

Hisamitsu Pharmaceutical Co., Inc.

Q2 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.

Oct. 11th, 2016

Care of People Around the World with Patch

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Agenda

- 1. Looking back on the Q2 FY02/2017**
 - 2. Summary of Financial Results for 1H FY02/2017**
 - 3. Assignment of rights for “Brisdelle[®]” and “Pexeva[®]”**
 - 4. Consolidated PL**
 - 5. Non Consolidated PL**
 - 6. Noven PL**
 - 7. Sales results by product**
 - 8. Trends of Second-generation non-steroidal anti-inflammatory patch in Japan**
 - 9. R&D Pipeline**
- Additional data

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1. Looking back on the Q2 FY02/2017

Domestic/ Ethical products

- HP-3060 (a transdermal system for treatment of allergic rhinitis)
Completion of Phase III Clinical Study in Japan
- HP-3150 (an analgesic transdermal drug containing NSAIDs)
Completion of Phase II Clinical Study in Japan for Lower Back Pain
- HP-3150 (an analgesic transdermal drug containing NSAIDs)
Completion of Phase II/III Clinical Study in Japan for Cancer Pain

US/ Noven

- Assignment of rights of approval for manufacture and commercialization for Brisdelle® and Pexeva®
- HP-3070 (a transdermal drug for the treatment of Schizophrenia)
Commencement of Phase III Clinical Study in the US

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2. Summary of Financial Results for 1H FY02/2017

Consolidated

Unit:¥ million

	1H FY02/2017				FY02/2017	
	Forecast	Actual	Change		Forecast	Progress rate
Net sales	79,800	74,447	-5,353	-6.7%	155,000	48.0%
Operating profits	11,600	12,875	+1,275	+11.0%	28,000	46.0%
Recurring profits	12,200	12,554	+354	+2.9%	29,000	43.3%
Net profits	8,700	9,286	+586	+6.7%	19,400	47.9%

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3. Assignment of rights for Brisdelle® and Pexeva®

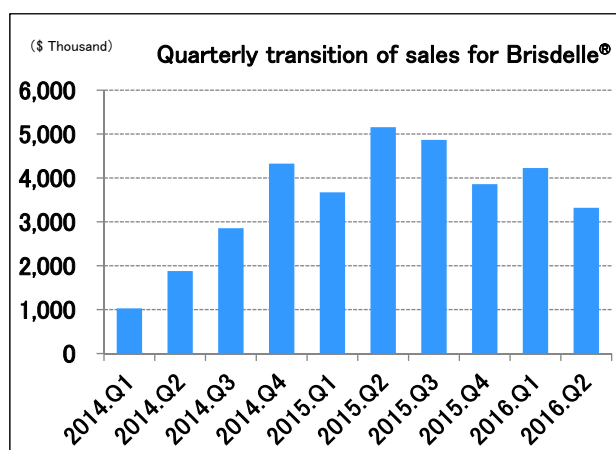
As of July 25, the right of approval for manufacture and commercialization for Brisdelle® and Pexeva® were assigned to Sebela International Limited.

【Reason for the assignment】

To concentrate the business resource in transdermal drugs, as part of the business remodeling of Noven Pharmaceuticals, Inc.

<Brisdelle® >
Non-hormonal oral drug for treatment of moderate to severe vasomotor symptoms (VMS) associated with menopause

<Pexeva® >
Oral antidepressant drug



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

Unit:¥ million

	Actual performance for FY02/16 (Q2)	Actual performance for FY02/17 (Q2)	Percentage Change	Earnings forecast for FY02/17 (Q1-Q2) *	Progress rate
Net sales	82,428	74,447	-9.7%	79,800	93.3%
CoGS	29,268	26,193	-10.5%	28,900	90.6%
as a % of sales	35.5%	35.2%	-	36.2%	-
SG&A costs	38,650	35,378	-8.5%	39,300	90.0%
Sales promotion costs	8,412	6,865	-18.4%	7,900	86.9%
Advertising costs	6,216	5,351	-13.9%	6,400	83.6%
R&D spending	6,908	7,791	+12.8%	8,800	88.5%
Others	17,112	15,370	-10.2%	16,200	94.9%
Operating profits	14,509	12,875	-11.3%	11,600	111.0%
Recurring profits	14,622	12,554	-14.1%	12,200	102.9%
Net profits	9,376	9,286	-1.0%	8,700	106.7%

* As of Apr 8, 2016

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

Unit:¥ million

	Actual performance for FY02/16 (Q2)	Actual performance for FY02/17 (Q2)	Change	Main factor
Net sales	82,428	74,447	-7,981	
Hisamitsu (Non consolidated)	60,857	56,076	-4,781	• Decrease in sales of Rx Business. • Increase in sales of OTC Business.
Noven	15,723	12,608	-3,115	• Decrease in sales of major products. • Influence of the currency exchange.
Others *	5,848	5,763	-85	
CoGS	29,268	26,193	-3,075	• Decrease in Net sales. • Change of Noven's sales composition ratio.
as a % of sales	35.5%	35.2%	-	
SG&A costs	38,650	35,378	-3,272	• Increase in R&D spending of Hisamitsu/Noven. • Decrease in Sales promotion costs of Hisamitsu/Noven. • Decrease in Advertising costs of Hisamitsu/Noven.
Operating profits	14,509	12,875	-1,634	
Non-operating balance	114	-320	-434	• Increase in foreign exchange losses.
Recurring profits	14,622	12,554	-2,068	
Extraordinary balance	-23	1,257	+1,280	• Termination of joint marketing contract .
Net profits	9,376	9,286	-90	

* "Others" includes consolidated adjustment. 7

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

Unit:¥ million

	Actual performance for FY02/16 (Q2)	Actual performance for FY02/17 (Q2)	Percentage Change	Earnings forecast for FY02/17 (Q1-Q2) *	Progress rate
Net sales	60,857	56,076	-7.9%	60,200	93.1%
Rx Business	44,428	38,469	-13.4%	43,000	89.5%
OTC Business	12,107	13,314	+10.0%	12,600	105.7%
Intl Business	4,321	4,292	-0.7%	4,600	93.3%
CoGS	20,088	19,332	-3.8%	21,000	92.1%
as a % of sales	33.0%	34.5%	-	34.9%	-
SG&A costs	27,035	26,458	-2.1%	28,700	92.2%
Sales promotion costs	5,546	5,187	-6.5%	6,000	86.5%
Advertising costs	4,836	4,612	-4.6%	5,300	87.0%
R&D spending	5,086	5,855	+15.1%	6,000	97.6%
Others	11,565	10,803	-6.6%	11,400	94.8%
Operating profits	13,734	10,284	-25.1%	10,500	97.9%
Recurring profits	14,324	10,268	-28.3%	11,200	91.7%
Net profits	9,447	8,134	-13.9%	8,400	96.8%

* As of Apr 8, 2016 8

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

Unit:¥ million

	Actual performance for FY02/16 (Q2)	Actual performance for FY02/17 (Q2)	Percentage Change	Earnings forecast for FY02/17 (Q1-Q2) *1	Progress rate
Net sales *2	15,723	12,608	-19.8%	13,000	97.0%
Noven Women's Health	11,559	10,437	-9.7%	11,400	91.6%
Noven Others	4,164	2,171	-47.9%	1,600	135.7%
CoGS	7,117	5,255	-26.2%	5,200	101.1%
as a % of sales	45.3%	41.7%	-	40.0%	-
SG&A costs	8,385	5,970	-28.8%	6,900	86.5%
Sales promotion costs	1,754	806	-54.0%	900	89.7%
Advertising costs	560	12	-97.9%	0	-
R&D spending	1,826	1,934	+5.9%	2,800	69.1%
Others	4,242	3,216	-24.2%	3,200	100.5%
Operating profits	220	1,382	+528.2%	900	153.6%
Nonoperating balance	31	25	-19.4%	0	-
Pretax profits	252	1,407	+458%	900	156.4%
Net profits	156	985	+531.4%	500	197.0%

Exchange rate (¥/USD)	120.48円	111.46円	¥115.00
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*1 As of Apr 8, 2016 *2 Results before consolidated adjustment. 9

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

Unit:¥ million

	Actual performance for FY02/16 (Q2)			Actual performance for FY02/17 (Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	60,439	44,428	16,011	51,451	38,469	12,982
New products	4,493	4,493	-	4,301	4,301	-
Fentos [®] Tape	2,778	2,778	-	2,302	2,302	-
Norspan [®] Tape	1,145	1,145	-	1,153	1,153	-
Neoxy [®] Tape	471	471	-	752	752	-
Abstral [®]	98	98	-	94	94	-
Mohrus[®] products+Others	40,385	39,934	450	34,643	34,167	476
Mohrus [®] Tape	33,563	33,514	48	27,388	27,328	59
Mohrus [®] Pap	2,885	2,885	-	3,628	3,628	-
Others	3,937	3,535	401	3,626	3,210	416
Noven Women's Health	11,559	-	11,559	10,437	-	10,437
Minivelle [®]	5,220	-	5,220	5,300	-	5,300
Vivelle-Dot [®] products	2,792	-	2,792	2,063	-	2,063
CombiPatch [®] products	2,482	-	2,482	2,233	-	2,233
Brisdelle [®]	1,063	-	1,063	841	-	841
Noven Others	4,001	-	4,001	2,068	-	2,068
Daytrana [®]	3,694	-	3,694	1,825	-	1,825
Others of Noven products	307	-	307	242	-	242

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

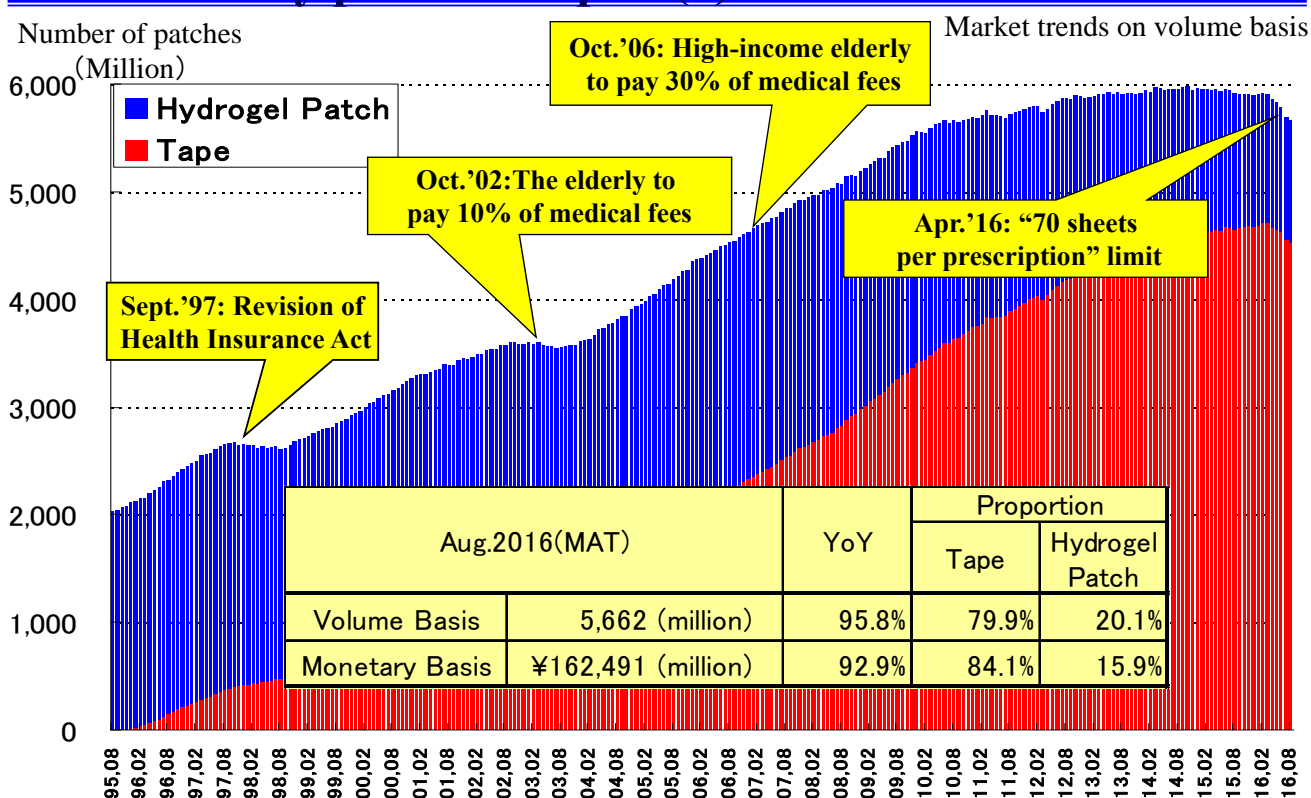
Unit:¥ million

	Actual performance for FY02/16 (Q2)			Actual performance for FY02/17 (Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	20,408	12,107	8,301	21,376	13,314	8,062
Salonpas® products	10,884	4,380	6,503	11,528	5,020	6,508
Salonsip® products	2,660	1,751	908	2,351	1,788	562
Air® Salonpas® products	1,241	871	369	1,181	820	360
Feitas® products	2,297	2,297	-	2,414	2,414	-
Butenalock® products	1,290	1,290	-	1,317	1,317	-
Allegra® FX	696	696	-	1,097	1,097	-
Others	1,338	819	519	1,485	854	630

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



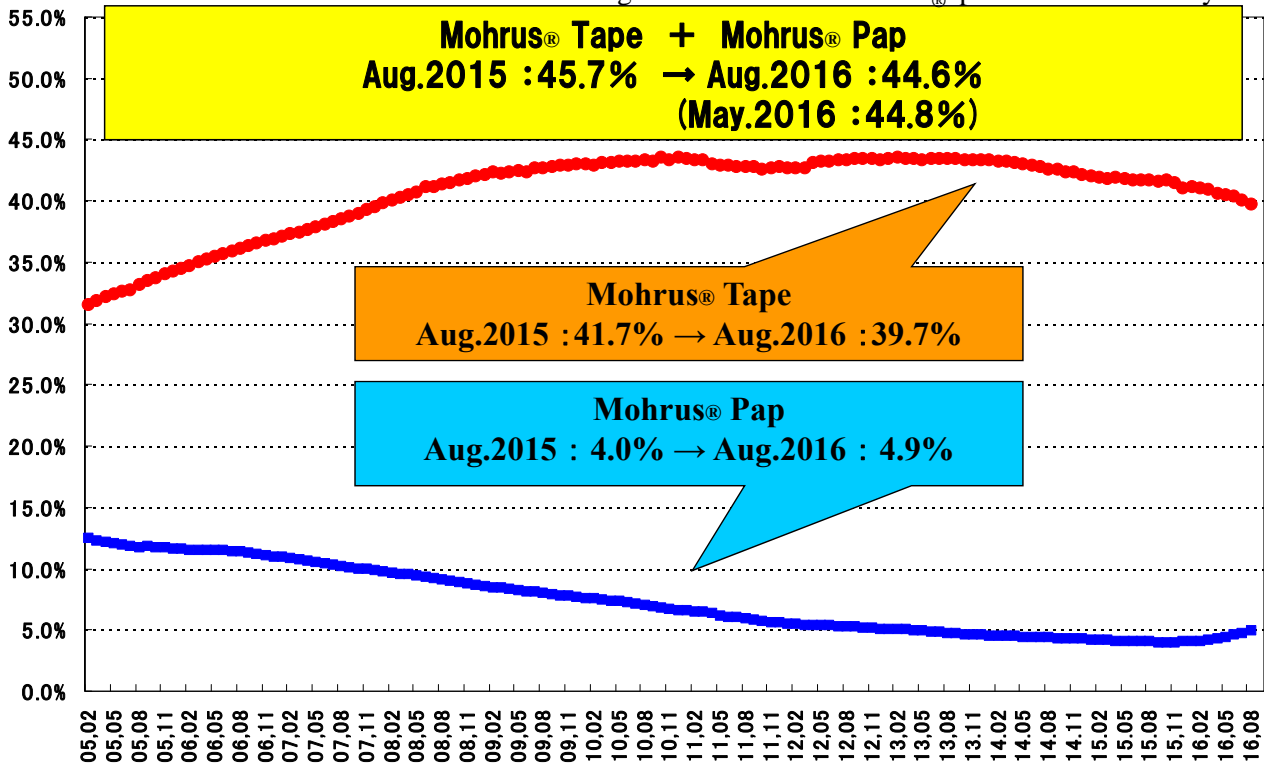
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8. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)

Change in shares of the Mohrus® products on monetary-basis



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9. R&D Pipeline

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	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 being prepared	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	To be filed in FY16
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 Jul. 8th, 2016

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Improving Quality of Life Around the World

Q2 FY02/2017 Results

Oct. 11th, 2016

Hisamitsu Pharmaceutical Co., Inc.

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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 (Q2)	Actual performance for FY02/17 (Q2)	Change	Percentage Change
Net sales *	130,504	113,123	-17,380	-13.3%
Noven Women's Health	95,941	93,645	-2,295	-2.4%
Noven Others	34,563	19,478	-15,084	-43.6%
CoGS	59,078	47,155	-11,922	-20.2%
as a % of sales	45.3%	41.7%	-	-
SG&A costs	69,596	53,566	-16,030	-23.0%
Sales promotion costs	14,563	7,239	-7,323	-50.3%
Advertising costs	4,655	112	-4,542	-97.6%
R&D spending	15,162	17,358	+2,195	+14.5%
Others	35,215	28,856	-6,359	-18.1%
Operating profits	1,829	12,401	+10,572	+578.0%
Nonoperating balance	262	226	-36	-13.8%
Pretax profits	2,091	12,627	+10,535	+503.7%
Net profits	1,296	8,839	+7,543	+582.0%

* Results before consolidated adjustment. 17

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Sales results by product (1)

 Rx Business /
Performance comparison with the previous period

Unit:¥ million

	Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	-8,987	-5,959	-3,028	-14.9%	-13.4%	-18.9%
New products	-191	-191	-	-4.3%	-4.3%	-
Fentos [®] Tape	-476	-476	-	-17.1%	-17.1%	-
Norspan [®] Tape	+7	+7	-	+0.7%	+0.7%	-
Neoxy [®] Tape	+280	+280	-	+59.6%	+59.6%	-
Abstral [®]	-4	-4	-	-4.7%	-4.7%	-
Mohrus[®] products+Others	-5,741	-5,767	+25	-14.2%	-14.4%	+5.7%
Mohrus [®] Tape	-6,174	-6,185	+10	-18.4%	-18.5%	+22.5%
Mohrus [®] Pap	+743	+743	-	+25.8%	+25.8%	-
Others	-310	-325	+14	-7.9%	-9.2%	+3.6%
Noven Women's Health	-1,121	-	-1,121	-9.7%	-	-9.7%
Minivelle [®]	+79	-	+79	+1.5%	-	+1.5%
Vivelle-Dot [®] products	-728	-	-728	-26.1%	-	-26.1%
CombiPatch [®] products	-249	-	-249	-10.0%	-	-10.0%
Brisdelle [®]	-222	-	-222	-20.9%	-	-20.9%
Noven Others	-1,932	-	-1,932	-48.3%	-	-48.3%
Daytrana [®]	-1,868	-	-1,868	-50.6%	-	-50.6%
Others	-64	-	-64	-21.0%	-	-21.0%

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Sales results by product (2)

OTC Business & Others / Performance comparison with the previous period



Unit:¥ million

	Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business & Others	+967	+1,206	-239	+4.7%	+10.0%	-2.9%
Salonpas® products	+644	+639	+4	+5.9%	+14.6%	+0.1%
Salonsip® products	-309	+36	-345	-11.6%	+2.1%	-38.0%
Air® Salonpas® products	-60	-51	-8	-4.8%	-5.9%	-2.4%
Feitas® products	+117	+117	-	+5.1%	+5.1%	-
Butenalock® products	+27	+27	-	+2.1%	+2.1%	-
Allegra® FX	+401	+401	-	+57.7%	+57.7%	-
Others	+146	+35	+110	+10.9%	+4.3%	+21.3%