

Public Campaign announced on AJOT Portfolio Company, Rohto Pharmaceutical

London, 8th April, 2025 - Asset Value Investors Limited ('AVI') launches a campaign on one of AVI Japan Opportunity Trust's ('AJOT') portfolio companies, Rohto Pharmaceutical (TSE: 4527, hereinafter 'Rohto'), calling on them to focus on its core businesses rather than allocating resources to the unsuccessful regenerative medicine business, and to engage with shareholders more constructively to comply with the Tokyo Stock Exchange's ('TSE') request for management that is conscious of the cost of capital and stock price. AVI has published a detailed presentation on a dedicated website (www.AwakeningRohto.com).

Since AVI started investing in Rohto on behalf of AJOT in June 2024, AVI has sought to engage in dialogue with the company, sending letters and presentations, with the aim of improving corporate value in a sustainable manner. However, AVI is deeply concerned by the company continuing to invest in regenerative medicine, a business with no clear path to success, announcing M&A deals at high valuations, and the sudden issuance of potentially dilutive convertible bonds despite the low share price, resulting in a stagnant share price.

AVI has sought to engage constructively in private dialogue with the board of directors, however, to date, AVI has been able to meet with just one board member, with the company repeatedly citing scheduling challenges. It is clear to AVI that the company continues to neglect engaging in constructive dialogue with investors, which is not in line with the TSE's request to listed companies in Japan for "management that is conscious of the cost of capital and stock price".

In light of this, AVI has decided to launch a public campaign with the aim of encouraging the sustainable improvement of corporate value.

Joe Bauernfreund, CIO and CEO of Asset Value Investors, comments:

"Rohto Pharmaceutical remains undervalued relative to skincare peers. Throughout our time as shareholders of the company, through both AVI Global Trust and AVI Japan Opportunity Trust, we have sought to engage constructively with management on multiple occasions to focus on its profitable skincare and eye drops businesses, whilst enhancing capital efficiency and IR communications.

"Unfortunately, our attempts to engage with the Board of Rohto have not been as successful as we hoped - having met with just one board member - and as such we have made our campaign public. We believe that Rohto Pharmaceutical has a superior underlying quality and growth opportunity within its sector and we aim to encourage the Board to take action towards improving the corporate value of the company."

Kazunari Sakai, AVI Japan's Head of Research, stated as follows

"The potential value of Rohto's core businesses, cosmetics and eye care, is significant. However, the continued blind investment in its regenerative medicine business is weighing on shareholder value and is restricting the company's potential to realise its intrinsic value.

"AVI is confident Rohto's full valuation potential will be realised by refocusing management's strategy and communicating this clearly to investors, while urgently ending its disregard for the cost of capital and share price conscious management requested by the Tokyo Stock Exchange."

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About Asset Value Investors (AVI):

AVI is an investment management company established in London, United Kingdom, in 1985. AVI has invested in Japanese equities for more than 40 years. AVI manages AVI Global Trust (AGT) and AVI Japan Opportunity Trust (AJOT) and other funds, collectively investing Y120bn (£1.8bn) into the Japanese market. AGT and AJOT are public companies whose shares are listed and traded on the main market of the London Stock Exchange.

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