



June 30, 2022

To Whom It May Concern:

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### **(Progress of disclosed matters) Basic Agreement on Myanmar Brewery Limited Share Transfer**

Kirin Holdings Company, Limited (Kirin Holdings) has reached an agreement with Myanma Economic Holdings Public Company Limited (MEHPCL), a joint venture partner of its consolidated subsidiary Myanmar Brewery Limited (MBL), to transfer all shares of MBL held by Kirin Holdings Singapore Pte (KHSPL) a subsidiary of Kirin Holdings. Upon agreement, KHSPL will transfer all shares of MBL held by KHSPL to MBL in a share buyback transaction. MBL's Board of Directors has passed a formal resolution approving the main terms of the purchase.

#### 1. Reason and Method of Share Transfer

As announced in the "Withdrawal from the Myanmar Business," dated February 14, 2022, Kirin Holdings announced that since February 2021 it has been considering all options to terminate the joint venture. After determining that it would be difficult to terminate the joint venture in its preferred manner, Kirin Holdings has been in discussions with MEHPCL since February 2022 regarding its plan to withdraw from the Myanmar business altogether.

As for the withdrawal method, after comprehensively assessing the current situation, Kirin Holdings has decided on transferring the shares to MBL in a share buyback transaction.

Kirin Holdings has considered three possible methods for terminating and withdrawing from the joint venture: transfer of shares to a third party, liquidation of MBL, and transfer of shares to MBL in a share buyback transaction; with quickly terminating the joint venture as the top priority, while taking into consideration the impact on the lives of local employees, business partners, and others.

First, a transfer of shares to a third party would require MEHPCL's approval for the transferee under the joint venture agreement as well as the approval of the Myanmar government authorities under local laws and regulations. Kirin Holdings has been considering potential transferees but has determined that the lengthy process and careful judgment required to select an appropriate transferee for approval by MEHPCL would be at odds with Kirin Holdings' goal of terminating the joint venture at the earliest possible date.

Next, Kirin Holdings determined that the liquidation of MBL should be avoided because the loss of the MBL business due to liquidation would have a tremendous impact on local employees, business partners, and others in the local Myanmar communities.

Under these circumstances, Kirin Holdings has decided on a share transfer to MBL in a share buyback

transaction to quickly terminate the joint venture, while taking into consideration the impact on local employees, business partners, and others in the local Myanmar communities.

The completion of the share transfer is subject to the approval of the Directorate of Investment and Company Administration (DICA) and the Myanmar Investment Commission (MIC), as well as other conditions related to the completion of standard procedures under Myanmar law. Kirin Holdings will proceed with these procedures as soon as possible.

## 2. Overview of MBL, the transferring subsidiary and transferee

(1)	Name	Myanmar Brewery Limited.		
(2)	Location	Yangon, Myanmar		
(3)	Title and name of representative	Managing Director: Hideki Mitsuhashi		
(4)	Type of Business	Production and sales of beer in Myanmar		
(5)	Paid-in capital	Approximately 143 million Myanmar kyats (MMK)		
(6)	Date of Establishment	1995		
(7)	Major Shareholders and Shareholding Ratio	KHSPL 51%, MEHPCL 49%		
(8)	Listed companies and Relationship with Kirin Holdings	Capital ties	a 51% subsidiary of KHSPL, a wholly owned subsidiary of Kirin Holdings.	
		Personnel relations	There are personnel relationships such as dispatch of directors.	
		Business relations	Provides services related to business guidance and management.	
(9)	Operating results for the past three years			
	Accounting period	Year ending December 31, 2019	Year ending December 31, 2020	Year ending December 31, 2021
	R e v e n u e	451.7 billion MMK	408.7 billion MMK	282.8 billion MMK
	Normalized Operating profit	178.8 billion MMK	177.3 billion MMK	96.5 billion MMK

\* Net assets, total assets, net assets per share, net income attributable to owners of the parent, and net income per share will be disclosed after the conclusion of the agreement.

\* The "Operating results for the past three years" shows the amount recognized by the Company, which has adopted the International Financial Reporting Standards (IFRS).

## 3. Number of shares transferred and amount

KHSPL will transfer all of its MBL shares to MBL. The transfer price is expected to be approximately 22.4 billion yen (324 billion MMK, at 1,000 MMK = 69 yen)

Detailed terms and conditions will be finalized in the share purchase agreement which will be executed on the date of completion of the transaction.

(1)	Number of shares held before transfer	72,797 shares (51% of voting rights held)
(2)	Number of shares transferred	72,797 shares
(3)	Number of shares held after transfer	0 shares (0% of voting rights held)

#### 4. Schedule

Date of the decision on the transfer of shares by a director authorized by the Board of Directors of Kirin Holdings	June 29, 2022
MBL Board of Directors resolution date	June 29, 2022

(Note) The date of execution of the share purchase agreement and the date of the share transfer have not yet been determined, but Kirin Holdings will work to settle this matter as quickly as possible.

#### 5. Future Outlook

As a result of this share transfer, approximately 19 billion yen is expected to be recorded in other operating income in the fiscal year ending December 31, 2022 as a gain on reversal of impairment loss recognized in the previous fiscal year. In addition, approximately 18 billion yen in foreign currency translation adjustments on foreign operating activities arising from the Myanmar business has been recorded in shareholders' equity and will be transferred to other operating expenses as a loss on sales of shares in subsidiaries when the share transfer is completed. These amounts are estimates at this time and are subject to change due to the impact of foreign exchange and other factors.

The impact of this stock transfer on Kirin Holdings' consolidated business results for the fiscal year ending December 31, 2022 is under review. Kirin Holdings will promptly announce the future prospects of this matter when determined.

#### 6. Other

The sale of Mandalay Brewery Limited, another joint venture with MEHPCL, has been agreed to in a similar manner and schedule, but the impact on the Kirin Group will be minimal.

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