

Hisamitsu Pharmaceutical Co., Inc.

FY02/2014 Results

and Outlook for the FY02/2015

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.

Apr. 10th, 2014

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Patch and Care of People around the World

FY02/2014 Results

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Patch and Care of People around the World

1. Looking back on the FY02/2014

Domestic/ Ethical products	<ul style="list-style-type: none"> •Manufacturing and sales approval and launch of NEOXY[®] Tape 73.5 mg. •Launch of Abstral[®] sublingual tablets 100 µg, 200 µg, and 400 µg •Approval of additional indication and dosage and administration of Estrana[®] Tape 0.72 mg regarding the treatment of hypogonadism caused by hypogonadism
Domestic/ Developed products	<ul style="list-style-type: none"> •Completion of the Phase III clinical study and submission of supplemental new drug application for the addition of indication for chronic pain on the FENTOS[®] TAPE •Completion of the Phase II clinical study of HP-3000 (transdermal drug for the treatment of Parkinson's disease) in Japan •Commencement of the Phase II clinical study of HP-3000 (transdermal drug for the treatment of idiopathic restless leg syndrome) in Japan •Commencement of the Phase II clinical study of HP-3060 (long-acting transdermal drug for the treatment of allergic rhinitis) in Japan
Domestic/ OTC products	<ul style="list-style-type: none"> •Launc of Feitas[®] 5.0 and Feitas[®] 5.0 large-sized •Feitasu[®] and NobiNobi[®] Salonship[®] families won the Good Design Award 2013
US/ Noven	<ul style="list-style-type: none"> •FDA (U.S. Food and Drug Administration) approval and launch of Brisdelle[®] •Conclusion of a co-promotion agreement with Shionogi Inc. for Brisdelle[®] •Abbreviated new drug application for HP-1030 (Generic version (drug) of rivastigmine transdermal system) •Completion of the Phase II clinical study of ATS (D-amphetamine transdermal system drug formulation)
Domestic/ Others	<ul style="list-style-type: none"> •Hisamitsu Springs has won the quintuple crown for the first time in history of women's volleyball

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2. Consolidated PL - comparison with the previous period performance -

Unit:¥ million

	Actual performance for FY02/13 (Q1-Q4)	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change	Consolidated / Non-consolidated
Net sales	142,772	150,635	+7,863	+5.5%	1.22
CoGS	51,659	55,471	+3,812	+7.4%	
as a % of sales	36.2%	36.8%			
SG&A costs	65,786	76,040	+10,254	+15.6%	
Sales promotion costs	12,549	15,290	+2,741	+21.8%	
Advertising costs	10,086	11,950	+1,864	+18.5%	
R&D spending	12,662	13,924	+1,262	+10.0%	
Others	30,489	34,876	+4,387	+14.4%	
Operating profits	25,326	19,123	-6,203	-24.5%	0.67
Recurring profits	33,051	28,910	-4,141	-12.5%	0.98
Net profits	18,809	21,357	+2,548	+13.5%	0.98

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3. Summary of Profit and Loss

Unit:¥ million

	Actual performance for FY02/13 (Q1-Q4)	Actual performance for FY02/14 (Q1-Q4)	Main factor
Net sales	142,772	150,635	
Rx Business	98,002	96,251	•[Previous year] Sales growth due to the impact of expected pullback in buying after the NHI price revision in April 2012. •[Current] Conservative buying prior to the NHI price revision in April 2014.
OTC Business	18,037	20,049	•Increase in sales of major products.
Intl Business	6,393	7,676	•Increase in sales of major products.
Noven	12,441	16,862	•Influence of the exchange. •Increase in sales of major products.
Others	7,899	9,797	•Increase in sales of overseas subsidiaries.
CoGS	51,659	55,471	•Increase in Net sales.
as a % of sales	36.2%	36.8%	•Change of sales structure.
SG&A costs	65,786	76,040	•Increase in SG&A costs of Noven. •Influence of the exchange.
Operating profits	25,326	19,123	
Non-operating balance	7,725	9,787	•Equity-method investment profits of Noven. •Foreign exchange gain.
Recurring profits	33,051	28,910	
Extraordinary balance	-1,060	4,816	•License fee (Distribution agreement).
Net profits	18,809	21,357	

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4. Consolidated PL - comparison with the earnings forecast -

Unit:¥ million

	Earnings forecast for FY02/14 As of Apr 11, 2013	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change
Net sales	151,500	150,635	-865	-0.6%
CoGS	54,900	55,471	+571	+1.0%
as a % of sales	36.2%	36.8%		
SG&A costs	76,300	76,040	-260	-0.3%
Sales promotion costs	14,300	15,290	+990	+6.9%
Advertising costs	12,300	11,950	-350	-2.8%
R&D spending	13,900	13,924	+24	+0.2%
Others	35,800	34,876	-924	-2.6%
Operating profits	20,300	19,123	-1,177	-5.8%
Recurring profits	27,800	28,910	+1,110	+4.0%
Net profits	20,600	21,357	+757	+3.7%

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

Unit:¥ million

	Actual performance for FY02/13 (Q1-Q4)	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change
Net sales	122,433	123,977	+1,544	+1.3%
Rx Business	98,002	96,251	-1,751	-1.8%
OTC Business	18,037	20,049	+2,012	+11.2%
Intl Business	6,393	7,676	+1,283	+20.1%
CoGS	40,610	41,168	+558	+1.4%
as a % of sales	33.2%	33.2%		
SG&A costs	51,815	54,259	+2,444	+4.7%
Sales promotion costs	10,789	11,900	+1,111	+10.3%
Advertising costs	8,853	8,873	+20	+0.2%
R&D spending	9,546	10,197	+651	+6.8%
Others	22,627	23,289	+662	+2.9%
Operating profits	30,006	28,549	-1,457	-4.9%
Recurring profits	30,999	29,645	-1,354	-4.4%
Net profits	18,467	22,235	+3,768	+20.4%

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6. Non Consolidated PL - comparison with the earnings forecast -

Unit:¥ million

	Earnings forecast for FY02/14 As of Apr 11, 2013	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change
Net sales	125,500	123,977	-1,523	-1.2%
Rx Business	99,000	96,251	-2,749	-2.8%
OTC Business	19,400	20,049	+649	+3.3%
Intl Business	7,100	7,676	+576	+8.1%
CoGS	40,500	41,168	+668	+1.6%
as a % of sales	32.3%	33.2%		
SG&A costs	56,000	54,259	-1,741	-3.1%
Sales promotion costs	11,700	11,900	+200	+1.7%
Advertising costs	9,300	8,873	-427	-4.6%
R&D spending	10,300	10,197	-103	-1.0%
Others	24,700	23,289	-1,411	-5.7%
Operating profits	29,000	28,549	-451	-1.6%
Recurring profits	29,800	29,645	-155	-0.5%
Net profits	22,000	22,235	+235	+1.1%

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7. Noven PL - comparison with the previous period performance-

	Unit:¥ million				Unit:\$ thousand			
	Actual performance for FY02/13 (Q1-Q4)	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change	Actual performance for FY02/13 (Q1-Q4)	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change
Net sales	12,441	16,862	+4,421	+35.5%	155,286	172,086	+16,800	+10.8%
Daytrana®	4,895	5,973	+1,078	+22.0%	61,098	60,961	-137	-2%
Vivelle-Dot®	4,234	4,792	+558	+13.2%	52,851	48,911	-3,940	-7.5%
Minivelle®	-	2,858	+2,858	-	-	29,171	+2,858	-
Brisdelle®	-	-12	-12	-	-	-129	-12	-
Noven Therapeutics	1,534	1,610	+76	+5.0%	19,158	16,438	-2,720	-14.2%
Others	1,778	1,641	-137	-7.7%	22,179	16,734	-5,445	-24.6%
CoGS	7,708	10,507	+2,799	+36.3%	96,214	107,225	+11,011	+11.4%
as a % of sales	62.0%	62.3%			62.0%	62.3%		
SG&A costs	9,796	16,443	+6,647	+67.9%	122,267	167,812	+45,545	+37.3%
Sales promotion costs	755	1,685	+930	+123.2%	9,426	17,205	+7,779	+82.5%
Advertising costs	660	1,983	+1,323	+200.5%	8,248	20,238	+11,990	+145.4%
R&D spending	3,130	3,730	+600	+19.2%	39,075	38,075	-1,000	-2.6%
Others	5,251	9,045	+3,794	+72.3%	65,518	92,294	+26,776	+40.9%
Operating profits	-5,063	-10,088	-5,025	-	-63,195	-102,951	-39,756	-
Nonoperating balance	6,504	8,685	+2,181	+33.5%	81,188	88,634	+7,446	+9.2%
Equity in earnings of Novogyne	8,359	12,002	+3,643	+43.6%	104,333	122,485	+18,152	+17.4%
Amortization of fair value adjustment to investment in Novogyne	-1,907	-3,499	-1,592	-	-23,804	-35,710	-11,906	-
Recurring profits	1,441	-1,402	-2,843	-	17,993	-14,316	-32,309	-
Net profits	880	-686	-1,566	-	10,987	-7,008	-17,995	-
Exchange rate (¥/USD)	¥80.12	¥97.99						

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8. Noven PL - comparison with the earnings forecast -

	Unit:¥ million			
	Earnings forecast for FY02/14 As of Apr 11, 2013	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change
Net sales	15,400	16,862	+1,462	+9.5%
Daytrana®	6,400	5,973	-427	-6.7%
Vivelle-Dot®	4,100	4,792	+692	+16.9%
Minivelle®	2,150	2,858	+708	+32.9%
Brisdelle®	-	-12	-12	-
Noven Therapeutics	1,200	1,610	+410	+34.2%
Others	1,550	1,641	+91	+5.9%
CoGS	9,500	10,507	+1,007	+10.6%
as a % of sales	61.7%	62.3%		
SG&A costs	15,000	16,443	+1,443	+9.6%
Sales promotion costs	1,000	1,685	+685	+68.5%
Advertising costs	2,000	1,983	-17	-8%
R&D spending	3,600	3,730	+130	+3.6%
Others	8,400	9,045	+645	+7.7%
Operating profits	-9,100	-10,088	-988	-
Nonoperating balance	6,800	8,685	+1,885	+27.7%
Equity in earnings of Novogyne	10,100	12,002	+1,902	+18.8%
Amortization of fair value adjustment to investment in Novogyne	-3,400	-3,499	-99	-
Recurring profits	-2,300	-1,402	+898	-
Net profits	-1,200	-686	+514	-
Exchange rate (¥/USD)	¥94.00	¥97.99		

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9. Sales results of major products

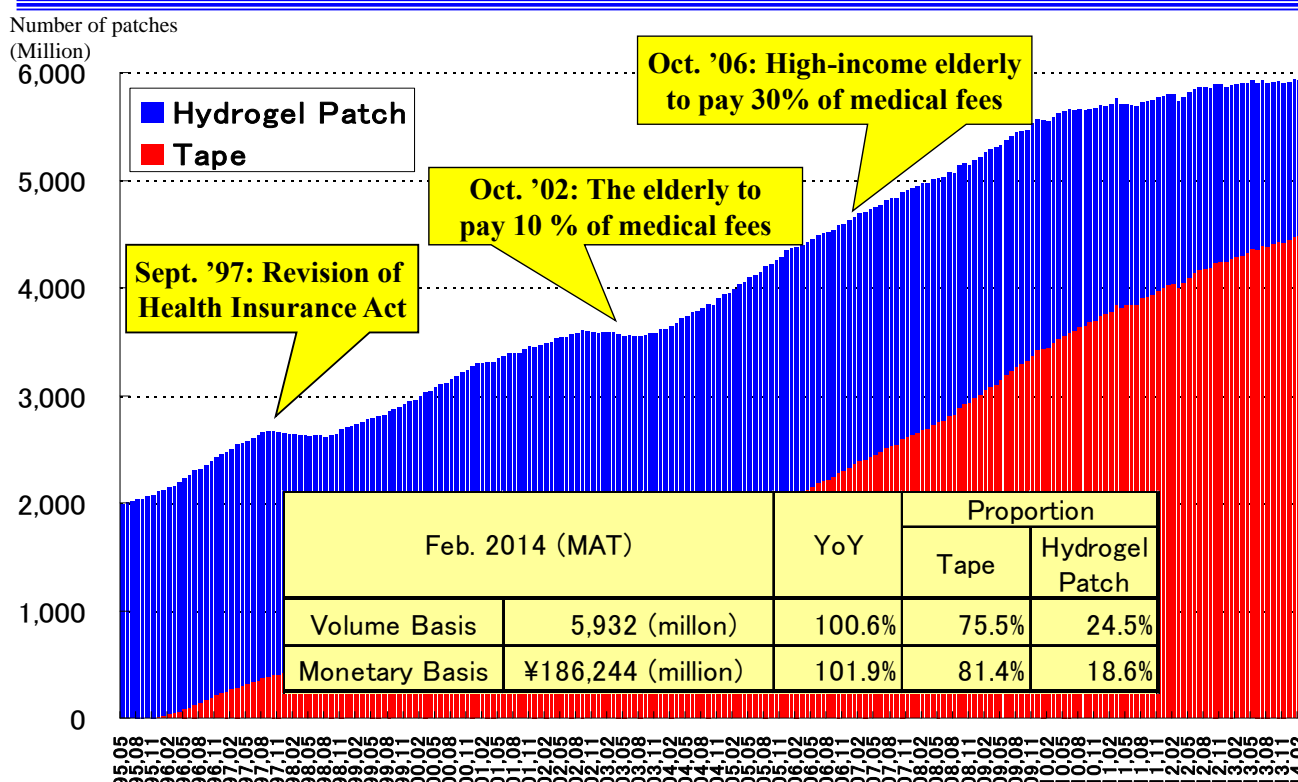
Unit:¥ million

		Actual performance for FY02/13 (Q1-Q4)	Actual performance for FY02/14 (Q1-Q4)	Change	Percentage Change	Earnings forecast for FY02/14 As of Apr 11, 2013
Ethical drugs	Mohrus® Tape	77,678	75,733	-1,945	-2.5%	77,900
	Mohrus® Pap	7,846	6,935	-911	-11.6%	7,200
	Fentos® Tape	3,792	3,944	+152	+4.0%	3,900
	Norspan® Tape	1,330	1,834	+504	+37.9%	1,900
	Naboal®	1,762	1,307	-455	-25.8%	1,500
	Estrana® Tape	1,248	1,280	+32	+2.6%	1,300
	Neoxy® Tape	-	690	+690	-	-
	Daytrana®	4,895	5,973	+1,078	+22.0%	6,400
	Vivelle-Dot®	4,234	4,792	+558	+13.2%	4,100
	Minivelle®	-	2,858	+2,858	-	2,150
	Brisdelle®	-	-12	-12	-	-
	Noven Therapeutics	1,534	1,610	+76	+5.0%	1,200
	OTC drugs	Salonpas® products	6,852	7,744	+892	+13.0%
Salonship® products		3,805	3,908	+103	+2.7%	4,000
Feitas® products		3,439	3,474	+35	+1.0%	3,600
Allegra® FX		970	2,512	+1,542	+159.0%	1,400
Butenalock® products		1,394	1,704	+310	+22.2%	1,800
Air® Salonpas® products		1,707	1,662	-45	-2.6%	1,700

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10. Trends of second-generation non-steroidal anti-inflammatory patch market (volume-basis)

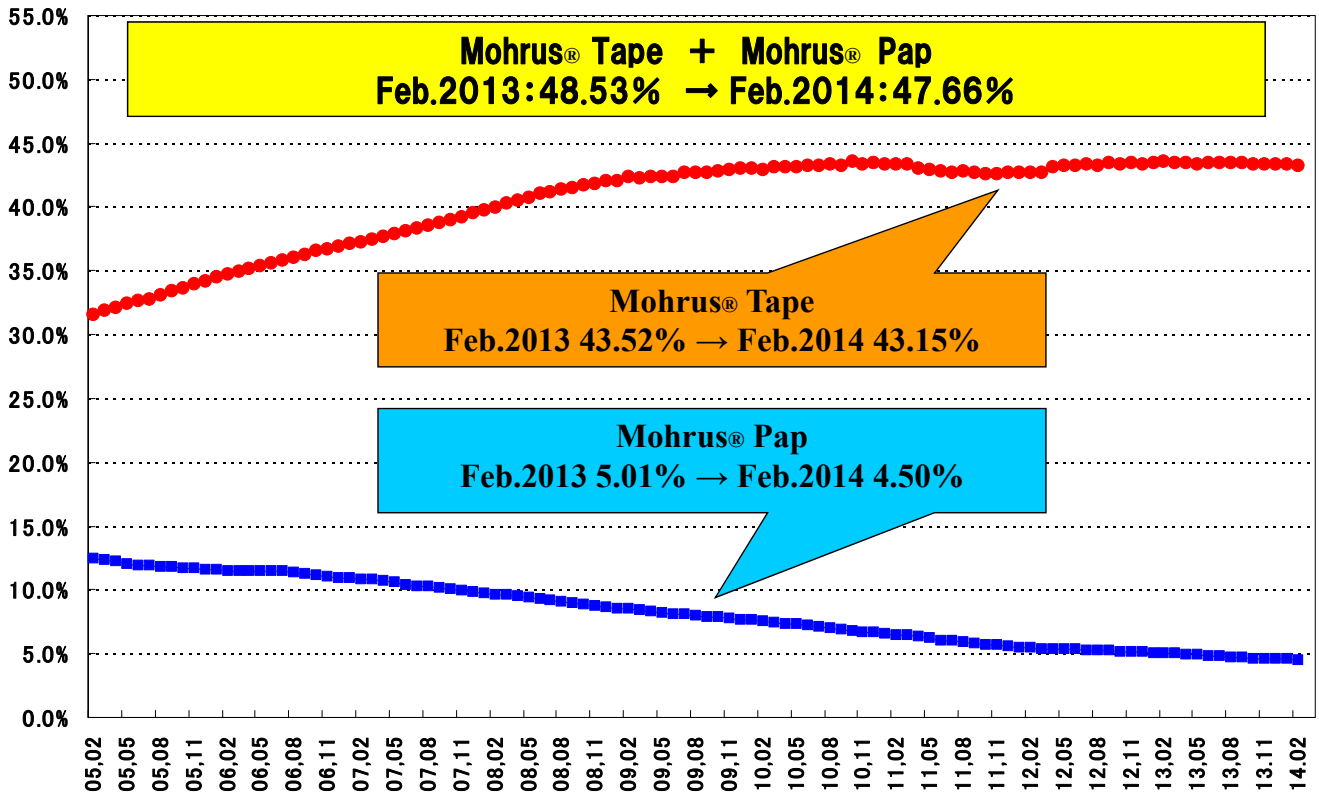


Source: IMS, JPM data (~Feb. 2014) *No reproduction or republication without written permission.

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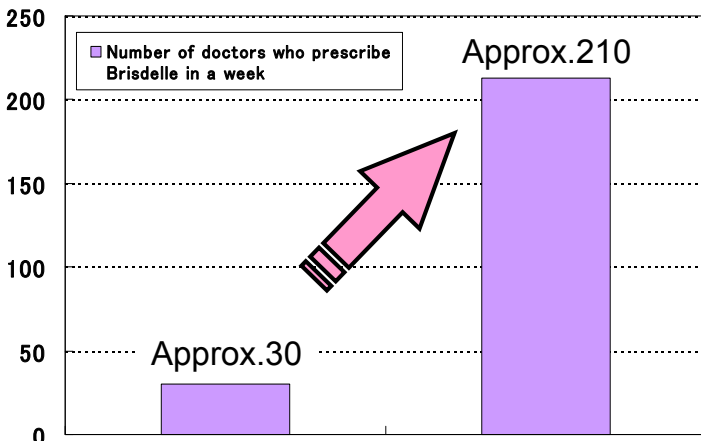
11. Changes in shares of second-generation non-steroidal anti-inflammatory patch (monetary-basis)



Source: IMS, JPM data (~Feb. 2014) *No reproduction or republication without written permission. 13

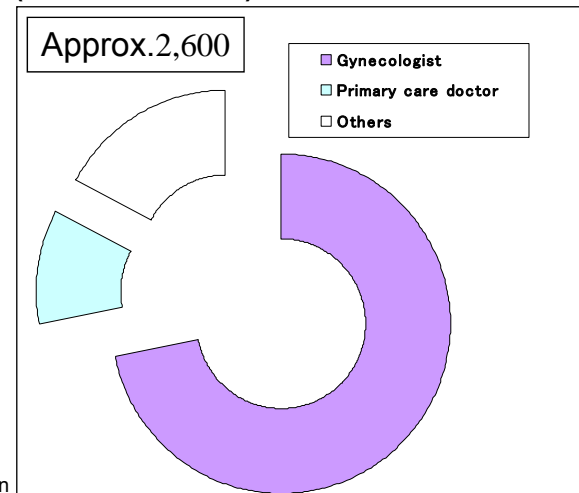
12. Brisdelle[®] Update (1)

■ Number of doctors who prescribe Brisdelle (weekly)*1



*1 Studied by Noven

■ Number of doctors who prescribe Brisdelle (Accumulated total) and its breakdown*2



*2 Studied by Noven

The number is steadily increasing.

About 70% of the doctors who prescribe Brisdelle are gynecologists.

Challenge: Further increase the number of gynecologists who prescribe Brisdelle

12. Brisdelle[®] Update (2)

■ Awareness among Prescribers

- Further improvement of knowledge and skills of Sales Reps
 - Creation of new education opportunities and increase of the frequency of education opportunities-
- Enhancement of awareness by KOL^{*1}
- Publication activities and medical conferences
- Co-promotion with Shionogi Inc.

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PRESS RELEASE

Noven Enters Co-Promotion Agreement with Shionogi for Brisdelle[™] (Paroxetine) Capsules
Co-Promotion to Extend Physician Awareness of the First and Only FDA-Approved Non-Hormonal Treatment for Moderate to Severe Menopausal Hot Flashes

MIAMI and NEW YORK, January 13, 2014 – Noven Pharmaceuticals, Inc. today announced that it has entered into an agreement with Shionogi Inc. to co-promote Brisdelle[™] (paroxetine) capsules, 7.5 mg. The agreement will help extend physician awareness of the first and only FDA-approved, non-hormonal treatment for moderate to severe vasomotor symptoms (VMS) associated with menopause, commonly referred to as hot flashes. Brisdelle has been marketed and sold through Noven Women's Health since November 2013.

Under the terms of the multi-year agreement, the Shionogi women's health sales force will promote Brisdelle in the U.S. to a range of health care providers not currently detailed by the Noven Women's Health specialty sales force, including select primary care physicians who treat this condition, beginning in February 2014. Noven will retain all commercial rights to the product and will continue to be principally responsible for product marketing, promotion and overall commercial strategy. Financial terms of the agreement were not disclosed.

"We are pleased to partner with Shionogi to help extend awareness of Brisdelle as an important non-hormonal treatment option to a broader group of health care providers, including primary care physicians not currently called on by the Noven Women's Health sales team," said Jeffrey Eisenberg, Noven's President & Chief Executive Officer. "This agreement recognizes and builds upon the long-standing commitment of both companies to providing therapies to address the diverse needs of menopausal women."

Brisdelle was specifically studied and FDA-approved to treat moderate to severe hot flashes associated with menopause. When used as directed, Brisdelle is clinically proven to reduce moderate to severe hot flashes so that they are less frequent and less intense. These moderate to severe hot flashes are sudden feelings of intense heat in the body that include sweating. At 7.5 mg, Brisdelle contains a lower dose of paroxetine than that used to treat a number of psychiatric disorders. The lower dose of paroxetine in Brisdelle has not been studied in any psychiatric conditions and Brisdelle is not approved for any

■ Awareness among Menopausal Patients

- Increase of the usage limit of the Co-pay card
 - Before: \$70/ month ⇒ Current: \$110/ month
- Encouraging insurance companies
 - to review their restricted insurance plans –
- DTC^{*2} advertisement including TV commercials

*1 KOL: Key Opinion Leader

*2 DTC: Direct to Consumer

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13. About Noven

■ Termination agreement of Joint Venture Business with Novartis

1. The Novogyne joint venture is scheduled to terminate August 12, 2014, and Noven will cease to record equity in earnings of Novogyne effective with that date.
2. Upon termination, ownership of US rights to CombiPatch[®] will transfer to Noven, Noven will pay an undisclosed royalty to Novartis related to CombiPatch[®], and Noven will begin to record CombiPatch[®] sales in its net revenues.
3. Upon termination, ownership of Vivelle-Dot[®] will transfer to Novartis, and Novartis will pay an undisclosed royalty to Noven related to Vivelle-Dot[®].
4. Noven will continue to manufacture CombiPatch[®] and Vivelle-Dot[®], supplying Vivelle-Dot[®] product to Novartis at an undisclosed supply price.

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14. R&D Pipeline

Stage	Theme	Target	Dosage Form	Characteristics	Next Step
Approval	Estrana [®] Tape 0.72mg (Additional Indication, dosage and administration)	JPN	Adhesive skin patch	Hypoestrogenism due to causes, such as hypogonadism	-
Filed (ANDA)	HP-1010	USA	Adhesive skin patch	Relief of pain associated with post-herpetic neuralgia	No disclosure
Filed (ANDA)	HP-1030	USA	Adhesive skin patch	Alzheimer's disease	No disclosure
Filed	HFT-290 (Additional Indication of FENTOS [®] Tape)	JPN	Adhesive skin patch	Relief of non-malignant chronic pain	To be approved in FY14
Phase3 being prepared	ATS	USA	Adhesive skin patch	Attention Deficit Hyperactivity Disorder (ADHD)	Phase3 in FY14
Phase3 being prepared	HP-3000	JPN	Adhesive skin patch	Parkinson's disease	Phase3 in FY14
Phase2	HP-3060	JPN	Adhesive skin patch	Allergic rhinitis	Phase3 in FY14
Phase2	HP-3000	JPN	Adhesive skin patch	Idiopathic restless legs syndrome	Phase3 in FY15

※Yellow-highlighted parts are changes from the previous announcement made on Jan.9th, 2014

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Outlook for the FY02/2015

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15. Forecast of Consolidated PL

Unit:¥ million

	Actual performance for FY02/14 (Q1-Q4)	Full-year earnings forecast for FY02/15 (Q1-Q4)	Change	Percentage Change	Consolidated / Non-consolidated
Net sales	150,635	161,900	+11,265	+7.5%	1.27
CoGS	55,471	59,500	+4,029	+7.3%	
as a % of sales	36.8%	36.8%			
SG&A costs	76,040	82,000	+5,960	+7.8%	
Sales promotion costs	15,290	16,200	+910	+6.0%	
Advertising costs	11,950	13,000	+1,050	+8.8%	
R&D spending	13,924	14,000	+76	+0.5%	
Others	34,876	38,800	+3,924	+11.3%	
Operating profits	19,123	20,400	+1,277	+6.7%	0.69
Recurring profits	28,910	27,800	-1,110	-3.8%	0.91
Net profits	21,357	18,000	-3,357	-15.7%	0.91

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16. Forecast of Non-consolidated PL

Unit:¥ million

	Actual performance for FY02/14 (Q1-Q4)	Full-year earnings forecast for FY02/15 (Q1-Q4)	Change	Percentage Change
Net sales	123,977	127,800	+3,823	+3.1%
Rx Business	96,251	98,200	+1,949	+2.0%
OTC Business	20,049	21,200	+1,151	+5.7%
Intl Business	7,676	8,400	+724	+9.4%
CoGS	41,168	43,000	+1,832	+4.5%
as a % of sales	33.2%	33.6%		
SG&A costs	54,259	55,100	+841	+1.5%
Sales promotion costs	11,900	12,100	+200	+1.7%
Advertising costs	8,873	8,400	-473	-5.3%
R&D spending	10,197	10,000	-197	-1.9%
Others	23,289	24,600	+1,311	+5.6%
Operating profits	28,549	29,700	+1,151	+4.0%
Recurring profits	29,645	30,600	+955	+3.2%
Net profits	22,235	19,700	-2,535	-11.4%

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17. Forecast of Noven PL

Unit: ¥ million

	Actual performance for FY02/14 (Q1-Q4)	Full-year earnings forecast for FY02/15 (Q1-Q4)	Change	Percentage Change
Net sales	16,862	22,400	+5,538	+32.8%
Daytrana [®]	5,973	6,000	+27	+0.5%
Vivelle-Dot [®]	4,792	5,100	+308	+6.4%
Minivelle [®]	2,858	8,200	+5,342	+186.9%
Brisdelle [®]	-12	1,300	+1,312	-
Noven Therapeutics	1,610	1,200	-410	-25.5%
Others	1,641	600	-1,041	-63.4%
CoGS	10,507	12,200	+1,693	+16.1%
as a % of sales	62.3%	54.5%		
SG&A costs	16,443	20,500	+4,057	+24.7%
Sales promotion costs	1,685	2,700	+1,015	+60.2%
Advertising costs	1,983	3,000	+1,017	+51.3%
R&D spending	3,730	4,000	+270	+7.2%
Others	9,045	10,800	+1,755	+19.4%
Operating profits	-10,088	-10,300	-212	-
Nonoperating balance	8,685	6,500	-2,185	-25.2%
Equity in earnings of Novogyne	12,002	7,000	-5,002	-41.7%
Amortization of fair value adjustment to investment in Novogyne	-3,499	-1,100	+2,399	-
Recurring profits	-1,402	-3,800	-2,398	-
Net profits	-686	-2,100	-1,414	-
Exchange rate (¥/USD)	¥97.99	¥100.00		

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18. Forecast of Sales results of major products

Unit: ¥ million

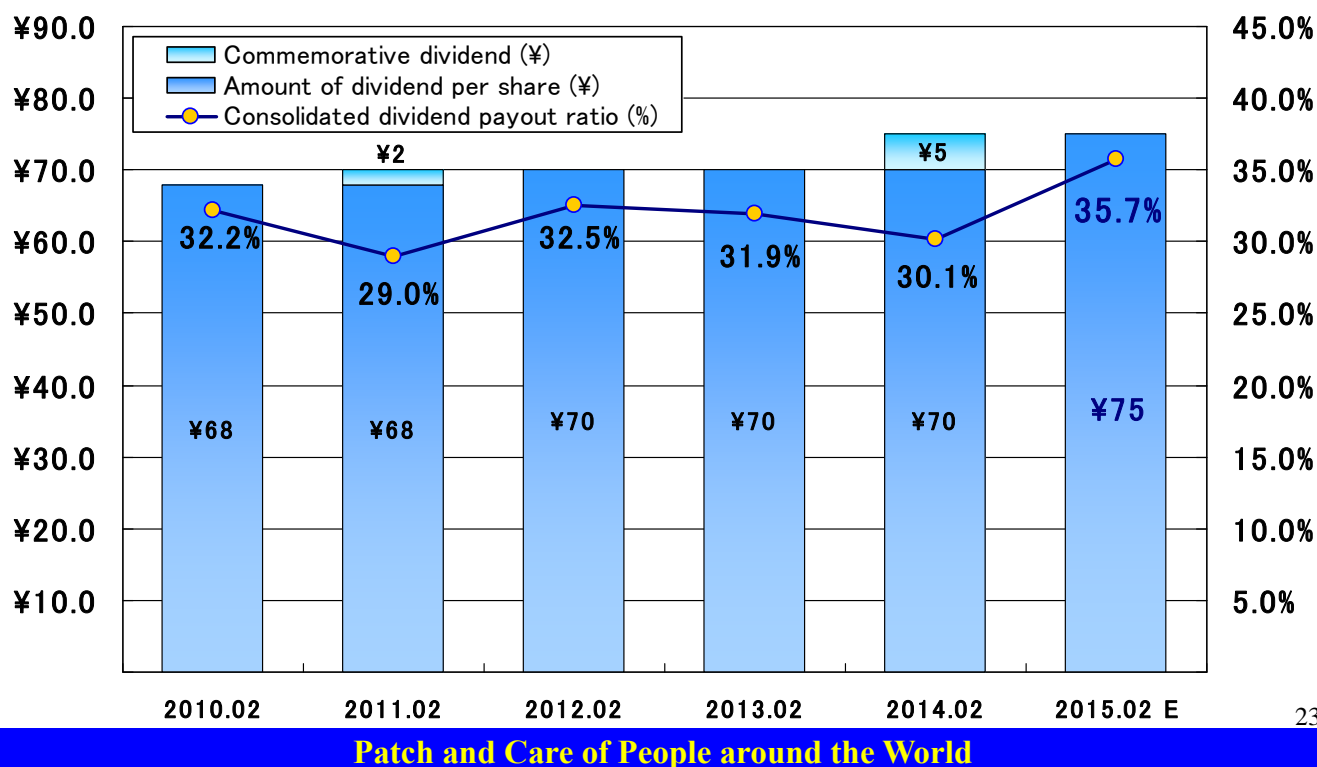
	Actual performance for FY02/14 (Q1-Q4)	Full-year earnings forecast for FY02/15 (Q1-Q4)	Change	Percentage Change	
Ethical drugs	Mohrus [®] Tape	75,733	74,550	-1,183	-1.6%
	Mohrus [®] Pap	6,935	6,100	-835	-12.0%
	Fentos [®] Tape	3,944	4,700	+756	+19.2%
	Norspan [®] Tape	1,834	4,000	+2,166	+118.1%
	Neoxy [®] Tape	690	1,550	+860	+124.6%
	Naboal [®]	1,307	1,450	+143	+10.9%
	Estrana [®] Tape	1,280	1,350	+70	+5.5%
	Minivelle [®]	2,858	8,200	+5,342	+186.9%
	Daytrana [®]	5,973	6,000	+27	+0.5%
	Vivelle-Dot [®]	4,792	5,100	+308	+6.4%
	Brisdelle [®]	-12	1,300	+1,312	-
	Noven Therapeutics群	1,610	1,200	-410	-25.5%
	OTC drugs	Salonpas [®] products	7,744	8,450	+706
Feitas [®] products		3,474	4,100	+626	+18.0%
Salonship [®] products		3,908	4,000	+92	+2.4%
Allegra [®] FX		2,512	2,000	-512	-20.4%
Butenolock [®] products		1,704	1,850	+146	+8.6%
Air [®] Salonpas [®] products		1,662	1,650	-12	-0.7%

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Patch and Care of People around the World

19. Forecast of dividends

➤ For the term ending February 2015, the consolidated dividend payout ratio is predicted to be **35.71%** and the payout is expected to be ¥75. (* Midterm dividend ¥37.5 predicted.)



Improving Quality of Life Around the World



FY02/2014 Results

and Outlook for the FY02/2015

Apr. 10th, 2014

Hisamitsu Pharmaceutical Co., Inc.