

Results of Operations
for the First Half of the Fiscal Year Ending
March 31, 2024

November 13, 2023
Vice President and CFO
Masaya Saito

Highlights of the First Half of FY3/2024

- ❑ Summary
 - ❑ Net sales increased significantly owing to a moderate recovery in economic activity reflecting the easing of behavioral restrictions in line with the downgrading of COVID-19 to a Class 5 infectious disease in Japan, product proposals tailored to customer needs, signs of a recovery in inbound demand, and depreciation of the yen.
 - ❑ As for profits, in addition to a significant increase in net sales, efforts to improve the cost of sales ratio and efficiently utilize SG&A expenses resulted in significant increases in all profit levels. **Net sales and profit at all levels reached record highs in the Second Quarter.**
 - ❑ **Japan: Significant increase in Sales and Profits**
 - ❑ Sales rose above the pre-COVID-19 levels due to continued strong sales of “Melano CC” and “Hadalabo” skincare products, “Rohto V5” etc.
 - ❑ Sales of lip balm, which had declined due to the habit of wearing masks, is on a recovery trend.
 - ❑ Amato Pharmaceutical Products, Ltd. contributed to sales and profit.
 - ❑ **Overseas sales and profit also rose significantly in all segments.**
 - ❑ **Upwardly revised full-year earnings forecast.**
 - ❑ **Revised (Increased) dividends.**
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1H FY3/2024 Results of Operations

(Millions of yen, rounded down)

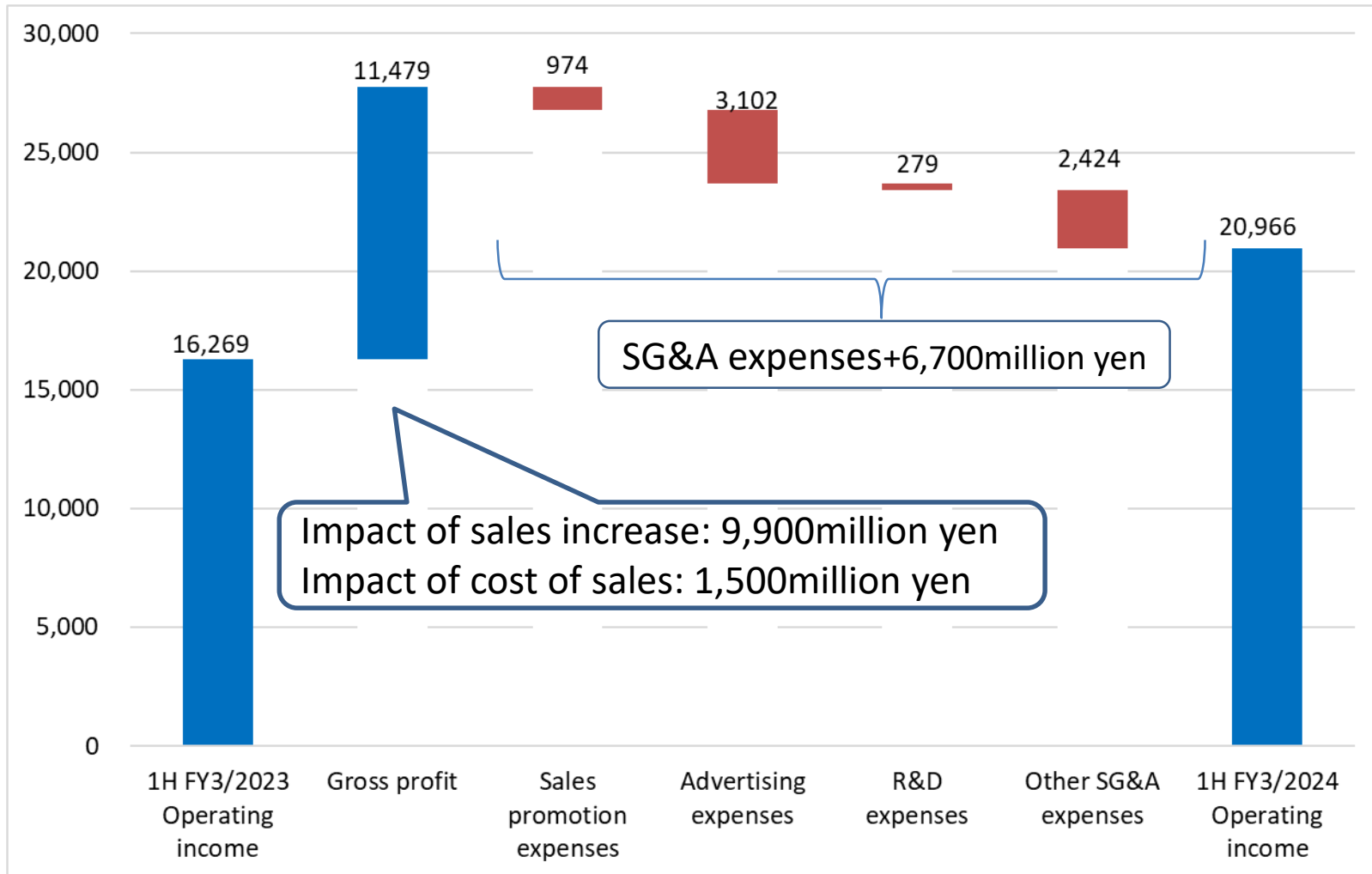
	1H FY3/2023	1H FY3/2024	Share of net sales (%)	YoY change (Amount)	YoY change (%)
Net sales	110,313	127,869	100.0	17,556	15.9
Cost of sales	47,833	53,909		6,076	12.7
Cost of sale rate	43.4	42.2			
SG&A expenses	46,211	52,993	41.4	6,782	14.7
Promotional expense	6,051	7,026	5.5	974	16.1
Advertisement	12,874	15,977	12.5	3,102	24.1
R&D Exp	5,352	5,632	4.4	279	5.2
Others	21,931	24,356	19.1	2,424	11.1
Operating income	16,269	20,966	16.4	4,697	28.9
Ordinary income	17,963	22,678	17.7	4,714	26.2
Profit attributable to owners of parent	13,192	16,594	13.0	3,402	25.8

※Exchange Rate: [US\$/Yen] = 138.69, [CNY/Yen] = 19.45

Prior year exchange rate : [US\$/Yen] 129.88, [CNY/Yen] = 18.94

Composition of change in consolidated operating income (YoY)

(Millions of yen)



1H FY3/2024 Sales by Reportable Segment

(Millions of yen, rounded down)

		1H/2021		1H/2022		1H/2023			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)
Net sales		91,019	100.0	110,313	100.0	127,869	100.0	17,556	15.9
Reportable segment	Japan	56,901	62.5	65,576	59.5	76,411	59.8	10,835	16.5
	Asia	24,057	26.4	29,673	26.9	34,223	26.8	4,549	15.3
	America	4,026	4.4	7,649	6.9	8,765	6.9	1,115	14.6
	Europe	5,070	5.6	6,231	5.7	7,047	5.5	816	13.1
	Total	90,054	98.9	109,131	98.9	126,448	98.9	17,316	15.9
Others		964	1.1	1,182	1.1	1,421	1.1	239	20.3
Exchange rate (Yen/USD)		109.54		129.88		138.69			

* Net sales indicate sales to customers

1H FY3/2024 Operating Income

(Millions of yen, rounded down)

		1H/2021		1H/2022		1H/2023			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)
Operating income		13,752	100.0	16,269	100.0	20,966	100.0	4,697	28.9
Reportable segment	Japan	9,339	67.9	10,428	64.1	13,233	63.1	2,805	26.9
	Asia	3,596	26.2	4,965	30.5	5,847	27.9	882	17.8
	America	147	1.1	96	0.6	564	2.7	468	487.3
	Europe	385	2.8	596	3.7	881	4.2	285	47.8
	Total	13,468		16,087		20,528		4,441	27.6
Others		81	0.6	125	0.8	130	0.6	5	4.1
Adjustment		201	1.4	56	0.3	307	1.5	251	445.4
Exchange rate (Yen/USD)		109.54		129.88		138.69			

Japan: Significant Increase in Sales and Profits

Sales: ¥76,411million, up 16.5% YoY

Operating profit: ¥13,233 million, up 26.9% YoY

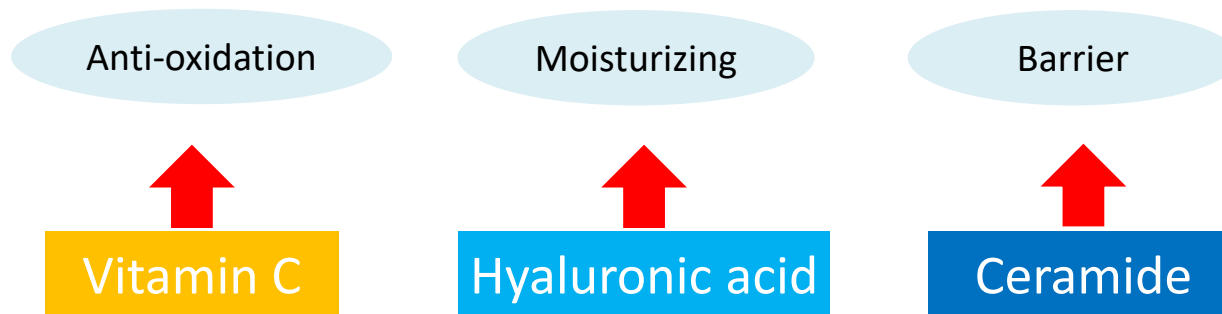
- ❑ Sales increased, driven by product proposals tailored to customer needs and a recovery in consumer confidence..
- ❑ Sales increased in eye care, skincare, and internal medicine segments.
- ❑ Sales in the other segment decreased owing to the decline in sales of rapid test kits for COVID-19 antigen
- ❑ Sales rose above the pre-COVID-19 levels due to continued strong sales of “Melano CC” and “Hadalabo” skincare products, “Rohto V5” etc.
- ❑ Sales of lip balm, which had declined due to the habit of wearing masks, is on a recovery trend.
- ❑ Amato Pharmaceutical Products, Ltd. contributed to sales and profit.
- ❑ Profit increased significantly owing to improvement of the cost of sales ratio in addition to a significant increase in sales.

Amato Pharmaceutical Products, Ltd. began sales of a new product, “BORRAGINOL® SMOOTH Laxative,” nationwide.



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.)

Strong Sales of Major Products



“Hadalabo” and “Melano CC” are No. 1 and No. 2 brands at drugstores.
 Rohto has become the No. 1 manufacturer of basic cosmetics in terms of sales.*



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



New products of tint lip balm are also performing strongly. “Mentholatum FLASH TINT LIP”
 “Mentholatum Repair ONE Scrub Lip Balm”

Inbound demand on a recovery trend.

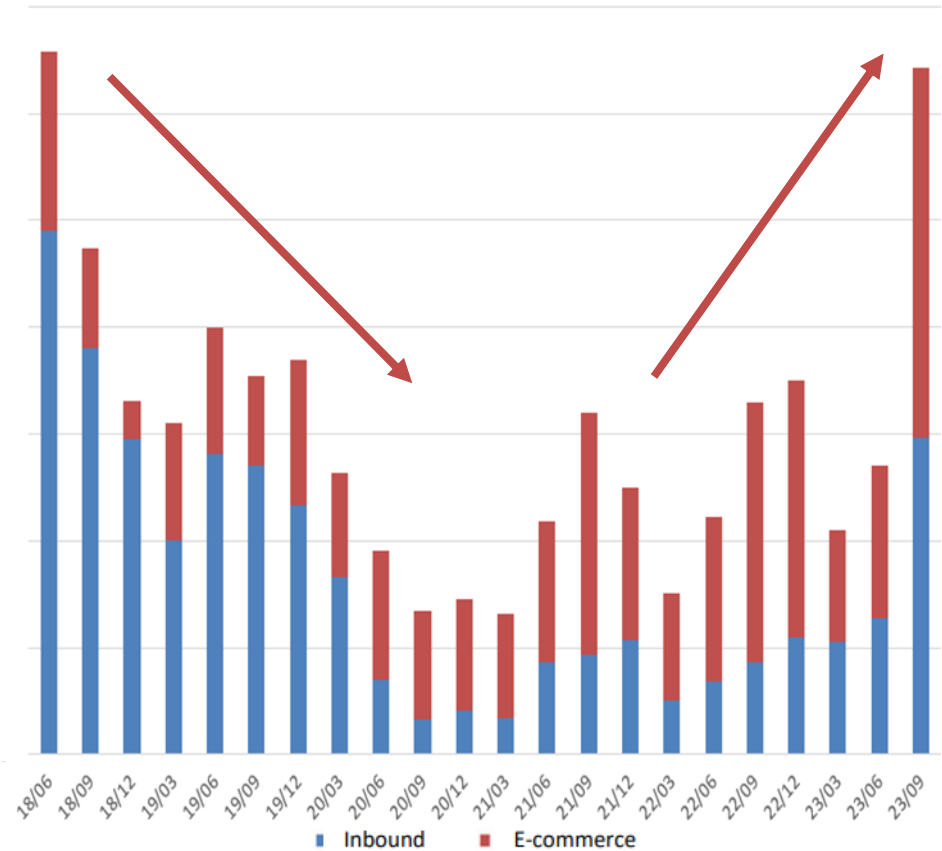


Demand for episteme STEM SCIENCE drink is growing rapidly.



Demand for eye drops remains firm and vigorous.

Highly popular Melano CC series



Sales to foreign tourists in Japan

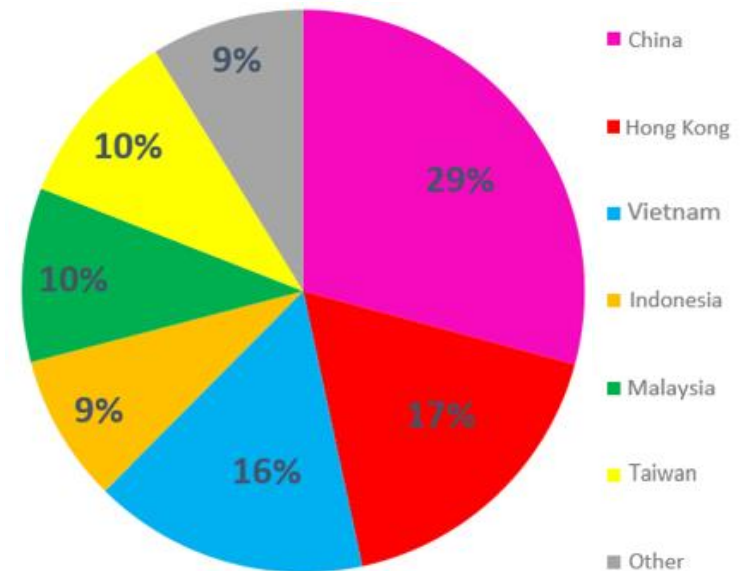
Asia: Significant Increase in Sales and Profits

Sales: ¥34,223 million, up 15.3% YoY

Operating profit: ¥5,847 million, up 17.8% YoY

- ❑ Hong Kong, Malaysia, and Taiwan maintained high growth.
- ❑ A recovery trend became evident in China in the aftermath of the COVID-19 pandemic.
- ❑ Lip balm, sunscreen, Selsun, etc. contributed sales increase.

• Sales ratio in Asian countries



“50 Megumi Stress Relief Shampoo” launched in May is also performing strongly. We keep the top share in the haircare market.



No. 1 selling sunscreen on several online sites in China.

America : Significant Increase in Sales and Profits

Sales: ¥8,765 million, up 14.6% YoY

Operating profit: ¥564 million, up 487.3% YoY

- ❑ Hydrox Laboratories, which manufactures and sells medical disinfectants and other products, continued to perform strongly.
- ❑ Profit increased significantly due to efficient use of SG&A expenses, in addition to a significant increase in sales and improvement of the cost of sales ratio.

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



Europe : Significant Increase in Sales and Profits

Sales: ¥7,047 million, up 13.1% YoY

Operating profit: ¥881 million, up 47.8% YoY

- ❑ Strong sales of topical analgesics, especially Deep Heat
- ❑ “Hadalabo Tokyo” performed well in the UK, Eastern Europe and key countries in the Middle East.
- ❑ Rohto Dry Aid, a CE-marked eye drop launched in May 2021 with which the Company is developing the eye drop market, performed well.
- ❑ Profit increased significantly owing to the impact of higher sales and efficient use of SG&A expenses.

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



Rohto Dry Aid won the Best OTC Packaging Design award.



Results of Operations for the First Half of Fiscal Year Ending March 31, 2024 Outlook and Measures for Sustained Growth

November 13, 2023
Masashi Sugimoto, President and COO

Highlights

- ❑ Upwardly revised full-year earnings forecast
 - ❑ Forecast a big sales increase and record-high profits
 - ❑ Higher net sales and profit in all regions.
 - ❑ In Japan, mainstay brands are expected to maintain strong performances in the second half.
 - ❑ An increase in sales from inbound demand is expected.
 - ❑ No increase in the advertising budget in Japan. The amount overseas will increase owing to exchange rate effects.
 - ❑ R&D budget will increase owing to clinical trial costs, personnel expenses, etc.
 - ❑ Large impact of foreign currency translation due to yen depreciation
 - ❑ Dividends will be increased. The dividend increase will have continued for 20 years.
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Upwardly revised full-year forecast

(Millions of yen, rounded down)

	FY3/2022		FY3/2023		FY3/2024 Revised forecast				FY3/2024 full-year forecast as of August	
	Amount	Share of net sales (%)	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	238,664	100.0	270,000	100.0	31,335	13.1	263,000	7,000
Operating income	29,015	14.7	33,959	14.2	38,500	14.3	4,540	13.4	37,000	1,500
Ordinary income	28,750	14.6	35,568	14.9	40,000	14.8	4,431	12.5	38,000	2,000
Profit attributable to owners of parent	21,127	10.5	26,377	11.1	29,000	10.7	2,622	9.9	27,500	1,500
Net income pershare (yen)	92.61		115.62		127.12				120.54	

Exchange rate

(Yen/USD)	111.55	134.19	140.00	130.00
(Yen/CNY)	17.03	19.48	19.70	19.48

FY3/2024 Sales Forecast by Reportable Segment

(Millions of yen, rounded down)

		FY3/2022		FY3/2023		FY3/2024 Revised forecast				FY3/2024 full-year forecast as of August	
		Amount	Share of net sales (%)	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	238,664	100.0	270,000	100.0	31,335	13.1	263,000	7,000
Reportable segment	Japan	121,417	60.8	136,668	57.3	156,400	57.9	19,731	14.4	152,500	3,900
	Asia	55,988	28.0	70,773	29.7	78,900	29.2	8,126	11.5	77,600	1,300
	America	10,037	5.0	16,655	7.0	18,400	6.8	1,744	10.5	17,500	900
	Europe	10,297	5.2	12,231	5.1	13,800	5.1	1,568	12.8	12,900	900
	Total	197,740		236,327		267,500		31,172		260,500	
Others		1,906	1.0	2,337	1.0	2,500	0.9	162	7.0	2,500	0
Exchange rate (Yen/USD)		111.55		134.19		140.00				130.00	

* 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 Revised forecast				FY3/2024 full-year forecast as of August	
		Amount	Share of net sales (%)	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	33,959	100.0	38,500	100.0	4,540	13.4	37,000	1500
Reportable segment	Japan	19,213	66.2	21,150	62.3	23,600	61.3	2,449	11.6	22,700	900
	Asia	8,365	28.8	10,392	30.6	11,700	30.4	1,307	12.6	11,500	200
	America	216	0.8	724	2.1	1,200	3.1	475	65.7	900	300
	Europe	563	1.9	978	2.9	1,100	2.9	121	12.4	1,000	100
	Total	28,359		33,245		37,600		4,354		36,100	
Others		171	0.6	204	0.6	200	0.5	△ 5	△2.2	200	0
Adjustment		484	1.7	509	1.5	700	1.8	190	37.3	700	0
Exchange rate (Yen/USD)		111.55		134.19		140.00				130.00	

Japan Initiatives for Medium- to Long-term Sustainable Growth

well-being management

□ Rohto's "well-being management"

In order to expand the circle of well-being both inside and outside of the Company, we will continue to take on challenges hand in hand with our colleagues inside and outside the Company, based on our business strengths and cultural qualities such as health, beauty, high quality based on science, and a corporate culture where each individual is autonomous and continues to take on challenges, aiming to create a social environment where the Company and people all over the world can live long lives while enjoying healthy, happy days with a smile.

- Strategic "selection" based on the concept of well-being and "diversification" of businesses
- Management from a long-term perspective
- Expansion of health portfolio
- Self-supporting manufacturing in each region

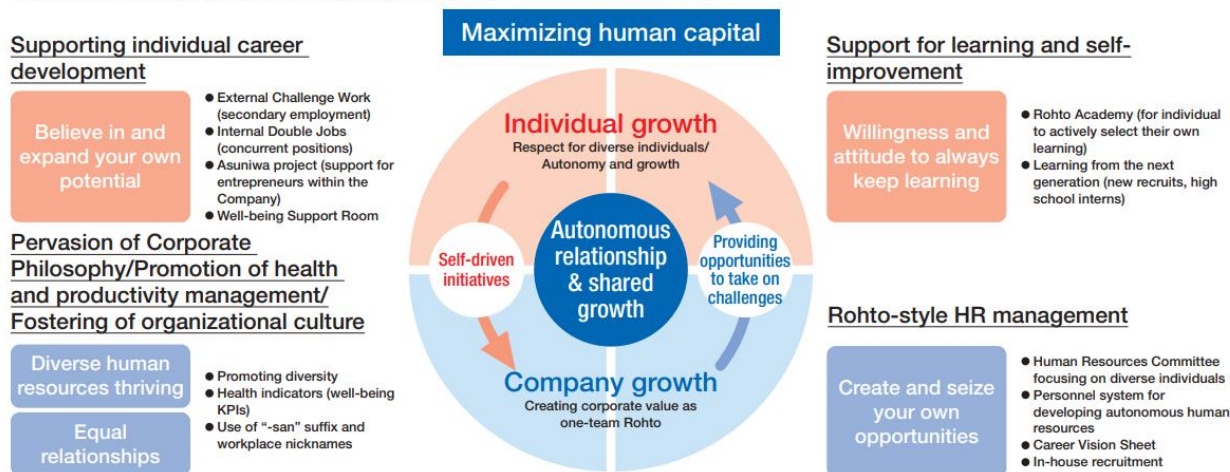
Providing Health Solutions in Various Fields

- ❑ International eye care support activities with 10 business partners since 2016
 - ❑ In cooperation with 10 business partners, which are “social partners,” we donate a portion of sales of eye drops to support activities for eye care, such as treatment of cataracts, in Asia, Africa, and other regions.
 - ❑ Collaboration with local communities
 - ❑ Collaboration for health promotion in communities, such as collaboration with Izumiotsu City and collaboration with Matsuyama City, Ehime University, and Lady Drug Store Co., Ltd.
 - ❑ Development of a food product using ecklonia kurome seaweed produced in Tottori Prefecture through collaboration with Tottori University and Takarafukuichi Ltd.
 - ❑ Support for the next generation
 - ❑ Developed an animated video clip under the supervision of the “Vision to Connect” center, COI-NEXT, Tohoku University, to raise awareness about children's eye health. For use as educational materials in elementary schools
 - ❑ Concluded a joint research agreement on plant factory cultivation of medicinal plants with National Institutes of Biomedical Innovation, Health and Nutrition and PLANTX Corp.
 - ❑ Looking to establishing stable cultivation methods for medicinal plants and commercializing them.
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Rohto-style Workstyle Reform for Co-growth of Individual Employees and the Company

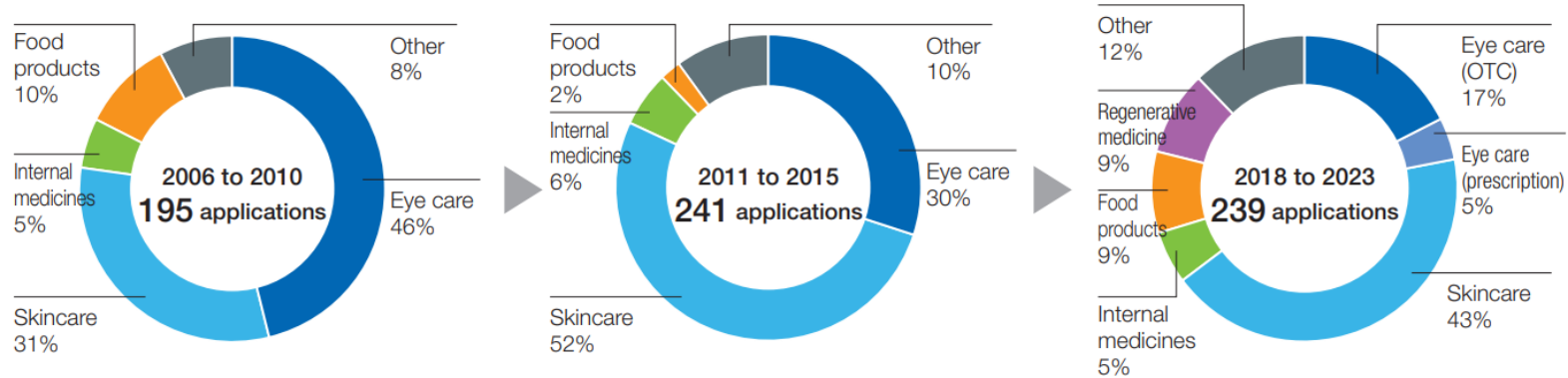
- ❑ “Well-being Points” in which each employee measures and reviews his/her work engagement
- ❑ New employee system to facilitate development of autonomous human resources
- ❑ “External Challenge Work (secondary employment)” and “Internal Double Jobs (concurrent positions)” programs to expand employees’ possibilities
- ❑ Asuniwa project to support entrepreneurs within the Company

Conceptual Diagram of the Company’s Human Capital Maximization



Intellectual Property underpinned by Advanced Technological Capabilities

Transition of the number of patent applications

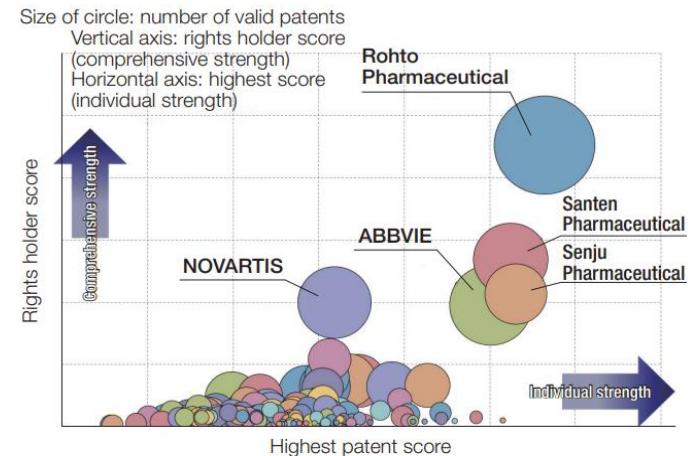


Ranked first in overall strength of ophthalmological medicine-related technology patents

Overall ranking of ophthalmic drug-related technology patents

- | | |
|-------------------------------|------------------------------------|
| 1 Rohto Pharmaceutical | 6 PFIZER |
| 2 Sanen Pharmaceutical | 7 Kowa |
| 3 Senju Pharmaceutical | 8 F.HOFFMANN LA ROCHE |
| 4 NOVARTIS | 9 BRISTOL-MYERS SQUIBB |
| 5 ABBVIE | 10 UNIVERSITY OF CALIFORNIA |

Ophthalmological Medicine Patents



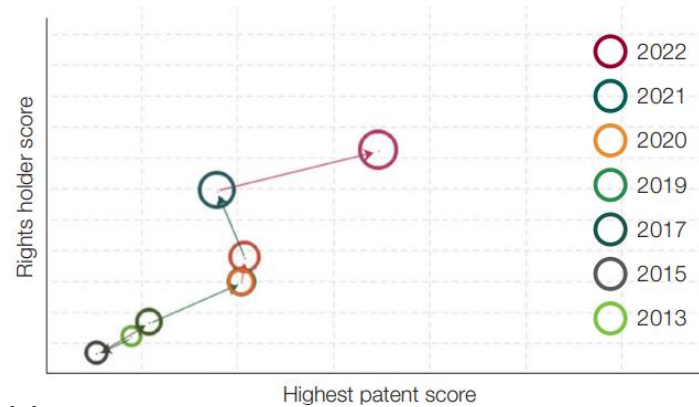
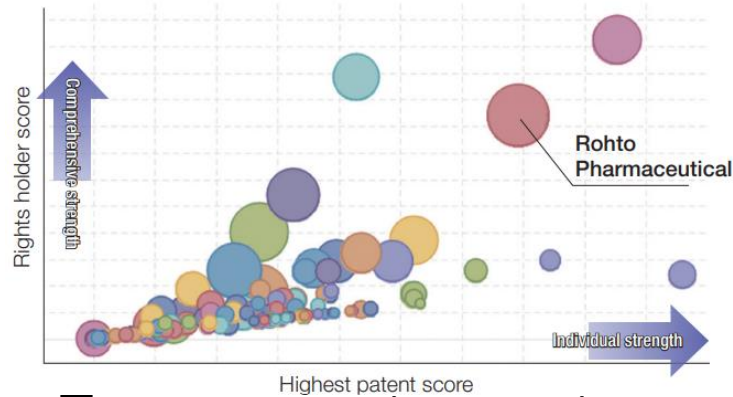
*Source: Research by Patent Result Co., Ltd. Patents issued between January 1993 and September 9, 2022 are included. The spelling of the companies' names is based on the names published by Patent Result Co., Ltd.

Intellectual Property underpinned by Advanced Technological Capabilities

Patents on focus ingredients

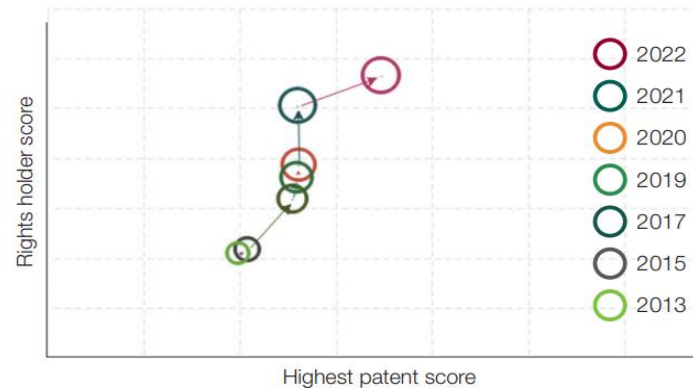
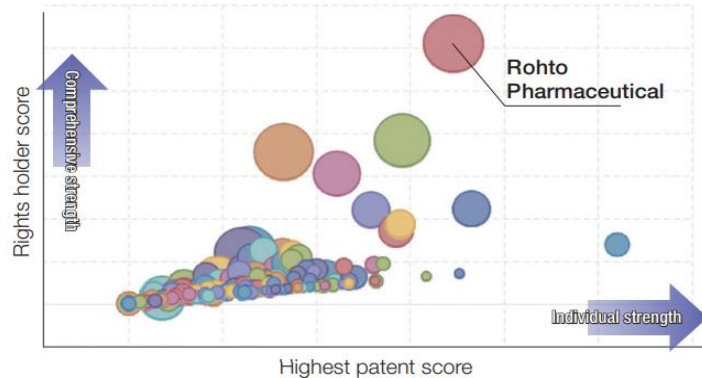
Cosmetics x Ascorbic Acid (Vitamin C) Patents Held

Size of circle: number of valid patents



Cosmetics x Hyaluronic Acid Patents Held

Size of circle: number of valid patents



*Created by the Company using Patent Result Co., Ltd.'s patent analysis tool "BizCruncher." The size of the circle indicates the number of valid patents in the relevant field, the horizontal axis shows the score of the single patent with the highest value among the patent group of each rights holder, and the vertical axis shows the sum of the scores of each rights holder's patents.

Intellectual Property underpinned by Advanced Technological Capabilities

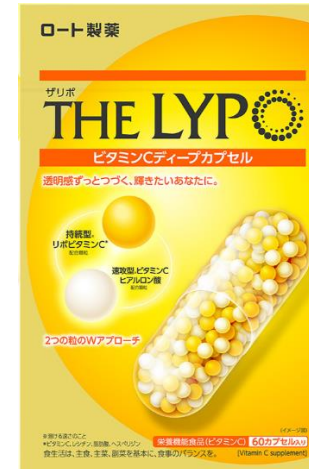
□ New products utilizing patented vitamin C technology



Liposomal encapsulation means to encapsulate ingredients in a capsule with the same structure as a cell membrane.



Certified as No. 1 choice in the health food category in September 2023 by MAQUIA, a beauty magazine



“Obagi C Inner Lipo Shot”

High-concentration vitamin C “drink” containing liposomal vitamin C. Obagi’s unique formulation with a well-balanced blend of three types of vitamin C for quick, thorough, and persisting benefits. A granule-type product containing both vitamin C and collagen.

“THE LYPO Vitamin C Deep Capsule”

A liposome-type supplement containing a combination of long-acting^{*1} liposomal vitamin C^{*2} granules and fast-acting^{*1} vitamin C with hyaluronic acid.

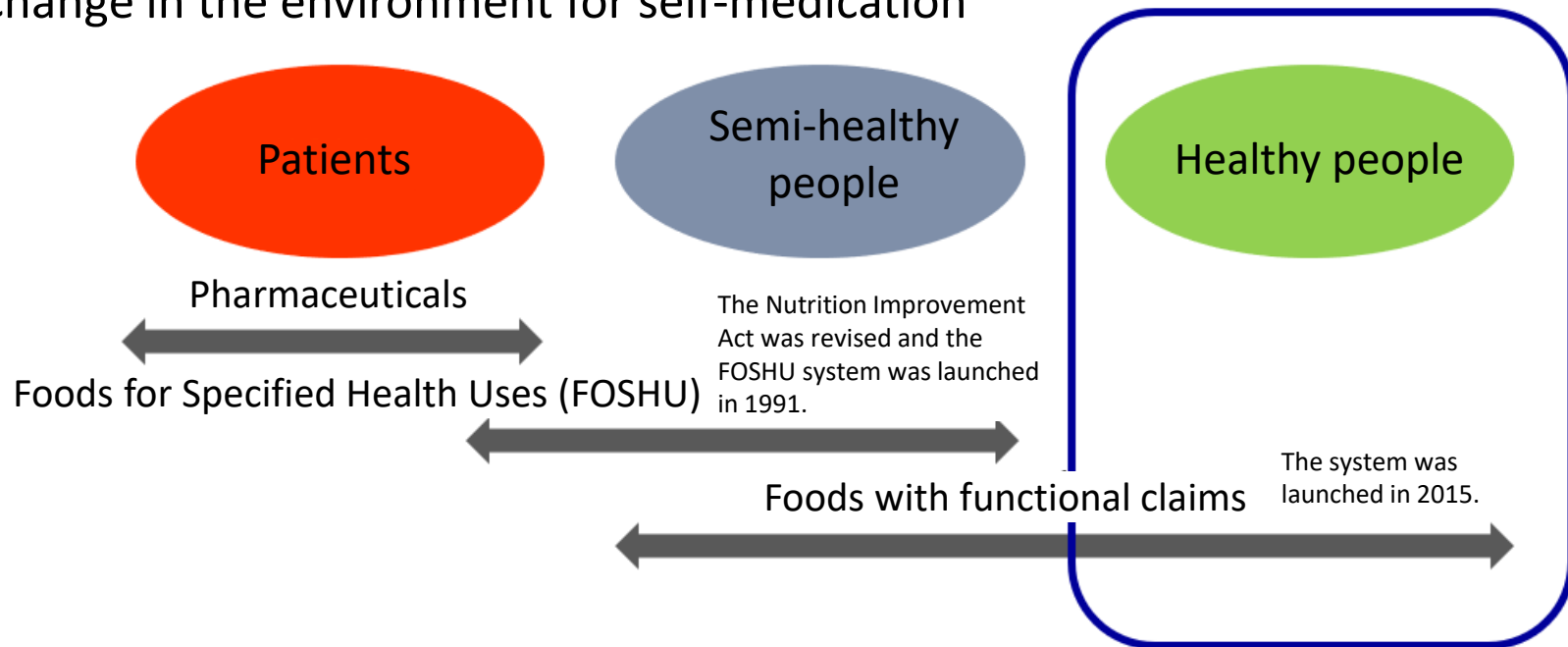
*1 Speed of dilution

*2 Fatty acids/vitamin C, lecithin, hesperidin

Aim at Growth of Functional Food Business

□ Change in the health-related market

Change in the environment for self-medication



During the COVID-19 pandemic, demand from healthy people for functional supplements increased.

The functional supplement market is worth over 1 trillion yen.

Aim at Growth of Functional Food Business

□ “V5” positioned as the pillar for business development.

[See]	[Eat]	[Move]	[Beauty care/ quest for beauty]	[Other]
<p>Rohto V5</p> 	<p>[Eat]</p>  <p>Napple</p>	<p>[Move]</p> <p>Flex Power</p> 	<p>epistem STEM SCIENCE drink</p> 	<p>Senobic</p> 
<p>Rohto V5 ACT-VISION</p> 	<p>Demas Tea</p> 	<p>Propo</p> 	<p>Obagi C Inner Lipo Shot</p> 	<p>REGRO Supplement EX Energy</p> 
<p>Rohto V5 Kiokuryoku (Memory) Support</p> 	<p>Rohto Mikatatsubu</p> 	<p>Chondro 1</p> 	<p>La Flora</p> 	<p>Cell Alive Supplement N containing PQQ</p> 

Advances in prescription ophthalmology drugs

(as of November 2023)

Pipeline of Ophthalmology Area					Stage					Target**
Domain	Code	Indications	Planned regions	Partners	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	Suppression of myopia progression	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

Advances in regenerative medicine

Pipeline of Regenerative Medicines (as of November 2023)						Stage					Current stage completion target**
Domain	Cell type	Code	Indications	Planned regions	Partners	Non-clinical	P1	P2	P3	Application	
Regenerative medicine	Human adipose-derived stem cells	ADR-001	Cirrhosis of the liver	Japan	Shionogi						▶ FY2023
		ADR-002K	Severe cardiac failure	Japan							(P2 in preparation)
		ADR-001	Kidney diseases	Japan							(P2 in preparation)
		ADR-001	Severe leg ischemia	Japan							▶ FY2024
		ADR-001	Lung fibrosis	Japan							▶ FY2024
		ADR-001	COVID-19 pneumonia	Japan							▶ FY2023
	Human umbilical cord-derived stem cells	UDI-001	Neurodegenerative diseases	Japan							▶ FY2023
	Cartilage cell kit*2			Traumatic cartilage defects	Japan						
			Osteoarthritis	Japan							▶ FY2023

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

Contract Processing of Stem Cells and Culture Media Business

❑ Contract processing of stem cells

❑ In January 2022, we began cell culture processing services contracted by medical institutions.

❑ In September 2023, Cell Factory Tokyo was established.

❑ Research Village Kyoto and Cell Factory Kyoto

❑ Cell Laboratory Tokyo

❑ Interstem Co., Ltd.

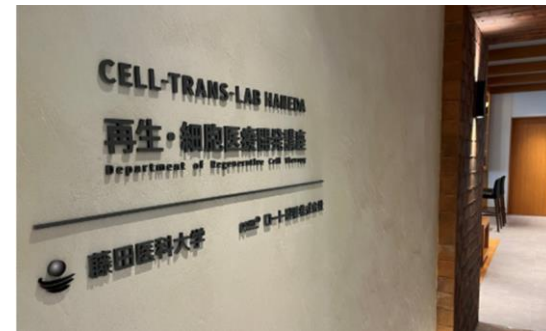
❑ Culture media business

❑ Development, manufacturing, and sale of products using Rohto's serum-free AOF medium for mesenchymal stem cells

❑ Products are sold in Japan and China.

Participation in Fujita Medical Innovation Center Tokyo, a research center for next-generation healthcare

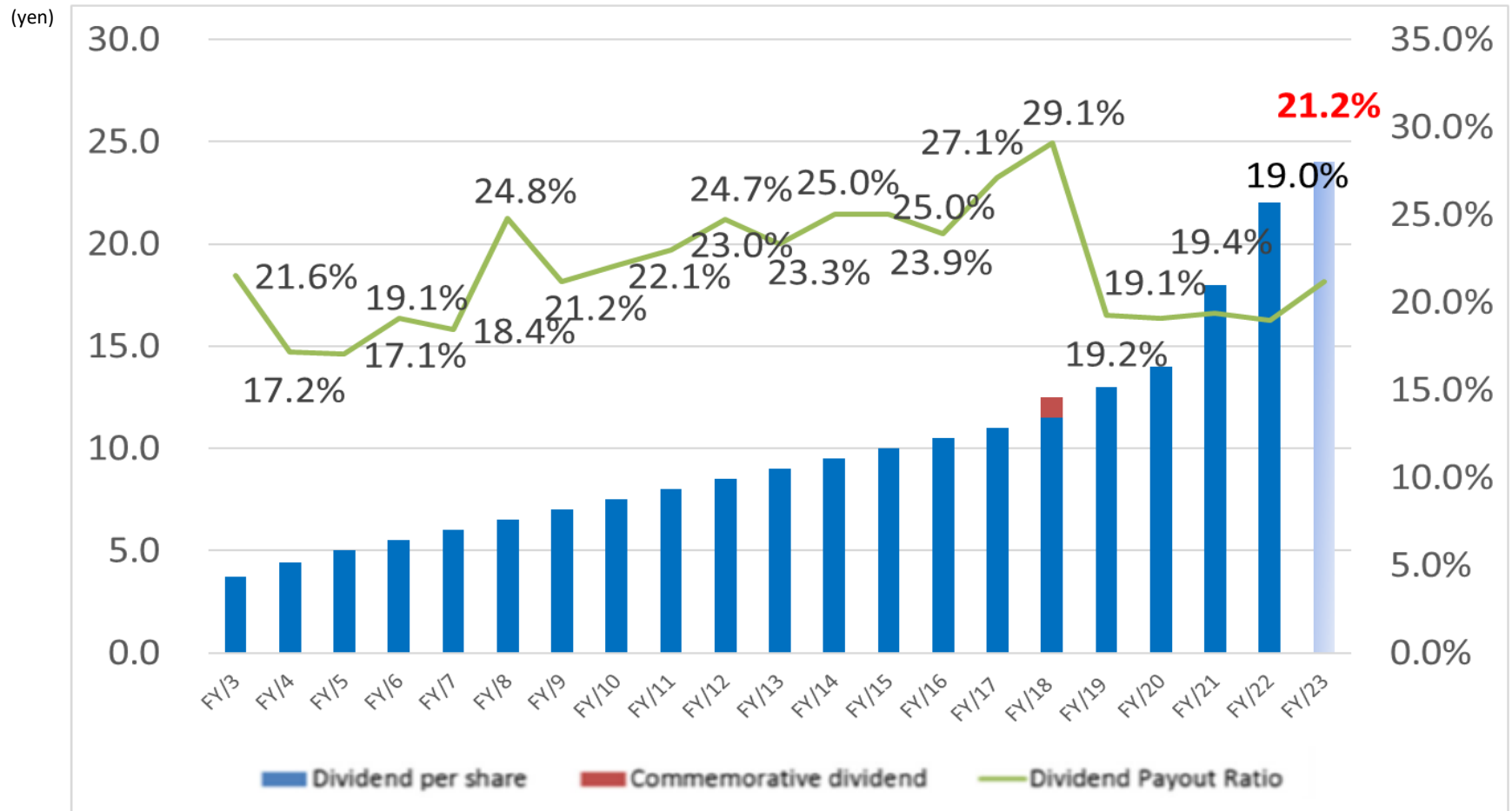
- ❑ Establishment of the Department of Regenerative Cell Therapy, a joint lab
 - ❑ Promoting basic research on mesenchymal stem cells
 - ❑ Collaboration with Fujita Health University and Fujita Health University Haneda Clinic to facilitate smooth application in clinical practice of the department's results
- ❑ Collaboration in the advanced healthcare and in the food field as part of the active longevity* program
 - * Active longevity: A concept of providing comprehensive assistance including healthcare, rehabilitation, nutrition, entertainment, etc. to shorten the gap between life expectancy and healthy life expectancy by about 10 years, whose reduction by healthcare alone has reached the limit.
 - ❑ Processing of specified cell products contracted by Fujita Health University Haneda Clinic
 - ❑ Providing supplements and bath salts using our proprietary technology in the field of food and circadian rhythms.



Fujita Medical Innovation Center Tokyo, together with Fujita Health University Haneda Clinic, occupies from B1 to the fourth floor of Zone A of HANEDA INNOVATION CITY adjacent to Haneda Airport. The center provides people around the world with advanced healthcare through regenerative medicine to contribute to people's well-being.

Forecast the 20th Consecutive Dividend Increase

□ Upwardly revised the planned annual dividend of 27 yen consisting of interim dividend of 12 yen and year-end dividend of 15 yen



* Figures before 2022 are post-split conversion.

- **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.**
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