

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2024
(Nine Months Ended December 31, 2023)

[Japanese GAAP]

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 4527
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 Scheduled date of dividend payment: -
 Supplementary materials for quarterly financial results: Yes
 Quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2023	201,163	14.1	35,262	23.3	37,247	26.1	26,157	20.9
December 31, 2022	176,263	22.4	28,598	22.5	29,540	25.5	21,637	26.5

(Note) Comprehensive income:(Millions of yen): Nine months ended December 31, 2023: 36,479 4.5%
 Nine months ended December 31, 2022: 34,918 74.4%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	114.66	114.33
December 31, 2022	94.84	94.57

(Note): The Company conducted a 2-for-1 stock split of shares of common stock on January 1, 2023. Basic earnings per share and diluted earnings per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	342,160	246,012	70.0
March 31, 2023	309,677	215,078	67.6

(Reference) Equity (Millions of yen): As of December 31, 2023: 239,655
 As of March 31, 2023: 209,187

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	20.00	-	12.00	-
Fiscal year ending March 31, 2024	-	12.00	-		
Fiscal year ending March 31, 2024 (Forecast)				15.00	27.00

(Note) Revision to the forecast for dividends announced most recently: No

The Company conducted a 2-for-1 stock split of shares of common stock on January 1, 2023. The figure indicated for the second quarter-end of the fiscal year ended March 31, 2023 is the amount before the stock split and the figure indicated for the year-end of the fiscal year ended March 31, 2023 is the amount after the stock split. Regarding the total amount of dividends for the full year, annual dividend per share is not presented because simple addition is inappropriate because of the implementation of the stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	272,000	14.0	40,000	17.8	41,500	16.7	30,000	13.7	131.50

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to page 8 of the attachments "2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to Quarterly Consolidated Financial Statements" for further information.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 236,178,310 shares

March 31, 2023: 236,178,310 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 8,039,461 shares

March 31, 2023: 8,039,356 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 228,138,911 shares

Nine months ended December 31, 2022: 228,139,461 shares

The Company conducted a 2-for-1 stock split of shares of common stock on January 1, 2023. Therefore, the number of common shares issued is calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

Note 1: This summary report is not subject to the quarterly review conducted by certified public accountants or audit firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information available to the Company at the time the materials were created. These materials are not promises by the Company regarding future performance. Actual results of operations may differ significantly from the forecasts depending on various factors. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to page 3 of the attachments "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the current fiscal year, the Japanese economy was on a recovery track. As normalization of economic activities progressed further by the lifting of behavioral restrictions due to COVID-19, the number of travelers from abroad increased. On the other hand, the outlook of the Japanese economy remained uncertain owing to depreciation of the yen, concerns about a possible slowdown of overseas economies, and ongoing sharp rises in the prices of commodities and semi-processed raw materials against the backdrop of the protracted conflict in Ukraine. Although personal consumption recovered as behavioral restrictions eased, real wages continue to decline because wage increases are not keeping pace with price increases, and thus consumers are becoming more frugal.

In these circumstances, under the slogan “Connect for Well-being,” the Rohto Group is endeavoring to enable people all over the world to feel energized both mentally and physically, and spend every day filled with laughter and happiness throughout the various stages of their life. With the aim of further increasing corporate value, we are working to realize the Rohto Group Comprehensive Management Vision 2030.

Consequently, net sales increased significantly to 201,163 million yen (up 14.1% year-on-year). In Japan, sales increased, reflecting product proposals that meet customer needs as well as a recovery in inbound demand. Overseas, sales also increased thanks to product proposals that meet customer needs 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 selling, general and administrative expenses resulted in significant increases in all profit categories: operating profit of 35,262 million yen (up 23.3% year-on-year), ordinary profit of 37,247 million yen (up 26.1% year-on-year), and profit attributable to owners of parent of 26,157 million yen (up 20.9% year-on-year).

Results by reportable segment are as follows.

Japan

Sales to outside customers increased significantly to 118,078 million yen (up 17.1% year-on-year).

Sales of “Melano CC” remained brisk thanks to strong sales of the enzyme face wash marketed under this brand. “Hadalabo” skincare products and “Rohto V5” supplements continued to perform strongly. A recovery in sales of lip balm, which had been sluggish due to the habit of wearing masks, became evident and gained traction. In addition to domestic demand, inbound demand has also been increasing. Domestic group companies also contributed to sales growth, including Amato Pharmaceutical Products, Ltd., which has “Borraginol®” as its main product.

Segment profit (operating profit basis) increased significantly to 21,660 million yen (up 25.6% year-on-year) owing to a significant increase in sales and improvement of the cost of sales ratio, as well as efficient utilization of selling, general and administrative expenses.

America

Sales to outside customers increased significantly to 13,699 million yen (up 10.0% year-on-year).

Hydrox Laboratories, which manufactures and sells medical disinfectants and other products, continued to perform strongly and made a significant contribution to the increase in sales.

Segment profit (operating profit basis) increased significantly to 964 million yen (up 194.6% year-on-year) owing to a significant increase in sales and improvement of the cost of sales ratio, as well as efficient utilization of selling, general and administrative expenses.

Europe

Sales to outside customers increased significantly to 10,528 million yen (up 11.5% year-on-year).

The mainstay anti-inflammatory analgesic products continued to perform well and contributed to the increase in sales. “Hadalabo Tokyo” also performed well in the UK and key countries in Eastern Europe and the Middle East. In addition, “Rohto Dry Aid,” a dry eye ophthalmic solution that was launched in May 2021 after obtaining the CE marking, with which the Company continues to develop the eye drop market, performed well.

Segment profit (operating profit basis) increased significantly to 1,042 million yen (up 38.1% year-on-year) owing to the impact of a significant increase in sales and improvement of the cost of sales ratio.

Asia

Sales to outside customers increased to 56,748 million yen (up 9.7% year-on-year).

Although sales in China were affected by deterioration of the economic environment, sales in Hong Kong, Indonesia, and Taiwan maintained high growth. Regarding the performance of particular products, sunscreens, eye drops, “Hadalabo”, and “Selsun” anti-dandruff shampoo are among those that contributed to the increase in sales.

Segment profit (operating profit basis) increased to 10,839 million yen (up 9.9% year-on-year) owing to the impact of an increase in sales.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the current fiscal year were 342,160 million yen, an increase of 32,482 million yen from the end of the previous fiscal year. This was mainly due to an increase of 9,936 million yen in notes and accounts receivable - trade, an increase of 7,578 million yen in investment securities, and an increase of 5,236 million yen in merchandise and finished goods.

Total liabilities were 96,147 million yen, an increase of 1,548 million yen from the end of the previous fiscal year. The main factors were an increase of 2,281 million yen in notes and accounts payable - trade and an increase of 1,415 million yen in electronically recorded obligations - operating, while long-term borrowings decreased by 2,243 million yen.

Net assets totaled 246,012 million yen, an increase of 30,933 million yen from the end of the previous fiscal year. This was mainly due to increases in retained earnings and foreign currency translation adjustment of 20,614 million yen and 8,341 million yen, respectively.

(3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements

(Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	270,000	38,500	40,000	29,000	127.12
Revised forecast (B)	272,000	40,000	41,500	30,000	131.50
Change (B – A)	2,000	1,500	1,500	1,000	-
Percentage change (%)	0.7	3.9	3.8	3.4	-

We have revised the consolidated earnings forecast announced on November 10, 2023, as the Japan segment performed better than expected in the third quarter and in view of the foreign exchange impact on overseas business. Net sales, operating profit, ordinary profit, and profit attributable to owners of parent are all expected to exceed the previous forecast and reach record highs. The assumed exchange rates have been revised to 142 yen to the US dollar and 19.82 yen to the Chinese yuan.

*The above forecasts are based on information available as of the date of announcement. Actual results may differ from the forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Major Notes**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	79,951	81,877
Notes and accounts receivable - trade	39,686	49,622
Electronically recorded monetary claims - operating	21,327	23,747
Merchandise and finished goods	22,451	27,687
Work in process	3,407	3,727
Raw materials and supplies	15,204	17,082
Other	8,575	10,817
Allowance for doubtful accounts	(357)	(365)
Total current assets	190,246	214,196
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	29,626	30,184
Other, net	36,555	38,208
Total property, plant and equipment	66,182	68,392
Intangible assets		
Goodwill	2,564	2,276
Other	6,996	6,851
Total intangible assets	9,561	9,127
Investments and other assets		
Investment securities	33,637	41,215
Other	17,182	16,188
Allowance for doubtful accounts	(7,132)	(6,960)
Total investments and other assets	43,687	50,443
Total non-current assets	119,431	127,963
Total assets	309,677	342,160

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,025	18,306
Electronically recorded obligations - operating	2,693	4,109
Short-term borrowings	4,177	4,359
Accrued expenses	20,777	21,018
Income taxes payable	5,048	5,784
Provision for bonuses	3,535	1,731
Provision for bonuses for directors (and other officers)	50	37
Other	27,854	28,286
Total current liabilities	80,162	83,633
Non-current liabilities		
Long-term borrowings	7,516	5,273
Retirement benefit liability	3,104	3,256
Provision for loss on guarantees	42	32
Other	3,773	3,952
Total non-current liabilities	14,436	12,514
Total liabilities	94,599	96,147
Net assets		
Shareholders' equity		
Share capital	6,504	6,504
Capital surplus	5,292	5,292
Retained earnings	184,005	204,620
Treasury shares	(4,938)	(4,938)
Total shareholders' equity	190,864	211,478
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,951	9,471
Foreign currency translation adjustment	10,649	18,990
Remeasurements of defined benefit plans	(277)	(284)
Total accumulated other comprehensive income	18,323	28,177
Share acquisition rights	382	382
Non-controlling interests	5,508	5,973
Total net assets	215,078	246,012
Total liabilities and net assets	309,677	342,160

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	176,263	201,163
Cost of sales	74,828	83,743
Gross profit	101,435	117,419
Selling, general and administrative expenses	72,837	82,156
Operating profit	28,598	35,262
Non-operating income		
Interest income	643	1,095
Dividend income	451	470
Share of profit of entities accounted for using equity method	19	69
Other	1,503	1,058
Total non-operating income	2,619	2,694
Non-operating expenses		
Interest expenses	194	180
Loss on investments in investment partnerships	-	165
Donations	1,000	-
Other	482	363
Total non-operating expenses	1,677	710
Ordinary profit	29,540	37,247
Extraordinary income		
Gain on change in equity	125	-
Gain on sale of investment securities	15	-
National subsidies	-	230
Total extraordinary income	140	230
Extraordinary losses		
Loss on retirement of non-current assets	153	-
Loss on tax purpose reduction entry of non-current assets	-	230
Loss on valuation of investment securities	-	676
Total extraordinary losses	153	906
Profit before income taxes	29,527	36,570
Income taxes	7,692	10,039
Profit	21,835	26,530
Profit attributable to non-controlling interests	197	372
Profit attributable to owners of parent	21,637	26,157

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	21,835	26,530
Other comprehensive income		
Valuation difference on available-for-sale securities	996	1,538
Foreign currency translation adjustment	11,882	8,416
Remeasurements of defined benefit plans, net of tax	202	(7)
Share of other comprehensive income of entities accounted for using equity method	1	1
Total other comprehensive income	13,082	9,948
Comprehensive income	34,918	36,479
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,553	36,012
Comprehensive income attributable to non-controlling interests	364	467

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

No reportable information.

Significant Changes in Shareholders' Equity

No reportable information.

Application of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

Calculation of tax expense

Tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes for the fiscal year, and multiplying that rate by the quarterly income before income taxes.

Segment Information

I. Prior Third Quarter (Apr. 1, 2022 – Dec. 31, 2022)

1. Information related to net sales and profit and disaggregation of revenue for each reportable segment

(Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in quarterly consolidated statement of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
Revenue from contracts with customers	100,820	12,459	9,438	51,740	174,459	1,803	176,263	—	176,263
(1) Sales to customers	100,820	12,459	9,438	51,740	174,459	1,803	176,263	—	176,263
(2) Inter-segment sales and transfers	2,850	1,063	14	2,762	6,690	42	6,732	(6,732)	—
Total	103,671	13,523	9,452	54,503	181,150	1,846	182,996	(6,732)	176,263
Segment profit	17,241	327	755	9,865	28,188	188	28,377	221	28,598

Notes: 1. "America" includes the business activities of overseas entities in the U.S. and Brazil, and others; "Europe" those in the U.K., Poland and South Africa, and others; and "Asia" those in China, Taiwan, Vietnam, and others.

2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.

3. "Adjustment" to segment profit of 221 million yen indicates elimination for intersegment transactions.

4. Segment profit is adjusted with operating income reported in the quarterly consolidated statement of income.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

No reportable information.

II. Current Third Quarter (Apr. 1, 2023 – Dec. 31, 2023)

1. Information related to net sales and profit and disaggregation of revenue for each reportable segment

(Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in quarterly consolidated statement of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
Revenue from contracts with customers	118,078	13,699	10,528	56,748	199,055	2,107	201,163	—	201,163
(1) Sales to customers	118,078	13,699	10,528	56,748	199,055	2,107	201,163	—	201,163
(2) Inter-segment sales and transfers	2,417	1,253	106	3,461	7,239	37	7,277	(7,277)	—
Total	120,495	14,953	10,634	60,210	206,294	2,145	208,440	(7,277)	201,163
Segment profit	21,660	964	1,042	10,839	34,507	200	34,708	554	35,262

Notes: 1. "America" includes the business activities of overseas entities in the U.S. and Brazil, and others; "Europe" those in the U.K., Poland and South Africa, and others; and "Asia" those in China, Taiwan, Vietnam, and others.

2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.

3. "Adjustment" to segment profit of 554 million yen indicates elimination for intersegment transactions.

4. Segment profit is adjusted with operating income reported in the quarterly consolidated statement of income.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

No reportable information.

** This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*