

# **Our Position Regarding Statements Made by 3D Investment Partners Pte. Ltd.**



**June 4, 2025**

Note : This document has been translated from the Japanese original for reference purposes only.  
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



**The executive team at TOHO HOLDINGS is aware that 3D Investment Partners Pte. Ltd. (“3D”), a major shareholder, released presentation materials (“3D Presentation) on May 27, 2025, directed at all TOHO HOLDINGS shareholders.**

**In our opinion, the statements made by 3D include claims based on speculation as well as claims that are clearly factually incorrect, and we believe such content may be misleading to shareholders and other stakeholders. TOHO HOLDINGS engaged with 3D multiple times, responding to questions from 3D and explaining the Company’s position on issues raised by 3D. However, in a unilateral decision, 3D went public with its statements. We find this deeply regrettable and feel such a tactic must be called out.**

**In this material, we offer the TOHO HOLDINGS’ perspective regarding the 3D Presentation. We would be pleased if you would take a look.**

# Sincere Efforts to Date by TOHO HOLDINGS to Communicate with 3D



TOHO HOLDINGS has engaged 3D in sincere dialogue in an effort to comply with requests for information.

Going forward, we will continue to engage broadly in constructive and proactive dialogue with all shareholders and investors and provide information to all as we strive to enhance corporate value.

## Communication history with 3D (Since FY2023)

- Took positive and sincere approach, within reason, in addressing requests from 3D for meetings with TOHO HOLDINGS' top management, outside directors and other executives, based on proposed content of each meeting
- Recently, in response to 3D request, meeting arranged with Hidehito Kotani, the outside director who chairs the Nomination and Compensation Committee  
(TOHO HOLDINGS' representative in attendance)

2023/8/17	CEO Udo, CFO Edahiro	11/8	Corporate officer
9/15	Outside directors Kamoya, Watanabe, Kotani	12/4	CEO Edahiro
12/19	CEO Udo, CFO Edahiro	12/6	Corporate officer
12/21	Outside director Kamoya	2025/1/23	Outside director Kotani
2024/4/5	CEO Udo, CFO Edahiro	2/12	Corporate officer
„	Outside director Kamoya	2/25	Yasuyuki Takai, Chairman of Governance Enhancement Special Committee
10/1	Corporate officer	2/27	Outside directors Kamoya, Kotani and Goto
10/8	Corporate officer	3/14	CEO Edahiro
10/18	Corporate officer	5/23	Outside director Kotani

Note: The data above is for face-to-face meetings only. Does not include phone calls, emails or correspondence.

## Dialogue opportunities with shareholders, investors and analysts (FY2024)

Number of meetings **About 100**  
\*Excluding meetings with 3D

### Key topics included

- Medium-term plan implementation schedule and business portfolio growth potential
- Dividend-on-equity ratio target, share buybacks, policy on sale of strategic shareholdings
- Composition of Board of Directors, background to establishment of committees, governance system

Dialogue content shared with Board of Directors, including outside directors, to facilitate measures that will lead to enhanced corporate value.



# **Our Position Regarding Statements Made by 3D Investment Partners Pte. Ltd.**



# TOHO HOLDINGS' Opinion on Statements Made by 3D

## ■ Statements alleging Company's underperformance and management issues

- The assertion that an improvement in TOHO HOLDINGS' total shareholder returns is solely the result of dialogue with 3D and the acquisition of the Company's shares does not accurately reflect the facts. Looking back one year, three years, five years and 10 years, the Company's TSR has consistently exceeded that of peer companies. Moreover, this trend did not change during the period between the announcement of the medium-term management plan and the market becoming aware of 3D's acquisition of TOHO HOLDINGS' shares. We believe improved TSR is therefore not solely the result of dialogue with 3D but rather a reflection of market expectations following announcement of the medium-term management plan that we formulated through ongoing dialogue with all shareholders.
- In addition, the assertion that the Company consistently ignores management issues is also false. We genuinely welcome opinions and requests that emerge through dialogue with all shareholders, including 3D, and always consider and respond to such input. In fact, the Management Strategy Committee, which was established as an advisory body to the Board of Directors with a mandate to accelerate and improve the effectiveness of each measure set out in the medium-term management plan "Create the Next Generation," has formulated and announced an action plan that takes capital market expectations into consideration. This action plan covers a wide range of issues, from improving profitability and growth investment commensurate with capital costs, to level of strategic shareholdings and status of assets for business use, and further to capital allocation. Measures are steadily being implemented under the supervision of the Transformation Promotion Steering Committee.

## ■ Statements alleging inadequate governance system

- 3D claims that TOHO HOLDINGS is trying to cover up governance problems in connection with the Nihon University Incident. However, this is a gross misrepresentation of the facts. There are also aspects of the incident that were discussed during engagements with 3D that the company seems to have intentionally misinterpreted or chosen to ignore, and we believe that 3D is taking a malicious and totally out-of-context view of our responses to the situation. (See pages 12–13 for details.)
- With regard to the series of matters involving Nihon University, we have cooperated with the public prosecutor's investigation. Through internal reviews and other measures, we have confirmed that the Company itself was not engaged in any illegal or illicit transactions, and that no similar transactions exist within the Company.
- Furthermore, we sincerely acknowledge that aspects of our response at that time could have been better, and we have already implemented various measures to improve and strengthen governance. This, we have determined, obviates the need to establish a third-party committee as demanded by 3D.



# TOHO HOLDINGS' Opinion on Statements Made by 3D

## ■ Exercising voting rights at annual general meeting of shareholders (recommendation to oppose)

- Proposals for the election of directors (director candidates) to be submitted to the 77th Annual General Meeting of Shareholders on June 27, 2025, were made through an appropriate review and deliberation process undertaken by the Nomination and Compensation Committee, which is an advisory body to the Company's Board of Directors and which is comprised in the majority by outside directors. We expect the addition of two outside directors to our Board of Directors will enhance inherent effectiveness and diversity. In addition, we are confident that the election of directors with the skills needed to 1) steadily implement the action plan that was formulated on the basis of the results of a review by the Management Strategy Committee and 2) sustainably increase corporate value will facilitate transition to an optimal Board of Directors structure.
- 3D recommends exercising voting rights against Mr. Edahiro, TOHO HOLDINGS' representative director, as well as Mr. Kamoya and Mr. Kotani, who are outside directors not up for election at the general meeting of shareholders. We believe the skills and experience of these three individuals are indispensable to the Company's efforts to improve medium- to long-term corporate value, and feel the knowledge these individuals bring to management will be vital going forward. (See pages 17–19 for details.)

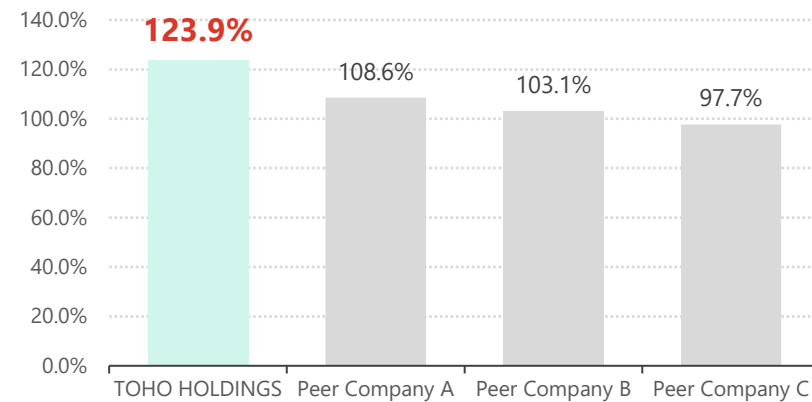


# TOHO HOLDINGS' TSR Performance

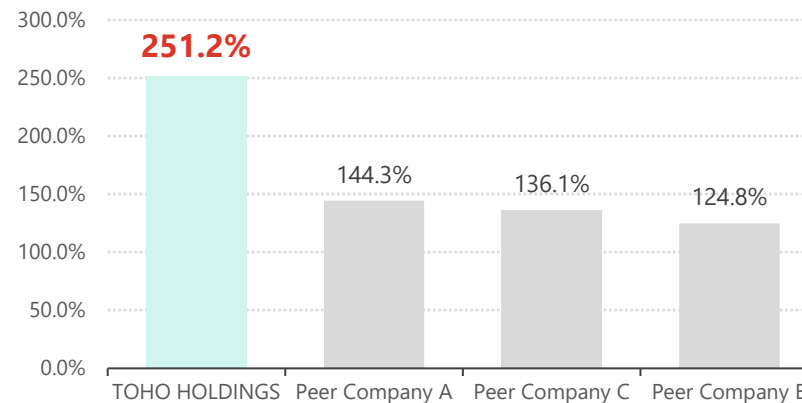
## TOHO HOLDINGS' TSR exceeds that of peer companies

Our TSR has consistently exceeded that of peer companies, and this trend did not change during the period from the announcement of our medium-term management plan on May 12, 2023, up until the capital market became aware of the Large Shareholding Report submitted by 3D on June 24, 2024.

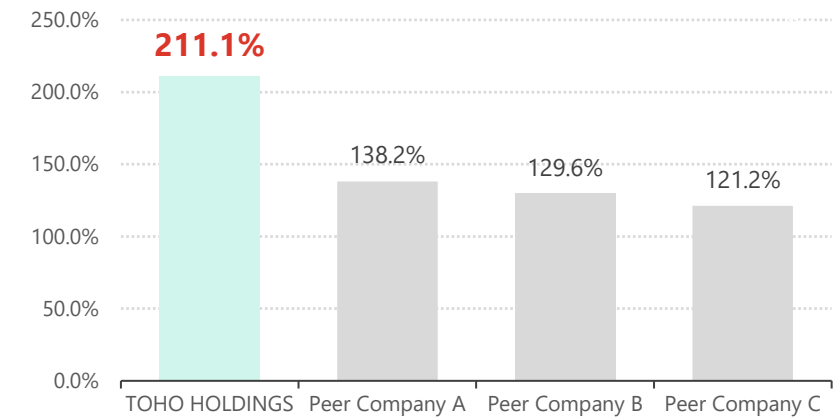
TSR one year



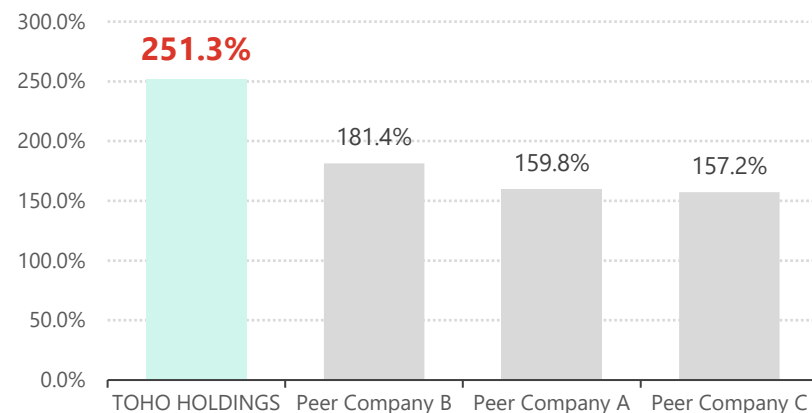
TSR three years



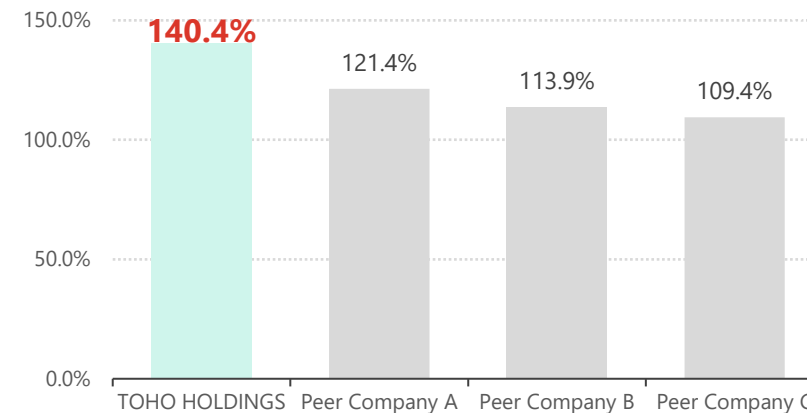
TSR five years



TSR ten years



From announcement of medium-term management plan to prior to 3D's submission of large shareholding report



Notes:

1. As of March 31, 2025

2. Data Source: Calculated from S&P Global Market



# Promoting Medium- to Long-Term Management Plans Seeking to Boost Corporate Value

Through the Management Strategy Committee, we are working to accelerate and improve the effectiveness of our medium-term management plan. 3D's assertion that we consistently ignore management issues is false.

In FY2023, the Group formulated the Medium-Term Management Plan 2023-2025 "Create the Next Generation," and is implementing concrete measures based on the four basic policies. In 2024, we established the Management Strategy Committee, which incorporated external viewpoints, and conducted discussions and reviews from a variety of angles. And we developed strategies and action plans to ensure that the targets are met, with a specific time frame and commitment, and a clear roadmap without changing the basis and direction of the ongoing Medium-Term Management Plan.

## Positioning of Action Plan Developed Based on Verification Results of Management Strategy Committee

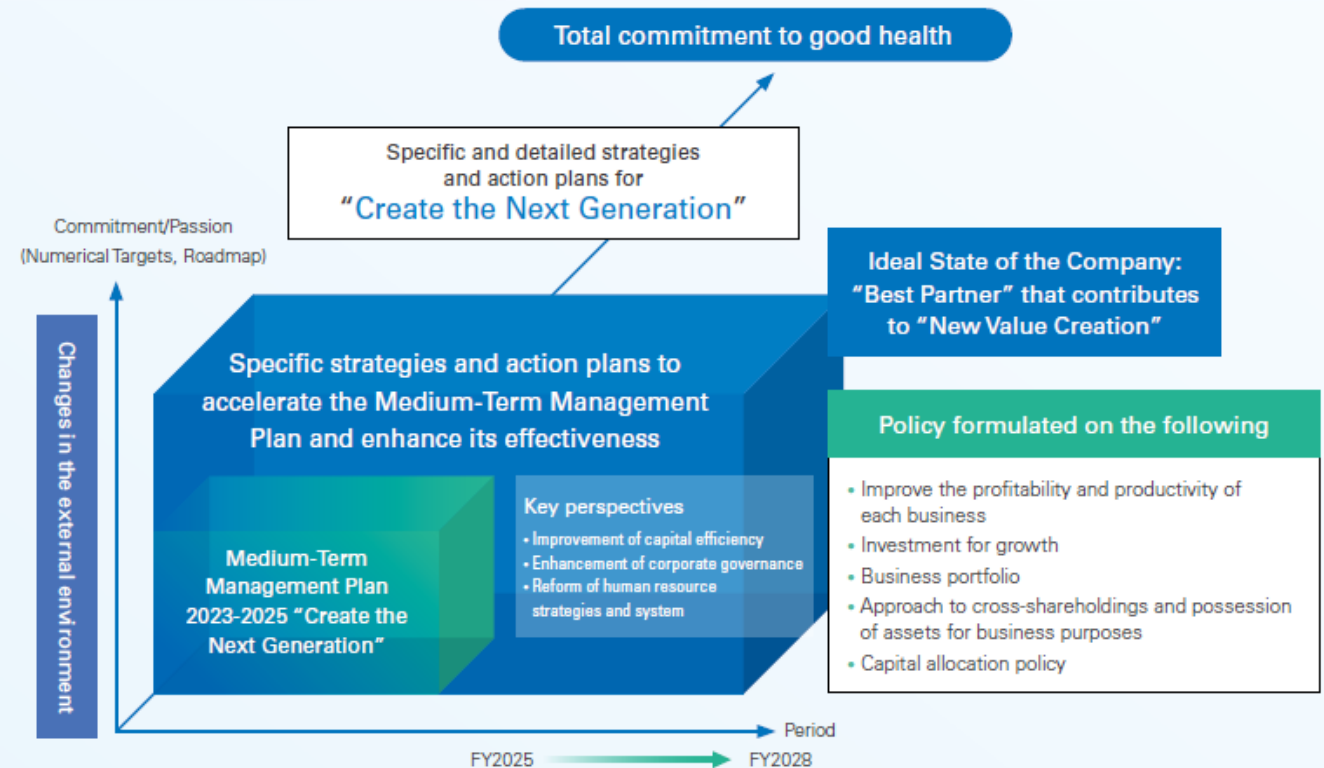
### Outline of Management Strategy Committee

#### ■ Purpose

Established in April 2024 to accelerate initiatives under medium-term management plan and to enhance effectiveness

#### ■ Main topics discussed

1. Specific action plans to improve profitability and productivity in each business segment
2. Pursuit of growth investments in existing businesses, peripheral businesses and new businesses
3. Optimized business portfolio
4. Approach to strategic shareholdings and verified status of assets for business use
5. Capital allocation policy







## Target

**We have set management goals that will contribute to enhanced corporate value, and are working to improve profitability and capital policy.**

We are leveraging specific action plans, under the supervision of the Transformation Promotion Steering Committee, to improve profitability and productivity, restructure the business portfolio, optimize balance sheets and ensure appropriate capital allocation (for growth investment and return to shareholders).

**Aim to exceed the following targets in the fiscal year ending March 31, 2029 (Consolidated)**

**ROE more than 8%**

(Maintain a level higher than the cost of equity\* in the future)

\*Roughly 6% as of September 2024

**Operating profit margin  
more than 1.5%**

**DOE and cross-shareholding ratios are as follows**

**DOE more than 2%**

(By March 2026)

**Net assets of cross-shareholdings**

**less than 15%** (March 2026)

**less than 10%** (March 2029)



# Capital Allocation

We seek to maximize capital resources by reinforcing business strategies and reviewing fiscal management and then carefully allocate available capital to shareholder returns while prioritizing business investments conscious of capital costs.

## Source of funds for FY2025

Cash flows from operating activities

Sale of cross-shareholdings

Reduce liquidity on hand



## Allocation policy for FY2025

\*The amount to be determined within the scope of the action plan



\* Action Plan :  
Total investment for the 5-year period ending March 31, 2029

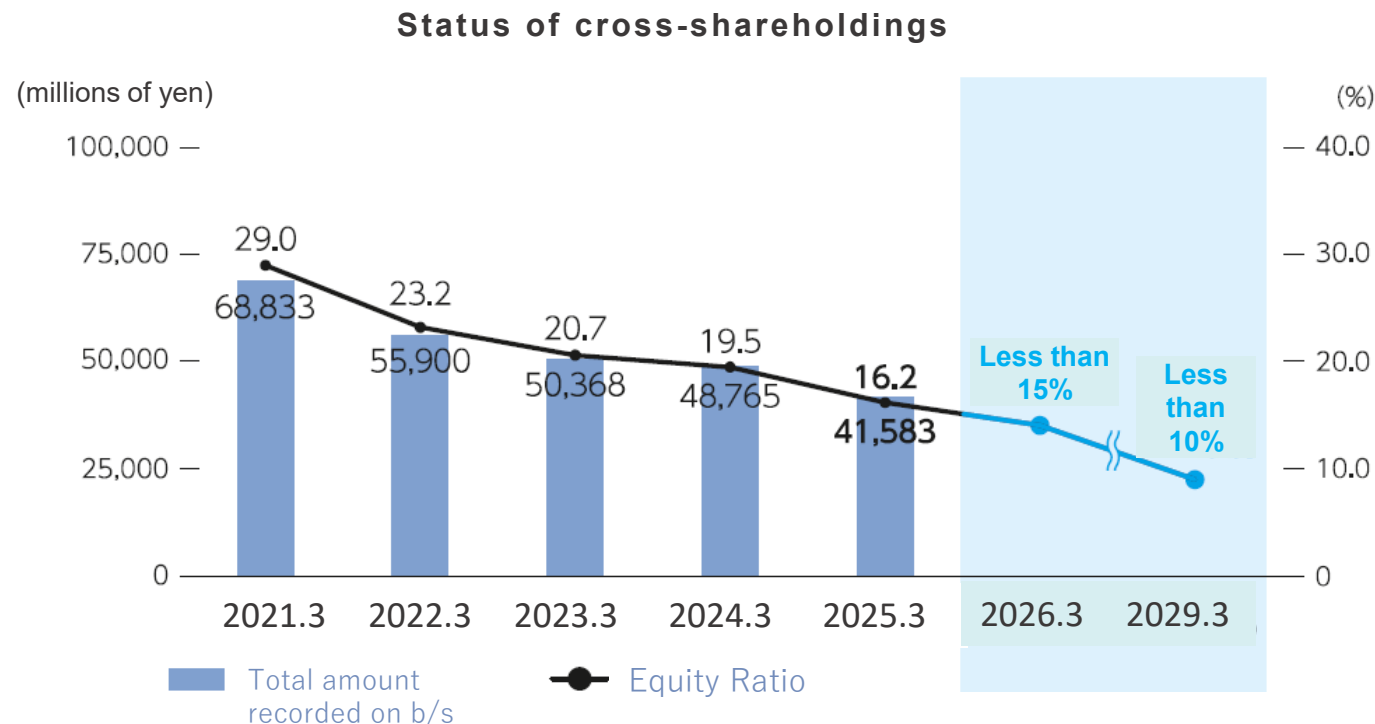




# Status of Cross-Shareholdings

**We are consistently reducing strategic shareholdings, and are aiming for a ratio of cross-shareholdings to net assets under 10% by the fiscal year ending March 31, 2029. 3D's assertion does not reflect any of our past reduction achievements or future reduction plans.**

We carefully check to see if the benefits gained by holding shares are in line with corporate policy, while taking into account business strategies and the need to build, maintain and strengthen relationships with business partners, and if continued holding is deemed no longer compatible, we pursue extensive discussions with the company in our investment portfolio with a view to steady reduction in such shareholdings. We are aiming for a ratio of cross-shareholdings to net assets of 15% or below by the fiscal year ending March 31, 2026, and a further decrease to 10% or below by the fiscal year ending March 31, 2029.



(Note 1) The above amounts include unlisted shares.

(Note 2) The Company does not have any shares deemed to be held.

**Changes in number and amounts of cross-shareholdings sold**

Year	Number of issues sold	Amounts of shares sold (millions of yen)
2021.3	16	7,391
2022.3	15	5,195
2023.3	12	5,808
2024.3	12	13,188
2025.3	4	7,923

(Note) Including a partial sale.



## Regarding the Case Referred to as the Nihon University Incident

TOHO HOLDINGS did not engage in any illegal or illicit transactions and nor did the Company engage in any similar transactions. Management sincerely acknowledged the need for improvements, and has been working on various measures to improve and strengthen governance.

### ■ TOHO HOLDINGS' involvement in the Nihon University Incident

- It is true that in 2017, TOHO HOLDINGS entered into a consulting agreement with the company in question regarding pharmaceutical transactions with the Nihon University-affiliated hospitals. However, this agreement was concluded for the legitimate business purpose of maintaining and expanding the supply, processing and distribution business and pharmaceutical transactions at the Nihon University-affiliated hospitals, and to gather information useful to future transactions with the hospitals and its partners. At the time we entered into the agreement, we had no idea that the company in question was an empty shell company.
- Since around November 2020, the Company has cooperated with the public prosecutor's investigation regarding the series of matters involving Nihon University. Based on internal investigations and advices from our legal counsel, we have confirmed that the Company itself was not engaged in any illegal or illicit transactions. In addition, through interviews with relevant parties and a review of internal approval documents, we have confirmed that no similar transactions exist within the Company.
- On the other hand, we sincerely acknowledge that there were some points need to be improved in our governance, such as a lack of adequate investigation into the counterparty at the time of contract execution. Various measures have been taken to improve and reinforce the governance systems. An example of our efforts is the Governance Enhancement Special Committee, which was established in August 2024.

\*The 3D Presentation seems to indicate that the Nihon University Incident occurred as recently as 2024. However, we entered into the consulting agreement in 2017. We recognized the problem during the prosecutor's investigation, and have been taking steps to address issues and improve and strengthen operations from an early stage.



## Regarding the Allegation of a “Culture of Concealment”

**3D’s assertion that the Company maintains a culture of concealment is purely speculative and unfounded. We have been sincerely working toward the goal of improving our governance, and such a claim does not reflect the reality.**

- The 3D Presentation suggests that the Company is turning a blind eye to governance issues; however, this is **a complete misunderstanding**. As outlined in this presentation (see pages 14–16 for details), we have implemented various measures to strengthen our governance following incidents such as the antitrust violation and the matter involving Nihon University.
- We chose not to voluntarily make an announcement of the transactions related to hospitals affiliated with Nihon University because (1) **the Company itself was not engaged in transaction in violation of laws and had no intention of engaging in illicit dealings**, and (2) **we have already taken appropriate steps to improve and reinforce our governance**. The public announcement could have led to misunderstanding or speculation suggesting the Company engaged in misconduct, potentially causing unnecessary damage to our corporate value. We had no intention of concealing information. In fact, we responded openly to media interviews and explained in detail the background at the time of the contract and areas that needed improvement (see *Iyaku Keizai Online*, June 20, 2024, Q&A format).
- Much of what 3D claims about a so-called “culture of concealment” is based on conjecture, such as vague assertions that “raise serious doubt.” Furthermore, these claims distort or ignore the content of our prior sincere dialogue with 3D, which we find deeply regrettable.
- While 3D is calling for the establishment of a third-party committee, we believe **there is no such need**. The Company has already conducted appropriate internal investigations and implemented various governance improvement/enhancement measures. **Since the incident in 2017, our internal systems and governance framework have improved significantly**, and we consider **the likelihood of similar transactions recurring to be extremely low**. Furthermore, the Governance Enhancement Special Committee was established to further strengthen our overall governance structure—not to investigate a specific incident. Expecting the committee to serve as a de facto third-party committee is fundamentally misguided.












# Strengthening of the Board Structure to Enhance Corporate Value

(Following Approval at the 77th Annual General Meeting of Shareholders)

## 3D has made no mention of the fact that TOHO Holdings has strengthened its Board structure.

Specifically, 3D ignores the Company's shift toward a governance structure aimed at enhancing corporate value and governance effectiveness, including the appointment of two new Outside Directors with expertise in capital markets and finance, as well as a new Internal Director tasked with driving transformation based on the Medium-Term Management Plan and its action plan.

Name		Position in the Company (planned)	Corporate Management	Finance & Accounting /Capital Markets	Human Resource Development/ Sustainability	Legal Affairs & Risk Management	Sales Strategy /Logistics	Business Development /DX	Knowledge of Pharmaceutical Administration and Policy
 <b>Hiromi Edahiro</b>	Reappointment	Representative Director, President and CEO	○	○				○	○
 <b>Akira Umada</b>	Reappointment	Director, Senior Executive Managing Director and COO	○		○		○		○
 <b>Takeo Matsutani</b>	Reappointment	Director, Executive Managing Director and CGO	○		○		○	○	○
 <b>Shuzo Kono</b>	New appointment	Director and Corporate Officer, in charge of Transformation	○				○	○	○
 <b>Manako Haga</b>	New appointment Independent Outside Female	Outside Director	○	○	○				
 <b>Yoshiaki Kamoya</b>	Non-reelection Independent Outside	Outside Director Audit and Supervisory Committee Member	○			○	○		○
 <b>Hidehito Kotani</b>	Non-reelection Independent Outside	Outside Director Audit and Supervisory Committee Member	○	○			○	○	○
 <b>Chie Goto</b>	Non-reelection Independent Outside Female	Outside Director Audit and Supervisory Committee Member		○	○	○			
 <b>Miho Saito</b>	New appointment Independent Outside Female	Outside Director Audit and Supervisory Committee Member	○	○	○				

Directors who are not Audit and Supervisory Committee Members

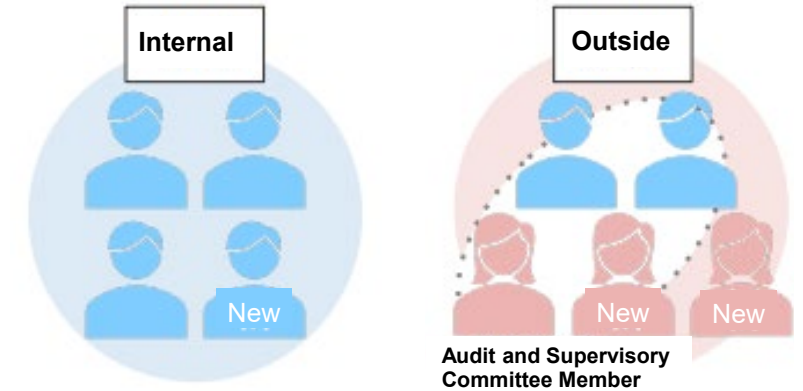
Directors who are Audit and Supervisory Committee Members

**5** Independent Directors

(Over 55% of the Board)

**3** Female Directors

(Over 33% of the Board)



### Post-AGM Board Composition

- Following the Annual General Meeting of Shareholders, the Company's Board of Directors has enhanced its independence and diversity by nominating new Directors with the skills required to implement the Medium-Term Management Plan and its associated execution plan.
- As a result, new Outside Directors with deep knowledge of capital markets and finance have joined the Board, enabling the Company to further advance management practices that are conscious of stock price and capital cost.



# New Outside Director Candidates Contributing to Enhanced Effectiveness and Diversity of the Board



## Career summary

April 1986	Joined J.P. Morgan Trust Bank Ltd.
September 1989	Joined James Kaepel Securities
April 1992	Joined SG Warburg Securities Co., Ltd.
May 1995	Joined Klein Oat Benson Investment Management Co., Ltd.
July 1998	Joined Merrill Lynch Investment Managers, Inc.
May 2002	Joined Fidelity Asset Management Co., Ltd.
June 2016	Director of Fidelity Asset Management Co., Ltd. and Fidelity Securities Co., Ltd. General Manager of Finance Department and President's Office Business Manager
June 2017	Advisor of Matsui Securities Co., Ltd.
November 2017	Joined The British School in Tokyo
June 2019	Director of Matsui Securities Co., Ltd.
June 2020	Director and HR & General Affairs of Matsui Securities Co., Ltd. (to present)

### Significant concurrent positions

Director and HR & General Affairs of Matsui Securities Co., Ltd.

**Manako Haga**

## Our Expectations

Ms. Manako Haga has a wealth of knowledge and experience in finance and accounting, human resource development, and the establishment of business processes, having served as a manager of the finance division, human resources division, and corporate services division at a securities company. 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.



## Career summary

April 1986	Joined Nomura Securities Co., Ltd
March 1988	Joined Credit Suisse Trust & Banking
November 1989	Joined SPARX Asset Management Co., Ltd. (current SPARX Group Co., Ltd.)
September 1997	Joined Government of Singapore Investment Corporation (GIC)
January 2006	Joined Clay Finlay Inc
November 2009	Joined United Nations Joint Staff Pension Fund
June 2024	Executive Officer of Strategy Advisors Co., Ltd
March 2025	Outside Director (Audit and Supervisory Committee Member) of ELAN Corporation (to present)

### Significant concurrent positions

Outside Director (Audit and Supervisory Committee Member) of ELAN Corporation

**Miho Saito**

## Our Expectations

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.



# Deliberations by Committees on the Company's Key Management Issues

The Company is working to enhance corporate value through deliberations by various committees focused on key management challenges. These include strengthening the corporate governance and compliance framework, ensuring disciplined investment with a clear awareness of capital cost, and promoting the transformation.

## Nomination and Compensation Committee

Expand the scope of the committee's deliberations and plan to hold monthly committee meetings for the time being

- Introduce a new compensation system for Directors incorporating performance-linked compensation
- Identify the skills needed to drive the Medium-Term Management Plan and its action plan, and review the skills matrix
- Hold discussions to review the next generation leader development plan
- We established the position of Chief Governance Officer (CGO) and appointed Director Matsutani to the role.

**Internal**

**Outside**

2 internal members + 3 outside members  
(The chairperson is an outside director.)

## Transformation Promotion Steering committee

Consists of three internal Directors, one Outside Director, and one external expert; meets quarterly to monitor progress in promoting transformation in accordance with the Medium-Term Management Plan

- The first meeting of the committee held on April 7; review overall progress

## Governance Enhancement Special Committee (Newly established in August 2024. 9 meetings held so far)

Identify problems in the Company's governance structure and discuss solutions  
An interim report submitted to the Board of Directors on February 7  
(The committee to continue until this summer)

< Measures taken based on the interim report >

- Strengthening of group governance functions  
The Affiliated Company Management Department newly established to manage 49 subsidiaries
- The Compliance Department newly established, the internal reporting system made more effective, and the Compliance Department made independent from the executive body.

**Outside**

chairperson

Composed of one outside lawyer and two outside directors. The committee chair is an outside lawyer

## Investment Committee

In addition to internal committee members, one Outside Director and two outside experts (in healthcare administration and clinical development) participating as observers, contributing to disciplined investment execution





# Suitability of the Company's Proposed Candidate, Hiromi Edahiro, for Director

Since his appointment as CEO in June 2024, he has played a central role in leading key initiatives. His continued leadership is essential to the successful execution of these initiatives, and given his experience as both CEO and CFO, he is best positioned to address the Company's unique management challenges.



Representative Director,  
CEO and CFO

**Hiromi  
Edahiro**

Expectations for His Role

Mr. Hiromi Edahiro has a wealth of knowledge and experience as a corporate manager and has been leading the Group's management by demonstrating strong leadership to promote the measures and achieve the targets set forth in the Medium-Term Management Plan.

We have determined that he will continue to lead the overall management of the Group and will be able to contribute to the realization of sustainable growth and improvement of corporate value of the Group, and therefore we propose his re-election as a Director.

## Promotion of the Medium-Term Management Plan and the Action Plan Formulated by the Management Strategy Committee

As Representative Director, CEO, and CFO, Mr. Edahiro has demonstrated strong leadership in steering the Group's management. He is expected to further contribute to enhancing corporate value to achieve the Medium-Term Management Plan. In driving structural reforms toward the target business portfolio by the fiscal year ending March 2029, his experience and insights gained at the core of the Group's management are indispensable.

## Response to Past Misconduct and Implementation of Preventive Measures

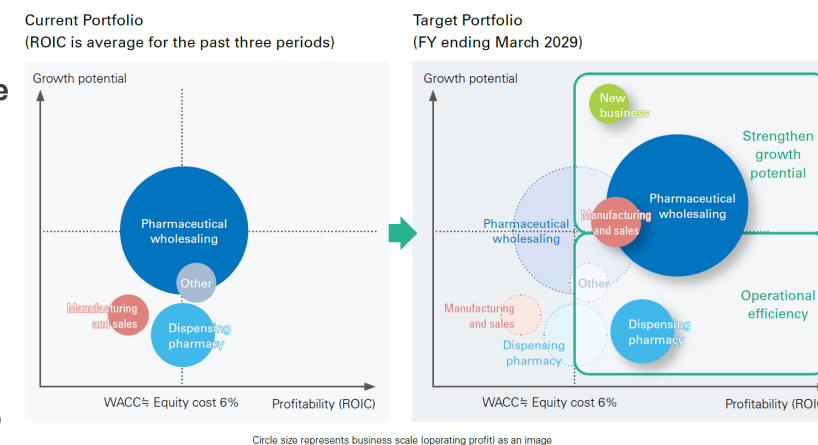
He deeply understands the background and root causes of past incidents. This gives him an unparalleled grasp of the Company's issues and challenges. He is therefore best suited to lead the development and implementation of effective measures to prevent recurrence, leveraging his firsthand experience.

## Enhancing Employee Motivation and Strengthening Relationships with Customers and Business Partners

He is well positioned to further advance internal initiatives such as human asset development and governance enhancement, which are foundational to business operations. By promoting initiatives related to environmental sustainability and respect for human rights, he can help deepen relationships with customers and business partners—contributing ultimately to the improvement of the Company's corporate value.

Expected Contributions  
Under His Leadership

## Direction of Business Portfolio





# Suitability of Mr. Yoshiaki Kamoya as an Outside Director



Outside Director,  
Audit and Supervisory  
Committee Member

**Yoshiaki  
Kamoya**

He is not subject to reappointment at this  
Annual General Meeting of Shareholders.

Expectations for His Role

He has been appointed as an outside director based on his extensive experience as a senior executive in corporate administrative divisions and his deep understanding of pharmaceutical policy, cultivated through leadership roles in industry associations. We expect him to continue providing valuable advice and highly effective oversight from an independent standpoint, thereby contributing to sound decision-making by the Board of Directors.

Independence

He was appointed as an advisor to Shionogi & Co., Ltd., a business partner of one of our consolidated subsidiaries, in April 2020. However, he is not involved in any executive or operational role. The level of transactions between Shionogi and our subsidiary is not significant compared to other suppliers, and we believe there is no material impact on us. Furthermore, there is no established practice of appointing individuals from Shionogi to our Board of Directors. Therefore, we believe there are no concerns regarding his independence.

## 3D's Assertions

Despite being the longest-serving outside director, he is not a member of the Governance Enhancement Special Committee, suggesting a lack of interest in governance and compliance issues.

As the former chair of the Nomination Committee, he failed to investigate past misconduct, did not appoint an appropriate CEO, and is now attempting to evade responsibility.

His independence is questionable due to his current advisory position at a company with which TOHO Holdings has a cross-shareholding relationship.

## Company's View

Since his appointment as an Audit and Supervisory Committee member, he has consistently offered guidance and made observations from an outside director's perspective in board meetings and other key meetings. The 3D's assertion that he is indifferent to governance matters is factually incorrect. He has demonstrated a strong awareness of critical issues, including directly recommending reforms to top management during meetings, and we regard him as indispensable to enhancing the Company's corporate value.

He has had sufficient engagement with shareholders in his capacity as an outside director. His commitment to shareholder dialogue and responsible judgment contradicts 3D's assertion that he is attempting to evade responsibility. As a representative of shareholders, he has actively contributed to the enhancement of our governance through direct engagement.

As stated above, while he serves as an advisor to Shionogi, he does not participate in business execution, and the scale of transactions between the Company and Shionogi is not significant. Therefore, we maintain that there are no issues with his independence.



# Suitability of Mr. Hidehito Kotani as an Outside Director



Outside Director,  
Audit and Supervisory  
Committee Member

**Hidehito  
Kotani**

**He is not subject to reappointment at this  
Annual General Meeting of Shareholders.**

## Expectations for His Role

He brings extensive knowledge of the pharmaceutical, medical device, and healthcare IT industries, as well as broad insight as a corporate executive. He was appointed as an outside director with the expectation that he would provide objective and constructive advice to the board and contribute to effective oversight and supervision from an independent standpoint.

## Independence

While he previously worked at Pfizer Japan Inc. and MSD K.K., both of which are business partners of our consolidated subsidiaries, he left Pfizer over ten years ago and resigned from MSD in August 2015. The volume of transactions with both companies is not disproportionately large compared to other business partners and does not have a material impact on the Company. Furthermore, there is no established practice of appointing former employees of these companies to the board, nor is there ongoing personnel exchange.

## 3D's Assertions

He was involved in the improper appointment process of Mr. Edahiro as CEO last year as a member of the Nomination Committee, and that as chair of the committee, he bears responsibility for the decision to retain Mr. Edahiro as CEO.

## Company's View

Mr. Kotani has made meaningful contributions to the Company's governance through his role as a member and chair of the Nomination and Compensation Committee, leveraging his industry expertise and broad management experience.

Regarding last year's emergency appointment of Mr. Edahiro as CEO, the decision was made urgently and in accordance with internal regulations following the unexpected resignation of the former CEO, Mr. Udoh, due to health reasons. The process was appropriate given the circumstances and does not constitute a governance issue.

Furthermore, the committee's decision to renominate Mr. Edahiro as CEO at the Annual General Meeting was based on his performance since taking office. Contrary to 3D's assertions, the decision was appropriate and fully justified.



## Total commitment to good health



**[Front office in charge of IR]  
Corporate Strategy Division  
E-mail: [info@so.tohoyk.co.jp](mailto:info@so.tohoyk.co.jp)  
<https://www.tohohd.co.jp>**

**[Notice]**

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