

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

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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 29, 2022



**TORII PHARMACEUTICAL CO., LTD.**

# I Summary Information

## ① Financial Results

The forecasts for the FY2022 have 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 six months of FY2021 retroactively. Increase (Decrease) in figures is 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 six months A	FY2022 First six months B	Change B-A	Change (%) (B-A)/A	FY2021 Full year	FY2022 Revised forecast※2 C	Progress ratio (%) B/C
Net sales	21,555	23,102	1,547 ※1	7.2 ※1	46,987	49,800	46.4
Operating income	1,788	2,682	894	50.0	4,656	6,200	43.3
Ordinary income	1,851	2,468	616	33.3	4,847	6,100	40.5
Net income	1,244	1,845	601	48.3	3,374	4,400	41.9
(Reference)							
R&D expenses	331	583	252	76.3	832	1,580	36.9
Earnings per share (EPS) (¥)	44.30	65.69	21.39		120.13	156.61	
Return on equity (ROE) (%)	1.1	1.6	0.5		2.9		
Ratio of ordinary income to total assets (%)	1.5	1.9	0.4		3.8		
Ratio of operating income to net sales (%)	8.3	11.6	3.3		9.9		
Return on assets (ROA) (%)	1.0	1.4	0.4		2.6		

## ② Financial Conditions

(Millions of Yen)	December 31, 2021 A	June 30, 2022 B	Change B-A	Change (%) (B-A)/A
Total assets	130,810	130,806	(4)	(0.0)
Total equity	117,015	118,005	990	0.8
Equity ratio (%)	89.5	90.2	0.7	
Book value per share (BPS) (¥)	4,165.38	4,199.65	34.27	

## ③ Statement of Cash Flows

(Millions of Yen)	FY2021 First six months A	FY2022 First six months B	Change B-A
Net cash provided by operating activities	(1,886)	694	2,580
Net cash used in investing activities	(2,799)	(3,581)	(782)
Net cash used in financing activities	(762)	(829)	(66)
Cash and cash equivalents, end of period	56,127	54,658	(1,469)

## ④ Capital Expenditures

(Millions of Yen)	FY2021 First six months A	FY2022 First six months B	Change B-A	Change (%) (B-A)/A	FY2021 Full year	FY2022 Revised forecast
Capital expenditures	391	549	157	40.2	822	910
PP&E	237	398	161	68.0	597	550
Intangible assets	154	150	(3)	(2.6)	224	360

## ⑤ Depreciation/Amortization

(Millions of Yen)	FY2021 First six months A	FY2022 First six months B	Change B-A	Change (%) (B-A)/A	FY2021 Full year	FY2022 Revised forecast
Depreciation and amortization of intangible assets	206	208	1	0.8	413	450
Amortization of long-term prepaid expenses	326	394	67	20.8	722	780

## II Financial Results for the First Six Months of FY2022

### ① Statement of Income

※1 "Accounting Standard for Revenue Recognition" etc. have not been applied to the results for the first six months of FY2021 retroactively. Increase (Decrease) in figures is 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	FY2022	Change	Change		FY2022	Progress ratio (%)	
	First six months	First six months		B-A	(B-A)/A	Revised forecast※2		
	A	B				C		B/C
Net sales	21,555	23,102	1,547	※1	7.2	※1	49,800	46.4
Sales of products	21,057	22,926	1,868	※1	8.9	※1	49,520	46.3
Renal disease and hemodialysis	6,493	5,736	(756)	※1	(11.7)	※1	12,250	46.8
Skin disease	5,606	6,201	595	※1	10.6	※1	12,590	49.3
Allergens	6,716	8,401	1,684	※1	25.1	※1	19,510	43.1
Other	2,241	2,586	344	※1	15.4	※1	5,170	50.0
Other sales	497	176	(320)	※1	(64.5)	※1	280	63.0
Cost of sales	10,492	12,049	1,556	※1	14.8	※1	25,600	47.1
Cost of products sold	10,464	12,023	1,558	※1	14.9	※1		
Other cost	28	26	(2)		(7.0)			
Gross profit	11,062	11,052	(9)	※1	(0.1)	※1	24,200	45.7
Selling, general and administrative expenses	9,274	8,370	(903)	※1	(9.7)	※1	18,000	46.5
R&D expenses	331	583	252		76.3		1,580	36.9
Others	8,942	7,786	(1,156)	※1	(12.9)	※1	16,420	47.4
Operating income	1,788	2,682	894		50.0		6,200	43.3
Non-operating income and expenses	63	(213)	(277)					
Ordinary income	1,851	2,468	616		33.3		6,100	40.5
Extraordinary income and loss	(65)	187	252					
Income before income taxes	1,786	2,655	869		48.7			
Income taxes	542	810	267					
Net income	1,244	1,845	601		48.3		4,400	41.9

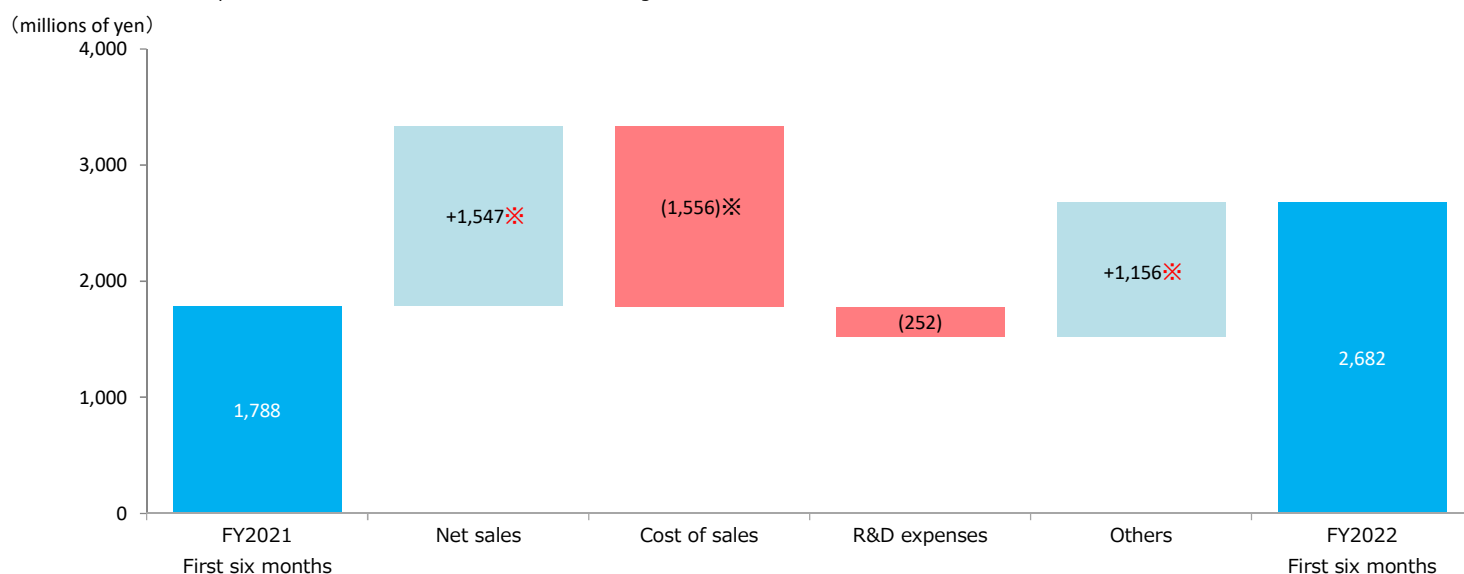
(Reference) Ratio to net sales

(%)	FY2021	FY2022	Change
	First six months	First six months	
	A	B	
Cost of sales	48.7	52.2	3.5 ※1
SG&A	43.0	36.2	(6.8) ※1
R&D expenses	1.5	2.5	1.0
Operating income	8.3	11.6	3.3
Ordinary income	8.6	10.7	2.1
Net income	5.8	8.0	2.2

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

**Operating income (¥2,682 million : Increase ¥894 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 six months of FY2021 retroactively. Increase (Decrease) in figures is reference values.

**Major factors in increase/decrease**

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
Cost of sales	: Increase in sales quantity Decrease in sales quantity (REMITCH)
R&D expense	: Increase in expenses for improvement of the product quality in Allergens
Others	: Decrease due to application of "Accounting Standard for Revenue Recognition" Increase in sales-linked expenses

**Ordinary income (¥2,468 million : Increase ¥616 million year-on-year)**

(FY2022) Non-operating expenses : Cancellation penalty of a manufacturing contract	¥140 million
Non-operating expenses : Increase in foreign exchange losses on trade payables etc. due to yen depreciation	+¥112 million

**Net income (¥1,845 million : Increase ¥601 million year-on-year)**

(FY2022) Extraordinary income : Gain on sales of investment securities due to reduction of policy shareholdings	¥187 million
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## 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 six months of the FY2021. Increase (Decrease) in products is not listed.
- ※2 The accounting standard has not been applied to the results for the first six months of FY2021 retroactively. Increase (Decrease) in figures from the first six months of FY2021 is a reference value.

(Millions of Yen)	FY2021	FY2022	Change	Change (%)
	First six months	First six months	※1	※1
	A	B	B-A	(B-A)/A
Sales of Products	21,057	22,926	1,868	8.9
[Renal disease and hemodialysis]				
Riona Agent for hyperphosphatemia, Iron-deficiency anemia	3,166	3,232	-	-
REMITCH Oral anti-pruritus agent	2,556	1,781	-	-
KAYEXALATE ※3 Agent for hyperkalemia	764	616	-	-
Others	5	105	-	-
Total	6,493	5,736	(756)	(11.7)
[Skin disease]				
CORECTIM Topical Janus kinase (JAK) inhibitor	1,664	2,684	-	-
ANTEBATE ※3 Topical corticosteroid	2,417	2,039	-	-
LOCOID ※3 Topical corticosteroid	872	771	-	-
ZEFNART Topical antifungal agent	446	545	-	-
Others	205	161	-	-
Total	5,606	6,201	595	10.6
[Allergens]				
CEDARCURE ※3 Japanese cedar pollinosis (Allergen Immunotherapy)	3,436	4,307	-	-
MITICURE ※3 House dust mite allergy (Allergen Immunotherapy)	3,143	3,995	-	-
Others	137	98	-	-
Total	6,716	8,401	1,684	25.1
[Other]				
BIO-THREE Viable bacterial preparations	1,498	1,567	-	-
Others	743	1,018	-	-
Total	2,241	2,586	344	15.4

※3 In-house products

### (References) Sales and ratio of in-house products

(Millions of Yen)	FY2021	FY2022	Change	Change (%)
	First six months	First six months	※1	※1
	A	B	B-A	(B-A)/A
Sales of in-house products	11,179	12,183	-	-
Ratio of in-house product sales (%)	53.1	53.1	-	-

### 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	
<b>Skin disease</b>								
JTE-052 「CORECTIM® Ointment」	Atopic dermatitis in infant	Topical			Phase III			<ul style="list-style-type: none"> <li>• JT's original compound</li> <li>• Licensing agreement signed with JT for development and commercialization</li> </ul>
JTE-061	Atopic dermatitis	Topical			Phase III			<ul style="list-style-type: none"> <li>• 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</li> <li>• Licensing agreement signed with JT for development and commercialization</li> </ul>
	Proriasis Vulgaris	Topical			Phase III			<ul style="list-style-type: none"> <li>• 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</li> <li>• Licensing agreement signed with JT for development and commercialization</li> </ul>
	Atopic dermatitis in children	Topical		Phase II				<ul style="list-style-type: none"> <li>• 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</li> <li>• Licensing agreement signed with JT for development and commercialization</li> </ul>
TO-208	Molluscum contagiosum	Topical			Phase III			<ul style="list-style-type: none"> <li>• Licensing agreement signed with Verrica Pharmaceuticals Inc. for exclusive development and commercialization in Japan</li> <li>• In-house</li> <li>• Verrica Pharmaceuticals Inc., the development code: VP-102</li> </ul>
<b>Allergens</b>								
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"> <li>• Licensing agreement signed with ALK for providing exclusive development and sales rights in Japan</li> <li>• In-house</li> <li>※Examining the future development policy</li> </ul>

Update since the previous announcement on April 28, 2022 :

•Addition of TO-208 (Verrica Pharmaceuticals Inc., The development code: VP-102, Expected indication: molluscum contagiosum)

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/](https://www.jt.com/investors/results/S_information/pharmaceuticals/)

### III Financial Forecasts for the FY2022

The forecasts for the FY2022 have 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 FY2021 is a reference value.

(Millions of Yen)	FY2022	FY2022	Change	FY2021	Change	Change (%)
	Previous forecast※1	Revised forecast※1				
	A	B	B-A	C	B-C	(B-C)/C
Net sales	48,200	49,800	1,600	46,987	2,812 ※2	6.0 ※2
Sales of products	47,830	49,520	1,690	46,290	3,229 ※2	7.0 ※2
Renal disease and hemodialysis	11,790	12,250	460	13,502	(1,252) ※2	(9.3) ※2
Skin disease	12,090	12,590	500	11,992	597 ※2	5.0 ※2
Allergens	18,950	19,510	560	15,971	3,538 ※2	22.2 ※2
Other	5,000	5,170	170	4,824	345 ※2	7.2 ※2
Other sales	370	280	(90)	697	(417) ※2	(59.9) ※2
Cost of sales	24,900	25,600	700	22,649	2,950 ※2	13.0 ※2
Gross profit	23,300	24,200	900	24,338	(138) ※2	(0.6) ※2
SG&A	18,100	18,000	(100)	19,682	(1,682) ※2	(8.5) ※2
R&D expenses	1,580	1,580	—	832	747	89.8
Others	16,520	16,420	(100)	18,849	(2,429) ※2	(12.9) ※2
Operating income	5,200	6,200	1,000	4,656	1,543	33.2
Ordinary income	5,400	6,100	700	4,847	1,252	25.8
Net income	3,800	4,400	600	3,374	1,025	30.4

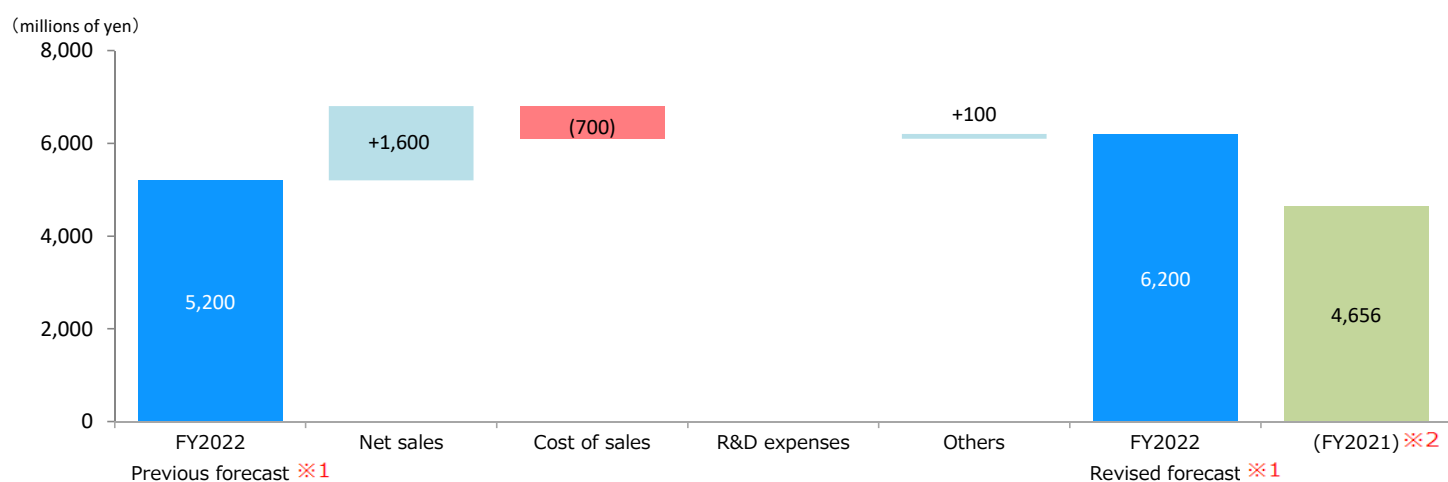
(Reference) Ratio to net sales

(%)	FY2022	FY2022	Change	FY2021	Change
	Previous forecast※1	Revised forecast※1			
	A	B	B-A	C	B-C
Cost of sales	51.7	51.4	(0.3)	48.2	3.2 ※2
SG&A	37.5	36.2	(1.3)	41.9	(5.7) ※2
R&D expenses	3.3	3.2	(0.1)	1.8	1.4
Operating income	10.8	12.4	1.6	9.9	2.5
Ordinary income	11.2	12.2	1.0	10.3	1.9
Net income	7.9	8.8	0.9	7.2	1.6

**[Factors in increase/decrease compared with the previous forecast for the FY2022]**

**Operating Income (¥6,200 million : Increase ¥1,000 million)**

✓ Upward revision due to increases in net sales of MITICURE, REMITCH and CORECTIM



※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.

**Major factors in increase/decrease**

Net sales : Increase in sales quantity (MITICURE, REMITCH, CORECTIM)

Cost of sales : Increase in sales quantity

**Ordinary Income (¥6,100 million : Increase ¥700 million)**

Non-operating expenses : Increase in foreign exchange losses on trade payables etc. due to yen depreciation +¥182 million

Non-operating expenses : Cancellation penalty of a manufacturing contract +¥140 million

**Net income (¥4,400 million : Increase ¥600 million)**

Extraordinary income : Gain on sales of investment securities due to reduction of policy shareholdings +¥187 million



## 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 is not listed.

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

(Millions of Yen)	FY2022	FY2022	Change B-A	FY2021 C	Change ※1 B-C	Change (%) ※1 (B-C)/C
	Previous	Revised				
	forecast※1 A	forecast※1 B				
<b>Sales of Products</b>	<b>47,830</b>	<b>49,520</b>	<b>1,690</b>	<b>46,290</b>	<b>3,229</b> ※2	<b>7.0</b> ※2
<b>[Renal disease and hemodialysis]</b>						
Riona	7,150	7,100	(50)	6,863	—	—
Agent for hyperphosphatemia, Iron-deficiency anemia						
REMITCH	3,170	3,670	500	5,058	—	—
Oral anti-pruritus agent						
KAYEXALATE ※3	1,240	1,250	10	1,525	—	—
Agent for hyperkalemia						
Others	230	230	—	55	—	—
<b>Total</b>	<b>11,790</b>	<b>12,250</b>	<b>460</b>	<b>13,502</b>	<b>(1,252)</b> ※2	<b>(9.3)</b> ※2
<b>[Skin disease]</b>						
CORECTIM	5,010	5,380	370	4,025	—	—
Topical Janus kinase (JAK) inhibitor						
ANTEBATE ※3	4,070	4,170	100	4,825	—	—
Topical corticosteroid						
LOCOID ※3	1,560	1,560	—	1,698	—	—
Topical corticosteroid						
ZEFNART	1,100	1,150	50	1,043	—	—
Topical antifungal agent						
Others	350	330	(20)	398	—	—
<b>Total</b>	<b>12,090</b>	<b>12,590</b>	<b>500</b>	<b>11,992</b>	<b>597</b> ※2	<b>5.0</b> ※2
<b>[Allergens]</b>						
CEDARCURE ※3	9,990	10,050	60	8,325	—	—
Japanese cedar pollinosis (Allergen Immunotherapy)						
MITICURE ※3	8,720	9,280	560	7,386	—	—
House dust mite allergy (Allergen Immunotherapy)						
Others	240	180	(60)	258	—	—
<b>Total</b>	<b>18,950</b>	<b>19,510</b>	<b>560</b>	<b>15,971</b>	<b>3,538</b> ※2	<b>22.2</b> ※2
<b>[Other]</b>						
BIO-THREE	3,220	3,230	10	3,213	—	—
Viable bacterial preparations						
Others	1,780	1,940	160	1,610	—	—
<b>Total</b>	<b>5,000</b>	<b>5,170</b>	<b>170</b>	<b>4,824</b>	<b>345</b> ※2	<b>7.2</b> ※2

※3 In-house products

## (References) Sales and ratio of in-house products

(Millions of Yen)	FY2022	FY2022	Change B-A	FY2021 C	Change ※1 B-C	Change (%) ※1 (B-C)/C
	Previous	Revised				
	forecast※1 A	forecast※1 B				
Sales of in-house products	26,530	27,210	680	24,843	—	—
Ratio of in-house product sales (%)	55.5	54.9	(0.6)	53.7	—	—