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**FOR IMMEDIATE RELEASE**

**Progress of the Medium-Term Management Plan 2021 and Revision of the Targets**

Torii Pharmaceutical Co., Ltd. (Torii) (TSE:4551) is implementing its Medium-Term Management Plan 2021 (announced in February 6, 2019) started from FY2019. Torii hereby announces that it has decided to revise the targets of the plan in view of progress thus far, as stated below.

**1. Progress of the Medium-Term Management Plan 2021**

**1) Overview of the progress of the Medium-Term Management Plan 2021**

Regarding the business environment in which the pharmaceutical industry operates, business risks are mounting owing to the increasing difficulty in new drug development, a sharp increase in R&D costs, intensifying international competition, etc. In the Japanese market, in particular, amid the promotion of health care system reforms, there is an urgent need to curb healthcare expenditures, such as through the drastic reform of the drug pricing system and encouragement of greater use of generic drugs. The business environment is expected to become more challenging in view of the trend toward increasingly rigorous regulations in various respects. Moreover, the termination of the exclusive rights to market the six anti-HIV drugs in Japan has a strong financial impact for Torii.

Recognizing this environment, Torii established the Medium-Term Management Plan 2021 that covers the three-year period from FY2019 with the aim of turning to operating income\* positive in FY2022 and continuously generating profit thereafter. In accordance with the plan, Torii implemented the three measures: I. business structure reform, II. growth strategy, and III. maintaining the trust of stakeholders.

As a result, with regard to financial results for FY2019, Torii recorded positive figures for both operating income and ordinary income, partly because sales of “CEDARCURE® Japanese Cedar Pollen Sublingual Tablets,” an Allergen Immunotherapy Tablet for Japanese Cedar Pollinosis, exceeded the initial forecast.

\*: Operating income excluding expenses relating to new business investments (investments including those for acquiring new in-licensed drugs and M&A)

## 2) Progress of key measures of the Medium-Term Management Plan 2021 (as of February 6, 2020)

### I. Business structure reform

- Optimization of the organizational structure, functions, and workforce
- Review of resource allocation and maximization of performance

[Progress]

- Introduction of a special program supporting employees who wish to retire voluntarily and embark on a new career
- Reorganization (consolidation and elimination of branches, integration of R&D functions into Japan Tobacco Inc. (JT), and reorganization of the head office)
- Transfer of production of long-term listed drugs (FUTHAN (protease inhibitor), URINORM(uricosuric agent)) to other companies
- Introduction of a new sales support system and tablet terminals

### II. Growth strategy

- Maximization of value of products currently under co-development with JT
- Co-development of new innovative drugs with JT and acquisition of new in-licensed drugs
- Reinforcement of organization and function

[Progress]

<Development activities>

- JT to receive a manufacturing and marketing approval for CORECTIM® Ointment 0.5% (JTE-052) for the treatment of atopic dermatitis in Japan (January 2020)
- Top-line results of JTE-052 Ointment, JAK inhibitor, phase 3 clinical study in pediatric patients with atopic dermatitis (comparative study) in Japan (April 2019)
- Top-line results of phase 3 clinical study (comparative study) of Riona® (JTT-751) in adult patients with iron deficiency anemia in Japan (July 2019)
- JT to file a New Drug Application for a manufacturing and marketing approval for enarodustat (JTZ-951), a hypoxia inducible factor prolyl hydroxylase (HIF-PH) inhibitor, for the treatment of anemia associated with chronic kidney disease (CKD) in Japan (November 2019)

<In-licensing activities>

- Torii to enter into a license agreement with BioCryst Pharmaceuticals, Inc. for BCX7353, a plasma kallikrein inhibitor for the prevention of hereditary angioedema (HAE) attacks (November 2019)
- Torii to sign an exclusive license agreement with JT for co-development and commercialization of tapinarof in Japan (January 2020)

### III. Maintaining the trust of stakeholders

- Initiatives for enhancing and reinforcing corporate governance and compliance and for responding to various regulations

[Progress]

- Establishment of the Nomination and Compensation Advisory Committee as an advisory body for the Board of Directors
- Establishment of the Group for Supervision of Sales Information Provision and the Screening and Supervisory Committee based on the guidelines on sales information provision activities, introduction of document screening systems

## 2. Revision of the targets of the Medium-Term Management Plan 2021

The business environment is expected to remain challenging from FY2020 onward owing to NHI drug price revisions and the increasing impact of the growth of generic drugs, and Torii considers that the situation, which does not allow any optimism, will continue. In these circumstances, Torii continues to consider the following items as key managerial issues: I. business structure reform, II. growth strategy, and III. maintaining the trust of stakeholders.

Meanwhile, in view of the achievement of the target established at the formulation of the Medium-Term Management Plan 2021, which is, “to turn operating income\* positive in FY2022,” in FY2019 earlier than the plan, Torii has set a new target, which is, “to keep operating income\* positive and to increase profit throughout the period covered by the Medium-Term Management Plan 2021.” And Torii will continue to promote vigorous new business investments in order to ensure future profit growth.

Regarding distribution of surplus dividends, in accordance with the basic policy of distributing dividends in a continuous and stable manner, Torii will continue to pay the same level of dividends compare to the previous years, throughout the period covered by the Medium-Term Management Plan 2021, while considering business investments for future growth.

\*: Operating income excluding expenses relating to new business investments (investments including those for acquiring new in-licensed drugs and M&A)

### 【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.

Contact for Torii Pharmaceutical Co., Ltd.:  
Corporate Planning Department  
(Public Relations)  
Torii Pharmaceutical Co., Ltd.  
E-mail: [webmaster@torii.co.jp](mailto:webmaster@torii.co.jp)  
Tokyo: +81-3-3231-6814