Corporate Governance Report

Last Update: July 8, 2026

TOHO HOLDINGS CO., LTD.
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https://www.tohohd.co.jp/en/

The corporate governance of TOHO HOLDINGS CO., LTD. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company and the Group are committed to enhancing the corporate governance as one of the most important managerial tasks. We recognize the importance of enhancement of the auditing and supervisory functions concerning corporate management, achievement of full compliance, and improvement of the management transparency to sincerely fulfill our responsibilities towards various stakeholders, including customers, business partners, shareholders, employees, and government entities, and enhance our corporate value as sustainable companies.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with all the principles of the Corporate Governance Code as revised in June 2021.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-3 Basic Capital Policy]
The Company will aim to enhance corporate value through expansion of business profits and proactive shareholder returns, including stable dividend increases and flexible share buybacks, to improve capital efficiency.
Please also refer to the Medium-Term Management Plan for details on specific initiatives for profit growth and the indicators and measures to achieve them.
https://ir.tohohd.co.jp/en/plan.html

[Principle 1-4 Cross-shareholdings]
Comprehensively taking into account a management strategy, building, maintenance and strengthening of relations with business connections and other matters, the Company holds shares that it finds to contribute to enhancement of the Group's corporate value from a medium- to long-term point of view. The Company regularly reviews the appropriateness of holding those shares in such a way as minutely examining whether an advantage, etc., to holding the shares of each of the companies meets the Company's policy and selling the shares of any of the companies if it does not find holding of them appropriate.

With regard to cross-shareholdings, we are continuously reducing them after sufficient dialogue with our business partners, and aim to reduce our holdings to less than 10% of net assets as of the fiscal year ending March 2029.
The Company exercises its voting rights after comprehensively judging various viewpoints including impacts on the Company, while taking into account whether exercising such voting rights will lead to the enhancement of the corporate value of the invested companies over the medium to long term and conducting dialogues with counterparties in cases where it is deemed that there is sluggish business performance or serious compliance violation, etc.
With regard to the cross-shareholdings during the fiscal year ended March 2026, please see the following:
https://www.tohohd.co.jp/en/csr/governance/governance

[Principle 1-7 Related Party Transactions]
Based on the Board of Directors rules, the Company obtains approval from the Board of Directors concerning competing transactions by a director and transactions involving any conflict of interest between the Company and a director. The Board of Directors conducts appropriate supervision in accordance with relevant laws and regulations.

[Supplementary Principle 2-4(1) Ensuring diversity at the time of appointing core human resources]
Based on the belief that our employees are our company's most valuable asset, our talents, our Group actively promotes a diverse workforce, regardless of gender, nationality, disability, age, sense of values, other personal characteristics. We are implementing system reforms to foster the growth of each employee and strengthen our organization; ensuring appropriate talent allocation and expanding training programs in line with our management strategy; and reforming our corporate culture with psychological safety at its core. Through these efforts, we aim to transform our workforce into self-directed talents who are unafraid to take on challenges, and to evolve into an organization that creates value.
In addition, the Group has placed no restrictions on the promotion of women, foreign nationals, and mid-career hires to management positions and has been striving to ensure diversity.
Currently, the ratio of female employees is 40.4% and that of female managers is 18.2% at the Company. As of the end of June 2026, three female directors and two female corporate officers were appointed. Further, at TOHO PHARMACEUTICAL CO., LTD., a subsidiary engaging in the wholesale business, one female director is appointed, and the ratio of female employees is 26.1%. In addition, the ratio of female employees at the subsidiaries of the dispensing pharmacy business overall is 79.2%. The Group will, through initiatives such as promotion of the advancement of women, continue to endeavor to maintain an environment where women can work comfortably and fully demonstrate their abilities, and expand opportunities for women, while promoting acceptance of diverse human resources in order to actively assign persons with disabilities, foreign nationals, mid-career hires, and human resources with specialized knowledge.

＜Voluntary and measurable goals, and status＞
・Ratio of female managers in the Company: 25% (FY2028)、30% (FY2030)
*Ratio of female managers at the Company as of the end of March 2026: 18.2%
The Group has not set the measurable goal on appointing foreign national personnel as most of its business fields are limited in Japan. However, with evaluation and allocation of personnel corresponding to their ability and aptitude regardless of nationality, gender, age, value, etc., the employees of foreign nationality have been appointed as managers.
In addition, the Group has not set a measurable goal on mid-career hires owing to its policy to hire personnel with diverse backgrounds as necessary taking into account the business environment.

＜Human resources development policy, in-house environment improvement policy to ensure diversity, and status＞
(i) Human resources development policy
We believe that the growth and autonomy of each and every employee are essential for continuously creating new value. To vigorously promote both the provision of opportunities tailored to individual career

aspirations and the creation of an organizational culture that encourages taking on challenges, thereby enhancing the competitiveness of the entire organization, we are focusing on the following initiatives.

Shift Toward Self-directed Talents

We are focused on developing “self-directed talents” who think for themselves, take the initiative, and continuously create value. To create an environment where every employee can proactively shape their own career and continue to take on new challenges of their own volition, we will promote cultural reform grounded in human resources system reforms, organizational development, and psychological safety, and foster a culture where employees demonstrate entrepreneurship to create value in their work. Furthermore, we view the act of taking on challenges without fear of failure as valuable in itself, and by building on such experiences, we accelerate both individual growth and organizational evolution.

Evolving into a Value-creating Organization

To enhance individual autonomy and foster organizational flexibility and resilience, we aim to be an organization that promotes co-creation across departments and roles, combining diverse insights and experiences to create new value that meets society’s expectations. We will also foster an organizational culture that prioritizes insights and improvements originating from the front lines and continues to view change as an opportunity.

The Foundation Supporting Human Capital Management

We are working to strengthen the development of next-generation leaders and build a solid foundation for leadership development through various initiatives, including the visualization of human resources data and the placement of the right people in the right roles using a talent management system; the implementation of succession plans through the operation of a nominated compensation committee and selective training programs; and the transition to a dialogue-based management style through management training and goal-setting training. In addition, we will promote the creation of an organization that respects and leverages diversity (DE&I), including the employment of people with disabilities and support for women’s career development, while thoroughly ensuring transparency regarding the state of our organization through regular engagement surveys and continuously improving our work environment.

Furthermore, as part of our Medium-term Management Plan 2026–2028, “Soaring into the Next Generation,” formulated in April 2026, we plan to invest 10 billion yen by March 2029 to strengthen our talent workforce.

(ii) In-house environment improvement policy

We are working to establish the following workplace environment so that every employee can maintain both physical and mental well-being and confidently perform to the best of their abilities.

Flexible Work Styles and the Promotion of Digital Transformation

We aim to streamline business processes and boost productivity through digital transformation (DX), while also supporting work-life balance by offering paid time-off in hourly increments and flexible work styles tailored to life events.

Fostering Psychological Safety and DE&I

We foster an organizational culture with a high level of psychological safety, where members acknowledge each other’s individuality and can freely exchange opinions. We strive to create a workplace where diverse perspectives, ranging from the experience and expertise of long-tenured employees to the fresh perspectives of the next generation, can blend and thrive.

Health Management and Creating a Safe Workplace

We are committed to establishing an environment where employees can focus on their work with peace of mind, and we will promote the physical and mental well-being of each and every employee as the foundation of our business. Through comprehensive support, including thorough health checkups, public awareness campaigns on preventive medicine, and mental health care, we will establish an environment where employees can continue to thrive for many years to come.

Providing Educational Opportunities to Strengthen Organizational Competitiveness
We will enhance our training programs, including technical, leadership, and coaching training, and provide a wide range of opportunities for employees to take on new challenges, such as external secondments and participation in projects, thereby linking the growth of each individual to the enhancement of the organization's competitiveness.

(iii) Major initiatives in the current fiscal year
[System Reforms]
- Initiating a comprehensive review aimed at overhauling the human resources system, and establishing the target management system
- Promoting the introduction of a new talent management system and the development of its infrastructure to visualize the talent portfolio
- Active promotion of female employees to management positions
  TOHO HOLDINGS CO., LTD. Number of New Hires: 2 managerial positions (1 male, 1 female); 29 assistant manager positions (10 males, 19 females)
- Expanding mid-career hiring, converting contract employees to full-time staff, and considering the introduction of referral and return-to-work hiring programs
- Improving compensation for re-hired retirees to enhance senior engagement
- Introduction of a restricted stock award plan aimed at providing incentives to enhance corporate value over the medium to long term
- Extending and expanding the eligibility period for the reduced-hours work system for childcare to "until the end of the sixth grade of elementary school"
- Average salary level increase of 4.7%
- A maximum increase of approximately 5.2% in starting salaries to attract and develop young talents

[Organizational Development]
- Implementation of an executive training program aimed at fostering an executive mindset and gaining new perspectives through dialogue with executives from other companies
- Cross-group technical training to develop proposal methods centered on customer support systems
  MTP Training: 31 participants; Senior MTP Training: 29 participants
- Dialogue-based management training to improve leadership and coaching skills
  New Manager Training: 66 participants (12 branch managers and 54 senior managers)
- Cross-group training aimed at developing young human resources
  New Employee Training: 99 participants; Follow-up Training for New Employees: 66 participants; Career Design Training: 34 participants
- Cross-group reskilling training program for MS employees seeking to acquire specialized knowledge and improve their skills: 333 participants
- Developing specialized talents through joint research with the National Institute of Advanced Industrial Science and Technology (AIST)
  25 participants (8 seconded employees, 17 in-house researchers)
- Review and launch of next-generation training based on the succession plan (successor development plan)

[Cultural Reform]
- Conducting an engagement survey for all group employees
  (7,902 out of 9,062 respondents answered, achieving a response rate of 87.2%. Developing and implementing action plans based on results)
- Encouraging the use of familiar honorifics to foster an organizational culture with a high level of psychological safety
- Introduction and implementation of casual business attire that respects individual autonomy
- Group-wide rollout of town hall meetings involving management and employees aimed at reforming the organizational culture

- Formalizing organizational culture through the formulation of a DE&I declaration
- Compliance training for all officers and employees, as well as specialized training on the Antimonopoly Act, the Anti-Bribery Act, and other relevant laws: 100% participation rate
- Biweekly distribution of a compliance-related email newsletter to all employees
- Implementation of a cross-group senior life planning seminar on financial literacy for people aged 50 and older: 86 participants
- Phased expansion of group-wide “No-Smoking Day” with the ultimate goal of imposing a complete ban on smoking during work hours
- Eight major group companies earn new or renewed “Health Management Excellence Corporation 2026” designations
  Certified entities: TOHO HOLDINGS CO., LTD., TOHO PHARMACEUTICAL CO., LTD., SAYWELL inc., KOYO CO., LTD., Kyushu Toho Co., Ltd., Okinawa Toho Co., Ltd., KYOSOMIRAI PHARMA, and Nextit Research Institute

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]
The Company’s pension fund is entrusted to, and managed and exercised by the Tokyo Pharmaceutical Industry Corporate Pension Fund established in the industry. Policies and plans, etc. related to the management of pension assets are decided after submission of proposals to and deliberations by several conference bodies such as the governing board and the delegation board, which are the executive bodies, and the appropriateness of asset management is secured.
Board member of the Company who has knowledge related to asset management assumes office as a member of the governing board of the said fund, which guarantees that the monitoring of the asset management will be implemented, and personnel with appropriate qualifications are allocated to the secretariat of the fund.

[Principle 3-1 Enhancing Information Disclosure]
(i) Management Philosophy, Management Strategy, etc.
The Management Philosophy and Management Strategy are disclosed on the Company’s website and in its Integrated Report, and specific business strategies and management plans are disclosed in its Financial Results Briefing Documents and the Medium-term Management Plan.
To achieve sustainable growth and increase the medium- to long-term value of the Group through the realization of this Mission Statement, we have formulated the Medium-term Management Plan and Action Plan as a management strategy and management plan for the Group.
Please refer to the Company’s website for details.
＜Mission Statement＞
https://www.tohohd.co.jp/en/company/philosophy
＜Management Strategy＞
https://ir.tohohd.co.jp/en/management/strategy.html
＜Integrated Report＞
https://ir.tohohd.co.jp/en/irfiling/integrated_report.html
＜Financial Results Briefing Documents＞
https://ir.tohohd.co.jp/en/irfiling/presentation.html
＜Medium-term Management Plan＞
https://ir.tohohd.co.jp/en/plan.html

(ii) Policy on Corporate Governance
The basic policy on corporate governance is disclosed on the Company’s website, and in the report concerning corporate governance and the Integrated Report.
For details, please refer to the following:

＜Company’s basic policy on corporate governance and the report concerning corporate governance＞
https://ir.tohohd.co.jp/en/management/corporategovernance.html
＜Integrated Report＞
https://ir.tohohd.co.jp/en/irfiling/integrated_report.html

(iii) Policy and Procedure on Compensation for the Directors
The policies and procedures for determining the compensation of directors are described in "II-1. Matters Related to Organizational Composition and Operation [Directors' Compensation] Disclosed Details of Policy for Determining Amount of Compensation or Calculation Method thereof" of this report.

(iv) Policy and Procedure on Appointment of the Senior Management and Director
Nominations of candidates for Directors are deliberated in advance by the voluntary Nomination and Compensation Committee, which is an advisory to the Board of Directors and a majority of whose members are Outside Directors, and are resolved by the Board of Directors. In selecting Directors, we comprehensively consider their understanding of the Company's business, diverse perspectives that contribute to improving the effectiveness of the Board of Directors, their expertise and experience, and other factors, expecting them to contribute to the sustainable growth of the Group and the enhancement of corporate value over the medium to long term.
In addition, the nomination process and other matters for directors are disclosed on our website.
https://www.tohohd.co.jp/en/csr/governance/governance

(v) The Company discloses the reason for the appointment of director candidates and candidates for directors who are the Audit and Supervisory Committee members in the Notice of Convocation of General Meeting of Shareholders. Upon the nomination of director candidates and candidates for directors who are the Audit and Supervisory Committee members, explanations for each appointment and nomination are disclosed in the Notice of Convocation of General Meeting of Shareholders. The appointment and dismissal of directors is determined at the General Meeting of Shareholders in accordance with the Articles of Incorporation of the Company.
The Notice of Convocation of General Meeting of Shareholders is posted on the Company's website.
https://ir.tohohd.co.jp/en/stock/meeting.html

[Supplementary Principle 3-1(3) Enhancement of information disclosure regarding sustainability]
The Group is working to promote sustainability management under the sustainability policy of "Based on its Mission Statement of 'we shall live in harmony with society and our customers; together, we shall create new values through the provision of original services; and we shall contribute to the medical care and well-being of people around the world,' we, as a corporate group engaged in the medical, health and nursing care fields, strive to solve social issues through business operations and to contribute to the realization of a sustainable society."
In addition, the Company describes on the Company's website our sustainability initiatives based on the three materialities (important issues) of the environment (E), society (S), and governance (G), and disclose quantitative data and specific examples of such initiatives.
Detailed policies on sustainability can be found on the Company's website.
https://www.tohohd.co.jp/en/csr
Furthermore, the Company has positioned efforts to address climate change as one of our key issues, and the Sustainability Promotion Committee is playing a central role in identifying climate change-related risks and opportunities, assessing their impact on the Company, and considering specific measures to deal with them. The Group expressed its support for the TCFD recommendations in June 2023, and discloses these recommendations in line with the disclosure framework proposed by the TCFD Task Force on Climate-related Financial Disclosures.
While we strive to enhance disclosure from now on, the current status is posted on the Company's website .
https://www.tohohd.co.jp/en/csr/environment/climatechanges

[Supplementary Principle 4-1(1) Scope of Delegation to Management]
The Company, according to the Board of Directors rules, specifies matters to be decided and those to be reported at the Board of Directors concerning legally required matters or important management matters. The Company also specifies matters to be decided and those to be reported by executive persons from Representative Director down, according to the authority rules and the decision-making rules.

[Principle 4-9 Independence Standards and Qualification for Independent Outside Directors]

The Company appoints independent outside directors according to the requirements for outside directors as prescribed in the regulation and to the Independence Standards stipulated by the financial instruments exchanges, and the independence standards established by the Company. The independent outside directors make comments at meetings of the Board of Directors from their respective professional positions, and active discussions, which contribute to the enhancement of the Company's corporate value over the medium to long term, are being held.
Please refer to the section below for the independence standards established by the Company.
https://www.tohohd.co.jp/en/csr/governance/governance

[Supplementary Principle 4-10(1) Establishment of Nomination and Compensation Committee]
The Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors, whose purpose is to conduct necessary deliberations regarding the appointment and dismissal of directors and the representative director, the determination of directors' compensation and other matters, succession plans for the Representative Director and others, etc., and to contribute to the transparency of decision-making. Committee is chaired by an outside director and the majority members of committee are independent outside directors.

[Supplementary Principle 4-11(1) The concept of diversity of Board of Directors]
The Company's Board of Directors strives to ensure diversity in terms of gender, age, work experience, etc. in order to facilitate discussions from diverse perspectives.
Furthermore, in anticipation of their contribution to the Group's sustainable growth and enhancement of corporate value over the medium to long term, we have appointed as board members four Inside directors and five Outside directors (including three women) with not only an understanding of the Company's business but also a wide range of expertise and abundant experience in corporate management, the pharmaceutical industry, finance/accounting/capital markets, legal affairs, business development/DX, sustainability, etc. to ensure a well-balanced composition that contributes to enhancing the effectiveness of the Board of Directors.
The knowledge and experience we expect from directors to achieve the Group's sustainable growth and enhance corporate value over the medium to long term are posted on the Company's website.
https://www.tohohd.co.jp/en/company/directors

[Supplementary Principle 4-11(2) The information on the Company's directors with concurrent duties at other companies]
The information on the Company's directors with concurrent duties at other companies is included and disclosed on the Company's website, in the Business Report and Reference Documents attached to Notices of Convocation of General Meeting of Shareholders and in the Annual Securities Reports.

＜Company's website＞
https://www.tohohd.co.jp/en/company/directors
＜Notices of Convocation of General Meeting of Shareholders＞
https://ir.tohohd.co.jp/en/stock/meeting.html
＜Annual Securities Reports＞
https://ir.tohohd.co.jp/ja/irfiling/securitiesreport.html (Japanese only)

[Supplementary Principle 4-11(3) Evaluation of the Effectiveness of the Board of Directors]
To enhance the functions of the Board of Directors and improve its operation, we conducts an annual evaluation of the Board's effectiveness for all directors. In fiscal year 2025, we conducted a third-party evaluation in collaboration with an external organization from the perspective of objectivity and transparency of the evaluation.
In addition, based on the evaluation results, the Board of Directors discusses and confirms the challenges and issues that need to be addressed.

● Evaluation Method
・An anonymous survey (including an open-ended section where respondents can freely write specific opinions and proposals) is conducted with the involvement of an external organization.

・Based on the survey results, individual interviews with all directors are conducted by an external organization.
・The results of the survey and interviews are compiled, analyzed, and evaluated by an external organization.

Survey Items
・Ideal vision of the Board of Directors
・Composition of the Board of Directors
・Operation of the Board of Directors
・Management strategy and management plan
・Internal control and risk management
・Nomination and compensation
・Performance of outside directors
・Support system for directors
・Training
・Dialogue with shareholders (investors)
・Initiative by an individual
・Evaluation of the Nomination and Compensation Committee
・Evaluation by the Audit and Supervisory Committee
・Summary

● Status of Initiatives to Address Challenges Identified in the FY2024 Evaluation of Effectiveness
(1) Further stimulation of medium- to long-term and strategic discussions
・Identifying important topics that require in-depth discussion from a medium- to long-term and strategic perspective and set them in the Board of Directors' annual agenda
・To ensure substantive discussions, extending the duration of Board of Directors meetings and adjusting the time allocation for each agenda item along with its importance and other factors

(2) Expansion of training opportunities
・Providing training opportunities on a variety of topics, including training sessions led by external instructors and courses offered by external organizations

(3) Earlier submission of documents
・To ensure sufficient time for deliberation on each agenda item, launching digital transformation tools for the operation
・Continuing to provide advance briefings on important matters so that directors can fully understand the details of such matters in advance

●Summary of the Results of the FY2025 Evaluation of the Effectiveness of the Board of Directors
Based on the results of the survey and interviews, we have confirmed that the Board of Directors is functioning appropriately in general and that its effectiveness is ensured.
While the composition of the Board of Directors (in terms of skills, expertise, etc.), the performance of outside directors, dialogue with investors, and open and frank discussions within the Nomination and Compensation Committee were all viewed positively, the need to revise the standards for agenda items to the Board of Directors in order to focus more on medium- to long-term and strategic discussions was identified as challenges. It was also agreed that securing training opportunities for officers remains an ongoing priority.

● Initiatives to Further Improve Effectiveness
Based on the evaluation results of the effectiveness, we will implement the following initiatives to further improve the effectiveness of the Board of Directors.

・Review of the standards for agenda items and reports to the Board of Directors to further facilitate substantive discussions on important topics such as management strategy
・Continuous provision of training opportunities on a variety of topics

[Supplementary Principle 4-14(2) Training Policy for the Board of Directors]
The Company gives newly appointed directors the opportunity to participate in external seminars in order to acquire knowledge mainly concerning the statutory duties and responsibilities of directors as stipulated by law. Members of the Board of Directors, including outside directors, visit the Company's facilities such as distribution centers in order to enhance their understanding of the Company's business activities. In addition, The Company also provides opportunities for all the board members to obtain information and knowledge on industry trends and the business environment surrounding the Company, and the Company bears the costs required for these activities.

[Principle 5-1 Policy on Constructive Dialogues with Shareholders]
The Company responds positively to dialogue (or interview) requests from shareholders or investors, which is specifically done by the Corporate Communications Department/Corporate Planning Department. Also, the representative director, a person responsible for information disclosure and outside directors respond as often as possible to some demands from shareholders or investors in the form of interview.
The Company has adopted the following policies in order to enhance constructive dialogues with shareholders or investors:
(i) Appoints a corporate officer as a person responsible for information disclosure and establishes the Corporate Communications Department/Corporate Planning Department under the direction of the person as the department in charge of investor relations.
(ii) Makes efforts to enhance organic coordination under the direction of the person by sharing information more effectively between the Corporate Communications Department/Corporate Planning Department and other related departments.
(iii) Holds biannual financial results briefings for investors and analysts to offer direct explanations from top management and the person responsible for information disclosure. Furthermore, the Company holds tours of facilities to offer a deeper understanding of the Company's management strategy. In addition, based on the Company's shareholder composition and capital policy, the Company visits
North America, Europe, and Asian regions.
(iv) IR activities and opinions from investors are fed back to senior management and the Board of Directors as appropriate, and opinions from shareholders and investors obtained through dialogue are used in the formulation and implementation of management strategies.
(v) Stringently manages information in accordance with internal regulations concerning those involved in handling insider information in order to prevent selective disclosure of insider information only to some market participants, and in dialogue with investors, tries hard to make into dialogue topics the Company's sustainable growth and the matters contributing to corporate value enhancement over the medium to long term.

[Action to Implement Management That is Conscious of Cost of Capital and Stock Price]

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	July 8, 2026

Explanation

In order to achieve sustainable growth and enhancement of corporate value over the medium to long-term, the Company conducts business operations and formulates management plans based on cost of capital and capital profitability.

Under the Medium-term Management Plan 2026–2028, “Soaring into the Next Generation,” which began in fiscal year 2026, we have set a target of achieving a return on equity (ROE) of 8% or higher in the final fiscal year of the plan (ending March 2029), and we will strive to secure a return on equity that exceeds the cost of shareholder equity as recognized by the Company (generally 6–7%). We are committed to reforming our business portfolio by accelerating our growth and efficiency strategy through management focused on ROIC. At the same time, we will pursue sustainable growth and enhance corporate value over the medium to long term by implementing measures such as treasury share acquisitions that take capital efficiency into account, increasing stable dividends, and continuously reducing our cross-shareholdings. For details on the specific strategies and measures set forth in the Medium-term Management Plan 2026–2028, “Soaring into the Next Generation,” please refer to the following URL. https://ir.tohohd.co.jp/en/plan.html

2. Capital Structure

Foreign Shareholding Ratio	more than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
STATE STREET BANK AND TRUST COMPANY 505018	9,646,334	14.90
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,332,800	11.33
Shionogi & Co., Ltd.	3,500,112	5.40
GOLDMAN, SACHS & CO. REG	2,801,131	4.32
3D WH OPPORTUNITY MASTER OFC – 3D WH OPP ORTUNITY HOLDINGS	2,400,000	3.70
Custody Bank of Japan, Ltd. (Trust Account)	1,622,600	2.50
Hiroyuki Kono	1,333,760	2.06
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust, Daiichi Sankyo Account Re-trust Trustee, Custody Bank of Japan, Ltd.	1,328,000	2.05
GOLDMAN SACHS INTERNATIONAL	1,296,200	2.00
TOHO HOLDINGS Employee Stock Ownership Plan	1,205,071	1.86

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation

1. The shareholding ratio is calculated excluding the treasury shares (8,312,769 shares) held by the Company.
2. The report of possession of a large volume (change report), which includes the following, is made available for public inspection; however, the Company is unable to confirm the actual number of shares held as of the end of the fiscal year under review, and therefore does not include them in the list of major shareholders above.
   ・3D Investment Partners Pte. Ltd.: 15,543 thousand shares (as of August 27, 2025)

・Three (3) joint holders, including Nomura Securities Co., Ltd.: 2,370 thousand shares (as of September 5, 2025)

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	F	g	h	i	j	k
Hidehito Kotani	From another company								△			
Chie Goto	From another company											○
Manako Haga	From another company											○
Miho Saito	From another company											○
Masahiko Ito	From another company											○

*Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/kansayaku
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/kansayaku are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Hidehito Kotani	○	○	Mr. Kotani was previously with Pfizer, Inc. and MSD K.K., which are customers of the Company's consolidated subsidiary; however, more than ten years have passed since he left both companies.	(Reasons for being appointed as an outside director) Mr. Kotani has abundant knowledge about the pharmaceutical, medical device and medical IT industries and insight in corporate activities. He participated in the management of other companies, and the Company expects that he will contribute to the Company's audit and

				supervisory function as an expert on business management that he has accumulated through his career. Therefore, the Company has appointed him as an outside director. (Reasons for being appointed as an independent director) Transactions between the Company's consolidated subsidiary and both of Pfizer, Inc. and MSD K.K. are not so conspicuously numerous as those between the Company and other customers, and do not significantly affect the Company's business. In addition, persons from Pfizer, Inc. and MSD K.K. have not constantly been appointed as directors of the Company and there is little human interaction. Based on the above reasons, Mr. Kotani has been appointed as an independent director because the Company judges that he will have no risk of having conflicts of interest with ordinary shareholders.
Chie Goto	○	○	-	(Reasons for being appointed as an outside director) Ms. Chie Goto has a broad insight as a lawyer and a certified public accountant and extensive experience as an outside officer of other companies, and the Company is appointed her as an outside director with the expectation that she will perform in the management and supervision of the Company by utilizing her professional knowledge of corporate law and accounting that is fostered through activities as a lawyer and a certified public accountant. (Reasons for being appointed as an independent director)

				Ms. Goto has been appointed as an independent director because she has no special interest with the Company and the Company judges that she will have no risk of having conflicts of interest with ordinary shareholders.
Manako Haga	-	○	-	(Reasons for being appointed as an outside director) Ms. Manako Haga has served as an executive in the finance, corporate planning, human resources, and corporate services divisions at both Japanese and foreign securities firms and asset management companies, and possesses a wealth of knowledge and experience in financial accounting, corporate planning, business process development, and human capital management. We expect that she will utilize her knowledge and experience to provide advice on appropriate decision making by the Board of Directors and highly effective supervision from an independent standpoint. Therefore, we propose her election as an outside director. (Reasons for being appointed as an independent director) Ms. Manako Haga has been appointed as an independent director because she has no special interest with the Company and the Company judges that she will have no risk of having conflicts of interest with ordinary shareholders.
Miho Saito	○	○	-	(Reasons for being appointed as an outside director) Ms. Miho Saito has long been engaged in investment operations in international finance and has a wealth of knowledge and experience in investment strategy formulation and investment risk management based on capital market trends. We

				expect that she will utilize her knowledge and experience in finance and capital markets to provide advice on appropriate decision-making by the Board of Directors and conduct highly effective auditing and supervision from an independent standpoint. Therefore, we propose her election as an outside director. (Reasons for being appointed as an independent director) Ms. Miho Saito has been appointed as an independent director because she has no special interest with the Company and the Company judges that she will have no risk of having conflicts of interest with ordinary shareholders.
Masahiko Ito	-	○	-	(Reasons for being appointed as an outside director) Mr. Masahiko Ito has abundant knowledge and experience as a corporate manager, such as serving as Representative Director of another company, as well as a high level of insight into governance cultivated through corporate management and his experience as an outside director at other companies. Expecting that he will utilize this knowledge and experience to provide advice from an independent standpoint on appropriate decision-making by the Board of Directors and to carry out highly effective supervision, the Company has appointed him as an outside director. (Reasons for being appointed as an independent director) Mr. Masahiko Ito has been appointed as an independent director because he has no special interest with the Company and the Company

				judges that he will have no risk of having conflicts of interest with ordinary shareholders.

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	Total Committee Members	Full-time Committee Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	0	0	3	Outside Director

Appointment of Directors and Employees to Support the Execution of Duties by Audit and Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Employees from Executive Directors

The Company appoints a staff to assist the Audit and Supervisory Committee to carry out their duties.
To ensure the independence of the staff from directors (excluding those who are the Audit and Supervisory Committee members), the staff performs his duties under the direction of the Audit & Supervisory Committee. Moreover, the appointment and any personnel change of the staff is handled with the agreement of the Audit and Supervisory Committee.

Cooperation among Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Division

The representative director regularly meets with an Audit and Supervisory Committee and exchanges opinions on issues to be tackled by the Company, the progress in developing an environment for the Committee to conduct audits, and crucial auditing issues, in an effort to deepen mutual understanding.
The Audit and Supervisory Committee members regularly receive reports on audit plans, methods, and results from the accounting auditor and exchange information to conduct efficient auditing.
The Group Audit Office as the Internal Audit Division submits internal audit information and other necessary information to the Audit and Supervisory Committee members to maintain close contact with the Committee members.

[Voluntary Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

	Total Committee Members	Full-time Committee Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairman

Voluntary Nomination and Compensation Committee	5	0	1	4	0	0	Outside Director

Supplementary Explanation

The voluntary Nomination and Compensation Committee consisting mainly of outside directors have been established as advisory committees to the Board of Directors.

[Independent Directors]

Number of Independent Directors	5

Other Matters relating to Independent Directors

All of outside directors that qualify as independent directors have been designated as independent directors.

[Incentives]

Incentive Policies for Directors	Others

Supplementary Explanation

A resolution was passed at the 69th Annual General Meeting of Shareholders held on June 29, 2017, to newly introduce a restricted stock compensation plan in place of the current stock-based compensation stock options for the Company's directors (excluding those who are Audit and Supervisory Committee Members) in order to give even more incentive for the directors to undertake sustainable enhancement of the Company's corporate value and to further promote value-sharing with shareholders. The total amount of such compensation shall be no more than 55 million JPY.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

No single officer was awarded consolidated compensation of 100 million JPY or more in total and therefore nothing is listed. Total compensation for each director is disclosed in the Annual Securities Report and Business Report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company has established the following policy for determining remuneration, etc. for each individual director at the Board of Directors’ meeting held on May 14, 2025.

1. Basic policy

・Compensation shall be determined based on fair and reasonable standards, comprehensively considering the duties of directors, degree of responsibility, contribution to business performance, etc.

・Compensation shall be an appropriate combination of fixed compensation (base compensation), performance-linked compensation, stock compensation, etc., from the perspective of improving the Company's corporate value over the medium to long term.

・ The content of compensation shall be highly independent, transparent, objective, and accountable to the Company's stakeholders..

2. Compensation levels

The compensation levels shall be determined by resolution of the Board of Directors after the Nomination and Compensation Committee verifies the appropriateness thereof by conducting research and analysis of compensation levels for each position using data from an external research organization and peer groups of companies with more or less the same market capitalization or companies in similar industries.

The compensation levels shall be reviewed from time to time in accordance with changes in the Company's business environment and external environment.

3. Composition of compensation

Compensation for directors (excluding outside directors) shall be divided into three categories: representative salary, supervisory salary, and executive salary. Outside directors shall be paid only fixed compensation in light of their duties.

(1) Representative salary: A fixed amount of money is paid monthly to directors with representative authority.

(2) Supervisory salary: A fixed amount of money is paid monthly as compensation for management supervision.

(3) Executive salary: Fixed compensation, performance-linked bonus (STI), and stock compensation (LTI) shall be paid for business execution.

The composition of executive salary shall be 65-75% fixed compensation, 15-20% bonus, and 10-15% stock compensation.

a. Fixed compensation

A fixed amount of money is paid monthly according to the position.

b. Bonus (STI)

Bonuses shall be performance-linked compensation in cash based on performance and evaluation during the relevant fiscal year. The three (3) indicators to be used in the evaluation shall be operating income, ROE, and employee engagement. The ratio shall be 50:25:25, and 0-200% of the standard amount according to the position shall be paid in a lump sum after evaluation (in June of the following year).

c. Stock compensation (LTI)

Restricted stock (RS) shall be granted according to the position with the aim of providing an incentive to continuously improve the Company's corporate value and to promote value sharing with shareholders.

4. Matters concerning the determination of the content of compensation, etc. for individual directors

Compensation for individual directors (excluding those who are Audit and Supervisory Committee Members) shall be determined by the Board of Directors after deliberation by the Nomination and Compensation Committee.

In the event of revision of the determination policy, the details shall be deliberated by the Nomination and Compensation Committee prior to the resolution of the Board of Directors.

[Supporting System for Outside Directors]

Relevant departments timely provide outside directors with information and materials needed for them to carry out their duties, and do so promptly if asked.

[Status of Persons Who Retired as Representative Director and President, etc.]

Names, etc. of advisors, senior advisors etc., who are a former Representative Director and President, etc.

Name	Title and position	Duties	Working style and conditions (Full-time / part-time, With/without compensation, etc.)	Retirement date of President, etc.	Term of office
-	-	-	-	-	-

Total number of advisors, counselors, etc. who are a former Representative Director and President, etc.	-

Other matters

・The Company has a Senior Advisor ("Sodanyaku") and Advisor ("Komon") system to receive advice and other input based on their abundant knowledge and experience; however, currently, there are no applicable individuals who have retired from positions such as Representative Director and President. In the operation of this system, the roles of Senior Advisors and Advisors are clearly defined in the regulations, which explicitly state that they are to have no involvement whatsoever in the Company's management decision-making.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

-The Company changed to a Company with an Audit and Supervisory Committee after amendments of the Company's Articles of Incorporation at the 68th Annual General Meeting of Shareholders held on June 29, 2016.

- The number of directors (excluding those who are the Audit and Supervisory Committee members) shall be no more than ten, and the number of directors who are the Audit and Supervisory Committee members shall be no more than five. The Company has six directors (excluding those who are the Audit and Supervisory Committee members), including two outside directors, and three directors who are the Audit and Supervisory Committee members. The Company has adapted a corporate officer system and appointed twelve corporate officers.

- The Company has appointed three outside directors who are the Audit and Supervisory Committee members in order to further enhance the system for supervising and monitoring the execution of operation by directors and also enhance the system for reflecting the opinions of external experts.

- The Company has set the terms of directors (excluding those who are the Audit and Supervisory Committee members) at one year and directors who are the Committee Members at two years to establish a flexible management system for responding swiftly to changes in business environments and to clarify the responsibility and evaluation of each director.

- As a general rule, the Company holds regular meetings of the Board of Directors each month, and by holding special meetings of the Board of Directors as needed, the Company ensures the proper execution of operations and makes swift decisions.

In addition, to ensure efficient decision-making by the Board of Directors, we have established the Group Management Committee composed of directors and department heads to discuss subjects and other matters to be submitted to the Board in advance. The Company ensures the proper execution of operations by thoroughly deliberating on relevant issues at this "Group Management Committee."

- The Company ensures the proper execution of operations by proactively utilizing its corporate lawyers and following advice from more than one lawyer for each specialized area. - The Audit and Supervisory Committee Members conforming to the auditing policies and the allocation of duties, etc., conduct strict audits by attending the Board of Directors, receiving reports mainly from directors concerning the execution of operations, confirming important decision-making documents, and inspecting the state of business and assets. - The Company establishes the “Group Audit Office” independent of business operations in order to secure sound management and proper business operations, and conducts regular audits based on the annual auditing plan and conducts irregular special audits in order to enhance and implement internal audits thoroughly. - The Company has established a voluntary "Nomination and Compensation Committee" as an advisory body to the Board of Directors, whose purpose is to conduct necessary deliberations regarding the appointment and dismissal of directors and the representative director, the determination of directors' compensation and other matters, succession plans for the Representative Director and others, etc., and to contribute to the transparency of decision-making. The Committee is composed of three or more directors, with a majority of members being independent outside directors and the chairperson selected from outside directors.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted an Audit and Supervisory Committee governance structure from the perspective of further enhancing corporate governance by strengthening the supervisory functions of the Board of Directors, thereby promoting the improvement of the corporate value on a mid-to long-term basis through the enhancement of the functions of outside directors who do not execute operations by themselves. Among nine directors, the Company appointed five directors as outside directors (three of whom are Audit and Supervisory Committee members), who aim to strengthen the management supervision function.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	In order to ensure that shareholders have sufficient time to consider general meeting proposals, the convocation notice is sent out approximately three weeks prior to the date of the meeting and disclosed on the Company's and the Tokyo Stock Exchange's websites approximately one week prior to the date of such notice.
Allowing Electronic Exercise of Voting Rights	The Company has adopted the system for the exercise of voting rights by electromagnetic means since the 63rd Annual General Meeting of Shareholders held on June 28, 2011.
Participation in Electronic Voting Platform	The Company has participated in the platform for electronic exercise of voting rights since the 63rd Annual General Meeting of Shareholders held on June 28, 2011, and has prepared an environment that provides institutional investors at home and abroad with a wide range of opportunities to exercise their voting rights.
Providing Convocation Notice in English	The Company has created the Notice of Convocation of General Meeting of Shareholders in English and has posted on the website of the Company and the platform.
Other	The Company has posted the Notice of Convocation both in Japanese and English on the website of the Company before sending it.

2. IR Activities

	Supplementary Explanations
Regular Investor Briefings for Analysts and Institutional Investors	The Company, after disclosing the final financial statements and the interim financial statements, continuously holds financial results briefings for securities analysts and institutional investors. Moreover, the Company holds meetings individually with institutional investors when needed.

Posting of IR Materials on Website	The Company posts its consolidated financial statements, annual securities reports, Integrated Report, timely disclosure of information, notices of convocation of General Meeting of Shareholders, etc. on its website and provides audio recordings of presentations at the financial results briefings.
Establishment of Department and/or Manager in Charge of IR	The department that specializes in investor relations includes the Corporate Communications Department/Corporate Planning Department.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The “Code of Ethics of the Kyoso Mirai Group” common to the Group companies specifically stipulates that it is necessary to establish a relationship of “trust and sympathy” with stakeholders in order for the Group to survive and grow.
Implementation of Environmental Activities, CSR Activities etc.	Based on its Mission Statement of “We shall live in harmony with society and our customers; together, we shall create new values through the provision of original services; and we shall contribute to the medical care and well-being of people around the world,” the Group, as a corporate group engaged in the medicine, health, and nursing care fields, strives to resolve social issues through business operations and promoting sustainability management through the Sustainability Promotion Committee, which is responsible for deliberations on initiatives to promote sustainability management and identifying and addressing issues in order to contribute to the realization of a sustainable society. The details of these activities and our environmental policy are available on the Company’s website. https://www.tohohd.co.jp/en/csr （Sustainability） https://www.tohohd.co.jp/en/csr/report （Integrated Report） https://www.tohohd.co.jp/en/csr/environment/policy (Environmental Policy）
Other	The Company is certified as an "Excellent Health Management Corporation 2026," an accreditation system for excellent health management corporations sponsored by the Ministry of Economy, Trade and Industry and the NIPPON KENKO KAIGI. Details are posted on the Company’s website. https://www.tohohd.co.jp/en/csr/activity/employee

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

According to the provisions of the Companies Act, the Company has set up its “Basic Policy on Internal Control System” as described below, and faithfully carries out this policy in order to ensure the legality and efficiency of the Company’s business operations and undertake risk management practices. Moreover, the Company reviews its Basic Policy in a timely manner, according to changes in the socioeconomic climate and other aspects of the environment surrounding the Company, and further improves and enhances its Basic Policy.

[1] System for Ensuring that Directors’ Execution of their Duties is in Compliance with Laws and Regulations and the Articles of Incorporation
(1) Directors of the Group shall execute their duties in accordance with laws and regulations, the Articles of Incorporation, the Board of Directors regulations, the decision-making rules, etc. They shall act in compliance with laws and regulations, as well as social norms, and shall adhere to the Kyoso Mirai Group Code of Ethics (the “Code of Ethics”), which establishes ethical standards and behavioral guidelines that must be observed and practiced. The Company shall appoint a Governance Officer to promote governance in the Group.

(2) The Company shall set up a Compliance Committee to promote the establishment of a system of compliance with laws, regulations and social norms as well as corporate ethics in the Group.
(3) The Company shall adopt a corporate officer system to strengthen the supervisory function of the Board of Directors and directors, separating the supervisory function of the Board of Directors and directors from the business operation function of the corporate officers.
(4) To enable the Board of Directors to supervise the execution of duties by directors, directors shall accurately report the business operation status of the Company and its Group companies to the Board of Directors, and shall mutually monitor and supervise the execution of duties by other directors.
(5) Based on the Financial Instruments and Exchange Act, directors are continuously engaged in preparing, managing, and evaluating a system for implementing effective and proper internal control related to the Group’s financial reporting in order to ensure the reliability and appropriateness of the contents of the Group’s financial reports.
(6) The Group shall establish a whistleblowing system to prevent misconduct, detect it early, and correct it promptly. The Group shall set up contact points for whistleblowing both within and outside the company and prohibit any disadvantageous treatment of whistleblowers. Furthermore, to prevent the occurrence of harassment incidents and ensure prompt response to them, the Group shall set up contact points for consultation and whistleblowing both within and outside the company, thoroughly publicize them, and ensure appropriate handling.
(7) The Company shall establish the committees as an advisory body to the Board of Directors as follows:
- The Nomination and Compensation Committee (composed of three or more directors, with a majority of members and the chairperson selected from outside directors), whose objective is to conduct necessary deliberations regarding the appointment and dismissal of directors and the representative director, the determination of Directors' compensation and other matters, succession plans for the Representative Director and others, etc., and to contribute to the transparency of decision-making.
- the Sustainability Promotion Committee, whose purpose is to recognize responses pertaining to sustainability as important issues in management and promote sustainability management.
- the Investment Committee, whose purpose is to have discussions about the appropriateness of investment projects in making a decision on the investment projects.
- the Management Strategy Committee, whose purpose is to consider important management and business strategies, etc., connected with the Company and the Group toward sustained enhancement of corporate value.

[2] System for Ensuring that Employees’ Execution of their Duties is in Compliance with Laws and Regulations and the Articles of Incorporation
(1) In order to ensure that employees execute their duties while always being conscious of compliance, the Group strives so that the Ethical Code will be practically and fully applied. In particular, the Company makes efforts for maintaining and strengthening the system to ensure compliance with laws and regulations related to pharmaceutical affairs, laws and regulations for securing fair competition such as the Antimonopoly Act, strict control of corporate information and personal information, etc., and for providing employees with education and enlightening employees about the system.
(2) The Company fully ensures that business will be executed and managed through the office organization. If a problem arises, it must be dealt with properly and strictly according to the rules of employment, and measures must be promptly taken to prevent the recurrence of similar cases.
(3) By conducting periodic internal audits, the Company confirms whether employees execute their duties in compliance with law and regulations, the Articles of Incorporation, and other rules, and ensures that the proper execution of their duties is maintained and reinforced properly.

[3] System for the Storage and Management of Information in Relation to the Execution of Duties by Directors
(1) In accordance with the laws and regulations as well as the “Rules for the Management of Documents,” the Company properly stores and manages documents related to the execution of duties by directors (including electromagnetic records), and other important information.
(2) The Company ensures the appropriateness of the contents concerning the creation, storage, and management of information in relation to the execution of duties by directors by having them audited by the Audit and Supervisory Committee members.

[4] Regulations for Management of Risk of Loss and Other Systems
(1) The Company shall establish a Risk Management Committee to advance the development of the Group's risk management system. The committee shall strive to identify and understand potential risks facing the Group at an early stage, thereby promoting risk management throughout the Group.

(2) The Company shall establish a Kyoso Mirai Group Disaster Countermeasures Committee. The committee shall formulate disaster countermeasures and business continuity plans in preparation for the occurrence of a disaster or other emergency in the Group. In the event of a disaster, the committee shall strive to minimize damage to the organization, swiftly restore operations, and continue business.
(3) In the event of an emergency within the Group, the Company shall establish a countermeasures headquarters at the Company or an operating company, directed by the Representative Director, President (or a person designated by the Representative Director, President). In accordance with the business continuity plan prescribed in the preceding item, the countermeasures headquarters shall take prompt action to maintain, restore or establish the pharmaceutical supply system.
(4) The Company shall establish an Information Security Committee pursuant to the Basic Rules on Information Security, which stipulate the creation of a system for the protection of information assets, and shall build a company-wide management system for maintaining information security.
(5) In order to maintain the normal operation of its computer processing system, the Company locates multiple data centers and launches a backup system to properly build up a robust framework for accidents.

[5] System for Ensuring that the Duties of Directors are Exercised Efficiently
(1) The Board of Directors meeting is normally held on a monthly basis, and an extraordinary meeting is held when necessary. In these meetings, important matters concerning the management are deliberated and resolved, and the business execution by the directors is supervised.
(2) The Company shall ensure a system to make prompt and appropriate decisions on important matters to be submitted to the Board of Directors by, for example, having the Group′s Management Committee fully examine them in advance.
(3) In order to ensure that the duties of directors are exercised efficiently, the Company establishes the “Organization Regulations,” the “Regulation Concerning the Division of Duties,” and “Regulations for Authority of Duties,” designating a responsible party for each organization and duty and defining the details of responsibilities and execution procedures.
(4) The Company holds the Board of Directors periodically to confirm the progress of business activities of the Group based on the Mid-term Management Plan and the Annual Management Plan.

[6] System for Ensuring Proper Operations within the Corporate Group
(1) System for reporting to the Company on matters relating to the execution of duties by directors of subsidiaries
In accordance with the Management Rules of the Affiliated Companies, the Company shall discuss and review important matters concerning the business operations of its subsidiaries in advance at the Group’s Management Committee, and shall submit them to the Board of Directors for deliberation and report as necessary.
(2) Regulations and other systems with regard to managing the risk of loss for subsidiaries
In accordance with the provisions and other systems for managing the risk of loss set forth in Article 5, the Company shall identify and understand risks that may arise throughout the Group at an early stage and minimize their negative impact.
(3) System for ensuring that the duties of directors of subsidiaries are exercised efficiently
Pursuant to the basic policies stipulated in the "Affiliates Management Rules," the Company has established the reporting system shall have the Company’s Board of Directors deliberate and receive reports on important matters connected with subsidiaries’ business and management.
(4) System for ensuring that the duties of directors and employees of subsidiaries are executed in compliance with laws and regulations and the Articles of Incorporation.
- The Company requires its subsidiaries to strictly follow the Code of Conduct based on the ethical standards defined in the Code of Ethics for ensuring the proper business operations.
- Through internal audits periodically conducted by the Company, the Company audits the business of subsidiaries in order to ensure the proper business execution of subsidiaries.

[7] Matters Relating to an employee to support the duties of Audit and Supervisory Committee
(1) The Company shall require the appointment of employees to assist the Audit and Supervisory Committee where no full-time Audit and Supervisory Committee member is appointed, and shall appoint such employees as otherwise necessary.
(2) Matters related to the personnel changes and personnel evaluations and other personnel affairs of such employees assigned to assist with the duties of the Audit and Supervisory Committee will be determined

through discussion with the Audit and Supervisory Committee and with the full-time Audit and Supervisory Committee member.

[8] Matters Relating to Reporting to Audit and Supervisory Committee
(1) The Audit and Supervisory Committee members attend important decision-making meetings such as the Board of Directors or inspect meeting minutes when necessary to receive reports on important matters from directors and the Group's employees.
(2) Directors and Corporate Officers shall immediately report to the Audit and Supervisory Committee or full-time Audit and Supervisory Committee members if they determine that a violation of laws, regulations, or the Articles of Incorporation, or any other material event causing substantial damage to the Company has occurred or is highly likely to occur.
(3) The decision-making documents approved by the representative director are submitted to the Audit and Supervisory Committee members immediately after approval.

[9] System for Ensuring that the Informants who Submit Reports to Audit and Supervisory Committee are Protected against Retaliatory Actions for Filing Such Reports
The Company prohibits the Group's officers and employees who submit reports to the Audit and Supervisory Committee or the full-time Audit and Supervisory Committee member from being treated unfairly for filing such reports, and the Company makes the Group's officers and employees fully aware of this.

[10] Matters Relating to the Policy for Settlement of Expenses or Debts Arising from the Execution of Audit and Supervisory Committee Members' Duties, such as the Advancement or Indemnification of Expenses Arising from the Execution of the Audit and Supervisory Committee Members' Duties
(1) The Company shall bear the expenses of attorneys, certified public accountants, consultants, etc. utilized by the Audit and Supervisory Committee as necessary for the execution of its duties.
(2) In addition to the measures mentioned above, the Company shall also bear the expenses needed by the Audit and Supervisory Committee members when executing their duties.

[11] Other Systems for Ensuring the Effective Execution of Audits by Audit and Supervisory Committee Members
(1) The representative director regularly meets with the Audit and Supervisory Committee and exchanges opinions on issues to be tackled by the Company, the progress in developing an environment for the Audit and Supervisory Committee to conduct audits, and crucial auditing issues, in an effort to deepen mutual understanding.
(2) The Audit and Supervisory Committee regularly receive reports on audit plans, methods, and results from the accounting auditor and exchange information to conduct efficient auditing.
(3) The Internal Audit Division submits internal audit results and information and other necessary information to the Audit and Supervisory Committee to maintain close contact with the Committee. Besides, the Committee can ask for survey on audit matters to the Internal Audit Division if necessary.
(4) The Company ensures that the Audit and Supervisory Committee concludes an advisory contract not with a corporate lawyer but with a lawyer working only for the Audit and Supervisory Committee, and uses the services of such lawyer.

2. Basic Views on Eliminating Antisocial Forces

The Group stands firmly against antisocial forces and organizations that threaten the order and safety of civil society. In order to prevent them from being involved in the Group's management activities and from harming the Group, the Group has established a basic policy of thoroughly severing all ties with them in the Code of Ethics and other documents. The Group has also established organizational structures and is working to eliminate any connections with them through information gathering in cooperation with police authorities and other relevant bodies, as well as through awareness-raising activities for its officers and employees.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted

Supplementary Explanation

At the meeting of the Board of Directors held on October 31, 2025, the Company resolved to introduce a response policy regarding large-scale purchases of its share certificates, etc. (hereinafter referred to as the 'Response Policy'), in response to the large-scale purchase, etc. of its shares by 3D Investment Partners Pte. Ltd. (“3D”), with the aim of ensuring and enhancing the Company's corporate value and the common interests of its shareholders.

(Basic Policy on Persons Who Control Decisions on the Company’s Financial and Business Policies)

The Company believes that those who control decisions on its financial and business policies should have a sufficient understanding of the Company Group’s finances, operations, and sources of corporate value, and be capable of securing and enhancing the corporate value and, ultimately, the common interests of its shareholders in a continuous and sustainable manner.

The Company does not categorically oppose large-scale purchases of its share certificates, etc. by specific parties, provided such purchases contribute to securing and enhancing corporate value and shareholders’ common interests. The Company believes that whether to accept such a large-scale purchase should ultimately be determined based on shareholders’ intent.

However, there are many cases in which large-scale purchases of share certificates, etc. do not contribute to the corporate value of the target company or to shareholders’ common interests. These include purchases that, based on their objectives, are considered to cause clear harm to corporate value and, ultimately, shareholders’ common interests; those that effectively coerce shareholders into selling their shares; those that fail to provide the target company’s board of directors and shareholders with sufficient time or information to evaluate the large-scale purchase of share certificates, etc., and for the board to develop alternative proposals; and those that require the target company to engage in discussions and negotiations with the acquirer to obtain more favorable terms than initially presented.

The Company believes that the source of the corporate value of its Group is made up of the trust placed in it by the Company Group’s customers and the Company Group’s brand power, the Company Group’s business model that has established a structure to allow the distribution of secure and safe pharmaceuticals at all times, and the relationships of trust with the Company Group’s employees, business partners, and other stakeholders. This corporate value and, ultimately, shareholders’ common interests may be undermined if a large-scale purchaser of the Company’s share certificates, etc. lacks a sufficient understanding of these sources of corporate value or the ability to maintain and enhance them over the medium to long term. Accordingly, the Company believes that any party engaging in a large-scale purchase that does not contribute to corporate value or shareholders’ common interests should not be in a position to control decisions on its financial and business policies. To safeguard its corporate value and, ultimately, shareholders’ common interests, the Company considers it necessary to take appropriate countermeasures against large-scale purchases by such parties.

The purpose of introducing the Response Policy, in line with the Basic Policy set out above, is to ensure and enhance the corporate value of the Company and ultimately the common interests of its shareholders.

The Company’s Board of Directors believes that its shareholders should make a final decision on whether to accept a large-scale purchase from the perspective of ensuring and enhancing the corporate value of the Company and ultimately shareholders’ common interests. It also believes, for shareholders to make an appropriate decision on whether to accept the large-scale purchase after sufficient consideration, it is necessary to hold a general meeting of shareholders to secure an opportunity to confirm its shareholder’s intent prior to the commencement of the large-scale purchase. As a prerequisite for an appropriate intent confirmation, it is essential to secure necessary and sufficient information from a large-scale purchaser and enough time to enable its shareholders for consideration. Therefore, the Company set out the Response Policy as a framework in the event a large- scale purchase is implemented, to request large-scale purchasers to provide necessary information; to ensure that the provision of such information is effective; and to ensure sufficient time for the shareholders to carefully consider whether to implement the large-scale purchase based on such information.

The Company’s Board of Directors requests a large-scale purchaser to comply with the Response Policy as above. If a large- scale purchaser does not comply with the Response Policy, the Company will take certain countermeasures, respecting the Independent Committee’s opinions to the maximum extent, to ensure an opportunity to obtain judgment of shareholders in accordance with the Response Policy.

On January 16, 2026, the Company received from 3D Investment Partners Pte. Ltd. ("3D") a large-scale purchase explanation pertaining to the large-scale purchase of the Company's share certificates, etc. (the "Explanation"; hereinafter, the large-scale purchase by 3D, Citco Trustees (UT) Limited ("CTL"), to which 3D provides discretionary investment management services, and CITCO TRUSTEES (UT) LIMITED AS TRUSTEE OF 3D ENDEAVOR MASTER FUND - II, for which CTL acts as trustee (hereinafter collectively referred to with 3D and CTL as the "Large-Scale Purchaser") that was described in the Explanation is referred to as the "Large-Scale Purchase"). In response to this, the Company's Board of Directors submitted a proposal to confirm shareholders' intent regarding whether to invoke the countermeasures to the Large-Scale Purchase based on the Response Policy (the "Countermeasures"), after giving maximum respect to the recommendations of the Independent Committee, to the Company's 78th Annual General Meeting of Shareholders held on June 26, 2026, and has obtained the approval of the shareholders. In accordance with the provisions of the Response Policy, the Response Policy shall continue to the extent necessary to respond to the Large-Scale Purchase by the Large-Scale Purchaser, and will remain in effect until the conclusion of the first meeting of the Board of Directors to be held after the Annual General Meeting of Shareholders of the Company planned to be held in 2027 at the longest.

Please note that the details of the scheme, etc. are posted on the Company's website.
https://www.tohohd.co.jp/en/assets/data/20251031-1_E.pdf

2. Other Matters Concerning to Corporate Governance System

Outline of the Setup for Timely Disclosure

1. Basic Policy on Timely Disclosure
The Company regards the timely and appropriate disclosure of information as one of the most important responsibilities of a listed company, and makes constant efforts to improve the Company's internal system to ensure the prompt and accurate disclosure of corporate information to investors in accordance with the Financial Instruments and Exchange Act and other laws and regulations and relevant rules of the stock exchange on which shares of the Company are listed.

2. Internal System for Ensuring the Timely Disclosure
Important matters of the Company are approved at ordinary meetings of the Board of Directors and the Group Management Committee held once a month, as a rule, and also at extraordinary meetings of the Board of Directors when necessary.
Disclosure procedures for those information and other important information reported by each department of the Group are executed by:
1) A General Manager of the Corporate Strategy Division, who is responsible for disclosure of financial results related information.
2) The General Manager of the Corporate Strategy Division who is responsible for disclosing, and each relevant division in disclosing corporate information other than information related to financial results. They examine whether to disclose information, what to disclose, and when to disclose, and if disclosure is judged to be necessary, they prepare the disclosure materials concerning corporate information and disclose those in a timely and appropriate manner under the instruction of Representative Director.