

To Shareholders with Voting Rights:

Norio Hamada
Chairman of the Board and
Representative Director
TOHO HOLDINGS CO., LTD.
5-2-1, Daizawa, Setagaya-ku,
Tokyo, Japan

**NOTICE OF
THE 70TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 70th Annual General Meeting of Shareholders of TOHO HOLDINGS CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights, either by indicating whether you approve each of the proposals on the enclosed Voting Rights Exercise Form and returning the form to us, or through electromagnetic means (the Internet, etc.) by accessing the Voting Rights Exercise Website described in the form. Please review the Reference Documents for the General Meeting of Shareholders described hereinafter, and cast your vote by 5 p.m. on Wednesday, June 27, 2018, Japan time.

1. Date and Time: Thursday, June 28, 2018 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 70th Fiscal Year (April 1, 2017- March 31, 2018) 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 70th Fiscal Year (April 1, 2017 - March 31, 2018)

Proposals to be resolved:

- Proposal No. 1:** Election of seventeen (17) Directors (excluding those who are Audit and Supervisory Committee Members)
- Proposal No. 2:** Election of three (3) Directors who are Audit and Supervisory Committee Members

- 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.
- When attending the meeting, please bring the enclosed Voting Rights Exercise Form and submit it to the reception desk.
- The following materials are posted on the Company’s website in accordance with laws and regulations and Article 14 of the Company’s Articles of Incorporation; for this reason, these materials are not contained in this convocation notice.
 - (1) The “System to Ensure Proper Execution of Business and Status of Operation of the System” of the Business Report
 - (2) The “Consolidated Statement of Changes in Shareholders’ Equity” and the “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements
 - (3) The “Statement of Changes in Shareholders’ Equity” and the “Notes to Non-consolidated Financial Statements” of the Non-consolidated Financial Statements

Please note that materials (1) to (3) above constitute a part of the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Audit and Supervisory Committee upon the preparation of the Audit Report and that materials (2) and (3) above constitute a part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the Accounting Auditor upon the preparation of the Independent Auditor's 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 on the Internet.
- The Company's website: <http://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. Please also bring this booklet with you as the materials for the meeting agenda.

Exercise of voting rights by postal mail

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 no later than 5 p.m. on Wednesday, June 27, 2018, Japan time.

Please use the enclosed information protection sticker.

Exercise of voting rights via the Internet, etc.

- (1) Please access to the Voting Rights Exercise Website (<https://www.web54.net>) administered by our shareholder register administrator via your personal computer, smartphone, cellular phone or any other internet-capable device. Enter the voting rights exercise code and password shown in the enclosed Voting Rights Exercise Form, and register your vote for or against the proposals in accordance with the guidance displayed therein no later than 5 p.m. on Wednesday, June 27, 2018, Japan time. Please be advised that some restrictions will be imposed in using the above system for security reasons. Please inquire about the details via the following contact.
- (2) If you exercise your voting rights more than once via the Internet, etc., the last exercise of voting rights will be considered the valid exercise of voting rights.
- (3) 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.
- (4) Any expenses incurred upon using the Voting Rights Exercise Website, such as fees payable to an Internet service provider and communication charges payable to a telecommunications carrier, must be borne by shareholders.

Electronic Voting Rights Exercise Platform

If you are a nominal shareholder (including standing agent) such as a custodian-type trust bank, you can use the Electronic Voting Rights Exercise Platform operated by ICJ Co., Ltd. upon the exercise of voting rights only if you have made an application for the use of the platform in advance.

For inquiries about the systems, etc., 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.)

The End

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Election of seventeen (17) Directors (excluding those who are Audit and Supervisory Committee Members)

The term of office of all the incumbent Directors (16 persons) (excluding those who are Audit and Supervisory Committee Members) will expire upon the conclusion of this General Meeting of Shareholders.

Accordingly, the election of 17 Directors (excluding those who are Audit and Supervisory Committee Members), including one additional Director for enhancement of management structure, is proposed.

Please be noted that there was no opinion from the Audit and Supervisory Committee as a result of deliberation thereby.

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

1. Norio Hamada (Date of birth: January 3, 1940)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Chairman of the Board and Representative Director</p>	
<p>October 1966 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>June 1979 Director of TOHO PHARMACEUTICAL</p> <p>October 1993 Managing Director of TOHO PHARMACEUTICAL</p> <p>June 1999 Senior Managing Director and Representative Director of TOHO PHARMACEUTICAL</p> <p>June 2001 Vice President and Representative Director of TOHO PHARMACEUTICAL</p> <p>June 2005 President and Representative Director of TOHO PHARMACEUTICAL</p> <p>April 2009 President and Representative Director of TOHO HOLDINGS CO., LTD.</p> <p>May 2017 Chairman of the Board and Representative Director of TOHO HOLDINGS CO., LTD. (to present)</p> <ul style="list-style-type: none"> ■ Number of shares of the Company held: 118,500 shares 	<ul style="list-style-type: none"> ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Mr. Norio Hamada has been executing his duties as Chairman of the Board and Representative Director of TOHO HOLDINGS CO., LTD. and has considerable experience and knowledge with respect to corporate management and the overall business operations of the Company group. 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>	

2. Hiroyuki Kono (Date of birth: May 26, 1948)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Vice Chairman of the Board and Representative Director in charge of industrial groups</p>	
<p>July 1977 Joined Kono Yakuhin Co., Ltd. (current SAYWELL Inc.)</p> <p>April 1987 President and Representative Director of Kono Yakuhin Co., Ltd</p> <p>October 1997 President and Representative Director, OMWELL INC. (current SAYWELL Inc.)</p> <p>June 2004 Director, TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>June 2005 Executive Vice President and Director, TOHO PHARMACEUTICAL</p> <p>April 2009 Executive Vice President and Director of TOHO HOLDINGS CO., LTD.</p> <p>April 2009 President and Representative Director of TOHO PHARMACEUTICAL</p> <p>June 2015 Chairman of the Board and Representative Director, TOHO HOLDINGS CO., LTD.</p> <p>May 2017 Vice Chairman of the Board and Representative Director, TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 1,332,460 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Hiroyuki Kono has been executing his duties as Vice Chairman of the Board and Representative Director of TOHO HOLDINGS CO., LTD., and acting in cooperation with the industrial groups to which the Company group belongs as an officer of said association. Furthermore, Mr. Hiroyuki Kono, from his past career 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 in a position to lead the overall business management of the Company group going forward.</p>		

3. Katsuya Kato (Date of birth: July 25, 1955)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] President and Director</p>	
<p>February 1991 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>June 2001 Director of TOHO PHARMACEUTICAL</p> <p>April 2009 Corporate Officer of TOHO HOLDINGS CO., LTD.</p> <p>June 2013 Director of TOHO HOLDINGS CO., LTD.</p> <p>June 2015 Executive Managing Director of TOHO HOLDINGS CO., LTD.</p> <p>May 2017 President and Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 14,700 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Katsuya Kato has been executing his duties as President and Director of TOHO HOLDINGS CO., LTD. and has considerable experience and knowledge based on his long-term career as the manager in charge of the corporate planning 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>		

4. Hiromi Edahiro (Date of birth: May 14, 1952)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 		[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Vice President and Director [Significant concurrent positions] President and Representative Director of TOHO PHARMACEUTICAL
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 TOHO HOLDINGS CO., LTD.	
June 2015	President and Representative Director of TOHO PHARMACEUTICAL (to present)	
June 2015	Director of TOHO HOLDINGS CO., LTD.	
June 2017	Vice President and Director of TOHO HOLDINGS CO., LTD. (to present)	
<ul style="list-style-type: none"> ■ Number of shares of the Company held: 11,900 shares 		
<ul style="list-style-type: none"> ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Mr. Hiromi Edahiro has been executing his duties as Vice President and Director of TOHO HOLDINGS CO., LTD., 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>		

5. Shigeru Fujimoto (Date of birth: August 2, 1950)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 		[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Vice President and Director [Significant concurrent positions] Chairman of the Board and Representative Director, SAYWELL Inc.
March 1973	Joined Kono Yakuhin Co., Ltd. (current SAYWELL Inc.)	
April 1995	Director of Kono Yakuhin Co., Ltd.	
October 1997	Director of OMWELL INC. (current SAYWELL Inc.)	
April 1999	Managing Director of OMWELL INC.	
April 2006	Senior Managing Director of OMWELL INC.	
January 2010	Senior Managing Director of SAYWELL Inc.	
June 2011	President and Representative Director of SAYWELL Inc.	
June 2016	Corporate Officer of TOHO HOLDINGS CO., LTD.	
June 2017	Chairman of the Board and Representative Director of SAYWELL Inc. (to present)	
June 2017	Vice President and Director of TOHO HOLDINGS CO., LTD. (to present)	
<ul style="list-style-type: none"> ■ Number of shares of the Company held: 42,500 shares 		
<ul style="list-style-type: none"> ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Mr. Shigeru Fujimoto has been executing his duties as Vice President and Director of TOHO HOLDINGS CO., LTD., 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>		

6. Mitsuo Morikubo (Date of birth: December 1, 1949)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Senior Executive Managing Director, General Manager of Corporate Development and Planning Division</p>	
June 1992	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)	
June 1992	Director of TOHO PHARMACEUTICAL	
June 2008	Managing Director of TOHO PHARMACEUTICAL	
April 2009	Corporate Officer of TOHO HOLDINGS CO., LTD.	
June 2013	Director of TOHO HOLDINGS CO., LTD.	
June 2015	Executive Managing Director of TOHO HOLDINGS CO., LTD.	
June 2017	Senior Executive Managing Director of TOHO HOLDINGS CO., LTD. (to present)	
<p>■ Number of shares of the Company held: 62,881 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Mitsuo Morikubo has been executing his duties as Senior Executive Managing Director of TOHO HOLDINGS CO., LTD., and as the manager in charge of the distribution and development divisions, 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>		

7. Atsushi Udoh (Date of birth: April 26, 1964)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Executive Managing Director</p>	
July 1987	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)	
April 2009	Corporate Officer of TOHO PHARMACEUTICAL	
July 2012	Director of TOHO PHARMACEUTICAL	
June 2015	Managing Director of TOHO PHARMACEUTICAL	
June 2015	Corporate Officer of TOHO HOLDINGS CO., LTD.	
June 2016	Executive Vice President and Director of TOHO PHARMACEUTICAL	
June 2016	Director of TOHO HOLDINGS CO., LTD.	
June 2017	Vice President and Representative Director of TOHO PHARMACEUTICAL (to present)	
June 2017	Executive Managing Director of TOHO HOLDINGS CO., LTD. (to present)	
<p>■ Number of shares of the Company held: 5,500 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 Executive Managing Director of TOHO HOLDINGS CO., LTD., and as Vice President and Representative Director in charge of sales division 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>		

8. Toshio Honma (Date of birth: March 12, 1948)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director	
<ul style="list-style-type: none"> October 1980 Joined Honma Pharmaceutical (current TOHO PHARMACEUTICAL) April 1984 President and Representative Director of Honma Pharmaceutical June 2000 Director of TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.) June 2005 Senior Managing Director of TOHO PHARMACEUTICAL April 2009 Director of TOHO HOLDINGS CO., LTD. October 2013 President and Representative Director of Godo Toho (current TOHO PHARMACEUTICAL) June 2015 Vice President and Director of TOHO HOLDINGS CO., LTD. June 2016 Director of TOHO HOLDINGS CO., LTD. (to present) June 2017 Vice President and Director of TOHO PHARMACEUTICAL (to present) 		
<ul style="list-style-type: none"> ■ Number of shares of the Company held: 39,743 shares 		
<ul style="list-style-type: none"> ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Mr. Toshio Honma has been executing his duties as Director of TOHO HOLDINGS CO., LTD., and through the important positions he has held including Representative Director of the Company's consolidated subsidiaries that engages in the pharmaceutical wholesaling business, has gained 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>		

9. Takeo Matsutani (Date of birth: April 20, 1966)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director	
	[Significant concurrent positions] President and Representative Director of Kyushu Toho	
<ul style="list-style-type: none"> February 1992 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.) 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 TOHO HOLDINGS CO., LTD. (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) 		
<ul style="list-style-type: none"> ■ Number of shares of the Company held: 68,228 shares 		
<ul style="list-style-type: none"> ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Mr. Takeo Matsutani has been executing his duties as Director of TOHO HOLDINGS CO., LTD., 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>		

10. Atsuko Naitou (Date of birth: January 22, 1947)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director in charge of pharmaceutical affairs	
June 1981 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.) June 1999 Director of TOHO PHARMACEUTICAL April 2009 Director of TOHO PHARMACEUTICAL June 2013 Managing Director of TOHO PHARMACEUTICAL June 2015 Director of TOHO HOLDINGS CO., LTD. (to present)		
<ul style="list-style-type: none"> ■ Number of shares of the Company held: 22,900 shares ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Ms. Atsuko Naitou has been executing her duties as Director of TOHO HOLDING CO., LTD., and as general manager of pharmaceutical affairs, 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>		

11. Akira Umada (Date of birth: April 16, 1965)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director in charge of sales division	
March 1986 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.) April 2009 Corporate Officer of TOHO PHARMACEUTICAL July 2012 Director of TOHO PHARMACEUTICAL June 2015 Managing Director of TOHO PHARMACEUTICAL June 2015 Corporate Officer of TOHO HOLDINGS CO., LTD. June 2016 Senior Managing Director of TOHO PHARMACEUTICAL (to present) June 2016 Director of TOHO HOLDINGS CO., LTD. (to present)		
<ul style="list-style-type: none"> ■ Number of shares of the Company held: 10,900 shares ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Mr. Akira Umada has been executing his duties as Director of TOHO HOLDINGS CO., LTD., and as Senior Managing Director in charge of sales division 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>		

12. Takaaki Matsutani (Date of birth: January 29, 1941)	Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 	<p data-bbox="943 253 1428 353">[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director and Senior Adviser</p>
<p data-bbox="159 353 1428 387">March 1964 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p data-bbox="159 387 1428 421">May 1974 Director of TOHO PHARMACEUTICAL</p> <p data-bbox="159 421 1428 454">October 1993 Vice President and Director of TOHO PHARMACEUTICAL</p> <p data-bbox="159 454 1428 488">June 1999 President and Representative Director of TOHO PHARMACEUTICAL</p> <p data-bbox="159 488 1428 521">June 2005 Chairman of the Board and Representative Director of TOHO PHARMACEUTICAL</p> <p data-bbox="159 521 1428 555">April 2009 Chairman of the Board and Representative Director of TOHO HOLDINGS CO., LTD.</p> <p data-bbox="159 555 1428 589">June 2013 Director and Senior Adviser of TOHO HOLDINGS CO., LTD. (to present)</p> <ul style="list-style-type: none"> ■ Number of shares of the Company held: 354,108 shares ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p data-bbox="159 757 1428 911">Mr. Takaaki Matsutani has been executing his duties as Director and Senior Adviser of TOHO HOLDINGS CO., LTD. and was Representative Director of the Company. We propose his reelection as we expect him to leverage his considerable knowledge and experience fostered so far, including his successive service as an officer of industrial groups, and further contribute to the sustainable growth and enhancement of the corporate value of the Company group.</p>	

13. Tsuguo Nakagomi (Date of birth: February 28, 1955)		New appointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Corporate Officer, Deputy General Manager (in charge of information systems), Corporate Development and Planning Division</p> <p>[Significant concurrent positions] President and Representative Director of Toho System Service Co., Ltd.</p>
November 1994	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)	
May 1999	Director of Toho System Service Co., Ltd.	
April 2006	Director, General Manager, Open Systems Division of Toho System Service Co., Ltd.	
April 2011	President and Representative Director of Toho System Service Co., Ltd. (to present)	
June 2011	Corporate Officer, General Manager, Systems Planning Office, Development Division of TOHO PHARMACEUTICAL	
June 2012	Director, General Manager, Systems Planning Office, Development Division of TOHO PHARMACEUTICAL	
June 2015	General Manager, Systems Planning Office, Development Division of TOHO HOLDINGS CO., LTD.	
June 2017	Corporate Officer, Deputy General Manager (in charge of information systems), Corporate Development and Planning Division of TOHO HOLDINGS CO., LTD. (to present)	
<p>■ Number of shares of the Company held: 2,100 shares</p>		
<p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Tsuguo Nakagomi has been executing his duties as Corporate Officer of TOHO HOLDINGS CO., LTD., and as Representative Director of the Company's consolidated subsidiary that mainly engages in the core system operations including data processing of the Company group, has considerable experience and knowledge in the relevant field. We propose his election 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>		

14. Makoto Kawamura (Date of birth: September 5, 1960)		New appointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 		[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Corporate Officer, General Manager, Public and Investor Relations Department
April 1984	Joined Fujisawa Pharmaceutical Co., Ltd. (current Astellas Pharma Inc.)	
July 2008	Vice President, Corporate Communications, Astellas Pharma Inc.	
July 2015	Joined TOHO HOLDINGS CO., LTD.	
July 2015	Joint General Manager, Corporate Planning Division and General Manager, Public and Investor Relations Office of TOHO HOLDINGS CO., LTD.	
June 2016	Corporate Officer, Joint General Manager, Corporate Planning Division and General Manager, Public and Investor Relations Office of TOHO HOLDINGS CO., LTD.	
June 2017	Corporate Officer, Joint General Manager, Corporate Development and Planning Division and General Manager, Public and Investor Relations Office of TOHO HOLDINGS CO., LTD.	
November 2017	Corporate Officer, General Manager, Public and Investor Relations Department of TOHO HOLDINGS CO., LTD. (to present)	
	<ul style="list-style-type: none"> ■ Number of shares of the Company held: 905 shares 	
	<ul style="list-style-type: none"> ■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members) <p>Mr. Makoto Kawamura has been executing his duties as a Corporate Officer of TOHO HOLDINGS CO., LTD. and as the head of Public and Investor Relations Department, has considerable experience and knowledge in the relevant field. We propose his election 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>	

15. Shunsuke Watanabe (Date of birth: October 4, 1944)	Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Outside Director</p> <p>[Significant concurrent positions] Visiting Professor, Graduate School of International University of Health and Welfare</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>March 1985 Editorial Board Member of Nikkei Inc.</p> <p>March 1988 Editorial Writer of Nikkei Inc.</p> <p>October 2004 Visiting Professor of the School of Medicine, Tokyo Women’s Medical University</p> <p>April 2009 Professor of the Graduate School of International University of Health and Welfare</p> <p>May 2014 Adviser of Tokyo Women’s Medical University</p> <p>June 2014 Outside Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>April 2016 Specially-appointed Professor, Graduate School of International University of Health and Welfare</p> <p>April 2018 Visiting Professor, Graduate School of International University of Health and Welfare (to present)</p>	
<p>■ Number of shares of the Company held: 500 shares</p>	
<p>■ Reason for the nomination as Outside Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>As a journalist 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. 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 reelection, as we would like him to contribute to the Company’s management going forward based on his professional knowledge and experience, etc. Currently, he is an Outside Director, and his term of office will reach 4 years upon the conclusion of this Annual General Meeting of Shareholders.</p>	

16. Shosaku Murayama (Date of birth: September 21, 1949)	Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Outside Director</p> <p>[Significant concurrent positions] President and Representative Director of iPS PORTAL, Inc. Outside Director of SCREEN Holdings Co., Ltd. Outside Director of Kataoka Corporation</p>
<p>April 1972 Joined the Bank of Japan</p> <p>February 1981 Economist of the Bank of Japan Representative Office in New York</p> <p>November 1994 Branch Manager of the Bank of Japan Takamatsu Branch</p> <p>June 1998 Director-General, Research and Statistics Department of the Bank of Japan</p> <p>March 2002 President & CEO, Teikoku Seiyaku Co., Ltd.</p> <p>June 2002 Outside Director of SHIKOKU CHEMICALS CORPORATION</p> <p>June 2008 Director of iPS Academia Japan, Inc.</p> <p>June 2011 President & CEO of iPS Academia Japan, Inc.</p> <p>June 2013 Outside Director of SCREEN Holdings Co., Ltd. (to present)</p> <p>June 2014 Outside Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>July 2014 President and Representative Director of iPS PORTAL, Inc. (to present)</p> <p>April 2018 Outside Director of Kataoka Corporation (to present)</p>	
<p>■ Number of shares of the Company held: 1,200 shares</p>	
<p>■ Reason for the nomination as Outside Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>At the Bank of Japan, Mr. Shosaku Murayama accumulated knowledge related to financial administration, money and banking and other overall economic affairs. He also currently serves as the Representative Director of another company. During his term of office as Outside Director of the Company, he has provided valuable remarks and advice based on such experience. We propose his reelection, as we would like him to contribute to the Company's management going forward based on his considerable knowledge and experience, etc., of corporate management. Currently, he is an Outside Director, and his term of office will reach 4 years upon the conclusion of this Annual General Meeting of Shareholders.</p>	

17. Toru Nagasawa (Date of birth: January 15, 1959)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Outside Director</p> <p>[Significant concurrent positions] Representative Lawyer, Nagasawa Law Offices Outside Auditor of GREE, Inc. Outside Director (Audit and Supervisory Committee Member) of Mebuki Financial Group, Inc.</p>	
April 1984	Registered as Lawyer (Daiichi Tokyo BAR Association)	
April 1984	Joined Kajitani Law Offices	
April 1995	Opened Nagasawa Law Offices, Representative Lawyer (to present)	
September 2007	Outside Auditor of GREE, Inc. (to present)	
June 2015	Outside Director of TOHO HOLDINGS CO., LTD. (to present)	
June 2016	Outside Director of Ashikaga Holdings Co., Ltd. (current Mebuki Financial Group, Inc.)	
October 2016	Outside Director (Audit and Supervisory Committee Member) of Mebuki Financial Group, Inc. (to present)	
<p>■ Number of shares of the Company held: 500 shares</p> <p>■ Reason for the nomination as Outside Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>As a lawyer, Mr. Toru Nagasawa has advanced legal knowledge and considerable experience. He also participated in corporate management as a corporate rehabilitation trustee. During his term of office as Outside Director of the Company, he has provided valuable remarks and advice based on such experience. We propose his reelection as an Outside Director, as we would like him to contribute to the Company's management going forward based on his knowledge, experience, etc., related to corporate legal affairs. Currently, he is an Outside Director, and his term of office will reach 3 years upon the conclusion of this Annual General Meeting of Shareholders.</p>		

(Notes)

1. 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, and the Company's consolidated subsidiary is selling prescription pharmaceuticals, etc., to the International University of Health and Welfare.
 - 2) No special interest exists between other candidates and the Company.
2. Mr. Shunsuke Watanabe, Mr. Shosaku Murayama, and Mr. Toru Nagasawa are candidates for Outside Director (excluding those who are Audit and Supervisory Committee Members).
3. The Company designates Mr. Shunsuke Watanabe, Mr. Shosaku Murayama, and Mr. Toru Nagasawa as independent officers pursuant to the rules of Tokyo Stock Exchange, Inc., and has reported the appointment to Tokyo Stock Exchange, Inc. It is expected that they will become independent officers on a continuing basis, when each of them is reappointed.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and each of Mr. Shunsuke Watanabe, Mr. Shosaku Murayama, and Mr. Toru Nagasawa 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 each of them is reappointed, such agreement will continue to be effective.

Proposal No. 2: 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 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:

1. Hideyuki Shimizu (Date of birth: April 26, 1958)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 		[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director (Audit and Supervisory Committee Member)
March 1979	Joined TOHO PHARMACEUTICAL CO., LTD. (current TOHO HOLDINGS CO., LTD.)	
May 1998	President and Representative Director of Toho System Service Co., Ltd.	
April 2011	Deputy General Manager of Group Audit Office of TOHO HOLDINGS CO., LTD.	
June 2012	Full-time Auditor of TOHO HOLDINGS CO., LTD.	
June 2016	Director (Audit and Supervisory Committee Member) of TOHO HOLDINGS CO., LTD. (to present)	
<ul style="list-style-type: none"> ■ Number of shares of the Company held: 6,600 shares 		
<ul style="list-style-type: none"> ■ Reason for the nomination as Director who is an Audit and Supervisory Committee Member <p>Mr. Hideyuki Shimizu had served as an Auditor of TOHO HOLDINGS CO., LTD. and, since the transition to a company with an audit and supervisory committee, has been executing his duties as a Director who is an Audit and Supervisory Committee Member in a proper manner. We propose his reelection, as we would like him to contribute to the supervision and audit of the Company's management based on his considerable experience and knowledge, etc.</p>		

2. Sachio Tokaji (Date of birth: December 24, 1947)		Reappointment
<ul style="list-style-type: none"> ■ Career summary, positions and responsibilities within the Company, and significant concurrent positions 		[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Outside Director (Audit and Supervisory Committee Member)
April 1970	Joined Shionogi & Co., Ltd.	
June 2002	Director and Department Manager of Finance & Accounting Department, Shionogi & Co., Ltd.	
April 2004	Director and Corporate Officer, Shionogi & Co., Ltd.	
April 2007	Director, Executive Officer, and General Manager in charge of Business Administration, Shionogi & Co., Ltd.	
April 2008	Director and Senior Executive Officer, Shionogi & Co., Ltd.	
June 2011	Standing Corporate Auditor, Shionogi & Co., Ltd.	
June 2015	Adviser, Shionogi & Co., Ltd.	
June 2016	Retired from Adviser, Shionogi & Co., Ltd.	
June 2016	Outside Director (Audit and Supervisory Committee Member) of TOHO HOLDINGS CO., LTD. (to present)	
<ul style="list-style-type: none"> ■ Number of shares of the Company held: - shares 		
<ul style="list-style-type: none"> ■ Reason for the nomination as Outside Director who is an Audit and Supervisory Committee Member <p>Mr. Sachio Tokaji has a wide variety of knowledge and insight into corporate activities, etc., regarding the pharmaceutical industry, and has been participating in the management of Shionogi & Co., Ltd. We propose his reelection, as we would like him to contribute to the supervision and audit of the Company's management, as an expert of business management, based on his experience accumulated through his past career. 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>		

3. Koji Nakamura (Date of birth: July 22, 1950)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		<p>[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Outside Director (Audit and Supervisory Committee Member)</p>
April 1976	Joined Tanabe Seiyaku Co., Ltd. (currently Mitsubishi Tanabe Pharma Corporation)	
June 2008	Executive Officer and Director of CMC Research Center, Tanabe Seiyaku Co., Ltd.	
June 2011	Managing Executive Officer, General Manager of Pharmaceutical Operations, Tanabe Seiyaku Co., Ltd., and President and Representative Director, Mitsubishi Tanabe Pharma Factory Ltd.	
June 2014	Director, Senior Managing Executive Officer, and General Manager of Pharmaceutical Operations, Mitsubishi Tanabe Pharma Corporation	
June 2015	Adviser, Mitsubishi Tanabe Pharma Corporation	
June 2016	Retired from Adviser, Mitsubishi Tanabe Pharma Corporation	
June 2016	Outside Director (Audit and Supervisory Committee Member) of TOHO HOLDINGS CO., LTD. (to present)	
<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</p> <p>Mr. Koji Nakamura has a wide variety of knowledge, insight into corporate activities, etc., in relation to the pharmaceutical industry, and has been participating in the management of Mitsubishi Tanabe Pharma Corporation and Mitsubishi Tanabe Pharma Factory Ltd. We propose his reelection, as we would like him to contribute to the supervision and audit of the Company's management, as an expert of business management, based on his experience accumulated through his past career. 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>		

(Note)

1. No special interest exists between each of the candidates and the Company.
2. Mr. Sachio Tokaji and Mr. Koji Nakamura are candidates for Outside Director who is an Audit and Supervisory Committee Member.
3. The Company designates Mr. Sachio Tokaji and Mr. Koji Nakamura as independent officers pursuant to the rules of Tokyo Stock Exchange, Inc., and has reported the appointment to Tokyo Stock Exchange, Inc. It is expected that they will become independent officers on a continuing basis, when each of them is reappointed.
4. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company and each of Mr. Sachio Tokaji and Mr. Koji Nakamura 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 each of them is reappointed, such agreement will continue to be effective.

The End

(Attachment)

Business Report

[from April 1, 2017 to March 31, 2018]

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, 2018, the prescription pharmaceuticals market continued to face severe conditions owing to the government's policy to hold down medical expenses through steps such as promoting the use of generic drugs.

Under these circumstances, the Group has, as a corporate group engaged in the areas of medical care, healthcare, and nursing care with the businesses such as pharmaceutical wholesaling, dispensing pharmacy and manufacture and sales of pharmaceuticals, developed and proposed a variety of customer support systems to offer solutions to problems faced by patients and medical institutions and contributed to a community comprehensive healthcare system, thereby accelerating a shift to a business model that focuses on value-added services that are useful in a wide range of situations.

Regarding KYOSOMIRAI PHARMA CO., LTD. we established in November 2016, steps were taken to promote the stable supply of high-quality, high-value-added generic drugs and, as a result, there were 40 products containing 14 ingredients sold as of in March 2018. Furthermore, the Company has been working to build a high-performance logistics system for supplying pharmaceuticals and other products in a stable manner even during disasters, such as by deciding to construct a comprehensive logistics center inside the Keihin Truck Terminal "DynaBASE", with the aim of bringing the facility on stream in July 2019.

In the pharmaceutical wholesaling business, we focused on securing reasonable profits through steps such as promoting price negotiations using unit prices based on a pricing structure that corresponds to product value. We also positioned our customer support systems as a major pillar of earnings, and made an effort to aggressively increase contracts for "initial examination reservation service", "ENIFvoice SP+A/ENIFvoice Core" and other services. At the same time, we worked to strengthen relations with medical institutions through proposal activities.

In the dispensing pharmacy business, we endeavored to improve profitability by further responding to the dispensing fee revision as well as by continuously promoting the standardization and efficiency of store operations through utilization of the Company's customer support systems.

As a result, in the consolidated fiscal year ended March 31, 2018, the Company recorded net sales of 1,213,342 million yen (down 1.4% year on year), operating income of 19,016 million yen (up 33.5%), ordinary income of 25,045 million yen (up 26.2%) and net income attributable to owners of parent of 14,384 million yen (up 1.1%).

◇ Status of sales in each department

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

Department	Amount	Composition ratio	Increase/decrease compared to the previous fiscal year
Pharmaceutical wholesaling business	1,113,903 million yen	91.8 %	-1.8%
Pharmaceuticals	1,034,240 million yen	/	/
Reagents	61,880 million yen		
Medical devices	17,782 million yen		
Dispensing pharmacy business	97,651 million yen	8.1 %	2.3%
SMO business	323 million yen	0.0%	0.3%
Information equipment sales business	1,463 million yen	0.1%	10.2%
Total	1,213,342 million yen	100.0%	-1.4%

(Note) Sales represent sales to external customers.

2) Status of Capital Investment

The total amount of the Company group's capital investments was 9,406 million yen. Major capital investments include the new construction of the Hiroshima Distribution Center and the distribution facility.

3) Status of Fund Procurement

In the consolidated fiscal year under review, no funds were procured by a capital increase, bond issue, or other similar method.

(2) Status of Assets and Profits and Losses

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

Item	The 67th fiscal year (ended March 31, 2015)	The 68th fiscal year (ended March 31, 2016)	The 69th fiscal year (ended March 31, 2017)	The 70th fiscal year (Consolidated fiscal year under review) (ended March 31, 2018)
Net Sales	Million yen 1,162,148	Million yen 1,308,474	Million yen 1,231,046	Million yen 1,213,342
Ordinary Income	Million yen 15,902	Million yen 34,493	Million yen 19,844	Million yen 25,045
Profit attributable to owners of parent	Million yen 13,535	Million yen 21,771	Million yen 14,225	Million yen 14,384
Net income per share	181.83 yen	316.51 yen	207.12 yen	209.84 yen
Total Assets	Million yen 599,950	Million yen 642,698	Million yen 598,871	Million yen 646,514

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

Item	The 67th fiscal year (ended March 31, 2015)	The 68th fiscal year (ended March 31, 2016)	The 69th fiscal year (ended March 31, 2017)	The 70th fiscal year (Consolidated fiscal year under review) (ended March 31, 2018)
Net Sales	Million yen 11,935	Million yen 9,409	Million yen 17,890	Million yen 11,398
Ordinary Income	Million yen 10,216	Million yen 5,683	Million yen 14,173	Million yen 7,887
Net Income	Million yen 16,160	Million yen 6,053	Million yen 14,358	Million yen 6,275
Net Income per Share	217.05 yen	87.98 yen	209.03 yen	91.54 yen
Total Assets	Million yen 153,993	Million yen 153,394	Million yen 163,573	Million yen 181,242

(3) Status of Significant Parent Company and Subsidiary Companies (as of March 31, 2018)

1) Status of Parent Company

The Company has no parent company.

2) Status of Material Subsidiaries (Consolidated Subsidiaries)

Company name	Capital	The Company's percentage of equity participation	Principal business
TOHO PHARMACEUTICAL	Million yen 300	% 100.00	Pharmaceutical wholesaling
Kyushu Toho	522	100.00 (100.00)	Pharmaceutical wholesaling
SAYWELL	95	100.00 (100.00)	Pharmaceutical wholesaling
Koyo	72	100.00 (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 (100.00)	Operation of dispensing pharmacies
J. Mirai Medical	100	100.00 (100.00)	Operation of dispensing pharmacies
Shimizu Pharmacy	67	100.00	Operation of dispensing pharmacies
Pharma Mirai	50	100.00 (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 (100.00)	Operation of dispensing pharmacies
Cure	5	100.00 (100.00)	Operation of dispensing pharmacies
Aobado	3	100.00	Operation of dispensing pharmacies
Kosei	3	100.00	Operation of dispensing pharmacies
Tokyo Research Center of Clinical Pharmacology	401	100.00	SMO
ALF	90	92.32 (0.83)	Manufacture and marketing of information processing equipment

(Notes) Any indirect ownership reflected in a voting ownership ratio is enclosed in parentheses.

(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, and by making efforts to create customer value in order to increase customer satisfaction, aims to improve medium to long-term corporate value through sustainable development and establish a corporate brand.

In order to develop and maintain sustainable social security systems amidst extending healthy life expectancy, super-aging society, and decrease in the total population in Japan, the government is currently moving ahead with measures to curtail medical expenses. When medical service fees and long-term nursing care fees were revised in April 2018, there was a revision toward the establishment of a community comprehensive healthcare system. In addition, under the fundamental reforms of the drug pricing system, an overhaul of the promotional point-addition system for new drug discovery/off-label drug dissolution and a revision of prices of long-listed drugs and generic drugs were conducted and it was decided to take steps toward annual surveys on drug prices and revisions of drug prices. Furthermore, in January 2018, the “Guidelines that Distribution-Related Personnel Should Follow Towards Improving Distribution of Prescription Pharmaceuticals” were formulated with the aim of ensuring stable distribution of pharmaceutical products.

As seen above, the environment surrounding the healthcare and pharmaceuticals industries has been changing dramatically. 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 tackle cutting-edge challenges ahead of its competitors to make a contribution to the extension of the healthy life expectancy for men and women in Japan and the establishment and maintenance of sustainable social security systems. To this end, we will develop and propose customer support systems which will help patients, medical institutions, specialists in the fields of home and nursing care, etc. to solve their problems, and contribute to the establishment of a community comprehensive healthcare system. Through these measures, we will promote a shift to a business model that focuses on value-added services useful in a wide range of situations. In anticipation of the era in which the share of generic drugs account for 80% or more on a volume basis, we aim to offer generic drugs whose quality is ensured by independent validation in a stable manner. We believe this will provide solutions to problems faced by patients and medical institutions and help to increase the Group’s profitability.

Meanwhile, we will put more effort into consolidation and standardization of operations and workforce optimization on a group-wide basis so as to boost productivity, secure stable profits, and increase earnings.

Keenly aware of the public nature of our business as a medical services and healthcare company and our mission as part of the social infrastructure, we will seek to supply safe and secure pharmaceuticals by reviewing our functions from a business continuity perspective, and making the investment necessary for ensuring stable pharmaceutical supply during disasters, pandemics, etc. supported by stakeholders’ trust and cooperation.

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, 2018)

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
SMO business	Support for trial sites
Information equipment sales business	Planning and sales of information processing equipment

(6) Principal Business Locations (as of March 31, 2018)

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) PharmaCluster (Tokyo) Toho System Service (Tokyo) SQUARE-ONE (Tokyo) Tokyo Research Center of Clinical Pharmacology (Tokyo) ALF (Tokyo) Shimizu Pharmacy (Tokyo) Aobado (Osaka) Kosei (Osaka) 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 Hokuiku 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 Tokyo (Tokyo), WILL Heiwajima (Tokyo), TBC Hanshin (Hyogo), TBC Okayama (Okayama), and TBC Kyushu (Kumamoto)		
Subsidiary	SAYWELL (Hiroshima) Koyo (Kagawa) Kyushu Toho (Fukuoka)			
PharmaCluster (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, 2018)

1) Number of Employees of the Company Group

Number of employees	Increase/decrease from the previous consolidated fiscal year-end
7,849	Decreased by 46

(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
195	Increased by 4	46 years and 11 months	18 years and 1 month

(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 eleven (11) persons who were temporarily transferred to other companies.

4. The number of employees includes fifteen (15) persons who were temporarily transferred to the Company from other companies.

(8) Status of Major Banks (as of March 31, 2018)

Bank	Borrowing
Mizuho Bank, Ltd.	4,039 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,083 million yen

(Note)

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

2. The trade name of The Bank of Tokyo-Mitsubishi UFJ, Ltd. was changed to MUFG Bank, Ltd. as of April 1, 2018.

2. Matters Concerning Shares (as of March 31, 2018)

(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	4,623 persons
(4) Major shareholders	

Shareholder name	Number of shares	Shareholding ratio
Shionogi & Co., Ltd.	(thousand shares) 4,650	(%) 6.79
Mitsubishi Tanabe Pharma Corporation	3,573	5.22
Japan Trustee Services Bank, Ltd. (trust account)	3,131	4.57
The Master Trust Bank of Japan, Ltd. (trust account)	1,666	2.43
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Daiichi Sankyo Account Re-trust Trustee, Trust & Custody Services Bank, Ltd.	1,637	2.39
TOHO HOLDINGS Employee Stock Ownership Plan	1,449	2.12
Hiroyuki Kono	1,332	1.95
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Mizuho Bank Account Re-trust Trustee, Trust & Custody Services Bank, Ltd.	1,126	1.64
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,114	1.63
DAIICHI SANKYO COMPANY, LIMITED	1,091	1.59

- (Notes)
- Any fractions less than 1,000 shares are rounded off.
 - The Company holds 9,755,651 treasury shares, but is excluded from the major shareholders listed above. The shareholding ratio is calculated excluding the treasury shares held by the Company and rounded to the second decimal place.

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)	199	Common stocks 19,900 shares	1,505 yen per share	1 yen per share	From September 25, 2013 to September 24, 2043	7 Directors (excluding Audit and Supervisory Committee Members)
The second subscription rights to shares (December 24, 2015)	109	Common stocks 10,900 shares	2,585 yen per share	1 yen per share	From December 25, 2015 to December 24, 2045	12 Directors (excluding Audit and Supervisory Committee Members and Outside Directors) 3 Outside Directors (excluding Audit and Supervisory Committee Members)
The third subscription rights to shares (February 6, 2017)	220	Common stocks 22,000 shares	2,191 yen per share	1 yen per share	From February 7, 2017 to February 6, 2047	13 Directors (excluding Audit and Supervisory Committee Members and Outside Directors) 3 Outside Directors (excluding Audit and Supervisory Committee Members)

- (Notes)
1. 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.
 2. 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, 2018)

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
Chairman of the Board and Representative Director	Norio Hamada		
Vice Chairman of the Board and Representative Director	Hiroyuki Kono	In charge of industrial groups	
President and Director	Katsuya Kato		
Vice President and Director	Hiromi Edahiro		President and Representative Director of TOHO PHARMACEUTICAL
Vice President and Director	Shigeru Fujimoto		Chairman of the Board and Representative Director of SAYWELL Inc.
Senior Executive Managing Director	Mitsuo Morikubo	General Manager, Corporate Development and Planning Division	
Executive Managing Director	Atsushi Udoh		
Director	Toshio Honma		
Director	Takeo Matsutani		President and Representative Director of Kyushu Toho
Director	Atsuko Naitou	In charge of pharmaceutical affairs	
Director	Akira Umada	In charge of sales division	
Director	Kazuo Takeda	In charge of affiliated companies	
Director and Senior Adviser	Takaaki Matsutani		
Director	Shunsuke Watanabe		Specially-appointed Professor, Graduate School of International University of Health and Welfare
Director	Shosaku Murayama		President and Representative Director of iPS PORTAL, Inc. Outside Director of SCREEN Holdings Co., Ltd.
Director	Toru Nagasawa		Representative Lawyer, Nagasawa Law Offices Outside Auditor of GREE, Inc. Outside Director (Audit and Supervisory Committee Member) of Mebuki Financial Group, Inc.

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
Director (Full-time Audit and Supervisory Committee Member)	Hideyuki Shimizu		
Director (Audit and Supervisory Committee Member)	Sachio Tokaji		
Director (Audit and Supervisory Committee Member)	Koji Nakamura		

- (Notes)
1. Directors Mr. Shunsuke Watanabe, Mr. Shosaku Murayama, and Mr. Toru Nagasawa, and Directors who are Audit and Supervisory Committee Members Mr. Sachio Tokaji and Mr. Koji Nakamura, are 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 69th General Meeting of Shareholders held on June 29, 2017, Mr. Shigeru Fujimoto was newly appointed and took office as Director. At the extraordinary meeting of the Board of Directors held on the same day, Mr. Shigeru Fujimoto was also appointed and took office as Vice President and Director.
 3. Upon the conclusion of the 69th General Meeting of Shareholders held on June 29, 2017, Mr. Mamoru Ogino retired from the position of Director due to the expiry of his term.
 4. The Company has appointed Mr. Hideyuki Shimizu, Director who is an Audit and Supervisory Committee Member, as Full-time Audit and Supervisory Committee Member based on the resolution adopted by the Audit and Supervisory Committee in order to enhance audit and supervisory function of, to strengthen information gathering by, and to facilitate sufficient cooperation with the Internal Audit Division for the Audit and Supervisory Committee.
 5. Mr. Sachio Tokaji, Director who is an Audit and Supervisory Committee Member, has experience in the accounting and finance section of the pharmaceutical industry and thus has considerable knowledge of finance and accounting.
 6. Mr. Shosaku Murayama, Director, took office as Outside Director of Kataoka Corporation as of April 27, 2018.

(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, Mr. Shosaku Murayama and Mr. Toru Nagasawa, and Directors who are Audit and Supervisory Committee Members Mr. Hideyuki Shimizu, Mr. Sachio Tokaji and Mr. Koji Nakamura, 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) Total Amount of Compensation to Directors

Category	Number of persons	Total amount of compensation, etc.
Directors (excluding Audit and Supervisory Committee Members) (of which Outside Directors)	17 (3)	612 million yen (42)
Directors (Audit and Supervisory Committee Members) (of which Outside Directors)	3 (2)	37 (18)
Total (of which Outside Directors)	20 (5)	650 (61)

- (Notes)
1. The total amount of compensation, etc., of the Directors excludes employee salaries paid to the persons who hold both the position of Director and the position of employee.
 2. 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 compensation to the Directors (excluding Audit and Supervisory Committee Member) should be “no more than 700 million yen per year” (of which, the compensation to the Outside Directors should be no more than 50 million yen) (excluding, however, employee salaries).
 3. 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 compensation to the Directors (Audit and Supervisory Committee Members) should be “no more than 50 million yen per year”.
 4. The total amount of the compensation, etc., includes the estimated amount of officers’ bonuses payable for the fiscal year under review.
 5. The total amount of compensation, etc., to the Directors (excluding Audit and Supervisory Committee Members) includes the amount recorded as the cost for stock-based compensation stock options and restricted stock compensation.
 6. The above table includes one (1) Director (excluding Audit and Supervisory Committee Member) who retired upon the conclusion of the 69th General Meeting of Shareholders held on June 29, 2017.

(4) Matters Concerning Outside Officers

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

- Mr. Shunsuke Watanabe, who is a Director, concurrently holds the post of Specially-appointed Professor at the Graduate School of International University of Health and Welfare. A consolidated subsidiary of the Company is selling prescription pharmaceuticals, etc., to the International University of Health and Welfare.
- Mr. Shosaku Murayama, who is a Director, concurrently holds the post of president and representative director of iPS PORTAL, Inc. and the post of outside director of SCREEN Holdings Co., Ltd. There is no special interest between iPS Portal or SCREEN Holdings and the Company.
- Mr. Toru Nagasawa, who is a Director, concurrently holds the post of representative lawyer of Nagasawa Law Offices, the post of outside auditor of GREE, Inc. and the post of outside director (audit and supervisory committee member) of Mebuki Financial Group, Inc. There is no special interest between Nagasawa Law Offices, GREE, Inc. or Mebuki Financial Group, Inc. and the Company.

2) Main Activities 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 14 meetings out of 14 meetings held	-	Provided opinions from a variety of perspectives, based on his extensive experience mainly as a former reporter for Nikkei and as a university professor.
Outside Director	Shosaku Murayama	Attended 14 meetings out of 14 meetings held	-	Provided opinions from a variety of perspectives, mainly based on his knowledge accumulated at the Bank of Japan and his extensive experience as a corporate manager.
Outside Director	Toru Nagasawa	Attended 14 meetings out of 14 meetings held	-	Provided opinions from a variety of perspectives, mainly based on his extensive knowledge of corporate legal affairs, compliance and corporate governance as a lawyer.
Outside Director (Audit and Supervisory Committee Member)	Sachio Tokaji	Attended 14 meetings out of 14 meetings held	Attended 10 meetings out of 10 meetings held	Provided opinions from a comprehensive perspective for the Company's business management, mainly based on his knowledge of finance and accounting operations and extensive experience gained through holding important positions in business management divisions, etc.
Outside Director (Audit and Supervisory Committee Member)	Koji Nakamura	Attended 14 meetings out of 14 meetings held	Attended 10 meetings out of 10 meetings held	Provided opinions from a comprehensive perspective for the Company's business management, mainly based on his knowledge accumulated through important roles including research and development and production of pharmaceuticals and extensive experience as a corporate manager.

5. Matters Concerning Accounting Auditor

1) Name Ernst & Young ShinNihon LLC

2) Amount of Compensation, etc.

	Amount of payment
Amount of the Accounting Auditor's compensation, etc., for the fiscal year under review	93 million yen
Total amount of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	151 million yen

(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 year-end 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, 2018)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)	646,514	(Liabilities)	438,741
Current assets	459,556	Current liabilities	390,827
Cash and deposits	67,943	Notes and account payable-trade	369,179
Notes and accounts receivable-trade	281,657	Short-term loans payable	282
Merchandise and finished goods	73,088	Current portion of long-term loans payable	662
Deferred tax assets	1,831	Lease obligations	2,062
Purchase rebates receivable	15,498	Income taxes payable	6,335
Others	19,815	Accrued expenses	2,382
Allowance for doubtful accounts	-277	Accrued bonuses	3,541
Noncurrent assets	186,958	Provision for directors' bonuses	69
Property, plant and equipment	90,709	Provision for sales returns	344
Buildings and structures	29,309	Asset retirement obligations	2
Vehicles	9	Others	5,964
Land	43,593	Noncurrent liabilities	47,914
Lease assets	5,746	Bonds payable	15,026
Construction in progress	11,102	Long-term loans payable	5,898
Other	948	Lease obligations	3,232
Intangible assets	5,159	Deferred tax liabilities	18,951
Goodwill	2,614	Deferred tax liabilities for land revaluation	865
Others	2,545	Net defined benefit liabilities	1,918
Investments and other assets	91,088	Asset retirement obligations	1,093
Investments securities	81,718	Negative goodwill	24
Long-term loans receivable	2,619	Others	904
Deferred tax assets	569		
Others	8,765	(Net assets)	207,772
Allowance for doubtful accounts	-2,584	Shareholders' equity	182,228
		Capital stock	10,649
		Capital surplus	47,874
		Retained earnings	140,317
		Treasury stock	-16,612
		Accumulated other comprehensive income	25,374
		Valuation difference on available-for sale securities	29,708
		Revaluation reserve for land	-4,333
		Subscription rights to shares	168
Total assets	646,514	Total liabilities and net assets	646,514

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

Consolidated Profit and Loss Statement

(April 1, 2017 - March 31, 2018)

(In millions of yen)

Description	Amount	
Net sales		1,213,342
Cost of sales		1,099,149
Gross profit		114,192
Provision for sales returns		20
Gross profit-net		114,172
Selling, general and administrative expenses		95,155
Operating income		19,016
Non-operating income		
Interest and dividend income	1,653	
Information sales income	3,130	
Amortization of negative goodwill	24	
Equity in earnings of affiliates	53	
Others	1,738	6,600
Non-operating expenses		
Interest expenses	50	
Others	521	571
Ordinary income		25,045
Extraordinary income		
Gains on sales of noncurrent assets	46	
Other	45	92
Extraordinary losses		
Loss on disposal of noncurrent assets	119	
Impairment loss	469	
Loss on valuation of investment securities	798	
Loss on valuation of stocks of subsidiaries and affiliates	548	
Others	4	1,940
Income before income taxes		23,196
Income taxes-current	9,016	
Income taxes-deferred	-204	8,812
Net income		14,384
Profit attributable to owners of parent		14,384

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

Non-consolidated Balance Sheet

(As of March 31, 2018)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)	181,242	(Liabilities)	44,235
Current assets	32,879	Current liabilities	9,997
Cash and deposits	22,371	Current portion of long-term loans payable	360
Accounts receivable	0	Lease obligations	250
Prepaid expenses	106	Accounts payable-other	164
Deferred tax assets	59	Accrued expenses	58
Other accounts receivable	3,061	Income taxes payable	184
Others	7,280	Accrued consumption taxes	24
Noncurrent assets	148,363	Deposits received	8,836
Property, plant and equipment	42,064	Provision for bonuses	70
Buildings	14,147	Provision for directors' bonuses	43
Structures	472	Others	6
Tools, furniture and fixtures	77	Noncurrent liabilities	34,238
Land	20,547	Bonds payable	15,026
Lease assets	870	Long-term loans payable	40
Construction in progress	5,948	Lease obligations	690
Intangible assets	574	Deferred tax liabilities	17,113
Leasehold right	12	Deferred tax liabilities for land revaluation	865
Software	512	Provision for retirement benefits	13
Others	50	Asset retirement obligations	295
Investments and other assets	105,724	Others	193
Investments securities	68,132	(Net assets)	137,006
Stocks of subsidiaries and affiliates	31,245	Shareholders' equity	106,013
Investment in capital of subsidiaries and affiliates	612	Capital stock	10,649
Long-term loans receivable	3,536	Capital surplus	48,718
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,500	Legal capital surplus	46,177
Long-term prepaid expenses	102	Other capital surplus	2,541
Others	1,455	Retained earnings	63,297
Allowance for doubtful accounts	-2,860	Legal retained earnings	664
		Other retained earnings	62,633
		Reserve for reduction entry of land	1,589
		General reserve	6,336
		Retained earnings brought forward	54,707
		Treasury stock	-16,652
		Valuation and translation adjustment	30,824
		Valuation difference on available-for-sale securities	35,135
		Revaluation reserve for land	-4,310
		Subscription rights to shares	168
Total assets	181,242	Total liabilities and net assets	181,242

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

Non-consolidated Profit and Loss Statement

(April 1, 2017 - March 31, 2018)

(In millions of yen)

Description	Amount	
Operating revenue		
Income of management guidance	1,180	
Income of real estate rent	2,114	
Dividend income	8,103	11,398
Operating expenses		5,822
Operating income		5,575
Non-operating income		
Interest and dividend income	1,354	
Information sales income	144	
Others	906	2,405
Non-operating expenses		
Interest expenses	70	
Others	22	93
Ordinary income		7,887
Extraordinary income		
Gains on sales of noncurrent assets	0	0
Extraordinary loss		
Loss on disposal of noncurrent assets	7	
Impairment loss	56	
Loss on valuation of investment securities	798	
Loss on valuation of stocks of subsidiaries and affiliates	634	1,497
Income before income taxes		6,390
Income taxes-current	86	
Income taxes-deferred	28	114
Net income		6,275

(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 15, 2018

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

Ernst & Young ShinNihon LLC

Akinori Sato, CPA
Designated Limited Liability
Partner/Engagement Partner
Ryuhei Yamamura, CPA
Designated Limited Liability
Partner/Engagement Partner
Hironori Ogawa, CPA
Designated Limited Liability
Partner/Engagement Partner

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act, the consolidated financial statements, which consist of the consolidated balance sheets, the consolidated profit and loss statement, the consolidated statement of changes in shareholders' equity and the notes to consolidated financial statements of TOHO HOLDINGS CO., LTD. (hereinafter referred to as the "Company") for the consolidated fiscal year from April 1, 2017 to March 31, 2018.

Management's Responsibility for Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit, from an independent perspective. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. Although the purpose of the audit is not expressly to express an opinion on the effectiveness of the internal control, in making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances. An audit also includes evaluating the appropriateness of accounting procedures used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that we have obtained sufficient and appropriate audit evidence, which forms the basis for our opinions.

Auditors' Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the status of assets and profits and losses of the Company group consisting of TOHO HOLDINGS CO., LTD. and its consolidated subsidiaries during the period pertaining to the consolidated financial statements in conformity with corporate accounting principles generally accepted in Japan.

Relationship of Interest

We have no interests in or relationships with the Company which are required to be disclosed pursuant to 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 15, 2018

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

Ernst & Young ShinNihon LLC

Akinori Sato, CPA
Designated Limited Liability
Partner/Engagement Partner
Ryuhei Yamamura, CPA
Designated Limited Liability
Partner/Engagement Partner
Hironori Ogawa, CPA
Designated Limited Liability
Partner/Engagement Partner

We have audited, pursuant to Article 436, Paragraph 2, Item (1) of the Companies Act, the non-consolidated financial statements, which consist of the non-consolidated balance sheets, the non-consolidated profit and loss statement, the non-consolidated statement of changes in shareholders' equity, the notes to non-consolidated financial statements and the supplementary schedules thereof of TOHO HOLDINGS CO., LTD. (hereinafter referred to as the "Company") for the 70th fiscal year from April 1, 2017 to March 31, 2018.

Management's Responsibility for Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of non-consolidated financial statements and the accompanying supplemental schedules in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal controls, which management considers necessary for the preparation and fair presentation of non-consolidated financial statements and accompanying supplemental schedules that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules from an independent perspective, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit according to such plan to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. Although the purpose of the audit is not expressly to express an opinion on the effectiveness of the internal control, in making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate for the circumstances. An audit also includes evaluating the appropriateness of accounting procedures used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that we have obtained sufficient and appropriate audit evidence, which forms the basis for our opinions.

Auditors' Opinion

In our opinion, the non-consolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the status of assets and profits and losses of the Company during the period pertaining to the non-consolidated financial statements in conformity with corporate accounting principles generally accepted in Japan.

Relationship of Interest

We have no interests in or relationships with the Company which are required to be disclosed pursuant to 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 70th fiscal year from April 1, 2017 to March 31, 2018. 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, 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.

(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 16, 2018

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

Full-time Audit and
Supervisory Committee
Member

Hideyuki Shimizu

Audit and Supervisory
Committee Member

Sachio Tokaji

Audit and Supervisory
Committee Member

Koji Nakamura

(Notes) Mr. Sachio Tokaji and Mr. Koji Nakamura are Outside Directors prescribed in Article 2, Item (xv) and Article 331, Paragraph 6 of the Companies Act.

End of Document