

February 18, 2025

To whom it may concern:

Company name: SUGI Holdings Co., Ltd.

Representative: Katsunori Sugiura, Representative Director & President

(Securities Code: 7649, TSE Prime / NSE Premier)

Inquiries: Makoto Kasai, Executive Managing Officer, Responsible for corporate planning and finance

(Phone: +81-562-45-2744)

Notice on Absorption-Type Merger Between Consolidated Subsidiaries

Sugi Holdings Co., Ltd. hereby announces, as described below, that it has decided to carry out an absorption-type merger (hereinafter the “Merger”) in which Sugi Pharmacy Co., Ltd. (hereinafter “Sugi Pharmacy”), a consolidated subsidiary, will be the surviving company and I&H Co., Ltd. (hereinafter “I&H”), also a consolidated subsidiary, will be the disappearing company.

1. Background and purpose of the Merger

The drugstore and dispensary industry is currently facing a major turning point due to increasing competition across business categories and the impact of repeated revisions to drug prices and fees by the Japanese government. On the other hand, as Japan’s society ages, the market is expected to grow in various areas. Two such examples are preventative medicine to maintenance and promotion of health and government-designated specialty pharmaceuticals for patients with intractable diseases.

In this environment, our group has established a “total healthcare strategy” that contributes to the promotion of health and well-being through lifelong commitment to disease prevention and health management for people living in the community. In the medium-term management plan that began in fiscal 2022, we are promoting “deep cultivation of the healthcare field” with the goal of achieving group sales of 1 trillion yen in fiscal 2026.

Under these circumstances, with the addition of I&H in September 2024, our group has become an industry-leading healthcare group in terms of both quality and quantity, operating a total of more than 2,100 drugstores and dispensaries from Hokkaido to Kyushu. Sugi Pharmacy, with its community-based drugstore business as its foundation, I&H, which has strong ties with major regional hospitals, and I&H’s business subsidiaries, which have diverse business formats ranging from large-scale medical malls to community-based pharmacies located directly outside clinics or hospitals, are working in the fields of preventive medicine and specialty pharmaceuticals under a policy of further increasing corporate value by deepening cooperation in various ways.

We have decided to carry out the Merger to further promote these initiatives, with the aim of quickly achieving a synergy effect between Sugi Pharmacy and I&H, improving productivity, and so forth.

2. Summary of the Merger

Sugi Pharmacy will take over I&H's business with the effective date (merger date) scheduled for March 1, 2025.

3. Overview of each company

<I&H Co., Ltd.>

(1) Company name	I&H Co., Ltd.
(2) Title and name of representative	Shinya Sugiura, Representative Director & President
(3) Business description	Operation etc. of dispensaries
(4) Capital (Hundred millions of yen)	4,231
(5) Date of establishment	February 2019

<Sugi Pharmacy Co., Ltd.>

(1) Company name	Sugi Pharmacy Co., Ltd.
(2) Title and name of representative	Katsunori Sugiura, Representative Director & President
(3) Business description	Operation of dispensaries, drugstores, etc.
(4) Capital (Hundred millions of yen)	50
(5) Date of establishment	September 2008

4. Future outlook

The impact on our company's consolidated results will be immaterial as the Merger is between our consolidated subsidiaries,