

Financial Results for the First Nine Months of Fiscal Year Ending December 2015

<u>I Summary Information</u>	<u>P.1</u>
① Financial Results	P.1
② Financial Conditions	P.1
<u>II Financial Results for the First Nine Months of FY2015</u>	<u>P.2</u>
① Statement of Income	P.2
② Sales of Products	P.4
③ Balance Sheet	P.5
④ Capital Expenditures	P.6
⑤ Depreciation/Amortization	P.6
⑥ Research and Development	P.6
<u>III Financial Forecasts for the FY2015</u>	<u>P.7</u>
① Statement of Income	P.7
② Sales of Products	P.9
③ Capital Expenditures	P.10
④ Depreciation/Amortization	P.10
⑤ Dividends	P.10
【Important notes on forward-looking statements】	P.10

※ This material is prepared based on Japan GAAP.

※ Amounts are rounded down to the nearest million yen.

October 30, 2015



TORII PHARMACEUTICAL CO., LTD.

I Summary Information

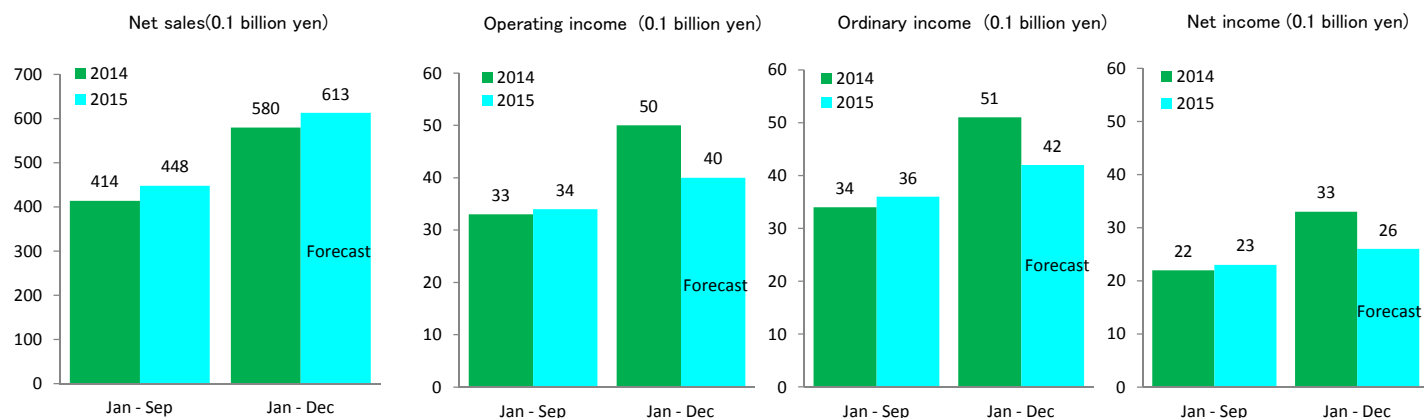
① Financial Results

(Millions of Yen)	2014 Jan - Sep A	FY2015 First nine months B	Change B-A	Change (%) (B-A)/A	2014 Jan - Dec	FY2015 revised forecast C	Progress ratio (%) B/C
Net sales	41,441	44,841	3,399	8.2	58,089	61,300	73.2
Operating income	3,320	3,494	174	5.2	5,033	4,000	87.4
Ordinary income	3,407	3,666	259	7.6	5,168	4,200	87.3
Net income	2,215	2,331	115	5.2	3,394	2,600	89.7

※ Torii has changed the closing date of the accounting period from March 31 to December 31 since FY2014. FY2014 covered nine months from April to December 2014. Therefore figures from Jan to Sep 2014, the same term of the last year, is presented with Financial Results for the First Nine Months of FY2015. The calculation method of figures from Jan to Sep 2014 is explained on page 2. Figures from Jan to Dec 2014 is also presented with revised forecast of FY2015. The calculation method of figures from Jan to Dec 2014 is explained on page 7.

(Reference)

R&D expenses	3,732	3,667	△65	△1.7	4,878	5,260	69.7
Earnings per share (EPS) (¥)	78.30	82.37	4.07		119.94	91.87	
Return on equity (ROE) (%)	2.8	2.9	0.1		4.3	—	
Ratio of ordinary income to total assets (%)	3.7	3.8	0.1		5.6	—	
Ratio of operating income to net sales (%)	8.0	7.8	△0.2		8.7	—	
Return on assets (ROA) (%)	2.4	2.4	0.0		3.7	—	



② Financial Conditions

(Millions of Yen)	December 31, 2014 A	September 30, 2015 B	Change B-A	Change (%) (B-A)/A
Total assets	92,550	98,200	5,649	6.1
Total equity	80,225	81,514	1,289	1.6
Equity ratio (%)	86.7	83.0	△3.7	
Book value per share (BPS) (¥)	2,834.82	2,880.44	45.62	

II Financial Results for the First Nine Months of FY2015

※ Torii has changed the closing date of the accounting period from March 31 to December 31 since FY2014.

Figures from Jan to Sep 2014, is presented with Financial Results for the First Nine Months of FY2015.

The calculation method of figures from Jan to Sep 2014 is explained below.

① Statement of Income

(Millions of Yen)	2014	FY2015	Change B-A	Change (%) (B-A)/A
	Jan - Sep A	First nine months B		
Net sales	41,441	44,841	3,399	8.2
Sales of products ※	41,272	44,665	3,392	8.2
Renal disease and hemodialysis	17,136	19,752	2,615	15.3
Skin disease and allergens	8,683	8,657	△25	△0.3
HIV	10,959	11,727	767	7.0
Other	4,492	4,527	34	0.8
Rent income of real estate	168	175	7	4.3
Cost of sales	19,243	22,104	2,860	14.9
Cost of products sold	19,200	22,063	2,863	14.9
Cost of real estate rent	43	40	△2	△6.8
Gross profit	22,197	22,737	539	2.4
Selling, general and administrative expenses	18,877	19,242	365	1.9
R&D expenses	3,732	3,667	△65	△1.7
Others	15,144	15,574	430	2.8
Operating income	3,320	3,494	174	5.2
Non-operating income	91	174	82	—
Non-operating expenses	5	2	△2	—
Ordinary income	3,407	3,666	259	7.6
Extraordinary income	15	—	△15	—
Extraordinary loss	363	93	△270	—
Income before income taxes	3,059	3,573	513	16.8
Income taxes	843	1,242	398	—
Net income	2,215	2,331	115	5.2

※ For details, please refer to page 4.

(Reference) Ratio to net sales

(%)	2014	FY2015	Change B-A
	Jan - Sep A	First nine months B	
Cost of sales	46.4	49.3	2.9
SG&A	45.6	42.9	△2.7
R&D expenses	9.0	8.2	△0.8
Operating income	8.0	7.8	△0.2
Ordinary income	8.2	8.2	0.0
Net income	5.3	5.2	△0.1

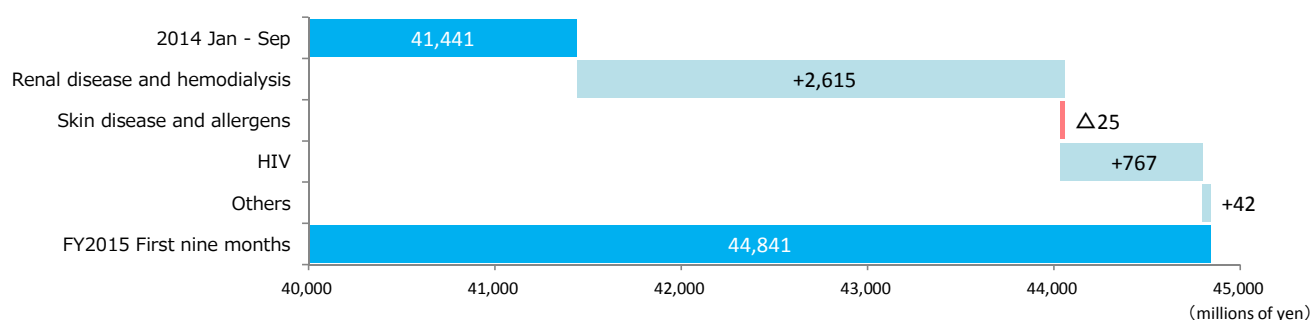
〈Figures of Jan - Sep 2014 calculation method〉

Jan - Mar 2014 (FY2013 (12 months) – FY2013 First nine months (9 months))

+ Apr - Sep 2014 (FY2014 First six months (6 months))

[Factors in increase/decrease compared with the same term of the last year (Jan to Sep 2014)]

Net Sales (¥44,841 million : Increase ¥3,399 million year-on-year)

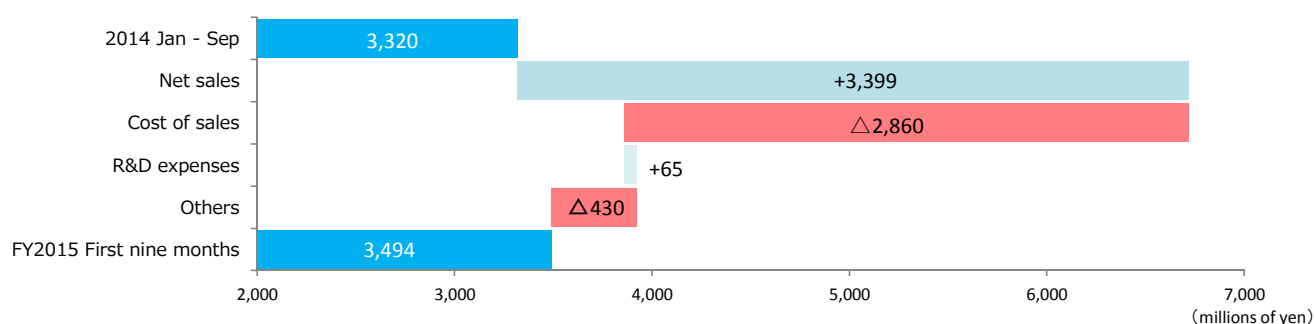


Major factors in increase/decrease

Renal disease and hemodialysis	: Riona	Increase	¥ 2,609 million	REMITCH	Increase	¥ 505 million
	FUTHAN	Decrease	¥ 288 million	URINORM	Decrease	¥ 231 million
Skin disease and allergens	: Dovonex	Decrease	¥ 328 million	CEDARTOLEN	Increase	¥ 283 million
HIV	: Stribild	Increase	¥ 529 million	Truvada	Increase	¥ 308 million

※ For details, please refer to "② Sales of Products" on page 4.

Operating income (¥3,494 million : Increase ¥174 million year-on-year)



Major factors in increase/decrease

Cost of sales	: Increase in net sales, loss on abandonment of a part of inventory of CEDARTOREN over expiring date for use and changes in sales mix among the products
Others	: Increase in labor costs

Ordinary income (¥3,666 million : Increase ¥259 million year-on-year)

Special remarks: None

Net income (¥2,331 million : Increase ¥115 million year-on-year)

Special remarks: None

② Sales of Products

(Millions of Yen)	2014	FY2015	Change B-A	Change (%) (B-A)/A
	Jan - Sep A	First nine months B		
Sales of Products	41,272	44,665	3,392	8.2
REMITCH	10,704	11,209	505	4.7
Oral anti-pruritus agent [Renal disease and hemodialysis]				
Truvada	9,026	9,334	308	3.4
Antiviral agent for HIV [HIV]				
ANTEBATE ※1	4,976	5,029	52	1.1
Topical corticosteroid [Skin disease and allergens]				
Riona ※2	896	3,506	2,609	291.0
Agent for hyperphosphatemia [Renal disease and hemodialysis]				
Stribild	1,673	2,202	529	31.6
Antiviral agent for HIV [HIV]				
FUTHAN ※1	2,479	2,190	△288	△11.6
Protease inhibitor [Renal disease and hemodialysis]				
KAYEXALATE ※1	1,638	1,659	20	1.2
Agent for hyperkalemia [Renal disease and hemodialysis]				
BIO-THREE	1,525	1,641	116	7.6
Viable bacterial preparations [Other]				
URINORM ※1	1,416	1,185	△231	△16.3
Uricosuric agent [Renal disease and hemodialysis]				
LOCOID ※1	994	1,054	60	6.0
Topical corticosteroid [Skin disease and allergens]				
ZEFNART	1,130	1,054	△75	△6.7
Topical antifungal agent [Skin disease and allergens]				
Dovonex	1,272	944	△328	△25.8
Topical agent for psoriasis vulgaris [Skin disease and allergens]				
Magsent	823	830	6	0.8
Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]				
Others ※3	2,712	2,821	109	4.0

※1 In-house products

※2 Launched on May 12, 2014

※3 Including CEDARTOLEN, launched on October 8, 2014, the sales of which is amounted to ¥ 283 million.

(References) Sales and ratio of in-house products

(Millions of Yen)	2014	FY2015	Change B-A	Change (%) (B-A)/A
	Jan - Sep A	First nine months B		
Sales of in-house products	12,871	12,750	△120	△0.9
Ratio of in-house product sales (%)	31.2	28.5	△2.7	—

③ Balance Sheet

(Millions of Yen)	December 31,	September 30,	Change	Change (%) (B-A)/A	Component ratio (%) (Sep. 30, 2015)
	2014 A	2015 B			
Current assets	72,121	76,831	4,709	6.5	78.2
Cash and deposits	6,316	12,112	5,796		
Deposits in the cash management system	14,978	4,963	△10,014		
Notes and accounts receivable-trade	25,901	25,399	△502		
Short-term investment securities	13,209	21,511	8,302		
Inventories	10,136	10,965	828		
Others	1,579	1,877	298		
Noncurrent assets	20,428	21,368	940	4.6	21.8
Property, plant and equipment	5,806	5,750	△55		
Intangible assets	818	886	68		
Investments and other assets	13,803	14,731	927		
Investment securities	7,070	6,629	△440		
Long-term prepaid expenses	5,230	6,677	1,446		
Others	1,502	1,424	△78		
Total assets	92,550	98,200	5,649	6.1	100.0
Current liabilities	11,391	15,810	4,418	38.8	16.1
Accounts payable-trade	6,095	7,349	1,254		
Accounts payable-other	1,795	4,081	2,286		
Income taxes payable	273	1,098	825		
Accrued employees' bonuses	694	1,329	635		
Others	2,534	1,951	△582		
Long-term liabilities	933	874	△58	△6.3	0.9
Total liabilities	12,324	16,685	4,360	35.4	17.0
Shareholders' equity	79,847	80,931	1,084	1.4	82.4
Unrealized gain on available-for-sale securities	377	583	205	54.3	0.6
Total equity	80,225	81,514	1,289	1.6	83.0
Total liabilities and equity	92,550	98,200	5,649	6.1	100.0

Major factors in increase/decrease

(Current assets)	
Short-term investment securities	: Increase by acquisition of money trust and commercial paper
Inventories	: Increase in inventories of products
(Noncurrent assets)	
Long-term prepaid expenses	: Increase by milestone payment in development and decrease by amortization of marketing rights
(Current liabilities)	
Accounts payable-trade	: Increase by increase in purchasing products
Accounts payable-other	: Increase by milestone payment in development
(Equity)	
Shareholders' equity	: Increase in net income and decrease by payment of dividends

④ Capital Expenditures

(Millions of Yen)	2014		FY2015		Change	Change (%)
	Jan - Sep	First nine months				
	A	B	B-A	(B-A)/A		
Capital expenditures	1,494	1,198	△296	△19.8		
PP&E	1,215	930	△284	△23.4		
Intangible assets	279	267	△11	△4.3		

Descriptions of capital expenditures

PP&E	: Investment in manufacturing facilities related to allergen products and manufacturing facilities aiming to improve productivity
Intangible assets	: Investment in software aiming to streamline operations

⑤ Depreciation/Amortization

(Millions of Yen)	2014		FY2015		Change	Change (%)
	Jan - Sep	First nine months				
	A	B	B-A	(B-A)/A		
Depreciation	866	1,062	195	22.6		
Amortization of long-term prepaid expenses	687	627	△60	△8.8		

⑥ Research and Development

Development code [Product Name]	Indication	Formulation/ Route of administration	Development stage (domestic)					Remarks
			Phase I	Phase II	Phase III	Application	Approval	
Skin disease and allergens								
TO-203 [MITICURE® House Dust Mite Sublingual Tablets]	House dust mite induced allergic rhinitis (Allergen Immunotherapy)	Sublingual tablet					Approval	<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •In-house •NDA approval obtained by Torii on September 28, 2015
	House dust mite induced allergic asthma (Allergen Immunotherapy)	Sublingual tablet		Phase II / III				<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •In-house
	House dust mite induced allergic rhinitis in children (Allergen Immunotherapy)	Sublingual tablet			Phase III			<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •In-house
TO-206	Japanese cedar pollinosis (Allergen Immunotherapy)	Sublingual tablet				Application preparing		<ul style="list-style-type: none"> •In-house
JTE-350 [Allergen Scratch Extract Positive control (Torii) Histamine dihydrochloride]	Diagnostic product (Histamine Dihydrochloride)	Positive control solution in the skin prick test					Approval	<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •Co-development with JT •NDA approval obtained by JT on September 28, 2015

※ This drug is one of the medical products publicly offered for a development company by the Study Group on Unapproved and Off-label Drugs of High Medical Need, set up by the Ministry of Health, Labour and Welfare

Updates since the previous announcement on July 29, 2015

- Manufacturing and marketing approval of TO-203(MITICURE® House Dust Mite Sublingual Tablets) for the indication of allergic rhinitis by Torii
- TO-203 for the indication of allergic rhinitis in children has entered into the clinical stage(Phase III) in Japan
- NDA filing of TO-206 in preparation
- Manufacturing and marketing approval of JTE-350(Allergen Scratch Extract Positive control (Torii) Histamine dihydrochloride) by JT

III Financial Forecasts for the FY2015

※Revisions have been made on "Financial Results for the First Six Months of Fiscal Year Ending December 2015" which was announced on July 29, 2015.

※ Torii has changed the closing date of the accounting period from March 31 to December 31 since FY2014. Figures from Jan to Dec 2014, is presented with FY2015 forecasts. The calculation method of figures from Jan to Dec 2014 is explained below.

① Statement of Income

(Millions of Yen)	FY2015	FY2015	Change	2014	Change	Change (%)
	previous forecast	revised forecast		Jan - Dec		
	A	B	B-A	C	B-C	(B-C)/C
Net sales	62,200	61,300	△900	58,089	3,210	5.5
Sales of products ※	61,990	61,060	△930	57,864	3,195	5.5
Renal disease and hemodialysis	27,520	27,520	–	24,437	3,082	12.6
Skin disease and allergens	12,230	11,430	△800	11,687	△257	△2.2
HIV	15,840	15,840	–	15,527	312	2.0
Other	6,400	6,270	△130	6,210	59	1.0
Rent income of real estate	210	240	30	225	14	6.3
Cost of sales	30,500	30,400	△100	27,396	3,003	11.0
Gross profit	31,700	30,900	△800	30,693	206	0.7
SG&A	27,400	26,900	△500	25,659	1,240	4.8
R&D expenses	5,430	5,260	△170	4,878	381	7.8
Others	21,970	21,640	△330	20,780	859	4.1
Operating income	4,300	4,000	△300	5,033	△1,033	△20.5
Ordinary income	4,400	4,200	△200	5,168	△968	△18.7
Net income	2,800	2,600	△200	3,394	△794	△23.4

※ For details, please refer to page 9.

(Reference) Ratio to net sales

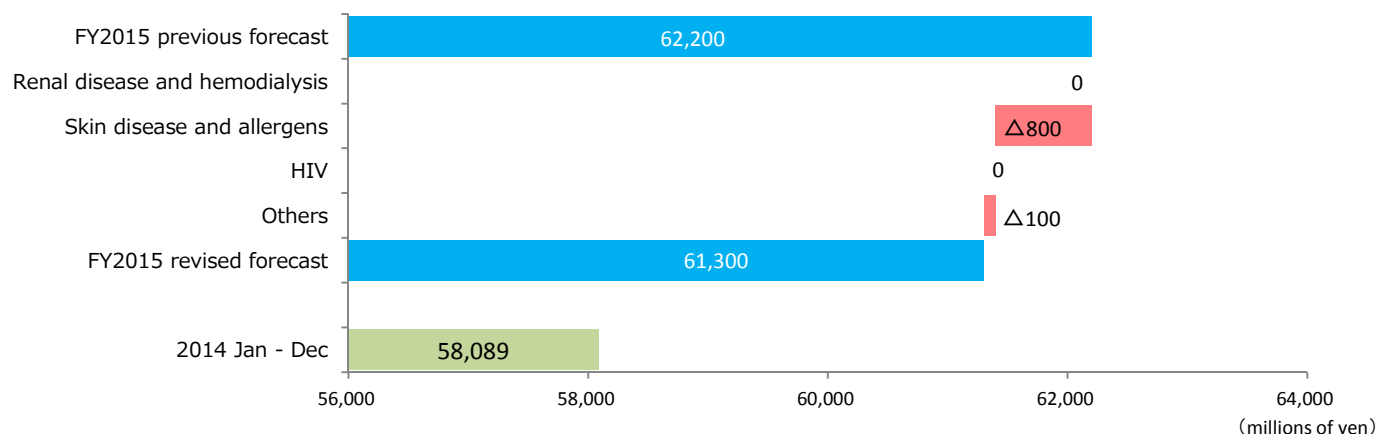
(%)	FY2015	FY2015	Change	2014	Change
	previous forecast	revised forecast		Jan - Dec	
	A	B	B-A	C	B-C
Cost of sales	49.0	49.6	0.6	47.2	2.4
SG&A	44.1	43.9	△0.2	44.1	△0.2
R&D expenses	8.7	8.6	△0.1	8.4	0.2
Operating income	6.9	6.5	△0.4	8.7	△2.2
Ordinary income	7.1	6.9	△0.2	8.9	△2.0
Net income	4.5	4.2	△0.3	5.8	△1.6

〈Figures of Jan - Dec 2014 calculation method〉

Jan - Mar 2014 (FY2013 (12 months) – FY2013 First nine months (9 months))
+ Apr - Dec 2014 (FY2014 (9 months))

[Factors in increase/decrease compared with the previous forecast for the FY2015]

Net Sales (¥61,300 million : Decrease ¥900 million)

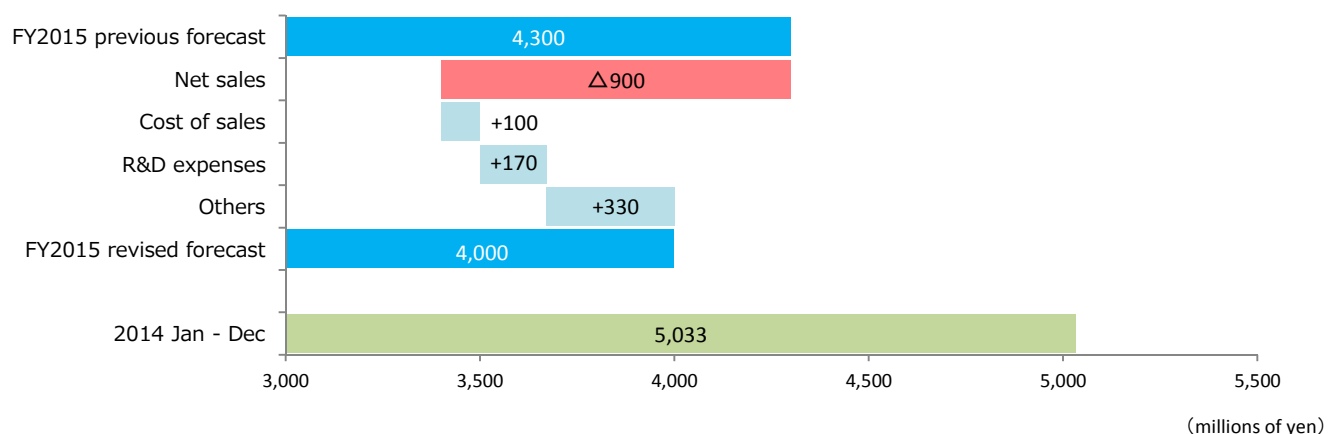


Major factors in increase/decrease

Skin disease : CEDARTOLEN Decrease ¥800 million
and allergens

※ For details, please refer to "② Sales of Products" in page 9.

Operating income (¥4,000 million : Decrease ¥300 million)



Major factors in increase/decrease

Cost of sales : Decrease in net sales and loss on abandonment of a part of inventory of CEDARTOREN over expiring date for use

Ordinary income (¥4,200 million : Decrease ¥200 million)

Special remarks: None

Net income (¥2,600 million : Decrease ¥200 million)

Special remarks: None

② Sales of Products

(Millions of Yen)	FY2015	FY2015	Change	2014	Change	Change
	previous forecast	revised forecast		Jan - Dec		
	A	B	B-A	C	B-C	(%) (B-C)/C
Sales of Products	61,990	61,060	△930	57,864	3,195	5.5
REMITCH Oral anti-pruritus agent [Renal disease and hemodialysis]	15,660	15,660	–	14,970	689	4.6
Truvada Antiviral agent for HIV [HIV]	12,650	12,650	–	12,717	△67	△0.5
ANTEBATE ※1 Topical corticosteroid [Skin disease and allergens]	6,790	6,790	–	6,747	42	0.6
Riona ※2 Agent for hyperphosphatemia [Renal disease and hemodialysis]	4,800	4,800	–	1,811	2,988	164.9
FUTHAN ※1 Protease inhibitor [Renal disease and hemodialysis]	3,130	3,130	–	3,499	△369	△10.6
Stribild Antiviral agent for HIV [HIV]	2,920	2,920	–	2,466	453	18.4
BIO-THREE Viable bacterial preparations [Other]	2,390	2,390	–	2,123	266	12.6
KAYEXALATE ※1 Agent for hyperkalemia [Renal disease and hemodialysis]	2,360	2,360	–	2,253	106	4.7
URINORM ※1 Uricosuric agent [Renal disease and hemodialysis]	1,570	1,570	–	1,901	△331	△17.4
LOCOID ※1 Topical corticosteroid [Skin disease and allergens]	1,400	1,400	–	1,337	62	4.7
ZEFNART Topical antifungal agent [Skin disease and allergens]	1,220	1,220	–	1,450	△230	△15.9
Dovonex Topical agent for psoriasis vulgaris [Skin disease and allergens]	1,200	1,200	–	1,670	△470	△28.1
Magsent Tocolysis in threatened premature labor Eclampsia-suppressing and treatment [Other]	1,100	1,100	–	1,192	△92	△7.8
CEDARTOLEN ※1,3 Japanese cedar pollinosis (Allergen Immunotherapy) [Skin disease and allergens]	1,240	440	△800	80	359	446.7
Others	3,560	3,430	△130	3,641	△211	△5.8

※1 In-house products

※2 Launched on May 12, 2014

※3 Launched on October 8, 2014

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2015	FY2015	Change	2014	Change	Change
	previous forecast	revised forecast		Jan - Dec		
	A	B	B-A	C	B-C	(%) (B-C)/C
Sales of in-house products	18,300	17,520	△780	17,657	△137	△0.8
Ratio of in-house product sales (%)	29.5	28.7	△0.8	30.5	△1.8	–

③ Capital Expenditures

(Millions of Yen)	FY2015 previous forecast A	FY2015 revised forecast B	Change B-A	2014 Jan - Dec C	Change B-C	Change (%) (B-C)/C
Capital expenditures	2,487	2,331	△156	1,726	604	35.0
PP&E	2,066	1,845	△221	1,286	558	43.4
Intangible assets	421	486	65	440	45	10.4

Descriptions of capital expenditures

PP&E	: Investment in manufacturing facilities related to allergen products and manufacturing facilities aiming to improve productivity
Intangible assets	: Investment in software aiming to streamline operations

④ Depreciation/Amortization

(Millions of Yen)	FY2015 previous forecast A	FY2015 revised forecast B	Change B-A	2014 Jan - Dec C	Change B-C	Change (%) (B-C)/C
Depreciation	1,405	1,454	49	1,218	235	19.4
Amortization of long-term prepaid expenses	820	836	16	918	△82	△9.0

⑤ Dividends

	FY2015 previous forecast A	FY2015 revised forecast B	Change B-A	FY2014 C	Change B-C	Change (%) (B-C)/C
Dividends per share (¥)	48	48	0	40	8	20.0
Dividends payout ratio (%)	48.5	52.2	3.7	46.8	5.4	—

【Important notes on forward-looking statements】

The forecasts presented in this material are forward-looking statements. Reflecting assumptions based on information available on the date of publication, these statements are subject to inherent risks and uncertainties. Accordingly, unforeseen factors may cause actual results to differ materially from the projections contained herein.

Torii will not necessarily revise this material regardless of any new information, future events or other results. At the present moment, the following matters may be pointed out as risks or uncertain factors that could affect the Company's future results (but such risks or uncertain factors are not limited to these):

- ◇Changes in Pharmaceutical and Medical Device Law, Other Acts or Regulations
- ◇Delay or Discontinuance of Research and Development
- ◇Drug Price Listing and Revisions
- ◇Adverse Drug Reactions
- ◇Stoppage of Product Supply and Product Recall
- ◇Litigation Risk