

KIRIN



Kirin Group Status of Dialogue with Capital Markets

February 14, 2025
Kirin Holdings Company, Limited



Enhancing Corporate Value

Joy brings us together



Toward Achieving Long-Term Business Plan (KV2027)

Joy brings us together



Six of the nine years of the Long-Term Management Vision period have passed, and we will climb the mountain we have identified to achieve KV2027 in the final three years

- In the 2022 Medium-Term Business Plan period, the business infrastructure of the Health Science Business has been established
- Aiming high by strengthening our proactive approach to achieve KV2027 in the Alcoholic Beverages, Non-alcoholic Beverages, Pharmaceuticals, and Health Sciences business portfolios

The past six years have seen significant changes in the Group's internal and external environment.

Kirin Group Vision 2027 (KV2027)

A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals

Capital and Business Alliance with FANCL

Sale of China Resources Kirin Beverages

Withdrawal from Myanmar business

Acquisition of Blackmores

FANCL become a wholly-owned subsidiary

Amino Acid Business scheduled to be sold

Aim to obtain KHK4083 approval

Widespread of COVID-19

Soaring raw material costs

Rising geopolitical risks

2019-2021

2022-2024

2025-2027

2019

2020

2021

2022

2023

2024

2025

2026

2027

Drive management to enhance corporate value

Challenge

Our Price/Book value ratio is well over 1,
but there is a gap between the corporate value we are aiming for

Enforce Initiatives to Enhance Corporate Value



Alcoholic & Non-Alcoholic Beverages Businesses

Steadily Improve unit price and
increase productivity



Pharmaceuticals Business

Expansion of development
pipeline driving
medium- to long-term growth



Health Science Business

Focus on business expansion
and profitability in Japan and
Asia-Pacific



Business Portfolio

Evolve constantly to the optimal state



**Contributions from growing domains in addition to existing domains are
essential for improving corporate value in the medium to long term**

Enhance corporate value by interacting with the capital market

- ▶ Continue the dialog with the capital markets, and reaffirm the commitment to achieve positive results for shareholders as soon as possible

TSR (Total Shareholder Return)

Our TSR over the past 3 years outperforms major domestic and international food sector companies, but our corporate value has not enhanced and is not sufficient



Future Growth Potential of Health Science Business

Capital market expect us to deliver on our Health Science Business growth strategy and Normalized OP targets

Health Science Business
Normalized OP target for FY2027

18.0-20.0
billion yen

Most of the future growth will come from sales growth, but how confident are you?



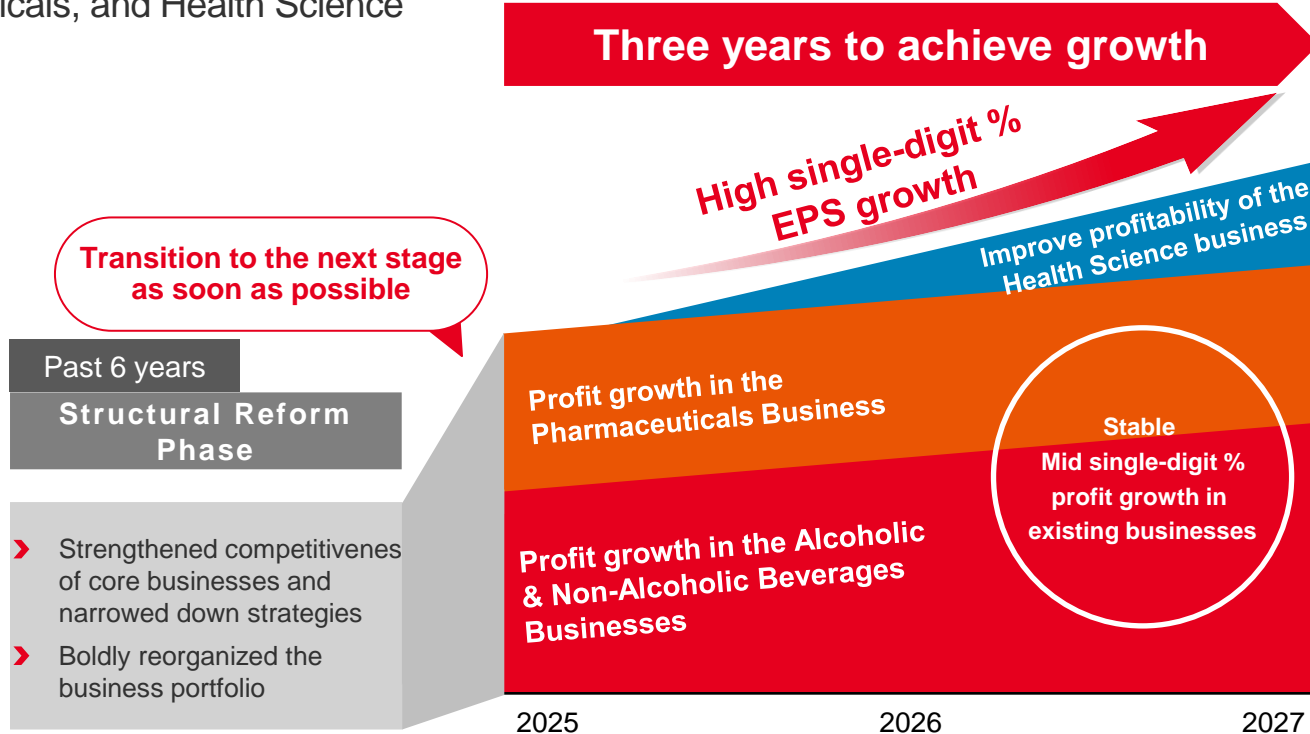
I would like more excitement for future growth



Top priority is to enhance corporate value by fulfilling our promises



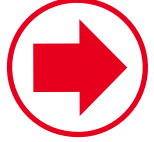






Growth curve for the next 3 years

- Quickly transition from the structural reform phase to the **"Growth Achievement Stage"**
- Ensure a high EPS growth rate driven by our business portfolio of Alcoholic Beverages, Non-Alcoholic Beverages, Pharmaceuticals, and Health Science



Develop a business portfolio to prepare for uncertainty

- Achieve EPS growth in each area by developing a business portfolio that takes into account the uncertainties and geopolitical risks

<p>Japan</p>  <p>EPS Composition 33%</p>	<p>Achieve value creation with FANCL in addition to stable growth of Alcoholic Beverages Business, etc.</p> 	 <p>Stable EPS growth</p>	<p>Alcoholic & Non-Alcoholic Beverages Businesses</p> <p>Health Science Business</p>	<p>Increase unit price through brand enhancement despite a shrinking market</p> <p>Strengthen inner and outer approaches to health challenges and FANCL business integration</p>
<p>APAC</p>  <p>EPS Composition 30%</p>	<p>Achieve growth through structural reform of Alcoholic Beverages Business and by leveraging Blackmores' brand power. Enhance presence within the Group while also planting the seeds for future value creation.</p> 	 <p>Drive EPS growth</p>	<p>Alcoholic & Non-Alcoholic Beverages Businesses</p> <p>Health Science Business</p>	<p>Strengthen brands and improve profit structure</p> <p>Grow the Blackmores brand and expand FANCL</p>
<p>US, etc.</p>  <p>EPS Composition 37%</p>	<p>Growth in the Alcoholic Beverages & Non-Alcoholic Beverages Businesses due to its stable economic environment. Growth driven by the Pharmaceuticals Business.</p> 	 <p>Drive EPS growth</p>	<p>Alcoholic & Non-Alcoholic Beverages Businesses</p> <p>Pharmaceuticals Business</p>	<p>Contribute stable profit from strong brands</p> <p>Continue to grow global strategic products</p>



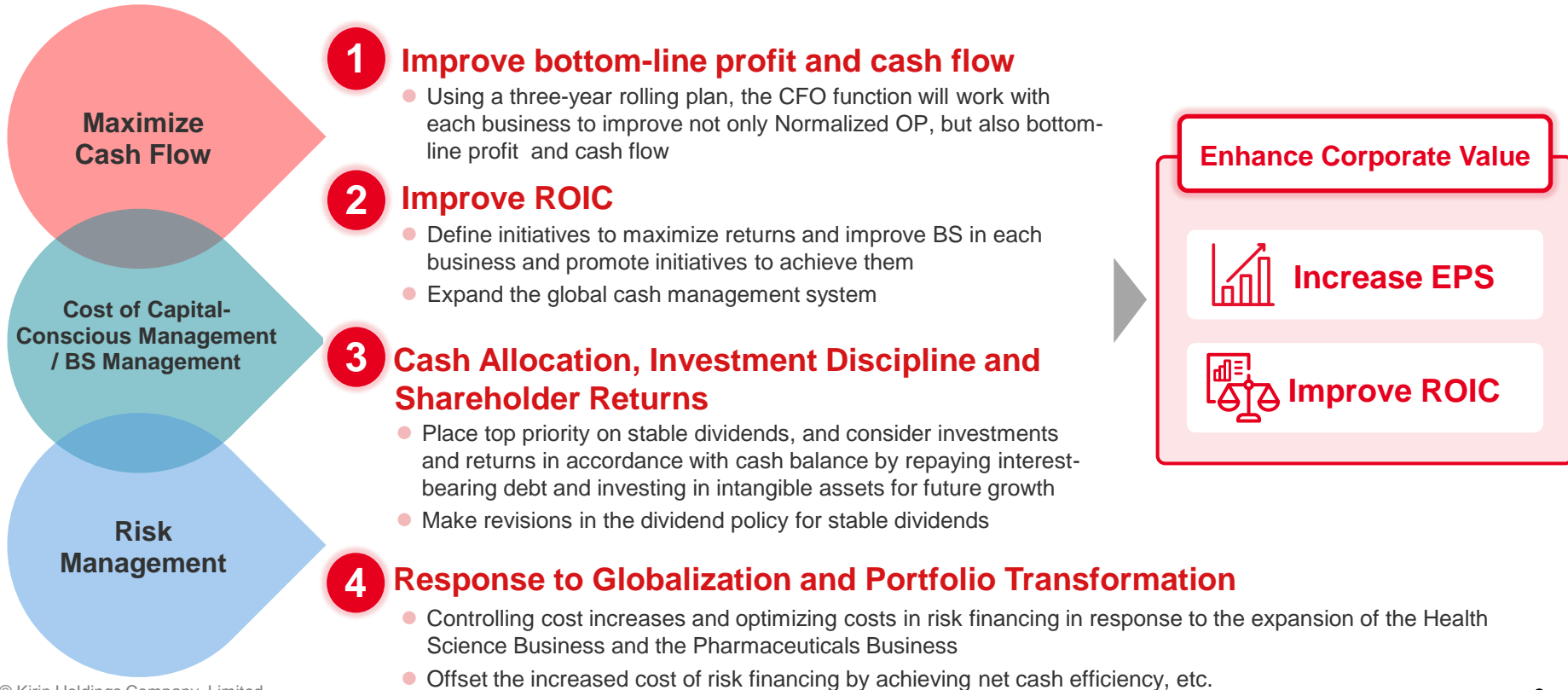
To Achieve Management with Cost of Capital Consciousness

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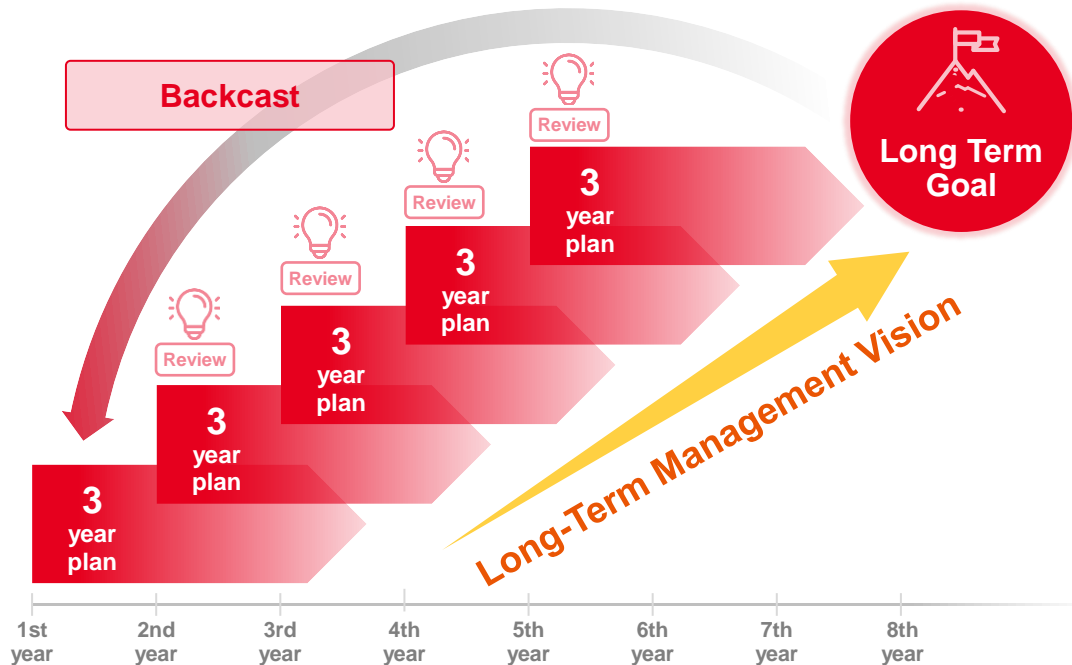


Further pursue a management that focuses on capital efficiency and shareholder value

- ▶ The concept of the financial strategy will not change significantly, but will be refined as a financial strategy to achieve growth and increase corporate value



Transition to a three-year rolling plan



- › The CFO function and businesses will work to improve bottom-line profit and cash flow by creating a 9-10 years financial model (BS, PL, CF) for each business
- › Implement cash allocation from short-, medium-, and long-term perspective through business portfolio management

Implement plans that flexibly respond to changes in the environment and ensure growth achievement

- In the 2022-2024 MTBP*, growth rate was limited to 3% due to increased costs for raw materials, fuels, and deteriorating profitability of the amino acid business, as well as increased investment in marketing and R&D expenses.
- Achieve high single-digit EPS growth rate in the short to medium and long term through continued unit price improvement and cost management initiatives, while continuing to make investments to strengthen competitiveness.

Financial Targets		Results	FY2025 Forecast	FY2027 Target	Long-term goal
EPS	Set at non-Normalized "EPS" to show more substantial "earning power" ^{**}	CAGR of Normalized EPS for the past 3 years 3% (156 yen → 172 yen)	185 yen (+8%)	3-year CAGR high single-digit % (6%+)	CAGR high single-digit %
ROIC	Aim for ROIC to continuously exceed cost of capital (WACC) ^{***}	FY2024 4.1%	7.2%	9.0%	10%+

* Medium-term Business Plan

** The actual results used as a reference when comparing EPS growth rates should be compared to recurring EPS, so Normalized EPS is used.

*** The Group's current cost of capital (WACC) is approximately 6%

2 Improve ROIC

- Promote initiatives to achieve ROIC improvement through the dual efforts of increasing returns in each business and improving BS

Increase returns for each business



Top-line growth through revenue management

- Achieve unit price improvement and price revision implementation while providing products and services that meet the needs of consumers and patients



Disciplined cost management

- Benchmark comparisons in the Group's internal and external to optimize investment enhancements and cost reductions

Improve Balance Sheet



Alcoholic & Non-Alcoholic Beverages Businesses

- Reduce total SKUs by reviewing product lineup
- Implement a CCC improvement plan appropriate for the business
- Optimize assets through thorough BS management



Health Science Business

- Appropriate CCC for scale expansion
- Liquidate and withdraw from unprofitable businesses



Pharmaceuticals Business

- Continuing structural reforms globally



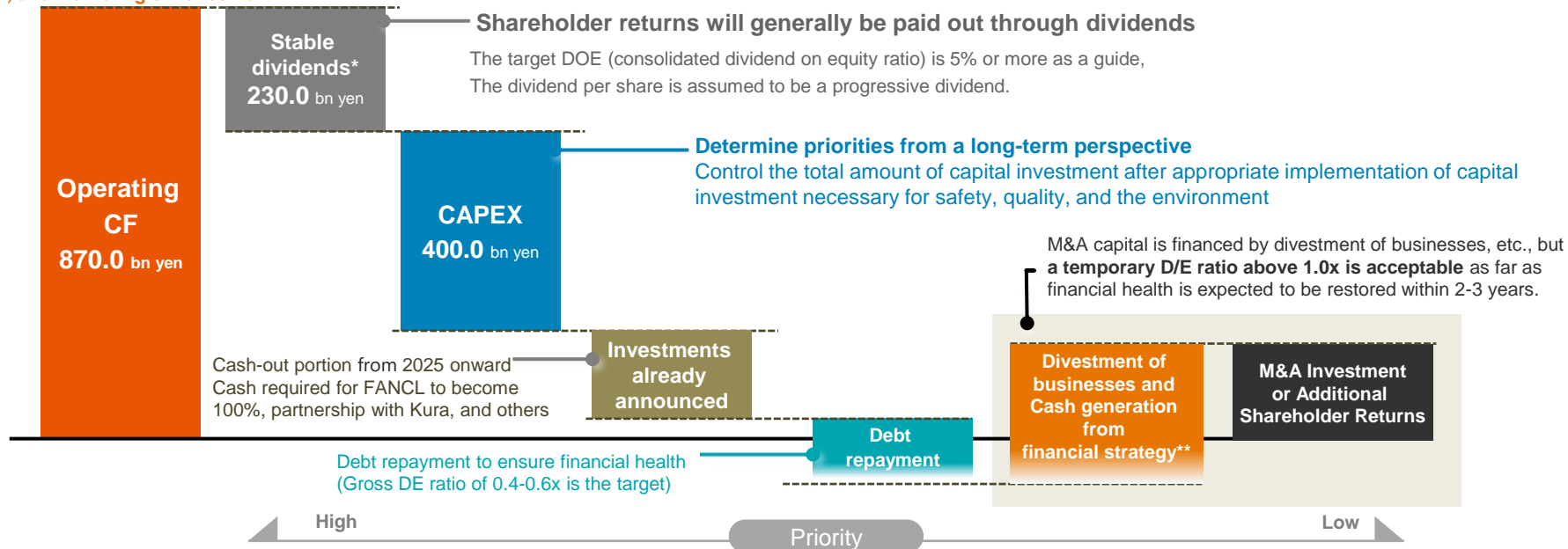
Initiatives through the Business portfolio

- Expand the global cash management system
- Optimize assets by reorganizing the business portfolio

Aim for ROIC
10%

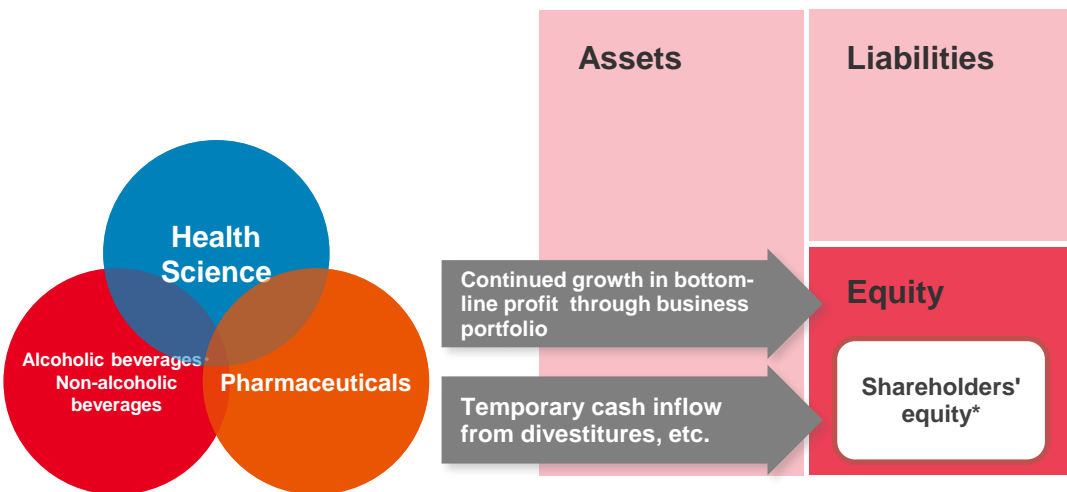
- ▶ Place top priority on stable dividends, and consider investments and shareholder returns in accordance with cash balance while repaying interest-bearing debt and investing in intangible assets for future growth
- ▶ Continue discussions to review the business portfolio
- ▶ Increase priority for M&A investments and additional shareholder returns when financial health is secured

Improve operating CF after investing in human capital, R&D, ICT, and marketing enhancement



3 Cash Allocation, Investment Discipline and Shareholder Returns

- Introduce a progressive dividend in addition to the change from a Consolidated dividend payout ratio of at least 40% on Normalized EPS to a more cost of capital conscious dividend on DOE (consolidated dividend on equity ratio) of at least 5% as a guide



* Shareholders' equity = Total equity - (Reserves + Non-controlling interests)
DOE = Dividends / Shareholders' equity

Future Dividend Policy

- Introduce progressive dividend (progressive dividend per unit**)
- Dividends based on a DOE (consolidated dividend on equity ratio) of at least 5% as a guide
- Be conscious of the cost of capital and pay stable dividends in accordance with the size of the capital
- Raise the guidance DOE ratio when higher-than-expected profit growth is confident for the future.
- Consider share buybacks to improve EPS and optimize capital amount when temporary cash is generated and there is no place to invest

Provide more stable and transparent dividend than the Normalized EPS payout ratio

** In principle, the amount of dividend per share will not be reduced and the amount of dividend will be maintained or increased.

- Controlling cost increases and optimizing costs in risk financing expected to accompany the overseas operations in the Health Science Business and Pharmaceuticals Business
- Aim to reduce cash balance and costs by taking advantage of capital efficiency and tax incentives not only in Japan but also in the US and APAC

Transition of Risk Finance

FY2019-
FY2020

Formed the Global Insurance Program

FY2023-
FY2024

Established the Global Insurance Risk Management PDCA

FY2024
onwards

Introduced Captive Self-Insurance to the Group

FY2025
onwards

Will work to controlling cost increases and optimizing costs in risk financing(e.g., liability risk), in response to the expansion of the Health Science Business and Pharmaceuticals Business

Streamline funds and use of Tax incentives

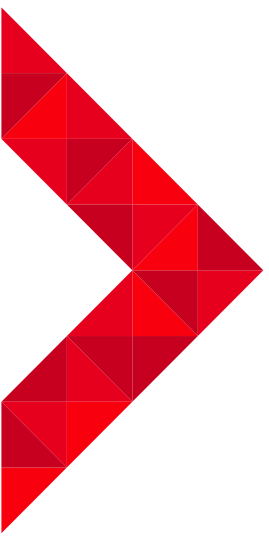
Internal
Change

Growth of Health Science Business in APAC and further expansion of Pharmaceuticals Business in US

Opport
unity

Opportunities for cost synergies and risk reduction in the US and APAC are expanding. Global governance infrastructure (e.g. global cash management system) between Kirin Holdings and each operating company completed, but room for improvement in terms of regional and global optimization

Offset the increased cost of risk financing by improving capital efficiency and reducing costs through stronger financial and tax governance



FY2024

Status of Dialogue with Capital Markets

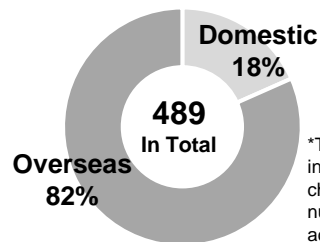
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Status of Dialogue with Shareholders and Investors FY2024 -1-

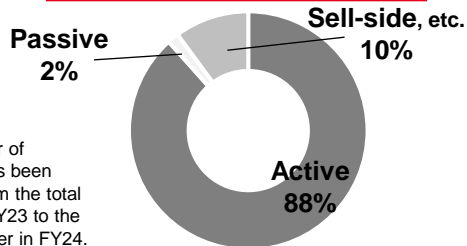
Demographic of Dialogue Counterparts / Kirin's Representative

Domestic / Overseas*

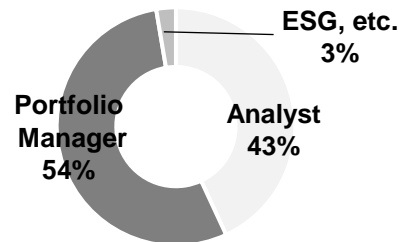


*The number of investors has been changed from the total number in FY23 to the actual number in FY24.

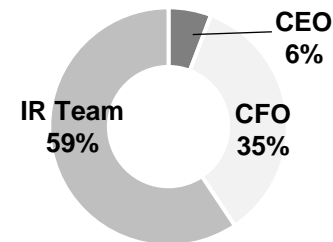
Active / Passive



Buy-side Areas of Responsibility



Kirin's representative



Presentations to Institutional Investors

Period	Event	Detail	Main Speakers
Financial results presentation			
May, November	Financial results presentation (1Q and 3Q)	First and third quarter results	General Manager of Corporate Strategy, General Manager of Financial Strategy
August, February	Financial results presentation (2Q and full-year)	Full-year forecast and initiatives to enhance corporate value	CEO, CFO
IR events such as strategy presentations, etc.			
March	CEO sell-side small meeting	Strategic dialogue between sell-side analysts and the CEO	CEO, CFO, General Manager of Corporate Strategy, General Manager of Financial Strategy
June	Domestic Logistics Seminar -Response to the Logistics 2024 Problem-	Kirin Group Logistics Initiatives of domestic alcoholic and non-alcoholic businesses	Person in charge of logistics for Kirin Beer, Kirin Beverage and Kirin Group Logistics
September	CEO sell-side small meeting	Strategic dialogue between sell-side analysts and the CEO	CEO, CFO, General Manager of Corporate Strategy, General Manager of Financial Strategy
December	KIRIN Investor Day	-Health Science Business Growth Strategy -Human Capital Strategy -Progress on CSV Management	COO, CFO, Director of the Board and Senior Executive Officer of Health Science Strategy, Director of the Board and Senior Executive Vice President, Senior Executive Officer of CSV Strategy

Status of Dialogue with Shareholders and Investors FY2024 -2-

Dialogue Topics with Shareholders and Investors

Examples of dialogue topics with shareholders and investors	Our initiatives (including items incorporated in response to the dialogues)
Enhancement of corporate value, growth strategies for each business domain and the Group's business portfolio	<ul style="list-style-type: none"> Continuously Delivered a presentation on "Enhancing Corporate Value" at the 2Q and full-year financial results announcement. CEO explained TSR (Total Shareholder Return) in full-year financial results and expressed his strong determination to improve corporate value. At KIRIN Investor Day, mid- to long-term growth strategy and operational profit growth guidance for the Health Science Business , which is expected to become profitable as soon as possible were presented. The synergy effects of Kirin, FANCL, and Blackmores after the FANCL integration was also explained. Along with the above, the functional strategies that support the growth of the Health Science Business was also explained
Effectiveness of corporate governance	<ul style="list-style-type: none"> Conducted an interview with Independent Non-executive Directors who gives his assessment of Kirin's governance structure on the integrated report 2024.
Progress on ESG and the relevance of non-financial indicators to corporate value	<ul style="list-style-type: none"> Presented and reported on the progress of CSV management (including ESG) and the economic value created by each initiative at KIRIN Investor Day.

Feedback System to Management

Information is shared in a timely manner with the Board of Directors, members of the management meeting, presidents of affiliated operating companies, and general managers of each division, etc., and reflected in the management strategy.

Contents	Frequency	Reporting Method
Feedback from investors/analysts (requires immediate attention)	Whenever necessary	Directly or by e-mail, etc.
Feedback from investors/analysts (reaction and evaluation of financial results)	Same day of the announcement	E-mail
Feedback from investors/analysts (comments made during dialogue)	Monthly and quarterly	Monthly by e-mail, quarterly in the board meeting
Report on IR strategy, annual plan and progress	Quarterly	Board meeting

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