

# Hisamitsu Pharmaceutical Co., Inc.

## Q3 FY02/2022 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, 2022

# Agenda

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- 1. Looking back on the Q3 FY02/2022**
- 2. Promotion of ESG**
- 3. Progress for FY02/2022**
- 4. Consolidated P&L**
- 5. Sales Results by Region**
- 6. Sales Results by Product**
- 7. Trends of 2nd-generation non-steroidal anti-inflammatory patch in Japan**
- 8. R&D Pipeline**

# 1. Looking back on the Q3 FY02/2022(1)

Rx Business	<p>Mar. • Approval for manufacturing and marketing approval of ZICTHORU® Tapes for “cancer pain” in Japan. (Transdermal, pain treatment NSAID patch, development code: HP-3150)</p> <p>Apr. • Results of the Phase III clinical study of HP-5070 in Japan. (Primary palmar hyperhidrosis treatment drug)</p> <p>May • Marketing of ZICTHORU® Tapes for “cancer pain” in Japan (Transdermal, pain treatment NSAID patch)</p> <p>Jul. • Transfer of Marketing Rights for ORAVI® Mucoadhesive Tablets 50mg for Oropharyngeal Candidiasis</p> <p>Aug. • Application for manufacturing and marketing approval of the additional indications of “low back pain, humeroscapular periartthritis, cervico-omo-brachial syndrome and tenosynovitis” for ZICTHORU® Tapes(Transdermal, pain treatment NSAID patch, development code: HP-3150) in Japan</p> <p>Aug. • Approval for manufacturing and marketing approval of the additional indications of cancer pain relief for pediatric patients of FENTOS® Tapes (Transdermal, pain management patch, Development code: HFT-290) in Japan</p>
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OTC Business	<p>Mar. • Launch of renewal Feitas® 5.0 “Hot Type and Large Size”</p> <p>Aug. • Launch of new package “Nobinobi® Salonsip® Fit®”, 10 patches Nickname: “Poke-Sip”</p> <p>Sep. • Launch of a Food with Functional Claims, “Hisamitsu® ARU-KANTO®” in Japan</p> <p>Oct. • Hisamitsu Pharmaceutical Online Sales “Hisamitsu® Iki-Iki Online”, Announcement of Starting Pharmaceutical Product Sales in Japan</p> <p>Oct. • Launch of Mask Made of Non-Woven Fabric Used for Hydrogel Patch in Japan</p>
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# 1. Looking back on the Q3 FY02/2022(2)

Hisamitsu® ARU-KANTO®



【Functional Food】

Mask Made of Non-Woven Fabric  
Used for Hydrogel Patch



【Ear Wearable Mask】



【Adhesive Mask】

# 1. Looking back on the Q3 FY02/2022(3)

Others	Mar.	• Establishment the Ecology Mark and the Website Regarding “HELLO! Eco!”
	Apr.	• Donation to Japanese Olympic Committee (JOC) and Japanese Paralympic Committee (JPC)
	May	• Salonpas® Named the World’s No. 1 OTC Topical Analgesic Patch Brand for the 5 <sup>th</sup> Consecutive Years
	May	• Conclusion of Cooperation Agreement with Saga Prefecture and Saga Sports Association
	Aug.	• Hisamitsu Pharmaceutical Co., Inc. receiving Administrative Disposition from Saga Prefecture
	Aug.	• Honorary Chairman Passes Away
	Aug.	• Providing Relief Supplies in Response to The Torrential Rains in August 2021
	Aug.	• Support for The Disaster of The Torrential Rains in August 2021
	Sep.	• Establishment of "the 7th Medium-term Management Policy"
	Sep.	• Investment in GAIA Biomedicine, a Bio-Venture from Kyushu University in Japan
	Oct.	• Regarding Concerning the Decision of Matters Relating to Acquisition of Company’s Own Shares
	Oct.	• Regarding Application for Selection of “Prime Market” Under the New Market Segments
Nov.	• Products to solve issues for living in Space and living on Earth “Fixpace®” Notification to be used in the International Space Station	

\*Dec. 1<sup>st</sup>: Donation to Japanese Olympic Committee (JOC) and Japanese Paralympic Committee (JPC)

\*Dec. 20<sup>th</sup>: RaQualia Pharma and Hisamitsu Pharmaceutical have agreed to enter into a license agreement for a novel sodium channel blocker



Fixpace®

# 1. Looking back on the Q3 FY02/2022(4)

## Activities in preparation for the Olympic and Paralympic games Tokyo 2020.

### Donation to Japanese Olympic Committee (JOC) and Japanese Paralympic Committee (JPC)

- [Donation] 1. Japanese Olympic Committee (JOC)
- 2. Japanese Paralympic Committee (JPC)

[Date] Nov. 30, 2021

“Energize Japan! Hisamitsu original campaign to support Tokyo 2020”

“Catalog of donation”

[Amount of money]  
¥2,465,370



Masaya Okuno  
(Executive Officer  
Head of Sales & Marketing  
Division, OTC  
of Hisamitsu  
Pharmaceutical Co., Inc.)

Yasuhiro Yamashita  
(President of the  
Japanese Olympic  
Committee)

Masaya Okuno  
(Executive Officer  
Head of Sales & Marketing  
Division, OTC  
of Hisamitsu  
Pharmaceutical Co., Inc.)







Hidefumi Takahashi  
(Vice Chairperson of the  
Japanese Paralympic  
Committee )

Hisamitsu original campaign (“Energize Japan! to support Tokyo 2020” (from Jun. 1, 2021 to Sep. 30, 2021)) received 246,537 applications. 1 application was converted into ¥10 and delivered donations.

\*The contribution will be used for a meeting and the activity that a competition group has.

Hisamitsu contribute to making the promotion of sports and the health of people through various activities in future

# 2. Promotion of ESG(1)

Materiality (Important issues)	KPI
Promoting “patch treatment culture” worldwide and creating products and services with enthusiasm for “TE-A-TE” 	<b>Expansion of the number of countries and regions where our products are sold</b>
	<b>Promoting drug improvement in consideration of the environment and ease of use</b> (drug improvement: product improvement, additional indications, etc.)
	<b>Creation of products and services filled with the spirit of care</b> (therapeutic patches and other products and services that are filled with the spirit of care)
Promoting environmental management  	<b>Reduction of CO<sub>2</sub> emissions (Scopes 1 and 2)</b> Reduce by 46% from FY 2013 by 2030. Target: All domestic bases
	<b>Waste reduction</b> 1) Reduce industrial waste discharged by plants Disposal rate by 1.5% from FY 2020 by FY 2025 *Disposal rate = Amount of industrial waste / total amount of production 2) Reduce “household waste” in accordance with the Containers and Packaging Recycling Law Reduce by 10% from FY 2020 by FY 2030 *Excluding the effect of increase/decrease in sales volume.
	<b>Sustainability procurement survey answer rate</b> Implementation and response rate of 100% by FY 2025. Targets: primary suppliers, secondary suppliers *Primary suppliers: Suppliers from which we purchase raw materials used for our manufacturing *Secondary suppliers: Manufacturers of raw materials used in our products with which we are not in a direct contractual relationship
Supplying high-quality products and services 	<b>Zero product recalls</b> Achieve annual product recall rate of zero.
	<b>Product complaint rate</b> Achieve product complaint rate of not more than 0.001% by FY 2025. Target: Product-related complaints about all products manufactured and sold by our company
Promoting D&I and work style reform  	<b>Morale Surveillance Score (8 relevant items: motivation + ease of working)</b> Achieve mean value for 8 items of 5.0 P or higher by FY 2025.
	<b>Percentage of female managers</b> Increase to 1.5 times as high as at the end of March 2021 by March 31, 2024.
	<b>Percentage of female employees who continues employment with our company 9 to 11 years after joining</b> Achieve continued employment rate of 45% or more by March 31, 2024.



## 2. Promotion of ESG(2)

Reduce CO<sub>2</sub> emissions

Installation of a new solar power generation system  
at the Kyushu headquarters (October, 2021)



CO<sub>2</sub> emissions  
Reduction of approx.  
88 tons/year

Example: Future capital investment

- Air conditioner replacement
- Air conditioning control modification



# 2. Promotion of ESG(3)

## Eco-activity in the business activities in Japan

### Promotion of “ecodrive 10”※ (September, 2021 -)

※The ecodrive spread Network devised it in Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism, Ministry of the Environment, the National Police Agency



Automotive sticker

**HELLO! ECO!**  
エコドライブ10

- ①自分の燃費を把握しよう
- ②ふんわりアクセル「eスタート」
- ③車間距離にゆとりをもって、加速・減速の少ない運転
- ④減速時は早めにアクセルを離そう
- ⑤エアコンの使用は適切に
- ⑥ムダなアイドリングはやめよう
- ⑦渋滞を避け、余裕をもって出発しよう
- ⑧タイヤの空気圧から始める点検・整備
- ⑨不要な荷物はおろそう
- ⑩走行の妨げとなる駐車はやめよう

Seal for the driver

SDGs Target



### 3. Progress for FY02/2022

Unit:¥ Million

Consolidated P&L	Q3 FY02/2022	FY02/2022	
	Actual	Forecast	Progress Rate
Net Sales	86,663	122,900	70.5%
Operating Profits	6,973	10,700	65.2%
Ordinary Profit	8,665	12,700	68.2%
Net Profits	6,218	9,900	62.8%

\*There is no change in the earnings forecast.

## 4. Consolidated P&L (1) - Comparison with the previous period performance -

Unit:¥ Million

	Actual performance for FY02/21 (Q3)	Actual performance for FY02/22 (Q3)	Change	Percentage Change
<b>Net sales</b>	<b>80,822</b>	<b>86,663</b>	<b>+5,841</b>	<b>+7.2%</b>
CoGS	30,148	34,884	+4,736	+15.7%
as a % of sales	37.3%	40.3%		
SG&A costs	42,551	44,805	+2,254	+5.3%
Sales promotion costs	9,583	10,789	+1,206	+12.6%
Advertising costs	8,288	8,465	+176	+2.1%
R&D costs	7,873	7,455	-417	-5.3%
Others	16,806	18,094	+1,288	+7.7%
<b>Operating profits</b>	<b>8,123</b>	<b>6,973</b>	<b>-1,150</b>	<b>-14.2%</b>
<b>Ordinary Profit</b>	<b>7,928</b>	<b>8,665</b>	<b>+736</b>	<b>+9.3%</b>
<b>Net profits</b>	<b>5,722</b>	<b>6,218</b>	<b>+495</b>	<b>+8.7%</b>
Exchange Rate (JPY/USD)	<b>107.3</b>	<b>109.1</b>		

## 4. Consolidated P&L (2) - Summary of Profit and Loss① -

Unit:¥ Million

	Actual performance for FY02/21 (Q3)	Actual performance for FY02/22 (Q3)	Change	Main factor
<b>Net sales</b>	<b>80,822</b>	<b>86,663</b>	<b>+5,841</b>	
CoGS	30,148	34,884	+4,736	
as a % of sales	37.3%	40.3%		<ul style="list-style-type: none"> <li>• Affected by the drug price revision in Japan.</li> <li>• Change of sales mix.</li> </ul>
SG&A costs	42,551	44,805	+2,254	
Sales promotion costs	9,583	10,789	+1,206	• Increase in aggressive domestic and international sales promotion activities
Advertising costs	8,288	8,465	+176	
R&D costs	7,873	7,455	-417	<ul style="list-style-type: none"> <li>• [FY02/2021]Expenses of Phase 3 clinical study of HP-3150 (low back pain).</li> <li>• [FY02/2022]Expenses of Phase 3 clinical study of HP-5000.</li> </ul>
Others	16,806	18,094	+1,288	• Increase in logistics costs
<b>Operating profits</b>	<b>8,123</b>	<b>6,973</b>	<b>-1,150</b>	
<b>Nonoperating balance</b>	<b>-194</b>	<b>1,692</b>	<b>+1,886</b>	<ul style="list-style-type: none"> <li>• [FY02/2021]Foreign exchange loss.</li> <li>• [FY02/2022]Foreign exchange gain.</li> </ul>
<b>Ordinary Profit</b>	<b>7,928</b>	<b>8,665</b>	<b>+736</b>	
<b>Extraordinary balance</b>	<b>334</b>	<b>326</b>	<b>-7</b>	
<b>Net profits</b>	<b>5,722</b>	<b>6,218</b>	<b>+495</b>	

## 4. Consolidated P&L (3) - Summary of Profit and Loss②-

Unit:¥ Million

Consolidated P&L	Q1 FY02/2022			Q2 FY02/2022			Q3 FY02/2022		
	FY02/21	FY02/22	Percentage Change	FY02/21	FY02/22	Percentage Change	FY02/21	FY02/22	Percentage Change
Net sales	24,882	27,761	+11.6%	28,043	30,789	+9.8%	27,896	28,112	+0.8%
CoGS	9,672	11,162	+15.4%	9,904	11,958	+20.7%	10,570	11,763	+11.3%
as a % of sales	38.9%	40.2%		35.3%	38.8%		37.9%	41.8%	
SG&A costs	14,132	14,479	+2.5%	13,701	15,244	+11.3%	14,718	15,081	+2.5%
SG&A % of sales	56.8%	52.2%		48.9%	49.5%		52.8%	53.6%	
Sales promotion costs	3,032	3,574	+17.9%	2,850	3,581	+25.6%	3,700	3,660	-1.1%
Advertising costs	2,661	2,670	+0.3%	2,865	3,039	+6.1%	2,761	2,754	-0.3%
R&D costs	2,676	2,586	-3.4%	2,563	2,425	-5.4%	2,632	2,444	-7.1%
Others	5,761	5,674	-1.5%	5,421	6,198	+14.3%	5,623	6,222	+10.7%
Operating profits	1,078	2,120	+96.7%	4,437	3,586	-19.2%	2,607	1,266	-51.4%
Ordinary Profit	418	2,855	+583.0%	5,101	3,981	-22.0%	2,409	1,828	-24.1%
Net profits	113	2,362	+1990.3%	3,579	2,639	-26.3%	2,029	1,216	-40.1%

- Continue to invest in growth to achieve the policies set forth in the 7th Mid-term Management Policy
- Increase in implementation costs due to the adoption of the "Eco & Compact" package as an ESG initiative

# 5. Sales Results by Region

Unit:¥ Million

		Actual for FY02/21 (Q3)	Actual for FY02/22 (Q3)	Difference	Percentage Change
<b>Net sales</b>		<b>80,822</b>	<b>86,663</b>	<b>+5,841</b>	<b>+7.2%</b>
Rx Business	Japan	38,816	41,040	+2,224	+5.7%
	Overseas	9,500	9,999	+498	+5.2%
	USA	7,247	6,780	-467	-6.4%
	Other regions	2,253	3,218	+965	+42.9%
OTC Business	Japan	13,916	14,042	+125	+0.9%
	Overseas	16,549	19,431	+2,882	+17.4%
	USA	8,986	10,079	+1,092	+12.2%
	Other regions	7,562	9,352	+1,789	+23.7%
Others	Japan	2,039	2,149	+110	+5.4%

## 6. Sales Results by Product (1) - Rx Business -

Unit:¥ Million

	Actual performance for FY02/22 Q3			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>Rx Business</b>	<b>51,039</b>	<b>41,040</b>	<b>9,999</b>	<b>+2,722</b>	<b>+2,224</b>	<b>+498</b>	<b>+5.6%</b>	<b>+5.7%</b>	<b>+5.2%</b>
Fentos® Tape	2,745	2,745	-	+69	+69	-	+2.6%	+2.6%	-
Neoxy® Tape	356	356	-	-0	-0	-	-0.2%	-0.2%	-
Abstral®	154	154	-	+1	+1	-	+0.7%	+0.7%	-
Allesaga® Tape	284	284	-	+136	+136	-	+91.7%	+91.7%	-
Haruropi® Tape	2,512	2,512	-	+1,669	+1,669	-	+198.1%	+198.1%	-
Zicthoru® Tapes	155	155	-	+155	+155	-	-	-	-
Mohrus® Tape	24,097	23,797	300	-768	-1,011	+242	-3.1%	-4.1%	+420.1%
Mohrus® Pap	3,736	3,736	-	-164	-164	-	-4.2%	-4.2%	-
(Mohrus® Pap XR)	2,805	2,805	-	-55	-55	-	-2.0%	-2.0%	-
Others	6,771	6,351	419	+792	+1,224	-432	+13.3%	+23.9%	-50.7%
Minivelle® products	1,436	-	1,436	-342	-	-342	-19.2%	-	-19.2%
Vivelle-Dot® products	3,320	-	3,320	+868	-	+868	+35.5%	-	+35.5%
CombiPatch® products	3,728	944	2,784	+288	+144	+144	+8.4%	+18.1%	+5.5%
Daytrana®	1,486	-	1,486	-144	-	-144	-8.9%	-	-8.9%
Secuado®	252	-	252	+163	-	+163	+184.2%	-	+184.2%



## 6. Sales Results by Product (2) - OTC Business -

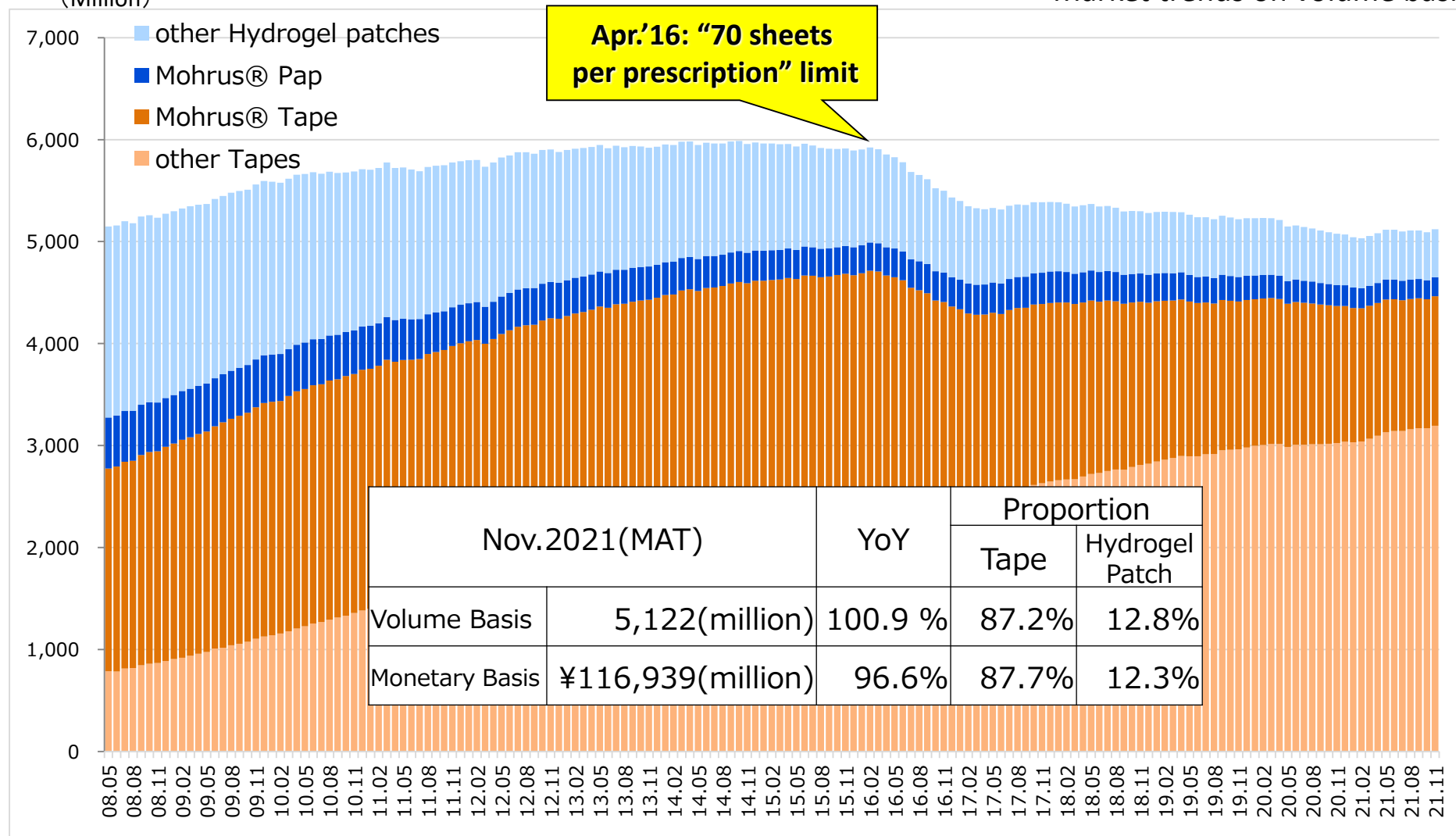
Unit:¥ Million

	Actual performance for FY02/22 Q3			Change			Percentage Change		
	Total	Japan	Overseas	Total	Japan	Overseas	Total	Japan	Overseas
<b>OTC Business</b>	<b>33,474</b>	<b>14,042</b>	<b>19,431</b>	<b>+3,008</b>	<b>+125</b>	<b>+2,882</b>	<b>+9.9%</b>	<b>+0.9%</b>	<b>+17.4%</b>
Salonpas® products	22,472	5,175	17,297	+1,943	-471	+2,415	+9.5%	-8.3%	+16.2%
Salonsip® products	2,426	1,759	667	+253	+153	+100	+11.7%	+9.5%	+17.8%
Air® Salonpas® products	1,051	658	393	-92	-91	-1	-8.1%	-12.2%	-0.3%
Feitas® products	3,293	3,273	20	-80	-100	+20	-2.4%	-3.0%	-
Butenalock® products	1,146	1,146	-	+98	+98	-	+9.4%	+9.4%	-
Allegra® FX	827	827	-	+724	+724	-	+696.9%	+696.9%	-
Others	2,254	1,201	1,053	+160	-186	+346	+7.7%	-13.4%	+49.1%

# 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	<b>ATS</b>	USA	Patch	Attention Deficit Hyperactivity Disorder(ADHD)	To be approved in FY22
2	Filed	<b>HP-3150</b>	JPN	Patch	Low back pain Humeroscapular periarthritis Cervico-omo-brachial syndrome Tenosynovitis	To be approved in FY22
3	Filed being prepared	<b>HP-5070</b>	JPN	Transdermal	Primary palmar hyperhidrosis	To be filed in FY22
4	Phase3	<b>HP-5000</b>	USA	Patch	Osteoarthritis of the knee	To be filed in FY23

\*Yellow-highlighted parts are changes from the previous announcement made on Oct. 14<sup>th</sup>, 2021



**Our commitments originate from each individual's determination to "start something good for ecology (eco)!"**

**Hisamitsu Pharmaceutical has designed the "HELLO! eco!" mark as a symbol of its environmental activities,**

**and products that have met the ecology standards that our company has established will display the "HELLO! eco!" mark sequentially.**

**Hisamitsu.**