(Securities Code: 8129)
June 8, 2017

To Shareholders with Voting Rights:

Katsuya Kato
President and Director
TOHO HOLDINGS CO., LTD.
5-2-1, Daizawa, Setagaya-ku,
Tokyo, Japan

NOTICE OF
THE 69TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 69th 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 28, 2017, Japan time.

1. **Date and Time:** Thursday, June 29, 2017 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 69th Fiscal Year (April 1, 2016 - March 31, 2017) 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 69th Fiscal Year (April 1, 2016 - March 31, 2017)

Proposals to be resolved:

Proposal No. 1: Partial amendments to the Articles of Incorporation

Proposal No. 2: Election of sixteen (16) Directors (excluding those who are Audit and Supervisory Committee Members)

Proposal No. 3: Determination of compensation for the granting of restricted stocks to Directors of the Company (excluding those 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 28, 2017, 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 (http://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 28, 2017, 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: Partial amendments to the Articles of Incorporation

1. Reason for amendments

(1) Since “Regenerative Medicine Products” has been newly defined following the enforcement of the Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, we propose to add the word to the purpose of business provided for in Article 2 of the current Articles of Incorporation in preparation for further business development and organize other relevant words accordingly.

(2) We propose a partial amendment to Article 22, Paragraph 2 of the current Articles of Incorporation in preparation for the further enhancement of the management structure.

The amendments to the Articles of Incorporation will become effective upon the conclusion of this General Meeting of Shareholders.

2. Details of amendments

The amendments are as follows:

(Underlines indicate amended portions.)

Current provisions of the Articles of Incorporation	Proposed amendments
Chapter I: General Provisions (Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. 1. To control or management of business activities of domestic and foreign companies that undertake the following businesses, through the holding of shares or other equity interests in such companies: (1) manufacturing, sale, import and export of pharmaceuticals, narcotic drugs, quasi-drugs, cosmetics, pharmaceuticals for animals, poisonous and deleterious substances, reagents, industrial chemicals, high pressure gas, chemical products, agricultural chemicals, sanitary materials and goods, food, health-related food, food additives, dairy products, alcoholic beverages, animal feed, animal feed additives, fertilizers, pet goods, pet food and other chemical products; (2) (Omitted) (3) sale, import, export, leasing and maintenance of medical devices, measuring instruments, health-related equipment, physical and chemical equipment, nursing care products and other related products; (4) to (7) (Omitted) (8) management of dispensing pharmacies; (9) consulting service for pharmacies, drug stores and medical institutions; (10) to (23) (Omitted) 2. to 4. (Omitted)	Chapter I: General Provisions (Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses. 1. To control or management of business activities of domestic and foreign companies that undertake the following businesses, through the holding of shares or other equity interests in such companies (1) manufacturing, sale, import and export of pharmaceuticals, regenerative medicine products, quasi-drugs, cosmetics, pharmaceuticals for animals, poisonous and deleterious substances, reagents, industrial chemicals, high pressure gas, chemical products, agricultural chemicals, sanitary materials and goods, food, health-related food, food additives, dairy products, alcoholic beverages, animal feed, animal feed additives, fertilizers, pet goods, pet food and other chemical products; (2) (Unchanged) (3) manufacturing, sale, import, export, lending and maintenance of medical devices, veterinary devices, measuring instruments, health-related equipment, physical and chemical equipment, nursing care products and other related products; (4) to (7) (Unchanged) (8) management of pharmacies; (9) consulting service for pharmacies and medical institutions, etc.; (10) to (23) (Unchanged) 2. to 4. (Unchanged)
Chapter IV: Directors and Board of Directors (Representative Director and Director with Special Title) Article 22 1. (Omitted) 2. The Board of Directors may appoint, by a resolution thereof, one (1) President and Director, and as necessary, one (1) Chairman of the Board and a certain number of Vice Presidents and Directors, Senior Executive Managing Directors and Executive Managing Directors.	Chapter IV: Directors and Board of Directors (Representative Director and Director with Special Title) Article 22 1. (Unchanged) 2. The Board of Directors may appoint, by a resolution thereof, a certain number of Directors with special titles.

Proposal No. 2: Election of sixteen (16) 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 16 Directors (excluding those who are Audit and Supervisory Committee Members) 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
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Chairman of the Board and Representative Director

October 1966	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)
June 1979	Director of TOHO PHARMACEUTICAL
October 1993	Managing Director of TOHO PHARMACEUTICAL
June 1999	Senior Managing Director and Representative Director of TOHO PHARMACEUTICAL
June 2001	Executive Vice President and Representative Director and of TOHO PHARMACEUTICAL
June 2005	President and Representative Director of TOHO PHARMACEUTICAL
April 2009	President and Representative Director of TOHO HOLDINGS CO., LTD.
May 2017	Chairman of the Board and Representative Director of TOHO HOLDINGS CO., LTD. (to present)

■ Number of shares of the Company held: 112,700 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

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.

2. Hiroyuki Kono (Date of birth: May 26, 1948)	Reappointment
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Vice Chairman of the Board and Representative Director

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)

■ Number of shares of the Company held: 1,331,160 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

Mr. Hiroyuki Kono has been executing his duties as Vice Chairman of the Board and Representative Director of TOHO HOLDINGS CO., LTD., and from his past career as Representative Director of the Company's consolidated subsidiary, 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.

3. Katsuya Kato (Date of birth: July 25, 1955)	Reappointment
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] President and Director

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)

■ Number of shares of the Company held: 11,900 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

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.

4. Mitsuo Morikubo (Date of birth: December 1, 1949)	Reappointment
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Executive Managing Director, General Manager of Development Division

June 1992	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)
June 1992	Director of TOHO PHARMACEUTICAL
June 2008	Executive 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. (to present)

■ Number of shares of the Company held: 50,700 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

Mr. Mitsuo Morikubo has been executing his duties as 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.

5. Toshio Honma (Date of birth: March 12, 1948)	Reappointment
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director

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)

■ Number of shares of the Company held: 37,643 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

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, 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.

6. Takeo Matsutani (Date of birth: April 20, 1966)	Reappointment
■ 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

February 1992	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)
June 2001	Director of TOHO PHARMACEUTICAL
June 2007	Executive 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)

■ Number of shares of the Company held: 65,828 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

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, 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.

7. Hiromi Edahiro (Date of birth: May 14, 1952)	Reappointment
■ 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 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. (to present)

■ Number of shares of the Company held: 6,600 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

Mr. Hiromi Edahiro has been executing his duties as Director of TOHO HOLDINGS CO., LTD., and as Representative Director of the Company's consolidated subsidiary, 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.

8. Atsuko Naitou (Date of birth: January 22, 1947)	Reappointment
■ 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)

■ Number of shares of the Company held: 21,100 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

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.

9. Atsushi Udoh (Date of birth: April 26, 1964)	Reappointment
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director, General Manager of President's Office

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	Executive Managing Director of TOHO PHARMACEUTICAL
June 2015	Corporate Officer of TOHO HOLDINGS CO., LTD.
June 2016	Executive Vice President and Director of TOHO PHARMACEUTICAL (to present)
June 2016	Director of TOHO HOLDINGS CO., LTD. (to present)

■ Number of shares of the Company held: 2,900 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)

Mr. Atsushi Udoh has been executing his duties as Director of TOHO HOLDINGS CO., LTD., and as Executive Vice President and Director in charge of sales division of the Company's consolidated subsidiary, 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.

10. Akira Umada (Date of birth: April 16, 1965)	Reappointment

■ 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	Executive 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)

■ Number of shares of the Company held: 8,000 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)
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, 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.

11. Kazuo Takeda (Date of birth: September 12, 1948)	Reappointment

■ Career summary, positions and responsibilities within the Company, and significant concurrent positions

[Positions and responsibilities within TOHO HOLDINGS CO., LTD.]
Director in charge of affiliated companies

April 1971	Joined Ciba-Geigy Japan Limited
June 1999	Division Manager of Primary Care Business Division of AstraZeneca K.K.
January 2004	Division Manager of Medical Business Division of Schering-Plough K.K.
October 2010	Division Manager of Distribution Division of MSD K.K.
January 2014	Senior Adviser of Distribution Division of MSD K.K.
June 2014	Auditor of TOHO HOLDINGS CO., LTD.
June 2016	Director of TOHO HOLDINGS CO., LTD. (to present)

■ Number of shares of the Company held: 1,500 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)
Mr. Kazuo Takeda has been executing his duties as Director and has considerable knowledge and experience in the pharmaceutical industry. 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.

12. Takaaki Matsutani (Date of birth: January 29, 1941)	Reappointment
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Director and Senior Adviser

March 1964	Joined TOHO PHARMACEUTICAL (current TOHO HOLDINGS CO., LTD.)
May 1974	Director of TOHO PHARMACEUTICAL
October 1993	Executive Vice President and Director of TOHO PHARMACEUTICAL
June 1999	President and Representative Director of TOHO PHARMACEUTICAL
June 2005	Chairman of the Board and Representative Director of TOHO PHARMACEUTICAL
April 2009	Chairman of the Board and Representative Director of TOHO HOLDINGS CO., LTD.
June 2013	Director and Senior Adviser of TOHO HOLDINGS CO., LTD. (to present)

■ Number of shares of the Company held: 353,008 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)
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.

13. Shigeru Fujimoto (Date of birth: August 2, 1950)	New Appointment
■ Career summary, positions and responsibilities within the Company, and significant concurrent positions	[Positions and responsibilities within TOHO HOLDINGS CO., LTD.] Corporate Officer [Significant concurrent positions] President 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 and General Manager of Sales and Marketing Division of SAYWELL Inc.
June 2011	President and Representative Director of SAYWELL Inc. (to present)
June 2011	Director of TOHO PHARMACEUTICAL (to present)
June 2016	Corporate Officer of TOHO HOLDINGS CO., LTD. (to present)

■ Number of shares of the Company held: 40,400 shares

■ Reason for the nomination as Director (excluding those who are Audit and Supervisory Committee Members)
Mr. Shigeru Fujimoto has been executing his duties as Corporate Officer of TOHO HOLDINGS CO., LTD., and as Representative Director of the Company's consolidated subsidiary, 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.

14. Shunsuke Watanabe (Date of birth: October 4, 1944)	Reappointment

■ Career summary, positions and responsibilities within the Company, and significant concurrent positions

[Positions and responsibilities within TOHO HOLDINGS CO., LTD.]
Outside Director

[Significant concurrent positions]
Specially-appointed Professor, Graduate School of International University of Health and Welfare

April 1970	Joined Nikkei Inc
May 1982	Temporarily transferred to the Ministry of Foreign Affairs as First Secretary of Japanese Embassy in Denmark
March 1985	Editorial Board Member of Nikkei Inc.
March 1988	Editorial Writer of Nikkei Inc.
October 2004	Visiting Professor of the School of Medicine, Tokyo Women's Medical University
April 2009	Professor of the Graduate School of International University of Health and Welfare
May 2014	Adviser of Tokyo Women's Medical University
June 2014	Outside Director of TOHO HOLDINGS CO., LTD. (to present)
April 2016	Specially-appointed Professor, Graduate School of International University of Health and Welfare (to present)

■ Number of shares of the Company held: - shares

■ Reason for the nomination as Outside Director (excluding those who are Audit and Supervisory Committee Members)
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 3 years upon the conclusion of this Annual General Meeting of Shareholders.

15. Shosaku Murayama (Date of birth: September 21, 1949)	Reappointment

■ Career summary, positions and responsibilities within the Company, and significant concurrent positions

[Positions and responsibilities within TOHO HOLDINGS CO., LTD.]
Outside Director

[Significant concurrent positions]
President and Representative Director of iPS PORTAL, Inc.
Outside Director of SCREEN Holdings Co., Ltd.

April 1972	Joined the Bank of Japan
February 1981	Economist of the Bank of Japan Representative Office in New York
November 1994	Branch Manager of the Bank of Japan Takamatsu Branch
June 1998	Director-General, Research and Statistics Department of the Bank of Japan
March 2002	President & CEO, Teikoku Seiyaku Co., Ltd.
June 2002	Outside Director of SHIKOKU CHEMICALS CORPORATION
June 2008	Director of iPS Academia Japan, Inc.
June 2011	President & CEO of iPS Academia Japan, Inc.
June 2013	Outside Director of SCREEN Holdings Co., Ltd. (to present)
June 2014	Outside Director of TOHO HOLDINGS CO., LTD. (to present)
July 2014	President and Representative Director of iPS PORTAL, Inc. (to present)

■ Number of shares of the Company held: 600 shares

■ Reason for the nomination as Outside Director (excluding those who are Audit and Supervisory Committee Members)
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 3 years upon the conclusion of this Annual General Meeting of Shareholders.

16. Toru Nagasawa (Date of birth: January 15, 1959)	Reappointment

■ Career summary, positions and responsibilities within the Company, and significant concurrent positions

[Positions and responsibilities within TOHO HOLDINGS CO., LTD.]
Outside Director

[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.

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)

■ Number of shares of the Company held: - shares

■ Reason for the nomination as Outside Director (excluding those who are Audit and Supervisory Committee Members)
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 2 year upon the conclusion of this Annual General Meeting of Shareholders.

(Notes)
1. It is expected that Mr. Atsushi Udoh will be appointed as Executive Vice President and Representative Director of TOHO PHARMACEUTICAL as of June 9, 2017.
2. Mr. Shigeru Fujimoto was appointed as Chairman of the Board and Representative Director of SAYWELL Inc. as of June 2, 2017, and it is expected that he will retire from his position as Director of TOHO PHARMACEUTICAL as of June 9, 2017.
3. Directors' special interest in the Company
   1) Mr. Shunsuke Watanabe concurrently holds a position of Specially-appointed 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.
4. Mr. Shunsuke Watanabe, Mr. Shosaku Murayama, and Mr. Toru Nagasawa are candidates for Outside Director (excluding those who are Audit and Supervisory Committee Members).
5. 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.
6. 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. 3: Determination of compensation for the granting of restricted stocks to Directors of the Company (excluding those who are Audit and Supervisory Committee Members)

It was approved by the resolution at the 68th Annual General Meeting of Shareholders held on June 29, 2016, that the amount of remuneration, etc., to the Company's Directors (excluding those who are Audit and Supervisory Committee Members) shall be no more than 700 million yen per year (out of this amount, the amount of remuneration, etc., to Outside Directors shall be no more than 50 million yen per year; provided, however, that the amount shall not include amount of employee salaries payable to Directors who are also employees) and that, to the extent of said amount of remuneration, etc., the amount of remuneration, etc., to the Company's Directors (excluding those who are Audit and Supervisory Committee Members) in the form of stock-based compensation stock options shall be no more than 55 million yen per year (out of this amount, the amount of remuneration, etc., to Outside Directors in the form of stock-based compensation stock options shall be no more than 5 million yen per year).

With the aim of giving even more incentive for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members; hereinafter referred to as "Eligible Directors") to undertake sustainable enhancement of the Company's corporate value and of further promoting value-sharing with shareholders, the Company hereby proposes, as a part of the revision to the remuneration for officers, that the aforementioned amount of remuneration, etc., in the form of stock-based compensation stock options be discontinued and that the compensation for the granting of restricted stocks be newly provided to the Eligible Directors.

Under this Proposal, the compensation to be provided to the Eligible Directors for the granting of restricted stocks will be monetary receivables (hereinafter referred to as "Monetary Compensation Receivables"), the total amount of which shall be no more than 55 million yen per year (out of this amount, the amount of compensation to Outside Directors shall be no more than 5 million yen per year), to the extent of the amount of remuneration, etc., to Directors (excluding those who are Audit and Supervisory Committee Members). This amount deemed reasonable considering the aforementioned purpose and the various factors including the contribution of the Eligible Directors to the Company comprehensively. Furthermore, the specific timing of the provision and the allocation to each Eligible Director shall be determined at a meeting of the Board of Directors of the Company. The total amount of the aforementioned Monetary Compensation Receivables shall not include amount of employee salaries payable to Directors who are also employees.

In addition, since the granting of restricted stocks is determined with various factors including the contribution of the Eligible Directors to the Company comprehensively taken into account, the Company considers the contents of said granting are reasonable.
The number of the Eligible Directors is currently sixteen (16) (including three (3) Outside Directors) whereas the number of the Eligible Directors will be sixteen (16) (including three (3) Outside Directors) if Proposal No. 2 "Election of sixteen (16) Directors (excluding those who are Audit and Supervisory Committee Members)" is approved as proposed.

Furthermore, the Eligible Directors shall deliver, in accordance with the resolution by the Board of Directors of the Company, all Monetary Compensation Receivables to be provided under this proposal in the form of property contributed in kind, and in return, receive the ordinary shares of the Company to be issued or disposed of. The total number of such ordinary shares shall be no more than 55,000 shares per year; provided, however, that if on or after the day on which this proposal is approved, the Company performs a share split (including an allotment of its ordinary shares without contribution) or a reverse share split of its ordinary shares, or any other reason arises necessitating an adjustment to the total number of the ordinary shares of the Company to be issued or disposed of as restricted shares, such total number of ordinary shares shall be adjusted to the extent deemed reasonable.

The amount to be paid per ordinary share of the Company to be issued or disposed of shall be determined at a meeting of the Board of Directors of the Company based on the closing price of the Company's ordinary shares at the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors of the Company (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day) or any other amount to the extent that the amount will not be particularly favorable to the Eligible Directors for whom the Company's ordinary shares are to be issued or disposed of. Furthermore, the aforementioned Monetary Compensation Receivables shall be provided subject to the consent of the Eligible Directors to the aforementioned contribution in kind and to the

conclusion of a restricted share allotment agreement which includes following (hereinafter referred to as the "Allotment Agreement") by and between the Company and each Eligible Director.

(1) Transfer Restriction Period
The Eligible Directors are prohibited from transferring, creating any security interest on, or otherwise disposing of the shares of the Company allotted under the Allotment Agreement (hereinafter referred to as "Allotted Shares") during the period specified in advance by the Board of Directors of the Company (hereinafter referred to as "Transfer Restriction Period"), which is a period between three (3) to five (5) years from the day on which the ordinary shares of the Company are allotted under the Allotment Agreement (such restriction is hereinafter referred to as "Transfer Restriction").

(2) Treatment upon retirement
When an Eligible Director retires or resigns the position of Director or Corporate Officer of the Company or Director, Auditor or Corporate Officer of a subsidiary of the Company, and is no longer in such position before the expiration of the Restricted Period, the Company shall, by rights, acquire the Allotted Shares without contribution unless his/her retirement or resignation is due to the expiration of the term of his/her office, death, or any other reason deemed justifiable.

(3) Lifting of Transfer Restriction
Notwithstanding the provision of (1) above, the Company shall lift the Transfer Restriction of all of the Allotted Shares held by an Eligible Director upon the expiration of the Transfer Restriction Period, provided that the Eligible Director has continuously held any of the positions of Director or Corporate Officer of the Company, or Director, Auditor or Corporate Officer of a subsidiary of the Company, during the Transfer Restriction Period. However, if said Eligible Director retires or resigns the position as set forth in (2) above before the expiration of the Transfer Restriction Period due to the expiration of the term of his/her office, death, or any other reason deemed justifiable as set forth in (2) above, the Company shall reasonably adjust the number of Allotted Shares for which the Transfer Restriction is to be lifted and the timing of such lifting as necessary.

(4) Acquisition without contribution
Upon the expiration of the Transfer Restriction Period, the Company shall, by rights, acquire without contribution Allotted Shares on which the transfer restriction has not been lifted in accordance with the provision set forth in (3) above.

(5) Treatment upon reorganization, etc.
Notwithstanding the provision set forth in (1) above, when a proposal for a merger agreement in which the Company would be the disappearing company, or a share exchange agreement or share transfer plan in which the Company would become a wholly-owned subsidiary of another company, or other matters concerning reorganization, etc., has been approved at a General Meeting of Shareholders of the Company (or by the Company's Board of Directors if shareholder approval for said reorganization, etc., is not required) during the Transfer Restriction Period, the Company shall, prior to the effective date of said reorganization, etc., lift the Transfer Restriction of a portion of the Allotted Shares in a quantity reasonably determined by a resolution of the Company's Board of Directors made in light of the length of the period from the first day of the Transfer Restriction Period to the day on which said reorganization, etc., is approved. In such a case, the Company shall, by rights, acquire without contribution, Allotted Shares on which the transfer restriction has not been lifted at the time immediately after the lifting of the transfer restriction in accordance with the aforementioned provision.

(6) Other matters determined by the Board of Directors
In addition to (1) to (5) above, method for expressing intentions and notifications concerning the Allotment Agreement, procedures for revising the Allotment Agreement, and other matters determined by the Board of Directors, shall be included in the terms and conditions of the Allotment Agreement.

The End

(Attachment)

Business Report

[from April 1, 2016 to March 31, 2017]

1. Current Situation of the Corporate Group

(1) Business Conditions for the Current Fiscal Year

1) Business Progress and Results

During the consolidated fiscal year under review, the prescription pharmaceuticals market recorded significant negative year-on-year growth despite a contribution from new drugs such as cancer drugs, due to promotion of measures to curtail medical expenses such as the 7.8% reduction in the NHI drug prices including exceptions to repricing measures for market expansion in April 2016 and the revision of medical treatment fees for accelerating further use of generic drugs as well as a rapid shrinking of the market for the curative drugs for hepatitis C which had grown sharply in the previous year.

Under these circumstances, the Group has, as a corporate group engaged in the areas of medical care, healthcare, and nursing care with the pharmaceutical wholesaling and the dispensing pharmacy business as its two business pillars, 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 promoting 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, with the launch of two ingredients/three products listed on the NHI drug prices as a supplement in December 2016, it has got off to a good start as witnessed by strong sales and profit results. KYOSOMIRAI PHARMA aims to establish a business scheme of integrated manufacture and sales which accurately respond to customers' demands and to stably and effectively provide prescription pharmaceuticals centered on high quality and high value-added generic drugs.

In the pharmaceutical wholesaling business, we strove to secure appropriate profits and expand fee businesses by focusing on proposal of the Company's unique customer support systems. In addition, in order to improve productivity, we continued a fundamental review of existing operations and promoted total workforce optimization through consolidation of indirect operations.

In the dispensing pharmacy business, we endeavored to improve profitability by: having each pharmacy promote measures to establish functions tailored to the dispensing fee revision; providing high value-added services that meet customers' needs through community healthcare-based store management; and increasing management efficiency through standardization of store operations and consolidation of some operations into the headquarters.

As a result, the increasing number of contracts for "ENIFvoice SP", a voice-recognition electronic medication history recording support system, and "initial examination reservation service" as well as steady sales of other customer support systems contributed to earnings of the business. However, having been heavily affected by the negative growth of the prescription pharmaceuticals market and the shrinkage of the market for the curative drugs for hepatitis C, for the consolidated fiscal year under review the pharmaceutical wholesaling business posted net sales of 1,231,046 million yen (down 5.9% from the previous year), operating income of 14,244 million yen (down 50.2% from the previous year), ordinary income of 19,844 million yen (down 42.5% from the previous year), and profit attributable to owners of parent of 14,225 million yen (down 34.7% from the previous year).

◊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	1,133,939 million yen	92.1 %	-6.0%
Pharmaceuticals	1,055,442 million yen		
Reagents	60,891 million yen		
Medical devices	17,606 million yen		
Dispensing pharmacy business	95,457 million yen	7.8 %	-4.3%
SMO business	322 million yen	0.0%	-39.4%
Information equipment sales business	1,327 million yen	0.1%	9.8%
Total	1,231,046 million yen	100.0%	-5.9%

(Note) Sales represent sales to external customers.

2) Status of Capital Investment

The total amount of the Company group's capital investments was 9,326 million yen. Major capital investments include the new construction of the Hiroshima Distribution Center and the initial payment for 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 66th fiscal year (ended March 31, 2014)	The 67th fiscal year (ended March 31, 2015)	The 68th fiscal year (ended March 31, 2016)	The 69th fiscal year (Consolidated fiscal year under review) (ended March 31, 2017)
Net Sales	Million yen 1,189,627	Million yen 1,162,148	Million yen 1,308,474	Million yen 1,231,046
Ordinary Income	Million yen 18,303	Million yen 15,902	Million yen 34,493	Million yen 19,844
Profit attributable to owners of parent	Million yen 10,407	Million yen 13,535	Million yen 21,771	Million yen 14,225
Net income per share	139.58 yen	181.83 yen	316.51 yen	207.12 yen
Total Assets	Million yen 580,137	Million yen 599,950	Million yen 642,698	Million yen 598,871

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

Item	The 66th fiscal year (ended March 31, 2014)	The 67th fiscal year (ended March 31, 2015)	The 68th fiscal year (ended March 31, 2016)	The 69th fiscal year (Consolidated fiscal year under review) (ended March 31, 2017)
Net Sales	Million yen 5,298	Million yen 11,935	Million yen 9,409	Million yen 17,890
Ordinary Income	Million yen 3,600	Million yen 10,216	Million yen 5,683	Million yen 14,173
Net Income	Million yen 3,518	Million yen 16,160	Million yen 6,053	Million yen 14,358
Net Income per Share	47.18 yen	217.05 yen	87.98 yen	209.03 yen
Total Assets	Million yen 134,203	Million yen 153,993	Million yen 153,394	Million yen 163,573

(3) Status of Significant Parent Company and Subsidiary Companies (as of March 31, 2017)

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
	Million yen	%	
TOHO PHARMACEUTICAL	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
Godo Toho	45	100.00 (100.00)	Pharmaceutical wholesaling
THINK-ONE	10	100.00	Leasing of real estate properties
SQUARE-ONE	100	100.00 (40.00)	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)	Planning and marketing of information processing equipment

(Notes)
1. Any indirect ownership reflected in a voting ownership ratio is enclosed in parentheses.
2. TOHO PHARMACEUTICAL, a wholly-owned subsidiary of the Company, and Godo Toho, a wholly-owned sub-subsidiary of the Company, were merged through an absorption-type merger as of April 1, 2017, with TOHO PHARMACEUTICAL as the surviving company and Godo Toho as the absorbed company.

(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 build a “community comprehensive healthcare system” and curtail medical expenses. In an effort to reform the medical services provision framework, the focus is shifting away from all-inclusive facility care to all-inclusive community care under the community comprehensive healthcare system. Furthermore, the government has put exceptions to repricing measures for market expansion and determined basic policy regarding the fundamental reform of the NHI drug pricing system, including introduction of the once-yearly NHI drug price revision as measures to slash medical expenses. The government has also been promoting measures to encourage wider use of generic drugs.

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. In the dispensing pharmacy business, we will contribute to the establishment of a community comprehensive healthcare system through measures such as propelling pharmacy function reform to transform existing pharmacies into healthcare support pharmacies and 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 generic drugs account for 80% or more of the pharmaceuticals market on a volume basis, we aim to construct a supply chain of integrated manufacture and sales to offer generic drugs whose quality is ensured by independent validation in a stable manner based on an estimate of demand. 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, 2017)

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, 2017)

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	SQUARE-ONE (Hokkaido) TOHO PHARMACEUTICAL (Tokyo) PharmaCluster (Tokyo) Toho System Service (Tokyo) THINK-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
	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	Godo Toho (Osaka) 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, 2017)

1) Number of Employees of the Company Group

Number of employees	Increase/decrease from the previous consolidated fiscal year-end
7,895	Decreased by 74

(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
191	Increased by 105	46 years and 6 months	17 years and 6 months

(Notes) 1. The number of employees includes contract employees and employees re-employed after the mandatory retirement age.
2. The number of employees excludes temporary workers, etc.
3. The number of employees excludes nine (9) persons who were temporarily transferred to other companies.
4. The number of employees includes fourteen (14) persons who were temporarily transferred to the Company from other companies.

(8) Status of Major Banks (as of March 31, 2017)

Bank	Borrowing
Mizuho Bank, Ltd.	475 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	470 million yen
Sumitomo Mitsui Banking Corporation	210 million yen

(Note) The status of the banks from which the Company borrows money is described as the major banks for the Company group.

2. Matters Concerning Shares (as of March 31, 2017)

(1) Total number of shares authorized to be issued 192,000,000 shares

(2) Total number of shares outstanding 78,270,142 shares

(3) Number of shareholders 5,510 persons

(4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio
	(thousand shares)	(%)
Shionogi & Co., Ltd.	4,650	6.76
Mitsubishi Tanabe Pharma Corporation	3,573	5.20
Japan Trustee Services Bank, Ltd. (trust account)	3,264	4.75
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Daiichi Sankyo Account Re-trust Trustee, Trust & Custody Services Bank, Ltd.	1,637	2.38
The Master Trust Bank of Japan, Ltd. (trust account)	1,478	2.15
TOHO HOLDINGS Employee Stock Ownership Plan	1,430	2.08
Hiroyuki Kono	1,331	1.94
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,160	1.69
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Mizuho Bank Account Re-trust Trustee, Trust & Custody Services Bank, Ltd.	1,126	1.64
DAIICHI SANKYO COMPANY, LIMITED	1,091	1.59

(Notes) 1. Any fractions less than 1,000 shares are rounded off.

2. The Company holds 9,506,519 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.

(1) 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)	230	Common stocks 23,000 shares	1,505 yen per share	1 yen per share	From September 25, 2013 to September 24, 2043	8 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	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)	215	Common stocks 21,500 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 stock acquisition rights 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.

(2) Status of subscription rights to shares issued to the Company's employees, etc., during 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 to which subscription rights to shares are issued
The third subscription rights to shares (February 6, 2017)	206	Common stocks 20,600 shares	2,191 yen per share	1 yen per share	From February 7, 2017 to February 6, 2047	4 employees of the Company 37 executives and employees of the Company's subsidiaries

(Note) Principal exercise condition for 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, 2017)

Position	Name	Areas of responsibility within the Company	Significant concurrent positions
Chairman of the Board and Representative Director	Hiroyuki Kono		
President and Representative Director	Norio Hamada		
Executive Managing Director	Mitsuo Morikubo	General Manager, Development Division	
Executive Managing Director	Mamoru Ogino	Administration	
Executive Managing Director	Katsuya Kato	General Manager, Corporate Planning Division; and General Manager, Corporate Planning Office	
Director	Toshio Honma		
Director	Takeo Matsutani		President and Representative Director of Kyushu Toho
Director	Hiromi Edahiro		President and Representative Director of TOHO PHARMACEUTICAL
Director	Atsuko Naitou	In charge of pharmaceutical affairs	
Director	Atsushi Udoh	General Manager, President's Office	
Director	Akira Umada	In charge of sales operations	
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 68th General Meeting of Shareholders held on June 29, 2016, Mr. Atsushi Udoh, Mr. Akira Umada and Mr. Kazuo Takeda were newly appointed and took office as Directors.
3. At the 68th General Meeting of Shareholders held on June 29, 2016, Mr. Hideyuki Shimizu, Mr. Sachio Tokaji and Mr. Koji Nakamura were newly appointed and took office as Directors who are Audit and Supervisory Committee Members.
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 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. Upon the conclusion of the 68th General Meeting of Shareholders held on June 29, 2016, Mr. Hideyuki Shimizu, Mr. Takaho Hirano, Mr. Yoshio Matsumoto and Mr. Kazuo Takeda resigned from the position of Auditor.
7. Positions and responsibilities held by Directors that changed as of May 1, 2017, are as follows.

Name	Positions and responsibilities	
	Current	Former
Norio Hamada	Chairman of the Board and Representative Director	President and Representative Director
Hiroyuki Kono	Vice Chairman of the Board and Representative Director	Chairman of the Board and Representative Director
Katsuya Kato	President and Director	Executive Managing Director, General Manager of Corporate Planning Division and General Manager of Corporate Planning Office

(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 and Auditors

Category	Number of persons	Total amount of compensation, etc.
Directors (excluding Audit and Supervisory Committee Members) (of which Outside Directors)	16 (3)	580 million yen (39)
Directors (Audit and Supervisory Committee Members) (of which Outside Directors)	3 (2)	27 (12)
Auditors (of which Outside Auditors)	4 (2)	12 (6)
Total (of which Outside Officers)	23 (7)	621 (58)

(Notes)
1. The Company shifted to a Company with an Audit and Supervisory Committee under the resolution passed at the 68th Annual General Meeting of Shareholders held on June 29, 2016.
2. 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.
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 (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).
4. 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”.
5. At the 65th General Meeting of Shareholders held on June 27, 2013, a resolution was passed to the effect that the maximum amount of the compensation to the Auditors should be “no more than 100 million yen per year”.
6. The total amount of the compensation, etc., includes the estimated amount of officers’ bonuses payable for the fiscal year under review.
7. 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.

(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 13 meetings out of 13 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 13 meetings out of 13 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 13 meetings out of 13 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 9 meetings out of 9 meetings held	Attended 5 meetings out of 5 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 9 meetings out of 9 meetings held	Attended 5 meetings out of 5 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.

(Note) Since Mr. Sachio Tokaji and Mr. Koji Nakamura, Directors who are Audit and Supervisory Committee Members, were newly appointed at the General Meeting of Shareholders held on June 29, 2016, the number of the Board of Directors meetings to be attended by Mr. Sachio Tokaji and Mr. Koji Nakamura is different from that of other Directors.

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	88 million yen
Total amount of cash and other economic benefits payable by the Company and its subsidiaries to the Accounting Auditor	146 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.

4) Matters Concerning any Dispositions for Suspension of Practice that were Received by the Accounting Auditor during the Past 2 Years

Content of the disposition for suspension of practice that was announced by the Financial Services Agency on December 22, 2015

a. Subject of the disposition

Ernst & Young ShinNihon LLC

b. Content of the disposition

Suspension of operations related to the conclusion of new contracts, for three months from January 1, 2016 to March 31, 2016

c. Reason for the disposition

- False attestation due to negligence by employees
- The operation of the audit firm was grossly inappropriate

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, 2017)

(In millions of yen)

Description	Amount
(Assets)	**598,871**
Current assets	**427,052**
Cash and deposits	31,966
Notes and accounts receivable-trade	284,205
Merchandise and finished goods	73,575
Deferred tax assets	1,714
Purchase rebates receivable	15,824
Other	20,077
Allowance for doubtful accounts	-312
Noncurrent assets	**171,818**
Property, plant and equipment	**86,371**
Buildings and structures	29,787
Vehicles	17
Land	43,953
Lease assets	6,831
Construction in progress	4,753
Others	1,027
Intangible assets	**7,298**
Goodwill	4,300
Others	2,998
Investments and other assets	**78,148**
Investments securities	68,781
Long-term loans receivable	2,632
Deferred tax assets	532
Others	8,807
Allowance for doubtful accounts	-2,605
Total assets	**598,871**

Description	Amount
(Liabilities)	**410,599**
Current liabilities	**368,758**
Notes and account payable-trade	349,039
Short-term loans payable	2,736
Current portion of long-term loans payable	1,480
Lease obligations	2,193
Income taxes payable	3,020
Accrued expenses	2,323
Provision for bonuses	3,506
Provision for directors' bonuses	75
Provision for sales returns	324
Others	4,058
Noncurrent liabilities	**41,841**
Bonds payable	15,041
Long-term loans payable	1,962
Lease obligations	4,545
Deferred tax liabilities	15,505
Deferred tax liabilities for land revaluation	885
Net defined benefit liabilities	1,786
Asset retirement obligations	1,078
Negative goodwill	49
Others	987
(Net assets)	**188,271**
Shareholders' equity	**170,577**
Capital stock	**10,649**
Capital surplus	**47,856**
Retained earnings	**128,123**
Treasury stock	**-16,051**
Accumulated other comprehensive income	**17,548**
Valuation difference on available-for sale securities	**21,836**
Revaluation reserve for land	**-4,287**
Subscription rights to shares	**145**
Total liabilities and net assets	**598,871**

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

Consolidated Profit and Loss Statement

(April 1, 2016 - March 31, 2017)

(In millions of yen)

Description	Amount	
Net sales		**1,231,046**
Cost of sales		**1,121,182**
Gross profit		**109,864**
Provision for sales returns		129
Gross profit-net		**109,993**
Selling, general and administrative expenses		95,749
Operating income		**14,244**
Non-operating income		
Interest and dividend income	1,267	
Information sales income	3,058	
Amortization of negative goodwill	26	
Equity in earnings of affiliates	48	
Others	1,985	6,386
Non-operating expenses		
Interest expenses	91	
Others	695	786
Ordinary income		**19,844**
Extraordinary income		
Gains on sales of noncurrent assets	2,096	
Gains on sales of investment securities	1,025	
Other	22	3,143
Extraordinary losses		
Loss on disposal of noncurrent assets	156	
Impairment loss	568	
Loss on valuation of stocks of subsidiaries and affiliates	275	
Others	115	1,116
Income before income taxes		**21,871**
Income taxes-current	7,415	
Income taxes-deferred	230	7,645
Net income		**14,225**
Profit attributable to owners of parent		**14,225**

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

Non-consolidated Balance Sheet

(As of March 31, 2017)

(In millions of yen)

Description	Amount
(Assets)	**163,573**
Current assets	**30,592**
Cash and deposits	18,203
Prepaid expenses	66
Deferred tax assets	95
Other accounts receivable	3,310
Short-term loans receivable	8,856
Others	60
Noncurrent assets	**132,980**
Property, plant and equipment	**38,343**
Buildings	14,559
Structures	503
Tools, furniture and fixtures	99
Land	20,636
Lease assets	745
Construction in progress	1,798
Intangible assets	**635**
Leasehold right	12
Software	574
Others	49
Investments and other assets	**94,002**
Investments securities	54,317
Stocks of subsidiaries and affiliates	31,850
Investment in capital of subsidiaries and affiliates	612
Long-term loans receivable	7,097
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,130
Long-term prepaid expenses	5
Others	1,104
Allowance for doubtful accounts	-2,113
Total assets	**163,573**

Description	Amount
(Liabilities)	**38,103**
Current liabilities	**6,300**
Current portion of long-term loans payable	1,160
Lease obligations	185
Accounts payable-other	346
Accrued expenses	57
Income taxes payable	254
Deposits received	4,182
Provision for bonuses	67
Provision for directors' bonuses	45
Noncurrent liabilities	**31,803**
Bonds payable	15,041
Long-term loans payable	400
Lease obligations	621
Deferred tax liabilities	13,634
Deferred tax liabilities for land revaluation	885
Provision for retirement benefits	13
Provision for loss on guarantees	732
Asset retirement obligations	281
Others	193
(Net assets)	**125,469**
Shareholders' equity	**102,293**
Capital stock	**10,649**
Capital surplus	**48,700**
Legal capital surplus	46,177
Other capital surplus	2,523
Retained earnings	**59,034**
Legal retained earnings	664
Other retained earnings	58,370
Reserve for reduction entry of land	1,599
General reserve	6,336
Retained earnings brought forward	50,434
Treasury stock	**-16,091**
Valuation and translation adjustment	**23,030**
Valuation difference on available-for-sale securities	**27,295**
Revaluation reserve for land	**-4,264**
Subscription rights to shares	**145**
Total liabilities and net assets	**163,573**

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

Non-consolidated Profit and Loss Statement

(April 1, 2016 - March 31, 2017)

(In millions of yen)

Description	Amount	
Operating revenue		
Income of management guidance	1,255	
Income of real estate rent	2,127	
Dividend income	14,507	17,890
Operating expenses		**4,588**
Operating income		**13,301**
Non-operating income		
Interest and dividend income	1,388	
Information sales income	94	
Others	182	1,664
Non-operating expenses		
Interest expenses	82	
Others	710	792
Ordinary income		**14,173**
Extraordinary income		
Gains on sales of noncurrent assets	18	
Gains on sales of investment securities	1,453	1,471
Extraordinary loss		
Loss on disposal of noncurrent assets	43	
Impairment loss	42	
Loss on valuation of shares of subsidiaries and affiliates	737	
Others	1	825
Income before income taxes		**14,820**
Income taxes-current	508	
Income taxes-deferred	-46	461
Net income		**14,358**

(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 16, 2017

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

Ernst & Young ShinNihon LLC

Koichiro Watanabe, 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, 2016 to March 31, 2017.

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 16, 2017

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

Ernst & Young ShinNihon LLC

Koichiro Watanabe, 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 69th fiscal year from April 1, 2016 to March 31, 2017.

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 69th fiscal year from April 1, 2016 to March 31, 2017. 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 (BACD) 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 17, 2017

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)
1. 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.
2. The Company has transitioned to a Company with Audit and Supervisory Committee as of June 29, 2016 in accordance with the resolution at the 68th Annual General Meeting of Shareholders held on June 29, 2016. The status from April 1, 2016 to June 29, 2016 is based on the contents taken over from the former Board of Corporate Auditors.

End of Document