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NEWS RELEASE



April 11, 2025
AEON CO., LTD.
TSURUHA HOLDINGS INC.
WELCIA HOLDINGS CO., LTD.

Final Agreement on Capital and Business Alliance among AEON, TSURUHA HD, and WELCIA HD

AEON CO., LTD. ("AEON"), TSURUHA HOLDINGS INC. ("Tsuruha HD"), and WELCIA HOLDINGS CO., LTD. ("Welcia HD") entered into a capital and business alliance agreement on February 28, 2024. Since then, the three companies have been exploring and discussing the specific terms and structure of the alliance, including a potential management integration. As a result, they have today reached a final agreement on the capital and business alliance, as outlined below.

I. Purpose of the Capital and Business Alliance

AEON, Tsuruha HD, and Welcia HD share the common view that regional disparities in medical and health will continue to grow even further in Japan. In rural areas, as depopulation progresses, it is expected that demand for one-stop shopping at drugstores, including fresh produce and general merchandise, will increase, and that there will be further demand for the addition of functions such as medical care, nursing care, and government administrative functions. By fully utilizing the significant economies of scale achieved through the Capital and Business Alliance, including the Business Integration, and utilizing the store networks, expertise, procurement channels, logistics systems, and customer databases held by each company group, it will be possible to develop new business categories and open new stores that can meet these emerging demands.

In the ASEAN region, many areas are experiencing population aging similar to Japan, and there are also many regions where the health insurance system is still undeveloped. In this context, drugstores are poised to play an increasingly crucial role in extending the healthy life expectancy of people in these regions. By leveraging the store network, human resources and procurement channels that the AEON Group (which refers to AEON and its subsidiaries and affiliates. The same applies below. The AEON Group does not include Tsuruha HD and its subsidiaries and affiliates (the "Tsuruha Group"), or Welcia HD and its subsidiaries and affiliates (the "Welcia Group") has in China and the ASEAN region, the parties believe that they can quickly accelerate the business development of Tsuruha HD and Welcia HD.

AEON, Tsuruha HD, and Welcia HD have decided to enter into the Definitive Capital and Business Alliance Agreement, having determined that the Capital and Business Alliance, including the Business Integration, will lead to the realization of higher levels of health and wellness for local residents. By doing this, the parties aim to create the largest drugstore alliance in Japan, acquire competitiveness and grow into the No.1 global company in Asia, while also creating unlimited growth opportunities for their employees.

II. Details of the Capital and Business Alliance as stipulated in the Definitive Capital and Business Alliance Agreement

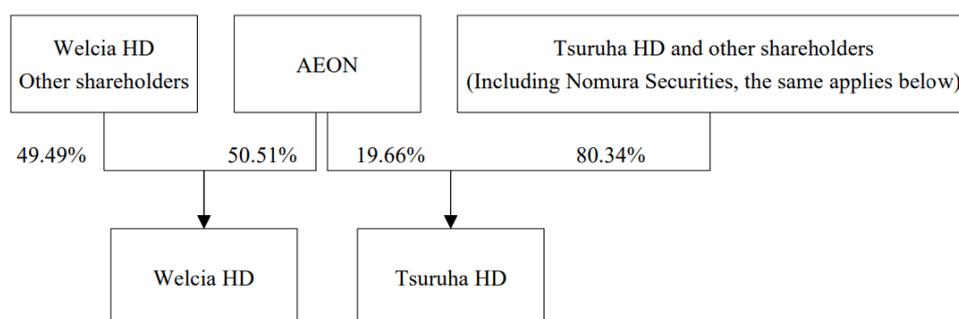
(1) Details of the capital alliance

As part of the Capital and Business Alliance, AEON, Tsuruha HD, and Welcia HD will carry out the following transactions.

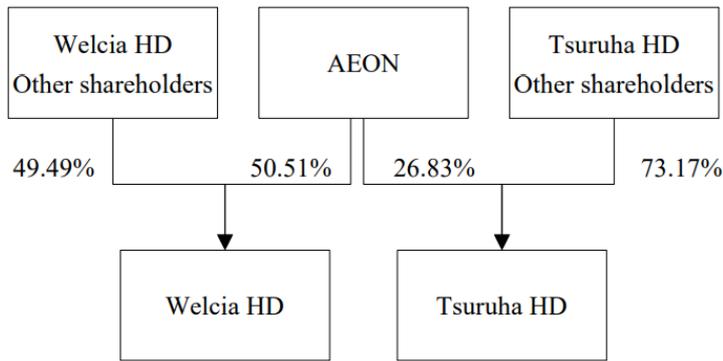
Through these transactions, Welcia HD will become a wholly owned subsidiary of Tsuruha HD, and the two companies will create Japan's largest drugstore alliance with combined sales of over 2 trillion yen and approximately 5,500 stores, acquire competitiveness, and aim to grow into the No.1 global company in Asia, while also creating unlimited growth opportunities for their employees. In addition, by acquiring shares in Tsuruha HD so that the ratio of the number of voting rights (the "Voting Rights Ratio") for the Tsuruha HD Shares held by AEON becomes 50.9%, AEON will make Tsuruha HD a consolidated subsidiary, and Tsuruha HD will become a core subsidiary that drives the health and wellness business of the AEON Group.

- ① AEON will acquire 3,530,000 shares of Tsuruha HD Shares from Nomura Securities Co., Ltd. subject to the satisfaction of conditions such as having the necessary clearances, permits, and approvals being obtained pursuant to laws and regulations. As a result, the number of Tsuruha HD Shares held by AEON will be 13,205,200 shares (the Ownership Ratio (Note 1) will be 26.83%) when combined with the 9,675,200 Tsuruha HD Shares already held, and Tsuruha HD is scheduled to become an equity-method affiliate of AEON.
- ② Based on the agreement regarding the share exchange executed by Tsuruha HD and Welcia HD executed today (the "Share Exchange Agreement"), in which Tsuruha HD will become the wholly owning parent company and Welcia HD will become the wholly owned subsidiary in a share exchange (the "Share Exchange") subject to the satisfaction of conditions such as having obtained the necessary clearances, permits, and approvals pursuant to laws and regulations, and subject to having obtained approvals at the shareholders meeting of each company, the Share Exchange will be implemented with December 1, 2025 as the effective date (scheduled). In addition, Tsuruha HD plans to conduct a stock split ("Stock Split") whereby one share of Tsuruha HD Shares will be divided into 5 shares with September 1, 2025 as the effective date.
- ③ If, as a result of the Share Exchange taking effect, AEON does not hold 50.9% of the Voting Rights Ratio in Tsuruha HD Shares, AEON will promptly initiate a tender offer for the Tsuruha HD Shares (the "Tender Offer"), settle the Tender Offer and acquire the Tsuruha HD Shares so that AEON holds 50.9% of the Voting Rights Ratio in Tsuruha HD Shares, on or after the effective date of the Share Exchange. The Tender Offer is expected to be completed in January 2026.
- ④ If, following the settlement of the Tender Offer, the Voting Rights Ratio in Tsuruha HD Shares held by AEON is below 50.9%, AEON and Tsuruha HD will separately consult to determine a suitable course of action by mutual agreement.

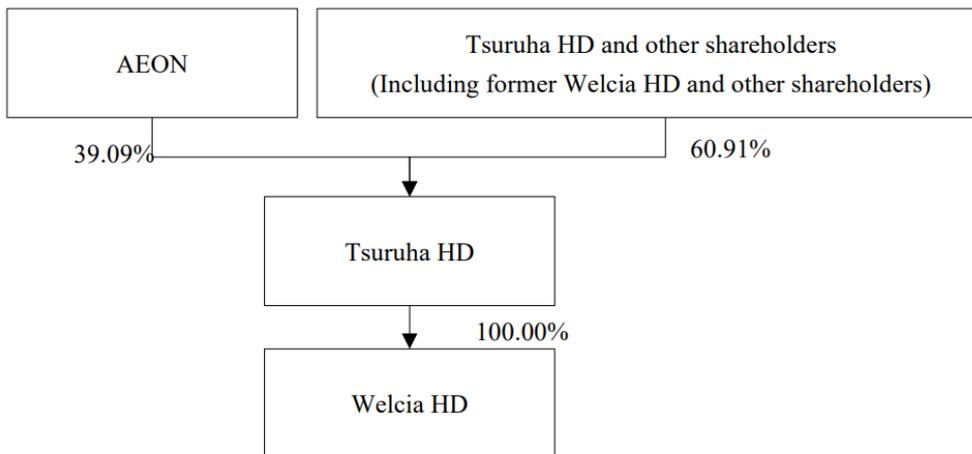
(i) As of today



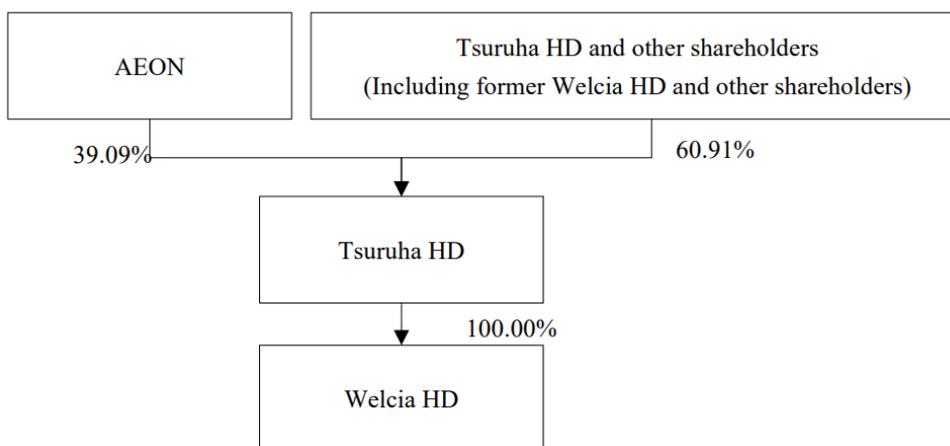
(ii) At the time AEON makes Tsuruha HD an equity-method affiliate



(iii) At the time of the effectiveness of the Share Exchange (scheduled for December 1, 2025)



(iv) At the time of the completion of the Tender Offer



(2) Details of business alliance

The following describes the details of the business alliance (the “Business Alliance”) agreed by AEON, Tsuruha HD, and Welcia HD in the Definitive Capital and Business Alliance

Agreement. The synergies expected to be generated from the Business Alliance is approximately 50 billion yen over the next three years.

- (i) Mutual cooperation on store development, establishment of new dispensing facilities, etc.
- (ii) Mutual cooperation on purchasing and developing products and electricity, etc.
- (iii) Mutual cooperation to improve logistics efficiency
- (iv) Alliance on payment, point systems, digital marketing, insurance, etc.
- (v) Promotion of joint development and mutual supply of private-label products
- (vi) Mutual cooperation on promotion of DX and EC
- (vii) Exchange of management know-how
- (viii) Research and promotion of food and drug businesses
- (ix) Exchange of human resources and personnel information

As a result, AEON has concluded that by leveraging and integrating the management resources of the AEON Group, the Tsuruha Group, and the Welcia Group, the three companies can enhance their long-term corporate value. This will be achieved by generating synergies across various areas, forming the largest drugstore alliance in Japan, strengthening competitiveness, and pursuing growth as the leading global enterprise in Asia. At the same time, by creating unlimited growth opportunities for employees, the AEON Group and the Welcia Group aim to further enhance the corporate value of all three groups in the future.- The following synergies are specifically anticipated.

(a) Enhancing profitability by promoting Dominant Strategy and sharing store development know-how (aforementioned (i))

By promoting the Dominant Strategy, AEON Group, Tsuruha Group and the Welcia Group will aim to improve profitability by increasing the number of customers by strengthening awareness and reducing costs by improving the efficiency of sales promotion and delivery.

(b) Acceleration of overseas store opening (aforementioned (i))

By using the overseas business bases, procurement network, systems, know-how, and human assets of the AEON Group, Tsuruha Group will be able to increase the speed of store opening and gain competitiveness at an early stage. AEON Group believes that this will enable the Target Company to rapidly accelerate its expansion into the China and ASEAN markets, which are important management issues for Tsuruha Group and the Welcia Group.

(c) Collaboration in product procurement (aforementioned (ii))

AEON Group, Tsuruha Group, and the Welcia Group will strengthen collaboration in product procurement (For example, joint opportunities, joint deliveries, joint promotions, etc.) to improve competitiveness.

(d) Cost reduction through joint procurement of electricity (aforementioned (ii))

AEON Group, Tsuruha Group, and Welcia Group will work on joint procurement of electricity to reduce costs.

(e) Optimization of delivery routes and reduction of delivery costs through joint delivery (aforementioned (iii))

AEON Group will optimize logistics efficiency through joint delivery and joint use of distribution centers, and in the future, by integrating with the logistics functions of AEON Group, AEON Group will reduce delivery costs.

(f) Improvement of profits by accelerating the development of private label products and strengthening the

assortment (aforementioned (v))

AEON Group, Tsuruha Group, and Welcia Group will strengthen product development collaboration (For example, joint product planning and development, joint marketing, etc.) and expand PB products, thereby aiming to enhance price and value appeal and increase customer visit frequency.

(g) Increase in sales by strengthening existing businesses and developing new businesses in the dispensing pharmacy business (aforementioned (vii))

AEON Group, Tsuruha Group, and Welcia Group believe that it will be possible to increase sales and reduce costs in existing businesses by sharing know-how on dispensing operations and operations to attract doctors' offices, and by optimizing dispensing strategies for each region.

III. Advancement Framework for Business Integration and the Management Structure of Tsuruha HD

(1) Implementation framework from April 2025 until the completion of making Tsuruha HD a consolidated subsidiary

AEON, Tsuruha HD, and Welcia HD will establish the following advancement framework in order to achieve the objectives of the capital and business alliance pertaining to the Definitive Capital and Business Alliance Agreement.

① Establishment of a steering committee

A steering committee (the "Committee") will be established to exchange opinions on matters related to the advancement of the Business Alliance and realization of the collaboration, and to review and discuss matters related to the management of the results of the Business Alliance, discussion topics, and any other matters deemed necessary by all parties for the advancement of the business related to the Capital and Business Alliance. The Committee will continue to meet approximately once every three months following the execution date of the Definitive Capital and Business Alliance Agreement until the earlier of the settlement commencement date for the Tender Offer or the termination date of the Definitive Capital and Business Alliance Agreement. The details including the specific method of operation, the discussion topics and the member composition of the steering committee will be separately discussed in good faith among AEON, Tsuruha HD, and Welcia HD and decided by mutual agreement. The steering committee is expected to primarily consist of the presidents of AEON, Tsuruha HD, and Welcia HD.

② Medium-Term Business Plan Formulation Committee

A medium-term business plan formulation committee will be established for the purpose of discussing and examining the formulation of policies related to the medium-term business plan of the integrated company (Tsuruha HD) (the "Integrated Company (Tsuruha HD)"), following the completion of the Capital and Business Alliance, setting numerical targets and establishing targets in each business field primarily for a three-year period from the fiscal year ending February 2027. Under the medium-term business plan formulation committee, subcommittees will be established for each theme, such as supply chain, IT systems, settlement and point systems, dispensing, store development, and overseas strategy, and practical discussions will be held with the aim of creating synergies.

③ Utilization of core subsidiary for product and logistics functions in creating synergy

Tsuruha Group Merchandising Co., Ltd. ("TGMD"), a subsidiary of Tsuruha HD, will be positioned as the core entity for creating product and distribution synergies through the Capital and Business Alliance, with all or part of the

functions and personnel for product and distribution of the Welcia Group, being transferred to TGMD. After the Share Exchange, TGMD's Board of Directors is scheduled to consist of several directors from both Tsuruha HD and Welcia HD, with one representative director from each company's selected directors. In addition, AEON, Tsuruha HD, and Welcia HD will separately discuss the timing and scale of synergy creation by TGMD and will consider it in collaboration with the mediumterm business plan formulation committee and the supply chain subcommittee established under it.

④ Management structure after the completion of making Tsuruha HD a consolidated subsidiary

Even after the implementation of the Capital and Business Alliance, including the Business Integration, the directors of Tsuruha HD will continue to maintain their independence and autonomy as a listed company, with a majority being independent outside directors, and based on the recommendations of the Nomination and Remuneration Committee established by Tsuruha HD, which is chaired by an independent outside director, Tsuruha HD will make a company proposal for the appointment of officers, and AEON will respect such proposal made by Tsuruha HD and exercise its voting rights in favor of the proposal at the shareholders meeting for the appointment of officers, except in cases where it is objectively and reasonably determined that it is clear that the proposal will damage the corporate value of Tsuruha HD. Following the Share Exchange, it is planned that two officers and employees from Welcia

HD will be appointed as directors of the Integrated Company (Tsuruha HD). The proposal for the election of directors of Tsuruha HD after the Share Exchange, including these directors, is scheduled to be submitted to the annual general shareholders meeting of Tsuruha HD to be held on May 26, 2025, and will be disclosed once the candidates for directors have been determined. For details, please refer to the "Notice Concerning Execution of a Share Exchange Agreement for Business Integration between TSURUHA HOLDINGS INC. and WELCIA HOLDINGS CO., LTD." released today by Tsuruha HD and Welcia HD.

(2) Management structure after the completion of making Tsuruha HD a consolidated subsidiary

Even after becoming a consolidated subsidiary, Tsuruha HD will maintain its listing, so it will continue to appoint directors based on its independence and autonomy as a listed company, in accordance with the recommendations of the Nomination and Remuneration Committee. In addition, at the annual general meeting of shareholders after becoming a consolidated subsidiary, Tsuruha HD will submit a proposal to appoint one non-executive director nominated by AEON, after receiving a recommendation from the Nomination and Remuneration Committee.

As for the management structure after December 2025, the companies will build the most appropriate management structure as the largest drugstore alliance in Japan with sales amounting to over 2 trillion yen, and as a company that aims to grow into the No.1 global company in Asia.

END

* For more details, please check the timely disclosure posted on the Website below/

<https://www.aeon.info/en/ir/>