

June 16, 2023

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 a Capital and Business Partnership with Japan Hospice Holdings Inc.

SUGI Holdings Co., Ltd. (the “Company”) has decided today, on June 16, 2023, to acquire common shares of Japan Hospice Holdings Inc. (Code number: 7061, TSE Growth, Tadashi Takahashi, Representative Director & President; hereinafter “Japan Hospice”), and to enter into a capital and business partnership agreement with Japan Hospice (the “Partnership”) as follows:

1. Reason for and Purpose of the Partnership

Operating more than 1,500 stores in the Kanto, Chubu, Kansai, and Hokuriku regions, the SUGI Pharmacy Group (hereinafter, the “Group”) boasts approximately 3,500 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. In recent years, in addition to the dispensing business, in which the Group annually fills approximately 13 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.

The Japan Hospice Group pursues its mission of “study and popularization of home hospices” under the corporate slogan of “all for smile,” and provides patients (mainly end-stage cancer patients and patients with intractable diseases) with palliative care toward the end of their lives (i.e., end-of-life care). End-of-life care is one of the most important issues in the rapidly aging society faced by Japan, and the Japan Hospice Group has been promoting the hospice house business as a solution to this issue.

The Partnership is to further enhance the collaborative relationship between the two groups. In particular, we believe that we can increase the satisfaction of users by accelerating the expansion of the hospice house

business and developing a system to support patients' experience all the way from hospitalization and outpatient treatment through home medical and nursing care at their own homes, and subsequent home medical and nursing care at hospice houses.

2. Details of the Partnership

(1) Outline of the capital partnership

The Company will acquire 1,600,000 shares of common stock of Japan Hospice (19.91% of the total number of its issued shares). The method of acquisition and the acquisition cost will be announced as soon as they are determined.

(2) Outline of the business partnership

(i) Promotion of hospice house business

- Conduct enlightenment and support activities concerning hospice houses
- Provide information on and jointly develop new hospice houses
- Supply living necessities and other supplies (including medical and sanitary supplies) to residents in a stable and timely manner at low prices
- Provide high-quality palliative care services to residents through the service integration of the two groups

(ii) Development of a system to support the patient's experience all the way through

- Develop a system to accept cancer and other intractable disease patients at home
- Develop a system to enable seamless coordination from the patient's home to the hospice facilities
- Enlighten medical institutions, patients, and their family members (including patients associations)

3. Effect on and Benefits to the Business of the Company

(1) Acceleration of the expansion of the home-visit prescription dispensing business

Expand the home-visit prescription dispensing business for the residents of hospice houses, which is expected to grow rapidly

(2) Acceleration of the expansion of merchandising service for facility residents

Merchandise various goods to patients at hospice houses

(3) Acceleration of the expansion of the nursing business

Promote the development of the nursing business through, for example, initiatives to strengthen the technical expertise among the nurses of the two groups and expansion into business new areas through integration of the management resources of the two groups

(4) Enhancement of the capability to capture demand for specialty pharmaceuticals (pharmaceuticals for treating cancer and other intractable diseases)

Enhance the capability to capture demand for specialty pharmaceuticals, whose market is expected to expand going forward, by developing a system to support patients' experience all the way through

4. Overview of Japan Hospice

(1) Name	Japan Hospice Holdings Inc.		
(2) Location of head office	3-7-1 Marunouchi, Chiyoda-ku, Tokyo		
(3) Representative’s title and name	Tadashi Takahashi, Representative Director & President		
(4) Description of business	Home hospice business, etc.		
(5) Capital	372,680,000 yen (as of December 31, 2022)		
(6) Date of incorporation	January 4, 2017		
(7) Major shareholders and their percentages of shareholdings (as of December 31, 2022)	J-STAR No.2 Investment Limited Partnership		29.17%
	MIDWEST MINATO, L.P.		10.90%
	(Standing Proxy: Nomura Securities Co., Ltd.)		
	Pacific Minato II, L.P.		10.11%
	(Standing Proxy: Nomura Securities Co., Ltd.)		
	Custody Bank of Japan, Ltd. (trust account)		7.50%
	The Master Trust Bank of Japan (trust account)		4.56%
	NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) (Standing Proxy: Nomura Securities Co., Ltd.)		3.68%
	Tadashi Takahashi		3.67%
	MSIP CLIENT SECURITIES		2.26%
GOVERNMENT OF NORWAY		2.22%	
(Standing proxy: Citibank, N.A., Tokyo Branch)			
Shinichiro Kato		1.88%	
(8) Relationship between the Company and Japan Hospice	Capital relationship	Not applicable	
	Personnel relationship	Not applicable	
	Business relationship	Some of the Companies stores have been leased from Japan Hospice.	
	Status as a related party	Not applicable	
(9) Consolidated operating results and financial position for the last three years (in thousands of yen except where noted otherwise)			
Fiscal year	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Consolidated net assets	1,259,190	1,535,836	2,036,720
Consolidated total assets	6,296,725	9,147,141	11,450,817
Consolidated net assets per share (yen)	157.81	191.00	249.21
Consolidated net sales	4,916,896	6,019,237	7,894,317

Consolidated operating income	358,512	598,180	959,321
Consolidated ordinary income	206,067	417,493	782,902
Profit attributable to owners of parent	107,060	240,801	454,729
Consolidated earnings per share (yen)	13.61	30.28	56.73
Dividend per share	—	—	—

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.

5. Schedule

(1) Date of decision	June 16, 2023
(2) Execution date of capital and business partnership agreement	June 16, 2023

6. Future outlook

The impact of this Partnership on the consolidated financial results of the Company for the fiscal year ending February 29, 2024 will be insignificant. However, we expect that it will contribute to the enhancement of the Company's financial results and corporate value over the long to medium term.