

Financial Results for the Fiscal Year 2023, Ended December 31, 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.

February 9, 2024



TORII PHARMACEUTICAL CO., LTD.

I Summary Information

※ We actively invest in R&D for the time being, in order to obtain in-licensed drugs in the future. For this reason, Torii sets operating income before deduction of R&D expenses as a numerical income indicator for the Medium-Term Management Plan.

① Financial Results

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2024 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A			
Net sales	48,896	54,638	5,742	11.7	58,600	3,961	7.3
Operating income	5,540	5,035	(504)	(9.1)	5,800	764	15.2
Ordinary income	5,537	5,307	(229)	(4.1)	6,200	892	16.8
Net income	3,944	4,119	175	4.4	4,700	580	14.1
(Reference)							
R&D expenses	1,661	3,490	1,829	110.1	3,450	(40)	(1.2)
Operating income before deduction of R&D expenses	※ 7,201	8,526	1,324	18.4	9,250	723	8.5
Earnings per share (EPS)	(¥) 140.39	146.60	6.21		167.23	20.63	
Return on equity (ROE)	(%) 3.3	3.4	0.1				
Ratio of ordinary income to total assets	(%) 4.2	4.0	(0.2)				
Ratio of operating income to net sales	(%) 11.3	9.2	(2.1)				
Return on assets (ROA)	(%) 3.0	3.1	0.1				

② Financial Conditions

(Millions of Yen)	December 31, 2022	December 31, 2023	Change	Change (%)
	A	B	B-A	(B-A)/A
Total assets	133,689	133,432	(256)	(0.2)
Total equity	119,224	120,134	909	0.8
Equity ratio	(%) 89.2	90.0	0.8	
Book value per share (BPS)	(¥) 4,243.08	4,274.45	31.37	

③ Statement of Cash Flows

(Millions of Yen)	FY2022	FY2023	Change
	A	B	B-A
Net cash used in operating activities	2,420	(3,123)	(5,544)
Net cash used in investing activities	(13,676)	(3,779)	9,897
Net cash used in financing activities	(1,698)	(3,835)	(2,137)
Cash and cash equivalents, end of period	45,420	34,681	(10,738)

④ Dividends

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2024 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A			
Annual dividends per share	(¥) 100.00	120.00	20.00	20.0	120.00	—	—
Total dividends	2,809	3,372	562	20.0			
Dividend payout ratio	(%) 71.2	81.9	10.7		71.8	(10.1)	
Dividend on equity ratio (DOE)	(%) 2.4	2.8	0.4				

⑤ Capital Expenditures

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2024 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A			
Capital expenditures	1,788	478	(1,310)	(73.3)	1,030	551	115.4
PP&E	504	168	(336)	(66.7)	690	521	310.7
Intangible assets	158	52	(105)	(66.5)	30	(22)	(43.3)
Long-term prepaid expenses	1,125	257	(868)	(77.2)	310	52	20.6

⑥ Depreciation/Amortization

(Millions of Yen)	FY2022	FY2023	Change	Change (%)	FY2024 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A			
Depreciation and amortization of intangible assets	454	459	4	1.0	420	(39)	(8.5)
Amortization of long-term prepaid expenses	767	685	(81)	(10.6)	750	64	9.3

II Financial Results for the FY2023

※ We actively invest in R&D for the time being, in order to obtain in-licensed drugs in the future. For this reason, Torii sets operating income before deduction of R&D expenses as a numerical income indicator for the Medium-Term Management Plan.

① Statement of Income

(Millions of Yen)	FY2022	FY2023	Change	Change (%)
	A	B	B-A	(B-A)/A
Net sales	48,896	54,638	5,742	11.7
Sales of products	48,563	54,339	5,776	11.9
Renal disease and hemodialysis	12,013	11,888	(124)	(1.0)
Skin disease	12,391	14,266	1,874	15.1
Allergens	18,499	21,685	3,185	17.2
Other	5,658	6,498	840	14.9
Other sales	332	299	(33)	(10.1)
Cost of sales	25,516	29,847	4,330	17.0
Cost of products sold	25,437	29,786	4,349	17.1
Other cost	79	60	(18)	(23.5)
Gross profit	23,379	24,791	1,412	6.0
Selling, general and administrative expenses	17,839	19,755	1,916	10.7
R&D expenses	1,661	3,490	1,829	110.1
Others	16,177	16,265	87	0.5
Operating income	5,540	5,035	(504)	(9.1)
Operating income before deduction of R&D expenses	※ 7,201	8,526	1,324	18.4
Non-operating income and expenses	(3)	272	275	
Ordinary income	5,537	5,307	(229)	(4.1)
Extraordinary income and loss	185	286	100	
Income before income taxes	5,722	5,593	(128)	(2.3)
Income taxes	1,778	1,473	(304)	
Net income	3,944	4,119	175	4.4

(Reference) Ratio to net sales

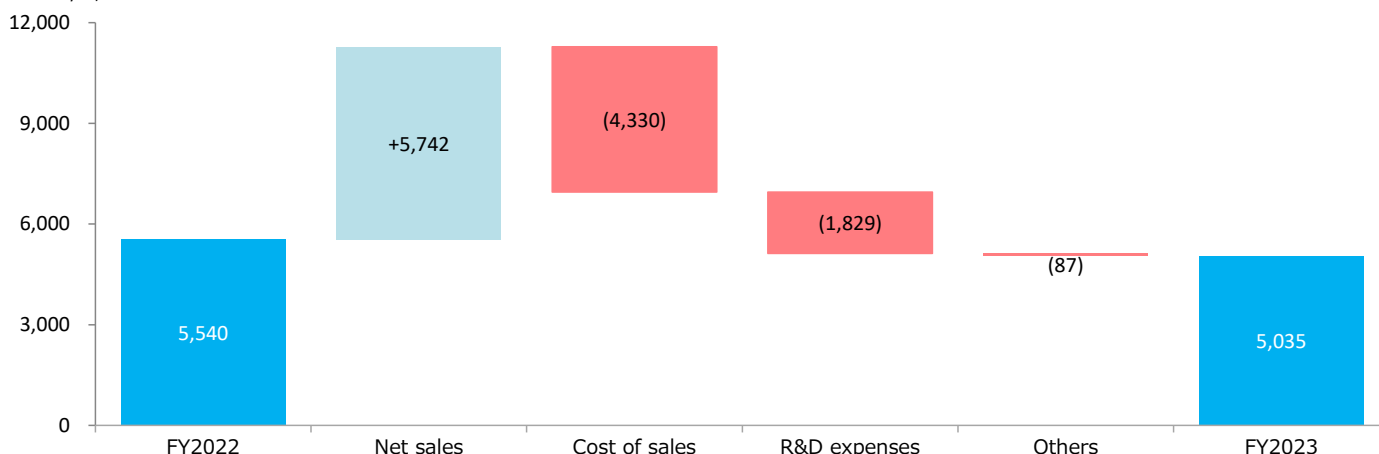
(%)	FY2022	FY2023	Change
	A	B	B-A
Cost of sales	52.2	54.6	2.4
SG&A	36.5	36.2	(0.3)
R&D expenses	3.4	6.4	3.0
Operating income	11.3	9.2	(2.1)
Operating income before deduction of R&D expenses	※ 14.7	15.6	0.9
Ordinary income	11.3	9.7	(1.6)
Net income	8.1	7.5	(0.6)

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

Operating income (¥5,035 million : Decrease ¥504 million year-on-year)

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

(Millions of yen)



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

Net sales	Renal disease : Decrease ¥0.1 billion in sales and hemodialysis	REMITCH Decrease ¥0.8 billion (negative impact of generic drugs and drug price revisions), Riona Increase ¥0.5 billion (increase in sales quantity)
	Skin disease : Increase ¥1.8 billion in sales	CORECTIM Increase ¥1.9 billion, ANTEBATE Increase ¥0.5 billion (increase in sales quantity)
	Allergens : Increase ¥3.1 billion in sales	CEDARCURE Increase ¥1.7 billion, MITICURE Increase ¥1.4 billion (increase in sales quantity)
	Other : Increase ¥0.8 billion in sales	BIO-THREE Increase ¥0.6 billion (positive impact of drug price revisions and 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	
Others	: Increase in sales-linked expenses Increase in expenses for operating activities Payment of one-time special allowance to employees (inflation allowance) Decrease in contract MR Decrease in sales promotion expenses	

Ordinary income (¥5,307 million : Decrease ¥229 million year-on-year)

Non-operating income : Increase in interest on securities due to increase in marketable securities and investment securities +¥120 million

(FY2022) Non-operating expenses : Cancellation penalty of a manufacturing contract ¥141 million

Net income (¥4,119 million : Increase ¥175 million year-on-year)

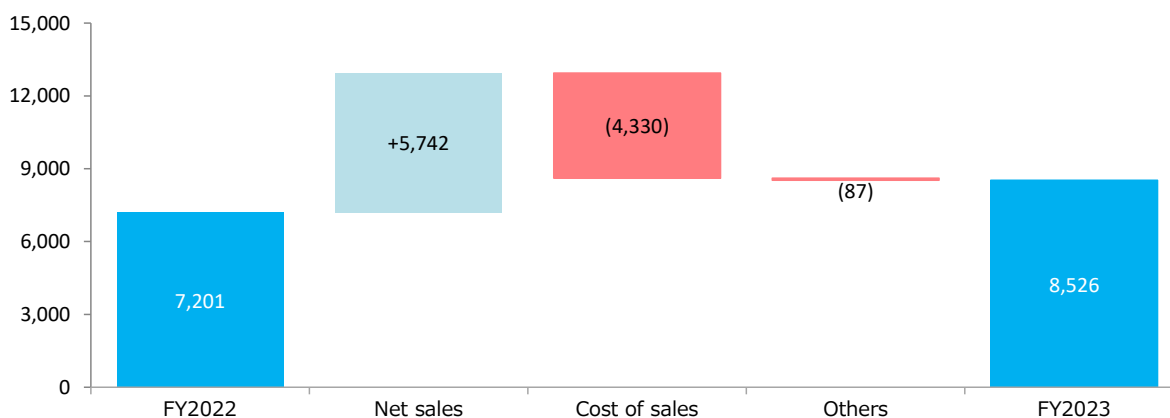
Extraordinary income : Gain on sales of investment securities due to reduction of policy shareholdings +¥161 million

Income taxes : Reduction based on the application of the "R&D Taxation System" -¥304 million

(Reference)

Operating income before deduction of R&D expenses (¥8,526 million : Increase ¥1,324 million year-on-year)

(Millions of yen)



② Sales of Products

(Millions of Yen)	FY2022	FY2023	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of Products	48,563	54,339	5,776	11.9
[Renal disease and hemodialysis]				
Riona Agent for hyperphosphatemia, Iron-deficiency anemia	6,939	7,515	575	8.3
REMITCH Oral anti-pruritus agent	3,536	2,725	(811)	(22.9)
KAYEXALATE ※ Agent for hyperkalemia	1,230	1,049	(180)	(14.7)
Others	306	598	292	95.4
Total	12,013	11,888	(124)	(1.0)
[Skin disease]				
CORECTIM Topical Janus kinase (JAK) inhibitor	5,469	7,450	1,981	36.2
ANTEBATE ※ Topical corticosteroid	3,995	4,533	538	13.5
LOCOID ※ Topical corticosteroid	1,476	1,427	(48)	(3.3)
ZEFNART Topical antifungal agent	1,091	854	(237)	(21.8)
Others	358	(0)	(358)	—
Total	12,391	14,266	1,874	15.1
[Allergens]				
CEDARCURE ※ Japanese cedar pollinosis (Allergen Immunotherapy)	9,608	11,356	1,748	18.2
MITICURE ※ House dust mite allergy (Allergen Immunotherapy)	8,694	10,148	1,454	16.7
Others	196	179	(16)	(8.6)
Total	18,499	21,685	3,185	17.2
[Other]				
BIO-THREE Viable bacterial preparations	3,361	4,041	680	20.3
ORLADEYO Plasma kallikrein inhibitor	1,313	1,546	233	17.7
Others	983	910	(73)	(7.5)
Total	5,658	6,498	840	14.9

※ In-house products

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2022	FY2023	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of in-house products	25,933	29,378	3,444	13.3
Ratio of in-house product sales (%)	53.4	54.1	0.7	

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-061	Atopic dermatitis	Topical				Application	<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 NDA filing by JT in September, 2023 	
	Proriasis vulgaris	Topical				Application	<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 NDA filing by JT in September, 2023 	
	Atopic dermatitis in children	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 	
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 October 31, 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.
- In December 2023, Torii entered into a license agreement with ALK-Abelló A/S(ALK) for an exclusive license in Japan to develop and commercialize GRAZAX®, ALK's allergen immunotherapy (sublingual immunotherapy) drug for the treatment of grass pollen allergies.

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 FY2024

※ We actively invest in R&D for the time being, in order to obtain in-licensed drugs in the future. For this reason, Torii sets operating income before deduction of R&D expenses as a numerical income indicator for the Medium-Term Management Plan.

① Statement of Income

(Millions of Yen)	FY2023	FY2024	Change	Change (%)
	A	Forecast B		
Net sales	54,638	58,600	3,961	7.3
Sales of products	54,339	58,320	3,980	7.3
Renal disease and hemodialysis	11,888	10,020	(1,868)	(15.7)
Skin disease	14,266	17,060	2,793	19.6
Allergens	21,685	23,790	2,104	9.7
Other	6,498	7,450	951	14.6
Other sales	299	280	(19)	(6.4)
Cost of sales	29,847	32,100	2,252	7.5
Gross profit	24,791	26,500	1,708	6.9
SG&A	19,755	20,700	944	4.8
R&D expenses	3,490	3,450	(40)	(1.2)
Others	16,265	17,250	984	6.1
Operating income	5,035	5,800	764	15.2
Operating income before deduction of R&D expenses	8,526	9,250	723	8.5
※				
Ordinary income	5,307	6,200	892	16.8
Net income	4,119	4,700	580	14.1

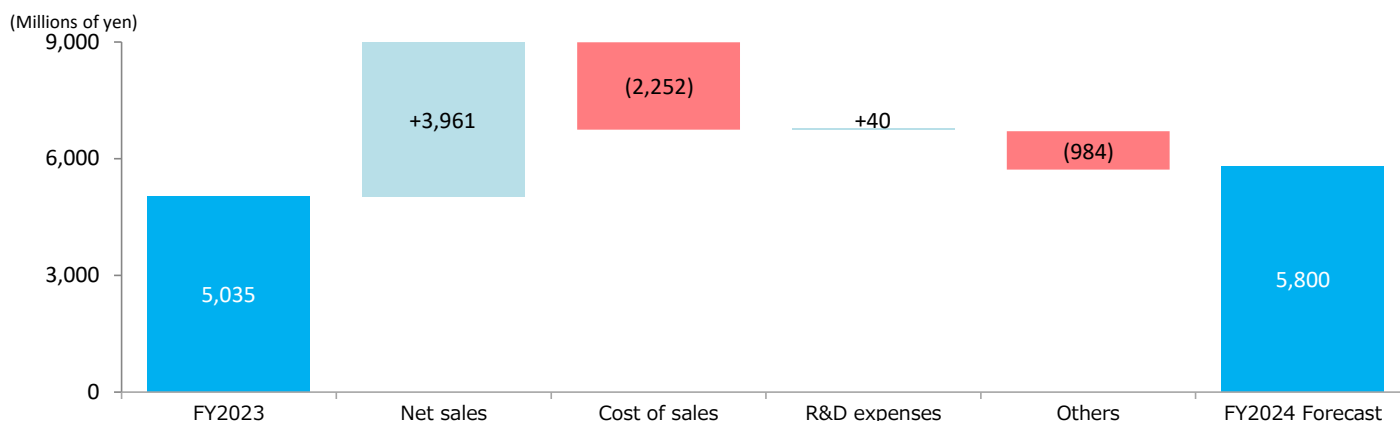
(Reference) Ratio to net sales

(%)	FY2023	FY2024	Change
	A	Forecast B	
Cost of sales	54.6	54.8	0.2
SG&A	36.2	35.3	(0.9)
R&D expenses	6.4	5.9	(0.5)
Operating income	9.2	9.9	0.7
Operating income before deduction of R&D expenses	15.6	15.8	0.2
※			
Ordinary income	9.7	10.6	0.9
Net income	7.5	8.0	0.5

[Factors in increase/decrease compared with the FY2023]

Operating income (¥5,800 million : Increase ¥764 million year-on-year)

✓ Despite an increase in cost of sales and SG&A expenses, both sales and profits are expected to increase due to an increase in sales in Skin disease and Allergen areas



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

Net sales	Renal disease and hemodialysis	: Decrease ¥1.8 billion in sales	REMITCH Decrease ¥0.8 billion, Riona Decrease ¥0.8 billion (negative impact of generic drugs, competing products and drug price revisions)
	Skin disease	: Increase ¥2.7 billion in sales	CORECTIM Increase ¥1.3 billion (increase in sales quantity)
	Allergens	: Increase ¥2.1 billion in sales	CEDARCURE Increase ¥1.2 billion, MITICURE Increase ¥0.8 billion (increase in sales quantity)
	Other	: Increase ¥0.9 billion in sales	ORLADEYO Increase ¥0.7 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		: (FY 2023) Payment of upfront licensing fees for license agreement with Nogra Pharma Limited Increase in development expense related to newly in-licensed products	
Others		: Increase in sales promotion expenses Increase in sales-linked expenses Increase in system related expenses	

Ordinary income (¥6,200 million : Increase ¥892 million year-on-year)

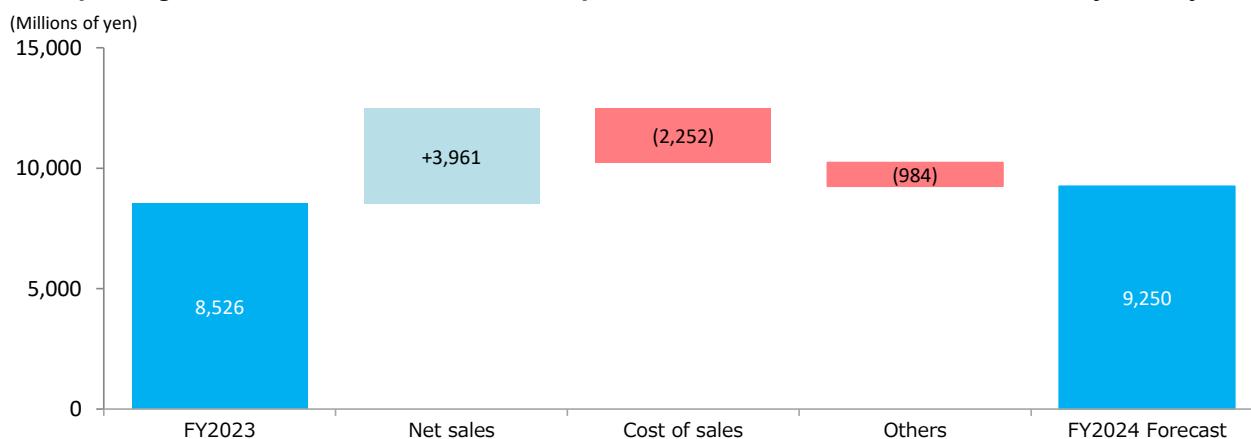
(FY2023) Non-operating expenses : Foreign exchange losses on trade payables etc. due to yen depreciation ¥101 million

Net income (¥4,700 million : Increase ¥580 million year-on-year)

(FY2023) Extraordinary income : Gain on sales of investment securities due to reduction of policy shareholdings ¥349 million

(Reference)

Operating income before deduction of R&D expenses (¥9,250 million : Increase ¥723 million year-on-year)



② Sales of Products

(Millions of Yen)	FY2023	FY2024 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of Products	54,339	58,320	3,980	7.3
[Renal disease and hemodialysis]				
Riona Agent for hyperphosphatemia, Iron-deficiency anemia	7,515	6,700	(815)	(10.8)
REMITCH Oral anti-pruritus agent	2,725	1,830	(895)	(32.9)
Others	1,648	1,490	(158)	(9.6)
Total	11,888	10,020	(1,868)	(15.7)
[Skin disease]				
CORECTIM Topical Janus kinase (JAK) inhibitor	7,450	8,800	1,349	18.1
ANTEBATE ※ Topical corticosteroid	4,533	4,770	236	5.2
LOCOID ※ Topical corticosteroid	1,427	1,620	192	13.5
Others	854	1,870	1,015	118.9
Total	14,266	17,060	2,793	19.6
[Allergens]				
CEDARCURE ※ Japanese cedar pollinosis (Allergen Immunotherapy)	11,356	12,610	1,253	11.0
MITICURE ※ House dust mite allergy (Allergen Immunotherapy)	10,148	11,020	871	8.6
Others	179	160	(19)	(11.1)
Total	21,685	23,790	2,104	9.7
[Other]				
BIO-THREE Viable bacterial preparations	4,041	4,400	358	8.9
ORLADEYO Plasma kallikrein inhibitor	1,546	2,270	723	46.7
Others	910	780	(130)	(14.3)
Total	6,498	7,450	951	14.6

※ In-house products

(References) Sales and ratio of in-house products

(Millions of Yen)	FY2023	FY2024 Forecast	Change	Change (%)
	A	B	B-A	(B-A)/A
Sales of in-house products	29,378	32,010	2,631	9.0
Ratio of in-house product sales (%)	54.1	54.9	0.8	