

**To Shareholders with Voting Rights:**

Atsushi Udoh  
President and Representative  
Director  
TOHO HOLDINGS CO., LTD.  
5-2-1, Daizawa, Setagaya-ku,  
Tokyo, Japan

**NOTICE OF  
THE 74TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Please be informed that the 74th Annual General Meeting of Shareholders of TOHO HOLDINGS CO., LTD. (the “Company”) will be held for the purposes as described below.

Shareholders can exercise your voting rights either in writing or through electromagnetic means (the Internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders described hereinafter, and cast your vote by 5 p.m. on Tuesday, June 28, 2022, Japan time.

- 1. Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m. Japan time
- 2. Place:** Sixth floor large conference room in the head office of the Company, located at 5-2-1, Daizawa, Setagaya-ku, Tokyo, Japan
- 3. Meeting Agenda:**  
**Matters to be reported:**
  1. The Business Report, Consolidated Financial Statements for the Company’s 74th Fiscal Year (April 1, 2021 - March 31, 2022) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
  2. Non-consolidated Financial Statements for the Company’s 74th Fiscal Year (April 1, 2021 - March 31, 2022)

**Proposals to be resolved:**

- Proposal 1:** Partial amendments to the Articles of Incorporation
- Proposal 2:** Election of six (6) Directors (excluding those who are Audit and Supervisory Committee Members)
- Proposal 3:** Election of three (3) Directors who are Audit and Supervisory Committee Members

The End

**For shareholders who will attend the meeting**

- If you would like to exercise your voting rights via a proxy, the proxy must be another shareholder holding voting rights. You can designate only one (1) proxy.
- Please bring the enclosed Voting Rights Exercise Form and submit it to the reception desk. Please also bring this Notice with you.

**Other matters regarding this Notice**

- Of the documents to be provided to shareholders upon giving notice of this Annual General Meeting of Shareholders, the “System to Ensure Proper Execution of Business and Status of Operation of the System” and “Consolidated Statements of Changes in Shareholders' Equity,” “Notes to Consolidated Financial Statements,” “Statement of Changes in Shareholders' Equity,” and “Notes to Non-consolidated Financial Statements,” which are included in the Business Report, are posted on the following the Company’s website in accordance with laws and regulations and the provisions of the Articles of Incorporation of our company. The Business Report, Consolidated Financial Statements,

and Non-consolidated Financial Statements contained in the documents attached to this Notice are part of the Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements audited by the Accounting Auditor and the Audit and Supervisory Committee in preparing the Accounting Audit Report and Audit Report.

- If there is any correction of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, we will notify you of the corrected matters by posting them on the Company's website.

The Company's website: <https://www.tohohd.co.jp/en/>

## Information about the exercise of voting rights

### Attendance at the General Meeting of Shareholders

Please bring the enclosed Voting Rights Exercise Form with you and submit it to the reception desk.

### Exercise of voting rights in writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by postal mail so that it reaches our shareholder register administrator by no later than 5:00 p.m. on Tuesday, June 28, 2022, Japan time.

### Exercise of voting rights via the Internet, etc.

Please enter your vote for or against the proposals following the instructions below. Please also input it by no later than 5:00 p.m. on Tuesday, June 28, 2022, Japan time.

(Note) If you exercise your voting rights, both in writing and via the Internet, etc., the exercise via the Internet, etc., will be considered to be the valid exercise of voting rights. In the case that multiple votes are received via the Internet, etc., the last vote shall be deemed valid

### Guide to Exercising Voting Rights via the Internet, etc.

By scanning the QR Code “Smart Exercise”

You can log in to the website for exercise of voting rights without entering the voting rights exercise code or password.

(1) Please scan the QR Code printed on the bottom right of the Voting Rights Exercise Form.

(Note) “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

(2) After that, please follow the instructions on the screen and indicate your approval or disapproval.

### **The exercise of voting right by “Smart Exercise” is available only once.**

If you wish to change your vote after exercising your voting rights, please access the PC website shown on the right, and then log in by entering the “voting rights exercise code” and “password” indicated on the Voting Rights Exercise Form to exercise your voting right again.

(Note) If you scan the QR code with your smartphone for the second and subsequent times, you will be transferred to the PC website.

### **By entering the voting rights exercise code and password**

Voting Rights Exercise Website: <https://www.web54.net>

(1) Please access to the Voting Rights Exercise Website.

(2) Please enter the “voting rights exercise code” indicated on the Voting Rights Exercise Form.

(3) Please enter the “password” indicated on the Voting Rights Exercise Form.

(4) After that, please follow the instructions on the screen and indicate your approval or disapproval.

If you have any questions on how to exercise your voting rights via the Internet using a personal computer, smartphone, or mobile phone, please contact:

Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

Telephone: 0120-652-031 (Operating hours: 9:00 a.m. to 9:00 p.m.)

(Note) Institutional investors can use the Electronic Voting System Platform for institutional investors operated by ICJ, Inc.

# Reference Documents for the General Meeting of Shareholders

## Proposal 1: Partial Amendments to the Articles of Incorporation

### 1. Reason for the change

The revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the "Act for Partial Revision of the Companies Act" (Act No. 70 of 2019) will come into effect on September 1, 2022. In order to prepare for the introduction of the electronic provision system for materials for shareholders' meetings, the Company proposes the following amendments to the Articles of Incorporation of the Company.

- (1) Article 14, Paragraph 1 of the Proposed Amendments stipulates that electronic provision of information contained in the Reference Documents for the General Meeting of Shareholders shall be implemented.
- (2) Article 14, Paragraph 2 of the Proposed Amendments establishes provisions to limit the scope of matters to be stated in documents to be delivered to shareholders who have made written requests.
- (3) Provisions for Internet disclosure and deemed provision of the Reference Documents for the General Meeting of Shareholders (Article 14 of the current Articles of Incorporation) are unnecessary and are therefore deleted.
- (4) In accordance with the above establishment and deletion, the Company will establish supplementary provisions concerning the effective date, etc.
- (5) In addition, some words and phrases are revised.

### 2. Details of the changes

The details of the changes are as follows:

(Underlined parts indicate changes.)

Current Articles of Incorporation	Proposed Amendments
<p><u>(Internet disclosure and deemed provision of the Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p><u>Article 14</u> <u>When convoking the General Meeting of Shareholders, the Company may be deemed to have provided shareholders with information on matters to be stated or indicated in the Reference Documents for the General Meeting of Shareholders, the Business Report, the Financial Statements, and the Consolidated Financial Statements by disclosing such information via the Internet in accordance with the provisions of the Ministry of Justice Ordinance.</u></p>	<p>&lt; Deleted &gt;</p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="347 237 609 268">&lt; Newly Established &gt;</p> <p data-bbox="328 797 628 864">Supplementary Provisions &lt; Newly Established &gt;</p>	<p data-bbox="807 237 1230 268"><u>(Electronic Provision Measures, etc.)</u></p> <p data-bbox="794 277 1362 517"><u>Article 14</u> 1. <u>When convoking the General Meeting of Shareholders, the Company shall take measures to provide information contained in the Reference Documents for the General Meeting of Shareholders electronically.</u></p> <p data-bbox="911 521 1362 792">2. <u>The Company may choose not to include all or part of the matters to be electronically provided that are specified by the Ministry of Justice Ordinance in the documents to be delivered to shareholders who have requested delivery of documents by the record date for voting rights.</u></p> <p data-bbox="935 797 1235 828">Supplementary Provisions</p> <p data-bbox="807 833 1334 900"><u>(Transitional Measures Concerning Electronic Provision Measures, etc.)</u></p> <p data-bbox="911 904 1362 1274">1. <u>The deletion of Article 14 (Internet disclosure and deemed provision of the Reference Documents for the General Meeting of Shareholders, etc.) of the Articles of Incorporation prior to the amendment and the establishment of Article 14 (Electronic Provision Measures, etc.) of the Articles of Incorporation after the amendment shall come into effect as of September 1, 2022.</u></p> <p data-bbox="911 1279 1362 1688">2. <u>Notwithstanding the provisions of the preceding paragraph, with respect to the Shareholders' Meeting for which the day up to the last day of February 2023 is regarded as the day of the Shareholders' Meeting, Article 14 (Internet disclosure and deemed provision of the Reference Documents for the General Meeting of Shareholders, etc.) of the pre-amended Articles of Incorporation shall remain in force.</u></p> <p data-bbox="911 1693 1362 1892">3. <u>These Supplementary Provisions shall be deleted on March 1, 2023, or three months after the date of the Shareholders' Meeting referred to in the preceding paragraph, whichever is later.</u></p>

**Proposal 2: Election of six (6) Directors (excluding those who are Audit and Supervisory Committee Members)**

The term of office of all the incumbent Directors (11 persons) (excluding those who are Audit and Supervisory Committee Members) will expire upon the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of six (6) Directors (excluding those who are Audit and Supervisory Committee Members), reducing the number of Directors by five (5) from the current number in order to establish a system that can realize a flexible management strategy.

There was no opinion from the Audit and Supervisory Committee regarding this proposal.

The candidates for Directors (excluding those who are Audit and Supervisory Committee Members) are as follows:

List of candidates

No.		Name		Attendance at the Board of Directors meetings for the current fiscal year
1	Reappointment	Atsushi Udoh	Male	13/13 (100%)
2	Reappointment	Akira Umada	Male	13/13 (100%)
3	Reappointment	Hiroshi Edahiro	Male	13/13 (100%)
4	Reappointment	Takeo Matsutani	Male	12/13 (92%)
5	Reappointment	Masami Tada	Female	13/13 (100%)
6	New appointment	Kentaro Murakawa	Male	-

1. Atsushi Udoh (Date of birth: April 26, 1964)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>July 1987      Joined TOHO PHARMACEUTICAL (current the Company)</p> <p>April 2009     Corporate Officer of TOHO PHARMACEUTICAL</p> <p>July 2012      Director of TOHO PHARMACEUTICAL</p> <p>June 2015      Managing Director of TOHO PHARMACEUTICAL</p> <p>June 2015      Corporate Officer of the Company</p> <p>June 2016      Executive Vice President and Director of TOHO PHARMACEUTICAL</p> <p>June 2016      Director of the Company</p> <p>June 2017      Vice President and Representative Director of TOHO PHARMACEUTICAL</p> <p>June 2017      Executive Managing Director of the Company</p> <p>June 2019      Director of TOHO PHARMACEUTICAL (to present)</p> <p>June 2019      President and Chief Operating Officer (COO), Representative Director of the Company</p> <p>June 2020      President and Representative Director (to present)</p> <p>■ Number of shares of the Company held: 15,900 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Atsushi Udoh has been executing his duties as President and Representative Director of the Company and has considerable knowledge and experience based on his long-term career as the manager in charge of the sales division. We propose his reelection as we expect him to leverage his experience fostered so far and further contribute to the sustainable growth and enhancement of the corporate value of the Company group in a position to lead the overall business management of the Company group going forward.</p>	<p>[Positions and responsibilities within the Company]</p> <p>President and Representative Director</p>	

2. Akira Umada (Date of birth: April 16, 1965)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>March 1986    Joined TOHO PHARMACEUTICAL (current the Company)</p> <p>April 2009     Corporate Officer of TOHO PHARMACEUTICAL</p> <p>July 2012      Director of TOHO PHARMACEUTICAL</p> <p>June 2015      Managing Director of TOHO PHARMACEUTICAL</p> <p>June 2015      Corporate Officer of the Company</p> <p>June 2016      Senior Managing Director of TOHO PHARMACEUTICAL</p> <p>June 2016      Director of the Company</p> <p>June 2019      President and Representative Director of TOHO PHARMACEUTICAL (to present)</p> <p>June 2019      Senior Executive Managing Director of the Company (to present)</p> <p>■ Number of shares of the Company held: 22,800 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Akira Umada, who has been executing his duties as Senior Executive Managing Director of the Company and as Representative Director of the Company's consolidated subsidiary that engages in the pharmaceutical wholesaling business, has considerable experience and knowledge in the relevant field. We propose his reelection as we expect him to leverage his experience fostered so far and further contribute to the sustainable growth and enhancement of the corporate value of the Company group.</p>	<p>[Positions and responsibilities within the Company]</p> <p>Senior Executive Managing Director</p> <p>[Significant concurrent positions]</p> <p>President and Representative Director of TOHO PHARMACEUTICAL</p>	

3. Hiromi Edahiro (Date of birth: May 14, 1952)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		<p>[Positions and responsibilities within the Company] Director</p> <p>[Significant concurrent positions] Chairman of the Board and Representative Director of TOHO PHARMACEUTICAL</p>
April 1977	Joined Tokio Marine Fire Insurance (current Tokio Marine & Nichido Fire Insurance Co., Ltd.)	
September 1985	Joined Tokiwa Pharmaceutical	
August 2000	Representative Director and President of Tokiwa Pharmaceutical	
June 2012	Auditor of the Company	
June 2015	President and Representative Director of TOHO PHARMACEUTICAL	
June 2015	Director of the Company	
June 2017	Vice President and Director of the Company	
June 2019	Director of TOHO PHARMACEUTICAL	
June 2019	Vice Chairman of the Board and Chief Financial Officer (CFO), Representative Director of the Company	
June 2020	Chairman of the Board and Representative Director of TOHO PHARMACEUTICAL (to present)	
June 2020	Director of the Company (to present)	
	■ Number of shares of the Company held: 30,500 shares	
	■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)	
	Mr. Hiromi Edahiro, who has been executing his duties as Director of the Company and as Representative Director of the Company's consolidated subsidiary that engages in the pharmaceutical wholesaling business, has considerable experience and knowledge in the relevant field. We propose his reelection as we expect him to leverage his experience fostered so far and further contribute to the sustainable growth and enhancement of the corporate value of the Company group.	

4. Takeo Matsutani (Date of birth: April 20, 1966)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		<p>[Positions and responsibilities within the Company] Director</p> <p>[Significant concurrent positions] President and Representative Director of Kyushu Toho</p>
February 1992	Joined TOHO PHARMACEUTICAL (current the Company)	
June 2001	Director of TOHO PHARMACEUTICAL	
June 2007	Managing Director of TOHO PHARMACEUTICAL	
June 2008	Senior Managing Director of TOHO PHARMACEUTICAL	
April 2009	Director of the Company (to present)	
June 2013	Executive Managing Director of Kyushu Toho	
June 2015	President and Representative Director of Kyushu Toho (to present)	
June 2017	Vice President and Director of TOHO PHARMACEUTICAL (to present)	
	■ Number of shares of the Company held: 61,628 shares	
	■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)	
	Mr. Takeo Matsutani, who has been executing his duties as Director of the Company and as Representative Director of the Company's consolidated subsidiary that engages in the pharmaceutical wholesaling business, has considerable experience and knowledge in the relevant field. We propose his reelection as we expect him to leverage his experience fostered so far and further contribute to the sustainable growth and enhancement of the corporate value of the Company group.	



5. Masami Tada (Date of birth: November 5, 1964)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>December 2004    Joined TOHO PHARMACEUTICAL (current the Company)</p> <p>May 2020        General Manager of Pharmaceutical Affairs Information Department of TOHO PHARMACEUTICAL (to present)</p> <p>June 2020        Director of the Company (to present)</p> <p>■ Number of shares of the Company held: 500 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Ms. Masami Tada, who has been executing her duties as Director of the Company and as the head of the pharmaceutical affairs division, has considerable experience and knowledge in the relevant field. We propose her reelection as we expect her to leverage her experience fostered so far and further contribute to the sustainable growth and enhancement of the corporate value of the Company group.</p>		<p>[Positions and responsibilities within the Company]</p> <p>Director, General Manager of Pharmaceutical Affairs Headquarters</p>

6. Kentaro Murakawa (Date of birth: February 28, 1959)		New appointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>April 1982        Joined Daiichi Pharmaceutical Co., Ltd. (current DAIICHI SANKYO COMPANY, LIMITED)</p> <p>April 2016        Corporate Officer, General Manager, Tokyo Branch, Pharmaceutical Sales Headquarters, DAIICHI SANKYO COMPANY, LIMITED</p> <p>April 2018        Corporate Officer, General Manager, Sales Planning Dept., Pharmaceutical Sales Division, DAIICHI SANKYO COMPANY, LIMITED</p> <p>April 2019        President and Representative Director of DAIICHI SANKYO ESPHA CO., LTD.</p> <p>April 2022        Director of DAIICHI SANKYO ESPHA CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: - shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Kentaro Murakawa has served as Representative Director at other companies and has abundant knowledge in the pharmaceutical industry and insight regarding corporate activities. We propose his election as we expect him to leverage his management experience thus far and contribute to the sustainable growth and enhancement of the corporate value of the Company group.</p>		

(Notes)

1. It is expected that Mr. Hiromi Edahiro will be appointed as Director of TOHO PHARMACEUTICAL as of June 10, 2022.
2. No special interest exists between the candidates for Directors and the Company.
3. Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into directors and officers liability insurance with an insurance company, in which Directors are insured. The insurance compensates any damage arising from receiving a claim for compensation in connection with the execution of their duties. If a candidate for Director is appointed as originally proposed, it is expected that he or her will be one of the insured and the insurance will be renewed to the same extent next time.

**Proposal 3: Election of three (3) Directors who are Audit and Supervisory Committee Members**

The term of office of all the incumbent Directors who are Audit and Supervisory Committee Members (3 persons) will expire upon the conclusion of this General Meeting of Shareholders.

Accordingly, the election of three (3) Directors who are Audit and Supervisory Committee Members is proposed.

The consent of the Audit and Supervisory Committee has already been obtained in advance for this proposal. The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

List of candidates

No.	Name			Attendance at the Board of Directors meetings for the current fiscal year	Attendance at the Audit and Supervisory Committee meetings for the current fiscal year
1	Yoshiaki Kamoya	Male	Reappointment Outside Independent	13/13 (100%)	8/8 (100%)
2	Shunsuke Watanabe	Male	New appointment Outside Independent	13/13 (100%)	-
3	Hidehito Kotani	Male	New appointment Outside Independent	-	-

1. Yoshiaki Kamoya (Date of birth: October 25, 1955)	Reappointment	Outside Director	Independent officer
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>April 1978      Joined Shionogi &amp; Co., Ltd.</p> <p>April 2009      Corporate Officer, General Manager of Administration Department, and Senior Vice President of Tokyo Branch Office of Shionogi &amp; Co., Ltd.</p> <p>April 2011      Executive Officer of Shionogi &amp; Co., Ltd.</p> <p>April 2017      Senior Executive Officer and Senior Vice President of Tokyo Branch Office of Shionogi &amp; Co., Ltd.</p> <p>March 2020      Retired from Senior Executive Officer of Shionogi &amp; Co., Ltd.</p> <p>April 2020      Adviser of Shionogi &amp; Co., Ltd. (to present)</p> <p>June 2020      Outside Director (Audit and Supervisory Committee Member) of the Company (to present)</p> <p>■ Number of shares of the Company held: - shares</p> <p>■ Reason for the nomination as Outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Mr. Yoshiaki Kamoya has considerable knowledge and insight in relation to the pharmaceutical industry, and considerable experience as a manager in charge of the business management division of Shionogi &amp; Co., Ltd. He has also served in important positions in industrial groups. We propose his reelection, as we expect him to contribute to the supervision and audit of the Company's management based on his professional knowledge and experience. Currently, he is an Outside Director who is an Audit and Supervisory Committee Member, and his term of office will reach 2 years upon the conclusion of this Annual General Meeting of Shareholders.</p>	<p>[Positions and responsibilities within the Company] Outside Director (Audit and Supervisory Committee Member)</p>		

2. Shunsuke Watanabe (Date of birth: October 4, 1944)	New appointment	Outside Director	Independent officer
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>April 1970      Joined Nikkei Inc.</p> <p>May 1982      Temporarily transferred to the Ministry of Foreign Affairs as First Secretary of Japanese Embassy in Denmark</p>	<p>[Positions and responsibilities within the Company] Outside Director</p> <p>[Significant concurrent positions] Visiting Professor, Graduate School of International University of Health and Welfare</p>		

March 1985	Editorial Board Member of Nikkei Inc.
March 1988	Editorial Writer of Nikkei Inc.
October 2004	Visiting Professor of the School of Medicine, Tokyo Women's Medical University
April 2009	Professor of the Graduate School of International University of Health and Welfare
May 2014	Adviser of Tokyo Women's Medical University
June 2014	Outside Director of the Company (to present)
April 2016	Specially-appointed Professor, Graduate School of International University of Health and Welfare
April 2018	Visiting Professor, Graduate School of International University of Health and Welfare (to present)
<p>■ Number of shares of the Company held: 1,500 shares</p> <p>■ Reason for the nomination as Outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>As an editorial writer for Nikkei Inc., Mr. Shunsuke Watanabe dealt with the issues related to healthcare, welfare and pensions. He also served as a medical-related council member of various organizations, including the Ministry of Health, Labour and Welfare and the Japan Medical Association. He has extensive career and broad insight as a university professor. Although he has never participated in any company's management by means other than the participation as an outside director, he has provided valuable remarks and advice based on such experience during his term of office as Outside Director of the Company. We propose his election, as we expect him to continue to the supervision and audit of the Company's management based on his professional knowledge and experience. Currently, he is an Outside Director, and his term of office will reach 8 years upon the conclusion of this Annual General Meeting of Shareholders.</p>	

3. Hidehito Kotani (Date of birth: December 27, 1967)	New appointment	Outside Director	Independent officer
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>April 1994      Joined Pfizer, Inc. (USA), Connecticut State World Central Research Institute</p> <p>January 1998    Joined Banyu Pharmaceutical Co., Ltd. (current MSD K.K.)</p> <p>July 2009        Corporate Officer in charge of Corporate Services and General Manager of the President's Office of Banyu Pharmaceutical Co., Ltd.</p> <p>March 2012      Vice President, Corporate Officer, General Manager of Sales Division, General Manager of President's Office of MSD K.K. (retired in August 2015)</p> <p>March 2012      Vice President of Merck &amp; Co., Inc. (USA) (retired in August 2015)</p> <p>September 2015 Representative Director and President, CEO and CTO of Panasonic Healthcare Holdings Corporation (current PHC Holdings Corporation) (retired in June 2019)</p> <p>September 2019 Representative of Frederick Research GK (to present)</p> <p>February 2022   Representative Director of Novocure Corporation (to present)</p> <p>■ Number of shares of the Company held: - shares</p> <p>■ Reason for the nomination as Outside Director who is an Audit and Supervisory Committee Member and overview of expected role</p> <p>Mr. Hidehito Kotani has abundant knowledge in the pharmaceutical, medical device, and medical IT industries and insight regarding corporate activities. Furthermore, he has engaged in management at other companies. We propose his election, as we expect him to contribute to the supervision and audit of the Company's management as a management expert based on his expertise cultivated through his career.</p>	<p>[Significant concurrent positions]</p> <p>Representative of Frederick Research GK</p> <p>Representative Director of Novocure Corporation</p>		

(Notes)

1. The candidates for Directors' special interest in the Company
  - 1) Mr. Shunsuke Watanabe concurrently holds a position of Visiting Professor of the Graduate School of International University of Health and Welfare. Although the Company's consolidated subsidiary sells prescription pharmaceuticals, etc., to the International University of Health and Welfare, the ratio of amounts of such transactions is less than 1% of the Company group's annual consolidated net sales.
  - 2) No special interest exists between other candidates and the Company.

2. Mr. Yoshiaki Kamoya, Mr. Shunsuke Watanabe and Mr. Hidehito Kotani are candidates for Outside Directors who are Audit and Supervisory Committee Members.
3. The Company has designated Mr. Yoshiaki Kamoya and Mr. Shunsuke Watanabe as independent officers pursuant to the rules of Tokyo Stock Exchange, Inc., and has reported the appointment to Tokyo Stock Exchange, Inc. If they are appointed as originally proposed, they will continue to be the independent officers. If Mr. Hidehito Kotani is appointed as originally proposed, he will newly become an independent officer.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and Mr. Yoshiaki Kamoya have entered into an agreement to limit the damage liability as referred to in Article 423, Paragraph 1 of the Companies Act to the maximum amount prescribed in laws and regulations and the Articles of Incorporation. It is expected that, when he is reappointed, such agreement will continue to be effective.
5. If each of Mr. Shunsuke Watanabe and Mr. Hidehito Kotani is appointed as originally proposed, pursuant to Article 427, Paragraph 1 of the Companies Act, it is expected that the Company and each of them will enter into an agreement to limit the damage liability as referred to in Article 423, Paragraph 1 of the Companies Act to the maximum amount prescribed in laws and regulations and the Articles of Incorporation.
6. Pursuant to Article 430-3, Paragraph 1 of the Companies Act, the Company has entered into directors and officers liability insurance with an insurance company, in which Directors who are Audit and Supervisory Committee Members are insured. The insurance compensates any damage arising from receiving a claim for compensation in connection with the execution of their duties. If a candidate for Director who is an Audit and Supervisory Committee Member is appointed as originally proposed, it is expected that he will be one of the insured and the insurance will be renewed to the same extent next time.
7. On June 30, 2021, TOHO PHARMACEUTICAL, our consolidated subsidiary, and one of the employees of the Company were sentenced to a fine and imprisonment (with suspended sentence), respectively, by the Tokyo District Court, on violating the Antimonopoly Act in relation to bidding to supply prescription pharmaceuticals to Japan Community Health care Organization (JCHO). Mr. Yoshiaki Kamoya and Mr. Shunsuke Watanabe, candidates for Outside Directors who are Audit and Supervisory Committee Members, provide opinions from the perspective of legal compliance at the Board of Directors' meetings on a regular basis, and have been fulfilling their duties by making proposals for thorough compliance and measures to prevent recurrence.

The End

(Attachment)

## **Business Report**

[from April 1, 2021 to March 31, 2022]

### **1. Current Situation of the Corporate Group**

(1) Business Conditions for the Current Fiscal Year

1) Business Progress and Results

In the consolidated fiscal year ended March 31, 2022, the prescription pharmaceuticals market continued to be affected by measures to curtail medical expenses, such as the interim-period NHI drug price revisions implemented for the first time in April 2021. We were also forced to recall and adjust shipments of products resulting from GMP<sup>(Note1)</sup> violations by some generic drug manufacturers. Regarding COVID-19 infections, there is still no prospect of containing the pandemic, such as the issuance of a state of emergency and a quasi-state of emergency due to the outbreak of a new variant of the virus. The environment surrounding medical institutions remains severe, but the trend of limited clinic visits by patients is improving compared to the previous fiscal year.

The Group works on the following three priority measures: development and proposal of customer support systems, including the Initial Examination Reservation Service and the centralized administration system for pharmacy operations “Mizar,” in order to solve the problems regarding patients, medical institutions and specialists who are engaged in home medical and nursing care, and increase convenience; enhancement of logistics functions in order to fulfil the Group’s social mission of stably supplying pharmaceuticals and other medical products even in times of disaster; stable supply of high-quality generic drugs ensured by our own verification system in the age of a generic drug share of 80%.

As for customer support systems, the Group worked on proposals for systems that contribute to reducing contact opportunities, increasing convenience for patients, and improving the business efficiency of our customers, such as remote detailing services, the online medical examination/dosing guidance system “KAITOS,” the Initial Examination Reservation Service, the centralized administration system for pharmacy operations “Mizar,” and the drug ordering and information terminal “Future ENIF,” such that monthly charging income from customers increased steadily and contributed to improvement of profitability.

In the logistics division, the operation of the integrated logistics center “TBC<sup>(Note 2)</sup> DynaBASE” (Ota-ku, Tokyo) opened in September 2020, is now on track, and it has further promoted efficient distribution systems, including no inspection at the time of delivery and direct delivery from the center. At the same time, the introduction of the world’s highest level of automation technology has made it possible to operate with a small number of people, improving productivity. “TBC Hokuriku” (Kanazawa City, Ishikawa Prefecture) was constructed as a key logistics facility in the Hokuriku area.

Regarding measures to improve profitability over the medium term, we are building a new revenue model by investing business resources in growth areas such as regenerative medical products, biomedical products, gene therapy products, and biosimilars. As part of these investments, we have invested in companies, including Morimoto-Pharma Group, which has an innovative freeze-drying technology, CellGenTech, Inc., which is developing cell-based medicines for gene therapy using adipocytes, and Cellusion Inc., which is developing a cell therapy product using an iPSC-derived corneal endothelial cell substitute for the treatment of bullous keratopathy. The Group 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. In March 2022, the Company also acquired a part of shares of AYM HD K.K., which owns all shares of AYUMI Pharmaceutical Corporation, which is a rheumatism and orthopedics specialty pharma company and develops/introduces biologics and biosimilars.

Regarding our response to COVID-19 infections, in order to help prevent the spread of infections and sustain the medical care system, we focused on delivering and providing COVID-19-related products, such as therapeutics, vaccines, needles and syringes, and test reagents and kits, while devoting company-wide efforts to infection-prevention measures. We implemented the third work-site vaccination for Group employees and their family members.

In order to conduct sound corporate management, we revised the composition of the Board of Directors drastically in June 2021 and raised the ratio of independent outside directors to one-third or more. The Company has also strengthened its governance by newly establishing a Nomination and Compensation Committee. For the new market segment of Tokyo Stock Exchange, Inc. from April 2022, the Company has selected "Prime Market."

In the pharmaceutical wholesaling business, despite the impact of the suspension from designated bidder lists due to violations of the Antimonopoly Act, the Group's logistics functions and price management system were evaluated by pharmaceutical manufacturers, resulting in steady sales expansion of limited-handling products for selected wholesalers, such as specialty pharmaceuticals, and sales of COVID-19-related products, including therapeutic agents and test kits, also increased, contributing significantly to the business performance. In addition, we focused on delivering COVID-19 vaccines and drugs, as well as needles and syringes, and coordinating the collection and shipment of generic drugs. In price negotiations with medical institutions, we worked to reach an agreement at an appropriate price commensurate with product value and distribution costs, and continued to actively work on proposals for customer support systems.

In the dispensing pharmacy business, there was an improvement in the number of prescriptions required due to the easing of limited clinic visits by patients. Further, in order to provide safe and high-quality medical services, we strengthened the online medical dosing guidance system and actively worked to train family pharmacists and expand sales of OTC drugs and other products. In addition to responding to the revision of dispensing fees, we worked to improve profitability by optimizing inventories through the use of customer support systems, standardizing and streamlining store operations, and overhauling expenses. Furthermore, in order to contain COVID-19 as soon as possible, while we implemented thorough measures against infectious diseases at our stores, we also sold antigen test kits and conducted free PCR and antigen tests in response to the government's project to make PCR and other tests free.

In the pharmaceutical manufacturing and sales business, the Group has been engaged in stable supply of high-quality and high value-added pharmaceuticals by strictly monitoring the quality of products based on its own verification system. In addition, we continued to expand our product lineup by launching 8 ingredients and 15 products of new generic drugs during the consolidated fiscal year under review. As of the end of March 2022, the product lineup was composed of 88 ingredients and 209 products.

As a result, the Company's consolidated operating results for fiscal year ended March 31, 2022 recorded 1,266,171 million yen for net sales (an increase of 4.6% on a year-on-year basis), 12,527 million yen for operating income (an increase of 191.1% on a year-on-year basis), 18,182 million yen for ordinary income (an increase of 76.7% on a year-on-year basis), and 13,379 million yen for profit attributable to owners of parent (an increase of 168.1% on a year-on-year basis).

TOHO PHARMACEUTICAL CO., LTD., our consolidated subsidiary, and our employee were sentenced by the Tokyo District Court to a fine and suspended sentence, respectively, on June 30, 2021 for violations of the Antimonopoly Act in connection with bidding on the supply of ethical pharmaceuticals to the Japan Community Health care Organization (JCHO). On March 30, 2022, TOHO PHARMACEUTICAL CO., LTD. received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission. In addition, Kyushu Toho Co., Ltd., our consolidated subsidiary, received an onsite inspection by the Japan Fair Trade Commission for suspected violation of the Antimonopoly Act regarding its bidding by the Headquarters of the National Hospital Organization for ethical pharmaceuticals in the Kyushu area on November 9, 2021. The Group has taken these incidents seriously and is making every effort to ensure thorough compliance. The entire Group will promote sound and transparent business activities to restore trust.

(Note 1) Good Manufacturing Practice (GMP) is a standard for manufacturing and quality control of pharmaceuticals required for manufacturers and distributors of pharmaceuticals.

(Note 2) TBC is the abbreviation for Toho Butsuryu Center (Toho Distribution Center).

◇Net sales in each department

The net sales in each department for the consolidated fiscal year under review was as follows:

Department	Amount (million yen)	Composition ratio (%)	Increase/decrease compared to the previous fiscal year (%)
Pharmaceutical wholesaling business	1,168,155	92.3	4.7
Pharmaceuticals	1,017,126	/	/
Reagents	73,988		
Others	77,040		
Dispensing pharmacy business	91,786	7.2	0.8
Pharmaceutical manufacturing and sales business	1,899	0.2	-15.6
Other peripheral business	4,329	0.3	514.1
Total	1,266,171	100.0	4.6

(Notes)1. Sales represent sales to external customers.

2. Other peripheral business includes the three companies, Nextit Research Institute, Inc., eKenkoshop Corporation and K.K.eHealthcare due to changes in the scope of consolidation from the current consolidated fiscal year.

## 2) Status of Capital Investment

The total amount of the Company group's capital investments was 4,480 million yen. Major capital investments include the construction of the logistics center "TBC Hokuriku" and its distribution facilities.

## 3) Status of Fund Procurement

No funds were procured through capital increase or bond issuance in the consolidated fiscal year under review.

(2) Status of Assets and Profits and Losses

1) Trends of the Status of Business Performance and Assets of the Corporate Group

Item	The 71st fiscal year (ended March 31, 2019)	The 72nd fiscal year (ended March 31, 2020)	The 73rd fiscal year (ended March 31, 2021)	The 74th fiscal year (Consolidated fiscal year under review) (ended March 31, 2022)
Net sales (million yen)	1,222,199	1,263,708	1,210,274	1,266,171
Ordinary income (million yen)	21,452	23,732	10,289	18,182
Profit attributable to owners of parent (million yen)	13,863	16,230	4,989	13,379
Net income per share	207.71 yen	233.34 yen	70.77 yen	189.70 yen
Total assets (million yen)	663,727	670,827	683,181	702,376

2) Trends of the Status of Business Performance and Assets of the Company

Item	The 71st fiscal year (ended March 31, 2019)	The 72nd fiscal year (ended March 31, 2020)	The 73rd fiscal year (ended March 31, 2021)	The 74th fiscal year (Consolidated fiscal year under review) (ended March 31, 2022)
Net sales (million yen)	13,970	13,500	11,382	7,308
Ordinary income (million yen)	10,190	8,532	6,840	2,080
Net income (million yen)	10,238	9,720	10,245	4,014
Net income per share	153.38 yen	139.74 yen	145.29 yen	56.91 yen
Total assets (million yen)	195,676	242,585	260,028	254,760

(3) Status of Significant Parent Company and Subsidiary Companies (as of March 31, 2022)

1) Status of Parent Company

Not applicable



2) Status of Material Subsidiaries (Consolidated Subsidiaries)

Company name	Capital (million yen)	The Company's percentage of equity participation (%)	Principal business
TOHO PHARMACEUTICAL	300	100.00	Pharmaceutical wholesaling
Kyushu Toho	522	100.00	Pharmaceutical wholesaling
SAYWELL	95	100.00	Pharmaceutical wholesaling
Koyo	72	100.00	Pharmaceutical wholesaling
SQUARE-ONE	100	100.00	Leasing of real estate properties
Toho System Service	10	100.00	Information processing business
Pharma Cluster	10	100.00	Management services for dispensing pharmacy business companies
Pharma-Daiwa	100	100.00	Operation of dispensing pharmacies
J. Mirai Medical	100	100.00	Operation of dispensing pharmacies
Shimizu Pharmacy	67	100.00	Operation of dispensing pharmacies
Pharma Mirai	50	100.00	Operation of dispensing pharmacies and small-lot wholesaling of pharmaceuticals
Seiko Medical Brain	30	100.00	Operation of dispensing pharmacies
VEGA PHARMA	10	100.00	Operation of dispensing pharmacies
Cure	5	100.00	Operation of dispensing pharmacies
Aobado	3	100.00	Operation of dispensing pharmacies
Kosei	3	100.00	Operation of dispensing pharmacies
KYOSOMIRAI PHARMA	199	100.00	Manufacture and sales of pharmaceuticals
Tokyo Research Center of Clinical Pharmacology	401	100.00	SMO
ALF	90	92.32	Manufacture and marketing of information processing equipment
Nextit Research Institute	20	100.00	Software development and sales, corporate and medical management consulting
eKenkoshop	50	87.89	Internet business relates to a pharmaceutical
eHealthcare	79	85.01	Provision of business relates to medical information

(Note) The Company's percentage of equity participation includes indirect ownership.

#### (4) Challenges to be Addressed

Setting “Total Commitment to Good Health” as our corporate slogan and under the mission statement, “Working in harmony with society and customers, and jointly creating new value through the provision of original services, thereby contributing to the improvement of medical services for, and health of, people around the world”, the Group always places ultimate priority on patients, makes efforts to create customer value in order to increase customer satisfaction, and aims to improve corporate value and establish a corporate brand in the market.

In Japan, the government is currently moving ahead with various measures to curtail medical expenses such as introducing the once-yearly NHI drug price revision, aiming to develop and maintain sustainable social security systems amidst an extending healthy life expectancy, a super-aging society, and the declining total population. In addition, with the enforcement of the amended Pharmaceutical and Medical Devices Act in a phased manner, the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions / Pharmacies were revised in January 2022, and we are required to take action corresponding to the effects of these guidelines and system reforms.

The spread of COVID-19 has transformed people’s lifestyles, and rebuilding a healthcare delivery system corresponding to “new routines” is an urgent issue.

As seen above, the environment surrounding the healthcare and pharmaceuticals industries has been changing drastically. Under these circumstances, the Group will, as a corporate group engaged in the areas of medical care, healthcare, and nursing care, respond quickly and appropriately to the rapidly changing environment, and anticipate such rapid environmental changes and challenges to make a contribution to extending the healthy life expectancy of men and women in Japan, and to establishing and maintaining sustainable social security systems.

As a measure to improve profitability over the medium term, in the pharmaceutical wholesaling business, the Company will make further efforts with an eye on a digital society in order to develop and propose customer support systems that improve convenience for patients, medical institutions and specialists who are engaged in home medical and nursing care. In addition, we will strengthen cooperation with the Kyoso Mirai Group in Pharmacy, in which more than 22,000 dispensing pharmacies participate, and promote logistics for clinical trials and manufacturers based on TBC DynaBASE, as well as take on challenges in promising business areas such as biomedical products, gene therapy products, regenerative medical products, and biosimilars.

In the dispensing pharmacy business, we will secure revenue by expanding the number of stores and responding to the revision of dispensing fees. Furthermore, the Company aims to improve the efficiency of pharmacist operations and the convenience of patients while promoting DX and will strengthen its function as a health support pharmacy by strengthening the online medical dosing guidance system, using SNS to support patient adherence, and expanding product sales. We will also maximize added value in our dispensing pharmacy business, by providing services coherently linked to community medical care, and by training pharmacists with advanced knowledge of pharmaceutical management, in order to achieve our missions of being pharmacies focused on community-based services as well as pharmacies operating in closer coordination with specialized medical institutions.

In the pharmaceutical manufacturing and sales business, the Company will continue to expand its product lineup, including the launch of new products under its own brand, and respond to the trust of patients and medical institutions by stably providing generic drugs that guarantee quality through independent verification.

With the aim of achieving stable and long-term corporate growth and a sustainable society, the Group identifies issues in the areas of the environment, society, governance, and compliance, and promotes initiatives to resolve them. As a company responsible for distribution of pharmaceuticals and other products, we regard coping with both environmental conservation and business activities as our most important issue, and we are working to improve delivery efficiency through such means as direct delivery from distribution centers to customers, optimization of delivery frequency, and joint distribution. We will also foster a free and vigorous corporate culture by utilizing a wide range of human resources regardless of gender, nationality, age, etc., and by respecting the human rights and character of each and every employee. We will promote ESG management by further

strengthening governance in order to conduct sound business activities in compliance with relevant laws and regulations. In addition, in recognition of its public nature as a medical and health-related company and its mission as a social infrastructure, the Company will continue to invest in measures against earthquakes and pandemics, and other measures necessary for the stable supply of pharmaceuticals, based on the trust and sympathy of each stakeholder, in order to sustain the medical care system even in an emergency.

Through the implementation of the above-mentioned measures, we will strive to become a corporate group relied upon and continuously supported by all stakeholders including patients, customers, local communities, shareholders and employees.

(5) Principal Business (as of March 31, 2022)

Department	Principal business
Pharmaceutical wholesaling business	Sales of pharmaceuticals, narcotic drugs, regents, etc., and sales of medical devices
Dispensing pharmacy business	Operation of insurance dispensing pharmacies, home-care support services, and sales of pharmaceuticals
Pharmaceutical manufacturing and sales business	Manufacture and sales of prescription pharmaceuticals and contract manufacture of injection drugs
Other peripheral business	Peripheral businesses related to the above businesses

## (6) Principal Business Locations (as of March 31, 2022)

Company name	Business office	Location		
The Company	Head office	5-2-1, Daizawa, Setagaya-ku, Tokyo		
	Marunouchi office	1-9-2, Marunouchi, Chiyoda-ku, Tokyo		
	Subsidiary	TOHO PHARMACEUTICAL (Tokyo) Pharma Cluster (Tokyo) Toho System Service (Tokyo) SQUARE-ONE (Tokyo) KYOSO MIRAI PHARMA (Tokyo) Tokyo Research Center of Clinical Pharmacology (Tokyo) ALF (Tokyo) eKenkoshop (Tokyo) eHealthcare (Tokyo) Shimizu Pharmacy (Tokyo) Aobado (Osaka) Kosei (Osaka) Nextit Research Institute (Hyogo) Seiko Medical Brain (Fukuoka)		
TOHO PHARMACEUTICAL (Pharmaceutical wholesaling business)	Head office	5-2-1, Daizawa, Setagaya-ku, Tokyo		
	Branch	Hokkaido and Tohoku branches	Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, and Fukushima	
		Northern Kanto and Koshinetsu branches	Ibaraki, Tochigi, Gunma, Niigata, Yamanashi, and Nagano	
		Tokyo Metropolitan Area branches	Saitama, Chiba, Tokyo, and Kanagawa	
		Tokai and Hokuriku branches	Gifu, Shizuoka, Aichi, and Mie	
		Kansai branches	Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama	
	Distribution center	TBC Sapporo (Hokkaido), TBC Sano (Tochigi), TBC Saitama (Saitama), TBC Omiya (Saitama), TBC DynaBASE (Tokyo), TBC WILL Shinagawa (Tokyo), TBC Hanshin (Hyogo), TBC Hiroshima (Hiroshima), and TBC Kyushu (Kumamoto)		
Subsidiary	SAYWELL (Hiroshima) Koyo (Kagawa) Kyushu Toho (Fukuoka)			
Pharma Cluster (Dispensing pharmacy business)	Head office	1-9-2, Marunouchi, Chiyoda-ku, Tokyo		
	Subsidiary	Pharma Mirai (Tokyo) Cure (Niigata) J. Mirai Medical (Osaka) VEGA PHARMA (Osaka) Pharma-Daiwa (Kumamoto)		

(7) Status of Employees (as of March 31, 2022)

1) Number of Employees of the Corporate Group

Number of employees	Increase/decrease from the previous consolidated fiscal year-end
7,785	Increased by 53

(Notes) 1. The number of employees includes contract employees and employees re-employed after the mandatory retirement age.

2. The number of employees excludes temporary workers, etc.

2) Number of Employees of the Company

Number of employees	Increase/decrease from the previous fiscal year-end	Average age	Average number of years of continued service
224	Decreased by 3	47 years and 5 months	18 years and 7 months

(Notes) 1. The number of employees includes contract employees and employees re-employed after the mandatory retirement age.

2. The number of employees excludes temporary workers, etc.

3. The number of employees excludes eighteen (18) persons who were temporarily transferred to other companies.

4. The number of employees includes eleven (11) persons who were temporarily transferred to the Company from other companies.

(8) Status of Major Banks (as of March 31, 2022)

Bank	Borrowing (million yen)
Mizuho Bank, Ltd.	10,726
MUFG Bank, Ltd.	3,070
Sumitomo Mitsui Banking Corporation	4,007

(Note) The status of the banks from which the Company and its consolidated subsidiaries borrow money is described.

## 2. Matters Concerning Shares (as of March 31, 2022)

- (1) Total number of shares authorized to be issued 192,000,000 shares
- (2) Total number of shares outstanding 78,270,142 shares
- (3) Number of shareholders 5,184 persons
- (4) Major shareholders

Shareholder name	Number of shares (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,917	12.63
Custody Bank of Japan, Ltd. (Trust Account)	3,753	5.32
Mitsubishi Tanabe Pharma Corporation	3,573	5.06
Shionogi & Co., Ltd.	3,500	4.96
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1,791	2.53
TOHO HOLDINGS Employee Stock Ownership Plan	1,711	2.42
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Daiichi Sankyo Account Re-trust Trustee, Custody Bank of Japan, Ltd.	1,637	2.32
SSBTC CLIENT OMNIBUS ACCOUNT	1,482	2.10
NOMURA CUSTODY NOMINEES LIMITED OMNIBUS—FULLY PAID (CASHPB)	1,371	1.94
Hiroyuki Kono	1,333	1.89

(Note) The shareholding ratio is calculated excluding the treasury shares (7,717,826 shares) held by the Company.

- (5) Status of shares delivered to Company's executives as consideration for their execution of duties during the fiscal year under review

Directors' Category	Number of shares	Number of grantees
Directors (excluding those who are Audit and Supervisory Committee Members) (of which Outside Directors)	25,000 (1,000)	11 (2)

(Note) Directors who are Audit and Supervisory Committee Members were not granted.

### 3. Matters Concerning Subscription Rights to Shares, etc.

Status of subscription rights to shares held by the Company's executives as of the last day of the consolidated fiscal year under review

Name (Issuance date)	Number of subscription rights to shares	Type and number of shares subject to subscription rights to shares	Amount to be paid in for subscription rights to shares	Exercise value of subscription rights to shares	Exercise period of subscription rights to shares	Number of persons holding subscription rights to shares
The first subscription rights to shares (September 24, 2013)	72	Common stocks 7,200 shares	1,505 yen per share	1 yen per share	From September 25, 2013 to September 24, 2043	2 Directors
The second subscription rights to shares (December 24, 2015)	61	Common stocks 6,100 shares	2,585 yen per share	1 yen per share	From December 25, 2015 to December 24, 2045	7 Directors (excluding Outside Directors) 3 Outside Directors
The third subscription rights to shares (February 6, 2017)	141	Common stocks 14,100 shares	2,191 yen per share	1 yen per share	From February 7, 2017 to February 6, 2047	8 Directors (excluding Outside Directors) 3 Outside Directors

- (Notes)
- Principal exercise condition for the first and second subscription rights to shares  
When a share option holder loses his/her position as a director, auditor, or corporate officer of the Company and is no longer in any such position, he/she can exercise, on or after the day when he/she has lost the position, the subscription rights to shares allocated to him/her based on the status that he/she has lost.
  - Principal exercise condition for the third subscription rights to shares  
A share option holder can exercise the subscription rights to shares from the day after the day on which three years have passed since the day after the day on which the subscription rights to shares were allocated.

#### 4. Matters Concerning Company's Executives

##### (1) Status of Directors (as of March 31, 2022)

Name	Position and areas of responsibility within the Company	Significant concurrent positions
Norio Hamada	Director and Supreme Advisor	
Atsushi Udoh	President and Representative Director	
Akira Umada	Senior Executive Managing Director	President and Representative Director of TOHO PHARMACEUTICAL
Hiromi Edahiro	Director	Chairman of the Board and Representative Director of TOHO PHARMACEUTICAL
Takeo Matsutani	Director	President and Representative Director of Kyushu Toho
Tsuguo Nakagomi	Director and General Manager of Corporate Development and Planning Division	
Makoto Kawamura	Director and General Manager of Corporate Management Division and General Manager of Corporate Planning and Investor Relations Department	
Masami Tada	Director and General Manager of Pharmaceutical Affairs Headquarters	
Akiko Yoshikawa	Director	
Shunsuke Watanabe	Director	Visiting Professor, Graduate School of International University of Health and Welfare
Toru Nagasawa	Director	Representative Lawyer, Nagasawa Law Offices Outside Corporate Auditor of LANCERS, INC. Outside Director (Audit and Supervisory Committee Member) of Mebuki Financial Group, Inc.
Koji Nakamura	Director (Audit and Supervisory Committee Member)	
Yoshiaki Kamoya	Director (Audit and Supervisory Committee Member)	
Shosaku Murayama	Director (Audit and Supervisory Committee Member)	Representative Director of Museum of Astronomical Telescopes Outside Director of TADANO LTD. Outside Director of Kataoka Corporation

(Notes) 1. Directors Mr. Shunsuke Watanabe and Mr. Toru Nagasawa and Directors who are Audit and Supervisory Committee Members Mr. Koji Nakamura, Mr. Yoshiaki Kamoya and Mr. Shosaku Murayama are all Outside



Directors. The Company appoints each of these Outside Directors as independent officers under the provisions of Tokyo Stock Exchange, Inc., and the appointment has been reported to the Tokyo Stock Exchange.

2. At the 73rd General Meeting of Shareholders held on June 29, 2021, Ms. Akiko Yoshikawa, Director, as well as Mr. Shosaku Murayama, Director who is an Audit and Supervisory Committee Member, were newly appointed and took office as respective positions.
3. Upon the conclusion of the 73rd General Meeting of Shareholders held on June 29, 2021, Mr. Hiroyuki Kono, Mr. Shigeru Fujimoto, Mr. Mitsuo Morikubo, Mr. Toshio Honma, Mr. Seiji Ohara and Mr. Shosaku Murayama, Directors, retired from the positions due to the expiry of their terms.
4. Upon the conclusion of the 73rd General Meeting of Shareholders held on June 29, 2021, Mr. Hideyuki Shimizu, Director who is an Audit and Supervisory Committee Member, resigned from the position.
5. As the Company appoints a staff to assist the Audit and Supervisory Committee to carry out their duties, there is no full-time Audit and Supervisory Committee Member.
6. Mr. Shosaku Murayama, Director who is an Audit and Supervisory Committee Member, has considerable knowledge of finance and accounting through his long-time career in financial institutions.

(2) Outline of Limitation of Liability Contracts

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has concluded with Directors Mr. Shunsuke Watanabe and Mr. Toru Nagasawa, and Directors who are Audit and Supervisory Committee Members Mr. Koji Nakamura, Mr. Yoshiaki Kamoya and Mr. Shosaku Murayama contracts under which liability for the damage provided in Article 423, Paragraph 1 of the Companies Act is limited to the maximum amount prescribed in laws and regulations and the Company's Articles of Incorporation.

(3) Overview of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance contract prescribed in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. In the event that a claim for damage is filed by shareholders or a third party, compensation for damage and litigation expenses, etc. that would be borne by the insured shall be covered by such insurance contract.

The insured persons under the policy are main executors such as Directors, auditors and Corporate Officers of the Company and its subsidiaries.

(4) Remuneration, etc. for Directors for the Fiscal Year under Review

1) Matters concerning the Policy for Determining Remuneration, etc. for Each Individual Director

At the Board of Directors' meeting held on January 22, 2021, a resolution on the policy for determining remuneration, etc. for each individual director has been passed.

The Company has established the following policy for determining remuneration, etc. for each individual director.

I. Policy for determining the amount of base remuneration (monetary remuneration) for each individual director

Base remuneration for Directors shall be paid monthly as a fixed salary in accordance with the position and role of each director, in consideration of the business environment surrounding the Company. The bonus for Directors shall be determined in accordance with the level of contribution to the business performance of the Company and paid at a certain time of the year.

II. Policy for determining the details and the calculation method of the amount or number of non-monetary remuneration

The Company has introduced the restricted stock compensation system as non-monetary remuneration. When implementing such remuneration, the board of directors shall decide on whether or not to implement and the allocation thereof within the scope of the remuneration limit resolved at the general meeting of shareholders.

III. Policy on determining the ratio of the amount of remuneration for each individual director such as base remuneration (monetary remuneration) and non-monetary remuneration

The payment ratio of remuneration, etc. for each individual director shall be the most appropriate ratio in order to contribute to the sustainable growth of the Company and the improvement of corporate value over the medium to long term.

2) Matters concerning the Resolution of General Meetings of Shareholders on Remuneration, etc. of Directors

The Company distinguishes the remuneration, etc. to the Directors (excluding those who are

Audit and Supervisory Committee Members) from the remuneration, etc. to the Directors who are Audit and Supervisory Committee Members. At the 68th General Meeting of Shareholders held on June 29, 2016, a resolution was passed to the effect that the maximum amount of the remuneration to the Directors (excluding those who are Audit and Supervisory Committee Members) and to the Directors who are Audit and Supervisory Committee Members should be “no more than 700 million yen per year” (of which, the remuneration to the Outside Directors should be no more than 50 million yen) (excluding, however, employee salaries) and “no more than 50 million yen per year”, respectively. As of the end of the said general meeting of shareholders, the number of Directors (excluding those who are Audit and Supervisory Committee Members) was 16 (of which, three (3) were outside directors) and that of Directors who are Audit and Supervisory Committee Members was three (3) (of which, two (2) were outside directors).

With the aim of giving even more incentive to undertake sustainable enhancement of the Company’s corporate value and of further promoting value-sharing with shareholders, at the 69th General Meeting of Shareholders held on June 29, 2017, a resolution was passed to introduce restricted stock compensation that shall be no more than 55 million yen per year (out of this amount, the amount of remuneration to Outside Directors shall be no more than 5 million yen per year), to the extent of the amount of remuneration, etc. to the Directors (excluding those who are Audit and Supervisory Committee Members). As of the end of the said general meeting of shareholders, the number of Directors (excluding those who are Audit and Supervisory Committee Members) was 16 (of which, three (3) were outside directors)

3) Matters concerning the delegation for determining the details of remuneration, etc. for each individual director

Determination of the content of individual remuneration of Directors is delegated to Representative Directors in order to evaluate the roles and contributions of each Director while overseeing the Company’s overall performance. To ensure that the delegated authority is appropriately exercised, multiple directors appointed by Representative Directors hold consultations, and Representative Directors make decisions through consultation based on the resolution by the Board of Directors. Since the amounts of remunerations for individual director are determined through the policy for determining remuneration, etc. and such procedures, the Board of Directors judges that their details are in line with the Policy.

The Board of Directors has determined that the content of the remuneration is in line with the decision-making policy, as the amount of remuneration for each individual Director is determined through the policy for determining remuneration, etc. and the relevant procedures.

4) Total Amount of Remuneration, etc. to Directors

Directors' Category	Total amount of remuneration, etc. (million yen)	Types of remuneration, etc. (million yen)			Number of Directors
		Monthly remuneration	Directors' bonuses	Restricted stock compensation	
Directors (excluding those who are Audit and Supervisory Committee Members) (of which Outside Directors)	474 (33)	408 (28)	29 (2)	35 (1)	17 (3)
Directors who are Audit and Supervisory Committee Members (of which Outside Directors)	42 (39)	40 (36)	2 (2)	- (-)	4 (3)
Total (of which Outside Directors)	517 (72)	448 (64)	32 (5)	35 (1)	21 (6)

- (Notes)
1. The total amount of remuneration, etc., of the Directors excludes employee salaries paid to the persons who hold both the position of Director and the position of employee.
  2. Both the amount of bonus for directors and the amount of restricted stock compensation for directors were posted as expenses for the fiscal year under review.
  3. The table above includes five (5) Directors (excluding those who are Audit and Supervisory Committee Members), one (1) Outside Director (excluding those who are Audit and Supervisory Committee Members), and one (1) Director serving as an Audit and Supervisory Committee Member who resigned at the conclusion of the 73rd General Meeting of Shareholders held on June 29, 2021.

(5) Matters Concerning Outside Officers

1) Relationship between the Company and Significant Entities where Outside Officers Hold Concurrent Posts

Title	Name	Entities where outside directors hold concurrent posts	Relationship between the Company and entities where outside directors hold concurrent posts
Outside Director	Shunsuke Watanabe	Visiting Professor at the Graduate School of International University of Health and Welfare	Although a consolidated subsidiary of the Company sells prescription pharmaceuticals, etc., to the International University of Health and Welfare, the ratio of amounts of such transactions is less than 1% of the Company group's annual consolidated net sales.
Outside Director	Toru Nagasawa	Representative Lawyer, Nagasawa Law Offices Outside Corporate Auditor of LANCERS, INC. Outside Director (Audit and Supervisory Committee Member) of Mebuki Financial Group, Inc.	There is no special interest..
Outside Director (Audit and Supervisory Committee Member)	Shosaku Murayama	Representative Director of Museum of Astronomical Telescopes Outside Director of TADANO LTD. Outside Director of Kataoka Corporation	There is no special interest..

2) Main Activities and Overview of their Duties Related to Expected Role during the Fiscal Year under Review

Title	Name	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee meetings	Main activities
Outside Director	Shunsuke Watanabe	Attended 13 meetings out of 13 meetings held (100%)	-	He has been executing his duties adequately, providing opinions from a variety of perspectives, mainly based on his extensive experience as a former editorial writer of Nikkei and as a university professor.
Outside Director	Toru Nagasawa	Attended 13 meetings out of 13 meetings held (100%)	-	He has been executing his duties adequately, providing opinions from a variety of perspectives, mainly based on his extensive knowledge on legal matters, compliance and corporate governance as a lawyer.
Outside Director (Audit and Supervisory Committee Member)	Koji Nakamura	Attended 13 meetings out of 13 meetings held (100%)	Attended 8 meetings out of 8 meetings held (100%)	He has served in important positions in the research and development and production of pharmaceuticals. He has been executing his duties adequately, providing opinions on the management of the Company from a comprehensive perspective, mainly based on his knowledge on the pharmaceutical industry and wealth of experience as a corporate manager cultivated over the years.
Outside Director (Audit and Supervisory Committee Member)	Yoshiaki Kamoya	Attended 13 meetings out of 13 meetings held (100%)	Attended 8 meetings out of 8 meetings held (100%)	He has been engaged in the pharmaceutical industry and has served in important positions in the business management division and industrial groups. He has been executing his duties adequately, providing opinions on the management of the Company from a comprehensive perspective, mainly based on his knowledge on the pharmaceutical industry and wealth of experience cultivated over the years.
Outside Director (Audit and Supervisory Committee Member)	Shosaku Murayama	Attended 13 meetings out of 13 meetings held (100%)	Attended 4 meetings out of 4 meetings held (100%)	He has been executing his duties adequately, providing opinions on the management of the Company from a comprehensive perspective, mainly based on his knowledge cultivated at the Bank of Japan and wealth of experience as a corporate manager over the years.

(Note) Since Mr. Shosaku Murayama, who is an Audit and Supervisory Committee Member, assumed office at the Annual General Meeting of Shareholders held on June 29, 2021, the number of meetings of the Audit and Supervisory Committee to be attended is different from that of other Audit and Supervisory Committee Members.

## 5. Matters Concerning Accounting Auditor

1) Name Ernst & Young ShinNihon LLC

2) Amount of Compensation, etc.

	Amount of payment (million yen)
Amount of the Accounting Auditor's compensation, etc., for the fiscal year under review	97
Total amount of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	158

(Notes) 1. After making a comparison between the audit plan and audit record for the previous fiscal year, and verifying the trends of the audit hours and the amount of compensation for the previous fiscal year, and as a result of examining the reasonableness of the expected audit hours and the amount of compensation for the fiscal year under review, the Audit and Supervisory Committee gave its consent to the amount of the compensation, etc., to the Accounting Auditor.

2. Under the audit contract between the Company and the Accounting Auditor, there is no distinction between the amount of the audit fee for the audit under the Companies Act and the amount of the audit fee for the audit under the Financial Instruments and Exchange Act. For this reason, the amount of the audit fee for the audit under the Financial Instruments and Exchange Act is included in the amount shown above.

3) Policy Regarding Determination of Dismissal or Nonrenewal of Appointment of the Accounting Auditor

In the event that the Accounting Auditor is judged to have met any of the grounds set forth in the items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will determine the dismissal of the Accounting Auditor based on the unanimous consent of all the Audit and Supervisory Committee Members.

In addition, the Audit and Supervisory Committee performs comprehensive assessment of the Accounting Auditor's eligibility, independence, status of audit quality management and status of duty performance every fiscal year, and if nonrenewal of the appointment of the Accounting Auditor is judged to be appropriate, will decide the contents of a proposal for the dismissal or nonrenewal of the appointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

## 6. Policies Concerning the Decisions on Dividends of Surplus

The Company considers shareholder returns as one of the important management priorities, and recognizes that it is the Company's responsibility to increase the earnings per share. In terms of the distribution of profits, the Company will make efforts for the enhancement of the internal reserve in order to strengthen the future profit base and in preparation for changes in market conditions. The Company has the policy of stable dividends as its basic dividend policy, while taking into account any fluctuation of business performance in each period.

Regarding the dividend of surplus in the consolidated fiscal year under review, the Company decided the yearend dividend of 15 yen per share based on the above policies. The annual dividend amounts to 30 yen per share in total with the interim dividend of 15 yen per share already distributed.

At the 58th General Meeting of Shareholders held on June 29, 2006, a resolution was passed to the effect that the Company may decide its dividend of surplus, etc., by a resolution of the Board of Directors (Article 43 of the Articles of Incorporation).

## Consolidated Balance Sheets

(As of March 31, 2022)

(In millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>	<b>702,376</b>	<b>(Liabilities)</b>	<b>461,095</b>
<b>Current assets</b>	<b>513,107</b>	<b>Current liabilities</b>	<b>402,819</b>
Cash and deposits	94,256	Notes and account payable-trade	370,012
Notes receivable-trade	2,212	Short-term borrowings	247
Accounts receivable-trade	299,389	Current portion of long-term borrowings	6,298
Merchandise and finished goods	80,169	Lease obligations	596
Raw materials and supplies	194	Income taxes payable	5,416
Purchase rebates receivable	12,733	Contract liabilities	206
Others	24,442	Accrued expenses	2,297
Allowance for doubtful accounts	-290	Provision for bonuses	3,252
<b>Noncurrent assets</b>	<b>189,268</b>	Provision for directors' bonuses	53
<b>Property, plant and equipment</b>	<b>94,653</b>	Asset retirement obligations	4
Buildings and structures	35,951	Others	14,435
Machinery, equipment and vehicles	315	<b>Noncurrent liabilities</b>	<b>58,275</b>
Furniture and fixtures	11,965	Bonds payable	20,023
Land	43,168	Long-term borrowings	12,596
Lease assets	914	Lease obligations	977
Construction in progress	2,337	Deferred tax liabilities	14,236
<b>Intangible assets</b>	<b>5,177</b>	Deferred tax liabilities for land revaluation	757
Goodwill	733	Retirement benefit liabilities	2,423
Others	4,443	Asset retirement obligations	2,741
<b>Investments and other assets</b>	<b>89,438</b>	Provision for loss on Antimonopoly Act	3,639
Investments securities	78,742	Others	879
Long-term loans receivable	2,772	<b>(Net assets)</b>	<b>241,281</b>
Deferred tax assets	1,960	<b>Shareholders' equity</b>	<b>224,413</b>
Others	7,814	Share capital	10,649
Allowance for doubtful accounts	-1,851	Capital surplus	49,228
<b>Total assets</b>	<b>702,376</b>	Retained earnings	180,254
		Treasury stock	-15,719
		Accumulated other comprehensive income	16,518
		Valuation difference on available-for sale securities	20,792
		Revaluation reserve for land	-4,273
		Subscription rights to shares	149
		Non-controlling interests	199
		<b>Total liabilities and net assets</b>	<b>702,376</b>

(Note) Reported amounts are rounded down to the nearest million yen.

## Consolidated Profit and Loss Statement

(April 1, 2021 - March 31, 2022)

(In millions of yen)

Description	Amount	
<b>Net sales</b>		<b>1,266,171</b>
<b>Cost of sales</b>		<b>1,157,484</b>
<b>Gross profit</b>		<b>108,687</b>
Selling, general and administrative expenses		96,159
<b>Operating profit</b>		<b>12,527</b>
<b>Non-operating income</b>		
Interest and dividend income	1,470	
Commission income	3,154	
Share profit of entities accounted for using equity method	24	
Others	1,556	6,205
<b>Non-operating expenses</b>		
Interest expenses	76	
Others	474	551
<b>Ordinary profit</b>		<b>18,182</b>
<b>Extraordinary income</b>		
Gains on sales of noncurrent assets	185	
Gains on sales of investment securities	2,720	
Reversal of provision for loss on Antimonopoly Act	162	
Others	23	3,092
<b>Extraordinary losses</b>		
Loss on disposal of noncurrent assets	113	
Impairment loss	579	
Loss on valuation of investment securities	413	
Others	56	1,163
<b>Profit before income taxes</b>		<b>20,110</b>
Income taxes-current	7,180	
Income taxes-deferred	-484	6,695
<b>Net profit</b>		<b>13,415</b>
<b>Profit attributable to non-controlling interests</b>		<b>35</b>
<b>Profit attributable to owners of parent</b>		<b>13,379</b>

(Note) Reported amounts are rounded down to the nearest million yen.



## Non-consolidated Balance Sheet

(As of March 31, 2022)

(In millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>	<b>254,760</b>	<b>(Liabilities)</b>	<b>99,972</b>
<b>Current assets</b>	<b>102,826</b>	<b>Current liabilities</b>	<b>54,783</b>
Cash and deposits	83,363	Current portion of long-term borrowings	2,304
Prepaid expenses	63	Lease obligations	82
Other accounts receivable	605	Accounts payable-other	111
Short-term loans receivable	18,786	Accrued expenses	67
Others	12	Income taxes payable	387
Allowance for doubtful accounts	-4	Accrued consumption taxes	297
<b>Noncurrent assets</b>	<b>151,933</b>	Deposits received	51,424
<b>Property, plant and equipment</b>	<b>44,173</b>	Provision for bonuses	75
Buildings	21,963	Provision for directors' bonuses	32
Structures	450	<b>Noncurrent liabilities</b>	<b>45,189</b>
Furniture and fixtures	32	Bonds payable	20,023
Land	19,717	Long-term borrowings	9,240
Lease assets	160	Lease obligations	69
Construction in progress	1,849	Deferred tax liabilities	13,058
<b>Intangible assets</b>	<b>228</b>	Deferred tax liabilities for land revaluation	757
Leasehold interests in land	12	Provision for retirement benefits	11
Software	165	Asset retirement obligations	1,931
Others	51	Others	99
<b>Investments and other assets</b>	<b>107,531</b>	<b>(Net assets)</b>	<b>154,787</b>
Investments securities	56,244	<b>Shareholders' equity</b>	<b>133,420</b>
Stocks of subsidiaries and affiliates	44,271	Share capital	<b>10,649</b>
Investment in capital of subsidiaries and affiliates	1,585	Capital surplus	<b>50,110</b>
Long-term loans receivable	2,643	Legal capital surplus	46,177
Distressed receivables	3,350	Other capital surplus	3,933
Long-term prepaid expenses	111	Retained earnings	<b>88,418</b>
Others	1,582	Legal retained earnings	664
Allowance for doubtful accounts	-2,258	Other retained earnings	87,754
		Reserve for tax purpose reduction entry of land	1,404
		General reserve	6,336
		Retained earnings brought forward	80,013
		Treasury stock	<b>-15,759</b>
		<b>Valuation and translation adjustment</b>	<b>21,217</b>
		Valuation difference on available-for-sale securities	<b>25,468</b>
		Revaluation reserve for land	<b>-4,250</b>
		Subscription rights to shares	<b>149</b>
<b>Total assets</b>	<b>254,760</b>	<b>Total liabilities and net assets</b>	<b>254,760</b>

(Note) Reported amounts are rounded down to the nearest million yen.

## Non-consolidated Profit and Loss Statement

(April 1, 2021 - March 31, 2022)

(In millions of yen)

Description	Amount	
<b>Operating revenue</b>		
Consulting fee income	1,162	
Real estate lease revenue	3,947	
Dividend income	1,908	
Others	289	7,308
		<b>6,848</b>
<b>Operating expenses</b>		
<b>Operating profit</b>		<b>459</b>
<b>Non-operating income</b>		
Interest and dividend income	1,594	
Commission income	224	
Others	229	2,048
<b>Non-operating expenses</b>		
Interest expenses	316	
Others	111	427
<b>Ordinary profit</b>		<b>2,080</b>
<b>Extraordinary income</b>		
Gains on sale of noncurrent assets	113	
Gains on sales of investment securities	2,867	2,981
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	3	
Loss on valuation of investment securities	341	
Others	44	389
<b>Profit before income taxes</b>		<b>4,671</b>
Income taxes-current	739	
Income taxes-deferred	-81	657
<b>Net profit</b>		<b>4,014</b>

(Note) Reported amounts are rounded down to the nearest million yen.

**Accounting Auditor's Audit Report on the Consolidated Financial Statements (duplicated copy)**

**Independent Auditor's Report**  
(English Translation)

May 12, 2022

To the Board of Directors  
TOHO HOLDINGS CO., LTD.

Ernst & Young ShinNihon LLC  
Tokyo Office

Akinori Sato, CPA  
Designated Limited Liability  
Partner/Engagement Partner  
Yoshiyuki Nomizu, CPA  
Designated Limited Liability  
Partner/Engagement Partner  
Hironori Ogawa, CPA  
Designated Limited Liability  
Partner/Engagement Partner

**Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated profit and loss statement, the consolidated statement of changes in shareholders' equity and the notes to the consolidated financial statements of TOHO HOLDINGS CO., LTD. (the "Company") for the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of TOHO HOLDINGS CO., LTD., which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Other contents**

Other contents are the Business Report and its Supplementary Schedules. Management is responsible for the preparation and disclosure of other contents. The Audit and Supervisory Committee is also responsible for monitoring the performance of duties by Directors in the development and operation of the reporting process for other content.

The subject of our audit opinion on the consolidated financial statements does not include the other contents, and we do not express an opinion on the other contents.

Our responsibility in auditing the consolidated financial statements is to read through the other contents and, during this process, to examine whether there are significant differences between the other contents and the consolidated financial statements or the knowledge that we have acquired during the auditing process, and to pay attention to whether there are other indications of material errors in the other contents other than such

material differences.

Based on the work performed, we are required to report any material errors in other contents.

There are no matters to be reported by us regarding the other contents.

#### Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of

implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

**Accounting Auditor's Audit Report on the Non-consolidated Financial Statements (duplicated copy)**

**Independent Auditor's Audit Report**  
(English Translation)

May 12, 2022

To the Board of Directors  
TOHO HOLDINGS CO., LTD.

Ernst & Young ShinNihon LLC  
Tokyo Office

Akinori Sato, CPA  
Designated Limited Liability  
Partner/Engagement Partner  
Yoshiyuki Nomizu, CPA  
Designated Limited Liability  
Partner/Engagement Partner  
Hironori Ogawa, CPA  
Designated Limited Liability  
Partner/Engagement Partner

**Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheets, the non-consolidated profit and loss statement, the statement of changes in shareholders' equity, the notes to non-consolidated financial statements, and the accompanying supplementary schedules of TOHO HOLDINGS CO., LTD. (the "Company") for the 74th fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Other contents**

Other contents are the Business Report and its Supplementary Schedules. Management is responsible for the preparation and disclosure of other contents. The Audit and Supervisory Committee is also responsible for monitoring the performance of duties by Directors in the development and operation of the reporting process for other content.

The subject of our audit opinion on the unconsolidated financial statements does not include the other contents, and we do not express an opinion on the other contents.

Our responsibility in auditing the non-consolidated financial statements is to read through the other contents and, during that process, to examine whether there are significant differences between the other contents and the non-consolidated financial statements or the knowledge that we have acquired during the auditing process, and to pay attention to whether there are other indications of material errors in the other contents other than such material differences.

Based on the work performed, we are required to report any material errors in other contents.

There are no matters to be reported by us regarding the other contents.

#### Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of

implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.



## **Audit and Supervisory Committee's Audit Report (duplicated copy)**

### **Audit Report**

(English Translation)

The Audit and Supervisory Committee audited the performance of duties by the Directors for the 74th fiscal year from April 1, 2021 to March 31, 2022. The Audit and Supervisory Committee hereby reports the audit methods and results as follows.

#### 1. Methods and Contents of Audits

With respect to the contents of resolutions by the Board of Directors pertaining to items listed in Article 399-13, Paragraph 1, Items 1 (b) and (c) of the Companies Act and the system established based on such resolutions (internal control system), the Audit and Supervisory Committee had periodical reporting from Directors and employees, etc. concerning the status of development and operations of such system, sought explanation as necessary, expressed opinions and performed the audit in accordance with the following methods.

1) In accordance with the audit policies and division of duties, etc. determined by the Audit and Supervisory Committee, the Audit and Supervisory Committee, in coordination with internal control sections, by means of telephone lines or the Internet, etc., participated in important meetings, received reports from the Directors, employees and other relevant personnel regarding the matters concerning performance of their duties, sought explanations as necessary, examined important decision-making documents, etc., and studied the operations and the status of assets at the head office and major business offices. Regarding subsidiaries, the Audit and Supervisory Committee communicated and exchanged information with the Directors and Auditors, etc., of subsidiaries, and received business reports from subsidiaries as necessary.

2) The Audit and Supervisory Committee monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that “the system for ensuring that duties are performed properly” (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the Product Quality Management Standards Regarding Audits (issued by the Business Accounting Deliberation Council (BADC) on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, the Audit and Supervisory Committee examined the business report and supporting schedules, non-consolidated financial statements (non-consolidated balance sheets, non-consolidated profit and loss statement, non-consolidated statement of changes in shareholders' equity, and notes to non-consolidated financial statements) and the supplementary schedules, as well as consolidated financial statements (consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in shareholders' equity and notes to consolidated financial statements) for the fiscal year under review.

## 2. Results of Audit

### (1) Results of Audit of Business Report and Other Relevant Documents

- 1) In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations, and Articles of Incorporation, and fairly represent the Company's condition.
- 2) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to the performance of duties by the Directors.
- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal controls system are fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to such internal controls system.

As described in the Business Report, TOHO PHARMACEUTICAL, the Company's consolidated subsidiary, was convicted in a case for violating the Antimonopoly Act during the fiscal year under review. The Audit and Supervisory Committee monitors and verifies that the Company is implementing measures to prevent recurrence. We will continue to monitor efforts to ensure compliance and strengthen governance.

### (2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by Ernst & Young ShinNihon LLC are fair and reasonable.

### (3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by Ernst & Young ShinNihon LLC are fair and reasonable.

May 12, 2022

Audit and Supervisory Committee, TOHO HOLDINGS CO., LTD.

Audit and Supervisory  
Committee Member

Koji Nakamura

Audit and Supervisory  
Committee Member

Yoshiaki Kamoya

Audit and Supervisory  
Committee Member

Shosaku Murayama

(Note) Mr. Koji Nakamura, Mr. Yoshiaki Kamoya and Mr. Shosaku Murayama are Outside Directors prescribed in Article 2, Item (xv) and Article 331, Paragraph 6 of the Companies Act.

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