

## Medium-term Management Plan 2026-2028

# 「Soaring into the Next Generation」

～Transformation into a Comprehensive Healthcare Solutions Provider～



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Thank you all for taking the time out of your busy schedules to join us today. My name is Edahiro, and I'm Representative Director, President and CEO of TOHO HOLDINGS Company Limited .

We have recently formulated a new three-year Medium-term Management Plan covering the period from 2026 to 2028.

This Medium-term Management Plan was formulated following discussions by the Management Strategy Committee, which has met 10 times starting last November with the participation of outside directors and external experts.

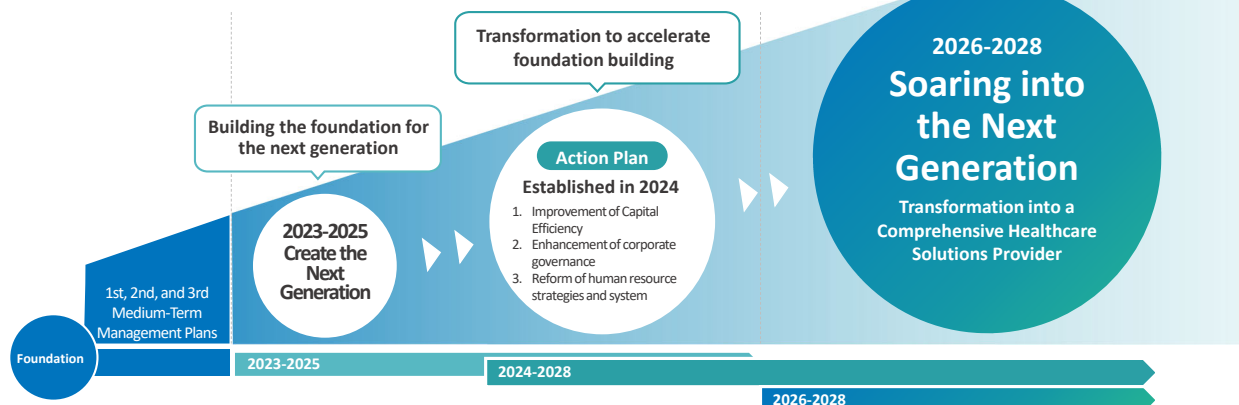
## Positioning of the Medium-term Management Plan 2026-2028 "Soaring into the Next Generation"



### Comprehensive Healthcare Solutions Provider

In addition to prescription pharmaceuticals, we will create new value through active alliances in the healthcare field, including medical devices/materials, reagents, OTC drugs, and customer support systems, and provide it to our business partners, customers, and patients.

From foundation creation to  
**monetization phase**  
by accelerating investment for growth



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Under the Medium-term Management Plan 2023-2025 “Create the Next Generation” launched in FY2023, we set out to create the foundation for the next generation through four basic policies, namely, “Business transformation,” “Investment for growth and improvement of profitability,” “Sustainability management,” and “Improvement of capital efficiency and enhancement of shareholder returns.”

Subsequently, based on dialogue with our stakeholders including shareholders and investors, we formulated a concrete action plan in November 2024 to accelerate the establishment of a solid foundation and drive our transformation. As a result of advancing initiatives under three key strategies, namely, “Improvement of capital efficiency,” “Enhancement of corporate governance,” and “Reform of human resource strategies and system,” we believe that our efforts to “Build the foundation for the next generation” have achieved certain objectives.

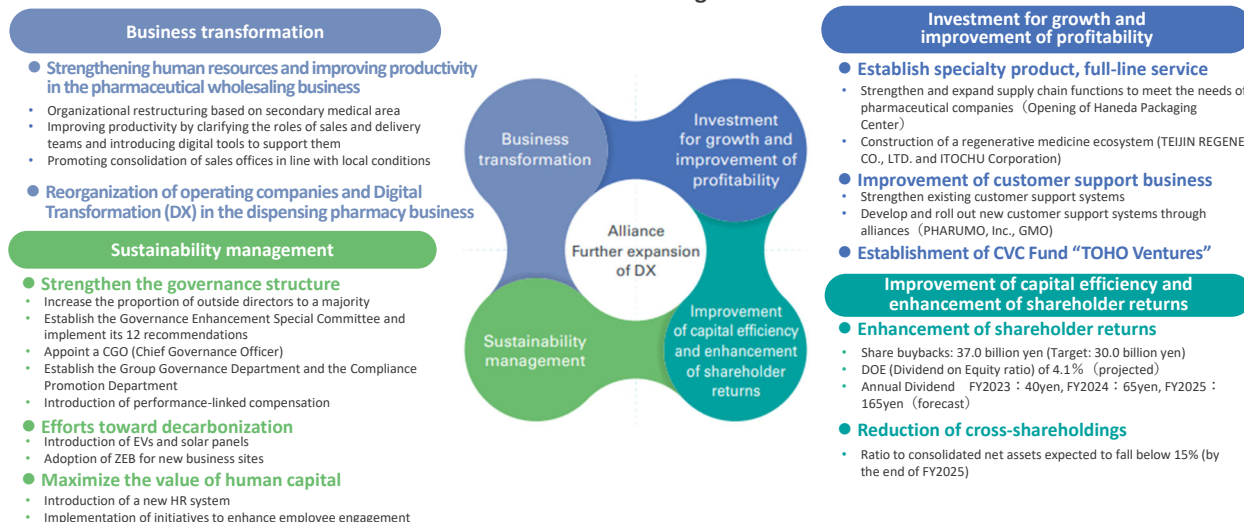
Furthermore, in our new Medium-term Management Plan, “Soaring into the Next Generation,” announced today, we have defined the three-year period beginning this fiscal year as a monetization phase driven by accelerated growth investments following the foundation-building phase. In addition to prescription pharmaceuticals, we will create new value through active alliances in the healthcare field, including medical devices, medical materials, reagents, OTC drugs, and customer support systems. Through these active alliances, we aim to become a “Comprehensive Healthcare Solutions Provider” that delivers solutions to our business partners, customers, and patients.

# Review of Medium-term Management Plan 2023-2025 “Create the Next Generation”



Certain goals **achieved** in “building the foundation for the next generation”

Aim to address the remaining challenges, such as the development of new businesses, within the period of the current Medium-term Management Plan



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This slide summarizes the achievements and remaining challenges from our previous Medium-term Management Plan, “Create the Next Generation.”

As shown on this slide, we have achieved our goals through the implementation of specific measures based on our four basic policies. While I will omit the details, regarding quantitative targets, we purchased 37 billion yen worth of share buybacks, exceeding our target of 30 billion yen.

While the financial results for the fiscal year ending March 2026 have not yet been finalized, for DOE, we expect it to be approximately 4% based on the increased year-end dividends announced today, compared to the target of 2% or more.

We expect to achieve our target of keeping cross-shareholdings below 15% of net assets by the end of the fiscal year ended March 2026.

## External environment



**Strengthen profitability in the pharmaceutical wholesaling business and rapidly expand new businesses by leveraging the Company's strengths**

Transformation into a **Comprehensive Healthcare Solutions Provider**

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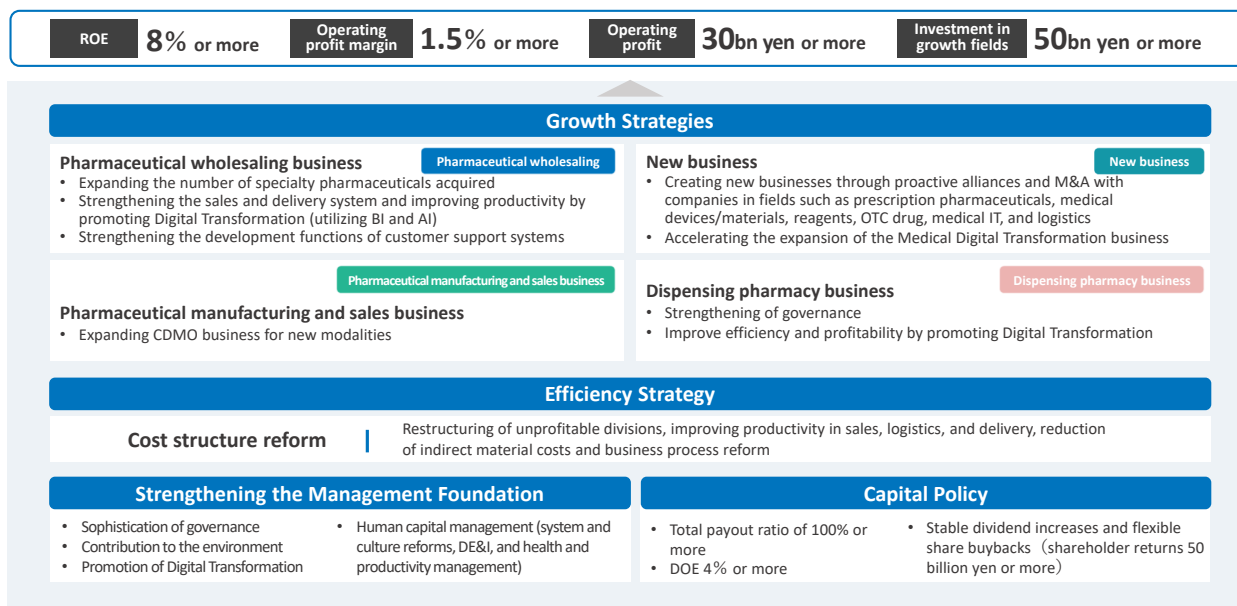
As a premise for formulating our new Medium-term Management Plan, this slide summarizes our understanding of the external environment surrounding us.

As shown in the slide, the business environment is becoming increasingly challenging for us, as our core business is pharmaceutical wholesaling, and the future is becoming increasingly uncertain.

In light of this rapidly changing environment, our new Medium-term Management Plan views these changes as opportunities for growth. We intend to strengthen profitability in our pharmaceutical wholesaling business and rapidly expand new businesses by leveraging the Company's strengths, thereby advancing our transformation into a comprehensive healthcare solutions provider.

# Medium-term Management Plan 2026-2028 “Soaring into the Next Generation”

## – Overall architecture –



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This slide illustrates the overall framework of our new Medium-term Management Plan, “Soaring into the Next Generation.”

The key numerical targets are listed in the table at the top. We have set the following targets. An ROE of 8% or more, an operating profit margin of 1.5% or more, an operating profit of 30 billion yen or more, and 50 billion yen or more for investment in growth fields. To achieve these numerical targets, we will implement four key strategies; “Growth Strategies,” “Efficiency Strategy,” “Strengthening the Management Foundation,” and “Capital Policy.”

This shows an overview of specific measures for the four core businesses of our “Growth Strategy,” including “Pharmaceutical wholesaling,” “New business,” “Pharmaceutical manufacturing and sales business,” and “Dispensing pharmacy business.”

The bottom right of the slide shows the quantitative targets for our capital policy.

We aim to maintain a total payout ratio of 100% or more over the next three years through stable dividend increases and flexible share buybacks.

We expect total shareholder returns over the next three years to exceed 50 billion yen. In addition, we set the DOE at 4% or more.



**FY2028 Targets (Consolidated)**

|   |                         |
|---|-------------------------|
| <b>ROE</b>  | <b>8% or more</b>       |
| <small>(Maintain a level higher than the cost of equity* in the future)</small> |                         |
| <small>*Recognized as approximately 6-7%</small>                                |                         |
| <b>Operating profit margin</b>  | <b>1.5% or more</b>     |
| <b>Operating profit</b>   | <b>30bn yen or more</b> |
| <b>Investment in growth fields</b>  | <b>50bn yen or more</b> |

**Shareholder returns, cross-shareholdings**

|   |                      |
|---|----------------------|
| <b>DOE</b>  | <b>4% or more</b>    |
| <small>(During the medium-term management plan period)</small>    |                      |
| <b>Total payout ratio</b>   | <b>100% or more</b>  |
| <small>(During the medium-term management plan period)</small>    |                      |
| <b>Cross-shareholdings</b>  | <b>less than 10%</b> |
| <small>*Ratio to consolidated net assets (March 31, 2029)</small> |                      |

Once again, this slide outlines the numerical targets of our new Medium-term Management Plan. We have not changed the numerical targets of an 8% ROE and a 1.5% operating profit margin set out in the action plan we announced in November 2024.

We have set a new numerical target for the DOE of 4% or more during the term of the Medium-term Management Plan.

We have also set new targets of 30 billion yen or more in operating profit and 50 billion yen or more in investment in growth fields.

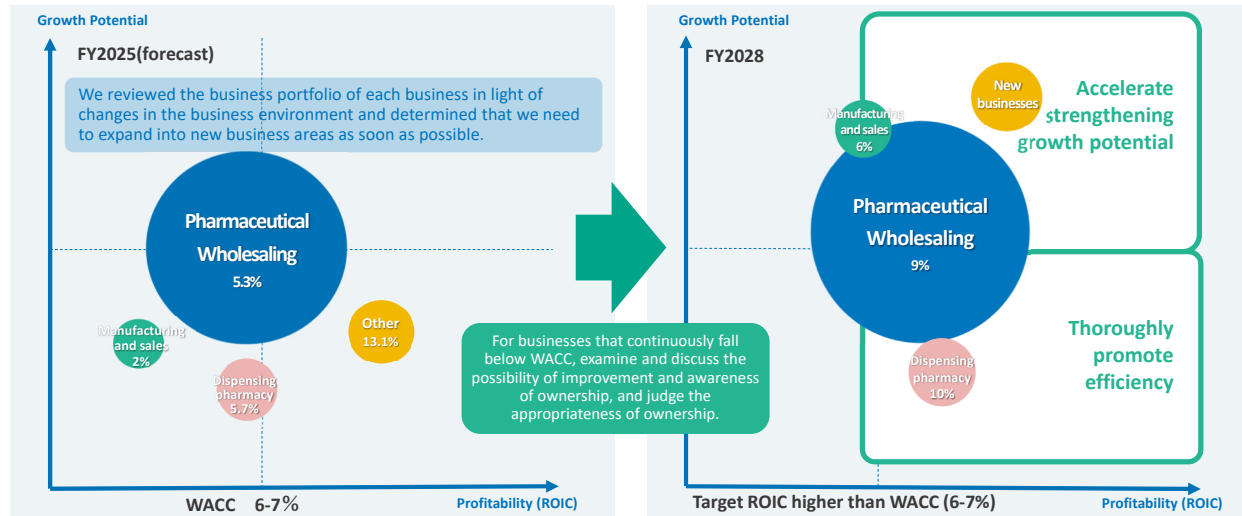
Furthermore, we aim to maintain a total payout ratio of 100% or more during the term of the Medium-term Management Plan and further enhance shareholder returns.

Regarding cross-shareholdings, we are maintaining our target of keeping them below 10% of net assets by the fiscal year ending March 2029, however, through ongoing, constructive dialogue with our cross-shareholders, we will strive to achieve this target ahead of schedule.

## Realize business portfolio transformation by accelerating promotion of growth and efficiency strategies



Enhance corporate value by allocating management resources to "strengthening the pharmaceutical wholesaling business," "creating new businesses," and "expanding CDMO business for new modalities," with a view to achieving ROE of 8% or more, an operating margin of 1.5% or more, and operating profit of 30.0 billion yen or more.



\*Circle size represents business scale (operating profit) as an image, figures within circles indicate ROIC.

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The left side of this chart shows the projected business portfolio for fiscal year 2025, while the right side shows the target business portfolio for fiscal year 2028.

While aiming to achieve an ROE of 8%, an operating profit margin of 1.5%, and operating profit of 30 billion yen or more, we have re-evaluated the business portfolio of each division in light of changes in the business environment. As a result, we have determined that we need to expand into new business areas as soon as possible. Therefore, in addition to further strengthening our core pharmaceutical wholesaling business, we will allocate management resources toward expanding our CDMO business, which is capable of supporting new businesses and new modalities, while we have decided to thoroughly streamline our dispensing pharmacy business through operations focused on investment and operational efficiency, thereby promoting ROIC-based management and enhancing corporate value. This slide shows the projected figures for fiscal year 2025 and the targets for fiscal year 2028 regarding ROIC for our pharmaceutical wholesaling, dispensing pharmacy, and manufacturing and sales businesses.

Please note that while we have not provided specific figures for new businesses in fiscal year 2028, we are pursuing various initiatives as part of a key growth strategy in our Medium-term Management Plan. Our goal is to achieve a higher ROIC than our other businesses, and we have positioned this segment as shown on this slide.

According to our projections for fiscal year 2025, the ROIC for the pharmaceutical wholesaling business is 5.3%, for the dispensing pharmacy business 5.7%, and for the manufacturing and sales business 2% – all of which are below the WACC. However, by implementing the growth strategies outlined in the following slides, we aim to achieve an ROIC exceeding the WACC by fiscal year 2028, with the pharmaceutical wholesaling business reaching 9% and the dispensing pharmacy business 10%.

Although we have set the ROIC target for the manufacturing and sales business at 6%, our growth strategy involves expanding our CDMO business to accommodate new modalities. Since it will take several years for this business to get off the ground, we anticipate that it will exceed the WACC starting in 2028.

## Growth and Efficiency Strategies

Shifting gears in growth and efficiency strategies

Promotion of cost structure reform

Pharmaceutical wholesaling business

Dispensing pharmacy business

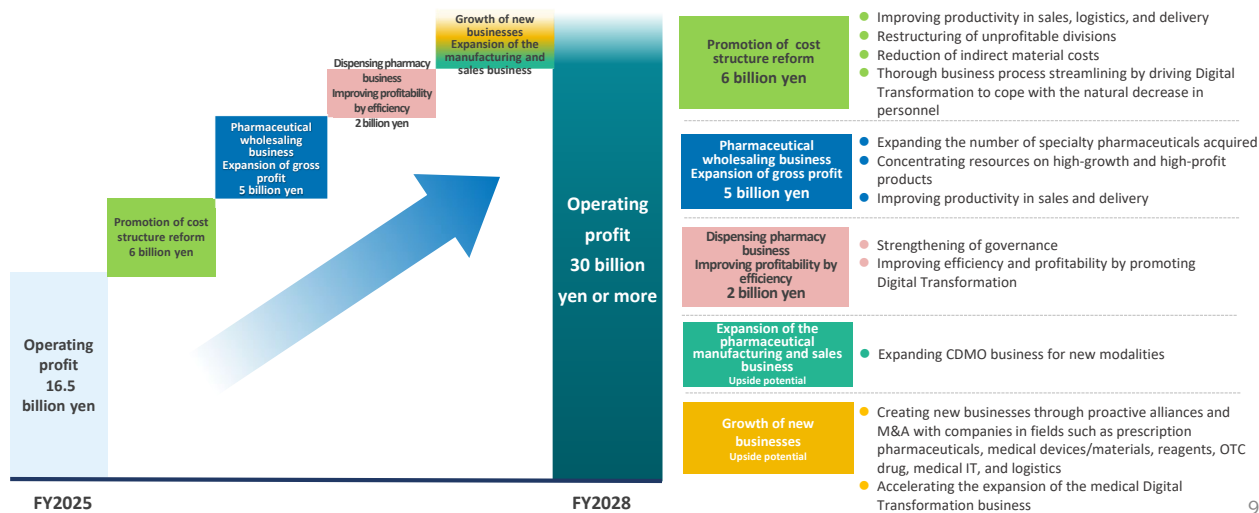
Pharmaceutical manufacturing and sales business

New businesses

## Shifting gears in growth and efficiency strategies



Aim to achieve operating profit of over 30 billion yen by promoting four growth strategies and cost structure reforms



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Today, we announced a downward revision to our earnings forecast for the fiscal year. The primary factors behind this revision are a greater-than-expected decline in sales of COVID-19-related products and a larger-than-anticipated increase in procurement costs due to factors such as global inflation, as mentioned earlier in the presentation on the external environment.

Against this backdrop, this slide outlines the key initiatives we have in place to achieve our fiscal year 2028 operating profit target of 30 billion yen or more, along with the expected contribution each initiative will make to operating profit.

In addition to measures to promote cost structure reforms, increase gross profit in our pharmaceutical wholesaling business, and enhance efficiency and profitability in our dispensing pharmacy business, we aim to achieve operating profit of 30 billion yen or more by leveraging the upside potential offered by the expansion of our manufacturing and sales business and the growth of new business ventures.

## Promotion of cost structure reform



Aim to achieve an SG&A ratio of 5.5% or less by promoting four measures



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This slide outlines specific measures for cost structure reform.

As our first measure, we will establish an efficient delivery system in conjunction with the construction of our new logistics center – which we have already announced, to clarify the roles of sales and logistics and improve productivity.

Second, we will review the Group's overall business structure and eliminate unprofitable divisions by streamlining and consolidating overlapping operations and businesses across subsidiaries and departments.

With regard to indirect materials, we will swiftly implement measures to reduce procurement costs by leveraging external expert insights and industry benchmarks.

Furthermore, regarding business process reform, we will leverage insights from external experts to drive thorough efficiency improvements in our business processes, thereby achieving productivity improvements that exceed the anticipated natural decline in personnel.

By implementing these four measures, we aim to offset the anticipated increase in selling, general, and administrative expenses and maintain an SG&A ratio of 5.5% or less.



**Aim to increase gross profits by 5 billion yen based on four core strategies for medium- to long-term growth**

### Main Measures

#### **Becoming the partner of choice in specialty pharmaceuticals**

Further strengthening of high-quality logistics capabilities, including temperature control (such as cold chains) and vibration control compatible with various modalities

#### **Contributing to market penetration of growth driver products and fostering growth domains**

Category strategies by product and area and qualitative improvement of sales

#### **Strengthening customer support system development capabilities through integration of system subsidiaries**

Developing new systems tailored to customer needs  
Integrating AI into existing systems (MIZAR, ENIFvoice, etc.)

#### **Building a data-driven sales and delivery system by promoting Digital Transformation and utilizing AI**

Leveraging BI tools and AI to improve productivity in sales and logistics

Let me now explain the growth strategies for these four business segments. In recent years, the proportion of new “specialty pharmaceuticals” – including biomedical products, has been growing, and pharmaceutical wholesalers are being called upon to expand their capabilities to accommodate a wide range of modalities.

By further strengthening our high-quality logistics capabilities – including temperature control, particularly in cold chains, as well as vibration control, we aim to become a trusted partner of choice for pharmaceutical manufacturers. To contribute to the market penetration of products that will serve as our next growth drivers, we will implement detailed category strategies tailored by product and area, enhance the skills of each sales representative, and provide information that meets the needs of healthcare settings. Through these efforts, we will foster growth in key areas while striving to grow the Company’s profit.

We currently have several system subsidiaries that develop customer support systems and other solutions and, by consolidating these subsidiaries, we will strengthen our development capabilities and accelerate the development of new systems that more quickly incorporate customer feedback.

We will also actively integrate AI into existing systems such as “Mizar” and “ENIFvoice,” which are already widely used in healthcare settings. By combining traditional convenience with the added value of “AI-powered predictions and recommendations,” we aim to reduce the workload of healthcare professionals.

We will also strive to improve productivity by promoting digital transformation and utilizing AI to build a data-driven sales and delivery system.



**Establish a new pharmacy model that is chosen by patients and local residents by strengthening governance and promoting Digital Transformation to improve management efficiency, and by improving interpersonal services and utilizing data**

### Main Measures

#### Strengthening store operations

Strengthening store operations by promoting operational efficiency and standardization through enhanced governance

#### Expansion of new store formats

Strengthening online pharmacy and other services to meet diversifying patient needs

#### Boosting the productivity of pharmacists

Boosting the productivity of pharmacists by actively outsourcing prescription dispensing and promoting Digital Transformation to streamline their administrative tasks and set aside time for them for patient-facing work

#### Optimizing the CDP (Customer Data Platform)

Using data and AI to promote personalized communication with each patient

We have consolidated our dispensing pharmacy business, which had 21 operating subsidiaries two years ago, down to four this month.

During this Medium-term Management Plan period, we will strive to improve profitability by enhancing governance and streamlining operations through digital transformation, while establishing a new pharmacy model that is chosen by patients and local residents by improving interpersonal services and utilizing data.

As specific measures, we will continue to strengthen our governance and promote operational efficiency and standardization to enhance our store operations.

Additionally, we will strengthen store functions and develop new stores, such as online pharmacies, to meet the diversifying needs of patients.

In addition, by actively outsourcing prescription dispensing and promoting digital transformation, we aim to streamline their administrative tasks and to set aside time for patient-facing work, thereby boosting the productivity of pharmacists.

Furthermore, we will implement a Customer Data Platform, CDP, to combine various data with AI to promote personalized communication with each individual patient, with the goal of increasing customer satisfaction and establishing ourselves as the pharmacy of choice.



**Expand CDMO business to accommodate new modalities, thereby expanding into high-value-added areas and improving profitability**

### Main Measures

**Developing, manufacturing, and marketing new products by leveraging the regenerative medicine ecosystem**

Providing one-stop essential functions from development to launch, and building a supply chain spanning clinical trial and wholesale logistics

**Enhancement of CDMO functions centered on the Haneda Packaging Center**

Expanding GMP-compliant, packaging, and storage capabilities in a bid to accept contracts from foreign-funded companies and bio-tech ventures

**By integrating high-performance / high-quality logistics with CDMO and supply chains, and providing support from the development stage to foreign pharmaceutical manufacturers and bio-tech ventures that do not have infrastructure in Japan, we will expand profit opportunities from manufacturing to distribution**

Next, let me explain the “expansion of our CDMO business” within our manufacturing and sales business, one of the pillars of our growth strategy.

As shown in this slide, we will accelerate our efforts to accommodate new modalities, including regenerative medicine, in order to expand into high-value-added areas and improve profitability.

First, in the field of regenerative medicine, we have established a “regenerative medicine ecosystem” through an alliance with TEIJIN REGENET and ITOCHU Corporation, building a system capable of providing one-stop essential functions from new product development through manufacturing and sales to market launch.

We will build and provide a comprehensive supply chain that covers everything from clinical trial logistics to aftermarket wholesaling logistics.

Next, at the Haneda Packaging Center, we have established GMP-compliant packaging and storage facilities in the prime location of Haneda, creating a comprehensive service capable of handling packaging, inspection, and storage on a turnkey basis for pharmaceutical manufacturers.

By integrating high-performance, high-quality logistics with CDMO and supply chains, and providing support from the development stage to foreign pharmaceutical manufacturers and bio-tech ventures that do not have infrastructure in Japan, we will expand profit opportunities from manufacturing to distribution.



### Promote transformation into a Comprehensive Healthcare Solutions Provider by promoting diversification of business domains and medical Digital Transformation

#### Main Measures

##### Creating new businesses through proactive alliances and M&A

Going beyond the scope of the existing pharmaceutical wholesaling business, we will actively promote alliances and M&A with business companies and venture companies in peripheral areas such as CDMO, medical devices/materials, reagents, OTC drugs, medical IT, and logistics, aiming to create new value and build a solid profit base

##### Accelerating the expansion of the medical Digital Transformation business

Expanding into related areas using the pharmaceutical wholesaling business as a springboard to promptly provide added value and new services to our business partners, customers, and patients

##### Seeking new business alliances

Appointing external experts to conduct a comprehensive review of the potential of creating synergies through M&A and alliances with businesses in the same industry and those in other industries

In the light of the conclusion that sufficient added value cannot be created by simply continuing along the existing path, pursuing avenues that contribute to the creation of new value beyond the existing framework

\*We are currently discussing a number of alliances and M&A projects with the aim of contributing to achieving an operating profit of 30 billion yen for the fiscal year ending March 31, 2029

Next, I'd like to talk about new businesses.

As the title of this strategy indicates, we will promote both diversification of our business domains and digital transformation in healthcare, thereby accelerating our transformation into a comprehensive healthcare solutions provider.

As we moved forward with this transformation, we first engaged external experts to thoroughly evaluate, – without exception – the potential for creating synergies through alliances with companies both within and outside our industry.

As a result, we came to the conclusion that creating sufficient added value within the framework of our existing businesses would be limited.

In light of these results, we decided to move beyond simply continuing along our existing path and instead seek out new partners from square one who can contribute to the creation of new value, and to actively pursue proactive alliances.

To create new business domains through alliances and M&A, going beyond the scope of the existing pharmaceutical wholesaling business, we will actively form alliances with business companies and venture companies possessing innovative technologies in peripheral areas.

Rather than pursuing complementary alliances or M&A, we will focus on growth investments centered on creating new value.

To accelerate the expansion of our medical Digital Transformation business, we will leverage our “pharmaceutical wholesaling business network” – our greatest asset – as a springboard to rapidly roll out new value-added services through digital means into peripheral areas.

We aim to quickly provide unprecedented convenience and high-quality services to our clients – medical institutions and pharmacies – as well as the patients they serve. In line with this policy, we are currently engaged in discussions regarding numerous alliances and M&A deals, which we will announce as they are finalized.

# Capital Strategies

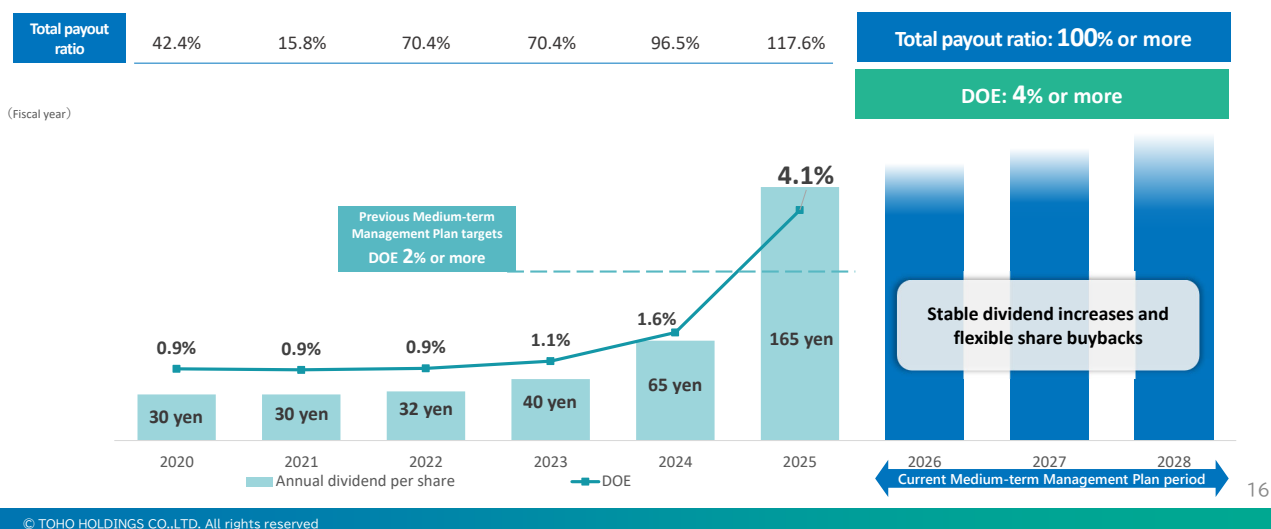
- Shareholder return policy
- Capital allocation
- Thorough investment discipline



## Shareholder return policy



- Aim for a total payout ratio of 100% or more
- Implement shareholder returns of 50 billion yen or more during the period of the Medium-term Management Plan
- Stable increase in dividends and flexible share buybacks based on the policy of achieving DOE of 4% or more during the period of the Medium-term Management Plan



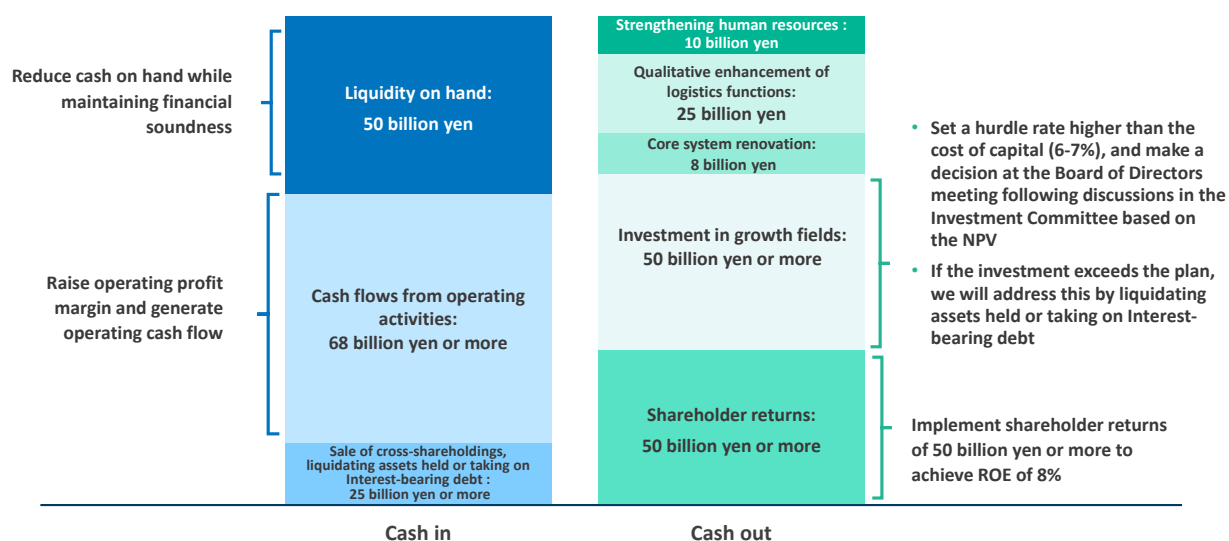
Let me now explain our capital strategies.

First, regarding our shareholder return policy, during the new Medium-term Management Plan period, we will aim for a total payout ratio of 100% or more and implement shareholder returns totaling 50 billion yen or more.

Regarding dividends, we are raising the DOE target from the previous level of 2% or more to 4% or more.

We will strengthen our returns to shareholders by implementing stable dividend increases and flexible share buybacks.

## Capital allocation



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Moving on, I will explain our capital allocation policy.

We will allocate the cash we generate optimally between growth investments and shareholder returns to maximize capital efficiency.

First, we anticipate total cash inflows of approximately 143 billion yen during the period covered by this Medium-term Management Plan.

Specifically, we will secure 50 billion yen in cash reserves by reducing our cash on hand from an efficiency standpoint, while maintaining financial soundness.

Next, we will secure 68 billion yen in operating cash flow – which represents our core business’s earning power – through stable cash generation driven by improvements in our operating profit margin.

In addition, we will secure 25 billion yen through the sale of cross-shareholdings, the liquidation of assets, and taking on interest-bearing debt.

Next, regarding our cash-out policy, we will prioritize investments in growth fields aimed at building pillars for future growth and allocate more than 50 billion yen to this effort.

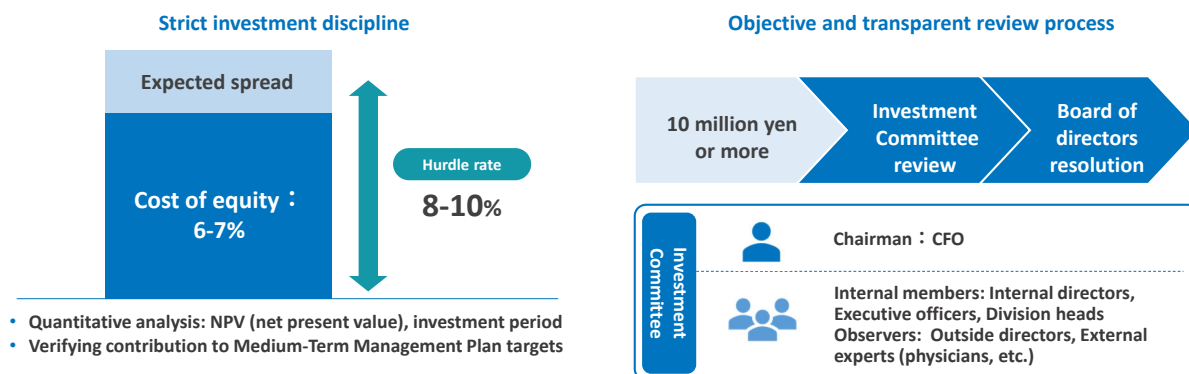
If funding in excess of 50 billion yen is required, we will respond flexibly by further monetizing assets or taking on interest-bearing debt.

Furthermore, we will allocate 50 billion yen or more to shareholder returns. As I mentioned earlier, in addition to stable dividend increases based on a 4% DOE, we will implement flexible share buybacks to optimize our capital structure.

## Thorough investment discipline



The Management Strategy Committee determined that it is possible to create new added value through collaboration and business expansion into related areas. Focusing on areas that contribute to expanding our business base, enhancing corporate value, and achieving Medium-term Management Plan targets, we will consider projects based on investment discipline.



- ✓ The Investment Committee periodically reviews the status of achievement of initial objectives and measures to improve economic profits
- ✓ We aim to contribute to achieving ROE of 8% or more, operating profit margin of 1.5% or more and an operating profit of 30 billion yen or more for the fiscal year ending March 31, 2029

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Next, let me explain the criteria for investing that will help implement a disciplined investment strategy.

We define our investment focus as the healthcare sector, with the pharmaceutical wholesaling business as our starting point. Investments are implemented following an objective and transparent review process, with decisions made by the Board of Directors based on the conclusions reached through thorough discussions within the Investment Committee – which includes not only internal members but also outside directors and external experts.

Furthermore, to ensure investment discipline, we rigorously conduct quantitative analyses based on NPV, namely net present value and the investment period, and have set our hurdle rate at 8% to 10% – calculated by adding an expected spread to an equity cost of 6% to 7%.

## Strengthening the Management Foundation

Sophistication of governance

Medium-term human resources strategy

Contribution to the environment

Medium-term Management Plan 2026-2028  
“Soaring into the Next Generation” – Roadmap –



Review: 2023-2025 "Creating the Next Generation"

2026-2028 "Soaring into the Next Generation"

### Strengthening the effectiveness of the board of directors

- Identify a skills matrix aligned with the strategy
- Majority of the board composed of outside directors
- Establishment of the Management Strategy Committee and Governance Enhancement Special Committee

### Establishment of CGO and development of promotion system

- Appoint a CGO as the officer in charge of promoting governance
- Group Governance Department supports promotion

### Governance Enhancement Special Committee

- Formulate and implement specific policies aimed at fundamental and effective reform of the governance structure, based on the 12 recommendations included in the final report

#### Major policies for responding to recommendations in the final report

- Establishing independence standards for outside directors
- Creating opportunities for information exchange and shared understanding among outside directors
- Establishing a compliance promotion department to strengthen and enhance the whistleblowing system

Continue and strengthen initiatives from the previous Medium-term Management Plan and strongly promote a shift from a defensive to an **offensive approach to governance**

### Further improve the effectiveness of the Board of Directors and enhance discussions

Maintaining a highly effective structure of the Board of Directors

### Further promote the establishment of an effective governance framework under the leadership of the CGO

Ensuring compliance

Strengthening the governance system for subsidiaries

Sophisticating the risk management system

Starting with this slide, I will now explain how we will strengthen our management foundation.

During the previous Medium-term Management Plan period, we worked to strengthen governance as part of our efforts to build a solid foundation.

To enhance the effectiveness of the Board of Directors, we identified a skills matrix aligned with our strategy and transitioned to a structure in which a majority of the board members were outside directors.

In addition, with the aim of further strengthening our governance, we established a Governance Enhancement Special Committee, composed solely of outside directors and outside committee members.

We have established specific policies in response to the 12 recommendations included in the final report received from the Governance Enhancement Special Committee last October, and have completed the initial measures.

Going forward, under the leadership of the Chief Governance Officer, appointed to spearhead governance reforms and with the support of newly-established departments such as the Group Governance Department and the Compliance Promotion Department, we will strive to further strengthen our governance framework by ensuring strict compliance, reinforcing group governance, and enhancing our risk management systems.

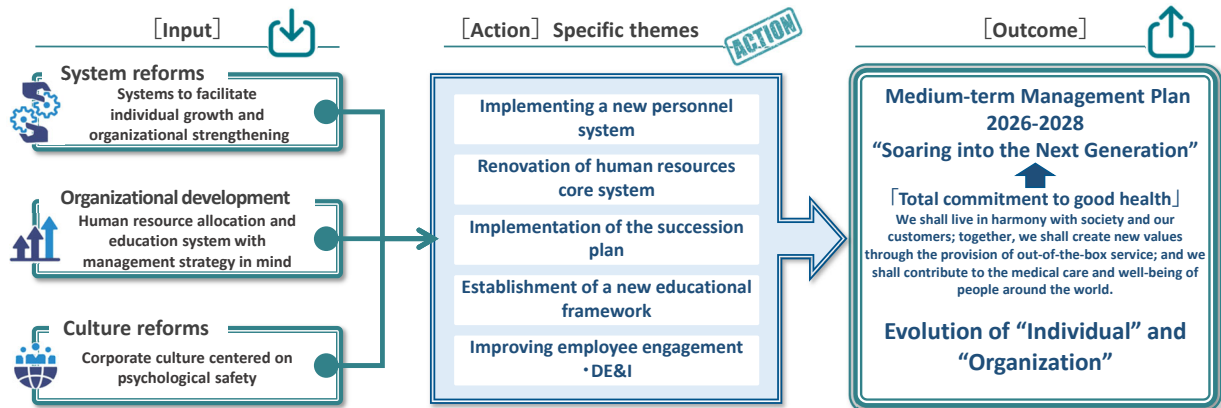
In addition to a defensive approach to governance, we will also pursue an offensive approach under the leadership of a highly-effective Board of Directors in order to achieve sustainable growth.



**Business Strategy and Human Resources Strategy**

Growth of the Individual and the Organization, which drives the completion of Transformation

**Individuals unafraid to take on challenges shape the future**  
 -- Transitioning to self-directed talent and evolving into a value-creating organization --



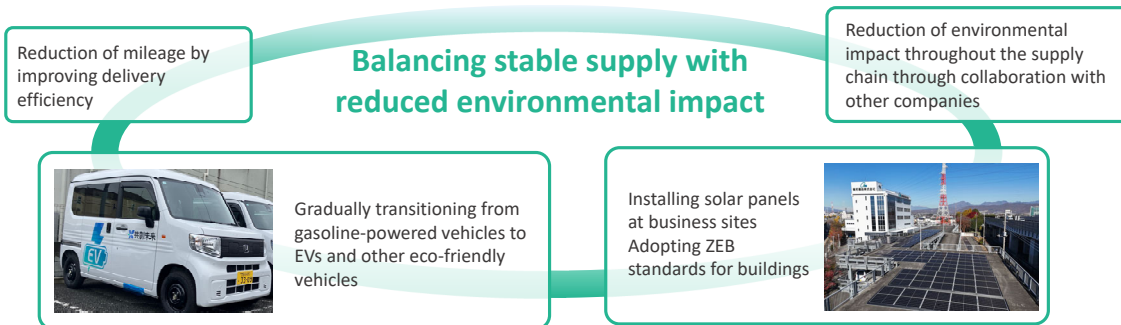
Next, let me move on to our medium-term strategy for strengthening human capital, which is fundamental to the successful fulfillment of these strategies.

In this new Medium-term Management Plan, we have set a goal of transforming ourselves into a “comprehensive healthcare solutions provider.”

To achieve this transformation, we need the growth of every single employee and the organization’s ability to execute.

We aim to foster a shift toward self-directed talent – individuals who are unafraid to take on challenges and shape the future – and to evolve into an organization that creates value.

To achieve this, we will implement three key initiatives – “system reforms,” “organizational development,” and “culture reforms” – to create a virtuous cycle in which individual growth accelerates organizational growth and organizational growth in turn supports further individual challenges. Through this approach, we will ensure the successful implementation of our new Medium-term Management Plan and enhance our corporate value over the medium to long term.



■ Efforts in line with TCFD and appropriate disclosure of information resulted in steady improvement in external evaluations

CDP questionnaire : 「C」→「B-」  
 MSCI ESG Rating : 「A」→「AA」

Steadily prepare for the SSBJ standards

- Reduction of greenhouse gas emissions (Target FY2030: 60% reduction Vs. FY2019)
- Renewable electricity usage rate (Target FY2030: 80%)
- Promotion of delivery efficiency (Target FY2030: Reduction of the mileage of sales vehicles by 30% Vs. FY2024)
- Promotion of 3Rs (Reduce, Reuse, Recycle) including waste reduction
- Implementation of environmental training

Next, let me explain our contributions to environmental conservation in pursuit of a sustainable society.

We view addressing climate change as a key management priority and are implementing a variety of initiatives.

First, as part of our efforts to decarbonize our own facilities, we will proceed with the installation of solar panels at our business sites and, when renovating facilities, promote the adoption of “ZEB (Net Zero Energy Buildings),” which aim to achieve net-zero energy consumption or bring it as close to zero as possible.

In addition, we will steadily reduce greenhouse gas emissions by gradually switching to renewable energy.

Second, as part of our efforts to reduce environmental impact across the entire value chain, we are working to reduce mileage by improving delivery efficiency.

This initiative will not only reduce our environmental impact but also directly help lower logistics costs.

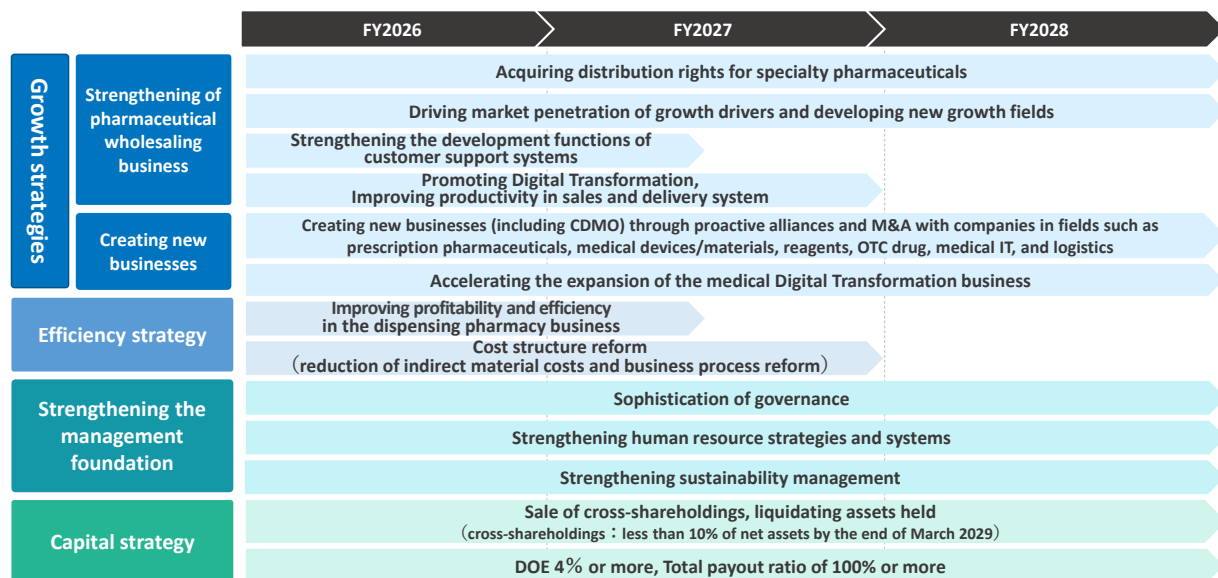
Furthermore, through active collaboration with other companies, we will work to decarbonize the entire supply chain, from raw material procurement to disposal.

Third, as part of our commitment to a circular economy and fostering a shift in mindset, we will rigorously reduce waste generated by our business activities and continue to provide environmental training for all employees.

We will foster a corporate culture in which every employee takes personal responsibility for environmental issues and contributes to environmental conservation in the course of their daily work.

Through these initiatives, we will fulfill our environmental responsibilities and strive to become a company essential to society.

# Medium-term Management Plan 2026-2028 “Soaring into the Next Generation” – Roadmap –



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We will implement the four strategies outlined in the new Medium-term Management Plan I have explained in accordance with the roadmap shown on this slide.

That concludes my presentation of our new Medium-term Management Plan, “Soaring into the Next Generation.”

## **Notice Regarding the Results of the Board of Directors' Evaluation of the Large-Scale Purchase Actions, Etc. and the Submission of a Proposal to Confirm Shareholders' Intent Concerning the Implementation of Countermeasures**

Next, I will explain the results of the Board of Directors' assessment of the large-scale purchase and related matters, which was disclosed today, as well as the proposal to be submitted to the General Meeting of Shareholders regarding whether or not to implement defensive measures.



- **Following the submission of the “Explanatory Statement on Large-Scale Purchase Actions, Etc.” by 3D Investment Partners Pte. Ltd. (hereinafter “3D”), the Company’s Board of Directors has thoroughly evaluated and reviewed the propriety of the large-scale purchase actions, etc. by 3D, in accordance with the Company’s “Policy Against Large-Scale Purchases of Share Certificates, Etc.”**
- **Upon receiving a report today from the Independent Committee (Chairperson: Hidehito Kotani, Independent Outside Director) and giving the utmost respect to its contents, the Company’s Board of Directors has determined that countermeasures should be implemented in the event that 3D proceeds with the large-scale purchase actions, etc.**
- **Based on this determination, the Board of Directors has resolved to submit a proposal to the Annual General Meeting of Shareholders to be held in June to confirm the shareholders’ intent regarding the implementation of countermeasures.**

On October 31 of last year, we adopted a policy regarding large-scale purchases of our shares; subsequently, on January 16 of this year, 3D Investment submitted a statement regarding such a large-scale purchase.

It has been reported that 3D has decided to acquire up to 1,537,200 shares of the Company’s stock, which represents a 27% voting rights ratio.

In accordance with our response policy, our Board of Directors has carefully evaluated and reviewed 3D’s large-scale share purchases while requesting the necessary information.

Furthermore, to prevent arbitrary decisions by the Board of Directors and to enhance the fairness and objectivity of the implementation of our response policy, we have established an Independent Committee composed of independent outside directors. This committee conducts thorough reviews and deliberations from an independent perspective regarding whether or not to implement defensive measures. Director Kotani, who serves as Chair of the Independent Committee, will provide an explanation of the committee’s report later on.

Today, after thoroughly reviewing and giving full consideration to the recommendations received from the Independent Committee, our Board of Directors has determined that, should a large-scale purchase by 3D or similar actions occur, such actions could potentially harm the Company’s corporate value and, by extension, the collective interests of our shareholders; therefore, it has concluded that it is necessary to implement defensive measures.

In light of this, we have resolved to submit a proposal titled “Notice of the Introduction of a Policy against Large-Scale Purchases of Share Certificates, etc. of TOHO HOLDINGS CO., LTD. in Response to the Large-Scale Purchase, etc. of its Shares by 3D Investment Partners Pte. Ltd.” as an agenda item at the Annual General Meeting of Shareholders scheduled for June, in order to seek the views of our shareholders on whether or not to implement such countermeasures.

## Summary of Results of the Board of Directors' Evaluation



The Board of Directors evaluates that the purpose of 3D's large-scale purchase actions, etc., is to increase its influence over the Company's management, thereby forcing the Company to make decisions according to 3D's own intentions and seeking to realize short-term profits. Therefore, the Board strongly opposes such actions, as it risks damaging the Company's medium- to long-term corporate value and the common interests of shareholders.

### Reasons for opposing 3D's large-scale purchase actions, etc.

#### 3D's objective

3D's true objective is not to enhance corporate value through pure investment or governance improvements, but to increase its influence over the Company's management, thereby forcing the Company to make decisions according to 3D's own intentions and seeking to realize short-term profits.

#### Impact on corporate value

Despite gaining significant influence over the Company's management through additional acquisition, 3D has exposed its own lack of understanding of the Company's business. 3D's pursuit of short-term profits poses a risk of losing the trust of our business partners and leading to the loss of revenue opportunities for the Company. In addition, it may result in the Company being unable to fulfill its vital mission as social infrastructure.

#### Impact on the common interests of shareholders

If a conflict of interest arises between 3D and general shareholders, resulting from an increase in its influence, there is a possibility that the interests of minority shareholders may be prejudiced. The large-scale purchase actions, etc., is being conducted through market purchases without providing adequate information and is predicated on maintaining the Company's listing; as such, it possesses a coercive nature toward general shareholders.

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In this slide, I will explain the results of the Board of Directors' assessment of large-scale purchases and similar actions by 3D.

To put it simply, we concluded that the large-scale share purchases and other actions carried out by 3D were intended to exert greater influence over our company's management, thereby forcing us to make decisions in accordance with their wishes and realizing short-term profits. Therefore, as this could potentially undermine our company's medium- to long-term corporate value and the common interests of our shareholders, the Board of Directors strongly opposes it.

First, it can be concluded that the true purpose of the large-scale share purchase and related actions by 3D is to increase its influence over the Company's management, thereby forcing management decisions that align with its own interests and pursuing short-term profits. Furthermore, regarding the impact of large-scale share purchases and similar actions on corporate value, although 3D will gain greater influence over our management through these additional purchases, based on our interactions to date, we can only conclude that they have demonstrated a lack of understanding of our business and operations.

Under these circumstances, if 3D were to pursue short-term profits, it would not only lose the trust of our business partners and result in the loss of revenue opportunities for our company, but we would also risk failing to fulfill our critical mission as a social infrastructure provider, which could ultimately damage our corporate value.

Furthermore, from the perspective of the interests of all shareholders, a conflict of interest may arise between 3D and the general shareholders and, if 3D increases its influence, the interests of minority shareholders could be sacrificed.

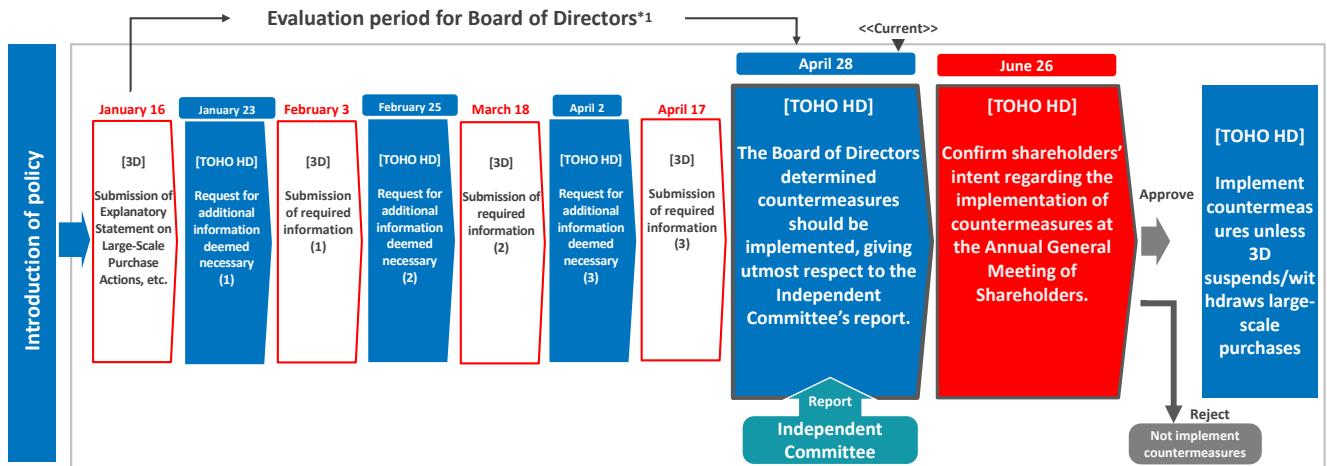
Furthermore, large-scale share purchases and similar actions can be coercive toward general shareholders, particularly when sufficient information is not provided.

Thus, if a large-scale share purchase or similar action is carried out, there is a risk that it could harm the collective interests of shareholders.

## Future Timeline for Policy Against Large-Scale Purchases of Share Certificates, Etc.



The Board has resolved to submit a proposal to the Annual General Meeting of Shareholders to be held in June to confirm the shareholders' intent regarding the implementation of countermeasures. If this proposal is approved and 3D proceeds with the large-scale purchase actions, etc., the Board will resolve to conduct a gratuitous allotment of stock acquisition rights as a countermeasure based on this policy.



\*1 Within 60 business days from receiving the Explanatory Statement on Large-Scale Purchase Actions, Etc. (until April 14). Extended to April 28 based on the Independent Committee's recommendation (10-business-day extension).

In this slide, I will explain the process leading up to the implementation of countermeasures.

The Board of Directors' evaluation and review process following the submission of the Notice of Large-Scale Purchase in January is as outlined in the slide.

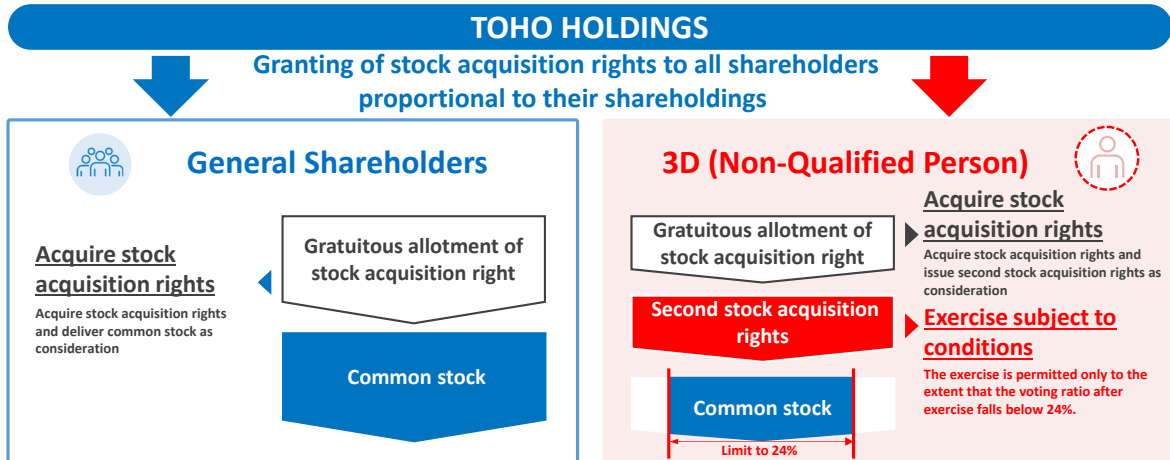
As I mentioned earlier, we plan to ask our shareholders to decide whether or not to implement countermeasures at the Annual General Meeting of Shareholders.

If this proposal is approved and 3D does not suspend or withdraw its large-scale share purchase or similar actions, the Company's Board of Directors will implement countermeasures in accordance with its response policy.

## Overview of Countermeasures



- If the proposal for implementation is approved at the shareholders' intent confirmation meeting and the large-scale purchase actions, etc., is not withdrawn, countermeasures will be triggered.
- The Company will, by resolution of the Board of Directors, conduct a gratuitous allotment of stock acquisition rights to general shareholders and 3D, with differing exercise conditions and acquisition terms.
- The aggregate value of Company shares held by general shareholders will not be diluted.



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As a countermeasure, as shown on the this slide, we plan to conduct gratis allotment of share acquisition rights with different exercise conditions and purchase terms for general shareholders and 3D.

Please note that the value of the Company's shares held by general shareholders as a whole will not be diluted as a result of the implementation of countermeasures.

For more details, please refer to the press release dated October 31 of last year and today's press release.

That concludes my presentation.

## Explanation by Kotani, chair of the Independent Committee

My name is Kotani, and I'm Chair of the Independent Committee.

Speaking as Chair, I will explain the contents of this Independent Committee's recommendation regarding the implementation of countermeasures.

This Independent Committee has determined that if 3D engages in a large-scale purchase or similar actions, there is a risk that it could harm the Company's corporate value and the collective interests of its shareholders.

First, the source of our corporate value lies in our ongoing, long-term relationships with our business partners and the management capital that underpins them.

In particular, the company is supported by its business foundation, which includes its responsibility as a pharmaceutical wholesaler to ensure a stable supply and its long-term relationships of trust with business partners; once damaged, these are extremely difficult to restore.

Consequently, we believe that prioritizing only the short-term improvement of profit and loss figures and investment efficiency could undermine the sources of our corporate value and, ultimately, our medium- to long-term corporate value.

Furthermore, based on past investment activities and the proposals made to our company, we determined that 3D is in a position to significantly influence our decision-making, and it is reasonable to infer that 3D intends to prioritize short-term profits and losses and improvements in investment efficiency over our company's interests.

Based on the foregoing, we have determined that the countermeasures explained earlier by CEO Edahiro are necessary and appropriate.

We have determined that the need to invoke this policy is justified because there is a risk that the Company's corporate value and the common interests of its shareholders could be harmed by large-scale share purchases or similar actions by 3D; there are no circumstances that would lead to the inference that the introduction and invocation of this policy are intended to protect the current management; and, furthermore, given the pressure on general shareholders to accept on-market share purchases in the absence of sufficient information – that is, the coercive nature of such actions – we have concluded that the need to invoke this policy is recognized.

Furthermore, regarding reasonableness, in addition to the measures taken to avoid or mitigate potential damages to 3D, and considering the various initiatives already underway to enhance corporate value as well as the new Medium-term Management Plan explained earlier, we have determined that this countermeasure – which is based on the assumption that management will continue under the current structure – is reasonable in light of the common interests of the shareholders.

In light of the foregoing, and assuming that the proposal to implement defensive measures is approved at the General Meeting of Shareholders, the Independent Committee has concluded that it is appropriate for the Company's Board of Directors to implement defensive measures at a time reasonably determined by the Board, taking into account the Independent Committee's opinions, should 3D fail to suspend or withdraw its large-scale share purchase or similar actions.



## Total commitment to good health



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[Notice]

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