

FOR IMMEDIATE RELEASE

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Notice regarding Business and Capital Alliance between Sugi Pharmacy Co., Ltd. and M-aid Co., Ltd.

Sugi Holdings Co., Ltd. (“the Company”) is pleased to announce that it has resolved at a meeting of the Board of Directors held today that Sugi Pharmacy Co., Ltd. (“Sugi Pharmacy”), its consolidated subsidiary, will accept a third-party allocation of newly issued shares by M-aid Co., Ltd. (“M-aid”; Mr. Kinoshita, Representative Director), a company founded by Mr. Kinoshita, Chief Director, Medical Corporation Nagoya Station Clinic (“Nagoya Station Clinic”), and conclude a business tie-up agreement, as follows.

Details

1. Purposes of business and capital alliance

Sugi Pharmacy operates more than 1,100 drugstores handling both OTC and prescription drugs in Kanto, Chubu, and Kansai Area (mainly in the Chubu area, where the Company was founded). In the prescription drug business, the Company handled more than 7.8 million prescriptions annually, while it provides at-home prescription dispensing services at more than 400 stores. Furthermore, in the field of preventive and pre-symptomatic care, the Company provides specific health guidance and health improvement support service based on diet and exercise by using more than 300 nationally certified senior nutritionists who belong to its stores.

Nagoya Station Clinic is based in Nagoya city, Aichi prefecture (Chubu Area), and performs various health screenings, including a complete medical checkup and a CAT scan of the brain and chest, for 70,000 persons annually. The clinic also conducts a medical examination to prevent life-style diseases, specific medical checkup, and specific health guidance. Furthermore, M-aid plans to offer various medical support services to corporate customers and ordinary people by cooperating with local governments and enterprises. The medical support services include support for a visiting medical examination service using stores, online integrated management of health information, and health consultation by nationally certified senior nutritionists.

Since medical expenses have been expanding due to the progress of aging society, the importance of preventive and pre-symptomatic health management—cares given at stages before persons fall ill and receive medical treatment—has recently attracted much attention in Japan. In such environments, the Japanese government has created the “Insurer’s Efforts Assistance Program.” Under the program, from 2018, the government grants incentives to insurers (National Health Insurance Associations, Public-corporation-run health insurance, and Municipality controlled National Health Insurance, etc.) who aggressively conduct

activities, including the improvement of medical examination rate of specific medical checkup and specific health guidance, prevention of aggravation of diabetes, and improvement of exercise and eating habits. Accordingly, there have been a growing interest in activities to improve medical checkup and its results.

Therefore, enterprises have been aggressively promoting “health management,” an initiative to pay attention to the health care of its employees from the viewpoint of management and to strategically invest in the maintenance of employees’ health. Meanwhile, local governments also have greater interest in efforts to early discovery of illness and prevention of aggravation of diseases that are expected to improve in the implementation rate of medical checkup and specific health guidance to citizen.

Under such circumstances, Sugi Pharmacy and M-aid, based in the Chubu area, will use management resources each other and cooperate to develop and offer “new medical support service” utilizing both health information on individual persons (life log, medical checkup data, and attendance records, etc.) and the combination of “applications (app)” and “brick-and-mortar stores.”

2. Details of business alliance and the third-party capital allocation to Sugi Pharmacy

(1) Details of business alliance

Sugi Pharmacy and M-aid plan to jointly conduct businesses mentioned below by using resources of the both companies.

(i) Health business support service

- Provision of online integrated management of information on employees’ health (results of medical examinations and attendance records, etc.), health consultation by doctors, pharmacists and nationally certified senior nutritionists, and a health improvement program using applications and stores for corporate customers

(ii) Regional visiting medical examination service

- Provision of support for the implementation of regional visiting medical examination service using store parking lots and its accompanying specific health guidance and health consultation by pharmacists and nationally certified senior nutritionists for local government customers

(iii) Medical examination institution support service

- Provision of online booking of medical examinations, management of medical consultation, management of medical examination data, and a system that supports the implementation of medical support service for medical examination institution customers

(iv) Health support service

- Provision of a specific health guidance for regional people based on the results of a medical examination and its accompanying health improvement program using applications (app) and stores

(2) Details of the third-party capital allocation to Sugi Pharmacy

A third-party allocation of newly issued shares by M-aid

M-aid will issue its common shares by a third-party allotment as stated below and the Company will accept all of them.

Details

(1) Third party allotment by M-aid

Type and number of shares for subscription: 8,500 shares in common stock

Allotment method: All shares for subscription will be allotted to Sugi Pharmacy by third party allotment.

Subscription amount: 12,000 yen per share

Total payment: 102million of yen

(33.9% of total number of shares outstanding after the third party allotment)

Payment date: May 1st, 2018