

FOR IMMEDIATE RELEASE**Torii has announced Medium-Term Management Plan 2023-2025**

Torii Pharmaceutical Co., Ltd. (Torii) (TSE:4551) hereby announces that it has formulated the Medium-Term Management Plan 2023-2025 that covers the period from FY2023 to FY2025.

1. Status of progress in 2022 toward the Medium-Term Management Plan 2022-2024

Torii formulated the Medium-Term Management Plan 2022-2024 that covers the three-year period from FY2022 to FY2024, and has been implementing measures for its growth strategy and measures to maintain the trust of stakeholders in order to realize its Medium-/Long-Term Business Vision “VISION2030.” It has made the following progress through these measures.

Numerical indicator progress

Initial plan for FY2022	Results for FY2022	Increase/ decrease	What VISION2030 aims for
Net sales	Net sales	+¥0.6 billion	Net sales break the all-time high* ²
¥48.2 billion	¥48.8 billion		
Operating income (before deduction of research and development expenses)* ¹	Operating income (before deduction of research and development expenses)* ¹	+¥0.4 billion	Operating income comes within the range of breaking the all-time high* ³
¥6.7 billion	¥7.2 billion		

*1: It is difficult to foresee research and development expenses at this point in time, as these expenses fluctuate significantly due to aggressive business investments for medium-/long-term growth. For this reason, Torii sets operating income before deduction of research and development expenses as a numerical income indicator.

*2: ¥64.1 billion (fiscal year ended December 31, 2017)

*3: Operating income: ¥13.3 billion (fiscal year ended March 31, 2001)

The business environment surrounding the pharmaceutical industry is rapidly changing, including increased investment risk due to the increasing sophistication and difficulty of R&D, the drastic reform of the drug pricing system (NHI drug price revisions every year), and changes in information provision activities. Under these circumstances, we have steadily implemented the measures set forth in the Medium-Term Management Plan 2022-2024 and worked to spread, cultivate, and maximize the value of new drugs in the growth phase. Through these efforts, we have been able to surpass our initial plans, achieving net sales of ¥48.8 billion and operating income (before deduction of research and development expenses) of ¥7.2 billion, despite the continued impact to some extent on our business activities of factors such as the tendency of patients to refrain from visiting medical institutions, and self-imposed restrictions on visits to medical institutions by medical representatives (MRs) due to COVID-19.

The development of new drugs (JTE-061, TO-208) is advancing as planned, and we are steadily working to achieve the objectives of our Medium-/Long-Term Business Vision “VISION2030,” and implementing measures for further sustained growth.

2. Outline of the Medium-Term Management Plan 2023-2025

1) Formulation of the Medium-Term Management Plan 2023-2025

Torii has formulated the Medium-Term Management Plan 2023-2025 that covers the period from FY2023 to FY2025 to achieve its Medium-/Long-Term Business Vision “VISION2030.” Torii will continue to implement measures for its growth strategy and measures to maintain the trust of stakeholders that it began during the previous medium-term management plan in order to realize VISION2030.

2) Major Initiatives of the Medium-Term Management Plan 2023-2025

(1) Growth strategy	(2) Maintaining the trust of stakeholders
1. Spread, cultivate, and maximize the value of new drugs in the growth phase 2. Promote new drug development 3. Reinforce in-licensing systems 4. Maintenance of human resource systems in line with management strategies and work-style reforms 5. Corporate culture reform	1. Improve and strengthen stable supply systems 2. Compliance with pharmaceutical regulations and quality assurance 3. Reinforce compliance 4. Reinforce corporate governance 5. Initiatives on sustainability (new)

3) Numerical Indicators

Torii continues to set net sales and operating income before deduction of research and development expenses as numerical indicators for the Medium-Term Management Plan 2023-2025, in order to realize what VISION2030 aims for.

Forecast for FY2023	Guidance for FY2025 ^{*2}	What VISION2030 aims for
Net sales	Net sales	Net sales break the all-time high ^{*3}
¥50.9 billion	¥54.0 – 57.0 billion	
Operating income (before deduction of research and development expenses) ^{*1}	Operating income (before deduction of research and development expenses) ^{*1}	Operating income comes within the range of breaking the all-time high ^{*4}
¥7.6 billion	¥9.0 – 10.0 billion	

*1: It is difficult to foresee research and development expenses at this point in time, as these expenses fluctuate significantly due to aggressive business investments for medium-/long-term growth. For this reason, Torii sets operating income before deduction of research and development expenses as a numerical income indicator.

*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: ¥64.1 billion (fiscal year ended December 31, 2017)

*4: Operating income: ¥13.3 billion (fiscal year ended March 31, 2001)

3. Investments for Future Growth and Shareholder Returns

Torii recognizes that generating appropriate shareholder returns is one of the key issues of management, and our basic policy is distributing surplus dividends in a continuous and stable manner. In view of our investment and financial status from a medium- to long-term perspective focused on business growth, we enhance our shareholder returns. Regarding appropriation of surplus for FY2022, we will pay ¥100 per share.

For FY2023, in accordance with the policy and concept above, we plan to pay an annual dividend of ¥100 per share.

We will maintain our basic policy of continuous and stable dividends while further enhancing our shareholder returns, and in the future we will review the progress we have made in our business operations and investments while striving to improve dividend on equity ratio (DOE) over the medium to long term, aiming for a DOE level that compares favorably with that of other companies within the same industry.

【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
Tokyo: +81-3-3231-6814

Attachment “Medium-Term Management Plan 2023-2025”

February 10, 2023

Torii Pharmaceutical Co., Ltd.

CONTENTS

1. Corporate Philosophy “Torii Pharmaceutical’s Purpose”
2. Medium-/Long-Term Business Vision “VISION2030”
3. Progress of Medium-Term Management Plan 2022-2024 in 2022
4. Medium-Term Management Plan 2023-2025
5. Initiatives on Sustainability
6. Investments for Future Growth and Shareholder Returns

【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.

1. Corporate Philosophy

“Torii Pharmaceutical’s Purpose”

1. Corporate Philosophy “Torii Pharmaceutical’s Purpose”

Torii Pharmaceutical’s Purpose

We are committed to sincerely serving patients, their families, and those involved in medical care. We contribute to the healthy recovery of patients, as well as to a happy, enriched life free from fear of illness.

We will flexibly change and adapt to meet the needs of the times and the environment, while retaining the trust we have earned over our long history, and we will continue to take on the challenge of contributing to healthcare that only we can make.

Torii Pharmaceutical Co., Ltd. celebrated the 100th anniversary of its establishment in FY2021, and in FY2022 the 150th anniversary of the founding of Uenoya, its predecessor. Looking back on its long history, Torii has defined its unchanging aspirations for the future as its corporate philosophy.

1. Corporate Philosophy “Torii Pharmaceutical’s Purpose”

Corporate Philosophy System

Corporate philosophy:
Torii Pharmaceutical’s Purpose

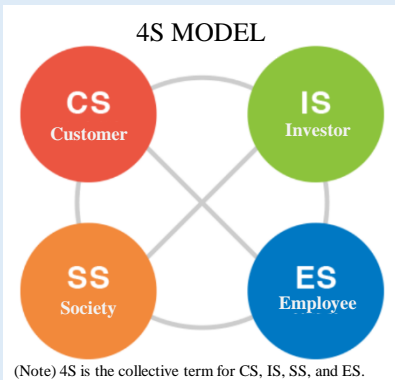
We are committed to sincerely serving patients, their families, and those involved in medical care. We contribute to the healthy recovery of patients, as well as to a happy, enriched life free from fear of illness.

We will flexibly change and adapt to meet the needs of the times and the environment, while retaining the trust we have earned over our long history, and we will continue to take on the challenge of contributing to healthcare that only we can make.

Our Important Values: **TORII’s POLICY**

- Treasure all human connections
- Sincerity and commitment are Torii’s finest qualities
- We all have a stake. We all have a role.
- Try new things without fear
- All of our past experiences fuel our continued growth

Basic Management Stance: **4S MODEL**



(Note) 4S is the collective term for CS, IS, SS, and ES.

Through the circulation/expansion of capital generated by our high-quality business activities, we will fulfill our responsibilities to our customers, shareholders, society, and employees in a balanced way and enhance their overall satisfaction.

CS (Customer Satisfaction): Our Responsibility to Customers

We strive to improve the quality of life (QOL) of patients by supplying superior medicines and accurate information through medical professionals.

IS (Investor Satisfaction): Our Responsibility to Shareholders

We disclose timely, accurate corporate information and endeavor to generate appropriate shareholder returns and improve our corporate value.

SS (Social Satisfaction): Our Responsibility to Society

We maintain a high ethical standard regarding our corporate social responsibility through business activities that reflect the needs of society.

ES (Employee Satisfaction): Our Responsibility to Employees

We aim to provide motivation and fulfillment to all our employees by respecting every individual, ensuring equal opportunities for career advancement, and by treating employees fairly on the basis of unbiased assessments.

2. Medium-/Long-Term Business Vision “VISION2030”

2. Medium-/Long-Term Business Vision “VISION2030”

What Torii aims for in 2030

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.

Target of VISION2030

- Net sales break the all-time high*¹
- Operating income comes within the range of breaking the all-time high*²

*1: ¥64.1 billion (fiscal year ended December 31, 2017)

*2: ¥13.3 billion (fiscal year ended March 31, 2001)

Business Strategy

- 1) Enhance in-licensed activities
- 2) Create a framework for maximizing product value

3. Progress of Medium-Term Management Plan 2022-2024 in 2022

3. Progress of Medium-Term Management Plan 2022-2024 in 2022

Reposted: Documents disclosed on February 10, 2022

◆ Numerical indicators for the Medium-Term Management Plan 2022-2024

Torii sets net sales and operating income before deduction of research and development expenses as numerical indicators for the Medium-Term Management Plan 2022-2024, in order to realize what VISION2030 aims for

Forecast for FY2022		Guidance for FY2024*2		What VISION2030 aims for
Net sales		Net sales		Net sales break the all-time high*3
¥48.2 billion	➔	¥52.0 – 55.0 billion	➔	
Operating income (before deduction of research and development expenses) *1		Operating income (before deduction of research and development expenses) *1		Operating income comes within the range of breaking the all-time high*4
¥6.7 billion		¥8.0 – 9.0 billion		

*1: It is difficult to foresee research and development expenses at this point in time, as these costs fluctuate significantly due to aggressive business investments for medium-/long-term growth. For this reason, Torii sets operating income before deduction of research and development expenses as a numerical income indicator.

*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: ¥64.1 billion (fiscal year ended December 31, 2017)

*4: Operating income: ¥13.3 billion (fiscal year ended March 31, 2001)

3. Progress of Medium-Term Management Plan 2022-2024 in 2022

◆ Progress of numerical indicators in 2022

➤ Initial Plan: Achieved

Both net sales and operating income surpassed the initial plans, due to strong sales of products such as ORLADEYO capsules CORECTIM ointment.

	Initial plan for FY2022	Results for FY2022	Increase/decrease of results from initial plan for FY2022
Net sales	¥48.2 billion	¥48.8 billion	+ ¥0.6 billion
Operating income (before deduction of research and development expenses)	¥6.7 billion	¥7.2 billion	+ ¥0.4 billion

3. Progress of Medium-Term Management Plan 2022-2024 in 2022

Reposted: Documents disclosed on February 10, 2022

◆ Major initiatives of the Medium-Term Management Plan 2022-2024

<Growth strategy>

- Spread, cultivate, and maximize the value of new drugs in the growth phase (ENAROY, Riona, CORECTIM, CEDARCURE, MITICURE, ORLADEYO)
- Promote new drug development (JTE-061, VP-102)
- Reinforce in-licensing systems
- Maintenance of human resource systems in line with management strategies and work-style reforms
- Corporate culture reform

<Maintaining the trust of stakeholders>

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

3. Progress of Medium-Term Management Plan 2022-2024 in 2022

◆ Main topics of major initiatives (as of February 10, 2023)

1. Spread, cultivate, and maximize the value of new drugs in the growth phase (ENAROY, Riona, CORECTIM, CEDARCURE, MITICURE, ORLADEYO)

- Steady growth of each product (increased sales year-on-year)
- CORECTIM: Improved convenience, increased value by expanding target patients
 - ✓ Launched 10g tubes of CORECTIM Ointment 0.5% (July 2022)
 - ✓ Revised CORECTIM Ointment drug package inserts (reflected the results of Phase III clinical study for infant patients with atopic dermatitis) (January 2023)

2. Promote new drug development (JTE-061, TO-208)

- Favorable progress in development of each product
 - ✓ Announced the top-line results of Phase III clinical study of JTE-061 in patients with atopic dermatitis in Japan (July 2022)
 - ✓ Announced the top-line results of Phase III clinical study of JTE-061 in patients with psoriasis vulgaris in Japan (September 2022)
 - ✓ Began Phase III clinical study of TO-208 for indications of molluscum contagiosum (July 2022)

3. Reinforce in-licensing systems

- Obtained one new in-licensed drug through active in-licensed activities
 - ✓ Concluded a license agreement with Nogra Pharma Limited with respect to Nogra's skin disease treatment drug in Japan (NAC-GED-0507) (January 2023)

4. Reinforce corporate governance

- We implemented the following initiatives and measures, taking into consideration the internal and external environment and the expectations of stakeholders.
 - ✓ Initiatives on sustainability (formulated the basic policy and identified material issues) *Detailed explanations on slides ● to ●.
 - ✓ Terms of office of directors to be shortened (from two years to one year) (a proposal to be submitted at the General Meeting of Shareholders to be held in March 2023)

Reference: Overview of the R&D pipeline

Development code	Indication	Formulation /Route of administration	Domestic development stage				
			Phase I	Phase II	Phase III	Application	Approval

Skin diseases

JTE-052 “CORECTIM”	Atopic dermatitis in infant	Topical	Revised drug package inserts (added atopic dermatitis in infant) (January 2023)				
JTE-061	Atopic dermatitis	Topical					
	Proriasis Vulgaris	Topical					
	Atopic dermatitis in children	Topical					
TO-208	Molluscum contagiosum	Topical					

Allergens

TO-203 “MITICURE”	House dust mite induced allergic asthma	Sublingual tablet					
----------------------	---	-------------------	--	--	--	--	--

4. Medium-Term Management Plan 2023-2025

Starting with the Medium-Term Management Plan 2022-2024, Torii will formulate its medium-term management plan on a rolling basis, reviewing the plan annually based on changes in the market environment to respond quickly and flexibly to changes in the market environment.

4. Medium-Term Management Plan 2023-2025

◆ Numerical indicators for the Medium-Term Management Plan 2023-2025

Torii sets net sales and operating income before deduction of research and development expenses as numerical indicators for the Medium-Term Management Plan 2023-2025, in order to realize what VISION2030 aims for

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

*1: It is difficult to foresee research and development expenses at this point in time, as these costs fluctuate significantly due to aggressive business investments for medium-/long-term growth. For this reason, Torii sets operating income before deduction of research and development expenses as a numerical income indicator.

*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: ¥64.1 billion (fiscal year ended December 31, 2017)

*4: Operating income: ¥13.3 billion (fiscal year ended March 31, 2001)

4. Medium-Term Management Plan 2023-2025

◆ Major initiatives of the Medium-Term Management Plan 2023-2025

1. Made good progress in major initiatives and financial results in FY2022

⇒ We will not make any major strategy changes, and will continue with the two pillars of “growth strategy” and “maintaining the trust of stakeholders.”

2. Newly added “Initiatives on sustainability” to major initiatives

<Growth strategy>

- Spread, cultivate, and maximize the value of new drugs in the growth phase (ENAROY, Riona, CORECTIM, 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

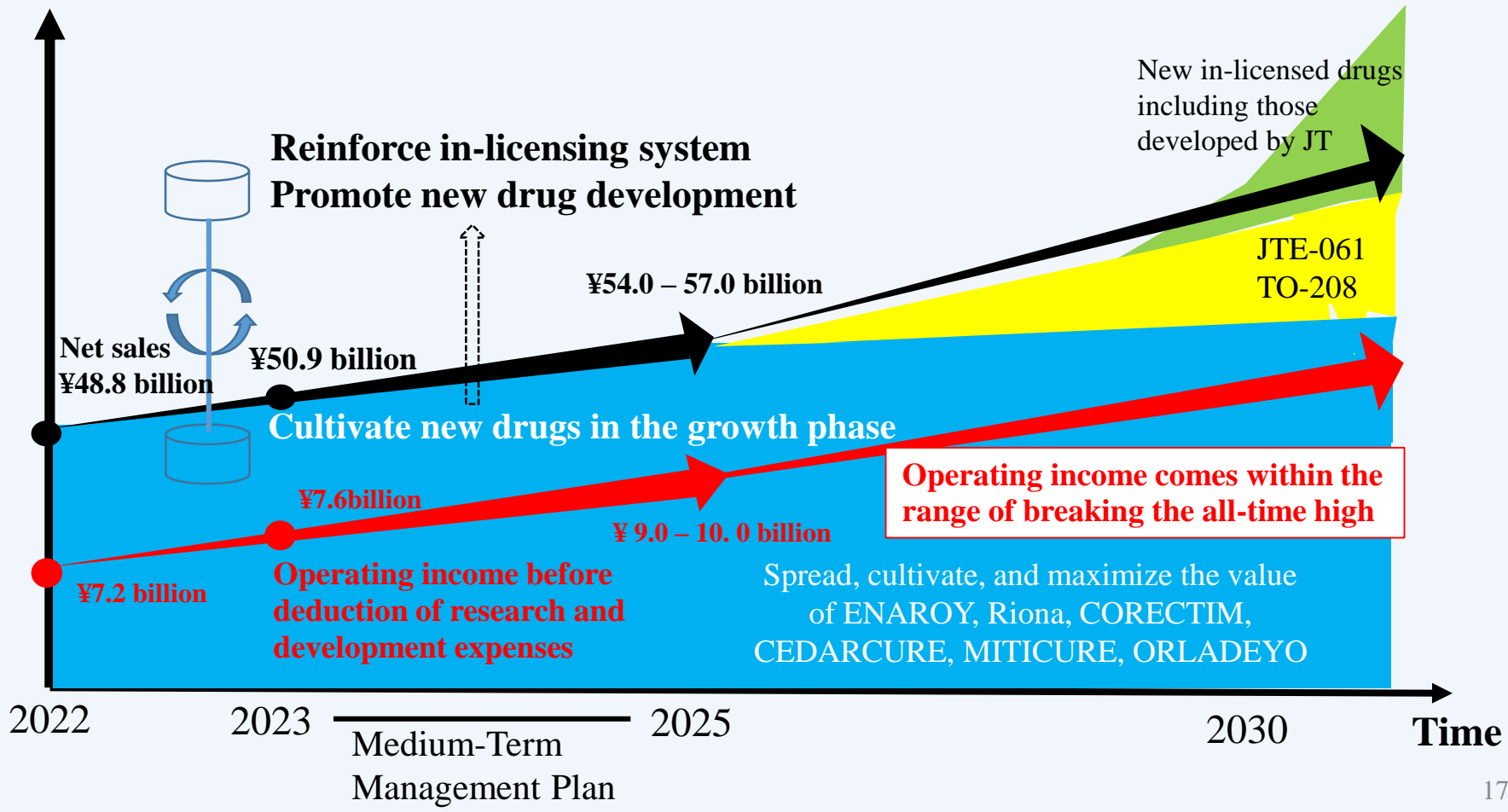
<Maintaining the trust of stakeholders>

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

4. Medium-Term Management Plan 2023-2025 and VISION2030

Overview of the strategy, measures, and numerical indicators

Net sales and the amount of operating income



5. Initiatives on Sustainability

We organized sustainability initiatives with the aim of contributing to the sustainable growth of the Company, improving our corporate value over the medium to long term, and realizing a sustainable society.

5. Initiatives on Sustainability

◆ Formulation of the Basic Policy on Sustainability and identification of materiality

Based on our basic management stance, the 4S MODEL, we meet the expectations and needs of all of our stakeholders, such as customers, investors, society, and employees found by collaborating with them through our communications and cooperation. We do so in a way that balances our responsibilities to each of our stakeholders and enhances their overall satisfaction. We recognize that our constant efforts to do this have not only contributed to our sustainable growth and the improvement of our medium- to long-term corporate value, but also to the realization of a sustainable society. Based on the recognition mentioned above, we have taken on challenges related to sustainability, such as environmental issues, human rights issues, labor environment, and diversity within our company, including the promotion of the active participation by female employees.

From the perspective of maintaining the trust of stakeholders, we have formulated a basic policy on sustainability with the aim of achieving sustainable growth and improving our medium- to long-term corporate value, and we have identified material issues (materiality) that we should address.

Going forward, we will continue to work to promote sustainability based on the 4S MODEL, and we will enhance the initiatives we carry out based on our Basic Policy on Sustainability and material issues (materiality). We plan to disclose details regarding these initiatives and related information through our website, etc.

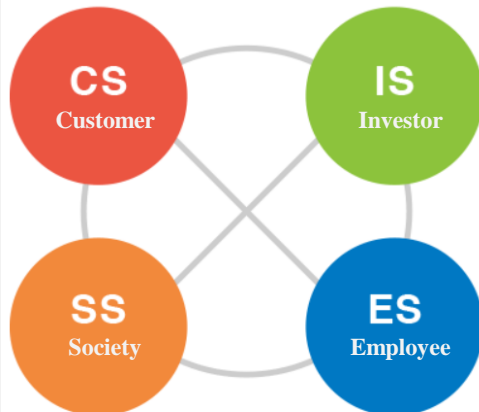
5. Initiatives on Sustainability

◆ Basic Policy on Sustainability

“In order to realize Torii Pharmaceutical’s Purpose permanently, our corporate philosophy, we will work ceaselessly to fulfill our responsibilities in a well-balanced manner for each of our stakeholders and enhance their overall satisfaction, based on the 4S MODEL*, our basic management stance. Through this, we will not only achieve sustainable growth and improve our medium- to long-term corporate value, but we will also contribute to the realization of a sustainable society.

To promote the implementation of our sustainability initiatives, we have identified material issues (materiality) which have a large impact on the sustainability of society and of our business and which we should therefore give high priority. In identifying these material issues, we have taken into consideration the expectations and needs of stakeholders recognized by collaborating with them through our communications and cooperation, and therefore we will work appropriately to solve these issues.”

4S MODEL



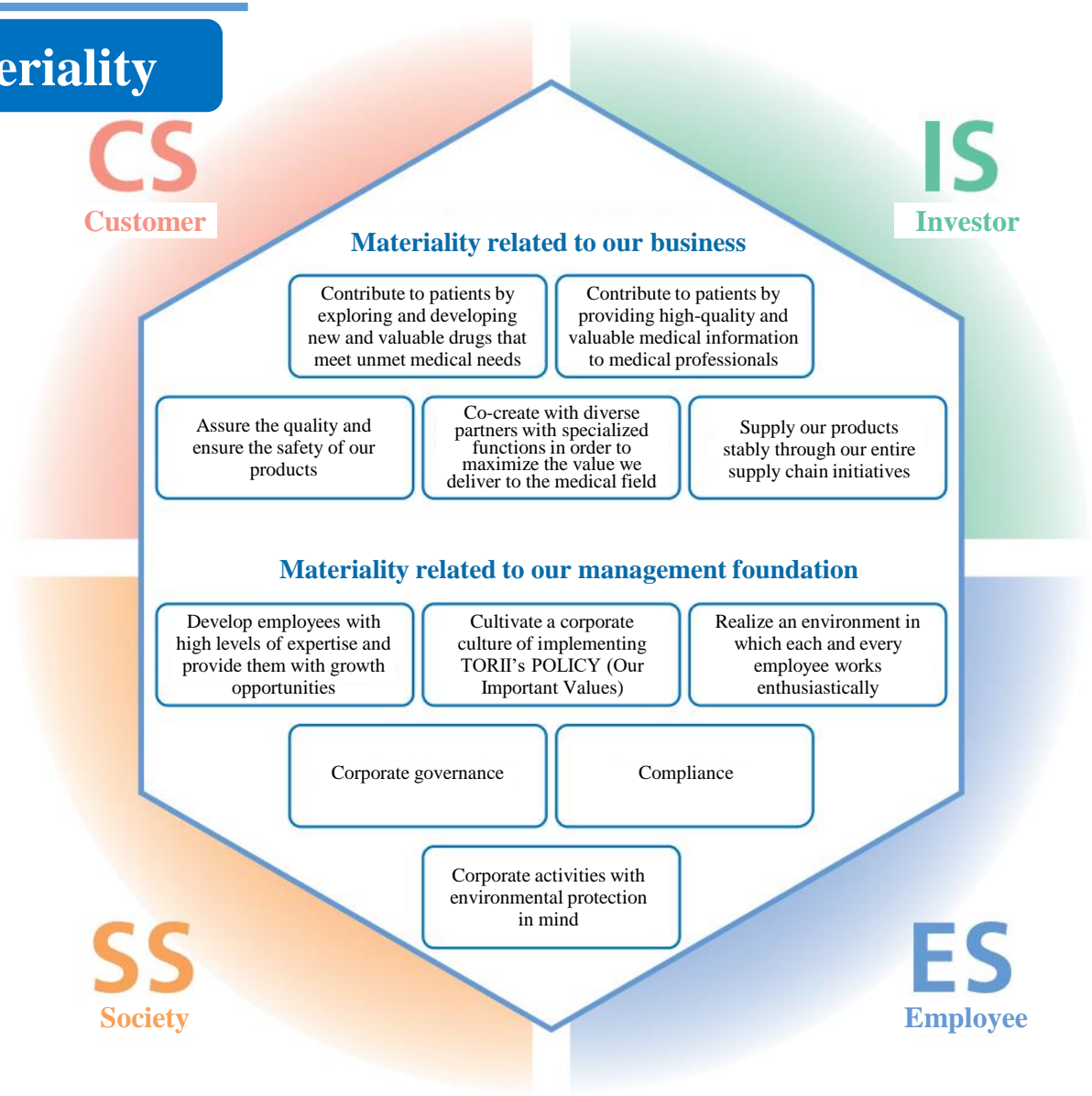
(Note) 4S is the collective term for CS, IS, SS, and ES.

*Basic Management Stance: 4S MODEL

Through the circulation/expansion of capital generated by our high-quality business activities, we will fulfill our responsibilities to our customers, shareholders, society, and employees in a balanced way and enhance their overall satisfaction.

5. Initiatives on Sustainability

◆ Materiality



6. Investments for Future Growth and Shareholder Returns

6. Investments for Future Growth and Shareholder Returns

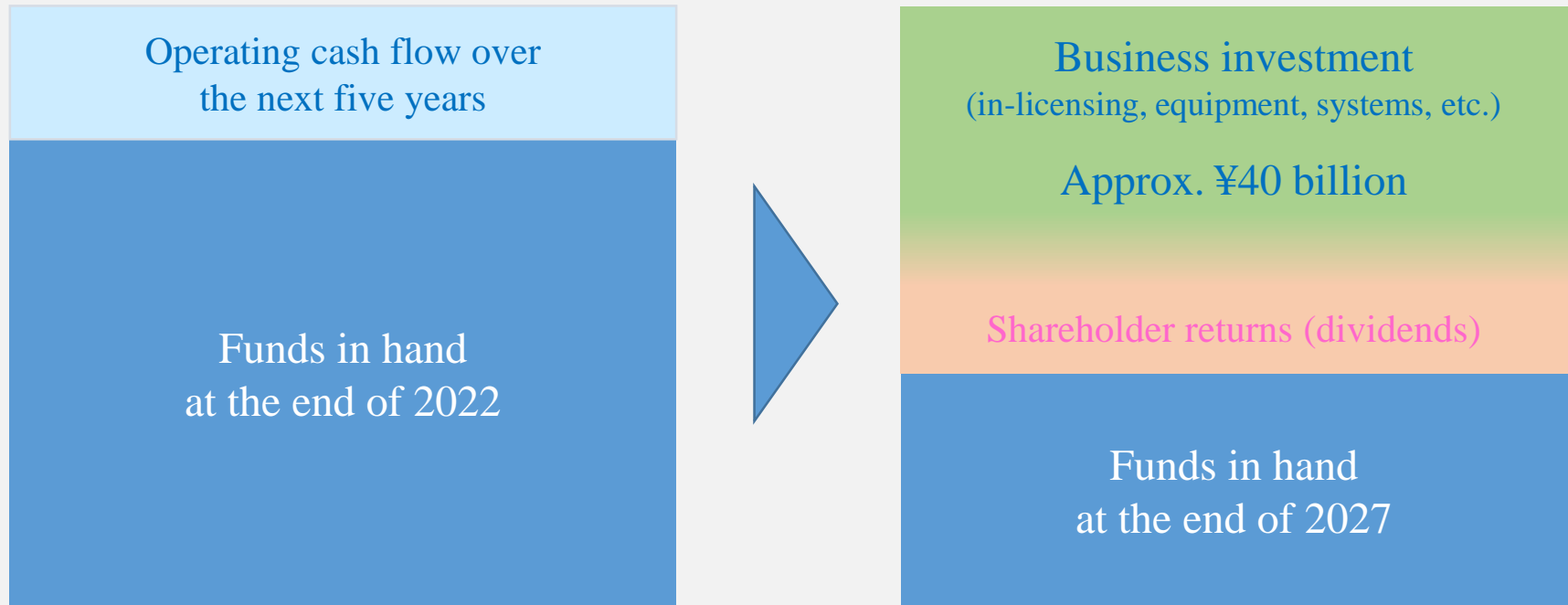
- **In accordance with the basic policy of distributing dividends in a continuous and stable manner, we enhance our shareholder returns in view of our investment and financial status from a medium- to long-term perspective focused on business growth.**
 - **FY2022 dividend: We plan to increase the annual dividend to ¥100 per share (increased by ¥52 from the latest dividend forecast of ¥48)**
 - **FY2023 dividend: In accordance with the policy and concept above, we plan to pay an annual dividend of ¥100 per share.**
- **Going forward, we will maintain our basic policy of continuous and stable dividends while further enriching our shareholder returns, and review the progress we have made in our business operations and investments while striving to improve DOE over the medium to long term, aiming for a DOE level that compares favorably with that of other companies within the same industry.**

Dividend trend

Fiscal year	FY2021	FY2022	FY2023
Dividend per share	Total: ¥48 Interim dividend: ¥24 Year-end dividend: ¥24	Total: ¥100 (planned) Interim dividend: ¥24 Year-end dividend: ¥76	Total: ¥100 (planned) Interim dividend: ¥50 Year-end dividend: ¥50
DOE	1.2%	2.4%	—
ROE	2.9%	3.4%	—
Dividend payout ratio	40.0%	71.2%	90.6%

6. Investments for Future Growth and Shareholder Returns

- ◆ Reference : image of capital allocation for the following five years (until the end of 2027, when this stage of intensive investment will draw to a close)



(Note) The capital allocation diagram above does not represent future investment scale objectives.