

Financial Results for the First Nine 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.

October 29, 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 first six months of FY2021 financial results announcement on July 30,2021.

(Millions of Yen)	FY2020		FY2021		Change	Change (%)	FY2020 Full year	FY2021 Revised forecast	Progress ratio (%)
	First nine months	First nine months	Change	Change (%)					
	A	B	B-A	(B-A)/A			C	B/C	
Net sales	30,172	33,437	3,265	10.8			41,700	46,900	71.3
Operating income	3,553	3,153	(399)	(11.3)			4,738	4,500	70.1
Ordinary income	3,753	3,257	(495)	(13.2)			4,971	4,700	69.3
Net income	2,508	2,238	(270)	(10.8)			3,495	3,200	69.9
(Reference)									
R&D expenses	457	511	54	11.9			596	900	56.9
Earnings per share (EPS)	(¥)	89.34	79.68	(9.66)			124.47	113.92	
Return on equity (ROE)	(%)	2.2	1.9	(0.3)			3.1		
Ratio of ordinary income to total assets	(%)	2.8	2.6	(0.2)			3.7		
Ratio of operating income to net sales	(%)	11.8	9.4	(2.4)			11.4		
Return on assets (ROA)	(%)	1.9	1.8	(0.1)			2.6		

② Financial Conditions

(Millions of Yen)	December 31,		September 30,		Change	Change (%)
	2020	2021	Change	Change (%)		
	A	B	B-A	(B-A)/A		
Total assets	126,026	128,751	2,724	2.2		
Total equity	115,091	115,887	795	0.7		
Equity ratio	(%)	91.3	90.0	(1.3)		
Book value per share (BPS)	(¥)	4,097.55	4,125.21	27.66		

③ Capital Expenditures

(Millions of Yen)	FY2020		FY2021		Change	Change (%)	FY2020 Full year	FY2021 Revised forecast
	First nine months	First nine months	Change	Change (%)				
	A	B	B-A	(B-A)/A			C	
Capital expenditures	252	453	200	79.7			392	890
PP&E	160	247	87	54.3			277	662
Intangible assets	91	205	113	124.3			114	228

④ Depreciation/Amortization

(Millions of Yen)	FY2020		FY2021		Change	Change (%)	FY2020 Full year	FY2021 Revised forecast
	First nine months	First nine months	Change	Change (%)				
	A	B	B-A	(B-A)/A			C	
Depreciation and amortization of intangible assets	493	306	(187)	(37.9)			582	404
Amortization of long-term prepaid expenses	368	523	155	42.2			496	719

II Financial Results for the First Nine Months of FY2021

① Statement of Income

(Millions of Yen)	FY2020	FY2021	Change	Change (%)	FY2021 Revised forecast	Progress ratio (%)
	First nine months	First nine months				
	A	B	B-A	(B-A)/A	C	B/C
Net sales	30,172	33,437	3,265	10.8	46,900	71.3
Sales of products	29,640	32,833	3,193	10.8	46,240	71.0
Renal disease and hemodialysis	10,850	9,874	(975)	(9.0)	13,660	72.3
Skin disease	7,085	8,536	1,450	20.5	12,170	70.1
Allergens	7,842	10,968	3,126	39.9	15,630	70.2
Other	3,861	3,454	(407)	(10.6)	4,780	72.3
Other sales	532	603	71	13.5	660	91.5
Cost of sales	14,548	16,190	1,641	11.3	22,600	71.6
Cost of products sold	14,507	16,146	1,639	11.3		
Other cost	41	43	2	5.3		
Gross profit	15,623	17,246	1,623	10.4	24,300	71.0
Selling, general and administrative expenses	12,069	14,092	2,023	16.8	19,800	71.2
R&D expenses	457	511	54	11.9	900	56.9
Others	11,612	13,581	1,968	17.0	18,900	71.9
Operating income	3,553	3,153	(399)	(11.3)	4,500	70.1
Non-operating income and expenses	199	103	(96)			
Ordinary income	3,753	3,257	(495)	(13.2)	4,700	69.3
Extraordinary income and loss	(758)	(65)	692			
Income before income taxes	2,995	3,191	196	6.6		
Income taxes	486	953	466			
Net income	2,508	2,238	(270)	(10.8)	3,200	69.9

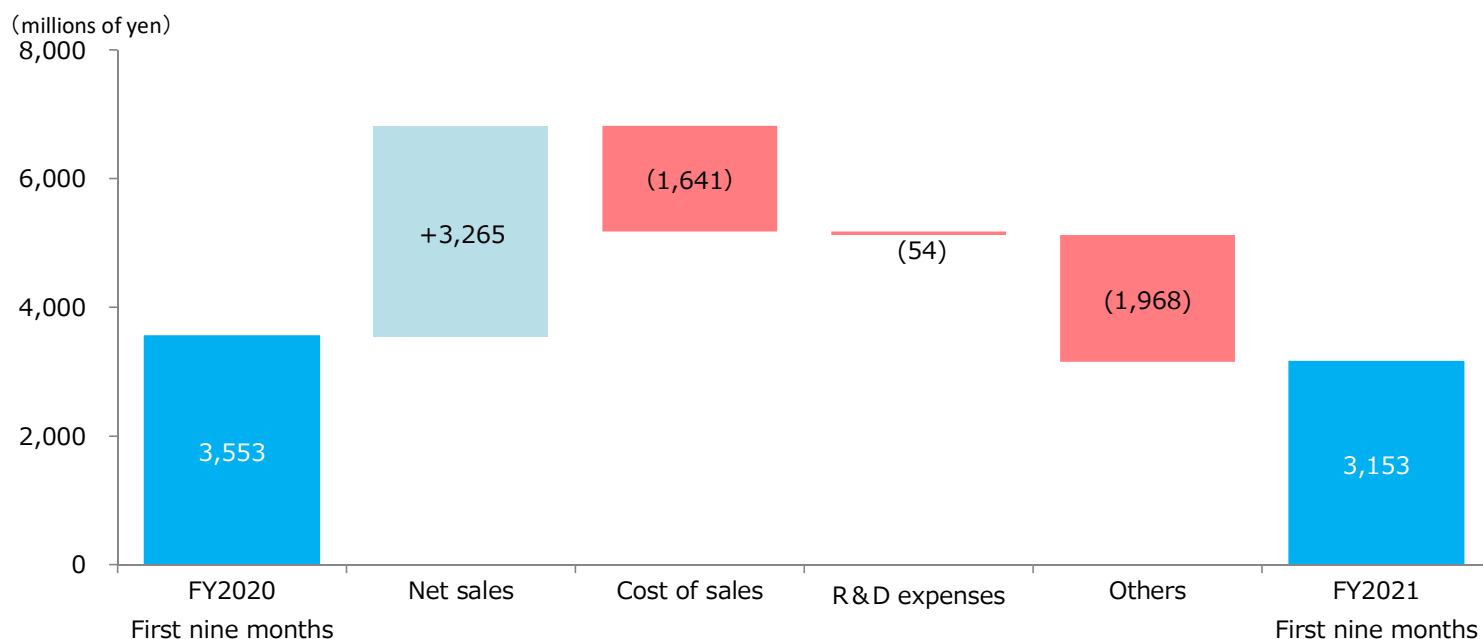
(Reference) Ratio to net sales

(%)	FY2020	FY2021	Change
	First nine months	First nine months	
	A	B	B-A
Cost of sales	48.2	48.4	0.2
SG&A	40.0	42.2	2.2
R&D expenses	1.5	1.5	0.0
Operating income	11.8	9.4	(2.4)
Ordinary income	12.4	9.7	(2.7)
Net income	8.3	6.7	(1.6)

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

Operating income (¥3,153 million : Decrease ¥399 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(Rounded down to the nearest 0.1billion yen)

Net sales	Renal disease : Decrease and hemodialysis ¥0.9billion in sales	REMITCH Decrease ¥0.9billion(Impact of the drug price revisions and generic drugs)
	Skin disease : Increase ¥1.4billion in sales	CORECTIM Increase ¥2.0billion(Launched in June 2020) ANTEBATE Decrease ¥0.3billion (Impact of the drug price revisions)
	Allergens : Increase ¥3.1billion in sales	MITICURE Increase ¥1.8billion, CEDARCURE Increase ¥1.4billion (Increase in sales quantity)
	Other sales : Decrease ¥0.4billion in sales	(FY2020)Decrease in contract manufacturing sales
Cost of sales	: Increase in net sales	
Others	: Increase in sales-linked expenses Increase in expenses due to the launch of new products, etc. Incurred transient expenses such as updating PCs	

Ordinary income (¥3,257 million : Decrease ¥495 million year-on-year)

Special remarks: None

Net income (¥2,238 million : Decrease ¥270 million year-on-year)

(FY2020)Business structure reform expenses (Loss on the plant transfer)	¥748 million
Increase in income Taxes (Estimated effective tax rate: FY2020 16.3% FY2021 29.9%)	¥466 million

② Sales of Products

(Millions of Yen)	FY2020	FY2021	Change	Change (%)
	First nine months	First nine months		
	A	B	B-A	(B-A)/A
Sales of Products	29,640	32,833	3,193	10.8
[Renal disease and hemodialysis]				
Riona	4,770	4,941	170	3.6
Agent for hyperphosphatemia, Iron-deficiency anemia				
REMITCH	4,698	3,780	(918)	(19.5)
Oral anti-pruritus agent				
KAYEXALATE ※	1,272	1,134	(137)	(10.8)
Agent for hyperkalemia				
Others	108	18	(90)	(83.1)
Total	10,850	9,874	(975)	(9.0)
[Skin disease]				
ANTEBATE ※	3,857	3,546	(310)	(8.1)
Topical corticosteroid				
CORECTIM	641	2,669	2,027	316.1
Topical Janus kinase (JAK) inhibitor				
LOCOID ※	1,225	1,254	29	2.4
Topical corticosteroid				
ZEFNART	1,015	768	(246)	(24.3)
Topical antifungal agent				
Others	346	297	(49)	(14.3)
Total	7,085	8,536	1,450	20.5
[Allergens]				
CEDARCURE ※	4,261	5,687	1,425	33.4
Japanese cedar pollinosis (Allergen Immunotherapy)				
MITICURE ※	3,249	5,085	1,835	56.5
House dust mite allergy (Allergen Immunotherapy)				
Others	330	196	(133)	(40.5)
Total	7,842	10,968	3,126	39.9
[Other]				
BIO-THREE	2,146	2,308	162	7.6
Viable bacterial preparations				
Others	1,715	1,145	(570)	(33.2)
Total	3,861	3,454	(407)	(10.6)

※ In-house products

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2020	FY2021	Change	Change (%)
	First nine months	First nine months		
	A	B	B-A	(B-A)/A
Sales of in-house products	15,539	17,515	1,976	12.7
Ratio of in-house product sales (%)	52.4	53.3	0.9	-

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
JTE-061	Atopic dermatitis	Topical			Phase III			<ul style="list-style-type: none"> -Compounds for which JT has entered into a license agreement with Dermavant Sciences GmbH for an exclusive license to develop and commercialize skin diseases in Japan -Licensing agreement signed with JT for development and commercialization
	Proriasis Vulgaris	Topical			Phase III			<ul style="list-style-type: none"> -Compounds for which JT has entered into a license agreement with Dermavant Sciences GmbH for an exclusive license to develop and commercialize skin diseases in Japan -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

Update since the previous announcement on July 30, 2021 :

•Addition of skin disease JTE-061(Generic name : tapinarof Expected indications: Atopic dermatitis and Proriasis Vulgaris)

Additional Information

•In March 2021, Torii has entered into a license agreement with Verrica Pharmaceuticals Inc. for an exclusive license to develop and commercialize VP-102 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 first six months of FY2021 financial results announcement on July 30,2021.

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	46,400	46,900	500	41,700	5,199	12.5
Sales of products	45,720	46,240	520	41,053	5,186	12.6
Renal disease and hemodialysis	14,130	13,660	(470)	14,773	(1,113)	(7.5)
Skin disease	12,310	12,170	(140)	9,918	2,251	22.7
Allergens	14,880	15,630	750	11,332	4,297	37.9
Other	4,400	4,780	380	5,029	(249)	(5.0)
Other sales	680	660	(20)	647	12	2.0
Cost of sales	22,400	22,600	200	19,962	2,637	13.2
Gross profit	24,000	24,300	300	21,737	2,562	11.8
SG&A	20,000	19,800	(200)	16,999	2,800	16.5
R&D expenses	910	900	(10)	596	303	50.9
Others	19,090	18,900	(190)	16,403	2,496	15.2
Operating income	4,000	4,500	500	4,738	(238)	(5.0)
Ordinary income	4,200	4,700	500	4,971	(271)	(5.5)
Net income	2,800	3,200	400	3,495	(295)	(8.4)

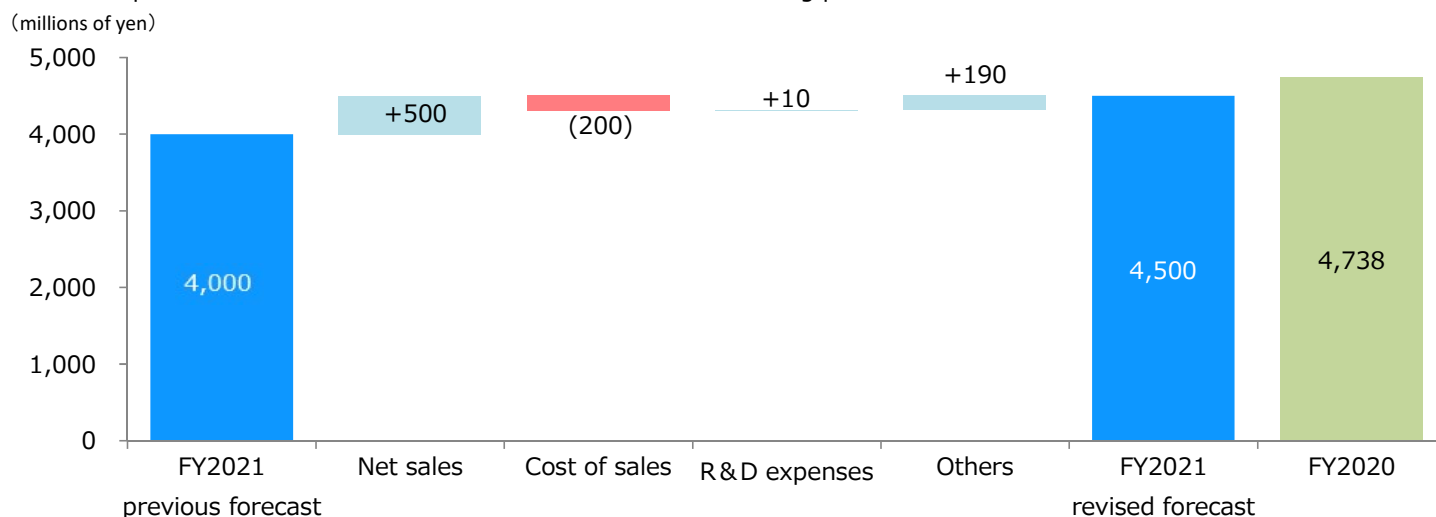
(Reference) Ratio to net sales

(%)	FY2021	FY2021	Change	FY2020	Change
	previous forecast	revised forecast			
	A	B	B-A	C	B-C
Cost of sales	48.3	48.2	(0.1)	47.9	0.3
SG&A	43.1	42.2	(0.9)	40.7	1.5
R&D expenses	2.0	1.9	(0.1)	1.4	0.5
Operating income	8.6	9.6	1.0	11.4	(1.8)
Ordinary income	9.1	10.0	0.9	11.9	(1.9)
Net income	6.0	6.8	0.8	8.4	(1.6)

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

Operating income (¥4,500 million : Increase ¥500 million)

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



Major factors in increase/decrease(Rounded down to the nearest 0.1billion yen)

Net sales	Renal disease and hemodialysis	: Decrease ¥0.4billion in sales	RIONA Decrease ¥0.3 billion (Decrease in sales quantity due to COVID-19 effect) REMITCH Decrease ¥0.1 billion(Impact of generic drugs)
	Skin disease	: Decrease ¥0.1billion in sales	CORECTIM Decrease ¥0.3 billion (Decrease in sales quantity due to COVID-19 effect) ZEFNART Increase ¥0.1 billion, LOCOID Increase ¥0.1 billion (Increase in sales quantity)
	Allergens	: Increase ¥0.7billion in sales	CEDARCURE Increase ¥0.4 billion, MITICURE Increase ¥0.2 billion(Increase in sales quantity)
	Others	: Increase ¥0.3billion in sales	ORLADEYO Increase ¥0.2 billion, BIO-THREE Increase ¥0.1 billion(Increase in sales quantity)
Cost of sales	: Increase in net sales		

Ordinary income (¥4,700 million : Increase ¥500 million)

Special remarks: None

Net income (¥3,200 million : Increase ¥400 million)

Special remarks: None

② Sales of Products

<i>(Millions of Yen)</i>	FY2021	FY2021	Change	FY2020	Change	Change (%)
	previous forecast	revised forecast				
	A	B	B-A	C	B-C	(B-C)/C
Sales of Products	45,720	46,240	520	41,053	5,186	12.6
[Renal disease and hemodialysis]						
Riona	7,570	7,180	(390)	6,507	672	10.3
Agent for hyperphosphatemia, Iron-deficiency anemia						
REMITCH	5,040	4,930	(110)	6,365	(1,435)	(22.5)
Oral anti-pruritus agent						
KAYEXALATE ※	1,500	1,520	20	1,717	(197)	(11.5)
Agent for hyperkalemia						
Others	20	30	10	182	(152)	(83.6)
Total	14,130	13,660	(470)	14,773	(1,113)	(7.5)
[Skin disease]						
ANTEBATE ※	4,860	4,800	(60)	5,241	(441)	(8.4)
Topical corticosteroid						
CORECTIM	4,480	4,100	(380)	1,291	2,808	217.5
Topical Janus kinase (JAK) inhibitor						
LOCOID ※	1,610	1,740	130	1,674	65	3.9
Topical corticosteroid						
ZEFNART	960	1,130	170	1,241	(111)	(9.0)
Topical antifungal agent						
Others	400	400	–	469	(69)	(14.7)
Total	12,310	12,170	(140)	9,918	2,251	22.7
[Allergens]						
CEDARCURE ※	7,660	8,150	490	6,139	2,010	32.8
Japanese cedar pollinosis (Allergen Immunotherapy)						
MITICURE ※	6,970	7,220	250	4,776	2,443	51.2
House dust mite allergy (Allergen Immunotherapy)						
Others	250	260	10	416	(156)	(37.6)
Total	14,880	15,630	750	11,332	4,297	37.9
[Other]						
BIO-THREE	3,050	3,150	100	2,969	180	6.1
Viable bacterial preparations						
Others	1,350	1,630	280	2,059	(429)	(20.9)
Total	4,400	4,780	380	5,029	(249)	(5.0)

※ In-house products

(References) Sales and ratio of in-house products

<i>(Millions of Yen)</i>	FY2021	FY2021	Change	FY2020	Change	Change (%)
	previous forecast	revised forecast				
	A	B	B-A	C	B-C	(B-C)/C
Sales of in-house products	23,660	24,510	850	21,539	2,970	13.8
Ratio of in-house product sales (%)	51.7	53.0	1.3	52.5	0.5	–