May 13, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

[Japanese GAAP]

Company name: ROHTO PHARMACEUTICAL CO., LTD.
Stock exchange listing: Tokyo Stock Exchange
Stock code: 4527
URL: https://www.rohto.co.jp/
Representative: Masashi Sugimoto President and COO
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Telephone: 81-(0) 6-6758-8223
Scheduled date of Annual General Meeting of Shareholders: June 27, 2024
Scheduled date of filing annual securities report: June 28, 2024
Scheduled date of commencing dividend payments: June 13, 2024
Availability of supplementary briefing material on annual financial results: Yes
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 Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	270,840	13.5	40,048	17.9	42,434	19.3	30,936	17.3
March 31, 2023	238,664	19.5	33,959	17.0	35,568	23.7	26,377	24.9

(Note) Comprehensive income (Millions of yen): Fiscal year ended March 31, 2024: 43,647 19.4 %
Fiscal year ended March 31, 2023: 36,544 36.3 %

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	135.61	135.21	13.6	12.9	14.8
March 31, 2023	115.62	115.29	13.6	12.2	14.2

(Reference) Equity in earnings (losses) of affiliated companies (Millions of yen): Fiscal year ended March 31, 2024: (289)
Fiscal year ended March 31, 2023: 56

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	346,175	247,036	71.0	1,078.04
March 31, 2023	309,677	215,078	67.6	916.93

(Reference) Equity (Millions of yen): As of March 31, 2024: 245,942
As of March 31, 2023: 209,187

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	34,245	(16,317)	(13,784)	86,562
March 31, 2023	30,924	(13,176)	(16,199)	77,691

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends on Equity (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	-	20.00	-	12.00	-	5,019	19.0	2.6
March 31, 2024	-	12.00	-	15.00	27.00	6,159	19.9	2.7
Fiscal year ending March 31, 2025 (Forecast)	-	15.00	-	15.00	30.00		21.4	

(Note) 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, 2025 (April 1, 2024 to March 31, 2025)

(% 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	300,000	10.8	43,000	7.4	44,000	3.7	32,000	3.4	140.27

(Note 1) From the viewpoint of promoting constructive dialogue for medium-to long-term corporate value enhancement, we will disclose the earnings forecast for the full year only.

(Note 2) This forecast does not include the results of Eu Yan Sang International Ltd. with which the Company entered into a share transfer agreement on April 4, 2024.

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) 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

Note: For details, please refer "(5) Notes to Consolidated Financial Statements", under "3. Consolidated Financial Statements and Major Notes" on page 15 of the attachment.

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

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

March 31, 2024: 236,178,310 shares

March 31, 2023: 236,178,310 shares

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

March 31, 2024: 8,039,532 shares

March 31, 2023: 8,039,356 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 228,138,880 shares

Fiscal Year ended March 31, 2023: 228,139,360 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	128,937	11.8	21,434	15.2	26,696	18.9	19,970	20.5
March 31, 2023	115,355	14.0	18,612	11.3	22,462	28.2	16,568	27.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2024	87.54	87.28
March 31, 2023	72.62	72.42

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	208,563	154,272	73.8	674.54
March 31, 2023	191,886	136,582	71.0	597.00

(Reference) Equity (Millions of yen): As of March 31, 2024: 153,889
As of March 31, 2023: 136,199

Note 1: This summary report is not subject to the audit 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 2 of the attachments "1. Overview of Results of Operations and Other Information, (1) Explanation of Results of Operations."

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1. Overview of Results of Operations and Other Information

(1) Overview of Results of Operations

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended Mar. 31, 2024	270,840	40,048	42,434	30,936
Fiscal year ended Mar. 31, 2023	238,664	33,959	35,568	26,377
Year-on-year change (%)	13.5	17.9	19.3	17.3

During 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. Although real wages continue to decline because wage increases are not keeping pace with price increases, personal consumption gradually recovered as behavioral restrictions eased. 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.

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 270,840 million yen (up 13.5% 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 40,048 million yen (up 17.9% year-on-year), ordinary profit of 42,434 million yen (up 19.3% year-on-year), and profit attributable to owners of parent of 30,936 million yen (up 17.3% year-on-year).

Results by reportable segment are as follows.

(Millions of yen)

		Net sales (Sales to customers)			
		Fiscal year ended Mar. 31, 2023	**Fiscal year ended Mar. 31, 2024**	Year-on-year change (Amount)	Year-on-year change (%)
Reportable segment	Japan	136,668	156,851	20,183	14.8
	America	16,655	18,565	1,910	11.5
	Europe	12,231	13,884	1,653	13.5
	Asia	70,773	78,751	7,978	11.3
	Subtotal	236,327	268,053	31,725	13.4
Others		2,337	2,786	449	19.2
Total		238,664	270,840	32,175	13.5

Japan

Sales to outside customers increased significantly to 156,851 million yen (up 14.8% 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. Sales of lip balm, which had been sluggish due to the habit of wearing masks, have recovered, too. In addition to domestic demand, inbound demand has also been increasing. Domestic group companies also contributed to sales growth, including Rohto Nitten Co., Ltd. and Amato Pharmaceutical Products, Ltd., which has “Borraginol®” as its main product.

Segment profit (operating profit basis) increased significantly to 24,437 million yen (up 15.5% 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 18,565 million yen (up 11.5% 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 1,205 million yen (up 66.5% 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 13,884 million yen (up 13.5% year-on-year).

The mainstay anti-inflammatory analgesic products continued to perform well, partly owing to the launch of new products, 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 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 1,385 million yen (up 41.6% 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 significantly to 78,751 million yen (up 11.3% year-on-year).

Sales mainly in Hong Kong, Taiwan, and Indonesia maintained high growth. Regarding the performance of particular products, sunscreens, eye drops, “Hadalabo,” and “Selsun” antidandruff shampoo are among those that contributed to the increase in sales.

Segment profit (operating profit basis) increased significantly to 12,028 million yen (up 15.7% year-on-year) owing to the impact of an increase in sales.

Outlook for the fiscal year ending Mar. 31, 2025

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ending Mar. 31, 2025 (forecast)	300,000	43,000	44,000	32,000
Fiscal year ended Mar. 31, 2024 (results)	270,840	40,048	42,434	30,936
Year-on-year change (%)	10.8	7.4	3.7	3.4

The Japanese economy is expected to grow steadily, driven by domestic demand, such as personal consumption and capital investment. However, the economic outlook remains uncertain in view of ongoing depreciation of the yen and because sharp rises in raw material and fuel prices as well as increases in commodity prices are expected to persist.

In these circumstances, the Rohto Group will adapt to the changes in the business environment, aiming to expand business further and improve earnings by creating new products that respond appropriately to changing customer needs. The Group is also endeavoring to achieve innovations, including through alliances with a wide range of companies.

In view of this situation, for the fiscal year ending March 31, 2025, the Company projects net sales of 300.0 billion yen, operating profit of 43.0 billion yen, ordinary profit of 44.0 billion yen, and profit attributable to owners of parent of 32.0 billion yen.

These forecasts are based on an exchange rate of 148 yen to the U.S. dollar and 20 yen to the Chinese yuan.

This forecast does not include the results of Eu Yan Sang International Ltd. with which the Company entered into a share transfer agreement on April 4, 2024.

(2) Overview of Financial Position

Total assets at the end of the current fiscal year were 346,175 million yen, an increase of 36,497 million yen from the end of the previous fiscal year. This was mainly due to an increase of 10,699 million yen in investment securities, an increase of 9,259 million yen in cash and deposits, and an increase of 5,058 million yen in notes and accounts receivable - trade, while deferred tax assets decreased by 1,502 million yen.

Total liabilities were 99,138 million yen, an increase of 4,539 million yen from the end of the previous fiscal year. The main factors were an increase of 1,795 million yen in other current liabilities and an increase of 1,438 million yen in electronically recorded obligations - operating, while long-term borrowings decreased by 2,325 million yen.

Net assets totaled 247,036 million yen, an increase of 31,957 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 25,393 million yen and 7,944 million yen, respectively.

(3) Overview of Cash Flows

(Millions of yen)

Item	Fiscal year ended Mar. 31, 2023	**Fiscal year ended Mar. 31, 2024**	Year-on-year change (Amount)
Cash and cash equivalents at the beginning of the period	70,905	**77,691**	6,786
Cash flows from operating activities	30,924	**34,245**	3,320
Cash flows from investing activities	(13,176)	**(16,317)**	(3,140)
Cash flows from financing activities	(16,199)	**(13,784)**	2,415
Effect of exchange rate changes on cash and cash equivalents	5,236	**4,703**	(533)
Increase (decrease) in cash and cash equivalents	6,786	**8,847**	2,061
Cash and cash equivalents at the end of the period	77,691	**86,562**	8,870

Cash and cash equivalents amounted to 86,562 million yen at the end of the current fiscal year, an increase of 8,870 million yen from the end of the previous fiscal year.

Operating activities

Net cash provided by operating activities in the current fiscal year amounted to 34,245 million yen, an increase of 3,320 million yen from the previous fiscal year. While profit before income taxes amounted to 41,518 million yen and depreciation, which is a factor contributing to a cash flow increase, amounted to 8,251 million yen, there were income taxes paid of 10,041 million yen, a 6,787 million yen increase in trade receivables, and a 4,029 million yen increase in inventories, which are factors contributing to a cash flow decrease.

Investing activities

Net cash used in investing activities in the current fiscal year amounted to 16,317 million yen, an increase of 3,140 million yen from the previous fiscal year. This was mainly due to payments of 7,979 million yen for the purchase of property, plant and equipment and 7,531 million yen for the purchase of investment securities.

Financing activities

Net cash used in financing activities amounted to 13,784 million yen in the current fiscal year, a decrease of 2,415 million yen from the previous fiscal year. This was mainly due to purchase of shares of subsidiaries not resulting in change in scope of consolidation of 6,144 million yen and dividends paid of 5,475 million yen.

(4) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

Consistently and continually returning to shareholders the profits earned through business activities is one of our highest priorities. The fundamental policy is to pay a dividend based on results of operations. Retained earnings will be used effectively for development of new products, investments in manufacturing equipment, entering new businesses and other attempts to respond appropriately to changes in the operating environment. We believe that these investments will contribute to future earnings, thereby enabling the Company to pay a large and stable dividend to shareholders.

Regarding dividends, following the resolution by the Board of Directors, the Company plans to distribute a year-end dividend of 15 yen per share for the fiscal year ended on March 31, 2024. The total amount of dividends for the full year, including the interim dividend, which was already paid, would amount to 27 yen per share, an increase of 5 yen in real terms from the previous fiscal year.

For the fiscal year ending March 31, 2025, we plan to pay an interim dividend of 15 yen per share and a year-end dividend of 15 yen per share, which will bring the annual dividend per share to 30 yen.

2. Basic Approach to the Selection of Accounting Standards

The Rohto Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.
We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	79,951	89,210
Notes and accounts receivable - trade	39,686	44,744
Electronically recorded monetary claims - operating	21,327	24,779
Merchandise and finished goods	22,451	26,414
Work in process	3,407	3,914
Raw materials and supplies	15,204	16,329
Other	8,575	9,773
Allowance for doubtful accounts	(357)	(408)
Total current assets	190,246	214,759
Non-current assets		
Property, plant and equipment		
Buildings and structures	65,116	67,695
Accumulated depreciation	(35,489)	(37,824)
Buildings and structures, net	29,626	29,871
Machinery, equipment and vehicles	66,201	70,227
Accumulated depreciation	(53,790)	(57,176)
Machinery, equipment and vehicles, net	12,410	13,050
Tools, furniture and fixtures	19,126	20,577
Accumulated depreciation	(16,141)	(17,232)
Tools, furniture and fixtures, net	2,985	3,344
Land	15,046	15,010
Construction in progress	3,540	4,288
Other	3,615	4,611
Accumulated depreciation	(1,042)	(1,569)
Other, net	2,572	3,042
Total property, plant and equipment	66,182	68,607
Intangible assets		
Goodwill	2,564	2,285
Other	6,996	6,931
Total intangible assets	9,561	9,217
Investments and other assets		
Investment securities	33,637	44,337
Long-term loans receivable	5,687	5,990
Deferred tax assets	5,371	3,869
Other	6,123	6,402
Allowance for doubtful accounts	(7,132)	(7,008)
Total investments and other assets	43,687	53,590
Total non-current assets	119,431	131,415
Total assets	309,677	346,175

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,025	16,991
Electronically recorded obligations - operating	2,693	4,132
Short-term borrowings	4,177	5,304
Accrued expenses	20,777	21,985
Income taxes payable	5,048	5,071
Accrued consumption taxes	1,182	1,572
Provision for bonuses	3,535	3,685
Provision for bonuses for directors (and other officers)	50	50
Refund liabilities	15,338	15,163
Other	11,334	13,129
Total current liabilities	80,162	87,087
Non-current liabilities		
Long-term borrowings	7,516	5,190
Deferred tax liabilities	1,173	1,597
Retirement benefit liability	3,104	2,548
Provision for loss on guarantees	42	37
Other	2,599	2,677
Total non-current liabilities	14,436	12,051
Total liabilities	94,599	99,138
Net assets		
Shareholders' equity		
Share capital	6,504	6,504
Capital surplus	5,292	4,516
Retained earnings	184,005	209,399
Treasury shares	(4,938)	(4,939)
Total shareholders' equity	190,864	215,480
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,951	11,276
Foreign currency translation adjustment	10,649	18,594
Remeasurements of defined benefit plans	(277)	591
Total accumulated other comprehensive income	18,323	30,461
Share acquisition rights	382	382
Non-controlling interests	5,508	710
Total net assets	215,078	247,036
Total liabilities and net assets	309,677	346,175

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	238,664	270,840
Cost of sales	101,243	113,554
Gross profit	137,421	157,285
Selling, general and administrative expenses		
Promotion expenses	14,415	16,242
Advertising expenses	32,052	37,977
Salaries and bonuses	18,282	19,807
Provision for bonuses	1,512	1,528
Provision for bonuses for directors (and other officers)	50	50
Retirement benefit expenses	625	624
Depreciation	1,956	1,987
Amortization of goodwill	383	436
Research and development expenses	11,065	13,390
Provision of allowance for doubtful accounts	198	47
Other	22,919	25,145
Total selling, general and administrative expenses	103,461	117,237
Operating profit	33,959	40,048
Non-operating income		
Interest income	962	1,523
Dividend income	461	486
Share of profit of entities accounted for using equity method	56	-
Foreign exchange gains	349	447
Reversal of allowance for doubtful accounts	-	118
Gain on investments in investment partnerships	862	-
Other	1,005	972
Total non-operating income	3,697	3,547
Non-operating expenses		
Interest expenses	247	196
Share of loss of entities accounted for using equity method	-	289
Loss on investments in investment partnerships	-	207
Provision of allowance for doubtful accounts	422	-
Donations	1,000	-
Other	418	467
Total non-operating expenses	2,089	1,161
Ordinary profit	35,568	42,434

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Extraordinary income		
Gain on change in equity	125	-
Gain on sale of investment securities	15	-
National subsidies	220	230
Total extraordinary income	360	230
Extraordinary losses		
Loss on retirement of non-current assets	153	-
Impairment losses	965	118
Loss on tax purpose reduction entry of non-current assets	220	230
Loss on valuation of investment securities	103	731
Loss on valuation of shares of subsidiaries and associates	197	67
Total extraordinary losses	1,639	1,146
Profit before income taxes	34,290	41,518
Income taxes - current	9,022	9,955
Income taxes - deferred	(1,161)	168
Total income taxes	7,860	10,123
Profit	26,429	31,394
Profit attributable to non-controlling interests	52	457
Profit attributable to owners of parent	26,377	30,936

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	26,429	31,394
Other comprehensive income		
Valuation difference on available-for-sale securities	2,016	3,376
Foreign currency translation adjustment	7,745	8,003
Remeasurements of defined benefit plans, net of tax	353	869
Share of other comprehensive income of entities accounted for using equity method	(0)	4
Total other comprehensive income	10,114	12,253
Comprehensive income	36,544	43,647
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,346	43,075
Comprehensive income attributable to non-controlling interests	197	572

(3) Consolidated Statements of Change in Shareholders' Equity

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,504	5,791	162,304	(4,936)	169,663
Changes during period					
Dividends of surplus			(4,676)		(4,676)
Profit attributable to owners of parent			26,377		26,377
Purchase of treasury shares				(1)	(1)
Change in scope of consolidation					-
Change in ownership interest of parent due to transactions with non-controlling interests		(498)			(498)
Net changes in items other than shareholders' equity					
Total changes during period	-	(498)	21,701	(1)	21,200
Balance at end of period	6,504	5,292	184,005	(4,938)	190,864

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	5,992	2,992	(631)	8,354
Changes during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Change in scope of consolidation				
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes in items other than shareholders' equity	1,958	7,656	354	9,969
Total changes during period	1,958	7,656	354	9,969
Balance at end of period	7,951	10,649	(277)	18,323

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	382	5,594	183,994
Changes during period			
Dividends of surplus			(4,676)
Profit attributable to owners of parent			26,377
Purchase of treasury shares			(1)
Change in scope of consolidation			-
Change in ownership interest of parent due to transactions with non-controlling interests			(498)
Net changes in items other than shareholders' equity	-	(86)	9,882
Total changes during period	-	(86)	31,083
Balance at end of period	382	5,508	215,078

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,504	5,292	184,005	(4,938)	190,864
Changes during period					
Dividends of surplus			(5,475)		(5,475)
Profit attributable to owners of parent			30,936		30,936
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(68)		(68)
Change in ownership interest of parent due to transactions with non-controlling interests		(776)			(776)
Net changes in items other than shareholders' equity					
Total changes during period	-	(776)	25,393	(0)	24,616
Balance at end of period	6,504	4,516	209,399	(4,939)	215,480

	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	7,951	10,649	(277)	18,323
Changes during period				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Change in scope of consolidation				
Change in ownership interest of parent due to transactions with non-controlling interests				
Net changes in items other than shareholders' equity	3,324	7,944	869	12,138
Total changes during period	3,324	7,944	869	12,138
Balance at end of period	11,276	18,594	591	30,461

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	382	5,508	215,078
Changes during period			
Dividends of surplus			(5,475)
Profit attributable to owners of parent			30,936
Purchase of treasury shares			(0)
Change in scope of consolidation			(68)
Change in ownership interest of parent due to transactions with non-controlling interests			(776)
Net changes in items other than shareholders' equity	-	(4,797)	7,341
Total changes during period	-	(4,797)	31,957
Balance at end of period	382	710	247,036

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	34,290	41,518
Depreciation	7,418	8,251
Impairment losses	965	118
Amortization of goodwill	383	436
Increase (decrease) in allowance for doubtful accounts	164	17
Increase (decrease) in provision for bonuses	481	146
Increase (decrease) in retirement benefit liability	27	97
Bad debt expense	422	-
Reversal of allowance for doubtful accounts	-	(118)
Loss on retirement of non-current assets	153	-
Loss on tax purpose reduction entry of non-current assets	220	230
National subsidies	(220)	(230)
Loss (gain) on sale of investment securities	(15)	-
Loss (gain) on valuation of investment securities	103	731
Loss on valuation of shares of subsidiaries and associates	197	67
Interest and dividend income	(1,424)	(2,009)
Interest expenses	247	196
Share of loss (profit) of entities accounted for using equity method	(56)	289
Loss (gain) on change in equity	(125)	-
Decrease (increase) in trade receivables	(7,560)	(6,787)
Decrease (increase) in inventories	(6,105)	(4,029)
Increase (decrease) in trade payables	1,716	1,679
Other, net	5,461	2,048
Subtotal	36,747	42,653
Interest and dividends received	1,362	1,762
Interest paid	(247)	(200)
Income taxes paid	(6,962)	(10,041)
Income taxes refund	25	71
Net cash provided by (used in) operating activities	30,924	34,245

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Payments into time deposits	(1,523)	(1,549)
Proceeds from withdrawal of time deposits	1,265	1,430
Purchase of property, plant and equipment	(8,473)	(7,979)
Proceeds from sale of property, plant and equipment	109	272
Payments for asset retirement obligations	(42)	-
Purchase of intangible assets	(1,435)	(933)
Purchase of investment securities	(4,417)	(7,531)
Proceeds from sale and redemption of investment securities	1,376	274
Subsidies received	220	230
Long-term loan advances	(258)	(619)
Proceeds from collection of long-term loans receivable	2	88
Other, net	-	(0)
Net cash provided by (used in) investing activities	(13,176)	(16,317)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,341)	656
Proceeds from long-term borrowings	220	1,605
Repayments of long-term borrowings	(8,761)	(3,484)
Dividends paid	(4,676)	(5,475)
Dividends paid to non-controlling interests	(20)	(1)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(762)	(6,144)
Other, net	(857)	(939)
Net cash provided by (used in) financing activities	(16,199)	(13,784)
Effect of exchange rate change on cash and cash equivalents	5,236	4,703
Net increase (decrease) in cash and cash equivalents	6,786	8,847
Cash and cash equivalents at beginning of period	70,905	77,691
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	23
Cash and cash equivalents at end of period	77,691	86,562

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

No reportable information.

Changes in Presentation method

(Consolidated statement of income)

"Foreign exchange gains," which was included in "Other" under "Non-operating income" in the previous fiscal year, is separately presented in the current fiscal year due to increased materiality of the amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 1,355 million yen presented as "Other" under "Non-operating income" in the consolidated statement of income for the previous fiscal year has been reclassified as "Foreign exchange gains" of 349 million yen and "Other" of 1,005 million yen.

Business combination, etc.

(Common control transaction, etc.)

Acquisition of treasury shares by a consolidated subsidiary

(1) Outline of the transaction

1) Name of the constituent company and description of its business

Name of the constituent company: Amato Pharmaceutical Products, Ltd. (consolidated subsidiary of the Company)

Description of business: Manufacture and sales mainly of pharmaceutical products

2) Date of business combination

March 22, 2024 (Date of acquisition of shares)

3) Legal form of business combination

Acquisition of treasury shares by a consolidated subsidiary

4) Name of company after combination

No change

5) Other matters concerning the outline of the transaction

By making Amato Pharmaceutical Products, Ltd. a wholly owned subsidiary of the Company, the Company aims to create synergy in the Group's business development and accelerate decision-making so as to further enhance corporate value.

(2) Outline of the implemented accounting processes

In accordance with the "Accounting Standard for Business Combinations" and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," the transaction was treated as a transaction by a non-controlling shareholder among common control transactions, etc.

(3) Acquisition of treasury shares by a consolidated subsidiary

Acquisition cost and breakdown by type of consideration

Consideration for acquisition: Cash 6,144 million yen

Acquisition cost: 6,144 million yen

(4) Changes in the Company's interest in transactions with non-controlling shareholders

1) Major causes of changes in capital surplus

Acquisition of treasury shares by a consolidated subsidiary

2) Amount of capital surplus decreased due to transactions with non-controlling shareholders

776 million yen

Segment and Other Information

Segment Information

1. Overview of reportable segments

Segments used for financial reporting are the Company's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Company undertakes manufacture and sales activities mainly in the health and beauty care categories. Within Japan, these operations are mainly handled by the Company. Overseas, operations are mainly handled by The Mentholatum Company, Inc. in America, The Mentholatum Company Ltd. (UK). in Europe, and The Mentholatum (Asia Pacific) Ltd. and Mentholatum (China) Pharmaceutical Co., Ltd. in Asia, together with overseas affiliates.

These affiliates each operate as autonomous business units, formulating comprehensive strategies in each region and developing business activities for the products and services they undertake.

Accordingly, the Company comprises the four geographical reportable segments of Japan, America, Europe, and Asia based on our manufacturing and sales structure. In each segment, we manufacture and sell eye care (including eye drops and eyewash preparations), skincare (including dermal medicines, lip balm, sunscreens, and functional cosmetics, etc.), internal medicines (including gastrointestinal medicines, traditional Chinese herbal medicines and supplements), and other products and services, such as in-vitro test kits.

2. Calculation methods for net sales, profits/losses, assets, liabilities, and other items for each reportable segment

The accounting treatment methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements" presented in the Group's annual securities report (*Yuka Shoken Hokokusho*).

Profits for reportable segments are generally operating income figures. Inter-segment sales and transfers are determined based on market prices.

3. Information related to net sales, profit/loss, assets, liabilities, and other items for each reportable segment

Prior Fiscal Year (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in consolidated statements of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
Revenue From Contracts with Customers	136,668	16,655	12,231	70,773	236,327	2,337	238,664	—	238,664
(1)Sales to customers	136,668	16,655	12,231	70,773	236,327	2,337	238,664	—	238,664
(2)Inter-segment sales and transfers	3,842	1,421	16	3,622	8,902	44	8,947	(8,947)	—
Total	140,510	18,076	12,247	74,395	245,230	2,381	247,612	(8,947)	238,664
Segment profit	21,150	724	978	10,392	33,245	204	33,450	509	33,959
Segment assets	214,255	23,509	10,979	90,097	338,841	2,132	340,973	(31,296)	309,677
Segment liabilities	65,231	3,502	2,715	25,120	96,569	428	96,998	(2,399)	94,599
Other items									
Depreciation	5,495	498	201	1,189	7,385	33	7,418	—	7,418
Amortization of goodwill	356	27	—	—	383	—	383	—	383
Increase in property, plant and equipment and intangible fixed assets	7,641	745	742	2,857	11,987	36	12,024	—	12,024

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. (1) "Adjustment" to segment profit of 509 million yen indicates elimination for intersegment transactions.

(2) "Adjustment" to segment assets of (31,296) million yen and liabilities of (2,399) million yen indicate an elimination for intersegment transactions.

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

Current Fiscal Year (Apr. 1, 2023– Mar. 31, 2024)

(Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in consolidated statements of income (Note 4)
	Japan	America	Europe	Asia	Subtotal				
Net sales									
Revenue From Contracts with Customers	156,851	18,565	13,884	78,751	268,053	2,786	270,840	—	270,840
(1)Sales to customers	156,851	18,565	13,884	78,751	268,053	2,786	270,840	—	270,840
(2)Inter-segment sales and transfers	3,317	1,508	130	4,356	9,313	43	9,357	(9,357)	—
Total	160,168	20,074	14,015	83,108	277,367	2,830	280,197	(9,357)	270,840
Segment profit	24,437	1,205	1,385	12,028	39,057	240	39,298	750	40,048
Segment assets	231,000	27,860	13,908	102,107	374,876	2,347	377,224	(31,049)	346,175
Segment liabilities	67,529	3,392	3,546	26,673	101,142	398	101,540	(2,401)	99,138
Other items									
Depreciation	6,091	552	234	1,337	8,215	36	8,251	—	8,251
Amortization of goodwill	401	27	—	7	436	—	436	—	436
Increase in property, plant and equipment and intangible fixed assets	7,153	489	421	1,847	9,911	189	10,100	—	10,100

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. (1) "Adjustment" to segment profit of 750 million yen indicates elimination for intersegment transactions.

(2) "Adjustment" to segment assets of (31,049) million yen and liabilities of (2,401) million yen indicate an elimination for intersegment transactions.

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

Related information

Prior Fiscal Year (Apr. 1, 2022– Mar. 31, 2023)

Products and services information

(Millions of yen)

	Eye care products	Skincare products	Internal medicines	Others	Total
Sales to customers	48,180	156,657	26,588	7,237	238,664

Current Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)

Products and services information

(Millions of yen)

	Eye care products	Skincare products	Internal medicines	Others	Total
Sales to customers	53,402	176,816	30,898	9,722	270,840

Impairment loss on fixed assets for each reportable segment

Prior Fiscal Year (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

	Reportable segment					Others	Adjustment	Total
	Japan	America	Europe	Asia	Subtotal			
Impairment losses on fixed assets	965	-	-	-	965	-	-	965

Current Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)

(Millions of yen)

	Reportable segment					Others	Adjustment	Total
	Japan	America	Europe	Asia	Subtotal			
Impairment losses on fixed assets	118	-	-	-	118	-	-	118

Per-share Information

(Yen)

	Prior Fiscal Year (Apr. 1, 2022 – Mar. 31, 2023)	Current Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	916.93	1,078.04
Basic earnings per share	115.62	135.61
Diluted earnings per share	115.29	135.21

Notes: 1. Basis for calculation of basic net income per share and diluted net income per share are as follows.

(Millions of yen)

Item	Prior Fiscal Year (Apr. 1, 2022 – Mar. 31, 2023)	Current Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)
Basic earnings per share		
Profit attributable to owners of parent	26,377	30,936
Amount not available to common stock shareholders	—	—
Profit attributable to owners of parent applicable to common stock	26,377	30,936
Average number of common stock shares outstanding during the period (thousand shares)	228,139	228,138
Diluted earnings per share		
Adjusted to profit attributable to owners of parent	—	—
Increase in the number of common stock shares (thousand shares)	659	660
[of which subscription rights to shares (thousand shares)]	(659)	(660)
Summary of dilutive shares not included in the calculation of “diluted net income per share” since there was no dilutive effect.	———	

2. Basis for calculation of net assets per share is as follows.

(Millions of yen)

Item	Prior Fiscal Year (Apr. 1, 2022 – Mar. 31, 2023)	Current Fiscal Year (Apr. 1, 2023 – Mar. 31, 2024)
Total net assets on the balance sheets	215,078	247,036
Deduction from total net assets	5,890	1,093
[of which subscription rights to shares]	(382)	(382)
[of which non-controlling interests]	(5,508)	(710)
Net assets applicable to common stock	209,187	245,942
Number of common stock shares used in calculation of net assets per share (thousand shares)	228,138	228,138

Significant subsequent event

(Acquisition of a company through the purchase of shares)

At the meeting of the Board of Directors held on April 4, 2024, the Company resolved to acquire 85.91% of outstanding common shares of Eu Yan Sang International Ltd. ("EYS"), a Singapore-based company that manufactures and sells traditional Chinese medicines, jointly with Mitsui & Co., Ltd. ("Mitsui"), from Righteous Crane Holding Pte. Ltd., for the purpose of making EYS a subsidiary (a sub-subsidiary of the Company) and a share transfer agreement was entered into on the same date. The share acquisition will be carried out by a special purpose company ("SPC") established in Singapore jointly owned by the Company and Mitsui.

(1) Objective of the share acquisition

We are developing business based on our purpose, that is, to lead all individuals and society surrounding us to "Well-being" by delivering "health" to people around the world through our products and services. Under the Business Domain Vision 2030, we aim to further expand and strengthen our core businesses of OTC drugs, skincare, and food. By product and service sales, the skincare business currently accounts for 65% of net sales. In order to offer solutions for all types of health, it is essential to further strengthen OTC drugs and food businesses, and further growth is expected in the Asian region, which accounts for approximately 30% of sales by region. By combining the competitiveness of EYS's products and brand in Asia with our R&D and sales capabilities, we aim to create an innovative business and realize an unprecedented health business.

(2) Name of the company from which shares to be acquired

Righteous Crane Holding Pte. Ltd.

(3) Name, description of business, and size of the company whose shares to be acquired

1) Name: Eu Yan Sang International Ltd.
2) Description of business: Manufacture and sale of traditional Chinese medicines, food, etc.
3) Share capital: 39.1 million Singapore dollars (as of June 2023)

(4) Timing of the acquisition

June 30, 2024 (assumed)

(5) Number of shares to be acquired by SPC, acquisition price and shareholding ratio after the acquisition

1) Number of shares to be acquired: 381,922,612 shares
2) Acquisition price: 687 million Singapore dollars (assumed)
3) Shareholding ratio after the acquisition: 85.91%

(6) Method of procuring funds for payment and payment method

Cash on hand and borrowings are to be used.

** 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.*