

Hisamitsu Pharmaceutical Co., Inc.

Q2 FY02/2016 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. 9th, 2015

Care of People Around the World with Patch

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Agenda

1. Looking back on the Q2 FY02/2016
2. Summary of Financial Results for 1H FY02/2016
3. The acquisition company's own shares.
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 FY02/2016

Japan / Developed products	<p>The Marketing Approval of MOHRUS[®] PAP XR a topical analgesic and anti-inflammatory product</p> <p>The commencement of the Phase II / III clinical study of HP-3150 in Japan</p>
Japan / OTC products	<p>Launch of Feitas[®] MEDICAL SUPPORTER (for knee, for low back, for elbow, for calf and for ankle)</p>
US/ Hisamitsu America	<p>Launch of Salonpas[®]</p>
Others	<p>The revision of Financial Forecast(1H FY02/2016)</p> <p>The acquisition company's own shares</p> <p>Finalization of Details of Issuance of Stock Options as Compensation</p> <p>“Hisamitsu Springs” AVC Women’s Club Championship 2015 (Ha Nam, Vietnam) ranked at 2nd</p>

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2. Summary of Financial Results for 1H FY02/2016

Consolidated

Unit:¥ million

	1H FY02/2016				FY02/2016	
	Forecast	Actual	Change		Forecast	Progress rate
Net sales	83,300	82,428	-872	-1.0%	164,300	50.2%
Operating profits	12,700	14,509	+1,809	+14.2%	27,400	53.0%
Recurring profits	13,000	14,622	+1,622	+12.5%	28,500	51.3%
Net profits	8,500	9,376	+876	+10.3%	18,300	51.2%

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3. The acquisition company's own shares

- Total number of executed shares to acquire:
1,000,000 shares. (1.17%)
- Total amount of acquired value of share:
4,174 million Yen
- Period for acquisition:
From September 1, 2015 to September 9, 2015
- **Reason to acquire company's own shares**
 - To improve capital efficiency and to attempt more distribution of profit to shareholders
 - To perform mobile capital policy corresponding to the change of managerial environment

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

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q2)	Actual performance for FY02/16 (Q1-Q2)	Change	Percentage Change
Net sales	77,052	82,428	+5,375	+7.0%
CoGS	27,901	29,268	+1,366	+4.9%
as a % of sales	36.2%	35.5%	–	–
SG&A costs	38,795	38,650	–144	–0.4%
Sales promotion costs	9,248	8,412	–835	–9.0%
Advertising costs	5,800	6,216	+415	+7.2%
R&D spending	6,732	6,908	+176	+2.6%
Others	17,015	17,112	+99	+0.6%
Operating profits	10,355	14,509	+4,153	+40.1%
Recurring profits	15,572	14,622	–950	–6.1%
Net profits	9,574	9,376	–197	–2.1%

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

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q2)	Actual performance for FY02/16 (Q1-Q2)	Change	Main factor
Net sales	77,052	82,428	+5,375	
Hisamitsu (Non consolidated)	61,113	60,857	-256	•Decrease in sales of Rx Business(1Q).
Noven	10,160	15,723	+5,563	•Increase in sales of major products. •Influence of the currency exchange.
Others *	5,779	5,848	+68	
CoGS	27,901	29,268	+1,366	•Increase in Net sales.
as a % of sales	36.2%	35.5%	-	•Decrease in royalty payment.
SG&A costs	38,795	38,650	-144	•Decrease in Sales promotion costs of Noven. •Increase in Advertising costs of Noven.
Operating profits	10,355	14,509	+4,153	
Non-operating balance	5,217	114	-5,103	•Decrease in Equity-method investment profits of Noven.
Recurring profits	15,572	14,622	-950	
Extraordinary balance	10	-23	-33	
Net profits	9,574	9,376	-197	

* "Others" includes consolidated adjustment. 7

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

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q2)	Actual performance for FY02/16 (Q1-Q2)	Change	Percentage Change
Net sales	61,113	60,857	-256	-0.4%
Rx Business	46,192	44,428	-1,763	-3.8%
OTC Business	11,534	12,107	+572	+5.0%
Intl Business	3,386	4,321	+935	+27.6%
CoGS	20,013	20,088	+75	+0.4%
as a % of sales	32.7%	33.0%	-	-
SG&A costs	27,215	27,035	-180	-0.7%
Sales promotion costs	5,654	5,546	-107	-1.9%
Advertising costs	5,044	4,836	-207	-4.1%
R&D spending	5,021	5,086	+65	+1.3%
Others	11,496	11,565	+69	+0.6%
Operating profits	13,885	13,734	-151	-1.1%
Recurring profits	14,533	14,324	-208	-1.4%
Net profits	9,345	9,447	+103	+1.1%

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

	Actual performance for FY02/15 (Q1-Q2)	Actual performance for FY02/16 (Q1-Q2)	Change	Percentage Change
Net sales *	10,160	15,723	+5,563	+54.8%
Noven Women's Health	5,895	11,559	+5,663	+96.1%
Noven Others	4,265	4,164	-100	-2.4%
CoGS	5,592	7,117	+1,525	+27.3%
as a % of sales	55.0%	45.3%	-	-
SG&A costs	8,677	8,385	-292	-3.4%
Sales promotion costs	2,723	1,754	-968	-35.6%
Advertising costs	30	560	+529	18倍
R&D spending	1,715	1,826	+110	+6.5%
Others	4,207	4,242	+35	+0.8%
Operating profits	-4,109	220	+4,330	-
Nonoperating balance	4,912	31	-4,881	-99.4%
Equity in earnings of Novogyne	5,860	0	-5,860	-
Amortization of fair value adjustment to investment in Novogyne	-945	0	+945	-
Pretax profits	803	252	-550	-68.6%
Net profits	499	156	-343	-68.7%

* Results before consolidated adjustment.

Exchange rate (¥/USD)	¥102.23	¥120.48
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7. Sales results by product (1) - Rx Business -

Unit:¥ million

	Actual performance for FY02/15 (Q1-Q2)			Actual performance for FY02/16 (Q1-Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
Rx Business	56,354	46,189	10,165	60,439	44,428	16,011
New products	3,459	3,459	+7.2%	0	4,493	4,493
Fentos [®] Tape	1,973	1,973	0	2,778	2,778	0
Norspan [®] Tape	1,039	1,039	0	1,145	1,145	0
Neoxy [®] Tape	367	367	0	471	471	0
Abstral [®]	79	79	0	98	98	0
Mohrus[®] products+Others	42,869	42,730	139	40,385	39,934	450
Mohrus [®] Tape	35,665	35,614	51	33,563	33,514	48
Mohrus [®] Pap	3,274	3,274	0	2,885	2,885	0
Others	3,930	3,842	88	3,937	3,535	401
Noven Women's Health	5,893	0	5,893	11,559	0	11,559
Minivelle [®]	3,436	0	3,436	5,220	0	5,220
Vivelle-Dot [®] products	1,795	0	1,795	2,792	0	2,792
CombiPatch [®] products	365	0	365	2,482	0	2,482
Brisdelle [®]	297	0	297	1,063	0	1,063
Noven Others	4,133	0	4,133	4,001	0	4,001
Daytrana [®]	3,478	0	3,478	3,694	0	3,694
Others of Noven products	655	0	655	307	0	307

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

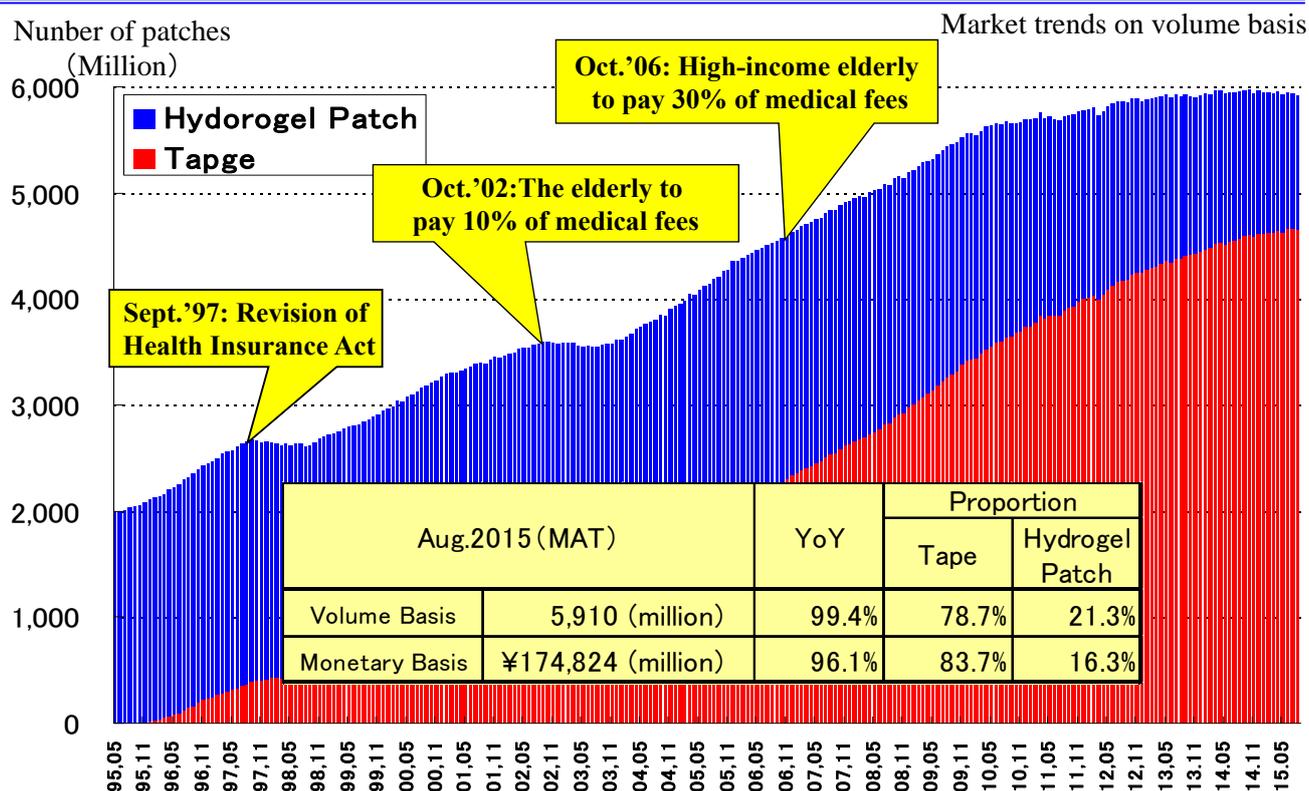
Unit:¥ million

	Actual performance for FY02/15 (Q1-Q2)			Actual performance for FY02/16 (Q1-Q2)		
	Total	Japan	Overseas	Total	Japan	Overseas
OTC Business	19,129	11,531	7,598	20,408	12,107	8,301
Salonpas® products	9,685	3,730	5,955 (+6.7%)	10,884	4,380	6,503
Salonsip® products	2,567	1,728	839	2,660	1,751	908
Air® Salonpas® products	1,235	843	392	1,241	871	369
Feitas® products	2,247	2,247	0	2,297	2,297	0
Butenalock® products	1,557	1,557	0	1,350	1,350	0
Allegra® FX	774	774	0	696	696	0
Others	1,064	652	412	1,278	759	519

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

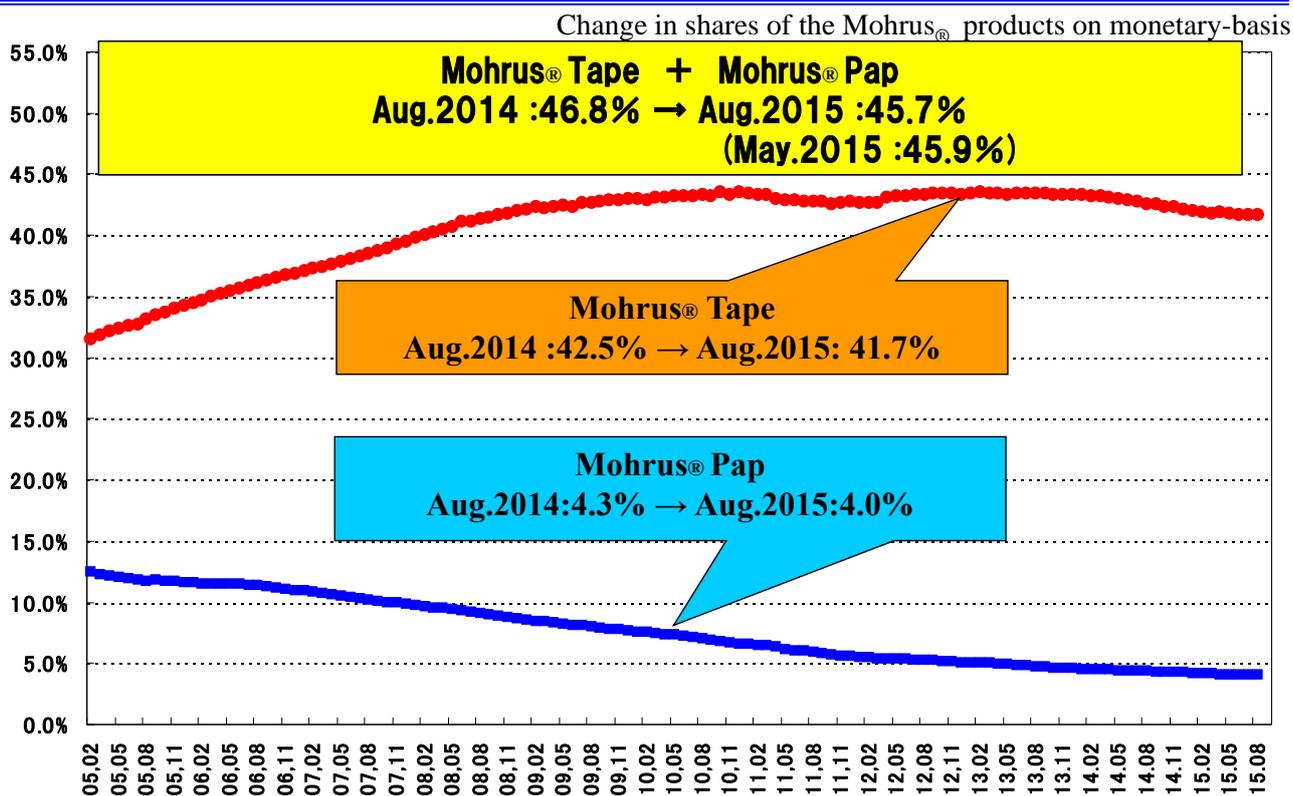


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8. Trends of second-generation non-steroidal anti-inflammatory patch in Japan (2)



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9. R&D Pipeline

	Stage	Theme	Target	Dosage Form	Characteristics	Next Step
1	Approval	MOHRUS_RPAP XR (new addition of MORSUR _R TAPE)	JPN	Adhesive skin patch	Lowback pain, osteoarthritis etc.	—
2	Filed (ANDA)	HP-1010	USA	Adhesive skin patch	Relief of pain associated with post-herpetic neuralgia	To be approved in FY15
3	Filed (ANDA)	HP-1030	USA	Adhesive skin patch	Alzheimer's disease	No disclosure
4	Phase3	HP-3000	JPN	Adhesive skin patch	Parkinson's disease	To be filed in FY17
5	Phase2/3	HP-3150	JPN	Adhesive skin patch	Cancer pain	To be filed in FY16
6	Phase3	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	To be filed in FY16
7	Phase3 being prepared	ATS	USA	Adhesive skin patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 in FY15
8	Phase3 being prepared	HP-3000	JPN	Adhesive skin patch	Idiopathic restless legs syndrome	Phase3 in FY15
9	Phase2	HP-3150	JPN	Adhesive skin patch	Lowback pain	Phase3 in FY17
10	Phase1	HP-3070	USA	Adhesive skin patch	Schizophrenia	Phase2 in FY15

*Yellow-highlighted parts are changes from the previous announcement made on Sep.10th, 2015

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Improving Quality of Life Around the World

Q2 FY02/2016 Results

Oct. 9th, 2015

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 FY02/15 (Q1-Q2)	Actual performance for FY02/16 (Q1-Q2)	Change	Percentage Change
Net sales *	99,384	130,504	+31,119	+31.3%
Noven Women's Health	57,664	95,941	+38,276	+66.4%
Noven Others	41,720	34,563	-7,156	-17.2%
CoGS	54,702	59,078	+4,375	+8.0%
as a % of sales	55.0%	45.3%	-	-
SG&A costs	84,883	69,596	-15,286	-18.0%
Sales promotion costs	26,641	14,563	-12,077	-45.3%
Advertising costs	301	4,655	+4,353	15times
R&D spending	16,785	15,162	-1,622	-9.7%
Others	41,154	35,215	-5,939	-14.4%
Operating profits	-40,201	1,829	+42,030	-
Nonoperating balance	48,056	262	-47,793	-99.5%
Equity in earnings of Novogyne	57,330	0	-57,330	-
Amortization of fair value adjustment to investment in Novogyne	-9,250	0	+9,250	-
Pretax profits	7,854	2,091	-5,763	-73.4%
Net profits	4,884	1,296	-3,588	-73.5%

* 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	+4,085	-1,761	+5,846	+7.2%	-3.8%	+57.5%
New products	+1,034	+1,034	-	+29.9%	+29.9%	-
Fentos [®] Tape	+805	+805	-	+40.8%	+40.8%	-
Norspan [®] Tape	+106	+106	-	+10.2%	+10.2%	-
Neoxy [®] Tape	+104	+104	-	+28.3%	+28.3%	-
Abstral [®]	+19	+19	-	+24.1%	+24.1%	-
Mohrus[®] products+Others	-2,484	-2,796	+311	-5.8%	-6.5%	+223.7%
Mohrus [®] Tape	-2,102	-2,100	+28	-5.9%	-5.9%	-5.9%
Mohrus [®] Pap	-389	-389	-	-11.9%	-11.9%	-
Others	+7	-307	+282	+0.2%	-8.0%	+355.7%
Noven Women's Health	+5,666	-	+5,666	+96.1%	-	+96.1%
Minivelle [®]	+1,784	-	+1,784	+51.9%	-	+51.9%
Vivelle-Dot [®] products	+997	-	+997	+55.5%	-	+55.5%
CombiPatch [®] products	+2,117	-	+2,117	+580.0%	-	+580.0%
Brisdelle [®]	+766	-	+766	+257.9%	-	+257.9%
Noven Others	-132	-	-132	-3.2%	-	-3.2%
Daytrana [®]	+216	-	+216	+6.2%	-	+6.2%
Others	-348	-	-348	-53.1%	-	-53.1%

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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	+1,279	+576	+703	+6.7%	+5.0%	+9.3%
Salonpas [®] products	+1,199	+650	+548	+12.4%	+17.4%	+9.2%
Salonsip [®] products	+93	+23	+69	+3.6%	+1.3%	+8.2%
Air [®] Salonpas [®] products	+6	+28	-22	+0.5%	+3.3%	-5.6%
Feitas [®] products	+50	+50	-	+2.2%	+2.2%	-
Butenalock [®] products	-207	-207	-	-13.3%	-13.3%	-
Allegra [®] FX	-78	-78	-	-10.1%	-10.1%	-
Others	+214	+107	+107	+20.1%	+16.4%	+26.0%