

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021

(Three Months Ended June 30, 2020)

[Japanese GAAP]

Company name: ROHTO Pharmaceutical Co., Ltd. Stock Exchange listing: TSE, First Section  
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 Scheduled date of filing of Quarterly Report: August 12, 2020  
 Scheduled date of dividend payment: -  
 Supplementary materials for quarterly financial results: Yes  
 Quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen.)

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021

(April 1, 2020 – June 30, 2020)

(1) Consolidated results of operations (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Jun. 30, 2020	38,641	(7.8)	3,878	0.4	4,105	4.6	1,937	(12.6)
Three months ended Jun. 30, 2019	41,910	3.1	3,860	(23.7)	3,924	(25.8)	2,217	(35.5)

Note: Comprehensive income (Millions of yen): Three months ended Jun. 30, 2020: 721 (51.8%)  
 Three months ended Jun. 30, 2019: 1,498 (64.4%)

	Basic net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2020	16.99	16.94
Three months ended Jun. 30, 2019	19.46	19.38

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2020	206,492	139,269	66.9
As of Mar. 31, 2020	215,301	140,032	64.5

Reference: Shareholders' equity (Millions of yen): As of Jun. 30, 2020: 138,224 As of Mar. 31, 2020: 138,899

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	13.00	-	13.00	26.00
Fiscal year ending Mar. 31, 2021	-				
Fiscal year ending Mar. 31, 2021 (forecast)		13.00	-	14.00	27.00

Note: Revisions to the most recently announced dividend forecast: None

### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	183,000	(2.8)	21,800	(5.6)	22,100	(2.8)	14,000	(9.2)	122.73

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change in scope of consolidation): None

(2) Application of special accounting methods for 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 and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatements: None

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.

(4) Number of common shares issued

1) Number of shares outstanding at the end of the period (including treasury shares):

As of Jun. 30, 2020:	118,089,155 shares	As of Mar. 31, 2020:	118,089,155 shares
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2) Number of shares of treasury shares at the end of the period:

As of Jun. 30, 2020:	4,018,988 shares	As of Mar. 31, 2020:	4,018,988 shares
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3) Average number of shares outstanding during the period:

Three months ended Jun. 30, 2020:	114,070,167 shares	Three months ended Jun. 30, 2019:	113,971,083 shares
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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

In the first quarter of the current fiscal year, the global spread of Covid-19 sharply highlighted the economic sluggishness in Japan. In foreign countries as well, uncertainty about the future grew rapidly due to restrictions on economic activity resulting from orders to stay at home, discontinued corporate activity, and free mobility restrictions.

Under these circumstances, the Rohto Group has created the slogan of “Connect for Well-being,” suggesting people around the world living energetically and happily each day, both physically and mentally, throughout the various stages of their lives. We are endeavoring to further increase corporate value.

In total, net sales decreased 7.8% year-on-year to 38,641 million yen. In Japan, sales of sunscreens, lip balm and contact lens products decreased partially because people stayed at home. On the other hand, high value-added products sold well and sales of a new subsidiary Nitten Pharmaceutical Co., Ltd. contributed to an increase as well. Overseas sales decreased due to the impact of the global spread of Coronavirus pandemic.

Profits benefited from an efficient use of selling, general and administrative expenses despite lower sales. As a result, operating income increased by 0.4% year-on-year to 3,878 million yen, ordinary income increased by 4.6% to 4,105 million yen, and profit attributable to owners of parent decreased 12.6% to 1,937 million yen.

Results by reportable segment are as follows.

#### Japan

Sales to customers decreased 1.6% year-on-year to 25,943 million yen.

There was a decline in demand from foreign tourists visiting Japan and also sales dropped for sunscreens, lip balm and contact lens products because people stayed at home. On the other hand, the beauty serum “Obagi C25 Serum Neo” and “Deoco” sold well. In addition, Nitten Pharmaceutical Co., Ltd., which became a subsidiary in the previous fiscal year, and another group company for pharmaceutical drugs contract development and manufacturing performed strongly.

Segment profit (operating income) rose 60.1% year-on-year to 2,890 million yen. The significant increase despite sluggish sales came from efforts to reduce costs and make efficient use of selling, general, and administrative expenses. As other factors, the fees of structural reforms, which we have been working on since 2018, were all paid out. Additionally, Nitten Pharmaceutical Co., Ltd., a new subsidiary to the Group, also contributed to profits.

#### America

Sales to customers decreased slightly, 0.5% year-on-year, to 2,130 million yen.

Although sales of eye drops were sluggish because people refrained from going out due to Covid-19, “Mentholatum Ointment” and e-commerce sales increased.

Segment profit (operating income) slightly bounced back to 69 million yen (from 172 million yen loss in prior first quarter) due to steady sales and efficient use of selling, general, and administrative expenses.

**Europe**

Sales to customers decreased 21.0% year-on-year to 1,852 million yen.

Sales of the leading anti-inflammatory analgesic products and cosmetics significantly decreased due to lockdown for Covid-19.

Segment profit (operating income) was 58 million yen (compared with 21 million yen loss in prior first quarter) due to lower sales promotion and advertising expenses.

**Asia**

Sales to customers decreased 21.7% year-on-year to 8,295 million yen.

Although higher sales were achieved in ASEAN countries such as Indonesia and Vietnam, China market, our core revenue source, experienced a significant decline due to Covid-19. As a result, the total Asia segment ended up with a large fall in sales.

Segment profit (operating income) decreased 50.1% year-on-year to 1,054 million yen despite efforts to reduce sales promotion and advertising expenses in a difficult sales environment.

**Others**

In “Others,” excluded from reportable segments, sales to customers decreased 7.7% year-on-year to 419 million yen.

Segment profit (operating income) decreased 18.7% year-on-year to 29 million yen.

Note: The above amounts do not include consumption taxes.

**(2) Explanation of Financial Position**

Total assets at the end of the first quarter decreased 8,808 million yen from the end of the previous fiscal year to 206,492 million yen. This was mainly due to decreases of 889 million yen in cash and deposit, 4,818 million yen in notes and accounts receivable-trade, 6,088 million yen in electronically recorded monetary claims-operating, while there were increases of 1,836 million yen in merchandise and finished goods, 1,074 million yen in raw materials and supplies.

Total liabilities decreased 8,045 million yen from the end of the previous fiscal year to 67,223 million yen. This was mainly due to decreases of 3,267 million yen in accrued expenses, 2,773 million yen in income taxes payable, 1,427 million yen in provision for bonuses and 1,477 million yen in other current liabilities, while there was an increase of 1,189 million yen in notes and accounts payable-trade.

Net assets decreased 763 million yen from the end of the previous fiscal year to 139,269 million yen. This was mainly due to decreases of 199 million yen in foreign currency translation adjustment, while there was an increase of 454 million yen in retained earnings and 739 million yen in valuation difference on available-for-sale securities.

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

There is no change in the full-year consolidated earnings forecast that was released on May 12, 2020. Results of operations for the first quarter trended generally in line with our plan.

Note: The forecasts are based on information available at the time this report was prepared. Actual results of operations may differ from the forecasts depending on various factors.

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

(Millions of yen)

	Prior Fiscal Year End (As of Mar. 31, 2020)	Current First Quarter End (As of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposits	45,307	44,418
Notes and accounts receivable-trade	32,900	28,082
Electronically recorded monetary claims-operating	17,893	11,805
Merchandise and finished goods	16,504	18,340
Work in process	3,218	2,895
Raw materials and supplies	10,903	11,977
Other	3,757	4,905
Allowance for doubtful accounts	(377)	(351)
Total current assets	130,108	122,074
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,048	20,259
Other, net	28,412	27,722
Total property, plant and equipment	48,460	47,982
Intangible assets		
Goodwill	3,373	3,162
Other	1,945	1,860
Total intangible assets	5,318	5,032
Investments and other assets		
Investment securities	23,880	24,155
Other	10,258	10,046
Allowance for doubtful accounts	(2,725)	(2,788)
Total investments and other assets	31,413	31,412
Total non-current assets	85,192	84,418
Total assets	215,301	206,492

	(Millions of yen)	
	Prior Fiscal Year End (As of Mar. 31, 2020)	Current First Quarter End (As of Jun. 30, 2020)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	11,324	12,514
Electronically recorded obligations-operating	2,919	2,791
Short-term loans payable	2,105	2,463
Accrued expenses	25,629	22,361
Income taxes payable	4,555	1,782
Provision for bonuses	2,643	1,216
Provision for directors' bonuses	40	7
Provision for sales returns	557	425
Provision for sales rebates	2,178	1,802
Other	10,161	8,684
<b>Total current liabilities</b>	<b>62,117</b>	<b>54,050</b>
<b>Non-current liabilities</b>		
Long-term loans payable	5,190	5,224
Net defined benefit liability	4,317	4,298
Provision for loss on guarantees	1,957	1,926
Other	1,685	1,723
<b>Total non-current liabilities</b>	<b>13,151</b>	<b>13,172</b>
<b>Total liabilities</b>	<b>75,269</b>	<b>67,223</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,504	6,504
Capital surplus	5,661	5,661
Retained earnings	131,985	132,440
Treasury shares	(4,935)	(4,935)
<b>Total shareholders' equity</b>	<b>139,215</b>	<b>139,670</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,144	4,883
Foreign currency translation adjustment	(2,617)	(4,526)
Remeasurements of defined benefit plans	(1,843)	(1,803)
<b>Total accumulated other comprehensive income</b>	<b>(316)</b>	<b>(1,446)</b>
Subscription rights to shares	382	382
Non-controlling interests	749	661
<b>Total net assets</b>	<b>140,032</b>	<b>139,269</b>
<b>Total liabilities and net assets</b>	<b>215,301</b>	<b>206,492</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statements of Income  
(For the Three-month Period)**

(Millions of yen)

	Prior First Quarter (Apr. 1, 2019 – Jun. 30, 2019)	Current First Quarter (Apr. 1, 2020 – Jun. 30, 2020)
Net sales	41,910	38,641
Cost of sales	17,551	16,412
Gross profit	24,359	22,229
Provision for sales returns	59	-
Reversal of provision for sales returns	-	132
Gross profit-net	24,299	22,361
Selling, general and administrative expenses	20,438	18,483
Operating income	3,860	3,878
Non-operating income		
Interest income	113	93
Dividend income	211	186
Share of income of entities accounted for using equity method	-	29
Gain on investments in partnership	2	-
Other	133	164
Total non-operating income	459	473
Non-operating expenses		
Interest expenses	33	32
Share of loss of entities accounted for using equity method	205	-
Foreign exchange losses	112	49
Provision for doubtful accounts	-	62
Loss on investments in partnership	2	71
Other	42	30
Total non-operating expenses	395	246
Ordinary income	3,924	4,105
Extraordinary income		
Gain on sales of fixed assets	153	-
Total extraordinary income	153	-
Extraordinary losses		
Impairment loss		125
Loss on valuation of investment securities	748	987
Loss on valuation of shares of subsidiaries and associates	92	-
Provision for doubtful accounts	50	-
Provision for doubtful accounts for subsidiaries and associates	3	-
Total extraordinary losses	894	1,112
Profit before income taxes	3,183	2,992
Income taxes	959	1,045
Profit	2,224	1,947
Profit attributable to non-controlling interests	6	9
Profit attributable to owners of parent	2,217	1,937



**Quarterly Consolidated Statements of Comprehensive Income**  
**(For the Three-month Period)**

(Millions of yen)

	Prior First Quarter (Apr. 1, 2019 – Jun. 30, 2019)	Current First Quarter (Apr. 1, 2020 – Jun. 30, 2020)
Profit	2,224	1,947
Other comprehensive income		
Valuation difference on available-for-sale securities	(414)	738
Foreign currency translation adjustment	(379)	(1,998)
Remeasurements of defined benefit plans, net of tax	43	40
Share of other comprehensive income of entities accounted for using equity method	25	(5)
Total other comprehensive income	(725)	(1,225)
Comprehensive income	1,498	721
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,484	807
Comprehensive income attributable to non-controlling interests	14	(85)

**(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.

**Additional Information**

Influence of Covid-19

There are no significant changes to the accounting estimates assumptions, including the future spread of Covid-19 and the timing of its convergence, described in (Additional information) in the annual securities report for the previous fiscal year.

**Segment Information**

I. Prior First Quarter (Apr. 1, 2019 – Jun. 30, 2019)

1. Information related to net sales and profit or loss 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									
(1) Sales to customers	26,377	2,140	2,346	10,591	41,456	453	41,910	-	41,910
(2) Inter-segment sales and transfers	864	268	8	896	2,038	12	2,050	(2,050)	-
Total	27,242	2,408	2,354	11,488	43,494	466	43,960	(2,050)	41,910
Segment profit (loss)	1,805	(172)	(21)	2,114	3,726	35	3,761	98	3,860

Notes: 1. "America" includes the business activities of overseas entities in the U.S. and Canada, and others; "Europe" those in the U.K., Poland and South Africa; 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 (loss) of 98 million yen indicates elimination for intersegment transactions.

4. Segment profit (loss) 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 First Quarter (Apr. 1, 2020 – Jun. 30, 2020)

## 1. Information related to net sales and profit or loss 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									
(1) Sales to customers	25,943	2,130	1,852	8,295	38,222	419	38,641	-	38,641
(2) Inter-segment sales and transfers	776	184	11	797	1,769	8	1,778	(1,778)	-
Total	26,720	2,315	1,863	9,092	39,992	427	40,419	(1,778)	38,641
Segment profit (loss)	2,890	(69)	58	1,054	3,933	29	3,963	(85)	3,878

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 (loss) of (85) million yen indicates elimination for intersegment transactions.

4. Segment profit (loss) 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

Impairment loss on fixed assets was recognized in "Japan" segment. The amount of impairment loss was 125 million for the three months ended June 30, 2020.

\* 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.