235	-40.0%
CoGS	10,049	7,707	-2,341	-23.3%
as a % of sales	43.4%	42.7%	-	-
SG&A costs	11,937	7,917	-4,019	-33.7%
Sales promotion costs	2,555	933	-1,622	-63.5%
Advertising costs	601	13	-588	-97.7%
R&D spending	2,817	2,902	+85	+3.1%
Others	5,962	4,067	-1,895	-31.8%
Operating profits	1,177	2,437	+1,259	+107.0%
Nonoperating balance	32	1,801	+1,769	+5416.4%
Pretax profits	1,209	4,238	+3,029	+250%
Net profits	942	2,861	+1,918	+203.5%

Exchange rate (¥/USD)	¥120.89	¥108.61
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* Results before consolidated adjustment.

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

Unit:¥ million

	Actual performance for FY02/17 (Q3)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	75,652	57,055	18,597	-14,638	-9,523	-5,114	-16.2%	-14.3%	-21.6%
New products	6,599	6,599	-	-544	-544	-	-7.6%	-7.6%	-
Fentos [®] Tape	3,816	3,816	-	-786	-786	-	-17.1%	-17.1%	-
Norspan [®] Tape	1,671	1,671	-	-7	-7	-	-0.5%	-0.5%	-
Neoxy [®] Tape	961	961	-	+245	+245	-	+34.3%	+34.3%	-
Abstral [®]	150	150	-	+3	+3	-	+2.7%	+2.7%	-
Mohrus[®] products+Others	51,140	50,455	685	-9,053	-8,978	-74	-15.0%	-15.1%	-9.8%
Mohrus [®] Tape	40,244	40,155	88	-9,651	-9,658	+6	-19.3%	-19.4%	+8.6%
Mohrus [®] Pap	5,454	5,454	-	+1,206	+1,206	-	+28.4%	+28.4%	-
Others	5,441	4,845	596	-607	-526	-81	-10.0%	-9.8%	-12.0%
Noven Women's Health	14,705	-	14,705	-2,865	-	-2,865	-16.3%	-	-16.3%
Minivelle [®]	7,374	-	7,374	-581	-	-581	-7.3%	-	-7.3%
Vivelle-Dot [®] products	2,921	-	2,921	-1,168	-	-1,168	-28.6%	-	-28.6%
CombiPatch [®] products	3,431	-	3,431	-438	-	-438	-11.3%	-	-11.3%
Brisdelle [®]	978	-	978	-677	-	-677	-40.9%	-	-40.9%
Noven Others	3,206	-	3,206	-2,174	-	-2,174	-40.4%	-	-40.4%
Daytrana [®]	2,941	-	2,941	-1,975	-	-1,975	-40.2%	-	-40.2%
Others of Noven products	265	-	265	-199	-	-199	-42.9%	-	-42.9%

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

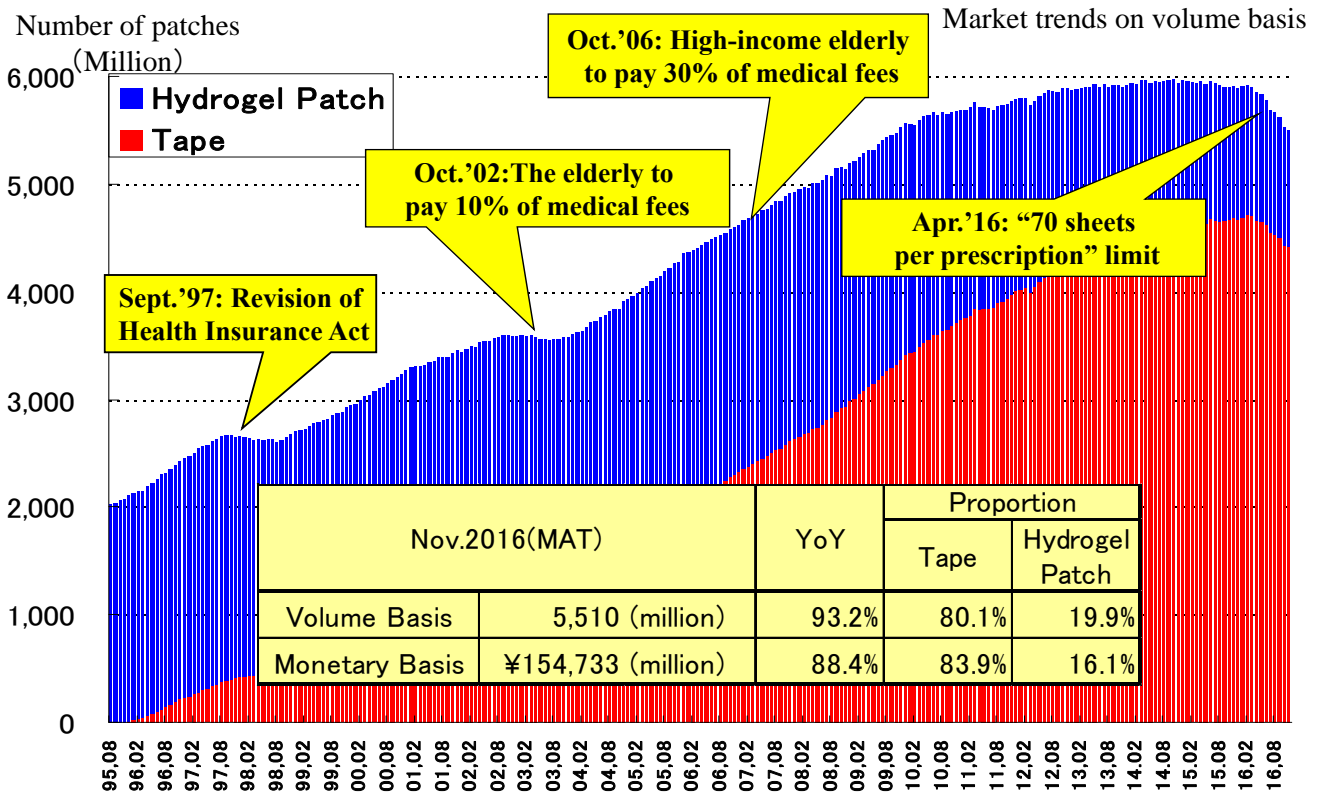
Unit:¥ million

	Actual performance for FY02/17 (Q3)			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	31,661	19,608	12,053	+2,029	+2,373	-343	+6.8%	+13.8%	-2.8%
Salonpas [®] products	16,916	7,691	9,224	+608	+1,091	-483	+3.7%	+16.5%	-5.0%
Salonsip [®] products	4,026	2,634	1,391	+121	+97	+24	+3.1%	+3.8%	+1.8%
Air [®] Salonpas [®] products	1,684	1,111	573	+12	+1	+11	+0.8%	+0.1%	+2.0%
Feitas [®] products	3,614	3,614	-	+108	+108	-	+3.1%	+3.1%	-
Butenalock [®] products	1,493	1,493	-	+72	+72	-	+5.1%	+5.1%	-
Allegra [®] FX	1,682	1,682	-	+815	+815	-	+94.1%	+94.1%	-
Others	2,244	1,379	864	+290	+186	+104	+14.9%	+15.6%	+13.8%

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

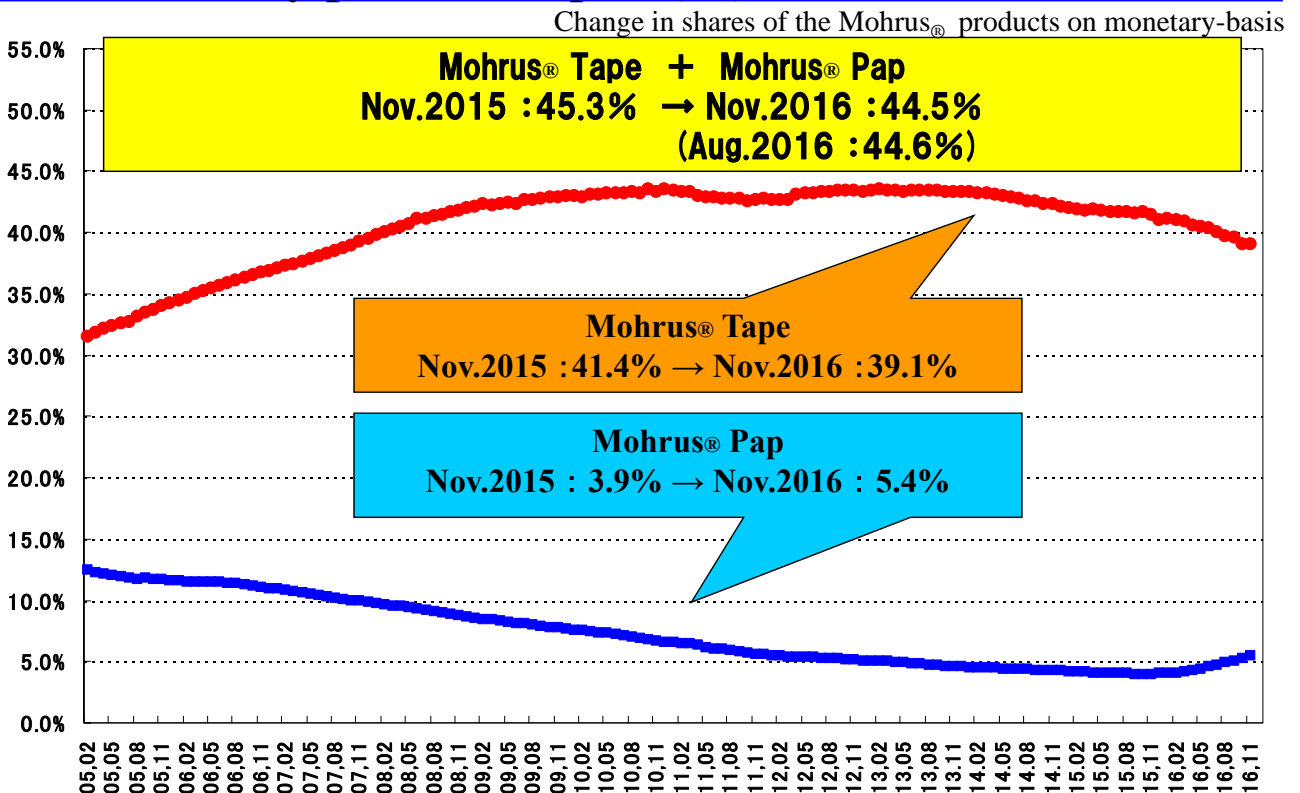


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7. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)



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8. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Filed (ANDA)	HP-1010	USA	Adhesive skin patch	Relief of pain associated with post-herpetic neuralgia	Under consideration
2	Filed (ANDA)	HP-1030	USA	Adhesive skin patch	Alzheimer's disease	No disclosure
3	Filed	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	To be approved in FY17
4	Phase3	HP-3000	JPN	Adhesive skin patch	Parkinson's disease	To be filed in FY18
5	Phase3	HP-3070	USA	Adhesive skin patch	Schizophrenia	To be filed in FY18
6	Phase2/3	HP-3150	JPN	Adhesive skin patch	Cancer pain	Under consideration
7	Phase3 being prepared	ATS	USA	Adhesive skin patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 in FY16
8	Phase3 being prepared	HP-3150	JPN	Adhesive skin patch	Lowback pain	Phase3 in FY17
9	Phase3 being prepared	HP-3000	JPN	Adhesive skin patch	Idiopathic restless legs syndrome	Phase3 in FY18

※Yellow-highlighted parts are changes from the previous announcement made on Oct. 11th, 2016

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Improving Quality of Life Around the World

Q3 FY02/2017 Results

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Additional data

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Noven PL - Performance comparison with the previous period -

Unit:\$ thousand

	Actual performance for FY02/16 (Q3)	Actual performance for FY02/17 (Q3)	Change	Percentage Change
Net sales *	191,607	166,305	-25,302	-13.2%
Noven Women's Health	145,352	135,399	-9,953	-6.8%
Noven Others	46,254	30,905	-15,349	-33.2%
CoGS	83,125	70,964	-12,161	-14.6%
as a % of sales	43.4%	42.7%	-	-
SG&A costs	98,744	72,901	-25,843	-26.2%
Sales promotion costs	21,141	8,596	-12,545	-59.3%
Advertising costs	4,979	126	-4,852	-97.5%
R&D spending	23,302	26,728	+3,426	+14.7%
Others	49,321	37,449	-11,871	-24.1%
Operating profits	9,737	22,439	+12,701	+130.4%
Nonoperating balance	270	16,589	+16,319	+6040.1%
Pretax profits	10,007	39,028	+29,020	+290.0%
Net profits	7,798	26,344	+18,545	+237.8%

* Results before consolidated adjustment. 16

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