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To whom it may concern:

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Results of Operations for the Fiscal Year Ended March 31, 2017

TOHO HOLDINGS CO., LTD. (hereinafter “TOHO HOLDINGS”) announces that it has released consolidated financial results for the fiscal year ended March 2017 today.

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 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 for the consolidated fiscal year under review, new drugs such as cancer drugs and 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 the results and we could reduce costs. However, due to sharp drop in sales of the curative drugs for hepatitis C, net sales fell by 6.0% year-on-year and operating income declined by 48.8% year-on-year. The achievement rate to the full-year earnings forecasts was 99.7% and 109.4%, respectively.

In the dispensing pharmacy business, net sales declined by 4.2% year-on-year and the achievement rate to the full-year earnings forecasts was 99.8%, affected by NHI drug price revisions and dispensary fee revisions in April 2016. Operating income decreased by 57.4% year-on-year and the achievement rate to the full-year earnings forecasts was 95.7% because in addition to a decline in gross profit, selling, general and administrative expenses exceeded the results of the previous fiscal year and the forecasts.

As a result, the operating results for the consolidated fiscal year are as follows.

1. Financial Results for Fiscal Year Ended March 2017 (Consolidated)

Unit: million yen (Amounts are truncated to the nearest million yen.)

Consolidated	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
FY Ended March 2017	1,231,046	14,244	19,844	14,225
Forecast for the FY Ended March 2017	1,235,000	13,500	18,900	12,400
Percentage against the Full-year Earnings Forecasts (%)	99.7	105.5	105.0	114.7
YoY Change Ratio (%)	94.1	49.8	57.5	65.3

2. Forecast for Fiscal Year Ending March 2018 (Consolidated)

(% denotes the increase-decrease rate of the current full business year to the previous period, and for the first six months period, the current first six months to the same six months in the previous business year.)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First Six Months	573,000	-6.9	5,000	-34.6	7,200	-31.9	4,000	-41.9	58.18
FY Ending March 2018	1,186,000	-3.7	14,300	0.4	18,700	-5.8	10,300	-27.6	149.81

