

FY2025 **(Fiscal Year Ended March 31, 2026)** **Financial Results Presentation**

May 15, 2026



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Agenda

- 1. Financial Highlights for the Fiscal Year Ended March 31, 2026**
- 2. Financial Forecast for Fiscal Year Ending March 31, 2027**
- 3. Medium- and Long-term Management Strategy**
- 4. 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**



1. Financial Highlights for the Fiscal Year Ended March 31, 2026



Consolidated Results for the Fiscal Year Ended March 2026

- Recorded a ¥9.5 billion gain on sales of investment securities (extraordinary income) resulting from the sale of cross-shareholdings etc.
- ROE 6.56%

(Unit: million Yen)	FY ended March 2025		FY ended March 2026			(Reference) Initial forecast		
	Results	% of net sales	Results	% of net sales	YoY change (%)	Initial forecast	% of net sales	Achievement rate (%)
Net sales	1,518,495		1,553,364		2.30	1,572,000		98.81
Gross profit	121,648	8.01	122,416	7.88	0.63	127,000	8.08	96.39
SG&A	102,711	6.76	105,815	6.81	3.02	106,300	6.76	99.54
Operating profit	18,936	1.25	16,601	1.07	-12.33	20,700	1.32	80.20
Ordinary profit	20,716	1.36	16,631	1.07	-19.72	22,600	1.44	73.59
Net profit*	19,844	1.31	17,327	1.12	-12.68	15,700	1.00	110.36

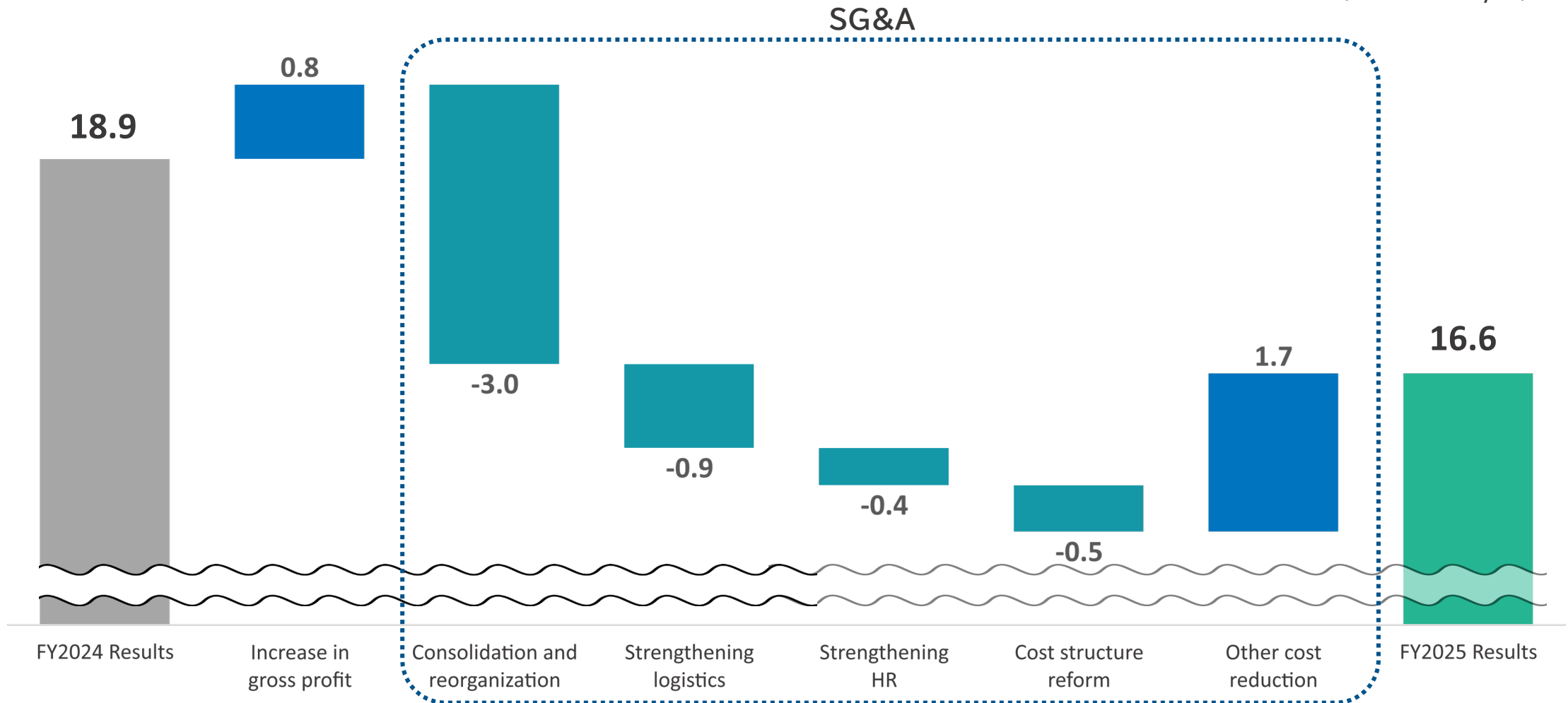
*Profit attributable to owners of parent



Consolidated: Operating profit fluctuation factors for the FY ended March 2026

Operating Profit FY2025 **16.6 billion yen**

(Unit: billion yen)



Results for the Fiscal Year Ended March 2026 (Pharmaceutical wholesaling business)



- Declining demand for COVID-19 related products.
- Sales growth for cancer drugs and limited-handling products for selected wholesalers such as specialty pharmaceuticals, as well as diabetes medication and herpes zoster vaccine.

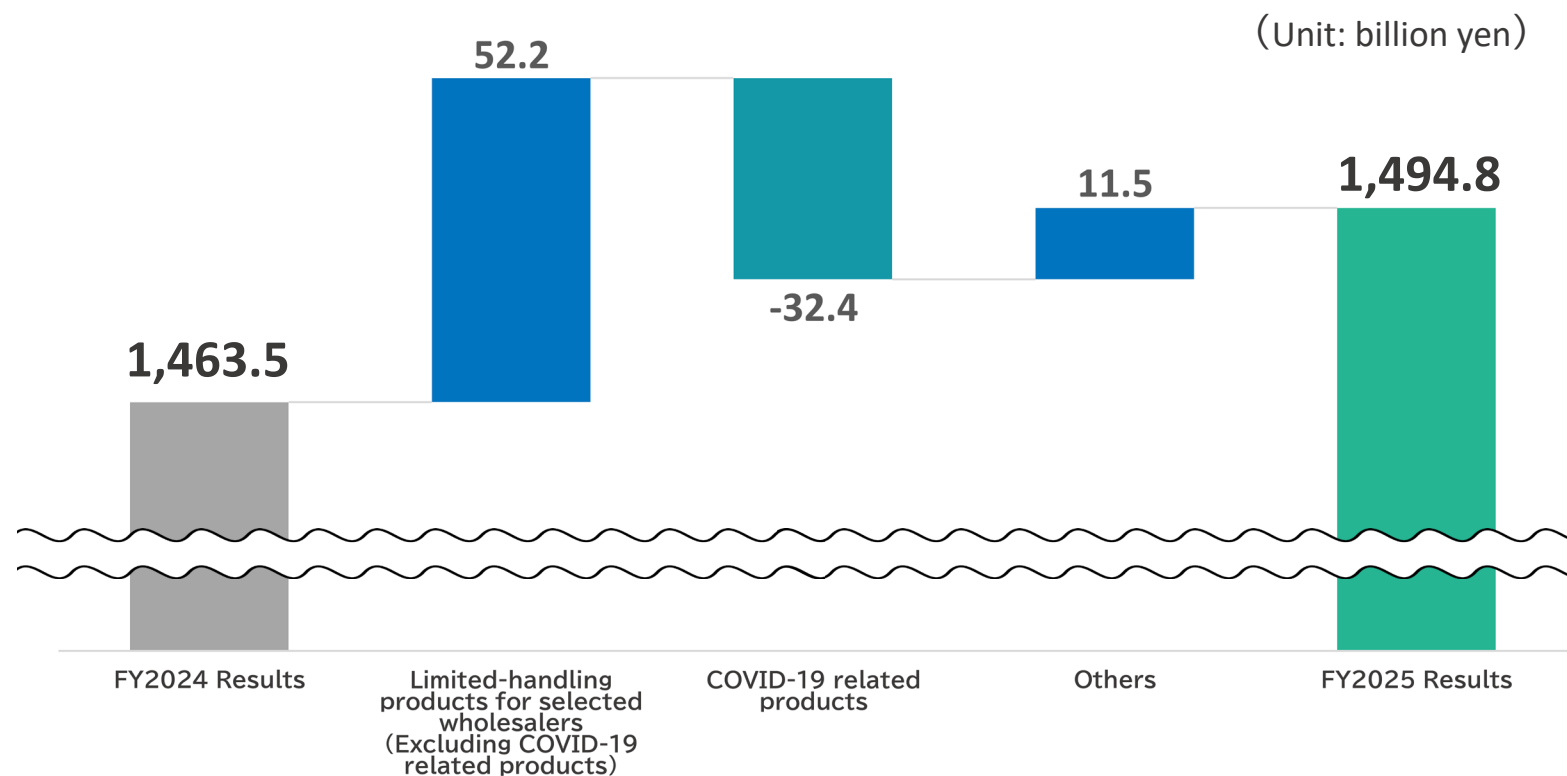
(Unit: million Yen)	FY ended March 2025		FY ended March 2026			(Reference) Initial forecast		
	Results	% of net sales	Results	% of net sales	YoY change (%)	Forecast	% of net sales	Achievement rate (%)
Net sales	1,463,520		1,494,868		2.14	1,511,000		98.93
Gross profit	84,509	5.77	83,386	5.58	-1.33	86,200	5.70	96.74
SG&A	65,475	4.47	66,566	4.45	1.67	67,000	4.43	99.35
Operating profit	19,033	1.30	16,820	1.13	-11.63	19,200	1.27	87.60

Pharmaceutical wholesaling business : Net sales fluctuation factors for the FY ended March 2026



Pharmaceutical wholesale
business net sales

FY2025 **1,494.8 billion yen** (YoY + 31.3 billion yen)



Factors for increase

Continued growth of limited-handling products for selected wholesalers such as specialty pharmaceuticals

- Growth in vaccines, such as herpes zoster vaccine, and increased sales of treatments driven by the seasonal influenza outbreak.
- Growth in cancer drugs, diabetes medication, and other products.

Factors for decrease

- Greater-than-anticipated sales drop in COVID-19 treatments and vaccines versus the previous year.

Results for the Fiscal Year Ended March 2026 (Dispensing pharmacy Business)



- Consolidated dispensing pharmacy companies under PHARMA CLUSTER CO., LTD. from 24 at the end of March 2024 to four as of April 1, 2026.
- Progress in responding to dispensing fee revisions, along with the establishment of a prescription input center and the centralization of input tasks from individual stores.

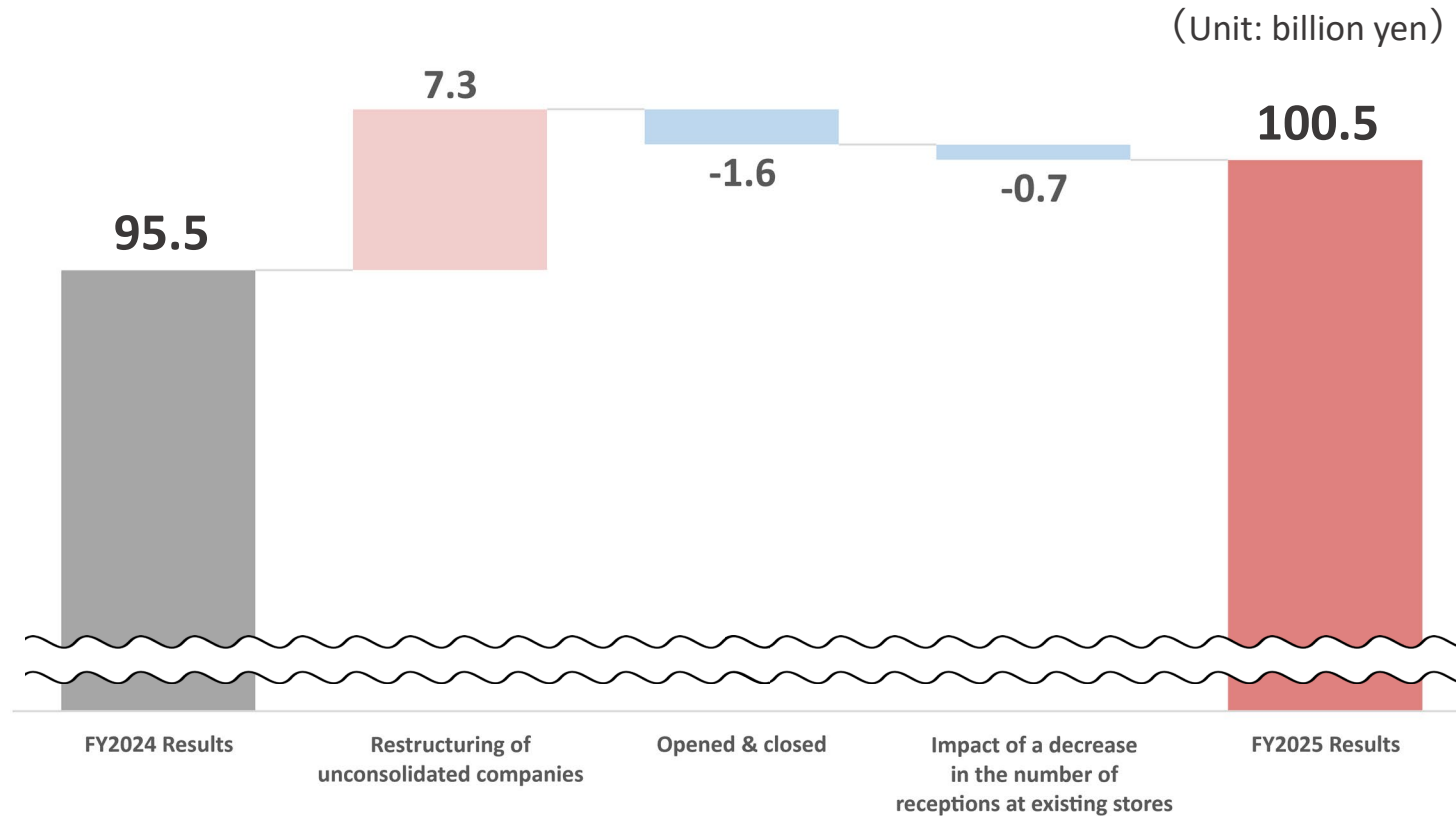
(Unit: million Yen)	FY ended March 2025		FY ended March 2026			(Reference) Initial forecast		
	Results	% of net sales	Results	% of net sales	YoY change (%)	Forecast	% of net sales	Achievement rate (%)
Net sales	95,553		100,538		5.22	102,500		98.09
Gross profit	33,289	34.84	35,196	35.01	5.73	36,800	35.90	95.64
SG&A	32,437	33.95	33,798	33.62	4.20	34,300	33.46	98.54
Operating profit	852	0.89	1,397	1.39	63.97	2,500	2.44	55.88

Dispensing pharmacy business : Net sales fluctuation factors for the FY ended March 2026



Dispensing Pharmacy Business
net sales

FY2025 **100.5 billion yen** (YoY + 5 billion yen)



Factors for increase

- **(+7.3 billion yen): Restructuring of unconsolidated companies (6 companies)**
An increase of ¥7,262 million due to Restructuring of 6 unconsolidated companies

Factors for decrease

- **(-1.6 billion yen): Opened and closed pharmacies (Opened: 16 stores, Closed: 44 stores)**
An increase of 788 million yen due to the opening of 16 stores. A decrease of 2,362 million yen due to the closure of 44 stores. The net effect of these two factors was a decrease of 1,574 million yen.
- **(-0.7 billion yen): Impact of a decrease in the number of prescriptions (95.0% year-on-year) at existing stores**
At existing stores, while sales declined owing to a decrease in the number of prescriptions resulting from longer prescription durations, this was offset to some extent by an increase in the average prescription value caused by an increase in the dispensing volume of high-cost medication, resulting in a net decrease of 700 million yen.



2. Forecast for the Fiscal Year Ending March 2027



Forecast for the Fiscal Year Ending March 2027 (Consolidated)

- Increased sales and decreased profits. The main factors behind the decrease in profits are expected to be a decrease in gross profit in the pharmaceutical wholesaling business and an increase in investment and expenses in human capital and logistics functions to strengthen the foundation for growth.

(Unit: million Yen)	FY ended March 2026		FY ending March 2027		
	Results	% of net sales	Forecast	% of net sales	YoY change (%)
Net sales	1,553,364		1,601,000		3.07
Gross profit	122,416	7.88	123,800	7.73	1.13
SG&A	105,815	6.81	109,000	6.81	3.01
Operating profit	16,601	1.07	14,800	0.92	-10.85
Ordinary profit	16,631	1.07	16,600	1.04	-0.19
Net profit*	17,327	1.12	12,900	0.81	-25.55

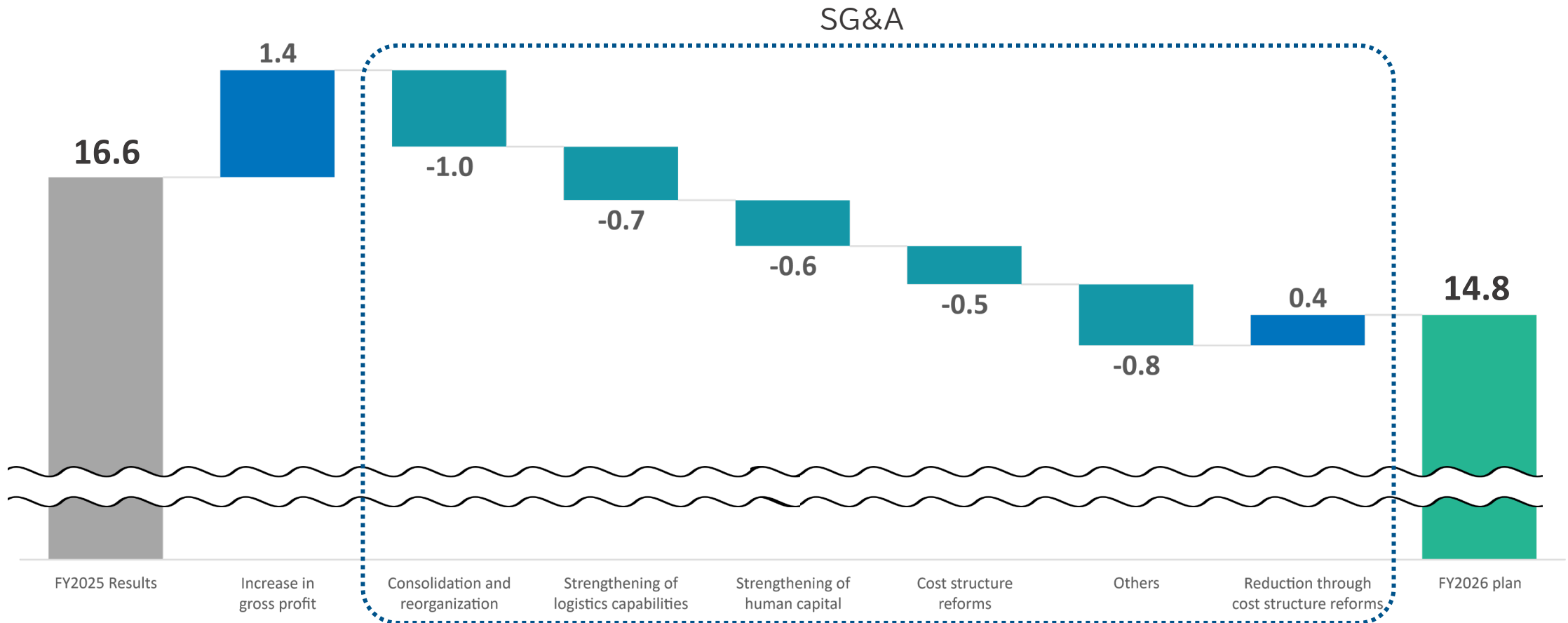
*Profit attributable to owners of parent



Consolidated Operating profit Forecast for the Fiscal Year Ending March 2027

Operating profit (forecast) FY2026 **14.8** billion yen

(unit : billion yen)





Forecast for the Fiscal Year Ending March 2027 (Pharmaceutical wholesaling business)

- Increased sales and decreased profits. Sales are expected to increase supported by growth in specialty pharmaceuticals and other limited-handling products for selected wholesalers through further enhancement of high-quality logistics capabilities. However, profits are likely to decrease owing to a drop in gross profit stemming from higher purchasing costs and category changes, as well as an increase in one-time expenses due to the strengthening of human capital and qualitative enhancement of logistics capabilities.

(Unit: million Yen)	FY ended March 2026		FY ending March 2027		
	Results	% of net sales	Forecast	% of net sales	YoY change (%)
Net sales	1,494,868		1,539,000		2.95
Gross profit	83,386	5.58	83,200	5.41	-0.22
SG&A	66,566	4.45	68,400	4.44	2.76
Operating profit	16,820	1.13	14,800	0.96	-12.01



Forecast for the Fiscal Year Ending March 2027 (Dispensing pharmacy business)

- Increase in sales and profits. We anticipate increased sales by enhancing the added value of patient-facing services through the strengthening of primary-care pharmacists and home healthcare functions, and by raising the unit price of technical fees. Profits are also forecast to increase owing to a decline in the SG&A ratio thanks to the promotion of DX.

(Unit: million Yen)	FY ended March 2026		FY ending March 2027		
	Results	% of net sales	Forecast	% of net sales	YoY change (%)
Net sales	100,538		105,000		4.44
Gross profit	35,196	35.01	36,800	35.05	4.56
SG&A	33,798	33.62	34,700	33.05	2.67
Operating profit	1,397	1.39	2,100	2.00	50.32



3. Medium- to Long-term Management Strategy



Verification by Management Strategy Committee

Since November 2025, a total of 10 meetings have been held to examine all possible measures to maximize corporate value not only in the short term but also in the medium and long term, employing outside experts.

Main themes for examination

1. Strengthening of capital profitability of mainstay businesses

Review of measures to maximize ROIC in the pharmaceutical wholesaling business

- Discontinuous growth strategy
 - Acquiring distribution rights for specialty pharmaceuticals
 - Evaluation of strategic options with companies in the same and different industries (M&A, JV establishment, business alliance, etc.)
- Cost structure reform (indirect material / administrative department)
- Reduction of working capital and review of logistics facility ownership structures

2. Portfolio strategy

Review the strengthening, maintenance, downsizing, and withdrawal of business portfolios other than the pharmaceutical wholesaling business

Verification of new business entry policies and strategies

3. Balance sheet strategy

Verification of capital allocation

- Verification of asset holding policy focusing on cross-shareholdings
- Verification of optimal capital structure
- Verification of shareholder return measures

4. Corporate governance

Strengthening the governance system to maximize corporate value



Members

Representative Director, President and CEO	Hiromi Eda
Senior Executive Managing Director and COO	Akira Umada
Executive Managing Director and CGO	Takeo Matsutani
Director and Corporate Officer, in charge of Transformation	Shuzo Kono
Executive Corporate Officer (General Manager, Corporate Strategy Division)	Makoto Kawamura
Corporate Officer and CFO (General Manager, Administration Division)	Yasuo Sakae
Outside Director	Hidehito Kotani
Outside Director	Miho Saito
Former Astellas Pharma Inc. CCO	Yukio Matsui



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

– Overall architecture –

ROE	8% or more	Operating profit margin	1.5% or more	Operating profit	30bn yen or more	Investment in growth fields	50bn yen or more
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Growth Strategies

Pharmaceutical wholesaling business Pharmaceutical wholesaling

- Expanding the number of specialty pharmaceuticals acquired
- Strengthening the sales and delivery system and improving productivity by promoting Digital Transformation (utilizing BI and AI)
- Strengthening the development functions of customer support systems

New business New business

- Creating new businesses through proactive alliances and M&A with companies in fields such as prescription pharmaceuticals, medical devices/materials, reagents, OTC drug, medical IT, and logistics
- Accelerating the expansion of the Medical Digital Transformation business

Pharmaceutical manufacturing and sales business Pharmaceutical manufacturing and sales business

- Expanding CDMO business for new modalities

Dispensing pharmacy business Dispensing pharmacy business

- Strengthening of governance
- Improve efficiency and profitability by promoting Digital Transformation

Efficiency Strategy

Cost structure reform | Restructuring of unprofitable divisions, improving productivity in sales, logistics, and delivery, reduction of indirect material costs and business process reform

Strengthening the Management Foundation

- Sophistication of governance
- Contribution to the environment
- Promotion of Digital Transformation
- Human capital management (system and culture reforms, DE&I, and health and productivity management)

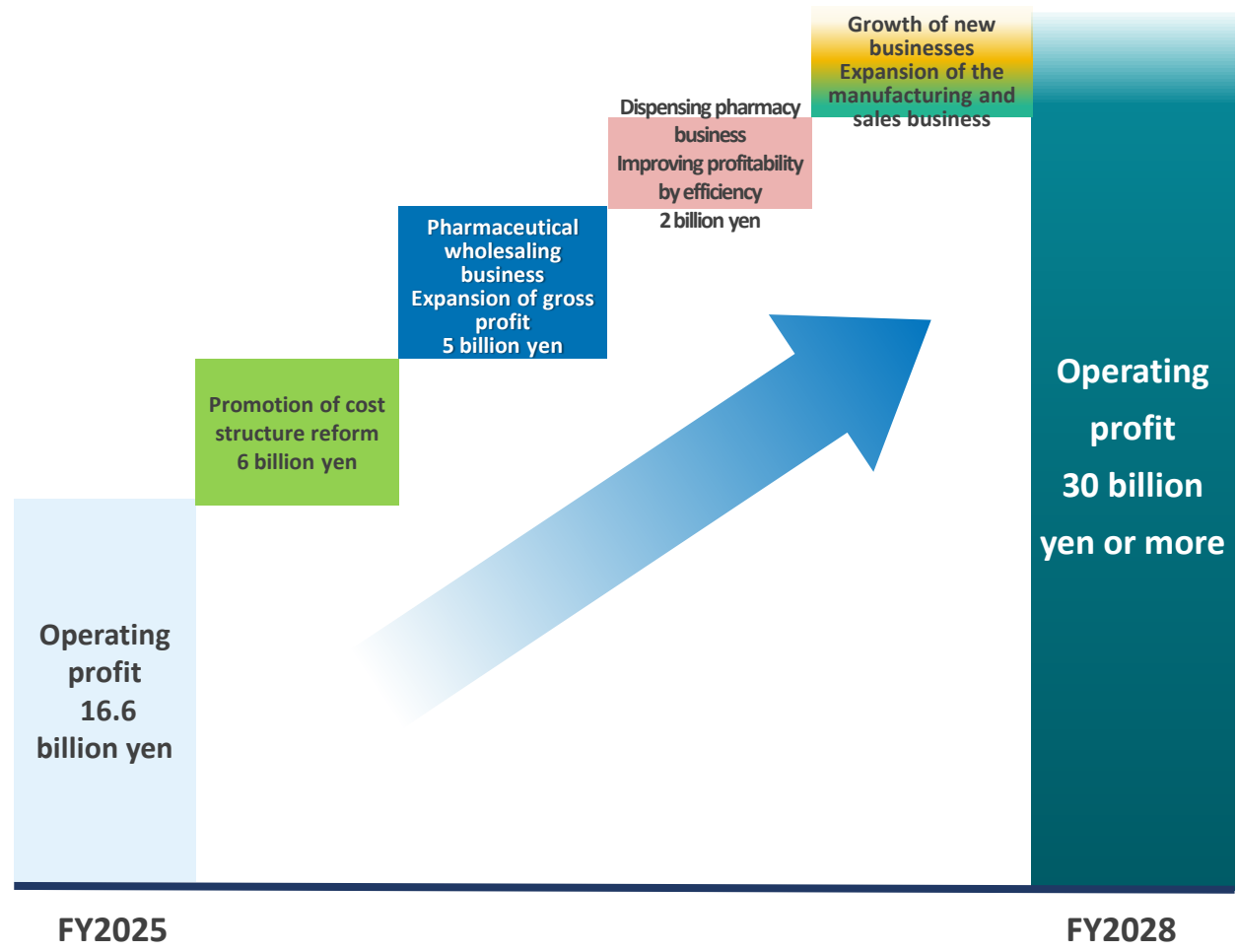
Capital Policy

- Total payout ratio of 100% or more
- DOE 4% or more
- Stable dividend increases and flexible share buybacks (shareholder returns 50 billion yen or more)



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



Promotion of cost structure reform
6 billion yen

- Improving productivity in sales, logistics, and delivery
- Restructuring of unprofitable divisions
- Reduction of indirect material costs
- Thorough business process streamlining by driving Digital Transformation to cope with the natural decrease in personnel

Pharmaceutical wholesaling business
Expansion of gross profit
5 billion yen

- Expanding the number of specialty pharmaceuticals acquired
- Concentrating resources on high-growth and high-profit products
- Improving productivity in sales and delivery

Dispensing pharmacy business
Improving profitability by efficiency
2 billion yen

- Strengthening of governance
- Improving efficiency and profitability by promoting Digital Transformation

Expansion of the pharmaceutical manufacturing and sales business
Upside potential

- Expanding CDMO business for new modalities

Growth of new businesses
Upside potential

- Creating new businesses through proactive alliances and M&A with companies in fields such as prescription pharmaceuticals, medical devices/materials, reagents, OTC drug, medical IT, and logistics
- Accelerating the expansion of the medical Digital Transformation business



New businesses

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



Qualitative enhancement in sales and delivery

Clarify the roles of sales and delivery teams, and improve operational efficiency and productivity by utilizing digital tools, etc.

Clarifying the roles of sales and delivery teams

Implementation of each measure

Kyoso Mirai Portal Enhancements ▶ Reducing the workload of medical institutions, marketing specialists (MSs), and office workers

Utilizing new delivery terminals ▶ Improving delivery efficiency and accuracy

Implementing the Delivery Planning System ▶ Reducing the burden on delivery operations ▶ Strengthening the stable supply system

Improving MS Skills ▶ Reskilling training, Implementation of training programs in oncology ▶ Promoting the acquisition of management certifications

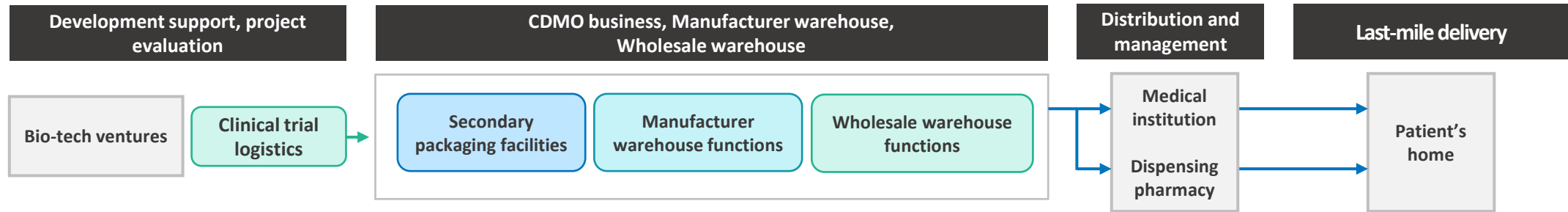
Improving productivity by strengthening sales, delivery, and management systems through the promotion of DX (utilizing BI and AI)

Realization of new value creation



Full-line service for specialty products

To meet the needs of specialty products, such as biopharmaceuticals and regenerative medical products, which are set to become the mainstream of future new drugs, we are promoting investments in bio-tech ventures, enhancement of our logistics infrastructure, and establishment of CDMO functions and last-mile delivery systems



Investment in bio-tech ventures

- Ishin Pharma: Development of a regenerative medical product for the treatment of epidermolysis bullosa, a hereditary chronic skin condition designated as an intractable disease
- Surv BioPharma: Development toward the social implementation of the oncolytic virus “Surv.m-CRA (Survivin-responsive, multi-factorially regulated conditionally replicating adenovirus)” series

Building a regenerative medical ecosystem

- Collaborate with TEIJIN REGENET and ITOCHU to participate in new projects utilizing the regenerative medical ecosystem

Strengthening logistics systems

- Haneda Packaging Center, a secondary packaging facility, opened in the same facility as TBC DynaBASE Logistics Center

Last-mile delivery

- Launch of a Patient Home Delivery Service for Specialty Products, L1MON

Becoming the partner of choice in specialty pharmaceuticals



logistics strategy

Construction currently underway on TBC Tokai, an integrated logistics center in Komaki City, Aichi, which will house both manufacturer distribution warehouses and wholesale distribution warehouses. Scheduled to start operation in FY 2027

Three Transformations Brought by TBC Tokai

1. Strengthening of logistics functions and improvement of operational efficiency

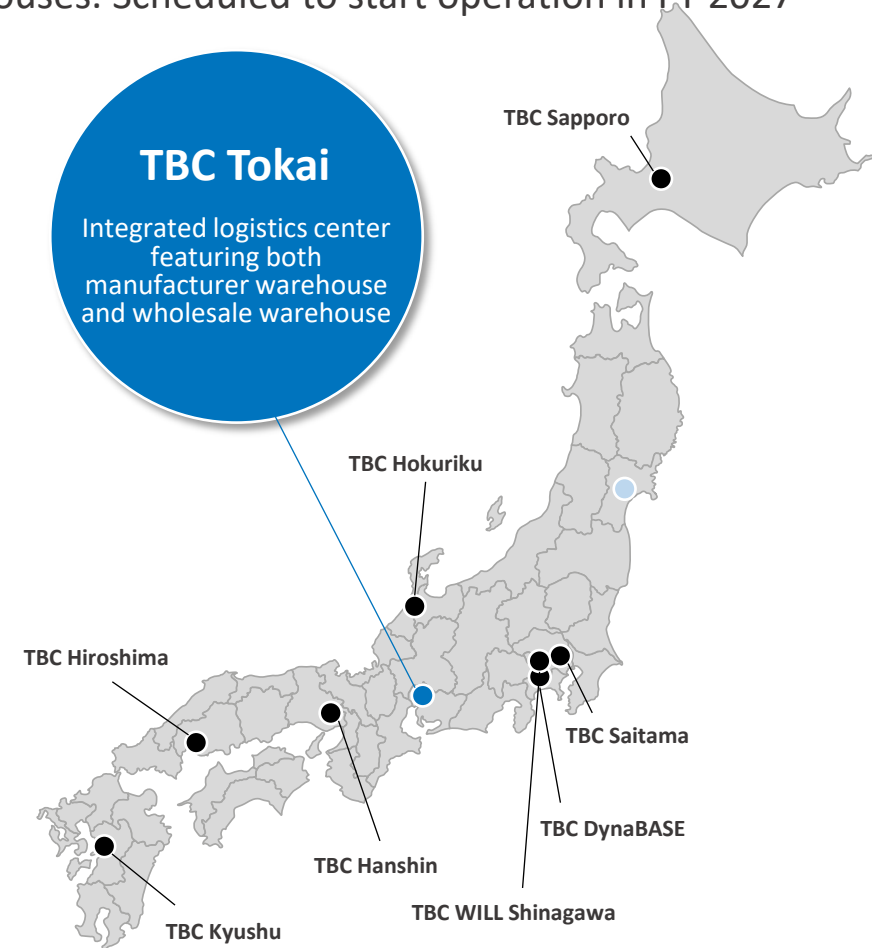
- Further functional enhancement of existing centers
- Introducing new automation technologies to achieve both thorough labor saving and high-spec processing capacity

2. Stable supply of pharmaceuticals and enhancement of BCP

- Completion of a robust nationwide network
- TBC Tokai will leverage its location adjacent to a Main Wide-Area Disaster Management Base Facility to cooperating with local governments and the Japan Self-Defense Forces.

3. Establishment of a competitive advantage

- Rolling out a nationwide shipping system with complete, customerspecific packaging
- Significant reduction of inventories at sales offices and the burden of delivery operations
- Creating an environment where sales personnel can focus more on providing information at medical sites



New logistics center

- Plan to establish a multifunctional integrated logistics center in the Kansai region that will handle wholesale logistics, manufacturer logistics, clinical trial logistics, and CDMO operations.



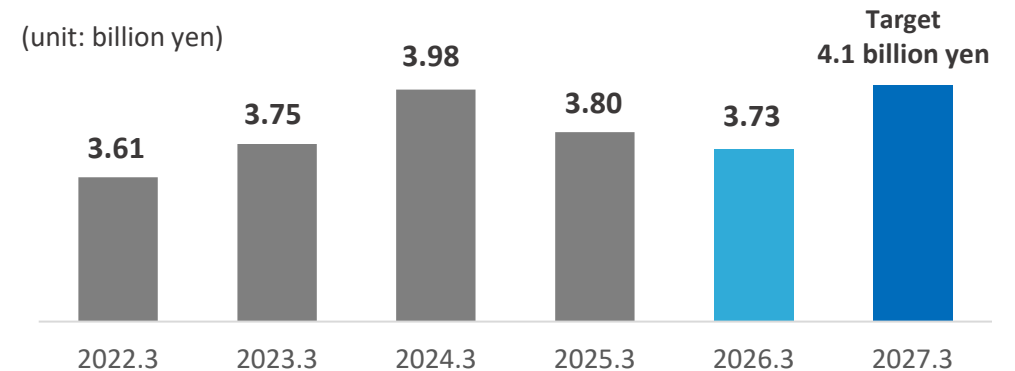
Customer support business

Upgrade the functions of existing customer support systems and focus on the development of new customer support systems through alliances. Strengthened promotion of customer support system by MSs.

■ Introduction of AI into existing systems

- **MIZAR AI (Name TBD):** Launching this FY
Digitizing pharmacists' experience and intuition to help improve cash flow by placing timely orders based on patient visit forecasts and reducing month-end inventory.
- **ENIFvoice AI (Name TBD):** Launching this FY
Building on the proven track record of ENIFvoice's voice technology, AI accurately extracts and summarizes what pharmacists say. Reducing administrative burdens and streamlining operations by integrating data into electronic medication history.

Performance of customer support systems (Gross profit)



■ Developing new customer support businesses through alliances, etc.

LXMATE+
HeLios cloud

Standard ver.: For healthcare facilities seeking simple operations

Professional ver.: Highly functional model with multiple functions (Alliance with GMO Reserve Plus Co., Ltd.)

PHARUMO

EveryPick: Cloud-based picking audit system

Providing the technology behind the Company's customer support system, ENI Pharmacy, for N-Bridge and the prescription information transmission terminal NB-Station, which were jointly developed by PHARUMO, Inc. and the Japan Pharmaceutical Association. (Applications will begin on April 30)

■ Strengthening development capabilities through integration of system subsidiaries (Scheduled for October 2026)



Dispensing pharmacy business

Implementation of the following action plans in FY2026 to achieve the Medium-term Management Plan targets

Medium-term Management Plan Targets

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 patient-facing services and utilizing data

1. Strengthening store operations

- Promotion of structural and institutional design for the integration of business companies
- Optimization of management functions

2. Expansion of the store formats

- Building relationships with online platform operators
- Planning and opening online pharmacies
- Study of direct delivery network to patients' homes

3. Boosting the productivity of pharmacists

- Promotion of plans and measures for additional incentives by store
- Redefining operations and developing specialists
- Optimization of supply system based on dominant strategy
- Adapting to changes in the compensation system and strengthening the management foundation

4. Optimizing the CDP (Customer Data Platform)

- Understanding the current situation and analyzing customer behavior by store type
- Building a database to enhance the customer experience
- Analysis of repeat dynamics based on customer database and optimization of investment in customer relationship management (CRM) measures



Results of Joint Research with the National Institute of AIST

Results of joint research over 3 years (2023-2026) | 8 employees were seconded to conduct research on 4 themes

Patents

Obtained a patent for "A System and Method for Assisting Product Inspection"

Discovery

- Conditional factors for cellular transport
- Development methods using VR
- Possibility of telemedicine
- Business substitution with generated AI

Academic Contribution

Presentations at The Society of Packaging Science & Technology, Japan/The Virtual Reality Society of Japan / ISMAR / IEEE VR / APMS / Japanese Telemedicine and Telecare Association / The Japanese Society for Artificial Intelligence

Human Resource Development

- Research achievements of study participants
- Deep knowledge of new technologies
- Relationship with research partners

Future Joint Research (planned for FY 2026 to FY 2028) | Continue research focusing on one theme

Develop technology to safely transport new modality drugs toward the realization of universal medical access



| Investing in Metaphore Biotechnologies through CVC Fund “TOHO Ventures”

It aims to create next-generation antibody drugs using its proprietary AI-driven drug discovery platform.

About Metaphore

Metaphore is a next-generation antibody drug discovery company founded by Flagship Pioneering in the US. Metaphore’s proprietary AI drug discovery platform, “MIMIC™,” distinguishes itself from traditional structure-dependent approaches by designing antibodies starting from biological “functions.” The platform performs integrated AI analysis of large-scale functional data obtained from live cells alongside dynamic protein interaction information. This unique approach enables the creation of agonist and multi-functional antibodies, which have historically been difficult to design using structural data alone. With its core strengths in molecular optimization speed and high-potency design capabilities, Metaphore is currently advancing a pipeline with multiple programs in disease areas with high unmet medical needs, aiming to create the next generation of antibody therapeutics.

*Flagship Pioneering: A venture capital firm and startup platform specializing in investments in the biotechnology, life sciences, and healthcare sectors.

Overview of TOHO Ventures

Total AUM: 10 billion yen

Fund Term: 10 years

Investment Focus: Drug Discovery, Medical Devices, etc.

General Partner: Global Brain Corporation

Limited Partner: TOHO HOLDINGS CO.,LTD.

<Aim of the Fund>

The Fund primarily invests in advanced overseas startups, focusing on drug discovery and biotechnology sectors and digital health transformation. We will focus on supporting next-generation platforms that dramatically enhance drug discovery productivity through technological innovations in AI, data science, and cellular and genetic engineering, as well as new modalities enabling fundamental disease treatment. Furthermore, the Fund will actively leverage TOHO HOLDINGS’ assets, including its pharmaceutical distribution network, dispensing pharmacy channels, and manufacturing and data infrastructure, to operate as a collaborative CVC that facilitates the commercialization and societal implementation of portfolio companies’ businesses.



Materiality and KPI

We have reviewed our materiality in light of changes in the social and market environment and the direction of our medium- to long-term strategy. Five new materiality issues have been identified.

Materiality	KPI
Ensuring compliance and strengthening the governance system	<ul style="list-style-type: none"> • Compliance training for all employees: 100% attendance • Number of serious compliance violations: 0 • Strengthening the risk management system
Building a trustworthy pharmaceutical supply chain through the establishment of appropriate quality control and a stable supply system	<ul style="list-style-type: none"> • Maintenance of ISO certification at all logistics centers and certification at newly established centers • Achievement of 100% participation rate in GDP-related internal training • Optimization of the supply chain and expansion of information provision services • Strengthening of BCP (conduct company-wide disaster drills at least once a year)
Solving issues in community medical care	<ul style="list-style-type: none"> • Increase in events at pharmacies • Promotion of Primary Care Pharmacist/Pharmacy (FY 2028: 3% of claim rate for the Primary Care Pharmacist Guidance Fee) (Promotion of acquisition of certification for Community-based integrated pharmacy) • Promotion of Home Healthcare (FY2028: Home healthcare implementation rate 80%) • Cooperation with government and local governments • Expansion of last-mile delivery
Developing a vibrant workplace environment and fostering human resources who will create the future	<ul style="list-style-type: none"> • Increase in the ratio of female managers (TOHO HOLDINGS's targets by FY2028: 25% /FY2030: 30%, TOHO PHARMACEUTICAL's targets by FY2028: 7.5% /FY2030: 10%) • Increase in the utilization ratio of male childcare leave and the number of days (FY2030: Target of 100% of male childcare leave) • Expansion of training themes • Boosting employee engagement • Increase in the ratio of paid vacation days (FY2028: Target of 60% of employees taking paid vacation days) • Reduction of overtime work
Reducing our environmental impact and bringing about a recycling-oriented society	<ul style="list-style-type: none"> • Reduction of greenhouse gas emissions (Targets (FY2019 (base year))): Short-term target (FY2025): 40% reduction / Medium-term target (FY2030): 60% reduction / Long-term target (FY2050): Carbon negative • Renewable electricity usage rate (Target FY2030: 80%) • Promotion of delivery efficiency (Target FY2030: Reduction of the mileage of sales vehicles by 30% compared to FY2024) • Promotion of 3Rs (Reduce, Reuse, Recycle) including waste reduction • Implementation of environmental training

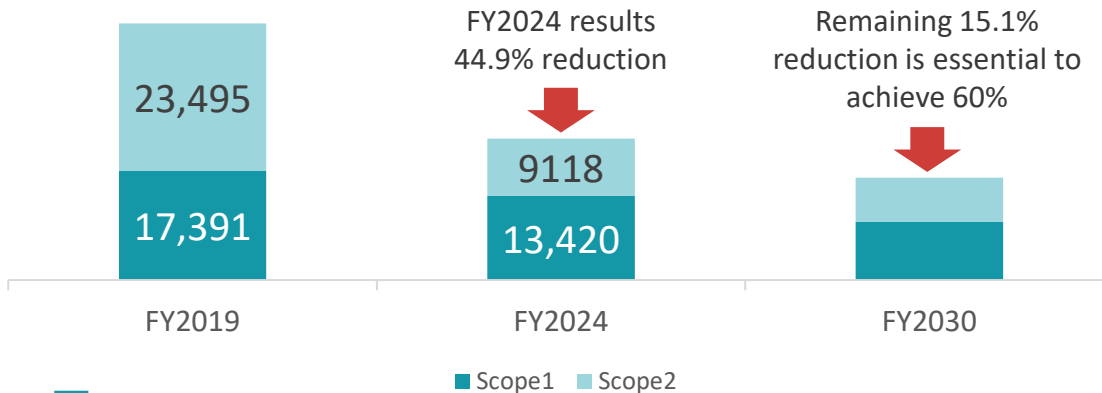


Environmental initiatives

We regard the realization of a decarbonized society as an important management issue, and we will accelerate our efforts to reduce emissions throughout our business activities while maintaining a stable supply and reducing environmental impact.

Greenhouse Gas Emission Reduction Targets

Target FY 2030: 60% reduction (Vs. FY2019)



Efforts to achieve targets

- **Expansion of renewable electricity usage rate:**
Conversion of all logistics centers (9 facilities) to renewable electricity usage rates
- **Promotion of delivery efficiency:**
Target FY2030: Reduction of the mileage of sales vehicles by 30%

Main measures

- Gradually transitioning from gasoline-powered vehicles to EVs and other eco-friendly vehicles
- Installing solar panels at business sites
- Adopting ZEB standards for buildings
- Reduction of environmental impact throughout the supply chain through collaboration with other companies



External evaluations

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」



Human capital management

| Reform human resources driving Medium-term Management Plan 2026-2028 “Soaring into the Next Generation”

“ **Individuals unafraid to take on challenges shape the future**”

-- **Transitioning to self-directed talent and evolving into a value-creating organization** --

Action Plan for Achieving Medium-term Management Plan 2026-2028 “Soaring into the Next Generation”



Implementing a new
personnel system



Implementation of
the succession plan



Renovation of human
resources core system



Establishment of a new
educational framework



Improving employee
engagement • DE&I

■ Holding Town Hall Meetings (FY2025)

Number of
meetings:
27

Number of dialogues:
500 or more
participants

Main requests from employees

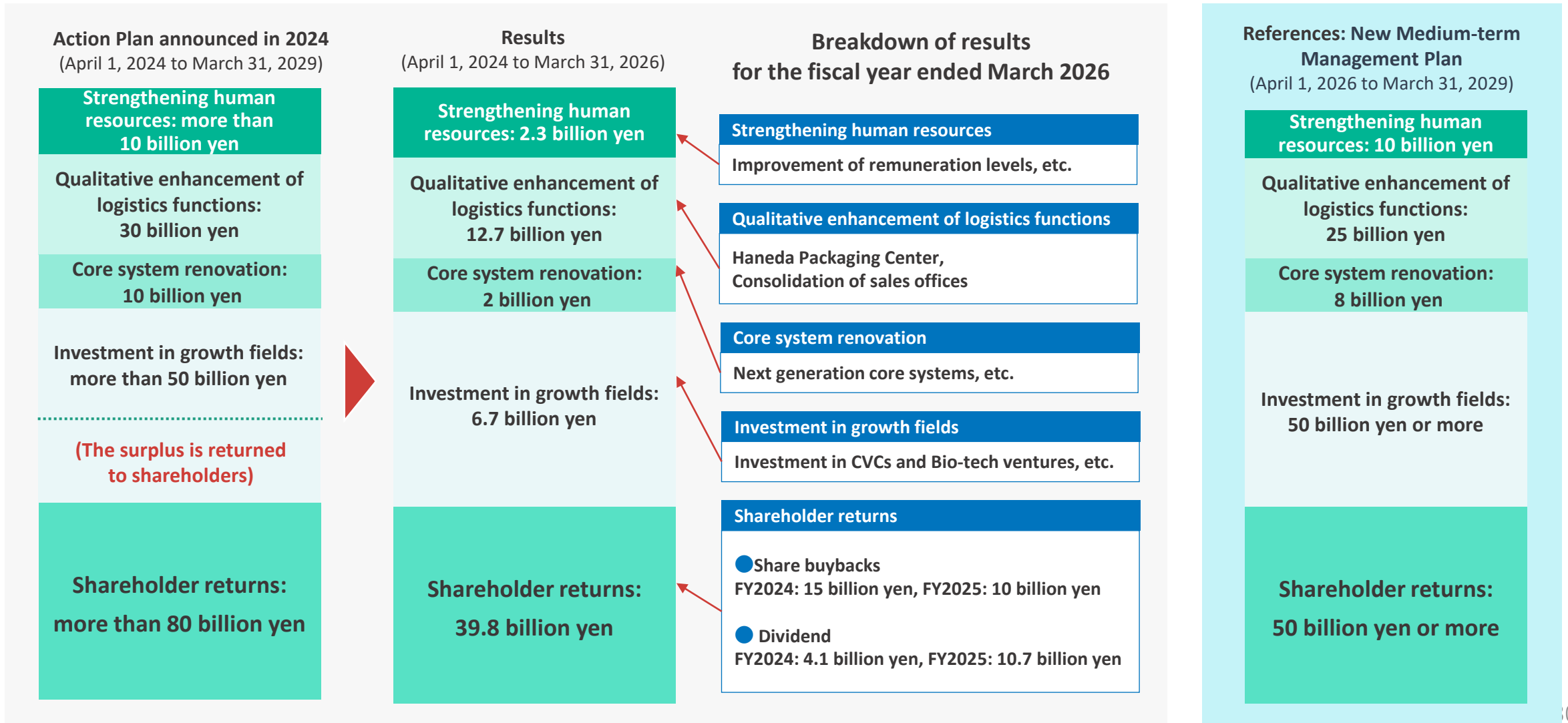
- Creation of information sharing and communication opportunities
- Aging of employees, turnover of young employees, and labor shortages
- Requests for flexible working styles
- Environmental development and safety assurance
- Introduction and improvement of systems
- Enhancement of training systems

► Prioritize initiatives based on factors directly linked to the company’s growth and employee ease at work, identify the actions to be taken, and immediately proceed with those that can be addressed in the short term.



Capital allocation

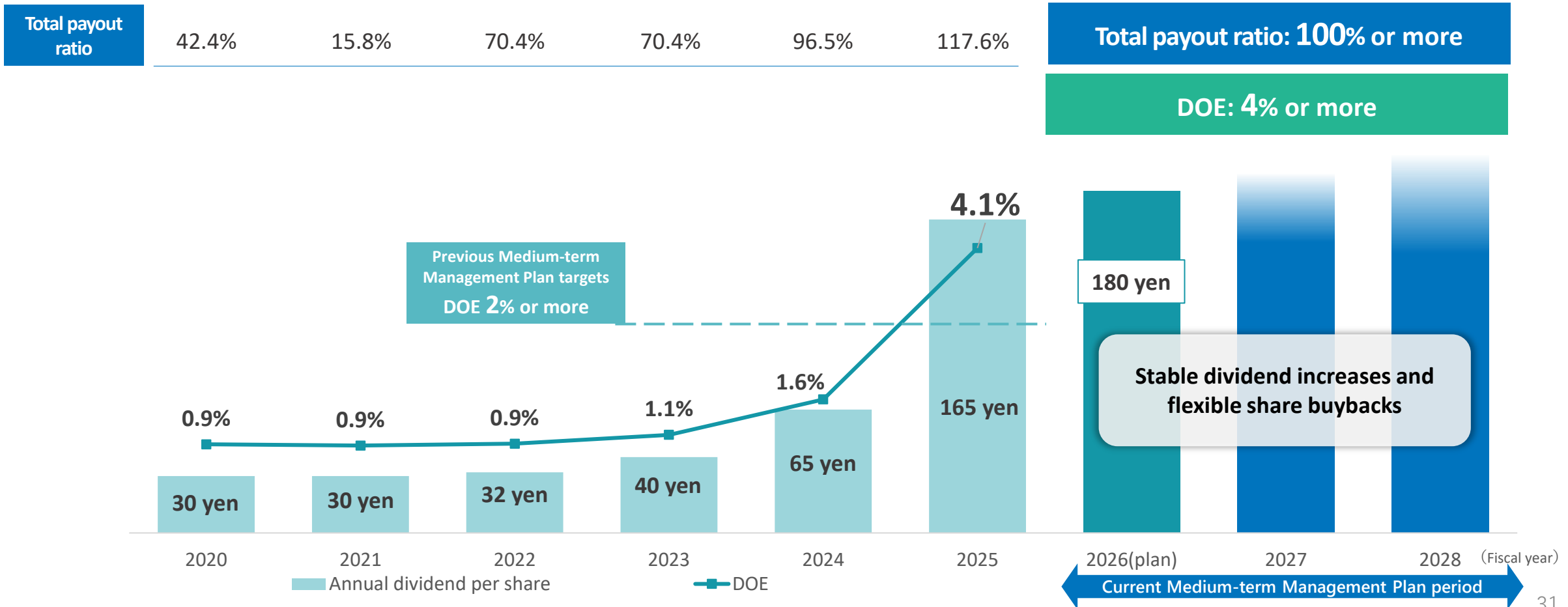
Allocate the cash generated optimally between growth investments and shareholder returns to maximize capital efficiency.





Shareholder return policy

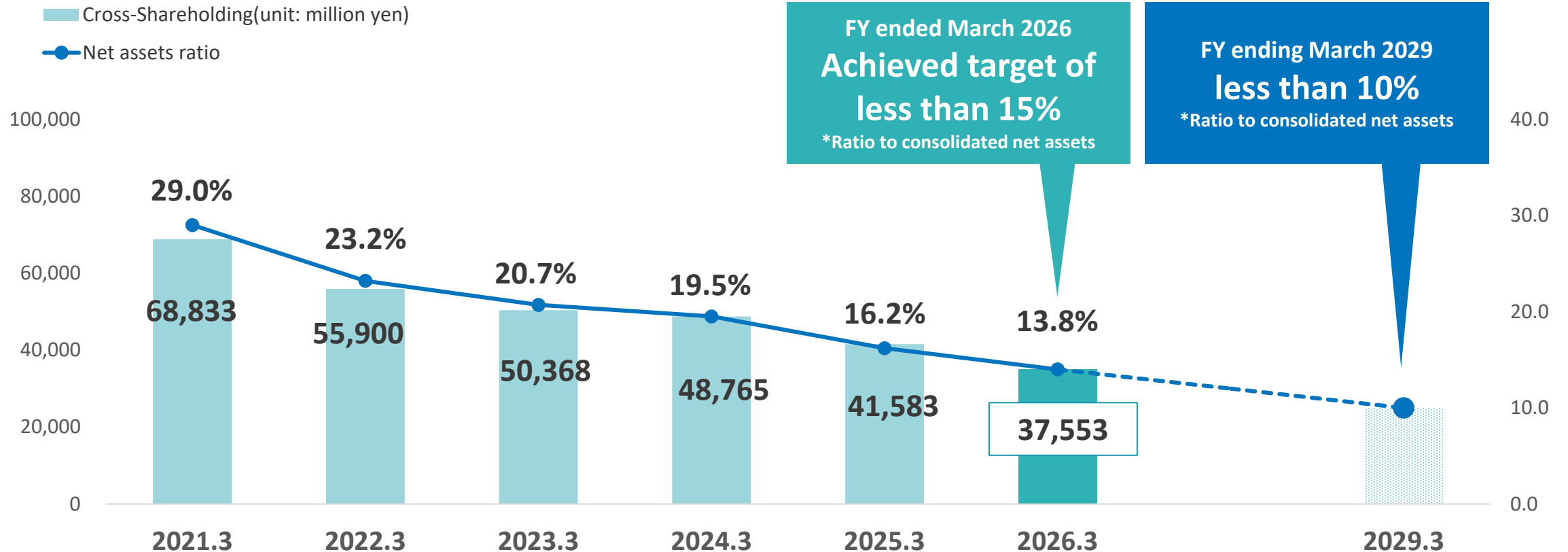
- Aim for a total payout ratio of 100% or more
- Implement shareholder returns of 50 billion yen or more during the period of the Medium-term Management Plan
- Stable increase in dividends and flexible share buybacks based on the policy of achieving DOE of 4% or more during the period of the Medium-term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





Cross-shareholding

Steadily reduce cross-shareholdings to improve capital efficiency and strengthen corporate governance.



*The above amounts include unlisted shares.

*The Company does not have any shares deemed to be held.



4. 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



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.

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

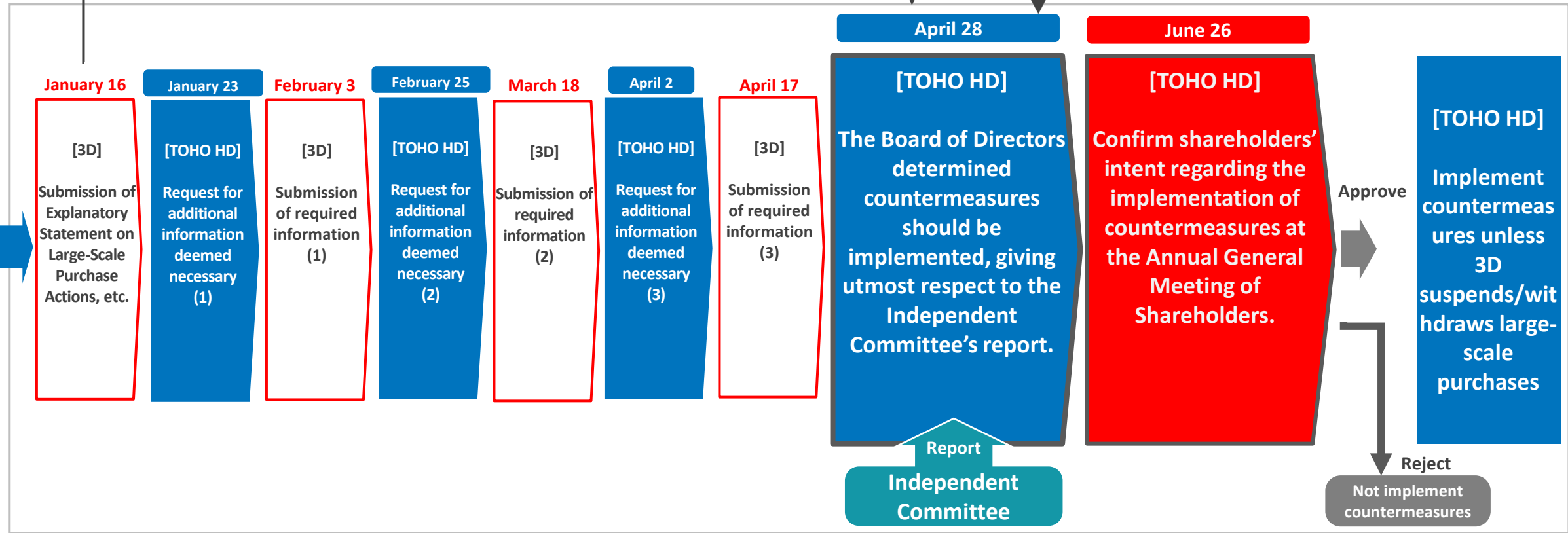


The Board has resolved to submit a proposal to the Annual General Meeting of Shareholders to be held in June to confirm the shareholders' intent regarding the implementation of countermeasures. If this proposal is approved and 3D proceeds with the large-scale purchase actions, etc., the Board will resolve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

Evaluation period for Board of Directors*1

<<Current>>

Introduction of 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).



References



Balance Sheet (Consolidated)

(Unit: million Yen)

	FY ended March 2025		FY ended March 2026			Major factors behind the increase or decrease
	Sum	Proportion (%)	Sum	Proportion (%)	Incr. or decr.	
Current assets	548,946	75.95	571,044	77.09	22,098	Increase in notes and accounts receivable-trade of 14,593 Increase in securities of 7,000
Non-current assets	173,858	24.05	169,737	22.91	-4,121	Increase in Buildings and structures, net of 2,862 Decrease in Investment securities of 4,796
Total assets	722,805	100.00	740,781	100.00	17,976	
Current liabilities	424,008	58.66	441,920	59.66	17,912	Increase in notes and accounts payable-trade of 16,520
Non-current liabilities	41,899	5.80	27,300	3.68	-14,599	Decrease in bonds payable of 11,327
Total liabilities	465,907	64.46	469,221	63.34	3,313	
Net assets	256,897	35.54	271,560	36.66	14,663	Increase in retained earnings of 11,445 Decrease in treasury shares of 2,044
Total liabilities and net assets	722,805	100.00	740,781	100.00	17,976	

Cash Flow



(Unit: million Yen)

	FY ended March 2025	FY ended March 2026	Major factors for FY ended March 2026
Cash and cash equivalents at the beginning of period	128,673	78,226	
Operating activities	-26,675	19,243	Profit before income taxes: 26,141 Depreciation: 6,056 Increase in trade payables: 15,764 Increase in trade receivables: -14,014 Income taxes paid: -7,528
Investment activities	-4,180	822	Proceeds from withdrawal of time deposits: 9,490 Proceeds from redemption of securities: 3,000 Proceeds from sale of property, plant and equipment: 2,219 Proceeds from sale of investment securities: 14,826 Payments into time deposits: -4,642 Purchase of securities: -10,000 Purchase of property, plant and equipment: -6,221 Purchase of investment securities: -3,173
Financing activities	-20,364	-16,346	Purchase of treasury shares: -10,002 Dividends paid: -5,449
Cash and cash equivalents at the end of period	78,226	83,286	Increase (FY ended March 2026): 5,059

Composition of Sales by Category and Contract Rate



【Composition of sales by category】

	April 2024-March 2025	April 2025-March 2026
Drugs for premium to promote the development of new drugs and eliminate off-label use	45.9%	50.0%
Patented drugs, others	31.7%	31.1%
Long-listed original drugs	12.0%	8.3%
Generic drug	10.4%	10.5%

【Contract rate】

	2022/3	2023/3	2024/3	2025/3	2026/3
Value Basis	100.0%	98.6%	99.5%	99.4%	99.3%



Total commitment to good health



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