

Medium-term Management Plan 2023-2025

“Create the Next Generation”

May 17, 2023



What We Aim to Be

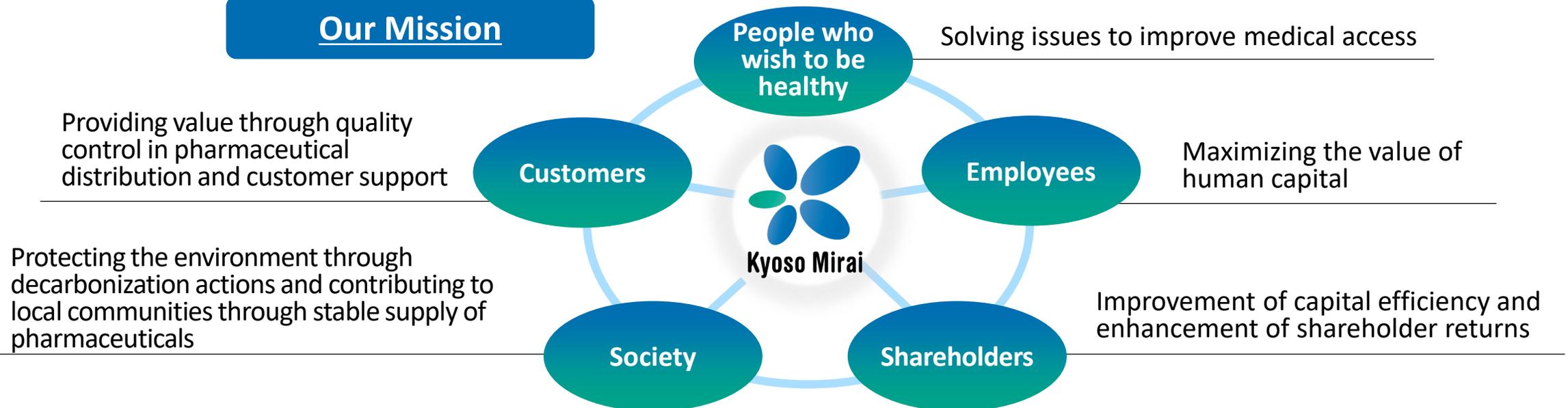
Corporate Slogan

“Total commitment to good health”

< Mission Statement >

We shall live in harmony with society and our customers; together, we shall create new values through the provision of original service; and we shall contribute to the medical care and well-being of people around the world.

Our Mission



2025

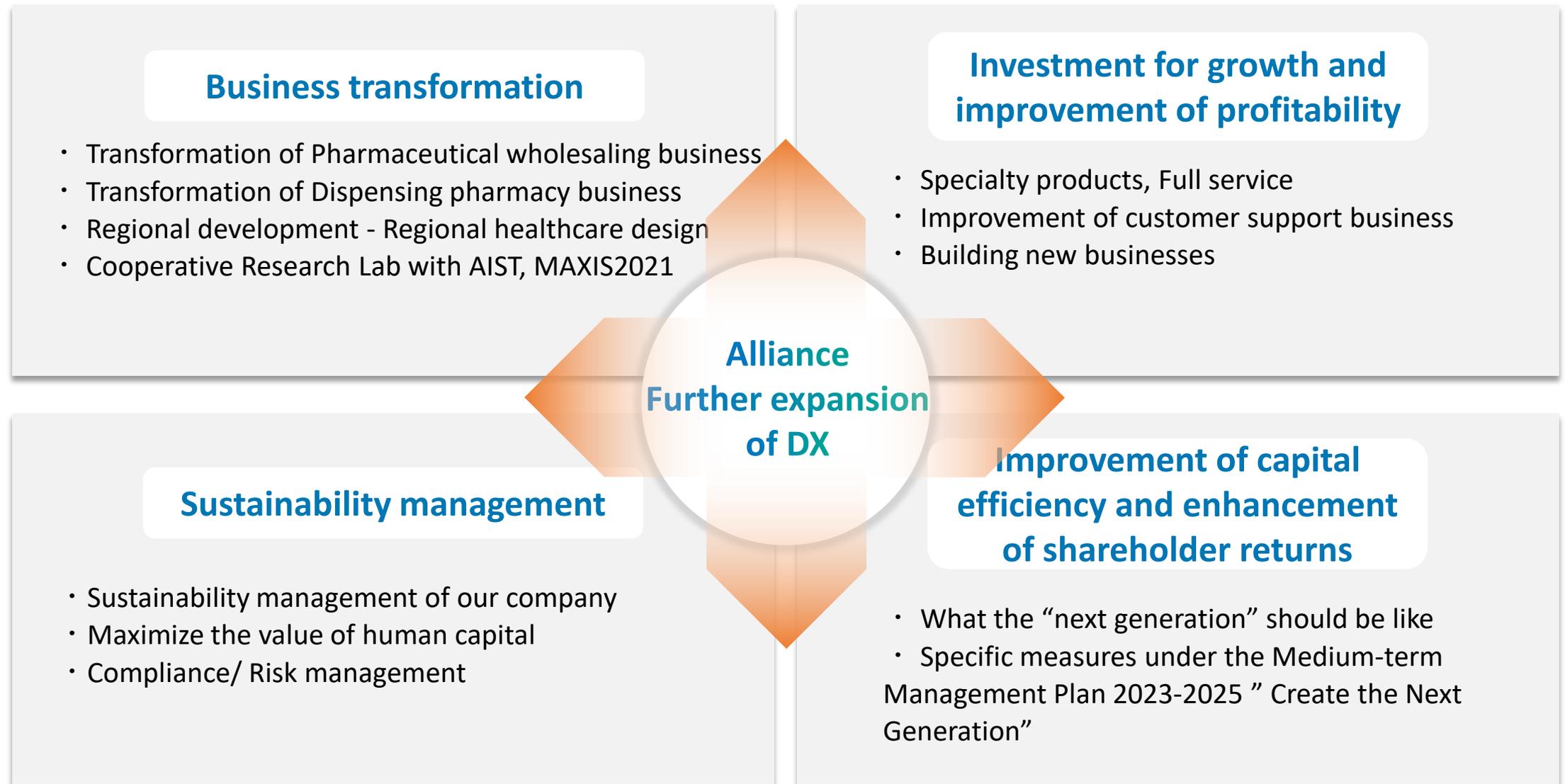
Medium-term Management Plan 2023-2025

“Create the Next Generation”

-- “Create” the Foundation for the “Next Generation” --

2023

Basic policy and specific measures of the Medium-term Management Plan 2023-2025 “Create the Next Generation”



Game Plans of Medium-term Management Plan 2023-2025 “Create the Next Generation”





1 .Business transformation

- ① Transformation of Pharmaceutical wholesaling and Dispensing pharmacy business
- ② Regional development - Regional healthcare design
- ③ Cooperative Research Lab with AIST, MAXIS2021

1-① Transformation of Pharmaceutical wholesaling and Dispensing pharmacy business

Transformation of Pharmaceutical wholesaling business

Restructuring of organization, strengthening human resources and improving productivity toward realization of the “Next Generation”.



【Restructuring of organization
Role clarification Unification of pharmaceuticals】
Organizational restructuring and clarification of roles and functions in the concept area (secondary medical care area)

【Unification of pharmaceuticals and reagents】
Integration and reform of sales, distribution, logistics, and office work

【Work-style reforms】
Direct return, remote sales, etc. *
Development of core internal systems

【Consolidation of sales bases】
Development of an optimal office structure based on local conditions and the age of buildings

【Digitalization】
Use of technologies such as VR and metaverse

【Utilization of human resources】
Use of senior employees and mid-career hiring of outstanding human resources

【Nurturing】
Promotion of reskilling
Enhancement of training by job type and level

Transformation of Dispensing pharmacy business

Organizational and functional transformation to respond to digitalization and contribute to home healthcare.

	Consolidated Subsidiaries	Non-Consolidated Subsidiaries	Affiliates Companies	Total
TOHO HOLDINGS	4	8	2	14
PharmaCluster	6	13	2	18
Total	10	21	4	32

※As of March 31, 2023

【Restructuring business companies】
Enhancement of functions through concentration of management functions and system integration of operating companies

【Store revenue management】
Promotion of opened new pharmacies while closing existing ones with an emphasis on profitability

【DX in pharmacy】
Responding to electronic prescriptions and online medication instruction (including Last One Mile), promoting efficiency in pharmacy operations

【Utilization and nurturing of human resources】
Development of business structure and human resources which accelerate the shift to "in person / at home"

【Expansion of non-insurance revenue】
Commitment to EC
PB product development of OTC drugs, etc.

【Home patient visit】
Strengthening care services for patients at home

1-③ Cooperative Research Lab with AIST, MAXIS2021

Create the future together through open innovation

Cooperative Research Lab with AIST

Kyoso Mirai group

Knowledge of the medical industry
Know-how cultivated
(logistics functions, customer support systems and others)

solve issues
related to access
to medical care

AIST

Advanced development capabilities
the Cutting-edge technologies

Period : April 1, 2023 to March 31, 2026

Create the future through Groupwide efforts

MAXIS2021

Internal reform project "MAXIS2021" to ensure sustainable growth and remain a company that is needed by society

- 1 Internal operation work
- 2 Sales
- 3 Logistics
- 4 Customer support
- 5 Others

Implementation of new technologies, systems and services in society

Development of human resources

Create the Next Generation

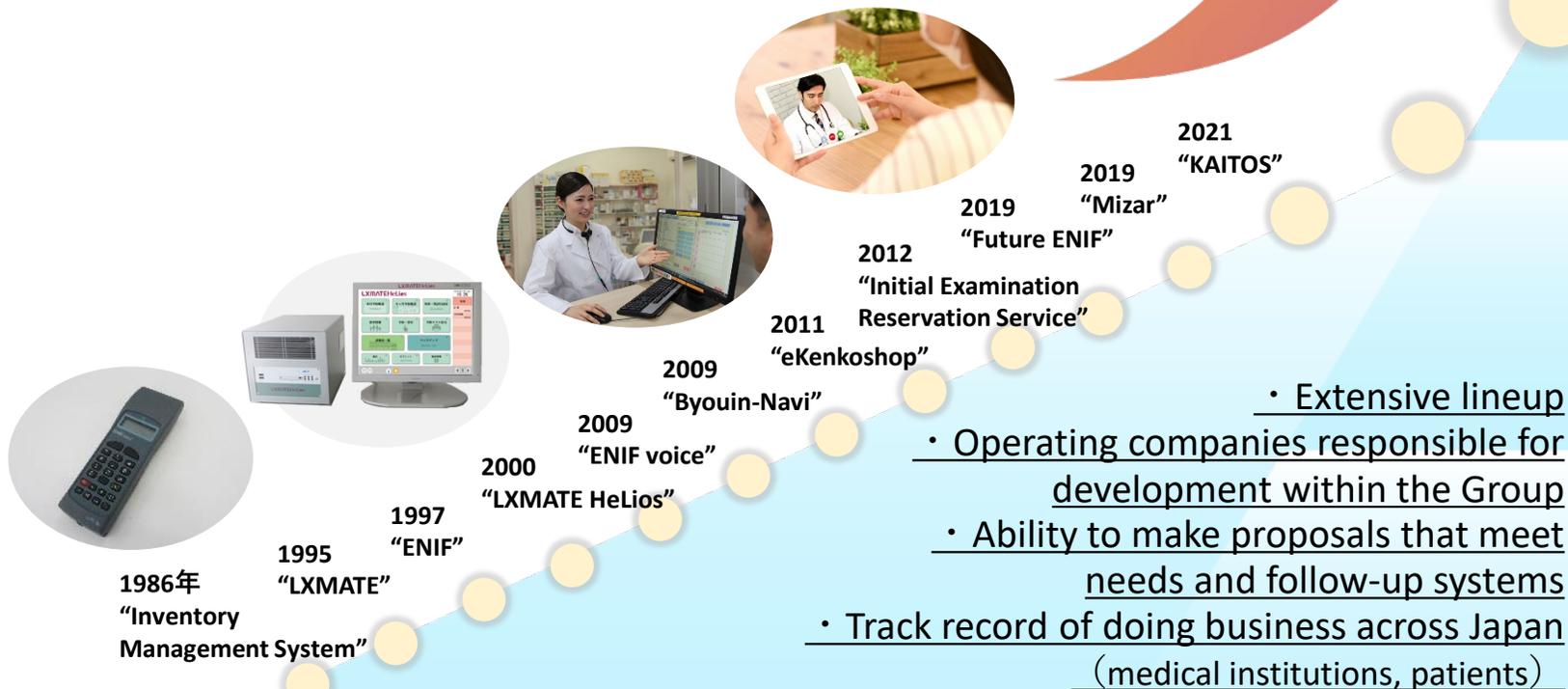
Implementation of internal reforms



2 .Investment for growth and improvement of profitability

- ① Specialty products, Full service
- ② Improvement of customer support business
- ③ Building new businesses

Further evolution of customer support business (Our property)



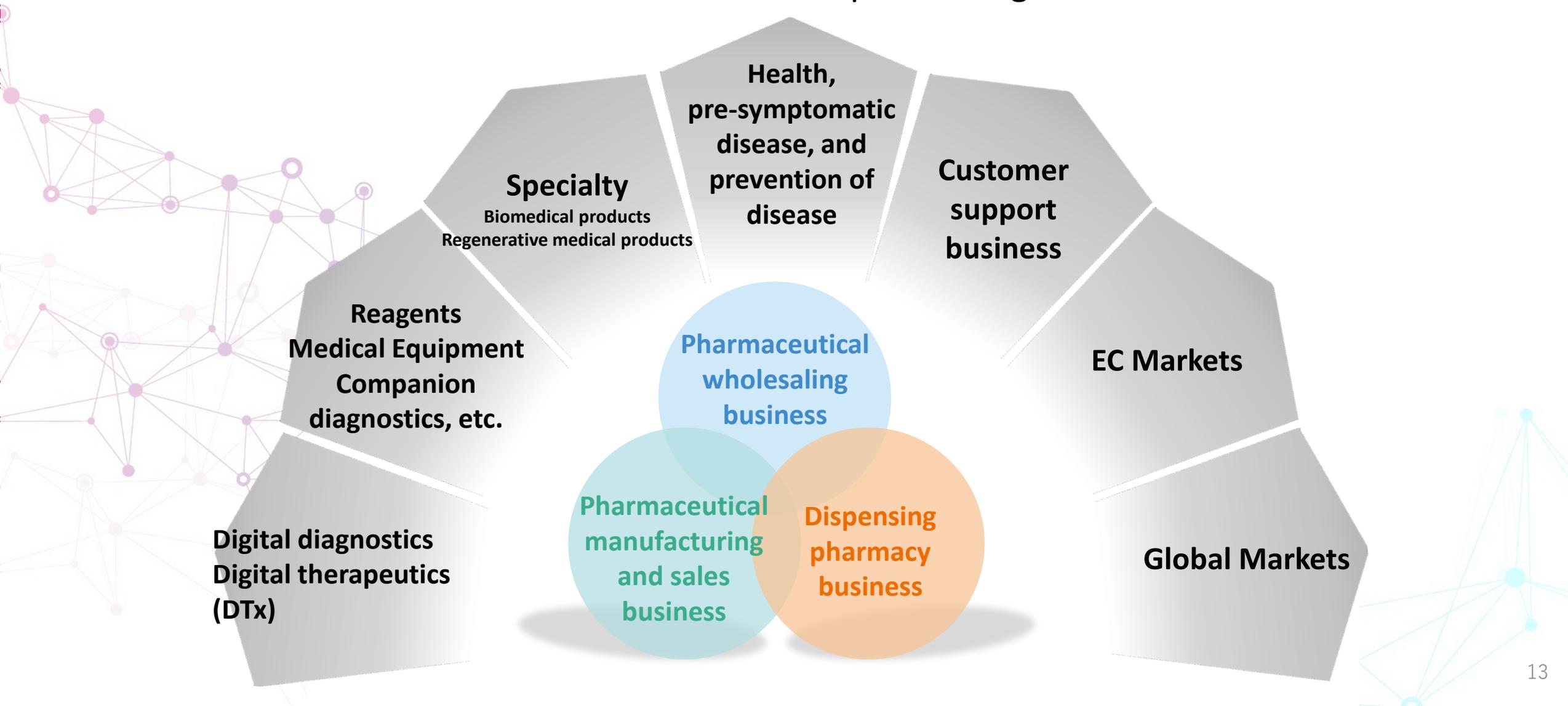
Introduction of cutting-edge technologies (AI, etc.) through active alliances

Integration with in-house developed know-how (voice recognition technology, etc.)

Further enhancement of the Company's strengths

2-③ Building new businesses

We will build new businesses by proactively investing in areas and products related to medical care that are expected to grow.





3 .Sustainability management

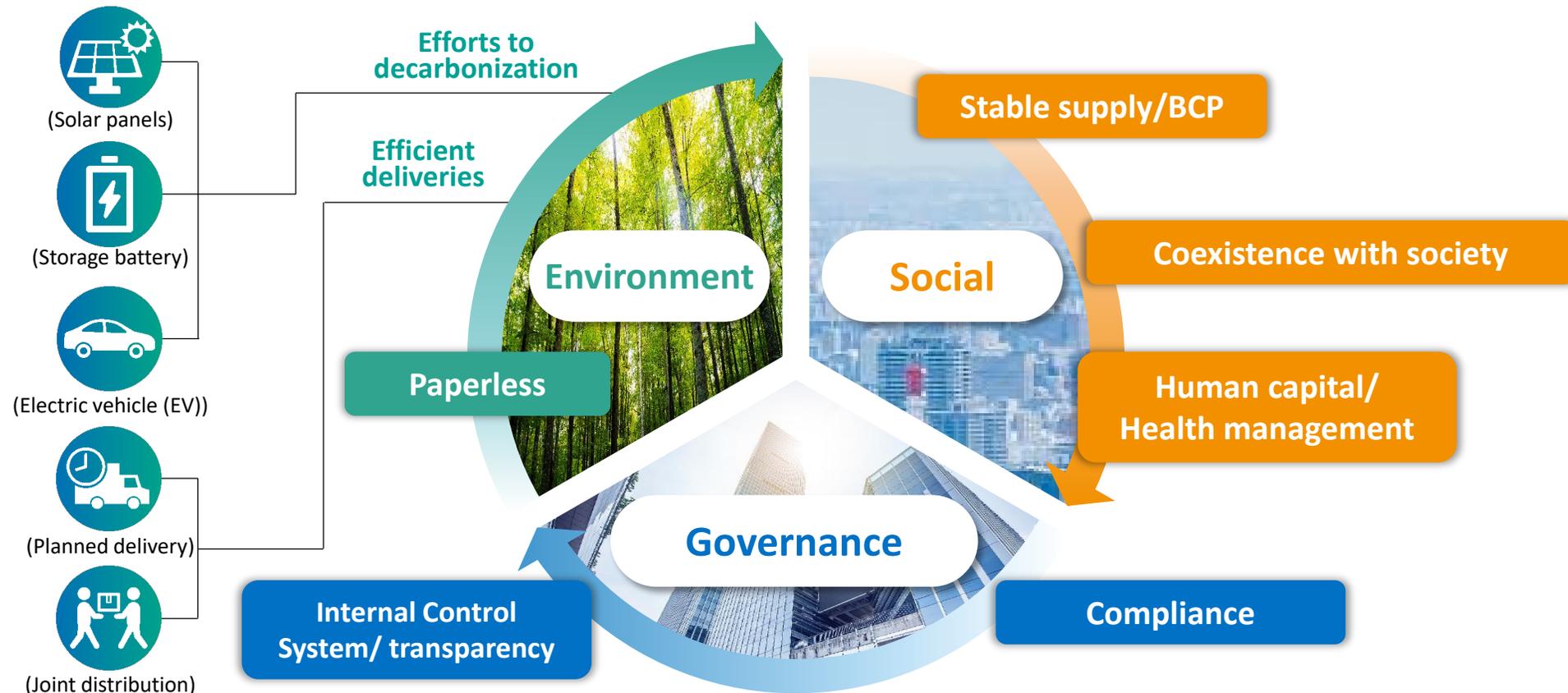
- ① Sustainability management of our company**
- ② Maximize the value of human capital**
- ③ Compliance/ Risk management**

3-① Sustainability management of our company

Sustainability Policy of TOHO HOLDINGS

Based on the Mission Statement, we, as a corporate group engaged in the areas of medical care, healthcare, and nursing care, **work to solve social issues** and contribute to the realization of a sustainable society through our businesses.

The Sustainability Promotion Committee was established to further promote sustainable growth and solve social issues.



3-② Maximize the value of human capital

We will carefully carry on the corporate culture that has been achieved by human resources and our mind to respect free thinking

-- Human resources needed by the Kyoso Mirai Group --

- A person who has a high sense of ethics and always follows code of conduct
- A person who thinks and learns by themselves and tries with free thinking new things without fear of failure
- A person who can make high-quality proposals and communicate well with others
- A person who can collaborate with business partners and other departments in the company
- A person who can work globally

Human resources Training

- Enhanced training by rank and job classification
- Providing opportunities to take on challenges
- Reskilling and assistance in obtaining personal qualifications
- Development of professionals

Development of the personnel system

- Diversity & Inclusion
→ Recruitment and utilization of a wide range of human resources
(Recruitment and utilization of a wide range of human resources regardless of gender, nationality, etc. , Utilization of seniors, Mid-career recruitment of excellent human resources etc.)
- Strengthen career development
- Staffing with the right people in the right places

Work-style reforms

- Going paperless and outsourcing of routine work through DX promotion
- Enhancement of work styles and systems to accommodate employees' life events
- Further improvement of the workplace environment

3-③ Compliance/Risk management

Top priority for all directors and employees is commitment to “compliance with a related law” and “compliance/risk management”.

Compliance with an important related law

Pharmaceutical and Medical Devices Act, Pharmacists Act, Antimonopoly Act, Act on Unjustifiable Premiums and Misleading Representations

Enhancement of Group compliance training

Management of all employees' participation and degree of mastery by using the in-house training system

Development of whistle-blowing system and corporate culture

Fostering a corporate culture that prevents harassment and allows employees to give warnings to their co-workers

Governance and risk management through the Group Compliance and Risk Management Committee

4. Improvement of Capital Efficiency and Enhancement of Shareholder Returns

| What the “Next Generation” should be like

1. Price Book-value Ratio (PBR) : 1.0 times or higher (0.65 times in FY 2023)
2. Return On Equity (ROE) : More than 8% (5.6% in FY 2023)
3. Dividend on Equity Ratio (DOE) : More than 2% (0.9% in FY 2023)

| Specific measures under the Medium-term Management Plan 2023-2025 “Create the Next Generation”

1) Investment Plan : 38 billion yen

- Investment in growth fields : 20 billion yen
- Investment in infrastructure : 12 billion yen
- Investment in human capital : 6 billion yen

2) Purchase of treasury shares : More than 30 billion yen

We will purchase treasury shares flexibly taking capital efficiency into consideration.

3) Dividends

We will increase dividends stably with a target of a DOE (dividend on equity) of 2%.

4) Cross-shareholdings

We will unwind cross-shareholdings in a phased manner through sufficient dialogue with the partner companies.