

Financial Results for the First Six Months of Fiscal Year Ending December 2021

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- ※ This material is prepared based on Japan GAAP.
- ※ Amounts are rounded down to the nearest million yen.
- ※ 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.

July 30, 2021



TORII PHARMACEUTICAL CO., LTD.

I Summary Information

① Financial Results

The forecasts for the FY2021 have been changed from the previous forecasts announced at the FY2020 financial results announcement on February 4, 2021.

(Millions of Yen)	FY2020		FY2021		Change B-A	Change (%) (B-A)/A	FY2020 Full year	FY2021 Revised forecast C	Progress ratio (%) B/C
	First six months	First six months	Change	Change (%)					
	A	B	B-A	(B-A)/A					
Net sales	19,857	21,555	1,697	8.5			41,700	46,400	46.5
Operating income	2,738	1,788	(950)	(34.7)			4,738	4,000	44.7
Ordinary income	2,903	1,851	(1,052)	(36.2)			4,971	4,200	44.1
Net income	1,800	1,244	(556)	(30.9)			3,495	2,800	44.4
(Reference)									
R&D expenses	281	331	49	17.6			596	910	36.4
Earnings per share (EPS)	(¥)	64.14	44.30	(19.84)			124.47	99.69	
Return on equity (ROE)	(%)	1.6	1.1	(0.5)			3.1		
Ratio of ordinary income to total assets	(%)	2.2	1.5	(0.7)			3.7		
Ratio of operating income to net sales	(%)	13.8	8.3	(5.5)			11.4		
Return on assets (ROA)	(%)	1.4	1.0	(0.4)			2.6		

② Financial Conditions

(Millions of Yen)	December 31,		June 30,		Change B-A	Change (%) (B-A)/A
	2020	2021	Change	Change (%)		
	A	B	B-A	(B-A)/A		
Total assets	126,026	126,523	497	0.4		
Total equity	115,091	115,570	478	0.4		
Equity ratio	(%)	91.3	91.3	0.0		
Book value per share (BPS)	(¥)	4,097.55	4,113.92	16.37		

③ Statement of Cash Flows

(Millions of Yen)	FY2020		FY2021		Change B-A
	First six months	First six months	Change	Change (%)	
	A	B	B-A	(B-A)/A	
Net cash used in operating activities	(5,595)	(1,886)	3,709		
Net cash used in investing activities	(649)	(2,799)	(2,149)		
Net cash used in financing activities	(716)	(762)	(45)		
Cash and cash equivalents, end of period	51,856	56,127	4,270		

④ Capital Expenditures

(Millions of Yen)	FY2020		FY2021		Change B-A	Change (%) (B-A)/A	FY2020 Full year	FY2021 Revised forecast C
	First six months	First six months	Change	Change (%)				
	A	B	B-A	(B-A)/A				
Capital expenditures	211	391	180	85.2			392	1,331
PP&E	151	237	86	56.9			277	1,021
Intangible assets	60	154	94	156.5			114	310

⑤ Depreciation/Amortization

(Millions of Yen)	FY2020		FY2021		Change B-A	Change (%) (B-A)/A	FY2020 Full year	FY2021 Revised forecast C
	First six months	First six months	Change	Change (%)				
	A	B	B-A	(B-A)/A				
Depreciation and amortization of intangible assets	401	206	(195)	(48.6)			582	424
Amortization of long-term prepaid expenses	240	326	85	35.7			496	718

II Financial Results for the First Six Months of FY2021

① Statement of Income

(Millions of Yen)	FY2020	FY2021	Change	Change (%)	FY2021 Revised forecast	Progress ratio (%)
	First six months	First six months				
	A	B	B-A	(B-A)/A	C	B/C
Net sales	19,857	21,555	1,697	8.5	46,400	46.5
Sales of products	19,453	21,057	1,603	8.2	45,720	46.1
Renal disease and hemodialysis	7,217	6,493	(724)	(10.0)	14,130	46.0
Skin disease	4,483	5,606	1,123	25.1	12,310	45.5
Allergens	5,001	6,716	1,715	34.3	14,880	45.1
Other	2,751	2,241	(509)	(18.5)	4,400	50.9
Other sales	404	497	93	23.1	680	73.1
Cost of sales	9,477	10,492	1,015	10.7	22,400	46.8
Cost of products sold	9,449	10,464	1,014	10.7		
Other cost	27	28	0	3.1		
Gross profit	10,380	11,062	681	6.6	24,000	46.1
Selling, general and administrative expenses	7,642	9,274	1,632	21.4	20,000	46.4
R&D expenses	281	331	49	17.6	910	36.4
Others	7,360	8,942	1,582	21.5	19,090	46.8
Operating income	2,738	1,788	(950)	(34.7)	4,000	44.7
Non-operating income and expenses	164	63	(101)			
Ordinary income	2,903	1,851	(1,052)	(36.2)	4,200	44.1
Extraordinary income and loss	(774)	(65)	709			
Income before income taxes	2,128	1,786	(342)	(16.1)		
Income taxes	327	542	214			
Net income	1,800	1,244	(556)	(30.9)	2,800	44.4

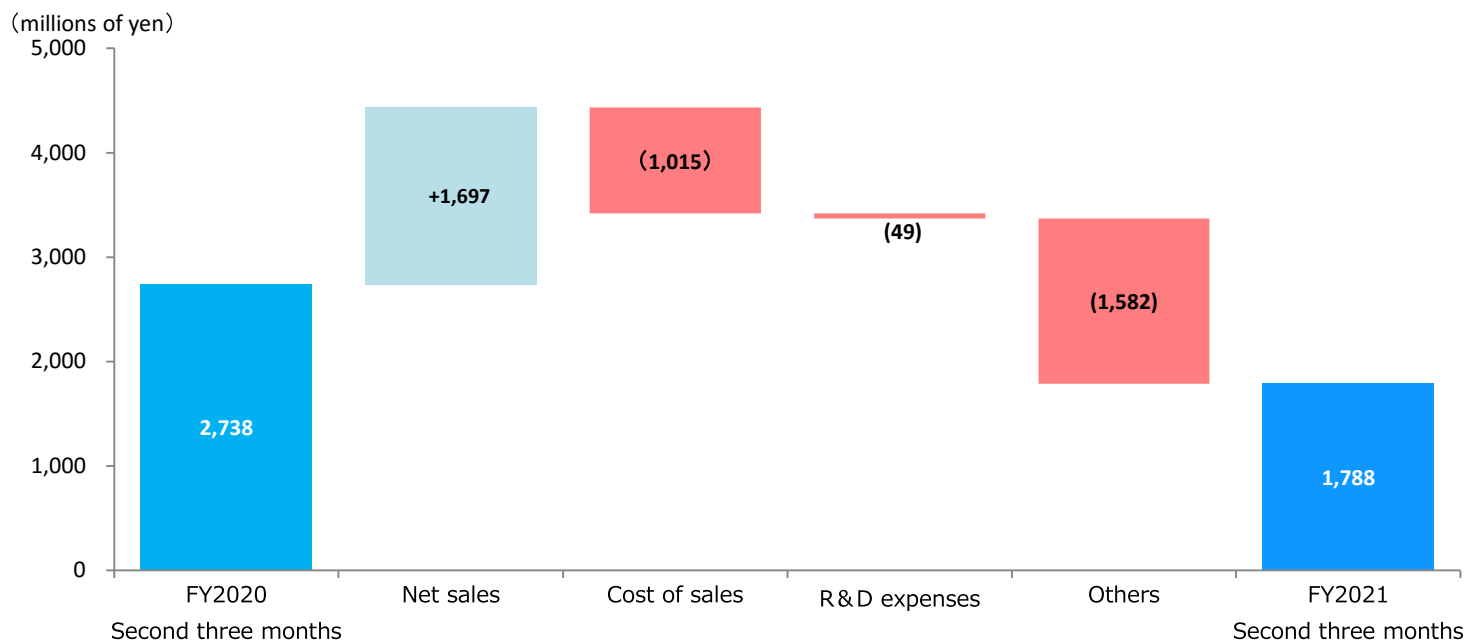
(Reference) Ratio to net sales

(%)	FY2020	FY2021	Change
	First six months	First six months	
	A	B	B-A
Cost of sales	47.7	48.7	1.0
SG&A	38.5	43.0	4.5
R&D expenses	1.4	1.5	0.1
Operating income	13.8	8.3	(5.5)
Ordinary income	14.6	8.6	(6.0)
Net income	9.1	5.8	(3.3)

[Factors in increase/decrease compared with the same term of the last fiscal year]

Operating income (¥1,788 million : Decrease ¥950 million year-on-year)

✓ Although sales of CORECTIM and Allergens increase,
profits decrease by expenses for the launch of new products



Major factors in increase/decrease

Net sales	Renal disease and hemodialysis	: Decrease in sales	REMITCH Decrease ¥0.5billion(Impact of the drug price revisions and generic drugs)
	Skin disease	: Increase in sales	CORECTIM Increase ¥1.4billion(Launched in June 2020)
	Allergens	: Increase in sales	MITICURE Increase ¥1.0billion, CEDARCURE Increase ¥0.7billion (Increase in sales quantity)
	Other sales	: Decrease in sales	(FY2020)Decrease in contract manufacturing sales
Cost of sales		: Increase in net sales	(FY2020)Gain on reversal of expected loss for raw material disposal
Others		: Increase in sales-linked expenses	Increase in expenses due to the launch of new products, etc.

Ordinary income (¥1,851 million : Decrease ¥1,052 million year-on-year)

Special remarks: None

Net income (¥1,244 million : Decrease ¥556 million year-on-year)

(FY2020)Business structure reform expenses (Estimated loss on the plant transfer)	¥765 million
Increase in income Taxes (Estimated effective tax rate: FY2020 15.5% FY2021 30.4%)	¥214 million

② Sales of Products

<i>(Millions of Yen)</i>	FY2020	FY2021	Change	Change (%)
	First six months	First six months		
	A	B	B-A	(B-A)/A
Sales of Products	19,453	21,057	1,603	8.2
[Renal disease and hemodialysis]				
Riona Agent for hyperphosphatemia, Iron-deficiency anemia	3,136	3,166	30	1.0
REMITCH Oral anti-pruritus agent	3,123	2,556	(566)	(18.1)
KAYEXALATE ※1 Agent for hyperkalemia	849	764	(85)	(10.1)
Others	108	5	(103)	(94.8)
Total	7,217	6,493	(724)	(10.0)
[Skin disease]				
ANTEBATE ※1 Topical corticosteroid	2,588	2,417	(170)	(6.6)
CORECTIM ※2 Topical Janus kinase (JAK) inhibitor	176	1,664	1,487	843.7
LOCOID ※1 Topical corticosteroid	842	872	30	3.6
ZEFNART Topical antifungal agent	638	446	(192)	(30.2)
Others	237	205	(32)	(13.5)
Total	4,483	5,606	1,123	25.1
[Allergens]				
CEDARCURE ※1 Japanese cedar pollinosis (Allergen Immunotherapy)	2,678	3,436	757	28.3
MITICURE ※1 House dust mite allergy (Allergen Immunotherapy)	2,079	3,143	1,063	51.1
Others	242	137	(105)	(43.5)
Total	5,001	6,716	1,715	34.3
[Other]				
BIO-THREE Viable bacterial preparations	1,392	1,498	105	7.6
Others	1,358	743	(615)	(45.3)
Total	2,751	2,241	(509)	(18.5)

※1 In-house products

※2 Launched in June 2020

(References) Sales and ratio of in-house products

<i>(Millions of Yen)</i>	FY2020	FY2021	Change	Change (%)
	First six months	First six months		
	A	B	B-A	(B-A)/A
Sales of in-house products	10,413	11,179	765	7.4
Ratio of in-house product sales (%)	53.5	53.1	(0.4)	—

③ 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								
JTE-052 「CORECTIM® Ointment」	Atopic dermatitis in infant	Topical			Phase III			<ul style="list-style-type: none"> •JT's original compound •Licensing agreement signed with JT for development and commercialization
Allergens								
TO-203 「MITICURE® House Dust Mite Sublingual Tablets」	House dust mite induced allergic asthma (Allergen Immunotherapy)	Sublingual tablet		Phase II / III (Study completed※)				<ul style="list-style-type: none"> •Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan •In-house ※Examining the future development policy

Updates since the previous announcement on April 28, 2021 :

- JTT-751「Riona® Tablets」 sNDA for Iron Deficiency Anemia started Information provision activities on March 23, 2021. (previous announcement : Development stage「Approval」)
- JTE-052(CORECTIM®Ointment) for Atopic dermatitis in children launched on June 21, 2021. (previous announcement : Development stage「Approval」)

Additional Information

- In January 2020, Torii signed an exclusive license agreement with JT for co development and commercialization of tapinarof, a topical, therapeutic aryl hydrocarbon receptor modulating agent (TAMA), in Japan. JT signed an exclusive license agreement on January 15, 2020, with Dermavant Sciences GmbH for the development and commercialization of tapinarof for dermatological diseases and conditions in Japan. (Torii and JT will jointly develop tapinarof.)
- In March 2021, Torii signed a license agreement with Verrica Pharmaceuticals Inc. for the exclusive development and commercialization of Verrica's skin disease treatment drug VP-102 for the treatment of molluscum contagiosum and common warts in Japan.

Torii and its parent company, JT (specifically, the pharmaceutical division of the company) each leverage their own pharmaceutical product and service strengths. Torii is primarily responsible for manufacturing and marketing functions, while the parent company is responsible for research and development functions. For the clinical research and development of JT, please refer to the following posted on the company's website.

https://www.jt.com/investors/results/S_information/pharmaceuticals/

III Financial Forecasts for the FY2021

The forecasts for the FY2021 have been changed from the previous forecasts announced at the FY2020 financial results announcement on February 4, 2021.

① Statement of Income

(Millions of Yen)	FY2021	FY2021	Change	FY2020	Change	Change (%)
	previous forecast	revised forecast				
	A	B	B-A	C	B-C	(B-C)/C
Net sales	45,700	46,400	700	41,700	4,699	11.3
Sales of products	45,240	45,720	480	41,053	4,666	11.4
Renal disease and hemodialysis	14,580	14,130	(450)	14,773	(643)	(4.4)
Skin disease	12,680	12,310	(370)	9,918	2,391	24.1
Allergens	13,510	14,880	1,370	11,332	3,547	31.3
Other	4,470	4,400	(70)	5,029	(629)	(12.5)
Other sales	460	680	220	647	32	5.1
Cost of sales	22,200	22,400	200	19,962	2,437	12.2
Gross profit	23,500	24,000	500	21,737	2,262	10.4
SG&A	19,700	20,000	300	16,999	3,000	17.6
R&D expenses	980	910	(70)	596	313	52.5
Others	18,720	19,090	370	16,403	2,686	16.4
Operating income	3,800	4,000	200	4,738	(738)	(15.6)
Ordinary income	4,100	4,200	100	4,971	(771)	(15.5)
Net income	2,700	2,800	100	3,495	(695)	(19.9)

(Reference) Ratio to net sales

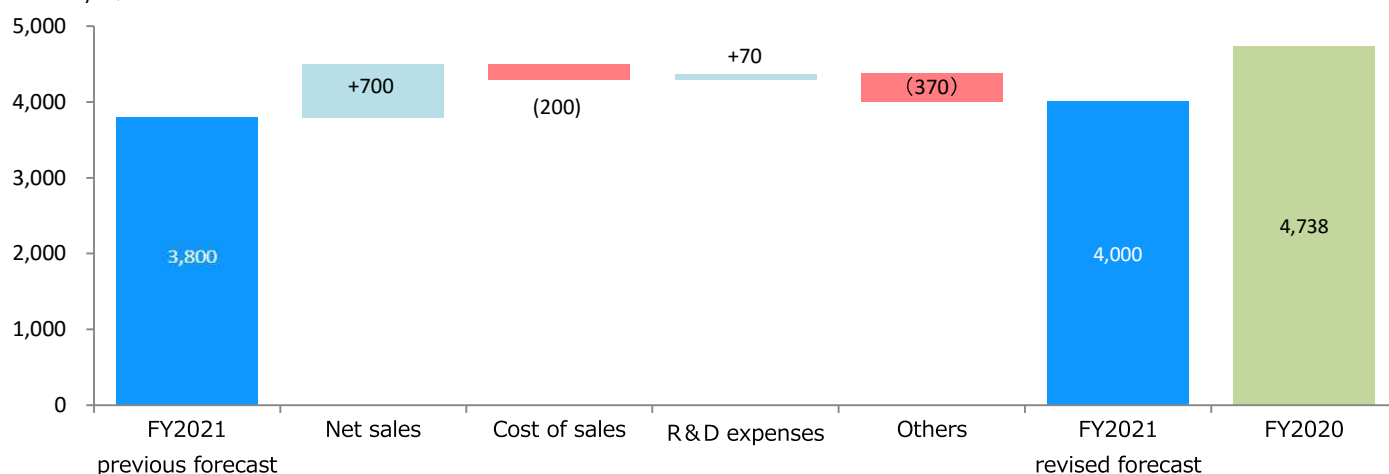
(%)	FY2021	FY2021	Change	FY2020	Change
	previous forecast	revised forecast			
	A	B	B-A	C	B-C
Cost of sales	48.6	48.3	(0.3)	47.9	0.4
SG&A	43.1	43.1	0.0	40.7	2.4
R&D expenses	2.1	2.0	(0.1)	1.4	0.6
Operating income	8.3	8.6	0.3	11.4	(2.8)
Ordinary income	9.0	9.1	0.1	11.9	(2.8)
Net income	5.9	6.0	0.1	8.4	(2.4)

[Factors in increase/decrease compared with the previous forecast for the FY2021]

Operating income (¥4,000 million : Increase ¥200 million)

✓ Upward revision due to MITICURE and CEDARCURE's strong performance

(millions of yen)



Major factors in increase/decrease

Net sales	Renal disease and hemodialysis	: Decrease in sales	RIONA Decrease ¥0.3 billion (Decrease with the drug price revision)
	Skin disease	: Decrease in sales	CORECTIM Decrease ¥0.2 billion (Decrease in sales quantity due to COVID-19 effect)
	Allergens	: Increase in sales	MITICURE Increase ¥1.0 billion, CEDARCURE Increase ¥0.2 billion(Increase in sales quantity)
Cost of sales		: Increase in net sales	
Others		: Increase in sales-linked expenses	

Ordinary income (¥4,200 million : Increase ¥100 million)

Special remarks: None

Net income (¥2,800 million : Increase ¥100 million)

Special remarks: None

② Sales of Products

(Millions of Yen)	FY2021	FY2021	Change	FY2020	Change	Change (%)
	previous forecast	revised forecast				
	A	B	B-A	C	B-C	(B-C)/C
Sales of Products	45,240	45,720	480	41,053	4,666	11.4
[Renal disease and hemodialysis]						
Riona	7,910	7,570	(340)	6,507	1,062	16.3
Agent for hyperphosphatemia, Iron-deficiency anemia						
REMITCH	4,920	5,040	120	6,365	(1,325)	(20.8)
Oral anti-pruritus agent						
KAYEXALATE ※1	1,500	1,500	—	1,717	(217)	(12.7)
Agent for hyperkalemia						
Others	250	20	(230)	182	(162)	(89.1)
Total	14,580	14,130	(450)	14,773	(643)	(4.4)
[Skin disease]						
ANTEBATE ※1	4,840	4,860	20	5,241	(381)	(7.3)
Topical corticosteroid						
CORECTIM ※2	4,730	4,480	(250)	1,291	3,188	246.9
Topical Janus kinase (JAK) inhibitor						
LOCOID ※1	1,590	1,610	20	1,674	(64)	(3.9)
Topical corticosteroid						
ZEFNART	1,090	960	(130)	1,241	(281)	(22.7)
Topical antifungal agent						
Others	430	400	(30)	469	(69)	(14.7)
Total	12,680	12,310	(370)	9,918	2,391	24.1
[Allergens]						
CEDARCURE ※1	7,370	7,660	290	6,139	1,520	24.8
Japanese cedar pollinosis (Allergen Immunotherapy)						
MITICURE ※1	5,890	6,970	1,080	4,776	2,193	45.9
House dust mite allergy (Allergen Immunotherapy)						
Others	250	250	—	416	(166)	(40.0)
Total	13,510	14,880	1,370	11,332	3,547	31.3
[Other]						
BIO-THREE	3,070	3,050	(20)	2,969	80	2.7
Viable bacterial preparations						
Others	1,400	1,350	(50)	2,059	(709)	(34.5)
Total	4,470	4,400	(70)	5,029	(629)	(12.5)

※1 In-house products

※2 launched in June 2020

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2021	FY2021	Change	FY2019	Change	Change (%)
	previous forecast	revised forecast				
	A	B	B-A	C	B-C	(B-C)/C
Sales of in-house products	22,100	23,660	1,560	21,539	2,120	9.8
Ratio of in-house product sales (%)	48.9	51.7	2.8	52.5	(0.8)	—