

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

[Japanese GAAP]

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 Stock code: 4527  
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 Scheduled date of Annual General Meeting of Shareholders:  
 Scheduled date of filing of Annual Securities Report:  
 Scheduled date of dividend payment:  
 Supplementary materials for financial results:  
 Financial results meeting:

Stock Exchange listing: TSE, First Section  
 URL: <https://www.rohto.co.jp/>

June 24, 2021  
 June 25, 2021  
 June 10, 2021  
 Yes  
 Yes (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

#### (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	%
Fiscal year ended Mar. 31, 2021	181,287	(3.7)	22,990	(0.4)	23,910	5.2	16,743	8.6
Fiscal year ended Mar. 31, 2020	188,327	2.6	23,085	10.9	22,735	19.8	15,410	57.3

Note: Comprehensive income (Millions of yen): Fiscal year ended Mar. 31, 2021: 19,794 75.6%  
 Fiscal year ended Mar. 31, 2020: 11,275 83.7%

	Basic net income per share	Diluted net income per share	ROE	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	146.78	146.36	11.7	10.8	12.7
Fiscal year ended Mar. 31, 2020	135.13	134.71	11.4	10.9	12.3

Reference: Equity in earnings of affiliates (Millions of yen): Fiscal year ended Mar. 31, 2021: 396  
 Fiscal year ended Mar. 31, 2020: (1,192)

Note: The provisional accounting treatment for business combinations has been finalized in the current fiscal year. The figures for the fiscal year ended March 31, 2020 have been restated accordingly.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2021	225,790	156,612	68.9	1,363.42
As of Mar. 31, 2020	215,644	140,032	64.4	1,217.67

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2021: 155,525 As of Mar. 31, 2020: 138,899

Note: The provisional accounting treatment for business combinations has been finalized in the current fiscal year. The figures for the fiscal year ended March 31, 2020 have been restated accordingly.

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Mar. 31, 2021	20,008	(10,237)	(2,347)	52,254
Fiscal year ended Mar. 31, 2020	19,040	(9,405)	(1,603)	44,665

## 2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividends on Equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Mar. 31, 2020	-	13.00	-	13.00	26.00	2,965	19.2	2.2
Fiscal year ended Mar. 31, 2021	-	13.00	-	15.00	28.00	3,193	19.1	2.2
Fiscal year ending Mar. 31, 2022 (forecast)	-	15.00	-	15.00	30.00		20.0	

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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	%	
Full year	182,000	0.4	23,100	0.5	23,900	(0.0)	17,100	2.1	Yen 149.91

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: As the Company will apply the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29) from the beginning of the fiscal year ending March 31, 2022, the above consolidated earnings forecast is prepared based on such accounting standards.

**\* Notes**

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

(2) 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

(3) Number of common shares issued

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

As of Mar. 31, 2021: 118,089,155 shares As of Mar. 31, 2020: 118,089,155 shares

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

As of Mar. 31, 2021: 4,019,044 shares As of Mar. 31, 2020: 4,018,988 shares

3) Average number of shares outstanding during the period:

Fiscal year ended Mar. 31, 2021: 114,070,140 shares Fiscal year ended Mar. 31, 2020: 114,039,721 shares

**Reference: Summary of Non-consolidated Financial Results**

**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)**

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended Mar. 31, 2021	101,009	(5.1)	13,018	(1.9)	12,564	(12.6)	8,920	27.8
Fiscal year ended Mar. 31, 2020	106,477	2.0	13,264	1.9	14,374	(5.4)	6,978	44.9

	Basic net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	78.20	77.97
Fiscal year ended Mar. 31, 2020	61.19	61.00

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2021	153,277	114,864	74.7	1,003.60
As of Mar. 31, 2020	146,375	106,337	72.4	928.85

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2021: 114,481 As of Mar. 31, 2020: 105,954

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) Overview 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 income	Ordinary income	Profit attributable to owners of parent
<b>Fiscal year ended Mar. 31, 2021</b>	<b>181,287</b>	<b>22,990</b>	<b>23,910</b>	<b>16,743</b>
Fiscal year ended Mar. 31, 2020	188,327	23,085	22,735	15,410
Year-on-year change (%)	(3.7)	(0.4)	5.2	8.6

In the current fiscal year, the severe business environment continued as the global spread of Covid-19 greatly restricted economic activity. In terms of consumer spending, consumer confidence declined further as the outlook for the economy remained uncertain.

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 3.7% year-on-year to 181,287 million yen. In Japan, despite a temporary economic recovery, sales fell due to factors including a resurgence in Covid-19 infections and the establishment of a mask-wearing culture. On the other hand, sales of Nitten Pharmaceutical Co., Ltd., which became a subsidiary in March 2020, contributed to an increase. Overseas sales decreased in each region due to the impact of the global spread of Coronavirus pandemic.

Regarding profits, operating income decreased slightly by 0.4% year-on-year to 22,990 million yen due to lower sales and higher R&D expenses, despite an efficient use of selling, general and administrative expenses. Due to the higher dividend income and other factors, ordinary income and profit attributable to owners of parent increased 5.2% to 23,910 million yen and 8.6% to 16,743 million yen, respectively, and both reached record highs.

Results by reportable segment are as follows.

(Millions of yen)

		Net sales (Sales to customers)			
		Fiscal year ended Mar. 31, 2020	Fiscal year ended Mar. 31, 2021	Year-on-year change (Amount)	Year-on-year change (%)
Reportable segment	Japan	115,767	<b>115,629</b>	(138)	(0.1)
	America	9,121	<b>7,687</b>	(1,434)	(15.7)
	Europe	8,740	<b>8,149</b>	(590)	(6.8)
	Asia	52,971	<b>48,056</b>	(4,915)	(9.3)
	Subtotal	186,601	<b>179,522</b>	(7,078)	(3.8)
Others		1,726	<b>1,764</b>	38	2.2
Total		188,327	<b>181,287</b>	(7,040)	(3.7)

#### Japan

Sales to customers decreased 0.1% year-on-year to 115,629 million yen.

Sales of sunscreens, lip balm and other products fell due to people staying at home because of Covid-19 and the establishment of a mask-wearing culture, and demand from foreign tourists visiting Japan was sluggish. On the other hand, “Melano CC” and “Deoco” continued to perform well and sales of “Wakansen” series and “Rohto V5 Grain” increased. In addition, Nitten Pharmaceutical Co., Ltd. contributed to sales.

Segment profit (operating income) fell 1.3% year-on-year to 14,656 million yen. Despite strong sales at Qualitech Pharma Co., Ltd. and efforts to make efficient use of selling, general and administrative expenses, profit declined due to a fall in sales combined with a rise in research and development expenses for prescription drugs.

**America**

Sales to customers decreased 15.7% year-on-year to 7,687 million yen.

Although sales of eye drops and lip balm were lower because people refrained from going out due to Covid-19, some skincare products such as “Hada-Labo” sold well.

Segment profit (operating income) increased 61.5% year-on-year to 458 million yen due to reductions in advertising expenses, while sales were sluggish.

**Europe**

Sales to customers decreased 6.8% year-on-year to 8,149 million yen.

Although sales of the leading anti-inflammatory analgesic products and sunscreens decreased due to lockdowns for Covid-19, “Hada-Labo” performed well.

Segment profit (operating income) increased 72.6% year-on-year to 375 million yen due to lower sales promotion and advertising expenses.

**Asia**

Sales to customers decreased 9.3% year-on-year to 48,056 million yen.

Economic activity has returned to normal in Taiwan and other places that have effectively controlled the impact of Covid-19, and strong sales were achieved in ASEAN countries such as Indonesia and Vietnam. In our core market of China, sales of eye drops and skincare-related products such as “50-no-Megumi” showed signs of recovery, while lip balm sales struggled.

Segment profit (operating income) decreased 4.1% year-on-year to 6,926 million yen despite efforts to reduce sales promotion and advertising expenses in a difficult business environment.

**Others**

In “Others,” excluded from reportable segments, sales to customers increased 2.2% year-on-year to 1,764 million yen.

Segment profit (operating income) decreased 17.0% year-on-year to 118 million yen.

Note: The above amounts do not include consumption taxes.

**Outlook for the fiscal year ending Mar. 31, 2022**

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
<b>Fiscal year ending Mar. 31, 2022 (forecast)</b>	182,000	23,100	23,900	17,100
Fiscal year ended Mar. 31, 2021 (results)	172,643	22,973	23,893	16,726
Year-on-year change after adjustment (%)	5.4	0.6	0.0	2.2

\*The year-on-year changes after adjustment show the year-on-year changes between the results of the Company and its consolidated subsidiaries for the year ended March 31, 2021 adjusted by applying “Accounting Standard for Revenue Recognition” and the forecast of consolidated earnings for the year ending March 31, 2022.

With Covid-19 continuing to spread, the economic outlook remains highly uncertain. Expectations are growing that vaccinations will bring the virus under control and that various countries will implement fiscal stimulus measures, but the situation remains unpredictable due to the emergence of variant strains and other factors causing further spread of the virus.

Under such conditions, 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 taking on the challenge of various innovations including alliances with a wide range of companies.

Based on this outlook, in the fiscal year ending March 31, 2022, we anticipate that net sales will be 182 billion yen, operating income will be 23.1 billion yen, and ordinary income will be 23.9 billion yen. We expect profit attributable to owners of parent to be 17.1 billion yen.

These forecasts are based on an exchange rate of 108 yen to the U.S. dollar.

**(2) Overview of Financial Position**

Total assets at the end of the current fiscal year increased 10,145 million yen from the end of the previous fiscal year to 225,790 million yen. This was mainly due to increases of 7,656 million yen in cash and deposit, 3,956 million yen in construction in progress and 2,345 million yen in investment securities, while there were decreases of 2,954 million yen in merchandise and finished goods and 1,693 million yen in notes and accounts receivable-trade.

Total liabilities decreased 6,434 million yen from the end of the previous fiscal year to 69,178 million yen. This was mainly due to decreases of 3,063 million yen in accrued expenses and 1,721 million yen in notes and accounts payable-trade, while there were increases of 596 million yen in long-term loans payable and 392 million yen in income taxes payable.

Net assets increased 16,580 million yen from the end of the previous fiscal year to 156,612 million yen. This was mainly due to increases of 13,525 million yen in retained earnings and 2,572 million yen in valuation difference on available-for-sale securities, while there was a decrease of 445 million yen in foreign currency translation adjustment.

The provisional accounting treatment for business combinations has been finalized in the current fiscal year. For comparison, finalized amounts of provisional accounting treatment are reflected on the previous year's financial position.

**(3) Overview of Cash Flows**

(Millions of yen)

Item	Fiscal year ended Mar. 31, 2020	Fiscal year ended Mar. 31, 2021	Year-on-year change (Amount)
Cash and cash equivalents at the beginning of the period	37,345	<b>44,665</b>	7,320
Cash flows from operating activities	19,040	<b>20,008</b>	967
Cash flows from investing activities	(9,405)	<b>(10,237)</b>	(832)
Cash flows from financing activities	(1,603)	<b>(2,347)</b>	(744)
Effect of exchange rate changes on cash and cash equivalents	(781)	<b>96</b>	878
Increase (decrease) in cash and cash equivalents	7,250	<b>7,519</b>	269
Increase in cash and cash equivalents from newly consolidated subsidiaries	69	<b>69</b>	(0)
Cash and cash equivalents at the end of the period	44,665	<b>52,254</b>	7,589

During the current fiscal year, there was a net increase of 7,589 million yen in cash and cash equivalents to 52,254 million yen.

**Operating activities**

Net cash provided by operating activities increased 967 million yen year-on-year to 20,008 million yen. Profit before income taxes was 23,006 million yen, and there were inflow factors of depreciation of 6,376 million yen, a decrease of 3,188 million yen in inventories, a decrease of 2,464 million yen in notes and accounts receivable-trade and impairment loss of 1,609 million yen, while there were outflow factors of income tax paid of 7,798 million yen, a decrease of 2,811 million yen in notes and accounts payable-trade, gain on sales of shares of subsidiaries and associates of 2,707 million yen and the payments for fulfillment of guarantees of 1,735 million yen.

**Investing activities**

Net cash used in investing activities increased 832 million yen year-on-year to 10,237 million yen. This was mainly due to the purchase of property, plant and equipment of 8,721 million yen, purchase of intangible assets of 1,583 million yen, purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,516 million yen and purchase of investment securities of 1,514 million yen, while there were proceeds from sales and redemption of investment securities of 3,416 million yen and proceeds from withdrawal of time deposits of 634 million yen.

**Financing activities**

Net cash used in financing activities increased 744 million yen year-on-year to 2,347 million yen. This was mainly due to proceeds from long-term loans payable of 2,883 million yen, while there were cash dividends paid of 2,965 million yen, repayments of long-term loans payable of 1,880 million yen and a net decrease in short-term loans payable of 169 million yen.



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

Constantly and consistently 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 into 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, 2021. Added to the interim dividend of 13 yen, which has been distributed already, this will bring the annual dividend to 28 yen per share.

For the fiscal year ending on March 31, 2022, with our gratitude to all the shareholders who support us on a regular basis, we plan to pay interim dividends of 15 yen per share, year-end dividends of 15 yen per share bringing the annual total to 30 yen per share.

**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)

	Prior Fiscal Year End (As of Mar. 31, 2020)	Current Fiscal Year End (As of Mar. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	45,307	52,964
Notes and accounts receivable-trade	32,900	31,207
Electronically recorded monetary claims-operating	17,893	16,943
Merchandise and finished goods	16,803	13,848
Work in process	3,517	2,799
Raw materials and supplies	10,903	11,278
Other	3,757	4,315
Allowance for doubtful accounts	(377)	(285)
Total current assets	130,706	133,071
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,089	48,683
Accumulated depreciation	(28,935)	(29,303)
Buildings and structures, net	20,154	19,379
Machinery, equipment and vehicles	51,497	51,474
Accumulated depreciation	(42,313)	(43,434)
Machinery, equipment and vehicles, net	9,184	8,040
Tools, furniture and fixtures	15,055	15,642
Accumulated depreciation	(12,841)	(13,474)
Tools, furniture and fixtures, net	2,213	2,167
Land	13,499	12,887
Construction in progress	2,652	6,609
Other	1,368	1,371
Accumulated depreciation	(533)	(666)
Other, net	835	705
Total property, plant and equipment	48,539	49,790
Intangible assets		
Goodwill	2,445	4,014
Other	2,685	3,520
Total intangible assets	5,130	7,535
Investments and other assets		
Investment securities	23,880	26,226
Long-term loans receivable	3,097	3,361
Deferred tax assets	4,146	4,606
Other	2,869	5,170
Allowance for doubtful accounts	(2,725)	(3,971)
Total investments and other assets	31,268	35,392
Total non-current assets	84,938	92,719
Total assets	215,644	225,790

	(Millions of yen)	
	Prior Fiscal Year End (As of Mar. 31, 2020)	Current Fiscal Year End (As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,324	9,603
Electronically recorded obligations-operating	2,919	1,727
Short-term loans payable	2,105	2,312
Accrued expenses	25,629	22,566
Income taxes payable	4,555	4,948
Accrued consumption taxes	1,173	1,190
Provision for bonuses	2,643	2,612
Provision for directors' bonuses	40	30
Provision for sales returns	557	792
Provision for sales rebates	2,178	2,410
Other	8,987	8,277
Total current liabilities	62,117	56,471
Non-current liabilities		
Long-term loans payable	5,190	5,787
Deferred tax liabilities	716	639
Net defined benefit liability	4,317	3,451
Provision for loss on guarantees	1,957	1,675
Other	1,312	1,153
Total non-current liabilities	13,495	12,707
Total liabilities	75,612	69,178
Net assets		
Shareholders' equity		
Capital stock	6,504	6,504
Capital surplus	5,661	5,661
Retained earnings	131,985	145,511
Treasury shares	(4,935)	(4,936)
Total shareholders' equity	139,215	152,741
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,144	6,717
Foreign currency translation adjustment	(2,617)	(3,062)
Remeasurements of defined benefit plans	(1,843)	(870)
Total accumulated other comprehensive income	(316)	2,784
Subscription rights to shares	382	382
Non-controlling interests	749	704
Total net assets	140,032	156,612
Total liabilities and net assets	215,644	225,790

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statements of Income**

(Millions of yen)

	Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)	Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	188,327	181,287
Cost of sales	74,135	74,326
Gross profit	114,192	106,960
Provision for sales returns	-	234
Reversal of provision for sales returns	48	-
Gross profit-net	114,240	106,726
Selling, general and administrative expenses		
Promotion expenses	23,533	20,228
Advertising expenses	24,394	20,297
Salaries and bonuses	13,100	13,967
Provision for bonuses	1,195	1,187
Provision for directors' bonuses	40	30
Retirement benefit expenses	662	680
Depreciation	1,226	1,438
Amortization of goodwill	349	372
Research and development expenses	7,050	7,903
Provision for doubtful accounts	(2)	90
Other	19,603	17,540
Total selling, general and administrative expenses	91,154	83,736
Operating income	23,085	22,990
Non-operating income		
Interest income	484	341
Dividend income	510	1,051
Share of profit of entities accounted for using equity method	-	396
Gain on investments in investment partnerships	209	140
Other	403	708
Total non-operating income	1,607	2,639
Non-operating expenses		
Interest expenses	125	145
Share of loss of entities accounted for using equity method	1,192	-
Provision for doubtful accounts	204	1,124
Other	436	448
Total non-operating expenses	1,958	1,718
Ordinary income	22,735	23,910

	Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)	Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)
Extraordinary income		
Gain on change in equity	-	37
Gain on sales of fixed assets	153	-
Gain on sales of investment securities	1,973	29
Gain on sales of shares of subsidiaries and associates	-	2,723
National subsidies	110	-
Total extraordinary income	2,237	2,791
Extraordinary losses		
Loss on disposal of fixed assets	-	82
Loss on tax purpose reduction entry of non-current assets	110	-
Impairment loss	1,052	1,609
Amortization of goodwill	529	-
Loss on valuation of investment securities	1,263	1,484
Loss on sales of shares of subsidiaries and associates	-	16
Loss on valuation of shares of subsidiaries and associates	285	502
Total extraordinary losses	3,241	3,695
Profit before income taxes	21,730	23,006
Income taxes-current	7,492	8,207
Income taxes-deferred	(1,044)	(1,971)
Total income taxes	6,448	6,236
Profit	15,282	16,770
Profit attributable to non-controlling interests	(127)	27
Profit attributable to owners of parent	15,410	16,743

**Consolidated Statements of Comprehensive Income**

(Millions of yen)

	Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)	Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)
Profit	15,282	16,770
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,087)	2,572
Foreign currency translation adjustment	(1,271)	(461)
Remeasurements of defined benefit plans, net of tax	(393)	972
Share of other comprehensive income of entities accounted for using equity method	(253)	(59)
Total other comprehensive income	(4,007)	3,024
Comprehensive income	11,275	19,794
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	11,426	19,843
Comprehensive income attributable to non-controlling interests	(150)	(48)

**(3) Consolidated Statements of Change in Shareholders' Equity**

Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,446	5,603	119,989	(4,935)	127,105
Cumulative effects of changes in accounting policies			(349)		(349)
Restated balance	6,446	5,603	119,639	(4,935)	126,755
Changes of items during period					
Issuance of new shares	57	57			115
Dividends of surplus			(3,078)		(3,078)
Profit attributable to owners of parent			15,410		15,410
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			13		13
Decrease in retained earnings due to exclusion of equity method companies					-
Net changes of items other than shareholders' equity					
Total changes of items during period	57	57	12,345	(0)	12,460
Balance at end of current period	6,504	5,661	131,985	(4,935)	139,215

	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 current period	6,279	(1,161)	(1,449)	3,667
Cumulative effects of changes in accounting policies				
Restated balance	6,279	(1,161)	(1,449)	3,667
Changes of items during period				
Issuance of new shares				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Change in scope of consolidation				
Decrease in retained earnings due to exclusion of equity method companies				
Net changes of items other than shareholders' equity	(2,135)	(1,455)	(393)	(3,984)
Total changes of items during period	(2,135)	(1,455)	(393)	(3,984)
Balance at end of current period	4,144	(2,617)	(1,843)	(316)

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	498	917	132,189
Cumulative effects of changes in accounting policies			(349)
Restated balance	498	917	131,839
Changes of items during period			
Issuance of new shares			115
Dividends of surplus			(3,078)
Profit attributable to owners of parent			15,410
Purchase of treasury shares			(0)
Change in scope of consolidation			13
Decrease in retained earnings due to exclusion of equity method companies			-
Net changes of items other than shareholders' equity	(115)	(168)	(4,267)
Total changes of items during period	(115)	(168)	8,193
Balance at end of current period	382	749	140,032



Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,504	5,661	131,985	(4,935)	139,215
Cumulative effects of changes in accounting policies					-
Restated balance	6,504	5,661	131,985	(4,935)	139,215
Changes of items during period					
Issuance of new shares					-
Dividends of surplus			(2,965)		(2,965)
Profit attributable to owners of parent			16,743		16,743
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(205)		(205)
Decrease in retained earnings due to exclusion of equity method companies			(46)		(46)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	13,525	(0)	13,525
Balance at end of current period	6,504	5,661	145,511	(4,936)	152,741

	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 current period	4,144	(2,617)	(1,843)	(316)
Cumulative effects of changes in accounting policies				
Restated balance	4,144	(2,617)	(1,843)	(316)
Changes of items during period				
Issuance of new shares				
Dividends of surplus				
Profit attributable to owners of parent				
Purchase of treasury shares				
Change in scope of consolidation				
Decrease in retained earnings due to exclusion of equity method companies				
Net changes of items other than shareholders' equity	2,572	(445)	972	3,100
Total changes of items during period	2,572	(445)	972	3,100
Balance at end of current period	6,717	(3,062)	(870)	2,784

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	382	749	140,032
Cumulative effects of changes in accounting policies			-
Restated balance	382	749	140,032
Changes of items during period			
Issuance of new shares			-
Dividends of surplus			(2,965)
Profit attributable to owners of parent			16,743
Purchase of treasury shares			(0)
Change in scope of consolidation			(205)
Decrease in retained earnings due to exclusion of equity method companies			(46)
Net changes of items other than shareholders' equity	-	(45)	3,055
Total changes of items during period	-	(45)	16,580
Balance at end of current period	382	704	156,612

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)	Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	21,730	23,006
Depreciation	6,058	6,376
Impairment loss	1,052	1,609
Amortization of goodwill	879	372
Increase (decrease) in allowance for doubtful accounts	(63)	(233)
Increase (decrease) in provision for bonuses	234	(44)
Increase (decrease) in net defined benefit liability	(66)	384
Increase (decrease) in provision for sales returns	(48)	234
Increase (decrease) in provision for sales rebates	(415)	231
Increase (decrease) in provision for loss on guarantees	215	(11)
Provision for doubtful accounts	204	1,124
Loss on disposal of fixed assets	-	82
Loss (gain) on sales of investment securities	(1,973)	(29)
Loss (gain) on valuation of investment securities	1,263	1,484
Loss on valuation of shares of subsidiaries and associates	285	502
Loss (gain) on sales of subsidiaries and associates	-	(2,707)
National Subsidies	(110)	-
Loss on tax purpose reduction entry of non-current assets	110	-
Loss (gain) on sales of property, plant and equipment	(153)	-
Interest and dividend income	(994)	(1,393)
Interest expenses	125	145
Share of (profit) loss of entities accounted for using equity method	1,192	(396)
Loss (gain) on change in equity	-	(37)
Decrease (increase) in notes and accounts receivable - trade	(4,304)	2,464
Decrease (increase) in inventories	892	3,188
Increase (decrease) in notes and accounts payable - trade	(900)	(2,811)
Other, net	(444)	(5,272)
Subtotal	24,769	28,268
Interest and dividend income received	1,018	1,390
Interest expenses paid	(130)	(143)
Payments for performance of guarantee obligation	-	(1,735)
Income taxes paid	(6,644)	(7,798)
Income taxes refund	27	27
Net cash provided by (used in) operating activities	19,040	20,008

	(Millions of yen)	
	Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)	Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from investing activities		
Payments into time deposits	(886)	(692)
Proceeds from withdrawal of time deposits	739	634
Purchase of property, plant and equipment	(5,586)	(8,721)
Proceeds from sales of property, plant and equipment	2,128	597
Purchase of intangible assets	(847)	(1,583)
Purchase of investment securities	(2,700)	(1,514)
Proceeds from sales and redemption of investment securities	3,615	3,416
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,755)	(1,516)
Subsidies received	110	-
Payments of long-term loans receivable	(343)	(966)
Collection of long-term loans receivable	118	108
Other, net	2	(0)
Net cash provided by (used in) investing activities	(9,405)	(10,237)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,649)	(169)
Proceeds from long-term loans payable	5,032	2,883
Repayments of long-term loans payable	(714)	(1,880)
Cash dividends paid	(3,078)	(2,965)
Cash dividends paid to non-controlling interests	(8)	(0)
Other, net	(184)	(214)
Net cash provided by (used in) financing activities	(1,603)	(2,347)
Effect of exchange rate change on cash and cash equivalents	(781)	96
Net increase (decrease) in cash and cash equivalents	7,250	7,519
Cash and cash equivalents at beginning of period	37,345	44,665
Increase in cash and cash equivalents from newly consolidated subsidiary	69	69
Cash and cash equivalents at end of period	44,665	52,254

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

No reportable information.

**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.

**Business Combinations****Finalization of provisional accounting treatment for business combinations**

In the previous fiscal year, the Company accounted for provisionally its acquisition of Nitten Pharmaceutical Co., Ltd. dated on March 2, 2020. With the completion of the measurement in the current fiscal year, the Company has recognized a significant change to the amount of the acquisition cost initially allocated.

As a result, Other in “Intangible assets” increased largely. Goodwill, provisionally calculated as 2,674 million yen at the previous fiscal year end, decreased by 927 million yen to 1,746 million yen after the accounting treatment was finalized.

**Business combination through acquisition****1. Summary of business combination****(1) Name of acquired company and its business outline**

Name of acquired company: Olympus-RMS Corporation (Olympus RMS)

Business outline: Research and development on innovative regenerative medicine and assessment technologies

**(2) Primary reasons for business combination**

Established in December 2008, Olympus RMS mainly has been engaged in research and development on therapy with autologous cultured chondrocytes implantation. Since November 2018, Olympus RMS has been performing clinical tests of CCI (Cultured Chondrocyte Implantation) kit, an internally developed product, on knee joint cartilage loss cases. CCI kits intend to achieve a minimally invasive treatment, using a biological tissue adhesive (fibrin glue). The purpose of the stock acquisition is to add an orthopaedic element to the development portfolio of regenerative medicine products and to accelerate the growth of the regenerative medicine business into one of the Company's core businesses in the future.

In addition, with synergies arising from the combination of the two companies, Olympus RMS and Rohto, together with Rohto's cell manufacturing technology, the Company expects to reduce manufacturing costs and create new and unique pipelines. Rohto will continue to contribute to medical care by delivering excellent and state-of-the-art regenerative medical products to patients and medical professionals as quickly as possible.

**(3) Date of business combination**

March 23, 2021 (deemed acquisition date: March 31, 2021)

**(4) Legal form of business combination**

Acquisition of shares with cash

**(5) Name of the acquired company after business combination**

Interstem Co., Ltd. (The company name was changed from Olympus RMS Corporation on March 23, 2021.)

**(6) Percentage of voting rights acquired**

100%

**(7) Basis for choosing the acquiring company**

Rohto acquired the shares in exchange for consideration in cash.

## 2. Period of the acquired company's performance included in the consolidated financial statements

As the assumed acquisition date is March 31, 2021, the Company consolidated only the balance sheet of Interstem Co., Ltd. and its statement of income was not consolidated in the current fiscal year.

## 3. Acquisition cost of the acquired company and breakdown by type of consideration

Payment for the acquisition (Cash): 1,622 million yen

Acquisition cost: 1,622 million yen

## 4. Details of major acquisition-related costs

Attorney and commission fees: - million yen

## 5. Goodwill resulting from the acquisition

## (1) Amount of goodwill

1,972 million yen

The amount is provisionally recognized due to time constraint between the acquisition date and closing date of group reporting. As the Company has not yet determined identifiable assets and liabilities as well as fair value remeasurement at the acquisition date, the allocation of the acquisition cost has not been completed.

## (2) Origin of goodwill

Goodwill originates from expected excess earning power from future business developments.

## (3) Amortization method and amortization period

Goodwill is amortized by the straight-line method over the period of time in which the benefits are estimated to be consumed.

## 6. Breakdown of assets acquired and liabilities assumed on the acquisition date

Current assets: 245 million yen

Non-current assets: 0 million yen

Total assets: 246 million yen

Current liabilities: 96 million yen

Non-current liabilities: 500 million yen

Total liabilities: 596 million yen

## 7. Estimated effect of the business combination on the consolidated statement of income and its calculation method provided that the business combination was completed at the beginning of the current fiscal year

Net sales: 0 million yen

Operating income: (597) million yen

(Method for calculating the estimated impact)

The estimated amount of the effect of the business combination is the difference between consolidated sales and operating income provided that the business combination was completed at the beginning of the current fiscal year and the consolidated sales and operating income of the Company of current fiscal year. This footnote has not been audited.

## 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, 2019 – Mar. 31, 2020)

(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									
(1) Sales to customers	115,767	9,121	8,740	52,971	186,601	1,726	188,327	-	188,327
(2) Inter-segment sales and transfers	3,439	1,358	149	3,289	8,237	34	8,271	(8,271)	-
Total	119,206	10,480	8,890	56,261	194,838	1,760	196,599	(8,271)	188,327
Segment profit	14,852	283	217	7,220	22,573	142	22,716	369	23,085
Segment assets	155,199	15,095	8,708	64,329	243,333	1,435	244,769	(29,124)	215,644
Segment liabilities	50,309	3,178	2,083	21,864	77,436	330	77,766	(2,153)	75,612
Other items									
Depreciation	3,991	306	288	1,037	5,623	25	5,649	-	5,649
Amortization of goodwill	53	86	209	-	349	-	349	-	349
Increase in property, plant and equipment and intangible fixed assets	5,803	179	206	817	7,007	62	7,069	-	7,069

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 369 million yen indicates elimination for intersegment transactions.

(2) “Adjustment” to segment assets of (29,124) million yen and liabilities of (2,153) million yen indicate an elimination for intersegment transactions.

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

5. In addition to amortization of goodwill as selling, general and administrative expenses, there was “Amortization of goodwill” of 529 million yen as extraordinary loss belonging to “America”.

6. The provisional accounting treatment for business combinations has been finalized in the current fiscal year. The figures for the fiscal year ended March 31, 2020 have been restated accordingly.



Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)

(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									
(1) Sales to customers	115,629	7,687	8,149	48,056	179,522	1,764	181,287	-	181,287
(2) Inter-segment sales and transfers	3,351	1,090	52	3,137	7,632	28	7,660	(7,660)	-
Total	118,980	8,778	8,202	51,193	187,154	1,793	188,947	(7,760)	181,287
Segment profit	14,656	458	375	6,926	22,416	118	22,534	455	22,990
Segment assets	163,761	17,038	8,940	64,885	254,625	1,745	256,371	(30,580)	225,790
Segment liabilities	47,399	2,287	2,319	18,906	70,913	375	71,289	(2,110)	69,178
Other items									
Depreciation	4,268	257	303	1,042	5,872	31	5,904	-	5,904
Amortization of goodwill	227	56	88	-	372	-	372	-	372
Increase in property, plant and equipment and intangible fixed assets	8,695	113	106	1,494	10,410	24	10,434	-	10,434

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 455 million yen indicates elimination for intersegment transactions.

(2) “Adjustment” to segment assets of (30,580) million yen and liabilities of (2,110) million yen indicate an elimination for intersegment transactions.

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

## Related information

Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)

## 1. Products and services information (Millions of yen)

	Eye care products	Skincare products	Internal medicines	Others	Total
Sales to customers	40,004	120,072	22,436	5,813	188,327

Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)

## 1. Products and services information (Millions of yen)

	Eye care products	Skincare products	Internal medicines	Others	Total
Sales to customers	42,071	111,063	23,333	4,820	181,287

## Impairment loss on fixed assets for each reportable segment

Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)

## 1. Products and services information (Millions of yen)

	Reportable segment					Others	Adjustment	Total
	Japan	America	Europe	Asia	Subtotal			
Impairment losses on fixed assets	414	637	-	-	1,052	-	-	1,052

Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)

## 1. Products and services information (Millions of yen)

	Reportable segment					Others	Adjustment	Total
	Japan	America	Europe	Asia	Subtotal			
Impairment losses on fixed assets	1,536	-	-	72	1,609	-	-	1,609

**Per-share Information**

(Yen)

	Prior Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020)	Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	1,217.67	1,363.42
Basic net income per share	135.13	146.78
Diluted net income per share	134.71	146.36

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, 2019 – Mar. 31, 2020)	Current Fiscal Year (Apr. 1, 2020 – Mar. 31, 2021)
Basic net income per share		
Profit attributable to owners of parent	15,410	16,743
Amount not available to common stock shareholders	-	-
Profit attributable to owners of parent applicable to common stock	15,410	16,743
Average number of common stock shares outstanding during the period (thousand shares)	114,039	114,070
Diluted net income per share		
Adjusted to profit attributable to owners of parent	-	-
Increase in the number of common stock shares (thousand shares)	354	330
[of which subscription rights to shares (thousand shares)]	[ 354]	[ 330]
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 End (As of Mar. 31, 2020)	Current Fiscal Year End (As of Mar. 31, 2021)
Total net assets on the balance sheets	140,032	156,612
Deduction from total net assets	1,132	1,087
[of which subscription rights to shares]	[ 382]	[ 382]
[of which non-controlling interests]	[ 749]	[ 704]
Net assets applicable to common stock	138,899	155,525
Number of common stock shares used in calculation of net assets per share (thousand shares)	114,070	114,070

**Material Subsequent Events**

No reportable information.

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