



February 22, 2017

To whom it may concern:

VITAL KSK HOLDINGS, INC.

Representative: Mr. Taisuke Murai, President & CEO

(Code number: 3151, Tokyo Stock Exchange, First Section)

Contact: Mr. Masaaki Tsugoshi, Director and General Manager,

Business planning and General Affairs

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### **Notice of Acquisition of a Consolidated Subsidiary (Simplified Merger)**

As of today's board of director's meeting, it has been decided that our consolidated subsidiary, VK Shared Service, INC. (VKSS) is to be acquired by VITAL KSK HOLDINGS, INC. (Effective April 1, 2017) through signing of an acquisition agreement. This acquisition is to be treated as a simplified merger due to the target company being a consolidated subsidiary company.

#### **1. Objective of Acquisition**

VKSS was established in April of 2010 as a consolidated subsidiary company, 100% funded by VITAL KSK HOLDINGS, INC. to fulfil as well enhance efficiency of management tasks for the major subsidiary companies (VITAL-NET, INC., and KSK CO. LTD.).

In April, 2011 VKSS initiated a project to integrate the information systems of the major subsidiary companies, and completed the project in January 2014. From completion of its main objective, and to proceed in enhancement of IT strategies, and IT integration for VITAL KSK Group, VKSS is to be acquired by VITAL KSK HOLDINGS, INC.

#### **2. Abstract**

##### **(1) Acquisition Schedule**

Board of Director's Meeting for Acquisition	February 22, 2017
Acquisition Agreement Signing	February 22, 2017
Acquisition Effective Date	April 1, 2017

Attn: This acquisition abides by the Companies Act Article 796, Paragraph 3, and is to be conducted without authorization though a stockholders meeting.

(2) Acquisition Method

Acquisition by VITAL KSK HOLDINGS, INC. (VKSS will be disbanded)

(3) Allocations

There will be no allocations due to VITAL KSK HOLDINGS, INC. possessing 100% of all available stock.

(4) Stock acquisition rights & bond with stock acquisition rights

Not applicable.

3. Information regarding acquisition parties (As of March 31, 2016)

	Acquiring party	Company being acquired
(1) Company Name	VITAL KSK HOLDINGS, INC.	VK Shared Service, INC.
(2) Location	1 -1-12 Tsurumaki, Setagaya-ku, Tokyo	1-9-12 Nihonbashimuromachi, Chuo-ku, Tokyo (Kyodo Bul. 9F)
(3) Title and name of the representative	Representative Director and Chairman: Ken Suzuki Representative Director and President: Taisuke Murai Representative Director and Vice President: Tamotsu Hattori	Representative Director and President: Hiroshi Ichijo
(4) Business contents	Management of group companies that is running Pharmaceutical wholesaling and Pharmaceutical retailing	System Integration Vendor
(5) Capital	5,000,000,000 JPY	1,000,000 JPY
(6) Founded	April 1, 2009	April 1, 2010
(7) Number of shares issued	61,224,796 shares	100 shares
(8) Settlement Period	March 31	March 31

(9) Shareholders	Suzuhiko Co., Ltd.	7.99%	VITAL KSK HOLDINGS, INC. 100%
	Mizuho Trust & Banking Co., Ltd. Employee pension trust	3.62%	
	Employee Stock Ownership Association of KSK Co. Ltd	2.69%	
	Mitsubishi Tanabe Pharma Corporation	2.38%	
	Ken Suzuki	2.16%	
	Sumitomo Dainippon Pharma Co., Ltd.	1.96%	
	Cueco Co., LTD	1.94%	
	Takeda Pharmaceutical Company Limited	1.90%	
	Kouichiro Suzuki	1.67%	
	Kenichiro Murai	1.38%	
(10) Financial condition and results of operations for the previous fiscal year			
Settlement Period	March 2016 (consolidated)	March 2016 (individual)	
Net Asset	85,261,000,000 JPY	17,000,000 JPY	
Total Assets	327,047,000,000 JPY	59,000,000 JPY	
Net Assets Per Share	1,504.04 JPY	171,157.19 JPY	
Amount of Sales	621,040,000,000 JPY	386,000,000 JPY	
Operating Income	6,892,000,000 JPY	5,000,000 JPY	
Ordinary Income	10,584,000,000 JPY	5,000,000 JPY	
Net income attributable to parent company shareholders	6,556,000,000 JPY	3,000,000 JPY	
Net Income Per Share	117.25 JPY	38,007.45 JPY	

#### 4. Situation After Acquisition

There will be no changes to name, location, title of representative, business contents, capital, or settlement period after the acquisition.

#### 5. Future Outlook

Since this acquisition is of a consolidated subsidiary that had been 100% funded by the parent company, there will be little to no influence over the consolidated performance of VITAL KSK HOLDINGS, INC.