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Tokyo, January 31, 2023
Alfresa Holdings Corporation

Notice regarding Conclusion of an Agreement on a Merger of Wholly Owned Subsidiaries in the Manufacturing Business

In keeping with the details contained within the May 16, 2022, news release titled “Notice regarding Basic Agreement on Merger of Wholly Owned Subsidiaries in the Manufacturing Business,” Alfresa Pharma Corporation (hereafter, “Alfresa Pharma”) and Sannova Co., Ltd. (hereafter, “Sannova”), two wholly owned subsidiaries of the Company engaged in the Manufacturing Business, have concluded an agreement on an absorption-type merger (hereafter, “the Merger”), with Alfresa Pharma as the surviving company. The agreement was concluded following discussions and considerations of the Merger, and was then approved by the Board of Directors. Therefore, an updated description of the Merger is provided below.

As the Merger will take place between wholly owned subsidiaries, some disclosure items and details have been omitted.

1. Purpose of the Merger

The Alfresa Group’s 22–24 Mid-term Management Plan: Leap into the Future “An Evolving Healthcare Consortium” outlines a key management policy: “enhancement of business models and creation of new value.” Alfresa Pharma, with its strength in manufacturing, import/export, and marketing of diagnostic reagents, medical devices, and materials for pharmaceuticals in addition to manufacturing and marketing of pharmaceuticals, and Sannova, with its expertise in contract manufacturing of pharmaceuticals and quasi-drugs, have concluded an agreement on the Merger, with Alfresa Pharma as the surviving company, that will combine their respective managerial resources in an effort to improve efficiency, enhance the surviving company’s contract sales structure, and make strategic investments. This new company will lead the Alfresa Group’s Manufacturing Segment. It will strive to deliver customer satisfaction by creating new value in pharmaceuticals and medical devices manufacturing, sales, and contract manufacturing. In doing so, the company will contribute to the realization of the Alfresa Group’s Vision “to become a Healthcare Consortium that provides products and services in every health-related field.”

2. Outline of the Merger (Summary of Basic Agreement)

(1) Schedule

Meeting of Board of Directors to approve the Merger: December 23, 2022

Merger contract conclusion: December 27, 2022

Extraordinary general shareholders' meeting (to approve the Merger)*:

March 2023 (Alfresa Pharma, Sannova)

The effective date of the merger contract: April 1, 2023 (scheduled)

*Though the Merger qualifies as a simple merger, Alfresa Pharma plans to submit a proposal to amend its articles of incorporation.

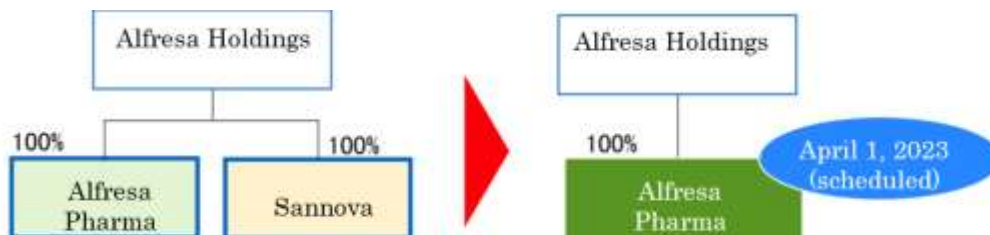
(2) Method of the Merger

The two companies will conduct the Merger as an absorption-type merger. Accordingly, it will be shown as an absorption-type merger, with Alfresa Pharma as the surviving company and Sannova as the absorbed company.

(3) Allotment upon the Merger

Because it is a merger between the Company's wholly owned subsidiaries, neither shares nor money, etc., will be allotted upon the Merger.

3. Reorganization Scheme Date of establishment



4. Outline of the Surviving and Absorbed Companies (As of March 31, 2022)

	Surviving Company	Absorbed Company
(1) Corporate name	Alfresa Pharma Corporation	Sannova Co., Ltd.
(2) Business description	Manufacturing, import/export and marketing of pharmaceuticals, diagnostic reagents, medical devices, and materials, etc.	Research, development, manufacturing and sales of pharmaceuticals and quasi-drugs, etc.
(3) Date of establishment	March 1920	March 1923
(4) Head office	2-2-9, Koku-machi, Chuo-ku, Osaka, Osaka Prefecture	3038-2, Serada-cho, Ota, Gunma Prefecture
(5) Name and title of representative	Koichi Shimada, President and CEO	Toru Takekawa, President
(6) Paid-in Capital	3,000 million yen	300.2 million yen
(7) No. of shares issued	16,000,000	10,000
(8) Net sales (fiscal year ended March 31, 2022)	35,224 million yen	8,194 million yen
(9) Accounting period	April 1 to March 31	April 1 to March 31
(10) Major shareholders and their holding ratio	Alfresa Holdings Corporation 100%	Alfresa Holdings Corporation 100%

5. Conditions after the Merger

The corporate name and address of the head office, etc., of the surviving company will not be changed after the Merger.

6. Impact on Financial Results

The Company estimates that the financial impact of the Merger in the fiscal year 2023 is minimal.

About the Alfresa Group

The Alfresa Group is a leader in the Japanese healthcare industry, which is dedicated to making its corporate philosophy, “we create and deliver a fresh life for all,” come true through a wide range of business lines, including ethical pharmaceuticals wholesaling, OTC pharmaceuticals wholesaling, pharmaceutical manufacturing, and operating dispensing pharmacies. Alfresa Holdings Corporation (TSE:2784) reported its consolidated revenue of ¥2.5 trillion for the fiscal year ended March 31, 2022. For more information, please see: <https://www.alfresa.com/eng/>