Electronic Provision Measures Commencement Date: February 27, 2025

Other Electronic Provision Measures Matters of the 186th Ordinary General Meeting of Shareholders (Matters Omitted from the Convocation Notice of the Ordinary General Meeting of Shareholders)

(Notes)

1. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.
2. "Audit & Supervisory Board Member(s)" and "Audit & Supervisory Board" described herein mean "Kansayaku" and "Kansayaku-kai" stipulated in the Japanese Companies Act, respectively.

Kirin Holdings Company, Limited

Business Report

Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Remuneration to the Accounting Auditor

1)	Amount of remuneration paid for services as the Accounting Auditor during this fiscal year	¥244 million
2)	Total amount of money and other property benefits to be paid by the Company and its subsidiaries for services during this fiscal year	¥662 million

(Notes)
1. The Company's Audit & Supervisory Board has made the agreement mentioned in Article 399, paragraph 1 of the Japanese Companies Act regarding remuneration to the Accounting Auditor. In agreeing to such remuneration, the Company's Audit & Supervisory Board has, in light of the "Guidance on Cooperation with Accounting Auditor" announced by the Japan Audit & Supervisory Board Members Association, deliberated the adequacy of the scheduled audit hours and amount of remuneration proposed for this fiscal year, by comparing the audit plans and the performance of the Accounting Auditor for the previous fiscal year and by confirming the progression of the hours of audits and the amount of remunerations.
2. The audit agreement between the Accounting Auditor and the Company does not separately stipulate audit remuneration for audit under the Japanese Companies Act or audit under the Financial Instruments and Exchange Act. Furthermore, such remuneration is practically indivisible. Hence, the remuneration referred to at 1) above does not separate these two payments.
3. The subsidiary of the Company pays the Accounting Auditor for advisory services mainly regarding disclosure of non-financial information, which are beyond the scope of operations stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act (non-audit operations).
4. Among the significant subsidiaries of the Company, the financial statements of LION PTY LTD, Coca-Cola Beverages Northeast, Inc., FANCL CORPORATION and Blackmores Limited are audited (limited to audits stipulated in the Japanese Companies Act or the Financial Instruments and Exchange Act (including similar foreign laws)) by a certified public accountant or an auditing firm (including overseas auditors possessing similar qualifications) other than the Accounting Auditor of the Company.

(3) Policy regarding decisions to dismiss or deny reappointment of Accounting Auditor

If the Company's Audit & Supervisory Board determines that any of the items of Article 340, paragraph 1 of the Japanese Companies Act apply with respect to the Accounting Auditor, the Audit & Supervisory Board shall dismiss the Accounting Auditor. Such dismissal shall require the unanimous agreement of all the Audit & Supervisory Board Members.
The Company's Audit & Supervisory Board will determine the content of proposals calling for the dismissal or denial of reappointment of the Accounting Auditor, which shall be submitted to the General Meeting of Shareholders if it is determined that a change of Accounting Auditor is necessary for reasons such as having difficulty in execution of duties by the Accounting Auditor as a result of a comprehensive evaluation from a perspective of qualification, expertise, independence from the Company, and other assessment standards.

Systems to ensure appropriate operation and the status of its implementation

1. Basic policies for the internal control system

The Company resolved at the Board Meeting to adopt the following basic systems (the internal control system) to ensure the appropriate operation of the Company:

(1) System to ensure compliance of performance of duties by the Directors, etc.* and employees of Kirin Group companies with laws and the articles of incorporation (Compliance System)

*** Directors, etc., refers to Directors of the Board, Executive Officers and other business administrators. Also hereinafter.**

The Directors of the Board of the Company shall decide upon the basic compliance policy for the Kirin Group and promote the policy by developing effective structures and provisions to execute the policy and by integrating it with the activities in each Kirin Group company. In addition, the Directors of the Board shall carry out educational programs on compliance, clarify procedures concerning responses to breaches of compliance, and make those procedures public throughout the Kirin Group companies. The Internal Audit Department of the Company (including the internal audit divisions of each Kirin Group company) shall carry out internal auditing to ensure that these systems are properly developed and applied.

Also, the Directors of the Board shall establish internal control reporting system to ensure reliability of the financial reports and conduct their operation and evaluation effectively and efficiently.

(2) System to ensure the proper preservation and maintenance of information regarding the performance of duties by the Directors of the Board of the Company (System of Information Preservation and Maintenance)

The Directors of the Board of the Company shall preserve the following documents (including electromagnetic record) together with the related materials for at least ten years and make them available for inspection as necessary.

- Minutes of General Meeting of Shareholders
- Minutes of Board Meetings
- Minutes of the Group Executive Committee and other significant meetings
- Approval applications (approval authority of General Managers and above)
- Financial statements, business reports, and their detailed statements

(3) Regulations and other systems related to the control of the risk of loss of the Kirin Group (Risk Management System)

The Directors of the Board of the Company shall establish basic policy on the risk management of the Kirin Group and promote the policy by developing effective structures and provisions to execute the policy and by integrating it with activities in each Kirin Group company. In addition, the Directors of the Board shall implement educational programs on risk management, clarify procedures concerning the disclosure of risks and responses to the occurrence of crises, and make those procedures public throughout the Kirin Group companies. The Internal Audit Department of the Company (including the internal audit divisions of each Kirin Group company) shall carry out internal auditing to ensure that these systems are properly developed and applied in each Kirin Group company.

(4) System to ensure the efficient performance of duties by the Directors, etc. of Kirin Group companies (Efficient Performance System)

The Directors of the Board of the Company shall develop a management control system comprising the following items to ensure the efficient performance of duties by Directors, etc. of the Kirin Group companies.

- In addition to Board Meetings, organizing the Group Executive Committee to deliberate significant matters affecting the entire Kirin Group, thereby ensuring that decisions are reached carefully based on considerations of multi-dimensional aspects;
- Appointing the Executive Officers, who are responsible for business administration, and also dispatching directors to each Kirin Group company to oversee appropriate and efficient performance of duties and decision making when necessary;
- Ensuring appropriate and efficient performance of duties according to the authority and decision-making rules based on the regulations on work authority of the Company; and
- Establishing quantitative and qualitative targets in the annual plan at each Kirin Group company and monitoring their performance by way of quarterly monitoring, etc.

(5) System for reporting performance of duties by the Directors, etc. of Kirin Group companies and other systems to ensure appropriate operations (System for Reporting Performance of Duties and Other Group Internal Control System)

In order to report performance of duties by the Directors, etc. of Kirin Group companies and to ensure other appropriate operations, the Directors of the Board of the Company shall develop rules and standards to be applied to each Kirin Group company, including the following items, and carry out operations in compliance with these rules and standards.

- Items related to the governance and monitoring of each Kirin Group company
- Items related to guidance and management concerning the maintenance of the internal control system for each Kirin Group company
- Items related to the communication system* within the Kirin Group companies
- Items related to the Group internal auditing system operated by the Internal Audit Department of the Company
  - * The system to share information within the Kirin Group, the compliance hotline system, and other related items.

(6) Items regarding assignment of employees as support staff for Audit & Supervisory Board Members of the Company when they request support staff (Audit & Supervisory Board Member Related System)

The Directors of the Board of the Company shall assign its employees as support staff for Audit & Supervisory Board Members of the Company.

(7) Items related to the assurance that the employees assigned as support staff as in the preceding provision remain independent from the Directors of the Board of the Company

and to secure the effective implementation of directions by Audit & Supervisory Board Members of the Company to these employees

In order to ensure the independence of the employees assigned as support staff from the Directors of the Board of the Company, the consent of the Audit & Supervisory Board Members of the Company shall be required for any decision related to personnel affairs, including the appointment, transfer and assessment of such employees. Such employees shall not simultaneously assume any other assignment related to the operation of business and shall only follow instructions of the Audit & Supervisory Board Members of the Company.

(8) System to ensure reporting to Audit & Supervisory Board Members of the Company by Directors, Audit & Supervisory Members and employees of the Kirin Group companies

The Directors of the Board of the Company shall report to the Audit & Supervisory Board Members of the Company on matters specified by such members in advance in accordance with the provisions of the Audit & Supervisory Board Members' audit standard of the Company. Principal items are as follows.

- Any matter that may impose material damage to any Kirin Group company, upon discovery
- Matters that require the consent of Audit & Supervisory Board Members of the Company under the applicable laws
- The status of maintenance and implementation of internal control system of the Kirin Group companies

The Audit & Supervisory Board Member of the Company may request the Directors of the Board, Audit & Supervisory Board Members, and employees of each Kirin Group company to report on other matters any time as necessary.

The Directors of the Board, Audit & Supervisory Board Members, and employees of each Kirin Group company (including those who receive reports from these Directors of the Board, Audit & Supervisory Board Members and employees) may directly report matters that they judge to be appropriate to the Audit & Supervisory Board Members of the Company in order to ensure the appropriate operation of each Kirin Group company.

Audit & Supervisory Board Members of the Company shall receive a quarterly update on the operation of the compliance hotline system. Further, when necessary, they may request the immediate report on the operation of the said system.

(9) System to ensure that anyone who reports to the Audit & Supervisory Board Members as outlined in the preceding provision are not treated unfairly

The Directors of the Board of the Company shall prepare common regulations for the Kirin Group companies to ensure that anyone who reports to the Audit & Supervisory Board Members as outlined in the preceding provision are not treated unfairly for this reason, and shall make those regulations public throughout the Kirin Group companies and implement them appropriately.

(10) Policy for the pre-payment or reimbursement of expenses incurred in the performance of duties of the Audit & Supervisory Board Members of the Company

After discussions with Audit & Supervisory Board Members of the Company, the Directors of the Board of the Company shall set the policy for the pre-payment or reimbursement of expenses incurred in the performance of duties of the Audit & Supervisory Board Members of the Company.

(11) Other systems to ensure efficient auditing by Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members of the Company shall hold a regular meeting with the Representative Directors and Outside Directors of the Company for the exchange of opinions.

Further, the Directors of the Board of the Company shall establish systems to ensure effective auditing by Audit & Supervisory Board Members of the Company. This will include ensuring that Audit & Supervisory Board Members of the Company have the opportunity to attend the meetings of each Kirin Group company, at the request from the Audit & Supervisory Board Members of the Company.

2. Implementation of internal control system

(1) System to ensure compliance of performance of duties by the Directors, etc. and employees of Kirin Group companies with laws and regulations, and the articles of incorporation (Compliance System)

The Kirin Group has established “Passion. Integrity. Diversity.” as “One KIRIN” Values, the common values of the Kirin Group. Based on the spirit of these values, the Kirin Group has developed “Kirin Group Compliance Guidelines”. The Kirin Group is making a concerted effort to publicizing and promoting proper understanding of compliance requirements throughout the Kirin Group.

Furthermore, the Kirin Group has formulated internal regulations on the compliance hotline system in accordance with the revised Whistleblower Protection Act and reporting desks have been set up and are operated by each Kirin Group company. In addition to this, the Kirin Group is working to make the reporting system more functional by establishing “Kirin Group Direct Hotline to the Executive Officer in Charge of Compliance (Risk Management)” as a direct hotline system for officers in charge and “Global Hotlines for Kirin Holdings” which enables employees of overseas Kirin Group companies to report to the Company in their local language. These regulations prohibit unfair treatment against whistleblowers for the reason of reporting to the hotline.

(2) System to ensure the proper preservation and maintenance of information regarding the performance of duties by the Directors of the Board of the Company (System of Information Preservation and Maintenance)

The Company appropriately stores Minutes of Meetings of Shareholders, Minutes of Board Meetings and financial statements, etc., for the number of years pursuant to laws and regulations.

(3) Regulations and other systems related to the control of the risk of loss of the Kirin Group (Risk Management System)

The Kirin Group has established the “Group Risk Management Regulations” and the “Group Risk Management System Manual”, which set out the purpose, system and methods of risk management, and the "Group Crisis Management Manual", which sets forth procedures to be taken in the event of a crisis, and publicizes and applies these rules to each of the Kirin Group companies. Additionally, at Board meetings and Group Risk and Compliance Committee meetings, activities conducted regarding risk management are reviewed and future activity plans are deliberated and reported.

(4) System to ensure the efficient performance of duties by the Directors, etc. of Kirin Group companies (Efficient Performance System)

The Company has clarified its decision-making rules, including the rules on matters to be resolved at the Board Meetings, based on the Rules of the Board. In this fiscal year, in addition to holding Board Meetings, the Group Executive Committee Meetings were held to deliberate prescribed matters. Additionally, the Company has adopted the executive officer system, in an effort to flexibly execute the strategies for each business and function, as well as to clarify the responsibility, and has been improving the efficiency of its decision-making.

The Company conducts performance management on each Kirin Group company through quarterly monitoring, etc., based on the Medium-Term Business Plan (from 2022 to 2024) and annual plans.

(5) System for reporting performance of duties by the Directors, etc. of Kirin Group companies and other systems to ensure appropriate operations (System for Reporting Performance of Duties and Other Group Internal Control System)

The Company's Board confirmed the status of development and operation of the internal control system for this fiscal year.

Additionally, the Company has developed rules and standards related to the monitoring of each Kirin Group company and each function based on the delegation policy, etc. of the Company and conducts monitoring on a quarterly basis.

(6) Items regarding employees as support staff for Audit & Supervisory Board Members of the Company when they request assignment of such support staff (Audit & Supervisory Board Member Related System)

The Company has established the Audit & Supervisory Board Support Section as a structure to assist duties of Audit & Supervisory Board Members in order to enhance the audit function of the Audit & Supervisory Board Members.

(7) Items related to the assurance that the employees assigned as support staff under section (6) remain independent from the Directors of the Board of the Company and to secure the effective implementation of instructions by Audit & Supervisory Board Members of the Company to such employees

Dedicated employees who are assigned as support staff for the Company's Audit & Supervisory Board Members are independent from the performance of their duties of the Company, and do not report to, or take instructions from, anyone other than the Company's Audit & Supervisory Board Members.

(8) System to ensure reporting to Audit & Supervisory Board Members of the Company by Directors, Audit & Supervisory Members and employees of Kirin Group companies

Each Kirin Group company has developed a compliance hotline system, and regularly reports on the status of its implementation to the Company's Audit & Supervisory Board Members.

The Company is also aiming to establish an appropriate compliance hotline system for the entire Kirin Group, through the implementation of the "Kirin Group Direct Hotlines to Audit & Supervisory Board Members".

(9) System to ensure that persons who make reports to the Audit & Supervisory Board Members as outlined in the preceding provision are not treated unfairly

The Kirin Group has established rules related to the development and operation of the "Kirin Group Direct Hotlines to Audit & Supervisory Board Members", in order to ensure this system protects the anonymity of ones making reports as mentioned in the preceding provision and which prohibits unfair treatment of such persons, and has implemented and publicized such rules throughout each of the Kirin Group companies.

(10) Policy for the pre-payment or reimbursement of expenses incurred in the performance of duties of the Audit & Supervisory Board Members of the Company

The Company has determined and appropriately implements policies related to prepayment or reimbursement procedures for expenses incurred in the performance of duties of the Audit & Supervisory Board Members of the Company.

(11) Other systems to ensure efficient auditing by Audit & Supervisory Board Members of the Company

During this fiscal year, the Company's Audit & Supervisory Board Members had interviews with our President & Chief Executive Officer and exchanged information with Outside Directors, as well as participated in all of the Group Executive Committee Meetings held in this fiscal year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(From January 1, 2024 to December 31, 2024)

(¥ millions)

	Equity attributable to owners of the Company					
					Reserves	
	Share capital	Share premium	Retained earnings	Treasury shares	Net change in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2024	102,046	21,150	1,128,541	(251,675)	19,119	–
Profit			58,214			
Other comprehensive income					753	2,308
Comprehensive income	–	–	58,214	–	753	2,308
Dividends from surplus			(58,316)			
Acquisition of treasury shares				(65)		
Disposal of treasury shares		(0)		2		
Change in scope of consolidation						
Share-based payments		(85)	(11)	361		
Changes in ownership interest in a subsidiary without loss of control		(11,567)				
Transfer from reserves to retained earnings			2,503		(196)	(2,308)
Total transactions with owners of the Company	–	(11,652)	(55,824)	298	(196)	(2,308)
Balance at December 31, 2024	102,046	9,497	1,130,931	(251,376)	19,676	–

	Equity attributable to owners of the Company				Non-controlling interests	Total equity
	Reserves			Total		
	Foreign currency translation differences on foreign operations	Cash flow hedges	Total			
Balance at January 1, 2024	114,662	(1,263)	132,519	1,132,581	293,257	1,425,838
Profit				58,214	27,597	85,811
Other comprehensive income	54,649	2,702	60,412	60,412	11,964	72,376
Comprehensive income	54,649	2,702	60,412	118,626	39,561	158,187
Dividends from surplus				(58,316)	(14,383)	(72,699)
Acquisition of treasury shares				(65)		(65)
Disposal of treasury shares				2		2
Change in scope of consolidation					62,438	62,438
Share-based payments				265	(75)	190
Changes in ownership interest in a subsidiary without loss of control				(11,567)	(28,609)	(40,176)
Transfer from reserves to retained earnings			(2,503)	–		–
Total transactions with owners of the Company	–	–	(2,503)	(69,682)	19,371	(50,310)
Balance at December 31, 2024	169,311	1,440	190,427	1,181,525	352,189	1,533,714

*Amounts are rounded to the nearest ¥1 million.

Notes to Consolidated Financial Statements

Material Accounting Policies

1. Accounting standards of consolidated financial statements
   The consolidated financial statements of Kirin Holdings Company, Limited (the "Company") and its consolidated subsidiaries (collectively, the "Group") are prepared in accordance with International Financial Reporting Standards ("IFRS"), pursuant to Article 120, Paragraph 1 of the Regulations on Corporate Accounting. Certain disclosure items required by IFRS are omitted pursuant to the latter part of that paragraph.

2. Consolidation
   Consolidated subsidiaries: 177 companies
   Major consolidated subsidiaries: Kirin Brewery Company, Limited, Lion Pty Ltd, Kirin Beverage Company, Limited, Coca-Cola Beverages Northeast, Inc., Kyowa Kirin Co., Ltd., FANCL CORPORATION, Kyowa Hakko Bio Co., Ltd., Blackmores Limited

3. Equity method
   Companies accounted for by the equity method: 28 companies
   Major equity-accounted investees: San Miguel Brewery Inc.

4. Accounting policies

(1) Measurement of financial assets

1) Non-derivative financial assets

(i) Initial recognition and measurement
Financial assets are classified into financial assets measured at fair value through profit or loss, at fair value through other comprehensive income, and at amortized cost. The Group determines the classification at initial recognition of the financial assets. A regular way purchase or sale of financial assets is recognized or derecognized at the transaction date.

a. Financial assets measured at amortized cost
Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:
・The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets measured at fair value
Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.
Of financial assets measured at fair value, each equity instrument is designated as measured at fair value through profit or loss or as measured at fair value through other comprehensive income. Such designations are applied on an ongoing basis.
All financial assets, except for those classified into the category as measured at fair value through profit or loss, are measured at fair value plus transaction costs that are directly attributable to the financial assets.

(ii) Subsequent measurement
After initial recognition, financial assets are measured based on classification as follows:

a. Financial assets measured at amortized cost
Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

b. Financial assets measured at fair value

Financial assets other than those measured at amortized cost are measured at fair value. Changes in their fair value are recognized in profit or loss or in other comprehensive income based on the classification of the financial assets. Dividends on equity instruments designated as measured at fair value through other comprehensive income are recognized in profit or loss. When the decline in the fair value of the financial assets is significant or when they are derecognized, the cumulative gain recognized as capital through other comprehensive income is transferred to retained earnings.

(iii) Derecognition

Financial assets are derecognized when the rights to receive benefits from them expire or are transferred, or when substantially all the risks and rewards of ownership are transferred.

(iv) Impairment of financial assets

An allowance for doubtful accounts is recognized for expected credit losses on financial assets measured at amortized cost.

Expected credit losses are measured as the present value of the difference between contractual cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

Changes in credit quality after the recognition of financial assets are recorded in profit or loss as changes in estimates.

After initial recognition, financial instruments are classified into the following three stages at the reporting date to measure their expected credit losses:

	Explanation	Measurement method of expected credit losses
Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition	12-month expected credit loss
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition	Lifetime expected credit loss
Stage 3	Financial instruments for which there is evidence of credit impairment	Lifetime expected credit loss

However, regardless of the above, for certain financial assets such as trade receivables without a significant financing component, the allowance for doubtful accounts is measured at an amount equal to lifetime credit expected losses (the simplified approach).

Expected credit losses are measured using reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group, in principle, determines that the credit risk on a financial asset has increased significantly since initial recognition if it is more than 30 days past due on the contract, and that a financial asset is in default if it is more than 90 days past due. When a financial asset is in default or when there is evidence of impairment including significant financial difficulty of the issuer or borrower, the Group determines that the financial asset is credit-impaired.

If the Group reasonably considers that there are no prospects of the full or partial recovery of financial assets, the carrying amount of the financial assets is written off.

2) Derivatives and hedge accounting

The Group utilizes derivatives, including forward foreign exchange contracts, currency swaps, interest rate swaps and commodity swaps, to hedge foreign exchange risk, interest rate risk and commodity price risk. These derivatives are initially measured at fair value at inception, and are subsequently remeasured at fair value.

Changes in the fair value of derivatives are recognized in the consolidated statement of profit or loss. However, the effective portion of cash flow hedges and hedges of net investment in foreign operations are recognized as other comprehensive income.

At the inception of the hedge, the Group formally designates and documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The documentation includes specific hedging instruments, the hedged items or transactions, the nature of the risks being hedged and how the effectiveness of changes in the fair value of hedging instruments is assessed in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risks. Even though these hedges are expected to be highly effective in offsetting changes in cash flows, they are assessed on an ongoing basis to determine whether they have actually been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the requirements for hedge accounting are classified in the following categories and accounted for in accordance with IFRS 9:

(i) Cash flow hedge

The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is recognized immediately in the consolidated statement of profit or loss.

The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.

When forecast transactions or firm commitments are no longer expected to occur, any related cumulative gain or loss that has been recognized in equity through other comprehensive income is reclassified to profit or loss. When hedging instruments expire, are sold, terminated or exercised without the replacement or rollover of other hedging instruments, or when the hedge designation is revoked, the amounts that have been recognized in equity through other comprehensive income continue to be recorded in equity until the forecast transactions or firm commitments occur.

(ii) Hedge of net investment in foreign operations

Exchange differences resulting from net investments in foreign operations are accounted for similarly to cash flow hedges. The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is recognized in the consolidated statement of profit or loss. At the time of the disposal of the foreign operations, any related cumulative gain or loss that has been recognized in equity through other comprehensive income is reclassified to profit or loss.

(2) Measurement of inventories

Inventories are recorded at the lower of cost and net realizable value. The cost of inventories is determined primarily based on the periodic average method and includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(3) Measurement and depreciation or amortization of property, plant and equipment and intangible assets

1) Property, plant and equipment

Property, plant, and equipment is measured using the cost model after initial recognition and is stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes any costs directly attributable to the acquisition of the asset and the initial estimate of the costs of dismantling, removal and restoration.

The depreciation of assets other than land and construction in progress is recorded using the straight-line method over their estimated useful lives.

The estimated useful lives of major assets by category are as follows:

Buildings and structures:	2–57 years
Machinery, equipment and vehicles:	2–30 years
Tools, fixtures and fittings:	2–20 years

Depreciation methods, useful lives and residual values are reviewed at each year-end, and if any changes are required, such changes are applied prospectively as changes in accounting estimates.

2) Goodwill

Goodwill arising from a business combination is stated at cost less accumulated impairment losses.

Goodwill is not amortized. It is allocated to cash-generating units or groups of cash-generating units and is tested for impairment annually and whenever there is any indication of impairment. Impairment losses on goodwill are recognized in profit or loss and no subsequent reversal is made.

When the units for internal management purposes are revised, goodwill is reallocated to each cash-generating unit or group of cash-generating units based on the revised units for internal management purposes.

Goodwill is measured at initial recognition as the excess of (a) over (b) below:

(a) the aggregate of:

i. the consideration transferred in the business combination;

ii. the amount of any non-controlling interest in the acquiree; and

iii. the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net amount of the identifiable assets acquired and the liabilities assumed at the acquisition date.

The consideration transferred in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group.

3) Intangible assets

Intangible assets are measured using the cost model after initial recognition and are stated at cost less any accumulated amortization and accumulated impairment losses. The cost includes costs directly attributable to the acquisition of the asset, employee benefit expenses incurred and costs related to services consumed in internally generating the intangible asset.

(i) Intangible assets acquired separately

Intangible assets acquired separately are measured at cost at initial recognition.

(ii) Intangible assets acquired through business combinations

Intangible assets acquired through business combinations are measured at fair value at the date of acquisition.

(iii) Internally generated intangible assets (development costs)

The Group's research and development expenses are expensed when incurred, except for expenditures on development activities for which the Group can demonstrate all of the following requirements for capitalization:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Major intangible assets of the Group are as follows:

(i) Brands

Brands are initially recognized at cost. In principle, as intangible assets with indefinite useful lives, they are not amortized because it is not possible to foresee the period over which their net cash inflows are expected to continue, and are tested for impairment annually and whenever there is any indication of impairment.

(ii) Customer relationships

Customer relationships acquired through business combinations are measured at fair value at the date of acquisition. These relationships are amortized on a straight-line method over their estimated useful lives (20-41 years), and are tested for impairment whenever there is any indication of impairment.

(iii) Marketing rights

Marketing rights are initially recognized at cost. They are amortized using the straight-line method over their estimated useful lives (5–20 years), and are tested for impairment whenever there is any indication of impairment.

(iv) Software

Software is initially recognized at cost. It is amortized using the straight-line method over its estimated useful lives (2–10 years), and is tested for impairment whenever there is an indication of impairment.

(v) Other

Other intangible assets are initially recognized at cost. Those with finite useful lives are amortized using the straight-line method over their estimated useful lives, and are tested for impairment whenever there is any indication of impairment. Those with indefinite useful lives are not amortized and are tested for impairment annually and whenever there is any indication of impairment.

Amortization methods, useful lives and residual values are reviewed at each year-end, and if any changes are required, such changes are applied prospectively as changes in accounting estimates.

4) Leases

Leases are recognized as right-of-use assets and lease liabilities at the lease commencement date.

(i) Right-of-use assets

Right-of-use assets are initially measured at cost, which mainly comprises the amount of the initial measurement of the lease liability, initial direct costs and the initial estimate of the costs of dismantling, removing and restoring the underlying asset.

Right-of-use assets are measured using the cost model after initial recognition and are stated at cost less accumulated depreciation and accumulated impairment losses, and are included within the same line item in the consolidated statement of financial position as that within which the corresponding underlying assets would be presented if they were owned by the Group.

After initial recognition, the right-of-use assets are depreciated using the straight-line method over the estimated useful lives of the underlying assets if the lease transfers ownership of the underlying asset to the Group by the end of the lease term or when the cost of the right-of-use assets reflect that it is reasonably certain that the Group will exercise a purchase option; otherwise, the right-of-use assets are depreciated based on the straight-line method over the earlier of the lease term or the estimated useful lives of the right-of-use assets.

(ii) Lease liabilities

Lease liabilities are initially recognized at the present value of the lease payments that are not paid at the lease commencement date. The lease payments are discounted using the interest rate implicit in the lease.

If that rate cannot be readily determined, the Group's incremental borrowing rate is used. In general, the Group uses the incremental borrowing rate as the discount rate.

Lease liabilities are subsequently measured by increasing the carrying amounts to reflect interest on the lease liabilities and by reducing the carrying amounts to reflect lease payments made, and are included in the line item "other financial liabilities" in the consolidated statement of financial position.

For short-term leases or leases for which the underlying asset is of low value, the Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern of the Group's benefit.

5) Impairment of non-financial assets

The Group tests goodwill and intangible assets with indefinite useful lives for impairment at least annually, as well as whenever there is any indication of impairment.

At the reporting date, the Group determines whether there is any indication of impairment for non-financial assets other than inventories, deferred tax assets and defined benefit assets. Since goodwill that forms part of the carrying amount of equity-accounted investees is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of equity-accounted investees is assessed for any indication of impairment and is tested for impairment as a single asset.

If there is any indication that an asset may be impaired, or in cases where an impairment test is required to be performed annually, the recoverable amount of the asset is determined. In cases where the recoverable amount cannot be estimated for an individual asset, it is estimated for the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is measured at the higher of its fair value less costs of disposal and its value in use. Value in use is determined by discounting estimated future cash flows to their present value using a discount rate that reflects the time value of money and the risks specific to the asset.

An impairment loss is recognized in profit or loss for an asset or a cash-generating unit only where its recoverable amount is less than its carrying amount and the carrying amount is reduced to the recoverable amount.

The Group assesses at the reporting date whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may have decreased or may no longer exist. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases where the recoverable amount exceeds the carrying amount, the impairment loss is reversed up to the lower of the recoverable amount determined and the carrying amount (net of accumulated depreciation or accumulated amortization) that would have been determined if no impairment loss had been recognized in prior years. The reversal of the impairment loss is immediately recognized in profit or loss.

(4) Income taxes

Income taxes are the sum of current taxes and deferred taxes.

Current taxes are measured at the amount that is expected to be paid to or refunded from the taxation authorities. In determining the tax amount, the Group uses the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current taxes are recognized in profit or loss, except for taxes arising from items that are recognized directly in other comprehensive income or in equity and taxes arising from business combinations.

Deferred taxes are determined based on the temporary differences between the tax base for assets and liabilities and their carrying amount for accounting purposes at the reporting date. Deferred tax assets are recognized for deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax liabilities are recognized, in principle, for all taxable temporary differences. However, deferred tax assets or liabilities are not recorded for:

・temporary differences arising from the initial recognition of goodwill;

・temporary differences arising from the initial recognition of assets or liabilities in a transaction that:
  (a) is not a business combination;
  (b) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
  (c) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

・deductible temporary differences related to investments in subsidiaries and associates, and interests in joint arrangements to the extent that it is probable that the temporary differences will not reverse in the foreseeable future or it is not probable that future taxable profits will be available against which the temporary differences can be utilized; and

・taxable temporary differences related to investments in subsidiaries and associates, and interests in joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

In addition, the Group applies the temporary exception in the amendments to IAS 12 *Income Taxes* issued on May 23, 2023 and does not recognize or disclose information about deferred tax assets and liabilities related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD (Organisation for Economic Co-operation and Development).

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. The deferred taxes are recognized in profit or loss, except for taxes arising from items that are recognized directly in other comprehensive income or in equity and taxes arising from business combinations.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.

If it is probable that the tax authority will not accept uncertain tax treatments based under interpretation of tax laws, the Group recognizes reasonably estimated amounts as assets or liabilities.

The group tax sharing system is applied by the Company and certain subsidiaries.

(5) Provisions

Provisions are recognized when present legal or constructive obligations exist as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and a reliable estimate can be made of the amount of the obligations.

(6) Employee benefits

1) Post-employment benefits

The Group has defined benefit-type and defined contribution-type pension plans and provides lump-sum severance payment plans, defined benefit corporate pension plans and employees' pension fund plans as defined benefit-type plans.

For each defined benefit plan, the Group determines the present value of its defined benefit obligations and the related current service cost and past service cost using the projected unit credit method. The discount rate applied is determined by reference to market yields on high-quality corporate bonds at the year-end. The net defined benefit liability (asset) is determined by deducting the fair value of any plan assets (adjusted for the limit on defined benefit assets and minimum funding requirements, if necessary) from the present value of the defined benefit obligations. Remeasurements of the net defined benefit asset or liability are recognized collectively in other comprehensive income and reclassified to retained earnings for the period during which they were incurred.

Retirement benefit costs for defined contribution-type plans are expensed for the period during which employees render services.

2) Termination benefits

The Group provides termination benefits when the Group terminates an employee's employment before the normal retirement date or an employee voluntarily retires in exchange for the benefits. Termination benefits are expensed when the Group commits to terminating the employment; provided that the Group has detailed official plans related to the termination of the employee's employment and can no longer withdraw the offer of the benefits.

3) Short-term employee benefits

Short-term employee benefits are expensed on an undiscounted basis when the related service is provided. Bonuses are recorded as liabilities for the amount estimated to be paid in accordance with the applicable plans when the Group has present legal or constructive obligations to pay as a result of past service rendered by employees, and the obligations can be reliably estimated.

(7) Revenue from contracts with customers

Revenue is recognized based on the following five-step approach:

Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

If the Group executes sales transactions as an agent of the tax authority, consumption taxes, value added taxes, liquor taxes and other similar taxes are excluded from consideration, taking into account laws and regulations of each jurisdiction and the actual conditions of the transactions.

1) Alcoholic Beverages Business, Non-alcoholic Beverages Business and Health Science Business

The Group conducts sales of alcoholic beverages, non-alcoholic beverages and health food products, among others, in the Alcoholic Beverages Business, Non-alcoholic Beverages Business and Health Science Business.

Revenue from such sales is recognized when merchandise and finished goods are delivered to customers since control over the merchandise and finished goods is transferred to the customers and performance obligations are satisfied at that point in time.

Revenue generated from sale of merchandise and finished goods is measured by deducting rebates and discounts based on sales volumes and amounts from consideration under sales contracts, and consideration which is expected to be refunded to customers is stated as refund liabilities. The refund liabilities are estimated by using the most likely amount method based on terms and conditions, past transactions and other factors.
Consideration under sales contracts for merchandise and finished goods is recovered mainly within a month or two from the delivery of the merchandise and finished goods to customers and includes no significant financing components.

2) Pharmaceuticals Business
The Group conducts sale of merchandise and finished goods and technology licensing to customers in relation to pharmaceuticals in the Pharmaceuticals Business.
If the consideration from contracts with customers includes a variable amount, the variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal of the cumulative amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
(i) Revenue from sale of merchandise and finished goods
Revenue from contracts with customers for the sale of merchandise and finished goods, and the assignment of rights and licenses for marketing of merchandise and finished goods is recognized when the merchandise and finished goods, rights or licenses for marketing (collectively referred to as "merchandise and finished goods") are delivered to the customers. This is because control over the merchandise and finished goods is transferred to the customers and performance obligations are satisfied at that point in time.
Revenue generated from sale of merchandise and finished goods is measured by deducting rebates and discounts based on sales volumes or amounts from consideration under sales contracts, and consideration which is expected to be refunded to customers is stated as refund liabilities. The refund liabilities are estimated by using the most likely amount method based on terms and conditions, past transactions and other factors.
Consideration under sales contracts for merchandise and finished goods is received mainly within one year from the delivery of the merchandise and finished goods to customers and includes no significant financing components.

(ii) Licensing revenue
The Group obtains up-front income, milestone revenue and running royalty revenue as licensing revenue based on license agreements, such as granting third parties the right to develop, produce and sell the Group's developed products.
In some cases, the license agreements do not involve the provision of goods or services by the Group other than granting a license, while in other cases, the Group provides goods or services such as provision of manufacturing technology and pharmaceuticals in relation to development cooperation, regulatory authority approval, and joint sales promotion.
When the Group does not provide significant goods or services other than granting a license, up-front income is recognized as revenue at the time of granting the license since all of the significant performance obligations are usually satisfied at this time. Milestone revenue, which is mainly received upon successful completion of development activities and regulatory approval, is recognized as revenue when it is highly probable that the milestones agreed between the relevant parties will be achieved, after assessing the probability of a significant reversal of revenue.
When the Group provides several goods or services, including granting a license, the Group identifies one or more performance obligations, allocates transaction

prices comprised of up-front income and milestone revenue to each of the performance obligations, records consideration received as contract liabilities, and recognizes revenue over a period of time as the performance obligations are satisfied. For license agreements in relation to development cooperation, the Group applies the input method as an appropriate method for measuring progress in each of the licensing agreements.

Running royalty revenue and sales achievement milestone income received when total pharmaceutical sales exceed a certain agreed amount correspond to a sales-based or usage-based royalty, and are measured based on the sales recorded by the contract counterparty. The Group recognizes revenue at the later of when the sale or usage occurs and when the performance obligations to which the sales-based or usage-based royalty has been allocated has been satisfied.

Consideration of license agreements is received mainly within one year from the time of granting the license and the time agreed upon in the agreement such as the achievement of a specified milestone. Such contracts do not contain any significant financing components.

(8) Foreign currency translation

1) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the exchange rate at the date of the transaction or a rate that approximates the actual rate. At the end of the reporting period, foreign currency monetary items are retranslated into the functional currency at the closing rate, and non-monetary items that are measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value was measured.

Exchange differences arising from the translation and settlement are recognized in profit or loss. However, exchange differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

2) Foreign operations

The assets and liabilities in the statement of financial position of foreign operations are translated using the exchange rate at the date of their respective statement of financial position. Revenue and expenses in the statements of profit or loss and other comprehensive income of foreign operations are translated using the average exchange rates, unless exchange rates fluctuate significantly.

Exchange differences arising from the translation are recognized in other comprehensive income. In cases where a foreign operation is disposed of, the cumulative amount of exchange differences related to the foreign operation is transferred to profit or loss in the period of disposal.

Notes on Accounting Estimates

The following are items that have been recorded in the consolidated financial statements for the current fiscal year based on accounting estimates and that may have a material impact on the consolidated financial statements for the following and subsequent fiscal years:

(1) Measurement of property, plant and equipment, goodwill and intangible assets

1) Amount recorded in the consolidated financial statements for the current fiscal year

Property, plant and equipment:	¥674,028 million
Goodwill:	¥501,480 million
Intangible assets:	¥659,561 million

2) Details of accounting estimates

If there is any indication of impairment of property, plant and equipment, goodwill, and intangible assets, or in cases where an annual impairment test is required, the Group estimates the recoverable amount of the assets or the cash-generating unit to which the assets belong.

The recoverable amount of the assets or the cash-generating unit to which the assets belong is measured at the higher of its fair value less costs of disposal and its value in use.

In measuring the recoverable amount, the Group makes certain assumptions about variables such as:

- future cash flows based on the business plan approved by management, discount rates and long-term growth rates; and
- future plans for the business subject to valuation based on market valuations for comparable businesses (market approach)

These assumptions are determined based on management's estimates and decisions. In the event that assumed circumstances change, the actual recoverable amount may differ from the estimate. This may have a material impact on the amount of property, plant and equipment, goodwill and intangible assets in the consolidated statement of financial position for the following and subsequent fiscal years.

(2) Recoverability of deferred tax assets

1) Amount recorded in the consolidated financial statements for the current fiscal year

Deferred tax assets: ¥109,761 million

2) Details of accounting estimates

The Group recognizes deferred tax assets for deductible temporary differences and unused tax losses in consideration of the planned reversal of deferred tax liabilities, estimated future taxable profits, and tax planning.

The Group considers deferred tax assets that have been recognized are likely to be recovered based on past taxable profit levels and estimated future taxable profits for the period when deferred tax assets are deductible.

If these estimates are affected by future changes in uncertain economic conditions, amendments to tax laws, or other factors, they may differ from the actual future taxable profits. This may have a material impact on the amount of deferred tax assets in the consolidated financial statements for the following and subsequent fiscal years.

Notes to the Consolidated Statement of Financial Position

1. Accumulated depreciation of property, plant and equipment	¥1,330,662 million
2. Pledged assets	
Buildings and structures	¥760 million
Land	¥592 million
Other financial assets	¥300 million
3. Allowance for doubtful accounts directly deducted from assets	
Other financial assets	¥1,513 million
Trade and other receivables	¥1,649 million
4. Guarantee obligations	
Guarantees for loan obligations of employees	¥49 million

Notes to the Consolidated Statement of Changes in Equity

1. Type and number of shares outstanding and treasury shares

(1) Shares outstanding

Type of shares outstanding	Common stock
Number of shares at January 1, 2024	914,000,000 shares
Increase in number of shares during the year ended December 31, 2024	–
Decrease in number of shares during the year ended December 31, 2024	–
Number of shares at December 31, 2024	914,000,000 shares

(2) Treasury shares

Type of treasury shares	Common stock
Number of shares at January 1, 2024	104,126,200 shares
Increase in number of shares during the year ended December 31, 2024 (Note 1)	29,980 shares
Decrease in number of shares during the year ended December 31, 2024 (Note 2)	150,542 shares
Number of shares at December 31, 2024 (Note 3)	104,005,638 shares

Notes:
1. Increase in the number of shares was due to purchases of 29,980 odd-lot shares.
2. Decrease in the number of shares was due to sale of 889 odd-lot shares and disposal of 149,653 shares held in the Board Incentive Plan (BIP) Trust.
3. Number of shares at December 31, 2024 includes 1,761,412 shares held in the BIP Trust.

2. Dividends

(1) Dividend payments

Approval by the Ordinary General Meeting of Shareholders held on March 28, 2024 was as follows:

Dividend on Common Stock

1) Total amount of dividend (Note 1)	¥29,630 million
2) Dividend per share	¥36.50
3) Record date	December 31, 2023
4) Effective date	March 29, 2024

Approval by the Board of Directors' Meeting held on August 6, 2024 was as follows:

Dividend on Common Stock

1) Total amount of dividend (Note 2)	¥28,818 million
2) Dividend per share	¥35.50
3) Record date	June 30, 2024
4) Effective date	September 4, 2024

Notes: 1. The total amount of dividend includes ¥70 million of dividend for the Company's shares held by the BIP Trust.

2. The total amount of dividend includes ¥63 million of dividend for the Company's shares held by the BIP Trust.

(2) Dividends for which the record date is attributable to, but to be effective after, the year ended December 31, 2024

Proposal at the Ordinary General Meeting of Shareholders to be held on March 28, 2025 will be as follows:

Dividend on Common Stock

1) Total amount of dividend (Note)	¥28,817 million
2) Source of dividends	Retained earnings
3) Dividend per share	¥35.50
4) Record date	December 31, 2024
5) Effective date	March 31, 2025

Note: The total amount of dividend includes ¥63 million of dividend for the Company's shares held by the BIP Trust.

Notes on Financial Instruments

1. Overview of financial instruments

(1) Capital management

The Group's basic policy for capital management is to maintain an optimum capital structure with a focus on providing shareholders with returns and securing a sound, flexible financial footing towards the objective of maximizing corporate value. Aiming to improve profitability and efficiency, the Group utilizes cash flows which are provided by activities such as generating Group synergies, promoting CSV management and reducing assets, in order to conduct business investments and capital investments, provide shareholder returns, and repay interest-bearing liabilities.

(2) Risk management

The Group is exposed to financial risks, including credit risk, liquidity risk and market risk, in its business activities. To reduce such risks, the Group practices risk management based on established policies and procedures.

The Group limits the use of derivatives only to hedge financial risks, and does not use derivatives for speculative purposes.

1) Credit risk

In accordance with the internal policies for managing credit risk arising from trade receivables, the Company and some of its subsidiaries have each of their sales divisions monitor the credit worthiness of their main customers and counterparties on a periodical basis and manage due dates and outstanding balances by individual customer. In addition, efforts are made to early identify and mitigate risks of bad debts from customers who are having financial difficulties.

The Group believes that the credit risk of derivatives is immaterial as it enters into derivatives only with financial institutions that have a high credit rating.

2) Liquidity risk

In accordance with the internal policies for managing financial risks, the Group formulates fund procurement plans based on the business plan for each year to address liquidity risk. The Group also manages such risk by, for example, entering into commitment lines with several financial institutions and achieving an appropriate balance between direct and indirect fund procurement as well as short-term and long-term fund procurement.

3) Market risk

(i) Foreign exchange risk

The Group operates businesses globally and, therefore, is exposed to foreign exchange risk. The risk arises when the Group's equity is affected by foreign exchange fluctuations as a result of transactions in currencies other than the functional currency and when financial statements of foreign operations are consolidated upon translation into Japanese yen. To manage foreign exchange risk, the Group hedges such risk mainly using foreign exchange contracts and currency swaps.

(ii) Interest rate risk

Interest-bearing liabilities with floating interest rates are exposed to interest rate risk. For those with long-term maturities, the Group uses interest rate swaps to avoid interest rate fluctuation risk by converting floating interest into fixed interest.

(iii) Price fluctuation risk

The Group is exposed to share price fluctuation risk arising from equity instruments (shares). The Group regularly assesses fair value, the financial conditions of the issuers and other relevant factors of the equity instruments, and continuously reviews the holding status of such instruments by taking into account the relationship with the issuer when the issuer is a customer of the Group.

2. Fair values of financial instruments

The following table shows the amounts of financial instruments recorded in the consolidated statement of financial position at December 31, 2024 and their fair value. The fair value of financial instruments measured at fair value on a recurring basis is equal to their carrying amount, and the carrying amount of short-term financial assets and liabilities measured at amortized cost approximates their fair value. Therefore, they are not included in the table.

(¥ millions)

	Amount recorded in the consolidated statement of financial position	Fair value
Bonds (Notes 1 and 3)	267,389	262,757
Long-term borrowings (Notes 2 and 3)	577,174	571,900

Notes: 1. The fair value of bonds is determined as the present value calculated by discounting the combined total of principal and interest with an interest rate that reflects the remaining maturity and credit risk of the bonds.
2. The fair value of long-term borrowings is determined as the present value calculated by discounting the combined total of principal and interest with an assumed interest rate for similar new borrowings.
3. The amount includes the current portion of long-term borrowings.

3. Breakdown of financial instruments by fair value level

The fair value hierarchy categorizes financial instruments into the following levels 1 to 3:

Level 1: Fair values measured at quoted prices in active markets
Level 2: Fair values determined, either directly or indirectly, using other observable inputs other than Level 1
Level 3: Fair values measured using valuation techniques, including inputs not based on observable market data

In the event multiple inputs that have a significant impact on fair value measurement are used, the fair value measurement is categorized in its entirety into the same level of the fair value hierarchy as the lowest level input.

(1) Financial instruments measured at fair value

(¥ millions)

	Fair value			
	Level 1	Level 2	Level 3	Total
Assets:				
Derivative assets (Note 1)	–	2,985	–	2,985
Shares (Note 2)	28,974	–	29,418	58,392
Other	–	79	3,197	3,276
Total	28,974	3,064	32,615	64,653
Liabilities:				
Derivative liabilities (Note 1)	–	1,454	6,184	7,638
Other	–	–	17,400	17,400
Total	–	1,454	23,584	25,037

Notes: 1. The fair value of derivatives is based on prices determined by counterparty financial institutions and other parties calculated from market data, such as exchange rates and interest rates.

2. The fair value of listed shares is determined based on quoted market prices. The fair value of unlisted shares is determined using valuation techniques based on market prices of similar entities.

(2) Financial instruments measured at amortized cost

(¥ millions)

	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term borrowings (Note)	–	–	571,900	571,900
Bonds	–	262,757	–	262,757

Note: Includes the current portion.

The carrying amount of short-term financial assets and liabilities measured at amortized cost approximates their fair value.

Notes on Revenue Recognition

1. Disaggregation of revenue arising from contracts with customers
The following table shows the breakdown of revenue for the current fiscal year. Note that amounts for Kirin Brewery Company, Limited and Coca-Cola Beverages Northeast, Inc. are shown on a non-consolidated basis, while figures for other companies are shown on a consolidated basis.

(¥ millions)

			Amount recorded in the consolidated statement of profit or loss
Alcoholic Beverages			
	Kirin Brewery Company, Limited		657,506
	Lion Pty Ltd		294,612
		Australia and New Zealand	202,880
		North America (mainly craft beer business)	91,732
	Other		129,576
	Total		1,081,694
Non-alcoholic Beverages			
	Kirin Beverage Company, Limited		265,826
	Coca-Cola Beverages Northeast, Inc.		286,906
	Other		12,138
	Total		564,871
Pharmaceuticals			495,295
Health Science			
	FANCL CORPORATION		34,241
	Blackmores Limited		69,133
	Kyowa Hakko Bio Co., Ltd.		47,365
	Other		24,516
	Total		175,256
Others			21,270
Consolidated			2,338,385

2. Basic information for understanding revenue
See “Material Accounting Policies, 4. Accounting policies, (7) Revenue from contracts with customers.”

3. Information for understanding the revenue amounts for the current fiscal year and subsequent fiscal years

(1) Balances of trade receivables and contract liabilities

(¥ millions)

	Amount recorded in the consolidated statement of financial position	
	Beginning balance	Ending balance
Notes and accounts receivable, trade (trade receivables)	425,308	482,994
Contract liabilities	27,706	25,368

(2) Timing of satisfaction of performance obligations

The following table shows the total transaction price which is allocated to residual performance obligations and periods when the revenue is expected to be recognized under agreements and other arrangements related to licensing revenue. The transactions with initial expected remaining periods not exceeding one year are excluded since a practical expedient is applied.

(¥ millions)

	Amount recorded in the consolidated statement of financial position
Due within 1 year	16,260
Between 1 and 2 years	8,962
Between 2 and 3 years	110
More than 3 years	35
Total	25,368

<u>Notes on Per Share Information</u>

1. Equity per share attributable to owners of the Company: ¥1,458.68
2. Basic earnings per share: ¥71.87

<u>Notes on Business Combinations</u>

1. Purchase of shares in Orchard Therapeutics

(1) Overview of the business combination

At a meeting of the Board of Directors held on October 5, 2023, Kyowa Kirin Co., Ltd. (hereinafter referred to as “Kyowa Kirin”), a consolidated subsidiary of the Company, resolved to acquire 100% of the issued shares of the UK-based biopharmaceutical company Orchard Therapeutics plc (Currently Orchard Therapeutics Limited, hereinafter referred to as “Orchard Therapeutics”). The acquisition of all Orchard Therapeutics shares through a Scheme of Arrangement procedure under the UK Companies Act 2006 was completed on January 24, 2024. With this acquisition, Orchard Therapeutics has become a wholly owned subsidiary of Kyowa Kirin.

1) Name and business of the acquiree

Name	Orchard Therapeutics
Business	Development and commercialization of hematopoietic stem cell gene therapy

2) Principal reason for the business combination

This acquisition of shares marks an important step toward the “creation of innovative pharmaceutical products,” which Kyowa Kirin has selected as a materiality issue (key management issue) for the fulfillment of its 2030 Vision. The gene therapy approach pioneered by Orchard Therapeutics harnesses the unique power of a patient’s own genetically modified hematopoietic stem cells (HSCs) to potentially correct the underlying cause of a genetic disease using a single administration. As a leading provider of hematopoietic stem cell gene therapy (HSC-GT), Orchard Therapeutics is steadily building a track record in this field, having already released an HSC-GT product for the treatment of lysosomal disease in Europe. The product was also approved in the United States in March 2024. Kyowa Kirin seeks to combine its strengths in bio-pharmaceuticals with Orchard Therapeutics’s strengths related to cellular gene therapy research to develop pharmaceuticals to meet future unmet needs and create life-changing value.

3) Date of the acquisition

January 24, 2024

4) How the acquirer obtained control of the acquiree and the percentage of voting equity interests acquired

Kyowa Kirin International plc, a consolidated subsidiary of Kyowa Kirin, acquired 100% of the voting shares of Orchard Therapeutics through a share acquisition for cash consideration.

5) Fair value of the consideration for the acquisition

(¥ millions)

Item	Amount
Cash	54,093
Contingent consideration	3,043
Total	57,135

Note: Shareholders will be entitled to receive US$1.00 per ADS for OTL-200 (European product name: Libmeldy/US product name: Lenmeldy), which Orchard Therapeutics has developed for the treatment of children with early-onset metachromatic leukodystrophy (MLD), if the product is approved for manufacture and sale in the US. Therefore, the Company estimated the possibility of obtaining such approval as of the acquisition date and recognized the expected settlement amount of ¥3,043 million as contingent consideration. Subsequently, the approval was obtained on March 18, 2024, and the difference between the fair value at the acquisition date and the expected settlement amount of ¥335 million was recognized in “Other operating expenses” in the consolidated statement of profit or loss.

(2) Assets acquired and liabilities assumed

Assets acquired and liabilities assumed at the acquisition date are as follows:

(¥ millions)

Item	Amount
Non-current assets (Note 1)	35,606
Current assets (Note 2)	13,230
Total assets	48,836
Non-current liabilities	5,021
Current liabilities	20,815
Total liabilities	25,836
Net assets	23,000

Notes: 1. Non-current assets include ¥30,848 million allocated to intangible assets, consisting mainly of ¥17,483 million in marketing rights and ¥13,305 million in in-process research and development.

2. Current assets include cash and cash equivalents of ¥9,099 million.

(3) Goodwill generated by the acquisition

(¥ millions)

Item	Amount
Consideration for the acquisition	57,135
Fair value of identifiable net assets acquired by Kyowa Kirin Group	23,000
Goodwill generated by the acquisition	34,135

Note: The goodwill was primarily based on the value of Orchard Therapeutics' business platform, which is the infrastructure and know-how of the entire value chain ranging from research and development through manufacture and supply chain delivery to patients for HSC-GT, which is not a conventional drug therapy. No amount of goodwill is expected to be deductible for tax purposes.

(4) Reconciliation between the consideration for the acquisition and the net amount paid for the acquisition of the subsidiary's shares

(¥ millions)

Item	Amount
Total consideration for the acquisition	57,135
Cash and cash equivalents held by the acquiree	(9,099)
Net payment for acquisition of the subsidiary's shares	48,196

(5) Acquisition-related expenses

Acquisition-related expenses for the business combination amounted to ¥1,501 million, of which ¥877 million was recorded in "Other operating expenses" in the consolidated statement of profit or loss.

(6) Impact on the Group

Profit or loss that occurred on or after the acquisition date and profit or loss that would have occurred if the acquisition date had been January 1, 2024 (so-called "pro-forma information") are not disclosed due to immateriality.

2. FANCL step acquisition

(1) Overview of the business combination

On September 19, 2024, the Company acquired an additional 42.72% of voting rights in FANCL Corporation (hereinafter referred to as "FANCL") through a tender offer. As a result, combined with its previously held interests, the Company now holds 75.24% of voting rights in FANCL, and obtained control.

1) Name and business of the acquiree

Name	FANCL Corporation
Business	R&D, manufacturing and sale of cosmetics and health food

2) Principal reason for the business combination

Through this share acquisition, the Company will strive to generate a variety of synergy effects that far exceed the current framework of the capital and business alliance by strengthening mutual utilization of management resources as described below and deepening joint research.

- FANCL's strengths in its ability to connect with and understand consumers and in its technology for commercializing products by utilizing consumer feedback in research and development; and
- Kirin Holdings' strengths in its health food business base in the Asia-Pacific region, which it obtained in FY2023 through the acquisition of Blackmores Limited, an

Australian company involved in the health food (natural health) business, and its ability to develop and manufacture high value-added ingredients through fermentation and biotechnology

With FANCL as a core operating company of the Kirin Group's health science business, the two companies will work closely together to promote the business in order to grow it into one of the largest health science companies in the Asia-Pacific region, contributing to solving health issues for more customers in both the cosmetics and health food businesses.

3) Date of the acquisition
September 19, 2024

4) How the acquirer obtained control of the acquiree
Acquisition of shares for cash consideration

5) Percentage of voting rights acquired
Percentage of voting rights before acquisition: 32.52%
Percentage of voting rights after acquisition: 75.24% (after accounting for diluted shares)

6) Breakdown of consideration

Fair value of the acquiree's shares previously held as of the acquisition date	¥110,713 million
Cash consideration for additional shares acquired	¥145,451 million
Total consideration	¥256,164 million

As a result of remeasurement of the Company's previously held interests in FANCL at the fair value as of the acquisition date, ¥18,265 million of loss on step acquisition was recognized in "Other operating expenses" in the consolidated statement of profit or loss.

(2) Assets acquired and liabilities assumed

(¥ millions)

Item	Amount
Current assets	59,336
Non-current assets (Note 1)	297,483
Total assets	356,819
Current liabilities	17,679
Non-current liabilities	82,531
Total liabilities	100,210
Net assets	256,609
Non-controlling interests (Note 2)	62,945

Notes: 1. Non-current assets include intangible assets that were identified through the provisional accounting for business combinations and measured based on assumptions about variables such as future forecasts of company-wide sales growth, royalty rates, sales growth from member customers, and sales decline rates for existing customers. The amount of the intangible assets is ¥242,524 million, consisting of ¥134,075 million in trademarks and ¥108,449 million in customer relationships. The estimated useful lives of customer relationships are 20-41 years, and trademarks are classified as intangible assets with indefinite useful lives.

2. Non-controlling interests are measured as the non-controlling shareholders' proportionate share of the recognized amount of the acquiree's identifiable net assets, plus the portion corresponding to the share options.

(3) Goodwill generated by the acquisition

(¥ millions)

Item	Amount
Consideration for the acquisition	256,164
Fair value of identifiable net assets acquired by the Group	193,664
Goodwill generated by the acquisition	62,500

Note: The amount of goodwill generated was accounted for on a provisional basis because the recognition of identifiable assets and liabilities as of the date of the business combination was still in progress and the allocation of the acquisition cost was not yet finalized as of December 31, 2024. Goodwill represents the excess earning power expected from future business development. No amount of goodwill is expected to be deductible for tax purposes.

(4) Reconciliation between the consideration for the acquisition and the net amount paid for the acquisition of the subsidiary's shares

(¥ millions)

Item	Amount
Consideration for the acquisition	256,164
Fair value of the acquiree's shares previously held as of the acquisition date	110,713
Cash and cash equivalents held by the acquiree	33,816
Net payment for acquisition of the subsidiary's shares	111,635

(5) Acquisition-related expenses

Acquisition-related expenses relating to the business combination is ¥2,550 million. Of this amount, ¥2,448 million is recorded in "Other operating expenses" in the consolidated statement of profit or loss.

(6) Impact on the Group

FANCL generated revenue of ¥34,480 million and profit of ¥1,161 million in the fiscal year ended December 31, 2024 since the acquisition date. Assuming the business combination had been performed at the beginning of the current fiscal year, revenue and profit for the fiscal year ended December 31, 2024 would have been ¥2,418,051 million and ¥59,833 million, respectively (pro-forma information). This pro-forma information has not been audited.

Regarding the fractional shares resulting from a reverse stock split that took effect on December 20, 2024, the sale to the Company has not been completed as of December 31, 2024. Therefore, the Company's ownership interest in FANCL is accounted for as 75.62%.

STATEMENT OF CHANGES IN NET ASSETS

(From January 1, 2024 to December 31, 2024)

(¥ millions)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	General reserve	Retained earnings carried forward	Total retained earnings
Balance at January 1, 2024	102,046	81,412	3	81,415	25,511	506,368	499,126	1,031,005
Changes of items during the period								
Dividends from surplus							(29,560)	(29,560)
Dividends from surplus (interim dividends)							(28,756)	(28,756)
Net loss							(344,908)	(344,908)
Acquisition of treasury shares								
Disposal of treasury shares			12	12				
Net changes of items other than shareholders' equity								
Total changes of items during the period	–	–	12	12	–	–	(403,224)	(403,224)
Balance at December 31, 2024	102,046	81,412	15	81,427	25,511	506,368	95,902	627,781

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Net unrealized gains on securities	Total valuation and translation adjustments	
Balance at January 1, 2024	(250,501)	963,965	275	275	964,241
Changes of items during the					
Dividends from surplus		(29,560)			(29,560)
Dividends from surplus (interim dividends)		(28,756)			(28,756)
Net loss		(344,908)			(344,908)
Acquisition of treasury shares	(65)	(65)			(65)
Disposal of treasury shares	297	309			309
Net changes of items other than shareholders' equity			633	633	633
Total changes of items during the period	231	(402,981)	633	633	(402,348)
Balance at December 31, 2024	(250,270)	560,984	908	908	561,893

*Amounts are rounded to the nearest ¥1 million.

Notes to Financial Statements

Material Accounting Policies

1. Measurement of assets

(1) Measurement of securities

(a) Shares of subsidiaries and affiliates are stated at cost determined by the moving-average method.

(b) Available-for-sale securities

1) Available-for-sale securities with market value are stated at fair value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using the moving-average method.

2) Available-for-sale securities without market value are stated at the moving-average cost.

(2) Derivative financial instruments

Derivative financial instruments are stated at fair value.

2. Property, plant and equipment and intangible assets

(1) Property, plant and equipment (excluding leased assets) are stated at cost net of accumulated depreciation and accumulated loss from impairment. Depreciation of property, plant and equipment (excluding leased assets) is calculated using the straight-line method.

(2) Amortization of intangible assets (excluding leased assets) is calculated using the straight-line method.

Amortization of software for internal use is calculated using the straight-line method based on the estimated useful life, which is 10 years or less. Goodwill is amortized evenly over the period for which it is expected to have an effect (10 years).

(3) Depreciation of leased assets pertaining to finance lease transactions without transfer of ownership is calculated using the straight-line method with the lease term as the useful life and residual value at zero.

3. Allowances and reserves

(1) Allowance for doubtful accounts

The Company provides an allowance for doubtful accounts in an amount sufficient to cover probable losses on collection. The allowance for doubtful accounts consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historic percentage of collection losses with respect to general receivables.

(2) Allowance for employees' bonuses

The Company provides an allowance for employees' bonuses based on the estimated amounts payable.

(3) Allowance for bonuses for directors and corporate auditors

The Company provides an allowance for bonuses for directors and corporate auditors based on the estimated amounts payable.

(4) Reserve for retirement benefits

The Company provides an allowance for employees' pension and retirement benefits based on the estimated amounts of projected retirement benefit obligations at the end of the fiscal year. In calculating retirement benefit obligations, the benefit formula is used for attributing expected retirement benefits to periods up to the end of the fiscal year. Past service costs are amortized by the straight-line method over a certain number of years (13 years) within the average remaining years of service at the time they are incurred. Actuarial gains and losses are amortized by the straight-line method over a certain number of years (13 years) within the average remaining years of service at the time they are incurred, beginning from the following fiscal year.

4. Recognition criteria for revenue and expenses

The Company has adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021). The Company recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company's revenue consists primarily of management service fees from subsidiaries and dividend income. The performance obligation for the management service is to provide a commissioned service, and the Company therefore recognizes revenue when the service is provided and thus the associated performance obligation is satisfied. For dividend income, revenue is recognized on the date such dividend becomes effective.

5. Other material matters serving as the basis for the preparation of financial statements

(1) Hedge accounting

The Company adopts deferred hedge accounting in principle. However, if certain hedging criteria are met, some items are translated at the corresponding rate for foreign exchange contracts, and interest rate swaps are accounted for using a special accounting treatment.

(2) Application of the group tax sharing system

The Company applies the group tax sharing system.

Notes on Accounting Estimates

Among the items whose values were recorded in the financial statements for the current fiscal year based on accounting estimates, items that may have a significant impact on the financial statements for subsequent fiscal years are as follows:

(Valuation of shares of subsidiaries and affiliates without market values)

1. Amounts recorded in the financial statements for the current fiscal year

Shares of subsidiaries:	¥1,066,923 million
Shares of affiliates:	¥135,435 million

2. Details of accounting estimates

The carrying amount of shares of subsidiaries and affiliates without market values is stated at cost. However, in cases where the substantive value of the shares declines significantly due to deterioration in the financial condition of the issuer, such shares are subject to the recognition of a valuation loss, unless there is sufficient evidence to support recoverability. The substantive value of shares acquired at an amount reflecting excess earning power and other factors, is calculated by adding the estimated value of the excess earning power and other adjustments, to the net assets of the issuer.

The business plan on which the substantive value is based may be affected by the results of future changes in uncertain economic conditions. In the event that future performance is significantly lower than the business plan, the valuation results of the shares of subsidiaries and affiliates may differ from the estimates, which may have a material impact on the carrying amount of the shares of subsidiaries and affiliates in the financial statements for subsequent fiscal years.

In the current fiscal year, a review of the business plan of Lion Pty Ltd, a consolidated subsidiary of the Company, indicated a significant decline in the substantive value of the subsidiary, including its excess earning power. As a result, the Company recognized loss on valuation of shares of subsidiaries and affiliates of ¥394,019 million in special expenses.

Notes to the Balance Sheet

1. Monetary debts due from and to subsidiaries and affiliates

Short-term monetary debts due from subsidiaries and affiliates	¥306,947 million
Long-term monetary debts due from subsidiaries and affiliates	¥57,480 million
Short-term monetary debts due to subsidiaries and affiliates	¥374,019 million
Long-term monetary debts due to subsidiaries and affiliates	¥848 million

2. Accumulated depreciation of property, plant and equipment ¥20,279 million

(Note) The accumulated depreciation above includes accumulated impairment losses on property, plant and equipment.

3. Contingent liabilities

Guarantees for loans from banks and others of subsidiaries and affiliates	¥1,033 million
Guarantees for employee loans from banks and others	¥49 million
Total	¥1,082 million

Notes to the Statement of Income

Transactions with subsidiaries and affiliates (excluding those separately presented)

Operating revenue	¥69,281 million
Operating expenses	¥9,871 million
Transactions other than operating transactions	¥17,943 million

Notes to the Statement of Changes in Net Assets

Type of treasury shares	Common stock
Number of shares at January 1, 2024	104,126,200 shares
Increase in number of shares during the year ended December 31, 2024 (Note 1)	29,980 shares
Decrease in number of shares during the year ended December 31, 2024 (Note 2)	150,542 shares
Number of shares at December 31, 2024 (Note 3)	104,005,638 shares

Notes:
1. Increase in the number of shares was due to purchases of 29,980 fractional shares.
2. Decrease in the number of shares was due to sale of 889 fractional shares and disposal of 149,653 shares held in the Board Incentive Plan (BIP) Trust.
3. Number of shares at December 31, 2024 includes 1,761,412 shares held in the BIP Trust.

Notes on Deferred Income Taxes

1. Major components of deferred tax assets

Shares and other investments in capital of subsidiaries and affiliates	¥191,419 million
Unused tax losses	¥8,457 million
Other	¥33,992 million
Subtotal	¥233,868 million
Valuation allowance related to unused tax losses	¥(8,457) million
Valuation allowance related to total deductible temporary differences	¥(213,345) million
Subtotal	¥(221,802) million
Total deferred tax assets	¥12,066 million

2. Major components of deferred tax liabilities

Net unrealized gains on securities	¥(277) million
Other	¥(348) million
Total deferred tax liabilities	¥(625) million

3. Accounting for national and local income taxes, and tax effect accounting related to those taxes
The Company applies the group tax sharing system. The Company accounts for and discloses national and local income taxes and tax effect accounting related to those taxes in accordance with the Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System (ASBJ PITF No. 42, August 12, 2021).

Notes on Transactions with Related Parties

Type	Company name	Ratio of voting rights held by the Company	Relationship with the Company	
			Directors and corporate auditors	Business relationship
Subsidiary	Kirin Brewery Company, Limited	Owned directly 100%	–	Lending and borrowing of funds Consignment of management services Secondment of employees
Subsidiary	Mercian Corporation	Owned directly 100%	–	Lending and borrowing of funds
Subsidiary	Kyowa Hakko Bio Co., Ltd.	Owned directly 100%	Concurrent 1	Lending and borrowing of funds
Subsidiary	Thai Kyowa Biotechnologies Co., Ltd.	Owned indirectly 100%	–	Lending and borrowing of funds
Subsidiary	Kyowa Kirin Co., Ltd.	Owned directly 55%	Concurrent 2	Lending and borrowing of funds
Subsidiary	Coca-Cola Beverages Northeast, Inc.	Owned directly 100%	–	Lending and borrowing of funds

Subsidiary	Kirin Holdings Singapore Inc.	Owned directly 100%	–	Lending and borrowing of funds
Subsidiary	Four Roses Distillery, LLC	Owned indirectly 100%	–	Lending and borrowing of funds

Type	Company name	Transaction details	Transaction amount (¥ millions)	Item	Balance at end of year (¥ millions)
Subsidiary	Kirin Brewery Company, Limited	Lending of funds (Notes 1 and 2)	132,702	Short-term loans receivable	140,031
		Management service fees (Note 4)	49,994	Accrued income	5,590
		Settlement of personnel expenses of employees seconded out (Note 5)	14,430	Advances paid	2,258
Subsidiary	Mercian Corporation	Lending of funds (Notes 1 and 2)	26,855	Short-term loans receivable	24,657
Subsidiary	Kyowa Hakko Bio Co., Ltd.	Lending of funds (Notes 1 and 2)	61,251	Short-term loans receivable	44,686
				Other under Investments and other assets (Note 6)	19,226
Subsidiary	Thai Kyowa Biotechnologies Co., Ltd.	Lending of funds (Notes 1 and 2)	20,575	Other under Investments and other assets (Note 6)	22,609
Subsidiary	Kyowa Kirin Co., Ltd.	Borrowing of funds (Notes 1 and 3)	285,775	Short-term loans payable	218,089
Subsidiary	Coca-Cola Beverages Northeast, Inc.	Borrowing of funds (Notes 1 and 3)	20,769	Short-term loans payable	36,422
Subsidiary	Kirin Holdings Singapore Inc.	Borrowing of funds (Notes 1 and 3)	28,014	Short-term loans payable	60,382
		Payment of interest (Note 3)	9,090	Accrued interest expenses	203
Subsidiary	Four Roses Distillery, LLC	Lending of funds (Notes 1 and 2)	16,101	Short-term loans receivable	18,495

Conditions of transactions and policy regarding determination of conditions of transactions
Notes:

1. As these lending and borrowing of funds are recurring transactions, amounts are based on average outstanding balances during the fiscal year.
2. Interest rates of loans receivable are determined based on market interest rates.
3. Interest rates of loans payable are determined based on market interest rates.
4. Management service fees are determined upon mutual discussion taking into account the content of the services.
5. This item represents advance payments for personnel expenses of employees seconded to subsidiaries.

6. An allowance for doubtful accounts is provided in the same amount.
7. Transaction amounts above do not include foreign exchange gain or loss. Transaction amounts do not include consumption taxes.

Notes on Per Share Information

1. Net assets per share:	¥693.70
2. Net loss per share:	¥(425.84)