

Results of Operations for the Fiscal Year Ended March 31, 2023

May 12, 2023

Vice President and CFO

Masaya Saito

Highlights of FY3/2023

- ❑ Summary
 - ❑ Despite the impact of COVID 19, net sales increased significantly due to a recovery in consumer confidence and product proposals tailored to customers' needs, as well as depreciation of the yen.
 - ❑ Despite deterioration of the cost of sales ratio mainly due to a sharp rise in raw material prices, efforts to efficiently utilize SG&A expenses resulted in significant profit increase. Net sales and profit at all levels reached record highs.
 - ❑ 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.
 - ❑ Growth in Asia was driven by Southeast Asia. The performance in Hong Kong was also buoyant.
 - ❑ Eye care, sunscreen, and hair care products greatly contributed to higher net sales.
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FY3/2023 Results of Operations

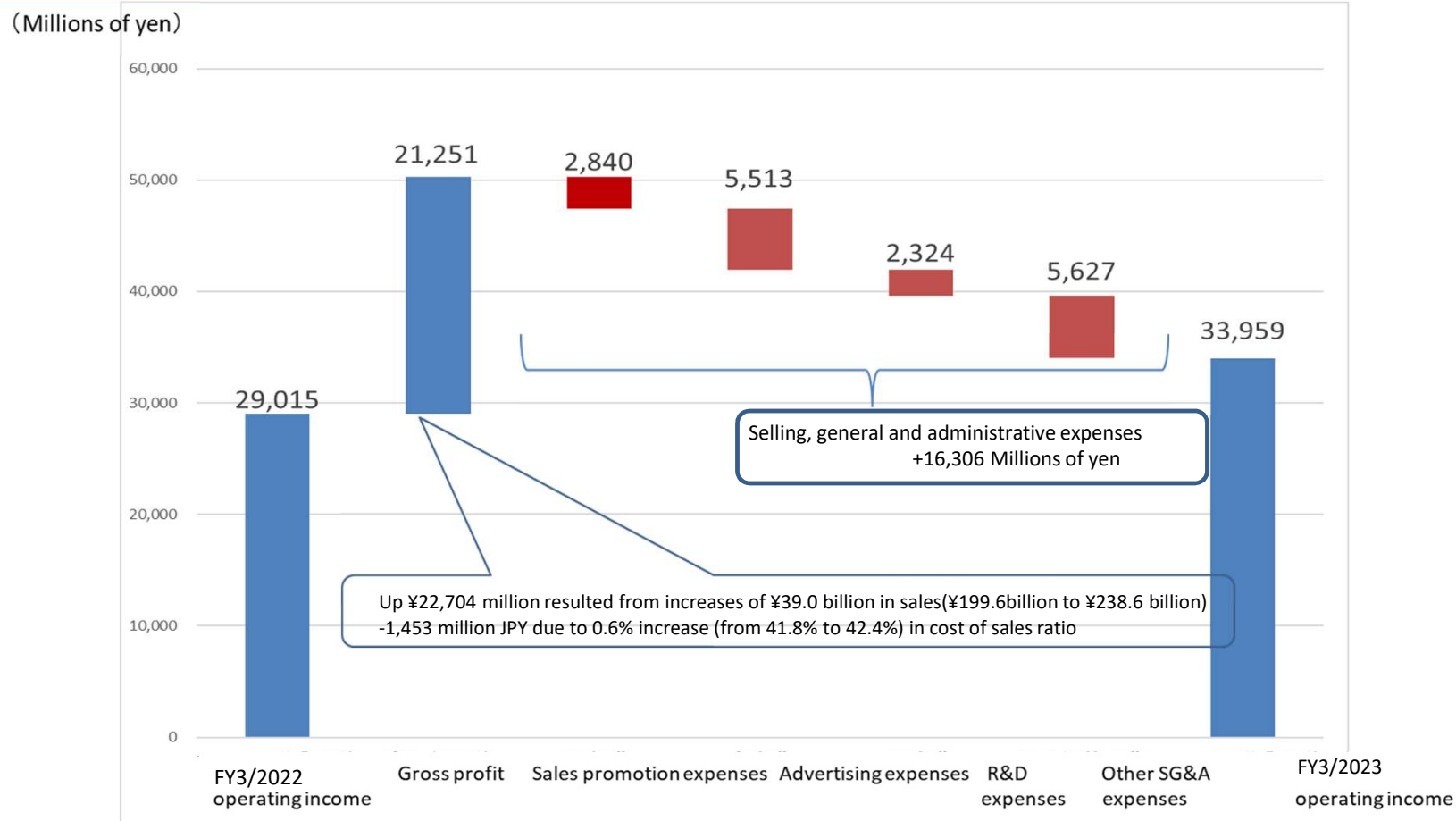
(Millions of yen, rounded down)

	FY3/2022	FY3/2023	Share of net sales (%)	YoY change (Amount)	YoY change (%)	FY3/2023 Full-year forecast	YoY change (%)
Net sales	199,646	238,664	100.0	39,018	19.5	236,000	1.1
Cost of sales	83,476	101,243		17,767	21.3		
Cost of sale rate	41.8	42.4					
SG&A expenses	87,154	103,461	43.4	16,306	18.7		
Promotional expense	11,575	14,415	6.0	2,840	24.5		
Advertisement	26,539	32,052	13.4	5,513	20.8		
R&D Exp	8,740	11,065	4.6	2,324	26.6		
Others	40,299	45,927	19.2	5,627	14.0		
Operating income	29,015	33,959	14.2	4,944	17.0	33,000	2.9
Ordinary income	28,750	35,568	14.9	6,817	23.7	33,000	7.8
Profit attributable to owners of parent	21,127	26,377	11.1	5,250	24.9	24,000	9.9

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

※Exchange Rate : (US \$ / Yen) = 134.19

Sales are Driving Earnings Growth



Five-year Financial Summary

Net sales

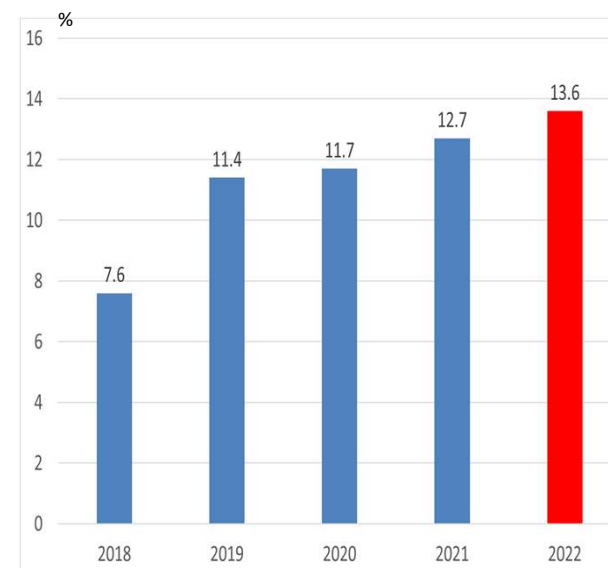
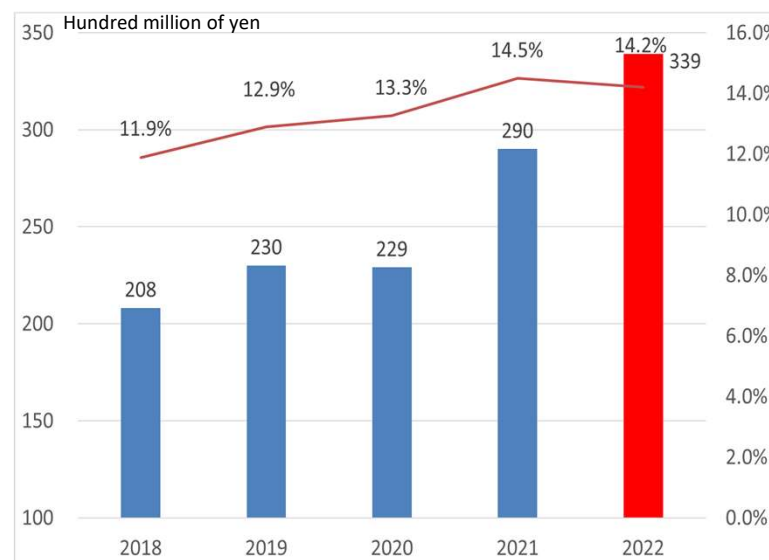
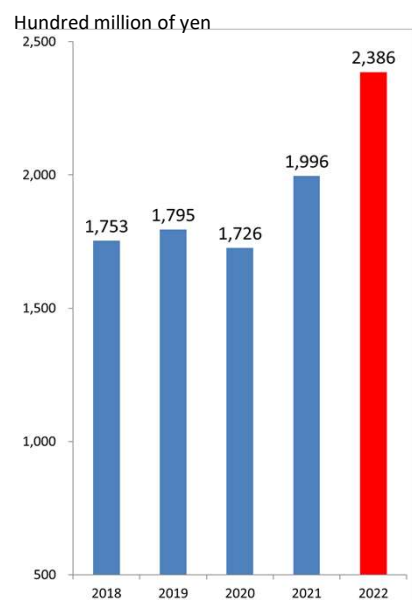
5-year average growth rate: 8.0%

Operating income

5-year average operating margin: 13.0%

ROE

5-year average: 11.4%



*Comparison by converting figures for all fiscal years based on the new standard.

FY3/2023 Sales by Reportable Segment

(Millions of yen, rounded down)

		FY3/2021		FY3/2022		FY3/2023			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change (%)
Net sales		172,643	100.0	199,646	100.0	238,664	100.0	39,018	19.5
Reportable segment	Japan	106,985	62.0	121,417	60.8	136,668	57.3	15,250	12.6
	Asia	48,056	27.8	55,988	28.0	70,773	29.7	14,785	26.4
	America	7,687	4.5	10,037	5.0	16,655	7.0	6,617	65.9
	Europe	8,149	4.7	10,297	5.2	12,231	5.1	1,934	18.8
	Total	170,878		197,740		236,327		38,586	
Others		1,764	1.0	1,906	1.0	2,337	1.0	431	22.6
Exchange rate (Yen/USD)		105.96		111.55		134.19			

* Net sales indicate sales to customers

FY3/2023 Operating Income

(Millions of yen, rounded down)

		FY3/2021		FY3/2022		FY3/2023			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change (%)
Operating income		22,973	100.0	29,015	100.0	33,959	100.0	4,944	17.0
Reportable segment	Japan	14,639	63.7	19,213	66.2	21,150	62.3	1,937	10.1
	Asia	6,926	30.1	8,365	28.8	10,392	30.6	2,026	24.2
	America	458	2.0	216	0.8	724	2.1	507	234.6
	Europe	375	1.6	563	1.9	978	2.9	415	73.6
	Total	22,399		28,359		33,245		4,886	22.8
Others		118	0.5	171	0.6	204	0.6	32	19.2
Adjustment		455	2.0	484	1.7	509	1.5	24	5.1
Exchange rate (Yen/USD)		105.96		111.55		134.19			

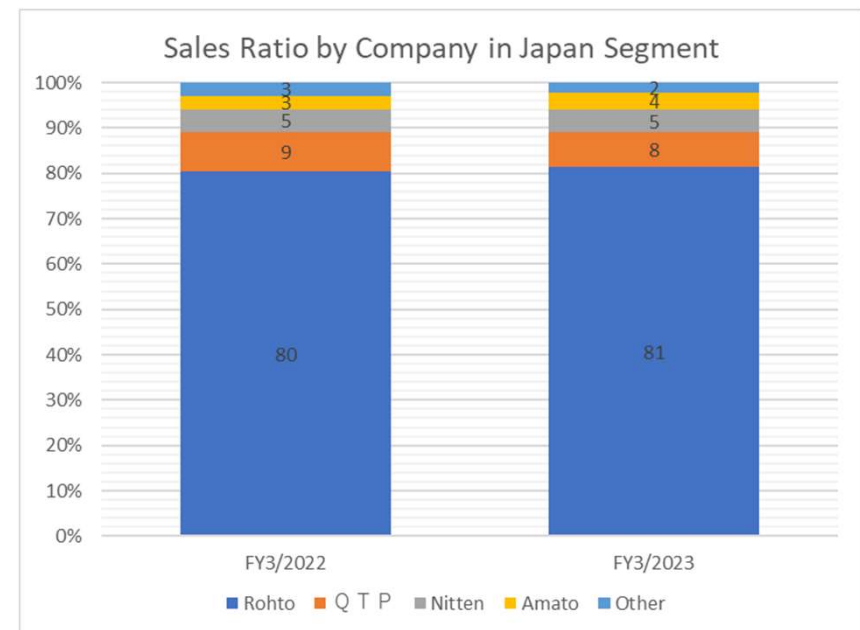
* Net sales indicate sales to customers

Japan: Significant Increase in Sales and Profit

Sales: ¥136,668 million, up 12.6% YoY

Operating profit: ¥21,150 million, up 10.1% YoY

- ❑ Sales increased in all product categories.
- ❑ Sales exceeded the pre-COVID 19 levels due to continued strong sales of “Melano CC,” sunscreen, “Hadalabo,” “Rohto V5 Grain,” and high-value eye drops.
- ❑ Lip balm, previously sluggish due to the habit of wearing masks, is also on a recovery trend.
- ❑ Sales of “REGRO” hair growth and hair regrowth agents exceeded 1 billion yen.
- ❑ 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.
- ❑ Despite deterioration of the cost of sales ratio, profit increased significantly due to substantial sales increase and efficient use of SG&A expenses.



Sales of many products are higher than before the pandemic.

- ❑ HADALABO FY3/2023 : ¥14,247 million (up 17.2% YoY)
- ❑ Melano CC FY3/2023 : ¥11,579 million (up 66.6% YoY)
- ❑ Sunscreens FY3/2023 : ¥7,849 million (up 38.4% YoY)
- ❑ Rohto V5 Grain FY3/2023: ¥5,199 million (up 35.4% YoY)
- ❑ High-priced eye drops FY3/2023: ¥3,926 million (up 5.6% YoY)



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



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



Melano CC



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

Strong Sales of Major Products

- Obagi FY3/2023: ¥7,813 million (up 8.6% YoY)
- Lip balm FY3/2023: ¥4,108 million (up 25.3% YoY)



Obagi X Derma Advanced Lift has won 26 awards from beauty magazines etc. since its launch in September 2022.



Medicated lip balm products performed well, including Mentholatum Medicated Lip Repair One launched in July 2022.

□ REGRO



Since the launch in 2018, the REGRO brand has been nurtured and been performing well, with sales up 84% year-on-year.

Inbound demand on a recovery trend.

Inbound and e-commerce sales approx. ¥2,230 million (up 18.5% YoY)



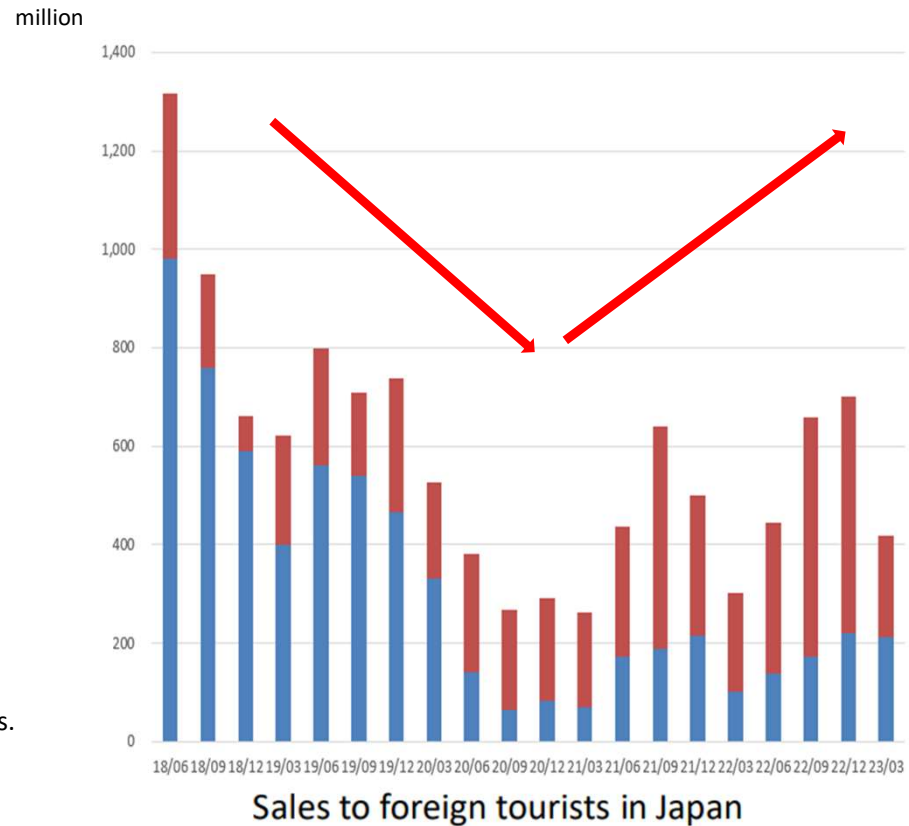
Demand for episteme STEM SCIENCE drink is growing rapidly.



Demand for eye drops and contact lens cleaning solutions also remains firm and vigorous.



Highly popular MelanoCC series.



Asia: Significant Increase in Sales and Profit

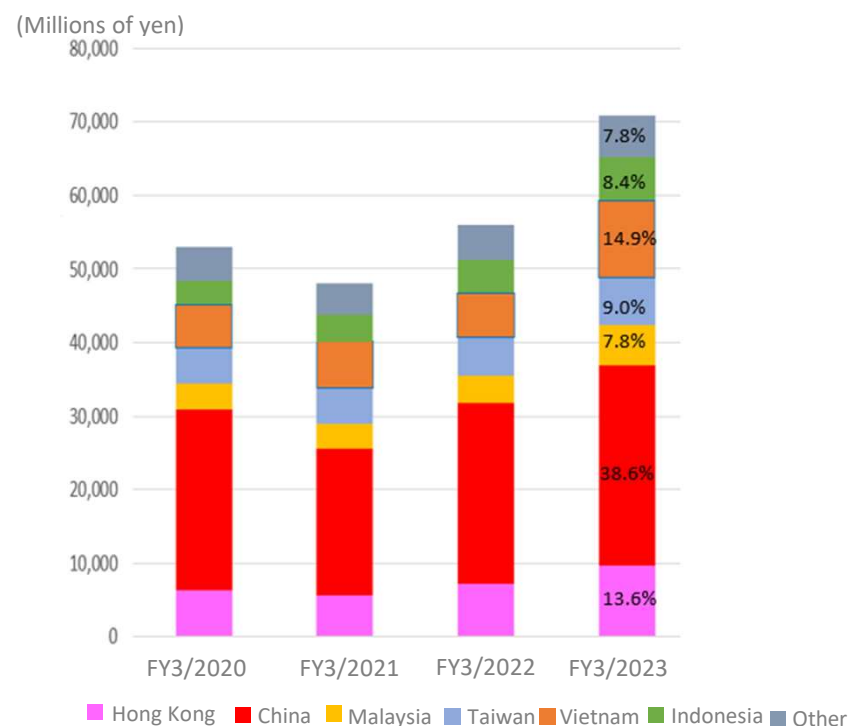
Sales: ¥70,773 million, up 26.4% YoY

Operating profit: ¥10,392 million, up 24.2% YoY

- ❑ Strong performance in Hong Kong as well as Southeast Asia, including Vietnam, Malaysia, and Indonesia.
- ❑ Sales in China decreased in Q4 due to the spread of COVID-19 but were flat for the full year.
- ❑ Sales in each country

(YOY change, in local currency comparison)

❑ China	Up 0.2% YoY	Fiscal year-end: Dec.
❑ Hong Kong	Up 14.8% YoY	Fiscal year-end: Feb.
❑ Vietnam	Up 38.5% YoY	Fiscal year-end: Dec.
❑ Indonesia	Up 14.2% YoY	Fiscal year-end: Dec.
❑ Malaysia	Up 29.6% YoY	Fiscal year-end: Feb.
❑ Taiwan	UP12.0 % YoY	Fiscal year-end: Feb.



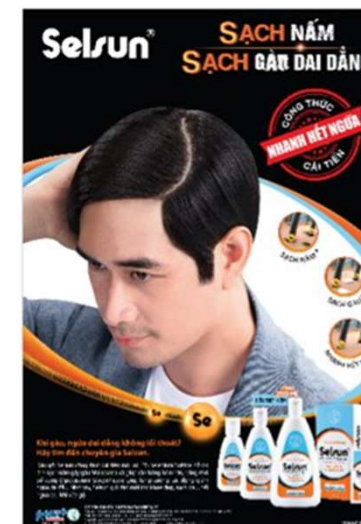
Asia: Significant Increase in Sales and Profits

- ❑ In China, despite the slowdown of consumption behavior because of the nationwide spread of COVID-19 following the easing of the lockdown in December, all mainstay brands performed well.

❑ Eye drops	¥12,689million	Up 25.9% YoY
❑ Acnes	¥6,528million	Up 23.9% YoY
❑ Men's cosmetics	¥6,853million	Up 15.4% YoY
❑ Hada-Labo	¥8,747million	Up 17.2% YoY
❑ Sunscreens	¥7,419million	Up 52.4% YoY
❑ Lip balm	¥11,694million	Up 17.3% YoY
❑ 50 Megumi	¥3,598million	Up 50.7% YoY
❑ Selsun	¥3,431million	Up 85.4% YoY



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.



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

America: Significant Increase in Sales and Profits

Sales: ¥16,655 million, up 65.9% YoY

Operating profit: ¥ 724million, up 234.6% YoY

- ❑ Hydrox Laboratories, consolidated from November 2021, contributed significantly to sales growth.
- ❑ OEM, lip balm, Mentholatum Ointment, etc. performed strongly.
- ❑ 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.

Hydrox Laboratories, a channel for medical institutions, and its products.



Europe : Significant Increase in Sales and Profits

Sales: ¥12,231 million, up 18.8% YoY

Operating profit: ¥978 million, up 73.6% YoY

- ❑ Strong sales of topical analgesics, especially Deep Heat.
- ❑ “Hadalabo Tokyo” performed well along with the start of its rollout from the UK market to Eastern Europe and key countries in the Middle East.
- ❑ Developing the eye drop market with Rohto Dry Aid, a CE-marked eye drop launched in May 2021. Steady performance.
- ❑ 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.



Outlook for FY3/2024

President and COO
Masashi Sugimoto

Highlights of FY3/2024 Forecast

- ❑ Despite the diminishing impact of COVID-19 and resumption of economic activities, there are concerns about the impact of continuing inflation on personal consumption.
 - ❑ Rising raw material prices and logistics costs due to the Ukraine crisis.
 - ❑ Forecast higher net sales and profit for FYE3/2024.
 - ❑ Sales and profit are expected to increase in all regions except Japan, sales and profit decreases are expected in Japan
 - ❑ Overseas situation
 - ❑ Negative impact due to expected yen appreciation.
 - ❑ Recovery of Chinese market. Southeast Asian countries to continue to drive growth.
 - ❑ Japan: Upfront investment for sustainable growth in the medium- to long- term
 - ❑ Increases in domestic consumption and inbound demand.
 - ❑ Launch of new brands and aggressive marketing.
 - ❑ Progress in pipelines for regenerative medicine and prescription ophthalmology drugs.
 - ❑ Forecast the 20th consecutive year dividend increase
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FY3/2024 Forecast

(Millions of yen, rounded down)

	FY3/2022		FY3/2023		FY3/2024			
	Amount	Share of net sales(%)	Amount	Share of net sales(%)	Amount	Share of net sales(%)	YoY change (Amount)	YoY change (%)
Net sales	199,646	100.0	238,664	100.0	259,000	100.0	20,335	8.5
Operating income	29,015	14.7	33,959	14.2	35,000	13.5	1,041	3.1
Ordinary income	28,750	14.6	35,568	14.9	36,000	13.9	432	1.2
Profit attributable to owners of parent	21,127	10.5	26,377	11.1	26,500	10.2	123	0.5
Net income per share(yen)	92.61		115.62		116.16			

Exchange rate

(Yen/USD) 111.55 134.19 130

FY3/2024 Sales Forecast by Reportable Segment

(Millions of yen, rounded down)

		FY3/2022		FY3/2023		FY3/2024			
		Amount	Share of net sales(%)	Amount	Share of net sales(%)	Amount	Share of net sales(%)	YoY change (Amount)	YoY change (%)
Net sales		199,646	100.0	238,664	100.0	259,000	100.0	20,335	8.5
Reportable segment	Japan	121,417	60.8	136,668	57.3	149,000	57.5	12,331	9.0
	Asia	55,988	28.0	70,773	29.7	77,100	29.8	6,326	8.9
	America	10,037	5.0	16,655	7.0	17,500	6.8	844	5.1
	Europe	10,297	5.2	12,231	5.1	12,900	5.0	668	5.5
	Total	197,740		236,327		256,500		20,172	
Others		1,906	1.0	2,337	1.0	2,500	1.0	162	7.0
Exchange rate(Yen/USD)		111.55		134.19		130			

※Net sales indicate sales to customers

FY3/2024 Operating Income Forecast by Reportable Segment

(Millions of yen, rounded down)

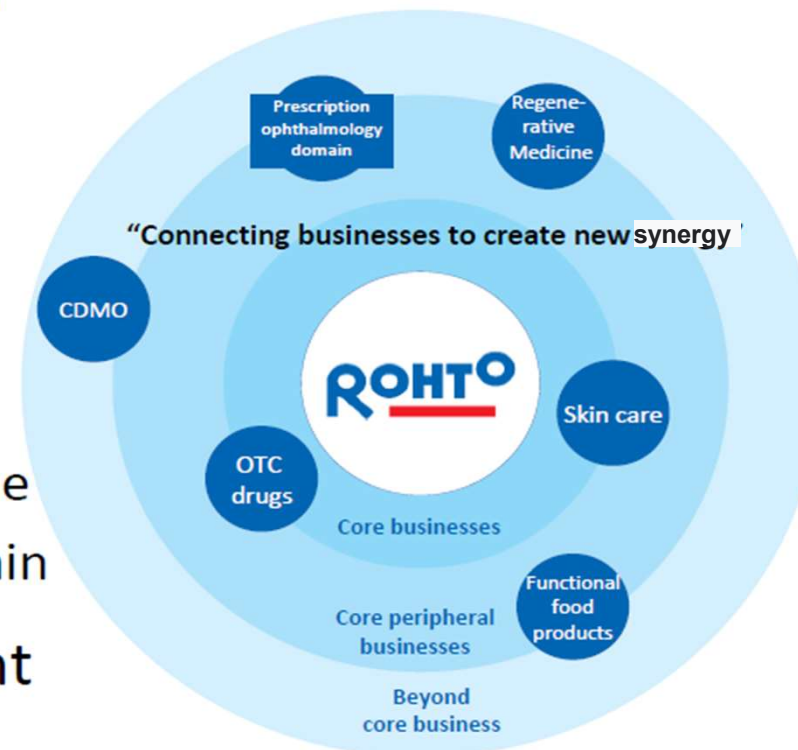
		FY3/2022		FY3/2023		FY3/2024			
		Amount	Share of net sales(%)	Amount	Share of net sales(%)	Amount	Share of net sales(%)	YoY change (Amount)	YoY change (%)
Operating income		29,015	100.0	33,959	100.0	35,000	100.0	1,041	3.1
Reportable segment	Japan	19,213	66.2	21,150	62.3	20,800	59.4	△ 350	△ 1.7
	Asia	8,365	28.8	10,392	30.6	11,400	32.6	1,007	9.7
	America	216	0.8	724	2.1	900	2.6	175	24.3
	Europe	563	1.9	978	2.9	1,000	2.9	21	2.2
	Total	28,359		33,245		34,100		855	
Others		171	0.6	204	0.6	200	0.6	△ 5	△ 2.2
Adjustment		485	1.7	509	1.5	700	2.0	190	37.3
Exchange rate(Yen/USD)		111.55		134.19		130.00			

JAPAN

Investment for sustainable growth
in the medium- to long-term

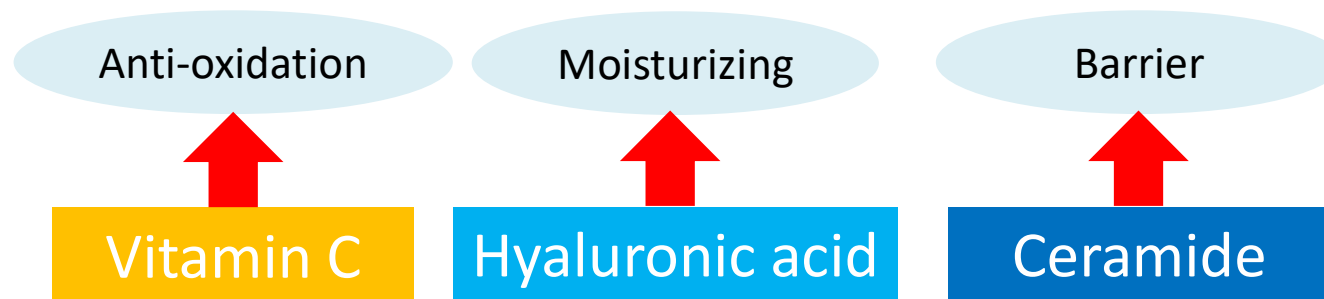
Connect for Well-being

- ❑ Become the leader in the OTC category
 - ❑ Skin care domains
 - ❑ Functional food products
- ❑ Prescription drugs
 - ❑ Regenerative medicine
 - ❑ Ophthalmology domain
- ❑ Contract development and manufacturing



ROHTO Skin Science Kicks Off!

- “True beauty lies beyond health.” ROHTO’s belief in skin research
- ROHTO’s strengths: Evidence-based functional cosmetics
- 3 strategic ingredients:



- Establish 3 new skincare product brands
 - Aim to become No. 1 skincare brand
- (Selected by customers because they are products made by ROHTO.)
-

New Skincare Brand: Dermacept RX

❑ Dermacept RX

- ❑ Functional cosmetics containing hydroquinone*¹ and azelaic acid*² used at medical institutions
- ❑ “ROHTO Medical Care Method,” a unique program based on the approach of medical institutions, that is, “interview → instruction on usage”

ROHTO Online Store only



❑ Dermacept RX Stem Advance

- ❑ Cosmetics containing stem cell culture supernatant*³ based on insight from research into regenerative medicine

Medical institutions only



*1 Antioxidant for formulation, *2 Moisturizing ingredient for skin conditioning, *3 Hydrolyzed stem cell acclimating culture medium (moisturizing ingredient)

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							▶ FYE3/2024
		ADR-001	COVID-19 Pneumonia	Japan							▶ FYE3/2023
	Human umbilical cord-derived stem cells	UDI-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

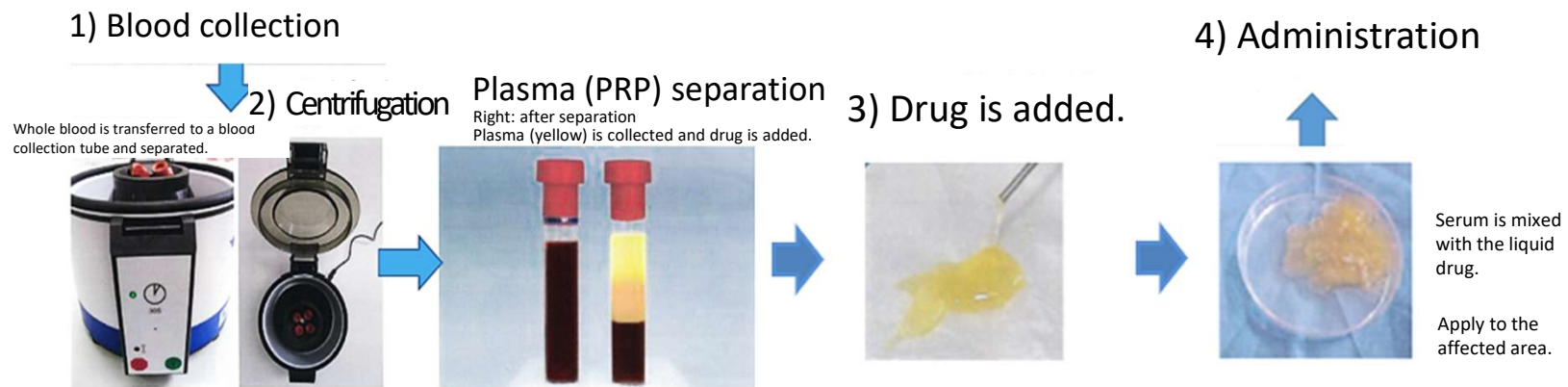
Pipelines of Ophthalmology Area (as of February 2023)

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 AutoGel System, a wound care system

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

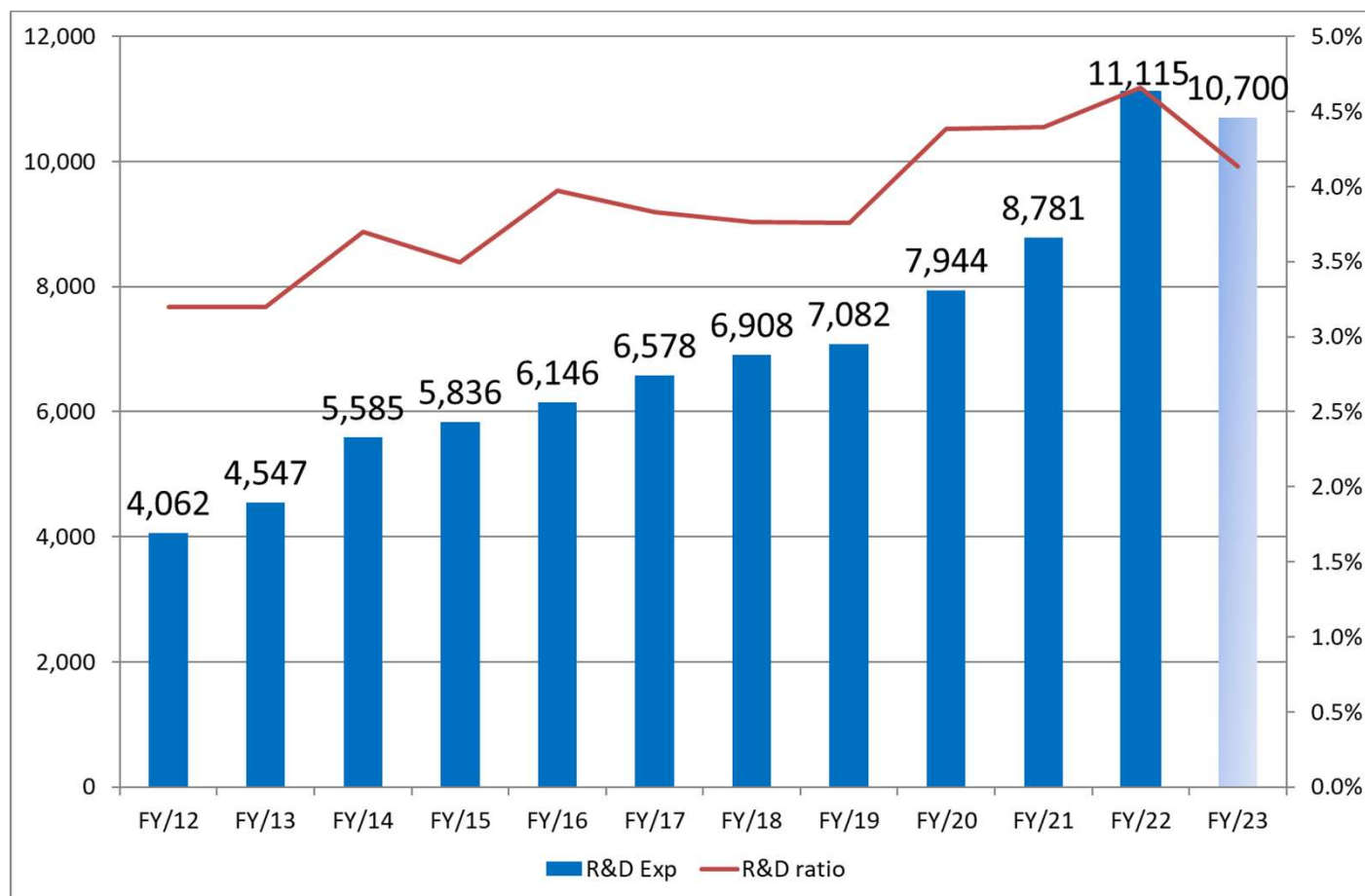


Various growth factors and cytokines are effective in wound healing.

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

R&D expenditure will decrease slightly despite aggressive R&D.

(Millions of yen)



Asian Market to Continue to Drive Growth

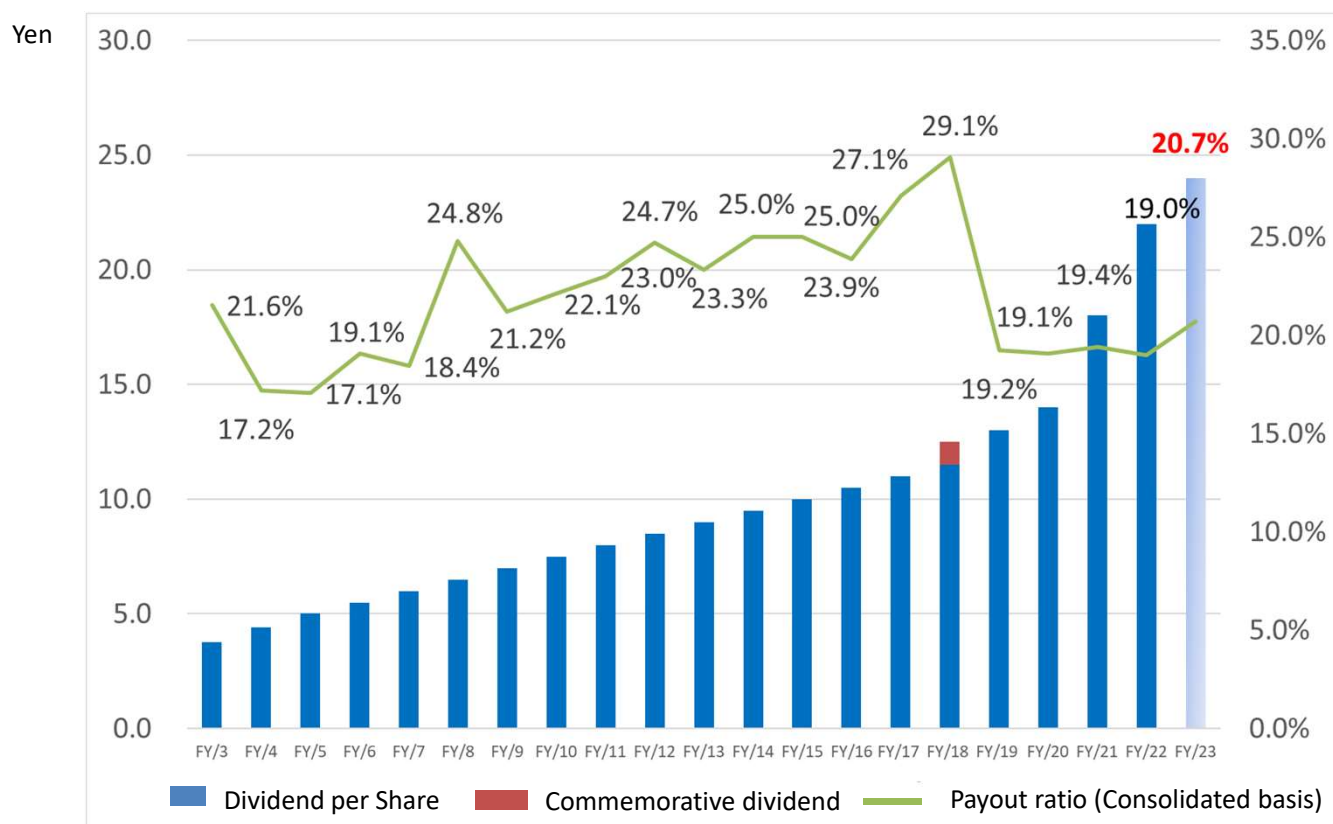
- ❑ Chinese market to recover from COVID-19
 - ❑ ROHTO's base in Hong Kong (supervising China and other Asian markets) will celebrate its 40th anniversary and further growth exceeding GDP growth is targeted.
- ❑ Southeast Asian countries to drive growth
 - ❑ GDP growth rates are expected to become moderate but high growth rates are still expected.
 - ❑ The second plant in Vietnam (former NARIS COSMETICS VIETNAM) is scheduled to start operation in May.
 - ❑ Expansion of the Indonesian plant (addition of the line for eye drops)



Sunscreens in China. Overwhelming in-store presence CSR activities in Vietnam emphasizing eye care
Free-of-charge eye checks by ophthalmologists in communities and schools

Forecast the 20th consecutive year dividend increase

□ Forecast annual dividend of 24 yen consisting of interim dividend of 12 yen and year-end dividend of 12 yen.



Providing **well-being** to
people all over the world
through the provision of the value of health

Chairman and Chief Executive Officer
Kunio Yamada

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 - **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.**
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