Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (Three Months Ended June 30, 2024)

ROHTO Pharmaceutical Co., Ltd.

August 7, 2024

Highlights of the First Quarter of FY3/2025

Summary

- Sales increased significantly due to the gradual recovery in economic activity brought about by the lifting of behavioral restrictions and an increase in inbound demand as well as product proposals that met customer needs and depreciation of the yen.As for profits, in addition to a significant increase in net sales, despite deterioration in the cost of sales ratio, efforts to utilize selling, general and administrative expenses resulted in increases in operating profit and ordinary profit, while net income decreased due to extraordinary losses.

- In the domestic market, sales and profits increased.
  - Sales of “Melano CC,” “Hadalabo,” “Rohto V5” supplements, and sunscreens remained strong.
  - Qualitech Pharma Co., Ltd. contributed to sales and profits.
  - Profits decreased due to a rise in the cost of sales ratio as well as a planned increase in selling, general and administrative expenses including research and development expenses.
- In Asia, sales and profits increased significantly.
- In Europe and the Americas, sales and profits increased.
- EYS and Mono chem-pharm Produkte GmbH were included in the full-year budget, and the full-year financial results forecast was revised upwards.
- The annual dividend increased from 30 yen to 33 yen.

1Q FY3/2025 Consolidated Results

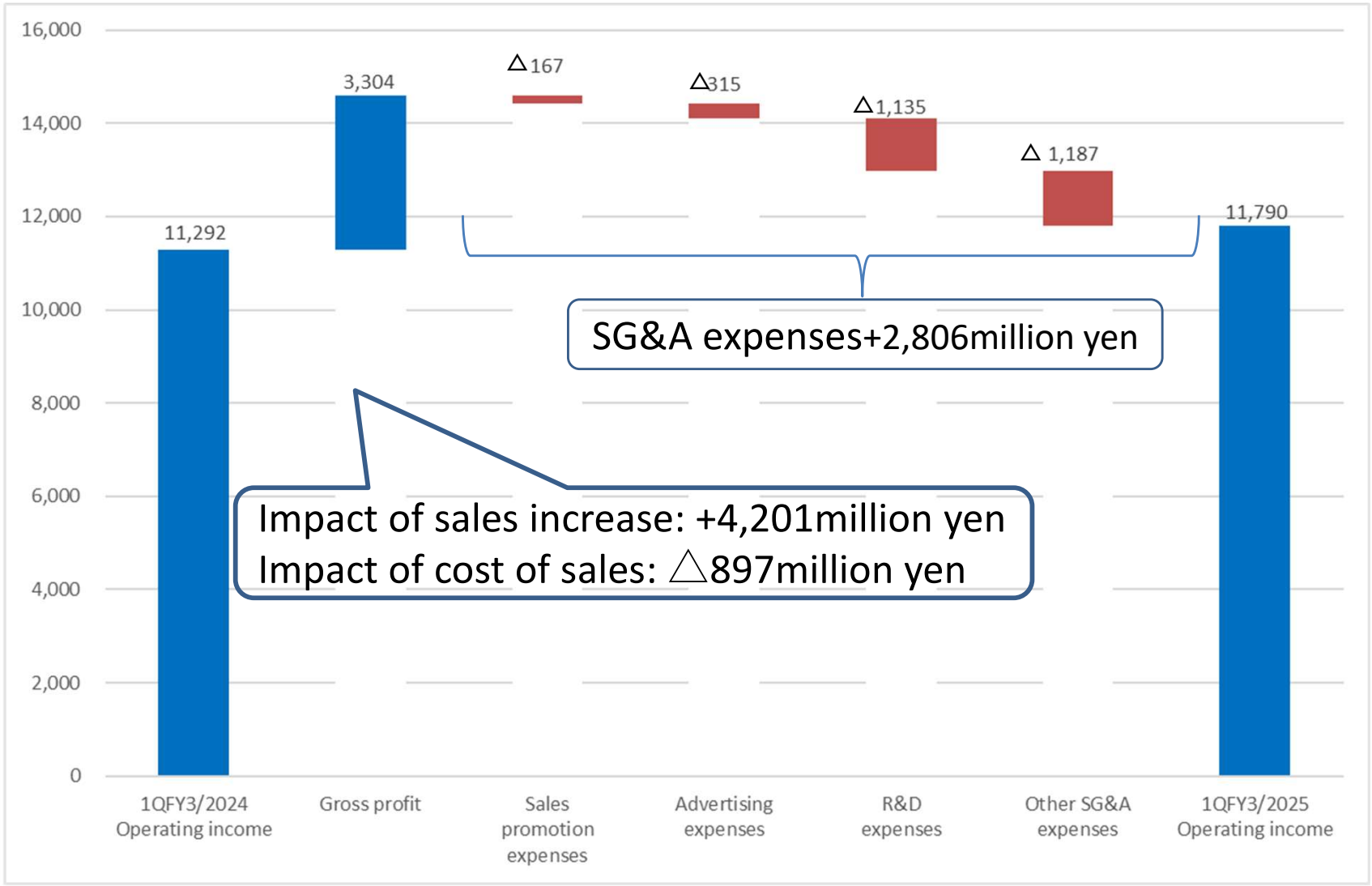
(Millions of yen, rounded down)

	1QFY3/2024	1QFY3/2025	Share of net sales (%)	YoY change (Amount)	YoY change (%)
Net sales	61,171	68,356	100.0	7,184	11.8
Cost of sales	25,399	29,280		3,880	15.3
Cost of sale rate	41.5	42.8			
SG&A expenses	24,479	27,285	39.9	2,806	11.5
Promotional expense	3,448	3,615	5.3	167	4.9
Advertisement	6,688	7,004	10.3	315	4.7
R&D Exp	2,490	3,626	5.3	1,135	45.6
Others	11,851	13,039	19.1	1,187	10.0
Operating income	11,292	11,790	17.3	497	4.4
Ordinary income	12,242	12,273	18.0	30	0.3
Profit attributable to owners of parent	9,090	8,482	12.4	△607	△6.7

※Exchange Rate: 〔US$／Yen〕＝153.14 （YOY 134.92）
〔CNY／Yen〕＝ 20.63 （YOY 19.34）

Composition of change in consolidated operating income (YoY)

(Millions of yen)



1Q FY3/2025 Sales by Reportable Segment

(Millions of yen, rounded down)

		FY6/2022		FY6/2023		FY6/2024			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)
Net sales		52,255	100.0	61,171	100.0	68,356	100.0	7,184	11,8
Reporta ble segment	Japan	31,449	60.2	36,899	60.3	40,534	59.3	3,634	9.9
	Asia	13,394	25.6	15,890	26.0	18,091	26.5	2,200	13.8
	America	3,778	7.2	4,234	6.9	5,015	7.3	780	18.4
	Europe	3,081	5.9	3,470	5.7	3,888	5.7	417	12.0
	Total	51,704	98.9	60,495	98.9	67,530	98.8	7,034	11.6
Others		551	1.1	676	1.1	826	1.2	150	22.3
Exchange rate (Yen/USD)		124.44		134.92		153.14			

＊Net sales indicate sales to customers

1Q FY3/2025 Operating Income

(Millions of yen, rounded down)

		FY6/2022		FY6/2023		FY6/2024			
		Amount	Share of net sales (%)	Amount	Share of net sales (%)	Amount	Share of net sales (%)	YoY change (Amount)	YoY change(%)
Operating income		8,296	100.0	11,292	100.0	11,790	100.0	497	4.4
Reporta ble segment	Japan	5,188	60.2	7,323	64.8	6,565	55.7	△757	△10.3
	Asia	2,720	25.6	2,857	25.3	4,320	36.6	1,462	51.2
	America	135	7.2	319	2.8	304	2.6	△14	△4.7
	Europe	316	5.9	528	4.7	356	3.0	△171	△32.5
	Total	8,361	98.6	11,028	97.6	11,547	97.9	519	4.7
Others		50	1.1	65	0.6	56	0.5	△8	△13.7
Adjustment		△115	–	199	1.8	187	1.6	△12	△6.3
Exchange rate (Yen/USD)		124.44		134.92		153.14			

Japan: Sales increased while profits decreased

Sales: ¥40,534 million, up 9.9% YoY
Operating profit: ¥6,565 million, down 10.3% YoY

- Sales increased significantly due to the recovery of consumer confidence brought about by the lifting of behavioral restrictions and an increase in inbound demand as well as to product proposals that met customer needs.
- Sales of “Melano CC,” “Hadalabo,” “Rohto V5” supplements, and sunscreens remained strong.Qualitech Pharma Co., Ltd. contributed to sales and profits.
- Profits decreased due to an increase in the cost of sales ratio as well as a planned increase in selling, general and administrative expenses including research and development expenses.



“Hadalabo” and “Melano CC” are No. 1 and No. 2 brands for basic skincare products sold at drugstores.*

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

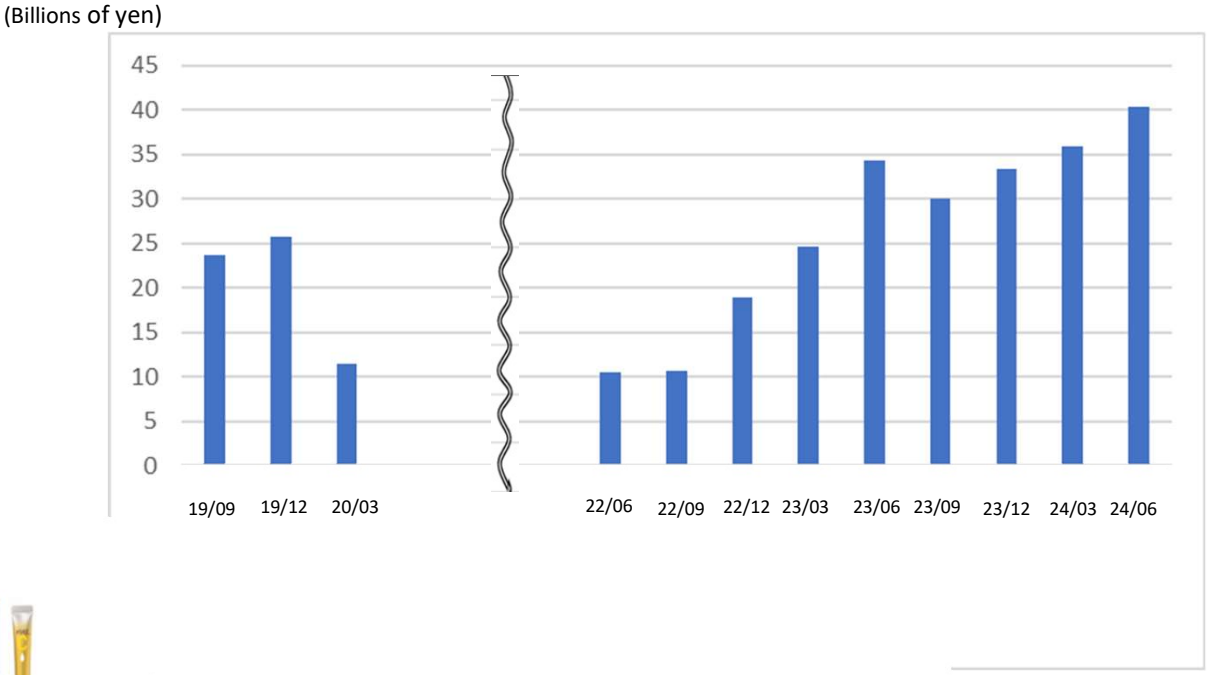
*1 Intage SRI+ [Weekly]
Categories covered: Cosmetics (4 categories)
Period covered: From April to June 2024, quantity basis

Inbound demand reached a record high.



Demand for eye drops remains firm and vigorous.

Sales to foreign tourists in Japan (estimate)





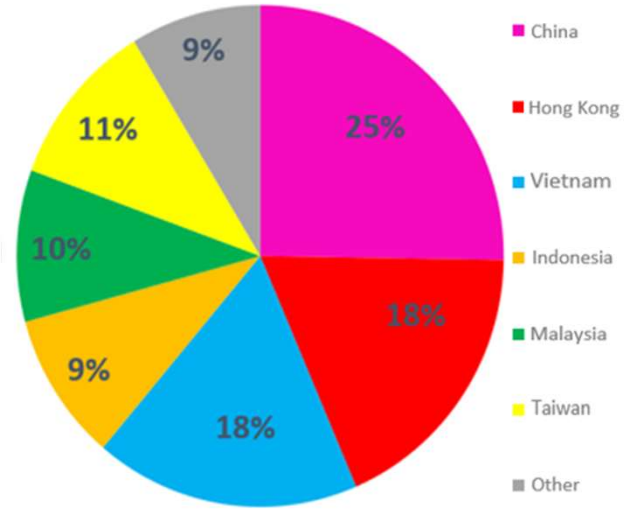
“Hada Labo” and “Melano CC” are also popular among inbound tourists.

Asia: Significant Increase in Sales and Profits

Sales: ¥18,091 million, up 13.8% YoY
Operating profit: ¥4,320 million, up 51.2% YoY

- Sales in Indonesia, Hong Kong, and Taiwan remained strong.
- Sales in China and Vietnam showed signs of recovery.
- Sales of main brand products such as “Hadalabo,” sunscreens, and “Selsun” were strong.
- Profit increased significantly owing to the increase in sales as well as improvement in the cost of sales ratio and efficient utilization of selling, general and administrative expenses.

・Sales ratio in Asian countries





Held a new semester event on campus for “Hadalabo” to attract new users.



“Selsun” anti-dandruff shampoo is performing well not only in Southeast Asia but also in China.

America: Sales increased significantly while profits largely decreased

Sales: ¥5,015million, up 18.4% YoY
Operating profit: ¥304 million, down 4.7% YoY

- Sales of eye drops remained strong .
- The Brazilian subsidiary also contributed to increased sales with strong sales of skin care products such as “Hadalabo”and Ophthalmology Business.
- Profits decreased due to an increase in the cost of sales ratio.



「Rohto Eye Drops」

Europe: Sales increased significantly while profits largely decreased

Sales: ¥3,888 million, up 12.0% YoY
Operating profit: ¥356 million, down 32.5% YoY

- Sales of mainstay anti-inflammatory analgesic products decreased due to delays in shipments to the Middle East.
- Dax Cosmetics contributed to the increase in sales due to strong sales of “Hadalabo Tokyo”.
- We have been developing the eye drops market since 2021 with “Rohto Dry Aid”, whose sales remained strong.
- Profits decreased owing to an increase in the cost of sales ratio as well as an increase in selling, general and administrative expenses.

“Hadalabo Tokyo”, winner of the Cosmopolitan Beauty Award, is expanding its sales channels in Europe and the Middle East.



“Rohto Dry Aid” was newly launched in Austria.



Revision to the FY3/2025 Forecast

Upward Revision of the Full-Year Forecast.

- Financial results of Eu Yan Sang International Ltd. and Mono chem-pharm Produkte GmbH, whose shares we acquired, have been reflected from the third quarter onwards.
- Both net sales and profit are expected to increase for the fiscal year ending March 31, 2025 and achieve record highs.

(Millions of yen, rounded down)

	FY3/2023		FY3/2024		FY3/2025 Revised forecast				FY3/2025 Initial Budget	
	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	238,664	100.0	270,840	100.0	320,000	100.0	49,159	18.2	300,000	20,000
Operating income	33,959	14.2	40,048	14.8	43,200	13.5	3,151	7.9	43,000	200
Ordinary income	35,568	14.9	42,434	15.7	44,200	13.8	1,765	4.2	44,000	200
Profit attributable to owners of parent	26,377	11.1	30,936	11.4	32,200	10.1	1,263	4.1	32,000	200
Net income pershare (yen)	115.62		135.61		141.14				140.27	

Exchange rate			
(Yen/USD)	134.19	143.31	148.00
(Yen/CNY)	19.48	19.82	20.00

FY3/2025 Sales Forecast by Reportable Segment

- Financial results of Eu Yan Sang International Ltd. (Asia) and Mono chem-pharm Produkte GmbH (Europe), whose shares we acquired, have been reflected from the third quarter onwards.
- Only sales in Myanmar were revised downward.

(Millions of yen, rounded down)

		FY3/2023		FY3/2024		FY3/2025 Revised forecast				FY3/2025 Initial Budget	
		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		238,664	100.0	270,840	100.0	320,000	100.0	49,159	18.2	300,000	20,000
Reportable segment	Japan	136,668	57.3	156,851	57.3	172,800	54.0	15,948	10.2	172,800	0
	Asia	70,773	29.7	78,751	29.7	104,700	32.7	25,948	32.9	87,500	17,200
	America	16,655	7.0	18,565	6.9	20,800	6.5	2,234	12.0	20,800	0
	Europe	12,231	5.1	13,884	5.1	18,500	5.8	4,615	33.2	15,700	2,800
	Total	236,327		268,053		316,800		48,746		296,800	
Others		2,337	1.0	2,786	1.0	3,200	1.0	413	14.8	3,200	0
Exchange rate (Yen/USD)		134.19		143.31		148.00				148.00	

＊ Net sales indicate sales to customers

FY3/2025 Operating Income Forecast by Reportable Segment

- Financial results of Eu Yan Sang International Ltd. (Asia) and Mono chem-pharm Produkte GmbH (Europe), whose shares we acquired, have been reflected from the third quarter onwards.
- Only sales in Myanmar were revised downward.

(Millions of yen, rounded down)

		FY3/2023		FY3/2024		FY3/2025 Revised forecast				FY3/2025 Initial Budget	
		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		33,959	100.0	40,048	100.0	43,200	100.0	3,151	7.9	43,000	200
Reportable segment	Japan	21,150	62.3	24,437	61.0	25,500	59.0	1,062	4.3	25,500	0
	Asia	10,392	30.6	12,028	30.0	13,400	31.0	1,371	11.4	13,400	0
	America	724	2.1	1,205	3.0	1,500	3.5	294	24.4	1,500	0
	Europe	978	2.9	1,385	3.5	1,700	3.9	314	22.7	1,500	200
	Total	33,245		39,057		42,100		3,042		41,900	
Others		204	0.6	240	0.6	300	0.7	59	24.6	300	0
Adjustment		509	1.5	750	1.9	800	1.9	49	6.7	800	0
Exchange rate (Yen/USD)		134.19		143.31		148.00				148.00	

* Net sales indicate sales to customers

Current Status of Eu Yan Sang International Ltd.

- The largest manufacturer and distributor of herbal medicines in Southeast Asia with a 145-year history. EYS provides “Natural Health & Wellness” ranging from traditional Chinese medicines to foods.
- MGO (mandatory general offer) progressed smoothly and was completed (99.2% acquired).We are proceeding with CA (compulsory acquisition) and planning to acquire 100% (scheduled for completion in September).



■Company overview	
Name	Eu Yan Sang International Ltd.
Business	Manufacture and sale of traditional Chinese medicines
Location	Singapore
Established	1879
Representative	Wong Ho Kang, Dominic (CEO)
Net sales	297.3 million SGD (FY2023)
Core EBITDA	42.2 million SGD (FY2023)
No. of employees	1,357
Plants	Hong Kong, Malaysia
No. of retail outlets	176
No. of clinics	29

*Core EBITDA: Ordinary profit plus depreciation and amortization, non-recurring expenses, growth-related investments, etc.
*No. of outlets is as of June 2023.

Current Status of Eu Yan Sang International Ltd.

- Despite difficult conditions, including a decline in the number of travelers from China, the company increased its sales and profits in FY 06/2024.

  Sales: 311.7 million Singapore dollars , up 5% YoY

  Operating profit: 29.2million Singapore dollars , up 15% YoY(Pre-audit)

- The financial year will be changed from the financial year ending in June to the financial year ending in December.
- In FY2024, the semi-annual income statement of EYS (July 2024 to December 2024) will be consolidated.
- EYS is expected to grow sales by 7-8% and improve operating margins from this year onwards.
- Amortization of goodwill, etc. expected to be approximately 3 billion yen per year (amortized over 20 years)

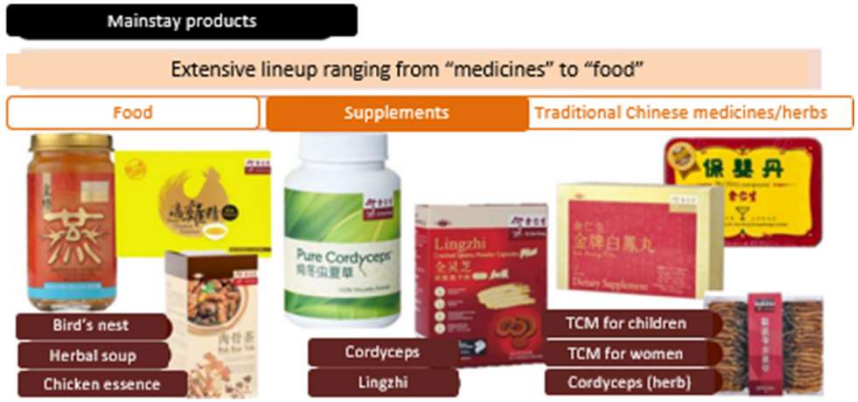
*The amount of goodwill is provisional, and to be finalized after PPA is completed.

Current Status of Eu Yan Sang International Ltd.

- EYS, Rohto and MITSUI & CO., LTD. have started a collaborative project

  We are considering Value-Ups measures in all areas including research, production, sales, overseas, and clinics.

  - Sales strengthening project and customer management/activation project in current three countries (HK, MY, SG)
  - Production efficiency (including raw materials and logistics)/formulation/ product development improvement project
  - Products/research and development, basic herbal medicine research
  - New geographical area expansion project
  - Strengthening clinic business



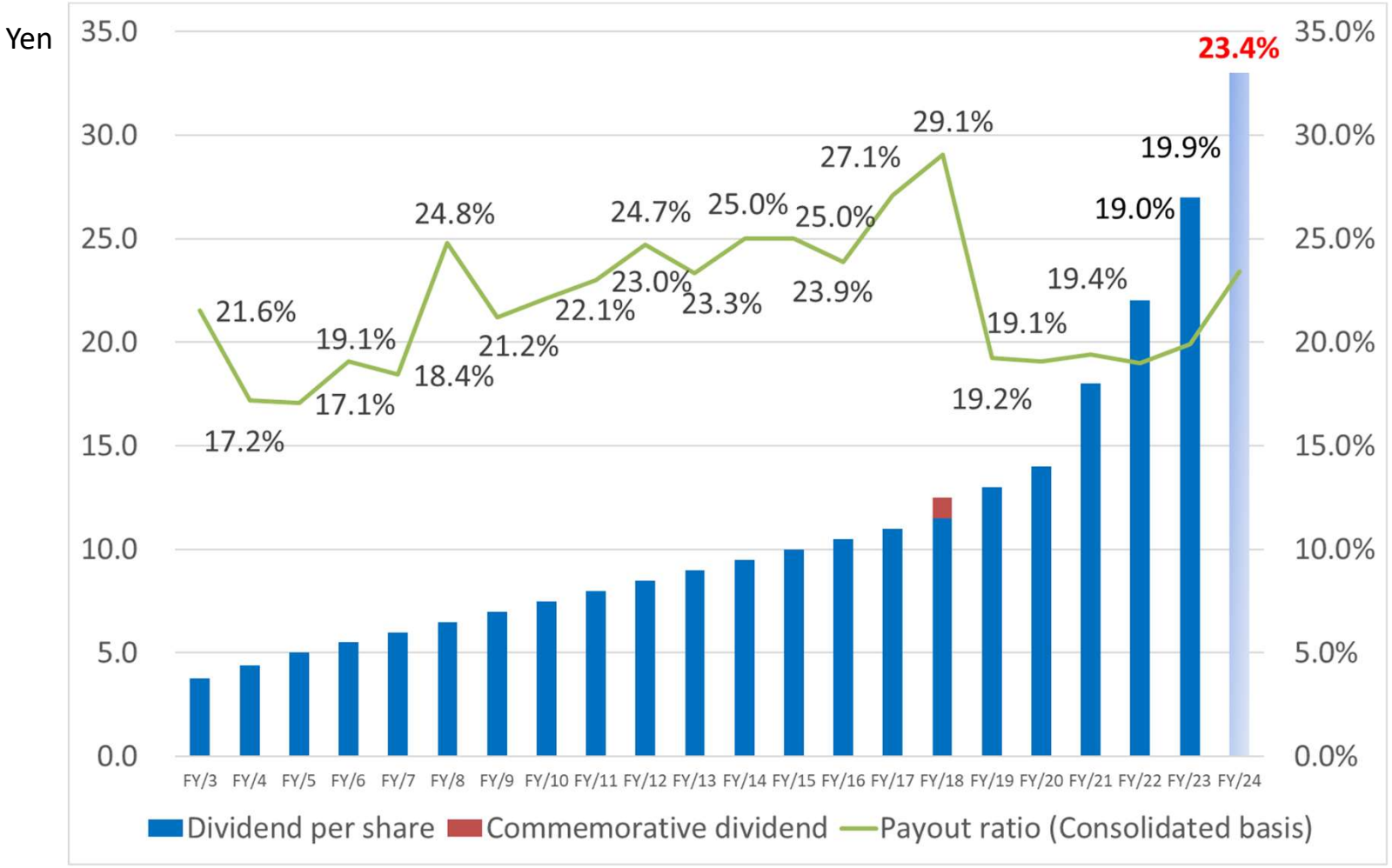
Acquisition of shares in Mono chem-pharm Produkte GmbH, an Austrian pharmaceutical company

- An SPC jointly funded by ROHTO Pharmaceutical Co., Ltd. and Mondpichler-Noordung Private Foundation (MNP) plans to acquire 100% of Mono chem-pharm Produkte GmbH's shares.

  The actual shareholding ratio of Mono chem-pharm Produkte GmbH is 51% for Rohto and 49% for MNP.
- Founded in 1949 in Vienna
- Manufacturer and distributor of ENT-related medicines and eye drops
  - Manufacturer of pharmaceutical products and OEM
  - Pharmaceutical sales/wholesale business
  - Contract development of pharmaceuticals, pharmaceutical consulting
- Purpose of investment: Having a local manufacturing base and pharmaceutical supply center in Europe will enable us to expand our business rapidly and provide new value-added products in the eye care business, which is expected to lead to further growth.
- The fiscal year ends in December.

Forecast the 21th consecutive year dividend increase

■Interim dividend: 16 yen, year-end dividend: 17 yen, annual dividend increased to 33 yen.



- 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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