

September 26, 2016

Company name: Sugi Holdings Co., Ltd.

Representative: Tadashi Masuda, President

Stock code: 7649, 1st section, Tokyo Stock Exchange and Nagoya Stock Exchange

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Notification on Change in Representative Director and Appointment of New Management Team at its Subsidiary

At the Board of Directors' meeting held on September 26, 2016, Sugi Holdings Co., Ltd. ("the Company") resolved to decide on matters regarding the "Change in Representative Director" and "Appointment of a New Management Team (Chairman, President, and Managing Director)" at its Subsidiary. The details are as follows.

1. Sugi Pharmacy Co., Ltd. (as of March 1, 2017)

New title	Name	Current title
Chairman	Eiichi Sakakibara	President
President	Katsunori Sugiura	Managing Director
Managing Director	Shinya Sugiura	Director

* The Company will decide the appointment of other officers at the Board of Directors' meeting to be held in February 2017.

2. Reasons

The drugstore industry has been growing steadily against the backdrop of an increasing number of prescriptions filled because of the aging population. However, the Company has found that competition with not only companies in the same industry but also those in different industries or types of businesses has been intensifying day by day. Moreover, there is new "competition that differs in quality" from competition in the past.

Besides the prescription business, the status and roles of a drugstore in local communities have been changing significantly.

For all of these reasons, the Company has found it essential and urgently necessary to increase the speed of qualitative transformation of its business and create a "new drugstore" that will match the business environment in the future in order to respond to demands in the new era.

Under such recognition, the Company has decided to rejuvenate and renew the management team of Sugi Pharmacy Co., Ltd., a core subsidiary, on its 40th anniversary, a move to address the above-mentioned issues under the new management team.

Mr. Eiichi Sakakibara, the current President, joined Sugi Pharmacy Co., Ltd. in 1986 (Sugi had only one store when he started working). He endeavored with the founder to develop a drugstore model with prescription services and by the end of August 2016 had turned Sugi Pharmacy into a company with 1,017 stores with net sales of 445.0 billion yen (forecast for fiscal year ending February 2017). Recently, he has been pressing forward with decentralizing organizations, focusing on developing young personnel who will lead the next generation and developing new store formats. In the future, Mr. Eiichi Sakakibara is expected to play a part in determining the Company's strategy from a broad perspective using his previous experience.

Mr. Katsunori Sugiura, the newly appointed President, joined Sugi Pharmacy Co., Ltd. in 2006. After working mainly as a store manager at the store and engaging mainly in business planning and management, he has served as a General Manager of the pharmacy and drugstore businesses, responsible for sales, development of goods, and sales promotion.

Since Mr. Katsunori Sugiura has experienced overall management of Sugi Pharmacy, he has acquired both balanced business management skills and organization management skills to combine, lead, and activate various organizations. Moreover, he has prepared and developed management philosophy, vision, and values that form the basis for creating Sugi Pharmacy in the next generation as a project manager.

Mr. Shinya Sugiura, the newly appointed Managing Director, joined Sugi Pharmacy Co., Ltd. in 2004. After working mainly as a pharmacist at the store and a buyer of healthcare goods, he has served as a General Manager of the wellness business to lead pharmacists and nutritionists. Mr. Shinya Sugiura has also focused on the planning and development of a drugstore model for the next generation that can respond to the expansion of the wellness business sector that is part of the advancing aging society and to the qualitative transformation of the prescription business.