

June 15, 2026

Company name: ROHTO Pharmaceutical Co., Ltd.  
Representative: Hidetoshi Segi,  
President and Representative Director  
(Code: 4527 TSE Prime)  
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## Regarding the Company's Opinion on the ISS Recommendation Report

Rohto Pharmaceutical Co., Ltd. (the "Company") hereby announces that it has confirmed that Institutional Shareholder Services Inc. ("ISS"), a proxy advisory firm, has issued its recommendation report (the "ISS Report") with respect to the proposals to be submitted to the 90th Ordinary General Meeting of Shareholders scheduled to be held on June 24, 2026. The Company's opinion on the ISS Report is set forth below.

In connection with the Ordinary General Meeting of Shareholders, the Company has received a shareholder proposal regarding Proposal 2 from AVI JAPAN OPPORTUNITY TRUST PLC, a shareholder of the Company, and shareholder proposals regarding Proposals 3 through 9 from LONGCHAMP SICAV, a shareholder of the Company. As announced in the Company's notice dated May 13, 2026, entitled "Regarding the Board of Directors' Opinion on Shareholder Proposals," the Board of Directors of the Company resolved to oppose all of those shareholder proposals.

ISS recommends voting FOR all candidates under Proposal 1, which is the Company proposal, and also recommends voting AGAINST many of the shareholder proposals, in line with the opinion of the Company's Board of Directors. In addition, the ISS Report states that the Company has delivered strong operational performance since 2020, that its revenue growth has substantially exceeded the peer median and represents outstanding growth among domestic peers as well, and that its operating margin has remained at a high level relative to peers. The Company takes this to mean that ISS generally supports the opinion of the Company's Board of Directors and the Company's track record to date.

However, with respect to Proposal 4, "Amendment to the Articles of Incorporation regarding the decision-making body for dividends from surplus and other distributions," and Proposal 6, "Approval of compensation amount for the restricted stock compensation plan," ISS recommends voting FOR those proposals, contrary to the opinion of the Company's Board of Directors.

Accordingly, in order to help shareholders further understand the views of the Company's Board of Directors, the Company provides below a supplementary explanation of its opinion on Proposal 4 and Proposal 6.

### Note

#### **1. (Shareholder Proposal) Proposal 4: Amendment to the Articles of Incorporation regarding the decision-making body for dividends from surplus and other distributions**

ISS recommends voting FOR Proposal 4, stating that strengthening shareholder authority to vote on income allocation and share buybacks is beneficial to shareholders.

The Company recognizes shareholder returns as one of its important management issues and regards opinions received through dialogue with shareholders and investors as important factors in considering its capital policy and shareholder return policy.

On the other hand, the Company believes that dividends from surplus and other distributions should be determined not as standalone shareholder return measures, but as an integral part of overall capital allocation, including growth investments, financial discipline and shareholder returns. Since 2007, the Company has adopted the current framework under which dividends from surplus and other distributions are determined by the Board of Directors

pursuant to the Companies Act. Under this framework, the Company has implemented stable and continuous shareholder returns while taking into account the views of shareholders and investors.

Specifically, in the Medium- to Long-Term Growth Strategy announced on May 13, 2025, the Company stated that it would implement shareholder returns of JPY 80.0 billion over the six-year period from 2025 to 2030. The Company also aims for a payout ratio of at least 30% and DOE of at least 3.5%, and plans to pay an annual dividend of JPY 46 per share for the fiscal year ending March 31, 2026, marking its 22nd consecutive year of dividend increases.

The current framework is not intended to disregard shareholder returns. Rather, it enables the Board of Directors to make timely and comprehensive judgments within the overall capital allocation framework, taking into account the balance among growth investments, financial discipline and shareholder returns. In light of the Company's track record of shareholder returns and the operation of its capital policy to date, the Company believes that there is no need at this time to change the current framework.

For the reasons stated above, the Board of Directors opposes Proposal 4.

## **2. (Shareholder Proposal) Proposal 6: Approval of compensation amount for the restricted stock compensation plan**

ISS recommends voting FOR Proposal 6, stating that the plan may help sharpen the focus of eligible directors on share price performance and align their interests with those of shareholders.

The Company recognizes the significance of stock compensation plans, including restricted stock compensation plans. The Company also recognizes that designing appropriate incentives to promote value sharing between directors and shareholders and enhance corporate value over the medium to long term is an important matter for consideration. Accordingly, the Company currently intends to review its overall compensation framework for directors and other officers~~its overall executive compensation system~~, including consideration of the introduction of a restricted stock compensation plan.

~~However~~At the same time, the director compensation ~~system~~framework should not be assessed solely based on formal elements, such as whether it includes stock compensation, eligible recipients, dilution or the existence of performance conditions. Rather, it should be designed consistently as part of the overall compensation ~~system~~framework, taking into account the Company's management strategy, business characteristics, human resource requirements, existing compensation ~~system~~framework, the responsibilities of each director and the deliberation process of the Compensation Committee.

The Company has established a Compensation Committee, a majority of whose members are independent outside directors, and determines the amount of compensation for each director through a process that ensures objectivity and transparency. In addition, the Company has a business structure that seeks sustainable growth through continuous investment in research and development and the development of new businesses. Directors are therefore expected to make management decisions from the perspective of enhancing corporate value over the medium to long term, without being excessively affected by short-term market evaluations or financial indicators at a single point in time.

Accordingly, the Company believes that the design of the overall compensation framework for directors and other officers~~the executive compensation system~~, including a restricted stock compensation plan, should not be determined in advance through a shareholder proposal that establishes only part of the framework. Instead, it should be considered as a Company proposal within the review of the overall compensation ~~system~~framework, taking into account the Company's business characteristics, management strategy, existing compensation ~~system~~framework and deliberations by the Compensation Committee.

The treatment of stock compensation for outside directors is also an issue that should be considered carefully and flexibly, taking into account the assurance of supervisory function and independence, value sharing with shareholders, trends among investors in Japan and overseas, and the role expected of the Company's Board of Directors. The Company intends to consider the optimal ~~system~~framework design for the Company without narrowing future design options at this time.

For the reasons stated above, the Board of Directors opposes Proposal 6.

### **3. Request to Shareholders**

As announced in the Company's notice dated May 13, 2026, entitled "Regarding the Board of Directors' Opinion on Shareholder Proposals," the Board of Directors opposes all shareholder proposals to be submitted to the Ordinary General Meeting of Shareholders.

The Company respectfully requests that shareholders review the Notice of Convocation of the Ordinary General Meeting of Shareholders, the Company's notice dated May 13, 2026, entitled "Regarding the Board of Directors' Opinion on Shareholder Proposals," and this notice, and understand and support the opinion of the Company's Board of Directors.

The Board of Directors respectfully requests that shareholders vote FOR Proposal 1, "Election of Fourteen (14) Directors," which is the Company proposal, and vote AGAINST all shareholder proposals, Proposals 2 through 9.

End