

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

[Japanese GAAP]

Company name: ROHTO Pharmaceutical Co., Ltd. Stock Exchange listing: TSE, First Section
 Stock code: 4527 URL: <https://www.rohto.co.jp/>
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 Scheduled date of Annual General Meeting of Shareholders: June 26, 2020
 Scheduled date of filing of Annual Securities Report: June 29, 2020
 Scheduled date of dividend payment: June 12, 2020
 Supplementary materials for financial results: Yes
 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 Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 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 | % |
| Fiscal year ended Mar. 31, 2020 | 188,327 | 2.6 | 23,085 | 10.9 | 22,735 | 19.8 | 15,410 | 57.3 |
| Fiscal year ended Mar. 31, 2019 | 183,582 | 6.9 | 20,812 | 9.0 | 18,970 | 0.6 | 9,799 | 5.5 |

Note: Comprehensive income (Millions of yen): Fiscal year ended Mar. 31, 2020: 11,275 83.7%
 Fiscal year ended Mar. 31, 2019: 6,138 (49.6%)

| | 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, 2020 | 135.13 | 134.71 | 11.4 | 10.9 | 12.3 |
| Fiscal year ended Mar. 31, 2019 | 86.00 | 85.66 | 7.6 | 9.5 | 11.3 |

Reference: Equity in earnings of affiliates (Millions of yen): Fiscal year ended Mar. 31, 2020: (1,192)
 Fiscal year ended Mar. 31, 2019: (2,404)

(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, 2020 | 215,301 | 140,032 | 64.5 | 1,217.67 |
| As of Mar. 31, 2019 | 200,953 | 132,189 | 65.1 | 1,147.42 |

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2020: 138,899 As of Mar. 31, 2019: 130,773

(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, 2020 | 19,040 | (9,405) | (1,603) | 44,665 |
| Fiscal year ended Mar. 31, 2019 | 21,745 | (10,245) | (3,386) | 37,345 |

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, 2019 | - | 11.00 | - | 14.00 | 25.00 | 2,849 | 29.1 | 2.2 |
| Fiscal year ended Mar. 31, 2020 | - | 13.00 | - | 13.00 | 26.00 | 2,965 | 19.2 | 2.2 |
| Fiscal year ending Mar. 31, 2021 (forecast) | - | 13.00 | - | 14.00 | 27.00 | | 22.0 | |

Note: Breakdown of the year-end dividend for the fiscal year ended March 31, 2019:

Ordinary dividend: 12.00 yen Commemorative dividend: 2.00 yen

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: 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.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change in scope of consolidation): Yes

Newly added: None

Excluded: 1(Rohto Do Brasil Planejamento e Desenvolvimento-Eireli)

Note: Rohto Do Brasil Planejamento e Desenvolvimento-Eireli was excluded from the scope of consolidation because it was merged with Rohto Brasil Holding e Participacoes LTDA., which is a consolidated subsidiary.

(2) Changes in accounting policies and accounting estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards: Yes

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, 2020: 118,089,155 shares As of Mar. 31, 2019: 117,989,908 shares

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

As of Mar. 31, 2020: 4,018,988 shares As of Mar. 31, 2019: 4,018,825 shares

3) Average number of shares outstanding during the period:

Fiscal year ended Mar. 31, 2020: 114,039,721 shares Fiscal year ended Mar. 31, 2019: 113,955,858 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (April 1, 2019 – March 31, 2020)

(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, 2020 | 106,477 | 2.0 | 13,264 | 1.9 | 14,374 | (5.4) | 6,978 | 44.9 |
| Fiscal year ended Mar. 31, 2019 | 104,381 | 7.7 | 13,014 | 1.2 | 15,188 | 2.3 | 4,815 | (36.9) |

| | Basic net income per share | Diluted net income per share |
|---------------------------------|----------------------------|------------------------------|
| | Yen | Yen |
| Fiscal year ended Mar. 31, 2020 | 61.19 | 61.00 |
| Fiscal year ended Mar. 31, 2019 | 42.26 | 42.10 |

(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, 2020 | 146,375 | 106,337 | 72.4 | 928.85 |
| As of Mar. 31, 2019 | 137,979 | 104,525 | 75.4 | 912.76 |

Reference: Shareholders' equity (Millions of yen): As of Mar. 31, 2020: 105,954 As of Mar. 31, 2019: 104,027

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 |
|--|----------------|------------------|-----------------|---|
| Fiscal year ended Mar. 31, 2020 | 188,327 | 23,085 | 22,735 | 15,410 |
| Fiscal year ended Mar. 31, 2019 | 183,582 | 20,812 | 18,970 | 9,799 |
| Year-on-year change (%) | 2.6 | 10.9 | 19.8 | 57.3 |

In the fiscal year ended March 31, 2020, the Japanese economy continued its recovery at a moderate pace supported by the improved employment situation and corporate profits. However, an economic slowdown increasingly took hold due to such factors as a consumption tax hike and concerns over intensifying US-China trade friction. Furthermore, the global spread of the Covid-19 pandemic has had serious effects including the divided supply chain in China, a decline in consumer activity, and turmoil in the financial markets, and the situation shows no sign of convergence.

The Rohto Group has moved into new fields with customer-oriented product development and marketing activities. In its existing categories, the Group has developed high value-added products in response to changing consumer needs and endeavored to reinvigorate markets.

In total, net sales increased 2.6% year-on-year to 188,327 million yen.

In Japan, with the absence of a one-off contract payment from Shionogi & Co., Ltd., which contributed to the sales in previous fiscal year, high value-added products demonstrated strong sales in the current fiscal year while the pharmaceutical development and manufacturing outsourcing subsidiary also contributed to higher sales. Overseas, Vietnam and other ASEAN countries performed strongly to compensate for losses from the impact of the Coronavirus pandemic spread and demonstrations in Hong Kong.

Profits benefited from strong sales growth and an efficient use of selling, general and administrative expenses. As a result, operating income increased by 10.9% year-on-year to 23,085 million yen, ordinary income increased by 19.8% to 22,735 million yen, and profit attributable to owners of parent increased 57.3% to 15,410 million yen.

Results by reportable segment are as follows.

(Millions of yen)

| | | Net sales (Sales to customers) | | | |
|--------------------|----------|---------------------------------|--|------------------------------|-------------------------|
| | | Fiscal year ended Mar. 31, 2019 | Fiscal year ended Mar. 31, 2020 | Year-on-year change (Amount) | Year-on-year change (%) |
| Reportable segment | Japan | 112,166 | 115,767 | 3,601 | 3.2 |
| | America | 9,293 | 9,121 | (171) | (1.8) |
| | Europe | 8,555 | 8,740 | 185 | 2.2 |
| | Asia | 51,664 | 52,971 | 1,306 | 2.5 |
| | Subtotal | 181,679 | 186,601 | 4,922 | 2.7 |
| Others | | 1,903 | 1,726 | (177) | (9.3) |
| Total | | 183,582 | 188,327 | 4,745 | 2.6 |

Japan

Sales to customers increased 3.2% year-on-year to 115,767 million yen.

Among the core eye care products, high value-added products such as the high-performance ophthalmic remedy “V Rohto Active Premium” performed well. In addition, the new hay fever product “Rohto Alguard Clinical Shot” also sold well. However, eye care sales turned out to be sluggish as a whole, if compared with strong sales of “Rohto Lycée” series in collaboration with Pretty Guardian Sailor Moon seen in the previous fiscal year. Concerning skincare products, the beauty serum “Obagi C25 Serum Neo,” the new hand cream product “AURA the HAND,” and “Deoco,” which has been trending on social media, performed well. Sunscreen products contributed to an increase in sales in the clement weather. Sales of moisturizing products struggled to grow as the warm winter trend continued, and sales of “Melano CC medicated intensive spot correcting serum” decreased as demand slowed from foreign tourists visiting Japan. As for internal medicines, “Rohto V5 Grain,” a nutritional supplement for eyes, sold well.

Segment profit (operating income) increased 12.7% year-on-year to 14,852 million yen. In order to strengthen our core business in Japan, which is a primary profit base, we are working on structural reforms. Sales were strong although there were up-front costs associated with these measures.

America

Sales to customers decreased 1.8% year-on-year to 9,121 million yen.

Although the U.S. economy experienced a mild recovery trend due to a steady rise in personal consumption, sales struggled to grow due to intense competition for eye drops.

Segment profit (operating income) decreased 0.8% year-on-year to 283 million yen due to sluggish sales.

Europe

Sales to customers increased 2.2% year-on-year to 8,740 million yen.

The leading anti-inflammatory analgesic “Deep Heat” series and “Deep Relief,” which was backed by heightened promotion activities, performed well, and Dax Cosmetics contributed to an increase in sales.

Segment profit (operating income) decreased 38.3% year-on-year to 217 million yen due to an increase in sales promotion and advertising expenses despite strong sales.

Asia

Sales to customers increased 2.5% year-on-year to 52,971 million yen.

Sales were negatively affected by demonstrations in Hong Kong and the boycott of Japanese products in South Korea. Furthermore, the Covid-19 pandemic spread that hit strongly China starting from January 2020 led to a sharp fall in demand around the Chinese New Year. However, revenue rose over prior year because the Covid-19 impact on mainstay subsidiaries in China and Vietnam were limited as their fiscal year ends in December. Also the favorable performance of subsidiaries in ASEAN countries such as Malaysia helped grow the overall sales. In the core market of China, the distribution network for “Rohto Lycée” and contact lens care solution expanded and online sales performed well to increase revenue, despite the “Hada Labo” series struggling and the impact of the yen rising against the Chinese yuan.

Segment profit (operating income) increased 11.1% year-on-year to 7,220 million yen due to an effective use of sales promotion expenses as well as strong sales.

Others

In “Others,” excluded from reportable segments, sales to customers decreased 9.3% year-on-year to 1,726 million yen.

Segment profit (operating income) decreased 13.0% year-on-year to 142 million yen.

Note: The above amounts do not include consumption taxes.

Outlook for the fiscal year ending Mar. 31, 2021

| | (Millions of yen) | | | |
|--|-------------------|------------------|-----------------|---|
| | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent |
| Fiscal year ending Mar. 31, 2021 (forecast) | 183,000 | 21,800 | 22,100 | 14,000 |
| Fiscal year ended Mar. 31, 2020 (results) | 188,327 | 23,085 | 22,735 | 15,410 |
| Year-on-year change (%) | (2.8) | (5.6) | (2.8) | (9.2) |

Regarding the outlook for the future, the forecast remains extremely uncertain as it is impossible to predict the full impact of the pandemic as well as when the situation will return to normal, with the Covid-19 pandemic still actively contagious.

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 and brands 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, 2021, we anticipate that net sales will fall 2.8% year-on-year to 183 billion yen, operating income to fall 5.6% to 21.8 billion yen, and ordinary income to fall 2.8% to 22.1 billion yen. We expect profit attributable to owners of parent to fall 9.2% to 14.0 billion yen.

These forecasts are based on an exchange rate of 107 yen to the U.S. dollar.

(2) Overview of Financial Position

Total assets at the end of the current fiscal year increased 14,347 million yen from the end of the previous fiscal year to 215,301 million yen. This was mainly due to increases of 7,451 million yen in cash and deposits, 5,353 million yen in electronically recorded monetary claims-operating, 2,289 million yen in goodwill and 2,072 million yen in deferred tax assets, while there were decreases of 4,650 million yen in investment securities, 1,332 million yen in land and 991 million yen in merchandise and finished goods.

Total liabilities increased 6,504 million yen from the end of the previous fiscal year to 75,269 million yen. This was mainly due to increases of 3,765 million yen in long-term loans payable, 1,663 million yen in other current liabilities such as accounts payable-other and 1,007 million yen in income taxes payable, while there were decreases of 1,639 million yen in short-term loans payable and 415 million yen in provision for sales rebates.

Net assets increased 7,843 million yen from the end of the previous fiscal year to 140,032 million yen. This was mainly due to an increase of 11,995 million yen in retained earnings, while there were decreases of 2,135 million yen in valuation difference on available-for-sale securities and 1,455 million yen in foreign currency translation adjustment.

(3) Overview of Cash Flows

(Millions of yen)

| Item | Fiscal year ended Mar. 31, 2019 | Fiscal year ended Mar. 31, 2020 | Year-on-year change (Amount) |
|--|------------------------------------|------------------------------------|---------------------------------|
| Cash and cash equivalents at the beginning of the period | 30,063 | 37,345 | 7,281 |
| Cash flows from operating activities | 21,745 | 19,040 | (2,705) |
| Cash flows from investing activities | (10,245) | (9,405) | 839 |
| Cash flows from financing activities | (3,386) | (1,603) | 1,782 |
| Effect of exchange rate changes on cash and cash equivalents | (832) | (781) | 51 |
| Increase (decrease) in cash and cash equivalents | 7,281 | 7,250 | (31) |
| Increase in cash and cash equivalents from newly consolidated subsidiaries | - | 69 | 69 |
| Cash and cash equivalents at the end of the period | 37,345 | 44,665 | 7,320 |

During the current fiscal year, there was a net increase of 7,320 million yen in cash and cash equivalents to 44,665 million yen.

Operating activities

Net cash provided by operating activities decreased 2,705 million yen year-on-year to 19,040 million yen. Profit before income taxes was 21,730 million yen, and there were inflow factors of depreciation of 6,058 million yen, loss on valuation of investment securities of 1,263 million yen, impairment loss of 1,052 million yen, share of loss of entities accounted for using equity method of 1,192 million yen and interest and dividend income received of 1,018 million yen, while there were outflow factors of income tax paid of 6,644 million yen, an increase of 4,304 million yen in notes and accounts receivable - trade and gain on sales of investment securities of 1,973 million yen.

Investing activities

Net cash used in investing activities decreased 839 million yen year-on-year to 9,405 million yen. This was mainly due to the proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation of 5,755 million yen and purchase of property, plant and equipment of 5,586 million yen, while there were proceeds from sales of investment securities of 3,615 million yen and sales of property, plant and equipment of 2,128 million yen.

Financing activities

Net cash used in financing activities decreased 1,782 million yen year-on-year to 1,603 million yen. This was mainly due to proceeds from long term loans payable of 5,032 million yen, while there were cash dividends paid of 3,078 million yen, net decrease in short-term loans payable of 2,649 million yen and repayments of long-term loans payable of 714 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 13 yen per share for the fiscal year ended on March 31, 2020. Added to the interim dividend of 13 yen, which has been distributed already, this will bring the annual dividend to 26 yen per share.

For the fiscal year ending on March 31, 2021, with our gratitude to all the shareholders who support us on a regular basis, we plan to pay interim dividends of 13 yen per share, year-end dividends of 14 yen per share bringing the annual total to 27 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, 2019) | Current Fiscal Year End (As of Mar. 31, 2020) |
|---|--|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 37,856 | 45,307 |
| Notes and accounts receivable-trade | 32,217 | 32,900 |
| Electronically recorded monetary claims-operating | 12,540 | 17,893 |
| Merchandise and finished goods | 17,495 | 16,504 |
| Work in process | 2,638 | 3,218 |
| Raw materials and supplies | 10,127 | 10,903 |
| Other | 3,918 | 3,757 |
| Allowance for doubtful accounts | (393) | (377) |
| Total current assets | 116,402 | 130,108 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 46,504 | 48,983 |
| Accumulated depreciation | (26,597) | (28,935) |
| Buildings and structures, net | 19,907 | 20,048 |
| Machinery, equipment and vehicles | 48,180 | 51,497 |
| Accumulated depreciation | (39,142) | (42,313) |
| Machinery, equipment and vehicles, net | 9,038 | 9,184 |
| Tools, furniture and fixtures | 13,858 | 15,055 |
| Accumulated depreciation | (11,822) | (12,841) |
| Tools, furniture and fixtures, net | 2,035 | 2,213 |
| Land | 14,858 | 13,526 |
| Construction in progress | 1,423 | 2,652 |
| Other | 240 | 1,368 |
| Accumulated depreciation | (82) | (533) |
| Other, net | 158 | 835 |
| Total property, plant and equipment | 47,421 | 48,460 |
| Intangible assets | | |
| Goodwill | 1,083 | 3,373 |
| Other | 2,481 | 1,945 |
| Total intangible assets | 3,565 | 5,318 |
| Investments and other assets | | |
| Investment securities | 28,530 | 23,880 |
| Long-term loans receivable | 2,837 | 3,097 |
| Deferred tax assets | 2,220 | 4,292 |
| Other | 2,529 | 2,869 |
| Allowance for doubtful accounts | (2,553) | (2,725) |
| Total investments and other assets | 33,563 | 31,413 |
| Total non-current assets | 84,550 | 85,192 |
| Total assets | 200,953 | 215,301 |

| | (Millions of yen) | |
|---|--|--|
| | Prior Fiscal Year End (As of Mar. 31, 2019) | Current Fiscal Year End (As of Mar. 31, 2020) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 11,005 | 11,324 |
| Electronically recorded obligations-operating | 3,063 | 2,919 |
| Short-term loans payable | 3,745 | 2,105 |
| Accrued expenses | 25,954 | 25,629 |
| Income taxes payable | 3,548 | 4,555 |
| Accrued consumption taxes | 603 | 1,173 |
| Provision for bonuses | 2,274 | 2,643 |
| Provision for directors' bonuses | 40 | 40 |
| Provision for sales returns | 606 | 557 |
| Provision for sales rebates | 2,594 | 2,178 |
| Other | 7,324 | 8,987 |
| Total current liabilities | 60,760 | 62,117 |
| Non-current liabilities | | |
| Long-term loans payable | 1,424 | 5,190 |
| Deferred tax liabilities | 255 | 373 |
| Net defined benefit liability | 3,584 | 4,317 |
| Provision for loss on guarantees | 1,742 | 1,957 |
| Other | 997 | 1,312 |
| Total non-current liabilities | 8,004 | 13,151 |
| Total liabilities | 68,764 | 75,269 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,446 | 6,504 |
| Capital surplus | 5,603 | 5,661 |
| Retained earnings | 119,989 | 131,985 |
| Treasury shares | (4,935) | (4,935) |
| Total shareholders' equity | 127,105 | 139,215 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,279 | 4,144 |
| Foreign currency translation adjustment | (1,161) | (2,617) |
| Remeasurements of defined benefit plans | (1,449) | (1,843) |
| Total accumulated other comprehensive income | 3,667 | (316) |
| Subscription rights to shares | 498 | 382 |
| Non-controlling interests | 917 | 749 |
| Total net assets | 132,189 | 140,032 |
| Total liabilities and net assets | 200,953 | 215,301 |

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

(Millions of yen)

| | Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019) | Current Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020) |
|---|---|---|
| Net sales | 183,582 | 188,327 |
| Cost of sales | 74,048 | 74,135 |
| Gross profit | 109,533 | 114,192 |
| Reversal of provision for sales returns | 90 | 48 |
| Gross profit-net | 109,624 | 114,240 |
| Selling, general and administrative expenses | | |
| Promotion expenses | 23,086 | 23,533 |
| Advertising expenses | 24,593 | 24,394 |
| Salaries and bonuses | 13,136 | 13,100 |
| Provision for bonuses | 1,048 | 1,195 |
| Provision for directors' bonuses | 40 | 40 |
| Retirement benefit expenses | 478 | 662 |
| Depreciation | 1,134 | 1,226 |
| Amortization of goodwill | 245 | 349 |
| Research and development expenses | 6,831 | 7,050 |
| Provision for doubtful accounts | 81 | (2) |
| Other | 18,135 | 19,603 |
| Total selling, general and administrative expenses | 88,812 | 91,154 |
| Operating income | 20,812 | 23,085 |
| Non-operating income | | |
| Interest income | 377 | 484 |
| Dividend income | 374 | 510 |
| Gain on investments in investment partnerships | 41 | 209 |
| Other | 406 | 403 |
| Total non-operating income | 1,200 | 1,607 |
| Non-operating expenses | | |
| Interest expenses | 148 | 125 |
| Share of loss of entities accounted for using equity method | 2,404 | 1,192 |
| Provision for doubtful accounts | - | 204 |
| Other | 488 | 436 |
| Total non-operating expenses | 3,042 | 1,958 |
| Ordinary income | 18,970 | 22,735 |

| | Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019) | Current Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020) |
|---|---|---|
| Extraordinary income | | |
| Gain on sales of non-current assets | - | 153 |
| Gain on sales of investment securities | - | 1,973 |
| National subsidies | - | 110 |
| Total extraordinary income | - | 2,237 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 151 | - |
| Loss on tax purpose reduction entry of non-current assets | - | 110 |
| Impairment loss | - | 1,052 |
| Amortization of goodwill | - | 529 |
| Loss on valuation of investment securities | 1,179 | 1,263 |
| Loss on valuation of shares of subsidiaries and associates | 456 | 285 |
| Provision for doubtful accounts | 250 | - |
| Provision for doubtful accounts for subsidiaries and associates | 11 | - |
| Provision for loss on guarantees | 251 | - |
| Special severance pay | 370 | - |
| Total extraordinary losses | 2,669 | 3,241 |
| Profit before income taxes | 16,300 | 21,730 |
| Income taxes-current | 6,506 | 7,492 |
| Income taxes-deferred | (24) | (1,044) |
| Total income taxes | 6,481 | 6,448 |
| Profit | 9,818 | 15,282 |
| Profit attributable to non-controlling interests | 18 | (127) |
| Profit attributable to owners of parent | 9,799 | 15,410 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019) | Current Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020) |
|--|---|---|
| Profit | 9,818 | 15,282 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,926) | (2,087) |
| Foreign currency translation adjustment | (1,749) | (1,271) |
| Remeasurements of defined benefit plans, net of tax | 24 | (393) |
| Share of other comprehensive income of entities accounted for using equity method | (28) | (253) |
| Total other comprehensive income | (3,680) | (4,007) |
| Comprehensive income | 6,138 | 11,275 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 6,257 | 11,426 |
| Comprehensive income attributable to non-controlling interests | (119) | (150) |

(3) Consolidated Statements of Change in Shareholders' Equity

Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 6,415 | 5,737 | 112,696 | (4,935) | 119,915 |
| Cumulative effects of changes in accounting policies | | | | | - |
| Restated balance | 6,415 | 5,737 | 112,696 | (4,935) | 119,915 |
| Changes of items during period | | | | | |
| Issuance of new shares | 31 | 31 | | | 62 |
| Dividends of surplus | | | (2,506) | | (2,506) |
| Profit attributable to owners of parent | | | 9,799 | | 9,799 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 0 | | 0 | 0 |
| Change in scope of consolidation | | | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (165) | | | (165) |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | 31 | (134) | 7,292 | (0) | 7,190 |
| Balance at end of current period | 6,446 | 5,603 | 119,989 | (4,935) | 127,105 |

| | 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 | 8,220 | 463 | (1,474) | 7,209 |
| Cumulative effects of changes in accounting policies | | | | |
| Restated balance | 8,220 | 463 | (1,474) | 7,209 |
| Changes of items during period | | | | |
| Issuance of new shares | | | | |
| Dividends of surplus | | | | |
| Profit attributable to owners of parent | | | | |
| Purchase of treasury shares | | | | |
| Disposal of treasury shares | | | | |
| Change in scope of consolidation | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | |
| Net changes of items other than shareholders' equity | (1,940) | (1,625) | 24 | (3,541) |
| Total changes of items during period | (1,940) | (1,625) | 24 | (3,541) |
| Balance at end of current period | 6,279 | (1,161) | (1,449) | 3,667 |

| | Subscription rights to shares | Non-controlling interests | Total net assets |
|---|-------------------------------|---------------------------|------------------|
| Balance at beginning of current period | 560 | 755 | 128,440 |
| Cumulative effects of changes in accounting policies | | | - |
| Restated balance | 560 | 755 | 128,440 |
| Changes of items during period | | | |
| Issuance of new shares | | | 62 |
| Dividends of surplus | | | (2,506) |
| Profit attributable to owners of parent | | | 9,799 |
| Purchase of treasury shares | | | (0) |
| Disposal of treasury shares | | | 0 |
| Change in scope of consolidation | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | (165) |
| Net changes of items other than shareholders' equity | (62) | 162 | (3,441) |
| Total changes of items during period | (62) | 162 | 3,748 |
| Balance at end of current period | 498 | 917 | 132,189 |

Current 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) |
| Disposal of treasury shares | | | | | - |
| Change in scope of consolidation | | | 13 | | 13 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | - |
| 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 | | | | |
| Disposal of treasury shares | | | | |
| Change in scope of consolidation | | | | |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | |
| 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) |
| Disposal of treasury shares | | | - |
| Change in scope of consolidation | | | 13 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | - |
| 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 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019) | Current Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020) |
|--|---|---|
| Cash flows from operating activities | | |
| Income before income taxes and non-controlling interests | 16,300 | 21,730 |
| Depreciation | 6,159 | 6,058 |
| Impairment loss | - | 1,052 |
| Amortization of goodwill | 245 | 879 |
| Increase (decrease) in allowance for doubtful accounts | 64 | (63) |
| Increase (decrease) in provision for bonuses | (8) | 234 |
| Increase (decrease) in net defined benefit liability | (382) | (66) |
| Increase (decrease) in provision for sales returns | (90) | (48) |
| Increase (decrease) in provision for sales rebates | (148) | (415) |
| Increase (decrease) in provision for loss on guarantees | 251 | 215 |
| Provision for doubtful accounts | 250 | 204 |
| Provision for doubtful accounts for subsidiaries and associates | 11 | - |
| Loss on disposal of fixed assets | 151 | - |
| Loss (gain) on sales of investment securities | - | (1,973) |
| Loss (gain) on valuation of investment securities | 1,179 | 1,263 |
| Loss on valuation of shares of subsidiaries and associates | 456 | 285 |
| 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 | (752) | (994) |
| Interest expenses | 148 | 125 |
| Share of (profit) loss of entities accounted for using equity method | 2,404 | 1,192 |
| Special severance pay | 370 | - |
| Decrease (increase) in notes and accounts receivable - trade | 5,342 | (4,304) |
| Decrease (increase) in inventories | (4,359) | 892 |
| Increase (decrease) in notes and accounts payable - trade | (984) | (900) |
| Other, net | 853 | (444) |
| Subtotal | 27,464 | 24,769 |
| Interest and dividend income received | 754 | 1,018 |
| Interest expenses paid | (150) | (130) |
| Income taxes paid | (5,984) | (6,644) |
| Income taxes refund | 33 | 27 |
| Special severance payments | (370) | - |
| Net cash provided by (used in) operating activities | 21,745 | 19,040 |

(Millions of yen)

| | Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019) | Current Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020) |
|---|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (924) | (886) |
| Proceeds from withdrawal of time deposits | 846 | 739 |
| Purchase of property, plant and equipment | (6,416) | (5,586) |
| Proceeds from sales of property, plant and equipment | 35 | 2,128 |
| Purchase of intangible assets | (501) | (847) |
| Purchase of investment securities | (3,045) | (2,700) |
| Proceeds from sales and redemption of investment securities | - | 3,615 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | (5,755) |
| Subsidies received | - | 110 |
| Payments of long-term loans receivable | (341) | (343) |
| Collection of long-term loans receivable | 43 | 118 |
| Other, net | 58 | 2 |
| Net cash provided by (used in) investing activities | (10,245) | (9,405) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (91) | (2,649) |
| Proceeds from long-term loans payable | 101 | 5,032 |
| Repayments of long-term loans payable | (646) | (714) |
| Cash dividends paid | (2,506) | (3,078) |
| Cash dividends paid to non-controlling interests | (1) | (8) |
| Purchase of shares of subsidiaries resulting in no change in scope of consolidation | (200) | - |
| Other, net | (41) | (184) |
| Net cash provided by (used in) financing activities | (3,386) | (1,603) |
| Effect of exchange rate change on cash and cash equivalents | (832) | (781) |
| Net increase (decrease) in cash and cash equivalents | 7,281 | 7,250 |
| Cash and cash equivalents at beginning of period | 30,063 | 37,345 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | - | 69 |
| Cash and cash equivalents at end of period | 37,345 | 44,665 |

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

No reportable information.

Changes in Accounting Policies**(1) Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606 — Revenue From Contracts With Customers**

From the first quarter of this fiscal year, some overseas consolidated subsidiaries have applied ASC 606 “Revenue From Contracts With Customers.”

Accordingly, revenue is recognized, when promised goods or services are transferred to a customer, in amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

For applying this standard, the Rohto Group adopts a method to recognize the cumulative effect of applying the new standard at the date of initial application in accordance with transitional measures. Retained earnings at the beginning of the first quarter have been adjusted.

As a result, retained earnings at the beginning of the first quarter of this fiscal year decreased 349 million yen. Net sales, operating income, ordinary income and profit before income taxes increased 49 million yen for the current fiscal year.

(2) International Financial Reporting Standards (IFRS) 16 — Leases

From the first quarter of this fiscal year, some overseas consolidated subsidiaries have applied IFRS 16 “Leases.”

For applying this standard, the Rohto Group adopts a method to recognize the cumulative effect of applying the new standard at the date of initial application in accordance with transitional measures. Retained earnings at the beginning of the first quarter have been adjusted.

For leases that were classified as operating leases by the lessee under the previous standard, IAS 17 “Leases,” the right-of-use assets and lease liabilities are recognized at the application start date. In addition, some assets recorded as other under Investments and other Assets are reclassified to right-of-use assets.

As a result, other, net under property, plant and equipment in the consolidated balance sheets increased by 643 million yen, other under current liabilities increased by 120 million yen and other under non-current liabilities increased by 167 million yen, while other under investments and other assets decreased by 369 million yen.

The change had a minimal impact on the consolidated financial statements and per-share information for the current fiscal year.

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, 2018 – Mar. 31, 2019)

(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 | 112,166 | 9,293 | 8,555 | 51,664 | 181,679 | 1,903 | 183,582 | - | 183,582 |
| (2) Inter-segment sales and transfers | 3,579 | 1,228 | 46 | 3,137 | 7,992 | 108 | 8,100 | (8,100) | - |
| Total | 115,746 | 10,521 | 8,601 | 54,802 | 189,672 | 2,011 | 191,683 | (8,100) | 183,582 |
| Segment profit | 13,181 | 286 | 352 | 6,497 | 20,317 | 163 | 20,481 | 330 | 20,812 |
| Segment assets | 143,462 | 28,191 | 8,876 | 64,731 | 245,261 | 1,506 | 246,767 | (45,814) | 200,953 |
| Segment liabilities | 43,399 | 4,374 | 1,949 | 23,020 | 72,744 | 392 | 73,137 | (4,372) | 68,764 |
| Other items | | | | | | | | | |
| Depreciation | 3,958 | 330 | 331 | 1,010 | 5,631 | 20 | 5,652 | - | 5,652 |
| Amortization of goodwill | 6 | 168 | 69 | - | 245 | - | 245 | - | 245 |
| Increase in property, plant and equipment and intangible fixed assets | 5,522 | 357 | 187 | 517 | 6,585 | 31 | 6,617 | - | 6,617 |

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 “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 330 million yen indicates elimination for intersegment transactions.

(2) “Adjustment” to segment assets of (45,814) million yen and liabilities of (4,372) million yen indicate an elimination for intersegment transactions.

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

Current 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 | 154,855 | 15,095 | 8,708 | 64,329 | 242,989 | 1,435 | 244,425 | (29,124) | 215,301 |
| Segment liabilities | 49,966 | 3,178 | 2,083 | 21,864 | 77,092 | 330 | 77,422 | (2,153) | 75,269 |
| Other items | | | | | | | | | |
| Depreciation | 3,991 | 306 | 288 | 1,037 | 5,623 | 25 | 5,649 | - | 5,649 |
| Amortization of goodwill (Note 5) | 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”.

Related information

Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019)

1. Products and services information

(Millions of yen)

| | Eye care products | Skincare products | Internal medicines | Others | Total |
|--------------------|-------------------|-------------------|--------------------|--------|---------|
| Sales to customers | 39,428 | 117,488 | 20,244 | 6,422 | 183,582 |

Current 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 |

Per-share Information

(Yen)

| | Prior Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019) | Current Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020) |
|------------------------------|---|---|
| Net assets per share | 1,147.42 | 1,217.67 |
| Basic net income per share | 86.00 | 135.13 |
| Diluted net income per share | 85.66 | 134.71 |

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, 2018 – Mar. 31, 2019) | Current Fiscal Year (Apr. 1, 2019 – Mar. 31, 2020) |
|--|---|---|
| Basic net income per share | | |
| Profit attributable to owners of parent | 9,799 | 15,410 |
| Amount not available to common stock shareholders | - | - |
| Profit attributable to owners of parent applicable to common stock | 9,799 | 15,410 |
| Average number of common stock shares outstanding during the period (thousand shares) | 113,955 | 114,039 |
| Diluted net income per share | | |
| Adjusted to profit attributable to owners of parent | - | - |
| Increase in the number of common stock shares (thousand shares) | 441 | 354 |
| [of which subscription rights to shares (thousand shares)] | [441] | [354] |
| 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, 2019) | Current Fiscal Year End (As of Mar. 31, 2020) |
|---|--|--|
| Total net assets on the balance sheets | 132,189 | 140,032 |
| Deduction from total net assets | 1,416 | 1,132 |
| [of which subscription rights to shares] | [498] | [382] |
| [of which non-controlling interests] | [917] | [749] |
| Net assets applicable to common stock | 130,773 | 138,899 |
| Number of common stock shares used in calculation of net assets per share (thousand shares) | 113,971 | 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.*