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To whom it may concern:

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Notice Regarding the Medium-term Management Plan 2026-2028 “Soaring into the Next Generation”

TOHO HOLDINGS CO., LTD. hereby announces that it has formulated the Medium-term Management Plan 2026-2028 “Soaring into the Next Generation” (hereinafter “Medium-term Management Plan 2026-2028”) for the three-year period from the fiscal year ending March 31, 2027 to the fiscal year ending March 31, 2029 as follows.

1. Background of the Medium-term Management Plan 2026-2028

Under the Medium-term Management Plan 2023-2025 “Create the Next Generation” launched in FY2023, we set out to create the foundation for the next generation through our efforts in four basic policies, namely, “Business transformation,” “Investment for growth and improvement of profitability,” “Sustainability management,” and “Improvement of capital efficiency and enhancement of shareholder returns.” In FY2024, we formulated a specific action plan to accelerate the creation of the foundation and promote transformation. In particular, we promoted initiatives focused on “improving capital efficiency,” “strengthening governance,” and “reforming HR strategies and systems.” As a result, we achieved certain goals in creating the foundation for the next generation.

The period of the Medium-term Management Plan 2026-2028 is positioned as a monetization phase built upon the foundation created in the preparatory phase. In this monetization phase, we will implement strategies and initiatives focused on achieving discontinuous growth in operating profit driven by further investments aimed at growth. We have adopted the slogan “Soaring into the Next Generation,” reflecting our determination to establish a profit structure that enables us to continue growing autonomously while adapting flexibly to changes in the external environment, and to rise powerfully toward the future.

While strengthening the profitability of our core pharmaceutical wholesaling business, we will transform into a Comprehensive Healthcare Solutions Provider that creates and delivers new value to all stakeholders in the healthcare industry by leveraging our experience and strengths to actively form alliances aimed at expanding rapidly into new business areas. Furthermore, by evolving into a value-creating organization led by self-reliant employees who are unafraid of challenges, we will make a powerful leap into the rapidly changing next generation and achieve sustainable growth and the enhancement of our corporate value over the medium to long term.

2. Outline of the Medium-term Management Plan 2026-2028

(1) Period

from April 1, 2026 to March 31, 2029

(2) Main Measures

< Growth Strategy >

□ Strengthening profitability of the pharmaceutical wholesaling business

In specialty pharmaceuticals, which will become the mainstay of the prescription pharmaceuticals market going forward, we will enhance the infrastructure to be selected by both pharmaceutical companies and medical institutions. Furthermore, we will leverage BI tools and AI to improve productivity in sales and logistics, while strengthening sales of growth driver products and customer support systems that will lead to an increase in gross profit.

□ Improving profitability by efficiency in the dispensing pharmacy business

Spurred by the consolidation of the Group companies into four, we will strengthen the efficiency of the headquarters. We also aim to consolidate the four Group companies into one. In addition, we will improve profitability through group-wide initiatives to become the pharmacy of choice for patients and local residents by enhancing interpersonal services through the standardization and streamlining of pharmacy operations and the promotion of DX.

□ Expansion of CDMO operations to accommodate new modalities

In addition to leveraging our regenerative medicine ecosystem, we will enhance our CDMO functions centered on the Haneda Packaging Center to focus on high-profitability contract development and manufacturing of pharmaceuticals. By integrating high-performance and high-quality logistics with CDMO services and supply chains, and providing support from the development stage to foreign pharmaceutical manufacturers and biotech ventures that do not have infrastructure in Japan, we will expand profit opportunities from manufacturing to distribution.

□ Diversification of business domains through alliances and M&A, and early expansion of new businesses by promoting medical DX

Going beyond the scope of the existing pharmaceutical wholesaling business, we will actively promote alliances and M&A with business companies and venture companies in peripheral areas such as CDMO, medical devices/materials, reagents, OTC drugs, medical IT, and logistics, aiming to create new value and build a solid profit base. Simultaneously, by expanding our medical DX business into these peripheral areas and rapidly deploying new services, we will establish new business domains as early pillars of profit and accelerate our transformation into a "Comprehensive Healthcare Solutions Provider."

< Efficiency Strategy >

• Promoting Group-wide cost structure reform

With the establishment of the new TBC, we will conduct a fundamental review of our sales and logistics operations and delivery system. In addition to reducing costs by streamlining unprofitable divisions, we will launch projects focused on indirect material procurement costs and business process reform, drawing on the expertise of external experts to thoroughly optimize costs and business processes.

<Capital strategy>

• Shareholder return policy

- During the term of the current Medium-term Management Plan, we will implement stable dividend increases and flexible share buybacks in accordance with our policy of maintaining a total payout ratio of 100% or more and a DOE of 4% or more.

• Capital allocation

➤ Investment plan

Strengthening human resources: 10 billion yen, Qualitative enhancement of logistics functions: 25 billion yen, Core system renovation: 8 billion yen, Investment in growth fields: 50 billion yen or more, Shareholder returns: 50 billion yen or more

- With regard to growth investments, we have set a hurdle rate (8-10%) higher than the cost of capital (6-7%), and we ensure disciplined investment by making decisions at the Board of Directors level following discussions in the Investment Committee based on the NPV and investment period.

<Strengthening the management foundation>

• Under the direction of the CGO, we will further enhance the governance that was thoroughly reviewed and strengthened during the previous Medium-term Management Plan period, and strongly promote a shift from a defensive to an offensive approach to governance. On the environmental front, we will promote decarbonization of the entire supply chain through measures such as improving logistics efficiency. In addition, with human capital management at the core, we will strengthen investment in education and the development of self-reliant employees who are unafraid of challenges, and build a solid organization that supports sustainable value creation.

(3) Financial targets

	Items	Financial targets	Period
Profitability	ROE	8% or more ※Maintain a level higher than the cost of equity (approximately 6–7%) in the future	March 31, 2029
	Operating profit margin	1.5% or more	March 31, 2029
	Operating profit	30 billion yen or more	March 31, 2029
Shareholder returns	DOE	4% or more	During the medium-term management plan period
	Total payout ratio	100% or more	During the medium-term management plan period
	Cross-shareholdings	less than 10% of net assets	March 31, 2029

Please refer to the following pages for details of the Medium-term Management Plan 2026-2028.