

# Additional Explanation Materials Regarding Business Integration

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May 15, 2025

Tsuruha Holdings Co., Ltd.  
(TSE Prime: 3391)



As announced in the press releases dated April 11, 2025, Tsuruha Holdings Inc. (“the Company”) has entered into a final agreement on a capital and business alliance (the “Alliance”) with AEON Co., Ltd. (“AEON”) and Welcia Holdings Co., Ltd. (“Welcia HD”) on the same date. Furthermore, a final agreement was reached on the business integration between the Company and Welcia HD (the “Business Integration”) on the same date, whereby the Company will become the wholly owning parent company and Welcia HD will become the wholly owned subsidiary through a share exchange (the “Share Exchange”).

This presentation reaffirms the future vision of the unified drugstore group formed by the Company, AEON, and Welcia HD. It also provides responses to key questions raised by shareholders, along with the Company’s views on those matters.

We kindly ask shareholders to review this material together with the following press releases issued on April 11, 2025, for a comprehensive understanding of our position:

- [“Notice Concerning the Execution of the Definitive Agreement on the Capital and Business Alliance among AEON CO., LTD., TSURUHA HOLDINGS INC. and WELCIA HOLDINGS CO., LTD.”](#) dated April 11, 2025
- [“Explanation of business integration,”](#) dated April 11, 2025
- [“Notice Concerning Execution of a Share Exchange Agreement for Business Integration between TSURUHA HOLDINGS INC. and WELCIA HOLDINGS CO., LTD.”](#) dated April 11, 2025
- [“Notice Concerning Announcement of Opinion on the Planned Commencement of Tender Offer “Notice Concerning Announcement of Opinion on the Planned Commencement of Tender Offer for the Company’s Shares by AEON CO., LTD.”](#) dated April 11, 2025

## Key Questions from Shareholders and Our Responses

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## Q1 What is the purpose of the capital and business alliance with AEON and Welcia HD?

The purpose and objectives of this capital and business alliance are primarily as follows: ① To contribute to the extension of healthy life expectancy by engaging in pre-symptomatic care, prevention, and treatment on a global scale, particularly in Japan and ASEAN countries, and thereby realizing a higher level of health and wellness for local residents. ② To strengthen the role of a “convenience drugstore” that contributes to a wide range of local customers, by serving as a regional lifeline, lifestyle infrastructure, and comprehensive lifestyle store offering a broad array of products and services, including healthcare, beauty, daily necessities, and food. ③ To create Japan’s largest drugstore alliance by fully leveraging the management resources of each company and aim to grow into Asia’s No.1 global company. (For further details, please refer to the press release titled “Announcement Regarding the Conclusion of a Final Agreement on the Capital and Business Alliance among AEON Co., Ltd., Tsuruha Holdings Inc., and Welcia Holdings Co., Ltd.,” dated April 11, 2025.)

## Q2 Why did the Company choose AEON and Welcia HD as partners?

- Since entering into a capital and business alliance agreement with AEON in 1995, we have maintained a strong and favorable relationship, and over the past quarter century, we have continued discussions regarding deeper collaboration. Against this backdrop, and in response to the significant societal challenges—such as widening disparities in access to healthcare, wellness, and between regions—which also align with the core purpose of this alliance, we began full-scale discussions aimed at maintaining and strengthening our favorable relationship with AEON under the capital and business alliance, by exploring further partnership and collaboration between the two companies toward the realization of a society in which everyone can equally access Health & Wellness services.
- Through this process, we recognized that AEON’s philosophy of creating a new Health & Wellness industry by tackling social challenges closely aligns with our own corporate mission of “enriching people’s lives with comfort and ease.” Both parties share a common vision to become Japan’s largest and most trusted drugstore chain through the creation of socially driven value. In addition, there is broad recognition across the drugstore industry of the need and effectiveness of business consolidation, particularly in terms of integration among major players and regional chains. With this understanding, we have determined that this proposed integration will contribute to the medium- to long-term enhancement of corporate value not only for the Tsuruha Group, but for all stakeholders involved. As such, we have resolved to proceed with this management integration.

### Q3 What Is the Breakdown of the ¥50 Billion Synergy Estimate?

- In the short term, we primarily expect effects from product-related initiatives. By combining the expertise of both Tsuruha and Welcia Holdings in areas such as joint procurement of national brand products and joint development of private brand products, along with AEON's know-how in food products, we aim to generate greater synergies. Additionally, we believe we can achieve cost reductions through economies of scale, such as lower procurement costs, reduced construction expenses for new store openings, and increased efficiency in indirect operations including electricity usage. In the medium to long term, we anticipate synergies from major growth drivers such as logistics optimization, the development of new business formats, and overseas strategies.
- As for the basis of the estimated 50 billion yen figure, it reflects expected synergies from procurement efficiencies, development of private brand products, and store development, all of which can be reasonably projected at this point. However, synergies that are currently difficult to quantify—such as reductions in selling, general and administrative expenses, improved efficiency in pharmacy operations, and progress in digital transformation (DX)—are not fully reflected in the estimate. We believe that as discussions around these areas progress, further synergies can be expected.

### Q4 Why Was a Share Exchange Chosen Instead of a Tender Offer?

Synergies are expected to be realized through the implementation of various initiatives envisioned after this share exchange. We believe that the realization of these synergies will lead to the expansion of our business and earnings, which in turn will result in an increase in our share price and dividend payments. By delivering our shares to the minority shareholders of Welcia Holdings, we believe we can provide them with the opportunity to benefit from the potential appreciation in our share price and future dividends.

**Q5 Will Becoming an AEON Subsidiary Lead to Increased Share Acquisitions or Management Interference by AEON?**

In the final agreement regarding the capital and business alliance concluded with Aeon Co., Ltd. and Welcia Holdings Co., Ltd., we have reached the following main agreements with Aeon regarding the autonomy and independence of our management: We believe that these agreements will protect the interests of our minority shareholders by placing certain restrictions on the exercise of control or influence by Aeon and ensuring the independence of our management. ((For details, please refer to the [“Notice Concerning Announcement of Opinion on the Planned Commencement of Tender Offer for the Company’s Shares by AEON CO., LTD.”](#), dated April 11, 2025))

- Handling of shares of the Company: AEON has agreed to obtain the prior consent of the Company when transferring or disposing of shares of the Company to a third party during the term of the capital and business alliance agreement, and not to acquire additional shares without the consent of the Company.
- Dispatch of officers: AEON may dispatch only one non-executive director to the Company.

**Q6 Will Governance Independence Be Maintained After the Alliance?**

In addition to the contractual arrangements described in the response to Q5, we plan to appoint a new independent outside director who meets the independence criteria set forth by the Tokyo Stock Exchange following this capital and business alliance. Through these measures, we will continue to ensure and maintain the autonomy and independence of our management.

**Q7 How Does the Company Evaluate the Fairness of the Tender Offer Price by AEON?**

- The listing of our shares is expected to be maintained even after the completion of this tender offer. As it is entirely reasonable for our shareholders to choose to retain their shares after the tender offer, we have decided to withhold expressing a judgment on the appropriateness of the tender offer price. The decision of whether to tender shares in response to the offer will be left entirely to the discretion of our shareholders.
- In determining the tender offer price, we made multiple requests to AEON to revise the price in consideration of the interests of our minority shareholders. As a result, AEON decided on the current tender offer price of 11,400 yen, which represents a 24.30% premium over our closing share price of 9,171 yen on the Prime Market of the Tokyo Stock Exchange as of April 7, 2025, the business day prior to the date of the proposal.

**Q8 Will There Be Any Impact on Shareholders If the Management Integration Is Rejected?**

- In the event that this business integration does not materialize, there is a risk of losing the opportunity to create the largest drugstore alliance in Japan and to grow into Asia's No.1 global company. This would result in our shareholders being unable to benefit from the enhancement of our corporate value that such developments are expected to bring.
- As stated in the response to Q3, we believe that the business integration would generate synergies of 50 billion yen, thereby contributing to the enhancement of our corporate value. Accordingly, while we have included a proposal related to this business integration as an agenda item at this year's Annual General Meeting, if the proposal is rejected, it may become difficult to realize the integration.
- We sincerely ask our shareholders to once again consider and understand our position regarding this important matter.

# Appendix

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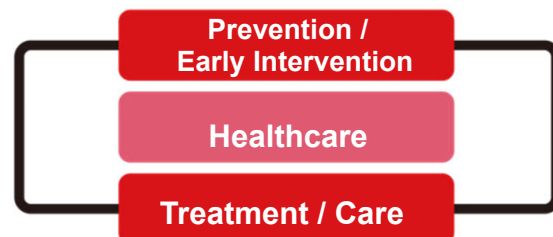




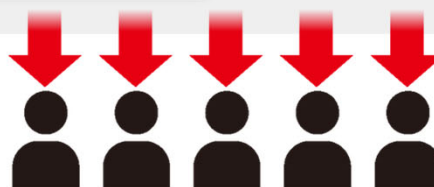
TSURUHA  
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## Drugstore Alliance Based on Respect and Trust



Wellness



Fostering Regional Health and Boundless Opportunities for Employees

(Source) Excerpt from "Explanation of business integration," dated April 11, 2025

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# Achieving an Unrivalled No.1 Nationwide Network Through Integration

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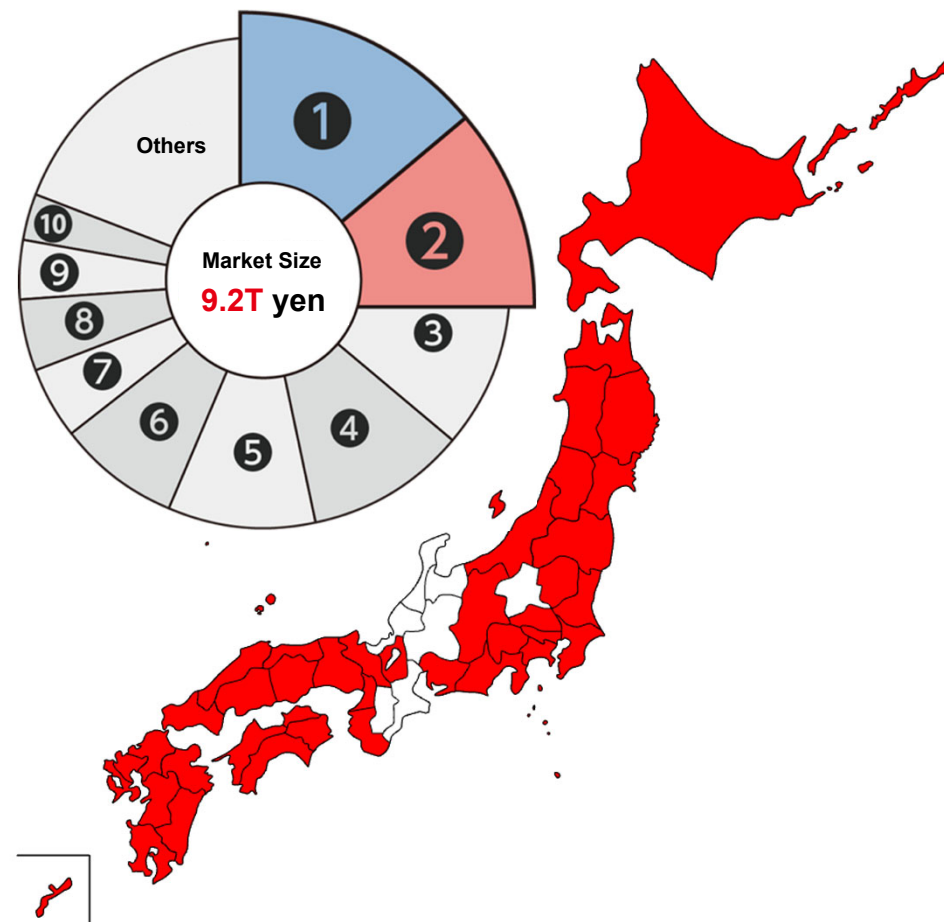


Number of Domestic Stores	<b>5,659 Stores</b>
Net Sales	<b>2.3124T yen</b> <small>* Tsuruha HD Results Combined for FY May 2024</small>
Number of Employees	<b>116,343</b>

\* As of February 28, 2025

Ranking	Company Name	Sales (Millions of Yen)	Share (%)
①	Tsuruha Group	2,303,426	25.04
①	Welcia Group	1,275,964	13.87
②	Tsuruha Holdings (Cons.)	1,027,462	11.17
③	MatsukiyoCocokara & Company (Cons.)	1,022,531	11.11
④	Cosmos Pharmaceutical (Cons.)	964,989	10.49
⑤	Sundrug Group	890,881	9.68
⑥	Sugi Holdings (Cons.)	744,477	8.09
⑦	Kusuri no Aoki Holdings (Cons.)	436,875	4.75
⑧	Create SD Holdings (Cons.)	422,330	4.59
⑨	Fuji Yakuhin (Cons.: Drugstore Business)	352,115	3.83
⑩	Kawachi Yakuhin (Cons.)	285,960	3.11
	Total for Top 10 Companies	7,423,584	80.96

Source: "Drugstore Super Data 2025"



(Source) Excerpt from "Explanation of business integration," dated April 11, 2025

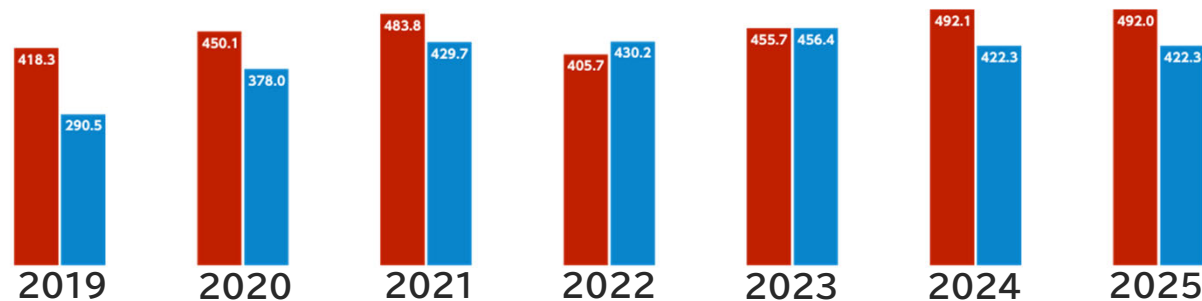
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# 50 Billion yen in Synergies

## Over 3 Years

Pre-Goodwill Amortization Amount

● Tsuruha Holdings Inc. ● Welcia Holdings Co., Ltd.



(Source) Excerpt from "Explanation of business integration," dated April 11, 2025

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### Synergy Generation

- Supply Chain
- Indirect Costs
- Store Development



This document is intended to explain and clarify the capital and business alliance between our company, AEON Co., Ltd., and Welcia Holdings Co., Ltd., as well as the subsequent business integration between our company and Welcia Holdings. This document does not solicit shareholders to exercise voting rights by proxy on behalf of our company or any third party regarding the proposals to be submitted at our 63rd Annual General Meeting of Shareholders.

Information other than that relating to our company included in this document is based on publicly available information. However, we do not guarantee the accuracy, certainty, validity, or completeness of such information, and we assume no responsibility for any decisions made based on this information.

This document also contains forward-looking statements based on our current plans, estimates, prospects, and forecasts regarding our business and industry trends. These forward-looking statements are subject to various risks and uncertainties.

Known and unknown risks, uncertainties, and other factors may cause actual results to differ materially from those expressed or implied in the forward-looking statements. We do not guarantee the accuracy of these forward-looking statements and actual outcomes may differ significantly from these forecasts.

The forward-looking statements contained herein are based on information available to us as of May 15, 2025, and we do not undertake any obligation to update or revise any forward-looking statements to reflect future events or circumstances.

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**ツルハグループ**

**株式会社ツルハホールディングス**

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