

ROHTO PHARMACEUTICAL Announced Acquisition of a Singaporean Health and Wellness Manufacturing and Sales Company—Limited Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the commencement of acquisition of shares in Eu Yan Sang International Ltd. (Sub-subsidiary company) and tender offer by ROHTO PHARMACEUTICAL CO., LTD. (security code: 4527).

- (1) On April 4, 2024, ROHTO PHARMACEUTICAL CO., LTD. (the “Company”) along with Mitsui & Co., Ltd. announced that they would jointly acquire approximately 86% of shares of Eu Yan Sang International Ltd. (“EYS”), a Singapore manufacturer and distributor of Chinese herbal medicines. Upon the fulfillment of the condition to the share acquisition, they will conduct a mandatory tender offer for the remaining 14% of the issued ordinary shares. If all shares are acquired, the acquisition price will be approximately 800 million Singapore dollars (approximately 88 billion yen). The Company's effective ratio of holding interest in EYS will be approximately 60%, and the Company will bear a reasonable amount.
- (2) EYS is the Southeast Asia's largest Chinese herbal medicine manufacturing and sales company, and has a sales network mainly in Singapore, Hong Kong, and Malaysia. These transaction are in line with the Company's strategy to develop internal medicine and food as the third pillar of its business, aiming to contribute to healthy life expectancy and establish new growth areas. On the other hand, given the earnings and financial conditions of EYS, it is assumed that the transactions may place a burden on its financial base, including the possibility of a commensurate amount of goodwill. However, the Company is financially sound, with an equity ratio of 70% and virtually no debt as of December 31, 2023. In addition, stable cash flow is expected against the backdrop of its good performance. Therefore, JCR has judged that the impact on the rating is limited. JCR will pay attention to the synergy effects between the Company and EYS in the future.

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<Reference>

Issuer: ROHTO PHARMACEUTICAL CO., LTD.

Long-term Issuer Rating: A+ Outlook: Stable

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