



JAPAN TOBACCO INC.
2-1, Toranomom 2-chome, Minato-ku
Tokyo 105-8422 JAPAN
Phone:03-3582-3111

FOR IMMEDIATE RELEASE

Tokyo, February 6, 2019

Notice of the Announcement by a Subsidiary Company

Japan Tobacco Inc. (JT) (TSE: 2914) announces that Torii Pharmaceutical Co., Ltd. (Torii) (TSE:4551), our subsidiary company, made the following announcement.

This announcement will not have any material impact on the JT Group's consolidated performance.

(Attachment)

1. Torii has announced the Medium-Term Management Plan 2021
2. TRANSFER OF RIGHTS TO protease inhibitor FUTHAN® for injection

###

Japan Tobacco Inc. is a leading international tobacco company with operations in more than 130 countries. With close to 60,000 employees, it manufactures and sells some of the world's best-known brands including Winston, Camel, MEVIUS and LD. The JT Group is committed to investing in Reduced-Risk Products (RRP) and currently markets Ploom TECH, its tobacco vapor product, and various e-cigarette products under the Logic brand. The Group is also present in the pharmaceutical and processed food businesses. For more information, visit <https://www.jt.com/>.

Contacts: Masahito Shirasu, General Manager
Media and Investor Relations Division
Japan Tobacco Inc.
Tokyo: +81-3-5572-4292
E-mail: jt.media.relations@jt.com



Tokyo, February 6, 2019

FOR IMMEDIATE RELEASE**Torii has announced the Medium-Term Management Plan 2021**

Today, Torii Pharmaceutical Co., Ltd (Torii) (TSE:4551) has announced its new management plan called the Medium-Term Management Plan 2021.

1. Review of the Medium-Term Management Plan 2018

Torii was trying to grow its business sustainably and improve its corporate value through the Medium-Term Management Plan 2018 (from FY2016 to FY2018).

1) Management target achievement level

	Targets for FY2018	Results for FY2018	Differences
Net sales	¥62.0 billion	¥62.5 billion	¥0.5 billion
Operating income (before deduction of research and development expenses)	¥8.0 billion	¥9.0 billion	¥1.0 billion
Dividend per share	¥48/year (during the period covered by the Medium-Term Management Plan)	(Forecast)¥48/year (during the period covered by the Medium-Term Management Plan)	-

Torii achieved its management targets despite the large impact of the drastic reform of the drug pricing system, which was not anticipated when the Medium-Term Management Plan 2018 was formulated.

Torii maintained stable shareholder returns in accordance with the basic policy of distributing dividends in a continuous and stable manner, taking into consideration factors such as the need for investment to secure future prosperity.

2) Result of in-licensed new drugs.

Torii concluded a total of five agreements, four of which were in-licensing agreements from FY2016 to FY2018 as follows.

- Sales tie-up for Taltz, a drug for treatment of psoriasis
- In-licensing agreements for JTS-661, an antipruritic agent*¹
- JTE-052, a JAK inhibitor for topical use in dermatological indications
- JTZ-951, an oral HIF-PH inhibitor
- Calcifediol extended-release capsules*²

*1: Although a licensing agreement was concluded and development started, it was decided to discontinue development and the licensing agreement was terminated.

*2: Japan Tobacco Inc. (JT) (TSE:2914) concluded a licensing agreement and Torii is expected to commercialize the product once it is approved.

2. Outline of the Medium-Term Management Plan 2021

1) Overview 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, and 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, by establishing systems capable of continuously generating profit through the implementation of I. business structure reform, II. growth strategy, and measures for III. maintaining the trust of stakeholders, Torii aims to turn operating income*³ positive in FY2022.

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

2) Measures

I. Business structure reform

● Optimization of the organizational structure, functions, and workforce

In order to optimize the organizational structure, functions, and workforce suitable for the scale of the business, Torii will introduce a special program supporting employees who wish to retire voluntary and embark on a new career. At the same time, along with consolidation and elimination of branches, integration of R&D functions into JT, and reorganization of the head office, Torii will reduce the number of different products manufactured at our plant step by step.

● Review of resource allocation and maximization of performance

Viewing “renal disease and hemodialysis”, “skin disease” and “allergens” as franchise areas, Torii will strategically allocate resources, taking into consideration the situations of each area and our strengths, and establish an efficient business structure and operate it efficiently while emphasizing appropriate allocation of limited resources. Regarding long term listed drug, Torii will promote their transfer or contracting of their production to other companies in light of the expected decline in profitability.

II. Growth strategy

- **Maximization of value of products currently under co-development with JT**

Torii will maximize value of JTT-751, JTE-052(application), and JTZ-951 that are in Phase III clinical trials conducted jointly with JT.

- **Co-development new innovative drugs with JT and acquisition of new in-licensed drugs**

In order to acquire new in-licensed drugs under Torii's flexible strategy with JT, Torii will broaden the target for search and in-licensing to include candidates in and around the franchise areas. Also, Torii will steadily progress calcifediol extended-release capsules with JT.

- **Reinforcement of organization and function**

In order to progress its growth strategy and explore long-term growth while monitoring current and future trends concerning medicine and healthcare, Torii will establish a new organization responsible for the product development strategy and increase the workforce in the Business Development Dept. and integrate the necessary functions.

Moreover, Torii will establish a flexible activity structure that can meet the changing needs of society, such as the guidelines on sales information provision activities published by the Ministry of Health, Labor and Welfare as well as further enhancing capabilities of MRs and MSLs*4

*4: MSLs (Medical Science Liaison)

Independent of marketing and promotion departments MSLs promote appropriate use of products from medical and scientific perspectives and promote maximization of product value.

III. Maintaining the trust of stakeholders

While continuing initiatives for enhancing and reinforcing corporate governance and promoting compliance, Torii will also appropriately respond to the changing needs of society, such as the revised Corporate Governance Code and the guidelines on sales information provision activities.

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.

【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.



Tokyo, February 6, 2019

FOR IMMEDIATE RELEASE

TRANSFER OF RIGHTS TO protease inhibitor FUTHAN® for injection

Today, Torii Pharmaceutical Co., Ltd (Torii) (TSE:4551) has announced that Nichi-Iko Pharmaceutical Co., Ltd. (Nichi-Iko) (TSE:4541) will acquire the marketing authorization and take over the marketing activities for protease inhibitor FUTHAN ® 10mg and 50mg for injection (“FUTHAN”) from Torii on April 1, 2019.

1. Rationale of the transfer

FUTHAN has long been used for treatments for many patients as one of main products in renal disease and hemodialysis of Torii since 1986. Torii intends to focus on extending and maximizing values of the new products and transfer FUTHAN, based on the drastic reform of the drug price system.

On the other hand, Nichi-Iko hopes to continue contributing to patients and their family, and to enhance the corporate presence in blood purification area.

So, Torii and Nichi-Iko have entered an agreement.

2. Overview of the transfer

Products		FUTHAN ® 10mg for injection FUTHAN ® 50mg for injection	
Indication	FUTHAN 10mg	FUTHAN 50mg	Improvement of acute symptoms of pancreatitis
			Disseminated Intravascular Coagulation (DIC) Prevention of coagulation of perfused blood during extravascular circulation of patients with bleeding lesions or bleeding tendencies
Launch		FUTHAN 10mg : October, 1986 FUTHAN 50mg : June, 1989	
Sales		1.1billion yen in 2018	

Nichi-Iko will be responsible for not only providing and gathering FUTHAN's information but also supplying FUTHAN stably from April 1, 2019.

Even then the transfer day, Torii will product FUTHAN until Nichi-Iko prepares its production line.

Torii will receive a consideration from Nichi-Iko. Nich-Iko and Torii don't disclose the amount of consideration because of business circumstances.

3. Overview of Nichi-Iko

(1) Name	Nichi-Iko Pharmaceutical Co., Ltd.	
(2) Address	(HQ)1-6-21 Sogawa, Toyama City, Toyama Prefecture, Japan (Tokyo HQ)5-4 Nihonbashi-Honcho 1-chome, Chuo-ku, Tokyo, Japan	
(3) Representative	President and CEO: Yuichi Tamura	
(4) Business	Manufacturing, sales, distribution, export, import and related activities for various types of pharmaceuticals	
(5) Capital	19,976 million yen	
(6) Foundation	July 15 1965	
(7) Total Equity	100,646 million yen (As of September 30,2018)	
(8) Total Assets	281,722 million yen (As of September 30,2018))	
(9) Principal shareholders (As of September 30,2018)	TAMURA Co., Ltd.	7.61%
	Hokuriku Bank, Ltd.	4.74%
	Taku Co., Ltd.	3.56%
	Yuichi Tamura	3.00%
	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.37%
	Japan Trustee Services Bank, Ltd. (Trust Account)	2.23%
	Nipro Corporation	2.21%
	Japan Trustee Services Bank, Ltd. No.9	2.02%
	Japan Trustee Services Bank, Ltd. No.5	1.66%
	Nichi-Iko Employee Shareholding Association	1.41%
	(10) Relationship with Torii	Capital
Personnel		None
Business		None
Related party		None

4. Schedule

(1)The date of the board of directors	February 6, 2019
(2)The date of agreements	February 6, 2019
(3)The date of transfer	April 1, 2019

5. Impact on Financial Performance

Torii's forecasts in the fiscal year ending December 2019, which is announced today, already includes this transfer and consideration from Nichi-Iko.

Contact for Torii Pharmaceutical Co., Ltd.:
Corporate Planning Department
(Public Relations)
Torii Pharmaceutical Co., Ltd.
Tokyo: +81-3-3231-6814