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INTEGRATED REPORT

2024



For the period ended December 2023



## Editorial Policy

The Kirin Group Vision 2027 (KV2027) sets the Long-Term Management Vision for the Group to become a global leader in CSV, creating value across our world of Food & Beverages and Pharmaceuticals domains. We hope this report will help readers understand how we are using our strengths in fermentation and biotechnology that have been cultivated through our beer business since its foundation, to create value in the Food & Beverages, Pharmaceuticals, and Health Science domains.

### ► Coverage

Kirin Holdings Company and the Kirin Group companies

### ► Period

Period covered is fiscal 2023 (January 1, 2023 to December 31, 2023). Certain activities occurred in fiscal 2024.

### ► Contact

Kirin Holdings, Corporate Communications Department

### ► Referenced Guidelines

The integrated report was prepared with reference to the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of the Ministry of Economy, Trade and Industry.

### Cautionary statement regarding forward-looking statements

Statements in this report that are not historical facts are forward-looking statements based on plans and expectations for the future. Accordingly, these forward-looking statements are subject to risks, uncertainties, and other unpredictable factors, and may differ considerably from actual results, business performance, and other future events. In addition, forecasts of fiscal 2024 financial results were decided as of the disclosure of financial results on February 14, 2024.

## Publications Available on Kirin's Global Website

### Environmental Report (Publication every June)

The report details the Kirin Group's annual environmental activities as well as unique business-driven initiatives. It presents the Kirin Group's annual environmental activities and how it makes use of the unique characteristics of its businesses in environmental initiatives. [https://www.kirinholdings.com/en/investors/library/env\\_report/](https://www.kirinholdings.com/en/investors/library/env_report/)

### Consolidated Financial Statements (Publication every March 31)

Compiled in accordance with Article 24-1 of the Financial Instruments and Exchange Act of Japan, the report includes Kirin Holding's financial statements along with an overview of its recent performance, business results, facilities, and operations. [https://www.kirinholdings.com/en/investors/library/financial\\_results/](https://www.kirinholdings.com/en/investors/library/financial_results/)

### Corporate Governance Report (Publication Every April)

The report provides information on the Group's approach to and system of corporate governance, maintained in compliance with the Corporate Governance Code of Japan. [https://www.kirinholdings.com/en/purpose/files/pdf/governance\\_report.pdf](https://www.kirinholdings.com/en/purpose/files/pdf/governance_report.pdf)

### 2022-2024 Medium-Term Business Plan webpage (Published in February 2022)

The webpage features the 2022–2024 Medium-Term Business Plan, the Group's first three-year plan focused on realizing the KV2027 long-term management vision. [https://www.kirinholdings.com/en/purpose/management\\_plan/#headline-1615513803](https://www.kirinholdings.com/en/purpose/management_plan/#headline-1615513803)

### ESG Data (Periodically updated)

Kirin Holdings presents environment, society, and governance (ESG) data for recent years at the following website. <https://www.kirinholdings.com/en/investors/esg/esg/>

### Data Book (Periodically updated)

The book presents data about the Group's business markets, pharmaceuticals development pipeline, and historical financial data. [https://www.kirinholdings.com/en/investors/library/databook/beer\\_region/](https://www.kirinholdings.com/en/investors/library/databook/beer_region/)

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# Refine CSV Management to Maximize Corporate Value from a Medium- to Long-term Perspective

## Achieved record-high normalized operating profit through CSV-oriented business portfolio management

The year 2023 was also full of many environmental changes. In an unstable international situation with heightened geopolitical risks, soaring raw material and energy costs, global inflation, and significant exchange rate fluctuations are affecting operations. There is also a strong concern about the loss of natural capital and increased risk of disease outbreaks due to climate change. The COVID-19 pandemic has finally subsided, but the pandemic encouraged the diversification of people's consumption behaviors and work styles. Additionally, the rapid evolution of digital ICT (information and communication technology) is significantly changing the way we live and work.

In times of increasing uncertainty, the Kirin Group has set Creating Shared Value (CSV) as the compass of its management. We aim to maximize corporate value through CSV management, in which we use the Group's strengths to solve society's issues and at the same time create economic value as a corporation. In the Long-Term Management Vision, Kirin Group Vision 2027 (KV2027), we declared we would "become a global leader in CSV." We believe that a company should constantly evolve through continuous market creation by innovating in response to social changes and achieve sustainable growth while having a positive impact on society.

Now, regarding business performance, we have achieved our highest-ever normalized operating profit in 2023. We believe this is the result of our unique business portfolio of Alcoholic/Non-alcoholic Beverages, Pharmaceuticals, and Health Science businesses, leveraging our strengths in fermentation and biotechnology, and our flexibility in responding to severe changes in the operating environment.

In particular, Kyowa Kirin, which is responsible for the Pharmaceuticals business, was a major profit driver. Looking back, the Kirin Group entered the Pharmaceuticals business more than 40 years ago with an eye on the future of the domestic alcoholic beverage market, leveraging its strengths in genetic modification, fermentation, and biotechnology. Although not all were in favor of the move at the time, as it was not profitable for about 10 years, the current Kyowa Kirin was formed in 2008 and has grown to become a major contributor to the Kirin Group's business performance. This is the achievement of ambidextrous management, which is developing the Pharmaceutical business as the second pillar of our operations while the Alcoholic/Non-alcoholic Beverages business remains strong. The Pharmaceuticals business is an important business for the Kirin Group that embodies CSV management, as it solves social issues and at the same time creates economic value as a company.

Additionally, the Kirin Group has a history of taking on the challenge of expanding overseas from early on. We invested in what is now Coca-Cola Beverages Northeast more than 40 years ago and in Australia's Lion and the Philippines' San Miguel Brewery about 20 years ago. In addition, the Pharmaceuticals business is also growing overseas. Today, overseas operations account for more than half of the Group's normalized operating profit and EPS (earnings per share), and the Group's globalization is expected to accelerate in the future. We have not limited ourselves to the domestic Alcoholic/Non-alcoholic Beverage business, but have taken on the challenge of diversifying our business and expanding overseas in the past, which is why we have achieved the results we have today.

## Yoshinori Isozaki

Representative Director  
of the Board & CEO  
Kirin Holdings Company, Limited



# CEO Message

CEO Message

### Pursuing an optimal business portfolio that maximizes corporate value

The Kirin Group's Alcoholic/Non-alcoholic Beverages, Pharmaceuticals, and Health Sciences businesses are all at different stages of their business development and play different roles in the short-, medium-, and long-term.

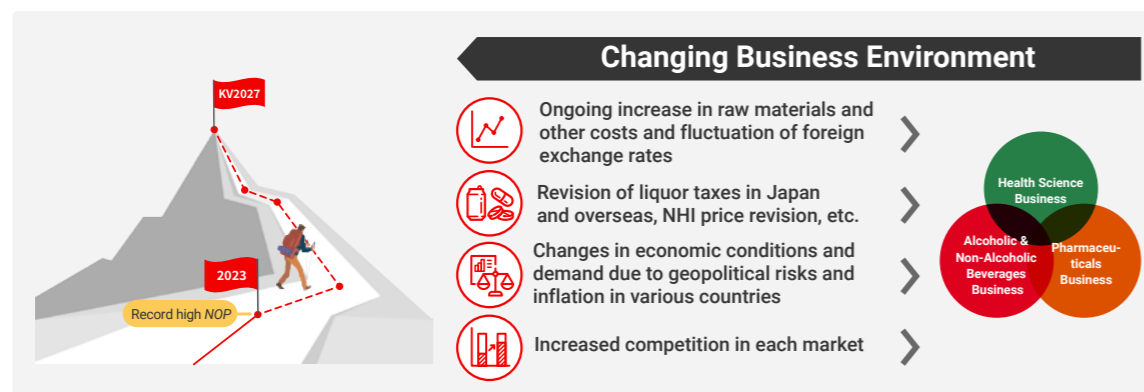
The Alcoholic/Non-alcoholic Beverage business supports the current group management, but since it mainly targets mature markets, we have long predicted that these markets would shrink due to a declining population and changing consumer values. Therefore, we started the Pharmaceuticals business and grew it to what it is now. Looking ahead to the next 10 to 20 years, we believed that nurturing the Health Science business as our third pillar would further ensure the Kirin Group's growth. We solved a big piece of the puzzle when we added Australia's Blackmores to our Group in 2023. With this, we think that we are now better positioned to execute our growth strategy not only in Japan, but also in the Asia-Pacific and other global markets, and to better define our path toward KV2027.

We will pursue an optimal business portfolio that maximizes corporate value by appropriately allocating management resources to each business at different stages. While maintaining financial discipline to achieve an ROIC of 10% or more\* from the perspective of investment efficiency, we will execute M&A investments to achieve our medium- to long-term growth strategy and strengthen organizational capabilities through investments in intangible assets.

\*We will aim for an ROE of approximately 15%

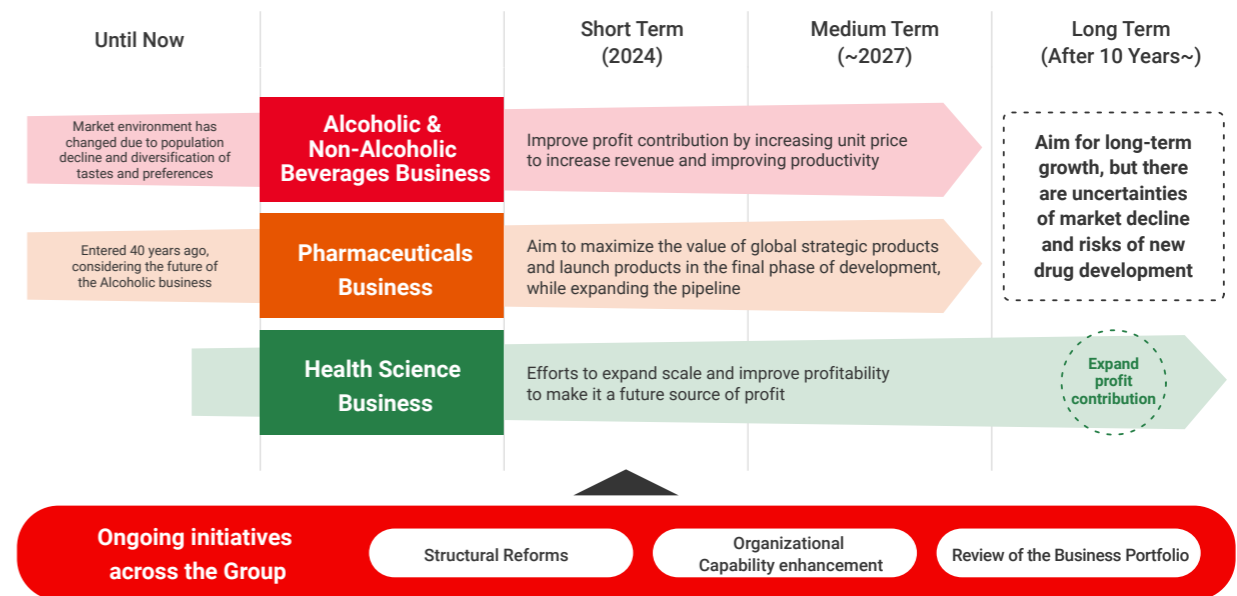


To achieve our Group's growth, investing in the "human capital" which is responsible for implementing strategies is of the utmost importance. The Kirin Group practices "human capital management" and focuses on developing human capital that are highly specialized so that they can respond to changes in the business environment and diverse enough to make the most of different perspectives and values. In particular, we have no time to waste in acquiring human capital that can take charge of DX (digital transformation). Nevertheless, we have been attracting diverse human capital with high expertise not only in the digital field but also in other fields regardless of nationality, motivated by their empathy with the Kirin Group's CSV management. I am convinced that our decision to adopt CSV management in 2013 and to continue it for more than 10 years has not been a mistake.



**The business environment will continue to change rapidly**  
 We will leverage the Group's organizational capabilities and assets to enhance corporate value from both short- and medium- to long-term perspectives

### Business portfolio approach in the short, medium, and long term



### Shifting to a new management structure and enhancing execution

I served as Kirin Holdings' representative director of the board, president & CEO for nine years since 2015, but we have shifted to a new management structure. Mr. Takeshi Minakata has assumed the new position of representative director of the board, president & COO, and I have taken up the role of representative director of the board and CEO. We will work together to further promote CSV management.

As CEO, I will oversee the entire Group with a bird's eye view and will strive to enhance our corporate value. Specifically, I will enhance dialogue with our various stakeholders, including shareholders and investors, and further deepen our relationships with strategic partners to evolve our business portfolio management. As COO, Mr. Minakata will oversee each of the Group's businesses and head office functions, focusing on execution on the ground to refine our businesses and enhance the Group's earning power.

By refining the Kirin Group's CSV management, we will create a cycle that maximizes corporate value not only in the short-term but also in the medium-

and long-term by solving social issues and reinvesting the cash obtained as economic value in further growth. We will strive to maximize corporate value by achieving sustainable growth as a company while contributing to the sustainability of society.

We will continue to meet the expectations of our investors by taking steps to become a global leader in CSV. We look forward to your continued support.





## Takeshi Minakata

Representative Director of the Board  
President & COO  
Kirin Holdings Company, Limited

# Drawing on Experience in Three Domains to Steadily Implement Strategies and Demonstrate Results

## Thoughts on new appointment and my background

I was appointed to the position of president & COO by Mr. Isozaki, who used strong leadership to lead the changes at the Kirin Group. Our Group is operating business in the three domains of Food & Beverages, Pharmaceuticals, and Health Science. In addition to progressing the transformation of the business portfolio, it is also necessary to take on the challenge of changing the business model and creating new value in the Health Science domain, our new pillar, and the existing businesses in the Food & Beverages and Pharmaceuticals domains. With my experience and knowledge in the three domains, I will stand at the forefront and achieve the Long-Term Management Vision, Kirin Group Vision 2027 (KV2027). I will implement CSV management that generates social and economic value and, with a strong determination, will grow our business so that our Group's significance will be recognized globally.

I joined Kirin Brewery Company in 1984. I was first assigned to Toride Brewery, after which I was involved in beer brewing at many breweries, gained experience working abroad at Kirin Europe and Lion, and managed the Japanese Alcoholic Beverages and Non-alcoholic Beverages businesses as general manager of the Corporate Strategy Department.

I acted as the president of Myanmar Brewery Limited from 2016. At the time, the democratization of Myanmar was progressing. Everyone at the worksite was

full of energy, and I experienced the joy of sharing values, upholding a vision, and changing the organizational culture with everyone to grow the business as one team.

From 2018, as president of Kyowa Hakko Bio, I tackled quality issues and organizational revitalization head-on with all of the employees. As the president of the Health Science Business Division, I pushed the growth of the *Lactococcus lactis* strain Plasma [postbiotic] (LC-Plasma) business from 2022. Starting the same year, I made many trips to Blackmores Limited in Australia to make direct negotiations and gain their trust, resulting in the successful acquisition of the company in 2023. Going forward, Kirin Holdings will implement a growth strategy as the company in the Asia-Pacific region with the strongest presence.

Furthermore, as a director at Kyowa Kirin, I was directly involved in a highly specialized business with a managerial perspective, and I supported the growth of Kyowa Kirin as a Global Specialty Pharmaceutical Company.

Upon reflecting on my many years of experience working on production sites, I have realized the importance of going to the *gemba*, or actual worksites, seeing the actual things happening, and knowing the actual situation. This "three-actuals" principle is the core of my management vision.

## Supporting the challenges of employees and creating new innovations

Working in each of the Food & Beverages, Pharmaceuticals, and Health Science domains, I have seen what the strengths of the Kirin Group are. They are the Group's sincere commitment to technology, with the fermentation and biotechnology passed down for over a century at its center; our dedication to the quality, safety, and security that have been inherited throughout our long history, and our ability to deliver alluring products and services to consumers and patients through our marketing capabilities.

The Pharmaceuticals business, to which we applied the fermentation and biotechnology we cultivated in our Alcoholic Beverages business, has become our Group's second pillar since it was started more than 40 years ago. The Health Science business that we are developing as our third pillar was also born from these core technologies.

Additionally, our Group has manufacturing that defies conventions and consumer- and patient-oriented challenges in its DNA. I have witnessed moments in

COO Message

## COO Message

which innovations were created through technical breakthroughs a number of times, such as *KIRIN ICHIBAN*, which is created without using second-pressing wort; *Kirin Nodogoshi Nama*, which is made without malt; *Crysvita*, a representative medicine that creates life-changing value for patients; and LC-Plasma, discovered for the first time ever as a material that activates a leader of the immune cells. The feelings of enjoyment in manufacturing and happiness received from seeing the joy of consumers and patients that come from these innovations are shared throughout all worksites, in all business domains, driving us to take on more challenges.

## What I value

I believe that the key to management is to connect these three elements—strategy, internal processes, and employee mindset and behavior—and implement them. Particularly important of all of these are the mindsets and actions of employees. The *gemba* worksites that make up the value chain are what generate value, and the creation of this value comes down to the execution ability of each individual.

But how does one raise their ability to execute? There is no magic wand. It is all about each employee taking it into their own hands, having high aspirations and passion, thinking on their own, and acting autonomously. The accumulation of these actions will be a great strength. In other words, the employees play the leading role in management, and the ones supporting the company are the worksites.

My creed in promoting organizational operations is to “value the worksites.” The origin of this creed is the thrill and failure I experienced in manufacturing together with my Group colleagues at the many worksites I worked in. I have strived to visit all worksites, regardless of

That being said, I am aware that our Group’s challenges are falling short and that we must aim higher. In the Alcoholic Beverages business, it is imperative that we provide value with higher added value based on a deeper understanding of consumers if we are to survive the shrinking market. We must also further globalize the Pharmaceuticals business and develop its pipeline. As for the Health Science business, it is vital that we are constantly creating new innovations and quickly achieving their profitability. My role is to lead and support each and every one of these businesses so that they grow autonomously and improve their profitability.

whether domestic or overseas, to face each challenge head-on, and to be sincere in tackling them. At this year’s new employee entrance ceremony in Japan, I told all new employees to “Go to the *gemba*.” “*Gemba*” is Japanese for worksite, the front lines. The duty of management is to resolve any obstacles at worksites, if there are any, and to rethink internal processes, as necessary. I will value my gut instinct while seeking out real issues and improve the speed at which I introduce countermeasures.

Even when developing management strategies, we must think from the viewpoints of worksites, consumers, and patients. I feel management issues and hints are especially present at worksites. In this era of information overload, it is difficult to get the information we need if we don’t understand what kind of information is truly necessary. By making our way to worksites to learn the truth, we can understand the gap between reality and our management goals and then establish a strategy to address it. It is this kind of interactive management that I aim to create.

## Becoming a company that contributes to health in various aspects of life

Going forward, the Kirin Group intends to achieve sustainable growth by contributing to people’s health in a variety of ways. We will operate in the three domains of Food & Beverages, Pharmaceuticals, and Health Science, so that we can make contact with our consumers in all aspects of their lives and enhance their quality of life (QOL). Now that we have solidified the direction of this strategy, it is now up to us to execute it and deliver results.

The Alcoholic Beverages and Non-alcoholic Beverages businesses of the Food & Beverages domain bring people together and bring positivity to people’s

hearts and society. The Pharmaceuticals domain provides new medicines and services to bring smiles to those battling illnesses. And in regard to the Health Science business, it is contributing to the building of a foundation of health, such as immunity, and the resolution of individual health issues so that people can avoid getting sick. The Kirin Group will grow as a corporation by providing value only it can provide and contributing to society. It is precisely because we have these three domains that we can realize the CSV management that we are aiming for.

## Issues and challenges facing the Kirin Group

The results of the business portfolio management the Kirin Group implemented in 2023 showed that our businesses achieved record-high profitability. They also clearly revealed the issues we should tackle next.

In the Alcoholic Beverages businesses, such as Kirin Brewery and Lion, we will aim to achieve sustainable growth by promoting the growth and premiumization of focus brands and improving productivity. We still have a ways to go in the important task of improving our brand’s strength, but we have begun to see good signs and to get a good response. Kirin Brewery’s flagship brand, *KIRIN ICHIBAN*, as well as *Kirin Beer Harekaze*, which launched in April, have been very successful. Lion’s brand *Hahn*, a health-conscious brand, has also grown significantly. These results are due to focusing investments on priority brands, and we will continue to strive to nurture strong brands.

Regarding Non-alcoholic Beverages businesses such as Kirin Beverage and Coca-Cola Beverages Northeast, we will revise prices in response to the business environment, promote digitalization, optimize the organizational structure, and take other initiatives to improve profitability.

The Pharmaceuticals business will work toward achieving the continuous growth of global strategic products, such as *Crysvita*, and further developing their pipeline. Additionally, Kyowa Kirin succeeded in acquiring Orchard Therapeutics in January of this year.

In this way, we will put the Health Science business as a new business on a growth trajectory while putting the foundations of existing businesses on a firm footing. We are successfully expanding the LC-Plasma business every year by utilizing it in the foundation of the Group’s business: beverages, yogurt, and supplements. Moreover, the PMI (post-merger integration) of Blackmores, acquired last year, is progressing very well, so we expect it to be a driver of the Group’s growth. The Health Science business is still in its early investment period, and we are aiming to make it profitable as soon as possible.

We will continue to make the most of the Group’s unique business portfolio assets and strengths, which include R&D, quality assurance, marketing, and other head office functions to improve our corporate value.

What supports our growth is human capital. An organization is its people, and human capital is the true origin of value creation and our competitive edge. Just as I believe in the creed I mentioned previously, raising the capabilities and awareness of each and every employee will empower the entire

organization and lead to medium- and long-term growth. As the most important topic of management, we will actively invest in human capital in order to realize the Long-Term Management Vision, Kirin Group Vision 2027 and sustainable growth for the Kirin Group.

One of the keys in human capital management is a leader who can draw out the power of worksites. How do we acquire and develop leaders who can take the initiative in implementing strategies in key positions in the organization and draw out the strengths of members? As COO, it is my role to assess the actual status of the organization, check the degree to which leadership is being demonstrated, and assign the right people to the right positions, either from within the Kirin Group or from outside.

Another essential in organizational management is the promotion of diversity. In my position as director of Kyowa Kirin, which I held until recently, I realized that Kyowa Kirin’s rapid globalization was supported by its management, which had a diverse background and was highly specialized. This is the way the Kirin Group should be, and we will accelerate the creation of a culture in which diversity is a strength in other businesses as well.

My goal is to contribute to society through the Food & Beverages, Pharmaceuticals, and Health Science businesses, and, above all else, I want employees to feel value in and be excited about work because of our unique business portfolio. The innovations that emerge from these businesses will be valued by society, and this will lead to the Group’s sustainable growth. In order to become a true global leader in CSV, I will have deeper dialogue with all stakeholders and quickly reflect essentials in our management while balancing both new and existing businesses and achieving profitable growth.

I will balance both new and existing businesses and realize profitable growth.



Overview of the Kirin Group

# The Kirin Group's Businesses

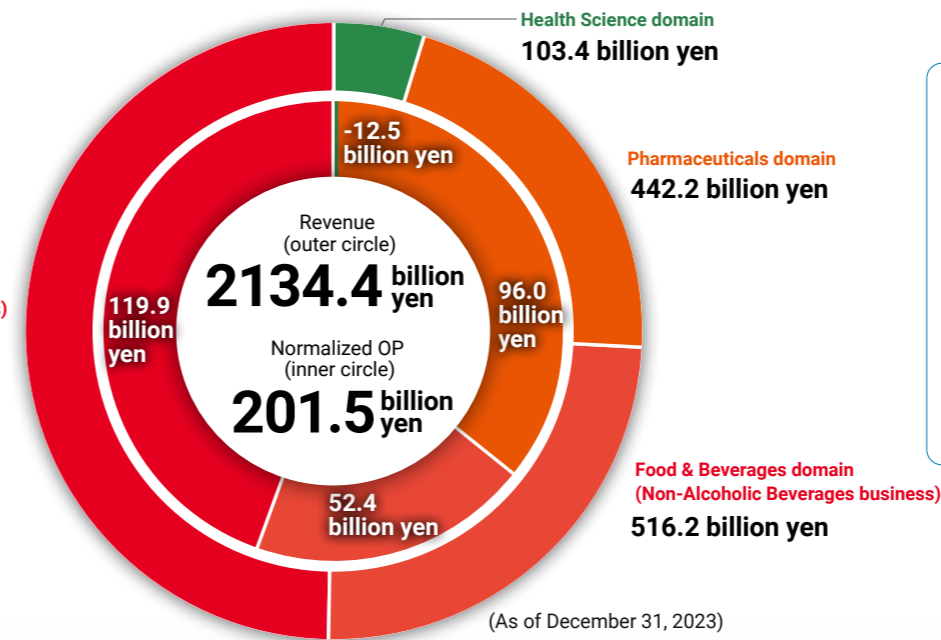
Beginning with the fermentation and biotechnology that the Kirin Group polished through our founding beer business for over a century, we have a globally unique business portfolio that expands the three domains of Food & Beverages, Pharmaceuticals, and Health Science.

**Kirin Holdings Company, Limited**

Head Office: NAKANO CENTRAL PARK SOUTH, 10-2, Nakano 4-chome, Nakano-ku, Tokyo 164-0001, Japan  
 Yoshinori Isozaki, Representative Director of the Board & CEO  
 Takeshi Minakata, Representative Director of the Board, President & COO  
 Date of Incorporation: February 23, 1907

Number of Employees: 977 (individual), 30,183 (consolidated)  
 Code Number: 2503 (Listed Stock Market = Tokyo Stock Exchange (TSE) Prime)  
 Number of Consolidated Subsidiaries: 171  
 Number of Affiliates: 30

(As of December 31, 2023)



**About changes in the disclosure segment**  
 The disclosure segments have been changed to include Alcoholic Beverages, Non-Alcoholic Beverages, Pharmaceuticals, and Health Science to suit the Group's strategy since the financial results of FY2023 were announced. The Health Science segment only includes operating companies that are mostly involved with health-related products and services, thus does not include revenue or normalized operating profit of health-related products in the Alcoholic and Non-alcoholic Beverages businesses.

See page 91 for details

**Food & Beverages domain (Alcoholic Beverages business)**

Revenue **1,045.1 billion yen**  
 Normalized OP **119.9 billion yen**

This business domain, which includes our founding brewing business, constitutes the backbone of the Group. Since the 1990s onward, we have expanded our Food & Beverages Business into Asia, Oceania, and other parts of the world, manufacturing and marketing products under a broad range of value-added brands.

**Main subsidiaries**

Kirin Brewery (8 other companies)  
 Lion (47 other companies)  
 Four Roses



**Food & Beverages domain (Non-Alcoholic Beverages business)**

Revenue **516.2 billion yen**  
 Normalized OP **52.4 billion yen**

**Main subsidiaries**

Kirin Beverage (10 other companies)  
 Coca-Cola Beverages Northeast



**Pharmaceuticals domain**

Revenue **442.2 billion yen**  
 Normalized OP **96.0 billion yen**

We combined our proprietary fermentation and cultivation technologies acquired from the brewing business with biotechnologies to launch research and development of pharmaceutical products in the 1980s. The Pharmaceuticals business has since grown to become one of the Group's core businesses, marketing biomedicines and other products in the global arena.

Providing pharmaceuticals that meet unmet medical needs

**Main subsidiaries**

Kyowa Kirin (46 other companies)



**Health Science domain**

Revenue **103.4 billion yen**  
 Normalized OP **-12.5 billion yen**

Our years of research in the Food & Beverages domain, into naturally derived materials, as well as into fermentation and cultivation, have led to the discoveries of *Lactococcus lactis* strain Plasma (LC-Plasma) and other substances proven to be beneficial to the human body. We intend to continue to make the best use of these assets to evolve the Health Science business into a growth driver for the Group.

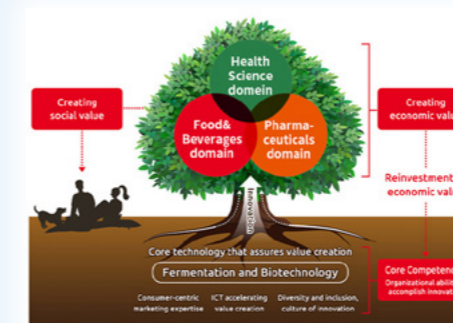
**Main subsidiaries**

Blackmores  
 Kyowa Hakko Bio (10 other companies)



**The fermentation and biotechnology at the root of all three domains**

We have combined biotechnology with the technologies for controlling fermentation and culture that originated from beer brewing and applied these to the cultivation of various microorganisms, including lactic acid bacteria. This has led to the discovery and extraction of various useful substances (functional substances) in the field of health sciences. It is also used for the cultivation of animal and human cells in the Pharmaceuticals business, and forms the basis of the Kirin Group's technological capabilities.





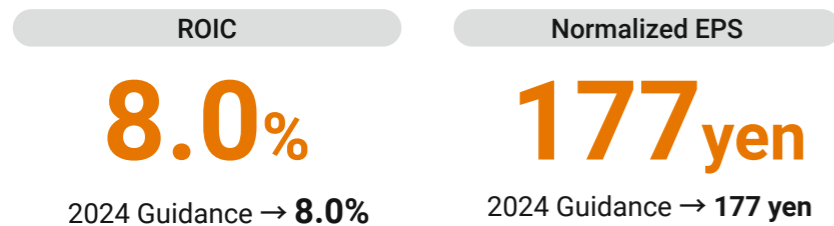
Overview of the Kirin Group

# Financial and Non-financial Highlights

# Corporate Policy

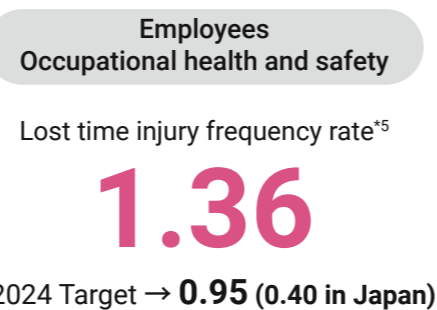
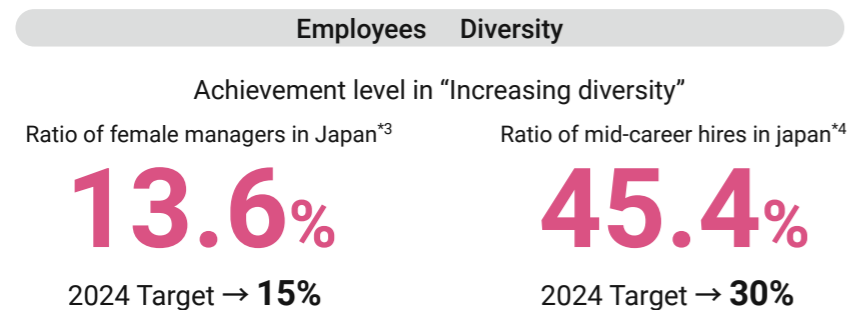
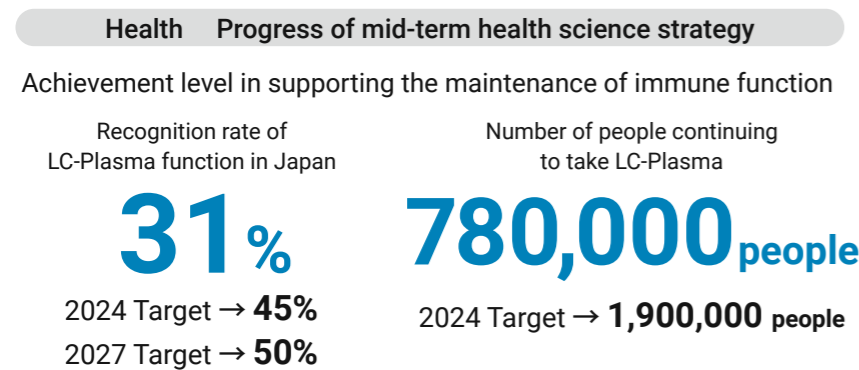
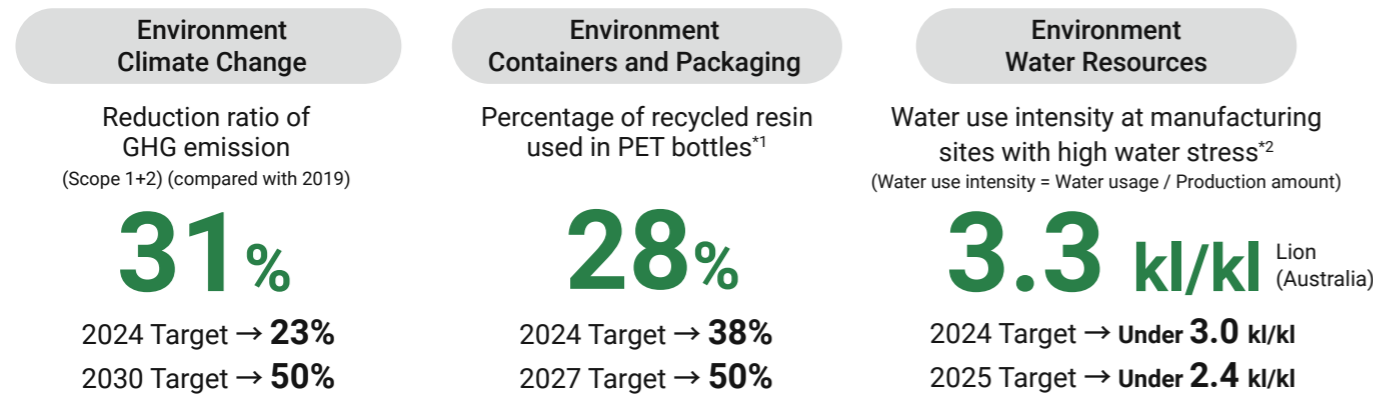


## Key financial performance indicators



## Key non-financial performance indicators

\*For information on Kirin Group's GHG emissions calculation method and footnotes one through six, please refer to "Supplemental information for Calculation Method for Kirin Group's GHG Emissions (Scope 1&2)"



(Results in 2023)

### Corporate Philosophy

Kirin's enduring, long-term significance in society

KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers.

We pride ourselves on offering products based on what people want. We pride ourselves on our ability to harness the blessings of nature through innovative technology. We pride ourselves on delivering tangible satisfaction and quality in everything we make. All of which ensures that we exceed customers' expectations. And naturally, we do not stop there. As we look forward with vision and dreams, we aim to continue offering food and healthcare products that bring new joy to people's lives everywhere. Always a step ahead, the Kirin Group supports health, pleasure and comfort in your life.

### "One KIRIN" Values

The way of thinking and feelings that we value as members of the Kirin Group

**"Passion. Integrity. Diversity."**

► **Passion** Our determination to continuously provide our customers and society with new value propositions based on innovative ideas, and our enthusiasm to meet goals with pride in the companies we work for and the brands we offer.

► **Integrity** Our gratitude to our stakeholders for always helping us move forward, and our promise to remain honest and humble in every business activity to serve them better.

► **Diversity** Our respect for different perspectives and values that enable constructive discussions, and our belief that the "differences" have the power to change the world and create better solutions.

### Corporate Slogan

A simple expression of Kirin's raison d'être in the eyes of customers and society

**Joy brings us together**



**Management Issues for Sustainable Growth (Group Materiality Matrix)** P21

Important challenges to be addressed to operate and develop sustainably with society  
\*Reviewed and revised with the formulation of each medium-term business plan (every three years)

**Long-Term Management Vision Kirin Group Vision 2027 (KV2027)** P22

A strategy to realize becoming "A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals" by 2027

**CSV Purpose** P21

Guidelines for jointly creating value with society and achieving sustainable growth that act as long-term non-financial goals for KV2027

**Kirin Group 2022-2024 Medium-Term Business Plan (2022 MTBP)** P22

A concrete three-year plan for realizing KV2027

**CSV Commitment** P92

An action plan to realize the CSV Purpose

# History of Business Development

1907-1980

1981-2005

2006-2015

2016-2018

2019-

Spanning the years from the foundation of Kirin Brewery to the expansion of the Food & Beverages business

Diversifying into the Pharmaceuticals and Health Science business

Aggressively pursuing M&A opportunities to become a major player in the global arena

Restructuring and revitalizing Kirin Group

Evolving to become a global leader in CSV

Social events  
Company-wide events

- 1923** Yokohama Yamate Plant damaged due to the Great Kanto Earthquake and relocated to Namamugi, Yokohama (now Yokohama Brewery, Kirin Brewery Company, Limited).
- 1975** Formulates "Transformation Initiative 1975."

- 1981** Formulates the Long-Term Management Vision.

- 2006** Formulates the Long-Term Management Vision "Kirin Group Vision 2015" (KV2015).
- 2011** Starts to support areas affected by the Great East Japan Earthquake and begins to adopt CSV management.
- 2012** Formulates the Long-Term Management Vision "Kirin Group Vision 2021" (KV2021).
- 2013** Establishes Japan's first CSV-specialized department.

- 2016** Revises to new Long-Term Management Vision "Kirin Group Vision 2021" (new KV2021).

New Long-Term Management Vision "Kirin Group Vision 2021" (new KV2021).

2016 MTBP

- 2019** Formulates the Long-Term Management Vision "Kirin Group Vision 2027" (KV2027).
- 2019** Kirin Group's CSV Purpose formulated.

Formulates the Long-Term Management Vision "Kirin Group Vision 2027" (KV2027).

2019 MTBP, 2022 MTBP, 2025 MTBP

Food & Beverages

- 1885** Japan Brewery Co., Ltd. established.
- 1888** Kirin Beer introduced.
- 1907** Kirin Brewery Co., Ltd. established.
- 1928** Kirin Lemon introduced.
- 1943** Kirin Science Institute (the forerunner of Kirin Central Research Institute) established.
- 1963** Vending Machine Services Co., Ltd. (the forerunner of Kirin Beverage Co., Ltd.) established.
- 1972** Kirin Seagram Co., Ltd. (the forerunner of Kirin Distillery Co., Ltd.) established.
- 1976** Koiwai Dairy Products Co., Ltd. established.
- 1977** KW Inc. (the forerunner of Coca-Cola Beverages Northeast, Inc.) established.

- 1983** Kirin City Co., Ltd. established.
- 1998** Acquires a stake in Lion Nathan Limited (now Lion Pty Limited) in Australia.
- 2002** Acquires business rights of Four Roses in the United States.
- 2002** Acquires a stake in San Miguel Corporation in the Philippines.



- 2006** Makes Mercian Corporation a consolidated subsidiary.



- 2017** Transfer of Brasil Kirin's Shares.



- 2020** Makes New Belgium Brewing Company, Inc. a wholly owned subsidiary.
- 2021** Makes Fermentum Pty Ltd a wholly owned subsidiary.
- 2022** Makes Bell's Brewery Inc. a wholly owned subsidiary.

\*Absorbed by and merged with New Belgium Brewing Company, Inc., in December 2023.

Pharmaceuticals

- 1982** Establishes Kirin Brewery's Research and Development Division and begins research and development in the Pharmaceuticals domain.
- 1984** Kirin-Amgen, Inc. established.
- 1990** Kirin Brewery introduces ESPO®, an erythropoietin (EPO) medicine effective on nephrogenic anemia.



- 2007** Kirin Pharma Co., Ltd. established.
- 2008** Kyowa Hakko Kirin Co., Ltd. (the forerunner of Kyowa Kirin Co., Ltd.) established.



- 2018** Launches global strategy products CrysVita and Poteligeo in Europe.

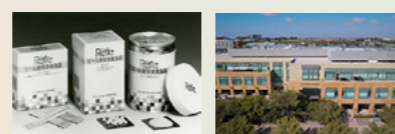


- 2023** Begins selling CrysVita in vending machines in North America
- 2024** Orchard Therapeutics becomes a wholly-owned subsidiary.

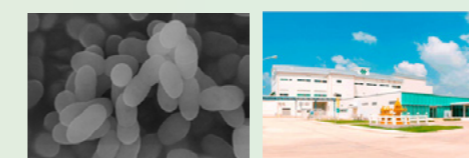


Health Science

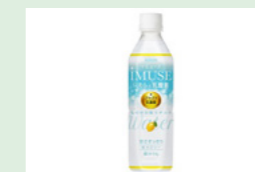
- 1983** A health food project team is formed under Kirin Brewery's Business Development Division.
- 1983** Launches Refle, a nutritional food made of beer yeast.
- 1988** Supported the establishment of La Jolla Institute for Immunology (the forerunner of La Jolla Institute for Allergy and Immunology).
- 2002** Discovers Lactobacillus paracasei KW3110.



- 2008** Kyowa Hakko Bio Co., Ltd. established.
- 2010** Lactococcus lactis strain Plasma discovered.
- 2015** Kyowa Hakko Bio's Thai subsidiary, Thai Kyowa Biotechnologies Co., Ltd. completes construction of amino acid production plant.



- 2017** Launches a new brand iMUSE.



- 2019** Kirin Holdings Company establishes the iMUSE Health Science Factory, a new base for manufacturing lactic acid bacteria raw materials, and commences production.

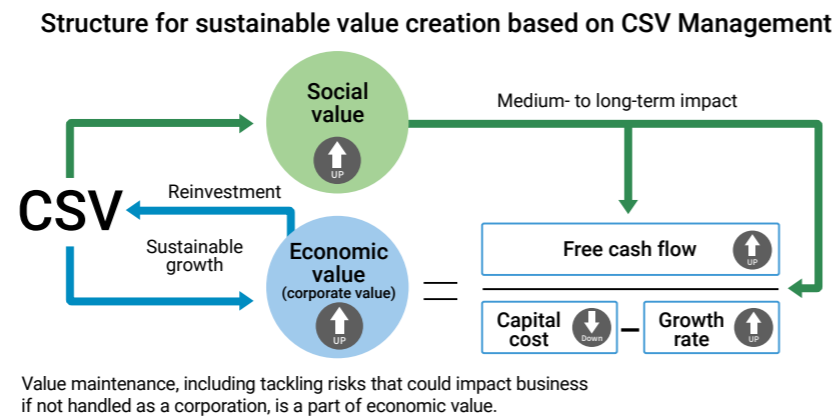
- 2019** Make a capital and business alliance with FANCL Corporation.
- 2020** iMUSE accepts notification as Japan's first\* foods with function claims for immune function support.
- 2023** Makes Blackmores Limited a consolidated subsidiary.



\*The first-ever Japanese brand to be publicly announced as foods with function claims for immune function support.

# CSV Management and the Value Creation Model

“CSV” stands for “creating shared value,” and is a concept that was proposed by Harvard University Professor Michael E. Porter and Mr. Mark R. Kramer in 2011. CSV is the idea that making efforts in meeting social needs and resolving social issues will create social and economic value that will become the next driving force of growth.



## Value Creation Model

In the Kirin Group’s CSV Management, we aim to expand and reproduce solutions to social issues and improve corporate value by using innovation to resolve social issues and reinvesting the profits gained from doing so. The key to realizing this is the Value Creation Model. With

the organizational capabilities (INPUT) necessary for creating innovation as our foundation, we are resolving social issues through business activities (BUSINESS) to create value (OUTPUT / OUTCOME) and realize our CSV Purpose.



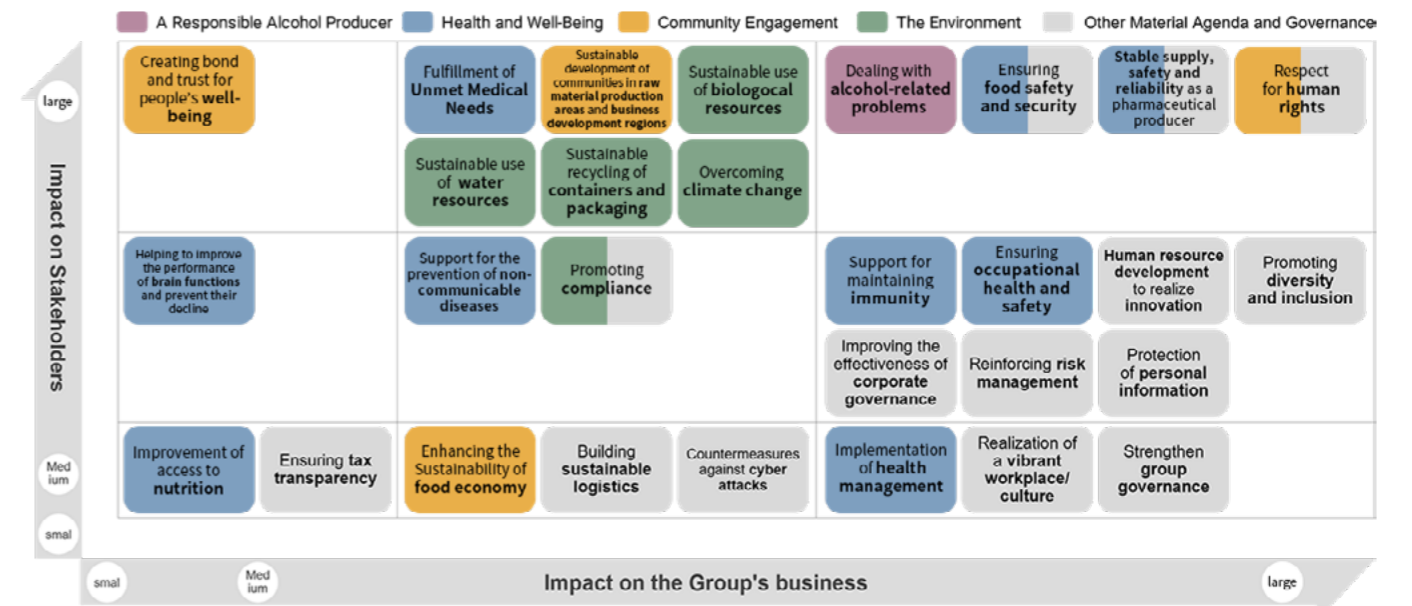
### The origin of CSV Management

The idea behind the Kirin Group’s CSV Management comes from a concept advocated for by Dr. Albert Schweitzer, winner of the 1952 Nobel Peace Prize: “Reverence for Life (Ehrfurcht vor dem Leben).” This concept suggests that humans are a part of the natural world, and that, in a natural world where everything is interconnected, we cannot hope for a sustainable future if we only pursue personal profit. The idea that inspired the CSV of today has been passed down for generations since before the word “CSV” was coined. The Kirin Group will continue to inherit this DNA, to further develop it, and to aim to be a global leader in CSV.

## Management Issues for Sustainable Growth –Group Materiality Matrix (GMM)

Kirin Holdings has organized its Management Issues for Sustainable Growth (Kirin Holdings Materiality Matrix (GMM)), which outlines the challenges it should address to operate and develop sustainably in partnership with society. The Group evaluates the GMM from the two

perspectives of impact on its business and impact on stakeholders. As the Group considers that the GMM will change over time, it re-evaluates and revises the GMM every time it formulates a three-year Medium-Term Business Plan.



## CSV Purpose

The CSV Purpose is based on the GMM, which outlines the key issues that must be addressed in order to exist sustainability and develop together with society. The respective principles are a set of guidelines for the role and purpose expected to us in society for each of the four priority issues: A Responsible Alcohol Producer, Health and Well-Being, Community Engagement, and The Environment. Each business segment makes efforts toward our CSV Commitment, an action plan to realize these guidelines.

[P92](#) Refer to page 92 for information on and results of the CSV Commitment



## Long-Term Management Vision / Medium-Term Business Plan

# Long-Term Management Vision, Kirin Group Vision 2027 (KV2027)

In 2019, our company established the Long-Term Management Vision, Kirin Group Vision 2027 (KV2027) to be applied for nine years (nine business years) from December 2019 to December 2027.

When we established it, we newly defined our Corporate Philosophy—KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers—to express our strong determination to achieve our ideal image by 2027: A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals.

In addition, we added the One KIRIN Values, values for helping to achieve this image, which include “passion,” an expression of our consumer-oriented mindset, part of the Group DNA; “integrity,” which expresses our focus on quality; and “diversity,” an important element for the Group to create new value and realize innovation.

We are taking on the challenge of reaching our management goals of creating both economic and social value and achieving our ideal image by 2027 by creating value through initiatives that resolve social issues and meet consumer expectations based on the Kirin Group’s organizational capability to realize innovation.

## Long-term Vision Statement: Kirin Group Vision 2027 (KV2027)

<b>Corporate philosophy</b>	KIRIN brings joy to society by crafting food and healthcare products inspired by the blessings of nature and the insights of our customers.
<b>2027 vision</b>	A global leader in CSV, creating value across our world of Food & Beverages to Pharmaceuticals
<b>Outcomes</b>	Create economic value (Financial targets), create social value (Non-financial targets)
<b>Strategy framework</b>	
<b>One KIRIN Values</b>	Passion. Integrity. Diversity.

## Kirin Group 2022–2024 Medium-Term Business Plan (2022 MTBP)

The nine years of KV2027 are broken into three-year periods with more concrete strategies. These strategies are formulated in the medium-term business plans.

The 2022–2024 Medium-Term Business Plan (2022 MTBP) covers the period from 2022 to 2024, a period of shifting to a new growth track and solidifying the story of our journey to realizing KV2027.

### Reflection on the 2019 MTBP and summary of the 2022 MTBP

**Built the foundation of transformation**

- Further increase cash generation capabilities of existing businesses
- Further enhance shareholder returns and maximize corporate value
- Launch and cultivate multiple businesses connecting Pharmaceuticals and Food & Beverages in between existing business domains (Food & Beverages and Pharmaceuticals) and connect them to the Group’s sustainable growth

Reflection	Results	Built a foundation of growth for the 2022 MTBP
Corporate		<ul style="list-style-type: none"> <li>Slim down balance sheets by organizing the business portfolio, selling cross-shareholdings, etc.</li> <li>Support normalized EPS through share buybacks</li> <li>Improve quality of corporate governance (diversity of the board, remuneration system, and risk management)</li> </ul>
Food & Beverages		<ul style="list-style-type: none"> <li>Develop high value-added products</li> <li>Non-alcoholic Beverages business &amp; Health Science</li> <li>Australian dairy beverages sales, etc.</li> </ul>
Pharmaceuticals		<ul style="list-style-type: none"> <li>Launch three globally strategic products in multiple regional markets</li> <li>Build a global management system</li> </ul>
Health Science		<ul style="list-style-type: none"> <li>Vertically integrate the value chain</li> <li>Expand number of LC-Plasma infused products</li> <li>Invest in next-generation strategic materials</li> </ul>

**New growth track**

Focusing management resources on three domains

- Increase profit in Food & Beverages domain
- Scale up business in Health Science domain
- Strengthen global base in Pharmaceuticals domain

Achieving KV2027

2019–2021 MTBP

2022–2024 MTBP

2025–2027 MTBP

### Goals of the 2022 MTBP

**Financial goals\*1**

Normalized EPS*2 (profit per share)	Average annual growth rate	More than 11%
ROIC*3	FY2024	More than 10%

\*1 Financial indicators are evaluated by excluding the impact of exchange rate fluctuations when overseas subsidiaries are consolidated, etc.  
\*2 Normalized EPS = Normalized profit / Average number of shares outstanding during period  
Normalized profit = Profit attributable to owners of the Company ± Other operating income and expenses and other items after income taxes  
\*3 ROIC = Earnings before interest and after tax (Average interest bearing debt between the beginning and the end of the FY + average total equity between the beginning and the end of the FY)

**Non-financial goals**

	Theme	Non-financial indicators	Plan for fiscal year ending December 2024
Environment	Climate change	GHG reduction rate	23%
	Container & Packaging	Percentage of recycled resin used in resin for plastic bottles	38%
	Water resources	Water intensity at manufacturing sites with high water stress	Less than 3.0 kl / kl
Health	Progress of mid-term health science strategy	Degree of achievement in supporting the maintenance of immune function (1) Rate of recognition of function of LC-Plasma in Japan (2) Number of people continually intaking LC-Plasma	(1) 45% (2) 1.9 million people
		New value creation in the immunity, brain function, and intestinal environment domains and collaboration with the Pharmaceuticals domain	Undisclosed
Employees	Organizational culture	Employee engagement score	75%
	Diversity	Degree of achievement in increasing diversity (1) Rate of women in management in Japan (2) Rate of career hires in Japan	(1) 15% (2) 30%
	Occupational health and safety	Lost-time injury frequency rate	0.95 (Japan: 0.40)

## Long-Term Management Vision / Medium-Term Business Plan

# Business Domain-specific Strategies of the 2022 MTBP

The underlying conditions of the business environment that are essential to our strategy



**Ongoing increase in raw materials and other costs and fluctuation of foreign exchange rates**



**Revision of liquor taxes in Japan and overseas, NHI price revision, etc.**



**Changes in economic conditions and demand due to geopolitical risks and inflation in various countries**



**Increased competition in each market**

### Business domain-specific strategies

We aim for sustainable growth by appropriately allocating resources according to the stage of each business and creating an optimal business portfolio.



## Increase profit in Food & Beverages domain

### Alcoholic Beverages business

Appropriately allocate resources as a core Group business and further enhance contributions to profits

### Non-alcoholic Beverages business

Commit to building a distinguished product portfolio that is recognized as high value by consumers and to strengthening our sales structure

- Revised prices in response to increase in cost of raw materials and more
- Grew multiple brands in the Japanese, Australian, and American markets
- Continuous EPS contributions of San Miguel Brewery

- Kirin Beverage: Expanded product variety through repositioning in health science products
- Coca-Cola Beverages Northeast: Profitability greatly improved after a successful PMI following expansion of territory

- Strengthen focus brands in response to changing consumer needs
- Expand premium products that can be differentiated from other products (including brand expansion from Japan to overseas)
- Reform sales structure to match the external environment

- Differentiate our products and contribute to society by continually expanding our health science products portfolio
- Improve productivity of the supply chain through facility investments and digitalization
- Reform sales structure to match the external environment

**TOPICS**  
**Strengthening focus brands in light of changing customer needs**

In Japan, due to factors such as the impact of the liquor tax revision in October 2023, the narrow beer category has been favorable. In addition to the steady growth of the *KIRIN ICHIBAN* brand, Kirin Brewery will aim to achieve growth in the narrow beer category that outperforms the market with the launch of *Kirin Beer Harekaze*, the first new product in the beer category in 17 years.



## Strengthen global base in Pharmaceuticals domain

Aim to be a Japan-based Global Specialty Pharmaceutical company\* as a business that promotes CSV that resolves social issues, mainly rare diseases

- Sustainable growth of *Crysvita* and *Poteligeo*
- Strengthened sales structure in North America and EMEA
- Phase 3 testing of KHK4083 / AMG451 progressed steadily and target diseases of development expanded
- Secured a platform for hematopoietic stem cell gene therapy by acquiring Orchard Therapeutics plc

- Continuously expand global strategic products
- Enter the market with KHK4083, which is expected to have significant potential
- Consider further expanding our pipeline

**TOPICS**  
**Continuous expansion of global strategic products**

Kyowa Kirin will grow its global strategic products in accordance with its plan and aim to be a Global Specialty Pharmaceutical company\* by advancing clinical trials for the launch of KHK4083, which has the most promise within the next-generation pipeline.

\*A pharmaceutical company that constantly creates, develops, and sells new, groundbreaking drugs globally using cutting-edge biotechnology with antibody technology at its core in a domain focused on the kidneys, cancer, immunity & allergies, and the central nerves.



## Scale up business in Health Science domain

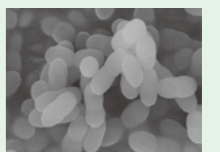
With the aim of making it a pillar of revenue that supports future growth, we are working on expanding our business scale and achieving early profitability, just like our previous entry into the Pharmaceuticals business

- Grew steadily to achieve a sales revenue of 50 billion yen for LC-Plasma
- Continuously created added value (R&D, products, infrastructure synergy) with FANCL
- Secured a foundation in the Asia-Pacific after acquiring Blackmores

- Promote the brand business in Japan and the Asia-Pacific through collaboration with Blackmores and FANCL
- Expand and monetize the LC-Plasma business
- Reform structure of Kyowa Hakko Bio

**TOPICS**  
**About LC-Plasma**

LC-Plasma is a lactic acid bacteria that supports the maintenance of immunity in healthy people. It has been reported in research papers that it is the first in the world to work on pDC (plasmacytoid dendritic cells), a leader of the immune system. Kirin Holdings, KOIWA DAIYU PRODUCTS CO., LTD., and KYOWA HAKKO BIO CO., LTD. have jointly conducted research on this product, and with the cooperation of universities and research institutions in Japan and overseas, 33 papers have been published and numerous presentations made at academic conferences. 8 LC-Plasma was the first lactic acid bacteria reported to work on pDC in humans (based on information published in PubMed and the homepage of the Central Medical Journal).



# Message from the Senior Executive Officer of CSV Strategy

**Hiroshi Fujikawa**

Senior Executive Officer  
Kirin Holdings Company, Limited



## Demonstrating Our Presence as a Global Leader in CSV through Practical Initiatives and Progressive Disclosure of Non-financial Information

### Transforming environmental management to grow the Health and Well-Being business

— Could you please share with us the progress of the Kirin Group's CSV management in 2023?

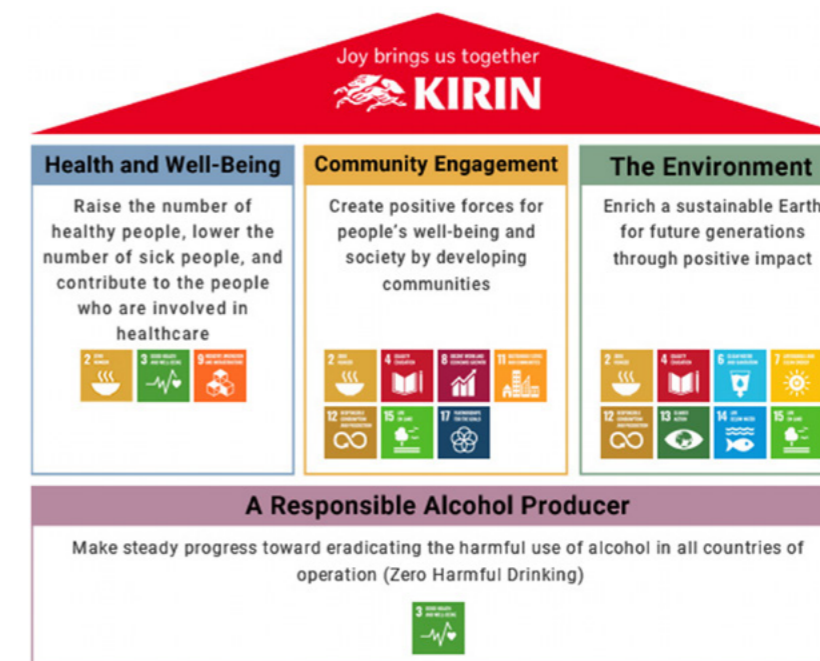
From the perspective of the environment, I believe that the Kirin Group was able to transform its environmental management, which takes an integrated approach to climate change, biological resources, water resources, containers, and packaging. In general, we made steady progress in GHG (greenhouse gas) emissions reduction, the efficient use of water resources, the improvement of the usage rate of recycled plastics, and more. Additionally, in regard to biological resource initiatives, New Belgium Brewing participated in TNFD's (Taskforce on Nature-related Financial Disclosures) pilot program and contributed to rule making. The Group also started the development of The Regenerative Tea Scorecard, which supports the practice of regenerative agriculture, in collaboration with the Rainforest Alliance for some tea

plantations in Sri Lanka and joined in the creation of other world-leading environmental conservation systems.

Furthermore, the Château Mercian Mariko Vineyard operated by Mercian Corporation was the sole agricultural farm business to participate in the certification demonstration program of the Ministry of the Environment and to be recognized as a Nationally Certified Sustainably Managed Natural Site in 2023. In the same year, it was also selected as the venue for a side event of PRI\*1 in Person 2023 in Japan.

Just as can be seen above, in the Environment area, we are achieving roadmaps one by one and continue to make our presence felt as one of the world's environmentally advanced companies.

In the Health & Well-Being area, led by the immune care field, which includes *Lactococcus lactis* strain Plasma (LC-Plasma), the Health Science business continues to



grow. In addition to starting to supply the LC-Plasma ingredient [postbiotic] a few years ago, we have promoted awareness of immune care through the Genki na Meneki (immune care) Project, a public-private partnership project. As a result, the rate of awareness of immune care reached an all-time high, helping us to achieve our 2023 sales goal for LC-Plasma of 20 billion yen.

In 2023, we also added Australia's Blackmores, which handles health products, as a new Group company, and by demonstrating synergy with them, we will expand the Kirin Group's Health Science business, mainly in Asia & Oceania, including China, going forward.

As for the Pharmaceuticals business, *Crysvita*\*2 has continued to grow, and steady progress has been made on *KHK4083*, an atopic pharmaceutical with high expectations as a next-generation, strategic product. On top of that, since acquiring Orchard Therapeutics, a British company, smooth progress has been made as a Global Specialty Pharmaceutical Company, such as by securing a gene therapy technology platform. Growth in the areas of Health Science and Pharmaceuticals will create value for the Kirin Group's CSV management and enhance our business portfolio. As we continue to evolve the Kirin Group's strengths of fermentation and biotechnology, we will apply them in the Health Science domain, which we aim to grow as our third pillar, and contribute even more to the healthy and positive lives of people around the world.

In the Community Engagement area, we continued to implement human rights due diligence at grape suppliers in Argentina last year, confirming there were no significant issues. On the other hand, human rights initiatives are still insufficient from a global perspective, and we became aware of human rights compliance as a new issue in marketing measures. In 2023, we withdrew from

Myanmar, and finished Kirin Group Human Rights Policy revisions aimed at further strengthening human rights due diligence. Thus, we will aim to be a global leader by revising the Kirin Group Human Rights Policy and beginning initiatives based on the revised policy in order to respond to environmental changes like the above.

As a Responsible Alcohol Producer, we are being affected by the increasingly strict global perspective on alcohol, such as the new guidelines on alcohol consumption released in Japan's Ministry of Health, Labour and Welfare in February 2024. Kirin Brewery made a video in 2023 to promote the act of selecting designated drivers\*3 toward the elimination of drunk driving. From April 2024, we have been implementing new measures to eradicate the harmful use of alcohol, such as the promotion of training for responsible drinking for external parties.

However, alcohol has a long history of building human relations and a dining culture. The Kirin Group will continue to spread awareness of responsible drinking in order to prevent and eradicate the harmful use of alcohol,



Message from the Senior Executive Officer of CSV Strategy

## Raising corporate value through practical initiatives and information disclosures

while further enriching lives with alcoholic beverages and food, building human relations, and helping to establish a new alcoholic-beverage culture that contributes to the joy of people and communities around the world.

### — What is your outlook on the realization of becoming a global leader in CSV, like is stated in the Long-Term Management Vision, Kirin Group Vision 2027 (KV2027)?

I want the Kirin Group to become a global leader in CSV by reducing environmental risks and protecting value while generating a cashflow through business activities in the Food & Beverages, Pharmaceuticals, and Health Science domains, using it to resolve new social issues, and creating corporate value.

Nevertheless, through engagement with our stakeholders, it has been pointed out that the Group's environmental initiatives and the growth of the Health Science business are still lacking. Therefore, moving forward we believe that this is the time to focus on more practical initiatives in the three business domains, so we are beginning various new ones.

For example, as the first step to help consumers call to mind an image of Health and Well-Being for the Kirin Group, we released a corporate commercial advertising immune care that uses LC-Plasma last year. Consequently, the Kirin Group's image of Health and Well-Being grew, contributing to an increase in sales of LC-Plasma. Furthermore, in May 2024, we launched the first installment of our *KIRIN HYOKETSU mottainai* series, which is made using fruits that are often disposed of due to not meeting standards, and the series is being well received by consumers and distributors.

## Strengthening of human capital is the key to realizing CSV management

### — What are you focusing on in order to achieve becoming a leader in CSV?

I believe there are multiple ways to tackle corporate and social issues. One method is through human rights, compliance, and governance—our universal responsibilities as a corporation. These must be adhered to if we are to protect our corporate value. The second is through taking on activities that have significant social value, even if they have little economic value. The issue

While we continue to value the brand image the Kirin Group acquired from trust, quality, integrity, loyalty, and security, we will provide products and services that are directly linked to our CSV initiatives and materialize our CSV management into something that is easy to understand in order to make stakeholders aware that we are a corporation that is contributing to society in a more accessible way. We will actively disclose information on these activities in Integrated Reports, Environmental Reports, and more.

In 2023, the ISSB (International Sustainability Standards Board) published the IFRS Sustainability Disclosure Standards, global standards for sustainability disclosure. We must quickly disclose information, including that on Scope 3 of Group consolidated subsidiaries, in Japanese and English simultaneously. Thus, we are promoting system configuration, operational design reform, and more to prepare for speedy disclosure.

By making efforts in progressive disclosure ahead of other companies, we believe that we will become the de facto standard, giving ourselves a competitive edge. At the same time, we also see our contribution to making global rules as an essential role for us to play in aim of becoming a global leader in CSV.

The Kirin Group wants to put value in not simply disclosing information but in receiving commendations and advice from stakeholders on our Group's activities based on our information disclosure and in deepening our dialogue with them. Through this dialogue, we will learn about long-term management risks and management issues that should be resolved and improve our corporate management, leading to the sustainable growth of our corporate value.

with this second type of activity is that the quantity of efforts put into it is easily swayed by our corporation's performance due to it lacking economic value. The third way is through CSV management, a business strategy of the Kirin Group, which generates both social and economic value. As a corporation, we want to value the balance of fulfilling our universal responsibilities, generating social impact, and creating economic value.

With the three above perspectives in mind, we will



evolve our business portfolio into one that ranges from the Food & Beverages domain to the Pharmaceuticals and Health Science domains. Additionally, recognizing that strengthening human resources is of the utmost importance to achieve CSV management globally in each of the businesses, we are particularly focused on promoting expertise and fostering diversity. In terms of professional skills required to achieve our strategy, the number of mid-career hires made by the Kirin Group in Japan made up approximately half of total hires in 2023. Starting with the hiring of new graduates in 2024, we have started recruiting by job function and implemented function-based talent management for Japanese employees. In terms of diversity,

we also have introduced programs that contribute to the diverse workstyles and the development of our employees, such as the overseas work experience programs implemented from 2019, the side-job program that we started in 2020, and a side-job program that involves exchanges with external companies. We are also focusing on fostering an organizational culture that embraces diversity by, for example, starting to hire foreign nationals as new graduates in Japan in 2024. Going forward, we will continue to develop human resources that can implement CSV management with highly specialized and diverse perspectives and to evolve the organizational culture.

Human capital is a common asset for society. Strengthening the Kirin Group's human capital will improve both our competitiveness and the value of social assets, making it the foundation of CSV. At the Kirin Group, the Group's human capital hold the key to achieving our goal to become a global leader in CSV.

- \*1 Principles for Responsible Investment proposed by the UN. PRI in Person is an international meeting for financial specialists from around the world to gather to share the latest information and exchange opinions on responsible and ESG investments.
- \*2 Pharmaceutical for treating hypophosphatemic rickets and osteomalacia, rare diseases related to fibroblast growth factor-23 (FGF23)
- \*3 A designated driver is someone chosen to remain sober to drive their friends to and from a restaurant when there will be drinking. This act is to prevent drunk people from driving, reinforcing the statement "If you drove, don't drink. If you drank, don't drive."

Items	Themes	Non-financial indicators	Target Level in 2024
Environment	Climate Change	<b>Reduction rate of GHG emissions</b> Reduction rate of Scope 1+2 emissions (compared to 2019)	<b>23%</b> (50% in 2030)
	Containers and Packaging	<b>Percentage of recycled resin used in PET bottles</b>	<b>38%</b> (50% in 2027)
	Water Resources	<b>Water use intensity at manufacturing sites with high water stress</b> Lion (Australia) (Water use intensity = Water usage / Production amount)	<b>Under 3.0 kl/kl</b> (Under 2.4 kl/kl in 2025)
Health and Well-Being	Progress of Medium-term Health Science Strategy	<b>Achievement level in supporting the maintenance of immune function</b> 1. Recognition rate of LC-Plasma function in Japan 2. Number of people continuing to take LC-Plasma	<b>1. 45%</b> <b>2. 1,900,000 people</b> (1. 50% in 2027)
		<b>Achievement level of new value creation in the immunity, brain function, and intestinal environment domains and achievement level of promotion of collaboration with pharmaceuticals domain</b>	<b>Undisclosed*1</b>
Employees	Organizational Culture	<b>Employee engagement score</b>	<b>75%</b>
	Diversity	<b>Achievement level in "increasing diversity" *2</b> 1. Ratio of female managers in Japan 2. Ratio of mid-career hires in Japan	<b>1. 15% 2. 30%</b>
	Occupational Health and Safety	<b>Lost time injury frequency rate*3</b>	<b>0.95</b> (0.40 in Japan)

\*1 Specific indicators and target levels are not disclosed for strategic reasons, as they include content related to intellectual property.  
 \*2 The target group is employees of Kirin Holdings.  
 \*3 Major Group companies that have production and logistics functions within the Group will be included. Partner companies with the brewery/plant premises are also included.



## Shinjiro Akieda

Director of the Board,  
Senior Executive Officer, CFO  
Kirin Holdings Company, Limited

# Message from Director of the Board, Senior Executive Officer of Financial Strategy

## Continue to Review the Business Portfolio to Achieve Kirin Group Vision 2027 While Striving to Grow and Improve Profitability of Each Business Domain

### Implement management with an eye on the short-, medium-, and long-term in the 2022 Medium-term Business Plan (2022 MTBP)

— Please share with us what the Group accomplished in FY2023.

In FY2023, our sales revenue exceeded two trillion yen, the highest normalized operating profit in Kirin Holdings' history. There are challenges, of course, but I have the feeling that all operating companies are firmly implementing cost reductions and price revisions amid continuing inflation and soaring costs, and that their ability to control earnings in the short term is increasing.

After gaining experience in the planning departments of many Group companies, I was blessed with an opportunity to work in the planning department at Kirin Holdings. Even as CFO, I have been aware of my role as a link between business and finance, rather than simply a coordinator of the accounting department. I am also reforming our organizational culture so that the entire

Kirin Group's finance department is aware of this and is committed to increasing corporate value, but we still have room to grow. By further enhancing the organizational capabilities of the finance division, we intend to drive the improvement of the earning power of each business.

— What is the current status and issues of the 2022 MTBP?

Kirin Holdings uses return on invested capital (ROIC) from the perspective of capital efficiency and normalized earnings per share (EPS) from the perspective of shareholder value as financial KPIs in order to increase corporate value.

Financial KPI performance for FY2023 was as follows: an ROIC of 8.0% (weighted average cost of capital (WACC) was 6.0%) and a normalized EPS of 177 yen.

ROIC is always targeted at 10% or more to achieve a return above WACC. However, a temporary decline is unavoidable at times when we execute inorganic investments for growth; in 2023, the acquisition of Blackmores, the future core of our Health Sciences business, was executed with an increase in interest-bearing debt, resulting in a temporary decline to 8.0% from 8.5% in the previous year. However, the company's debt-to-equity ratio (D/E ratio) remained healthy at 0.58 even after the increase in borrowing, thus maintaining financial discipline.

The normalized EPS grew by 6 yen year-over-year, to 177 yen, our highest ever, due to an increased investment income from consolidating normalized operating profit and equity in earnings of affiliates, showing a steady increase in our earning power. As a result, the annual dividend, which is our highest priority in shareholder returns, grew by 2 yen, to 71 yen.

2024 is the final fiscal year of the 2022 MTBP. We have determined that this is the year we should prioritize growth investments, such as acquiring a new pipeline in the Pharmaceuticals business and implementing M&As in

the Health Science business, so we predict that the ROIC will not grow to reach our 10% goal. That said, we will use the returns gained from investments to reduce our debt and more quickly restore our ROIC to 10%. We also plan to keep normalized EPS at the same level as the previous year, as we are increasing R&D and marketing expenses to prepare for future growth. We hope you will understand that we are managing our business with both the short- and medium- to long-term in mind.

In light of the uncertainty about the future of the alcoholic beverages and beverage business, the Kirin Group took advantage of its fermentation and biotechnology to launch its own Pharmaceuticals business 40 years ago, which has now grown to become one of its core businesses. We are now following this by taking on the challenge of developing the Health Science business into our next pillar. While maintaining financial discipline, we are pursuing an ambidextrous management approach that will allow us to steadily grow our existing businesses and nurture our future core businesses.

### Medium- to long-term business portfolio

### Achieve both short-term profit generation and medium- to long-term growth through stage-appropriate investments in each domain

— As CFO, what are your thoughts on the medium- to long-term business portfolio?

Our company has been actively organizing its business portfolio since 2015, and we currently view all of our businesses as core businesses. Of course, circumstances are constantly changing, and we will continue to reassess our positioning each year.

First, our top-priority management issue is the expansion of the Health Science business so that it can start contributing to our profits as soon as possible. Therefore, investments for growth will be prioritized to the Health Science business. Secondly, the Pharmaceuticals business must enhance its pipeline beyond 2030 while the current global strategic products are strong. We will continue to make investments in R&D and M&As that are suited to the corporate strengths of Kyowa Kirin. Then, in the Food & Beverages business that is our current foundation, each company faces a common challenge in increasing brand strength to continue generating steady profits. To this end, we will take on the challenge of improving marketing return on investment (ROI) while making sufficient marketing investments. By making appropriate investments according to the stage of each of the three business domains (Food, Pharmaceuticals, and Health Science), we aim to achieve both short-

term profit generation and medium- to long-term growth.

— For each business domain, what are you doing to improve ROIC at each operating company and at the Group headquarters?

The Kirin Group as a whole always aims to achieve 10% above WACC, and for new M&A investments, one of the criteria for investment decisions is whether 10% can be achieved in five years. On the other hand, the industry's standard ROIC depends on the industry's characteristics and lifecycle. Therefore, in regard to existing businesses,





Message from Director of the Board, Senior Executive Officer of Financial Strategy

we do not seek a uniform ROIC of 10% across all businesses, but rather set annual goals for how much their ROIC will improve.

Improvement of ROIC is basically done on the business front, and the operating companies take the initiative. The role of Group headquarters is to work with each operating company to identify issues and to support them in implementing specific solutions.

In order to improve ROIC, operating companies create an ROIC tree that factorizes its components and

builds up specific improvement measures to address them.

More specifically, in order to reduce the denominator (invested capital), the companies can reduce working capital (inventory reduction, shortening terms of payment, etc.), reduce cross-shareholdings, etc. On the numerator (profit) side, there is a variety of concrete plans, such as improving marketing ROI, reducing logistics costs, and increasing unit sales prices. Each of these is a small initiative, but their accumulation is a shortcut to ROIC improvement.

level required by voting companies. Every year, the Board of Directors reevaluates whether to keep the cross-shareholdings, and, if there are any that it would not be reasonable to hold on to, we proceed with selling them in a timely and appropriate manner through future dialogue with our business partners.

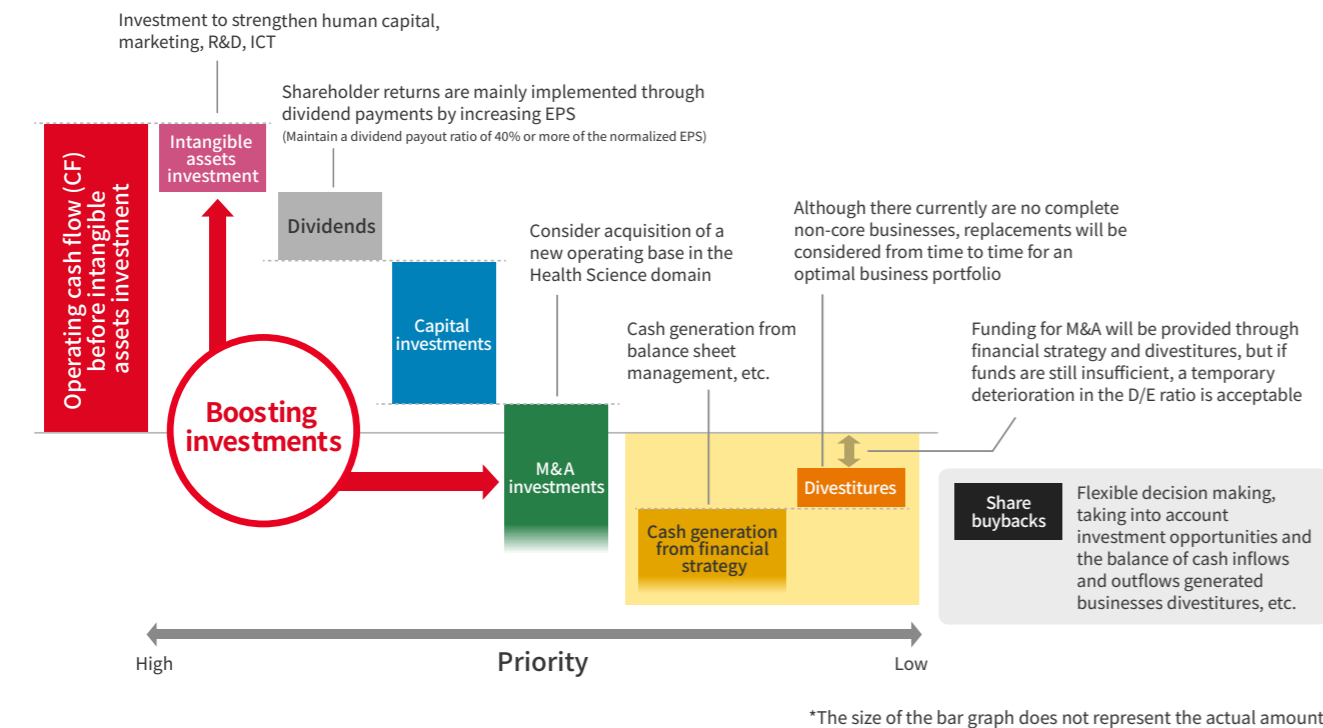
In the aim of improving ROIC, in addition to growing each business' profitability, we are actively improving balance sheets.

**—Tell us about the progress of cash allocation in the 2022 MTBP.**

Due to unexpected external factors, such as the prolonged COVID-19 pandemic and the skyrocketing global costs that are arising from geopolitical risks, the

total amount of operating cash flow during the medium-term plan period is not expected to reach the 700 billion yen initially planned. Despite this, replacements in our business portfolio and balance-sheet management have steadily generated enough cash to cover the deviation of operating cash flow from the original plan.

Fundamentally, we return profits to shareholders through stable dividends, but in times when there are no appropriate investment projects suited for growth, we also participate in share buybacks (most recently 50 billion yen in 2022). While maintaining financial discipline, we are making well-balanced cash allocations, investing sufficient funds to enhance the competitiveness of existing businesses and allocating cash to investments that will lead to future growth.



**Growth investments and shareholder returns  
Optimizing the balance of dividend growth and investments in earning capacity**

**—As part of your investment in growth, what is the status of your investment in intangible assets (brand, R&D, ICT, human capital, etc.)?**

As the foundation that will grow each business, we are actively investing in human capital and digital ICT, making marketing investments for brand development, and investing in R&D to expand the pharmaceuticals pipeline and more.

We are maintaining minimum marketing investments to keep us competitive, while continuing initiatives to heighten consumer understanding and improve the quality of our marketing measures.

R&D investments, in addition to extending our Pharmaceuticals business pipeline, are enhancing the R&D that is directly linked to our businesses, such as product development that utilizes technology created from the research centers of each operating company and business unit. We are especially focused on investments in the Health Science domain, which supports next-generation growth.

Investments in human capital are one of the most important investments for a company, and we will be aggressively expanding them. We will begin to implement function-oriented human capital management from 2025 to develop expert human resources with expertise that are globally competitive. Additionally, we will aim to equip each and every one of them with diverse ways of thinking by utilizing our unique business portfolio that stretches across Food & Beverages, Health Science, and Pharmaceuticals businesses to help them systematically gain experience in multiple businesses within the Group. We will enhance the human resource capabilities of the entire company through the growth of each individual by improving their

professional skills and diversity in decision-making.

As for the digital ICT field, digitalization is progressing in various areas and the latest AI technology is being incorporated. By proactively verifying feasibility in each business entity, we will continue to boldly take on the challenge of both improving productivity through business process reforms and creating new businesses through the use of data.

**—What are your thoughts on shareholder returns and the current share prices as CFO?**

The Kirin Group considers the appropriate return of profits to shareholders through dividends to be one of its highest management priorities, and in 2023 we maintained a dividend payout ratio of at least 40% of normalized EPS in accordance with our basic policy, paying a dividend of 71 yen, up 2 yen from the previous year. Going forward, our policy will continue to be to grow dividends in a steady and continuous manner. On the other hand, we also consider it important to invest in long-term growth of earning power, which is the source of dividends, and will constantly optimize the balance between the two.

Regarding the current share prices, the management team and I are aware that they are not sufficient enough to fully satisfy our shareholders and investors. We will continue to review our business portfolio, improve the earning capabilities of and grow each business, and work to raise shareholder value toward achieving KV2027. In particular, we believe that the most important thing at present is to gain an understanding of the potential for growth and earnings expansion in the Health Sciences domain, which is our future, and to show results as soon as possible.

**About balance sheet revision  
Reducing our cash balance and ensuring effective use of funds**

**—Could you please talk about your initiatives in balance sheet revision?**

We are aiming to improve ROIC by reducing our assets by more than 100 billion yen during the period of the 2022 MTBP. Since 2022, we have expanded the number of companies implementing the global cash management system (GCMS) and succeeded in reducing each company's surplus funds (funds set aside for risks). Through the Group headquarters' lump control of cash (borrowing of surplus funds and lending of deficient funds), they have already successfully reduced our cash balance by approximately 60 billion yen in two years from 2022 through 2023. We have already introduced the

GCMS at Blackmores, acquired last year, quickly resulting in an effective use of funds.

In regard to CCC (Cash Conversion Cycle), we improved working capital by a total of 20 billion yen during the period of the 2022 MTBP by introducing SAP to improve processes. In the future, we aim to further reduce CCC by promoting further process improvement through using SAP and promoting DX, improving supply and demand accuracy, and reducing inventory.

We are also continuously striving to reduce cross-shareholdings. In the two years leading up to last, we had already reduced them by 15 billion yen, bringing their share of total capital to about 4%, well below the

# INPUT Foundations for driving innovations

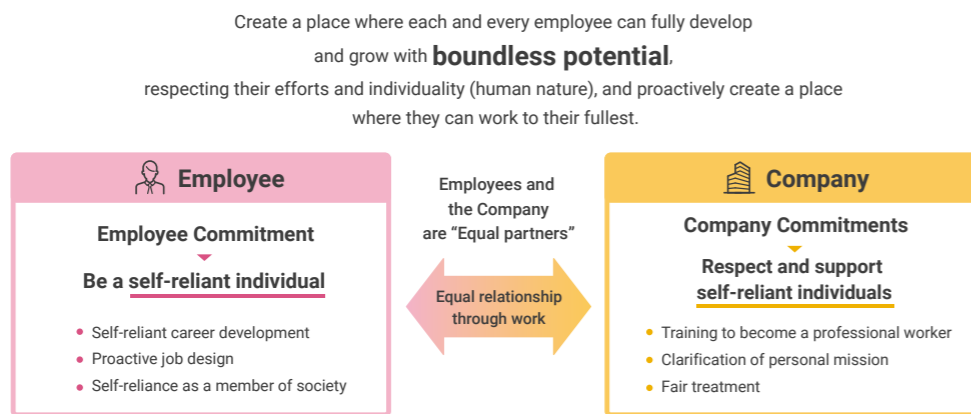


## 1 Diversity and Inclusion, Culture for Innovation

### 1-1 Kirin Group's Basic Philosophy on Human Capital Management

Kirin Group's Basic Philosophy on Human Capital Management, "Respect for Humanity," expresses our belief in the boundless potential of humans. It is the foundation for our human capital strategy and aligns with the brewing philosophy of Kirin Brewery Company, Limited: "Reverence for Life." We will provide an environment in which each and every employee can take the challenge of creating new value, work to their fullest, and continue to grow through their work.

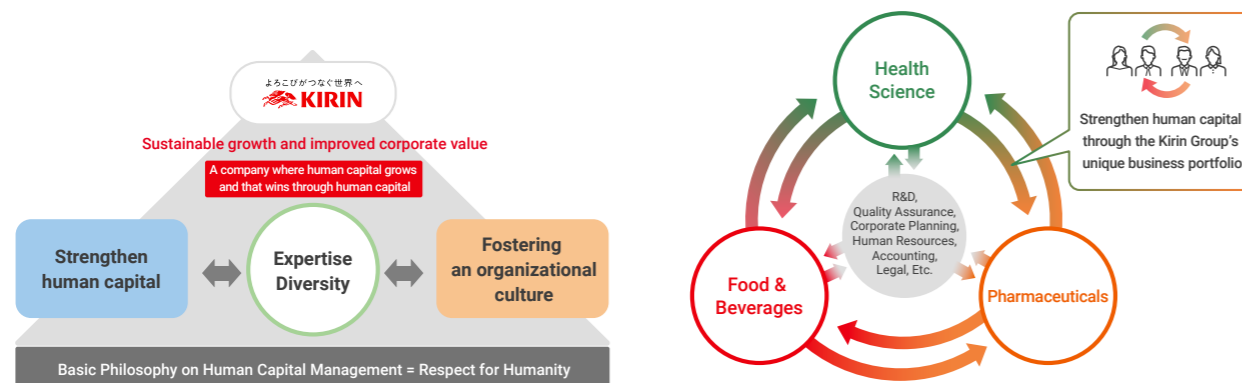
#### Basic Philosophy on Human Capital Management = "Respect for Humanity"



### 1-2 The goal of the Kirin Group's unique human capital strategy: "A company where human capital grows and that wins through human capital"

The Kirin Group values human capital as a source of value creation and our competitive edge, and by investing in them, we aim to be "a company where human capital grows and that wins through human capital." Our management strategies define the direction we take in terms of our human capital strategies. At the same time, the capabilities of our human capital are a crucial element when it comes to formulating future management strategies and serve to expand their potential. The keys to this expansion are expertise and diversity. We will develop human capital characterized by both diversity and expertise by providing an environment where employees can enhance their individual expertise and accumulate a variety of business experiences and perspectives through our unique business portfolio, which spans from the Food & Beverages domain to the Health Science and Pharmaceuticals domains. Furthermore, in addition to hiring external human capital and people with disabilities and promoting the active participation of women in the workplace, we will create an environment which fosters an organizational culture that embraces diversity, while increasing the amount of cross-organizational and cross-team creation. By doing this, we will promote CSV management and realize the Group's sustainable growth and improved corporate value.

#### Overview of the Kirin Group's human capital strategy



### 1-3 Recognition of human capital strategy issues viewed from Group management issues

The short-term goal of the human capital strategy is to accelerate the strengthening of organizational capabilities that will improve the effectiveness of the business portfolio's transformation. In the medium- to long-term, we will produce expert and diverse human resources.

At this time, we are focused on five issues based on the linking of the management and human capital strategy.

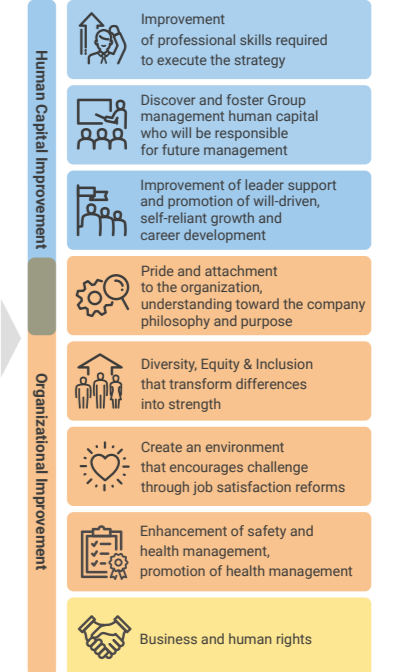
- 1 Strengthen organizational capabilities in line with the business portfolio transformation (Health Science, new businesses, etc.)
- 2 Human capital management focused on expertise and diversity is required when looking ahead in times of an uncertain future
- 3 Create a culture that supports and strengthens human capital who can accomplish and innovate = capability to execute the strategy to achieve the advanced strategies
- 4 Create job satisfaction in response to changes in the labor market and individual values
- 5 Strategic evolution through communication with the stakeholders, spurred by a focus on human capital

#### Key Initiatives for Human Capital Strategy

##### Recognition of Human Capital Strategy Issues Viewed from Group Management Issues

- 1 Strengthen organizational capabilities in line with the business portfolio transformation (Health Science, new businesses, etc.)
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##### Key Initiatives for Human Capital Strategy



### 1-4 Stories and disclosures that link with the human capital strategy and value creation

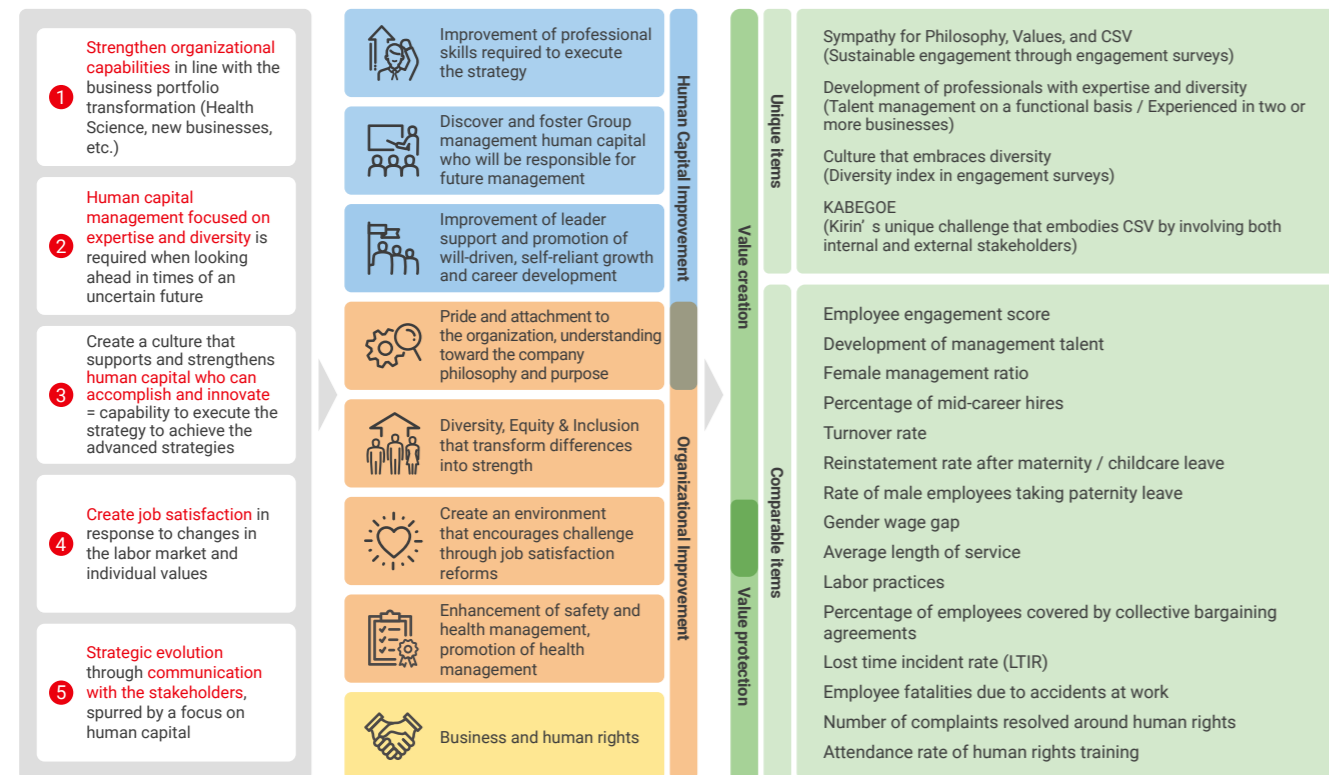
There are cases in which the issues and important points of the human capital strategy differ depending on country, region, and business, but the story linking to the human capital strategy and value creation is the same. For sustainable growth and the improvement of corporate value, increasing expertise and diversity of both human capital and the organization is essential. In order to promote a human capital strategy unique to Kirin, we set four key factors—Well-Being, Growth, DE&I, and KABEGOE—and their respective stories across the Group. By establishing an environment that allows employees to work to their fullest and that creates job satisfaction, engagement, and sympathy for the Group Corporate Philosophy, Values, and CSV will rise. **(Well-Being)** Furthermore, through self-reliant career development that starts from a will that leads to Group contribution and personal growth, employees will proactively hone their expertise, while enriching their values through diverse experiences and enhancing their inner diversity. **(Growth)** In addition, we will foster a culture that allows employees to work in their own way, accepts diverse values that differ from their own, and recognizes the diversity of each organization and team. **(DE&I)** Moreover, we will nurture minds that hold an interest in everything and create new ideas and values with their colleagues. We will also grow the number of opportunities for diverse and specialized human capital to co-create across businesses. **(KABEGOE)** In this way, by creating value through CSV management, we will accelerate the realization of sustainable growth and the improvement of corporate value.

We set the below indicators based on the story of the human capital strategy unique to Kirin that is centered on the four key factors of Well-Being, Growth, DE&I, and KABEGOE. Going forward, we will continue to evolve our human capital management through dialogue with our stakeholders.

- ▶ Sympathy for Philosophy, Values, and CSV (Sustainable engagement through engagement surveys) \*Well-Being
- ▶ Development of professionals with expertise and diversity (Talent management on a functional basis / Experienced in two or more businesses) \*Growth
- ▶ Culture that embraces diversity (Diversity index in engagement surveys) \*DE&I
- ▶ KABEGOE (Kirin's unique challenge that embodies CSV by involving both internal and external stakeholders) \*KABEGOE

### 1-5 Human capital disclosure index

Recognition of Human Capital Strategy Issues Viewed from Group Management Issues



#### Unique items

	Comparable items	Supplementary information	2021	2022	2023
Uniqueness	Sympathy for Philosophy, Values, and CSV (Sustainable engagement through engagement surveys) *Well-Being	Set indicators for sympathy and attachment to the Kirin Group's Philosophy, Values, and CSV and for an awareness toward embodying them	72	70	70
	Development of professionals with expertise and diversity ((1) Talent management on a functional basis (2) Experienced in two or more businesses) *Growth	(1) Organize the desired human capital requirements by function and a training process to improve expertise (2) Appoint human capital so specialized human capital can gain diverse experiences with the Kirin Group*1 (Number (2))	—	—	34.2%
	Culture that embraces diversity (Diversity index in engagement surveys) *DE&I	Set indicators that represent a state of working authentically while also accepting differing values with the goal of improving individual and organizational diversity.	—	68	69
	KABEGOE (Kirin's unique challenge that embodies CSV by involving both internal and external stakeholders) *KABEGOE	Set number of Kirin Group Award applicants*2 as the number of challenges unique to Kirin that were co-created with others inside and outside the Group	12.6%	23.1%	36.1%

\*1 Calculated as the number of people with two or more of the following experiences: work experience in the Group's four domains (Food & Beverages, Health Science, Pharmaceuticals, other), overseas work experience, and experience working outside the Group

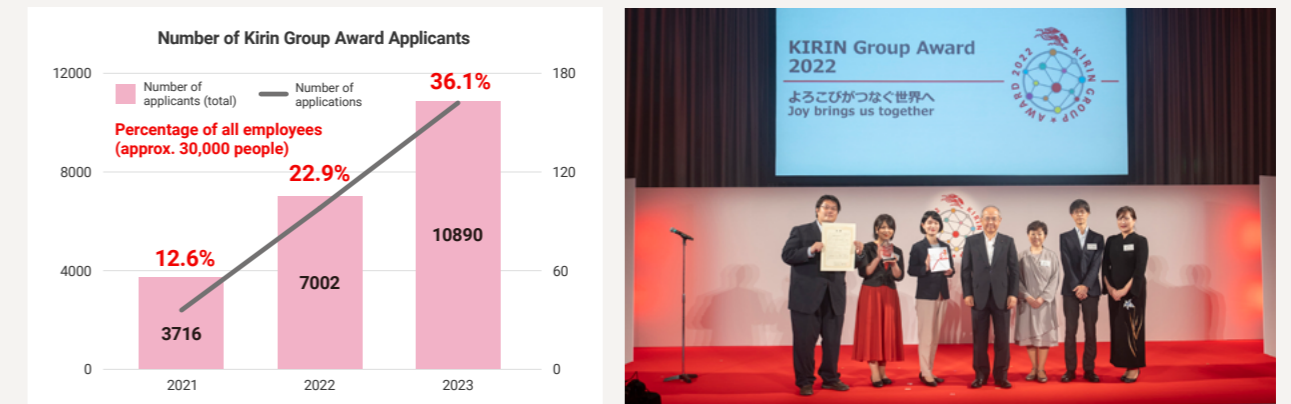
\*2 Calculated as the number of Kirin Group Award applicants that are employees of the Kirin Group

Reference: ESG Data <https://www.kirinholdings.com/en/investors/esg/esg/>

Example

### The Kirin Group Award: The embodiment of the Group Philosophy, Values, and CSV

The Kirin Group Award, which awards initiatives that embody the Kirin Group's Philosophy, Values, and CSV, is a platform for honoring opportunities of co-creation with specialized and diverse human capital across businesses. To foster a greater sense of Group unity in 2023, we improved this event, such as by revamping the content to place more focus on the employees, and will continue to improve it going forward.



Example

### Cross-border experiences that enrich individual values and nurture a culture that accepts diversity

Cross-border experiences within the Group enrich individuals' values through diverse experiences, in addition to helping to foster an organizational culture that accepts diversity. These experiences started with the work-abroad program in 2019, and in 2020 we lifted the ban on side jobs and started to accept people to work side jobs with us. Furthermore, since 2021, we have expanded the scope to include mutual side jobs between a total of 27 companies.



# 2 Core Technology that Assures Value Creation

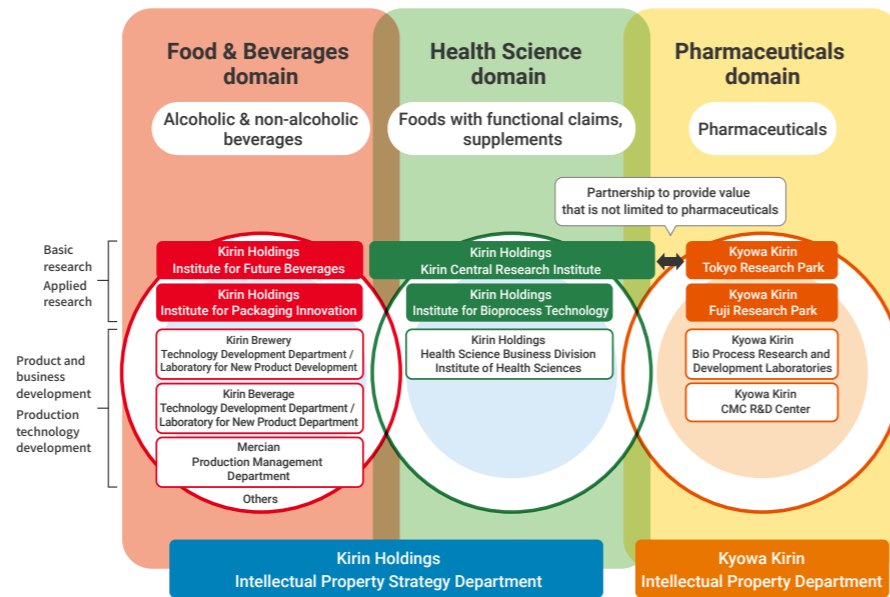
## 2-1 Core competencies of fermentation and biotechnology

We at the Kirin Group expanded our businesses, ranging from the Food & Beverages domain to the Pharmaceuticals domain. This expansion was based on our knowledge of raw material selection and processing and the fermentation and biotechnology that we developed through beer production. In the Food & Beverages domain, we conducted R&D aimed at creating new value in the beer category in Japan, where sales volume is expected to grow over the medium- to long-term. We did this in preparation for the integration of alcohol tax on beer. For example, we developed the "new carb-reduction production," which achieved zero sugar through a review that began with the selection of malt and the advancement of mashing and fermentation technology. Using this production method, we launched *KIRIN ICHIBAN Zero Sugar*, Japan's first\*1 sugar-free beer. In the Health Science domain, we discovered *Lactococcus lactis* Plasma (LC-Plasma) as a unique strain that supports the maintenance of immunity in healthy people, and then developed the *iMUSE* brand (soft drinks, supplements, and more), Japan's first\*2 functional food with immune function.

\*1 First canned beer product in Japan that realized zero sugar (according to our research using Mintel GNPD)  
 \*2 The first-ever Japanese brand to be publicly announced as foods with functional claims for immune function support.

## 2-2 An R&D system that supports technological capabilities

In the Food & Beverages and Health Science domains, Kirin Holdings' research institutes are responsible for basic and applied research through the combination of human assets and technology. The R&D organizations for our businesses are responsible for the practical application of products and services based on the results generated by the research. In the Pharmaceuticals domain, Kyowa Kirin Co., Ltd., is at the center of R&D. The Technical Research Laboratory, the R&D organization of Kyowa HAKKO Bio Co., Ltd., had a new start as Kirin Holdings' Institute for Bioprocess Technology in 2024. Leveraging our production and engineering technologies for the mass production of functional materials through microbial fermentation, which we have developed so far, we will contribute to the expansion of the Health Science business.



## 2-3 Issues and progress since last year

Until now, the results generated at Kirin Holdings' research institutes have been passed on to our businesses, and various products and services have been put to practical use at our operating companies. From 2023, we have been more conscious of creating innovation by solving social issues in the medium- to long-term. Furthermore, with the collaboration of business, R&D, and intellectual property, we are working to create R&D themes by increasing the level of collaboration between the three sections and through numerous discussions.

## 2-4 Pillars of strategy and initiatives

Advancing our initiatives with the collaboration of business, R&D, and intellectual property, we will simultaneously achieve R&D results and establish a competitively superior intellectual property portfolio. In particular, we will balance business and R&D strategies through collaboration and strategy formulation by operating companies and Kirin Holdings' research institutes to create innovation in the medium- to long-term. Next, we will prepare a foundation for activities to create intellectual property and work to increase the volume and quality of patent applications. Kirin Holdings and Kyowa Kirin will continue to create collaborative themes to generate new value not limited to pharmaceuticals that can be carried out because of the fact that they are working together.



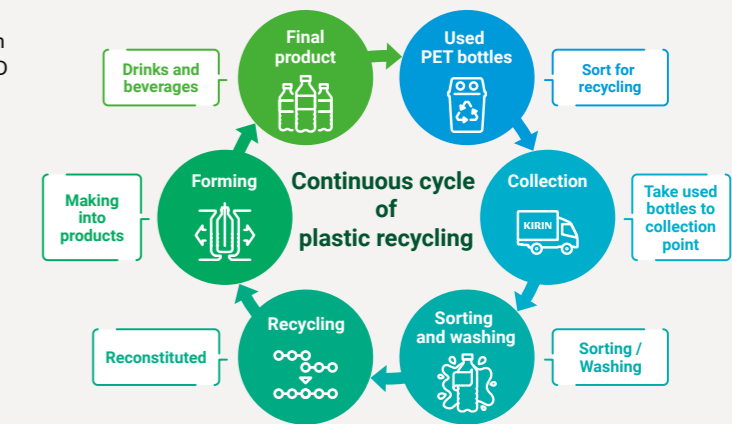
Example

## Establishing a cycle for plastics using PET chemical recycling system

As a solution for social issues that we will tackle in the medium- to long-term, we are working toward the commercialization of a PET\*3 chemical recycling system to realize a society in which plastics can continue to be recycled. Concurrently with the R&D Department, we are working for technologies that will further enhance efficiency and reduce environmental impact. In 2023, we developed alkaline depolymerization, which achieves a faster, more energy-efficient PET decomposition process than conventional methods.

Furthermore, through joint research with Waseda University, we developed a refinement method through electrolysis that achieves both reduced environmental impact and reduced costs for the process to refine single molecules after PET decomposition. Leveraging the Kirin Group's core technologies of fermentation and biotechnology, we are also working on the joint development of a PET decomposition technology using enzymes with Shizuoka University.

\*3 Polyethylene terephthalate



Example

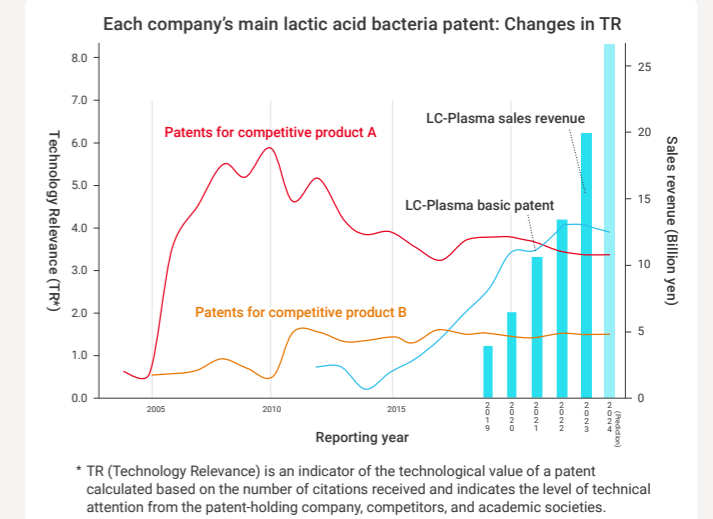
## Contributing to the expansion of value of the LC-Plasma business with the coordination of business, R&D, and intellectual property

The Kirin Group aims to make intellectual property the driving force for the achievement of sustainable growth. From 2023, the IP department and top management, including domestic subordinates, periodically hold discussions for this achievement. The top management learns about the current status and results of intellectual property activities and discusses how to address issues identified through the review of previous activities. The decisions of the discussions will be reflected in the next plan of intellectual property activities as resources for the plan will be allocated appropriately. These continuous discussions will accelerate our collaboration among business, R&D and intellectual property.

To properly implement the intellectual property activities that have been decided, it is important to develop the human assets who create intellectual property and foster a culture that considers IP important. Based on each career stage and level of intellectual property literacy, the Kirin Group continuously reviews and implements training systems for intellectual property in each domain and department. For the human assets expected to create inventions in R&D departments, the motivations for creating intellectual property in each department are boosted by accompanying on-the-job training.

For a specific example of intellectual property activities for the LC-Plasma business, we are pursuing basic patents for the use of LC-Plasma in addition to establishing a patent wall with these basic patents as the core. Furthermore, recent applications such as a patent application (international patent application), including the results of

clinical research related to COVID-19 announced in April 2023, have contributed to the growth of value possessed by LC-Plasma. According to analysis of the patents related to immune-related lactic acid bacteria technology filed by other Japanese food and beverage companies (provided by PatentSight®), these results show that the technology relevance of our basic patents remains at a high level and these patents serve as the foundation of our business for the expansion of the LC-Plasma.



\* TR (Technology Relevance) is an indicator of the technological value of a patent calculated based on the number of citations received and indicates the level of technical attention from the patent-holding company, competitors, and academic societies.

# 3 Consumer Centric Marketing Expertise

## 3-1 The Kirin Group's marketing policies and their strengths and characteristics

In spring 2022, we established the Marketing Central Team at Kirin Holdings to oversee the marketing functions of various operating companies and manage marketing efforts for the entire Kirin Group. By consolidating the marketing functions of each operating company, we aimed to strengthen our consumer-centric marketing capabilities and drive transformation through rapid decision-making and effective execution in response to environmental changes.

Furthermore, we are making steady efforts by prioritizing the consumer, identifying potential needs and wants, and establishing opportunities as follows to further strengthen our consumer-centric marketing capabilities.

- ▶ Raise our "ability to understand customers," which is the foundation of CSV management, to an event higher level throughout the Group
- ▶ Create marketing capabilities in new business domains
- ▶ Develop and utilize human capital across the Group for the future
- ▶ Provide support in resolving operating companies' challenges and create collaboration across the Group

### Enhance Corporate Value by further evolving consumer-centric marketing



## 3-2 Issues and progress since last year

We are steadily promoting the expansion of the Health Science domain, one of the material issues in our Kirin Group 2022-2024 Medium-Term Business Plan (MTBP), by combining marketing capabilities across operating companies. A prime example of these efforts is our *Lactococcus lactis* strain plasma (LC-Plasma), a proprietary material of the Kirin Group that supports the maintenance of immune functions in healthy people that is contained in many products, such as our *Kirin Oishii Immune Care* series, *Kirin iMUSE* supplement series, *Koivai iMUSE* Yogurt series, and FANCL CORPORATION's *Meneki Support* products.

The Kirin Group is aiming to improve our reliability and favorability by being recognized as a company that is contributing to the mental and physical health of our consumers and to creating a better society. However, as the insufficient awareness of the Kirin Group as a Group that supports physical health remains to be an issue, we must help more consumers to understand the importance of immune care and to make a habit of purchasing LC-Plasma functional food products. For this, we are required to develop a new form of communication.

Additionally, the Kirin Group has promoted both corporate-level action and communication, believing them both to be essential to bring awareness of the Group's serious efforts in health to more consumers.

## 3-3 Strategy and initiatives

To address these issues, the Marketing Central Team not only supports Kirin Group's operating companies but also takes on the challenge of corporate brand management. Of all the team's initiatives, one of priority is the enhancement of the Kirin Group's image of physical health. Beginning with the *Kirin Oishii Immune Care* series, the Group aims to improve results using new marketing that promotes communication of both the brand of LC-Plasma functional food products and the corporate brand and that remains in people's minds. Progress is also being made in initiatives aimed at growing each operating company, and results are beginning to be seen, such as the renewal of *KIRIN ICHIBAN Zero Sugar* and the expansion of Lion's focus brands.

Example

### Enhancing the image as a company dedicated to promoting health to improve value of the KIRIN brand

In May 2023, we began the Genki na Meneki (immune care) Project as a public-private partnership project. Chico-chan, the nationally popular mascot from NHK's "Chico-chan ni Shikarareru!" (Chico Will Scold You!), shares the importance of immune care in various areas of life nationwide while wearing light-blue clothes.

As part of the project, we launched the Zenkoku Touitsu Meneki Taisaku (immune care) Test online and on advertisements in public transit in November 2023 in preparation for winter, a time in which health management is crucial. This created opportunities for consumers that were previously hard to reach to learn about immune care.

Furthermore, in order to embody our commitment to being a company that takes the health of our consumers seriously, the Kirin Group started taking action at the corporate level to spread awareness of immune care in April 2023. This action, following the concept of "We want to protect the health of those who protect ours," contributes to promoting the health of people engaged in work that supports the health of others, such as childcare nurses and midwives, by providing them with immune care products. For example, as part of this project, which began after asking "What can we do to support midwives?" we established an immune care support vendor at Aiwa Hospital (Kawagoe City, Saitama Prefecture).

This series of initiatives was aired to share the message "You become happy. Then, the world will be that much better" as a new midwife edition corporate commercial in December 2023.

Commercials and digital communication that communicate our corporation's position enhance the Kirin Group's image of physical health and cultivate sympathy and trust. Sales of the LC-Plasma series in 2023 increased by approximately 40% year on year, achieving our target of 20 billion yen thanks to the marketing activities at operating companies, in addition to creating the need for immune care through the above initiatives.

We have also confirmed that more exposure to commercials has improved the health image of the Kirin Group

brand. According to a consumer survey on our corporate image more than 10 years ago, the main image of our company was beer; however, a recent survey has indicated that, in addition to beer and beverages, more consumers associate us with an image of immune care, LC-Plasma, and other physical health-related images, which means we are steadily acquiring the corporate image we want.

Going forward, we will continue to aim to realize a society in which people can live happily, healthily, and vigorously, expand our lineup of LC-Plasma functional food products, and evolve initiatives to help more consumers understand the importance of immune care. We will also communicate to enhance the image of us as a corporation that takes the health of our consumers seriously and improve the value of the KIRIN brand.



A scene from the midwife edition corporate commercial

あなたが、しあわせになる。ひとつ、世界が良くなる。



You become happy. Then, the world will be that much better.



Genki na Meneki (immune care) Project: a co-project with Chico-chan

# 4 ICT Accelerating Value Creation

## 4-1 Strengths and characteristics of Kirin Group's digital ICT and digital ICT policies

The use of digital technology is essential for the Kirin Group to realize sustainable growth in this society with increasing uncertainties. "Information and Communication Technology (ICT) accelerating value creation" is an organizational capability to help us realize new innovations in the Long-Term Management Vision Kirin Group Vision 2027 (KV2027), and we are working to promote digital transformation (DX). We are committed to the three following directions as value creation through DX: (1) "business process transformation," in which we aim to improve productivity throughout the value chain through product development, simulations, and other activities that use AI across divisions and domains; (2) "value enhancement of existing businesses," in which we promote the advancement of consumer understanding and the digitalization of the development processes and consumer contact points for existing products and services; and (3) "acceleration and development of new businesses," in which we aim to launch new services that utilize digital technologies without being bound by our conventional business model.



## 4-2 Issues and progress since last year

In the 2022–2024 Medium-term Business Plan (2022–2024 MTBP), we have set the enhancement of organizational capabilities that promote DX as a top priority and are committed to human capital development and building a foundation. Toward realizing site-driven digital technology utilization, we have implemented the Kirin DX Dojo, a human capital development program for employees, and the Group DX Promotion Committee for exchanging opinions amongst promoters of DX from each business. Furthermore, we are promoting the creation of a work environment using ChatGPT, PoC (proof of concept) utilizing generative AI, and other DX, giving rise to many initiatives in business process reform, a priority area, and leading to the advancement and optimization of internal operations.

However, we still have a ways to go to produce results through the value improvement of existing businesses and the acceleration and development of new businesses. In the next phase, we will strive to maximize the value we provide to consumers and will secure high capabilities in business departments and departments specialized in digital technologies.

## 4-3 Strategy, initiatives, and results

In 2024, we will acquire competitively advantageous organizational capabilities in promoting DX by further promoting the (1) "evolution of DX human resource development programs," (2) "cultivation of a culture that promotes transformation," and (3) "enhancement of digital expertise."

First, in regard to (1), the number of students of the Kirin DX Dojo exceeded 1,800 at the end of 2023, achieving the goal in our original plan 1 year early. Going forward, we will brush up the program to meet maturity levels and changes in society by reviewing the course in response to new technologies, such as generative AI, establishing a course specialized in improving business value and new business development, and more. Second, regarding (2), we have started the DX Awards for awarding excellent initiatives in DX and the DX FES, which encourages a business transformation mindset, to promote the cultivation of an organizational climate in which anyone, including those from overseas companies, can take on the challenge of DX. Finally, in (3), we are coordinating with talent management on a functional basis, a human capital strategy, to promote the acquisition of human capital with advanced digital skills and a diverse career background, regardless of being a new graduate or career hire, toward improving expertise. In the new domains of state-of-the-art technology utilization and more, we are actively collaborating with universities and venture companies.

By bringing together expert and diverse human capital and organizations, we will maximize the value provided utilizing digital technologies without being bound by the existing framework.

Example

## Resolving worker shortages and reducing product waste through DX of the vending machine business

Starting in October 2024, Kirin Beverage Company, Limited, will gradually introduce *Vendy*, a new, optimized service developed by SoftBank Corp. that uses AI to operate vending machines, into vending machines managed by the Kirin Group. Through the DX of the vending machine business, we will optimize vending machine management and product lineups for vending machine locations, resolving issues of the vending machine industry.

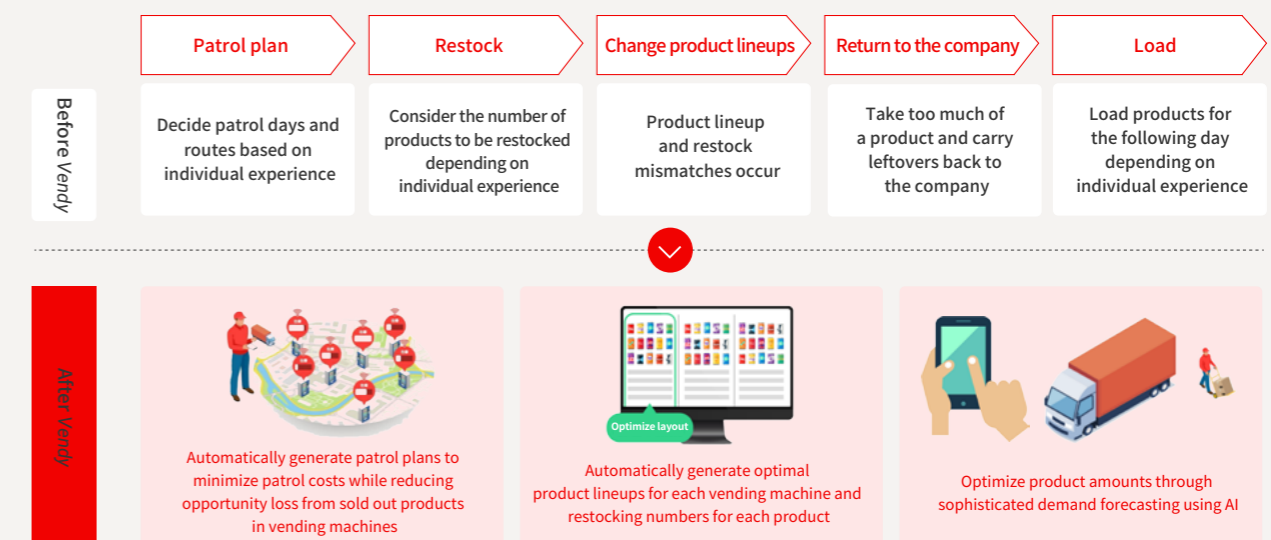
Kirin Beverage has approximately 180,000 vending machines installed throughout Japan, and they are acting as an important touchpoint for consumers. Meanwhile, the diversification of consumer needs and life-style changes have made it necessary to improve profit, so we are working to change the business's structure. In the vending machine management that is essential to maintaining vending machines, plans for product lineups, patrol routes, and more were being determined based on the experience of skilled planners. Due to this operational dependency and the experience of the people in charge, there were variations in judgement, leading to mismatched products lineups at each vending machine location, a lack of in-demand products, product waste, and inefficient patrol routes. In light of these issues, our company began to seriously consider the implementation of *Vendy*, which was being developed by SoftBank, who has deep knowledge on state-of-the-art technologies such as AI and big data, in 2022 in order to transform the processes and improve the value of the vending machine business.

This project was led by the business savvy human capital of the Sales Department at Kirin Beverage using the digital skills they acquired using the Kirin DX Dojo and other methods. Additionally, the Digital ICT Strategy Department of Kirin Holdings Company, Limited, who has knowledge on AI utilization, also joined the project and worked to transform

processes while combining their diverse expertise. The function verification of *Vendy* was performed jointly with SoftBank at the operation site for the vending machines managed by our Group. In addition to checking the service's effectiveness and versatility, we collaboratively improved its functions based on the site's feedback. Furthermore, we established a business process optimized for Kirin Beverage's operations, based on the Group's knowledge on AI utilization, to prepare for the service's practical implementation.

*Vendy* will gather data, such as the sales data of our company's vending machines and cost information related to patrolling, analyze it using AI, and create an integrated plan for optimal product lineups based on the machine's location, efficient machine visitation timings, patrol routes, and the number of bottles to be refilled. The generated plan can be checked by the person in charge and the manager by using a specialized application on their smartphones. Based on the results of the joint verification, the implementation of *Vendy* is predicted to reduce the worktime related to vending machine operations by about 10% and to increase sales by around 5%. By using the time gained from this time reduction to develop new vending machine installation sites, we can provide consumers with higher quality service. We can also promote human capital development by eliminating operational dependency and improving the flexibility of human resource placement.

*Vendy* is a useful system for resolving worker shortages and product waste for not only our company but also other companies involved in operating vending machines. By being the first in the industry to implement *Vendy*, we strive to optimize our operations and improve our service together with SoftBank to realize sustainable operations.



# BUSINESS

The Kirin Group is activating business synergies to approach social issues as opportunities for business growth



The Kirin Group will continue to leverage our strengths in each business domain to create unprecedented products, goods, and services that resolve social issues.

## Food & Beverages domain



**Example of social issues targeted by the Food & Beverages domain**

### Dulling of human connections

The accelerated spread of a new lifestyle that resulted from the COVID-19 pandemic has caused a decline in the number of direct interactions between people, requiring us to create spaces to connect people and communities.



#### Businesses of the Food & Beverages domain

- Basic research
  - Technical development
  - Product development
  - Procurement
  - Manufacturing
  - Supply and demand, logistics
  - Sales
  - Support for sellers
- Related to alcoholic beverages, soft drinks, and dairy products

#### Products and services that create opportunities for human connection



Some of the profits from the sales of our new beer brand, *Kirin Beer Harekaze*, will be donated to help conserve Japanese traditions, like fireworks and *hanami* (cherry blossom viewing), protecting opportunities for human connection.

Promote special craft beers around the world to encourage conversation. These efforts will also create opportunities to connect raw material production areas with consumers.

Expand non-alcoholic products and promote responsible drinking to give drinkers, those who can't drink, and those who don't drink the option to have fun together in a way that suits their feelings, the situation, and their health.

The *KIRIN Gogo-no-Kocha HAPPINESS Project* connects the desire to promote disaster recovery with the feelings of support from consumers throughout Japan.

## Pharmaceuticals domain



**Examples of social issues targeted by the Pharmaceuticals domain**

### Responding to unmet medical needs

In addition to continuing to take on the challenge of evolving our antibody technology, we are committed to finding treatments for diseases that have no existing effective treatments by creating pharmaceuticals that use diverse modalities and leverage the strengths of Kyowa Kirin.

### Responding to patient-centered healthcare needs

We will promote patient advocacy activities by communicating and collaborating with patients and medical organizations. Additionally, we will take action to provide value beyond the pharmaceutical framework.



#### Businesses of the Pharmaceuticals domain

- Research
  - Development
  - Manufacturing
  - Selling
  - Shipping
- Of medicines

#### Continuous creation of new, groundbreaking drugs



##### Crysvita

We started selling this product in North America and expanded our marketing in other areas, resulting in *Crysvita* reaching 6,000 patients in 2023. We aim to promote disease awareness activities in line with evidence to further grow its value.



##### Poteligeo

Revenue grew steadily and we expanded markets to countries and regions within EMEA/Asia. Moving forward, we will continue to evolve promotion activities by utilizing evidence to promote the permeation of *Poteligeo* in existing markets and expanding its targets.

##### KHK4083 (Generic name: rocatinlimab)

Currently, eight kinds of phase 3 (testing), ROCKET programs, are underway. Additionally, we are currently performing clinical trials to test the product's effectiveness against asthma and nodular prurigo in order to expand the product's target diseases in 2024. We will continue to accelerate its global development.

## Health Science domain



**Examples of social issues targeted by the Health Science domain**

### Realizing a society with a healthy life expectancy

In order to fulfill people's wishes to live long, healthy lives, we are required to promote the building of a foundation of health by maintaining immune function as well as to tackle individual health issues such as infection and lifestyle-related disease prevention, brain function maintenance, stress relief, and more to help people live enriching lives.



#### Businesses of the Health Science domain

- Basic and applied research
  - Standard development of products and services
  - Planning & development of products and services
  - Manufacturing, sales, extraction, and support for sales destinations
- For health products, like high-function materials and supplements
- Manufacturing and selling of raw materials for pharmaceuticals

#### Products and services that contribute to improving quality of life



Promote "immune care" habit by expanding products infused with *Lactococcus lactis* strain Plasma (LC-Plasma) to contribute to consumers' health.

Will widely provide beverages, food, skincare, and other products to contribute to the beauty and health of consumers by combining the brand value of KIRIN and FANCL with our R&D capabilities.



##### Specialty materials

We are developing specialty materials suited for domains that are expected to become more challenging in the future due to the super-aging society, such as *Human Milk Oligosaccharide (HMO)*, the main component of human breast milk, and citicoline, which improves brain function.



##### Electric Salt

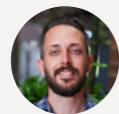
With the goal of providing all people with lives that are full of delicious food, we are supporting the realization of a healthy and happy society through *Electric Salt*, which uses technology that enhances the salty taste of low sodium diets by using electricity.



# Food & Beverages domain

Example

## Revitalizing Farming Communities with Craft Beer Made from Sustainable Barley



**Jahdon Quinlan**  
Sustainability Leader  
Lion



**Justin Merrel**  
Sustainability Director  
Lion

### Negative environmental impacts of conventional agricultural practices

Lion has implemented various sustainable initiatives within our breweries, including the procurement of 100% renewable electricity, biogas generation, and energy efficiency best practice. Currently, we are further expanding our efforts to promote sustainability upstream in the supply chain.

The major agricultural ingredients in beer are barley and hops. Conventionally, the cultivation of malting barley is, generally speaking, a monocrop practice. While broad-acre monocrop agriculture is highly efficient, it also involves multifaceted challenges. For example, the excessive use of synthetic nitrogen fertilizers & agrochemicals negatively impacts soil health, biodiversity, and water quality. Furthermore, this can lead to the degradation of the socio-economic wellbeing of farming communities when considering the long-term resilience of conventional systems in the face of broader social & environmental challenges such as the impact of climate change and biodiversity loss. Prioritizing short-term, high yields has resulted in significant damage to agricultural land, neglecting the

value of natural capital.

In 2012, the Beverage Industry Environmental Roundtable (BIER)\*1 disclosed research on carbon emissions and product lifecycle. The research revealed that when analyzing the carbon footprint of one beer (bottle or can), malt accounted for 39% in Europe and 33% in North America. Additionally, data obtained by the Lion Group indicates that barley farming is a significant contributor to Scope 3 emissions. Therefore, addressing barley farming sustainability should be a priority for decarbonization as well as natural capital regeneration.

### Conserving soil health through regenerative agriculture

This is why we have been making inroads to support farmers who incorporate regenerative agricultural practices into barley and hop farming. Regenerative agriculture aims to maximize the potential of the soil by leveraging natural cycles. Instead of prioritizing yields and exploiting soil nutrients, this approach focuses on the long-term health and sustainability of the land & community fostering rich and resilient soil.

Specific methods vary among farmers and their location, but it is widely accepted that regenerative practices include a combination of sustainable farming practices, such as reducing the use of agrochemical fertilizers and pesticides, implementing soil nutritional programs, cultivating cover crops\*2, no-till farming\*3, etc. In addition, there are other instances where renewable energy is implemented or manure products from livestock are used as compost. Regenerative agriculture can contribute to carbon capture and storage within the soil, enhanced moisture retention, and mitigation of environmental pollution.

Focusing on regenerative agricultural practices implemented by barley and hop producers



Northern Rivers Beer. To show respect to the local community, a bush turkey, which is often seen in the area, is depicted as the icon on the front of the can.



Working on a project with the NSW (New South Wales) Department of Primary Industries. We are experimenting with perennial grains that require planting once per 3–5 years, while conventional grains need to be re-sown annually.

### Community-based beer utilizing sustainable ingredients

We are starting to incorporate sustainable grains produced through regenerative agricultural practices into our beer brewing. Lion has set forth a Responsible Sourcing Code, and our major brand, Stone & Wood, in particular has a strong focus on using sustainable ingredients as a trailblazer for sustainability among Australian brewers.

Back in early 2022, we started experimental brewing with sustainable grains at our Northern Rivers Brewery in Byron Bay, Australia. Starting with small-scale efforts, we gradually expanded, culminating in the release of our *Northern Rivers Beer* in 2024. It is an easy-to-drink lager, made from 70% Certified Sustainable malt and 100% Certified Sustainable hops. It was only brewed in small batches, but for us it is definitely a meaningful step.

With the intention of initially promoting it locally, we distribute the product between Tweed Heads and Yamba on the NSW coast. We have received really positive feedback so far from the local community.

Our involvement with regenerative agriculture goes beyond brewing. By leveraging our influence across the craft beer industry, in 2024 we will be launching our "GOOD GRAIN" industry development initiative – co-funding 4 separate regenerative agriculture grain projects in collaboration with a leading Australian Regen Ag not-for-profit and contributing \$25,000 via our Ingrained Foundation, a not-for-profit funding platform. We are striving to create positive change for the cereal grain industry as well as the broader farming industry, such as cultivating optimal procurement pathways for producers and raising society's awareness of regenerative agriculture and its positive impact.

### Expanding sales of sustainable products while positively impacting the industry

To genuinely understand sustainable ingredients, it is essential to learn about producers' initiatives and their effects. This is why we visit barley and hop growers face-to-face and ask about their regenerative practices. Part of our role is to share stories about the background and significance of these products with the market. This type of communication adds value to the products and generates economic benefits for farmers' communities. For farmers, knowing that consumers appreciate their produce brings a sense of meaning and pride. It even motivates them to make more investments, change their agricultural methods, and further expand regenerative farming practices.

Moving forward, we will contribute to growing the demand and popularity of products like *Northern Rivers Beer* by procuring sustainable ingredients and emphasizing their significance to stimulate consumer curiosity, provide a pathway for reducing their impact on the environment, and support local business. At the same time, with a broad perspective on the entire market as someone with a certain amount of influence, we will role model best practice and establish precedents with the goal of driving change throughout the craft beer industry. We believe that these efforts will send a positive message to investors and society as well, leading to natural capital regeneration and a healthier planet.

\*1 BIER: A technical coalition of leading global beverage companies working together to advance environmental sustainability within the beverage sector.

\*2 Cover crops: Plants that are deliberately grown to prevent fertilizer runoff, soil erosion, and weeds.

\*3 No-till farming: An agricultural method that avoids tilling to preserve ecosystems and retain carbon and moisture in the soil.





## Pharmaceuticals domain

Example

### Building a Structure and System That Continually Creates Groundbreaking, New Drugs



**Takeyoshi Yamashita**  
Director, Senior Managing Executive Officer  
Kyowa Kirin Co., Ltd.

#### Strengthening ability to meet needs by acquiring Orchard Therapeutics

Our business, of which the production and selling of new medicines are the foundation, contributes to society through evolving health care by creating and providing new medicines that surpass existing treatments. However, the difficulty of creating new medicines and R&D expenses continue to grow. Furthermore, the economic pressure felt from skyrocketing medical expenses has become a global issue, and countries are promoting policies and regulations to lower the prices of pharmaceuticals. In recent years, the concept of value-based pricing, in which prices are set equal to the value provided, for pharmaceuticals has been expanding, requiring CSV management that realizes both social and economic value. We have turned our eyes to diseases without treatments and patients who need new medicines and formulated Vision 2030, which focuses on providing life-changing value\*1 through pharmaceuticals with real value.

*Crysvita* and *Poteligeo*, two of our products, have been accepted by society as pharmaceuticals that provide real life-changing value and have been at the core of the global expansion of our business. We are now promoting the development of a product expected to drive our future growth: *rocatinlimab*. Through these efforts, we will build a foundation toward achieving Vision 2030 and steadily move forward. Meanwhile, in regard to 2030 and beyond, we must strengthen our ability to meet future needs. Therefore, we have chosen Orchard Therapeutics, a company that fit with our vision and will contribute to our further growth.

There were two reasons for acquiring Orchard Therapeutics. The first reason was to enhance products with life-changing value that can meet unmet medical needs\*2 and the development pipeline. The other reason was to secure hematopoietic stem cell gene therapy, a stepping stone to cellular gene therapy that will challenge fundamental treatments, and the relative R&D platform.

#### Accelerating research on cellular medicine, which has recently entered the spotlight

Orchard Therapeutics is leading the implementation of hematopoietic stem cell gene therapy, and they have already launched *Libmeldy* in Europe with plans to release it in the United States in 2024. *Libmeldy* is the first pharmaceutical for metachromatic leukodystrophy, an extremely serious disease, and it provides treatment that can only be achieved with hematopoietic stem cell gene therapy technology. The number of patients who can use this medicine is extremely small, but it is accepted at a high price. Additionally, the clinical development of OTL-203 and OTL-201, two products that also provide life-changing value, is now underway, and the core of the cellular gene therapy business is being established. By adding this business to our global businesses, we can boost our presence as a Global Specialty Pharmaceutical Company that provides life-changing value and take another step toward achieving Vision 2030.

Hematopoietic stem cell gene therapy technology, the specialty of Orchard Therapeutics, isolates the patient's blood stem cells, the source of various blood cells, manipulates the genes, and then returns them to the patient's body. The various technologies at each important step are not only excellent, but their strength is that they are ready for practical use. Modern products and developments target congenital diseases caused by a single genetic abnormality, but this platform has development potential, and we believe that combining it with the biotechnology and antibody technology that we have cultivated over the years will widen the scope of its application.



In addition, we can accelerate the research of cellular medicine, which has recently entered the spotlight as a technology that can make possible treatments that are impossible for conventional pharmaceuticals. First, we will aim to realize Vision 2030 by starting to provide unprecedented treatments for patients suffering from serious genetic disorders. Going beyond 2030, we will continue to promote R&D in order to provide solutions to unmet medical needs.

#### Leveraging innovative modality to develop pharmaceuticals

Thanks to the success of *Crysvita* and *Poteligeo* over the last three years, we established our global sales structure. We are also steadily promoting the commercialization and maximization of the value of *rocatinlimab* in collaboration with a major pharmaceutical company and are achieving growth based on our ability to create value. Our image of a Global Specialty Pharmaceutical Company and process of achieving Vision 2030 have become significantly more concrete than when the Medium-Term Business Plan was formulated in 2020, and we revealed it in February 2024 as the Story for Vision 2030. We introduce the contents below.

The creation of life-changing value is the source of our competitive strength, and we are continuously striving to enhance our R&D capabilities for creating solutions to unmet medical needs. As this is a knowledge-intensive industry, we will focus on bones & minerals, intractable hematological diseases/hemato oncology, and rare diseases as strategic domains in which we cultivate our strengths, while aiming to develop pharmaceuticals that realize advanced treatments by utilizing the innovative modalities of advanced antibody and cellular gene technologies.

In focus domains, we will sell our own products globally, but we will leverage strategic partnering in domains that we cannot cover on our own in order to provide value to more patients.

We are committed to getting closer with patients and to realizing a business that sustainably creates and provides life-changing value in line with Story for Vision 2030.

\*1 The value that is produced by identifying unmet medical needs of sick people, imagining new medicines and services to resolve those issues, and then providing them so that patients can feel a dramatic improvement in their lives and smile.

\*2 Medical needs that are unresolved

## Story for Vision 2030

### Strategies for creating and delivering life-changing value



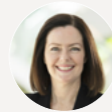
\*Assets outside of the disease areas of focus are designated as strategic partnering assets, and value maximization is achieved through collaboration with partners.



# Health Science Domain

Example

## Raising Awareness of the Importance of Good-quality Sleep through Promoting Sales of Sleep Range



**Joanne Smith**  
Chief Brand, Innovation and Communications Officer  
Blackmores Limited

### Meeting universal sleep needs of consumers

The prevalence of sleep conditions is rising around the world. We are increasingly under pressure from family, work, financial and lifestyle circumstances, and despite all the technology available, we are increasingly disconnected from each other. This was exacerbated by COVID-19.

Using a data-based approach including artificial intelligence (AI) trawling, Blackmores identified 71% of people suffer from sleep issues, and, on average, each experiences 3.6 issues. These include waking up tired, having trouble falling asleep, waking up during the night, and having issues staying asleep. Despite this high prevalence, most people do not take any action. If they do, they use lifestyle choices, and only 36% of consumers use VDS (vitamins and dietary supplements).

When they do take supplements, they often look for products that are easy to understand, with a clear consumer need and end benefit, plus are natural, efficacious, and do not have unwanted side effects. Blackmores' brand purpose is to empower the best of health in everyone naturally. We identified a strong opportunity to educate consumers on the importance of good sleep and deliver innovation to address consumer sleep needs. To achieve this, we harnessed the best of science, nature, and consumer insights to launch a Sleep range that delivers

breakthrough innovation in critical universal consumer need states, using easy-to-understand, benefit-lead name and claims, while also leveraging formulations based on our naturopathic principles and the power of modern science.

### Focusing on causing positive changes through good sleep

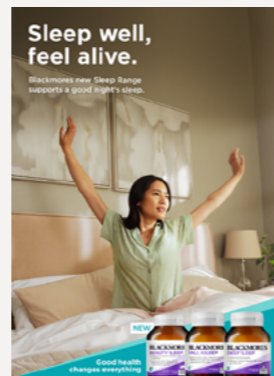
*Blackmores Deep Sleep™* is a specially formulated tablet to support deep and restful sleep every night. With a combination of valerian, ziziphus, hops, and magnesium, the product improved sleep quality, relieving restless sleep to help people wake up feeling refreshed.

Next, is *Blackmores Fall Asleep Tablets™*. These are convenient tablets to reduce the time required to fall asleep. With traditional western herbal medicine botanicals like lavender, ziziphus, and lemon balm plus magnesium, they help to relax your mind, unwind, and fall asleep to rest and recharge your batteries.

*Blackmore Beauty Sleep Tablets™* are specifically formulated tablets to support sleep and improve skin & hair health. This truly unique and innovative formulation contains hops, which is traditionally used in western herbal medicine to relieve sleeplessness, plus retinol (vitamin A), hyaluronic acid,



Introducing the new Blackmores Sleep range



The "Sleep Well, Feel Alive" key visual

## Consumer journey mapping

Our approach to investment and messaging is guided by the consumer decision journey framework.

The following table will detail the adapted assets that are available for local market use to support the consumer decision journey.

	Awareness		Consideration	Conversion	
Consumer Journey	Living Life	Need Triggered	Exploring Options	Making Decisions	Using & Enjoying
Consumer Activity	Everyday life and category interest	Starting the purchase journey	Researching the options	Final decision and purchase	Actions and behaviors after the purchase
Stage importance	<b>23%</b>	<b>19%</b>	<b>24%</b>	<b>18%</b>	<b>16%</b>
Channel	Online videos, paid social, KOL, out of home, print		Paid social, digital banners, search, content	Ecommerce, digital banners, POS	Reviews
Asset Example KPI					
KPI	Reach, impressions		CPC \$, CTR %	Conversion %	
Role of Channel	Reach	Deeper Engagement	Product Evaluation	Acquisition	Engagement and Rebuying

Consumer journey map showing the process of purchasing Blackmores Sleep range

hydrolyzed collagen, vitamin C, vitamin E, and biotin to support skin rejuvenation including collagen production, integrity, structure, hydration, and skin & hair health.

This range of products was launched in Australia in May 2023 and will be rolled out globally over the next two years in markets including South Korea, China FTZ, Singapore, New Zealand, and beyond. To support the launch, a communication platform that harnesses the universal consumer truth, "If you sleep well, you can be at your best every day," was developed.

From this, the groundbreaking "Sleep Well, Feel Alive" campaign was developed. Rather than focusing on the negative impact of poor sleep, this first-of-its-kind campaign portrayed the transformative power that good sleep can have on every aspect of life. The campaign went to air with a full 360-degree approach using video-on-demand, YouTube, radio, digital audio, paid social, search engines, out-of-home advertisements, transit media, influencer marketing, and instore activation at all key retailers. Running for 9 weeks, it reached over 18.5 million Australians, achieving great results.

### Favorable sales and success in acquiring new users

During the campaign, Blackmores became the fastest growing brand in the sleep segment, with a brand segment retail sales

growth of 28%. Blackmores' sleep segment market share also grew by 17.6%, outperforming the net sales forecast by 143%. Of the sales, 90% were incremental to sleep VDS and 73% to Blackmores. *Deep Sleep 60s* is the #1 sleep innovation in pharmacy and innovation in grocery.

The *Blackmores Sleep* range has performed strongly, achieving net sales at 109% above the target. Australia has achieved outstanding results, with sales reaching 143% more than the target. The *Blackmores Sleep* range and campaign have successfully educated consumers and brought new users into the segment, growing both the brand and category.

Early results are exceptionally strong and the *Blackmores Sleep* range innovation and Blackmores "Sleep Well, Feel Alive" Campaign has helped consumers become aware of their sleep issues, but more importantly, it has empowered them to treat them using VDS. By leveraging our expertise in delivering consumer insight-led and tested, scientifically validated, and efficacious formulations that are supported by marketing communication with consistent, single-minded messaging grounded in consumer truth, we have helped consumers get a good night's sleep to get the most from their day.

We will continue to invest in and grow our *Blackmores Sleep* innovation across our markets while, at the same time, continuing to explore and validate new consumer need states and innovation and to drive brand growth in the present and future.

# OUTPUT

The Group is leveraging its foundation for driving innovation that enable its businesses to help society around the world settle the issues

The Kirin Group is achieving various results through our business. We use the following key financial and non-financial performance indicators as major benchmarks to compare these results over time.

## Financial targets

FY		December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
ROIC	Forecast	—		10%+	
	Actual	4.2%	8.5%	8.0%	—
Normalized EPS CAGR	Forecast (compared to 2021)	—		CAGR 11%+	
	Actual (compared to 2021)	—	9.6%	13.5%	—

\*1 ROIC = Profit after tax before interest / (Average total interest-bearing liabilities at beginning and end of the period + Average total equity at beginning and end of the period)  
 \*2 Normalized EPS = Normalized profit / Average number of shares outstanding during period  
 Normalized profit = Profit attributable to Owners of the Company ± Other operating income and expenses and other items after income taxes

## Non-financial targets

Items	Themes	Non-financial Indicators	Links to Economic Value	Actual results for December 31, 2022	Actual results for December 31, 2023	Target Level in 2024
Environment	Climate Change	Reduction rate of GHG emissions	Reduction of cost increases when introducing carbon tax with energy saving effect	18%	31%	23% (50% in 2030)
	Containers and Packaging	Percentage of recycled resin used in PET bottles	Profit generation through value creation and stable procurement of PET raw materials	8%	28%	38% (50% in 2027)
	Water resources	Water use intensity at manufacturing sites with high water stress*3	Reduction of production cost and production risk due to drought	3.7kl/kl	3.4kl/kl	3.0kl/kl (Under 2.4kl/kl in 2025)
Health	Progress of mid-term health science strategy	Achievement level in supporting the maintenance of immune function 1. Recognition rate of Lactococcus lactis strain Plasma function in Japan 2. Number of people continuing to take Lactococcus lactis strain Plasma	Increase in revenue and operating profit	1. 32% 2. 640,000 people	1. 31% 2. 780,000 people	1. 45% (1. 50% in 2027) 2. 1,900,000 people
		Achievement level of new value creation in the immunity, brain function, and intestinal environment domains and Achievement level of promotion of collaboration with pharmaceuticals domain	Profit generation by satisfying unmet needs and creating new health value	Not disclosed**4	Not disclosed**4	Not disclosed**4
Employees	Organizational Culture	Employee engagement score	Profit generation through value creation and productivity improvement	70%	70%	75%
	Diversity	Achievement level in "Increasing diversity"*5 1. Ratio of female managers in Japan 2. Ratio of career hires in Japan	Profit generation through value creation and productivity improvement	1. 10.6% 2. 27.3%	1. 13.6% 2. 45.4%	1. 15% 2. 30%
	Occupational health and safety	Lost time injury frequency rate*6	Raise motivation and productivity by improving working environment	1.00	1.36	0.95 (0.40 in Japan)

\*3 Tooheys Brewery, Castlemaine Perkins, James Boag Brewery (LION).  
 \*4 Specific indicators and target levels are not disclosed for strategic reasons, as they include content related to intellectual property.  
 \*5 The target group is employees of Kirin Holdings.  
 \*6 Major group companies that have production and logistics functions within the group will be included. Partner companies within the plant premises are also included.

# OUTCOME

The Kirin Group gives values back to the society it serves

The Kirin Group leverages its outcomes in order to create economic and social value, mainly in the four priority issues: "a responsible alcohol producer," "health and well-being," "community engagement," and "the environment." Here are some examples.

## Health and Well-Being

Raise the number of healthy people, lower the number of sick people, and contribute to the people who are involved in healthcare

**PICK UP**  
Accelerating the Spread of Immune Care Awareness and Action Building a Foundation of Health for People P54

Increase options for those who want to avoid an excessive sugar intake through distribution of Kirin Fire One-Day Sugar-Free Latte.

Provide solutions based on perspective of cancer patients through joint efforts of Kyowa Kirin Co., Ltd., and FANCL Corporation in skin appearance care.

Improve working environment of drivers by saving time during long distance transportation and for waiting and loading.

## The Environment

Enrich a sustainable Earth for future generations through positive impact

**PICK UP**  
Our Grape Production Leads to Nature Positive P55

Accelerate efforts to reduce greenhouse gas emissions in the Kirin Group by using transition-linked loans for financing.

Shift to renewable energy for all electricity that will be used in all of Kirin Brewery's factories and sales bases.

Developed two new technologies related to chemical recycling to realize a society that recycles plastic.

## Community Engagement

Create positive forces for people's well-being and society by developing communities

**PICK UP**  
Contribute to Cultivating New Human Connections with a Diverse Range of Beers P56

Launched a beverage that uses Kumamoto-made strawberries through the KIRIN Gogo-no-Kocha HAPPINESS Project. Will donate part of the sales in order to revitalize the local communities.

Started the production of Gotenba Malt Whiskey, which is made of 100% barley from Gotenba, Shizuoka, to revitalize the local community.

Hold the Kirin Family Challenge Cup with the purpose of strengthening bonds between family members and friends while playing soccer.

## A Responsible Alcohol Producer

Make steady progress toward eradicating the harmful use of alcohol in all countries of operation (Zero Harmful Drinking)

**PICK UP**  
Providing New Options for Non-alcoholic Beverages and Promoting Responsible Drinking P57

Provide Kirin GREENS FREE to expand the markets for non-alcoholic beverages and beverages that taste like beer to eradicate drunk driving.

Hold seminars on responsible drinking habits at universities with the aim of improving awareness.

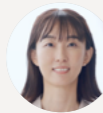
Launched Mercian x FANCL Calorie Limit Non-alcohol Umeshu Taste, expanding the options for non-alcoholic beverages.

We will share the details of some outcomes (value given back to society) on the following pages.

7

Example Health and Well-Being

### Accelerating the Spread of Immune Care Awareness and Action Building a Foundation of Health for People



**Kei Tanaka**  
Manager, Marketing Group  
Health Science Business Department  
Health Science Business Division  
Kirin Holdings Company, Limited

Health needs are growing more and more due to the COVID-19 pandemic. In a survey conducted by Kirin Holdings in 2023, the number of people answering "I want to become healthy from the inside" and "I want to protect my health" had grown compared to before the pandemic. Additionally, the increase in social security payments resulting from the aging population has created financial concerns and extending the healthy life expectancy could be labelled an urgent issue for the government.

Considering these circumstances, we believe that maintaining immunity as a daily, healthy habit will build the foundation of human's innate health. In May 2023, we launched the Genki na Meneki (immune care) Project, a public-private partnership project that shares the importance of immune care throughout Japan, so that children and adults can live healthy lives. We are currently receiving support from 26 corporations, 1 association, and 4 local governments and are working together with Chico-chan from NHK's "Chico-chan ni shikarareru!" (Chico will scold you!) to spread awareness. As an initiative with local governments, we held an examination event using simple immunity test kits in Odawara City and Minamiashigara City in Kanagawa Prefecture. Additionally, we have continually held classes on immunity for elementary school students nationwide since 2022. So far, we have taught the classes to more than 20,000 people and are working to improve awareness of households, including guardians.

Furthermore, as part of our global development, we launched *Kirin iMuse*, a *Lactococcus lactis* strain plasma (LC-Plasma)-infused beverage, in Vietnam. Due to Vietnam being a society with high health risks, the interest and concern of guardians in the development and growth of children is high and the number of people performing daily immune care is growing.

The awareness of the word "immune care" has risen to more than 75% here in Japan, an all-time high (results in 2023),\*1 and its permeation continues to be steady. The

immune care market is expanding, and the sales of the LC-Plasma series in 2023 grew approximately 40% year on year, achieving our goal of 20 billion yen in sales. Additionally, through collaborations with partner corporations, the number of LC-Plasma-infused foods with functional claims grew to 59 products\*2 from 16 companies. The renewed method of advertising for LC-Plasma was also successful, and the sales of *Kirin Oishii Immune Care* grew significantly throughout the year after being launched in March 2023.

A strength of the Kirin Group is our capabilities in fermentation and biotechnology research and development. Our unique LC-Plasma was born from more the 35 years of research on immunity, and it was the first to be registered in Japan as a food with immunity function claims. The effects of LC-Plasma have been proven through the results of lots of research, generating trust that contributes to business expansion. Additionally, the ability to immediately permeate the market through familiar beverages, yogurt, and supplements by leveraging our safe, secure, and high-quality brand image and our wide range of customer contacts and sales channels is a strength. As LC-Plasma can be provided in a multitude of forms, we are able to provide it outside of the Group to effectively and quickly expand its value.

Kirin Group's Health Science business is still in its growth period, but we will realize a future in which the new healthy habit of immune care becomes commonplace. Moreover, beginning with LC-Plasma, we will provide products backed by solid evidence, resolve health issues through public-private cooperation, and contribute to helping people feel the joy of living to be 100 years old and to the realization of fulfilled lives.

\*1 According to Kirin Holdings Company, Limited (December 2023)

\*2 Numbers include Kirin Group products and are as of the end of December 2023



Genki na Meneki (immune care) Project: a co-project with Chico-chan



A scene from a class on immunity for elementary school students

2

Example The Environment

### Our Grape Production Leads to Nature Positive



**Keisuke Midori**  
CSV Strategy Department  
Kirin Holdings Company, Limited

It is estimated that more than half of the world's GDP (gross domestic product) relies on natural capital. The Kirin Group is utilizing natural capital in various ways, such as using water and crops as raw materials, borrowing the power of yeast in our business, and leveraging functions of microorganisms to make products in our biopharmaceuticals business. We must make it possible to sustainably utilize the natural capital in order to grow our business, setting CSV as the center of Kirin's management philosophy.

Influenced by the 10th Conference of the Parties (COP 10) to the Convention on Biological Diversity in 2010, we redefined natural capital as our materiality and have solved issues. In recent years, we have turned our attention to further contributing to being Nature Positive, or to halting the loss of natural ecosystems and to recovering the system.

Japan's Ministry of the Environment recognizes private lands that have natural environments with rich ecosystems as Nationally Certified Sustainably Managed Natural Sites in aim of becoming Nature Positive. In 2023, Chateau Mercian Mariko Vineyard, a Kirin Group winery that has been used to grow grapes for Japanese wines since 2003, was officially certified as one of these private lands. Of the 122 places certified in 2023, Mariko Vineyard is the only agricultural business operation site.

In Mariko Vineyard, through the grass cultivation\*1 that is being conducted, Secondary Nature, in which the ecosystem is enriched, is being nurtured through the continuous involvement of farmers. Most of the nature in Japan and other Asian countries has Secondary Nature, and this vineyard is a prime example of both in Japan and overseas.

We are actively working to convey the importance of Secondary Nature. Global rules for natural capital are about to be set. Secondary Nature is maintained and formed by people managing it through agriculture and forestry, rather

than destroying it. It is important that Secondary Nature is also recognized globally as a contributor to the richness of nature and nature positivity.

By being certified as a Nationally Certified Sustainably Managed Natural Site, Mariko Vineyard was also registered in the international database as an OECMs,\*2 and we were able to communicate to the world that Mariko Vineyard contributes to the enrichment of biodiversity. In September 2023, we started the Chateau Mercian Mariko Winery SDGs Tour to introduce these activities. The participation fee is 10 thousand yen, and it is a popular event that fills up every time. We plan to offer more external communication activities like this in the future and expect them to improve the awareness and value of the Chateau Mercian brand. Additionally, we believe that if similar initiatives are accelerated at other vineyards, it will contribute to increasing the awareness of Japanese wines.

We are aiming to also have Mercian's other vineyards certified as OECMs sites in the future. Furthermore, we will perform investigations to accurately measure the amount of GHG (greenhouse gas) emissions of the vineyards to scientifically verify what kind of impact the vineyards are having on not only ecosystems but also climate change. In addition, we plan to resolve environmental issues through turning pruned grape vines into biochar to immobilize GHG in soil and other methods of regenerative agriculture.

\*1 A method of cultivating without weeding orchard undergrowth.

Undergrowth prevents soil erosion and supplements organic matter in the orchard.

\*2 Other effective area-based conservation measures



Mariko Vineyard



3

Example Community Engagement

### Contribute to Cultivating New Human Connections with a Diverse Range of Beers



**Ikuko Kubo**  
Senior Manager  
Craft Beer Project  
Kirin Brewery Company, Ltd.

Beer, which provides a little happiness every day and can enrich people's lives, has been popular in Japan for a long time and has brought joy to consumers. However, there is now really only one kind of beer that people are drinking on the Japanese beer market. Meanwhile, there are over 150 different styles of beer around the world. Kirin Brewery feels responsible for not being able to provide consumers with the inherent richness of beer and has committed to entering the craft beer business with the hope of spreading the diversity and fun of these different beer styles.

Furthermore, in recent years, human connections are fading due to remote work and the digitalization of communication. We believe that selecting your favorite beers from a diverse range of craft beers and talking with friends and family about their differences will create a good opportunity for communication.

The major challenge of making craft beer a staple for Japanese consumers is something that we at Kirin Brewery cannot achieve alone. Therefore, we will take on this challenge together with breweries in Japan and around the world that share our ambition.

First, we are striving to spread the awareness of craft beer with *SPRING VALLEY*, a core brand, at the center of our activities. We entered the craft beer business in 2015 and opened *SPRING VALLEY BREWERY*, a combined brewery and restaurant, in Daikanyama, Tokyo. Following that, we launched a small beer server for restaurants, *Tap Marché*, and a draft beer subscription service, *Home Tap*, that is a direct channel for consumers, and a mail-order website, *DRINX*. On top of that, we drastically increased the opportunities to enjoy beer at home and the awareness of craft beer by selling canned products at mass retailers.

Second, because creating opportunities to experience the deliciousness and fun of craft beer is important in building a market, we are using *Tap Marché* to expand the number of domestic restaurants throughout Japan at which people can enjoy craft beer. *Tap Marché* is compatible with products of

not only our company and partner breweries, but also those of breweries to which we are not connected for a total of more than 20 craft beers. Each restaurant can select the beers they want to serve, providing ways to enjoy craft beer, such as experiencing a wide range of flavors and pairing them with foods. The service has been well received. Additionally, we are also expanding the number of opportunities to enjoy craft beer outside of restaurants, such as by hosting Japan's first-ever craft beer event, *HELLO CRAFT BEER WORLD*, together with 13 Japanese breweries in 2023.

Our third initiative is the launch of *SPRING VALLEY Hojun 496*, *SPRING VALLEY Silk Ale [White]*, and *SPRING VALLEY JAPAN Summer Craft Ale [Kaoru]* canned goods at mass retailers so that craft beer can be enjoyed in people's daily lives. We are also increasing the number of opportunities for consumers to get their hands on beer, including creating special corners in craft beer sections together with retailers and distributors, in order to create more connections with them.

The fourth is quality support for craft breweries. While consumers' interest in craft beer is growing, there are many who feel craft beer is peculiar and that there are hits and misses, similar to the past image of local beers. In order to dispel this image, we need to improve the quality of all craft beers. Thus, we are leveraging the scientific knowledge and technology that we have cultivated over our long history in the beer brewing business to provide sensory evaluation analyses and quality, sanitation management, and other technologies to craft breweries nationwide. We currently support approximately 30 breweries, but we plan to increase that number to 40 or 50 by the end of the year.

Going forward, we will continue to provide the value of diverse human connections that beer has delivered throughout its history to consumers, breweries, raw material producers, and others. We will also contribute to the growth of the whole craft beer category while also revitalizing regional food cultures and industries related to craft beer.



HELLO CRAFT BEER WORLD held in June 2023

4

Example A Responsible Alcohol Producer

### Providing New Options for Non-alcoholic Beverages and Promoting Responsible Drinking



**Hiroki Umezawa**  
Deputy General Manager of CSV Strategy Department  
Kirin Holdings Company, Limited

The Kirin Group is aiming to create value in the three domains of Food & Beverages, Pharmaceuticals, and Health Science, and we have grown from a brewing business. Since CSV is the core of the Group's management, we position "A Responsible Alcohol Producer" as a basis of CSV purpose.

We are aware of the negative impact of harmful alcohol consumption on society, and we have a social responsibility to take action to prevent the various problems of the harmful use of alcohol. At the same time, a drinking culture has grown together with food culture specific to each region around the world. We believe that we have a role to take this drinking culture on to the next generation. Thus, we are committed to eradicating the harmful use of alcohol and to contributing to the fostering of a good drinking culture.

An example of these efforts is the initiative of Kirin Brewery Company, Limited, to eliminate drunk driving through *Kirin GREENS FREE*, a non-alcoholic beverage that tastes like beer. With *Kirin GREENS FREE*, we are offering a new, fun way to enjoy non-alcoholic beverages: "A choice beverage for a relaxing time." By offering value in the form of active drinking in addition to a conventional substitute for alcoholic beverages, we expand consumers' choice by aiming to eliminate drunk driving and the harmful use of alcohol. We create videos using our non-alcoholic brand and upload them to social media broadly, hoping that consumers will recognize these social issues as being close to home.

In addition, Kirin Beverage Company, Limited, is developing *KIRIN naturals*, a health-management support service for corporations. As a part of this service, they are offering a program unique to Kirin, the Responsible

Drinking Program. The program aims to reduce the risk of non-communicable diseases and improve productivity by encouraging responsible drinking for employees by letting them record the amount of alcohol they consume via LINE. This program provides them with continuous support in the form of advice from registered dietitians and promotes responsible drinking when they choose to drink.

The Kirin Group is committed to raising awareness of responsible drinking in aim of eradicating the harmful use of alcohol, while fulfilling our social responsibility to maintain an Alcoholic Beverages business. Additionally, we will drive our Non-alcoholic and Low-alcohol Beverages businesses and expand our beverage selection to meet consumers' needs and support the control of alcohol consumption.



From the *Kirin GREENS FREE* designated driver appeal edition video

#### A Kirin Group Program for Reforming Drinking Habits

Record and view drinking volume via LINE



Habit of substituting alcoholic beverages with non-alcoholic ones



# Special feature 1

## Example of Business Activities Based on the Value Creation Model

In business activities, the Kirin Group uses the Value Creation Model, which sustainably amplifies social and economic value through a cycle from INPUT to OUTCOME. In this special feature, we look at TAPPY, small dispensers, of Kirin Brewery Company, Limited, and how it is creating value.

### INPUT

### BUSINESS

### OUTPUT

### OUTCOME



As infrastructure that creates innovation, the following resources were invested



#### Diversity and inclusion, culture for innovation

In order to resolve social issues in the food service industry, the Sales Department and Corporate Planning Department, Kirin Brewery, and the members of the Institute for Packaging Innovation, Kirin Holdings Company, Limited, gathered to collaborate on a project and developed TAPPY, a next-generation beer server.



#### Core technology that assures value creation

DLC Coating, the Kirin Group's proprietary gas barrier technology, is used on the inside surface of the plastic bottle containers for the beer used with TAPPY. This coating prevents oxygen infiltration, suppresses beer oxidation, and enables the beer to maintain its quality for an extended period. TAPPY incorporates a series of unique designs in its beer flow path for rapid cleaning.



#### Consumer centric marketing expertise

With the diversification of consumers' tastes, there has been a reduction in the amount of beer being ordered at restaurants and of opportunities to eat out. This has caused it to take longer for a barrel of beer (minimum of 7 L) to be consumed, creating the possibility of serving beer that has lost its quality. In order to provide customers with fresh, delicious beer, Kirin Brewery developed a service using small 3 L plastic bottle containers.



#### ICT accelerating value creation

In addition to in-person sales activities conducted by Kirin Brewery's sales representative, Kirin Brewery is also making efforts in new sales activities using digital technology. They are also digitalizing negotiation methods and tools, such as using social media advertisements to guide consumers to the TAPPY website, leading to transactions, and creating QR codes that connect to explanatory videos for TAPPY.



Took social issues as opportunities for growth, leveraged INPUT, and engaged in business. As a result, TAPPY, a solution to social issues, was born.

#### Social issues

Since COVID-19 was reclassified as a Class 5 infectious disease, food service demand has recovered, but while restaurants are becoming busier, several issues such as worker shortages and logistics issues are coming to surface in the food service industry. To create a sustainable food service industry, it is vital that these social issues are resolved.

#### OUTPUT



Contribute to resolving social issues, such as by securing sufficient profits in the entire food service industry, revitalizing the beer and food service markets, and reducing the burden on logistics and food loss.

Small plastic bottle containers that are quickly replaced makes it

#### Delicious

- ▶ Bottles hold 3 L. They are changed after about 10 servings, so it's always fresh.
- ▶ Bottles are consistently chilled after opening, so they are slow to expire.

Light bottles and easy cleaning makes it

#### Simple

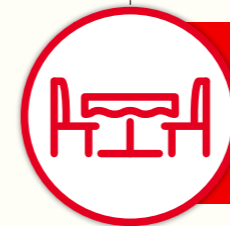
- ▶ Small, light bottles makes it easy to carry and change them.
- ▶ Cleaning the dispenser is now much easier.

Nearly negligible beer loss makes it

#### Economical

- ▶ Almost no beer is lost after bottle replacement or when rinsing the server with water.
- ▶ Reduces the yearly costs of a restaurant by about 160,000 yen.\*

\*According to Kirin Brewery



Received support of restaurants and alcoholic-beverage retailers and created economic and social value.

#### Economic value

- ▶ Improved the experience of drinking KIRIN ICHIBAN
- ▶ Expanded the number of retailers

#### Social value

#### Social issues that will be resolved

- ▶ Reduction of worker shortages in the business market
- ▶ Reduction of food loss (loss of beer during cleaning, etc.)
- ▶ Reduction of worker shortages in restaurants and logistics
- ▶ Reduction of GHG from transportation

#### Value for consumers

- ▶ Delicious KIRIN ICHIBAN can be enjoyed at even more locations

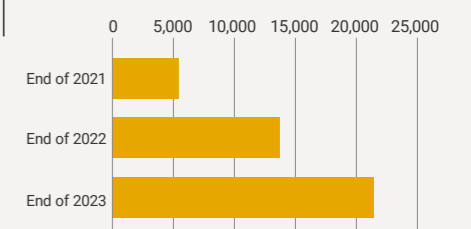
#### Value enjoyed by TAPPY partners

- ▶ Restaurants  
Increased sales from improved quality, less burden on workers, and larger profits from less beer loss during cleaning and less labor
- ▶ Alcoholic-beverage retailers & exclusive distributors  
Less burden on workers and larger profits from reduced logistics and labor costs

Now available at more than 20,000 locations in Japan since national launch 2.5 years ago!

Due to the recent rise in the number of restaurants with few staff members, drink service and low-cost operations are important to efficiently operate the restaurant and secure sales and profit. TAPPY, which provides everyone with easy access to delicious beer, is also easy to introduce at small restaurants. It has thus continued to be adopted by more restaurants in Japan since its national launch, exceeding 20,000 locations in just 2.5 years!

Number of locations using TAPPY



## Special feature 2

# Message from Director of the Board, Senior Executive Officer of Health Science Strategy



**Toru Yoshimura**  
Director of the Board,  
Senior Executive Officer  
Kirin Holdings Company, Limited

### A unique approach that addresses building a foundation of health and individual health issues

The Kirin Group is aiming to be a global leader in CSV and is committed to resolving social issues through business. As can be seen from the impact of COVID-19, the social issue of health is an area of great significance in terms of both social and economic value. Our Group's expertise in fermentation and biotechnology, honed through more than a century of experience in the beer industry, enabled us to enter the pharmaceutical market 40 years ago. Now, we are applying these technologies to the Health Science domain to tackle global health challenges.

Furthermore, what we value in resolving health issues is our Group's unique approach to enhance innate human capabilities. This strategy involves pursuing both the "building a foundation of health" approach that targets immunity, which is important to all people regardless of race, gender, or age, and the resolution of individual health issues such as lifestyle disease and brain function.

### Maximizing strengths and synergies of each company and accelerating progress forward as one Group

The strength of our Group's Health Science

## Aiming to Be One of Asia-Pacific's Largest Health Science Companies by Leveraging Our Proprietary Materials and Technologies, Including LC-Plasma

domain is our ability to maximize our Group's capacity for operating our businesses in the three domains of Food & Beverages, Pharmaceuticals, and Health Science. In addition to the fermentation and biotechnology mentioned earlier, we are also maximizing the demonstration of our consumer relationship-building skills cultivated in the Food & Beverages domain and our knowledge in the Pharmaceuticals domain in the Health Science domain. Particularly since establishing the Health Science Business Department in 2022, collaboration between operating companies has become smoother not only in R&D but also in various other areas, and each company involved in the Health Science domain is heading toward a shared goal with a sense of speed.

For example, businesses utilizing LC-Plasma, our Group's unique material, collaborated with Group companies and domestic and overseas partner companies to develop a varied lineup so that more consumers can easily take part in "immune care" any

place at any time. There is now a total of 59 products from 16 companies that are infused with LC-Plasma in Japan and is sold as a finished product in 11 countries around the world.

As a result of several Group companies' efforts, including Kirin Beverage, which labels the Health Science domain as a growth driver, creating a new market; Koiwai Dairy greatly contributing to the production of yogurt and LC-Plasma bacteria; Kyowa Hakko Bio, which has played an important role in global regulatory compliance and sales; FANCL building a foundation for consumer contact in health foods; and the Group working to spread products from partner companies in a variety of categories, we achieved a sales revenue of 20 billion yen in 2023.

Going forward, we hope to further enhance Group initiatives like the above and to promote business with a greater sense of speed. In 2024, we will be focusing on expanding our brand business based on B2C consumer business, which is one of our Group's strengths, further strengthened by the acquisition of Blackmores in 2023. By concentrating our resources in areas of strength, we will maximize the strengths and synergies of each operating company to achieve business results as quickly as possible. Additionally, we will aim to become one of Asia-Pacific's largest health science companies contributing to solving the health issues of many customers in Asia-Pacific, including Japan.

However, this will be supported, as always, by the Group's unique R&D capabilities and its ability to build relationships with customers. We will also utilize our new knowledge acquired from Blackmores to develop functional materials and products that meet consumer needs and will strengthen each organizational capability necessary to deliver them. As part of these efforts, we

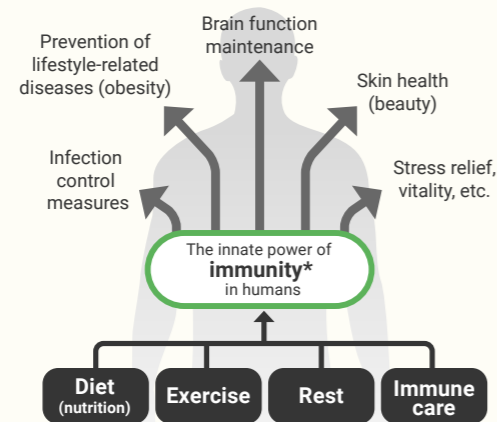
will continue to prioritize the revitalization of Kyowa Hakko Bio and the building of their strong operating base as a priority issue, and we will concentrate on promoting structural reform and our specialty businesses, as well as rebuilding the trust in our business.

### Grow the Health Science domain into a new pillar of support for the Kirin Group

The Health Science domain is a new business within our Group. There is difficulty in not rushing to grow the business well, but we are taking it on with comprehensive support from our Group and the fiery passion of those involved in the business. Even I, who was appointed the president of the Health Science Division this spring, am feeling a strong sense of mission and excitement. This is because, beyond the health value we will provide by making the most of our Group's unique strengths, are the joy and smiles of our consumers. To start, we will bring health and smiles to more consumers around the world by establishing an operating base in the Asia-Pacific, improving profitability while accumulating organizational capabilities, expanding into areas expected to achieve new growth and be profitable in the medium- to long-term, including North America, and improving our product and service portfolio through innovation. We will deliver health and smiles to even more consumers around the world. Then, with this in mind, we will grow the Health Science domain into a new pillar that supports our Group's operations.

### Solving health issues through unique approaches

What will lead to fundamental and effective solutions are not conventional treatments for individual health issues, but unique approaches from the perspectives of building a foundation of health and individual health issues based on the concept of enhancing innate human capabilities.



\*Among the innate capabilities of human beings, immunity is essential to all people, regardless of race, gender, or age, like a software that controls health.

**Individual health issues**

We resolve issues that impair health and well-being by leveraging the Group's strengths in everything from materials to services.

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**Foundation**

We build a foundation for health by approaching immunity with materials and products such as Lactococcus lactis strain Plasma (LC-Plasma) and HMOs, and lifestyle support such as intestinal microflora testing.



## Special feature 3

# Kirin Group Human Rights Policy

The Kirin Group revised the Kirin Group Human Rights Policy in October 2023 in order to step up its human rights efforts to the level of global best practices, taking into account changes in the global environment surrounding human rights and our experience in Myanmar.

We continually evolve initiatives to generate positive impacts on society.



### Junko Tsuboi

CPO (Group Human Capital Management)  
Director of the Board, Senior Executive Vice President  
Kirin Holdings Company, Limited

### Aiming to be at the level of global best practices

Since the United Nations (UN) adopted the Guiding Principles on Business and Human Rights in 2011, the environment surrounding human rights has greatly changed, now requiring all companies to fulfill their responsibility to respect human rights. The Kirin Group, who has been committed to human rights awareness activities for more than 40 years, also views business and human rights as management issues and has placed "respect for human rights" in the top row of the GMM.\* In addition, we established the Kirin Group Human Rights Policy in 2018, one of the first Japanese companies to do so, and have aimed to address human rights in line with global standards.

After the coup d'état broke out in Myanmar in February 2021, it was in accordance with the Kirin Group Human Rights Policy that we immediately announced the dissolution of our

joint venture there. Through our experience in Myanmar, we recognized that there were challenges in terms of the current human rights efforts. Believing that it was our responsibility to pass down the lessons learned, we revised the Kirin Group Human Rights Policy (hereinafter "Human Rights Policy") in October 2023 with the aim of stepping up our human rights efforts to the level of global best practices.

### Generating more positive impacts on society

Our approach has conventionally focused on the perspective of value protection, with our main efforts on mitigating negative impacts on human rights. Going forward, we will also incorporate the perspective of bringing about positive impacts on society in the form of economic development by making efforts to address respect for human rights. Additionally, until now, efforts have been centered around the Alcoholic Beverages, Non-alcoholic Beverages, and Pharmaceuticals businesses, but with the expansion of business domains, we stepped up our efforts so that they can be leveraged at all Group companies, including those in the Health Science business, in the future. When revising the Human Rights Policy, we exchanged opinions with not only labor unions, but also external human rights experts, and included their feedback in the revisions.

There are three key points of the Kirin Group Human Rights Policy. The first is that this policy is our Group's

### Key Points of the Kirin Group Human Rights Policy Revisions



• This Human Rights Policy is our Group commitment to respect human rights.  
• In addition to reducing negative impacts on human rights (such as human rights violations), we have clearly stated that we will create more positive impacts on society.  
• To realize this goal, we will prioritize our efforts in order of priority, starting with areas with the greatest challenges.



• We have developed and refined the content of the policy compared to the 2018 version by referring to the United Nations Guiding Principles on Business and Human Rights\* and examples of leading companies.  
\* Formulated by the United Nations in 2011. Internationally used as a guideline for respecting human rights in corporate activities.



• In addition to applying the policy to all officers and employees of domestic and overseas Group companies, we have clearly stated that we require our various business partners involved in our entire business (value chain), including R&D, procurement, manufacturing, logistics, sales, distribution, and disposal, to understand and comply with this policy.

### Exchanging ideas with external human rights experts



commitment to respect human rights. The Human Rights Policy has been positioned as the top-level policy for all documents and standards related to efforts to respect human rights in Group business activities and aims to reduce the negative impacts on human rights as well as bring about positive impacts on society.

The second is that the policy conforms to global standards. This Human Rights Policy aims to support and implement the contents of international human rights standards, such as the International Bill of Human Rights, the Declaration on Fundamental Principles and Rights at Work, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) of the International Labour Organization (ILO).

The third is that the Human Rights Policy requires all related parties throughout the value chain to understand and comply with it. The Human Rights Policy clearly states that understanding and compliance are required of not only Group officers and employees inside and outside of Japan, but also of business partners involved in our entire business, including R&D, procurement, manufacturing, logistics, sales, distribution, and disposal.

### Evaluating human rights risks throughout the value chain

Until now, our Group has identified important human rights issues and performed on-site audits in the supply chain based on human rights risk evaluations toward building a foundation for the Group's human rights due diligence. Furthermore, we established a cross-group meeting beneath the Group CSV Committee and built a governance structure.

In order to continue to transform our human rights initiatives beyond 2024, we will review internal rules and regulations and contracts with business partners and, as we roll them out, we will analyze and evaluate human rights throughout the entire value chain.

As the base of these efforts to respect human rights, we will continue our human rights awareness training for officers and employees so as to create understanding and practical implementation. On top of that, we will fulfill our responsibility as a company while bringing about positive impacts and contributing to the realization of a sustainable society through respect for the human rights of society and communities.

\*Group Materiality Matrix. Identifies management issues for sustainable growth. Details on page 21

### Example

### Human rights awareness training for officers and employees

When it comes to efforts to respect human rights, understanding and implementation by officers and employees are essential. We are continuing the annual implementation of training at different levels and human rights awareness training for all employees to instill the Human Rights Policy, create a great place to work, deepen understanding of business and human rights, and so that everyone respects the human rights of all our stakeholders, including our business partners. One of our particularly unique efforts is our annual human rights awareness training for presidents and officers of Group companies in Japan. We invite external lecturers to help top management deepen their understanding of contemporary human rights issues and recognize the importance of embedding respect for human rights in the management foundation, with the aim of reflecting these insights in their management practices.

Additionally, each Group company has appointed a human rights contact person to provide consultation services. The assigned person will attend internal and external training programs, etc. to polish their skills in order to offer effective consultation services and improve each company's human rights awareness. In order to confirm the effectiveness of these services, we implement yearly human rights awareness surveys and analyze the results to gain an understanding of changes in awareness and issues that need to be addressed.

### On-site audits by third-party organizations

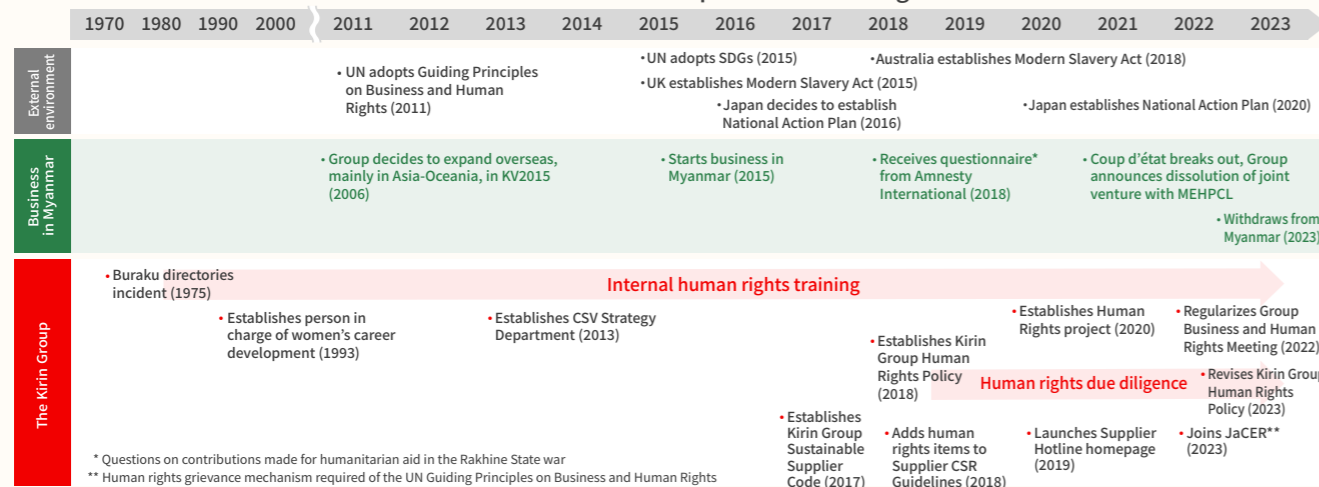
In the upstream supply chain, where risks are high, we have prioritized and performed detailed checks on the status of human rights compliance at raw material suppliers. In regard to Sri Lankan black tea leaves, we performed third-party on-site audits at the topmost black tea plantation, whose results showed some issues in the work environment. Thereafter, we introduced corrective actions and performed follow-up audits. We will prevent the recurrence of these issues through continual monitoring going forward.

### Joining JaCER (external grievance mechanism)

In 2023, we joined JaCER, an external organization that responds to grievances and reports from various stakeholders about human rights in English and Japanese. In response to the reports received by JaCER's consultation desk, we carry out investigations based on the results of JaCER's initial investigation of the report's contents. We then implement the necessary dialogues regarding the report and corrective action (including recurrence prevention and responses to opposition). We are committed to resolving human rights issues by fairly and transparently handling grievances and appropriately responding to reports.

The progress regarding these efforts is available on our corporate information website.

### Evolution of efforts in respect for human rights





## Special feature 4



**Shinya Katanozaka**

Independent Non-executive Director of the Board  
(Member of the Nomination and Remuneration Advisory Committee)

# Interview with Independent Non-executive Directors

## Providing a Unique Outside Perspective and Stimulating Discussion on Achievement of Growth Strategies

**Shinya Katanozaka**

Member of the board, chairman, ANA Holdings Inc. (current).  
Assumed position of director (outside director), Tokio Marine Holdings, Inc., in 2020, and as independent non-executive director of the board (member of the Nomination and Remuneration Advisory Committee) of Kirin Holdings Company, Limited, in 2023.

### Assessing the Group's Entrance Into the New Health Science Business

—One year has passed since you were appointed a non-executive director of the board. How would you assess Kirin's business portfolio management?

The Kirin Group has built a business portfolio from its existing Alcoholic Beverages, Non-alcoholic Beverages, and Pharmaceuticals businesses and their new Health Science business, with their founding business' fermentation and biotechnology at its core. If looking at the Food & Beverages, Pharmaceuticals, and Health Science businesses separately, there are corporations with bigger business than the Kirin Group, but there is no other company centered on the above three at the same time. I believe this is what makes the Group's business portfolio incredibly unique.

Currently, the Kirin Group is stepping up investment in its new Health Science business, but as of the end of FY2023, the Health Science business has not produced clear results, and Kyowa Hakko Bio has posted impairment losses for two consecutive years, which has raised harsh comments from shareholders and others in capital markets. It is true that the monetization of the Health Science business—labeled a driver of medium- to long-term growth—is delayed, so it is not surprising that we are hearing stark criticism from all our investors. Thus, the Board of Directors is focusing on the progress of the Health Science

business and its future growth strategies, taking up a large portion of our discussions. We especially spent time on the topic in FY2023 due to the acquisition of Blackmores Limited.

I believe that in the age of VUCA (volatility, uncertainty, complexity, and ambiguity), it is difficult for a company to grow further if it only stays in its existing businesses, and in some cases, it may even decline. Hence, I have no qualms about the Kirin Group's policy of entering and investing in new Health Science businesses. However, it takes time for new initiatives to produce results, and until then, I think it is natural that stakeholders may not be all in favor of the Health Science business.

Looking back on my own experience, ANA Holdings Inc., at which I am chairman of the board, experienced a similar situation when they started scheduling regular international flights as a new business 38 years ago. At the time, ANA Holdings boasted the largest share of the existing domestic flight business at 50%. However, in the international flight business, there was already a leading company with a monopoly on the business, and due to ANA Holdings' status as a latecomer, awareness of the company's name continued to be low overseas. For this reason, the belief that it was unnecessary to attempt new business with such risks was the trend

for a while, and many people, both outside and inside the company, argued that ANA Holdings should withdraw from the international flight business.

Despite this past, however, ANA Holdings' absolute position in the domestic flight business was shaken 16 years later when the second and third largest competitors increased their domestic flight market share significantly through mergers and the wave of new airline companies entered the market.

Under such circumstances, the international flight business was now what was supporting ANA Holdings' management. In addition to being highly praised for their courteous, Japanese-style hospitality services, the company's awareness grew through tie-ups, such as Pokémon Air Adventures. Inbound demand has also become favorable, and non-

Japanese shares have grown from approximately 30% to more than 50%, indicating the company's recognition as a global airline company both by Japan and overseas. However, when the COVID-19 virus spread in 2020, ANA Holdings faced severe financial difficulties as the movement of people on both domestic and international flights came to a halt.

However, there is no telling how long these circumstances will continue. It is for this reason that, in addition to their existing airline and cargo businesses, ANA Holdings will continue to take on new challenges to drive continued growth. These challenges include ANA Avatar, which will be used in transportation as a measure to help reduce CO2 emissions, development of a flying car to achieve emission-free urban air transportation, and other efforts.

This trend is common with that of the Kirin Group. The Pharmaceuticals business that has now cemented its position as a pillar within the Group was launched in 1982, and it took time to embrace the introduction of fermentation and biotechnology into pharmaceuticals. But, looking back at it now, it can be said that top management's decision at the time was the correct one.

Based on this history, I am sympathetic to the Kirin Group's approach to new businesses with an eye to the future. I am also confident that, in the near future, a time will come when stakeholders will agree with the Kirin Group's decision to enter the Health Science business.



Kirin Group's continued commitment to taking on new business challenges

## Special feature 4

### Interview with Independent Non-executive Directors

#### Sufficient information is provided during the board's deliberations

##### — How do you feel about participating in Kirin's Board of Directors?

The Kirin Group's Board of Directors is unique in that it is chaired by a non-executive director. While there are companies in Japan where a non-executive director chairs the board, the Kirin Group's system is new to me because ANA Holdings, for which I serve as chairman of the board, and Tokio Marine Holdings, for which I serve as outside director, are chaired by internal directors. Thus, I find the structure of the Kirin Group's board to be refreshing. If the chairperson comes from within the company, it is easy to positively approach the implementation and achievement of the agenda due to having desires similar to those of the executives. On the other hand, non-executive directors of the board can calmly approach them from a non-biased position.

Another feature of the Kirin Group's Board of Directors is that, generally, directors in charge directly respond to questions received from non-executive directors. I was also surprised that the CEO does not speak more than is necessary. I understand that this is so that he does not guide the direction of discussions. Of course, the CEO clearly states his views on important issues and questions that should be answered by top management. Because we are able to openly exchange opinions, regardless of being from within or outside the company, I do not see any major shortcomings in the current Board of Directors' method of discussion.

This issue has already been resolved, but until last fiscal year, the Kirin Group did not record comments made during opinion exchanges, information sharing, or other discussions held outside of board meetings on topics outside of issues to be resolved and reported in the minutes in order to encourage free speech. However, all non-executive directors of the board, including myself, are freely sharing our honest opinions, and I felt that they should be recorded. This is because it is better for the Board of Directors to be more transparent and to make the discussions had and decisions made more accessible. Furthermore, by leaving minutes, people are more likely to speak with a greater sense of responsibility.

Other non-executive directors of the board were of the same opinion, and, from this April, we held discussions with the board about some matters of opinion exchanges and decided to record minutes. I am encouraged by the

Kirin Group's ability to act quickly.

##### — Is sufficient information being shared with non-executive directors?

At the Kirin Group, an agenda and documents for board meetings are distributed about a week in advance. Along with these documents, I was very surprised to see videos of each executive, each leader, and others explaining the agenda items. It is a great system in which the people in charge can explain the topics in their own words, clearly communicating their passion.

As opportunities to engage with Group members, I also participated in Group President Meetings, which are attended by top leaders of each Group company, and observed factories/breweries, offices, research centers, and other Group company facilities. During these observations, I had opportunities to socialize with Group members, such as by listening to presentations on projects being implemented by employees at each location and more. Additionally, my visits to multiple retailers to observe actual product sales, sales space creation, and more were great opportunities.

Through such initiatives, I am able to gain a deeper understanding of the agenda. I am also very impressed with the sufficient sharing of information with non-executive directors. Rather, the amount of information and documents provided is about double or triple that of other companies. It's almost too much (laughs).

To raise the level of information provision to another level, we believe that it would be effective to provide additional information on the status of opinions in favor of or against proposals made at meetings held within each Group company prior to their submission to the Board of Directors. Say that a proposal was unanimously agreed upon at a Group company meeting—this would point to the high possibility that the proposal is one that should be implemented by the Kirin Group. Therefore, we must be more careful in determining whether the decision to implement the proposal deviates from the opinions of society and shareholders. Knowing how decisions were made during company discussions and why people in the company were against agenda items would help to deepen discussions with the board, so I want this information to be shared in addition.

Continuing to assess performance of the Kirin Group as a non-executive director



#### New structure expresses seriousness in achieving KV2027

##### — How do you rate Kirin's governance structure?

It is generally accepted that Japan began governance efforts after the first corporate governance code was enacted in 2015. The Kirin Group has been strengthening governance efforts since more than 10 years prior to that, and I think that is wonderful.

Furthermore, in addition to the chairperson of the board being an independent non-executive director, I am impressed by the directors' wide variety of skills and that many of the auditors are experts in their field. The Pharmaceuticals and Health Science domains are highly specialized areas, and I often find governance in these areas to be difficult because they are far outside my field. However, I am encouraged by the fact that there are members of the board, including non-executive directors of the board, that are experts in these fields.

In addition to the above, the discussions are based on the opinions of investors, which is why we are convinced that Mr. Masakatsu Mori, independent non-executive director (chairman of the Board of Directors\* at the time) and Ms. Noriko Shiono, independent non-executive director (member of the Nomination and Remuneration Advisory Committee), are correct in stating in the FY2023 Integrated Report 2023 that "Kirin Group's corporate governance initiatives are world class."

Takeshi Minakata was appointed as the new president & COO in FY2024. In the Integrated Report 2023, Mr. Minakata shared his vision for the business from his

standpoint as the then-officer in charge of health science strategy, in addition he is also the director in charge of Blackmores. The fact that the officer in charge of the Health Science domain—which is a new area of focus for the Kirin Group—was appointed as the new president shows the Group's seriousness about growing the Health Science domain while strengthening the existing business.

The new president was selected by the board after sufficient discussion on a succession plan and receiving a report from the Nomination and Remuneration Advisory Committee. The Board of Directors also has appointment and supervision responsibilities and will continue to supervise and oversee thoroughly.

As CEO and representative director of the board, Mr. Yoshinori Isozaki will be responsible for developing a long-term vision and strategy for KV2027 and beyond, driving the growth of the organization, and strengthening relationships with non-executive stakeholders. I will keep a close eye on whether the CEO and COO can work together to quickly produce results.

This fiscal year, I will continue to fulfill my duties as a non-executive director of the board and will leverage my personal experiences and views to evaluate the business portfolio resource allocation and CSV commitment targets and performance that form the base of Kirin's management.

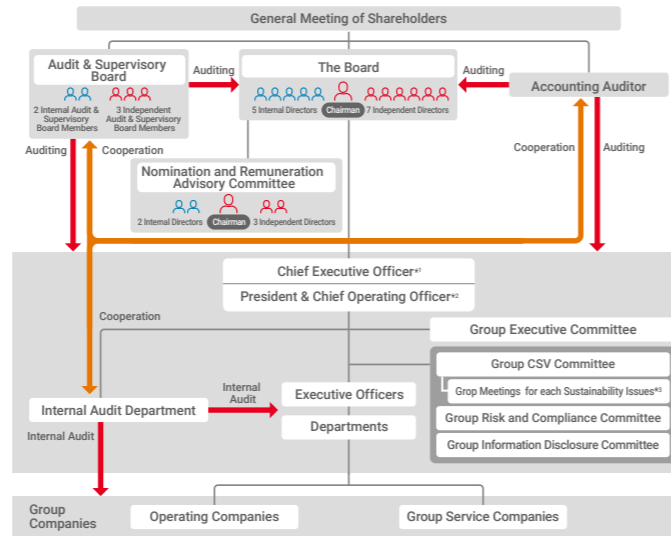
# Corporate Governance

## Corporate Governance Structure

Kirin Holdings has adopted a pure holding company structure as a means of controlling its diverse and global business, which is centered on 3 domains such as food & beverages, pharmaceuticals and health science. As a pure holding company, Kirin Holdings takes on the role of devising and implementing the Group's overall strategies, monitoring individual businesses, creating synergy, and responding to challenges surrounding sustainability through coordination across the Kirin Group.

The Kirin Group's individual companies conduct their business autonomously with a sense of speed, while maintaining close ties to the local customers and other stakeholders. Kirin Holdings grants appropriate authority to match the strategic stages of individual Kirin Group companies and improves governance through the Board of Directors and the Boards of individual group companies by dispatching directors to those companies. directors, Executive Officers, or their equivalents of Kirin Holdings serve concurrently as directors at the main companies in the Kirin Group.

Kirin Holdings has adopted a Company with Audit & Supervisory Board system, and aims to maintain and improve on a highly transparent governance system for its stakeholders. The Board, which includes a number of Outside Directors, works closely with the Audit & Supervisory Board, which also includes a number of Outside Audit & Supervisory Board members, and makes effective use of the statutory and other auditing function to take final decisions on important matters. At the same time, the Board endeavors to reinforce the monitoring function on management. Kirin Holdings has introduced an executive officer based system



\*1 Chief Executive Officer (CEO) : The Executive Officer responsible for overseeing the overall management of the Group.  
 \*2 Chief Operating Officer (COO) : The Executive Officer responsible for overseeing the business operations of the Group.  
 \*3 Group Environmental Meeting, Group Business and Human Rights Meeting, Group Health and Safety Meeting, etc.

in order to implement strategies for each of its businesses and functions in an agile fashion and clarify executive responsibilities. The Board of Directors determines the scope of delegation to the Executive Officers based on their experience, track record, and expertise in their respective fields.

## Board of Directors

The Board of Directors is responsible for making decisions on important business operations and legal matters of the Group, supervising the directors' execution of their duties, and establishing an appropriate internal control system for the entire Group in cooperation with the Internal Audit Department and supervising its operation. In addition, the Board of Directors determines and approves long-term management concepts, medium-term management plans, and annual business plans for the entire Group and major Group companies, and monitors them regularly in light of changes in the business environment in an effort to maximize Group corporate value.

Taking into account the knowledge, experience, skills and discernment that are necessary for turning the 2027 Vision into a reality, the Board shall be composed of the appropriate number of members, ensuring overall balance and diversity such as gender and internationality, etc. In addition, in order to build a highly transparent governance system and ensure the effectiveness of objective management supervision, the Company appoints a majority of independent non-executive directors. At least one of the independent non-executive directors has management experience at other companies.

Frequency and attendance of Board meetings and attendance of individual members of the Board of Directors and the Audit & Supervisory Board

	2021	2022	2023	
Number of meetings	15	13	15	
Attendance rate of Non-executive Directors	98%	97%	95%	
Attendance rate of Audit & Supervisory Board members	100%	97%	98%	
Attendance rate of individual members				
Executive Director	Yoshinori Isozaki	100%	100%	100%
Executive Director	Keisuke Nishimura	100%	100%	100%
Executive Director	Toshiya Miyoshi	100%	100%	100%
Executive Director	Takeshi Minakata	-	100%	100%
Executive Director	Junko Tsuboi	-	-	100%
Independent Non-executive Director	Masakatsu Mori	100%	100%	100%
Independent Non-executive Director	Hiroyuki Yanagi	100%	92%	100%
Independent Non-executive Director	Chieko Matsuda	93%	100%	100%
Independent Non-executive Director	Noriko Shiono	100%	100%	100%
Independent Non-executive Director	Roderick Eddington	100%	92%	80%
Independent Non-executive Director	George Olcott	93%	100%	93%
Independent Non-executive Director	Shinya Katanozaka	-	-	92%
Standing Audit & Supervisory Board Member	Shobu Nishitani	-	100%	100%
Standing Audit & Supervisory Board Member	Toru Ishikura	-	-	100%
Audit & Supervisory Board Member	Yoshiko Ando	100%	100%	93%
Audit & Supervisory Board Member	Kaoru Kashima	100%	92%	100%
Audit & Supervisory Board Member	Kenichi Fujinawa	-	100%	100%

\*This table shows the number of Board members as of December 31, 2023. For members appointed during the period, the attendance rate refers to the board of directors meetings held after their appointment.

## Evaluation of the Board of Directors' Effectiveness

Kirin Holdings defines the Board's two primary functions as making important corporate decisions and providing supervisory oversight. We conduct an annual evaluation (November-December) of the Board operation and meeting content to both ensure those functions are being fulfilled and to continually improve its efficiency by identifying points to make the meetings more effective in the next fiscal year.

### Fiscal 2023 discussion points

1. Strengthening of monitoring on strategy execution
2. Discussions on "inorganic growth" utilizing expertise and organizational knowledge
3. Discussions on "dialogue with stakeholders" in line with changes in the business environment
4. Discussions on "risk management" integrating strategy and risks
5. Improvement of information sharing from the Nomination and Remuneration Advisory Committee

### Fiscal 2023 evaluations

The Board of Directors discusses the results of the survey at its meeting in January of the following year, which includes an evaluation perspective based on a survey conducted each November and December by an external consultant, taking into account the current status of initiatives and improvements.

The perspectives and results of the evaluation are as follows.

### Observations

1. Composition and operation of the Board of Directors
2. Strategy formulation, execution, and monitoring
3. Oversight of risk and crisis management
4. Oversight of decision-making, such as in business acquisitions and withdrawals
5. Oversight of executive compensation and successor development plans
6. Depths of awareness and oversight of sound corporate ethics
7. General oversight of disclosure to stakeholders
8. Overall effectiveness

### Evaluation results

As a whole, the Board of Directors is effective and functioning properly.

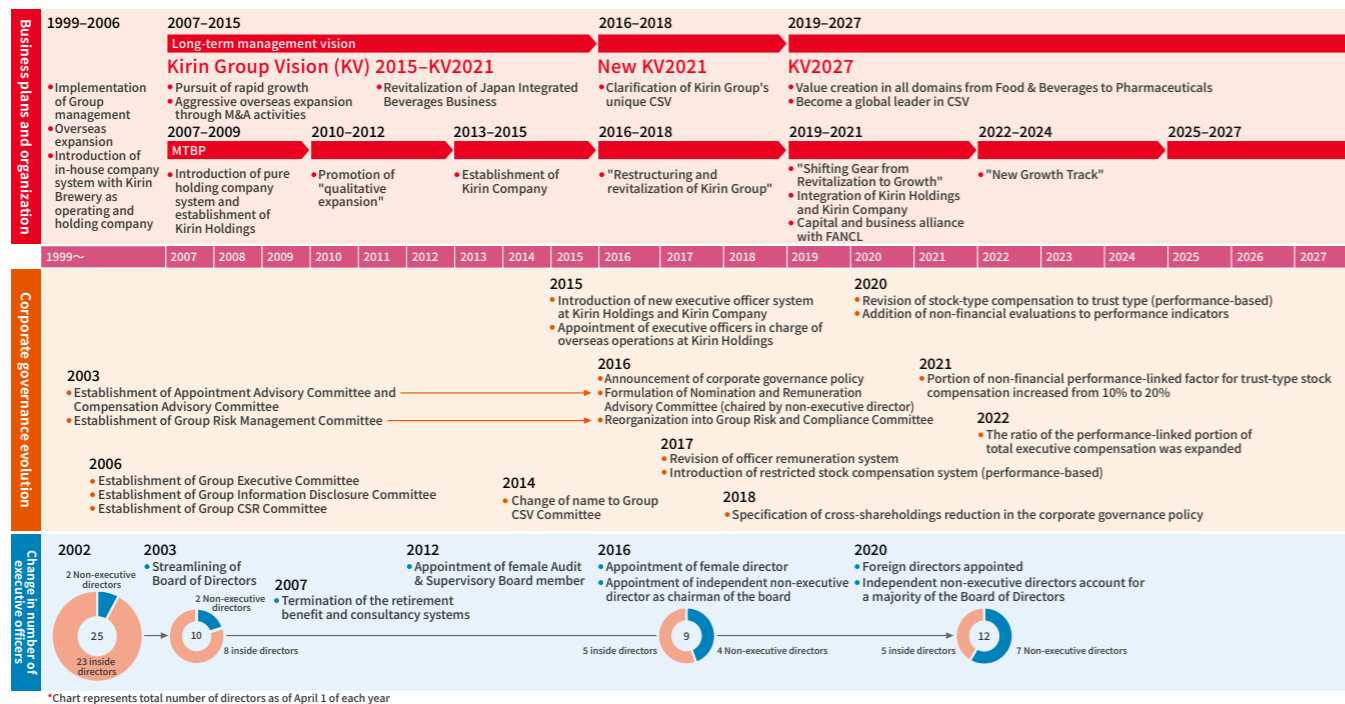
### Points receiving positive evaluations

1. Appropriate decisions are made in terms of "important decisions" and "supervision of execution", and a high level of effectiveness is ensured.
2. The Board of Directors sets appropriate agendas and the quality of discussions has improved.
3. The Board of Directors' effectiveness is generally managed appropriately, with ongoing improvements and efforts to improve it.

### Points to improve in fiscal 2024

The Company continually seeks to maintain and improve the effectiveness of the Board of Directors in accordance with the agenda set by the independent non-executive director and chairperson of the board, Mr. Yanagi, and by further improving operations.

1. Discussions on "strengthening of corporate governance"
2. Discussions on "integrated strategy and risks" to realize appropriate risk-taking
3. Discussions on "digital ICT strategy" to accelerate value creation



\*Chart represents total number of directors as of April 1 of each year

## Response to the Corporate Governance Code






Please refer to the Corporate Governance Report for details.

# Management










## Directors

 <p><b>Yoshinori Isozaki</b> Representative Director of the Board &amp; CEO April 1977 Joined the Company March 2024 Representative Director of the Board &amp; CEO (present position) &lt;Major concurrent position&gt; Director of Blackmores Limited</p>	 <p><b>Takeshi Minakata</b> Representative Director of the Board, President &amp; COO April 1984 Joined the Company March 2024 Representative Director of the Board, President &amp; COO (present position) &lt;Major concurrent position&gt; Director of Blackmores Limited</p>	 <p><b>Junko Tsuboi</b> Director of the Board, Senior Executive Vice President of the company April 1985 Joined the Company March 2024 Director of the Board, Senior Executive Vice President of the company (present position) &lt;Major concurrent position&gt; Outside Director of FANCL Corporation</p>	 <p><b>Toru Yoshimura</b> Director of the Board, Senior Executive Officer April 1988 Joined the Company March 2024 Director of the Board, Senior Executive Officer of the Company (present position) &lt;Major concurrent position&gt; Director of Blackmores Limited</p>	 <p><b>Shinjiro Akieda</b> Director of the Board, Senior Executive Officer April 1988 Joined the Company March 2024 Director of the Board, Senior Executive Officer of the Company (present position) &lt;Major concurrent position&gt; Director of Kyowa Kirin Co., Ltd.</p>	 <p><b>Hiroyuki Yanagi</b> Chairperson of the Board April 1978 Joined Yamaha Motor Co., Ltd. March 2010 President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd. January 2018 Chairman and Representative Director of Yamaha Motor Co., Ltd. March 2019 Non-executive Director of the Company (present position) March 2022 Adviser of Yamaha Motor Co., Ltd. (present position)</p>
 <p><b>Masakatsu Mori</b> Independent Non-executive Director of the Board April 1969 Joined Arthur Andersen, LLP February 1989 Japan Representative of Andersen Consulting (currently Accenture Japan Ltd.) March 2015 Audit &amp; Supervisory Board Member of the Company March 2019 Non-executive Director of the Company (present position)</p>	 <p><b>Noriko Shiono</b> Independent Non-executive Director of the Board August 1983 Joined Japan New Media Co., Ltd. March 2010 Representative Director, President of SSP Co., Ltd. March 2018 Non-executive Director of Kirin Company, Limited March 2020 Non-executive Director of the Company (present position)</p>	 <p><b>Rod Eddington</b> Independent Non-executive Director of the Board September 1979 Joined John Swire &amp; Sons (H.K.) Ltd. April 1992 Managing Director of Cathay Pacific Airways Limited April 2000 Chief Executive Officer of British Airways plc March 2011 Director of Lion Pty Ltd. March 2020 Non-executive Director of the Company (present position)</p>	 <p><b>George Olcott</b> Independent Non-executive Director of the Board July 1986 Joined S.G. Warburg &amp; Co., Ltd. June 2000 Managing Director, Equity Capital Market, UBS Warburg Tokyo March 2020 Non-executive Director of the Company (present position)</p>	 <p><b>Shinya Katanozaka</b> Independent Non-executive Director of the Board April 1979 Joined ALL NIPPON AIRWAYS CO., LTD. (currently ANA HOLDINGS INC.) April 2015 Representative Director, President &amp; Chief Executive Officer of ANA HOLDINGS INC. April 2022 Chairman of the Board of Directors of ANA HOLDINGS INC. (present position) March 2023 Non-executive Director of the Company (present position)</p>	 <p><b>Yoshiko Ando</b> Independent Non-executive Director of the Board April 1982 Entered the Ministry of Labor April 2003 Lieutenant Governor of Shiga Prefecture July 2006 Director of Equal Employment Policy Div. of Equal Employment, Children and Families Bureau of the Ministry of Health, Labour and Welfare July 2017 Director-General for Human Resources Development of the Ministry of Health, Labour and Welfare March 2019 Audit &amp; Supervisory Board Member of the Company March 2024 Non-executive Director of the Company (present position)</p>

## Audit & Supervisory Board Members


 <p><b>Shobu Nishitani</b> Standing Audit &amp; Supervisory Board Member April 1987 Joined the Company March 2016 Director of the Board of Lion Pty Ltd. April 2016 General Manager, Accounting Department of Kirin Company, Limited March 2022 Standing Audit &amp; Supervisory Board Member of the Company (present position) Audit &amp; Supervisory Board Member of Kyowa Hakko Bio Co., Ltd. (present position)</p>	 <p><b>Toru Ishikura</b> Standing Audit &amp; Supervisory Board Member April 1989 Joined the Company March 2020 Director of the Board, Kyowa Hakko Bio Co., Ltd. March 2023 Standing Audit &amp; Supervisory Board Member of the Company (present position) Audit &amp; Supervisory Board Member of Kyowa Kirin Co., Ltd. (present position)</p>	 <p><b>Kaoru Kashima</b> Audit &amp; Supervisory Board Member November 1981 Joined Showa Audit Corporation (currently Ernst &amp; Young ShinNihon LLC) June 2002 Senior Partner of ShinNihon &amp; Co. (currently Ernst &amp; Young ShinNihon LLC) July 2013 Representative Director of Ernst &amp; Young Institute Co., Ltd. March 2020 Audit &amp; Supervisory Board Member of the Company (present position)</p>	 <p><b>Kenichi Fujinawa</b> Audit &amp; Supervisory Board Member April 1980 Registered as lawyer in Japan and joined Nagashima &amp; Ohno January 2000 Partner of Nagashima Ohno &amp; Tsunematsu January 2015 Chairman of Nagashima Ohno &amp; Tsunematsu March 2022 Audit &amp; Supervisory Board Member of the Company (present position)</p>	 <p><b>Yoko Dochi</b> Audit &amp; Supervisory Board Member April 1987 Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.) March 2018 Principal Investor Relations Officer, Accounting Division, Toyota Motor Corporation November 2018 Joined SoftBank Group Corp. February 2020 Managing Partner, SoftBank Group International Ltd. March 2024 Audit &amp; Supervisory Board Member of the Company (present position)</p>
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## Senior Executive Officers

 <p><b>Mitsuharu Yamagata</b> Senior Executive Officer Marketing, Corporate Brand Strategy, Digital &amp; Information Strategy, Senior Executive Vice President of Kirin Brewery Co., Ltd., Director of Kirin Business System Company, Limited</p>	 <p><b>Hiroshi Fujikawa</b> Senior Executive Officer General Manager of CSV Strategy Department, CSV Strategy, Public Relations Strategy, Director of Kirin Beverage Company, Limited</p>	 <p><b>Akiyoshi Iwasaki</b> Senior Executive Officer SCM Strategy, Production Technology Strategy, Director of Kirin Brewery Company, Limited</p>	 <p><b>Akihito Yokoyama</b> Senior Executive Officer President of R&amp;D Division, R&amp;D Strategy, Director of Kirin Beverage Company, Limited</p>	 <p><b>Kazufumi Nagashima</b> Senior Executive Officer General Manager of Quality Assurance Department, Chief Quality Assurance Officer, Director of Kyowa Hakko Bio Co., Ltd., Director of San Miguel Brewery, Inc.</p>	 <p><b>Hideki Mitsuhashi</b> Senior Executive Officer Business Alliance / Investment Strategies, Chief Risk Management Officer, Overseas Responsibilities including Overseas Craft Beer Strategy, Director of Lion Pty Ltd., Director of San Miguel Brewery, Inc.</p>
 <p><b>Hideki Horiguchi</b> Senior Executive Officer President and CEO of Kirin Brewery Co., Ltd.</p>	 <p><b>Kazuhiro Inoue</b> Senior Executive Officer President and CEO of Kirin Beverage Co., Ltd.</p>	 <p><b>Koji Fukada</b> Senior Executive Officer President and CEO of Kyowa Hakko Bio Co., Ltd.</p>			

### Required skills for directors and Audit & Supervisory Board members

As of April, 2024, seven (7) Non-Executive Directors and three (3) Audit & Supervisory Board members that satisfy the Company's independence criteria, with reference to the criteria for independence of officers as prescribed in the regulations of the Tokyo Stock Exchange, have been appointed as Independent Directors/Auditors in order to improve the fairness and transparency of corporate governance, ensure the Group's sustainable growth, and boost corporate value over the medium to long term.

 [Criteria regarding the independence of Officers.](https://www.kirinholdings.com/en/purpose/files/pdf/e_independencecriteria_officer.pdf)  
https://www.kirinholdings.com/en/purpose/files/pdf/e\_independencecriteria\_officer.pdf

 [Independent Officers Notification](https://www.kirinholdings.com/en/purpose/files/pdf/e_independentofficer.pdf)  
https://www.kirinholdings.com/en/purpose/files/pdf/e\_independentofficer.pdf

Kirin Holdings has adopted a pure holding company structure as a means of controlling its diverse and global business, which is centered on the three domains of food & beverages, pharmaceuticals, and health science. As the institutional design, we have adopted a Company with Audit & Supervisory Board system, and aim to maintain and improve on a highly transparent governance system for its stakeholders. The Board, more than half of which are Outside Directors, works closely with the Audit & Supervisory Board to take final decisions on important matters and reinforce the monitoring function on management. We have also introduced an executive officer based system in order to implement strategies for each of our businesses and functions in an agile fashion and clarify executive responsibilities.

To ensure the effective functioning of our monitoring and management structure and achieve the Group's sustainable growth and corporate value enhancement, it is essential that the directors and Audit & Supervisory Board

members have the necessary skills and embrace diversity in terms of gender, nationality, and other characteristics. This same requirement applies to our management team.

Kirin Holdings has identified the skills needed for the directors and Audit & Supervisory Board members based on the perspectives outlined above.

First and foremost, comprehensive corporate management skills gained through experience in a top management or business position is important. So is expertise and experience in CSV, which is central to our management.

Next, making final decisions on important matters requires a deep understanding of our business domains. In particular, expertise and experience in health science and pharmaceuticals, which support the Kirin Group's long-term growth, should be prioritized, as our company oversees the entire Group. Additionally, R&D, production, quality assurance, and brand strategy/marketing are organizational capabilities essential for our business domains. Overseas business experience is necessary to expand business globally, and ICT/DX is becoming indispensable for a business model transformation. Human resources and organizational development expertise is required to support these business and functional strategies. Therefore, we need expertise and experience in all of these fields.

These skills are also vital for the purpose of monitoring management. Furthermore, expertise and experience in finance & accounting, legal affairs, risk management, and ESG are particularly significant for conducting effective corporate governance.

The skill matrix below groups related skills together in a single column.

## Directors

Name	Gender	Expertise and Experience									
		Corporate Management	CSV ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT DX
Yoshinori Isozaki	Male	●	●	●		●		●	●	●	
Takeshi Minakata	Male	●	●	●			●		●	●	
Junko Tsuboi	Female	●	●		●	●		●		●	
Toru Yoshimura	Male	●	●	●			●		●	●	●
Shinjiro Akieda	Male	●	●	●		●		●	●	●	●
Masakatsu Mori	Male	●		●					●	●	●
Hiroyuki Yanagi	Male	●					●		●	●	
Noriko Shiono	Female	●							●	●	
Rod Eddington	Male	●							●	●	
George Olcott	Male		●	●	●				●	●	
Shinya Katanozaka	Male	●			●				●	●	
Yoshiko Ando	Female		●		●	●					

## Audit & Supervisory Board Members

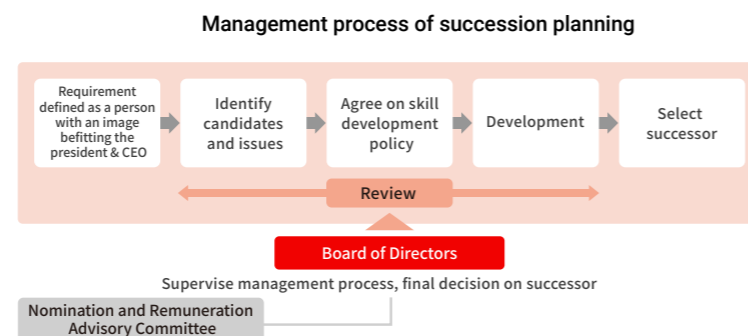
Name	Gender	Expertise and Experience									
		Corporate Management	CSV ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT DX
Shobu Nishitani	Male		●	●					●	●	
Toru Ishikura	Male		●				●			●	
Kaoru Kashima	Female			●	●				●		
Kenichi Fujinawa	Male		●			●				●	
Yoko Dochi	Female		●	●					●	●	

## Executive Officers

Name	Gender	Expertise and Experience									
		Corporate Management	CSV ESG	Finance / Accounting	HR / Organization Development	Legal / Risk Management	Manufacture / Quality Assurance	Brand Strategy / Marketing	Overseas Business	R&D / Health Science / Pharmaceuticals	ICT DX
Mitsuharu Yamagata	Male		●					●	●	●	●
Hiroshi Fujikawa	Male	●	●		●			●	●	●	
Akiyoshi Iwasaki	Male	●	●				●		●		
Akihito Yokoyama	Male		●		●		●			●	●
Kazufumi Nagashima	Male	●	●				●		●	●	
Hideki Mitsuhashi	Male	●	●			●			●	●	●
Hideki Horiguchi	Male	●	●					●	●		
Kazuhiro Inoue	Male		●					●	●	●	
Koji Fukada	Male	●	●				●		●	●	

## Succession Plan for Executive Directors

Kirin Holdings' Nomination and Remuneration Advisory Committee deliberated on the formulation of policy for the President & CEO Succession Planning in 2016 and reported on the requirement (an image befitting the President & CEO of Kirin Holdings) and the decision process for candidates to the Board of Directors. Based on this report, Kirin Holdings has been selecting, evaluating and training candidates since 2017 under the supervision of the Board of Directors in order to determine the future successor in a highly objective and transparent process. Starting in 2024, the plan will be used as a succession plan for the chief executive officer (CEO) and chief operating officer (COO).



## Basic Policy for the Remuneration of Executive Officers

The Nomination and Remuneration Advisory Committee will discuss the remuneration of directors and executive officers, and report to the Board based on the following policy. The Committee will consider levels of the remuneration and linkage with performance by comparing them objectively with officers' remuneration survey data of an external research body, and incorporate findings in its report to the Board of Directors.

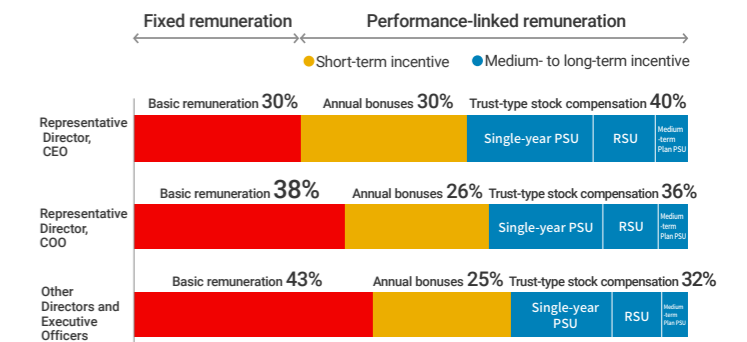
1. The Company shall establish a remuneration structure that emphasizes the linkage of remuneration with business performance and medium- to long-term corporate value and share value with the shareholders.
2. Remuneration levels shall be appropriate for the roles and responsibilities of the Kirin Group's officers.
3. Remuneration shall be deliberated by the Nomination and Remuneration Advisory Committee, in which non-executive Directors constitute a majority, in order to ensure objectivity and transparency.

## Composition of the Remuneration

In order to encourage awareness of achieving short-term performance targets and enhancing medium to long term corporate value, remuneration for directors of the board is composed of three parts: basic remuneration (fixed remuneration), bonus (short-term incentive remuneration), and stock compensation (medium- to long-term incentive remuneration). The specific composition of remuneration is as follows according to the classification of officers eligible for the payment.

The ratio of base remuneration to performance-linked remuneration for the representative director of the board & CEO is designed to be approximately 30:70 (including 30 for bonuses and 40 for stock-based remuneration), with other directors (excluding non-executive directors) and executive officers following suit in consideration of their positions and responsibilities.

Officer type	Fixed remuneration	Performance-linked remuneration		Purpose
	Basic remuneration	Bonus	Stock-based remuneration	
Directors of the Board (excluding Non-executive Directors) and Executive Officers	○	○	○	Because they are responsible for the execution of business, Kirin Holdings have established remuneration structure that takes into account the achievement of short-term consolidated performance targets and the improvement of corporate value over the medium to long term.
Non-executive Directors	○	-	-	Because they are responsible for supervising and advising Company and Group management from an objective position, only basic remuneration (fixed remuneration) is provided.
Audit & Supervisory Board Members	○	-	-	Because of their role of auditing the performance of directors' execution of their business from an objective position, only basic remuneration (fixed remuneration) is provided.



## Procedures for determining the remunerations of executive officers

In order to ensure fair and reasonable application of the process in line with the above-mentioned basic policy for executive remuneration, the executive remuneration shall be deliberated at the Nomination and Remuneration Advisory Committee of which the majority of the members are Non-executive directors and whose chairperson is also a non-executive director, and the result is reported to the Board of Directors.

As for determining the specific amount of remuneration, remuneration for directors shall be decided at the Board and that for Audit & Supervisory Board members upon consultation with Audit & Supervisory Board based on the report from the Nomination and Remuneration Advisory Committee and within the limits of the remuneration amount determined in advance at the general meeting of shareholders.

Nomination and Remuneration Advisory Committee regularly deliberates on the setting of remuneration levels, the ratio of performance-linked remuneration and its mechanisms and meets in response to changes in the environment of laws and regulations related to executive remuneration and submits a report to the Board.

[Please click the link below for details on the remuneration system for management.](https://www.kirinholdings.com/en/purpose/governance/compensation/)

## Policy on Cross-shareholdings

In principle, Kirin Holdings will not hold any cross-shareholdings except for stocks that are deemed to contribute to the enhancement of corporate value over the medium to long term.

The Board of Directors will annually review the rationale for holding individual cross-shareholdings through dialogue and negotiation with business partners, etc., and will proceed with the sale of stocks that are deemed not to be rational to hold from the standpoint of the common interests of shareholders.

Voting rights on cross-shareholdings will be exercised upon deciding for or against each agenda item, taking into account whether a particular cross-shareholding will help boost the corporate value of the company concerned, and whether it will help ensure sustainable growth and boost the Group's corporate value over the medium to long term.

Current Status The Company held one issue of cross-shareholdings with a book value of 500 million yen at the end of 2023.

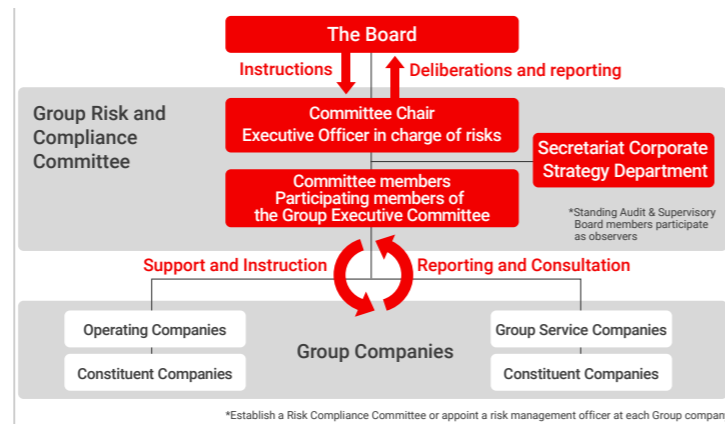
# Risk Management

## 1 Approach to risk management

The Kirin Group defines risk as uncertainty with the potential to seriously impede the accomplishment of business targets or impact business continuity. The Group also defines crisis as risk manifested at a certain point and requiring urgent action. The Group's fundamental risk management policy is to mitigate risk, prevent risk from being actualized, and keep risk within a manageable level so that we can earn trust of our stakeholders in a sustainable manner. By treating strategies and risks as two sides of the same coin, we assess and implement appropriate risk control measures by analyzing risks in the phases of selecting and implementing strategies, as well as risks that could develop into crises, from various perspectives. Risk information is disclosed in a timely and appropriate manner on our corporate website and other means.

## 2 Risk management structure

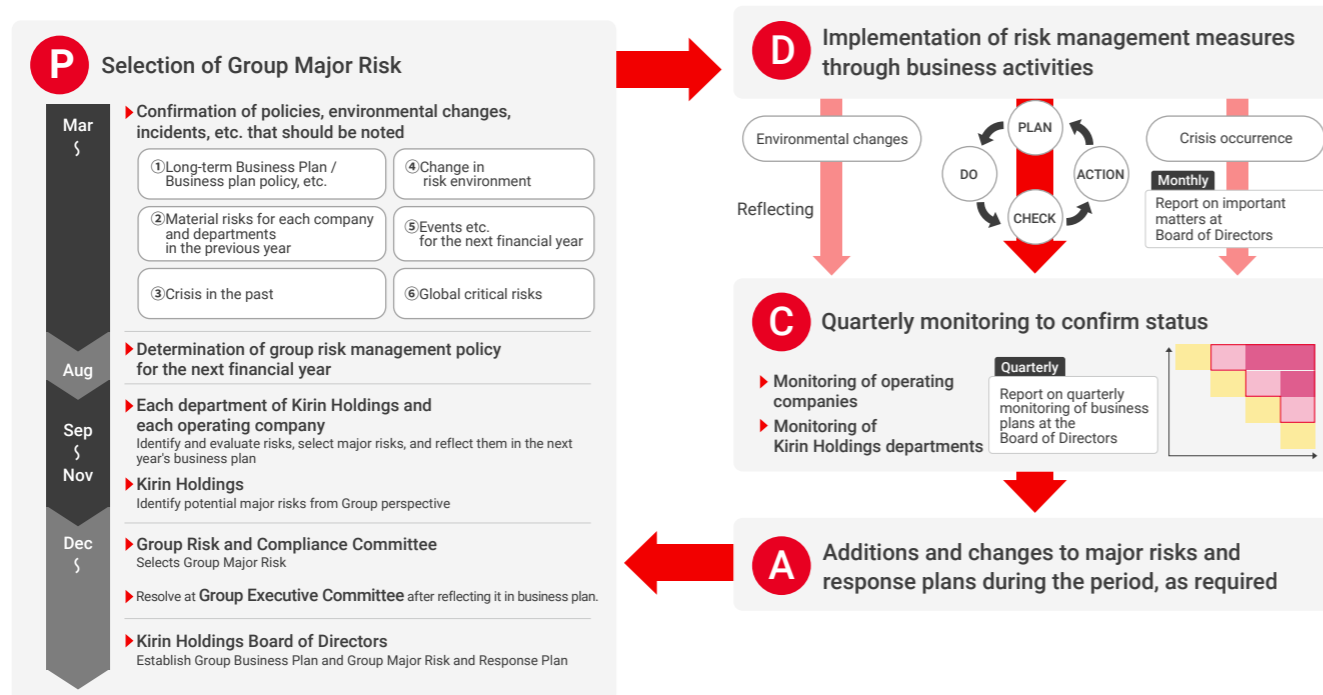
The Group has established the Group Risk and Compliance Committee consisting of Kirin Holding's senior executive officers or higher and chaired by the executive officer in charge of risk. The committee oversees the Group's risk management activities, including collecting risk information, setting the Group's risk policy, introducing risk reduction measures, communicating the information and considering countermeasures when a crisis occurs, and providing necessary instructions and support to Group companies. The Board also oversees the effectiveness of risk management through deliberations and reports on the Group's major risks.



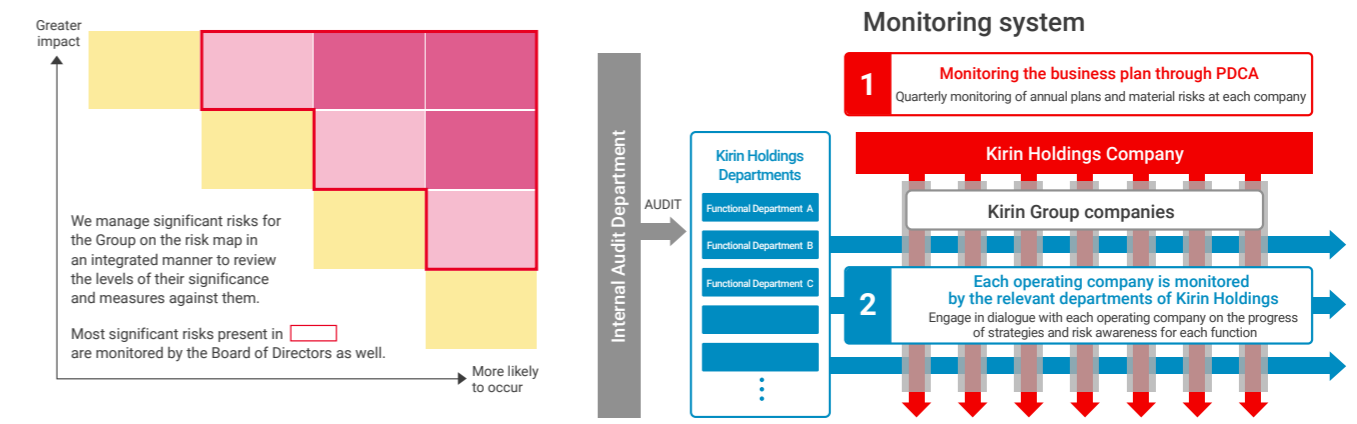
## 3 Process for determining and monitoring major risks

To identify the Group's major risks, each Group company examines and identifies risks related to its strategy and business execution and risks that could develop into a serious crisis based on the Kirin Group's risk management policy set for each fiscal year. Kirin Holdings aggregates these business-specific risks and investigates common risks across the Group. The Group Risk and Compliance Committee assesses the potential quantitative and qualitative impacts of major risks, such as economic losses, business continuity, and damage to reputation, from the perspective of overall Group management and classifies the risks in terms of priority, taking into account the likelihood of occurrence. The Board deliberates the assessments and determines the major risks for the Group.

### Process for determining major risks to the Group



The Group's major risks are managed centrally on a risk map based on their degree of impact and likelihood of occurrence (left diagram). With regard to the most major risks, the Board also takes stock of changes in risk conditions and reviews measures against these risks. Kirin Holdings and the Group companies frame and implement measures tailored to each risk. Meanwhile, Kirin Holdings provides necessary support and instructions to Group companies, and Group companies report and consult with Kirin Holdings, thereby promoting and operating risk management in cooperation with each other. Each Group company and Kirin Holdings monitor the status of both strategies and risks from the perspectives of business and function to manage and control strategic risks (right diagram). At the same time, we have put in place a risk management system that is designed to prevent the manifestation of risks that could develop into a crisis and minimize any potential negative impact when such a crisis occurs. We have included major risks that could result from the Group executing strategies, business, or other activities which could affect our ability to attain management goals or to continue business on pages 38 to 42 of the Annual Securities Report.



### Strengthening risk management of the upstream supply chain

While the interest and regulations concerning human rights and environmental issues in the stakeholders' supply chain are recently becoming stricter, the environment surrounding procurement is growing harsh because of increasing geopolitical risks, rising procurement costs that are due to the depreciating yen and growing prices of raw materials, and more. As a result, the importance of risk management in the upstream supply chain is rising more and more.

We consider human rights, the environment, procurement costs, and the stable procurement of raw materials as major risks for the Kirin Group. The Kirin Holdings Procurement Department, with a grasp on internal and external environmental changes, and as a section with the function of Group headquarters and that is handling procurement for the Japanese Food & Beverages business, is working with operating companies and suppliers to strengthen risk management of the upstream supply chain.

First, in 2017, we formulated the Kirin Group Sustainable Procurement Policy on sustainable procurement risks and proclaimed that we would uphold the essential values in the areas of human rights, labor, the environment, and anti-corruption defined by the United Nations Global Compact and would engage in procurement activities that follow five themes ((1) steady focus on quality, (2) ensuring regulatory and ethical compliance, (3) respecting human rights, (4) environmental stewardship, and (5) coevolving relationships of mutual trust with suppliers) for initiatives in compliance with this principle and Group policies. In line with revisions to the Kirin Group

Human Rights Policy and changes in the business environment, we revised the Kirin Group Sustainable Supplier Code, which applies to the whole Group, to match global standards in 2023, aiming to strengthen each Group company's risk management.

In high-risk supply chains, we are cooperating with suppliers to set priorities and promote human rights due diligence. In 2023, a third-party organization conducted an on-site audit in Argentina's grape juice supply chain and confirmed there were no major issues.

Additionally, we continue to utilize Sedex, which we joined in 2022 as Group headquarters, are participating in the working team launched by Japan's food & beverages industry, and are promoting human rights due diligence in tandem with other companies in the same industry.

As individual risk responses, when it comes to the risk of fluctuation in procurement costs due to the depreciating yen and rising cost of raw materials, we are working to stabilize costs through long-term contracts and exchange contracts with suppliers and more. Regarding our response to stable procurement risks that arise from climate change and geopolitical risks, we have formulated BCPs (business continuity plans) for each commodity, multiplying sources of procurement, building up the number of domestic inventories, and more.

We will continue to improve sustainability with a global vision and perspective to improve corporate value and contribute to society.

# Strategies and Reviews of Operating Companies

Food & Beverages domain



## Kirin Brewery

Contribute to profit as a core business of the Group by strengthening core brands and cultivating high added-value products

**2023 Results** Revenue: 648.1 billion yen  
Normalized operating profit: 72.9 billion yen

**2024 Plan** Revenue: 676.6 billion yen  
Normalized operating profit: 73.5 billion yen

### 2023 Review

- ▶ Strengthened investments in core brands to prepare for the alcohol tax revisions in October 2023. Regarding beer, by renewing the *KIRIN ICHIBAN* brand, there were steady sales and a recovery of the on-premise sales provided a tailwind, increasing sales volume.
- ▶ Developed the *Spring Valley* brand lineup while collaborating with distribution companies and craft breweries to expand sales spaces and locations for craft beer.
- ▶ Responded to rising costs of raw materials with continual cost reductions and price revisions.
- ▶ Off-premise needs lessened due to the recovery of the on-premise sales, reducing the sales volume, mainly of beer, but increasing unit prices through price revisions grew revenue.
- ▶ In addition to the rising cost of raw materials, we also increased marketing expenses for medium- to long-term brand development, but the effects of price revisions and the improvement of transportation fees increased normalized operating profit.

### 2024 Plan

- ▶ Strengthen investments in core brands to prepare for the alcohol tax integration in 2026. By putting the first new beer in 17 years, *Kirin Beer Harekaze*, on the market in addition to *KIRIN ICHIBAN*, which is expected to grow in the overall market, will meet a wide range of consumer needs.
- ▶ Meet needs for products other than beer by further solidifying the position of each core brand in the happoshu, new genre beer, and RTD (ready-to-drink) categories. Aim to raise profitability by expanding categories with a high marginal profit ratio, including craft beer, Japanese Whisky, and non-alcoholic beverages.
- ▶ Aim to improve revenue by increasing sales in each category, such as beer and RTD, etc. Will strengthen marketing investments to prepare for the alcohol tax integration, and will realize improved sales volume, mainly of beer, and raise earnings.
- ▶ Expect the continual rising cost of raw material can be offset with the effects of the price revisions made in October 2023.
- ▶ Will reduce the number of distribution trucks and improve delivery efficiency to minimize the effects of the 2024 logistics problem.

Example

### Launched first new brand in 17 years: *Kirin Beer Harekaze*

The beer category has continued to grow since the alcohol tax integration in October 2023. In our company's beer category, in addition to our main *KIRIN ICHIBAN* brand, we launched *Kirin Beer Harekaze*, our first new beer brand in 17 years. *Kirin Beer Harekaze* is characterized by a new delicious taste that suits the preferences of the modern generation's consumers and has the umami (fifth category of taste, corresponding to the flavor of glutamates) and drinkability of beer while being easy to drink. We will contribute to not only our company's earnings, but also to activities to preserve Japanese traditions that make consumers smile, such as fireworks, *hanami* (cherry blossom viewing), and other events at which beer has historically been enjoyed, through *Harekaze ACTION*, which will use some of our sales revenue to liven up the events.

Kirin Brewery will achieve growth in the beer category that exceeds the market and will also grow all beers as a whole by meeting diverse needs with diverse brands, including happoshu and new genre beer.



## Lion

Improve profitability by strengthening the value of core product brands, expanding craft beer in Australia and the US, and reforming the organization

**2023 Results** Revenue: 281.1 billion yen  
Normalized operating profit: 32.4 billion yen

**2024 Plan** Revenue: 296.3 billion yen  
Normalized operating profit: 35.3 billion yen

### 2023 Review

- ▶ Sales volume of *Hahn*, a health-conscious brand, were favorable and *XXXX* and other brands steadily grew as a result of strengthening core product brands. Furthermore, in the growing RTD category, we started manufacturing and selling *Kirin Hyoketsu*, a brand being sold in Japan, in Australia and New Zealand.
- ▶ In the US craft beer business, *Voodoo Ranger* has continued to grow favorably and the effects of integrating Bell's Brewery and New Belgium Brewing are steadily manifesting.
- ▶ The strong sales volume of *Hahn* in Australia and New Zealand, the effects of price revisions, and more increased revenue. It also increased for US craft beer due to the good sales of *Voodoo Ranger*, the rising sales of *Bell's*, and price revisions.
- ▶ Strengthening marketing investments in core brands and other brands, and price revision and making other efforts to offset the rising cost of raw materials, etc., increased normalized operating profit.

### 2024 Plan

- ▶ Further strengthen investments in core brands and implement RGM\* to sustainably grow both revenue and normalized operating profit in Australia.
- ▶ Realize a more sturdy market presence in the growing RTD category by launching multiple flavors of *Kirin Hyoketsu*.
- ▶ Continue to grow the US craft beer business faster than the market by strengthening our sales system and expanding the *Voodoo Ranger* brand.

\*Revenue growth management



Example

### Maximizing the effect of integrating the US craft beer business

In regard to the US craft beer business, we acquired a brewery in Daleville, Virginia, in 2023, enhancing manufacturing capabilities and securing manufacturing capabilities for RTD, which is rapidly growing in the US market. In addition, due to the effects of integrating two breweries, such as sales channels expansion, sales of the *Bell's* brand are looking promising, achieving a 10% growth that significantly exceeds that of the US craft beer market. Meanwhile, we reduced costs by more than the amount of rising material costs through initiatives in SCM,\* such as rethinking procurement methods and changing manufacturing site operations, increasing normalized operating profit by 30%.

\*Supply chain management



Food & Beverages domain



Four Roses

Invest in facilities toward future expansion of the business and realize the growth of premium priced products to maintain high profitability

2023 Results Revenue: 24.5 billion yen Normalized operating profit: 9.0 billion yen

2023 Review

- ▶ Clarified brand positioning and increased consistency in package design and communication to strengthen the competitiveness of premium priced products.
- ▶ In the U.S. market, which makes up approximately 80% of sales volume, distribution companies reduced inventory because of concerns of a recession, reducing shipment volume, but the sales volume of retail stores increased year-on-year.

2024 Plan Revenue: 26.5 billion yen Normalized operating profit: 9.8 billion yen

2024 Plan

- ▶ Enhance awareness of our brand as a premium brand through measures, including the launching of limited-edition products, to maximize the profit of the limited stock of our unblended whisky. Work to expand the direct-to-consumer sales channel for limited edition and high-priced products.
- ▶ Additionally, continue to promote investments in cellars and raise the production of unblended whisky to increase the volume of the unblended whisky, which is the current determining factor of our growth rate. Despite the continual rising cost of raw materials, we will implement price revisions and increase sales volume to raise profits.



Coca-Cola Beverages Northeast

Aim to maintain profitability through appropriate price strategies and cost management

2023 Results Revenue: 250.1 billion yen Normalized operating profit: 33.9 billion yen

2023 Review

- ▶ Despite being impacted by an irregular amount of unseasonable weather, sales volumes of beverages, mainly sparkling soft drinks and premium mineral water, grew steadily.
- ▶ Increased revenue through price revisions and increasing unit prices by improving product mix.
- ▶ Despite rising cost of raw materials and labor costs, increased normalized operating profit through initiatives to decrease sales, general, and administrative expenses through operational reform, such as the rationalization of factories and logistics bases, the implementation of ICT, and price revisions, and more.

2024 Plan Revenue: 259.0 billion yen Normalized operating profit: 35.0 billion yen

2024 Plan

- ▶ Increase normalized operating profit despite the unclear future of the environment surrounding the business, including the U.S. economy, by expanding the sales volume of sparkling soft drinks and by realizing the stable growth of revenue through appropriate price strategies, while continuing efforts to reduce sales, general, administrative expenses.



Kirin Beverage

Aim for high profitability through the regrowth of core brands and developing Health Science products

2023 Results Revenue: 257.8 billion yen Normalized operating profit: 16.9 billion yen

2023 Review

- ▶ Concentrated brand investments on core brands, *Kirin Gogo-no-Kocha* and *Kirin Nama-cha*, and Health Science products to improve medium- and long-term profitability. Enhanced product lineup by launching high added-value and high-priced products (*Kirin Nama-cha Rich* and *Kirin Gogo-no-Kocha TEA SELECTION*) in core brands and the *Lactococcus lactis* strain Plasma (LC-Plasma) series (*Kirin Oishii Immune Care*) and other new Health Science products.
- ▶ Increased revenue through price revisions performed in October 2022 and through increased unit prices that resulted from expanding high added-value and high-priced core brand products and Health Science products.
- ▶ However, normalized operating profit decreased because price revisions did not make up for the rising costs of raw materials and because of reduced sales volume and enhancing marketing investments for the future.

2024 Plan Revenue: 276.6 billion yen Normalized operating profit: 19.0 billion yen

2024 Plan

- ▶ Accelerate the transformation of the product portfolio into one that is sturdy with a strength in Health Science products and continue to aim to nurture brands and increase earning capacity.
- ▶ Strive to strengthen the business foundation that supports sustainable growth. In addition to increasing production capabilities by starting the operation of a new manufacturing line at Shonan Plant in spring 2023, we will promote the implementation of area production and sales strategies and change shipping methods in response to the 2024 logistics problem.
- ▶ Increase revenue and profits in 2024. Perform marketing investments, mainly in core brands and Health Science products, and aim to achieve market-leading sales volume growth. Moreover, revise the prices of some products, and enhance efforts in high added-value and high-priced products and Health Science products in order to realize unit price increases. Especially in Health Science products, through expanding the LC-Plasma series lineup and creating ongoing needs, the sales volume of Health Science products is expected to grow.

Example

Steady growth of Kirin Oishii Immune Care sales volume

With a focus on the LC-Plasma series, we will release a variety of products that meet consumer needs onto the market and are committed to helping people to develop immune care habits. *Kirin Oishii Immune Care*, launched in 2023, has a yogurt taste and is easy to drink. The product's sales volume has been steadily growing due to becoming a series and being available in a six-pack. This increase has significantly grown the total sales volume of the LC-Plasma series by about 40% year-on-year.

In 2024, in addition to helping people develop immune care habits, we will launch new products in beverage categories enjoyed by people daily, such as green tea and sports drinks. We aim to expand the entry and habitual product portfolio for immune care and to further grow the LC-Plasma series.







### Kyowa Kirin

**Aim to maximize the value of global strategy products and expand the development pipeline as a Japanese Global Specialty Pharmaceutical Company**

### Blackmores

**Lead the growth of the Health Science business by growing revenue in each country and promoting the Kirin Group's initiatives in creating added value**

### Kyowa Hakko Bio

**Consider structural reform of the amino acid business with all options in mind and monetize our business by focusing on specialty materials**

**2023 Results** Revenue: 442.2 billion yen  
Normalized operating profit: 96.0 billion yen

**2024 Plan** Revenue: 473.0 billion yen  
Normalized operating profit: 82.0 billion yen

#### 2023 Review

- ▶ Promoted growth initiatives as a Japanese Global Specialty Pharmaceutical Company from Japan.
- ▶ Global strategy products continue to grow steadily, and secured more earnings due to the favorable increase in sales, mainly of *Crysvita*, which was launched in North America, and more.
- ▶ In regard to the development pipeline, despite the suspended development of RTA 402 and other products, the development of KHK4083 / AMG 451 (*rocatinlimab*) and more progressed well. On top of that, in order to strengthen capabilities of creating new medicines in the future, concluded a contract to acquire Orchard Therapeutics, who established a necessary business platform with products and developments using hematopoietic stem cell gene therapy.

#### 2024 Plan

- ▶ Further grow toward maximizing the value of the global strategy products *Crysvita* and *Poteligeo* by leveraging evidence gathered through past activities, enhancing disease awareness activities focused on target patients, and through other efforts.
- ▶ Additionally, strengthen strategic R&D investments and steadily promote the global development of KHK4083 / AMG 451 (*rocatinlimab*) and other products to expand the development pipeline, while promoting PMI (post-merger integration) with Orchard Therapeutics, acquired in January, in aim of new value creation.
- ▶ Increase revenue through the further growth of global strategic products, including *Crysvita*. Meanwhile, profit is expected to decrease due to an increase in R&D expenses due to the acquisition of Orchard Therapeutics and phase 3 development (ROCKET Program) of KHK4083 / AMG 451 (*rocatinlimab*).

**2023 Results (Second half of the year)** Revenue: 32.0 billion yen  
Normalized operating profit: -0.5 billion yen

#### 2023 Review

- ▶ Acquisition was finished in the second half of the year and projects for SCM, quality assurance, IT, ESG, organization culture, and more were established and reviewed toward creating added value. Furthermore, considerations of how to leverage KIRIN's materials, such as LC-Plasma, are progressing as planned.
- ▶ Normalized operating profit met original expectations.

**2024 Plan** Revenue: 67.4 billion yen  
Normalized operating profit: 5.8 billion yen

#### 2024 Plan

- ▶ Aim to raise revenue and profit in each region, Australia, New Zealand, SEAK,\* and China, to increase revenue. Utilize the value of top-share brands in Australia and New Zealand to improve revenue, while increasing profitability through price revisions and launching highly profitable products. Launch new products and make sales activities more efficient internationally. Aim to significantly grow the brand in China by growing its awareness through marketing investments.

\*South-East Asia plus Korea

**2023 Results** Revenue: 51.4 billion yen  
Normalized operating profit: -8.5 billion yen

#### 2023 Review

- ▶ Despite the difficulties in the amino acid business, revenue increased because of the steady sales growth of citicoline, mainly used in health foods, and more.
- ▶ Meanwhile, normalized operating profit decreased because of increases in fuel expenses and other variable costs, an intensifying competitive environment, the disappearance of special demand for materials for vaccine production, and other factors that have made for a continuously strict business environment for the amino acid business. The approval process of regulatory authorities for *Human Milk Oligosaccharide (HMO)* is in progress in numerous countries.

**2024 Plan** Revenue: 58.9 billion yen  
Normalized operating profit: -3.0 billion yen

#### 2024 Plan

- ▶ Reduce costs, mainly of the amino acid business, and focus on citicoline, a growing product, to reduce deficits. Concentrate on using citicoline, a highly profitable product, in health foods and continue to strive for the quick approval of *HMO* in numerous countries. Additionally, expand the use of each material.

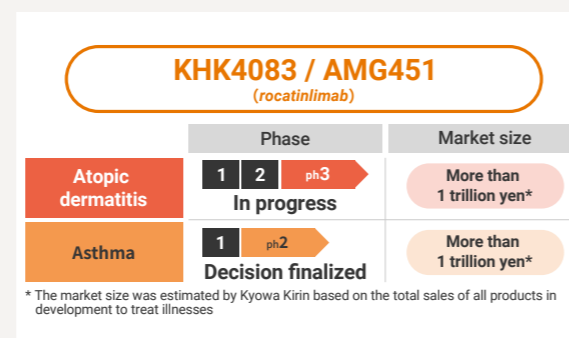
Example

### Steady progression of clinical trials for KHK4083 / AMG451

Clinical trials for KHK4083 / AMG 451 (*rocatinlimab*), which is expected to be another growth pillar in addition to *Crysvita*, as a treatment for atopic dermatitis are progressing smoothly and we also plan to test its effectiveness on asthma.

The scale of the atopic dermatitis market and the asthma market we are considering developing are estimated to be worth more than 1 trillion yen.

Each of these markets has a lot of competition, but if we are able to secure certain market shares of a unique medicine that takes advantage of our collaboration with Amgen, we expect KHK4083 / AMG 451 (*rocatinlimab*) will be a major pillar of revenue for Kyowa Kirin.



# Disclosure Based on the TCFD and TNFD Frameworks

## Impact of Climate Change and Natural Capital on Business and Kirin Group's Holistic Approach

The Kirin Group's businesses use natural capital as an input to add and deliver values to customers. The businesses make negative impacts, such as GHG emission and inappropriate disposal of containers of products, on the nature capitals through their value chains. The negative impacts consequently influence long term availability of raw materials. The Kirin Group's attitude is to understand interrelations and trade-offs between business activities and environmental problems and to apply holistic approaches to solve the problems.

The Kirin Group analyzes the risks and opportunities that various sustainability issues, including environmental challenges, pose to society and the company, and reflects the risks and opportunities in its strategies to enhance resilience. It then discloses information to various stakeholders in accordance with the frameworks recommended by the Task Force for Climate-related Financial Disclosure (TCFD) and the Task Force for Nature-related Financial Disclosure (TNFD).

## Disclosure Framework

The Kirin Group has disclosed climate related financial information since 2018 in conformity with the recommendations published by the TCFD in 2017. The Kirin Group was a global pioneer in disclosing information based on the "LEAP" approach advocated in the beta version of the TNFD framework in 2022. From 2023, we began holistic information disclosure on climate change and natural capital based on both frameworks.

This section describes how the Kirin Group is analyzing and assessing climate change and natural capital challenges, enhancing resilience, and driving a holistic transition strategy to lead a decarbonized society and address natural capital challenges in a nature positive manner, in accordance with new TCFD guidance

released in October 2021 and TNFD recommendations released in September 2023.

Details are available in our Environmental Report and on the company's website.



**New TCFD guidance**  
Guidance on Metrics, Targets, and Transition Plans (October 2021)  
Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)



**TNFD recommendations**  
Taskforce on Nature-related Financial Disclosures (TNFD) Recommendations (September 2023)  
Taskforce on Nature-related Financial Disclosures

## Governance

### Supervisory structure

At the Kirin Group, the Board of Directors discusses and decides the basic policy for all environment-related issues, medium- and long-term strategies, annual plans, and important non-financial targets and KPIs, including environmental targets. It supervises the execution of the Group's environmental operations, including climate change, natural capital, and a circular society, on a quarterly basis through monitoring the progress of non-financial targets.

The Board monitors risks and opportunities assessed and identified by operating companies, based on reports from the Group Risk and Compliance Committee Secretariat. It also makes resolutions concerning important risks (including environmental management strategies, action plans, the status of progress, and scenario analysis results) identified in risk management processes and materiality assessments. The Board supervises the effectiveness of environmental management through these discussions and reports from subordinate organizations.

### Excerpts of the reports of the Board of Directors for fiscal 2023 (Held 3 times)

#### ▶ June 16

- To promote environmental investment, the Kirin Group will plan to introduce a management system where execution of environmental investments and performance evaluations are linked. Additional environmental investments will be determined by closely monitoring technological innovation and energy price trends.
- The Kirin Group will consider introducing a framework that can respond to business attributes and business profit levels that vary by industry and region.
- The board confirmed the practicality of a process whereby profits and GHG reductions (and the investments and costs required to achieve them) are agreed simultaneously and set between Kirin Holdings and Group companies.

#### ▶ July 31

- Based on the results of a desktop survey of changes in the internal and external environment and employee questionnaires, the board decided to update GMM for the next 2025 Medium-term Business Plan instead of the 2024 plan.
- It was reported to the board that in the EU, the Corporate Sustainability Reporting Directive (CSRD) will gradually make it mandatory for companies outside the EU to also disclose information in line with the European Sustainability Reporting Standards (ESRS) starting this year. Although the starting year differs depending on the size of the company, the European subsidiaries of Kyowa Kirin and Kyowa Hakkō Bio are subject to disclosure requirements and will need to take action in the future.
- It was reported to the board that the Kirin Group was ahead of its peers in disclosing environment-related financial information integrating TCFD and TNFD beta versions (September 2023) in its Environmental Report.

#### ▶ November 13

- The Kirin Group started extensive reviews of non-financial information disclosure-related issues for the Group and each operating company, with a view toward conformity with the International Sustainability Standards Board (ISSB) and ensuring smooth and accurate non-financial disclosure.
- It was reported to the board that the Group's ESG rating is roughly in line with global alcoholic beverage companies and that the alcohol sector is recognized as a higher risk sector in the ratings.
- The board confirmed that the Kirin Group will shift its business portfolio to health science segment and improve its reputation as a leading company in chemical recycling of PET bottles, nature positive approach, and disclosures based on TNFD framework, aiming to become a global leader in CSV.

### Executive structure

In the Kirin Group, the Group Executive Committee deliberates and makes resolutions concerning the setting and revision of important targets, as well as investment plans, related to environmental issues as a whole, such as climate change, natural capital, and the circular economy. The Group Executive Committee receives reports from operating companies and divisions on the status of achievement of targets and risks, and supervises these operating companies and divisions.

The Group CSV Committee has been established to discuss environmental and other CSV issues across the Kirin Group. The committee is an advisory body to the CEO and is chaired by the CEO of Kirin Holdings, with its members being the CEOs of major Kirin Group companies and senior officers of Kirin Holdings. In 2022, Kirin Holdings increased the frequency of meetings of the Group CSV Committee and newly established the Group Environmental Meeting under the Group CSV Committee. Through this structure, Kirin Holdings is strengthening its initiatives targeting sustainability-related issues, as required by Japan's Corporate Governance Code following revisions in 2021.

Committees	Chairperson	Committee Members	Main agenda	Meeting Frequency
Group CSV Committee	CEO of Kirin Holdings	<ul style="list-style-type: none"> <li>•Executive officers of Kirin Holdings</li> <li>•CEOs of the Group's major operating companies in Japan and overseas</li> </ul>	<ul style="list-style-type: none"> <li>•Exchange of opinions on Group CSV policies, strategies, and action plans</li> <li>•Monitoring the status of implementation of CSV-related initiatives at Group companies</li> <li>•Reporting from affiliated meetings</li> </ul>	Three times a year; held once as the Group ESG meeting
Group Environmental Meeting	Executive officer of CSV	<ul style="list-style-type: none"> <li>•Executive officer in charge of Supply Chain Management strategy of KH</li> <li>•General Manager of CSV Strategy Department of KH</li> <li>•General Manager of Corporate Strategy Department of KH</li> <li>•General Manager of Finance Department of KH</li> <li>•General Manager of Research &amp; Development Division of KH</li> <li>•General Manager of Procurement Department of KH</li> <li>•General Manager of Corporate Communications Department of KH</li> <li>•Deputy General Manager of IR Section of KH</li> <li>•General Manager of General Manager of Technology Development Department of Kirin Brewery</li> </ul>	<ul style="list-style-type: none"> <li>•Monitoring progress of various road maps for the realization of the Kirin Group Environmental Vision 2050 and exchanging opinions on policies, strategies, and plans</li> </ul>	Twice a year

### Performance-linked remuneration

Considering the importance of environmental issues, including climate change, we have established environmental KPIs (water efficiency (Australia), percentage of recycled resins used in PET bottles (Japan), GHG emission reduction (global, Scope 1+2)) as management indicators in our Medium-Term Business Plan and set executive remuneration to be linked to the evaluation of their achievement.

Environmental issues, including climate change, are targeted as non-financial KPIs for Group companies, and the KPIs are reflected in each company's management plan and senior officers' performance evaluations, applying CSV commitment management process.

## Risk Management

For risks such as climate change, which will have an extremely large impact on our businesses if they occur, even though the probability of occurrence is uncertain, we have adopted a new approach to identify and examine important risks by setting scenarios and using them to analyze and assess risks. In scenario analysis, we utilize various research papers, science-based risk assessment tools such as Aqeduct,\*1 etc. The Group Environmental Meeting and the Group CSV Committee share and discuss risks and opportunities identified through scenario analysis, then submit and report them to the Board. The Group Risk and Compliance Committee Secretariat also receives reports on such risks, and manages them together with other risks.

Additionally, we appropriately reflect internal examples of sustainability-related risks, such as responses to climate disasters, in annual risk and compliance training for all employees, and share this information within the Group in order to strengthen resilience across the Group as a whole.

\*1 Aqeduct is a data platform run by the World Resources Institute (WRI), an environmental research organization. Aqeduct is comprised of tools that help companies, governments, and civil society understand and respond to water risks.

# Results of Impact Assessment and Response Strategy

Since 2017, we have continuously conducted climate change scenario analysis, which has improved our level of understanding and strategies related to risks and opportunities posed by climate change. In addition to our own production sites and breweries, we analyze the financial impact of factors such as yields of agricultural products, procurement costs, and carbon pricing, etc. The financial impacts related to natural capital and containers and packaging are estimated based on the following approach, considering factors such as dependency and impact on nature.

The financial impact and strategy are as follows.

## Financial impacts

	Business Risks/Social Issues	Financial impact	Strategy
Physical risks	Decline yields of agricultural products	2°C scenario: Approx. 1.1 billion yen to 3.0 billion yen	<ul style="list-style-type: none"> <li>·Brewing technology that does not rely on barley</li> <li>·Mass plant propagation technologies</li> <li>·Support for farms to acquire certification for sustainable agriculture</li> </ul>
		4°C scenario: Approx. 3.2 billion yen to 10.4 billion yen (2050)*2	
	Disruptions of operations owing to floods	Approx. 1 billion yen (200-year disasters, total of 20 locations in Japan)	<ul style="list-style-type: none"> <li>·Sharing flood knowledge</li> <li>·Equipment and facility measures against flooding</li> </ul>
	Disruptions of operations owing to drought	Approx. 0.03 billion yen to 0.6 billion yen	<ul style="list-style-type: none"> <li>·Sharing drought knowledge</li> <li>·Development and deployment of water usage reduction technology</li> </ul>
Transitional risks	Negative impact of PET bottles	Approx. 1.1 billion yen	<ul style="list-style-type: none"> <li>·Expansion of mechanical recycling</li> <li>·Establishment of chemical recycling manufacturing technology</li> </ul>
	Financial impact of energy due to carbon pricing	2°C scenario: Approx. 7.7 billion yen	<ul style="list-style-type: none"> <li>·Achieving GHG emission reductions</li> <li>·Energy transition on a profit and loss neutral basis</li> </ul>
		4°C scenario: Approx. 1.2 billion yen (2030)*3	
	Financial impact of agricultural products due to carbon pricing	2°C scenario: Approx. 0.9 billion yen to 2.1 billion yen	<ul style="list-style-type: none"> <li>·Mass plant propagation technologies</li> <li>·Support for farms to acquire certification for sustainable agriculture</li> </ul>
4°C scenario: Approx. 4.0 billion yen to 7.6 billion yen (2050)*4			
Procurement of certified products from certified sustainable farms	Approx. 0.06 billion yen	<ul style="list-style-type: none"> <li>·Support for farms to acquire certification for sustainable agriculture</li> <li>·Procurement of sustainable raw materials</li> </ul>	
Business opportunities	Maintenance of immune function in healthy people	Market for immunity and health supplements Approx. 28,961.4 million US dollars (2030)	·Contribution in the Health Science domain
	Prevention of heatstroke	Market for non-alcoholic beverages that prevent heatstroke: Approx. 94.0 billion yen to 188.0 billion yen (2100, 4°C scenario)	·Contribution in heatstroke-prevention beverages
	Reduction of food waste	Approx. 0.9 billion yen	·Reduction of product disposal
	Reduction in costs associated with the reduction of chemical fertilizers and pesticides for coffee farms in Vietnam	0.11 billion yen*5	·Enhancement of engagement

\*2 Assessed using the middle 50th percentile of the distribution of forecast data for price fluctuations  
\*4 Assessed using the middle 50th percentile of the distribution of forecast data for price fluctuations

\*3 Cases when GHG emissions are not reduced  
\*5 Estimated based on interviews with local coffee farms

# Result of analysis of the impact on Assets

Kirin Holdings estimated the impact of the sale of Lion's non-alcoholic beverages business in 2021 and the Myanmar business in 2023. Physical and transitional risks have not changed significantly. Based on a retrospective review of the impact on the GHG emission reduction targets of the divested businesses back to the base year, we have determined that there is no need to restate the reduction targets.

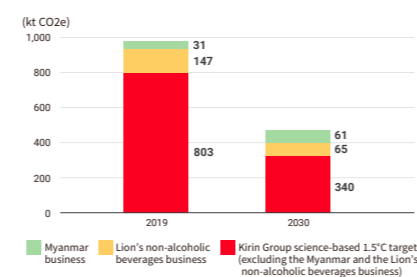
The company estimated exposure to general 200-year disasters (total of 20 business sites in Japan) is as follows. The company also investigated and analyzed the possibility of being forced to discontinue the use of boilers, delivery trucks, and other equipment before the end of their service life owing to laws and regulations, etc. Kirin Holdings believes that it is unlikely that there will be a material financial impact on our assets due to tightening of the laws. For reference, the company discloses this information as "Residual value of related facilities".

In scenario analysis, the company has utilized multiple research findings and included differing views, but taken as a whole, the findings show that the impact of climate change on agricultural products and water is inevitable, which is consistent with the above recognition.

Although the company has judged that there will be no major impact that will change the structure of its industry, the impact that the company will face depending on ecosystem services generated by natural capital to create value will not be small. The company has determined that it is essential to continue its focus on reducing GHG emissions, working to make agricultural production areas sustainable, and addressing water risk and water stress.

The company understands the social issues related to heatstroke and infectious diseases caused by climate change. Also, the company expects to contribute in the health domain, which the Kirin Group defines as a growth area.

## Impact on GHG emissions from divestment



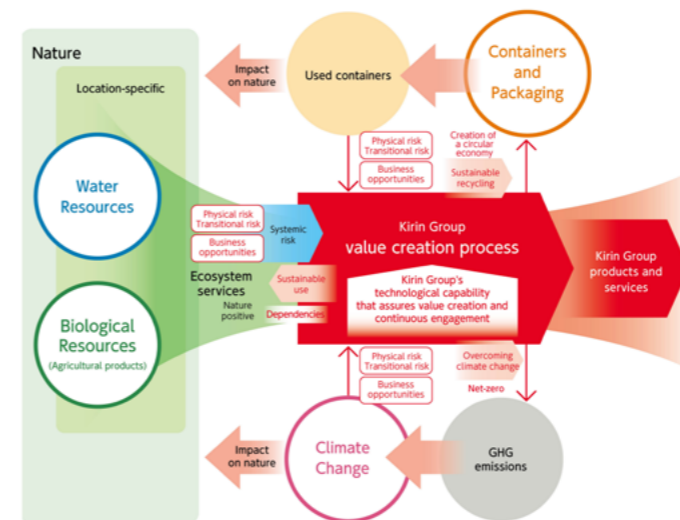
## Assets exposed to risk

	Analysis item	Impact
Impact of divestment	Before business divestment	515 kt CO2e
	After divestment	463 kt CO2e
Assets exposed to risk	Exposure	Approx. 1.0 billion yen
	Related assets Residual value	Approx. 1.1 billion yen

# Strategy

As shown in the Kirin Environmental Value Correlation Chart, global warming due to climate change, changes in rainfall, and natural disasters have significant impacts on agricultural products and water, which are important raw materials. On the other hand, conservation and restoration of natural capital can also be climate change mitigation and adaptation measures under the realm of Nature-based Solutions to social issues. The company understands these relationships and take holistic approaches to solve environmental issues by leveraging our research, technology development, and engineering capabilities.

## Kirin's Environmental Value Correlation



- ▶ With regard to climate change, Kirin Holdings sets net zero emissions target for 2050 in the Kirin Group's Environmental Vision 2050, which was renewed in 2020 using TCFD scenario analysis as input. The company sets intermediate targets by setting SBT 1.5°C target and joining RE100. The company encourages reduction of GHG by business partners in addition to the company's own emissions.
- ▶ For natural capital, the company will consider location-specific conditions and dependency under the Kirin Group Action Plan for the Sustainable Use of Biological Resources, utilizing the LEAP approach advocated by TNFD. While doing so, we will improve the resilience of our businesses by sustainable procurement of raw agricultural products and use water resources. The company promotes sustainable procurement of raw materials and sustainable use of water under the Action Plan, and the activities can also be mitigation measures against climate change. The company will improve the resilience of its businesses through the activities.
- ▶ In the area of containers and packaging, the company will contribute to building a society in which plastics are recycled by achieving the 50% target for the use of recycled plastic resin in PET bottles in Japan by 2027 and developing sustainable containers and packaging, while the company aims to reduce Scope 3 GHG emissions and the impact on the natural environment.
- ▶ The company participates in the following to promote holistic approaches to climate change, natural capital, and other environmental challenges and to contribute to global rulemaking of environmental issues.
  - Alliance to End Plastic Waste (joined in 2021)
  - SBTN for Nature Corporate Engagement Program (Joined in 2021 as the first company to do so in the Japanese pharmaceutical and food and beverage industries)
  - Participated in the TNFD Forum from 2021. Participated in pilot testing in 2022. (TNFD Adopter registration in 2023)

Adaptation/Mitigation	Important issue	Strategy	Progress
Adaptation (Sustainable use of natural capital)	Biological resources	<ul style="list-style-type: none"> <li>·Brewing technology that does not rely on barley</li> <li>·Mass plant propagation technologies</li> <li>·Support for farms to acquire certification for sustainable agriculture</li> </ul>	<ul style="list-style-type: none"> <li>·Establishment of mass plant propagation technology for hop seedlings</li> <li>·Participated in SBTN for Nature's Corporate Engagement Programme (2021) and TNFD pilot test (2022)</li> </ul>
	Water resources	<ul style="list-style-type: none"> <li>·Sharing flood knowledge</li> <li>·Equipment and facility measures against flooding</li> <li>·Sharing drought knowledge</li> <li>·Development and deployment of water usage reduction technology</li> </ul>	<ul style="list-style-type: none"> <li>·Started surveys of high-risk business sites for insurance coverage, utilizing the results of simulations of natural disasters and floods (2015)</li> <li>·Implemented flood prevention measures and equipment measures at pharmaceutical plants that must ensure a stable supply of products (2022)</li> <li>·Support for tea farms to acquire certification for sustainable agriculture in Sri Lanka and continuing appropriate water conservation considering water stress (since 2013)</li> </ul>
Mitigation (Minimize impact on natural capital)	Containers and packaging	<ul style="list-style-type: none"> <li>·Promotion of PET-to-PET</li> <li>·Creation of more lightweight containers</li> </ul>	<ul style="list-style-type: none"> <li>·Joined Alliance to End Plastic Waste (2021)</li> <li>·Increased use of R100 PET bottles made with 100% recycled resin</li> <li>·Introduction of chemically recycled resin in PET bottles for alcoholic beverages (2023)</li> </ul>
	Climate change	<ul style="list-style-type: none"> <li>·Achieving GHG emission reduction targets based on scientific evidence</li> <li>·Energy transition on a profit and loss neutral basis (from 2030)</li> </ul>	<ul style="list-style-type: none"> <li>·Fine-tuned understanding the financial impact of climate change (from 2022), including analysis and evaluation of asset risks and opportunities in scenario analysis in full conformity with new TCFD guidance. Holistic disclosure of financial impact of climate change and natural capital by conducting assessments to understand natural capital dependencies, impacts, risks, and opportunities (2023)</li> <li>·Developed a roadmap to reduce GHG emissions by 2030 (2022). Set reduction targets and processes for Group companies and began operation</li> <li>·Installed large-scale solar power generation facilities in all Kirin Brewery plants (2021), Kyowa Kirin Ube Plant, and Mercian Fujisawa Plant (2023), based on the PPA model (except for the Yokohama Brewery). Achieved 100% of procured electricity from renewable energy sources at Kirin Brewery's Nagoya Plant (2020), Sendai Plant (2022), Okayama Plant, Fukuoka Plant, Kyowa Kirin's Takasaki Plant, all Lion Australia and New Zealand locations (2023), and all Château Mercian wineries (2022), and all Kirin Brewery plants and sales bases (2024)</li> <li>·Became the first global food and beverage company to obtain approval for an SBT Net-Zero (2022)</li> <li>·In addition, we are working to reduce GHG emissions throughout the value chain by considering the procurement of low-GHG-emitting raw agricultural products and materials, and raising the ratio of recycled resins used in PET bottles. Reduction plans with an emphasis on engagement, including collaborative consideration of reduction measures based on each company's reduction plan and reduction progress identified through surveys of major suppliers (2023)</li> </ul>
Business opportunity	Infectious diseases	·Provision of products to address this issue	<ul style="list-style-type: none"> <li>·Expansion of product lineup</li> <li>·Supply of materials to partner companies</li> </ul>
	Heatstroke	·Provision of non-alcoholic beverages that prevent heatstroke	·Raising awareness of heatstroke
	Sustainable procurement	·Accumulating knowledge and promoting regenerative agriculture that contributes to climate change mitigation and adaptation	·Started development of "The Regenerative Tea Scorecard" in partnership with the Rainforest Alliance in Sri Lanka (2023)
	Development of value-added products	·Climate change	·Launched Australia's first carbon-neutral alcohol-free beer, XXXX Zero (2022)

# Transition Plans

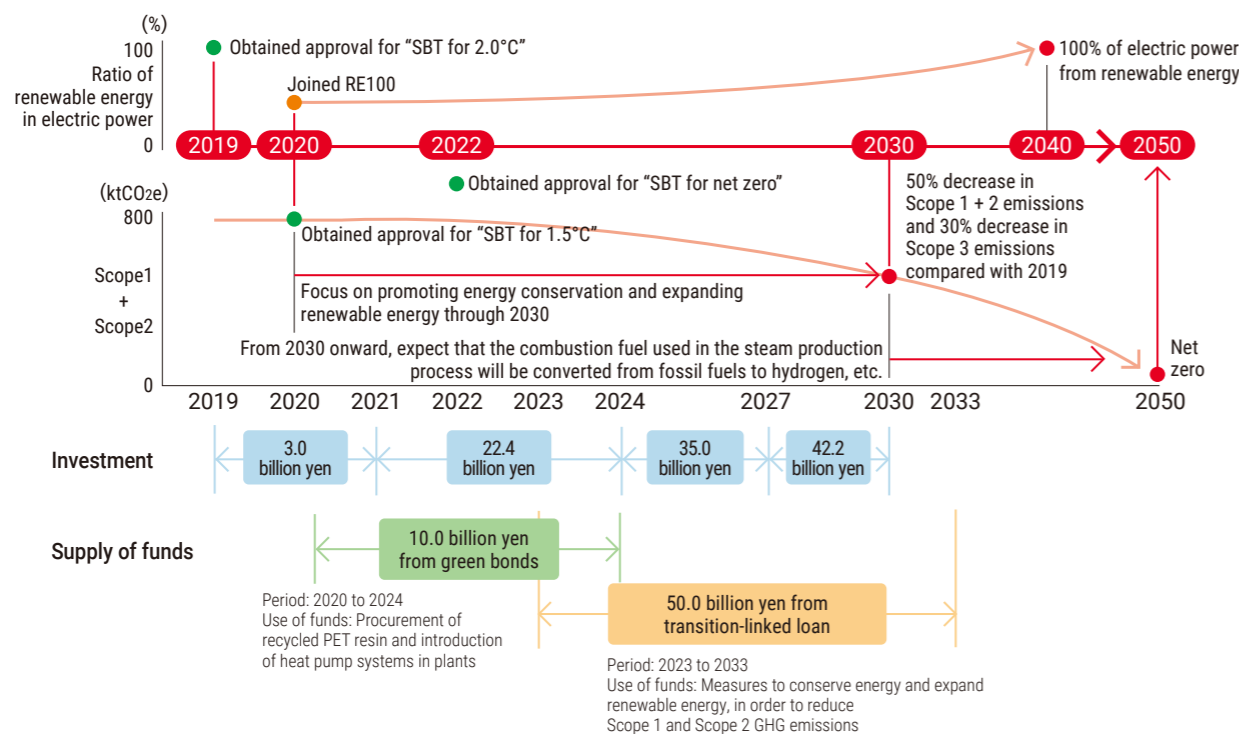
The Kirin Group has formulated a roadmap, together with investment and financing plans, for achieving science-based GHG emissions reduction targets and net zero targets, with the aim of keeping the global average temperature increase 1.5°C or lower compared with pre-industrial levels. The group began operating these plans in January 2022, after they were deliberated and resolved by the Group Executive Committee. Regarding natural capital, in addition to ecosystem conservation, the group is considering developing a roadmap that includes climate change mitigation and adaptation measures as Nature-based Solutions to social issues. As for PET bottles, the group has formulated a roadmap for a 50% ratio of recycled resin use in Japan 2027 and is now working to achieve this target. Going forward, the group will continue to clarify holistic investment plans and funding measures for natural capital and climate change.

For Scope 3, the group will continue to explore and experiment with reduction measures, starting with containers and packaging and agriculture. Regarding climate change adaptation measures, the group will expand the promotion of sustainable agriculture and forestry. The group will also participate in a pilot program and lead rulemaking for an international initiative to develop a natural capital target-setting methodology and disclosure framework. The roadmap will be reviewed periodically and updated appropriately, considering scientific advances, regulations, and other factors.

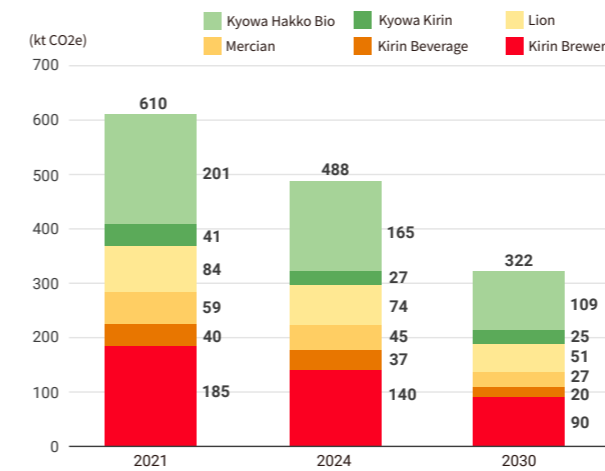
# Investment

Through 2030, the Kirin Group will maintain profit and loss neutrality in principle, and the merit from saving energy will offset depreciation and amortization from the investment and the procurement costs increase of renewable energy. We use NPV (Net Present Value) as an indicator for environmental investments aimed mainly at reducing GHG emissions, and the group introduced Internal Carbon Pricing (ICP; \$63/t CO2e) into its framework for making investment decisions. Following green bonds (period: 2020-2024, 10.0 billion yen) issued to finance the procurement of recycled PET resin and the introduction of heat pump systems at plants, in January 2023 the group became the first food and beverage company in Japan to raise funds through a transition-linked loan (period: 2023-2033, 50.0 billion yen), which is aimed at financing energy conservation and renewable energy-related projects that will contribute to reducing Scope 1 and 2 GHG emissions. This loan is eligible for the Ministry of Economy, Trade and Industry (METI)'s FY2022 subsidy for global warming countermeasures promotion project, as well as performance-linked interest subsidies (financial support for promoting the transition towards achieving a carbon-neutral economy) under the Industrial Competitiveness Enhancement Act.

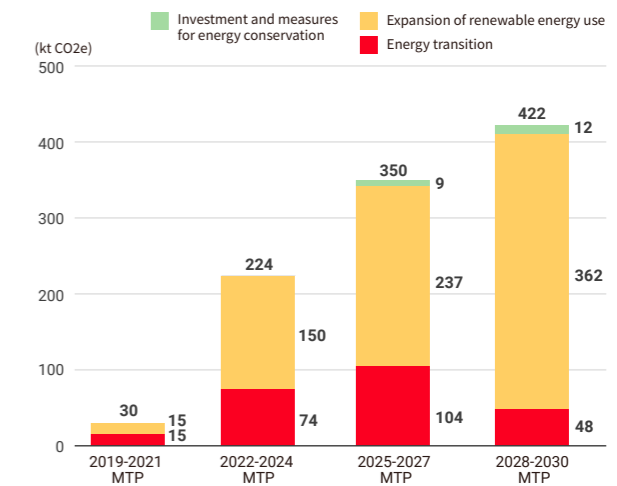
### Roadmap to net zero



### Reduction of Scope 1 and Scope 2 emissions



### Investment



### Reduction of Scope 1 and Scope 2 emissions

As described in the "Response to Climate Change" part of the "Approach to Environmental Issues" section, the Kirin Group will take a three-pronged approach to reducing Scope 1 and Scope 2 emissions, namely: "promotion of energy conservation," "expansion of renewable energy," and "energy transition."

From 2030 onward, combustion fuel in the steam production process will need to be converted from fossil fuels to hydrogen, etc. that do not emit GHGs in order to achieve net zero emissions by 2050. The group will be involved in policy advocacy and rulemaking, emphasizing the "additionality" of creating and increasing new renewable energy sources in the world, and the "ethics" of energy use from the perspective of environmental impact and human rights.

### Reduction of Scope 3 emissions

Of the categories in the GHG Protocol, the group will focus our efforts on Category 1 (purchased goods and services), which accounts for about 60% of the Kirin Group's Scope 3 emissions, followed by Category 4 (upstream transportation and distribution) and Category 9 (downstream transportation and distribution) and work toward "encouragement of reduction at business partners," as well as the "reduction of its own independent emissions."

In a pilot test, Lion worked with suppliers and customers to pool actual GHG emissions to a third party without mutual disclosure, and demonstrated that the company could raise its Scope 3 reduction targets. This approach was published by the Australian "Climate Leaders Coalition" as the "Scope 3 Roadmap" and presented by the CEO of Lion at COP27 held in 2022.

Encouragement of reduction at business partners	Plan to prioritize engagement as we reduce emissions, based on each company's reduction plans and quantitative and qualitative progress identified through surveys of major suppliers
Reduction of our own independent emissions	Reduce the weight of containers and packaging and increase the use of recycled PET resin, leveraging the strength of our in-house research institute to develop our own containers and packaging

### Metrics and targets\*6

Response	Item	Target	Achievements (End of 2022)
Targets related to climate change	GHG emissions from the entire value chain (relative value)	Net-zero (2050)	4,876 kt CO2e
	Scope 1+2	-50% (2030 compared to 2019)	-18%
	Scope 3 **	-30% (2030 compared to 2019)	-1%
	Ratio of renewable energy purchased electric power	100% (2040)	27%
Targets related to natural capital	Number of large tea farms in Sri Lanka that received training for the acquisition of certification	Cumulative total of 15 large farms (2022 to 2024)	4 large farms
	Number of small tea farms in Sri Lanka that received training for the acquisition of certification	Cumulative total of 5,350 small farms (2022 to 2024)	9 small farms
	Ratio of certified palm oil used (Japan)	Maintain 100%	100%
	Water efficiency in Lion	2.4 kl/kl (2025)	3.6kl/kl
Targets related to containers and packaging	Percentage of recycled resins used in PET bottles (Japan)	50% (2027)	8.3%
	Percentage of FSC-certified paper used for paper containers in the domestic beverage business	Maintain 100%	100%

\*6 As of the end of 2022

\*7 Used IDEA (Inventory Database for Environment Analysis) version 2.3 and version 3.1 developed by The Research Institute of Science for Safety and Sustainability to calculate Scope 3 emissions for each fiscal year

# Reference

## 10-Year Summary of Key Financial Data

(Millions of yen)

Fiscal year	JGAAP		IFRS							
	2014	2015	2016*10	2017*10	2018*10	2019	2020	2021	2022	2023
Revenue*1	2,195,795	2,196,925	1,853,937	1,863,730	1,930,522	1,941,305	1,849,545	1,821,570	1,989,468	2,134,393
Less Japanese liquor taxes	301,365	305,697	296,029	289,433	294,028	292,153	276,932	285,600	284,435	279,508
Net revenue	1,894,429	1,891,227	1,557,909	1,574,296	1,636,494	1,649,151	1,572,613	1,535,969	1,705,033	1,854,885
Normalized operating profit*2	–	–	181,982	194,609	199,327	190,754	162,115	165,430	191,159	201,495
Operating profit	114,549	124,751	196,590	211,000	198,322	87,727	102,919	68,084	116,019	150,294
Operating profit (Before amortization of goodwill, etc.)	171,542	158,537	–	–	–	–	–	–	–	–
EBITDA*3	–	–	–	–	–	–	–	–	–	–
Normalized EBITDA*4	273,183	258,922	257,612	272,301	279,907	272,619	243,959	245,879	277,695	293,039
Ordinary income	94,211	128,199	–	–	–	–	–	–	–	–
Profit attributable to owners of the Company*1	32,392	(47,329)	148,918	241,991	164,202	59,642	71,935	59,790	111,007	112,697
Cash flows from operating activities	155,247	171,011	232,263	221,710	198,051	178,826	164,839	219,303	135,562	203,206
Cash flows from investing activities	(139,397)	(70,659)	(82,656)	63,214	47,389	(175,619)	(115,981)	(56,408)	(10,399)	(226,091)
Cash flows from financing activities	(80,701)	(78,221)	(157,271)	(182,163)	(226,699)	(9,997)	(52,474)	(180,463)	(167,835)	35,909

### Fiscal year end

Total assets	2,965,868	2,443,773	2,422,825	2,398,572	2,303,624	2,412,874	2,459,363	2,471,933	2,542,263	2,869,585
Interest bearing debt	873,003	821,478	668,212	486,475	414,994	530,851	642,644	551,471	523,121	656,397
Equity attributable to owners of the Company*1	1,101,833	663,842	695,860	947,162	906,578	906,576	838,584	894,179	980,022	1,132,581

### Share information

High	1,579.00	1,915.00	1,984.50	2,948.50	3,199.00	2,729.00	2,591.00	2,430.00	2,306.00	2,245.00
Low	1,290.00	1,400.00	1,436.50	1,792.00	2,163.00	2,033.00	1,826.00	1,788.00	1,739.00	1,906.00
Shareholder return (%)*5	–	–	–	–	–	106.8	111.5	88.8	98.9	104.4

### Per-share data

Earnings per share (EPS) (Yen)	35.27	(51.87)	163.19	265.17	183.57	68.00	85.57	71.73	135.08	139.16
Normalized EPS (Yen)*6	118	117	139	151	167	158	136	156	171	177
EPS (Before amortization of goodwill, etc.) (Yen)	108.57	(2.83)	–	–	–	–	–	–	–	–
Dividends per share (Yen)	38.00	38.00	39.00	46.00	51.00	64.00	65.00	65.00	69.00	71.00

### Financial indicators

Return on equity (ROE) (%)*7	8.6	(0.3)	22.2	29.5	17.7	6.6	8.2	6.9	11.8	10.7
Return on invested capital (ROIC) (%)*8	–	–	10.8	16.3	12.0	5.2	6.0	4.2	8.5	8.0
Operating profit (Before amortization of goodwill, etc.) / Net sales (%)	9.1	8.4	–	–	–	–	–	–	–	–
Net debt / Normalized EBITDA (Times)	2.76	2.67	2.21	1.19	0.86	–	–	–	–	–
Gross debt-to-equity ratio (Times)	–	–	–	–	0.46	0.59	0.77	0.62	0.53	0.58
Consolidated dividend payout ratio (%)*9	32.2	32.5	28.1	30.5	30.5	40.5	47.8	41.7	40.4	40.1

\*1 Through fiscal 2015, revenue, profit attributable to owners of the Company, and equity attributable to owners of the Company were calculated based on Japanese GAAP and presented as sales, net income, and equity (net assets - non-controlling interests - stock acquisition rights). (Consolidated balance sheet).

\*2 Normalized operating profit is a profit indicator for measuring recurring performance which is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

\*3 EBITDA = Operating profit + Equity in earnings or losses of affiliates + Depreciation + Amortization of goodwill + Extraordinary gains and losses. (Losses on impairment regarding goodwill, etc., are excluded)

\*4 Through to fiscal 2015: Normalized EBITDA = Operating profit + Depreciation + Amortization of goodwill + Dividends received from entities accounted for by the equity method

From fiscal 2016: Normalized operating profit + Depreciation and amortization (excluding depreciation of right-of-use assets fiscal 2019) + Dividends received from entities accounted for by the equity method

\*5 Total shareholder returns were calculated for the last five years similarly to the Annual Securities Report for the year ended December 31, 2023.

\*6 Normalized EPS = Normalized profit (Normalized net income before fiscal 2016) / Average number of shares during the period

Through to fiscal 2015: Normalized net income = Net income + Amortization of goodwill ± Extraordinary gains and losses after tax adjustment

From fiscal 2016: Normalized profit = Profit attributable to owners of the Company ± Other operating profit and expenses and other items after tax adjustment

\*7 ROE through to fiscal 2015 is the amount before amortization of goodwill, etc., and excludes losses with no effect on cash outflow.

\*8 ROIC = Profit after tax before interest / Average interest-bearing debt of the start and end of the fiscal year + average total equity of the start and end of the fiscal year

\*9 From fiscal 2010, figures for dividend payout ratio use EPS (before amortization of goodwill, etc.), and these figures exclude losses with no effect on cash outflow.

From fiscal 2012, the consolidated dividend payout ratio is based on normalized EPS.

\*10 The tax effect on intangible assets acquired in business combinations has been retroactively revised for fiscal 2016, 2017 and 2018 due to the change in accounting policy in fiscal 2019.

# Overall Business Conditions

(¥ billions, unless otherwise stated)

	FY2023	FY2022	Change	
Consolidated revenue	2,134.4	1,989.5	144.9	7.3%
Consolidated normalized operating profit	201.5	191.2	10.3	5.4%
Consolidated operating profit	150.3	116.0	34.3	29.5%
Consolidated profit before tax	197.0	191.4	5.7	3.0%
Profit attributable to owners of the Company	112.7	111.0	1.7	1.5%

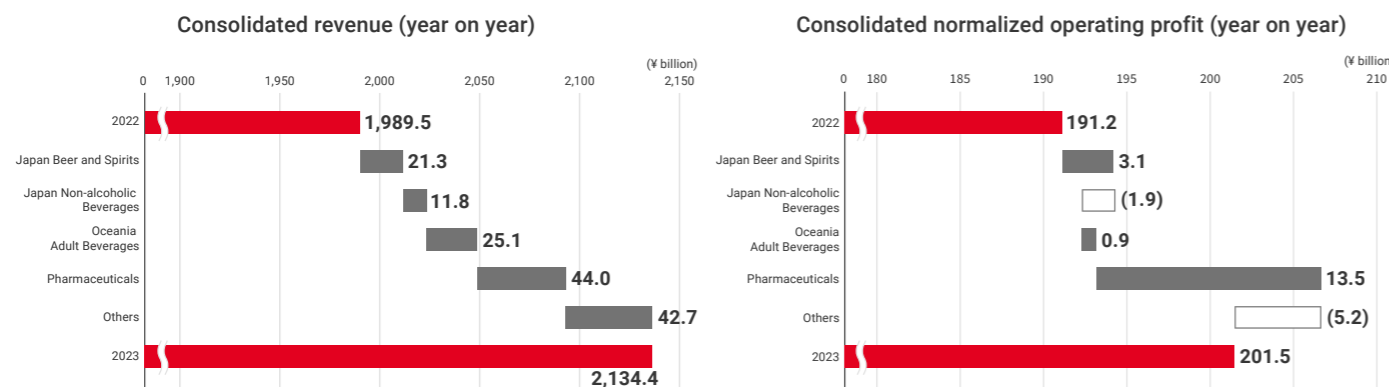
(Key performance indicators)

ROIC	8.0%	8.5%		
Normalized EPS (yen)	177	171	6	3.5%

# Performance by Reportable Segment

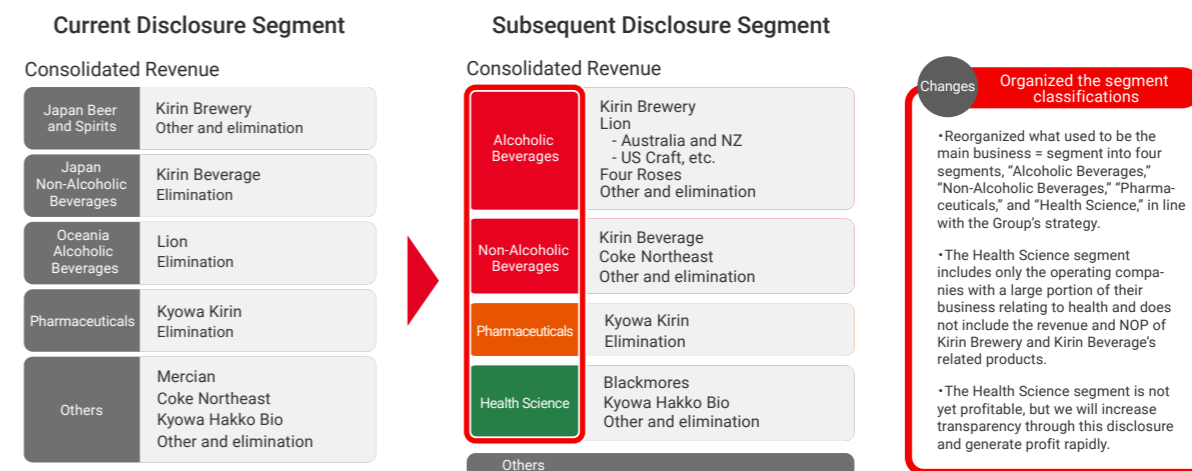
(¥ billions, unless otherwise stated)

	FY2023	FY2022	Change	
Consolidated revenue	2,134.4	1,989.5	144.9	7.3%
Japan Beer and Spirits	684.9	663.5	21.3	3.2%
Japan Non-alcoholic Beverages	255.0	243.3	11.8	4.8%
Oceania Adult Beverages	281.0	255.9	25.1	9.8%
Pharmaceuticals	441.9	397.9	44.0	11.1%
Others	471.6	428.9	42.7	10.0%
Consolidated normalized operating profit	201.5	191.2	10.3	5.4%
Japan Beer and Spirits	77.7	74.7	3.1	4.1%
Japan Non-alcoholic Beverages	16.9	18.8	(1.9)	(10.1%)
Oceania Adult Beverages	32.4	31.5	0.9	2.7%
Pharmaceuticals	96.0	82.5	13.5	16.4%
Others	(21.5)	(16.3)	(5.2)	—



# Changes in Disclosure Segment

We will provide a more straightforward segment disclosure in line with the business strategy and engage in deeper stakeholder dialogue.



# Calculation Method for Kirin Group's GHG Emissions (Scope 1&2)

## (1) Calculation Method

- Emissions resulting from the use of fuel and steam are calculated using the unit calorific values and emission factors stipulated in Japan's "Law Concerning the Promotion of the Measures to Cope with Global Warming" and "Law Concerning the Rational Use of Energy". However, for Lion, the unit calorific values and emission factors specified by the Australian, New Zealand, and U.S. governments are used for calculations.
- For electricity, the calculation is based on the amount of electricity purchased multiplied by the emission factor of each electric power company. In the case of Japan, adjusted emission factors for each electric utility are used. If emission factors for each electric utility are not available, national emission factors published by the IEA are used.

- GHG emissions include emissions associated with the generation of electricity sold.

## (2) Boundary

- The following companies are targeted. (Companies are categorized based on business segments used in financial reports at the time.)

## (3) Base Year Calculation

- GHG emissions for the base year (2019) have been retrospectively recalculated to reflect significant structural changes, including subsequent business acquisitions and divestitures.

Scope of calculations included in the 2023 performance results

Business	Company
Japan Beer and Spirits Business	Kirin Brewery, Kirin Distillery, Spring Valley Brewery, The Brooklyn Brewery Japan, Ei Sho Gen, Kirin Brewery (Zhuhai)
Japan Non-Alcoholic Beverages Business	Kirin Beverage, Shinshu Beverage, Hokkaido Kirin Beverage, Kirin Maintenance Service, each site of Kirin Beverage Service (Hokkaido, Sendai, Tokyo, Chubu, Kansai), Kirin Vivax, Toukai Beverage Service
Oceania Adult Beverages Business	Lion, New Belgium Brewing
Pharmaceuticals Business	Kyowa Kirin, Kyowa Kirin Frontier, Kyowa Medical Promotion, Kyowa Kirin Plus, Kyowa Kirin China Pharmaceutical, Kyowa Kirin (USA)
Other Businesses (all companies included)	Mercian, Nippon Liquor, Daiichi Alcohol, Wine Curation, Interfood, Vietnam Kirin Beverage, Four Roses Distillery, Kyowa Hakko Bio, Kyowa Pharma Chemical, Kyowa Engineering, BioKyowa, Shanghai Kyowa Amino Acid, Thai Kyowa Biotechnologies, Kirin Holdings, Kirin Business Expert, Kirin Business System, Koiwai Dairy Products, Kirin Echo, Kirin & Communications, Kirin Engineering, Kirin City, Kirin Techno-System, Kirin Group Logistics

The below footnotes are regarding the non-financial highlights on page 16.

- \*1 PET resin used by Kirin Brewery, Kirin Beverage, and Mercian for product packaging is included in the calculation.
- \*2 Manufacturing sites with high water stress are defined by us based on Aqeduct's Water Stress and WRF's Baseline Water Depletion. The identified sites breweries are Tooheys Brewery / James Boag Brewery / Castlemaine Perkins. Aqeduct is a data platform run by the World Resources Institute (WRI), an environmental research organization. Aqeduct is comprised of tools that help companies, governments, and civil society understand and respond to water risks.
- \*3 The ratio of female managers in Japan is based on the employees with a domicile at Kirin Holdings Co., Ltd. However, executive officers and rehired employees are not included.
- \*4 The ratio of mid-career hires in Japan is based on the employees with a domicile at Kirin Holdings Co., Ltd. However, rehired employees are not included.
- \*5 Main Group companies that have production and logistics functions within the Group are included. Partner companies within the factory premises are also included.

# Non-financial Information (2023 CSV Commitments)

The CSV Commitment is a medium- to long-term action plan for each business to realize the CSV Purpose, which is the translation of the Group's management philosophy into a social purpose based on the GMM.

For internal management purposes, annual targets are set, and the status of their implementation is monitored on a quarterly basis and reported to the Board of Directors of Kirin Holdings.

## A Responsible Alcohol Producer

Group Materiality Matrix		Particularly contribute to SDG targets	CSV Commitment						
Medium items	Theme		Approach	Our Achievements	Company/ Department	Target Value	Target Year	Achievements (2022)	Achievements (2023)
Dealing with alcohol-related problems	Raising awareness of responsible drinking	3.5	By providing customers with information on responsible drinking and raising awareness, we aim to eradicate the harmful use of alcohol. In addition we will fulfill our social responsibility as an alcohol producer, and maintain the alcoholic beverage business environment.	Participation of responsible drinking programs and number of visitors to the awareness raising content on the website	Kirin Brewery	750,000 participants / viewers	Cumulative total 2022-2024	1,060,000 participants / viewers	560,000 participants / viewers
	Mercian				7,200 participants / viewers	Cumulative total 2022-2024	4,530 participants / viewers	6,179 participants / viewers	
	Lion				100,000 participants / viewers	Cumulative total 2022-2024	42,000 participants / viewers	52,000 participants / viewers	
	Kirin Holdings CSV Strategy Dept.				135,000 participants / viewers	Cumulative total 2022-2024	81,000 participants / viewers	61,000 participants / viewers	
	Expansion of sales of non and low alcohol products	3.5	Strengthening non and low alcohol products will expand the range of options available to meet customers' objectives and enable customers to control their alcohol consumption. This will also lead to business growth of non and low alcohol products	Sales volume growth ratio of non and low alcohol beverages	Kirin Brewery	117% (compared to 2021)	2024	93% (compared to 2021)	87% (compared to 2021)
					Mercian	115% (compared to 2021)	2024	79% (compared to 2021)	58% (compared to 2021)
					Lion	NZ: 4% Australia: 7%	2024	NZ: 2.7% Australia: 4%	NZ: confirming Australia: 3.6%
	Labelling of alcohol content	3.5	Labelling with the amount of alcohol will help customers understand and control their alcohol intake. In addition, we will fulfill our social responsibility as an alcohol producer, and maintain the alcoholic beverage business environment.	Percentage of products with alcohol content labelling	Kirin Brewery	To be started in 2022	2022	started	Started except for certain overseas brands
					Lion	100%	2024	100%	100%

## Health and Well-being

Group Materiality Matrix	Particularly contribute to SDG targets	CSV Commitment								
		Approach	Our Achievements	Company/ Department	Target Value	Target Year	Achievements (2022)	Achievements (2023)		
Ensuring food safety and security	2.4	We promote hygiene management and food safety management systems globally using international certification (GFSI recognized scheme and ISO 22000 scheme) to ensure the safety and security of our customers.	Acquisition rate of international food safety certification (GFSI certification and ISO 22000)	Kirin Holdings Quality Assurance Dept.	96%	2024	87%	93%		
Provide pharmaceuticals for Unmet Medical Needs	3.8	By providing <i>Crysvita</i> as a life changing value to as many patients as possible and contributing to their health and well-being, we will lead to the expansion of our business.	Number of countries/ regions where <i>Crysvita</i> has launched	Kyowa Kirin	50 or more countries/ regions	2025	40 countries/ regions	46 countries/ regions		
Support for maintaining the immune system	3.3	We will contribute to global health by implementing Japan-originated immunological research in society. We will use <i>Lactococcus lactis</i> strain Plasma to support the maintenance of customers' immune function, promote the development of proper immune care habits, and develop new markets in Japan and overseas through product development that leverages the Group's assets.	Recognition rate of the function of <i>Lactococcus lactis</i> strain Plasma	Kirin Holdings Health Science Dept.	50% 45%	2027 2024	32%	31%		
			Number of people who continue to consume <i>Lactococcus lactis</i> strain Plasma in Japan and overseas.		1.9 million people	2024	0.64 million people	0.78 million people		
			By developing and expanding products in the health domain, we will contribute to the maintenance of customers' health through their daily eating habits, leading to business growth.	Sales composition ratio of products that contribute to health (sugar-free / low-sugar products, health science domain products)	Kirin Beverage	49%	2024	45%	49%	
						Sales of sugar-free / low-sugar products	110% (compared to 2021)	2024	101% (compared to 2021)	112% (compared to 2021)
							145% (compared to 2021)	2024	107% (compared to 2021)	147% (compared to 2021)
Through products using <i>Lactococcus lactis</i> strain Plasma that supports the maintenance of immune functions and sugar-free, non and low-fat products that support the prevention of lifestyle-related diseases, we will contribute to the maintenance of customers' health and lead to the growth of our business.	3.3 3.4	Sales of products that contribute to health	Koivai Dairy Products	120% (compared to 2021)	2024	106% (compared to 2021)	106% (compared to 2021)			

\*1 Presenteeism: A condition in which a person is working while having health problems.

\*2 Target Company: Kirin Holdings, Kirin Brewery, Kirin Beverage, Mercian, Kyowa Hakko Bio, Kyowa Kirin

# Non-financial Information (2023 CSV Commitments)

## Community Engagement

Group Materiality Matrix	Particularly contribute to SDG targets	CSV Commitment						
		Approach	Our Achievements	Company/ Department	Target Value	Target Year	Achievements (2022)	Achievements (2023)
Respect for human rights	8.7 8.8 12.7	We will comply with the Australian Modern Slavery Act to address human rights and modern slavery in the supply chain.	Compliance rate with the Australian Modern Slavery Act	Lion	100%	2024	100%	100%
	8.7 8.8 12.6	We will work to reduce the risk of human rights issues and prevent crisis in the supply chain of major raw materials, leading to the sustainable procurement of raw materials.	Number of initiated human rights due diligence on supply chains for agricultural products with high human rights risk	Kirin Holdings Procurement Dept.	3 cases	Cumulative total 2022-2024	1 case	1 case
Sustainable development of communities in raw material production areas and business development regions	2.3 17.17	By resolving issues surrounding the cultivation of Japanese hops, we will contribute to the revitalization of communities and economies, leading to the sustainability of raw material production and the growth of our business.	Japanese hop production volume	Kirin Brewery	100t	2027	105t	78t
	2.3 4.5 17.16	By expanding our support for acquiring Rainforest Alliance certification for "KIRIN Gogo-no-Kocha", we will contribute to the sustainable development and stable procurement of tea leaves in Sri Lanka.	Number of farms supported to obtain RA Certification for sustainable development of Sri Lankan tea plantations	Kirin Beverage	Farms: 15 Small farms: 5,350	Cumulative total 2022-2024	Farms: 4 Small farms: 9	Farms: 0 Small farms: 620
	2.3 15.4 17.17	Through the cultivation of high-quality grapes and the expansion of vineyards, we will contribute to environmental conservation and the revitalization of local agriculture and economies, leading to the sustainability of raw material production and stable procurement.	Grape yield from company-managed vineyards	Mercian	160t	2024	167t	154t
	12.6 17.17	With our business partners, we will increase the transparency of our raw material and other goods/services procurement and improve the sustainability of our supply chain.	SEDEX (or equivalent) compliance rate of key suppliers	Lion	95%	2024	68%	86%
Creating bonds and trust for people's well-being	11.a	Through "KIRIN Gogo-no-Kocha HAPPINESS Project", we will bring joy to society by connecting people who are moving forward with reconstruction with the support of the entire country, which will lead to the growth of "KIRIN Gogo-no-Kocha" brand.	Sales volume of "KIRIN Gogo-no-Kocha HAPPINESS Project"	Kirin Beverage	115% (compared to 2021)	2024	120% (compared to 2021)	130% (compared to 2021)
	11.a	Through creating connections between people with wine, we will provide our customers with enjoyable times filled with smiles, thereby enhancing our brand value and strengthening our business foundation.	Consumption rate of wine in Japan	Mercian	32.3%	2024	30.7%	28.5%
	11.a	With our community investment partners, we will contribute to the mental health of people through the communities of our customers and local communities.	Number of people reached by community investment programs	Lion	8,000 people	Cumulative total 2022-2024	2,498 people	2,737 people
	11.a	By supporting people's mental and physical health through sponsorship, events, and community football activities, we will bring joy to society and enhance our corporate brand value.	<ul style="list-style-type: none"> <li>"Kirin Family Challenge Cup" to be held throughout Japan,</li> <li>KIRIN's corporate image score "Connections with People and Society" through the participant survey</li> </ul>	Kirin Holdings Strategic Marketing Dept.	<ul style="list-style-type: none"> <li>Held at 4 venues throughout Japan</li> <li>Average score over 70%</li> </ul>	2024	—	<ul style="list-style-type: none"> <li>Held at 2 venues</li> <li>Average score 97.8%</li> </ul>
Enhancing the sustainability of food economy	8.9 11.a 17.17	Through the expansion of the craft beer category, we will spread the joy of beer drinking and contribute to the revitalization of business partners and industries while developing beer and food culture, and lead to business growth.	Market size of Japanese craft beer	Kirin Brewery	150% (compared to 2021)	2024	115%	confirming
	2.3 4.5 17.16	By growing the Japanese black tea market through the brand activities of "KIRIN Gogo-no-Kocha", we will increase the purchase of Sri Lankan tea leaves and contribute to the development of the tea industry and the growth of our business.	Black tea market share within Japanese soft drink market	Kirin Beverage	4.91%	2024	4.81%	4.76%
	8.9 11.a 17.17	Through the creation and energizing of communities where <i>Château Mercian</i> wineries are located, we will contribute to the regional development and the Japanese wine industry, leading to the growth of our business.	Awareness of Japanese wine	Mercian	31.4%	2024	Setting the target	28.7%

## The Environment

Group Materiality Matrix	Particularly contribute to SDG targets	CSV Commitment								
		Approach	Our Achievements	Company/Department	Target Value	Target Year	Achievements (2022)	Achievements (2023)		
Sustainable use of biological resources	Tea leaves 2.3 4.6 15.4	We will expand our support for acquiring Rainforest Alliance certification, which will lead to the stable procurement of tea leaves by solving environmental problems in production areas.	Number of farms supported to obtain Sri Lanka RA certification	Kirin Beverage	Farms: 15 Small farms: 5,350	Cumulative total 2022-2024	Farms: 4 Small farms: 9	Farms: 0 Small farms: 620		
				Kirin Brewery	100%	2024	100%	100%		
	Paper	Through the procurement of FSC® certified paper and other means, we will work to ensure the sustainability of raw materials that may otherwise be destroyed by deforestation.	Usage ratio of FSC-certified paper or recycled paper for paper containers and packaging*3	Mercian	100%	2024	100%	100%		
				Koivai Dairy Products	100%	2030	Implementation of switching of 4 products	93%		
Kyowa Hakkio Bio Kyowa Kirin				100% 100%	2030 2030	80% 50%	80% 74%			
Food waste	We will promote the reduction of product disposal and recycling, which will lead to a reduction in food waste generated by production activities.	Amount of product waste reduction rate	Kirin Brewery	50% or more (compared to 2015)	2024	50% or more achieved	confirming			
			Kirin Beverage	50% or more (compared to 2015)	2030	50% or more achieved	50% or more achieved			
Sustainable use of water resources	6.4	By reducing the amount of water used in our business activities, we will ensure the sustainability of water resources by conducting water resource preservation activities and other measures.	Water intensity	Kirin Brewery	5.6m³/kl or less	2024	5.6m³/kl or less	5.8m³/kl or less		
				Mercian *Fujisawa Plant	3.41m³/kl or less	2024	3.54m³/kl	3.60m³/kl		
				Lion *Tooheys, Castlemaine Perkins, James Boag, Pride	2.4kl/kl or less	2025	3.6kl/kl	3.3kl/kl		
Sustainable recycling of containers and packaging	12.4 14.1	In addition to the use of recycled materials and biomass, and the development of new containers and services, we will help improve the sustainability of the PET resource cycle by building recycling systems and developing resource recovery and recycling infrastructure in the regions where we operate.	Reduction rate of water use volumes	Kirin Beverage	Less than 2023	2024	1,977,000m³	1,750,655m³		
				Kyowa Hakkio Bio Kyowa Kirin	-32% (compared to 2015) -40% (compared to 2019)	2030 2030	51% 33%	63% 36%		
				Kirin Brewery Kirin Beverage Mercian	50%	2027	8%	28%		
				Mercian	PET bottles 93t Other plastic bottles 34.5t (compared to 2020)	2024	66t 13.2t	159t 20.5t		
Overcoming climate change	7.2 13.1	In addition to achieving RE100 at an early stage and making 100% of the energy used by our company come from renewable energy sources, we will expand the use of renewable energy in society and work with stakeholders to build a business model that contributes to a decarbonized society.	GHG (Green House Gas) emission reduction rate: Scope 1+2	Kirin Brewery	55% (compared to 2019) 30% (compared to 2019)	2030 2024	10%	confirming		
				Kirin Beverage	55% (compared to 2019) 17% (compared to 2019)	2030 2024	11%	confirming		
				Mercian	55% (compared to 2019) 25% (compared to 2019)	2030 2024	6%	confirming		
				Lion	55% (compared to 2019) 35% (compared to 2019)	2030 2024	26%	confirming		
				Kyowa Hakkio Bio	55% (compared to 2019) 32% (compared to 2019)	2030 2024	32%	confirming		
				Kyowa Kirin	55% (compared to 2019) 51% (compared to 2019)	2030 2024	42%	confirming		
Ratio of renewable energy to electricity used by the entire Group	100%	2040	27%	confirming						
					Kirin Holdings CSV Strategy Dept.					
GHG (Green House Gas) emission reduction rate: Scope 3	30% (compared to 2019)	2030	1%	confirming						
					Kirin Holdings CSV Strategy Dept.					

\*3 Paper containers and packaging handled by each operating company, with targets determined by each operating company. Kirin Beverage will continue to use 100% of FSC-certified paper for paper containers and packaging. Overseas target companies will check the status of sustainable paper resource procurement and set targets for the future.



# Company & Group Information

(As of December 31, 2023)

## Company Information

### Company name

Kirin Holdings Company, Limited

### Date of incorporation

February 23, 1907

\*Kirin Brewery Co., Ltd. changes its name to Kirin Holdings Co., Ltd. and becomes a holding company of the Kirin Group on July 1, 2007.

### Head office

NAKANO CENTRAL PARK SOUTH  
10-2, Nakano 4-chome, Nakano-ku, Tokyo  
164-0001, Japan

### Number of employees

977 (individual) / 30,183 (consolidated)

### Share capital

102,045,793,357 yen

### Code number

2503 (Listed Stock Market = Tokyo Stock Exchange (TSE) Prime)

### Administrator of shareholder registry

Mitsubishi UFJ Trust and Banking Corporation  
4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo

## Major shareholders (Top 10)

Name	Number of shares held (thousand shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	144,197	17.76
Custody Bank of Japan, Ltd. (Trust account)	57,717	7.10
Meiji Yasuda Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	31,346	3.86
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	17,856	2.19
SMBC Nikko Securities Inc.	16,127	1.98
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	15,928	1.96
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	10,156	1.25
JAPAN SECURITIES FINANCE CO., LTD.	10,048	1.23
JPMorgan Securities Japan Co., Ltd.	9,357	1.15
THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	8,593	1.05
Total	321,329	39.58

Notes : The Company holds 102,215 thousand treasury shares (11.18%), but is excluded from the major shareholders above.

(As of December 31, 2023)

## Group Information

### 171 consolidated subsidiaries

Kirin Brewery Company, Limited  
Eishogen Company, Limited  
Kirin Distillery Company, Limited  
SPRING VALLEY BREWERY COMPANY  
Kirin (China) Investment Company, Limited  
Kirin Brewery (Zhuhai) Company, Limited  
TAIWAN KIRIN COMPANY, LIMITED  
Kirin Europe GmbH  
Kirin Beverage Company, Limited  
Lion Pty Ltd  
Kirin Foods Australia Holdings Pty Ltd  
Lion-Beer, Spirits & Wine Pty Limited  
Lion (NZ) Limited  
New Belgium Brewing Company, Inc.  
Lion Global Craft Beverages Pty Ltd  
Fermentum Pty Ltd  
Kyowa Kirin Co., Ltd.  
Kyowa Kirin Asia Pacific Pte. Ltd.  
Blackmores Limited  
Kirin Health Science Australia Pty Ltd  
Kirin Holdings Australia Pty Ltd  
Mercian Corporation  
Kirin Holdings Singapore Pte, Ltd.  
Interfood Shareholding Company  
Coca-Cola Beverages Northeast, Inc.  
Kyowa Hakko Bio Co., Ltd.  
Koiwai Dairy Products Company, Limited  
Kirin City Company, Limited  
Four Roses Distillery, LLC  
Kirin Brewery of America, LLC  
141 other companies

### 30 equity-accounted investees

YO-HO BREWING COMPANY  
Brooklyn Brewery Corporation  
San Miguel Brewery Inc.  
FANCL CORPORATION  
26 other companies

## In Line with the Publication of Integrated Report 2024

Kirin Holdings has published Integrated Reports since 2015, used them in dialogue with stakeholders, and reflected them in our management.

The Kirin Group Vision 2027 (KV2027) sets the Long-Term Management Vision for the Group to become a global leader in CSV, creating value across our world of Food & Beverages and Pharmaceuticals domains. We hope this report will help readers understand how we are using our strengths in fermentation and biotechnology that have been cultivated through our beer business since its foundation, to create value in the Food & Beverages, Pharmaceuticals, and Health Science domains.

This report was written through repeated discussions with mainly the Corporate Communications Department at Kirin Holdings, but also the Corporate Strategy Department, Finance Department, IR Section, CSV Strategy Department, and other related departments. As the executive officer in charge of the Corporate Communications Department, I declare that the production process for Integrated Report 2024 was legitimate and that the information provided is accurate.



**Hiroshi Fujikawa**  
Senior Executive Officer  
Kirin Holdings Company, Limited

Joy brings us together

