

September 11, 2020

News Release

Company Name: Kirindo Holdings Co., Ltd.
Representative: Toyohiko Teranishi, Representative Director,
Chief Executive Officer, President
(Securities Code 3194, the First Section of the
Tokyo Stock Exchange)
Inquiries: Takehisa Kobayashi, Corporate Officer, Corporate
Planning Department
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**Partial Correction of “Notice Regarding Implementation of Management Buyout and
Recommendation to Tender Shares” [Correction]**

We hereby make an announcement that partial corrections are required in the “Notice Regarding Implementation of Management Buyout and Recommendation to Tender Shares” released on September 10, 2020 as follows:

The underlines show the corrections.

Amendments

3. Substance of and Grounds and Reasons for Opinion Relating to Tender Offer

(2) Grounds and reasons for opinion

(i) Overview of the Tender Offer

Pre-Amendment

<preceding text omitted>

Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi plan to remain involved in the Company’s management after the successful completion of the Tender Offer, and in order to share common objectives for enhancing corporate value, they are considering holding the shares of the Offeror directly or indirectly after the Tender Offer. In addition, Mr. Hiroyuki Teranishi has an intent to continue his support to the Company as a director of Kirindo Co., Ltd. (“Kirindo”), a wholly owned subsidiary of the Company, and is considering holding the shares of Offeror directly or indirectly after the Tender Offer in order to share common objectives for enhancing corporate value. Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and Mr. Tadayuki Teranishi are considering holding the shares of the Offeror directly or indirectly, respectively, after the Tender Offer and within three (3) months after the completion of the process to take the Company private (“Squeeze-out Process”) (if the completion is postponed due to unavoidable circumstances, without delay). For that purpose, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, Mr. Tadayuki Teranishi, and the Offeror plan to implement the triangular merger in exchange for the common stocks issued by the Offeror’s

Parent Company as the merger consideration, by which the Offeror will be a surviving company, and the Company will be a disappearing company (“Merger”), and carry out the procedures necessary for the Offeror to acquire the shares of the Offeror’s Parent Company, which will be the merger consideration. In consequence, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and Mr. Tadayuki Teranishi plan to hold a certain number of the common stocks issued by the Offeror’s Parent Company together so that, ultimately, the ratio of the total number of the shares of the Offeror held by them to the same held by BCPE Knight Cayman L.P., as of today, the wholly owning parent company of the Offeror’s Parent Company will be 40:60 in principle. Note that for the transaction to enable Mr. Hiroyuki Teranishi to hold a part of the shares of the Offeror’s Parent Company ultimately, at the present time, no concrete steps have been agreed; however, several options are now being considered, including the methods that Mr. Hiroyuki Teranishi receives a part of the Shares from Mr. Toyohiko Teranishi before the Merger becomes effective, or he receives a part of the shares of the Offeror’s Parent Company from Mr. Tadayuki Teranishi or Mr. Toyohiko Teranishi after the Merger becomes effective. For the merger ratio, an appropriate merger ratio will be determined not to infringe the rules of the uniformity of tender offer price (Article 27-2 (iii) of the Financial Instruments and Exchange Law). In other words, the share value per share of the Offeror’s Parent Company, which will be the merger consideration, is lower than the same of the Shares because the Offeror’s Parent Company is required to borrow necessary fund for the purchase, etc. of the Tender Offer and the Squeeze-out Process; and taking into account such situation, it is expected to set the appropriate merger ratio so that the shareholders those who receive the merger consideration will not receive the consideration that is practically higher than the purchase price of the Shares in the Tender Offer.

<subsequent text omitted>

Post-Amendment

<preceding text omitted>

Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi plan to remain involved in the Company’s management after the successful completion of the Tender Offer, and in order to share common objectives for enhancing corporate value, they are considering holding the shares of the Offeror directly or indirectly after the Tender Offer. In addition, Mr. Hiroyuki Teranishi has an intent to continue his support to the Company as a director of Kirindo Co., Ltd. (“Kirindo”), a wholly owned subsidiary of the Company, and is considering holding the shares of Offeror directly or indirectly after the Tender Offer in order to share common objectives for enhancing corporate value. Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and Mr. Tadayuki Teranishi are considering holding the shares of the Offeror directly or indirectly, respectively, after the Tender Offer and within three (3) months after the completion of the process to take the Company private (“Squeeze-out Process”) (if the completion is postponed due to unavoidable circumstances, without delay). For that purpose, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, Mr. Tadayuki Teranishi, and the Offeror plan to implement the triangular merger in exchange for the common stocks issued by the Offeror’s

Parent Company as the merger consideration, by which the Offeror will be a surviving company, and the Company will be a disappearing company (“Merger”), and carry out the procedures necessary for the Offeror to acquire the shares of the Offeror’s Parent Company, which will be the merger consideration. In consequence, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and Mr. Tadayuki Teranishi plan to hold a certain number of the common stocks issued by the Offeror’s Parent Company together so that, ultimately, the ratio of the total number of the shares of the Offeror held by them to the same held by BCPE Knight Cayman L.P., as of today, the wholly owning parent company of the Offeror’s Parent Company will be 40:60 in principle. Note that for the transaction to enable Mr. Hiroyuki Teranishi to hold a part of the shares of the Offeror’s Parent Company ultimately, at the present time, no concrete steps have been agreed; however, several options are now being considered, including the methods that Mr. Hiroyuki Teranishi receives a part of the Shares from Mr. Toyohiko Teranishi before the Merger becomes effective, or he receives a part of the shares of the Offeror’s Parent Company from Mr. Tadayuki Teranishi or Mr. Toyohiko Teranishi after the Merger becomes effective. When setting For the merger ratio for the Merger, in order not to infringe of the rules of the uniformity of tender offer price (Article 27-2 (iii) of the Financial Instruments and Exchange Law), the share value of the Shares will be assessed at a price not higher than the Tender Offer Price, and when computing the value of the shares of the Offeror’s Parent Company, which will be the premise of setting the merger ratio of the Merger, it is expected to be computed after considering the situation that the Offeror’s Parent Company is required to assume the debt obligation for the necessary fund for the purchase, etc. of the Tender Offer and the Squeeze-out Process; consequently, the ratio of the total number of the shares held by Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and Mr. Tadayuki Teranishi to the same held by Bain Capital, at the effective date of the Merger, will be roughly 40:60.

<subsequent text omitted>

3. Substance of and Grounds and Reasons for Opinion Relating to Tender Offer

(2) Grounds and reasons for opinion

(ii) Background, object and process of decision-making to implement the Tender Offer and management policy after the Tender Offer

Pre-Amendment

<precedent text omitted>

In addition, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi had once considered making an alliance with other business company. However, they could not find specific measures that can contribute to the enhancement of corporate value of the Company by utilizing a high market share and its solid business foundation centered in the Kansai region in the drugstore industry; thus, they concluded that this would not be an effective means of leveraging the Company’s corporate philosophy and management principles. Although they had contacts with some investment funds, they did not reach an agreement with regard to

management policies like it has in the case of the Transaction. Under these circumstances, when considering the best measure for growth of the Company, they received an offer from Bain Capital, which owns and operates the Offeror, for discussion concerning capital policies including a method to convert a listed company into a private one. And since the middle of June 2019, Mr. Tadayuki Teranishi and Mr. Toyohiko Teranishi had engaged in repeated exchanges of opinions and discussions concerning the Company's management measures and optimal capital structure. Subsequently, to select a perfect partner to implement the Transaction, they compared and examined several candidates for a sponsor company, including Bain Capital. Consequently, they determined that partnering with Bain Capital is the best option, because it is a private equity fund notable around the world for its extremely strong performance in Japan, and it has the wealth of knowledge about the Company's industry. As a matter of fact, it has implemented a number of investment projects in retail industries, including the drugstore industry, for example, Duane Reade, one of the leading drugstore chains centering around urban areas in New York and Shoppers Drug Mart, one of the major drugstore chain in Canada, as well as Skylark Co., Ltd., and Domino's Pizza Japan in Japan. For those reasons, in late May 2020, they reached the conclusion that, in order to achieve sustainable enhancement of the Company's corporate value from a medium- to long-term perspective, it would be the optimal approach that, without restricting themselves to the Company's internal resources, together with the cooperation of Bain Capital, the Company takes the Shares private; then, create a solid and stable new management structure that enables dynamic and flexible decision-making, for which the shareholders and the management teams can work together; execute growth strategies in business structure reforms and actively develop businesses through the concerted efforts of all the employees of the Company. Then, they commenced discussions regarding the Transaction with Bain Capital and had engaged in repeated discussions regarding a joint management structure for the Company and the optimal management structure and fundamental policies of the Company to be taken after the implementation of the Transaction. Further, Bain Capital, Mr. Tadayuki Teranishi, and Mr. Toyohiko Teranishi discussed the direct or indirect holding of the shares of the Offeror by Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and Mr. Tadayuki Teranishi after the Tender Offer. The substance of such discussions are as follows: (i) for Mr. Toyohiko Teranishi and Mr. Tadayuki Teranishi, they are expected to remain involved in the management of the Company after the successful completion of the Tender Offer, and they hope to share the common objectives for enhancing the corporate value, and (ii) for Mr. Hiroyuki Teranishi, he has an intent to continue his support to the Company as a director of Kirindo, the wholly owned subsidiary of the Company and also hopes to share the common objectives for enhancing the corporate value; therefore, they hope to hold the shares of the Offeror, directly or indirectly, respectively, and further, they requested Bain Capital that they reinvest into the Offeror so that the ratio of the total number of the shares held by Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi, and Mr. Hiroyuki Teranishi to the same held by Bain Capital will be roughly 40:60. In response, Bain Capital concluded that to enhance the Company's corporate value, the sharing of the common objectives for the same purpose with Mr. Toyohiko Teranishi, Mr. Tadayuki Teranishi, and Mr. Hiroyuki

Teranishi would be essential and accepted the request; therefore, they could have the same direction. Bain Capital, Mr. Tadayuki Teranishi, and Mr. Toyohiko Teranishi further engaged in repeated discussions about the above scheme for reinvestment, and in early September 2020, they have agreed to proceed in the same direction to implement the Merger within three (3) months after the completion of the Squeeze-out Process (even if it is postponed under unavoidable circumstances, without delay), in exchange for the common stocks of the Offeror's Parent Company as a merger consideration, by which the Offeror will be a surviving company, and the Company will be a disappearing company, and carry out procedures and other steps for the Offeror to acquire the shares of the Offeror's Parent Company, which will be the consideration for the Merger.

<omitted>

The Transaction constitutes a so-called management buyout (MBO). As described in "(i) Overview of the Tender Offer" above, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, Mr. Tadayuki Teranishi, and the Offeror plan to implement the Merger by which the Offeror will be a surviving company, and the Company will be a disappearing company, in exchange for the common stocks of the Offeror's Parent Company as the merger consideration, and to carry out procedures and other steps for the Offeror to acquire the shares of the Offeror's Parent Company, which will be the consideration for the Merger. In consequence, Mr. Toyohiko Teranishi, Mr. Hiroyuki Teranishi, and Mr. Tadayuki Teranishi plan to hold a certain number of the common stocks issued by the Offeror's Parent Company together so that, ultimately, the ratio of the total number of the shares of the Offeror held by them to the same held by BCPE Knight Cayman L.P., as of today, the wholly owning parent company of the Offeror's Parent Company will be 40:60 in principle. Note that for the transaction to enable Mr. Hiroyuki Teranishi to hold a part of the shares of the Offeror's Parent Company ultimately, at the present time, no concrete steps have been agreed; however, several options are now being considered, including the methods that Mr. Hiroyuki Teranishi receives a part of the Shares from Mr. Toyohiko Teranishi before the Merger becomes effective, or he receives a part of the shares of the Offeror's Parent Company from Mr. Tadayuki Teranishi or Mr. Toyohiko Teranishi after the Merger becomes effective. For the merger ratio, an appropriate merger ratio will be determined not to infringe the rules of the uniformity of tender offer price (Article 27-2 (iii) of the Financial Instruments and Exchange Law). In other words, the share value per share of the Offeror's Parent Company, which will be the merger consideration, is lower than the same of the Shares because the Offeror's Parent Company is required to borrow necessary fund for the purchase, etc. of the Tender Offer and the Squeeze-out Process; and taking into account such situation, it is expected to set the appropriate merger ratio so that the shareholders those who receive the merger consideration will not receive the consideration that is practically higher than the purchase price of the Shares in the Tender Offer.

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Post-Amendment

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<subsequent text omitted>