

February 27, 2024

To Whom It May Concern:

Company name: SUGI Holdings Co., Ltd.
Representative: Katsunori Sugiura, Representative Director & President
(Code number: 7649, TSE Prime / NSE Premier)
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Notice of Acquisition of Shares of I&H Co., Ltd. (to Make It a Subsidiary)

SUGI Holdings Co., Ltd. (the “Company”) has decided at its board meeting of February 27, 2024 to acquire common shares of I&H Co., Ltd. (hereinafter, “I&H”), and to have I&H Co., Ltd. become its subsidiary as follows:

1. Reason for and Purpose of the Acquisition of Shares

Operating more than 1,700 stores in the Kanto, Chubu, Kansai, and Hokuriku-Shinshu regions, the SUGI Pharmacy Group (hereinafter, the “Group”) boasts approximately 4,000 pharmacists and approximately 500 nationally certified dietitians. Taking advantage of its position as an operator of prescription-dispensing drugstores featuring such staff, the Group is proceeding with its Total Healthcare Strategy, which is designed to support local residents’ lifetime efforts in disease prevention and health management and to contribute to their good health, and has contribution to local communities as its management philosophy. In recent years, in addition to the dispensing business, in which the Group annually fills approximately 14 million prescriptions issued by a wide variety of medical institutions to treat lifestyle-related diseases and other conditions, the Group has also been focusing on developing its business operations in the primary and secondary prevention fields by combining its real and digital capabilities. By providing support services to doctors intending to open their own practices, employment agency services, and home-visit long-term and nursing care services, the Group is also working to establish a network to create synergy with regional medical institutions and various business operators. The Group is also supporting in-home patients by providing a home-visit prescription dispensing service to patients’ homes and care homes (over 350,000 visits per year), as well as a medical supply delivery service for patients who are unable to visit its stores.

With the dispensing business at its center, the I&H Group engages in various businesses including care/welfare, healthcare, consulting for doctors intending to open their own practices, certified nutrition care station, and aims to expand its dispensing business and related businesses and to contribute to the extension of life span of people around the world as an integrated healthcare company. In addition, the dispensing pharmacies of the I&H Group not only provide prescription medicines, but also expand their services one after another which are beyond dispensing such as endeavoring to enhance hospitality service and having certified dietitians stationed at pharmacies to provide nutritional consultation.

The purpose of the share acquisition is for the two groups to become one by accelerating the growth of the two groups by merging their business know-hows and resources and to become “No. 1 healthcare company

in Japan”.

We believe that it would be possible to maximize the synergy effect and to create new value which is beyond increase in business size because while the Group, which has “prescription-dispensing drugstores” as its core and the I&H Group, which has “dispensing pharmacies” as its core, may have different formats and backgrounds, they have the same goal which is “healthcare company which can make people and society happy.”

2. Effect on and Benefits to the Business

Through business partnership of the two groups, we expect the enhancement of quality of business based on mutual provision of know-hows and the strengthening of business driving force by expansion of business size, specifically in the following matters:

- (1) “Deep cultivation of pharmacy expertise” through joint research, etc. of area of expertise of pharmacist and certified dietician
- (2) “Establishment of home-visit prescription dispensing service with high productivity” through local cooperation in home medical care and joint training, etc.
- (3) “Promotion of digitalization of prescription dispensing” through joint verification, etc. of electronic prescription and online medication guidance/follow-up
- (4) “Joint expansion of medical institution support” through joint implementation, etc. of supports on opening and regional cooperation of medical institutions
- (5) “Strengthening of management base” through business process reengineering, etc. which will be realized by sharing management know-hows and management resources

3. Overview of Subsidiary to be Changed

(1) Name	I&H Co., Ltd.	
(2) Location of head office	1-18 Omasucho, Ashiya-shi, Hyogo	
(3) Representative’s title and name	Hiroaki Iwasaki, Representative Director & President	
(4) Description of business	Operation of dispensing pharmacy, wholesale of pharmaceuticals, operation of nursing home, etc.	
(5) Capital (in a unit of thousand yen)	4,231,474 (as of May 31, 2023)	
(6) Date of incorporation	February 28, 2019	
(7) Major shareholders and their percentages of shareholdings	Hiroaki Iwasaki	28.65%
	Yuka Iwasaki	16.62%
	Hideki Iwasaki	16.62%
(8) Relationship between the Company and I&H	Capital relationship	Not applicable
	Personnel relationship	Not applicable

	Business relationship	Not applicable
	Status as a related party	Not applicable

(9) Consolidated operating results and financial position for the last three years (in a unit of thousand yen except where noted otherwise)

Fiscal year	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Consolidated net assets	7,694,762	7,558,013	8,407,052
Consolidated total assets	64,172,888	78,724,441	92,802,980
Consolidated net assets per share (in a unit of yen)	12.73	(4.94)	49.91
Consolidated net sales	122,474,246	157,859,229	223,303,019
Consolidated operating income	2,486,338	1,603,627	4,267,818
Consolidated ordinary income	2,689,444	1,666,094	3,904,959
Profit attributable to owners of parent	787,116	330,725	1,725,023
Consolidated earnings per share (in a unit of yen)	38.76	8.74	88.61
Dividend per share (in a unit of yen)	30.00	20.00	40.00

Notes: 1. The percentage of shareholdings of each major shareholder is calculated as a percentage of the number of shares held by them to the total number of issued shares (excluding treasury shares).

2. The percentage of shareholdings mentioned above is presented after rounding to the second decimal place.

4. Overview of Counterparty to Share Acquisition

(1) Name	Hiroaki Iwasaki
(2) Address	Ashiya-shi, Hyogo
(3) Relationship between the listed company and such individual	No notable capital relationship, personnel relationship or business relationship exists.

(1) Name	Yuka Iwasaki
(2) Address	Nishinomiya-shi, Hyogo
(3) Relationship between the listed company and such individual	No notable capital relationship, personnel relationship or business relationship exists.

(1) Name	Hideki Iwasaki
(2) Address	Ashiya-shi, Hyogo

(3) Relationship between the listed company and such individual	No notable capital relationship, personnel relationship or business relationship exists.
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5. Number of Shares Acquired, Acquisition Cost and Status of Shares Owned before and after Acquisition

(1) Number of shares owned before the change	0 shares (Number of voting rights: 0) (Ownership ratio of voting rights: 0.00%)
(2) Number of shares acquired	10,800,000 shares (out of which 10,800,000 shares are common shares) (Number of voting rights: 10,800,000)
(3) Acquisition cost	We will refrain from disclosing the acquisition cost in order to comply with our confidentiality obligation. For the examination of the acquisition cost, we have had outside experts, etc. conduct appropriate due diligence, and calculated and decided on the appropriate price upon mutual discussion. The acquisition cost meets the criteria for being regarded as minor.
(4) Number of shares owned after the change	10,800,000 shares (Number of voting rights: 10,800,000) (Ownership ratio of voting rights: 61.89%)

* The details on the number of acquired shares, etc. provided above may change hereafter upon mutual discussion if such change is necessary for the share acquisition procedure or for other reason.

6. Schedule

(1) Date of decision	February 27, 2024
(2) Execution date of agreement	February 27, 2024
(3) Share transfer implementation date	August 30, 2024 (scheduled)

7. Future Outlook

With the share acquisition, I&H is scheduled to become a consolidated subsidiary of the Company by having August 30, 2024 as the acquisition date. The impact of the share acquisition on the consolidated financial results of the Company for the fiscal year ending February 28, 2025 is currently under review. If any matter which should be announced occurs hereafter, we will promptly announce such matter.

End

Reference) Consolidated financial forecast for the current fiscal year (for the portion announced on December 26, 2023) and consolidated financial results for the previous fiscal year (in a unit of million yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Consolidated financial forecast for the current fiscal year (ending February 29, 2024)	742,500	35,000	36,500	20,500
Consolidated financial results for the previous fiscal year (ending February 28, 2023)	667,647	31,658	32,391	19,007