

February 1, 2018

**To whom it may concern:**

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**Results of Operations during the Third Quarter of Fiscal Year Ending March 31, 2018**

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

During the third quarter under review, the prescription pharmaceuticals market continued to face a tough environment due to the ongoing measures to curtail medical expenses, such as promoting the use of generic drugs. The Company was also substantially affected by the scaled-down market for curative drugs for hepatitis C. 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, demonstrating their business strengths.

The Group has, as a corporate group engaged in the areas of medical care, healthcare, and nursing care, continued to strive to enhance profitability in an integrated manner 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, etc. KYOSOMIRAI PHARMA, which was established in November 2016, has been making active efforts, such as launching 6 ingredients/14 products that include 4 ingredients/9 products of which manufacturing and sales had been approved as “KYOSOMIRAI PHARMA” brand products for the first time in December. In addition, in November 2017, the Company decided to build a new integrated logistics center within the Keihin Truck Terminal “DynaBASE” located in the center of Tokyo, in order to reinforce safe and secure pharmaceutical distribution systems that will ensure a steady supply of pharmaceuticals even in the event of a disaster.

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, we defined the Company’s unique customer support systems as a significant earnings source and strived to aggressively increase the number of contracts, while also striving to strengthen ties with medical institutions through our propositions.

In the dispensing pharmacy business, we endeavored to improve profitability by further responding to the dispensing fee revision as well as by continuously 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 cumulative third quarter under review were 885,362 million yen (down 1.9% year on year) and operating income was 9,996 million yen (down 9.7% year on year). The dispensing pharmacy business recorded net sales of 73,271 million yen (up 2.1% year on year) and operating income of 2,472 million yen (up 208.1% year on year).

Consequently, the Company’s operating results for the consolidated cumulative third quarter 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
Nine Months, Ended December 2017	923,450	11,107	15,718	9,916
Nine Months, Ended December 2016	939,238	11,298	15,740	10,140
YoY Change	-15,787	-191	-22	-224
YoY Change Ratio	98.3%	98.3%	99.9%	97.8%
Forecasts for the FY Ending March 2018	1,186,000	14,300	18,700	10,300
Percentage against the Full-year Earnings Forecasts	77.9%	77.7%	84.1%	96.3%