

Financial Results for the First Three Months of Fiscal Year Ending December 2022

<u>I Summary Information</u>	P.1
① Financial Results	P.1
② Financial Conditions	P.1
③ Capital Expenditures	P.1
④ Depreciation/Amortization	P.1
<u>II Financial Results for the First Three Months of FY2022</u>	P.2
① Statement of Income	P.2
② Sales of Products	P.4
③ Research and Development	P.5
<u>III Financial Forecasts for the FY2022</u>	P.6
① Statement of Income	P.6
② Sales of Products	P.8

- ※ 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.

April 28, 2022



TORII PHARMACEUTICAL CO., LTD.

I Summary Information

① Financial Results

The forecasts for the FY2022 have not been changed from the previous forecasts announced at the FY2021 financial results announcement on February 10, 2022.

※1 "Accounting Standard for Revenue Recognition" etc. have not been applied to the results for the first three months of FY2021 retroactively. Increase (Decrease) in figures are reference values.

※2 "Accounting Standard for Revenue Recognition" etc. have been applied from the beginning of the first three months of FY2022, the forecasts for the FY2022 have already been incorporated the change.

(Millions of Yen)	FY2021 First three months A	FY2022 First three months B	Change B-A	Change (%) (B-A)/A	FY2021 Full year	FY2022 Forecast※2 C	Progress ratio (%) B/C
Net sales	9,899	10,960	1,060 ※1	10.7	※1 46,987	48,200	22.7
Operating income	689	1,292	602	87.3	4,656	5,200	24.8
Ordinary income	650	1,246	595	91.6	4,847	5,400	23.1
Net income	436	882	446	102.3	3,374	3,800	23.2
(Reference)							
R&D expenses	108	176	67	62.4	832	1,580	11.2
Earnings per share (EPS)	(¥) 15.53	31.40	15.87		120.13	135.27	
Return on equity (ROE)	(%) 0.4	0.8	0.4		2.9		
Ratio of ordinary income to total assets	(%) 0.5	1.0	0.5		3.8		
Ratio of operating income to net sales	(%) 7.0	11.8	4.8		9.9		
Return on assets (ROA)	(%) 0.3	0.7	0.4		2.6		

② Financial Conditions

(Millions of Yen)	December 31, 2021 A	March 31, 2022 B	Change B-A	Change (%) (B-A)/A
Total assets	130,810	129,334	(1,476)	(1.1)
Total equity	117,015	117,189	173	0.1
Equity ratio	(%) 89.5	90.6	1.1	
Book value per share (BPS)	(¥) 4,165.38	4,171.56	6.18	

③ Capital Expenditures

(Millions of Yen)	FY2021 First three months A	FY2022 First three months B	Change B-A	Change (%) (B-A)/A	FY2021 Full year	FY2022 Forecast C
Capital expenditures	140	409	268	191.8	822	850
PP&E	77	353	275	356.4	597	480
Intangible assets	62	55	(6)	(11.1)	224	370

④ Depreciation/Amortization

(Millions of Yen)	FY2021 First three months A	FY2022 First three months B	Change B-A	Change (%) (B-A)/A	FY2021 Full year	FY2022 Forecast C
Depreciation and amortization of intangible assets	108	102	(5)	(4.9)	413	470
Amortization of long-term prepaid expenses	129	197	68	52.7	722	770

II Financial Results for the First Three Months of FY2022

① Statement of Income

※1 "Accounting Standard for Revenue Recognition" etc. have not been applied to the results for the first three months of FY2021 retroactively. Increase (Decrease) in figures are reference values.

※2 "Accounting Standard for Revenue Recognition" etc. have been applied from the beginning of the first three months of FY2022, the forecasts for the FY2022 have already been incorporated the change.

(Millions of Yen)	FY2021 First three months A	FY2022 First three months B	Change B-A	Change (%) (B-A)/A	FY2022 Forecast※2 C	Progress ratio (%) B/C
Net sales	9,899	10,960	1,060	※1 10.7	※1 48,200	22.7
Sales of products	9,712	10,867	1,154	※1 11.9	※1 47,830	22.7
Renal disease and hemodialysis	3,039	2,651	(388)	※1 (12.8)	※1 11,790	22.5
Skin disease	2,444	2,993	549	※1 22.5	※1 12,090	24.8
Allergens	3,213	4,080	866	※1 27.0	※1 18,950	21.5
Other	1,015	1,142	127	※1 12.5	※1 5,000	22.8
Other sales	186	92	(94)	※1 (50.4)	※1 370	25.0
Cost of sales	4,795	5,673	877	※1 18.3	※1 24,900	22.8
Cost of products sold	4,781	5,659	878	※1 18.4	※1	
Other cost	13	13	(0)	(3.0)		
Gross profit	5,104	5,287	182	※1 3.6	※1 23,300	22.7
Selling, general and administrative expenses	4,414	3,995	(419)	※1 (9.5)	※1 18,100	22.1
R&D expenses	108	176	67	62.4	1,580	11.2
Others	4,305	3,818	(487)	※1 (11.3)	※1 16,520	23.1
Operating income	689	1,292	602	87.3	5,200	24.8
Non-operating income and expenses	(39)	(45)	(6)			
Ordinary income	650	1,246	595	91.6	5,400	23.1
Extraordinary income and loss	(0)	(0)	0			
Income before income taxes	649	1,246	596	91.8		
Income taxes	213	364	150			
Net income	436	882	446	102.3	3,800	23.2

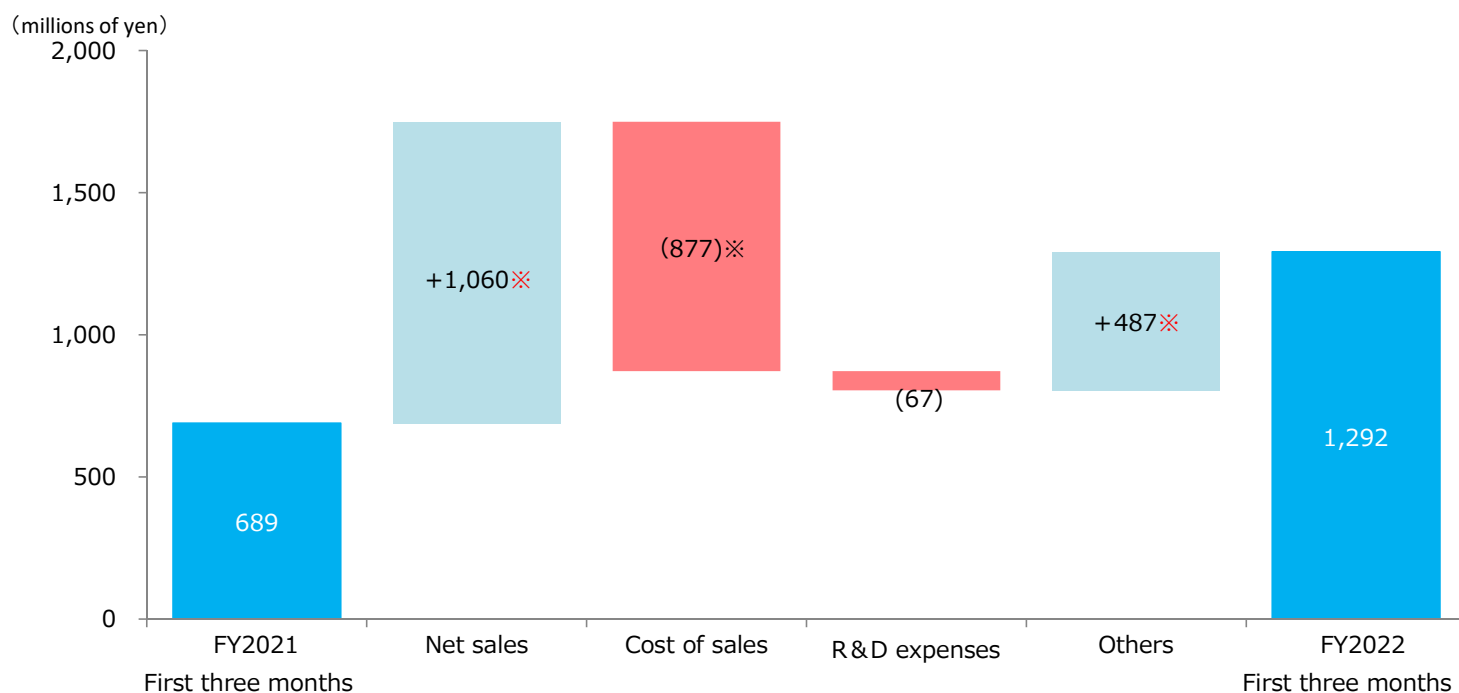
(Reference) Ratio to net sales

(%)	FY2021 First three months A	FY2022 First three months B	Change B-A
Cost of sales	48.4	51.8	3.4 ※1
SG&A	44.6	36.4	(8.2) ※1
R&D expenses	1.1	1.6	0.5
Operating income	7.0	11.8	4.8
Ordinary income	6.6	11.4	4.8
Net income	4.4	8.0	3.6

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

Operating income (¥1,292 million : Increase ¥602 million year-on-year)

✓ Sales and profits increase with increase in sales of Allergens and CORECTIM.



※ "Accounting Standard for Revenue Recognition" etc. have not been applied to the results for the first three months of FY2021 retroactively. Increase (Decrease) in figures are reference values.

Major factors in increase/decreas

Net sales	: Increase in sales quantity (CORECTIM,CEDARCURE,MITICURE) Decrease due to application of "Accounting Standard for Revenue Recognition" Decrease in the drug price revisions Decrease in sales quantity (REMITCH)
Cost of sales	: Increase in sales quantity Increase due to application of "Accounting Standard for Revenue Recognition"
R&D expense	: Increase in cost due to structural change(Development of clinical study system)
Others	: Decrease due to application of "Accounting Standard for Revenue Recognition"

Ordinary income (¥1,246 million : Increase ¥595 million year-on-year)

Special remarks: None

Net income (¥882 million : Increase ¥446 million year-on-year)

Special remarks: None

② Sales of Products

※1 "Accounting Standard for Revenue Recognition" etc. have been applied from the beginning of the first three months of FY2022. The standard is different from the revenue recognition in the results for the first three months of the FY2021. Increase (Decrease) in products are not listed.

※2 The accounting standard has not been applied to the results for the first three months of FY2021 retroactively. Increase (Decrease) in figures from the first three months of FY2021 is a reference value.

(Millions of Yen)	FY2021 First three months A	FY2022 First three months B	Change ※1 B-A	Change (%) ※1 (B-A)/A
Sales of Products	9,712	10,867	1,154 ※2	11.9 ※2
[Renal disease and hemodialysis]				
Riona Agent for hyperphosphatemia, Iron-deficiency anemia	1,430	1,453	–	–
REMITCH Oral anti-pruritus agent	1,239	858	–	–
KAYEXALATE ※3 Agent for hyperkalemia	368	301	–	–
Others	1	37	–	–
Total	3,039	2,651	(388) ※2	(12.8) ※2
[Skin disease]				
CORECTIM Topical Janus kinase (JAK) inhibitor	612	1,309	–	–
ANTEBATE ※3 Topical corticosteroid	1,164	1,011	–	–
LOCOID ※3 Topical corticosteroid	421	375	–	–
ZEFNART Topical antifungal agent	153	221	–	–
Others	93	75	–	–
Total	2,444	2,993	549 ※2	22.5 ※2
[Allergens]				
CEDARCURE ※3 Japanese cedar pollinosis (Allergen Immunotherapy)	1,662	2,120	–	–
MITICURE ※3 House dust mite allergy (Allergen Immunotherapy)	1,474	1,909	–	–
Others	76	50	–	–
Total	3,213	4,080	866 ※2	27.0 ※2
[Other]				
BIO-THREE Viable bacterial preparations	691	724	–	–
Others	323	417	–	–
Total	1,015	1,142	127 ※2	12.5 ※2

※3 In-house products

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2021 First three months A	FY2022 First three months B	Change ※1 B-A	Change (%) ※1 (B-A)/A
Sales of in-house products	5,363	5,939	–	–
Ratio of in-house product sales (%)	55.2	54.7	–	–

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
	Atopic dermatitis in children	Topical		Phase II				<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 February 10, 2022 :
None

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 FY2022

The forecasts for the FY2022 have not been changed from the previous forecasts announced at the FY2021 financial results announcement on February 10, 2022.

① Statement of Income

※1 "Accounting Standard for Revenue Recognition" etc. have been applied from the beginning of the first three months of FY2022, the forecasts for the FY2022 have already been incorporated the change.

※2 The accounting standard has not been applied to the results for the FY2021 retroactively. Increase (Decrease) in figures from the first three months of FY2021 is a reference value.

(Millions of Yen)	FY2021	FY2022	Change	Change (%)	
	A	Forecast※1 B			
Net sales	46,987	48,200	1,212	※2	2.6 ※2
Sales of products	46,290	47,830	1,539	※2	3.3 ※2
Renal disease and hemodialysis	13,502	11,790	(1,712)	※2	(12.7) ※2
Skin disease	11,992	12,090	97	※2	0.8 ※2
Allergens	15,971	18,950	2,978	※2	18.7 ※2
Other	4,824	5,000	175	※2	3.6 ※2
Other sales	697	370	(327)	※2	(47.0) ※2
Cost of sales	22,649	24,900	2,250	※2	9.9 ※2
Gross profit	24,338	23,300	(1,038)	※2	(4.3) ※2
SG&A	19,682	18,100	(1,582)	※2	(8.0) ※2
R&D expenses	832	1,580	747		89.8
Others	18,849	16,520	(2,329)	※2	(12.4) ※2
Operating income	4,656	5,200	543		11.7
Ordinary income	4,847	5,400	552		11.4
Net income	3,374	3,800	425		12.6

(Reference) Ratio to net sales

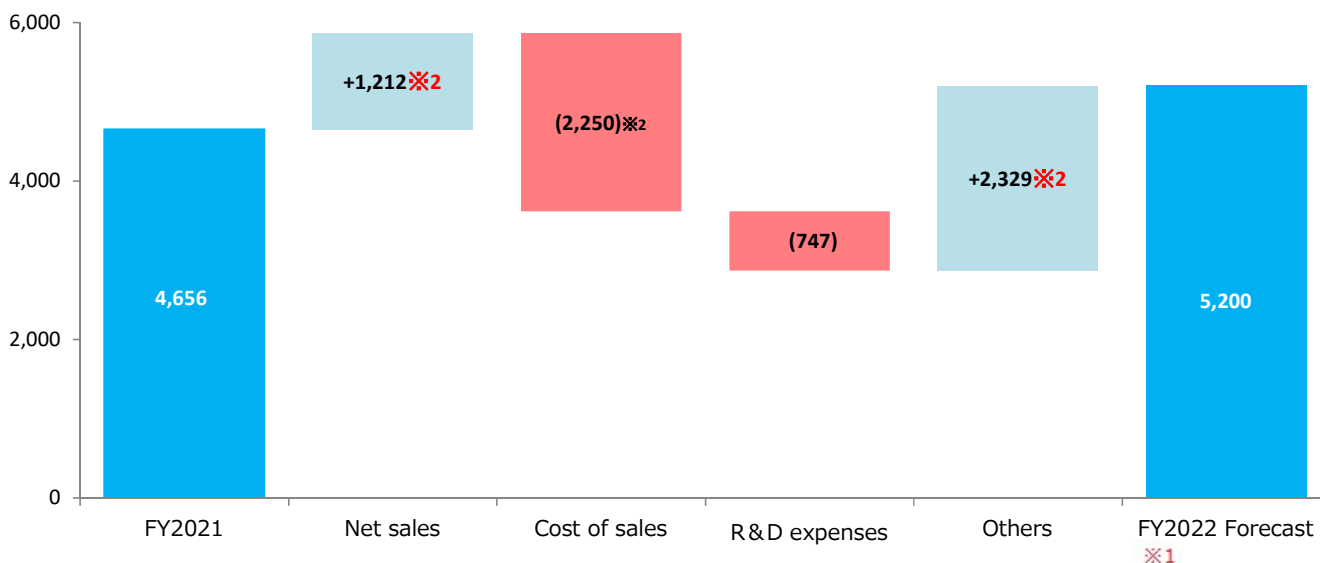
(%)	FY2021	FY2022	Change	
	A	Forecast※1 B		
Cost of sales	48.2	51.7	3.5	※2
SG&A	41.9	37.5	(4.4)	※2
R&D expenses	1.8	3.3	1.5	
Operating income	9.9	10.8	0.9	
Ordinary income	10.3	11.2	0.9	
Net income	7.2	7.9	0.7	

[Factors in increase/decrease compared with the FY2021]

Operating Income (¥5,200 million : Increase ¥543 million year-on-year)

✓ Sales and profits are expected to increase with increase in sales of Allergens and CORECTIM.

(millions of yen)



※1 "Accounting Standard for Revenue Recognition" etc. have been applied from the beginning of the first three months of FY2022, the forecasts for the FY2022 have already been incorporated the change.

※2 The accounting standard has not been applied to the results for the FY2021 retroactively. Increase (Decrease) in figures from the first three months of FY2021 is a reference value.

Major factors in increase/decrease

Net sales	: Increase in sales quantity (CEDARCURE,MITICURE,CORECTIM,Riona) Decrease due to application of "Accounting Standard for Revenue Recognition" Decrease in the drug price revisions Decrease in sales quantity (REMITCH)
Cost of sales	: Increase in sales quantity Increase due to application of "Accounting Standard for Revenue Recognition"
R&D expenses	: Increase in clinical study expenses (VP-102)
Others	: Decrease due to application of "Accounting Standard for Revenue Recognition" (FY2021)Incurred transient costs such as updating PCs Increase in royalties

Ordinary Income (¥5,400 million : increase ¥552 million year-on-year)

Special remarks: None

Net income (¥3,800 million : Increase ¥425 million year-on-year)

Special remarks: None

② Sales of Products

- ※1 "Accounting Standard for Revenue Recognition" etc. have been applied from the beginning of the first three months of FY2022, the forecasts for the FY2022 have already been incorporated the change. The standard is different from the revenue recognition in the results for the FY2021. Increase (Decrease) in products are not listed.
- ※2 The accounting standard has not been applied to the results for the FY2021 retroactively. Increase (Decrease) in figures from the first three months of FY2021 is a reference value.

(Millions of Yen)	FY2021	FY2022 Forecast ※1	Change ※1	Change (%) ※1
	A	B	B-A	(B-A)/A
Sales of Products	46,290	47,830	1,539 ※2	3.3 ※2
[Renal disease and hemodialysis]				
Riona Agent for hyperphosphatemia, Iron-deficiency anemia	6,863	7,150	–	–
REMITCH Oral anti-pruritus agent	5,058	3,170	–	–
KAYEXALATE ※3 Agent for hyperkalemia	1,525	1,240	–	–
Others	55	230	–	–
Total	13,502	11,790	(1,712) ※2	(12.7) ※2
[Skin disease]				
CORECTIM Topical Janus kinase (JAK) inhibitor	4,025	5,010	–	–
ANTEBATE ※3 Topical corticosteroid	4,825	4,070	–	–
LOCOID ※3 Topical corticosteroid	1,698	1,560	–	–
ZEFNART Topical antifungal agent	1,043	1,100	–	–
Others	398	350	–	–
Total	11,992	12,090	97 ※2	0.8 ※2
[Allergens]				
CEDARCURE ※3 Japanese cedar pollinosis (Allergen Immunotherapy)	8,325	9,990	–	–
MITICURE ※3 House dust mite allergy (Allergen Immunotherapy)	7,386	8,720	–	–
Others	258	240	–	–
Total	15,971	18,950	2,978 ※2	18.7 ※2
[Other]				
BIO-THREE Viable bacterial preparations	3,213	3,220	–	–
Others	1,610	1,780	–	–
Total	4,824	5,000	175 ※2	3.6 ※2

※3 In-house products

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2021	FY2022 Forecast ※1	Change ※1	Change (%) ※1
	A	B	B-A	(B-A)/A
Sales of in-house products	24,843	26,530	–	–
Ratio of in-house product sales (%)	53.7	55.5	–	–