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To whom it may concern:

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Corporate Representative:	Atsushi Udoh, Representative Director, CEO (Prime Market of Tokyo Stock Exchange Securities Code: 8129)
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Notice of Start of Verification of Proper Distribution Inventory Management Operations
for Specially-Controlled Medical Devices

TOHO HOLDINGS CO., LTD. (Headquarters: Tokyo; Representative Director, CEO: Atsushi Udoh) is pleased to announce that TOHO PHARMACEUTICAL CO., LTD. (Headquarters: Tokyo; President and Representative Director: Akira Umada; hereinafter “TOHO PHARMACEUTICAL”), its wholly owned subsidiary engaged in pharmaceutical wholesaling, will begin verification of the proper distribution inventory management operations for specially-controlled medical devices.

1. Background of the need for optimal distribution inventory management for specially-controlled medical devices
Recently, the use of specially-controlled medical devices has been on the rise in Japan and is expected to increase further. In the distribution of newly introduced specially-controlled medical devices in Japan, the importance of a stable supply to limited facilities and reducing the risk of lot reversal and disposal loss is emphasized, requiring advanced distribution management operations that can maintain an appropriate volume of distribution inventory across the country while flexibly responding to understocking or overstocking.

2. Proper distribution inventory management operations for specially-controlled medical devices
TOHO PHARMACEUTICAL has established a single mission-critical logistics system in which a mission-critical logistics system developed by a company within the Group is adopted by all wholesaling business subsidiaries. This allows us to smoothly transfer products between our stockpiling bases throughout Japan. Thanks to this function, we can effectively avoid inventory understocks or overstocks of small lot size products and drugs with short use-by dates. It also reduces the risk of loss on disposal of obsolete inventories because stockout can be avoided within the appropriate amount of distribution inventory. Furthermore, even for urgent orders, we can supply products to medical institutions with high shipping accuracy and precision from our high-function distribution centers, including TBC DynaBASE (Ota-ku, Tokyo), which has a 95% automation rate.

Utilizing the Group's advanced distribution capabilities, we will work with Pulmonx Japan, a medical device distributor that is a world leader in minimally invasive treatments for severe lung disease, to verify the smooth transfer of Pulmonx Japan's products. Carried out mainly in the Kanto area, this initiative aims to verify that we can effectively avoid understocking or overstocking even in the distribution of specially-controlled medical devices delivered to limited facilities.

We are committed to contributing to the production and import plans of medical device manufacturers through smooth and optimal distribution inventory management using the Group's single mission-critical logistics system, even for small lot size products and medical devices with short use-by dates that may result in loss on disposal of obsolete inventories.