



May 12, 2022

To Whom It May Concern:

Company Name: KIRIN HOLDINGS COMPANY, LIMITED

Name and Title of Representative: Yoshinori Isozaki, President & CEO

Code Number: 2503

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Name and Title of Contact Person:

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Notice Regarding the Disposal of Treasury Shares through Third-party Allotment in Line with the Continuation of the Trust-type Stock Compensation

Kirin Holdings Company, Limited (President and CEO: Yoshinori Isozaki, hereafter, the “Company”) hereby announces that its Board of Directors, at the Board meeting held on this 12th day of May 2022, resolved to dispose of its treasury shares through third-party allotment (the “Treasury Share Disposal”), as follows.

1. Outline of the disposal

(1) Date of disposal	May 27, 2022
(2) Type and number of shares to be disposed of	Ordinary shares: 1,593,000
(3) Disposal value	¥1,942 per share
(4) Total disposal value	¥3,093,606,000
(5) Party to which the treasury shares are scheduled to be disposed of	The Master Trust Bank of Japan, Ltd.(Board Incentive Plan trust account)
(6) Other matters	The Treasury Share Disposal shall be conducted subject to the effectiveness of the registration statement submitted under the Financial Instruments and Exchange Act.

2. Purpose of and reason for the disposal

The Company, at its Board meeting held on February 14, 2022, resolved to make a partial revision of the framework of the Board Incentive Plan Trust (the "BIP Trust") for Directors (excluding Non-

executive Directors) and Executive Officers (excluding those concurrently serving as Directors as well as those in an employment relationship with the Company) of the Company (excluding, in both cases, those who are non-residents of Japan; the “Eligible Directors and Officers”) to motivate Eligible Directors and Officers to achieve the goals of the Medium-Term Business Plan and to develop an evaluation and compensation system that places more emphasis on improving corporate value, in line with the start of the new Medium-Term Business Plan in 2022, and has decided to continue the BIP Trust. Meanwhile, proposals on the “Revision to the amount and framework of remuneration, etc. to Eligible Directors and Officers in line with the revision to the trust-type stock compensation plan,” including partial revision of the framework of the BIP Trust, were approved by resolution at the 183rd Ordinary General Meeting of Shareholders held on March 30, 2022.

In continuing the BIP Trust, an "Agreement on Extension of Trust Period" (the "Extension Agreement") shall be concluded by and between the Company, Mitsubishi UFJ Trust and Banking Corporation, and the trust administrator, and additional funds shall be contributed to the BIP Trust. The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account) shall acquire, through a third-party allotment by the Company, the number of shares of the Company that falls short of the number of shares reasonably expected to be delivered to the Company's Eligible Directors and Officers during the trust period pursuant to the Share Delivery Rules established in advance.

The Treasury Share Disposal shall be carried out in the form of disposal of treasury shares through third-party allotment to The Master Trust Bank of Japan, Ltd. (Board Incentive Plan trust account), which is the joint trustee under the trust agreement for the Board Incentive Plan concluded between the Company and Mitsubishi UFJ Trust and Banking Corporation (hereinafter, the “Trust Agreement,” with the trust created based on the Trust Agreement hereinafter referred to as the “Trust”). The number of shares to be disposed of shall be the number of shares expected to be delivered to the Eligible Directors and Officers during the trust period pursuant to the Share Delivery Rules less the number of shares already held by the Trust, and its dilution shall be limited in scale to 0.17% (rounded off to two decimal places) of the total number of shares outstanding, which, in terms of voting rights, corresponds to 0.19% (rounded off to two decimal places) of the total number of voting rights at 8,324,053, as of March 31, 2022.

As the shares of the Company allotted through the Treasury Share Disposal shall be delivered to the Eligible Directors and Officers pursuant to the Share Delivery Rules and outflow of shares into the stock market is not expected as a result of the Treasury Share Disposal, we believe that its impact on the stock market shall be insignificant, and that the number of shares disposed of, as well as its scale of dilution, shall be within a reasonable range.

For an outline of the BIP Trust, please refer to the “Notice Regarding the Revision to the Amount of Officers’ Remuneration, as well as the Revision to the Amount and Framework of Remuneration, Etc. in Line with the Revision to the Trust-type Stock Compensation Plan,” announced on February 14, 2022.

Outline of the Trust Agreement

1)	Type of trust	Money trust other than individually managed designated money trust (third party benefit trust)
2)	Objective of trust	Provision of incentives for the Eligible Directors and Officers
3)	Trustor	The Company
4)	Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
5)	Beneficiaries	The Eligible Directors and Officers having received the grant of points pursuant to the Share Delivery Rules, who acquired beneficiary rights
6)	Trust administrator	A third party without interest in the Company (certified public accountant)
7)	Execution date of the Extension Agreement	May 12, 2022
8)	Trust period after extension	From May 15, 2020 to June 30, 2025 (tentative)
9)	Exercise of voting rights	Not to be exercised
10)	Type of shares to be acquired	Ordinary shares of the Company
11)	Total amount of shares acquired	¥3,093,606,000
12)	Method for acquiring shares	To be acquired through third-party allotment of treasury shares of the Company
13)	Holder of vested rights	The Company
14)	Residual assets	Residual assets that the Company, as the holder of vested rights, may receive shall be up to the trust expenses reserve in the amount of the trust fund less the share acquisition fund.

3. Basis of calculation of the disposal value and the specific details

By taking into consideration recent stock price movements, and with a view to eliminating arbitrariness in determining the value, the disposal value shall be either the closing price of the shares of the Company on the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on the business day immediately preceding the date of resolution at the Board of Directors regarding the Treasury Share Disposal (May 11, 2022), or the average of the closing prices of the shares of the Company on the Tokyo Stock Exchange in the one-month period immediately preceding the date of the aforementioned resolution at the Board of Directors (from April 12, 2022 to May 11, 2022), whichever is higher (rounded up to a whole yen).

As a result, the disposal value was determined at the closing price of the shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of the aforementioned resolution at the Board of Directors (May 11, 2022), in the amount of ¥1,942 (rounded up to a whole yen; 105.49% compared to ¥1,841, namely the average of the closing prices of the shares of the Company on

the Tokyo Stock Exchange in the one-month period immediately preceding the date of the aforementioned resolution at the Board of Directors (from April 12, 2022 to May 11, 2022)).

The Company decided to adopt the higher of the two values, between the closing price of the shares of the Company on the business day immediately preceding the date of the aforementioned resolution at the Board of Directors, and the average of the closing prices of the shares of the Company in the one-month period immediately preceding the date of the aforementioned resolution at the Board of Directors, based on the judgement that adoption based on a comparison between a single share price at a particular point in time and a leveled price in the form of the average share price during a certain period of time will be able to provide a more objective and reasonable basis for calculation, compared to adoption based on the former alone.

The aforementioned disposal value is an amount calculated by multiplying ¥1,846 (rounded down to a whole yen), namely the average of the closing prices of the shares of the Company on the Tokyo Stock Exchange, in the three-month period immediately preceding the date of the aforementioned resolution at the Board of Directors (from February 14, 2022 to May 11, 2022), by a coefficient of 105.20% (based on a premium rate of 5.20%), which is equivalent to an amount calculated by multiplying ¥1,857 (rounded down to a whole yen), namely the average of the closing prices of the shares of the Company on the Tokyo Stock Exchange, in the six-month period immediately preceding the date of such resolution (from November 12, 2021 to May 11, 2022), by a coefficient of 104.58% (based on a premium rate of 4.58%).

All Audit & Supervisory Board Members have announced their unanimous opinion, to the effect that the above disposal value was not considered to particularly favor any concerned party.

4. Procedure under the Code of Corporate Conduct

In view of the fact that the dilution rate of shares is less than 25%, without involving any change in the controlling shareholders, the procedures for obtaining an opinion from an independent third party, and for confirming the intentions of the shareholders, as stipulated in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, are not required.

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