

Kirin Holdings Commences Tender Offer To Make FANCL A Wholly-Owned Subsidiary

- Contributing to the health of consumers around the world through both health food and skincare businesses
- Aim to become one of the largest health science companies in Asia-Pacific
- Together with Blackmores acquisition, increase Group value creation and further strengthen global operating base

TOKYO, June 14, 2024 - Kirin Holdings Company, Limited (Kirin Holdings) has decided to acquire additional shares of common stock of FANCL Corporation (FANCL) through a tender offer and share warrants under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) with to make FANCL a wholly-owned subsidiary.

● Background

Under the long-term management vision *Kirin Group Vision 2027*, Kirin Holdings aims to “become a global leader in CSV by creating value in domains ranging from food & beverages to pharmaceuticals” by launching businesses in the health science field in addition to the food and pharmaceuticals fields, and by turning consumer health issues into growth opportunities. Through its research and development capabilities in fermentation and biotechnology as well as immunology, Kirin Holdings has strengthened its health science business to develop it into a business unit that will be responsible for the long-term growth of the Kirin Group. In 2019, Kirin Holdings acquired approximately 33% of FANCL's shares (based on voting rights) and entered into a capital and business alliance agreement. In 2023, Kirin Holdings acquired Blackmores Limited (Blackmores), an Australian company that operates a health food (natural health) business in the Asia-Pacific region, thereby gaining a solid business foundation in overseas markets.

Under the FANCL Group *VISION2030*, FANCL aims to make the world healthier and more beautiful while becoming a company that is loved around the world. By responding to changes in the social environment through measures such as resolving new issues created by COVID-19, FANCL has strengthened its ties with consumers and reinforced its foundation for sustainable growth. Going forward, FANCL aims to further solidify its domestic operating base and aggressively invest the cash generated in Japan in FANCL’s overseas operations to develop them into growth drivers.

Backed by the same philosophy and direction of aiming for their own growth through solving social issues of health, Kirin Holdings and FANCL have deepened mutual understanding through the exchange of human capital since the conclusion of the capital and business alliance agreement in 2019. In addition, while experiencing changes in the external environment together, such as COVID-19, both companies have collaborated in the areas of materials, product and brand development, joint research and business development, and mutual use of infrastructure.

● Purpose of making FANCL a wholly-owned subsidiary

Kirin Holdings' strengths include its long-standing immunology research, its ability to develop and manufacture high value-added ingredients through fermentation and biotechnology, and its health food business base in Asia-Pacific, which it acquired through the Blackmores acquisition.

FANCL's strengths lie in its ability to connect with and understand consumers through its D2C channels (online and directly-managed stores sales), which account for 70% of sales, and in its technology for commercializing products by utilizing consumer feedback in research and development, in order to eliminate the "negatives" with a sense of justice, which it has consistently pursued since its establishment.

With FANCL as a wholly-owned subsidiary, Kirin Holdings will accelerate the creation of a competitive business model by mutually complementing each company's unique strengths through the mutual utilization of management resources and the promotion of integrated management. By commercializing ingredients created through the natural technology of fermentation, leveraging customer understanding gained from Kirin Holdings' and FANCL's strong relationships with consumers, and delivering them to consumers through multiple channels in the Asia-Pacific region, the Kirin Group will contribute to solving consumers' health issues in both the cosmetics and health food businesses and further enhance its presence in the global market in addition to Japan.

The conversion of FANCL into a wholly-owned subsidiary is expected to generate a variety of capabilities that far exceed the current framework of the capital and business alliance, such as strengthening mutual utilization of operating bases and purchasing data in Japan and overseas, deepening joint research, and horizontal deployment of environmental technologies. As a core operating company of the Kirin Group's health science business, FANCL will further enhance the "FANCL-ness" of its brand without changing its founding philosophy, which is the source of its strength. In addition to maximizing FANCL's corporate value, the two companies will work closely together to promote the business in order to grow it into one of the largest health science businesses in the Asia-Pacific region, thereby achieving growth for the Kirin Group as a whole and further enhancing corporate value.

● Outline of the Transaction

Company to be acquired	FANCL Corporation (Securities Code: 4921)
Acquisition method and processes	Takeover bid (TOB, including stock warrants) *If the TOB is successful and does not result in the acquisition of all shares, "the Demand for Share, etc. Cash-Out" or "the Share Consolidation" will be implemented.
TOB Period	From Monday, June 17, 2024 Through Monday, July 29, 2024 (30 business days)
TOB Price	Common stock: 2,690 per share (Premium June 13 closing price: 42.74%, 3-month average: 37.17%, EV/EBITDA multiple 17.8 times fiscal year ending March 2024) Stock Acquisition Rights: One per one yen
Number of shares to be purchased	Number of shares to be purchased: 82,051,400 shares Minimum number of shares to be purchased: 41,117,700 shares (The number of shares required to pass a special resolution at a general meeting of FANCL shareholders on its own, together with the shares held by Kirin Holdings) Maximum number of shares, etc. to be purchased: N/A
Total purchase price	Approximately 220.0 billion yen
Funding Method	Financed through interest-bearing debt *No equity finance will be conducted
Results for fiscal year ending March 31, 2024	Revenue 110.9 billion yen, Operating profit 12.6 billion yen (Japan GAAP)
Other	Following the report by the special committee established by FANCL, a resolution was passed at FANCL's Board of Directors held on June 14, 2024, to (i) express its affirmative opinion regarding the Tender Offer, (ii) recommend that its shareholders to tender their shares in the Tender Offer, and (iii) leave the decision up to the Stock

	Acquisition Rights Holders whether or not to tender their Stock Acquisition Rights in the Tender Offer.
For inquiries about the tender offer	NOMURA SECURITIES CO., LTD (Tender Offer Agent) +81-(0)120-043-335 Available 8:40AM-5:10PM JST on weekdays, 9:00AM-5:00PM JST on Saturdays (excluding holidays)

For details, please refer to the "[Notice Regarding Commencement of Tender Offer for Share Certificates, etc. of FANCL CORPORATION \(Securities Code 4921\)](#)" dated June 14, 2024.

About Kirin Holdings

Kirin Holdings Company, Limited is an international company that operates in the Food & Beverages domain (Food & Beverages businesses), Pharmaceuticals domain (Pharmaceuticals businesses), and Health Science domain (Health Science business), both in Japan and across the globe.

Kirin Holdings can trace its roots to Japan Brewery which was established in 1885. Japan Brewery became Kirin Brewery in 1907. Since then, the company expanded its business with fermentation and biotechnology as its core technologies, and entered the pharmaceutical business in the 1980s, all of which continue to be global growth centers. In 2007, Kirin Holdings was established as a pure holding company and is currently focusing on boosting its Health Science domain.

Under the [Kirin Group Vision 2027](#) (KV 2027), a long-term management plan launched in 2019, the Kirin Group aims to become A global leader in CSV*, creating value across our world of Food & Beverages to Pharmaceuticals. Going forward, the Kirin Group will continue to leverage its strengths to create both social and economic value through its businesses, with the aim of achieving sustainable growth in corporate value.

* Creating Shared Value: combined added value for consumers as well as for society at large.

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