

February 21, 2022

To Whom It May Concern

Company: SUGI Holdings Co., Ltd.
Representative: Katsunori Sugiura, Representative
Director and President
Code number: 7649, First Section of TSE / Nagoya
Stock Exchange)
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Business Alliance between Sugi Holdings and Scroll

Sugi Holdings Co., Ltd. (Location: 62-1, Shin'e, Yokone-machi, Obu-shi, Aichi; Representative Director and President: Katsunori Sugiura; hereinafter referred to as "Sugi Holdings" or the "Company") hereby announces it has reached an agreement to enter into a business alliance with Scroll Corporation (Location: 2-24-1 Sato, Naka-ku, Hamamatsu-shi, Shizuoka; President: Tomohisa Tsurumi; hereinafter referred to as "Scroll"), which deploys the mail-order business, e-commerce business and other businesses in Japan.

■ Background and Purposes of the Business Alliance

Sugi Holdings deploys more than 1,470 stores in the Kanto, Chubu, Kansai and Hokuriku areas. The Company's forte is its prescription-dispensing drugstores, staffed by approximately 3,000 pharmacists and around 500 nationally certified dietitians. Leveraging this strength, the Company is deploying a Total Healthcare Strategy, designed to contribute to the promotion of health by engaging in the disease prevention and health management of local residents over their lifetime. In recent years, in addition to the prescription dispensing business, which fills approximately 10 million prescriptions issued by a wide variety of medical institutions to treat lifestyle-related and other diseases, the Company is strengthening the development into the domains of preventive medicine and pre-symptomatic diseases through collaborations between the real (physical) and digital worlds.

In addition, as support for patients receiving home nursing care, in combination with offering home-visit prescription dispensing services mainly to seniors, the Company is carrying out home sales of goods to seniors who find it difficult to visit our stores, by collaborating with nursing care providers.

In addition to consumer purchasing trends at brick-and-mortar stores, the use of the e-commerce and mail-order businesses is rising. On top of consumers that complete their shopping without having to physically visit a store, the Company, as a part of its healthcare network, is providing self-care and healthcare support to seniors, referred to as "shopping refugees."

Meanwhile, as a mail-order business operator, Scroll is deploying its business operations by leveraging its knowhow in the mail-order catalog business, which it has fostered over many years. The Scroll Group handles a wide range of products from overseas brands to health foods, cosmetics and food items but primarily apparel and daily miscellaneous goods for women. In addition, in the e-

commerce market as well, Scroll is also pouring energies into the BtoC business, which deploys a diverse lineup of products, including private brand (PB) products developed by group companies. Based on these strengths, including the line-up of items in the group overall and its proprietary mail-order infrastructure, Scroll is establishing a unique position in the mail-order market.

On top of this, Scroll has formulated Next Evolution 2023, a medium-term management plan, and is working to change and evolve its business model based on the theme of the “transformation and evolution of a direct marketing conglomerate (DMC).” As a new business, Scroll is carrying out the Solution Vendor Business (SVB^{*1}) by providing merchandise that meets the needs of co-ops in each region. In particular, Scroll is expanding its lineup of OTC pharmaceuticals^{*2} and health foods, anticipating demand will further expand going forward in tandem with the aging society.

*1: SVB stands for Solution Vendor Business. This differs from the deployment of a standard catalog nationwide. This new business that mainly offers merchandise that suits the needs for each region.

*2: OTC pharmaceuticals: Over-the-counter pharmaceuticals that can be purchased without a prescription at pharmacies and drugstores.

This alliance will enhance the initiatives of both companies. In addition to providing the total healthcare business model, and products and trademarks nurtured by the Sugi Holdings Group, this alliance aims to further promote business development for both companies primarily through the mutual sharing of management knowhow.

Sugi Holdings, through this alliance with Scroll, plans to take on the challenge of realizing new value creation that will contribute to the creation of “social value” for regional communities, not only through economic value, but also through home support.

■ Details of the Business Alliance

1. Mutual product supply, mainly of healthcare products (pharmaceuticals, health foods, sanitary products, proprietary developed cosmetics, etc.)
2. Mutual sharing of knowhow related to business operations and management
3. Joint development of new businesses related to other healthcare operations

■ Profiles of the Concerned Companies

[Profile of Scroll Corporation]

Company: Scroll Corporation

Established: October 1943

Location: 2-24-1 Sato, Naka-ku, Hamamatsu-shi, Shizuoka Prefecture

Representative: Tomohisa Tsurumi, President

URL: <https://www.scroll.jp/>

Business: Operation of the mail-order business and e-commerce websites

[Profile of Sugi Holdings Co., Ltd.]

Company: Sugi Holdings Co., Ltd.

Established: March 1982

Location: 62-1, Shin'e, Yokone-machi, Obu-shi, Aichi Prefecture

Representative: Katsunori Sugiura, Representative Director and President

URL: <https://www.sugi-hd.co.jp/>

Business: Corporate management and operation of Sugi Pharmacy group companies