



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

February 14, 2024



TORII PHARMACEUTICAL CO., LTD.



Financial Results for FY 2023 and Financial Forecasts for FY2024

Nobumasa Kondo,
Senior Executive Officer

AGENDA

- **Financial Results for FY2023**
- Financial Forecasts for FY2024
- Remarks

Financial Results for FY2023

- Achieved double-digit percentage growth in net sales and operating income before deduction of R&D expenses, which are numerical indicators for the Medium-Term Management Plan 2023-2025
- Net sales and each income indicator surpassed the previous forecasts

(Millions of JPY)	FY2023	vs. FY2022 (abs)	vs. FY2022 (%)	vs. Previous Forecast (abs)	vs. Previous Forecast (%)
Net sales	54,638	+5,742	+11.7%	+638	+1.2%
Gross profit	24,791	+1,412	+6.0%	+91	+0.4%
Operating income	5,035	-504	-9.1%	+535	+11.9%
Operating income before deduction of R&D expenses	8,526	+1,324	+18.4%	+426	+5.3%
Net income	4,119	+175	+4.4%	+719	+21.1%
(Reference) R&D expenses	3,490	+1,829	+110.1%	-110	-3.1%

vs. FY2022

Net sales

- Double-digit growth driven by the allergens area and the skin disease area

Operating income

- Decreased mainly due to higher cost of sales resulting from higher purchasing unit prices and negative FX impact, as well as higher SG&A expenses
- R&D expenses are significantly higher due to one-time payment (approx. ¥1.6 billion) for in-licensed drugs from Nogra Pharma Ltd

Operating income before deduction of R&D expenses

- Increased driven by top-line growth coupled with SG&A expenses (excl. R&D expenses) remaining same level with FY, despite the higher cost of sales

Net income

- Increased mainly due to gains on sales of cross-shareholdings, despite a decline in operating income

Renal Disease and Hemodialysis Area / Skin Disease Area

- Renal diseases and hemodialysis: Almost same level with PY driven by growth in Riona despite a decline in REMITCH
- Skin diseases: Increased by 15.1% driven by CORECTIM and ANTEBATE

Renal diseases & hemodialysis

(Millions of JPY)	FY2023	vs. FY2022 (abs)	vs. FY2022 (%)
Total Net Sales	11,888	-124	-1.0%
- Riona	7,515	+575	+8.3%
- REMITCH	2,725	-811	-22.9%
- Other	1,647	+112	+7.2%

Riona

- Increased by 8.3% as higher sales volume from the spread of prescriptions for iron deficiency anemia outweighed the negative impact of NHI drug price revisions

REMITCH

- Decreased by 22.9% due to lower sales volume resulting from the negative impact of NHI drug price revisions coupled with the impact of generic products

Skin diseases

(Millions of JPY)	FY2023	vs. FY2022 (abs)	vs. FY2022 (%)
Total Net Sales	14,266	+1,874	+15.1%
- CORECTIM	7,450	+1,981	+36.2%
- ANTEBATE	4,533	+538	+13.5%
- Other	2,281	-643	-22.0%

CORECTIM

- Increased by 36.2% driven by higher sales volume including formulations with pediatric indication

ANTEBATE

- Increased by 13.5% primarily driven by higher sales volume mainly resulting from a switch from generic products

Allergens Area / Other Area

- Allergens: Increased by 17.2% driven by further spread of allergen immunotherapy
- Other: Increased by 14.9% driven by ORLADEYO and BIO-THREE

Allergens			
(Millions of JPY)	FY2023	vs. FY2022 (abs)	vs. FY2022 (%)
Total Net Sales	21,685	+3,185	+17.2%
- CEDARCURE	11,356	+1,748	+18.2%
- MITICURE	10,148	+1,454	+16.7%
- Other	179	-16	-8.6%

CEDARCURE

- Increased by 18.2% driven by a higher number of new patients through the spread of allergen immunotherapy
- Limited shipments are expected to continue in 2024

MITICURE

- Increased by 16.7% driven by higher sales volume resulting from the rise in the number of new patients

Other			
(Millions of JPY)	FY2023	vs. FY2022 (abs)	vs. FY2022 (%)
Total Net Sales	6,498	+840	+14.9%
- BIO-THREE	4,041	+680	+20.3%
- ORLADEYO	1,546	+233	+17.7%
- Other	910	-73	-7.5%

BIO-THREE

- Increased by 20.3% driven by expansion of the intestinal regulation market coupled with the positive impact of NHI drug price revisions

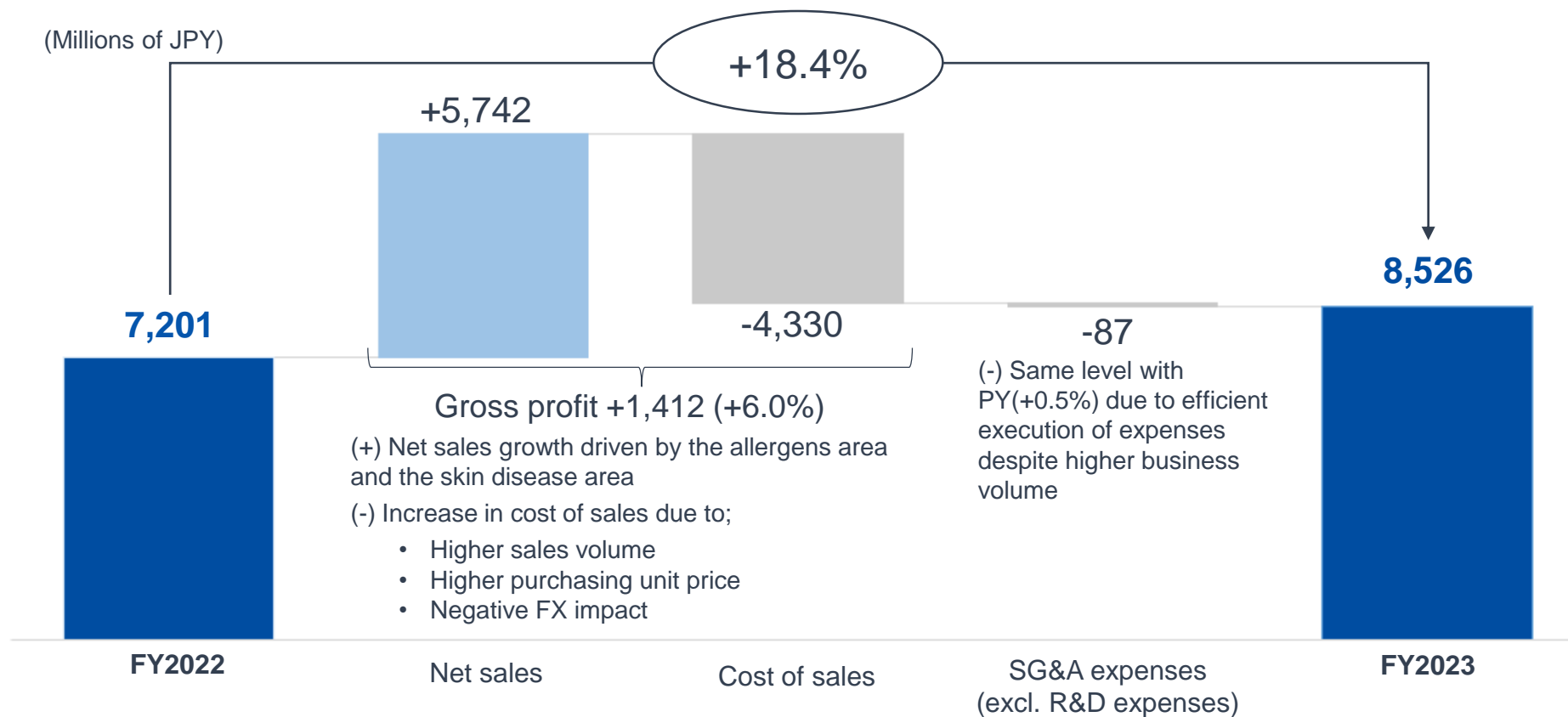
ORLADEYO

- Increased by 17.7% driven by an increase in the number of new patients

Roadmap of Operating Income Before Deduction of R&D Expenses variance

- Achieved the upper 10% range growth driven by an increase in net sales coupled with efficient investment partially offset by higher cost of sales

Roadmap of Operating Income Before Deduction of R&D Expenses variance



AGENDA

- Financial Results for FY2023
- **Financial Forecasts for FY2024**
- Remarks

Financial Forecasts for FY2024

- Net sales are expected to increase by 7.3% as continuous growth in the skin disease area and the allergens area
- Operating income before deduction of R&D expenses is expected to increase by 8.5% driven by top-line growth, despite higher cost of SG&A expenses

(Millions of JPY)	FY2024	vs. FY2023 (abs)	vs. FY2023 (%)
Net sales	58,600	+3,961	+7.3%
Gross profit	26,500	+1,708	+6.9%
Operating income	5,800	+764	+15.2%
Operating income before deduction of R&D expenses	9,250	+723	+8.5%
Net income	4,700	+580	+14.1%
(Reference) R&D expenses	3,450	-40	-1.2%

vs. FY2023

Net sales

- Expected to increase by 7.3% driven by skin disease area and allergens area

Operating income

- Expected to increase by 15.2% driven by higher net sales, despite an increase in cost of sales and SG&A expenses due to higher purchasing unit price and negative FX impact
- R&D expenses are expected to be same level as 2023
 - (+) higher costs for new drug developments
 - (-) favorable comparison of the expense vs. the one recorded in 2023 for in-licensed drugs from Nogra Pharma Ltd

Operating income before deduction of R&D expenses

- Expected to increase by 8.5% driven by an increase in net sales, partially offset by higher cost of sales and SG&A expenses

Net income

- Expected to increase by 14.1% due to an increase in operating income, partially offset by unfavorable comparison of the gains vs. the one recorded in 2023 for the sale of cross-shareholdings

Renal Disease and Hemodialysis Area / Skin Disease Area

- The renal disease and hemodialysis area is expected to decline, despite enhancing further penetration of Riona and ENAROY
- The skin disease area is expected to grow significantly driven by further growth of CORECTIM and new launch of JTE-061

Renal diseases & hemodialysis

(Millions of JPY)	FY2024	vs. FY2023 (abs)	vs. FY2023 (%)
Total Net Sales	10,020	-1,868	-15.7%
- Riona	6,700	-815	-10.8%
- REMITCH	1,830	-895	-32.9%
- Other	1,490	-158	-9.6%

Riona

- Expected to decrease by 10.8% due to the negative impact of NHI drug price revisions and the expected launch of generic products

REMITCH

- Expected to decrease by 32.9% due to the negative impact of NHI drug price revisions and the expected growth of generic products

Skin diseases

(Millions of JPY)	FY2024	vs. FY2023 (abs)	vs. FY2023 (%)
Total Net Sales	17,060	+2,793	+19.6%
- CORECTIM	8,800	+1,349	+18.1%
- ANTEBATE	4,770	+236	+5.2%
- Other	3,490	+1,207	+52.9%

CORECTIM

- Expected to increase by 18.1% driven by higher sales volume including formulations with pediatric indication

Other

- New launch of JTE-061 within 2024 etc. are expected

Allergens Area / Other Area

- The Allergens area is expected to continue gaining momentum to record nearly 10% growth
- The Other area is expected to grow significantly with the growth of BIO-THREE and ORLADEYO Capsules

Allergens			
(Millions of JPY)	FY2024	vs. FY2023 (abs)	vs. FY2023 (%)
Total Net Sales	23,790	+2,104	+9.7%
- CEDARCURE	12,610	+1,253	+11.0%
- MITICURE	11,020	+871	+8.6%
- Other	160	-19	-11.1%

CEDARCURE

- Expected to increase by 11.0% despite limited shipments, which are expected to continue throughout 2024

MITICURE

- Expected to increase by 8.6% with further spread of allergen immunotherapy

Other			
(Millions of JPY)	FY2024	vs. FY2023 (abs)	vs. FY2023 (%)
Total Net Sales	7,450	+951	+14.6%
- BIO-THREE	4,400	+358	+8.9%
- ORLADEYO	2,270	+723	+46.7%
- Other	780	-130	-14.3%

BIO-THREE

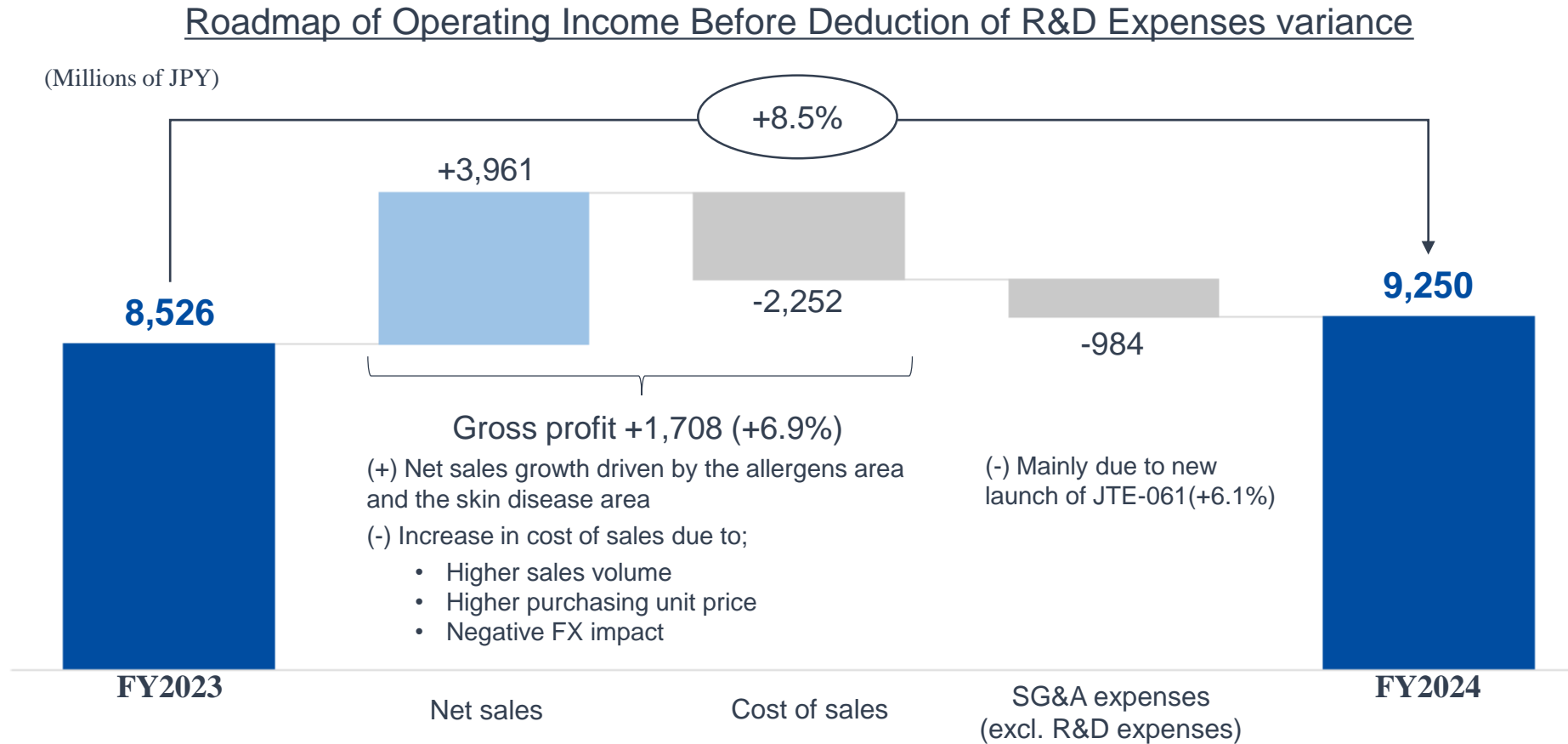
- Expected to increase by 8.9% driven by higher sales volume resulting from further expansion of the intestinal regulation market

ORLADEYO

- Increased by 46.7% driven by an increase in the number of new patients

Roadmap of Operating Income Before Deduction of R&D Expenses variance

- Operating income before deduction of R&D expenses is expected to increase by 8.5% vs. PY driven by an increase in net sales, partially offset by higher cost of sales and an increase in SG&A expenses due to the new launch of JTE-061



AGENDA

- Financial Results for FY2023
- Financial Forecasts for FY2024
- **Remarks**

Remarks

Results for FY2023

- ✓ Achieved strong growth of double-digit percentage increases in net sales and operating income before deduction of R&D expenses, despite the challenging business environment
- ✓ Steady progress to realize the Medium-/Long-Term Business Vision “VISION2030”

Forecasts for FY2024

- ✓ Expected an increase in net sales driven by further growth of skin disease and allergens areas which are growth drivers for realizing “VISION2030”, despite the business environment is expected to remain tough
- ✓ Achieve profit growth through top-line growth despite further cost increases

Shareholder returns

- ✓ Annual dividend per share (planned)
 - FY2023: JPY 120
 - FY2024: JPY 120

The Medium-Term Management Plan 2024-2026

Goichi Matsuda,
Representative Director,
President and Chief Executive Officer

AGENDA

- **Progress in 2023 toward the Medium-Term Management Plan 2023-2025**
- Medium-/Long-Term Business Vision “VISION2030”
- The Medium-Term Management Plan 2024-2026
- Enhancement of corporate value

Progress in 2023 toward the Medium-Term Management Plan 2023-2025

–Numerical Indicators–

- The numerical indicators set forth at the time of formulation of the Medium-Term Management Plan 2023-2025 are as follows:

Initial plan for FY2023	Guidance for FY2025* ²	What VISION2030 aims for
Net sales	Net sales	Net sales
¥50.9 billion	¥54.0 – 57.0 billion	Net sales break the all-time high* ³
Operating income (before deduction of R&D expenses)* ¹	Operating income (before deduction of R&D expenses)* ¹	Operating income* ⁴
¥7.6 billion	¥9.0 – 10.0 billion	Operating income comes within the range of breaking the all-time high* ⁴

*1: 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.

*2: A reference value that represents a rough estimate for Torii at this point in time and is not positioned as a target to be achieved.

*3: All-time high net sales: ¥64.1 billion (fiscal year ended December 31, 2017)

*4: Although we will continue to invest in R&D beyond 2030, we expect to have completed our intensive investment to a certain extent. For this reason, Torii sets operating income as an indicator for numerical targets of VISION2030. All-time high operating income: ¥13.3 billion (fiscal year ended March 31, 2001).

Progress in 2023 toward the Medium-Term Management Plan 2023-2025

–Numerical Indicators–

- Achieved the initial plan through both net sales and operating income surpassed it driven by higher sales volume coupled with a decrease in SG&A expenses due to efficient execution.

	Initial plan for FY2023	Results for FY2023	FY2023 results compared to initial plan
Net sales	¥50.9 billion	¥54.6 billion	+ ¥3.7 billion
Operating income (before deduction of R&D expenses)	¥7.6 billion	¥8.5 billion	+ ¥0.8 billion

Progress in 2023 toward the Medium-Term Management Plan 2023-2025

–Major Initiatives–

Growth strategy

- ✓ Spread, cultivate, and maximize the value of new drugs in the growth phase
 - Renal diseases and hemodialysis: ENAROY, Riona
 - Skin diseases: CORECTIM
 - Allergens: CEDARCURE, MITICURE
 - ORLADEYO
- ✓ Promote new drug development
 - JTE-061
 - TO-208
- ✓ Reinforce in-licensing systems
- ✓ Maintenance of human resource systems in line with management strategies and work-style reforms
- ✓ Corporate culture reform

Maintaining the credibility of stakeholders

- ✓ Improve and strengthen stable supply systems
- ✓ Compliance with pharmaceutical regulations and quality assurance
- ✓ Reinforce compliance
- ✓ Reinforce corporate governance
- ✓ Initiatives on sustainability

Progress in 2023 toward the Medium-Term Management Plan 2023-2025

–Key Topics–

Growth strategy

- ✓ Steady growth in net sales of new drugs in the growth phase
 - Double-digit year-on-year growth in numerical indicator of net sales
- ✓ Favorable progress in development of JTE-061
 - Began Phase III clinical study in pediatric patients with atopic dermatitis (children ages 2 years or older and under 12 years old) in Japan (August 2023)
 - Japan Tobacco Inc. (JT) filed application for approval of manufacturing and sales in Japan for indications of atopic dermatitis and psoriasis vulgaris (September 2023)
- ✓ Favorable progress in development of TO-208
 - Announced the top-line results of Phase III clinical study for indications of molluscum contagiosum in Japan (December 2023)
- ✓ Obtained new in-licensed drugs
 - Skin disease treatment drug : NAC-GED-0507 (January 2023)
 - Allergen immunotherapy drug for grass pollinosis : GRAZAX (December 2023)

Maintaining the credibility of stakeholders

- ✓ Stable supply of CEDARCURE
 - Government request concerning cedar pollinosis (May 2023)
 - Established the Source Materials Procurement Dept. as a new department centrally responsible for cedar pollen procurement (August 2023)
 - Decided on capital investment in drug substance manufacturing equipment (scheduled to begin operations in 2025)
- ✓ Reinforce corporate governance
 - Resolved to transition to a company with an Audit and Supervisory Committee at the Board of Directors, subject to approval at the General Meeting of Shareholders to be held in March 2024 (November 2023)
- ✓ Initiatives on sustainability
 - Formulation of the Basic Policy on Sustainability, identification of materiality, and external announcement (February 2023)
 - Organize links between materiality and business strategies, major initiatives of the Medium-Term Management Plan, etc.

Progress in 2023 toward the Medium-Term Management Plan 2023-2025

–Major Investments–

- Decided on the following investment in FY2023 (expecting business investments of approx. JPY 40.0 BN in the five years until the end of 2027)

Major investments that have been decided*

- ✓ License agreement for skin disease treatment drug (NAC-GED-0507)
 - Investment amount in FY2023: Approx. ¥1.6 billion
 - License agreement with respect to the exclusive development and commercialization of skin disease treatment drug (NAC-GED-0507) in Japan
 - Milestone payments will be made in accordance with the progress of development, etc.
- ✓ License agreement for allergen immunotherapy drug for grass pollinosis (GRAZAX)
 - Milestone payments of approx. ¥2.0 billion will be made in accordance with the progress of development, etc.
- ✓ Capital investment toward strengthening production capacity of CEDARCURE
 - Investment amount decided: Approx. ¥3.0 billion
 - Capital investment in drug substance manufacturing in order to respond to increased sales volumes of CEDARCURE

* Only previously disclosed investments that were decided in 2023 are listed. Payment timing varies by project.

Reference: Development Pipeline

- Started Phase III clinical study of JTE-061 (pediatric atopic dermatitis) in Japan (Aug'23)
- Filed application for approval of manufacturing and sales of JTE-061 (atopic dermatitis, psoriasis vulgaris) in Japan (Sep' 23)
- Announced the top-line results of Phase III clinical study of TO-208 (molluscum contagiosum) in Japan (Dec'23)

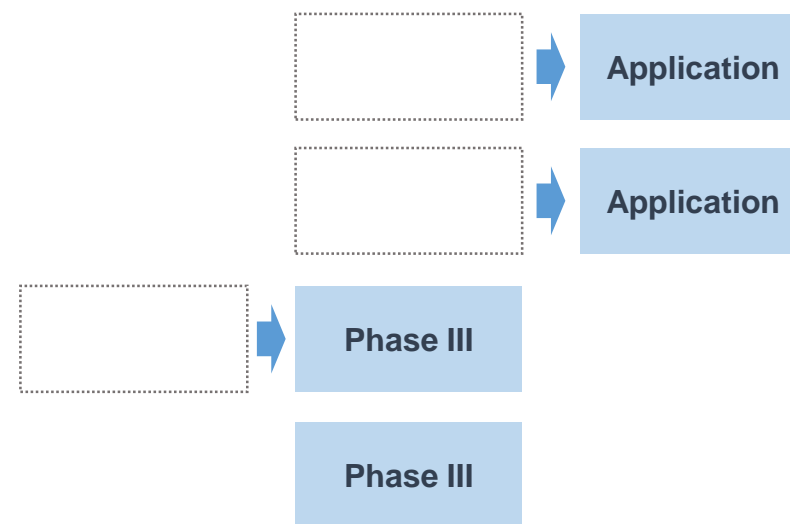


Skin diseases

JTE-061	Atopic dermatitis	Topical
	Psoriasis vulgaris	Topical
	Pediatric atopic dermatitis	Topical
TO-208	Molluscum contagiosum	Topical

Allergens

TO-203 (MITICURE)	House dust mite induced allergic asthma (Allergen immunotherapy drug)	Sublingual tablet
----------------------	--	----------------------



Completion of Phase II and III*

* Policy for future development is under review

AGENDA

- Progress in 2023 toward the Medium-Term Management Plan 2023-2025
- **Medium-/Long-Term Business Vision “VISION2030”**
- The Medium-Term Management Plan 2024-2026
- Enhancement of corporate value

Updated Numerical Targets of “VISION2030”

- Based on the updated sales forecasts for existing products and JTE-061, and in light of our favorable progress in obtaining new in-licensed drugs and developing new drugs, as well as our forecast that we will be able to achieve the all-time high net sales ahead of schedule, we have upwardly revised net sales in “VISION2030,” and for operating income, clearly indicated the fiscal year in which we expect to break the all-time high operating income

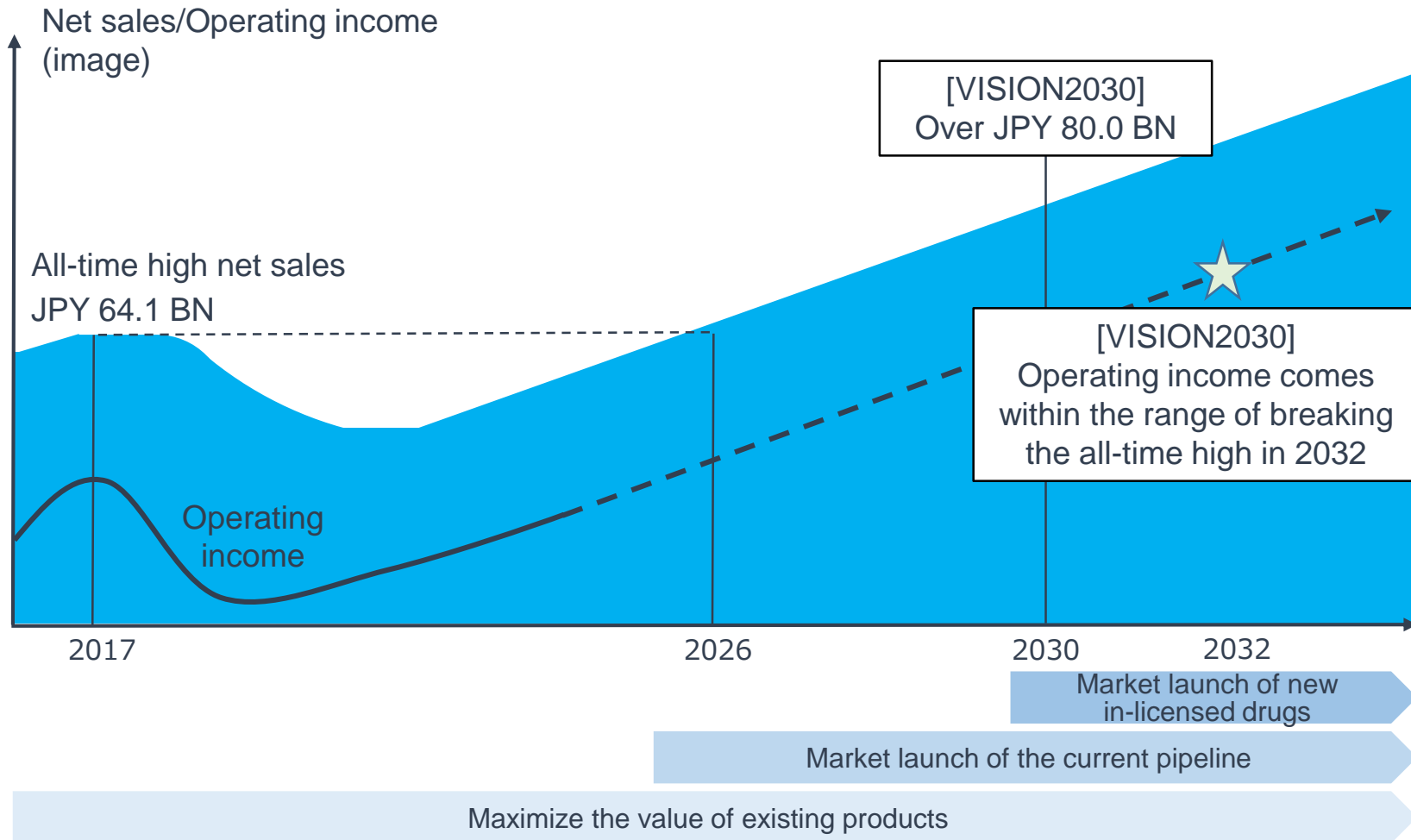
Before update	After update
<p>What Torii aims for in 2030</p> <p>To be a pharmaceutical company with presence: A company that has a deep understanding of the medical needs, leverages our expertise and impetus to co-create optimal solutions with all stakeholders, and delivers new, valuable pharmaceutical products to meet those needs.</p>	<p>What Torii aims for in 2030</p> <p>(Remain unchanged)</p>
<p>Net sales</p> <p>Net sales break the all-time high (JPY 64.1 BN)^{*1}</p> <p>Operating income</p> <p>Operating income comes within the range of breaking the all-time high (JPY 13.3 BN)^{*2}</p>	<p>Net sales</p> <p><u>Over JPY 80.0 BN</u></p> <p>Operating income</p> <p>Operating income comes within the range of breaking the all-time high (JPY 13.3 BN)^{*2} <u>in 2032</u></p>

*1: All-time high net sales: JPY 64.1 BN (fiscal year ended December 31, 2017)

*2: All-time high operating income: JPY 13.3 BN (fiscal year ended March 31, 2001)

Medium-/Long-Term Business Vision “VISION2030”

- Towards greater heights than the past by overcoming fluctuations



AGENDA

- Progress in 2023 toward the Medium-Term Management Plan 2023-2025
- Medium-/Long-Term Business Vision “VISION2030”
- **The Medium-Term Management Plan 2024-2026**
- Enhancement of corporate value

Outline of the Medium-Term Management Plan 2024-2026

–Numerical Targets and Guidance–

- Torii sets net sales and operating income before deduction of R&D expenses as numerical indicators for the Medium-Term Management Plan 2024-2026
- Achieve the initial net sales target for VISION2030 (all-time high net sales: ¥64.1 billion) in FY2026
- Operating income before deduction of R&D expenses in FY2026 is expected to be almost same level as in FY2025

Forecast for FY2024		Guidance for FY2026 ^{*2, *3}		What VISION2030 aims for ^{*3}
Net sales		Net sales		Net sales
¥58.6 billion	➔	¥63.0 – 66.0 billion	➔	Over ¥80.0 billion
Operating income (before deduction of R&D expenses) ^{*1}		Operating income (before deduction of R&D expenses) ^{*1}		Operating income ^{*4}
¥9.2 billion		¥9.0 – 10.0 billion		Operating income comes within the range of breaking the all-time high ^{*4} in 2032

*1: 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.

*2: A reference value that represents a rough estimate for Torii at this point in time and is not positioned as a target to be achieved.

*3: If CEDARCURE and MITICURE continue their recent net sales growth, they may be subject to market expansion repricing (drug price reduction) within the next few years. (This risk has been estimated to a certain extent and reflected in the guidance for FY2026 and VISION2030.)

*4: Although we will continue to invest in R&D beyond 2030, we expect to have completed our intensive investment to a certain extent. For this reason, Torii sets operating income as an indicator for numerical targets of VISION2030. All-time high operating income: ¥13.3 billion (fiscal year ended March 31, 2001)

Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Continue two pillars of “growth strategy” and “maintaining the credibility of stakeholders” due to no change of business environment as well as making good progress in major initiatives and financial results in FY2023

Growth strategy

- ✓ Spread, cultivate, and maximize the value of new drugs in the growth phase
 - Renal diseases and hemodialysis: ENAROY, Riona
 - Skin diseases: CORECTIM, JTE-061
 - Allergens: CEDARCURE, MITICURE
 - ORLADEYO
- ✓ Promote new drug development
 - TO-208
 - NAC-GED-0507
 - GRAZAX
- ✓ Obtain new in-licensed drugs
- ✓ Maintenance of human resource systems in line with management strategies and work-style reforms
- ✓ Corporate culture reform

Maintaining the credibility of stakeholders

- ✓ Improve and strengthen stable supply systems
- ✓ Compliance with pharmaceutical regulations and quality assurance
- ✓ Reinforce compliance
- ✓ Enhance corporate governance
- ✓ Initiatives on sustainability

Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Spread, Cultivate, and Maximize the Value of New Drugs in the Growth Phase, and Promote New Drug Development

- Focusing on three areas; the renal disease and hemodialysis, the skin disease and the allergens
- Growth drivers for realizing VISION2030 are the skin disease area and the allergens area

Renal diseases and hemodialysis

- ✓ Achieve further market penetration for Riona with additional indications for iron deficiency anemia
- ✓ Achieve further market penetration for ENAROY, a growth-stage product launched in December 2020
- ✓ Provide a wide product lineup including REMITCH, by appropriately utilizing our accumulated knowledge and information in the renal disease and hemodialysis area

Skin diseases

- ✓ Focus on further market penetration of CORECTIM
- ✓ Work toward early market launch and market penetration of developed products* (JTE-061, TO-208, NAC-GED-0507)
- ✓ By adding developed products to our lineup alongside existing products, such as CORECTIM and ANTEBATE, address a wide range of diseases
- ✓ The role of growth drivers in achieving VISION2030

* Planned indications for developed products: JTE-061: atopic dermatitis, psoriasis vulgaris; TO-208: molluscum contagiosum; NAC-GED-0507: skin disease

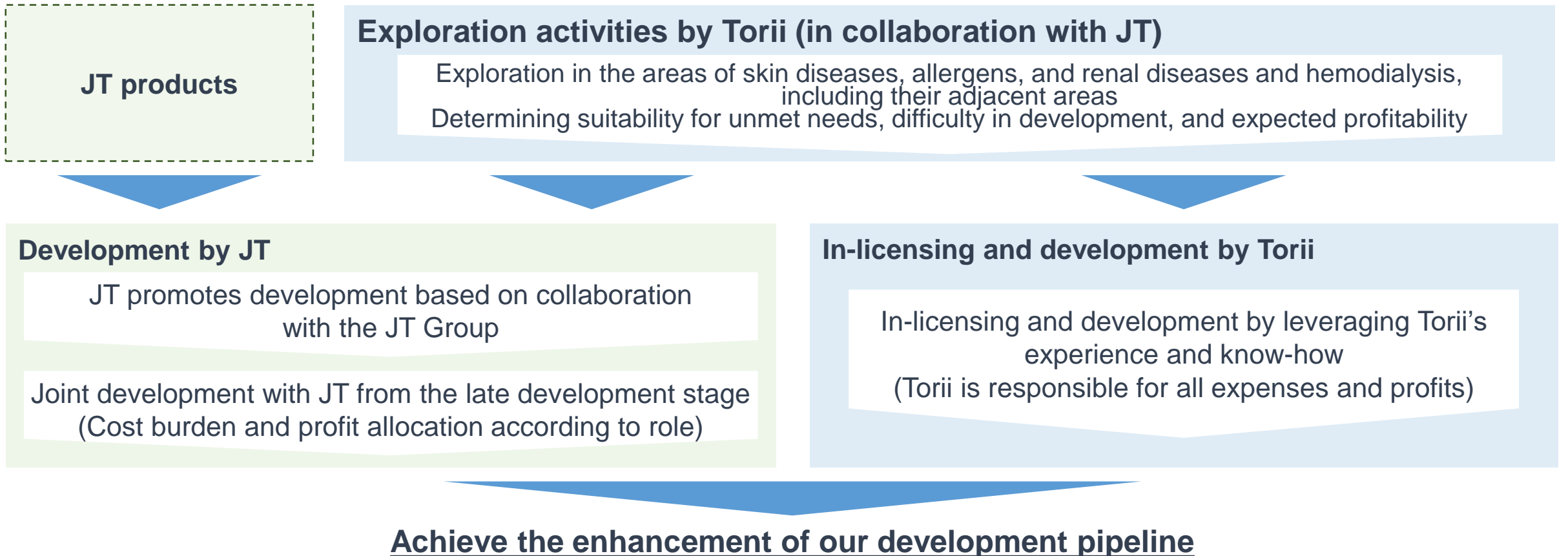
Allergens

- ✓ Aim for further growth of CEDARCURE and MITICURE
- ✓ For CEDARCURE, steadily work on efforts to ensure a stable supply in the future
- ✓ Implement the development of allergen immunotherapy drug for grass pollinosis (GRAZAX), which was in-licensed in December, for early market launch and market penetration
- ✓ The role of growth drivers in achieving VISION2030

Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Obtain New In-licensed Drugs

- Aggressively engage in exploration activities and business investments to enhance our development of pipeline through in-licensing
- Without limiting ourselves to the current franchise areas, aggressively take on the challenge of pursuing Torii Pharmaceutical's own in-licensing and development, including adjacent areas



Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Strengthen Supply Chain to Ensure a Stable Supply of CEDARCURE

Status of limited shipments of CEDARCURE (introduction dose)

- ✓ Continuing to receive introduction dose orders far above our expectations
- ✓ Limited shipments of introduction doses to ensure a stable supply of maintenance doses
 - *Maintenance doses are not subject to limited shipments, and there is no problem with stable supply to a certain number of new patients and patients who have already started taking or who continue taking the drug.
- ✓ We expect that it will take until 2025 before we can significantly increase both the cedar pollen collection volume, which is a raw material, and the drug substance production volume. Limited shipments are therefore expected to continue in 2024

Summary of government request concerning cedar pollinosis

- ✓ Overall picture of the government’s pollinosis countermeasures (ministerial meeting concerning pollinosis)
 - Regarding the treatment of pollinosis, it was determined that the government shall “start to request cooperation from forest associations, etc. and companies, with the aim of increasing production of therapeutic drugs for sublingual immunotherapy from drugs for 250,000 people per year to 1 million people per year within five years”
- ✓ The Ministry of Health, Labour and Welfare requested the Company to “respond to meet market demand through increased production, etc.” and “implement measures necessary to ensure a stable supply of products in the future”

Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Strengthen Supply Chain to Ensure a Stable Supply of CEDARCURE

Status of efforts to ensure a stable supply

- ✓ With the establishment of the Source Materials Procurement Dept. in August 2023, we have started planning and execution of a new collection scheme aimed at dramatically increasing our cedar pollen collection volume
 - Through negotiations and coordination with relevant ministries and local governments, collection entities, etc., we have achieved a roughly threefold increase from 2023 in the number of contracts with cedar pollen collection entities in 2024
- ✓ Capital investment in drug substance manufacturing (approximately ¥3.0 billion, scheduled to be in operation in 2025)

Impact on financial performance

- ✓ Even amid continuing limited shipments of introduction doses, shipments of introduction and maintenance doses continue in line with our expectations, and we expect continued sales growth
 - Financial forecasts for FY2024 assume continued limited shipments of introduction doses
 - The guidance for FY2026 and VISION2030 targets are set under certain assumptions regarding the timeframe for limited shipments of introduction doses

Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Enhance Corporate Governance

- Transition to a company with an Audit and Supervisory Committee to enhance and reinforce corporate governance
- Our new Board of Directors structure will enable diverse values to be reflected into management, thereby enhancement of corporate value
- Continue our efforts to ensure independence from controlling shareholders and protect minority shareholders

Transition to a company with an Audit and Supervisory Committee

- ✓ Strengthen the supervisory function of the Board of Directors by enabling Directors who are members of the Audit and Supervisory Committee to hold voting rights at meetings of the Board of Directors, and enabling the Audit and Supervisory Committee to appropriately exercise its right to state opinions on nomination and compensation
- ✓ The transition will enable the Board of Directors to delegate important decision-making regarding business execution to the executive Directors, which is to be coupled with the provision of consideration to the realization of further prompt decision-making in relation to management issues

New Board of Directors structure

- ✓ Total of five members of the Board (including one female), including two Representative Directors (President and Vice President) and three Independent Outside Directors (Audit and Supervisory Committee Members)
- ✓ Balanced composition of diverse members with extensive experience and expertise in corporate management/management strategy, legal affairs/compliance/risk management, finance/accounting, and capital markets

Ensure independence from controlling shareholders and protect minority shareholders

- ✓ Maintaining a system under which Independent Outside Directors constitute a majority of the Board of Directors
- ✓ Torii plans to establish the Nomination and Compensation Advisory Committee, which will be comprised only of Independent Outside Directors

Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Initiatives on Sustainability

- Establishment and launch of the Sustainability Committee (FY2024)
- Upgrade the materiality implementation plan (setting goals, roadmap, KPIs, etc.)

Links between materiality and business strategies, major initiatives of the Medium-Term Management Plan, etc., and the overview of major promotion measures 1)

Materiality related to our business	Business strategies, major initiatives of the Medium-Term Management Plan, etc.	Overview of major promotion measures
1) Contribute to patients by providing high-quality and valuable medical information to medical professionals	Business strategy: Create a framework for maximizing product value Spread, cultivate, and maximize the value of new drugs in the growth phase	<ul style="list-style-type: none"> • Strengthen our system and capability for providing and collecting information on our pharmaceutical products • Utilization of digital technology
2) Contribute to patients by exploring and developing new and valuable drugs that meet unmet medical needs	Business strategy: Enhance in-licensed activities	<ul style="list-style-type: none"> • Initiatives to reinforce in-licensing activities (expansion of exploration areas, geographical expansion, expansion of exploration methods, increasing and enhancing personnel/reinforcing organizational capabilities, etc.) • Promote new drug development (JTE-061, TO-208, NAC-GED-0507, GRAZAX, etc.)
3) Co-create with diverse partners with specialized functions in order to maximize the value we deliver to the medical field	VISION2030 (our business model): Focus on core functions × collaboration with companies specializing in each function	<ul style="list-style-type: none"> • Continue and upgrade the initiatives described on the left in each division
4) Supply our products stably through our entire supply chain initiatives	Foundation for business operation: Stable supply	<ul style="list-style-type: none"> • Strengthen the CEDARCURE production system (establishment of the Source Materials Procurement Dept., construction of new drug substance manufacturing building, etc.) • Address development theme items (JTE-061, TO-208) • Appropriate supply and demand management
5) Assure the quality and ensure the safety of our products	Foundation for business operation: Quality assurance	<ul style="list-style-type: none"> • Respond to various revisions in pharmaceutical regulations • Implementation based on schedule for developed drugs and in-licensed drugs

Outline of the Medium-Term Management Plan 2024-2026 –Major Initiatives–

- Initiatives on Sustainability

Links between materiality and business strategies, major initiatives of the Medium-Term Management Plan, etc., and the overview of major promotion measures 2)

Materiality related to our management foundation	Business strategies, major initiatives of the Medium-Term Management Plan, etc.	Overview of major promotion measures
6) Corporate activities with environmental protection in mind	Environmental response	<ul style="list-style-type: none"> Formulate and promote the environmental action plan (reduce greenhouse gas emissions and maintain waste recycling rate)
7) Develop employees with high levels of expertise and provide them with growth opportunities	Education and training/human resource development	<ul style="list-style-type: none"> Company-wide training, job-specific training Career development support Self-improvement support
8) Cultivate a corporate culture of implementing TORII's POLICY (Our Important Values)	Corporate culture reform	<ul style="list-style-type: none"> Understanding and dissemination of the corporate philosophy system (workshops for all employees, President dialogue sessions, public hearing from executives for employees) Conduct corporate culture reform questionnaires Conduct corporate culture reform working groups
9) Realize an environment in which each and every employee works enthusiastically	Maintenance of human resource systems in line with management strategies and work-style reforms	<ul style="list-style-type: none"> Improve human resource systems Initiatives to promote the active participation of women and support the development of the next generation Promote of health and productivity management
10) Compliance	Foundation for business operation: Compliance	<ul style="list-style-type: none"> Compliance with various laws and regulations (review of Code of Conduct, etc.) Compliance with industry rules (Code of Practice, fair competition code, guidelines on sales information provision activities, etc.) Provide education and awareness raising training to employees Conduct compliance questionnaires Establish a point of contact for reporting and consultation
11) Corporate governance	Enhance corporate governance	<ul style="list-style-type: none"> Decision to transition to a company with an Audit and Supervisory Committee Enhancement of information disclosure (financial results briefings, implementation of SR activities) Action to implement management that is conscious of cost of capital and stock price

AGENDA

- Progress in 2023 toward the Medium-Term Management Plan 2023-2025
- Medium-/Long-Term Business Vision “VISION2030”
- The Medium-Term Management Plan 2024-2026
- **Enhancement of corporate value**

Enhancement of Corporate Value: Current Status

- PBR has been less than 1.0x since 2019, and has also remained in the 0.8 to 0.9x range in 2023
- The background is attributed to a variety of factors: low ROE level, unclear growth strategy and corporate governance, etc.

PBR and ROE trends

- ✓ Over the past few years, PBR has trended below 1.0x and ROE at approx. 3.0%

[PBR*]

2018	1.07x
2019	0.76x
2020	0.94x
2021	0.81x
2022	0.81x
2023	0.93x

[ROE]

2018	1.3%
2019	27.3%
2020	3.1%
2021	2.9%
2022	3.3%
2023	3.4%

*PBR values are calculated using the highest stock price of each fiscal year

Analysis and evaluation

- ✓ The background of less than 1.0x PBR is the following;
 - Shareholders' equity increased significantly due to receipt of lump sum payment (approx. ¥40 billion) in 2019 following return of sales rights for anti-HIV drugs
 - ROE remaining at a low level (approx. 3.0%) due to an increase in shareholders' equity and a decrease in profits
 - Unclear growth strategy as well as lack of convincing explanation
 - Growth expectations for enhancing corporate value have not been raised
 - Further enhancement of corporate governance and the need for active communication with investors

Enhancement of Corporate Value : Targets

- We have set the following targets for further enhancement of corporate value.

* For details of specific initiatives, please refer to [our website\(Initiatives for enhancement of Corporate Value \(available only in Japanese\)\)](#).

Achieve the numerical targets of “VISION2030”

“Net sales: Over JPY 80.0 BN” “Operating income: Operating income comes within the range of breaking the all-time high in 2032”)

Achieve ROE of 8% or higher in 2030 or as soon as possible thereafter

(Specific ROE target and timing for achievement will be disclosed when a certain degree of progress in intensive business investment becomes foreseeable)

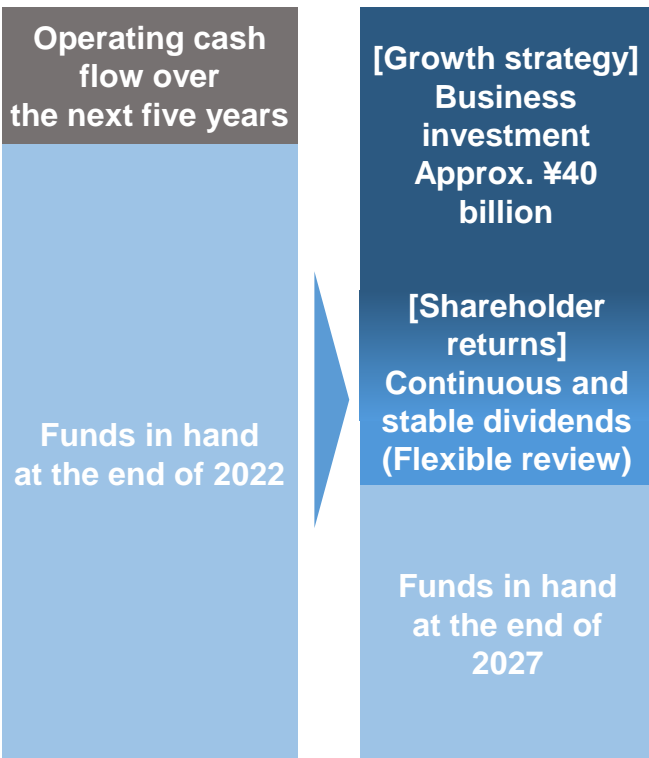
Achieve DOE level that compares favorably with that of other companies within the same industry (currently approx. 3.5%), while focusing on net sales and profit growth through business investment

(Specific timing for achievement will be disclosed will be disclosed when a certain degree of progress in intensive business investment becomes foreseeable)

Enhancement of Corporate Value : Capital Allocation

- Prioritizing the use of funds in hand for business investment, with the aim of enhancing our mid to long-term corporate value through business investment, while also considering costs of capital

Image of capital allocation from 2023 to the end of 2027



Growth strategy

- ✓ Enhance mid to long-term corporate value through “maximizing the value of existing products and developed products” as well as “obtaining new in-licensed drugs.” Assuming business investment of approx. ¥40 billion until the end of 2027. Executed and/or made decisions on the investments of over JPY 5.0 BN in FY2023 ※[For information on the progress of investments in FY2023, see slide 21](#)
- ✓ Our basic approach to business investment will be to use funds in hand. If additional funds are needed, we will make aggressive investments, including considering borrowing and other financing
- ✓ It is difficult to indicate specific investment targets or plans. For investments that have been decided, we will disclose the amount and content as appropriate

Shareholder returns

- ✓ Our basic policy on shareholder returns is to distribute continuous and stable dividends. Our shareholder return indicator will be based on DOE for the time being. In the future, we will aim for a level that compares favorably with that of other companies within the same industry (currently approx. 3.5%). We will regularly evaluate the extent to which we have enhanced our development pipeline as well as our financial conditions. We will flexibly consider further enhancement of shareholder returns, such as raising the level of dividends.
- ✓ Regarding the repurchase of treasury stock, we will consider whether or not to implement and their scale, comprehensively taking into consideration the business environment and the progress of investments, etc.

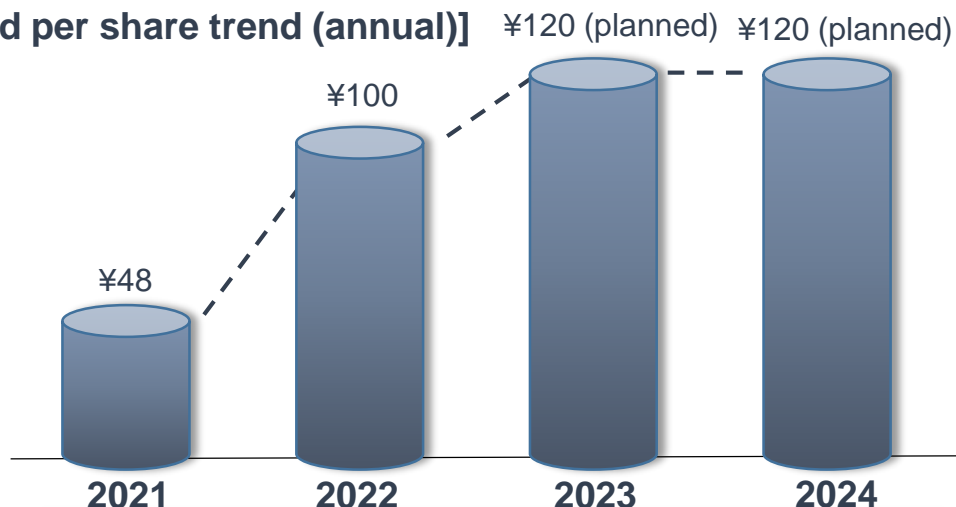
Funds in hand at the end of 2027

- ✓ A certain amount of funds in hand will be necessary even at the end of 2027, taking into account the working capital required for business operations and investment capacity in 2028 onward

Enhancement of Corporate Value : Shareholder Return Policy and Dividends

- The shareholder return policy is to distribute continuous and stable dividends as well as enhancing mid to long-term corporate value through business investment
- Our shareholder return indicator is DOE. The target is a level that compares favorably with that of other companies within the same industry (currently approx. 3.5%)
- Flexibly consider further enhancement of shareholder returns, such as raising the level of dividends through evaluating the development pipeline and financial conditions regularly

[Dividend per share trend (annual)]



DOE	1.2%	2.4%	2.8%	--%
ROE	2.9%	3.3%	3.4%	--%
Dividend payout ratio	40.0%	71.2%	81.9%	71.8%

2023 dividend

- ✓ Increased probability of future growth through favorable progress in promoting new drug development (filed application for approval of manufacturing and sales of JTE-061, favorable top-line results of TO-208 Phase III clinical study), acquisition of two new in-licensed drugs (NAC-GED-0507, GRAZAX), etc.
- ✓ Based on the above results and mid to long-term financial forecasts, etc., increased dividends from the latest annual dividend forecast of ¥100 per share to ¥120, in accordance with the concept of enhancing shareholder returns (Interim dividend: ¥50, year-end dividend: ¥70)

2024 dividend

- ✓ In accordance with the basic policy and concept above, we plan to pay a dividend of ¥120 per share (Interim dividend: ¥60, year-end dividend: ¥60)



TORII PHARMACEUTICAL CO., LTD.

Important notes on forward-looking statements

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.