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To whom it may concern:

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Results of Operations during the First Half of Fiscal Year Ending March 31, 2018

TOHO HOLDINGS CO., LTD. (hereinafter “the Company”) announces that it has released consolidated financial results for the first half of the fiscal year ending March 2018 today.

The prescription pharmaceuticals market continued to decline during the first half under review, following the negative growth in the previous fiscal year. Adversely affected by the substantially scaled-down market for curative drugs for hepatitis C on a year-on-year comparison, the Company also recorded negative growth. And yet, net sales, operating income, ordinary income, and profit attributable to owners of parent during the term under review were all above their respective budgeted figures.

The Group has, as a corporate group engaged in the areas of medical care, healthcare, and nursing care, continued to strive to enhance profitability by accelerating a shift to a business model that focuses on value-added services that should offer solutions to problems faced by patients, medical institutions and specialists etc. in the fields of home healthcare and nursing care, as well as by promoting the optimization of personnel and organizations and operational efficiency. In anticipation of the era in which generic drugs account for 80% or more of the off-patent pharmaceuticals market on a volume basis, KYOSOMIRAI PHARMA which was established in November 2016, received an approval of manufacturing and sales for 6 ingredients/ 15 products of generic drugs as “KYOSOMIRAI PHARMA” brand products, for the first time in August 2017. Furthermore, KYOSOMIRAI PHARMA launched 2 ingredients/ 5 products under its own brand in September, making the total number of new generic drugs under its own brand 6 ingredients / 19 products.

In the pharmaceutical wholesaling business, we focused on ensuring a fair level of profit through measures such as promoting unit price negotiations per single item based on the price system in accordance with the value of each product, while also endeavoring to strengthen the foundations of the business. Moreover, as a significant earnings source, we actively developed and proposed customer support systems that will help offer solutions to the problems faced by patients and medical institutions as well as enhancing profitability. Specifically, we strived to win contracts for “initial examination reservation service” and “ENIFvoice SP/SP+A”.

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

As a result, net sales for the pharmaceutical wholesaling business in the first half under review were 570,639 million yen (down 3.6% year on year) and operating income was 5,001 million yen (down 36.3% year on year). The dispensing pharmacy business recorded net sales of 48,204 million yen (up 2.2% year on year) and operating income of 1,305 million yen (up 590.1% year on year).

Consequently, the Company’s operating results for the consolidated first half of the current fiscal year are as follows. There are no changes in the projected consolidated results of operations for the fiscal year ending March 2018 published on May 11, 2017.

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

Consolidated	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent
First Half, FY ending March 2018	595,962	5,458	8,408	5,132
First Half, FY ended March 2017	615,778	7,640	10,569	6,890
YoY Change	-19,816	-2,182	-2,160	-1,757
YoY Change Ratio	96.8%	71.4%	79.6%	74.5%
Forecasts for the First Half, FY Ending March 2018	573,000	5,000	7,200	4,000
Comparison with Forecasts for the First Half, FY Ending March 2018	104.0%	109.2%	116.8%	128.3%
Forecasts for the FY Ending March 2018	1,186,000	14,300	18,700	10,300
Percentage against the Full-year Earnings Forecasts	50.2%	38.2%	45.0%	49.8%