

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 71ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 71st 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 in writing or through electromagnetic means (the Internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders described hereinafter, and cast your vote by 5 p.m. on Wednesday, June 26, 2019, Japan time.

- 1. Date and Time:** Thursday, June 27, 2019 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 71st Fiscal Year (April 1, 2018- March 31, 2019) 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 71st Fiscal Year (April 1, 2018 - March 31, 2019)

Proposals to be resolved:

Proposal: Election of sixteen (16) Directors (excluding those who are Audit and Supervisory Committee Members)

The End

For shareholders who will attend the meeting

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

Disclosure on the Internet

- The following materials are posted on the Company’s website (<https://www.tohohd.co.jp/en/>) 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 (<https://www.tohohd.co.jp/en/>).

Information about the exercise of voting rights

Attendance at the General Meeting of Shareholders

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

Exercise of voting rights in writing

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by postal mail so that it reaches our shareholder register administrator by no later than 5:00 p.m. on Wednesday, June 26, 2019, Japan time.

Exercise of voting rights via the Internet, etc.

Please enter your vote for or against the proposals following the instructions below. Please also input it by no later than 5:00 p.m. on Wednesday, June 26, 2019, Japan time.

(Note) If you exercise your voting rights, both in writing and via the Internet, etc., the exercise via the Internet, etc., will be considered to be the valid exercise of voting rights.

Guide to Exercising Voting Rights via the Internet, etc.

By scanning the QR Code “Smart Exercise”

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

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

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

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

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

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

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

By entering the voting rights exercise code and password

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

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

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

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

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

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

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

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

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

Reference Documents for the General Meeting of Shareholders

Proposal: Election of sixteen (16) Directors (excluding those who are Audit and Supervisory Committee Members)

The term of office of all the incumbent Directors (17 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 sixteen (16) Directors (excluding those who are Audit and Supervisory Committee Members) is proposed, reducing the number of Directors by one (1) person.

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
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</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, Chief Executive Officer (CEO) of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 121,100 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <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>	<p>[Positions and responsibilities within the Company]</p> <p>Chairman of the Board and Representative Director, Chief Executive Officer (CEO)</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 the Company] Vice Chairman of the Board and Representative Director in charge of industrial groups</p>	
July 1977	Joined Kono Yakuhin Co., Ltd. (current SAYWELL Inc.)	
April 1987	President and Representative Director of Kono Yakuhin Co., Ltd	
October 1997	President and Representative Director, OMWELL INC. (current SAYWELL Inc.)	
June 2004	Director, TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)	
June 2005	Executive Vice President and Director, TOHO PHARMACEUTICAL	
April 2009	Executive Vice President and Director of TOHO HOLDINGS CO., LTD.	
April 2009	President and Representative Director of TOHO PHARMACEUTICAL	
June 2015	Chairman of the Board and Representative Director, TOHO HOLDINGS CO., LTD.	
May 2017	Vice Chairman of the Board and Representative Director, TOHO HOLDINGS CO., LTD. (to present)	
<p>■ Number of shares of the Company held: 1,332,660 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 the Company] President and Director</p>	
February 1991	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)	
June 2001	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.	
May 2017	President and Director of TOHO HOLDINGS CO., LTD. (to present)	
<p>■ Number of shares of the Company held: 14,900 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
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		<p>[Positions and responsibilities within the Company] Vice President and Director</p> <p>[Significant concurrent positions] President and Representative Director of TOHO PHARMACEUTICAL</p>
April 1977	Joined Tokio Marine Fire Insurance (current Tokio Marine & Nichido Fire Insurance Co., Ltd.)	
September 1985	Joined Tokiwa Pharmaceutical	
August 2000	Representative Director and President of Tokiwa Pharmaceutical	
June 2012	Auditor of 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)	
<p>■ Number of shares of the Company held: 14,200 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <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
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		<p>[Positions and responsibilities within the Company] Vice President and Director</p> <p>[Significant concurrent positions] Chairman of the Board and Representative Director, SAYWELL Inc.</p>
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)	
<p>■ Number of shares of the Company held: 42,500 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <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>June 1992 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>June 1992 Director of TOHO PHARMACEUTICAL</p> <p>June 2008 Managing 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>June 2017 Senior Executive Managing Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 63,781 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>	<p>[Positions and responsibilities within the Company]</p> <p>Senior Executive Managing Director</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>July 1987 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>April 2009 Corporate Officer of TOHO PHARMACEUTICAL</p> <p>July 2012 Director of TOHO PHARMACEUTICAL</p> <p>June 2015 Managing Director of TOHO PHARMACEUTICAL</p> <p>June 2015 Corporate Officer of TOHO HOLDINGS CO., LTD.</p> <p>June 2016 Executive Vice President and Director of TOHO PHARMACEUTICAL</p> <p>June 2016 Director of TOHO HOLDINGS CO., LTD.</p> <p>June 2017 Vice President and Representative Director of TOHO PHARMACEUTICAL (to present)</p> <p>June 2017 Executive Managing Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 5,900 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Atsushi Udoh has been executing his duties as 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>	<p>[Positions and responsibilities within the Company]</p> <p>Executive Managing Director</p>	

8. Toshio Honma (Date of birth: March 12, 1948)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		[Positions and responsibilities within the Company] Director
<p>October 1980 Joined Honma Pharmaceutical (current TOHO PHARMACEUTICAL)</p> <p>April 1984 President and Representative Director of Honma Pharmaceutical</p> <p>June 2000 Director of TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>June 2005 Senior Managing Director of TOHO PHARMACEUTICAL</p> <p>April 2009 Director of TOHO HOLDINGS CO., LTD.</p> <p>October 2013 President and Representative Director of Godo Toho (current TOHO PHARMACEUTICAL)</p> <p>June 2015 Vice President and Director of TOHO HOLDINGS CO., LTD.</p> <p>June 2016 Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>June 2017 Vice President and Director of TOHO PHARMACEUTICAL (to present)</p> <p>■ Number of shares of the Company held:40,643 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <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 engage 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
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>		[Positions and responsibilities within the Company] Director
<p>February 1992 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>June 2001 Director of TOHO PHARMACEUTICAL</p> <p>June 2007 Managing Director of TOHO PHARMACEUTICAL</p> <p>June 2008 Senior Managing Director of TOHO PHARMACEUTICAL</p> <p>April 2009 Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>June 2013 Executive Managing Director of Kyushu Toho</p> <p>June 2015 President and Representative Director of Kyushu Toho (to present)</p> <p>June 2017 Vice President and Director of TOHO PHARMACEUTICAL (to present)</p> <p>■ Number of shares of the Company held: 58,628 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <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>		[Significant concurrent positions] President and Representative Director of Kyushu Toho

10. Atsuko Naitou (Date of birth: January 22, 1947)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>June 1981 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>June 1999 Director of TOHO PHARMACEUTICAL</p> <p>April 2009 Director of TOHO PHARMACEUTICAL</p> <p>June 2013 Managing Director of TOHO PHARMACEUTICAL</p> <p>June 2015 Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 23,200 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <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>	<p>[Positions and responsibilities within the Company]</p> <p>Director in charge of pharmaceutical affairs</p>	

11. Akira Umada (Date of birth: April 16, 1965)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>March 1986 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>April 2009 Corporate Officer of TOHO PHARMACEUTICAL</p> <p>July 2012 Director of TOHO PHARMACEUTICAL</p> <p>June 2015 Managing Director of TOHO PHARMACEUTICAL</p> <p>June 2015 Corporate Officer of TOHO HOLDINGS CO., LTD.</p> <p>June 2016 Senior Managing Director of TOHO PHARMACEUTICAL (to present)</p> <p>June 2016 Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 11,800 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <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>	<p>[Positions and responsibilities within the Company]</p> <p>Director in charge of sales division</p>	

12. Tsuguo Nakagomi (Date of birth: February 28, 1955)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>November 1994 Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)</p> <p>May 1999 Director of Toho System Service Co., Ltd.</p> <p>April 2011 President and Representative Director of Toho System Service Co., Ltd. (to present)</p> <p>June 2011 Corporate Officer of TOHO PHARMACEUTICAL</p> <p>June 2012 Director of TOHO PHARMACEUTICAL</p> <p>June 2017 Corporate Officer of TOHO HOLDINGS CO., LTD.</p> <p>June 2018 Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 2,400 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 Director 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 reelection as we expect him to leverage his experience fostered so far and further contribute to the sustainable growth and enhancement of the corporate value of the Company group.</p>	<p>[Positions and responsibilities within the Company]</p> <p>Director, General Manager of Corporate Development and Planning Division</p>	

13. Makoto Kawamura (Date of birth: September 5, 1960)		Reappointment
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p> <p>April 1984 Joined Fujisawa Pharmaceutical Co., Ltd. (current Astellas Pharma Inc.)</p> <p>July 2015 Joined TOHO HOLDINGS CO., LTD.</p> <p>June 2016 Corporate Officer of TOHO HOLDINGS CO., LTD.</p> <p>June 2018 Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>■ Number of shares of the Company held: 1,105 shares</p> <p>■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)</p> <p>Mr. Makoto Kawamura has been executing his duties as Director 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 reelection as we expect him to leverage his experience fostered so far and further contribute to the sustainable growth and enhancement of the corporate value of the Company group.</p>	<p>[Positions and responsibilities within the Company]</p> <p>Director, General Manager of Public and Investor Relations Department</p>	

14. Shunsuke Watanabe (Date of birth: October 4, 1944)	Reappointment	Outside Director	Independent officer
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within the Company] Outside Director</p> <p>[Significant concurrent positions] Visiting Professor, Graduate School of International University of Health and Welfare</p>		
<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 5 years upon the conclusion of this Annual General Meeting of Shareholders.</p>			

15. Shosaku Murayama (Date of birth: September 21, 1949)	Reappointment	Outside Director	Independent officer
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</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: 1,300 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 5 years upon the conclusion of this Annual General Meeting of Shareholders.</p>	<p>[Positions and responsibilities within the Company]</p> <p>Outside Director</p> <p>[Significant concurrent positions]</p> <p>President and Representative Director of iPS PORTAL, Inc.</p> <p>Outside Director of SCREEN Holdings Co., Ltd.</p> <p>Outside Director of Kataoka Corporation</p>		

16. Toru Nagasawa (Date of birth: January 15, 1959)	Reappointment	Outside Director	Independent officer
<p>■ Career summary, positions and responsibilities within the Company, and significant concurrent positions</p>	<p>[Positions and responsibilities within the Company] 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>		
<p>April 1984 Registered as Lawyer (Daiichi Tokyo BAR Association)</p> <p>April 1984 Joined Kajitani Law Offices</p> <p>April 1995 Opened Nagasawa Law Offices, Representative Lawyer (to present)</p> <p>September 2007 Outside Auditor of GREE, Inc. (to present)</p> <p>June 2015 Outside Director of TOHO HOLDINGS CO., LTD. (to present)</p> <p>June 2016 Outside Director of Ashikaga Holdings Co., Ltd. (current Mebuki Financial Group, Inc.)</p> <p>October 2016 Outside Director (Audit and Supervisory Committee Member) of Mebuki Financial Group, Inc. (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 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 4 years upon the conclusion of this Annual General Meeting of Shareholders.</p>			

(Notes)

1. The candidates for Directors' special interest in the Company
 - 1) Mr. Shunsuke Watanabe concurrently holds a position of Visiting Professor of the Graduate School of International University of Health and Welfare. Although the Company's consolidated subsidiary sells prescription pharmaceuticals, etc., to the International University of Health and Welfare, the ratio of amounts of such transactions is less than 1% of the Company group's annual consolidated net sales.
 - 2) No special interest exists between other candidates and the Company.
2. Mr. 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.
5. Mr. Shosaku Murayama, a candidate for Director, is scheduled to retire as Outside Director of SCREEN Holdings Co., Ltd. as of June 25, 2019.

The End

(Attachment)

Business Report

[from April 1, 2018 to March 31, 2019]

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, 2019, the prescription pharmaceuticals market continued to face a severe environment as evidenced by the fact that NHI drug prices were slashed by 7.48% on a drug price basis, due primarily to the medical treatment fee revisions in April 2018.

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, been making a concerted effort to accelerate the shift towards a business model centered on value-added services which are actually useful in a wide range of areas, by developing and proposing customer support systems to offer solutions to problems faced by patients and medical institutions and by contributing to the establishment of community comprehensive healthcare systems.

KYOSOMIRAI PHARMA CO., LTD., which was established in November 2016 as part of business strategies aiming to improve medium to long-term profitability, expanded and enriched its product lineup by the succession and transfer of sales of generic drugs which used to be manufactured and sold, and distributed by FUJIFILM Pharma Co., Ltd. As of the end of the fiscal year under review, KYOSOMIRAI PHARMA CO., LTD dealt with 73 ingredients in 156 generic products. In addition, the Company worked further to establish a high-performance logistics system for supplying pharmaceuticals in a stable manner even during a disaster, including the “TBC Hiroshima” distribution center that commenced operation in November 2018 as a new logistics base that further advanced its automation technology developed so far. Furthermore, the Company reached a basic agreement with SUZUKEN CO., LTD. for the shared use of customer support systems in July 2018 and for the shared deployment of new distribution models (for generic drugs and specialty pharmaceuticals) in February 2019.

In the pharmaceutical wholesaling business, we have made an effort to conduct unit price negotiations per single item based on the value of each product in accordance with “the Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies” published by the Ministry of Health, Labour and Welfare in January 2018. We have also continued to press ahead with measures to decrease the number of express/frequent deliveries which impose a heavy burden on both the Company's and our customers' operations and achieve the most appropriate frequency of deliveries. Furthermore, we have engaged in activities to promote and enhance sales of the Company's unique customer support systems such as ENIF-hombu, Initial Examination Reservation Service, ENIFvoice SP+A, ENIFvoice Core and Core-POS.

In the dispensing pharmacy business, we have endeavored to improve profitability by responding to the dispensing fee revisions, and increasing management efficiency and standardization of store operations through usage of the Company's customer support systems.

As a result, in the consolidated fiscal year ended March 31, 2019, the Company recorded net sales of 1,222,199 million yen (an increase of 0.7% on a year-on-year basis), operating income of 15,783 million yen (a decrease of 17.0% on a year-on-year basis), ordinary income of 21,452 million yen (a decrease of 14.3% on a year-on-year basis) and profit attributable to owners of parent of 13,863 million yen (a decrease of 3.6% on a year-on-year basis).

(Notes) 1. TBC is the abbreviation for Toho Butsuryu Center (Toho Distribution Center).

2. ENIF-Hombu is the name for centralized administration system of pharmacy operations, ENIFvoice

SP+A is the name for the all-in-one automatic voice-recognition and electronic medication history recording system, ENIFvoice Core is the name for the all-in-one automatic voice-recognition and electronic medication history recording integrated receipt computer, and Core-POS is the name for the receipt computer linked POS system.

◇Net sales in each department

The net 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	1,127,836 million yen	92.3 %	1.3%
Pharmaceuticals	1,053,693 million yen	/	/
Reagents	57,839 million yen		
Medical devices	16,303 million yen		
Dispensing pharmacy business	92,926 million yen	7.6 %	-4.8%
SMO business	280 million yen	0.0%	-13.1%
Information equipment sales business	1,156 million yen	0.1%	-21.0%
Total	1,222,199 million yen	100.0%	0.7%

(Note) Sales represent sales to external customers.

2) Status of Capital Investment

The total amount of the Company group's capital investments was 4,053 million yen. Major capital investments include the distribution facility of the Hiroshima Distribution Center.

3) Status of Fund Procurement

Based on the resolution at the meeting of the Board of Directors held on June 7, 2018, the Company raised 20,100 million yen by issuing euro-yen convertible bond-type bonds with stock acquisition rights due 2023.

(2) Status of Assets and Profits and Losses

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

Item	The 68th fiscal year (ended March 31, 2016)	The 69th fiscal year (ended March 31, 2017)	The 70th fiscal year (ended March 31, 2018)	The 71st fiscal year (Consolidated fiscal year under review) (ended March 31, 2019)
Net sales	Million yen 1,308,474	Million yen 1,231,046	Million yen 1,213,342	Million yen 1,222,199
Ordinary income	Million yen 34,493	Million yen 19,844	Million yen 25,045	Million yen 21,452
Profit attributable to owners of parent	Million yen 21,771	Million yen 14,225	Million yen 14,384	Million yen 13,863
Net income per share	316.51 yen	207.12 yen	209.84 yen	207.71 yen
Total assets	Million yen 641,877	Million yen 598,155	Million yen 645,799	Million yen 663,727

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

Item	The 68th fiscal year (ended March 31, 2016)	The 69th fiscal year (ended March 31, 2017)	The 70th fiscal year (ended March 31, 2018)	The 71st fiscal year (Consolidated fiscal year under review) (ended March 31, 2019)
Net sales	Million yen 9,409	Million yen 17,890	Million yen 11,398	Million yen 13,970
Ordinary income	Million yen 5,683	Million yen 14,173	Million yen 7,887	Million yen 10,190
Net income	Million yen 6,053	Million yen 14,358	Million yen 6,275	Million yen 10,238
Net income per share	87.98 yen	209.03 yen	91.54 yen	153.38 yen
Total assets	Million yen 153,307	Million yen 163,478	Million yen 181,183	Million yen 195,676

(3) Status of Significant Parent Company and Subsidiary Companies (as of March 31, 2019)

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

(Note) 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 Japan, the government is currently moving ahead with measures to curtail medical expenses, aiming to develop and maintain sustainable social security systems amidst an extending healthy life expectancy, a super-aging society, and the declining total population. In an effort to establish community-based comprehensive care systems, revisions were made to the medical service fees and pharmacy dispensing fees along with the fundamental reform of the NHI drug pricing system in April 2018. Consequently, it was decided to undertake surveys on drug prices and update drug prices annually. The Ministry of Health, Labour and Welfare issued the “Guidelines for the Improvement of Commercial Transaction Practices of Ethical Drugs for Manufacturers, Wholesalers, and Medical Institutions/Pharmacies” in January 2018 with the aim of ensuring stable distribution of pharmaceutical products. In September 2018, the ministry announced the “Guidelines on Ethical Drug Detailing Activities”, aiming to ensure appropriate use of ethical drugs by improving advertising activities undertaken by pharmaceutical manufacturers as part of their commercial transaction practices. This was followed by the “Good Distribution Practice (GDP) Guideline for Pharmaceutical Products” announced by the ministry in December 2018. The GDP Guideline aims to ensure proper management of distribution channels for pharmaceutical products. Furthermore, full-fledged activities are underway toward revising the Pharmaceutical and Medical Device Act.

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 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. In the dispensing pharmacies business, we will take active measures such as propelling pharmacy function reform to transform existing pharmacies into ones more focused on local healthcare support services as well as ones operating in closer coordination with specialty medical institutions, seeking to promote a shift toward a business model that focuses on providing value-added services useful in a wide range of areas. In anticipation of the era in which the share of generic drugs account for 80% or more on a volume basis, we aim to ensure a stable supply of generic drugs whose quality is warranted by independent validation. Regarding the shared development and deployment of new distribution models with SUZUKEN CO., LTD., we established a joint venture company for generic drugs, “TS Pharma Co., Ltd.” on April 1, 2019, aiming to ensure a stable supply of safe, low-cost and high-quality generic drugs, which reflects the opinions of clients and takes patients’ viewpoints into account. We believe these 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 without placing the greatest emphasis on economic rationality, 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, 2019)

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, 2019)

Company name	Business office	Location		
The Company	Head office	5-2-1, Daizawa, Setagaya-ku, Tokyo		
	Marunouchi office	1-9-2, Marunouchi, Chiyoda-ku, Tokyo		
	Subsidiary	TOHO PHARMACEUTICAL (Tokyo) Pharma Cluster (Tokyo) Toho System Service (Tokyo) SQUARE-ONE (Tokyo) 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 Hokuriku branches	Gifu, Shizuoka, Aichi, and Mie	
		Kansai branches	Shiga, Kyoto, Osaka, Hyogo, Nara, and Wakayama	
	Distribution center	TBC Sapporo (Hokkaido), TBC Sano (Tochigi), TBC Saitama (Saitama), TBC Omiya (Saitama), TBC Tokyo (Tokyo), WILL Heiwajima (Tokyo), TBC Hanshin (Hyogo), TBC Okayama (Okayama), TBC Hiroshima (Hiroshima), and TBC Kyushu (Kumamoto)		
Subsidiary	SAYWELL (Hiroshima) Koyo (Kagawa) Kyushu Toho (Fukuoka)			
Pharma Cluster (Dispensing pharmacy business)	Head office	1-9-2, Marunouchi, Chiyoda-ku, Tokyo		
	Subsidiary	Pharma Mirai (Tokyo) Cure (Niigata) J. Mirai Medical (Osaka) VEGA PHARMA (Osaka) Pharma-Daiwa (Kumamoto)		

(Note) TBC Okayama (Okayama Prefecture) was abolished as of April 30, 2019.

(7) Status of Employees (as of March 31, 2019)

1) Number of Employees of the Company Group

Number of employees	Increase/decrease from the previous consolidated fiscal year-end
7,937	Increased by 88

(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
228	Increased by 33	45 years and 5 months	16 years and 6 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 six (6) 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, 2019)

Bank	Borrowing
Mizuho Bank, Ltd.	3,786 million yen
MUFG Bank, Ltd.	950 million yen

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

2. Matters Concerning Shares (as of March 31, 2019)

- (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 4,215 persons
- (4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio
Shionogi & Co., Ltd.	(thousand shares) 4,650	(%) 6.82
Mitsubishi Tanabe Pharma Corporation	3,573	5.24
Japan Trustee Services Bank, Ltd. (trust account)	1,961	2.88
The Master Trust Bank of Japan, Ltd. (trust account)	1,679	2.46
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Daiichi Sankyo Account Re-trust Trustee, Trust & Custody Services Bank, Ltd.	1,637	2.40
TOHO HOLDINGS Employee Stock Ownership Plan	1,427	2.09
SSBTC CLIENT OMNIBUS ACCOUNT	1,352	1.98
Hiroyuki Kono	1,332	1.96
J. P. MORGAN BANK LUXEMBOURG S. A. 1300000	1,195	1.75
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,141	1.67

- (Notes)
- Any fractions less than 1,000 shares are rounded off.
 - The Company holds 10,108,761 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)	113	Common stocks 11,300 shares	2,585 yen per share	1 yen per share	From December 25, 2015 to December 24, 2045	13 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)	226	Common stocks 22,600 shares	2,191 yen per share	1 yen per share	From February 7, 2017 to February 6, 2047	14 Directors (excluding Audit and Supervisory Committee Members and Outside Directors) 3 Outside Directors (excluding Audit and Supervisory Committee Members)

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

4. Matters Concerning Company's Executives

(1) Status of Directors (as of March 31, 2019)

Name	Position and areas of responsibility within the Company	Significant concurrent positions
Norio Hamada	Chairman of the Board and Representative Director, Chief Executive Officer (CEO)	
Hiroyuki Kono	Vice Chairman of the Board and Representative Director in charge of industrial groups	
Katsuya Kato	President and Director	
Hiromi Edahiro	Vice President and Director	President and Representative Director of TOHO PHARMACEUTICAL
Shigeru Fujimoto	Vice President and Director	Chairman of the Board and Representative Director of SAYWELL Inc.
Mitsuo Morikubo	Senior Executive Managing Director	
Atsushi Udoh	Executive Managing Director	
Toshio Honma	Director	
Takeo Matsutani	Director	President and Representative Director of Kyushu Toho
Atsuko Naitou	Director in charge of pharmaceutical affairs	
Akira Umada	Director in charge of sales division	
Tsuguo Nakagomi	Director and General Manager of Corporate Development and Planning Division	
Makoto Kawamura	Director and General Manager of Public and Investor Relations Department	
Takaaki Matsutani	Director and Senior Adviser	
Shunsuke Watanabe	Director	Visiting Professor, Graduate School of International University of Health and Welfare
Shosaku Murayama	Director	President and Representative Director of iPS PORTAL, Inc. Outside Director of SCREEN Holdings Co., Ltd. Outside Director of Kataoka Corporation

Name	Position and areas of responsibility within the Company	Significant concurrent positions
Toru Nagasawa	Director	Representative Lawyer, Nagasawa Law Offices Outside Auditor of GREE, Inc. Outside Director (Audit and Supervisory Committee Member) of Mebuki Financial Group, Inc.
Hideyuki Shimizu	Director (Full-time Audit and Supervisory Committee Member)	
Sachio Tokaji	Director (Audit and Supervisory Committee Member)	
Koji Nakamura	Director (Audit and Supervisory Committee Member)	

- (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 70th General Meeting of Shareholders held on June 28, 2018, Mr. Tsuguo Nakagomi and Mr. Makoto Kawamura were newly appointed and took office as Directors.
 3. Upon the conclusion of the 70th General Meeting of Shareholders held on June 28, 2018, Mr. Kazuo Takeda 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.

(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)	18 (3)	604 million yen (41)
Directors (Audit and Supervisory Committee Members) (of which Outside Directors)	3 (2)	39 (20)
Total (of which Outside Directors)	21 (5)	643 (61)

- (Notes)
- 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.
 - 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).
 - 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”.
 - The total amount of the compensation, etc., includes the estimated amount of officers’ bonuses payable for the fiscal year under review.
 - 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.
 - The above table includes one (1) Director (excluding Audit and Supervisory Committee Member) who retired upon the conclusion of the 70th General Meeting of Shareholders held on June 28, 2018.

(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 Visiting Professor at the Graduate School of International University of Health and Welfare. Although a consolidated subsidiary of the Company sells prescription pharmaceuticals, etc., to the International University of Health and Welfare, the ratio of amounts of such transactions is less than 1% of the Company group’s annual consolidated net sales.

- Mr. Shosaku Murayama, who is a Director, concurrently holds the post of president and representative director of iPS PORTAL, Inc., the post of outside director of SCREEN Holdings Co., Ltd. and the post of outside director of Kataoka Corporation. There is no special interest between iPS PORTAL, Inc., SCREEN Holdings Co., Ltd. or Kataoka Corporation 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 15 meetings out of 15 meetings held (100%)	-	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 15 meetings held (93%)	-	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 15 meetings held (93%)	-	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 15 meetings out of 15 meetings held (100%)	Attended 10 meetings out of 10 meetings held (100%)	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 15 meetings out of 15 meetings held (100%)	Attended 10 meetings out of 10 meetings held (100%)	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	105 million yen
Total amount of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	165 million yen

- (Notes) 1. The Company paid compensation to the Accounting Auditor for the preparation of comfort letters associated with issuance of convertible bond-type bonds with stock acquisition rights, which is outside the scope of services stipulated under Article 2, Paragraph 1 of the Certified Public Accountants Act.
2. 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.
3. 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, 2019)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)	663,727	(Liabilities)	449,878
Current assets	479,427	Current liabilities	400,265
Cash and deposits	79,607	Notes and account payable-trade	374,322
Notes and accounts receivable-trade	287,205	Short-term loans payable	278
Merchandise and finished goods	78,590	Current portion of bonds	7,955
Purchase rebates receivable	13,993	Current portion of long-term loans payable	308
Others	20,240	Lease obligations	1,787
Allowance for doubtful accounts	-209	Income taxes payable	4,204
Noncurrent assets	184,299	Accrued expenses	2,396
Property, plant and equipment	89,095	Accrued bonuses	3,428
Buildings and structures	33,785	Provision for directors' bonuses	71
Vehicles	10	Provision for sales returns	349
Land	43,208	Asset retirement obligations	25
Lease assets	4,430	Others	5,137
Construction in progress	375	Noncurrent liabilities	49,612
Other	7,284	Bonds payable	20,083
Intangible assets	3,981	Long-term loans payable	5,594
Goodwill	1,360	Lease obligations	1,849
Others	2,620	Deferred tax liabilities	17,147
Investments and other assets	91,222	Deferred tax liabilities for land revaluation	788
Investments securities	80,676	Net defined benefit liabilities	1,986
Long-term loans receivable	2,881	Asset retirement obligations	1,094
Deferred tax assets	1,592	Negative goodwill	7
Others	8,606	Others	1,060
Allowance for doubtful accounts	-2,533	(Net assets)	213,848
Total assets	663,727	Shareholders' equity	190,902
		Capital stock	10,649
		Capital surplus	48,566
		Retained earnings	151,943
		Treasury stock	-20,257
		Accumulated other comprehensive income	22,777
		Valuation difference on available-for sale securities	27,285
		Revaluation reserve for land	-4,507
		Subscription rights to shares	168
		Total liabilities and net assets	663,727

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

Consolidated Profit and Loss Statement

(April 1, 2018 - March 31, 2019)

(In millions of yen)

Description	Amount	
Net sales		1,222,199
Cost of sales		1,110,152
Gross profit		112,046
Provision for sales returns		4
Gross profit-net		112,042
Selling, general and administrative expenses		96,258
Operating income		15,783
Non-operating income		
Interest and dividend income	1,431	
Information sales income	3,180	
Amortization of negative goodwill	17	
Equity in earnings of affiliates	53	
Others	1,492	6,175
Non-operating expenses		
Interest expenses	30	
Others	476	506
Ordinary income		21,452
Extraordinary income		
Gains on sales of noncurrent assets	19	
Others	4	23
Extraordinary losses		
Loss on disposal of noncurrent assets	165	
Impairment loss	93	
Loss on valuation of stocks of subsidiaries and affiliates	290	
Others	13	563
Income before income taxes		20,913
Income taxes-current	7,096	
Income taxes-deferred	-46	7,050
Net income		13,863
Profit attributable to owners of parent		13,863

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

Non-consolidated Balance Sheet

(As of March 31, 2019)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)	195,676	(Liabilities)	55,759
Current assets	48,288	Current liabilities	17,981
Cash and deposits	43,704	Current portion of bonds	7,955
Prepaid expenses	107	Current portion of long-term loans payable	40
Other accounts receivable	3,905	Lease obligations	231
Others	570	Asset retirement obligations	25
Noncurrent assets	147,388	Accounts payable-other	204
Property, plant and equipment	40,558	Accrued expenses	64
Buildings	18,859	Income taxes payable	167
Structures	648	Deposits received	9,160
Tools, furniture and fixtures	64	Provision for bonuses	75
Land	20,170	Provision for directors' bonuses	46
Lease assets	649	Others	8
Construction in progress	166	Noncurrent liabilities	37,778
Intangible assets	464	Bonds payable	20,083
Leasehold right	12	Lease obligations	466
Software	439	Deferred tax liabilities	15,954
Others	13	Deferred tax liabilities for land revaluation	788
Investments and other assets	106,365	Provision for retirement benefits	11
Investments securities	67,702	Asset retirement obligations	279
Stocks of subsidiaries and affiliates	31,534	Others	193
Investment in capital of subsidiaries and affiliates	527	(Net assets)	139,916
Long-term loans receivable	3,703	Shareholders' equity	111,447
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,570	Capital stock	10,649
Long-term prepaid expenses	99	Capital surplus	49,410
Others	1,759	Legal capital surplus	46,177
Allowance for doubtful accounts	-2,532	Other capital surplus	3,233
Total assets	195,676	Retained earnings	71,684
		Legal retained earnings	664
		Other retained earnings	71,020
		Reserve for reduction entry of land	1,579
		General reserve	6,336
		Retained earnings brought forward	63,104
		Treasury stock	-20,297
		Valuation and translation adjustment	28,300
		Valuation difference on available-for-sale securities	32,785
		Revaluation reserve for land	-4,484
		Subscription rights to shares	168
		Total liabilities and net assets	195,676

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

Non-consolidated Profit and Loss Statement

(April 1, 2018 - March 31, 2019)

(In millions of yen)

Description	Amount	
Operating revenue		
Income of management guidance	1,160	
Income of real estate rent	2,268	
Dividend income	9,911	
Others	630	13,970
Operating expenses		5,298
Operating income		8,672
Non-operating income		
Interest and dividend income	1,394	
Information sales income	192	
Others	155	1,742
Non-operating expenses		
Interest expenses	117	
Others	106	223
Ordinary income		10,190
Extraordinary income		
Gains on sales of noncurrent assets	12	
Others	1	14
Extraordinary loss		
Loss on disposal of noncurrent assets	86	
Impairment loss	27	
Loss on valuation of investment securities	12	125
Income before income taxes		10,078
Income taxes-current	17	
Income taxes-deferred	-177	-159
Net income		10,238

(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, 2019

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, 2018 to March 31, 2019.

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, 2019

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 71st fiscal year from April 1, 2018 to March 31, 2019.

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 71st fiscal year from April 1, 2018 to March 31, 2019. 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, 2019

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

(Note) 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