

HEALTH VALUES REPORT 2020

—



ESH

— Our Treasured ESH —

Promoting longevity to the world by connecting through health.

“Health” is the core value of Rohto and is an important key to facing current social issues and building the social system of the future.

While Rohto provides “Health” through its products and services, we also create our original values of “Social” and “Environment” from the point of view of health. Rohto is connecting with the society through “Health”, and by collaborating and corporating with the people surrounding us to promote ESH, we strive to realize a society in which people can enjoy a long, healthy, and happy life.

Profit Sharing Policy

— Rohto’s Profit-Sharing Policy —

In 2019, Rohto made partial amendments to its articles of incorporation with the mission of being a “public institution of society.” We have reiterated our determination to address issues concerning society from a long-term point of view in collaboration with all the people surrounding us and to share the benefits gained thereby.

Profits earned through solid businesses will be reinvested with the ideal goal of realizing a healthier and more sound society. At the same time, profits will be shared appropriately with our stakeholders who also support us from a long-term point of view.

CONTENTS

- Message from the Chairman
- Message from the President
- Management Vision 2030
- History of Products and Services
- Rohto’s New Challenge
- Our Treasured ESH
- Health
- Social
- Environment
- Governance
- A Financial Foundation That Makes ESH Promotion Possible
- Message From the External Director
- Data Collection
- Corporate Philosophy
- Corporate Data

Stakeholders

— Stakeholders That Support Rohto —



Editorial Policy

We issued this Health Values Report in the hope that we gain the full understanding and support of everyone surrounding us, as we communicate the philosophies that we value and explain our larger goals. We will be gratified if the values that we are promoting in the areas of "Health," "Environment," and "Social" resonate with you.

Please Note

Any business, planning, or strategic information included in this report which is not based on the Company's past performance is a forecast derived from data that is readily available as of the date of this report and is in accordance with the management's decisions. Therefore, the actual results may greatly differ from the forecasts due to various factors that may affect the performance. We appreciate your understanding of this matter.

MESSAGE FROM THE PRESIDENT



We will keep challenging ourselves to move beyond the boundaries of common sense to build a sustainable society where people can lead long, happy, and healthy lives.

Chairman

Kunio Yamada

In 2020, the Covid-19 pandemic which spread across the globe made us realize that we could not take anything for granted, and we had to reform our personal and social lives. In business, the common sense which we developed in the past no longer applies, and Japanese companies, which used to be good at standardizing or making models, are now being forced to value individuality and be flexible: things which they have not always been good at in the past. The concepts of ESG and SDGs have gained attention, and in a sustainable society, corporations' social responsibilities and roles have become very important.

Many of the current social issues are closely related. It is important to look ahead 30 to 50 years into the future and not just consider the short term, as we need to create a sustainable society now. When we think about our lives 50 years from now, we can picture the children of our younger employees being active participants in the society. From that perspective, it is not very far in the future, as we realize it is our future. That is why it is extremely important for our corporate strategy to think of our future from a long-term point of view and look 30 to 50 years ahead. The goals we set for the future of sustainable society are our current business strategy.

In the fields of health and medicine, treatment techniques are expected to advance tremendously over the next 30 to 50 years. In addition, diagnostic techniques to quickly detect diseases, and techniques to prevent from getting any diseases will likely be developed as well. Consequently, people will live even longer lives. Japan is known throughout the world as a country whose people have exceptional longevity. If we can be successful in creating a society in which people enjoy longevity and lead happy lives, we can set an example for other countries who will also experience an increase in longevity with their people. Our Company will contribute to establishing a new social system in which people can be healthy and enjoy a long life. Our efforts encompass a wide range of health benefits, including not only treatment with medicines but also preventive care and diagnoses and creating health through food. At the same time, we wish to be actively involved in building a company where the employees can be happy and a structure of society, allowing us to create an innovative and unique company model.

We plan to form a large team with many people and partners who are associated with us, and as team members, we strive to build a new social system and an innovative

business model. We need to be open-minded and get rid of walls, not separating the Company or the country with others. We will welcome young people from abroad to create true diversity, as we face the ongoing issue of a lower birthrate and an aging population in Japan. Employees of our Company multi-task, as he or she assumes roles in family life and in local communities in addition to company duties. We will not keep the employees solely tied to the Company, but we encourage each of them to be independent and have a strong connection to life outside of the Company as we already allow employees to have secondary jobs.

By doing so, they can contribute to the world as standout individuals. We hope that all the people who are associated with the Company understand and agree with the values we treasure and the goals we are aiming for, and will always offer us long-term support as we meet these challenges.

November 2020

Chairman

山田 邦雄



MESSAGE FROM THE PRESIDENT



By expanding business areas in which the Company has advantages and accepting challenges in new business opportunities we will realize our Management Vision 2030 “Connect for Well-being.”

President

Masashi Sugimoto

Working toward Realizing the Management Vision 2030

We have been living in an era of significant changes for a long time now. Our modern era is said to be one of “VUCA.” VUCA stands for Volatility, Uncertainty, Complexity and Ambiguity, and it means that “the environment around us keeps getting more complex and that it is difficult to foresee the future.” In our current business environment, we cannot foresee anything. We live in an environment where visibility for the future is very poor. In a period of such low visibility, we believe that it is important to recognize where we stand based on our solid values and to picture where we should head in the future. So, in February 2019, on the 120th anniversary of its founding, Rohto formulated the Management Vision, “Connect for Well-being,” which expresses where we want to be standing at in 2030, in the belief that it’s important to draw a blueprint for the future.

“Well-being” means that individual people are healthy both physically and mentally and that the society is healthy as well. Moreover it is a state where people are living his or her daily life feeling happy. The word “happiness” means not only physical and mental health but also spending active time while feeling happy. Our Company will continue to contribute to realizing healthy and long living society so that people around the world can enjoy

a state of well-being for a long time, by being a pharmaceutical company that not only sells medicine but also connects various areas of our business, including existing medical products and skincare products, to help us realize this vision.


In addition to the management vision “Connect for Well-being”, we clarified the areas of business which we will target in the next ten years and defined “Business Area Vision” for each business sector. The Business Area Vision consists of six areas: OTC medicines (general drug products), skincare, functional foods, ophthalmology area, regenerative medicines, and contract development and manufacturing organization (CDMO).

For example, in the field of OTC medicines, we will further strengthen our main product lines. At the same time, we will pursue a strategy to enter new categories through collaborations and M&As to enhance our product portfolio. We hope to become a leading provider of OTC medicines in Japan. In the areas of pre-symptomatic diseases and prevention, we will put our efforts into functional foods so that we can attain our third corporate pillar in these areas. We will also solidify our regenerative medicine business in the field of life science. By clearly articulating our goals through Management Vision 2030 and Business Area Vision, we will

promote active collaborations with business partners who can share the same goals and values. “Connect for Well-being” will be realized by searching for various forms of collaboration and cooperation.

Great opportunities for OTC medicines and functional foods

As medical finances become tighter, Japan as a country needs to seriously consider which areas to use its limited financial resources. In order to control increasing medical costs, it is expected that patients “switching to OTC” from prescription medicines will further increase. Also, “self-medication,” in which a patient takes care of his or her own health before going to see a doctor, will play an important role in reducing medical costs and prolonging one’s healthspan. We believe that with growing significance of switch to OTC and self-medication, there will be higher dependency on OTC medicines to achieve longer healthspan. As a result, the OTC medicine market will naturally expand. We already have products in several business categories, such as ophthalmic, dermatological, digestive, and Chinese herbal medicines. We plan to pay special attention to expanding these markets and enhancing our OTC medicine lines by building a new brand and collaborating with other companies. In this way, we will



establish a company structure that contributes to people and society promoting health and longevity, all while being ahead of our time.

In addition to expanding our presence in the OTC medicine market, we plan to strengthen our efforts in food industries, including functional food products. It is difficult to only rely on medicines and advances in the medical industry to expand our healthspan. That is why the care for pre-symptomatic diseases and prevention is important. We will support the prolonging of people's healthspan by offering functional food products that are developed with clear evidence of their effectiveness, and a balanced, nutritious diet through food.

The world is paying close attention to Japan as we tackle the issue of a severely aging population. China and other countries in Asia are also expected to have large aging populations 20 years behind Japan. Therefore, we will be utilizing our experience in Japan in other countries including those in Asia in the future.

Linking our vision with our strategic and tactical organization structure

In order to realize our Management Vision 2030, and our business area visions, we are building an organizational structure that can not only incorporate these strategies and visions, but can also confidently carry these out. In order to "connect" our wide range of businesses, we need to have close collaboration between organizations within the Company. It is crucial that organizations and employees are joined together with a strong trust so that they "connect" in unity.

Since its founding, Rohto has

followed a familial management style in which each employee is highly valued. Such management style has encouraged many of our employees to be more loyal to the Company and more supportive of the Company and the community. In addition, our Company has a great DNA of "positive persistence," "taking on challenges," and "doing what others won't do" in our blood. Our employees have tackled extremely difficult challenges which no one thinks they can do, with a mindset "to do because it's difficult". We have accumulated our experience through successes and failures from such challenges.

Our corporate culture of taking on challenges is a strength that is not found in other companies, and it has led to the development of each employee's independence and skills. Now, we will further strengthen the teamwork and the relationships between the divisions, based on each employee's individual abilities and skills. We will start to develop a structure and procedures to promote teamwork and collaboration among divisions and create an organization where people have an affinity for one another, a place in which everyone can build genuine, trustworthy relationships. The main point is to build an organization with strong roots and have each employee understand the Company's vision. This is my role as the president of the Company. Our visions are shared so that we can all look in the same direction and engage in active discussions with our fellow employees. We will work hard toward realizing these management and business visions.

Realizing the values of "ESH" to contribute to social health

By aiming to "Connect for Well-being", we will contribute to social health, allowing people to experience happiness in their daily lives. On the world stage, the United Nations adopted "Sustainable Development Goals (SDGs)," and ESG management is being sought to promote awareness of social values. As a company that continues to devote itself to beauty and health, we will take our own active approach in promoting "ESH" to realize the values in the areas of "Environment" and "Social," all while maintaining the core value of "Health" as our central pillar.

In the area of "Social," roles that our Company should play include rejuvenation of local communities and rural regions, as well as support for children of future generation. As the over-concentration in the Tokyo area accelerates, I believe that rejuvenation the local communities and rural regions prosperously and supporting the health and learning of the children with the future will contribute to re-energizing the society as a whole. I also believe that having people put down their roots in local communities and regions and building communities where children can live a healthy life will lead to greater health and sustainability for the entire society. In the area of "Environment," as we introduced refill pouches for cosmetics products ahead of other companies, we will continue moving forward with ideas and methods to protect the earth's health, such as replacing plastic bottles with bio-plastic bottles. Consideration for the environment is now a well-recognized trait

among our customers and in society generally, and the awareness is only spreading. We have developed our own unique environmental symbol which will be used in our product packaging in the future. Needless to say, sound corporate governance is crucial to promote such ESH initiatives. In order to realize our Management Vision 2030, we will enhance the effectiveness of the board of directors' meeting, further strengthen the corporate functions, and maintain financial

stability. We will offer our active commitment to social health and will keep challenging ourselves to promote ESH values while paying attention to being healthy and sound as a company. Our Company will continue to move beyond the boundaries of common sense and contribute to the health of people and society. We will realize Management Vision 2030 "Connect for Well-being," the management's vision for 2030, by building strong organizational bonds within our Company and

promoting collaboration and cooperation with our partners by sharing our values. We appreciate your continued long-term support and guidance.

November 2020

President



- Connect for

“Well-being” means you are both healthy physically and in good spirits.

You smile at every stage of your life.

Rohto wishes people all over the world to feel the *Well-being* for a long time.

We will create innovations in many diverse areas, including medicine and skincare products, and we will *Connect* them together.

To make it happen, we closely *Connect* our colleagues and also organizations within the Company.

Furthermore, we will develop talent of our human resources on a foundation of trust chains, and build a coherent, unified organization that will further *Connect* to the *Well-being* of all people.

“Connect for Well-being”

Business Area Vision 2030/Areas Being Pursued

Delivering reliable drugs, cosmetics, and food products for various stages of life, including healthy states, pre-symptom diseases, and diseases.

Health

Pre-symptom diseases

Skincare

Create skincare products that regenerate healthy skin by working on foundational functions of the skin



OTC Medicines (general drug products)

Aim to be a leading OTC medicines company in Japan



Functional Foods

Develop food business based on evidence and trust as our third pillar

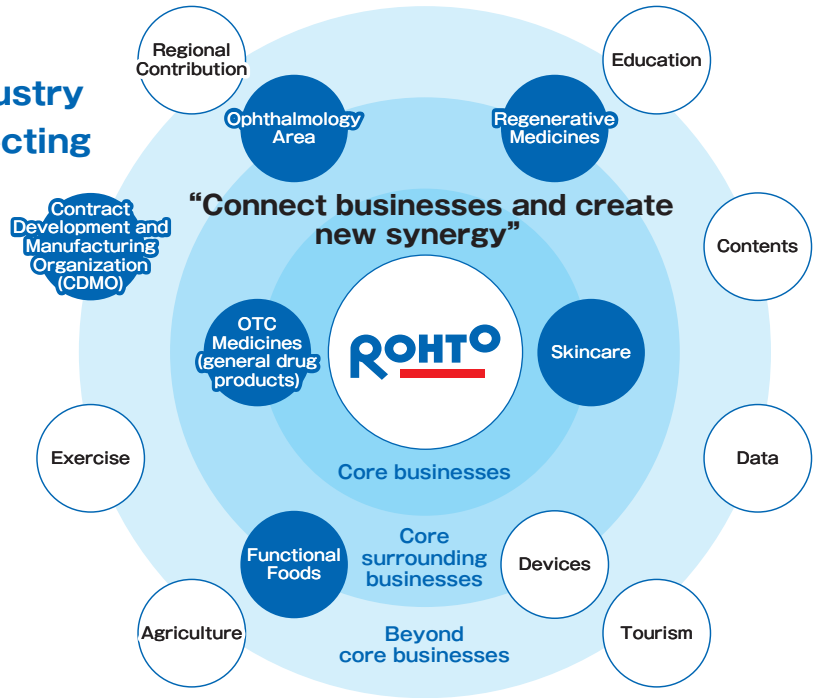


Self-medication

Well-being -

Going over the industry barriers and connecting businesses

In order to accomplish the goals of the management vision for 2030, Rohto will develop active businesses in six business areas by having a vision for each area. We will also connect each business by climbing over industry barriers and collaborating and cooperating with our partners. We believe that growth opportunities appear when we reach across industries or between boundaries. We will act like an "amoeba" so that we can move around freely among businesses, industries, and boundaries to create new synergy.



Diseases

Ophthalmology Area

Cultivate the area of ophthalmology as a leading company for eye-care products and quickly realize profitability in the new business



Regenerative Medicines

Commercialize innovative life science technologies



Contract Development and Manufacturing Organization (CDMO*)

Evolve into a contract development and manufacturing organization with unique development skills



Professional medication

*CDMO: Contract Development Manufacturing Organization

History of Products and Services

Since its beginnings in gastronomical medicines, Rohto has been responding to market needs. We offer many products and services in a wide variety of areas and support "total health."

Rohto started as Shinten-do Yamada Yasutami Drugstore in 1899. Rohto Pharmaceutical Co., Ltd. was established in 1949, and since then, we have been expanding our businesses to the areas of skincare and healthcare, along with eye care, which is our core area. In recent years, we have been active in our efforts, and have been expanding sales to department stores in addition to pharmacies and drug stores, so that we can make the world a healthier place.

1899 ~

Eye Care

1909 Rohto Eye Drops

The Company's first eye drops, which caused a major revolution in eye care in Japan.



Internal Medicine/Food

1899 Ikatsu

Launched gastrointestinal medicine based on the belief that "stomach trouble can lead to all kinds of diseases."



1962 Pansiron

The gastrointestinal medicine brand that leapt to prominence with the catch phrase, "pang, pang, pang with Pansiron."



1970 ~

Test Kits

1985 Checker

The Company started sales of pregnancy test kits in drug stores for the first time in Japan.



Skincare

1975 Mentholatum

The Company started sales of medicated skin treatment ointment and lip balm. Business then expanded to dermatology agents.



1987 Alguard

A product that was designed for the itchininess in the eyes caused by allergies.



Rohto Zi

This product led the eye drops market, targeting younger generations with a cooling sensation and a fashionable container.



1990 ~

1993 Dotest hCG

The Company's first "one-step" pregnancy test. We expanded our market share with this self-developed product.



1993 Sunplay

A sunscreen that protects skin from strong UV rays. The Company made a full-scale entry into the sunscreen market.



1994 Rohto Zi Lycee

Eye drops that were designed for teens and were popular among high school girls.



2000 ~

The Medical Industry

2013
Regenerative Medicine Research

The Regenerative Medicine Research & Planning Division was established in 2013 and clinical trials started in 2017.

2019
Expanding to the area of ophthalmology

Acquired all the shares to Nitten Pharmaceutical Co., Ltd.



Services/Other

2009
episteme
Business Expansion to Department Stores

An anti-aging care brand that focuses on beauty both inside and outside, using the most advanced technology.



2013
Rohto Beauty Health Science Salon

Started offering services for "beauty and health" using the Company's most advanced skincare brands.



2019
Rohto Quality Aging Salon

A new concept salon that proposes a rich and high-quality approach to aging.



1996
Dotest LH

Started sales of ovulation prediction kits which can forecast ovulation dates.



2016
Dotest LHa

First non-prescription ovulation prediction kit approved.



2018
DEOCO

A medicated body wash that focuses on female body odor.



2014
SUGAO

Launched a product with a novel concept: souffle-like foundation, and officially entered the base-makeup market.



2013
De Ou

A deodorant skincare brand that focuses on male body odor.



2008
Skin Aqua

A series of sunscreens that are water-based and give a fresh feeling after use.



2007
50
Megumi

An anti-aging care brand focusing on the skin problems that increase with age.



2004
Hada Labo

Products with a particular focus on Hyaluronic Acid, which is essential for healthy skin, formulated with carefully selected ingredients that are truly good for skin.



2006
OXY
A global brand that supports men with skin problems.



2001
Obagi

Led the market as a pioneer in functional cosmetics.



1995
Rohto
C Cube

The first contact lens solution offered by the Company. This is a brand that provides comfort for those who wear contact lenses.



2004
Dry Aid

As the number of people suffering with dry eye increases, this product focuses on that issue.



2008
Rohto V11

Eye drops with 11 active ingredients for controlling the inflammation caused by overused eyes.



2016
V Rohto Premium

High-functioning eye drops that focus on the accumulated fatigue of the eyes of the modern-day population.



2006
Wakansen

Offering a Chinese herbal medicine that is familiar and suited to the bodies of Japanese people.



1997
Dristan

A new type of cold medicine that is taken by diluting it in water.



2007
Senobic

A beverage for children that supports their growth spurts with important ingredients for growth.



2015
Rohto V5

A supplement for eyes which is the company's first product to be labeled as a functional food.



C o r p o r a t e I d e n t i t y

NEVER SAY NEVER



What is “Never Say Never” ?

In order to make the world a healthier place,
we will look ahead clearly to the path that we should be taking. And,
despite any difficulties, we will keep challenging ourselves to go forward
and move beyond the boundaries of common sense.

We placed importance on
the feeling of wanting to change the world
with new technologies and methods



The possibilities of crowdfunding - non-existent in the CSR activities of companies

As a participating company in “READYFOR SDGs,” a crowdfunding project, Rohto supported three organizations that were striving to solve social issues.

The possibilities of crowdfunding are non-existent in the CSR activities of companies

The concept of SDGs* has become widespread in international society, and corporations are also expected to contribute to realizing the goals of SDG's. We believe the goals that SDGs are trying to achieve are based on the same values as the Company's management vision “Connect for Well-being,” so we are getting involved in activities to help realize SDGs.

READYFOR Inc. supports the various challenges of individuals and organizations through crowdfunding. The SDG project run by READYFOR Inc. is called “READYFOR SDGs.” In regular crowdfunding, a project owner normally asks for donations and people who agree with the owner's concept contribute to it. READYFOR SDGs, though, also has an element of “matching gifts.” In addition to the amount pledged by supporters, participating companies add an amount based on a certain percentage of the money collected by the supporters to the fund, and then the total amount is given to the owner of a project. By having corporations participate, higher amounts can be collected, and furthermore, it makes the project more trustworthy. The Company has always believed in the endless possibilities of crowdfunding when supported by the goodwill of many

people, rather than projects supported by large funding from a single corporation. CSR activities are good examples of this. We also respect the corporate mission of READYFOR Inc., which provides a platform for crowdfunding and offers support in solving social issues, and this is why we decided to participate in the project.

We selected three organizations through interviews, and all of them accomplished their goals.

The process of selection works this way: A corporation comes up with a theme that they want to give support to, and then organizations come forward with their projects. The organizations that are selected carry out crowdfunding. The Company selected organizations based on the theme of “supporting new challenges in the healthcare industry,” which is goal #3 of the SDGs. We narrowed down candidates from a large number of applications, and met with representatives from each of these. We heard about their project outlines and their passions directly from those representatives and chose three organizations to work with. What we placed the most importance on was a passionate feeling of wanting to change the world with a new technology or method.

3keys is an authorized NPO that supports children who suffer from poverty and abuse. 3keys has

developed a website called “Mex,” where teens can go to connect with support organizations. KIDS Co., Ltd. is an organization that offers support to people with phantom limb pains. Phantom limb pain is a phenomenon in which sufferers feel pain in a “phantom limb” which seems to exist as if unchanged from before, regardless of the fact that the actual limb or any sensation therein has been lost. While there is no effective medicine for this intractable disease, the Company is engaged in researching a new rehabilitation system using VR. The Japanese Society of Obstetric Medicine promotes the advancement of “maternal medicine,” whereby internal medicine and obstetric medicine work together to promote safe pregnancies and deliveries for both mothers and babies. Currently, there are only four institutions that offer maternal medicine in Japan, so the Japanese Society of Obstetric Medicine is working to increase awareness of maternal medicine.

With support from a large number of people, all three of these organizations were successful in reaching their fundraising goals. Projects like “READYFOR SDGs” and “The MICHINOKU Future Fund,” (established by us), are not supported by a single party, but rather by the goodwill of many people. Along with our partners who share the same goals, the Company will continue to support activities that solve social issues.

The “READYFOR SDGs x Rohto” website was launched to support crowdfunding for authorized NPO 3keys, KIDS Co., Ltd. and the Japanese Society of Obstetric Medicine.



*SDGs: Sustainable Development Goals set by the United Nations.

A close-up photograph of a man's hands holding a broken cigarette. The man is wearing a white dress shirt and a brown and tan striped tie. The cigarette is broken in the middle, with the left hand holding the lit end and the right hand holding the unlit end. The background is slightly blurred, focusing on the hands and the cigarette.

Quit Smoking Project

The Company is not forcing employees to quit smoking,
but rather is concerned with supporting employees' feelings and efforts.
Employees challenge themselves to quit smoking using their own willpower.

Employees decided to work on quitting smoking using their own willpower. Now, 99.9% of employees are non-smokers.

The Company believes that our employees' health has a lot of influence on our customers. Therefore, we are continuing with activities to make our employees healthier.

Focusing on measures to help employees quit smoking since 1995. Many activities were implemented based on our employees' proposals.

The Company has been promoting various health management activities, and in particular, has been concentrating our efforts on measures for quitting smoking for our employees. In 1995, we created separated smoking areas in our office spaces based on the opinions submitted by employees. In 2005, the company-wide project of quitting smoking started as a part of the ARK Project (a project for thinking about the future of Rohto), in which employees submitted their own ideas for reforming the Company. Lectures by specialists were offered and smokers held group discussions. Also, picking up cigarette butts around the office was a part of the project to promote the end of smoking by the whole company. In 2007, all smoking areas on the Company's property were completely removed, so finally, Rohto became smoking-spot-free. During the 100-Day Health Promotion Project in 2011, we had a theme of "BMI+1," and the smokers worked on quitting smoking along with their goal BMI value. In 2014, the Company established the position of CHO*, as a position for promoting health management. Subsequently, in response to employees' suggestions that, "if the Company wants to promote health management further,

it should establish a division which specializes in it," the Health Management Promotion Group was organized in 2016.

The "Quit Smoking Derby Race" Increased the Rate of Non-Smokers Our Next Goal is to Realize Well-being

Through efforts over the past 20 years in implementing various health management policies and measures to help employees quit smoking, the smoking rate at the Company gradually went down, but it stagnated around 10%. To change that situation, in 2018, the "quit smoking" project began, which had the goal of a 0% smoking rate for the Company. The Company recruited about 30 team members for the project, and among them were smokers, non-smokers, and former smokers. The first challenge the team worked on was with Ueno Techno Center in Mie Prefecture, which had a particularly high smoking rate. There were meetings held with the employees at the center, and the team came up with an event called the "Quit Smoking Derby Race." It was based on the idea that "rather than having an individual work on quitting smoking on his or her own, we should get non-smoking employees involved in the project. If we put a little pressure on the smokers, but make it fun, maybe then they can quit smoking while being involved with the project." In the project, smokers played the

roles of horses in a Derby race. Other employees became the horses' "supporters," and picked one employee to support. When a smoker successfully quit smoking, a supporter employee received some freshly baked bread and a cup of coffee at the employee cafeteria. They gave the challengers some racehorse-like names for fun and even set up odds. Everybody enjoyed this project and in the end, every smoker succeeded in quitting smoking. One former smoker said that his child had said to him, "Dad, I thought you were going to die when you were smoking," and many said that they were happy that they were able to quit smoking. Even in locations outside of the Ueno Techno Center which had enacted the "Quit Smoking Derby Race," one supporter was assigned to each smoker to give pep talks and additional support. The Company offered to cover the entire cost of outpatient programs for quitting smoking and lectures on how to quit smoking were scheduled. As of April 2020, the non-smoking rate at the Company had reached 99.9%. The Company did not force anyone to stop smoking, but it supported the employees' thoughts and efforts so that they could work on quitting using their own willpower.

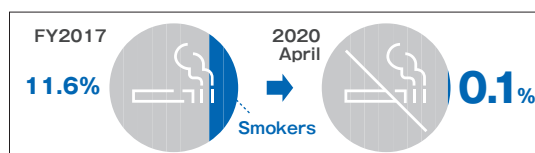
The Company is determined to continue with activities so that "Well-being" is attained, and all employees are both mentally and physically healthy and can lead a healthy life.

01. The Derby race challengers were introduced on a poster that looked like a horse race card. **02.** In the three years from 2017 to 2020, the smoking rate went down to 0.1%.

01



02



***Chief Health Officer** The Company believes that it can contribute not only to the health of its employees, but also to that of customers and society as a whole. The position of CHO was established to reinforce our business development in this area, well ahead of other companies. With our CHO as the leader, the Company seeks to see an acceleration in its overall health-related social contribution activities, both domestically and in its overseas businesses, and in the area of research and development. The Company has a clear management policy prioritizing health.

TOPICS

Sales of eye drops for the first time in Africa Sales started in Ethiopia

On September 19, 2019, the Company started sales of "ROHTO ICE" in Ethiopia. Ethiopia is said to be the area with the highest daily average amount of ultraviolet light among all the African countries. ROHTO ICE is formulated with zinc sulfate hydrate and is effective in easing the discomfort in eyes affected by ultraviolet light. In Africa, the Company used to offer intraocular lenses for cataract surgeries, but now we are selling eye drops for the first time. The Company will continue with its support for the prevention and treatment of eye diseases that many African people are suffering from. Also, in future, we plan to sell eye drops in other African countries, in addition to Ethiopia, and we will make an effort to promote the habitual use of eye drops in order to prevent eye diseases.



Eye drops are being sold in 25 countries

A concept salon that supports "quality aging" is opened

On December 5, 2019, the "Rohto Quality Aging Salon" was opened in Shibuya, Tokyo. The salon offers services and products in the three areas of "eye care," "skincare" and "health/beauty care from inside." These services and products are based on the Company's ideal of "quality aging," which is a rich, high-quality, and fulfilling approach to aging. The salon also provides learning experiences on better attitudes and habits for health. The salon's goal is to become a place that can make visitors happier and healthier every time they visit.



Becoming a Top Partner of Bambitious Nara

On January 29, 2020, the Company entered into a "top partner" contract with Bambitious Nara, a professional basketball team headquartered in Nara Prefecture. Nara Prefecture is where the Company's founder was born, and Nara and the Company have been collaborating to revitalize Nara's farming areas. The Company hopes to contribute to Bambitious's supporters and local communities through collaborations with the team. We also want to make an effort to hold basketball lessons, visit schools and support children's future dreams.



Expanding our businesses further with ophthalmology eye drops

On March 2, 2020, the Company acquired all the shares to Nitten Pharmaceutical Co., Ltd., which specializes in the manufacturing and sales of ophthalmology eye drops. Nitten was founded by an ophthalmologist and has been researching "eye drops that are gentle on the eyes," and is known for the "PF Delami container," which realized preservative-free eye drops. We plan to combine Nitten's technologies and our strength as a leader in general purpose eye drops to develop and introduce new, high-quality ophthalmology eye drops, as we expand our market overseas as well as in Japan.



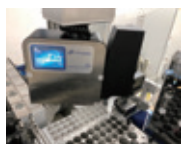
A new plant building that is friendly to people and the environment is on its way

The Company is planning to build an addition to the Ueno Plant, which is our main plant, with an expected completion in 2022. The addition will be "kind to people and the environment." The Company plans to utilize IoT and AI technologies so that work will be done efficiently and with improved safety. The addition aims to reduce energy consumption by 20% compared to the existing plant by using renewable energy and investing in energy-efficient equipment. The addition will also make it possible to increase production volume at the current plant by 1.5 times and will be the manufacturing headquarters for both Japan and overseas.



Implemented an automatic formulation preparation robot for the first time in Japan

In March 2020, the Company implemented an automatic formulation preparation robot for the first time in the domestic cosmetics industry. This equipment was co-developed with CHEMSPEED TECHNOLOGIES in Switzerland and AMR Inc. It can automatically weigh and formulate the multiple ingredients needed in the development of cosmetics products, such as toner and sunscreen. This automated equipment also measures and evaluates a product's thickness and pH values, which are closely related to the quality and feel of products.



2020

HEALTH VALUES REPORT

TOPICS

Our Treasured **ESH**

“ESH” for Rohto is the value of “Health,” which is a core value that has been consistent since the company’s establishment, and the values of “Social” and “Environment” created originally from the point of view of health. For sustainable creation of values, we will take the initiative with a long-term view.

Health

Since its founding, the Company has dedicated itself to the beauty and health of the world and its people. We plan to continue courageously challenging ourselves to move beyond the boundaries of common sense and create the future of health.

Social

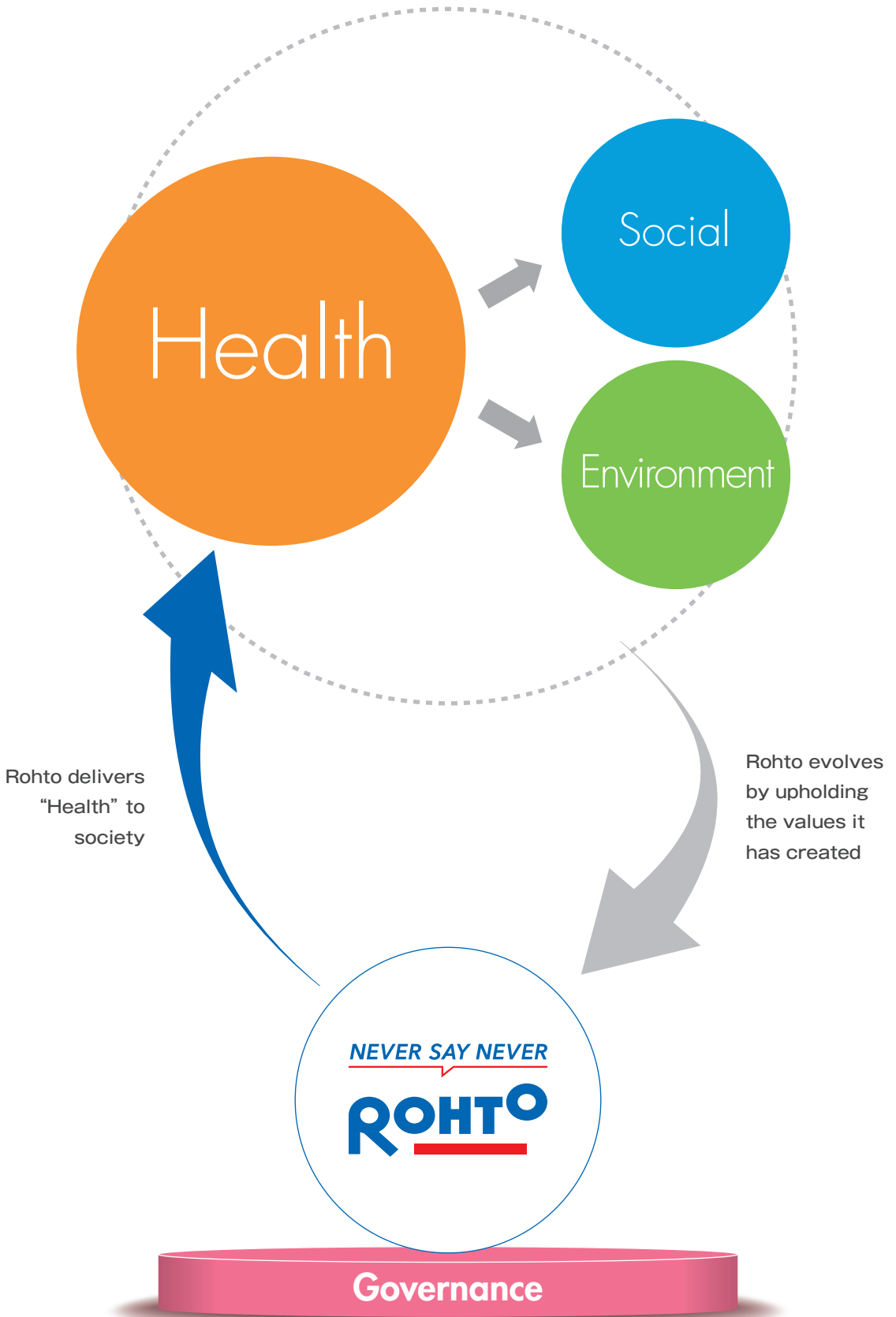
There are still so many things we can do for the world and for other people. We are determined to contribute to making the world and its people healthier with our unique endeavors.

Environment

The health of the Earth is crucial for personal health and longevity. We will strive to follow our endeavors while being constantly considerate of the environment.

Governance

Along with fulfilling our corporate social responsibility in accordance with our corporate identity and management philosophy, we will strive to gain the trust and meet the expectations of all our stakeholders by enhancing and strengthening our corporate governance.



Health

Creating the future of health

Research and Development

With 120 years of experience and accumulated knowledge, we are conducting research and development to develop not only functional and effective products, but also focusing on a comfortable product feel so that customers wish to continue to use them for a long time.

Rohto's Eye Care, Staying on Top

Eye Drops
Market Share*
Approx. 40%
FY2019

The Company's first eye drops product was "Rohto Eye Drops," which was launched in 1909. In FY 2019, Rohto's domestic market share for eye drops was approximately 40%. We have led the eye care market by continuing to further develop new technologies and products to respond to eye troubles that change with time and lifestyle shifts. Among our eye care products, "V Rohto Premium," which started being sold in 2016, has 12 active ingredients,

which is the highest number allowed under the OTC and Ophthalmic Eye Drop Manufacturing and Marketing Authorization Standards in Japan. This eye drop eases fatigue of the eyes with a multilateral approach. We will continue to offer products that meet the customer needs which evolve as time passes.

*INTAGE SRI eye drop category: Accumulated sales amount % share for the period of April 2019 to March 2020



Obtaining and Using Intellectual Property for Applications in Functional Cosmetics Products

3rd among
Japanese
companies

Our Company ranked third in the "2019 Defensive Strength Ranking of Japanese Pharmaceutical Companies" in the area of competitiveness in the pharmaceutical industry. This means that the Company is a leading company which has filed many patents regarding prior art that could be defensive factors when other companies file for patent rights. The Company will continue with its challenge to research the formulas that bring about the greatest effects, as well as develop new products, on top of paying attention to innovation and originality in our patents.

- Column -

Our Strength in the Formula Development of Functional Cosmetics

In order to dissolve 25% of L-ascorbic acid in water, it is said that the temperature of the solution needs to be higher than 40°C. Even if it is momentarily dissolved, there is still the issue of crystallization when the solution is cooled. In order to resolve this issue, the Company took the following approach.

- Search for ingredients which promote the solubilization of L-ascorbic acid
- Search for ingredients which control the crystallization of L-ascorbic acid

As a result, the team was successful with the solubilization and stabilization of highly concentrated vitamin C solutions. We will continue with our research on the stabilization of drugs formulated with vitamin C and its effectiveness.

2019 Ranking of Capability to Prevent Other Companies from Obtaining Patent Rights in the Pharmaceutical Industry

Name of Company	Number of Referenced Patents
1 MERCK (Germany)	393
2 BAYER (Germany)	337
3 ROCHE (Switzerland)	322
4 PFIZER (U.S.A.)	293
5 NOVARTIS (Switzerland)	270
6 GLAXOSMITHKLINE (U.K.)	216
7 TAKEDA PHARMACEUTICAL CO., LTD. (Japan)	209
8 MERCK SHARP & DOHME (U.S.A.)	186
9 BRISTOL-MYERS SQUIBB (U.S.A.)	177
10 OTSUKA PHARMACEUTICAL (Japan)	161
18 ROHTO PHARMACEUTICAL (Japan)	109
18 DAIICHI SANKYO CO., LTD. (Japan)	109
20 JANNSEN PHARMA (Belgium)	99

Source: research by Patent Result Co., Ltd. The spelling of the companies' names is based on the names published by Patent Results Co., Ltd.

Diversified Initiatives for Realizing Cutting-Edge Medicine

The Company is engaged not only in the area of treatments for sickness but also in the area of regenerative medicine, which can be applied to existing businesses. We focus on the "stem cell," which is the source of the 60 trillion cells that make up our bodies, and are working together with research institutes and universities on our research. The Regenerative Medicine Research & Planning Division was established in 2013. In 2017, the Company started the first clinical trial in Japan for treatment of cirrhosis of the liver with Niigata University. The Company also signed a licensing contract with Shionogi & Company, Ltd. in 2018. The knowledge we gained through our regenerative medicine research is utilized fully in the development of the products in our existing businesses, such as eye care and skincare. We are also applying it to research in existing fields such as hair growth.



Automated cultivation equipment successfully developed for the first time in Japan



Health

Making proposals for the Future of Health

Marketing and Sales

There is a reason why people have loved our products for a long time. We look closely at the potential needs of our customers with the motto "making the uncommon common" and then carve out new markets. The Company will keep responding to customers' expectations with our one-to-one communication skills.

Long-selling and Successful Products Make "Total Care" Possible

Long-selling Products*2
25 Brands

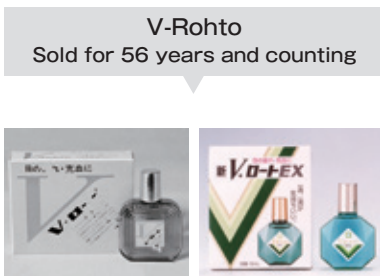
"V-Rohto" has been sold for 55 years since its launch in 1964. Now updated to the current "New V-Rohto," the product is still being used by many customers. "Hada Labo," which was introduced to the market in 2004, has held the number one spot*1 (for the number of units sold in the cosmetic lotion category) for 12 consecutive years. We developed "refill pouches" for Hada Labo products at an early stage, and the total accumulated sales for this

brand has reached 150 billion Japanese yen. Such long-selling and successful products make it possible for the Company to offer "total care" to our customers.

*1 Share of the Hada Labo line among the total number of cosmetic lotion units sold. INTAGE SRI cosmetic lotion market: number of unit sales from April 2019 to March 2020

*2 Brands sold for more than 10 years with FY2019 sales of one billion yen or higher

Long-selling and Successful Products

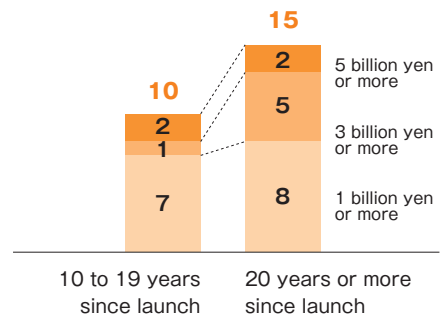


1964

2012



Long-selling Brands



Exploring New Markets While Catering to and Supporting Women

With the aim of supporting self-medication and contributing to the health of society, we have been developing pregnancy test kit and ovulation prediction kits. In addition to test kits, we launched products including "Exiv," an athlete's foot remedy targeted towards women, "Refrea," which was developed through the research of odor care and development of new technologies, and "Deoco"

addresses changes in female body odor. We focused on branding, packaging design, and product specifications so that female consumers will know that the products are designed especially for them, and as a result, we were successful in creating a new market targeted specifically towards women.



Pregnancy Test Kit "Checker"
(Launched in 1985)



Ovulation Prediction Kit "Dotest LHII"
(Sales started in 2020)



DEOCO
(Sales started in 2018)

- Column -

Number of "Happily Surprised Testimonials"

1,963
FY2019

Happy and Surprised Comments from Customers "Happily Surprised Testimonials"

We share the feedback from our customers with all company-members. We refer to this feedback as "happily surprised testimonials." We are very grateful for the feedback from our customers, and take it as encouragement which we can put towards the improvement of our current products, as well as the planning and development of new products.

Example of a "Happily Surprised Testimonial"

I knew that a baby would be a gift from above, but I was feeling very stressed with our attempts to conceive. Thank you to Roho for understanding my feelings and offering support. I want to thank you wholeheartedly.
(Product used: Dotest LHα)

Marketing Channels for Extensive Product Lines

Points of Sale (in Japan)
More than **100,000**
FY2019

One of the roles of our Company is to contribute to the self-medication of consumers through a wide variety of OTC medicines, cosmetics, and functional foods. The Company has extensive product lines and distribution, so

our customers can come across our products anytime and anywhere, whether at a convenience store, a supermarket, a drug store, or a department store.

- Column -

Creating a detailed "point of purchase"

We provide across-the-board support from making proposals to retail headquarters to providing information to stores, and we also provide maintenance and sales support for each "point of purchase."



"Product development" applied to each sales channel

In addition to the direct counter sales in department stores, we put effort into online business to build more direct relationships with our customers.



Health

Supporting the future of health

Manufacturing and Quality

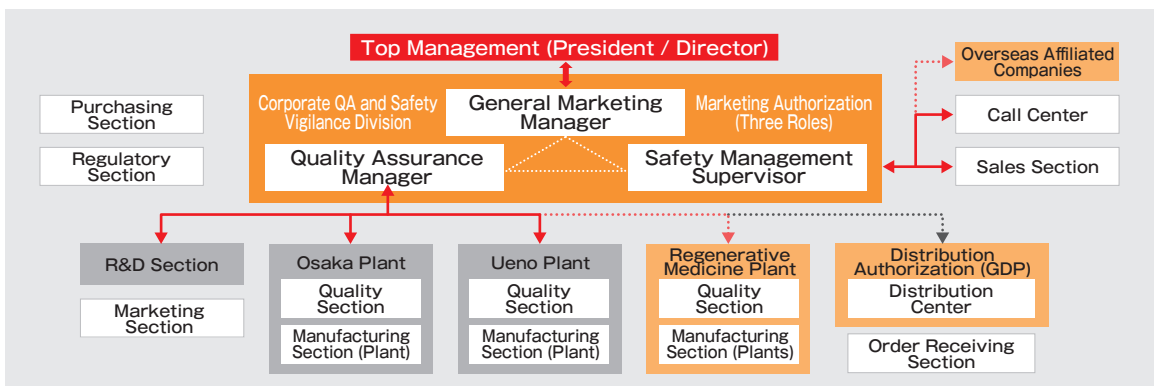
We are supporting the future of health with our manufacturing structure that assures safety and quality and with spontaneous proposals (findings) from our employees working at the forefront of manufacturing sites.

Management Is Committed to Quality Assurance Through the Company Quality System

We have a single organization to cover all of our products, wherein those in three roles (General Marketing Manager, Quality Assurance Manager, and Safety Management Supervisor) liaise to manage the system. Based on this

structure, we have built a system in which the entire Company, including not only the manufacturing and quality control sections, but also the management commit themselves to quality and safety.

Rohto's Quality System (One company-wide system)



A Plant That Supports Health with High Quality and High Efficiency

The Ueno Techno Center is at the center of the newest technologies and uses automated eye care production lines to process a multitude of different product types. Further, the plant manufactures skincare formulas utilizing the product quality assurance system developed through medicine manufacturing. Its flexible manufacturing lines, high-level sterility, and foreign material control system make it possible to manufacture products in the most

efficient way. Our Osaka Plant is our “pioneer of craftsmanship,” and supports the Company’s production technologies. It utilizes the Company’s accumulated original technologies to produce new formulas and added-value products. Having these two plants lead our production efforts, we efficiently manufacture products with high quality under world class standards.



Working on Improving Manufacturing Sites Always with a Fresh Mind

Ideas that
came to mind
9,585
FY2019

With the aim to improve QCD (Quality, Cost, Delivery), we formed a group called “Kaisen Tai (Improvement Promotion Team)” within our manufacturing sites in 2005 in order to maintain and continue the cycle of improvement. We named the group with the hope of “working on

improvements always with a fresh mind.” The basic idea is “we will try and we will change” anything that will lead to an improvement in QCD. All personnel are striving with a strong will to solve issues using their findings.

Rohto’s Three Pillars for “Kaisen” Activities

Looking for Findings	Develop an eye for spotting an issue
5S (Sort, Set, Shine, Standardize, Sustain) Activities	Create an environment where issues can be spotted easily
Projects with Themes	Learn methods to solve problems and increase the number of employees who can offer solutions to issues



The Activities of the Improvement Promotion Team

Social

Supporting the “World’s Sight”

Contribution to the World

Catering to each foreign country’s needs while conducting close support activities.
Continuing with our individualized support of the “World’s Sight.”

Helping Countries in Need and Contributing to International Society

Number of Customer Gathering Participants
More than **8,500** than 2008 to present

Making a Habit of “Taking Good Care of the Eyes” with Customers:

In 1996, Rohto opened an office in Vietnam, which was the first country in which we started an overseas business from scratch. At that time it was not customary for Vietnamese people to use eye drops regularly. Therefore, the Company first promoted a message about how important one’s eyes are and offered free eye exams at schools. We also introduced a new custom of using eye drops for tired eyes. Starting in 2006, we began holding “Customer Gathering” events every weekend to hear opinions directly from customers, and those opinions are utilized in our new product development.



Contributing to People’s Health by Offering Medical Support

In 2016, the “Amazon Cataract Project” was started to help indigenous communities in Brazil, where people could not easily receive eye care treatment. Under this project, people can receive ophthalmology consultations and the like. Ophthalmos Rohto has been donating instruments and products for cataract surgeries and sending volunteer staff to help with the project. The number of patients in this program so far is 6,351.



Supporting Cataract Treatment with our Social Partners

Total amount of donations **1,752,930 yen**
17 supporting partners in the fourth period

Going Beyond Just Business

In a program called "Social Partners" which started in 2016, we engage in supportive activities for the treatment of cataracts with our business partners supporting our efforts, donating a portion of our eye drops sales to foundations that are engaged in supporting ophthalmologic care in regions including Asia and Africa.



Fourth Period (November 2019 to March 2020) Products

- Column -

NPO Asia Prevention of Blindness Association

This organization is involved in helping people in poverty and those at risk of their losing sight in other Asian countries which lack ophthalmology technologies. They have performed about 1,000 cataract operations free of charge in Vietnam, Myanmar, and Laos.



Giving the "Strength to See" to More People with Intraocular Lenses

Contributing to a Decrease in the Number of Eye-Sight Losses Due to Cataracts

PT. Rohto Laboratories Indonesia was established in 1996 as the first company in the ASEAN region to manufacture and sell intraocular lenses (IOLs), which are used for cataract surgeries. At that time, it was a challenge to get local ophthalmologists to understand the quality of IOLs, but we managed to overcome this issue, and we now sell

our IOLs in 13 countries including Indonesia. IOLs can reduce the number of people with loss of vision caused by cataracts, and it is an important business for us as it leads to social contribution. We are now actively involved with the IOL business, occasionally offering free IOLs.



Social

For the Future of Japan

Domestic Contributions

The Company offers support to the children, women and young researchers who forge the future of this country. We also encourage our employees to actively participate in enriching society.

Supporting the Health and Learning of the Next Generation

Number of
Child Visitors
368,362 total
FY2009 to 2018

Medicine Education Support Program

In 2007, Rohto, as a pharmaceutical manufacturer, started the "Medicine Education Class at Schools" program in order to educate teachers and children about medicine and promote a healthy lifestyle. Our employees visit schools to give classes on how to choose and use medicine. In addition to facilitating visits by these volunteer employees, we develop materials for teachers that can be used for the "Proper Use of Medicine" unit in physical education courses at middle schools.

Support for Table Tennis Classes / Co-Sponsoring Table Tennis Tournaments

Rohto holds table tennis classes in collaboration with Mr. Yasukazu Murakami (the former coach of the Japanese women's national table tennis team and the current coach of the Nippon Life Insurance Company's women's table tennis team) and is a special sponsor of the historical table tennis tournament "Rohto Pharmaceutical Cup·National Hopes Table Tennis Tournament."

KidZania Koshien*

Based on our desire for children to "think on their own, be diverse, and create value for products" and to take an interest in science through research and development activities, we are providing fun learning experiences for children at KidZania Koshien, which has a pavilion called the "Medicine Research Lab."



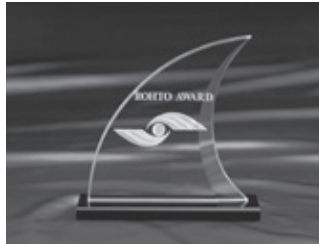
*Rohto is an official sponsor of KidZania Koshien.

Contributing to the development of the medical industry for a healthier and more affluent society

187 total
As of September
2020

ROHTO AWARD

This award was established in 1995 with the purpose of further developing and processing ophthalmology research in Japan. Awards are granted to young ophthalmology researchers who demonstrate high achievement in both fundamental research and clinical research at a college/university or equivalent research institute.



Rohto Women's Health Research Award

Society for Women's Health Science Research was established in 2009. At present, Rohto Women's Health Science Research Award is given to researchers who demonstrate high achievement in the research fields of pregnancy, childbirth, and women's health-spans for the purpose of the further development and progress of obstetrics and gynecology research in Japan.

Geriatric Dermatology Research Fund: Rohto Award

The fund was established in 2007 with the purpose of supporting a wide range of fundamental and clinical surveys and research in geriatric dermatology. This is the only award offered by the Japanese Association of Geriatric Dermatology Research.

Dermatological Research Fund (Endowment by Rohto Pharmaceutical)

The fund was established in 2008 with the purpose of contributing to progress in the field of dermatology. The Company supports the early stages of research and young researchers, which leads to the future development of dermatology.

Contributions to Society from both the Company and its Employees

The MICHINOKU Future Fund

Number of Employees
Who Participated
897
As of October 2020

After the Great East Japan Earthquake of March 2011, Rohto and two other companies collaborated to establish a scholarship to help children who lost parents in the disaster attain further education after graduating from high school. The number of companies backing this cause is increasing every year, and support is crossing boundaries in a wide range of industries. We will continue to offer this support for a total of approximately 25 years until the children who were in mother's body at the time of the disaster will complete their education.



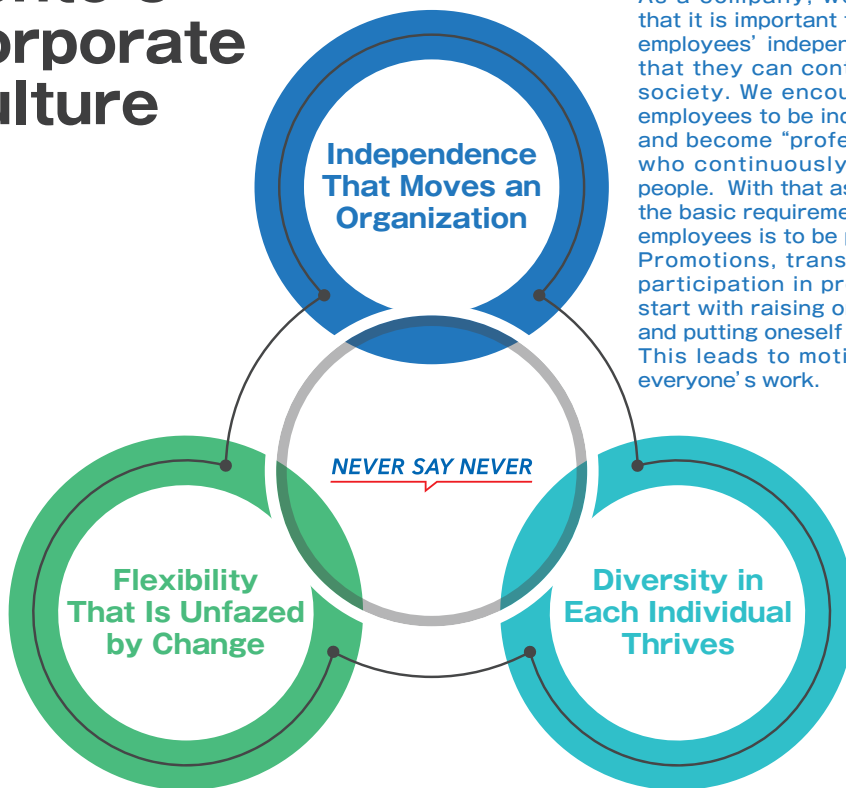
Karugamo Fund (Matching Gifts)

Number of Employees
Who Participated
953
As of October 2020

This fund was established in 2003. Employee contributions to this fund are matched by the Company. Every year, the employees decide who to support and the fund is used to support social welfare and education.



Rohto's Corporate Culture



As a company, we believe that it is important to nurture employees' independence, so that they can contribute to society. We encourage our employees to be independent and become "professionals" who continuously grow as people. With that as the goal, the basic requirement for our employees is to be proactive. Promotions, transfers, and participation in projects all start with raising one's hand and putting oneself out there. This leads to motivation in everyone's work.

Rohto started by producing gastronomical and eye medicines to treat an epidemic, but we kept adapting and growing our business in areas where other companies had not established themselves. The Company followed our mottoes of "do things others don't try" and "do things precisely because they are difficult," and we kept moving forward through many changes. We believe that flexibility is one of our strengths.

The Company has built a network covering more than 110 countries and regions of the world, and we offer products that are rooted in local needs. Our research scientists from overseas assume the role of being a bridge between the Company and the local people. They take their skills gained in Japan and utilize them to make a positive contribution to the world. Domestically in Japan, our many female employees and career-oriented staff members demonstrate their individuality and are successful in grasping constant changes.

Seven Pledges

- 1 We work wholeheartedly to support society, to help create a better world.
- 2 To this end, we are resolved to learn with humility and strive continuously toward self-improvement.
- 3 We place the highest importance in earning the trust and respect of our colleagues and our external business partners.
- 4 We take pride in our corporate culture that fosters lofty ideals, stirs passionate debate, and generates energetic actions.
- 5 We delight in constantly challenging each other to create waves of happy surprises for our customers worldwide.
- 6 Our people are our greatest asset. Our hard working culture, spirit of close cooperation, determination, passion, and leadership provide the fuel that drives the company.
- 7 We firmly pledge to serve the people, the society, and the environment, and are thankful for our meaningful existence.

Proposals by Employees for the Future of Rohto

The ARK* Project, in which employees nominate themselves to participate, started in 2003 as a project for thinking about the future of Rohto. In this project, employees work on important assignments related to the environment, social contribution, human affairs, and health management, all to make

the future of Rohto better. To date, the project has proposed many ideas that have been executed, including the use of company hybrid cars, medicine education, and personnel management strategies including second jobs.

*ARK: stands for A (Ashita: tomorrow), R (Rohto) and K (Kangaeru: think about)

- Column -

Asutsuku Project 2018

All of our employees worked together to come up with 100 ideas to make Rohto's tomorrow (future) better, and three of those ideas were chosen as main themes for the project which started in 2018. Many innovative ideas, including an intra-company social media platform to promote better communication, are already being implemented.

[Three Main Themes of the Asutsuku Project]

- Visualization and distribution of information
- Promotion of work-style reform
- Proposals for education and training programs



Going Beyond “Section” and “Company” Boundaries

Number of in-house double-job workers
(as of March 2020)

54people!

In-house double job

In this program for employees who raise their own hands to participate, a portion of an employee's working hours are spent at a different division in order to improve the quality of his or her work and to promote individual professional growth.

Number of external challenge workers
(as of March 2020)

81people!

External challenge work

This is a program for employees who believe their regular jobs are important but also want to spend some of their time contributing to their communities. Through this program, the Company encourages diverse ways of working and promotes independent and self-sufficient individuals.



To Develop Truly Independent Employees

Deputy Division Manager,
General Affairs and Human Resources Division **Akiko Yamamoto**

We believe that an important factor of personal development is having multiple opportunities to grow. We thought the Company needed to give our employees a chance to face a multitude of possibilities. That is why we introduced new programs such as the in-house double job and external challenge work. When an employee takes advantage of the in-house double job program, he or she is not at his or her regular job full-time. As a result, some employees have commented that both the employees who participated in the program and also those around them have developed themselves for the better. There are many interesting effects that have started to appear from the program. As this kind of diverse way of working spreads, the work styles of all our employees will eventually change, and we believe that is the moment we will realize true independence for our employees.

Creating a Culture of Recognizing One Another as Professionals

Our efforts to introduce a culture of recognizing each other as professional started in 1994. To encourage better communications among employee with different positions and working experience, we removed walls and partitions in offices, and all employees started to call each other by his or her name and "san" instead of calling each other by

their work title. In 2005, to make the office atmosphere even more light and airy, we introduced the "Rohto Name" system, where each employee selects his or her casual Rohto nickname and is called by that nickname regardless of position or working experience.

- Column -

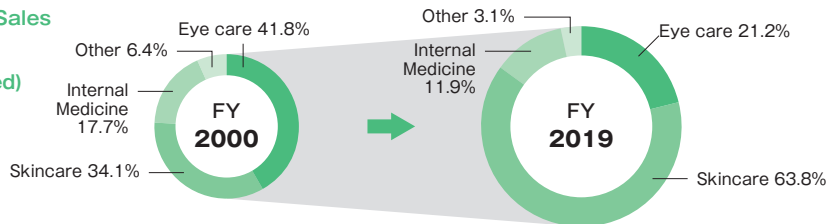
Product Development Through Open Innovation Inside the Company

We launched "Mentholatum Hand Veil Beauty Premium North Moist" in 2018, which is a product developed through a collaboration between the R&D Section and the Sales Division. During the "Open Lab" held by R&D, which exhibited the seeds for new product development, the Sales Division had an opportunity to discuss new products with R&D. Through the discussion, we were able to develop a product which matched the local needs of an extremely cold area of Hokkaido. Our employees in the Sales Division working in the area proposed it as a new product, and now, our customers enjoy this new Hokkaido-exclusive product. This is a great example of our strength, where we are flexible in taking on different opinions and perspectives.



Proportional Ratios in the Business Structure Change Along with the Needs of the Times

Changes in Sales by Business Category (Consolidated)

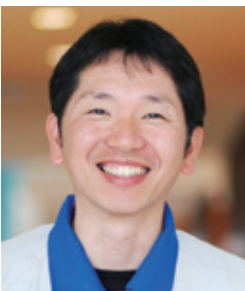


Since the launch of "Obagi" functional cosmetics in 2001, we expanded our skincare business significantly. As a result, our business structure has dramatically changed.

"Kaisen Activity" Starts with Changing Day-to-day Work

Number of Proposals for Findings (FY2019)

799 per month!



Ueno Plant Manager **Hiroyuki Tanaka**

"Kaisen activities" is based on the fundamental motto that "we try every idea that is proposed." Even if the idea is small, experiencing "a problem being solved with my own idea" raises everyone's motivation towards their work step by step. The first step toward having an independent mind is to discard the idea that "someone will do it", and to have the will to "do it voluntarily."

Diversity

Global Human Resources Connect Organically and Make Contributions to the Future

Percentage of Researchers Who Are Foreign Nationals (as of March 2020)

Approx. 12.5%, from 11 Countries!

In order for the Rohto Group to respond to the needs of people around the world, researchers in different countries and regions with different backgrounds need to have constructive discussions and work together on research and development.

We systematically hire researchers from overseas, and at present, about 12.5% of our researchers (excluding administrative employees) are from overseas.

Foreign National Researchers Flourish in a Variety of Areas

Basic Research Development Division **Sendy Junedi** (From Indonesia)

I value the communication with various departments. I share my knowledge and skills with the local staff members in other countries, which helps with timely product development and enhances their basic research skills.



Diversity

Creating an Environment That Integrates to Evolve

Male to Female Ratio (as of March 2020)

4:6

We believe that it is important that diverse views are interwoven in order to create new, unprecedented products. The Company continues to evolve as the regular employees who understand corporate culture well and the mid-career hires who have new viewpoints bring their experiences together. Putting together a refreshing idea from someone who does not have much knowledge in a certain field with an idea from someone who has accumulated a lot of

knowledge in the field can result in the birth of innovation. Also, the number of female employees at the Company is currently at about 60%. The Company's efforts to provide a work environment where everyone can thrive regardless of their gender started a long time ago. We strive to reflect the many different perspectives of our employees when thinking about people's health.



A Work Environment Where Abilities Are Demonstrated Regardless of Gender

Senior Executive Officer and Chief Health Officer **Masako Rikiishi**

In our Company, there are many female employees who are thriving in their work. We have not introduced any special policy to promote so-called female advancement, and I think that the reason why female employees thrive here regardless is that the Company thinks it is only natural that anyone can be successful regardless of their gender. We have been actively hiring female workers, and these employees see their female seniors thrive. As a result, we have many female employees who are successful with their careers in many different fields.

Rohto Pharmaceutical Co., Ltd.

Health Management Declaration

In 2018, we established a health management declaration with the aim being that “working at Rohto makes you healthy,” and we also set our health goal for 2020.

Rohto has the goal of becoming an organization brimming with “healthy human resources” where everyone can stay healthy and work energetically for a long time.

We hereby declare that we will further promote health management so that the health of our employees will lead to greater health for society and the next generation.

Achievements in Health Management

2015

Selected under the “1st Health & Productivity Stock Selection Program

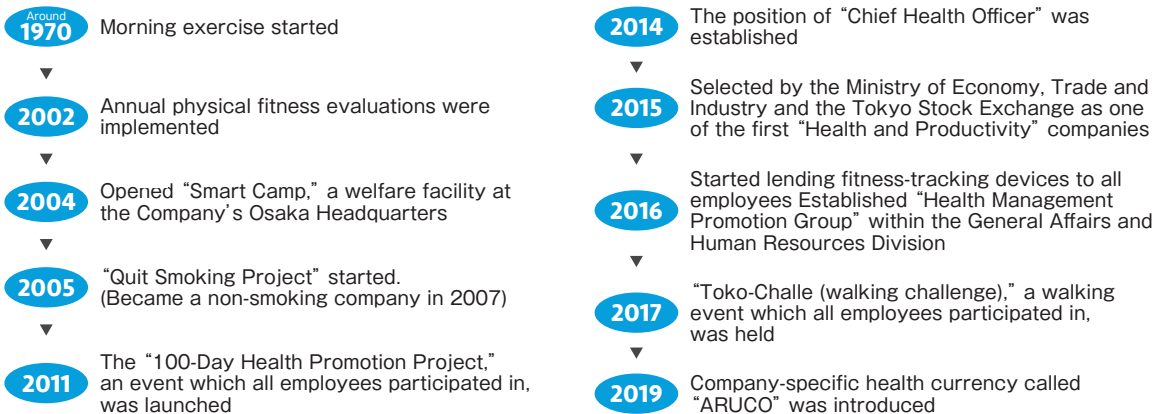
2017 to 2019

Selected under the “Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)”

2017 to 2019

Certified as a “Sports Yell Company” by the Japan Sports Agency

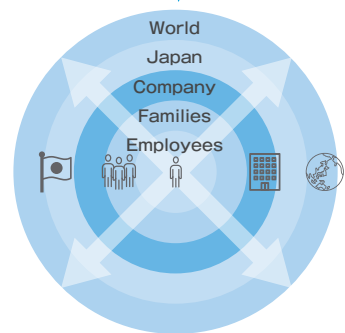
Company's Involvement in Health Management



From the Health of Employees to the Health of Society

Health in Rohto's view is not simply being free of illness. "True Health" is based on mental and physical health, which allows a person to work with passion (purpose and meaning) and experience personal growth. We believe that these employees are the "healthy human resources" who can support the health of society. The most important thing is that each one of our "healthy human resources" can work energetically. We believe that the positive energies created by our employees spread to our families and friends and reach our customers through our products and services.

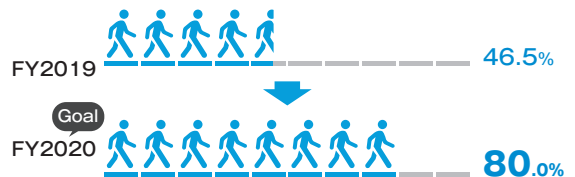
The Positive Energy of One Person Spreads to the World



Rohto Health Currency "ARUCO"

In 2016, we provided fitness-tracking devices to all employees for the purpose of promoting their health. We started a program to encourage walking 8,000 steps a day, in addition to 20 minutes of brisk walking daily. In January 2019, the Rohto health currency, "ARUCO," was introduced. Employees can earn and accumulate ARUCO coins according to the amount and degree of healthy activities they participate in, including the number of steps they walk daily, the amount of time they spend walking briskly, time spent on sports activities, and non-smoking. The coins earned can be used for various activities to further enhance mental and physical health. We expect that this program will encourage the employees who have not yet been successful at reforming their lifestyles or improving their health to get motivated. It is important to not only be "health-conscious," but also bring positive "changes" to our daily life.

■ Percentage of Employees Who Perform 8,000 Steps and 20-minute Brisk Walk Daily



Show Gratitude with 39 ARUCO ("thank you ARUCO")- Promoting Mental Health -

39ARUCO started in 2020. Under this system, when an employee sends a message of gratitude to another employee, both of them receive 39 ARUCO coins. By utilizing the ARUCO project, we plan not only to promote healthy habits, but also to revitalize internal communications so that both mental and physical health are improved.

Being a leading Company in the Area of "Creating Women's Health"

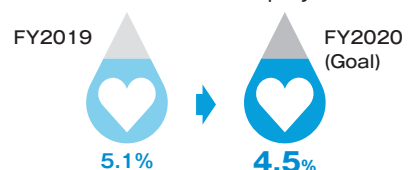
With 60% of the Company's employees being female, we offer various support to female employees at different stages of their life so they can continue to energetically work for Rohto. We put effort into the health of our female employees and provide them with a pleasant working environment.

Free breast cancer screening and uterine cervix cancer screening

Free measurement of serum ferritin*1

Free rubella and measles antibody testing, free MR immunization vaccines

■ Anemia Level of Female Employees*2



*1 Ferritin is a blood protein that reflects the body's iron reserves, and is an important index to check for iron deficiency.

*2 Hemoglobin (Hb) level of under 10.9g/dl

Environment

For personal health and longevity

Health for People and Earth

It is our responsibility to protect our global environment and pass it on to the next generations. The Company will continue to protect the local and global environment from pollution and will promote constant improvements.

Original Environmental Symbol on Rohto's Products

Rohto's View of the Environment

We strive to challenge ourselves in the field of "health-span." Everyone wishes for "good health," which is a source of happiness. In Rohto's view, "health" means that each person is healthy both physically and mentally. This view of health also extends to the health and well-being of society and the earth. The health of the earth is crucial for its people to live healthily. Therefore, we are determined to promote environmentally sustainable activities for our future. We desire both healthy people and a healthy earth.



**NEVER SAY NEVER
for the Healthy Earth**

Challenging the Earth's Health-span

In recent years, society is becoming increasingly aware of environmental considerations, and many of our customers have become more environmentally conscious. To embrace this, we develop an original "R·eco symbol," which represents our hopes for further increasing public interest in the environment. The symbol was developed mainly by the members in the product planning section, and the symbol will soon be printed on Rohto products that are environmentally friendly, such as Hada Labo.



ココロもカラダも
地球も健康に

Gentle on the Environment and on Skin

The Company's catalog-only "Kouji Hada" series introduces a new concept called "Eco-Stand™" that eliminates new bottles and reduces waste. There were many requests from our customers to "please sell refills" and comments that "it is wasteful to throw away bottles," and we responded to this feedback. Using a stand, a

pouch bottle, and a pump cap, the product can be used without a bottle. With this method, about 75%* of the waste produced by one product can be eliminated every year. We've started with this product, and we plan to implement this concept in other products.

The eco-stand and the pump can be reused.



* This volume is calculated based on the assumption that each use is 6 mL, with a yearly use of 2,190 mL. We estimated that the number of shampoo bottles of the old Kouji Hada (390 mL each) used each year would be 5.61; and the number of shampoo bottles of the new Kouji Hada used each year (490 mL each) would be 4.46. The volume was calculated as follows: old Kouji Hadashampoo = bottle + pump, and new Kouji Hadashampoo = pouch container + cap.

Use of Eco-Friendly Ingredients

Dealing with Microplastic Beads

Microplastic beads are blended into many products which are designed to be rinsed away, such as detergent products. Recently, concerns about these microplastic beads polluting the oceans and the environment have increased both domestically and abroad. The Company stopped blending microplastic beads into our new detergent products in 2010, and furthermore, in 2016, we completely discontinued the use of microplastic beads in existing products.

the procurement of fatty acid, the Company also plans to obtain sustainable palm oil ingredients.

Use of Sustainable Ingredients

Palm oil is made from *Elaeis* trees, and some of it is also used as an ingredient in cosmetics (fatty acid or glycerin). However, in recent years, palm oil plantation development has been identified as a problem because it damages rain forests. As of 2020, the Company placed a condition on the fatty oil that we use for our products, stating that it must be a "sustainable ingredient." As such, we carefully select our ingredients during procurement. In addition to



Image

Governance

That Supports ESH Promotion

Corporate Governance

Basic Views of Corporate Governance

Along with fulfilling our corporate social responsibility, we strive to gain the trust and meet the expectations of all our stakeholders, including shareholders, consumers, business partners, and employees, and aim for coexistence and co-prosperity. We are aware that enhancing and strengthening our corporate governance is an important management challenge. We will develop an organizational structure for management and implement the necessary

measures for ensuring transparency and fairness in management and responding to changes in the management environment in a prompt and accurate manner. Furthermore, in accordance with our corporate identity and management philosophy, we will implement a ROHTO CSR Code of Conduct and ROHTO CSR Charter, and promote compliance with laws and regulations.

Transitions in Rohto's Corporate Governance

- 2005** ROHTO CSR Charter was established
- 2012** Appointed one external director
- 2014** Appointed a foreign national to the post of CHO (Chief Health Officer)
Appointed a female external director for the first time
- 2016** Introduced a new corporate identity "NEVER SAY NEVER"
Established a "Compensation/Nomination Advisory Committee"
- 2019** Increased the number of external directors from 2 to 3
Established a "Nomination Committee" and a "Compensation Committee" Updated the internal control system
- 2020** Officer structure was implemented Independent external directors make up more than one third of the officers

■ Current Corporate Governance Status (as of March 2020)

Major categories	Contents
Type of Organization	Company with audit and supervisory board
Number of directors (External directors)	9 (3)
Number of independent officers	5
Term of office for directors	1 year
Advisory bodies to the board to directors	Nomination Committee, Compensation Committee
Auditing company	Ernst & Young ShinNihon LLC

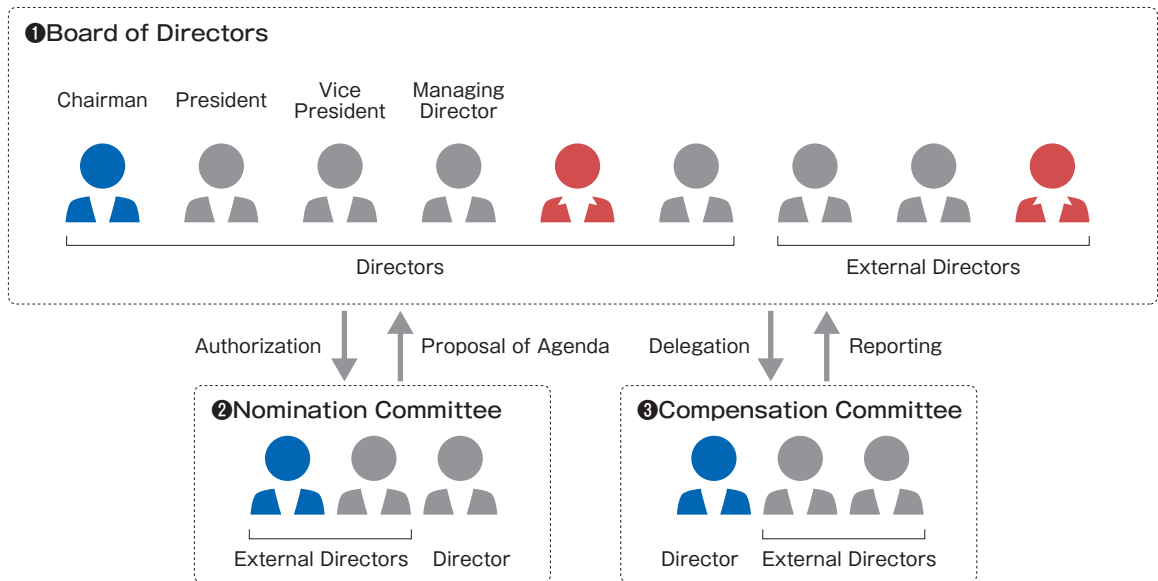
Evaluation of the Effectiveness of the Board of Directors

The self-evaluation (questionnaire) participated in by all directors for FY2020 overall showed a positive and similar response to that of FY2019. However, there was a

requests made for concerning training opportunities that meet the individual needs of each director. We will work to provide such training opportunities in the future.

Rohto's Governance Structure That Reflects Its Diversity

 Chairperson  Female



① Board of Directors

The Board of Directors accepts its fiduciary responsibility and accountability to shareholders. For the common benefit of the various stakeholders including our group companies and shareholders, it strives to contribute to our group companies' sustainable growth and to improve mid- to long-term corporate value.

② Nomination Committee

The Nomination Committee has the duty of drafting proposals for the selection and dismissal of directors and executive directors, whose rights are authorized by the Board of Directors. This committee submits such proposals to the board of directors.

③ Compensation Committee

Upon delegation by the Board of Directors, the Compensation Committee examines individual compensation. The committee also prepares drafts for directors' compensation policies, procedures, and structures, in addition to drafting proposals regarding directors' compensations that are presented at the shareholders' meetings. The committee also submits drafts to the Board of Directors.

Anti-corruption Practices

The Company aspires to contribute to a truly healthy and evolving society. To accomplish this goal, the Company disapproves of any form of corruption, including bribery, and is working hard to prevent it from happening. The Company has implemented a comprehensive whistleblowing system (Rohto Hotline) in order to prevent any kind of

corruption from taking place, including not only monetary bribes but also non-monetary favors or accommodations. If a whistle-blowing report is made at our subsidiary or our group company in Japan or overseas, the Internal Audit Office will immediately gather information to manage the risk imposed on the entire Rohto group.

A Financial Foundation That Makes ESH Promotion Possible

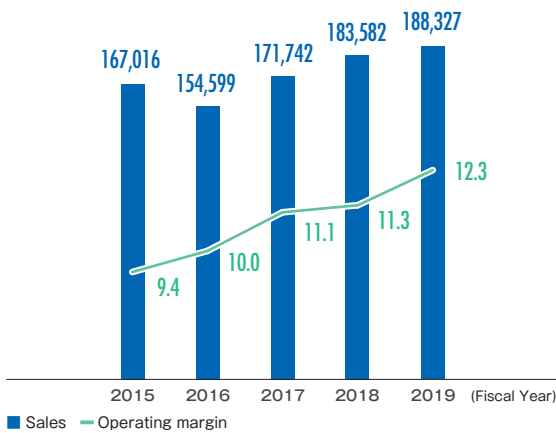
Our Core Ways of Thinking On Finance

Rohto is working on social issues from a long-term perspective while maintaining our current standard of a 10% operating margin. We will increase sales and profit and reinvest for the future. At the same time, we strive to appropriately share profits with our stakeholders.

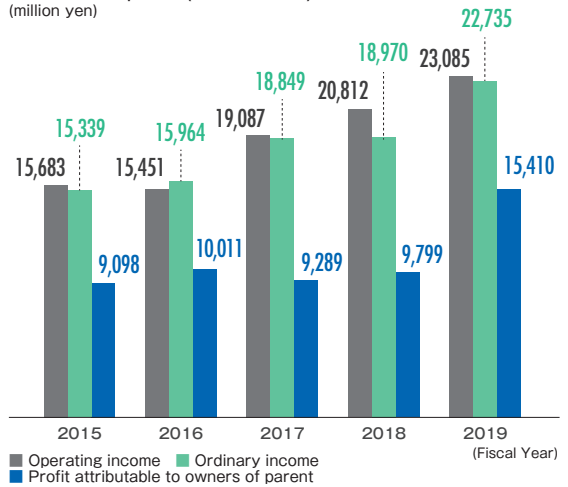
Growth

Our top line is steadily growing, and our operating margin has been consistent over the years.

Sales/Operating margin (consolidated)
(million yen)



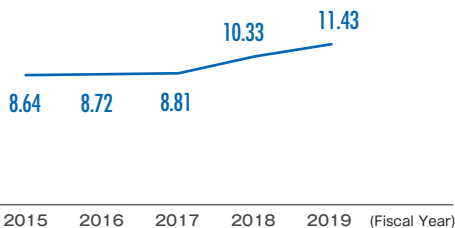
Operating income/Ordinary income/Profit attributable to owners of parent(consolidated)
(million yen)



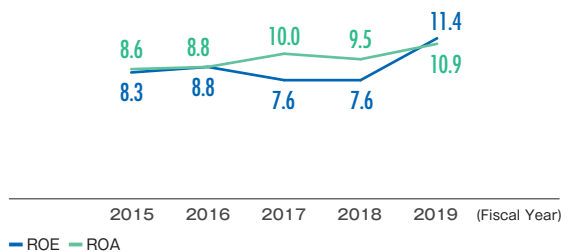
Profitability

Higher returns above capital costs have been consistently attained.

ROIC (consolidated)
(%)



ROE/ROA (consolidated)
(%)



Efficiency

Assets are efficiently utilized for sales by consistently decreasing the inventory.

Total asset turnover/Inventory turnover (consolidated)
(Times)



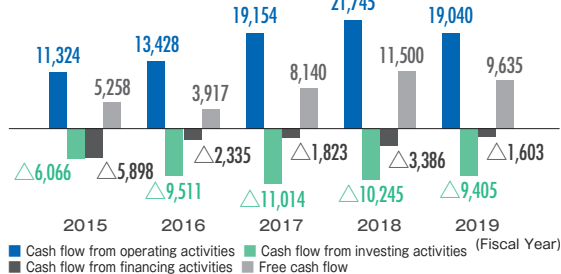
Stability

The Company's equity ratio has been stable. Healthy sales cash flows and an appropriate range of new investments let the Company maintain positive and unconstrained cash flows.

Equity Ratio (consolidated)
(%)



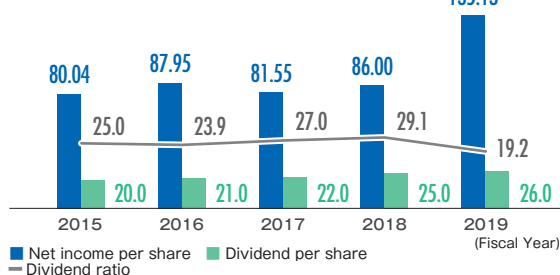
Cash flow (consolidated)
(million yen)



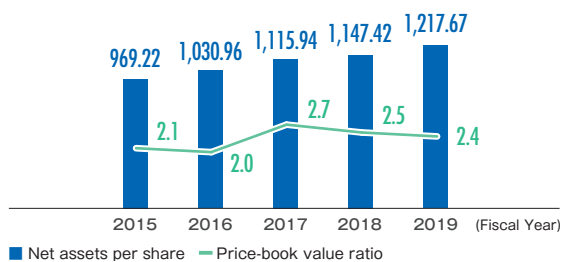
Shareholder Returns

Appropriate returns are made to shareholders, who are our stakeholders.
Retained earnings are reinvested as we aim to grow further.

Net income per share/Dividend per share/Dividend ratio (consolidated)
(yen)



Net assets per share/Price - book value ratio (consolidated)
(yen)





I support Rohto in its efforts to tackle its long-term challenges while considering the benefits for its various stakeholders.

External Director
Professor, Waseda Business School

Akie Iriyama

There are several definitive reasons behind my decision to become an external director for Rohto Pharmaceutical in 2019. Ten years ago, when I was still in the U.S., I met an employee of the Company. Eventually, I learned about the various activities in which the Company was involved. The Company has been sincerely working on many long-term issues related to health, society, and the environment. The Company took a leadership role in establishing the MICHINOKU Future Fund right after the Great East Japan Earthquake, supporting children who lost their parents in the disaster. Rohto has also been involved in many other recovery efforts. Finally, I gained respect for the Company as it was the first major organization in Japan to promote the concept of a "second job."

It has been about a year since I came aboard as an external director, and I feel even more strongly that Rohto is sincerely working on many issues relating to health, society, and the environment. The Covid-19 pandemic in 2020 has made all of us face the health and societal problems that exist in the world. In addition, humankind today is facing many other serious problems, such as climate change, food scarcity, poverty, health, and hygiene. If we don't address these problems, we will leave debts to the later generations of our children and grandchildren, and these problems will eventually erode their

prosperity. Corporations will not be able to conduct business anymore.

Amongst all these problems, Rohto came up with the vision of "Connect for Well-being" for the future. This shows Rohto's determination in wanting to be a company that contributes to the Well-being (of everyone to live happily with good health), and I believe it is a great vision. As an external director, I support Rohto Pharmaceutical's pursuits for Well-being and make suggestions as to what they can do, while also paying attention to Rohto's corporate governance and the benefits it provides to its various stakeholders, including shareholders, employees, and business partners.

Biography

Dr. Iriyama graduated from the Faculty of Economics at Keio University and earned a master's degree at the Graduate School of Economics, also at Keio University. He joined Mitsubishi Research Institute, Inc. and engaged in consulting work mainly for automobile makers and governmental institutions in Japan and overseas. In 2008, Dr. Iriyama obtained a Ph.D. at the Graduate School of Business at the University of Pittsburgh in the United States. That same year, Dr. Iriyama started teaching as an assistant professor at the University of Buffalo School of Management and The State University of New York. Dr. Iriyama took the position of an associate professor in 2013 and became a professor in April 2019 at Waseda Business School (Graduate School of Business and Finance). Dr. Iriyama's areas of expertise are management strategy theories and international management theories. He authored the bestselling book "What the Management Scholars of the World Are Thinking," published by Eiji Press in 2012. Currently, Dr. Iriyama writes columns for "World-class Management Theories" in "DIAMOND Harvard Business Review," and he is active on various media platforms.

Fiscal Year

ESH - Indicators (non-consolidated)	2015	2016	2017	2018	2019
Health					
R&D expenses (consolidated) (million yen)	5,811	6,123	6,553	6,831	7,050
"Pleasantly Surprised Testimonials"*1 (count)	1,405	1,669	1,293	1,191	1,963
Kaisen Activities (count)	11,292	11,758	10,637	10,367	9,585
Social					
Employees Donating to the MICHINOKU Future Fund (people)	871	854	866	858	897
Employees Donating to the Karugamo Fund (people)	969	934	945	929	953
Environment					
Changes in crude oil equivalent (kℓ)	8,319	8,160	8,175	8,015	8,179
Total CO ₂ emission (t/year)	16,559	15,846	15,772	14,669	13,957
Relative to sales (t/million yen)	0.186	0.177	0.163	0.141	0.131
Electricity usage (1,000kWh/year)	24,428	23,994	23,711	24,289	25,110
Relative to sales (1,000kWh/million yen)	0.274	0.268	0.245	0.233	0.236
City gas usage (1,000m ³ /year)	2,383	2,395	2,410	2,087	2,072
Relative to sales (1,000m ³ /million yen)	27	27	25	20	19
Water usage (1,000m ³ /year)	292	275	290	266	271
Sales intensity (1,000m ³ /million yen)	3.3	3.1	3.0	2.5	2.5

A Corporate Culture That Is Uniquely Rohto - Indicators (non-consolidated) -

Employees Having In-house Double Jobs (people)	—	36	49	70	54
Employees Participating in External Challenge Work (people)	—	25	63	84	81
Employee Turnover Rate*2 (%)	4.2	4.6	5.4	5.3	3.1
Paid Annual Leave Taken by Employees (%)	63.4	62.2	65.3	70.1	71.6
Females In Management Positions (%)	19.1	18.6	19.2	21.1	22.8
Employees with Disabilities (%)	1.87	1.90	1.84	2.08	2.10
Employees Taking Maternity Leave*3 (people)	61	64	105	100	94
Number of Employees (people)	1,524	1,562	1,400	1,474	1,529
Female Employees (people)	907	918	805	857	883
Male Employees (people)	617	644	595	617	646

Rohto's Health Management - Indicators (non-consolidated) -

Employees Performing 8,000 Steps and 20-minute Brisk Walk Daily (%)	—	28.2	41.0	44.4	46.5
Obesity Rate (Male) (%)	22.4	21.9	24.0	22.5	25.6
Obesity Rate (Female) (%)	9.9	13.7	15.3	15.2	16.4
Smoking Rate (%)	13.5	12.5	11.6	7.7	0.1
Rate of Anemia (%)	5.1	7.3	5.1	4.9	5.1

Financial Foundation That Makes ESH Promotion Possible - Indicators (consolidated) -

Sales (million yen)	167,016	154,599	171,742	183,582	188,327
Operating income (million yen)	15,683	15,451	19,087	20,812	23,085
Ordinary income (million yen)	15,339	15,964	18,849	18,970	22,735
Profit attributable to owners of parent company (million yen)	9,098	10,011	9,289	9,799	15,410
ROA: Return on Assets (%)	8.6	8.8	10.0	9.5	10.9
ROE: Return on Equity (%)	8.3	8.8	7.6	7.6	11.4
Capital adequacy ratio (%)	61.4	64.7	64.2	65.1	64.5

*1 Positive feedback and letters of appreciation received from customers

*2 Figures do not include retirees and part-time employees

*3 Return rates for maternity leave is almost 100% every year, including when leave periods carry over to the following fiscal year.

Rohto Pharmaceutical celebrated its 120th anniversary in 2019.

Our core value of “Health” has been consistent since the Company’s establishment, and we will continue to move forward in the long term with this core value while also promoting values in the areas of “Environment” and “Social.”

Corporate Philosophy

1

We recognize that Rohto’s greatest responsibility is to continue to contribute to people’s mental and physical health so that they can lead affluent, happy lives. Therefore, we shall implement management objectives from a long-term perspective and strive to create value in order to achieve our goals.

2

Being mindful of our mission as a public entity, we shall address issues concerning society at large in collaboration with all of the people connected to the Company, and we will share the benefits gained through these endeavors.

*Articles of Incorporation were partially amended with approval of the shareholders during the General Meeting of Shareholders in June 2019. Corporate philosophy has been added to Article 2, in order to manage the Company to focus on public benefits and long-term development.

Company Profile

Company Name	ROHTO Pharmaceutical Co., Ltd.
Foundation	February 22, 1899
Incorporation	September 15, 1949
Capital	6,504 million yen
Number of Employees	6,619 <consolidated basis> 1,529 <non-consolidated basis> https://www.rohto.co.jp/

Stock Information

Securities Code	4527
Total Number of Authorized Shares	399,396,000 shares
Total Number of Issued Shares	114,070,167 shares (excludes 4,018,988 shares of treasury stock)
Number of Shareholders	15,394
Fiscal Year	April 1 to March 31 of the following year
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Stock Listing	Tokyo Stock Exchange, Inc. (First Section)

Contact Information

Rohto Pharmaceutical Co., Ltd.
Public Relations & Creating Shared Value Division

Directors and Officers

(as of June 26, 2020)

Board of Directors

Chairman	Kunio Yamada
President	Masashi Sugimoto
Executive Vice President	Masaya Saito
Managing Director	Shinichi Kunisaki
Director	Chiharu Takakura
Director	Atsushi Hiyama
External Director	Shingo Torii
External Director	Akie Iriyama
External Director	Haruka Mera

Auditors

Full-time Auditor	Masanori Kimura
Full-time Auditor	Hideto Uemura
External Auditor	Katsusuke Amano
External Auditor	Yasuhiro Tani



Rohto Pharmaceutical Co., Ltd.

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

1-8-1 Tatsumi-nishi, Ikuno-ku, Osaka, Japan 544-8666

Issued November 2020
Printed in Japan