

Financial Results for the First Three Months of Fiscal Year Ending December 2023

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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.

April 28, 2023



TORII PHARMACEUTICAL CO., LTD.

I Summary Information

The forecasts for the FY2023 have not been changed from the previous forecasts announced at the FY2022 financial results announcement on February 10, 2023.

※ R&D expenses fluctuate significantly due to aggressive business investments for medium-/long-term growth. For this reason, Torii sets operating income before deduction of R&D expenses as a numerical income indicator in the medium-term management plan.

① Financial Results

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2022	FY2023	Progress
	First three months	First three months					
	A	B	B-A	(B-A)/A		C	B/C
Net sales	10,960	11,811	851	7.8	48,896	50,900	23.2
Operating income or loss	1,292	(437)	(1,729)	–	5,540	4,100	–
Ordinary income or loss	1,246	(404)	(1,650)	–	5,537	4,400	–
Net income or loss	882	(288)	(1,170)	–	3,944	3,100	–
(Reference)							
R&D expenses	176	2,057	1,880	–	1,661	3,530	58.3
Operating income before deduction of R&D expenses	※ 1,468	1,619	151	10.3	7,201	7,630	21.2
Earnings per share (EPS)	(¥) 31.40	(10.28)	(41.68)		140.39	110.33	
Return on equity (ROE)	(%) 0.8	(0.2)	(1.0)		3.3		
Ratio of ordinary income to total assets	(%) 1.0	(0.3)	(1.3)		4.2		
Ratio of operating income to net sales	(%) 11.8	(3.7)	(15.5)		11.3		
Return on assets (ROA)	(%) 0.7	(0.2)	(0.9)		3.0		

② Financial Conditions

(Millions of Yen)	December 31,	March 31,	Change	Change (%)
	2022	2023		
	A	B	B-A	(B-A)/A
Total assets	133,689	129,577	(4,111)	(3.1)
Total equity	119,224	117,067	(2,157)	(1.8)
Equity ratio	(%) 89.2	90.3	1.1	
Book value per share (BPS)	(¥) 4,243.08	4,166.32	(76.76)	

③ Capital Expenditures

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2022	FY2023
	First three months	First three months				
	A	B	B-A	(B-A)/A		C
Capital expenditures	409	41	(367)	(89.8)	662	300
PP&E	353	31	(322)	(91.2)	504	180
Intangible assets	55	10	(45)	(81.0)	158	120

④ Depreciation/Amortization

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2022	FY2023
	First three months	First three months				
	A	B	B-A	(B-A)/A		C
Depreciation and amortization of intangible assets	102	109	6	6.3	454	490
Amortization of long-term prepaid expenses	197	166	(30)	(15.5)	767	660

II Financial Results for the First Three Months of FY2023

The forecasts for the FY2023 have not been changed from the previous forecasts announced at the FY2022 financial results announcement on February 10, 2023.

※ R&D expenses fluctuate significantly due to aggressive business investments for medium-/long-term growth. For this reason, Torii sets operating income before deduction of R&D expenses as a numerical income indicator in the medium-term management plan.

① State of Income

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2023 Forecast	Progress ratio (%)
	First three months	First three months				
	A	B	B-A	(B-A)/A	C	B/C
Net sales	10,960	11,811	851	7.8	50,900	23.2
Sales of products	10,867	11,734	866	8.0	50,600	23.2
Renal disease and hemodialysis	2,651	2,545	(105)	(4.0)	10,850	23.5
Skin disease	2,993	3,131	138	4.6	13,130	23.9
Allergens	4,080	4,691	610	15.0	20,360	23.0
Other	1,142	1,365	223	19.6	6,260	21.8
Other sales	92	77	(15)	(16.5)	300	25.8
Cost of sales	5,673	6,288	615	10.8	26,800	23.5
Cost of products sold	5,659	6,275	616	10.9		
Other cost	13	12	(0)	(5.5)		
Gross profit	5,287	5,522	235	4.5	24,100	22.9
Selling, general and administrative expenses	3,995	5,960	1,965	49.2	20,000	29.8
R&D expenses	176	2,057	1,880	—	3,530	58.3
Others	3,818	3,903	84	2.2	16,470	23.7
Operating income or loss	1,292	(437)	(1,729)	—	4,100	—
Operating income before deduction of R&D expenses ※	1,468	1,619	151	10.3	7,630	21.2
Non-operating income and expenses	(45)	33	79			
Ordinary income or loss	1,246	(404)	(1,650)	—	4,400	—
Extraordinary income and loss	(0)	(1)	(1)			
Income before income taxes	1,246	(405)	(1,651)	—		
Income taxes	364	(116)	(480)			
Net income or loss	882	(288)	(1,170)	—	3,100	—

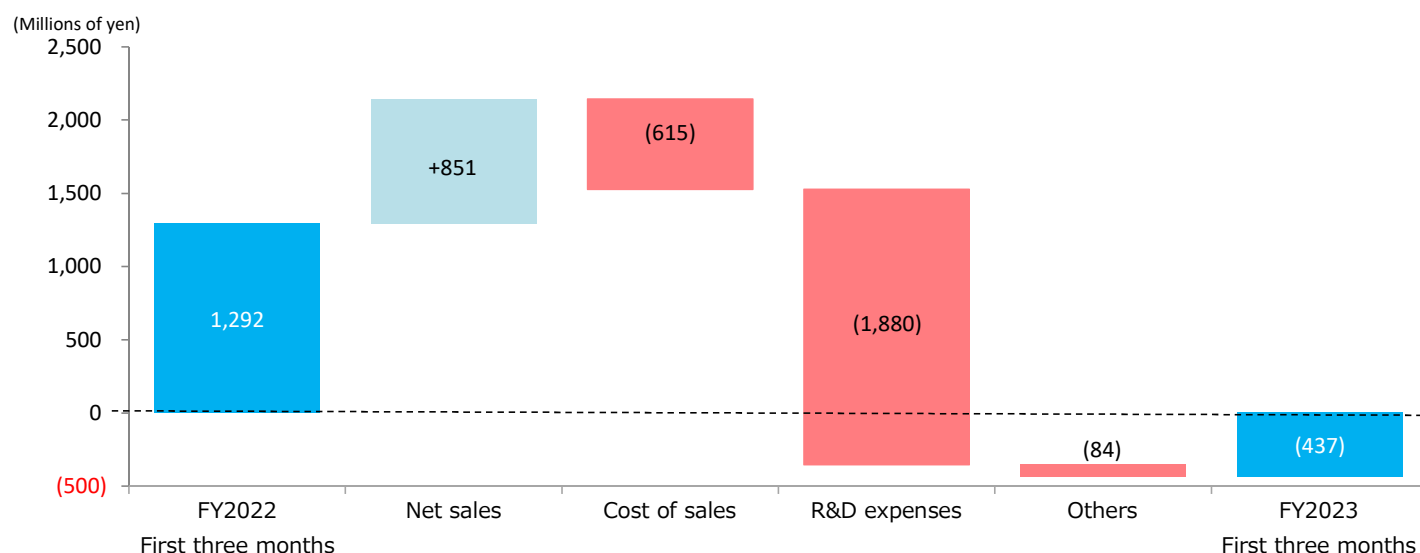
(Reference) Ratio to net sales

(%)	FY2022	FY2023	Change
	First three months	First three months	
	A	B	B-A
Cost of sales	51.8	53.2	1.4
SG&A	36.4	50.5	14.1
R&D expenses	1.6	17.4	15.8
Operating income or loss	11.8	(3.7)	(15.5)
Operating income before deduction of R&D expenses ※	13.4	13.7	0.3
Ordinary income or loss	11.4	(3.4)	(14.8)
Net income or loss	8.0	(2.4)	(10.4)

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

Operating loss (¥437 million : Decrease ¥1,729 million year-on-year)

✓ Increased sales and decreased profits due to increased R&D expenses, despite increased sales of Allergens and CORECTIM



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

Net sales	Renal disease and hemodialysis	: Decrease ¥0.1 billion in sales	REMITCH Decrease ¥0.2 billion (impact of generic drugs and drug price revisions)
	Skin disease	: Increase ¥0.1 billion in sales	CORECTIM Increase ¥0.2 billion (increase in sales quantity)
	Allergens	: Increase ¥0.6 billion in sales	CEDARCURE Increase ¥0.3 billion, MITICURE Increase ¥0.2 billion (increase in sales quantity)
	Other	: Increase ¥0.2 billion in sales	BIO-THREE Increase ¥0.1 billion, ORLADEYO Increase ¥0.1 billion (increase in sales quantity)
Cost of sales	: Increase in sales quantity		
	: Increase in purchasing unit price		
	: Increase due to the effect of foreign exchange rates		
R&D expenses	: Increase due to upfront licensing fees for license agreement with Nogra Pharma Limited		
	: Increase in clinical study expenses (TO-208)		
Others	: Increase in sales promotion expenses		
	: Decrease in contract MR		

Ordinary loss (¥404 million : Decrease ¥1,650 million year-on-year)

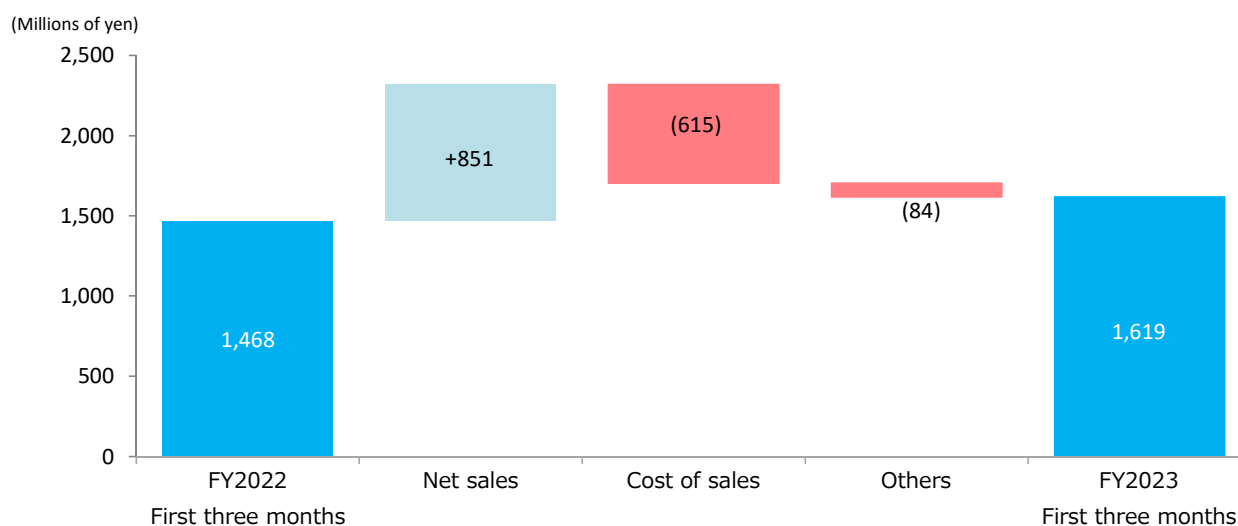
Special remarks: None

Net income (minus ¥288 million : Decrease ¥1,170 million year-on-year)

Special remarks: None

(Reference)

Operating income before deduction of R&D expenses (¥1,619 million : Increase ¥151 million year-on-year)



② Sales of Products

(Millions of Yen)	FY2022	FY2023	Change	Change (%)
	First three months	First three months		
	A	B		
Sales of Products	10,867	11,734	866	8.0
[Renal disease and hemodialysis]				
Riona	1,453	1,543	90	6.2
Agent for hyperphosphatemia, Iron-deficiency anemia				
REMITCH	858	650	(207)	(24.1)
Oral anti-pruritus agent				
KAYEXALATE ※	301	254	(47)	(15.7)
Agent for hyperkalemia				
Others	37	96	58	153.6
Total	2,651	2,545	(105)	(4.0)
[Skin disease]				
CORECTIM	1,309	1,586	276	21.1
Topical Janus kinase (JAK) inhibitor				
ANTEBATE ※	1,011	968	(43)	(4.3)
Topical corticosteroid				
LOCOID ※	375	366	(9)	(2.5)
Topical corticosteroid				
ZEFNART	221	211	(10)	(4.6)
Topical antifungal agent				
Others	75	(0)	(75)	—
Total	2,993	3,131	138	4.6
[Allergens]				
CEDARCURE ※	2,120	2,428	307	14.5
Japanese cedar pollinosis (Allergen Immunotherapy)				
MITICURE ※	1,909	2,204	294	15.4
House dust mite allergy (Allergen Immunotherapy)				
Others	50	58	7	15.1
Total	4,080	4,691	610	15.0
[Other]				
BIO-THREE	724	852	127	17.6
Viable bacterial preparations				
ORLADEYO	193	306	112	57.9
Plasma kallikrein inhibitor				
Others	223	207	(16)	(7.2)
Total	1,142	1,365	223	19.6

※ In-house products

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2022	FY2023	Change	Change (%)
	First three months	First three months		
	A	B		
Sales of in-house products	5,939	6,433	494	8.3
Ratio of in-house product sales (%)	54.7	54.8	0.1	—

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	
Skin disease								
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 exclusive development and commercialization in the skin disease area in Japan License agreement signed with JT for joint development and commercialization in Japan 	
	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 exclusive development and commercialization in the skin disease area in Japan License agreement signed with JT for joint development and commercialization in Japan 	
	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 exclusive development and commercialization in the skin disease area in Japan License agreement signed with JT for joint development and commercialization in Japan 	
TO-208	Molluscum contagiosum	Topical			Phase III		<ul style="list-style-type: none"> License agreement signed with Verrica Pharmaceuticals Inc. for exclusive development and commercialization in Japan In-house Verrica Pharmaceuticals Inc., the development code: VP-102 	
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"> License 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, 2023 :

None

Additional Information

• In January 2023, Torii entered into a license agreement with Nogra Pharma Limited (Nogra) for an exclusive license in Japan to develop and commercialize NAC-GED-0507, a treatment drug for acne vulgaris developed by Nogra.

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 company's website.

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

III Financial Forecasts for the FY2023

The forecasts for the FY2023 have not been changed from the previous forecasts announced at the FY2022 financial results announcement on February 10, 2023.

※ R&D expenses fluctuate significantly due to aggressive business investments for medium-/long-term growth. For this reason, Torii sets operating income before deduction of R&D expenses as a numerical income indicator in the medium-term management plan.

① Statement of Income

(Millions of Yen)	FY2022	FY2023 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Net sales	48,896	50,900	2,003	4.1
Sales of products	48,563	50,600	2,036	4.2
Renal disease and hemodialysis	12,013	10,850	(1,163)	(9.7)
Skin disease	12,391	13,130	738	6.0
Allergens	18,499	20,360	1,860	10.1
Other	5,658	6,260	601	10.6
Other sales	332	300	(32)	(9.9)
Cost of sales	25,516	26,800	1,283	5.0
Gross profit	23,379	24,100	720	3.1
SG&A	17,839	20,000	2,160	12.1
R&D expenses	1,661	3,530	1,868	112.5
Others	16,177	16,470	292	1.8
Operating income	5,540	4,100	(1,440)	(26.0)
Operating income before deduction of R&D expenses	7,201	7,630	428	5.9
Ordinary income	5,537	4,400	(1,137)	(20.5)
Net income	3,944	3,100	(844)	(21.4)

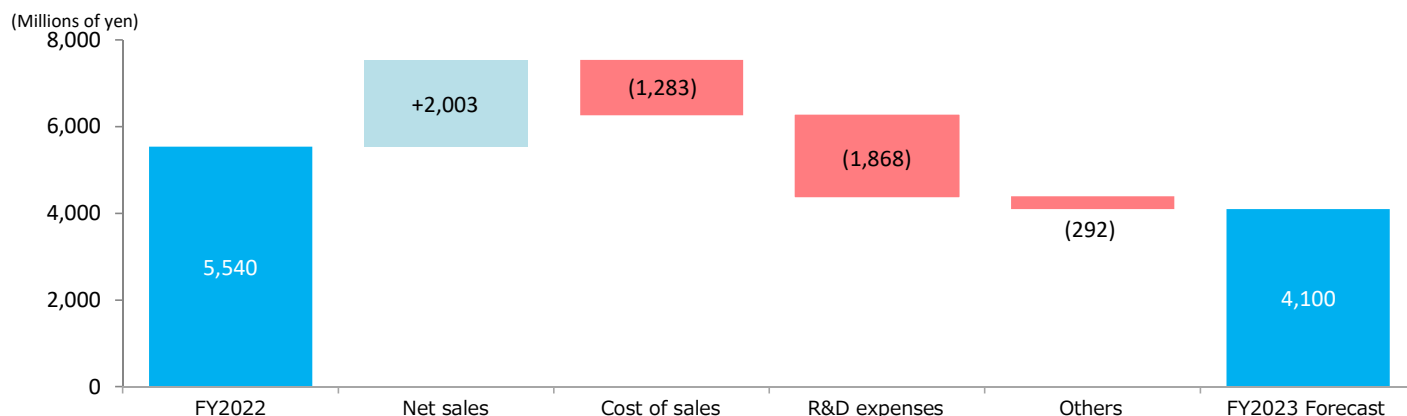
(Reference) Ratio to net sales

(%)	FY2022	FY2023 Forecast	Change
	A	B	B-A
Cost of sales	52.2	52.7	0.5
SG&A	36.5	39.2	2.7
R&D expenses	3.4	6.9	3.5
Operating income	11.3	8.1	(3.2)
Operating income before deduction of R&D expenses	14.7	15.0	0.3
Ordinary income	11.3	8.6	(2.7)
Net income	8.1	6.1	(2.0)

[Factors in increase/decrease compared with the FY2022]

Operating income (¥4,100 million : Decrease ¥1,440 million year-on-year)

✓ Although net sales of Allergens and CORECTIM are expected to increase, profits are expected to decrease due to higher R&D expenses despite an increase in sales



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

Net sales	Renal disease and hemodialysis	: Decrease ¥1.1 billion in sales	REMITCH Decrease ¥0.9 billion (impact of generic drugs and drug price revisions)
	Skin disease	: Increase ¥0.7 billion in sales	CORECTIM Increase ¥1.3 billion (increase in sales quantity)
	Allergens	: Increase ¥1.8 billion in sales	MITICURE Increase ¥1.1 billion, CEDARCURE Increase ¥0.7 billion (increase in sales quantity)
	Other	: Increase ¥0.6 billion in sales	ORLADEYO Increase ¥0.5 billion (increase in sales quantity)
Cost of sales	: Increase in sales quantity		
	: Increase in outsourcing contractor unit price		
	: Increase due to the effect of foreign exchange rates		
R&D expenses	: Increase due to upfront licensing fees for license agreement with Nogra Pharma Limited		
	: Increase in clinical study expenses (TO-208)		
Others	: Increase in sales-linked expenses		
	: One-time expenses for mobile communication equipment renewal, etc.		
	: Decrease in contract MR		

Ordinary income (¥4,400 million : Decrease ¥1,137 million year-on-year)

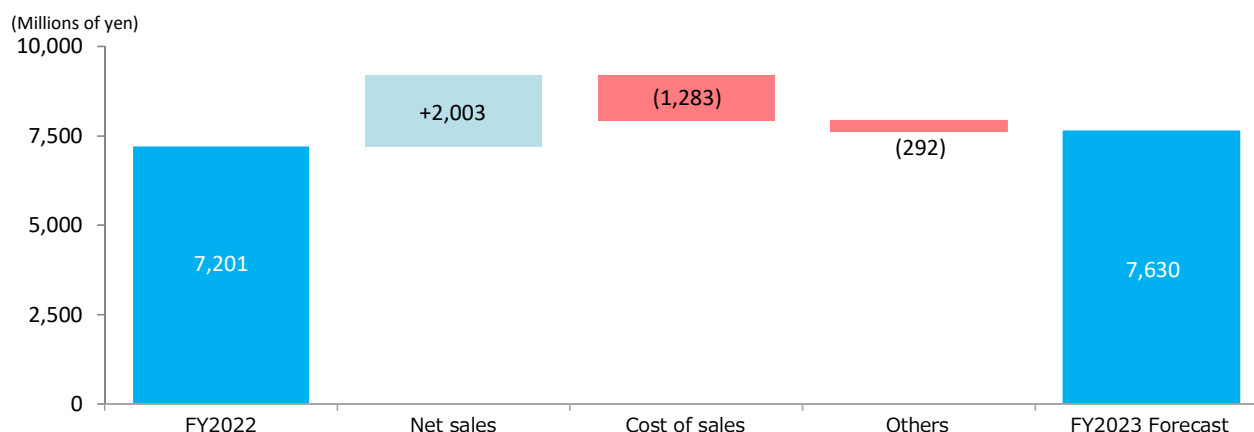
(FY2022)	Non-operating expenses : Cancellation penalty of a manufacturing contract	¥141 million
(FY2022)	Non-operating expenses : Foreign exchange losses on trade payables etc. due to yen depreciation	¥132 million

Net income (¥3,100 million : Decrease ¥844 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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(Reference)

Operating income before deduction of R&D expenses (¥7,630 million : Increase ¥428 million year-on-year)



② Sales of Products

(Millions of Yen)	FY2022	FY2023 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of Products	48,563	50,600	2,036	4.2
[Renal disease and hemodialysis]				
Riona	6,939	6,630	(309)	(4.5)
Agent for hyperphosphatemia, Iron-deficiency anemia				
REMITCH	3,536	2,630	(906)	(25.6)
Oral anti-pruritus agent				
KAYEXALATE ※	1,230	1,030	(200)	(16.3)
Agent for hyperkalemia				
Others	306	560	253	82.7
Total	12,013	10,850	(1,163)	(9.7)
[Skin disease]				
CORECTIM	5,469	6,850	1,380	25.2
Topical Janus kinase (JAK) inhibitor				
ANTEBATE ※	3,995	3,900	(95)	(2.4)
Topical corticosteroid				
LOCOID ※	1,476	1,350	(126)	(8.6)
Topical corticosteroid				
ZEFNART	1,091	1,030	(61)	(5.6)
Topical antifungal agent				
Others	358	—	(358)	(100.0)
Total	12,391	13,130	738	6.0
[Allergens]				
CEDARCURE ※	9,608	10,390	781	8.1
Japanese cedar pollinosis (Allergen Immunotherapy)				
MITICURE ※	8,694	9,800	1,105	12.7
House dust mite allergy (Allergen Immunotherapy)				
Others	196	170	(26)	(13.6)
Total	18,499	20,360	1,860	10.1
[Other]				
BIO-THREE	3,361	3,510	148	4.4
Viable bacterial preparations				
ORLADEYO	1,313	1,880	566	43.1
Plasma kallikrein inhibitor				
Others	983	870	(113)	(11.5)
Total	5,658	6,260	601	10.6

※ In-house products

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2022	FY2023 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of in-house products	25,933	27,300	1,366	5.3
Ratio of in-house product sales (%)	53.4	54.0	0.6	—