

Moving the Heart



ROHTO Well-being Report

Integrated Report 2024

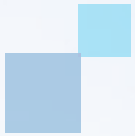


Corporate Philosophy

For the people to enjoy their fulfilled and happy life, the Company takes the greatest responsibility to contribute to their mental and physical health continuously, and to attain such responsibility, the Company endeavors to operate its business from a long-term perspective and generate value.

Being fully aware of its mission as a public organ, the Company endeavors to cooperate with all persons surrounding the Company to solve social issues and share with them all benefits gained through such efforts.

Chapter 1, Article 2 of the Articles of Association



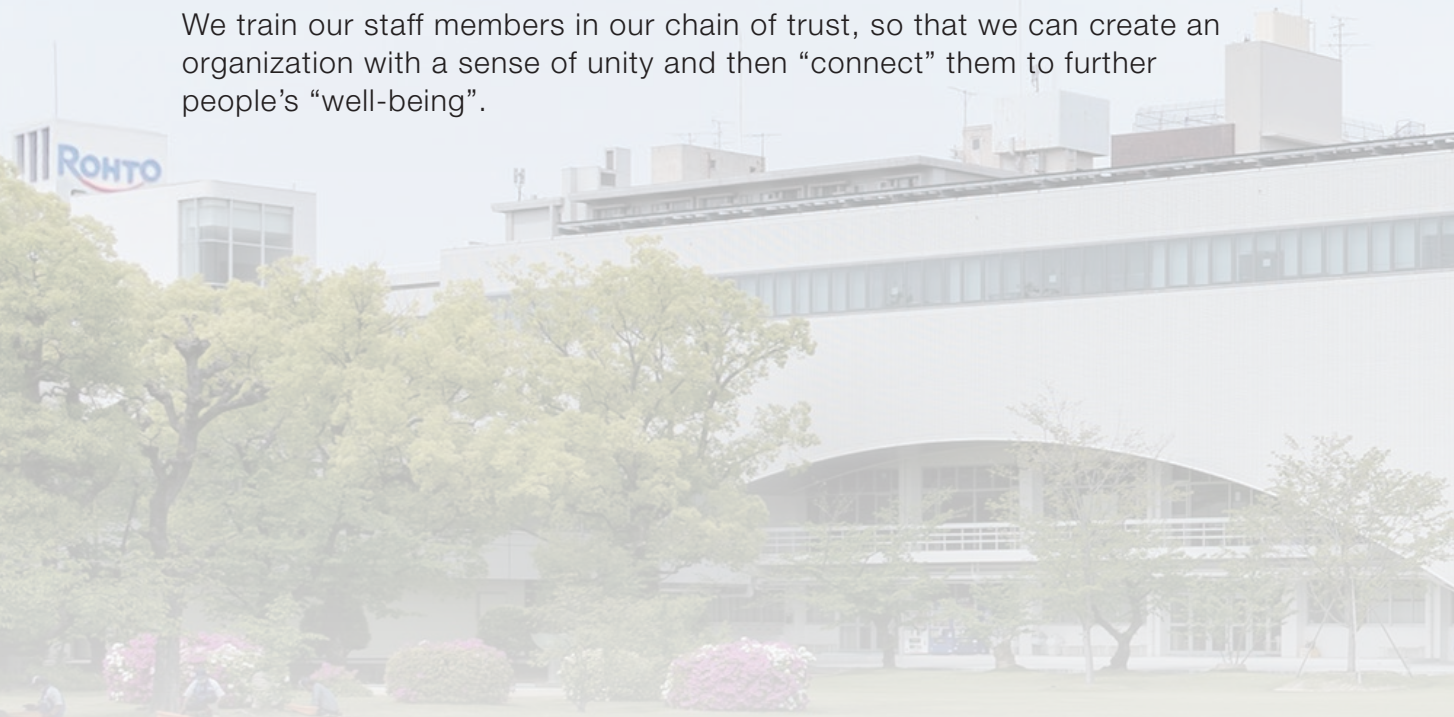
Rohto Group Comprehensive Management Vision 2030 -Connect for Well-being-

“Well-being” means that people feel energized both mentally and physically, and they spend every day filled with laughter and happiness throughout the various stages of their life.

Rohto strives to be innovative in the fields of medicine and skincare products, as well as other business areas, so that people all over the world can experience “Well-being” then together.

In order to fully realize this goal, we closely “connect” members to those inside and outside of company. We also “connect” organizations to each other.

We train our staff members in our chain of trust, so that we can create an organization with a sense of unity and then “connect” them to further people’s “well-being”.





Providing well-being to people all over the world through the provision of the value of health

Since our founding, “health” has been Rohto’s core value and we have provided many people with accessible “health” through our over-the-counter (OTC) drug products and skincare products.

By extending the healthy life expectancy for each consumer and improving their quality of life, the economic activities of society as a whole will be revitalized. Increasing social security costs will be curbed, and a sustainable society of healthy longevity will be realized.

Our purpose is to lead all individuals and society surrounding us to “well-being” by delivering “health” to people around the world through our products and services and to make people happier and make the future brighter.

We will continue to contribute to the well-being of people all over the world through our business activities and aim to realize a sustainable society in which people can live healthy and happy lives.

Message from the Chairman



Kunio Yamada

Chairman and Chief Executive Officer

On the occasion of the 125th anniversary of Rohto's founding

In 2024, the year in which this report is published, we celebrate the 125th anniversary of Rohto's founding. In the 25 years since 1999, when Rohto celebrated its centennial, we have expanded the scope of our business and achieved dramatic growth, increasing net sales by 5.2 times and market capitalization by 14.4 times. We are grateful to consumers for their support of our products and services, to our employees for their hard work, to our business partners for their cooperation and support, and to our shareholders and various other stakeholders for their understanding and support of our management. I would like to take this opportunity to thank all of you.

In this milestone year, I wish to reiterate Rohto's management philosophy for our stakeholders and ask for their continued understanding and support of our management as we focus on achieving sustainable growth over the next quarter century.

“Challenge,” the key factor of Rohto's growth

Rohto's purpose is to lead all individuals and society surrounding us to “well-being” by delivering “health” all over the world through our products and services. This is the essence of the corporate philosophy stated in the Articles of Association. In other words, we aim to contribute in bringing about a society that enriches the lives of people through our business. Because these cannot be achieved in the short term, we necessarily structure our business with a long-term scope of 10 to 30 years and make strategic investments in R&D, brand development, facilities, new business, human capital, and so on.

In Rohto's current medium-term management strategy, we have identified six key business domains based on their contribution to the well-being of individuals and society. In addition to the health and beauty domain, which is at the heart of Rohto's business, we aim to contribute to new domains such as regenerative medicine and ophthalmology. This is because the Japanese market, which is our major market, has already entered a mature phase and we believe that if we simply cling to our existing business domains, we will be unable to contribute to the well-being of as many people as possible, and as a result, sustainable growth will be tough. The Japanese market and the health and beauty domain, which have underpinned our business to date, remain the foundation of our business and will continue to be important, but we believe it would be complacent to remain reliant on these domains. It would mean neglecting potential sources of growth and risking decline. Inspired by our desire to contribute to well-being, we intend to vigorously enter and develop diverse markets wherever there are growth opportunities, regardless of whether they are in Japan or abroad. In other words, we intend to contribute to well-being and achieve sustainable growth through a strategy of selection and diversification.

However, while the domains in which we take on new challenges are various, our underlying values are consistent. Whether the new challenge is in the drugs, skincare, regenerative medicine, or food, the decision to go ahead is based on the objective, what aspect of well-being we would be able to enhance, and whether the challenge coincides with our aspirations and heart. Indeed, our ability to undertake a high-risk, complex business depends largely on whether it coincides with our aspirations. In addition, a key point is whether we can offer novelty and innovativeness to our customers—whether we can achieve innovation through products and services so that people exclaim “there has never been a product like this before!” or “it makes it possible to do things we couldn't before!”

A company is a public organ of society. Only by contributing will a company grow.

Rohto's management is based on the conviction that a company is a public organ of society. In Japan, *sanpo-yoshi*, which literally means “three-way satisfaction,” is a traditional concept. *Sanpo-yoshi* advocates benefiting the

seller, the buyer, and the society. This concept shapes everything we do. Rather than seeking to benefit only one's own company or particular parties or emphasizing temporary advantages, we place importance not only on the reinvestment of profits earned through business activities in our own sustainable growth, but also on sustainable and stable redistribution to our stakeholders, including employees, business partners, consumers, shareholders, local communities and countries, and the environment. I believe this approach leads to the enrichment of the world as a whole, creating a virtuous cycle that will lead to the realization of a sustainable society. Rohto can also continuously earn profits and return profits to the shareholders who have invested in us.

Based on this concept, we have always been conscious of the need to invest in growth and redistribute profits from a long-term perspective. While according the top priority to making a well-balanced and sustainable contribution to stakeholders, including returning profits to employees in the form of salaries and bonuses, investing in facilities, R&D, and human resource development to generate earnings for the future, and paying dividends to shareholders, we have achieved stable and sustainable growth.

Human resources are the essential foundation of management.

Promoting diversity and individuals' autonomous career development

We are convinced that the success of management from a medium- to long-term perspective is determined by "human resources and a culture that makes the utmost of them." It is people who execute a business and lead it to success, regardless of whether it is a new business or in an existing domain, and no matter how many opportunities and seeds of success there are, if the people engaging in it are lacking in energy and expertise, it will fail. Recruitment, stable employment, and development of human resources are the foundation of management.

The business environment is becoming tougher, the pace of change is rapid, past successes are no guarantee of future performance, and continuous innovation is essential. To accomplish this, we must not think only in terms of traditional values and previous triumphs, but create a cycle of innovation through the mixing and stimulation of different types of people. The company's organization must be conducive to bringing together people with different backgrounds, knowledge, and experience. It must encourage mutual respect transcending positions and roles, so that people collaborate and make the most of their capabilities. Rohto has been vigorously promoting human resources rich in diversity ever since I took leadership of it in the mid-1990s. Currently, approximately 60% of our employees are women and they account for more than 30% of managerial personnel. The rate of return after maternity leave and/or childcare leave is almost 100%. These are more than just numbers. At a practical level, I feel that for women Rohto has become a great place to work. In mid-career hiring, we are emphasizing the recruitment of people with diverse attributes corresponding to a wide range of positions extending from management and executives to non-managerial personnel. As well as recruiting people from the same industry, we are also

actively recruiting those from different industries, and non-Japanese nationals. Today, more than half of our employees on a non-consolidated basis are mid-career hires. Considering that our ability to achieve sustainable growth far into the future will be determined by how successful we are in cultivating an environment where people from various backgrounds are energized and can work with satisfaction, we are promoting various initiatives.

From the viewpoint of human resource development, we urge all members to pursue autonomous career development under a policy of "mutual growth of the Company and employees based on respect for each individual." We want our members to share Rohto's purpose and become human capital who proactively participate in business activities and continuously create value for society as "Professional SHIGOTONIN," that is, as proactive professionals with responsibility. To do so, they need to think about their career development and take action. We lifted the prohibition on members having side jobs. A company may want members to bring their capabilities into full play only for its own benefit, but on the other hand, employees are not the company's property. They are assets of society and they support society. Amid the declining birthrate, we believe that each of us should contribute to society by working in multiple ways. This is also why we only require members to notify the company rather than having to secure the company's approval before engaging in a side job. We think, rather than locking members in and shutting them out from opportunities for the company's own convenience, supporting our members' efforts to fulfill their potential will result in the enhancement of employee engagement and contribute to Rohto's sustainable growth. This will ultimately lead to the development of human resources capable of contributing to society. As such, we consider career development and growth of human resources not to be short-term considerations but issues addressed from a medium- to long-term perspective. Therefore, stable employment of human resources is the cornerstone of our human resources strategy. Based on a policy of maintaining compensation at a level comparable to that of industry peers and, in contrast to what has become common elsewhere in recent years, not taking the easy way out such as reducing the workforce, we will continue to pursue people-centric management.

Conclusion

Rohto's various businesses that contribute to "health" are also contributing to the emergence of a sustainable society. We believe the profit Rohto makes is a return on the social value we create as our contribution to society. Although some of the contributions to well-being that we envisage may not lead to tangible results in the short term, we are implementing initiatives from a long-term, strategic perspective with the aim of achieving sustainable growth over the long term. We will continue pursuing management that deepens the trust linking Rohto to all our stakeholders. In these endeavors, we will greatly appreciate your continued support.

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Editorial Policy

We are issuing Rohto Well-being Report 2024 in order to help a deeper understanding of our initiatives to increase Rohto's medium- to long-term corporate value for the benefit of all our stakeholders, in particular shareholders and investors. It includes an overview of Rohto, our medium- to long-term strategy centered on Well-being, and ESG information.

Any information concerning finances, research and development, or other matters that is not included in this report can be found on our website.

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

Reporting Period

From April 1, 2023 to March 31, 2024 (some information included also pertains to outside this period)

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 made by management using data that was readily available as of the date of the creation of this report. Therefore, actual results may greatly differ from the forecasts due to various factors that may affect business performance. We appreciate your understanding of this matter.

Disclosure information

	Financial information	Non-financial information
Statutory disclosure	Annual Securities Report	
	Consolidated Financial Results	Corporate Governance Report
Voluntary disclosure	ROHTO Well-being Report (Integrated Report)	
	Presentation on Results of Operations	Sustainability section on the Rohto website
		ESG data

Message from the President



Masashi Sugimoto
President and Chief Operating Officer

A virtuous cycle between businesses generating profit and future growth businesses promotes sustainable growth

Rohto achieved the highest ever net sales and earnings for the fiscal year ended March 31, 2024. Although the market environment has had an impact, I believe the underlying factors contributing to these gratifying results are our business strategy of selection and diversification centering on well-being and our members' high level of motivation and enhanced morale. In my message for the ROHTO Well-being Report 2024, I will discuss Rohto's business strategy and some of our initiatives.

Business selection and diversification based on well-being

Rohto achieved the highest ever net sales and earnings for the fiscal year ended March 31, 2024.

Direct factors were product proposals meeting customer needs, a recovery in inbound demand, and the strong performances of our core brands. Moreover, I think the virtuous cycle that our business strategy is creating is an underlying factor stimulating growth.

In the Rohto Group Comprehensive Management Vision 2030, we defined six business domains: OTC drugs, skincare, functional foods, ophthalmology, regenerative medicine, and contract development and manufacturing organization (CDMO).

Of these, the OTC drug and skincare businesses, which are our core businesses, grew significantly, reflecting product proposals meeting customer needs and a recovery in inbound demand amid a gradual recovery in personal consumption following the COVID-19 pandemic. In addition, the functional food business, which we position as the third pillar, has grown significantly in recent years, with Rohto V5 becoming a major brand with sales of 7.5 billion yen. As these three businesses are on a growth trajectory, we have been able to make sufficient investment in ophthalmology, regenerative medicine, and CDMO businesses.

Our business strategy of making upfront investment in future growth businesses of ophthalmology, regenerative medicine, and CDMO, while the three core businesses of OTC drugs, skincare, and functional foods are growing robustly and generating sufficient earnings has proven to be effective. We would like to grow the future growth businesses to the stage where they can generate profit, so that we will turn them into our fourth and fifth mainstay businesses.

Rohto's mission is to contribute to the beauty and health of people around the world. In light of this mission, we adopted "well-being" as the core concept of our management. The well-being envisioned by Rohto comprehensively expresses a state of happiness that is fulfilled in every aspect, including physical health, mental health, social health, and the health of the surrounding environment. In expanding the scope of our business domains as mentioned above, our aim is to contribute to society through our respective businesses by linking them to the realization of a society with well-being.

This leads to the key concept of "selection and diversification." The idea is to "select" the business scope of well-being and "diversify" in business development.

Future growth businesses to be nurtured in a 10-year timeframe

We generally consider a timeframe of 10 years to grow a new business area into a profitable one. Of course, it would be better if we could achieve profitability more quickly, but I think there are pitfalls in pursuing short-term gains. In order to develop a solid business that continuously grows and contributes to society, I think considerable investment and a long-term perspective are required.

To this end, we sow seeds, apply fertilizer, and continually do whatever it takes to grow the business. Plans call for R&D expenses in fiscal 2024 of 15 billion yen, equivalent to 5% of consolidated net sales. We also intend to further strengthen CDMO.

The CDMO business started with a contract manufacturing organization (CMO) for generic drugs. As an added-value, CDMO provides "development" services in addition to contract manufacturing. Contracted development of formulation processes and manufacturing of clinical trial drugs will lead to greater competitiveness.

Investment in the CDMO business will be effective also for the regenerative medicine business. Since companies engaged in regenerative medicine tend to be relatively small in terms of capital and lack in-house culture technology, they are increasingly working with Rohto from the development stage.

I think we can expect the CDMO business to be a source of profit in the future because of the value added through development. To strengthen the CDMO business, construction of Kakegawa Laboratory was completed in December 2022 at Qualitech Pharma Co., Ltd., a subsidiary engaged in this business, and full-scale operation of the new facility began in fiscal 2023.

Moreover, although this is not about investment, at the 23rd Congress of the Japanese Society for Regenerative Medicine held in March 2024, Rohto was selected as a winner in the Established Company category of the "Regenerative Medicine Innovation Award." This means that an academic society was impressed by Rohto's proprietary regenerative medicine technology and cell culture based on our unique culture media.

Although winning this award does not directly lead to profit, we believe it will help raise awareness of Rohto's regenerative medicine business and create opportunities for its further growth. In May 2024, Rohto's animal-origin free culture medium "R:STEM" became the first FIRM Mark certified in Japan under the certification system for products and services in regenerative medicine-related industries established by the Forum for Innovative Regenerative Medicine (FIRM).

Message from the President



Our expectation is that increased recognition of Rohto's commitment to regenerative medicine will facilitate cooperation with academia.

Sowing the seeds of a new business, companion animal business

As mentioned in ROHTO Well-being Report 2023, we are now sowing the seeds of a new business, the companion animal business.

We intend to leverage and roll out our expertise in eye drops, skincare, functional foods, and regenerative medicine in order to enhance the well-being of dogs and cats as companion animals.

As a first step, in May 2024, we launched Rohto V5 Wan ("Wan" is a Japanese word that refers to the way dogs bark) eye supplement for dogs, capitalizing on the Rohto V5 eye supplement series.

More than 250,000 people regularly take Rohto V5. We received inquiries from customers asking if there was anything good for their dogs to prevent them from disease, which prompted us to launch the development of this supplement. Like people, many dogs suffer juvenile or senile cataracts, and we believe eye care is important for improving the quality of life and well-being of dogs.

In January 2023, Rohto entered into a capital and business alliance with J-ARM Co., Ltd., which provides support services for regenerative medicine for animals. We are promoting initiatives to support the health of animals throughout their life stages, from prevention and pre-symptomatic states to treatment. We would like to develop the companion animal business, which is focused on the

well-being of animals, into Rohto's seventh pillar.

Enhancing corporate value through synergy among businesses

I would also like to comment on our initiatives relating to the growth strategy for existing businesses.

In June 2024, Eu Yan Sang International Ltd., a Singapore-based company that manufactures and sells traditional Chinese medicines, became a Rohto Group company. This large deal involved an investment of more than 50 billion yen. Eu Yan Sang develops and sells a wide range of herbal products, extending from traditional Chinese medicines to health foods. Its

expanding business is in the "natural health & wellness" field. Going forward, I am expecting synergy between Eu Yan Sang and Rohto's OTC drug and functional food businesses. Specifically, in addition to sales channels for Eu Yan Sang's products in Japan, we also plan to expand sales channels for these products in Indonesia, Vietnam, and China, which are all markets where Rohto has strengths. I also believe that Eu Yan Sang's sales network, human resources, and customers will be highly advantageous for us.

In September 2024, in the skincare business, Rohto made a full-scale entry to the hair care category with the launch of the Gyutto and PRORY hair care brands. Gyutto is a hair mask that corrects the frizz of adult hair that tends to swell because of damage, whereas the PRORY series repairs damaged aging hair. Rohto will emphasize these two brands, positioning them at the heart of this growing business.

Rohto has six business pillars. Rather than pursuing standalone growth of each business, our strategy is to coordinate these businesses as we seek to realize a society with well-being and maximize corporate value.

Business growth enhances motivation

When growing businesses, it is important to have a 10-year timeframe and ensure that every business generates synergy rather than standing alone. In addition, it is also important to have our members motivated by the recognition that the expertise associated with their business is contributing to the growth of other businesses.

Workstyle reform can also enhance member motivation. Through digital transformation (DX), we are promoting company-wide initiatives in pursuit of efficient workstyles.

In August 2023, Rohto's plants introduced three shifts per day*. The 24-hour production system can accommodate various workstyles. For example, it is now possible to work a shift of 10 hours per day and take 3 days off per week. Of course, we do not compel members to adopt such a workstyle. We prioritize the desires of our members and arrange various shifts to reflect their diverse values.

* The 24 hours of a day are divided into three shifts and shifts rotate periodically.

Signboard indicating the Quality Policy placed at the entrance of each site

In recent years, consumers have been paying increased attention to quality control and compliance issues in the pharmaceutical industry. Mindful of the proverb, "A wise man learns from the mistakes of others," Rohto is strengthening its initiatives.

In the drug and health food fields, quality control and management of safety information are essential elements that we are thoroughly addressing. I believe it is important not only to adhere to the standards and guidelines set by the government but also to go beyond them.

Rohto holds a company-wide quality management review once a year. Top management—the Chairman, the President, Executive Vice Presidents, and Directors in charge of quality—participates in the review, there is a hearing on the current situation, and instructions are issued. With a view to raising awareness of quality, we are encouraging more employees to participate in the review.

Prominently displayed at the entrance of every Rohto site is a signboard indicating the Quality Policy bearing my signature. Rohto's Quality Policy reads: "Rohto pledges to provide all people with happiness and security by: 1. ensuring compliance and endeavoring to communicate the truth; 2. controlling risks based on scientific evidence and pursuing high quality and safety; and 3. valuing communication and continuing to improve by promoting transparency of information." We are making sure that members see the Quality Policy every time they come to work.

This is the essence of our quality control policy. By thoroughly adhering to it, we intend to continue contributing to the well-being of our customers, employees, and society.

Rohto's corporate slogan "Moving the Heart"

In 2024, Rohto celebrated the 125th anniversary of its founding. Taking this opportunity, we adopted a new corporate slogan, "Moving the Heart," this June and changed our logo to with the new slogan.

People are always at the heart of our aspirations. Our job is to share other people's aspirations and to help them become wholeheartedly healthy and happy. The new slogan expresses the fact that Rohto values the power that comes from the "heart" of each company member and uses it to move the "hearts" of customers and patients.

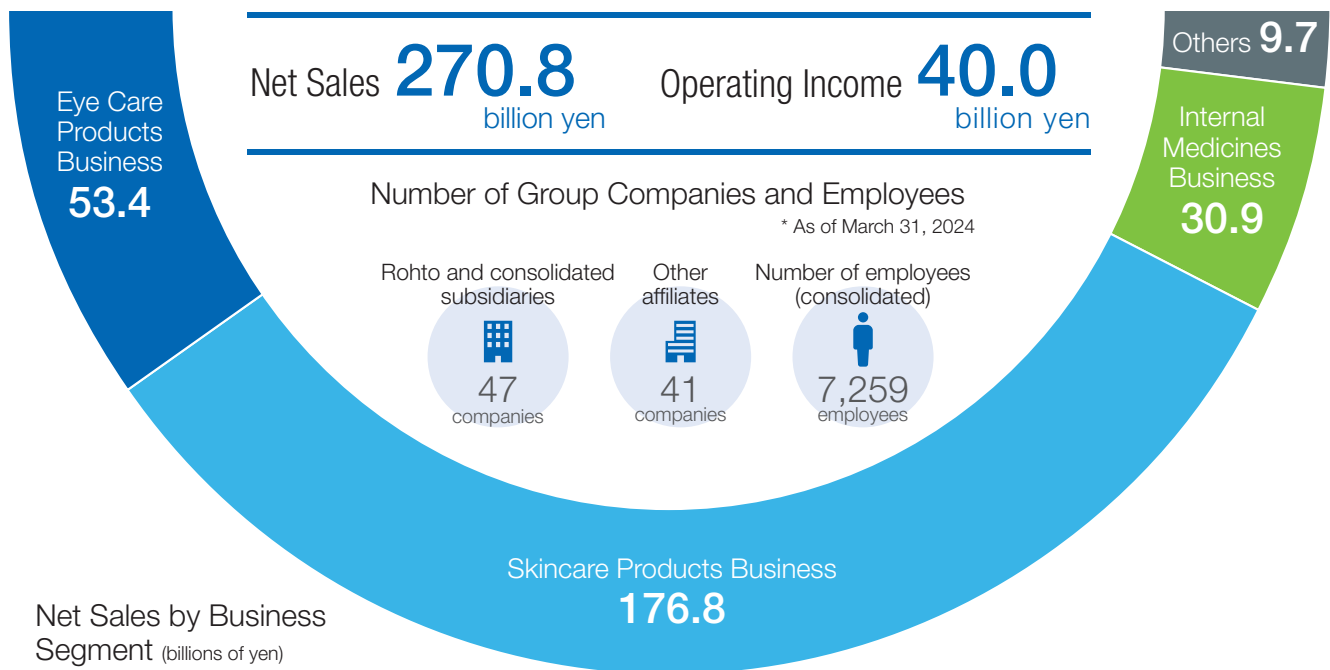
Although two years have passed since the COVID-19 pandemic abated, consumers are increasingly health conscious. The trend toward self-medication continues to gain momentum. It is also true that inbound demand is a tailwind for Rohto. Our future growth will in large measure be determined by our ability to make proposals to our customers based on a sure grasp of the changes afoot and also on the effectiveness of the alliances we form to lead the market.

By delivering beauty and health to people and striving to realize a sustainable society with well-being, I will steer management forward with the aim of achieving steady and stable annual growth over the long term.

With all my "heart," I am enthusiastically committed to helping our stakeholders stay healthy and happy.



At a Glance Fiscal 2023



* Amounts less than 0.1 billion yen are rounded down.



Eye care products

Eye drops, eyewash preparation, contact lenses, and contact lens care products are manufactured and sold.



Skincare products

Dermal medicines, hemorrhoid remedies, topical anti-inflammatory analgesics, and other medicines and functional cosmetics, lip balms, sunscreens, hair care products, and other cosmetics are manufactured and sold.



Internal Medicines Business

Gastrointestinal medicines, laxatives, allergy medicines, *kampo-yaku* (Chinese herbal medicines), and other internal medicines, as well as supplements and other foods are manufactured and sold.



Other

In-vitro test kits and medical devices are manufactured and sold, and cell-processing business is operated.

Japan

Rohto has a wide range of businesses including eye care, internal medicines, food, and skincare products. Rohto subsidiaries conduct contract manufacturing and sales of internal medicines.

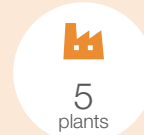
Net Sales	156.8 billion yen	YoY Up 14.8%	↑
Operating Income	24.4 billion yen	YoY Up 15.5%	↑



Asia

A wide range of products are marketed including eye drops, sunscreens, basic skincare products including HADALABO and Dermacept, and hair care products including anti-dandruff shampoo Selsun. The marketing of supplements and beauty drinks is gradually expanding.

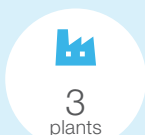
Net Sales	78.7 billion yen	YoY Up 11.3%	↑
Operating Income	12.0 billion yen	YoY Up 15.7%	↑



Americas (including Latin America)

Products including eye drops, OXY, Mentholatum Ointment, lip balms, and other skincare products are marketed. Hydrox Laboratories, Inc. manufactures and sells medical disinfectants.

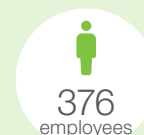
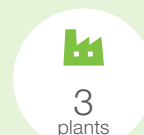
Net Sales	18.5 billion yen	YoY Up 11.5%	↑
Operating Income	1.2 billion yen	YoY Up 66.5%	↑



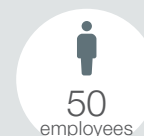
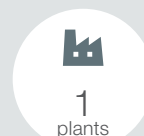
Europe (including the Middle East and Africa)

The Deep series for topical anti-inflammatory analgesics, the main brand, as well as skincare products including HADALABO TOKYO, and cosmetics including Perfecta by Dax Cosmetics are marketed. The eye drops business is expanding centering on eye drops for dry eyes.

Net Sales	13.8 billion yen	YoY Up 13.5%	↑
Operating Income	1.3 billion yen	YoY Up 41.6%	↑



Other Region (Oceania)



Providing Well-being to People All over the World

We believe that the strength of our global business lies in delivering high-quality products that meet the diverse needs and challenges of people in each region based on our self-supporting manufacturing system, which encompasses all processes from development and production to marketing and sales in each region. To this end, we accord top priority to human resource development and bringing the local business foundations up to the global level to further stimulate local action, leading to the growth of the Group as a whole.

Europe (including the Middle East and Africa)

Expanding ROHTO eyedrops to solve the social problems of dry eyes

ROHTO DRY AID, an eye drop for dry eyes, received CE certification* in 2021. We began marketing this product firstly in the UK, EU member Poland, and Turkey, and are expanding sales channels in the United Arab Emirates, Saudi Arabia, and other countries in the Middle East and Africa. The need for dry eye solutions is expected to continue to grow worldwide along with the aging of society and the spread of digital devices. We will vigorously develop the market so that ROHTO eye drops can be used by many people around the world where ROHTO eye drops were previously not readily available.

* By obtaining CE certification, which certifies that the product meets the safety standards of EU member countries, it became possible to sell the product as a medical device throughout the EU.



ROHTO DRY AID

Expansion of cosmetics business from the Poland base to the European and Middle Eastern markets

We have established a system enabling us to supply cosmetics that meet the needs of the Polish and European/Middle Eastern markets in a timely manner from the manufacturing base of DAX Cosmetics in Poland. Our cosmetics brands, including YOSKINE and Perfecta, are performing well.

HADALABO TOKYO has been successful. It is now marketed in the UK, other European countries, and major countries in the Middle East, and is an established brand in the Watsons drugstore chain in Dubai.



HADALABO TOKYO

Expanding recognition of our anti-inflammatory analgesics in Africa

The Deep Heat series of anti-inflammatory analgesic products, the leading brand in the UK market, achieved strong sales in fiscal 2023, partly due to the launch of a new environmentally friendly spray formulation.

The sales channels for this series have expanded from Europe to the Middle East and through subsidiaries in Kenya and South Africa, cultivation of the African market is progressing well. Brand recognition of Deep Heat is increasing in these regions.



Deep Heat Spray



Deep Heat

Asia

Establishing a position with products originating in Asia

Asia (excluding Japan) accounts for about 29% of Rohto Group sales, with eye drops, sunscreens, skincare and hair care products performing particularly well. Recently, we have expanded into the food business.

In China, sales of eye drops have grown substantially. In order to create further science-based value, we established a research center for eye care jointly with The Hong Kong Polytechnic University and began working on the theme of eye fatigue.

In Hong Kong, we have entered the anti-aging care market with a focus on hair essences. The 50 Megumi Hair Care series gained the No. 1 share* in the hair care market. The unique lineup originating in Hong Kong contributed to growth of the brand.



50 Megumi



The Circle of Well-being



Expands Worldwide

Americas (including Latin America)

Developing medical supply business in addition to eye care and skincare product businesses

In addition to The Mentholatum Company, Inc. in the U.S., we have subsidiaries in Canada, Mexico, Brazil, and other countries, and are developing our business with a focus on eye care and skincare related products. In the U.S., in addition to its mainstay eye drops and acne care products, Hydrox Laboratories, Inc. manufactures and sells disinfectants and other products for medical institutions. In fiscal 2023, productivity was enhanced by improving Hydrox Laboratories' production system, contributing to people's health and sanitation in medical practice settings.



ROHTO COOL RELIEF

OXY



Hydrox Laboratories' products



Expanding business into ophthalmology

In Brazil, sales of our mainstay skincare products such as HADALABO and MELANO CC are growing steadily.

Ophthalmos S. A. is engaged in ophthalmic surgical device and eye drop businesses. We will contribute to eye health by expanding our business in products for professional medical use and by extending our product lineup in ophthalmology-related fields, such as through entry to the OTC eye drop market and export of our products to neighboring countries.



Ophthalmic viscoelastic agent

Oceania

In Australia, we sell our flagship Deep Heat series and cosmetics brands such as HADALABO TOKYO. We also market chocolate-based laxative LAXETTES and moisturizing body wash. With a unique portfolio of products different from those offered in other countries, we are continuing to achieve growth.



LAXETTES

Quickly grasping the trends and customer needs in the Asian region, we will propose a wide range of high-quality products and provide diverse products and services, including dietary supplements, through Eu Yan Sang International Ltd., which recently became a Rohto Group company.

* NielsenIQ MarketTrack Service data. Sales value of 50 Megumi in total HK under Shampoo, Hair Treatment & Hair Coloring categories in 2023 Jan-Dec.

Indonesia's growth drives Southeast Asia

Among the fast-growing Southeast Asian markets, in Indonesia growth was driven by strong sales of sunscreens and HADALABO and other skincare products.

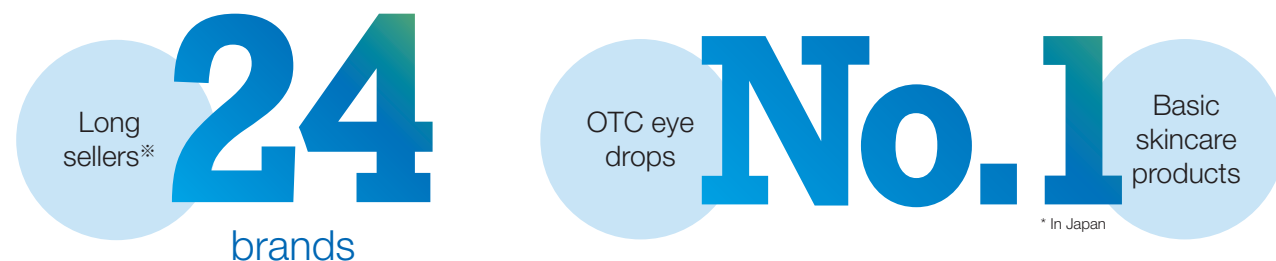
The Selsun brand has established a unique position as an anti-dandruff shampoo for severe dandruff through many years of promotional activities.



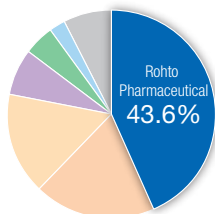
Selsun

Rohto's Strengths by Numbers

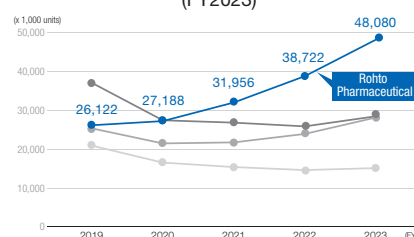
Brand power that delivers timeless attractiveness



Sales of OTC Eye Drops by Manufacturer (FY2023)



Sales of Skincare Products by Manufacturer (FY2023)



In the healthcare category, we have a broad lineup of products, including many brands that have been loved by customers for a long time. Our long-selling and hit products ranging from pharmaceuticals to cosmetics, including eye drop V Rohto, gastrointestinal drug Pansiron, and skincare products Obagi and HADALABO, all represent Rohto's unique values and continue to grow as they contribute to the well-being of consumers.

* Number of brands that have been continuously sold for more than 10 years since their launch and have sales of more than 1 billion yen in fiscal 2023. (For Rohto Pharmaceutical's non-consolidated basis)

In each of the eye care and skincare product fields, which account for large proportions of our net sales, we benefit from overwhelming support from customers. Our OTC eye drops have maintained a high market share in Japan for many years. In fiscal 2023, we achieved a 43.6%*1 market share and maintained the top position in this category. In the rapidly growing skincare products field, we continued to be the No. 1 manufacturer*2 in fiscal 2023. With our development capabilities and customer perspective, we will strive to win great support in other categories that we enter in the years ahead.

*1 Intage SRI+ eye drops
Estimated sales volume from April 2023 to March 2024
*2 Intage SRI+ total cosmetics (5 categories)
Estimated sales volume from April 2023 to March 2024

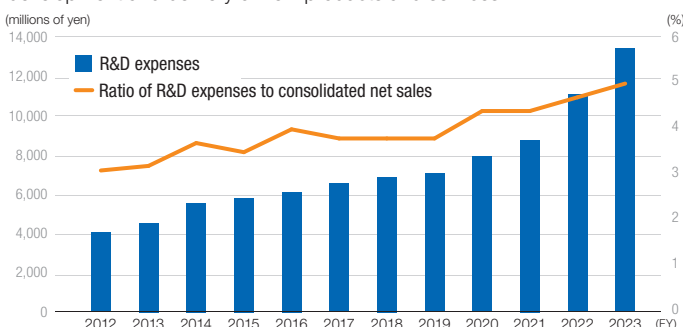
Technological capabilities and R&D capabilities to enable speed and quality



With our know-how and perfection accumulated over 125 years since our foundation, we are conducting research and development that pursues not only functionality and effectiveness, but also comfort of use for a long time to come. Both in industry and academia, makes new discoveries and applications possible. We aim for further evolution. Broadening of the scope of our business fields and interactions among researchers within and outside Rohto Group in various fields are creating synergy across disciplines. New discoveries made through joint research in industry and academia are being speedily applied in various fields. We aim for further evolution by developing human resources who continue to take on challenges.



As we expand into new business fields such as regenerative medicine, we are increasing investment in R&D and vigorously promoting it. We will continue to invest around 5% of consolidated net sales to drive the development and delivery of new products and services.



Global

Sales network in
more than

115
countries

Localized development

We are aggressively expanding overseas in cooperation with our subsidiary, The Mentholatum Company. Rohto Group products are currently sold in over 115 countries, and the ratio of consolidated overseas sales to total sales is approximately 40%. Our businesses in East and Southeast Asia in particular are driving our growth, and following Europe, North America, and Asia, we have now established local subsidiaries in emerging countries in regions such as South America and Africa to promote our business. This worldwide network is one of our strengths. In every region, we need to develop our business in accordance with not only the climate, customs, and preferences of each country, but also the regulations of each country. While staying true to the important aspects of our brands and products, we engage in our business in each region with an emphasis on our self-supporting manufacturing, from development to sales, and human resource development.

Quality system underpinning trust

Improvements
and findings
(FY2023)

10,587
cases

In 2005, we launched the “Kaisen-tai” to improve QCD (Quality, Cost, Delivery time) and to maintain and continue the improvement cycle. At Rohto, we view “improvements” born of awareness by our people as the true seeds of evolution, and with the basic stance of “try first and try to change things” that leads to QCD improvement, each and every one of us is working with determination to achieve both quality improvement and cost reduction. This has led to the development of human resources who achieve high quality and establishment of a science-based quality system that underpins trust.

Thorough customer perspective

Happy
surprise
(FY2023)

2,720
cases



We share customer feedback with everyone at Rohto as “Happy Surprise” testimonials and reflect them in product improvements and planning of the next products. We are grateful to our customers and are encouraged by their positive feedback. It all started in 1952 with a questionnaire postcard called User's Voice survey card enclosed with Rohto Peni-my Eye Drops. Since then, for more than 70 years, we have treasured the feedback we have received from our customers in various forms, including postcards, phone calls, and emails. We receive over 50,000 inquiries and comments per year. This voice of the customer included 2,720 testimonials in fiscal 2023. In 2024, the Customer Support Center was renamed Communication Call, expressing our commitment to ever-greater connection with customers.

Intellectual Property backed by advanced technology

Comprehensive
strength of
ophthalmological
medicine
patents

No. 1

In the ophthalmological medicine field, we were ranked first in overall strength of ophthalmological medicine-related technology patents in the ranking where quality and quantity of patents are comprehensively taken into consideration. We will continue to contribute to the well-being of society by linking our advanced research to the development of novel and highly unique products.

* Source: Research by Patent Result Co., Ltd. Patents issued between January 1993 and September 9, 2022 are included. The spelling of the companies' names is based on the names published by Patent Result Co., Ltd.

Ranking of Comprehensive Strength of
Ophthalmological Medicine-Related Technology Patents*

1 Rohto Pharmaceutical

2	Santen Pharmaceutical
3	Senju Pharmaceutical
4	NOVARTIS
5	ABBVIE
6	PFIZER
7	Kowa Company
8	F. HOFFMANN LA ROCHE
9	BRISTOL-MYERS SQUIBB
10	UNIVERSITY OF CALIFORNIA

Human resources ready for the challenge

ROHTO's

7

Pledges

The Seven Pledges set out our values and are a code of conduct that all Rohto members adhere to in their work. Human resources with aspirations are fully leveraging their capabilities to create innovative products and services that transcend conventional wisdom, fostering well-being across the globe.

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.

Message from the CFO/Financial Strategy

Simultaneously achieve a sound financial structure, growth investment, and higher shareholder returns to attain robust earnings power and enhance sustainable corporate value

Masaya Saito

Executive Vice President
Chief Financial Officer (CFO)



In 2023, as normalization of economic activities following the COVID-19 pandemic progressed further and the number of travelers from abroad increased, personal consumption recovered at a moderate pace. On the other hand, the outlook of the Japanese economy remained uncertain owing to depreciation of the yen, concerns about a possible slowdown of the global economy, and ongoing sharp rises in the prices of commodities and semi-processed raw materials, against the backdrop of the protracted conflict in Ukraine. Rohto's financial policy is based on the pursuit of operations that simultaneously achieve a sound financial structure, growth investment, and higher shareholder returns. This approach enables us to respond effectively to unpredictable changes in the business environment with the aim of stably generating high earnings and sustainable enhancement of corporate value over the long term. In fiscal 2023, we achieved record results in net sales and for each income level, as well as for each geographic segment, while adhering to the financial policy.

Under the slogan "Connect for Well-being," the Rohto Group is endeavoring to enable people all over the world to feel energized both mentally and physically, and spend every day filled with laughter and happiness throughout the various stages of their life. With the aim of further increasing corporate value, we are conducting business activities to realize the Rohto Group Comprehensive Management Vision 2030. In particular, in the core OTC drug and skincare businesses, we are continuing our investment in human resource development, R&D, and intellectual property to create unique products with high added value. We have also established self-supporting manufacturing, sales, and marketing systems in major markets worldwide and are steadily strengthening our business foundation. This self-supporting business foundation has enabled us to respond to changes in the global business environment, where there is an increasing risk of fragmentation, while achieving stable growth and generating ample operating cash flow, which we allocate to growth investment in new business fields such as regenerative medicine and M&A, environmental responses, and shareholder returns. I believe this

capability is a key source of the Group's financial strength.

In June 2024, we invested to strengthen the OTC drug and food businesses in the growing Asian market and made Eu Yan Sang International Ltd., a Singapore-based traditional Chinese medicine manufacturing and sales company, a subsidiary. In addition, we moved forward with an investment to expand the drug and medical device businesses in Europe, including eye drops, and made Mono chem-pharm Produkte GmbH, an Austrian pharmaceutical company, a subsidiary. Although we borrowed a portion of the funds for these M&A investments, we are maintaining a financial balance in which cash and deposits exceed interest-bearing debt.

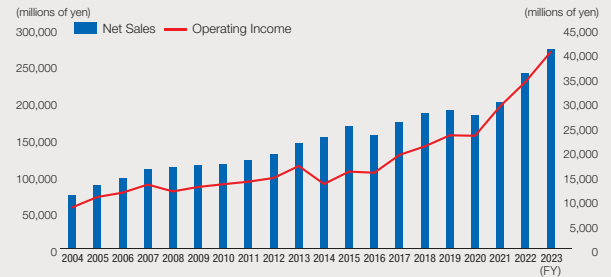
Regarding non-financial aspects, I believe that promoting ESG management is part of our social responsibility to fulfill Rohto's purpose, which is "to lead all individuals and society surrounding us to well-being and to make people happier and make the future brighter." At the same time, it is a key management issue that will lead to enhancement of corporate value over the long term. We are actively addressing this issue through the activities of the Sustainability Committee, which I chair. In fiscal 2023, we formulated policies covering issues and measures related to sustainability and strengthening of corporate governance, including the setting of non-financial targets as "Sustainability Targets 2030," and are following up on the implementation of these policies. Furthermore, we are actively fostering dialogue with shareholders and investors and sharing our ESG policies and targets. We intend to further enhance stakeholder engagement so as to reduce the cost of capital, and moreover, to achieve superior capital efficiency, which will enable us to meet the expectations of stakeholders.

As CFO, I will endeavor to ensure that our business operations are aligned with our goals of maintaining a sound financial balance and promoting sustainable management based on robust earnings power and ample operating cash flow. This will lead to sustainable growth, enhancement of corporate value over the long term, and stable improvement of shareholder returns.

Improvement of profitability

In order to generate ample operating cash flow, we emphasize demand growth (net sales growth rate) and robust profitability (ratio of operating income to net sales). In fiscal 2023, despite the continuing adverse impact of soaring raw materials costs, we managed to reduce the cost of sales ratio to 41.9% (42.4% in the previous fiscal year) by absorbing the fixed costs of in-house manufacturing through sales growth, making products and packaging specifications more environmentally friendly through sustainability management efforts, and reduction of returned goods to minimize disposal costs. Moreover, while aggressively investing in advertising and sales promotion, human resource development, and R&D for sustainable growth, through efficient use of such investments we sought to further increase the ratio of operating income to net sales. R&D expenses are kept at around 5% of consolidated net sales.

Trends in Net Sales and Operating Income



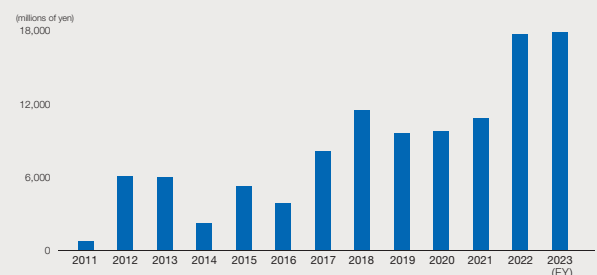
Sound financial structure

Our financial policy is to maintain a sound financial structure while continuously generating ample operating cash flow to allocate to aggressive growth investment and stable improvement of shareholder returns. In fiscal 2023, we generated operating cash flow of 34.2 billion yen (30.9 billion yen in the previous fiscal year) and while investing aggressively, we maintained a high equity ratio (71.0%). We made a concerted effort to achieve a sound financial balance and high capital efficiency, considering the cost of capital. Return on equity (ROE) was 13.6% in fiscal 2023 and the 5-year average improved to 12.6%.

Active growth investment

While maintaining organic growth in the core OTC drug and skincare businesses, we are actively investing both in Japan and overseas, including through M&A. On the other hand, for new business domains such as regenerative medicine and ophthalmology, we continue to undertake long-term investment as a way of exploring knowledge. Further, for sustainable enhancement of corporate value, we are firmly allocating investment to R&D, as well as to human capital, environmental responses, and facilities and equipment. While actively carrying out these investments, we secured stable free cash flow amounting to 17.9 billion yen in fiscal 2023.

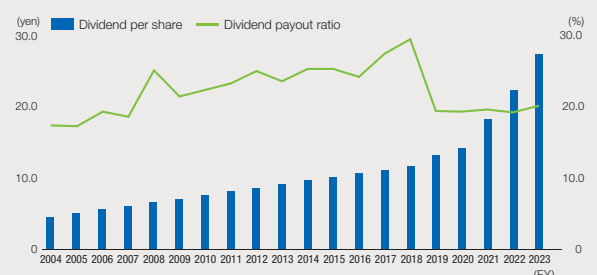
Free Cash Flow



Stable shareholder returns

Our basic policy on shareholder returns is to enhance them in a stable manner, with a target dividend payout ratio of around 25%. In fiscal 2023, having again achieved record highs for net sales and each income level, we raised our dividend for the 20th consecutive year, thus maintaining stable shareholder returns. Meanwhile, although the dividend payout ratio has been below 25% because income exceeded the plan in recent fiscal years, we plan to raise our dividend in fiscal 2024 again and intend to increase the dividend payout ratio.

Trends in Dividend Per Share and Dividend Payout Ratio

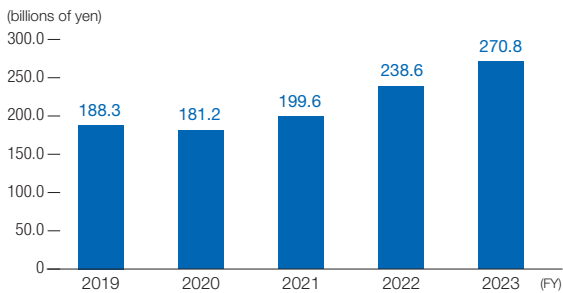


Financial and Non-Financial Highlights

Consolidated Financial Highlights

Net Sales

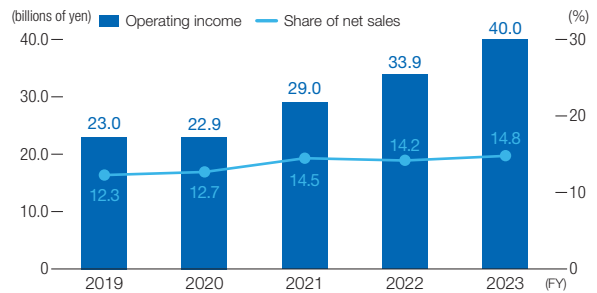
270.8 billion yen



As normalization of economic activities progressed further owing to the lifting of behavioral restrictions for COVID-19, inbound demand recovered while product proposals meeting customer needs and depreciation of the yen contributed to a significant increase in net sales.

Operating Income and Share of Net Sales

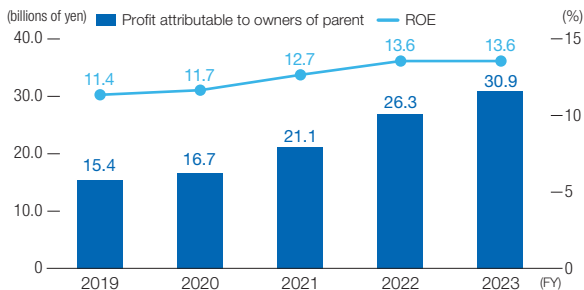
40.0 billion yen / **14.8%**



Despite the impacts of higher advertising and sales promotion expenses and R&D expenses as well as soaring raw materials costs, operating income increased 17.9%, reflecting a significant increase in net sales and a reduction in the cost of sales ratio due to improvement of the capacity utilization rate resulting from higher sales.

Profit Attributable to Owners of Parent and Return on Equity

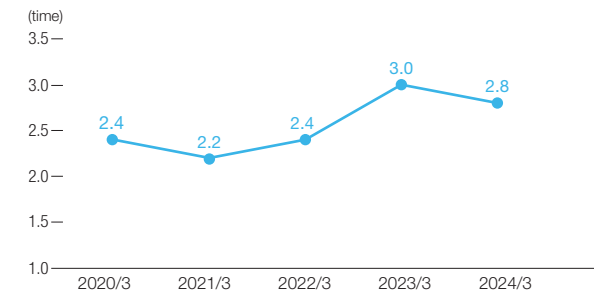
30.9 billion yen / **13.6%**



We also posted a record amount of profit attributable to owners of parent, with five-year average ROE risen to 12.6%.

Price Book-value Ratio

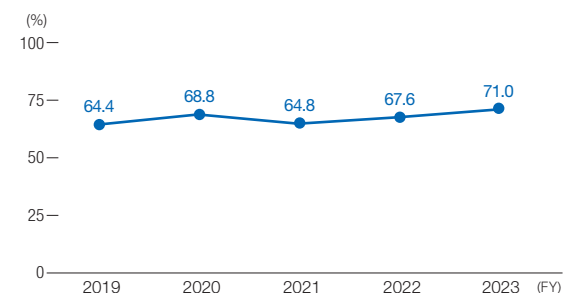
2.8 times



PBR trended stably around 2.5x, and is around 3x lately. This is considered to be the result of ROE exceeding the cost of capital. We will continuously aim to improve the return on capital.

Equity Ratio

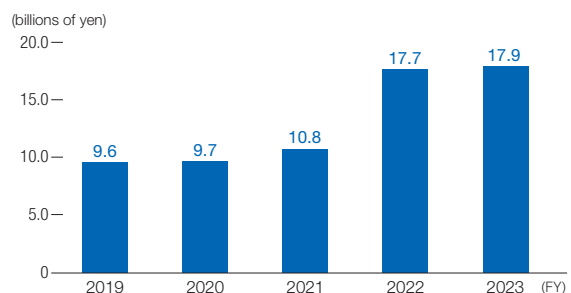
71.0%



Despite the continuance of a harsh business environment due to various social situations, we have been able to stably maintain the equity ratio at a high level.

Free Cash Flow

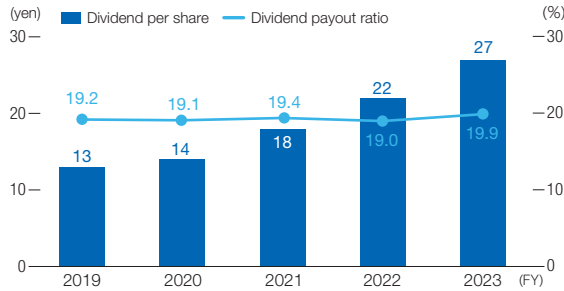
17.9 billion yen



We ensured that free cash flow always remained positive while still investing in new projects and spending on facilities and equipment.

Dividend per Share and Dividend Payout Ratio

27 yen / 19.9%

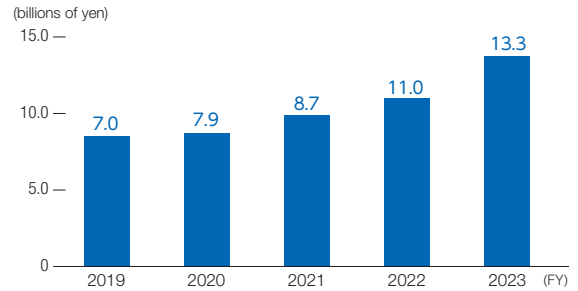


● We plan to pay an annual dividend of 33 yen for fiscal 2024. This will be the 21st consecutive year that we have raised our dividend.

* The Company implemented a stock split on January 1, 2023. The figures were calculated on the assumption that the stock split was implemented at the beginning of fiscal 2019.

R&D Expenses

13.3 billion yen



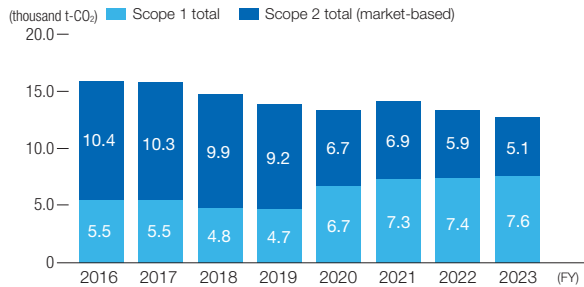
● We carried out strategic, upfront investment to promote sustainable growth in the areas of ophthalmology and regenerative medicine.

Non-Financial Highlights

* Rohto Pharmaceutical Co., Ltd. only (non-consolidated)

Environment CO₂ Emissions (Scope 1 and 2)

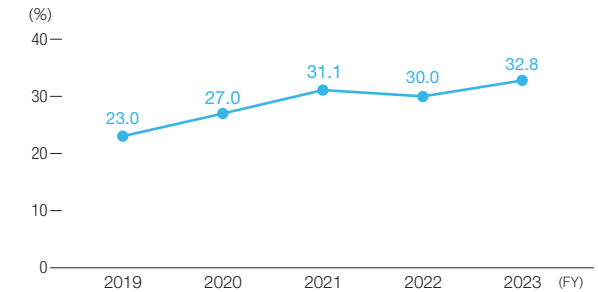
12,722 t/year



● Despite increased production driven by strong sales, CO₂ emissions decreased due to more efficient use of energy and conversion to carbon-free electricity.

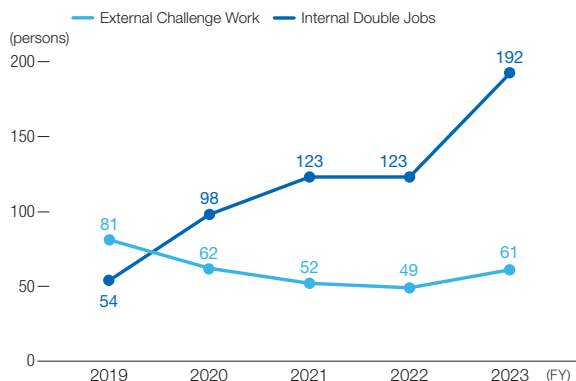
HR Ratio of Female Managers

32.8%



● We are promoting the creation of pleasant workplaces where members can make the best use of their abilities regardless of gender. The ratio of female managers remained high.

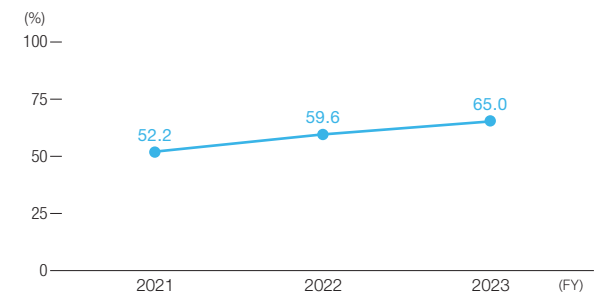
HR External Challenge Work and Internal Double Jobs



● We offer our members opportunities for challenge and growth, encouraging workstyles that enable them to maximize their potential through engagement in multiple jobs.

Health Proportion of Employees with Lower Health Age than Chronological Age

65.0%



● One of the health and productivity management targets set in 2021. The proportion of employees with a lower health age* than chronological age has been increasing year by year.

* Health age: Age calculated based on the physical fitness measurement results (physical fitness age, walking age, brain activity age).

History of Value Creation

Ever since its founding, while always adhering to the corporate philosophy—for people to enjoy a fulfilled and happy life—Rohto Pharmaceutical has been continuously offering products and services that contribute to mental and physical health, thus promoting the well-being of people worldwide.

1899- Foundation

FY1990
Net sales of
25.0
billion yen

Founded with gastrointestinal medicines

“All diseases start from the stomach.” Launched Ikatsu gastrointestinal medicine against the backdrop of an increase in the number of people suffering from stomach diseases



1899 Ikatsu



1962 Pansiron

1990- Leap from a pharmaceutical company

FY2000
Net sales of
50.0
billion yen

FY2007
Net sales of
100.0
billion yen

Launch of Japan's first OTC pregnancy test kit

OTC kit for pregnancy tests, which previously could only be done at hospitals



1985 Checker



1993 Dotest hCG

Entering the *kampo-yaku* (Chinese herbal medicine) market

Ease of understanding and accessibility



2006 Wakansen series

Taking on the challenge of food products

Support children's growth period



2007 Senobio

Internal medicine, food products, other

Eye care

Launch of eye drops against the backdrop of the spread of eye diseases



1909 Rohto Eye Drops

Responding to various eye concerns and proposing new value



1979 New V Rohto



1987 Rohto Alguard



1987 Rohto Zi



1994 Rohto Zi Lycée

Shift from “eye drops” to “eye care”

Launched contact lens care products available at drugstores. Opened a reliable call center for consumers' peace of mind



1995 Rohto C Cube

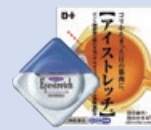
Launched soft contact lenses



1999 Rohto i.Q.

Functional eye drops

Launched eye drops responding to diversification of eye concerns



2002 Rohto Eyestretch to relieve eye muscle fatigue



2003 Rohto Yujunsui for use before going to bed



2004 ROHTO DRY AD

Skincare

Entry to the skincare field

Entered the skincare market, starting with dermatological medicines and lip balms



1975 Mentholatum



1990 Mentholatum AD Cream

Entry into the sun care and acne care fields

Expanded the lineup to help solve customers' skin problems



1993 SUNPLAY



1998 Acnes

Functional cosmetics

Pursued functions and evidence, focusing on the fundamentals of skin. Turning pharmaceutical concepts into cosmetics



2001 Obagi



2004 HADALABO

Global

1983 Began sales of eye drops in Asia
1988 Made The Mentholatum Company (U.S.) became a subsidiary

1991 Established Mentholatum (China) Pharmaceuticals Co., Ltd.
1996 Established PT. Rohto Laboratories Indonesia. Began manufacturing and sales of intraocular lenses
1997 Established Rohto-Mentholatum (Vietnam) Co., Ltd.
1998 Opened Vietnam Plant
2001 Began sales of eye drops in the U.S.
2002 Acquired Selsun brand rights in Asia and Africa
2008 Began sales of HADALABO products in Asia

Business/M&A

1959 Opened Osaka Plant

1999 Opened Ueno Plant (Mie Prefecture)
2002 MG PHARMA Inc. became a subsidiary
2006 Opened Research Village Kyoto
2007 Meguro Kako Inc. (currently Qualitech Pharma Co., Ltd.) became a subsidiary

Breakthrough of cosmetics

FY2014
Net sales of
150.0
billion yen

Advocating feminine care

Launched Japan's first switched-OTC drug for recurrent vaginal candida



2008 Mentholatum Flady CC Vaginal Tablets

Taking on the challenge of food business

Synergy between skincare and food



2010 Obagi Derma Force Inner Effect Essence

Launched a restaurant business to support health through everyday nutrition (Shunkoku Shunsai)

Taking on agriculture

Taking on the challenge of added value

Containing 11 active ingredients, more than any comparable product in Japan



2008 Rohto V11

Japan's first eye drop for allergy symptoms that can be used while wearing soft contact lenses



2009 Rohto Allguard Contact

Taking on the challenge of counseling sales

Started sales at department stores with the introduction of an aging care brand for which cutting-edge technology is applied



2009 episteme

Expansion of the range of functional cosmetics

Anti-age spots*2



2009 MELANO CC

Anti-odor



2013 De Ou

Aging care*1



2007 50 Megumi

Ceramide care*3



2014 CareCera

- 2010 Established Tianjin Rohto Herbal Medicine Co., Ltd. (China)
- 2013 Launched HADALABO TOKYO for Europe and the U.S.
- 2013 Established Rohto-Mentholatum (Kenya) Ltd.
- 2013 Established Rohto-Mentholatum (Cambodia) Co., Ltd.
- 2013 Established Rohto Mentholatum do Brasil Ltda
- 2014 Made Dax Cosmetics Spolka Z Organizczona Odpowiedzialnoscia (Poland) became a subsidiary

- 2013 Started regenerative medicine research
- 2013 Made Hokushinfoods Co., Ltd. became a subsidiary

2015- Expansion of the Group and diversification

FY2022
Net sales of
200.0
billion yen

Approach to eye care through internal medication

Offering foods with functional claims and internal medicines to approach eye care from within the body as the leading manufacturer of OTC eye care products



2015 Rohto V5



2022 V Rohto Premium Eye Oral Tablet

Expansion of the testing kit field

Check at home for COVID19 and other infectious diseases



2021 Dotest COVID19

Taking on the challenge of high-functioning eye drops

Research in pursuit of the best drop for the 100-year-life era



2016 V Rohto Premium series

Entry in the hair care market
Toward the aging hair care market with hair dye for grey hair gentle on the scalp



2016 50 Megumi Scalp Care Color Treatment

Taking on the challenge of new sales channels
e-commerce brand to expand sales channels
Collaboration with beauty clinics on sales methods



2020 SKIO



2023 Dermacept RX

- 2016 Made Ophthalmos S. A. (Brazil) became a subsidiary
- 2016 Established Rohto-Mentholatum (Lanka) Pvt. Ltd. (Sri Lanka)
- 2019 Established Rohto Advanced Research HK Ltd.
- 2019 Began sales of eye drops in Africa
- 2021 Began sales of eye drops in Europe
- 2021 Made Hydrox Laboratories (U.S.) became a subsidiary
- 2022 Established a joint venture company in China to promote the regenerative medicine business

- 2015 Made Mayado Pharmaceutical Co., Ltd. became a subsidiary
- 2016 Obtained license for manufacturing specific cell-processed products
- 2017 Began clinical trial of ADR-001 for cirrhosis of the liver
- 2019 Entered into ophthalmology
- 2020 Made Nitten Pharmaceutical Co., Ltd. (currently Rohto Nitten Co., Ltd.) became a subsidiary
- 2021 Made Amato Pharmaceutical Products, Ltd. became a subsidiary
- 2022 Entered the companion animal business
- 2022 Obtained approval to manufacture and sell AutoloGel System, a wound treatment system
- 2023 Established a joint venture company with Fujita Academy, entered the real-world data business

*1 Moisturization according to age *2 Suppresses melanin production and prevents blemishes and freckles *3 Ceramide (moisturizing ingredient)

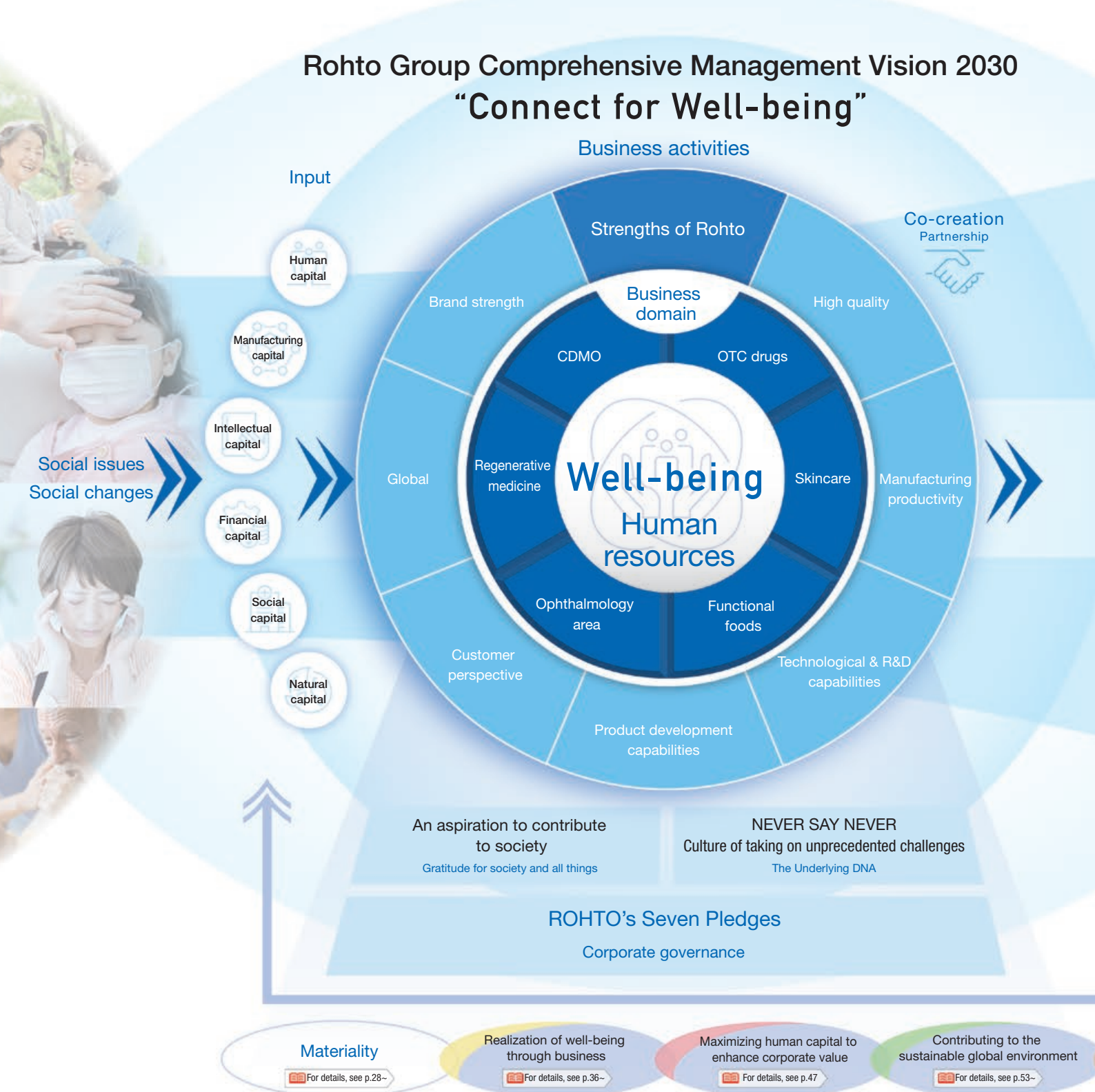
Value Creation Process

Rohto's Purpose

Lead all individuals and society surrounding us to "well-being" by delivering "health" to people around the world through our products and services and to make people happier and make the future brighter

Realization of a sustainable society with well-being

Rohto Group Comprehensive Management Vision 2030 "Connect for Well-being"



Output



Innovation



Shared value for society

Sustainable well-being society

A society where people all over the world can live long lives, enjoying healthy and happy days filled with smiles.

Physical and mental well-being

Extending the time to experience happiness

Extending healthy life expectancy

Beauty based on health

Health not dependent on medication

Circular society

“Joy of seeing”

Consumers and future generations

Rohto's employees and their families

Business partners (suppliers/distributors)

Shareholders and investors

Environment

Countries and local communities

Coexistence with society

For details, see p.59~

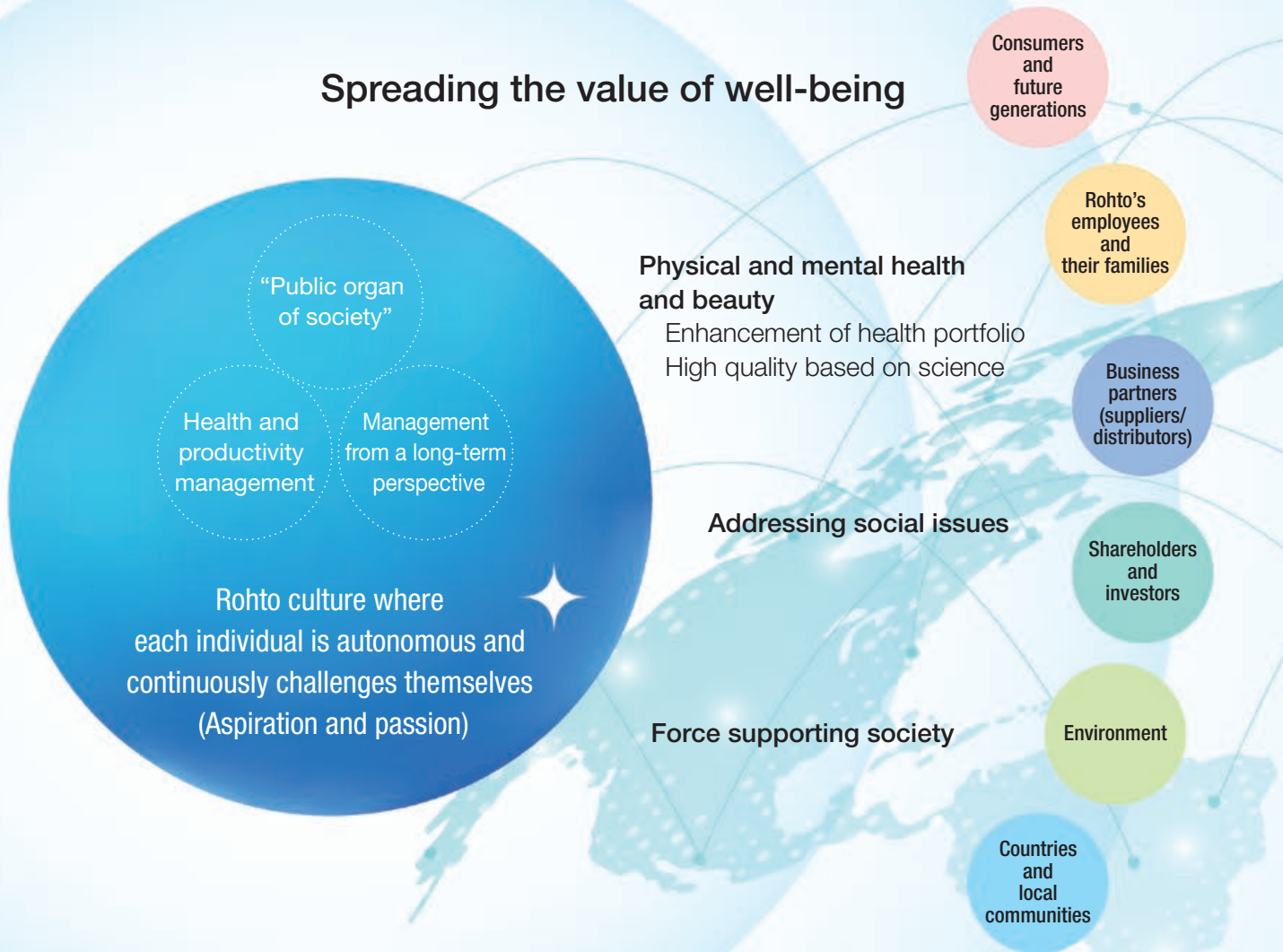
Strengthening of business foundations

For details, see p.67~

Rohto's well-being management

The “well-being management” that Rohto pursues is founded on our corporate philosophy and the mental and physical health of our members. We aim to promote the value of well-being both within the Company and beyond. We foster meaningful connections between people, co-create with colleagues within and outside the Company, and cultivate well-being by continuously rising to new challenges. In this way, we endeavor to promote well-being in all aspects of life—for consumers, future generations, business partners, local communities, countries, the world, and the natural environment—thus contributing to the formation of a sustainable society with well-being.

Spreading the value of well-being



Commitment to stakeholders who co-create well-being [Profit-sharing policy]

- **Consumers and future generations**
 We will contribute to mental and physical health by offering high-quality products and services at fair prices. We will also help improve people's well-being by sharing knowledge and engaging in health promotion activities.
- **Rohto's employees and their families**
 We will reward our employees and their families appropriately through remuneration, benefits, and training by creating jobs based on steady growth in sales and profits. We will also support the physical and mental health of our employees and their families through the promotion of health and productivity management.
- **Business partners (suppliers/distributors)**
 By steadily increasing our business partners' sales, we will increase payments to them and contribute to their creation of employment opportunities.
- **Shareholders and investors**
 We will take a long-term perspective and strive to increase our corporate value in a stable and sustainable manner by becoming a company that truly contributes to society. We will pay dividends that reflect business performance while aiming for a dividend payout ratio of 25%.
- **Environment**
 We will work to reduce greenhouse gas emissions, conserve resources and the environment, build a resource recycling-based society, and take other environmental considerations into account.
- **Countries and local communities**
 We will pay taxes on profits generated by our business activities and fulfill our social responsibilities. We will contribute to the revitalization of local communities and the creation of a society with well-being through our business activities and social contribution activities.

Management from a long-term perspective

For people to enjoy fulfilled and happy lives, the Company assumes the great responsibility of contributing continuously to their mental and physical health, always endeavoring to operate its business from a long-term perspective and generate value, and thus establishing a strong and stable business foundation. Rooted in a culture in which aspiring, passionate members take on challenges autonomously, we will work together with those around us to address social issues and share the resulting benefits as a “public organ of society.”

Self-supporting manufacturing

We value self-supporting manufacturing, which encompasses all processes from development to sales, in each region, while strengthening collaboration across the Group.

By responding to the needs of local communities and society, and maintaining a strong commitment to quality, we will deliver health and well-being to people around the world. This will foster autonomous growth of human resources and Group companies, creating a ripple effect of well-being. The autonomy and self-reliance of each Group company will minimize supply chain risks for the entire Group and lead to enhanced resilience.

Mutual growth of individuals and the Company as a beneficial influence in society

Our individuals' autonomous growth leads to their well-being, which, in turn, helps the organization grow, creating a ripple-effect extending to their families and local communities as a beneficial influence on society.

The health and well-being of both individuals and the organization create new value and positively impact local communities and the world. Through this approach, we aim to foster a society with well-being.

Sustainability

For Rohto, sustainability initiatives are activities to resolve various social issues related to health through our business activities. These initiatives drive both corporate growth and the creation of social and corporate value, aligning closely with our business operations. Our goal is to build a society with well-being, which is at the heart of our corporate purpose. We pursue this through six key business domains, including our core OTC drugs and skincare businesses. By integrating ESG and SDGs values into our management, we strive to achieve our purpose.

Sustainability Policy

Based on our Corporate Philosophy, Code of Values and Conduct (Rohto's Seven Pledges), and various policies, we will work together with all stakeholders, including consumers, business partners, employees, shareholders and investors, and local communities, to fulfill our social responsibility toward the realization of a society with well-being and to enhance our corporate value.



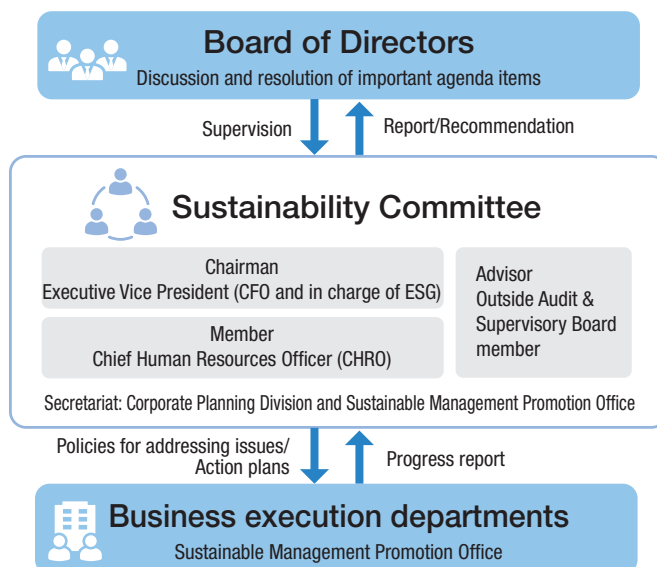
Sustainability Action Guidelines

1. Contribute to the realization of a society with well-being and the resolution of environmental issues through our business activities. management.
2. Aim for co-prosperity with all stakeholders, as a company that is a “public institution of society.”
3. Conduct corporate activities under sound governance, and aim for fair, transparent and trustworthy

Sustainability Promotion System

To promote our sustainability efforts, we established the Sustainability Committee, which serves as an advisory committee to the Board of Directors. The Committee has been active since 2021.

The Committee determines policies to address the issues identified, formulates action plans, and monitors and evaluates progress. Its deliberations are reported to the Board of Directors as appropriate, with recommendations provided as needed. Particularly important matters are discussed and resolved by the Board of Directors. In a reorganization conducted in March 2024, we established the Sustainable Management Promotion Office, a dedicated organization spun off from the Public Relations Division to promote ESG-related initiatives and enhance the practicality of the sustainability promotion system.



TOPICS

Sustainability Targets 2030

We identified key focus areas corresponding to the ideal state of the Group in non-financial fields, and in May 2023, set targets as “Sustainability Targets 2030.” Going forward, we will promote initiatives to realize a society with well-being while monitoring progress toward achieving these targets, adding and modifying the targets in response to changes in the environment and expansion of our initiatives.



https://www.rohto.co.jp/-/media/cojp/global/sustainability/management/materiality/sustainability_targets_2030.pdf

Sustainability section opened

In March 2023, we added a section on sustainability to our corporate website. In the sustainability section we disclose the Rohto Group's activities aimed at achieving sustainability and strive to further deepen the understanding of our stakeholders.



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

Materiality

Materiality Identification

In order to promote efforts to resolve priority issues in sustainability, we have identified five materiality issues from the perspective of ESG/SDGs that we should prioritize through business activities. We will promote initiatives for each materiality issue to enhance corporate value and achieve sustainable growth.

Materiality identification process

Step 1 Identification of social issues



The Sustainability Committee analyzes global social issues and ESG trends with reference to various guidelines and norms such as SDGs and GRI standards, and identifies issues.

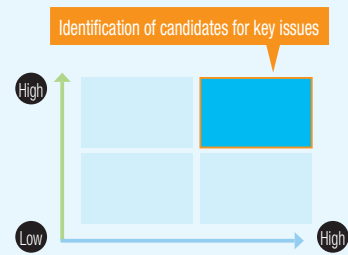
Step 2 Narrowing down key issues



Discussions are held among senior management, including outside officers, on the issues identified, and materiality issues are selected.

Viewpoints emphasized

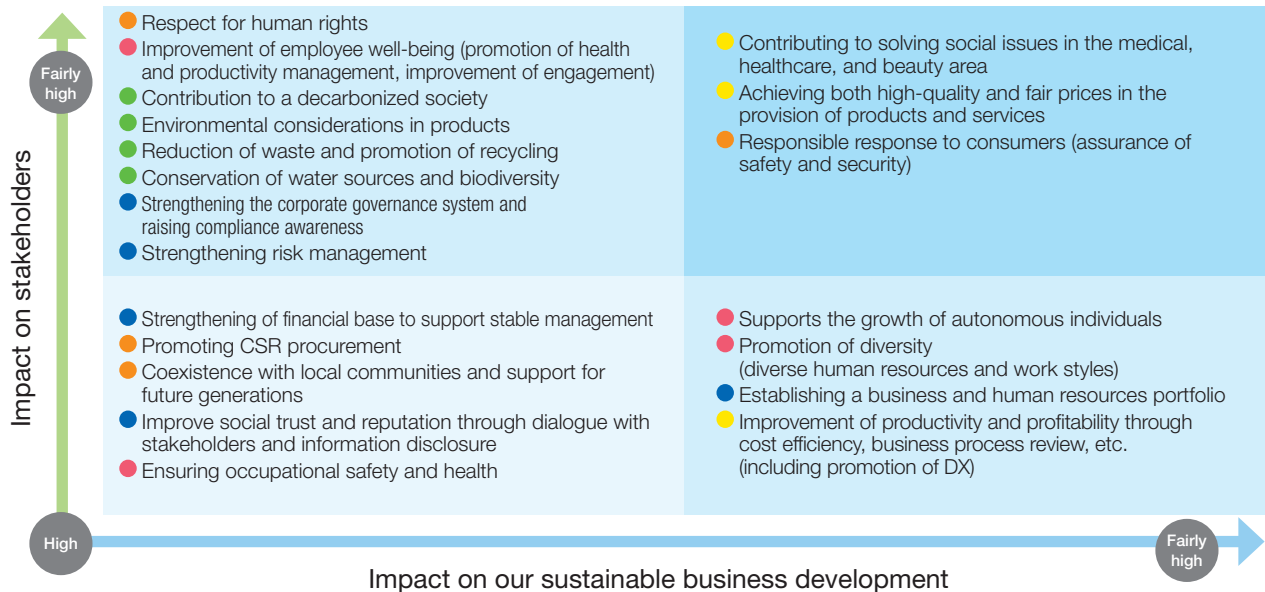
- Does it contribute to the realization of a society with well-being, and contribute to the development of the Company and society?
- How much impact does it have on our management, including consistency with our growth strategy?
- Is it an ESG measure to be strengthened to contribute to the enhancement of our corporate value?



Step 3 Assessment of validity and identification of materiality

Materiality issues identified in step 2 are finalized by the Sustainability Committee and approved by the Management Committee.

Rohto Group's Materiality Matrix



Five materiality issues

- 1 Realization of well-being through business
- 2 Maximizing human capital to enhance corporate value
- 3 Contributing to a sustainable global environment
- 4 Coexistence with society
- 5 Further strengthening of business foundations

Rohto Group's Materiality (Key Issues)

Materiality	Main issues
<p>Realization of well-being through business Strengthen development capabilities and competitiveness of businesses and well-being products and services to contribute to the realization of a society with well-being</p> 	<ul style="list-style-type: none"> • Contributing to solving social issues in the medical, healthcare, and beauty area • Achieving both high-quality and fair prices in the provision of products and services • Improvement of productivity and profitability
<p>Maximizing human capital to enhance corporate value Promoting co-growth between the Company and members</p> 	<ul style="list-style-type: none"> • Supports the growth of autonomous individuals • Improvement of employee well-being (promotion of health and productivity management, improvement of engagement) • Promotion of diversity (diverse human resources and work styles) • Ensuring occupational safety and health
<p>Contributing to a sustainable global environment Prevention of global warming and harmony with the natural environment</p> 	<ul style="list-style-type: none"> • Contribution to a decarbonized society • Environmental considerations in products • Reduction of waste and promotion of recycling • Protection of water sources and biodiversity
<p>Coexistence with society Building trust with stakeholders to become needed and trusted by society</p> 	<ul style="list-style-type: none"> • Responsible response to consumers (assurance of safety and security) • Respect for human rights • Promoting CSR procurement • Coexistence with local communities • Support for future generations
<p>Further strengthening of business foundations Strengthening financial and organizational foundations to support sustainable growth</p> 	<ul style="list-style-type: none"> • Strengthening the corporate governance system • Raising compliance awareness • Strengthening risk management • Establishing a business and human resources portfolio from a long-term perspective • Strengthening of financial base to support stable management • Improve social trust and reputation through dialogue with stakeholders and information disclosure

Metrics	FY2023 results	Targets for 2030
Number of new products contributing to well-being	68 items	—
Number of renewed products with improved quality, environmental performance, and convenience	87 items	—
Number of long-selling brands	24 brands	—
New capital alliances and investments	30	—
Joint research	More than 300 cases	—
Number of countries where eye drops are marketed	37 countries	—
Score on a questionnaire on "Well-being" status (Measuring members' engagement)	Average of 5 items: 6.89 points	Full score for all items
Certified as a Health & Productivity Management Outstanding Organization (White 500)	Certified in FY2023	Maintain certification
Certified as a Sports Yell Company	Certified in FY2023	Maintain certification
Consultation rate for health checkups	100%	100%
Consultation rate for stress checks	98.8%	100%
Utilization rate of child leave by male employees	46.4%	100%
Employment of persons with disabilities exceeding the mandatory employment rate	2.5%	3.0% or more
Provision of career training for employees 50 years old or over	Preparing for provision	Provide annually
Installation of gender-free toilets at self-owned offices	Already installed	
Utilization rate of paid leave	80.0%	80% or more
Utilization rate of paid leave for 5 or more consecutive days	36.9%	80% or more
Number of lost worktime accidents	3	0
Reduction of total GHG emissions (Scope1 & 2 of ROHTO)	19.6% (compared to FY2013)	46% or more (compared to FY2013)
Purchase rate of Co ₂ -free electricity at major offices	55.5%	100%
Reduction of domestic usage of plastics for containers and packages	Targets to be set	
Usage rate of eco-friendly papers for paper containers and packages	66%	90% or more
Purchase rate of "green" (eco-friendly) office supplies in domestic offices	43.8%	90% or more
Purchase rate of "green" (eco-friendly) printing papers in domestic offices	100%	90% or more
Establishment of criteria for using the "R-eco" mark	Established the usage criteria	Establish a target for the application rate
Procedure to procure palm oil	Participated in external initiatives	100% conversion
Number of PL accidents and major quality incidents	0	Continue 0
Provision of education and training about human rights and harassment to all members (officers and employees)	Provided	Continue to provide annually
Implementation of a questionnaire survey for ROHTO's suppliers on sustainable procurement	Implemented for 44 companies (80%)	Expand implementation to domestic and overseas Group companies
No scandal and material legal violation by further enhancement of compliance awareness	0	Continue 0
Provision of compliance education (including an e-learning course) to all employees	Provided	Continue to provide annually
Setting up a consultation desk to receive whistleblowing from business partners (including suppliers)	Established a consultation desk	—

* Results are reported on a non-consolidated basis (Rohto Pharmaceutical Co., Ltd. only).

Manufacturing Capital Enhancement

Major production sites

21
locations

- Amato Pharmaceutical Products, Ltd. Fukuchiyama Plant
- Amato Pharmaceutical Products, Ltd. Sanda Plant
- Mayado Pharmaceutical Co., Ltd.
- Qualitech Pharma Co., Ltd. Shiga Plant
- Rohto Nitten Co., Ltd. Nagano Plant
- Qualitech Pharma Co., Ltd. Shizuoka Plant
- Rohto Nitten Co., Ltd. Nagoya plant
- Rohto Pharmaceutical Co., Ltd. Ueno Plant
- Rohto Pharmaceutical Co., Ltd. Osaka Plant

Rohto Group's major production sites



Strengthening of eye drop production line in Indonesia

In fiscal 2023, PT. Rohto Laboratories Indonesia, a subsidiary, achieved double-digit sales growth in local currency, continuing the trend from the previous year, and demand is expected to continue growing. In November 2023, we announced completion of our project to expand the production line for eye drops and intraocular lenses for cataract patients, which had started in 2022. The expanded production line, equipped with machinery and equipment using technology that meet Good Manufacturing Practice (GMP) requirements, has increased the annual production capacity of eye drops from 18 million to 35 million units and that of intraocular lenses from 420,000 to 500,000 units. In addition to sales in Indonesia, we will provide high-quality products to meet the demands of our customers worldwide through the Rohto Group companies overseas.



Strengthening production capacity by launching the second plant in Vietnam

Rohto-Mentholatum (Vietnam) Co., Ltd., which owns the Vietnam Plant, one of the Rohto Group's main factories, acquired Naris Cosmetics Vietnam Co., Ltd. The plant started production in May 2023 as Rohto Group's second plant in Vietnam, reinforcing the production system for skincare and hair care products. The Group aims to achieve sustainable growth over the medium- to long-term by responding to increasing demand for our cosmetics in Vietnam and throughout Southeast Asia where economic growth continues.



Reinforcement of production lines at Hydrox Laboratories, Inc.

Hydrox Laboratories, Inc., which manufactures and sells disinfectants and cleaning agents for medical institutions, has added two production lines and is also promoting line automation. The company has expanded its production system to meet increasing demand from local medical institutions, in view of the recovery of hospital functions since the COVID-19 pandemic.

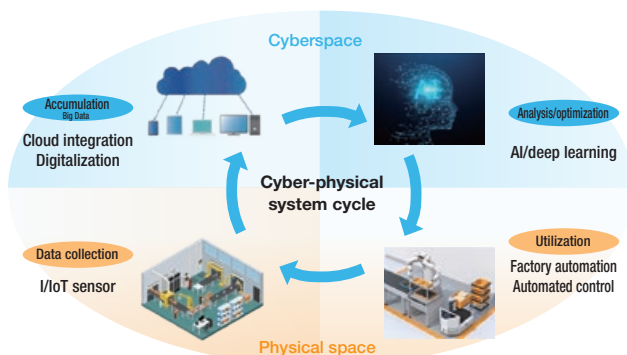


Japan

Development of a Cyber-physical System (CPS)

A CPS is a system that collects various data from physical space (real space) using sensor networks, etc., and analyzes and converts the data into applicable knowledge by leveraging large-scale data processing technology, etc. in cyberspace (virtual space). The information and value thus created can be used to revitalize industries and address social issues. Rohto is collaborating with the Fujisawa Laboratory of the Institute of Innovative Research of Tokyo Institute of Technology and First Loop Technologies, Inc. to verify CPS with a view to implementation at the new facility at Ueno Techno Center and eventually transformation of the entire Group into a "smart factory."

By implementing "visualization of people and goods," "visualization of automatic transporters," "location sharing of trucks transporting goods between sites," and "database linkage," we aim to optimize the movement and placement of goods within and outside the plant. These functions will enhance plant efficiency and contribute to the well-being of workers.



Reinforcement of production capacity of Ueno Techno Center

The Rohto Group's mother plant, Ueno Techno Center, commenced operation of a new facility, Building C, in September 2022. As a result, Ueno Techno Center's production capacity has increased 1.5 times compared to its previous capacity. As a people- and environment-friendly "smart factory," the new facility aims to reduce environmental impacts while ensuring safety and efficiency. Furthermore, to reinforce production capacity and productivity, it began 24-hour operation in fiscal 2023, taking into consideration workstyle reform. Production efficiency is enhanced while also incorporating diverse workstyles.



Acquisition of plants manufacturing specific cell-processed products

The Rohto Group has expanded its production sites in addition to plants for eye care and skincare products and internal medicine. To respond to growth of the market for cell preparations led by increasing demand for regenerative medicine in recent years, we are establishing a system to ensure stable supply. In fiscal 2023, Rohto Cell Factory Tokyo Co., Ltd. joined the Rohto Group as our third cell processing center (CPC), alongside Research Village Kyoto and Cell Laboratory Tokyo.

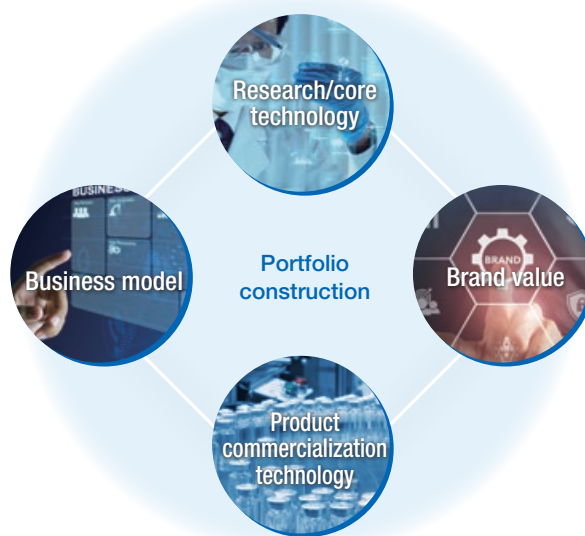


Intellectual Capital Enhancement

The Rohto Group believes that intellectual property will play an increasingly important role in creating new value. Positioning intellectual property as an important management resource, we are working to strengthen our global intellectual property capabilities in order to create new value and lead the Group to sustainable growth. In this way, we will contribute to the realization of a sustainable society.

Portfolio Construction

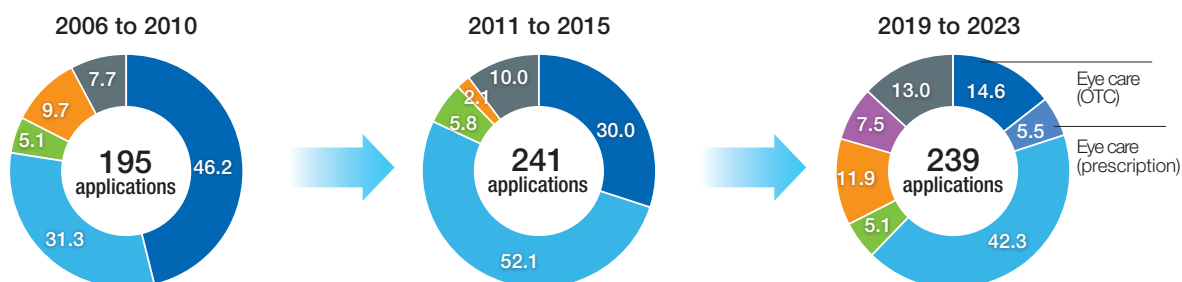
With health as the core value of our business, we have continuously faced changes in society and our customers and continued to create value. Starting with the establishment of a healthcare business centered on eye care, we have seen the growth of our functional cosmetics business in recent years, and now we are moving forward with management based on more business pillars. At the same time, our intellectual property activities are also evolving in many ways. We will strategically build an optimal portfolio and strive to strengthen our future competitiveness.



Number of Patent Applications

* From January to December

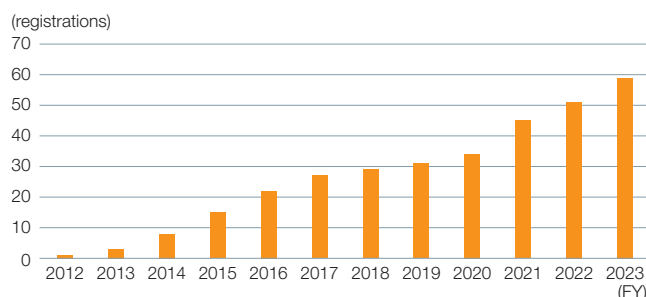
■ Eye care ■ Skincare ■ Internal medicines ■ Food products ■ Regenerative medicine ■ Other (%)



The number of patent registrations is increasing in line with overseas development of the eye care business. We are strengthening our presence not only in Asia, where we have been developing business with V-Rohto, but also in Europe and the Middle East, where we have recently begun to make inroads.

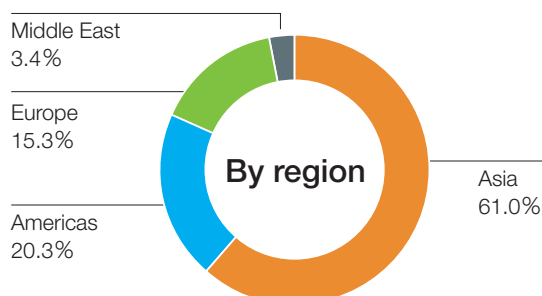
Overseas, we are steadily making appropriate investments each year and implementing intellectual property strategies tailored to overseas needs, such as for tear film stabilization and preservative-free products.

Cumulative Number of Patent Registrations Overseas



Patent Registrations by Region

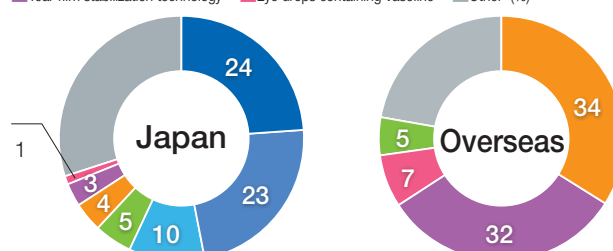
* Patents valid as of December 2023



Patent Registrations in Japan and Overseas by Category

* Patents valid as of December 2023

■ Ingredients switched to OTC ■ Eye drops for contact lenses ■ Formulation technology
 ■ Preservative-free related technology ■ Container-related technology
 ■ Tear film stabilization technology ■ Eye drops containing Vaseline ■ Other (%)

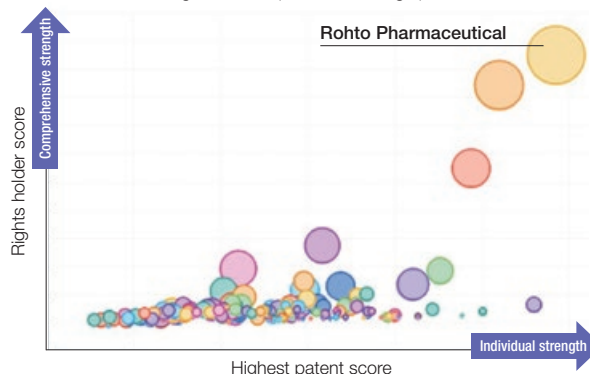


Strengthening Core Technology and Product Commercialization Technology

By taking on the challenge of research and development ahead of other companies, we have improved our technological capabilities and product capabilities as the source of our competitiveness. Through these efforts, we have been able to hold highly useful patents. We will continue to create products that not only ensure the efficacy and safety of our products and the stability of our formulations, but also pursue the comfort and convenience of our customers and patients. In order to continue to be a company that is supported, we will appropriately protect and use technologies that is needed to be protected.

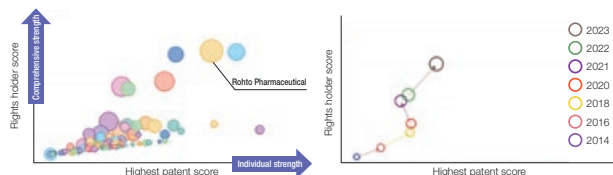
Ophthalmological Medicine Patents

Size of circle: number of valid patents
Vertical axis: rights holder score (comprehensive strength)
Horizontal axis: highest score (individual strength)



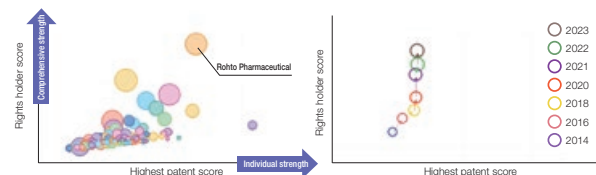
Cosmetics x Ascorbic Acid (Vitamin C) Patents Held

Size of circle: number of valid patents



Cosmetics x Hyaluronic Acid Patents Held

Size of circle: number of valid patents



*Created by the Company using Patent Result Co., Ltd.'s patent analysis tool "BizCruncher." The size of the circle indicates the number of valid patents in the relevant field, the horizontal axis shows the score of the single patent with the highest value among the patent group of each rights holder, and the vertical axis shows the sum of the scores of each rights holder's patents. 2024年7月時点

Strengthening Brand Value—Protecting Interests

We are promoting our brands around the world through localization to suit the circumstances of each country and region, while always retaining the core values and other attributes of the brand. In order to thoroughly protect the value we promise our customers through our brands and to actively foster our brands, we are vigorously pursuing acquisition of major trademarks and designs as well as brand protection. All these activities also help protect our interests.

Building Intellectual Property Rights Globally



Brand Protection—Protecting Safety of Customers and Trust in Rohto

As the number of brands that are widely loved by customers has increased, and the world's commercial flow has changed significantly with the emergence of many platforms that allow people to easily sell products to anyone anywhere in the country, now the damage caused by counterfeit products has become a major social issue. To ensure that all customers can use our products with peace of mind, we take a resolute stance against counterfeiting and work together to address this issue as an industry-wide problem. This not only

protects and prevents damage to our brands, but also minimizes health damage to our customers. We want to offer a daily life filled with "surprise" and "joy." This idea is at the base of our manufacturing. Our brands are important assets that have grown through the gratitude and encouragement we feel from the "happy surprise" testimonials of our many customers. We will continue to listen to the voices of each and every customer and work hard every day to maintain trust and a sense of security in our product brands.

Open Innovation—Resolving Social Issues through Collaboration

We license our patented technologies to contribute in solving social issues by using our technologies to drive innovation in various fields. Based on the technologies

we have accumulated so far, we will develop new businesses in collaboration with partners and contribute to the realization of a world of well-being.

Social Capital Enhancement

Multifaceted and Diverse Connections for a Society with Well-being

-With an eye to the future, create synergies among businesses and people to address social issues-

Under the Management Vision 2030 “Connect for Well-being,” we have six main businesses: OTC drugs, skincare, functional foods, regenerative medicine, ophthalmology, and contract development and manufacturing organization (CDMO). We are working with external organizations to promote co-creation not only in healthcare but also in the areas of food, community, and health and productivity management.

By deepening global connections beyond regions and swiftly incorporating the latest knowledge and technology, we will provide new value to our customers in order to realize a sustainable “society with well-being.” We aim to maximize synergies by various means, including joint research, alliances, M&A, and collaboration with local governments, to achieve sustainable growth and provide value far into the future.



Co-Creation Started in 2023 (excerpt)

FiNC Technologies Aiming for social implementation of DX/AI-based services offering new value for pre-symptomatic states and in the healthcare domain.

We invested in FiNC Technologies Inc., which develops healthcare apps and operates a digital platform utilizing health data. Through this partnership, we aim to realize new value-added proposals utilizing DX/AI for pre-symptomatic states and in the healthcare domain. We are pursuing health and productivity management and social implementation of customer-oriented digital services.

INOJIN Creating new value using digital technology in the eye care domain

We entered into a capital alliance with InnoJin Inc., a start-up company with venture-backing from Juntendo University engaged in medical and healthcare-related IT business. Through the alliance, we aim to accelerate eye health support by using digital medicine, leveraging the partners’ combined eye care knowledge to promote the well-being of both individuals and society from the perspective of eye health.

学校法人 藤田学園 Utilizing real world data for future health, medicine and nursing care domains

We have established a new company in collaboration with Fujita Innovation Capital Co., Ltd., which fosters research seeds originating from Fujita Health University and supports businesses that swiftly translate and deliver cutting-edge medical technologies originating in academia to patients. The idea is to promote utilization of medical data obtained through daily clinical practice. The medical data handled include medical receipt data, electronic medical records, and health checkup data, collectively referred to as real-world data. Advances in medical IT in recent years have enabled acquisition and analysis of large datasets. Pursuing a multifaceted approach, we are endeavoring to advance commercialization through social implementation in the domains of health, medicine, and nursing care.

Co-Creation Track Record (excerpts)

New Capital Alliances and Investments	Joint Research	Regional Cooperation Agreements
<p>We are vigorously investing to increase synergy centering on the six key business domains.</p> <p>(From April 2020 to March 2024)</p> <p>30 cases</p> <p>Digital technologies/services: 9, Ophthalmology/OTC/Cosmetics: 8, Food/agriculture: 7, Regenerative medicine: 2, Other: 4</p>	<p>In addition to research on our own, we are vigorously engaged in joint research with external partners in the six business domains. Collaboration with academia, such as with university research institutes, accounts for about 80% of our joint research projects. By integrating the partners’ knowledge, we are promoting innovative research that will continue into the future.</p> <p>Ratio by business domain (%)</p> <p>Regenerative medicine: 29, Internal medicine/food: 22, Skincare: 14, Eye care: 14, Other: 21</p> <p>From April 2018 300 projects or more</p>	<p>From Hokkaido in the north to Ishigaki-jima Island in Okinawa in the south, we have concluded cooperation agreements centering on health, agriculture, and regional revitalization. We are working with local governments and local stakeholders to contribute to the well-being of local communities.</p> <p>15 agreements (as of March 2024)</p>

Rohto Group Comprehensive Management Vision 2030

Connect for Well-being

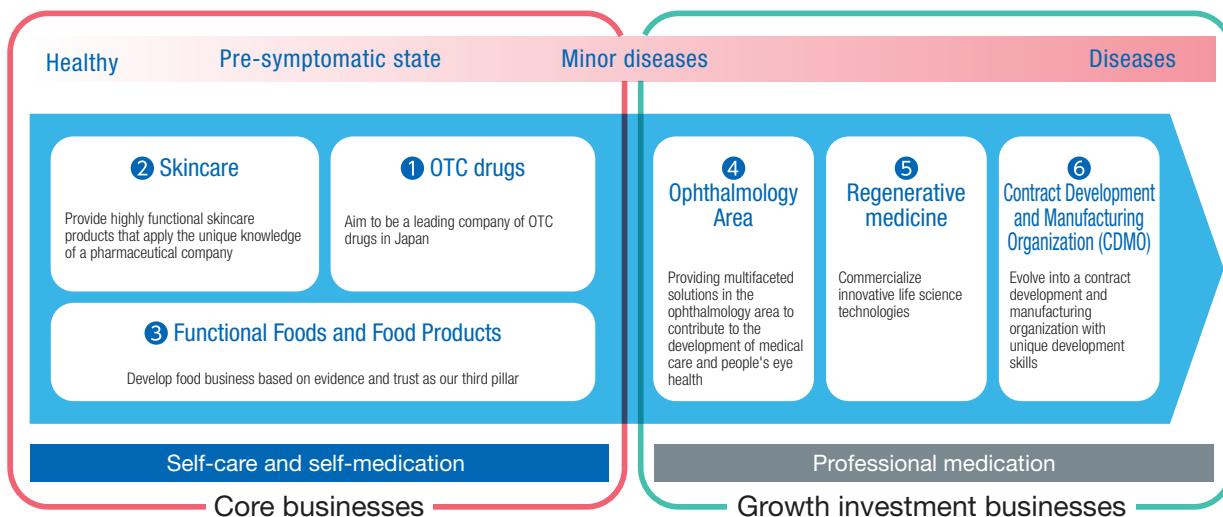
Rohto will continue to contribute to the beauty and health of people around the world and continue to be a company that people around us expect to exist. In February 2019, Rohto Pharmaceutical celebrated the 120th anniversary of its founding, and in order to clarify its aspirations, we have established the “Rohto Group Comprehensive Management Vision 2030,” which outlines our vision for the year 2030. In addition, we have also clarified the business domains that we will focus on over the next 10 years, and established the “Business Domain Vision 2030” as the vision we aim to achieve in each domain.

By connecting people all over the world with health, we aim to deliver well-being to people around the world and achieve a sustainable society where people can live long, healthy, and happy lives.

Connecting Businesses and Creating New Synergies



Domains addressed in Business Area Vision 2030



Core Businesses



OTC drugs

Aim to be a leading company for OTC drugs in Japan

As health awareness has increased and values have changed among people in recent years, OTC drugs have come to play an increasingly important role, not only in diseases, but also in addressing pre-symptomatic conditions.

In addition to existing eye care products, skin medicines, gastrointestinal medicines, *kampo-yaku* (traditional Chinese medicines), and in-vitro test kits, we are expanding into new fields through our subsidiaries. By leveraging such a wide range of research categories, we are developing products that meet diverse health needs. By providing products that help meet the growing demand for self-medication, we aim to contribute to a society where all individuals can live healthy lives.

Strengths

- As a company with a 115-year history in the OTC eye care category, we have maintained the top market share for many years. Our wide-ranging product lines benefit from the allegiance of numerous customers.
- Leveraging the technological and research capabilities that we have cultivated in the eye care business, we have steadily

expanded our product categories to include skin medicines, gastrointestinal medicines, *kampo-yaku* (traditional Chinese medicines), and in-vitro test kits, thereby enhancing the value of the Rohto Group in the OTC drugs field. Moreover, because we are involved in wide-ranging product categories, we can create synergy across fields.

Challenges and opportunities

- In the eye care business, we have the top market share for eye drops and our sales have been increasing in recent years, especially those of eye drops in the high-price range. Meanwhile, the competitive environment is becoming more challenging with every passing year. We believe it is important to strengthen the value of each brand as well as to enhance the value of our corporate brand so that customers choose Rohto for their eye care concerns with a sense of trust. Changes in the working environment and prolonged use of digital devices have made the eye care environment more challenging. We

will further vitalize the entire eye care category through the development of diverse products and promote educational activities to raise awareness of the importance of eye care.

- Regarding internal medicines and in-vitro test kits, the challenge is to strengthen product categories and nurture mainstay brands. Since the COVID-19 pandemic, demand for OTC drugs has increased owing to rising health awareness. We will strengthen existing brands while developing products attuned to customer needs.

FY2023 Overview

Achievements Eye care business remained steady centering on highly valuable eye drops and internal medicines strengthened and promoted

- Due to the rising demand for self-care, sales of highly valuable eye drops such as the V Rohto Premium series grew steadily, and Rohto maintained its No. 1 market share*1 in eye drops, continuing from the previous fiscal year.
- To strengthen the long-selling Rohto Lycée brand, we launched Rohto Lycée GLOW, as a new eye care proposal. We developed a new container that reduces the amount of one drop, thus preventing the smudging of makeup when applying eye drops. We were able to reach out to new customers and cultivate the market including improvements such as reducing the stress of young people on eye drops.
- For the first time in eight years, we renewed the Bofutsusyosan lineup of “Wakansen” series, which has been used by customers suffering from lifestyle-related obesity since 2006, in order to revitalize the brand so that customers will use it for a long time. Since the COVID-19 pandemic, the demand for *kampo-yaku* (traditional Chinese medicines) used to combat obesity has increased. As well as adding new claims by taking advantage of our many years of research into the mechanism of action of *kampo-yaku* (traditional Chinese medicines), the smell and taste of the tablets have been weakened by our tablet film coating technology. Moreover, the frequency of doses has been reduced to meet the needs of contemporary customers.
- Regarding internal medicines, we concluded a joint research agreement with the National Institutes of Biomedical Innovation, Health and Nutrition, and PLANTX Corp. in May 2023. The objective is to achieve stable cultivation in Japan of medicinal plants, which are the raw materials of *kampo-yaku* (traditional Chinese medicines) and other pharmaceutical products, and commercialization utilizing medicinal plants.
- To strengthen the laxative category, BORRAGINOL SMOOTH, a non-irritant laxative that is gentle on the bowel and buttocks, was released under the BORRAGINOL brand of Amato Pharmaceutical Products, Ltd., the top brand of hemorrhoidal drugs. By expanding the brand categories, the Rohto Group's position in OTC drugs has been strengthened.



V Rohto Premium



Rohto Lycée GLOW



Rohto Bofutsusyosan Tablet Full Prescription a



BORRAGINOL SMOOTH

*1 Intage SRI+ Eye drops category, number of units sold from April 2023 to March 2024



TOPICS

Japan Eye care to support children's eye health

While developing eye drops and other products, we have long been involved in awareness-raising activities related to the eyes of every generation. The eyesight of children, who will be next-generation leaders, continues to deteriorate and has become a social issue. More than 60% of high school students, 50% of junior high school students, and 30% of elementary school students are reported to have visual acuity of less than 1.0. (Ministry of Education, Culture, Sports, Science and Technology, 2017 "School Health Survey"). Recognizing the need to sharpen the focus on children's eye health, we will continue to propose products that support "seeing" through our existing brands Rohto Kodomo Soft and V Rohto Junior, and promote activities to raise awareness of the necessity of taking care of one's eyes from childhood onward.

Promoting feminine care proposals to address female-specific concerns

As women fulfill more active roles in society and their values and lifestyles become more diverse, we have continued our research to find solutions to women's health concerns and changes in physical condition caused by hormonal fluctuations. We have promoted product development and awareness-raising activities in line with the times. To address women's concerns, such as poor physical condition and emotional instability, we launched La Flora in September 2023, a herbal medicine formulation that ameliorates the causes of disorders attributable to hormonal factors. We have sought a formula that matches various patterns (patient conditions).

As a company that has always been attentive to women's health, we emphasize customers' viewpoints in our product development.



La Flora



Expanding the eye drop market with eye drops for dry eyes as the mainstay

ROHTO is the world's leading eye care brand*1.

We launched the overseas eye care business in the 1980s and have been developing it in China, Vietnam, Indonesia, and other Asian countries. Since 2021 the business has entered a new phase.

ROHTO DRY AID, eye drops for dry eyes received CE certification*2 in May 2021, which opens up the possibility of expanding sales in the U.K., Poland, some other European countries, and South Africa. Our sales channels now extend to the United Arab Emirates and Saudi Arabia. For ease of use of the container, ROHTO DRY AID won the Best OTC Packaging Design Award. Utilizing this track record for sales promotion activities, we are working to establish ROHTO DRY AID's presence in the market and expand sales territories.

ROHTO DRY AID is an eye drop focused on the structure of human tear fluid. It stabilizes the oil layer that covers the entire tear fluid and improves the symptoms of dry eye. Although eye care awareness and eye drop usage habits vary from country to country, concerns about dry eye symptoms have grown worldwide due to the proliferation of digital devices in recent years. While emphasizing verification of effectiveness and safety, we conduct sales and marketing activities in collaboration with doctors and pharmacists, as well as universities and other research institutions around the world, and market ROHTO DRY AID to medical institutions. Thus, we are promoting this product according to the regulations and circumstances in each country.

As a leading eye drop company, we will continue to contribute to the eye health of people around the world.



ROHTO DRY AID

*1 Euromonitor International Limited; top 3 brands per Consumer Health 2024 edition, retail value sales, 2023 data.

*2 By obtaining CE certification, which certifies that the product meets the safety standards of EU member countries, it became possible to sell the product as a medical device in EU member countries.



Initiatives for FY2024

- In the eye care business, we will promote activities to further enhance the value of the brand, centering on the V Rohto Premium series. While young people are less likely to feel eye-related problems and symptoms, it is necessary to create opportunities for them to take care of their eyes because they often overuse them. Focusing on younger people, we will create contact points for eye care and raise their awareness of the need to take care of their eyes even before they suffer from symptoms.
- We will promote the strengthening of existing brands such as internal medicines and in-vitro test kits, and continue to offer a wide range of proposals that meet customer needs with a focus on pharmaceutical efficacy.

Core Businesses



Skincare

Provide highly functional skincare products as a pharmaceutical company

Lifestyle changes, such as a return to a mask-free lifestyle, have led to a greater awareness of skin care. The way people choose skincare products has changed significantly, and more emphasis is being placed on ingredients and functions that are effective for skin concerns.

Focusing on functional skincare as a pharmaceutical company, including with our HADALABO brand, as well as with MELANO CC and Obagi, we address the skin concerns of people of all ages and endeavor to meet the needs of each and every customer by searching for the best ingredients and using high-concentration, high-penetration technology.

Strengths

- Leveraging our knowledge as a pharmaceutical company, we pursue R&D, production, and quality management at the same level as pharmaceuticals, and provide our customers with peace of mind by offering reliable quality.
- We provide highly functional products by applying knowledge obtained in the course of regenerative medicine research and based on core technologies accumulated during many years of research.
- Sales of several long-selling products and hit products, including Mentholatum, Obagi, HADALABO, and MELANO CC, continue to grow and these brands are powerful.

Challenges and opportunities

- In the skincare business, while recognition of individual products, such as HADALABO and MELANO CC, is high, the challenge is to strengthen the connection between the brand, strategic ingredients, and Rohto Pharmaceutical. In fiscal 2023, we launched several new brands and rose to the challenge of introducing a new business model that involves nurturing brands in cooperation with business partners.
- The lip balm market, which had been shrinking owing to the wearing of masks, recovered as people increasingly ceased to wear masks. We are promoting the development of products tailored to customer needs.

FY2023 Overview

Achievements Functional cosmetics grew steadily and existing brands grew in line with category expansion

- Sales of the MELANO CC brand, which has been on the market for 19 years, have grown rapidly in recent years. MELANO CC Deep Clear Enzyme Face Wash, launched in March 2022, received a great response on its launch. It became the No. 1*¹ in terms of the number of units sold in the face wash and cleansing category. As a new hit product, it accelerated the growth of the brand as a whole.
- Regarding Obagi, which has established its profile as a functional cosmetics brand, the high-performance cream Obagi X Derma Advanced Lift was updated in September 2022. Despite the high price, exceeding 10,000 yen, sales have been strong. By updating the Obagi X Frame Lift series in September 2023, the brand was further strengthened. As a result, the over-the-counter sales value of the Obagi X series has increased 2.6 times*² in two years, which is significant growth.
- In the basic skincare products category, we continued to be No. 1 in sales*³, maintaining our top position from the previous year. HADALABO and MELANO CC as No. 1*³ and No. 2*³, respectively, in terms of the number of units sold, are driving sales. Moreover, the HADALABO brand was strengthened in fiscal 2023 by the updating of the Gokuiyun Premium anti-aging line and the Shiroiyun Premium whitening line.
- Demand for tinted lip balm, which had been sluggish for several years due to the wearing of masks, recovered, and sales of the new Mentholatum FLASH TINT LIP products were strong. Furthermore, Mentholatum Repair ONE Scrub Lip Balm, a new proposal, vitalized the brand.



MELANO CC Deep Clear Enzyme Face Wash

Obagi X Derma Advanced Lift



HADALABO Gokuiyun Premium



HADALABO Shiroiyun Premium



Mentholatum FLASH TINT LIP



Mentholatum Repair ONE Scrub Lip Balm

*1 Intage SRI+ Face Wash and Cleansing Category, number of units sold from April 2023 to March 2024

*2 Intage SRI+ Basic Skincare Categories (lotions, emulsions, beauty serums, creams, face masks) Self + Medicinal Market: sales volume by major series from December 2020 to December 2023

*3 Intage SRI+ Basic Skincare Categories (lotions, emulsions, beauty serums, creams, face masks) Self + Medicinal Market: number of units sold by major series from April 2023 to March 2024



TOPICS

Japan “Rohto Skin Science,” a concept of science that energizes you from skin, was launched

“Rohto Skin Science” is a concept that forms the basis of all our skincare products, created by the infinite possibilities of science and our passion for customer satisfaction. We are strengthening the development of both products and brand value centering on our strategic ingredients, namely, vitamin C, hyaluronic acid, and ceramide, which are our strengths, and launching a series of new skincare brands. Having accumulated know-how and pursued perfection for many years, we are stepping up skincare research not only to ensure functionality and effectiveness but also to secure long-term customer loyalty.



Bloomio



Dermacept RX



HADALABO TOKYO wins Beauty Award

HADALABO, whose brand concept is “Perfect and Simple,” values the idea of eliminating unnecessary things and focusing only on ingredients that are good for your skin. It is a brand loved by many people around the world.

Localization is implemented to suit the tastes of each country and region. In Asia, the simple made-in-Japan HADALABO package is popular, while in Europe and the United States, the logo has been changed to “HADALABO TOKYO” and the package design features cherry blossoms to evoke a striking image of Japan. Recognizing that what worked in Japan would not necessarily lead to success overseas, HADALABO gained many customers by transcending borders. Consequently, HADALABO TOKYO was named a Cosmopolitan Beauty Award winner in 2023.

Going forward, HADALABO will continue to evolve as it becomes the favorite of more customers.



HADALABO TOKYO

Mainstay products continuing to grow in Southeast Asia

In Asia, sales of sunscreens, lip balms, and mainstay skincare brands, such as Hada Labo, and Selsun, are growing strongly. In Indonesia in particular, our market share is expanding amid the rapidly growing demand for sunscreens. Selsun has established a unique position mainly in Southeast Asia as an anti-dandruff shampoo for severe dandruff and is achieving continued sales growth.



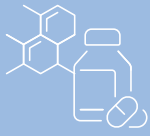
Selsun



Initiatives for FY2024

- As well as promoting the development and strengthening of existing brands, we will enhance the value of our products and brands centering on our three strategic ingredients—vitamin C, hyaluronic acid, and ceramide—based on the Rohto Skin Science concept launched in fiscal 2023, and further strengthen the connection with our customers.

Core Businesses



Functional Foods and Food Products

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

We believe this is an area with high growth potential, as rising health awareness is causing changes not only in OTC drugs but also in the options available in terms of functional foods and food products.

Our food business is meeting a wide range of health needs. Utilizing the material technologies and manufacturing facilities of Group companies and partners, we are developing evidence-based foods with functional claims, and providing food products that can be incorporated into one's daily diet and restaurants' healthy menus.

Strengths

- In addition to the knowledge of internal medicines that we have cultivated over the years through R&D of gastrointestinal medicines since our founding, we have developed a wide range of R&D capabilities and technological capabilities.
- Cooperation among multiple Group companies related to the food business strengthens product development capabilities and creates synergy, transcending fields.
- For functional foods, we are also engaged in development, manufacturing, and quality management with an emphasis on effectiveness and safety. We are rapidly developing food products focused on extending healthy life expectancy.

Challenges and opportunities

- While greater effectiveness and safety are demanded for foods with functional claims, the challenge is to cultivate new categories to follow eye care and also to develop new ingredients. Following the COVID-19 pandemic, health awareness has increased and the market for foods with functional claims continues to expand, reflecting expectations concerning their effectiveness in preventing lifestyle-related diseases, reducing fat, and reducing stress, and further market growth is expected, going forward. We will strengthen the launch of new brands with the aim of achieving growth in the food business to help more people stay healthy.

FY2023 Overview

Achievements Existing brands developed and strengthened and new categories expanded

- Sales of the Rohto V5 series of eye supplements grew 48% year on year, thanks to growth in regular purchases by mail order, and Rohto V5 has grown to be a brand with sales of over 7.5 billion yen.
- Leveraging know-how cultivated for skincare, we launched Obagi C Inner Lipo Shot and THE LYPO Vitamin C Deep Capsule, which contain liposomal vitamin C. We utilized patented vitamin C and hyaluronic acid technologies. In response to strong sales of Obagi C Inner Lipo Shot following its launch, we have increased production capacity.
- To promote health through food by pursuing various approaches, we are strengthening the development of existing functional ingredients and promoting evidence-based product development. Under the Senobic brand, we launched Senobic Performance UP (milk cocoa flavor), a food with nutrient function claims that contains GABA, α -GPC, and yeast peptides in addition to the nutritional ingredients. MG PHARMA Inc., one of our subsidiaries, launched Demas Tea, which contains our unique ingredient LICONINE. We devise products at the intersection between daily eating habits and health while helping expand awareness of functional ingredients.
- In the food business, we concluded a capital and business alliance agreement with Oishii Plus Co., Ltd. in May 2023, for joint R&D of health foods and functional foods, involving the application of functional food ingredients and the utilization of food technology to achieve both great taste and good health.



Rohto V5



THE LYPO Vitamin C Deep Capsule



Obagi C Inner Lipo Shot



Senobic Performance UP (milk cocoa flavor)



Demas Tea



TOPICS

Japan Synergy between skincare area and food-related business

Obagi, a functional skincare brand, has won 133 best cosmetics awards for its flagship product, C25 Serum Neo, by 2023 after its launch in 2019, thanks to its technology to deliver pure vitamin C at high concentration with high penetration and super stability. Obagi C Inner Lipo Shot was developed as a “drinkable” high-concentration vitamin C food through the synergy between the vitamin C technology we have long studied in the skincare area and the know-how we have cultivated in the food-related business. The product is in a granule form that is easy to take with or without water, with emphasis on taste, and it has been highly evaluated, winning 10 awards in the best cosmetic, supplement, and inner-care categories of major beauty magazines in the second half of 2023. In view of brisk sales since its launch, we have put in place a system for increased production. Obagi C Inner Lipo Shot is the firm favorite of many customers.

The Rohto V5 series developed through synergy with the eye care business has grown to become our mainstay product. We will continue to promote the provision of highly functional products that meet customer needs by creating synergy between various technologies, developed in the course of many years of research, and experience in the food-related business.



Obagi C Inner Lipo Shot

Exploring the functions of unique functional ingredients and promoting commercialization

Based on knowledge accumulated through research into internal medicine, which began with gastrointestinal medicines, and cooperation among Group companies, we are exploring new attributes of functional ingredients and accumulating research outcomes as we advance toward commercialization. MG PHARMA Inc., a Rohto Group company, has been researching lipids for more than 30 years. In 2023, it confirmed the effects of its unique functional ingredient, licorice extract powder “LICONINE,” in improving the balance of intestinal flora and reducing visceral fat, and submitted a notification of a food with functional claims in preparation for commercialization.

Due to recent changes in lifestyles, an increasing number of people are suffering from various health problems and lifestyle-related diseases caused by lifestyle disorders, unbalanced diets, stress, and lack of exercise. We will develop new functions of functional ingredients and propose new products to meet needs associated with rising health awareness.



Overseas Promoting Rohto V5 overseas, centering on Asia

Rohto V5 is a series of foods with functional claims developed based on evidence. In order to earn long-term customer loyalty, we took safety into consideration from the formulation design phase onward, and by capitalizing on our advanced technological capabilities, a single dose design, which makes it easy to continue taking the product, and a reasonable price were realized. Since its launch in 2015, sales of Rohto V5 have grown significantly in Japan, fueling Rohto's growth. In 2020, we began sales of Rohto V5 in Hong Kong, and then expanded our sales channels to Vietnam. We are promoting Rohto V5 overseas, centering on Asia. In Hong Kong and the rest of Asia, we are also extensively cultivating the food area, including beauty supplements and beauty drink.

Foods with functional claims such as Rohto V5 are attracting a lot of attention and demand overseas, and therefore we will continue aiming to expand sales channels through active overseas expansion as we seek to contribute to the health of as many customers as possible.



Rohto V5
Eye Health Capsules



Initiatives for FY2024

- We will expand the product lineup of the Rohto V5 series and aim to achieve series sales of 10 billion yen as soon as possible.
- To meet various health needs, we will enhance our product lines. We will focus on creating highly functional products centering on “seeing,” “eating,” and “moving,” which are the basis of people's health, and “beauty,” which adds color and vitality to their lives.
- Information on functional foods and other food products is collected and evaluated for safety in the same manner as for drugs. To further strengthen our initiatives, we have expanded the scope of adverse event (health effects) collection and tightened the evaluation criteria. Moreover, we have improved the system so that action can be taken with greater precision at an early stage, based on a review of the flow of serious adverse events (health effects) and incorporating the opinions of medical specialists. We will strive to strengthen the method of handling safety information at Group companies, too, so that our customers can eat safely and securely.

Areas of Investment for Rohto's Future Growth



Ophthalmology Area

Providing multifaceted solutions in the ophthalmology area to contribute to the development of medical care and people's eye health

While developing the channel for the ophthalmology area led by Rohto Nitten Co., Ltd., a manufacturer of ophthalmology medicine, we are also considering regenerative medicine research in the ophthalmology area, medical devices for ophthalmology, and even the development of medical devices utilizing digital technology. Harnessing our knowledge and technical prowess cultivated as the manufacturer with the top market share in the OTC eye care category, we intend to contribute broadly to the ophthalmology area.

Strengths

- Leveraging our technological capabilities cultivated over many years in the OTC drug field, and promoting collaboration with other companies, we are pursuing various research themes in the ophthalmology area, including on CMV* corneal endotheliitis, dry eye, and suppression of myopia progression.
- We are developing high-value-added products, such as preservative-free products that are gentle on the eyes and soft containers designed for people who have weak grip strength with their fingers.
- We have more than 80% of the market share for lacrimal duct tubes in terms of sales.
- The entire Rohto Group is accumulating knowledge in wide-ranging fields, including eye drops, contact lenses, and medical devices for ophthalmic surgery, which is leading to new R&D.

*CMV: Cytomegalovirus

Challenges and opportunities

- Amid various lifestyle changes such as the spread of smartphones and increased interaction with digital devices, myopia among young people has become a serious social issue, and countermeasures and therapeutic drugs are needed.
- In the challenging situation caused by the reduction of NHI drug prices, both high quality and stable supply are required, and therefore we are strengthening our quality management system.
- As demand for generics is expected to increase because the elective care scheme for long-listed products will be implemented in October 2024, we will increase production capacity to ensure stable supply as part of the social infrastructure.

FY2023 Overview

Achievements Satisfactory progress in the pipeline and strong performance of ophthalmic medical devices and medicine

- Development of ROH-001, an ophthalmic solution to suppress the progression of myopia, has been conducted jointly with Tsubota Laboratory, Inc. Its efficacy and safety were confirmed in the non-clinical phase, and we have started Phase I clinical trials in Japan. We will continue to advance the development of this formulation toward approval.
- Regarding pharmaceuticals, despite the challenging situation in which NHI drug prices were reduced, net sales of Rohto Nitten Co., Ltd. increased because of steady sales of its mainstay product, Latanoprost Ophthalmic Solution 0.005% "Nitten," and also increased prescriptions of Azunor gargle liquid 4% owing to the spread of infectious diseases. As for medical devices, sales of lacrimal duct tubes were strong, and the medical device business as a whole achieved record sales. In addition, we saw growth in contract manufacturing of ophthalmic solutions and sales of contact lenses.
- Rohto Nitten Co., Ltd. received approval to manufacture and sell Tafluprost Ophthalmic Solution 0.0015% "Nitten," a treatment agent for glaucoma and ocular hypertension. Preparations for the launch of the product are currently underway.

Pipeline of Ophthalmology Area (as of July 2024)

Domain	Code	Indications	Planned regions	Partners	Stage					Target**
					Non-clinical	P1	P2	P3	Application	
Ophthalmology area	ROH-101	CMV**2/Corneal endotheliitis	Japan	Théa, M'z Science	[Progress bar]					▶ Approval in 2026
	ROH-201	Dry eyes*3	Japan	Japan Tobacco	[Progress bar]					▶ Approval in 2028
	ROH-202	Ophthalmic treatment agent	Japan	D. Western Therapeutics Institute, Inc.	[Progress bar]					—
	ROH-001	Suppression of myopia progression	Japan	Tsubota Laboratory, Inc.	[Progress bar]					—

*1 Targets are for Rohto and are not agreed upon by partners. *2 Cytomegalovirus *3 Dry eye patients including those with Sjögren's syndrome

TOPICS

Rohto Eye Wick, a new medical sponge product, launched

Rohto Eye Wick, a medical sponge product that removes fluid deposits from the surgical field during ophthalmic surgeries and procedures, was launched in April 2024. Thanks to the air-foaming technology, a wick quickly absorbs and removes moisture and fluids on the eye, which can interfere with surgery, contributing to safer eye surgery and procedures for patients because there is less risk of bacterial growth compared to starch-based foaming.





Regenerative Medicine

Commercialize innovative life science technologies

Although regenerative medicine has great potential, it is still limited to the treatment of a few diseases. Therefore, we aim to contribute to unmet medical needs by offering solutions that combine regenerative medicine products, cell preparations, and culture media.

Strengths

- Based on the conviction that it is important to proceed seamlessly from non-clinical research to clinical trials, research and development are working together. We have also developed an automated system with robots that can operate 24 hours a day, enabling us to produce better cells and increase output.
- Reverse translational research (basic research based on findings gained in a clinical setting) is now possible, and the R&D area is being expanded.

Challenges and opportunities

- As we see a growing demand for regenerative medicine, the challenge we face is the need to have sufficient manufacturing capacity to cater to the expanding market for cell preparations and to ensure stable quality. It is also necessary to establish a culture method that is appropriate for each cell.
- While regenerative medicine is not yet common in Japan, medical tourism from abroad is increasing, and demand is expected to increase, going forward. We will strengthen the development of next-generation regenerative medicine by focusing on basic research using adipose-derived mesenchymal stem cells.

FY2023 Overview

Achievements Satisfactory progress in the pipeline and infrastructure for next-generation medicine established

- Progress in the pipeline is virtually as scheduled. We will continue to aim to complete the stage completion targets as planned.
 - We have participated in Fujita Medical Innovation Center Tokyo, a research center for next-generation healthcare. Having established the Department of Regenerative Cell Therapy, a joint lab, collaboration will be in the advanced healthcare provided by the center and as part of the active longevity* program.
- * Active longevity: A concept of providing comprehensive assistance including healthcare, rehabilitation, nutrition, entertainment, etc. to shorten the approximately 10-year gap between life expectancy and healthy life expectancy, whose reduction by healthcare alone has reached the limit.

Pipeline of Regenerative Medicines (as of July 2024)

Domain	Cell type	Code	Indications	Planned regions	Partners	Stage				Application	Current stage completion target*1
						Non-clinical	P1	P2	P3		
Regenerative medicine	Human adipose-derived stem cells	ADR-001	Cirrhosis of the liver	Japan	Shionogi	[Progress bar]					▶ FY2023
		ADR-002K	Severe cardiac failure	Japan		[Progress bar]					(P2 in preparation)
		ADR-001	Kidney diseases	Japan		[Progress bar]					(P2 in preparation)
		ADR-001	Severe leg ischemia	Japan		[Progress bar]					▶ FY2024
		ADR-001	Lung fibrosis	Japan		[Progress bar]					▶ FY2024
	Human umbilical cord-derived stem cells	UDI-001	Neurodegenerative diseases	Japan		[Progress bar]					(P1 completed)
		Cartilage cell kit*2		Traumatic cartilage defects	Japan		[Progress bar]				
			Osteoarthritis	Japan		[Progress bar]					(Application for clinical trial in FY2024 in preparation)

*1 Targets are for Rohto and are not agreed upon by partners. *2 Produced by Interstem Co., Ltd. (our subsidiary)

TOPICS

Regenerative Medicine Innovation Award received

Rohto was a winner in the Established Company category of the "Regenerative Medicine Innovation Award," which recognizes ambitious companies developing unique regenerative medicine technologies originating in Japan. In addition to regenerative medicine research utilizing the "cell handling technology" cultivated in the R&D of skincare products and the "sterile drug formulation technology" cultivated in the manufacturing of eye drops, technological capabilities for cell processing and formulation are our new strengths. By capitalizing on such strengths, we will contribute to the spread of regenerative medicine and the development of related industries by embracing the latest technologies and cooperating with medical facilities in Japan and overseas.



Initiatives for FY2024

- We will provide the cell preparation "ADR-001" for the development of a new cancer treatment using mesenchymal stem cells in an investigator-initiated clinical trial at the Department of Oncology, Showa University Hospital. We will actively explore and research potential new indications.
- We are participating in "Nakanoshima Cross (an international hub for future medical care)" with the aim of social implementation of regenerative medicine as a new treatment option. We will develop cell therapy methods for mesenchymal stem cells and various other seeds related to regenerative medicine.

Rohto's Future Growth Areas



Contract Development and Manufacturing Organization (CDMO)

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

From basic research to manufacturing and sales, the development of drugs is time-consuming and costly. So, contract manufacturing organizations (CMOs) have long been used to deliver products to patients quickly and at a reasonable price. In recent years, technological capabilities that enable stable, high-quality production are required, and contract development and manufacturing organizations (CDMOs), which assume quality control and manufacturing control from the development stage, are attracting attention. Demand has increased not only for internal medicines but also for biopharmaceuticals that use cells, further expanding the role played by CDMOs. In order to meet a variety of needs, we will continue to improve quality and strengthen our stable supply system by leveraging our advanced technological capabilities and know-how with Qualitech Pharma Co., Ltd. for internal medicines, and with our research facility and plants (Cell Factory Kyoto) and our specific cell-processed product manufacturing facility (Cell Laboratory Tokyo), Interstem Co., Ltd., and Rohto Cell Factory Tokyo Co., Ltd. for regenerative medicine.

Strengths

- We are engaged in the CDMO business, which provides a one-stop shop for the development and manufacturing of products in the biopharmaceutical field by leveraging our unique development capabilities.
- In regenerative medicine, we have developed our own serum-free AOF medium for mesenchymal stem cells, which does not depend on animal- or human-derived components, and are developing culture methods tailored to various cell sources with the aim of achieving stable production.

Challenges and opportunities

- Although manufacturing expenses are increasing, reflecting sharp rises in raw material and transportation costs due to the recent depreciation of the yen, we will continue our efforts to establish an advanced pharmaceutical quality system in compliance with laws and regulations.
- Since the horizontal division of labor is progressing in the development and manufacturing of pharmaceuticals due to longer development cycles and the need for large-scale facilities, we will vigorously expand production capacity while strengthening the foundation to meet the increasing demand for CDMO. In response to increasingly complex needs, we will leverage our expertise in formulation development and manufacturing to provide high-quality, detailed solutions.
- In China, we began marketing serum-free AOF medium for mesenchymal stem cells in 2021 and demand has been increasing. We will continue to promote overseas business development centering on China and other Asian countries.

FY2023 Overview

Achievements Development and manufacturing systems strengthened and promoted

- As demand for regenerative medicine has expanded rapidly in China since the COVID-19 pandemic, sales of serum-free AOF medium for mesenchymal stem cells, one of our strengths, have been strong.
- In April 2023, we established Rohto Cell Factory Tokyo Co., Ltd. to respond to the increase in medical tourism for regenerative medicine in Japan and to meet growing demand in China and other countries. Putting in place a system to ensure a stable supply of cell preparations for clinics, we are now able to undertake contract processing of specific cell-processed products at four sites, including Cell Factory Kyoto, specific cell-processed product manufacturing facility (Cell Laboratory Tokyo), and Interstem Co., Ltd.
- In the internal medicines field, we began accepting new orders in anticipation of the lifting of order-taking restrictions at Qualitech Pharma Co., Ltd. Preparations have been made for contract manufacturing at the Chemistry, Manufacturing, and Controls (CMC) Development Center and Kakegawa Laboratory within the Kakegawa Plant and a system has been established.



TOPICS

Rohto Cell Factory Tokyo Co., Ltd. begins full-scale operation

Rohto Cell Factory Tokyo Co., Ltd. was established in April 2023 to deliver cell preparations to patients as quickly as possible to meet the growing demand for regenerative medicine. In order to respond to the expanding market for cell preparations, we will continue to build a stable supply system and contribute to making regenerative medicine more accessible to patients.

ROHTO ロートセルファクトリー東京
ロート製薬グループ



Share transfer agreement concluded with Eu Yan Sang International Ltd. —Spreading the idea of “energizing your body from within” reaches out to the world—

In April 2024, we decided to acquire approximately 86% of the issued shares of common stock of Eu Yan Sang International Ltd., a Singapore-based manufacturer and distributor of traditional Chinese medicines, and concluded a share transfer agreement.

Established in 1879, Eu Yan Sang is the leading manufacturer and distributor of traditional Chinese medicines in Southeast Asia, operating over 170 retail outlets and 30 traditional Chinese medicine clinics mainly in Singapore, Hong Kong, and Malaysia. Using a scientific approach, Eu Yan Sang develops and sells a wide range of traditional Chinese medicine products, extending from drugs to foods, and its business is expanding from traditional Chinese medicines to the “natural health & wellness” field.

Further growth is expected in the Asian region. Our aim is to realize an unprecedented health business by linking Eu Yan Sang’s strong product and brand power in Asia with Rohto’s R&D, technological, and sales capabilities to create an innovative business.



Companion animal business launched —Aiming for a Society with Well-being through the health of companion animals—

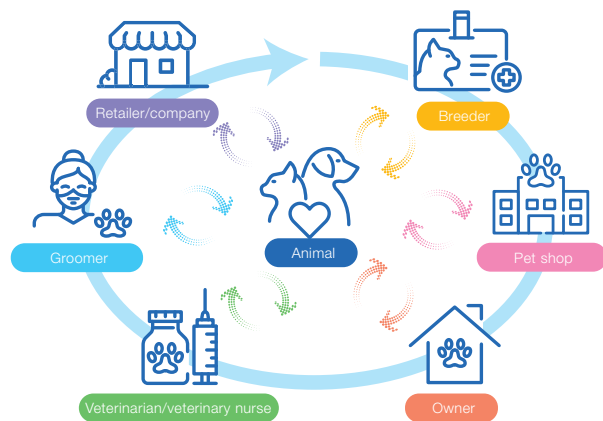
In recent years, the significance, value, and role of a companion animal (CA*) have changed significantly along with changes in people’s lifestyles. Since CAs occupy such a special place in people’s lives, we believe that the happiness of CAs is not limited to CAs alone, but also leads to the well-being of people.

In November 2022 Rohto concluded a capital and business alliance with AHB Inc., which operates Pet Plus pet shops throughout Japan, and in January 2023 with J-ARM Co., Ltd., which provides support services for regenerative medicine for animals, and began the development of products and services to support the health of CAs. Having launched a new brand, “Anitto,” we will provide high-value-added products and services in each area of pre-symptomatic states (daily care), testing, and treatment of CAs by applying the technologies and R&D capabilities we have originally cultivated for humans.

*CA: Companion animal. A companion animal means any dog, cat or other domesticated animal owned for companionship.



Sustainable cycle of well-being for humans and animals



Maximizing Human Capital

Toward an organization where diverse individuals with “challenges and aspirations” thrive

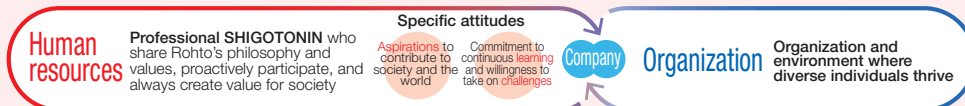
Maximizing human capital from five perspectives, aiming for “mutual growth of the company and our company members” rooted in respect for the individual

CHRO Yasunori Kawasaki



Ever since our founding, “people” have been at the center of management. Their aspirations and passion have driven the organization forward and created value for society. Rohto’s management, which is based on respect for people and enables aspirational individuals to thrive, continues to evolve in response to changes in society and in pursuit of value far into the future. To enable diverse individuals to play proactive roles and respond to organizational expansion and the highly uncertain and changing environment, Rohto revised its personnel system in 2022, launching a human resources strategy linked with our management strategy that is geared to the “realization of a society with well-being.” In order to further evolve toward the ideal organization and foster the human resources we seek, we are working to maximize human capital by implementing measures that emphasize the following five perspectives: (1) Rohto-style HR management, (2) supporting individuals’ career development, (3) support for learning and self-improvement, (4) health and productivity management, and (5) penetration of the corporate philosophy and fostering of organizational culture.

Ideal organization and desirable human resources



The new personnel system “ROHTO WAY 2020,” which is the core of Rohto-style HR management, is not simply something emanating from senior management and the Human Resources and General Affairs Division, but a set of guidelines to be shared by all members as they take action on their own initiative. We have made it clear to all concerned that ROHTO WAY 2020 is a scheme to be established through the involvement of all members. It is the first version, a living document that will be revised as necessary in light of changes in the workplace and in society as well as to reflect new insights into the future. We are also doing our utmost to support autonomous career development and continuous learning in order to further enhance members well-being and engagement. It is important to follow your best inclination (your will), orienting yourself and identifying your role to meet the expectations of society and customers while linking with the company’s philosophy and mission. Always consider the future direction and what you need to do now. Understanding yourself by identifying your own priorities, the actions to be taken, and the gaps between the priorities and the actions is the first step toward autonomous career development. This process leads to motivation to learn proactively and continuously, and to making the most of learning opportunities. Moreover, physical and mental health is essential for members’ growth. Aiming to develop “autonomous healthy human resources,” we are creating a system, mechanisms, and an environment in which people are encouraged to apply a PDCA cycle to their health as they pursue their careers at Rohto.

This commitment to the health of our members is an expression of the aspirations that have animated Rohto since its founding. Recognizing that members are the source of the value we are creating for the future, we have been pursuing initiatives for many years. On the firm foundation of physical and mental health, individuals and the company grow together, and as diverse personalities blossom and flourish, the organization is vitalized. We will continue our efforts to create sustainable value with such an organization with the ultimate goal of realizing a society with well-being.

Support individual career development

Believe in and expand your own potential

- External Challenge Work (secondary employment)
- Internal Double Jobs (concurrent positions)
- Asuniwa project (support for entrepreneurs within the Company)
- Well-being Support Room (career counseling)
- Support for participation in external co-creation opportunities

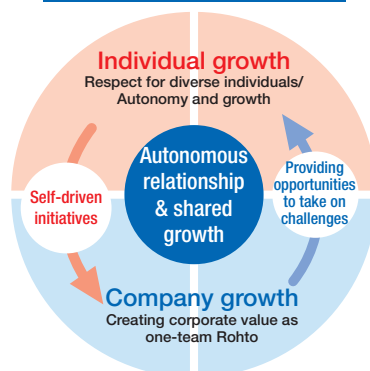
Pervasion of corporate philosophy/Fostering of organizational culture

Diverse human resources thriving

Equal relationships

- Aligning Company Purpose with Individual Will
- Internal Connect (In-house newsletters/Company-wide events)
- Building a praise culture with in-house currency etc.
- Use of “-san” suffix, workplace nicknames and open office

Maximizing human capital



Health and productivity management
DE&/Human rights/Occupational safety and health

Support for learning and self-improvement

Willingness and attitude to always keep learning

- Rohto Academy (Self-directed learning platform)
- Formation of a Learning Community
- Learning from the next generation

Rohto-style HR management

Create and seize your own opportunities

- Human Resources Committee focusing on diverse individuals
- Personnel system for developing autonomous human resources (RVP, Rank-up self-nomination system)
- Career Vision Sheet
- Feedforward Interview

Five Key Perspectives for Maximizing Human Capital (excerpts)

(1) Rohto-style HR management

● Personnel transfers and organization building through dynamic human resource management - selection and appointment with an eye to nurturing the individual and seeing the bigger picture

The Human Resources Development Committee consisting of senior management checks each member's "My Vision Sheet," which details the positions each member wishes to fulfill as well as the associated career plan, and selects and appoints members based on comprehensive consideration of the work and the individual's experience that will lead to their growth, the timing, and the strategic deployment of human resources.

● Developing next-generation executives and leaders

As an ongoing initiative, we launched the program to foster next-generation executives. The program seeks to enhance the managerial perspective of next-generation executives and leaders through dialogue with executives and discussion among prospective executives.

● Evaluation based on the value of work as a "Professional SHIGOTONIN" – Rohto Value Points (RVP) –

The value of each member's work is quantified and evaluated using the same scale for all members, regardless of seniority, stage (rank), position, etc. The review process starts with self-assessment and then an evaluation is finalized through multifaceted consideration by an Evaluation Committee drawn from senior management.

● "Feedforward interview" (future-oriented interview)

Interviews with individuals are held regularly to consider the extent to which goals are achieved and the progress of autonomous career development, looking to the future.

(2) Support individuals' career development

● Career ownership (evolution of secondary employment and concurrent positions)

Based on the conviction that employees are not the company's property, in 2016 Rohto lifted the ban on secondary employment ahead of other companies, launching the External Challenge Work system. At the same time, we introduced a system for Internal Double Jobs (concurrent positions) to allow employees to be affiliated with multiple departments within the company. These workstyles have become popular options for Rohto employees. The systems, which employees use of their own volition, are contributing to the enhancement of employee experience by allowing individuals to gain plenty of work experience and learn from it.

● Asuniwa project (support for entrepreneurs within the Company)

The Asuniwa project, which encourages the entrepreneurial spirit of our members, has been in place since 2020. Through internal pitch competitions and crowdfunding, to date, a total of 46 people have made proposals, 33 businesses have been proposed, 8 companies have been launched by members, and 1 proposal is being developed as a Rohto business. This system, which promotes entrepreneurship, encouraging members to address social issues and consider their missions, helps foster an entrepreneurial culture throughout the workforce.

● Well-being Points (WBP) evaluation (engagement survey)

To assess the individuals' well-being, a 10-scale self-assessment using five questions is conducted every six months. All members in all employment statuses are covered, and each item is related to Rohto's corporate philosophy, values, and code of conduct. We use WBP evaluation scores as one of the key management indicators in the planning and implementation of numerous measures. The survey has already been conducted six times (in three years). The evaluation scores are rising at a steady pace, confirming that member well-being is gradually increasing.

(3) Support for learning and self-improvement

In an era of rapid change, continuous proactive learning fulfills a key role in realizing autonomous career development and ensuring continuous value creation benefiting society. We are focusing our efforts on **Rohto Academy which is a learning platform** to enhance insight into the future, learning communities conducive to continuous learning, and book clubs.

External Challenge Work (secondary employment)

- Total from FY2016 to FY2023: 165 people
- FY2023: 21 people

Internal Double Jobs (concurrent positions)

- FY2023: 192 people

Asuniwa project (support for entrepreneurs within the Company)

- Projects that led to establishment of a company (as of April 2024): 8

Rohto Academy

- Number of participations in autonomous learning programs in FY2023: 4,800 times

External Evaluation

Received the 4th Career Select Ability (CSA) Award 2023 - "Company that creates 'next-generation human resources' recommendable to people in their 20s" (conducted by the En Foundation).

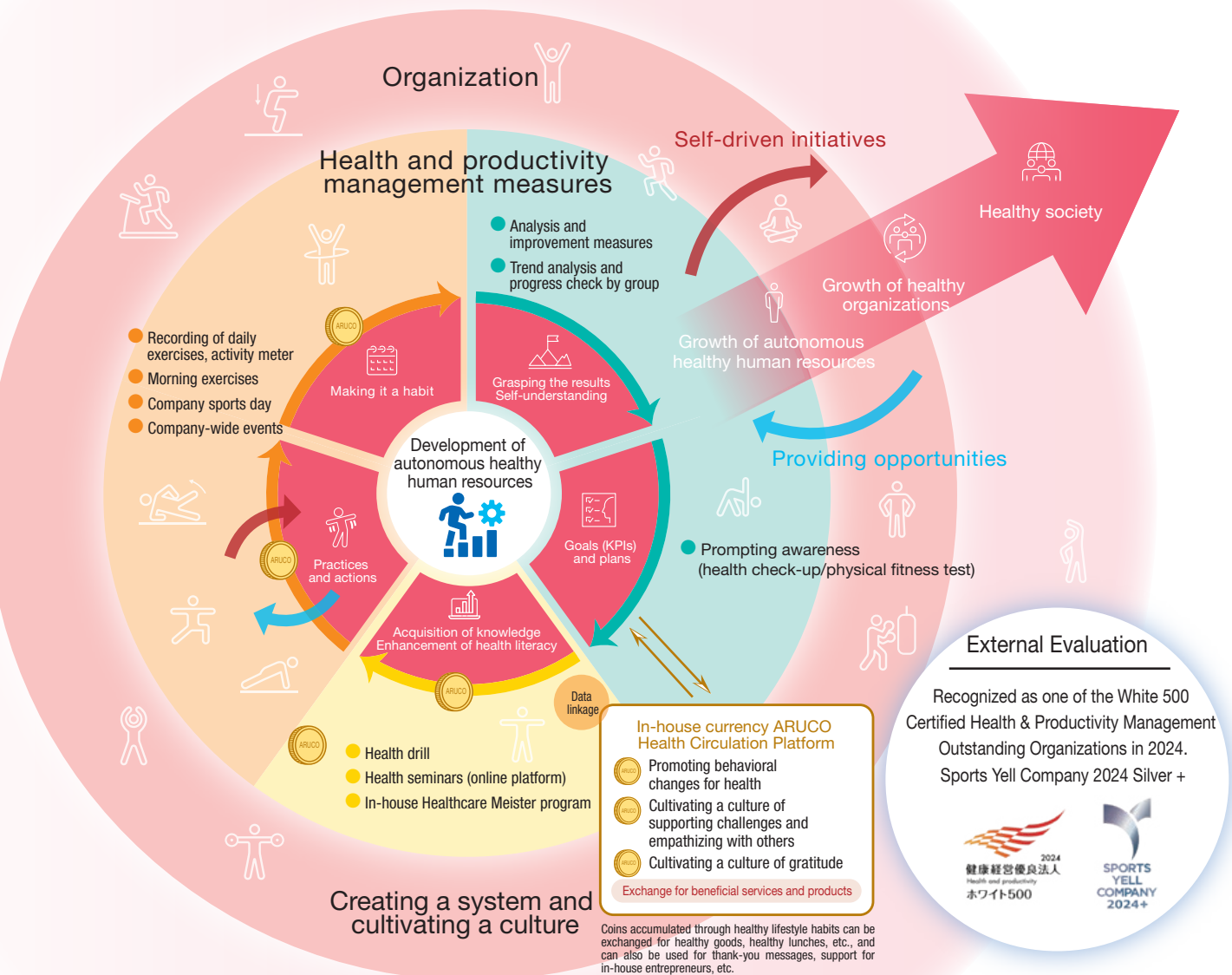


(4) Health and productivity management to foster “autonomous healthy human resources” who will contribute to the health of the organization and society

We consider the well-being of “people” to be the source of growth, with the health of individuals serving as the foundation. We established the **Health and Productivity Management Declaration** in 2018 with the aim of “working at Rohto to bring health benefits.” Rohto’s definition of “health” is not simply “not being ill.” Founded on mental and physical health, it is a state allowing us to bring passion (a sense of meaning in our jobs and our lives) to our daily work. Healthy members will drive the organization forward and support a healthy society. Rohto’s health and productivity management focuses on the **development of “autonomous healthy human resources.”** Similar to our approach to human resources development, the company creates opportunities for members to take ownership of their own health and implement the PDCA cycle on their own initiative. We envisage that these healthy human resources will spread the value of health to their families, local communities, and future generations.

“Working brings health benefits”

Developing “autonomous healthy human resources” and building an organizational ecosystem that fosters a culture of well-being, promoting the value of health to society



*** External Evaluation**

- In March 2024, Rohto was selected as one of the **White 500 Certified Health & Productivity Management Outstanding Organizations** sponsored by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi.
- Rohto was certified as a **Sports Yell Company 2024** by the Japan Sports Agency as a company that actively promotes sports to improve the health of its employees. Having been certified at least seven times since 2018 and also achieving a weekly sports implementation rate of at least 70% of employees, Rohto became one of the first organizations to gain “**Silver +**” certification. (Only 7 out of 1,246 certified organizations gained Silver + certification.)

Health Indicators (Health Targets, KPIs) from 2021

Rohto has established its unique health indicators (KPIs) and is focusing on health management. From the perspective of preparing for current and future health risks and fostering the health of the next generation, we have set targets for eight indicators comprising result indicators (physical health) and behavioral indicators (lifestyle). In fiscal 2023, we vigorously implemented various measures to achieve targets, while at the same time paying attention to issues specific to women (anemia, menstruation, fertility, menopause, female hormones), digital well-being, the brain, and mental health issues. We held in-house seminars on these issues.

KPI		Present (prevention of presenteeism and absenteeism)	Future (prevention of lifestyle-related diseases, physical diseases, and mental health issues)	Next generation (prevention of health effects on the next generation)	FY2023 results	FY2023 targets
Result indicators (physical health)	Proportion of persons with metabolic syndrome or pre-metabolic syndrome	●	●	●	14.2% (6.1%+8.1%)	0%
	Proportion of females with anemia*1	●	●	●	15.9%	0%
	Proportion of employees with a lower health age than chronological age*2	●	●	●	65.0%	80%
Behavioral indicators (lifestyle)	Proportion of smokers	●	●	●	2.2%	0%
	Proportion using alcohol in moderation*3	●	●	●	76.5%	100%
	Proportion sleeping for at least 6.5 hours	●	●	●	33.5%	80%
	Proportion of persons taking 30 min. of exercise at least twice a week	●	●	●	41.4%	50%
	Proportion of persons who walk 8,000 steps and practice 20 minutes of brisk walking per day	●	●	●	15.2%*4	50%

*1 Anemia is defined as a hemoglobin level of less than 12.0 g/dl.

*2 Lower health age than chronological age is defined as demonstrating younger results than actual age in terms of physical fitness measurement results (physical fitness age, walking age, brain activity age).

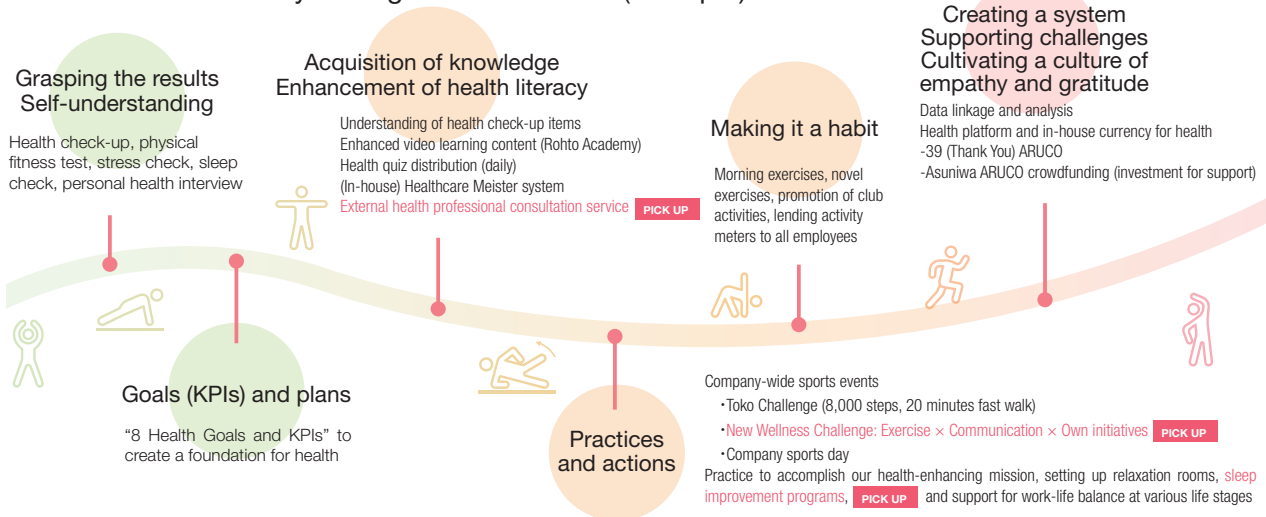
*3 A single serving is defined as less than approximately 360mL for men and less than approximately 180mL for women.

*4 From April 2023 to March 2024

Focused Themes in 2023



Health and Productivity Management Measures (excerpts)



PICK UP

The CARE, an external health professional consultation service

Health consultation service exclusively for employees and their families, regardless of gender or employment status. Consultation with qualified medical professionals on LINE is available 24 hours a day, 365 days a year for concerns about pregnancy, childbirth, childcare, as well as physical and mental health and other issues.

Popular because one can consult casually, including about the health of family members

New Wellness Challenge

A company-wide event in which each team sets a goal and takes on exercise challenges for a certain period of time to create opportunities for exercise, activate communication, and pursue health-enhancing initiatives.

In addition to company-wide health measures, "health leaders" of individual sections formulate and implement health measures to resolve health issues that vary depending on differences in awareness and the situations of divisions and sites. Overall, 158 self-driven measures for taking exercise were realized in 2023!

Sleep Improvement Program

Continuing from last year, we focused on employees' sleep issues. A program to monitor and improve the quality of sleep using a wearable device was offered to employees who wished to participate.

Sleep satisfaction and productivity have improved, according to those who have participated in the program.

(5) Penetration of the corporate philosophy and fostering of organizational culture

● Penetration of the corporate philosophy

By empathizing with the corporate philosophy (Purpose) and cherishing it in our own hearts, we aim to maximize the collective strength of the company and its ability to create value for the future.

•Event involving all members coinciding with the founding anniversary ceremony

Held annually coinciding with the founding anniversary ceremony, this event is a valuable opportunity for all members to embrace the corporate philosophy and mission, as well as their personal will (aspirations and passion). In 2023, following lectures by leading experts on the theme of the linkage of individuals' and the company's purposes, and the organizational culture and teams, all members had discussions in teams.



•Worldwide meetings (roundtable meetings of overseas Group companies)

While practicing autonomous management at each of our sites around the world, we accord importance to building a network of trust based on a common Group philosophy and creating synergy. Meetings are held twice a year where country representatives gather to share achievements beyond borders and exchange views.



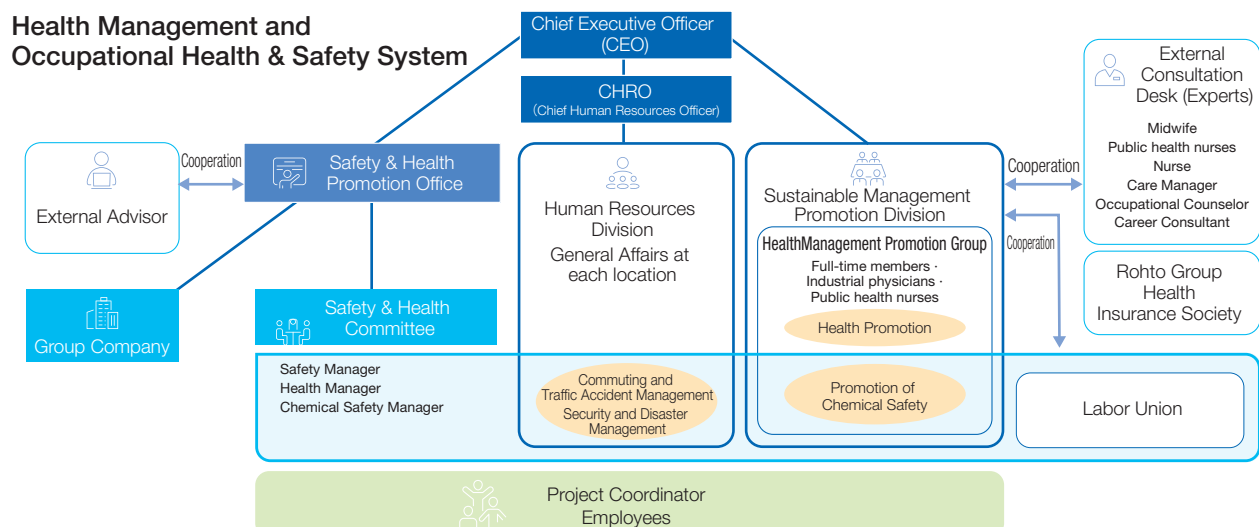
● Promoting diversity

We are working to create an environment where people with diverse personalities can fulfill active roles. We have established the Diversity Management Policy to ensure that members understand the importance of diversity and are promoting the creation of a workplace where diverse human resources can flourish and psychological safety is high. We have introduced training and events to foster mutual understanding and an inclusive workplace culture. As a result of these initiatives, members are actively sharing ideas, and successive innovative projects are pursued.



Establishment of the Safety & Health Promotion Office and Strengthening of the System

In 2023, we reviewed the safety and health system not only of Rohto Pharmaceutical but also of the entire Group and established the Safety & Health Promotion Office, with the aim of further improving the safety of operations and the occupational health and safety environment for employees. By proactively working to implement risk assessments, formulate a Group business continuity plan (BCP), and strengthen supply chain management for disaster prevention, we are establishing a robust system that supports sustainable growth. Furthermore, in cooperation with the Safety and Health Committee at each site, we ensure thorough legal compliance and promote employee education. Through these efforts, we will secure the Group's fundamental structure and its high resilience to ensure continued business operations under any circumstances. We will maintain a working environment in which our employees can work with peace of mind and continue providing value to our customers, thereby enhancing corporate value.



New Workstyle Reform

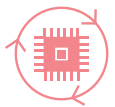
— Aiming at new workstyles for continuous value creation —

New Workstyle Declaration focused on the pursuit of our members' well-being (2023)

To pursue essential workstyle reform for further value creation with an eye to the future society in this era of rapid change, we announced the “New Workstyle Declaration,” which is our earnest commitment to improving the well-being of our members, coinciding with Rohto Day, a health declaration day on June 10, which we established. We are making a company-wide commitment to essential workstyle reform. By breaking away from conventional thinking and ways of doing things, including how we deal with limited resources such as time, and by making full use of continually evolving digital technology, each member is expected to think and act. Individual departments and teams are exercising ingenuity, devising new workstyles, such as a prior application system for overtime work and reform of the team sales system.

Labor and management jointly established the Well-being Workstyles Study Committee

Rohto and Rohto Pharmaceutical Labor Union jointly established the Well-being Workstyles Study Committee on October 2, 2023. This is one of the committees related to labor-management consultations, where labor and management have regular consultations.



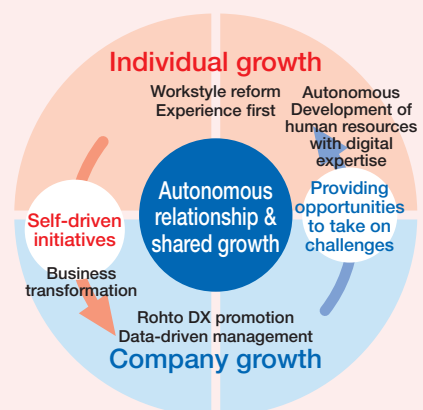
Proactive utilization of digital technology and human resource development to enhance the “value” of work

Utilization of cutting-edge technology is indispensable for essential workstyle reform. Digitalization should not only be promoted by DX departments. It is important that all members are familiar with digital technology and other cutting-edge technologies, take ownership of these technologies, and make the best use of them. By doing so, we are promoting efficiency and mechanization and enhancing the value of work done by “people.” We are building a culture in which all members can be at the cutting edge of transformation and grow together. We have created an environment throughout the company, including sales, marketing, R&D, and production and procurement departments, in which individuals can spontaneously utilize digital technology. We also promote the sharing of case studies and know-how through company-wide DX promotion events and the intranet. Moreover, we have developed a generative AI, Rohto Copilot, which has learnt our internal information. Diverse digital utilization projects are promoted for essential workstyle reform that increases the “value of work” of individual members.

Rohto DX promotion and development of human resources with digital expertise and workstyle reform in production and procurement

Our objective is the visualization of information and data throughout the Rohto Group so that all members can consistently share and utilize high-quality information and apply their individual abilities to maximum effect. Through fundamental reform of workstyles, a significant improvement in productivity will be realized and the well-being of frontline members will be enhanced. This will simultaneously lead to the enhancement of the value of the products and services we deliver to our customers.

The production and procurement department is promoting the development of human resources with digital expertise, while pushing forward with digitalization measures, such as the optimization of automated warehouses of plants using mathematical models and homogenization of manufacturing capacity through visualization of manufacturing processes using generative AI, from the perspective of daily operations. The human resources with digital expertise that we aim to foster are not people who are simply capable of DX and digitization but those who can promote business transformation on their own by making full use of cutting-edge technologies and digital tools. Core human resources play a central role in promoting the strengthening of the capabilities of all members involved in production and procurement. This will lead to our sustainable transformation and growth.



Sustainable Global Environment

It is our duty to protect the global environment for future generations. We therefore set out an Environmental Policy in 2005 and work to prevent environmental pollution and continuously improve the environment, both locally and globally, through our corporate activities. In particular, based on the recognition that reducing greenhouse gas (GHG) emissions to prevent global warming is a society-wide concern, we have been implementing a variety of initiatives to conserve energy use at offices, plants, and other sites and reduce the environmental impact of our activities including business travel and transportation.

In March 2018, Rohto signed the United Nations Global Compact and was registered as a participant. By responding earnestly to the three principles applied to environmental issues—the precautionary approach to environmental challenges, initiatives to promote greater environmental responsibility, and development and diffusion of environmentally friendly technologies—we aim to realize the sustainable development of society through collaboration with domestic and overseas suppliers.

Environmental Policy

- 1 Assessing environmental impacts brought about by our business activities, products, and services, setting environmental objectives and goals, and establishing environmental management system, Rohto will regularly examine that system to update and improve it constantly.
- 2 Rohto will take initiatives to protect the environment, abiding by applicable laws, ordinances, regulations, regional agreements, and other guidelines.
- 3 Rohto will facilitate the efficient utilization of limited resources and energy.
- 4 Rohto will facilitate the proper management and the reduction of chemical substances that affect the environment.
- 5 Rohto will facilitate the reduction and recycling of waste.
- 6 Rohto will advance with the introduction of novel environmental technology to prevent pollution and continuously improve the environment.
- 7 Rohto will strive to develop products that reduce the environmental burden at each process, from design, formulation, manufacturing, transportation, distribution, and use to disposal.
- 8 Rohto will continuously promote environmental education for all our officers and employees to enhance their understanding and appreciation of pollution prevention and environmental conservation.
- 9 As a member of local society, Rohto will proactively join in regional activities for environmental conservation to pursue coexistence with local communities.
- 10 This Environmental Policy is documented and publicly announced, and Rohto will keep all the officers and employees informed about the policy.

Basic Guidelines for Company-wide Energy Management

- 1 ROHTO will set a goal to reduce the “energy consumption intensity” or “intensity to be evaluated for electricity demand optimization” by at least one (1) percent per year as an average rate from a medium-to-long-term perspective.
- 2 ROHTO will facilitate the conversion into non-fossil energy and the utilization of renewable energy.
- 3 ROHTO will facilitate the operation of eco-conscious facilities to save energy, extend the lifespan of equipment, and co-existence with the global environment.
- 4 Each employee will tackle energy issues (as above) in everyday tasks with support from their managers or supervisors and technical backup from the relevant units or departments.
- 5 In addition to the individual effort above (3), ROHTO will maintain and enhance the energy-saving measures in a planned and continuous manner, for example, by replacing out-of-date facilities, introducing updated technology, and examining the operation control system (for efficient operation of facilities and equipment).
- 6 ROHTO strives to reduce energy, abiding by laws and regulations on energy and respecting various requirements from relevant economic and industry organizations.
- 7 ROHTO will not ask for our employees’ patience but to avoid waste.

Responding to Climate Change (TCFD)

Taking seriously the impact of natural disasters caused by global warming, in June 2021 we announced our endorsement of the recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD) and set our CO₂ emission reduction target.*

* For Rohto Pharmaceutical's non-consolidated basis only.

Governance

Rohto established the Sustainability Committee in September 2021. The Committee discusses risks and opportunities related to climate change, determines policies for addressing them, and rolls out these policies Group-wide. The Board of Directors receives reports on the content of these deliberations and discussions, and deliberates on the Group's response to climate change, including disclosure to and dialogue with stakeholders and capital expenditure plans from a long-term perspective, and supervises the implementation of these plans. The Sustainability Committee consists of two Directors and one Outside Audit & Supervisory Board member who serves as an advisor, and is chaired by an Executive Vice President. The Executive Vice President concurrently holds the position of Chief Financial Officer (CFO) of the Group, and is responsible for evaluating and managing environmental issues as financial issues.

Strategy

We evaluated the impact of risks and opportunities related to climate change on our business, focusing primarily on the financial impact. We have local development and production bases in major countries with business footprint and have built a system that is resilient to the fragmentation of the value chain caused by climate change.

In scenario analysis, referring to several scenarios, etc. announced by the Intergovernmental Panel on Climate Change (IPCC), we examined the comprehensive impact of each of the 1.5°C, 2°C and 4°C scenarios on our major global operation bases: Japan, China, Vietnam, and the U.S. Based on the classification defined by the TCFD (transition risks, physical risks, and opportunities), we examined the potential impact of climate change on our business and measures being taken. Going forward, we will continue to analyze and evaluate various scenarios on an ongoing basis and deliberate on countermeasures, thereby enhancing our resilience to an uncertain future.

For details, please visit our website.



<https://www.rohto.co.jp/global/sustainability/environment/tcfd/>

Risk Management

In accordance with the framework proposed by the TCFD and the prediction of changes in the external environment, the Sustainability Committee identifies the degree of business impact of the risks posed by climate change, based on our resources and the services we provide. The Sustainability Committee manages the identified risks and holds discussions on their responses. The Committee convenes the heads of related sections as necessary to confirm more specific measures and promote them in a flexible manner. The Sustainability Committee also evaluates and manages risks other than environmental issues that may affect the sustainability of our business in a comprehensive manner. Depending on the case, the Sustainability Committee will also discuss with the Compliance Committee, which is chaired by the President and Chief Operating Officer, to formulate a BCP.

Metrics and Targets

We have set our CO₂ emission reduction target for Scope 1 and 2 for 2030 at a 46% reduction compared to fiscal 2013 levels, and are taking actions to achieve this goal. CO₂ emissions in fiscal 2023 were 12,722 tons for Scope 1 and 2 combined (reduction of 19.6% compared to fiscal 2013 levels).

First, we will focus on the actions described below to achieve the interim target of a reduction of 30% compared to fiscal 2013 levels by fiscal 2025.

Additionally, starting in fiscal 2023, we have begun calculating Scope 1 and 2 emissions not only of the Company but also of Japanese subsidiaries with major production bases. We will continue to aim for reductions throughout the Group.

- **Purchase of CO₂-free electricity** Purchase electricity generated from renewable energy sources that do not generate CO₂, such as hydroelectric, wind, and solar power, and reduce CO₂ emissions from purchased electricity consumption by 27.6% by fiscal 2030

We aim for carbon-free electricity to account for 100% of electricity purchases at our major sites (Osaka Plant, Ueno Techno Center, Research Village Kyoto) by fiscal 2025.

- **Reduction of use of non-fossil energy by installation of solar power generation equipment and use of geothermal energy at a new facility of the Ueno Techno Center:** Install solar power generation equipment in fiscal 2023 and 2024 in line with operating conditions, and reduce CO₂ emissions from power generation and purchased electricity consumption by 1 to 2% annually, combined with existing emissions
- **Preservation and operational improvement, waste heat utilization, energy conversion** Reduce energy consumption by at least 1% per year by fiscal 2030

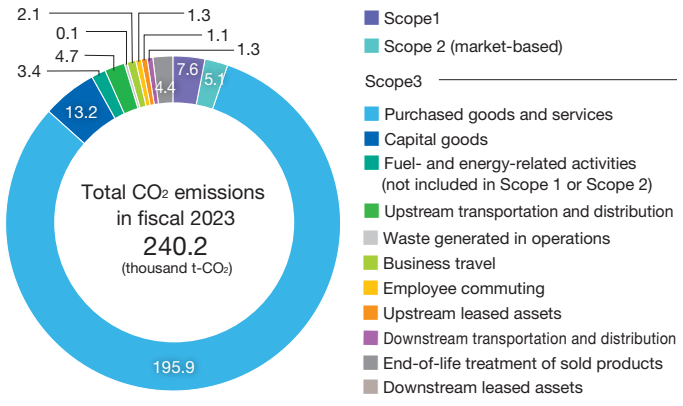
For details, please visit our website.



<https://www.rohto.co.jp/global/sustainability/environment/carbon/>

Reduction of Environmental Impact of the Entire Value Chain

Since 2021, we have been calculating CO₂ emissions throughout the value chain—from raw material procurement to manufacturing, transportation, marketing, and post-use disposal. In fiscal 2023, although our CO₂ emissions per unit of net sales decreased slightly year on year, total emissions increased owing to soaring raw material prices and strong net sales. Going forward, we will continue our efforts to reduce the environmental impact centering on Scope 3 Category 1 (purchased goods and services) emissions, which account for the vast majority of our emissions, by reviewing raw materials and delivery methods.



Procurement of raw materials

- Promotion of substitution with sustainable raw materials and packaging materials

Production at plants / offices

- Promotion of reduction of energy consumption, shift to renewable energy sources
- Reduction of waste and promotion of recycling
- Promotion of green purchasing
- Reduction of water consumption, recycling of wastewater
- Biodiversity conservation

Environmentally conscious business activities

Disposal/recycling

- Reduction of returned goods and reduction of product disposal by promoting ethical consumption
- Improvement of containers to make it easier to recycle
- Promotion of reuse of containers (refill/replacement)
- Environmental awareness-raising activities by granting the eco label "R-eco" symbol

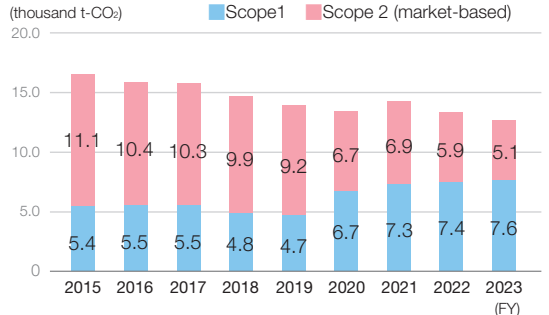
Logistics

- Improvement of loading and transportation efficiency
- Promotion of modal shift
- Utilization of joint delivery

Initiatives for a Decarbonized Society

Reduction of consumption of fossil energy

We have set our CO₂ emission reduction target for Scope 1 and 2 for 2030 at a 46% reduction compared to fiscal 2013 levels, and are taking actions to achieve this goal. We are working to reduce consumption through operational improvements and energy conversion. For example, we are switching to non-fossil energy sources by promoting the purchase of carbon-free electricity generated from renewable energy sources and adding solar power generation facilities.



* From FY2021, the calculation method was changed in accordance with the GHG Protocol. In FY2023, the Scope 1 calculation method was revised and therefore the figures for FY2022 were retroactively adjusted.

Introduction of a geothermal heat pump system

As well as energy consumption of production equipment, energy consumption for air conditioning used for maintaining production processes, such as clean rooms, is high. Therefore, we introduced renewable energy equipment that can be used to reduce the air conditioning load. By installing a geothermal heat pump system, which is not affected by sunlight hours or weather conditions, in addition to solar power generation, we significantly reduced primary energy consumption.

The switch to carbon-free electricity has also progressed. As a result, energy derived from renewable and non-fossil energy sources now accounts for 29% of total energy consumption at the Ueno Techno Center, leading to reduced consumption of fossil energy.



Initiatives for a Recycling-Based Society

Reduction of plastic usage

Establishment of the Plastic Usage Policy

In July 2023, we established the Rohto Group Plastic Usage Policy with the aim of reducing the environmental impact caused by the use of plastics.



https://www.rohto.co.jp/global/company/policylist/-/media/cojpp/global/sustainability/environment/resource/plastic_policy_en.pdf

Initiatives in Product Development

In order to make effective use of limited natural capital, we not only use environmentally friendly ingredients and materials, but also actively work to reduce the amount of waste after use by our customers. While paying close attention to customer needs and ease of use, we are proposing refillable products, reducing blister packs, reducing eye-catching stickers, adopting biomass materials, and using recycled plastics.

Using biomass materials

We are gradually transitioning to biomass plastic made from plant-derived biomass. In fiscal 2023, we promoted the transition to biomass plastic for shrink-wrap and cream containers of the Hada Labo GOKUJYUN Premium series.



Simplified packaging

We promoted a review of the packaging method. Eye drops, which were bundled together by film packaging, are now bundled by banding, thereby reducing the amount of film used.



Waste Reduction

Promoting recycling at plants

We are promoting recycling at plants, and at the Ueno Techno Center, Rohto's mother plant, a recycling rate of 99% has been achieved, including plastics used as materials and cardboard boxes used for transportation. To further increase the recycling rate, we joined the Japan-Earth Conscious Labeling (J-ECOL), a general incorporated association, and started recycling of release paper in the fall of 2023. Labels are used at plants for various purposes, such as product labels attached to containers and invoice labels in logistics. However, recycling of the backing paper (i.e., release paper) used to protect the adhesive surface has been slow to get into full swing. Through this initiative, the recycling of release paper into containerboard was realized in cooperation with suppliers, resulting in the recycling of 8,610 kg of release paper in the half-year period. We will continue our efforts to create a recycling-based society, working with suppliers and other business partners.

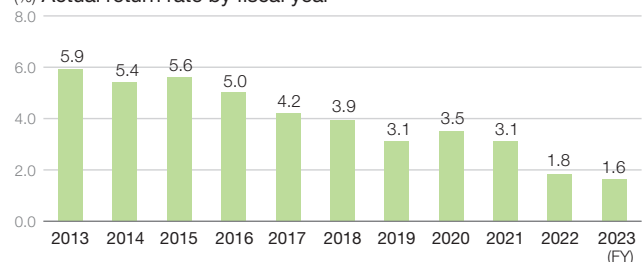


Sorting of waste

Reduction of Returned Goods

Traditionally pharmaceutical and cosmetics industries have a trade practice of returning unsold products to manufacturers, and the disposal of returned goods has been a longstanding issue. Based on our belief that reducing returned goods would not only improve our profits but also be beneficial to society, we launched the Returned Goods Project in 2015, and have been striving to reduce returned goods. Our products, such as anti-fever products, sunscreens, and anti-dryness products, are seasonal and have expiration dates, therefore, it is important to work closely with retailers. By achieving optimal in-store inventory in cooperation with retailers, we curbed excessive shipments and reduced the return rate from 5.6% to 1.6% from 2015 to 2023, without missing sales opportunities. We will continue to promote initiatives.

(%) Actual return rate by fiscal year



Reduction of Product Disposal

Since July 2020, we have been participating in Go Ethical, an initiative that aims to reduce loss from product wastage in the OUTLET section of the LOHACO by ASKUL, an online shopping platform. We are reducing loss from product wastage for returned products, which have no quality defects but would previously have been destined for disposal,* by reselling them online.

* Unopened, discontinued products returned from distributors and wholesalers.



Initiatives in Product Development

By printing the necessary package inserts for OTC drugs on the inside of the paper box, we have reduced the amount of paper used for the package inserts that used to be enclosed. We launched this initiative for certain eye drops and are expanding the scope to include dermal medicines and other products. In fiscal 2023, we introduced this initiative for the Acnes series.



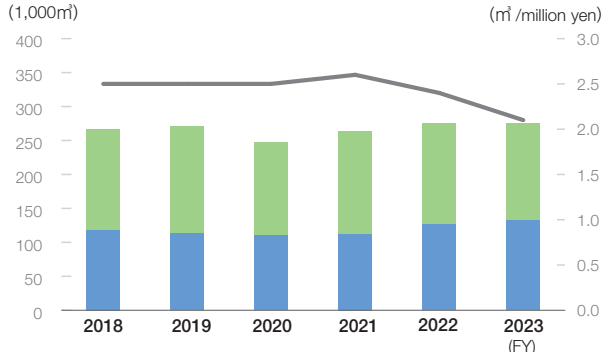
Initiatives for Water Resources Conservation

With economic development and population growth, the world's demand for water is increasing rapidly. Limited water resources also pose a major challenge to society in terms of its quality. Our business activities require a certain amount of water use. Based on the recognition that our business is closely related to water resources, we consider the effective use of water resources to be our social responsibility. In accordance with our Environmental Policy, we engage in environmental preservation activities such as effective use of water resources, reduction of water usage, and prevention of water pollution from our entire business.

Consumption of Water Resources

Left axis: ■ city water/■ groundwater

Right axis: — Water usage per unit of net sales



Efficient use of water resources

Our main plant, the Ueno Plant, uses groundwater. The wastewater generated in the groundwater refining process is reprocessed and recycled in an effort to efficiently use our precious water resources.

Reduction of water usage

Water use is essential to our products themselves, and water use will increase as production volume increases. Water is also required for washing and other production processes to maintain quality. We are working to effectively reduce the amount of water used so that we can minimize environmental impact as much as possible while maintaining product quality. In addition to water usage at our plants, we are also working to control water consumption in flushing of toilets and hand washing in offices.

Improvement of wastewater quality

Through regular daily monitoring and adjustments, we strive to reduce the impacts caused by wastewater discharge.

Initiatives for Biodiversity Conservation

Recognizing that all of our business activities benefit from and impact the natural environment, we are committed to preserving biodiversity for a sustainable society by working in harmony with the natural environment.

- 1 We will strive to understand how our business activities relate to and impact biodiversity, and work to avoid or minimize the impact.
- 2 We will strive to conduct our business activities in a manner that takes into consideration the ecosystems of the regions in which we operate.
- 3 We will strive to preserve the environment by promoting the development of products and technologies that take biodiversity into consideration.
- 4 We will strive to raise employee awareness of biodiversity and support and promote environmental preservation activities through cooperation and partnerships with a variety of related stakeholders.
- 5 We will comply with national and international agreements and laws regarding biodiversity.

Sustainable Paper Products Procurement

We have established a policy of using environmentally friendly paper such as papers with forest certification and recycled paper as well as reducing the amount of paper resources used. Product packaging, sales promotional materials, company brochures and other leaflets, and paper used in the office are switched to paper with forest conservation credentials.



https://www.rohto.co.jp/global/company/policylist/-/media/cojp/global/sustainability/environment/biodiversity/paper_procurement_en.pdf

Sustainable Palm Oil Procurement

Palm oil, a vegetable oil extracted from oil palms, is also used as a cosmetic ingredient (fatty acids and glycerin). In recent years, however, various problems have arisen, including the destruction of tropical rainforests to make way for oil palm plantations as well as issues related to the human rights of plantation workers. Setting targets for the selection and procurement of sustainable raw materials, we have joined the Roundtable for Sustainable Palm Oil (RSPO) and are pursuing initiatives.

Initiatives for Coral Conservation

In recent years, the impact on coral and marine life caused by certain ingredients in sunscreen formulations have emerged as issues. We have developed a sunscreen that does not contain ingredients implicated in marine pollution and coral die-off, launching the Skin Aqua "NEXTA" series in February 2022. We are also continuing awareness-raising activities, centering on Okinawa.

Recognizing that the lack of a global standard for evaluating the impact of cosmetic formulations on corals is an issue, we established a new method for evaluating the effects of formulations on the growth of *Montipora Blainville* and *Acropora Oken* through joint research with Innoqua Inc. Going forward, the method can be used to evaluate the impact of cosmetic formulations, not only those of sunscreens, and is expected to lead to development of more environmentally friendly products.



Coexistence with Society

In order to co-create a society with well-being, we aim to be an entity needed and trusted by society not only by providing safe, secure, and high-quality products and services but also by ensuring that our business activities are in harmony with society, and we are striving to build trust with our stakeholders.

Quality and Safety Assurance

Rohto has established the Quality Policy with the aim of providing reliable and safe products, and we all make concerted effort to drive our daily operations in accordance with this policy. The Quality Policy consists of guidelines for providing products that customers and patients can use safely. We review the policy to keep abreast of the changing times and the expansion of our product range. In April 2022, we introduced a new Quality Policy, with a view to ensuring higher quality and safer use of our products in line with the full-scale entry to the ethical drug business. We are working to thoroughly inform all members about it.

Dissemination to all members and promises to customers

A board indicating the Quality Policy is placed at each office to ensure that members are aware of the Quality Policy and also to inform visitors to our offices. The Quality Policy board clearly shows that quality efforts are spearheaded by the President and other executives.

Cards on which the Quality Policy is stated are distributed to all members so that they can always refer to it.



Vigorous holding of quality exchange meetings

In order to thoroughly disseminate the Quality Policy and foster a quality culture, the quality section takes the lead in planning quality exchange meetings and holds the meetings together with other departments. Through group work that facilitates interactive discussion centered on quality, so that each and every member can see "quality" as their own personal matter.



Publication of Quality Newsletter

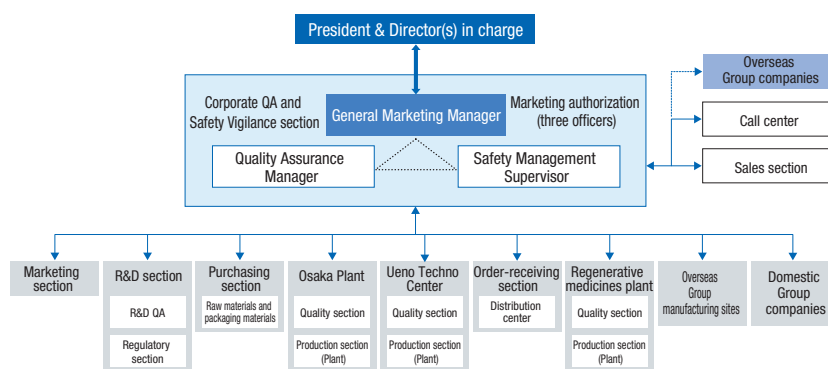
Prompted by an internal project, in January 2024 we began issuing a Quality Newsletter for all members to deepen their understanding of the Quality Policy and Rohto's quality system. A Quality Newsletter is issued every couple of months to promote members' understanding. A message from the President or other executives is communicated, highlighting, for example, the involvement of all members in the enhancement of product quality and the importance of continuing these efforts.

The first issue of the Quality Newsletter Issued on January 9, 2024



Quality Assurance System

We have an organization in which the three officers of the manufacturing authorization (General Marketing Manager, Quality Assurance Manager, and Safety Management Supervisor) work together to guarantee the quality of all our products. We promote a system in which not only the manufacturing and quality sections, but also the entire Company, including the management team, is committed to quality and safety. The same Quality Policy applies to our Group companies, and we have a system in place to achieve a high level of quality assurance.



Strengthening Quality Control throughout the Rohto Group —Holding the Rohto Mentholatum Quality Conference—

In Japan, the Rohto Group Marketing Authorization Holder Joint Meeting is regularly held as a forum for information sharing and discussion among five Group companies (Rohto Pharmaceutical Co., Ltd., Rohto Nitten Co., Ltd., Amato Pharmaceutical Products, Ltd., Mayado Pharmaceutical Co., Ltd., and Qualitech Pharma Co., Ltd.) with the aim of enhancing the quality and safety of the Group's manufacturing plants. We check manufacturing operations, records, sanitation standards, and other plant-related details to ensure there are no discrepancies with respect to approval documents, while conducting mutual inspections to make sure there are no irregularities. We also endeavor to enhance the management capabilities of individual companies by introducing outstanding human resources. Other initiatives include human resources development by resolving issues, raising efficiency through collaboration, establishing a compliance system, and sharing information on safety activities.

Globally, we hold a Rohto Mentholatum Quality Conference with five companies having eye drop manufacturing sites, Mentholatum (China) Pharmaceuticals Co., Ltd., PT. Rohto Laboratories Indonesia, Rohto-Mentholatum (Vietnam) Co., Ltd., Rohto Nitten Co., Ltd., and Rohto Pharmaceutical Co., Ltd. At the conference, they share information about each site and examine their own companies, while inputting the latest information. By leveraging the strengths of each Group company, we strive to provide products that ensure quality and safety for people around the world.



Safety Initiatives

In compliance with the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, GVP Ministerial Ordinance*, and other regulations, and covering all information from our customers and patients, as well as from academic societies and overseas, we regularly check and evaluate whether our products are safe and being used correctly. In cases when it is considered necessary to alert the public about safety or usage, we will revise the Precautions and other information as well as communicate the information to the public. Recently, we have revised our response flow to include the opinions of medical specialists so that we can detect and respond to safety issues at an early stage with greater precision. These efforts have enabled us to further ensure the safety of our customers and patients. We will continue to strengthen our safety initiatives.

* Good Vigilance Practice (GVP) Ministerial Ordinance: A law to ensure that companies properly implement safety measures.



Compliance with Legal Guidelines

There has been a series of cases of misconduct in the pharmaceutical industry. Based on the legal compliance guidelines issued by the Ministry of Health, Labour and Welfare, we have prepared a document titled “Rohto Legal Compliance System” and made it available to all members. In addition, we provide all members with training using e-learning (Rohto Academy) to deepen their understanding of the importance of legal compliance and our system, thereby strengthening the company-wide system.

Quality Assurance System

Our manufacturing, quality control, and logistics base, Ueno Techno Center, has a highly automated eye care production line that enables us to produce a wide variety of products. The high quality assurance system and flexible production lines cultivated in pharmaceutical manufacturing, advanced aseptic and foreign material control technology, and centralized control of test data using a Laboratory Information Management System information management system (LIMS), etc. enable high quality and highly efficient production systems. The center was the first Japanese pharmaceutical manufacturer’s facility to comply with FDA Part *1, and has also acquired ISO13485*2 and CE marking*3, and is actively promoting the provision of products overseas.



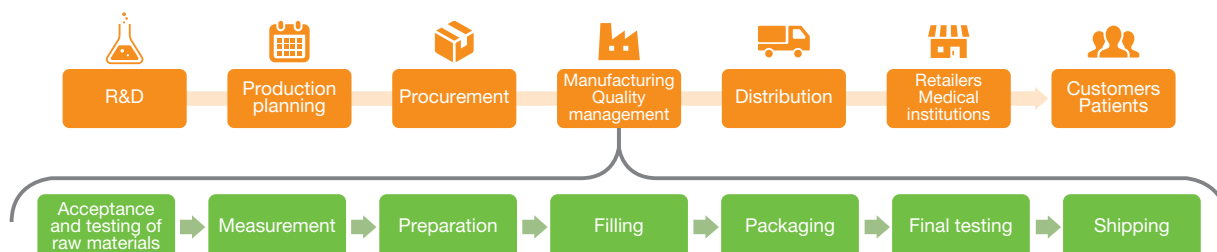
*1. FDA Part 11 is standards for electronic records management stipulated by the U.S. Food and Drug Administration.

*2. ISO 13485 is an international standard on quality assurance specifically for medical devices.

*3. CE marking is used to indicate a product has passed European safety testing.

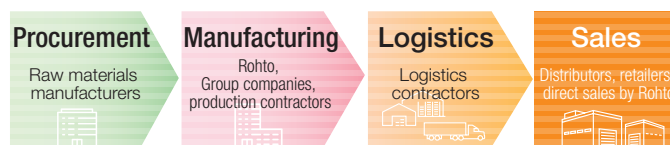
Efforts to Provide Safe and High-Quality Products

With the aim to realize a society with well-being, we bring a variety of products and services to society. To contribute to the well-being of the earth and all the people living on it, we make every effort to provide even safer and higher-quality products, at all stages from development to raw material procurement, manufacturing, distribution, sales, and use.



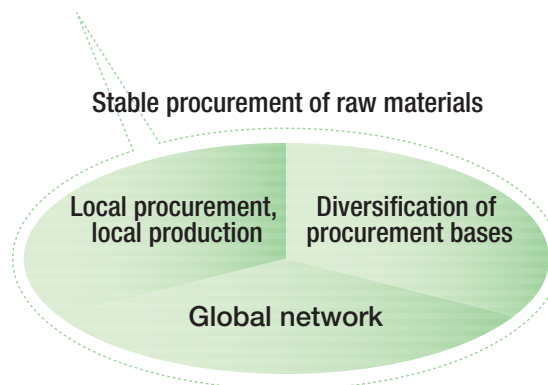
Building a Sustainable Supply Chain

From procurement of raw materials and manufacturing through inventory management, logistics and delivery, and sales, we are committed to building a sustainable and responsible supply chain with various stakeholders who support Rohto.



Sustainable and Responsible Sourcing

Amid climate change, pandemics, conflicts, and other global issues, we view realizing stable procurement of raw materials in order to provide safe and secure products to our customers as an important issue. We have been working to diversify our procurement bases by utilizing our global network. Local procurement and local production also contribute to risk diversification and sustainability.



Working with Business Partners to Enhance Social Responsibility in Procurement

In order to promote sustainable procurement throughout the supply chain, we established the ROHTO Group CSR Procurement Guidelines in 2023. The previous CSR Guidelines for Suppliers were revised, reflecting international standards and increasing social requirements, and replaced by these new guidelines.

● ROHTO Group CSR Procurement Guidelines (Rev. July 2023)

Sustainable manufacturing of safe, secure, and high-quality products cannot be achieved by Rohto alone. While emphasizing cooperation with our business partners and working together to protect the environment, conserve resources, and respect human rights, we strive to ensure stable procurement and provision of products that can be used with peace of mind.

The guidelines consist of the Procurement Basic Policy and the CSR Procurement Standards. The latter includes seven items, such as legal compliance, respect for human rights, and occupational safety and health. By applying these guidelines, we aim to identify risks throughout the supply chain and correct them promptly, thereby resolving social issues and enhancing corporate value. The guidelines are applied to the procurement of goods and services that the Group requires for its business activities. We inform our business partners of our guidelines and seek their understanding of them, and implement countermeasures for problems in order to promote the manufacturing of products, considering social responsibility throughout the supply chain.

● Supplier CSR Survey (2023)

We conducted a CSR procurement self-assessment survey of suppliers as a first step for promoting procurement activities that place greater emphasis than ever before on corporate social responsibility (CSR) perspectives, such as the natural environment, the labor environment, and human rights, in addition to conventional perspectives, such as quality, performance, price, and delivery conditions, when procuring products, materials, raw materials, and sales promotion tools. By linking our activities for improvement based on the results of each supplier's self-assessment to consideration of social and environmental impacts and reduction of risks, we will promote CSR procurement that will enhance the sustainability of society for both suppliers and buyers.

* The survey uses a questionnaire available from Global Compact Network Japan (GCNJ), of which Rohto is a member. GCNJ is a local network that serves as a platform for sustainable development. Established with a secretariat at the United Nations Information Center, GCNJ currently has about 620 member companies and organizations in Japan. The questionnaire focuses on four areas—human rights, labor, the environment, and anti-corruption—based on the ten principles of the UN Global Compact. We believe this questionnaire will enable us to identify common baselines for various companies and business formats, and reduce the burden on our suppliers.

Policies related to environmental consideration and social responsibility were also formulated, including the ROHTO Group Plastic Usage Policy and the ROHTO Group Paper Products Procurement Policy. (2023)

For details, please visit our website. <https://www.rohto.co.jp/global/company/policylist/>

Initiatives for Sustainable Delivery in Cooperation with Business Partners



Countermeasures for the “2024 Problem” and Workstyle Reform

To respond to the logistics crisis caused by soaring fuel prices and the “2024 problem” that includes driver shortages and build a responsible and sustainable supply chain, we are reviewing our supply chain, improving delivery efficiency, and promoting eco-friendly logistics. The initiatives we are pursuing not only reduce risk and environmental impact, but also lead to the well-being of people involved in logistics, such as drivers.

* Various logistics problems resulting from the introduction of the annual overtime cap of 960 hours for truck drivers from April 2024 onward

1 Initiatives to improve the working environment for drivers



Reduction of truck waiting time and departure time by eliminating same-day shipment of orders

With the cooperation of distributors and business partners, we have implemented reforms to eliminate shipments on the same day as orders are received and to finalize shipment details by the previous day. This has allowed shipping operations to be successfully brought forward, resulting in the elimination of truck waiting time for cargo, and departure time was moved forward by three hours. Furthermore, staffing appropriate for the volume of goods has been achieved, and overtime hours for employees in related departments within the Company, including the distribution center, have been significantly reduced.

Workplace-driven workstyle reform

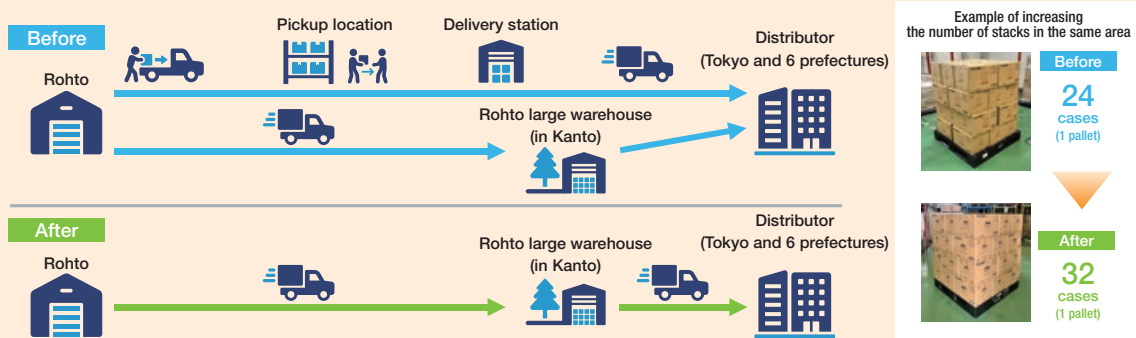
To achieve this reform, we fundamentally reviewed our business processes, eliminated the dependency of work on individuals, encouraged individuals to take on new tasks, and transformed the way we work. Through these initiatives, the quality of work was enhanced and teamwork was strengthened. As a result, the team members' overtime work has been reduced by an average of about 40% per person per month. We will continue to further improve efficiency to achieve the goal of zero overtime.

2 Improved loading efficiency and reduced delivery frequency (Design for Logistics)

We aim to establish a sustainable delivery system that adapts to the increased volume of our product shipments, while increasing logistics efficiency and reducing environmental impact and transportation costs, as well as responding to the 2024 problem. We are promoting improvement activities, such as optimization of pallet usage. Comparing 2021 and 2024, the ratio of loading with high pallet area utilization*1 increased by 8 percentage points, while the ratio of loading with low pallet area utilization*2 decreased by 8 percentage points.

Although our main plants are located in western Japan, we have a large warehouse in the Kanto region and provide bulk delivery to distributors in Tokyo and six prefectures in eastern Japan. The use of large trailers from Rohto to large warehouses in the Kanto region has improved transportation efficiency and reduced delivery frequency to two-thirds. Furthermore, we plan to expand the use of large trailers to all of eastern Japan from 2024 to enhance efficiency and promote improvement.

*1 Pallet area utilization rate of 80% or more *2 Pallet area utilization rate of 79% or less



3 Modal shift

We are further expanding the modal shift from land transportation (trucks) to more efficient marine transportation (ferries), which we have been promoting together with PALTAC CORPORATION since fiscal 2021. A modal shift has been completed for approximately 70% of deliveries to the Kyushu region, and we plan to promote a modal shift to the remaining 30% in the future. This initiative helps address driver shortages and improve the working environment for drivers involved in long-distance transportation, while also contributing to reduction of CO₂ emissions.



CO₂: emissions from transporting 1 ton of cargo 1 km can be reduced by approximately 80% when using a ferry.

Respect for Human Rights

Basic Approach to Respect for Human Rights

We are operating businesses in Japan and overseas with the aim of realizing a society with well-being. Respect for human rights is the foundation of all business activities. Recognizing that our business operations may directly or indirectly affect human rights, we support and respect the United Nations' International Bill of Human Rights*, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and international norms related to workers' rights. We uphold the Ten Principles of the United Nations Global Compact as its signatory company and support the Guiding Principles on Business and Human Rights, and will implement initiatives based on these principles. We will also comply with the laws and regulations applicable in each country or region where we conduct our business activities. In the event of a conflict between internationally recognized human rights and the laws and regulations of a country or region, we will pursue measures that respect international human rights principles.

* The International Bill of Human Rights is the collective name for the following three documents: the Universal Declaration of Human Rights and its treaties, namely the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

● Human Rights Issues of Particular Importance

Prohibition of discrimination and harassment	We respect the dignity and fundamental human rights of all relevant stakeholders and do not tolerate discrimination or harassment on the basis of race, ethnicity, age, religion, creed, gender, nationality, social status, disability, sexual orientation, gender identity, physical characteristics, or disease. We also respect diversity and strive to provide equal opportunities.
Guarantee of workers' rights	We strive to prohibit child labor and forced labor (including slavery and human trafficking), respect freedom of association and the right to collective bargaining, prevent low-wage labor (work below the minimum and living wage) and excessive working hours, and ensure occupational safety and health (including workers' physical and mental health).
Respect for privacy	We strive to ensure respect for privacy, such as the protection of personal information, including that of customers and employees.

● Human Rights in the Workplace—Extended to Group Companies

We guarantee basic labor rights to our employees and allow them to organize a labor union and retain the right to collective bargaining. In labor-management consultations, labor and management work closely together to share information on issues such as working conditions as well as the working environment, and labor and management engage in a unified effort to resolve issues. At our overseas locations, we strive to build good labor-management relations with labor unions in accordance with the labor laws and regulations of each country.

We established the Rohto Group Alert Line, a contact point for consultation about human rights and compliance. In the event of a negative impact on human rights, measures are implemented swiftly to provide a remedy for those affected. We have put in place a system that enables reporting 24 hours a day, 365 days a year, by opening the Rohto Group Web Alert Line, a contact point via a web form, in July 2023.

● Human Rights in Relationships with Business Partners

We have also created a Business Partner Alert Line, a compliance contact point where the officers and employees of our business partners can consult or report on the compliance violations of Rohto Group personnel. In the event of any compliance violation, this contact point for external partners will help us detect and rectify the violation at an early stage.

● Customers' Human Rights

The Communication Call is available for customers to provide feedback. Confidentiality and anonymity are ensured so that whistleblowers will not be disadvantaged.

● Education and Training, etc. for Employees

The Rohto Group clearly states in the ROHTO Human Rights Policy that it respects human rights, and in the ROHTO Group Action Agenda for Compliance that it respects the human rights of its employees and business partners and strives to fulfill its social responsibility. Moreover, the Compliance Division takes the lead in disseminating information to employees and providing online education, including videos, in order to detect human rights violations at an early stage, prevent them from occurring, and make necessary improvements.

(For details on compliance initiatives, see p.72)

Initiatives for Society

As part of our corporate philosophy, we state that “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.” Accordingly, we are actively engaged in activities that contribute to society and consider them to be an important theme of our business activities. Among other things, we are committed to supporting the next generation, health awareness enhancement activities, coexistence with local communities, and development of medicine, over the long term in order to realize a society with well-being.

Support for the Next Generation

The Michinoku Future Fund providing support for orphans of the Great East Japan Earthquake

This scholarship fund provides grant-type post-high-school scholarships to orphans of the Great East Japan Earthquake. The Fund is run by four companies: Kagome Co., Ltd., Calbee, Inc., Ebara Foods Industry, Inc., and Rohto. The circle of support has expanded beyond industry boundaries, with donations totaling about 5.3 billion yen and the number of scholarship recipients reaching 1,145 as of March 2024. We will continue to provide long-term support for approximately 25 years until the children who were in the womb at the time of the disaster graduate from university, so that they can continue to pursue their hopes and dreams without having to give up due to financial reasons.



Public Interest Incorporated Foundation ROHTO Foundation for Children's Future

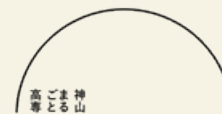
The Foundation supports children, who are the future of society, by respecting their individuality and fostering their perspectives to explore and support their diverse learning. In fiscal 2023, the Foundation provided funds and mentoring to eleven children to support their studies. Having been certified as a public interest-incorporated foundation by the Cabinet Office, the Foundation became a public interest-incorporated foundation in April 2024.

Going forward, we are committed to further contributing to activities that expand the circle of well-being of individual children.



Kamiyama Marugoto College of Design, Engineering and Entrepreneurship

Having opened in April 2023, Kamiyama Marugoto College of Design, Engineering and Entrepreneurship provides novel education that combines the three pillars of technology, design, and entrepreneurship, with the goal of fostering entrepreneurs who can change society by leveraging their ability to create things and generate innovations. We endorse the college's ideal and have joined its scholarship partner program that is aimed to make tuition free through donations. We intend to create opportunities for the scholarship recipients and companies to work together for a better future.



Health Awareness Enhancement Activities

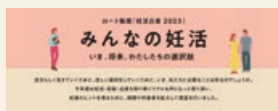
Publication of 2023 Fact-Finding Survey on Pregnancy

The environment in which people face fertility challenges varies in terms of how they participate in society, the age of marriage and childbirth, and so on.

Rohto's Dotest pregnancy test and ovulation predictor kit enable users to self-check the timing of ovulation. Knowing themselves encourages them to understand when it would be desirable to consult an obstetrician. Through Dotest, we have closely supported our customers who wish to become mothers and fathers.

In order to offer solutions to those who are anxious owing to a lack of information about pregnancy and childbirth and to understand people's views about pregnancy to grasp the actual situation and raise public awareness, we have conducted an annual Fact-Finding Survey on Pregnancy and published the results since 2018.

We continue to offer support in order to provide more opportunities for everyone who desires to have children someday to gain accurate information and knowledge.



Raising Awareness about Children's Hay Fever

Many people in Japan suffer from hay fever, especially the prevalence in children is increasing, and it is no exaggeration to say that hay fever has become a national affliction.

In order to grasp the current situation of children's hay fever and to disseminate information, Rohto conducts a questionnaire survey on children's hay fever among parents with children aged 0 to 16. Compared to the result of the previous survey conducted in 2014, it was found that the number of parents who recognize that their children suffer from hay fever increased by about 10 percentage points to 42.6% (32.7%, 10 years ago). Narrowing down the scope to elementary school children, about half (47.4%) of the parents responded that their children suffer from hay fever, and about one in four responded that itchy eyes made it difficult for them to concentrate in class and when studying. On the other hand, the survey also revealed that about 30% of parents are not taking countermeasures for children's hay fever.

Through the questionnaire survey, we will continue to promote awareness-raising activities for children's health.

Coexistence with Local Communities

Izumiotu City of Osaka Prefecture and Rohto Pharmaceutical concluded comprehensive cooperation agreement

Izumiotu City in Osaka Prefecture is implementing various measures to improve the quality of life (QOL), such as visualization of health status and promotion of nutritional education, and is pursuing novel initiatives to reduce the incidence of falls that result in elderly people requiring nursing care. We concluded a comprehensive cooperation agreement with Izumiotu City in August 2023. Utilizing our knowledge of health and productivity management, we gave eye care awareness-raising classes at elementary schools and promoted the carrying of activity meters by Izumiotu City employees.

We will continue contributing to the health of people in the community by providing programs and content that leverage our strengths.



Matsuyama City of Ehime Prefecture, Ehime University, Lady Drug Store, and Rohto Pharmaceutical concluded cooperation agreement

Ehime Prefecture has long been engaged in initiatives to extend healthy life expectancy. We concluded a cooperation agreement with Matsuyama City of Ehime Prefecture, Ehime University Graduate School of Medicine, and Lady Drug Store Co., Ltd. in July 2023. To promote the health of people in Matsuyama, we held an event to raise awareness about eye frailty, which is the decline of visual function with aging, with a view to early detection of eye diseases.

In line with the aging of the population, the importance of countermeasures for eye frailty is increasingly recognized as a social issue. By pooling the knowledge and expertise they have accumulated over the years, the four parties will enhance well-being in the community through activities to raise awareness about eye frailty.



Supporting the creation of opportunities to think about marine pollution

In order to encourage many of our customers to think about the environment, we are conducting various activities, associated with our environmentally friendly products, in cooperation with local communities. In recent years, problems related to marine pollution have become a social issue. In Okinawa, which is home to many coral species, we are working with people who live and work in the community to create opportunities to think about and engage in activities aimed to address local issues such as marine debris and coral conservation.



Karugamo Fund: Corporate matching gift

The Karugamo Fund is financed through a combination of members' voluntary contributions to a reserve fund and matched donations from the Company. Each year, the members decide on the recipients of the Fund, and use them to support welfare and educational activities that are needed in society. The Fund was started in 2004, and is participated by 1,391 members as of March 31, 2024.



We engage in many other community activities.

For details, please visit our website.  <https://www.rohto.co.jp/sustainability/society/community/> (in Japanese)

Contributing to the Development of Medicine

Supporting young researchers

We are contributing to the enhancement and development of medicine by widely funding science and technology, basic research, and clinical research. We will continue to support young researchers, particularly in ophthalmology, dermatology, and obstetrics and gynecology.

Science and technology	1977 -	Yamada Science Foundation	Established by Kiro Yamada, our first president, to subsidize and promote basic research in the natural sciences and with the aim to contribute to the enhancement of science and technology and public welfare.
Eyes	1995 -	ROHTO AWARD	The award is given to young researchers who have made outstanding achievements in both basic and clinical research, with the aim of advancing ophthalmology research. The award has produced human resources that will be future leaders in ophthalmology.
Skin	2007 -	Japanese Association of Geriatric Dermatology Research: Rohto Prize	Established by the Japanese Association of Geriatric Dermatology Research and the Company to widely encourage and aid basic and clinical research and study on age-related dermatology.
Skin	Since 2008	Rohto Dermatological Research Fund: Endowment by Rohto Pharmaceutical	The Fund provides research grants for innovative and budding research, with the aim of supporting and promoting basic research that is expected to make a significant contribution to the development of dermatological medicine.
Women	2009 -	Rohto Women's Health Research Award	Developed from the Society for Women's Health Science Research, this award is presented to an institute that has made a significant contribution to the development and enhancement of obstetrics and gynecology research.

As a Leading Eye Care Company

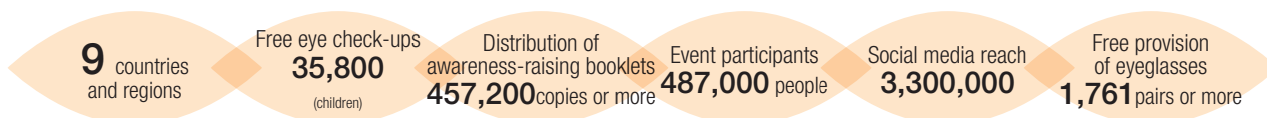
Desiring the health of individuals and society, we have engaged in research in cooperation with universities and medical institutions, focusing on eye health for more than 100 years. Through active communication and cooperation with the community, we address issues related to eye health and contribute across regions and national borders.

[Eye Care×Social Contribution] Rohto Global Initiative “JoS Project” (from 2022)

In cooperation with the Rohto Group companies overseas and related organizations, we launched the Joy of Seeing (JoS) social contribution project to protect people's eye health around the world. In 2023, we conducted activities in nine countries and regions mainly in Asia, including events to raise awareness of children's eye health and myopia, free eye check-ups, and free provision of eyeglasses.



Children's eye health and myopia (Activities conducted in 2023)



Japan: Participated in the “Vision to Connect” center of Tohoku University under the Japan Science and Technology (JST) Program on Open Innovation Platforms for Industry-academia Co-creation (COI-NEXT). Against the backdrop of a globally increasing myopia population and declining vision of children in Japan, we created an animated video to raise children's awareness of eye health, which is used in classes at elementary schools, etc.



Hong Kong: Conducted initiatives to raise awareness of eye care, including holding Braille workshops, making Braille cards to be delivered to more than 6,300 students at 63 schools, and awareness-raising activities at elementary schools in cooperation with non-profit organizations.



Other Eye Care Support Around the World (excerpts)

Support for the Amazonian Cataract Project (Ophthalmos S. A., Rohto's subsidiary in Brazil)

To help indigenous Brazilian communities where people could not easily receive eye care treatments, we have been supporting the project for over 20 years. Ophthalmos S. A., Rohto's subsidiary in Brazil, is contributing to healthcare beyond regional and ethnic barriers. Staff are volunteering and instruments and products for cataract surgery are provided free of charge.



Support and cooperation for free cataract surgery in the ASEAN region (PT. Rohto Laboratories Indonesia)

PT. Rohto Laboratories Indonesia is the first company in the ASEAN region to manufacture and sell intraocular lenses (IOLs) for cataract surgery. Working closely with various stakeholders, including hospitals, eye clinics, and foundations, the company has long been involved in social contribution activities, such as providing intraocular lenses free of charge. It is conducting activities not only in Indonesia but also in neighboring countries including Thailand and Myanmar, thus contributing to eye health in the region.



Supporting the “Seeing” Around the World Together with Our Business Partners in Japan: “Social Partners” Project (from 2016)

Together with 10 of our business partners in Japan, we have been implementing the Social Partners project since 2016, in which a portion of the sales of eye drops is donated to organizations that support eye care in Asia, Africa, and other regions. Loss of eyesight due to cataracts is a worldwide problem, and tens of millions of people are estimated to have become blind because of a lack of access to proper treatment as a consequence of poverty and the absence of medical resources. We matched a portion of the sales of eye drops of 10 business partners from November 2023 through March 2024, and the support amount totaled 1,324,240 yen in fiscal 2023.

Support amount in fiscal 2023
1,324,240 yen

Donation recipients

OUI Inc.

A startup founded by ophthalmologists from Keio University School of Medicine. Aiming to reduce the number of people going blind by 50%, OUI developed the “Smart Eye Camera” (SEC), an ophthalmic diagnostic device designed to be attached to a smartphone, which provides eye care for patients in regions with limited access to healthcare, primarily in developing countries.
<https://ouiinc.jp/en/top/>

Asia Prevention of Blindness Association (NPO)

This organization offers free ophthalmic treatment, teaches ophthalmology techniques, provides eye check-ups, and conducts awareness-raising activities in Vietnam and other developing countries in Southeast Asia and elsewhere in Asia.
<https://www.asia-assist.or.jp/> (In Japanese)

Corporate Governance

Basic Approach to Corporate Governance

At the same time as fulfilling our social responsibility, we are striving to earn the trust and meet the expectations of our shareholders, customer, business partners, employees, and all other stakeholders, and achieve coexistence and co-prosperity. We recognize that enhancing and strengthening corporate governance to achieve this 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.

Efforts to Strengthen Corporate Governance

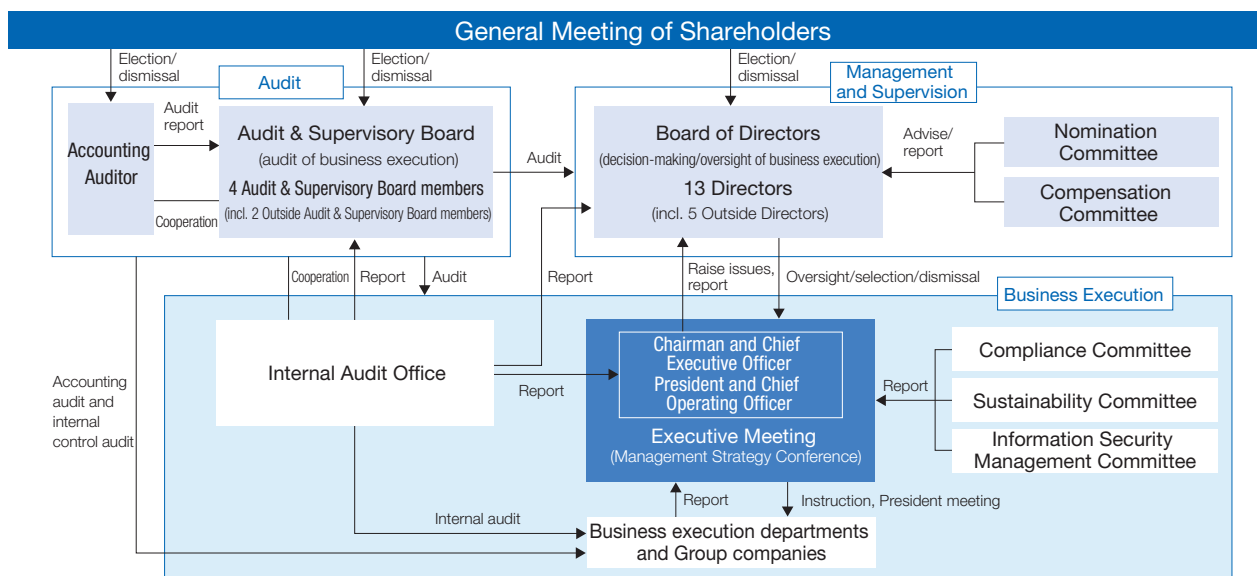
We have been making ongoing efforts to enhance the corporate governance system with a view to a sustained increase in corporate value.

Major initiatives	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	A female Outside Director elected Evaluation of the Board of Directors' effectiveness initiated A female (internal) Director elected Nomination and Compensation Advisory Committee created Nomination Committee and Compensation Committee created Compliance Committee created Sustainability Committee created A female Outside Audit & Supervisory Board member elected										
No. of Outside Directors/ Total no. of Directors	2/13 15.4%	2/12 16.7%	2/11 18.2%	3/11 27.3%	3/12 25.0%	▶	3/9 33.3%	▶	4/11 36.4%	▶	5/13 38.5%
No. of female Directors/ Total no. of Directors	1/13 7.7%	1/12 8.3%	1/11 9.1%	▶	2/12 16.7%	▶	2/9 22.2%	▶	3/11 27.3%	▶	4/13 30.8%
No. of Outside Audit & Supervisory Board members/ Total no. of Audit & Supervisory Board members	2/4 50%	▶	▶	▶	▶	▶	▶	▶	▶	▶	2/4 50%

An Overview of Corporate Governance System

Rohto has adopted the framework of a company with an audit and supervisory board. Through the appointment of five Outside Directors and two Outside Audit & Supervisory Board members, we aim to incorporate outside perspectives at the same time as strengthening management monitoring functions. Cooperation between the Audit & Supervisory Board and the Internal Audit Office has enhanced the effectiveness and efficiency of audits. We have also increased the transparency of management through the establishment of the optional Nomination Committee and Compensation Committee. In addition to the regular meetings of the Board of Directors, extraordinary meetings of the Board of Directors are held flexibly or resolutions are adopted in writing, to speed up the decision-making process in order to respond to changes in the business environment promptly and accurately.

Corporate Governance System (as of June 30, 2024)



Management and Supervision

Board of Directors

The Board of Directors is composed of all Directors and operates with the attendance of Audit & Supervisory Board members who have an obligation to attend. Based on its fiduciary responsibility and accountability to shareholders, the Board of Directors aims to achieve sustainable growth and enhance its corporate value over the medium to long term for the common interest of all stakeholders. Toward that end, it makes decisions on important matters related to management and supervises the execution of business by each Director, in accordance with laws, regulations, and the Articles of Incorporation. Directors perform their duties under the direction and supervision of Representative Directors and in accordance with the responsibilities and division of duties determined by the Board of Directors. They report the status of business execution to the Board of Directors quarterly. Outside Directors provide suitable advice and opinions as appropriate at meetings of the Board of Directors from an independent standpoint, based on their broad knowledge and extensive experience. In order to make deliberations at Board of Directors meetings more substantive, Outside Directors and Outside Audit & Supervisory Board members consider the contents of proposals in advance, in an effort to achieve the sustainable growth of the Group and enhance corporate value over the medium to long term.

Number of meetings held in FY2023	Principal matters deliberated
8 times	· Human resources strategy, new business strategy, M&A, DX, production structure, compliance, sustainability matters, etc.

Audit & Supervisory Board

The Audit & Supervisory Board is composed of four members: two Outside Audit & Supervisory Board members; and two Full-time Audit & Supervisory Board members from within the Company. The Audit & Supervisory Board is chaired by a Full-time Audit & Supervisory Board member elected by and from among the Audit & Supervisory Board members. Based on its fiduciary responsibility and accountability to shareholders, the Audit & Supervisory Board ensures the soundness of management with the aim of achieving sustainable growth and enhancement of the corporate value of the Group over the medium to long term, and acts in the common interests of the Group, its shareholders, and all other stakeholders. Each Audit & Supervisory Board member audits the execution of business by Directors and expresses advice or opinions. Audit & Supervisory Board members collaborate regularly and as appropriate with the Internal Audit Office, which is in charge of internal audits, and the Accounting Auditor to enhance the effectiveness of their audits.

Number of meetings held in FY2023	Principal matters considered
17 times	· Formulation of an audit policy and audit plan, preparation of audit reports, refusal of reelection of the Accounting Auditor, audit of proposals to be submitted to the Ordinary General Meeting of Shareholders, etc. · Full-time Audit & Supervisory Board members: liaising with the Internal Audit Office, conducting onsite audits of subsidiaries, and attending Board of Directors meetings and other important internal meetings, etc.

Nomination Committee

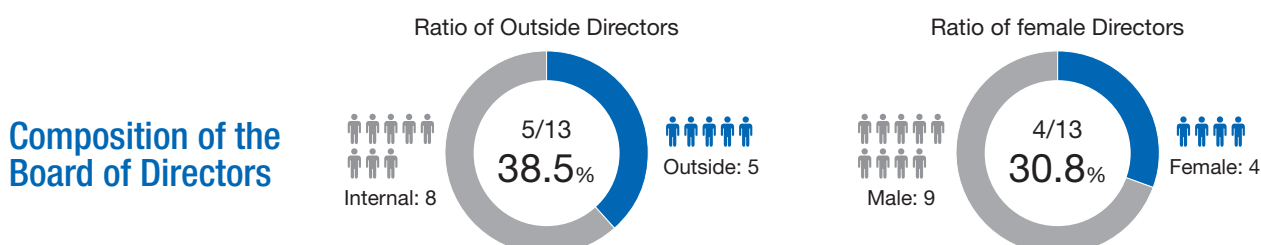
The Nomination Committee is composed of three Directors, the majority of whom are Outside Directors. The Committee is chaired by a member elected by and from among the Committee members. The Nomination Committee drafts the proposals for the selection and dismissal of Directors, the proposals for the selection and dismissal of Representative Directors, and the proposals concerning the positions of Directors, etc., and submits them to the Board of Directors, which it is authorized to do by the Board of Directors.

Number of meetings held in FY2023	Principal matters deliberated
4 times	· Selection of Directors, succession plan, etc.

Compensation Committee

The Compensation Committee is composed of three Directors, the majority of whom are Outside Directors, in order to secure greater objectivity. The Committee is chaired by a member elected by and from among the Committee members. The Compensation Committee determines the amounts of compensation for individual Directors, and prepares drafts for Directors' compensation policies, procedures, and structures. It also drafts proposals regarding Directors' compensation that require approval at the General Meeting of Shareholders and submits the drafts to the Board of Directors. The total amount of compensation for Directors determined, as well as the allocation of basic compensation (fixed compensation) and performance-based compensation (variable compensation), is reported to the Board of Directors.

Number of meetings held in FY2023	Principal matters deliberated
4 times	· Determination of the amounts of compensation and performance-based bonuses for individual Directors, matters related to governance, etc.



Board of Directors' Diversity (Directors' Skills Matrix)

Name	Corporate management	Global business	Marketing/sales	R&D/ intellectual property	Technology (production/quality/DX)	Finance/ accounting	Human resources/ Well-being management	ESH(G)/ Sustainability	Compliance/ legal affairs
Kunio Yamada	●	●	●		●		●	●	
Masashi Sugimoto	●		●	●	●		●	●	●
Masaya Saito	●	●				●		●	
Shinichi Kunisaki	●			●	●		●		
Hidetoshi Segi	●	●		●		●			●
Yasunori Kawasaki			●				●	●	●
Masae Yamanaka	●	●	●		●				
Yoichi Honma				●	●			●	
Akie Iriyama	●	●				●		●	
Haruka Mera	●				●			●	
Tatsuo Uemura								●	●
Eriko Hayashi		●							●
Maiko Katadae	●			●				●	

Note: The table above indicates the highly specialized skills of each Director. Not all knowledge and experience of each person is indicated.

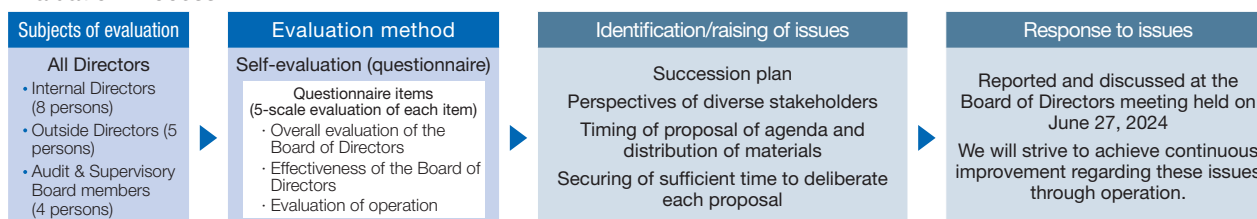
Policy on Selection and Nomination of Directors

The Company aims to achieve sustainable growth and medium- to long-term enhancement of corporate value for the common interest of all stakeholders. Therefore, the Company believes it is important that the Board of Directors of the Company consists of Directors who possess the diverse knowledge, experience, capabilities, insight, and values necessary to ensure appropriate and flexible decision-making with respect to the Company's business activities and supervision of business execution. The Company also believes it is important to ensure a highly transparent and objective corporate governance structure. Regarding internal Directors, the Company emphasizes that they should have experience of diverse business divisions and management experience at the Company's subsidiaries, etc. and an understanding of their issues in order to formulate the Group's management strategy. Regarding Independent Outside Directors, the Company emphasizes that they should have diverse experience and expertise that are unavailable solely from internal Directors and, at meetings of the Board of Directors, be able to offer the Company advice and suggestions contributing to enhancement of corporate value.

Evaluation of the Effectiveness of the Board of Directors

The Company conducted a self-evaluation (questionnaire) of all the Directors in order to evaluate the effectiveness of the Board of Directors in fiscal 2023. The results of the evaluation are generally good, and scores improved over the previous survey for all items. We will continue to make improvements regarding the issues raised.

Evaluation Process



Compensation of Officers

The Company has established a compensation system (level of compensation and determination process) based on the following policies:

- (1) To motivate contribution to the enhancement of the corporate value of the Company from a long-term perspective in order to achieve the philosophy specified in the Articles of Incorporation.
- (2) To enable the philosophy to be put into practice and to be appropriate to the roles and responsibilities of each person.
- (3) To ensure objectivity, transparency, and rationality that can be explained to all stakeholders.

Based on these policies, which have been resolved by the Board of Directors, the compensation for each Director is deliberated and determined by the Compensation Committee within the scope of the total amount of compensation, etc., approved in advance by the General Meeting of Shareholders. The Committee is chaired by the Chairman and Chief Executive Officer. Compensation for Audit & Supervisory Board members is decided in consultation with Audit & Supervisory Board members within the scope of the total amount of compensation, etc., approved in advance by the General Meeting of Shareholders.

The 78th Ordinary General Meeting of Shareholders held on June 24, 2014 approved an annual amount of up to 700 million yen as the maximum amount of compensation for Directors (not including employee salaries for Directors who serve concurrently as employees). The Company's Articles of Incorporation at the time of this Ordinary General Meeting of Shareholders stated, "The Company shall have up to 15 Directors." In addition, the 84th Ordinary General Meeting of Shareholders held on June 26, 2020 also approved an annual amount of up to 70 million yen as the maximum amount of compensation for Audit & Supervisory Board members. The Company's Articles of Incorporation at the time of this Ordinary General Meeting of Shareholders stated, "The Company shall have up to four Audit & Supervisory Board members."

(a) Structure of compensation for Directors

The compensation for the Company's Directors consists of basic compensation (fixed compensation) based on the scale of their responsibilities and roles, and performance-based compensation (variable compensation) based on the evaluation of individual Directors and business performance in the most recent fiscal year. However, Outside Directors are paid basic compensation only as they are responsible for independent supervision.

(i) Basic compensation

The Company pays fixed compensation to individual officers according to the scale of their responsibilities and their roles. The level of compensation at other companies is taken into consideration in determining fixed compensation.

(ii) Performance-based compensation (compensation based on individual evaluations and performance-linked compensation)

Performance-based compensation consists of compensation based on individual evaluations that varies according to the degree of contribution to Company-wide medium- to long-term issues (ESH [environment, society, and health]) and results in the business areas under the control of each officer during the relevant period, and performance-linked compensation that varies according to the degree of achievement of consolidated operating income targets for the previous fiscal year.

The ratio of basic compensation and performance-based compensation varies according to position and role. However, as a rough guideline, approximately 75% of the total compensation for internal Directors is allocated to basic compensation and approximately 25% is allocated to performance-based compensation. This ratio is based on a viewpoint that emphasizes management with a long-term perspective, and in terms of performance-based compensation, the Company also places more importance on degree of achievement in initiatives to address medium- to long-term issues. Compensation is paid in cash only. The annual amount of compensation during the term of each officer determined by the Compensation Committee is divided into 12 and paid once a month in the same amount. The target for the indicator related to performance-linked compensation for fiscal 2023 was 40,000 million yen, and the actual result was 40,048 million yen.

(b) Structure of compensation for Audit & Supervisory Board members

Audit & Supervisory Board members are paid basic compensation only as they are responsible for independent supervision. Compensation is determined through consultation among the Audit & Supervisory Board members taking into consideration the nature of their duties.

Total Amount of Compensation, etc. for Each Category of Officer, Total Amount of Each Type of Compensation, etc., and Number of Eligible Officers

Category of officer	Total amount of compensation, etc. (million yen)	Total amount of each type of compensation, etc. (million yen)		Number of eligible officers
		Fixed compensation	Performance-linked compensation	
Directors (excluding Outside Directors)	445	395	50	9
Audit & Supervisory Board members (excluding Outside Audit & Supervisory Board members)	41	41	—	2
Outside officers	51	51	—	6

Total Amount, etc. of Consolidated Compensation, etc. for Each Officer

Name (category of officer)	Total amount of consolidated compensation, etc. (million yen)	Company category	Amount of each type of consolidated compensation, etc. (million yen)	
			Fixed compensation	Performance-linked compensation
Kunio Yamada (Director)	212	Filing company	190	22

Note: Information is only provided for those whose total amount of consolidated compensation, etc. is 100 million yen or more.

Business Execution

Executive Meeting

In order to respond quickly and accurately to changes in the business environment, the Company has strengthened cooperation between sections that execute day-to-day operations, and established a Strategic Design Headquarters that addresses management challenges from a medium- to long-term perspective. Every other week the Company holds Executive Meetings (management strategy conference), which are attended principally by internal Directors and executive officers, to promote appropriate decision-making and encourage more in-depth discussions at meetings of the Board of Directors. President meetings are also held every other week to share information on important decisions made by each section and company-wide issues with all section heads in a timely manner. Directors have the function of executing and supervising all of these operations. In order to respond quickly and accurately to changes in the business environment and to achieve sustainable growth and enhance corporate value, we have a management structure that enables speedy decision-making and the execution of measures based on roles and responsibilities. We work to increase the agility of decision-making related to management strategies, and strengthen the mobility of management, by clarifying the executive officers in each area.

Sustainability Committee

The Committee discusses on ESG, SDGs, and other sustainability-related issues as well as relevant policies and measures. Based thereon, it decides how to address the issues identified, formulates action plans, and monitors and evaluates the progress. The deliberations of the Committee are reported and suggested to the Board of Directors as appropriate, and particularly important matters are discussed and resolved by the Board of Directors. The Committee is chaired by the Executive Vice President (CFO and in charge of ESG) and composed of a Director appointed by the chair and one Outside Audit & Supervisory Board member who serves as an advisor.

Compliance Committee

The Committee is responsible for and discusses various compliance-related matters: for example, developing compliance policy, system, and rules; raising compliance awareness and providing compliance education and training; investigating compliance violations and devising and implementing measures to prevent recurrence; and administering contact points where employees can report or consult on compliance issues. The Committee is chaired by the President and Chief Operating Officer, and consists of members who are appointed by the chair.

Information Security Management Committee

The Information Security Management Committee is tasked with ensuring the proper management of all information held by the Company, which includes personal information of customers, shareholders, and employees; classified information of the Company; and classified information received from other companies. To that end, the Committee has created an information security system. The Committee appoints and is chaired by the Information Security Management Supervisor.

Strengthen Corporate Governance

Internal Controls

With the objective of ensuring the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with laws and regulations, and to safeguard assets, Rohto has established an Internal Audit Office (staffed by four employees), as an organization independent from sections that execute business, to conduct internal audits from a fair and objective standpoint, based on a mutually cooperative relationship with Audit & Supervisory Board members. We are also implementing a management framework within which subsidiaries are required to report to or seek approval from the parent company regarding important matters in accordance with the Rohto Group Management Regulations. For risk management, we have a system in place so that, if an unforeseen event occurs, a Crisis Management Committee will be set up to promptly deal with the situation and prevent losses from arising or escalating, with paying attention to the opinions of legal counsel and other outside advisors.

Risk Management

Risk Management System

Risk management is based on the principle that each section takes appropriate preventive measures in anticipation of risks that may occur in the course of or in connection to the execution of operations, and that if a risk should occur, the risk is handled appropriately with the support of the related sections. We have a system in place where, if an unforeseen event occurs, a Crisis Management Committee will be set up to promptly deal with the situation and prevent losses from arising or escalating while listening to the opinions of legal counsel and other outside advisors. With regard to preventive measures against the manifestation of potential risks, the Compliance Committee oversees the formulation and promotion of company-wide plans for compliance risks, including risks relating to ethics and legal compliance.

Business Risks

The business performance and financial condition of the Group are expected to be affected by a variety of risks described below. (as of March 31, 2024) Given the potential for those business risks, the Group is striving to avoid and handle the risk when it occurs.

1	Risks related to legal restrictions and system and governmental actions	The Group's businesses are subject to legal restrictions (including deregulations) under the Pharmaceutical and Medical Device Act and related laws and regulations. Any future changes in those restrictions may have an impact on the Group's business results and financial condition.
2	Risks associated with overseas expansion	As the Group has expanded businesses globally, in recent years the share of overseas sales has reached certain levels (for fiscal 2023, overseas sales accounted for 42.4% of consolidated net sales). As a result, the unexpected deterioration of the political or economic situation, or changes in the laws and regulations in any country or region may have an impact on the Group's business results and financial condition.
3	Risks associated with the reliance on specific client companies	Currently, the top three client companies account for 36.6% of the volume of the Group's business. This fact shows that, if the Group suffers the loss of bad debts due to the financial difficulty, bankruptcy or a similar situation of any of those client companies, it may have an impact on the Group's business results and financial condition.
4	Risks associated with the dissolution of a business alliance with other companies	The Group has built business alliances with other companies in various ways, such as joint development, joint distribution, and the introduction of products (including the manufacturing and distribution of products under a license agreement). Accordingly, if such an alliance is dissolved for any reason in the future, it may have an impact on the Group's business results and financial condition.
5	Risks associated with business investment	To expand existing businesses and pursue new business development, as necessary, the Group will enhance existing business alliances or form a new partnership within the Group and with other non-affiliated companies. For that purpose, the Group has established and may establish new companies jointly with other entities; also, it has conducted and may conduct investment activities, such as investing in existing corporations. Accordingly, if the corporate value or the market price of the stock or the like of any portfolio company declines, it may have an impact on the Group's business results and financial condition.
6	Risks associated with discontinuation of distribution and recall of products	If any of the Group's products have trouble, such as a defect, unexpected side-effect, and the inclusion of foreign materials, the Group is likely to be required to stop or end the distribution or recall them. It may have an impact on the Group's business results and financial condition.
7	Risks related to intellectual property rights and litigation	If the Group fails to protect its intellectual property adequately, the competing power of the Group may be affected by the exploitation of the Group's technology and know-how by third parties. The Group intends not to infringe on a third party's intellectual property right with the utmost attention and conducts research regarding the same. Nevertheless, in the event of infringement on a third party's intellectual property right, the third party is likely to file a claim for damages or another legal proceeding against the Group; or the Group may be required to pay a certain amount of consideration or to make similar performance. Those factors may have an impact on the Group's business results and financial condition. Other than the intellectual property right-related action, the Group is exposed to litigation risk relating to product liability, environmental issues, and other matters. Accordingly, in some cases, the substance or the outcome of the litigation may have an impact on the Group's business results and financial condition.
8	Risks related to the information system and information management	As the Group conducts business activities by using various information systems, the suspension or the malfunction of any system may interfere with the efficient operation of the business. Also, retaining a vast amount of information, including personal information, the Group is striving to establish its internal control structure and enhance information management. However, if any information leak occurs, the loss of public confidence may have an impact on the Group's business results and financial condition.
9	Risks associated with natural and other disasters	The Group manufactures main products to be distributed domestically at the Osaka Plant, the Ueno Plant, etc. and ships them out from the Central Distribution Center or elsewhere. The Group has taken great care to the safety control; nevertheless, if the operation of such factories and distribution center is shut down because of fire, earthquake, or other disasters, it may have an impact on the Group's business results and financial condition.
10	Risks associated with the fluctuation of the foreign exchange rate, stock price, and interest	As the Group has been expanding its businesses globally, the fluctuation of the foreign exchange rate may have an impact on the Group's business results and financial condition. The Group also holds securities with market value and interest-bearing liabilities; thus, the fluctuation or trend of stock price and interest may have an impact on the Group's business results and financial condition.
11	Risks associated with addressing climate change and other societal challenges	Climate change impacts are expected to cause raw material and fuel prices to continue rising, which may lead to increased cost of sales. The Group's businesses are also susceptible to changes in consumer and customer needs. Thus, if customer needs for sustainability increase, rises in development costs to provide more sustainable products and services may have an impact on the Group's business results.
12	Risks related to other external factors	The amount of shipments and returns of products fluctuates due to seasonal factors, such as cold summer, warm winter, pollen dispersion, and the like. Also, the market price of products may fall unexpectedly in a harsh competitive environment. Those factors may have an impact on the Group's business results and financial condition.

Compliance

Basic Approach to Compliance

Over the years, the Group has earned the reputation of being trustworthy. We believe it is the trust placed in us that has helped us grow to what we are today. To take the Group to the next level, we must meet the wants and expectations of customers and all other stakeholders as a public organ of society. To make it possible, we have established a clear code of conduct that guides each member toward responsible, legally compliant behavior.

Compliance Promotion System

Based on the recognition that the promotion of compliance is one of the most important management issues, in 2020 we established a Compliance Committee chaired by the President and Chief Operating Officer. The Committee comprehensively promotes compliance with social norms and the strengthening of corporate ethics, and promptly reports important compliance matters the Committee is involved in to the Board of Directors. In March 2023, we created a Compliance Division to reinforce the compliance promotion system.

Initiatives to Instill Compliance Awareness

- **ROHTO Group Action Policy for Compliance**

The Group has developed ROHTO Group Action Policy for Compliance, which summarize and explain the ethics and values that member must observe. These guidelines serve as a code of conduct that guides members when they find it difficult to make decisions on how to respond to customers and business partners or conduct day-to-day work.

- **Compliance awareness survey**

We regularly conduct awareness surveys on all members to ascertain current status and confirm effectiveness by tracking changes over time and to periodically review compliance-related standards of conduct.

- **Training for managers and all members**

Compliance training is provided according to positions with the aim of instilling responsibility and values appropriate for each role.

Moreover, in 2022 we started providing all members with compliance training that consists of lectures and tests, to bring home the importance of legal compliance and ensure their understanding of Rohto's compliance system. In fiscal 2023, the ROHTO Group Action Agenda for Compliance, a booklet, was distributed to all members to increase their understanding of compliance and to publicize the contact points. The topics covered by compliance training for all members include drug-induced suffering, which used to be taught to members of the relevant sections only. We will continue working to enhance members' understanding of compliance on a Group-wide basis.

- **Greater dissemination of compliance information**

We issue the monthly Compliance Newsletter for all employees with the aim of sharing information on overall compliance, including legal matters and harassment. In addition, we endeavor to provide opportunities for them to familiarize themselves with various cases, for example by having a compliance quiz in our email newsletter every month. In fiscal 2023, we issued a total of 48 email newsletters. In addition, by producing videos in-house and disseminating information using the videos every month, we strive to entrench compliance knowledge and raise awareness in daily life. Managers are given compliance case studies every week as they are required to uphold high ethical standards and have greater knowledge.

Anti-corruption

Our goal is to create a truly healthy and progressive society. To accomplish this goal, we deny and work to prevent any form of corruption, including bribery. We do not respond to any act of obstruction or harassment, or any request for unfair benefits. We do business in over 115 countries. Overseas, we must abide by the laws and common sense of the local country and follow the culture and customs of that country. However, we do not follow practices that are considered wrong by international standards, such as bribery. Through our corporate activities, we will strive to contribute to the economic, social, and cultural development of the country in which we operate.

Internal and External Reporting Systems

The Group has a whistleblowing system and whistleblower contact points in place. These are aimed at detecting, at an early stage, misconduct such as legal violations, internal rule breaches, human rights infringements, and conduct against social norms, thereby preventing scandals; and at enhancing the soundness of Group management by carrying out necessary rectification. The system was expanded by including 10 Group companies in January 2022, and introducing a web-based channel in July 2023. In these ways, ongoing efforts have been made toward the system enhancement. The Rohto Group Alert Line has two contact points. The former is an external phone contact point, and the latter is an internet contact point which is administered by an internal Compliance Division. We have also created a Business Partner Alert Line, a compliance contact point where the officers and employees of our business partners can consult or report on the compliance violations of our Group personnel. We hope that this contact point for external partners will help us detect and rectify compliance violations at an early stage by informing us of compliance issues that the Group itself is unaware or ignorant of.

Directors and Audit & Supervisory Board Members (As of July 2024)



Directors

Kunio Yamada

Chairman and Chief Executive Officer

April 1980 Joined the Company
 June 1991 Director and Assistant to President of the Company
 June 1992 Senior Managing Director and General Manager of Sales Department of the Company
 June 1996 Executive Vice President of the Company
 July 1998 Chairman of The Mentholatum Company (current position)
 June 1999 President of the Company
 June 2009 Chairman of the Company
 Chief Executive Officer (CEO) of the Company (current position)
 August 2018 Chairman and President of the Company
 June 2019 Chairman of the Company (current position)
 March 2021 Outside Director of Bacchus Bio innovation Co., Ltd. (current position)

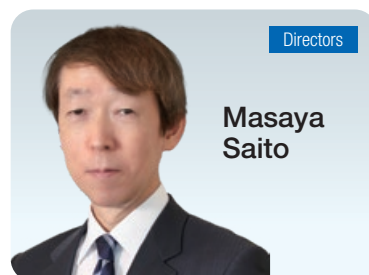


Directors

Masashi Sugimoto

President and Chief Operating Officer

April 1984 Joined Takeda Pharmaceutical Company Limited
 October 2009 President of Healthcare Company of Takeda Pharmaceutical Company Limited
 April 2017 President and Representative Director of Takeda Consumer Healthcare Company Limited (currently, Alinamin Pharmaceutical Co., Ltd.)
 January 2019 Joined the Company
 June 2019 President and Chief Operating Officer (COO) of the Company (current position)
 August 2021 Representative Director and Chairman of Amato Pharmaceutical Products, Ltd. (current position)

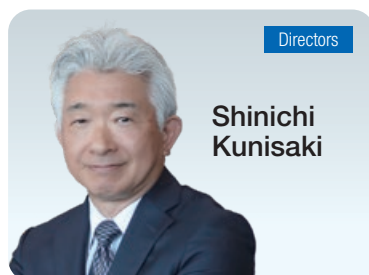


Directors

Masaya Saito

Executive Vice President Chief Financial Officer (CFO)

April 1986 Joined the Company
 May 1998 General Director of Rohto-Mentholatum (Vietnam) Co., Ltd.
 April 2008 Deputy General Manager of Corporate Planning & Administration Department of the Company
 June 2011 Director and General Manager of Corporate Planning Department of the Company
 June 2017 Director of Headquarters for Promotion of Corporate Strategy of the Company
 June 2018 Executive Vice President of the Company (current position)
 President and Director of The Mentholatum Company (current position)
 Chief Executive Officer of Rohto-Mentholatum (Vietnam) Co., Ltd. (current position)
 March 2022 Chief Financial Officer (CFO) of the Company (current position)



Directors

Shinichi Kunisaki

Executive Vice President Chief Technical Officer (CTO)

April 1981 Joined Sunitory Limited (currently, Sunitory Holdings Limited)
 January 2007 Joined the Company, Corporate Officer
 February 2007 General Manager of Research & Development Department of the Company
 June 2010 Director and General Manager of Research & Development Department of the Company
 June 2017 Director of Headquarters for Promotion of Corporate Strategy of the Company
 June 2018 President and Representative Director of Qualitech Pharma Co., Ltd.
 June 2020 Managing Director of the Company
 E. Designer of Production/SCM Strategic Design Headquarters of the Company
 March 2022 Chief Technical Officer (CTO) of the Company (current position)
 June 2023 Executive Vice President of the Company (current position)



Directors

Hidetoshi Segi

Managing Director Chief Strategy Officer (CSO)

April 1985 Joined Nippon Vicks KK (currently, P&G Japan G.K.)
 June 1997 Joined the Company
 June 2018 Director of the Company
 March 2022 Chief Strategy Officer (CSO) of the Company (current position)
 June 2022 Director of the Company
 June 2023 Managing Director of the Company (current position)



Directors

Yasunori Kawasaki

Director Chief Human Resources Officer (CHRO)

April 1982 Joined Nippon Life Insurance Company
 April 1986 Joined the Company
 October 2011 Director, Michinoku Future Fund (current position)
 July 2021 Corporate Officer of the Company
 March 2023 Responsible for HR Development & Training, the Company
 June 2023 Director of the Company (current position)
 Chief Human Resources Officer (CHRO) of the Company (current position)
 June 2024 Unaffiliated Director of Morishita Jintan Co., Ltd. (current position)



Directors

Masae Yamanaka

Director Chief Transformation Officer (CXO)

April 1987 Joined IBM Japan, Ltd.
 February 2009 Joined Microsoft Japan Co., Ltd.
 July 2017 Joined Panasonic Corporation
 Managing Officer of Connected Solutions Company (currently, Panasonic Connect Co., Ltd.)
 October 2017 Director, Executive Vice President, Member of the Board of Panasonic System Solutions Japan Co., Ltd. (currently, Gemba Solutions Company)
 June 2021 Outside Director of Sanrio Company, Ltd. (current position)
 June 2022 Outside Director of JTB Corp. (current position)
 May 2024 Joined the Company
 June 2024 Director of the Company (current position)
 Chief Transformation Officer (CXO) of the Company (current position)



Directors

Yoichi Honma

Director Chief Scientific Officer (CSCo)

April 1992 Joined the Company
 May 2012 Deputy General Manager of Research & Development Department of the Company
 June 2018 Director of Business Strategy Promotion Department of the Company
 May 2019 Specially Appointed Division Manager for Promotion of R&D of the Company
 July 2021 Executive Officer of the Company
 June 2024 Director of the Company (current position)
 Chief Scientific Officer (CSCo) of the Company (current position)



Directors

Akie Iriyama

Outside Director

April 1998 Joined Mitsubishi Research Institute, Inc.
 August 2008 Assistant Professor of School of Management, University at Buffalo, The State University of New York
 August 2013 Associate Professor of Waseda Business School
 April 2019 Professor of Waseda Business School (current position)
 June 2019 Outside Director of the Company (current position)
 June 2020 Outside Director of Sanoh Industrial Co., Ltd. (current position)
 December 2020 Outside Director of SEPTENI HOLDINGS CO., LTD. (current position)
 June 2021 Outside Director of SORACOM, INC. (current position)



Directors

**Haruka
Mera**

Outside Director

March 2011 Launched READYFOR crowdfunding service
July 2014 Founded READYFOR, Inc.
Representative Director & CEO of READYFOR, Inc. (current position)
June 2020 Outside Director of the Company (current position)



Directors

**Tatsuo
Uemura**

Outside Director

April 1986 Professor of School of Law, Senshu University
August 1990 Professor of College of Law and Politics, Rikkyo University
April 1997 Professor of School of Law, Waseda University
October 2003 Director of the 21st Century Center of Excellence, Waseda Institute for Corporation Law and Society Professor of Graduate School of Law
June 2004 Outside Director of JASDAQ Securities Exchange, Inc.
September 2004 Professor of Faculty of Law, Waseda University
June 2006 Outside Director of Shiseido Company, Limited
September 2006 Dean of Faculty of Law and Dean of School of Law, Waseda University
July 2008 Director of the Global Center of Excellence, Waseda Institute for Corporation Law and Society
April 2012 NHK Governor
April 2019 Professor Emeritus of Waseda University (current position)
July 2020 Outside Director of Meiji Yasuda Life Insurance Company (current position)
May 2022 Outside Director of Shochiku Co., Ltd. (current position)
June 2022 Outside Director of the Company (current position)



Directors

**Eriko
Hayashi**

Outside Director

October 2001 Registered as attorney at law, joined Oh-Ebashi Law Offices
June 2007 Registered as New York State Attorney
January 2010 Partner, Oh-Ebashi LPC & Partners
June 2010 Chief Representative of Shanghai Office, Oh-Ebashi LPC & Partners
March 2019 Outside Audit & Supervisory Board Member of Kaizen Platform, Inc. (current position)
November 2019 Established ERI LAW OFFICE. Assumed office as Representative (current position)
December 2019 Outside Director of Change Inc.
August 2021 Representative Employee, ERIO G.K. (current position)
March 2022 Outside Audit & Supervisory Board Member of Mujin, Inc. (current position)
June 2022 Outside Director of the Company (current position)



Directors

**Maiko
Katadae**

Outside Director

May 2005 Joined The University of Tokyo Edge Capital Co., Ltd. (currently, The University of Tokyo Edge Capital Partners Co., Ltd.)
Visiting Researcher, Institute for Future Initiatives, The University of Tokyo (current position)
July 2023 Advisor to UTokyo Innovation Platform Co., Ltd. (current position)
April 2024 President of Infinite CORE Inc. (current position)
June 2024 Outside Director of the Company (current position)

Audit & Supervisory
Board Members

**Masanori
Kimura**

Audit & Supervisory Board member (Full-time)

April 1982 Joined the Company
May 2003 Corporate Officer and Deputy General Manager of Corporate Planning & Administration Department
General Manager of General Affairs Division of the Company
July 2004 General Manager of Manufacturing Business Department of the Company
June 2005 Director and General Manager of Manufacturing Business Department of the Company
May 2008 Director and General Manager of Corporate Planning & Administration Department of the Company
May 2009 Director and General Manager of Healthcare Business Department of the Company
May 2013 Director and General Manager of Agri-Farm Division of the Company
June 2016 Audit & Supervisory Board Member of the Company (current position)

Audit & Supervisory
Board Members

**Hideto
Uemura**

Audit & Supervisory Board member (Full-time)

April 1982 Joined the Company
May 2003 Deputy General Manager of Business Development of the Company
April 2009 Deputy General Manager of Research & Development Department of the Company
May 2010 Corporate Officer and Deputy General Manager of Research & Development Department of the Company
May 2015 Senior Corporate Officer, General Manager of Marketing Department of the Company
June 2016 General Manager of Marketing Department of the Company
June 2017 Director of Headquarters for Promotion of Corporate Strategy of the Company
June 2018 Director and Director of Headquarters for Promotion of Corporate Strategy of the Company
June 2020 Audit & Supervisory Board Member of the Company (current position)

Audit & Supervisory
Board Members

**Yasuhiro
Tani**

Outside Audit & Supervisory Board member

October 1981 Joined Asahi Accounting Co. (currently, KPMG AZSA LLC)
April 1985 Registered as a certified public accountant
April 1986 Established Certified Public Accountant Tani Accounting Office Representative (current position)
May 2003 Registered as a tax accountant
April 2006 Professor, GLOBIS University Graduate School of Management (current position)
June 2020 Outside Audit & Supervisory Board member of the Company (current position)
March 2021 Outside Director and member of the Audit & Supervisory Committee of Noritz Corporation (current position)
June 2024 Outside Director, Audit and Supervisory Committee member of FUJI OIL HOLDINGS INC. (current position)

Audit & Supervisory
Board Members

**Eri
Sugiyama**

Outside Audit & Supervisory Board member

October 2001 Registered as an Attorney, Joined Habataki Law Office
November 2008 Joined the Financial Services Agency (fixed-term staff), Financial Securities Inspector, Inspection Coordination Division, Inspection Bureau, Financial Services Agency
July 2013 Partner of Habataki Law Office (current position)
June 2018 Outside Audit & Supervisory Board Member of ShinMaywa Industries, Ltd. (current position)
April 2022 Professor, Legal Practice, Graduate School of Law, Kobe University (current position)
June 2023 Outside Executive Director of Linal Co., Ltd. (current position)
June 2024 Outside Audit & Supervisory Board member of the Company (current position)

Key Financial Data (11-Year Summary)

(FY)	2013	2014	2015	2016
Business Performance				
Net sales (million yen)	143,822	151,774	167,016	154,599
Gross profit (million yen)	86,157	90,599	99,226	91,344
Share of net sales (%)	59.9	59.7	59.4	59.1
Selling, general and administrative expenses (million yen)	69,336	77,440	83,543	75,893
Share of net sales (%)	48.2	51.0	50.0	49.1
Operating income (million yen)	16,821	13,159	15,683	15,451
Share of net sales (%)	11.7	8.7	9.4	10.0
Ordinary income (million yen)	17,100	14,098	15,339	15,964
Share of net sales (%)	11.9	9.3	9.2	10.3
Profit attributable to owners of parent (million yen)	8,947	8,631	9,098	10,011
Share of net sales (%)	6.2	5.7	5.4	6.5
R&D expenses (million yen)	4,547	5,585	5,811	6,123
Depreciation (million yen)	5,735	6,059	6,044	5,552
Profitability Indicators				
Return on assets (ROA) (%)	10.9	8.3	8.6	8.8
Return on equity (ROE) (%)	9.4	8.4	8.3	8.8
Efficiency Indicators				
Total asset turnover (Times)	0.92	0.89	0.94	0.86
Trade receivable turnover (Times)	4.44	4.22	3.80	3.24
Inventory turnover (Times)	7.04	6.91	7.32	6.63
Stability Indicators				
Current ratio (%)	146.5	162.6	171.4	189.0
Equity ratio (%)	60.2	61.7	61.4	64.7
Interest coverage ratio (Times)	126.7	78.0	80.6	138.8
Debt-to-equity ratio (Times)	0.13	0.11	0.07	0.07
Financial Position				
Total assets (million yen)	162,249	177,509	179,573	181,543
Net assets (million yen)	98,627	110,516	111,271	118,436
Cash Flows				
Free cash flow* (million yen)	6,041	2,268	5,258	3,917
Cash and cash equivalents at end of period (million yen)	23,026	25,093	22,495	23,466
Per Share Information				
Net income per share (¥)	38.57	38.03	40.02	43.97
Net assets per share (¥)	430.74	482.09	484.61	515.48
Dividends per share (¥)	9.0	9.5	10.0	10.5
Dividend payout ratio (%)	23.3	25.0	25.0	23.9
Other Financial Information				
Price-earnings ratio (Times)	23.6	22.5	25.6	23.7
Price-book value ratio (Times)	2.1	1.8	2.1	2.0

*Net cash provided by operating activities + Net cash used in investing activities

2017	2018	2019	2020	2021	2022	2023
171,742	183,582	188,327	181,287	199,646	238,664	270,840
101,049	109,624	114,240	106,726	116,170	137,421	157,285
58.8	59.7	60.7	58.9	58.2	57.6	58.1
81,962	88,812	91,154	83,736	87,154	103,461	117,237
47.7	48.3	48.4	46.2	43.7	43.4	43.3
19,087	20,812	23,085	22,990	29,015	33,959	40,048
11.1	11.3	12.3	12.7	14.5	14.2	14.8
18,849	18,970	22,735	23,910	28,750	35,568	42,434
11.0	10.3	12.1	13.2	14.4	14.9	15.7
9,289	9,799	15,410	16,743	21,127	26,377	30,936
5.4	5.3	8.2	9.2	10.6	11.1	11.4
6,553	6,831	7,050	7,903	8,740	11,065	13,390
5,593	6,159	6,058	6,376	7,232	7,418	8,251
10.0	9.5	10.9	10.8	11.5	12.2	12.9
7.6	7.6	11.4	11.7	12.7	13.6	13.6
0.90	0.92	0.90	0.82	0.80	0.82	0.83
3.54	3.86	3.94	3.66	4.01	4.25	4.17
6.89	6.50	6.19	6.19	6.50	6.40	6.17
186.2	191.6	209.5	235.7	229.8	237.3	246.6
64.2	65.1	64.4	68.8	64.8	67.6	71.0
165.2	184.6	197.7	194.7	149.5	148.4	216.6
0.07	0.06	0.08	0.07	0.14	0.08	0.06
198,166	200,953	215,644	226,149	274,876	309,677	346,175
128,440	132,189	140,032	156,612	183,994	215,078	247,036
8,140	11,500	9,635	9,771	10,844	17,748	17,928
30,063	37,345	44,665	52,254	70,905	77,691	86,562
40.77	43.00	67.57	73.39	92.61	115.62	135.61
557.97	573.71	608.83	681.71	780.30	916.93	1,078.04
11.0	12.5	13.0	14.0	18.0	22.0	27.0
27.0	29.1	19.2	19.1	19.4	19.0	19.9
36.5	33.0	21.9	20.1	19.9	24.0	21.9
2.7	2.5	2.4	2.2	2.4	3.0	2.8

(Note) 1. The provisional accounting treatment for business combinations has been finalized in fiscal 2020, 2021, and 2022. The figures for fiscal 2019, 2020, and 2021 have been restated accordingly.
 2. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of fiscal 2021, and the figures for fiscal 2021 and beyond are after the application of the said accounting standard and other standards.
 3. As of January 1, 2023, the Company conducted two-for-one stock split of its common stock. Per share information was calculated on the assumption that the stock split was implemented at the beginning of fiscal 2013.

Non-Financial Data

Rohto Pharmaceutical Co., Ltd. only (non-consolidated)

Materiality (FY)	2018	2019	2020	2021	2022	2023	
Maximizing human capital [Society (S)]	Growth of autonomous individuals, improvement of engagement and promotion of diversity (diverse human resources and work styles)						
	Employees (persons)	1,474	1,529	1,595	1,599	1,628	1,687
	Women (persons)	857	883	918	933	967	982
	Men (persons)	617	646	677	666	661	705
	Turnover rate*1 (%)	5.3	3.1	2.7	2.4	3.0	2.2
	Paid annual leave taken (%)	70.1	71.6	67.4	61.3	72.2	80.0
	Uptake of parental leave among women (%)	93	95	100	100	97.6	100
	Uptake of parental leave among men (%)	—	—	—	22.2	26.5	46.4
	Employment of people with disabilities (%)	2.08	2.10	2.30	2.42	2.30	2.50
	Participants in internal double jobs (persons)	70	54	98	123	123	192
	Participants in external challenge work (persons)	81	81	62	52	49	61
	Well-being survey score (Well-being points)*2	—	—	—	—	6.55	6.89
	Number of serious work-related accidents (lost work)	0	0	0	2	6	3
Number of PL accident and serious work-related accidents	0	0	0	0	0	0	
Coexistence with society [Society (S)]	Responsible response to consumers (assurance of safety and security of products and services)						
	Pleasantly surprised testimonials by customer*3 (cases)	1,191	1,963	2,403	2,866	2,400	2,720
	Improvements and findings (cases)	10,367	9,585	10,465	10,634	10,813	10,587
	Coexistence with local communities and support for future generations						
Donors to Karugamo Fund (persons)	929	953	944	968	1,213	1,391	
Contributing to a sustainable global environment [Environment (E)]	Contribution to a decarbonized and circular society (reduction of greenhouse gases, waste reduction, promotion of recycling)						
	Energy consumption (GJ)	315,057	322,235	310,345	326,137	360,005	386,246
	Electricity consumption (1,000 kWh/year)	24,289	25,110	24,914	26,055	28,645	30,879
	Per unit of net sales (1,000 kWh/million yen)	0.233	0.236	0.247	0.257	0.248	0.239
	City gas consumption (1,000 m ³ /year)	2,087	2,072	2,913	3,014	3,073	3,195
	Per unit of net sales (m ³ /million yen)	20	19	29	30	29	25
	Water usage (1,000 m ³ /year)	266	271	248	263	276	276
	Per unit of net sales (m ³ /million yen)	2.5	2.5	2.5	2.6	2.4	2.1
	Total CO ₂ emissions (t/year) (Scope 1 and 2)*4	14,669	13,957	13,327	14,249*5	13,324*5	12,722*5
	Per unit of net sales (t/million yen)	0.141	0.131	0.132	0.141	0.114	0.099
Total CO ₂ emissions (Scope 3) (t/year)	—	—	—	168,720	193,616*6	227,516	
Per unit of net sales (t/million yen)	—	—	—	1.667	1.678*6	1.765	
Strengthening of business foundation [Governance (G)]	Strengthening corporate governance and compliance awareness and systems						
	Compliance-related scandals and major legal Violations (cases)	0	0	0	0	0	0

*1 Excludes mandatory retirees and part-time employees.

*2 Calculate the annual average of the mean scores for the five survey items in the Well-being Points.

*3 Positive responses such as letters of appreciation from customers.

*4 Scope 2 calculations are based on market-based standards.

*5 Changed the calculation standards to match the GHG Protocol from FY2021.

*6 Due to a partial revision of the calculation method, the figures for the fiscal year 2022 have been retrospectively corrected.

Corporate Data (as of March 31, 2024)

Company Profile

Company Name Rohto Pharmaceutical Co., Ltd.
ROHTO Pharmaceutical Co., Ltd.

Founded February 22, 1899

Incorporated September 15, 1949

Capital 6,504 million yen

Number of Employees 7,259 (consolidated basis)
1,687 (non-consolidated basis)

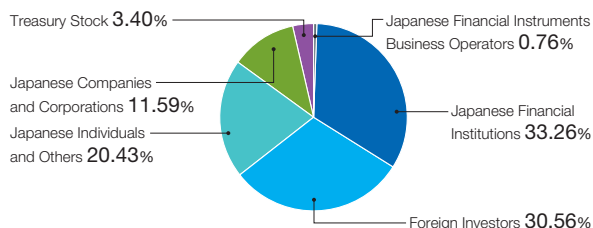
Shares

Number of Shares Authorized 798,792,000 shares

Number of Shares Issued 228,138,778 shares
(excl. 8,039,532 treasury stocks)

Number of Shareholders 32,079

Shareholdings by Shareholder Type

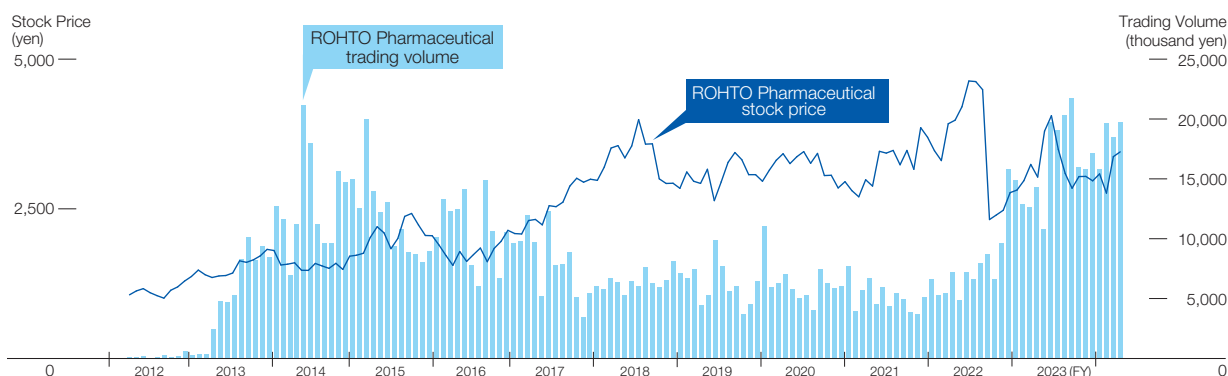


Major Shareholders (Top 10)

Shareholder	Shareholdings (thousand shares)	Voting stake (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	33,975	14.89
Custody Bank of Japan, Ltd. (Trust account)	16,337	7.16
STATE STREET BANK AND TRUST COMPANY 505223	13,971	6.12
MUFG Bank, Ltd.	7,601	3.33
Yamada Kosan Limited Private Company	5,615	2.46
Sansho Kosan Co., Ltd.	5,086	2.22
Nippon Life Insurance Company	4,238	1.85
Kiyoko Yamada	3,937	1.72
Kunio Yamada	3,908	1.71
GOVERNMENT OF NORWAY	3,434	1.50

(Note) The Holding Ratio has been calculated by deducting the treasury stock (8,039,532 stocks).

Changes in Stock Price and Trading Volume



Global Network

Europe



31 Dax Cosmetics Spolka Z Organizczona Odpowiedzialnoscia 32

Asia



Mentholatum (Asia-Pacific) Ltd.



Mentholatum (China) Pharmaceuticals Co., Ltd.



PT. Rohto Laboratories Indonesia

Europe



The Mentholatum Company, Ltd. (U. K.)

Africa



Mentholatum South Africa Pty. Ltd.

Oceania



Mentholatum Australasia Pty. Ltd.

Main Subsidiaries and Affiliates

	Company Name	Location
Japan <ul style="list-style-type: none"> 14 consolidated subsidiaries 3 affiliated companies accounted for by the equity-method 19 other companies 	1 Qualitech Pharma Co., Ltd.	Minato-ku, Tokyo
	2 Mayado Pharmaceutical Co., Ltd.	Kobe, Hyogo Pref.
	3 Rohto Nitten Co., Ltd.	Nagoya, Aichi Pref.
	4 Interstem Co., Ltd.	Hachioji, Tokyo
	5 Amato Pharmaceutical Products, Ltd.	Toyonaka, Osaka Pref.
	6 MG Pharma Inc.	Ibaraki, Osaka Pref.
	7 Ceres Okinawa Co., Ltd.	Ogimi, Okinawa Pref.
	8 Yaeyama Farm Co., Ltd. (Specific agricultural production company)	Ishigaki, Okinawa Pref.
	9 Hokushinfoods Co., Ltd.	Ebetsu, Hokkaido Pref.
Americas <ul style="list-style-type: none"> 9 consolidated subsidiaries 6 other companies 	10 The Mentholatum Company, Inc.	New York, U.S.A.
	11 Hydrox Laboratories, Inc.	Illinois, U.S.A
	12 The Mentholatum Company of Canada, Ltd.	Ontario, Canada
	13 Mentholatum de México S. A. de C. V.	Mexico City, Mexico
	14 Rohto Mentholatum do Brasil Ltda	Sao Paulo, Brazil
15 Ophthalmos S. A.	Sao Paulo, Brazil	
Asia	16 Mentholatum (Asia-Pacific) Ltd.	Hong Kong, China
	17 Rohto Advanced Research HK Ltd.	Hong Kong, China
	18 Mentholatum (China) Pharmaceuticals Co., Ltd.	Guangdong Province, China



Rohto-Mentholatum (Vietnam) Co., Ltd.



Tianjin Rohto Herbal Medicine Co., Ltd.

North America



The Mentholatum Company, Inc.

1 4

Japan



Qualitech Pharma Co., Ltd.

South America



Rohto Mentholatum do Brasil Ltda



Ophthalmos S. A.

As of March 31, 2024

	Company Name	Location
<p>Asia</p> <ul style="list-style-type: none"> ● 14 consolidated subsidiaries ● 1 non-consolidated affiliated company accounted for by the equity-method ● 9 other companies 	19 Tianjin Rohto Herbal Medicine Co., Ltd.	Tianjin, China
	20 Mentholatum Taiwan Ltd.	Taipei, Taiwan
	21 Mentholatum (AP) Ltd., Korea Branch	Seoul, South Korea
	22 Rohto-Mentholatum (Thailand) Ltd.	Bangkok, Thailand
	23 Rohto-Mentholatum (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia
	24 Rohto-Mentholatum Singapore Office	Singapore
	25 PT. Rohto Laboratories Indonesia	Jakarta, Indonesia
	26 Rohto-Mentholatum (Vietnam) Co., Ltd.	Binh Duong, Vietnam
	27 Rohto-Mentholatum (Lanka) Pvt. Ltd.	Colombo, Sri Lanka
	28 Rohto-Mentholatum (Cambodia) Co., Ltd.	Phnom Penh, Cambodia
29 Rohto-Mentholatum (Myanmar) Co., Ltd.	Yangon, Myanmar	
30 Rohto-Mentholatum (Nepal) Pvt. Ltd.	Kathmandu, Nepal	
<p>Europe and Africa</p> <ul style="list-style-type: none"> ● 8 consolidated subsidiaries ● 2 other companies 	31 The Mentholatum Company, Ltd. (U. K.)	Scotland, U.K.
	32 Dax Cosmetics Spolka Z Organizczona Odpowiedzialnoscia	Mazowieckie Province, Poland
	33 Rohto Mentholatum RU LLC	Moscow, Russia
	34 Mentholatum South Africa Pty. Ltd.	Cape Town, South Africa
<p>Oceania</p> <ul style="list-style-type: none"> ● 1 consolidated subsidiary ● その他 1社 	35 Rohto-Mentholatum (Kenya) Ltd.	Nairobi, Kenya
	36 Mentholatum Australasia Pty. Ltd.	Victoria, Australia



Rohto Pharmaceutical Co., Ltd.

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