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Tokyo, May 16, 2022
Alfresa Holdings Corporation

Notice regarding Basic Agreement on Merger of Wholly Owned Subsidiaries in the Manufacturing Business

Alfresa Pharma Corporation (hereafter, “Alfresa Pharma”) and Sannova Co., Ltd. (hereafter, “Sannova”), two wholly owned subsidiaries of the Company that are engaged in the manufacturing business, have reached a basic agreement on an absorption-type merger (hereafter, “the Merger”) with Alfresa Pharma as the merging company.

As the Merger will take place between wholly owned subsidiaries, some disclosure items and details have been omitted.

1. Purpose of the Merger

The Alfresa Group’s 22-24 Mid-term Management Plan Leap into the Future “An Evolving Healthcare Consortium”, which was announced today, outlines two key objectives of the Group's management policy: "Enhancement of business model" and "creation of new value"

Alfresa Pharma, with its strength in manufacturing, import/export, and marketing of diagnostic reagents, medical devices, and materials for pharmaceuticals in addition to manufacturing and marketing of pharmaceuticals, and Sannova, with its expertise in contract manufacturing of pharmaceuticals and quasi-drugs, will combine their respective managerial resources into a new company that will lead the Alfresa Group's manufacturing business segment. The new company to be formed through the Merger will strive to deliver customer satisfaction by creating new value, and will contribute to the realization of the Alfresa Group’s Vision “to become a Healthcare Consortium® that provides products and services in every health-related field.”

2. Outline of the Merger (Summary of Basic Agreement)

(1) Schedule

Meeting of Board of Directors to approve the basic agreement: May 16, 2022

Upcoming Related Events (scheduled):

Merger contract conclusion: December 2022 (scheduled)

Meeting of Board of Directors to approve the merger agreement: December 2022 (scheduled)

Extraordinary general shareholders meeting: March 2023 (scheduled)

(Approval of Merger) (Alfresa Pharma*, Sannova)

Effective date of merger contract: April 1, 2023 (scheduled)

*As the Merger qualifies as a simple merger, Alfresa Pharma plans to submit a proposal to amend its Articles of Incorporation.

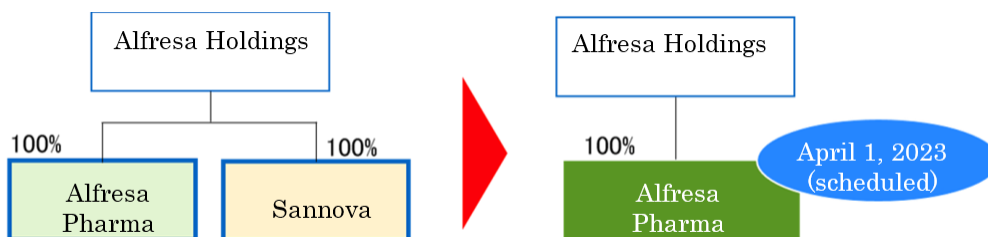
(2) Method of the Merger

The two companies will conduct the Merger as an absorption-type merger. Accordingly, it will be shown as an absorption-type merger, with Alfresa Pharma as the merging company and Sannova as the merged company.

(3) Allotment upon the merger

Because it is a merger between the Company’s wholly owned subsidiaries, neither shares nor money, etc. will be allotted upon the Merger.

3. Reorganization Scheme



4. Outline of the Merging and Merged Companies (as of March 31, 2022)

| | Merging Company | Merged Company |
|--|--|---|
| (1) Corporate name | Alfresa Pharma Corporation | Sannova Co., Ltd. |
| (2) Business description | Manufacturing, import/export and marketing of pharmaceuticals, diagnostic reagents, medical devices, and materials for pharmaceuticals, etc. | Research, development, manufacturing and sales of pharmaceuticals and quasi-drugs, etc. |
| (3) Month of establishment | March 1920 | March 1923 |
| (4) Head office | 2-2-9, Koku-machi, Chuo-ku, Osaka, Osaka Prefecture | 3038-2, Serada-cho, Ota, Gunma Prefecture |
| (5) Name and title of representative | Koichi Shimada, President and CEO | Toru Takekawa, President |
| (6) Paid-in Capital | 3,000 million yen | 300.2 million yen |
| (7) No. of shares issued | 16,000,000 | 10,000 |
| (8) Net sales (fiscal year ended March 31, 2022) | 35,224 million yen | 8,194 million yen |
| (9) Accounting period | April 1 to March 31 | April 1 to March 31 |
| (10) Major shareholders and their holding ratio | Alfresa Holdings Corporation 100% | Alfresa Holdings Corporation 100% |

5. Conditions after the Merger

The corporate name, address of head office, etc. of the merging company will not be changed after the Merger.

6. Impact on Financial Results

The Company estimates that the financial impact in the fiscal year 2022 by the Merger is minimal.

About Alfresa Group

The Alfresa Group is a leader in Japanese healthcare industry, which is dedicated to make its corporate philosophy “we create and deliver a fresh life for all” come true through a wide range of business lines, including ethical pharmaceuticals wholesaling, OTC pharmaceuticals wholesaling, pharmaceutical manufacturing, and operating dispensing pharmacies. Alfresa Holdings Corporation (TSE:2784) reported its consolidated revenue of ¥2.5 trillion (US\$20 billion) for the fiscal year ended March 31, 2022. For more information, please see: <https://www.alfresa.com/eng/>