

Results of Operations
for the First Nine Months of the Fiscal Year
Ending March 31, 2023

February 13, 2023
ROHTO Pharmaceutical Co., Ltd.

Highlights of the First Nine Months of FY3/2023

- ❑ Summary
 - ❑ Despite the impact of COVID-19, sales increased significantly due to a recovery in consumer confidence and product proposals tailored to customers' needs, as well as sharp depreciation of the yen.
 - ❑ Despite deterioration of the cost of sales ratio, a significant increase in sales and efforts to efficiently utilize SG&A expenses resulted in significant increases in all profit categories. Sales and profit levels reached record highs in 3Q.
 - ❑ Achieved substantial sales and profit growth in the domestic market
 - ❑ Sales rose above the pre COVID-19 levels due to continued strong sales of “Melano CC” —with particularly brisk sales of the enzyme face wash marketed under this brand, sunscreens, “Hadalabo,” “Rohto V5 Grain,” etc.
 - ❑ Lip balm, previously sluggish due to the habit of wearing masks, is also on a recovery trend.
 - ❑ Rapid test kit for new COVID-19 antigen also contributed to sales growth
 - ❑ Amato Pharmaceutical Products, Ltd. and Rohto Nitten Co., Ltd. also contributed to sales and profit.
 - ❑ Overseas sales and profit also rose significantly in all segments.
 - ❑ Upwardly revised full-year earnings forecast.
 - ❑ Year-end dividend to be increased to 12 yen, resulting in full-year dividends of 32 yen (a 2-for-1 stock split was implemented with December 31, 2022 as the record date.)
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Q3 FY3/2023 Consolidated Results

(Millions of yen, rounded down)

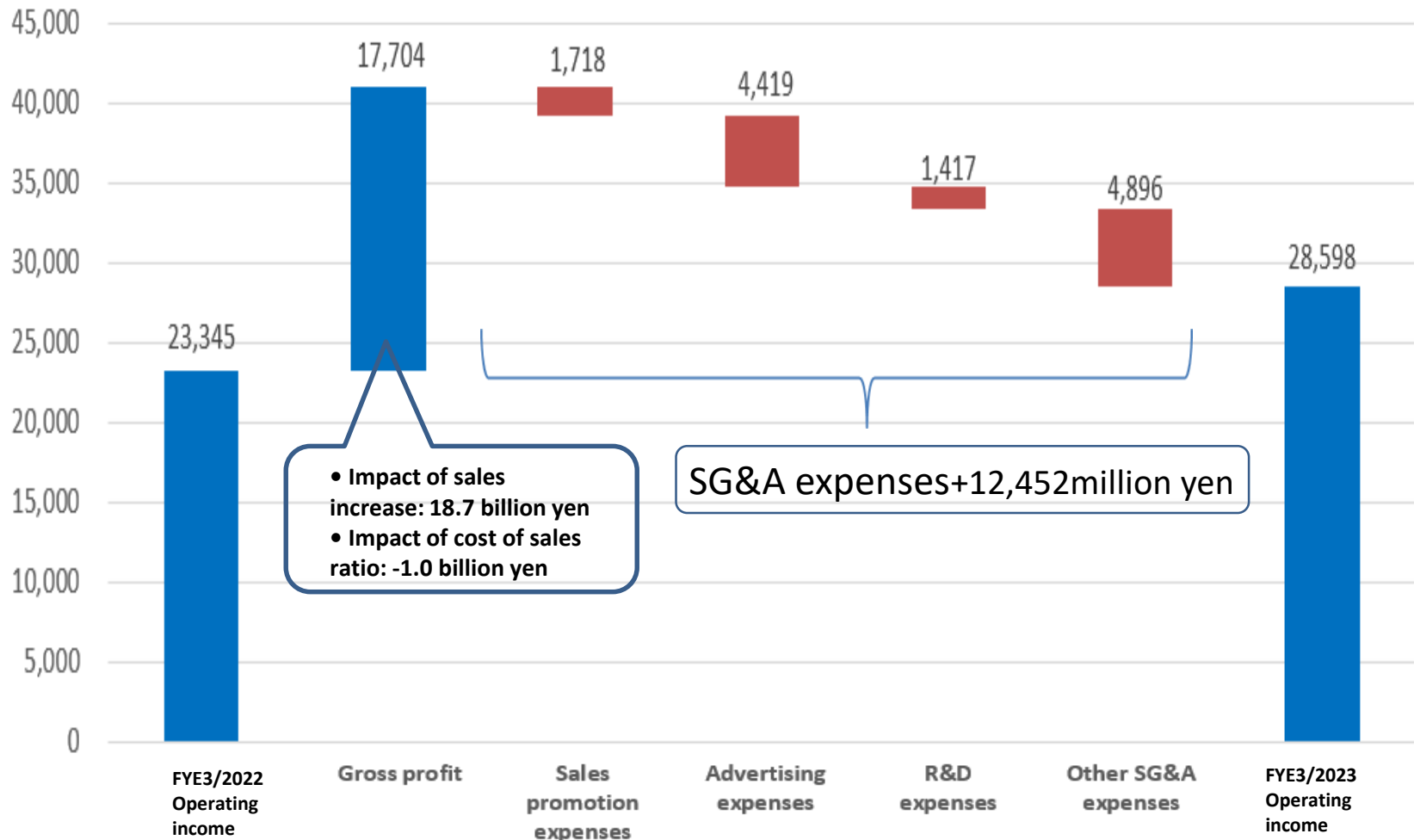
	Q3FY3/2023 Accounting Standard for Revenue Recognition	Share of net sales (%)	Q3FY3/2022 Accounting Standard for Revenue Recognition	YoY change (Amount)	YoY change (%)
Net sales	176,263	100.0	144,022	32,241	22.4
Cost of sales	74,828		60,291	14,536	24.1
Cost of sale rate	42.5		41.9		
SG&A expenses	72,837	41.3	60,384	12,452	20.6
Promotional expense	9,910	5.6	8,192	1,718	21.0
Advertisement	21,474	12.2	17,055	4,419	25.9
R&D Exp	7,611	4.3	6,193	1,417	22.9
Others	33,840	19.2	28,943	4,896	16.9
Operating income	28,598	16.2	23,345	5,252	22.5
Ordinary income	29,540	16.8	23,537	6,002	25.5
Profit attributable to owners of parent	21,637	12.3	17,110	4,527	26.5

※Accounting Standard for Revenue Recognition was applied from the previous fiscal year.

※Exchange Rate : [US\$ / Yen] = 134.67

Consolidated OI growth Y on Y (3Q)

(Millions of yen)



3Q FY3/2023 Sales by Reportable Segment

(Millions of yen, rounded down)

		Q3FY3/2022		Q3FY3/2023			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)
Net sales		144,022	100.0	176,263	100.0	32,241	22.4
Reportable segment	Japan	88,449	61.4	100,820	57.2	12,370	14.0
	Asia	39,553	27.5	51,740	29.4	12,186	30.8
	America	6,751	4.7	12,459	7.1	5,708	84.5
	Europe	7,817	5.4	9,438	5.4	1,621	20.7
	Total	142,572	99.0	174,459	99.0	31,887	22.4
Others		1,449	1.0	1,803	1.0	353	24.4
Exchange rate (Yen/USD)		110.52		134.67			

* Net sales indicate sales to customers

*Accounting Standard for Revenue Recognition was applied from the previous fiscal year.

3Q FY3/2023 Operating Income

(Millions of yen, rounded down)

		Q3FY3/2022		Q3FY3/2023			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)
Operating income		23,345	100.0	28,598	100.0	5,252	22.5
Reportable segment	Japan	15,085	64.6	17,241	60.3	2,155	14.3
	Asia	7,173	30.7	9,865	34.5	2,691	37.5
	America	128	0.6	327	1.2	199	155.2
	Europe	564	2.4	755	2.6	190	33.8
	Total	22,951	98.3	28,188	98.5	5,236	22.8
Others		121	0.5	188	0.7	66	54.6
Adjustment		272	1.2	221	0.8	△ 50	18.7
Exchange rate (Yen/USD)		110.52		134.67			

*Accounting Standard for Revenue Recognition was applied from the previous fiscal year.

Japan: Significant Increase in Sales and Profits

Sales: ¥100,820 million, up 14.0% YoY

Operating profit: ¥17,241million, up 14.3% YoY

- ❑ Sales increased thanks to the product proposals that meet customers' needs, in addition to the recovery of consumer confidence.
- ❑ Sales increased in all product categories.
- ❑ Sales rose above the pre-COVID-19 levels due to continued strong sales on “Melano CC,” sunscreen, “Hadalabo,” “Rohto V 5 Grain,” etc.
- ❑ Lip balm, previously sluggish due to the habit of wearing masks, is also on a recovery trend.
- ❑ COVID-19 antigen rapid test kits also contributed to sales increase.
- ❑ Amato Pharmaceutical Products, Ltd. and Rohto Nitten Co., Ltd. both contributed to sales and profits increases.

Amato Pharmaceutical Products, Ltd.
launched its own e-commerce website in
March 2022.



- ❑ Profit increased significantly due to sales increase and efficient use of SG&A expenses.

Strong Sales of Major Products

▣ Sales of many products are higher than before the pandemic.

- ▣ HADALABO 3Q FY3/2023 : ¥10,662 million (up 17.6% YoY)
- ▣ Melano CC 3Q FY3/2023 : ¥8,419 million (up 63.9% YoY)
- ▣ Sunscreens 3Q FY3/2023 : ¥3,769 million (up 46.0% YoY)
- ▣ Rohto V5 Grain 3Q FY3/2023: ¥3,836 million (up 35.4% YoY)
- ▣ Lip balm 3Q FY3/2023: ¥3,985 million (up 22.8% YoY)



“Rohto V5 Grin ACT-VISION” is very popular on e-commerce channels too.



Strong sales in HADALABO Shirojyun Premium and newly released Gokujyun Aging Care.



Melano CC became the best-selling serum in drugstores (on a unit basis).



• Skin Aqua Tone Up UV Essence allows the choice of desired skin tone.

Inbound demand on a recovery trend.

Inbound and e-commerce sales approx. ¥1,810 million (up ¥230 million YoY)



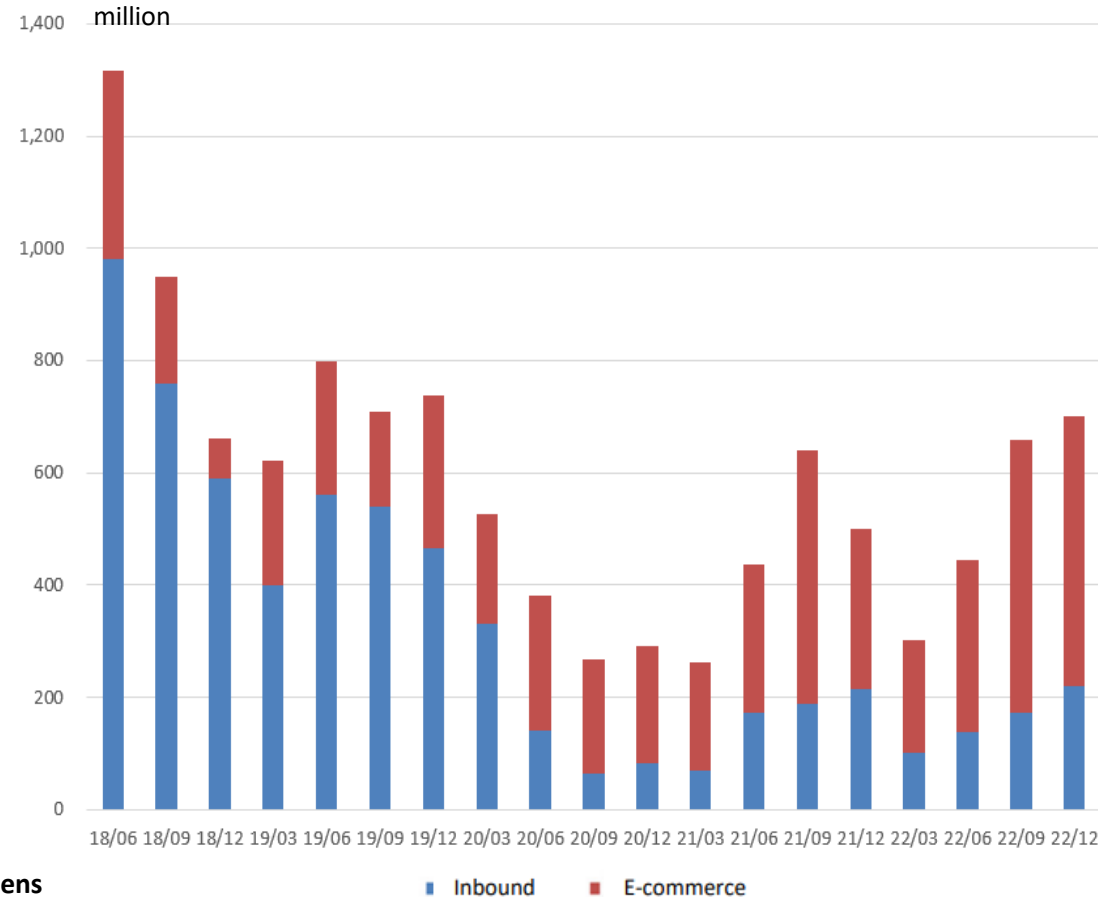
Popular Melano CC series



episteme STEM SCIENCE drink



Eye drops and contact lens cleaning solutions also have strong demand.



Sales to foreign tourists in Japan

Asia: Significant Increase in Sales and Profits

Sales: ¥51,740 million, up 30.8% YoY

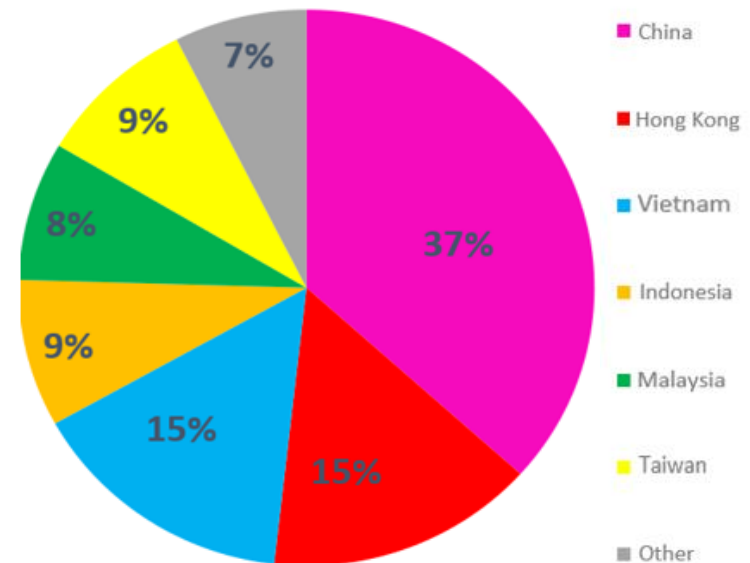
Operating profit: ¥9,865 million, up 37.5% YoY

- ❑ High growth in Hong Kong as well as in Southeast Asia, including Vietnam, Malaysia, and Indonesia
- ❑ China: Increase in sales despite the lockdown impact
- ❑ Sales in each country

• Sales ratio in Asian countries (in yen)

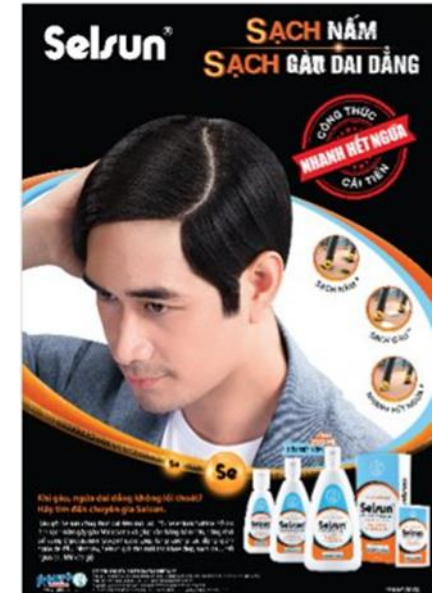
(YOY change, in local currency comparison)

❑ China	Up 2.6% YoY	Fiscal year-end: Dec.
❑ Hong Kong	Up 19.4% YoY	Fiscal year-end: Feb.
❑ Vietnam	Up 34.5% YoY	Fiscal year-end: Dec.
❑ Indonesia	Up 15.6% YoY	Fiscal year-end: Dec.
❑ Malaysia	Up 32% YoY	Fiscal year-end: Feb.
❑ Taiwan	UP10.6 % YoY	Fiscal year-end: Feb.



Asia: Significant Increase in Sales and Profits

- ❑ All main brands performed well despite the impact of the deteriorating Chinese market.
 - ❑ Eye drops ¥9,571million Up 29.5% YoY
 - ❑ Acnes ¥4,882million Up 18.6% YoY
 - ❑ Men's cosmetics ¥4,693million Up 12.1% YoY
 - ❑ Hada-Labo ¥6,458million Up 23.8% YoY
 - ❑ Sunscreens ¥6,181million Up 35.9% YoY
 - ❑ Lip balm ¥7,212million Up 38.5% YoY
 - ❑ 50 Megumi ¥2,837million Up 53.3% YoY
 - ❑ Selsun ¥2,281million Up 71.2% YoY



“Selsun” anti-dandruff shampoo is performing well mainly in Southeast Asia.



50 Megumi has become the largest brand in Hong Kong. Represented by a popular actress, Charlene Choi, as the brand ambassador, the brand recorded the No. 1 sales in the hair care category.

America: Significant Increase in Sales and Profits

Sales: ¥12,459 million, up 84.5% YoY

Operating profit: ¥ 327million, up 155.2% YoY

- ❑ OEM performed strongly.
- ❑ Hydrox Laboratories, consolidated from November 2021, contributed significantly to sales growth.
- ❑ Profit increased significantly owing to efficient use of SG&A expenses, despite deterioration of the cost of sales ratio due to higher raw material procurement costs and labor costs caused by labor shortages.

Newly released eye drops
Rohto Optic Glow



Europe : Significant Increase in Sales and Profits

Sales: ¥9,438 million, up 20.7% YoY

Operating profit: ¥755 million, up 33.8% YoY

- ❑ Strong sales of topical analgesics, especially Deep Relief.
- ❑ “Hadalabo Tokyo” also performed well as weit began to roll out from the UK market to key countries in the Middle East..
- ❑ Developing the eye drop market with Rohto Dry Aid, a CE-marked eye drop launched in May 2021
- ❑ Profit increased significantly due to efficient use of SG&A expenses, despite deterioration of the cost of sales ratio due to higher energy costs and raw material procurement costs.

“Hadalabo Tokyo” was named a Cosmopolitan Beauty Award winner.



Rohto Dry Aid won the Best OTC Packaging Design award.



FYE3/2023 Earnings Forecast

Highlights

- ❑ Upwardly revised full-year earnings forecast
 - ❑ Forecast a big sales increase and record-high profits
 - ❑ Revised to higher sales and profit in all regions.
 - ❑ Higher sales and profit in Japan as well.
 - ❑ Mainstay brands are expected to maintain strong performance despite further deterioration of the cost of sales ratio due to a surge in raw material prices and energy costs, etc.
 - ❑ An increase in inbound demand is expected.
 - ❑ Pollen dispersal is forecast to be higher compared with an average year.
 - ❑ Overseas sales and profit to increase
 - ❑ Large impact of foreign currency translation due to yen depreciation
 - ❑ In Asia, strong performance in Southeast Asia to continue
 - ❑ Forecast the 19th consecutive dividend increase
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Upwardly revised full-year forecast

(Millions of yen, rounded down)

	FYE3/2022		FYE3/2023 Revised forecast				FYE3/2023 full-year forecast as of November 10	
	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)	Amount	Change from Initial Budget (Amount)
Net sales	199,646	100.0	236,000	100.0	36,353	18.2	230,000	6,000
Operating income	29,015	14.5	33,000	14.0	3,984	13.7	31,000	2,000
Ordinary income	28,750	14.4	33,000	14.0	4,249	14.8	32,000	1,000
Profit attributable to owners of parent	21,127	10.6	24,000	10.2	2,872	13.6	22,000	2,000
Net income pershare (yen)	92.61		105.20				96.43	

Exchange rate
(Yen/USD)

111.55

135.00

135.00

*Figures for the end of FY3/2022 reflect the finalized purchase price allocation (PPA), which was executed in accordance with the business combination by means of acquisition of Amato Pharmaceutical Products shares.

FY3/2023 Sales Forecast by Reportable Segment

(Millions of yen, rounded down)

		FYE3/2022		FYE3/2023 Revised forecast			FYE3/2023 full-year forecast as of November 11		
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)	Amount	Change from Initial Budget (Amount)
Net sales		199,646	100.0	236,000	100.0	36,353	18.2	230,000	6,000
Reportable segment	Japan	121,417	60.8	135,000	57.2	13,582	11.2	130,800	4,200
	Asia	55,988	28.0	70,300	29.8	14,311	25.6	69,000	1,300
	America	10,037	5.0	16,500	7.0	6,462	64.4	16,500	0
	Europe	10,297	5.2	12,000	5.1	1,702	16.5	11,700	300
	Total	197,740		233,800		36,059		228,000	
Others		1,906	1.0	2,200	0.9	293	15.4	2,000	200
Exchange rate (Yen/USD)		111.55		135.00			135.00		

* Net sales indicate sales to customers

FY3/2022 Operating Income Forecast by Reportable Segment

(Millions of yen, rounded down)

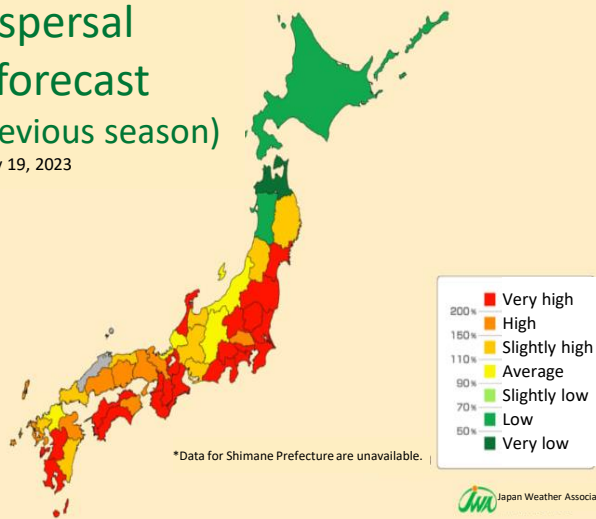
		FYE3/2022		FYE3/2023 Revised forecast				FYE3/2023 full-year forecast as of November 11	
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)	Amount	Change from Initial Budget (Amount)
Operating income		29,015	100.0	33,000	100.0	3,984	13.7	31,000	2,000
Reportable segment	Japan	19,213	66.2	20,600	62.4	1,386	7.2	18,900	1,700
	Asia	8,365	28.8	10,200	30.9	1,834	21.9	10,000	200
	America	216	0.7	600	1.8	383	177.2	600	0
	Europe	563	1.9	900	2.7	336	59.7	800	100
	Total	28,359		32,300		3,940		30,300	
Others		171	0.6	200	0.6	28	16.6	200	0
Adjustment		484	1.7	500	1.5	15	3.1	500	0
Exchange rate (Yen/USD)		111.55		135.00				135.00	

Spring 2023 cedar pollen dispersal forecast

- ❑ Cedar pollen dispersal is expected to start at the usual time.
- ❑ Amounts of pollen dispersed are expected to be higher than the previous season in regions from Kyushu to Tohoku, and very high in the Shikoku, Kinki, Tokai, and Kanto Koshin regions.

Pollen dispersal amount forecast 2023 (vs previous season)

Announced on January 19, 2023












2023

Pollen dispersal trend by region

Region	vs average year		vs previous season	
Hokkaido	Slightly low	70%	Low	50%
Tohoku	High	180%	Slightly high	110%
Kanto Koshin	Very high	200%	Very high	210%
Hokuriku	Slightly high	110%	Slightly high	110%
Tokai	High	180%	Very high	280%
Kinki	Slightly high	140%	Very high	260%
Chugoku	Slightly high	130%	Slightly high	140%
Shikoku	Slightly high	110%	Very high	290%
Kyushu	Average	100%	Slightly high	140%

Advances in regenerative medicine

Pipelines of regenerative medicine (as of February 2023)

Domain	Cell type	Code	Indications	Planned regions	Partners	Stage					Target for completion of the current stage*1
						Non-clinical	P1	P2	P3	Application	
Regenerative medicines	Human adipose-derived stem cells	ADR-001	Cirrhosis of the liver	Japan	Shionogi						▶ FYE3/2023
		ADR-002K	Serious heart failure	Japan							▶ FYE3/2022
		ADR-001	Kidney diseases	Japan							▶ FYE3/2022
		ADR-001	Serious leg ischemia	Japan							▶ FYE3/2024
		ADR-001	Lung fibrosis	Japan							▶ FYE3/2023
		ADR-001	COVID-19 Pneumonia	Japan							▶ FYE3/2023
	Human umbilical cord-derived stem cells	UVI-001	Neurodegenerative diseases	Japan							▶ FYE3/2023
	Cartilage cell kit*2		Traumatic cartilage defects	Japan							▶ FYE3/2022
		Osteoarthritis	Japan							▶ FYE3/2024	

*1 Targets are for Rohto and are not agreed upon by partners. *2 Produced by Interstem Co., Ltd. (our subsidiary)

Advances in regenerative medicine

Pipelines of Ophthalmology Area (as of October 2022)

Domain	Code	Indications	Planned regions	Partners	Stage					Target**
					Non-clinical	P1	P2	P3	Application	
Ophthalmology area	ROH-101	CMV*2 Corneal endotheliitis	Japan	Théa, M'z Science						► Approval in 2025
	ROH-201	Dry eyes*3	Japan	Japan Tobacco						► Approval in 2027
	ROH-202	Ophthalmic treatment agent	Japan	D. Western Therapeutics Institute, Inc.						—
	ROH-001	Myopia suppression	Japan	Tsubota Laboratory, Inc.						—

*1 Targets are for Rohto and are not agreed upon by partners. *2 Cytomegalovirus *3 Dry eye patients including those with Sjögren's syndrome

Status of application for the AutoLoGel System, a wound care system

- ❑ Wound treatment system using autologous platelet-rich plasma (PRP) therapy

1) Blood collection

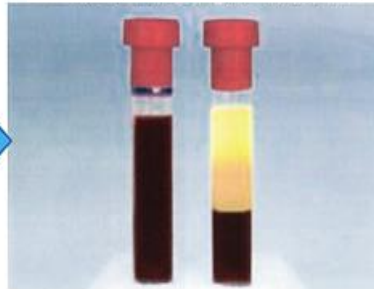


2) Centrifugation

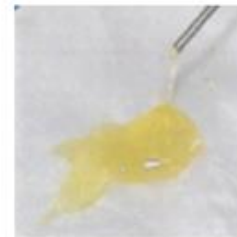


Plasma (PRP) separation

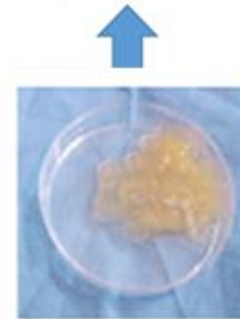
Right: after separation
Plasma (yellow) is collected and drug is added.



3) Drug is added.



4) Administration



Serum is mixed
with the liquid
drug.

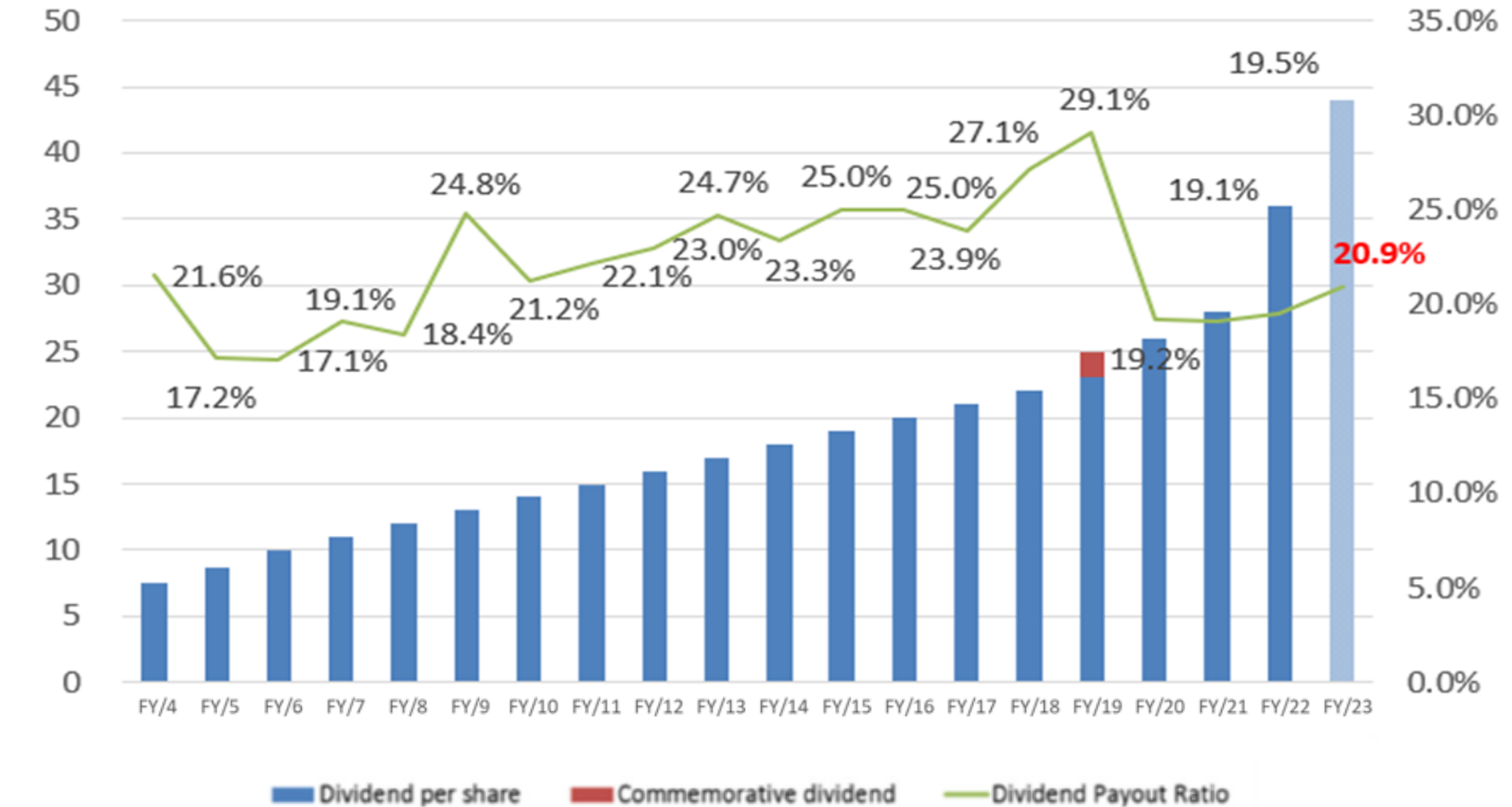
Apply to the
affected area.

Various growth factors and cytokines are effective in wound healing.

- ❑ Marketing approval obtained
- ❑ Application filed for insurance coverage
- ❑ Distribution etc. contracted to MEDIPAL HOLDINGS CORPORATION

Forecast the 19th Consecutive Dividend Increase

☐ Interim dividend of 20 yen, year-end dividend of 12 yen due to the stock split
(an increase of 2 yen from the forecast announced on November 11, 2022)



- **This document was prepared for the purpose of providing an understanding of the current status of the Company as a reference for investment decisions.**
 - **The contents contained herein are prepared based on economic, social and other conditions generally recognized as prevailing at the time of preparation and on certain assumptions judged to be reasonable by the Company, but may be subject to change without notice due to changes in the business environment or other reasons.**
 - **Any investment decisions should be made at the investor's own discretion.**
 - **The Company assumes no responsibility whatsoever for any problems, losses, or damages resulting from the use of this material.**
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