

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

February 9, 2024
ROHTO Pharmaceutical Co., Ltd.

Highlights of the First Nine Months of FY3/2024

- ❑ Summary
- ❑ Amid ongoing normalization of economic activity reflecting the easing of behavioral restrictions in line with the downgrading of COVID-19 to a Class 5 infectious disease in Japan, net sales increased significantly thanks to product proposals tailored to customer needs and a recovery in inbound demand, as well as 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 Third 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 profits increased in all segments.**
- ❑ **Upwardly revised full-year earnings forecast.**

Q3 FY3/2024 Results of Operations

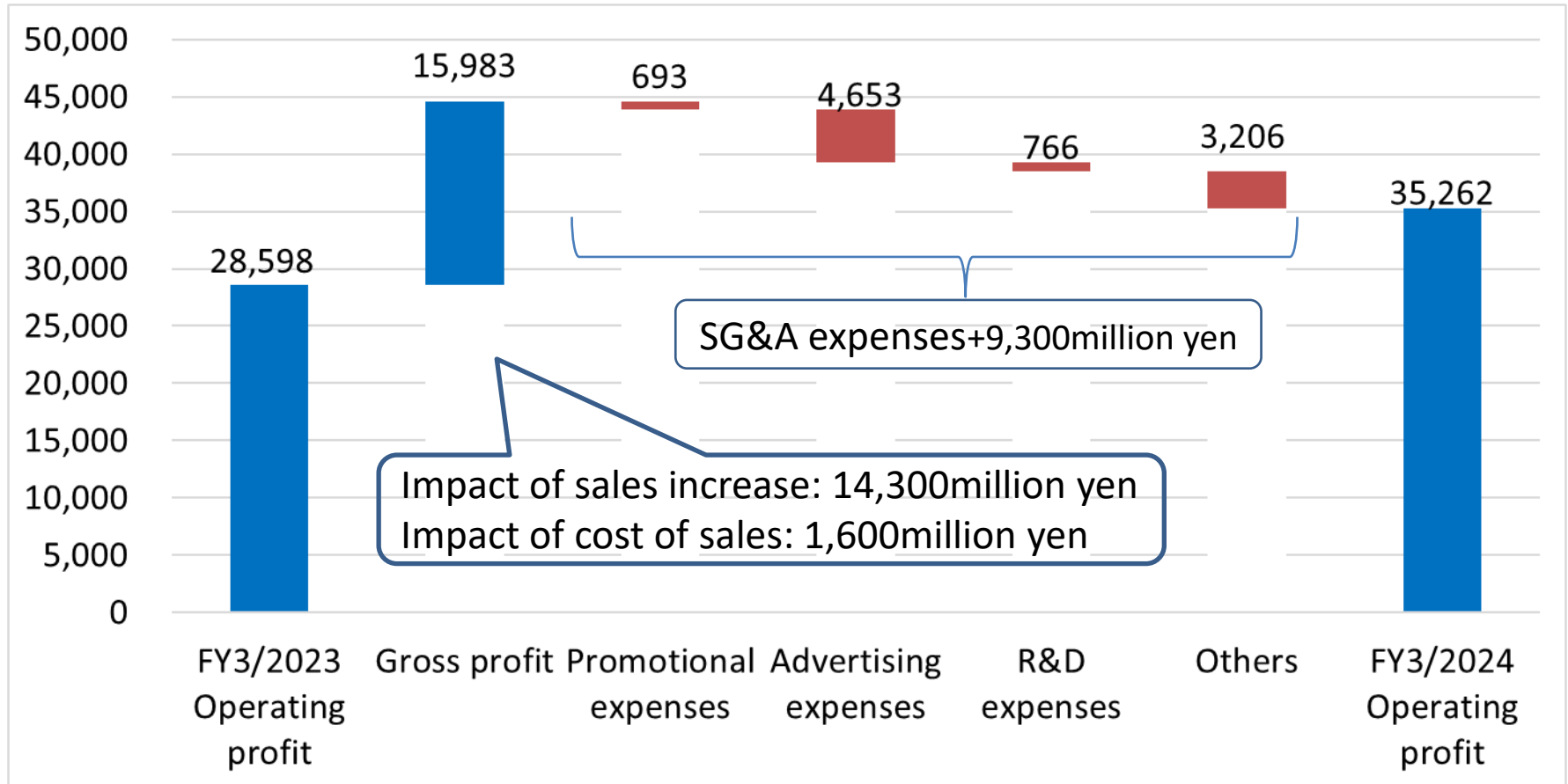
(Millions of yen, rounded down)

	Q3 FY3/2023	Q3 FY3/2024	Share of net sales (%)	YoY change (Amount)	YoY change (%)
Net sales	176,263	201,163	100.0	24,899	14.1
Cost of sales	74,828	83,743		8,915	11.9
Cost of sales ratio	42.5	41.6			
SG&A expenses	72,837	82,156	40.8	9,319	12.8
Promotional expense	9,910	10,603	5.3	693	7.0
Advertising expenses	21,474	26,128	13.0	4,653	21.7
R&D expenses	7,611	8,377	4.2	766	10.1
Others	33,840	37,046	18.4	3,206	9.5
Operating profit	28,598	35,262	17.5	6,664	23.3
Ordinary profit	29,540	37,247	18.5	7,707	26.1
Profit attributable to owners of parent	21,637	26,157	13.0	4,520	20.9

※Exchange Rate: {US\$ / Yen} = 142.16, {CNY / Yen} = 19.61
 3 Prior year exchange rate : {US\$ / Yen} 134.67, {CNY / Yen} = 19.35

Consolidated OI growth Y on Y (3Q)

(Millions of yen)



Q3 FY3/2024 Sales by Reportable Segment

(Millions of yen, rounded down)

		Q3FY3/2022		Q3FY3/2023		Q3FY3/2024			
		Amount	Share of net sales (%)	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	201,163	100.0	24,899	14.1
Reportable segment	Japan	88,449	61.4	100,820	57.2	118,078	58.7	17,257	17.1
	Asia	39,553	27.5	51,740	29.4	56,748	28.2	5,008	9.7
	America	6,751	4.7	12,459	7.1	13,699	6.8	1,240	10.0
	Europe	7,817	5.4	9,438	5.9	10,528	5.2	1,089	11.5
	Total	142,572	99.9	174,459	99.0	199,055	99.0	24,595	14.1
Others		1,449	1.0	1,803	1.0	2,107	1.0	304	16.9
Exchange rate (Yen/USD)		110.52		134.67		142.16			

* Net sales indicate sales to customers

Q3 FY3/2024 Operating profit

(Millions of yen, rounded down)

		Q3FY3/2022		Q3FY3/2023		Q3FY3/2024			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)
Operating profit		23,345	100.0	28,598	100.0	35,262	100.0	6,664	23.3
Reportable segment	Japan	15,085	64.6	17,241	60.3	21,660	61.4	4,419	25.6
	Asia	7,173	30.7	9,865	34.5	10,839	30.7	974	9.9
	America	128	0.6	327	1.2	964	2.7	637	194.6
	Europe	564	2.4	755	2.6	1,042	3.0	287	38.1
	Total	22,951	98.3	28,188	98.5	34,507	97.9	6,318	22.4
Others		121	0.5	188	0.7	200	0.6	12	6.4
Adjustment		272	1.2	221	0.8	554	1.6	333	150.7
Exchange rate (Yen/USD)		110.52		134.67		142.16			

Japan: Significant Increase in Sales and Profits

Sales: ¥118,078million, up 17.1% YoY

Operating profit: ¥21,660 million, up 25.6% YoY

- ❑ Sales increased, driven by product proposals tailored to customer needs and a recovery in inbound demand.
- ❑ 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 a significant increase in sales and improvement of the cost of sales ratio, as well as carry-over of advertising and R&D expenses to the fourth quarter.

“BORRAGINOL TOKIKENCHUTO ORAL”
launched by Amato Pharmaceutical
Products on January 12



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”

*1 Intage SRI+ [Weekly]

Categories covered: Cosmetics (5 categories)

Period covered: From April to December 2023, quantity basis

Recovery in inbound demand



(Millions of yen)

Demand for episteme STEM SCIENCE drink is growing rapidly.

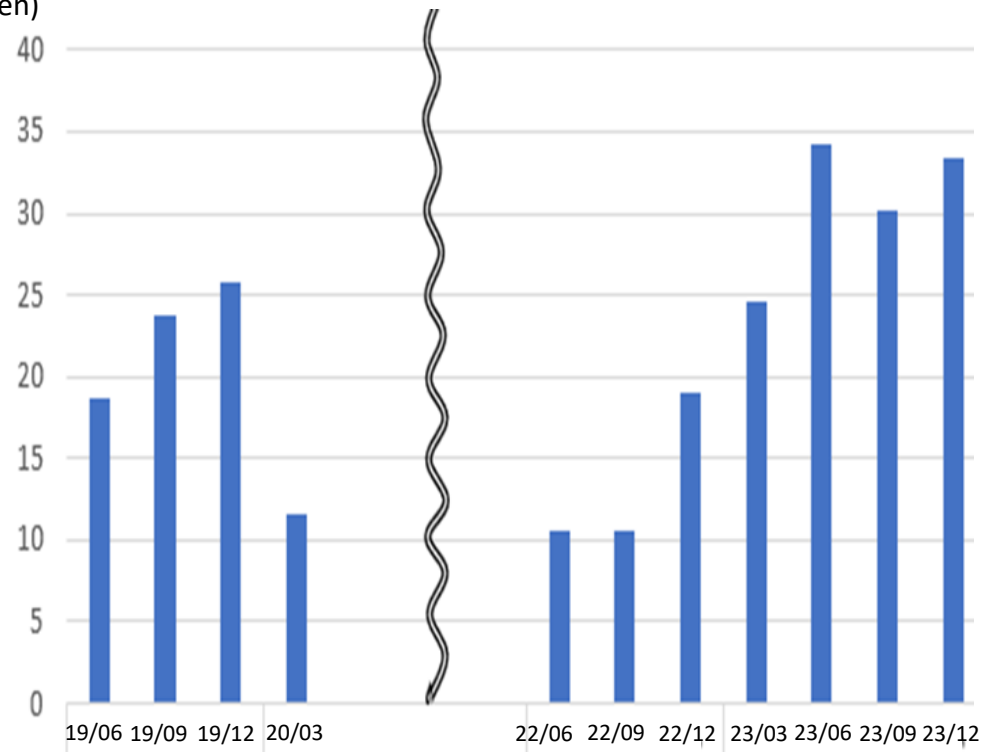


Demand for eye drops remains firm and vigorous.



Highly popular Melano CC series

Sales to foreign tourists in Japan (estimate)



Asia: Significant Increase in Sales and Profits

Sales: ¥56,748 million, up 9.7% YoY

Operating profit: ¥10,839 million, up 9.9% YoY

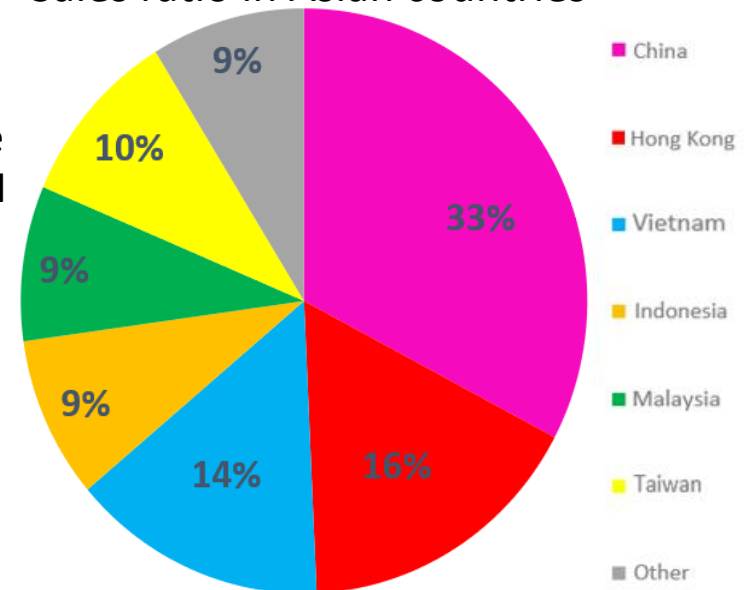
- ❑ China declined, affected by deterioration of the economic environment.
- ❑ Hong Kong, Indonesia, and Taiwan maintained high growth.
- ❑ Sunscreens, Selsun, Hadalabo, eye drops, etc. contributed to sales increase.
- ❑ Profit increased significantly owing to the impact of the sales increase and efficient utilization of selling, general and administrative expenses.

Selsun has also become popular among women wearing the hijab, leading to increased sales.



Promotion of sunscreen, taking the opportunity of the Asian Games.

• Sales ratio in Asian countries



America : Significant Increase in Sales and Profits

Sales: ¥13,699 million, up 10.0% YoY

Operating profit: ¥964 million, up 194.6% 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: ¥10,528 million, up 11.5% YoY

Operating profit: ¥1,042 million, up 38.1% 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.



Revision to the FY3/2024 Forecast

Upwardly revised full-year forecast

□ Both sales and profit are expected to reach record highs.

(Millions of yen, rounded down)

	FY3/2022		FY3/2023		FY3/2024 Revised forecast				FY3/2024 full-year forecast November	
	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	272,000	100.0	33,335	14.0	270,000	2,000
Operating profit	29,015	14.7	33,959	14.2	40,000	14.7	6,040	17.8	38,500	1,500
Ordinary profit	28,750	14.6	35,568	14.9	41,500	15.3	5,931	16.7	40,000	1,500
Profit attributable to owners of parent	21,127	10.5	26,377	11.1	30,000	11.0	3,622	13.7	29,000	1,000
Basic earnings per share(yen)	92.61		115.62		131.50				127.12	

Exchange rate

(Yen/USD)	111.55	134.19	142.00	140.00
(Yen/CNY)	17.03	19.48	19.82	19.70

FY3/2024 Sales Forecast by Reportable Segment

□ Increase in Japan's substantial results is reflected.

(Millions of yen, rounded down)

		FY3/2022		FY3/2023		FY3/2024 Revised forecast				FY3/2024 full-year forecast as of November	
		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	272,000	100.0	33,335	14.0	270,000	2,000
Reportable segment	Japan	121,417	60.8	136,668	57.3	157,800	58.0	21,131	15.5	156,400	1,400
	Asia	55,988	28.0	70,773	29.7	79,300	29.2	8,526	12.0	78,900	400
	America	10,037	5.0	16,655	7.0	18,400	6.8	1,744	10.5	18,400	0
	Europe	10,297	5.2	12,231	5.1	14,000	5.1	1,768	14.5	13,800	200
	Total	197,740		236,327		269,500		33,172		267,500	
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		142.00				140.00	

* Net sales indicate sales to customers

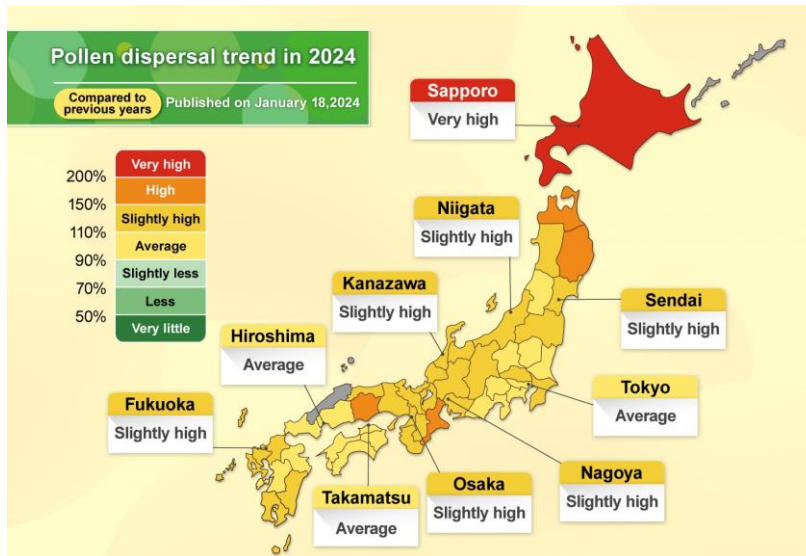
FY3/2024 Operating profit Forecast by Reportable Segment

(Millions of yen, rounded down)

		FY3/2022		FY3/2023		FY3/2024 Revised forecast				FY3/2024 full-year forecast as of November	
		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 profit		29,015	100.0	33,959	100.0	40,000	100.0	6,040	17.8	38,500	1,500
Reportable segment	Japan	19,213	66.2	21,150	62.3	24,800	62.0	3,649	17.3	23,600	1,200
	Asia	8,365	28.8	10,392	30.6	11,900	29.8	1,507	14.5	11,700	200
	America	216	0.8	724	2.1	1,200	3.0	475	65.7	1,200	0
	Europe	563	1.9	978	2.9	1,200	3.0	221	22.7	1,100	100
	Total	28,359		33,245		39,100		5,854		37,600	
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	37.5	700	0
Exchange rate (Yen/USD)		111.55		134.19		142.00				140.00	

Spring 2024 Cedar Pollen Dispersal Forecast

- ❑ Cedar pollen dispersal is expected to start at the usual time or earlier.
- ❑ Amounts of pollen dispersed are expected to be similar to or slightly higher than the average.



2024 Pollen Dispersal Trend by Region							
Region	vs average year	vs previous season	2023 summer weather (from June to August)				
			Temperature	Precipitation	Sunshine duration		
Hokkaido	Very high	230%	Very high	630%	Very high	Average	More
Tohoku	Slightly high	140%	High	150%	Very high	Less	Much more
Kanto	Average	100%	Less	50%	Very high	Average	Much more
Koshin	Average	100%	Less	50%	Very high	Average	Much more
Hokuriku	Slightly high	140%	Less	60%	Very high	Average	Much more
Tokai	Slightly high	120%	Average	90%	Very high	More	Much more
Kinki	Slightly high	130%	Slightly less	70%	Very high	More	More
Chugoku	Slightly high	120%	Less	60%	Very high	Average	Average
Shikoku	Average	100%	Less	60%	High	More	Average
Kyushu	Slightly high	120%	Slightly less	70%	Very high	Average	Average

Source: Japan Weather Association's press release of January 18, 2024

Advances in regenerative medicine

Pipeline of Regenerative Medicines (as of February 2024)						Stage					Current stage completion target**1
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							(Application in preparation)
		Osteoarthritis	Japan							(Application for clinical trial in FY2024 in preparation)	

(Application in preparation)

(Application for clinical trial in FY2024 in preparation)

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

Advances in prescription ophthalmology drugs

Pipeline of Ophthalmology Area (as of February 2024)					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 2028
	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

Rapid Growth of Obagi X

- Obagi's aging care series*¹ "Obagi X" is growing rapidly!
2023 sales were approx. 2.6 times 2021 sales.



- "Obagi X Frame Lift" series, redesigned in September 2023, won a record-high number*² of best cosmetics awards for the second half of the year from beauty-related media.



(From left)

Obagi C Day Serum UV

Obagi C Day Serum BB Light

Obagi C Day Serum BB Natural

Each 30 g, 3,000 yen (3,300 yen, tax included)

- "Obagi C Day Serum" series launched on February 10
UV activated C formulation applying the knowledge obtained by research on vitamin C

*1 Age-appropriate moisturization care

*2 "Obagi X Frame Lift" series won 80 awards.

Products under the "Obagi" brand won a total of 95 awards.

Initiatives to Maximize Human Capital

- ROHTO received the CSA Award (companies creating human capital for the next generation and recommendable to people in their 20s)

“CSA Award”: Established in 2020 to recognize companies that are contributing to society through their core business and are highly profitable and are capable of developing business people needed by society in the future



- Key points for the commendation

- Cultivation of a corporate culture emphasizing self-directed thinking and tackling of challenges

ROHTO has established a system that allows employees to proactively and habitually think about how they can provide value to the company, and is providing them with opportunities to gain comprehensive viewpoint from their 20s. Moreover, despite its long history, ROHTO has reformed its personnel system to eliminate age-based pay.

- Inculcation of the corporate philosophy

ROHTO’s purpose, “contributing to the ‘well-being’ of all individuals and society,” is inculcated throughout the workforce and entrenched in the company’s products. Respect and appreciation of the customer perspective is ingrained in the corporate culture.

- **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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