



June 27, 2023

Press Release

Company: Kikkoman Corporation
Representative: Shozaburo Nakano, President and CEO
Securities Code: 2801
Stock Exchange: Tokyo, Prime Market
Contact: Kazuki Usui, General Manager,
Corporate Communication Department
(TEL. +81-3-5521-5811)

Notice Concerning the Concluding of an Agreement Concerning the Transfer of Equity Interests in Association with the Transfer of a Specified Subsidiary (Sub-Subsidiary)

A resolution was passed at a Kikkoman Corporation Board of Directors meeting held on April 27, 2023, in relation to the transfer of the total equity interests held by KI NutriCare, Inc. (a specified subsidiary of Kikkoman Corporation) in Country Life, LLC, which is a subsidiary of KI NutriCare, Inc. and constitutes a sub-subsubsidiary of Kikkoman Corporation, to an entity wherein a U.S. investment fund would be directly or indirectly holding shares or equity interests, through a release titled “Notice Concerning the Transfer (Transfer of Equity Interest) of a Specified Subsidiary (Sub-Subsidiary)” on the same day.

Also, a resolution was passed at a Kikkoman Corporation Board of Directors meeting held on April 27, 2023, in relation to the transfer of the total equity interests held by KI NutriCare, Inc. in Allergy Research Group, LLC (hereinafter referred to as the “Subject Companies” together with Country Life, LLC), which is a subsidiary of KI NutriCare, Inc. and constitutes a sub-subsubsidiary of Kikkoman Corporation.

Thus, Kikkoman Corporation hereby announces that it has entered into an agreement (outlined as follows) pertaining to the transfer of its total equity interests (hereinafter referred to as the “Transfer of Equity Interests” or referred to as the “Transfer of Equity Interest” when referring to an individual equity interest) in the Subject Companies to Lion Equity Fund III, LP and HPH III Holdco, LP (hereinafter referred to as the “Transfer Counterparties” or referred to as the “Transfer Counterparty” when referring to an individual counterparty) after a report was provided on the matter at a Board of Directors meeting held today.

The Transfer of Equity Interests is scheduled to be approved by the relevant authorities in accordance with the competition-related laws of each country and in accordance with the related laws and regulations relevant to the Transfer Counterparties.

Details

1. Reason for the Transfer of Equity Interests

Kikkoman Corporation established KI NutriCare, Inc. to develop a manufacturing and sales business for nutraceutical and health food products in the United States, with KI NutriCare, Inc. then acquiring the total equity interests in the Subject Companies. However, in view of the changes seen recently within the business environment, it was decided that this Transfer of Equity Interests would be undertaken based on a judgement made to the effect that undertaking a selection and concentration of management resources within Kikkoman Corporation’s overseas business would serve to contribute to the further growth of corporate value of Kikkoman Corporation.

2. Overview of the specified subsidiaries (sub-subsidiaries) subject to transfer

(1) Name	Country Life, LLC		
(2) Address	180 Vanderbilt Motor Parkway, Hauppauge, NY 11788, U.S.A.		
(3) Name and title of representative	Osamu Mogi, CEO		
(4) Content of business	Manufacturing and sale of nutraceutical food products, health food products and personal care products.		
(5) Total amount of investment	US\$ 12.1 million		
(6) Date of establishment	February 8, 2005		
(7) Investors and investment ratio	KI NutriCare, Inc. 100%		
(8) Relationships existing between the listed company (Kikkoman Corporation) and the Subject Company	Capital relationship	KI NutriCare, Inc., a consolidated subsidiary of Kikkoman Corporation (a wholly-owned subsidiary and a specified subsidiary), owns a 100% interest in the Subject Company.	
	Personnel relationships	One officer of Kikkoman Corporation serves concurrently as an officer of the Subject Company. However, any such concurrent relationships are scheduled to be dissolved upon the Transfer of Equity Interest.	
	Transaction-related relationships	Loans have been provided to the Subject Company by Kikkoman Corporation.	
(9) Financial position and operating results for the Subject Company in the last three years			
Accounting period	FYE March 2021	FYE March 2022	FYE March 2023
Net assets	US\$ 36.4 million	US\$ 31.5 million	US\$ 27.5 million
Total assets	US\$ 53.7 million	US\$ 56.5 million	US\$ 56.0 million
Sales revenue	US\$ 77.0 million	US\$ 71.0 million	US\$ 68.8 million
Operating income	US\$ 0.8 million	(US\$ 4.6 million)	(US\$ 3.3 million)
Net income attributable to owners of the parent	US\$ 0.2 million	(US\$ 4.8 million)	(US\$ 4.0 million)

(1) Name	Allergy Research Group, LLC		
(2) Address	2300 S Main Street, Salt Lake City, Utah 84115, U.S.A.		
(3) Name and title of representative	Osamu Mogi, CEO		
(4) Content of business	Manufacturing and sale of nutraceutical food products, and health food products.		
(5) Total amount of investment	US\$ 18.3 million		
(6) Date of establishment	April 7, 1997		
(7) Investors and investment ratio	KI NutriCare, Inc. 100%		
(8) Relationships existing between the listed company (Kikkoman Corporation) and the Subject Company	Capital relationship	KI NutriCare, Inc., a consolidated subsidiary of Kikkoman Corporation (a wholly-owned subsidiary and a specified subsidiary), owns a 100% interest in the Subject Company.	
	Personnel relationships	One officer of Kikkoman Corporation serves concurrently as an officer of the Subject Company. However, any such concurrent relationships are scheduled to be dissolved upon the Transfer of Equity Interest.	
	Transaction-related relationships	No significant business relationship exists between Kikkoman Corporation and the Subject Company.	
(9) Financial position and operating results for the Subject Company in the last three years			
Accounting period	FYE March 2021	FYE March 2022	FYE March 2023
Net assets	US\$ 44.5 million	US\$ 47.9 million	US\$ 51.5 million
Total assets	US\$ 48.2 million	US\$ 50.4 million	US\$ 54.2 million
Sales revenue	US\$ 33.6 million	US\$ 34.4 million	US\$ 31.3 million
Operating income	US\$ 4.3 million	US\$ 4.2 million	US\$ 4.1 million
Net income attributable to owners of the parent	US\$ 3.0 million	US\$ 3.9 million	US\$ 4.2 million

3. Description of KI NutriCare, Inc.

(1) Name	KI NutriCare, Inc.
(2) Address	180 Vanderbilt Motor Parkway, Hauppauge, NY 11788, U.S.A.
(3) Name and title of representative	Osamu Mogi, President
(4) Content of business	Manufacturing and sale of nutraceutical food products, health food products and personal care products.
(5) Stated capital	US\$ 49.6 million

4. Overview of the Transfer Counterparties

Country Life, LLC

One Transfer Counterparty is Lion Equity Fund III, LP. A disclosure of the details pertaining thereto will not be provided at this point in time owing to confidentiality obligations which exist and due to a firm request provided to that effect by the counterparty. There are no capital relationships, personnel-related relationships or transaction-related relationships existing between Kikkoman Corporation and the Transfer Counterparty.

Allergy Research Group, LLC

Another Transfer Counterparty is HPH III Holdco, LP. A disclosure of the details pertaining thereto will not be provided at this point in time owing to confidentiality obligations which exist and due to a firm request provided to that effect by the counterparty. There are no capital relationships, personnel-related relationships or transaction-related relationships existing between Kikkoman Corporation and the Transfer Counterparty.

5. Equity subject to transfer, transfer price, and status of the equity before and after the transfer

(1) Percentage of equity before the transfer	KI NutriCare, Inc. 100%
(2) Percentage of equity to be transferred	100% (total equity interest held by KI NutriCare, Inc.)
(3) Percentage of equity after the transfer	0%
(4) Transfer price	US\$ 63 million

*The Transfer of Equity Interests is constituted by a series of transactions purposed with transferring the health food businesses of the companies in question. As such, the transfer price shown is the combined total transfer price for the Subject Companies.

6. Schedule

Country Life, LLC

(1) Contract date (U.S. time)	June 21, 2023
(2) Date of execution for the transfer of equity interest	July 31, 2023 (Scheduled)

Allergy Research Group, LLC

(1) Contract date (U.S. time)	June 14, 2023
(2) Date of execution for the transfer of equity interest	June 30, 2023 (Scheduled)

*At a Kikkoman Corporation Board of Directors meeting held on April 27, 2023, a resolution was passed for the approval of the Transfer of Equity Interests in the Subject Companies. After the issuance of that resolution, an agreement was entered into and the matter was reported at a Kikkoman Corporation Board of Directors meeting held on June 27, 2023.

7. Future outlook

As a result of the Transfer of Equity Interests, the Subject Companies will be removed from the scope of consolidation of Kikkoman Corporation and KI NutriCare, Inc. will be subject to liquidation. As a result of this transaction, Kikkoman Corporation expects to record a loss of JPY 4.8 billion, including expenses related to the sale, within its consolidated financial statement for FYE March 2024. Please note that this amount constitutes an estimate at this time and may be subject to changes due to elements such as recalculation performed on the execution dates of the Transfer of Equity Interests as well as the currency exchange rates applicable at that time. Furthermore, no changes have been made to the consolidated earnings forecast for FYE March 2024 published on April 27, 2023.

END OF DOCUMENT