

Consolidated Financial Results

for the Six Months Ended September 30, 2025



[Japanese GAAP]

Company name: ROHTO PHARMACEUTICAL CO.,LTD.

Listing: Tokyo Stock Exchange

Securities code: 4527

URL: <https://www.rohto.co.jp/>

Representative: Hidetoshi Segi President and Representative Director

Inquiries: Masaya Saito Vice President and CFO

Telephone: +81-6-6758-8223

Scheduled date to file semi-annual securities report: November 14, 2025

Scheduled date to commence dividend payments: December 4, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate 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	%
Six months ended September 30, 2025	164,257	18.1	19,317	8.6	24,609	32.4	17,652	36.6
September 30, 2024	139,082	8.8	17,791	(15.1)	18,590	(18.0)	12,921	(22.1)

Note: Comprehensive income For the six months ended September 30, 2025: ¥ 16,169 million [(16.4)%]
For the six months ended September 30, 2024: ¥ 19,333 million [(27.1)%]

	Net income per share	Diluted net income per share
Six months ended September 30, 2025	Yen 78.12	Yen 76.32
September 30, 2024	56.64	56.47

(Note) In the six months ended September 30, 2025, the Company finalized the provisional accounting treatment for the business combination. Figures for the fiscal year ended March 31, 2025 reflect the details of the finalization of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	439,904	292,268	62.5
March 31, 2025	437,039	280,737	60.2

Reference: Equity

As of September 30, 2025: ¥ 274,805 million

As of March 31, 2025: ¥ 262,990 million

(Note) In the six months ended September 30, 2025, the Company finalized the provisional accounting treatment for the business combination. Figures for the fiscal year ended March 31, 2025 reflect the details of the finalization of the provisional accounting treatment.

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2025	Yen -	Yen 16.00	Yen -	Yen 20.00	Yen 36.00
Fiscal year ending March 31, 2026	-	21.00			
Fiscal year ending March 31, 2026 (Forecast)			-	22.00	43.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate 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	338,500	9.7	39,500	3.3	44,000	10.8	32,000	3.8	141.62

(Note) 1. Revision to the financial results forecast announced most recently: Yes

2. Year-on-year changes are calculated based on figures after retrospective adjustments, reflecting the finalization of the provisional accounting treatment related to the business combination conducted in the six months ended September 30, 2025.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 companies(Rohto MediLuxe Europe S.A.S.U.)

Excluded: - companies()

Note: Please refer to page 11 of the attachments "2. Semi-annual Consolidated Financial Statements and Primary Notes,

(4) Notes to Semi-annual Consolidated Financial Statements" for further information.

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

Note: Please refer to page 11 of the attachments "2. Semi-annual Consolidated Financial Statements and Primary Notes,

(4) Notes to Semi-annual Consolidated Financial Statements" for further information.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of September 30, 2025	236,178,310 shares
As of March 31, 2025	236,178,310 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2025	10,213,942 shares
As of March 31, 2025	10,213,934 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2025	225,964,371 shares
Six months ended September 30, 2024	228,138,759 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

*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 4 of the attachments "1. Qualitative Information on Semi-annual Consolidated Financial Performance, (3) Explanation of Consolidated Earnings Forecast and Other Forward-looking Statements."

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1. Qualitative Information on Semi-annual Consolidated Financial Performance

(1) Explanation of Results of Operations

During the semi-annual period of the current fiscal year, the Japanese economy remained on a moderate recovery track mainly owing to improvements in the employment and income environment, as well as an increase in the number of foreign visitors to Japan against the backdrop of the weak-yen trend. Meanwhile, the growth of personal consumption was limited against the backdrop of consumers' persistent frugality due to rising prices. Regarding overseas economies, uncertainty over the US trade policy and a downward trend in the Chinese economy continued, and sustained high resource and materials prices against the backdrop of protracted geopolitical risks (the situation in Ukraine and the Middle East, etc.) resulted in continued upward pressure on domestic prices. In light of this situation, the outlook of the Japanese economy remains subject to a mood of uncertainty.

Under these circumstances, the Company announced the Rohto Group Medium- to Long-Term Growth Strategy 2025-2035 and the Management Policy for Achieving Long-Term Growth on May 13, 2025. At Rohto, we define our purpose as "to lead all individuals and society surrounding us to 'well-being' by delivering 'health' to people around the world through our products and services and to make people happier and make the future brighter." We are making efforts every day to achieve this goal.

Consequently, net sales increased significantly to 164,257 million yen (up 18.1% year-on-year). In Japan, sales increased, reflecting product proposals that meet customer needs as well as rising inbound demand. Overseas, despite exchange rate effects, sales also increased due to product proposals that meet customer needs and inclusion of the results of Singaporean Chinese herbal medicine manufacturing and sales company Eu Yan Sang International Ltd. and Austrian pharmaceutical and medical device manufacturing and sales company Mono chem-pharm Produkte GmbH in the consolidated statement of income from the third quarter of the previous fiscal year.

As for profits, operating income was 19,317 million yen (up 8.6% year-on-year) due to a decrease in research and development expenses, despite a rising cost of sales ratio as well as increases in depreciation, amortization of goodwill and labor costs. Ordinary income was 24,609 million yen (up 32.4% year-on-year) and profit attributable to owners of parent was 17,652 million yen (up 36.6% year-on-year), mainly due to an increase in dividend income.

Results by reportable segment are as follows.

Japan

Sales to outside customers increased to 83,559 million yen (up 2.6% year-on-year).

Sales were brisk for new lip balm products, "Hadalabo" skincare products, "Rohto V5" supplements, and "Gyutto," which is a new hair mask launched in the previous fiscal year. Among the domestic group companies, Rohto Nitten Co., Ltd. and Amato Pharmaceutical Products, Ltd. contributed to sales growth.

Segment profit (operating income basis) increased significantly to 11,061 million yen (up 12.0% year-on-year) due to a decrease in research and development expenses.

Americas

Sales to outside customers increased to 10,107 million yen (up 0.6% year-on-year).

Hydrox Laboratories, which manufactures and sells medical disinfectants and other products, continued to perform strongly. In addition, our consolidated subsidiaries in Brazil, which experienced strong sales for "Hadalabo," also made a contribution to the increase in sales. Segment profit (operating income basis) decreased to 428 million yen (down 35.1% year-on-year) due to an increase in selling, general and administrative expenses.

Europe

Sales to outside customers increased significantly to 11,538 million yen (up 43.7% year-on-year).

Dax Cosmetics, based in Poland, contributed to the increase in sales due to the strong sales of “Perfecta” as well as “Hadalabo Tokyo,” whose target countries of sale have been expanded. In addition, the Company has been developing the eye drop market since 2021, with sales of “Rohto Dry Aid” remaining strong. Furthermore, Mono chem-pharm Produkte GmbH has also contributed to sales.

Segment profit (operating income basis) decreased to 225 million yen (down 58.2% year-on-year) due to a higher cost of sales ratio resulting from a lower production volume caused by the bankruptcy of a container supplier for anti-inflammatory analgesic products, as well as higher unit prices from alternative suppliers in the UK.

Asia

Sales to outside customers increased significantly to 57,348 million yen (up 51.3% year-on-year).

Sales were strong in Vietnam, Indonesia, and other Southeast Asian countries. We obtained an import license in Myanmar, where we had faced difficulties in the import of raw materials and products. This allowed us to go into production and contribute to the increase in sales. In addition, Eu Yan Sang International Ltd. contributed to sales. Regarding the performance of particular products, “Hadalabo,” “Acnes” skincare products, “Selsun” antidandruff shampoo, and eye drops are among those that contributed to the increase in sales.

Segment profit (operating income basis) increased significantly to 7,139 million yen (up 18.3% year-on-year).

(2) Explanation of Financial Position

1) Balance sheets position

Total assets at the end of the semi-annual period of the current fiscal year were 439,904 million yen, an increase of 2,865 million yen from the end of the previous fiscal year. This was mainly due to an increase of 3,068 million yen in investment securities and an increase of 2,087 million yen in raw materials and supplies, while goodwill decreased by 1,770 million yen.

Total liabilities were 147,635 million yen, a decrease of 8,666 million yen from the end of the previous fiscal year. The main factors were a decrease of 16,221 million yen in long-term borrowings, a decrease of 2,857 million yen in other under current liabilities, and a decrease of 2,360 million yen in accrued expenses, while short-term borrowings increased by 13,107 million yen.

Net assets totaled 292,268 million yen, an increase of 11,531 million yen from the end of the previous fiscal year. This was mainly due to increases in retained earnings and valuation difference on available-for-sale securities of 13,040 million yen and 2,649 million yen, respectively, while foreign currency translation adjustment decreased by 3,839 million yen.

In the semi-annual period of the current fiscal year, the Company finalized the provisional accounting treatment for the business combination. For comparison and analysis with the end of the previous fiscal year, the amounts after the revision reflecting the finalization of the provisional accounting treatment are used. Please refer to “2. Semi-annual Consolidated Financial Statements and Major Notes, (4) Notes to Semi-annual Consolidated Financial Statements, Business Combination, etc.” for further information.

2) Consolidated cash flow position

Cash and cash equivalents amounted to 74,066 million yen at the end of the semi-annual period of the current fiscal year, an increase of 845 million yen from the end of the previous fiscal year.

Operating activities

Net cash provided by operating activities in the semi-annual period of the current fiscal year amounted to 18,076 million yen, an increase of 4,069 million yen from the same period of the previous fiscal year. While income before income taxes amounted to 23,546 million yen, and depreciation and interest and dividends received, which are factors contributing to a cash flow increase, amounted to 7,071 million yen and 4,620 million yen, respectively, income taxes paid and interest and dividend income, which are factors contributing to a cash flow decrease, amounted to 6,538 million yen and 4,614 million yen, respectively.

Investing activities

Net cash used in investing activities in the semi-annual period of the current fiscal year amounted to 6,522 million yen, a decrease of 77,002 million yen from the same period of the previous fiscal year. This was mainly due to payments of 5,234 million yen for the purchase of property, plant and equipment and 1,670 million yen for the purchase of investment securities in the semi-annual period of the current fiscal year, while there were payments of 74,479 million yen for the purchase of shares of subsidiaries resulting in change in scope of consolidation and 5,025 million yen for the purchase of property, plant and equipment in the same period of the previous fiscal year.

Financing activities

Net cash used in financing activities in the semi-annual period of the current fiscal year amounted to 9,282 million yen, compared to 40,297 million yen provided in the same period of the previous fiscal year. This was mainly due to dividends paid of 4,519 million yen and a decrease in short-term borrowings of 1,471 million yen in the semi-annual period of the current fiscal year, while there were proceeds from share issuance to non-controlling shareholders of 31,620 million yen and proceeds from long-term borrowings of 14,977 million yen in the same period of the previous fiscal year.

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

(Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A)	Millions of yen 334,500	Millions of yen 39,000	Millions of yen 43,000	Millions of yen 31,500	Yen 139.40
Revised forecast (B)	338,500	39,500	44,000	32,000	141.62
Change (B - A)	4,000	500	1,000	500	-
Percentage change (%)	1.2	1.3	2.3	1.6	-

The Company has revised the consolidated financial earnings forecast announced on August 6, 2025, as the Japan, Americas, and Asia segments performed better than expected during the semi-annual period of the current fiscal year. Net sales, operating income, ordinary income and profit attributable to owners of parent are all expected to exceed the previous forecast. The assumed exchange rates have been revised to 148 yen to the US dollar and 20 yen to the Chinese yuan.

For details, please refer to the "Notice of Revision of Earnings Forecast" announced today (November 13, 2025).

*The above forecasts are based on information available as of the date of announcement. Actual results may differ from the forecasts due to various factors.

2. Semi-annual Consolidated Financial Statements and Primary Notes**(1) Semi-annual Consolidated Balance Sheet**

	(Millions of yen)	
	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	77,161	78,244
Notes and accounts receivable - trade	47,129	48,816
Electronically recorded monetary claims - operating	23,261	23,455
Merchandise and finished goods	36,386	35,165
Work in process	5,059	5,733
Raw materials and supplies	20,135	22,222
Other	9,255	9,061
Allowance for doubtful accounts	(510)	(472)
Total current assets	<u>217,879</u>	<u>222,228</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,288	33,116
Other, net	57,162	55,743
Total property, plant and equipment	<u>90,451</u>	<u>88,859</u>
Intangible assets		
Trademark right	26,955	25,803
Goodwill	34,793	33,022
Other	9,484	8,986
Total intangible assets	<u>71,233</u>	<u>67,813</u>
Investments and other assets		
Investment securities	46,427	49,495
Retirement benefit asset	2,149	2,126
Other	16,282	16,960
Allowance for doubtful accounts	(7,484)	(7,674)
Total investments and other assets	<u>57,375</u>	<u>60,908</u>
Total non-current assets	<u>219,060</u>	<u>217,581</u>
Deferred assets		
Bond issuance costs	99	94
Total deferred assets	<u>99</u>	<u>94</u>
Total assets	<u>437,039</u>	<u>439,904</u>

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,050	19,920
Electronically recorded obligations - operating	3,006	2,263
Short-term borrowings	7,035	20,142
Accrued expenses	20,138	17,777
Income taxes payable	5,975	5,801
Provision for bonuses	4,161	4,009
Provision for bonuses for directors (and other officers)	65	45
Other	35,175	32,317
Total current liabilities	94,608	102,277
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	25,370	25,343
Long-term borrowings	17,818	1,596
Retirement benefit liability	1,770	1,746
Provision for loss on guarantees	3	3
Other	16,731	16,667
Total non-current liabilities	61,693	45,357
Total liabilities	156,302	147,635
Net assets		
Shareholders' equity		
Share capital	6,504	6,504
Retained earnings	231,713	244,754
Treasury shares	(9,939)	(9,939)
Total shareholders' equity	228,278	241,319
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,466	12,115
Foreign currency translation adjustment	23,820	19,980
Remeasurements of defined benefit plans	1,425	1,390
Total accumulated other comprehensive income	34,711	33,486
Share acquisition rights	382	382
Non-controlling interests	17,363	17,080
Total net assets	280,737	292,268
Total liabilities and net assets	437,039	439,904

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income**Semi-annual Consolidated Statement of Income**

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	139,082	164,257
Cost of sales	60,574	73,074
Gross profit	78,507	91,183
Selling, general and administrative expenses	60,716	71,865
Operating income	17,791	19,317
Non-operating income		
Interest income	708	488
Dividend income	307	4,125
Share of profit of entities accounted for using equity method	58	134
Foreign exchange gains	-	723
Other	399	957
Total non-operating income	1,473	6,431
Non-operating expenses		
Interest expenses	128	602
Foreign exchange losses	137	-
Provision of allowance for doubtful accounts	229	189
Other	179	347
Total non-operating expenses	674	1,139
Ordinary income	18,590	24,609
Extraordinary income		
Gain on sale of investment securities	748	4
Gain on sale of shares of subsidiaries and associates	39	-
Total extraordinary income	787	4
Extraordinary losses		
Impairment losses	16	-
Loss on valuation of investment securities	785	1,067
Total extraordinary losses	801	1,067
Income before income taxes	18,576	23,546
Income taxes	5,766	5,774
Net income	12,809	17,772
Profit (loss) attributable to non-controlling interests	(111)	119
Profit attributable to owners of parent	12,921	17,652

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net income	12,809	17,772
Other comprehensive income		
Valuation difference on available-for-sale securities	206	2,649
Foreign currency translation adjustment	6,334	(4,207)
Remeasurements of defined benefit plans, net of tax	(18)	(35)
Share of other comprehensive income of entities accounted for using equity method	0	(9)
Total other comprehensive income	6,523	(1,602)
Comprehensive income	19,333	16,169
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,410	16,433
Comprehensive income attributable to non-controlling interests	(77)	(264)

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from operating activities		
Income before income taxes	18,576	23,546
Depreciation	4,267	7,071
Impairment losses	16	-
Amortization of goodwill	178	1,006
Increase (decrease) in allowance for doubtful accounts	(74)	(11)
Increase (decrease) in provision for bonuses	(50)	(128)
Increase (decrease) in retirement benefit liability	30	(45)
Increase (decrease) in provision for loss on guarantees	(23)	-
Bad debt expense	229	189
Loss (gain) on sale of investment securities	(748)	(4)
Loss (gain) on valuation of investment securities	785	1,067
Interest and dividend income	(1,015)	(4,614)
Interest expenses	128	602
Share of loss (profit) of entities accounted for using equity method	(58)	(134)
Decrease (increase) in trade receivables	3,089	(2,388)
Decrease (increase) in inventories	(4,510)	(2,244)
Increase (decrease) in trade payables	716	328
Other, net	(2,944)	(3,640)
Subtotal	18,589	20,600
Interest and dividends received	1,293	4,620
Interest paid	(94)	(606)
Income taxes paid	(5,785)	(6,538)
Income taxes refund	4	0
Net cash provided by (used in) operating activities	14,007	18,076
Cash flows from investing activities		
Payments into time deposits	(1,208)	(1,226)
Proceeds from withdrawal of time deposits	761	1,311
Purchase of property, plant and equipment	(5,025)	(5,234)
Proceeds from sale of property, plant and equipment	5	11
Purchase of intangible assets	(524)	(453)
Purchase of investment securities	(3,821)	(1,670)
Proceeds from sale and redemption of investment securities	816	836
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(74,479)	-
Long-term loan advances	(51)	(100)
Proceeds from collection of long-term loans receivable	1	1
Other, net	-	0
Net cash provided by (used in) investing activities	(83,525)	(6,522)

	(Millions of yen)	
	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	13,035	(1,471)
Proceeds from long-term borrowings	14,977	43
Repayments of long-term borrowings	(1,979)	(1,336)
Dividends paid	(3,422)	(4,519)
Proceeds from share issuance to non-controlling shareholders	31,620	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(13,505)	-
Other, net	(428)	(1,999)
Net cash provided by (used in) financing activities	40,297	(9,282)
Effect of exchange rate change on cash and cash equivalents	3,937	(1,489)
Net increase (decrease) in cash and cash equivalents	(25,283)	782
Cash and cash equivalents at beginning of period	86,562	73,221
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	63
Cash and cash equivalents at end of period	61,278	74,066

(4) Notes to Semi-annual Consolidated Financial Statements

Going Concern Assumption

No reportable information.

Significant Changes in Shareholders' Equity

No reportable information.

Application of Special Accounting Methods for Preparation of Semi-annual Consolidated Financial Statements

Calculation of tax expense

Tax expense was calculated by first reasonably estimating the effective tax rate after the application of tax effect accounting with respect to income before income taxes for the fiscal year, and multiplying that rate by semi-annual income before income taxes.

Changes in the Scope of Consolidation and the Scope of Application of Equity Method

Significant changes in the scope of consolidation

Starting from the semi-annual period of the current fiscal year, Rohto MediLuxe Europe S.A.S.U., which was a nonconsolidated subsidiary, have been included in the scope of consolidation due to the increased materiality.

Segment Information**I. Prior Semi-annual Period (Apr. 1, 2024 – Sep. 30, 2024)****1. Information related to net sales and profit and disaggregation of revenue for each reportable segment**

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in semi-annual consolidated statement of income (Note 4)	(Millions of yen)
	Japan	Americas	Europe	Asia	Subtotal					
Net sales										
Revenue from contracts with customers	81,442	10,043	8,030	37,906	137,423	1,658	139,082	–	139,082	
(1) Sales to customers	81,442	10,043	8,030	37,906	137,423	1,658	139,082	–	139,082	
(2) Inter-segment sales and transfers	1,852	856	61	2,479	5,250	54	5,304	(5,304)	–	
Total	83,294	10,899	8,092	40,386	142,673	1,713	144,387	(5,304)	139,082	
Segment profit	9,872	659	538	6,037	17,108	145	17,254	536	17,791	

Notes: 1. "Americas" includes the business activities of overseas entities in the U.S. and Brazil, and others; "Europe" those in the U.K., Poland and South Africa, and others; and "Asia" those in China, Taiwan, Vietnam, and others.

2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.
3. "Adjustment" to segment profit of 536 million yen indicates elimination for intersegment transactions.
4. Segment profit is adjusted with operating income reported in the semi-annual consolidated statement of income.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

In the Asia segment, the Company acquired shares in Eu Yan Sang International Ltd., making it a consolidated subsidiary. The increase in goodwill resulting from this event was 32,258 million yen for the semi-annual period of the current fiscal year.

In the Europe segment, the Company acquired shares in Mono chem-pharm Produkte GmbH, making it a consolidated subsidiary. The increase in goodwill resulting from this event was 1,364 million yen for the semi-annual period of the current fiscal year.

The Japan segment recorded impairment loss on non-current assets. The impairment loss recorded for the semi-annual period of the current fiscal year was 16 million yen.

3. Information on assets by reportable segments

During the semi-annual period of the current fiscal year, the Company acquired shares in Eu Yan Sang International Ltd. and Mono chem-pharm Produkte GmbH. This resulted in increases of 102,915 million yen in the assets of the Asia segment, 16,016 million yen in the assets of the Europe segment, and 247 million yen in the assets of the Others segment, compared to the end of the previous fiscal year.

4. During the semi-annual period of the current fiscal year, the Company finalized the provisional accounting treatment for the business combination. Segment information for the prior semi-annual period reflect the details of the finalization of the provisional accounting treatment.

II. Current Semi-annual Period (Apr. 1, 2025 – Sep. 30, 2025)

1. Information related to net sales and profit and disaggregation of revenue for each reportable segment

(Millions of yen)

	Reportable segment (Note 1)					Others (Note 2)	Total	Adjustment (Note 3)	Reported in semi-annual consolidated statement of income (Note 4)
	Japan	Americas	Europe	Asia	Subtotal				
Net sales									
Revenue from contracts with customers	83,559	10,107	11,538	57,348	162,553	1,703	164,257	—	164,257
(1) Sales to customers	83,559	10,107	11,538	57,348	162,553	1,703	164,257	—	164,257
(2) Inter-segment sales and transfers	2,392	758	87	2,999	6,238	43	6,281	(6,281)	—
Total	85,952	10,866	11,625	60,347	168,791	1,746	170,538	(6,281)	164,257
Segment profit	11,061	428	225	7,139	18,854	118	18,972	345	19,317

Notes: 1. "Americas" includes the business activities of overseas entities in the U.S. and Brazil, and others; "Europe" those in the U.K., Poland, Austria, and others; and "Asia" those in China, Singapore, Malaysia, Vietnam, and others.

2. "Others" is the business that is excluded from reportable segments, and includes the business activities of entities in Australia.

3. "Adjustment" to segment profit of 345 million yen indicates elimination for intersegment transactions.

4. Segment profit is adjusted with operating income reported in the semi-annual consolidated statement of income.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

No reportable information.

Business Combination, etc.

Business combination with Eu Yan Sang International Ltd.

Regarding the business combination with Eu Yan Sang International Ltd. on June 3, 2024 for which provisional accounting treatment was applied in the previous fiscal year, the accounting treatment was finalized in the semi-annual period of the current fiscal year. Following the finalization of the provisional accounting treatment, significant revision of the initially allocated amounts of the acquisition cost is reflected in the comparative information included in the semi-annual consolidated financial statements for the six months of the current fiscal year.

As a result, the amount of goodwill provisionally calculated at 44,792 million yen decreased by 12,533 million yen to 32,258 million yen due to the finalization of the accounting treatment. The decrease in goodwill was mainly due to increases of work in process by 93 million yen, merchandise and finished goods by 465 million yen, trademark right by 26,527 million yen, other intangible assets by 884 million yen, other non-current liabilities by 5,873 million yen, and non-controlling interests by 9,441 million yen. As for the amounts at the end of the previous fiscal year, trademark right increased by 26,110 million yen, other intangible assets increased by 863 million yen, other non-current liabilities increased by 5,664 million yen, retained earnings increased by 3,268 million yen, and non-controlling interests increased by 5,689 million yen, while goodwill decreased by 12,353 million yen and foreign currency translation adjustment decreased by 3 million yen.

Business combination with Mono chem-pharm Produkte GmbH

Regarding the business combination with Mono chem-pharm Produkte GmbH on August 23, 2024 for which provisional accounting treatment was applied in the previous fiscal year, the accounting treatment was finalized in the semi-annual period of the current fiscal year. Following the finalization of the provisional accounting treatment, significant revision of the initially allocated amounts of the acquisition cost is reflected in the comparative information included in the semi-annual consolidated financial statements for the six months of the current fiscal year.

As a result, the amount of goodwill provisionally calculated at 1,715 million yen decreased by 350 million yen to 1,364 million yen due to the finalization of the accounting treatment. The decrease in goodwill was due to increases of other intangible assets by 892 million yen, other non-current liabilities by 205 million yen, and non-controlling interests by 336 million yen. As for the amounts at the end of the previous fiscal year, other intangible assets increased by 891 million yen, other non-current liabilities increased by 202 million yen, retained earnings increased by 2 million yen, foreign currency translation adjustment increased by 10 million yen, and non-controlling interests increased by 328 million yen, while goodwill decreased by 347 million yen.

Significant Subsequent Events

Execution of material contracts

At the meeting of the Board of Directors held on November 13, 2025, the Company resolved to acquire from OBAGI COSMECEUTICALS LLC (State of Delaware, U.S.; hereinafter “Obagi”) the OBAGI/Obagi-related trademark rights in Japan, and executed a Trademark Transfer Agreement and a Trademark Coexistence Agreement.

1. Purpose of the contracts

Since 2001, the Company has sold “Obagi” brand products in Japan’s consumer market using Obagi-related trademarks. As a pioneer in functional cosmetics, the Company has established a strong presence in the high-performance “Doctor’s Cosme” segment, and the brand has grown into the flagship of our skincare business. The brand’s success has supported our expansion from eye care and gastrointestinal products into skincare, as well as human resource development and enhanced corporate value. Under these contracts, Obagi will permanently transfer to the Company all licensing and sales rights for OBAGI-branded products in all sales channels within Japan, and the Company will acquire the OBAGI-related trademarks in Japan. Exclusive rights to use the OBAGI/Obagi trademarks outside Japan will continue to be held by Obagi. Through these agreements, the Company will not only strengthen existing channels but also accelerate expansion into new markets such as medical clinics, further reinforcing the OBAGI brand domestically.

2. Counterparty to the contracts

OBAGI COSMECEUTICALS LLC

3. Date of Execution

November 13, 2025

4. Content of the contracts

Acquisition of OBAGI/Obagi-related trademark rights in Japan

5. Purchase Price

USD 82.5 million (approximately JPY 12.4 billion)

6. Material impact on business activities, etc.

The impact of this transaction on future business results is currently under review.

** 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.*