Notice of Signing the Letter of Intent regarding Shared Use of Customer Support Systems, etc.

The Company is pleased to announce that its Board of Directors resolved at a meeting convened today (July 24, 2018) to sign the Letter of Intent regarding Shared Use of Customer Support Systems, etc. with SUZUKEN CO., LTD. (Headquarters: Nagoya, Aichi Prefecture; President and CEO: Hiromi Miyata) as stated below.

1. Background and Purpose
   In the radically changing environment surrounding the distribution of prescription pharmaceuticals, the Company, as the pharmaceutical wholesaler, believes that pursuing further low-cost operations and constructing new revenue models are important business challenges.
   More specifically, in addition to dealing with informatization as well as meeting the increasingly diverse needs of patients and medical institutions, the industry is further required to work on effective and efficient distribution models suited to the specific features of pharmaceuticals. These include handling the efficient distribution of generic drugs or handling the distribution of high-quality/high-functionality regenerative medicine products as well as specialty pharmaceuticals, all in the wake of the prescription pharmaceutical categories being changed, while still maintaining secure and safe pharmaceutical distribution.
   In such a business environment, both companies reached the final decision that it would be best for both companies to jointly create new value and further enhance operational efficiencies by harmonizing both their businesses and the operational experience that both companies have separately developed/deployed to date, and by constructing an unprecedented collaboration model. Accordingly, the Letter of Intent regarding Shared Use of Customer Support Systems, etc. was signed today.

2. Details of the Intent
   i. Regarding the shared use of customer support systems
      The Company has developed and provided customer support systems on its own accord to date. However, in order to meet the diverse needs of patients and medical institutions, the Company will share the use of systems with SUZUKEN CO., LTD. such as its own inventory-management system, order management system, and electronic medication history recording support system by voice-recognition.
      Furthermore, from the viewpoint of enhancing operational efficiency and convenience for the medical institutions, both companies will also take part in joint research into the development of new products and services, aiming to provide optimal solutions.
   ii. Regarding the shared development/deployment of new distribution models (generic drugs and specialty pharmaceuticals)
      Both companies will harmonize their management resources, which have so far been separately developed/deployed, such as know-how, human resources and platforms, etc., related to specialty pharmaceuticals and generic drugs business and will jointly develop/deploy the distribution of not only generic drugs but also specialty pharmaceuticals including regenerative medicine products.

3. Future Development/Deployment and Prospects
   Both companies will discuss the details of converting their intent into tangible forms.
   Moreover, in order to fully achieve shared use and shared development/deployment, both companies will also discuss potential cross-investments whereby each of them would invest in one or some of the other party's consolidated subsidiaries.
   As for the effects on financial results due to this matter, the Company will promptly disclose any effects if the need for timely disclosure should arise when the details have been determined.