



May 14, 2025

To Whom It May Concern

Company name:	TSURUHA HOLDINGS INC.
Name of representative:	Jun Tsuruha, President and Representative Director (Securities code: 3391, Tokyo Stock Exchange (Prime Market))
Inquiries:	Norihito Ojima, Operating Officer in charge of Group Human Resources and General Affairs Department (Telephone: +81-11-783-2755)

The Company's Opinions on the Reports Issued by Institutional Shareholder Services Inc., and Glass, Lewis & Co., LLC, a Voting Advisory Company

As announced in the press releases titled "[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.](#)" and "[Notice Concerning Execution of a Share Exchange Agreement for Business Integration between TSURUHA HOLDINGS INC. and WELCIA HOLDINGS CO., LTD.](#)," both dated April 11, 2025, TSURUHA HOLDINGS INC. ("the Company") entered into a definitive agreement regarding the capital and business alliance among the Company, AEON CO., LTD. ("AEON"), and WELCIA HOLDINGS CO., LTD. ("Welcia HD") on the same date (the "Capital and Business Alliance"). 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").

In this regard, the Company has designated the following proposals as the matters to be addressed at the 63rd Annual General Meeting of Shareholders scheduled to be held on May 26, 2025 (the "Annual General Meeting"): Proposal No. 3 "Approval of the Share Exchange Agreement with WELCIA HOLDINGS CO., LTD.," Proposal No. 4 "Election of One Director (Excluding Directors Who Are Audit and Supervisory Committee Members)," and Proposal No. 5 "Election of One Director Who Is an Audit and Supervisory Committee Member" (collectively, the "Business Integration Proposals").

The Company has become aware that Institutional Shareholder Services Inc. ("ISS") and Glass, Lewis & Co., LLC ("GL"), Voting Advisory Company, have issued reports (collectively, the "Recommendation Reports") recommending a vote "against" the Business Integration Proposals.

While the Company has engaged in discussions with ISS and GL to provide explanations regarding the Capital and Business Alliance and the Business Integration, the Recommendation Reports contain numerous statements based on misunderstandings or inaccurate perceptions of these matters. The Company is concerned that such reports may hinder shareholders from exercising their voting rights based on accurate and appropriate information. Accordingly, the Company hereby provides its views on the Recommendation Reports as set forth in the Appendix.

While it is deeply regrettable that ISS and GL did not fully understand the Company's position, we respectfully ask our shareholders to carefully review, in addition to this press release, the "NOTICE OF THE 63rd ORDINARY GENERAL MEETING OF SHAREHOLDERS," "THE NOTICE OF THE 63rd ORDINARY GENERAL MEETING OF SHAREHOLDERS Other Matters Concerning Electronic Provision Measure," as well as the releases listed below. We kindly request that you fully consider the Company's views before making your decision regarding the exercise of your voting rights.

- The press release dated April 11, 2025, titled "[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.](#)," and the explanatory material titled "[Explanation of Business Integration](#)" issued on the same date
- The press release dated April 11, 2025, titled "[Notice Concerning Execution of a Share Exchange Agreement for Business Integration between TSURUHA HOLDINGS INC. and WELCIA HOLDINGS CO., LTD.](#)"
- The press release dated April 11, 2025, titled "[Notice Concerning Announcement of Opinion on the Planned Commencement of Tender Offer for the Company's Shares by AEON CO., LTD.](#)"

*This press release is intended to request that shareholders exercise their voting rights with a proper understanding of the Company's position and is not intended to solicit proxies for the exercise of voting rights on behalf of the Company or any third party.

END

The Company's Opinions on the Recommendation Reports

ISS has stated the following as its main reasons for recommending a vote against the proposals: (i) the process of the Capital and Business Alliance and the Business Integration results in a transfer of control without providing a premium to the Company's shareholders; (ii) the benefits derived from the Business Integration are not commensurate with the control being relinquished by shareholders; and (iii) even if the Share Exchange is rejected, it is unlikely to cause any material short-term harm. Similarly, GL has cited reasons (i) and (ii) above as its primary grounds for its recommendation to vote against the proposals.

In response, the Company is confident that integrating with Welcia HD and, as a result, becoming a consolidated subsidiary of AEON through a tender offer for the Company's common shares will contribute to the enhancement of the corporate value of the Company's group. This is because the Capital and Business Alliance, including the Business Integration, is expected not only to generate the following synergies, but also to establish an integrated management structure between the Company and Welcia HD. Furthermore, by building a collaborative framework between AEON and the Company through the Capital and Business Alliance, AEON and the Company will operate as a unified group. Within this group, the Company, including Welcia HD, will function as a core subsidiary in the Health & Wellness business of the AEON Group, enabling agile operations and accelerating the realization of synergies. These developments are expected to support the shared vision of "creating the largest drugstore alliance in Japan, gaining competitiveness, and growing into Asia's No.1 global company." The Company anticipates realizing approximately JPY 50 billion in synergies within three years. (For further details, please refer to the press releases titled "[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.](#)," and "[Explanation of Business Integration](#)", both dated April 11, 2025.)

- (1) Enhancement of profitability through the promotion of a dominant strategy and the sharing of store development know-how
- (2) Acceleration of overseas expansion
- (3) Collaboration in the procurement of products and related goods
- (4) Cost reduction through joint electricity procurement
- (5) Optimization of delivery routes and reduction of logistics costs through joint distribution
- (6) Improvement in profitability through accelerated development and enhanced assortment of private brand products
- (7) Increase in revenue through the strengthening of existing businesses and the development of new businesses in the pharmacy (dispensing) segment

Furthermore, the share exchange ratio for this Share Exchange is considered favorable for the Company's shareholders when compared to the average premium levels observed in recent cases of full ownership acquisitions through share exchanges with similar characteristics. In addition, considering that the tender offer price offered by AEON includes a certain premium over the market price, we believe that the terms of the transactions relating to the Business Integration as a whole are structured to the extent possible to secure the common interests of shareholders.

We sincerely ask our shareholders to fully understand the multifaceted value that the Capital and Business Alliance, including the Business Integration, is expected to deliver, and to lend their support to the Business Integration Proposals.

END