



Financial Results Briefing for the Fiscal Year Ended March 31, 2022

MAY 18, 2022 (WED)

[Notice]

Statements contained in this presentation that are not past facts are forward-looking statements that reflect our plans, expectations, strategies and assumptions, and involve known and unknown risks and uncertainties. These statements are based on currently available information and represent the beliefs of the management of TOHO HOLDINGS CO., LTD. These statements are subject to numerous risks and uncertainties that could cause actual results, performance and achievements to differ materially from those described or implied in the forward-looking statements. Since many factors could cause the actual results to differ substantially from these forward-looking statements, investors are advised to avoid undue reliance on the latter. This presentation has not been prepared for the purpose of stimulating investment. Any decision to invest is the sole responsibility of the individual investor. In addition, the information about the pharmaceutical products included in the document is not a thing aimed for advertising and medical advice.



Agenda

- 1. Financial Highlights for the Fiscal Year Ended March 31, 2022**
- 2. Forecast for Fiscal Year Ending March 31, 2023**
- 3. Medium- and Long-term Management Strategy**



1. Financial Highlights for the Fiscal Year Ended March 31, 2022



Profit and Loss Statement (Consolidated)

• On April 18, 2022, we announced an upward revision to our consolidated financial forecast (announced on August 6, 2021)

(Unit: million Yen)

	FY ended March 2021		FY ended March 2022		
	Sum	% of net sales	Sum	% of net sales	YoY change (%)
Net sales	1,210,274		1,266,171		4.62
Gross profit	99,372	8.21	108,687	8.58	9.37
SG&A	95,069	7.86	96,159	7.59	1.15
Operating profit	4,303	0.36	12,527	0.99	191.12
Ordinary profit	10,289	0.85	18,182	1.44	76.71
Net profit *	4,989	0.41	13,379	1.06	168.17

*Profit attributable to owners of parent



Balance Sheet (Consolidated)

(Unit: million Yen)

	FY ended March 2021		FY ended March 2022			Major factors behind the increase or decrease
	Sum	Proportion (%)	Sum	Proportion (%)	Incr. or decr.	
Current assets	486,911	71.27	513,107	73.05	26,196	Increase in accounts receivable-trade of 15,828 Increase in merchandise and finished goods of 3,960 New component of return assets of 4,807
Non-current assets	196,269	28.73	189,268	26.95	-7,001	Decrease in property, plant and equipment of 3,184 Decrease in Investments securities of 3,807
Total assets	683,181	100.00	702,376	100.00	19,195	
Current liabilities	376,717	55.14	402,819	57.35	26,102	Increase in accounts payable-trade of 13,043 Increase in current portion of long-term borrowings of 3,631 Increase in income taxes payable of 3,380 New component of refund liability of 5,025
Non-current liabilities	69,058	10.11	58,275	8.30	-10,782	Decrease in log-term borrowings of 6,411 Decrease in deferred tax liabilities of 3,669
Total liabilities	445,775	65.25	461,095	65.65	15,320	
Net assets	237,405	34.75	241,281	34.35	3,875	Increase in retained earnings of 11,381 Decrease in valuation difference on available-for-sale securities of 7,714
Total liabilities and net assets	683,181	100.00	702,376	100.00	19,195	

Equity-to-asset ratio FY ended March 2021: 34.73% FY ended March 2022: 34.30%



Profit and Loss Statement (Pharmaceutical Wholesaling Business)

- Sales of limited-handling products for selected wholesalers, such as specialty pharmaceuticals, and sales of COVID-19-related products, including therapeutic agents and test kits increased.
- In price negotiations with medical institutions, we worked to reach an agreement at an appropriate price commensurate with product value and distribution costs.
- Steady rise in customer support system charges boosted profits.

(Unit: million Yen)

	FY ended March 2021		FY ended March 2022		
	Sum	% of net sales	Sum	% of net sales	YoY change (%)
Net sales	1,162,256		1,216,019		4.63
Gross profit	66,494	5.72	73,735	6.06	10.89
SG&A	62,524	5.38	63,767	5.24	1.99
Operating profit	3,970	0.34	9,967	0.82	151.06



Composition of Sales by Category and Contract Rate

Composition of sales by category

	April 2020-March 2021	April 2021-March 2022
Drugs for premium to promote the development of new drugs and eliminate off-label use	37.5%	40.5%
Patented drugs, others	32.3%	33.6%
Long-listed original drugs	16.3%	12.6%
Generic drugs	13.9%	13.3%

Contract rate

	2018/3	2019/3	2020/3	2021/3	2022/3
Value Basis	99.9%	95.5%	99.7%	100.0%	100.0%
Number Basis	100.0%	86.7%	99.8%	100.0%	100.0%



Profit and Loss Statement (Dispensing Pharmacy Business)

- Sales and operating profit increased due to an increase in the number of prescriptions required owing to easing of restraint on consultation and the implementation of measures to revision of dispensing fees.
- Reduced selling, general and administrative expenses by promoting operational improvement and efficiency with customer support systems.
- Implemented closure of unprofitable stores while opening of new stores

(Unit: million Yen)

	FY ended March 2021		FY ended March 2022		
	Sum	% of net sales	Sum	% of net sales	YoY change (%)
Net sales	91,098		91,801		0.77
Gross profit	31,483	34.56	31,777	34.62	0.93
SG&A	28,794	31.61	28,813	31.39	0.07
Operating profit	2,688	2.95	2,963	3.23	10.23

■ Number of stores (as of March 31, 2022)

	Consolidated Subsidiaries	Non-Consolidated Subsidiaries	Affiliates Companies	Total
TOHO HOLDINGS	4companies 78stores	9companies 55stores	3companies 19stores	16companies 152stores
PharmaCluster	5companies 462stores	15companies 74stores	2companies 90stores	22companies 626stores
Total	9companies 540stores	24companies 129stores	5companies 109stores	38companies 778stores



2. Forecast for Fiscal Year Ending March 31, 2023



Forecast for Fiscal Year Ending March 2023 (Consolidated)

(Unit: million Yen)

	FY ended March 2022		FY ending March 2023			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
Net sales	1,266,171		1,269,000		2,829	0.22
Gross profit	108,687	8.58	108,400	8.54	-287	-0.26
SG&A	96,159	7.59	96,100	7.57	-59	-0.06
Operating profit	12,527	0.99	12,300	0.97	-227	-1.81
Ordinary profit	18,182	1.44	17,600	1.39	-582	-3.20
Net profit *	13,379	1.06	11,300	0.89	-2,079	-15.54

*Profit attributable to owners of parent



Forecast for Fiscal Year Ending March 2023 (Pharmaceutical Wholesaling Business)

(Unit: million Yen)

	FY ended March 2022		FY ending March 2023			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
Net sales	1,216,019		1,221,000		4,981	0.41
Gross profit	73,735	6.06	73,700	6.04	-35	-0.05
SG&A	63,767	5.24	63,400	5.19	-367	-0.58
Operating profit	9,967	0.82	10,300	0.84	333	3.34



Forecast for Fiscal Year Ending March 2023 (Dispensing Pharmacy Business)

(Unit: million Yen)

	FY ended March 2022		FY ending March 2023			
	Sum	% of net sales	Forecast		YoY change	
			Sum	% of net sales	Incr. or Decr.	Incr. or Decr. (%)
Net sales	91,801		87,500		-4,301	-4.69
Gross profit	31,777	34.62	31,200	35.66	-577	-1.82
SG&A	28,813	31.39	28,600	32.69	-213	-0.74
Operating profit	2,963	3.23	2,600	2.97	-363	-12.25



Dividend Outlook

[Our policies for dividends]

We remain committed to a flexible distribution policy that takes account of results during each period, while also ensuring the enhancement of our future revenue base and the retention of sufficient earnings to allow for market fluctuations.

	Interim	Year End	Annual Dividend
FY ended March 2021	15yen	15yen	30yen
FY ended March 2022	15yen	15yen	30yen
FY ending March 2023 (Forecasts)	16yen	16yen	32yen



3. Medium- and Long-term Management Strategy

- 1) Acquire new revenue sources not only from the existing businesses
- 2) Accelerating the transformation to a value-added business model
- 3) Initiatives to Enhance Corporate Value



1) Acquire new revenue sources not only from the existing businesses

In addition to the Group's functions and infrastructure with competitive advantages, we will co-create new functions and business bases by working with outside partners.

Pharmaceutical Wholesaling

Dispensing Pharmacy
KYOSOMIRAI PHAMA
Others

Kyoso Mirai Group in Pharmacy

7,633 companies 22,004 stores
(as of March 31, 2022)

Highly functional
logistics



< Growth field >

Further improvement of customer
support systems

Specialty pharmaceuticals
(Regenerative medical products · Biomedical products)

Biosimilars

Investment in pharmaceutical companies and
ventures that have advanced technologies

Collaboration with partner
companies

Further expansion of DX

Medium- to long-term
profitability improvement

Solving social issues
Creation of a sustainable society

Building a lean corporate structure

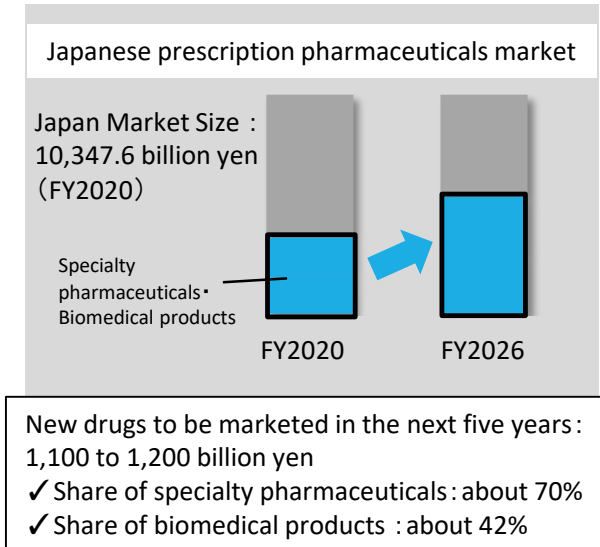
- Nurturing and utilization of human resources
- Reduced selling, general and administrative expenses
 - Consolidation of sales bases · Restructuring of the logistics organization · Streamlining of Head Office functions



1) Acquire new revenue sources not only from the existing businesses

-Investment in ventures

■ Investment in venture companies developing specialty pharmaceuticals and innovative therapies



■ CellGenTech, Inc.

Development of a cell-based medicines for gene therapy using adipocytes in collaboration with Chiba University (in a clinical trial stage)

■ Cellusion Inc.

Development of a cell therapy product (PJ code: CLS001) using an iPS-derived corneal endothelial cell substitute

■ HekaBio K.K.

New radiation therapy using alpha-particle source

■ Kringle Pharma, Inc.

Regenerative drug discovery of recombinant HGF protein

■ Investment in pharmaceutical companies that have advanced technologies

■ Morimoto-Pharma Co., Ltd.

Practical use of freeze-dried formulations with technologies of freeze-drying and powderizing liquid medicines

■ Drawbridge Health, Inc.

Research and development of blood self-collecting device

■ KUBIX Inc.

Development of research kits such as PCR reagents for the detection of COVID-19 and quantification of HBV

We will continue to invest in pharmaceutical and venture companies with advanced technologies to support their business development for social implementation as well as offer our full cooperation in distribution issues such as raw materials transportation, clinical trial logistics, manufacturer logistics, and wholesale logistics.



1) Acquire new revenue sources not only from the existing businesses

- Full-scale participation in biosimilar business

■ Entering the biosimilar business, which is expected to grow in the market

Rheumatism and orthopedics specialty pharma company

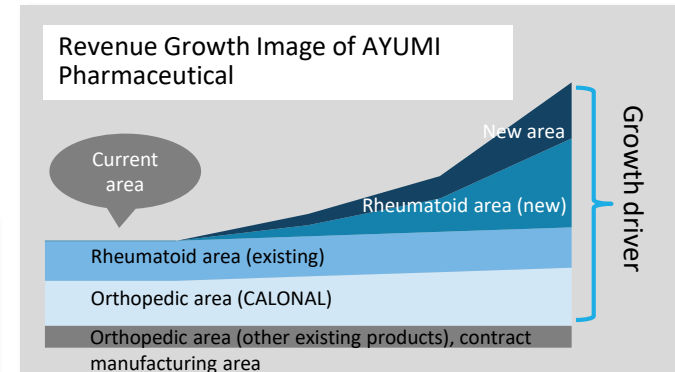
Acquisition of shares of AYUMI Pharmaceutical Corporation

Growth driver of AYUMI Pharmaceutical Corporation

- Growth of the antirheumatic drug market
- Further popularization of biosimilars
- Introduction and launch of pipelines

Strengths of Kyoso Mirai Group

- Strong customer base
(clinics • dispensing pharmacies in the Group
• Kyoso Mirai Group in Pharmacy)
- Highly functional logistics system
- KYOSOMIRAI PHARMA



■ Four projects were launched

Medium- and long-term distribution strategy

- Increase market share of existing products and acquire market share of new products

New product

- Collaboration with KYOSOMIRAI PHARMA in BS to be launched in the future

Call center

- Consideration of business tie-ups at customer service centers

Logistics • IT

- Consideration of manufacturers' logistics

We will further address the biosimilar market in the future.



1) Acquire new revenue sources not only from the existing businesses - Further expansion of DX

- Accelerate development of customer support systems and promotion of DX, led by three group companies

Newly consolidated in April 2021



Operation of “Byouin-Navi”, the web-portal site for hospitals and clinics, market research for hospitals and consulting services



Software development and sales, corporate and medical management consulting



Internet business relates to a pharmaceutical



- Provision of remote detailing services using a proprietary online system in cooperation with enTouch K.K.
- Creating new business models through collaboration with partners with technology and knowledge such as IT and DX.

We have been promoting DX for a long time, such as the automation of distribution and the optimization of delivery using the centralized administration system for pharmacy operations "Mizar", and we will further accelerate it.



2) Accelerating the transformation to a value-added business model

- (1) Fulfilling our social mission as a pharmaceutical wholesale company
- (2) Further evolution of customer support systems and improvement of profitability
- (3) To be selected by Manufacturers
- (4) Initiatives for specialty and orphan medicinal products
- (5) Initiatives in dispensing pharmacy business
- (6) Initiatives in KYOSOMIRAI PHARMA
- (7) Nurturing and utilization of human resources



2) Accelerating the transformation to a value-added business model

(1) Fulfilling our social mission as a pharmaceutical wholesale company

Social mission to ensure a steady supply of pharmaceuticals even during a disaster

■ Initiatives against COVID-19

- Transportation of therapeutic drugs, vaccines, needles and syringes

*Number of deliveries to vaccination sites (FY 2021): 10,000 or more (Kyoso Mirai Group as a whole)

- Sales of COVID-19-related products (Reagents, test equipment, etc.)
- Sales of medical antigen test kits in small lots
- Implementation of the third work-site vaccination
(7,400 employees, their family members, and other concerned people of the Group)

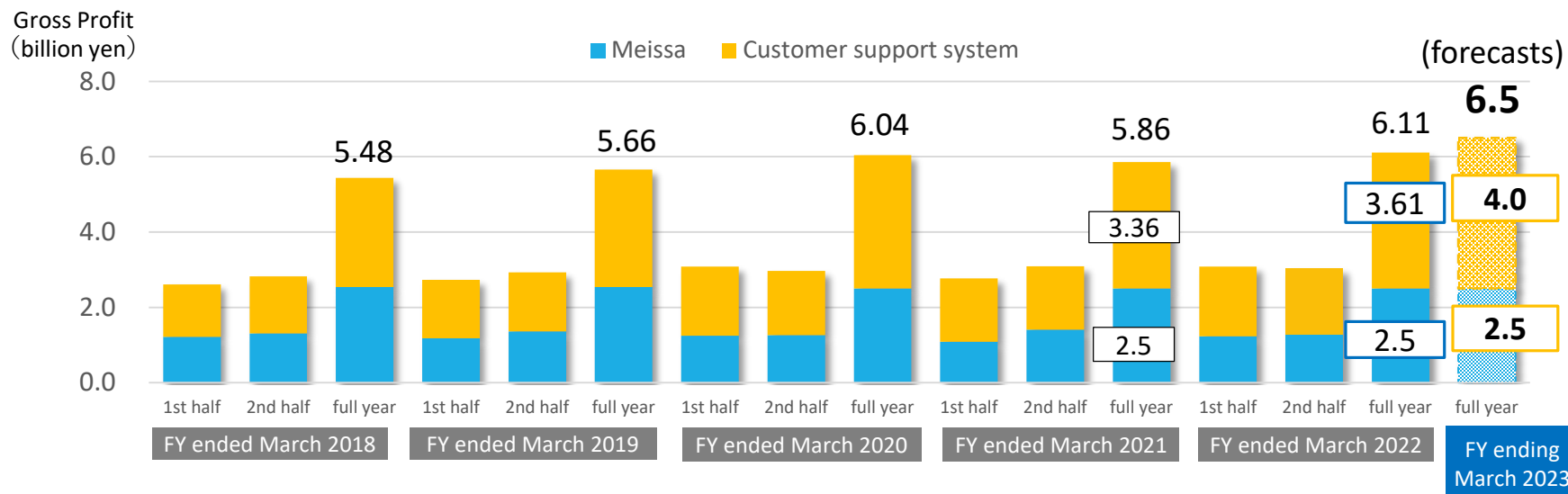
■ Collecting products and adjusting shipments resulting from GMP violations by some generic drug manufacturers

- Improving work efficiency by adding functions to internal core systems



2) Accelerating the transformation to a value-added business model

(2) Further evolution of customer support systems and improvement of profitability



■ Customer support systems (3.61 billion yen)

Steady increases in monthly fees received from customers, in addition to fees at the initial system installation

➡ Review fees according to service content

■ Evolution of customer support systems through the addition and renewal of functions

8/1 renewal

Online medical examination/dosing guidance system



5/1 release

Web version ENIF ordering system



Functional enhancement

Supporting system for electronic medication history recording with voice recognition





2) Accelerating the transformation to a value-added business model

(3) To be selected by Manufacturers



| Strict price control

In addition to the operation of the price lock system, the system is to be operated more strictly by setting specific individual management targets.

| Centralized inventory management

Constructed a centralized system for managing the inventory of the entire Group

| Highly functional distribution system

Highly accurate operations that match physical inventory with theoretical inventory in real time
Logistics system capable of ensuring a stable supply even during a disaster

Automation rate: 95%
Shipping accuracy: 99.99999%

| Thorough temperature control and traceability

Complete traceability of temperature management from shipping to delivery

Rationalization of delivery and logistics system

- No inspection at a delivery and the direct delivery system from a center to customers
- Realizing optimal delivery using the demand forecast ordering function of the centralized administration system for pharmacy operations “Mizar”
- Automation enables operations with small number of persons and increases productivity by 30% or more (TBC Tokyo/TBC DynaBASE comparison)

Started the operation
in May, 2022

TBC Hokuriku

- Hokuriku area's only pharmaceutical logistics center
- Capital investment: 1.5 billion yen



Temperature control

- Constant-temperature transportation device “SALM” (+4°C to +37°C)
- Development of ultra-low temperature transport equipment “SALM” responding to the cold chain (-25°C to +4°C)
→ The temperature and the condition within the device can be recorded on the built-in recording device, so the quality is fully guaranteed and specialty pharmaceuticals can be returned and resold. (Improvement of waste disposal loss)



To be selected by Manufacturers

Expansion of handling of specialty pharmaceuticals and orphan drugs

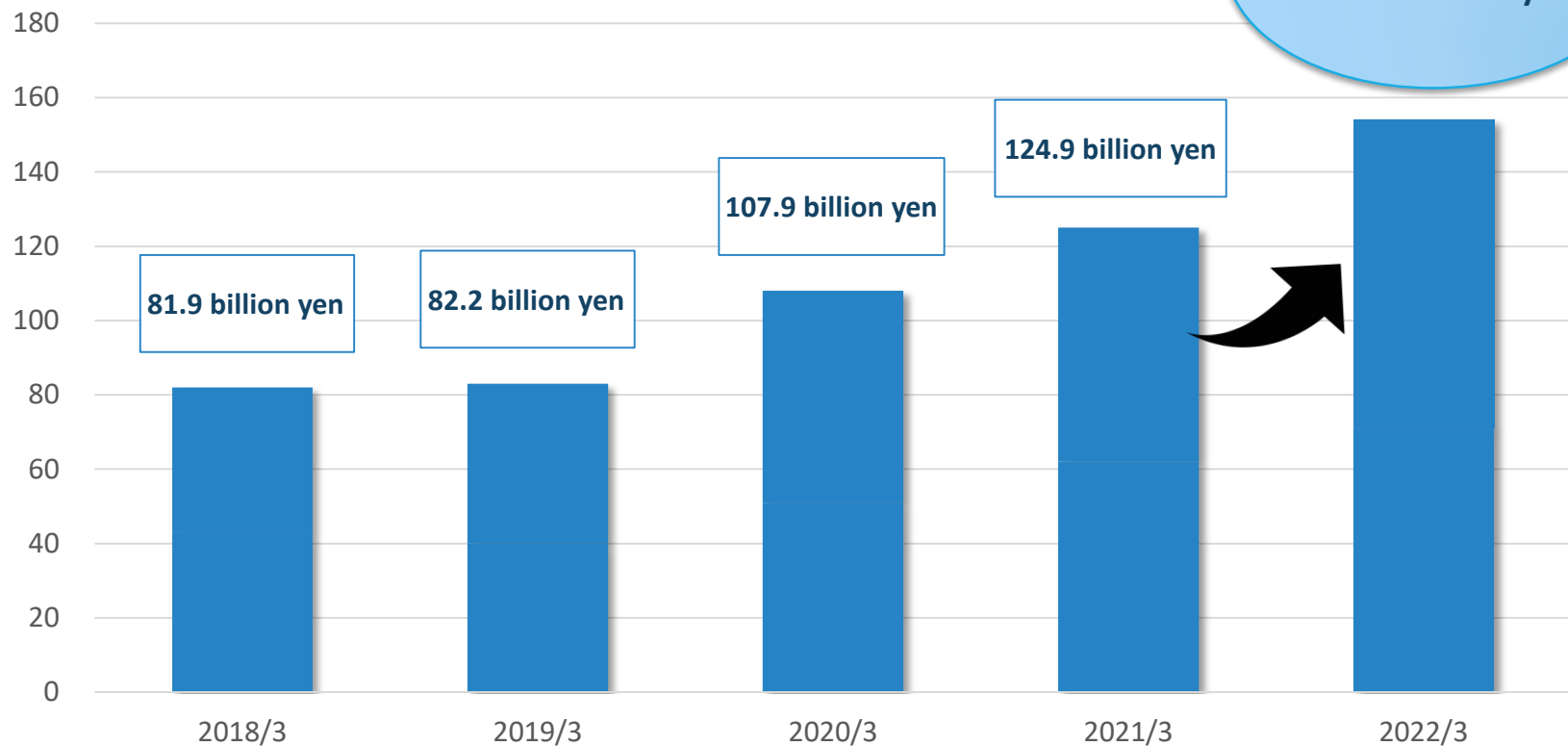


2) Accelerating the transformation to a value-added business model

(4) Initiatives for specialty and orphan medicinal products

■ The Company's net sales of limited-handling products for selected wholesalers

(billion yen)





2) Accelerating the transformation to a value-added business model

(5) Initiatives in dispensing pharmacy business

● Initiatives against COVID-19

Group pharmacies conducted PCR and antigen tests as free test providers for local governments

- Formation of a structure to prepare for 2025 community comprehensive healthcare system
 - In order to become a pharmacy to be chosen by patients –

■ Response to the dispensing fee revision

- ◆ Acquisition of additional fee for regional support system : Strengthening the function as a family pharmacy and training family pharmacists
- ◆ Functional shift of Pharmacies collaborating with local communities and Pharmacies collaborating with specialized medical institutions : Training specialized pharmacists in the oncology and other areas

Pharmacies collaborating with local communities : 13 pharmacies are certified (37 pharmacies are scheduled to be certified within this fiscal year)

Pharmacies collaborating with specialized medical institutions : (1 pharmacy is scheduled to be certified within this fiscal year)

■ Community observation activities

- ◆ Posters for Dokoshiru Dengonban, unidentified person with dementia or disabilities information sharing service, are displayed at Group pharmacies to contribute to community observation activities.

Dokoshiru Dengonban

Number of introduced local governments: Tokyo, Osaka and 36 prefectures
220 municipalities (as of April 30, 2022)

■ Creating “Health Community”

Opened at four SUMMIT stores (as of May, 2022)

A health community corner to support healthy lifestyles through diet is proposed by **the Sunflower Project promoted by the three companies of Kokubu Group Corp., Ohki Healthcare Holdings Co., Ltd., and our Company** in collaboration with Sumitomo Corporation, Summit, Inc., and Tomod's.

■ Utilization of ICT

- ◆ Streamlining work with the use of customer support systems
- ◆ Linkage of prescription sending application "Soshin-kun" and electronic medicine notebook
- ◆ Online dosing guidance system, Using SNS to support patient adherence
- ◆ Development of environment to respond to electronic prescription and online qualification confirmation

■ Last mile

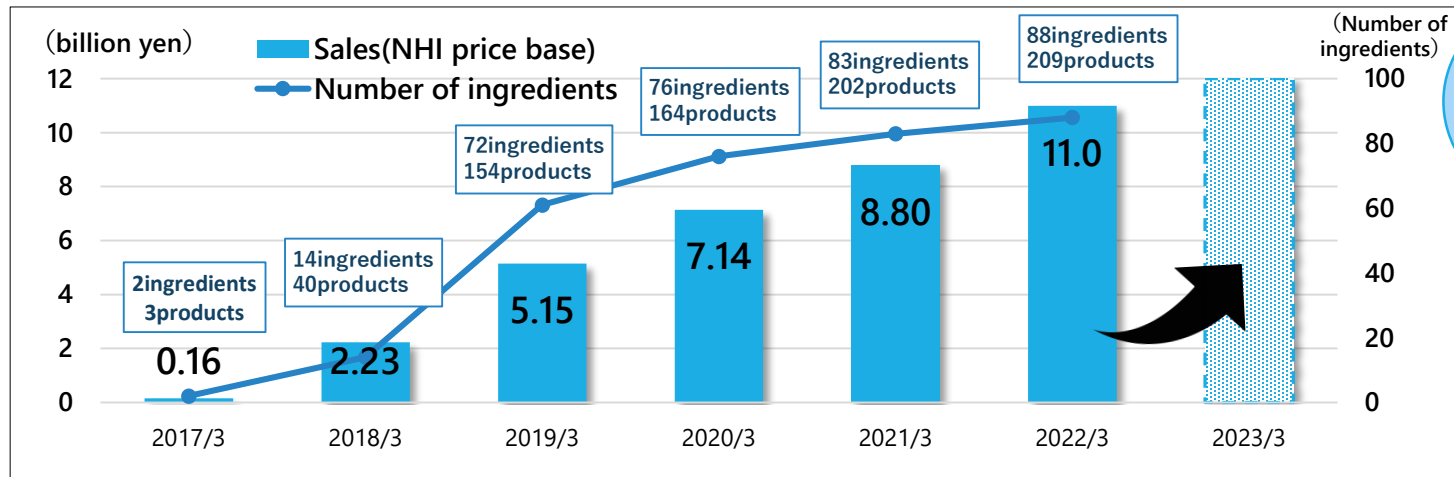
- ◆ Delivery of pharmaceuticals to patients' homes in cooperation with delivery companies



2) Accelerating the transformation to a value-added business model

(6) Initiatives in KYOSOMIRAI PHARMA

■ KYOSOMIRAI PHARMA's product sales and number of ingredients



KYOSOMIRAI PHARMA products are utilized at **820** university hospitals and large hospitals with over 200 beds. (as of April 30, 2022)

[Quality Management]

Quality assurance through our own verification system

- Quantitative test
- Dissolution test
- Purity test

[Stable supply]

Responses in line with the Company's Stable Supply Manual

Responding to the issue of generic product collection through cooperation with wholesale distributors

[Information disclosure]

The "company name of drug product manufacturers" has been published from April 2021

* The "drug substance manufacturing country" for products approved for manufacturing and marketing has been disclosed also in the past.

[Challenge to new areas]

Initiatives to create collaboration synergy with "AYUMI Pharmaceutical" in biosimilar products



2) Accelerating the transformation to a value-added business model

(7) Development and utilization of human resources

■ Promotion of internal reforms by project teams led by young employees

-project name-

MAXIS 2021

MAXIS = MAXIMUM + AXIS

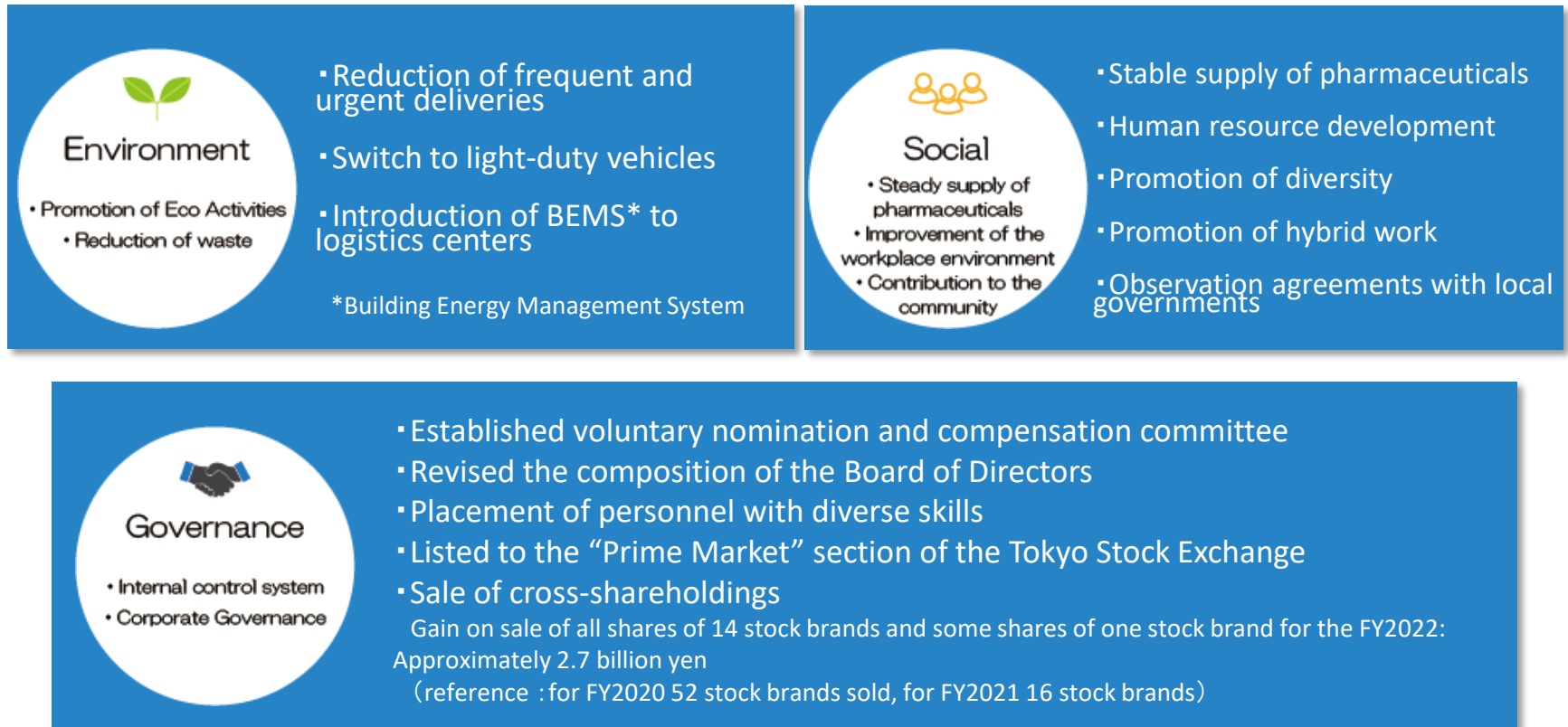
Purpose: Implementing internal reforms to ensure that the KYOSOMIRAI Group continues to grow and remains an entity needed by society

Theme	Review contents (examples)
Reform of sales	Increased Productivity, Promotion of DX on sales activities
Reform of logistics	Consideration of new methods of transport
Reform of customer support	Development of MS who can make proposals, and creation of new services
Reform of internal operation work	Efficiency improvement of office work
Reform of others	Work-style reform, SDGs Initiatives



3) Initiatives to Enhance Corporate Value

■ Solving social issues through our business and contribute the aim of achieving a sustainable society





Full Enforcement of Legal Compliance

- November 9, 2021 Fair Trade Commission's inspection of Kyushu Toho (suspected violation of the Antimonopoly Act)
- March 30, 2022 Fair Trade Commission's Cease and Desist Order and Surcharge Payment Order against TOHO PHARMACEUTICAL CO., LTD.
- Administrative action regarding improper handling of prescriptions at stores operated by Pharma Mirai Inc. (4 stores in FY2021)
 - Cases based on reports submitted to the authorities concerned regarding stores identified through internal investigations in 2018. The person in charge and other related personnel were given disciplinary action, and the management system and the organization were reorganized.

● Further enhancement of the compliance system

1. Strengthen the functions and effectiveness of the Group Compliance Risk Management Committee

- ✓ Representative Director and President Atsushi Udoh has been appointed as Chairman of the Group Compliance and Risk Management Committee, strengthening the function and effectiveness of the Committee through holding its regular meetings.
- ✓ The Committee collects and evaluates information on the Group's management risks, and identifies major risks. It then considers how to avoid or minimize them.

2. Review internal rules and establish new rules to further promote compliance

- ✓ In order to enhance our Group's compliance system, the Group has newly established the Compliance Promotion Regulations, the Anti-Bribery and Corrupt Practices Regulations, and the Anti-Social Force Elimination Regulations, and reviewed the existing regulations.
- ✓ The Compliance Promotion Regulations clearly define the roles of the responsible person in charge, the department in charge, and executives of compliance promotion, and ensure that all officers and employees of our Group are fully informed of such.

● Thorough compliance training

- ✓ We implement monthly compliance training for all employees of our Group. In addition to the Antimonopoly Law, this year we will conduct training on important laws and regulations related to business activities, such as those regarding anti-bribery and insider trading.
- ✓ All employees involved in sales are required to take an "Antimonopoly Law training" and acquire legal knowledge of antimonopoly law and related regulations.



References



Cash Flow

(Unit: million Yen)

	FY ended March 2021	FY ended March 2022	Major factors for FY ended March 2022
Cash and cash equivalents at the beginning of period	80,013	88,882	
Operating activities	8,768	16,341	Profit before income taxes: 20,110 Depreciation: 6,634 Increase in trade payables: 13,040 Increase in in trade receivables: -16,045 Increase in inventories: -3,859 Income taxes paid: -3,205
Investment activities	680	-11,032	Sale of investment securities: 5,243 Purchase of property, plant and equipment in trust: -3,621 Purchase of shares of subsidiaries and associates: -11,095
Financing activities	-680	-4,473	Repayments of long-term borrowings: -2,780 Dividends paid: -2,116
Cash and cash equivalents at the end of period	88,882	90,014	Increase (FY ended March 2022): 1,131



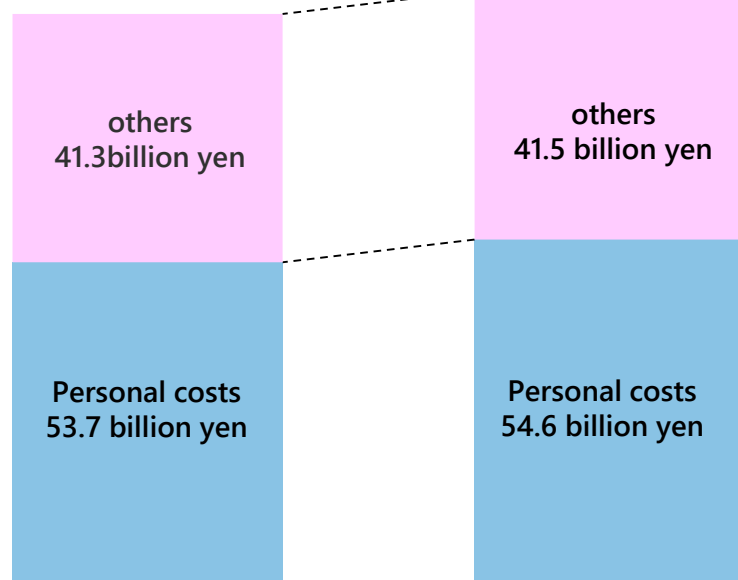
SG&A (Year on Year)

<Year on Year>

+ 1.1 billion yen

(including an increase of 1.3 billion yen for new consolidation)

95.0 billion yen 96.1 billion yen



FY ended March 2021

FY ended March 2022

Others +0.2 billion yen

- Newly consolidated companies: +0.5 billion yen
(Other peripheral businesses)
- Existing consolidated companies : -0.3 billion yen
Pharmaceutical wholesaling business : -0.25 billion yen
Rent expenses on real estate : -0.15 billion yen
(Canceled due to transfer of logistics center)
Durable consumables etc.: -0.2 million yen
Vehicle expenses: +0.14 billion yen

Dispensing pharmacy business: -0.05 billion yen

- Dispatching fee etc.: -0.1 billion yen
- Amortization of goodwill: -0.18 billion yen
- Depreciation: +0.1 billion yen
- Non-deductible temporary paid consumption tax expense due to increased net sales: +0.12 billion yen

Personal costs +0.9 billion yen

- Newly consolidated companies: +0.8 billion yen
(Other peripheral businesses)
- Existing consolidated companies : +0.03 billion yen
Pharmaceutical wholesaling business : -0.03 billion yen
Dispensing pharmacy business: +0.06 billion yen



Capital Investment and Depreciation

<Capital Investment>

FY ended March 2022	FY ending March 2023
Results : 4,480 million	Forecasts : 6,838 million yen
<ul style="list-style-type: none">1. “TBC Hokuriku” (Building, System): 1,315 million yen2. Pharmaceutical sales office (New construction, relocation of sales office and others): 2,353 million yen3. Others: 812 million yen	<ul style="list-style-type: none">1. “TBC Hokuriku” (System, Fixtures): 212 million yen2. Pharmaceutical sales office (New construction, relocation of sales office and others): 2,924 million yen3. Others: 3,702 million yen Including, replacement of core system servers: 1,096 million yen Replacement of WMS terminal units, etc.: 979 million yen

<Depreciation>

FY ended March 2022	FY ending March 2023
Results : 6,087 million yen	Forecasts : 5,953 million yen



Total commitment to good health



[Front office in charge of IR]
Corporate Planning & Investor Relations
Department
Corporate Communications Department
E-mail: info@so.tohoyk.co.jp
<http://www.tohohd.co.jp/>